

Affordability Taskforce Recommendations & Summary Report

Presentation to the Montana Board of Regents
May 24, 2012

Data Points



Recommendations



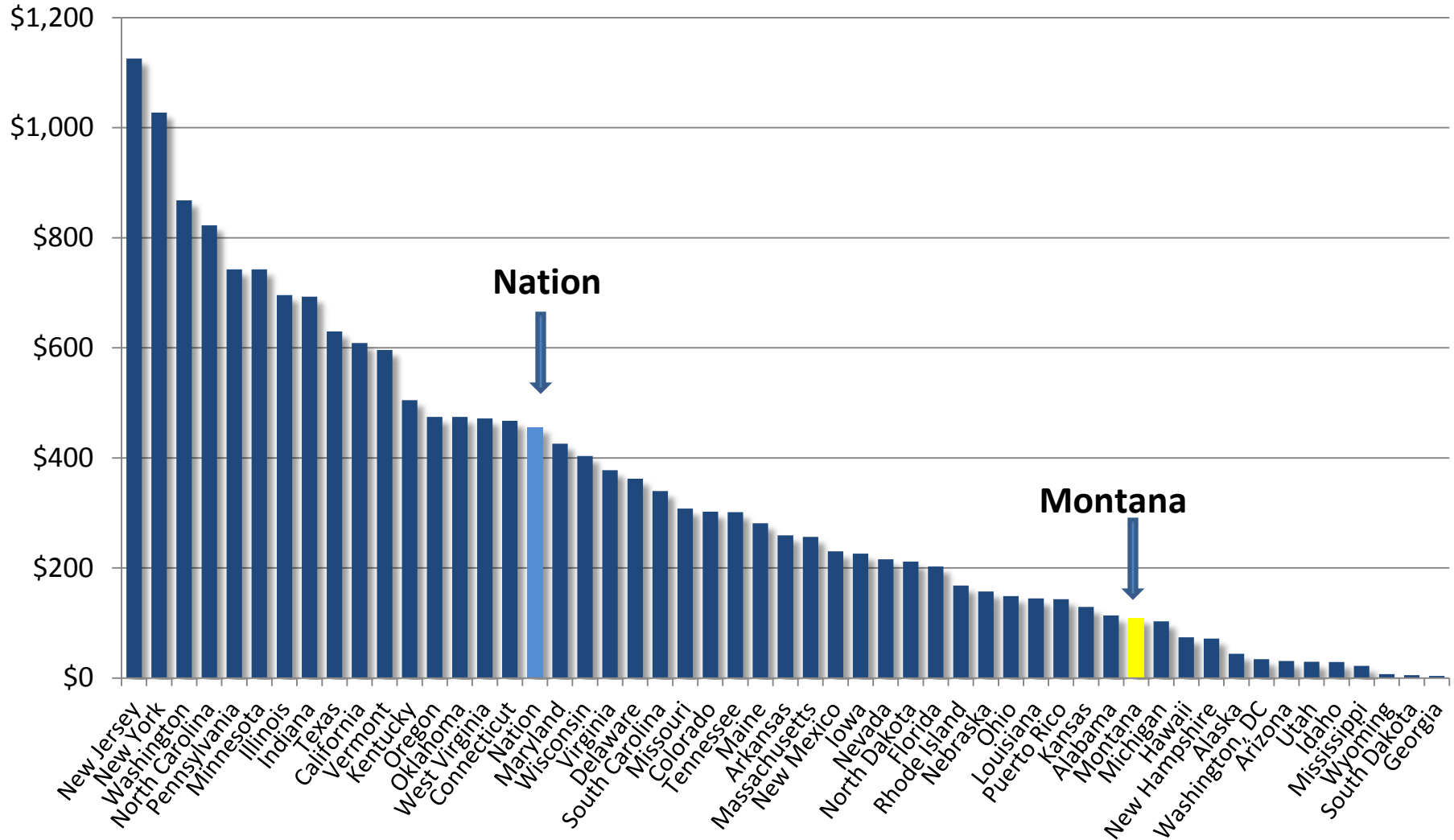
System Initiative



MUS Strategic Plan

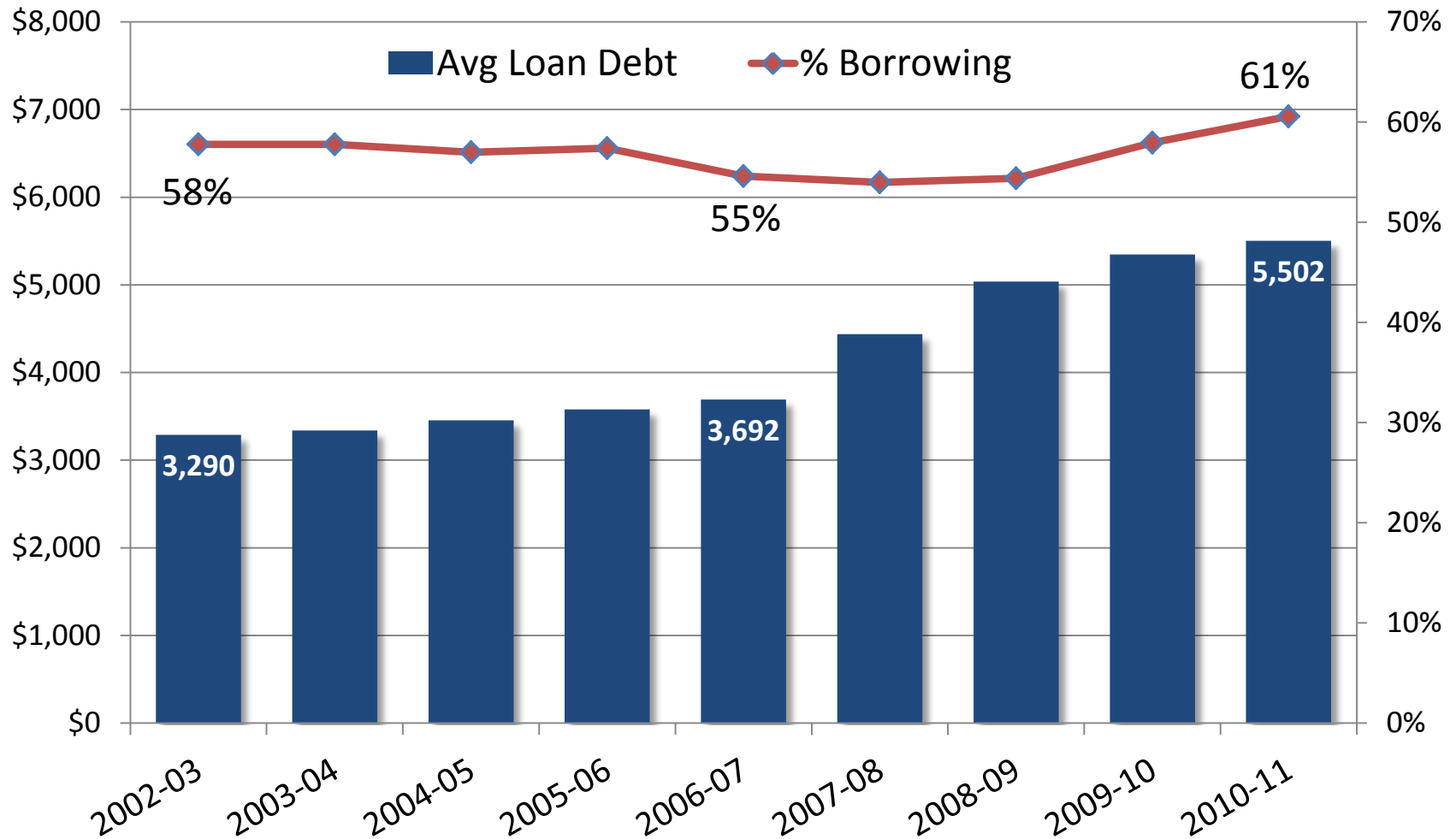
State Funded Need-based Aid per Undergraduate FTE, 2009-10

