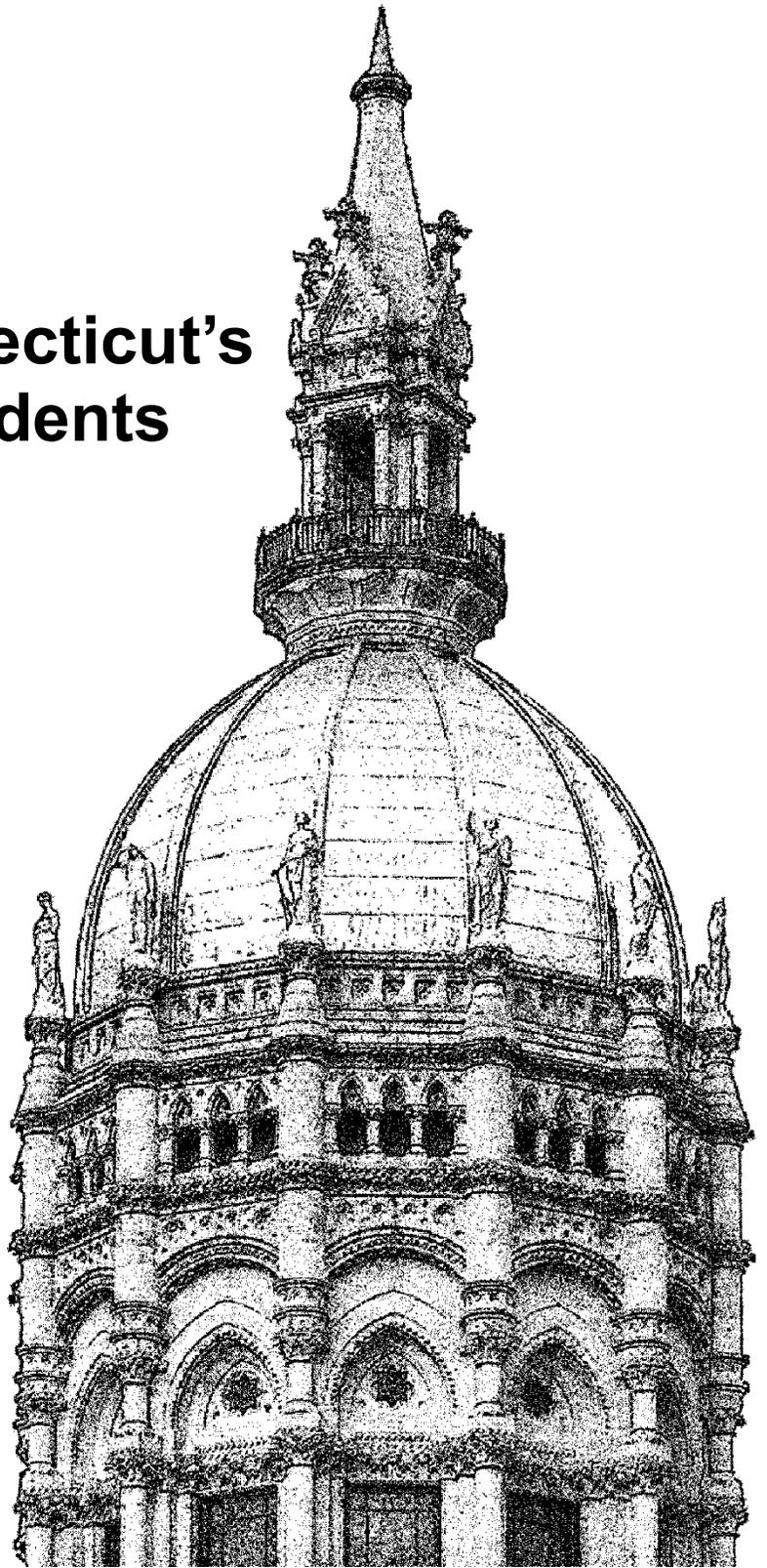


University of Connecticut's Affordability to Students

January 2014



PRI

**Legislative Program Review and
Investigations Committee**

Connecticut General Assembly

**CONNECTICUT GENERAL ASSEMBLY
LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE**

The Legislative Program Review and Investigations Committee (PRI) is a bipartisan statutory committee of the Connecticut General Assembly. It was established in 1972 to evaluate the efficiency, effectiveness, and statutory compliance of selected state agencies and programs, recommending remedies where needed. In 1975, the General Assembly expanded the committee's function to include investigations and gave the committee authority to raise and report bills in 1985. In 1977, the committee also acquired responsibility for "sunset" (automatic program termination) performance reviews, but the state's sunset law was amended in 2012; PRI is still involved, but the legislature's subject matter committees have roles as well.

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Project Staff

Scott Simoneau
Janelle Stevens

STATE CAPITOL, ROOM 506 HARTFORD, CT 06106 (860) 240-0300

Email: pri@cga.ct.gov

www.cga.ct.gov/pri/index.asp

LEGISLATIVE PROGRAM REVIEW
& INVESTIGATIONS COMMITTEE

University of Connecticut's
Affordability to Students

JANUARY 2014

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University of Connecticut's Affordability to Students

Background

In June 2013, the program review committee authorized a study to examine how the affordability of a University of Connecticut (UConn) undergraduate education has changed, with particular attention to in-state students. UConn is the state's flagship institution, with a main campus in Storrs, five regional campuses, and a medical center.

In part to support an increase in the number of faculty, UConn's Board of Trustees recently approved a series of tuition and fee increases over 5% annually.

The state supports UConn directly through appropriating funds and by covering a portion of the university's health benefits. The state also has given UConn over \$2 billion in bond funding over the past 18 years for two building and expansion initiatives. An additional \$1.5 billion in funding will be provided for construction activities over the next 10 years as part of the NextGen initiative.

The affordability of UConn and other universities is somewhat difficult to evaluate. The perception of affordability is specific to individual students and their families, who bear short- and long-term costs. Postsecondary education is considered a long-term investment with generally positive – though variable – returns. In that context, it may be reasonable to incur substantial debt. However, data on both costs and payoff are difficult to locate.

Accepted methods to assess affordability over time include comparing college prices to inflation and income levels. Student debt and default rates also can be indicators.

This report is based on: price, debt, and income information from federal and private sources; UConn data on a range of topics; interviews with affordability researchers, UConn personnel, and financial aid administrators in other states; and literature on college affordability.

Main Findings

UConn's affordability has worsened but overall, compares well to other flagships and peers for in-state students. Prices have risen beyond inflation and income. For example, UConn tuition and fees rose 9 percent over inflation from 2008-09 to 2011-12, demanding a 13 percent larger share of the state's median income. Although UConn's prices exceed most other universities', Connecticut's high income levels (even at lower income brackets) translate into better affordability – though not for out-of-state students.

Despite relative affordability, UConn prices can be burdensome, especially for lower- and middle-income families. One measure shows a family would have to pay 48 percent of its \$15,000 annual income (upfront and/or through loans) for a single year at UConn – and the share has been growing. UConn's financial aid packages have been increasingly reliant on federal education loans for parents, especially for those at low income levels. Education loans are the majority of all financial aid dollars.

UConn has been devoting substantial and growing resources to merit- and need-based grant aid, as its student population has grown needier. UConn has offered need-based aid to more students but overall, average need-based grant aid has fallen. At the same time, UConn gives merit aid to certain students with no or relatively little financial need, a common practice among universities.

The effects of UConn's financial aid and price policies are opaque, which could make it hard for prospective students and families to understand likely true prices. For most students, there is a large difference between UConn's list prices and price actually paid, and prices grow annually. UConn does not seem to make these facts clear to potential students.

UConn's spending has risen – and so has its quality – with increasing reliance on tuition and fees. Competitive pressures and perhaps other cost drivers have increased spending slightly (up 7 percent on a per student basis, since FY1996). State support, though substantial, has declined, leading the university to raise a larger share of its revenue (39 percent) from tuition and fees – especially from out-of-state students. Admissions and outcome data indicate UConn's quality has improved.

PRI Recommendations

Several recommendations are proposed to clarify and potentially improve UConn's affordability. The recommendations would:

1. **Inform prospective students and their families of scheduled price increases**, on the university's financial aid website;
2. **Require feasibility studies of two proposals**, one involving price schedules and another to offer more – and better publicized – need-based grant assistance, both of which have been done by other flagships; and
3. **Inform policymakers about UConn's financial aid, credit acceptance policies, and graduate employment outcomes.**

In addition, six policy options to further improve affordability are discussed.

Acronyms

| | |
|-----------------|--|
| AGI | Adjusted Gross Income |
| BOR | Board of Regents for Higher Education |
| CDS | Common Data Set |
| CPI | Consumer Price Index |
| CPI-U-RS | Consumer Price Index- Urban-Research Series |
| ECE | Early College Experience |
| EFC | Expected Family Contribution |
| EPI | Economic Policy Institute |
| FAFSA | Federal Application for Free Student Aid |
| FRBNY | Federal Reserve Bank of New York |
| GAP | Guaranteed Admissions Program |
| IPEDS | Integrated Postsecondary Education Data System |
| NACUBO | National Association of College and University Business Officers |
| NCES | National Center for Education Statistics |
| NextGen | Next Generation Connecticut |
| NPSAS | National Postsecondary Student Aid Study |
| P20 WIN | Preschool through 20 Workforce Information Network |
| ROI | Return on Investment |
| SEOG | Supplemental Educational Opportunity Grants |
| STEM | Science, Technology, Engineering, and Mathematics |
| TICAS | The Institute for College Access and Success |
| UConn | University of Connecticut |

Executive Summary

The University of Connecticut's Affordability to Students

The University of Connecticut (UConn), the state's flagship institution, has been undertaking initiatives to enlarge the faculty, build its Science, Technology, Engineering and Mathematics (STEM) programs, boost undergraduate enrollment and quality, and update as well as expand certain facilities. These efforts – which are intended to reap benefits for UConn, its students, and the state – come at a price. Concerns have been raised about the institution's affordability to students.

In June 2013, the program review committee authorized a study to examine how the affordability of a University of Connecticut education has changed, with particular attention to in-state students. In addition, the study was to analyze: the impact of financial aid programs on affordability; other factors that can influence the cost of attendance, such as operating revenues and expenditures; and student enrollment patterns and outcomes. Finally, affordability and cost comparisons to other flagship universities and peer institutions were also to be described.¹

What Does Affordability Mean And How Is It Measured?

The affordability of UConn and other universities is somewhat difficult to evaluate. The perception of affordability is specific to individual students and their families, who bear short- and long-term costs. Postsecondary education is considered a long-term investment with generally positive – though variable – returns. In that context, it may be reasonable to incur substantial debt. However, data on both payoff and costs are difficult to locate.

Accepted methods to assess affordability over time include comparing college prices to inflation and income levels. Student debt and default rates also can be indicators.

How Has UConn's Affordability Changed and How Does it Compare to Peers?

UConn's affordability has declined but, on broad measures like published prices compared to income, the university generally compares favorably to the 50-flagship median and reasonably to nine peer universities, for in-state students. It compares less well, for some income groups, on the price after taking grants into consideration (i.e., net price), and especially on affordability for out-of-state students. As noted above, the approach in this study involved comparing college prices to inflation and income, as well as examining student debt levels. A summary is provided below.

- 1. Price compared to inflation.** College prices, including UConn's, have risen beyond general consumer inflation. UConn's in-state prices are higher than the median flagship university and average of public four-year schools for each of the four ways

¹ Peer institutions are: Universities of Delaware, Maryland, Massachusetts, North Carolina, Vermont, and Virginia; Pennsylvania State University; Rutgers University; and Stony Brook University. See Appendix A for selection criteria.

of commonly measuring price.² Compared to its peers, UConn's prices are about in the middle or lower. However, UConn's recent *rate of price increases* has generally been less. For example, the average list price for in-state tuition and fees at public four-year schools rose 17 percent between just 2008-09 and 2011-12 (about 6 percent annually) after accounting for inflation. UConn's rose 9 percent, the median flagship went up 22 percent, and peer median increased 16 percent. UConn's increases in other prices, except average net price (the price after grants), were comparable (within 1 percent) to the flagship and peer median.

2. **Prices compared to median income.** UConn's in-state prices are relatively reasonable when compared to median household income. For example, the share of the state's median household income needed to pay for UConn's 2011-12 average net price is 23 percent, the average public four-year university is 30 percent, the flagship median is 28 percent, and the peer median is 25 percent.³
3. **Prices compared to different income levels.** UConn's affordability to in-state students is relatively better for those at lower income levels but generally worse for those at the middle and high levels. Still, the share of income that would be needed to pay for a UConn education for lower income families can be considered burdensome compared to those at the higher income level. For example:
 - for families at the lower income level (\$15,000) the estimated share of income needed in 2010-11 was 48 percent, median flagship 55 percent, and peer median 47 percent;
 - for families at the middle income level (\$61,500), the estimated share of income needed was 23 percent compared to the flagship median 23 percent, and peer median 22 percent; and
 - the university fares worse compared to other flagships (but not peers) for families at higher (\$75,000+) income levels.

UConn's in-state affordability has been declining for all income levels. The *increase in share of income* needed to pay the net price between 2008-09 and 2011-12 was the largest for the lowest income students – 13 percent, compared to 2 to 6 percent for students at other income levels. UConn's increase in the share of income needed was worse than most flagships for the net price paid by low- and middle-income students and better than most flagships for high-middle and high-income students. Compared to peers, UConn's net price change was better than most peers for low-income students but worse than most peers for middle- and high-income students.

² The four common ways to measure price include Tuition and Fees, Comprehensive Costs, Total Price, and Net Price. Refer to Appendix B for full description of prices.

³ PRI staff also compared 2011 UConn prices for tuition and fees as well as total price to the median household income and quintile income levels in each Connecticut county. PRI staff found overall UConn's affordability is reasonable across the state's counties. See Appendix C for more detail.

4. **Student debt.** UConn’s federal student debt generally compares reasonably to similar universities. Although two-thirds of its graduates have federal student loans – higher than the flagship median and the peer group median – their average debt level (\$23,822 in 2010-11) is about in the middle of all flagships and peers. Furthermore, UConn’s short-term student default rate is low, at 2.3 percent. The program review committee also found that debt levels vary tremendously. For example, one-quarter of in-state students enrolled in a fourth year at UConn had cumulative debt below about \$22,300, while another quarter had debt exceeding \$52,900.
5. **Out-of-state student affordability.** UConn is less affordable to out-of-state students, ranking 15th in the share of national median income required to pay tuition and fees, as well as 7th in the share needed for the comprehensive cost. Its out-of-state affordability is relatively low because its absolute out-of-state price levels are high and, unlike in-state price levels, it does not benefit from high state median income. UConn compares better to peers than to the entire group of flagships, but still is in the less-affordable half of its peer group.

How is UConn’s Financial Aid Distributed?

In 2012-13, UConn degree-seeking undergraduates received nearly \$251 million in financial aid from all sources. Nearly four of every five incoming in-state students (78 percent) accepted financial aid. Most undergraduate financial aid dollars (55 percent) came in the form of education loans, while university-provided grants – called “institutional grant aid” – were another substantial source of assistance (29 percent). Between 2005-06 and 2012-13, financial aid spending overall grew 47 percent above general consumer inflation, while enrollment and the total price rose 10 and 18 percent,⁴ respectively.

More need aid to more students but less on average. UConn spent \$73.9 million on institutional grant aid to its students in 2012-13. This amount has grown 75 percent beyond inflation since 2005-06. The university has increased its institutional *need-based* grant dollars (up 81 percent since 2005-06) and given this aid to a larger portion of students, which has resulted in lower UConn need-based grants to individuals. Consequently – and in combination with higher prices and declining government grants – lower-income families’ burden of paying for college has grown, and the burden can be considered high even for upper-income families.

Merit aid increased too. While UConn has raised its need-based grant spending, the university has also increased its overall merit aid dollars (up 68 percent since 05-06). Just under half of all merit aid dollars for incoming students go to students without any financial need. UConn is not unique in this respect. Most, if not all, public universities – often facing financial pressure – give some of their own dollars to relatively wealthy students, while many students from less well-off families receive aid packages that include substantial loans.

About 71 percent of UConn undergraduate financial aid dollars have been received by in-state students, though in-state students received a declining share of general merit aid but a growing share of UConn need-based aid.

⁴ For in-state Storrs students living on- or off-campus (not with family). For comparable out-of-state students, the total price rose 19 percent.

How Has Financial Aid Spending Changed?

Between 2005-06 and 2012-13, financial aid spending overall grew 47 percent above general consumer inflation, while enrollment and the total price rose 10 and 18 percent, respectively. During that time, financial aid at UConn shifted somewhat away from education loans, whose share dropped from 60 percent (a decline of 8 percent), and toward institutional aid (up 19 percent) and grant aid from outside organizations and government.

How Have Other Factors Influence Affordability?

Many factors influence UConn's affordability. Although the receipt of financial aid and, perhaps, resulting debt is ultimately how families experience affordability, the university's spending, revenues, student profile, and student outcomes (among other factors) collectively impact the price of attending UConn and the value of that investment.

The program review committee have found that the university's reliance on tuition and fees increased while state support has declined which has tended to decrease affordability since FY 95. The amount spent on financial aid rose but this came from differentiating student prices. The majority of the university's expenditures are on staffing. Staffing has increased the most in student services areas as well as academic administration and support. To the extent that attracting the best and brightest students as possible is important to the general academic experience and the university's stature, the academic profile of UConn freshman has been raised tremendously. Graduation and retention rates have dramatically improved, favorably impacting affordability.

Proposed Recommendations

The program review committee found that UConn's prices and tuition schedules could be clearer to students and possibly made more stable. The committee also found that policymakers may benefit from additional information about the results of: 1) UConn's financial aid policies; 2) credit acceptance policies; and 3) graduate employment outcomes. The recommendations below are proposed to clarify and potentially improve UConn's affordability. The program review committee recommends that: **the University of Connecticut:**

- 1. should regularly publish any scheduled or range of targeted increases in tuition and fees, as well as in room and board (comprehensive cost), on its financial aid website;**
- 2. shall study the feasibility, estimate the cost, and consider the implications of implementing a program that guarantees, for each entering class: 1) tuition costs solely; or 2) the comprehensive cost of attendance (i.e., tuition, fees, and, room and board). The study shall consider guaranteeing those costs by: 1) freezing; or 2) fixing the increases to which each class will be subjected over four years. The university shall report its findings to the joint standing committee of the General Assembly having cognizance of matters relating to higher education by January 1, 2015; and**

3. shall study the feasibility, estimate the cost, and consider the implications of implementing a financial aid pledge program that serves to limit and/or eliminate student loans from financial aid packages for low and moderate income students. The university shall report its findings to the joint standing committee of the General Assembly having cognizance of matters relating to higher education by January 1, 2015.
4. beginning in January 1, 2015, shall develop and provide a report to be included in the Office of Higher Education's system trends report, pursuant to C.G.S. Sec. 10a-57, that will indicate how its financial aid was awarded annually, and include at a minimum, separately for in- and out-of-state students:
 - a. the number and percent of, separately, all undergraduates and full-time, first-time freshmen, receiving need-based institutional aid;
 - b. the number and percent of, separately, all undergraduates and first-time, full-time freshmen receiving merit-based institutional aid, and within residency categories, the percent who had no financial need, and the percent whose award exceeded financial need (excluding those with no need), separately for each type of merit-based aid;
 - c. typical financial aid packages by Expected Family Contribution quintile, including separate listings by aid type (e.g., Pell grant, Connecticut state grants, Supplemental Educational Opportunity Grant, need-based institutional aid, and federal loans by type); and
 - d. the amount of aid received by, separately, all undergraduates and first-time, full-time freshmen, by aid type (i.e., Pell grant, Connecticut state grants, Supplemental Educational Opportunity Grant, each type of merit-based institutional aid separately, need-based institutional aid, federal loans by type, and other grants), including each aid type's share of total dollars.
5. beginning in January 1, 2015, UConn shall develop and provide an annual report on course transferability to be included in the Office of Higher Education's system trends report, pursuant to C.G.S. Sec. 10a-57. The report shall be based on UConn's analysis of course transferability for students entering after first completing coursework at another college or university.

Specifically, the university shall report on: 1) the number of transfer students that applied, were accepted, and enrolled; 2) the number of transfer courses and credits applied for by entering students; 3) the number and percent of courses and credits accepted for UConn credit toward general education requirements, of those submitted; and 4) the number and percent of courses and credits within a student's major that are accepted as applicable to the UConn major requirements. These data should be reported according by institution for students transferring in from other Connecticut public colleges and universities,

as well as, in the aggregate, for students transferring in from other states' public higher education systems and independent colleges.

- 6. should partner with the Board of Regents for Higher Education, the Department of Education, and Department of Labor in developing the P20 WIN system to enable the university to report on the success of its graduates, by major, regarding employment and earnings.**

This report also provides an overview of six policy options to enhance college affordability that have been discussed or implemented in other states. These options have not been fully developed as several require considerable study regarding the mechanics of implementation, costs, and/or appropriateness of application across all state higher education institutions as opposed to a single flagship university. The legislature, executive branch, or the state's higher education institutions may consider them worthy of further action. These options are: Pay-It-Forward, State Promise Programs, Tuition Freeze, On-Line Education, Finish-in-Three Degrees, and Competency-Based Learning.

The University of Connecticut's Affordability to Students

The University of Connecticut (UConn), the state's flagship institution, has been undertaking initiatives to enlarge the faculty, build the Science, Technology, Engineering and Mathematics (STEM) programs, boost undergraduate enrollment, and update as well as expand certain facilities. These efforts – which are intended to reap benefits for UConn, its students, and the state – come at a price. Concerns have been raised about the institution's affordability to students.

Scope of Study

In June 2013, the program review committee authorized a study to examine how the affordability of a University of Connecticut education has changed, with particular attention to in-state students. In addition, the study was to analyze: the impact of financial aid programs on affordability; other factors that can influence the cost of attendance, such as operating revenues and expenditures; and student enrollment patterns and outcomes. Finally, affordability and cost comparisons to other flagship universities and peer institutions were also to be described.

Research Methods

A variety of sources and methods were used to conduct this study. More detailed information on methods, sources, and important data limitations can be found in Appendix A. In brief, in order to:

- inform the discussion of higher education affordability, the study's approach, and options for improving affordability to students, program review committee staff spoke with higher education researchers and policy analysts from various recognized institutes and universities as well as reviewed the literature;
- assess UConn's affordability compared to other flagship universities, peers, and the various sectors of higher education, program review committee staff analyzed student price and debt data from the U.S. Department of Education, the College Board's *Trends in College Pricing 2012*, and The Institute for College Access and Success's College InSight data;
- more accurately measure changes in price over time, program review committee staff ensured that all dollar figures were adjusted for inflation using the U.S. Bureau of Labor Statistics' Consumer Price Index-Urban-Research Series (CPI-U-RS). To compare price changes to income changes, the U.S. Census Bureau's median household income and income by quintile (e.g., 20th percentile, 40th percentile) were used. For assessments of in-state prices, each flagship's state-specific median and quintile incomes were used, while out-of-state prices were analyzed using national incomes;

- understand the financial aid received by UConn students, program review committee staff requested and the university provided data on aid expenditures, receipt (e.g., number of new students receiving certain types of aid), and strategies that are not publicly available; and
- understand how UConn has changed over time, which influences affordability, program review committee staff analyzed revenue, expenditure, admissions, graduation rate, transfer student, and course close-out data provided by UConn.

Report Organization

This report is organized into four chapters and 12 appendices. Chapter I contains an overview of the concept of affordability and accepted methods that can be used to assess it. Chapter II presents an in-depth analysis of UConn's affordability compared to peers as well as an examination of the university's financial aid expenditures, financial aid packages, and students' debt. Chapter III has recommendations that can clarify and potentially improve UConn's affordability. Finally, other factors that can influence affordability are discussed in Chapter IV.

The report also provides in Chapter III an overview of six policy options to enhance college affordability that have been discussed or implemented in other states. These options have not been fully developed as several require considerable study regarding the mechanics of implementation, costs, and/or appropriateness of application across all state higher education institutions as opposed to a single flagship university.

Affordability Overview

The affordability of obtaining an undergraduate degree at the University of Connecticut – or any other university – is somewhat difficult to evaluate. The perception of affordability is specific to individual students and their families, who may bear short- and long-term costs. Post-secondary education is considered a long-term investment with generally positive, though variable, returns. In that context, it may be reasonable to incur substantial debt – if the payoff is strong and the costs are bearable. However, valid data on both specific payoffs and costs are difficult to locate.

The common ways of measuring affordability – by comparing prices to inflation and income, and examining the student debt burden – all indicate college affordability is declining. There are many possible reasons for this trend, ranging from competitive pressures, mandates, and programs that encourage spending, to colleges' nature as a service industry.

Affordability is Difficult to Define

A review of the literature regarding college affordability suggests that:

- the term “affordability” is subjective;
- the return on investment on a post-secondary education is positive and variable;
- there are many versions of price; and
- the accepted ways to measure affordability are limited.

Subjective. On one level, the meaning of affordability is specific to individual students and their families. What is considered affordable to one person may not be to another. This subjectivity is due to differing personal financial circumstances, preferences, and priorities. Any number of student decisions can affect the extent to which higher education may be considered affordable, including enrollment choice, length of degree completion, living arrangements, and lifestyle while in school.

Payoff over longer term but returns are variable. There is agreement among researchers that higher education benefits to students tend to outweigh costs, even in the face of increasing debt levels.⁵ Economic analysis shows that those with a college degree will, in general, earn a greater lifetime income, have stronger employment prospects, and fare better during recessions than those with less education. For example, in one study the Brookings Institution estimated that over a lifetime the average college graduate earns about \$570,000 more than the average person with a high school diploma only, even when accounting for both direct

⁵ Higher education also accrues other benefits to the individual and society as a whole. College graduates pay more income taxes, are less likely to need social services, experience greater job satisfaction, and tend to have a healthier lifestyle.

costs of college and the “opportunity costs” of not working during college.⁶ Another study by the U.S. Census Bureau suggests that the difference in work-life earnings between workers with a high school diploma and those with a college degree is about \$1 million.⁷

However, the return on a higher education differs depending on many factors, including college major. The Federal Reserve Bank of New York has shown that there are large differences in unemployment rates, underemployment rates, and average wages across majors. In particular, those with degrees in majors involving technical training, such as engineering, or in those that are geared toward growing parts of the economy, like health, have tended to do better than other majors. Still, even people with degrees in the lowest-paying majors, such as leisure and hospitality, who take jobs that typically do not require a college degree tend to earn more than those with only an associate’s degree or high school diploma.⁸

In this context, it may be reasonable to incur substantial debt – if the payoff is strong and the costs are bearable. However, valid data on both specific payoffs and costs are difficult to locate.

Many versions of price. Measuring affordability can be complex because there are four frequently referred to types of college prices:

- tuition and fees, the most basic price of enrollment;
- comprehensive cost, which adds room and board to tuition and fees;
- total price, the comprehensive cost plus books, course supplies, and living expenses; and
- net price, the price paid after grant aid (or, rarely, the price after grants and loans, representing out-of-pocket costs).

Tuition and fees are much lower – and therefore make college appear more affordable – compared to the comprehensive cost or total price. While net price is perhaps the most important type of price, since it reflects a student’s true price, it is difficult to predict and available data are imperfect. Table B-1 in Appendix B explains, in more depth, each price type’s advantages and disadvantages for the purpose of evaluating affordability.

Accepted measures of affordability do exist, but are limited. A better way of measuring affordability across colleges would be to gather the return on investment (ROI) for each past student (including investment costs) to culminate in an ROI index for each college. Students could possess, from the start of the college search, perfect information on the exact price they would pay, and could choose a college with a desired level of investment and return.

Such data, though, do not currently exist in a way that allows potential students to draw valid and reliable conclusions. It is far from clear what college investment choices – in amount, college, and field – will yield a specific return in a specific instance.

⁶ Michael Greenstone and Adam Looney, *Where is the Best Place to Invest \$102,000 - In Stocks, Bonds, or a College Degree?*, Brookings Institute, June 25, 2011.

⁷ Tiffany A. Julian and Robert A. Kominski, “Education and Synthetic Work- Life Earnings Estimates.” *American Community Survey Reports*, ACS-14. U.S. Census Bureau, Washington, D.C., 2011.

⁸ Jason Bram, Regional Economic Press Briefing Presentation, Federal Reserve Bank of New York, June 27, 2013.

Despite these concerns, it is generally agreed upon by experts that the following are reasonable methods to assess affordability:

- 1) **Consumer inflation.** College price comparisons to inflation, most often using the Consumer Price Index (CPI), are common and easily understood. The public is often concerned about the rate at which a price increases, especially compared to a measure of consumer inflation: Is it rising more, the same as, or less than inflation?
- 2) **Income.** Another standard of affordability is the percent of family income required to pay for a year of college. Family income is imperfect because, as discussed above, education is fundamentally an investment good and should be evaluated based not only on the short-term burden but also on the long-term return it provides. However, this report compares price to income because: 1) it is a commonly accepted method for measuring affordability among researchers; 2) college financial aid is largely based on family income; and 3) some families are not aware of or choose not to consider the long-term benefit.
- 3) **Student debt and default rates.** The level of education debt indicates families' ability to pay for college out-of-pocket (in combination with grants) and directly confers a long-term cost burden, while the student loan default rate shows the level of difficulty in paying for this investment. There is no common definition of a reasonable debt limit. Some education lenders have recommended that student loan payments not exceed 8 to 10 percent of (future) gross monthly income, which may be hard for prospective college students to estimate. Others have stated a general rule of thumb that the total amount of student debt should not exceed the borrower's anticipated salary for the first year out of school.⁹

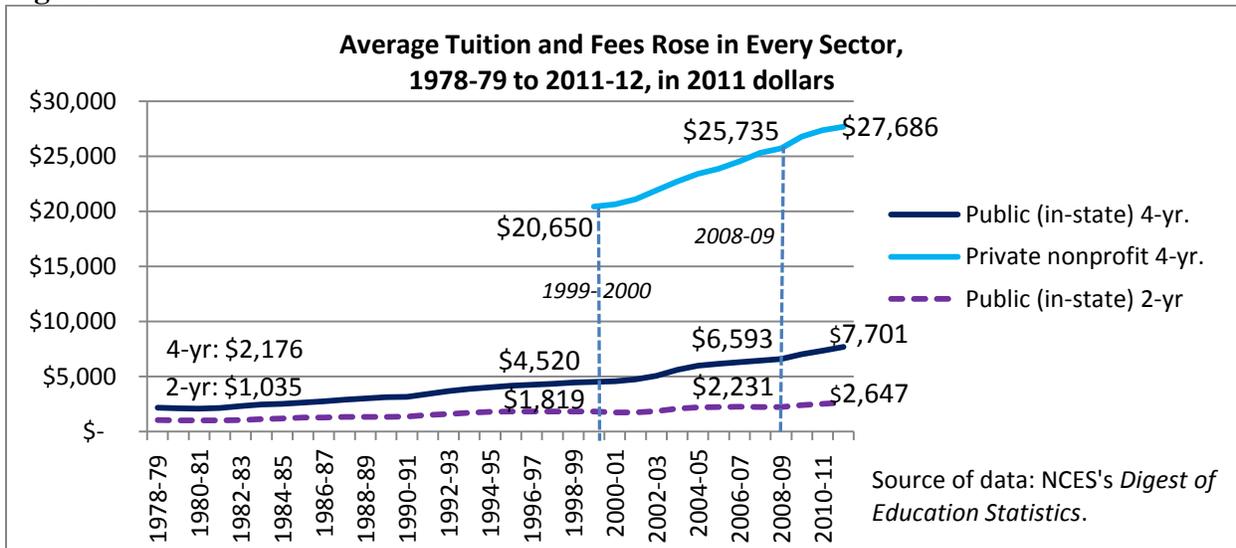
College Affordability Has Declined

College has become less affordable in every commonly considered way of measuring prices and affordability. Declining affordability is due to price increases outstripping consumer inflation and income growth – as well as prices continuing to increase even during periods of flat or declining income growth. Affordability is falling across public as well as private nonprofit colleges and universities.

Prices have increased beyond inflation. For every sector, each type of price has increased well beyond general consumer inflation. For example, the average in-state tuition and fees at public four-year schools rose 17 percent beyond inflation between just 2008-09 and 2011-12 (6 percent annually); since 1978-79, the price has jumped 149 percent (7.5 percent annually). The increases since 2008-09 for public two-year and private four-year tuition and fees were 19 and 8 percent, respectively (for annual growth rates of 6 and 3 percent), as indicated by Figure I-1.

⁹ See for example, USA Funds, *Student Loan Repayment: Four Steps to Take Now*, 2013 and Christina Couch, *How Much College Debt is Too Much?*, Bankrate.com

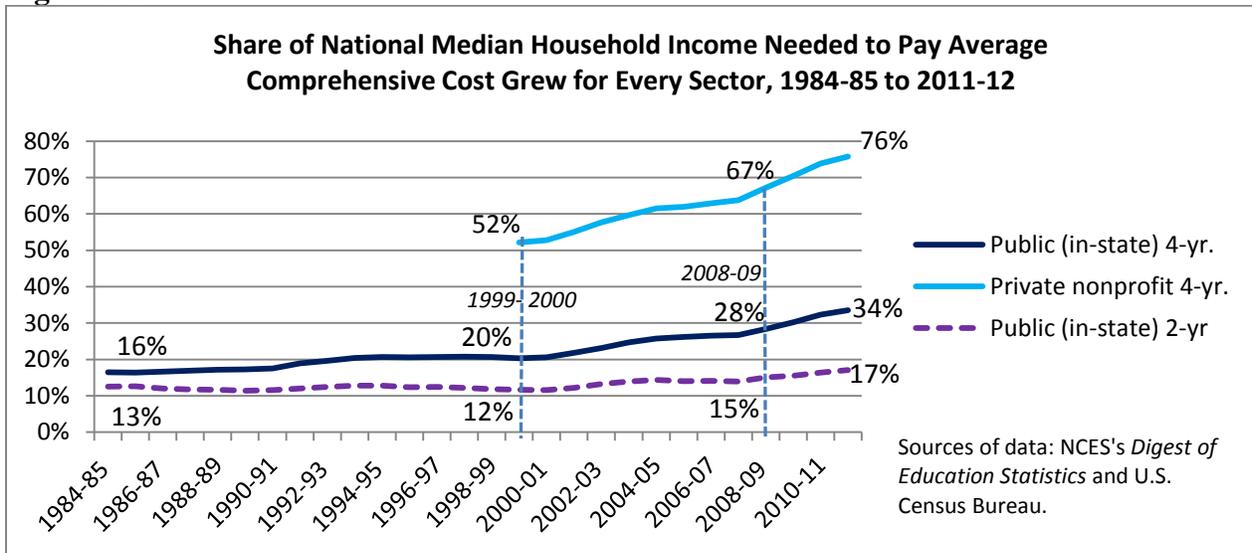
Figure I-1



Similarly, the median in-state total price of attending a public four-year school rose an annual average of 5 percent above inflation between 2002-03 and 2011-12, with a slightly smaller increase (4 percent yearly) in the median total price of a private college.

Prices have risen more than income. Since 1984-85, during periods of income growth, the price of attending a four-year public school has risen more than national median household income.¹⁰ When income has been stagnant or declining (e.g., since 1999-2000), college prices for all sectors have gone up. Figure I-2 shows that the comprehensive cost of attending college has demanded a growing share of median income. The same trend holds for the other price types, as shown by charts provided in Appendix B.

Figure I-2



¹⁰ The average price of attending a public two-year college as an in-state student overall was stable from 1984-85 through 1999-2000. Federal data for private four-year colleges were unavailable for years before 1999-2000.

Student loan burdens are growing heavier. The share of U.S. households with outstanding student loan debt has more than doubled, from 9 percent in 1989 to 19 percent in 2010, meaning nearly one in five households now has student debt. Over the same period, the average amount of student debt rose from \$9,634 to \$26,682 in inflation-adjusted dollars.¹¹

National debt volume and default rates also indicate increasing reliance on student loans – as well as growing trouble paying them back. According to the Federal Reserve Bank of New York, the total amount of outstanding student loans has mushroomed from \$363 billion in 2005 to \$966 billion in 2012.¹² Student loan defaults have been increasing, as well. In 2010, nearly one in every ten (9.1 percent) student loans was in default within two years of beginning repayment.¹³ The default rate has been rising since 2005, when it was 4.6 percent.¹⁴

Many Reasons Cited for the Decline in Affordability

Higher education prices are rising much faster than income and inflation. Many reasons for this trend have been cited in the literature.

Competition. At least part of the reason higher education, in general, has become more costly is that it has become increasingly competitive, as discussed further in Chapter IV. While a basic tenet of economics is that competition can drive costs down, here competition may have the opposite effect. Some observers pin this competitiveness on a drive in many universities to raise the institution’s ranking in highly publicized college guides. There appears to be an intense competition for the best students and faculty, since those are often used as quality metrics, as well as for administrative staff. It takes money to draw each of these, and most colleges are largely funded through tuition and fees; hence, prices have risen. Press accounts have derided some spending on student amenities as frivolous, but research has indicated that prospective students respond to better amenities and services.¹⁵ It may make some sense, then, that the Delta Cost Project has found that colleges’ spending on student services has outpaced that on instruction for the past decade across postsecondary sectors.¹⁶

Financial pressure. An additional reason for increased competition could be that colleges feel financial pressure to stand out and attract wealthier students due to: 1) an anticipated drop in the number of students who are of traditional “college age;” and 2) for public colleges especially, declining state support. Higher education appropriations have dropped on both a per capita basis and as a percentage of total state budgets. The National Association of State Budget Officers has noted, “State spending on higher education is also more erratic

¹¹ Pew Research Center, “A Record One-in-Five Households Now Owe Student Loan Debt,” September 26, 2012.

¹² Federal Reserve Bank of New York, “Household Debt and Credit: Student Debt,” February 28, 2013.

¹³ A federal student loan is in default if there has been no payment on the loan in 270 days. (U.S. Department of Education, Federal Student Aid. Accessed <http://www2.ed.gov/offices/OSFAP/defaultmanagement/defaultrates.html>.)

¹⁴ The federal government has recognized the increasing difficulty many borrowers are experiencing in paying back student loans. A number of payment options that are based on the borrower’s income have been developed and expanded over the last several years in an attempt to better balance debts with actual post-college income.

¹⁵ K. Stange, Brian Jacob, and Brian McCall, *The Consumption Value of Postsecondary Education*, National Bureau of Economic Research, 2011.

¹⁶ Delta Cost Project, *College Spending in a Turbulent Decade A Delta Data Update, 2000–2010*.

compared to other major areas of state spending – higher increases in ‘good times,’ and deeper reductions in ‘bad times.’”¹⁷

Price as a quality signal. Measuring a college’s quality is difficult for researchers – let alone students and families. In the absence of clear information, some prospective students and parents may assume that colleges with higher prices have better quality, and therefore be willing to pay top dollar.

Administration. Others have pointed to the increase in administrative payrolls as a prime culprit of the cost increases. The number of employees hired by colleges and universities to manage or administer people, programs, and regulations increased faster than the number of instructors between 2001 and 2011, according to the U.S. Department of Education. The reasons cited for this trend have varied. These include assertions that:

- there have been new sorts of demands for administrative services that require more managers per student or faculty member than necessary in the past;
- there has been a growing need to respond to mandates and record-keeping demands from federal and state governments as well as to numerous licensure and accreditation bodies; and
- faculty members do not enjoy administrative activities and prefer these to be undertaken by others.¹⁸

Economic theories. The economic literature on college costs contains discussions of two cost narratives: the Baumol Effect and Bowen’s Rule. The Baumol Effect states that the service nature of higher education makes it difficult to replace humans with capital equipment, unlike in many goods-producing industries. This means productivity growth lags behind many other sectors, so over time the cost of inputs rises more in higher education than in the overall economy. On-line instruction may begin to counteract some of this trend, but it is uncertain how pervasive it will become.

Bowen’s Rule says universities raise all the money they can and then spend it on an unlimited list of projects that seemingly enhance “quality.” Essentially, the rule means revenue drives cost. Some emphasize that the availability of financial aid and government-subsidized loans are factors that drive higher education revenues and, in turn, increase college costs. It is possible for the Baumol Effect and Bowen’s Rule to be simultaneously true.

¹⁷ National Association of State Budget Officers, *Improving Postsecondary Education Through the Budget Process: Challenges & Opportunities*, Spring 2013, pg.3

¹⁸ See, for example, Benjamin Ginsberg, “Administrators Ate My Tuition,” *Washington Monthly*, September/October 2011.

UConn's Affordability to Students: Findings

UConn's affordability has declined but, on broad measures like published prices compared to income, the university generally compares favorably to the 50-flagship median and reasonably to nine peer universities,¹⁹ for in-state students. It compares less well, for some income groups, on the price after taking grants into consideration (i.e., net price), and especially on affordability for out-of-state students.

Despite relative affordability to in-state students, UConn might not be absolutely affordable, especially to lower-income families. Financial aid from a variety of sources can help assist with costs but the burden of paying for college appears to be heavy, and for less-wealthy students in particular, growing more onerous. UConn has boosted its need-based grant dollars – along with merit money – but need-based grants have continued to run out before all eligible students have been given aid packages. Furthermore, as the university attempted to give grants to more students, the average grant size shrank, at a time when certain federal and state grants also declined. Consequently, UConn aid packages for lower-income students have been increasingly reliant on federal education loans for parents, to fill the gap between grants plus the family's expected contribution (which already may be unreasonably high) and the price.

Education loans, overall, are the majority of financial aid dollars provided to UConn undergraduates. UConn compares reasonably well to other flagships and peers on the limited measures available, notably average debt burden and default rate. Data provided by the university indicates that one-quarter of the in-state students who took on loans in their first year at UConn (2009-10) had, after four years there, debt beyond about \$52,900 (with a median of \$33,213). That amount exceeds the average salary for a recent college graduate,²⁰ a common guideline for a reasonable student debt level. It is possible, however, that students who incurred this level of debt were concentrated mainly in higher-paying fields.

In addition to need-based grants, UConn provides a substantial, approximately equal amount in merit-based (i.e., talent) grants. Among incoming students, nearly half of these go to students without financial need. There are competitive pressures and budget reasons for this practice, which is common among large public (and private) universities. In particular, a large share of merit aid dollars goes to out-of-state students, who overall are a wealthier group of students paying a relatively high (even if partial) price to attend UConn.

Although not a solution to rising college unaffordability, prospective students may take several steps to limit the cost of a UConn education. These steps can include pursuing college

¹⁹ Peer universities are: the Universities of Delaware, Maryland, Massachusetts, North Carolina, Vermont, and Virginia; Pennsylvania State University; Rutgers University (New Jersey); and Stony Brook University (New York). See Appendix A for an explanation of how the peers were selected.

²⁰ For members of the class of 2013 who were able to obtain employment, the average starting salary was \$45,327, according to the National Association of Colleges and Employers. (<http://www.nacweb.org/about-us/press/bachelor-degree-starting-salary-rises.aspx>, accessed January 15, 2013)

credit while in high school, choosing to live at home or attend a UConn regional campus, and/or beginning postsecondary education at a different Connecticut public college or university.

AFFORDABILITY MEASURES: UCONN COMPARED TO OTHER FLAGSHIPS AND PEERS

When assessing affordability to in-state students, UConn's high prices are measured against the state's high incomes across the spectrum.²¹ This leads the university to fare much better in affordability comparisons than those of absolute prices. UConn's affordability to out-of-state students, however, is worse, because those prices are measured against lower national average incomes.

Measure affordability by comparing prices to income. Although college prices can be compared, a more accurate measure of college affordability is to compare price to some measure of household income. Median household income is most commonly used, but examining the price compared to different income levels (e.g., averages for different income quintiles) provides a more complete picture of how college prices can be perceived and experienced. There are four frequently referred to types of college prices:

- tuition and fees, the most basic price of enrollment;
- comprehensive cost, which adds room and board to tuition and fees;
- total price, the comprehensive cost plus books, course supplies, and living expenses; and
- net price, the price paid after grant aid.

The first three prices are “list” or “sticker” prices, since they are publicized and the same for all students. The fourth, net price, may be substantially less than any of the list prices, depending on a student's circumstances. This analysis examines all four price types because each has its own advantages and disadvantages (see Appendix B, Table B-1 for more information).

This sub--section was completed using mainly federal government data.²² Price and, where possible, affordability changes discussed below are changes beyond general consumer inflation.²³ The analysis focuses mainly on UConn's affordability to in-state students. The charts below use dark red shading with white numbers when UConn ranks worse than most flagships or peers, and light green with black numbers when it performs better.²⁴ Additional detail (e.g., flagship and peer median figures) is provided in Appendix C.

²¹ In 2011, Connecticut ranked 10th in average income for the lowest income quintile, and fifth, fourth, third, and first for the low middle, middle, high middle, and high income quintiles, respectively, according to U.S. Census Bureau data.

²² See Appendix A for a description of the data sources.

²³ Prices and incomes were adjusted for inflation using the U.S. Bureau of Labor Statistics' Consumer Price Index – Urban – Research Series (CPI-U-RS). For affordability calculations involving net price according to income level (not average net price, or other types of price), the net prices were adjusted for inflation but the income levels were not, due to the levels remaining the same in the federal database containing the information (IPEDS).

²⁴ This chapter does not analyze the dispersion of prices and affordability among flagships and peers. For the median flagship and peer figures corresponding to the rankings in this chapter's tables, see Appendix C.

College Prices

In-state prices are high compared to flagships but not peers. UConn's in-state prices are high – ranking from 10th to 16th among flagships – for each of the four common ways of measuring price, as shown in Table II-1. When compared to its competitive and aspirational peers, however, UConn's prices are about in the middle – and even, for the basic price of tuition and fees, relatively low.

| Table II-1. UConn's In-State Prices Are High Compared to Flagships But Not Peers | | | |
|---|--|--|--|
| | <i>Price</i> <i>2012-13, except</i> <i>net price</i> | <i>Flagship</i> <i>Rank</i> <i>of 50</i> <i>(1=highest)</i> | <i>Peer Rank</i> <i>of 10</i> <i>(1=highest)</i> |
| Tuition and fees | \$11,242 | 14 | 7 |
| Comprehensive cost | \$22,622 | 10 | 5 |
| Total price | \$26,122 | 10 | 4 |
| Average net price 2010-11 | \$14,877 | 16 | 4 |
| Sources of data: For tuition and fees, The College Board's <i>Trends in College Pricing 2012</i> . For comprehensive cost: The College Board's <i>Trends in College Pricing 2012</i> , combined with IPEDS on room and board. For total price and net price: IPEDS. | | | |

UConn's in-state prices have been rising by between 8 and 10 percent over the past few years. Table II-2 illustrates that these price boosts for the most part have been more moderate than the median increases among flagships and UConn's peers. The exception is average net price, which grew at the 12th fastest rate among flagships and third among peers.

| Table II-2. UConn's In-State Prices Have Been Rising But, Except for Average Net Price, Less Than Most Flagships and Peers | | | |
|---|--|--|--|
| | <i>Price Increase</i> <i>2008-09 to</i> <i>2011-12, except</i> <i>net price</i> | <i>Flagship</i> <i>Rank</i> <i>of 50</i> <i>(1=largest</i> <i>percentage</i> <i>increase)</i> | <i>Peer Rank</i> <i>of 10</i> <i>(1=largest</i> <i>percentage</i> <i>increase)</i> |
| Tuition and fees | 9% | 38 | 8 |
| Comprehensive cost | 10% | 31 | 7 |
| Total price | 8% | 33 | 8 |
| Average net price to 2010-11 | 8% | 12 | 3 |
| Sources of data: For tuition and fees, The College Board's <i>Trends in College Pricing 2012</i> . For comprehensive cost: The College Board's <i>Trends in College Pricing 2012</i> , combined with IPEDS on room and board. For total price and net price: IPEDS. | | | |

Out-of-state prices are high. Measured against other flagships and peers, UConn’s prices for out-of-state students fare slightly worse than its in-state prices. Its out-of-state prices are very high for both flagships (ranking seventh through ninth) and peers (ranking third through fourth), with a total price of nearly \$44,000 in 2012-13, as shown by Table II-3.

| Table II-3. UConn’s Out-of-State Prices Are High Compared to Flagships and Peers | | | |
|---|--------------------------|--|--|
| | <i>Price 2012-13</i> | <i>Flagship Rank of 50 (1=highest)</i> | <i>Peer Rank of 10 (1=highest)</i> |
| Tuition and fees | \$29,074 | 9 | 3 |
| Comprehensive cost | \$40,454 | 7 | 3 |
| Total price | \$43,954 | 9 | 4 |
| Sources of data: For tuition and fees, The College Board's <i>Trends in College Pricing 2012</i> . For comprehensive cost: The College Board's <i>Trends in College Pricing 2012</i> , combined with IPEDS on room and board. For total price: IPEDS. | | | |

However, Table II-4 indicates UConn’s out-of-state prices have been rising less in recent years (9 to 10 percent over two to three years) than most flagships and peers. Despite UConn’s comparatively moderate increases, its prices are high, implying that other universities have been raising their prices more but still are below UConn’s level.

| Table II-4. UConn’s Out-of-State Prices Have Been Rising But Less Than Most Flagships and Peers | | | |
|---|--|--|--|
| | <i>Price Increase 2008-09 to 2011-12</i> | <i>Flagship Rank of 50 (1=largest percentage increase)</i> | <i>Peer Rank of 10 (1=largest percentage increase)</i> |
| Tuition and fees | 10% | 38 | 8 |
| Comprehensive cost | 10% | 35 | 7 |
| Total price | 9% | 35 | 7 |
| Sources of data: For tuition and fees, The College Board's <i>Trends in College Pricing 2012</i> . For comprehensive cost: The College Board's <i>Trends in College Pricing 2012</i> , combined with IPEDS on room and board. For total price: IPEDS. | | | |

Affordability

In-state prices are relatively reasonable when compared to median household income. UConn’s in-state prices appear reasonable, relative to other universities, once state

income levels are taken into account.²⁵ The share of the state’s median household income needed for UConn’s list prices ranges from 16 percent for tuition and fees to 39 percent for the total price. (See Appendix C for a discussion of Connecticut’s income variation by county.)

While these list prices may reasonably be considered high by a median income family, UConn compares favorably to other universities. It ranks 30th through 43rd highest among all flagships, and seventh and eighth among peers, as shown by Table II-5.

| Table II-5. UConn’s Affordability for In-State Students Compares Favorably to Flagships And Peers | | | |
|--|--|---|---|
| | <i>UConn’s Share of State’s Median Income Needed 2011-12, except net price</i> | <i>Flagship Rank of 50 (1=least affordable)</i> | <i>Peer Rank of 10 (1=least affordable)</i> |
| Tuition and fees | 16% | 30 | 7 |
| Comprehensive cost | 33% | 34 | 8 |
| Total price | 39% | 43 | 8 |
| Average net price 2010-11 | 23% | 39 | 7 |
| Sources of data: For tuition and fees, The College Board’s <i>Trends in College Pricing 2012</i> . For comprehensive cost: The College Board’s <i>Trends in College Pricing 2012</i> , combined with IPEDS on room and board. For total price and net price: IPEDS. For median household income to calculate share of income needed, U.S. Census Bureau. State-specific median household income was used; e.g., University of Georgia prices were compared to Georgia’s median household income. | | | |

In-state prices are relatively but not absolutely affordable for lower-income families. Table II-6 indicates that for each of the five income levels, UConn’s most basic price, tuition and fees, would require smaller shares of income than most flagships and peers. However, the university’s basic price would consume over three-quarters (77 percent) of the average low-income household’s gross income, and more than one-quarter (28 percent) of a low-middle quintile household’s. Although UConn applicants from families at these income levels likely would be offered substantial grant aid, the basic price probably appears out of reach for those unfamiliar with financial aid availability.

²⁵ Connecticut’s median household income has been an average of 28 percent higher than the national median, from 1984 through 2011. See Appendix C, Figure C-1 for a comparison of Connecticut and national income over time.

| Table II-6. Perceived Affordability: Share of Income Needed for UConn's Tuition and Fees (2011-12) by Income Level Is Large for Lower-Income Families, Though Relatively Good | | | | |
|--|---|--|------------------------------------|--|
| <i>Income Level, Using State Income Quintiles</i> | <i>Share of Income Level's Average Needed for UConn T+F</i> | <i>Flagship Rank of 50 (1=highest)</i> | <i>Peer Rank of 10 (1=highest)</i> | |
| Low |  77% | 30 | 7 | |
| Low middle |  28% | 31 | 7 | |
| Middle |  16% | 31 | 7 | |
| High middle |  10% | 32 | 7 | |
| High |  4% | 38 | 8 | |

Note: Income levels are state-specific; e.g., University of Georgia tuition and fees were compared to Georgia's average income within each income quintile. For Connecticut, the average income within each quintile was: \$13,851 for low (1st to 20th percentile), \$38,253 for low middle; \$66,114 for middle; \$103,747 for high middle, and \$239,273 for high.
Sources of data: For tuition and fees: The College Board's *Trends in College Pricing 2012*. For average income within income quintile, to calculate share of income needed for each level: U.S. Census Bureau.

In-state price after grants is relatively affordable but comparison is worse at higher income levels. When, for each income level, grant aid is taken into account – resulting in the average net price specific to an income level – UConn's affordability to in-state students is better for those at lower income levels but worse for those at the middle and high levels, compared to other flagships and, to a lesser extent, peers.

Table II-7 shows that the estimated share of income required for a low-income family's average UConn net price is just below half (48 percent, compared to 77 percent for the list tuition and fees price), placing the university in the more affordable half of flagships and approximate middle of its peers. UConn's estimated net price affordability for a middle-income family, however, puts the university in the less affordable half of flagships, and least-affordable three in its peer group. The university fares worse compared to other flagships (but not peers) for families at the higher income levels (above \$75,000).

| Table II-7. UConn Compares Less Well on Estimated Share of Income Needed for Actual Average Net Price (2010-11) by Income Level | | | |
|--|---|--|------------------------------------|
| | <i>Share of Level's Midpoint Needed for UConn Level-Specific Average Net Price*</i> | <i>Flagship Rank of 50 (1=highest)</i> | <i>Peer Rank of 10 (1=highest)</i> |
| Low: \$0-30k |  48% | 30 | 5 |
| Low middle: \$30,001-48k |  24% | 31 | 6 |
| Middle: \$48,001-75k |  23% | 21 | 3 |
| High middle: \$75,001-110k |  21% | 15 | 4 |
| High: \$110,001+ |  20% | 11 | 4 |
| <p>*For the high income bracket, \$110,000 was used, since there is no bracket midpoint. Note: Income levels (i.e., brackets) are uniform. E.g., the University of Georgia's level-specific net price was compared to the midpoint within the income bracket, for each bracket, with the brackets the same across all states. Source of data: IPEDS.</p> | | | |

In-state affordability is declining. UConn's perceived affordability (based on list price) and actual estimated affordability (based on net price) have both been declining, when price burdens are examined for the median household income and by income level.

Declining based on median income comparisons. The shares of median income needed for UConn's three major types of list prices rose by 11 to 14 percent over three recent years (2008-09 to 2011-12), although affordability worsened less than for most flagships and peers, as demonstrated by Table II-8. Simultaneously, the share of median income required for the average net price rose 7 percent, which was higher than the majority of flagships and third-highest among its peers.

| Table II-8. UConn's Affordability Is Declining But Less Than Other Flagships and Peers | | | |
|--|---|--|--|
| | <i>Increase in Share of Median Income Needed</i> <i>2008-09 to 2011-12, except net price</i> | <i>Flagship Rank of 50</i> <i>(1=largest percentage increase)</i> | <i>Peer Rank of 10</i> <i>(1=largest percentage increase)</i> |
| Tuition and fees | 13% | 38 | 8 |
| Comprehensive cost | 14% | 36 | 7 |
| Total price | 11% | 33 | 9 |
| Average net price to 2010-11 | 7% | 20 | 3 |
| Sources of data: For tuition and fees, The College Board's <i>Trends in College Pricing 2012</i> . For comprehensive cost: The College Board's <i>Trends in College Pricing 2012</i> , combined with IPEDS on room and board. For total price and net price: IPEDS. For median household income to calculate share of income needed, U.S. Census Bureau. State-specific median household income was used; e.g., University of Georgia prices were compared to Georgia's median household income. | | | |

Declining based on income level comparisons. For every income level, the share of income needed to pay the UConn net prices and tuition and fees rose between 2008-09 and 2010-11. The increase in share of income needed (with a static income point) for the net price was largest for the lowest income students – 13 percent, compared to 2 to 6 percent for students at other income levels. The shares of income that would be needed for full tuition and fees rose by 16 to 22 percent, depending on the income level, because of both tuition and fee price increases and income deterioration.²⁶ Compared to flagships and peers, UConn's rise in unaffordability by income level was:

- worse than most flagships for net price paid by low income and middle income students – for the latter, worse also than most peers; and
- better than most flagships and peers for high middle income and high income students' net price.

²⁶ The income levels were static for the net price comparisons because they are dictated by IPEDS and remain the same every year. The income levels changed for the tuition and fees comparisons, which were based on each year's average income by quintile according to the U.S. Census Bureau. In Connecticut and nationally, each quintile's average income fell between 2008 and 2010.

| Table II-9. Changes in Shares of Income Needed for Tuition and Fees and Net Price, 2008-09 to 2010-11 | | | |
|--|-----------------------|--|--|
| <i>Income Level</i> | <i>UConn's Change</i> | <i>Flagship Rank of 50 (1=largest percentage increase)</i> | <i>Peer Rank of 10 (1=largest percentage increase)</i> |
| Low | | | |
| Tuition and fees | 19% | 25 | 5 |
| Net price | 13% | 14 | 5 |
| Low middle | | | |
| Tuition and fees | 22% | 22 | 4 |
| Net price | 3% | 22 | 6 |
| Middle | | | |
| Tuition and fees | 20% | 21 | 4 |
| Net price | 5% | 16 | 3 |
| High middle | | | |
| Tuition and fees | 16% | 23 | 4 |
| Net price | 2% | 37 | 7 |
| High | | | |
| Tuition and fees | 19% | 20 | 3 |
| Net price | 6% | 35 | 8 |
| <p>Note: The income levels for the net price and tuition and fees calculations are not directly comparable. The net price income levels, standard across all states, are lower than the tuition and fees income levels (using a state's actual average within each income quintile) for Connecticut's middle and above income classes.</p> <p>Sources of data: For tuition and fees: The College Board's <i>Trends in College Pricing 2012</i> for tuition and fees, paired with U.S. Census data on average income within each quintile. For net price: IPEDS, paired with the midpoint of the IPEDS-dictated income ranges. For state incomes, to calculate the share of income needed for tuition and fees: U.S. Census Bureau.</p> | | | |

Out-of-state affordability is relatively poor. UConn is less affordable to out-of-state students, ranking 15th among flagships in the share of national median income required to pay tuition and fees, as well as 7th in the share needed for the comprehensive cost. The university's out-of-state affordability is relatively low because its absolute out-of-state price levels are high and, unlike in-state price levels, it does not benefit from high state median income. UConn compares better to peers than to the entire group of flagships, but still is in the less-affordable half of its peer group. (Net price data for out-of-state students are not collected.)

| Table II-10. UConn's Affordability for Out-of-State Students Compares Poorly to Most Flagships And Peers, 2011-12 | | | |
|--|---|--|------------------------------------|
| | <i>Share of U.S. Median Income Needed for UConn Price</i> | <i>Flagship Rank of 50 (1=highest)</i> | <i>Peer Rank of 10 (1=highest)</i> |
| Tuition and fees | 55% | 15 | 4 |
| Comprehensive cost | 77% | 7 | 3 |
| Total price | 84% | 8 | 4 |

Sources of data: For tuition and fees, The College Board's *Trends in College Pricing 2012*. For comprehensive cost: The College Board's *Trends in College Pricing 2012*, combined with IPEDS on room and board. For total price: IPEDS. For median household income to calculate share of income needed, U.S. Census Bureau. National median household income was used; e.g., University of Georgia prices were compared to national median household income.

Net Price Discussion

There are multiple possible explanations for UConn's relatively worse performance in net price affordability. Net price – and how it appears by income bracket – is a product of many factors, including but not limited to:

- the overall student body's financial need levels;
- the distribution of students within each income range (e.g., UConn could have larger shares of students at higher incomes within the upper brackets);
- the institution's financial aid packaging policies, including the university's ability or choice regarding the level of need-based aid, and the choice of whether to distribute funds widely or target them on the lowest-income; and
- the level of grant aid given by government and other sources.

Therefore, net price data can be helpful in understanding affordability but it is not possible to draw many conclusions from it. This is especially true since the net price data are limited in timeframe, covering only to 2008-09 through 2010-11.

FINANCIAL AID TO UCONN STUDENTS

The following sections briefly describe UConn financial aid expenditures, financial aid packages, and student education debt. Details, as well as tables presenting data, can be found in Appendices D, E, and F respectively.

Considering all three aspects of financial aid together, it is evident that UConn has had to balance its budget pressure for tuition and fee revenue with rising levels of student financial need, coming at a time when, overall, government need-based grants are declining. The university has responded by increasing its own (i.e., institutional) need-based grant dollars and giving this aid to a larger portion of students, which has resulted in lower UConn need-based

grants to individuals. Consequently – and in combination with higher prices – lower-income families’ burden of paying for college has grown, and the burden can be high even for upper-income families.

To help ease the burden, many turn to education loans, which are the biggest single source of financial aid for the university’s students. Debt levels vary tremendously. Data for a recent group of in-state students who took out education loans in their first year at UConn indicates that by their fourth year at the university, one-quarter had cumulative debt under about \$22,300, while the top quarter had debt beyond about \$52,900.

While UConn has raised its need-based grant spending, the university has increased by even more its merit aid dollars. Just under half of merit aid dollars for incoming students go to students without any financial need. UConn is not unique in this respect. Most, if not all, public universities – often facing financial pressure – give some of their own dollars to relatively wealthy students, while many students from less well-off families receive aid packages that include substantial loans.²⁷ Non-needy students can provide tuition, fee, room, and board revenue – or talents – UConn believes it needs to attract, to help sustain itself and offer more institutional need-based aid to needy students than it otherwise would be able to do. Decreasing merit aid to non-needy students, in the absence of a similar pull-back by other flagships, likely also would impede UConn’s attempt to improve its college rankings and, some may argue, actual academic quality.

UConn generally compares reasonably well to peers on the scarce data that are available regarding the price actually paid by students and families, and student education debt.²⁸ However, the data have various shortcomings, and relative comparability to peers does not mean prices and debt levels are reasonable.

