

# Making Penn State More Affordable



A Discussion with the Board of Trustees  
May 7, 2021

# Levers to Make Penn State More Affordable

- Controlling the Cost of Attendance (Tuition, Fees, Room and Board)
- Federal, State and Private Aid
- Institutional Aid
  - Scholarships and Awards
  - Growing Institutional Funds through Tuition
  - Philanthropic Support (time to degree; scholarship campaigns)
  - Academic Advising Support
- Frontier: Food and Housing Insecurity
- Financial Literacy and Transparency



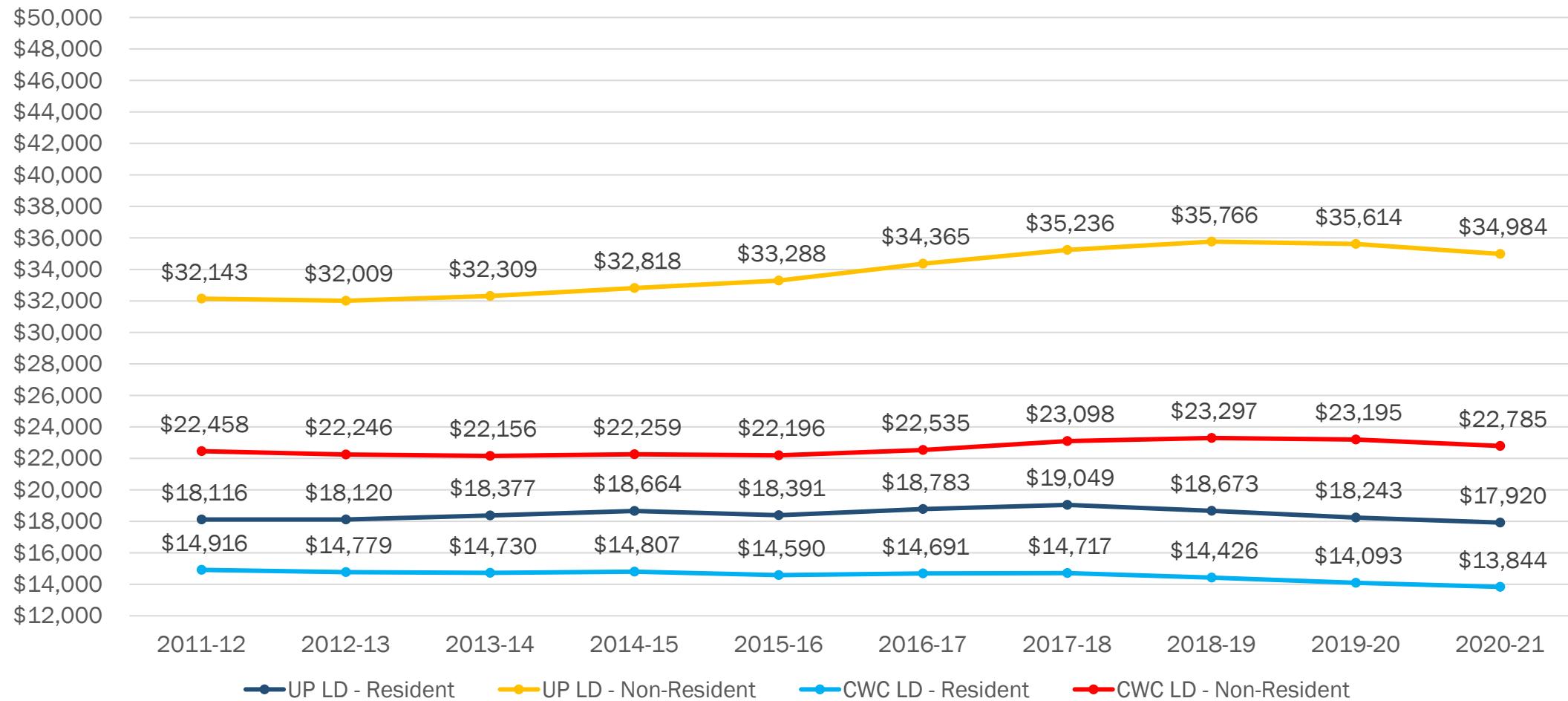
# Controlling the Cost of Attendance



# Controlling the Cost of Attendance

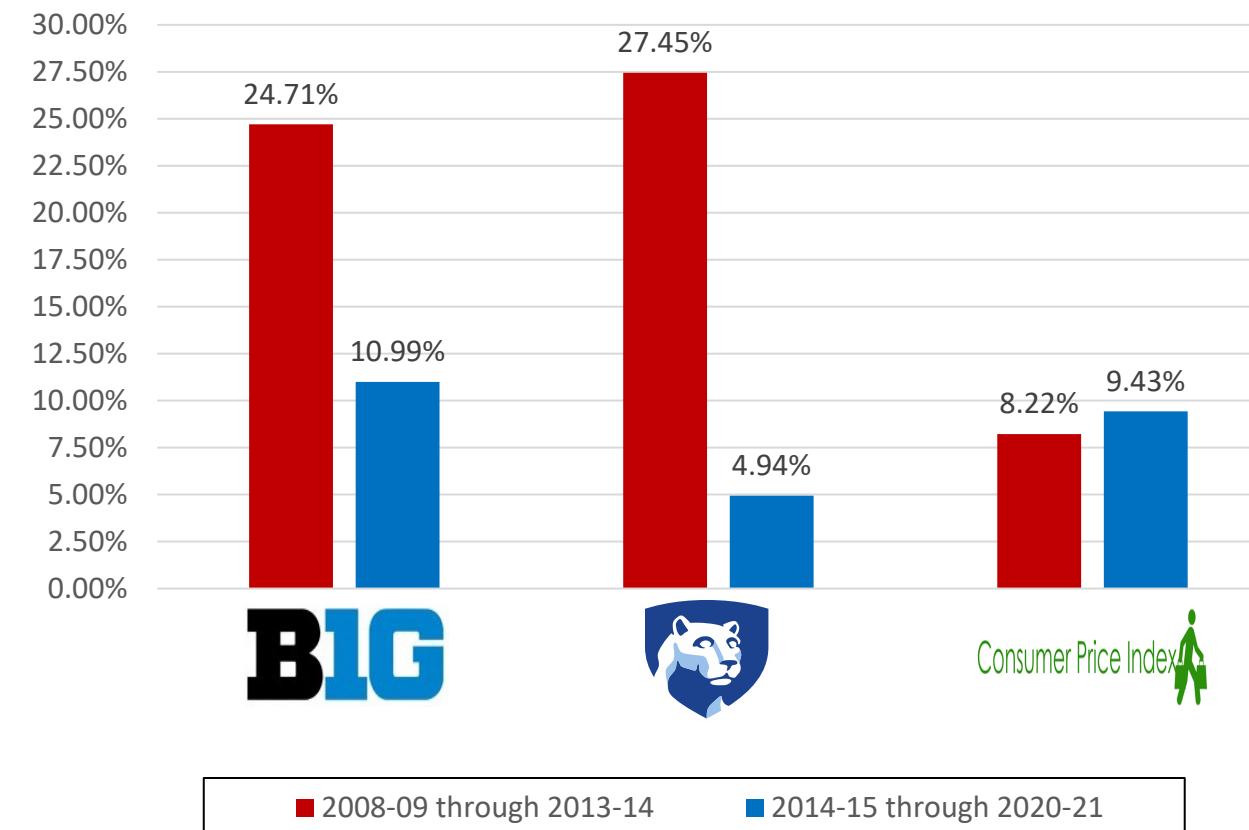
- Multiple years of frozen in-state tuition (**7<sup>th</sup> in the AAU for lowest increases** in in-state tuition over the last 10 years).
- 0% increases were set in 2020-21 and tuition was lowered for summer 2020 in acknowledgement of pandemic-related financial hardship.
- Budget reductions and reallocations are a continuing effort (e.g. with recent Board agreement to save \$150M and split savings between innovation and affordability).
- **Calculated in FY21 dollars, in-state students are now paying less tuition for their Penn State education than they were in 2011-2012.**
- For in-state students, avoidance of a 2% annual tuition increase would save between \$900 and \$1,100 in the cost of a degree (4 years).

