

NACAC National Conference  
Seattle, WA  
September 27, 2008

Financial Aid and Admission:  
Tuition Discounting, Merit Aid, & Need-Aware Admission

Donald E. Heller

PENNSTATE



COLLEGE *of* EDUCATION

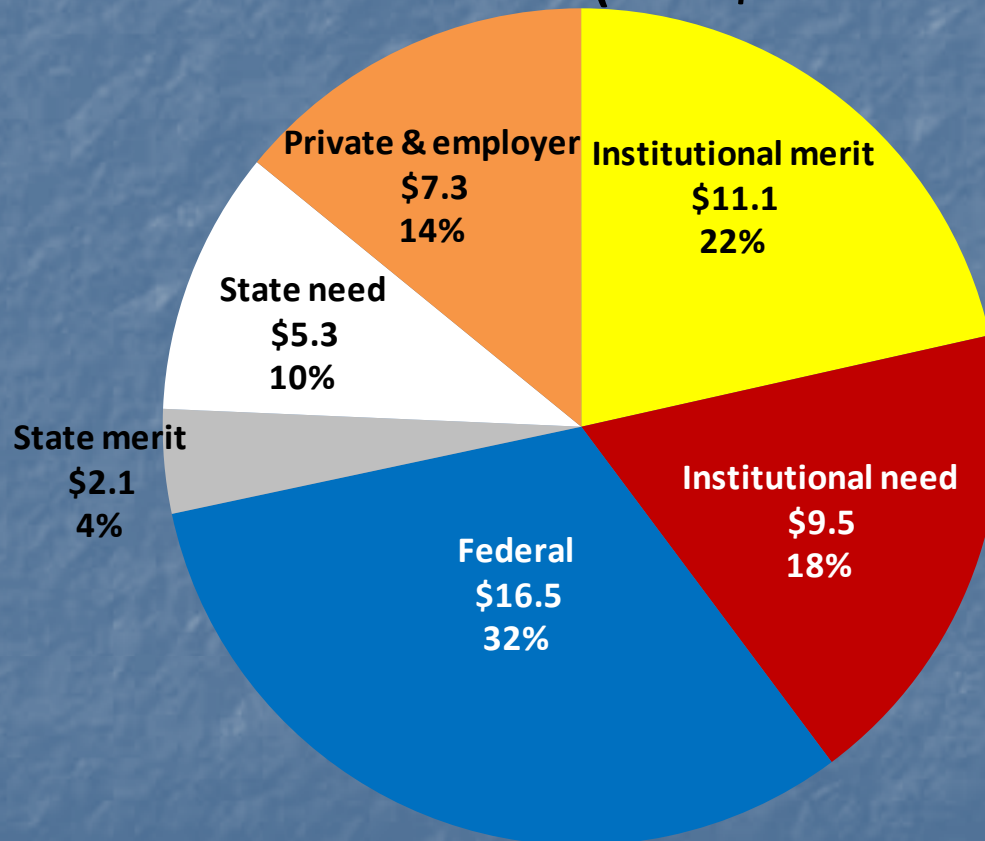
CENTER FOR THE STUDY OF HIGHER EDUCATION

# Overview

- Existing grant aid
- The NACAC survey
- Comparisons by selectivity
- Comparisons with 1994
- Implications of the survey results
- Questions and discussion

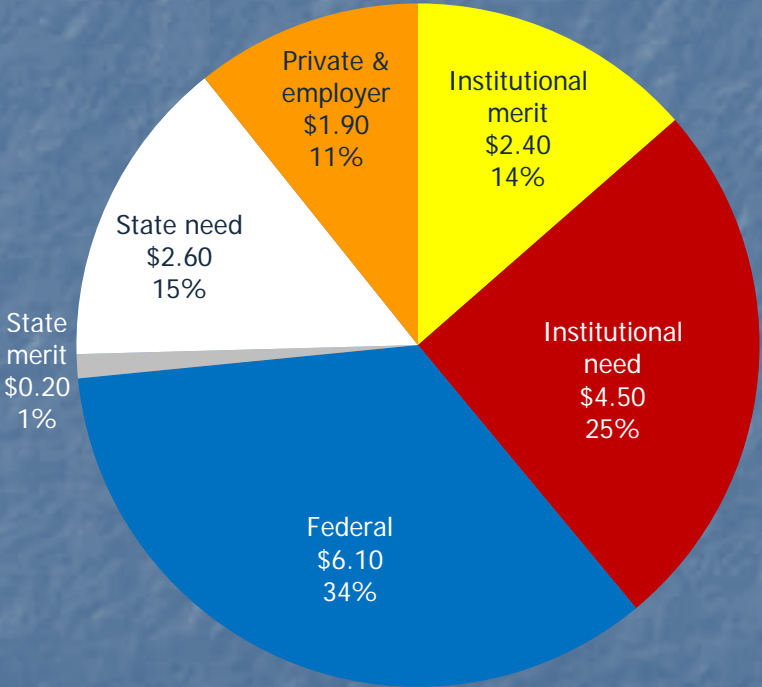
# Grant aid to undergraduate students

2006-2007 (total \$51.8 billion)

