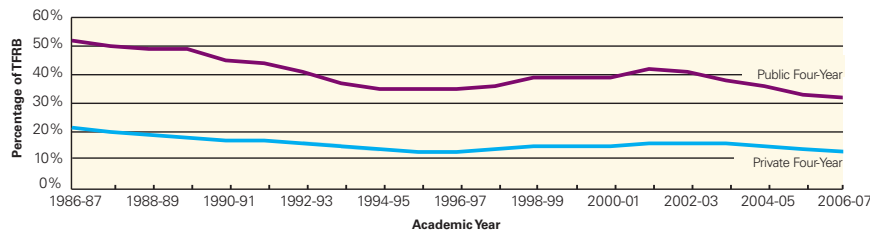


2007 Trends in Higher Education Series: Federal Student Aid

The proportion of college charges covered by the maximum Pell Grant has declined over time.



Maximum Pell Grant As a Percentage of Tuition and Fees and Room and Board, 1986-87 to 2006-07

In 1987-88, the \$2,100 maximum Pell Grant, awarded to students with no financial capacity to pay for college, covered 50 percent of tuition and fees and room and board charges at the average public four-year college or university and 20 percent of average total charges at private four-year institutions.

Ten years later, the \$2,700 maximum Pell Grant covered 36 percent of total charges in the public sector and 14 percent in the private sector. In 2007-08, the \$4,310 maximum Pell Grant equals 32 percent of the average published price at four-year public institutions and 13 percent at the average four-year private college or university.

Beginning in 2006-07, the federal government awards additional aid to selected Pell Grant recipients under the new Academic Competitiveness Grant and SMART Grant programs.

Fifty-nine percent of 2005-06 Pell Grant recipients were independent of their parents. Among the 41 percent for whom parents' financial resources were relevant, two-thirds were from families with annual incomes no greater than \$30,000, and 86 percent were from families with incomes of \$40,000 or lower.

Federal Education Tax Credits and Deductions

Federal education tax credits and deductions, targeted at taxpayers meeting income guidelines, subsidize tuition and fee expenditures. Total estimated benefits from the tax credits and deductions were about \$5.9 billion in 2006.

In 2005, about 42 percent of the benefit of the federal education tax credits went to taxpayers with incomes below \$50,000. Only 17 percent of the benefit of the tuition tax deduction went to taxpayers with incomes below \$50,000; 47 percent went to those with incomes of \$100,000 or more.

Federal Loans

In 2006-07, 6.1 million undergraduates borrowed an average of \$4,922 through the Stafford Loan program. A total of 1.2 million graduate students borrowed an average of \$17,091 in Stafford Loans.

The average Stafford Loan amount per graduate student borrower increased by 9 percent in inflation-adjusted dollars between 1996-97 and 2006-07, but the average amount borrowed by undergraduates in this program declined by 10 percent over the decade.

Campus-Based Aid

The \$771 million in Supplemental Educational Opportunity Grants distributed in 2006-07 was 3 percent higher in inflation-adjusted dollars than the 1996-97 amount. Perkins Loans, \$1.1 million in 2006-07, declined by 14 percent over the decade, after adjusting for inflation.

The \$1.2 million in Federal Work-Study funds constitutes about 1 percent of all student aid.

In 2005-06, 39 percent of campus-based funds went to students enrolled in public four-year colleges and universities and 46 percent went to students at private nonprofit four-year institutions.