



# College Affordability 101

## Today's Agenda

- Understanding College Affordability
  - Minnesota Model of Affordability
  - Cost of Attendance, Net Price and Percent of Need Met
  - Average Student Loan Debt
  
- FAME's College Affordability Efforts
  - Maine State Grant
  - FAFSA Completion
  - Affordability from the Student & Family Perspective
  - Expansion of Financial Education
  - NextGen 529, Alford Grant and Maine Matching Grants



# College Affordability Defined – It Can't Be

- Affordability is subjective and relative
- Expensive can be different than unaffordable



## **Minnesota Office of Higher Education Models of Affordability**

- Affordability Measure #1: Affordability at Entry
- Affordability Measure #2: Lifetime Affordability
- Affordability Measure #3: Affordability of Repayment

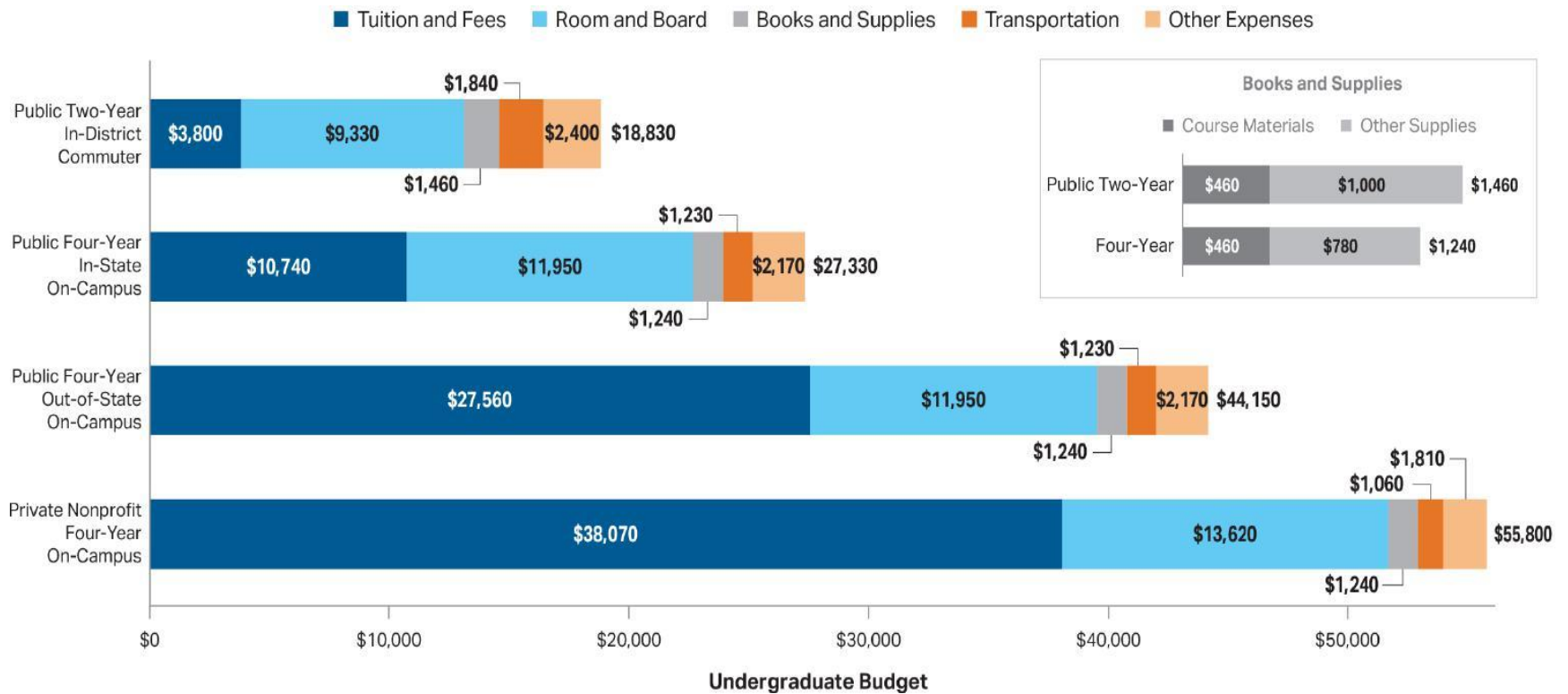


## **Cost of Attendance (COA)**

- Tuition and Fees
- Room and Board
- Books and Supplies
- Transportation
- Other Expenses/Miscellaneous



