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.

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[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.