

Report on Financial Aid in Alabama Universities

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At the request of plaintiffs in *Knight v. Alabama*, I have analyzed data provided by some of the public 4-year universities in Alabama in response to plaintiffs' March 2006 discovery request. The focus of this report is on those data submitted in response to item 3(a) of the request, which asked for financial aid-related information on individual students from the years 2000-01 to the present. The focus of the analysis is on differences between black and white students, as well as the changes over time for each of these two groups.

Some of the universities provided relatively complete information, others less so (and not every institution provided data from each year requested). If a university did not provide sufficient information to accurately calculate certain measures, it was not included in this report. All tables are found at the end of this report.

Effective Family Contribution (table 1)

The Effective Family Contribution (EFC) is a measure of how much money families and students are expected to pay toward the cost of the student's college education. It is calculated using data provided by the student and his parents or guardians (if a dependent student under federal regulations) based on a methodology designated by the United States Department of Education. The formula takes into account a variety of factors about the family and student, including income, assets, age of the parents, number of students in college, etc. The greater the resources available in the family to pay for college, the greater will be the EFC.

In all but one institution (Alabama A&M U. in 1999-2000) for which adequate EFC data were provided, the average EFC of white students was much greater than that of blacks, indicating that whites had more family resources to pay for college. In addition the increase in the average EFC of white students over the time period studied (which varied from institution to institution, depending upon the availability of data sent) was greater than that of black students at most institutions, indicating that the resources to pay for college available to white students grew faster than those available to black students

Need (table 2)

The standard formula used in determining the need for financial aid is:

$$\text{cost of attendance} - \text{effective family contribution} = \text{need}$$

In other words, the difference between the cost of attendance (which includes such items as tuition, room, board, books, transportation and other expenses) and the amount that the family and student is expected to contribute to the student's education, represents the need for financial

aid. Need is an important measure because it represents the potential price barriers that students face in attending college. Without sufficient financial aid resources to help meet that need, students will find it difficult to attend college, and to persist through to attain a degree. Students who did not file a FAFSA were assumed to have zero need for financial aid.

In all but one institution examined (Alabama A&M U. in 2005-06), black students had higher levels of need for financial aid, on average, than did white students. This indicates that black students faced larger price barriers (before the awarding of financial aid) than did white students.

Grant Awards (table 3 and 4)

The institutions were asked to report all grant and scholarship awards (hereinafter referred to as “grants”) from all sources. Research on college access has shown that grants are the most effective vehicle for helping students to overcome the cost barriers they face in attending college, as grants help to fill the gap between college costs and family resources (“need,” as described above).

Table 3 shows the average grant award for *all* students in the institution, including both those who did receive grants and those who did not. In each institution, with the exception of Alabama State U., black students received higher grant awards than did white students. This is expected, because as described above black students have fewer family resources for paying for college and thus greater need. At seven of the 11 institutions analyzed, however, the average grant awards for white students grew faster than the average for black students (or declined less precipitously). At both historically black institutions the average award for black students rose faster than that of whites.

Table 4 shows the average grant award *only* for those students who received a grant. The averages are larger than in table 3, because table 3 includes students who did not receive a grant, i.e., with a grant amount of zero. However, the patterns evident in table 3 are found in table 4 also. While black students have higher average grant amounts than white students, because of their greater need, the increases in the grant amounts for white students were larger at eight of the 11 institutions. This indicates that in both measures of grant awards, grant awards to white students were growing faster, on average, than were awards to black students during the time period analyzed.

Grants as a Percentage of Need (table 5)

Another measure of the effort that colleges and universities make in helping students overcome cost barriers is to examine how much of the student’s need is being met by grants. This measure was roughly similar for black and white students at all institutions, with the exception of the U. of Alabama Tuscaloosa and Alabama State U., where white students saw a much larger proportion of their need met through grants than did black students. In nine of the 11 institutions, however, the percentage of need met by grants for black students declined over the time period studied. In seven of these nine institutions, the decline for black students was greater than that of white students. This is another indication that black students faced increasing cost barriers relative to whites.

