

Student Loan Debt

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Why Do Students Borrow?

High need students are defined as having eligibility for a federal Pell Grant.

EMU ranks 4th out of the MI 15 four-year public institutions in the number of undergraduate students with high need.

Percent of UG Students with Pell Grants:

Wayne State University	52.60%
U of M Flint	51.50%
Ferris State University	50.47%
Eastern Michigan University	48.44%

EMU Direct Costs – UG In-State

Tuition and fees (13 Hrs/term)	\$ 7,835.00
Room and Board	<u>\$ 8,032.00</u>
Total Average F/W Bill	\$15,866.00

Example:

Mid-range Pell Grant	\$3,000.00
Emerald Scholarship	<u>\$3,500.00</u>
Total Gift Aid	\$6,500.00

Balance after Gift Aid **\$ 9,366.00** ← **Borrow?**

Average Loan Debt – 2011 Graduating Seniors

National Average¹

- \$26,600

Michigan Average²

- \$27,451

EMU Average

- \$21,547

¹ Peterson's Guide

²The Institute for College Access & Success

Opportunity – Cost for 4 years vs 5 years

Fifth Year Tuition and Fees **\$16,000**

Starting Salary for an entry level job delayed one year **\$35,000**

True cost for a 5th year of school **\$51,000**

Repayment Options

Repayment Plan	Short Description	Length
Standard	Fixed payments of at least \$50 a month (most common)	10 years
Graduated	Payments are lower at first and then increase, usually every two years.	10 years
Extended	Payments may be fixed or graduated. Must owe more than \$30,000 in loans.	Up to 25 years
Income Based	The maximum monthly payments will be 15 percent of discretionary income*. The payments change as income changes.	Up to 25 years
Income - Contingent	Payments are calculated each year and are based on adjusted gross income, family size, and the total amount of Direct Loan debt. The payments change as income changes.	Up to 25 years
Income-Sensitive	The monthly payment is based on annual income. The payments change as income changes.	Up to 10 years

* Discretionary Income = Adjusted Gross Income minus poverty level income based on the size of the household.

New Repayment Option

Repayment Plan	Short Description	Length	Comparison
<p>Pay As You Earn</p>	<p>Maximum monthly payments will be 10 percent of discretionary income*. The payments change as income changes</p>	<p>Up to 20 years</p>	<p>The monthly payments will be lower than payments under the 10-year Standard Plan. The borrower will pay more over time than under the 10-year Standard Plan. After 20 years of qualifying monthly payments, any outstanding balance on the loan will be forgiven.</p>

* Discretionary Income = Adjusted Gross Income minus poverty level income based on the size of the household.

Why Do Students Default?

Degree Completion¹

- Failing to complete a degree is the greatest determinant in student loan defaults. Students have higher unemployment rates and make less in lifetime earnings than those who graduate and are four times more likely to default on their loans.

Other Characteristics of Students Who Default²

- Low family income and lack of academic preparedness from high school
- Poor grades in college
- Level of student loan debt
- Unemployment after college (whether they graduate or not)
- Low wages

¹ The University of Texas System, College Credit Report

² NASFAA Cohort Default Rate Issue Brief

Cohort Default Rates

	FY 2007	FY 2008	FY 2009	FY 2010
National Average	6.7%	7.0%	8.8%	9.1%
EMU	2.6%	3.0%	4.9%	7.2%
# in Repayment	4280	4501	4726	4994
# in Default	114	136	236	364

Reducing Debt and Default

Increase Graduation Rates

- Incentives for maximum course loads
- Tuition cap incentives for students enrolling in 15 hours or more
- Incentives for four year graduation

Target Students Most at Risk

- Require Financial Awareness Counseling for students with low GPAs

Student Engagement

- Get students engaged - students who are more involved on campus usually experience greater success

Employment

- Increase on campus employment opportunities (discourage off campus employment)

Financial Awareness Counseling

This online tool is offered by the U.S. Department of Education. It educates students on:

- **Student loans, interest rates, repayment options**
- **Keeping track of borrowing (NSLDS)**
- **Loan Default**
- **Budgeting/managing finances**

Effective Fall 2012, EMU students who fail to meet Financial Aid academic requirements (SAP) and wish to appeal for continued aid eligibility, must complete Financial Awareness Counseling before submitting an appeal.

Getting the Word Out - Events

Honors Orientation

Aviation Orientation

UNIV Instructors

Nursing Orientation

Orientation

Black Student Union

Veterans Resource Center

Student Government

Wellness Center

Sigma Gamma Rho Sorority

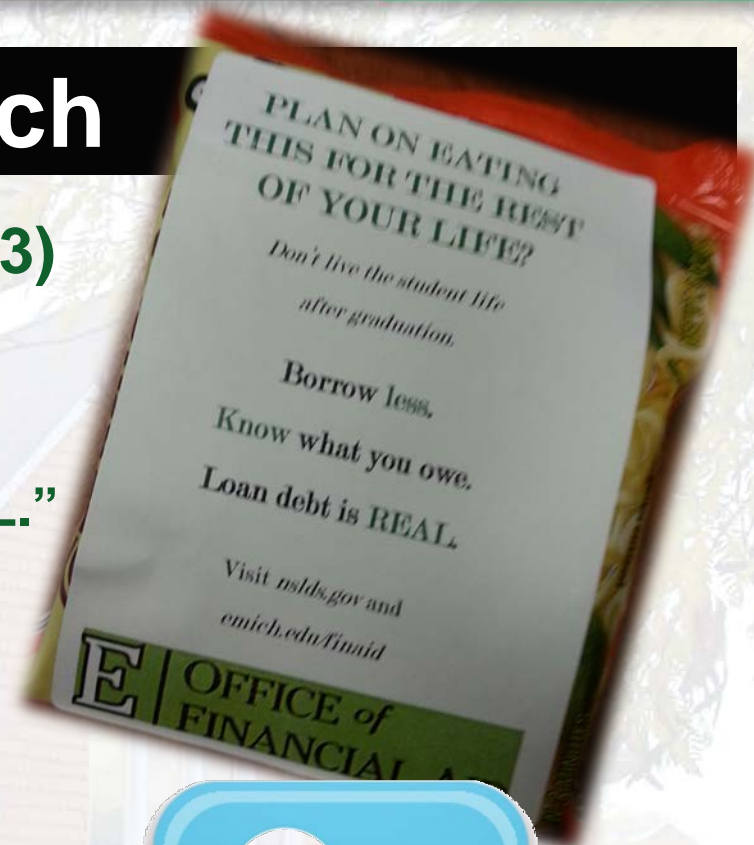
Graduate Open House

UNIV Classes

Loan Awareness Outreach

The Ramen Noodle Project (1.8.2013)

- “Noodlegrams” were handed out on campus with message “Borrow less. Know what you owe. Loan debt is REAL.”
- Label included where students can go for loan information
- The Ramen Noodle Project was also a drive to have students follow us on Twitter (for relevant information)
@EMUFinancialAid
- OFA website integrates noodle campaign



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Questions?

