

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

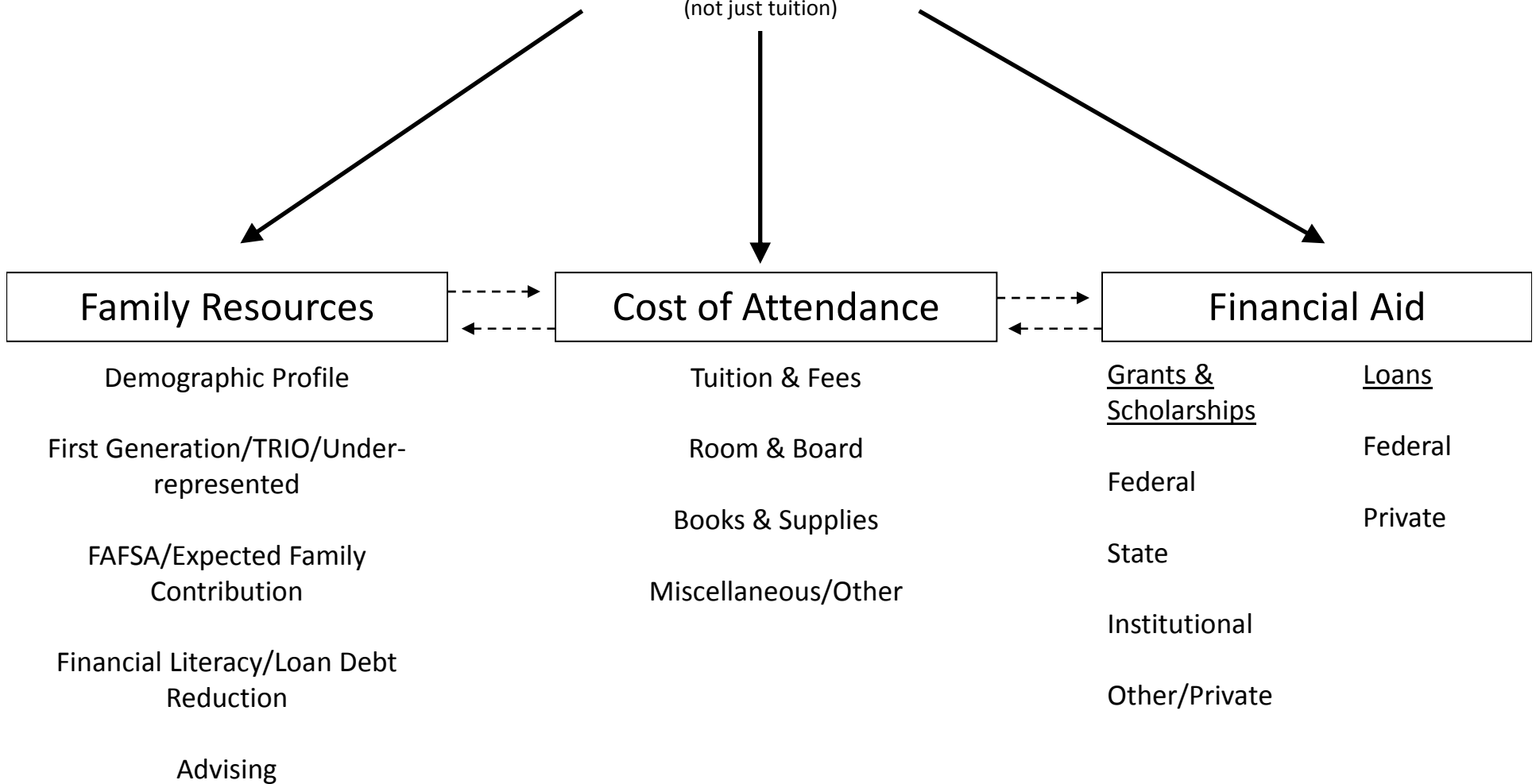
Affordability Sub-committee

WORK PLAN

- 1) Data and Analysis....(i.e. utilize info to isolate key issues associated with affordability), Aug – Dec 2011
- 2) Policy Review & Strategies, Jan – Mar 2012
- 3) Policy Recommendations, Apr – June 2012

