

Making Penn State More Affordable



A Discussion with the Board of Trustees
May 7, 2021



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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

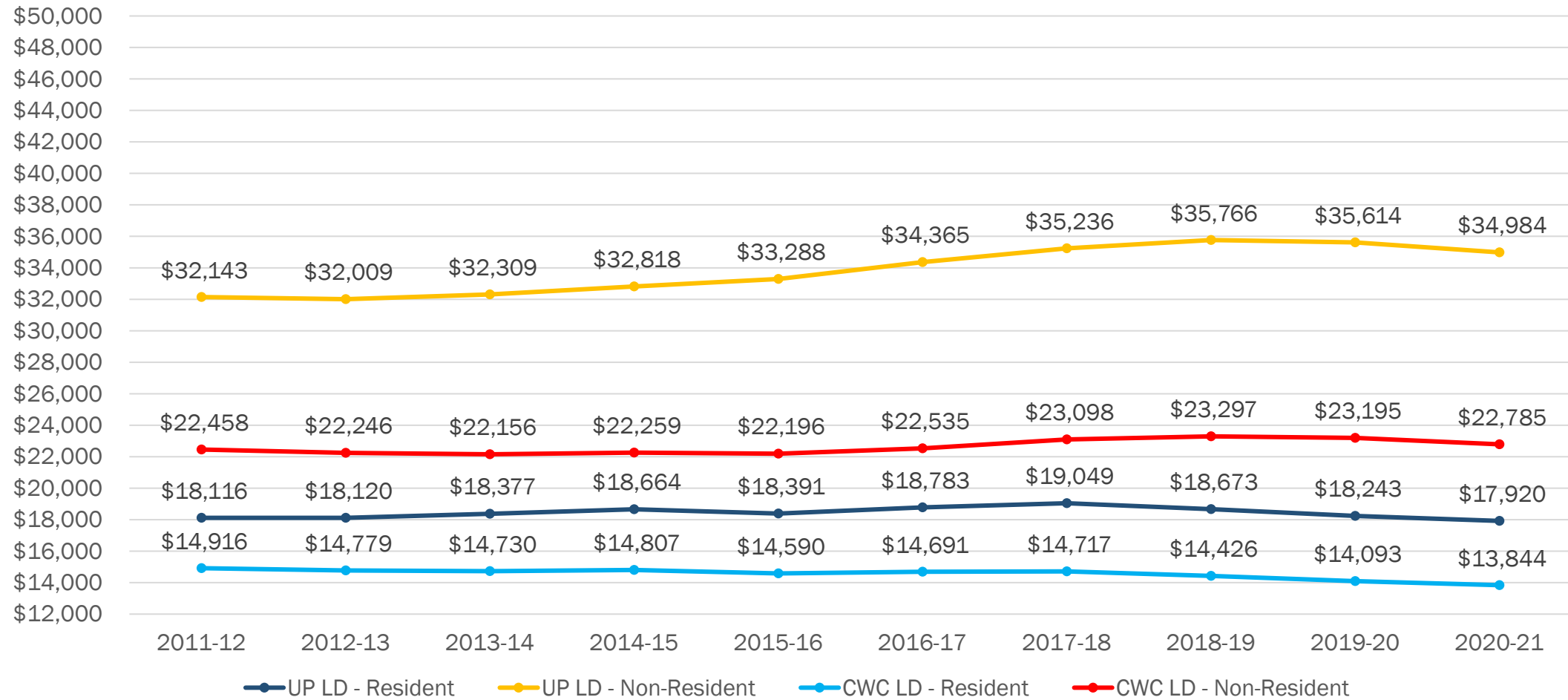


Controlling the Cost of Attendance

- Multiple years of frozen in-state tuition (**7th 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).

