

The logo features a stylized orange hand holding a blue map of Mississippi. An orange arrow points upwards from the top of the map.

MISSISSIPPI  
OFFICE *of*  
STUDENT  
FINANCIAL AID

# State Aid Study Committee

Meeting Four

January 10, 2019

# SFA Recommendations

## from Meeting Three

Strategic redesign

Use human resources

Simplify

- One grant
- One loan repayment

Require the FAFSA

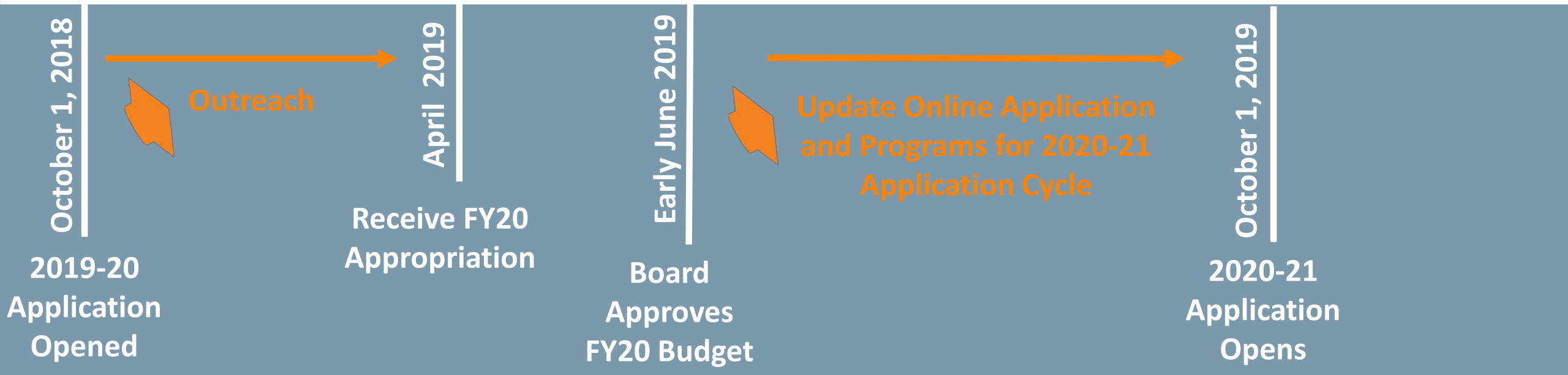
Use pilot programs to test new ideas

Prioritize need-based aid





# Timeline



A decorative graphic on the left side of the slide. It features a dark teal hand with fingers spread, reaching upwards. Above the hand is a dark teal speech bubble pointing towards the top left. In the top left corner, there is a small yellow speech bubble icon with three horizontal lines inside.

# Phased Recommendations

- Phase I
  - 2019 SFA Appropriation Bill
  - 2019 General Legislation
  - FY 2020 and FY 2021 Budgets
- Phase II
  - 2019 Calendar Year
  - 2020 Legislative Session
  - FY 2021 and FY 2022 Budget
- Phase III
  - 2020 Calendar Year
  - 2021 Legislative Session (or later)
  - FY 2022 Budget (or later)

# Phase I-A: 2019 Appropriation Bill



1. Commit to adequate funding for undergraduate grants and renewal loans for FY20 based on projections (Section 1)
2. Separate funding for undergraduate grants from other types of aid (Sections 1 and 3)
3. Fund only grants and renewal forgivable loans (Sections 3 and 4)
4. Hold HELP harmless if proration required (Section 5)
5. Require the collection of institutional and federal aid data for the development of a state-specific affordability model (Section 6)
6. Require the FAFSA for all applicants, beginning with the 2020-2021 application (Section 11); currently 89% of applicants and 91% of recipients complete the FAFSA.

(See handouts for suggested language and updated FY20 budget.)