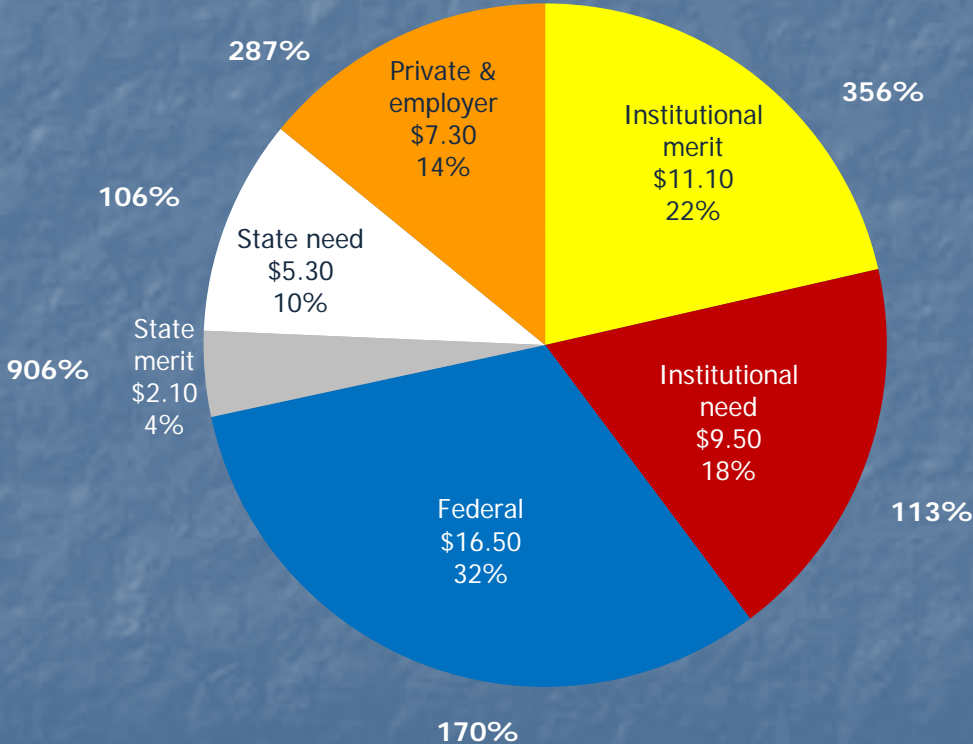


# Changes in grant aid

1995-1996, \$17.7B



2006-2007, \$51.8B

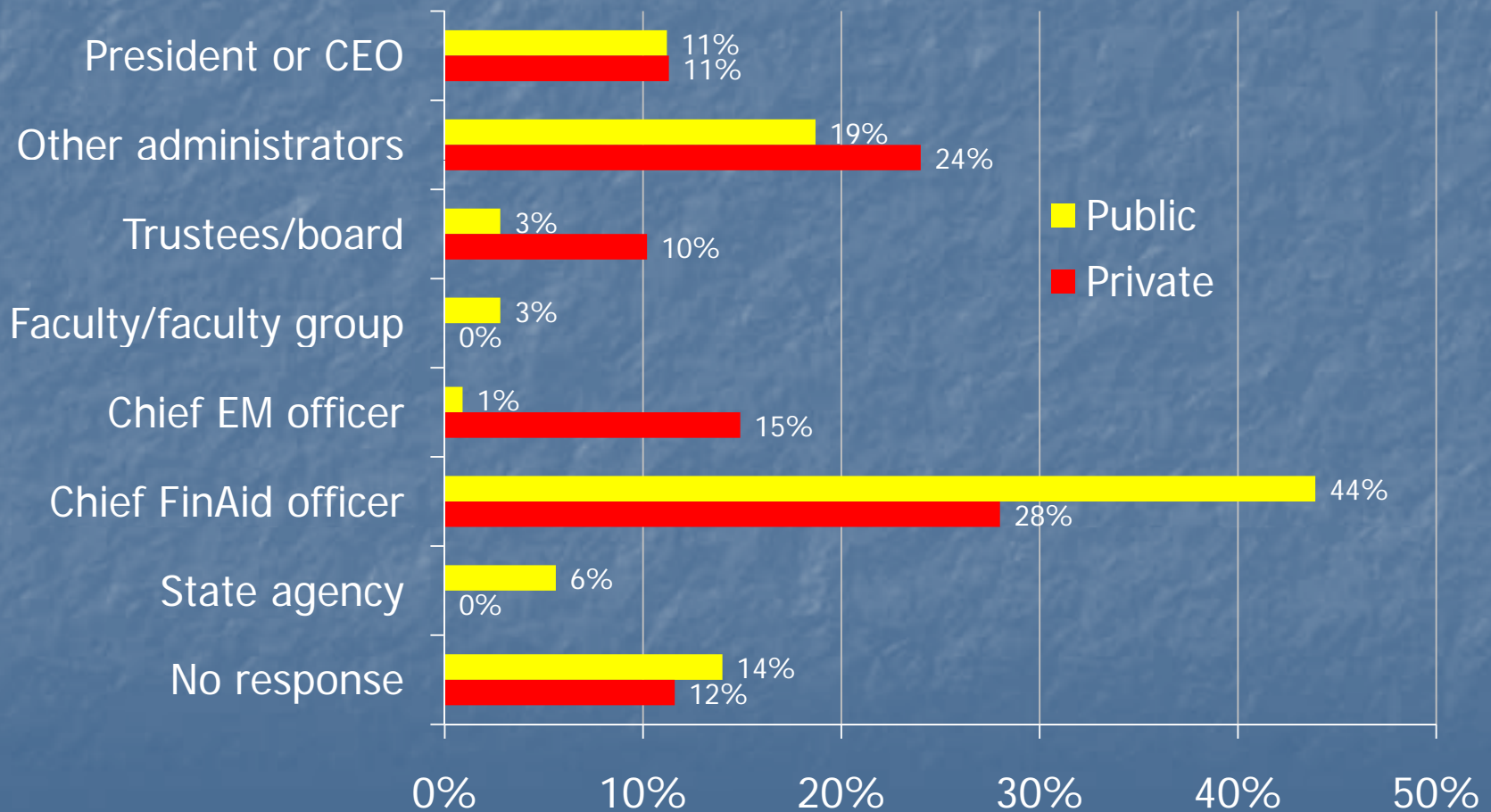


## The NACAC survey

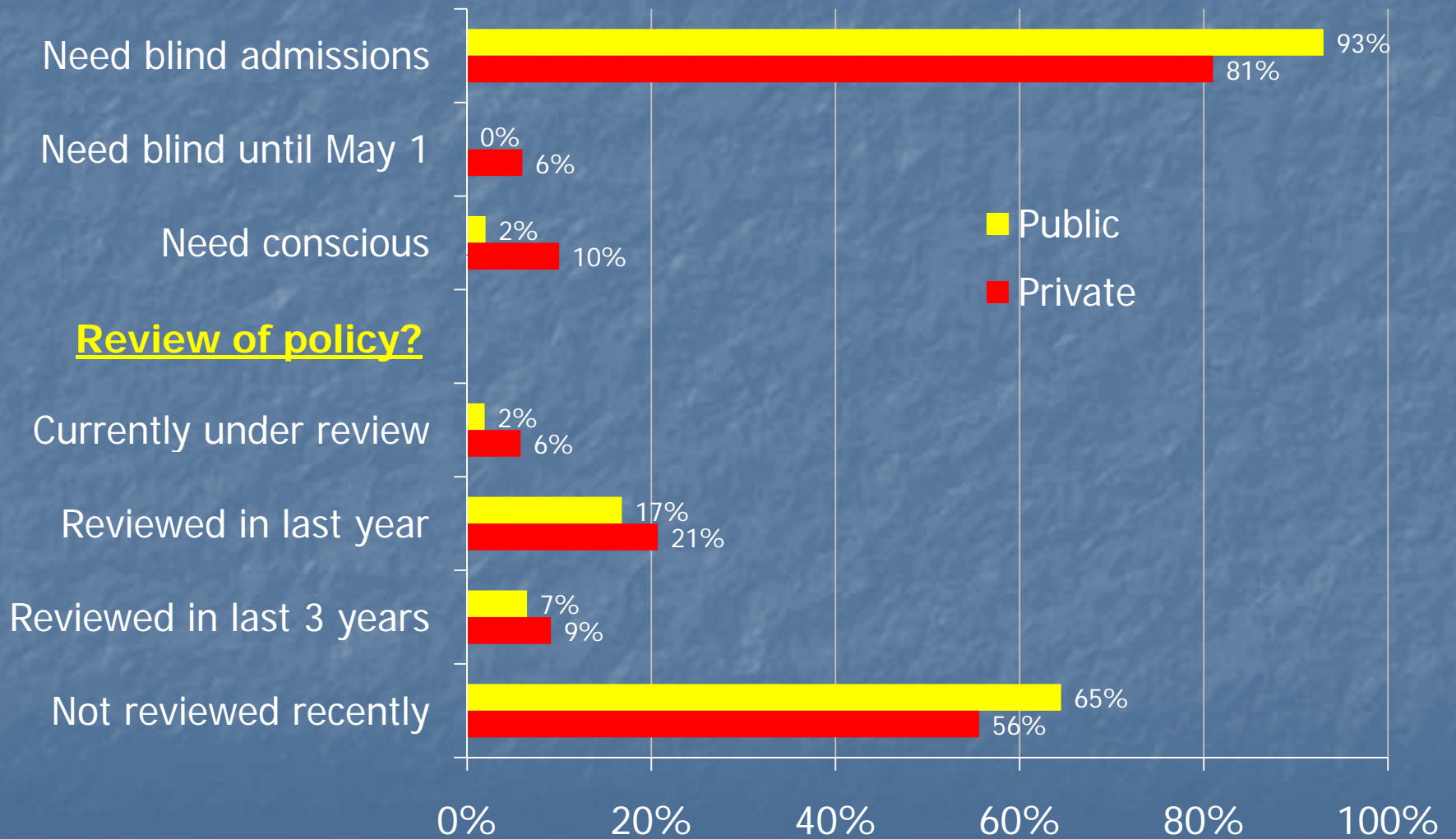
- Distributed to all baccalaureate-grant institutions (n=1,916)
- 382 surveys returned, 20% response rate
- Representation: sample vs. population
  - More private
  - Larger institutions (>10,000 undergraduates)
  - New England and Midwest
  - Higher SAT scores
  - Lower yield

# Control over financial aid policy?

Who has primary authority over financial aid policy?