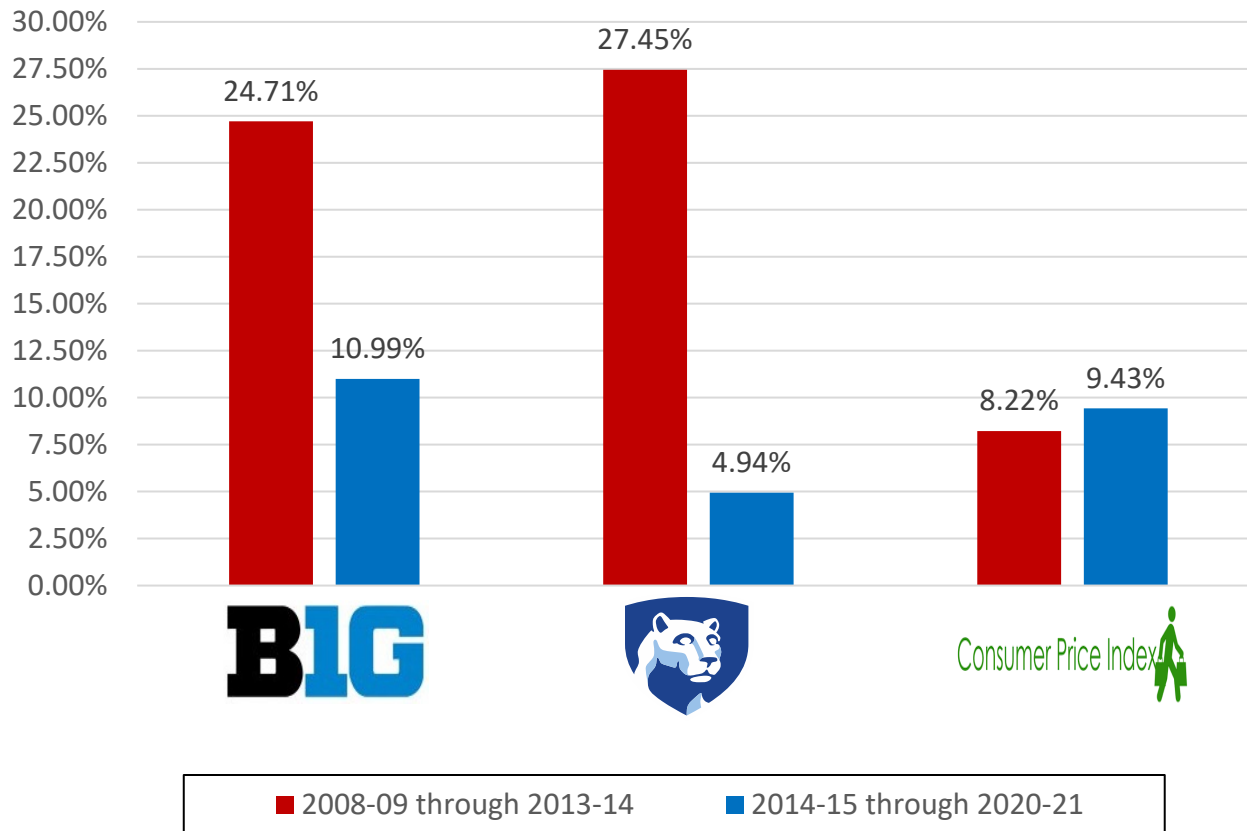


Tuition in FY 21 Dollars

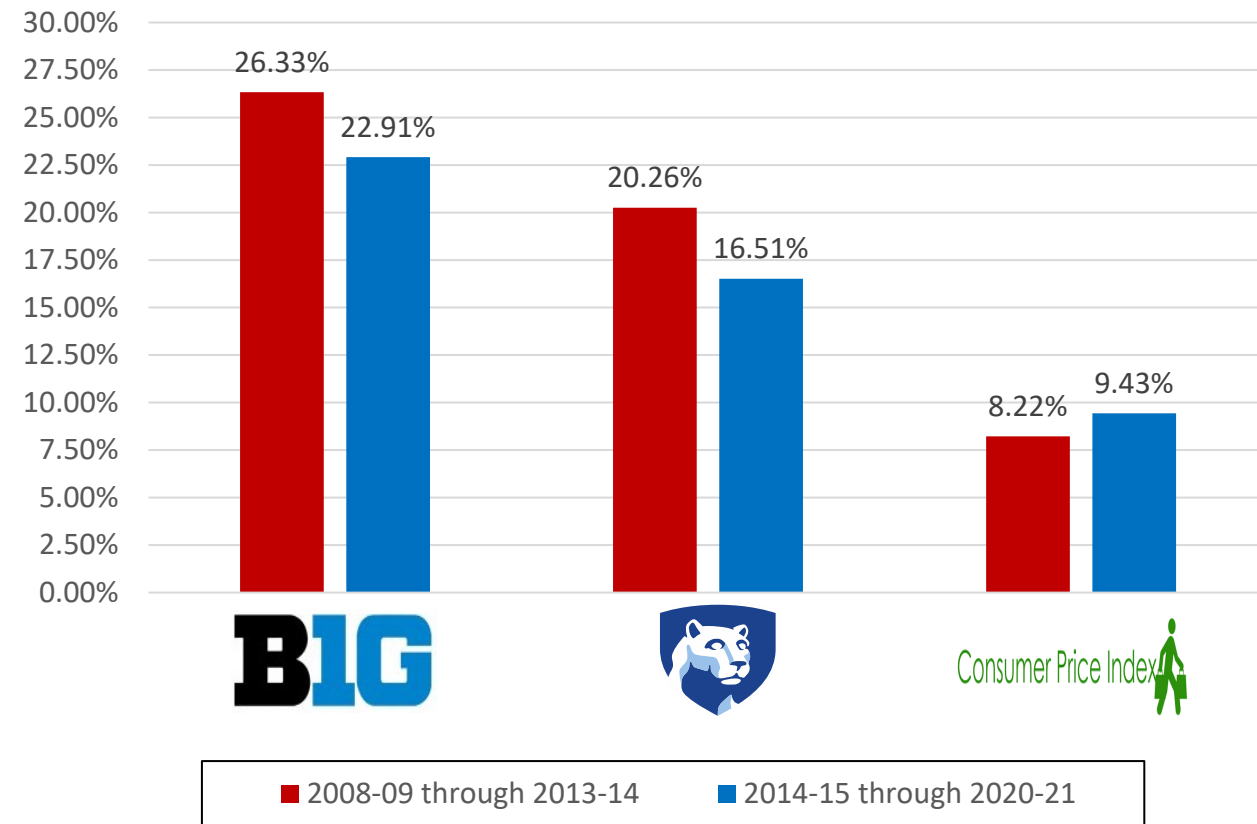


Historical Context: PSU Tuition Increases* Compared to the Big Ten

Resident - Percentage Change in Tuition



Non-Resident - Percentage Change in Tuition



*UP undergraduate lower division rates used as basis for comparison

Federal, State and Private Aid



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

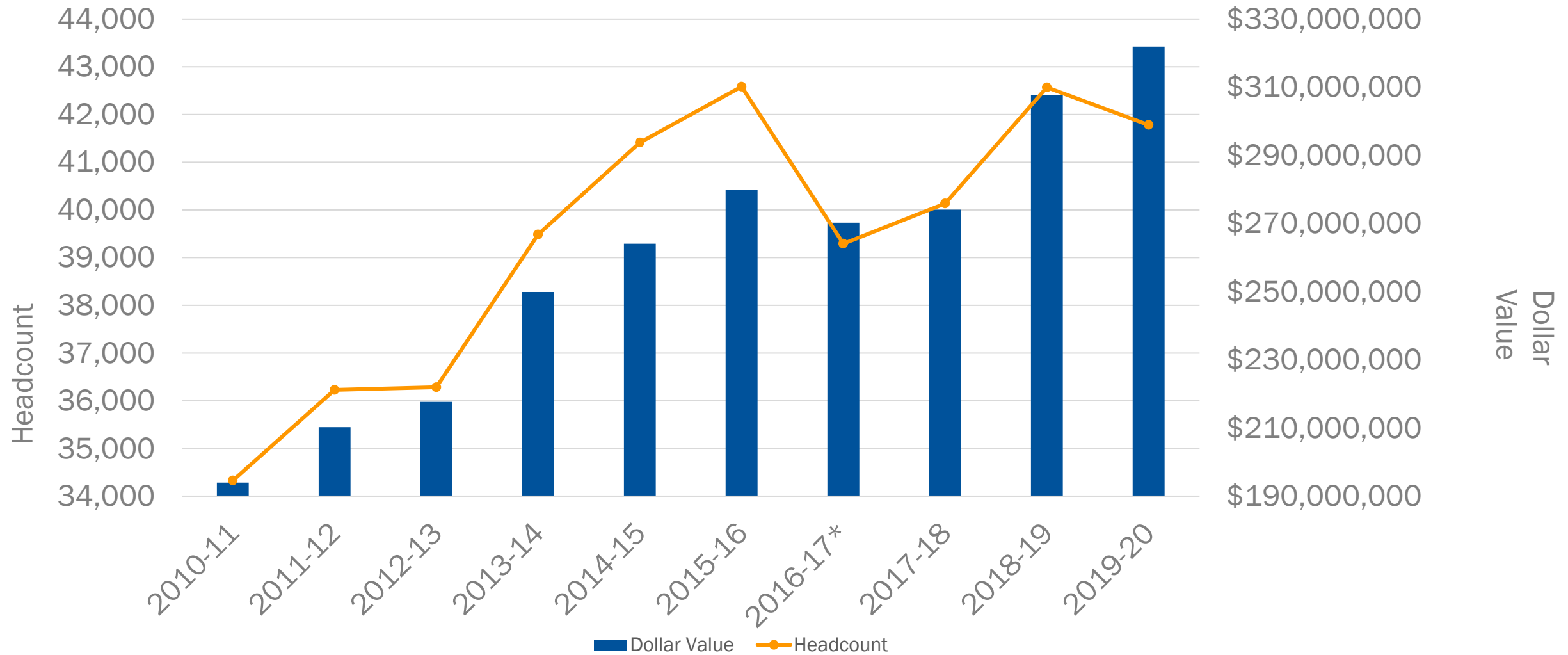


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10 Year Institutional Funds to Students Trend



*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)



