



ANSWERING THE CALL FOR AN AFFORDABLE HIGHER EDUCATION

Testimony provided by Tony Atwater, Ph.D., president,
Indiana University of Pennsylvania, May 7, 2009,
in support of the Governor's Tuition Relief Plan



ANSWERING THE CALL FOR AN AFFORDABLE HIGHER EDUCATION

1

By Tony Atwater, President, Indiana University of Pennsylvania

The alumni of Indiana University of Pennsylvania have provided it with many success stories. One of the most inspiring success stories relates to alumnus Dick Macedonia, former CEO of Sodexo Incorporated, the largest food service provider in the world. When Mr. Macedonia arrived at IUP to pursue his studies, he arrived with only two paper bags containing clothing and a few other essentials. He was a young man of modest means and did not know if he would be able to make it at IUP either financially or academically. Fortunately, for him, he had generous mentors and supporters at IUP who provided the material and academic support that translated later on into his amazing professional success.

Many IUP students, like Dick Macedonia, come to our campus as first-generation students and from low and middle income households. The escalating cost of higher education represents an ever-increasing burden in both pursuing a college degree and in paying off the related financial debt after graduation. Simply put, the increased cost of higher education has become prohibitive for many families and prospective students, particularly for students from low-income families and rural areas of western Pennsylvania.

Governor Ed Rendell has developed an innovative and critical solution to the challenges faced by first-generation students and students from low-income families who aspire to attain college degrees. The solution is the Governor's Tuition Relief Act. And, it is essential that Pennsylvanians express their strong support for this legislative proposal to insure its adoption in support of

promoting affordability for public higher education in the commonwealth.

Indiana University of Pennsylvania is an institution that takes great pride in its mission of providing access to first-generation students and offering them opportunities for success.

We take this charge very seriously. We realize that that in many cases, the cost of higher education has become prohibitive to lower-income students and their families, both in urban and rural settings.

These young men and women are our future citizens and leaders. IUP is committed to providing the means to assist them. We will not permit economic circumstances to rule out their opportunities for higher education.

The Tuition Relief Act, in tandem with our commitment to providing access to qualified students, is our opportunity to provide success to first-generation students.

Governor Rendell's proposal represents a timely and innovative solution to the ongoing concerns of access and affordability for higher education in the commonwealth.

The consequences of failing to support the Tuition Relief Act are disconcerting. We need it to provide access and opportunity for people like IUP alumnus Dick Macedonia, who arrived at IUP with only two bags of clothing and became the CEO of the world's largest food service provider. Our nation and our world benefit when we make public higher education accessible and affordable to all citizens of the commonwealth regardless of their financial status.

INDIANA UNIVERSITY OF PENNSYLVANIA FINANCIAL AID REPORT

Overall Financial Aid

For 2007-2008, \$127,469,441 in financial aid was provided to 12,454 IUP students. This is a 6.2-percent dollar increase over the award year of 2006-2007, when \$120,042,804 in financial aid was provided to 12,466 students. Overall, 78 percent of all students received some form of financial aid during 2007-2008, based on enrollment of 15,887. Seventy-four percent of students received aid during 2006-2007, based on enrollment of 16,489.

IUP has consistently remained below the national average for increases in tuition and fees for a four-year public institution. Tuition costs increased 2.75 percent between 2006-2007 and 2007-2008 at IUP. Nationally, for four-year public institutions, according to the College Board, the increase in tuition and fees for the same years was 6.4 percent.

Types of Financial Aid

For 2007-2008, 62 percent of all IUP students received an educational loan, which was an increase from the 60.7 percent of students who received an educational loan in 2006-2007. In 2007-2008, 16.5 percent received a scholarship, which was an increase from 2006-2007, when 14.7 percent of students received a scholarship. For 2007-2008, 45.7 percent received a grant or waiver, and in 2006-2007, 43.6 percent received a grant or waiver. During 2007-2008, 16.5 percent of all students were employed through IUP, while 17.7 percent were employed for 2006-2007. The decrease can be attributed to the increase in minimum wage without an accompanying increase in budgets.

Scholarships

In 2007-2008, there were 2,631 unduplicated scholarship recipients who received a total of \$6,377,077, for an average of \$2,424 per student. A total of 2,431 students received scholarship assistance for the 2006-2007 academic year, totaling \$6,288,623, with an average award of \$2,587. Additional scholarship detail is provided on Attachment "A."

The Financial Aid office applied for and received funding from the Pennsylvania Higher Education Assistance Agency for the Workforce Advancement Grant for Education (WAGE) scholarship. WAGE scholarships are provided by the Pennsylvania Higher Education Assistance Agency and are designed to assist adult students with educational and career advancement in certain areas of study determined by the Pennsylvania Department of Labor and Industry and the Pennsylvania Department of Education; these students face financial barriers in pursuing higher education opportunities. The amount awarded to IUP was \$192,832, which was awarded to 69 IUP students. In addition, the Financial Aid office applied for and was granted scholarship funding from the Pennsylvania Higher Education Foundation to assist nursing students. The nursing scholarships awarded to IUP totaled \$166,763, benefiting 250 IUP students.

Veterans Benefits

There were 419 veterans who received Veterans Education benefits valued at approximately \$2,250,000 during 2007-2008. For 2006-2007, 449 veterans received approximately \$2,400,000 in government benefits.