# Tuition in FY 21 Dollars

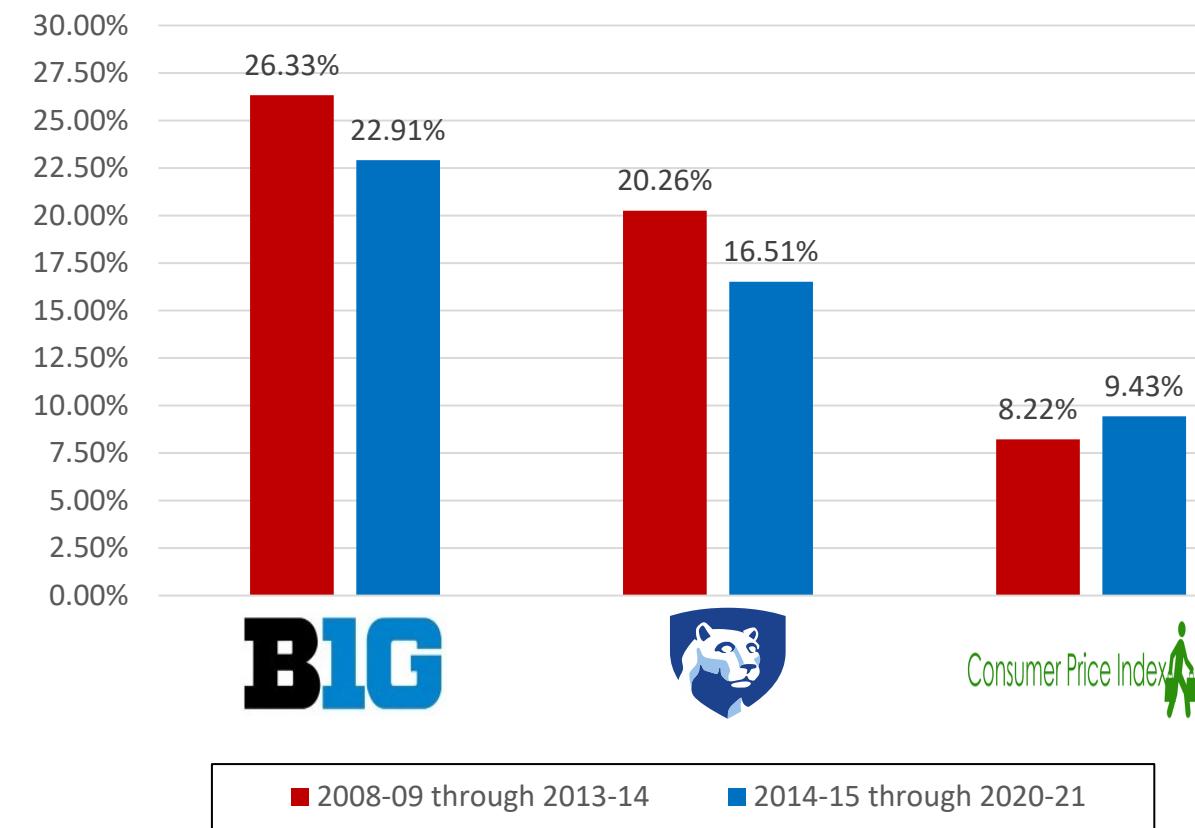


# Historical Context: PSU Tuition Increases\* Compared to the Big Ten

Resident - Percentage Change in Tuition



Non-Resident - Percentage Change in Tuition



\*UP undergraduate lower division rates used as basis for comparison



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# Federal, State and Private Aid



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# Financial Aid, Scholarships and Grants

- Federal student aid - \$617M (49% of the total) with 49K recipients.
- State student aid - \$43.7M (3% of the total funds) with 14K recipients.
- Private/external funds AND third-party payments totaled \$285.7M (23% of the total funds) with 22K recipients.
- Penn State (AAU and APLU) actively lobbying for increases in Pell awards.
- Penn State actively lobbying for Nellie Bly Scholarship program to be applied to state-related universities and greater funding for PHEAA.

Source: 2019-20 Office of Student Aid Annual Report Data

# Emergency Funds for COVID-19 Relief

Federal: Higher Education Emergency Relief Funds (HEERF I): The Coronavirus Aid, Relief, and Economic Security Act or, CARES Funding

\$27,733,503 dollars awarded

28,129 students

*These funds also include federal CARES funding provided to specific campus locations due to the demographic makeup of those specific populations.*

Institutional Emergency Funding:

\$1,023,379 dollars awarded

1,378 students

*NOTE: HEERF II (CRRSAA Funding) is in the process of being awarded to students.*



# Institutional Aid



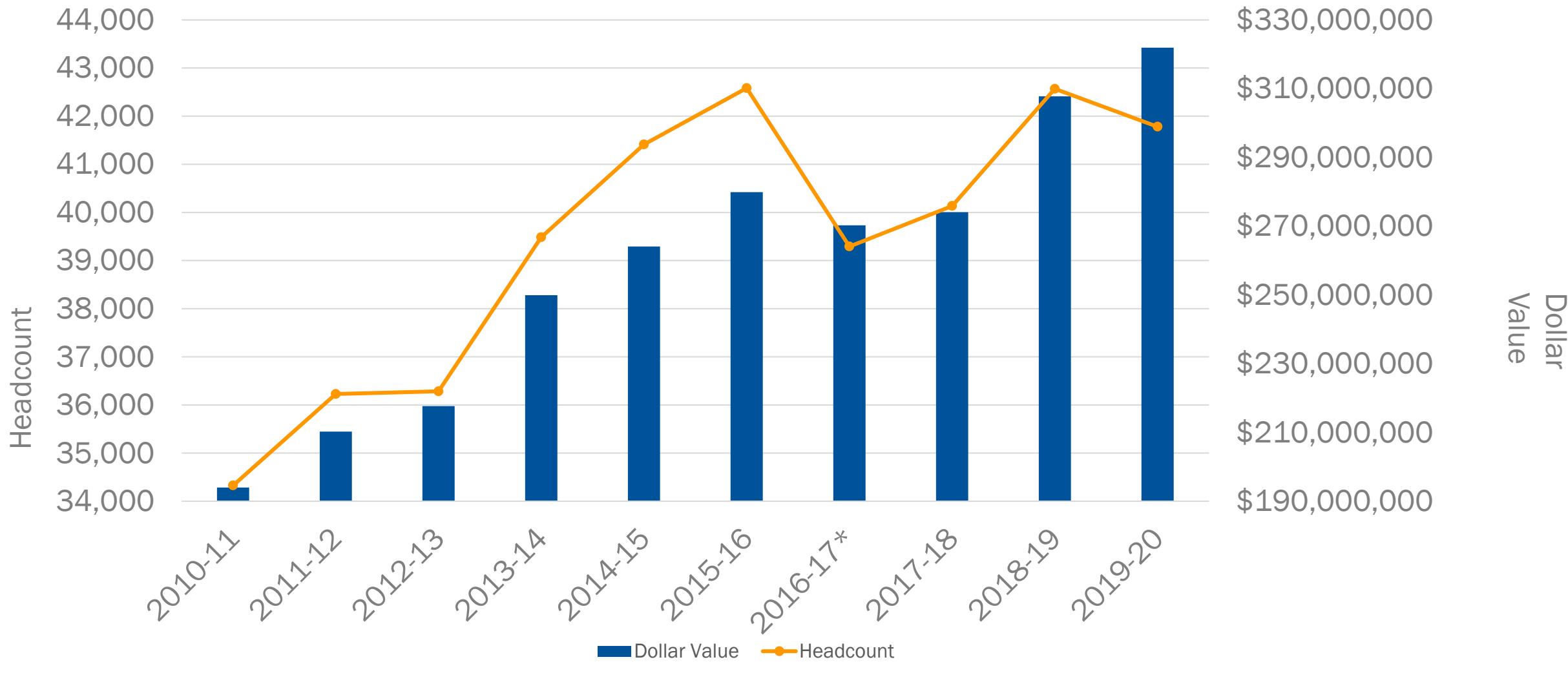
# Financial Aid, Scholarships and Grants

- Institutional aid totaled \$322M (25% of the total funds) with 42K recipients.
  - Provost Awards
  - Discover Awards
  - Philanthropy



Source: 2019-20 Office of Student Aid Annual Report Data

# 10 Year Institutional Funds to Students Trend



\*This was the year that the University transitioned to the LionPATH student system.