Alternative to tuition freeze by growing institutional funds

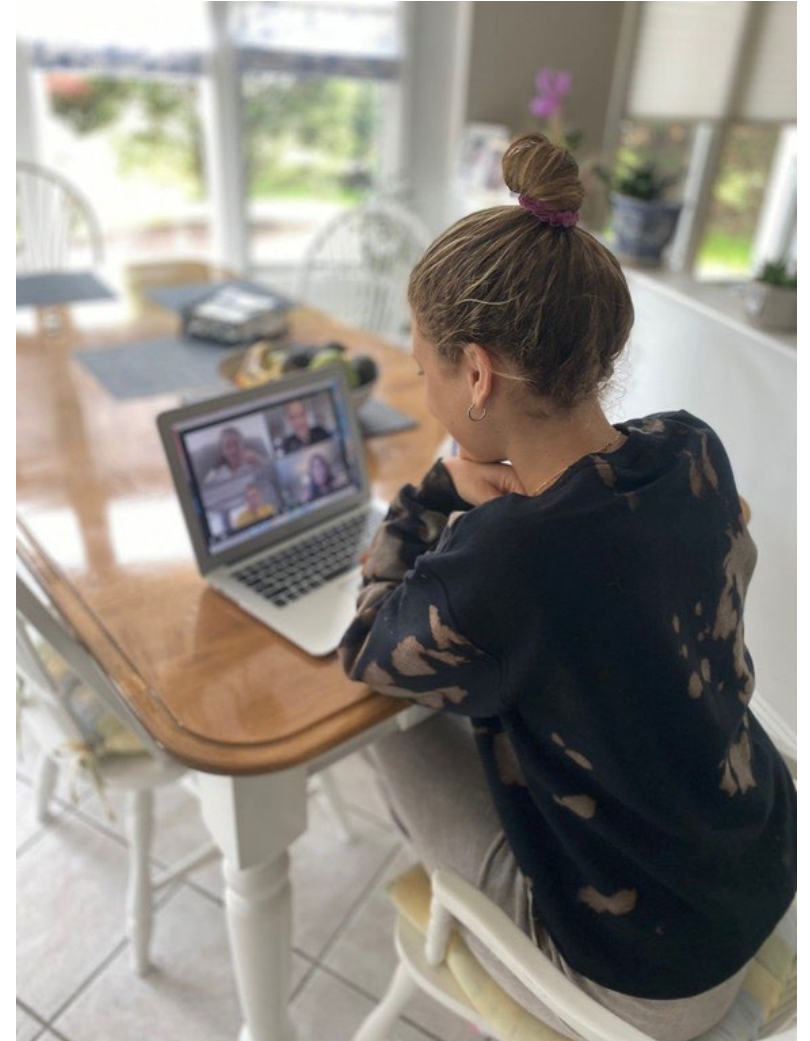
- Consider 2% tuition increases annually – increase in total cost of four-year degree for in-state students is \$900 to \$1,100.
- Apply 1% of total increase in income to need-based students:
 - 6,000 students net \$2,000 – so total cost of a four-year degree decreases by \$1,000.
- Grows institutional 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



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 in \$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.

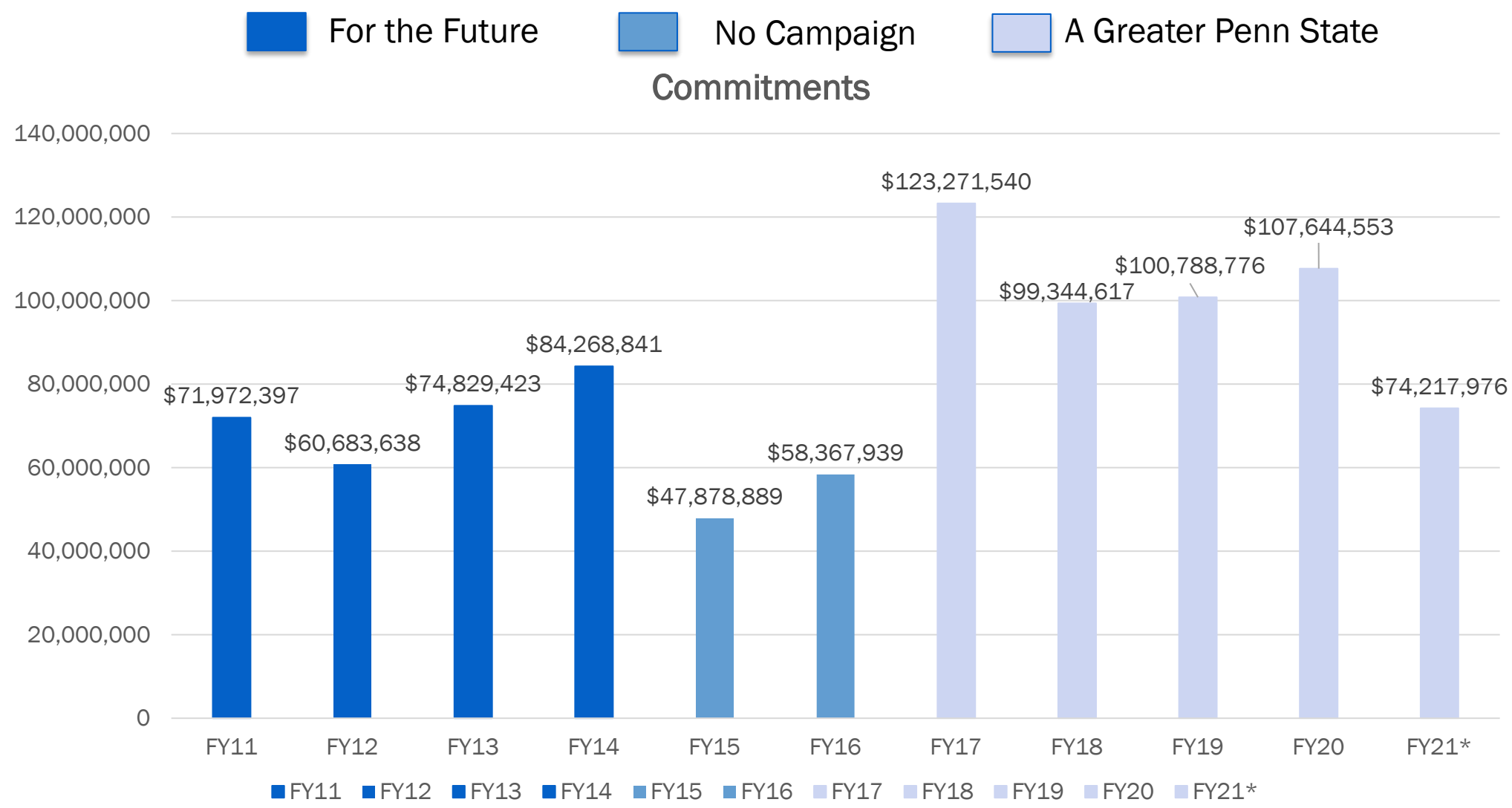


Board of Trustees

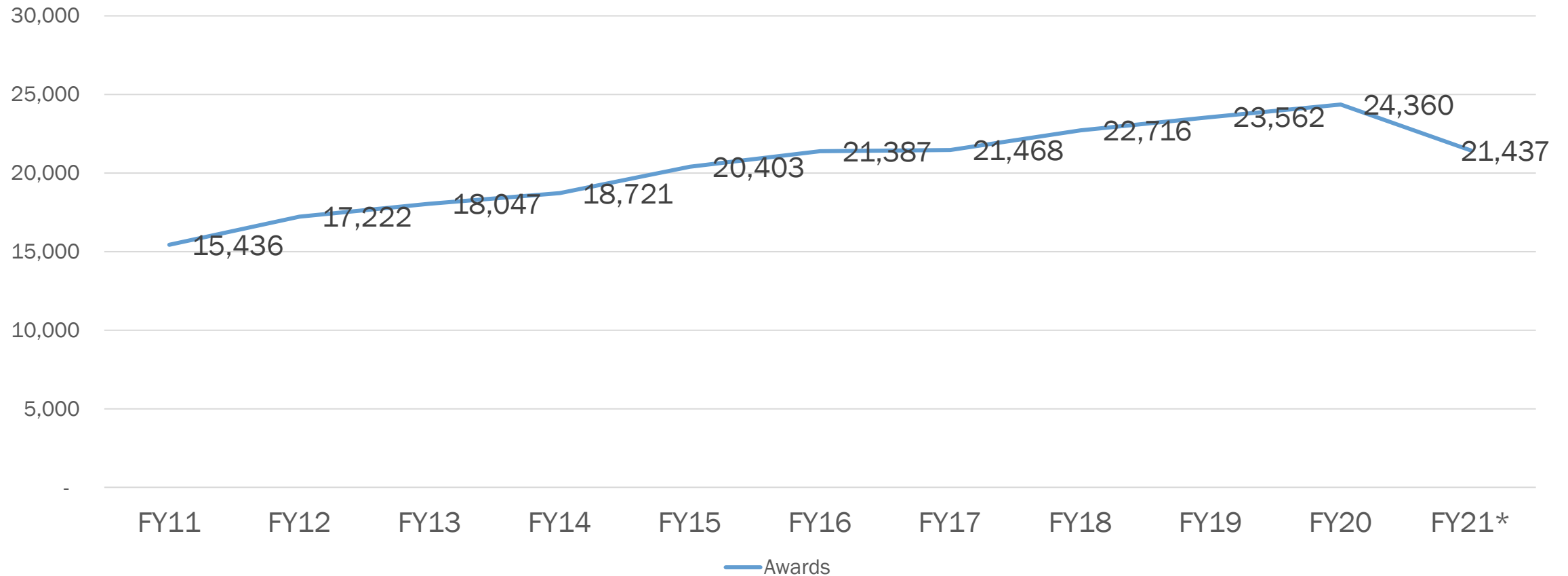
- Emergency Fund
 - Activated Oct. 2018
 - \$602K Book value
 - Generally 100% spend
 - FY 20 - \$23,093 distributed to 13 students



