Prior to COVID-19, many colleges and universities—both public and private—faced enrollment and revenue-related challenges. As Figure 1 shows, the average enrollment of full-time, first-year undergraduates has been relatively flat across public colleges and universities over the last decade.

These enrollment challenges, coupled with cost escalation and declines in state appropriations, have pressured campus leaders to employ tuition-pricing and financial aid strategies for enrollment and revenue management. The administration and dissemination of institutional financial aid are among those strategies.

Given the pandemic and the challenges it poses, especially with many institutions projecting enrollment declines for fall 2020, insights on previous institutional financial aid practices for public colleges and universities can help college leaders plan better.

To explore trends in institutional financial aid at public colleges and universities in the United States, data from the U.S. Department of Education’s Integrated Postsecondary Education Data System (IPEDS) were analyzed. The analysis took into account 629 four-year public colleges and universities that consistently provided institutional financial aid to full-time, first-year undergraduates between FY 2008–09 and FY 2017–18.

Figure 1: Average Enrollment of Full-Time, First-Time Undergraduates at Four-Year Public Institutions by Carnegie Classification

Note: This analysis is based on 629 four-year public colleges and universities with Carnegie Classification of Baccalaureate and above. Source: U.S. Department of Education IPEDS Student Financial Aid Data, 2009–2018
As shown in Figure 2, the average institutional financial aid rate for full-time, first-year undergraduates across all institutions in the analysis ranged from 18 percent in FY 2008–09 to 24.1 percent in FY 2017–18. This means, for example, that in FY 2017–18, for every dollar of listed tuition and fees charged to full-time, first-year undergraduates, public colleges and universities forewent about 24 cents, on average. This suggests that leaders at public institutions have recognized the need to provide more financial support to incoming students and further underscores the dramatic increase in the average total amount of institutional financial aid awarded to full-time, first-year students between FY 2008–09 and FY 2017–18 (as shown in Table 1).

Table 1: Average Total Institutional Financial Aid Awarded to Full-time, First-time Undergraduates

<table>
<thead>
<tr>
<th>Carnegie Classification</th>
<th>2008-09</th>
<th>2012-13</th>
<th>2017-18</th>
<th>Percent Change Between 08-09 and 17-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Institutions</td>
<td>$2,510,181</td>
<td>$3,772,512</td>
<td>$5,667,752</td>
<td>126%</td>
</tr>
<tr>
<td>Research</td>
<td>$6,029,198</td>
<td>$9,147,667</td>
<td>$13,738,571</td>
<td>128%</td>
</tr>
<tr>
<td>Master’s</td>
<td>$1,223,751</td>
<td>$1,826,657</td>
<td>$2,769,305</td>
<td>126%</td>
</tr>
<tr>
<td>Baccalaureate</td>
<td>$361,877</td>
<td>$467,994</td>
<td>$677,918</td>
<td>87%</td>
</tr>
</tbody>
</table>

Note: The financial data in this table are in current dollars (i.e., not adjusted for inflation).

Limitations

Although the institutional financial aid rate calculation in this brief can serve as a proxy for how much aid has been awarded to full-time, first-year undergraduates relative to the average price of tuition, there are several notes of caution worth mentioning.

For public colleges and universities, the published tuition and fee prices (“sticker prices”) vary depending on residency (in-state versus out-of-state) or cooperative pricing (waivers). Due to data limitations in IPEDS, the institutional financial aid rates cannot be disaggregated to show differences between in-state full-time, first-year undergraduates and out-of-state full-time, first-year undergraduates. However, the rates between in-state and out-of-state students are likely different.

Second, due to data limitations, the institutional financial aid rates in this brief assume that all full-time, first-year undergraduates received institutional financial aid. This is likely not the case given the amount of institutional aid budgeted by public colleges and universities relative to the number of students they serve.

Third, the institutional financial aid rate calculated for this brief is not the same as the tuition discount rate in NACUBO’s Tuition Discounting Study for private, nonprofit universities. Specifically, private, nonprofit institutions do not set their sticker prices based on residency like public institutions. Thus, the institutional financial aid rate in this brief should not be directly compared to the tuition discount rate for private institutions.
Top-Line Results

1. On average, full-time, first-year undergraduate enrollment is relatively flat across public colleges and universities; however, it varies by Carnegie Classification.
   - Average in-state (9.2 percent) and out-of-state (26.2 percent) enrollment increased for full-time, first-time undergraduates at research universities between FY 2008–09 and FY 2017–18.
   - Average in-state (7.4 percent) and out-of-state (1.4 percent) enrollment increased for full-time, first-time undergraduates at master's universities between FY 2008–09 and FY 2017–18.
   - Average in-state (–0.5 percent) and out-of-state (–14.8 percent) enrollment decreased for full-time, first-time undergraduates at baccalaureate colleges and universities between FY 2008–09 and FY 2017–18.

2. The total average institutional financial aid awarded to full-time, first-time undergraduates increased (in current dollars), on average, and varies by Carnegie Classification.
   - Among research universities, the average total institutional financial aid awarded to full-time, first-time undergraduates increased by 125.8 percent between FY 2008–09 and FY 2017–18.
   - Among master's universities, the average total institutional financial aid awarded to full-time, first-time undergraduates increased by 127.9 percent between FY 2008–09 and FY 2017–18.
   - Among baccalaureate colleges and universities, the average total institutional financial aid awarded to full-time, first-time undergraduates increased by 87.3 percent between FY 2008–09 and FY 2017–18.

3. The average institutional financial aid rate for full-time, first-time undergraduates increased, on average, and varies by Carnegie Classification.
   - For research universities and master's universities, the average rate for full-time, first-time undergraduates increased by 6.3 percentage points between FY 2008–09 and FY 2017–18.
   - For baccalaureate colleges and universities, the average rate for full-time, first-time undergraduates increased by 5.7 percentage points between FY 2008–09 and FY 2017–18.

Implications for Public Colleges and Universities

The results of this analysis provide insight into institutional financial aid rates for public colleges and universities. Specifically, the analysis shows that public institutions have increasingly provided more institutional financial aid to support students' education over time. Despite these efforts, enrollment of full-time, first-time students has remained flat on average.

Given the negative outlook for enrollment for fall 2020 and the poor economic conditions of many state governments as a result of the pandemic, institutions will likely face even greater pressures to provide more institutional financial aid. Institution leaders should strongly consider students' needs with regard to institutional financial aid and other pressing priorities to ensure students' safety and success.