Unmet Need After Grants (table 6)

The amount of unmet need after grants is a measure of the cost barriers that students face after grants are applied:

$$\text{cost of attendance} - \text{effective family contribution} - \text{grants} = \text{unmet need after grants}$$

Unmet need is a critical measure of the financial barriers students face in going to college and persisting through to a degree once enrolled. A recent report from the federal Advisory Committee on Student Financial Assistance, *Mortgaging Our Future: How Financial Barriers to College Undercut America's Global Competitiveness*, emphasized this when it noted that, "High unmet need causes students to undertake excessive levels of work and loan burden" (p. 61), both of which lower students' chances of persisting in college and attaining a degree.

In 10 of the 11 universities examined (with the exception of Alabama A&M U.), black students faced higher average levels of unmet need after grants were applied. In addition, in seven of the institutions the increase in the amount of unmet need after grants grew more for black than white students. This is one more indicator that the cost barriers facing blacks were both greater than those facing white students and are growing faster.

Comparison of Alabama and Other States (table 7)

In order to compare the provision of financial aid in Alabama with that of other states, data from the National Postsecondary Student Aid Study (NPSAS) were analyzed. This survey is a nationally-representative sample of students enrolled in college in the 2003-04 academic year. The data from the Alabama institutions were compared to students in public 4-year colleges and universities in 1) the other Southern Regional Education Board (SREB) states; and 2) the other 49 states and the District of Columbia. White students in Alabama had average grant awards that were roughly similar to those of white students in both the SREB states and the rest of the nation. Black students, however, had grant awards that were smaller than those of the comparison groups.

In comparing average unmet need after grants, white students in Alabama had unmet need that was approximately \$1,800 greater than their counterparts in the other SREB states and \$1,500 greater than those in the rest of the nation. Black students in Alabama had average unmet need \$1,500 greater than black students in the other SREB states, and \$1,800 greater than blacks in the rest of the country.

Summary and Estimate of the Challenge Facing Alabama

By all measures shown here, black students face larger cost barriers in attending public 4-year universities in Alabama than do white students. They have fewer financial resources with which to pay for college and therefore have greater need for grants, and while they receive larger grants on average than white students, they are not large enough to equalize the cost barriers with white students. Black students face greater unmet need even after grants have been applied, and must find a way to overcome these barriers with fewer resources available to them (data from the 2000

Census show that median household income of whites in Alabama is 77 percent greater than that of blacks). Also important is the fact that over approximately the last five years, the increase in the cost barriers faced by black students exceeded that of white students. Thus, black students have lost ground relative to whites in their ability to overcome the cost barriers related to college attendance.

Both white and black students in Alabama had unmet need that was greater than their counterparts in both the other SREB states and the rest of the nation. However, the gaps were greater for black than for white students.

These differences in financial barriers help lead to differences in degree attainment rates among black and white students in Alabama. Graduation rate data compiled by the U.S. Department of Education (and reported by the Education Trust in its College Results database) indicate that at the vast majority of the public 4-year institutions in Alabama, both 4-year and 6-year graduation rates of white students exceed those of blacks.

In order to estimate the overall financial aid challenge facing the state of Alabama if it were to close the gap between white and black students, I examined the differences in the level of average unmet need among the two groups in the 2003-2004 academic year shown in table 7. I then increased these to reflect the data available in the 2005-2006 academic year, the most recently completed year. **Given the existing distribution of grants between white and black students, to lower the overall level of unmet need of black students in Alabama to the level faced by white students last year would have required an additional \$16 million in grants from either state and/or institutional sources. This would not, of course, equalize the unmet need faced by blacks and whites because the majority of any increase in financial aid would go to white students.**

To lower the overall level of unmet need of both black and white students to that faced by students in the other SREB states (also shown in table 7) would require an additional \$68 million in grants, and to reach the level of unmet need of students in the rest of the nation would require \$66 million in grants.

It should be noted here that these are very conservative estimates of the additional funding required. It only includes those institutions shown in this report for whom we had adequate data, and it only includes students in those institutions for whom FAFSA data were available. Another important caveat is that it only measures the unmet need of students **who actually were enrolled in college**. Research on college access is consistent in showing that unmet need prevents many low- and moderate-income students from ever attending college, or attending a 4-year institution.

If one were to attempt to measure the true cost of reducing the unmet need of black students to that of whites – across all institutions in Alabama, all students in those institutions, and students who were academically qualified to enroll but because of cost barriers were unable to – it is likely that the total amount required would be at least two or three times the amounts shown above.