source: National Association of State Student Grant and Aid Programs



Student Loan Debt

Average Loan Amount for First-time, Full-time Resident Students
 (not including parent loans)



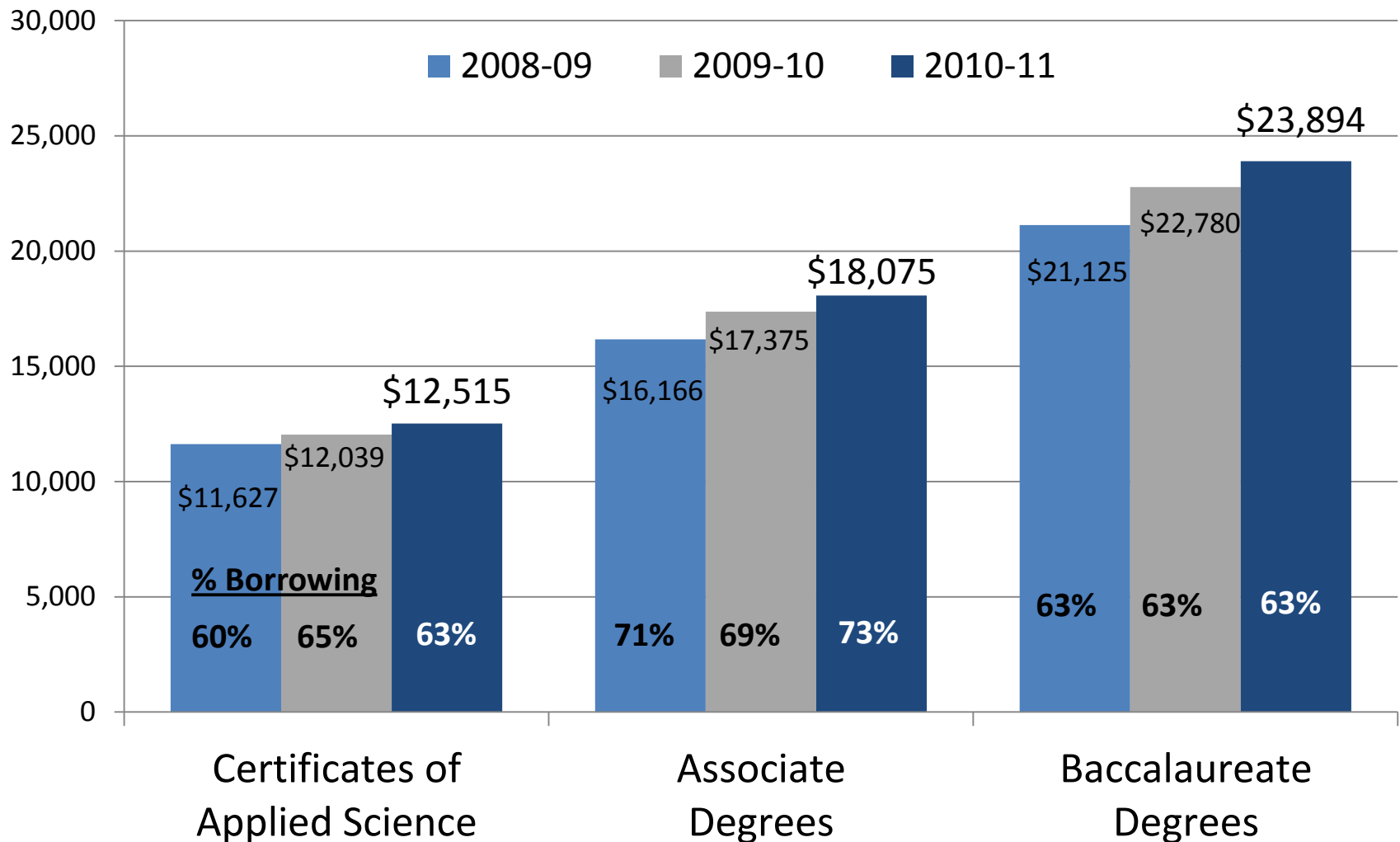
Academic Year Amounts = amount received in Fall and Spring semesters, does not include winter or summer sessions.

