

DOCUMENTS OF THE GENERAL FACULTY

**RESOLUTION FROM THE COMMITTEE ON FINANCIAL AID TO STUDENTS CONCERNING
UNMET STUDENT NEED**

On behalf of the Committee on Financial Aid to Students, Nigel Atkinson (committee chair and professor, neuroscience) submits the following resolution. The resolution will be considered by the Faculty Council at its meeting on October 10, 2016.



Hillary Hart, Secretary
General Faculty and Faculty Council

RESOLUTION FROM THE COMMITTEE ON FINANCIAL AID TO STUDENTS CONCERNING UNMET STUDENT NEED

Faculty Council Resolution

To help fulfill the UT slogan that “what starts here changes the world,” we urge the university to help students get the best start possible by allowing them to meet their financial needs more readily, graduate with much less debt, and maximize the quality of their undergraduate experience.

Resolution:

1. The Faculty Council urges the President to include unmet student financial need as a principal component of the next capital campaign.
2. The Faculty Council endorses establishing¹ a task force to undertake a comprehensive review of financial aid in order to understand how to improve financial services to students.

Introduction to the Problem

The Committee on Financial Aid to Students met six times during the 2015–2016 academic year and devoted its attention to understanding student financial need better. We invited presentations from the Office of Financial Aid, the Director of External Relations for Student Success, and the Director of the Study Abroad Office to understand better the landscape of student need. This process resulted in deep concern on the part of committee members about the growing unmet student needs on our campus. This memo outlines the key lessons learned during this process as well as some possible solutions that we encourage the Faculty Council to use to address this problem.

While students with family incomes of \$60,000 and below often have their tuition costs covered from Federal, State, and institutional monies, this only covers 46% of the costs of attendance.² Additional grant monies are not readily available to cover the other expenses related to attending the University of Texas at Austin, such as room and board, books, and travel. The impact of this reality is that some students cannot afford to attend UT Austin, others cannot maximize the quality of their experience on campus, and others are unable to graduate in a timely way or at all.

Annex 1 provides a visual of the overall costs of attendance (for 2014–2015) with a breakdown of how these costs are covered by students. After accounting for existing grants and scholarships, on average \$14,071 is needed to cover remaining expenses. Once average yearly student loans are taken into account, average unmet student need stands at \$10,495 per year, which must be financed through a variety of activities that can detract from an optimal education and mean that the average graduate finishes with approximately \$25,000 of student loan debt.^{3,4}

As a state educational institution, a core mission of the University of Texas at Austin is providing education to the state’s residents. And yet the demographics of university students do not closely match the demographics of the state. For students who are the first in their families to attend college, for example, 49.23% of them come from families that make \$80,000 or more. This contrasts with the median household income in the state of Texas, which is approximately \$55,000, which suggests that families with lower incomes are disproportionately less likely to be able to afford to attend UT Austin.

These problems are compounded by the tuition freeze that has been in effect. While lower tuition may have some intuitive appeal from the perspective of helping students, it may inadvertently hurt lower-income families.

¹ At its meeting on October 10, the Faculty Council amended the proposal replacing funding with the word establishing.

² Based on estimates from the Office of the Executive Vice President and Provost reported in the infographic at the end.

³ \$25,000 student loan debt figure from Daily Texan report.

⁴ One might argue that student loans should be included in unmet student need as it would be desirable to help students graduate with as little student loan debt as possible. If including student loans, the \$14,071 in unmet student need is burdensome to say the least.

The challenge is that higher-income families can afford to pay higher tuition, but with the tuition freeze do not have to do so. This means the university receives less money from those who could afford it. The lowest-income families are protected from the effects of tuition increases through a “set aside” and so would not be affected anyway. Thus, tuition freezes do nothing to protect lower-income families and then hurt the university by not bringing in money from higher-income families that could go toward addressing broader unmet student financial need.

Below is the story of one student, but it representative of many students from middle-income households that struggle to pay for college. Mary (name changed) was a top-performing undergraduate student in Liberal Arts who is now working on her Ph.D.

