

The “donut hole” student: the invisible middle class in study abroad

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So... what is a “donut hole student”?

Lowest Family Income

Pell Grant (Gilman)

Subsidized Federal Loan

Need-/merit- based
scholarships

Fed Work Study

State grant funding

Specialized programs (e.g.
Posse)

Middle Income

Merit-based scholarships

Unsubsidized Fed loans

Some subsidized Fed loans

Some private loans

Highest Family Income

Merit-based scholarships

Unsubsidized Fed loans

Private resources

So... what is a “donut hole student”?

- Students above threshold (Pell cliff) for federal need-based financial aid
 - likely pay tuition out-of-pocket and/or via fixed savings/budget
- Students who don't have or can't take institutional aid abroad
- Family/student can only afford college basics: tuition, fees, cost of local living

So... what is a “donut hole student”?

- Students who may not fit into other underrepresented categories with targeted scholarship opportunities
- Student is not eligible for loans beyond federal loan programs (no qualified co-signer)
- “Independent student” - pays for own education but does not qualify as independent per FAFSA

Financial Aid Not-So-Basics

- FAFSA (Free Application for Federal Student Aid)
 - Optional federal aid application based on family tax return
- EFC (Estimated Family Contribution)
 - determines a student's eligibility to receive federal financial aid
- COA (Cost of Attendance)
 - determined by home institution

Financial Aid Not-So-Basics

Financial Need Calculation:

Cost of Attendance (COA)

– Expected Family Contribution (EFC)

= Unmet Financial Need

*EFC + Grant aid < COA to qualify for subsidized student loans

Financial Aid Not-So-Basics

Types of student financial aid

- Federal financial aid
 - Pell grant (\$2888/semester)
 - not available in summer
 - Subsidized and unsubsidized loans
 - Parent-Plus loans/Grad-Plus loans
 - Perkins loans (\$5000 or less)
- Private or alternative student loans
- Institutional, state, or private grants/scholarships

Financial Aid Not-So-Basics

No matter who is paying for college, EFC is *always* based on the family income unless the student is **independent**.

Guidelines for independent students per FAFSA definitions:

- Emancipated before 18
- Veteran
- Over the age of 23
- Married (but not divorced)
- Graduate student
- Parent
- Homeless, orphaned, self supporting and at risk of becoming homeless

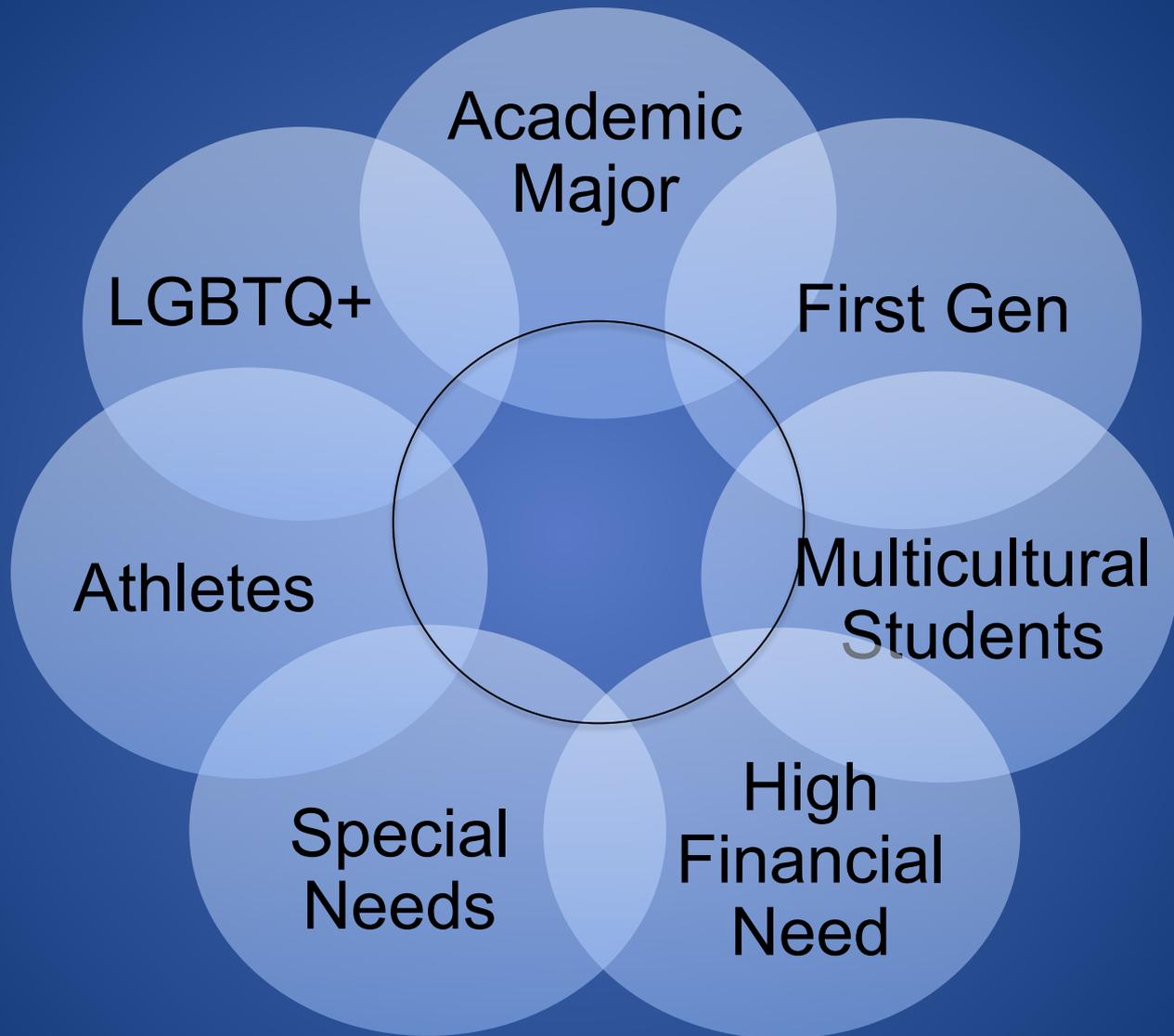
Why wouldn't you complete a FAFSA?

