THE AMERICAN UNIVERSITY OF BEIRUT

New Undergraduate Tuition and Financial Aid Policies
Introduction
Beginning in the Fall of 2011, the American University of Beirut is instituting a new 15-credit tuition policy for undergraduate students along with an expanded financial aid program. This brochure details what these changes are and why they are being implemented. This publication also clarifies where new revenues will be directed as the University continues to invest in academic excellence and works to dramatically improve the affordability of AUB’s tuition for needy students. It also explains the University’s new low-interest loan program and the guarantees that AUB is providing to ensure that all students will be eligible for such loans with reduced collateral and regardless of their chosen major.
What Is the New Tuition Policy?

Beginning with undergraduate students who first enroll in the Fall of 2011, the University will change the way tuition fees are calculated. The new tuition policy will assess fees on a per-credit basis based on a maximum of 15 credit hours per semester. In other words, students who enroll for 12 credits per semester will be charged for 12 credits, while those who enroll for 15 credits will be charged for each additional credit hour up to and including the fifteenth credit. Students enrolling for more than 15 credit hours may do so at no additional charge.

Returning students will not experience any change in tuition fee assessment; they will be grandfathered under the current tuition policy to honor the agreement they made with the University when they matriculated. That is, students who joined AUB before the Fall of 2011 will not be charged for more than 12 credits regardless of the number of courses they choose to take. In addition, AUB will guarantee a fixed four percent (4%) tuition increase per annum for all students for the next three years (2010-13). Fixing the rate of tuition increases offers more predictability regarding the total cost of education at AUB.

Why Is this New Policy Being Implemented?

The new policy on tuition and financial aid has two immediate aims:

1. To generate funds that will be used to sustain academic excellence at AUB as a major international university and to cover the rising costs of education.
2. To generate funds that will make an AUB education attainable to a wider spectrum of Lebanese society, and thereby help to diversify our student body.

At the same time, AUB is taking steps to mitigate the cost of extra credits to students and their families, and to ensure the affordability of an education at AUB. Additionally, the University will continue actively raising funds for endowed scholarships. These measures are elaborated below.

Investing in Academic Excellence

AUB is widely recognized as the premier institution of higher learning in the Middle East. Yet the University’s commitment to academic and research excellence comes with fiscal responsibilities. In the midst of rapidly mounting regional competition and increasing costs of education, the University cannot remain complacent but must find sustainable ways of:

a. Improving campus facilities that are central to teaching and learning.
b. Hiring internationally qualified faculty members at competitive salaries.
c. Retaining AUB’s best and brightest faculty minds.
d. Investing in regionally relevant research.
e. Maintaining low student-to-faculty ratios in order to continue to deliver education of the highest quality.
AUB has the lowest student-to-full-time faculty ratio in Lebanon. The majority of AUB’s faculty members hold full-time professorial ranks, compared to other institutions where a greater proportion employ part-time professors and instructors. Additionally, AUB is determined to limit the current teaching loads of faculty members to enable them to deliver quality instruction and to be more productive in research and publications, the hallmark of globally recognized academic institutions.

Increasing Unrestricted Financial Aid

The University firmly believes that academically gifted students, regardless of their socio-economic background, should have access to AUB. The University has been successful in raising funds for financial aid through generous donors. Currently, however, the vast majority of these funds are allocated to students based on specific criteria defined by those donors. While a significant portion of the newly generated tuition revenues will be allocated to cover the rising cost of education, a majority of the revenues will be used to increase the pool of unrestricted financial aid, which can be allocated at the university’s own discretion. It is important to note that this financial aid refers to outright grants that need not be repaid, unlike many aid packages at other universities in Lebanon and the region.

AUB intends to implement this new policy gradually with each entering class over the next four years. By the end of the fourth year, AUB expects to more than double the total budget for direct financial aid. Direct financial aid grants are estimated to rise from $14.4 million in 2010-11 to $29.44 million in 2014-15. The dramatic increases in financial aid present a stark contrast to the flat growth rates in financial aid that the prior policy offers, as the chart below demonstrates.