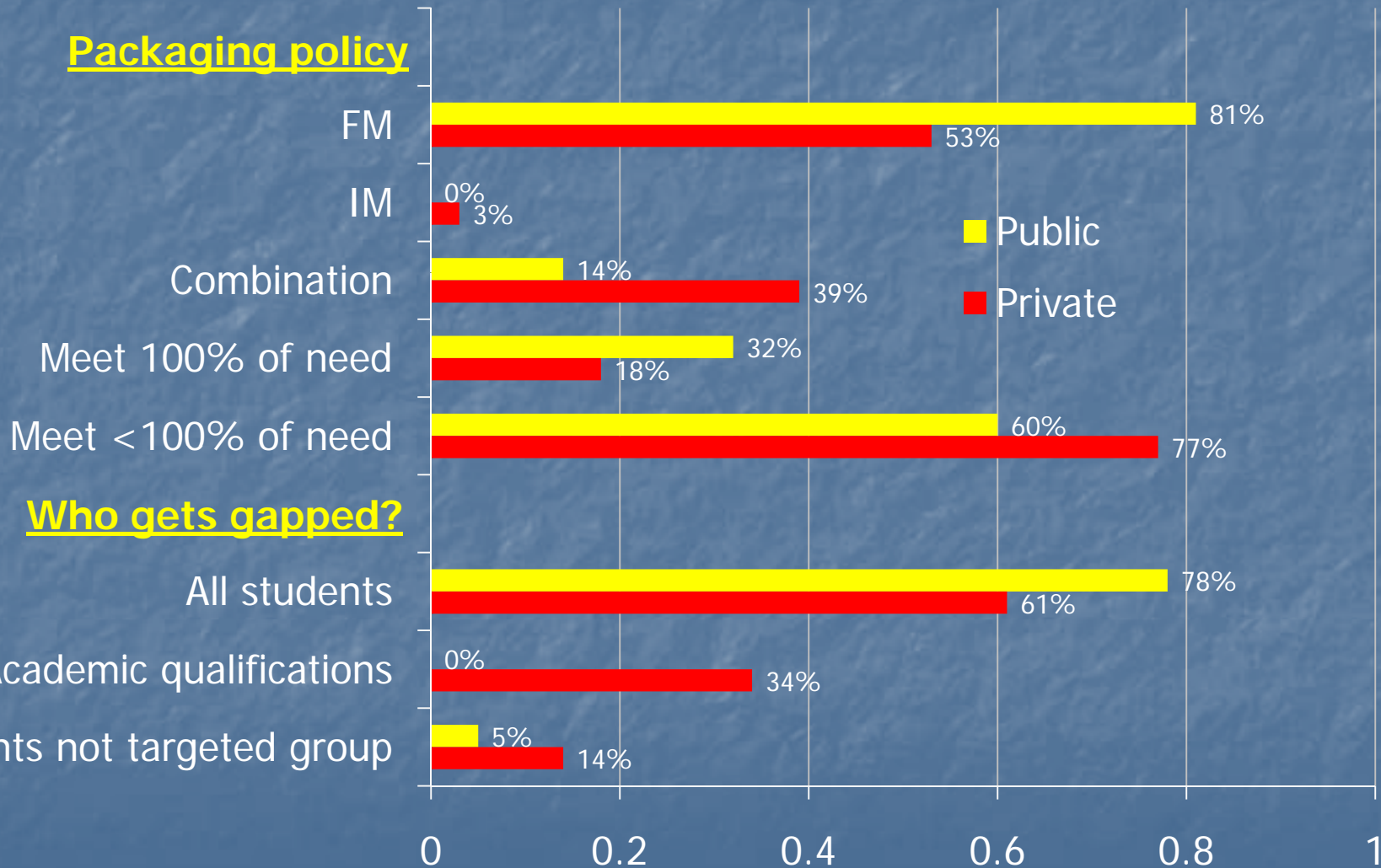


# Need assessment in admissions

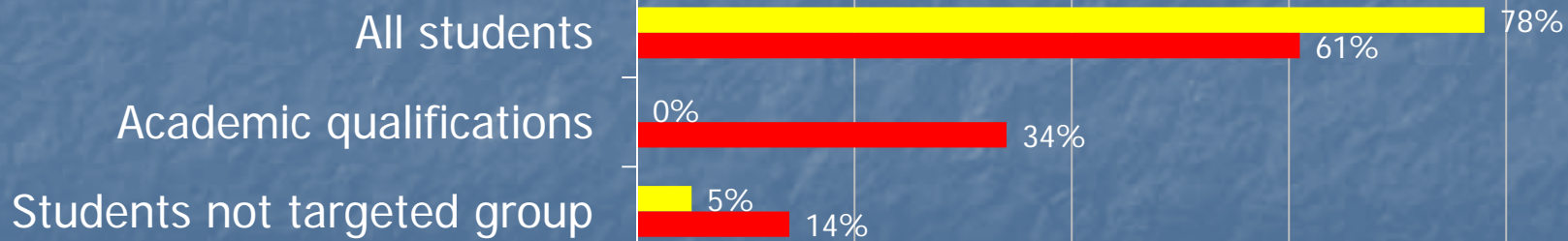


# Aid packaging policies

## Packaging