

TOPIC: QUESTIONS FROM JANUARY 2009 MEETING

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I. SUMMARY

This agenda item addresses questions raised at the January 9 Commission meeting regarding student loan debt. Information below is from data the Department presented to the Joint Budget Committee in December.

II. STAFF ANALYSIS

1. What are the average debt loads of community college graduates, and how much do graduates need to earn to be able to repay those loans without financial hardship?

The chart below shows cumulative loan debt for community college graduates (using data from the past three years) with the estimated repayment over a ten year period using current interest rates of approximately 6.8 percent. The income needed for repayment is based upon 150 percent of the federal poverty line and assumes that loan repayment of not more than 15 percent of discretionary spending.

Institution	Average Loan Debt at Graduation	% of Graduates with Loans	Estimated Monthly Loan Repayment (10 years)¹	Minimum Annual Income to repay without hardship
Adams State College	\$9,334	56%	\$107	\$24,194
Aims Community College	\$10,324	53%	\$119	\$25,105
Arapahoe Community College	\$11,587	70%	\$133	\$26,267
Colorado Mountain College	\$10,463	64%	\$120	\$25,233
Colorado NW Community College	\$13,372	63%	\$154	\$27,911
Community College of Aurora	\$10,134	57%	\$117	\$24,930
Community College of Denver	\$10,877	59%	\$125	\$25,614
Front Range Community College	\$9,899	66%	\$114	\$24,714
Lamar Community College	\$9,704	62%	\$112	\$24,534
Mesa State College	\$11,181	70%	\$129	\$25,894
Morgan Community College	\$14,389	42%	\$166	\$28,847
Northeastern Junior College	\$6,919	47%	\$ 80	\$21,970
Otero Junior College	\$9,690	53%	\$112	\$24,521
Pikes Peak Community College	\$8,925	55%	\$103	\$23,817
Pueblo Community College	\$11,818	72%	\$136	\$26,480
Red Rocks Community College	\$10,529	49%	\$121	\$25,294
Trinidad State Junior College	\$8,217	28%	\$ 95	\$23,165

¹ The repayment calculations do not take into account any interest accrued while in school (unsubsidized loans), loan consolidation, or variable interest rates over the prior three years.

The chart below reflects cumulative loan debt for students who graduated in 2008 with a baccalaureate degree (using data from the past six years) with the estimated repayment over a ten year period using current interest rates of approximately 6.8 percent. The income needed for repayment is based upon 150 percent of the federal poverty line and assumes that loan repayment of not more than 15 percent of discretionary spending.

Institution	Average Loan Debt	% of graduates with Loans	Monthly Loan Repayment (10 years)²	Minimum Annual income to repay without hardship (Household size =1)
Adams State College	\$18,634	77%	\$214	\$32,755
Colorado School of Mines	\$22,453	66%	\$258	\$36,271
Colorado State University	\$18,948	66%	\$218	\$33,044
Colorado State University - Pueblo	\$21,855	75%	\$252	\$35,721
Fort Lewis College	\$17,891	66%	\$206	\$32,071
Mesa State College	\$18,028	69%	\$207	\$32,198
Metropolitan State College of Denver	\$21,475	75%	\$247	\$35,371
University of Colorado – Boulder	\$21,642	46%	\$249	\$35,525
U. of Colorado - Colorado Springs	\$18,168	72%	\$209	\$32,326
University of Colorado Denver	\$23,327	69%	\$268	\$37,076
University of Northern Colorado	\$17,967	67%	\$207	\$32,141
Western State College	\$20,613	75%	\$237	\$34,578

The "minimum annual income to repay without hardship" requires explanation. The Department's CollegeInColorado.org web site states that, "Experts agree that your student loan payments should not exceed 8% of your annual income, or if you are married, 8% of your household income." This 8% number, however, is not universally accepted. The Department has identified an alternative federal income-based repayment of student loans in certain circumstances. The income-based repayment program caps payments at 15 percent of discretionary income, which is defined as income in excess of 150 percent of the federal poverty level (or \$15,600 annually). The "minimum annual income to repay without hardship" calculates what the student's annual income would have to be for the estimated monthly payment to not exceed 15 percent of discretionary income, as that term is defined by the federal income-based repayment program. The minimum annual income calculated by this method falls within a few tenths of the 8.0 percent rule of thumb used by CollegeInColorado.org.

