

Higher Education Funding Committee

Student Affordability - Financial Aid & State Aid Programs

Presented by the NDUS

7.22.2014

Where do we want to go?

- **Goals – 2020 & Beyond** “Build ND to become the #1 state in education”
 - College and career ready students
 - Access and attainment to quality higher education
 - Higher education attainment/completion
- **Where does ND stand?**
 - Paying for college – affordability: how do federal and state aid options impact students?
 - FAFSA completion
 - College completion
 - Loan Indebtedness
 - State aid programs
- **Opportunities**
 - Collaborative projects
 - GAP Scholarship



Affordability

What aid is available?

- Federal grants
 - Federal Pell Grant
 - Federal Supplemental Education Opportunity Grant
- Federal Work Study
- Federal Loans
 - Direct Subsidized or Unsubsidized 4.66%
 - Graduate PLUS Loan 6.21%
 - Parent PLUS Loan 7.21%
- Private Loans
 - *Bank of ND DEAL Loan: 0% fees; 5.29%fixed; 1.73%variable*
- Tax benefits
 - American Opportunity Credit – claim up to \$2,500/yr for four years
 - Lifetime Learning Credit – claim up to \$2,000/yr
- State grants/scholarships
- Outside scholarships

Affordability

- Tuition & Fees
 - 29-40 percent of total estimated student costs
 - room/board, books/supplies, travel and other misc. expenses account for other costs

- 56% of NDUS undergraduates received some form of financial aid in 2012/13
 - nationally, 4-yr public 83%
 - nationally, 2-yr public 76% [nces.ed.gov]



Affordability

- Pell Grant & Campus Based Federal Aid Programs
 - Pell Grant - steady to slight decline in overall dollars & awards
 - Has not kept up with college costs
 - 12/13 - \$5,550
 - 13/14 - \$5,645
 - 14/15 - \$5,730
 - Continuing decline of percentage of tuition & fees covered
 - 11/12 vs 12/13 – 5% fewer Pell recipients and \$2.7 fewer federal dollars in the NDUS system
 - Campus-based Funds - 5,452 NDUS undergraduate students benefited from over \$8.5 million in federal grants & campus-based aid – over 10% of total undergraduate enrollment in 2012/13
 - Federal Perkins Loans
 - Federal Work Study

Affordability

- Graduate Loan Indebtedness – All ND schools (public & private)
 - Nationally, 71% of all seniors who graduated in 2012 had student loan debt. The average was \$29,400 per borrower. From 2008 to 2012, debt increased an average of 6% each year nationally. [*The Project on Student Debt*]
 - Ranked 13th in 2011 among states with an average debt of \$27,425 per graduated borrower.
 - 83% of 2011 ND graduates held some type of debt at graduation.
- NDUS schools - 2012
 - The average NDUS federal student loan indebtedness for graduates was \$23,884 at doctoral universities, \$23,376 at four-year institutions and \$12,531 at two-year colleges.
 - The total federal and non-federal student loan debt average was \$32,542 at doctoral universities, \$26,687 at four-year and \$14,116 at two-year institutions.
 - The combined average for the three institution types was an average of \$24,400.
 - Slowing trend of indebtedness growth
 - 09/10-10/11 @ 9.06%
 - 10/11-11/12 @ 6.89%
 - 11/12-12/13 @ 2.46%

Affordability

- 2011 2-year Cohort Default Rate

- North Dakota 5.6%
- US Average 10.0%

The phrase "cohort default rate" refers to the 2-yr rate of default during a period that begins on 10/1 of the FY when the borrower enters repayment and ends on 9/30 of the following fiscal year. This is the period during which a borrower's default affects the school's cohort default rate.



FAFSA Completion

National Average

Less than 55%

In each state.