### TOTAL ESTIMATED FINANCIAL AID GRANTS IN $ MILLIONS

<table>
<thead>
<tr>
<th>Year</th>
<th>New Policy</th>
<th>Prior Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>$14.40</td>
<td></td>
</tr>
<tr>
<td>2011-12</td>
<td>$17.10</td>
<td>$14.98</td>
</tr>
<tr>
<td>2012-13</td>
<td>$20.53</td>
<td>$15.58</td>
</tr>
<tr>
<td>2013-14</td>
<td>$24.98</td>
<td>$16.20</td>
</tr>
<tr>
<td>2014-15</td>
<td>$29.44</td>
<td>$16.85</td>
</tr>
</tbody>
</table>

- **Unrestricted**
  - 39%
  - 50.3%
  - 43.3%
  - 56.6%
  - 62.5%
  - 42.7%
  - 42.2%
  - 66.6%
  - 41.6%

- **New Policy**
- **Prior Policy**
More importantly, the amount of non-restricted financial aid is expected to quadruple within four years, to provide a larger number of students with more significant financial aid awards. The following chart depicts the sudden rise in the average grant amount per student expected under the new tuition and financial aid policy compared to the prior policy.

**Estimated Average Grant Per Student**

<table>
<thead>
<tr>
<th>Year</th>
<th>New Policy</th>
<th>Prior Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>$4,430</td>
<td></td>
</tr>
<tr>
<td>2010-11</td>
<td>$4,832</td>
<td></td>
</tr>
<tr>
<td>2011-12</td>
<td>$8,655</td>
<td></td>
</tr>
<tr>
<td>2012-13</td>
<td>$9,000</td>
<td>$4,976</td>
</tr>
<tr>
<td>2013-14</td>
<td>$9,360</td>
<td>$5,124</td>
</tr>
<tr>
<td>2014-15</td>
<td>$9,735</td>
<td>$5,276</td>
</tr>
</tbody>
</table>

- Estimated amounts per newly admitted student
- Assumes 6,200 undergraduate students
- Assumes approximately 50% qualify for aid by 2014-15

Put in different terms, the average grant offered to newly entering students as a percentage of total tuition will instantly increase under the new policy. In 2009-10, approximately 40% of AUB’s students received financial aid; for the same number of recipients, the average annual award that each student received would rise from the current $4,430 (from a total financial aid budget $13.2 million) to roughly $10,000 (from an expected total budget $29.44 million). Currently, the average award per student represents approximately one third of AUB’s tuition. Under the new policy, the University expects financial aid to increase to nearly 50% of tuition.
As a result of this policy, the distribution curve for financial aid for eligible students will look markedly different. Currently, 70% of the financial aid budget is restricted by the wishes of donors and must be distributed among only 32% of students who are eligible for aid. Consequently, the remaining 30% of financial aid that is non-restricted must be shared among 68% of eligible students, who receive an average award of only $2,800. The projected increase in non-restricted financial aid rectifies this imbalance.

The chart below depicts the current uneven distribution, along with the University’s projection for a more equitable and generous allocation of financial aid. The data assume that the number of recipients will increase by approximately 10% by the end of the fourth year and demonstrate how more students are expected to receive substantially larger awards.
Additional Financial Aid Initiatives to Enhance Affordability

The cost of education at AUB is of concern to all students and families. The University is committed to ensuring that eligible students who desire admission to AUB will not be turned away as a result of the implementation of the new policy.

1. **New Loan Program**

   Independent from the changes to the expanded financial aid program, the University has also successfully introduced a separate (and optional) student loan program. By partnering with a number of local banks, AUB will ensure that all returning students who qualify for financial aid would be able to take student loans under more favorable terms by minimizing the collateral and reducing the file fees that are required by banks. These loans are available to all returning students that qualify for financial aid regardless of their major, and need not be fully paid back until ten years after graduation. Previously, the loan program was only available to students majoring in medicine, engineering or business. The following table compares and contrasts the current loan program with the prior loan program.

