UNIVERSITY OF VIRGINIA
FULL BOARD OF VISITORS
MEETING ON ACCESSUVA
AUGUST 2, 2013
FULL BOARD MEETING ON ACCESSUVA

Friday, August 2, 2013
10:50 a.m. – 12:00 p.m.
Abbott Center Dining
Conference Room, Darden School

AGENDA

PAGE

• ACCESSUVA PROGRAM RECOMMENDATION (Mr. Patrick D. Hogan to introduce Ms. Megan Lowe; Mr. Hogan and Ms. Lowe to report)
BACKGROUND: The Board of Visitors authorized AccessUVa in February 2004 to ensure that an undergraduate education at the University would be available to all students regardless of their financial circumstances. The program has been successful in increasing socioeconomic diversity, reducing student loan debt, and meeting 100% of need for any student with financial need. This program has brought the University significant acclaim as the premiere need-based aid program for a public institution in the United States. The University is seen as a national leader in issues of college access and diversity. The success of AccessUVa has allowed us to continue to admit prospective students based on merit and not ability to pay.

There are four main components to the program, as it was conceived in 2004:

- Offer 100% of financial need to all undergraduates.
- Provide all-grant aid (no loans) to low-income students.
- Cap need-based loans for all undergraduate students.
- Include financial literacy education and debt management strategies.

Art & Science Group LLC was hired at the end of 2011 to conduct a full review of AccessUVa, specifically assessing the effects of financial aid on the admissions process and outcome. There were three phases to their work: a Financial Aid Optimization Study, a Peer Benchmarking Study, and a Prospective Student Survey. The intended outcome of the program review was to provide the empirical data necessary to understand the consequences of potential restructuring of the AccessUVa program.

Throughout the program review and development of recommendations to modify AccessUVa, the University has worked to ensure strong financial support to students demonstrating financial need and the prudent use of scarce unrestricted institutional resources, by moving from a model in which
increases in unrestricted institutional resources used for AccessUVa are highly variable to a model in which these increases are more predictable and sustainable.

DISCUSSION: Last fall, the University began work to develop possible modifications to the program. The objectives of the program modification were to:

- Manage investment of University unrestricted funds by taking steps to moderate the escalation of institutional resources and maximize other funds directed to the program;
- Focus on preserving our premier financial aid program for students with demonstrated financial need, including an awareness of student indebtedness; and
- Work to maintain student yield and socio-economic diversity and understand potential impacts.

In November 2012, the Board of Visitors was informed of administrative changes made for the program in 2013-14, including setting a deadline for financial aid application to March 1st; providing work opportunities for low-income students on aid (including substantive, paid internships working with faculty); and a minimum student contribution in aid packages for all financial aid recipients. Although AccessUVa costs will continue to rise, by fiscal year 2017-18 it is estimated that these administrative changes will lessen the escalation of annual program cost by approximately $4.3 million.

The University has developed the following program recommendation while maintaining the in-state/out-of-state ratio of undergraduate student population; continuing use of current methodology to determine financial need; grandfathering current students by phasing in program changes over four years; and remaining need-blind (where we do not consider an applicant's financial situation when deciding admission) and continuing to meet 100% of demonstrated financial need.

The Board of Visitors is asked to consider a programmatic change to one of the original tenets of the program. Currently, students with incomes below 200% of federal poverty guidelines (currently $46,100 for a family of four) do not receive loans as part of their financial aid award. This proposal would standardize the financial aid package components by offering loans to all students with financial need, regardless of income level. Although AccessUVa costs will continue to rise, this program modification would lessen the escalation of annual program costs by $6.0 million, while still meeting 100% of
The logic of offering loans to all students with need is that graduates of the University of Virginia, regardless of family income, will earn similar salaries upon entering the workforce. A recent report from CollegeMeasures.org ranks UVa as having the fourth highest average starting salary for recent graduates (at $50,500) among all state universities.

Together with the administrative changes implemented for 2013-14, it is estimated that by 2017-18 this proposed program change will lessen the escalation of annual program cost by approximately $10.3 million per year. The University recommends reinvesting $2.0 million of this cost avoidance for reinvestment in financial aid by awarding merit-based aid to offset the impact on socio-economic diversity, bringing the net annual cost avoidance of this proposal to $8.3 million.

Administration will also establish a regular review process with the Board of Visitors, reporting on metrics annually. A central and school-based campaign for private fundraising to support AccessUVA - both need-based aid and merit-based aid - will be developed, allowing donor contributions to help replace institutional support for AccessUVA. It is also vital to create a greater awareness of price and financial aid program through the use of an ongoing communications and marketing plan. These changes will help preserve the AccessUVA program’s position as one of the strongest commitments to guaranteed need-based aid in the country.

ACTION REQUIRED: Approval by the Board of Visitors

REAUTHORIZATION OF ACCESSUVA

WHEREAS, at its February 2004 meeting, the Board of Visitors authorized the implementation of AccessUVA beginning in the academic year 2004-2005; and

WHEREAS, the University is committed to need-blind admissions for undergraduate applicants and meeting 100% of need for all admitted undergraduate students to help ensure access to and affordability of education at the University, regardless of a student’s financial circumstances; and

WHEREAS, in order to understand the consequences of potential restructuring of the AccessUVA program, the University
conducted a comprehensive study of AccessUVa, specifically assessing the effects of financial aid on the admissions process and outcome; and

WHEREAS, the University seeks to attract, enroll, and graduate a socio-economically diverse student body; and

WHEREAS, the University seeks to ensure financial support to students demonstrating financial need and desires to preserve AccessUVa program’s position as one of the strongest commitments to guaranteed need-based aid in the country; and

WHEREAS, the University values the prudent use of scarce unrestricted institutional resources, and desires to move to a financial aid model in which increases are more predictable and sustainable;

RESOLVED, the Board of Visitors reauthorizes AccessUVa as it was originally envisioned in 2004, with one modification: to standardize the financial aid package components by offering loans to all students with financial need, beginning in 2014-15; and

RESOLVED FURTHER, implementation of this change will be phased in by class, beginning with the class entering in 2014-2015 (fully implemented by 2017-2018); this change will not be applied to any current student receiving financial aid; and

RESOLVED FURTHER, the Board of Visitors delegates authority to the Executive Vice President and Chief Operating Officer, with approval of the President and the Chairs of the Finance and Educational Policy Committees, to further modify the program consistent with the objectives of the AccessUVa program.