# Provost Award

- Award amounts
  - 2013 to 2019 - \$4,000 for four years
  - 2020 to current - \$5,000 for first two years; \$7,000 for final two years
- Students Awarded:
  - 921 at Commonwealth Campuses and 470 at University Park in 2020
  - 14,618 students awarded 2013-2020
- Goals:
  - Attract high-achieving students with financial need
  - Increase socioeconomic and under-represented diversity
  - Increase yield of admitted students
  - Commonwealth Campuses place priority on Pennsylvania residents



# Discover Grants

2020-21 Academic Year

- Commonwealth Campus  
(Transfer and First-Year): 785

Student Type	Penn State Years 1&2	Penn State Years 3&4	Total Value of Award
First-Year Associate	\$6,000 per academic year (\$3,000 per semester)	N/A, unless matriculate to four-year program, then eligible to keep award	\$12,000 two- year value (unless matriculate to four-year program)
First-Year Baccalaureate	\$6,000 per academic year (\$3,000 per semester)	\$7,000 per academic year (\$3,500 per semester)	\$26,000 four- year value
Transfer Student	\$6,500 per academic year (\$3,250 per semester)	\$6,500 for one academic year (\$3,250 per semester), if applicable based on timing of transfer	\$19,500 three- year value (maximum of three consecutive years on award)



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# Alternative to tuition freeze by growing institutional funds

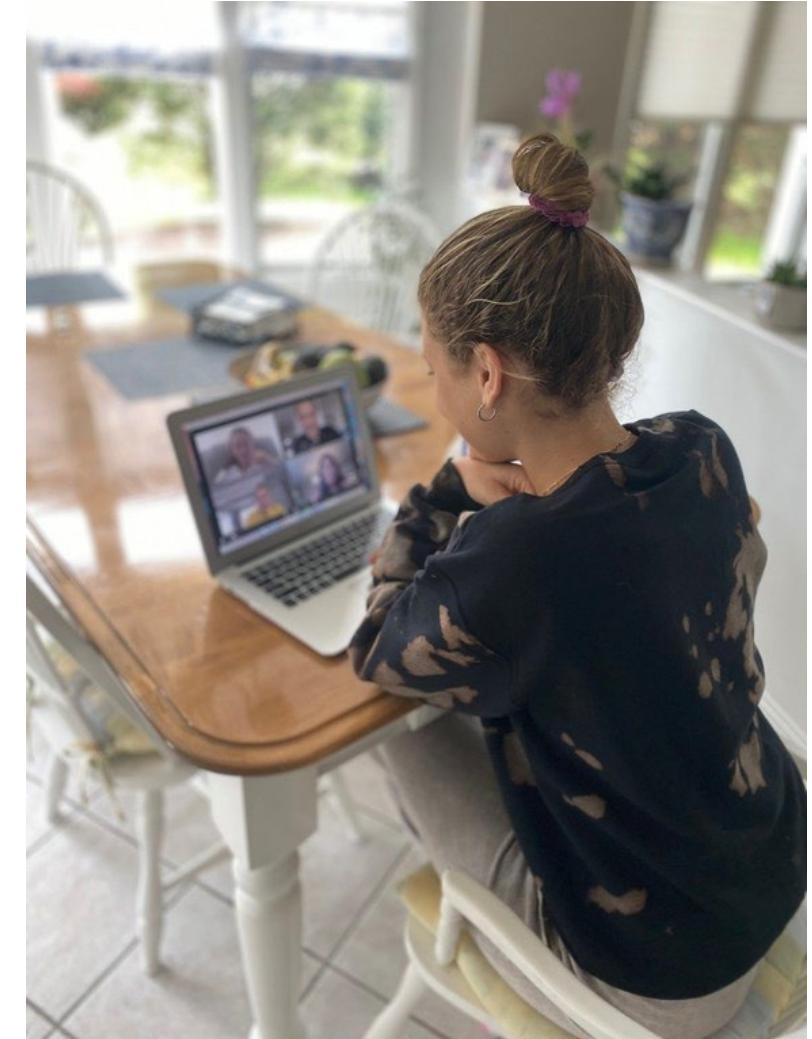
- Consider 2% tuition increases annually – increase in total cost of four-year degree for in-state students is \$900 to \$1,100.
- Apply 1% of total increase in income to need-based students:
  - 6,000 students net \$2,000 – so total cost of a four-year degree decreases by \$1,000.
- Grows institutional funds \$12M+ a year.
- Used by other institutions but not yet at Penn State.



# Time to Degree

Time to degree is a major factor in increased student debt:

- 4.3 years to completion adds \$5,600 in debt compared to 4 years or less to graduation.
- 6-year graduation rate adds approximately \$12,000 to student debt.



# Non-traditional Philanthropy: Time to Degree

## Open Doors Programs

- RaiseMe
- Pathway to Success Summer Start (PaSSS)
- STEP
- Complete Penn State
- Smart Track to Success (World Campus)
- Financial Literacy and Awareness

**OPEN DOORS  
SCHOLARSHIP  
PROGRAM**

A GREATER  
PENN STATE  
FOR 21<sup>ST</sup>  
CENTURY  
EXCELLENCE

*Through April 1, 2021, there are 4,025 unduplicated students who received an award through Open Doors programs since their inception--for a total of \$11,416,452.*

# Scholarship Campaigns

- Open Doors Matching Scholarships
  - Raised more than \$31M to secure more than \$61M. The average award is \$2,596.
- Open Door Theme: \$525.1M raised of \$740M philanthropic goal
- Educational Equity Matching Scholarships
  - 165 committed donor gifts, totaling \$11.1M, with a total impact of \$24.6M.

