



Utah Higher Education Assistance Authority

40 Years of Building Futures

Joint Regent/Trustee Meeting

Paying for College

July 20, 2017

David A. Feitz
Associate Commissioner for Student Financial Aid
and Executive Director, UHEAA



40th Anniversary



- UHEAA: the student loan and financial aid organization of the Utah State Board of Regents
- Established in 1977
- Public-service mission
- Low-cost higher education financing
- \$7.2 billion portfolio



40 Years of Building Futures



UHEAA's outreach team, in coordination with the Commissioner's office, over last 10 years –

- Hosted nearly 1,500 paying for college events
- Reaching more than 145,000 Utah students and their families
- Utah leads the nation in FAFSA completion increase

40 Years of Building Futures

UHEAA now

- Employs more than 270
- No state appropriations for UHEAA operating expenses



UHEAA Board of Directors

- 11-member UHEAA Board
- Four Regents
- Commissioner Buhler



Mark Stoddard
(Chair)



Bob Marquardt



Joyce P. Valdez

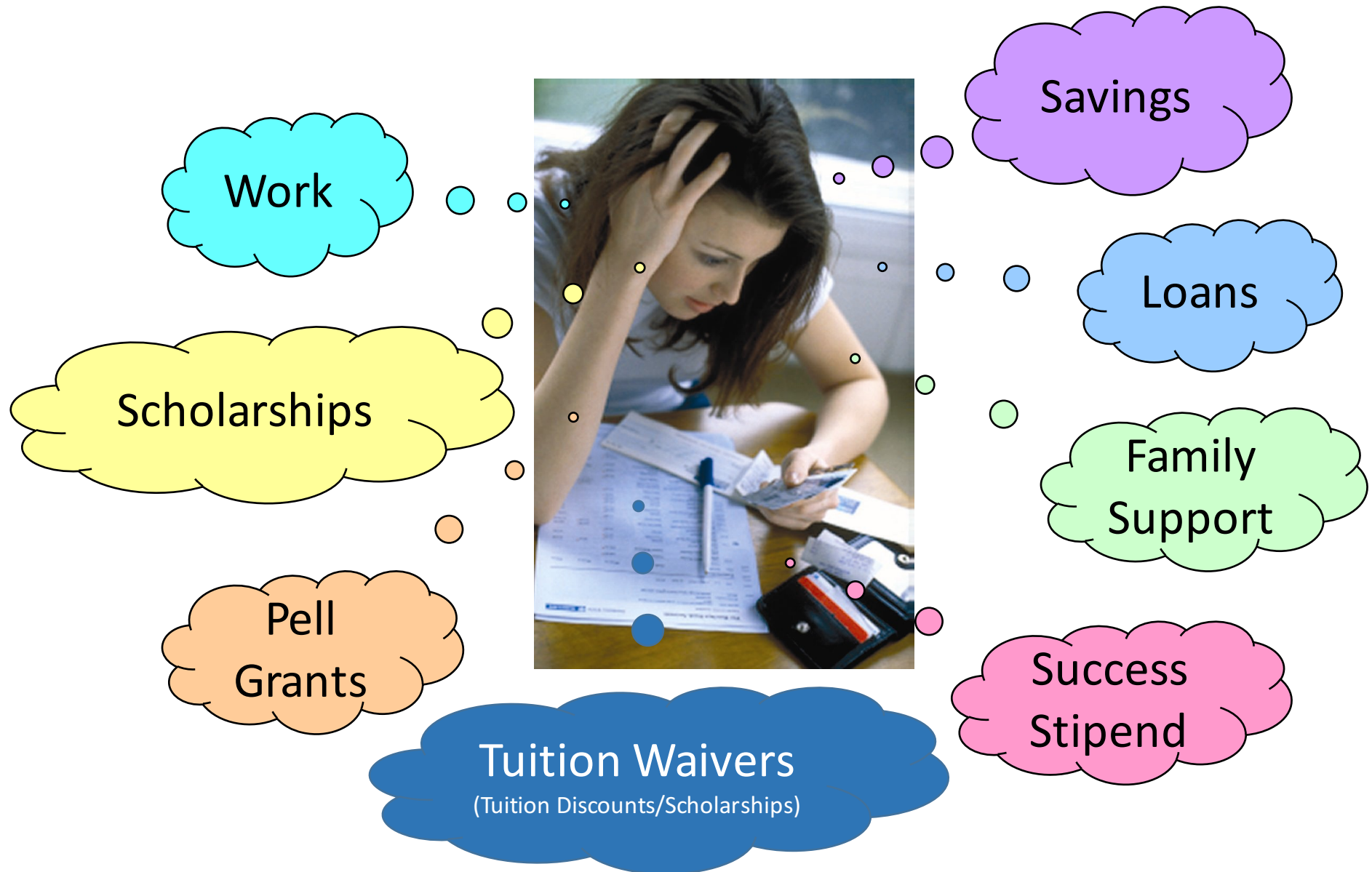


Marlin Jensen



Dave Buhler

How do students pay for college?