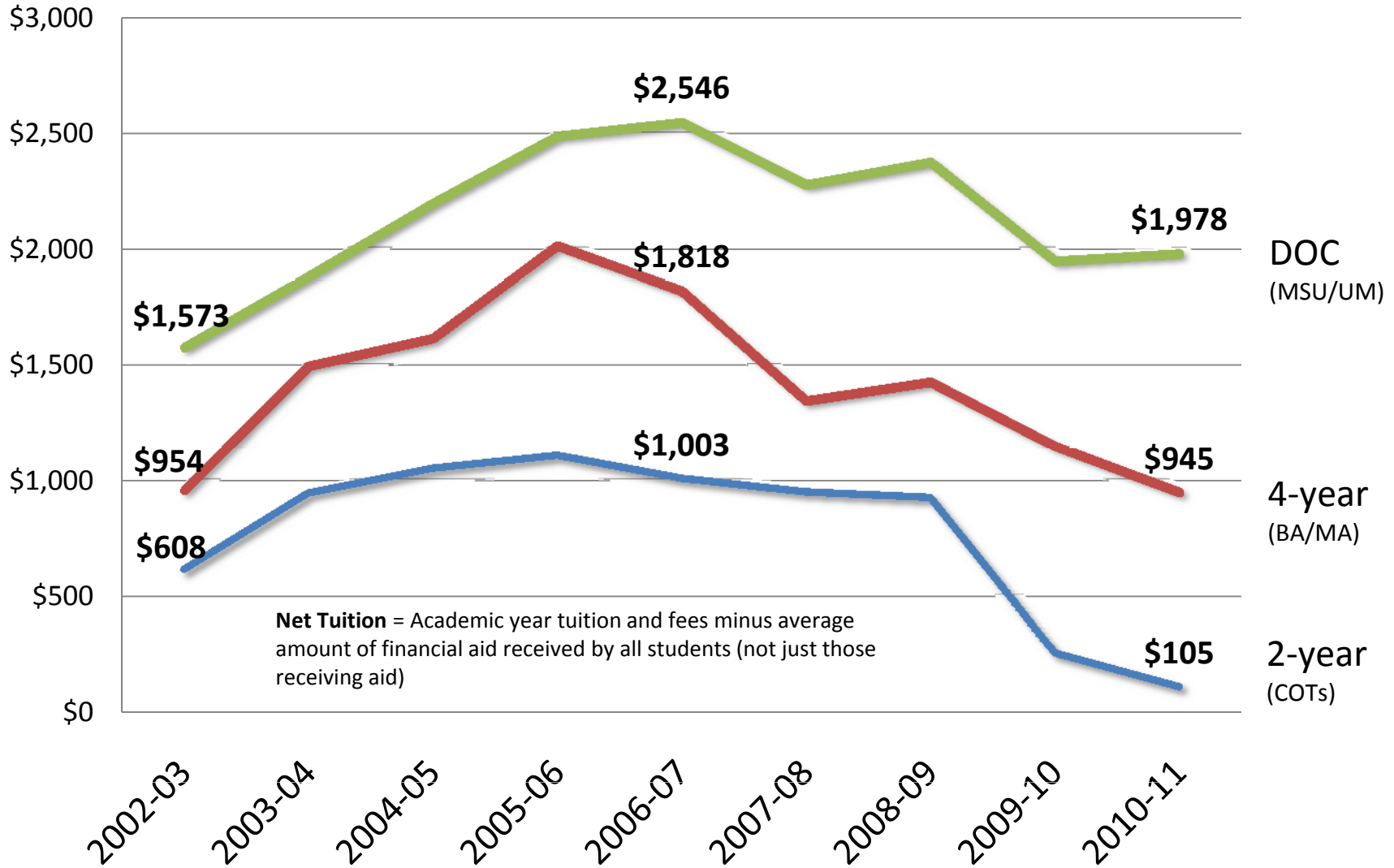
Affordability

(not just tuition)