Financial Aid Expenditures

UConn students may receive financial aid from a variety of sources:

- the university itself, through a few types of merit-based grants – general, field-specific (e.g., nursing), and athletic – as well as need-based grants;²⁹
- grants from other sources: the federal government via the Pell and Supplemental Educational Opportunity (SEOG) Grants, Connecticut grants for state residents, and outside organizations;

²⁷ See, for example: Kati Haycock, Mary Lynch, and Jennifer Engle, *Opportunity Adrift*, The Education Trust, January 2010. Accessed November 4, 2012 at: http://www.edtrust.org/sites/edtrust.org/files/publications/files/Opportunity%20Adrift_0.pdf.

²⁸ Program review committee staff attempted to acquire financial aid data beyond what is publicly available from nine peer universities. Despite initial promising conversations and offers to conceal each cooperating university’s identity, only one ultimately shared data. That university has a distinctive financial aid program which would have meant readers could possibly identify it, leading committee staff to exclude all its data from this study.

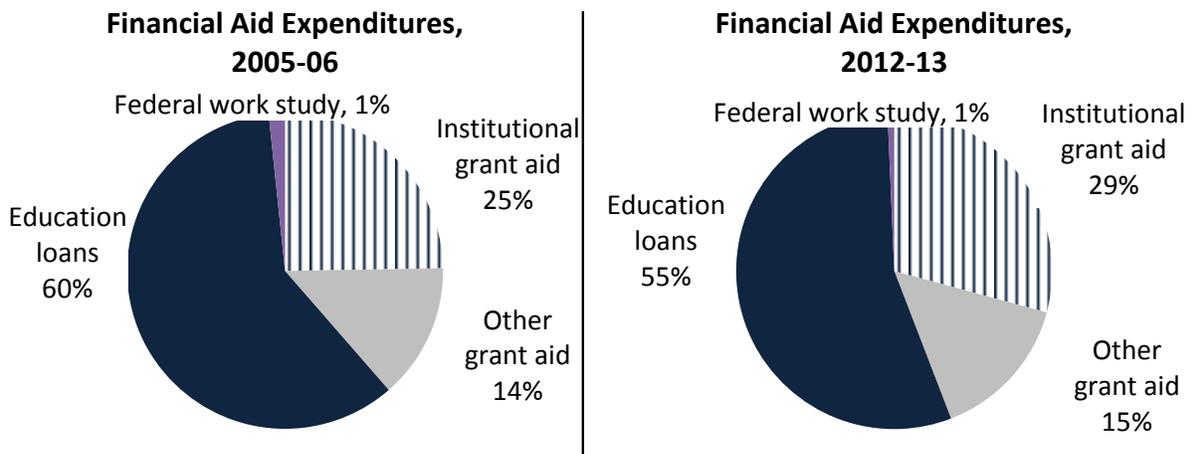
²⁹ A portion of university-provided aid comes from the foundation, particularly for field-specific and athletic grants.

- education loans, from the federal government through its several programs or from private lenders; and/or
- the Federal Work Study program.

Total financial aid expenditures rose, though majority were loans. In 2012-13, UConn degree-seeking undergraduates received nearly \$251 million in financial aid from all sources. Nearly four of every five incoming in-state students (78 percent) accepted financial aid.

Most undergraduate financial aid dollars (55 percent) came in the form of education loans, as shown in Figure II-1’s pie chart at right. University-provided grants – called “institutional grant aid” – were another substantial source of assistance.

Figure II-1. Since 2005-06, Undergraduate Financial Aid Shifted Slightly Away From Education Loans – But Loans Were Still Majority of All Aid Dollars in 2012-13

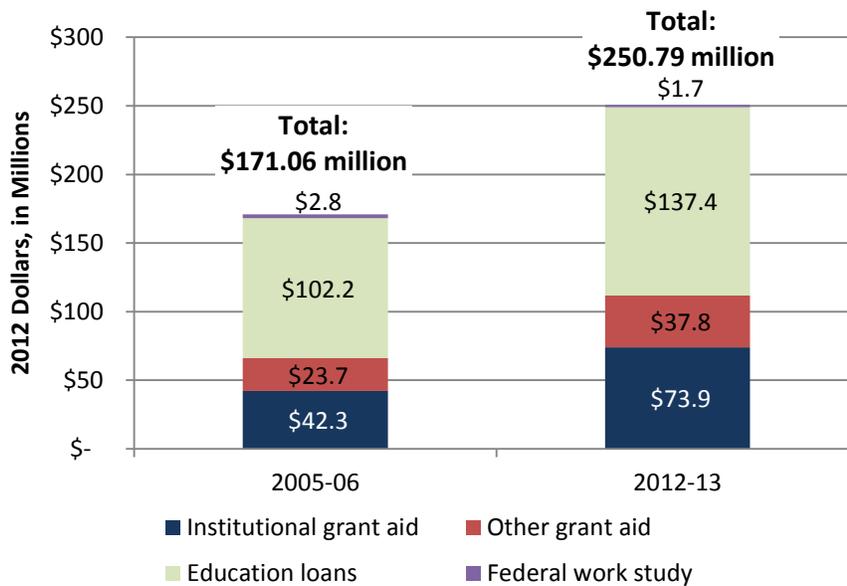


Source of data: UConn.

Between 2005-06 and 2012-13, financial aid spending overall grew 47 percent above general consumer inflation, while enrollment increased 10 percent and the total price rose 18 percent.³⁰ During that time, financial aid at UConn shifted somewhat away from education loans, whose share dropped from 60 to 55 percent (a decline of 8 percent), and toward institutional aid (up 19 percent) and grant aid from outside organizations and government.

³⁰ The total price increased 18 percent for in-state Storrs students living on- or off-campus (not with family). For comparable out-of-state students, the increase was 19 percent.

Figure II-2. Financial Aid Spending Rose 47 Percent Beyond Inflation Between 2005-06; Growth Strongest in Grant Aid (2012 Dollars)



Source of data: UConn.

Institutional aid – both merit- and need-based – increased. UConn spent \$73.9 million on institutional grant aid to its students in 2012-13. This amount has grown 75 percent beyond inflation since 2005-06, and 11 percent since 2010-11. Most growth in institutional aid has been in general academic merit awards (up 120 percent since 2005-06), with strong growth also in need-based grants (up 81 percent).³¹ Out-of-state students have benefited most from the increase in general academic merit aid – the largest category of merit-based aid – while in-state students have seen much of the gain from UConn’s increased dollars to need-based grants. Nearly half (47 percent, or about \$4.6 million) of approximately \$9.8 million in institutional merit aid dollars to incoming students goes to students without any financial need.

Half of all UConn institutional grant aid is need-based. Just over one-third of all in-state (36 percent) and out-of-state students (38 percent) received a need-based grant directly from the university in 2012-13. The share of in-state students receiving an institutional need-based grant has grown larger, while the share has declined for out-of-state students. Some UConn need-based grants go to students from relatively high-income families: Over one-fifth (22 percent) of 2012-13 incoming in-state students who had family incomes above \$110,000 and applied for federal financial aid received a university need-based grant.

³¹ There was more modest growth in the other two forms of institutional grant aid, field-specific merit aid and athletic aid, up 4 and 34 percent respectively.

Financial Aid Packages

It is widely accepted that financial aid packages influence student enrollment decisions. Like many, if not most, other schools, UConn formulates its financial aid strategies annually and deploys institutional aid dollars strategically. The strategies seek to balance competing concerns: helping low- and middle-income students afford UConn, while drawing enough full- or partial-pay students – especially those paying higher out-of-state tuition – to help subsidize, at a higher level, the university’s operations and student financial aid. UConn’s financial aid packaging policies are overseen by a team of top-level admissions and financial aid administrators. The group develops model packages that form the basis of each accepted student’s financial aid package, for those students who applied for federal financial aid.³²

Student package based on family contribution and speed in applying for aid. There are three levels of packages – optimal, mid-level, and least optimal – with most UConn incoming students (about 60 percent) receiving optimal packages. There are different packages for in- and out-of-state students. Each package is based on the level of expected family contribution (EFC), as determined by the federal financial aid application (called “FAFSA”; see Appendix G for details). A student receives the best package when the FAFSA is submitted promptly (e.g., in January) because UConn need-based grants and certain campus-distributed federal government financial aid run out before all eligible students can receive them.

Average grant aid declined. In recent years, the share of UConn’s incoming in-state students from low-income households (measured by either family income or expected family contribution) has grown. Simultaneously, fewer state grant and federal SEOG dollars have been available. UConn has responded by offering need-based institutional grants to a larger share of low-income students, which has meant the average institutional need-based grant has dropped. Consequently, more students are receiving sub-optimal packages that involve less grant aid and more federal loans with less-preferred terms. Students who receive packages after institutional grant aid has run out will end up paying, roughly, three-quarters of the cost of attendance through loans (unless the family is able to contribute more).

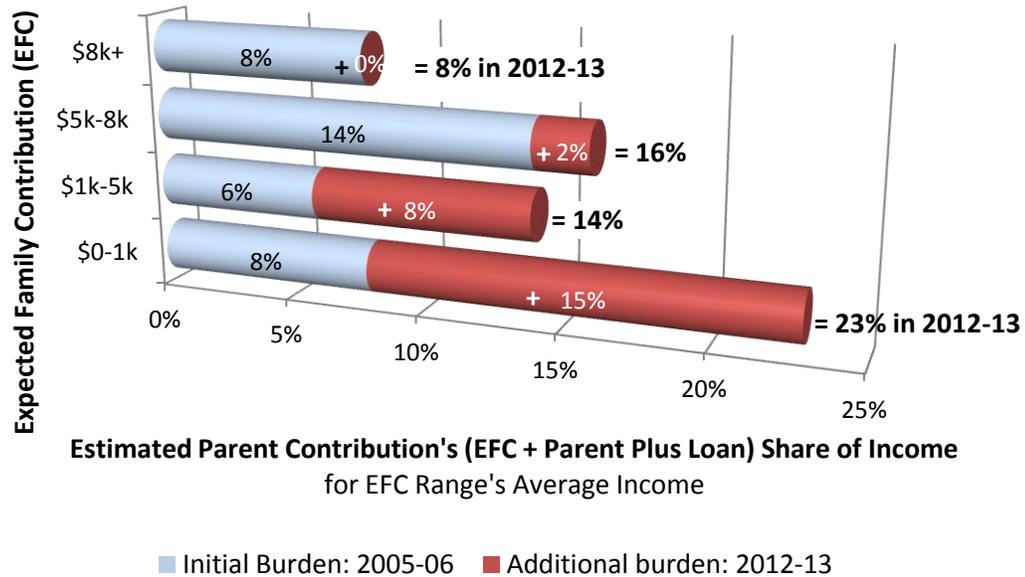
Estimated parent contribution grew, for those with fewer resources. Another consequence of the shift in financial aid awarding practices – paired with rising prices – is that the parent contribution as a share of income appears to have risen dramatically for those at the lowest EFC levels. The parent contribution can be considered to be the sum of the expected family contribution and the amount of additional (beyond the EFC) Parent Plus loan eligibility. The Parent Plus loan is a federal loan made to a parent, instead of a student.

Figure II-3 indicates that between 2005-06 and 2012-13, the share of annual income Connecticut parents with an EFC under \$1,000 were expected to contribute either through the federal Parent Plus loan or direct payment rose from 8 to 23 percent, for a family with the EFC

³² An accepted applicant receives a UConn financial aid package only if an application for federal financial aid has been submitted. Someone who is selected for merit aid but did not file for federal aid is not considered by UConn to have a financial aid package. However, aid to such students is included in this chapter’s analysis (e.g., in calculations regarding financial aid expenditures and percent of students who received any financial aid).

range's average annual income. Those with an EFC between \$1,000 and \$5,000 saw their contribution burden rise from 6 to 14 percent.³³

Figure II-3. Estimated Parent Contribution for In-State Students Grew Dramatically for Families at Lowest EFC Levels, 2005-06 to 2012-13



Source of data: UConn model financial aid packages.

Federal net price data, available for students who receive any federal student aid, also indicate that the burden on families – after considering need- and merit-based grants – can be severe, in terms of annual income. As noted earlier in this chapter, students at the midpoint of the lowest bracket, whose families made \$15,000 annually, would need to use about half the year's income (48 percent), in order to pay the single-year 2010-11 net price upfront. For students in the next highest brackets, at the low middle and middle levels, the income burden of the net price was slightly below one-quarter. Students at upper income levels would have to have paid just over one-fifth of family income.

Out-of-state students fare worse. UConn-provided data indicate that out-of-state students face a heavier price burden, after taking into account all grant aid. Out-of-state students receive higher need-based institutional grants (which have on average grown, in contrast to in-state grants), but not sufficiently high to offset their much-higher tuition and fees portion of the UConn attendance price. Unsurprisingly, then, the vast majority of out-of-state students are from high-income families.

³³ Based on UConn model financial aid packages, which are developed for each of four EFC ranges

College Debt

Comparable to other universities, on limited available measures. UConn's federal student debt generally compares reasonably to similar universities. Although nearly two-thirds of its graduates have federal student loans – higher than the flagship median and a 10-university peer group median – their average debt level (\$23,822 in 2010-11) is about in the middle of all flagships and peers. Furthermore, UConn's short-term student default rate is low, at 2.3 percent. (Long-term default rates are unavailable.)

Recent group of UConn incoming students had \$106 million in loans after four years. For this study, UConn provided detailed debt data – including private loans and federal Parent Plus loans – on full-time students who entered the university in 2009-10 and took on debt that year. These data indicate that four years later, these 2,834 students had taken out \$106 million in education loans. Just over half (53 percent) of the total loan volume was in federal loans with the best terms (Direct Subsidized, Direct Unsubsidized,³⁴ and Perkins), with 39 percent in Parent Plus loans and eight percent in private loans. When the data were examined by residency and whether the students were still enrolled at UConn in what may have been their senior year, several interesting points were noted.

In-state students appear to have lower debt. In-state students tended to have lower debt than out-of-state students, both in the first year at UConn and cumulatively over four years. For example, among those still enrolled in the fourth year, the median debt at that point was \$33,213 for in-state students and \$55,505 for out-of-state students, as shown in Table II-11.

Debt levels vary tremendously. For example, one-quarter of in-state students enrolled in a fourth year at UConn had cumulative debt below about \$22,300, while another quarter had debt exceeding \$52,900.

Most who left UConn after three or fewer years still had substantial debt. For this group, the median debt was \$15,286 for in-state students and \$21,397 for out-of-state students. As would be expected, though, overall in- and out-of-state students who left UConn before the fourth year had lower debt than those who remained enrolled. It is unclear what debt means for these students, as no information was available on the reason for departure and/or ultimate educational outcome. There are a range of possibilities, such as the student:

- graduated in under four years, particularly those who transferred into UConn with sophomore or beyond standing;
- transferred out of UConn, ultimately graduating from college elsewhere – or not;
- dropped out of college entirely, without obtaining a Bachelor's degree; or
- withdrew from UConn but later returned.

³⁴ Direct Subsidized and Unsubsidized loans previously were called Stafford loans.

| Table II-11. 2009-10 Incoming Students' Education Debt, Four Years Later, Varied Tremendously; Median Debt of \$33,213 for In-State Students Still Enrolled | | | | |
|--|----------------------------------|-----------------------------|----------------------------------|-----------------------------|
| | <i>In-state</i> | | <i>Out-of-state</i> | |
| | <i>Enrolled at UConn 2012-13</i> | <i>Not Enrolled 2012-13</i> | <i>Enrolled at UConn 2012-13</i> | <i>Not Enrolled 2012-13</i> |
| 25th percentile | \$22,355 | \$7,781 | \$24,428 | \$9,770 |
| Median | \$33,213 | \$15,286 | \$55,505 | \$21,397 |
| 75th percentile | \$52,911 | \$26,076 | \$103,270 | \$44,432 |
| Highest | \$134,856 | \$98,512 | \$184,845 | \$116,902 |
| <i>Share of Cohort</i> | <i>50%</i> | <i>26%</i> | <i>16%</i> | <i>8%</i> |
| Notes: For freshmen and transfer students. All types of education loans – federal student (Direct and Perkins), federal Parent Plus, and private loans transmitted directly to UConn – are included, though loans received by universities or colleges other than UConn are not. Source of data: UConn. | | | | |

STUDENT OPTIONS FOR REDUCING COST

Although not a solution to rising college unaffordability, prospective students may take several steps to limit the cost of a UConn education, described in the chart below and, in more depth, in Appendix H. Each of these options can result in substantial savings.

| Table II-12. Strategies Students Can Use to Meaningfully Reduce the Cost of a UConn Education | | |
|--|---------------------|--------------------------------------|
| | <i>Availability</i> | <i>Estimated Savings to Student*</i> |
| 1. Earn college credit during high school | | |
| Advanced Placement | Widespread | 93% discount per credit |
| International Baccalaureate | Limited | Up to 100% per credit |
| UConn Early College Experience | Widespread | 93% discount per credit |
| 2. Choose a less expensive UConn experience | | |
| Live at home | Unknown | 44% per year |
| Attend a regional campus | Widespread | 17% per year, tuition and fees |
| 3. Transfer from a different Connecticut public college or university | | |
| State university (<i>live on-campus</i>) | Widespread | 10-15% per year, total cost |
| Community college (<i>live at home</i>) | Widespread | 68% per year, tuition and fees |
| *Savings are estimated and may vary. For low-income students attempting to earn college credit during high school, discounts or fee waivers are available. For students living at home, savings will be less if the student is expected to share the family's housing and/or food costs. For students attending a regional campus, the savings is calculated based only on the tuition and fee difference between the Storrs and regional campuses. Source of data: PRI staff analysis, using IPEDS price data where appropriate. | | |

The chart indicates there are three main strategies students can deploy to lower the cost of attending UConn. First, at the majority of high schools, students may attempt to earn college credit during high school. Second, students can opt for a less expensive UConn experience by

living at home or attending a regional campus. Third, students may begin at a less costly Connecticut public college or university and transfer to UConn.

UConn facilitates transfer from other Connecticut colleges and universities in two ways. First, its Guaranteed Admissions Program attempts to provide an easy pathway for students in many majors to acquire an Associate degree from a community college and then transfer to UConn. The program is small – accounting for only about one-tenth of UConn’s community college transfer students – but growing. Second, UConn’s website makes available information on the transferability of courses at all public and independent colleges within Connecticut.³⁵

In addition to options shown in the table above, students may limit their costs by entering UConn with a plan and selecting courses carefully. A student may be more likely to graduate in four years – or even less – if they enter UConn with a definite major of study. Proper course sequencing for some majors, particularly those in the sciences, may become difficult if the choice is made beyond freshman year, according to program review committee staff interviews with administrators.

³⁵ The webpage is: <http://admissions.uconn.edu/content/transfer/transfer-course-equivalencies#/> (Accessed January 22, 2014)

Affordability Recommendations

The previous chapter's analysis contained in the previous chapter demonstrates that UConn's affordability has declined but that the university generally compares favorably to other flagship universities and to its peers. There is also recognition that paying for a UConn education may be a significant burden on many students and their families. The recommendations below are aimed at:

- assisting prospective students and their families in becoming better informed about UConn's pricing arrangements;
- determining the feasibility of implementing, at UConn, two possible changes, one that would make paying for college more predictable and the other to limit student debt; and
- allowing policymakers to know: the outcomes of UConn's financial aid policies and pricing patterns; how easily credits are transferred to the university from other institutions; and UConn graduates' employment outcomes.

Finally, six other policy options that have been discussed or implemented in other states as ways to enhance college affordability are discussed. These options would require additional study before adoption is considered.

UConn's Prices and Tuition Schedule Could be Clearer to Students

Actual price to be paid – net price – is hard to predict and understand. About 80 percent of incoming UConn students do not pay the “sticker price” of tuition (i.e., the listed price of tuition). Many students and their families do not know the impact of college financial aid on affordability when applying. There is a confusing collection of financial aid options within the major types of aid - loans, grants, work study, tuition tax credits - each with its own eligibility requirements. Even a reasonably informed student or parent can have difficulty understanding more than a small portion of the system's nuances, especially at the point of application.

Net price varies. A key issue is that the price actually borne by the student – the net price (total price less all grant aid) – varies substantially from the published sticker price. For example in 2010-11, while UConn's total price was \$25,104 for an in-state Storrs student, the average net price was \$14,877 – resulting in about a 41 percent discount. The average price within the lowest income level was \$7,238 (or 29 percent of the Storrs cost), while the average price at the highest level was \$22,245 (or about 90 percent of the Storrs cost).

Timing is key. A college's net price is ultimately the most important price but is probably the least understood in the beginning of the application process. This price is not known for the first year of enrollment until a student has been accepted, submitted detailed financial and demographic information, and received a personalized financial aid package from the college.

Even then, the net price can change over the course of enrollment as college sticker prices rise and if the family financial or personal circumstances change. For prospective UConn students, the package is based on the results of the federal financial aid application process, described in Appendix G, combined with academic and personal factors that can yield merit aid.

UConn does not provide prospective students with idea of potential actual price. Program review staff attended two presentations to prospective students (one at UConn and one at a community college) in the fall and reviewed the open house presentation material available on UConn's financial aid office website. Program review committee staff have noted that UConn does provide an estimate of the overall total price (which is a high cost estimate for most students attending UConn) but does not inform prospective students and families about the likely true price of attending UConn by Expected Family Contribution or income level. These opportunities to give students and families a better sense of what they might actually pay are lost.

Much of the variation in price is based on income and demonstrated need. While price variation based on income serves some beneficial economic and social purposes, it also causes problems. When students do not know their likely financial aid package at the time of application, they might rely heavily on sticker prices, to decide whether to apply. The difference between the sticker and actual prices, as well as the large variation in that difference between individuals, can cause student uncertainty about what the likely cost will actually be, and may lead to suboptimal application choices.

Particular problem for disadvantaged students. Some students, especially those first in their family to attend college and/or from low income families, may be more likely to consider sticker price when deciding whether to apply. They may not know their likelihood of receiving aid is probably high or how to apply for aid. Recent research has shown that over half of the high-achieving students from low-income families never consider selective public and private colleges even though the net price there could actually be lower and graduation more likely than at the colleges they ended up selecting.³⁶

Online calculators imperfect. Every college and university has been required to have an online net price calculator since fall 2011, but the tools can be difficult to use, hard to find, and inaccurate in many situations.³⁷ The program review committee staff has noted that UConn's net price calculator is not on the homepage of the Office of Student Financial Aid Services website and is hard to locate.

The net price calculators are geared toward first time, full-time undergraduates. Financial aid packages and the price charged for the college can change dramatically after freshman year, so the calculator is only an estimate of the first year's price. The net prices are based on the average grant among just federal financial aid recipients (e.g., Pell grant, Stafford Loans, and

³⁶ Caroline M. Hoxby & Christopher Avery, *The Missing "One-Offs": The Hidden Supply of High-Achieving, Low Income Students*, NBER Working Papers 18586, National Bureau of Economic Research, Inc., 2012.

³⁷ See for example: The Institute for College Access and Success. 2012. *Adding it all up 2012: Are college net price calculators easy to find, use, and compare?* http://www.ticas.org/files/pub/Adding_It_All_Up_2012.pdf, 2012. In accordance with the Higher Education Act of 1965 (HEA), as amended, as of October 29, 2011 each postsecondary institution that participates in the Title IV federal student aid programs is required to post a net price calculator on its Web site.

work study) as opposed to the average among all students, which likely understates the true bottom-line average cost. Net price calculators for public colleges are based on in-state tuition and are essentially meaningless for out-of-state students, who generally pay much higher list and net prices.

Need for early and accurate information. Research indicates that early and clear communication of financial aid and other information, even before the senior year of high school, is likely to help students conceptualize and plan for the cost of higher education. This suggests, where possible, students should be given clear information about how much aid to expect well before college enrollment.³⁸

Longer-term sticker prices are not easily predictable at most colleges, making planning difficult. The current price of education may shock, but when probable tuition increases are considered, the burden of paying for college grows heavier. Not being able to forecast the total investment for four or more years makes it especially hard to plan. Annual tuition hikes exceeding inflation tend to be the norm for most universities. UConn's list tuition and fees have gone up 9 percent above inflation over the last four years.

UConn's known increases not well publicized. Even when the university has set a tuition and fee schedule covering multiple future years, the information is not easily available to prospective or current students. For example, in fall 2011, UConn's governing board authorized tuition increases of between 5.5 percent and 6.25 percent annually over a four-year period to support a faculty hiring plan.³⁹ This information is not readily shown to students or families -- for example, it is not posted on UConn's financial aid website.

Tuition guarantee is one way to make prices predictable. At some schools, incoming students and their families do not have to factor in the possibility of rising tuition. Tuition guarantee plans promise incoming freshmen that their tuition price will not increase in subsequent years.⁴⁰ About 320 colleges and universities offered tuition guarantees during the 2012-13 school year, according to an analysis of U.S. Education Department data by the National Association of Student Financial Aid Administrators. The schools represent about 6.7 percent of the nation's nearly 4,800 institutions where students receive federal financial aid. Some of the public institutions that have a tuition guarantee program include: the University of Texas System, University of Georgia System, University of Illinois System, Arizona State University, University of Kansas, and University of Colorado-Boulder.

The rules of tuition guarantee programs vary. Some programs are limited, while others are more expansive. The University of Colorado-Boulder's program, for example, only extends to nonresident students, while the private Columbia College's program allows students to qualify for the fixed rate for five years, rather than four. Some fixed-rate plans are coupled with a commitment to hold financial aid steady so students have a firm cost estimate. Other schools try to estimate expenses and inflation to set rates that cover costs when averaged over four years.

³⁸ Institute of Higher Education Policy, *Making Sense of the System: Financial Aid Reforms for the 21st Century*, January 2013.

³⁹ Tuition could increase further if state support were to fall.

⁴⁰ These tuition guarantee plans are different than the college *savings plans* known as the Section 529 College Savings Plans and Section 529 Prepaid Tuition Plans.

The intent of all programs, though, is to help prospective students’ families to better predict and manage the total cost of an undergraduate education.

UConn is not among the public and private universities that have taken steps to improve affordability by limiting debt for certain students. A number of colleges have created debt-limiting “pledges” that lighten the cost burden for certain students by reducing or eliminating student loans from financial aid packages.

As shown in Table III-1, 12 of the 50 public flagship universities (24 percent) have implemented a pledge program. There are two program types. The first guarantees coverage of at least a part of college costs without loans for low-income students. The second type encompasses middle-income students and aims to reduce need-based debt.

| Table III-1. Twelve Flagships Have Financial Aid Pledges | | |
|--|-----------------------------|--------------------------|
| <i>Flagship</i> | <i>No-Loan</i> | <i>Debt-Reduction</i> |
| Arizona | Arizona Assurance | |
| California (Berkeley) | Blue & Gold Opportunity | Middle Class Action Plan |
| Florida | Opportunity Scholars | |
| Illinois (Champaign-Urbana) | I-Promise | |
| Indiana (Bloomington) | Century Scholars + Covenant | |
| Maryland (College Park) | Work-Grant Program | Senior Debt Cap |
| Michigan (Ann Arbor)* | M-PACT | |
| North Carolina (Chapel Hill)* | Carolina Covenant | |
| Tennessee | Tennessee Promise | |
| Vermont | [No name located] | |
| Virginia* | AccessUVa | |
| Washington (Seattle) | Husky Promise | |
| *The three schools marked with an asterisk require students applying for financial aid to complete the College Board’s CSS/PROFILE application, in addition to the FAFSA (necessary for federal aid). The CSS/PROFILE typically generates a higher family contribution than the FAFSA. Source of data: PRI staff research, based on www.FinAid.org list of pledges. Accessed October 10, 2013 at: http://www.finaid.org/questions/noloansforlowincome.phtml . | | |

Pledge universities, and their programs, vary in profile and scope. There is no single profile of a pledge flagship. These schools have similarities to, and differences from, each other and UConn. The universities have a wide range of sizes, prices, and wealth. Generally schools that offer pledges have larger endowments than UConn, with one exception (Arizona).

Similarly, there is not a single program model within either the no-loan or debt reduction types. The programs vary greatly in many respects, including the extent of costs covered or debt limited, student and family contributions, eligibility and scope of services offered. Below is a summary of some of the features of each type of program. (These programs are described in more detail in Appendix I.)

No-loan pledges. Common elements of the programs include:

- *Income limits* – All the programs have income limits that are defined in different ways, such as the student being eligible for a Pell grant, an expected family contribution of zero, comparisons to the federal poverty limit, or a stated amount;
- *Full-time, in-state, first-time freshmen* – Most of the pledge programs are limited to all full-time, in-state students, who are first-time freshmen; and
- *Retention requirements* – Most have requirements to continue to receive the pledge aid, such as remaining enrolled full-time and maintaining good academic standing and/or satisfactory academic progress as defined by the institution. In addition, some college programs incorporate student support services (e.g., mentoring, transition course), and all limit the length of participation in the program to encourage timely graduation.

Costs covered vary. No-loan programs vary in terms of costs covered and student/family contributions in ways that can actually mean loans are obtained by some students. While five no-loan programs (42 percent) cover all costs, four (33 percent) exclude supplies and personal/miscellaneous costs, and three (25 percent) also exclude room and board.

Limited research on impacts, but promising. The research on the effects of no-loan pledges is limited but generally promising. Some no-loan pledge flagships provided outcome information to program review committee staff. Generally, where universities track outcomes related to low-income student enrollment, retention, and graduation rates, increases were reported in all three. Limited academic and policy research on the impact of no-loan pledge programs shows small but statistically significant gains in the enrollment of Pell-eligible students for both private colleges and public flagships.

Debt reduction pledges. Four flagships offer students from middle income families an opportunity to limit educational debt. Income eligibility at two universities is based on a student having financial need, after family contribution is taken into account. The two other flagships peg eligibility to family income: one is limited to students from families with incomes up to \$60,000 and the other has an eligibility bracket for families with incomes between \$80,000 and \$140,000. Other eligibility requirements are similar to the no-loan pledges described above, except three of four allow out-of-state students to participate.

| Table III-2. Flagship Debt-Reduction Pledges Differ | | |
|--|---|---|
| <i>Flagship</i> | <i>Terms</i> | <i>Duration</i> |
| California | Family will not pay more than 15% of total income toward total cost of attendance, in any year | No limit specified |
| Maryland | After 3 years and over \$15,900 in need-based debt has been incurred, will provide grant instead of any need-based federal loan | Applies in senior year, typically only for one year |
| Michigan | Annual grant of \$500-\$1,500 inversely proportional to family income bracket | Up to 10 semesters – need not be consecutive |
| Virginia | Limit need-based loans to \$28,000 over 4 years of attendance | Four years |

Source: PRI staff research.

Terms and impacts vary. As shown in Table III-2, these programs vary regarding effects on price and whether they limit the amount of debt per year or over multiple years. No data were available on the student-level impacts of these programs.

In summary, the program review committee finds that:

- *the actual price of college for any prospective student is hard to predict and understand with an array of financial aid possibilities;*
- *college prices typically change annually, making it difficult for students and families to plan for future college costs; and*
- *UConn has not thoroughly examined ways to help prospective students understand their likely financial aid and limit educational debt.*

Therefore, the program review committee recommends the University of Connecticut:

- 1. should regularly publish any scheduled or range of targeted increases in tuition and fees, as well as in room and board (comprehensive cost), on its financial aid website;**
- 2. shall study the feasibility, estimate the cost, and consider the implications of implementing a program that guarantees, for each entering class: 1) tuition costs solely; or 2) the comprehensive cost of attendance (i.e., tuition, fees, and, room and board). The study shall consider guaranteeing those costs by: 1) freezing; or 2) fixing the increases to which each class will be subjected over four years. The university shall report its findings to the joint standing committee of the General Assembly having cognizance of matters relating to higher education by January 1, 2015; and**
- 3. shall study the feasibility, estimate the cost, and consider the implications of implementing a financial aid pledge program that serves to limit and/or eliminate student loans from financial aid packages for low and moderate income students. The university shall report its findings to the joint standing committee of the General Assembly having cognizance of matters relating to higher education by January 1, 2015.**

The program review committee considered but decided against making additional recommendations to improve price clarity for prospective UConn students who visit the university's financial aid website or attend an admissions presentation. The committee was wary of placing UConn's recruitment efforts at a disadvantage, absent clear information about how competitor universities handle these issues. The program review committee anticipates that, if ultimately implemented, a tuition guarantee and/or financial aid pledge would be well-publicized to prospective students and could be accompanied by additional, clearer information on prices actually paid by students.

There is a Need for Greater Transparency and Disclosure of Financial Aid Results

Public higher education institutions in Connecticut operate with considerable autonomy. For example, unlike some states, Connecticut's public colleges and universities create and approve their own budgets, establish their own tuition rates, and retain tuition revenue.

These institutions, though, are instruments of state government. The state is a substantial funder of UConn, contributing about 30 percent of the university's operating revenues. The state also makes annual debt payments of about \$100 million for various UConn infrastructure improvements.

In addition, Connecticut's policymakers have a vested interest in ensuring that the state's higher education institutions are operating in a way that expands access, encourages affordability, and facilitates student success. Financial aid is a key component of reaching all these goals and is integral to a successful higher education system.

Student financial aid packages at Connecticut public institutions are opaque. Policymakers do not have a clear understanding of UConn's financial aid policies. Information about typical college prices actually paid by students, especially those in difficult financial circumstances, is not easily available. Although a recent law gave the Office of Higher Education the authority to collect student-level data, it has not yet begun any analysis due to resource levels. At the same time, UConn should be able to easily provide policymakers with timely and comprehensive analysis of its financial aid data.

Effective oversight requires continual monitoring of performance and outcomes. A legislature must know and understand the operations of state government in order to make informed decisions about the financial choices it makes. **Therefore, the program review committee recommends the University of Connecticut:**

- 4. beginning in January 1, 2015, shall develop and provide a report to be included in the Office of Higher Education's system trends report, pursuant to C.G.S. Sec. 10a-57, that will indicate how its financial aid was awarded annually, and include at a minimum, separately for in- and out-of-state students:**
 - a. the number and percent of, separately, all undergraduates and full-time, first-time freshmen, receiving need-based institutional aid;**
 - b. the number and percent of, separately, all undergraduates and first-time, full-time freshmen receiving merit-based institutional aid, and within residency categories, the percent who had no financial need, and the percent whose award exceeded financial need (excluding those with no need), separately for each type of merit-based aid;**
 - c. typical financial aid packages by Expected Family Contribution quintile, including separate listings by aid type (e.g., Pell grant, Connecticut state grants, Supplemental Educational Opportunity Grant, need-based institutional aid, and federal loans by type); and**

- d. **the amount of aid received by, separately, all undergraduates and first-time, full-time freshmen, by aid type (i.e., Pell grant, Connecticut state grants, Supplemental Educational Opportunity Grant, each type of merit-based institutional aid separately, need-based institutional aid, federal loans by type, and other grants), including each aid type's share of total dollars.**

For consistency and to allow a fuller understanding of the issues, the legislature may also wish to extend this requirement to the Board of Regents for Higher Education, which oversees four state universities, 12 community colleges, and Charter Oak State College.

Better Tracking of Transfer Credits Needed

As described in Chapter II, UConn facilitates transfer from other colleges and universities, which can yield cost savings for students (see Chapter II's Table II-12). However, those cost savings estimates are meaningful only if the credits transfer and in ways that put the student on a direct path to a bachelor's degree. The student's time at UConn would not be optimally shortened if credits:

- do not transfer at all;
- transfer but are not applied to the major (where appropriate); and/or
- transfer but are not needed for general education requirements or elective credits.

In these situations, the cost savings would be less than anticipated.

Despite having taken steps to help students transfer into UConn, the university does not know how easy or difficult it is for students to optimally transfer those credits. The university does not record the results of credit transfer requests, only the number of credits ultimately accepted. Therefore, it is unknown what percent of credits or courses requested for transfer acceptance, actually were approved by UConn. Similarly, it is unknown what percent of transfer-requested courses were in the student's major but were accepted by UConn only as general education or elective credits. This dearth of information makes it impossible to assess the ease of transferring credits into UConn – even from the other public systems (beyond the Guaranteed Admissions Program, offered in conjunction with Connecticut's community colleges).

To help UConn and policymakers evaluate the ease of transferring in credits to UConn, **the program review committee recommends:**

- 5. Beginning in January 1, 2015, UConn shall develop and provide an annual report on course transferability to be included in the Office of Higher Education's system trends report, pursuant to C.G.S. Sec. 10a-57. The report shall be based on UConn's analysis of course transferability for students entering after first completing coursework at another college or university.**

Specifically, the university shall report on: 1) the number of transfer students that applied, were accepted, and enrolled; 2) the number of transfer courses and

credits applied for by entering students; 3) the number and percent of courses and credits accepted for UConn credit toward general education requirements, of those submitted; and 4) the number and percent of courses and credits within a student's major that are accepted as applicable to the UConn major requirements. These data should be reported according by institution for students transferring in from other Connecticut public colleges and universities, as well as, in the aggregate, for students transferring in from other states' public higher education systems and independent colleges.

UConn Should Track and Publicize Success of Graduates

UConn does not currently track graduates' outcomes. The program review committee has identified an area where UConn could improve upon its ability to provide prospective students and their families with important information about graduates' success. While a college graduate generally has higher lifetime earnings compared to a high school graduate, not all degrees are of equal value. Research shows it matters where you study, what you study, and your eventual occupation. Paying for a college degree can be a significant burden and possible earnings after graduation is an important outcome measure to most students and their families. In addition, getting a sense of the likely first-year income can help them determine an appropriate level of debt (if loans are necessary).

Other states provide graduates' salary information. At least six states have developed extensive, state-level, web-based consumer tools for tracking college graduates' wages, by partnering with College Measures, a nonprofit group that is supported by the American Institutes for Research and the Lumina Foundation.⁴¹ These state databases are created by linking student records and unemployment insurance wage data. They focus on the first-year earnings of students who graduated from one of the state's higher education institutions for specific years.

Specific data elements include the number of employed versus unemployed students after graduation, and average first year earnings by major and program. Typically, data for two and four-year, public and private, and nonprofit and for-profit institutions is compiled, which enables students and families to compare all options.

P-20 council developing data tracking capabilities. Connecticut's Preschool through 20 (P-20) Council is housed at the Board of Regents for Higher Education (BOR) and "supports collaboration among four sectors -- early childhood, K-12, higher education and workforce training -- to create an effective education and career pathway that maximizes the number of skilled people in Connecticut with a postsecondary degree or other credential."⁴²

As part of that effort, the council is developing the Preschool through 20 Workforce Information Network (P20 WIN), which is a system "for linking data across various agencies that serve individuals as they progress from early childhood through educational programs and

⁴¹ Arkansas, Colorado, Florida, Tennessee, Texas, and Virginia.

⁴² Board of Regents For Higher Education, Website: <http://www.ct.edu/initiatives/p20>

into the workforce.”⁴³ A key feature of the P20 WIN system is that it will provide data showing earnings of post-secondary certificate and degree holders by institution and include trends.

Currently, the State Department of Education, BOR, and the Department of Labor are actively collaborating to implement the P20 WIN system. While BOR has contracted with the University of Connecticut Health Center to develop and implement the technical system, the UConn undergraduate organization is not currently participating. **Therefore, the program review committee recommends that:**

- 6. The University of Connecticut should partner with the Board of Regents for Higher Education, the Department of Education, and Department of Labor in developing the P20 WIN system to enable the university to report on the success of its graduates, by major, regarding employment and earnings.**

POLICY OPTIONS

Tables III-4 and III-5 describe six policy options aiming to enhance college affordability. Each has been discussed or implemented in other states. The tables contain for every option, a description, intended beneficiaries, and associated pros and cons. The list is not exhaustive but conveys the range of options that can be deliberated, highlighting more frequently discussed possibilities.

These options have not been fully developed as several require considerable study regarding the mechanics of implementation, costs, and/or appropriateness of application across all state higher education institutions (as opposed to a single flagship university). The legislature, executive branch, or the state’s higher education institutions may consider them worthy of further action.

⁴³ Board of Regents For Higher Education, Website: <http://www.ct.edu/initiatives/p20win>

Table III-4. Other Policy Options That Could Improve Affordability

| | Pay-It-Forward | State Promise Programs | Tuition Freeze |
|------------------------------------|---|--|---|
| Targeted Student Population | Low and middle income | Low income | All |
| Description | <p>In lieu of loans, students are required to give a portion of income for a set number of years (usually decades) after graduation. The money goes into a trust fund to assist the next generation of students.</p> <p>The amount of payment required varies based on contribution timeframes, process included (e.g., tuition or total price)</p> | <p>States provide early commitment to funding some or all college costs for low income students to raise college aspirations, enrollment, and degree attainment.</p> <p>See Appendix J for additional detail about these programs.</p> | <p>College agrees to freeze tuition for a period of time.</p> <p>For public systems, this typically occurs in exchange for increased funding from the state.</p> |
| Where | <p>Oregon is formally studying this option and several states (Washington, New Jersey, Pennsylvania, and Ohio) are considering it.</p> <p>Used in Australia and United Kingdom.</p> | <p>Three states (Indiana, Oklahoma, and Washington) have promise programs focused on low-income students.</p> | <p>At least 13 states froze tuition for all or a portion of state schools in the fall 2013 school year, according to program review staff contact with National Conference of State Legislatures.</p> <p>At least nine of the 13 states froze tuition in exchange for additional state funding.</p> |
| Pros | <ul style="list-style-type: none"> • Could draw more lower- and middle-income students to college because they know they | <ul style="list-style-type: none"> • Very limited research but is promising in terms of enrollment and attainment of associate | <ul style="list-style-type: none"> • Provides stability in pricing for period of time. |

Table III-4. Other Policy Options That Could Improve Affordability

| | Pay-It-Forward | State Promise Programs | Tuition Freeze |
|-------------|--|--|---|
| | <p>could handle the costs.</p> <ul style="list-style-type: none"> • Clear information about costs to students provided upfront. • Simpler than similar federal loan repayment options (e.g., income-based repayment). • Realistic for addressing affordability and repayment problems as state financial aid and public support to higher education is unlikely to increase. • May encourage entry into lower-paying public sector and nonprofit careers or higher risk entrepreneurial careers. | <p>degrees.</p> <ul style="list-style-type: none"> • Could draw more lower-income students to college because they know they could handle the costs. • Clear information about costs to students provided upfront. | |
| Cons | <ul style="list-style-type: none"> • Most proposals apply only to tuition and fees, which would necessitate loans or raising the income percentage to a high rate to cover living costs. • Puts further onus of education on the individual, ignoring public benefits of higher education. • Concern that those in higher-paying fields would not participate if allowed to opt out | <ul style="list-style-type: none"> • Additional state funding is usually needed to guarantee costs will be paid. | <ul style="list-style-type: none"> • Short-term solution at best. • Does not address any underlying spending or revenue issues. • Could lead to deferring maintenance or capital projects. |

Table III-4. Other Policy Options That Could Improve Affordability

| | Pay-It-Forward | State Promise Programs | Tuition Freeze |
|--|---|-------------------------------|-----------------------|
| | <p>or attend another university, which could raise costs.</p> <ul style="list-style-type: none"> • Does not address rising prices and is less pressure to reduce costs, if fewer are paying at time of service. • Likely requires substantial up-front funding. | | |

Source: PRI staff research.

Table III-5. Other Policy Options That Could Improve Affordability

| | On-Line Education | Finish-in-Three Degrees | Competency-Based Learning |
|------------------------------------|---|--|--|
| Targeted Student Population | All | Highly motivated | Mostly nontraditional |
| Description | Create degree programs with courses that are mostly or entirely on-line. (See also competency- based learning.) | Universities create pathways to finish a degree in three years. It is usually a very prescribed track. Some variations of this model include: <ul style="list-style-type: none"> • encouraging students to acquire credits before they arrive on campus, through Advanced Placement and dual-enrollment credits; • reduce the number of courses required for a degree or use a competency-based model; and • compress time to degree with summer courses or heavier loads. | These are mostly on-line self-paced programs (but not exclusively), based on demonstrating competence in required skills and knowledge, not time in a course. Especially attractive to students with professional expertise and training in certain skills to try to test out of whole courses and if they pass apply credit to a degree. Each degree program is developed by experts in the field who define "competencies" students need to possess to graduate. |
| Where | Many universities offer courses on-line and some provide only on-line education. | The National Association of Independent Colleges and Universities lists about 20 schools with three-year degree programs. | Western Governors University, Southern New Hampshire University, Northern Arizona University, and University of |

Table III-5. Other Policy Options That Could Improve Affordability

| | On-Line Education | Finish-in-Three Degrees | Competency-Based Learning |
|-------------|---|---|--|
| | <p>UConn has increased its on-line offerings and is pursuing a strategy of increasing the number of on-line courses for high enrollment and high demand classes.</p> <p>Connecticut also has an entirely on-line education option, Charter Oak State College.</p> | <p>Several states are exploring the concept, including California, Indiana, Minnesota, and Ohio.</p> <p>Canada has a well-developed option for three-year Bachelor degrees.</p> | <p>Wisconsin are among the higher education institutions that offer competency-based learning.</p> |
| Pros | <ul style="list-style-type: none"> • Tuition and fees can be less costly depending on the program or school. The expense of commuting is reduced or eliminated. • May allow students to graduate in a more timely manner, which saves the student money. • Provides flexibility for the student. | <ul style="list-style-type: none"> • Accelerates the time it takes to earn a degree and thereby save time and money. • Allows student to enter the workforce or graduate school more quickly and reduces opportunity costs. | <ul style="list-style-type: none"> • Measures student learning rather than the time it takes to get a degree (“seat time”). • Tuition and fees can be less costly depending on the program or school. The expense of commuting is reduced or eliminated. • May allow students to graduate in a more timely manner, which saves the student money. • Often used in conjunction with online courses and provides flexibility to students as to when and where they learn. • May communicate student’s |

Table III-5. Other Policy Options That Could Improve Affordability

| | On-Line Education | Finish-in-Three Degrees | Competency-Based Learning |
|----------------------------|--|---|---|
| | | | abilities better to potential employers |
| Cons | <ul style="list-style-type: none"> • Minimizes relationships, connections, and networking. • Pre-created curricula does not allow for a personalized experience. • Motivation and engagement suffer through isolation. • The quality of the educational experience and outcomes have been questioned, especially among entities that offer complete on-line degrees. • A complete on-line experience probably is not compatible with a research university's mission. | <ul style="list-style-type: none"> • Limits exploration of majors. Generally students have to know before entering college what they want to major in and not change. • Usually only a small percentage of students can complete as it requires student to be highly motivated and organized. • Some assert college is about development of critical thinking and social skills, which is reduced under this type of program. • May deny some students the feel of true college experience as extracurricular activities are usually curtailed. | <ul style="list-style-type: none"> • Can be difficult to define accepted competencies and develop valid, reliable assessments. • May be viewed as an inferior degree compared to traditional degree. • Loss of classroom participation and experience of spontaneous debate. |
| Source: PRI staff research | | | |

Other Factors That Influence Affordability

Many factors influence UConn's affordability. Although the receipt of financial aid and, perhaps, resulting debt is ultimately how families experience affordability, the university's spending, revenues, student profile, and student outcomes (among other factors) collectively impact the price of attending UConn and the value of that investment.

At the same time, it is important to recognize that the increasing level of competition among higher education institutions in some ways pressures universities and colleges to prioritize certain types of investments that might not always benefit student affordability.

This chapter explores these factors, finding that:

- the reliance on tuition and fees has increased while state support has declined, though the amount spent on financial aid has also risen;
- staffing has increased most in student services as well as academic administration and support;
- the academic profile of UConn freshmen has improved tremendously; and
- graduation and retention rates have exhibited a dramatic improvement, but the number of general education courses closing out has increased.

Competitive Pressures

UConn exists within the increasingly competitive realm of higher education. Most colleges and universities compete with an identifiable peer group. To some extent, competition stems from each university's desire to maintain or enlarge its size while the pool of the nation's traditional college students shrinks.⁴⁴ But it also is rooted in budgetary pressures – for public colleges, driven partly by declining state support – as well as in a basic desire by faculty and administrators to improve performance.

Consequently, UConn and other universities are engaged in a costly contest to improve academic reputation, facilities, and services that attract qualified students, top faculty, and supplementary funding from a variety of government, corporate, and foundation sources. No single institution alone can probably safely quit the race as doing so would mean a forfeiture of position relative to peers and increased vulnerability to losses in funding, students and top faculty. While participating in this contest may enhance the perceived value of a degree from a particular university, relative affordability may, from an institutional perspective, be less important.

⁴⁴ The Connecticut Office of Higher Education reported in December 2013 that statewide college enrollment slipped by 897 students (0.4 percent) to 202,095 compared to the previous year. The office noted that enrollment at the University of Connecticut rose 0.7 percent, while the state university system enrollment was down 2.2 percent, and enrollment at the community colleges fell 2.1 percent. A general decline in college enrollment is expected to continue.

Since the beginning of the UConn 2000 infrastructure program in 1995, the university, with the encouragement and approval of the legislature and various governors, has embarked on a major transformation with the goal of becoming a top-rated public university. The main elements involve rehabilitating and expanding the infrastructure, hiring top faculty to teach and strengthen research capabilities, and attracting top students. The effort has continued with the Next Generation Connecticut (NextGen) initiative.

It is important to note that when the UConn 2000 initiative was launched, many believed that UConn needed a large revitalizing investment. The university's facilities were not highly regarded and there was concern about the number of talented students leaving Connecticut for better schools. For example, the Hartford Courant had described the Storrs campus as a "neglected embarrassment" and further cited the "shoddily built Homer Babbidge Library (overseen by the state's Department of Public Works), sheathed in plastic for years," as giving rise to the extraordinary capital investment. Moreover, it was hoped that UConn 2000 would "help UConn to be more competitive in attracting top scholars and students from around the country and in helping to keep Connecticut's home-grown talent here."⁴⁵

Of course, the state's large capital investments are not meant to benefit only UConn; there are expected positive economic impacts. For example, the state's most recent major infrastructure reinvestment in UConn, NextGen, is targeted mainly in the Science, Technology, Engineering, and Mathematics (STEM) disciplines. It is believed that the investment will expand and improve Connecticut's economy with: new technologies, companies, patents and licenses; more high-wage STEM jobs; and a pool of highly skilled graduates.

Revenue and Expenditure Trends

The summary analysis below highlights UConn's most prominent expenditure and revenue trends on a per student basis from FY 96 through FY 13. A much more detailed examination of these budget trends can be found in Appendix K.

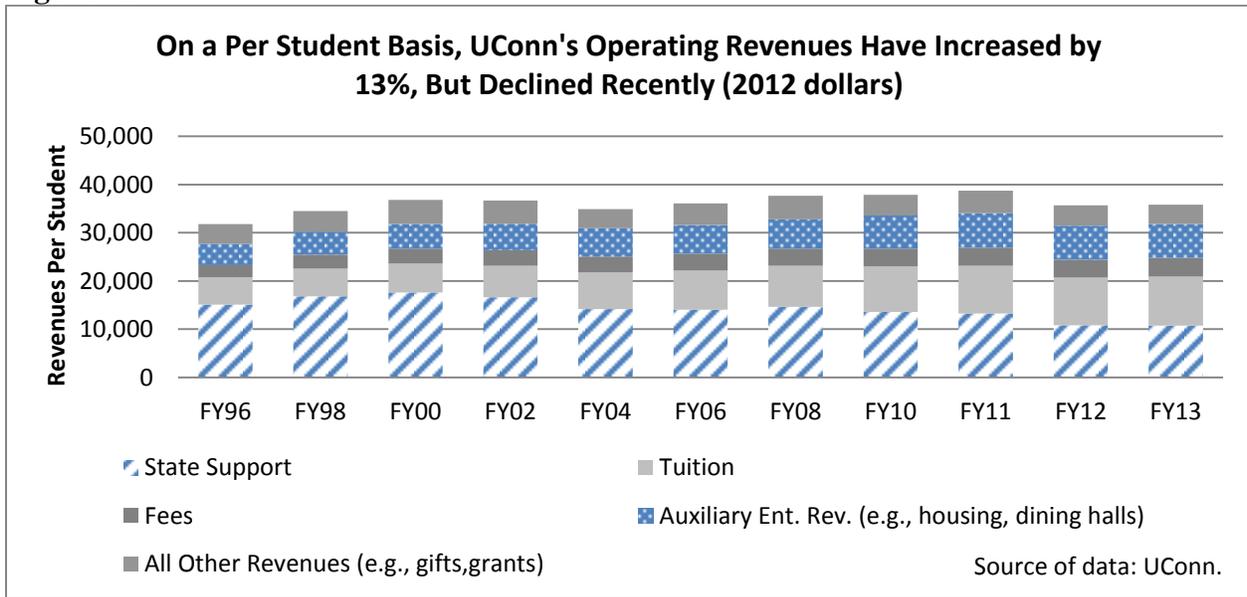
Revenues are up, with greater reliance on tuition, fees, and auxiliary revenue, as state support declined. Figure IV-1 shows the trend in UConn's overall revenues and for the main revenue categories on a per student basis since FY 96. UConn's total revenues have risen 13 percent above inflation. State support has dropped on both a per student basis (down 29 percent) and as a share of overall revenues, from about one-half to less than one-third of total revenues.

Although the state continues to provide a significant portion of both UConn's operational funding and capital project funding – with debt service paid by the state at \$100 million per year -- its reduced level of investment has driven UConn to raise more revenue from tuition and fees. On a per student basis, tuition and fees have increased 81 and 52 percent, respectively. Tuition and fees collectively have risen from 26 percent of total revenue in FY 96 to 39 percent in FY 13.

Auxiliary revenues (paid mostly by students) have increased 60 percent over the time period and currently represents 20 percent of all revenue (up from 14 percent in FY 96).

⁴⁵ Building Headaches at UConn, *Hartford Courant*, December 17, 2004.

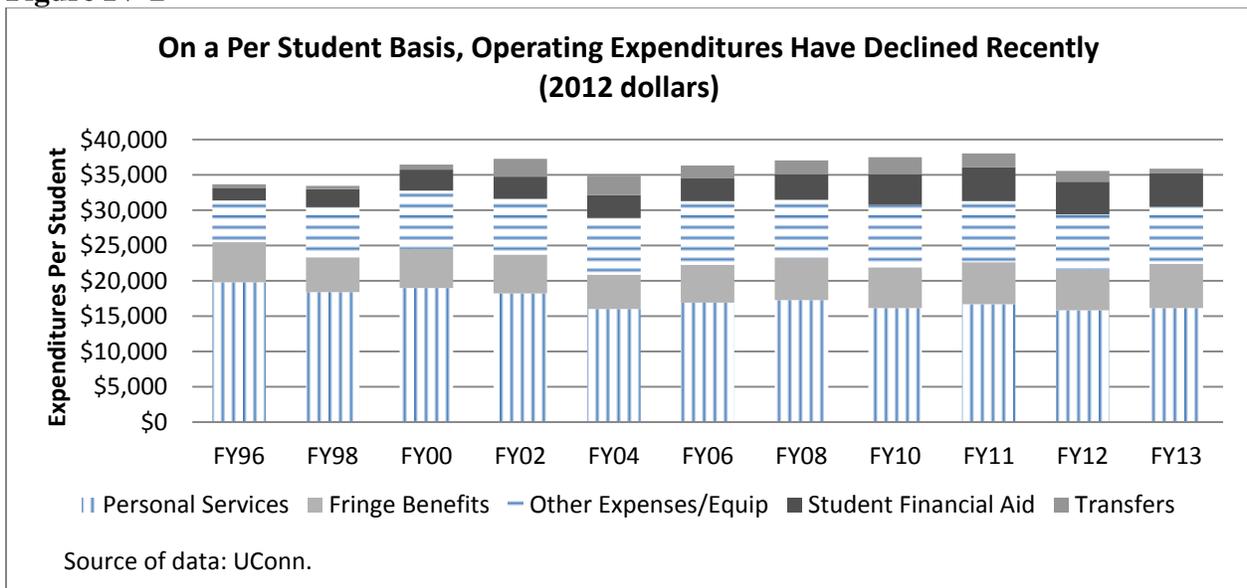
Figure IV- 1



Revenues from out-of-state student tuition dollars has grown more (up 247 percent since FY 96), on a percentage basis, than in-state revenues (up 126 percent). Consequently, out-of-state student tuition revenue rose from 33 percent of total tuition revenue in FY 96 to 43 percent by FY 13.

Salaries are largest expenditure but shrank, financial aid grew the most. Figure IV-2 displays the trend in UConn’s total operating expenditures (up 7 percent since FY 96) and for the main expenditure categories on a per student basis. Salaries and wages (i.e., personal services) is UConn’s largest single expenditure. These expenditures have actually declined on a per student basis by 18 percent since FY 96 and as a proportion of total expenses - from nearly 60 percent in FY 96 to 45 percent in FY 13.

Figure IV-2



Student financial aid has experienced the largest percentage increase since FY 96 (up 158 percent). Financial aid has increased from 5 percent of total expenditures in FY 96 to 13 percent in FY 13. Thus, tuition and fees have increased but the additional burden is offset for some students. Fringe benefits have increased 10 percent since FY 96 and have remained at 17 percent of total expenditures.

On a per student basis, both UConn's total revenues and expenditures appear low compared to peers, but the data are not conclusive.

Staffing trends vary by type. The number of instructional staff has increased 22 percent since FY 96 but this group is only about one-third of total staffing. Substantial staffing boosts have occurred in the Student Services (up 42 percent) and Academic Support (up 36 percent) areas, while declines have been noted in Research (down 68 percent) and Plant Operations (down 28 percent).

Concerns. The program review committee has identified three areas of concern regarding UConn's revenue and expenditure patterns, with further detail in Appendix K.

1. UConn has had to draw down its reserves this fiscal year to close a nearly \$31 million gap, relying on auxiliary (e.g. dining halls, housing) revenue to balance its operating budget;
2. UConn underperforms on nearly every measure of research activity compared to its peers; and
3. UConn maintains a relatively small endowment compared to peers, and the endowment revenues could play a bigger role in supporting UConn's operations.

UConn is aware of these challenges and is examining and/or undertaking steps to overcome them. (See Appendix K for more detail).

Enrollment, Admissions, and Outcomes

Based on admissions and enrollment data trends, UConn is demonstrably a higher-quality university than it was in 1995. The university's success in responding to the competitive pressure to attract more and higher-performing students is evident. In short, the detailed analysis located in Appendix L shows that:

- The university has increased enrollment and attracted more talented students since 1995.
 - The number of students applying to (up 190 percent), admitted to (up 125 percent) and enrolling at (up 65 percent) UConn has increased since 1995.
 - It has become more selective, as the overall admission rate has declined (from 77 percent to 60 percent), and appears to be less of a "safety school."

- The university has increasingly recruited more accomplished freshmen overall who have higher SAT and ACT scores and increasingly tend come from the top 10 percent of their high school class.
 - The academic profile has declined a bit recently for out-of-state freshmen based on SAT scores and percentage of students from the top 10 percent of their high school class.
 - The academic profile of students attending the regional campuses has improved over time, but still lags significantly behind the main Storrs campus.
- UConn has done a better job meeting the state’s interests in creating a more ethnically and economically diverse environment.
 - The percent of minorities has increased from 20 percent of incoming freshmen to 35 percent from 1995 to 2012.
 - From FY 02 to FY 13, the percentage of Pell Grant recipients (a proxy for lower-income students) has increased from 15 percent to 24 percent of total undergraduates. Undergraduate enrollment has grown 26 percent over the same time period, while the number of Pell recipients has jumped 102 percent.
- The university has helped a larger share of its students stay in school and graduate in a timely manner, which improves the affordability of a UConn education.
 - UConn’s freshman retention rate has risen from 88 percent in 2001 to 94 percent by 2012.
 - The overall six-year graduation rate has increased from 75 percent in 2001 to 82 percent in 2012.
 - Similarly, the minority student six-year graduation rate has improved – from 68 percent in 2001 to 77 percent in 2012.
 - However, an increasing percentage of General Education courses is closing out (64 percent in 2013) – a trend that, if unabated, could negatively impact timeliness of graduation.
- The Storrs campus compares well to peers on academic, diversity, and outcome measures.
 - UConn ranks in the middle to the top half of its peers in enrolling high-performing students, diversity, and selectivity, though it has a smaller share of in-state students than most of its peers.
 - UConn also ranks in the top half of peers for retention and overall six-year graduation rates, but is a bit lower (seventh of 10) in the minority student graduation rate.
-

Study Methods

This report draws on many information sources.

To inform the discussion of higher education affordability and the study's approach, program review committee staff reviewed literature and spoke with higher education researchers and policy analysts from: Georgetown University, Ohio University, University of Wisconsin, Brookings Institution, The Center for College Affordability and Productivity, the Institute for Higher Education Policy, The Education Trust, and The Institute for College Access and Success. Committee staff also met with personnel from Connecticut's Office of Higher Education.

To assess UConn's affordability compared to other flagship universities, peers, and the various sectors of higher education, program review committee staff analyzed price data from:

- the U.S. Department of Education's –
 - Integrated Postsecondary Education Data System (IPEDS) for net price, total price, and room and board costs;
 - *Digest of Education Statistics* for sector price information;
 - National Postsecondary Student Aid Study for certain sector net price information;
 - cohort education loan default rates for college graduate debt information;
- the College Board's *Trends in College Pricing 2012*, for tuition and fees and, in some cases, comprehensive costs and/or room and board; and
- The Institute for College Access and Success's College InSight tool for the (private) Common Data Set's information on share of graduates with debt and average debt.

See below for a discussion of the benefits and shortcomings of the major data sources. Other materials were consulted, including but not limited to publications from the Federal Reserve Bank of New York, The Project on Student Debt, and The Education Trust.

To more accurately measure changes in price over time, program review committee staff ensured that all dollar figures were adjusted for inflation using the U.S. Bureau of Labor Statistics' Consumer Price Index-Urban-Research Series (CPI-U-RS). To compare price changes to income changes, the U.S. Census Bureau's median household income and income by quintile (e.g., 20th percentile, 40th percentile) were used. For assessments of in-state prices, each flagship's state-specific median and quintile incomes were used, while out-of-state prices were analyzed using national incomes.

To understand the financial aid received by UConn students, program review committee staff requested and the university provided data on aid expenditures, receipt (e.g., number of students receiving certain types of aid), and strategies that are not publicly available. Program review committee staff requested similar data from nine peer universities but no such information is included in this report. Despite initial promising conversations with staff at multiple universities, and guaranteeing anonymity to participating schools, only one peer ultimately provided data. That university's information is not presented in this report because it was distinctive in a way that could have easily identified the school. Therefore, peer analysis is limited to what was publicly available through the sources described above.

To learn how students can lower the cost of attending UConn, program review committee staff reviewed dual enrollment program (Early College Experience) information provided by UConn, Internet resources regarding the Advanced Placement and International Baccalaureate programs, IPEDS data on the cost of attending other Connecticut public colleges, and UConn data on transfers.