source: MUS Data Warehouse

Average Loan = average amount received by students receiving Loans

Average Loan Amounts for MUS Degree/Certificate Recipients

(average loan amounts of students who borrowed; no parent PLUS loans included; borrowing activity 8 years prior to graduation; includes federal and non-federal loans)



MUS Student Loans - Total Amount Borrowed

Loan Amounts by Type

◆ Subsidized
 ■ Unsubsidized
 ▲ Other
 ● Total

**Ten Year
Change**

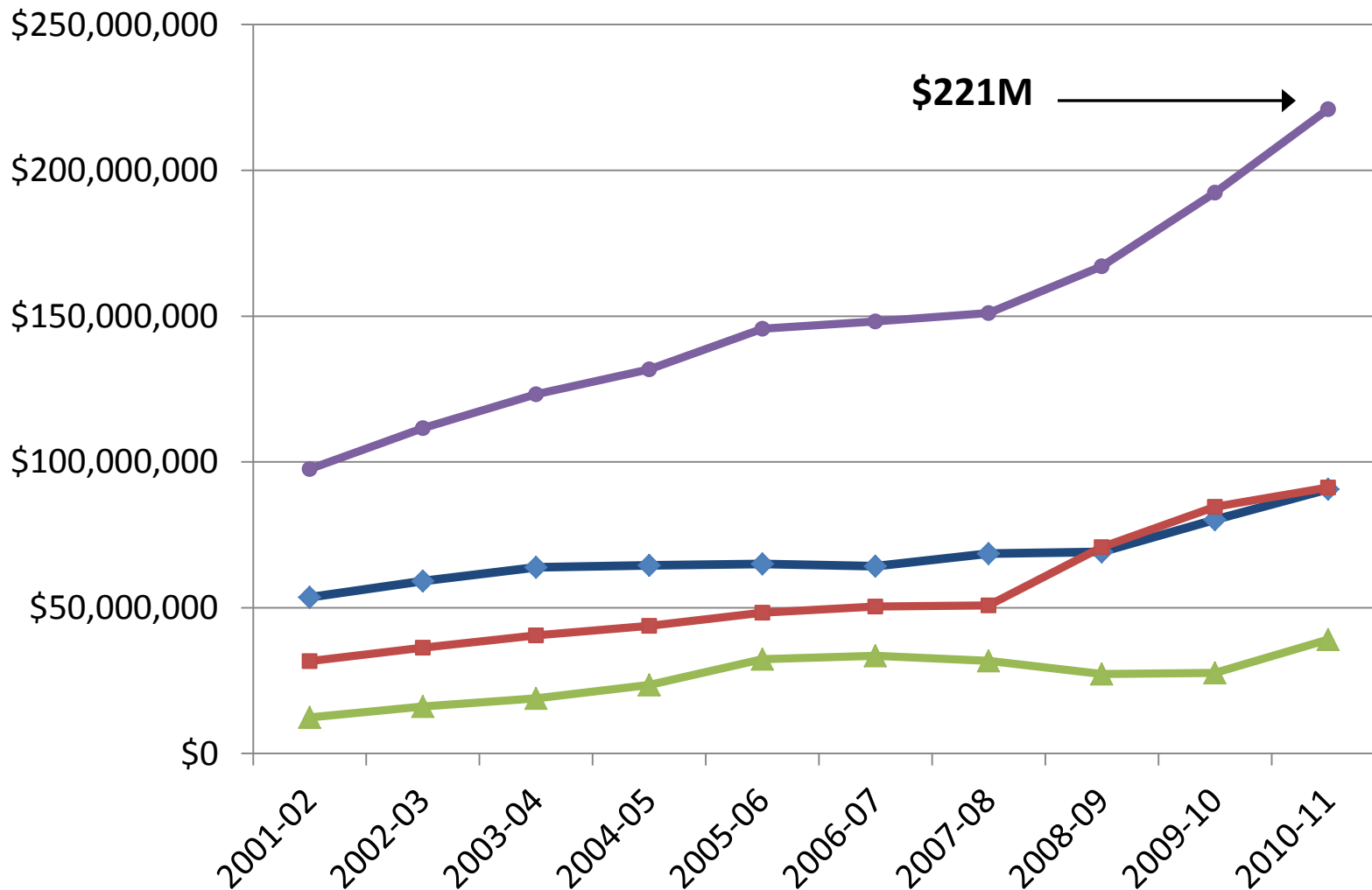
Total
+\$123M (126%)

SUB
+\$37M (69%)

UNSUB
+\$60M (188%)