Report Tables

Note: All analyses were restricted to undergraduate students. “First year” refers to the first year for which data were provided, and “last year” refers to the most recent year for which data were provided.

Table 1: Average Effective Family Contribution

Institution and period	White			Black		
	First year	Last year	Change	First year	Last year	Change
Alabama A&M U. (99-00 to 05-06)	\$3,436	\$6,683	95%	\$4,927	\$6,190	26%
Alabama State U. (99-00 to 05-06)	4,371	8,185	87	3,688	4,631	26
Auburn U. (00-01 to 05-06)	12,468	17,006	36	5,236	5,964	14
Auburn U. Montgomery (00-01 to 05-06)	6,259	7,871	26	2,394	2,718	14
Troy U. - all campuses (03-04 to 05-06)	7,933	9,215	16	3,772	3,970	5
U. of Alabama Tusc. (00-01 to 04-05)	9,886	13,317	35	3,366	4,740	41
U. of Alabama Birm. (02-03 to 05-06)	7,862	8,834	12	3,620	3,908	8
U. of Alabama Hunt. (01-02 to 05-06)	6,557	12,536	91	3,932	4,637	18
U. of Montevallo (00-01 to 05-06)	7,464	8,874	19	4,034	4,867	21
U. of North Alabama (00-01 to 05-06)	6,128	8,493	39	4,120	5,330	29
U. of South Alabama (03-04 to 05-06)	8,586	9,697	13	5,278	6,100	16

Table 2: Average Need

Institution and period	White			Black		
	First year	Last year	Change	First year	Last year	Change
Alabama A&M U. (99-00 to 05-06)	\$9,211	\$13,979	52%	\$9,243	\$13,583	47%
Alabama State U. (99-00 to 05-06)	3,338	5,192	56	8,340	9,783	17
Auburn U. (2000-01 to 2005-06)	2,478	3,461	40	7,720	12,104	57
Auburn U. Montgomery (00-01 to 05-06)	5,908	6,229	5	8,667	9,216	6
Troy U. - all campuses (03-04 to 05-06)	2,862	3,198	18	4,214	5,429	29
U. of Alabama Tusc. (00-01 to 04-05)	2,799	4,009	43	7,997	11,363	42
U. of Alabama Birm. (02-03 to 05-06)	3,394	5,283	56	9,038	12,620	40
U. of Alabama Hunt. (01-02 to 05-06)	5,909	7,548	28	7,610	10,027	32
U. of Montevallo (00-01 to 05-06)	4,883	6,458	32	7,356	9,062	23
U. of North Alabama (00-01 to 05-06)	2,431	3,456	42	5,062	7,256	43
U. of South Alabama (03-04 to 05-06)	3,937	4,215	7	8,249	8,772	6

Table 3: Average Grant Awards – All Students

Institution and period	White			Black		
	First year	Last year	Change	First year	Last year	Change
Alabama A&M U. (99-00 to 05-06)	\$1,769	\$1,761	0%	\$1,857	\$2,252	21%
Alabama State U. (99-00 to 05-06)	3,714	4,031	9	2,502	3,529	41
Auburn U. (2000-01 to 2005-06)	629	987	57	1,679	2,301	37
Auburn U. Montgomery (00-01 to 05-06)	1,186	1,409	19	2,051	2,475	21
Troy U. - all campuses (03-04 to 05-06)	1,784	2,453	38	2,617	3,314	27
U. of Alabama Tusc. (00-01 to 04-05)	1,523	2,250	48	2,719	3,335	23
U. of Alabama Birm. (02-03 to 05-06)	805	1,220	52	2,199	2,559	16
U. of Alabama Hunt. (01-02 to 05-06)	1,473	1,827	24	1,752	2,204	26
U. of Montevallo (00-01 to 05-06)	2,325	3,638	56	3,740	4,301	15
U. of North Alabama (00-01 to 05-06)	948	1,176	24	1,935	2,364	22
U. of South Alabama (03-04 to 05-06)	1,140	1,078	(5)	2,368	2,108	(11)