- % of all reportable seniors in ND who completed a FAFSA as of 5.9.14
 - 41.82%
 - Historically 45-47%
- # of schools where no FAFSAs were completed?
 - 19

College Completion

- % of state's working-age population (25-64) with at least an associate degree
 - 2008 – 45.2%
 - 2012 – 45.65%
- Age 25-34 completion rate
 - 49.4%

National average age 25-64
39.4%

National average age 25-34
40.9%

- North Dakota
 - Average debt \$27,425
 - Ranked #13 in U.S.
 - NDUS @ \$24,400 in 2012
 - 83% of students graduated with debt
 - Ranked #1 in U.S.

Loan Indebtedness

National Averages

-2011 Project on Student Debt

- 66% of students held debt at graduation
- Average of \$26,600

- North Dakota
 - Undergraduate need-based aid per FTE student
 - \$233.36/FTE
 - 3.9% of total state HE spending
 - Total state need and non-need aid awarded
 - \$15,147,000
 - Ranked 28 in the US in *per-capita* spending

State Aid

Nationally

- Less than \$500/FTE on a national level
- Need-based aid has risen 40% since 2001

State Grant and Scholarship Programs

- North Dakota State Grant
 - Need-Based Grant
 - = Cost of Attendance – EFC – Pell – **all other aid that can affect “need”** = need
 - 13-15 Bien Appropriations \$21,245,679; 2.35% of total state HE funding
 - Fund for part-time enrollment effective 12/13
 - *89.45% fulltime; 5.47% ¾ time; 4.31% ½ time; 0.77% ¼ time*
 - **OPPORTUNITY:**
 - **Increase the maximum award amount from \$1,650/year**
 - **No formula change – average 7900 awards/year**
 - **With formula change – estimate 8500 – 9000 awards/year**

| Biennial Cost of ND State Grant Program - Scenarios | | | | | |
|---|------------------------|--------------|--------------|--------------|--------------|
| Award Amount | # of Annual Recipients | | | | |
| | 7,500 | 8,500 | 9,000 | 9,500 | 10,000 |
| \$1,650 | \$23,735,718 | \$26,898,830 | \$28,483,686 | \$30,066,068 | \$31,647,624 |
| \$1,750 | \$25,174,218 | \$28,529,030 | \$30,209,936 | \$31,888,218 | \$33,565,624 |
| \$1,850 | \$26,612,718 | \$30,159,230 | \$31,936,186 | \$33,710,368 | \$35,483,624 |
| \$1,950 | \$28,051,218 | \$31,789,430 | \$33,662,436 | \$35,532,518 | \$37,401,624 |
| \$2,000 | \$28,770,000 | \$32,604,000 | \$34,525,000 | \$36,443,000 | \$38,360,000 |

State Grant and Scholarship Programs

- North Dakota Scholars Scholarship
 - Merit-based award – best and brightest
 - 13-15 Bien Appropriations \$2,113,584
 - 150-160 funded annually (new & continuing)
 - Fund approximately 40-45 new award/year
 - Full tuition
 - 8 semesters
 - **OPPORTUNITY: 2013 “top 5th percentile”**
 - **380 student ACT 29+**
 - **47 awards**

State Grant and Scholarship Programs

- ND Academic and Career & Technical Education Scholarships
 - Merit based – earned in high school
 - Total scholarship \$6,000 (\$750/semester or \$500/qtr)
 - 13-15 Bien Appropriations \$10,000,000
 - Approximately 1,400 new awardees per year – focus on traditional student

| Award Scenarios | Which students receive the increase? | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|-------------------------------|--------------------------------------|--------------|--------------|---------------|---------------|
| #1 \$6,000 Award; \$1,500/Yr | No change | \$ 5,403,500 | \$ 6,560,252 | \$ 7,680,542 | \$ 7,807,876 |
| #2 \$8,000 Award; \$2,000/Yr | All | \$ 5,403,500 | \$ 6,560,252 | \$ 10,240,722 | \$ 11,114,940 |
| | Only New | \$ 5,403,500 | \$ 6,560,252 | \$ 8,385,542 | \$ 9,041,206 |
| #3 \$10,000 Award; \$2,500/Yr | All | \$ 5,403,500 | \$ 6,560,252 | \$ 12,800,902 | \$ 14,774,225 |
| | Only New | \$ 5,403,500 | \$ 6,560,252 | \$ 9,090,542 | \$ 10,274,536 |