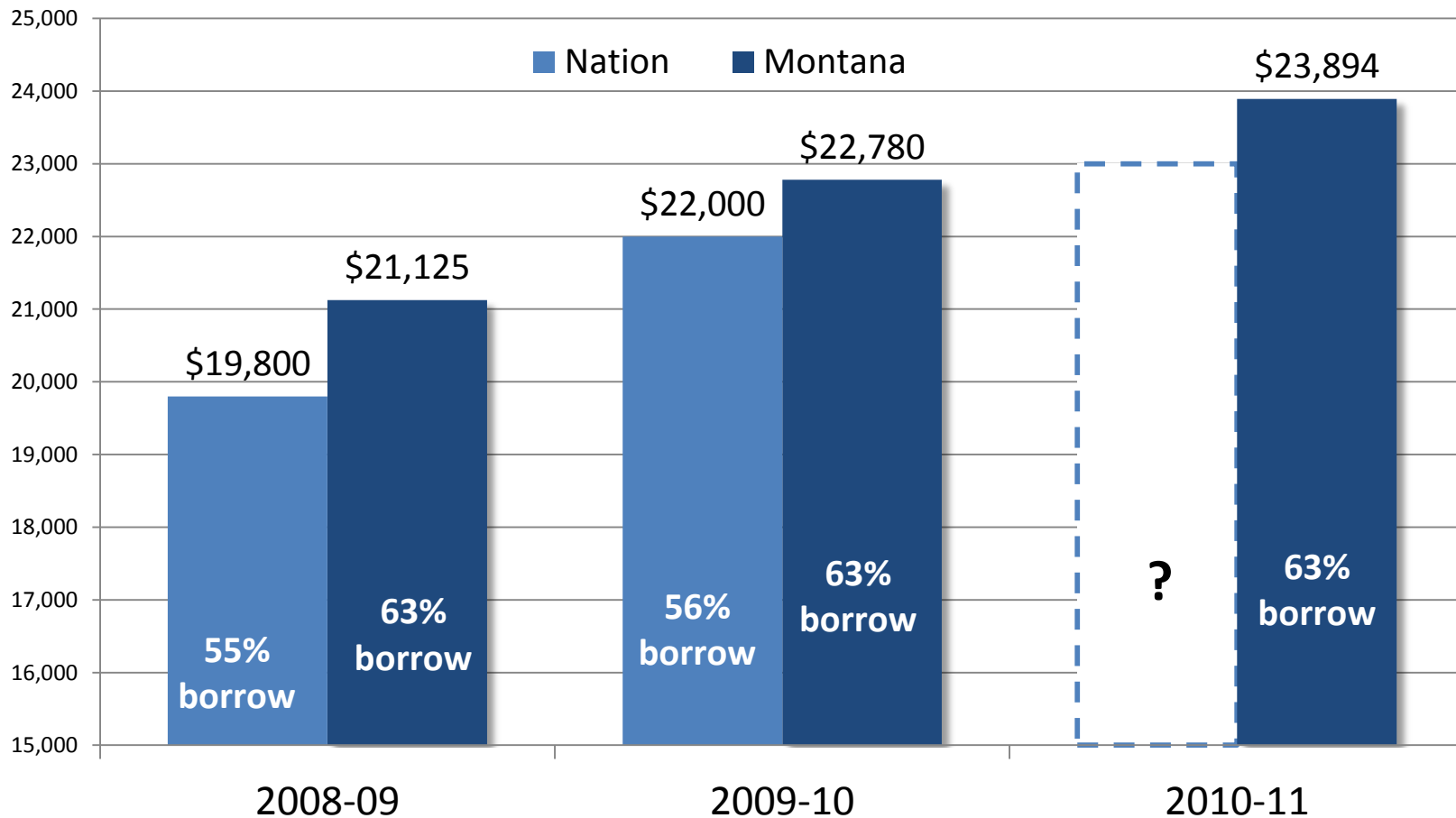
Other
+\$27M (217%)
(PLUS, private)

