

Student Indebtedness

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Diane Corbett
Director of Financial Aid

A National Issue

- Student debt topped 1 trillion dollars, exceeding credit card debt
- College affordability and student debt are national issues
- Student loan defaults are on the rise

UAlbany Students

- Approximately 80% of our undergraduate students apply for need-based financial aid
- Average need of UA aid applicants is \$12,374 and has been increasing
- Of the 2012-2013 undergraduate financial aid applicants (FAFSA filers) 46% had family incomes of less than \$50,000
- Approx 25% of aid applicants have a zero Expected Family Contribution (EFC)

Percentage Pell Grant Recipients*

University at Albany	36%
Stony Brook University	36%
University at Buffalo	31%
Binghamton University	28%
Syracuse University	27%
University of Connecticut	21%
University of Delaware	12%

*www.collegenavigator.gov

Federal/State Funding Tightens

- Federal Pell Grant
 - Year Round Pell *eliminated*
 - Number of semesters *reduced*
- ACG/SMART Grant *eliminated*
- Loan Subsidy during Grace Period *eliminated*
- Subsidized Stafford Loans for Graduate Students *eliminated*
- Graduate TAP *eliminated*

In-State FT Undergraduate Costs

	<u>2011-12</u>	<u>2012-13</u>
Tuition	\$ 5,270	5,570
Fees	\$ 1,902	1,955
Room and Board	\$ 10,958	11,276
<i>Total Direct Costs</i>	\$ 18,130	18,801
Books	\$ 1,200	1,200
Other Educ Exp	\$ 1,432	1,515
<i>Cost of Attendance</i>	\$ 20,762	21,516

Net Cost/Borrowing

- 1st year student from family of four with \$xx,xxx income:
 - Net price after grants and scholarships = \$xx,xxx (\$xxx NYS TAP Grant, \$xx SUNY Tuition Credit)
 - Student borrowing=\$x,xxx
 - Cost to family after student loan= \$xx,xxx
- Over four years if no tuition/fee/room/board increase:
 - Total \$xx,xxx payments + \$xx,xxx student loans

Net Cost/Borrowing

- 1st year student from family of four with \$xx,xxx income:
 - Net price= \$xx,xxx (\$x,xxx NYS TAP Grant, \$xxx SUNY Tuition Credit, \$x,xxx Pell)
 - Student borrowing = \$x,xxx Stafford + \$x,xxx Perkins
 - Federal Work-Study = \$x,xxx
 - Cost to family after self-help aid = \$x,xxx
- Over four years if no tuition/fee/room/board increase:
 - Total \$xx,xxx payments + \$xx,xxx student loans

How Do Families Pay Costs?

- Federal PLUS (parent loans)
 - Interest rate fixed at 7.9%
 - Credit-based loan
 - Approx \$19.5 million in 2012-13
- Private Alternative Loans
 - Interest rates vary, no cap
 - Credit-based loan
 - Approx \$6.2 million borrowed in 2012-13
- Payment Plans - 8 monthly installments
- Savings/ 529 Plans

Student Debt

Average Indebtedness

- National 2011 - \$26,600
 - Monthly payment of \$306.11
- UA 2011 - \$23,039
 - Monthly payment of \$265.13
- UA 2012 - \$24,126
 - Monthly payment of \$277.64