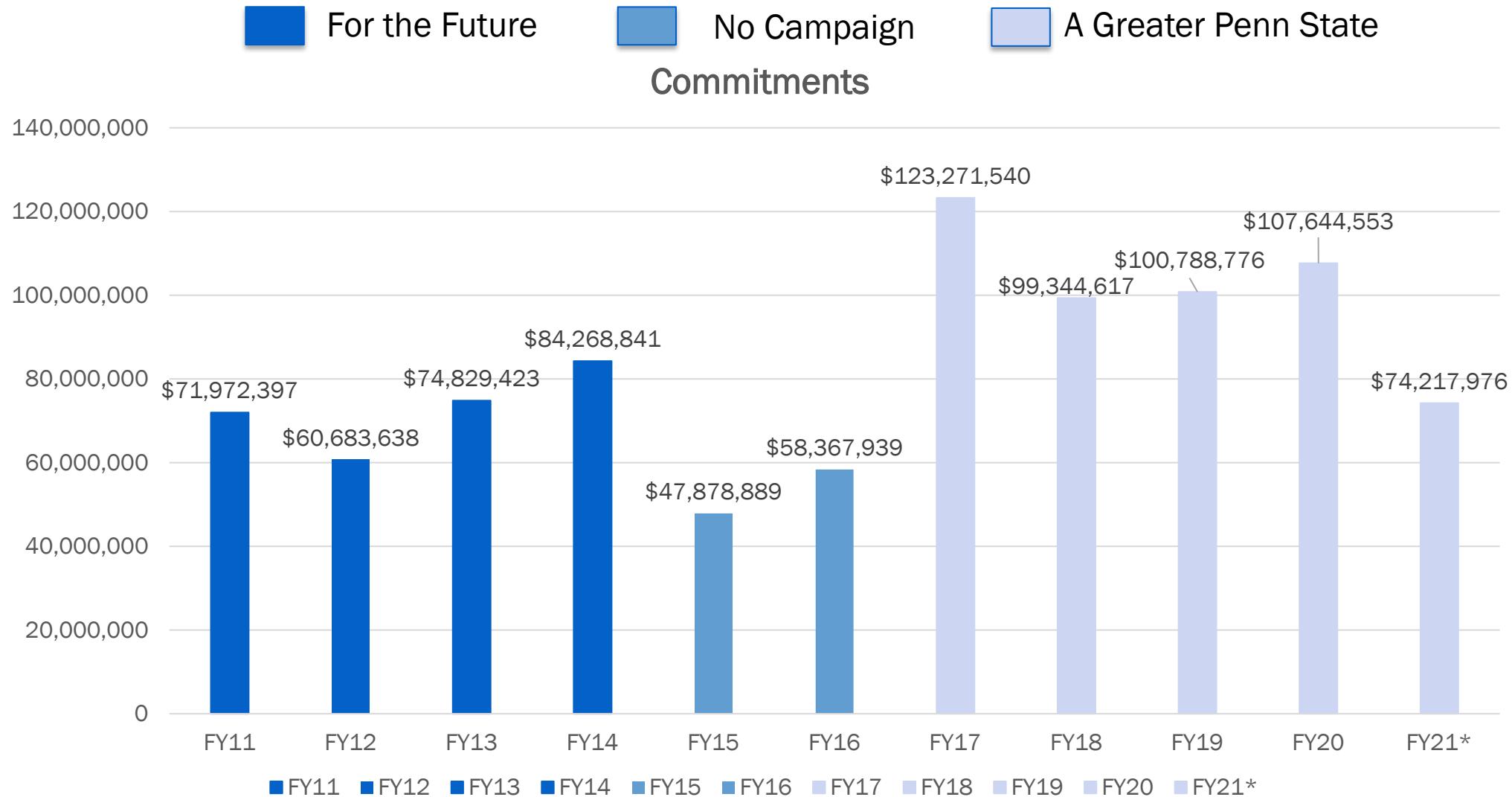


# Board of Trustees

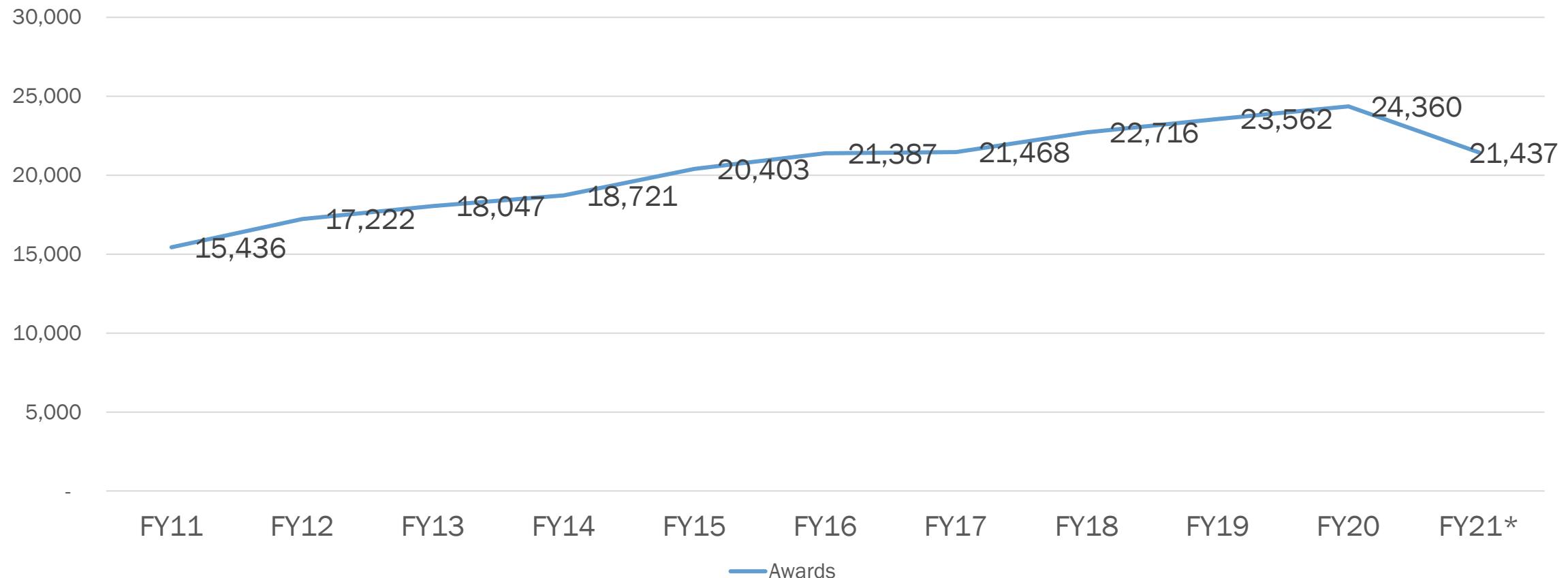
- Emergency Fund
  - Activated Oct. 2018
  - \$602K Book value
  - Generally 100% spend
  - FY 20 - \$23,093 distributed to 13 students



# Philanthropic Support of Scholarships



# Philanthropic Funded Student Awards



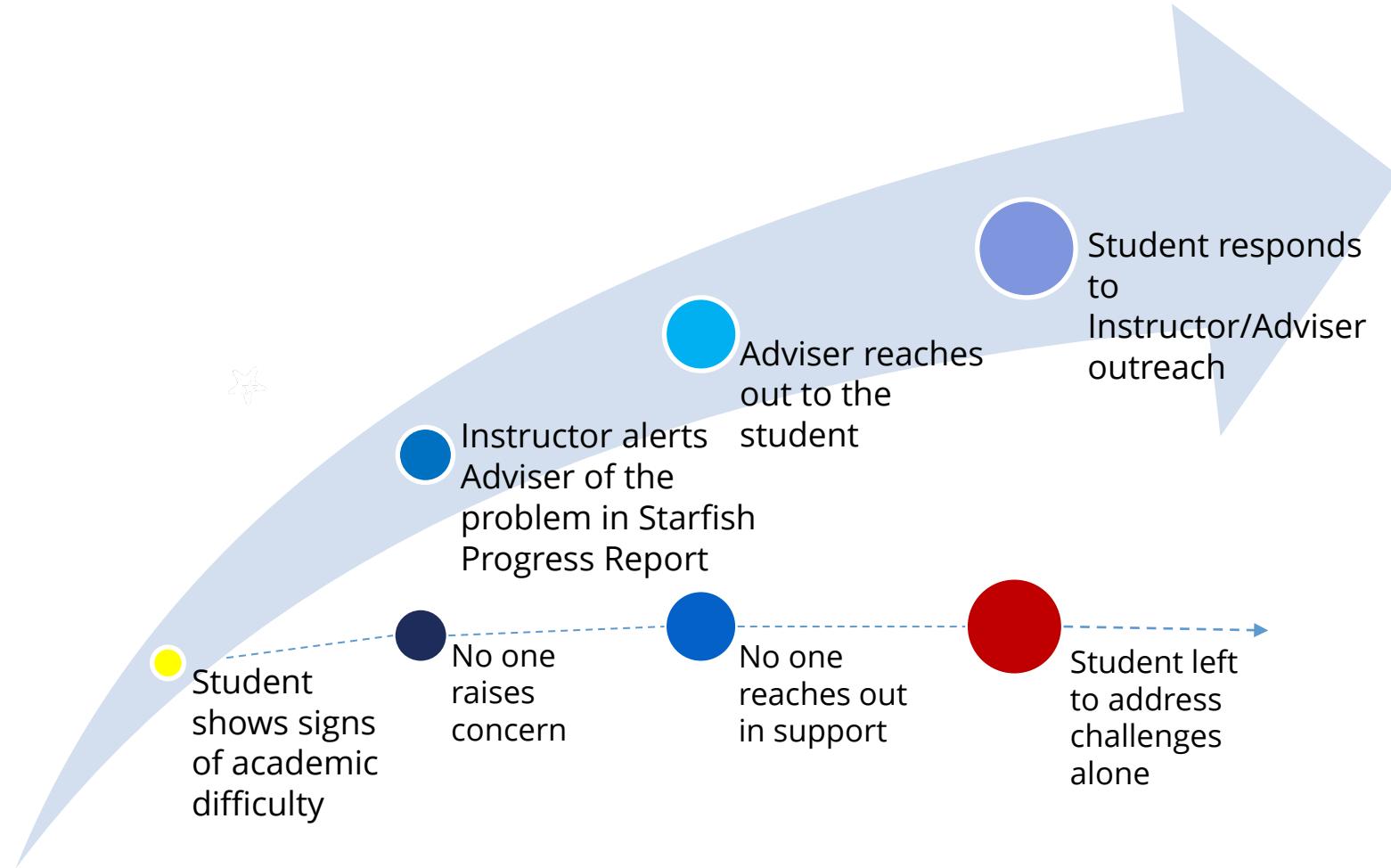
# Academic Advising to Enable Timely Degree Completion

- Advising relationship plays a critical role in the college experience and student success.
- **76% of all recorded advising appointments in 2020 were held by 244 professional advising staff members**
  - 126,788 one-on-one advising meetings
  - 250,000+ advising notes added to Starfish



# Connecting Classroom and Advising with Starfish

## Progress Reporting



**9% higher fall-to-spring retention rate** University-wide when student concerns were addressed

**5% higher term GPA** and **8% higher pass rate** when student concerns were addressed



# Academic Advising: Using Technology to Improve Effectiveness

- The required rapid shift to virtual advising has led to expanded usage of Starfish for proactive scheduling, meeting, and identifying at risk students.
- Students can self identify by “raising their hand” to indicate they need an adviser to follow-up; 1,200+ students unable to return to campus this fall have used this function to find alternatives (i.e. World Campus, transferring to campus closer to home).
- Students now have flexible options to meet in person or virtually with advisers scheduling through Starfish.



