Financing a Graduate Degree
A primer for assistant and associate deans
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Financial support has been identified as a primary concern by graduate deans. (CGS Pressing Issues Survey, Allum, 2014)

Trends in percentage of graduate students receiving financial support by degree classification:

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<tbody>
<tr>
<td>Master’s</td>
<td>52%</td>
<td>74%</td>
<td>69%</td>
</tr>
<tr>
<td>Doctoral</td>
<td>66%</td>
<td>86%</td>
<td>78%</td>
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<tr>
<td>First Professionals</td>
<td>79%</td>
<td>88%</td>
<td>88%</td>
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(All data from NCES, 2011 & 2013)

Total aid from all sources for graduate students was 56.9 billion in 2011-2012. (Includes federal grants, federal loans, work study, education tax benefits, state grants, institutional grants, private grants, and employer grants; Retrieved from: trends.collegeboard.org/student-aid/figures-tables/total-aid Table 1-B)

Graduate students received an average of $22,000 in financial support in 2011-2012. (NCES, 2013)

Numerous changes have occurred in the type of loans and interest rates available to graduate students.
MY KID WENT TO COLLEGE AND ALL I HAVE LEFT IS THIS TSHIRT

HEY! OUR MICROWAVE IS MISSING TOO!
Financial Aid Categories

• Loans
  • Federal
  • Private

• Assistantships
  • Graduate Teaching Assistant or Teaching Associate (GTA)
  • Research Assistant (RA)
  • Graduate Assistant (GA)

• Grants (Non-Compensatory Payments)
  • Scholarships
  • Fellowships
  • Tuition Waivers
  • Etc.

• Crowdfunding
## Percentage of Students Receiving Financial Aid by Aid Category and Degree Classification 2011-2012

<table>
<thead>
<tr>
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<th>2011-2012</th>
<th>Loans</th>
<th>Assistantships</th>
<th>Grants</th>
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<tbody>
<tr>
<td>Master’s</td>
<td></td>
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<tr>
<td></td>
<td>46% (17,500)*</td>
<td>8% (10,900)</td>
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<tr>
<td>Doctoral Degree: Research/Scholarship</td>
<td>25% (18,400)</td>
<td>48% (19,100)</td>
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<tr>
<td>Doctoral Degree: Other</td>
<td>50% (26,500)</td>
<td>8% (13,600)</td>
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<tr>
<td>Doctoral Degree: Professional Practice</td>
<td>81% (38,100)</td>
<td>3% (8,300)</td>
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<tr>
<td>Other (Post-Bac, Non-degree, Grad Certificate)</td>
<td>23% (14,400)</td>
<td>2% (n/a)</td>
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</tbody>
</table>

*Average amount

Loans as a Means to Fund Graduate Education

- Loans are becoming more frequently utilized by students to fund graduate education.
- For doctoral students, the increase from 1995-1996 to 2007-2008 to 2011-2012 was from 21% to 32% to 37%.
- For master’s students, the increase in loans was from 24% to 44% to 46%.
- It is crucial to have a strong working relationship with your Director of Financial Aid.
- It is important to keep up-to-date on changing federal rules that impact financial aid and in turn your students. Your Director of Financial Aid can help you stay informed.
- CGS and the CGS List-Serve are also a beneficial resource.
Loans

• Eligibility Requirements
  • At least half-time enrollment
  • U.S. Citizen or permanent resident
  • No history of default with previous federal loans
  • No drug history conviction record (while receiving aid)
  • Students must fill out a FAFSA annually

• Cost of Attendance
  • Loans cover up to the estimated cost of attendance
  • Cost of attendance includes tuition, fees, books, food, lodging, transportation, and miscellaneous education expenses
Budget Control Act of 2011

- Graduate students are not eligible to receive subsidized loans (from July 1, 2012 onward)
- Annual Direct Loan Limit is $20,500
- Aggregate Direct Loan limit is at $138,500. Not more than $65,500 of this may be in subsidized loans (from graduate loans received prior to July 1, 2012 and undergraduate loans combined).
- Up front interest rebate is no longer offered on any Direct Loans with a first disbursement date on or after July 1, 2012.
- Federal Graduate PLUS Loan
  - Entire origination fee (4%) will be taken out of the loan prior to disbursement.
- Loan repayment options
  - Deferring payments, loan forgiveness, income-driven repayment plans, unemployment, or economic-hardship.
Title IV student assistance programs under the Higher Education Act (HEA)- Students are eligible for funding only if their educational program:
  o Leads towards a degree
  o Leads towards obtaining employment in a recognized profession

The HEA impacts
  o Graduate certificate programs approved for aid at non-profit and public institutions
  o All programs at for-profit institutions

A template provided by the Department of Education must be readily available at each program site.

University websites must present information about costs, graduation rates, debt, and repayment rates.

The U.S. Department of Education is presently rewriting controversial regulations of this act after it was challenged in court.
Assistantships

- Financial benefit to students: may include a salary, reduced tuition, tuition waivers, and/or health insurance.
- Professional experience for students: Students gain skills in teaching, research, administrative work, or areas related to student’s discipline.
- Superb strategy to recruit competitive students.
- Higher retention and graduation rates.
- Benefits both the department and the university
Additional Considerations

• All relevant details must be clearly stated in offer letter. (i.e. Job duties, supervisor, benefits, start and end dates, and other pertinent information)

• How is full-time equivalency (FTE) calculated at your institution?