If available, please provide the same information for private and occupational schools. If the same information is not available, please share any information the Department

² The repayment calculations do not take into account any interest accrued while in school (unsubsidized loans), loan consolidation, or variable interest rates over the prior six years.

has that might be an indicator of whether student debt at private institutions is excessive.

Private and occupational schools submit financial aid data to the Department as a part of participation in the state need-based aid program, however, enrollment/completion files are not collected from many of these schools. As an alternative to looking at cumulative loan debt upon completion, the tables below reflect average total student loans taken by first year students at both public and private institutions. The loans included in the table (using Department of Higher Education Student Unit Records) are Stafford (subsidized and unsubsidized), Perkins, and Other loans as reported to the Department. First year students who took loans at a private institution borrowed approximately 69% more than those at public colleges.

Average Debt Load for First Year Students-Public

Institution	Average Total Loans
Community College of Denver	\$3,204.72
Front Range Community College	\$3,393.86
Northeastern Junior College	\$3,450.94
Pikes Peak Community College	\$3,677.69
Trinidad State Junior College	\$3,698.47
Fort Lewis College	\$3,765.62
Community College of Aurora	\$3,809.09
Aims Community College	\$3,881.95
Adams State College	\$3,942.76
Colorado Mountain College	\$4,018.41
Lamar Community College	\$4,018.50
Colorado Northwestern Community College	\$4,065.16
Colorado State University - Pueblo	\$4,099.52
University of Colorado - Colorado Springs	\$4,111.09
Red Rocks Community College	\$4,134.52
Morgan Community College	\$4,202.22
Metropolitan State College of Denver	\$4,347.04
University of Colorado Denver	\$4,381.82
Western State College	\$4,395.02
Arapahoe Community College	\$4,406.81
Pueblo Community College	\$4,418.28
University of Northern Colorado	\$4,452.52
Mesa State College	\$4,453.02
Colorado State University	\$4,808.78
Otero Junior College	\$4,967.77
Colorado School of Mines	\$5,422.07
University of Colorado - Boulder	\$5,492.09
Average Loan Debt at Public Institutions	\$4,198.32

Average Debt Load for First Year Students-Private

Institution	Avg Total Loans
Intellitec College - Grand Junction	\$4,924.18
Colorado College	\$5,029.72
DeVry University (formerly Denver Technical College)	\$5,037.01
Heritage College	\$5,143.60
Intellitec Medical Institute	\$5,160.38
Intellitec College - Co. Springs	\$5,465.22
Regis University	\$5,892.24
Kaplan College	\$5,907.47
Concorde Career Institute	\$6,055.44
Denver University	\$6,692.17
Parks College	\$7,008.60
Blair Junior College	\$7,108.06
Colorado Institute of Art	\$7,601.36
Rocky Mtn. Coll. Art & Design	\$7,824.44
Colorado Technical College	\$7,923.63
<u>Westwood College (Denver Institute of Technology)</u>	<u>\$10,016.81</u>
Average Loan Debt at Private Institutions	\$7,114.13

Is there anything the Department can or should do about student debt loads at private institutions?

Institutions (both public and private) are required under Title IV regulations to provide both entrance and exit loan counseling when packaging student loans. The level of counseling a student receives varies by the practice at individual campuses. Federal student loan limits have increased since July 1, 2008. A student in good standing at an institution is eligible to borrow up to the cost of attendance. While counseling is available, the reduction of student debt is ultimately a responsibility of the student.

2. Does distributing financial aid to the institutions based on Pell eligible students have an impact on how many Pell eligible students go to each institution? Does it perpetuate or institutionalize where students with financial need go for their education?

Policy changes in Fiscal Year 2007 directed state funded need-based aid to those students with the least ability to pay for college. This population (Level 1 Students) is identified using 150% of the federal Pell grant eligibility level. For the past two years, state funded need-based financial aid has been allocated to institutions based on a three-year rolling average for full time enrollment (FTE) Level I students. The pilot year permitted a base grant of \$750 to Level 1 students. The base amount per student that is allocated to institutions is indexed against the average cost of attendance by institution type (research, four-year, community college). While institutions are required to award at least the minimum to eligible full-time students, the amount awarded may be increased at the discretion of financial aid staff at institutions as funds permit. For example, one institution

may give a flat grant of \$1,200 to all eligible students, while another may give a smaller grant to freshmen and sophomores and larger grants to juniors and seniors.