Federal Tuition Assistance funding was provided to 156 U.S. Armed Forces veteran or reservist students for a total of \$233,329 for 2007-08. This is in addition to the \$737,152 Pennsylvania Department of Military and Veterans Affairs' Educational Assistance Program funds awarded to 163 members of the Pennsylvania National Guard. To compare, for 2006-07, Federal Tuition Assistance funding was provided to 254 U.S. Armed Forces veteran or reservist students for a total of \$456,320. This is in addition to the \$1,002,049 Pennsylvania Department of Military and Veterans Affairs' Educational Assistance Program funds awarded to 222 members of the Pennsylvania National Guard. The difference between the 2007-2008 year and 2006-2007 in terms of number of Veterans or Reservists is due to deployment.

Lower-Income Students

IUP strives to meet the financial need of students in the lower-income category with a combination of grants, scholarships/waivers, federal work study, and loans.

In academic year 2007-08, 67.1 percent of institutional (non-athletic) scholarships at IUP were awarded to students who demonstrated financial need. In academic year 2006-2007, this figure was 61.7 percent. Financial need is being defined for this purpose as having an Expected Family Contribution, as determined by the Free Application for Federal Student Aid, which is less than the cost of attendance at IUP for the given academic year. It was assumed for this calculation that those students who did not file a FAFSA did not have financial need.

IUP's commitment to awarding the neediest students as much grant funding as possible is also evident in its packaging policy with Federal Supplemental Educational Opportunity Grant (FSEOG), which is the only grant program in which the Financial Aid Office has ability to make awarding decisions. (IUP does not have institutional, need-based funds that are awarded by the Financial Aid Office directly.) In addition, the Federal Pell Grant and Pennsylvania Higher Education Assistance Agency State Grant awards are not at the discretion of the institution.

In the 2007-2008 academic year, IUP awarded 1,348 students FSEOG funds for a total amount of \$736,391. These grants were awarded to students with an Expected Family Contribution, as determined by the FAFSA, of \$4,110 or less. This segment represents the neediest financial aid applicants. In 2006-2007, 1,319 students received a total of \$736,991 in FSEOG grants. IUP receives an FSEOG allocation each year from the federal government. Our allocation has been flat-funded for the last several years.

Unfortunately, meeting financial need continues to be increasingly difficult without reliance by students on federal and/or private loans, as evidenced by the increased loan dollars borrowed for 2007-2008.

University Loan Program

4

During the 2007-2008 academic year, 658 university loans with a value of \$272,843 were issued to students. In 2006-2007, 730 university loans with a value of \$299,643 were provided.

Official Cohort Default Rates

The United States Department of Education reports that IUP continues to maintain a low default rate for the Federal Family Education Loan Programs. The fiscal year 2006 Cohort Default Rate was 3.5 percent, which was calculated on 5,053 former student borrowers in repayment, with 178 students defaulting. The fiscal year 2005 Cohort Default Rate was 3.6 percent, which was calculated on 4,648 former student borrowers entering repayment, with 170 students defaulting. The average fiscal year 2006 National Cohort Default rate is 5.2 percent, while for fiscal year 2005 it was 4.6 percent.

While IUP has maintained default rates lower than the national average cohort default rates in the past few years, increased borrowing may have a negative impact on this figure in the future.

INDIANA UNIVERSITY OF PENNSYLVANIA FINANCIAL AID COMPARISON CHART (2006-2007 AND 2007-2008)

Financial Aid Report Comparison of Academic Years 2006-2007 and 2007-2008

Total Financial Aid from All Sources	Dollars of Aid			Total Number of Student Recipients		
	2006-2007	2007-2008	Change	2006-2007	2007-2008	Change
	\$ 120,042,804	\$ 127,469,441	(+6.2%)	12,466	12,454	(-.09%)

Details of Selected Major Aid Sources	Dollars of Aid per Program and Percentage Change			Number of Awards per Program and Percentage Change		
	2006-2007	2007-2008	Change	2006-2007	2007-2008	Change
Major Grant Programs						
Pell Grant	\$ 10,335,813	\$ 11,664,491	(+12.8%)	3,952	4,205	(+6.4%)
PA State Grant	\$ 13,663,636	\$ 12,943,529	(-5.2%)	4,458	4,745	(+6.4%)
Supplemental Grant	\$ 735,391	\$ 736,391	(+0.13%)	1,348	1,319	(-2.1%)
Major Scholarship Programs						
IUP Academic	\$ 1,110,485	\$ 1,235,694	(+11.3%)	693	805	(+16.0%)
Board of Governors	\$ 880,364	\$ 936,939	(+6.4%)	319	290	(-9.1%)
Athletic	\$ 583,242	\$ 654,245	(+12.2%)	198	233	(+17.6%)
External Scholarships	\$ 4,170,852	\$ 3,738,099	(-10.4%)	1,960	1,854	(-5.4%)
IUP Waivers						
Tuition	\$ 6,636,023	\$ 7,096,875	(+6.9%)	1,426	1,503	(+5.3%)
Room and Board	\$ 783,720	\$ 643,309	(-17.9%)	156	143	(-8.3%)
Student Employment[†]						
Federal Work Study	\$ 1,987,671	\$ 2,114,832	(+6.4%)	1,437	1,171	(-18.5%)
University Employment*	\$ 3,988,823	\$ 3,896,452	(-2.3%)	1,806	1,684	(-6.7%)
Educational Loans						
Perkins	\$ 1,769,654	\$ 1,723,961	(-2.6%)	1,409	1,402	(-0.5%)
Stafford/PLUS/Alt	\$ 72,432,570	\$ 78,392,455	(+8.2%)	9,989	9,948	(-0.4%)

* University Employment includes the Research Grant, the Graduate, and Teaching Associates payrolls.

† Student Employment wage rates increased from \$5.15 per hour to \$6.25 per hour on January 1, 2007, and then to \$7.15 per hour on July 1, 2007.