

Affordability Meeting Summary

September 30, 2015

1. What do we mean by affordable?

- Ability to pay and willing to make the sacrifice in other areas
- Reasonably priced
- Fair and equitable access particularly to those groups who are most disadvantaged and have the greatest need
- From a business sense if there is value that produces a revenue stream later on, then it is affordable. Need to advise students on degree plans that will help provide the job and revenue worthwhile to pay off loans
- Subjective – affordability is in the eyes of the students and whether the long term investment is worth it to the students
- Students to contribute an affordable amount, but the institutions provide the resources to make the overall cost affordable and accessible by all
- Show the investment over time - it is not immediate and it is teaching the culture

2. Do current financial aid programs contribute to affordability? Institutional aid programs?

- Yes, but need for more need based grant and scholarship opportunities
- Academic Challenge Scholarship has helped with affordability overall
- Federal programs give access to pell and to student loans
- State and federal programs ask students to get through their education more quickly, but that requires they have access to financial aid year round. Some students would like to attend summer sessions also but financial aid is not available to them in the summer sessions.
- Gap between need based and academically based and need to fit more people into one of those two categories to help need for student loans
- Balancing act to keep students at home – competing with aggressive top scholarship programs in other states for our top students
- Adult learners – financial aid focus is more on the traditional students and not the adult learners

3. How do student loans impact affordability?

- Some use student loans to live on and not just for college expenses which affects affordability
- Students impacted are those who want to go back to school but have student loans to pay back before they can go back to school
- Some students need counseling on proper use of their student loans

- Student loans can be customized by the student based on their situation and affordability
- The students most likely to default on their student loans are those that only owe approximately \$5,000 and do not complete their first year of college. The students who graduate are more likely to pay back their student loans even though their loans are much higher.
- Contradictory affordability goals – the goal of more money to part-time students, but also the goal of getting more students graduated in a shorter amount of time
- Arkansas Academic Challenge – disappointing that the loan volume went up consistently for 3 years along with the lottery scholarship
- Student services important in including students in the process and provide availability for them to take advantage of loans, but they need to be able to complete college course work
- Need for students to see the value of higher education and be willing to be participants. We need to make efforts to help students be able to make wiser decisions and come up with conservative budgets so the student loan amounts are reasonable.
- Income driven payments – students have opportunity to set up payments regardless of income instead of defaulting
- Students need to be made aware of all costs associated with going to college, including expenses of living away from home, etc.
- Make students aware of college costs as early as middle school as well as high school
- Intrusive advising early and repetitively showing graphically the costs and what the expectations are and budgeting for those costs
- Financial literacy program in addition to an early alert system and provide counselors and advisors who can help those students when they see those red flags
- Gainful employment regulations – federal government grades program by program student debt-to-earnings ratio after graduation. If the student is so far in debt after graduation, that can shut down our ability to get financial aid for that program. Student loans can affect affordability if students take out loans and then do not get a job with earning level to pay the loan back. We could lose the ability to offer financial aid for those programs.
- Some institutions provide programs for students for emergency loans. These loans help students with those unexpected expenses. On these loans, how they pay back the loans and financial literacy can be imposed. There has been early success with this program with counseling, advising and accountability conversations. These institutional loans bridge another gap that happens in the life of students. Institutions can work toward keeping it affordable and accessible with these types of resources and programs.

4. How much should a student contribute toward his/her education?

- Students are more likely to succeed when they are using their own funds
- Calculations available on FAFSA – Expected Family Contribution “EFC”

- Federal programs available – example: “pay as you go” spreads loans out over the semester instead of a single disbursement which rewards the student for persistence

5. How well do institutions understand the connection of each budget dollar spent to student success?

- Flow through fees – students do not understand the connection or reason for certain fees and maybe if they did the personal feeling of being invested may grow

6. What role does concurrent credit or other forms of early college credit play in affordability?

- “Huge and a bonus all around” – courses are cheaper which helps the family, saves federal and state dollars and students graduate earlier
- Great opportunity for students but hard financially on the institutions because it does cost the institutions money and it is not cheaper on the institution to offer concurrent classes. Students are also kept for less time and that hurts the bottom line. Research does show that these students are more successful and transition to a college university at a higher rate.
- Concerns: How are we paying for concurrent enrollment? Who is paying for concurrent enrollment? Do the school districts pay for it? Are scholarships paying for it? - some school districts are paying for concurrent classes now
- It is a great program but impacts money available for those services for the students on campus