Best advice for paying for college

In this order:

1. Save for college
2. Grants & scholarships
3. Work Study
4. Federal loans
5. Supplemental loans



UESP: Utah's Official 529 College Savings



**Utah Educational
Savings Plan®**
SAVE FOR COLLEGE. INSPIRE THEIR FUTURE.®

Assets Under Management – \$10.9 Billion as of June 30, 2017

Number of Accounts – 341,000 as of June 30, 2017

Morningstar Analyst Rating™ of Gold – October 2016

- 63 plans rated
- Highest Morningstar ranking six consecutive years

“First among equals is Utah, the nation’s finest 529”

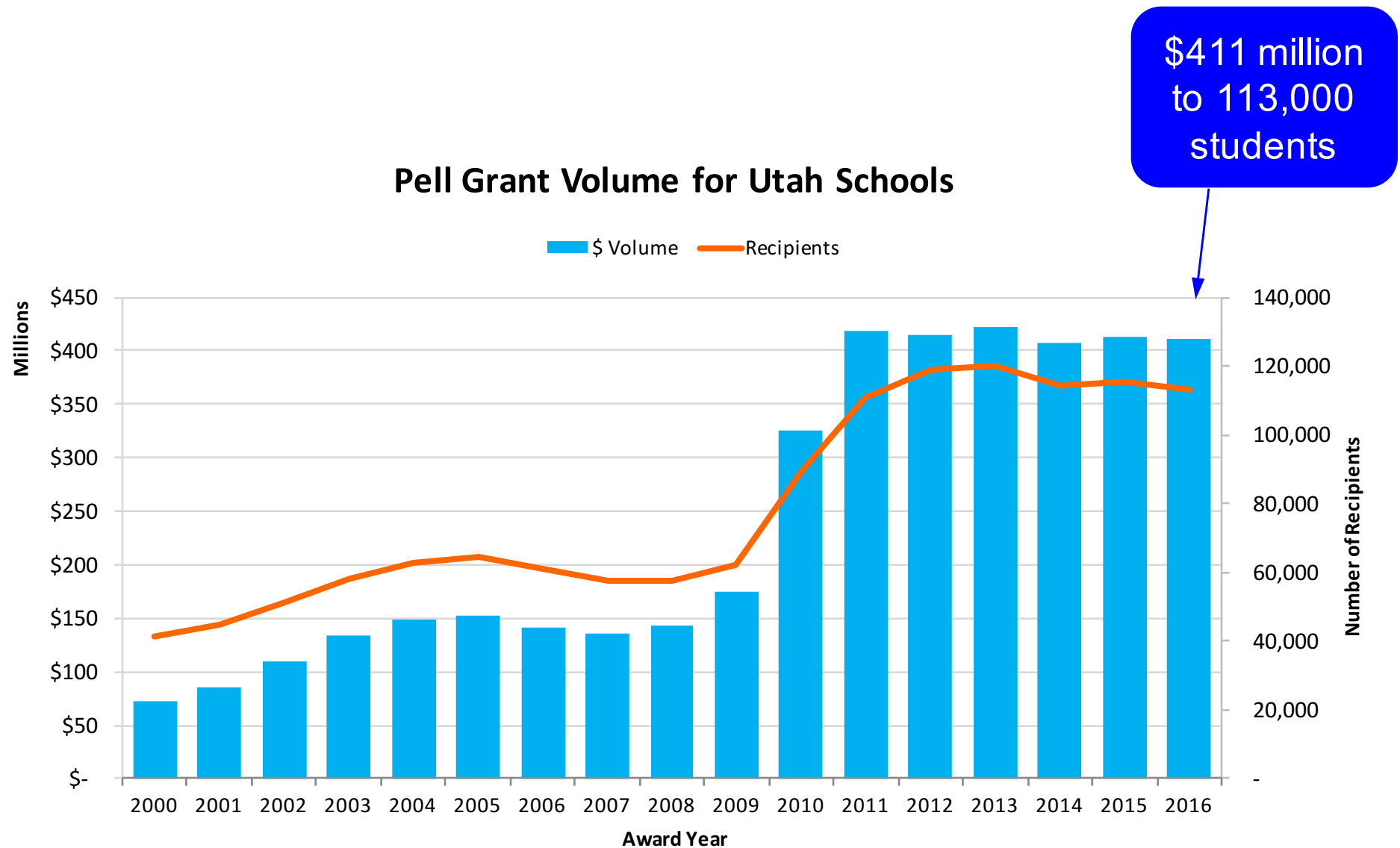
– *Clark Howard, clarkhoward.com, “Best 529 plans to help pay for college,” February 1, 2017*