State aid is a fraction of the aid that a student may be eligible for as part of the financial aid package. Therefore, the aid distribution formula has an indeterminate influence on the type of students enrolling at a certain institution. While it might seem intuitive that students would choose a school that offered the best package, affordability is only one measure of what attracts students to colleges; degree offerings and location may have more impact on a student's choice.

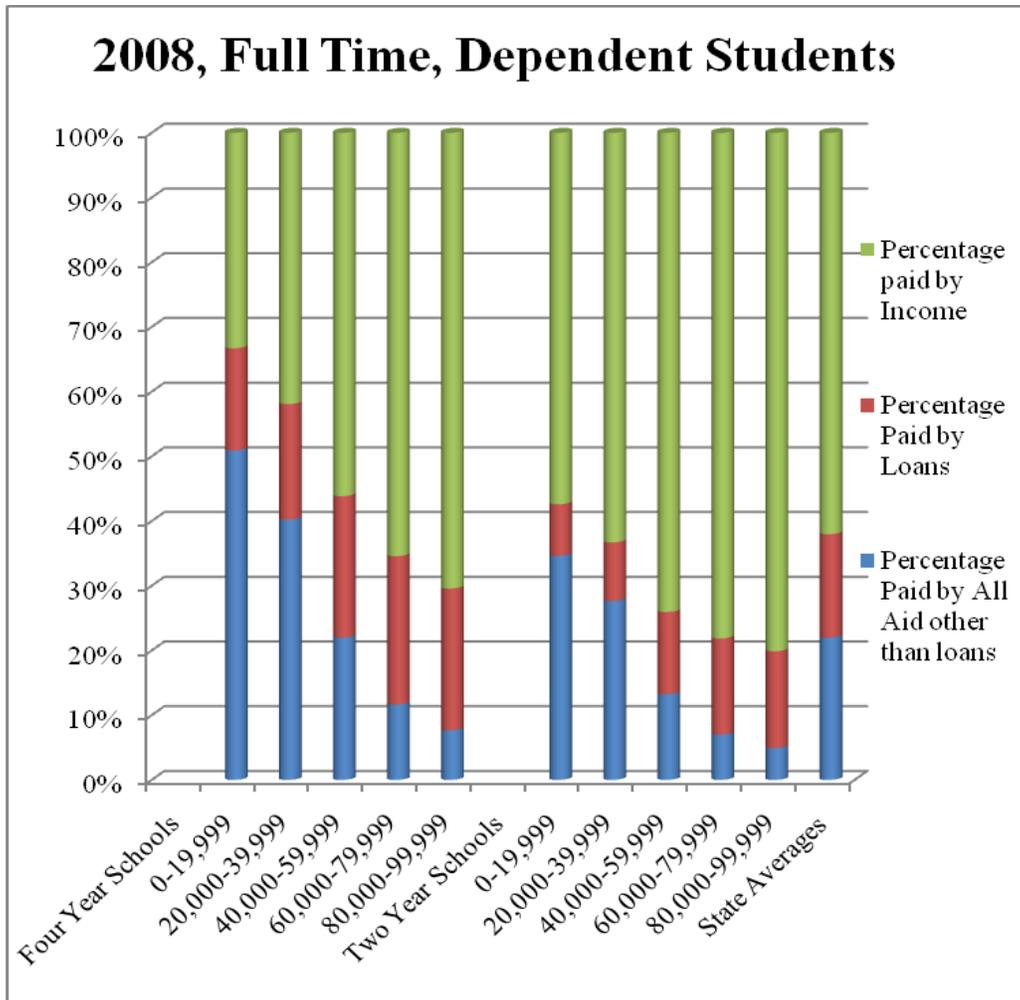
Institutions have recently begun to discuss the need for increased flexibility in awarding state money to middle income students. For the 2009-2010 year, the maximum Pell award is estimated to increase to \$5,350 from a maximum of \$4,731 in 2008-2009 as reported in the *Proposed Funding for Education in the American Recovery and Reinvestment Act of 2009*. The Commission may want to discuss its current financial aid policy and whether it continues to be good public policy to focus state aid on the neediest students.

The following chart shows the proportion of income versus loan and grant that dependent students who are enrolled full-time are paying in various income categories. Much more analytical work would need to be conducted before making a policy shift.