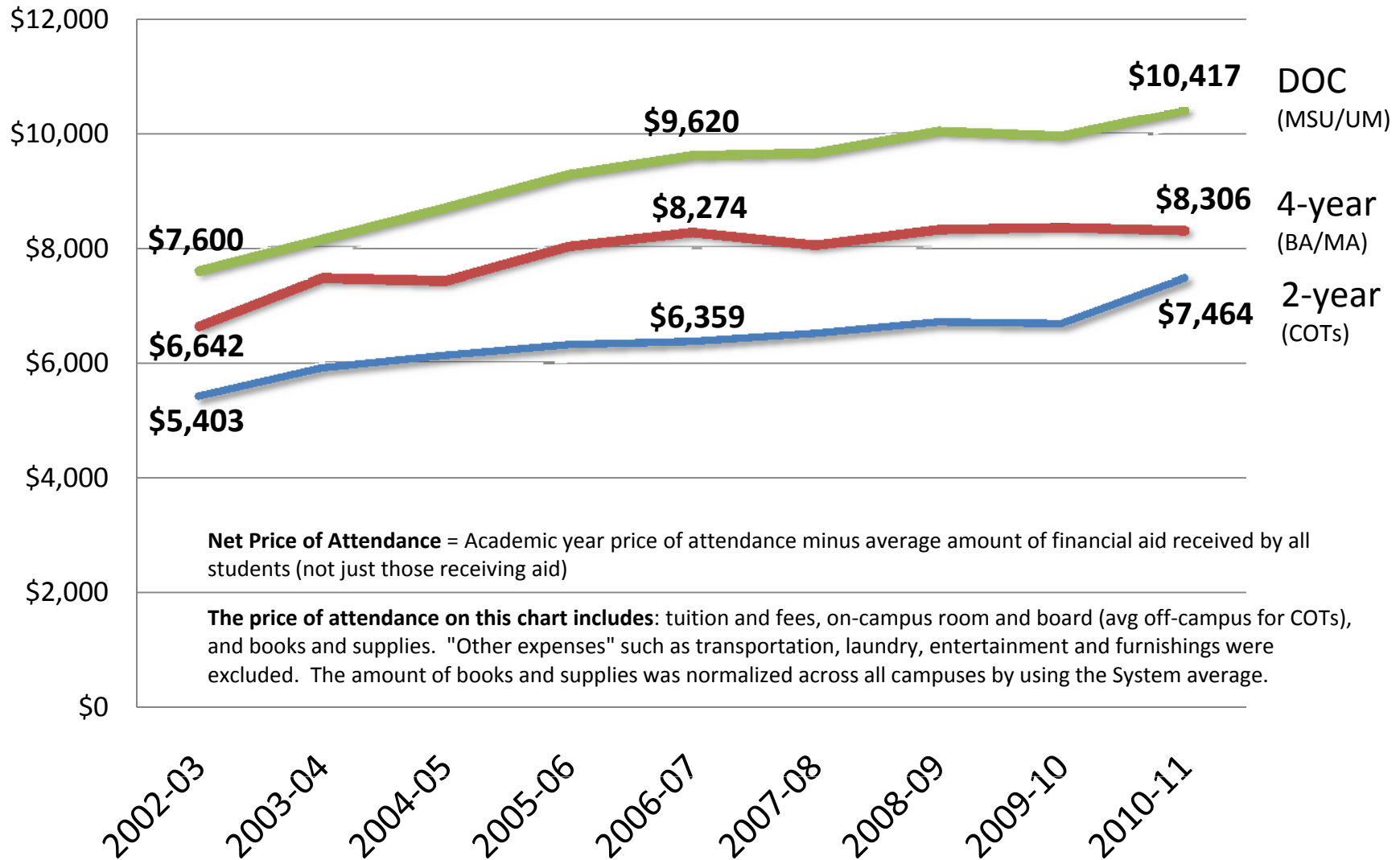
Net Tuition & Fees

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



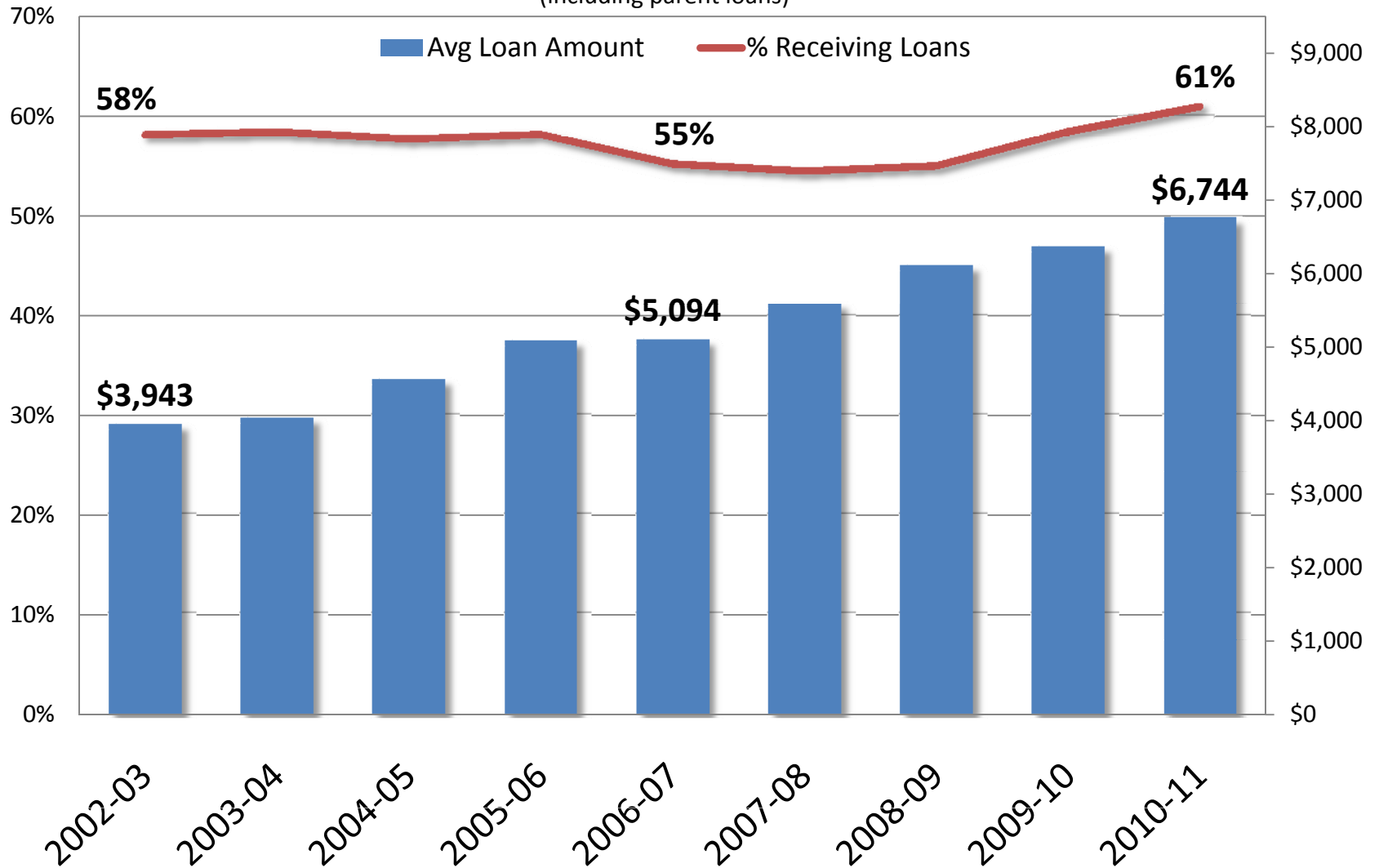
Net Price of Attendance

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



Loans

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

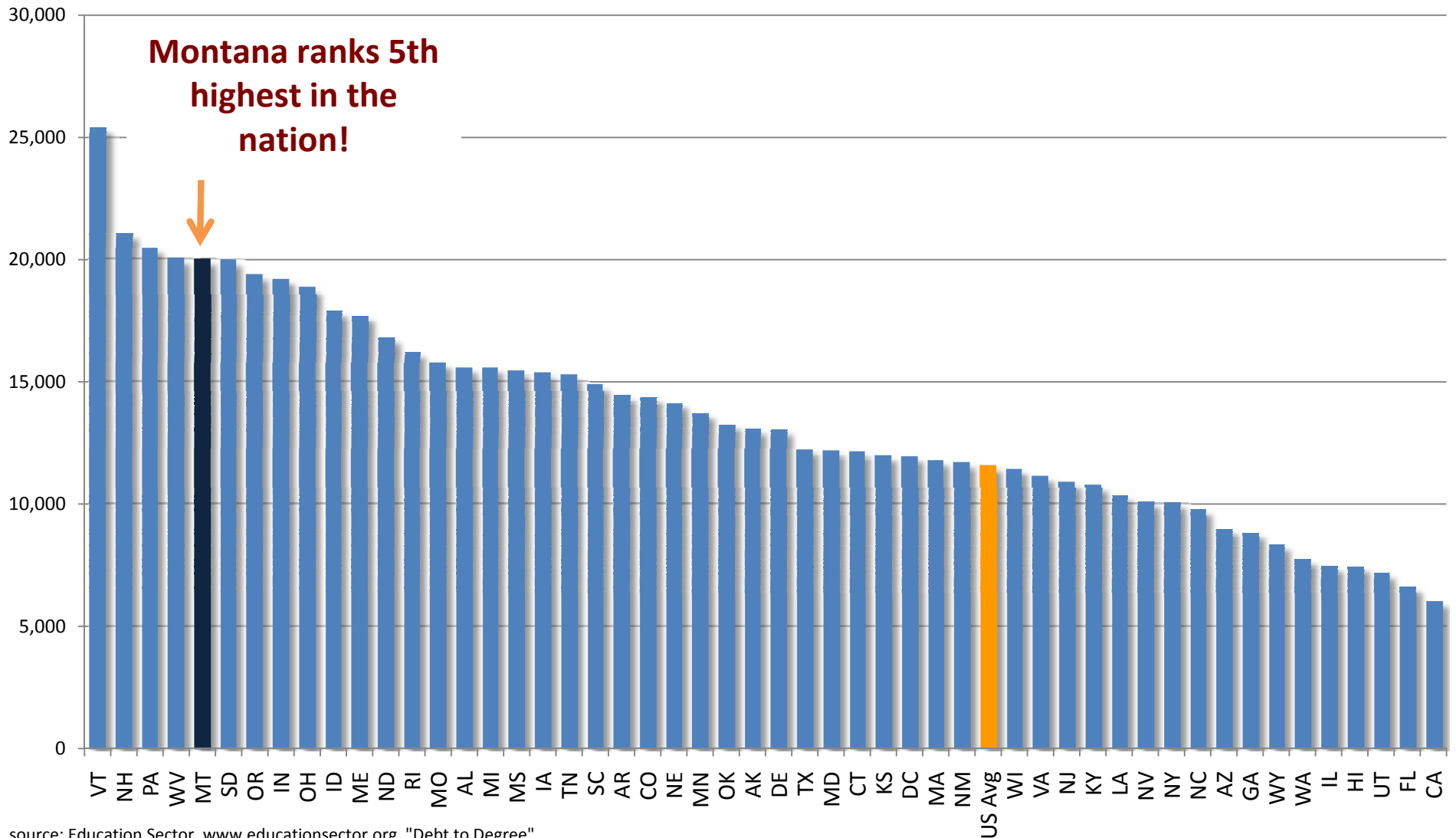