Federal Pell Grants: Largest higher education grant program for students

- Named after the late Senator from Rhode Island, Claiborne Pell
- Funds do not have to be repaid
- Undergraduate only
- 12 semesters of full-time enrollment
- Maximum award in 2017-18: **\$5,920**
- Apply by completing the Free Application for Federal Student Aid (FAFSA)



Pell Grant volume for Utah schools



Source: U.S. Department of Education

Pell Grant volume in Utah

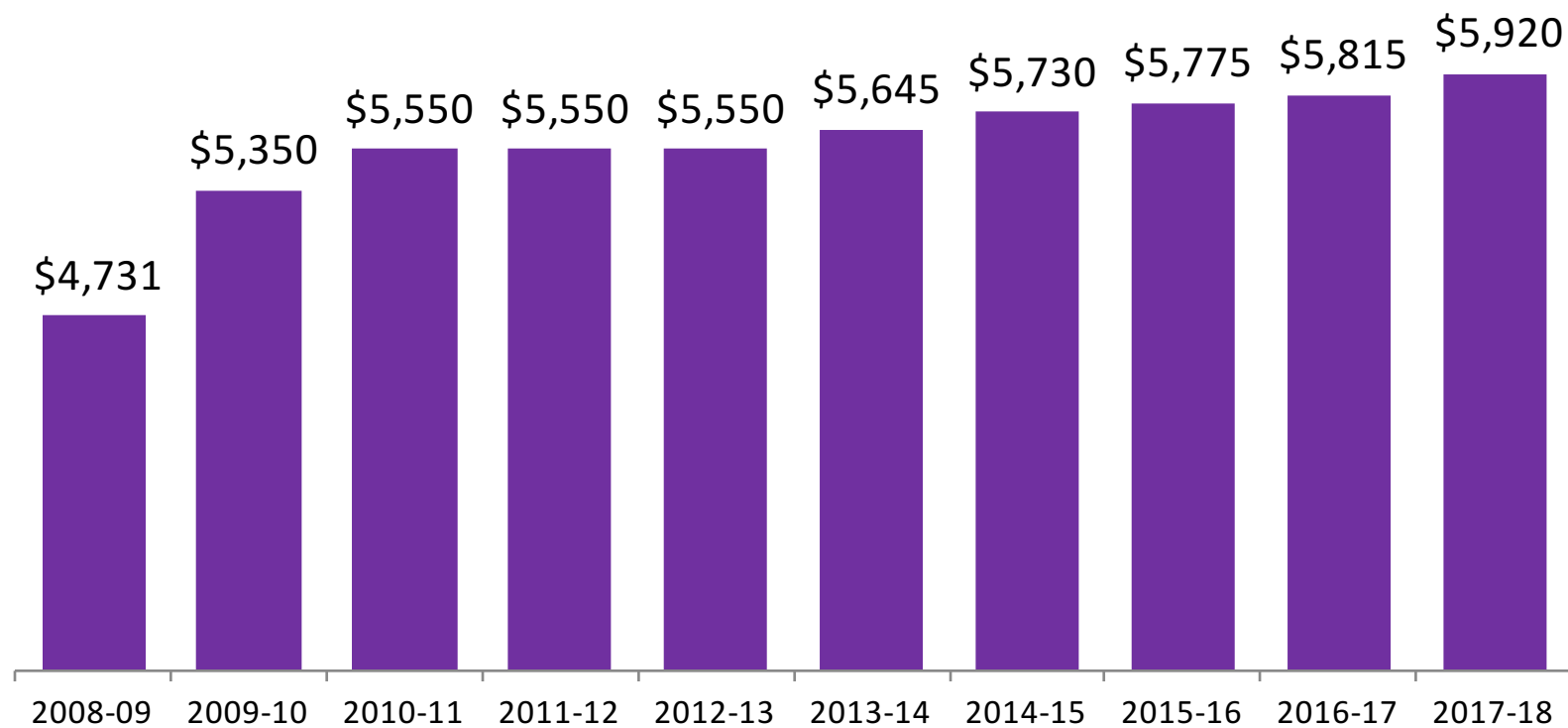
**Number of Utah students receiving
Pell increased nearly **3 times**
from 2000 to 2016**

