

Exploring Affordability and Disproportionate Impacts

Governor's Taskforce on Student Debt



Presenters



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Objectives

Identify Institution Types

Institution Funding Sources

Explore Cost of Attendance

Cost Reduction Strategies



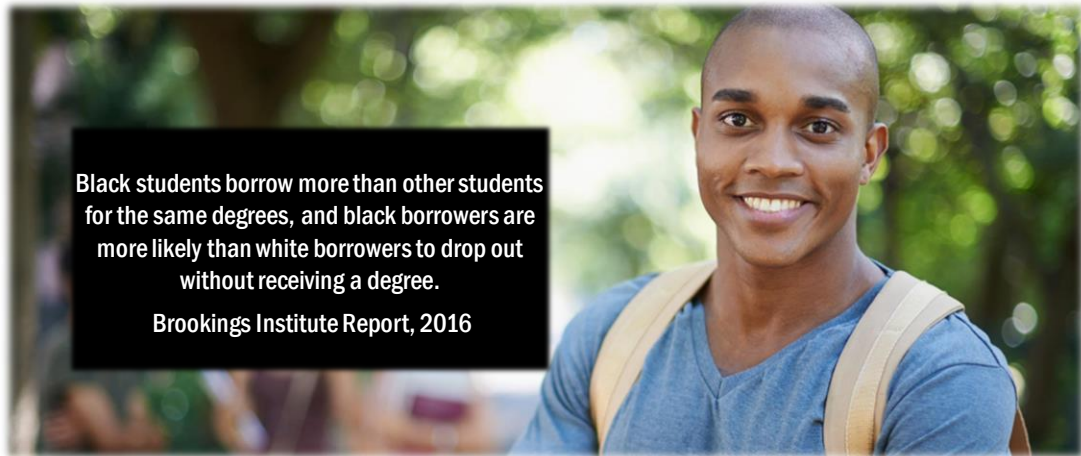
College Affordability

10% of colleges have enough wealth to replace loans with grants for middle and low-income families
InsideHigherEd

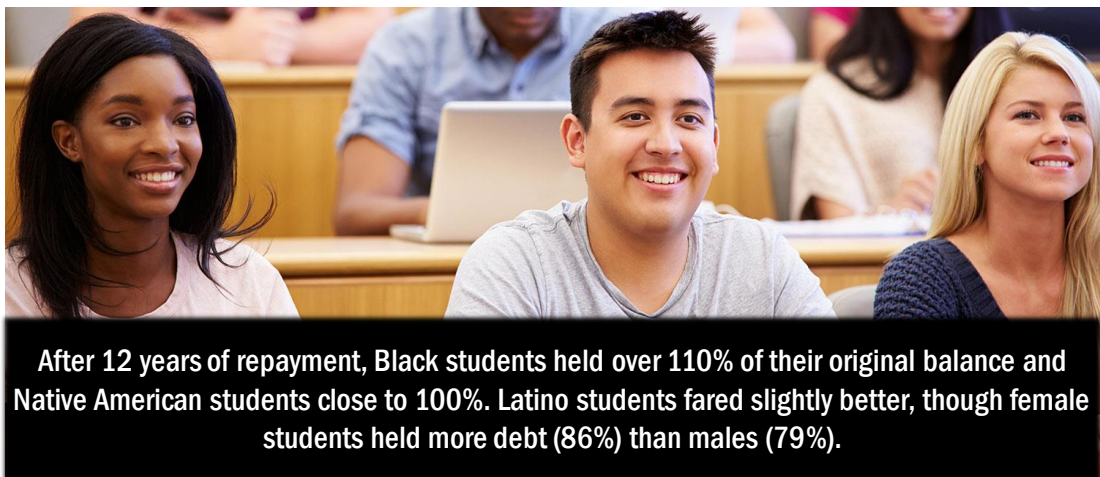
79% of tuition increases are due to higher education funding cuts
Demos.org