## Average Estimated Full-Time Undergraduate Budgets/COA (Enrollment-Weighted) by Sector, 2021-22



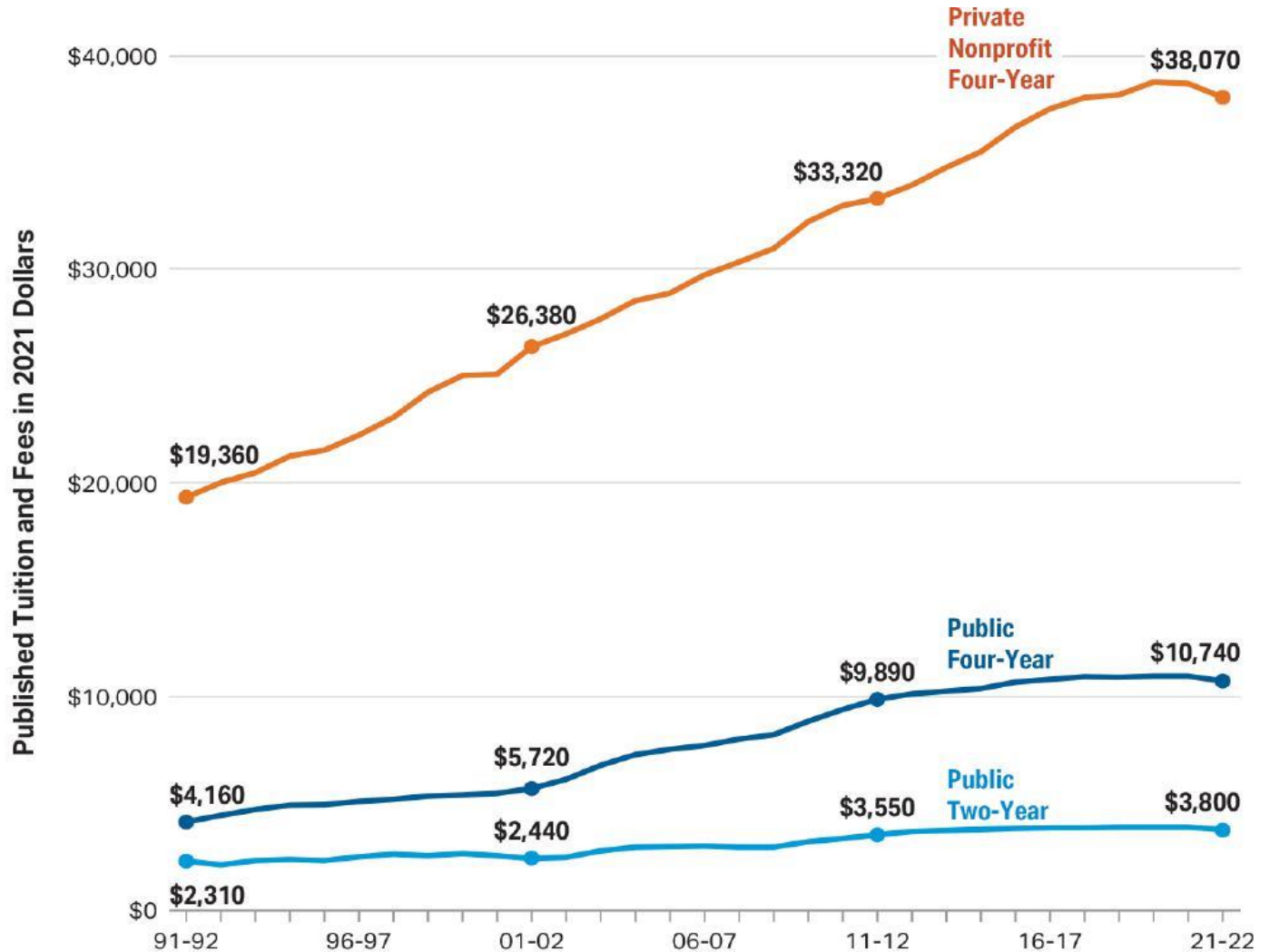
Source: College Board, Trends in College Pricing and Student Aid 2021