policy

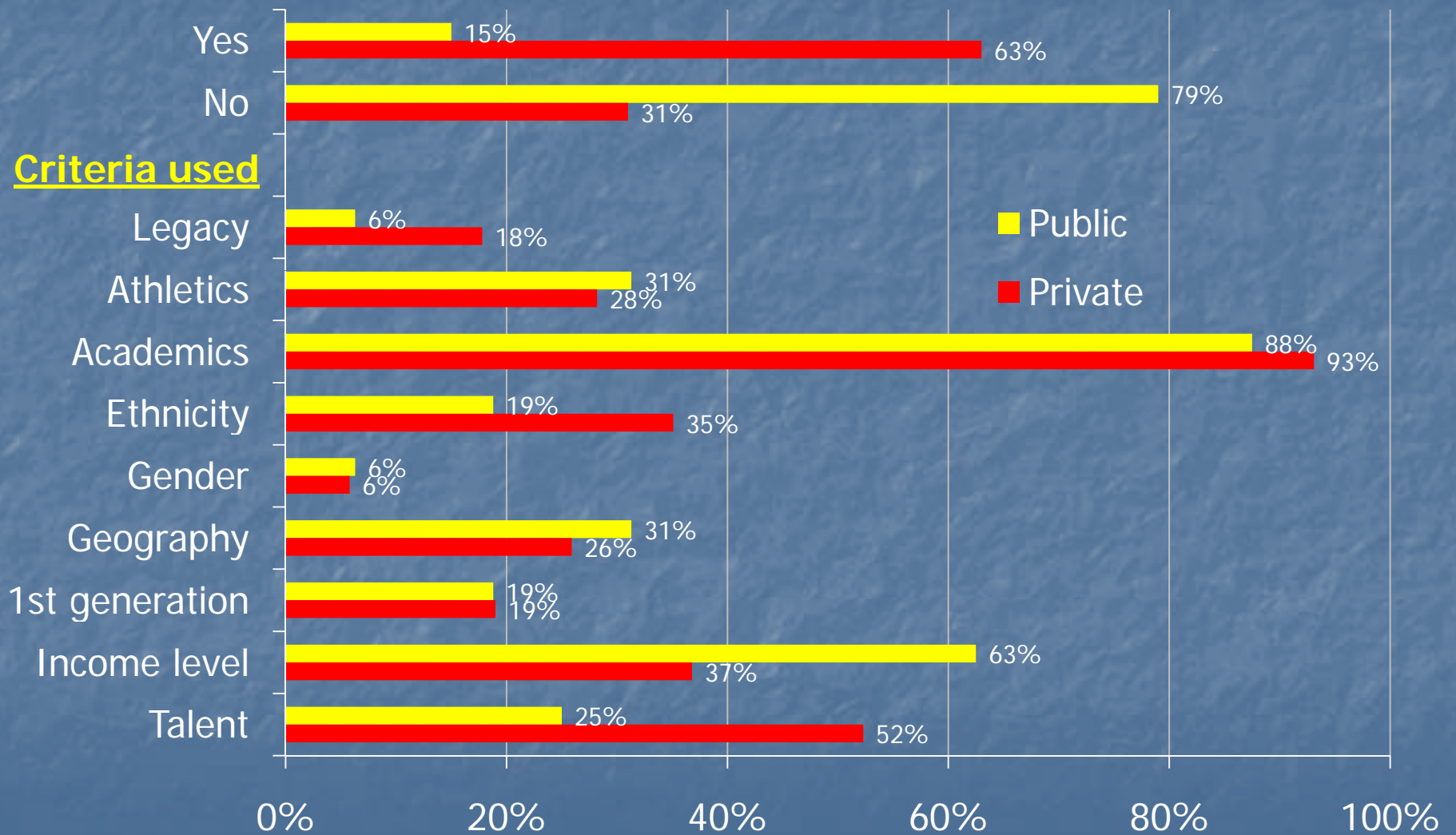


## Who gets gapped?

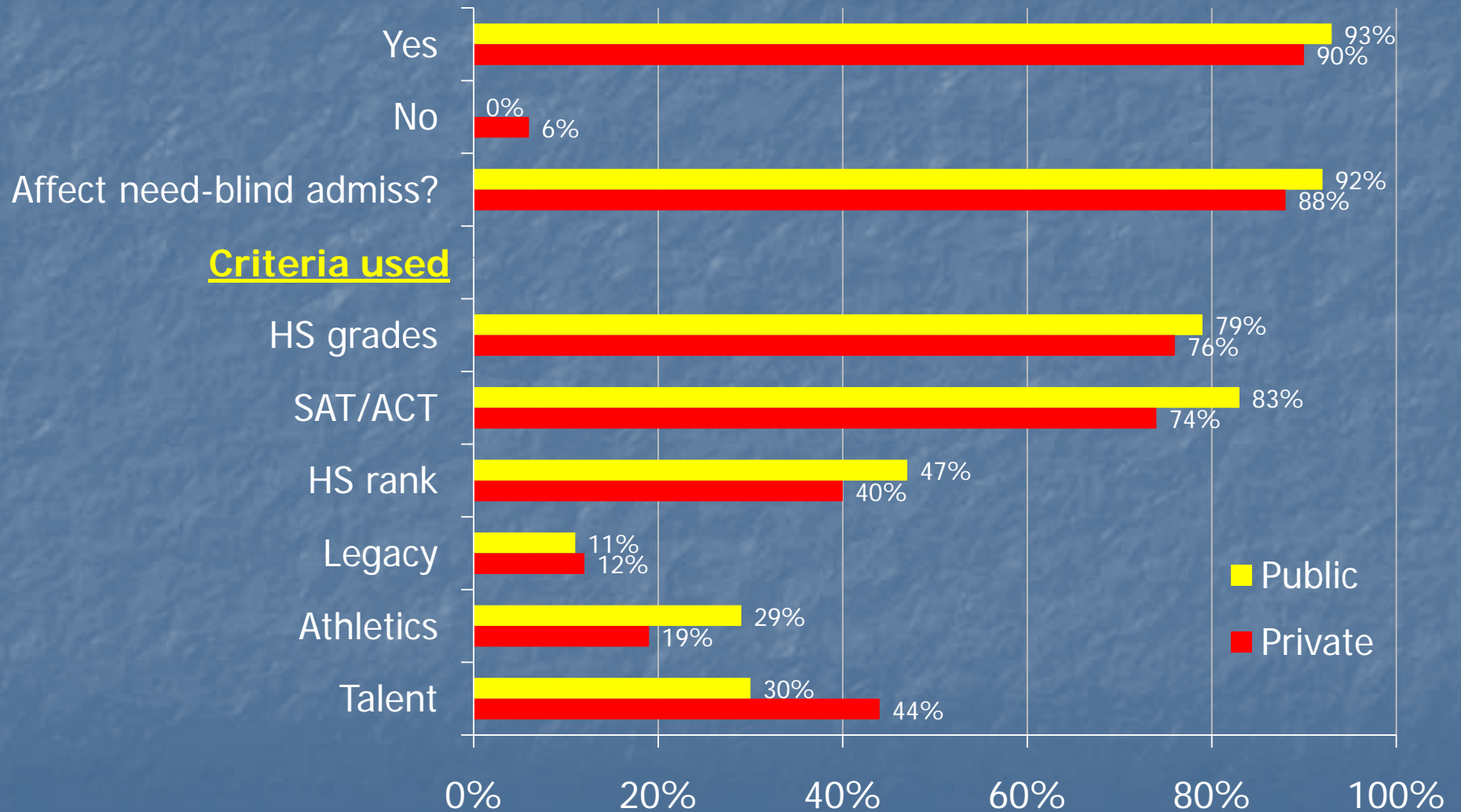




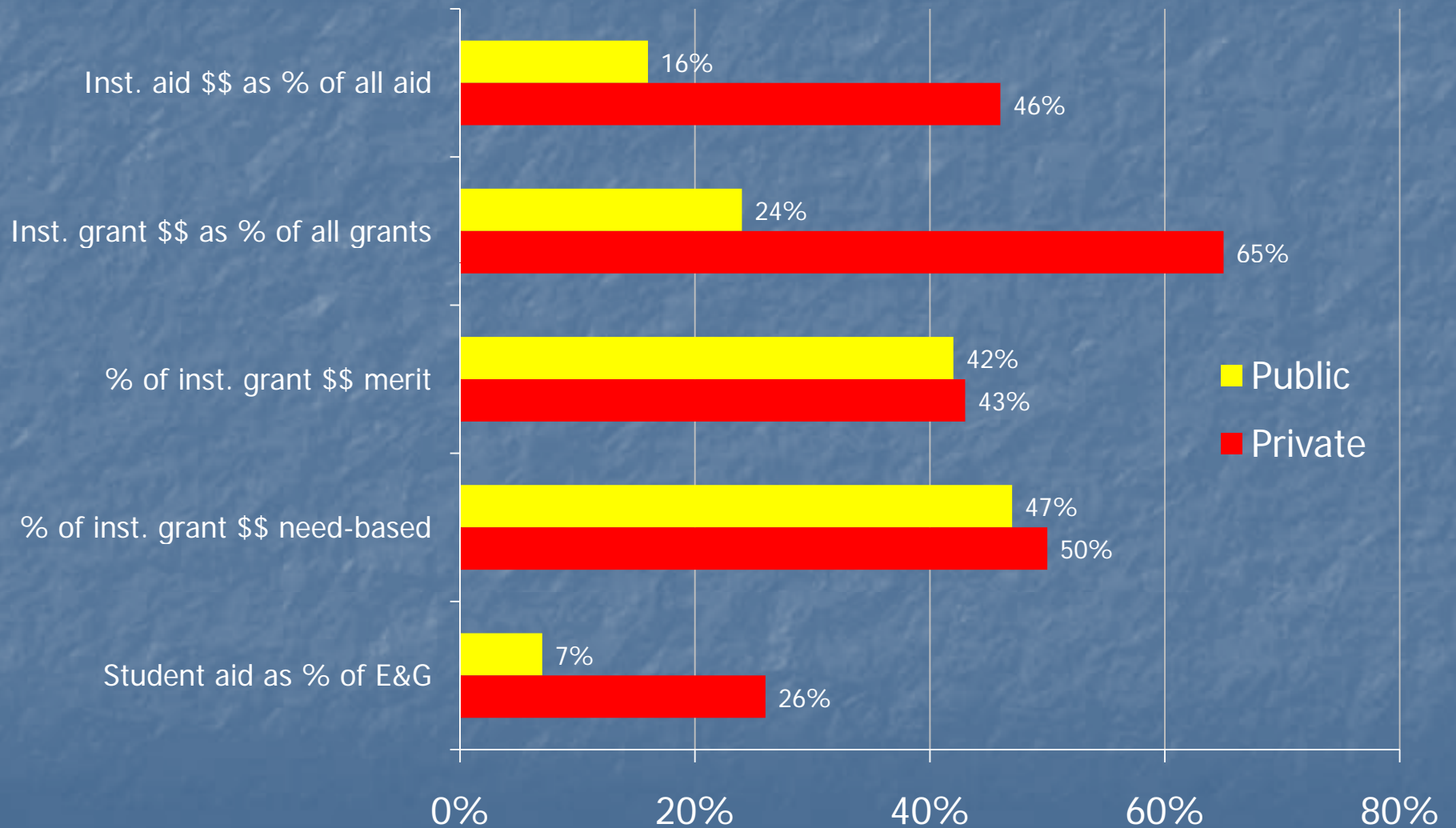
