“Maintaining Carolina’s favorable need-based aid patterns of the past, within this period of economic downturn, will remain an enormous challenge.”

Presentation to the BOT
September 24, 2009
Meeting the challenge

This has been an extraordinary year…

- successfully implemented PeopleSoft (February 2010 “go-live”)
- processed more aid applications and “packaged” more students than ever before
- accommodated an 11% increase in students with need
- changed the way we administer federal student loans (from banks to the U.S. Treasury)
- implemented mandatory health insurance for the first time
- absorbed mid-summer tuition increases and “repackaged” all aid
Overview

The Office of Scholarships and Student Aid (OSSA) supports the instructional mission of the University by . . .

- Recognizing and rewarding academic talent
- Removing financial barriers for students
- Furthering mutual goals of “excellence” and “equity”

We are guided in our efforts with oversight from the Faculty Committee on Scholarships, Awards and Student Aid.

(http://www.unc.edu/faculty/faccoun/committees/SAWMain.shtml)
Growth in Number of Recruitment/Merit Scholarships Awarded to First-year Students (2000-01 to 2010-11)

- Morehead: 62-64
- Robertson: 0-15
- Carolina Scholars: 33-40
- Colonel Robinson Scholars: 0-19
- Other Endowed/University Supported: 64-42
- Trademark Revenue Supported: 58-0
- College-Sponsored National Merit: 104-126

2000-2001 Total: 263
2010-2011 Total: 364
Comparative Yield Rates: Merit Scholarship Offers (2009-10 to 2010-11)
During 2009-10 academic year, OSSA disbursed over $253 Million to 16,456 students (preliminary)…

- Undergraduate: $133.8 N=11,096 (53%)
- Graduate and Professional: $119.6 N=5,360 (47%)

Total: $253.4 (In Millions)
Number of Students: 16,456
Of this amount, the majority of all aid was provided by the federal government . . .

![Bar chart showing total aid distributed to all students by source for 2009-10.](chart)

**Total Aid Distributed to All Students, by Source 2009-10**

*In Millions (preliminary)*

- **Federal**: $135.5 ($54%)
- **State**: $26.1 (10%)
- **Institutional & Private**: $91.8 (36%)
Sources and Types of Aid

OSSA supports undergraduate, graduate, and professional students, though sources and types of aid vary...

- The majority of funding provided to undergraduates is in the form of grants and scholarships.

- The majority of funding provided to graduate and professional students is in the form of loans (i.e., credit financing).

- The relative distributions are driven by federal and state student aid program rules, federal contract and grant rules, and donor restrictions.
Sources

Total Aid Distributed to Undergraduate Students, by Type, 2009-10, in millions (preliminary)

Total: $133.8 million
Sources

Total Aid Distributed to Graduate/Professional Students, by Type, 2009-10, in millions . . .

Total: $119.6 million
Where are we now?

The Office of Scholarships and Student Aid continues to see growth in the number of students and families requiring financial assistance, attributed to …

- A weak economy
- Continuing unemployment and underemployment
- Changing demographics
- Rising college costs
Impact

Carolina experienced a 17% increase in Undergraduate applications for need-based aid this year, a trend likely to continue. . .

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12 (projected)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of applications for need-based aid</td>
<td>14,612</td>
<td>15,836</td>
<td>18,521</td>
<td>21,670</td>
<td>25,350</td>
</tr>
</tbody>
</table>
The number of students who qualified for need-based aid in 2010-11 continued to rise, though more modestly than during the prior year . . .

- 11% increase in number of students with need-based aid (23% last year)
- 11% increase in first-year students with need-based aid (26% last year)
- 12% increase in grad/professional students with need (3% last year)
- 2% increase in Carolina Covenant Scholars (28% last year)
- 16% increase in Federal Pell Grant recipients (34% last year)
- 4% increase in aided students who applied on time (March 1/ at 88%)

Overall, a significant growth in our case load
Marshalling the resources

Despite competing budgetary pressures and recent tuition increases, the University once again acted to protect access and affordability by…

- providing $465,000 in permanent supplemental funding in fall 2009
- dedicating $10.7 million (38%) of all new 2010-11 tuition revenue for “hold-harmless” tuition grants
- allocating year-end “sweep up” monies for need-based aid
- providing $1 million in student stores revenue for scholarships (a longstanding practice)
- dedicating 100% of trademark licensing revenue for student scholarships (a record high of $4.6 million this year)
These supplemental resources made it possible for Carolina to continue to meet full need of on-time applicants with generous scholarship and grant support.