113,291
recipients
in 2016

41,177
recipients
in 2000



History of maximum Pell Grant awards



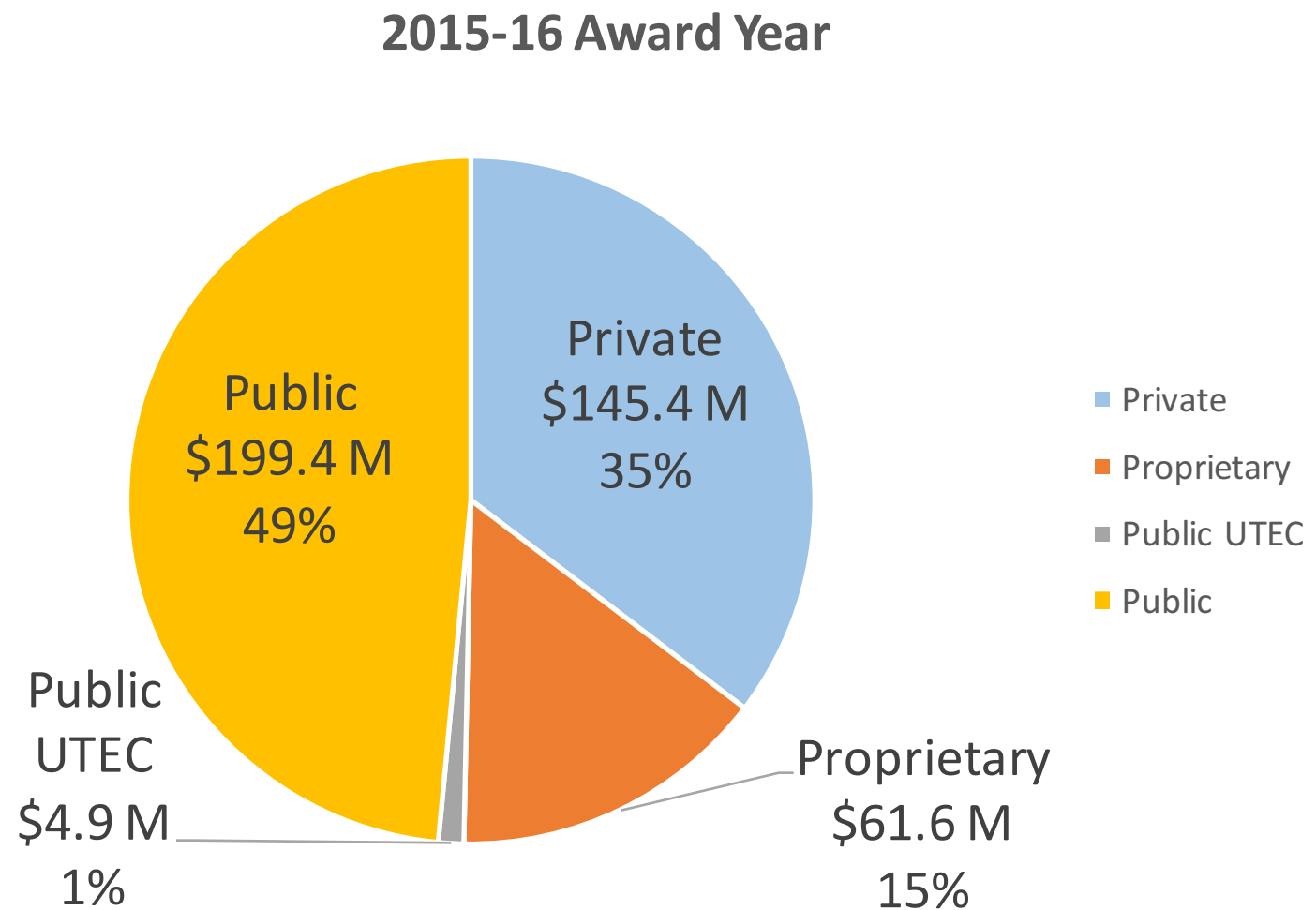
Pell Grant volume 2015-16

(for institutions located in Utah)

Institution	# of Recipients	\$ Disbursements
WESTERN GOVERNORS UNIVERSITY	25,882	\$ 90.8 M
BRIGHAM YOUNG UNIVERSITY	11,689	\$ 48.8 M
UTAH VALLEY UNIVERSITY	12,776	\$ 45.3 M
UTAH STATE UNIVERSITY	9,805	\$ 37.4 M
STEVENS HENAGER COLLEGE	9,383	\$ 36.7 M
UNIVERSITY OF UTAH	7,660	\$ 29.3 M
SALT LAKE COMMUNITY COLLEGE	9,668	\$ 28.8 M
WEBER STATE UNIVERSITY	7,462	\$ 26.3 M
DIXIE STATE UNIVERSITY	3,809	\$ 14.1 M
SOUTHERN UTAH UNIVERSITY	2,949	\$ 12.0 M
SNOW COLLEGE	1,617	\$ 6.2 M

Data reported by US Department of Education as of January 30, 2017.