# Frontier – Food and Housing Insecurity



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# Food Insecurity is an Issue Across Penn State

- 35% of students reported food insecurity
- Food insecurity varied widely by campus location
- Over 40% of students at Abington and Altoona reported food insecurity
- Over 30% of University Park respondents reported food insecurity



Source: CORE Prevention Center, College of Health and Human Development

# Recommendations to Address Food and Housing Insecurity

- Infrastructure to focus on identifying and supporting students in need.
- Develop programs for food insecurity prevention and response.
- Establish a permanent Student Emergency Fund.
- Provide funding to address housing insecurity, including emergency needs.
- Advocacy for policies on local, state and federal levels.

# Food insecurity prevention and response programs

- All Penn State residential campuses hosted Swipe Out Hunger from April 19-23, which allowed students to donate dining dollars to students in need.
- Other recommendations: Enhanced Lion Pantry management and offerings; bulk purchasing program; develop a sustainable funding model; and a food notification app.



# Student Emergency Fund

- Establish a permanent Student Emergency Fund through major gift and annual giving efforts.
- Centralize the process for all Colleges and Campuses.



# New LiveOn Student Success Grant

Partnership between Housing & Food Services and Finance & Business.

- Pilot program seeks to **close the annual funding gap** for students seeking residential experience with qualified need who otherwise would not attend Penn State.
- Grant provides **need-based student aid** toward balance of Room & Board not covered after all federal, state, local and University grants, scholarships or awards are applied.
- Grant **applied directly to student bill**, specifically Room and Board charges.
- Initial cohort **up to four consecutive academic years** through 2025.



# LiveOn Student Success Grants @ CWCs

## \$1.9 Million annually

Commonwealth Campuses

- Abington
- Beaver
- Behrend
- Berks
- Brandywine
- Greater Allegheny
- Hazleton
- Mont Alto

- Offers made to 2,200 students.
- Residential students will save approx. 25% per year on room and board; residing four years on campus totals one year of free room and board.

## \$500,000 annually

- University Park



Penn State

# Additional Housing Support

- Emergency vouchers for room and board
- Assistance with affordable options for break periods



# Financial Literacy and Transparency



# Sokolov-Miller Family Financial and Life Skills Center

- **Class presentations:** To date, 924 class sessions reaching approx. 23,100 entering students to Penn State.
- **One-on-one personal financial meeting with students:** Since July 2017, Center has counseled 1,146 students with their financial literacy needs including budgeting, credit card and student loan debt management.
- **Center Website:** Since 2015, 55,608 visitors reviewing 180,829 pages.
- **Self-Study Modules:** 28 different self-study modules open to public on free website have had 25,467 visits from around the world.
- **Mentoring Program** connects students with PSU Alumni. To date, 195 mentors and mentees have joined the program.



# Financial Transparency for Career Planning

PennState  
Planning, Assessment,  
and Institutional Research

Home Results ▾ Methodology ▾ Feedback Contact Us

# WE EARN

ALUMNI - WORKING - EARNING

ALUMNI

Penn State graduates since 2001 from a variety of campuses and programs.

WORKING

Penn State alumni working in Pennsylvania and across the United States

EARNING

First, fifth, and tenth year earnings post-graduation from Penn State.



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# New Tools to Support Career Planning

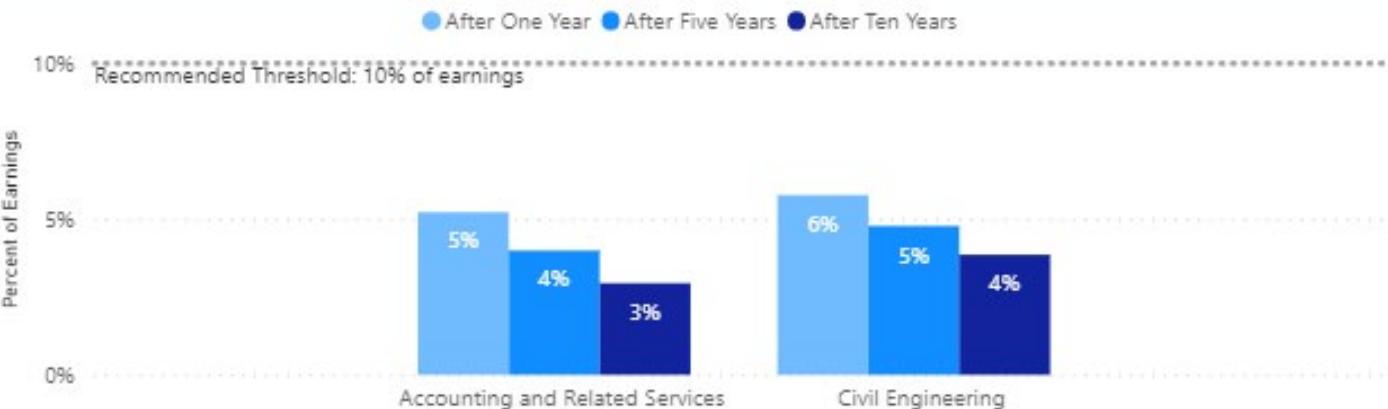
Available Reports:

