

**SPECIAL MEETING OF THE FACULTY
SENATE**

Friday, February 3, 2006

***THE MAJOR ROLE OF FINANCIAL AID
IN UNDERGRADUATE ENROLLMENT
MANAGEMENT***

IS THERE FLEXIBILITY IN THE DISCOUNT RATE?

PRESENTED BY SENIOR VICE PRESIDENT ROBERT A. CHERNAK

WHAT IS THE PURPOSE OF STUDENT AID?

1. Ensure access for qualified students without regard to their family's economic circumstances
2. Attract and retain above average high quality students
3. Balance enrollment among the University's academic units
4. Recruit students for special programs and purposes whose presence is value added to the University community:

For example: Music; Theater; Artistic talent, Athletics; Washington DC public high school graduates; Development of new markets; Commitment to diversity based on background, culture, ethnicity, gender (woman leadership programs), etc...

5. Maintain a competitive position in the marketplace

**DOES THE GEORGE WASHINGTON UNIVERSITY
ADMIT STUDENTS WITHOUT REGARD TO THEIR
FINANCIAL CIRCUMSTANCES?**

YES. *HOWEVER, BUDGET CONSTRAINTS DO NOT ALLOW THE UNIVERSITY TO FULLY FUND STUDENTS TO THE LEVEL OF THEIR DEMONSTRATED NEED. CONSEQUENTLY, VARIOUS “PACKAGING METHODOLOGIES” ARE EMPLOYED TO COMBINE GRANTS AND SELF HELP SO THAT FUNDS ARE STRETCHED TO ASSIST AS MANY STUDENTS AS POSSIBLE TO THE LIMITS OF INSTITUTIONAL AFFORDABILITY.*

WHAT IS THE DISCOUNT RATE?

- ***THE DISCOUNT RATE IS EXPRESSED AS A PERCENTAGE OF UNDERGRADUATE STUDENT AID EXPENDITURES DIVIDED BY TUITION REVENUE***
- ***THE DISCOUNT RATE DOES NOT TAKE INTO ACCOUNT THE TOTAL COST OF A STUDENT'S ANNUAL ATTENDANCE, SUCH AS ROOM, BOARD, BOOKS, PERSONAL EXPENSES OR TRAVEL TO AND FROM HOME.***
- ***THE CURRENT DISCOUNT RATE AT GW IS APPROXIMATELY 35.6%.***

WHAT PORTION OF STUDENT AID IS DISTRIBUTED NEED BASED CONTRASTED TO MERIT?

ALL STUDENTS ACADEMIC YEAR 05-06

- NEED BASED \$ 82,671,389 (74.2%)
- MERIT 28,729,290 (25.8%)

- TOTAL \$111,400,679

HOW MANY UNDERGRADUATE STUDENTS ARE RECEIVING FINANCIAL AID?

FRESHMAN

- NEED BASED 1,100
- MERIT 384
- **TOTAL** 1,484

TRANSFERS

- NEED BASED 223
- MERIT 18
- **TOTAL** 241

CONTINUING

- NEED BASED 2,963
- MERIT 1,352
- **TOTAL** 4,315

WHAT IS THE AVERAGE FINANCIAL AID AWARD FOR 2005-06

- **NEED BASED**

• FRESHMAN	\$ 21,412
• TRANSFERS	16,682
• CONTINUING	18,011

- **MERIT**

• FRESHMAN	\$ 19,839
• TRANSFERS	9,464
• CONTINUING	14,249

WHAT ARE SOME OF THE PRESSURES IMPACTING THE STUDENT AID BUDGET?

- 1. Family financial resources are growing at a slower pace than the cost of education
- 2. GW competes with many institutions who have endowment resources that allow for more generous student aid packages, hence reducing reliance on unrestricted funds
- 3. The overall cost of attendance at GW
- 4. The improving academic student profile at GW
- 5. A lesser commitment by the federal government for higher education student aid
- 6. Only \$1.7 million annual support from restricted and endowed funds
- 7. Family resistance to borrow due to rising interest rates, as well as reluctance to borrow against home equity

FIVE YEAR TRENDS COMPARING FAMILY RESOURCES TO THE GW COST OF ATTENDANCE

	2002-03	2003-04	2004-05	2005-06	2006-07*
PROFILE** RESULTS	\$28,062	\$28,293	\$29,568	\$30,178	\$30,141
GW COSTS***	38,980	41,270	46,090	49,320	51,780
DIFF.	10,918	12,977	16,522	19,142	21,639

* 2006-07 ESTIMATED

** AS CALCULATED FROM COLLEGE SCHOLARSHIP SERVICES
PROFILE REPORTS FOR ALL FRESHMAN APPLICANTS

*** GW ON-CAMPUS COSTS INCLUDE AN ESTIMATED 3.9% TUITION
INCREASE, AS WELL AS FEES, ROOM, BOARD, BOOKS, PERSONAL
EXPENSES AND TRAVEL COSTS).