G:\Financial Aid\500 Financial Aid, General\2.1 Biennium Budgets\Ongoing Budget Tables\AC-CTE\7.21.14

State Grant and Scholarship Programs

- ND Indian Scholarship
 - Need based *OR* merit based
 - Cannot exceed \$2,000/year
 - Undergraduates @ \$1,200/year in 13/14
 - Graduates @ \$1,800/year in 13/14
 - 13-15 Bien Appropriations \$649,267
 - Fund around 240-260/year
 - \$75,000 increase in 13/15 funding
 - *This increase is an opportunity to expand the program for graduate students!*

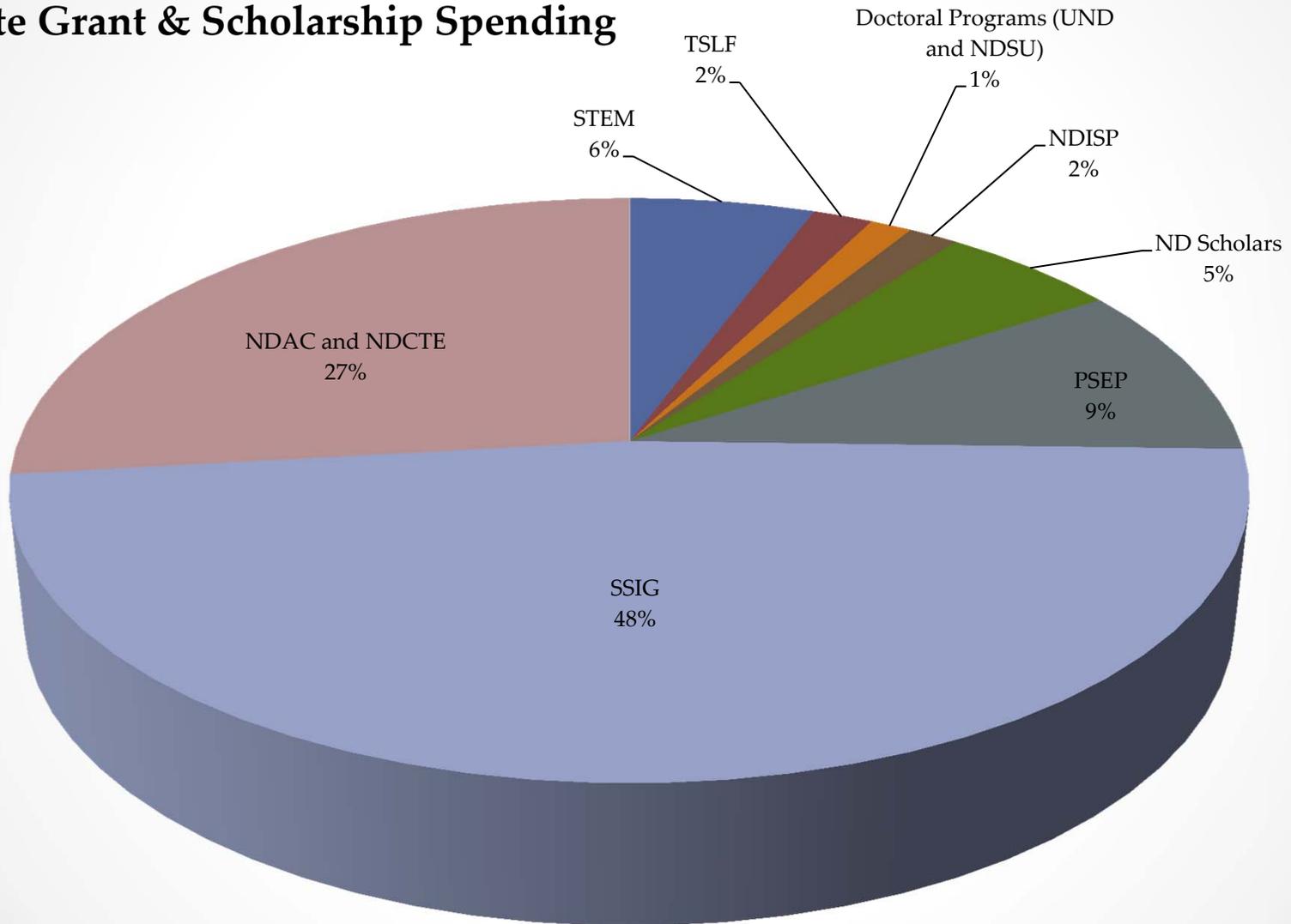
Professional Student Exchange Programs

- Veterinary Medicine – 40 all cohorts
 - WICHE(1), KSU(5), IA State(4), University of MN(2)
 - Optometry – 26 all cohorts
 - WICHE(8)
 - Dentistry – 28 all cohorts
 - WICHE(2) and University of MN(5)
- ✓ Support payments roughly equate to the difference between in-state and out-of-state tuition
- ✓ Recruitment base for critical professions in the state
- ✓ 13-15 Bien Appropriations \$4,275,015

Loan Forgiveness Programs

- Teacher Shortage Loan Forgiveness Program
 - Approximately 400/year awarded
 - \$1,000
 - 2014 awards – 481 eligible applicants; 377 awarded
 - 78.4% of eligible applicants awarded
- STEM (Science, Technology, Engineering & Math) Loan Forgiveness Program
 - Approximately 750/year awarded
 - \$1,500
 - 2014 awards – 1,159 eligible applicants; 773 awarded
 - 66.7% of eligible applicants awarded