To explore options for improving affordability to students, program review committee staff: spoke with researchers and policy analysts (see above); conducted extensive Internet research; received some research assistance from staff at the National Conference of State Legislatures; and had e-mail and telephone conversations with personnel at nearly all "pledge" flagships and each state that offers an income-based "promise" program. A program review committee staff colleague, Susan Phillips, provided substantial assistance with the pledge research component.

To understand how UConn has changed over time, which influences affordability, program review committee staff analyzed revenue, expenditure, admissions, graduation rate, transfer student, and course close-out data provided by UConn. For comparisons to other universities, program review committee staff drew upon:

- national endowment data from the National Association of College and University Business Officers (NACUBO)-Commonfund Institute Study of Investments;
- research activity information from the National Science Foundation; and
- expenditure and staffing information (to be interpreted with caution) from IPEDS.

For each aspect of the study, program review committee staff interviewed high-level UConn personnel from the admissions, budget, enrollment management, financial aid, and provost's offices. Committee staff also interviewed UConn foundation and research directors, attended an informal gathering with various legislators and the UConn president, and observed two UConn information sessions for prospective students: one at UConn for students from a New Haven public high school, and one at New Haven's Gateway Community College that was for high school and college students in the area.

DETAILED INFORMATION ON CERTAIN SOURCES AND METHODS

Sources

Common Data Set (CDS). The Common Data Set initiative is a collaborative effort among data providers in the higher education community and publishers as represented by the College Board, Peterson's, and U.S. News & World Report. The CDS data are provided voluntarily by colleges and contain data on undergraduate financial aid, including grants and the cumulative debt of graduates. The CDS has certain limitations. Many colleges do not report debt figures, and it has been reported that this is especially true of colleges whose students graduate with the greatest debt burdens. The Common Data Set also provides only student federal loan debt figures; private and parent debt are excluded.

Digest of Education Statistics (i.e., NCES Digest). The U.S. Department of Education's National Center for Education Statistics (NCES) annually publishes a compilation of data and analysis regarding education at all levels (prekindergarten through graduate). This update draws upon the Digest's postsecondary prices data, which are presented as averages for each sector (e.g., public four-year institutions). The averages are weighted for student attendance, meaning that the price of an institution that enrolled 30,000 students would be counted more heavily than an institution with 10,000 students. Therefore, the average tuition and fee figures by sector presented in this report (which were adjusted for inflation by program review committee staff) represent the student-level averages, not those for institutions.

Integrated Postsecondary Education Data System (IPEDS). The NCES also produces and maintains IPEDS, an online database. The data come from a series of federally mandated surveys submitted annually by all the nation's postsecondary institutions that receive federal student aid. Although researchers consider IPEDS student-related data to be reliable, there is uneven data availability across years and, for some data items, across institutions. Specifically, room and board prices were not available prior to 2008-09; net prices were limited to 2008-09 through 2010-11 (with 2011-12 data published while this report was in production); and many institutions' total prices were unavailable for certain types of students, from 2005-06 to 2011-12.

The IPEDS net prices for public institutions pertain to first-time, in-state tuition students only. These prices are given: 1) as an average for all students who received any grant or scholarship aid; and 2) as averages for each of five income brackets, for all students receiving federal financial aid, with the income brackets exactly the same in each of the three years of data availability (i.e., unadjusted for inflation). These income brackets are:

- Low: \$0-30,000
- Low middle: \$30,001-48,000
- Middle: \$48,001-75,000
- High middle: \$75,001-110,000
- High: Over \$110,000

National Postsecondary Student Aid Study (NPSAS). The National Center on Education Statistics' every four years surveys institutions, government databases, and students to report on financial aid, among other related topics. The data of interest for the study's October

update involved net price by sector, which was calculated by NCES as an average among all the sector's full-time students for 1999-2000, 2003-04, and 2007-08. Net price is also presented by income quartile (specific to the student population). NPSAS makes available the 25th, 50th, 75th, and 90th income percentiles, which change with each survey. Consequently, the update's net price sector analysis uses those income figures for the calculations on the net price's estimated burden by income level. The NPSAS net price information applies only to full-time, in-state dependent students. In contrast, IPEDS net price data are limited to those who are first-time, full-time in-state college attendees and received any grant aid.

The College Board. This organization – composed of more than 6,000 postsecondary institutions – annually releases two relevant reports: *Trends in College Pricing* and *Trends in Student Aid*. Researchers consider the data to be mostly reliable, but the reports have been criticized for discrepancies with IPEDS data regarding net price information. Consequently, data in this update drawn from the *Trends in College Pricing 2012* report are limited to flagship institution tuition and fees, given in a supplementary online table (Table 6).

The Institute for College Access and Success's (TICAS's) College InSight. This is a web tool that allows comparison of colleges and universities on a variety of measures involving affordability, financial aid, diversity, and student outcomes (e.g., graduation rate), among others. The data are drawn from both publicly available sources, such as IPEDS, and private ones like the Common Data Set. For each data point, the tool identifies the original information source. For some data, the years of availability are extremely limited.

Two-year Official Cohort Default Rates for Schools. The U.S. Department of Education collects data on loan default rates. The "cohort default rates" measure the share of each colleges' federal student loan borrowers who default within two years after entering repayment. Colleges with high default rates may lose future eligibility for federal grants and loans. The most recent two-year rates are for borrowers who entered repayment in federal fiscal year 2010 (FY10) and defaulted in FY10 or FY11. The education department has begun to collect three-year default rates but has only one year of official data.

U.S. Census Bureau. The U.S. Census Bureau collects, analyzes, and publishes data on national and state median household income. The bureau also calculates mean household income within quintiles, based on its American Community Survey. This report used these data for analysis of price burden, except for NPSAS data (which, for net price, is provided by income quartile, as described above).

Methods

Inflation. Prices over time (in current dollars) were converted into inflation-adjusted figures using the federal Bureau of Labor Statistics' Consumer Price Index – Urban – Research Series (CPI-U-RS). This version of the CPI is most consistent over time because the index values for previous months and years are continuously revised to reflect all methodological changes. For each academic year, program review committee staff used the index's annual average index corresponding to the fall portion of the year (e.g., 2009 average for the 2009-10 academic year). This method was selected because higher education prices typically are set and paid in large part

during that first year. It should be noted that NPSAS data used in the study's October update were published as inflation-adjusted only; it is unclear whether the CPI-U-RS was used.

Flagships. The College Board's list of flagship institutions, found in its online Table 6 as part of the *Trends in College Pricing 2012* report, was followed. That table's data on tuition and fees in current dollars were used. All other flagship price data – including the room and board component of comprehensive cost (unavailable in Table 6) – came from IPEDS.

Peers. Nine major state universities were selected for the peer comparison component of the study: the Universities of Delaware, Maryland, Massachusetts, North Carolina, Vermont, and Virginia; Pennsylvania State University; Rutgers University (New Jersey); and Stony Brook University (New York). These were selected based on similarities in the students who are admitted to both UConn and other universities (i.e., UConn is competing directly for these students), student qualifications (i.e., academic profile) and characteristics, selectivity, size, and location. Two, the Universities of North Carolina and Virginia, were less similar in terms of student competition and qualifications but, as top public flagships, were included as “aspirant” peers.

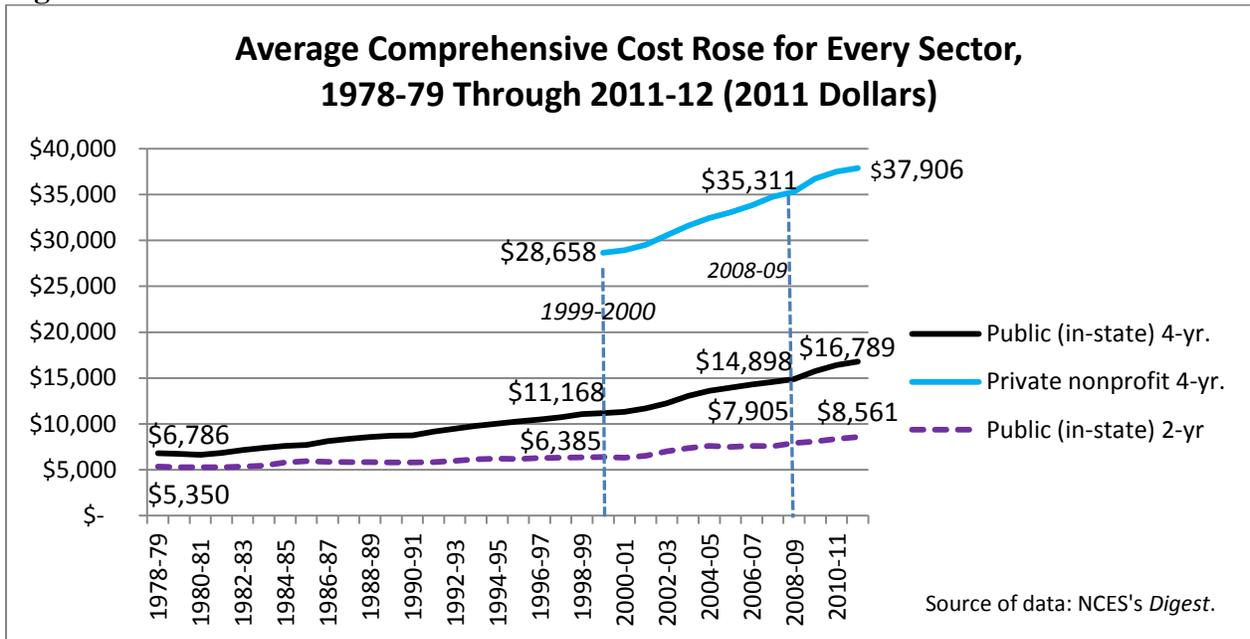
Affordability Overview: Additional Charts

| Table B-1. Several Ways to Measure College Price | | | |
|---|---|---|--|
| | <i>Includes</i> | <i>Advantages</i> | <i>Disadvantages</i> |
| 1. Tuition and fees | <ul style="list-style-type: none"> • Class attendance • Mandatory service charges | <ul style="list-style-type: none"> • Simple • Data available | <ul style="list-style-type: none"> • Ignores other costs of attendance and all living costs |
| 2. Comprehensive cost | <ul style="list-style-type: none"> • Tuition and fees • Room and board | <ul style="list-style-type: none"> • Relatively simple • Data available | <ul style="list-style-type: none"> • Ignores some costs of attendance and living |
| 3. Total price | <ul style="list-style-type: none"> • Comprehensive cost • Other costs of attendance and living (e.g., books, transportation) | <ul style="list-style-type: none"> • Most complete price | <ul style="list-style-type: none"> • “Other costs” are estimates; can vary widely among students • Data less available |
| 4. Net price (after grants and out-of-pocket) | <ul style="list-style-type: none"> • After grants: Total price less grant aid • Out-of-pocket: Total price less grants, loans, and employer benefits. | <ul style="list-style-type: none"> • Most accurate reflection of what student/family actually pays | <ul style="list-style-type: none"> • Varies tremendously among students so may be of limited value to prospective student • Limited data available |

Source: PRI staff.

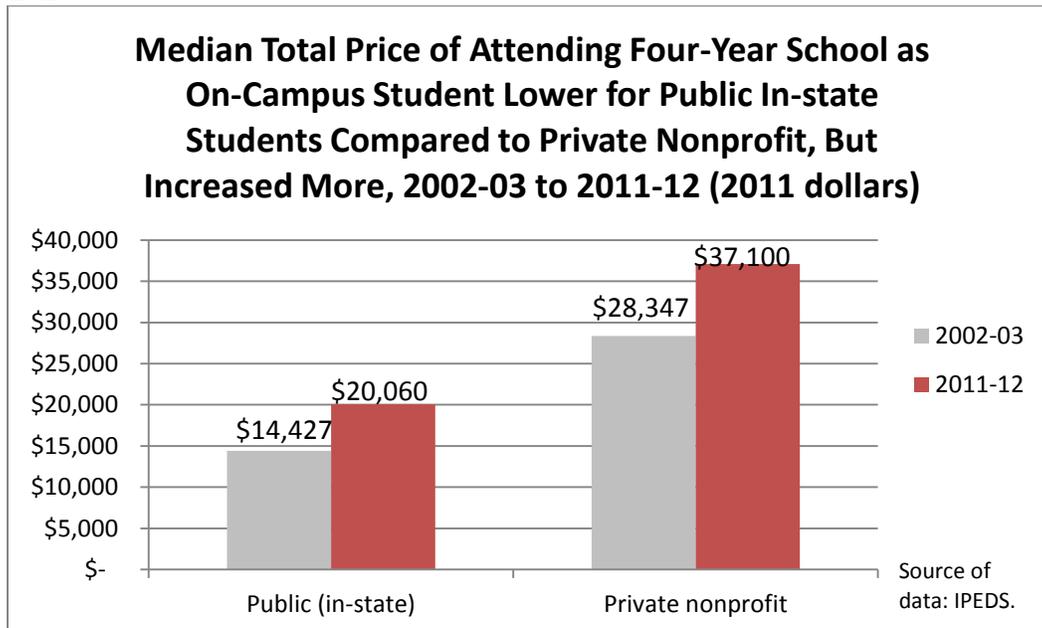
Prices Compared to Inflation

Figure B-1



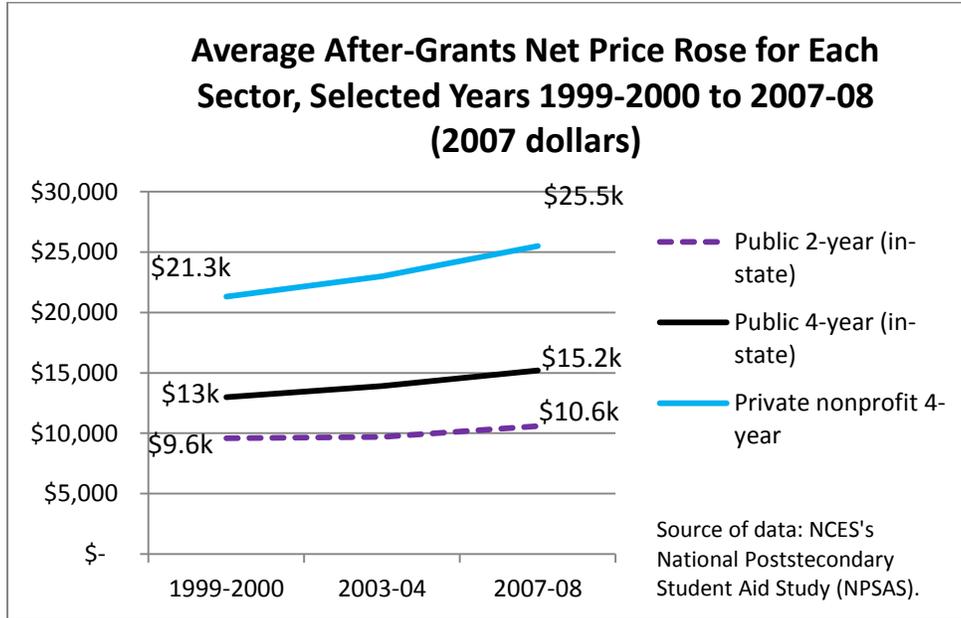
- Since 2008-09, the average comprehensive cost has risen, beyond inflation, 13 percent for public four-year schools, 7 percent for private nonprofits, and 8 percent for public two-year colleges.

Figure B-2



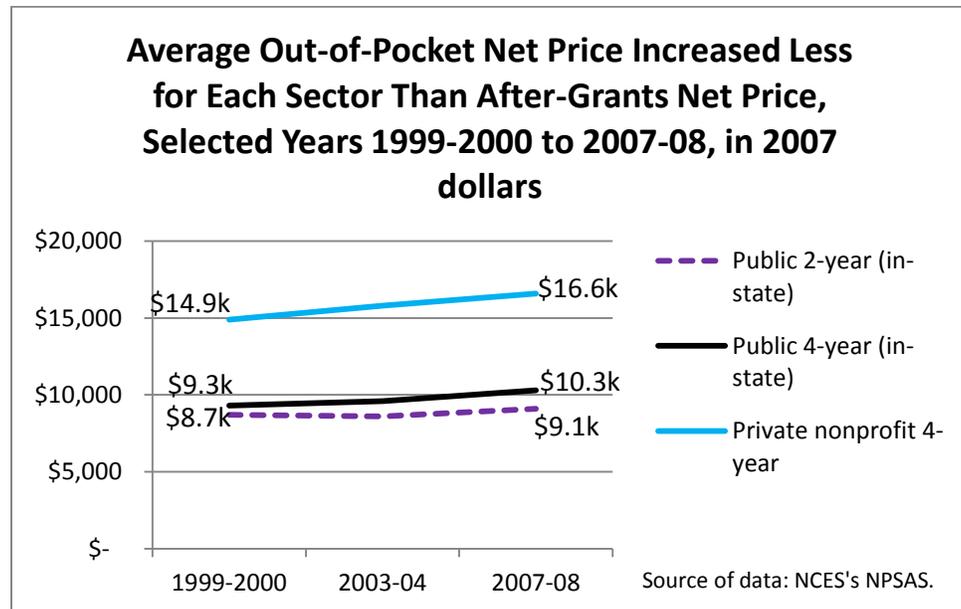
- Between 2002-03 and 2011-12, the median total price of attending a four-year school rose 39 percent for public schools (in-state students) and 31 percent for private nonprofits.

Figure B-3



- Between 1999-2000 and 2007-08, the average net price increased by 17 percent above inflation for public four-year schools (in-state students), less than the increase for private schools (up 20 percent) but more than the rise for public two-year colleges (up 10 percent, for in-state students).

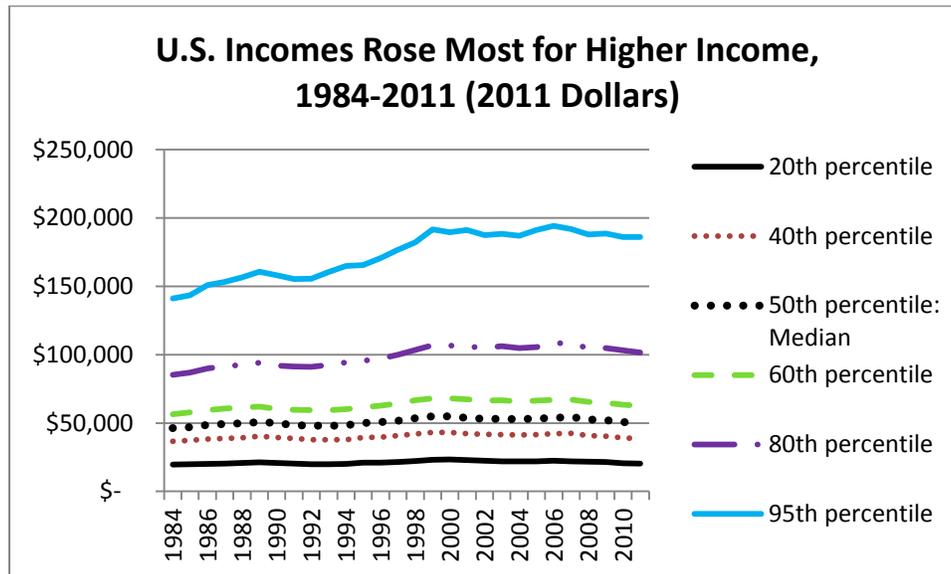
Figure B-4



- The increases in the out-of-pocket net price (i.e., price after grants and loans) was less dramatic than the jumps in after-grants net price, with rises above inflation of 11 percent for four-year schools and 5 percent for public two-year colleges.

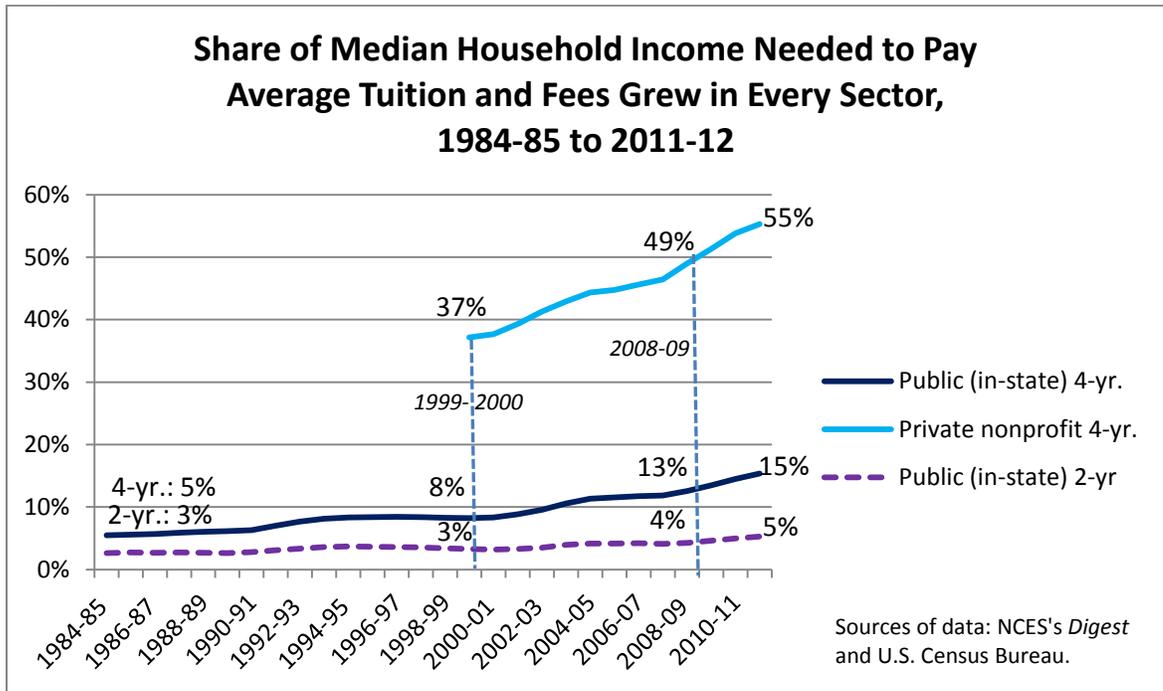
Prices Compared to Income

Figure B-5



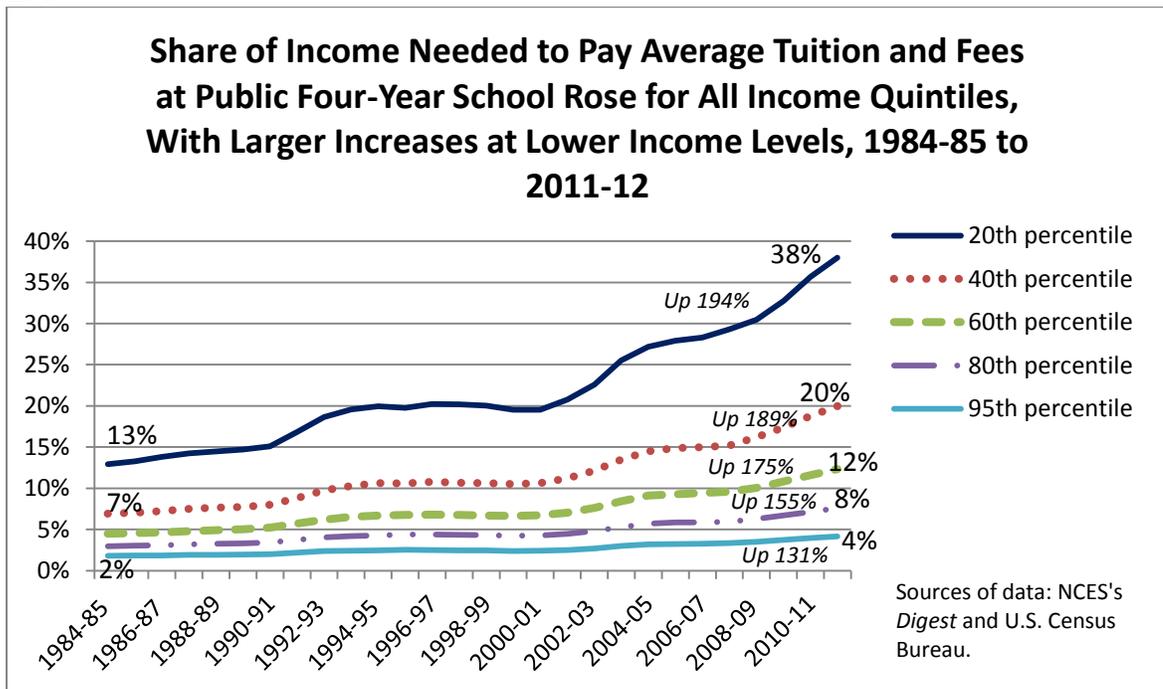
- Between 1984 and 2011, incomes rose most for those at higher income levels. Those at lower income levels saw slight growth of 3 and 5 percent (at the 20th and 40th percentiles), while those at the upper income levels saw gains of 11 and 19 percent (at the 60th and 80th percentiles). The 95th percentile rose 32 percent.
- U.S. median household income (50th percentile) grew 8 percent.
- Average incomes within the quintiles (not shown above) exhibited similar trends over the same time period, with:
 - No change for the average income in the lowest quintile (1st to 20th percentile);
 - Slight increases (up 5 and 8 percent) for the average income in the low middle and middle quintiles; and
 - Strong growth (up 15 and 39 percent) for the high middle and high income quintiles.

Figure B-6



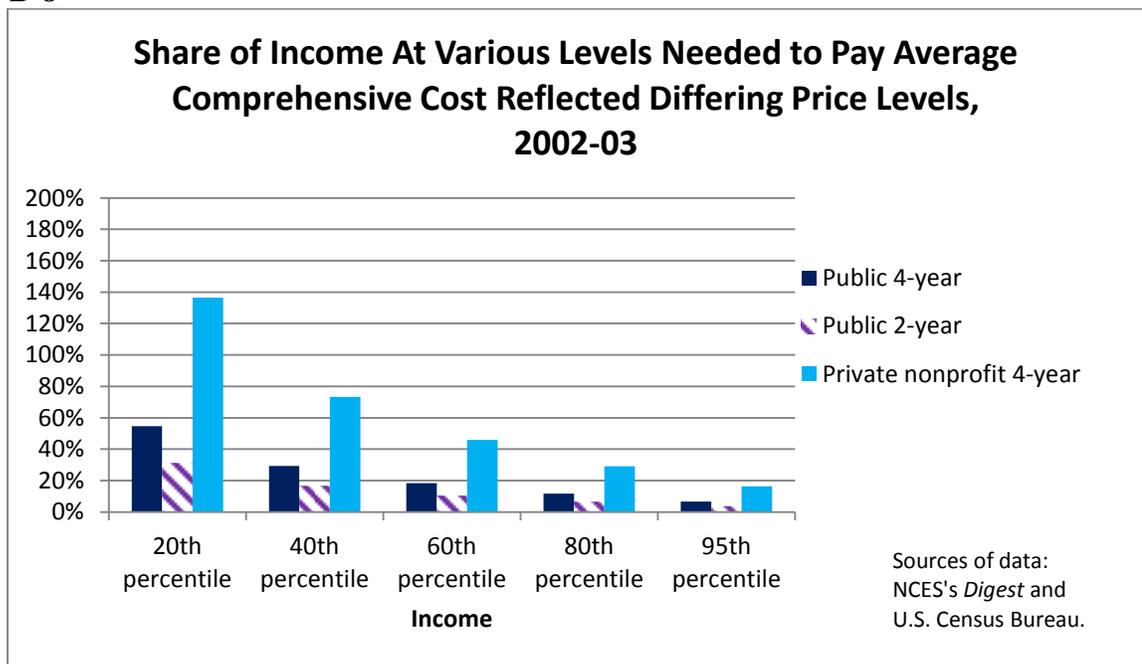
- Since 2008-09, the share of median household income needed to pay average tuition and fees rose by 23 percent for public four-year schools, 13 percent for private four-years, and 25 percent for public two-year colleges.

Figure B-7



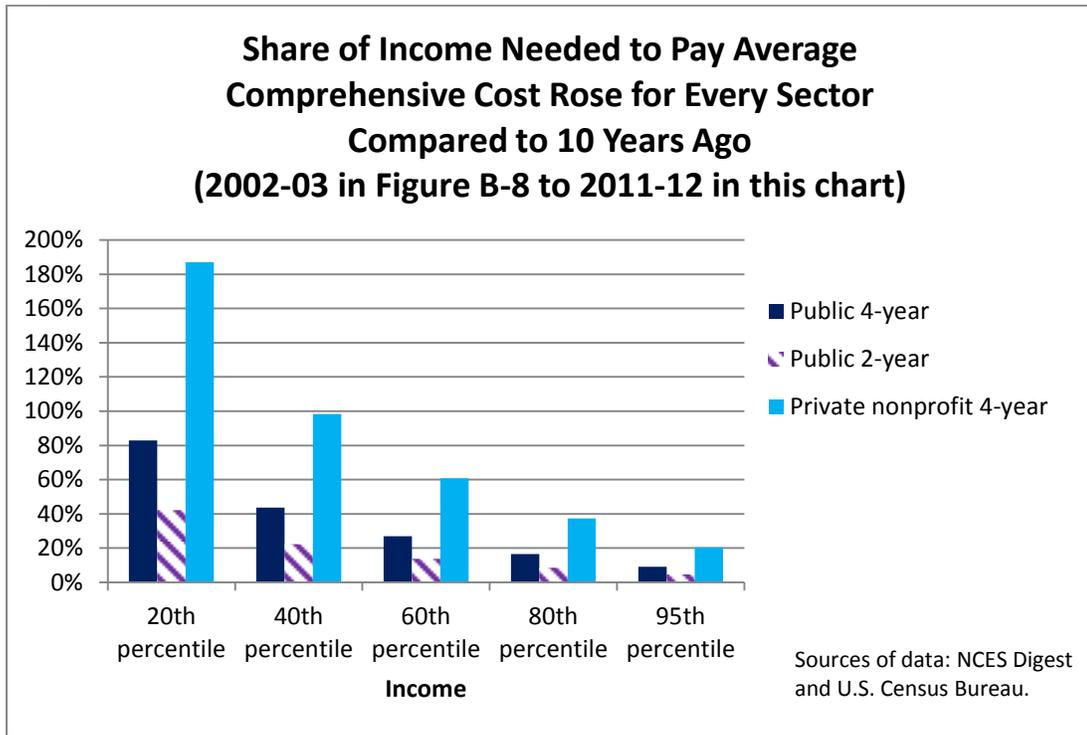
- When the affordability of tuition and fees is examined for different income levels, it is clear that affordability has declined for all households – but it has fallen the most for those at lower levels.
- There are two reasons why tuition and fees affordability has declined most for those at lower income levels. First, lower-income households experienced less of a rise in incomes than those at higher income levels (see Figure B-4 above). Second, the increase in tuition and fees takes a larger share of income from a lower-income household than it does from a higher-income one.

Figure B-8



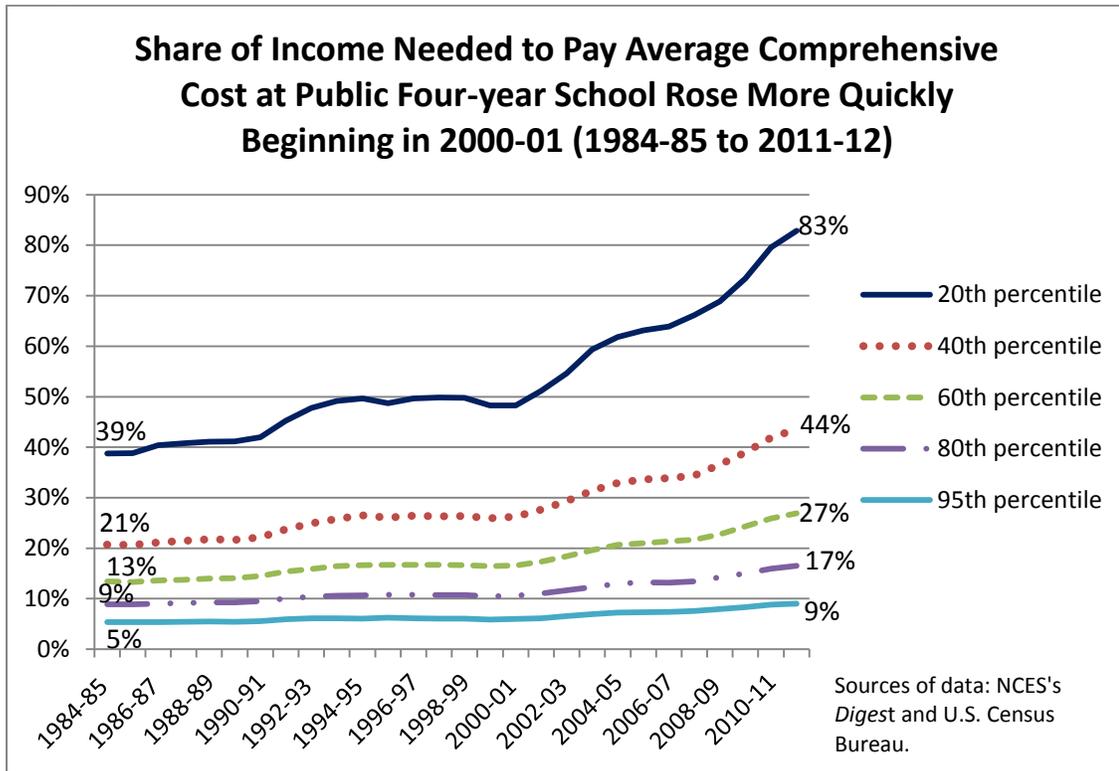
- The share of income needed to pay the 2002-04 average comprehensive cost varied, depending on which sector is considered. For example, a family at the 60th percentile would have needed to devote 46 percent of annual income to pay the entire average comprehensive cost of a year at a private nonprofit college, but only 18 percent at the average public four-year school and just 11 percent at a two-year public college

Figure B-9



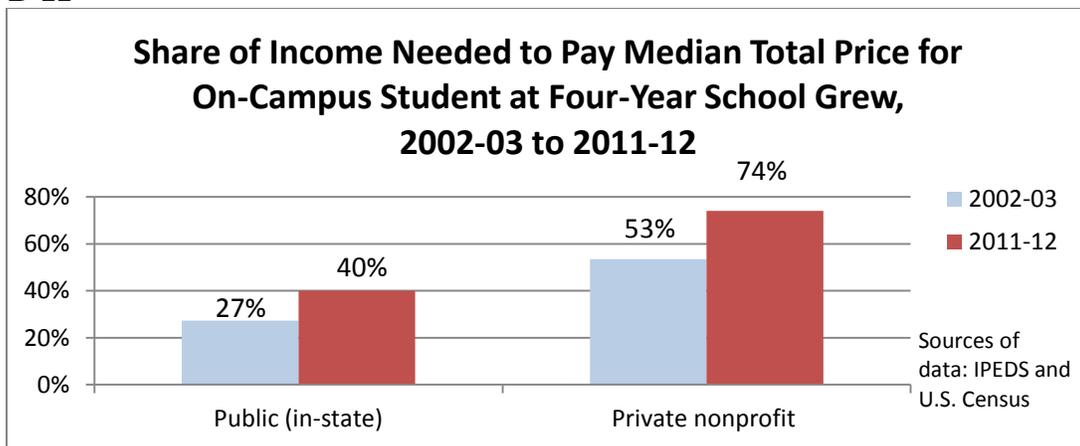
- Comparing Figure B-9 above to Figure B-8 shows that between 2002-03 and 2011-12, the share of income needed to pay the average comprehensive cost increased for every sector. Looking again at the 60th percentile, for the private nonprofit sector's comprehensive cost the share of income needed rose to 61 percent (up from 46 percent). For the public four- and two-year sectors, the share of income needed grew to 27 percent and 14 percent, respectively.

Figure B-10



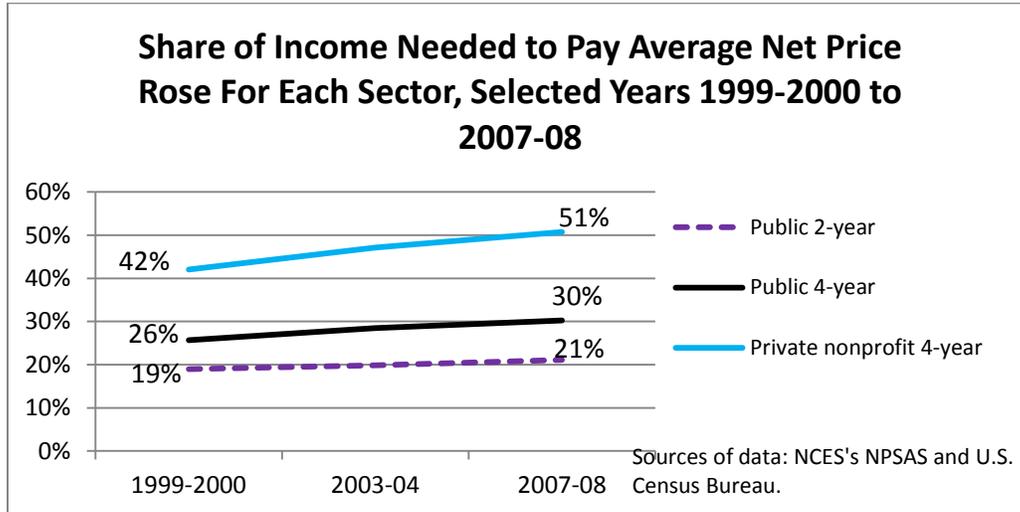
- The share of income that would be needed to pay the average comprehensive cost at a public four-year school grew at every income level, from 1984-85 to 2011-12, but it rose the most for those at lower income levels. For a family at the 20th percentile, the share of income needed ballooned from 39 to 83 percent, for an increase of 114 percent. The increases for other income levels were:
 - 110 percent for the 40th percentile;
 - 100 percent for the 60th percentile;
 - 86 percent for the 80th percentile; and
 - 68 percent for the 95th percentile.

Figure B-11



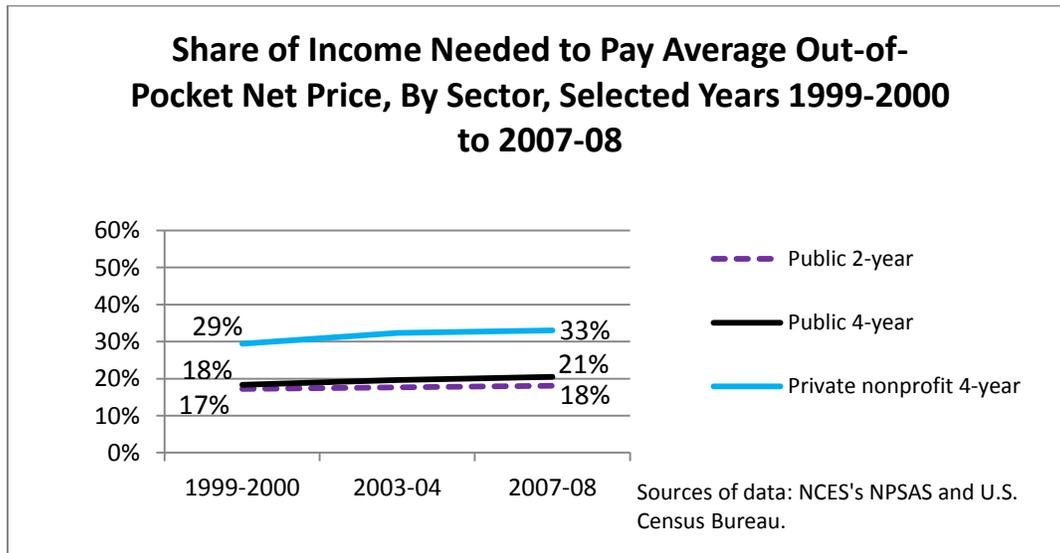
- The share of median household income needed to pay the total price for an on-campus student at a four-year school rose by 47 percent at public schools, for in-state students, and 39 percent at private ones, between 2002-03 and 2011-12. The annual average increases were 5.3 and 4.8 percent, respectively.

Figure B-12



- From 1999-2000 to 2007-08, the share of median household income required to pay the average in-state net price after grants rose 11 to 21 percent for each sector, with the largest rise in the private nonprofit sector and an 18 percent increase for public 4-year schools.

Figure B-13



- The share of median household income needed for the out-of-pocket net price – which excludes student loans, as well as government and employer benefits – grew 5 percent for public two-year colleges and 12 percent for the four-year sectors included here.

Appendix C

UConn Affordability Measures

Prices

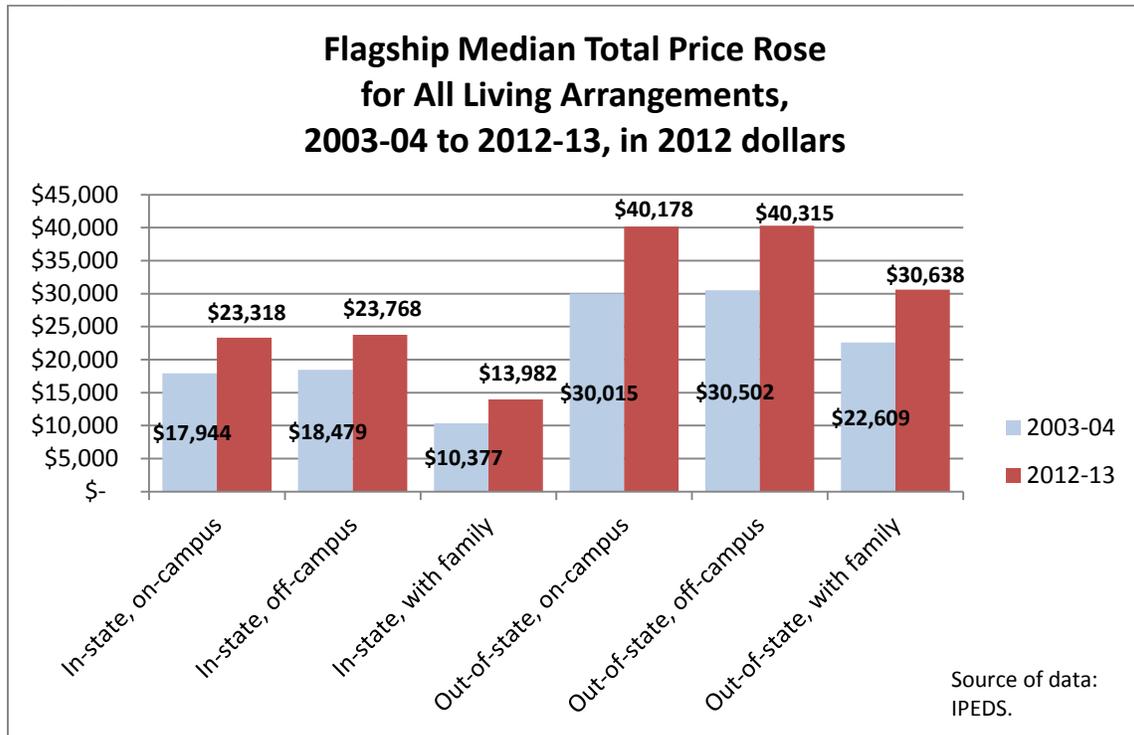
| Table C-1. UConn's In-State Prices Are High Compared to Flagships But Not Peers | | | | | |
|--|--|-----------------|---|---------------|---|
| | <i>UConn's Price 2012-13, except net price</i> | <i>Flagship</i> | | <i>Peer</i> | |
| | | <i>Median</i> | <i>UConn's Rank of 50 (1=highest)</i> | <i>Median</i> | <i>UConn's Rank of 10 (1=highest)</i> |
| Tuition and fees | \$11,242 | \$9,357 | 14 | \$11,844 | 7 |
| Comprehensive cost | \$22,622 | \$19,001 | 10 | \$22,531 | 5 |
| Total price | \$26,122 | \$23,318 | 10 | \$25,539 | 4 |
| Average net price 2010-11 | \$14,877 | \$13,811 | 16 | \$13,745 | 4 |

Sources of data: For tuition and fees, The College Board's *Trends in College Pricing 2012*. For comprehensive cost: The College Board's *Trends in College Pricing 2012*, combined with IPEDS on room and board. For total price and net price: IPEDS.

| Table C-2. UConn's In-State Prices Are Rising But, Except for Average Net Price, Less Than Most Flagships and Peers | | | | | |
|--|---|--------------------------|---|--------------------------|---|
| | <i>UConn's Price Increase 2008-09 to 2011- 12, except net price</i> | <i>Flagship</i> | | <i>Peer</i> | |
| | | <i>Median Change</i> | <i>UConn's Rank of 50 (1=largest percentage increase)</i> | <i>Median Change</i> | <i>UConn's Rank of 10 (1=largest percentage increase)</i> |
| Tuition and fees | 9% | 15% | 38 | 14% | 8 |
| Comprehensive cost | 10% | 11% | 31 | 12% | 7 |
| Total price | 8% | 10% | 33 | 11% | 8 |
| Average net price to 2010-11 | 8% | 2% | 12 | 4% | 3 |

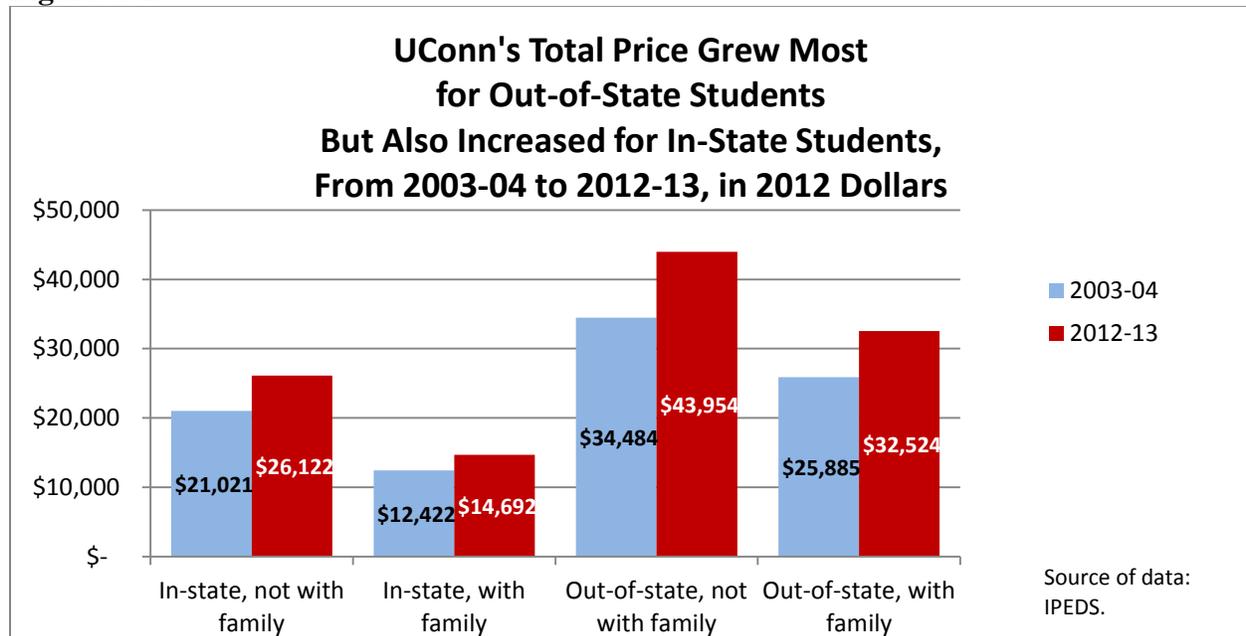
Sources of data: For tuition and fees, The College Board's *Trends in College Pricing 2012*. For comprehensive cost: The College Board's *Trends in College Pricing 2012*, combined with IPEDS on room and board. For total price and net price: IPEDS.

Figure C-1



- At flagship universities, the median total price grew substantially for all types of living arrangements, from 2003-04 to 2012-13. The increases ranged from 29 percent for an in-state student living off-campus to 36 percent for an out-of-state student living with family – with the in-state, on-campus price increasing 30 percent.

Figure C-2



- UConn's total prices for both 2003-04 and 2012-13 were higher than the national median (ranking 11th and 10th highest among flagships, respectively, for in-state on-campus students), but the price *growth* was lower for each living arrangement. For example, the total price for an in-state student living on- or off-campus (not with family) increased 24 percent at UConn but 30 percent for the flagship median (shown in Figure C-1).
- The other UConn total price increases were 18 percent for an in-state student living with family, and 27 percent for an out-of-state student living on- or off-campus.

Table C-3. UConn's Out-of-State Prices Are High Compared to Flagships And Peers

| | <i>UConn's Price 2012-13, except net price</i> | <i>Flagship</i> | | <i>Peer</i> | |
|--------------------|--|-----------------|---|---------------|---|
| | | <i>Median</i> | <i>UConn's Rank of 50 (1=highest)</i> | <i>Median</i> | <i>UConn's Rank of 10 (1=highest)</i> |
| Tuition and fees | \$29,074 | \$26,336 | 9 | \$28,596 | 3 |
| Comprehensive cost | \$40,454 | \$35,990 | 7 | \$38,314 | 3 |
| Total price | \$43,954 | \$40,178 | 9 | \$42,983 | 4 |

Sources of data: For tuition and fees, The College Board's *Trends in College Pricing 2012*. For comprehensive cost: The College Board's *Trends in College Pricing 2012*, combined with IPEDS on room and board. For total price and net price: IPEDS.

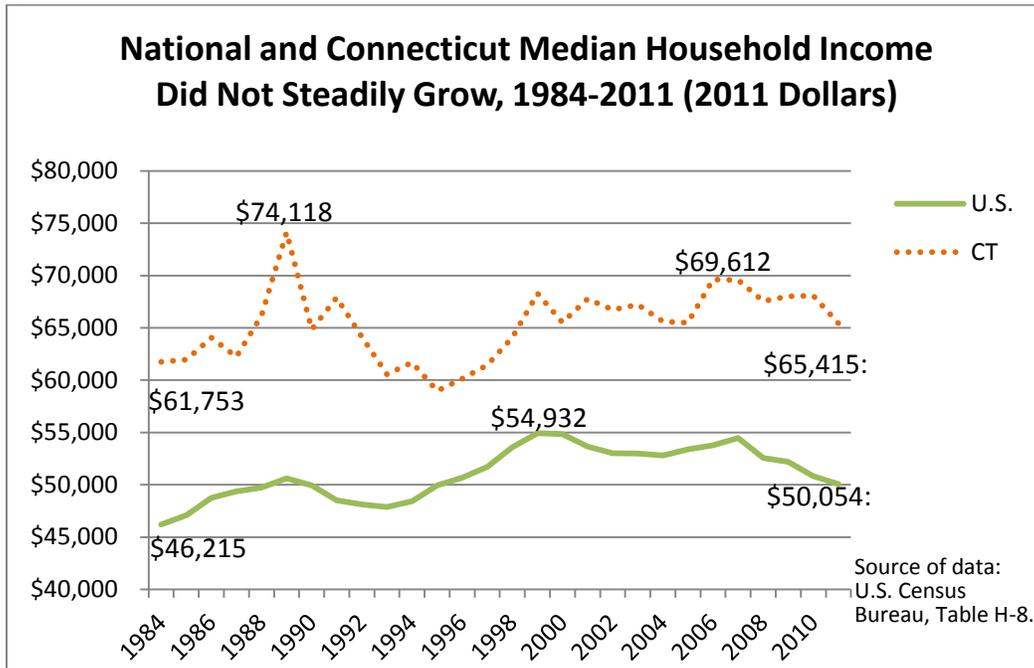
Table C-4. UConn's Out-of-State Prices Have Been Rising But Less Than Most Flagships and Peers

| | <i>UConn's Price Increase 2008-09 to 2011-12</i> | <i>Flagship</i> | | <i>Peer</i> | |
|--------------------|--|--------------------------|---|--------------------------|---|
| | | <i>Median Change</i> | <i>UConn's Rank of 50 (1=largest percentage increase)</i> | <i>Median Change</i> | <i>UConn's Rank of 10 (1=largest percentage increase)</i> |
| Tuition and fees | 10% | 19% | 38 | 12% | 8 |
| Comprehensive cost | 10% | 12% | 35 | 11% | 7 |
| Total price | 9% | 11% | 35 | 12% | 7 |

Sources of data: For tuition and fees, The College Board's *Trends in College Pricing 2012*. For comprehensive cost: The College Board's *Trends in College Pricing 2012*, combined with IPEDS on room and board. For total price: IPEDS.

Affordability: Prices Compared to Income

Figure C-3



- National median household income rose overall from 1984 to 1999; since then, it has generally been stagnant or declining. Median household income dropped 8 percent from 2007 to 2011.
- In Connecticut, median household income peaked in 1989 and hit a recent high in 2006. Between 2007 and 2011, it declined 6 percent.

Table C-5. UConn's Affordability for In-State Students Compares Favorably to Flagships and Peers

| | <i>UConn's Share of State's Median Income Needed 2011-12, except net price</i> | <i>Flagship</i> | | <i>Peer</i> | |
|---------------------------|--|-----------------|---|---------------|---|
| | | <i>Median</i> | <i>UConn's Rank of 50 (1=largest percentage increase)</i> | <i>Median</i> | <i>UConn's Rank of 10 (1=largest percentage increase)</i> |
| Tuition and fees | 16% | 18% | 30 | 19% | 7 |
| Comprehensive cost | 33% | 36% | 34 | 36% | 8 |
| Total price | 39% | 45% | 43 | 42% | 8 |
| Average net price 2010-11 | 23% | 28% | 39 | 25% | 7 |

Sources of data: For tuition and fees, The College Board's *Trends in College Pricing 2012*. For comprehensive cost: The College Board's *Trends in College Pricing 2012*, combined with IPEDS on room and board. For total price and net price: IPEDS. For median household income by state: U.S. Census Bureau.

Table C-6. Perceived Affordability: Share of Income Needed for UConn's Tuition and Fees (2011-12) by Income Level Is Large for Lower-Income Families, Though Relatively Good

| <i>Income Level, Using State Income Quintiles</i> | <i>Share of Income Level's Average Needed for UConn T+F</i> | <i>Flagship</i> | | <i>Peer</i> | |
|---|---|-----------------|---------------------------------------|---------------|---------------------------------------|
| | | <i>Median</i> | <i>UConn's Rank of 50 (1=highest)</i> | <i>Median</i> | <i>UConn's Rank of 10 (1=highest)</i> |
| Low | 77% | 80% | 30 | 81% | 7 |
| Low middle | 28% | 31% | 31 | 31% | 7 |
| Middle | 16% | 19% | 31 | 19% | 7 |
| High middle | 10% | 12% | 32 | 12% | 7 |
| High | 4% | 6% | 38 | 6% | 8 |

Note: Income levels are state-specific; e.g., University of Georgia tuition and fees were compared to Georgia's average income within each income quintile. For Connecticut, the average income within each quintile was: \$13,851 for low (1st to 20th percentile), \$38,253 for low middle; \$66,114 for middle; \$103,747 for high middle, and \$239,273 for high. Sources of data: For tuition and fees: The College Board's *Trends in College Pricing 2012*. For average income within income quintile, to calculate share of income needed for each level: U.S. Census Bureau.

Figure C-4

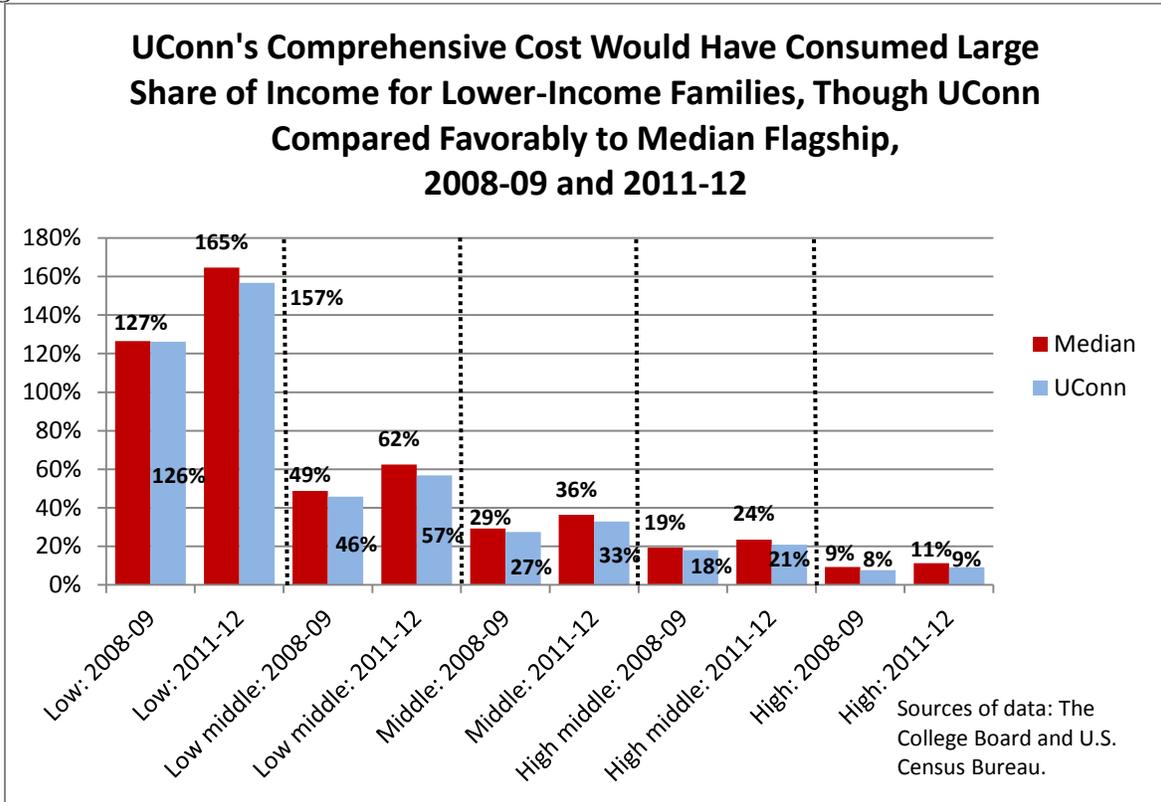
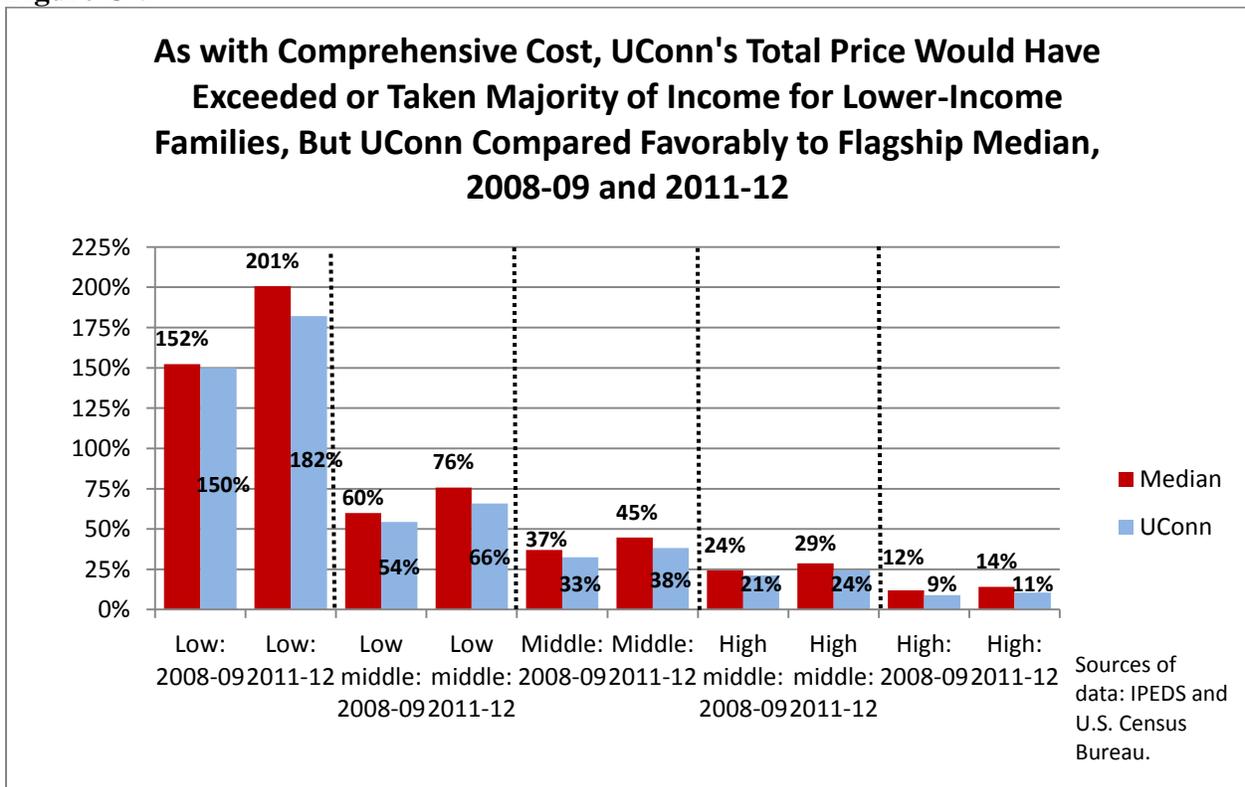


Figure C-5



- Figures C-4 and C-5 show that at both the flagship median and UConn, the comprehensive cost (Figure C-4) and total price (Figure C-5) required an increasing share of income, at all income levels, between 2008-09 and 2011-12. In addition, UConn's comprehensive cost and total price required a smaller share of income, at every income level, than the flagship median, in both years.
- The share of income needed to pay UConn's comprehensive cost and total price was at least one-third in 2011-12, for families at and below the middle income levels. Those at the lowest income level would have had to pay more than 150 percent of annual income for either price, by 2011-12.

| Table C-7. UConn Compares Less Well on Estimated Share of Income Needed for Actual Average Net Price (2010-11) by Income Level | | | | | |
|---|--|-----------------|---|---------------|---|
| | <i>Share of Level's Midpoint Needed for UConn Level-Specific Average Net Price</i> | <i>Flagship</i> | | <i>Peer</i> | |
| | | <i>Median</i> | <i>UConn's Rank of 50 (1=largest percentage increase)</i> | <i>Median</i> | <i>UConn's Rank of 10 (1=largest percentage increase)</i> |
| Low: \$0-30k | 48% | 55% | 30 | 47% | 5 |
| Low middle: \$30,001-48k | 24% | 26% | 31 | 25% | 6 |
| Middle: \$48,001-75k | 23% | 23% | 21 | 22% | 3 |
| High middle: \$75,001-110k | 21% | 19% | 15 | 20% | 4 |
| High: \$110,001+ | 20% | 17% | 11 | 20% | 4 |
| Sources of data: For tuition and fees, The College Board's <i>Trends in College Pricing 2012</i> . For comprehensive cost: The College Board's <i>Trends in College Pricing 2012</i> , combined with IPEDS on room and board. For total price and net price: IPEDS. | | | | | |

**Table C-8. UConn's Affordability Is Declining But
Less Than Other Flagships and Peers**

| | <i>UConn's Increase in Share of Median Income Needed 2008-09 to 2011-12, except net price</i> | <i>Flagships</i> | | <i>Peers</i> | |
|---------------------------------|--|--------------------------|---|--------------------------|---|
| | | <i>Median Change</i> | <i>UConn's Rank of 50 (1=largest percentage increase)</i> | <i>Median Change</i> | <i>UConn's Rank of 10 (1=largest percentage increase)</i> |
| Tuition and fees | 13% | 21% | 38 | 19% | 8 |
| Comprehensive cost | 14% | 19% | 36 | 15% | 7 |
| Total price | 11% | 16% | 33 | 14% | 9 |
| Average net price to 2010-11 | 7% | 4% | 20 | 1% | 3 |

Sources of data: For tuition and fees, The College Board's *Trends in College Pricing 2012*. For comprehensive cost: The College Board's *Trends in College Pricing 2012*, combined with IPEDS on room and board. For total price and net price: IPEDS. For median household income to calculate share of income needed, U.S. Census Bureau. State-specific median household income was used; e.g., University of Georgia prices were compared to Georgia's median household income.

| Table C-9. Changes in Shares of Income Needed for Tuition and Fees and Net Price, 2008-09 to 2010-11 | | | | | |
|---|-----------------------|----------------------|---|----------------------|---|
| <i>Income Level</i> | <i>UConn's Change</i> | <i>Flagship</i> | | <i>Peer</i> | |
| | | <i>Median Change</i> | <i>UConn's Rank of 50 (1=largest percentage increase)</i> | <i>Median Change</i> | <i>UConn's Rank of 50 (1=largest percentage increase)</i> |
| <i>Low</i> | | | | | |
| Tuition and fees | 19% | 19% | 25 | 18% | 5 |
| Net price | 13% | -1% | 14 | 5% | 5 |
| <i>Low middle</i> | | | | | |
| Tuition and fees | 22% | 19% | 22 | 19% | 4 |
| Net price | 3% | 0% | 22 | 3% | 6 |
| <i>Middle</i> | | | | | |
| Tuition and fees | 20% | 17% | 21 | 16% | 4 |
| Net price | 5% | 0% | 16 | -6% | 3 |
| <i>High middle</i> | | | | | |
| Tuition and fees | 16% | 16% | 23 | 15% | 4 |
| Net price | 2% | 6% | 37 | 5% | 7 |
| <i>High</i> | | | | | |
| Tuition and fees | 19% | 18% | 20 | 16% | 3 |
| Net price | 6% | 9% | 35 | 10% | 8 |

Note: The income levels for the net price and tuition and fees calculations are not directly comparable. The net price income levels, standard across all states, are lower than the tuition and fees income levels (using a state's actual average within each income quintile) for Connecticut's middle and above income classes.
Sources of data: For tuition and fees: The College Board's *Trends in College Pricing 2012* for tuition and fees, paired with U.S. Census data on average income within each quintile. For net price: IPEDS, paired with the midpoint of the IPEDS-dictated income ranges. For state incomes, to calculate the share of income needed for tuition and fees: U.S. Census Bureau.

| Table C-10. UConn's Out-of-State Affordability is Worse Than Most Flagships and Peers | | | | | |
|--|---|-----------------|---------------------------------------|---------------|---------------------------------------|
| | <i>Share of U.S. Median Income Needed for UConn Price</i> | <i>Flagship</i> | | <i>Peer</i> | |
| | | <i>Median</i> | <i>UConn's Rank of 50 (1=highest)</i> | <i>Median</i> | <i>UConn's Rank of 10 (1=highest)</i> |
| Tuition and fees | 55% | 51% | 15 | 54% | 4 |
| Comprehensive cost | 77% | 68% | 7 | 74% | 3 |
| Total price | 84% | 77% | 8 | 82% | 4 |

Sources of data: For tuition and fees, The College Board's *Trends in College Pricing 2012*. For comprehensive cost: The College Board's *Trends in College Pricing 2012*, combined with IPEDS on room and board. For total price and net price: IPEDS. For national median household income: U.S. Census Bureau.

