

Passed 11/28/06

## **Assembly Resolution 13: Student Support for Financial Aid in the University of Texas' next Capital Campaign**

### **Section One: The We're Texas Capital Campaign**

**Whereas** the "We're Texas" capital campaign ran from September 1, 1997 to August 31, 2004, and raised \$1.63 billion representing 520,000 contributions from 130,000 individuals, 7,300 corporations, and 600 foundations. [1]

**Whereas** the "We're Texas" campaign receipts were directed as follows: Programs & Research (64.5%), Buildings & Infrastructure (15.6%), Students (12.1%), and Faculty (7.8%). [2]

**Whereas** the "We're Texas" campaign was the largest and the most successful ever for a university without a medical school. [1]

### **Section Two: UT's Next Capital Campaign**

**Whereas** university leadership is beginning to plan the next capital campaign.

**Whereas** in his first state of the university address, President Powers said, "This is our time at Texas. Yours and mine. We're in this together. Everyone here today – and everyone who is a part of this university family worldwide – must contribute to our common goal of becoming the best public university in the country... We will make our case to our supporters with the most ambitious capital campaign in our history. We will become the leading public university in America. And Texas will be stronger as a result." [3]

### **Section Three: Insufficient Federal Aid**

**Whereas** college costs have risen by more than 50% since 1990, but federal aid hasn't kept up. [4]

### **Section Four: Insufficient State Support**

**Whereas** as state appropriations for higher education were increasing per student, even as enrollment grows, the proportion of state budgets devoted to higher education declined nationally. [5]

**Whereas** the UT website states that "While UT ranks among the best, we operate under the constraints of low state support and low tuition." [6]

**Whereas** UT's state appropriation per student is half that of UCLA and Berkeley, less than 60 percent of Wisconsin and about two-thirds that of Michigan and Illinois. [6]

**Whereas** State financial support of public higher education has increased, but tuition has increased more. [5] (1)

### **Section Five: Over Time, Fewer Grants and More Loans**

**Whereas** since the mid 1970s, average government grants and institutional aid has fallen from about 85 percent of financial aid packages to about 30 percent of financial aid packages with the rest in the form of subsidized and unsubsidized student loans. [7] (2)

**Whereas** more students and families at all income levels are borrowing more than ever before to pay for college. In 1981, loans accounted for 45% and grants for 52% of federal student financial aid. In 2000, loans represented 58% of federal student financial aid, and grants represented 41%. [5]

### **Section Six: Student Debt Amounts are Growing**

**Whereas** from 1993 to 2004, in 2004 dollars, there has been a ten-fold jump of new graduates with high debt. [8] (3)

**Whereas** in 2004, 7.7% of graduating students with student loans owed \$40,000 or more. This amount is larger than can manageably be repaid in 10 years by most full-time workers age 25-34 with a bachelor's degree. [8]

**Whereas** two-thirds of all four-year college graduates in 2004 left school with student debt, compared with less than one-third in 1993. [9]

**Whereas** the average borrower who graduates from a public college owes \$17,250 from student loans. Ten years ago, the average student borrower attending a public college or university graduated owing \$8,000 from student loans (adjusted for inflation). [10]

**Whereas** of seniors graduating with debt in 2004... the median was \$17,120, an increase of \$6,714 compared to the median for 1993 graduating borrowers. [8]

### **Section Seven: Student Debt Prevents Students from Taking Careers in Public Service**

**Whereas** 23% of public college and 38% of private college graduates will potentially have unmanageable debt as a starting teacher. [9]

**Whereas** 37% of public college and 55% of private college graduates will potentially have unmanageable debt as a starting social worker. [9]

### **Section Eight: Financial Difficulties Prevent Students from Applying to all Colleges**

**Whereas** increases in tuition have made colleges and universities less affordable for most American families. The lowest-income families have lost the most ground, and this is a major factor in their lower rates of college attendance. [11]

