

## Institutional Aid: Keeping Quality Academic Experiences Affordable

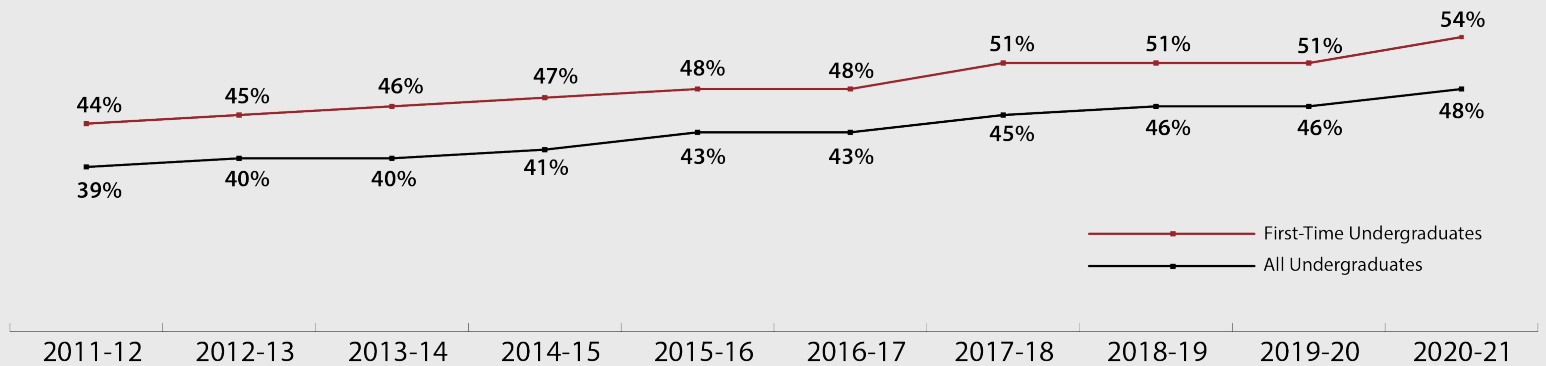
As the need for college graduates with [more diverse and complex skill sets](#) grows, colleges engage in a [balancing act](#) to maintain high-quality academic programs while ensuring that students from all backgrounds can access higher education. Public institutions use [state subsidies](#) to defray the costs of tuition, whereas independents use institutional aid to keep college affordable while costing taxpayers less. Institutional aid is usually awarded as need- or merit-based scholarships, which can be combined with federal and state student aid. Institutional aid often makes independents [comparable in price](#) to their public counterparts, while simultaneously maintaining the [highest graduation rates](#) and costing less to the state.

## Institutional Aid Shows Record Growth

A [recent study](#) found that in the 2020-21 academic year, institutional aid covered over half of tuition and fees at independent colleges, capping off ten years of consistent growth (Figure 1). More than 80 percent of all undergraduate students received institutional aid, further demonstrating independents' leadership in college affordability.

Figure 1: Institutional Aid Rates

Average percent of tuition covered by institutional grants and scholarships at independent colleges



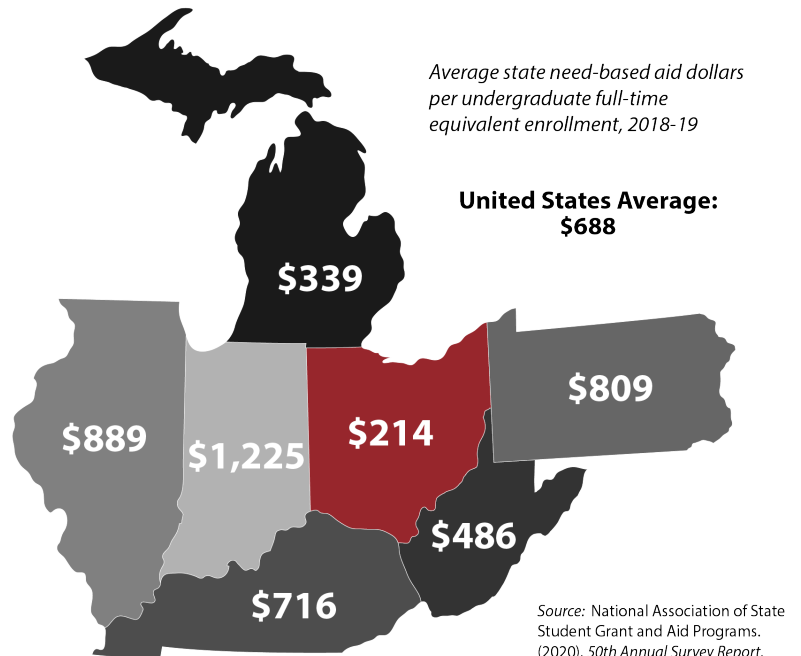
Note: Institutional aid supplemented by federal COVID-19 assistance not included

Source: National Association of College & University Business Officers. (May 2021). 2020 NACUBO Tuition Discounting Study.

## COVID-19 Pandemic Presents Additional Challenges

The COVID-19 pandemic brought unique challenges to college students. Undergraduate students reported [increased financial difficulties](#) and [more stress](#) as a result of the pandemic, including [loss of employment](#). Correspondingly, college presidents cited student mental health issues and enrollment challenges as [their most pressing issues](#) as of April 2021. The [Higher Education Emergency Relief Fund](#) was instrumental in supporting students through these difficult times, yet [colleges are concerned](#) about the pandemic's long-term effects on students' finances and health. Initiatives to increase state and federal student aid, such as [boosting OCOG funding](#) (Figure 2) or [doubling the Pell grant](#), could supplement institutional aid to facilitate students' ability to attend the institution that best meets their academic needs.

Figure 2: Need-Based State Grants in Midwest



Source: National Association of State Student Grant and Aid Programs. (2020). 50th Annual Survey Report.