

## State Aid Study Committee Meeting Four

January 10, 2019

3:00 p.m.

IHL Board Room

Present:

Senator Hopson

Senator Harkins

President Nora Miller

Jim McHale

President Jay Allen

President Ricky Ford

Dr. Jim Turcotte

Senator David Blount

Dr. Rodney Bennett- call in by phone

Jennifer's Rogers, Director of Student Financial Aid presented a series of recommendations. See her presentation, with transcript, and additional handouts referenced in presentation.

Questions and Comments:

Senator Hopson: Q. Why is there a large increase in HELP? Are that many people becoming eligible? A. The growth is primarily due to better outreach and program simplification. Therefore, more students are aware of the program and applying by the deadline. For a couple of years now, we have been stating that about 5,500 to 6,000 MS students each year appear eligible based on income and ACT scores, yet we have been awarding less than half. Other contributing factors include statewide ACT testing which allows more time for students to retake ACT to qualify for HELP. Tuition increases are contributing to the rising cost of the program, because HELP is a full-tuition award.

Q. Why doesn't every student complete the FAFSA? A. Students currently can submit a FAFSA OR a certification statement. The FAFSA isn't required. Only about 10% don't complete the FAFSA, likely because they don't anticipate receiving federal aid. Currently 89% of applicants and 91% of recipients complete the FAFSA.

Senator Blount: Q. Please clarify the increase of \$6.7 million reflected on budget. A. SFA will provide that clarification following the meeting.

Q. Why would some lower-income students receive a partial MTAG award. A. The law states that students eligible for a full federal Pell grant cannot receive MTAG. However, students eligible for a partial Pell grant can receive a partial MTAG award.

Q. Where will MTAG/MESG funds go if the programs are phased out. A. Funds would go into a HELP grant expansion or we could create a new program that is awarded for the purpose of closing affordability gaps.

Committee members want to ensure middle-income families are not excluded.

President Miller: Q. How many current MTAG recipients would be picked up and continue on a new single grant program? A. That would depend in large part on the design of the new program. Ideally, the recommended affordability model could be used to design the best program to deliver aid to the right students in the right amounts.

Senator Blount: Further smoothing of the HELP cliff is needed (\$76k family would receive nothing under current model).

Regardless of what a change might look like, students on current programs would be grandfathered in and still receive aid.

Current students who enroll during summer do not have access to state financial aid.

The affordability model could be adjusted for part-time students.

The committee considered each of the Phase 1 recommendations.

#### Phase 1-A:

1. Commit to adequate funding for undergraduate grants and renewal loans for FY20 based on projections (Section 1) - As much funding as is available will be given for SFA budget.
2. Separate funding for undergraduate grants from other types of aid (Sections 1 and 3) – Further discussion needed.
3. Fund only grants and renewal forgivable loans (Sections 3 and 4) – More discussion needed.
4. Hold HELP harmless if proration required (Section 5) – Discussed proration:
  - When proration occurs, it is currently done by a percentage. Every student receives the same percentage cut. HELP students are hit harder because the award amount. Senator Blount proposes cutting by a specific dollar amount, not percentage.
  - Previously, when faced with potential proration, students faced a potential 10% cut.
  - Further discussion needed to determine how proration would be handled.
5. Require the collection of institutional and federal aid data for the development of a state-specific affordability model (Section 6) – Committee believes this can be handled in-house without the need for legislation.
6. Require the FAFSA for all applicants, beginning with the 2020-2021 application (Section 11) – Committee recommended for the requirement to be put into legislation.

#### Phase I-B

7. Move the online application deadlines for all programs to May 1 and the supporting document deadlines to June 1 - Committee finds no issue with moving deadline date.
8. Create a pilot program to smooth the funding cliff for HELP beginning with the 2019-20 aid year – Further discussion needed.
9. Phase out MTAG and MESH for freshmen for 2020-21 – Need more time to discuss; phase out of programs may not gain support with legislature, but may have support of increasing ACT scores for eligibility.
  - Committee requested an income phase out model for MTAG like the model created for MESH - SFA

Each committee member is asked to submit their personal recommendations for ACT/GPA and HELP formulas to Jennifer Rogers for modeling.

Jim McHale: The committee members should create a strategic purpose for state financial aid.

Q. What about the nursing and other specialty programs? A. These are not currently being funded, due to insufficient funds, and the recommendation would not provide funding for programs in the next fiscal year.

Loan repayment vs forgivable loans:

- The SFA recommendation is to convert the forgivable loan programs into loan repayment programs due to number of benefits: employers can use it as a recruiting tool; helps students pay down debt; incurs lower administrative costs; ensures students don't default. The SFA recommendation was to spend the next year determining what specialty programs are truly needed.
- Consideration given to keeping certain forgivable loan programs
- SFA to send recommendation for each forgivable loan program with short explanation about recommendation.

**For follow-up:**

SFA -

- Clarify the increase of \$6.7 million reflected on budget
- Draft general legislation recommendations.
- Develop a phase-out model for MTAG based on income like the model created for MESH.

Committee Members -

- Submit recommendations for ACT/GPA and HELP formulas to Jennifer Rogers for modeling.