Utah Pell Grant volume by school type



2015-2016: Percent of students receiving Pell Grant

School	Percent Receiving Grants
Dixie State University	49%
Utah Valley University	46%
Weber State University	41%
Salt Lake Community College	40%
LDS Business College	39%
Brigham Young University	38%
Utah State University	37%
Southern Utah University	36%
Snow College	34%
Western Governors University	34%
Westminster College	27%
University of Utah	25%

How much tuition will the maximum Pell Grant of \$5,920 cover in 2017-18?

School	Percent of tuition & fees paid by Pell
LDS Business College	177%
Snow College	160%
Salt Lake Community College	157%
Dixie State University	117%
Brigham Young University	108%
Utah Valley University	105%
Weber State University	104%
Western Governors University	98%
Southern Utah University	89%
Utah State University	83%
University of Utah	74%
Westminster College	18%

Percentages are based on 13 credit hours each semester for two semesters, for resident students as applicable, according to each school's website as of July 11, 2017.

Important Development:

Year-round Pell Grant

Beginning in 2017-18 a student may receive full Pell Grant funding for year-round attendance.

- Up to 150% of a scheduled award during the federal 12-month award year period



How year-round Pell works

Example:

Standard academic year
scheduled award = \$5,920

Year-round Pell allows
additional award in
same fiscal year.

Fall Semester

\$2,960

Spring Semester

\$2,960

Summer Semester

\$2,960

Total Pell for year = \$8,880

Three concerns of financial aid directors

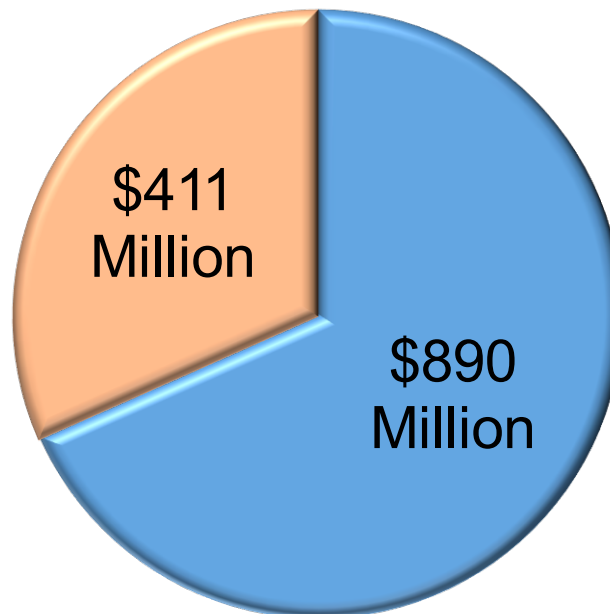
1. Increasing number of students using Pell Grants for remedial course work
 - Up to 30 hours of remedial study is eligible for Pell.
2. Students who have made multiple major changes
 - Exhausted Pell eligibility and haven't yet earned a degree
 - Pell Grant lifetime eligibility is limited to 12 full-time semesters.
3. Pell Grant purchasing power



Student loans: The largest source of student financial aid

Pell Grant and federal student loan use in Utah for the 2015-2016 award year: **\$1.3 Billion**

Loans Pell Grants



Federal student loan volume 2015-16

Institution	Number of Borrowers*	\$ Volume
WESTERN GOVERNORS UNIVERSITY	70,757	\$ 299.5 M
UNIVERSITY OF UTAH	17,258	\$ 137.4 M
STEVENS HENAGER COLLEGE	17,414	\$ 88.1 M
UTAH STATE UNIVERSITY	13,875	\$ 59.9 M
UTAH VALLEY UNIVERSITY	14,807	\$ 57.5 M
BRIGHAM YOUNG UNIVERSITY	8,899	\$ 47.7 M
WEBER STATE UNIVERSITY	9,810	\$ 40.4 M
SALT LAKE COMMUNITY COLLEGE	7,233	\$ 21.6 M
WESTMINSTER COLLEGE	2,536	\$ 18.4 M
DIXIE STATE UNIVERSITY	4,759	\$ 18.1 M
SOUTHERN UTAH UNIVERSITY	3,706	\$ 16.2 M

* Borrower counts are by loan type. Therefore, a borrower could be counted more than once if he/she received more than one type of loan per year. Data reported by US Department of Education as of January 30, 2017.