# Differential packaging



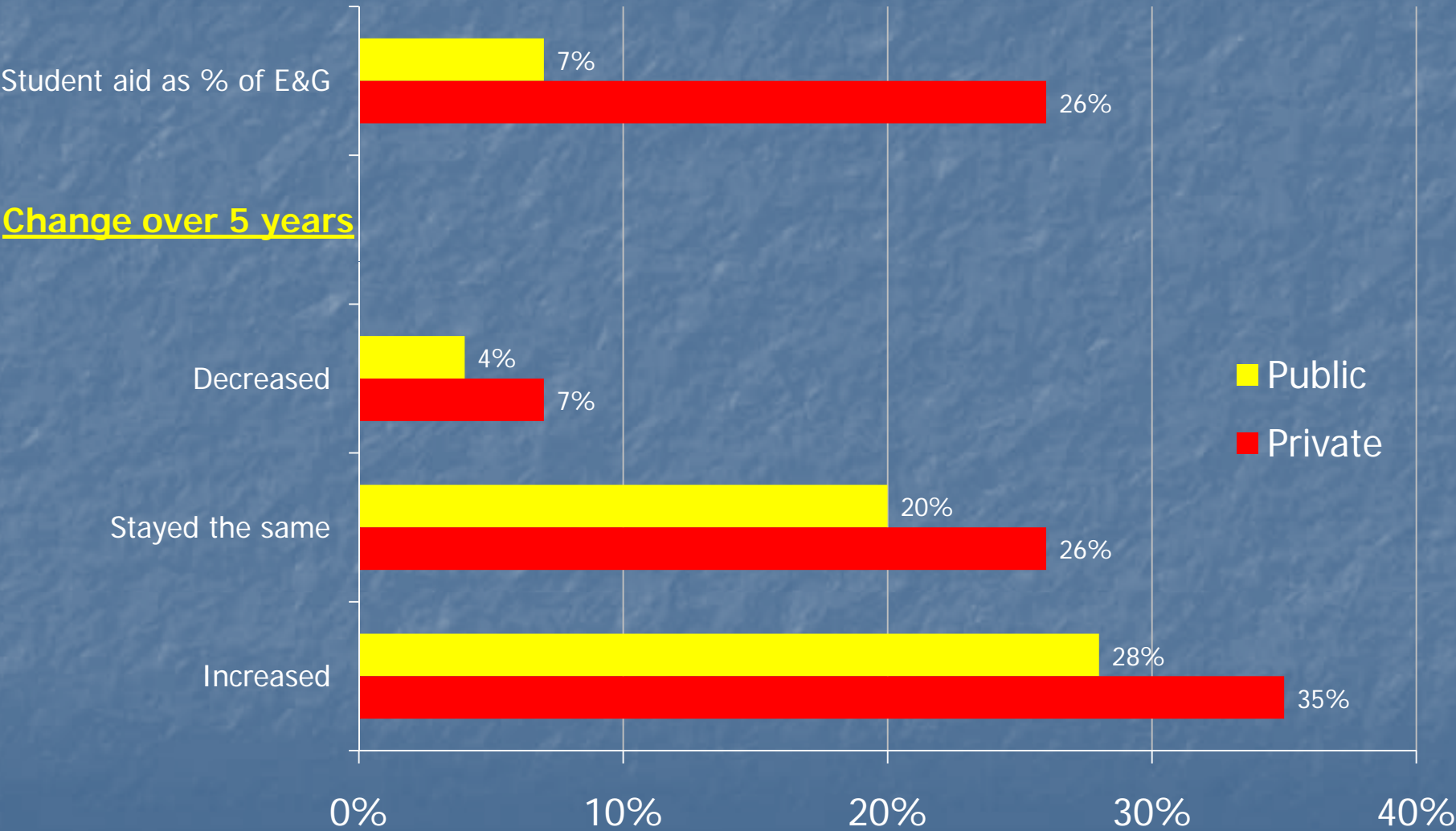
# Use of merit aid



# Financial aid spending

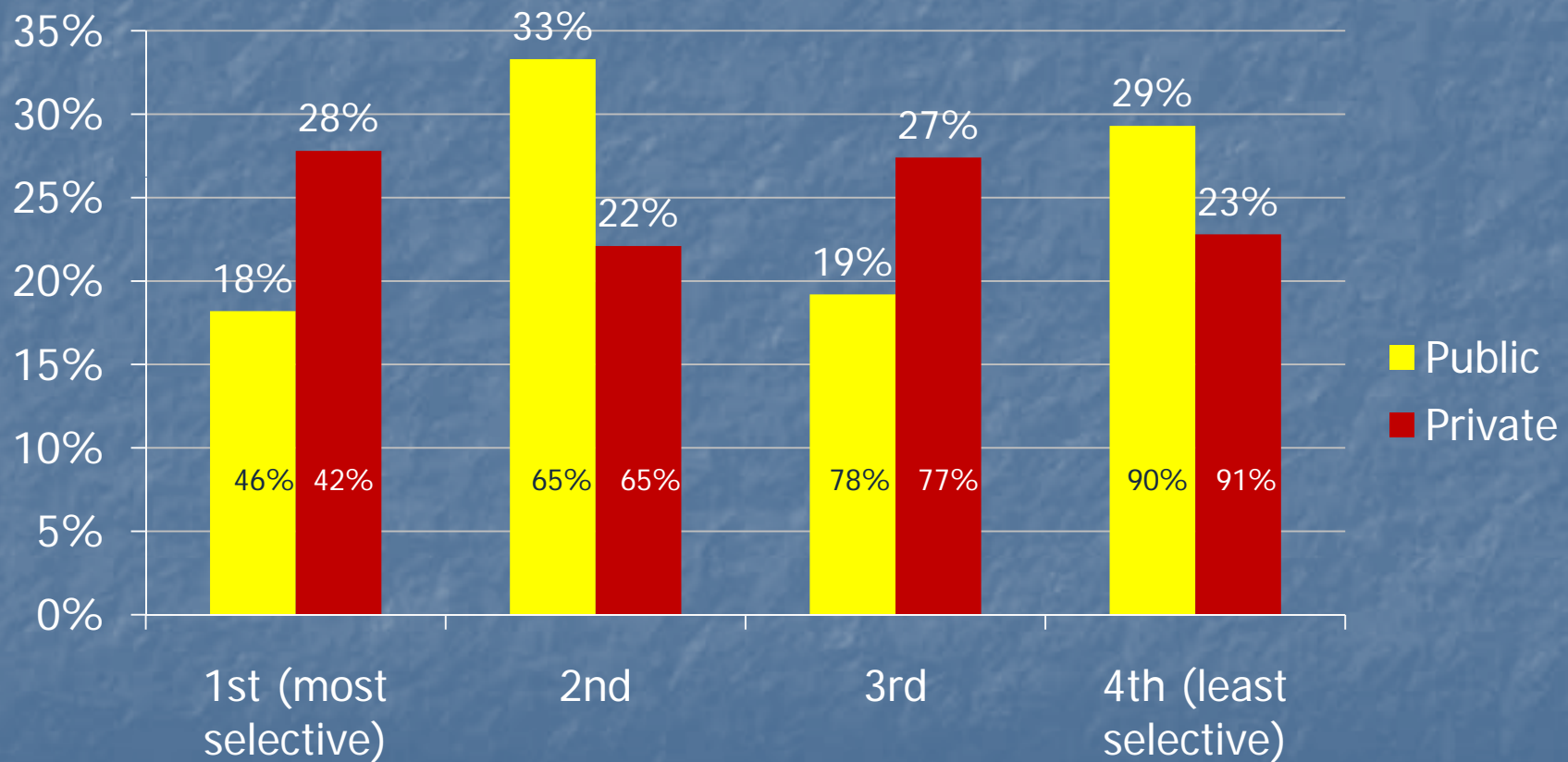


