Affordability Sub-committee

Update: Sept 2011, Board of Regents Meeting

CHARGE:

• Utilize data to recommend strategies for improving affordability in the MUS
• Recommend approaches for improving communication and outreach about affordability of higher education in Montana
• Recommend policies to facilitate a more coordinated system of financial aid

TASKS: (examples)

• Increase system-wide use and understanding of financial aid information
• Provide analysis and information on increasing student loan amounts, as well as possible reductions to Pell grants
• Analyze the cost attendance and improve communication strategies
• Recommend process and/or policy changes for setting tuition in the MUS
• Address system-wide approaches to financial aid compliance and practices
• Improve the affordability portion of the MUS Strategic Plan
• Help shape the role of the Student Financial Services in OCHE’s ARSA division
Affordability Sub-committee

WORK PLAN

1) Data and Analysis....(i.e. utilize info to isolate key issues associated with affordability), Aug – Dec 2011


3) Policy Recommendations, Apr – June 2012
Affordability

(not just tuition)

Family Resources
- Demographic Profile
- First Generation/TRIO/Under-represented
- FAFSA/Expected Family Contribution
- Financial Literacy/Loan Debt Reduction
- Advising

Cost of Attendance
- Tuition & Fees
- Room & Board
- Books & Supplies
- Miscellaneous/Other

Financial Aid
- Grants & Scholarships
- Loans
- Federal
- State
- Institutional
- Other/Private

Advising
Net Tuition & Fees

Academic Year Amounts for First-time, Full-time Resident Students

Net Tuition = Academic year tuition and fees minus average amount of financial aid received by all students (not just those receiving aid)

Source: OCHE, MUS Data Warehouse
**Net Price of Attendance**

**Academic Year Amounts for First-time, Full-time Resident Students**

- **DOC (MSU/UM)**
  - 4-year (BA/MA): $10,417
  - 2-year (COTs): $7,464

- **First-time, Full-time Resident Students**
  - 2002-03: $7,600
  - 2003-04: $8,274
  - 2004-05: $9,620
  - 2005-06: $8,306
  - 2006-07: $6,642
  - 2007-08: $6,359
  - 2008-09: $7,464
  - 2009-10: $5,403
  - 2010-11: $2,000

**Net Price of Attendance** = Academic year price of attendance minus average amount of financial aid received by all students (not just those receiving aid)

**The price of attendance on this chart includes:** tuition and fees, on-campus room and board (avg off-campus for COTs), and books and supplies. "Other expenses" such as transportation, laundry, entertainment and furnishings were excluded. The amount of books and supplies was normalized across all campuses by using the System average.

*source: OCHE, MUS Data Warehouse*
Loans

Average Loan Amount for First-time, Full-time Resident Students
(including parent loans)

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Average Loan Amount</th>
<th>% Receiving Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>$3,943</td>
<td>58%</td>
</tr>
<tr>
<td>2003-04</td>
<td>$4,410</td>
<td>55%</td>
</tr>
<tr>
<td>2004-05</td>
<td>$4,874</td>
<td>53%</td>
</tr>
<tr>
<td>2005-06</td>
<td>$5,094</td>
<td>53%</td>
</tr>
<tr>
<td>2006-07</td>
<td>$5,310</td>
<td>55%</td>
</tr>
<tr>
<td>2007-08</td>
<td>$5,525</td>
<td>55%</td>
</tr>
<tr>
<td>2008-09</td>
<td>$5,740</td>
<td>55%</td>
</tr>
<tr>
<td>2009-10</td>
<td>$5,955</td>
<td>57%</td>
</tr>
<tr>
<td>2010-11</td>
<td>$6,744</td>
<td>61%</td>
</tr>
</tbody>
</table>

Academic Year Amounts = amount received in Fall and Spring semesters, does not include winter or summer sessions.
Average Loan = average amount received by students receiving Loans

Source: MUS Data Warehouse
Borrowing to Credential Ratio

**Measure:** academic year undergraduate loan amounts divided by total number of undergraduate completions, public institutions, 2006-07 - 2008-09 aggregate

Montana ranks 5th highest in the nation!

source: Education Sector, www.educationsector.org, "Debt to Degree"
Why is Montana’s ratio so high?

