FSA Funding For College Students

Is FSA government funding reliable for students to depending on their education being funded?

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Abstract

Many of Americans suffer from student loan debt. The government enacted the Financial Student Aid (FSA) to assists students in attending university, college or additional education. Students depend on the FSA awards to attend school. When that funding is inconsistent or not dependable it effects students ability to attend school or forces them to obtain student loans. In this study, the dependability and consistency of FSA awards is studied. We determine if students can depend on FSA awards and if FSA awards are efficient to help counteract student loans.

CCS CONCEPTS • Financial Student Aid • FSA • Student Loans

**Additional Keywords and Phrases:** Government funding, University, Financial Aid

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1. Introduction

In 1965 the Federal Student Aid office was developed as part of the U.S. Department of Education. FSA supports students in the United States through grants, work-study and loan funds to attend college or career school (Federal Student Aid, 2022). FSA manages student financial assistance programs under Title IV and Higher Education Act of 1965 (Federal Student Aid, 2022). FSA is funded by federal tax dollars paid by U.S. taxpayers. FSA funding is decided by congress as part of their annual budget (Yager, 2020). FSA awards different amounts to each type of school/recipient – private, public, proprietary and foreign.

According to Education Data Institute, 43.3 billion people have federal student loan debt with the average loan being around $37,000 (Education Data Institute, 2022). The student loan debt in America totals to $1.76 trillion dollars (Education Data Institute, 2022). The U.S. government has a whole area of the U.S. Department of Education devoted to aiding students financially to attend college, yet so many citizens have substantial student loans. In this study, the dependability and consistency of FSA awards is studied. We determine if students can depend on FSA awards and if FSA awards are efficient to help counteract student loans.

* 1. Purpose

The purpose of this study is to discover if the changing amounts awarded annually by FSA is significant and how it effects the recipients. It is important that financial aid is consistent to fund students’ education. This study is important to future and current college and university attendees. FSA funding can change a students’ ability to attend school or pay off their student loans. Optimizing federal money to help citizens attend college or university could positively affect the future of the U.S.

1. Content
   1. Data Collection

Data was collected from FSA award reports from years 2011 – 2021. Data was cleaned by sorting through financial statements and determining the credit program receivables available each year. After, the data was cleaned by identifying outliers, inaccurate numerals and potential expanding the time frame.

* 1. Methodology

Analyze each FSA award report from 2010 – 2021. Identify significant award differences and changes annually. Determine standard deviation between each amounts to determine significant amount differences. Identify attributes or factors to those significant differences if applicable. Correlate those factors to answer why there is more student loan now than ever.

* 1. Credit Program Receivable Amounts annually

The Credit Program Receivable for each year is the funding FSA has available to fun programs and scholarships. The credit program receivable funds programs such as TEACH Grants, FFEL Loans and Pell Grants (FSA, 2014). Below are the Credit Program Receivable amount for each respective year in millions of dollars. The data displays the funding continuously increases each year until 2018. Funding decreases from 2019 – 2020.

* 1. Credit Program Receivable amounts annually

The chart displays the amount of Credit Program Receivable in millions for each year. The arrows signify an increase or decrease in funding.

|  |  |  |
| --- | --- | --- |
| Year | Credit Program Receivable (in millions) | % funding change from previous year |
| 2021 | $1,246,140 | 99% ⬆️ |
| 2020 | $1,242,051 | -1% ⬇️ |
| 2019 | $1,266,876 | -1% ⬇️ |
| 2018 | $1,285,265 | 95% ⬆️ |
| 2017 | $1,221,694 | 93%⬆️ |
| 2016 | $1,136,919 | 96% ⬆️ |
| 2015 | $1,086,058 | 85% ⬆️ |
| 2014 | $922,418 | 97%⬆️ |
| 2013 | $897,245 | 84%⬆️ |
| 2012 | $752,738 | 79% ⬆️ |
| 2011 | $593,994 |  |

2.3 Average amount of student loan debt at graduation per student each year (Hanson, 2022).

|  |  |
| --- | --- |
| 2021 | $31,100 |
| 2020 | $30,000 |
| 2019 | $29,500 |
| 2018 | $29,220 |
| 2017 | $28,650 |
| 2016 | $28,525 |
| 2015 | $28,400 |
| 2014 | $28,650 |
| 2013 | $28,900 |
| 2012 | $29,400 |
| 2011 | $25,300 |

**2.5 Data Analysis**

The standard deviation for the whole FSA annual funding data set is 234,745.8. The standard deviation of the data set indicates the values are widely dispersed. The standard deviation of funding from 2018-2020, the year funding decreased, is 21,686.73. This indicates a significant distance of funding year-to-year and funding may not be reliable. Even in previous years, before the decrease in 2018, FSA funding does not follow an allowance trend.