Table C-11. Connecticut Flagship Price Data and Rankings

| | Past | | | Most Current | | |
|---|-------------|----------------|-------------|--------------|----------------|-------------|
| | <i>Year</i> | <i>Measure</i> | <i>Rank</i> | <i>Year</i> | <i>Measure</i> | <i>Rank</i> |
| Tuition and Fees | | | | | | |
| 1. Amount: In-state | 2007-08 | \$9,792 | 9 | 2012-13 | \$11,242 | 14 |
| Out-of-state | | \$25,233 | 11 | | \$29,074 | 9 |
| 2. Share of MHI: In-state | 2007-08 | 14% | 24 | 2011-12 | 16% | 30 |
| Out-of-state | | 45% | 11 | | 55% | 15 |
| 3. Share of income: Low income | 2008-09 | 63% | 21 | 2011-12 | 77% | 30 |
| Middle income | | 14% | 26 | | 16% | 31 |
| High income | | 4% | 35 | | 4% | 38 |
| Comprehensive Cost: Tuition, Fees, Room, & Board | | | | | | |
| 1. Amount: In-state | 2008-09 | \$20,093 | 8 | 2012-13 | \$22,622 | 10 |
| Out-of-state | | \$35,782 | 10 | | \$40,454 | 7 |
| 2. Share of MHI: In-state | 2008-09 | 29% | 28 | 2011-12 | 33% | 34 |
| Out-of-state | | 67% | 10 | | 77% | 7 |
| 3. Share of income: Low income | 2008-09 | 126% | 26 | 2011-12 | 157% | 29 |
| Middle income | | 27% | 33 | | 33% | 36 |
| High income | | 8% | 44 | | 9% | 43 |
| Total Price: Comprehensive Cost & Miscellaneous Expenses | | | | | | |
| 1. Amount: In-state, on-campus | 2003-04 | \$21,021 | 11 | 2012-13 | \$26,122 | 10 |
| In-state, with family | | \$12,422 | 12* | | \$14,692 | 18* |
| Out-state, on-campus | | \$34,484 | 13 | | \$43,954 | 9 |
| Out-state, with family | | \$25,885 | 13* | | \$32,524 | 15* |
| 2. Share of MHI: In-state, on-campus. | 2003-04 | 31% | 37 | 2011-12 | 39% | 43 |
| 3. Est. income share for in-state, on-campus. (at group midpoint): Low income | 2008-09 | 150% | 27 | 2011-12 | 182% | 32 |
| Middle income | | 33% | 42 | | 38% | 45 |
| High income | | 9% | 47 | | 11% | 47 |
| Net Price: Price After Grants (i.e., Actually Paid) | | | | | | |
| 1. Average amount: In-state | 2008-09 | \$13,831 | 19 | 2010-11 | \$14,877 | 16 |
| 2. Average amount by income (in-state): Low income | 2008-09 | \$6,389 | 42 | 2010-11 | \$7,238 | 30 |
| Middle income | | \$13,709 | 29 | | \$14,438 | 21 |
| High income | | \$21,053 | 9 | | \$22,245 | 11 |
| 3. Share of MHI: In-state | 2008-09 | 21% | 40 | 2010-11 | 23% | 39 |
| 4. Est. income share for in-state, on-campus.: (at group midpoint): Low income | 2008-09 | 43% | 42 | 2010-11 | 48% | 30 |
| Middle income | | 22% | 29 | | 23% | 21 |
| High income | | 19% | 9 | | 20% | 11 |
| Notes: | | | | | | |
| * Three flagships did not provide IPEDS with these data. Consequently, the rankings are out of 47 instead of 50. | | | | | | |
| For all ranks, 1 = highest (dollar amount, share of income). | | | | | | |
| Net Price data by income are available only for in-state students who received federal financial aid (e.g., Stafford or PLUS loans, Pell grants, and/or work study). Average net price is for in-state students who received any grant aid. | | | | | | |
| All dollar amounts inflation-adjusted to most current year. | | | | | | |
| Calculated data methods: | | | | | | |
| 1. Share of median household income (MHI): The price was divided by the state median household income | | | | | | |

- for in-state students and by the national MHI for out-of-state students. Median income data are from the
2. Share of income (by income level): The price was divided by the state mean income within three quintiles: first (low income), third (middle income), and fifth (high income).
 3. Estimated share of income for in-state, on-campus: The price was divided by the midpoint of the lowest and middle income brackets in which data was provided by IPEDS, and also by the minimum of the highest income bracket.

Sources of data:

Tuition and fees amounts are from The College Board's *Trends in College Pricing 2012*, Table 6 online.

Comprehensive cost data were calculated by adding tuition and fees to plus room and board costs from IPEDS.

Total price and net price data are from IPEDS.

Income and Affordability in Connecticut Counties: Memo

To: Sen. John Kissel, PRI Co-Chair
Rep. Mary Mushinsky, PRI Co-Chair

From: Scott Simoneau and Janelle Stevens, PRI staff

Date: October 23, 2013

Re: Answers to UConn Affordability Questions About Impact of Fairfield County from Oct. 3, 2013 PRI Committee Meeting

This memo is in response to PRI committee questions regarding the impact of Fairfield County on the Connecticut income figures found in the staff update report entitled “University of Connecticut’s Affordability to Students.”

The analysis below shows that although there is some variation, overall UConn’s affordability is reasonable across the state’s counties. We compared 2011 UConn prices for tuition and fees as well as total price⁴⁶ to the median household income (MHI) and quintile income levels⁴⁷ in each Connecticut county. We then evaluated the results against the state as a whole and the 50-state flagship median. We employed this method because we were unable to use U.S. Census Bureau data to recalculate the median income for Connecticut excluding Fairfield County. The data should be interpreted with caution because we relied on single-year income estimates, which have some variability. The county-level income data used to develop the affordability comparisons – as well as other background that may be helpful – are on the final pages of this memo (4-5).

Share of income needed for tuition and fees. Figure 1 shows that in five of eight Connecticut counties, the share of median household income that would be necessary to pay full UConn in-state tuition and fees is at or below the state’s median (16%). For three counties – Hartford, New Haven, and Windham – the share is at or (for one county) just above the flagship median share (18%).

⁴⁶ Total price includes the cost of tuition, fees, room, board, and other expenses both related to attending college (e.g., books, transportation) and not (e.g., laundry).

⁴⁷ Households have been divided into quintiles according to gross income. Each quintile represents 20%, or one fifth, of all households.

Figure 1. Share of Connecticut Counties' Median Income Needed to Pay UConn Tuition and Fees, 2011

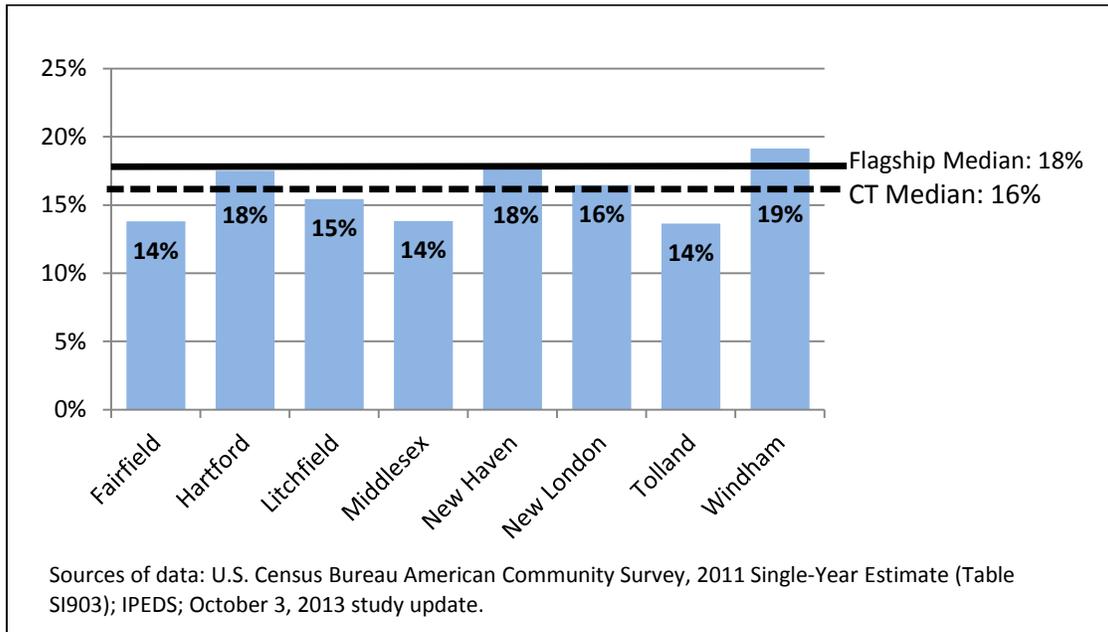


Figure 2 and Table 1 on the following page display that, for every county, the share of income needed for UConn tuition and fees varies tremendously by quintile income level, as for the entire state. Table 1 gives the share of income needed for each level within every county, using the mean for each quintile, while Figure 2 highlights three counties that roughly represent the distribution for the state's poorer, middle, and wealthier counties.⁴⁸

Taken together, these charts show that except at the very low and very high ends, UConn's affordability within counties compares favorably to the flagship median. At the lowest income level, two counties' – Hartford and New Haven's – shares exceed the flagship median; at the highest level, Windham's does. For the three middle quintiles (from 20th to 80th percentiles), the largest Connecticut county shares are no greater than the flagship median – with most counties having notably smaller shares.

⁴⁸ New Haven was selected because its tuition and fee burden for the lowest quintile is largest among the counties. New London was chosen because its median household income is the closest to the overall state's. Fairfield was picked because its tuition and fee burden for the fifth (highest) quintile is the lowest.

Figure 2. Selected Connecticut Counties' Share of Mean Income by Income Quintile Needed to Pay UConn Tuition and Fees, 2011

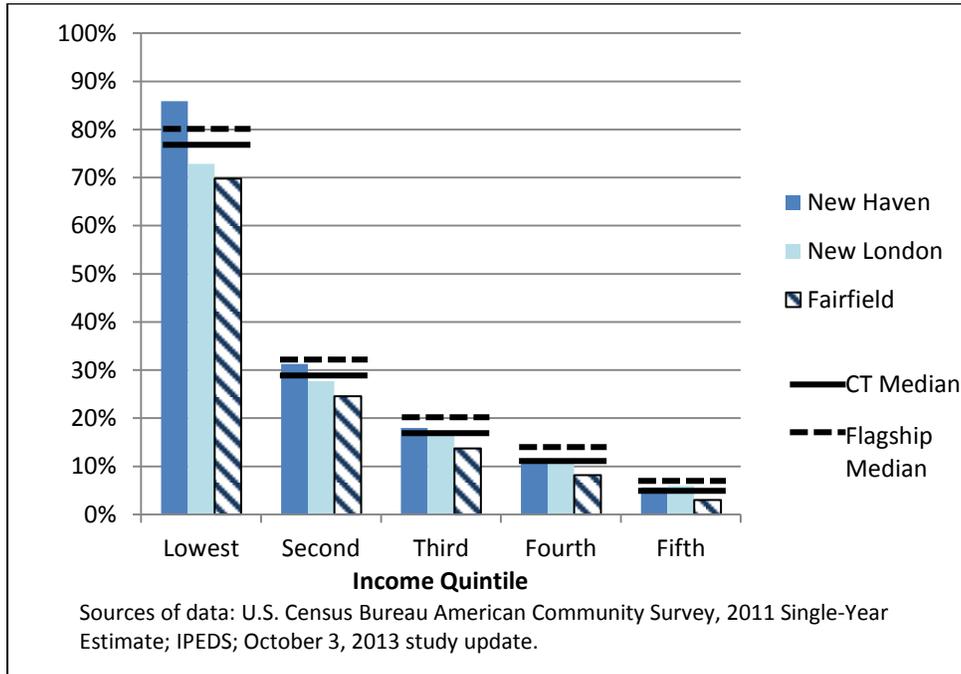


Table 1. Connecticut Counties' Share of Mean Income For Each Income Quintile Needed to Pay UConn Tuition and Fees, 2011 (L=Low; H=High)

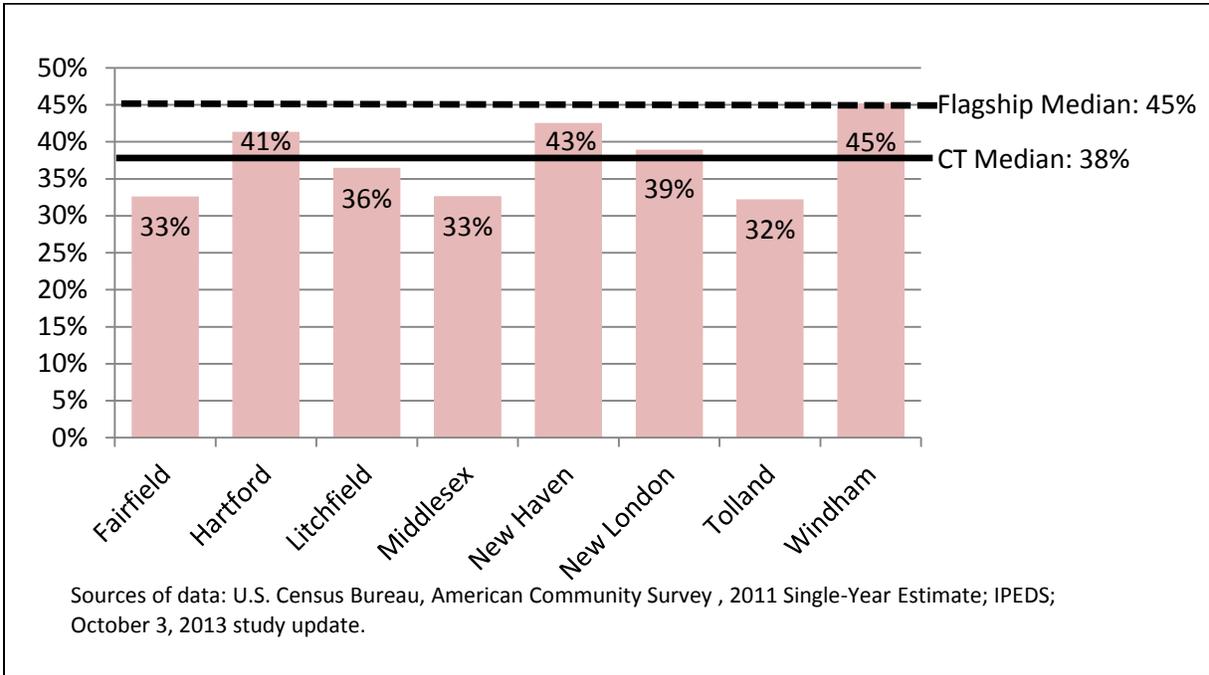
| | <i>Lowest</i> | <i>Second</i> | <i>Third</i> | <i>Fourth</i> | <i>Fifth</i> |
|-----------------|---------------|---------------|--------------|---------------|--------------|
| Fairfield | 70% | 25% | 14% L | 8% L | 3% L |
| Hartford | 84% | 30% | 17% | 11% | 5% |
| Litchfield | 72% | 26% | 15% | 10% | 4% |
| Middlesex | 55% L | 22% L | 14% L | 9% | 5% |
| New Haven | 86% H | 31% H | 18% | 11% | 6% |
| New London | 73% | 28% | 16% | 11% | 6% |
| Tolland | 64% | 22% L | 14% L | 10% | 6% |
| Windham | 74% | 30% | 19% H | 12% H | 7% H |
| CT Overall | 77% | 28% | 16% | 10% | 4% |
| Flagship Median | 80% | 31% | 19% | 12% | 6% |

Source of data: U.S. Census Bureau, American Community Survey, 2011 Single-Year Estimate, Table SI903; and October 3, 2013 study update.

Share of income needed for total price. Figure 3 illustrates that the share of median income needed to pay UConn's total in-state, on-campus price is at or below the flagship median share, for every Connecticut county. Four counties fall below (i.e., smaller share) the share of the

whole state’s median income that would be required; three are between the Connecticut (38%) and flagship median (45%) shares; and one, Windham, is at the flagship median.

Figure 3. Share of Connecticut Counties’ Median Income Needed to Pay Total Price , 2011



Background. Table 2 shows that Connecticut’s eight counties have median household incomes ranging from 85% (Windham) to 119% (Tolland) of the state MHI. Four counties, with 61% of the state’s households, have MHIs lower than the state level, while the other four have higher MHIs. About three-quarters of Connecticut households are within three counties: New Haven and Hartford, which have the second- and third-lowest MHIs, and Fairfield, which has the second-highest.

Table 2. Connecticut Counties' Median Household Income, 2011

| | <i>Median Household Income (MHI)</i> | | <i>% of State's Households</i> |
|--|--------------------------------------|-------------------------|--------------------------------|
| | <i>County MHI</i> | <i>% of State's MHI</i> | |
| Windham | \$55,744 | 85% | 3% |
| New Haven | \$59,245 | 90% | 24% |
| Hartford | \$60,965 | 93% | 26% |
| New London | \$64,788 | 99% | 8% |
| Total | --- | --- | 61% |
| <hr/> | | | |
| Litchfield | \$69,097 | 105% | 6% |
| Middlesex | \$77,193 | 117% | 5% |
| Fairfield | \$77,289 | 118% | 25% |
| Tolland | \$78,210 | 119% | 4% |
| Total | --- | --- | 39% |
| Source of data: U.S. Census Bureau, American Community Survey, 2011 Single-Year Estimate, Table SI903. | | | |

Income levels by county also vary, as depicted by Table 3. Notably, Fairfield County has the highest mean incomes for the fourth and fifth quintiles (from the 60th to 100th percentiles), but only the third-highest mean income for the lowest quintile (from the 1st to 20th percentiles). In other words, its higher-income households are the best off in the state, but its lowest-income households are not.

Table 3. Connecticut Counties' Income Levels: Mean Income For Each Income Quintile, 2011

| | <i>Lowest</i> | <i>Second</i> | <i>Third</i> | <i>Fourth</i> | <i>Fifth</i> |
|--|---------------|---------------|--------------|---------------|--------------|
| Fairfield | \$15,286 | \$43,390 | \$77,788 | \$130,668 | \$351,264 |
| Hartford | \$12,646 | \$35,039 | \$61,232 | \$95,855 | \$204,635 |
| Litchfield | \$14,843 | \$40,644 | \$69,472 | \$107,665 | \$238,299 |
| Middlesex | \$19,246 | \$48,151 | \$77,157 | \$114,377 | \$234,522 |
| New Haven | \$12,425 | \$34,133 | \$59,326 | \$93,210 | \$189,283 |
| New London | \$14,651 | \$38,525 | \$ 64,783 | \$96,811 | \$180,175 |
| Tolland | \$16,751 | \$48,788 | \$78,332 | \$108,068 | \$191,620 |
| Windham | \$14,339 | \$35,081 | \$56,588 | \$85,695 | \$158,803 |
| <hr/> | | | | | |
| CT Overall | \$13,851 | \$38,253 | \$66,114 | \$103,747 | \$239,273 |
| Source of data: U.S. Census Bureau, American Community Survey, 2011 Single-Year Estimate, Table SI903. | | | | | |

Financial Aid Expenditures

In 2012-13, UConn degree-seeking undergraduates received nearly \$251 million in financial aid from the university, government sources, outside organizations, and private lenders. Nearly four of every five incoming in-state students (78 percent) in 2012-13 received financial aid. Most undergraduate financial aid (55 percent) comes in the form of education loans.

Between 2005-06 and 2012-13, financial aid spending grew 47 percent above general consumer inflation, while enrollment increased 10 percent and the total price rose 18 percent.⁴⁹ During that time, financial aid at UConn shifted somewhat away from education loans, whose share dropped from 60 to 55 percent (a decline of 8 percent), and toward institutional aid (up 19 percent) and grant aid from outside organizations and government.

UConn spent \$73.9 million on institutional grant aid to its students in 2012-13. This amount has grown 75 percent beyond inflation since 2005-06, and 11 percent since 2010-11. Most growth in institutional aid has been in general academic merit awards (up 120 percent since 2005-06), with strong growth also in need-based grants (up 81 percent).⁵⁰ Out-of-state students have benefited most from the increase in general academic merit aid – the largest category of merit-based aid – while in-state students have seen much of the gain from UConn’s increased dollars to need-based grants. Nearly half (47 percent, or about \$4.6 million) of approximately \$9.8 million in institutional merit aid dollars to incoming students goes to students without any financial need.

Half of all UConn institutional grant aid is need-based. Just over one-third of all in-state (36 percent) and out-of-state students (38 percent) received a need-based grant directly from the university in 2012-13. The share of in-state students receiving an institutional need-based grant has grown larger, while the share has declined for out-of-state students. Some UConn need-based grants go to students from relatively high-income families: Over one-fifth (22 percent) of 2012-13 incoming in-state students who had family incomes above \$110,000 and applied for federal financial aid received a university need-based grant.

METHODS

UConn provided financial aid data for all undergraduate and incoming (freshmen and transfer) students at the request of program review committee staff. Data were given for 2005-06 and 2010-11 through 2012-13, where possible; in a few cases, data were provided for 1996-97 (approximately the start of UConn 2000). Although the data request was shared with UConn in

⁴⁹ The total price increased 18 percent for in-state Storrs students living on- or off-campus (not with family). For comparable out-of-state students, the increase was 19 percent.

⁵⁰ There was more modest growth in the other two forms of institutional grant aid, field-specific merit aid and athletic aid, up 4 and 34 percent respectively.

August 2013, most information was received in November and December, leaving limited time for analysis and discussion with university personnel of reasons behind certain trends.

For the in- and out-of-state amounts of certain types of financial aid expenditures on all undergraduates, UConn provided estimates, not precise data. (Estimates are noted in tables and text.) Therefore, the in- versus out-of-state expenditure data with respect to all undergraduates should be interpreted with caution.

Except where noted, all dollar amounts have been adjusted for inflation by program review committee staff. The federal Bureau of Labor Statistics' Consumer Price Index – Urban – Research Series (CPI-U-RS) was used.

FINANCIAL AID EXPENDITURES

UConn students may receive financial aid from a variety of sources:

- the university itself, through a few types of merit-based grants – general, field-specific (e.g., nursing), and athletic – as well as need-based grants;
- grants from other sources: the federal government via the Pell and Supplemental Educational Opportunity (SEOG) Grants, Connecticut grants for state residents, and outside organizations;
- student loans, from the federal government through its several programs or from private lenders; and/or
- the Federal Work Study program.

Operations

UConn's financial aid operations (excluding awards to students) have cost approximately \$2.8 million annually over the last few academic years. In 2012-13, there were about 32 full-time equivalent permanent staff, 25 part-time students workers, and two temporary employees, which was roughly in line with other recent years.

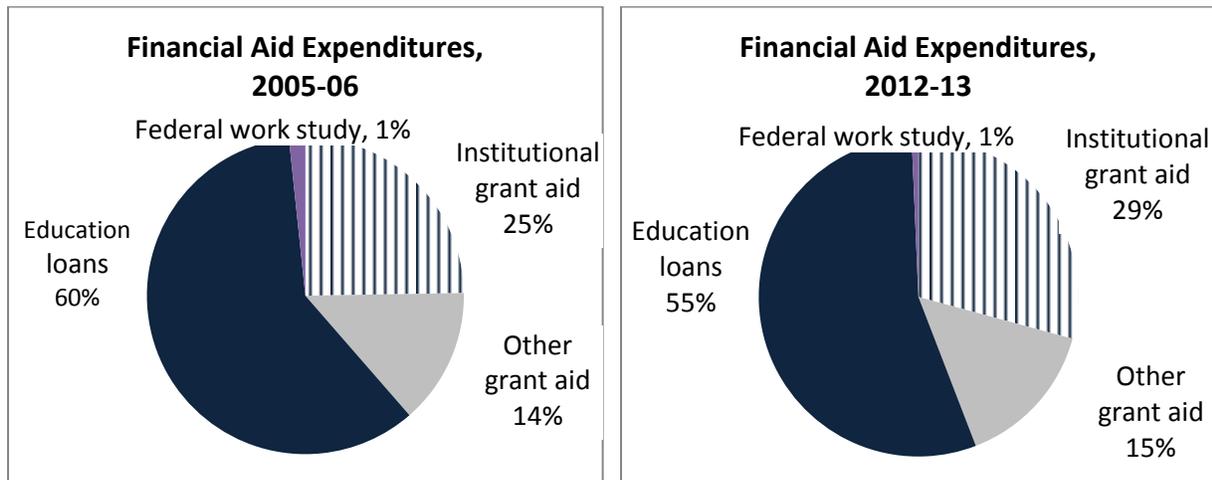
All Undergraduates

In 2012-13, UConn degree-seeking undergraduates received \$250.79 million in financial aid. Most undergraduate financial aid (55 percent) came in the form of education loans.⁵¹

Compared to 2005-06, financial aid at UConn shifted slightly away from education loans, whose estimated share dropped eight percent, and toward institutional aid (a rise of 19 percent), as indicated by the pie charts in Figure D-1.

⁵¹ Students not seeking a degree are ineligible for federal or institutional financial aid.

Figure D-1. Since 2005-06, Undergraduate Financial Aid Shifted Slightly Away From Education Loans – But Loans Were Still A Majority of All Aid Dollars in 2012-13



Source of data: UConn.

Table D-1 shows total financial aid spending overall grew 47 percent above general consumer inflation since 2005-06. During that period, enrollment rose 10 percent and the in-state total price increased 18 percent.⁵² Total financial aid spending has been flat, after accounting for inflation, since 2010-11. The trends in particular types of aid spending were mixed, with:

- increases in all types of institutional grant aid – grants and scholarships given by UConn – with most growth in general merit aid (since 2005-06) and need-based aid (since 2010-11), and a slight decline in field-specific merit aid since 2010-11;
- increases in Pell and outside merit grants, but declines in federal Supplemental Educational Opportunity Grants (SEOG) and Connecticut state grant aid;
- increases in Parent Plus, Direct Subsidized, and Direct Unsubsidized⁵³ loans and (though both are down since 2010-11), and declines in Perkins and private loans – but a rise since 2010-11 in private loans; and
- a decline in Federal Work Study, which overall are a tiny portion of financial aid dollars.

⁵² The total price increased 18 percent for in-state Storrs students living on- or off-campus (not with family). For comparable out-of-state students, the total price rose 19 percent.

⁵³ Direct Subsidized and Unsubsidized Loans formerly were called Stafford loans.

**Table D-1. 2012-13 UConn Undergraduates Received About \$253 Million in Financial Aid
From a Variety of Sources (2012 dollars)**

| | 2005-06 | 2010-11 | 2012-13 | Percent Change to 2012-13 | |
|--------------------------------|----------------------|----------------------|----------------------|------------------------------|------------------|
| | | | | Since 2005-06 | Since 2010-11 |
| ESTIMATED TOTAL | \$171,059,383 | \$251,749,236 | \$250,791,543 | 47% | 0% |
| In-state | \$116,193,159 | \$172,826,355 | \$178,322,135 | 53% | 3% |
| Out-of-state | \$54,866,224 | \$78,922,880 | \$72,469,408 | 32% | -8% |
| <i>Institutional grant aid</i> | <i>\$42,296,893</i> | <i>\$66,633,771</i> | <i>\$73,912,648</i> | <i>75%</i> | <i>11%</i> |
| General merit | \$9,972,449 | \$20,210,178 | \$21,971,817 | 120% | 9% |
| In-state | \$5,990,027 | \$11,444,666 | \$11,830,559 | 98% | 3% |
| Out-of-state | \$3,982,423 | \$8,765,512 | \$10,141,258 | 155% | 16% |
| Field-specific merit | \$3,749,748 | \$4,132,569 | \$3,914,899 | 4% | -5% |
| In-state* | \$2,249,849 | \$2,479,542 | \$2,348,939 | 4% | -5% |
| Out-of-state* | \$1,499,899 | \$1,653,028 | \$1,565,960 | 4% | -5% |
| Athletic merit | \$8,048,237 | \$10,572,530 | \$10,773,539 | 34% | 2% |
| In-state* | \$4,828,942 | \$6,343,518 | \$6,464,123 | 34% | 2% |
| Out-of-state* | \$3,219,295 | \$4,229,012 | \$4,309,416 | 34% | 2% |
| Need-based | \$20,526,459 | \$31,718,494 | \$37,252,393 | 81% | 17% |
| In-state | \$11,169,704 | \$18,165,634 | \$26,071,909 | 133% | 44% |
| Out-of-state | \$9,356,755 | \$13,552,860 | \$11,180,484 | 19% | -18% |
| <i>Other grant aid</i> | <i>\$23,730,895</i> | <i>\$41,913,250</i> | <i>\$37,768,392</i> | <i>59%</i> | <i>-10%</i> |
| Federal Pell | \$8,952,535 | \$21,445,708 | \$21,189,218 | 137% | -1% |
| In-state | \$7,746,855 | \$18,324,381 | \$18,594,367 | 140% | 1% |
| Out-of-state | \$1,205,680 | \$3,121,327 | \$2,594,851 | 115% | -17% |
| Federal SEOG | \$1,278,788 | \$974,129 | \$750,212 | -41% | -23% |
| In-state | \$1,117,892 | \$940,430 | \$680,812 | -39% | -28% |
| Out-of-state | \$160,896 | \$33,699 | \$69,400 | -57% | 106% |
| CT State Grants | \$9,745,000 | \$13,296,667 | \$9,063,775 | -7% | -32% |
| Outside merit | \$3,754,572 | \$6,196,746 | \$6,765,187 | 80% | 9% |
| In-state* | \$2,252,743 | \$3,718,048 | \$4,059,112 | 80% | 9% |
| Out-of-state* | \$1,501,829 | \$2,478,698 | \$2,706,075 | 80% | 9% |
| <i>Education loans</i> | <i>\$102,193,389</i> | <i>\$140,725,883</i> | <i>\$137,389,460</i> | <i>34%</i> | <i>-2%</i> |
| Direct Subsidized | \$28,828,970 | \$37,408,302 | \$36,964,453 | 28% | -1% |
| In-state | \$21,217,103 | \$28,543,170 | \$29,469,591 | 39% | 3% |
| Out-of-state | \$7,611,867 | \$8,865,132 | \$7,494,862 | -2% | -15% |
| Direct Unsubsidized | \$24,150,371 | \$36,364,742 | \$35,473,611 | 47% | -2% |
| In-state | \$19,329,615 | \$28,625,888 | \$28,586,657 | 48% | 0% |
| Out-of-state | \$4,820,756 | \$7,738,854 | \$6,886,954 | 43% | -11% |
| Parent Plus | \$24,409,975 | \$52,872,875 | \$49,353,136 | 102% | -7% |
| In-state | \$13,559,794 | \$31,148,137 | \$30,310,544 | 124% | -3% |
| Out-of-state | \$10,850,181 | \$21,724,738 | \$19,042,592 | 76% | -12% |
| Perkins | \$4,043,190 | \$1,774,172 | \$1,541,558 | -62% | -13% |
| In-state | \$2,897,639 | \$1,137,492 | \$1,192,388 | -59% | 5% |
| Out-of-state | \$1,145,551 | \$636,680 | \$349,170 | -70% | -45% |
| Private | \$20,760,883 | \$12,305,792 | \$14,056,702 | -32% | 14% |
| In-state | \$12,127,107 | \$6,789,804 | \$8,216,960 | -32% | 21% |
| Out-of-state | \$8,633,776 | \$5,515,988 | \$5,839,742 | -32% | 6% |

| Table D-1. 2012-13 UConn Undergraduates Received About \$253 Million in Financial Aid From a Variety of Sources (2012 dollars) | | | | | |
|---|----------------|----------------|----------------|----------------------------------|----------------------|
| | <i>2005-06</i> | <i>2010-11</i> | <i>2012-13</i> | <i>Percent Change to 2012-13</i> | |
| | | | | <i>Since 2005-06</i> | <i>Since 2010-11</i> |
| <i>Federal Work Study</i> | \$2,838,205 | \$2,476,331 | \$1,721,043 | -39% | -31% |
| In-state | \$1,960,889 | \$1,868,978 | \$1,432,399 | -27% | -23% |
| Out-of-state | \$877,316 | \$607,353 | \$288,644 | -67% | -52% |
| *Estimated by UConn. Source of data: UConn. | | | | | |

In-state. Estimating conservatively, about 71 percent of UConn undergraduate financial aid dollars have been received by in-state students in recent years. It is likely that the true percent is somewhat higher because of the methodology UConn used to provide estimates for certain types of aid.⁵⁴

Table D-2 shows trends in the distribution (by residency) of undergraduate financial aid dollars, from 2005-06 to 2012-13. The main points are:

- In-state students received a declining share of general merit aid (54 percent, down from 60 percent in 2005-06) but a growing share of UConn need-based institutional aid dollars (70 percent, up from 54 percent);
- In-state students overall appear to have higher financial need, receiving large majorities of federal need-based aid grants and, recently, Federal Work Study; and
- In-state students' lowest shares of aid dollars are for the less-desirable types of student loans, Parent Plus and private, as well as general merit aid.

⁵⁴ For every type of aid for which the in-state and out-of-state breakdown of the actual total amounts were estimated (athletic merit aid, field-specific merit aid, and outside merit aid), UConn provided numbers indicating that, each year, 60 percent went to in-state students. However, the data for incoming students, which are actual expenditures, show shares well above 60 percent, which suggests that the shares of corresponding dollars for all in-state undergraduates have been underestimated.

| Table D-2. Connecticut Residents Seem To Have Received A Majority of All Financial Aid Dollars for Incoming Students, In Both 2005-06 and 2012-13 | | | | | |
|--|--|----------------|----------------|----------------------------------|----------------------|
| | <i>Percent of Dollars Going to In-State Students</i> | | | <i>Percent Change to 2012-13</i> | |
| | <i>2005-06</i> | <i>2010-11</i> | <i>2012-13</i> | <i>Since 2005-06</i> | <i>Since 2010-11</i> |
| <i>Institutional grant aid*</i> | Est. 57% | Est. 58% | Est. 63% | Est. 10% | Est. 10% |
| General merit | 60% | 57% | 54% | -10% | -5% |
| Field-specific merit* | Est. 60% | Est. 60% | Est. 60% | --- | --- |
| Athletic merit* | Est. 60% | Est. 60% | Est. 60% | --- | --- |
| Need-based | 54% | 57% | 70% | 29% | 22% |
| <i>Other grant aid*</i> | Est. 88% | Est. 87% | Est. 86% | -2% | -1% |
| Federal Pell | 87% | 85% | 88% | 1% | 3% |
| Federal SEOG | 87% | 97% | 91% | 4% | -6% |
| Outside merit* | Est. 60% | Est. 60% | Est. 60% | --- | --- |
| <i>Education loans</i> | 68% | 68% | 71% | 5% | 4% |
| Direct Subsidized | 74% | 76% | 80% | 8% | 4% |
| Direct Unsubsidized | 80% | 79% | 81% | 1% | 2% |
| Parent Plus | 56% | 59% | 61% | 11% | 4% |
| Perkins | 72% | 64% | 77% | 8% | 21% |
| Private | 58% | 55% | 58% | 0% | 6% |
| <i>Federal Work Study</i> | 69% | 75% | 83% | 20% | 10% |
| ESTIMATED TOTAL | 68% | 69% | 71% | 5% | 4% |

Note: CT State Grants are omitted from being listed as “Other grant aid” because these are distributed only to Connecticut residents, but were counted in that category’s share of aid to in-state students.
*Estimated by UConn.
Source of data: UConn.

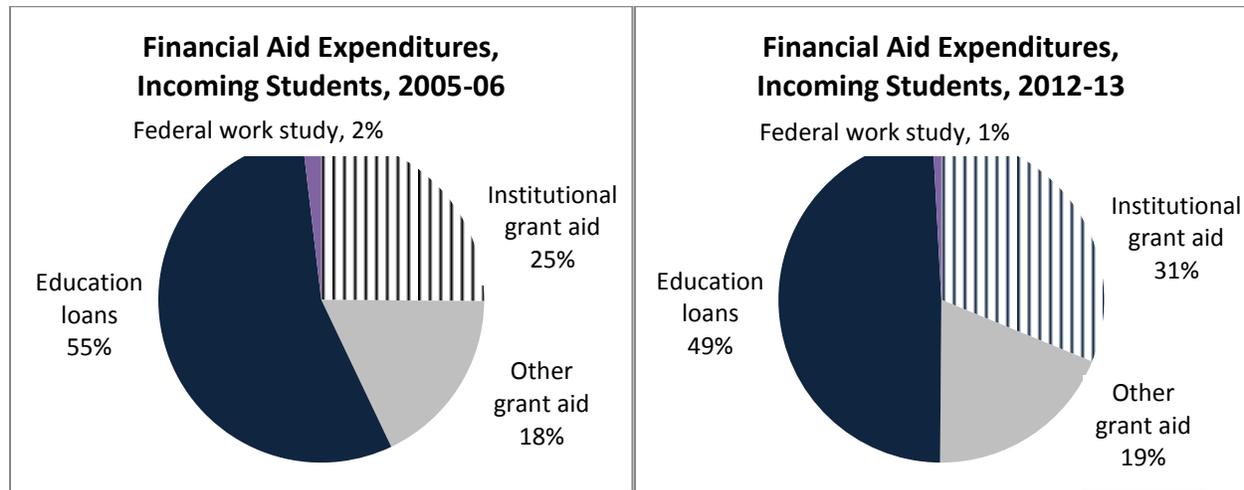
Incoming Full-Time Students

In 2012-13, 80 percent of degree-seeking full-time freshmen and transferring-in undergraduates – called “incoming students” for simplicity – received some form of financial aid. A larger share of out-of-state students (88 percent) than in-state students (78 percent) received aid, likely owing to the higher tuition and fees price for the former group.

Collectively, incoming students were given more than \$55 million, as shown in Table D-3. These students accounted for about 22 percent of all UConn undergraduate financial aid spending.

About half of the aid to these incoming students (49 percent) was in the form of education loans, similar to aid to all undergraduates. Compared to 2005-06, incoming student financial aid spending at UConn shifted somewhat away from education loans, whose share dropped from 55 to 49 percent (a decline of 11 percent), and toward institutional aid (a rise of 24 percent) and other grant aid (up 6 percent), as shown by Figure D-2. These shifts are similar to those for aid to all undergraduates.

Figure D-2. Since 2005-06, Financial Aid to Incoming Full-Time Undergraduates Has Shifted Somewhat Away From Education Loans – But Loans Are Still Largest Category of Aid Dollars



Source of data: UConn.

| | 2005-06 | 2010-11 | 2012-13 | Percent Change to 2012-13 | |
|--------------------------------|---------------------|---------------------|---------------------|---------------------------|---------------|
| | | | | Since 2005-06 | Since 2010-11 |
| TOTAL | \$41,010,378 | \$65,649,177 | \$55,156,504 | 34% | -16% |
| In-state | \$25,815,914 | \$41,104,368 | \$37,713,219 | 46% | -8% |
| Out-of-state | \$15,194,464 | \$24,544,809 | \$17,443,285 | 15% | -29% |
| <i>Institutional grant aid</i> | <i>\$10,305,191</i> | <i>\$19,911,640</i> | <i>\$17,202,011</i> | <i>67%</i> | <i>-14%</i> |
| General merit | \$3,072,808 | \$6,586,936 | \$5,980,230 | 95% | -9% |
| In-state | \$1,619,684 | \$3,592,450 | \$3,199,628 | 98% | -11% |
| Out-of-state | \$1,453,124 | \$2,994,486 | \$2,780,602 | 91% | -7% |
| Field-specific merit | \$918,068 | \$872,071 | \$836,629 | -9% | -4% |
| In-state | \$744,911 | \$745,142 | \$691,161 | -7% | -7% |
| Out-of-state | \$173,158 | \$126,928 | \$145,468 | -16% | 15% |
| Athletic merit | \$612,123 | \$2,483,768 | \$2,981,659 | 387% | 20% |
| In-state | \$99,243 | \$175,605 | \$130,048 | 31% | -26% |
| Out-of-state | \$512,880 | \$2,308,162 | \$2,851,611 | 456% | 24% |
| Need-based | \$5,702,192 | \$9,968,865 | \$7,403,493 | 30% | -26% |
| In-state | \$3,186,578 | \$5,744,082 | \$5,507,113 | 73% | -4% |
| Out-of-state | \$2,515,614 | \$4,224,783 | \$1,896,380 | -25% | -55% |
| <i>Other grant aid</i> | <i>\$7,299,786</i> | <i>\$11,611,515</i> | <i>\$10,446,276</i> | <i>43%</i> | <i>-10%</i> |
| Federal Pell | \$2,406,906 | \$5,842,045 | \$5,720,419 | 138% | -2% |
| In-state | \$2,177,293 | \$5,062,395 | \$5,221,210 | 140% | 3% |
| Out-of-state | \$229,612 | \$779,650 | \$499,209 | 117% | -36% |
| Federal SEOG | \$550,797 | \$260,548 | \$173,299 | -69% | -33% |
| In-state | \$487,285 | \$246,857 | \$167,299 | -66% | -32% |
| Out-of-state | \$63,512 | \$13,690 | \$6,000 | -91% | -56% |

| Table D-3. 2012-13 UConn Incoming Full-Time Students Received Over \$55 Million in Financial Aid from a Variety of Sources (2012 dollars) | | | | | |
|--|---------------------|---------------------|---------------------|---------------------------|---------------|
| | 2005-06 | 2010-11 | 2012-13 | Percent Change to 2012-13 | |
| | | | | Since 2005-06 | Since 2010-11 |
| CT State Grants | \$2,799,230 | \$3,317,419 | \$2,029,860 | -27% | -39% |
| Outside merit | \$1,542,853 | \$2,191,503 | \$2,522,698 | 64% | 15% |
| In-state | \$1,288,387 | \$1,830,069 | \$2,208,286 | 71% | 21% |
| Out-of-state | \$254,465 | \$361,434 | \$314,412 | 24% | -13% |
| <i>Education loans</i> | <i>\$22,639,464</i> | <i>\$33,379,944</i> | <i>\$27,039,518</i> | <i>19%</i> | <i>-19%</i> |
| Direct Subsidized | \$4,419,919 | \$7,319,747 | \$4,535,340 | 3% | -38% |
| In-state | \$3,432,316 | \$5,772,444 | \$3,534,775 | 3% | -39% |
| Out-of-state | \$987,603 | \$1,547,304 | \$1,000,565 | 1% | -35% |
| Direct Unsubsidized | \$4,106,990 | \$8,635,878 | \$8,086,002 | 97% | -6% |
| In-state | \$3,472,199 | \$7,031,354 | \$7,029,631 | 102% | 0% |
| Out-of-state | \$634,791 | \$1,604,524 | \$1,056,371 | 66% | -34% |
| Parent Plus | \$7,893,275 | \$14,309,095 | \$10,581,098 | 34% | -26% |
| In-state | \$4,764,323 | \$8,357,740 | \$6,945,131 | 46% | -17% |
| Out-of-state | \$3,128,951 | \$5,951,355 | \$3,635,967 | 16% | -39% |
| Perkins | \$1,832,392 | \$998,117 | \$627,622 | -66% | -37% |
| In-state | \$1,417,802 | \$666,902 | \$514,232 | -64% | -23% |
| Out-of-state | \$414,590 | \$331,215 | \$113,390 | -73% | -66% |
| Private | \$4,386,888 | \$2,117,107 | \$3,209,456 | -27% | 52% |
| In-state | \$2,587,693 | \$1,310,907 | \$2,116,906 | -18% | 61% |
| Out-of-state | \$1,799,195 | \$806,201 | \$1,092,550 | -39% | 36% |
| <i>Student work</i> | <i>\$765,937</i> | <i>\$746,078</i> | <i>\$468,699</i> | <i>-39%</i> | <i>-37%</i> |
| Federal Work Study | \$765,937 | \$746,078 | \$468,699 | -39% | -37% |
| In-state | \$538,200 | \$568,421 | \$447,799 | -17% | -21% |
| Out-of-state | \$227,736 | \$177,657 | \$20,900 | -91% | -88% |

Note: Both freshmen and transferring-in students are included.
Source of data: UConn.

Incoming student financial aid spending overall rose by about one-third (34 percent) since 2005-06, after accounting for general consumer inflation. This growth outstripped increases in UConn prices (up about 18 percent), incoming undergraduate student enrollment (up 10 percent), and the share of incoming students receiving aid (up eight percent). However, in just the past few years (since 2010-11), financial aid spending by or on incoming students has dropped 16 percent, with declines in every aid type except UConn athletic merit aid and outside merit grants.

The trends in particular types of aid spending have been mixed since 2005-06, with:

- increases in most types of institutional grant aid, with the largest growth in athletic merit aid (though a small portion of institutional aid) and general merit aid – but a drop in field-specific merit aid;
- increases in Pell and outside merit grants, but declines in SEOG and Connecticut grant aid;

- increases in Direct Unsubsidized and Parent Plus loans, stable Direct Subsidized loans, and declines in Perkins and private loans – though private loans are up markedly since 2010-11; and
- a decline in Federal Work Study, which overall is a tiny portion of financial aid dollars.

In-state. Seventy-eight percent of in-state incoming students received financial aid in 2012-13, up nine percent from 71 percent in 2005-06. A larger share of out-of-state students received aid – 88 percent – but there has been less growth (up five percent, from 84 percent).

Overall, 68 percent of financial aid dollars received by that year’s incoming students went to Connecticut residents. This is a nine percent increase over the past two years, as shown in Table D-4. The table includes dark blue highlight to draw attention to areas where dollars seem to go disproportionately to in- or out-of-state students (i.e., above 80 percent or below 20 percent to Connecticut residents). In 2012-13, roughly 70 percent of all undiscounted attendance costs were paid by in-state students.

In 2012-13, eight types of aid dollars were given to predominantly (over 80 percent) in-state students: field-specific institutional merit aid, outside merit aid, Direct Unsubsidized loans, federal Pell and SEOG grants, Perkins loans, and Federal Work Study. The latter five types are all based on financial need, indicating that in-state students likely have lower family incomes and assets than out-of-state students – which is corroborated by other aspects of this appendix’s analysis.

It also appears UConn’s in-state incoming students have become relatively worse off, financially, compared to out-of-state students. Since 2005-06, there has been meaningful growth in the share of dollars going to in-state students for multiple types of need-indicating aid: UConn need-based grants, federal SEOG, Parent Plus and private loans, and Federal Work Study.

In the past few years, there were small declines in the shares of general merit and field-specific merit dollars for incoming students going to in-state residents. These slight drops were counterbalanced by increases in the shares that had occurred since 2005-06. Athletic merit aid was the only area in which there was a dramatic shift in the share of incoming student dollars going to – or rather, away from, in this case – Connecticut residents.

Table D-4. Connecticut Residents Received A Majority of Nearly Types of All Financial Aid Dollars for Incoming Full-Time Students, In Both 2005-06 and 2012-13

| | <i>Percent of Dollars Going to In-State, Incoming Students</i> | | | <i>Percent Change to 2012-13</i> | |
|--------------------------------|--|----------------|----------------|----------------------------------|----------------------|
| | <i>2005-06</i> | <i>2010-11</i> | <i>2012-13</i> | <i>Since 2005-06</i> | <i>Since 2010-11</i> |
| <i>Institutional grant aid</i> | 55% | 52% | 55% | 1% | 8% |
| General merit | 53% | 55% | 54% | 2% | -2% |
| Field-specific merit | 81% | 85% | 83% | 2% | -3% |
| Athletic merit | 16% | 7% | 4% | -73% | -38% |
| Need-based | 56% | 58% | 74% | 33% | 29% |
| <i>Other grant aid*</i> | 92% | 90% | 92% | 0% | 2% |
| Federal Pell | 90% | 87% | 91% | 1% | 5% |
| Federal SEOG | 88% | 95% | 97% | 9% | 2% |
| Outside merit | 84% | 84% | 88% | 5% | 5% |
| <i>Education loans</i> | 69% | 69% | 74% | 8% | 7% |
| Direct Subsidized | 78% | 79% | 78% | 0% | -1% |
| Direct Unsubsidized | 85% | 81% | 87% | 3% | 7% |
| Parent Plus | 60% | 58% | 66% | 9% | 12% |
| Perkins | 77% | 67% | 82% | 6% | 23% |
| Private | 59% | 62% | 66% | 12% | 7% |
| <i>Federal Work Study</i> | 70% | 76% | 96% | 36% | 25% |
| TOTAL | 63% | 63% | 68% | 9% | 9% |

*CT State Grants are omitted from being listed as “Other grant aid” because these are distributed only to Connecticut residents, but were counted in the category’s share of aid to in-state students.
Source of data: UConn.

INSTITUTIONAL AID

UConn has been spending a rising amount of its revenues on grants. In 2012-13, the university devoted nearly \$74 million to all undergraduate merit- and need-based grants, called “institutional aid,” as shown in Table D-5. Since 2005-06, the inflation-adjusted amounts of these types of aid grew 68 and 81 percent, respectively. Overall, institutional aid rose 75 percent since 2005-06 and 11 percent since 2010-11.

| Table D-5. Need-Based Aid to Out-of-State Students is the Only Type of Institutional Aid That Has Recently Declined; Most Institutional Aid is Need-Based | | | | | |
|--|---|---------------------|---------------------|--------------------------------------|--------------------------|
| | <i>UConn Institutional Aid Expenditures, 2012 Dollars</i> | | | <i>Percent Change to 2012-13</i> | |
| | <i>2005-06</i> | <i>2010-11</i> | <i>2012-13</i> | <i>Since 2005-06</i> | <i>Since 2010-12</i> |
| Merit-based* | \$21,770,434 | \$34,915,277 | \$36,660,255 | 68% | 5% |
| In-state | \$13,068,818 | \$20,267,726 | \$20,643,621 | 58% | 2% |
| Out-of-state | \$8,701,617 | \$14,647,552 | \$16,016,634 | 84% | 9% |
| Need-based | \$20,526,459 | \$31,718,494 | \$37,252,393 | 81% | 17% |
| In-state | \$11,169,704 | \$18,165,634 | \$26,071,909 | 133% | 44% |
| Out-of-state | \$9,356,755 | \$13,552,860 | \$11,180,484 | 19% | -18% |
| TOTAL | \$42,296,893 | \$66,633,771 | \$73,912,648 | 75% | 11% |
| In-state | \$24,238,521 | \$38,433,360 | \$46,715,530 | 93% | 22% |
| Out-of-state | \$18,058,372 | \$28,200,412 | \$27,197,118 | 51% | -4% |
| Estimated Percent of Institutional Aid to In-State Students | | | | | |
| Merit: Estimate | 60% | 58% | 56% | -6% | -3% |
| Need | 54% | 57% | 70% | 29% | 22% |
| All: Estimate | 57% | 58% | 63% | 10% | 10% |
| Percent of all institutional aid that is need-based | 49% | 48% | 50% | 4% | 6% |
| *Includes general academic merit aid, field-specific merit aid, and athletic merit aid. Source of data: UConn. | | | | | |

In-state. Roughly 63 percent of UConn’s institutional aid is received by in-state students, as displayed in the table above. In-state students received a greater share of institutional aid in 1996-97 (60 percent) but less over the past few years, as merit aid growth – which has most benefited out-of-state students – outpaced need-based aid growth.

Note regarding definition. For this analysis, program review committee staff considered any financial aid based primarily or solely on a student’s talent – academic or otherwise – to be “institutional merit aid” because the dollars come from UConn. UConn personnel noted that field-specific merit aid and athletic merit aid are not allocated directly by the financial aid office and so are not traditionally considered “institutional aid.” These types of aid may come from the university’s foundation, specific endowments, or outside foundations via academic departments.

Using a limited, traditional definition of simply need-based aid and general merit aid, UConn’s institutional aid totaled \$59.22 million in 2012-13, up 94 percent beyond inflation since 2005-06 and 14 percent since 2010-11. In-state students benefited most from the increase, raising their share of narrowly-defined institutional aid from 56 and 57 percent in 2005-06 and 2010-11, respectively, to 64 percent in 2012-13.

Need-Based

Half of UConn's total institutional aid was need-based in 2012-13; the share is slightly higher than in recent past years. Overall, need-based aid dollars have increased – 81 percent since 2005-06 and 17 percent since 2010-11 – with most of the additional funds going to in-state students.

The average amount of a UConn need-based grant to in-state students has not kept pace with inflation since 2010-11, as displayed in Table D-6, or with the UConn total price since 2005-06. Potential explanations could be an intentional policy choice on the part of UConn administrators, as they work to balance competing concerns, and/or changing student need levels.

The amount of institutional need-based aid to out-of-state students has fluctuated in recent years. Fewer out-of-state students have been receiving it, and the share of out-of-state students doing so has also declined, to 38 percent. However, the average amount of a need-based grant to an out-of-state student has jumped in recent years. There are many possible explanations for each of these trends.

Table D-6. Need-Based Aid Spending Has Risen and Is Going to More Students, With The Average Amount and Its Value Holding Steady Only for Out-of-State Students (After Adjusting for Inflation)

| | <i>In-State</i> | | | <i>Out-of-State</i> | | |
|---------------------------------|-----------------|-------------------------------------|-------------------------------------|---------------------|-------------------------------------|-------------------------------------|
| | <i>2012-13</i> | <i>Percent Change Since 2005-06</i> | <i>Percent Change Since 2010-11</i> | <i>2012-13</i> | <i>Percent Change Since 2005-06</i> | <i>Percent Change Since 2010-11</i> |
| 1. Amount | \$26,071,909 | 133% | 44% | \$11,180,484 | 19% | -18% |
| 2. Number of students received | 6,290 | 68% | 25% | 1,571 | -2% | -14% |
| 3. Percent of students received | 36% | 51% | 21% | 38% | -9% | -11% |
| 4. Average amount | \$3,563 | 8% | -6% | \$9,510 | 85% | 36% |

*Calculation is appropriate to the type of student, using in-state rates for in-state students and out-of-state rates for out-of-state students. Included only degree-seeking students.
Source of data: UConn.

Using the narrow definition of institutional aid, counting only general academic merit aid and need-based grants, the share of institutional aid that is need-based has fluctuated. In 2005-06, 67 percent was need-based, with a decline to 61 percent in 2010-11 before rebounding slightly to 63 percent in 2012-13.

Incoming in-state students. Just over one-third (34 percent) of 2012-13 incoming in-state students received a need-based grant provided by UConn. This share has grown markedly since 2005-06, when not quite a quarter received such a grant. Table D-7 below shows that, at every income level, need-based grant receipt is becoming more common.

As income goes up, the receipt of need-based grants declines, with one notable exception. In 2012-13, three-quarters of low-income students receive a need-based grant from UConn, while 22 percent at the highest income level did so. Interestingly, not even one-third of students in the middle income bracket were given a need-based grant – and only a tiny portion (one percent) of 2005-06 incoming students received one.

| Table D-7. More Incoming In-State Students Received Need-Based Grants from UConn in 2012-13, Compared to 2005-06, Across All Income Levels | | | | |
|---|--|----------------|----------------|---|
| | <i>Share of Students Receiving UConn Need-Based Grants</i> | | | <i>Percent Change, 2005-06 to 2012-13</i> |
| | <i>2005-06</i> | <i>2010-11</i> | <i>2012-13</i> | |
| <i>Among Those Who Applied for Federal Financial Aid, by Income Level:</i> | | | | |
| Low \$0-30k | 65% | 77% | 75% | 15% |
| Low middle \$30,001-48k | 66% | 72% | 68% | 4% |
| Middle \$48,001-75k | 1% | 16% | 29% | 1,934% |
| High middle \$75,001-110k | 36% | 41% | 43% | 19% |
| High \$110,001+ | 9% | 18% | 22% | 136% |
| <i>All Incoming Students</i> | 22% | 31% | 34% | 58% |
| Source of data: UConn. | | | | |

Merit-Based

In 2012-13, over half (56 percent) of all institutional merit aid dollars went to in-state students.

The growth in total institutional merit aid, however, has directly benefited both in- and out-of-state students, as demonstrated by Table D-8. Between 2005-06 and 2012-13, the share of in-state students receiving it rose from nine to 15 percent, and the share of out-of-state students benefiting grew from 15 to 25 percent. As more students benefited from this aid, though, the average value of an award dropped slightly for both in- and out-of-state students.

Table D-8. Merit Aid Spending Has Risen and Is Going to More Students, But The Average Amount and Its Value has Recently Declined (After Adjusting for Inflation)

| | <i>In-State Students</i> | | | <i>Out-of-State Students</i> | | |
|--|--------------------------|-------------------------------------|-------------------------------------|------------------------------|-------------------------------------|-------------------------------------|
| | <i>2012-13</i> | <i>Percent Change Since 2005-06</i> | <i>Percent Change Since 2010-11</i> | <i>2012-13</i> | <i>Percent Change Since 2005-06</i> | <i>Percent Change Since 2010-11</i> |
| 1. Amount | \$20,643,621 | 58% | 2% | \$16,016,634 | 84% | 9% |
| 2. Number of students received | 2,654 | 84% | 11% | 1,571 | 81% | 6% |
| 3. Percent of students received | 15% | 66% | 7% | 25% | 68% | 9% |
| 4. Average amount | \$8,127 | -14% | -8% | \$15,672 | 2% | 3% |
| 5. Percent of on-campus total price covered by average amount* | 31% | -27% | -8% | 35% | -14% | 2% |

*Calculation is appropriate to the type of student, using in-state rates for in-state students and out-of-state rates for out-of-state students. Included only degree-seeking students.
Source of data: UConn.

Institutional Merit Aid and Financial Need: Incoming Students

Nearly half (47 percent) of approximately \$9.8 million institutional merit aid dollars to incoming students goes to students without any financial need. In 2012-13, UConn merit aid to non-needy incoming students totaled nearly \$4.6 million, up substantially from two years before (about \$3.94 million in 2010-11) and more than double the amount in 2005-06 (\$1.9 million), as indicated by Table D-9.

Table D-9. Institutional Merit Aid to Non-Needy Incoming Students More Than Doubled Between 2005-06 and 2012-13, to Nearly \$4.6 Million; General Academic Merit Aid Was Majority

| | <i>2005-06</i> | <i>2010-11</i> | <i>2012-13</i> | <i>Percent Change to 2012-13</i> | |
|---|--------------------|--------------------|--------------------|----------------------------------|----------------------|
| | | | | <i>Since 2005-06</i> | <i>Since 2010-11</i> |
| <i>Aid to Non-Needy Students (in 2012 dollars)</i> | | | | | |
| General | \$1,441,074 | \$2,573,533 | \$2,690,454 | 87% | 5% |
| Field-specific | \$361,806 | \$224,920 | \$241,906 | -33% | 8% |
| Athletic | \$97,293 | \$1,143,383 | \$1,664,387 | 1611% | 46% |
| Total | \$1,900,173 | \$3,941,836 | \$4,596,747 | 142% | 17% |
| <i>Each Category's Contribution to All Institutional Merit Aid to Non-Needy Incoming Students</i> | | | | | |
| General | 76% | 65% | 59% | -23% | -10% |
| Field-specific | 19% | 6% | 5% | -72% | -8% |
| Athletic | 5% | 29% | 36% | 607% | 25% |

Source of data: UConn.