2008 Income category	% Paid by Aid	% Paid by Loans	% Paid by Family
Four Year Schools			
0-\$19,999*	51%	16%	33%
\$20,000-\$39,999*	40%	18%	42%
\$40,000-\$59,999*	22%	22%	56%
\$60,000-\$79,999*	12%	23%	65%
\$80,000-\$99,999*	8%	22%	70%
Two Year Schools			
0-\$19,999*	35%	8%	57%
\$20,000-\$39,999*	28%	9%	63%
\$40,000-\$59,999*	13%	13%	74%
\$60,000-\$79,999*	7%	15%	78%
\$80,000-\$99,999*	5%	15%	80%
Averages	22%	16%	62%

*Income categories through \$100k only; financial aid to families with higher incomes is minimal.

The graph below depicts the percentages as a part of the Cost of Attendance (includes tuition, fees, books, and student living budgets). The percentage paid by income may include unmet need.



Student Loan Deferment Information

For federal student loans such as Stafford or Perkins loans, principal and interest payments may be deferred while the borrower is attending school at least halftime, unemployed (up to three years), in a graduate fellowship or for economic hardship. Interest will continue to accrue while the student is in school, but a student is not required to pay until he or she stops out from school for at least six months or reaches the end of the deferment period in the cases of unemployment or hardship.

Students may renegotiate deferment terms or apply for forbearance. Students in need of temporary relief from repayment may use forbearance to postpone or reduce payments for a set period of time. During forbearance, interest continues to accrue.

The Department continues to look at this topic and will bring any additional information to the Commission.

3. What is the split between resident and nonresident students and between the resident and nonresident tuition revenue at each Colorado institution of higher education?

The following charts update the FY 2008-09 Tuition and Fee Report and provide, by institution, the resident undergraduate and nonresident undergraduate student FTE as well as the revenue generated from these two sources. The FTE enrollments were taken from the final FY2007-2008 FTE report and the revenue information is from the budget data book.

Fall 2007 Published Tuition and Fee Rates for FY07-08

Four-Year Institutions							
Tuition Rates	Peers	School Actual	% of Peer Average	FY07-08 Undergraduate FTE***	% of Undergraduate FTE	FY07-08 Undergraduate Tuition Revenue****	% of Undergraduate Tuition Revenue
CSM*							
Resident Tuition & Fees*	\$12,486	\$10,050	80.5%	2,683	76%	\$22,705,369	57%
Non-Resident Tuition & Fees	\$19,733	\$23,036	116.7%	840	24%	\$16,998,950	43%
CSU							
Resident Tuition & Fees	\$6,369	\$5,419	85.1%	15,966	82%	\$72,418,540	53%
Non-Resident Tuition & Fees	\$17,791	\$18,859	106.0%	3,549	18%	\$63,188,240	47%
UCB							
Resident Tuition & Fees	\$7,468	\$6,636	88.9%	16,034	68%	\$104,647,616	37%
Non-Resident Tuition & Fees	\$20,949	\$24,798	118.4%	7,563	32%	\$178,889,429	63%
UCD							
Resident Tuition & Fees	\$6,778	\$5,932	87.5%	6,361	93%	\$38,367,981	80%
Non-Resident Tuition & Fees	\$16,434	\$17,888	108.8%	493	7%	\$9,416,660	20%
UNC							
Resident Tuition & Fees	\$7,211	\$4,313	59.8%	8,629	91%	\$33,035,767	76%
Non-Resident Tuition & Fees	\$15,952	\$12,892	80.8%	903	9%	\$10,714,971	24%
ASC							
Resident Tuition & Fees	\$4,703	\$3,466	73.7%	1,440	85%	\$3,437,656	58%
Non-Resident Tuition & Fees	\$9,672	\$10,810	111.8%	257	15%	\$2,510,176	42%
CSU-P							
Resident Tuition & Fees	\$6,506	\$4,156	63.9%	2,994	91%	\$11,205,280	78%
Non-Resident Tuition & Fees	\$12,449	\$14,514	116.6%	297	9%	\$3,148,843	22%
FLC**							
Resident Tuition & Fees	\$6,232	\$3,778	60.6%	2,621	71%	\$7,415,269	33%
Non-Resident Tuition & Fees	\$14,598	\$14,980	102.6%	1,081	29%	\$15,369,503	67%
MSC							
Resident Tuition & Fees	\$5,679	\$4,064	71.6%	4,390	90%	\$18,176,557	82%
Non-Resident Tuition & Fees	\$11,548	\$12,225	105.9%	507	10%	\$3,899,662	18%
MSCD							
Resident Tuition & Fees	\$5,057	\$3,079	60.9%	15,135	97%	\$42,780,232	89%
Non-Resident Tuition & Fees	\$13,858	\$11,179	80.7%	502	3%	\$5,084,955	11%
UCCS							
Resident Tuition & Fees	\$5,876	\$5,726	97.4%	5,186	93%	\$28,063,735	82%
Non-Resident Tuition & Fees	\$15,308	\$16,782	109.6%	390	7%	\$6,168,325	18%
WSC							
Resident Tuition & Fees	\$6,334	\$3,586	56.6%	1,428	76%	\$4,170,064	48%
Non-Resident Tuition & Fees	\$13,931	\$12,418	89.1%	448	24%	\$4,451,730	52%