WHAT ARE THE TRENDS FOR FAMILY CONTRIBUTION AMONG STUDENTS MATRICULATING AT GW?

Example for Class Entering 2002-03

AVERAGE FAMILY CONTRIBUTION

Profile Results for all applicants	\$28,062
GW Entering Freshmen	19,500
Sophomore year	18,407
Junior Year	17,636
Senior Year	17,227

WHAT EXACTLY IS GW'S **“PACKAGING”** METHODOLOGY

- 1. “Packaging” refers to the amount of grant money or “free money” awarded to a student demonstrating need contrasted to the “self-help” portion of an award which could include loans and/or work-study.**
- 2. This year the split was 70% grant/30% self help.**
- 3. For 2006-07 the split will be 75%/25%. The reason for this is that there is not sufficient “self-help” funds available to meet need. Simultaneously, the University will raise from this year’s \$1,000 to \$2,000 the amount of “gap”, that is the first \$2,000 of demonstrated need must be absorbed by an incoming student’s family. In addition, the next \$2,625 of need will be funded entirely through Stafford Loans. Each incoming student will also be expected to earn \$1,500 in summer earnings.**
- 4. The maximum amount of need based financial aid in grant money (GW Funds) that an incoming new student may receive will be \$32,000 in admissions ratings 1,2 and 3 (SAT’s above 1250 and 85% class rank); and \$27,000 for admission ratings 4 and 5(SAT’s above 1150 and 80% class rank). All engineering students may receive up to the \$32,000 maximum.**

WHAT ARE THE GUIDELINES THAT WILL GOVERN THE UNIVERSITY'S MERIT SCHOLARSHIP PROGRAM FOR 2006-07

ELIGIBILITY: FOR ALL COLLEGES EXCEPT ENGINEERING

Half tuition scholarships will be offered to students achieving SAT scores of 1370 or higher and who also rank in the 90th percentile rank or higher in their high school graduating class. This is a change from last year when eligibility standards commenced with 1350 SAT scores. Additionally, students entering the Science Scholar Program, Integrated Engineering and Law, and Presidential International Scholarship.

\$15,000 scholarships for 7 year BA/MD, Presidential Arts Scholars

Room and Board for ROTC scholarship recipients who are on military duty

Stephen Joel Trachtenberg Scholars (limit 6) full tuition, fees, room, board and books

FOR ENGINEERING

Three quarter scholarships for SAT scores 1400 and above, 90th percentile high school class rank. Half tuition for SAT's above 1300 and 90th percentile class rank. \$15,000 scholarship for SAT scores 1250-1290 and 85th percentile class rank. Last year full scholarships were awarded to students with 1400 SAT and 90th percentile class rank; three quarter scholarships with 1300 SAT and 90th percentile class rank; and one half scholarship for 1200 SAT and 90th percentile class rank.

HOW MUCH STUDENT AID WAS DISTRIBUTED TO THIS YEAR ENTERING FRESHMAN CLASS?

- MERIT \$ 7,762,443
- NEED BASED 23,782,668
- TOTAL \$ 31,545,111 **

** REPRESENTS 28.3% OF TOTAL AID DISTRIBUTED FOR ACADEMIC YEAR 2005-06 TO ALL UNDERGRADUATE STUDENTS.

WHAT IS THE COMPARISON OF GROSS TUITION, NET REVENUE
AND THE DISCOUNT RATES FOR FRESHMAN COMPARING
2004-05 TO 2005-06?