Most of the UConn merit aid going to non-needy students (59 percent, totaling \$2.69 million) was general merit aid, with a substantial share (36 percent) in athletic aid and a small portion (5 percent) in field-specific merit aid. These shares have shifted over time, away from general merit aid and field-specific merit aid, and toward athletic aid – which has also experienced the most growth, overall, in aid dollars for incoming students.

Since 2005-06, aid to non-needy incoming students has changed somewhat within aid categories (shown in Table D-10), as the share of:

- general academic merit aid going to non-needy students has risen for out-of-state students, while declining for in-state students;
- field-specific merit aid going to non-needy out-of-state students has declined to a relatively small share of overall field-specific merit aid, while the share for in-state students has dropped but recently rebounded somewhat; and
- athletic aid for non-needy students has risen tremendously for both in- and out-of-state students.

| Table D-10. Institutional Merit Aid to Non-Needy Students Benefited Both In- and Out-of-State Students, 2005-06 to 2012-13; Overall, 47 Percent of Merit Aid Dollars for Incoming Students Went to Those Without Financial Need, Last Academic Year | | | | | | |
|--|---|----------------|----------------|----------------------------------|----------------------|-----|
| | <i>Percent of Merit Aid Dollars Going to Non-Needy Students</i> | | | <i>Percent Change to 2012-13</i> | | |
| | <i>2005-06</i> | <i>2010-11</i> | <i>2012-13</i> | <i>Since 2005-06</i> | <i>Since 2010-11</i> | |
| | General | 47% | 39% | 45% | -4% | 15% |
| In-state | 54% | 42% | 44% | -19% | 3% | |
| Out-of-state | 39% | 35% | 46% | 19% | 33% | |
| Field-specific | 39% | 26% | 29% | -27% | 12% | |
| In-state | 42% | 26% | 31% | -27% | 19% | |
| Out-of-state | 28% | 26% | 20% | -29% | -21% | |
| Athletic | 16% | 46% | 56% | 251% | 21% | |
| In-state | 0% | 59% | 62% | 12,881% | 4% | |
| Out-of-state | 19% | 45% | 56% | 194% | 23% | |
| Total | 41% | 40% | 47% | 14% | 18% | |
| In-state | 48% | 40% | 42% | -13% | 4% | |
| Out-of-state | 33% | 39% | 50% | 50% | 29% | |

Source of data: UConn.

The tables above show a few other interesting trends in general merit aid to non-needy students. First, the amount of general merit aid going to non-needy students has risen 87 percent above inflation since 2005-06 (Table D-9). Second, in 2012-13, for the first time among the years of data availability, the share of merit aid given to non-needy incoming students was higher for out-of-state students (50 percent) than in-state students (42 percent) (Table D-10). In addition to the information in the tables, other data provided by UConn indicate that nearly one-

third (31 percent) of 2012-13 incoming in-state general merit aid recipients did not apply for federal financial aid and therefore are assumed to have no financial need. This is a sharp increase from the previous years, when the share was about 10 percent.

It is important to note that students with financial need whose merit aid award exceeded need (i.e., the expected family contribution) were included in the above tables as “needy students.” Program review committee staff requested but did not receive the amount of merit aid distributed beyond financial need.

General Merit Aid

UConn offers six different merit aid awards – detailed in Table D-11 – to students who demonstrate especially strong high school academic performance. Most of the awards (four) have special criteria and/or an interview component. Three awards – including both covering comprehensive cost– are restricted to Connecticut residents. Students are selected for general merit aid award consideration during the admissions application review process.

| Table D-11. UConn Has Six General Merit-Based Scholarships | | | | |
|---|----------------|------------|---|--|
| <i>Name</i> | <i>Covers*</i> | | <i>Mean SAT for In-State Enrollees, With % Change Since 2009-10</i> | <i>Special Criteria**</i> |
| | <i>T+F</i> | <i>R+B</i> | | |
| Day of Pride | ✓ | ✓ | 1310 - up 5% | <ul style="list-style-type: none"> • CT resident • Interview process • Community leadership • Disadvantaged background |
| Nutmeg | ✓ | ✓ | 1490 - up 3% | <ul style="list-style-type: none"> • CT resident • Interview process |
| Presidential Scholarship | ✓ | | 1257 - 0% | CT valedictorian or salutatorian |
| Academic Excellence | ½ | | 1416 - up 1% | --- |
| Leadership | ½ | | 1216 - down 3% | Demonstrated commitment to multicultural diversity |
| UConn | <½ | | 1310 - NA | --- |
| <p>*Starting in 2010-11, these scholarships have been awarded as an unchanging dollar figure based on the prices for the student’s first year, instead of as a percentage of price components (which necessitated changing the award whenever there were changes in tuition and fees, and for some awards, room and board).</p> <p>**In addition to strong academic performance in high school and on the SAT or ACT.</p> <p>NA = Not available</p> <p>Source: UConn, with PRI staff calculation of change in mean SAT between 2009 and 2013 entering freshmen (enrolled) from Connecticut.</p> | | | | |

Cost. UConn spent about \$21.97 million on general merit aid to undergraduates in 2012-13. That amount is up 9 percent since 2010-11.

General merit aid to incoming students totaled \$5.98 million. That amount has been dropping recently but has nearly doubled since 2005-06. Table D-12 shows that 5 percent of

incoming students (283) received general merit aid, down from seven percent in 2010-11. The shares of in- and out-of-state students were even at 5 percent, a marked change from 2005-06, when the share of out-of-state students receiving general merit aid (8 percent) was nearly double that of in-state students (5 percent).

| Table D-12. Five Percent of Incoming Students Received General Merit Aid in 2012-13 | | | | | |
|--|----------------|----------------|----------------|--|----------------------|
| | <i>2005-06</i> | <i>2010-11</i> | <i>2012-13</i> | <i>Percent Change, Compared to 2012-13</i> | |
| | | | | <i>Since 2005-06</i> | <i>Since 2010-11</i> |
| <i>In-state</i> | | | | | |
| Total amount* | \$1,619,684 | \$3,592,450 | \$3,199,628 | 98% | -11% |
| Median amount* | \$3,585 | \$8,492 | \$4,356 | 22% | -49% |
| Number of students received | 202 | 304 | 229 | 13% | -25% |
| Percent of students received | 5% | 7% | 5% | 1% | -29% |
| <i>Out-of-state</i> | | | | | |
| Total amount* | \$1,453,124 | \$2,994,486 | \$2,780,602 | 91% | -7% |
| Median amount* | \$10,938 | \$12,915 | \$13,272 | 21% | 3% |
| Number of students received | 78 | 75 | 54 | -31% | -28% |
| Percent of students received | 8% | 6% | 5% | -33% | -14% |
| <i>All</i> | | | | | |
| Total amount* | \$3,072,808 | \$6,586,936 | \$5,980,230 | 95% | -9% |
| Number of students received | 280 | 379 | 283 | 1% | -25% |
| Percent of students received | 6% | 7% | 5% | -8% | -26% |
| *2012 dollars. Source of data: UConn. | | | | | |

In 2012-13, at least 31 percent of in-state general merit aid recipients had no financial need. This is a minimum estimate based on the number of recipients who did not apply for federal financial aid; it is likely some additional students applied for aid but were deemed non-needy (i.e., expected family contribution equaled or exceeded total price). It is important to note that only 12 percent of in-state *applicants* offered general merit aid did not file for federal aid – indicating that, compared to needy students, wealthy students offered general merit aid accepted admission at a higher rate. The difference was especially pronounced in 2012-13, compared to earlier years. Out-of-state students not requesting financial aid but receiving general merit aid also accepted admission at higher rates than needy peers. In 2012-13, 11 percent of out-of-state

recipients of general merit aid did not apply for federal aid. Overall, 16 percent of in-state enrollees and 32 percent of out-of-state enrollees did not file for financial aid, in 2012-13.

Value. Each of the awards is for a set amount. Two cover the full comprehensive cost, one covers tuition and fees, and the other four about half of tuition and fees. Starting in 2012-13, the value of the award is frozen at the amount for which it was initially given. Previously, the awards were given to cover certain costs (e.g., tuition and fees), regardless of changes in those costs during the student's time at UConn.

The median amount received by a 2012-13 incoming in-state student was approximately \$4,356 for in-state and \$13,272 for out-of-state. The share of the total price (for an on-campus student) covered by the median award generally has been about 17 percent for an in-state student, and 30 percent for an out-of-state student. These figures likely reflect the fact that most general merit awards are valued at about half of tuition and fees, which contribute a much larger portion of the total price (tuition, fees, room and board) for out-of-state students.

Athletic Merit Aid

In 2012-13, UConn spent about \$10.77 million on athletic aid to all undergraduates. This was a 34 percent increase since 2005-06. However, because general merit aid rose much more over the same period, athletic aid's share of all institutional merit aid dollars declined from 37 percent to 29 percent, a 21 percent drop. Similarly, its share of all institutional aid expenditures (merit plus need-based) fell from 19 percent to 15 percent, a 23 percent drop.

Although there was a moderate increase in athletic merit aid dollars, UConn simultaneously enormously increased (by 387 percent) the amount spent on athletic merit aid to incoming students specifically. Yet this type of aid was still only about one-sixth (17 percent) of all institutional grant aid to incoming students, in 2012-13.

Federal Aid

In 2012-13, federal financial aid to UConn undergraduates totaled nearly \$144 million and comprised 57 percent of all aid dollars. Although federal aid rose 21 percent above inflation since 2005-06 (from \$118.73 million), its share of all aid declined slightly (from 59 percent in 2005-06). Most federal aid dollars are loans.

Description. The federal government offers a variety of grants, loans, and tax credits to help undergraduate students finance higher education. Many types of aid are distributed directly to students, while a few are given to postsecondary schools, which then allocate the funds to students. Table D-13 gives basic information on federal grants and loans available to undergraduates.

| Table D-13. Federal Grants and Loans For Undergraduate Dependent Students, 2013-14 | | | |
|---|---|--|---|
| <i>Name</i> | <i>Maximum Annual Amount</i> | <i>Terms</i> | <i>Eligibility Requirements/ Restrictions</i> |
| Distributed to Student / Parent | | | |
| Pell Grant | \$5,645 (min: \$582) | --- | <ul style="list-style-type: none"> • EFC < \$5,082 • No more than equivalent of 12 full-time semesters |
| Direct Loan: Subsidized | \$3,500 first-year \$4,500 second year \$5,500 third year + | <ul style="list-style-type: none"> • 3.86% interest rate • No interest while in school or during deferment | Financial need (after grants and family contribution) |
| Direct Loan: Unsubsidized | Varies; see next table | <ul style="list-style-type: none"> • 3.86% interest rate • Interest continuously accrues | None |
| Plus Loans: <i>Made to parent(s), for undergraduates</i> | Cost of attendance less other financial aid | <ul style="list-style-type: none"> • 6.41% interest rate • Interest continuously accrues | Parent (if undergraduate) must not have negative credit history |
| Distributed to Student: Special Populations | | | |
| Teacher Education Assistance for College and Higher Education (TEACH) Grant | \$3,716 | --- | <ul style="list-style-type: none"> • Take coursework to become K-12 teacher • Agree to serve for at least 4 yrs. as teacher in high-need field, serving low-income students |
| Iraq and Afghanistan Service Grant | \$5,080 | --- | <ul style="list-style-type: none"> • Parent in armed forces and died in service, in either country • Under 24 or enrolled in higher education at time of parent's death • Not income-eligible for Pell |
| Distributed to Colleges, Which Allocate Funding; Maximum Differs Among Schools | | | |
| Supplemental Educational Opportunity Grant (SEOG) | \$4,000; varies by school and is \$2,000 at UConn* | --- | Priority to Pell recipients and students with "exceptional financial need" |
| Perkins Loans | \$5,500; varies | <ul style="list-style-type: none"> • 5% interest rate | Priority to students with |

| <i>Name</i> | <i>Maximum Annual Amount</i> | <i>Terms</i> | <i>Eligibility Requirements/ Restrictions</i> |
|--------------------|---|--|---|
| | by school and is \$1,600 at UConn* | <ul style="list-style-type: none"> • No interest while in school or during deferment • College is the lender | “exceptional financial need” |
| Federal Work Study | Varies by school**; and is \$2,200 at UConn | Part-time employment, either on-campus or off (if work is in the public interest or relevant to coursework) | Financial need |

*School may choose to set lower limit and exceed it on a case-by-case basis.
 **A cursory Google search revealed an annual maximum Federal Work-Study award ranging from \$2,000 to \$4,000. UConn raised its maximum Federal Work Study award from \$1,800 to \$2,200 in 2012-13.
 Sources of data: “Federal Student Grant Programs,” Federal Student Aid, U.S. Department of Education; accessed November 29, 2013 at: <http://studentaid.ed.gov/sites/default/files/federal-grant-programs.pdf>. “Federal Student Loan Programs,” Federal Student Aid, U.S. Department of Education; accessed November 29, 2013 at: <http://studentaid.ed.gov/sites/default/files/federal-loan-programs.pdf>. “Work-Study Jobs,” Federal Student Aid, U.S. Department of Education; accessed November 29, 2013 at: <https://studentaid.ed.gov/types/work-study>.

The federal government caps the amount of its Direct loans by year of schooling and overall. As displayed in Table D-14, the limits for the overall direct loan amount and the unsubsidized portion are different based on whether a parent is eligible for a Plus loan. Those loans are capped at an individualized level that may far exceed the Direct loan limits: the total price less any other financial aid received by the student.

| <i>Year in College</i> | <i>Dependent Students</i> | | <i>Dependent Students, Parents Unable to Obtain Plus Loan</i> | |
|------------------------|---------------------------|---------------------|---|---------------------|
| | <i>Total</i> | <i>Subsid. Part</i> | <i>Total</i> | <i>Subsid. Part</i> |
| First year | \$5,500 | \$3,500 | \$9,500 | \$3,500 |
| Second year | \$6,500 | \$4,500 | \$10,500 | \$4,500 |
| Third year and beyond | \$7,500 | \$5,500 | \$12,500 | \$5,500 |
| Undergraduate total | \$31,000 | \$23,000 | \$57,500 | \$23,00 |

Source of data: “Subsidized and Unsubsidized Loans; How much can I borrow?” Federal Student Aid, U.S. Department of Education; accessed November 29, 2013 at: <http://studentaid.ed.gov/types/loans/subsidized-unsubsidized#how-much-can-i-borrow>.

Finally, the federal government provides three separate higher education tax benefits for families or students with annual income under different thresholds. The two credits are available only after taxes have been filed; therefore, they are not immediately available for students and families at the beginning of the academic year. Table D-15 describes these tax benefits.

Table D-15. Federal Education Tax Benefits*

| <i>Benefit</i> | <i>Amount</i> | <i>Type</i> | | <i>Limits</i> | | |
|---------------------------------|---------------|----------------------------|------------------|---------------|----------------------------|--|
| | | <i>Credit</i> | <i>Deduction</i> | <i>Years</i> | <i>Income**</i> | <i>Expenses</i> |
| American Opportunity Credit | \$2,500 | ✓ Refundable, to 40% | --- | 4 | Under \$90k / \$180k | Tuition, required fees, course materials |
| Lifetime Learning Credit | \$2,000 | ✓ | --- | --- | Under \$62k / \$124k | Tuition, required fees, course materials if bought through college |
| Student Loan Interest Deduction | \$2,500 | --- | ✓ | --- | Under \$75k / \$155k | Student loan interest paid annually |

*A household or person may claim only one of the credits for each student annually.
 **Income limits are in terms of modified adjusted gross income. Figures are for single filers before “/”, married and filing jointly afterward.
 Source of data: “Publication 970 (2012), Tax Benefits for Education,” U.S. Internal Revenue Service; accessed December 2, 2013 at: <http://www.irs.gov/publications/p970/>.

Financial Aid Packages

It is widely accepted that financial aid packages influence student enrollment decisions. Like many, if not most, other schools, UConn formulates its financial aid strategies annually and deploys institutional aid dollars strategically. The strategies seek to balance competing concerns: helping low- and middle-income students afford UConn, while drawing enough full- or partial-pay students – especially those paying higher out-of-state tuition – to help subsidize, at a higher level, the university’s operations and student financial aid. UConn’s financial aid packaging policies are overseen by a team of top-level admissions and financial aid administrators. The group develops model packages that form the basis of each accepted student’s financial aid package, for those students who applied for federal financial aid.⁵⁵

There are three levels of packages – optimal, mid-level, and least optimal – with most UConn incoming students (about 60 percent) receiving optimal packages. There are different packages for in- and out-of-state students. Each package is based on the level of expected family contribution (EFC), as determined by the federal financial aid application (called “FAFSA”; see Appendix G for details). A student receives the best package when the FAFSA is submitted promptly (e.g., in January) because UConn need-based grants and certain campus-distributed federal government financial aid run out before all eligible students can receive them.

In recent years, the share of UConn’s incoming in-state students from low-income households (measured by either family income or expected family contribution) has grown. Simultaneously, fewer state grant and federal SEOG dollars have been available. UConn has responded by offering need-based institutional grants to a larger share of low-income students, which has meant the average institutional need-based grant has dropped. Consequently, more students are receiving sub-optimal packages that involve less grant aid and more federal loans with less-preferred terms. Students who receive packages after institutional grant aid has run out will end up paying, roughly, three-quarters of the cost of attendance through loans (unless the family is able to contribute more).

Another consequence of the shift in financial aid awarding practices – paired with rising prices – is that the parent contribution as a share of income appears to have risen dramatically for those at the lowest EFC levels. The parent contribution can be considered to be the sum of the expected family contribution and the amount of additional (beyond the EFC) Parent Plus loan eligibility. The Parent Plus loan is a federal loan made to a parent, instead of a student. Between 2005-06 and 2012-13, the share of annual income Connecticut parents with an EFC under \$1,000 were expected to contribute either through the federal Parent Plus loan or direct payment rose

⁵⁵ An accepted applicant receives a UConn financial aid package only if an application for federal financial aid has been submitted. Someone who is selected for merit aid but did not file for federal aid is not considered by UConn to have a financial aid package. However, aid to such students is included in this chapter’s analysis (e.g., in calculations regarding financial aid expenditures and percent of students who received any financial aid).

from 8 to 23 percent, for a family with the EFC range's average annual income. Those with an EFC between \$1,000 and \$5,000 saw their contribution burden rise from 6 to 14 percent.⁵⁶

Federal net price data, available for students who receive any federal student aid, also indicate that the burden on families – after considering need- and merit-based grants – can be severe, in terms of annual income. As noted in Chapter II, students at the midpoint of the lowest bracket, whose families made \$15,000 annually, would need to use about half the year's income (48 percent), in order to pay the single-year 2010-11 net price upfront. For students in the next highest brackets, at the low middle and middle levels, the income burden of the net price was slightly below one-quarter. Students at upper income levels would have to have paid just over one-fifth of family income.

UConn-provided data indicate that out-of-state students face a heavier price burden, after taking into account all grant aid. Out-of-state students receive higher need-based institutional grants (which have on average grown, in contrast to in-state grants), but not sufficiently high to offset their much-higher tuition and fees portion of the UConn attendance price. Unsurprisingly, then, the vast majority of out-of-state students are from high-income families.

Strategy Formulation

Since fall 2011, when the current Vice President of Enrollment Management began at UConn, the university's financial aid packaging and admissions strategies have been determined by a committee of high-level administrators within the Enrollment Management division. Seven personnel from the Admissions, Financial Aid, and overall Enrollment Management sections begin meeting in October each year to determine the budget and awarding practices for the spring. The group balances available funds with concerns about the incoming class's composition and the financial implications of it. The committee's work is informed by statistical modeling of the predicted impacts that would result from changes in aid awarding practices.

The rate at which accepted students enroll at UConn– called “yield” by enrollment managers – has been gradually declining , with especially low rates for out-of-state students. The university's administrators report most, if not all, colleges have been experiencing declining yield as students apply to more colleges. UConn's in-state yield rate is about 40 percent, with the out-of-state rate at 14 percent. Yield varies by expected family contribution, especially for in-state students, but most markedly between students who file the FAFSA and those who do not, who have lower yield.

Model Packages

The model packages developed by the strategy team form the basis of each accepted student's financial aid package, for those students who applied for federal financial aid.⁵⁷ The packages are based on the level of expected family contribution (EFC), as determined by the

⁵⁶ Based on UConn model financial aid packages, which are developed for each of four EFC ranges

⁵⁷ An accepted applicant receives a UConn financial aid package only if an application for federal financial aid has been submitted. Someone who is selected for merit aid but did not file for federal aid is not considered by UConn to have a financial aid package.

federal financial aid application (called “FAFSA”), and differ for in- and out-of-state students. Merit aid is excluded, since only a portion of applicants are offered it.

Levels. Three levels of packages are developed – optimal, mid-level, and least optimal – with most UConn incoming students receiving optimal packages. A student receives the best package when the FAFSA is submitted promptly (e.g., in January).

In 2012-13, most (61 percent) incoming students who chose to enroll in UConn received optimal packages, with about 18 and 21 percent having mid-level and least optimal packages, respectively. This is a shift from the previous year, when larger shares of students received optimal (65 percent) and mid-level (25 percent) packages. Budget challenges drove the shift toward less favorable packages, according to UConn staff. In 2012-13, students who received least optimal packages did not receive about \$4.6 million (\$1.15 million for incoming students and \$3.44 million for continuing students) in UConn need-based grants for which their need levels indicated eligibility.

The components of packages at each of the levels are shown in Table E-1. Optimal packages include all federal aid tools allocated to colleges for distribution to students – Federal Work-Study, Perkins Loans, and the Supplemental Educational Opportunity Grant (SEOG) – as well as student-based federal aid, Connecticut state grants (for state residents only), and UConn institutional need-based aid. Mid-level packages begin when the federal aid allocated to colleges has run out; need-based UConn aid is still available, at the same level as in optimal packages. Least optimal packages consist only of federal student-based aid: Pell grants, federal direct (Stafford) loans, and federal Parent Plus loans.

| Table E-1. Financial Aid Packages Vary in Desirability; Applicant Will Receive Best Package When Filing Promptly for Federal Aid | | | |
|--|----------------|------------------|----------------------|
| | <i>Optimal</i> | <i>Mid-level</i> | <i>Least Optimal</i> |
| <i>Grants</i> | | | |
| Federal Pell | ✓ | ✓ | ✓ |
| Other need-based* | ✓ | ✓ | --- |
| <i>Loans (all federal)</i> | | | |
| Subsidized Stafford | ✓ | ✓ | ✓ |
| Unsubsidized Stafford | ✓ | ✓ | ✓ |
| Perkins | ✓ | --- | --- |
| Parent Plus | ✓ | ✓ | ✓ |
| <i>Other</i> | | | |
| Federal Work Study | ✓ | --- | --- |
| *Includes the Connecticut state grants (for state residents), federal Supplemental Educational Opportunity Grant, and/or UConn institutional need-based aid. Source of data: PRI staff review of UConn 2012-13 financial aid package scenarios. | | | |

Regardless of package level, UConn awards the maximum in Stafford loans, currently \$3,500 subsidized and \$2,000 unsubsidized, for all students with financial need (i.e., EFC is less than the price), and the maximum unsubsidized loan for non-needy students.⁵⁸

In-state packages. Table E-2 shows that between 2005-06 and 2012-13, optimal in-state packages shifted toward federal loans.⁵⁹ The shift was especially pronounced for students at low family contribution levels (below \$5,000). This group had a majority of its costs defrayed by federal and university need-based grants, in 2005-06, with federal loans accounting for around one quarter of the package. By 2012-13, federal loans had grown to 43 percent of the package for students at the lowest range, and 42 percent for those at the second-lowest level. Grants were neither the largest package component for the second-lowest bracket, nor covered at least half the cost for those in the two lowest brackets.

| Table E-2. Optimal In-State Packages Relied More Upon Federal Loans As Need-Based Grants Shrank in Value, Between 2005-06 and 2012-13 | | | | | | | | |
|---|---|-------------|---------------------|-------------|--------------------------|-------------|--------------------------|-------------|
| | <i>By Expected Family Contribution (EFC), Estimated Percent of Package, for Family At Mid-Range</i> | | | | | | | |
| | <i>\$0 to \$1k</i> | | <i>\$1k to \$5k</i> | | <i>\$5k through \$8k</i> | | <i>+\$8k: Used \$12k</i> | |
| | <i>2005</i> | <i>2012</i> | <i>2005</i> | <i>2012</i> | <i>2005</i> | <i>2012</i> | <i>2005</i> | <i>2012</i> |
| Grants - Total | 61 | 47 | 56 | 39 | 23 | 21 | 6 | 18 |
| Federal Pell | 21 | 21 | 16 | 17 | --- | --- | --- | --- |
| Other need-based* | 39 | 26 | 39 | 21 | 23 | 21 | 6 | 18 |
| Federal loans** | 28 | 43 | 19 | 42 | 34 | 46 | 22 | 29 |
| Fed. work study | 9 | 8 | 9 | 8 | 9 | 8 | 9 | 8 |
| EFC** | 3 | 2 | 13 | 11 | 34 | 24 | 62 | 45 |
| <p>*The federal Educational Supplemental Opportunity Grant (SEOG) and – for Connecticut residents – any Connecticut state grant are applied first. UConn fills the remainder of the “Other need-based grant” package portion with institutional need-based aid for packages at the optimal and mid levels (i.e., until UConn need-based grant dollars run out).</p> <p>**The Parent Plus loan component of the federal loan category was included in the federal loan calculation once the EFC at the middle of the range (or, for the +\$8k range, \$12k) was subtracted. Families may use all or part of a Plus loan to defray the EFC, which would increase the federal loan portion of the package.</p> <p>Source of data: UConn 2005-06 and 2012-13 financial aid package scenarios.</p> | | | | | | | | |

Table E-2 also conveys two other interesting features of UConn’s financial aid policies. First, UConn gives every federal work study recipient the same award amount, regardless of need level. Second, substantial need-based grants are given to some students even at the highest EFC level. It should be noted, however, that the highest EFC level is broad, encompassing all students with an EFC above \$8,000 – when the 2012-13 total cost of attendance at the Storrs campus was more than triple that amount. UConn personnel informed program review committee staff that students at high EFC levels are unlikely to receive a need-based award from

⁵⁸ The amount of subsidized Stafford loan allowed increases with each year of student progress. The amount of unsubsidized Stafford loan is higher for students whose parents are ineligible for the Plus loan.

⁵⁹ As noted in the chart, analysis was performed according to each EFC level’s midpoint. For example, the package components for lowest level, \$0 to \$999, were calculated based on an EFC of \$500.

UConn because Stafford loans, work-study, and Perkins loans are awarded (on an individual student basis) before grant aid.

The table above applies only to students who receive optimal packages – but as noted previously, about two of every five incoming students do not. The following table (E-3) shows that when UConn need-based grant funding and federal work-study funds have been exhausted, and students begin receiving sub-optimal packages, the gap is filled with more eligibility for federal student loans – specifically, the Parent Plus loan. The Parent Plus loan is considered less desirable than the other federal education loan options. Unlike federal direct (Stafford) loans, the Plus loan is not capped, and it is a loan to the parent, not the student. The Plus loan currently has a much higher interest rate than the student loan options (including the campus-allocated Perkins loan, which is not available for sub-optimal packages). For students receiving least-optimal packages, about three-quarters will be made up of federal student loans, including Plus; the share is lower for students at relatively high EFC levels (above \$8,000).

| Table E-3. Less-Desirable In-State Student Packages Replaced Federal Work-Study and UConn Need-Based Grant Aid With More Federal Loans, 2012-13 | | | |
|---|--|------------------|----------------------|
| | <i>By Package Type, Estimated Percent of Package, for Family At Mid-Range*</i> | | |
| | <i>Optimal</i> | <i>Mid-Level</i> | <i>Least Optimal</i> |
| <i>\$0 to \$1k Expected Family Contribution (EFC)</i> | | | |
| Grants - Total | 47% | 47% | 21% |
| Federal Pell | 21% | 21% | 21% |
| Other need-based | 26% | 26% | --- |
| Federal loans* | 43% | 52% | 78% |
| Work study | 8% | --- | --- |
| EFC* | 2% | 2% | 2% |
| <i>\$1k to \$5k EFC</i> | | | |
| Grants - Total | 39% | 39% | 17% |
| Federal Pell | 17% | 17% | 17% |
| Other need-based | 21% | 21% | --- |
| Federal loans* | 42% | 50% | 71% |
| Work study | 8% | --- | --- |
| EFC* | 11% | 11% | 11% |
| <i>\$5k to \$8k EFC</i> | | | |
| Grants - Total | 21% | 21% | --- |
| Federal Pell | --- | --- | --- |
| Other need-based | 21% | 21% | --- |
| Federal loans* | 46% | 55% | 76% |
| Work study | 8% | --- | --- |
| EFC* | 24% | 24% | 24% |
| <i>+\$8k EFC: \$12k used</i> | | | |
| Grants - Total | 18% | 18% | --- |
| Federal Pell | --- | --- | --- |
| Other need-based | 18% | 18% | --- |
| Federal loans* | 29% | 37% | 55% |
| Work study | 8% | --- | --- |
| EFC* | 45% | 45% | 45% |
| *The EFC at the middle of the range was used, except for the top range. The Plus loan component of the federal loan category was included in the federal loan calculation once the EFC was subtracted. Families may use all or part of a Plus loan to defray the EFC. Source of data: UConn 2012-13 financial aid package scenarios. | | | |

Out-of-state packages. The optimal out-of-state packages, like those for in-state students, became even more reliant on federal loans between 2005-06 and 2012-13. The shift for out-of-state students, shown in Table E-4, was less pronounced because federal loans were already the dominant component of out-of-state student packages in 2005-06, accounting for between 47 and 53 percent.

Comparing 2012-13 optimal packages also reveals that non-Pell need-based aid covered roughly the same share of costs for in- and out-of-state students. In 2005-06, this aid was, initially, a smaller portion of the package for out-of-state students, but by 2012-13 the share of the cost covered was nearly equivalent. This is due to greater declines in non-Pell need-based aid for in-state students. For example, at the lowest EFC level, the category dropped from 39 percent to 26 percent for in-state students, but from 28 percent to 25 percent for out-of-state students. By 2012-13, the share of the cost covered by non-Pell need-based aid was about the same, regardless of residency. The exception was for students at the highest EFC level, who fared better when in-state (18 percent of the package, versus 15 percent).

| Table E-4. Optimal Out-of-State Packages Also Relied More Upon Federal Loans As All Other Components Shrank in Value, Between 2005-06 and 2012-13 | | | | | | | | |
|---|---|-------------|---------------------|-------------|--------------------------|-------------|--------------------------|-------------|
| | <i>By Expected Family Contribution (EFC), Estimated Percent of Package, for Family At Mid-Range</i> | | | | | | | |
| | <i>\$0 to \$1k</i> | | <i>\$1k to \$5k</i> | | <i>\$5k through \$8k</i> | | <i>+\$8k: Used \$12k</i> | |
| | <i>2005</i> | <i>2012</i> | <i>2005</i> | <i>2012</i> | <i>2005</i> | <i>2012</i> | <i>2005</i> | <i>2012</i> |
| Grants - Total | 41% | 37% | 38% | 31% | 21% | 20% | 21% | 15% |
| Federal Pell | 13% | 12% | 10% | 10% | --- | --- | --- | --- |
| Other need-based | 28% | 25% | 28% | 21% | 21% | 20% | 21% | 15% |
| Federal loans* | 52% | 57% | 47% | 57% | 53% | 60% | 36% | 53% |
| Fed. work study | 6% | 5% | 6% | 5% | 6% | 5% | 6% | 5% |
| EFC* | 2% | 1% | 9% | 7% | 20% | 15% | 37% | 27% |
| *For other EFC ranges, the EFC at the middle of the range was used; the Plus loan component of the federal loan category was included in the federal loan calculation once the EFC was subtracted. Families may use all or part of a Plus loan to defray the EFC. Source of data: UConn 2005-06 and 2012-13 financial aid package scenarios. | | | | | | | | |

Role of Parent Contribution

Although parent Plus loans are included in “federal loans” throughout this analysis, they also may be thought of as part of a single parent contribution: the Plus loan plus the EFC. Each UConn prospective student with a financial aid package is offered a Plus loan that covers both the FAFSA-determined expected family contribution and the cost remaining after EFC and other components have been summed. This is called “Plus eligibility” in the context of a UConn package, but the below analysis considers it to be the “parent contribution.”

When this overall parent contribution is compared to the average income, for each EFC level except the top one, the parent contribution has become less affordable even in optimal packages, based on the model packages. The lower third of Table E-5, which compares 2005-06 optimal packages to those in 2012-13, shows three interesting trends in the parent contribution UConn expects.

First, the share of average income needed to pay the parent contribution (the EFC and the Plus loan) rose dramatically for optimal package in-state students in the lower two EFC levels. At the lowest level, the parent contribution nearly tripled, while more than doubling for the

second-lowest level. The contribution level rose only slightly for those in the second-highest EFC bracket, and remained the same for those in the top level.

Second, for in-state students, parent contribution levels became, roughly, inversely related to income. Contribution levels were nearly even across EFC levels in 2005-06 – except for those in the second-highest bracket – but became much different by 2012-13, ranging from 23 percent at the lowest EFC level to 8 percent at the highest. Interestingly, contribution levels for the middle EFC brackets became almost equal, with the level for the second-highest bracket slightly exceeding the lower bracket’s (16 percent to 14 percent, respectively).

Third, out-of-state students saw smaller increases in the parent contribution, but maintained much higher contribution levels across EFC brackets. For example, in the lowest EFC bracket, the contribution level rose from 63 to 91 percent, while in the second-highest bracket, it grew from 29 percent to 36 percent.

| Table E-5. Expected Parent Contribution Levels Grew Substantially for Incoming Students at Lower EFC Levels, Between 2005-06 and 2012-13 | | | | |
|--|--------------------|---------------------|--------------------------|--------------|
| | <i>\$0 to \$1k</i> | <i>\$1k to \$5k</i> | <i>\$5k through \$8k</i> | <i>+\$8k</i> |
| <i>In-state students</i> | | | | |
| 2005-06 | | | | |
| Average income within EFC level | \$18,666 | \$43,821 | \$64,746 | \$105,763 |
| Parent Plus eligibility, including EFC | \$1,575 | \$2,525 | \$8,825 | \$8,825 |
| 2012-13 | | | | |
| Average income within EFC level | \$21,378 | \$51,009 | \$74,848 | \$160,595 |
| Parent Plus eligibility, including EFC | \$4,902 | \$6,992 | \$11,692 | \$12,502 |
| <i>Out-of-state students</i> | | | | |
| 2005-06 | | | | |
| Average income within EFC level | \$20,588 | \$42,603 | \$66,539 | \$136,645 |
| Parent Plus eligibility, including EFC | \$13,054 | \$14,004 | \$19,404 | \$19,404 |
| 2012-13 | | | | |
| Average income within EFC level | \$20,560 | \$49,613 | \$73,617 | \$185,672 |
| Parent Plus eligibility, including EFC | \$18,644 | \$21,284 | \$26,184 | \$28,324 |
| <i>Share of average income for entire parent contribution (i.e., Parent Plus eligibility)</i> | | | | |
| In-state students: 2005-06 | 8% | 6% | 14% | 8% |
| 2012-13 | 23% | 14% | 16% | 8% |
| Out-of-state students: 2005-06 | 63% | 33% | 29% | 14% |
| 2012-13 | 91% | 43% | 36% | 15% |
| Note: All dollar figures are unadjusted for inflation. The share of average income for the entire parent contribution is the average income within the EFC level divided by Parent Plus eligibility (including EFC). Source of data: PRI staff calculations from UConn 2005-06 and 2012-13 financial aid package scenarios. | | | | |

Role of Non-Pell Need-Based Grants

Tables E-2 and E-4 above indicate that the declining contribution of grants is due to the decaying value of, collectively, non-Pell need-based grants – not to that of the Pell grant (at least, over this particular time period). Non-Pell need-based grants are federal SEOG grants (for students with a very low EFC) and Connecticut state grants (for eligible in-state residents), plus a UConn need-based grant. The UConn need-based grant is only given when the SEOG and Connecticut grants (if any) do not sum to the amount of the “Other need-based grant” total.

The decline in non-Pell need-based grants is further demonstrated by Table E-6, which shows that in the model packages, the unadjusted amounts of the non-Pell need-based grant shrank 10 and 25 percent for in-state students at the lowest EFC levels – while the cost rose 38 percent (for both in- and out-of-state students). Meanwhile, the non-Pell need-based grants rose slightly – though less than the cost – for better-off in-state students, as well as all out-of-state students. It should be noted that the better-off in-state students likely are ineligible for SEOG funds.

| Table E-6. Model Package Amount of Need-Based Non-Pell Need-Based Grants (Including Federal SEOG, Connecticut State Grants, and UConn Institutional Need-Based Grants) Fell Between 2005-06 and 2012-13 (Unadjusted for Inflation), For Lower-Contribution In-State Students | | | |
|---|----------------|----------------|-----------------------|
| | <i>2005-06</i> | <i>2012-13</i> | <i>Percent Change</i> |
| <i>In-state</i> | | | |
| \$0 to \$1k | \$7,600 | \$6,810 | -10% |
| \$1k to \$5k | \$7,600 | \$5,670 | -25% |
| \$5k through \$8k | \$4,400 | \$5,570 | 27% |
| +\$8k | \$4,400 | \$4,760 | 8% |
| <i>Out-of-state</i> | | | |
| \$0 to \$1k | \$9,000 | \$11,000 | 22% |
| \$1k to \$5k | \$9,000 | \$9,310 | 3% |
| \$5k through \$8k | \$6,700 | \$9,010 | 34% |
| +\$8k | \$6,700 | \$6,870 | 3% |
| Source of data: UConn 2005-06 and 2012-13 financial aid package scenarios. | | | |

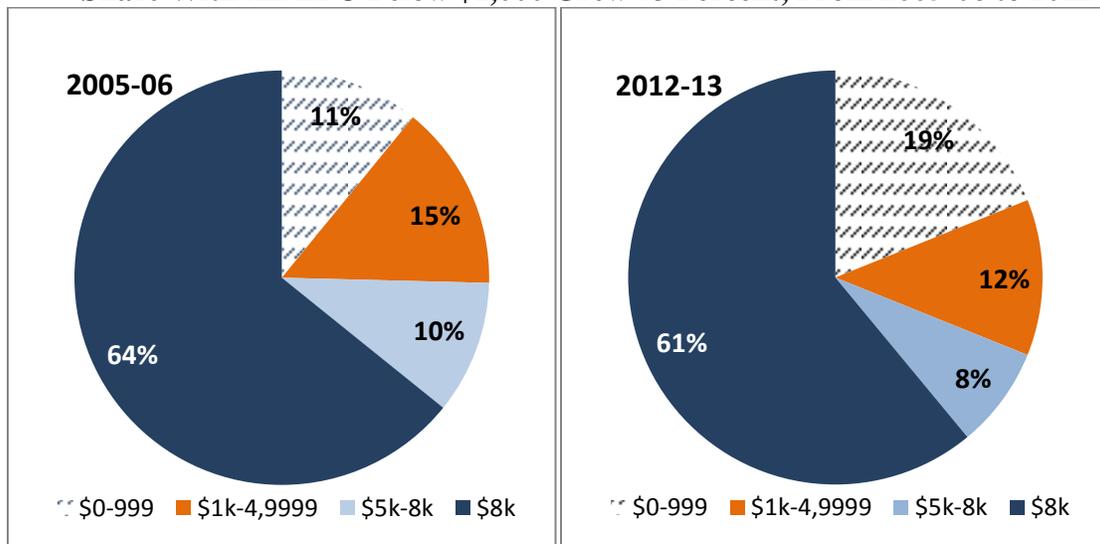
Over the past few years, the non-Pell need-based grant amounts have changed differently among family contribution levels. In 2011-12, compared to the previous year, the grant aid amount was flat for the lowest level (at \$8,920) but rose \$200 for each of the other levels. In 2012-13, the grant aid amounts were sliced for each level, with the percentage cut lessening as family contribution rose. For the lowest EFC level, the amount dropped 23 percent, while it declined 11 percent for those at the second-highest EFC level and just 3 percent for those at the top level. It should be noted that need-based grants are provided on a gradual scale, so someone at the very low end of an EFC range would receive a grant similar to a student at the high end of the next-lowest EFC range.

Strategy Shifts and Context

UConn reported to program review committee staff that the need-based aid amounts for individual incoming students were cut as one of two changes made for the incoming 2012-13 class. Administrators also reduced UConn need-based grant aid by the amount of merit aid, for merit aid recipients with financial need. UConn personnel noted that these changes intended to – and successfully did – increase the number of students that could be offered UConn institutional grants, especially at low EFC levels.

These shifts in strategy occurred as a greater share of incoming enrollees filing for federal aid fell into the lowest EFC range. Figure E-1 demonstrates that, compared to 2005-06, each EFC level's share fell, except for the lowest range, whose share grew by 73 percent. Data provided by UConn (not shown here) indicate that the shift occurred mainly before 2010-11, though the lowest range's share continued to grow slightly since then. The largest EFC group, however, continued to be an EFC of at least \$8,000, which included 61 percent of incoming students who had applied for aid.

Figure E-1. Among Incoming Students Who Applied for Federal Financial Aid, Share With An EFC Below \$1,000 Grew 73 Percent, From 2005-06 to 2012-13



Looking at the distribution from another perspective, by income quintile, also shows that greater shares of UConn in-state students are coming from very low- and high-income families. Table E-7 shows that the share of in-state students who were low-income rose to 14 percent (a 40 percent increase) while the share who were high-income grew to 33 percent (a 50 percent increase). Simultaneously, the shares of students who were middle and high middle income – as well as who did not apply for federal aid – declined, with stability in the low middle income share (remaining the smallest bracket). If the high income bracket is combined with the group that did not apply for aid – under the assumption that only very high-income families could afford to pay for college without any aid – that share rose slightly, from 46 to 49 percent.

| Table E-7. In 2012-13, Nearly Half of In-State Incoming Students and Almost Three-Quarters of Out-of-State Incoming Students Were Likely High-Income; Shares of Students Who Are Middle-Income Declined 2005-06 to 2012-13 | | | | | | | | |
|---|---------------------------------------|----------------|----------------|---------------|---------------------------|----------------|----------------|---------------|
| | <i>Share of Students By Residency</i> | | | | <i>Number of Students</i> | | | |
| | <i>2005-06</i> | <i>2010-11</i> | <i>2012-13</i> | <i>Change</i> | <i>2005-06</i> | <i>2010-11</i> | <i>2012-13</i> | <i>Change</i> |
| <i>In-state</i> | | | | | | | | |
| Low: \$0-30k | 10% | 13% | 14% | 40% | 392 | 561 | 636 | 62% |
| Low middle: \$30,001-48k | 9% | 8% | 9% | 0% | 372 | 363 | 396 | 6% |
| Middle: \$48,001-75k | 16% | 13% | 12% | -25% | 631 | 550 | 524 | -17% |
| High middle: \$75,001-110k | 19% | 17% | 17% | -11% | 781 | 710 | 751 | -4% |
| High: \$110,001+ | 22% | 32% | 33% | 50% | 906 | 1356 | 1487 | 64% |
| Did not apply for federal aid | 24% | 17% | 16% | -33% | 955 | 731 | 717 | -25% |
| <i>Out-of-state</i> | | | | | | | | |
| Low: \$0-30k | 5% | 7% | 7% | 40% | 54 | 93 | 73 | 35% |
| Low middle: \$30,001-48k | 5% | 4% | 4% | -20% | 52 | 56 | 42 | -19% |
| Middle: \$48,001-75k | 11% | 9% | 6% | -45% | 113 | 109 | 62 | -45% |
| High middle: \$75,001-110k | 20% | 14% | 10% | -50% | 202 | 174 | 108 | -47% |
| High: \$110,001+ | 34% | 42% | 41% | 21% | 346 | 523 | 429 | 24% |
| Did not apply for federal aid | 24% | 24% | 32% | 33% | 243 | 294 | 330 | 36% |

Source of data: PRI staff calculations based on UConn data.

Turning to out-of-state students, the pattern is somewhat similar. The share of students from low-income families grew to seven percent (a 40 percent rise), while the share from high-income families was up to 41 percent (a 21 percent increase). However, all three middle-income brackets saw their shares shrink substantially, by between 21 and 50 percent, while the share who did not apply for federal aid rose by 33 percent (to 32 percent). Combining the high-income bracket with the group that did not apply for aid shows that 73 percent of out-of-state incoming students in 2012-13 were likely to have had high family incomes.

Net Price

The net price is how much the student and/or family ultimately must pay, once grants are subtracted from the total price (also called the “cost of attendance”). The net price includes the FAFSA-determined expected family contribution (except where grant aid has exceeded price less the EFC).

It is important to note that most students and/or parents take out loans for all or a share of the net price. Families are not generally able to foot the year’s entire net price out of their annual income. However, examining net price in the context of family income, as done below, is a way to understand how families might perceive affordability.

The data below draw largely on IPEDS. Program review committee staff requested that UConn provide information regarding median and average net price by income levels, including more distant and recent years than IPEDS. The data were obtained but, for in-state students, are not included below due to committee staff’s concerns about the methodology used to develop them. Net price data for out-of-state students are presented because program review committee

staff believes the methodology would not skew the results substantially, since the vast majority (98 percent, in 2011-12) attended the Storrs campus.

In-state. In 2010-11, the average net price (i.e., cost after all grants) to incoming Storrs in-state freshmen receiving grant or scholarship aid was \$14,877, equivalent to 60 percent of the total price for a student living on- or off-campus (not at home). In other words, the median tuition discount was \$10,227, or 41 percent of the price.

Income-level figures are available for a different population. The 2010-11 average Storrs net price for students who received any federal financial aid (e.g., Pell grant, Stafford loan) varied among in-state income groups, generally progressively. The average student within the lowest income level had to pay \$7,238, or 29 percent of the Storrs cost, while the average student at the highest level was charged \$22,245, or 90 percent of the Storrs cost. The net price rose by income level (i.e., was progressive).

Trends. Between 2008-09 and 2010-11, the average net price for incoming Storrs students receiving grant or scholarship aid rose eight percent after adjusting for inflation, while the price increased slightly more (9 percent). Consequently, the share of the price left to students declined very slightly (by 1.4 percent), from 61 to 60 percent.

Over the same three years, the net prices for students receiving any federal aid rose between 2 and 13 percent, depending on the income bracket, as demonstrated by Table E-8. Those in the lowest bracket had the greatest percentage increase (13 percent), while those in the high middle income group had the smallest (2 percent).

| Table E-8. Average Net Price for In-State Incoming Storrs Students Receiving Any Federal Financial Aid Rose For All Income Groups Between 2008-09 and 2010-11; Steepest Increase for Low Income Students | | | |
|---|---|----------------|-----------------------------------|
| | <i>Average Net Price (2010 dollars)</i> | | |
| | <i>2008-09</i> | <i>2010-11</i> | <i>Change, 2008-09 to 2010-11</i> |
| Low: \$0-30k | \$6,389 | \$7,238 | 13% |
| Low middle: \$30,001-48k | \$9,258 | \$9,521 | 3% |
| Middle: \$48,001-75k | \$13,709 | \$14,438 | 5% |
| High middle: \$75,001-110k | \$18,941 | \$19,252 | 2% |
| High: \$110,001+ | \$21,053 | \$22,245 | 6% |
| Source of data: IPEDS, with average net price adjusted for inflation by PRI staff using the Bureau of Labor Statistics' CPI-U-RS. | | | |

The increase in price, however, outstripped the net price increases for all but the lowest income. Table E-9 conveys that the share of price in-state students were left to cover declined across income brackets, except for the lowest income group. The decline was greatest for the high middle income group (7 percent drop).

| Table E-9. Share of Price Left to Students Declined For All Income Groups Except Lowest, For In-State Incoming Storrs Students Receiving Any Federal Financial Aid, Between 2008-09 and 2010-11 | | | |
|--|--|----------------|---|
| | <i>Share of Price Left to Students</i> | | |
| | <i>2008-09</i> | <i>2010-11</i> | <i>Percent Change, 2008-09 to 2010-11</i> |
| Low: \$0-30k | 28% | 29% | 4% |
| Low middle: \$30,001-48k | 41% | 38% | -6% |
| Middle: \$48,001-75k | 60% | 58% | -4% |
| High middle: \$75,001-110k | 84% | 78% | -7% |
| High: \$110,001+ | 93% | 90% | -3% |
| Source of data: PRI staff calculations from IPEDS average net price data and UConn price data. | | | |

Compared to family income. The share of the Connecticut state median household income needed to pay the average net price for students who received any grant or scholarship aid increased from 21 to 23 percent, between 2008-09 and 2010-11.

When each income bracket's midpoint is compared to the bracket's average net price, share of income needed to pay that net price is, overall, regressive – and sharply so, at the lowest income level, as displayed in Table E-10. Students at the midpoint of the lowest bracket, whose families make \$15,000 annually, would need to give about half the year's income (48 percent), in order to pay the 2010-11 net price upfront. For students in the next highest brackets, at the low middle and middle levels, the income burden of the net price is 24 and 23 percent. Students at upper income levels would have to pay just over one-fifth of family income.

The estimated share of income needed to pay the average net price, for students at the income bracket midpoints, has grown by two to six percent for each income bracket but the lowest, which increased by 13 percent.

| Table E-10. Estimated Share of Income Needed to Pay Average Net Price (i.e., net price's burden) Is Regressive, for Incoming In-State Storrs Students Who Received Federal Aid | | | |
|---|--|-----------------------|---|
| <i>Income Bracket – Midpoint*</i> | <i>Share of Income Needed For Average Net Price</i> | | <i>Percentage Change, 2008-09 to 2010-11</i> |
| | <i>2008-09</i> | <i>2010-11</i> | |
| Low - \$15,000 | 43% | 48% | 13% |
| Low middle - \$39,000 | 24% | 24% | 3% |
| Middle - \$61,500 | 22% | 23% | 5% |
| High middle - \$92,500 | 20% | 21% | 2% |
| High - \$110,000 | 19% | 20% | 6% |
| <p>Note: Includes only students who applied for federal financial aid. * The highest bracket begins at \$110,000, so for that level, the net price burden is overestimated. Income bracket midpoints, as well as the highest bracket's minimum, were unadjusted for inflation (though median Connecticut household income was because: 1) the federally-set ranges have remained static; 2) overall, Connecticut median household income declined four percent, after adjusting for consumer inflation, between 2005-06 and 2012-13. Source of data: PRI staff calculations from IPEDS average net price data, with that price adjusted for inflation by PRI staff using the Bureau of Labor Statistics' CPI-U-RS.</p> | | | |

Out-of-state. In 2012-13, the median net price (i.e., cost after all grants) to in-state students was \$37,624, equivalent to 85 percent of the total cost of attendance for an on-campus Storrs student. In other words, the median amount of tuition discount was \$6,870, or 16 percent of the cost.

The 2012-13 median UConn net price varied among out-of-state income groups, somewhat progressively. The median student at the lowest income level had to pay \$27,944, or 63 percent of the full out-of-state price, while the median student at the highest level was charged \$36,444, or 85 percent of the price. For the most part, the net price rose with income level until the middle bracket; however, the median middle-income student had a net price higher than the median high middle income student, and on par with the median highest-income student.

Trends. Since 2005-06, the overall median net price climbed 14 percent, rising between 13 and 21 percent (after adjusting for inflation) for each income group except the middle one, as shown by Table E-11. The median net price for Pell grant recipients had an especially steep climb (25 percent). Meanwhile, the middle income group experienced a slight rise of three percent, moving the group from the highest median net price in 2005-06 to tied for the highest (with the top income bracket) in 2012-13.

| Table E-11. Median Net Price (i.e., Price After Grants) for Out-of-State Incoming Students Rose Between 2005-06 and 2012-13 for All Income Groups (After Adjusting for Inflation); Was Progressive Except at Middle Income Level | | | | | |
|---|--|----------------|----------------|---|----------------|
| | <i>Median Net Price (2012 dollars)</i> | | | <i>Percent Change to 2012-13, From:</i> | |
| | <i>2005-06</i> | <i>2010-11</i> | <i>2012-13</i> | <i>2005-06</i> | <i>2010-11</i> |
| <i>By Income Bracket</i> | | | | | |
| Low: \$0-30k | \$24,792 | \$23,492 | \$27,944 | 13% | 19% |
| Low middle: \$30,001-48k | \$26,497 | \$27,599 | \$30,684 | 16% | 11% |
| Middle: \$48,001-75k | \$36,495 | \$39,236 | \$37,624 | 3% | -4% |
| High middle: \$75,001-110k | \$27,791 | \$31,127 | \$32,184 | 16% | 3% |
| High: \$110,001+ | \$30,978 | \$35,129 | \$37,624 | 21% | 7% |
| <i>All</i> | \$32,966 | \$35,129 | \$37,624 | 14% | 7% |
| <i>Pell recipients</i> | \$22,440 | \$24,072 | \$28,094 | 25% | 17% |
| Note: Includes only students who applied for federal financial aid. Source of data: UConn. | | | | | |

Despite these increases, Table E-12 indicates that generally the share of price in-state students were left to cover has declined slightly since 2005-06 for most income groups. The exceptions were high-income students, whose net price burden grew three percent, and Pell grant recipients, whose burden rose 6 percent. The largest share of the full price covered by the net price, among the income groups, was 85 percent.

Viewing changes in the share of price students were left to cover from 2005-06 to 2010-11, and then from 2010-11 to 2012-13, gives a different view. In that context, the share of price students were left to cover declined from 2005-06 to 2010-11 for all groups, but since then:

- rose again to nearly (within one to three percentage points) 2005-06 levels, for the median overall and for the medians within the low middle and high middle income brackets;
- continued shrinking for the middle income bracket; and
- climbed slightly above the 2005-06 level, for the median students in the high income bracket and Pell recipient group.

| Table E-12. Share of On-Campus Price Left to Students (i.e., net price's share of full price) for Incoming Out-of-State Students Declined for All But High Income and Pell Recipients, Between 2005-06 and 2012-13 | | | | | |
|---|--|----------------|----------------|---|----------------|
| | <i>Share of On-Campus Cost Remaining At Median Net Price</i> | | | <i>Percentage Change, to 2012-13, From:</i> | |
| | <i>2005-06</i> | <i>2010-11</i> | <i>2012-13</i> | <i>2005-06</i> | <i>2010-11</i> |
| <i>By Income Bracket</i> | | | | | |
| Low: \$0-30k | 66% | 53% | 63% | -4% | 18% |
| Low middle: \$30,001-48k | 70% | 62% | 69% | -2% | 10% |
| Middle: \$48,001-75k | 97% | 89% | 85% | -12% | -5% |
| High middle: \$75,001-110k | 74% | 70% | 72% | -2% | 3% |
| High: \$110,001+ | 82% | 80% | 85% | 3% | 6% |
| <i>All</i> | <i>87%</i> | <i>80%</i> | <i>85%</i> | <i>-3%</i> | <i>6%</i> |
| <i>Pell recipients</i> | <i>59%</i> | <i>54%</i> | <i>63%</i> | <i>6%</i> | <i>16%</i> |
| Note: Includes only students who applied for federal financial aid. Source of data: PRI staff calculations using UConn price data. | | | | | |

Compared to family income. When each income bracket's midpoint is compared to the bracket's median net price, share of income needed to pay that net price for out-of-state students is, overall, regressive, as Table E-13 shows. Students at the midpoint of the lowest bracket, whose families make \$15,000 annually, would need to pay nearly double (186 percent) of their family income, in order to pay the 2012-13 net price upfront. Students in the next highest brackets, at the low middle and middle levels, would have to pay more than half their family's income (79 and 61 percent, respectively). Students at upper income levels would have to pay just beyond one-third of family income. If a family at the national median household income needed to pay the median net price upfront, they would face a cost burden of 74 percent of income.

The estimated share of income needed to pay the median net price, for students at the income bracket midpoints, has grown by 13 to 21 percent for most income bracket, while the middle income bracket's share grew three percent. For a median income family paying the median net price, the cost burden grew 22 percent. Over just the last two years, the cost burden grew at all income levels except the middle, where it shrank slightly (4 percent). Growth was largest for the lowest income bracket, which uniquely saw a decline between 2005-06 and 2010-11. That drop was reversed, and then some, by growth between 2010-11 and 2012-13.

| Table E-13. Estimated Share of Income Needed to Pay Median Net Price (i.e., net price's burden) Is Regressive, for Incoming Out-of-State Residents | | | | | |
|---|--|----------------|----------------|--------------------------------------|----------------|
| <i>Income Bracket – Midpoint*</i> | <i>Share of Income Needed For Median Net Price</i> | | | <i>Percentage Change, to 2012-13</i> | |
| | <i>2005-06</i> | <i>2010-11</i> | <i>2012-13</i> | <i>2005-06</i> | <i>2010-11</i> |
| Low - \$15,000 | 165% | 157% | 186% | 13% | 19% |
| Low middle - \$39,000 | 68% | 71% | 79% | 16% | 11% |
| Middle - \$61,500 | 59% | 64% | 61% | 3% | -4% |
| High middle - \$92,500 | 30% | 34% | 35% | 16% | 3% |
| High - \$110,000 | 28% | 32% | 34% | 21% | 7% |
| Median U.S. income | 61% | 68% | 74% | 22% | 9% |

Note: Includes only students who applied for federal financial aid.
* The highest bracket begins at \$110,000, so for that level, the net price burden is overestimated. Income bracket midpoints, as well as the highest bracket's minimum, were unadjusted for inflation (though median Connecticut household income was) because: 1) the federally-set ranges have remained static; 2) overall, Connecticut median household income declined four percent, after adjusting for consumer inflation, between 2005-06 and 2012-13. The median net price was, however, adjusted for inflation because current dollars calculations would have inherently captured inflation. Source of data: PRI staff calculations from UConn price data, with price adjusted for inflation by PRI staff using the Bureau of Labor Statistics' CPI-U-RS.

Comparison of net price burden, in terms of family income. Out-of-state students appear to have a higher net price burden than in-state students, at every income level, as indicated by Table E-14. The data are not directly comparable, but they are sufficiently similar and resulting in such large differences that this conclusion is reasonable.

| Table E-14. Out-of-state Students Appear to Have a Higher Net Price Burden Than In-State Students | | | | |
|--|--|--|------------------------------------|---------------------------|
| <i>Income Bracket – Midpoint*</i> | <i>Share of Income Needed For Net Price, 2010-11</i> | | <i>Percentage Point Difference</i> | <i>Percent Difference</i> |
| | <i>In-state Storrs Students: Average Net Price</i> | <i>Out-of-state UConn Students: Median Net Price**</i> | | |
| Low - \$15,000 | 48% | 157% | 109% | 227% |
| Low middle - \$39,000 | 24% | 71% | 47% | 196% |
| Middle - \$61,500 | 23% | 64% | 41% | 178% |
| High middle - \$92,500 | 21% | 34% | 13% | 62% |
| High - \$110,000 | 20% | 32% | 12% | 60% |

Note: Includes only incoming full-time degree-seeking students who applied for federal financial aid. In-state data excludes students who are transfers, while out-of-state data includes them.
* The highest bracket begins at \$110,000, so for that level, the net price burden is overestimated.
**Although the out-of-state net price data are for incoming students at all campuses, in a recent year 98 percent of UConn's out-of-state students attended the Storrs campus.
Source of data: PRI staff calculations from IPEDS average net price data (in-state Storrs students) and UConn median net price data (out-of-state students at any campus).

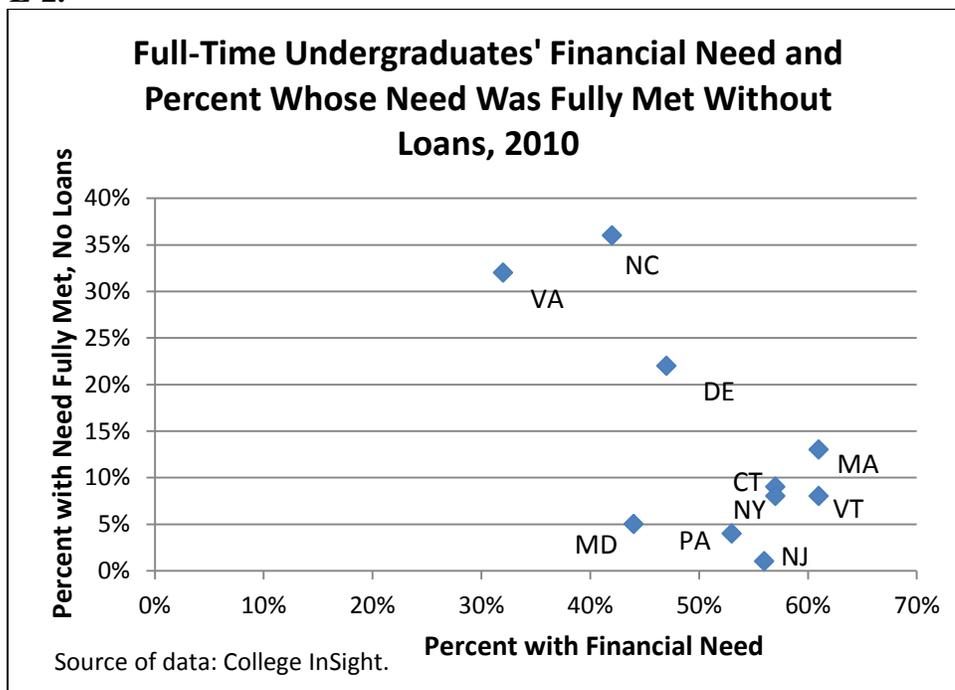
Unmet Need

Unmet need is another way of understanding to what extent financial aid is covering students' cost. Peer rankings in this area should be interpreted with some caution because the resources required to meet need differ. For example, 60 percent of a university's students might have financial need, but a large portion might have relatively little need, making it somewhat easy to meet need and thereby have a low percent of students with unmet need. Another college could also have 60 percent of its students demonstrate need, but those students could have greater need.

Data from College InSight, run by The Institute for College Access and Success, show that between 2005 and 2010, UConn slightly improved its relative ability to meet students' financial need – but it still fell well short of fully meeting need. UConn's share of full-time undergraduates whose financial need was fully met without loans rose slightly, from eight percent to nine percent, improving its ranking from seventh to fifth. At the same time, the average percent of need met through grants and subsidized loans (i.e., preferred aid) also increased, from 66 to 69 percent, shifting its ranking up from eighth to seventh.

Figure E-2 shows that, among the peer group, there is a relationship between the percent of students with financial need and the percent of them whose need is fully met. Generally, as the need level rises, the percent whose need is fully met declines. There are clear exceptions, however; for example, the University of Maryland has a relatively low need level but a low percentage of students whose need is fully met without loans.