# Financial aid spending, cont.

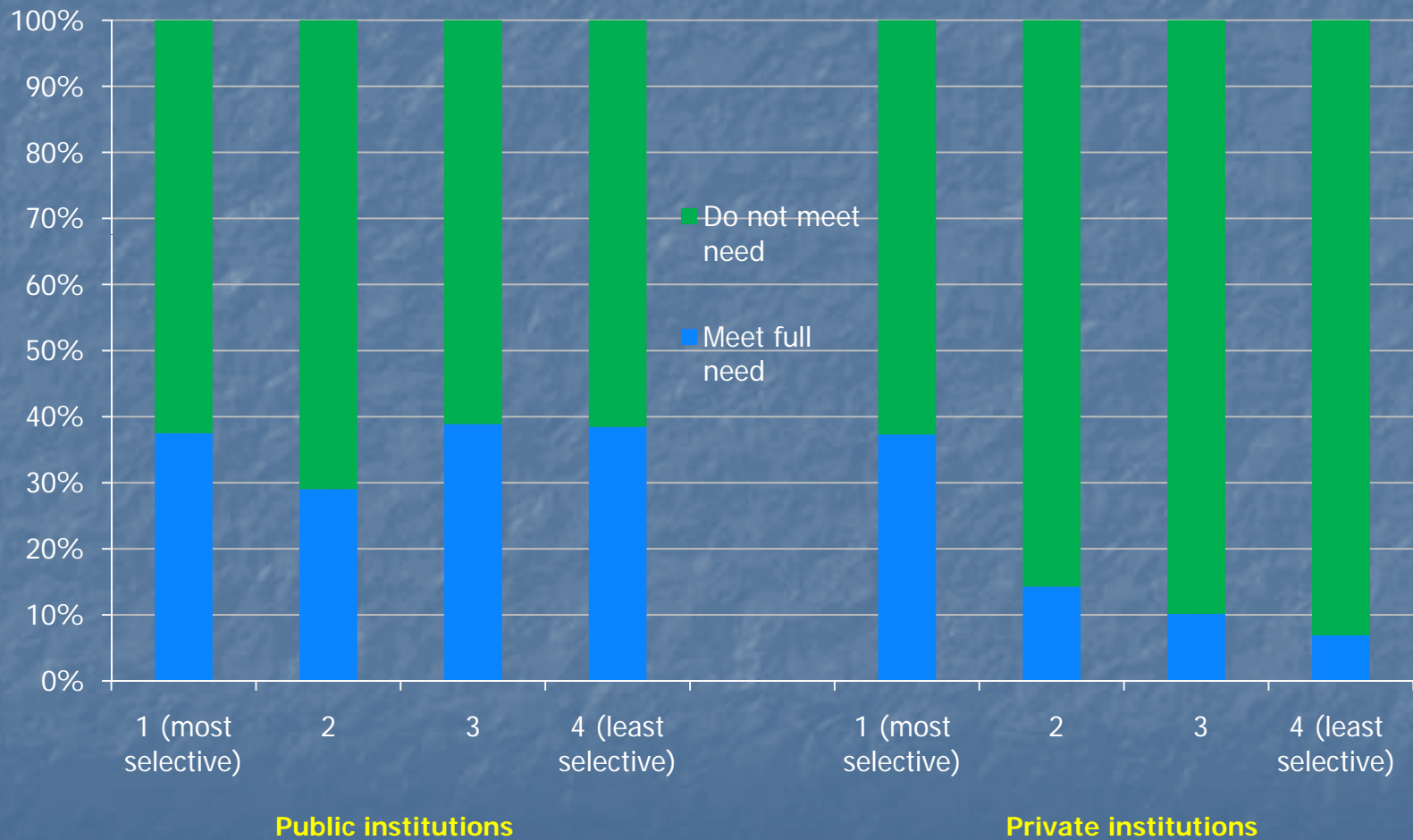


# Institutional selectivity (acceptance rate)

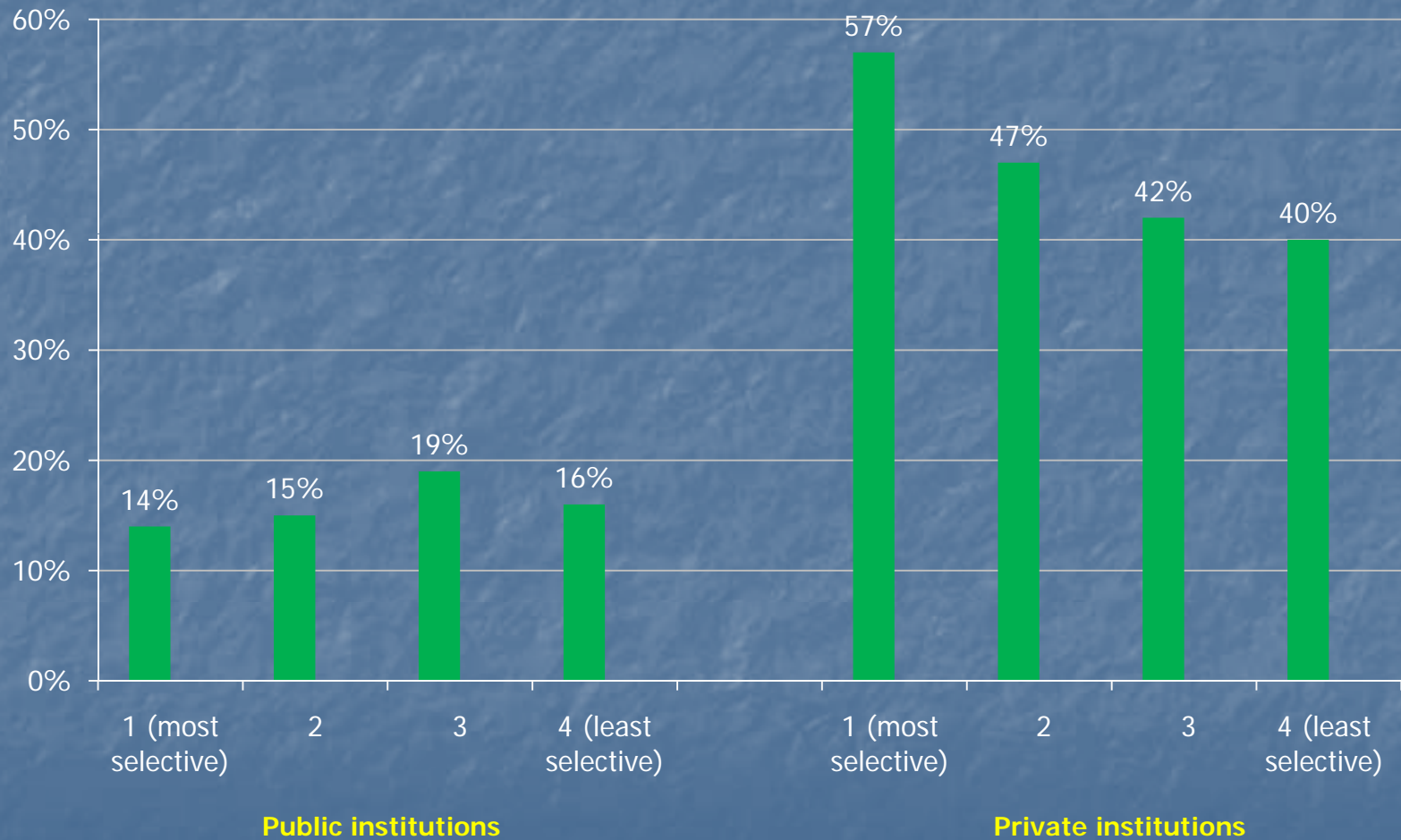