Academic Year Amounts = amount received in Fall and Spring semesters, does not include winter or summer sessions.

Average Loan = average amount received by students receiving Loans

Borrowing to Credential Ratio

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



source: Education Sector, www.educationsector.org, "Debt to Degree"

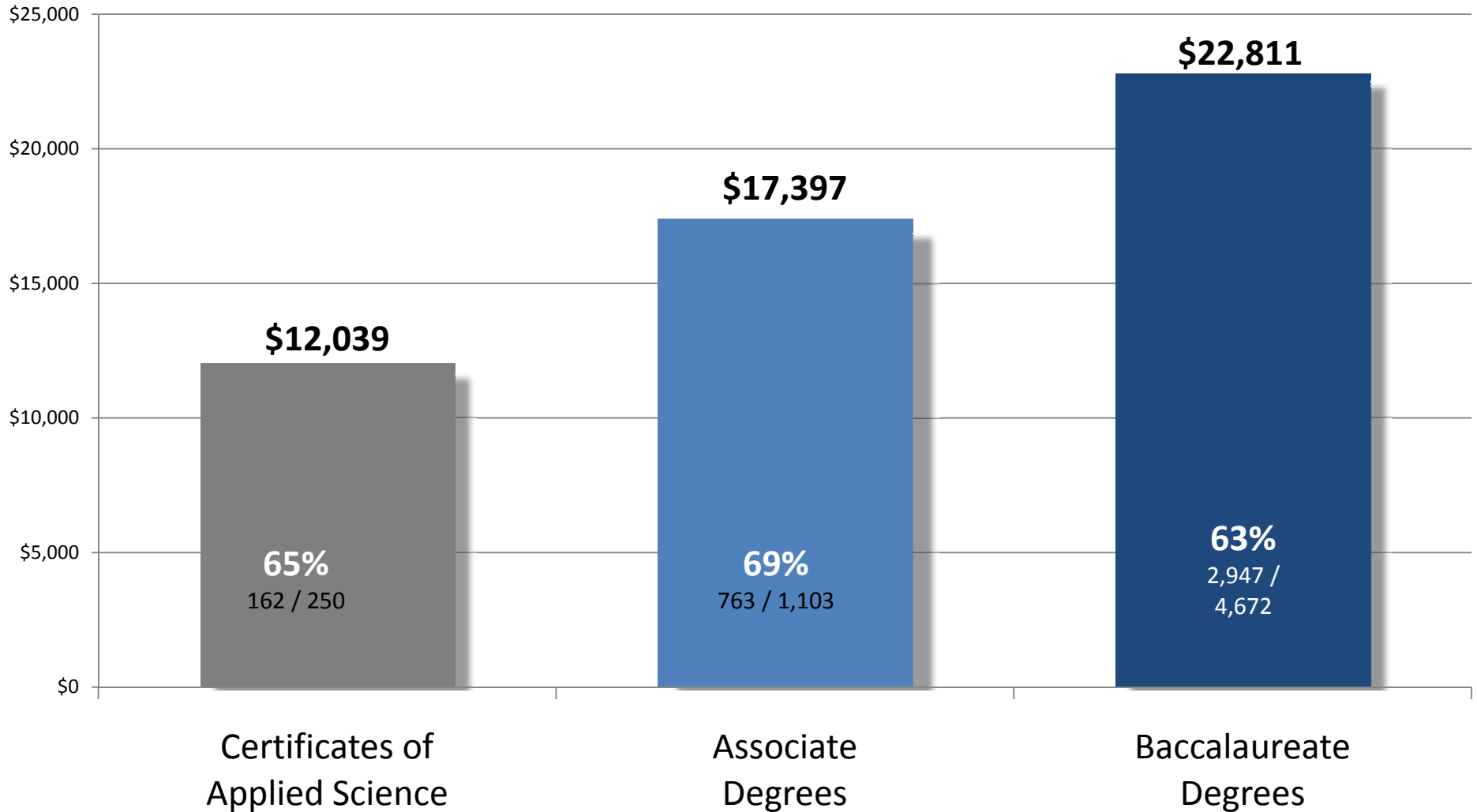
Why is Montana's ratio so high?