- **OPPORTUNITY:**
 - **13-15 Bien Appropriations \$3,089,000**
 - **Expand programs to improve award percentage**

2013-14 Academic Year State Grant & Scholarship Spending



Collaborative Projects NDUS/BND

- FAFSA Completion Project
 - Increase the # of seniors completing the FAFSA
 - High school counselors are key
 - Access
- College Application Completion Campaign
 - Access
 - Touching the students results in greater matriculation
- Proposed "GAP" Scholarship
 - Target low to middle income families
 - Fill the "gap" between the grants and scholarships already received and the student's total cost of attendance
 - Limited start-up funding
 - \$1.5 - \$2.0 million
 - 1000-1300 students/year
 - Goals:
 - reduce debt
 - access
 - encourage persistence, retention and completion

Framework of “GAP” Scholarship

- Endowed scholarship
- Schools award funds to qualifying students
 - Funds awarded to institutions based on FTE
 - Annual application and accountability measures
- Students must meet all eligibility criteria
 - Limits (8 semester) and maximum award amounts (\$1,500/year) would be built into the award
 - Target upper low income to middle income families
 - Eligibility for both traditional and non-traditional student groups
 - Excellent “net price” reducer



Example

NEW "GAP" SCHOLARSHIP CONCEPT:

EFC Limit \$18,000 and up to 60% of cost of attendance of \$21,000 (ie. research univ.)