## An Addition to Average COA

College	Cost of Attendance 2021-2022
Bates	\$80,766
Bowdoin	\$76,310
Colby	\$79,965

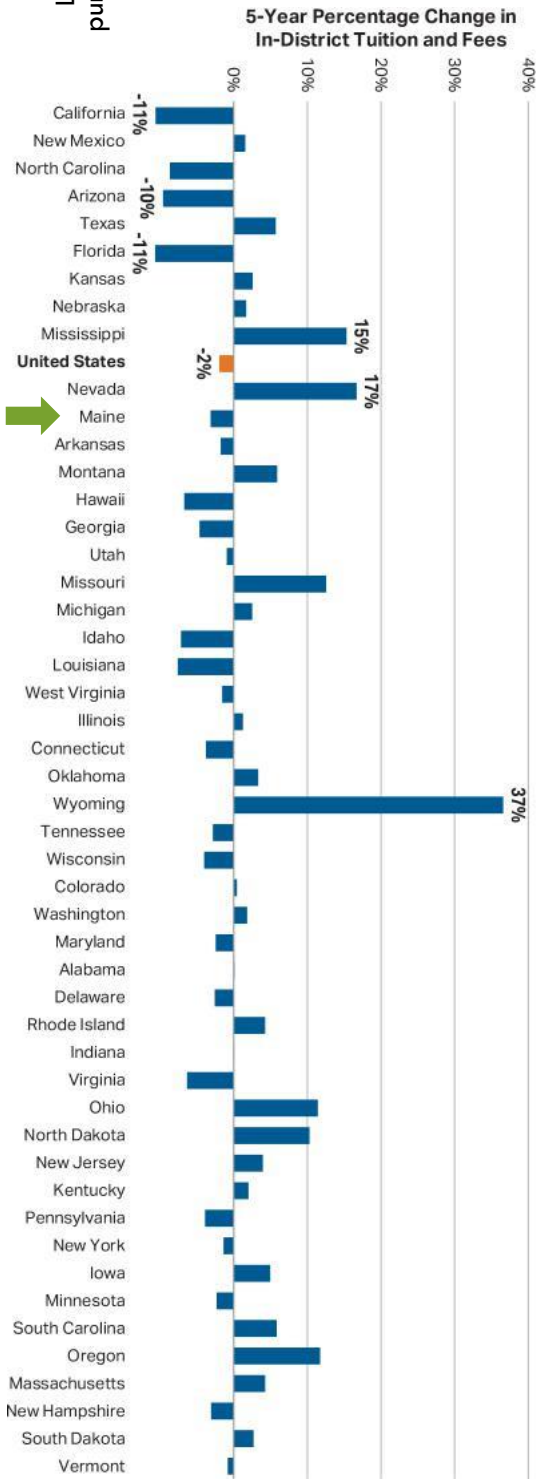
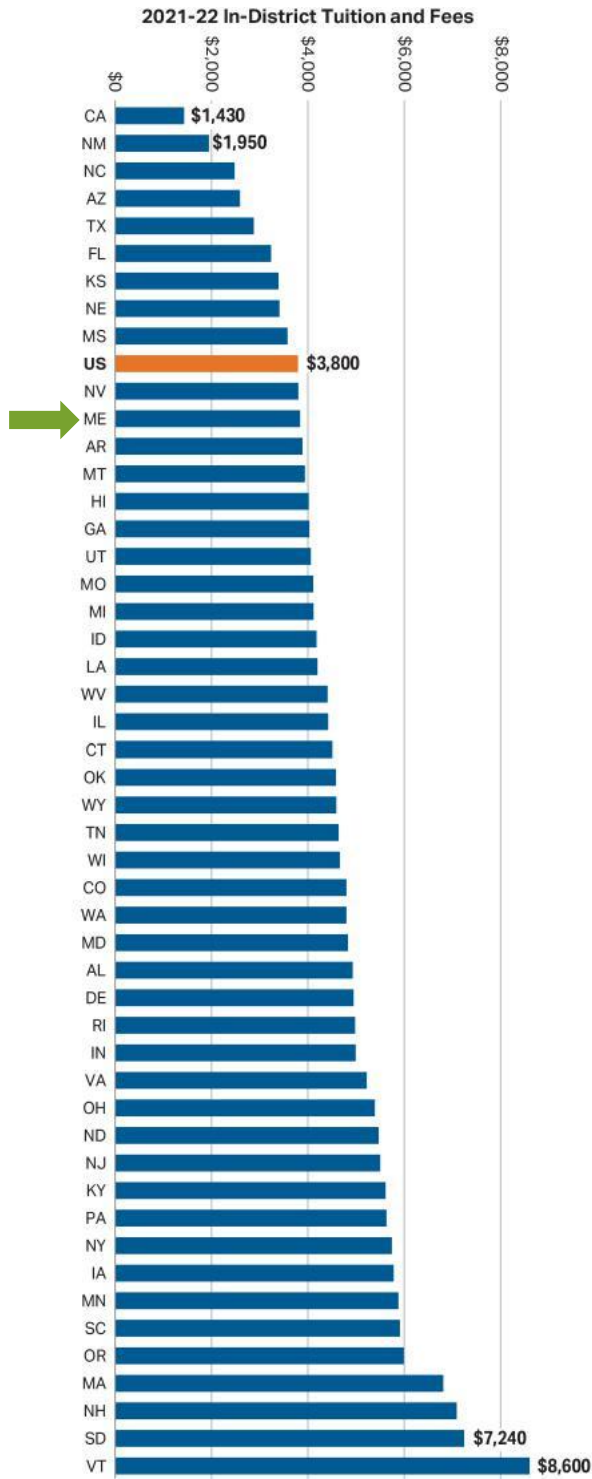
Average Published Tuition and Fees in 2021 Dollars by Sector, 1991-92 to 2021-22