**2.6 Results and Discussion**

The average amount of student loan debt per student at graduation has steadily increased since 2015. This increase implies students are not receiving as much funding per student, thus resulting in more student loan debt. FSA does not support a trend of increasing FSA funding. Therefore, it is challenging to predict the available financial aide that will be available. Students may not be able to depend on FSA. Receiving varying amounts of financial aid will may cause unorganized financial planning for students or the addition of student loans they did not anticipate.

1. Conclusion

Progressive increase in Student Financial Aid is crucial to continue to fund students attending university, college and additional schooling. Student financial debt has only increased since 2015. After 2018, funding decreases by 1% to 2019. Funding decreases another 1% from 2019 to 2020. Finally, we see an increase from 2020 to 2021 by 1%. This increase does not put FSA funding back on track to meet standards in 2022. With FSA funding being widely dispersed from 2018 – 2020, it is not reliable for students to depend on the same award amount year-to-year.

It is imperative FSA funding remain steady and consistent to support students attending additional schooling. Without steady and consistent funding, higher student debt will be accumulated and less students will have the opportunity to attend more schooling. Since the decrease in 2018, it is assumed FSA funding is unpredictable. This may cause financial problems for students who attend school by means of FSA funding if they are not awarded the same amount or any aid in continuing years.

* 1. Limitations

Limitations include students who remain unaffected by FSA awards. These students may not depend on or qualify to receive FSA or other financial assistance while attending school.

A limitation includes the United States economic position. Government funding will be effected by the potential of future depression, shortages, pandemics and other disaster.

1. Literature Review

[1] Baum, S., Saunders, D. 1998. Life after debt: Results of the National Student loan Survey selected text from the final report. Journal of Student Financial Aid, 28(3), 1/. Retrieved August 1, 2022, from <https://www.researchgate.net/profile/Sandy-Baum/publication/234628563_Life_After_Debt_Results_of_the_National_Student_Loan_Survey_Selected_Text_From_the_Final_Report/links/555e6f9508ae6f4dcc8dd75e/Life-After-Debt-Results-of-the-National-Student-Loan-Survey-Selected-Text-From-the-Final-Report.pdf>

This article is the from the Student Financial Aid Journal. It analyses a survey they conducted with people who were experiencing student loan debt. The analysis determines those individuals who still have student loans and how it is affecting them. They also identify those who paid of their student loans and to what they attribute the ability to pay them off to.

[2] Fry, R. 2012. A record one-in-five households now owe student loan debt. Peew Research Center, September, 26. Retrieved August 1, 2022, from <https://assets.pewresearch.org/wp-content/uploads/sites/3/2012/09/09-26-12-Student_Debt.pdf>

This article by Fry explores how widely spread student loan debt it. Student loan effects one-in-five households. This problem of student loan debt is widely experienced throughout America and is a problem that only continues to grow.

[3] Greiner, K. 1996. How Much Student Loan debt Is Too Much?. Journal of Student Financial Aid. 26(1), 7-16. Retrieved August 1, 2022, from <https://eric.ed.gov/?id=EJ527952>

This article was interesting to read because it is from the FSA. It expresses how student loans is effecting the economy and the US citizens. As the years continue, borrowing percentages and allowance limits have only increased. While allowing students to borrow more may seem beneficial, it allows for more student loan debt.

[4] Houle, J.N. 2014. Disparities in Debt: Parents’ Socioeconomic Resources and Young Adult student Loan Debt. Sociology of Education. 87(1), 53-69. Retrieved August 1, 2022, from https://doi.org/10.1177/0038040713512213

This article covered more in-depth about why individuals have student loan debt. Students are directly impacted by their parents education level and income. Students with parents who make a higher income are less likely to have student loan debt. While students with parents that make less are more likely to receive financial funding but may have higher student loans if they do not receive government funding or scholarships.

[5] Javine, V. 2013. Financial knowledge and student loan usage in college students. Financial Services Review. 22(4), 367-287.

This article is from the Financial Student Review. This article illustrated how to effective use student loans and what not to do. This article would help alleviate questions and stresses form students who may have student loans or are considering as student loan.