Possible conclusions....

1) MUS graduates borrow more than average; AND/OR

2) A higher percentage of MUS graduates borrow;
Average Loan Amounts for MUS Degree/Certificate Recipients, 2009-10
(average loan amounts of students who borrowed; no parent PLUS loans included; borrowing activity 2002 - 2010; includes federal and non-federal loans)

Certificates of Applied Science:
- $12,039
- 65% (162 / 250)

Associate Degrees:
- $17,397
- 69% (763 / 1,103)

Baccalaureate Degrees:
- $22,811
- 63% (2,947 / 4,672)

Source: MUS Data Warehouse, does not include CC's
Average Loan Amounts of Bachelor's Degree Recipients, MT vs. Nation
Public Institutions, Montana = 2009-10, Nation = 2008-09
(average loan amounts of students who borrowed)

Montana: $22,811, 63% borrow
Nation: $19,800, 55% borrow

source: MUS Data Warehouse, College Board, "Trends in Student Aid 2010"
Why is Montana’s ratio so high?

**Possible conclusions....**

1) MUS graduates borrow more than average; AND/OR

2) A higher percentage of MUS graduates borrow;

**Contributing Factors....**

1. MUS Tuition & Fees (2-year is higher than average in the west, 4-year is slightly below average) - **NO**
2. Montana’s Low Median Household Income (ranked 48th in the nation) - **YES**
3. Ratio of Tuition & Fees to Median Household Income – **YES**
4. Low State Funded Need-based Aid (MT has about ½ of amount (per student) of average in western states) – **YES**
5. High Student Share of Cost of Education - **YES**
Why is Montana’s ratio so high?

Possible conclusions....

1) MUS graduates borrow more than average;

2) A higher percentage of MUS graduates borrow;

3) The MUS doesn't graduate many students relative to the number enrolled;
Undergraduate Completions per 100 Undergraduates Enrolled
Public Institutions, 2009-10 (headcount)

LOANS

source: IPEDS
Question:

How can MT rank so high in completions per headcount, yet we know graduation rates are below the national average?

- Montana has a very low percentage of students enrolling part-time (24%, ranked 50th in the nation)
- Graduation rates are calculated based on cohorts of first-time, full-time students
- Completions per headcount are measured using all students (counting both full-time and part-time)
- States with high percentages of part-time students move down the completions per headcount scale
Why is Montana’s ratio so high?

Possible conclusions....

1) MUS graduates borrow more than average;

2) A higher percentage of MUS graduates borrow;

3) The MUS doesn't graduate many students relative to the number enrolled;

4) The MUS has a lower percentage of graduates at lower cost two-year level; or
Percentage of Undergraduate Completions Earned at 2-yr Colleges
Public Institutions, 2009-10

2-yr Level = certificates of applied science and associate degrees

source: IPEDS
Possible Conclusions

1) MUS graduates borrow more than average;
   MT = $22,800; National Avg. = $19,800

2) A higher percentage of MUS graduates borrow;
   MT = 63%; National Avg. = 55%

3) The MUS doesn't graduate many students relative to the number
   enrolled;   MT = 16.3 completions per 100 enrolled; National Avg. = 13.9

4) The MUS has a lower percentage of graduates at lower cost two-year
   level; or    MT = 29%; National Avg = 44%

5) A combination of some or all of the above
   Yes, #'s 1, 2, and 4 are correct
# First-time, Full-time Resident Students by Campus Type