### **Section Nine: Low Financial Aid Prevents Students from Applying to UT Austin**

**Whereas** a report by the Office of Student Affairs Research in 1998 listed “total amount of financial aid” as the most negative factor influencing the decision to apply to UT Austin. [12]

**Whereas** “[percent] of costs covered by financial aid” is the second most negative factor influencing the decision to apply to UT Austin. [12]

#### **Section Ten: Low Financial Aid Prevents Students from Enrolling at UT Austin**

**Whereas** financial aid was the first of five factors listed differentiating students who enrolled differed from those who did not enroll. [12]

**Whereas** slightly more than one-half of the enrolled students, but only about one-third of the non-enrolled students reported their financial aid package was competitive with offers from other schools. [13]

**Whereas** 33% of enrolled students and 45% of non-enrolled students reported that their decision to attend UT-Austin was affected by their financial aid offer. [13]

**Whereas** a report by the Office of Student Affairs Research in 1998 stated that “The top three factors that [influenced students not to apply to UT] involved money and/or financial aid. The total amount of financial aid, the percentage of costs covered by financial aid and the \$200 enrollment deposit were reported to have a negative influence on students' decisions to apply to UT-Austin by one-fourth or more of both student groups.” [13]

#### **Section Eleven: Insufficient Support for Graduate Students at UT Austin**

**Whereas** in his first state of the university address, President Powers said, “We lag far behind our competitors in support for graduate students. Every year we lose outstanding graduate students because our financial support does not compete well in the national arena. And we lose these students not only to [quality schools],... but to schools whose graduate programs are not as good as ours. If we aspire to international prominence, we have to spend more money on graduate education at this university.” [3]

#### **Section Twelve: Universities in Texas are Falling Behind In Six-Year Graduation Rates, Partly Due to Financial Aid**

**Whereas** of the 29 states that have at least three public Master’s I institutions, Texas state colleges currently rank 25<sup>th</sup> in six-year graduation rates. [14]

**Whereas** financial aid can “increase graduation rates of students who might not be able to complete college due to financial issues.” [15]

#### **Section Thirteen: The Texas Higher Education Coordinating Board has Called for Increased Grants and Scholarships**

**Whereas** goal one, strategy four, of Closing the Gaps: The Texas Higher Education Plan states that Texas should “[establish] an affordability policy that ensures students are able to participate and succeed in higher education by: [providing] grants and scholarships to cover tuition, fees and books for every student with financial need.” [16]

#### **Section Fourteen: Improvements to Financial Aid Benefits University of Texas Rankings**

**Whereas** US News and World Reports annually ranks colleges on factors including: 1) ratio of quality to price, 2) percentage of all undergraduates receiving need-based scholarships or grants, 3) average discount. [17]

**Whereas** the Princeton Review’s *Best 361 Colleges Rankings* ranks colleges based on students’ assessments of how satisfied they are with their financial aid package. [18]

**Therefore Be It Resolved** that Student Government at the University of Texas at Austin congratulates the “We’re Texas” capital campaign for raising over 1.63 billion dollars.

**Be It Further Resolved** that Student Government at the University of Texas at Austin pledges its support and offers its help on the upcoming capital campaign.

**Be It Further Resolved** that Student Government at the University of Texas at Austin asks President Powers, Vice President of Development Richard Eason and the University Development Board to make Financial Aid for Students a clear priority of the next capital campaign.

**Be It Further Resolved** that Student Government at the University of Texas at Austin suggests that the Office of Student Financial Services provides a summary of the financial needs of students to President Powers, Vice President of Development Richard Eason and the University Development Board.

**Be It Further Resolved** that Student Government at the University of Texas at Austin suggests that the Faculty Council Financial Aid Committee provide suggestions for innovative improvements to Financial Aid to President Powers, Vice President of Development Richard Eason and the University Development Board.

**Be It Further Resolved** that Student Government at the University of Texas at Austin recognizes that students will not benefit from the next capital campaign for years to come and calls on individuals within the UT community to improve financial aid for students in the short term.

