



HANDOUT 4

Memorandum 2

TO : Representative Greg Leding

FROM: Bureau of Legislative Research

DATE : 6-27-16

SUBJECT : Comparison of Financial Aid for Selected Universities

PROJECT #: 16-063

Introduction

This second memo addresses your follow-up question regarding the comparison of cost of attendance at the University of Arkansas at Fayetteville (UA-F) to similar costs at University of Florida at Gainesville (UF-G), University of North Carolina at Chapel Hill (UNC-CH), University of Tennessee at Chattanooga (UTn-C), Texas A & M University at College Station (TAMU-CS), and University of Texas at Austin (UTx-A). Originally, the intent was to examine the flagship campus of each of these southern states. However, the financial aid staff at the University of Tennessee at Knoxville confirmed that their financial aid calculator was not operational and that they can only calculate aid for currently enrolled students. The University of Tennessee has four campuses, with the one at Chattanooga having the second largest student population (12,793), following the flagship Knoxville campus (27,845 in 2015).

The University of Tennessee at Chattanooga campus was selected because its student population comes the closest to the other universities compared. A third campus at Martin only has a population of about 7,900 students, and the fourth campus is the Health Science Center at Memphis with approximately 2,800 students. Unlike the other research universities examined in this memo, UT at Chattanooga is classified by the Carnegie Classification¹ as a Master's University, and its student population (12,793) and acceptance rate (77.3%) are noticeably different. These differences should be considered in interpreting any comparisons of costs of admission.

The other universities considered are classified as research institutions, meaning that one of their primary missions is conducting cutting-edge investigations, seeking research funding, and hiring prolific scholars.¹

	UA-F	UF-G	UNC-CH	UTn-C	TAMU-CS	UTx-A
Population	26,754	54,519	29,135	12,793	58,577	50,950
Acceptance Rate	62%	47.1%	28.5%	77.3%	71%	39.7%

Note: Enrollment estimates are based on 2015 data from websites of the respective universities. Acceptance rates are from 2016 U. S. News & World Report. <http://www.usnews.com/rankings>

¹ Carnegie Classification of Institutions of Higher Education. <http://carnegieclassifications.iu.edu/index.php>

Net Price Calculators

The financial aid calculator found on most university websites is called a *net price calculator*, and many universities have adapted the College Board's net price calculator located at this link: (<http://netpricecalculator.collegeboard.org/>). For example, the University of North Carolina at Chapel Hill and the University of Florida at Gainesville both use adapted versions of the College Board's net price calculator. The University of Arkansas at Fayetteville has designed a net price calculator that requests very similar information as the one developed by the College Board, and it produces a particularly easily understood output seen in Appendix A: (<https://universityofarkansas.studentaidcalculator.com/welcome.aspx>).

State-funded universities in Texas use the same statewide net price calculator, which provides for up to three comparisons between Texas universities at a time with a single submission of requested information (<http://www.collegeforalltexas.com/apps/CollegeMoney/>). Repeated comparisons and changes in information can be made without reentering other information. The Texas price calculator asks for very similar information as the one designed by the College Board. The calculator at the University of Tennessee at Chattanooga required less information than the others examined, but it seemed to ask for critical data needed to estimate net the cost of admission. It is located at: <http://www.utc.edu/financial-aid/estimating-your-cost/net-price-calculator.php>

Information Used in Net Price Calculations

The information generally requested by the various net price calculators at the selected universities is shown in Appendix B. The information provided for calculations for the three different levels of household income was the same, with the following exceptions: 1) parents' cash available (e.g., bank accounts, investment cash), and 2) value of home. Details regarding these exceptions are presented in the note below the table in Appendix B. The three annual household income levels calculated were: 1) \$60,000, 2) \$40,000, and 3) \$25,000. The \$60,000 income level was retained from the comparison of Harvard University to UAF discussed in the previous memo. The \$25,000 figure is rounded up from the current poverty level for a family of four of \$24,250, and the \$40,000 was an arbitrary level chosen between the other two levels. As noted in Appendix A, the estimated costs after aid include loans.

Estimated Cost of Attendance with Financial Aid

The estimated costs of attendance with financial aid at the universities compared for the three annual household income levels used are shown in the following table.

Estimated Cost of Attendance with Financial Aid for 3 Household Income Levels					
\$60,000 Household Income Level					
UA-F	UF-G	UNC-CH	UTn-C	TAMU-CS	UTx-A
\$13,081	\$5,961	\$2,838	\$15,083	\$0-25,936	\$0-\$23,957
\$40,000 Household Income Level					
\$10,581	\$4,457	\$1,066	\$12,583	\$0-24,130	\$0-\$22,746
\$25,000 Household Income Level					
\$7,281	\$2,950	\$100	\$8,633	\$0-\$26,460	\$0-\$24,485

². U. S. Department of Health and Human services (2016). Federal Poverty Guidelines. <https://www.parkviewmc.com/app/files/public/1484/2016-Poverty-Level-Chart.pdf>

It may be noted in the previous table that Texas A & M University at College Station (TAMU-CS) and the University of Texas at Austin provide a range of estimated costs of attendance remaining after receiving financial aid based on information presented in Appendix B. The estimated range of cost of attendance with aid in Texas schools is not very useful. It also should be noted that the larger range for a household income of \$25,000 is the result of using lower available cash and home values than for the other household incomes (see Appendix B). The information provided for this poverty level household income seemed more realistic than the available cash and home values provided for the other income levels.

