Tuition Assistance Program

University of Nebraska

Jay Noren
Executive Vice President & Provost
FINANCIAL AID ISSUES

• National Financial Aid Trends
• Impact on Access from Trends
• Alternative Approaches: State and Institutional
• University of Nebraska Approach: Tuition Assistance Program
• Projected Impact of Tuition Assistance Program
National Trends in Student Financial Aid
President Truman’s Commission on Higher Education Report, 1947

Colleges and Universities should move from “merely the instrument for producing an intellectual elite” to “the means by which every citizen, youth, and adult is enabled and encouraged to carry his education, formal and informal, as far as his native capacities permit.”
Major National Financial Aid Policy: Higher Education Act

Enactment & Reauthorizations 1965-Present

1965: First Higher Education Act (HEA): purpose--provide federal funding for student aid and institutional aid for needy students

• 1972 HEA: Created Basic Educational Opportunity Grant (BEOG) (predecessor to Pell Grants) and federal matching grants for state student incentive grants

Pell Grant Characteristics

• Eligibility: working toward undergraduate degree -- 90% of Pell Grant recipients -- family incomes < $40,000.

• Award amount determined by “Free Application for Federal Student Aid” (FAFSA): Cost of Attendance minus Expected Family Contribution (varies by family income, assets, size)

• Cost of attendance (COA): tuition and fees, books, supplies, transportation, room and board and a personal expense allowance

• 2003 Appropriated maximum award: $4,050 – authorized maximum $5,800.

• Average award in 2002 was $2,411
## Major Federal Financial Aid Types*

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*FY02 Data*
“Three decades ago, there was unanimous agreement on the nation’s access goal: low income students who are academically prepared must have the same educational opportunity as middle and upper income peers. Today that opportunity…is all but ruled out for increasing number of low income students by record levels of unmet need…”
Advisory Committee to Congress on Student Financial Assistance, Feb. 2001

“…declining access to a bachelor’s degree today combined with powerful demographic forces already at work portend a deterioration in educational opportunity, as well as a loss of potential economic productivity and growth for the nation.”
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### Pell Grant Maximum Award as Percentage of Institutional Cost of Attendance

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<tr>
<th>Year</th>
<th>Public 4-year college</th>
<th>Private four-year college</th>
</tr>
</thead>
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<tr>
<td>1975-76</td>
<td>84%</td>
<td>38%</td>
</tr>
<tr>
<td>1985-86</td>
<td>57%</td>
<td>26%</td>
</tr>
<tr>
<td>1995-96</td>
<td>34%</td>
<td>13%</td>
</tr>
<tr>
<td>1999-00</td>
<td>39%</td>
<td>15%</td>
</tr>
<tr>
<td>2000-01</td>
<td>39%</td>
<td>15%</td>
</tr>
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College Participation Rates for Unmarried 18 to 24 Year Old High School Graduates, 1970 to 1997, by Family Income Quartile
Average Cost of Attendance of Four-Year Public Institutions as a Share of Family Income 1972-73 to 1999-00

- **Low income**: Less than $25,000/yr
- **Middle income**: $25,000 - $75,000/yr
- **High Income**: Over $75,000/yr
National Average Annual Unmet Need Facing High School Graduates by Family Income

- **0-$24,999**: $3,200
- **$25,000-$49,999**: $2,700
- **$50,000-$74,999**: $1,500
- **$75,000-above**: $100

Public Two-Year: $3,800, $3,000, $600, $400
Public Four-Year: $6,200, $4,900, $4,500, $400
Private Four-Year: $6,200, $4,900, $4,500, $400
Impact of High Unmet Need on High School Graduates’ Expectations, Plans, and Enrollment

- As 8th grader expected to finish college: 92% (High income), 99% (Low income)
- Planned to attend college: 94% (High income), 70% (Low income)
- Enrolled in college after high school: 92% (High income), 87% (Low income)
- Enrolled in college within 2 years of high school: 93% (High income), 64% (Low income)

High income family more than $75,000/yr.  Low income family less than $25,000/yr.
Impact of High Unmet Need on High School Graduates’ College Enrollment within Two Years

