



UNIVERSITY GOVERNANCE RECORD

The special faculty meeting on Merit Aid will be held Monday, October 14, at 5PM in the LC Forum. Prof. Michael Payne will preside. The only agenda item is the following report.

Report from the Committee on Admissions and Financial Aid: Arthur Shapiro

For the past two years Bucknell has been considering whether merit aid scholarships should be awarded to prospective students during the admissions process. In spring 2001 CAFA produced a document entitled "A Reconsideration of Bucknell's Policy on Merit Aid." In February 2002 a faculty forum was held in order to express opinions and concerns about merit aid policy. In April the Board of Trustees approved a motion in favor of awarding merit aid at Bucknell. We now report on a proposal for a modest three-year pilot program with annual reviews. An overview of the program and a spreadsheet showing the distribution of the proposed need/beyond-need scholarships follow.

Merit Scholarship Program Design

Introduction

As Bucknell enters the 21st Century, we do so from a position of relative strength among national liberal arts colleges. Interest in the institution from prospective students is on the rise and admission to the university has become more selective. Under the recent five-year Strategic Plan, Bucknell successfully used "preferential" need-based aid, along with a more aggressive student recruitment program – one that often utilizes faculty assistance – to help raise the academic profile and diversity of the entering class. For example, in the last five years, the average SAT score has risen 52 points, from 1238 to 1290. During this same period the percentage of students from the top decile of their graduating class has risen from 54% to 64%. And, 14.3% of the Class of 2006 are members of racial minority groups.

It is against this backdrop of Bucknell's competitive posture in 2002, and also the growing challenges to it, that merit aid has been considered.

Much has changed in the student marketplace since Bucknell last considered what forms of financial aid to employ. And, although we recognize the recent gains made on the admissions front, we must be careful not to lose this competitive edge. Throughout the last five years, many of the schools with which the university competes for the "best and brightest" students have enhanced their position within the student marketplace through a variety of financial aid programs and other marketing tools including honors colleges at

flagship state universities. These programs include the redefinition of financial need (increasing a student's eligibility for "need-based" funds) and the use of no-need or beyond-need merit scholarships. The Ivy League and others, led by Princeton, are moving to redefine the entire financial need equation for many families. At the same time, members of our peer group are joining other academic powerhouses such as Northwestern, Stanford, Georgetown, Vanderbilt, Notre Dame and Rice in embracing merit aid. Eight of our 12 closely monitored application-overlap schools offer academic merit aid and diversity merit aid with awards worth at least \$10,000 annually. In the Patriot League, all but two institutions provide access either to merit aid (athletic or academic), or to the free education provided by the service academies.

We continue to see large numbers of Bucknell's most desirable applicants with no financial need (who are thus ineligible for preferential aid awards) and with low financial need (whose preferential aid awards do not have a strong impact) going elsewhere. Some are going to the most prestigious institutions in the nation, but others are being lured away by eminently "beatable" competitors offering merit aid or some other special inducement.

In basketball – the Patriot League's marquee sport – the balance of power has continued to shift following the approval of athletic merit scholarships in 1998. The university's continuing commitment to remain in the Patriot League should be supported by a scholarship program that attracts the level of student-athlete that will allow us to remain competitive.

The design for a pilot merit aid program presented to you for reaction and feedback reflects the discussions and deliberations on the subject since the Spring 2001 report submitted by the Committee on Admissions and Financial Aid (CAFA) and through the present. On April 27, 2002 the Bucknell Board of Trustees accepted, in principle, the concept of merit (no-need) financial aid and charged members of the administration to develop a program design for implementation to be considered by various constituencies within the greater Bucknell community. The Board will consider and vote on the program design presented to them at their November 2002 meeting.

The Board's guidelines for designing a merit aid program were taken directly from advice provided by CAFA in 2001. And, the program design being presented now follows these guidelines.

The guidelines are:

1. Merit aid will be backed by a feasible financing plan, including the raising of new funds.
2. Merit aid will not adversely affect the current socioeconomic mix among Bucknell students.
3. Merit aid will be committed on a 1:3 (athletic:non-athletic) ratio.
4. Annual goals will be established and reviewed by all interested parties sufficiently early to *be* goals.

In addition to these conditions, concerns presented by CAFA in its Spring 2001 report that are addressed within this proposed program design include:

1. A successful merit system may increase specialization as students are recruited to fill particular niches rather than to the broad, liberal aspect of the institution.

2. Large merit aid grants to excellent students may not be as good a way to raise the average quality of a class, compared to widespread smaller grants to somewhat-above-average students.
3. Merit aid to athletes can have ancillary benefits as higher academic quality can be required of these recipients.

Potential Benefits and Limits of the Program Design

This proposed program design works at the margins of our current competitive position; this is not a program that will make fundamental changes to the essence of the entering class. It impacts less than 5% of the intended class of 895. Thirty-two of the 42 students who would receive merit aid in some form would be students with demonstrated financial aid. The funds designated for merit awards represent 3% of the entire financial aid budget for first-year students. A mere 1% of the aid budget would be designated for no-need awards. In essence, the investment in the program is relatively modest and the distribution of these funds is tightly controlled.

In spite of its limits and primarily because of the strong position the university is now in, we believe that this design will provide us with enough information on which to base a recommendation for the program's future status once the 3-year pilot program is complete. This program design will allow us to test the impact that merit aid could have on meeting the opportunities available to us because of this additional recruitment tool.