\$221M →



Average Loan Amounts of Bachelor's Degree Recipients

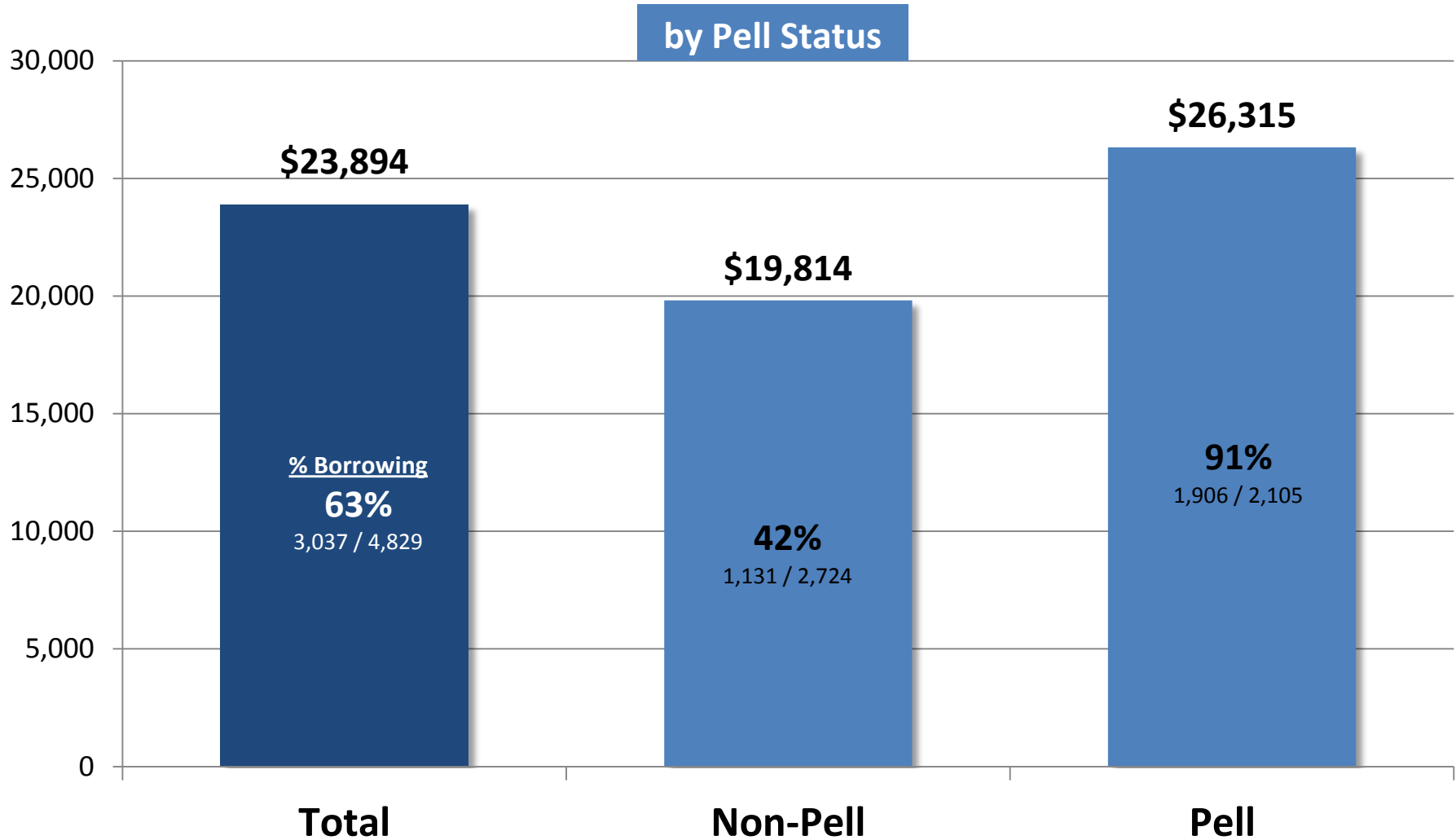
MT vs. Nation, Public Institutions
 (average loan amounts of students who borrowed)



source: MUS Data Warehouse, College Board, "Trends in Student Aid 2010"

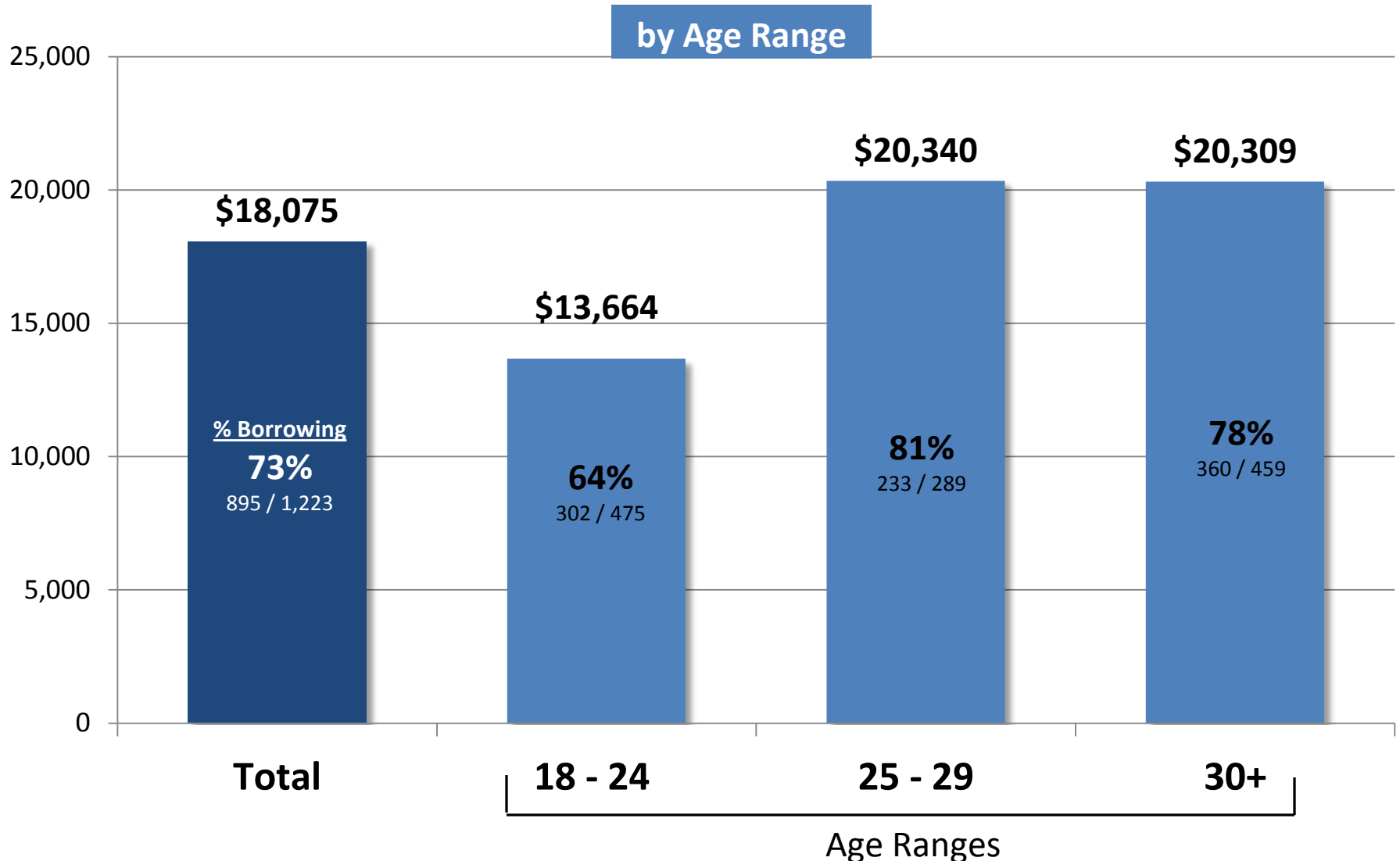
Average Loan Amounts for MUS Bachelor's Degree Recipients, 2010-11