# Phase I-B: 2019 General Legislation



7. Move the online application deadlines for all programs to May 1 and the supporting document deadlines to June 1
8. Create a pilot program to smooth the funding cliff for HELP beginning with the 2019-20 aid year
9. Phase out MTAG and MESG for freshmen for 2020-21

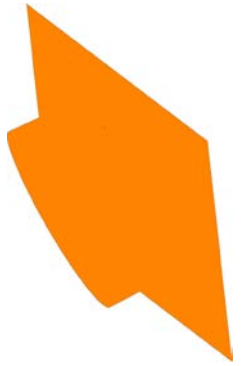
Additional FY 20 Cost to Smooth the HELP Funding Cliff for Freshmen										
Award Amt	100% HELP		75% HELP		50% HELP		25% HELP		All	
AGI	< \$39,500		\$39,501 - \$50,000		\$50,001 - \$60,000		\$60,001 - \$75,000			
Freshmen	496	\$2,729,870	199	\$ 746,125	165	\$ 354,062	96	\$ 59,051	956	\$3,889,108
FY 21 Savings to Phase Out MTAG and MESG for Freshmen										
	MTAG for ALL Freshmen		MESG for ALL Freshmen		MTAG/MESG for ALL Freshmen					
Public 4-Year	1,578	\$ 620,275	527	\$1,098,852	2,105	\$1,719,127				
Privates	310	\$ 123,735	114	\$ 247,499	424	\$ 371,234				
Public 2-Year	3,017	\$1,212,500	63	\$ 132,529	3,080	\$1,345,029				
Grand Total	4,905	\$1,956,510	704	\$1,478,880	5,609	\$3,435,390				

# Phase II-A: 2019 Calendar Year

10. Develop Mississippi Affordability Model with Dr. Jim Fridley at the University of Washington
11. Continue work with institutions to design a single grant program that prioritizes need and is based on the Mississippi Affordability Model

# Phase II-B: 2020 Legislative Session

12. Create a new grant program that prioritizes need and is based on the Mississippi Affordability Model
13. Continue phase-out of MTAG and MESG
14. Create a loan repayment program to replace existing forgivable loan programs



## **Phase III-A: 2020 Calendar Year**

15. Continue work with institutions to determine best strategy to expand new grant program for part-time students and year-round enrollment

## **Phase III-B: 2021 General Session**

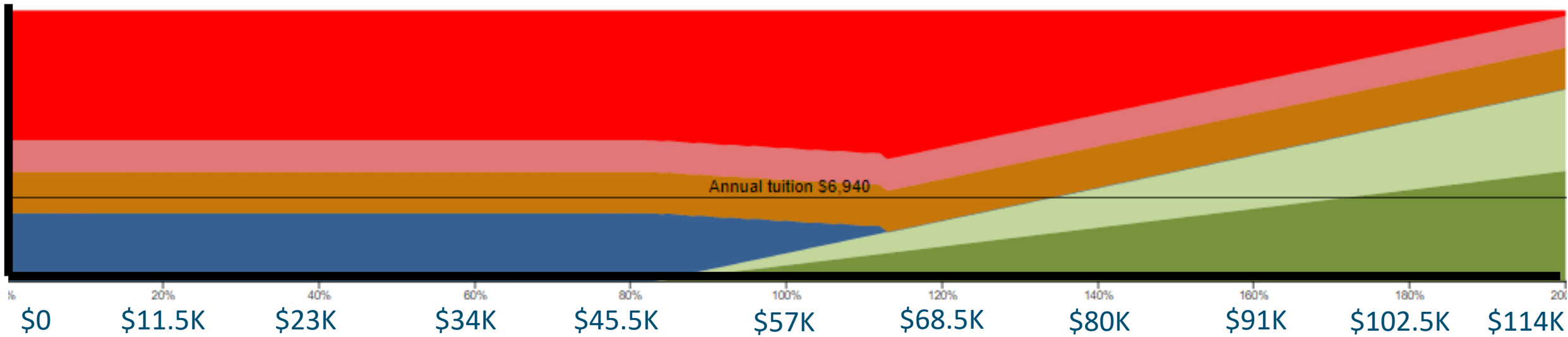
16. Expand grant program for adult/nontraditional students who cannot enroll full-time
17. Extend aid for summer awards
18. Continue phase-out of MTAG and MESG



# Affordability Model

## Public Research

Y - \$22,240 COA



- College Savings before College
- Pell Grant
- MESG
- Family Contribution in College
- Institutional Aid
- HELP
- Income from Student Work
- Affordable Debt
- MTAG
- Unaffordable/Additional Debt