- **High income family** ($400 unmet need):
  - Attended four-year college: 77%
  - Attended public two-year college: 14%
  - Attended "other" less than four-year: 2%
  - Did not attend college: 7%

- **Low income family** ($3,800 unmet need):
  - Attended four-year college: 33%
  - Attended public two-year college: 25%
  - Attended "other" less than four-year: 6%
  - Did not attend college: 37%
Percent of Postsecondary Students Who Received a Bachelor's Degree or Higher by Socioeconomic Status and Race/Ethnicity.
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1. Meet student’s unmet need

(expenses less grants, loans and “Expected Family Contribution”)

2. Guarantee payment of “Expected Family Contribution”

(calculated from federal student aid application—FAFSA—based on income/assets)

3. Guarantee tuition or tuition and fees
1. Meet Student’s Unmet Need

**Carolina Covenant:** Univ. of North Carolina-Chapel Hill

- Cover unmet need of all low income students (150% of federal poverty level) who work 10-12 hours per week
- Combination of federal, state, university, and private grants
- 2003, 281 freshmen served-- fully implemented will cost $1.4 million.
1. Meet Student’s Unmet Need

University of Virginia

- Replace all need based loans with grants for all low-income students (family income of 150% of federal poverty level)
- Cap need based grants at 25% of the cost of attendance
- Fully implemented cost $16 million.
Princeton University

• Grants to meet unmet need of all students, rather than loans

• Extends previous program that eliminated loans for students from families earning less than $46,500 and reduced loans for families earning $46,500-$66,500

• Additional cost: $2 million.
2. Guarantee Payment of Family Contribution

Harvard University

- Provide expected family contribution for students:
  - From families with annual income of less than $40,000
  - Partial aid for families with annual income of $40,000-$60,000
- **Serve 1,000** undergraduates -- **cost $2 million** (in addition to Harvard’s current $80 million scholarship aid).
3. Guarantee tuition or tuition and fees

Oklahoma Higher Learning Access Program

• Families with income less than $50,000 per year
• Pays full tuition at state institution--portion at private
• Students must enroll in the program in 8th, 9th or 10th grade and comply with academic and behavioral requirements while in high school
• 2003, **2,956 students served -- cost $4.6 million**
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### University of Nebraska

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<th>Campus</th>
<th>Enrollment</th>
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<tr>
<td>Lincoln</td>
<td>22,559</td>
</tr>
<tr>
<td>Medical Center</td>
<td>2,865</td>
</tr>
<tr>
<td>Omaha</td>
<td>13,997</td>
</tr>
<tr>
<td>Kearney</td>
<td>6,379</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>45,800</strong></td>
</tr>
</tbody>
</table>
Percent of Undergraduates at State Universities
with Pell Grants, 2001

U New Mexico 1
SUNY-Buffalo 2
U Montana 3
U Idaho 4
UCalifornia-Berkeley 5
U South Dakota 6
U Maine 7
U Wyoming 8
Ohio State U 9
U Arkansas 10
West Virginia U 11
U North Dakota 12
U Mississippi 13
U Oregon 14
U Oklahoma 15
U Arizona 16
Rutgers U 17
U Washington 18
U Alabama 19
U Utah 20
U South Carolina 21
U Rhode Island 22
U Florida 23
UMassachusetts 24
U Hawaii 25
UTennessee-Knoxv 26
Louisiana State U 27
UNebraska-Lincoln 28
UConnecticut 29
UMaryland 30
UKentucky 31
Penn State 32
UAlaska 33
UTexas 34
U Iowa 35
UMissouri 36
UMinnesota 37
UIllinois 38
Indiana U 39
U Vermont 40
UNew Hampshire 41
UKansas 42
UNevada-Reno 43
UGeorgia 44
UNorth Carolina-CH 45
UColorado-Boulder 46
UMichigan-Ann Arbor
UWisconsin-Madison 48
UDelaware 49
U Virginia 50

0 5 10 15 20 25 30 35 40 45 50

U. S. = 20.7%
Percent Change in Number of Undergraduates at State Universities with Pell Grants, 1992-2001

Source: Postsecondary Education Opportunity, Number 140, February 2004.
## University of Nebraska Federal Financial Aid*

