

# THE WIDENING GAP: *The Need for Scholarship Support*

For part-time MBA students, the pursuit of graduate education has become much more challenging in these tough economic times. To help our students, we at LFGSM recently doubled our scholarship funding. Even with this increase, our ability to meet the rising financial needs of students remains far from sufficient.

## The Challenge of Funding an MBA:

### Availability of Support

- Reductions in corporate tuition reimbursement have ended a major source of financial aid:
  - Fewer employees are eligible
  - Most companies have an annual tuition reimbursement cap
  - Full tuition reimbursement is virtually gone as many companies use a sliding scale or partial-pay system
- Non-citizen students permanently living and working in the US, who are highly educated and credentialed, are often not eligible for federal financial aid

*Only 13% of part-time MBA students receive full reimbursement.*

Source: 2004 Executive MBA Council Student Satisfaction Exit Survey

### Economic Environment

- The current economic downturn has created many job losses with average time to find a new job now measured in quarters or years, not weeks or months.
- Job loss often means a double strike – loss of both salary and tuition reimbursement.
- A shift in employment patterns from large corporations to small or midsize companies, entrepreneurial start-ups, and not-for-profits, leaves more students without access to any tuition assistance as well as reduced income.

### Family & Financial Demands

- At an average age of 37, LFGSM students face many responsibilities. Often, prospective students shoulder the burden of:
  - Childcare costs
  - Eldercare responsibilities
  - Extended families
  - Single parent households
  - Undergraduate education loans and other financial obligations

*LFGSM student financial need increased by nearly 80% in the past four years.*

### Co-Investment Required

LFGSM views scholarships as a co-investment. The School partners with students to help fund their education, but does not provide full funding. Scholarships are awarded twice a year, and no more than 50% of the cost of tuition can be awarded. This approach encourages students to invest in their own future and allows LFGSM to assist as many students as possible.

*23% of part-time MBA students receive no tuition reimbursement.*

Source: 2004 Executive MBA Council Program Survey

### Cost of Graduate Education

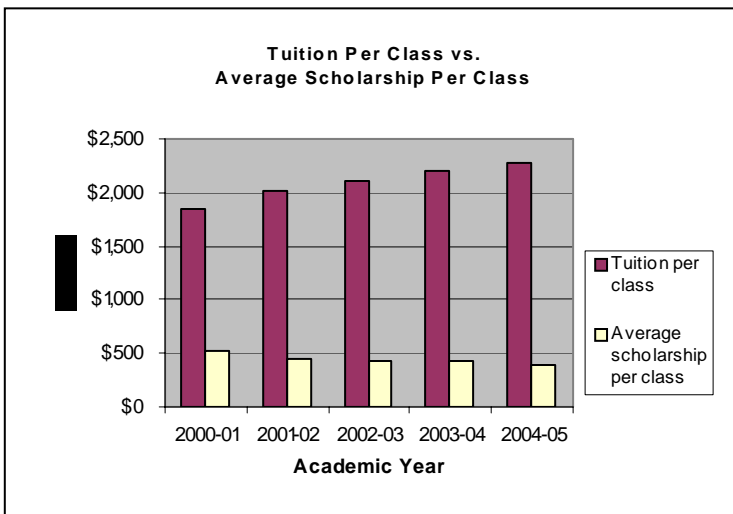
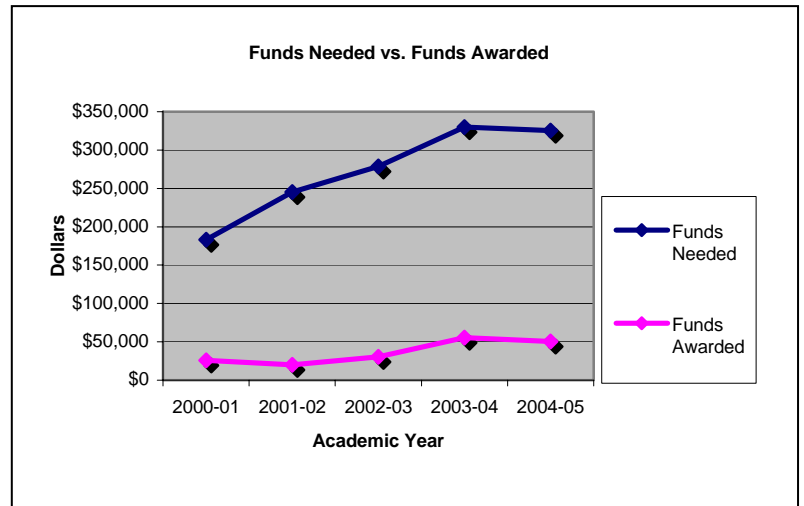
LFGSM maintained a modest 3.4% tuition increase this year, well below the inflation rate and the 5%-6% increase at many other schools. The additional funds generated by such an increase allow the school to grow and remain competitive. Nonetheless, the cost of education continues to be pressured by increasing faculty/materials fees as well as rising facilities costs.

# THE WIDENING GAP

## *Need for Support Continues to Outpace Funding*

In 2004-2005, LFGSM proudly provided 49 scholarship awards to 39 students in need. However, the extent to which the overall financial need was met remains far from sufficient.

- The number of scholarship applicants grew by almost 35% last year.
- Funding allowed for only 5% of students to receive a scholarship award.
- The \$50,000 awarded represents only 15% of total applicant tuition.
- Percent of tuition covered by the average scholarship award has dropped by 1/3 in the last 4 years.
- 28% of students took out loans last year at an average of \$11,500 per student.



### **Scholarship Consideration**

Scholarships are awarded semi-annually by a six-member Scholarship Committee, which considers:

- Demonstrated financial need
- Good academic & financial standing
- Tuition reimbursement from employer
- Quality of the scholarship application & essay
- Commitment to self-funding as evidenced by loans taken out by the student
- Community involvement
- Extenuating circumstances indicated by the applicant

### ***How You Can Help:***

**For more information or to make a gift to the Scholarship Fund, please contact Joan Steltmann at**

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