### Trends in Type of Aid Distributed to Undergraduate Students With Need

<table>
<thead>
<tr>
<th>Year</th>
<th>Grants &amp; Scholarships</th>
<th>Loans</th>
<th>Work-Study</th>
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</thead>
<tbody>
<tr>
<td>1999-00</td>
<td>54%</td>
<td>45%</td>
<td>1%</td>
</tr>
<tr>
<td>2004-05</td>
<td>63%</td>
<td>35%</td>
<td>2%</td>
</tr>
<tr>
<td>2005-06</td>
<td>64%</td>
<td>34%</td>
<td>2%</td>
</tr>
<tr>
<td>2006-07</td>
<td>68%</td>
<td>30%</td>
<td>2%</td>
</tr>
<tr>
<td>2007-08</td>
<td>70%</td>
<td>27%</td>
<td>3%</td>
</tr>
<tr>
<td>2008-09</td>
<td>68%</td>
<td>29%</td>
<td>3%</td>
</tr>
<tr>
<td>2009-10 est.</td>
<td>68%</td>
<td>29%</td>
<td>3%</td>
</tr>
</tbody>
</table>
Typical Financial Aid Package for Aid-Eligible Undergraduates Applying On-Time, 2010-11

Trends

- Loans (32%)
- Work-Study (3%)
- Grants & Scholarships (65%)
Trends

Over time, fewer students have borrowed and have borrowed less, even with tuition increases. However, borrowing is expected to increase in the years ahead.

Average Cumulative Loan Indebtedness For May Graduating Seniors Who Borrowed

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>% Who Borrowed</th>
<th>Current Dollar Amount Borrowed</th>
<th>What $13,687 in 1999-2000 is worth this year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-2000</td>
<td>24%</td>
<td>$13,687</td>
<td>$13,687</td>
</tr>
<tr>
<td>2004-2005</td>
<td>34%</td>
<td>$13,801</td>
<td>$15,523</td>
</tr>
<tr>
<td>2005-2006</td>
<td>32%</td>
<td>$14,487</td>
<td>$16,024</td>
</tr>
<tr>
<td>2006-2007</td>
<td>34%</td>
<td>$14,912</td>
<td>$16,480</td>
</tr>
<tr>
<td>2007-2008</td>
<td>31.5%</td>
<td>$14,936</td>
<td>$17,113</td>
</tr>
<tr>
<td>2008-2009</td>
<td>29%</td>
<td>$14,262</td>
<td>$17,195</td>
</tr>
</tbody>
</table>

*Note: Debt includes only loans from Federal Title IV loan programs.*
Looking ahead

We anticipate new challenges…

❖ How do we strike the right balance between need-based and merit-based aid?

❖ How do we increase the number of merit scholarships Carolina offers (and protect purchasing power if tuition increases)?

❖ What happens if the out-of-state scholarship provision for merit scholarship recipients is repealed by the General Assembly (as the athletic scholarship provision was in 2010)?

❖ How can we better manage the expectations of an increasingly vocal middle class who seek scholarship assistance?

❖ How do we continue to serve a growing population of students who have need, especially if tuition increases?
Will the federal government be able to protect and strengthen funding for Pell Grants given federal budgetary pressures?

Can we maintain UNC-Chapel Hill’s current share of state-funded need-based grant aid as the General Assembly considers the consolidation and redesign of state grant programs?

How can we maximize the use of student aid to further the University’s retention goals?

How can we better leverage successful campus programs in an effort to generate new scholarship sources (e.g., Covenant and HHMI, NSF; entrepreneurship, etc.); and

How can we compete for the recruitment and retention of international students as Carolina endeavors to strengthen its global presence?
Maintaining Carolina’s favorable need-based aid patterns of the past, within this period of slow economic recovery, will remain a considerable challenge.
Comments & Questions
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</thead>
<tbody>
<tr>
<td>2009</td>
<td>0</td>
<td>2,726</td>
<td>7,325</td>
<td>9,909</td>
<td>10,957</td>
<td>11,502</td>
<td>12,765</td>
</tr>
<tr>
<td>2010</td>
<td>1,604</td>
<td>4,966</td>
<td>10,305</td>
<td>11,861</td>
<td>12,513</td>
<td>12,910</td>
<td>14,125</td>
</tr>
<tr>
<td>2011</td>
<td>0</td>
<td>4,120</td>
<td>10,448</td>
<td>12,832</td>
<td>14,411</td>
<td>15,151</td>
<td></td>
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