- Student/family can pay out-of-pocket
- Misconceptions on financial aid – how it works, what's available, etc
- Students don't believe they will “qualify” for anything
- Timing of FAFSA completion - priority deadline
- Reliance on family to complete taxes and FAFSA
- Scholarship funding not related to EFC (merit, state, local)
- 529 or other investments already saved for college
- Private Loan through lender of their choice
- Military Benefits
- Sponsored student (ie: Employer Sponsor or outside sponsor pays tuition)
- Trust Fund
- Assets (i.e. home equity loan)

Why does this matter?

Case Studies on Campus

A QUEST TO FIND THE INVISIBLE



MU & CSU

- Land-grant Institutions
- Large, public universities
- 4 year undergraduate programs
- Send 1,200+ students abroad a year
- 70% of students are in-state
- Enrollment 30,000+
- 1 in 4 freshman are first generation college students

University of Missouri

Getting Started

- Informational interview with financial aid adviser
- Collecting university-wide data
- Collecting study abroad student data
- What did I hope to find???

University of Missouri

Data Limitations

Limitations

- Data is from different years
- Data is only from one year - so snapshot, not a trend
- I'm not a data analyst

University of Missouri

Points of Interest

Tier 1: EFC = \$0 - \$5,000 (lowest bracket, Pell)