Figure E-2.



Meanwhile, as happened at seven peers, a larger share of UConn's students demonstrated need: 57 percent in 2010, up from 49 percent in 2005. At UConn, this shift could reflect several changes: a move toward a larger low-income contingent (19 percent of 2010 fulltime freshmen received Pell grants, up from 13 percent in 2005), a growing share of undergraduates coming from out of state and therefore having a higher total price, and higher prices being charged. The rise of Pell recipient representation was not unique to UConn; all peer schools except Penn State experienced an increase of more than 20 percent. By 2010, compared to its peers, UConn had the third highest share of students with financial need, and the sixth highest share of full-time freshmen receiving Pell grants.

Education Debt

UConn's federal student debt generally compares reasonably to similar universities. Although two-thirds of its graduates have federal student loans – higher than the flagship median and a 10-university peer group median – their average debt level (\$23,822 in 2010-11) is about in the middle of all flagships and peers. Furthermore, UConn's short-term student default rate is low, at 2.3 percent. (Long-term default rates are unavailable.)

For this study, UConn provided detailed debt data – including private loans and federal Parent Plus loans – on full-time students who entered the university in 2009-10 and took on debt that year. These data indicate that four years later, these 2,834 students had taken out \$106 million in education loans. Just over half (53 percent) of the total loan volume was in federal loans with the best terms (Direct Subsidized, Direct Unsubsidized,⁶⁰ and Perkins), with 39 percent in Parent Plus loans and eight percent in private loans. When the data were examined by residency and whether the students were still enrolled at UConn in what may have been their senior year, program review committee staff found several interesting points.

First, in-state students tended to have lower debt than out-of-state students, both in the first year at UConn and cumulatively over four years. For example, among those still enrolled in the fourth year, the median debt at that point was \$33,213 for in-state students and \$55,505 for out-of-state students

Second, debt levels vary tremendously. For example, one-quarter of in-state students enrolled in a fourth year at UConn had cumulative debt below about \$22,300, while another quarter had debt exceeding \$52,900.

Third, most who left UConn after three or fewer years still had substantial debt. For this group, the median debt was \$15,286 for in-state students and \$21,397 for out-of-state students. As would be expected, though, overall in- and out-of-state students who left UConn before the fourth year had lower debt than those who remained enrolled. It is unclear what debt means for these students, as no information was available on the reason for departure and/or ultimate educational outcome. There are a range of possibilities, such as the student:

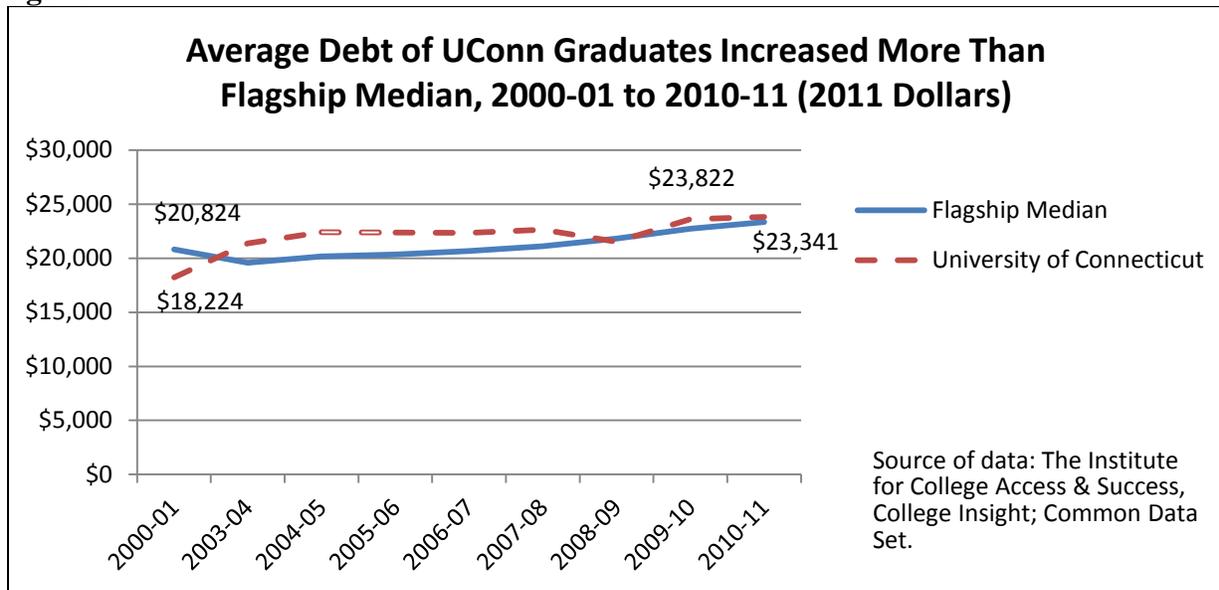
- graduated in under four years, particularly those who transferred into UConn with sophomore or beyond standing;
- transferred out of UConn, ultimately graduating from college elsewhere – or not;
- dropped out of college entirely, without obtaining a Bachelor's degree; or
- withdrew from UConn but later returned.

⁶⁰ Direct Subsidized and Unsubsidized loans previously were called Stafford loans.

FEDERAL DATA

UConn Graduates. Between 2000-01 and 2010-11, the average debt of a UConn graduate (including private student loans but excluding Parent Plus loans) among those with any federal debt increased 31 percent while the median flagship university student's debt grew 12 percent (all above inflation). By the latter year, average student debt for a UConn graduate (\$23,822) ranked 24th among all flagships. Figure F-1 shows that UConn graduates' debt grew sharply in the first years of the century, remained about stable until 2007-08, and then declined for one year before rising again. Data from College InSight, run by The Institute for College Access and Success (TICAS), indicates UConn's average debt ranked sixth highest among a ten-university peer group – an improvement from its third-place ranking in 2005. The shift in rank is due to larger increases at most peers.

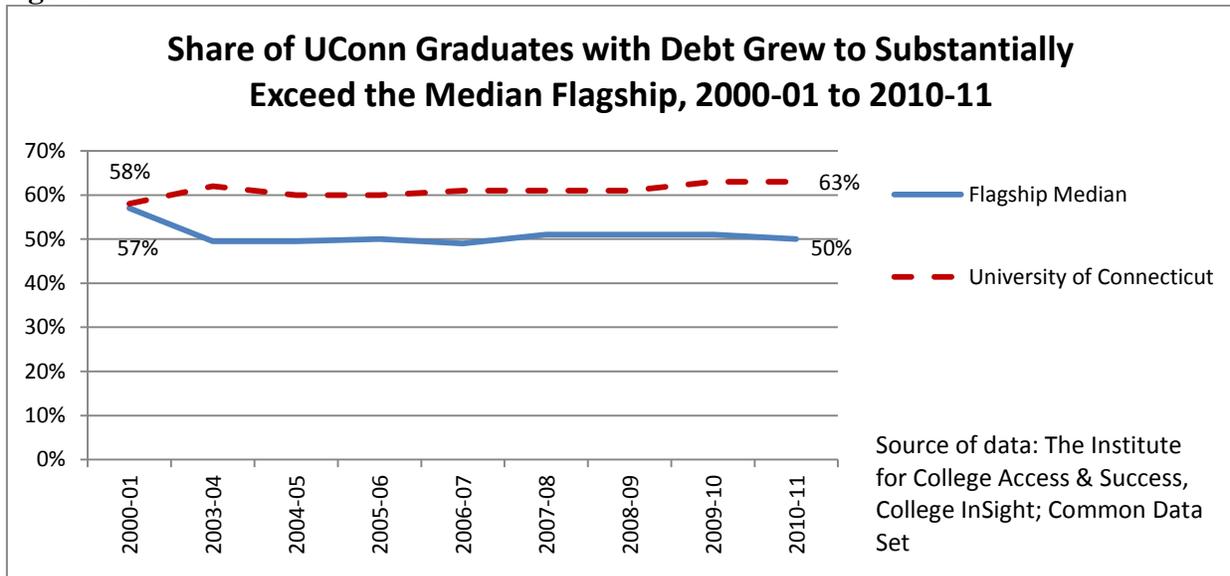
Figure F-1



The share of UConn graduates with debt rose from 58 percent to 63 percent over the same 11 years, as indicated by Figure F-2. The median flagship university share, however, declined 2001 through 2003 and remained approximately the same since then, at about 50 percent. Consequently, in 2010-11, UConn ranked had a relatively high share of graduates with debt, ranking 9th among flagships and third among its peers.⁶¹

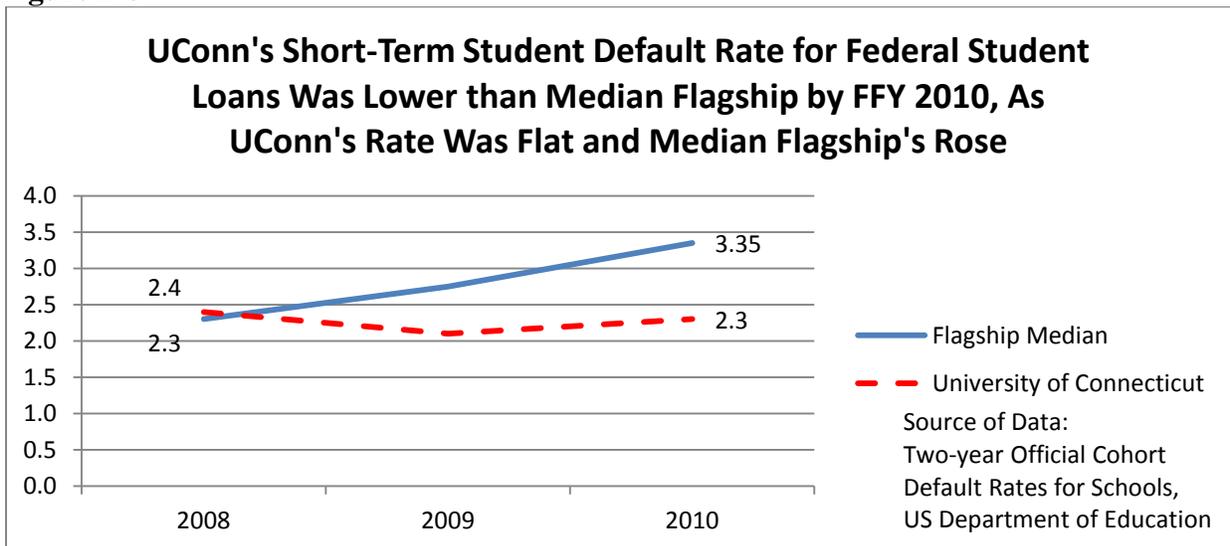
⁶¹ According to College InSight, run by The Institute for College Access & Success; data are from the Common Data Set.

Figure F-2



UConn students do relatively well, in the short-term, at paying their education debt. In 2010, 2.3 percent of UConn students who had begun repayment within the last two years had defaulted on their federal student loans. This rate placed UConn 35th (i.e., 15th lowest rate) among flagships and seventh among peers; it is also much lower than the average four-year public school rate (six percent). UConn’s default rate has declined slightly since 2008 (when it was 2.4 percent), while the flagship median rate has steadily increased, from 2.3 to 3.35 percent, as depicted in Figure F-3.⁶²

Figure F-3



Freshmen. College InSight data indicate a declining – but still majority – share of UConn freshmen received student loans in 2010-11, 54 percent versus 2005’s 62 percent. The drop moved the university down in its peer group, from the second-highest share receiving loans,

⁶² According to the U.S. Department of Education’s Two-year Official Cohort Default Rates for Schools.

behind Penn State, to the fourth-highest. Penn State was the only other peer group school that saw a drop in freshman student loans; it had 53 percent in 2010, putting it fourth. The 2010 peer group median was 46 percent (University of North Carolina). Although declining loan receipt could indicate that grant aid is being provided or families are finding non-loan ways to fund college, it might instead – or additionally – signal a falling level of student financial need.

STUDY DATA: 2009-10 INCOMING STUDENTS

Methods

Education debt was analyzed for the cohort of 5,355 UConn full-time students who first entered the university in 2009-10 and accumulated debt that year. Both freshmen and transfer students are included, but students who entered the university that year yet first accumulated debt in the second year or beyond are not. The analysis involved an examination of how debt levels grow over time, differences in debt between in-state and out-of-state students, and the balance among different types of loans. Data were requested in August 2013, for multiple classes of students, and provided in mid-December for only the most recent class (called a “cohort” in this analysis). Due to time limitations, thorough analysis of the data was limited to in-state students.

No information was available on the educational outcomes of students who left before four years. It is likely some students transferred to other universities, while others may have graduated UConn after fewer than four years (especially among those who began there in 2009-10 as transfer students) or, alternately, dropped out of higher education entirely. UConn could not provide any data on what happens to students who prematurely end enrollment, and did not give information on whether any students in this particular cohort graduated early.

Unlike data presented elsewhere in this report, dollar amounts for this analysis are unadjusted for inflation.

Entire Cohort

Education loans were taken out by 53 percent of UConn’s 2009-10 incoming students. Altogether, loans in these students’ first year at UConn totaled about \$30.66 million, for an average amount of \$10,820, as indicated by the first numerical column of Table F-1. The highest loan amount was in Parent Plus loans (\$12.73 million), although those were outpaced by the combination of subsidized and unsubsidized Direct loans (\$14.85 million). Just over half (52 percent) of the total loan amount was in Direct or Perkins loans, called “Preferred” here because of their relatively better terms, while 42 percent was in Parent Plus loans and seven percent in private loans.

| Table F-1. Nearly Half of Cohort's Education Debt is Either Parent Plus Loan or Private Loan | | | | | |
|---|------------------------------|-------------------------------|------------------------------|-------------------------------|----------------------------|
| | <i>First Yr. 2009-10</i> | <i>Second Yr. 2010-11</i> | <i>Third Yr. 2011-12</i> | <i>Fourth Yr. 2012-13</i> | <i>Cumulative</i> |
| Subsidized Direct | \$6,189,161 | \$7,232,077 | \$6,937,452 | \$5,594,842 | \$25,953,532 |
| Unsubsidized Direct | \$8,660,087 | \$7,419,980 | \$6,548,742 | \$5,615,267 | \$28,244,076 |
| Perkins | \$1,023,490 | \$581,550 | \$59,870 | \$53,150 | \$1,718,060 |
| <i>Preferred Federal Loan Total</i> | <i>\$1,000,284</i> | <i>\$15,233,607</i> | <i>\$13,546,064</i> | <i>\$11,263,259</i> | <i>\$55,915,668</i> |
| Parent Plus | \$12,734,271 | \$11,828,089 | \$9,681,318 | \$7,272,263 | \$41,492,735 |
| Private | \$2,078,854 | \$2,305,055 | \$2,333,207 | \$1,959,167 | \$8,676,282 |
| <i>Non-Preferred Loan Total</i> | <i>\$14,813,125</i> | <i>\$14,133,144</i> | <i>\$12,014,525</i> | <i>\$9,231,430</i> | <i>\$50,169,017</i> |
| Total | \$30,662,657 | \$29,366,751 | \$25,560,589 | \$20,494,689 | \$106,084,685 |
| Percent Preferred | 52% | 52% | 53% | 55% | 53% |
| Percent Non-Preferred | 48% | 48% | 47% | 45% | 47% |
| Percent Parent Plus | 42% | 40% | 38% | 35% | 39% |
| Percent Private | 7% | 8% | 9% | 10% | 8% |
| New Debt | | | | | |
| Number With New Debt | 2,834 | 2,336 | 1,932 | 1,566 | --- |
| Average New Debt, For Those with It | \$10,820 | \$12,571 | \$13,230 | \$13,087 | Cohort: \$37,433 |
| Source of data: UConn. | | | | | |

Growth. By 2012-13, which would have been the senior year for students who entered as freshmen and continued to attend full-time, the cohort's loans totaled \$106.08 million.

The group had taken out nearly \$56 million in preferred federal loans, along with \$41.49 million and \$8.68 million in Plus and private loans, respectively. The cumulative balance of loans remained about the same, masking a shift away from Plus loans and toward private loans, for new debt.

Only 45 percent of the original cohort took out new debt in 2012-13. By that year, the amount of new loans had declined slightly for subsidized direct (down 10 percent) and private loans (down 6 percent), but dropped tremendously for unsubsidized direct (35 percent), Perkins (95 percent), and Plus (43 percent) loans.

Cumulative debt. By 2012-13, the median cumulative UConn debt had grown from \$7,076 to \$27,092. The distribution statistics displayed in Table F-2 below show that one-quarter of the group (including those who had already departed UConn) had debt under \$15,702, while another quarter had debt beyond \$50,000. The highest single-student debt total was nearly \$185,000.

| Table F-2. Cohort's Cumulative Debt Varied Tremendously; By the Fourth Year, Middle 50 Percent Had Debt Between \$15,702 and \$50,024 | | | | |
|--|------------------------------|-------------------------------|------------------------------|-------------------------------|
| | <i>First Yr. 2009-10</i> | <i>Second Yr. 2010-11</i> | <i>Third Yr. 2011-12</i> | <i>Fourth Yr. 2012-13</i> |
| 25th percentile | \$5,474 | \$9,952 | \$13,568 | \$15,702 |
| Median | \$7,076 | \$15,128 | \$21,945 | \$27,092 |
| 75th percentile | \$14,791 | \$29,483 | \$41,638 | \$50,024 |
| Highest | \$46,478 | \$86,419 | \$133,658 | \$184,845 |
| Average | \$10,820 | \$21,182 | \$30,201 | \$37,433 |
| Source of data: UConn. | | | | |

Examining cumulative education debt by residency and 2012-13 enrollment status, in Table F-3 below, shows that:

- in-state students tended to have lower debt than out-of-state students, both in the first year and cumulatively over four years;
- in- and out-of-state students who left UConn before what would have been their senior year had lower debt than those who remained enrolled;
- but most who left UConn before the fourth year still had substantial debt, with a median of \$15,286 for in-state students and \$21,397 for out-of-state students – and one-quarter with debt exceeding \$26,076 and \$44,432 respectively.

| Table F-3. Cohort's Debt Lower for In-State Students, But Many Still Have Substantial Debt – Even for Just The First Year | | | | |
|--|-----------------------------|---------------------------------|-----------------------------|---------------------------------|
| | <i>In-state</i> | | <i>Out-of-state</i> | |
| | <i>Enrolled 2012-13</i> | <i>Not Enrolled 2012-13</i> | <i>Enrolled 2012-13</i> | <i>Not Enrolled 2012-13</i> |
| <i>In the First Year (2009-10)</i> | | | | |
| 25th percentile | \$5,474 | \$5,474 | \$5,474 | \$5,474 |
| Median | \$6,655 | \$7,464 | \$11,950 | \$15,224 |
| 75th percentile | \$12,982 | \$11,977 | \$26,574 | \$25,336 |
| Highest | \$39,850 | \$39,844 | \$38,992 | \$46,478 |
| Average | \$9,356 | \$9,028 | \$15,735 | \$16,350 |
| <i>Through the Fourth Year (2012-13)</i> | | | | |
| 25th percentile | \$22,355 | \$7,781 | \$24,428 | \$9,770 |
| Median | \$33,213 | \$15,286 | \$55,505 | \$21,397 |
| 75th percentile | \$52,911 | \$26,076 | \$103,270 | \$44,432 |
| Highest | \$134,856 | \$98,512 | \$184,845 | \$116,902 |
| Average | \$39,517 | \$19,561 | \$64,062 | \$29,409 |
| <i>Share of Cohort</i> | 50% | 26% | 16% | 8% |
| Source of data: UConn. | | | | |

It is possible, if not likely, that portions of the cohort's 34 percent of students who left UConn early either graduated (especially if they began at UConn as transfer students) or transferred to another university, where they may have completed a four-year degree. UConn was unable to provide any information – specific to this cohort or not – regarding the post-UConn education future of students who depart without graduating. UConn also did not provide information on the share of the cohort that graduated before four years at the university.

Distribution by Loan Type. Nearly the entire cohort (98 percent annually, and 99 percent overall) held preferred debt by 2012-13, as shown by Table F-4 below. Overall, students needed to increasingly draw on private loans as they progressed through their education.

Although 58 percent of the cohort held only preferred debt as freshmen (i.e., did not have any Plus or private loans), by senior year, less than half (47 percent) had just this type. Meanwhile, the percent of the cohort holding new Plus loans grew from 37 percent in freshman year to 45 percent in senior year. Similarly, although by senior year just 13 percent of the cohort had any amount in private education loans, the share of the cohort with them – among those taking on new debt – grew every year, from a starting point of seven percent of freshmen.

| Table F-4. By Cohort's Senior Year, Nearly All Have Preferred Education Debt, Under Half Have Parent Plus Loans, and About One in Eight Have Private Loans | | | | | |
|---|------------------------------|-------------------------------|------------------------------|-------------------------------|---|
| | <i>First Yr. 2009-10</i> | <i>Second Yr. 2010-11</i> | <i>Third Yr. 2011-12</i> | <i>Fourth Yr. 2012-13</i> | <i>Cumulative (Entire Cohort)</i> |
| Preferred Debt: Percent of Those With New Debt Who Had -- | | | | | |
| Only This Type | 58% | 56% | 56% | 58% | 47% |
| None | 2% | 2% | 2% | 2% | 1% |
| Some or All (i.e., any) | 98% | 98% | 98% | 98% | 99% |
| Parent Plus Loans: Percent of Those With New Debt Who Had -- | | | | | |
| Only This Type | 1% | 1% | 1% | 1% | 0% |
| None | 63% | 64% | 64% | 67% | 55% |
| Some or All (i.e., any) | 37% | 36% | 36% | 33% | 45% |
| Private Loans: Percent of Those With New Debt Who Had -- | | | | | |
| Only This Type | 1% | 1% | 1% | 2% | 1% |
| None | 93% | 92% | 91% | 90% | 87% |
| Some or All (i.e., any) | 7% | 8% | 9% | 10% | 13% |
| Source of data: UConn. | | | | | |

In-State Students

Program review committee staff analyzed education debt specific to the cohort's in-state students, separately for those enrolled or not in 2012-13. (Time limitations did not allow for similar analysis of the data on out-of-state students.)

Enrolled in fourth year. Half the entire cohort was composed of Connecticut residents who remained enrolled by the fourth year. This group of students accounted for 43 percent of the cohort's education debt in 2009-10, and 53 percent of the cohort's cumulative debt (by 2012-13)

when the data in Table F-5 are compared to Table F-1. Unlike the entire cohort, the total new debt amount across in-state students still enrolled, as well as the per-student new debt average, grew every year (except the fourth year).

Compared to the entire cohort, in-state students still enrolled by 2012-13 had a greater loan volume in preferred student loans (60 percent of cumulative loans versus 53 percent for the entire cohort), reflecting less reliance on both Plus and private loans.

| Table F-5. In-State Students Enrolled in Fourth Year Accounted for About Half of the Cohort's Cumulative Debt; Group Had Slightly Less Reliance on Parent Plus and Private Loans, Compared to Others in Cohort | | | | | |
|---|------------------------------|-------------------------------|------------------------------|-------------------------------|-------------------------|
| | <i>First Yr. 2009-10</i> | <i>Second Yr. 2010-11</i> | <i>Third Yr. 2011-12</i> | <i>Fourth Yr. 2012-13</i> | <i>Cumulative</i> |
| Subsidized Direct | \$2,794,671 | \$3,853,207 | \$4,413,166 | \$4,201,066 | \$15,262,110 |
| Unsubsidized Direct | \$4,357,491 | \$4,163,476 | \$4,328,891 | \$4,413,862 | \$17,263,720 |
| Perkins | \$540,163 | \$331,310 | \$39,070 | \$32,350 | \$942,893 |
| Preferred Federal Loan Total | \$7,692,325 | \$8,347,993 | \$8,781,127 | \$8,647,278 | \$33,491,929 |
| Parent Plus | \$4,791,294 | \$5,269,383 | \$4,997,195 | \$3,872,405 | \$18,930,277 |
| Private | \$802,060 | \$899,603 | \$1,008,439 | \$1,005,676 | \$3,715,778 |
| Non-Preferred Loan Total | \$5,593,354 | \$6,168,986 | \$6,005,634 | \$4,878,081 | \$22,622,849 |
| Total | \$13,285,679 | \$14,516,979 | \$14,786,761 | \$13,525,359 | \$56,114,778 |
| Percent Preferred | 58% | 58% | 59% | 64% | 60% |
| Percent Non-Preferred | 42% | 42% | 41% | 36% | 40% |
| Percent Parent Plus | 36% | 36% | 34% | 29% | 34% |
| Percent Private | 6% | 6% | 7% | 7% | 7% |
| New Debt | | | | | |
| Number With New Debt | 1,420 | 1,306 | 1,232 | 1,193 | --- |
| Average New Debt, For Those with It | \$9,356 | \$11,116 | \$12,002 | \$11,337 | Cumulative: \$39,517 |
| Source of data: UConn. | | | | | |

Cumulative debt. By the fourth year, the median cumulative debt had grown from \$6,655 to \$33,213. The distribution statistics displayed in Table F-6 below show that one-quarter of the group had total education debt under \$22,355, while another quarter had debt exceeding nearly \$52,911. The highest single-student debt total was nearly \$135,000, indicating at least one student paid entirely through loans.

| Table F-6. Median Cumulative Debt for Cohort's In-State Students Enrolled In Fourth Year Was \$33,213; One Quarter Had Debt Exceeding \$52,911 | | | | |
|---|------------------------------|-------------------------------|------------------------------|-------------------------------|
| | <i>First Yr. 2009-10</i> | <i>Second Yr. 2010-11</i> | <i>Third Yr. 2011-12</i> | <i>Fourth Yr. 2012-13</i> |
| 25th percentile | \$5,474 | \$10,768 | \$16,762 | \$22,355 |
| Median | \$6,655 | \$14,928 | \$23,714 | \$33,213 |
| 75th percentile | \$12,982 | \$26,440 | \$41,127 | \$52,911 |
| Maximum | \$39,850 | \$80,655 | \$109,130 | \$134,856 |
| Average | \$9,356 | \$19,579 | \$29,993 | \$39,517 |
| Source of data: UConn. | | | | |

Distribution by loan type. The shares of students who have certain types of loans – exclusively or among other types – by the senior year for in-state students still enrolled at that point (shown in Table F-7) generally are similar to the entire cohort (Table F-4). The share that has any Plus loan debt is slightly higher (by two percentage points) for this subgroup.

| Table F-7. In-State Students Enrolled In Fourth Year Had Loan Patterns Similar to Cohort, But Slightly Larger Share Took Out Parent Plus Loan | | | | | |
|--|------------------------------|-------------------------------|------------------------------|-------------------------------|---|
| | <i>First Yr. 2009-10</i> | <i>Second Yr. 2010-11</i> | <i>Third Yr. 2011-12</i> | <i>Fourth Yr. 2012-13</i> | <i>Cumulative (Entire Cohort)</i> |
| Preferred Debt: Percent of Those With New Debt Who Had -- | | | | | |
| Only This Type | 60% | 59% | 58% | 63% | 46% |
| None | 2% | 1% | 2% | 2% | 1% |
| Some or All (i.e., any) | 98% | 99% | 98% | 98% | 99% |
| Parent Plus Loans: Percent of Those With New Debt Who Had -- | | | | | |
| Only This Type | 1% | 1% | 1% | 1% | 0% |
| None | 65% | 65% | 65% | 71% | 53% |
| Some or All (i.e., any) | 35% | 35% | 35% | 29% | 47% |
| Private Loans: Percent of Those With New Debt Who Had -- | | | | | |
| Only This Type | 1% | 1% | 1% | 1% | 0% |
| None | 94% | 94% | 92% | 92% | 87% |
| Some or All (i.e., any) | 6% | 6% | 8% | 8% | 13% |
| Source of data: UConn. | | | | | |

Not enrolled in fourth year. Just over one-quarter (26 percent) of the entire cohort was composed of Connecticut residents who had withdrawn before the fourth year.

This group of students accounted for 22 percent of the cohort’s education debt in 2009-10, and 14 percent of the cohort’s cumulative debt (by 2012-13), when the data in Table F-8 are compared to Table F-1. The total new debt amount across in-state students who were not enrolled in 2012-13 shrank annually, in a way suggesting gradual attrition.

Compared to the entire cohort as well as in-state students who persisted, in-state students who no longer enrolled had a greater share of loan volume in preferred student loans (65 percent of cumulative loans versus 53 percent for the entire cohort and 60 percent for other in-state students), reflecting less reliance on both Plus and private loans.

Table F-8. In-State Students Not Enrolled in Fourth Year Accounted for 26 Percent of Cohort But Only 14 Percent of the Cohort's Cumulative Debt; Group Had Less Reliance on Parent Plus and Private Loans, Compared to Others in Cohort

| | <i>First Yr. 2009-10</i> | <i>Second Yr. 2010-11</i> | <i>Third Yr. 2011-12</i> | <i>Cumulative</i> |
|-------------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------|
| Subsidized Direct | \$1,795,770 | \$1,640,627 | \$893,420 | \$4,329,817 |
| Unsubsidized Direct | \$2,445,675 | \$1,766,022 | \$831,922 | \$5,043,619 |
| Perkins | \$123,551 | \$34,800 | \$7,600 | \$165,951 |
| Preferred Federal Loan Total | \$4,364,996 | \$3,441,449 | \$1,732,942 | \$9,539,387 |
| Parent Plus | \$1,866,136 | \$1,345,038 | \$764,891 | \$3,976,065 |
| Private | \$503,528 | \$390,833 | \$182,522 | \$1,076,882 |
| Non-Preferred Loan Total | \$2,369,664 | \$1,735,871 | \$947,413 | \$5,052,947 |
| Total | \$6,734,660 | \$5,177,320 | \$2,680,355 | \$14,592,335 |
| Percent Preferred | 65% | 66% | 65% | 65% |
| Percent Non-Preferred | 35% | 34% | 35% | 35% |
| Percent Parent Plus | 28% | 26% | 29% | 27% |
| Percent Private | 7% | 8% | 7% | 7% |
| New Debt | | | | |
| Number With New Debt | 746 | 494 | 257 | --- |
| Average New Debt, For Those with It | \$9,028 | \$10,480 | \$10,429 | Cumulative: \$19,561 |
| Source of data: UConn. | | | | |

Cumulative debt. By the senior year, the median cumulative debt had grown from \$7,464 to \$15,286. The distribution statistics displayed in Table F-9 below show that one-quarter of the group had cumulative debt under \$7,781, while another quarter had debt exceeding about \$26,000. The highest single-student debt total was approximately \$98,500.

Table F-9. Median Cumulative Debt for Cohort's In-State Students Not Enrolled in Fourth Year Was \$15,658; One Quarter Had Debt Exceeding \$26,072

| | <i>First Yr. 2009-10</i> | <i>Second Yr. 2010-11</i> | <i>Third Yr. 2011-12</i> | <i>Cumulative</i> |
|------------------------|------------------------------|-------------------------------|------------------------------|-------------------|
| 25th percentile | \$5,474 | \$7,382 | \$7,781 | \$7,781 |
| Median | \$7,464 | \$13,075 | \$15,286 | \$15,286 |
| 75th percentile | \$11,977 | \$22,442 | \$26,076 | \$26,076 |
| Maximum | \$39,844 | \$75,433 | \$98,512 | \$98,512 |
| Average | \$9,028 | \$15,968 | \$19,561 | \$19,561 |
| Source of data: UConn. | | | | |

Distribution by Loan Type. The shares of students who had certain types of loans – exclusively or among other types – by what would have been the fourth year are different for in-state students no longer enrolled by that point (shown in Table F-10) and the entire cohort (Table

F-4). Compared to the entire cohort, in-state students who had stopped attending UConn after three or fewer years had:

- a larger share of students who had only preferred debt (58 percent versus 47 percent for the entire cohort), but a slightly smaller share (97 percent versus 99 percent) of students with any preferred debt;
- a smaller share of students with a Plus loan (33 percent, compared to 45 percent for the entire cohort); and
- about the same share of students with a private loan (12 percent versus 13 percent).

| Table F-10. Compared to Entire Cohort, In-State Students Not Enrolled in Fourth Year Had Larger Share of Students with Only Preferred Debt and Smaller Share with a Parent Plus Loan | | | | |
|---|------------------------------|-------------------------------|------------------------------|-------------------|
| | <i>First Yr. 2009-10</i> | <i>Second Yr. 2010-11</i> | <i>Third Yr. 2011-12</i> | <i>Cumulative</i> |
| Preferred Debt: Percent of Those With New Debt Who Had -- | | | | |
| Only This Type | 65% | 65% | 65% | 58% |
| None | 3% | 2% | 2% | 3% |
| Some or All (i.e., any) | 97% | 98% | 98% | 97% |
| Parent Plus Loans: Percent of Those With New Debt Who Had -- | | | | |
| Only This Type | 2% | 1% | 1% | 1% |
| None | 71% | 74% | 73% | 67% |
| Some or All (i.e., any) | 29% | 26% | 27% | 33% |
| Private Loans: Percent of Those With New Debt Who Had -- | | | | |
| Only This Type | 2% | 1% | 1% | 1% |
| None | 93% | 91% | 92% | 88% |
| Some or All (i.e., any) | 7% | 9% | 8% | 12% |
| Source of data: UConn. | | | | |

Financial Need Determination

To develop financial aid packages, UConn relies on the student financial need figure calculated by the U.S. education department's Federal Application for Free Student Aid (FAFSA). The FAFSA tool combines information on student and parent income and assets – as well as family characteristics – to determine a dollar amount that the family is expected to contribute: the Expected Family Contribution (EFC). The EFC is the basis of eligibility for most federal financial aid: the Pell grant, subsidized direct loans (formerly called Stafford loans), and federal work-study.

A student's financial need is the difference between the cost of attendance (called the "total price" in this study) and the EFC, as depicted in Figure G-1. Although the EFC does not change, a student's need will be different at essentially every university, since total prices vary among colleges.

Figure G-1. Financial Need Considers Cost of Attendance and Expected Family Contribution

$$\begin{array}{rcccl} \text{Cost of Attendance} & - & \text{Expected Family Contribution} & = & \text{Financial Need} \\ \textit{(Varies by Institution)} & & \textit{(Constant)} & & \textit{(Varies by Institution)} \end{array}$$

Most institutions, including UConn, rely solely on the FAFSA calculation when developing student aid packages for accepted or enrolled students. Although the FAFSA cannot be filed until January 1, a family may receive estimates of their expected college contribution and federal aid by completing the "FAFSA4caster" on the federal education department's website.⁶³

Alternative need calculations exist. The FAFSA's way of calculating financial need, called the "federal methodology," is the most generous to students of the three methods and is used by most higher education institutions. The other two are described below.

PROFILE. About 300 schools – mainly private institutions, along with four publics⁶⁴ – use the FAFSA's information in conjunction with the College Board's College Scholarship Service's (CSS) PROFILE. This tool provides colleges with a broader, more in-depth look at family and student assets. Most employ the PROFILE alone when awarding aid over which the college has discretion; this is termed the "institutional methodology."

⁶³ Accessible at: <https://fafsa.ed.gov/FAFSA/app/f4cForm?execution=e1s1>.

⁶⁴ According to the College Board's PROFILE website, the state public universities providing instruction to undergraduates and requiring the PROFILE are: Georgia Institute of Technology; University of Michigan; University of North Carolina – Chapel Hill; and University of Virginia.

Adjusted PROFILE. Twenty-five highly selective private institutions, called the 568 Presidents’ Group, use the PROFILE’s information but modify the need calculation in a way that is more favorable to students, using a “consensus methodology.” The differences among the methodologies are displayed in the table below.

| Table G-1. Expected Family Contribution Will Vary Among Methodologies Because Certain Assets Are Treated Differently | | | |
|---|--|--------------------------------|--|
| <i>Asset</i> | <i>FAFSA: Used by UConn (Federal)</i> | <i>PROFILE (Institutional)</i> | <i>Adjusted PROFILE (Consensus)</i> |
| Income and assets of non-primary divorced / unmarried parent | | ✓ | ✓ |
| Home equity | | ✓ | ✓ – Max. of 120% of parent adjusted gross income |
| Student assets | ✓ 20% | ✓ 25% | ✓ 5% |
| Grandparent-owned education savings accounts | (Considered only when distributed - as student income) | ✓ | ✓ |
| Small business assets | | ✓ | ✓ |

Source of data: Troy Onink, “2013 Guide to FAFSA, CSS Profile, Expected Family Contribution (EFC) and College Aid,” *Forbes* online, January 2, 2013. Accessed November 13, 2013 at: <http://www.forbes.com/sites/troyonink/2013/01/02/2013-simplified-guide-to-expected-family-contribution-efc-and-college-aid/>. Also referenced: <http://www.forbes.com/sites/troyonink/2010/12/15/bad-college-advice-dont-save-in-your-childs-name/2/>.

College can adjust FAFSA in exceptional circumstances. College financial aid staff may, upon student or parent appeal, alter the information submitted on the FAFSA if a family’s situation has been adversely affected in a way not reflected by the form. These situations include, but are not limited to, job loss, homelessness, major medical expenses, or change in family composition.⁶⁵ Because the EFC formula components may be adjusted, the resulting EFC can be higher or lower than originally calculated by the federal government.

FAFSA (Federal) Methodology

Three formula varieties. The federal methodology actually encompasses three separate but similar formulas: one each for a dependent student; independent student without dependents; and independent student with dependent(s). Generally, to be independent, a student must be married, a veteran, at least 23 years old, have children, legally emancipated, or homeless.

⁶⁵ See: “Chapter 5 – Special Cases,” *2013-14 Federal Student Aid Handbook*, U.S. Department of Education: Information for Financial Aid Professionals. Accessed November 27, 2013 via: <https://fafsa.ed.gov/fotw1314/help/fahelp26j.htm#>. See also: “Financial Aid for College Not Enough?” College Loan Consultant. Accessed November 27, 2013 at: <http://www.collegeloanconsultant.com/financial-aid-for-college.html>.

Each of the three formulas has a short version, excluding assets questions, for students who qualify by having family income under \$50,000 and one of the following:

- anyone in the household received benefits in the last two years for certain means-tested federal programs;⁶⁶
- parents were eligible to file either no tax return, or a simplified tax return (Form 1040A or 1040EZ); or
- a parent is a dislocated worker (e.g., has been laid off).

Formula for a dependent student. The formula to produce an EFC considers parent (or legal guardian) and student contributions in terms of both income and assets, as well as certain family characteristics. Some allowances are given for taxes, income protection, and (only for parents) employment expenses. Compared to students, parents have higher income protection and lower contribution rates for income and assets. The parent and student contributions are summed to result in one unified EFC. If a family has more than one child in college, the FAFSA will split the EFC evenly among the children.

Parent contribution. The formula for the parent contribution of the EFC is displayed in the following chart. Several of components require consultation with supplementary charts, as the amount included for calculation purposes varies, usually on the basis of the income or asset size and/or family characteristics. In these instances, the chart gives an example of the component's resulting size. "Parent" is considered to be inclusive of all biological parents residing with the student, the legal guardian(s), adoptive parent(s), or stepparent living with and married to the student's primary parent.

⁶⁶ SSI, SNAP, free or reduced price school lunch, TANF, WIC

| Table G-2. Parent Contribution Component of EFC Is Complicated; Is Not Flat Rate of Income or Assets | | |
|--|--|---|
| <i>Term</i> | <i>Component</i> | <i>Component Detail & Example (if necessary)</i> |
| | Adjusted gross income | |
| + | Untaxed income | |
| - | Allowances, for: | |
| | - Federal income tax paid | |
| | - State tax | 8% in CT if income <\$15k; 7% if >\$15k |
| | - Social Security tax | |
| | - Income protection | Based on household size and number in college (e.g., \$26,290 for 4 in household, 1 in college) |
| | - Employment expense | Applies if 2 working parents or 1-parent family; is lesser of \$3,900 or 35% of earned income |
| + | Assets x 12%* | |
| | + Cash, savings, checking, investments (other than family home, retirement accounts, life insurance plan value)* | |
| | + Adjusted net worth of non-family business or investment farm | Adjusted, based on net worth value (e.g., 47% of \$350,000) |
| | - Education savings and asset protection allowance | Varies based on older parent's age, number of parents (e.g., \$36,200 if 2 parents with older at 45 yrs.) |
| = | Adjusted Available Income (AAI) | |
| | Contribution from Adjusted Available Income | Varies based on AAI and number of household's children anticipated in college for upcoming year; ranges from 22% to marginal rate of 47% with base of 27% |
| <p>*Financial aid consultants report that the effective rate at which parent assets are assessed is about 5.64%. Notes: Education savings accounts in either the student's or parent's name are treated as parent assets. Distributions from retirement accounts are considered income, while the assets in an account are not considered assets for EFC calculation purposes. Source of data: "The EFC Formula, 2013-2014," U.S. Department of Education. Accessed November 15, 2013 at: http://ifap.ed.gov/efcformulaguide/attachments/091312EFCFormulaGuide1314.pdf.</p> | | |

Student Contribution. The formula for calculating the student contribution of the EFC is similar to the parent one. Differences from the parent contribution are:

- the state tax allowance is a lower flat percentage (e.g., 5 percent for Connecticut);

- the income protection allowance is a standard \$6,130, with an allowance for the absolute value of a parental *negative* adjusted available income if applicable;
- student income and assets are assessed at higher rates (50 percent and 20 percent, respectively);
- the net worth of a non-family business or investment farm is not adjusted; and
- there are no allowances for employment expenses or education savings or asset protection.

Adjustment for enrollment term. If a student is anticipated to be enrolled for fewer than nine months, the student and parent components are adjusted downward proportionately (e.g., by one-third if enrollment is expected for six of nine months). If enrollment will be full-year, the parent contribution (only) will be adjusted upward, in part proportionately.

Zero EFC. The FAFSA formula will result in an automatic zero EFC if the income level is no more than \$24,000⁶⁷. This limit applies to parental income, if the student is dependent, or to the student's and spouse's income if the student is independent with dependents.⁶⁸ In addition, at least one of the simplified formula's eligibility requirements regarding federal benefits receipt, simplified or no income tax filing, and/or parent being a dislocated worker must be met.

Examples. A table indicating a rough estimate of EFC by income, assuming no asset contribution, is available online at Forbes. (Because the formula considers both income and various types of assets, while incorporating family characteristics and allowances, the federal government does not publish any such tables or information.)

The following chart, containing selections from the Forbes table, can be used to make several interesting observations about the FAFSA methodology. First, usually there is no EFC for a family with a \$30,000 gross income and two children. Second, while the EFC is progressive (i.e., rises with income), substantial contributions are expected even of families with relatively low incomes, such as 6.6 percent of gross income from a two-child family earning \$50,000. Third, a typical upper-middle class family in Connecticut (earning about \$104,000) is expected to pay about 18% of gross income.⁶⁹ Fourth, a two-child family making \$130,000 would have an expected contribution that fully covers the total price of attending UConn as an on-campus student, which was \$26,122 in 2012-13.

⁶⁷ The income threshold for an automatic zero EFC was slightly lower, \$23,000, in the 2012-13 award year.

⁶⁸ Independent students who lack dependents are not eligible for an automatic zero EFC.

⁶⁹ For a two-child family earning \$103,747, which was the state's average income in 2011-12 for a household in the fourth-highest income quintile (from the 61st to 80th percentile).

| Table G-3. Example Expected Family Contribution (EFC) Rises Progressively with Income | | |
|--|----------------------------|----------------------------|
| <i>Parents' Adjusted Gross Income</i> | <i>EFC, 2-Child Family</i> | <i>EFC, 4-Child Family</i> |
| \$30,000 | \$0 | \$0 |
| \$32,500 | \$214 | \$0 |
| \$40,000 | \$1,572 | \$0 |
| \$50,000 | \$3,304 | \$1,784* |
| \$60,000 | \$4,944 | \$3,151 |
| \$70,000 | \$7,513 | \$5,093 |
| \$80,000 | \$10,960 | \$7,715 |
| \$90,000 | \$14,595 | \$11,350 |
| \$100,000 | \$17,943 | \$14,985 |
| \$110,000 | \$21,109 | \$18,206 |
| \$130,000 | \$26,802 | \$23,897 |
| \$150,000 | \$33,716 | \$30,344 |
| \$200,000 | \$50,103 | \$45,488 |
| <p>*According to the Forbes table, a family with four children first has an EFC with an income between \$40,000 and \$42,500 (with an EFC of \$426 at the latter level). Source of data: Troy Onink, "2013-14 Federal EFC Quick Reference Table," <i>Forbes</i> online. Accessed November 15, 2013 at: http://b-i.forbesimg.com/troyonink/files/2013/09/2013-EFC-Table1218.png.</p> | | |

Criticisms. Financial aid professionals and consultants, journalists, and parents have criticized FAFSA's need calculation methodology because it does not consider:

- regional variations in cost of living;
- students who are technically dependent but whose parents or guardians are disengaged and/or estranged, and therefore lack access to required parent income and asset information;
- modern family expenses;
- educational savings accounts for other children not yet in college as off-limits;
- equity or value of the primary home, any vehicles, or family businesses;
- income or assets of unmarried parents who are living together (before 2014-15⁷⁰), or of a divorced parent whose home is not the primary residence for the student;
- college enrollment of parents, for dependent students; or
- household debt.⁷¹

⁷⁰ <http://www.ed.gov/news/press-releases/education-department-announces-changes-fafsa-form-more-accurately-and-fairly-ass>

Defenders of the FAFSA methodology assert that, despite flaws, overall it is a fair way to assess relative financial strength.

Filing the FAFSA

Students can submit either an electronic or hard-copy FAFSA, beginning January 1 each year. The education department encourages use of the electronic application because it adjusts based on the person's responses – which limits errors – and contains additional instructions. Furthermore, applicants can import some data from federal income tax submissions to the electronic FAFSA, further improving accuracy and ease of use for the student and family. The electronic version is also generally processed faster – within one week, compared to two for the paper format.

Once the form has been processed, a student (or parent) receives the results, called a Student Aid Report. The report lists the EFC as well as the income, asset, and other information submitted on the FAFSA. Schools listed by the student on the application automatically receive copies of the report.

Verification

Each year, a portion of applications is selected for FAFSA verification audits. Before 2012-13, every college participating in federal financial aid selected at least 30 percent of its aid applicants for verification, and the process involved five standard items. Since then, the FAFSA processor selects, during the processing period, applicants for verification either: 1) randomly; or 2) if data analysis indicates there is high risk for error.⁷² The education department's goal is to eventually implement more precise verification targeting. In addition, each college has the authority to require verification of any applicant's information.

Items now commonly required for verification are listed in the chart below. If the student indicated the FAFSA should be shared with more than one college, and the FAFSA processor (not the college) has required verification, the documentation must be shared with each college's financial aid office.

Participation in verification is mandatory. A student who refuses to fully comply with verification is denied any federal aid.

⁷¹ See, for example: <http://www.usnews.com/education/best-colleges/paying-for-college/articles/2010/11/22/3-reasons-the-government-overestimates-parents-ability-to-pay-for-college>

⁷² See both: <http://ifap.ed.gov/fsahandbook/attachments/1213AVGCh4.pdf> and <http://ifap.ed.gov/dpceletters/GEN1211.html>

| Table G-4. FAFSA Verification Can Involve Family Signed Statements, In Addition to Government or College Paperwork | | |
|---|--|--|
| <i>Common Item to be Verified</i> | <i>Proof for Verification</i> | |
| | <i>Statement Signed by Parent / Student</i> | <i>Other</i> |
| 1. Household size | Yes | --- |
| 2. Number in college | Option | Option: College certification |
| 3. Income, taxes paid | --- | Tax return or similar, or signed statement |
| 4. Untaxed income and benefits | --- | Tax return or similar, or signed statement |
| 5. SNAP benefits | Option | Option: Agency documentation |
| 6. Child support paid | Yes | --- |
| 7. Work income for non-tax filers | Yes | Form W-2 |
| Source of data: "Chapter 4 – Verification, Updates, and Corrections," <i>Application and Verification Guide [2013-14 Federal Student Aid Handbook]</i> , U.S. Department of Education, Information for Financial Aid Professionals. Adapted from chart on page 81: "Acceptable Documentation." Accessed November 29, 2013 at: http://www.ifap.ed.gov/fsahandbook/attachments/1314AVGCh4.pdf . | | |

If warranted by the verification paperwork, the school's financial aid office corrects the FAFSA. Any discrepancy of \$25 or more is to be reported. A new EFC may result.

Student Options for Reducing Costs

Although not a solution to declining college affordability, prospective students may take several steps to limit the cost of a UConn education.

1. Earn college credit during high school. There are multiple ways for a Connecticut high school student to obtain college credits accepted by UConn, described below.

Advanced Placement. Over one-quarter (27 percent) of Connecticut 2012 high school graduates scored at a sufficiently high level on an AP exam (a three out of five) to possibly earn college credit. UConn generally gives three credits per accepted AP course, typically requiring an AP test score of four or five.^{73,74} The cost to take an AP exam is \$89, but Connecticut low-income students' fees are paid by the state.⁷⁵ Although a high school may charge an AP student additional course fees, the test cost – provided a qualifying exam score is earned – is about seven percent of the estimated cost of equivalent UConn credits. Students may complete numerous AP courses during high school enrollment (if such courses are available at their schools) and therefore begin college with substantial credit.

International Baccalaureate. International Baccalaureate (IB) high school programs also may result in college credit for a person who completes the entire curricula successfully. IB programs are less common than AP courses; they are at about 1,500 U.S. high schools, including three public high schools in Connecticut.⁷⁶ UConn will award incoming students credit for earning certain scores (sixes and sevens, or in three cases, also fives) on each of five “higher level” exams, completed as part of an IB higher level diploma – which involves taking three to four such courses.⁷⁷ Therefore, a student who has earned an IB higher level diploma could enter UConn with about one semester of credit. The cost of taking the full slate of IB examinations is about \$600, which a school district may choose to cover (along with school-based fees of using the curricula).⁷⁸ Similarly to AP, subsidies are available for low-income students.

⁷³ UConn's standard overall is higher than that of the Connecticut State Universities. Central and Eastern Connecticut State Universities uniformly accept scores of three for credit. Southern accepts scores of three for most courses, though the threshold is four for a handful; Western also requires four in just a few cases. (Source: PRI staff review of relevant university websites, December 16, 2013.)

⁷⁴ UConn, “College Board AP Examination Transfer Guidelines.” Accessed December 16, 2013 at: <http://admissions.uconn.edu/content/transfer/transfer-credits/ap-credits>.

⁷⁵ The College Board gives a discount to low-income students (<http://professionals.collegeboard.com/testing/ap/coordinate/fee-assistance>), and the state bears the remaining cost. http://www.sde.ct.gov/sde/lib/sde/PDF/curriculum/app/Connecticut_Test_Fee_Programs.pdf

⁷⁶ International Baccalaureate Organization, “Find an IB World School.” Accessed December 16, 2013 at: http://www.ibo.org/school/search/index.cfm?programmes=&country=US®ion=CT&find_schools=Find

⁷⁷ UConn, “International Baccalaureate Transfer Options.” Accessed December 16, 2013 at: <http://admissions.uconn.edu/content/transfer/transfer-credits/ib-credits>

⁷⁸ International Baccalaureate Organization, “Frequently Asked Questions: IB Diploma Programme.” Accessed December 16, 2013 at: http://www.ibo.org/ibna/educators/diploma_faq.cfm#

Early College Experience. Since 1993 UConn has offered Early College Experience (ECE) courses. The ECE program enables about 10,000 students at more than 150 Connecticut high schools to take certain courses from their usual teachers during the school day and receive UConn college credit. The program provides students with easy access to college-level coursework and UConn credits at below regular cost – or even, for low-income students, free.

Participation. Student participation in the ECE program has grown tremendously in the last 20 years, blossoming from 2,100 in 1993 to 9,843 in 2012-13. Most growth occurred since 2005-06; since then, the program experienced 173 percent growth – more than doubling its student enrollment. By 2012-13, 39 percent of UConn’s in-state students entered the university with ECE credit – up from 24 percent in 2005-06.

In 2012-13, 151 high schools participated. Of these, 131 (87 percent) were public in-state schools.⁷⁹ A median of 6% of a participating public school’s population took at least one ECE course, in the previous academic year – though that figure would rise to, roughly, above 12 percent if considering only juniors and seniors, who are the primary ECE population.⁸⁰

School participation has been growing consistently since 2005-06. The median number of courses offered at a participating school is four, but some schools offer just one, while the most hosted by a school is 23. For this academic year, there are 941 instructors.

Roughly 11 percent of Connecticut’s public high school students lacked access to in-school ECE in recent years. Non-participating public high schools are listed in the table below. There is no clear pattern regarding the high school’s size or the district’s socioeconomic status (as indicated by District Reference Group, called “DRG”), outside of low participation in New Haven.

The ECE staff actively recruits non-participating high schools through semiannually mailing materials and invitation letters, as well as by telephoning and visiting the schools. Recruitment efforts highlight new course offerings and ways to help instructors reach certification, because sometimes schools lack teachers meeting the typical ECE certification standards, according to program staff.

⁷⁹ The composition of other participating schools was: 14 in-state parochial (9%), 4 in-state private (3%), and 2 out-of-state (one each parochial and private, for 1%).

⁸⁰ At 120 public schools; Amistad Academy was excluded.

| Table H-1. Connecticut Public High Schools Not Participating in UConn's Early College Experience Program, 2013-14 | | |
|--|---------------------------------------|------------------------------|
| <i>Town: School (If Not Same)</i> | <i>District Reference Group (DRG)</i> | <i>Enrollment: 2011-12**</i> |
| Bridgeport: Bassick | I | 1,073 |
| Burlington: Mills | C | 822 |
| Farmington | B | 1,293 |
| Hartford Public: Journalism & Media | I | 317 |
| Litchfield: Nonnewaug | C | 817 |
| Milford: Law | D | 1,016 |
| Naugatuck | G | 1,344 |
| New Milford | D | 1,511 |
| New Haven: Cooperative Arts & Humanities | I | 650 |
| New Haven: H.S. in the Community | I | 240 |
| New Haven: Hill Regional Career Center | I | 725 |
| New Haven: Hyde School of Health Sci. & Sports Medicine | I | 205 |
| New Haven: Metropolitan Business Academy | I | 202 |
| New Haven: Wilbur Cross | I | 1,200 |
| New Haven Academy | I | 246 |
| North Haven | D | 1,186 |
| Putnam | G | 299 |
| Thomaston (<i>Joining in 2014-15</i>) | E | 475 |
| West Haven | H | 1,515 |
| Weston | A | 755 |
| *Except New Haven schools, which are 2013-14 estimates. Sources of data: UConn regarding school participation; Connecticut State Department of Education's "Strategic School Profile Reports" for enrollment data (accessed November 8, 2013 at: http://sdeportal.ct.gov/Cedar/WEB/ResearchandReports/SSPReports.aspx) other than New Haven data, which are from the district's website (accessed November 8, 2013 at: http://www.nhps.net/). | | |

Affordability. ECE courses are more affordable than a standard UConn course. In 2013-13, the \$115 cost of a four-credit ECE course was about 7 percent of the equivalent cost for a full-time UConn student, or 10 percent of the cost of a UConn extension class. The cost of an ECE course has hovered at between 7 and 9 percent of the equivalent cost for a full-time UConn student, since 2006-07. The credits transfer into UConn without paperwork. Preliminary research by the university indicates ECE credits transfer to other colleges and universities 80 to 85 percent of the time.

ECE courses cost \$25 per credit (with most classes involving three or four credits) plus a \$15 per-course fee. The per-credit charge was introduced in 1999 and rose from \$5 to \$25 by 2006. The per-course fee was added in 2012.

All costs are waived for each student who receives a free or reduced price school lunch and every student who attends a school where 80 percent of the enrollment does so.⁸¹

Participation requirements. ECE students are required to complete certain course prerequisites specific to the class (e.g., two years of high school science for an environmental science course), receive consent from a parent and high school guidance counselor, and submit the required fees (\$25 per credit plus a \$15 per-course fee). Each high school may also develop additional requirements. UConn credit is given upon course culmination, provided a grade of “C” or better has been earned.

ECE instructors must apply for UConn certification and have a subject-specific master’s degree. The application includes letters of recommendation from the high school principal and department chair (or a colleague, if the applicant is a chair), a resume, academic transcripts, and a proposed syllabus, which should resemble samples available on the ECE program’s website. Over the last two years, UConn has denied 14 percent of applications. To maintain certification, instructors are required to attend at least one ECE-sponsored discipline-specific workshop every two years, for continuing education unit (CEU) credit.

2. Choose to live at home or attend a regional campus. Attending UConn-Storrs but living at home would save an in-state student \$11,430 in 2012-13, assuming the student had nominal housing and food costs, and lived within driving distance. The cost, then, would be just 56 percent of the full price paid by a student living on that campus.⁸² Another option would be to live at home and attend one of the UConn regional campuses, paying nominal living expenses and 83 percent of the Storrs tuition and fees.⁸³

3. Enter with a plan and select courses carefully. A student may be more likely to graduate in four years – or even less – if they enter UConn with a definite major of study. Proper course sequencing for some majors, particularly those in the sciences, may become difficult if the choice is made beyond freshman year, according to program review committee staff interviews with administrators.

4. Attend a lower-cost public institution first, transferring in credits to UConn. In 2012-13, 541 new UConn students transferred from one of the Connecticut State Universities (CSU) or in-state community colleges. This number was up 45 percent from five years ago.

CSUs. Students transfer in, on average, 29 credits when coming from a CSU. That is equivalent to about a year of classes, for a savings of approximately \$2,330 to \$2,900 – or, 25 percent off the UConn-Storrs tuition and fees.⁸⁴ If the total price for an on-campus student is

⁸¹ The student-based cost waiver has been in place since the program instituted charges. The school-based waiver applied to all students in Hartford, Waterbury, and Bridgeport schools until 2006, when it was changed to, statewide, an 85% free or reduced price lunch benchmark. In 2012, the program lowered the level to 80%.

⁸² PRI staff calculations using IPEDS data.

⁸³ PRI staff calculation using IPEDS data. Regional campus tuition and fees have been 83 percent of the Storrs level for at least the past five academic years.

⁸⁴ Tuition and fees at the CSUs ranged from \$8,321 at Central (74 percent of the Storrs cost) to \$8,911 at Eastern (79 percent), in 2012-13.

considered, one can save about \$2,700 to \$3,900 by attending a CSU for a year, instead of UConn's main branch.

Community Colleges. Most (about two-thirds) of the in-state public system transfers, are from community colleges. These students average a high number of credits transferred in – about 44, roughly on par with a year and a half of coursework. If the student can finish a bachelor's at UConn-Storrs in two and a half years, the savings from first attending the community college is approximately \$11,466 in basic tuition and fees, or 68 percent. If the total price for an off-campus student is considered, one could save \$16,860, or 43 percent.⁸⁵

Ease of credit transfer. Two major UConn efforts, described below, help facilitate transfer into the university.

Guaranteed Admissions Program (GAP). This program, which began in 2004, assures a Connecticut community college student entry into UConn if they earn an Associate Degree in Liberal Arts and Sciences with at least a "B" average (a grade point average of 3.3 for UConn's business school and 3.0 for others). A student is best positioned for optimal use of the program if they apply to the program early so academic advisors can assist in ensuring necessary coursework is completed. At UConn, the student may choose among majors in the College of Liberal Arts and Sciences, the School of Business, or 12 of the 16 majors in the College of Agriculture & Natural Resources.

The program is rather small, with 193 GAP students having successfully enrolled at UConn since 2005-06. GAP students are only about one-tenth of all community college transfers. Eighty-five GAP students have graduated from the university. There has been dramatic growth since 2008-09, in terms of applicants, community college students entering the GAP program, and GAP UConn enrollees. There is some attrition – not all who apply end up enrolling at UConn – but the UConn graduation rate for GAP participants who do enroll is about 88 percent.

Web information. The university's undergraduate admissions webpage makes available information on the transferability of courses at all public and independent colleges within Connecticut. Any webpage visitor can select a college and subject to view the courses that transfer and under what UConn course titles.

⁸⁵ Manchester Community College, geographically near UConn-Storrs and also with the system's largest Hartford-area enrollment, was used as the comparison point. In 2012-13, its tuition and fees were \$3,598.

Flagship Pledge Programs

Twelve of the 50 public flagship universities (24%) have financial aid programs aimed at limiting the amount of debt with which students will graduate. There are two types of these programs. The first guarantees cost coverage without loans for low-income students, typically determined by the level of family income as reflected by expected family contribution (EFC).⁸⁶ The second type encompasses middle-income students and aims to reduce need-based debt. For simplicity, these programs will be referred to collectively as “pledges” – the first type as “no-loan pledges,” and the second type as “debt-reduction pledges.” Table I-1 below shows that eight flagships have only no-loan pledges, while four incorporate both pledge types.

| Table I-1. Twelve Flagships Have Financial Aid Pledges | | |
|---|-----------------------------|--------------------------|
| <i>Flagship</i> | <i>No-Loan</i> | <i>Debt-Reduction</i> |
| Arizona | Arizona Assurance | |
| California (Berkeley) | Blue & Gold Opportunity | Middle Class Action Plan |
| Florida | Opportunity Scholars | |
| Illinois (Champaign-Urbana) | I-Promise | |
| Indiana (Bloomington) | Century Scholars + Covenant | |
| Maryland (College Park) | Work-Grant Program | Senior Debt Cap |
| Michigan(Ann Arbor)* | M-PACT | |
| North Carolina (Chapel Hill)* | Carolina Covenant | |
| Tennessee | Tennessee Promise | |
| Vermont | [No name located] | |
| Virginia* | AccessUVa | |
| Washington (Seattle) | Husky Promise | |
| <p>*The three schools marked with an asterisk require students applying for financial aid to complete the College Board’s CSS/PROFILE application, in addition to the FAFSA (required for federal aid). The CSS/PROFILE typically generates a higher family contribution than the FAFSA. Source of data: PRI staff research, based on www.FinAid.org list of pledges. Accessed October 10, 2013 at: http://www.finaid.org/questions/noloansforlowincome.phtml.</p> | | |

There is no single profile of a pledge flagship. These schools have similarities to, and differences from, each other and UConn. The following table shows the pledge universities vary in size, price and wealth. Generally schools that offer pledges have larger endowments than UConn, with one exception – the University of Arizona.

Similarly, there is not a single program model within either the no-loan or debt-reduction types. The programs vary greatly in many respects, including the extent of costs covered or debt limited, student and family contributions, eligibility and scope of services offered. The rest of this appendix highlights similarities and differences among the programs.

⁸⁶ Expected Family Contribution (EFC) is calculated when a student completes the FAFSA and/or the College Board’s CSS/PROFILE for financial aid. These two tools do use slightly different formulas and, as a general rule, the CSS/PROFILE will yield a larger EFC.