Philanthropic Support of Scholarships



Philanthropic Funded Student Awards

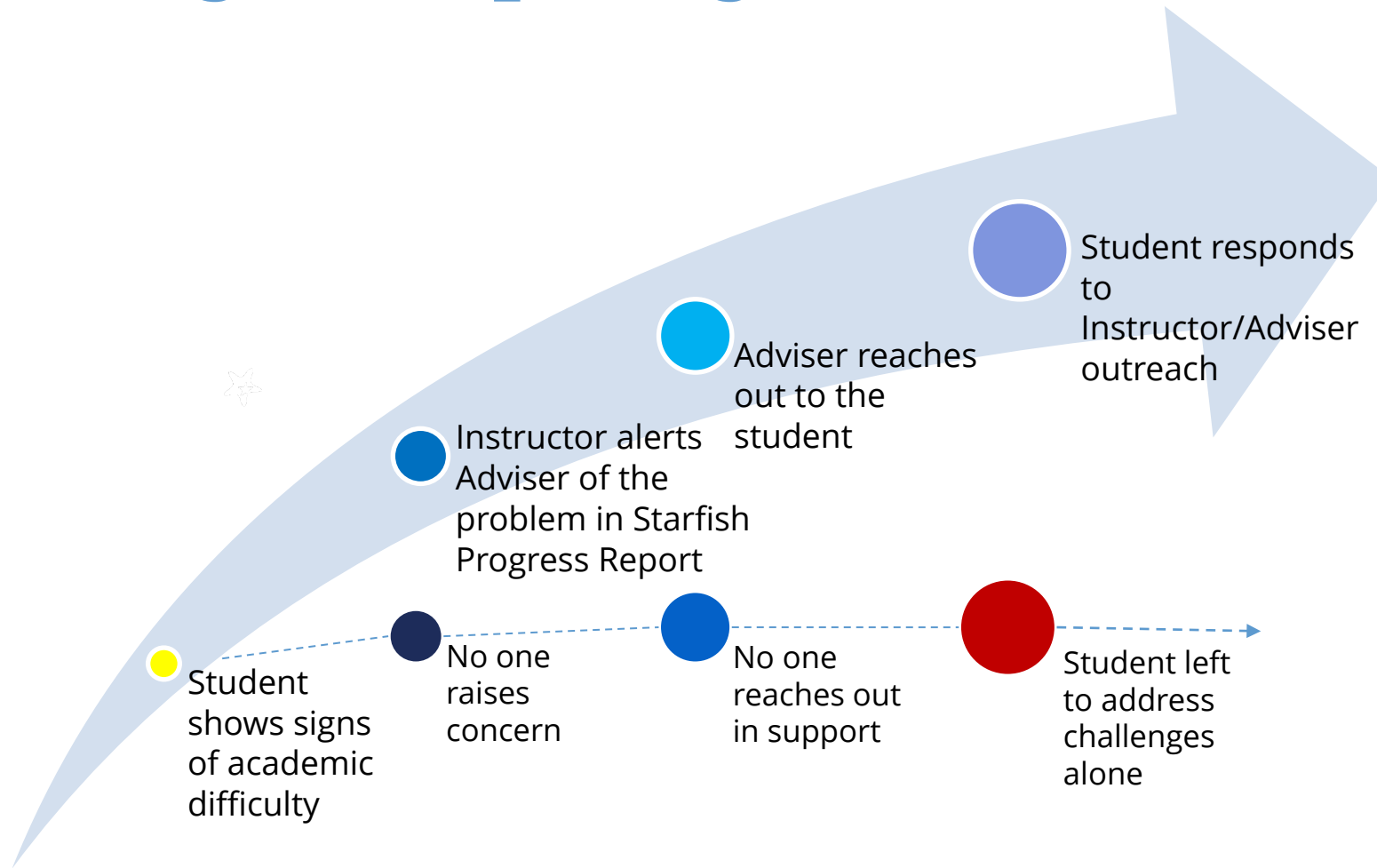


Academic Advising to Enable Timely Degree Completion

- 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



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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



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



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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