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

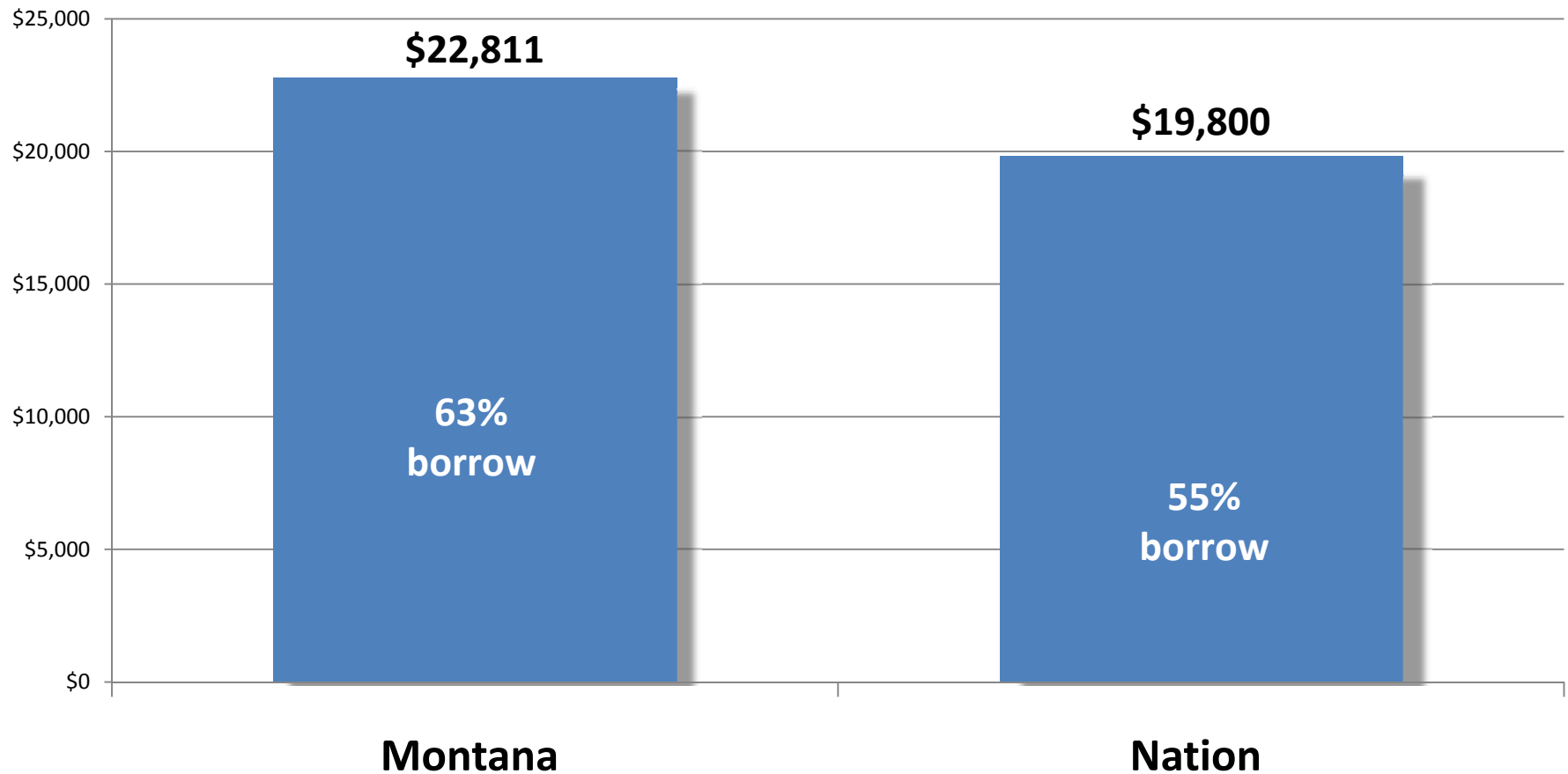
(average loan amounts of students who borrowed; no parent PLUS loans included; borrowing activity 2002 - 2010; includes federal and non-federal loans)



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)