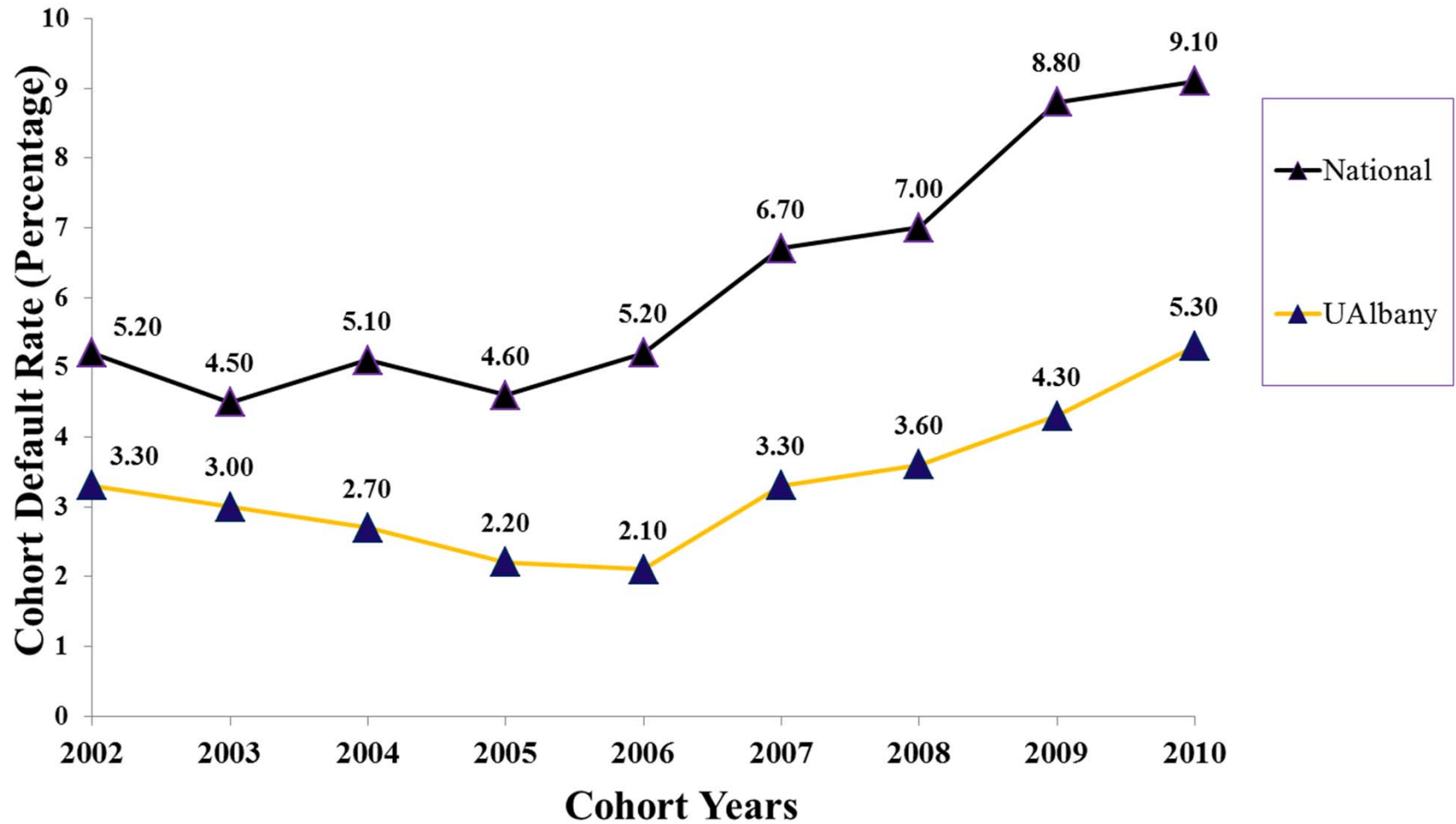
*Repayment based on 10 yr. standard repayment at 6.8%

Cohort Default Rate (CDR)

- National CDR
 - 2YR – FY 2010 is 9.1%
 - 3YR – FY 2009 is 13.4%
- UA CDR
 - 2YR – FY 2010 is 5.3%
 - 3YR – FY 2009 is 6.1%



Historical Official 2 Year Cohort Default Rates



University-Wide Issue

- Funding for institutional grant and need-based scholarships
- Cost containment
- Financial literacy
- Time to Degree

Educate Students

- Early awareness
- Outreach efforts -Fin Aid Day, H.S. Fin Aid Nights, Orientation Sessions, EOP meeting
- Sharing messages about responsible borrowing and making sound financial decisions

SUNY Smart Track

- Engaging entire University in default prevention through retention and student success
- Financial literacy
- Default aversion
- SUNY Award letter

Shopping Sheet

- Effort to make financial aid awards and college cost info more transparent and easier to understand
- Clear distinction between loans and grants
- Net Cost = COA minus total grants and scholarships
- Adopted as an award letter for 2013-2014

Managing Debt

- In School Deferment
 - During a period of at least half-time enrollment
- Loan Forgiveness
 - <http://studentaid.ed.gov/repay-loans/forgiveness-cancellation>
- Repayment Options
 - <http://studentaid.ed.gov/repay-loans/understand/plans>

Education as an Investment

- Our goal is to provide access and improve options for students through financial aid policy
- Student loans provide a pathway allowing students to invest in their future
- UAlbany offers a quality education at a great value