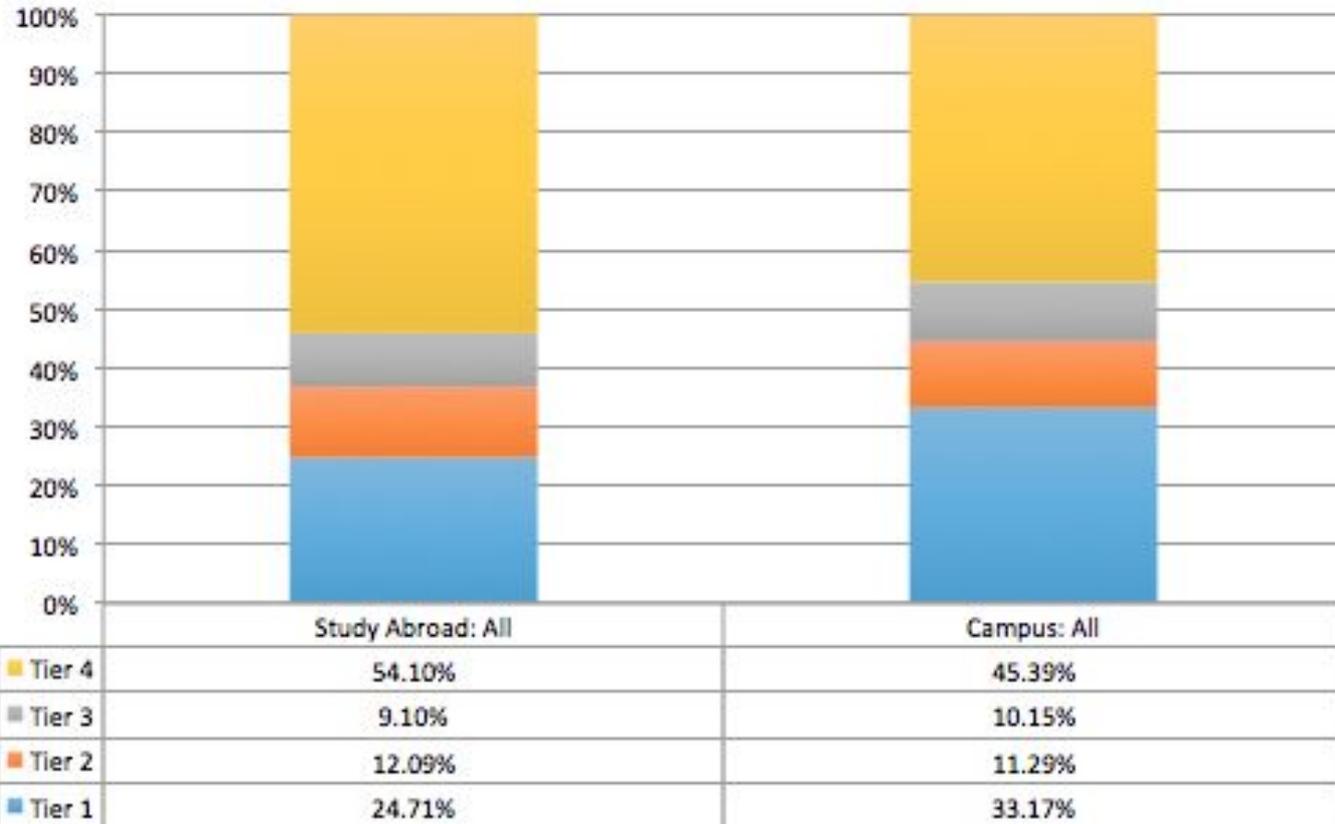
Tier 2: EFC = \$5,001-\$10,000

Tier 3: EFC = \$10,001 - \$15,000

Tier 4: EFC = \$15,001 & Up

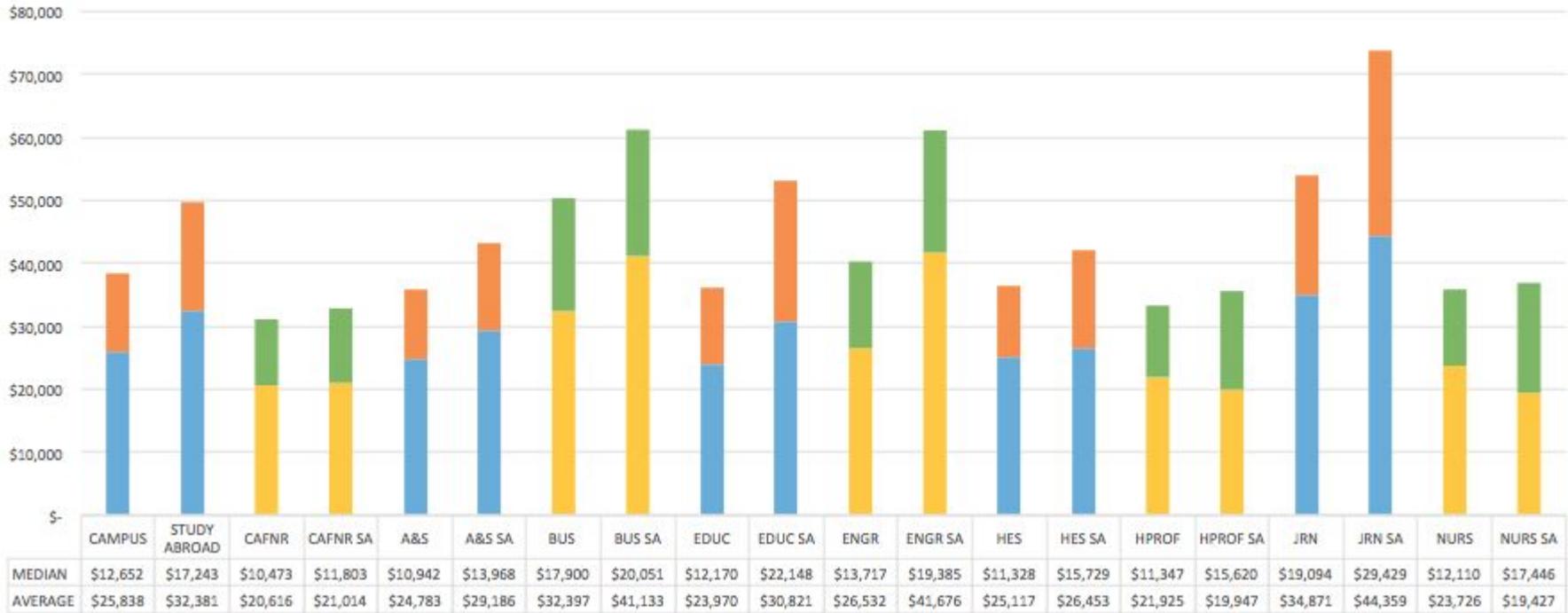
No FAFSA on file - unknown finances, no federal loans