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**

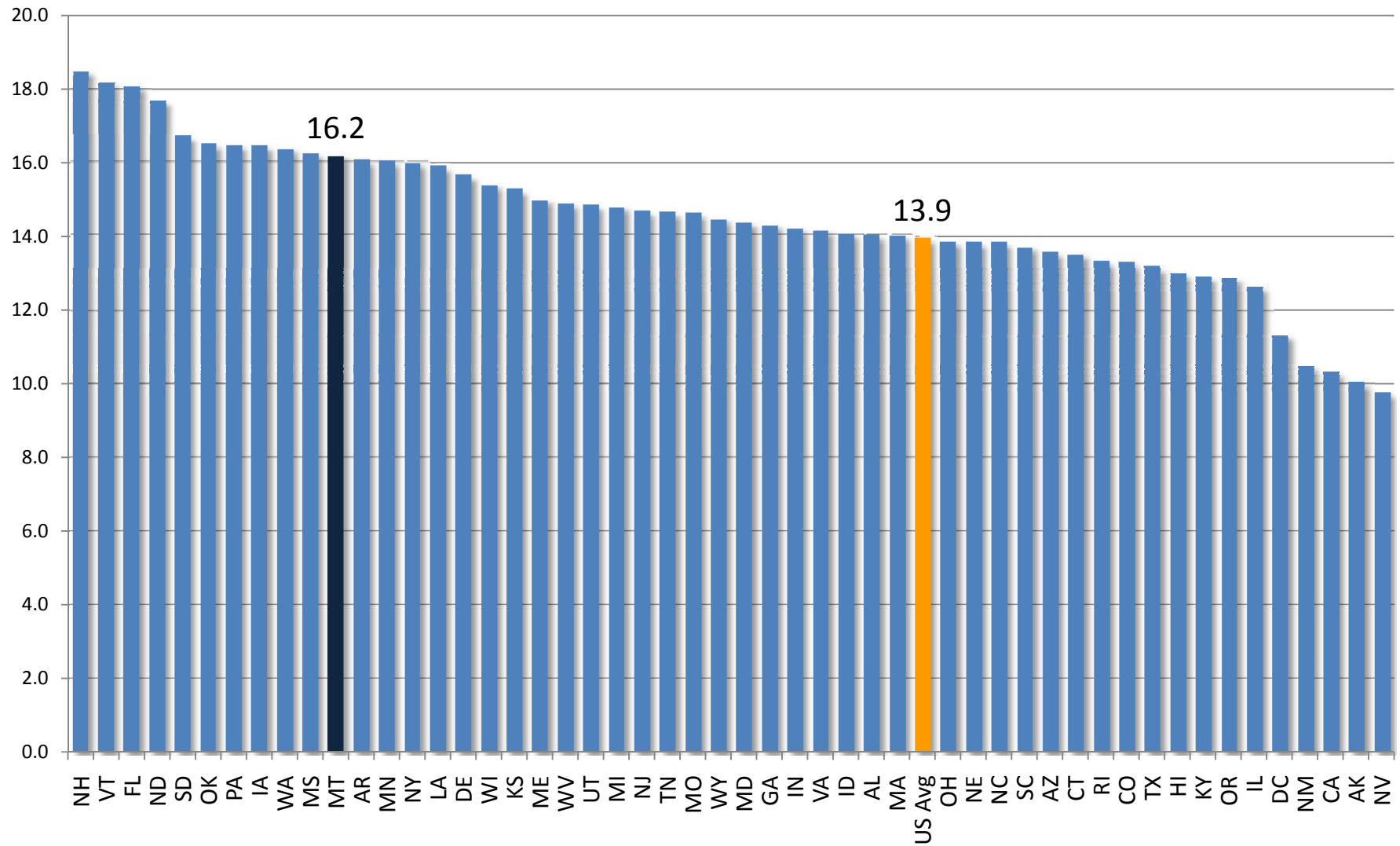
Why is Montana's ratio so high?

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)



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?

