

Financing a Graduate Degree

A primer for assistant and associate deans

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Cratis D. Williams Graduate School

Status of Graduate Financial Support

- 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:



	1995-1996	2007-2008	2011-2012
Master's	52%	74%	69%
Doctoral	66%	86%	78%
First Professionals	79%	88%	88%



(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.



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



2011-2012	Loans	Assistantships	Grants
Master's	46% (17,500)*	8% (10,900)	32% (7,900)
Doctoral Degree: Research/Scholarship	25% (18,400)	48% (19,100)	60% (21,000)
Doctoral Degree: Other	50% (26,500)	8% (13,600)	32% (7,900)
Doctoral Degree: Professional Practice	81% (38,100)	3% (8,300)	40% (12,000)
Other (Post-Bac, Non- degree, Grad Certificate)	23% (14,400)	2% (n/a)	25% (4,900)

*Average amount

Data derived from online report published by the U.S. Department of Education
in August 2013. <http://nces.gov/pubs2013/2013165.pdf>

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.



Gainful Employment Higher Education Act



- Title IV student assistance programs under the Higher Education Act (HEA)- Students are eligible for funding only if their educational program:
 - Leads towards a degree
 - Leads towards obtaining employment in a recognized profession
- The HEA impacts
 - Graduate certificate programs approved for aid at non-profit and public institutions
 - 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:
 - 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.
 - Research and teaching assistants are exempt from this requirement.
 - See I.R.S. Publication 970:
http://www.irs.gov/publications/p970/ch01.html#en_US_2012_publink1000178027
- 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)
 - “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
 - “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:
 - Source of funding? Grants? University funds?
 - How often will the funding account be charged?
 - Are tuition and health insurance benefits available?
 - How is tuition covered? Do educational allowances cover total tuition costs?
 - Benefits? (note federal sponsor rule)
 - Length of assistantship? (often differs from GTA)
 - 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
 - Funding awarded based upon need and/or academic merit
 2. Fellowships
 - Funding awarded to graduate students to support their graduate studies and/or research projects
 3. Traineeships
 - 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
 - University Endowed Fellowships
 - Presidential Fellowships
 - 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



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