# Affordability Model

Inputs:	
Median family income (\$/yr)	57,660
Annual tuition and fees (\$/yr)	6,940
Annual non-tuition costs (\$/yr)	15,290
Annual cost of attendance (\$/yr)	22,240
Years in college (yrs)	4
State appropriation (\$/student/year)	0
Model variables:	
Percent of current income contributed (%)	10
Years spent saving (yrs)	10
Percent of annual income saved (%)	5
Interest on savings (%)	1
Loan repayment ratio (%)	7
Percentile of earner (% ~ \$ 18,930)	20
Percentile of excluded earner	9
Interest on debt (%APR)	5
Loan duration (yrs)	10

## General information

### Academic year

2013 - 2014 ▼

### NPSAS Year

2016 ▼

### State

Mississippi ▼

### Attending

Public Resea ▼

## Family's share

### Family income exclusion



### Family income contribution



### Percent disc income saved



## Student's share

### Hours Worked ~ \$3,390/yr



## Policy change

Lumina Benchmark

### Tuition adjustment



### Adjust MTAG



### Adjust MESH



### Adjust HELP

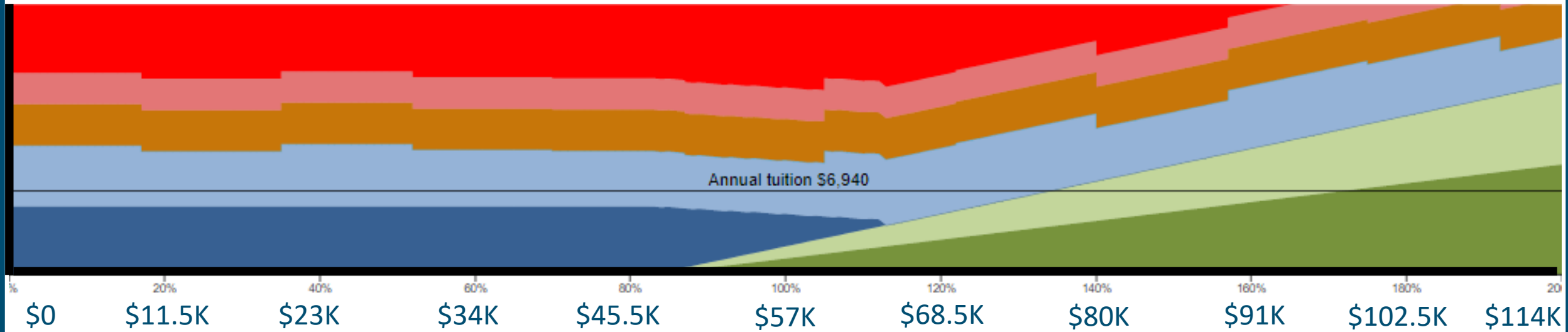


Public Model available at <https://public.college-affordability.css.uwb.edu/>

# Affordability Model

## Public Research

Y - \$22,240 COA



- College Savings before College
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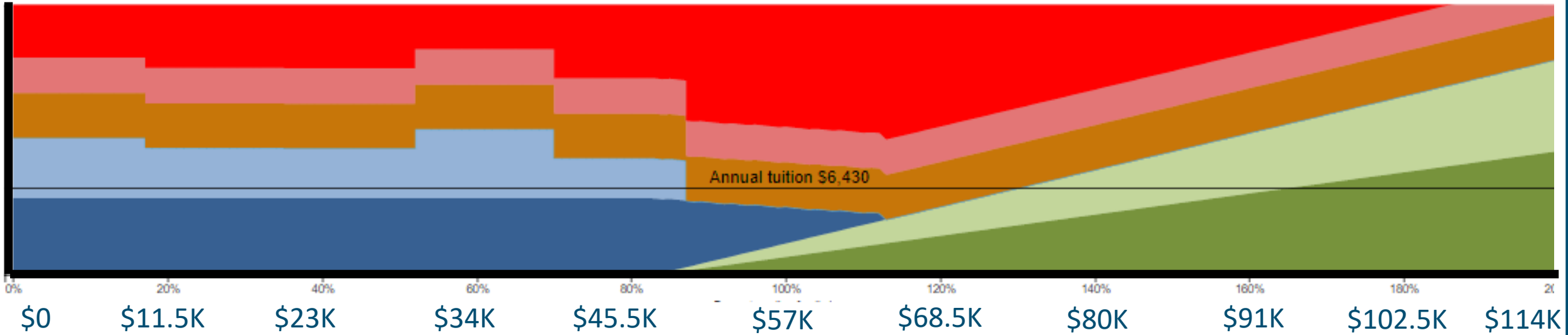
- MESG
- HELP
- MTAG