University of Missouri – Overview

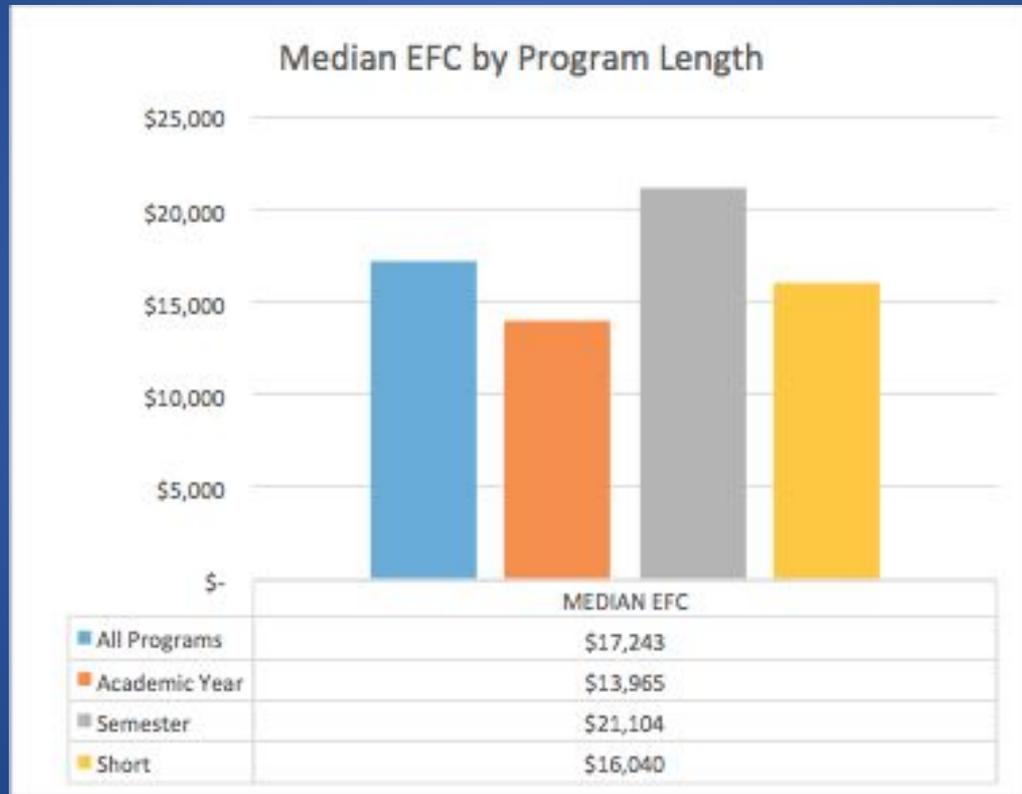


University of Missouri – by college

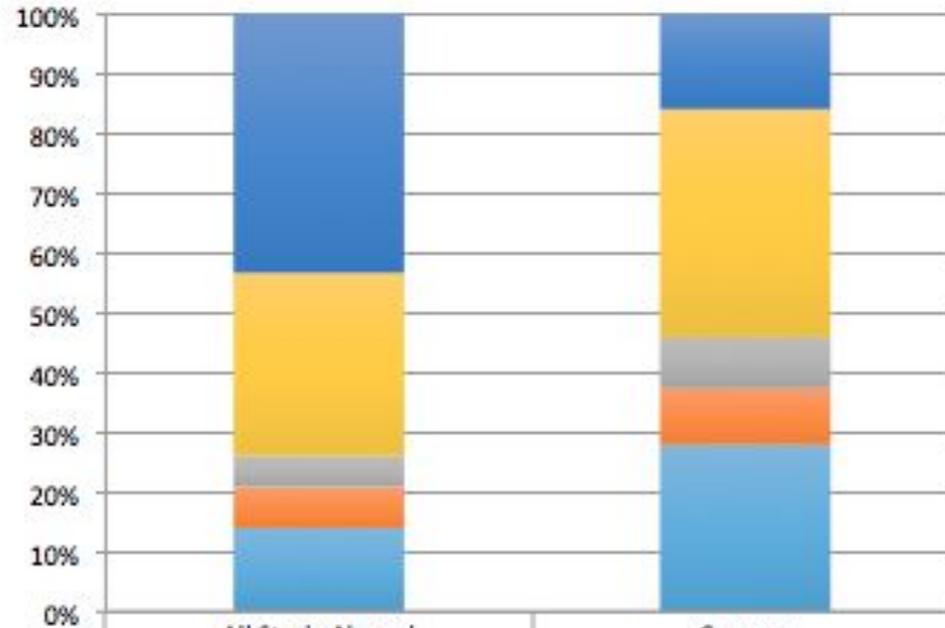
Average & Median EFC



University of Missouri - program length



University of Missouri – who files



	All Study Abroad	Campus
No FAFSA	43.29%	15.86%
Tier 4	30.68%	38.19%
Tier 3	5.16%	8.54%
Tier 2	6.86%	9.50%
Tier 1	14.01%	27.91%