Additional Housing Support

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



Financial Literacy and Transparency

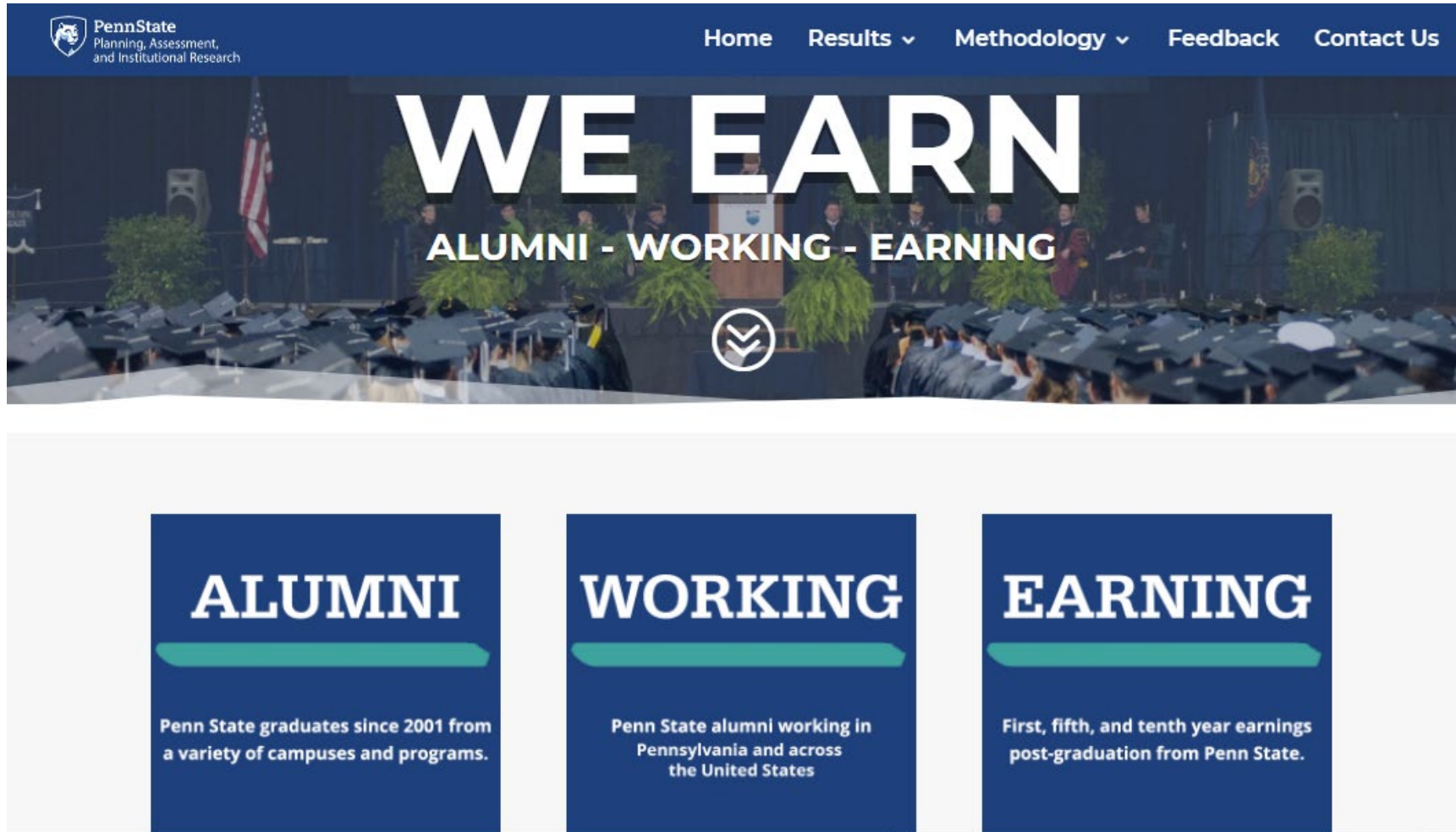


Sokolov-Miller Family Financial and Life Skills Center

- **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

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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.



New Tools to Support Career Planning

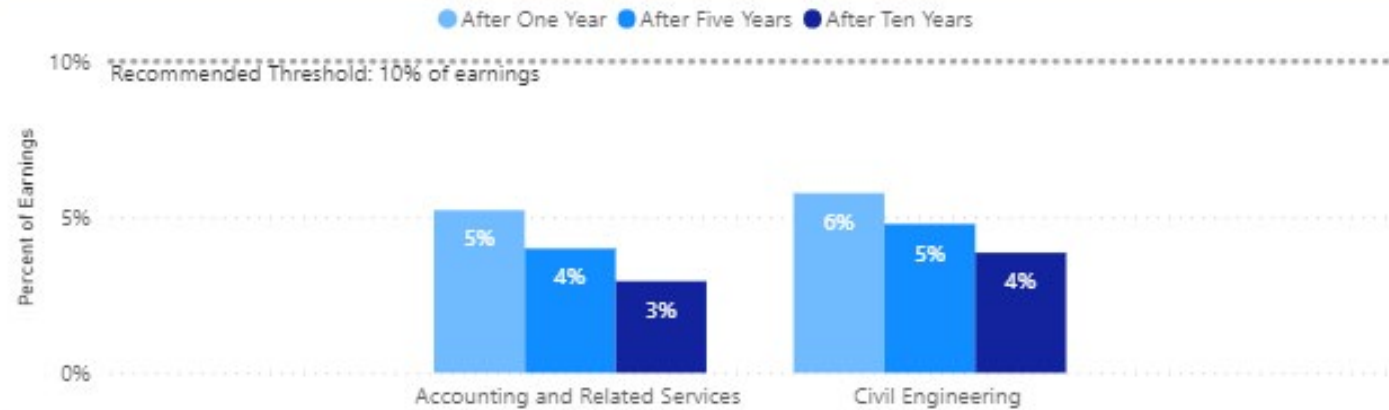
Available Reports:

Median Earnings

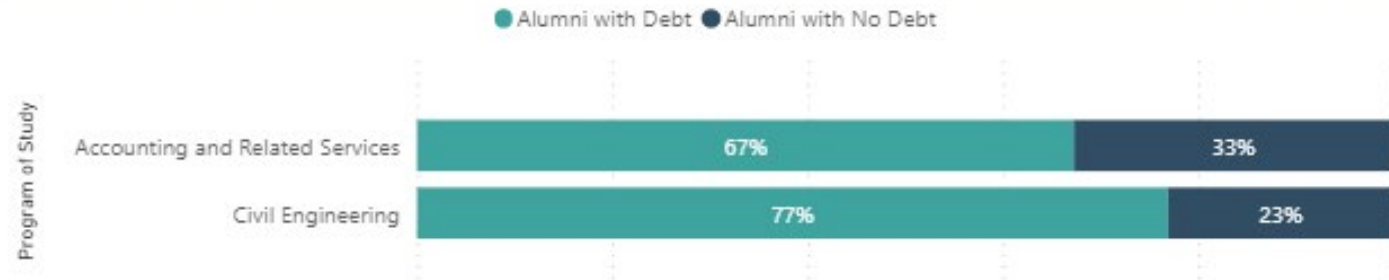
Earnings Percentiles

Debt to Earnings

Student Loan Debt as a Percent of Earnings



Percent of Alumni that Graduated with Student Loan Debt



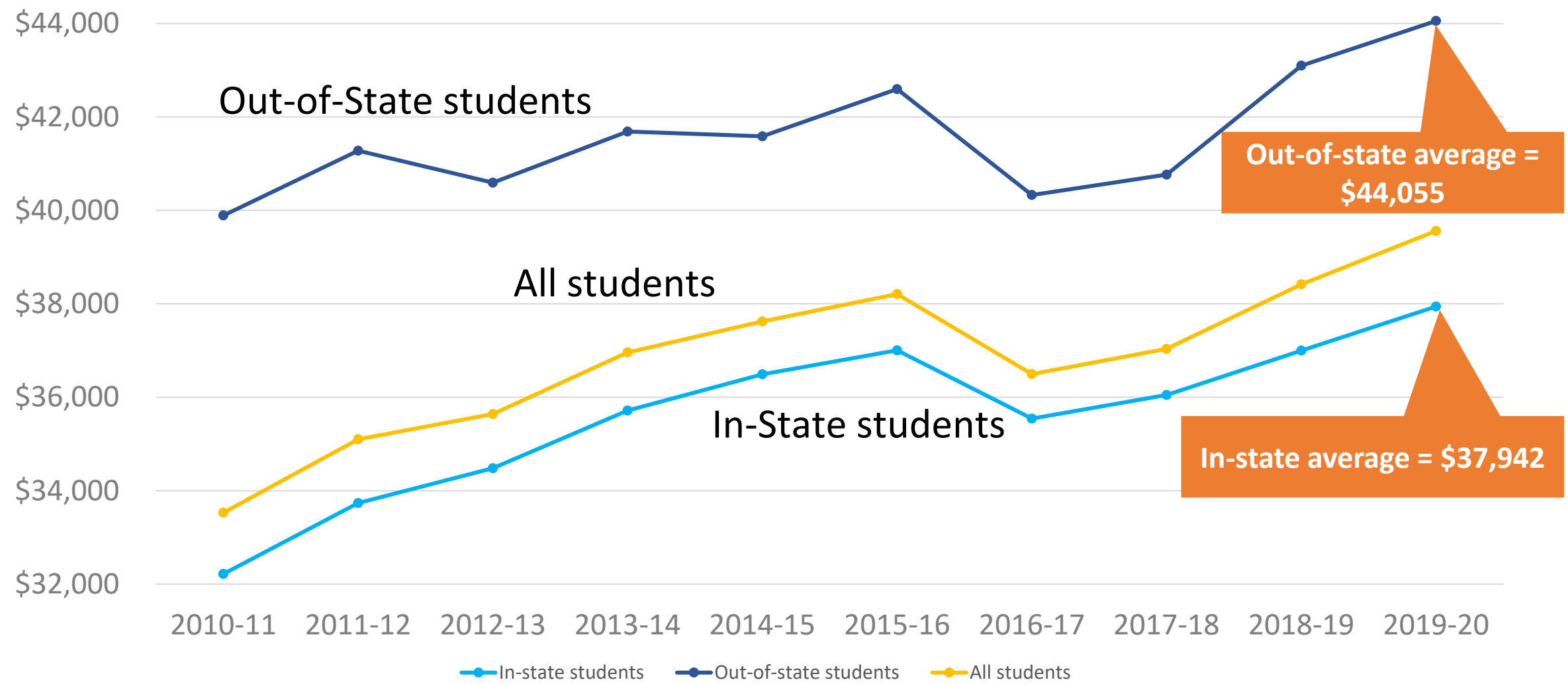
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Key Points