Federal student loan borrowing limits

Year	Dependent Students	Independent Students
Undergraduate	\$31,000	\$57,500
Graduate or professional	All graduate and professional students are considered independent	\$138,500

Note: Undergraduates may qualify for an in-school interest subsidy wherein they are not charged interest on certain loans. The limit is \$23,000. Prior to July 1, 2012 graduate and professional students could qualify for subsidized loans. Those loan amounts were limited to \$65,500 which includes the \$23,000 for undergraduate study.

Federal student loan interest rates

Loan Type	Borrower Type	Loans first disbursed on or after July 1, 2017 and before July 1, 2018
Direct Subsidized	Undergraduate	4.45%
Direct Unsubsidized	Undergraduate	4.45%
Direct Unsubsidized	Graduate or Professional	6.00%
Direct PLUS	Parents and Graduate or Professional Students	7.00%

Average student loan debt burden

National average debt for
graduating seniors:

\$30,100

Utah average debt:

\$18,873



- 41% of Utah college graduates had student loans
- National average is 68%

Payment on average Utah student loan debt

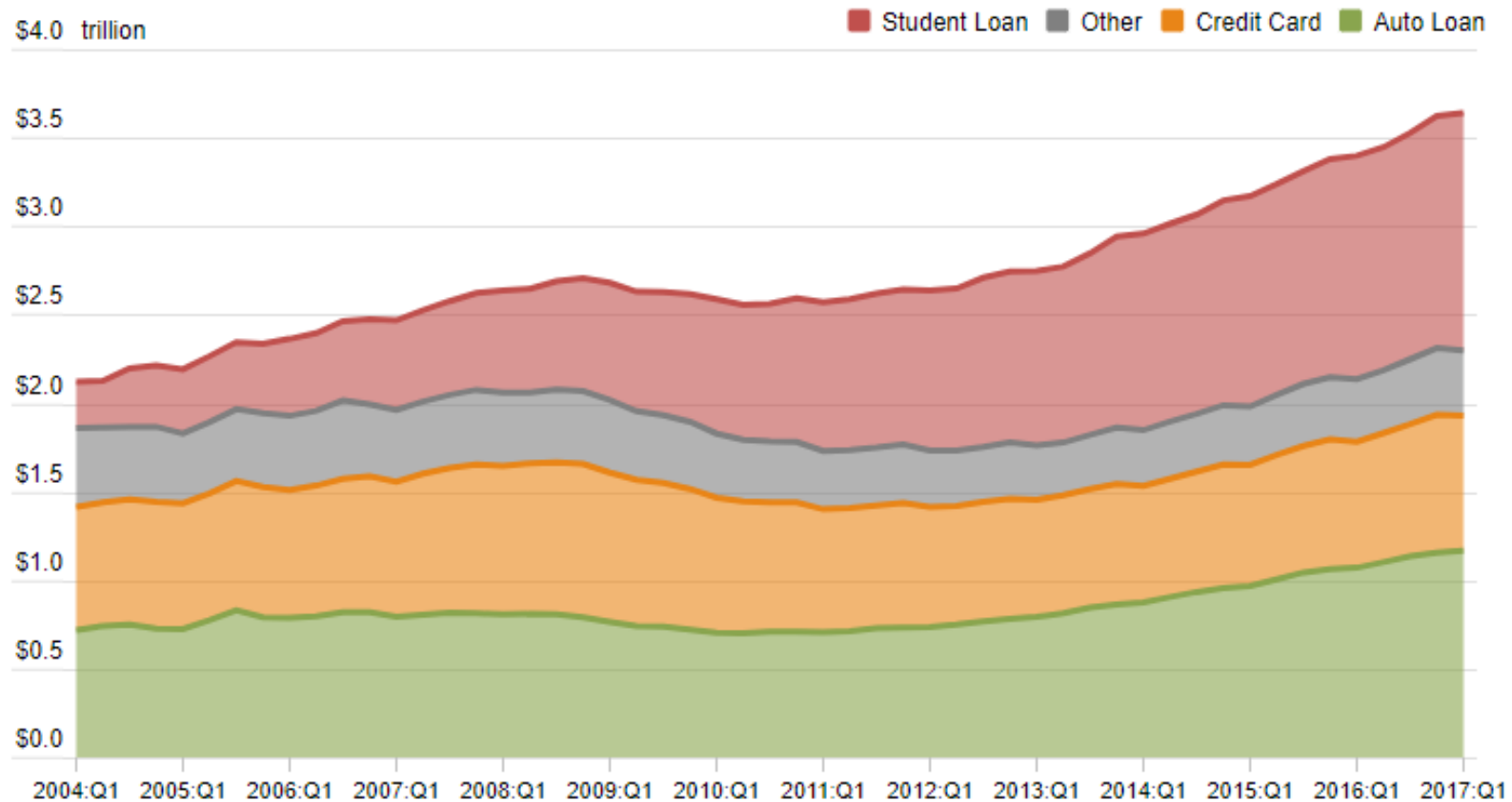
- \$18,873 balance
- 4.45% interest rate
- 10-year repayment period