| | | | | | | | |
|-----------------|------------|-----------------|-----------|-----------------|-----------|-----------------|-----------|
| Example 1: | | Example 2: | | Example 3: | | Example 1: | |
| EFC | \$0 | EFC | \$5,001 | EFC | \$10,000 | EFC | \$18,000 |
| Pell Grant | \$5,730 | Pell Grant | \$680 | Pell Grant | \$0 | Pell Grant | \$0 |
| FSEOG | \$500 | FSEOG | \$500 | FSEOG | \$0 | FSEOG | \$0 |
| State Grant | \$1,650 | State Grant | \$1,650 | State Grant | \$1,650 | State Grant | \$0 |
| ND Academic | \$1,500 | ND Academic | \$1,500 | ND Academic | \$1,500 | ND Academic | \$1,500 |
| Inst. Schol. | \$2,500 | Inst. Schol. | \$2,500 | Inst. Schol. | \$2,500 | Inst. Schol. | \$2,500 |
| Outside Schol. | \$3,000 | Outside Schol. | \$3,000 | Outside Schol. | \$3,000 | Outside Schol. | \$3,000 |
| TOTAL | \$14,880 | TOTAL | \$9,830 | TOTAL | \$8,650 | TOTAL | \$7,000 |
| COA | \$21,000 | COA | \$21,000 | COA | \$21,000 | COA | \$21,000 |
| 60% of COA | \$12,600 | 60% of COA | \$12,600 | 60% of COA | \$12,600 | 60% of COA | \$12,600 |
| Total Schol. | (\$14,880) | Total Schol. | (\$9,830) | Total Schol. | (\$8,650) | Total Schol. | (\$7,000) |
| Gap | \$0 | Gap | \$2,770 | Gap | \$3,950 | Gap | \$5,600 |
| Gap Scholarship | \$0 | Gap Scholarship | \$1,500 | Gap Scholarship | \$1,500 | Gap Scholarship | \$1,500 |

+ EFC Limit \$18,000 and up to 60% of cost of attendance \$15,000 (i.e. 2year colleges)

| | | | | | | | |
|-----------------|------------|-----------------|-----------|-----------------|-----------|-----------------|-----------|
| Example 1: | | Example 2: | | Example 3: | | Example 1: | |
| EFC | \$0 | EFC | \$5,001 | EFC | \$10,000 | EFC | \$18,000 |
| Pell Grant | \$5,730 | Pell Grant | \$680 | Pell Grant | \$0 | Pell Grant | \$0 |
| FSEOG | \$500 | FSEOG | \$500 | FSEOG | \$0 | FSEOG | \$0 |
| State Grant | \$1,650 | State Grant | \$1,650 | State Grant | \$1,650 | State Grant | \$0 |
| ND Academic | \$1,500 | ND Academic | \$1,500 | ND Academic | \$1,500 | ND Academic | \$1,500 |
| Inst. Schol. | \$2,500 | Inst. Schol. | \$2,500 | Inst. Schol. | \$2,500 | Inst. Schol. | \$2,500 |
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| Total Schol. | (\$14,880) | Total Schol. | (\$9,830) | Total Schol. | (\$8,650) | Total Schol. | (\$7,000) |
| Gap | \$0 | Gap | \$0 | Gap | \$350 | Gap | \$2,000 |
| Gap Scholarship | \$0 | Gap Scholarship | \$0 | Gap Scholarship | \$350 | Gap Scholarship | \$1,500 |

G:\Financial Aid\500 Financial Aid, General\2.1 Biennium Budgets\15-17 Bien\GAP Scholarship Data\NEW CONCEPT use \$18,000 EFC and 60% of COA.docx

Example

How would an increase to the State Grant and the AC/CTE affect this concept?

EFC Limit \$18,000 and up to 60% of cost of attendance of \$21,000 (ie. research univ.)