Source: College Board, Trends in College Pricing and Student Aid 2021



# Average 2021-22 In-District Tuition and Fees at Public Two-Year Institutions and Five-Year Percentage Changes in Inflation- Adjusted In-District Tuition and Fees, by State

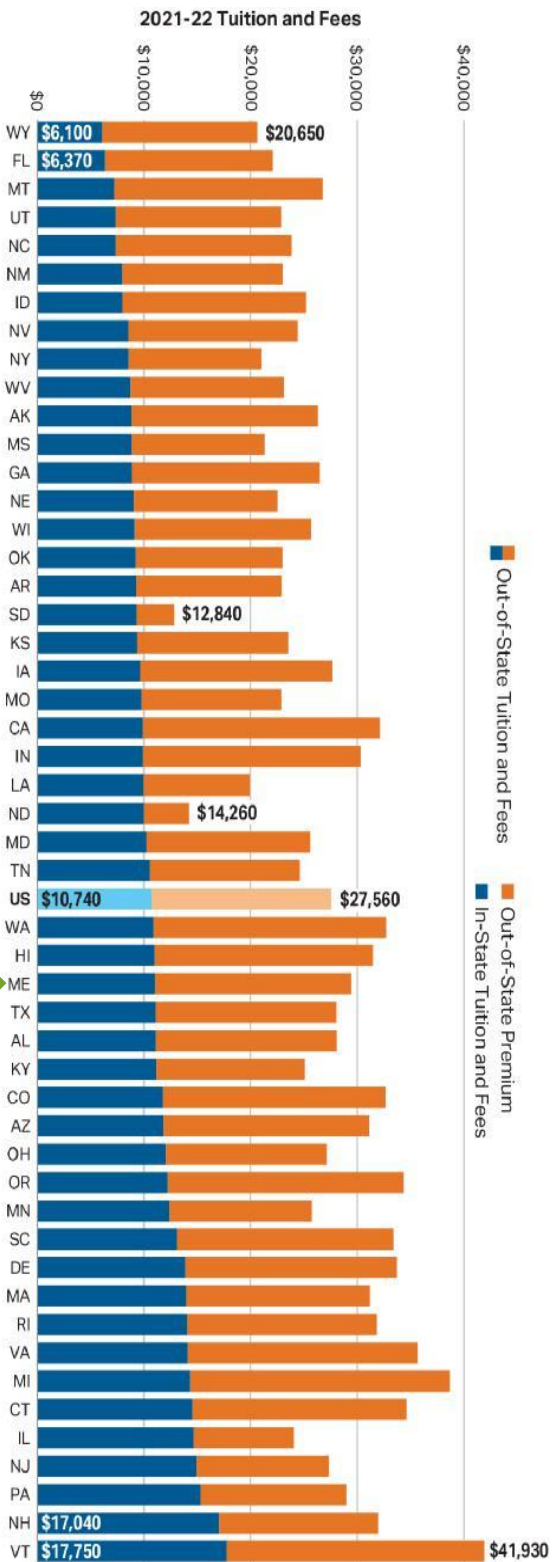


Source: College Board, Trends in College Pricing and Student Aid 2021

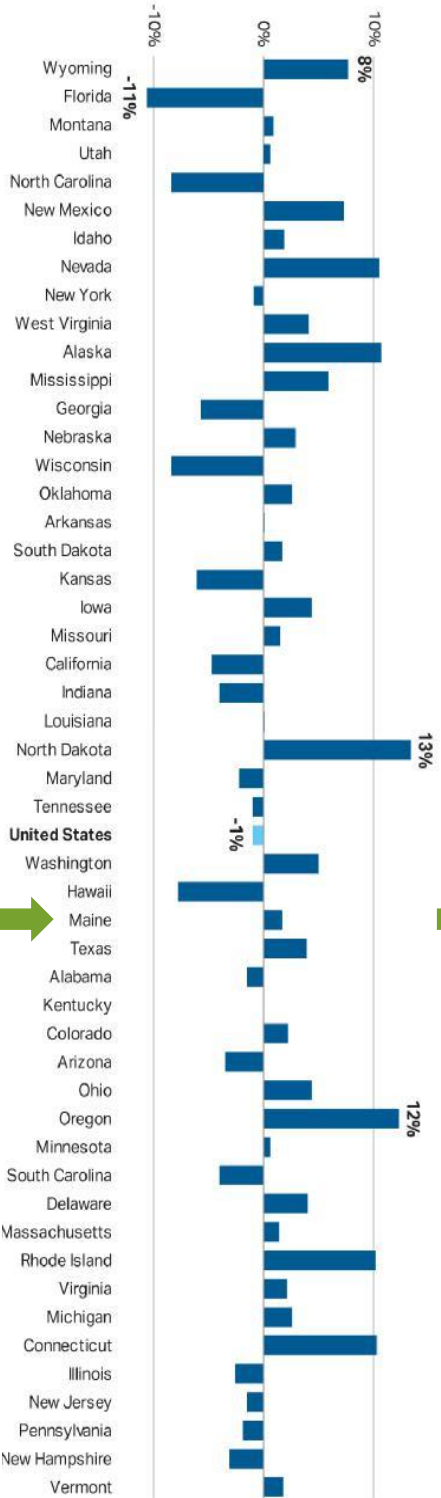




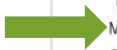
# Average 2021-22 Tuition and Fees at Public Four-Year Institutions and Five Year Percentage Changes in Inflation Adjusted In-State Tuition, by State



5-Year Percentage Change in In-State Tuition and Fees



Source: College Board, Trends in College Pricing and Student Aid 2021



- **Net Price** is the amount a student pays for a single year AFTER subtracting grants and scholarships
- Schools are required to have a Net Price Calculator (NPC) on their website (usually in the financial aid section)
- NPCs use **school specific data** to provide estimated net price based on a **student's individual circumstances**

- Focus on **Net Price** – not sticker price
- Average Net Price by Income at College Navigator site
  - <https://nces.ed.gov/collegenavigator/>
- Research “percent of need met”
  - Big Future – <https://bigfuture.collegeboard.org/>
  - <https://bigfuture.collegeboard.org/college-profile/thomas-college/tuition-and-costs>



## College Cost as a Percent of Income

- 2013
  - Maine 40%
  - New England 38%
- 2018
  - Maine 36%
  - New England 34%



# Average Student Loan Indebtedness in Maine

- Class of 2019 – Bachelor Degree Graduates from Maine
  - \$33,591 average indebtedness
  - 67% of graduates had student loan debt
  - Not all Maine institutions report