(average loan amounts of students who borrowed; no parent PLUS loans included; borrowing activity 2002 - 2010; includes federal and non-federal loans)



Average Loan Amounts for MUS Associate's Degree Recipients, 2010-11

(average loan amounts of students who borrowed; no parent PLUS loans included;
borrowing activity 2002 - 2010; includes federal and non-federal loans)

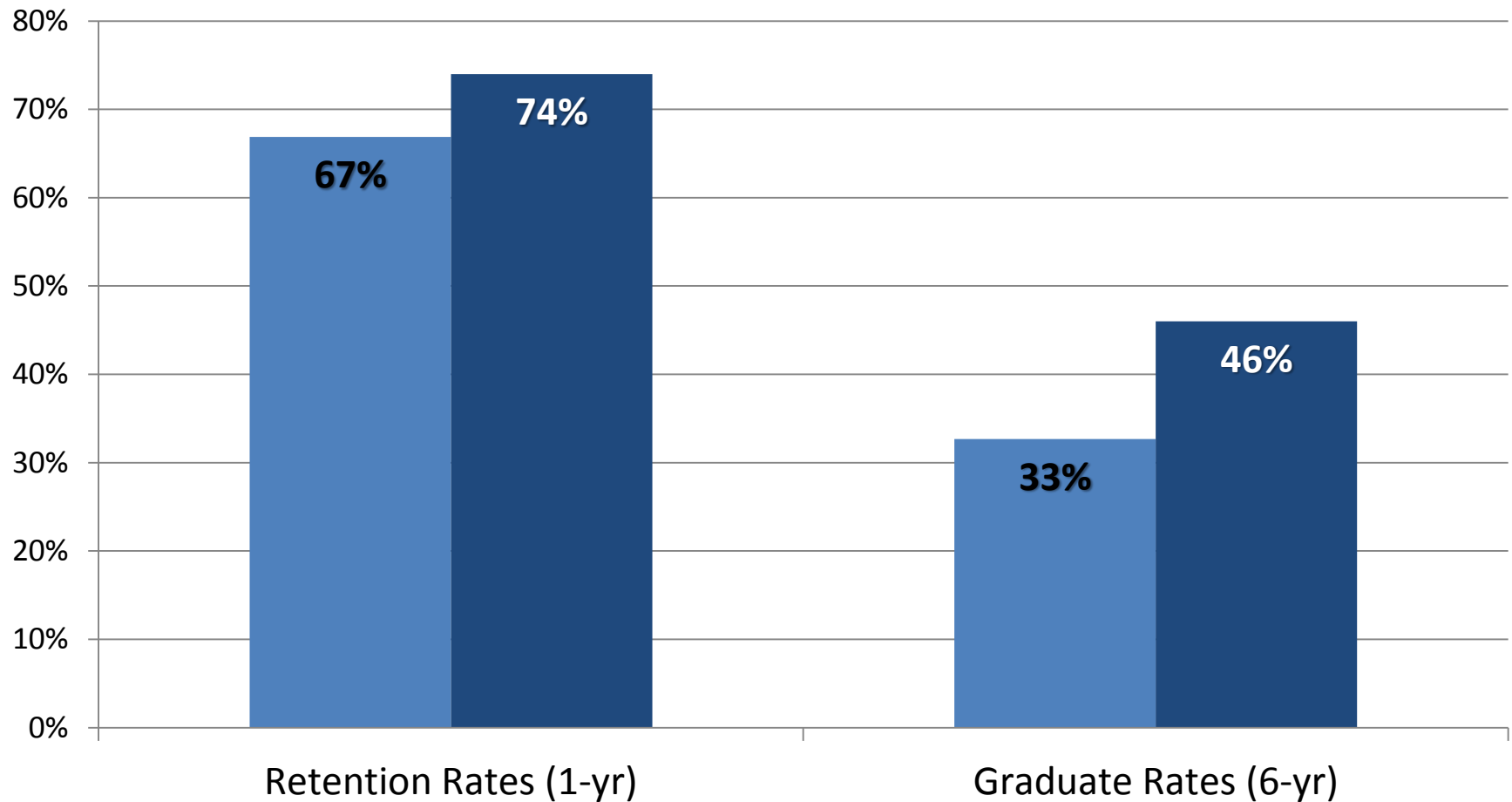


Retention & Graduation Rates

Full and Part-time Students Entering 4-year Campuses,
averages for 2002 – 2009 cohorts