% of institutions in each selectivity quartile



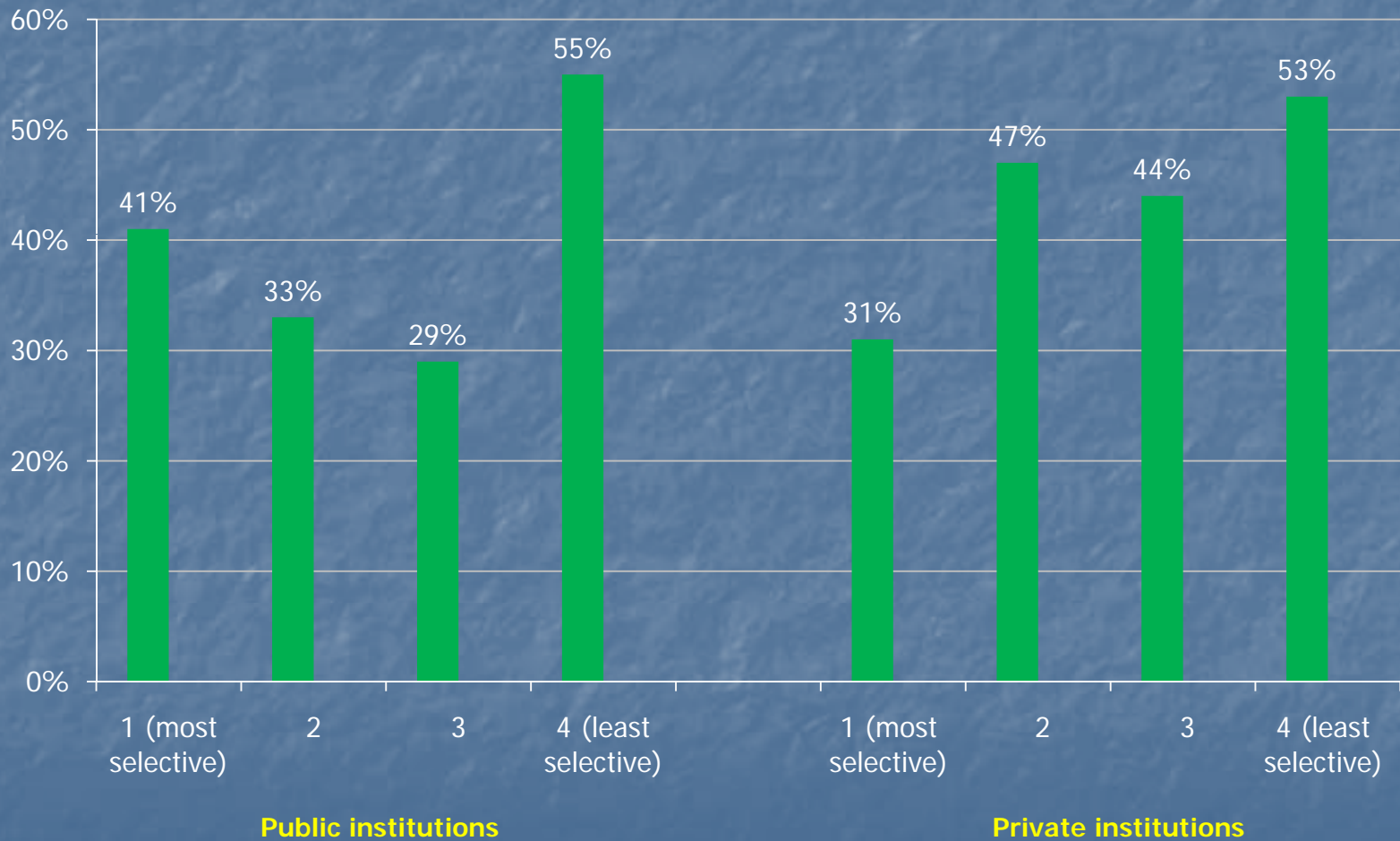
# Admissions selectivity and meeting full need