Unaffordable/Additional Debt

# Affordability Model

## Public Regional

Y - \$19,770 COA



- College Savings before College
- Family Contribution in College
- Income from Student Work

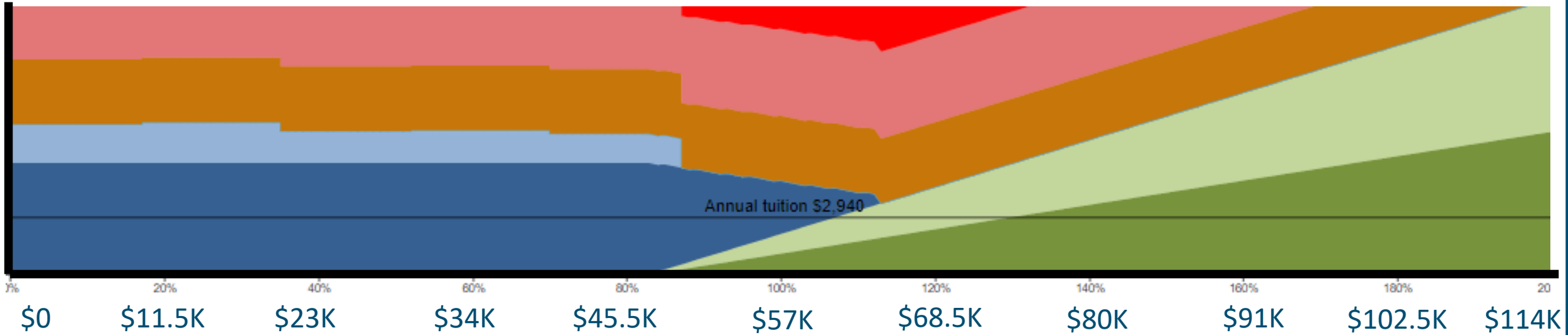
- Pell Grant
- Institutional Aid
- Affordable Debt
- Unaffordable/Additional Debt

- MESHG
- HELP
- MTAG

# Affordability Model

## Community College

Y - \$13,540 COA

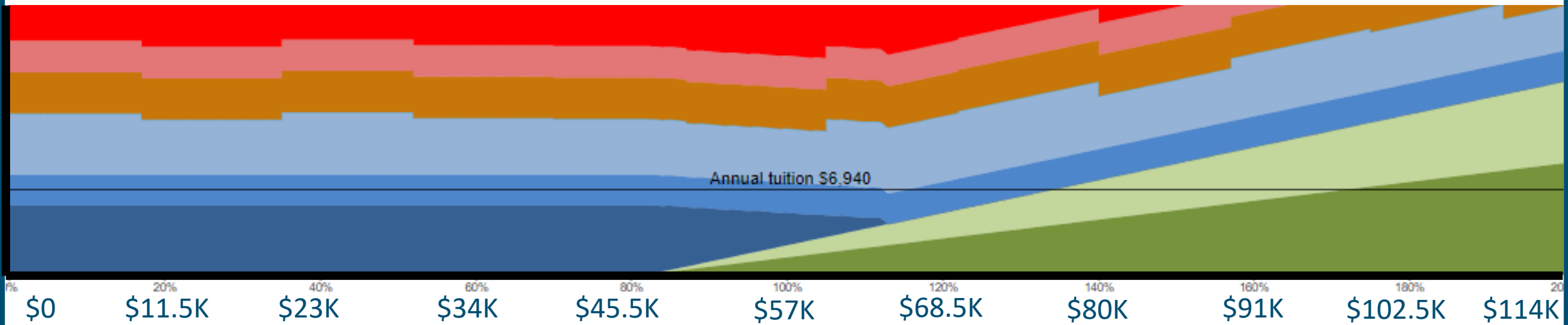


- College Savings before College
- Pell Grant
- MESG
- Family Contribution in College
- Institutional Aid
- HELP
- Income from Student Work
- Affordable Debt
- MTAG
- Unaffordable/Additional Debt