Monthly payment = \$195.14



Student loans: Largest non-housing debt

Non-Housing Debt Balance



Source: FRBNY Consumer Credit Panel/Equifax

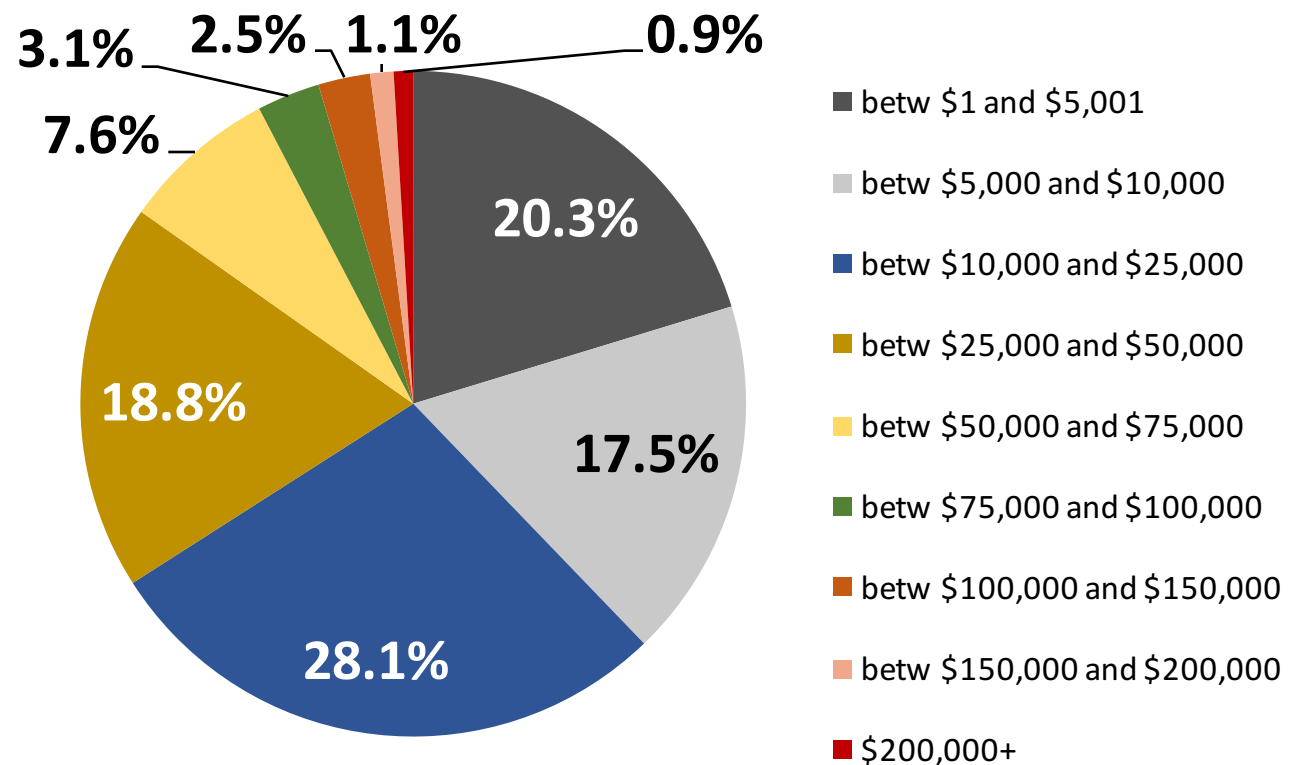
Largest federal asset

- Student loans: \$1.1 trillion
- Student debt loads more prevalent: increased tuition and budget-strapped states providing less funding for higher education
- Since 2007, total student debt has nearly tripled
 - Great Recession: Young adults staying in school longer
Older, laid-off workers returned to school
- Number of Americans with student debt since 2007: climbed to 44 million from 28 million

Reality of borrowing patterns

- Press stories of extremely high debt levels: the exception
- Nearly 38% of borrowers have balances under \$10,000
- 2/3 have balances under \$25,000