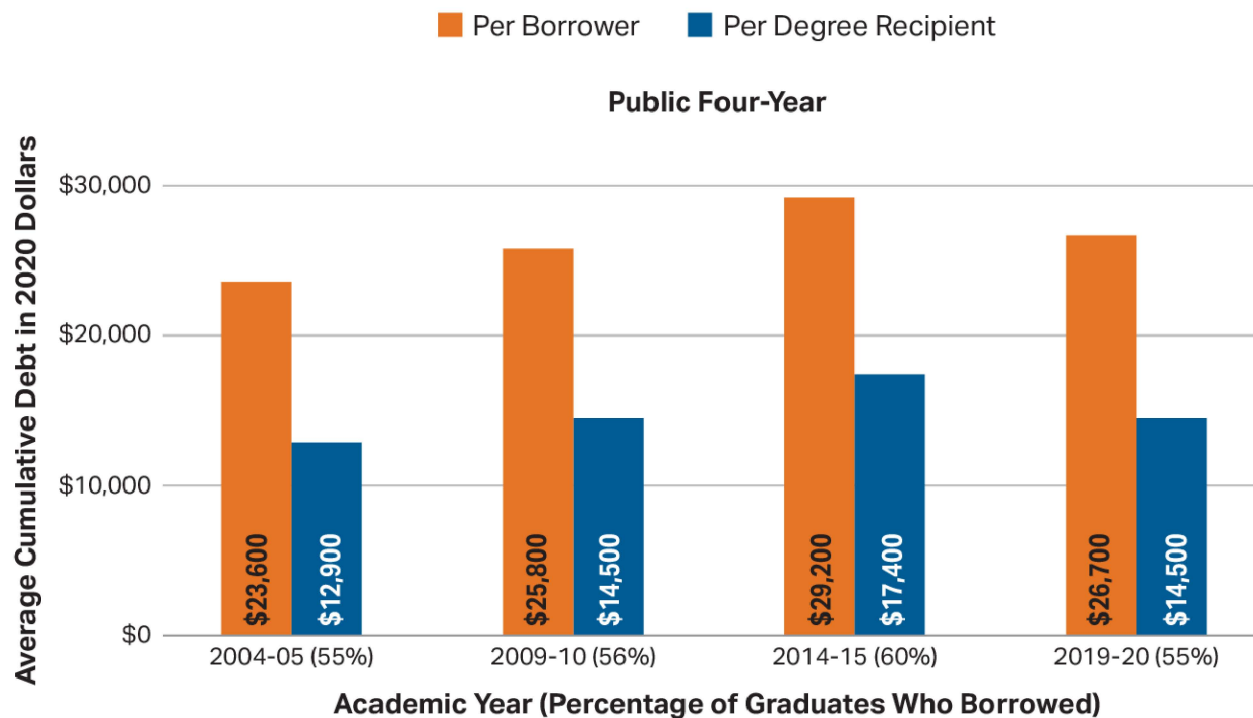


## Average Student Loan Debt as a Percent of Income

- 2013
  - Maine 17%
  - New England 14%
- 2018
  - Maine 15%
  - New England 12%