[6] Lusardi, A. de Bassa Scheresberg, C., & Oggero, N. 2014. Student loan debt in the US: AN analysis of the 2015 NFCS data. The Institute of College Access and Success. Student Debt and the Class of, 2015. Retrieved August 1, 2022, from <https://gflec.org/wp-content/uploads/2016/11/GFLEC-Brief-Student-loan-debt.pdf>

This article goes more in-depth about student loan debt solutions. It analyses the huge student loan debt amount, the scholarships or financial aid available and then outside options. The paper concludes there aren’t enough sufficient options to help assists with student loan debt.

[7] Quidlin, N., Rudel, D., 2015. Responsibility or Liability> Student Loan Debt an Time Use in College. Social Forces, Volume 94, Issue 2, Pages 589-614. Retrieved August 1, 2022, from <https://doi.org/10.1093/sf/sov053>

This article covers if student loans are a good financial decision. If an individual will need to take out student loans to attend school, are they worth the burden for the education they receive in return? Like everything there is a number. Some people may consider a degree wroth the loan debt dependent on their degree field and securing a job post-grad.

[8] Ratcliffe, C., McKernan, S.M. 2016. Forever in Your Debt: Who has Student loan Debt, and Who’s Worried?. Urban Institute. Retrieved August 1, 2022, from https://policycommons.net/artifacts/633101/forever-in-your-debt/1614385/ on 11 Aug 2022. CID: 20.500.12592/kwjs06

Ratcliffe and McKernan’s paper helped me better understand the individuals effected by student loan debt. While student loan debt can effect anyone who attends a school where fees are due, specific groups are effected worse than others. Specific races, like Hispanic students, tend to have more student loan debt than Caucasian students. The authors identify other minority groups like single-parent households and women who are more likely to have student loan debt.

[9] Robb, C.A., Chatterjee, S., Porto, N., et al. The influence of Student Loan Debt on Financial Satisfaction. J Fam Econ Iss 40, 51-73. 2019. Retrieved August 1, 2022, from <https://doi.org/10.1007/s10834-018-9599-y>

From this article I learned about the long-term effects of student loans. Having student loan debt and owing another entity money for a long period of times effects the way individuals treat money. The feeling of owing someone else money for an extended time creates unhappiness and negativity around money and loans.

[10] Velez, E., Cominole, M., Bentz, A. 2019. Debt Burden after college: the effect of student loan debt on graduates’ employment , additional schooling, family formation, and home ownership. Education Economics. 27(2), 186-206. Retrieved August 1, 2022, from <https://www.tandfonline.com/doi/abs/10.1080/09645292.2018.1541167>

This Article covers post-grad life with student loan debt. Having student loan debt influences your family dynamic, job urgency and stability and your ability to make other large financial commitments – like a car loan.

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2. Federal Student Aid.(2014-2021). Student Financial Report FY 2014-2021.Rep p. 1-172. Retrieved July 7, 2022 from https://studentaid.gov/data-center/business-info/strategic-planning-and-reporting#performance-reportsMartin A. Fischler and Robert C. Bolles. 1981. Random sample consensus: a paradigm for model fitting with applications to image analysis and automated cartography. Commun. ACM 24, 6 (June 1981), 381–395. https://doi.org/10.1145/358669.358692
3. Hanson, Melanie. 2022. Average Student Loan Deby By Year. EducationData.org. Retrieved June 30, 2022 from https://educationdata.org/average-student-loan-debt-by-year
4. Hanson, M, & Checked, F. 2022. Student Loan Debt Statistics [2022]: Average + total debt. Education Data Initiative. Retrieved July 7, 2022 from https://educationdata.org/student-loan-debt-statistics#:~:text=43.4%20million%20borrowers%20have%20federal,financial%20quarter%20(2021%20Q4).
5. Wisconsin, M. A. U. of Aschenbrener, M., & Wisconsin, U. (n.d.). Federal Financial Aid Policy: Then, now, and in the future. Retrieved July 7, 2022, from https://www.naspa.org/blog/federal-financial-aid-policy-then-now-and-in-the-future#:~: text=Since%201965%20federal%20aid%20to,credits%20and%20other%20state%20programs.
6. Yager, A.M. (2020) Where do federal student loans come from? US News. Retrieved July 8, 2022, from https://www.usnews.com/education/blogs/student-loan-ranger/articles/where-do-federal-student-loans-come-from