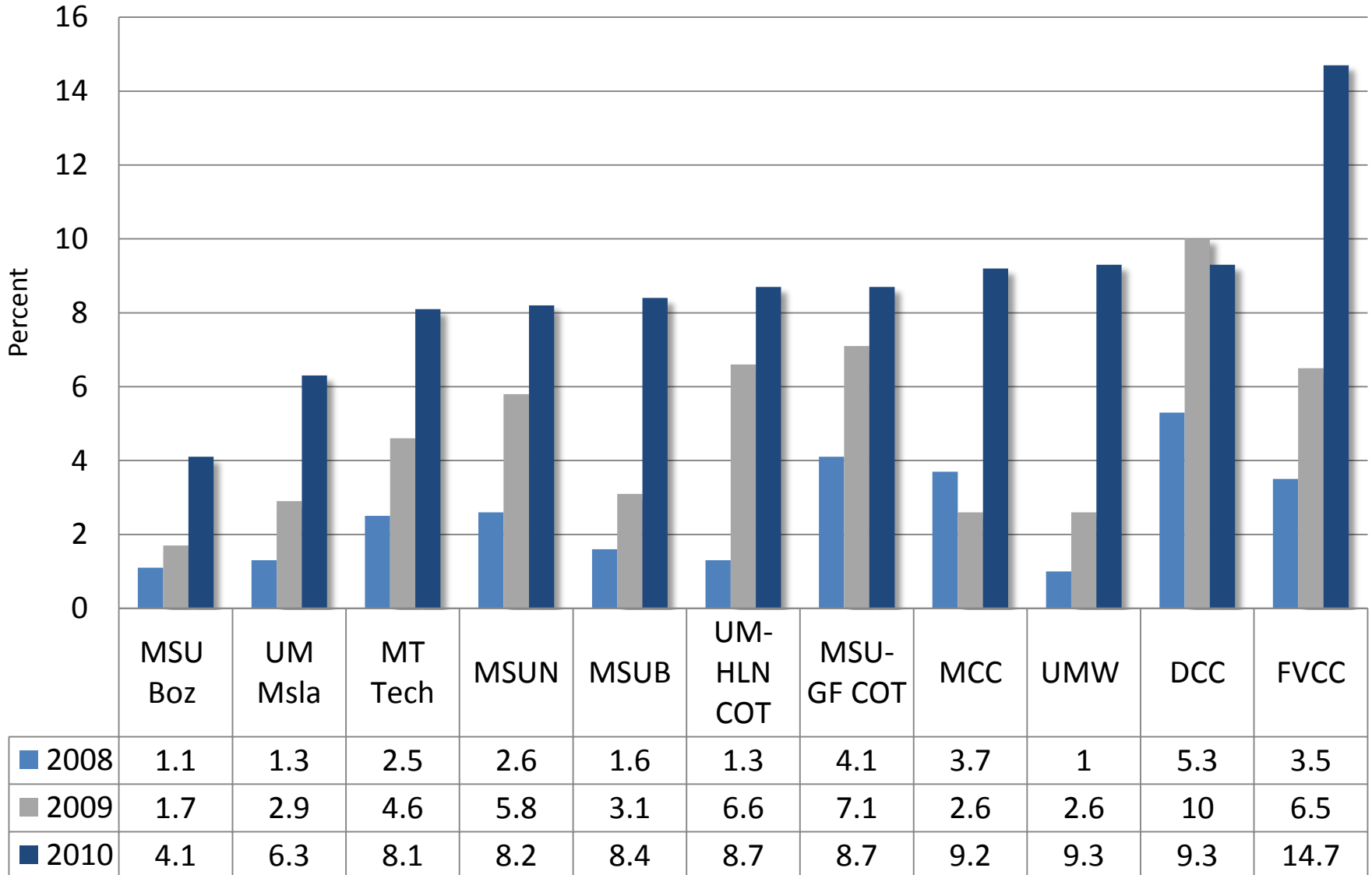
source: Access to Success

■ Pell Recipients ■ Non-Pell Recipients



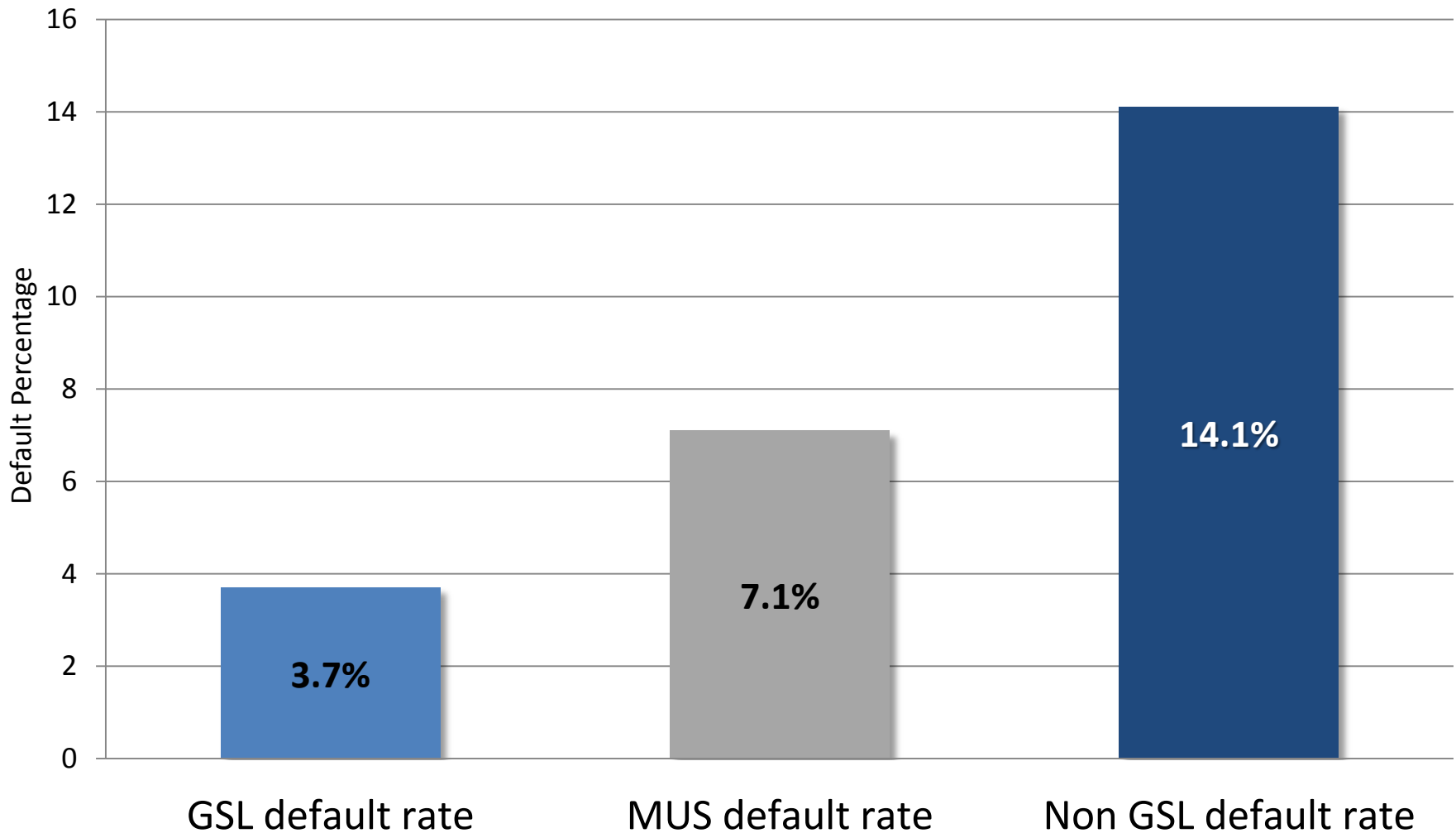
MUS Cohort Default Rates, 2008 – 2010

(2 year Rates)



Cohort Default Rates, 2010

2-year default rate; includes borrowers who entered repayment
10-1-09 and defaulted by 9-30-11



Data Points (summary)

1. State funded need-based aid in Montana is low
2. Student loan debt and the percentage of students borrowing continues to escalate
3. Loan amounts and % borrowing are higher than national average
4. Low and moderate income students incur higher levels of debt, as well as non-traditional students at 2-year campuses
5. Retention and graduation rates are lower for low income students
6. Recent increases in default rates are reflective of students' struggles to manage debt
7. Borrowers receiving default prevention services from MUS are less likely to default

Recommendations

1. Increase tuition assistance for low and moderate income students.
2. Provide a system-wide, coordinated and collaborative financial literacy effort aimed at students most likely to generate high levels of debt.
3. Increase centralized default prevention efforts.

System Initiative

Student Financial Aid & Services

Description:

Increase **tuition assistance** for Montana residents in order to improve affordability and increase retention and completion rates of lower and moderate income students, as well as provide coordinated services that promote **financial literacy** and increase **default prevention**.

System Initiative

Student Financial Aid & Services

Details:

Tuition Assistance

- Increase funding for MTAP (MT Tuition Assistance Program – Baker Grants), the MUS’s largest state funded need-based aid program (allows campus flexibility to provide aid to middle income students)
- MTAP appropriations total \$1.9M/year and have not seen an increase in over 10 years
- **Funding Request** = \$500,000 per year

System Initiative

Student Financial Aid & Services

Details:

Financial Literacy

- Develop a coordinated and collaborative approach to financial literacy that enhances and connects existing campus and system efforts