Median Earnings

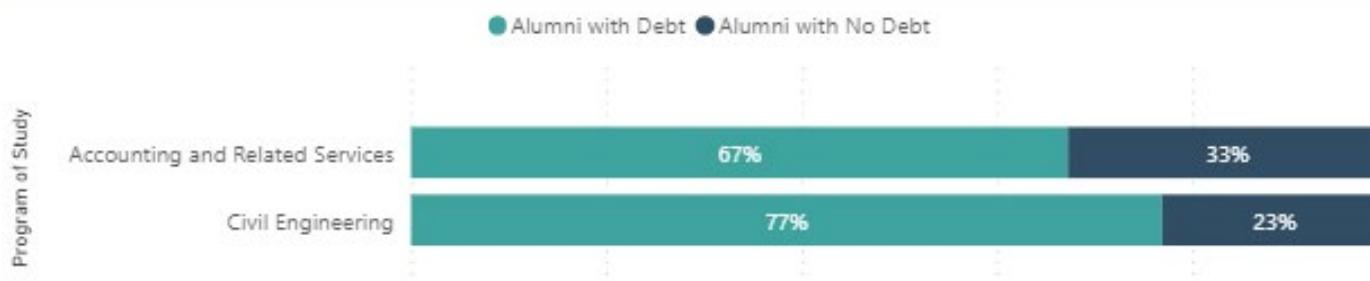
Earnings Percentiles

Debt to Earnings

## Student Loan Debt as a Percent of Earnings



## Percent of Alumni that Graduated with Student Loan Debt



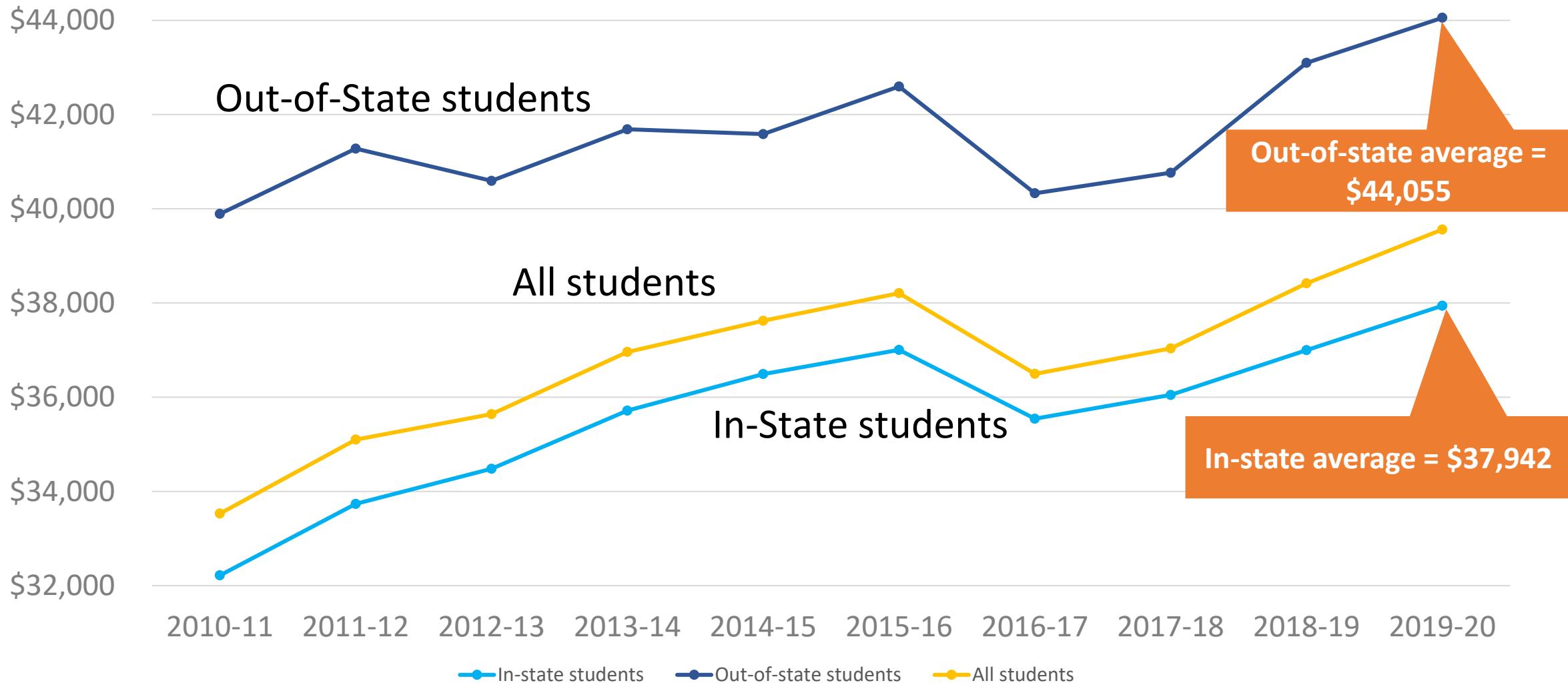
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# Key Points

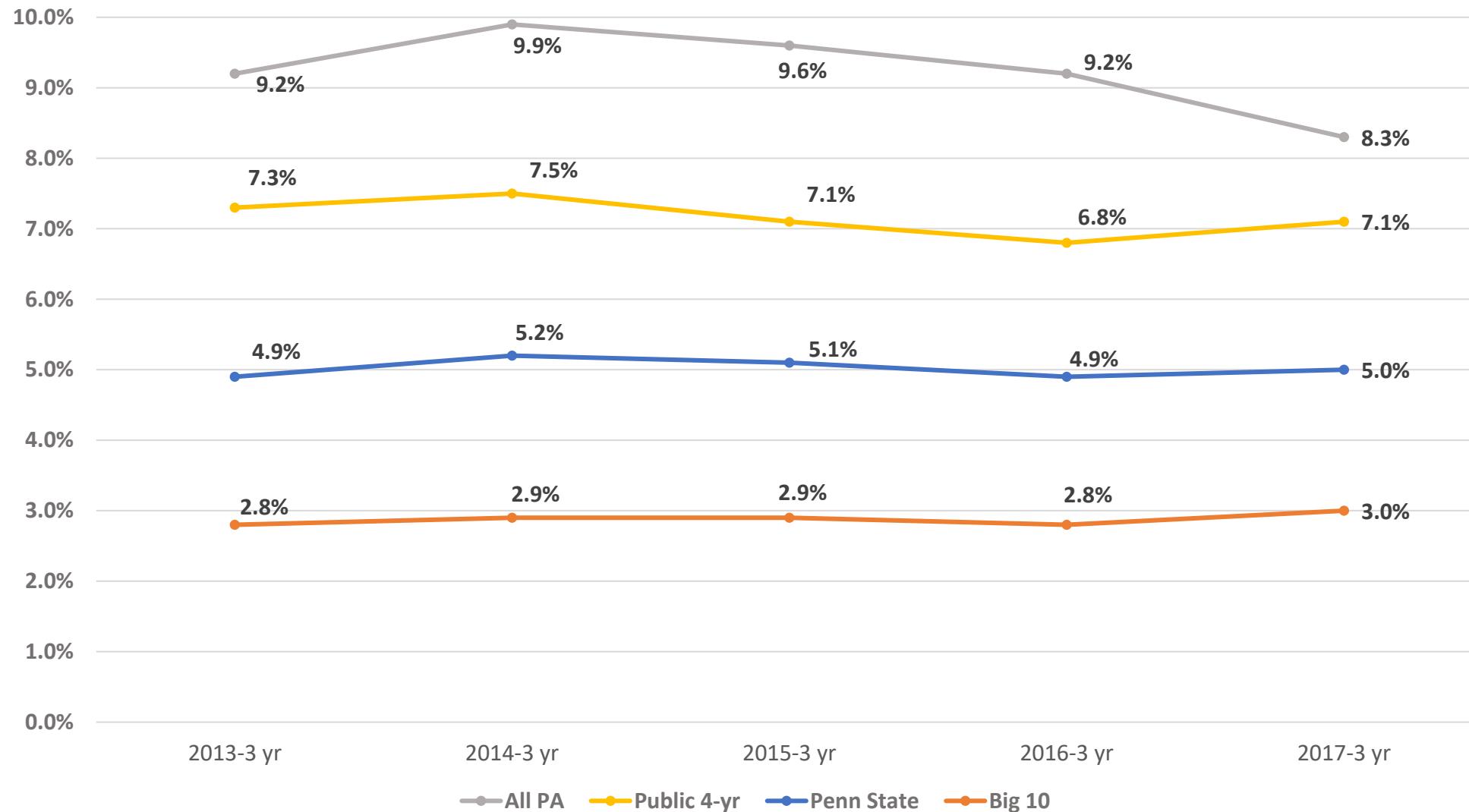
- Calculated in FY21 dollars, in-state students are now paying less tuition for their Penn State education than they were in 2011-2012.
- Small savings across the board by freezing tuition have significantly less impact than targeted funds for those in greater need that are at risk of not graduating.
- Philanthropy is currently the only bright spot in recruiting students and directing funds to students in need – through time to degree programs, financial literacy, and scholarship campaigns.
- Other universities have utilized tuition increases to support growing investment in scholarships.
- Food and Housing Insecurity is a growing challenge.
- Interest in Financial Literacy and Transparency programs is also growing.



# Changes in Penn State Average Loan Debt at Graduation



# Student Loan Default Rates



Source: U.S. Department of Education - 3-year Student Loan Default Rates

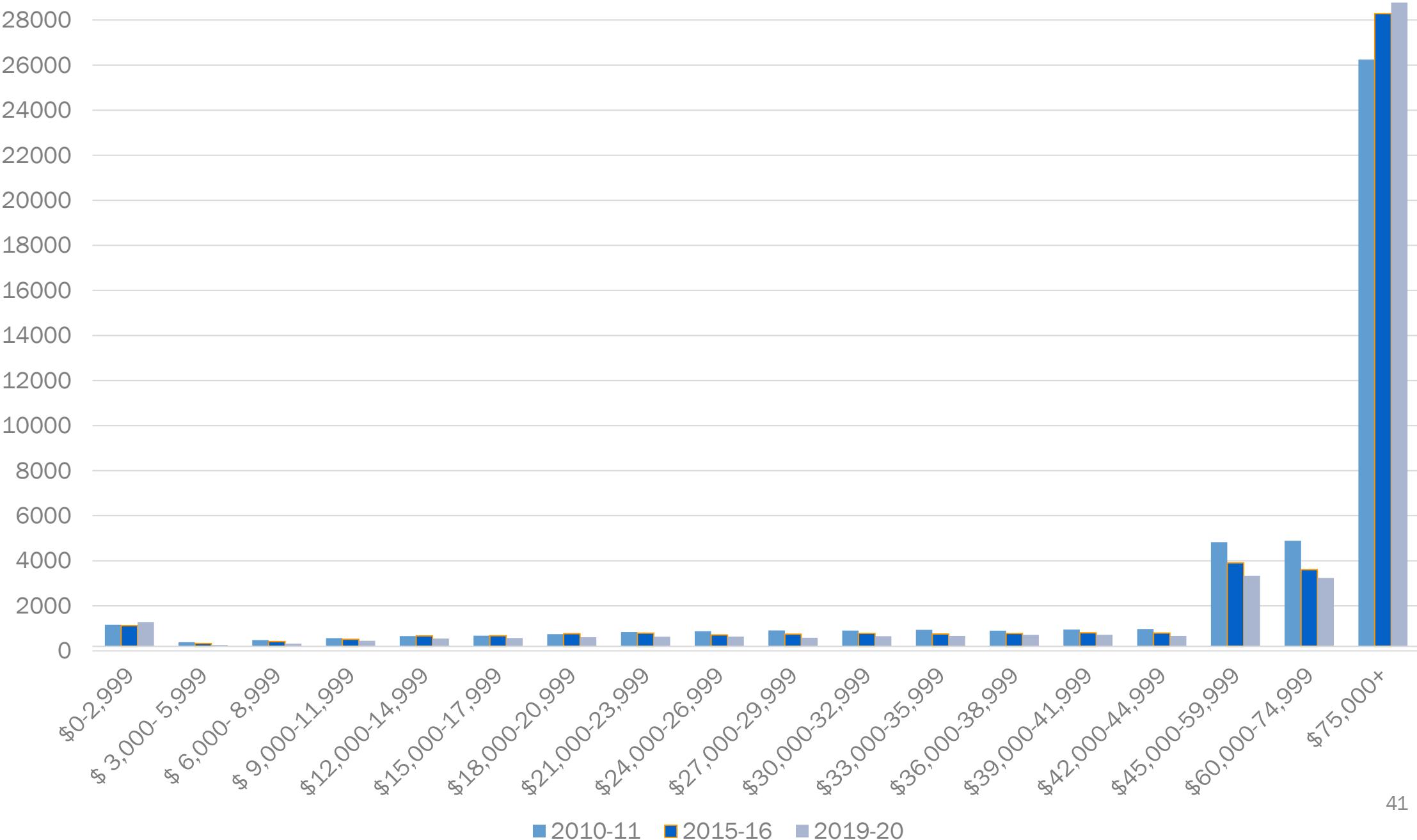
# Who is borrowing?