University of Missouri Moving Forward

1. Get student data for additional years
2. Get campus data for additional years
3. Break down Tier 4 (EFC \$15,000 & Up)
4. Make a lot more comparisons

Colorado State University

- Relationship between Education Abroad and Student Financial Services
- Dual advising services
- Utilized StudioAbroad to establish pool of students
- Financial Aid provided EFC data for all study abroad participants and for campus colleges

Colorado State University

Problems That Arose

- First data group - only students who specified they wanted to use Financial Aid for program
- Deciding what year's data to use
 - Incomplete data for 15-16
- High population of study abroad within Business & Sciences (highest EFCs)

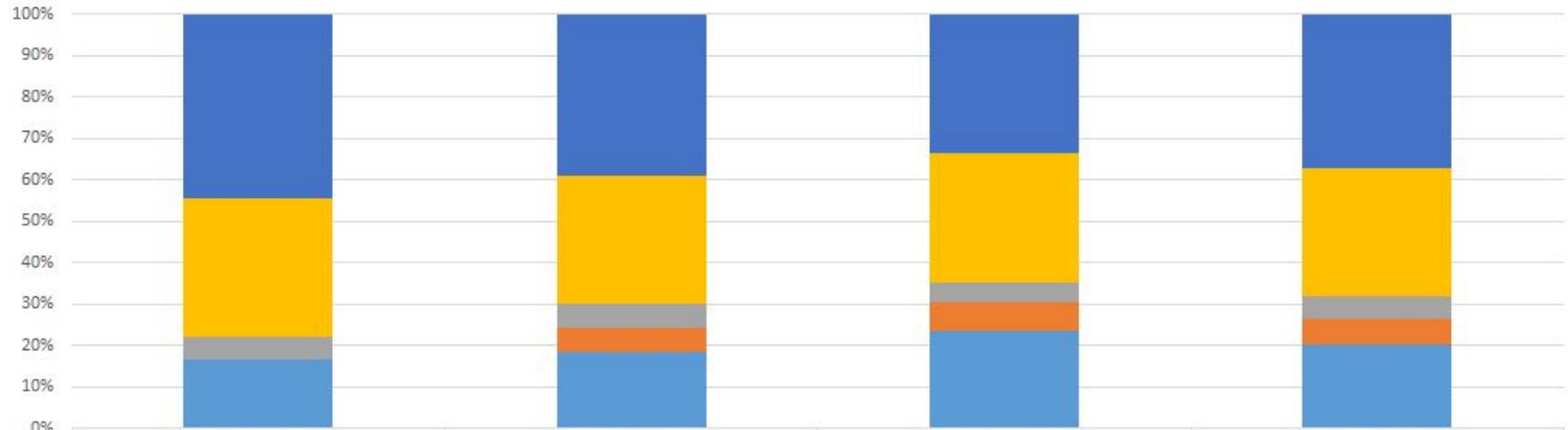
Colorado State University

Successes

- Learned more about our campus
- Visualize our study abroad students
- Gained evidence for our college stakeholders
- Created data for donors
- Identified our “donut hole”

Where are Tier 2 and Tier 3?