The expectations for opportunities presented through merit aid were generated through the Board subcommittee's review of various documents and the notes of the many discussions about merit aid that took place throughout the greater Bucknell community. These opportunities were highlighted in the Board sub-committee's report:

1. Enhance Academic Quality
2. Strengthen Bucknell's Reputation
3. Improve Diversity
4. Attract Top Talent in the Arts
5. Attract More Middle-Income Students
6. Preserve Bucknell's ROTC Host-Institution Status
7. Fortify Financial Assistance Across the Board
8. Level the Playing Field in Basketball
9. Maintain Our Academic All-American Reputation

Highlights of the Program Design

Overall Planning Assumptions:

Size of Incoming Class of 2007	<u>895</u>
Total Number of Students Receiving Institutional Aid	427 (47.7%)
Total Number of Students Receiving Need-Based Aid Only	385 (43.0%)
Total Number of Students Receiving Beyond-Need Aid	32 (3.6%)
Total Number of Students Receiving No-Need Aid	10 (1.1%)
Total Institutional Aid Dollars for Class of 2007	<u>\$8,284,995</u>
Total Institutional Budget to Meet Demonstrated Need	\$8,041,095 (97%)
Total Institutional Budget for Beyond-Need Awards	\$ 152,200 (2%)
Total Institutional Budget for No-Need Awards	\$ 91,700 (1%)

- The percentage of the class receiving need-based aid (only, or with Beyond Need awards) would be 46.6% (417 students within a class of 895), an increase from the most recent 5-year average of 44%.
- 98% of all financial aid recipients (417 of 427) would have demonstrated financial need.
- Merit aid would be awarded to under 5% of the first-year class (42 students). Of the 42 merit aid recipients, 32 – or 76% – would be needy students per traditional calculations of need. We would “top off” their aid – that is, give them extra scholarship beyond their demonstrated need (“Beyond-Need” awards).
- 97% of all financial aid dollars awarded to the first-year class (\$8 million of \$8.3 million) would be used to meet students’ demonstrated financial need.
- Only 1% of all first-year financial aid dollars (\$91,700 of \$8.3 million) would go to “no-need” students.
- On average, the Beyond Need part of a “topping off” merit scholarship would be less than half of the student’s total grant/scholarship award.
- The ROTC scholarship represents Bucknell’s commitment to provide Room and Board to students who receive the top ROTC scholarship from the Army to attend Bucknell.
- The availability of merit aid for men’s and women’s basketball is accompanied by an explicit expectation that the academic quality of these candidates will increase measurably.
- The merit component of the basketball awards would constitute 25% of the overall merit budget (\$243,900).
- The average traditional need-based grant to first-year students, independent of any Beyond- Need or No-Need aid, would grow by 9% over this year.
- The administration will review the progress of this program – with input from the greater Bucknell community, led by CAFA and its parent committee (COI) – and will generate recommendations regarding the program’s future to be considered by the Trustees after the three year pilot project is complete.

Scholarship	Published	Target			AWARD CRITERIA	SELECTION	RENEWAL
	Value	Need	No-Need	Bey-Nd			
TRUSTEE	\$15,000	2	0	3	Extraordinary Academics, Vision 2010 PQs, 1450 SAT, Top 5%	Faculty Committee	3.25 CGPA, Good standing
PRESIDENTIAL	\$12,000 & \$2000 work	19	2	4	Extraordinary Academics, Internship Potential, 1450 SAT, Top 5%	PF Selection Committee	3.25 CGPA, Good standing, Positive Internship Evaluations
ACADEMIC	\$10,000	79	0	11	Extraordinary Academics, 1350 SAT, Top 5%	Admissions Staff	3.25 CGPA, Good standing
2010: DIVERSITY +	\$7,500	43	2	5	Strong Academics, Diversity Initiatives, 1200 SAT, Top 5%	Admissions Staff	3.0 CGPA, Good Standing
2010: DIVERSITY	\$5,500	36	0	0	Strong Academics, Diversity Initiatives, 1150 SAT, Top 5%	Admissions Staff	Good Academic/Social Standing
2010: INTERNATIONAL	full - 1/2 T & Fremont \$	12	0		Extraordinary Academics, International	Admissions Staff	Good Academic/Social Standing
2010: PERFORMANCE	\$6-10,000	4	2	3	Strong Academics, music/theatre/ dance talent, faculty endorsed	Departmental selection	Good Academic/Social Standing, Continued participation in arts
2010: ATHLETICS+	Full T/R/B/F	0	2	4	Strong Academics, Extraordinary Basketball, coach endorsed	Coaches, with approval by Admissions	Good Academic/Social Standing, continued participation in Bball
2010: ATHLETICS	\$6,000	56	0	0	Strong Academics, Extraordinary athlete, coach endorsed	Coaches, with approval by Admissions	Good Academic/Social Standing, continued participation in sport
2010: MIDDLE INCOME	\$6,000	32	0	0	below "Academic" award, MI need level, 1250-1340 SAT, Top 10%	Admissions Staff	3.0 CGPA, Good Standing
2010: ENDOWED	\$6,000	16	0	0	Strong Academics, Conditions of Scholarship's Endowment	Admissions Staff	Good Academic/Social Standing
2010: ROTC	Room/Board	4	2	2	ROTC Selection, Recipients of Top ROTC 4-yr Scholarship	ROTC	ROTC
STANDARD	Varies	82					
TOTALS		385	10	32			
TOTAL ON AID		427					