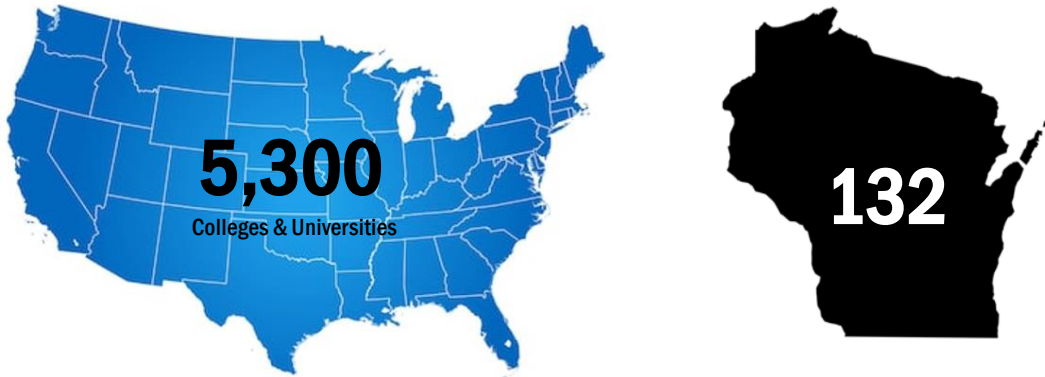
Disproportionate Impacts – Loan Debt



Disproportionate Impacts – Loan Debt



Colleges and Universities in America



Common Institution Types

Public (4-Year)

Funded by a state government and offers programs that lead to an bachelors degree

Public (2-Year)

Funded by a state government and offers programs that lead to an associates degree

Private (Non-Profit)

An independent school that sets its own policies and goals, and is privately funded

Proprietary (For Profit)

Educational institutions that are corporations whose goal is to sell education for profit.



DOES INSTITUTION TYPE MATTER WHEN CONSIDERING COSTS AND STUDENT LOAN DEBT? IT DEPENDS ON...

- Student and family financial preparedness and awareness
- Available institutional support
- Program assessment and student needs
- Tuition residency and available state assistance
- Academic preparedness



What is the Cost of Attendance?

- The Cost of Attendance is the cornerstone of establishing a student's financial need, and it sets a limit on the total aid that he or she may receive at the institution through an estimate of educational cost during a period of enrollment
 - Determined by the Higher Education Act, Section 472
 - Uniquely developed by each post-secondary institution
 - Consists of direct and indirect costs
 - Direct costs: Paid directly to the institution
 - Indirect Costs: Incidental to attendance at the institution



Cost of Attendance - Components

Category	Description
Tuition and Fees*	Costs charged to a students based on a specific academic load and applicable components associated with a service provided by the institution
Books and Supplies**	Costs of course materials
Room and Board**	Identified costs associated for living/housing needs for on-campus, off-campus, or with parents during an academic year
Transportation***	Identified costs associated for commuting to the institution
Miscellaneous***	Identified expenses for personal needs while attending college
Loan Fees**	Costs associated with borrowing a Direct Federal Student Loan
Other Allowable Expenses***	Costs associated with specific needs from the student

Direct Costs*

Direct or Indirect Costs**

Indirect Costs***



Understanding Total Costs vs. Net Price

Total Costs

- The total actual or estimated educationally related expenses for college attendance
 - Varies from institution to institution

Sample University – Cost of Attendance	
Tuition and Fees	\$7,538
Books and Supplies	\$1,000
Room and Board	\$7,426
Transportation	\$1,300
Miscellaneous	\$1,500
Loan Fees	\$100
Total Costs	\$18,864



Understanding Total Costs vs. Net Price

Net Price

- The total cost of education minus grant and scholarship aid
- Identifies what the student must would cover through self-help aid or other means

Sample University – Financial Aid Offer Letter	
Pell Grant	\$6,195
Federal Supplemental Educational Opportunity Grant	\$500
Wisconsin Grant	\$3,150
Federal Direct Subsidized Loan	\$3,500
Federal Unsubsidized Loan	\$2,000
Good Faith Scholarship	\$1,500
Total Costs	\$16,845



In academic year 2017–18, the average **net price** of attendance (total cost minus grant and scholarship aid) for first-time, full-time undergraduate students attending 4-year institutions was \$13,700 at public institutions, compared with \$27,000 at private nonprofit institutions and \$22,100 at private for-profit institutions (in constant 2018–19 dollars).
– National Center for Education Statistics



Understanding Total Costs vs. Net Price

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Total Costs	\$18,864
Gift Aid	- \$11,345
Net Price	= \$ 7,519