7. If you could start from scratch, how would you design the tuition and financial aid structure at your institution?

- “Free.” Do you appreciate things that are free? Need to invest in something to value it.
- Reconfigure financial aid so there is one bottom line so students know what their cost is going to be
- Simplify the application for financial aid and grant programs
- Have built in opportunity of support services for those underserved students
- Fees – good to show fees so they get allocated correctly
- Three questions parents are going to ask: how much is it going to cost, how long will it take and can they get a job? Moms and dads are our customers and they are shopping.
- Instead of refunds, possibly give that money to someone who needs it instead of refunds to students who have their school paid for
- Have programs the students want, not programs we think they want and remove programs that have a very limited number of graduates
- Give first and second year students the courses they need to take to be successful and graduate

- Have more night classes and weekend classes
- Financial aid should be tied to student attendance because students who do not attend class are not succeeding
- Financial aid has to be tied to academic performance in a more measurable way
- Look at how we spend our money and strike a good balance between our merit programs and those need based students
- Take state scholarships along with federal loans and pell grants and give them to the institutions, then tuition could possibly be free
- Need for a comprehensive review and possible overhaul of all state scholarships to line up with the Governor's goals

8. Can we change student behavior on how they look at loans?

- "Yes to a degree" by student intervention
- Change terms of loan to short term
- Educate students and families on early planning and reinforce the need to begin saving for college. Not enough emphasis on the reasonable expectation that families can save and pay for college and that should become a part of each families plan.
- Very difficult for families to save, especially single moms and dads. We can try to change the mindset, but some families still cannot save.
- Set up programs to help students work their way through college. Those students then have ownership in their education and see the value and attend class.
- Need to encourage parents to give their kids their own tax returns so they can receive financial aid
- Need to change the culture and the attitude to focus on education
- Successful model to reduce borrowing rate – there is an institution that gives the student two loan amounts – the amount the U. S. Department of Education says you can borrow and the amount the institution recommends, which is actual basic costs only and does not include personal expenses
- One size does not fit all because some students need travel money to attend school
- "NASFA" National Association of Student Financial Aid – this program gives the school the ability to decide some of their packaging plans and has been successful in reducing student loans
- Federal government requires on line pre-loan counseling
- Debt letters to students explaining that based upon their borrowing habits up to this point, and if they continue at this pace, their average monthly payment is going to be this amount
- Not an easy fix – need relationship between student and someone on campus, which takes time and personnel. If we can invest the time and energy, the student may not need as much money.
- "Double dose of counseling" – both financial assessment and repercussions of defaulting has been successful

9. Should we be thinking about students who come back with old student debt and should this be a part of our conversation?

- Arkansas is more affordable compared to other states and the problem is our families do not have the same incomes as other states
- Need something in place especially for the large number of adult learners with student loan debt
- What if we could replace the loan of students in default with a state loan? That would get the loan paid off and take away that issue and they would be able to enroll. We would be taking that risk to give them a chance to get back in school to earn a degree and then have the income to be able to pay off the old loan and hopefully not new excessive debt that comes with getting a degree. Is that worth the risk to the student?

General discussion:

- *Administrative positions* – need for close look at categorizing personnel and if it can be broken out into three categories instead of two: faculty, student services/success/support, and true administrators.
- *How well do we recognize the connections between budget decisions and student success* – research shows if you look at institutions that have identical characteristics and identical student credentials and you see spending from \$20,000 per student to \$2,000 per student with the same results, that would lead us to believe somewhere there is spending that probably does not have to happen to get to a student's success. How closely do we examine where we spend and are their opportunities where we could reallocate funds to increase student success? Are we under spending in an area where it makes a difference or are their areas where we could be spending more? Based on data, student services, instruction and academic support are the only things that make a difference in whether a student completes or not.
- *Allocate 25% of state scholarship funds to need-based programs – how would that be defined or achieved?* - concern: the lottery was voted on by the people to pay for all students who want to go to college through scholarships or grants, so how do you get around that? What about the students in the middle who could get hurt by reallocation: need based students can get money and total scholarship students can get money.
- Take a look at other financial aid programs to see if they are effective and if not, find a way for them to be more effective and not just look at Academic Challenge by itself
- Focus on nontraditional students and the lack of scholarships available to them. Also, remove the academic requirements and make the nontraditional students' scholarships need based.