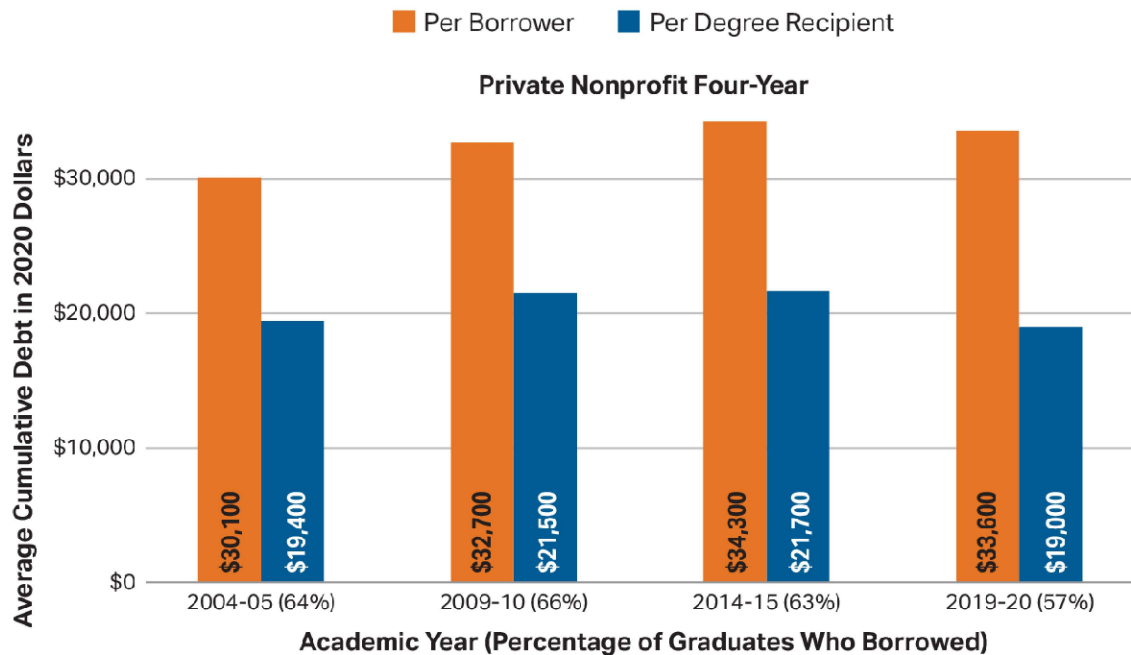


## Average Cumulative Debt Levels in 2020 Dollars: Bachelor's Degree Recipients at Public Four-Year Institutions, 2004-05 to 2019-20, Selected Years





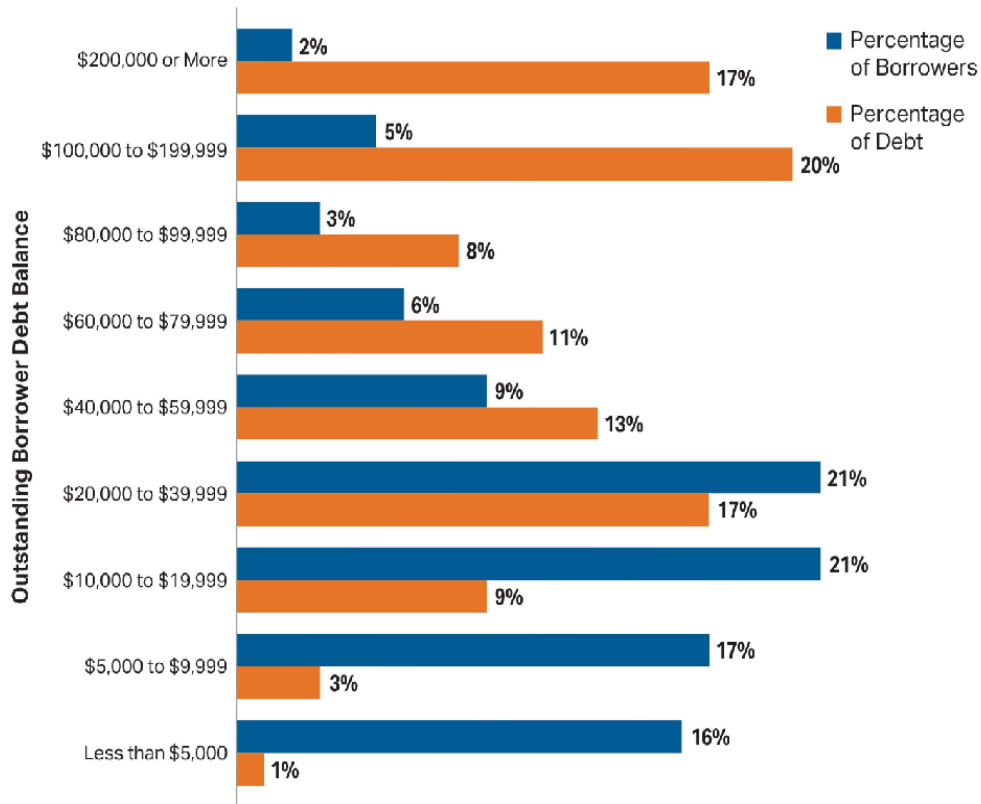
## Average Cumulative Debt Levels in 2020 Dollars: Bachelor's Degree Recipients at Private Nonprofit Four-Year Institutions, 2004-05 to 2019-20, Selected Years







## Distribution of Borrowers and Debt by Outstanding Balance, Second Quarter of FY2021



\*Federal Loan Balance by Debt Size, Second Quarter of FY2021

	Total Balance (in Billions)	Number of Borrowers (in Millions)	Average Balance
\$200,000 or More	\$271.3	0.9	\$301,400
\$100,000 to \$199,999	\$324.2	2.4	\$135,100
\$80,000 to \$99,999	\$125.3	1.4	\$89,500
\$60,000 to \$79,999	\$179.9	2.6	\$69,200
\$40,000 to \$59,999	\$208.7	4.3	\$48,500
\$20,000 to \$39,999	\$274.2	9.6	\$28,600
\$10,000 to \$19,999	\$136.4	9.4	\$14,500
\$5,000 to \$9,999	\$54.4	7.5	\$7,300
Less than \$5,000	\$19.4	7.3	\$2,700
Total	\$1,593.8	45.4	\$35,100