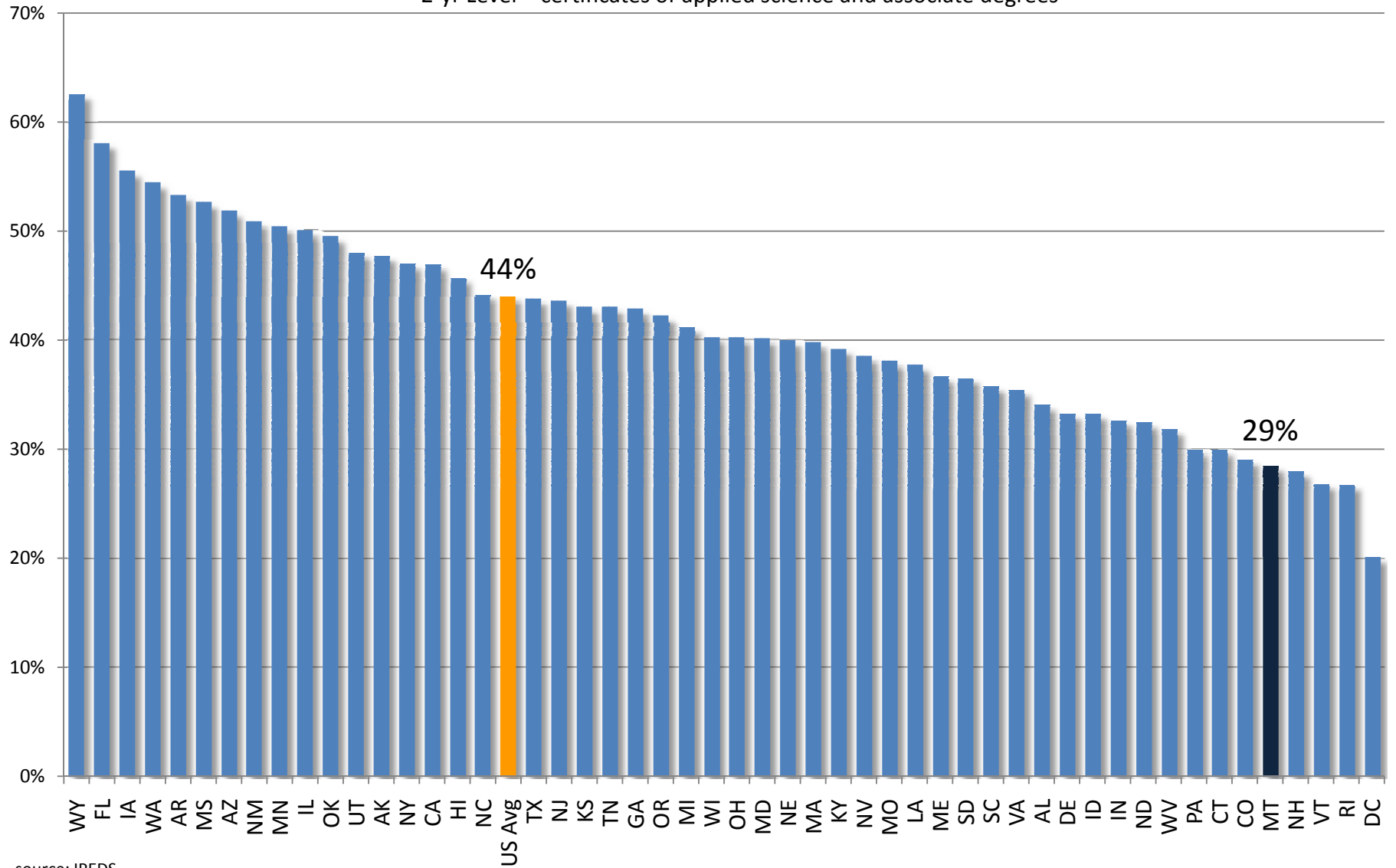
Possible conclusions....

- 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

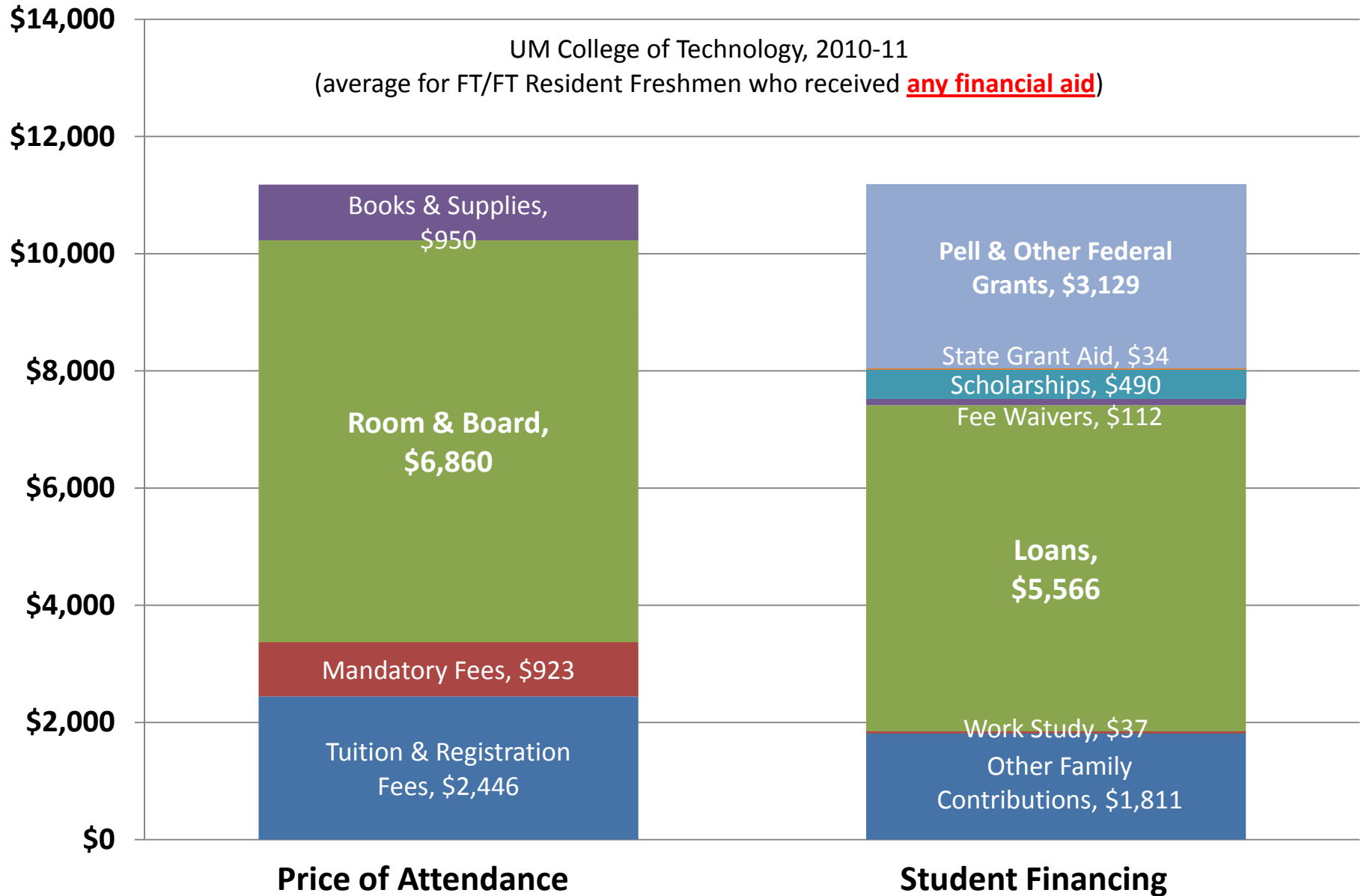
- 1) MUS graduates borrow more than average;
MT = \$22,800; National Avg. = \$19,800
- 2) A higher percentage of MUS graduates borrow;
MT = 63%; National Avg. = 55%
- ~~3) The MUS doesn't graduate many students relative to the number enrolled; MT = 16.3 completions per 100 enrolled; National Avg. = 13.9~~
- 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