<table>
<thead>
<tr>
<th>Entering Fall Cohorts</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
</tr>
<tr>
<td>2002-03</td>
<td>2010-11</td>
</tr>
<tr>
<td>% Receiving Loans</td>
<td></td>
</tr>
<tr>
<td>2-YEAR</td>
<td>62%</td>
</tr>
<tr>
<td>4-YEAR</td>
<td>57%</td>
</tr>
<tr>
<td>Average Loan (academic year)</td>
<td></td>
</tr>
<tr>
<td>2-YEAR</td>
<td>3,719</td>
</tr>
<tr>
<td>4-YEAR</td>
<td>3,994</td>
</tr>
<tr>
<td>Average Loan (w/o Parent PLUS Loans)</td>
<td></td>
</tr>
<tr>
<td>2-YEAR</td>
<td>3,521</td>
</tr>
<tr>
<td>4-YEAR</td>
<td>3,259</td>
</tr>
<tr>
<td>Tuition &amp; Fees (academic year)</td>
<td></td>
</tr>
<tr>
<td>2-YEAR</td>
<td>2,562</td>
</tr>
<tr>
<td>4-YEAR</td>
<td>3,521</td>
</tr>
<tr>
<td>Price of Attendance (tuition &amp; fees, room &amp; board, books &amp; supplies)</td>
<td></td>
</tr>
<tr>
<td>2-YEAR</td>
<td>7,357</td>
</tr>
<tr>
<td>4-YEAR</td>
<td>9,322</td>
</tr>
</tbody>
</table>

Source: MUS Data Warehouse, does not include CC’s
Cost of Attendance vs. Student Financing

UM College of Technology, 2010-11
(average for FT/FT Resident Freshmen who received any financial aid)

- **Tuition & Registration Fees**: $2,446
- **Mandatory Fees**: $923
- **Room & Board**: $6,860
- **Books & Supplies**: $950

**Student Financing**

- **Pell & Other Federal Grants**: $3,129
- **State Grant Aid**: $34
- **Scholarships**: $490
- **State Grant Aid**: $34
- **Fee Waivers**: $112
- **Loans**: $5,566
- **Other Family Contributions**: $1,811
- **Work Study**: $37
Cost of Attendance vs. Student Financing

UM College of Technology, 2010-11
(average for FT/FT Resident Freshmen who received Pell Grants)

Price of Attendance
- Tuition & Registration Fees, $2,446
- Room & Board, $6,860
- Mandatory Fees, $923
- Books & Supplies, $950

Student Financing
- Pell & Other Federal Grants, $4,675
- State Grant Aid, $42
- Scholarships, $582
- Fee Waivers, $141
- Loans, $6,084
- Work Study, $39
- Other Family Contributions, ($383)
SUMMARY

REVIEW (from May 2011 BOR presentation)
- Net tuition and fees in the MUS (defined as tuition and fees minus the average amount of financial aid received by students, not including loans) has declined over the past 5 years—Slide 4
- Although financial aid offset tuition and fee increases, net price of attendance still grew—Slide 5
- As a result, students continue to take out an increasing amount of loans—Slide 6

LOANS
- Montana’s borrowing to credential ratio is 5th highest in the U.S.—Slide 7
- Why is the ratio in Montana so much higher than other states? …. conclusions—
  - Average loan amounts, as well as the percentage of students receiving loans are higher in the MUS—Slides 9 & 10
  - Relative to other state systems, the MUS produces a high number of undergraduate credentials compared to the number of students enrolled…i.e. low completions do not contribute to the problem—Slide 13
  - The MUS has a lower percentage of graduates at lower cost two-year level than most other states—Slide 16

TRENDS
- The percentage of students borrowing at 2-year campuses is higher than the percentage at 4-year campuses—Slide 18
- When parent PLUS loans are removed, the average amount borrowed is nearly equal for students attending 2-year and 4-year campuses—Slide 18
- Since 2003, student lending at both 2-year and 4-year campuses has outpaced increases to tuition and fees, also growing faster than the percentage increase to the price of attendance—Slide 18
- Preview of future analysis: comparing price of attendance to student financing—Slides 19 & 20