	2004-05	2005-06
• NUMBER OF FRESHMEN	2627	2408
• GROSS TUITION	\$89,978,000	\$87,578,960
• AID EXPENDITURES NEED-BASED AND MERIT	28,279,973	31,545,111
• NET TUITION REVENUE	61,698,027	56,033,849
• DISCOUNT RATE FOR FRESHMEN	31.4%	36%

CHALLENGES

- 1. The net revenue derived from this year's entering freshmen class contrasted to last year was \$5.58 million less.**
- 2. Results were a factor of:**
 - a. 219 fewer freshmen**
 - b. \$3.18 million more student aid expenditures**
 - c. A resultant discount rate for freshmen of 36%**
- 3. Success in improving the quantity and quality of the entering class in Engineering, but at a significant investment of student aid dollars**
- 4. A growing "affordability gap" created by the combination of the costs of education rising at a faster pace than the growth of family income and assets**

COLLEGE ENROLLMENT AND AID DISTRIBUTION OF FRESHMEN CLASS ENTERING FALL 2005

COLLEGE	STUDENTS	TUITION	# ON AID	AMT OF AID	%ON AID	DISC RATE
<i>Columbian</i>	1425	\$51.8m	849	\$17.6m	59.6%	34%
<i>Elliott</i>	472	17.1m	323	6.5m	68.4	38
<i>Engineering</i>	182	6.6m	153	4.1m	84.1	62.3
<i>Business</i>	313	11.4m	143	3.0m	45.7	26.6
<i>Public Health</i>	16	.6m	8	.2m	50.0	35.4
TOTALS	<u>2408</u>	<u>87.6m</u>	<u>1,476</u>	<u>31.5m</u>	<u>61.3</u>	<u>36.0</u>

What changes in student aid policy will be undertaken this year to control expenditures?

1. Increase initial gapping from \$1,000 to \$2,000
2. Increase eligibility standards for merit awards from 1350 to 1370 SAT, increase eligibility in Engineering from 1200 to 1250 SAT
3. Decrease merit award maximum in Engineering to three quarter tuition from full tuition, and three quarter tuition awards to half tuition
4. Maintain maximum caps on institutional awards for need based aid at \$32,000 for AR categories 1,2 and 3 and \$27,000 for AR 4 and 5.
5. Maintain maximum Engineering need based awards at \$32,000
6. Family Grants will not be stackable with scholarship awards
7. Continuing student scholarships will be reduced from \$12K to \$6K per year after 30 hours of academic credit at GW for attaining a 3.7GPA

IS THERE FLEXIBILITY TO REDUCE THE UNIVERSITY'S DISCOUNT RATE FOR THE NEXT ACADEMIC YEAR TO REALIZE MORE NET FROM TUITION?

1. Every attempt will be made to reduce the discount rate for entering freshmen from last year's 36%, and simultaneously to meet budgeted enrollment goals for each college as well as to sustain quality.
2. ***This is a difficult challenge. As indicated previously, costs for tuition, fees, room and board will be increasing at a higher rate than family wealth. Second, due to the fact that current federal policies preclude additional funding for GW students for Stafford Loans and Work Study specifically, a higher percentage of a student's need based package will consist of University unrestricted dollars.***
3. ***In that the rising sophomore and junior classes are on a guaranteed tuition/student aid plan, very little flexibility exists to prune student aid costs within these populations.***
4. ***While some flexibility would be present with seniors who are not on the guaranteed plan, as pointed out previously, their family wealth continues to deplete as the student progresses towards completion of their degree. The resultant effect is that student aid expenditures for seniors would most likely increase.***
5. ***More extraordinary cost saving measures for freshman must be measured very carefully on a risk/reward basis. Some fine tuning in our merit based plans will be implemented as well as some rationing devices in need-based aid packaging. The expectation is that the discount rate for the freshmen class entering Fall 2006 can be reduced by 1% from this year's experience to 35%. However, the overall discount rate for the entire undergraduate student population would most likely remain at the current 35.6%.***

**HOW DID THE FINANCIAL AID NEED BASED AND MERIT
PROGRAMS PLAY OUT FOR EARLY DECISION 1
CANDIDATES ENTERING FALL 2006 COMPARED TO FALL
2005?**

NEED BASED

MERIT

(Through 12/22/05)

DATE	NUMBER	TOTAL \$'s	AVG.	NUMBER	TOTAL \$'s	AVG.
Fall '05	103	1,888,885	18,339	24	444,500	18,521
Fall '06	103	2,169,500	21,063	18	329,500	18,306