Table 4: Average Grant Awards – Students Who Received Grants

Institution and period	White			Black		
	First year	Last year	Change	First year	Last year	Change
Alabama A&M U. (99-00 to 05-06)	\$2,258	\$2,720	20%	\$2,530	\$3,181	26%
Alabama State U. (99-00 to 05-06)	3,827	4,644	21	2,932	3,923	34
Auburn U. (2000-01 to 2005-06)	2,517	3,780	50	3,007	4,163	38
Auburn U. Montgomery (00-01 to 05-06)	2,496	3,030	21	2,810	3,256	16
Troy U. - all campuses (03-04 to 05-06)	3,984	4,355	9	4,075	4,258	4
U. of Alabama Tusc. (00-01 to 04-05)	3,245	4,249	31	3,568	4,448	25
U. of Alabama Birm. (02-03 to 05-06)	3,412	3,602	6	4,316	4,318	0
U. of Alabama Hunt. (01-02 to 05-06)	2,221	2,701	22	2,536	2,977	17
U. of Montevallo (00-01 to 05-06)	3,174	4,791	51	4,515	5,318	18
U. of North Alabama (00-01 to 05-06)	2,124	2,652	25	3,010	3,849	28
U. of South Alabama (03-04 to 05-06)	2,929	3,161	8	3,637	3,714	2

Table 5: Average Grant Award as Percentage of Need (all students)

Institution and period	White			Black		
	First year	Last year	Change	First year	Last year	Change
Alabama A&M U. (99-00 to 05-06)	19%	13%	(6%)	20%	17%	(3%)
Alabama State U. (99-00 to 05-06)	111	78	(33)	30	36	6
Auburn U. (2000-01 to 2005-06)	25	29	4	22	19	(3)
Auburn U. Montgomery (00-01 to 05-06)	20	23	3	24	27	3
Troy U. - all campuses (03-04 to 05-06)	62	77	15	62	61	(1)
U. of Alabama Tusc. (00-01 to 04-05)	54	56	2	34	29	(5)
U. of Alabama Birm. (02-03 to 05-06)	24	23	(1)	24	20	(4)
U. of Alabama Hunt. (01-02 to 05-06)	25	24	(1)	23	22	(1)
U. of Montevallo (00-01 to 05-06)	48	56	8	51	47	(3)
U. of North Alabama (00-01 to 05-06)	39	34	(5)	38	33	(5)
U. of South Alabama (03-04 to 05-06)	29	26	(3)	29	24	(5)

Table 6: Average Unmet Need After Grants (for FAFSA filers)

Institution and period	White			Black		
	First year	Last year	Change	First year	Last year	Change
Alabama A&M U. (99-00 to 05-06)	\$7,346	\$8,221	12%	\$7,246	\$8,065	11%
Alabama State U. (99-00 to 05-06)	5,617	6,162	10	6,963	7,625	10
Auburn U. (2000-01 to 2005-06)	7,952	11,013	38	9,207	13,450	46
Auburn U. Montgomery (00-01 to 05-06)	6,220	7,304	17	7,081	8,031	13
Troy U. - all campuses (03-04 to 05-06)	9,263	10,082	9	11,586	12,795	10
U. of Alabama Tusc. (00-01 to 04-05)	6,994	9,683	38	7,608	10,952	44
U. of Alabama Birm. (02-03 to 05-06)	10,438	12,008	15	11,300	13,587	20
U. of Alabama Hunt. (01-02 to 05-06)	6,087	7,445	22	6,935	8,209	18
U. of Montevallo (00-01 to 05-06)	4,850	6,329	30	5,140	6,931	35
U. of North Alabama (00-01 to 05-06)	4,356	6,285	44	4,653	7,110	53
U. of South Alabama (03-04 to 05-06)	7,307	8,876	21	8,223	10,143	23

Table 7: Average Grants and Unmet Need After Grants – Comparison with SREB States and Nation, 2003-04

	White		Black	
	Average grants	Average unmet need	Average grants	Average unmet need
Alabama	3,480	8,028	3,837	9,065
Other SREB states	3,586	6,243	4,556	7,572
Other 49 states and DC	3,666	6,591	4,820	7,225

Enrollment-weighted averages. SREB and other states include undergraduate students in public, 4-year institutions only; comparison data from the National Postsecondary Student Aid Study, 2003-04.