Only 4.5% of borrowers have balances greater than \$100,000



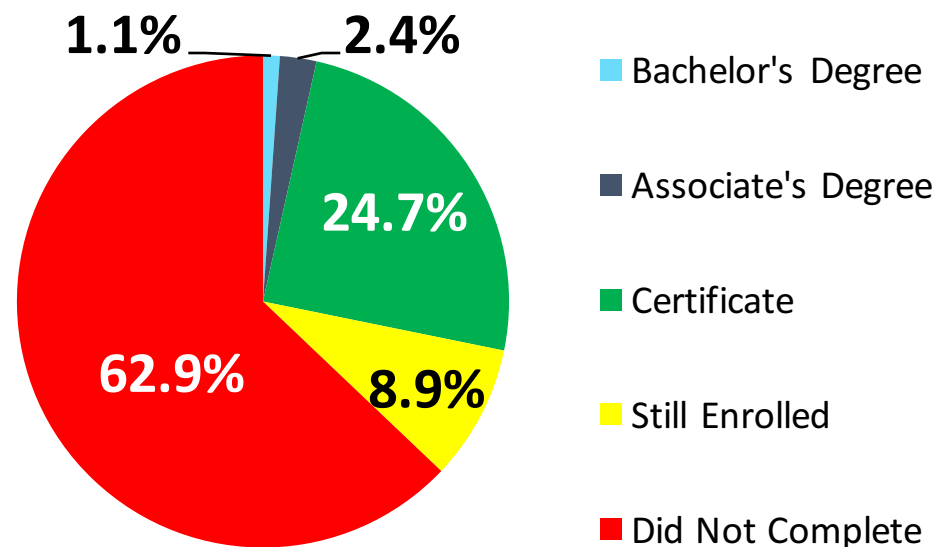
Source: FRBNY Consumer Credit Panel / Equifax

Who defaults? Students who don't complete

- *“Dropouts are four times as likely to default on their loans.”*
- *“We don't have a student loan problem so much as a college completion problem.”*

Educational attainment of students who default

Only 1.1% of students who default have earned a bachelor's degree



Source: Mark Kantrowitz, as quoted in *USA Today*, July 7, 2017, “Are student loans as big of a problem as people think?”
Chart from *National Center of Education Statistics Beginning Postsecondary Students Survey 2004/09*

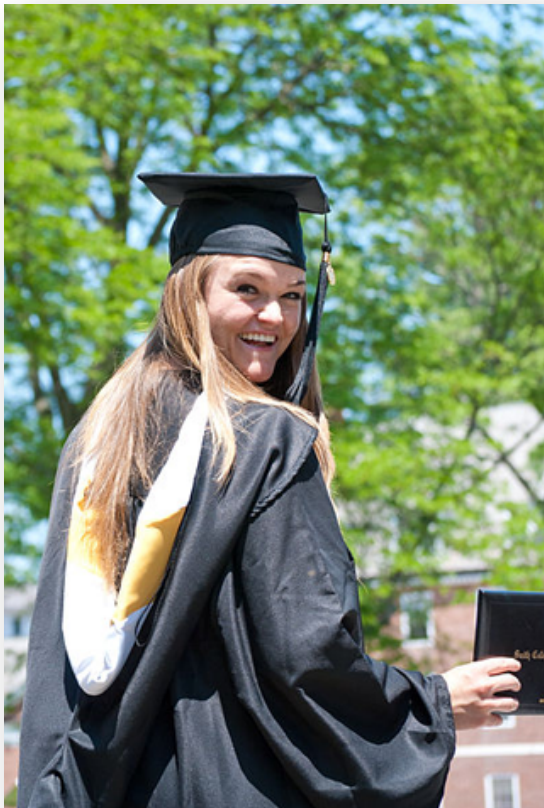
Student loans – National political debate

1. Proposals for “free,” or no-debt higher education
2. Proposal that colleges and universities have “skin in the game”
 - a. Pay for a percentage of defaults
 - b. Allow institutions to limit borrowing for some students
3. Forgive all student debt to stimulate economy
4. Employer benefit: repayment of student loans
5. Eliminate in-school interest subsidy



Transformational power of higher education

“College changes everything.”



Example of Pell eligibility

Dependent Student (Includes parents income and assets)				
Example	Family Size	Number in College	Income	Pell Amount
A	5	1	\$36,775	\$5,920
B	5	1	\$60,000	\$1,270
C	5	1	\$63,370	\$0
D	5	2	\$63,370	\$2,770

Example of Pell eligibility

Independent Student (Married & earns about \$5,000)				
Example	Family Size	Number in College	Income	Pell Amount
A	2	1	\$20,059	\$5,920
B	2	1	\$30,000	\$1,870
C	2	1	\$33,220	\$0
D	3	1	\$33,220	\$5,920