# Affordability Model

## Public Research

Y - \$22,240 COA

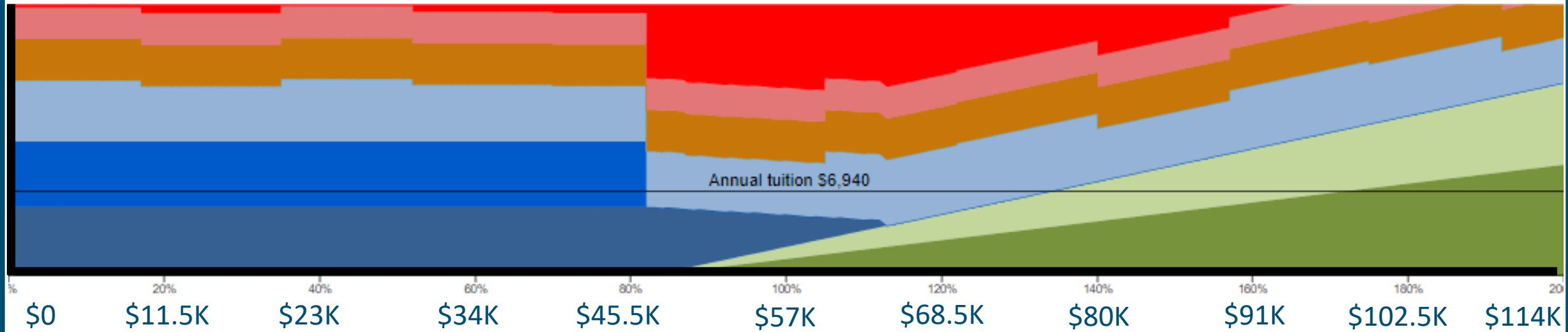


- College Savings before College
- Pell Grant
- MESG
- Institutional Aid
- HELP
- MTAG
- Income from Student Work
- Affordable Debt
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# Affordability Model

## Public Research

Y - \$22,240 COA



- College Savings before College
- Family Contribution in College
- Income from Student Work

- Pell Grant
- Institutional Aid
- Affordable Debt

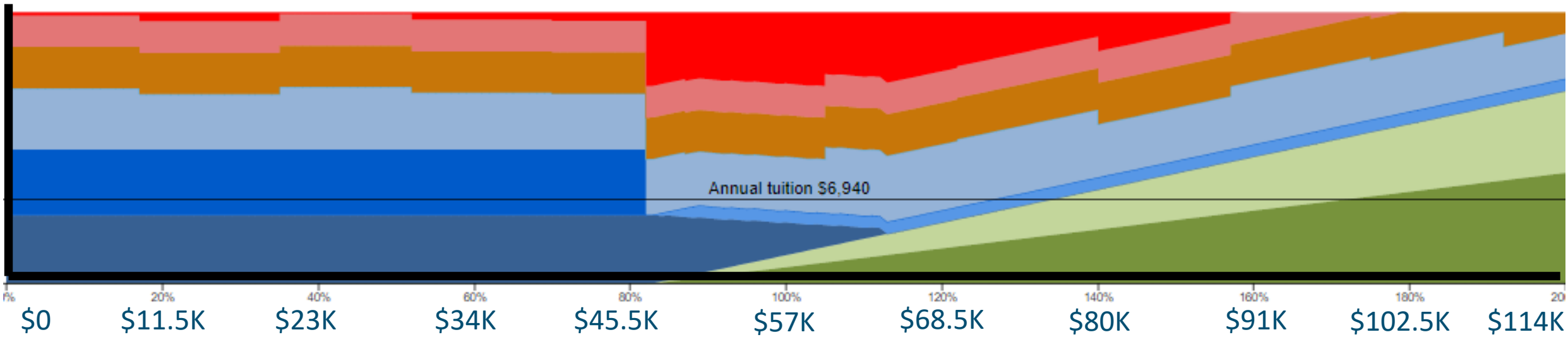
- MESA
- HELP
- MTAG

- Unaffordable/Additional Debt

# Affordability Model

## Public Research

Y - \$22,240 COA



- College Savings before College
- Pell Grant
- MESG
- Family Contribution in College
- Institutional Aid
- HELP
- Income from Student Work
- Affordable Debt
- MTAG
- Unaffordable/Additional Debt





# Final Recommendation

Establish and communicate a strategic purpose for state aid.

Set measurable goals derived from the larger purpose, and monitor progress.