“I found out that my parents couldn’t afford to pay for college tuition or room and board beyond my first semester (which was only a possibility due to a loan they received) when UT sent me an email that my dorm hadn’t been paid. My parents’ annual income was between \$55,000–\$60,000 depending on the work available for my mother, a Realtor. When a student applies for FAFSA, that number is all they see. Although my mother contributed to that annual income, a declining housing market meant that she would go months without seeing a paycheck, leaving my father’s salary as the only way to pay the house, cars, food, and uninsured medical bills. The amount FAFSA expected my family to contribute to my education was often double of what they could, leaving me to work numerous jobs while attending classes to split the difference. For my last 3-and-a-half years of school, I had to work 2, sometimes 3, jobs and balance a 15-hour course schedule. Although my parents would have liked to pay for my college beyond the first semester, they also realized that they still had one more child to take care of as well. With a brother, 9 years younger than me, our needs and expenses were often not aligned and taxing on my parents. The one thing I would change about my college experience is the debt. Upon graduating, I was \$64,000 in debt. This would have been more, had I not been awarded several scholarships throughout my time at UT.”

Possible Solutions

We urge the Faculty Council to recommend to the President and Provost that the next capital campaign include, in some prominent way, raising substantial resources to meet currently unmet student financial needs. Given the large unmet student need across a sizeable student body, only a centralized capital campaign has the potential to provide more than a Band-Aid solution to this fundamental need of undergraduates at the University of Texas at Austin. A capital campaign to address unmet student financial needs would not be unprecedented. It is our understanding that at some universities, capital campaigns included financial need as centerpieces of their fundraising efforts.

We recommend that a capital campaign raise substantial resources to assist (1) students from the lowest-income families to make a UT Austin education possible for a broader, more financially diverse population, and (2) students from middle-income families through the creation of other work-study options and additional scholarship resources. While the need to assist the lowest-income families is more obvious, we note that many middle-income families make just enough money that they do not qualify for Pell grants or subsidized student loans, but they still do not earn a sufficient income to pay for their student’s education. Thus, there are also strong needs to assist families that are just outside the range of qualifying for financial aid, and we urge any efforts to focus on both demographics.

Meeting student financial needs should be an end in its own right, but we also believe that it could help fulfill other key university objectives. In particular, we recommend that the university consider raising additional funds to assist students in ways that help attract and retain the best faculty and also enrich the on-campus, residential undergraduate experience. A fundraising campaign to meet financial needs could, for example, raise need-based funding that could be tied to work study with faculty on campus. Something akin to the University Leadership Network could be established, but with an emphasis on providing additional funding to students in exchange for meaningful research-related, work-study programs. If substantial funds were raised for this, then students and faculty could be paired in ways that students obtain much-needed funding and faculty could obtain much-needed research assistance.

By providing work-study style financial assistance to students, the university could also provide a better residential educational experience. In an era of competition with massive open online courses (MOOCs),

justifying the residential experience is paramount. And providing better funding to students for meaningful work and mentoring experiences on campus could help maintain and improve UT Austin as a leader in undergraduate residential education. While a work-study option may not be the best option for all students, it could provide a mutually beneficial possibility for many faculty and students.

Annex 1

THE CASE FOR NEED-BASED SCHOLARSHIPS

HOW DO STUDENTS PAY FOR COLLEGE?

\$26,538

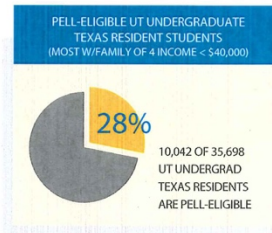
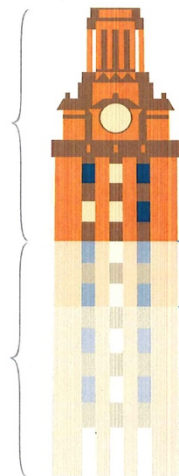
AVERAGE YEARLY COST OF ATTENDANCE
2014-15 TUITION & FEES, ROOM & BOARD, MISCELLANEOUS EXPENSES

\$12,467

AVERAGE GRANTS AND
SCHOLARSHIPS FOR
PELL-ELIGIBLE STUDENTS

\$14,071

AVERAGE ADDITIONAL FUNDS
NEEDED AFTER FINANCIAL AID
FOR PELL-ELIGIBLE STUDENTS



\$3,576

AVERAGE YEARLY STUDENT LOANS

\$10,495

AVERAGE YEARLY UNMET NEED
BALANCE IS MANAGED WITH WORK
AND LIFESTYLE CHOICES

IF STUDENTS CAN'T COVER COLLEGE COSTS,
THEY ARE LESS LIKELY TO:

GRADUATE AS A LONGHORN
GRADUATE WITHOUT SIGNIFICANT DEBT