Table I-2. Pledge Flagships Are Diverse in Prestige, Size and Wealth

| <i>Flagship</i> | <i>Rank^a</i> | <i>Total Undergraduates^b</i> | <i>Average Net Price^c</i> | <i>Approximate Endowment per Undergraduate^d</i> |
|-----------------------------------|-------------------------|---|--------------------------------------|--|
| Arizona | 58 | 33,529 | \$10,390 | \$16,473 |
| California (Berkeley) | 1 | 27,956 | \$16,178 | \$71,252 |
| Florida | 14 | 34,617 | \$13,619 | \$31,360 |
| Illinois (Champaign-Urbana) | 11 | 33,631 | \$16,495 | \$29,929 |
| Indiana (Bloomington) | 31 | 33,314 | \$10,899 | \$24,242 |
| Maryland (College Park) | 21 | 28,392 | \$14,402 | \$27,888 |
| Michigan (Ann Arbor) | 4 | 28,884 | \$14,490 | \$267,459 |
| North Carolina (Chapel Hill) | 5 | 19,348 | \$16,495 | \$115,734 |
| Tennessee | 47 | 22,143 | \$15,298 | \$30,458 |
| Vermont | 34 | 11,637 | \$12,672 | \$29,479 |
| Virginia | 2 | 16,421 | \$11,092 | \$470,452 |
| Washington (Seattle) | 16 | 31,249 | \$9,395 | \$71,962 |
| Comparison: UCONN (Storrs) | 19 | 18,395 | \$16,357 | \$16,979 |

*The amount listed is for the state’s university system as a whole.

Sources of data:

^a Ranking is as determined by “US News & World Report for National Universities 2014.” Accessed December 5, 2013 at <http://colleges.usnews.rankingsandreviews.com/best-colleges/rankings/national-universities/top-public>. One hundred and seventeen schools are included in this category.

^b This data is from the National Center for Educational Statistics’ (NCES) College Navigator and includes reported statistics for both first time enrolled undergraduates and those transferring in as undergraduates for the academic year starting in Fall 2012. Accessed on December 5, 2013 at <http://nces.ed.gov/collegenavigator/>.

^c IPEDS.

^d Calculations performed by PRI staff utilizing data on fall 2012 undergraduate enrollment from NCES College Navigator and the following data on endowments: For all but four schools, data regarding the amount of endowment was taken from the Digest of Education Statistics 2012 Data table 411: Endowment funds of the 120 colleges and universities with the largest endowments, by rank order: 2010 and 2011. Accessed December 5, 2013 at: http://nces.ed.gov/programs/digest/d12/tables/dt12_411.asp. For the Universities of Connecticut, Arizona, Maryland and Vermont data on the amount of endowment was taken from NACUBO and Commonfund Institute, U.S. and Canadian Institutions Listed by Fiscal Year 2012 Market Value of Endowment Assets and Percentage Change in Endowment Market Value from FY 2011 to FY 2012. Accessed on December 5, 2013 at

<http://www.nacubo.org/Documents/research/2012NCSEPublicTablesEndowmentMarketValuesFinalJanuary232013.pdf>. UConn’s endowment is for the state’s university system as a whole.

No-Loan Pledges for Low-Income Students

Initial eligibility. Table I-3 outlines initial eligibility requirements for no-loan programs, which generally serve students from families at or below 200% of the poverty line (low-income). All of these programs began during a five year period – between 2004 and 2009 – and target students from low-income families, but do so in different ways.

Table I-3. Flagship No-Loan Pledges Generally Require Low Family Income; Other Eligibility Criteria Vary

| <i>Flagship</i> | <i>Year Began</i> | <i>Family Income Eligibility Based On:</i> | | | <i>In-State Only?</i> | <i>Can All Eligible Participate?</i> |
|-----------------|-------------------|--|----------------------|--------------------------------|-----------------------|--------------------------------------|
| | | <i>Income Max.</i> | <i>Pell eligible</i> | <i>Other</i> | | |
| Arizona | 2008 | \$42k | ✓ | PROFILER eligible* | ✓ | ✓ |
| California | 2009 | \$80k | --- | --- | ✓ | ✓ |
| Florida | 2006 | \$40k | --- | <\$25k in assets | ✓ | No* |
| Illinois | 2005 | --- | ✓ | \$0 EFC and <\$50k in assets | ✓ | Unclear |
| Indiana | 2007 | 130% of FPL when student applies in 7 th /8 th grade | --- | --- | ✓ | ✓ |
| Maryland | 2005 | --- | --- | \$0 EFC | ✓ | ✓ |
| Michigan | 2007 | --- | --- | \$0 EFC and PROFILER eligible* | ✓ | ✓ |
| North Carolina | 2004 | 200% FPL | --- | No assets per PROFILER | No | ✓ |
| Tennessee | 2005 | 150% FPL | --- | --- | ✓ | ✓ |
| Vermont | 2008 | --- | ✓ | --- | ✓ | ✓ |
| Virginia | 2004 | 200% FPL | --- | --- | No | ✓ |
| Washington | 2007 | --- | ✓ | WA state need grant eligible | ✓ | ✓ |

*Approximately 1/3 of eligible students are accepted.

** When using the College Board's CSS/PROFILE application, which is used to identify non-governmental sources of grants and scholarships, students will typically have a higher EFC than when using the FAFSA.

Source of data: PRI staff review of university websites and communications with financial aid personnel.

All: Income limits. Three schools (25%) define low-income as Pell eligible, another three (25%) on a FAFSA and/or PROFILE EFC of \$0 (25%), four (33.3%) on family income in comparison to the Federal Poverty Limit, and two (16.7%) on other stated family income levels. Although it might appear that California has the most generous program in terms of income eligibility, it is important to note that California's pledge only applies to tuition and fees, as do Vermont's and Washington's.

Most: In-state residence. As shown in Table I-3, the majority of schools limit these low-income pledge programs to in-state residents. The two exceptions, Virginia and North Carolina, are adjacent and compete for the same students.

Most: Universal coverage. The majority of schools with no-loan pledges make the program available to all eligible in-state students. The only school that does not is the University of Florida, which also requires that its Opportunity Scholars are first generation college students and has further unpublicized selection criteria.

Few: High school performance. Two states, Arizona and Indiana, have minimum high school grade point average (GPA) requirements: 2.0 in Indiana and 3.0 in Arizona. The Indiana GPA requirement reflects that part of the no-loan funding is from a state promise program; see Appendix J for details.

Other eligibility requirements. Other common eligibility requirements are that the student be entering as a first time freshman and pursuing a first bachelor's degree. Four schools – Arizona, Florida, Indiana and Tennessee – also stipulate that the student must begin attending the university immediately after completing high school. At least two schools, California and North Carolina, offer their no-loan pledge to transfer students. A final common requirement is that a student be enrolled full time – which is true for all but California, where part-time attendance, which is rare, has the same price as full-time.

Costs covered. No-loan programs vary in terms of costs covered and student/family contributions in ways that can actually mean loans are obtained by some students. Table I-4 shows what costs are covered by the pledges as well as which family and student contributions are needed.

Five (42 percent) no-loan programs cover all costs. Four (33 percent) cover all expenses except supplies and personal/miscellaneous costs. Three (25 percent) also exclude room and board.

Nearly all: Family contribution. Most of the pledges incorporate some form of family and/or student contribution. At four of the schools (33 percent) the pledge is conditioned upon an EFC of zero, and thus no family contribution is required. Four of the universities (33 percent) require the payment of any non-zero EFC. Only California's no-loan pledge– which applies only to tuition and fees – does not require the payment of a non-zero EFC. For the remaining three

schools (25 percent), data was not available to determine whether families are expected to pay any non-zero EFC as part of the pledge.

Some: Work-study. Students may be expected to contribute to pledge-covered costs by participating in work-study at six (50 percent) of the no-loan flagship pledge schools. At five universities (42 percent), students are expressly not required to participate in work-study. For one school, it is unknown whether a student contribution which could be obtained through work-study is required.

| Table I-4. No-Loan Pledge Terms Vary | | | | |
|---|---|---|---|---------------------------|
| <i>Flagship</i> | <i>Portion of Total Cost Covered</i> | <i>Uncovered Costs</i> | <i>Student and Family Contributions for Covered Costs</i> | |
| | | | <i>Family EFC</i> | <i>Student Work-Study</i> |
| Arizona |  | Supplies Personal/Misc. | ✓ | ✓ |
| California |  | Room & board Books Supplies Personal/Misc. | No | No |
| Florida |  | --- | ✓ | No |
| Illinois |  | --- | N/A (EFC must be \$0) | ✓ |
| Indiana |  | Supplies Personal/Misc.* | ✓ | No |
| Maryland |  | --- | N/A (EFC must be \$0) | ✓ |
| Michigan |  | Supplies Personal/Misc. | N/A (EFC must be \$0) | ✓ |
| North Carolina |  | --- | ✓ | ✓ |
| Tennessee |  | Supplies Personal/Misc. | Unknown | Unknown |
| Vermont |  | Room & board Books Supplies Personal/Misc. | Unknown | No |
| Virginia |  | --- | Unknown | ✓ |
| Washington |  | Room & board Books Supplies Personal/Misc. | Unknown | No |

*Indiana currently provides pledge recipients with funding for total costs. Beginning in 2014-2015, supplies and personal/miscellaneous expenses will not be covered.
Source of data: PRI staff review of university websites and communications with financial aid personnel.

The three schools that do not appear to require work-study and family EFC only cover tuition and fees with their no-loan pledge. Thus, students are likely to have to work, access family resources for the EFC, and/or assume debt in order to pay the total price. At schools that

do require payment of an EFC or work-study to meet covered costs, students might also obtain loans to do so.

Ongoing eligibility. Once a student is admitted into the flagship and pledge program, there are often requirements for continuing to receive the funding through baccalaureate graduation. Table I-5 outlines many of these ongoing eligibility requirements. Some requirements that are virtually universal and thus not included in the table are remaining enrolled full time⁸⁷ and maintaining good academic standing and/or satisfactory academic progress as defined by the institution.⁸⁸

With the possible exception of the University of Vermont (for which information is not available), every school implements some mechanism to encourage timely graduation, typically by limiting the length of participation in its pledge program. In addition to whatever requirements a university as a whole establishes for satisfactory academic progress:

- 11 schools (92 percent) set a maximum number of semesters of receipt;
- four schools (33 percent) require continuous attendance; and
- five schools (42 percent) establish annual minimum credits to be earned.

It should be noted, however, that where no annual credit requirement is listed, it is still possible that completing a certain number of credits is required to either maintain full-time status and/or to remain in good academic standing.

| Table I-5. Some No-Loan Pledges Incorporate Support Services, and All Limit Participation Length | | | | | |
|---|--|----------------|-----------------------|-----------------------|------------------------------|
| <i>Flagship</i> | <i>Support Services</i> | | <i>Annual Credits</i> | <i>Maximum Length</i> | <i>Continuous Attendance</i> |
| | <i>Required</i> | <i>Offered</i> | | | |
| Arizona | First year: -Transition course/program -Faculty mentor Other years: -Workshops -Learning modules -Outside experience | | 24 units | 4 years | Yes |
| California | None | | None | 8 semesters | No |

⁸⁷ With the exception of California, the only program that provides its no-loan pledge to part-time students.

⁸⁸ In the past, the part of Indiana University's pledge that is funded by the State of Indiana required that pledge recipients maintain a higher GPA than was required by Indiana University for satisfactory academic progress. As of 2013-14, that requirement has been discontinued and replaced with the requirement of obtaining a minimum number of credits by the end of each academic year.

**Table I-5. Some No-Loan Pledges Incorporate Support Services,
and All Limit Participation Length**

| <i>Flagship</i> | <i>Support Services</i> | | <i>Annual Credits</i> | <i>Maximum Length</i> | <i>Continuous Attendance</i> |
|-----------------|---|--|-----------------------|----------------------------|------------------------------|
| | <i>Required</i> | <i>Offered</i> | | | |
| Florida | First year: -Transition course -Peer mentor -Financial workshop Other years: -Career and life planning workshops | | 24 credits | 8 semesters within 6 years | No |
| Illinois | None | -Peer or adult (non-faculty) mentor -Networking opportunities -Other enrichment/development activities | 24 credits | 4 years | Yes |
| Indiana | Academic advising through program office * | -Mentoring -Workshops -Tutoring | 30 credit hours | 4 years | Yes |
| Maryland | None | | None | 4 years | Yes |
| Michigan | None | | None | 10 semesters | No |
| North Carolina | None | -Faculty and/or peer mentoring -Workshops -Vouchers for social outings | None | 9 semesters | No |
| Tennessee | Unknown | | | 4 years | Unknown |
| Vermont | Unknown | | | | |
| Virginia | None | | None | 8 semesters | No |
| Washington | None | | 36 credits** | 12 quarters | No |

*All students at Indiana University (Bloomington) receive academic advising, but for students in the low-income no-loan program it is provided through the Unit of Diversity, Equity and Multicultural Affairs, which can then assist students in accessing other supports outside the program on an as needed basis.

**Credit requirements differ depending on whether a school has semesters (e.g. requirement of 12 to 15 credits per two semesters) or quarters (e.g. requirement of 12 credits per quarter for 3 quarters).

Source of data: PRI staff review of university websites and communications with financial aid personnel.

Support services. Three schools (25 percent) provide purely voluntary support services to interested students.⁸⁹ These support services were outlined in Table I-5. Two additional schools (17 percent) have mandatory student support services for students in the no-loan pledge program. These two universities, Arizona and Florida, require first year students to complete a specific course and to participate in first year mentoring, either with a faculty member or peer. There are also additional required support activities throughout the rest of a student's undergraduate enrollment.⁹⁰

Table I-6. Costs and Reach of No-Loan Pledges Vary

| <i>Flagship</i> | <i>Approximate Number of Students Covered*</i> | <i>Percent of Undergraduate Student Body</i> | <i>Amount Spent in State and/or Institutional Funds</i> |
|-----------------|--|--|---|
| Arizona | 363 | 4.9%*** | Unknown |
| California | 9,400 | 36.2% | \$1.3 million |
| Florida | 1,250 | 2.4% | \$10.4 million |
| Illinois | 774 | 2.4% | \$4.1 million |
| Indiana | 2,262** | 6.3% | \$21.3 million |
| Maryland | Unknown | Unknown | Unknown |
| Michigan | 322 | 1.1% | \$4.6 million, including all M-PACT funding) |
| North Carolina | 1,926 | 12% | \$29.0 million |
| Tennessee | Unknown | 5.8%*** | Unknown |
| Vermont | Unknown | 25% | \$0.75 million |
| Virginia | Unknown | Unknown? | \$40.2 million |
| Washington | 6,700 | 25% | \$19.9 million |

*For 2013-14, except for North Carolina (2011-12).

**Includes students who are part of the state's promise program and therefore in the university's pledge program, but who do not actually receive pledge funding because their family's income has risen since qualifying for the promise program in secondary school.

***Percent of freshman class, only. Data unavailable for entire undergraduate population.

Source of data: PRI staff review of university websites and communications with financial aid personnel.

Program size and costs. Given that no-loan pledges are only available to students with high financial need, they typically serve only a small percentage of a university's total student body. The costs in university and/or state funds vary substantially, as demonstrated by Table I-6, but many schools do not separate out the cost of the pledge program from their overall financial aid system, which precludes meaningful cost comparison. It should be noted that one no-loan pledge program (Arizona) have recently scaled back its generosity, while two more (Indiana and Virginia) will do so beginning with the 2014-15 academic year.

Program impacts. The research on the effects of no-loan pledges is limited but generally promising.

⁸⁹ Indiana requires academic advising of all its first-year students; its pledge participants must receive this counseling through the pledge program office, instead of through the general advising center.

⁹⁰ Both flagships have mandatory courses for pledge recipients. Florida's is a credit carrying course it is unclear if Arizona's is. During their sophomore, junior and senior years, students at both Arizona and Florida must continue to participate in two career and life planning workshops and other specified activities.

Study research. Some no-loan pledge flagships provided program review committee staff with the impact information shown in Table I-7. Generally, where universities are tracking outcomes related to low-income student enrollment, retention and graduation rates, increases are reported in all three. The few schools that do not report increases in these areas, such as Michigan in relation to retention, report no change. Some flagships, such as California and Arizona, specifically noted that given the recession started around the time of program launch, increased low-income student enrollment cannot be directly attributed to the pledge.

| Table I-7. Some No-Loan Pledges Report Positive Impacts, But Data Are Limited | | | |
|--|---|--|---|
| <i>Flagship</i> | <i>Pre & Post Low-Income Enrollment</i> | <i>Pre & Post Low-Income Retention</i> | <i>Pre & Post Low-Income Graduation</i> |
| Flagships That Shared Data | | | |
| Arizona |  |  |  |
| California |  |  |  |
| Florida |  | NO DATA | NO DATA |
| Illinois |  |  |  |
| Michigan | NO DATA |  | NO DATA |
| North Carolina |  |  |  |
| Washington (Seattle) |  | NO DATA | NO DATA |
| Flagships That Did Not Share or Did Not Have Data | | | |
| Indiana | Tennessee | Virginia | |
| Maryland | Vermont | | |
| Source of data: PRI staff review of university websites and communications with financial aid personnel. | | | |

Published literature. Limited academic and policy research on the impact of no-loan pledge programs shows small but statistically significant gains in the enrollment of Pell eligible students for both private colleges and public flagships.⁹¹ This research notes that pledge institutions begin with lower Pell eligible enrollments (i.e. less economic diversity) and larger endowments than their peers lacking pledges.

⁹¹ Hillman, Nicholas (2012). *Economic Diversity Among Selective Colleges: Measuring the Enrollment Impact of “No-Loan” Programs*. Institute for Higher Education Policy: Washington, DC.

Debt-Reduction Pledges for Middle-Income Students

A few flagships offer students from middle income families an opportunity to limit educational debt. These programs, listed in Table I-8, generally encompass all income-eligible students.

Initial eligibility.

Mix: Income limit or financial need. Income eligibility at two universities is based on a student having financial need, after family contribution is taken into account. At one school, the program is limited to students from families with incomes up to \$60,000. The remaining flagship's debt-reduction pledge eligibility bracket is for families with incomes between \$80,000 and \$140,000, with lower-income students covered by the university's no-loan pledge.

| <i>Flagship</i> | <i>Name of Program</i> | <i>Year of Adoption</i> | <i>Family Income Eligibility</i> | <i>In-State Only?</i> |
|-----------------|---------------------------------------|-------------------------|----------------------------------|-----------------------|
| California | Middle Class Action Program | 2012 | \$80k-140k | No |
| Maryland | Maryland Pathways: Senior Debt Cap | 2005 | EFC < Cost | ✓ |
| Michigan | M-PACT | 2007 | < or = to \$60k | No |
| Virginia | AccessUVa | 2004 | EFC < Cost | No |

Source: PRI staff review of university websites and communications with financial aid personnel.

Most: Not limited to in-state. Only Maryland specifically limits its debt-reduction program to in-state students. However, California provides out-of-state students with coverage only for the in-state tuition and fee rate.

| <i>Flagship</i> | <i>Terms</i> | <i>Duration</i> |
|-----------------|---|---|
| California | Family will not pay more than 15% of total income toward total cost of attendance, in any year | No limit specified |
| Maryland | After 3 years and over \$15,900 in need-based debt has been incurred, will provide grant instead of any need-based federal loan | Applies in senior year, typically only for one year |
| Michigan | Annual grant of \$500-\$1,500 inversely proportional to family income bracket | Up to 10 semesters – need not be consecutive |
| Virginia | Limit need-based loans to \$28,000 over 4 years of attendance | Four years |

Source: PRI staff review of university websites and communications with financial aid personnel.

Terms. As shown in Table I-9, these programs vary in what is covered without the need to incur debt, or in whether they simply limit the amount of debt per year or over multiple years.

Program size and cost. Very limited data are available on these programs. The only program with per student cost information is California, with an estimated annual cost of about \$1400 per student. Financial aid staff noted, however, that the university's students already receive significant need-based support from the state and the overall university system.

Program impacts. No data were available.

Place-Based Financial Aid Promise Programs

States and localities – like colleges and universities – may choose to offer students financial aid that covers all or a part of the cost of attendance. These “promise” programs typically enroll students at the elementary or secondary levels. Some are limited to low-income students, while others are open to everyone graduating from high school. While some promise programs require students to pledge to remain drug-free or meet other standards, all guarantee, minimally, at least free tuition at one or more public in-state colleges and universities.

The programs aim to encourage college aspirations and improve:

- high school performance and graduation rates;
- college attendance and graduation rates; and
- community quality-of-life or economic indicators.

There are 34 municipal- or county-based promise programs, according to program review committee staff review of a website dedicated to helping students understand financial aid. At least six of the programs are tied to a specific local college.⁹²

Three states – Indiana, Oklahoma, and Washington – have promise programs specifically for low-income students. Six additional states have promise-type programs that are merit-based, without an explicit income eligibility component and, often, relatively high academic standards.⁹³ This appendix focuses on state promise programs available only to low-income students.

Connecticut. Connecticut does not have a statewide promise program, but two municipalities – New Haven and Hartford – have local programs. Neither program is a full promise: New Haven’s was limited to 75 percent of tuition for the class of 2013, while Hartford will give up to a set amount (\$5,000) for all educational costs. Hartford’s program is newer; the high school graduating class of 2016 will be the first to benefit.

Effects

The scant research on state low-income student promise programs indicates there may be positive effects. A recently completed dissertation – the only such research located – found that expansion of Oklahoma’s Promise program through raising the income limit has positively impacted low-income students’ college enrollment (though not for minorities, perhaps due to program under-enrollment), persistence, and degree attainment at the Associate level.⁹⁴ That

⁹²The website is: FinAid! The list of programs was last accessed on December 4, 2013 at: <http://www.finaid.org/scholarships/promise.phtml>.

⁹³ These states are Florida, Georgia, Louisiana, Massachusetts, Texas, and West Virginia.

⁹⁴ Kristen Bucceri, “Are Early Commitment Programs the Answer to Gaps in College Enrollment and Outcomes by Income? The Case of Oklahoma’s Promise,” Ph.D. dissertation, Columbia University, 2013. Accessed December 11, 2013 at: <http://academiccommons.columbia.edu/catalog/ac%3A166621>.

research also found some evidence that an early commitment promise program might be no more effective than other state interventions at improving these outcomes.

There is evidence from the Kalamazoo Promise – one of the earliest and most-studied programs – that locally-based promises may improve high school enrollment and performance, as well as halt out-migration.⁹⁵ Research on broad-based state merit programs, which guarantee tuition (or more) to students who reach certain academic achievement levels in terms of GPA or standardized test scores, is inconclusive.⁹⁶

State Promise Programs for Low-Income Students

Indiana and Oklahoma have long-standing promise programs, while Washington's is newer. Washington's program builds on a generous state financial aid program for low-income students.⁹⁷

Details of the programs are found in Table J-1, on the following page. All three require participants to enroll in the middle or early high school years, meet minimal high school GPA requirements (ranging from 2.0 to 2.5), and pledge to remain crime-free.

Indiana and Oklahoma tightened eligibility requirements beginning in the 2012-13 school year. For Indiana's promise, high school students are now expected to complete college preparatory coursework, internships, and community service. Once in college, promise recipients, who formerly had to meet a GPA requirement of 2.5, now must complete at least 30 credits each academic year. For Oklahoma's promise, there are now a second income check, which allows for an income level twice as high as when the student signed up, and college GPA requirements.

The programs' financial aid costs have averaged between about \$2,500 and \$3,500 per participant, as shown in Table J-2. These programs have an income limit that would most likely qualify the student for other financial aid. The Washington program's costs might be lower because it is a new program and research indicates promise program enrollment grows over time. In addition, the Washington promise supplements a major state need-based grant program; however, that program has been underfunded recently so the promise program has had higher than anticipated costs. The Oklahoma research indicates there is a strong positive return on investment for that state's program.⁹⁸

⁹⁵ Timothy Bartik and Marta Lachowska, "The Short-Term Effects of the Kalamazoo Promise Scholarship on Student Outcomes," Upjohn Institute Working Paper, August 2012. Accessed December 4, 2013 at: http://research.upjohn.org/up_workingpapers/186/. Also: Bertik, Randall Eberts, and Wei-Jang Huang, "The Kalamazoo Promise, and Enrollment and Achievement Trends in Kalamazoo Public Schools," Upjohn Institute presentation for June 16-18, 2010 PromiseNet conference. Accessed December 4, 2013 at: <http://research.upjohn.org/confpapers/15/>.

⁹⁶ Kristen Bucceri, "Are Early Commitment Programs the Answer to Gaps in College Enrollment and Outcomes by Income? The Case of Oklahoma's Promise," Ph.D. dissertation, Columbia University, 2013. Accessed December 11, 2013 at: <http://academiccommons.columbia.edu/catalog/ac%3A166621>.

⁹⁷ The State Need Grant amounts are calibrated to institutional prices. At either of Washington's major public research universities, it can cover up to \$10,868 in 2013-14; however, funds may not be available to cover all eligible students. (For more information, see: <http://www.wsac.wa.gov/PayingForCollege/StateAid/NeedGrant>.)

⁹⁸ Net benefit of at least \$87 million for one cohort, equivalent to about a \$2.55 return for every \$1 spent, according to program review committee staff calculations. Data from: Kristen Bucceri, "Are Early Commitment Programs the Answer to Gaps in College Enrollment and Outcomes by Income? The Case of Oklahoma's Promise," Ph.D.

Table J-1. Three States' Programs Cover At Least Tuition for Low-Income Students Attending In-State Public and Private Colleges

| | <i>Name (Year Began)</i> | <i>Additional Costs Covered; Eligibility Length</i> | <i>Availability at Non-Public Schools</i> | <i>Grade Level Sign-up</i> | <i>Income Limit at Sign-up</i> | <i>Income Limit at College Start</i> | <i>Requirements for High School Students</i> | <i>Requirements for College Students*</i> |
|------------|--|--|---|------------------------------------|--|--|--|--|
| Indiana | 21 st Century Scholars (1990) | - Fees - 8 years for 8 semesters | - Any private or proprietary school, covered at no more than average public school cost | 7 th or 8 th | 185% FPL | Same | - 2.5 GPA - Drug and crime-free - College prep courses - Internships - Community service | - 30 credits each academic year - Optional support services (tutoring, mentoring) |
| Oklahoma | Oklahoma's Promise (1996-97: first award year) | - Can be applied to other costs if have other award that must be used for tuition - 5 years | - Any private or proprietary school, covered at average cost of comparable public schools | 8 th – 10 th | \$50k | \$100k | - 2.5 GPA - Drug and crime-free - College prep courses | - 2.0 GPA for freshmen and sophomores; 2.5 GPA for juniors and seniors |
| Washington | College Bound Scholarship (2007) | - Fees and \$500 book allowance - 5 years for 8 semesters | - Approved private college, covered at average cost of public research univs. - Approved proprietary school, covered at average public community college costs | 7 th or 8 th | One of: - 185% FPL - SNAP or TANF** receipt - 65% of state's median family income | 65% of state's median family income (checked every year) | - 2.0 GPA - No felony conviction | None |

*Beyond an institution's standard of Satisfactory Academic Progress, which generally requires a 2.0 GPA.

**SNAP is the Supplemental Nutrition Assistance Program, while TANF is Temporary Assistance to Needy Families.

Source: PRI staff review of program websites and communications with Oklahoma and Washington program staff.

Table J-2. State Promise Programs for Low-Income Students Cost About \$2,000 to \$3,500 in Annual Financial Aid Per Participant, in Recent Years

| | <i>Total Cost* (Current Dollars)</i> | <i>Number of Students Receiving Financial Aid</i> | <i>Per-Student Financial Aid Cost</i> |
|------------|--|---|---|
| Indiana | \$54,464,457 | 15,301 | \$3,560 |
| Oklahoma | \$59,485,715 | 20,034 | \$2,969 |
| Washington | \$12,000,000 | ~4,800 | ~\$2,500 |

*For Indiana and Oklahoma, cost and enrollment figures are from 2011-12. For Washington, these are from 2012-13, the program's first year of awarding aid.
Sources of data: For Indiana and Oklahoma, National Association of State Student Grant and Aid Programs, "State Data Quick Check," accessed December 3, 2014 at: http://www.nassgap.org/survey/state_data_check.asp. For Washington, PRI staff communication with program staff.

UConn's Revenue and Expenditures Trends

This appendix provides a detailed overview of UConn's revenues and expenditures overall and on a per student basis since the beginning of UConn 2000 in FY 1996. Some additional analysis of expenditures on a functional basis, as well as staffing, is also provided. Peer comparisons are made on a limited basis due to data concerns. Finally staff has noted three areas of concern where UConn could make improvements.

Overall Revenues

Of all the revenue categories, UConn's tuition and fee revenue combined have increased the most on a percentage basis since UConn 2000 began (FY 96). This is not surprising, as noted earlier, tuition and fee list price increases have far outpaced the rate of inflation.

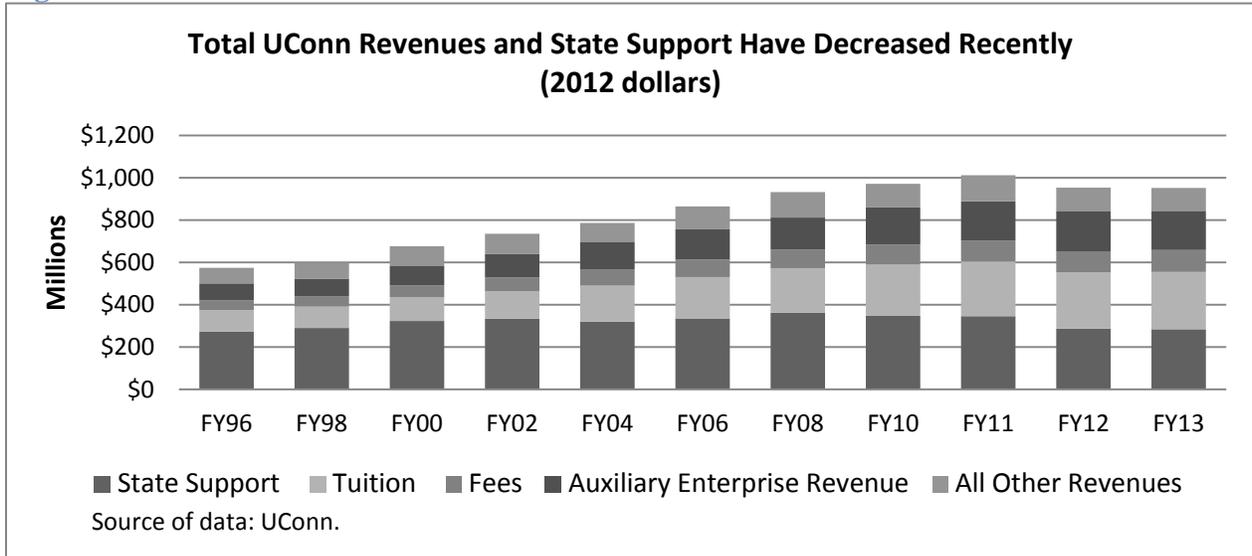
| Table K-1. UConn Operating Revenues Increased 65% between FYs 96 and 13 (2012 dollars, in millions) | | | |
|--|----------------|---------------------|-----------------|
| | <i>FY 96</i> | <i>FY 13 (est.)</i> | <i>% Change</i> |
| State Support | \$273.8 | \$285.1 | 4% |
| Tuition | \$101.9 | \$270.3 | 165% |
| Fees | \$46.2 | \$103.2 | 123% |
| Auxiliary Enterprise Revenue | \$79.7 | \$186.2 | 134% |
| All Other Revenues | \$74.1 | \$106.9 | 44% |
| Total | \$575.7 | \$951.7 | 65% |
| Source: UConn. | | | |

UConn's main operating revenue categories, shown in Table K-1, include funding from the state (including appropriations for fringe benefits), tuition, student fees, auxiliary enterprise revenue (e.g., housing, dining halls), and other revenue (e.g., gifts, grants and contracts, investment income, and sales and services of educational activities (e.g., Dairy Bar, plant sales)). Key revenue trends include:

- tuition and fee revenue combined has experienced the most growth (146 percent) since FY 96, while state support has increased the least over the time period (4 percent - not including state debt payments);
- tuition and fees have increased as a result of both enrollment growth (up 32 percent) and rate increases, with the list price up 58 percent;
- tuition revenue is expected to rise further to support a four-year initiative that began in 2012-13 with a goal of hiring 290 new tenure-track faculty members. UConn's governing board has authorized tuition increases of between 5.5 percent and 6.25 percent annually to support the hiring plan; and
- auxiliary enterprise revenue has grown 134 percent as a result of occupancy increases (78 percent) and rate increases (room and board grew 48 percent).

Figure K-1 shows the year-to-year variation in UConn revenues. Two noticeable recent trends include the fact that total revenues have declined by about 6 percent since the high point in FY 11 and state support has fallen by about 22 percent since it hit a high in 2008.

Figure K-1



Revenues on a Per Student Basis

On a per student basis, UConn revenues have increased but state support to UConn has actually declined. Per student measures demonstrate the change in revenues while controlling for change in the number of students.

Figure K-2

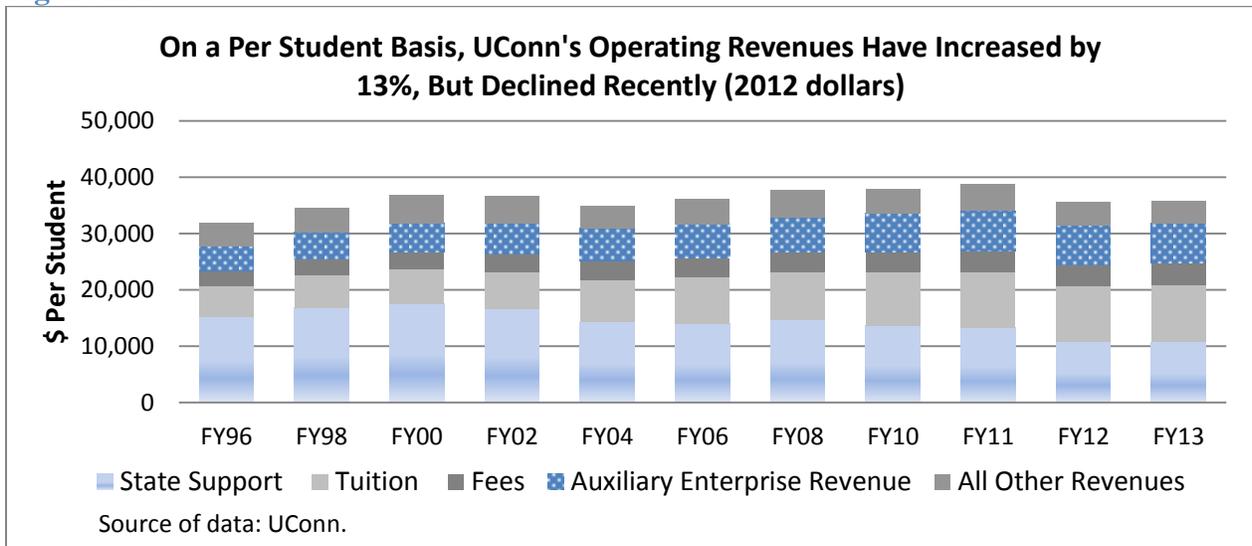


Figure K-2 shows that on a per student basis, UConn’s total revenues have risen 13 percent since FY 96.⁹⁹ State support has declined by 29 percent over the entire time period and by 39 percent since its high point in FY 00. More recently, operating revenues have declined by 8 percent over the last three years, mostly due to a drop in state support.

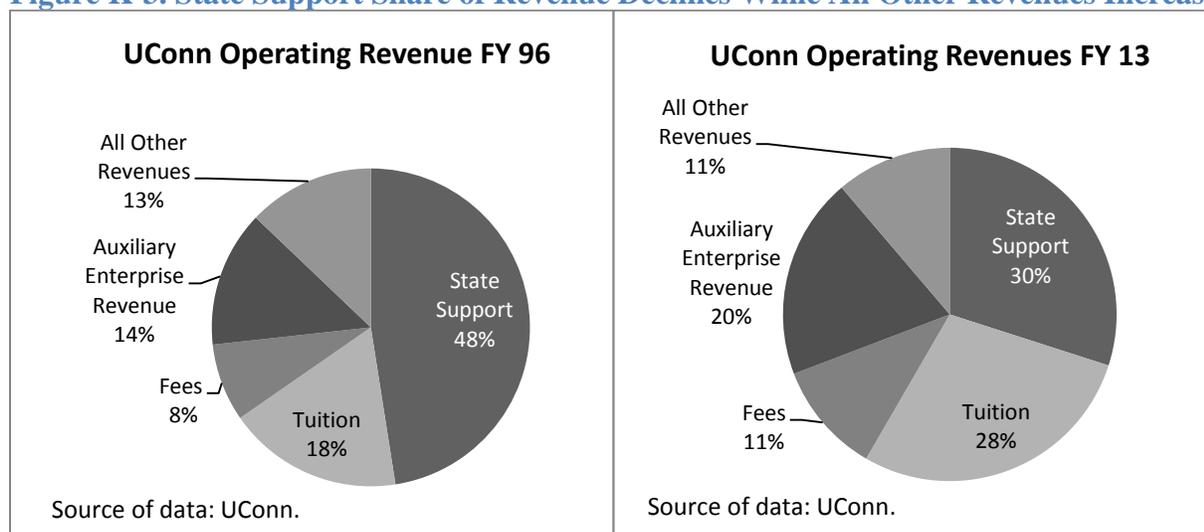
UConn’s decline in state support on a per student basis is consistent with a national phenomenon. A report by the State Higher Education Executive Officers Association has indicated that state appropriations per student (measured in constant dollars) declined to a 25-year low in 2011.¹⁰⁰

In the face of declining state support (and increasing costs), public institutions can increase their undergraduate tuition revenues in two ways. One way is to raise overall tuition and fees. Second, because UConn charges a higher tuition to out-of-state students than they do to in-state students, they can adjust the composition of their student body by enrolling more out-of-state students. UConn has done both.

Tuition and fee revenue, as well as auxiliary revenue, has made up for the drop in state support. Tuition and fees have increased 81 and 52 percent respectively per student. Auxiliary enterprise revenue grew by nearly 60 percent.

Between FY 1996 and 2013, state support dropped from nearly half of UConn’s total revenues to under one-third. The relative contribution of each revenue category to UConn’s total revenue has changed over time as illustrated in Figure K-3. While state support declined, all other revenues sources increased.

Figure K-3. State Support Share of Revenue Declines While All Other Revenues Increase



⁹⁹ Note that UConn had a deficit in FY 96 of \$33.2 million on an inflation adjusted basis (2012 dollars).

¹⁰⁰ *State Higher Education Finance FY 2011*, State Higher Education Executive Officers Association, 2012.

UConn has grown tuition and fee revenue by raising prices but also through boosting its share of out-of-state students. As shown in Table K-2, out-of-state students accounted for 33 percent of net tuition revenue and 19 percent of the student body in FY 96. This amount increased to 43 percent of net tuition revenue and 22 percent of the student body by FY 13. On a per student basis, net tuition revenue increased 85 percent for in-state students and 88 percent for out-of-state students. Nonetheless, UConn is maintaining an in-state and out-of-state student ratio. Thus, the ratio of in-state to out-of-state revenue increased only slightly from 2.5 to 2.6.

| Table K-2. Greater Share of Tuition Revenue is Coming From Out-of-State Students, FY 96-13 (2012 dollars, in millions) | | | | | |
|---|--------------|-------------------|---------------------|-------------------|-----------------|
| | <i>FY 96</i> | <i>% of Total</i> | <i>FY 13 (est.)</i> | <i>% of Total</i> | <i>% Change</i> |
| <i>Total</i> | \$101.9 | | \$270.3 | | 165% |
| In-State | \$68.7 | 67% | \$155.1 | 57% | 126% |
| Out-of-State | \$33.2 | 33% | \$115.2 | 43% | 247% |
| <i>Per Student</i> | | | | | |
| In-State | \$3,646 | | \$ 6,730 | | 85% |
| Out-of-State | \$9,154 | | \$17,238 | | 88% |
| Ratio | 2.5 | | 2.6 | | 4% |
| Source of data: UConn. | | | | | |

Tuition revenue is expected to rise further to support a four-year initiative that began last year with a goal of hiring 290 new tenure-track faculty members. In the continuing pursuit of distinctiveness, the university has hired about 188 full-time tenure track and professor-in-residence positions thus far. The academic areas targeted for growth include; human rights law and policy; genomics and associated disciplines; environment and sustainability; and education policy research, among others. UConn has recruited professors from several of the nation's top institutions, including several who gave up tenure at previous universities. The student/faculty ratio has declined from 18.3 in 2011 to 16.3 in 2013. UConn's governing board has authorized tuition increases of between 5.5 percent and 6.25 percent annually to support the hiring plan.

NextGen is expected to increase state support. State operating support is anticipated to increase each year from FY 15 through FY 24 to help support the Next Generation Connecticut initiative for a total of \$137 million over what it invests now. Of course, the annual appropriation is not guaranteed. In the next fiscal year (FY 15), operating support was projected to increase by about \$17 million because of NextGen but that increase is only currently budgeted at \$15 million. The operating support will help to fund 259 additional faculty positions, beyond the previously mentioned hiring initiative.

The state's capital investment has been and will continue to be significant. The state has invested about \$2.3 billion in UConn through UConn 2000 and UConn 21st Century infrastructure programs (often referred to collectively as UConn 2000). The capital component of NextGen consists of an additional \$1.55 billion in new bonding for UConn, in addition to over

\$800 million previously authorized but not issued under UConn 2000’s final phase. The debt service will be paid by the state’s general fund and is estimated to total about \$2.365 billion, including interest. In the last five years, the debt service for UConn 2000 has been over \$100 million annually, which was also paid by the state.

Peer Comparison: Revenues

Program review staff examined revenue and expenditure data for UConn and its peers from the Integrated Postsecondary Education Data System (IPEDS) that is maintained by the federal National Center for Education Statistics. (The expenditure analysis follows below.) Operating revenues are organized into seven categories and expenditures are classified into nine categories.

This data must be considered with extreme caution. Accounting practices reportedly differ among institutions of higher education and could alter the results of the analysis. The definitions of the revenue and expenditure categories are not always uniform across institutions. Universities can vary in how they categorize and report programs. Further, certain institutions, like UConn, have additional responsibilities of running police and fire departments, making direct comparisons difficult. Hospital revenues and expenditures can also be difficult to parse out. It is also problematic to examine this data across years and across institutions as accounting standards (notably Governmental Accounting Standards Board) have changed over time. Both revenues and expenditures are reported to IPEDS in a way different than in annual budgets.

Program review staff examined data for one year only (FY11) for UConn and its nine peers and consider the results as, at best, indicative of comparative revenue and spending trends but not conclusive or precise.

As shown in Table K-3, most of UConn’s revenues rank low compared to its peers. **Overall, UConn’s total revenues on a per student basis are the lowest among its peer group.**

| Table K-3. UConn Total Revenues on a Per Student Basis Are Lowest Among Peers, With Other Revenue Categories Also Low, FY 11 | |
|---|--|
| <i>Source</i> | <i>Per Student Peer Rank (1=highest)</i> |
| Student tuition and fees | 9 |
| Federal grants and contracts | 9 |
| State and local grants and contracts | 6 |
| Nongovernmental grants and contracts | 10 |
| Sales and services of educational departments | 5 |
| Sales and services of auxiliary enterprises | 6 |
| Other sources | 9 |
| Total revenues | 10 |
| Source of data: IPEDS. | |

Overall Expenditures

Personal services (i.e. salaries and wages) is UConn's largest single expenditure category, but student financial aid has experienced the biggest percentage increase since FY 96. Table K-4 shows UConn's overall expenditures have increased 57 percent. After financial aid, the Other Expenses/Equipment and Transfers categories increased the most. Other Expenses/Equipment includes energy, personal service agreements, commodities (i.e. office supplies), and equipment. Transfers are transfers of funds from the operating fund for payments of bonds and installment loans, the capital lease, and transfers to the Plant Fund for construction projects.

| | <i>FY 96</i> | <i>FY 13 (est.)</i> | <i>% Change</i> |
|--------------------------|--------------|---------------------|-----------------|
| Personal Services | \$357.8 | \$428.5 | 20% |
| Fringe Benefits | \$102.8 | \$166.1 | 62% |
| Other Expenses/Equipment | \$106.7 | \$215.1 | 102% |
| Student Financial Aid | \$33.2 | \$125.6 | 278% |
| Transfers | \$8.4 | \$17.8 | 112% |
| Total | \$608.9 | \$953.1 | 57% |
| Source of data: UConn. | | | |

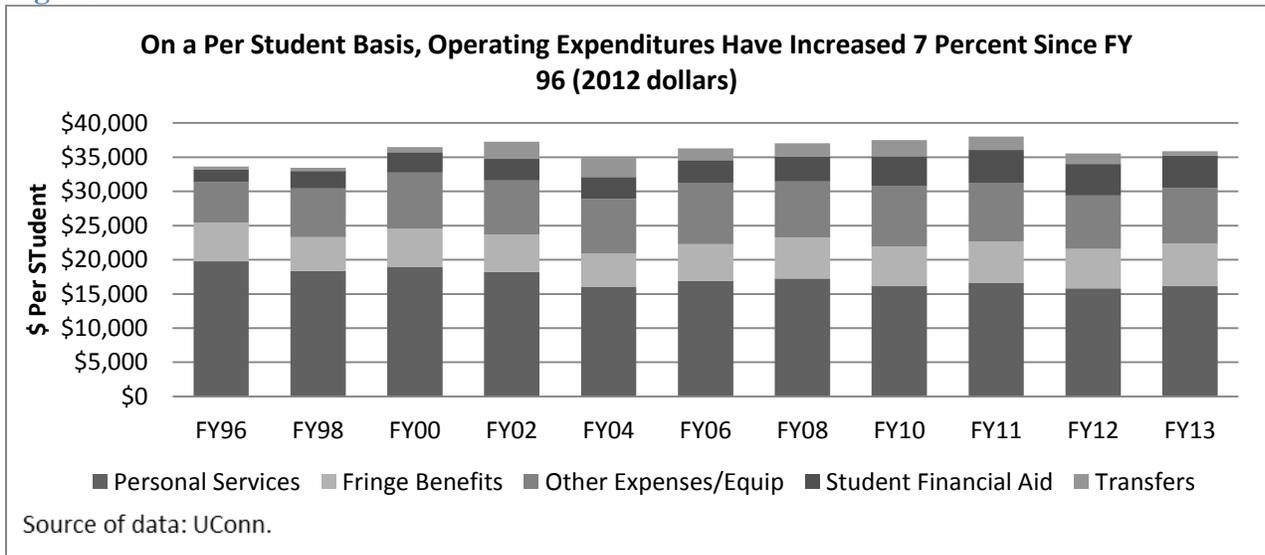
Operating Expenditures on a Per Student Basis

When placed in the context of student enrollment, operating expenses grew 7 percent on a per student basis. UConn has experienced a tremendous increase (47 percent) in the number of enrolled students since FY 96. Nearly all the expenditure categories are affected by the number of students enrolled, though most have experienced growth even on a per-student basis.

As shown in Figure K-4, the total net total cost of UConn on a per student basis has increased from \$33,650 to \$35,872. For the past two years the net cost has been below \$36,000, representing the lowest points since FY 05.

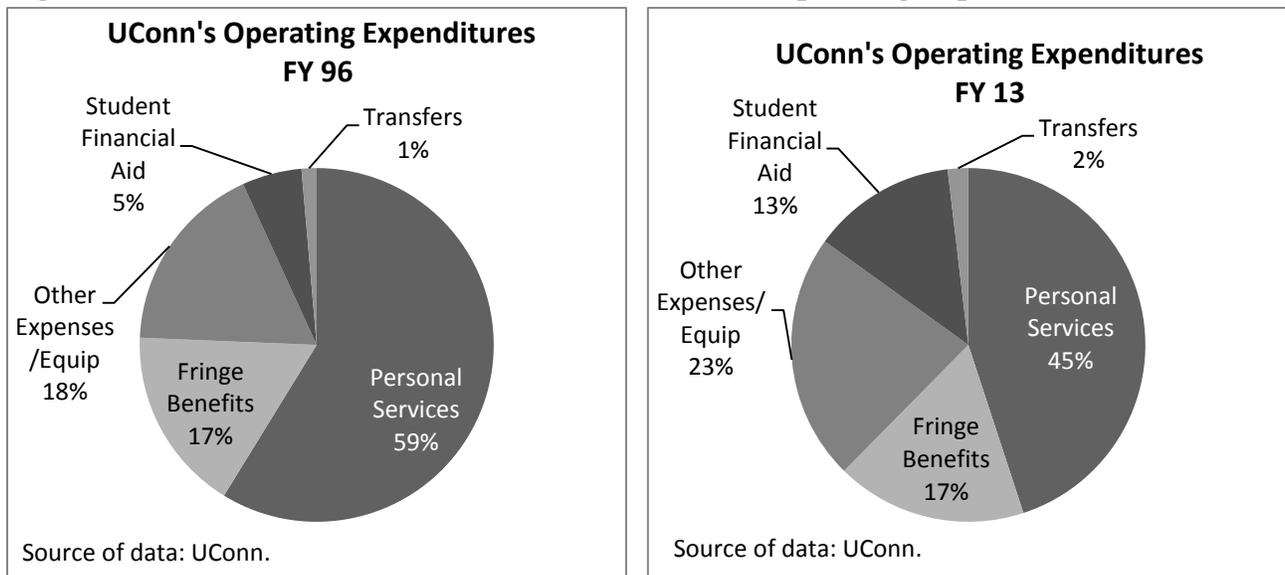
Student financial aid increased the most on a per student basis (158 percent), followed by transfers (45 percent) and Other Expenses/Equipment (37 percent). Personal Services have actually *decreased* 18 percent on a per student basis since FY 96, while fringe benefits increased 10 percent. Fringe benefits are a rising share of UConn faculty and staff compensation.

Figure K-4



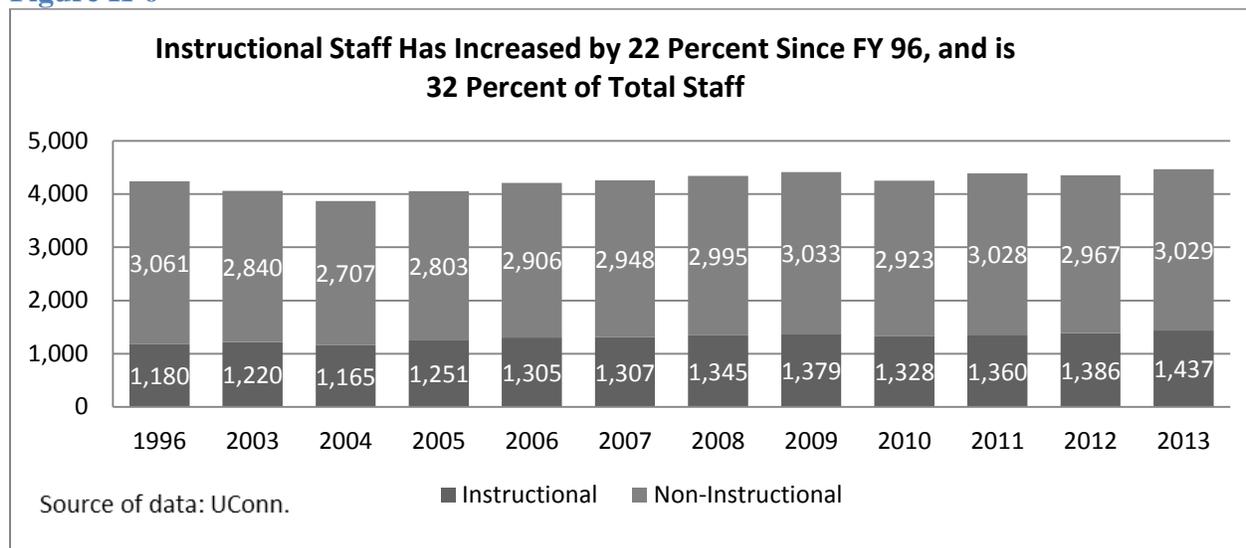
Personal services has declined as a proportion of overall expenses from nearly 60 percent to 45 percent since FY 96. As the figure below illustrates, between FYs 96 and 13, personal services declined, fringe benefits stayed proportionally the same, while every other expense category increased.

Figure K-5. Personal Services Has Declined as Share of Operating Expenditures



Instructional staff has increased since FY 96 but is only about one-third of total staffing. Although personal services costs have declined as a proportion of overall expenses, the university's total staffing has increased by about 5 percent and instructional staff has grown by 22 percent since FY 96, as shown in Figure K-6.

Figure K-6



That rate, though, has not kept pace with full time equivalent student enrollment which has jumped by 47 percent. The level of non-instructional staffing has remained basically stable (it decreased by about 1 percent) since 1996, but is the majority – 68 percent – of total staff. Instructional staff made up a larger percent of total staff in 2013 (32 percent) compared to 1996 (28 percent). While non-instructional staff represent 68 percent of total staff, their salary represents 58 percent of total salary. Thus, instructional staff has a higher average salary (\$100,455 vs. \$66,340).

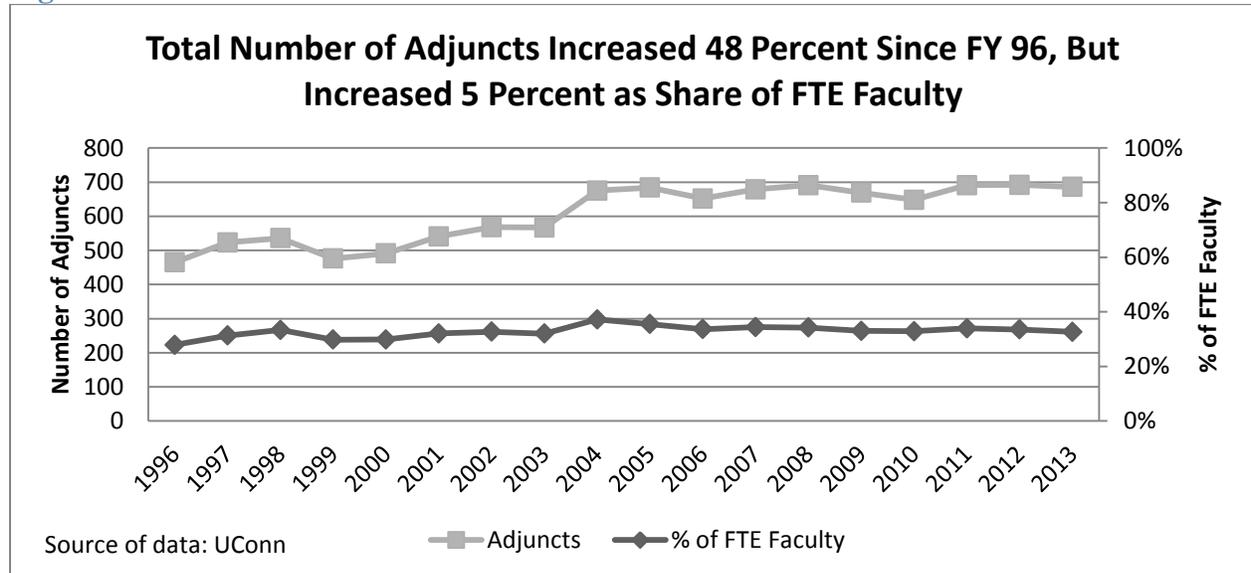
While the percentage of total staff devoted to instruction seems quite low, UConn ranks third highest compared to peers on this measure as shown in Table K-5.

| Table K-5. UConn Ranks Third Highest in Total Percent of Instructional Staff Compared to Peers - Fall 2012 | |
|---|--|
| <i>School</i> | <i>Percent of Instructional Faculty FTE Out of Total FTE Staff</i> |
| Stony Brook University | 36.1% |
| University of Vermont | 33.2% |
| UConn Storrs & Regional Campuses | 29.3% |
| University of Delaware | 28.5% |
| University of Massachusetts Amherst | 25.9% |
| Rutgers University-New Brunswick | 23.5% |
| University of Virginia-Main Campus | 22.4% |
| Pennsylvania State University-Main Campus | 21.8% |
| University of Maryland-College Park | 21.7% |
| University of North Carolina at Chapel Hill | 17.7% |

Source: IPEDS Data Center, Fall 2012 Human Resources Survey.

The number of adjuncts has jumped by about 48 percent since FY 96 but the collective share of adjuncts to FTE faculty has increased only about 5 percent. For most of the time period, adjuncts were proportionally about one-third of total FTE faculty, as shown in Figure K-7.

Figure K-7



Significant staffing increases have occurred in the Student Services area. Table K-6 which provides a breakout of staffing by eight functional areas shows that student service had the most growth. Student Services are non-instructional, student-related activities and include admissions, registrar services, career counseling, financial aid administration, student organizations and intramural athletics. The increase in this area is not unusual. Many universities, including UConn, have been boosting the number of services to students to improve retention and graduation rates and to help students to transition into the job market.

| Table K-6. Student Services Had Largest Staff Increase On Percentage Basis Among Eight Areas, Since FY 96 | | | |
|--|---------------------------------|--------------|--|
| <i>Function</i> | <i>Percent of All FTE Staff</i> | | <i>Function's % Change in # of FTE Staff</i> |
| | <i>FY 96</i> | <i>FY 13</i> | |
| Academic Support | 9% | 11% | 36% |
| Institutional Support | 12% | 12% | 4% |
| Instruction | 36% | 39% | 16% |
| Libraries | 3% | 3% | -14% |
| Organized Research | 11% | 3% | -68% |
| Physical Plant | 9% | 6% | -28% |
| Public Service | 6% | 5% | -5% |
| Student Services | 15% | 20% | 42% |
| Total | 100% | 100% | 5% |

Sources: UConn and IPEDS.

Staffing has also substantially increased in the Academic Support (36 percent) with a lower rise in Instruction staffing (16 percent) to support the increase in student enrollment. Academic support refers to those people engaged in activities and services that support the institution's primary missions of instruction, research, and public service. It includes media such as audiovisual services; academic administration (including academic deans but not department chairpersons); and formally organized and separately budgeted academic personnel development and course and curriculum development personnel.

Large decreases can be noted in the Organized Research (68 percent) and Physical Plant areas (28 percent). The NextGen initiative is in part aimed at increasing research staff. The physical plant reductions, however, could be a concern given the increase in the number of buildings and other capital improvements that have occurred. UConn contends that they have “right sized” the maintenance staff and are operating more efficiently.

Peer Comparison: Expenditures

Program review staff examined UConn peer expenditure data from IPEDS, which classifies expenditures into nine categories. Data quality and comparability concerns have been noted above.

Instructional spending is the largest proportion of spending at UConn, as it was for all of its peers in FY 11. As Table K-7 shows, spending on research was the second or third highest expenditure category for all of UConn’s peers. For UConn, research ranked fifth out of the nine expenditure categories. Compared to its peers on a per student basis, UConn spends less on research and scholarships than most of its peers. (Although it appears that UConn is high in the Other Expenses category, it was a relatively small expense for all schools). **Overall, UConn’s expenditures on a per student basis are fairly low compared to its peers (third lowest).**

| <i>Function</i> | <i>Percent of Operating Expenditures</i> | <i>Peer Rank (1=highest)</i> | <i>Per Student Peer Rank (1=highest)</i> |
|-----------------------------|--|------------------------------|--|
| Instruction | 33% | 6 | 8 |
| Research | 9% | 10 | 10 |
| Public Service | 4% | 5 | 6 |
| Academic Support | 12% | 1 | 5 |
| Student Services | 5% | 4 | 5 |
| Institutional Support | 11% | 2 | 5 |
| Scholarships & Fellowships | 1% | 9 | 9 |
| Auxiliary Enterprises | 21% | 2 | 2 |
| Other Expenses & Deductions | 3% | 1 | 1 |
| Total Operating Expenses | 100% | - | 8 |

Source: IPEDS.

Areas of Concern

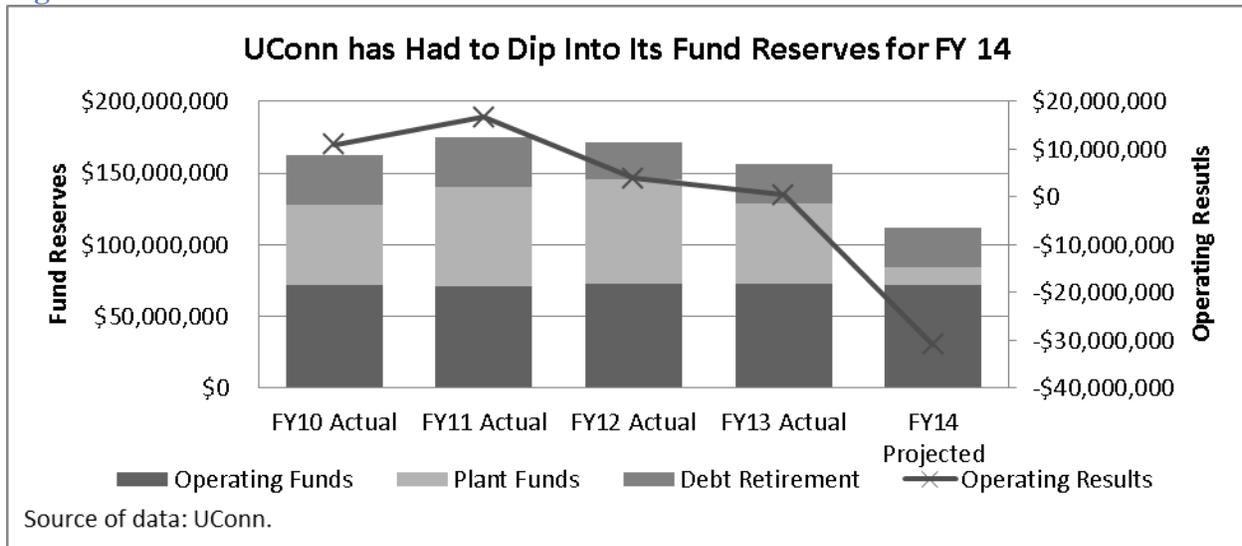
While the focus of this study was not a comprehensive examination of UConn's finances, the program review committee have noted a few areas of concern while conducting this review. One concern involves an imbalance between UConn's revenues and expenditures, and the other two concerns represent opportunities to enhance revenue to the university.

Operating results: UConn has had to draw down its reserves in this fiscal year to close a nearly \$31 million gap. Figure K-8 shows two separate trends. The line on the graph tracks the trend in year-end operating results for UConn's budget. In recent years there has usually been a surplus, except for FY 14 which shows the \$31 million gap. Part of the gap, about \$11 million, is due to a state government revised calculation of the cost of current and retired employees' health and pension benefits that UConn pays to the state. The rest of the gap is due to: collective bargaining increases; lower than expected state support; continuation of the faculty hiring plan; increases in university-provided financial aid; and increases in faculty because of a larger than expected incoming class.