• Tax implications for tuition benefits:
  o Graduate assistants who receive more than $5,250 in tuition waivers in a calendar year must be taxed on the amount exceeding the allowable amount.
  o Research and teaching assistants are exempt from this requirement.
  o See I.R.S. Publication 970:

• Additional work hours
  • Does your institution have a process to approve additional work hours?
  • Check with the HR office for technicalities:
    ▪ i.e. measurement of the “stability period”
    ▪ Affordable Care Act and additional hours
Still More Considerations

- Whose budget code? Where does funding for the stipends originate?
- Centralized vs decentralized models for processing and monitoring
  - Who originates the contracts?
  - Who performs the HR functions (I-9s, tax forms, etc)?
  - Who monitors eligibility for the assistantships?
  - Who manages allocations of funding?
  - Who manages the budget for benefits (tuition, health insurance, parking, etc)?
- If the centralized model is in operation
  - What is the level of staffing in the graduate school? Is it adequate? If not, what additional resources might be necessary?
  - What is the role of the assistant/associate dean?
  - How is the work related to graduate student funding incorporated into the daily life of the graduate school?
  - What is the graduate school’s relationship with the business division? The payroll office?
Teaching Assistantships or Associateships

• “[GTAs] provide academic program support under the supervision of a faculty member. GTAs may assist faculty in the department in teaching undergraduate courses, including laboratory teaching assignments, or in providing other appropriate professional assistance, including grading examinations, problem sets, and/or lab assignments, setting up displays for lectures and laboratory sections, and preparing or maintaining equipment used in laboratory sections. GTAs must have 18 hours of graduate-level course work completed in their teaching disciplines to be assigned full responsibility for teaching an undergraduate course.”—Virginia Tech
Questions to consider about GTAs

• In what form and how much compensation is offered?
• Can online/distance education students act as teaching assistants?
• How many courses can a GTA teach? Does this vary across departments and colleges?
• How many hours will the GTA work?
• What academic qualifications do GTAs need?
• What benefits are offered and which unit is responsible for covering benefits?
Research Assistantships

• Research Assistant (RA)
  o “RAs work with a faculty or staff member on academic or administrative research projects. In some cases, RAs might work with more than one faculty member on more than one project.” –Appalachian State
  o “Research Assistant (RA): A graduate student who is engaged in research activities directly related to their program of study under the supervision or in collaboration with a member of the graduate faculty.”—UNC Chapel Hill
Research Assistantships

• Questions to consider:
  o Source of funding? Grants? University funds?
  o How often will the funding account be charged?
  o Are tuition and health insurance benefits available?
  o How is tuition covered? Do educational allowances cover total tuition costs?
  o Benefits? (note federal sponsor rule)
  o Length of assistantship? (often differs from GTA)
  o Pay rates? (Is it similar to GTA’s in the same department? Variations?)
Graduate Assistantships

- Does your university offer assistantship positions that are neither teaching as instructor-of-record nor research, and may be funded by units other than departments or the graduate school?

- Universities use a variety of titles for assistantships that are neither RA nor GTA:
  - Graduate assistantship (Appalachian State and many master’s institutions)
  - Project assistantship (University of New Mexico)
  - Laboratory assistantship (New Mexico State University)
  - Administrative assistantship
Grants

• Types of Grants
  1. Scholarships
     o Funding awarded based upon need and/or academic merit
  2. Fellowships
     o Funding awarded to graduate students to support their graduate studies and/or research projects
  3. Traineeships
     o Fellowships awarded to provide educational training in a specific disciplinary area or for a specific job

• Grants provide a superb means of student recruitment
• Funded internally or externally
• Characteristics
  ✓ Tuition benefits
  ✓ Generous stipends (generally higher than most assistantship stipends)
  ✓ Variance in grants depends upon funding source
  ✓ Travel/research funds may be available
Grants

- Term can specifically refer to funding dispersed by one particular party, often a Government Department, Foundation, Corporation, or Trust.

- Types of Grants:
  - Federal Grants
  - State Grants
  - School Sponsored Grants
  - Grants issued by private businesses or organizations

- Funds will be designated for one or more of the following:
  - Tuition
  - Research Funding
  - Additional Expenses

- Funds may be need-based
- Funds are often discipline specific
Examples of Fellowships

• Internal
  o University Endowed Fellowships
  o Presidential Fellowships
  o Supplemental funds for assistantships/departmental fellowships

• External
  • Fulbright U.S. Student Program
  • NSF Graduate Research Fellowship Program (GRFP)
  • Integrative Graduate Education and Research Traineeship Program (IGERT)
  • Ford Foundation Fellowship Program
  • National Water Research Institute Fellowship
  • Department of Energy Office of Science Graduate Fellowship (DOE SCGF)
Crowdfunding

- A means of financing education utilizing the collective funds contributed by individual investors and organizations, typically through an Internet campaign.

  - Donation-Based
    - Investors do not receive compensation
  - Lending-Based
    - Investors are repaid over a set time with a set interest rate
  - Reward-Based
    - Investors receive a service or product as a reward for their funding
  - Equity-Based
    - Investors receive shares or stake in the venture
    - Typically utilized for businesses start-up
Financing a Graduate Degree

Financial literacy information

- CGS Project on Enhancing Student Financial Education
  www.cgsnet.org/enhancing-student-financial-education

- GradSense  www.gradsense.org