| | | | | | | | |
|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|----------------|
| Example 1: | | Example 2: | | Example 3: | | Example 1: | |
| EFC | \$0 | EFC | \$5,001 | EFC | \$10,000 | EFC | \$18,000 |
| Pell Grant | \$5,730 | Pell Grant | \$680 | Pell Grant | \$0 | Pell Grant | \$0 |
| FSEOG | \$500 | FSEOG | \$500 | FSEOG | \$0 | FSEOG | \$0 |
| State Grant | \$2,000 | State Grant | \$2,000 | State Grant | \$2,000 | State Grant | \$0 |
| ND Academic | \$2,500 | ND Academic | \$2,500 | ND Academic | \$2,500 | ND Academic | \$2,500 |
| Inst. Schol. | \$2,500 | Inst. Schol. | \$2,500 | Inst. Schol. | \$2,500 | Inst. Schol. | \$2,500 |
| Outside Schol. | \$3,000 | Outside Schol. | \$3,000 | Outside Schol. | \$3,000 | Outside Schol. | \$3,000 |
| TOTAL | \$16,230 | TOTAL | \$11,180 | TOTAL | \$10,000 | TOTAL | \$8,000 |
| COA | \$21,000 | COA | \$21,000 | COA | \$21,000 | COA | \$21,000 |
| 60% of COA | \$12,600 | 60% of COA | \$12,600 | 60% of COA | \$12,600 | 60% of COA | \$12,600 |
| Total Schol. | (\$16,230) | Total Schol. | (\$11,180) | Total Schol. | (\$10,000) | Total Schol. | (\$8,000) |
| Gap | \$0 | Gap | \$1,420 | Gap | \$2,600 | Gap | \$4,600 |
| Gap Scholarship | \$0 | Gap Scholarship | \$1,420 | Gap Scholarship | \$1,500 | Gap Scholarship | \$1,500 |

EFC Limit \$18,000 and up to 60% of cost of attendance \$15,000 (i.e. 2year colleges)

| | | | | | | | |
|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|----------------|
| Example 1: | | Example 2: | | Example 3: | | Example 1: | |
| EFC | \$0 | EFC | \$5,001 | EFC | \$10,000 | EFC | \$18,000 |
| Pell Grant | \$5,730 | Pell Grant | \$680 | Pell Grant | \$0 | Pell Grant | \$0 |
| FSEOG | \$0 | FSEOG | \$500 | FSEOG | \$0 | FSEOG | \$0 |
| State Grant | \$1,270 | State Grant | \$2,000 | State Grant | \$2,000 | State Grant | \$0 |
| ND Academic | \$2,500 | ND Academic | \$2,500 | ND Academic | \$2,500 | ND Academic | \$2,500 |
| Inst. Schol. | \$2,500 | Inst. Schol. | \$2,500 | Inst. Schol. | \$2,500 | Inst. Schol. | \$2,500 |
| Outside Schol. | \$3,000 | Outside Schol. | \$3,000 | Outside Schol. | \$3,000 | Outside Schol. | \$3,000 |
| TOTAL | \$15,000 | TOTAL | \$11,180 | TOTAL | \$10,000 | TOTAL | \$8,000 |
| COA | \$15,000 | COA | \$15,000 | COA | \$15,000 | COA | \$15,000 |
| 60% of COA | \$9,000 | 60% of COA | \$9,000 | 60% of COA | \$9,000 | 60% of COA | \$9,000 |
| Total Schol. | (\$15,000) | Total Schol. | (\$11,180) | Total Schol. | (\$10,000) | Total Schol. | (\$8,000) |
| Gap | \$0 | Gap | \$0 | Gap | \$0 | Gap | \$1,000 |
| Gap Scholarship | \$0 | Gap Scholarship | \$0 | Gap Scholarship | \$0 | Gap Scholarship | \$1,000 |

Opportunities

- Financial Literacy Programs
 - Secondary and Post-secondary
- Earlier Outreach Programs
 - The more you touch a life, the more impact
- College Readiness and Preparation
 - Improve retention, persistence and completion
- College Affordability and Access
 - Reduce or eliminate tuition rate increases
- Low income/first gen/underserved populations
- Middle Income Families
- Merit aid program
- Expansion of need-based program
- Workforce Needs
- Retain Graduates – expansion of loan forgiveness programs and competitive salaries
- Reduce indebtedness



Thank You!

- Resources
 - NASSGAP 43rd Annual Survey Report on State-Sponsored Student Financial Aid
 - Lumina – A Stronger Nation through Higher Education, Closing the Gaps in College Attainment
 - EdCentral: <http://www.edcentral.org/filling-fafsas/>
 - The Quick & ED: <http://www.quickanded.com/2013/07/fafsa-completion-rates-vary-by-state.html>
 - StudentAid.ed.gov
 - College Board
 - 2014 NDUS Affordability Report

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