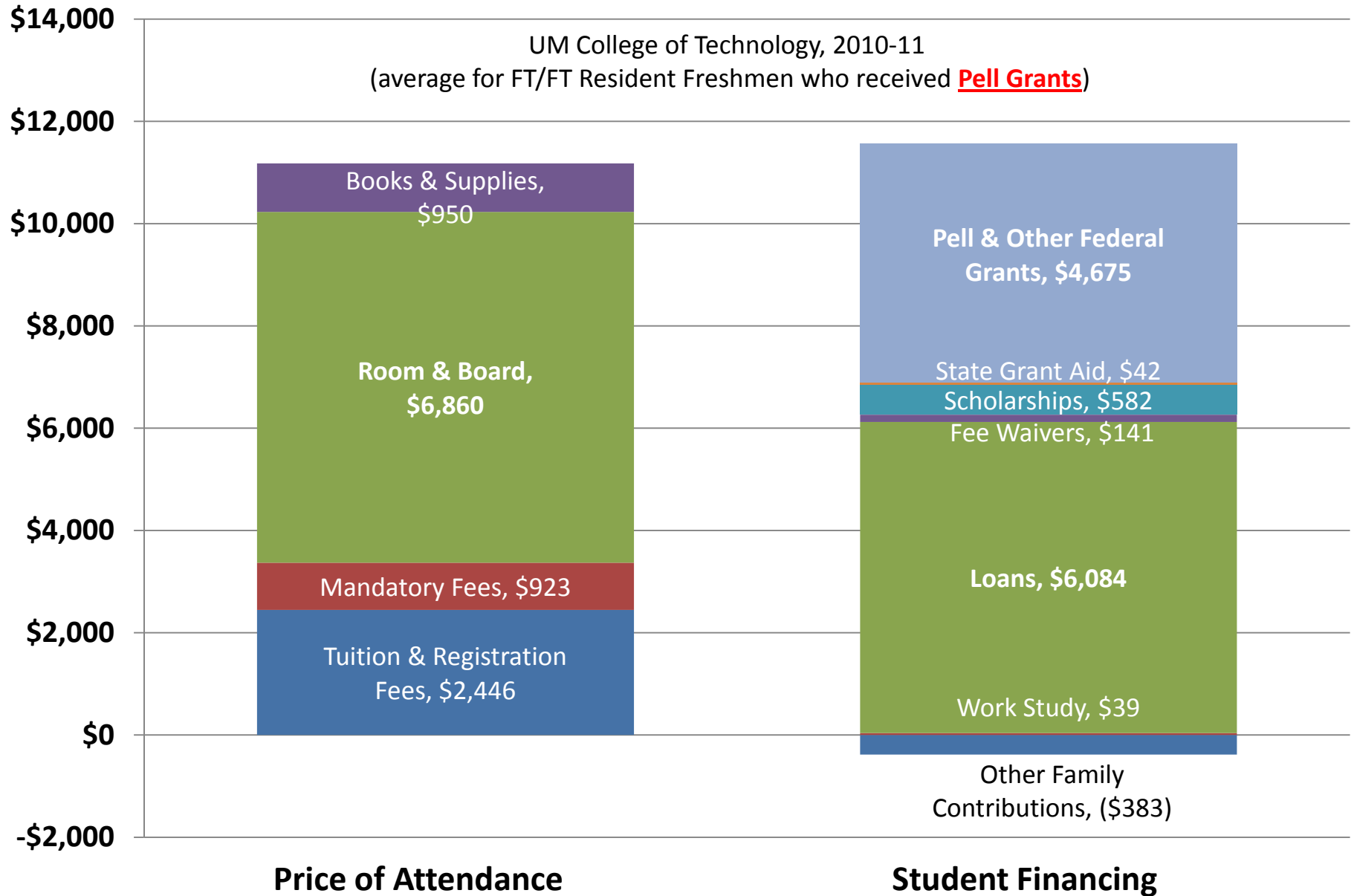
	Entering Fall Cohorts		Difference	
	2002-03	2010-11	%	#
% Receiving Loans				
2-YEAR	62%	65%	3%	
4-YEAR	57%	59%	2%	
Average Loan (academic year)				
2-YEAR	3,719	5,893	58%	2,174
4-YEAR	3,994	7,127	78%	3,133
Average Loan (w/o Parent PLUS Loans)				
2-YEAR	3,521	5,420	54%	1,899
4-YEAR	3,259	5,539	70%	2,280
Tuition & Fees (academic year)				
2-YEAR	2,562	3,255	27%	693
4-YEAR	3,521	5,165	47%	1,644
Price of Attendance (tuition & fees, room & board, books & supplies)				
2-YEAR	7,357	10,615	44%	3,258
4-YEAR	9,322	12,885	38%	3,563

source: MUS Data Warehouse, does not include CC's

Cost of Attendance vs. Student Financing



Cost of Attendance vs. Student Financing



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**