Fall 2007 Published Tuition and Fee Rates for FY07-08

Two-Year Institutions							
Tuition Rates	Peers	School Actual	% of Peer Average	FY07-08 Undergraduate FTE***	% of Undergraduate FTE	FY07-08 Undergraduate Tuition Revenue****	% of Undergraduate Tuition Revenue
ACC							
Resident Tuition & Fees	\$2,630	\$1,959	74.5%	4,022	95%	\$11,603,349	85%
Non-Resident Tuition & Fees	\$6,003	\$8,454	140.8%	222	5%	\$2,009,536	15%
CNCC							
Resident Tuition & Fees	\$2,513	\$2,127	84.6%	663	86%	\$1,901,373	77%
Non-Resident Tuition & Fees	\$5,976	\$4,157	69.6%	107	14%	\$564,570	23%
CCA							
Resident Tuition & Fees	\$2,630	\$2,443	92.9%	3,077	94%	\$7,924,513	84%
Non-Resident Tuition & Fees	\$6,003	\$9,679	161.2%	188	6%	\$1,503,627	16%
CCD							
Resident Tuition & Fees	\$2,630	\$2,171	82.6%	4,655	91%	\$11,133,215	73%
Non-Resident Tuition & Fees	\$6,003	\$6,432	107.1%	482	9%	\$4,171,498	27%
FRCC							
Resident Tuition & Fees	\$3,705	\$2,171	58.6%	9,313	93%	\$23,889,715	78%
Non-Resident Tuition & Fees	\$6,702	\$8,773	130.9%	728	7%	\$6,889,789	22%
LCC							
Resident Tuition & Fees	\$2,584	\$2,688	104.0%	662	87%	\$1,447,273	76%
Non-Resident Tuition & Fees	\$5,964	\$5,358	89.8%	98	13%	\$450,744	24%
MCC							
Resident Tuition & Fees	\$2,513	\$2,171	86.4%	974	97%	\$2,311,828	94%
Non-Resident Tuition & Fees	\$5,976	\$8,603	143.9%	30	3%	\$159,797	6%
NEJC							
Resident Tuition & Fees	\$2,584	\$2,400	92.9%	1,196	92%	\$2,789,875	83%
Non-Resident Tuition & Fees	\$5,964	\$7,406	124.2%	102	8%	\$569,574	17%
OJC							
Resident Tuition & Fees	\$2,513	\$2,508	99.8%	1,139	92%	\$2,895,070	93%
Non-Resident Tuition & Fees	\$5,976	\$5,178	86.6%	97	8%	\$223,129	7%
PPCC							
Resident Tuition & Fees	\$3,705	\$2,051	55.4%	7,102	95%	\$18,728,419	85%
Non-Resident Tuition & Fees	\$6,702	\$8,603	128.4%	379	5%	\$3,270,250	15%
PCC							
Resident Tuition & Fees	\$2,630	\$2,171	82.6%	3,405	98%	\$8,319,595	92%
Non-Resident Tuition & Fees	\$6,003	\$8,603	143.3%	83	2%	\$767,655	8%
RRCC							
Resident Tuition & Fees	\$2,630	\$2,171	82.6%	4,466	95%	\$11,682,927	87%
Non-Resident Tuition & Fees	\$6,003	\$8,603	143.3%	215	5%	\$1,821,877	13%
TSJC							
Resident Tuition & Fees	\$2,584	\$2,312	89.5%	1,255	92%	\$3,060,961	83%
Non-Resident Tuition & Fees	\$5,964	\$4,448	74.6%	113	8%	\$608,966	17%

*Peer group for CSM includes one private institution (Rensselaer Polytechnic Institute) which charges the same tuition rate for resident and non-resident students (\$35,878). CSM's published resident tuition and fee rates are 129% of the average rate charged by their public institution peers.