<table>
<thead>
<tr>
<th></th>
<th>New Subsidized AUB Loan Program</th>
<th>Prior Loan Program</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Fees</strong></td>
<td>Fixed at 3 percent</td>
<td>Typically 8% or higher</td>
</tr>
<tr>
<td><strong>Loan Currency</strong></td>
<td>Lebanese Lira</td>
<td>United States dollars</td>
</tr>
<tr>
<td><strong>Repayment Schedule</strong></td>
<td>Available up to 10 years</td>
<td>4 to 6 years</td>
</tr>
<tr>
<td><strong>Availability</strong></td>
<td>Open to all majors</td>
<td>Limited to select majors</td>
</tr>
<tr>
<td><strong>Loan Program</strong></td>
<td>Optional</td>
<td>Mandatory</td>
</tr>
</tbody>
</table>

These optional loans are made possible because the University has offered certain guarantees to the banks. The number of students benefiting from this program will increase significantly. Added to the new revenues generated by the new tuition policy, the student loan program will further increase the total pool of financial aid.

2. **Endowed Scholarship Funds**

   The University will continue its fundraising efforts to establish additional endowed scholarship funds. To date, the University has generated over $30 million in endowed scholarships and will continue to actively raise funds for this cause. With the coordination of the University Scholarship Committee, a special fundraising campaign will be launched with participation of students, parents, alumni, socially responsible businesses, and AUB’s Office of Development.
How Is AUB Ensuring Proper Oversight over the Way New Revenues Will Be Used?

AUB is committed to improving its processes and systems to reduce cost, improve efficiency, and enhance transparency. In February 2010 the University established a Cost Containment Task Force to explore more effective ways of managing the University’s resources and to reduce costs. Moreover, internal and external audits are regularly conducted to ensure broad compliance.

The financial aid system is also under intensive internal and external review in an effort to enhance the transparency of the process and to introduce additional appeal and oversight mechanisms. AUB recognizes that the current system for determining need and awarding aid is not perfect because of the lack of accurate statistics about an individual’s financial profile. In the United States, the process of determining which students qualify for financial aid is based largely on mandated reporting of total income for tax purposes. That system provides a far more accurate assessment of the need for financial aid than is possible in Lebanon, where alternative metrics are needed to determine need.

However, the University continues to explore effective means of developing more appropriate criteria while offering more transparency over the process. As part of these efforts, the University has formed an Oversight Committee to develop more effective and transparent means of offering financial aid to needy students. This committee includes student members appointed by the University Student Faculty Committee as well as faculty and members of the administration. In addition to the regular financial aid appeal process currently available to students who apply for financial aid, students will have recourse to the newly established Oversight Committee.

The University also plans to maintain regular communication with members of the AUB community on all aspects of the new tuition and financial aid policy, including students, faculty, staff, parents and alumni. Regular meetings will be held in the next weeks and months with the participation of students, faculty and administration. The University will also better inform applicants of available financial aid opportunities, and will continue to announce the results of financial aid applications shortly after admissions to allow students and parents to plan in advance.
Summary

How Will the New Tuition and Financial Aid Plan Enhance AUB’s Ability to Remain Competitive?

The University’s new tuition and financial aid policies are designed to fundamentally change the way AUB can deliver academic excellence on the one hand, while providing significantly more financial aid to needy students. Furthermore, these policies closely align AUB with established tuition practices employed at leading universities in North America and in the Middle East. Implementation of this policy is critical to making an AUB education more affordable to a broader range of Lebanese families who otherwise could not consider enrolling their sons and daughters at AUB, while at the same time enhancing our campus community with greater student diversity.

Specifically, the new policy will allow the University to pursue the following goals:

a. Significantly increasing direct financial aid, where the majority of new revenues will be directed to assist families across all segments of Lebanese society. This will make AUB’s tuition far more accessible and affordable to a wider group of hopeful applicants.

b. Providing students, regardless of their chosen major, with optional low rate student loan programs, above and beyond the expanded financial aid grants provided by the University as a result of the policy.

c. Recruiting the best internationally recognized faculty to teach at AUB, promoting opportunities for faculty to conduct research, and strengthening the University’s standards of excellence.

d. Maintaining low student-to-faculty ratios, currently the lowest in Lebanon and competitive with the region’s leading universities beyond Lebanon, to provide students with the instruction and mentorship they deserve.

e. Providing students with better campus facilities, including laboratories, library reserves, and advanced learning technologies.
To learn more about AUB’s new tuition and financial aid policies, please contact:

Office of Admissions
Email: admissions@aub.edu.lb
American University of Beirut
Tel: (961) 1 374374, ext 2585, 90, 96
P.O.Box: 11-0236