The stack bars show the status of the unrestricted fund balance, which is the accumulation of surplus and reserved funds. The fund balance is segregated into three accounts:

- *debt retirement* is for funds internally restricted for paying off debt;
- *plant funds* are used for planned one-time expenditures, usually capital projects. These projects include things like window replacements on dorms, roof repairs, dining hall renovations, and the water reclamation project; and
- the *operating fund* holds operating reserves for the following areas: auxiliary operations (residential, dining, health student activities and recreational services); the research fund (designated for research), and departmental generated activities (self-supporting fee-based instructional programs such as Continuing Studies).

Figure K- 8



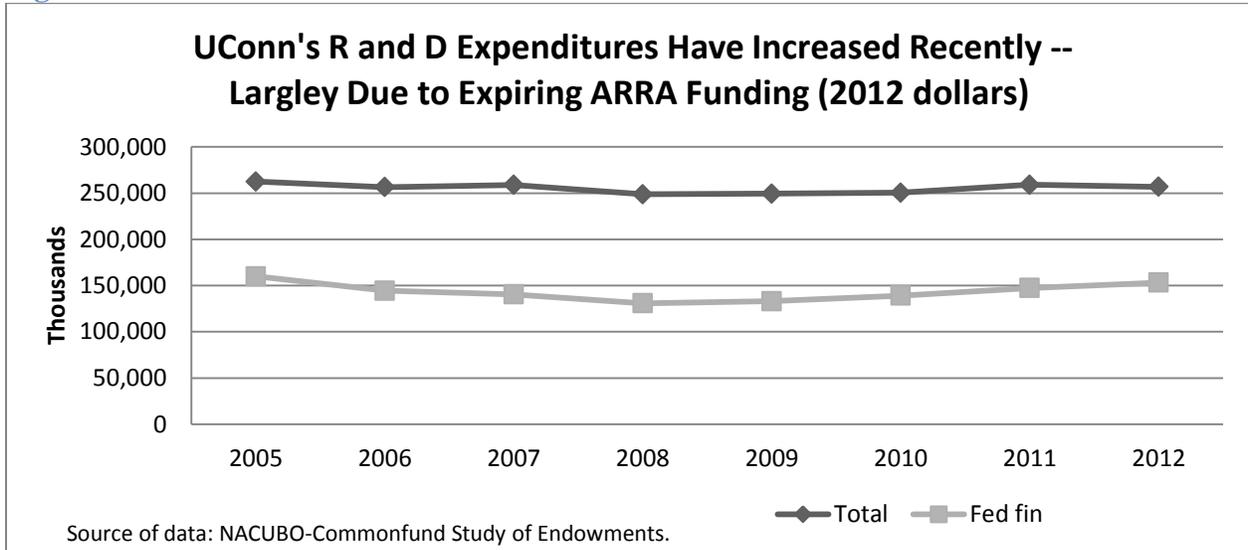
As can be noted in the figure, the \$31 million to support UConn’s operating fund came from the plant fund. This raises concerns because: 1) it means UConn’s operating revenue is not matching its operating expenditures; 2) use of the fund in this way can restrict UConn’s ability to perform necessary infrastructure maintenance, especially of auxiliary operations; and 3) it represents a cost shift from fees that were intended for a special purpose to the general operating fund of the university. Thus, students who pay room and board, for example, are subsidizing all students.

As part of UConn’s budget development, happening now, staff are considering various deficit mitigation strategies. This deficit comes at a difficult time as UConn’s biggest sources of revenue are already budgeted for increases to pay for faculty hiring or NextGen initiatives. For example, tuition revenue is already programmed to likely increase above consumer inflation in the next three years. The university is in the second year of a four year plan to hire an additional 290 faculty and the UConn Board of Trustees has authorized tuition increases (of between 5.5 and 6.25 percent) to pay for it. NextGen also has projected operating revenue increases from state government to cover additional operating costs for that initiative. In addition, tuition from out-of-state students, an increasing and for some an attractive financing source, is less competitive compared to UConn’s peers.

Research: UConn underperforms on every measure of research activity compared to its peers. Program review staff examined total and federally financed research and development expenditures published by the National Science Foundation to compare UConn to its peers. The *total expenditures* measure shows all expenditures on research and development (R&D), while the *federally financed expenditures* measures only the amount of research financed by the federal government. The federally financed number has the advantage of demonstrating how well a university competes against its peers for the same funding.

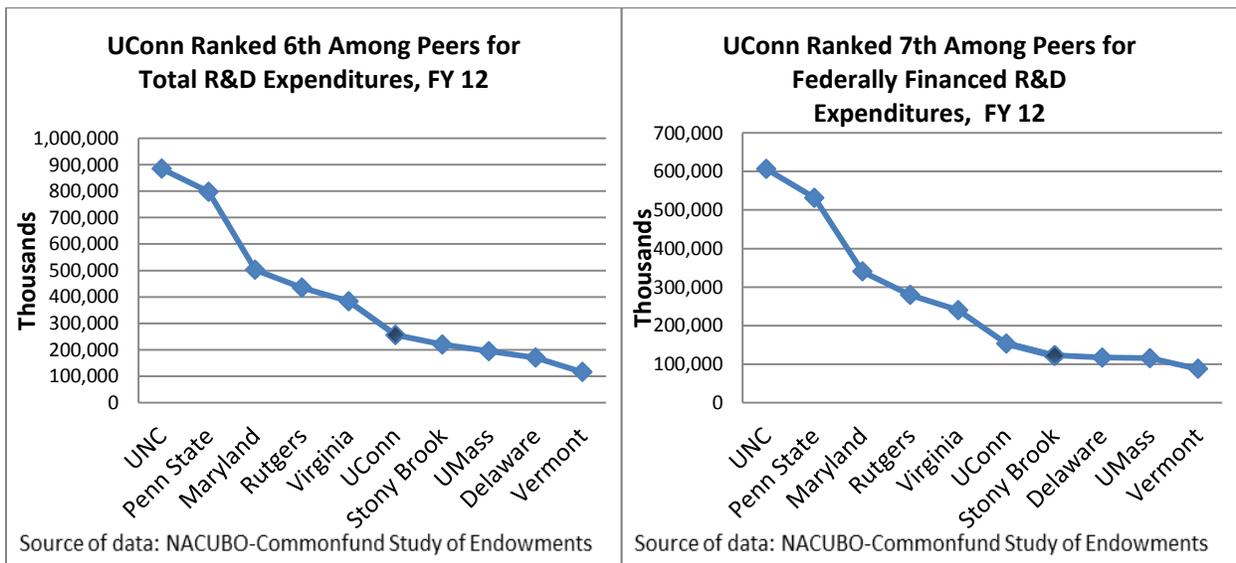
In Figure K-9, the trend shows that total research and development expenditures have increased at UConn, although much of this increased recently was a result of temporary federal stimulus funding (American Recovery and Reinvestment Act of 2009 or ARRA).

Figure K-9



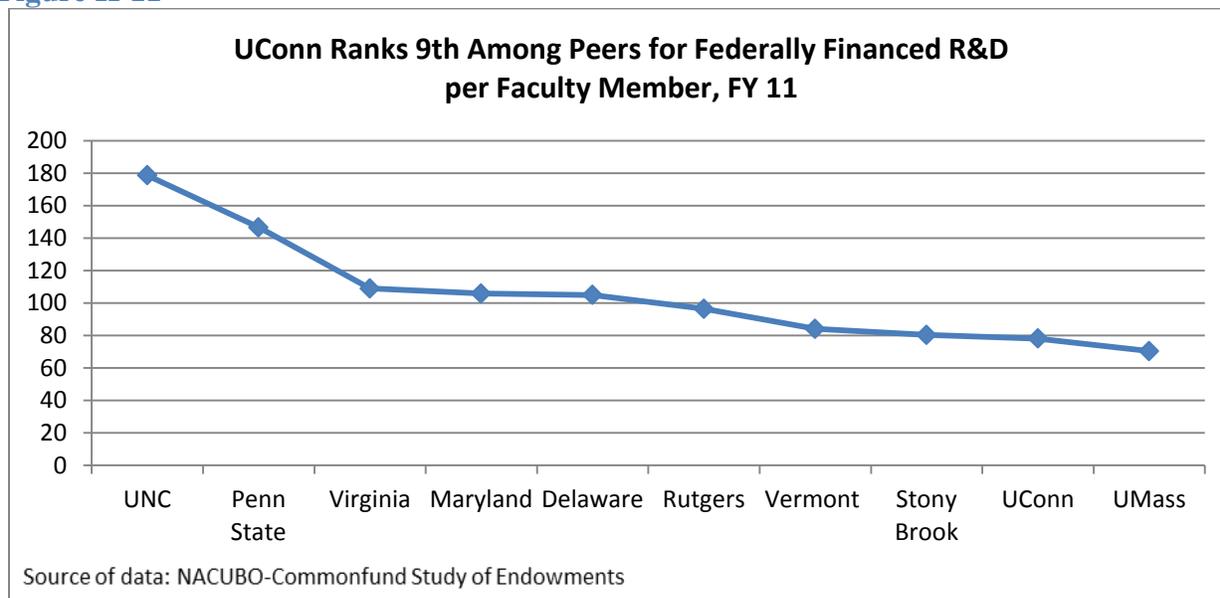
The National Science Foundation ranks UConn 80th in the country among approximately 650 universities for total R&D expenditures and 79th for federally financed higher education R&D. UConn's position does not change relative to its peers on both measures of research activity. As illustrated in Figure K-10, UConn ranks sixth and seventh, respectively, for total R&D expenditures and in federally financed R&D among its peers.

Figure K-10. UConn Ranked 6th Among Peers for Total R&D and 7th for Federally Financed R&D



When the amount of federally financed data is shown on a per-faculty member basis, UConn ranks second to last among its peers.

Figure K-11



As noted above, the state’s investment in NextGen is intended to bolster UConn’s research capabilities. Over the next 10 years, this effort is expected to increase enrollment by 6,500 students; create new and renovated research, teaching and dormitory space; and add 260 faculty mostly in the STEM area, in addition to the current faculty hiring initiative.

Endowment: UConn’s endowment is low compared to peers.¹⁰¹ UConn’s endowment is maintained by the university’s primary fundraising arm, The University of Connecticut Foundation, Inc. It is a non-profit organization that is overseen by a board of directors and run by a full time President and CEO, supported by a staff of about 115 people.

The foundation’s fundraising efforts, including increasing the size of the endowment, are important because the results serve as an alternative source of funding for the university that benefits students, faculty, and programs and can supplement or relieve pressures on the university’s operating fund.

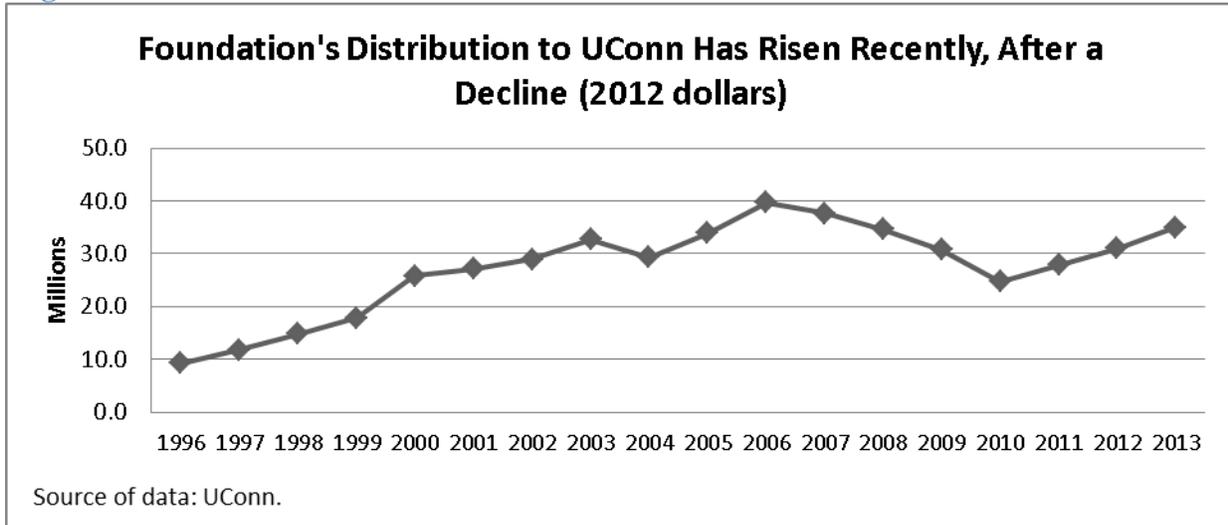
Figure K-12 shows that the foundation’s annual contribution to the university, adjusted for inflation, rose steadily until 2006, when it declined. It has risen again in the last three years. During FY 13, the foundation distributed about \$35.1 million to the university in the following ways:

- \$11.1 million for faculty and staff support;
- \$8.4 million for scholarships, fellowships, and awards;

¹⁰¹ An endowment refers to those assets that are generally invested in perpetuity.

- \$7 million on equipment, improvement and construction of facilities;
- \$4.5 million for programs and research;
- \$2.1 million for fundraising, events, promotions, and donor cultivation; and
- \$2 million for faculty, staff, and student travel and conferences.

Figure K-12



The foundation recently had record breaking fundraising results including two consecutive years with over \$60 million raised. Last year the foundation also had a record number of donors (32,823).

Although there have been recent fundraising successes, when compared to its peers the UConn foundation had the second smallest endowment both in total dollars and on a per student basis. UConn’s FY 2012 endowment ranked 208th out of about 850 schools with endowments in the nation.

| | <i>National Endowment Rank</i> | <i>Endowment (in thousands)</i> | |
|-----------------------------------|--------------------------------|---------------------------------|--------------------|
| | | <i>Total</i> | <i>Per Student</i> |
| Virginia | 19 | \$4,788,852 | \$193.68 |
| North Carolina | 30 | 2,179,177 | 75.37 |
| Pennsylvania State | 36 | 1,779,958 | 38.03 |
| Delaware | 67 | 1,087,870 | 52.00 |
| Maryland | 90 | 812,871 | 24.44 |
| Rutgers University (New Jersey) | 101 | 693,515 | 17.99 |
| Massachusetts | 134 | 565,092 | 20.93 |
| Vermont | 200 | 325,555 | 26.17 |
| Connecticut | 208 | 311,331 | 11.44 |
| Stony Brook University (New York) | 316 | 155,172 | 6.72 |

Source: NACUBO and Commonfund Institute FY 2012.

According to the foundation, it is on pace to raise \$65 million for FY 14, which is more than the two previous year's annual results. UConn has recognized the need to build its endowment and improve its fundraising efforts. Bolstering the endowment is one way to counteract, in part, the uncertainty of the amount of money from the state and the need to further increase tuition and fee revenue. UConn's President Herbst has expressed her desire that the endowment grow to \$1 billion – about triple what it is now. The foundation has hired a new president this year who has established a goal of annually raising \$100 million through donations by the next decade.

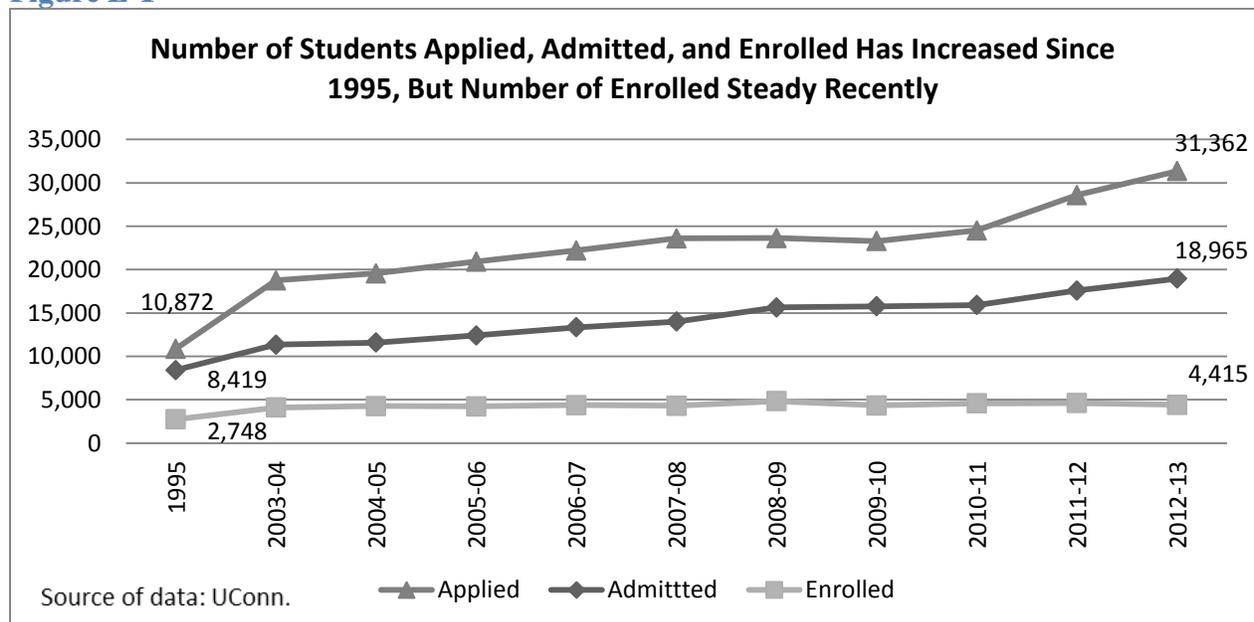
Admissions, Enrollment, and Outcomes

The admissions and enrollment analysis below shows various trends for all of UConn’s campuses (main campus at Storrs and the five regional campuses). In some cases, the Storrs campus trend is shown separately, as are in- and out-of-state students. Comparative data with other states use the results from Storrs only. As the below data show, in general, the trends for UConn indicate:

- the number of students applying and enrolling has increased;
- it has become more selective and appears to be less of a “safety school;”
- the university has increasingly recruited more talented freshman overall, though the academic profile has declined a bit recently for out-of-state freshman;
- an increase in ethnic and economic diversity;
- an improvement in graduation rates; and
- the university compares well to peers on academic and diversity measures.

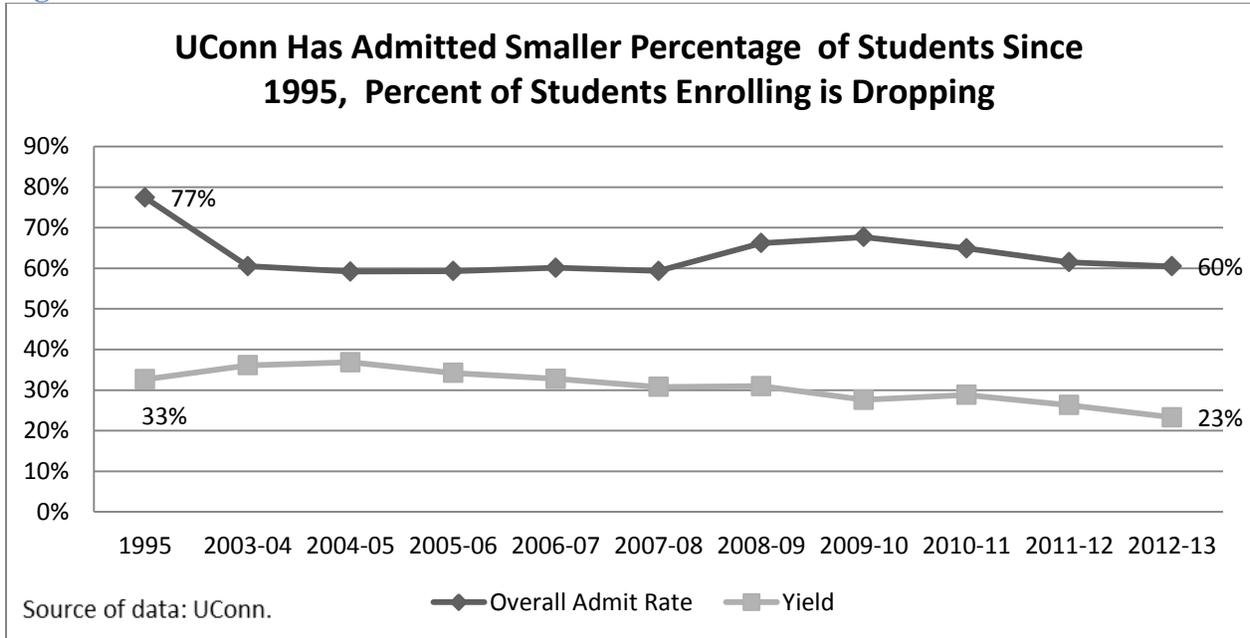
The demand for a UConn education is up. As Figure L-1 shows, the number of students who applied, were admitted, and enrolled at UConn has risen significantly since 1995. Freshmen applications to all campuses rose 190 percent. The number of students accepted increased 125 percent, while the number enrolled went up 65 percent. Therefore, UConn is a much larger institution than it was in 1995.

Figure L-1



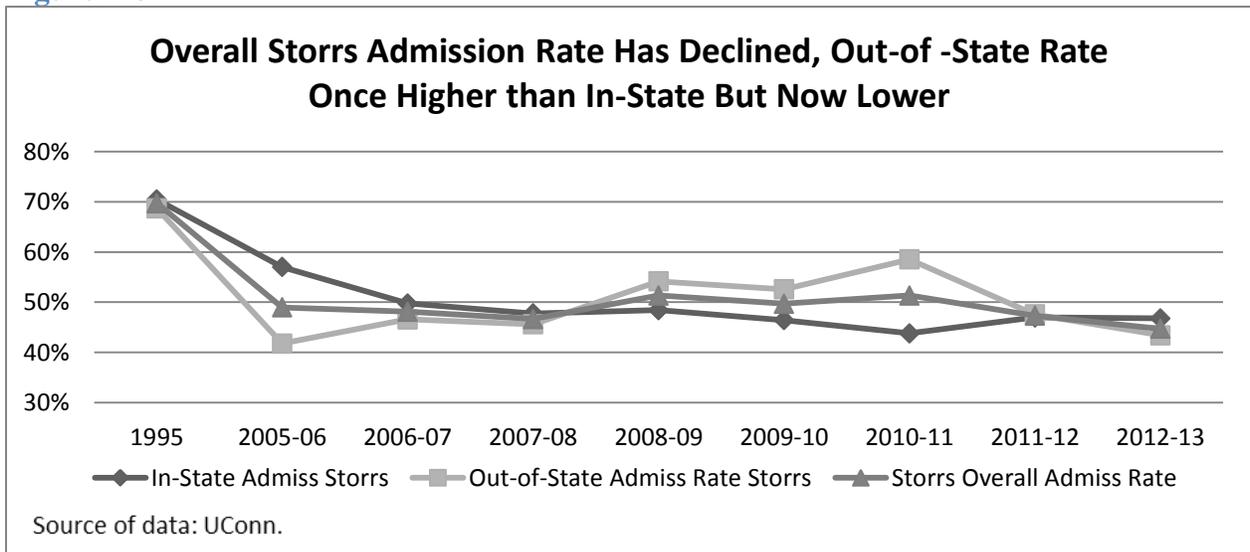
UConn is also more selective. The overall admission rate has declined from 77 percent to 60 percent. Simultaneously, however, the enrollment rate (called “yield” by enrollment managers) has declined, as well, from 33 percent to 23 percent. Reportedly, this decline is due to an increase in the number of schools that prospective students apply to.

Figure L-2



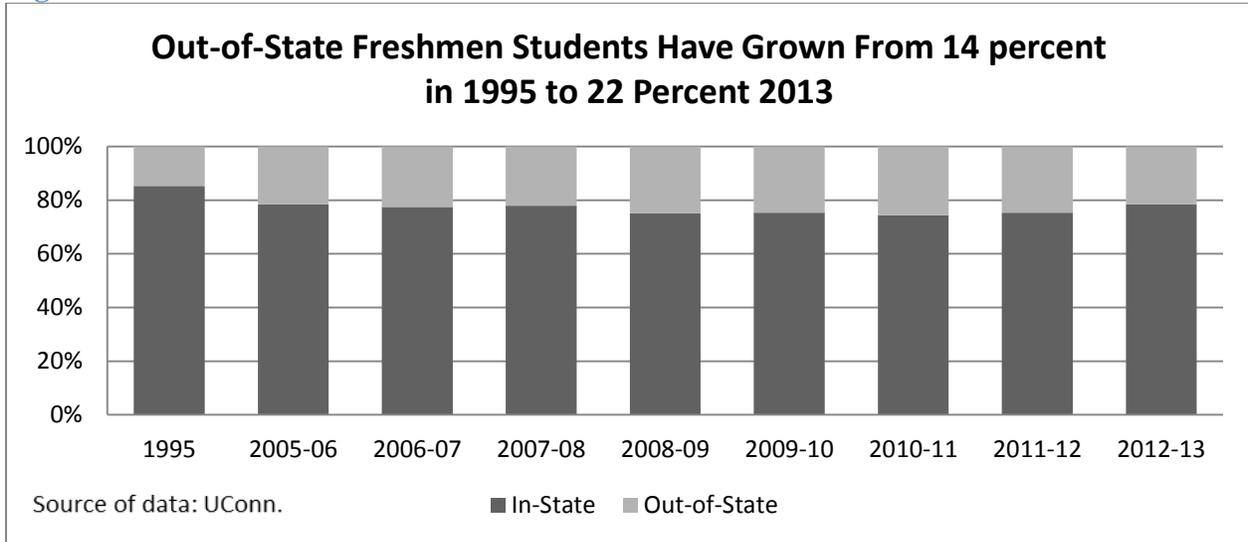
The Storrs campus admission rate has similarly declined, from about 70 percent to 45 percent, as shown in Figure L-3. The out-of-state student admission rate was higher than the rate for in-state students at UConn’s main campus from 2008 through 2010, but has been at or below the in-state rate for the last two years.

Figure L-3



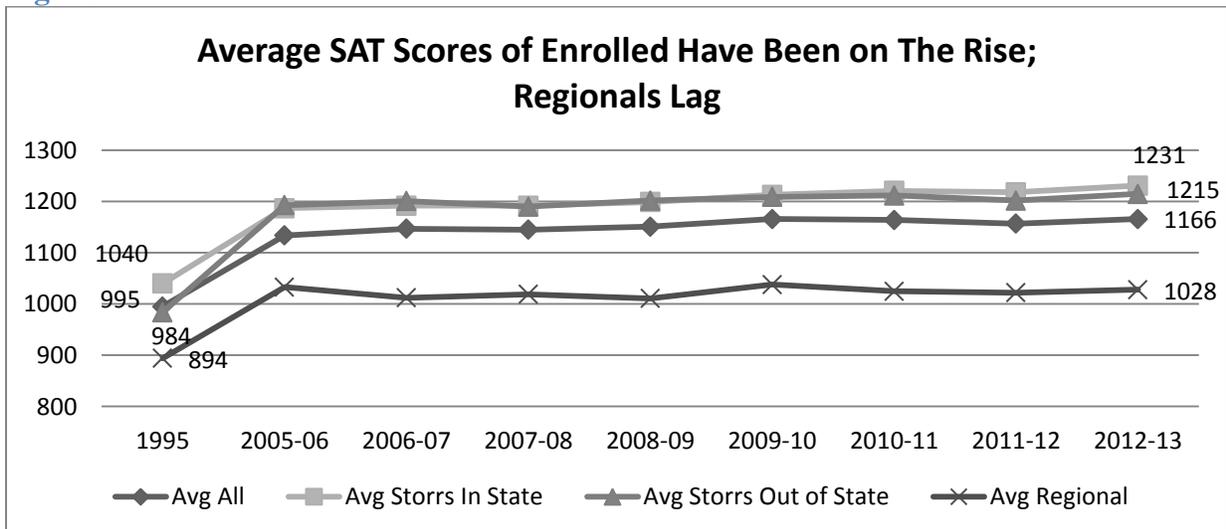
Out-of-state student enrollment has increased. Figure L-4 shows that the share of freshmen at all UConn campuses who are out-of-state students has increased from 14 percent in 1995 to 22 percent in 2012. Out-of-state student enrollment rose from about 20 percent at the Storrs campus in 1995 to 31 percent in 2012.

Figure L-4



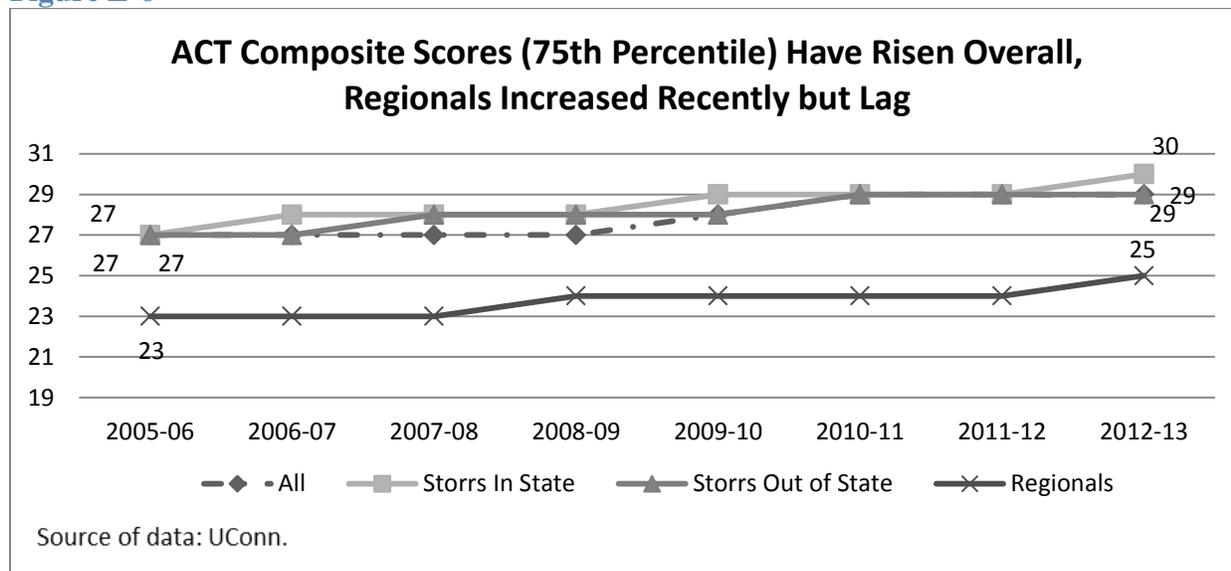
Incoming freshmen academic profile has risen. As shown in the figured below, both the average combined SAT (math and critical reading) and ACT composite scores for incoming freshmen at all campuses has improved. The average SAT for all incoming freshman in 1995 was 984 and in 2012 it was 1166. The SAT has changed somewhat since 1995, which makes accurate comparison over time doubtful, but even since 2005 (average SAT of 1134) there has been improvement. Freshmen scores at the regional campuses showed some general improvement but the average score has stagnated and lags behind the Storrs freshman. The average SAT of out-of-state students attending the main campus has been lower than the average for Storrs in-state students since 2009.

Figure L-5



The same trends are seen in ACT scores for incoming freshmen: overall improvement, out-of-state Storrs students lagging their in-state peers, and regional campus students behind Storrs attendees.

Figure L-6



UConn compares well to peers on standardized tests. UConn ranks in the middle to the top half for SAT and ACT scores among its peers, as shown in Table L-1.

Table L-1. UConn Ranks In Middle to Top Half of Peers For SAT and ACT Scores, Fall 2012

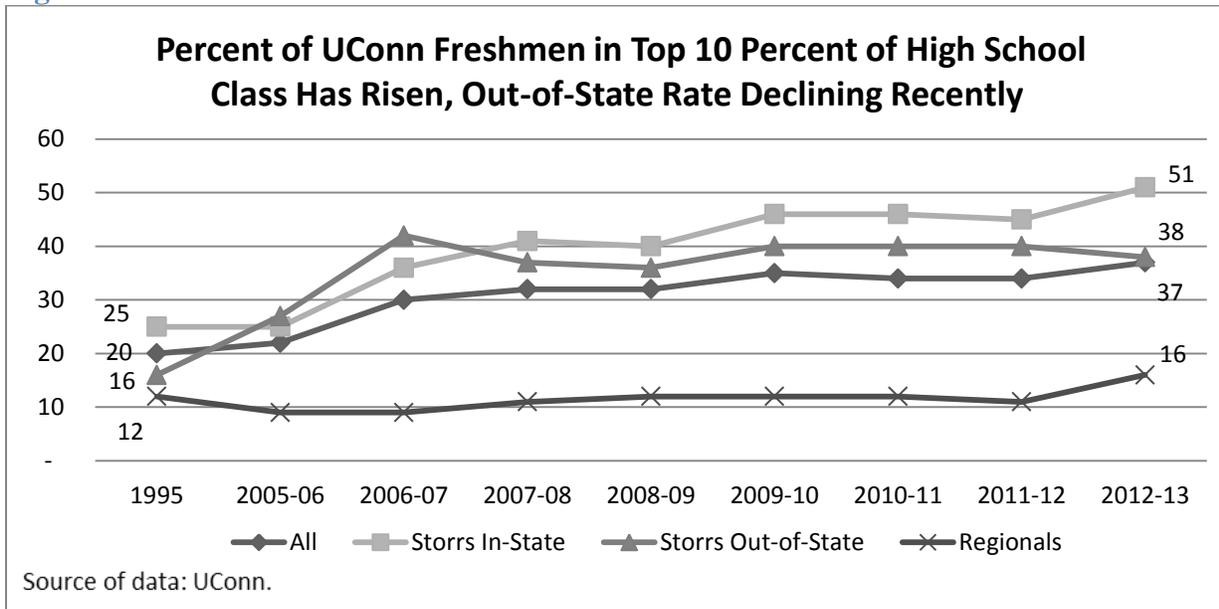
| | <i>SAT 25th Pctle</i> | <i>SAT 75th Pctle</i> | <i>ACT 25th Pctle</i> | <i>ACT 75th Pctle</i> |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Penn State | 1090 | 1300 | 25 | 29 |
| Vermont | 1090 | 1290 | 24 | 29 |
| UMass | 1090 | 1290 | 24 | 28 |
| Rutgers | 1080 | 1310 | na | na |
| Virginia | 1260 | 1460 | 28 | 32 |
| UConn | 1130 | 1330 | 26 | 30 |
| Delaware | 1100 | 1310 | 24 | 29 |
| Maryland | 1190 | 1410 | na | na |
| UNC | 1200 | 1400 | 27 | 32 |
| Stony Brook | 1130 | 1340 | na | na |
| UConn Rank | 4th | 5th | 3rd | 3rd |

UConn rankings are for the Storrs campus only
na = not available
Sources: Academic Insights, USNWR, 2014 Edition.

The percent of freshmen in the top 10 percent of their high school class enrolling at UConn has risen dramatically overall – from about 20 percent of incoming freshman in 1995 to 37 percent in 2012. Over the same time period, the in-state student rate at Storrs doubled to

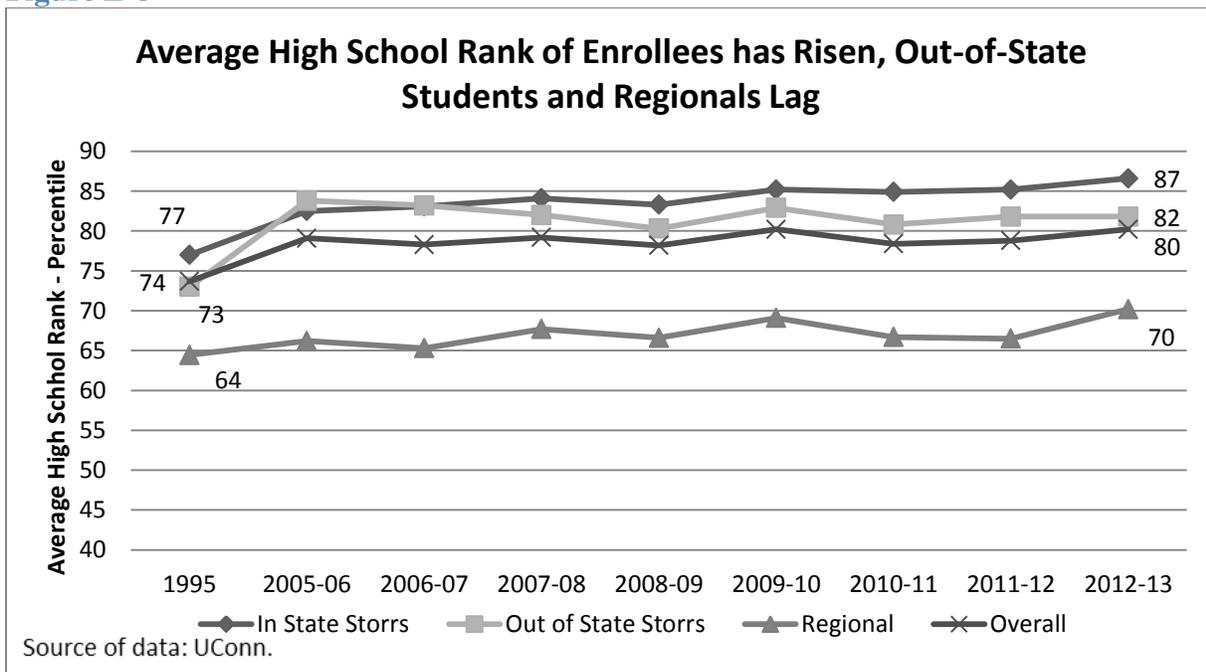
about 51 percent in 2012. The out-of-state rate has gone up overall, but since 2006, it has declined from a high of 42 percent to 38 percent.

Figure L-7



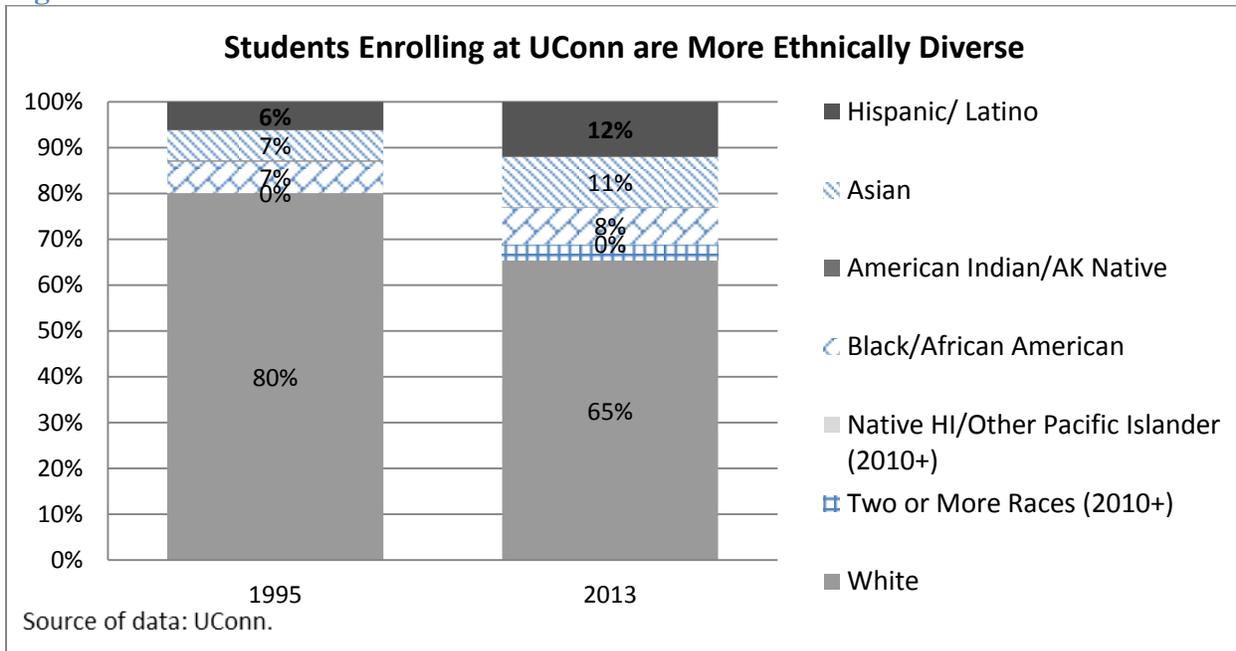
Similarly, the average high school rank of all enrollees has been on the rise from the 73rd percentile in 2005 to 80th in 2012. Out-of-state and regional students, on average, rank behind the in-state Storrs students.

Figure L-8



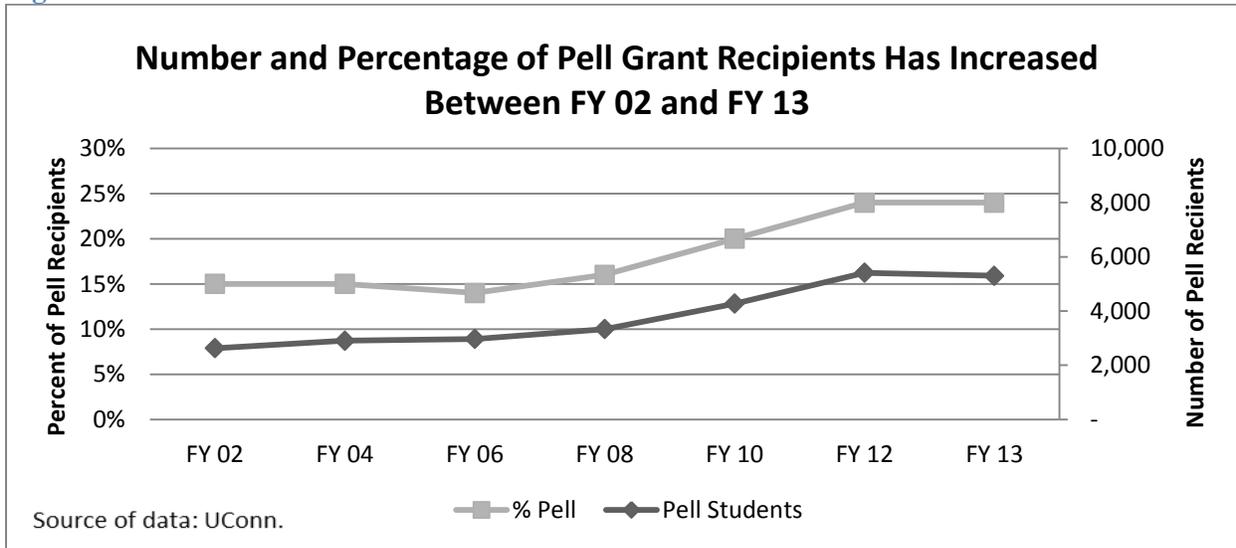
Increased diversity and other demographic trends. Total minority freshmen enrollment (excluding nonresident aliens) has increased 163 percent since 1995. As a share of the student population, minority enrollment grew from 20 percent to 35 percent (up 55 percent), as illustrated in Figure L-9. Students of Hispanic/Latino origin have experienced the greatest growth, from 6 percent of the student population in 1995 to 12 percent in 2013, followed by Asian students (from 7 percent to 11 percent). There was a smaller change among Black/African Americans, from 7 percent to 8 percent, over the same time period.

Figure L-9



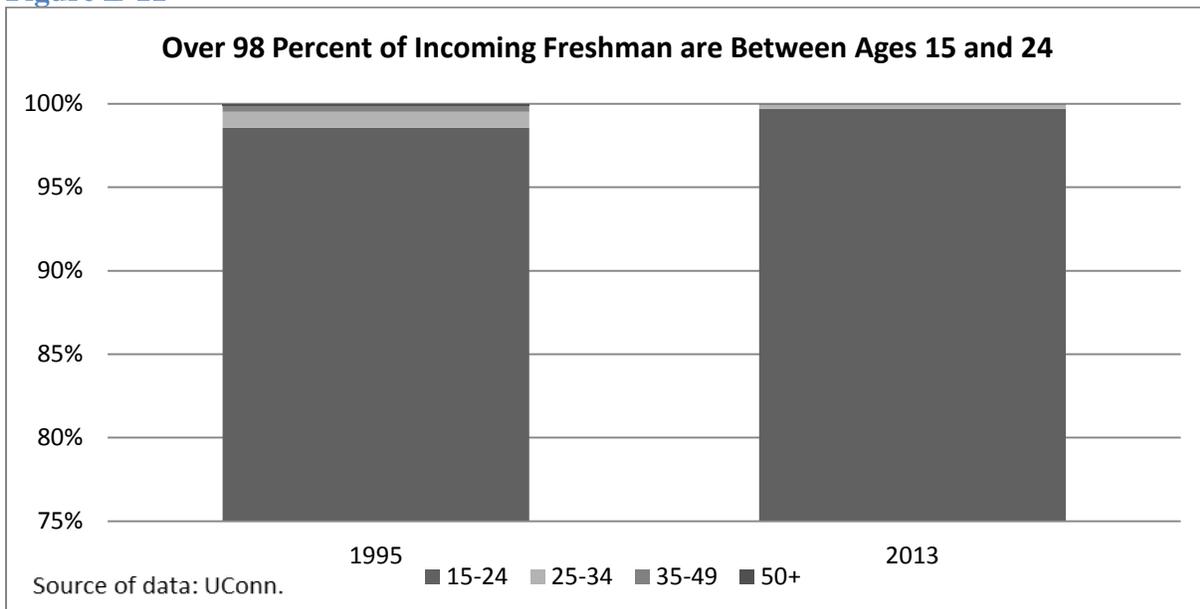
UConn is also more economically diverse. From FY 02 to FY 13, the percentage of Pell Grant recipients (a proxy for lower-income students) has increased from 15 percent to 24 percent of total undergraduates, as shown in Figure L-10. Undergraduate enrollment increased 26 percent over the same time period, while the number of Pell recipients increased 102 percent.

Figure L-10



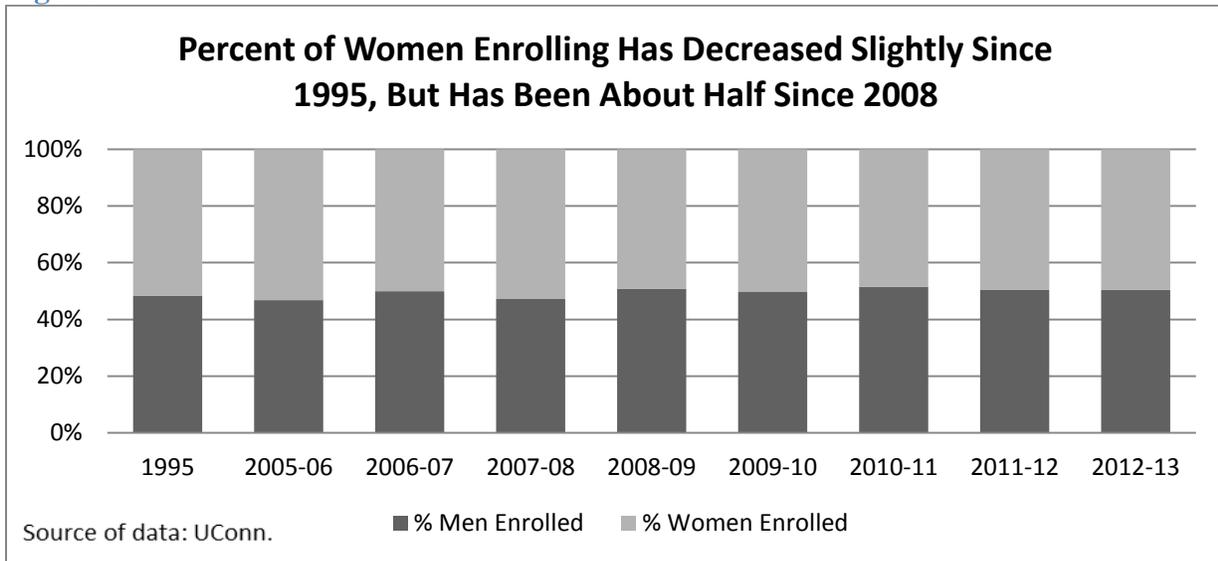
The age of incoming freshman at UConn has not changed much – over 98 percent of incoming freshman are between 15 and 24.

Figure L-11



The percentage of women enrolling has decreased slightly since 1995 (from 52 to about 50 percent), though women have made up about half of incoming freshman since 2008.

Figure L-12



UConn compares well to peers for attracting top students and diversity. UConn ranks in the middle to top half of its peers in enrolling top students, diversity, and acceptance rate. However, it has a smaller share of in-state students than most of its peers, ranking eighth.

| Table L-2. UConn Ranks in the Middle to Top Half for Top Students, Diversity, and Acceptance Rate compared to Peers, Fall 2012 | | | | | | |
|--|---------------------------------------|---------------------------------------|--------------------|-------------------------------|------------------------|----------------------------|
| | <i>Freshmen from Top 10% HS Class</i> | <i>Freshmen from Top 25% HS Class</i> | <i>Accept Rate</i> | <i>% Minority UG Students</i> | <i>% Intl Students</i> | <i>% In-State Students</i> |
| Penn State | 41% | 84% | 54% | 13% | 8.0% | 70% |
| Vermont | 34% | 71% | 77% | 10% | 1.8% | 33% |
| UMass | 27% | 66% | 63% | 25% | 1.6% | 79% |
| Rutgers | 41% | 77% | 61% | 38% | 3.0% | 94% |
| Virginia | 93% | 98% | 30% | 28% | 5.8% | 75% |
| UConn | 48% | 86% | 45% | 27% | 3.1% | 69% |
| Delaware | 40% | 76% | 57% | 12% | 4.3% | 42% |
| Maryland | 71% | 87% | 47% | 34% | 2.8% | 77% |
| UNC | 79% | 97% | 28% | 23% | 2.6% | 82% |
| Stony Brook | 42% | 75% | 40% | 43% | 8.6% | 92% |
| UConn Rank | 4th | 4th | 4th | 5th | 5th | 8th |
| UConn's rankings are for Storrs campus only Accept Rate is ranked from Lowest to Highest Source: Academic Insights, USNWR, 2014 Edition. | | | | | | |

UConn is more competitive with out-of-state schools. Table L-3 shows the top 12 schools to which successful UConn applicants have also been admitted, for 1994, 2005, and 2012. These are, in effect, the schools that UConn most often competes with for students. By fall 2005, UConn no longer substantially competed with the Connecticut State University System.

| Table L-3. Many of the Schools UConn Now Competes With The Most (Cross-Admits) Are Outside New England, No Connecticut State Schools | | | |
|---|------------------|------------------|------------------|
| | <i>Fall 1994</i> | <i>Fall 2005</i> | <i>Fall 2012</i> |
| 1 | CCSU | Northeastern | UMass |
| 2 | BU | UMass | Northeastern |
| 3 | UMass | URI | BU |
| 4 | Fairfield | BU | Delaware |
| 5 | URI | Delaware | URI |
| 6 | SCSU | Quinnipiac | Penn State |
| 7 | ECSU | Penn State | Vermont |
| 8 | BC | UNH | Maryland |
| 9 | UNH | Providence | Quinnipiac |
| 10 | Quinnipiac | Fairfield | Drexel |
| 11 | Providence | Syracuse | BC |
| 12 | WCSU | Rutgers | Fordham |

Source: UConn.

Outcomes

UConn's retention and graduation rates have improved but been flat recently. Two outcomes that are of particular interest, because they influence affordability, are the freshman retention rate and overall graduation rate. Students who do not complete their education do not typically get the full economic benefit of having a degree. Similarly, those who do not graduate in a timely manner end up paying thousands more in college costs than those who graduate on time.

As Table L-4 shows, UConn has improved its freshman retention and graduation rates. It ranks in the top half of its peers for retention and overall 6-year graduation rates, but lower half for 6-year minority graduation rates. Similarly, UConn has improved its 4-year graduation rate from 54 percent in 2001 (entered fall 1997) to 70 percent in 2013 (entered fall 2009).

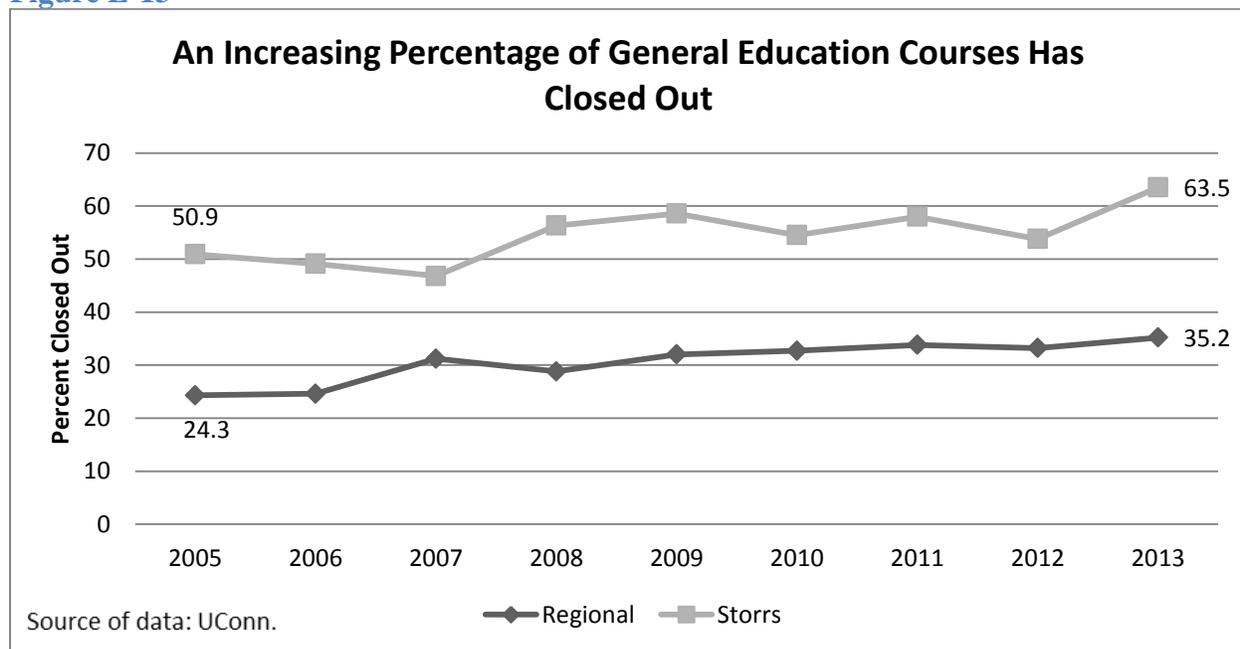
| Table L-4. UConn's Improved Retention and Graduation Rates | | | |
|---|-------------|-------------|---|
| | <i>2001</i> | <i>2012</i> | <i>Rank Among 9 Peers (Of 10 Total)</i> |
| Freshman Retention | 88% | 94% | 4 |
| 6-Year Graduation Rate | 75% | 82% | 4 |
| 6-Year Minority Graduation Rate | 68% | 77% | 7 |

Source: UConn.

The graduation rates, while dramatically improved since 2001, have not changed substantially over the last several years. In its most recent annual report to the University Senate, UConn’s Retention and Graduation Task Force noted that an achievement gap exists between students who are White or Asian and students who are African-American or Hispanic, especially in the area of graduation rates. The university does have an array of academic and support programs that enrich the learning environment of all students who seek services, as well as programs specific to low-income students. The task force established three subcommittees to address priority issues identified by its members: The Achievement Gap, Women in STEM Fields and Information Sharing. The task force has developed additional initiatives under each priority area to attempt to address the graduation rate gap.

The percentage of general education courses closing out has increased. Figure L-13 shows that, at both Storrs and the regional campuses, increasingly more general education courses have been closed due to maximum capacity being reached. Last year, nearly 64 percent of Storrs general education course closed out. Students who are not able to get into the required courses they need may be less likely to graduate on time.

Figure L-13



Part of this trend can be attributed to the increased student enrollment which has not been coupled with high enough instructional staffing levels. As noted above, in 2011 UConn adopted a faculty hiring plan that should help to alleviate this trend.

Appendix M
Agency Response

February 26, 2014

Ms. Carrie Vibert
Director
Legislative Program Review and Investigations Committee
State Capitol, Room 506
Hartford, CT 06106

Dear Ms. Vibert;

Thank you for the opportunity to provide a response to the Committee's report on the University of Connecticut's Affordability. We have enjoyed working with the Program Review staff over the last six months and are pleased that the report has shown the University is providing an affordable, high-quality education for our students, regardless of their economic means.

Affordability & Value

As you know, the central question of the Committee's study is quite simple: Is UConn accessible, affordable and a good value to students? By every measure, the answer is a resounding YES. Connecticut taxpayers should be quite proud of UConn—where our core principles of access, affordability and quality, guide every program we offer, service we provide and major decision we make.

Unlike most other public enterprises, UConn operates within a competitive market. Students have options in determining to which colleges or universities they will apply. And high achieving students have the most options in deciding which institution they will attend.

Students and parents appreciate value (the intersection between quality and cost), and that's why they seek the kind of academic excellence UConn offers at such a competitive price. While enrollments at the other private and public universities and colleges are on a downward trajectory, mirroring state and regional demographic trends, the opposite has been true at UConn. For 2013, the University had 29,089 applications for our freshman class of 4,850 (at all our campuses) which is a 165% increase in applications and 75% increase in enrollment over 1996. Moreover, due to our tremendous value and the excitement over *Next Generation Connecticut*, 641 more freshmen enrolled in Storrs this year (a 21% increase).

On national measures of affordability and value, UConn ranks well. For example, we are pleased that:

- For the 2012-13 academic year, Kiplinger's ranked UConn the 25th best value for in-state tuition, and 22nd for out-of-state tuition among the top 100 public colleges.
- Among our 10 selected peer institutions, UConn has the 4th lowest in-state tuition and fees.
- UConn is ranked as the 19th best public university in the country by U.S. News & World Report (2013 America's Best Colleges).

Fiscal Challenges & Cost

It is a testament to the University's commitment to access and affordability that UConn has remained a great value in spite of tremendous recent fiscal challenges. As a result of the global recession in 2008, our state appropriation and fringe benefit allocation has been reduced by \$41.6 million. In 1996, the state funded 67% of our employees, but today only 57%, requiring tuition, fees and other revenue sources to cover the increasing burden associated with funding a greater percentage of UConn employees. In the last three years, the state-mandated fringe benefit rate (over which the University has no control and cannot predict) has increased more than 20% creating a budget shortfall at the University of \$9.6 million in FY 14 alone.

Focus on Accessibility: Meeting Financial Need

Despite these fiscal challenges, UConn's commitment to providing the best financial aid package to those who need assistance most has not wavered. Since 1996, the University has more than quadrupled the amount of tuition and fee revenue set aside for financial need and merit based aid from \$17.4 million to \$84.9 million this year. This \$84.9 million represents 27 percent of our undergraduate tuition and fee revenue with 82% going directly to students with demonstrated financial need. UConn continues to increase its student financial aid budget so that it meets and often surpasses the rate of each tuition increase.

The University's approach to financial need-based aid is very straightforward. Our top priorities are:

- Target need-based aid beginning with students at the lowest-income levels;
- Provide students with consistent, reliable financial aid packages throughout their tenure at UConn; and,
- Provide academic and student support services to ensure students graduate on time, thereby limiting their reliance on financial aid.

These basic tenets have enabled us to assist students in borrowing the least amount possible while completing their degrees in a timely fashion. The average indebtedness of a UConn student who borrowed from federal loan programs is well below the national average (\$23,822 compared to the national average of \$26,600 -- a direct result of the University's substantial financial commitment to supporting students in need. Also, UConn's most recent cohort default rate (as published by the U.S. Dept. Of Education) is 2.3%, as compared to a national rate of 9.1%.

Keeping High Achieving, Diverse Connecticut Students in-State for College

In enacting UCONN 2000 in 1995, the state's elected leadership called upon the University to stem the exodus of Connecticut's high achieving high school graduates leaving the state to attend college. We have been extremely successful in halting the so-called "brain drain" and achieving one of the major goals of UCONN 2000. Undergraduate enrollment has grown from 14,667 in 1996 to 22,595 this fall and total enrollment from 22,471 to nearly 30,000 over the same period. Degrees awarded have also increased accordingly.

Once again, this year's incoming freshman class is the largest, most academically qualified and most diverse freshman class ever enrolled at UConn. With an average SAT score of 1233, the Class of 2017 outpaced last year's incoming freshmen, whose average SAT of 1226 had just set the previous record. This year's class also

includes 165 valedictorians and salutatorians (149 at Storrs and 16 at regional campuses), more than triple the number enrolled in 1995. Merit aid has been critical in enabling us to compete successfully with out-of-state institutions for these outstanding students.

Diversity continues to be a top priority for the University and our commitment to this issue is evidenced by our enrollment, retention and graduation trends. Since Fall 1995, minority freshman enrollment has increased 169%. Our most recent 6-year graduation rate for students of color is 77%. Our graduation rate is 71% for African American students; 76% for Hispanic; and 83% for Asian Americans.

One of the key components of *Next Generation Connecticut* is for the University to enroll an additional 6,500 students over the next decade, attracting high-achieving science, technology, engineering and math (STEM) students, who are currently enrolling in out-of-state institutions. Additional faculty, academic program enhancements, new STEM teaching and research facilities and additional merit aid are the essential to empower us to be successful.

Is UConn Performing?

No conversation about college affordability is complete without discussing outcomes, particularly the aforementioned persistence and completion rates, as they have a direct impact on cost to students, families and institutions. The University is pleased to report success here as well. UConn's six year graduation rate is 82%, one of the highest among the nation's top public institutions ranking us 4th among our peers. Additionally, our average time to graduation is 4.2 years and our 6-year graduation rate for Pell recipients (those students with the most financial need) is 78%.

Recommendations

Generally, we are supportive of the recommendations included in the report although we would like to work with the Committee on fine tuning recommendation 4, pertaining to financial aid information, to ensure that state policy objectives can be achieved while maintaining the University's ability to recruit the diverse, quality students.

Additionally, we would like to share the following:

- On recommendation number 5, regarding information about the credits of transfer students, please know that UConn maintains a full listing of direct course equivalencies for the Community College System and Connecticut State University System available in a student/consumer friendly format at <http://admissions.uconn.edu/content/transfer/course-equivalencies#/>
- On recommendation number 6, regarding graduate outcomes, please know that UConn has already agreed to participate in the P20 WIN system. Please be aware that this system is not currently fully operational. We are in the process of updating our Office of Institutional Research and Effectiveness (OIRE) to be able to gather more systematic and comprehensive data about our graduates, by major, employment, and earnings. We believe that our internal processes will be ready by the end of this calendar year and we look forward to collaborating on the P20 WIN system.

Conclusion

Access, affordability and quality will continue to serve as UConn's guiding principles as we strive to meet the expectations and aspirations of Connecticut's students and their families, as well as Connecticut's elected officials and taxpayers.

Once again, thank you for the opportunity to provide a response.

Sincerely,

A handwritten signature in blue ink that reads "Mun Y. Choi". The signature is written in a cursive style with a large initial "M" and a long, sweeping underline.

Mun Y. Choi
Provost