EFC and Term Abroad

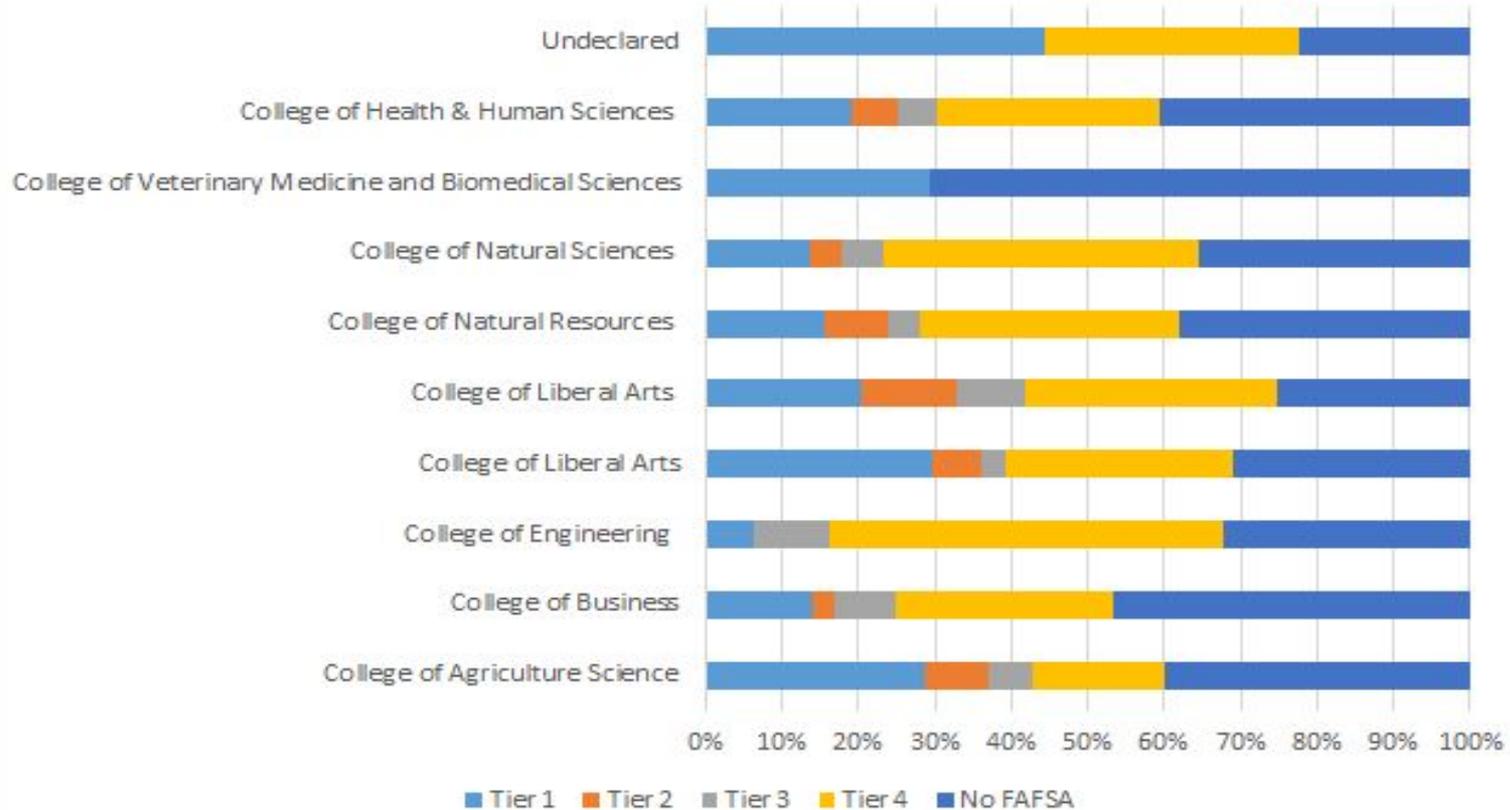


	Academic Year	Semester	Short	All Study Abroad
No FAFSA	8	154	99	261
Tier 4	6	121	92	219