Funding Types

Gift Aid

- Funding awarded by a federal, state, or private entity that does not have to be repaid after it is disbursed to the student
- Type of funding includes grants and scholarships

Self-Help Aid

- Funding awarded by a federal, state, or private entity that must be repaid or earned
- Type of funding includes loans and federal work study



Funding Types

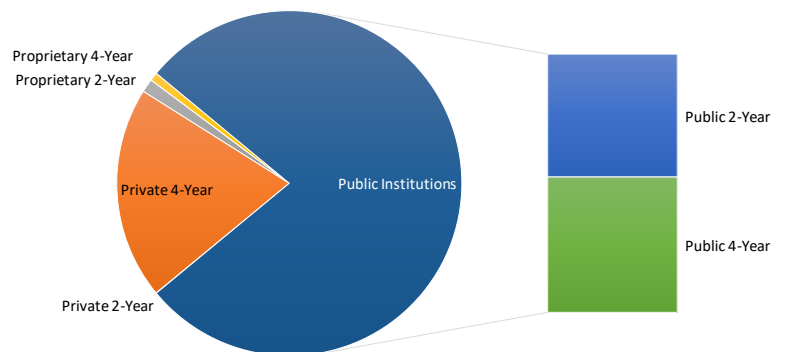
Federal Program	Funded Amount	Number of Recipients
Federal Pell Grant Program	\$28.7 billion	7.2 million
Federal Supplemental Educational Opportunity Grant (FSEOG) Program	\$1 billion	1.5 million
Federal Work-Study Program	\$1.1 billion	617,000
Federal Direct Subsidized Loan Program	\$21 billion	5.5 million
Federal Direct Unsubsidized Loan Program	\$48 billion	6.9 million
Federal Direct PLUS Loan Program	\$23 billion	839,000



Resource: https://www.nasfaa.org/uploads/documents/2019_National_Profile.pdf

Funding Types – Wisconsin Perspective

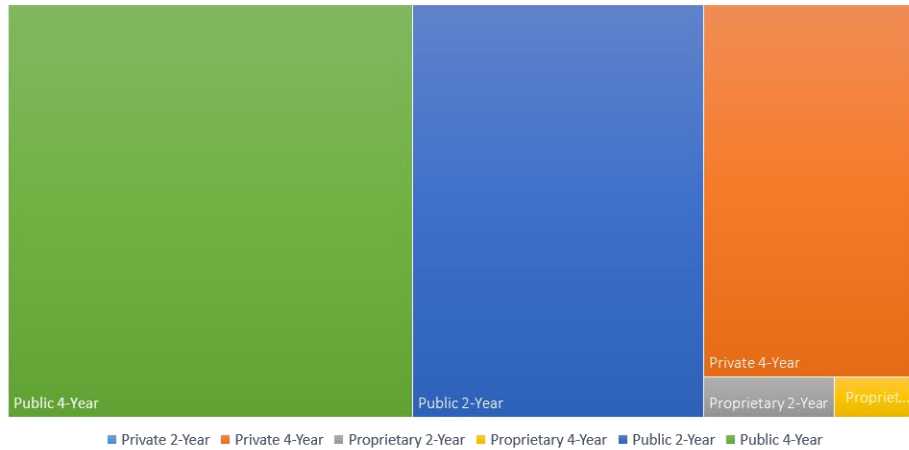
2017-2018 Federal Pell Grant Students



Resource: <https://www2.ed.gov/finaid/prof/resources/data/pell-institution.html>

Funding Types – Wisconsin Perspective

2017-2018 Federal Pell Grant Funding Distribution



Resource: <https://www2.ed.gov/finaid/prof/resources/data/pell-institution.html>

How Colleges Are Reducing Costs for Students

- Transparency in Education Quality
- Maximizing Technology
- Financial Education
- Tuition decreases
- Assessments of Organizational Structure



How Colleges Are Reducing Costs for Students

- Encourage Community College Attendance
- Promote Dual Enrollment
- Promise Program Concepts
- Textbook Rental Programs



Recommendations

- High School Financial Literacy Course
- Financial Literacy Scholarship
- Wisconsin Promise Program
- Wisconsin Loan Debt Repayment Advocacy Program
- Emergency or Completion Grant Program
- Wisconsin Partnership Loan Reimbursement Program



Thank you for participating!

