

Swarthmore's Financial Aid Initiative

Over the next two fiscal years the College's fundraising efforts will be focused on raising money for financial aid. To support the expansion of financial aid awards, including the loan-free policy, the College will need to raise \$20 million in endowment for long-term support and increase the dollars raised in the Annual Fund to support the current financial aid needs of students. Below are some bullet points you may find helpful in writing your class agent letter or when speaking to a classmate about supporting the Annual Fund.

Loan-Free Policy

- In December 2007, Swarthmore College's Board of Managers decided that beginning in 2008-09 the College would replace loans with additional scholarship in financial aid awards. Both continuing and new students will benefit from the loan-free awards. Swarthmore's policy has long been to evaluate candidates for admission without regard for financial need and to meet the full demonstrated financial need of every U.S. citizen who is admitted. Until now, the College has done this through an award of scholarship, loan, and campus employment.
- In 1981, Swarthmore began reducing loans for those with a family income of less than \$30,000. More recently, our highest-need students – those with family incomes below \$60,000 – already receive loan-free aid awards. The new policy will relieve the loan requirement for all aided students.
- Swarthmore's loan-free financial aid awards will include campus jobs as a component. Work remains capped at eight hours a week so as not to interfere with studies. Students and their parents will also continue to have the option to use federal educational loans to help pay their share of Swarthmore expenses. In FY08, the average amount families of aided students paid was \$14,189.
- In the 2008 academic year, 50 % of Swarthmore's students received aid. The average award totaled \$31,388 per student. Last year the College committed \$18.5 million to Swarthmore scholarships, and funding the loan-free awards will cost an additional \$1.7 – \$2 million annually. Initially, the College will increase its spending rate from the endowment and rely on current Annual Fund gifts for this additional outlay. A targeted effort to increase the endowment will help secure the revenue stream in future years; unrestricted gifts from the Annual Fund will help fill the short-term gap.
- Unrestricted gifts to the Annual Fund are critical to enabling the College to offer these generous aid packages and preserve the things that make a Swarthmore education superior and meaningful: an unparalleled academic program, a broad array of student services and activities, a low student-faculty ratio, and a generous leave policy to attract the very best faculty. These costs are quite significant and are only possible with alumni philanthropy.

Impact of Financial Aid

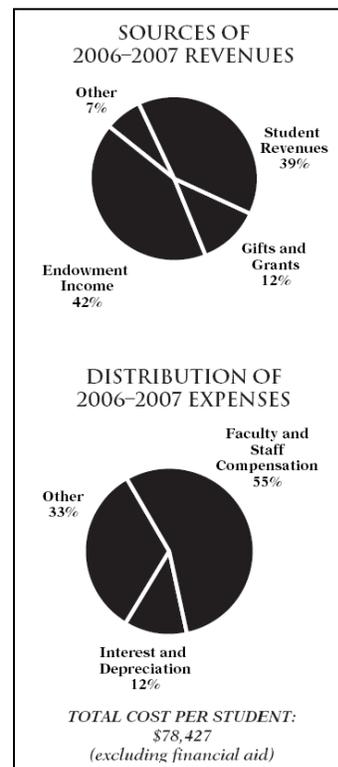
- Access to education is a core value of the College. Financial aid allows the College to meet its commitment to welcoming those deserving students who will benefit most from Swarthmore's highly rigorous academic program, who will best challenge their peers,

and who will expand and enhance all types of diversity within the College community regardless of economic ability.

- In the spring 2008 semester student council members organized a fundraising campaign in support of the Board's decision to expand financial aid awards. Students recognized the impact this has on their own Swarthmore experience. It is essential in creating a community that is diverse in backgrounds, personal experiences, and ideals.
- Perhaps the greatest measures of Annual Fund gifts are their immediate impact across campus. Because they are unrestricted, these gifts provide the College with the financial flexibility it needs to navigate a constrained fiscal environment. Annual Fund gifts enable Swarthmore to meet the immediate demands of its academic programs while maintaining a campus environment that appropriately challenges young minds and helps provide the necessary support for a generous financial aid policy.

Breakdown of College Finances

- Understanding why the College depends on annual unrestricted alumni support begins with a basic knowledge of how our finances work. Total student charges for tuition, room, and board in FY08 were just over \$43,500. This may seem high; however, total revenue from these charges—net of the cost of financial aid, given to 50 percent of students, and the cost of feeding and housing students—generates an amount equivalent to only slightly more than faculty salaries and benefits.
- The College pays for salary and benefits for 600 staff members; maintains the grounds; supports the library at a cost of \$4 million per year; purchases scientific equipment; pays for utilities; provides for academic, athletic, and student life programs and health services; and pays for the College's insurance and other fees and services.
- To meet these costs not covered by tuition, the College relies on income from its endowment and other current gifts, including Annual Fund gifts. In fact, in FY07 these two sources of income covered more than half of the College's costs. The spendable revenue generated by the endowment is barely equivalent to the combined costs of staff compensation, facilities, academic, athletic, and student life programs. Thus each year's budget is very difficult to balance and allocating additional money for new projects and initiatives is a daunting task.



We hope you find this information useful and if you have any questions, please do not hesitate to contact the Annual Giving staff at (866) 792-7842.