Tier 3	1	24	14	39
Tier 2		23	20	43
Tier 1	3	72	69	144

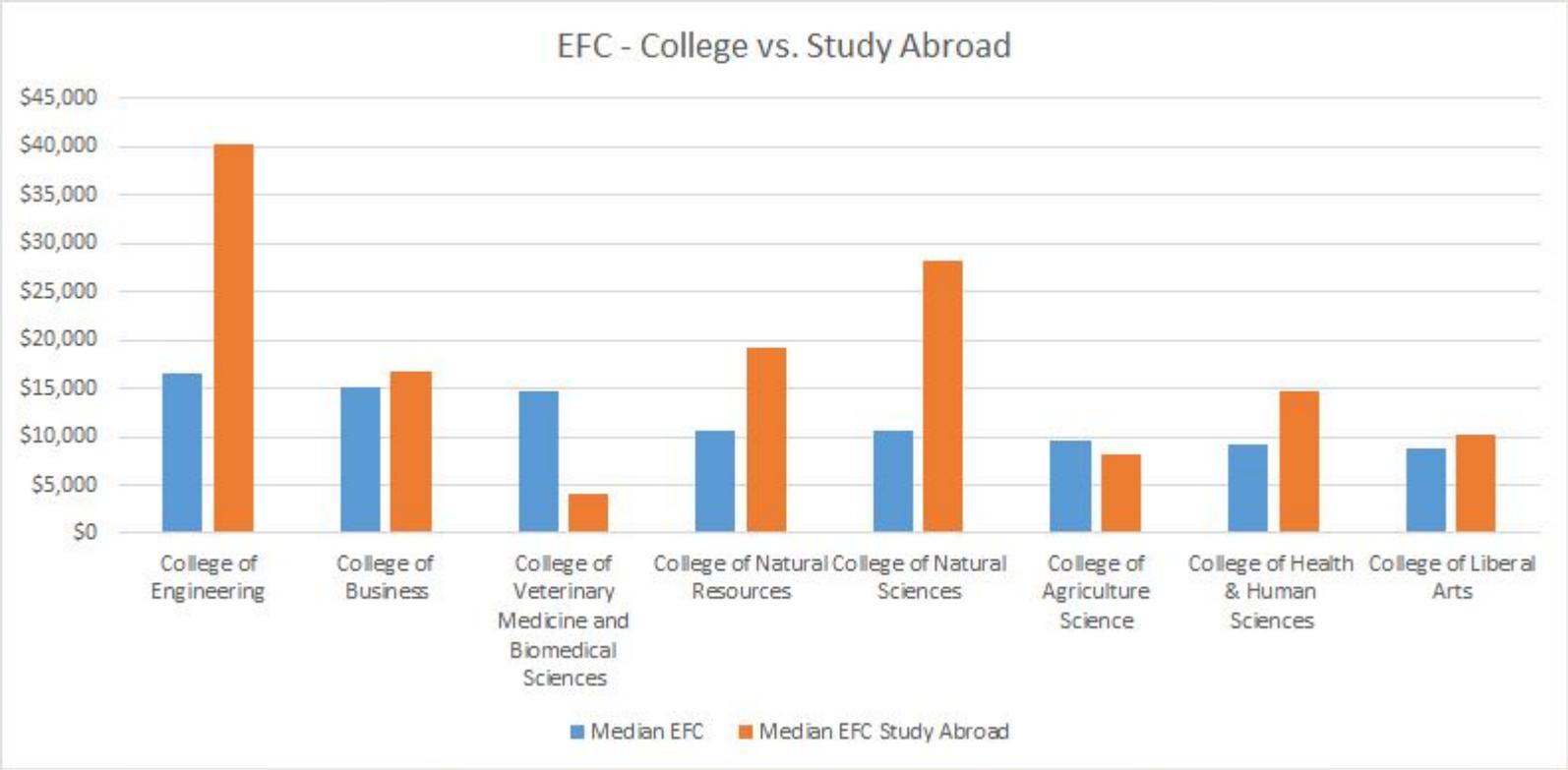
■ Tier 1 ■ Tier 2 ■ Tier 3 ■ Tier 4 ■ No FAFSA