# Maine State Grant 2021 - 2022

- 2021 – 2022
  - \$26,445,394 appropriated funds (traditional applicants & adult learners)
  - \$2,500 award for full-time attendance
  - \$1,250 award for > 6 credits and < 12 credits
  - 7000 EFC for all (traditional applicants & adult learners)
  - May 1 deadline lifted
    - Money still available – carefully monitoring and if we need to close applications it will be with as much notice to schools as possible

- Free Application for Federal Student Aid
- 21-22 compared to 20-21, as of October 31, 2021
  - Down 5% overall from
  - Pell-Eligible down by 8.8%
- Decline believed to be connected to the pandemic:
  - families and students were dealing with the immediate situation in front of them and less able to focus on the future;
  - disruption to in-person learning and ability for school counselors and others to connect with student (when students were in-person the focus was on the “must do” academic pieces);
  - uncertainty of what the future would look like, including on college campuses; and
  - challenging financial circumstances.



## FAME's FAFSA Completion Efforts for 22-23

- 22-23 FAFSAs being filed now
  - Challenges with FAFSA.gov portal
- In-person and virtual FAFSA completion sessions being offered by FAME
- One-on-one FAFSA completion assistance in virtual setting with FAME's College Access Counselors
- Texting campaign for high school seniors and juniors, as well as parents and school counselors
- Facebook group for parents and college access professionals

# The Path to Affording HIGHER EDUCATION



# College Affordability from the Student & Family Perspective

The key to affording higher education is to start planning early. The longer families have to save, the better, and starting early also gives families more time to get “financially fit.” Early planning can also help students understand the importance of good grades and the role of scholarships. Follow the path to see how you can better plan ahead to afford higher education!



## CONVERSATION STARTERS

### Savings, Direct Payments, and Tuition Payment Plans

- Are you (the parents or family members) saving for higher education? If so, how much will be available when your student graduates from high school?
- Are you (the student) saving for higher education? What are the savings expectations when you receive birthday or holiday gifts or money from work?
- Do you (the parents or family members) plan to use tuition payment plans to help pay for higher education? If so, how much per month can you afford? Is there a strategy to make more money available? Is it possible to pay down debt or other obligations to free up money in the future?
- Considering all sources, how much can you (parents or family members) contribute per year?
- Considering all sources, how much can you (the student) contribute per year?

### Scholarships

- Are you (the student) applying for scholarships? What is the expectation related to the number of applications?
- Do your grades open up the possibility of merit-based scholarships?

### Borrowing

- How do you feel about borrowing? No borrowing? Limit borrowing to only Federal Direct Loans (\$5,500 for the first year)? Will you consider additional borrowing (which will have a credit component)? Are parents or family members willing to co-sign a private loan?
- How much total debt is acceptable (for all years of education)?
- Who will be responsible for repaying the debt?

### Pathways

- Is there agreement that you (the student) can apply to any school, including those that appear to be a financial reach? What happens if you get accepted but it is not affordable?
- Are you (the student) open to considering multiple pathways (i.e., community college for a year or two, starting at a more affordable school with a plan to transfer, or attending school locally and living at home)?

Have questions? FAME has resources and knowledgeable teams who can help. Reach out!

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# Expansion of FAME's Financial Education

## ■ Goals

- Expand FAME's financial education initiatives to:
  - Mainers of all ages in order to facilitate financial stability
  - Encourage a culture change that embraces lifelong learning
  - Encourage saving to pursue educational opportunities.
- Support multiple higher education/workforce development paths
  - Target the 40% of high school graduates who pursue no education/training/military service after high school
  - Support individuals changing careers and veterans re-entering civilian life.
- Support 10-year economic goal of increasing the percentage of the workforce with a credential beyond high school (defined as, two or four-year college degree, license in the trades or professional certificate).



## Education Savings

- NextGen529
- Alford Grant
- Maine Matching Grants



QUESTIONS???





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