Examining the estimated costs of attendance with aid for the other universities, it may be observed that the University of North Carolina at Chapel Hill (UNC-CH) has the lowest costs at each of the three levels of annual household incomes. Particularly noteworthy is the estimate that a student from a household with \$25,000 or less annual income would pay only \$100, which is considerably below the other universities. University of Florida at Gainesville also is significantly below the other universities. Excluding the two universities in Texas that report ranges instead of a single estimated cost, the University of Tennessee at Chattanooga is the only school with higher costs at each level of income than the University of Arkansas at Fayetteville.

Estimated Cost of Attendance Before Financial Aid is Provided

In the following table are the costs of attendance before financial aid is provided according to the net price calculators at the respective universities selected. It indicates that Texas A & M University at College Station is the most expensive, followed by the University of North Carolina at Chapel Hill and the University of Texas at Austin. According to these estimates, the University of Arkansas at Fayetteville costs less than those schools, but more than the University of Tennessee at Chattanooga and the University of Florida at Gainesville.

Estimated Costs of Attendance Before Aid by Net Price Calculator						
University	Tuition & Fees	Room & Board	Books & Supplies	Transportation	Other/ Personal	TOTAL
UA-F	\$8,522	\$9,880	\$1,000	----	\$4,104	\$23,506
UF-G	\$8,390	\$9,910	\$1,210	\$1,090	\$2,660	\$21,260
UNC-CH	\$8,834	\$11,218	\$1,442	\$810	\$2,594	\$24,898
UTn-C	\$8,183	\$9,000	\$1,400	----	\$3,280	\$21,883
TAMU-CS	\$9,707	\$10,368	\$1,054	----	\$5,756	\$26,885
UTx-A	\$9,810	\$11,864	\$662	----	\$2,510	\$24,846

Note: ---- denotes that the cost is not used in the calculation at the particular university.

Brief Conclusion

In conclusion, the descriptions provided by universities indicated that they used the same procedure to calculate the estimated costs. As shown in the above table, there was some variance in whether universities included transportation in their calculations of estimated costs. However, the information requested from students and families was remarkably similar across these schools. To confirm the results reported in this memo, we used the Free Application for Federal Student Aid (FAFSA) calculator to double-check the estimates provided in this memo.³ The FAFSA calculator provided estimated costs of attendance with aid that were very similar to those reported in this memo – the relative differences between universities were nearly identical.

There is no consistent pattern between the estimated costs of attendance with aid at particular

³ U. S. Department of Education. <https://fafsa.ed.gov/FAFSA/app/f4cForm?execution=e3s1> universities and their estimated cost of attendance before financial aid is provided. For example, the University of North Carolina at Chapel Hill has the lowest costs of attendance with aid, and yet it has the second highest cost of attendance before aid is provided. Compared to the other universities examined, it had significantly lower prices, including \$100 for students from households with an annual income of \$25,000 or less – essentially those living in poverty.

Appendix A: University of Arkansas at Fayetteville Net Price Calculator Output Table

Estimates for the 2015-2016 Academic Year

Your published cost of attendance:

Tuition & Fees	+ \$8,522
Room & Board	+ \$9,880
Books & Supplies	+ \$1,000
Other Expenses	+ \$4,104

Total Cost **\$23,506** ?

Your estimated need:

Total Cost	\$23,506
Expected Family Contribution (EFC)	- \$3,815 ?

Total Need **\$19,691**

Your estimated grants and scholarships:

Federal Aid

Pell Grant - \$1,925

State Aid

Academic Challenge Scholarship - \$2,000

College Grants and Scholarships

University of Arkansas Merit Scholarship - \$1,000 ?

Your Estimated Net Price **\$18,581** ?

Your estimated eligibility for other aid programs:

Loans

Federal Direct Subsidized Loan - \$3,500

Federal Direct Unsubsidized Loan - \$2,000

Estimated Remaining Cost after Financial Aid **\$13,081** ?

Information Requested	Information Provided
Date of birth	1998
High school graduate	yes
Resident of state	yes
Marital status	single
Dependents	0
Residence desired	On-campus
Ever an orphan	No
Parents' marital status	Married
Siblings	1
Family members that will be in college simultaneously	2
Household income	*See note below table
Additional sources of income (several types requested)	0 on all other types
Tax adjustments	0
Tax credit for education	0
Tax deductions	2
Parents' cash available (e.g., bank accounts, investment cash)	**See note below table
Value of home (currently and when purchased)	***See note below table
Age of home	20 years
Student earnings in the past year	\$2,500
Other student income in the past year (taxable and untaxable)	0
Taxes paid by student	\$250

Note: This table shows almost all requests for information and responses given for net price calculations at the various universities. *Separate calculations were conducted for 3 household income levels: 1) \$60,000, 2) \$40,000, and 3) \$25,000. **Two different responses were provided for parents' cash available: 1) \$12,000 for household incomes of \$60,000 and \$40,000, and 2) \$0 for \$25,000. Also, two different values were provided for value of the home: \$150,000 for household incomes of \$60,000 and \$40,000, and \$75,000 for \$25,000.