Tiers by Colleges

EFC - Study Abroad by College

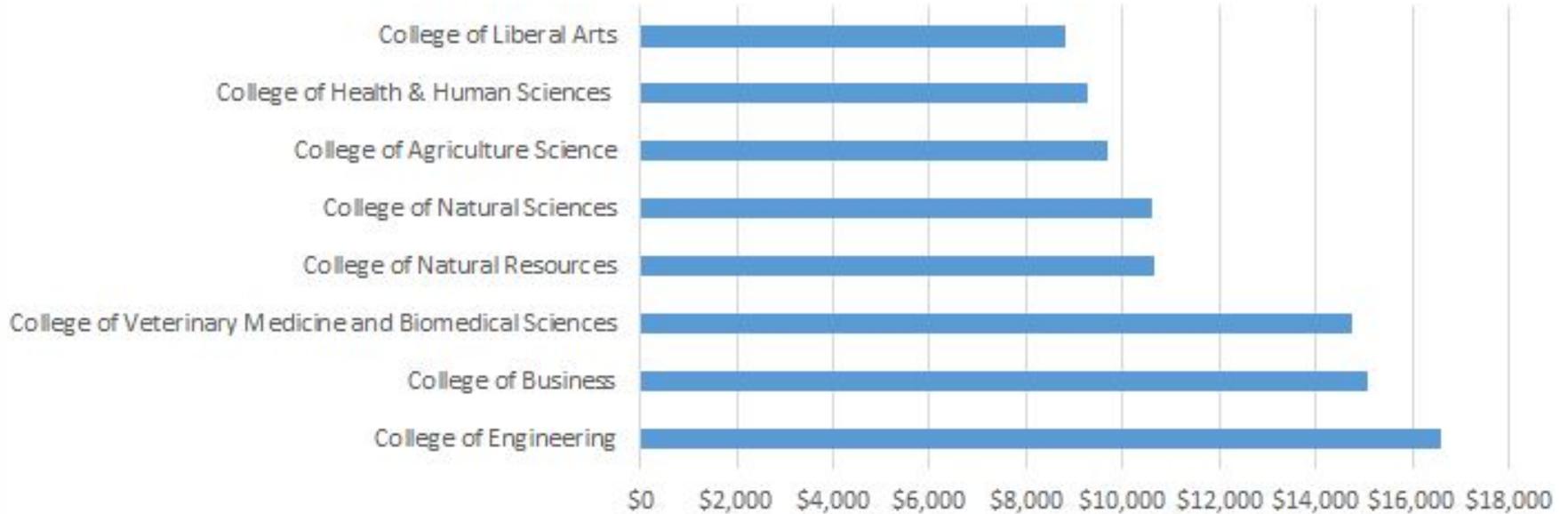


EFCs of Students Going Abroad

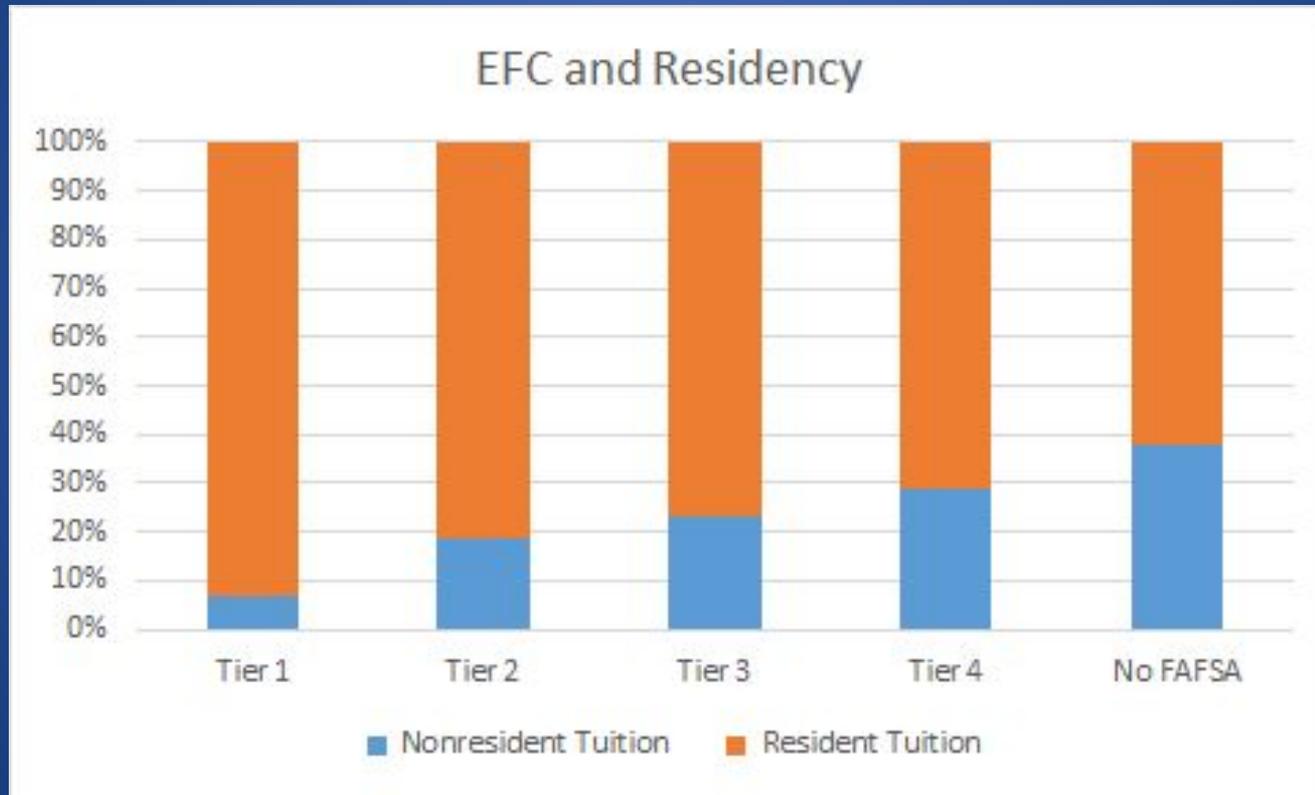


EFCs by College

Median EFC



Residency & Study Abroad



IFSA-Butler

- **Truly Invisible:** only have financial information for students submitting scholarship applications and don't ask for information early on.
- “Hourglass effect”
- Process made complicated by:
 - Home school tuition and billing processes
 - Perception of program acceptance implications
 - Dependence on overseas institution
 - Comprehensive (read: high) program fees
 - Those without heavy aid or direct bill may be seen as “high risk”

PROBLEMS AND SOLUTIONS(?)

Deadlines and Timelines

- Scholarship deadlines & award notifications do not align with program commitment requirements
- Financial aid distribution does not align with payment schedules
- FAFSA priority filing date
 - Some students may think they HAVE to file by priority date
 - Late files not considered for grant aid
- Aid notifications for fall & academic year students

Study Abroad Scholarship Models

- Primarily need and merit-based scholarships
 - Merit-based often depend on GPA and writing talent
- Selection priority often favors non-traditional locations
- Larger awards for semester-long programs
- Just-in-time scholarships
 - award dates after commitment
- Program Providers
 - Assess need based on the home institutions calculations/student self reporting
- Commitment to Colorado covers 50% of tuition for students above Pell, but below CO median income

What might we be missing?

- What questions are we asking in the advising process and when?
- How are we identifying self-funded or above-threshold students?
- How are we identifying students that don't fit in established student "categories"?
- How is Cost of Attendance calculated for study abroad at home institutions?

The Value Proposition

- If study abroad is an “investment” who qualifies(\$\$) to invest?
- What is the product we are selling?
 - How do we develop programs and for whom?
- How do we “sell” it?
- What might *not* be worth the Value Proposition?

GROUP DISCUSSION

- What are some strategies to find these students?
- What types of funding models would be most impactful?
- What about program development?
- What other problems can you identify at your institution?
- Have you gone through this process already? What do you know that we don't?