- For 2019-2020
  - 55% of all UG students enrolled in 2019-2020 had at least one student loan (for undergraduate career).
  - 69% of all UG received some form of student aid.
  - Lifestyle borrowing and low interest rates are causing increased borrowing despite decreases in cost of attendance.
- Cohort 2012
  - Graduating in 4 years or less, average loan debt = \$35,743
  - Graduating in 4 to 6 years, average loan debt = \$42,713
  - Graduating in 6+ years, average loan debt = \$50,689

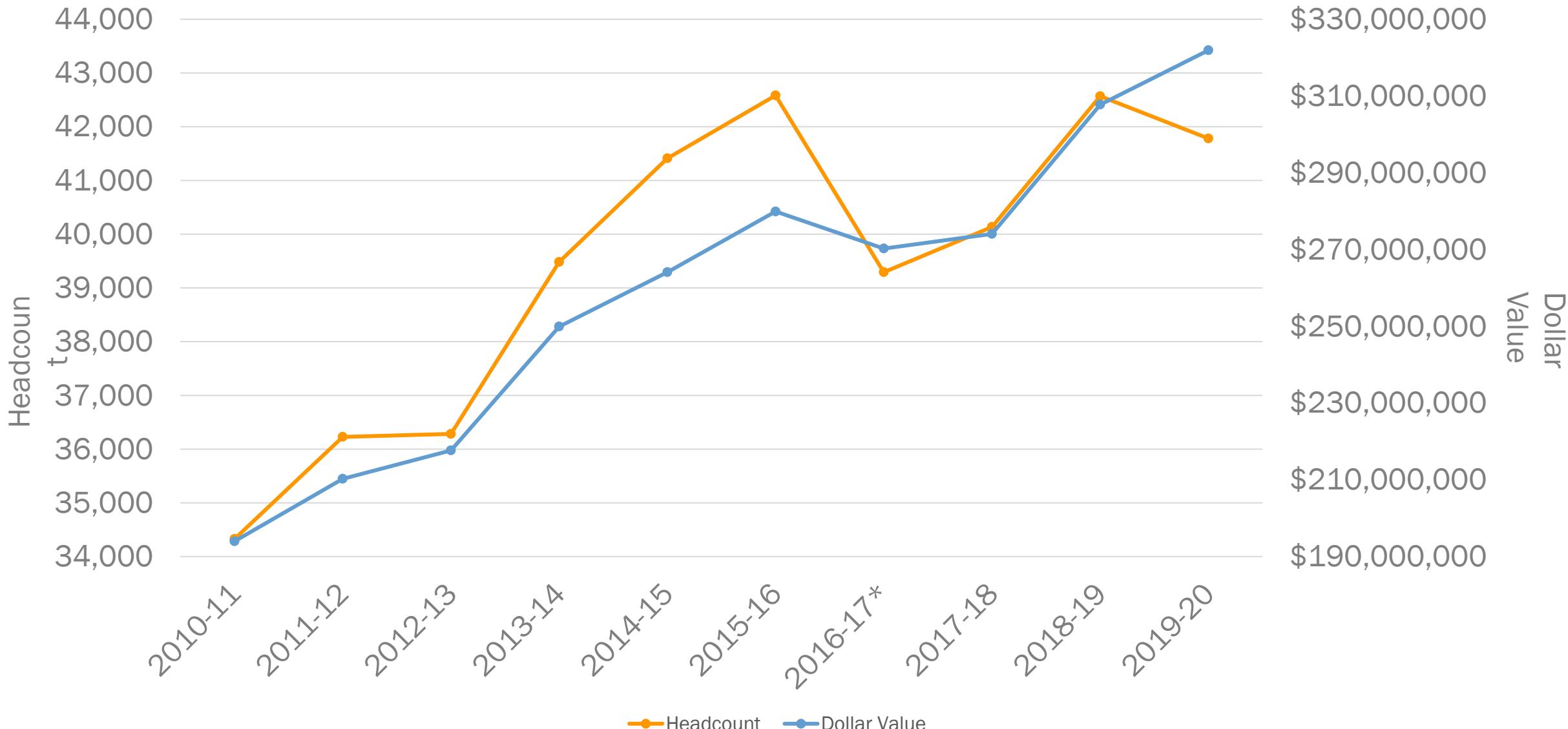
## Penn State: Average Baccalaureate Loan Debt by Income Band 2019-2020:

Income Band	Average Loan Debt
\$0-\$50K	\$35,771
\$51K-\$75K	\$38,051
\$75K-\$110K	\$42,677
>\$110K	\$41,255
No FAFSA	\$49,046