- Assign Student Financial Services the responsibility for coordinating efforts system-wide
- Improve financial literacy material and on-line information, as well as broaden scope to include K-12
- Continue to utilize Affordability Taskforce as system advisory council for financial literacy efforts

System Initiative

Student Financial Aid & Services

Details:

Financial Literacy – (Funding Request)

- Develop and implement financial literacy “best practices” through a competitive allocation of funds to the campuses; funded programs will focus on at least one of these elements:
 - Development of a “training the trainer” program
 - Utilization of student interns or work study students as mentors
 - Development and monitoring of early indicators of students with retention/completion and financial issues
 - Targeted literacy efforts for at risk students

= \$200,000 per year

- Central support and coordination positions; literacy materials/programs
= \$150,000 per year

System Initiative

Student Financial Aid & Services

Details:

Default Prevention

- Increase centralized default prevention efforts for students receiving direct federal loans (students under FFELP program are currently served by GSL)
- Develop a plan for eventual phase out of default prevention services for students receiving FFELP loans and work to ensure sustainable services for direct loan students
- **Funding Request** = \$400,000 per year
(6 support positions, tracking system, research & analysis)

System Initiative

Student Financial Aid & Services

Proposed Biennial Budget

Tuition Assistance	\$1,000,000
Financial Literacy	\$700,000
Campus Support	\$400,000
Central Coordination	\$300,000
Default Prevention	\$800,000
TOTAL	\$2,500,000

MUS Strategic Plan

Goal #1 - Access & Affordability

Objective 1.2.1: *Reduce the unmet student need for financial aid (increase need-based aid)*

http://www.mus.edu/data/StratPlan/5_Goal_1_Financial_Aid_2012.pdf

Objective 1.3.1: *Decrease average loan amounts and the percentage of students borrowing*

http://www.mus.edu/data/StratPlan/6_Goal_1_Affordability_2012_NEW.pdf