#### **Authors**

Grace Lee (Social Work Representative), Michael Windle (Two Year At Large Representative)

#### **Sponsors**

Grace Lee (Social Work Representative), Michael Windle (Two Year At Large Representative)

## Comments

(1) For the nation as a whole, state appropriations to public colleges and universities increased by 13% from 1980 to 1998 (in constant dollars per student). During the same period, total institutional revenues (likewise in constant dollars per student) rose by 41%, from \$10,265 to \$14,502 (see figure 8). Given the 13% increase in appropriations from states, how did public colleges and universities increase their revenues by 41%? One answer is tuition. From 1980 to 1998, tuition revenues at public institutions of higher education increased by 107%, from \$1,696 to \$3,512 (in constant dollars per student).

(2) Overall, college affordability began to decline in 1975-76 as average government grants and institutional aid peaked at about \$3,000 per student or about 85 percent of total financial aid packages. By 1982-83, government grants and institutional aid had dropped to only about \$1500 per year and remained at that level through the late 1990s. Today, government and institutional grants average about 30 percent of financial aid packages with the rest in the form of subsidized and unsubsidized student loans.

(3) High debt is defined as owing at least \$40,000. At double the national average, \$40,000 is more than most people can manage to repay in 10 years.

## Footnotes

[1] <http://www.utexas.edu/supportut/campaign/index.html>

[2] [http://www.utexas.edu/supportut/news\\_pub/campaign\\_progress\\_report.html](http://www.utexas.edu/supportut/news_pub/campaign_progress_report.html)

[3] <http://www.utexas.edu/president/speeches/utexas123.html>

[4] [http://www.usatoday.com/money/perfi/college/2006-06-11-debt-cover-usat\\_x.htm](http://www.usatoday.com/money/perfi/college/2006-06-11-debt-cover-usat_x.htm)

[5] [http://www.highereducation.org/reports/losing\\_ground/ar2.shtml](http://www.highereducation.org/reports/losing_ground/ar2.shtml)

[6] [http://www.utexas.edu/supportut/core\\_values/responsibility.html](http://www.utexas.edu/supportut/core_values/responsibility.html)

[7] [http://lendingtree.com/livingwithdebt/collateral/full\\_report.pdf](http://lendingtree.com/livingwithdebt/collateral/full_report.pdf)

[8] [http://projectonstudentdebt.org/files/pub/High\\_Hopes\\_Big\\_Debts.pdf](http://projectonstudentdebt.org/files/pub/High_Hopes_Big_Debts.pdf)

[9] <http://www.pirg.org/highered/payingback.pdf>

[10] [http://www.aascu.org/policy\\_matters/pdf/v3n8.pdf](http://www.aascu.org/policy_matters/pdf/v3n8.pdf)

[11] [http://www.highereducation.org/reports/losing\\_ground/ar9.shtml](http://www.highereducation.org/reports/losing_ground/ar9.shtml)

[12] <http://www.utexas.edu/student/research/reports/ccweb/CCweb.html>

[13] <http://www.utexas.edu/student/research/reports/ccweb/CCweb2.html>

[14] Report by the Massachusetts Board of Higher Education found at [http://www.mass.edu/p\\_p/includes/meetings/2005/BHE.6.21/GraduationRateTaskForceReport.htm](http://www.mass.edu/p_p/includes/meetings/2005/BHE.6.21/GraduationRateTaskForceReport.htm)

[15] Paper by the National Association of Student Financial Aid Administrators available at <http://www.nasfaa.org/publications/2006/rstudentaidcritique041106.html?Print=Yes>

[16] Report by the Texas Higher Education Coordinating Board found at <http://www.theeb.state.tx.us/ClosingtheGaps/>

[17] [http://www.usnews.com/usnews/edu/college/rankings/about/07bvmeth\\_brief.php](http://www.usnews.com/usnews/edu/college/rankings/about/07bvmeth_brief.php)

[18] <http://www.princetonreview.com/college/research/rankings/rankingCategory.asp?categoryID=1>