# Undergraduate Dependent FAFSA Filers by Income Range

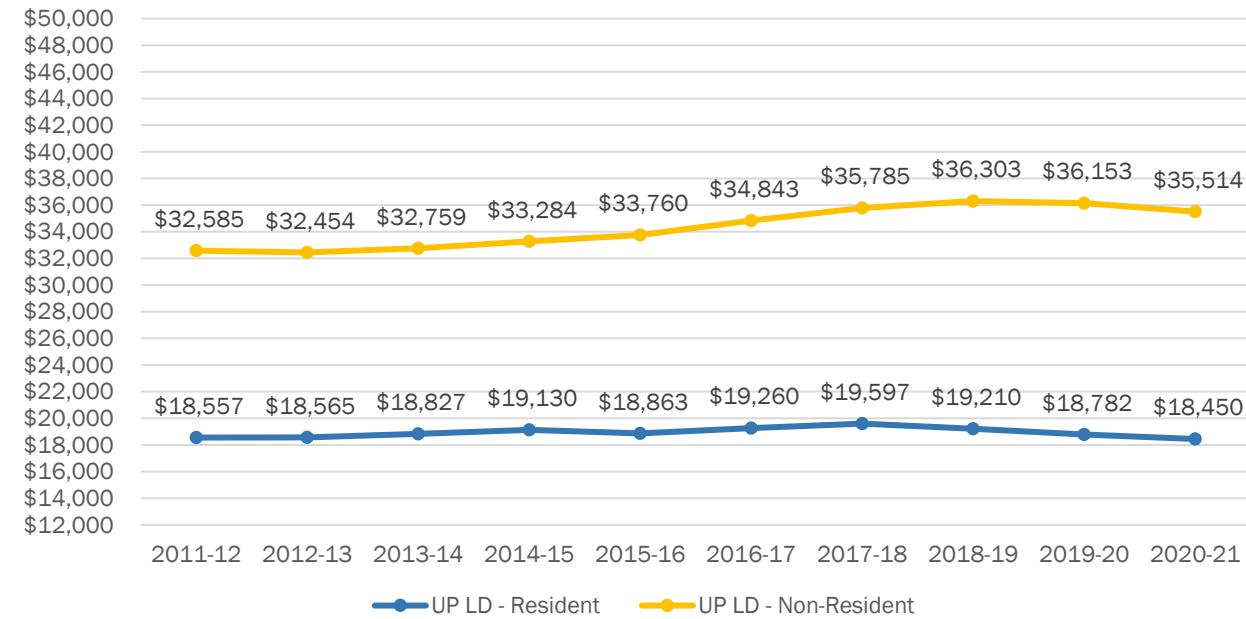


# 10 Year Institutional Funds to Students Trend

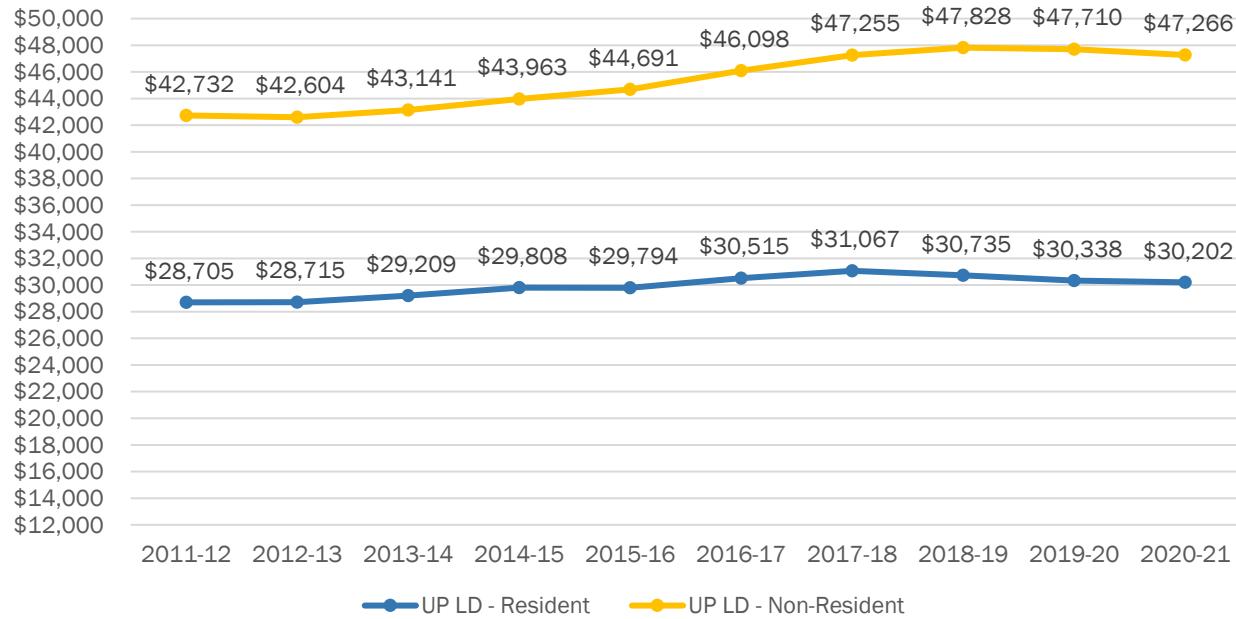


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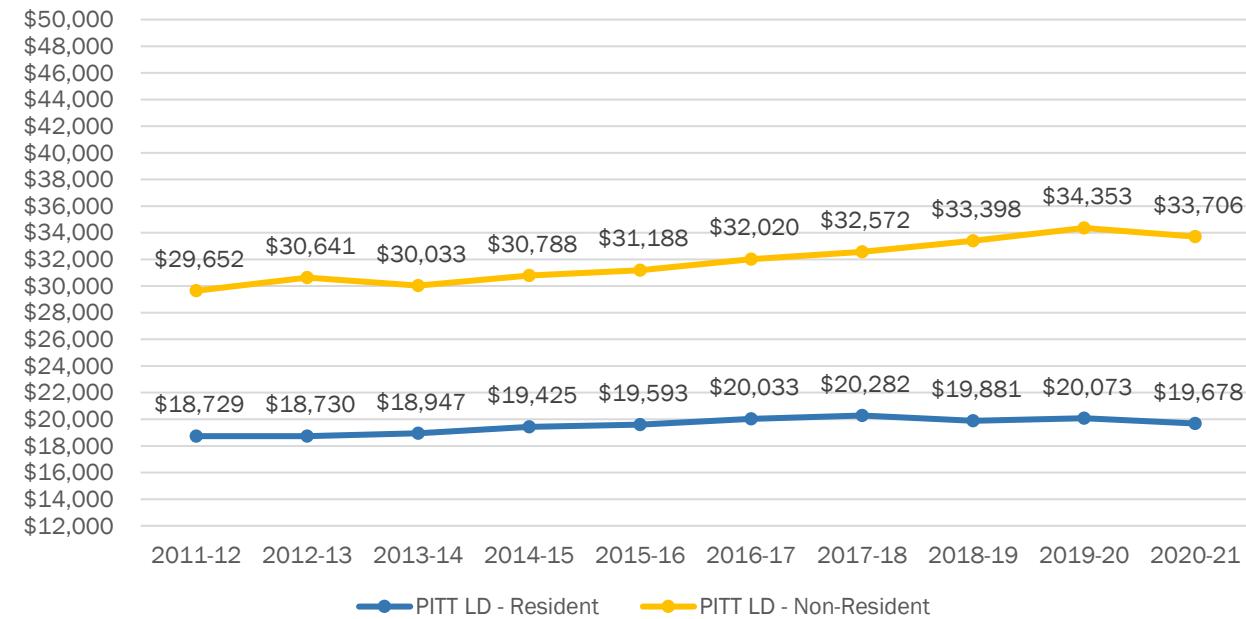
### Penn State - University Park Tuition and Fees in FY 21 Dollars



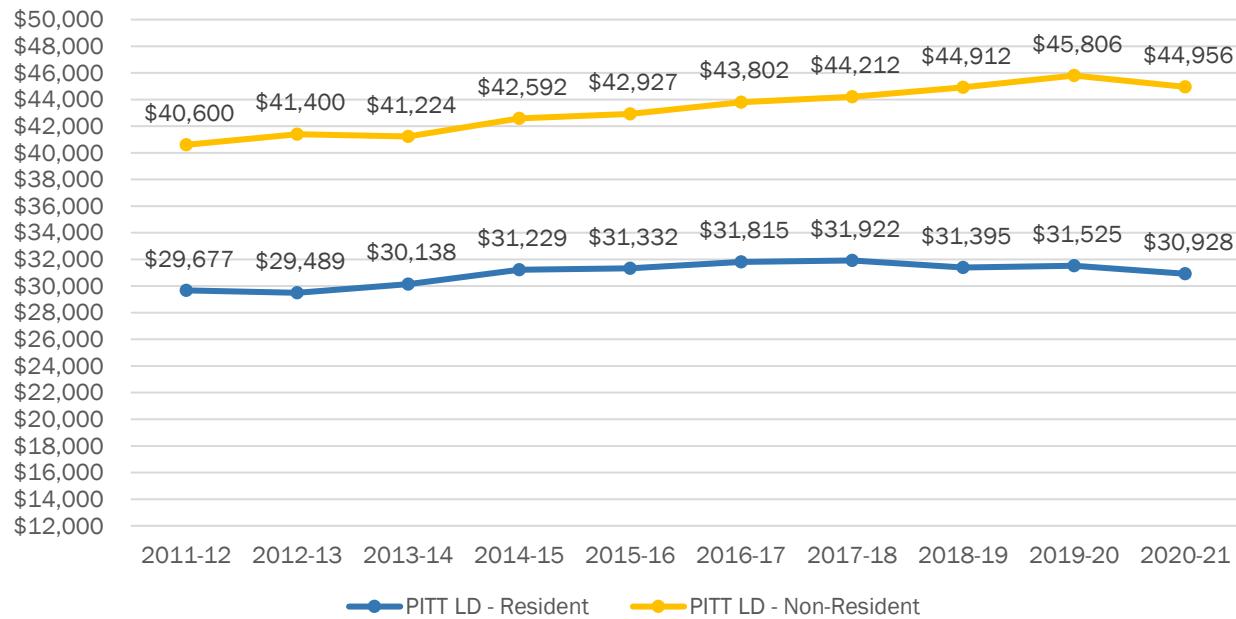
### Penn State - University Park Cost of Attendance in FY 21 Dollars



### University of Pittsburgh Tuition and Fees in FY 21 Dollars



### University of Pittsburgh Cost of Attendance in FY 21 Dollars



## Tuition and Fees in FY 21 Dollars