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<td>14,500</td>
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<td>Fed Direct Loans</td>
<td>$55 million (38.3%)</td>
<td>14,339</td>
</tr>
<tr>
<td>Perkins Loans</td>
<td>$5 million</td>
<td>2,722</td>
</tr>
<tr>
<td>Pell Grants</td>
<td>$17 million (11.8%)</td>
<td>7,751</td>
</tr>
<tr>
<td>Work Study</td>
<td>$2.1 million</td>
<td>1,443</td>
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*FY02 Data
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*FY02 Data
Maximum Pell Grant + 20 Hours Work/Week as % of Total University of Nebraska Costs

20 hrs Work per Week
Maximum Pell Grant
University of Nebraska--
Considered 3 Financial Aid Options:

1. Unmet Need
2. Expected Family Contribution
3. Guarantee Tuition Cost Coverage
### Cost to Cover Unmet Need of Pell Recipients

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<tr>
<td>University of Nebraska Lincoln</td>
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</tr>
<tr>
<td>University of Nebraska Omaha</td>
<td>$7,675,683</td>
</tr>
<tr>
<td>University of Nebraska Kearney</td>
<td>$4,493,453</td>
</tr>
<tr>
<td>University of Nebraska Med Center</td>
<td>$1,302,061</td>
</tr>
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**TOTAL:** $19,500,000
Average expected family contribution (for example, at UN-Lincoln for dependent Pell recipients):

- Under $20,000: $312 per year
- $20,000-$40,000: $1,237 per year
- Over $40,000: $2,566 per year

Cost to guarantee expected family contribution of Pell recipients: $9 million for all four campuses
Tuition Assistance Program

(Guarantee Tuition Cost Coverage)

• Cover remaining tuition cost, after applying Pell and other grants

• Full-time, Pell recipient, Nebraska resident, dependent and independent undergraduates

  Dependent: parents’ income considered

  Independent: independent of parents’ income

University of Nebraska Decision:
## Tuition Assistance Program: Projected 2005 Students & Cost

<table>
<thead>
<tr>
<th>Institution</th>
<th>Students</th>
<th>Cost</th>
<th>Dependent</th>
<th>Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNL</td>
<td>767</td>
<td>$1,408,387</td>
<td>607</td>
<td>160</td>
</tr>
<tr>
<td>UNO</td>
<td>313</td>
<td>$382,510</td>
<td>238</td>
<td>75</td>
</tr>
<tr>
<td>UNK</td>
<td>389</td>
<td>$756,036</td>
<td>274</td>
<td>115</td>
</tr>
<tr>
<td>UNMC</td>
<td>37</td>
<td>$37,126</td>
<td>37</td>
<td></td>
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Total: 1,506 students

$2,584,059
Institutional Need-Based Aid Projections including Tuition Assistance Program Fall 2005

Estimated "Tuition Assistance Program" projections included above are: $2.6 million in 2005-06, $3.3 million in 2006-07, and $4.2 million in 2007-08.
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• Benefit begins with Fall 2005 students
• Estimated 1500 student recipients
• Projected 10% increased freshmen enrollment Fall 2005
• Projected 10% increased retention each year following implementation
### Past Impact of Increased Financial Aid: Freshmen Continued Enrollment Second Year

<table>
<thead>
<tr>
<th>Factor:</th>
<th>Work &lt; 14 Hours/wk</th>
<th>Work &gt; 35 Hours/wk</th>
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<tbody>
<tr>
<td>% Continued Enrollment</td>
<td>79%</td>
<td>47%</td>
</tr>
<tr>
<td>Factor:</td>
<td>Live On Campus</td>
<td>Live Off Campus</td>
</tr>
<tr>
<td>% Continued Enrollment</td>
<td>81%</td>
<td>50%</td>
</tr>
<tr>
<td>Factor:</td>
<td>Full-time student</td>
<td>Part-time student</td>
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<td>% Continued Enrollment</td>
<td>76%</td>
<td>48%</td>
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