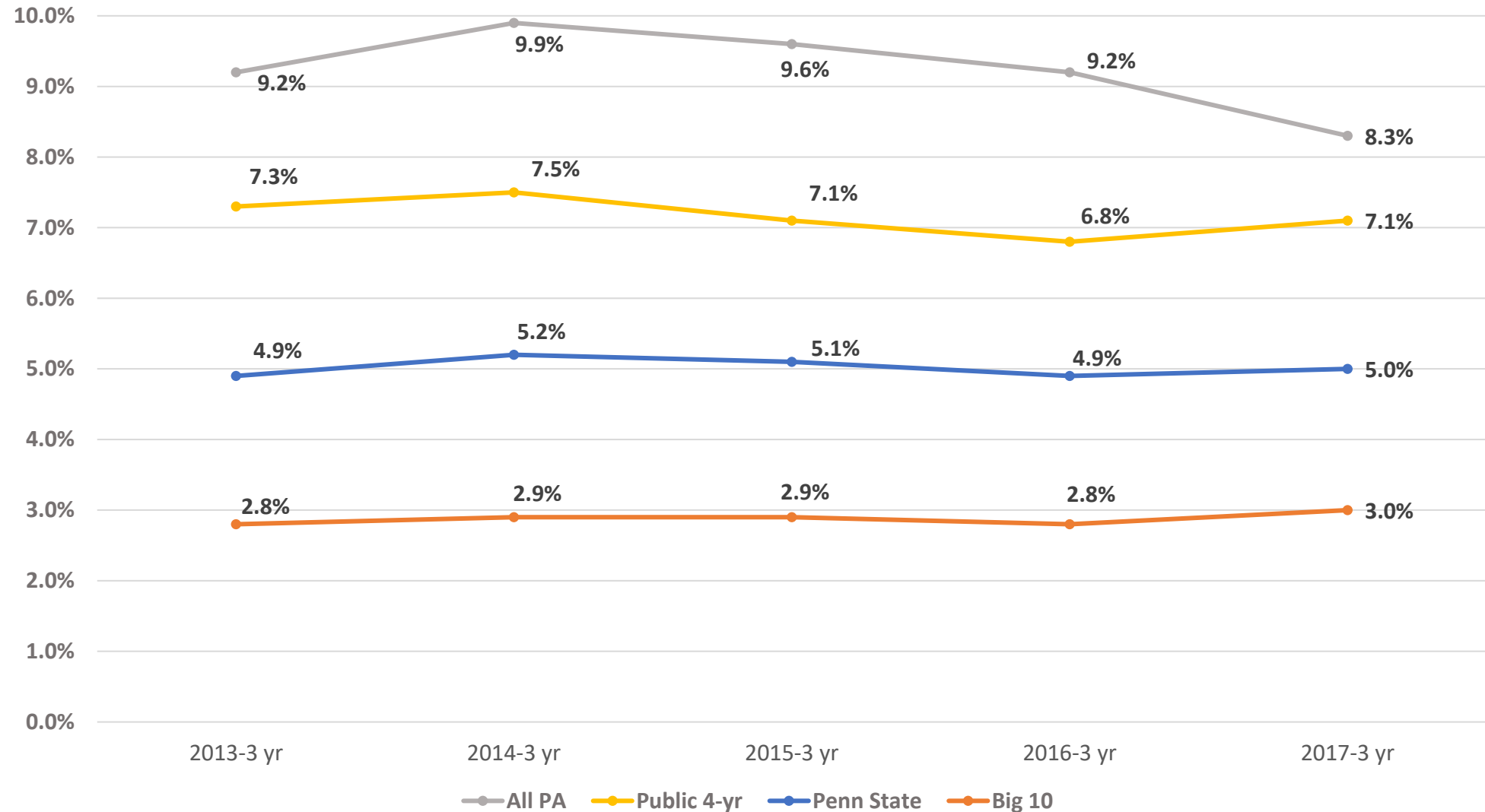
- Calculated in FY21 dollars, in-state students are now paying less tuition for their Penn State education than they were in 2011-2012.
- Small savings across the board by freezing tuition have significantly less impact than targeted funds for those in greater need that are at risk of not graduating.
- 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

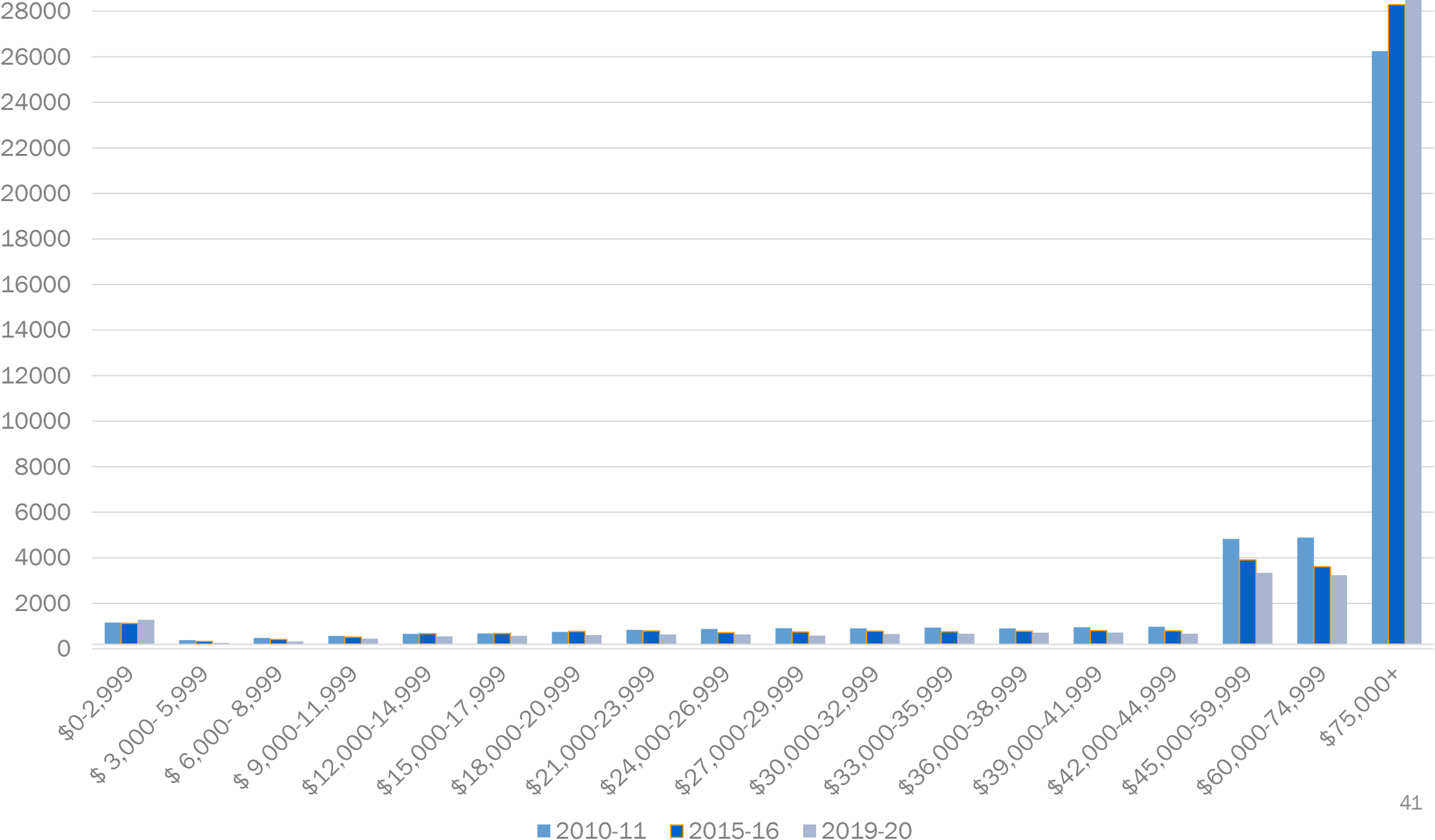
Who is borrowing?