# Institutional aid as % of all administered aid



# Merit grant proportion of all institutional grants





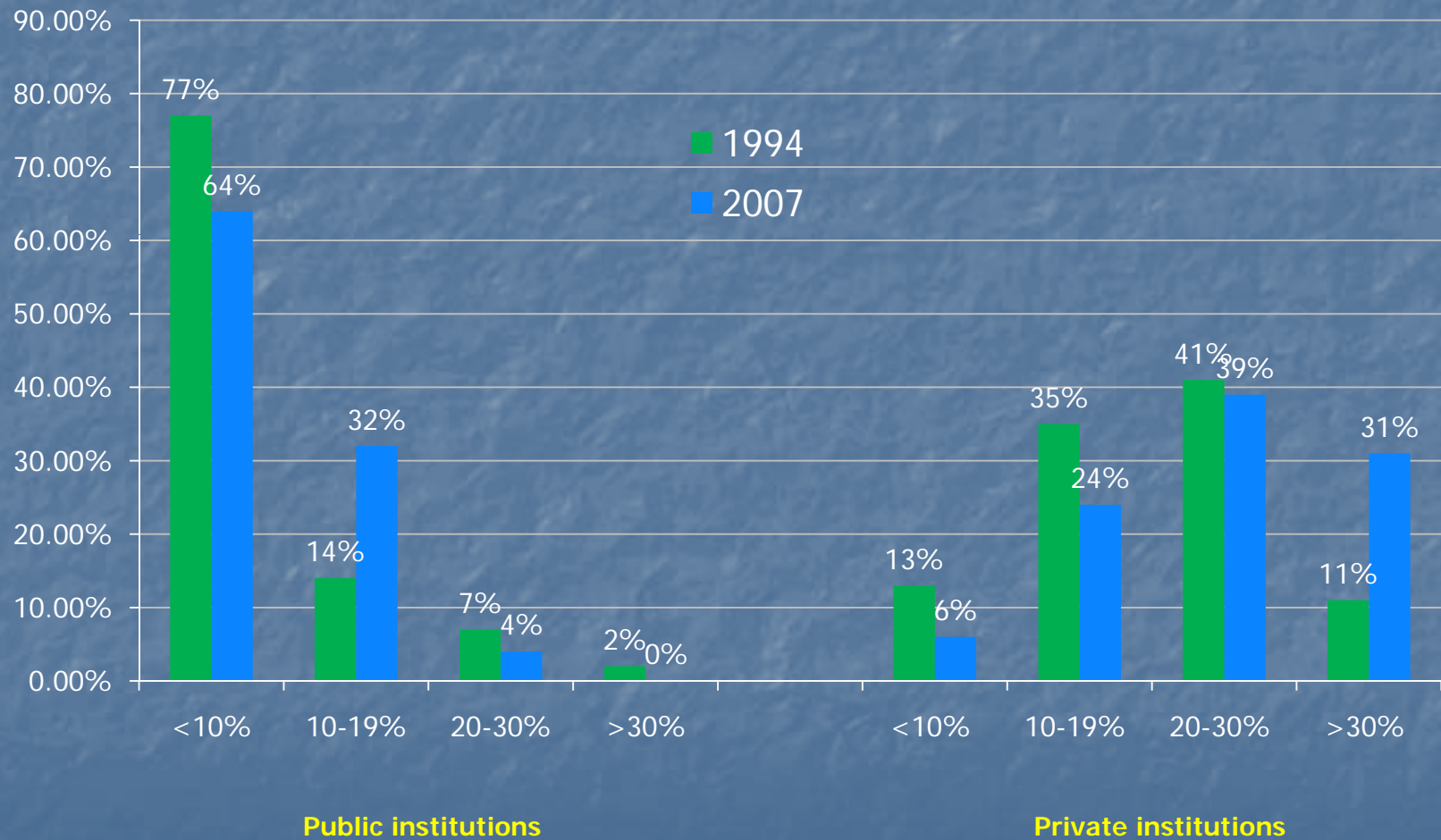
## Comparisons with 1994 NACAC survey

- 2007
  - 4-year institutions only
  - 28% public
- 1994
  - 4-year and 2-year
  - 7% of total were 2-year
  - 31% of 4-year institutions were public

## Key changes from 1994

- Increased control over financial aid policy for CEM or FinAid officer: increased from 35% to 44%
- Public institutions meeting full need: increased from 19% to 32%
- Growth in merit grants as % of all institutional grants
  - Merit aid grew from 27% in 1994 to 43% in 2007
  - Need aid has decreased from 66% in 1994 to 49% in 2007

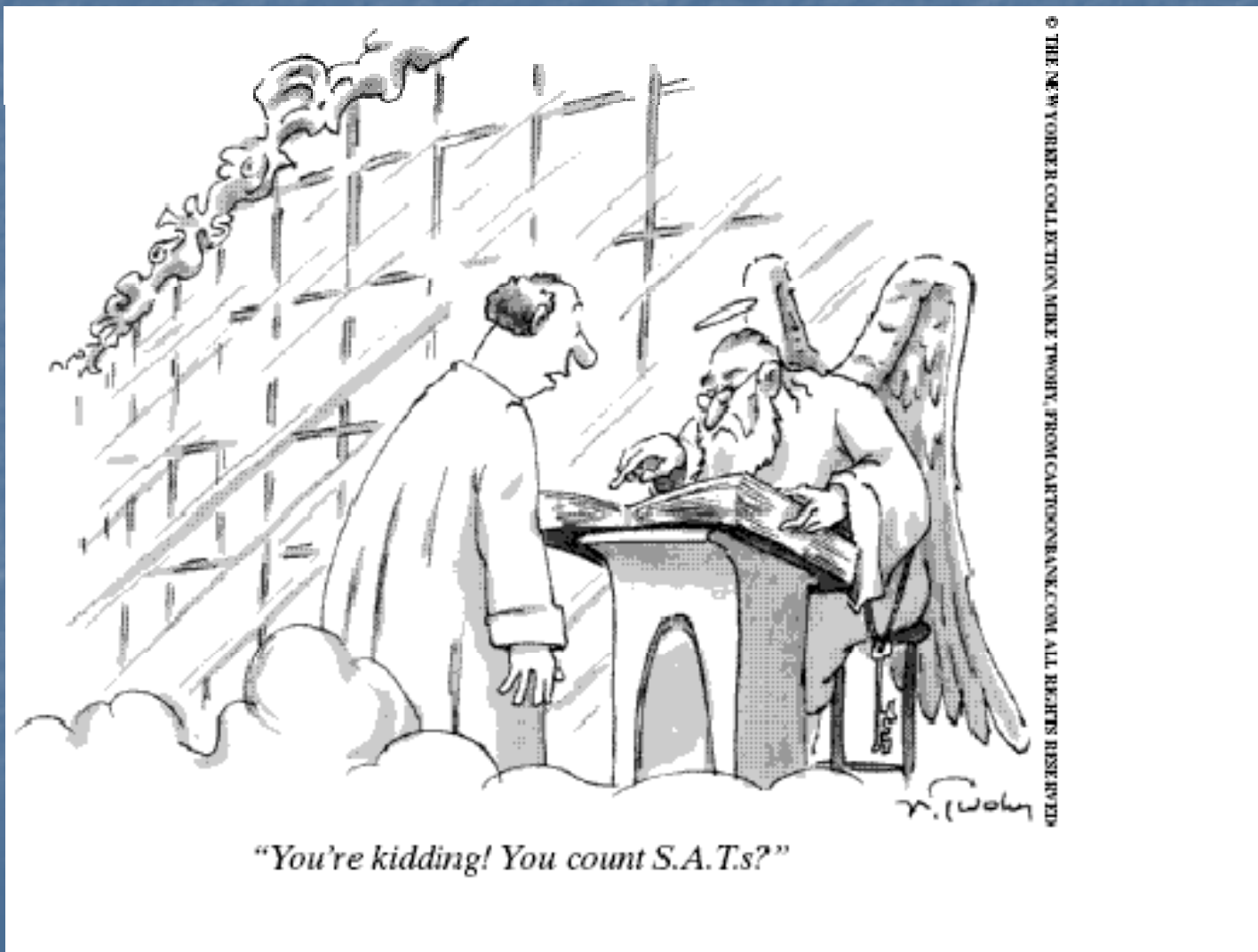
# Student aid as a % of E&G expenditures



# Conclusions

- While need-blind admissions appears strong, less than 1/3 of all institutions meet full need
- Differential packaging is heavily utilized by private institutions, with a variety of criteria used
- Institutional grants are consuming a larger proportion of budgets, particularly in private institutions
- Merit aid is growing at the expense of need-based aid
- Financial aid policies are related to admissions selectivity

Just in case you thought that testing and merit ends in college. . . .



# Questions and discussion

<http://www.personal.psu.edu/deh29>