- 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

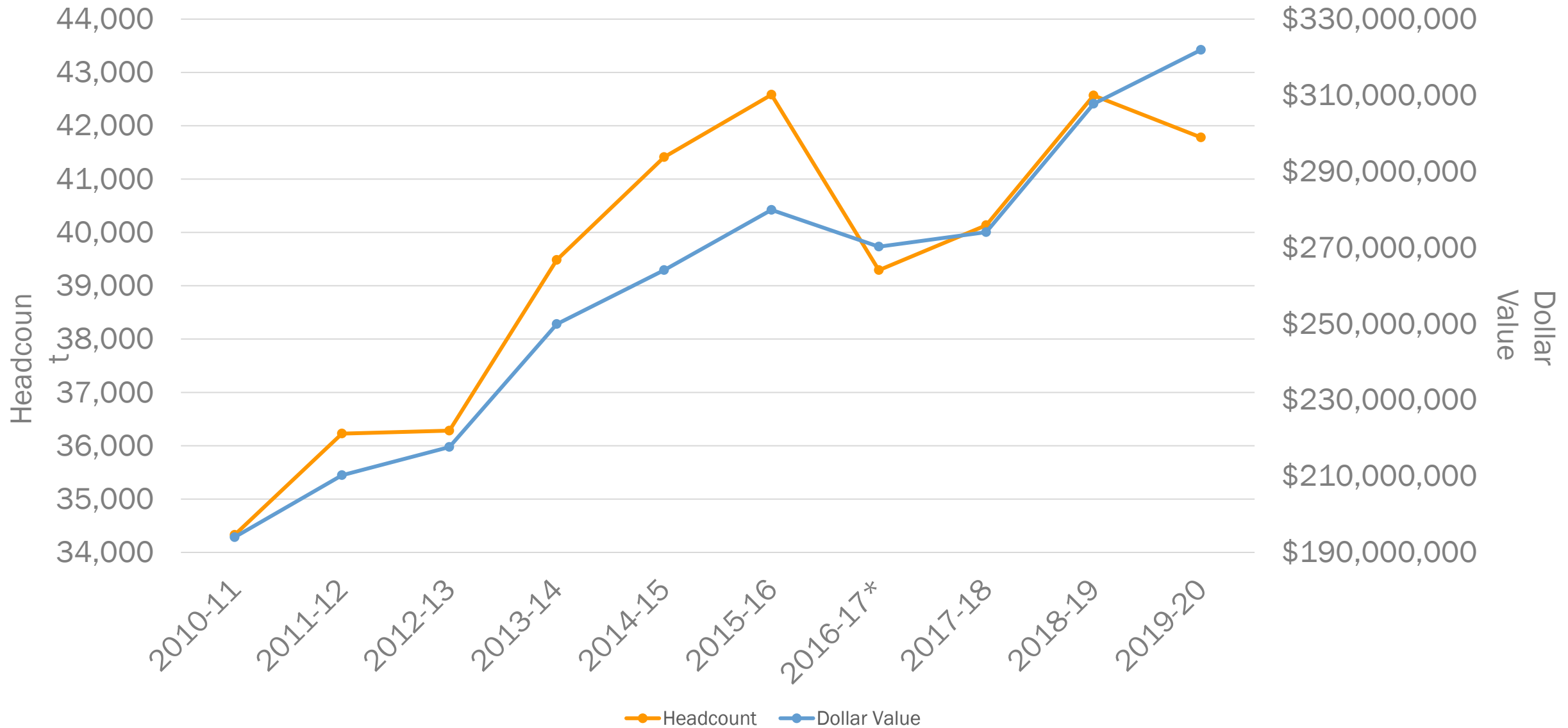
Penn State: Average Baccalaureate Loan Debt by Income Band 2019-2020:

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

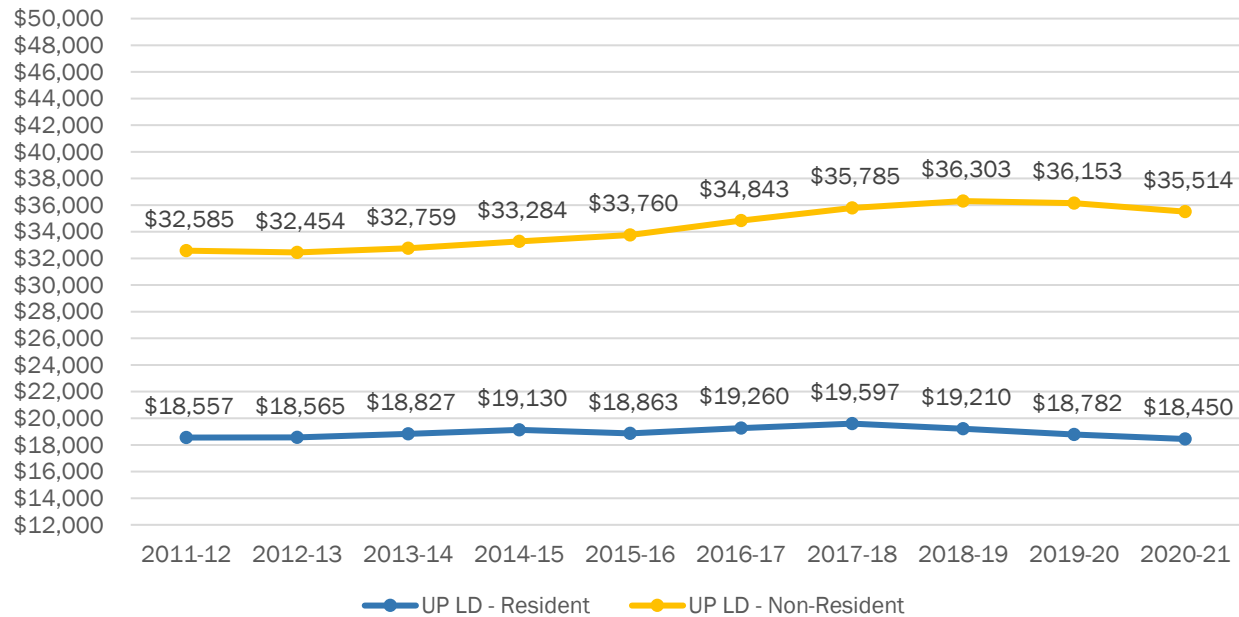


10 Year Institutional Funds to Students Trend

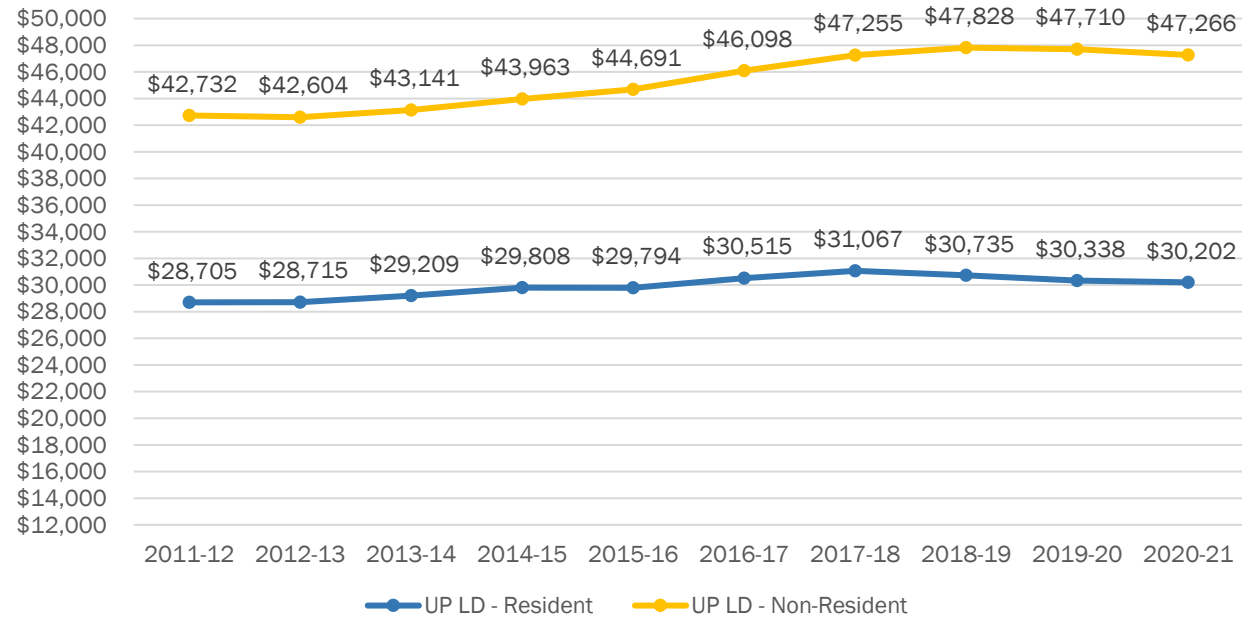


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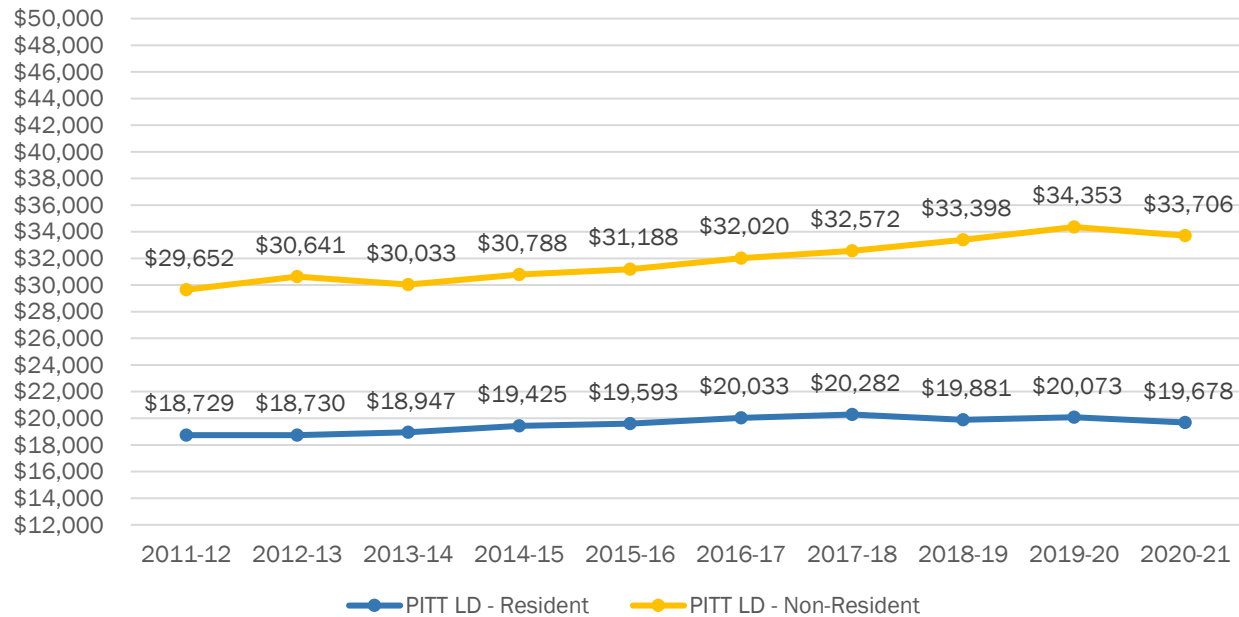
Penn State - University Park Tuition and Fees in FY 21 Dollars



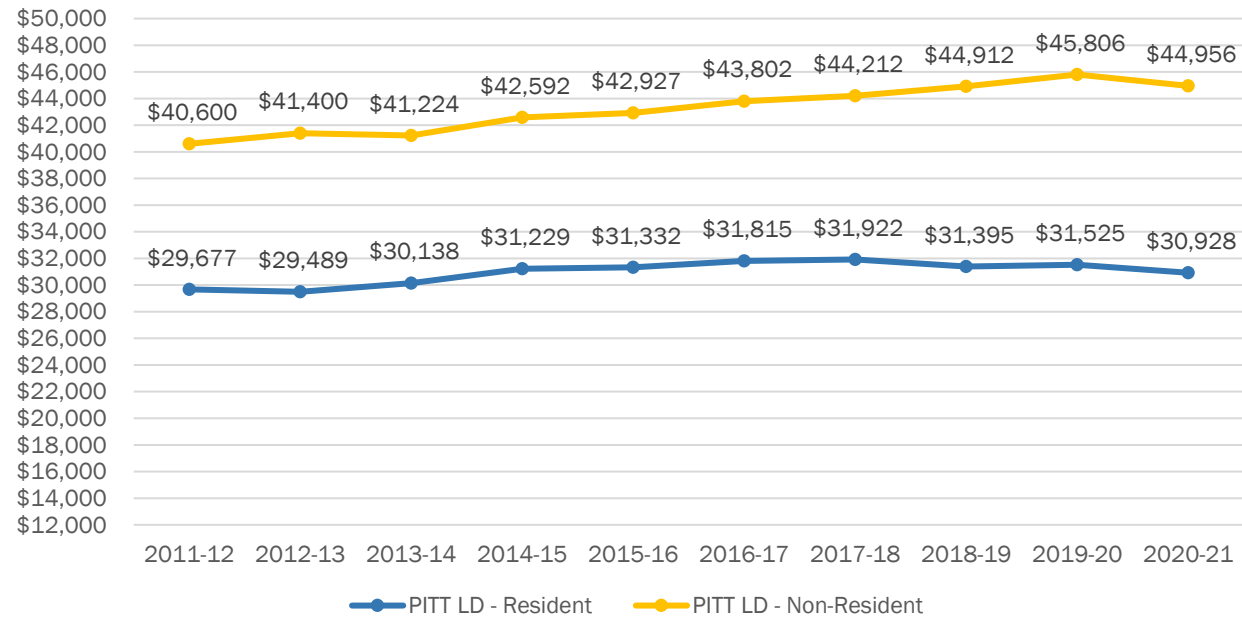
Penn State - University Park Cost of Attendance in FY 21 Dollars



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

