

## What is Western's student aid philosophy?

### Financial Aid Mission

The goal of the Financial Aid Office is to deliver financial assistance in a timely and professional manner. The financial aid programs are available to undergraduate and graduate students based on the eligibility criteria of each program. Generally, a student must be enrolled at least half-time in a degree-seeking program and be a United States citizen. The primary mission of the Financial Aid Office is to assist students with acquiring the financial resources to pursue post-secondary education. In order to accomplish this purpose, the Financial Aid Office works:

1. To increase student awareness of the financial aid process, regulations and deadlines required to effectively qualify for financial aid;
2. To collect all required documentation from students and parents to ensure eligibility requirements are met;
3. To assist student not eligible for federal aid to find and possibly obtain alternative means;
4. To increase communication between the Financial Aid Office, other departments and the student population concerning the financial aid process;
5. To provide appropriate literature that clearly inform and encourage the student population in the financial aid process;
6. To simplify the process and procedures, while maintaining the integrity of the financial aid programs;
7. To complete reports and required documentation to retain the institutions eligibility to participate in the federal and state financial aid programs.

### How does Western distribute grant aid among students with different incomes?

#### 2011/2012 Packaging Guidelines

The following guidelines will be used in awarding need-based financial aid at WCU. The numerical order of the listed funds indicates the order in which the funds will be awarded.

1. The Pell Grant is the first fund awarded to all Pell eligible students. The amount of Pell Grant is established by the US Department of Education
2. All Pell eligible full-time undergraduate students who have unmet need will be awarded a \$1000 WCU Need Based Grant. All other undergraduates who have unmet need will be awarded a \$600 WCU Need Based Grant. Less than full-time undergraduates student who have unmet need will be awarded a \$300 WCU Need Based Grant.
3. All full-time graduate students who have unmet need will be awarded a \$350 WCU Need Based Grant. Less than full-time graduate students who have unmet need will be awarded a \$175 WCU Need Based Grant.
4. All **Pell eligible** applicants eligible for limited source funds will be awarded supplemental grant funds according to the following scale:

EFC 0	\$1,200
EFC 1 - 700	\$1,000
EFC 701-1600	\$700
EFC 1601 - 4041	\$300

Federal Supplemental Education Opportunity Grant (FSEOG) will be awarded to all eligible out of state recipients. North Carolina Tuition Grant (SNCTGR) should be awarded only to NC residents at the same maximum levels as FSEOG.

Maximum grant eligibility will NOT incorporate eligibility from other awarded need-based grants. Merit based scholarships do not effect grant eligibility providing there is no over award.

5. **Federal work-study** will be awarded to all students from the priority groups who have indicated on the FAFSA that they desire work-study. The standard amount awarded will be \$2,000. Students may request that the amount of work-study be increased or decreased. Students who are returning to previously held work-study jobs who are not included in the priority group will be awarded work-study at their request and based on availability of funding.
6. **Federal Perkins Loan** will be awarded, up to the maximum eligibility, as the primary source of loan funds to priority group undergraduate students with an EFC of 1600 or less. Perkins will be awarded to priority group students with an EFC higher than 1600 after all subsidized grade level eligibility has been used for the year up to the lesser of need or the yearly maximum.
7. **Direct Loans** will be awarded to grade level maximums as both subsidized and unsubsidized eligibility permits.
8. **Direct PLUS** will be awarded to all dependent students, or eligible graduate students with an unmet cost of attendance who have indicated on the PDA that the family desires to receive it.

### 2011/2012 Packaging Philosophy

The packaging philosophy for the 2011/2012 academic year will begin with special consideration of all Pell eligible applicants who have submitted the FAFSA by the preferential filing date of March 31, 2011 and who have submitted all initially requested documents by May 01, 2011. The priority date applies only to continuing WCU students. All on-time Pell eligible applicants who meet satisfactory academic progress guidelines will be considered for preferential assistance based on need. For example, all on-time applicants who have an EFC of 0 will be evaluated equally regardless of their academic achievements (providing they meet minimum requirements), race, creed, or religious preference. All students, regardless of priority group must meet the WCU standards of satisfactory academic progress to be awarded Title IV Financial Aid.

Since campus-based funds (FSEOG, Perkins, SNCTGR and FWS) are limited, awards will be made only to full-time students. Students with more than 9 hours will be considered full-time for campus-based funds.

### Priority Groups

1. All Pell eligible recipients who have met the preferential filing date (03/31/2011).
2. All Pell eligible recipients who have not met the preferential filing date will be considered for campus-based assistance if attending full-time and if funds are still available.
3. All on-time non-Pell eligible students can be awarded Federal Work-study based on the Packaging Guidelines hierarchy.

4. All applicants that are non-Pell eligible and have not met the preferential filing date will be awarded Federal Direct Stafford Loans (both subsidized and unsubsidized) to meet full need and cost of attendance as grade level eligibility allows.
5. All dependent applicants, or eligible graduate students who have unmet need or cost of attendance will be awarded Direct PLUS Loan loans funds at the request of the student/family.

### **Have student borrowing patterns changed over time? If so, how?**

In 2008-2009, Congress passed the Ensuring Continued Access to Student Loans Act of 2008 that increased the overall amount a student could borrow as an undergraduate student. That aggregate limit increased from \$23,000 to \$31,000 (\$23,000 of which can be subsidized) which allows students to borrow an additional \$2,000 of unsubsidized loan over a four year undergraduate career.

The amount a student can borrow is based on their grade level:

Freshman	0-29 hours earned	\$5500 (\$3500 of which can be subsidized)
Sophomore	30-59 hours earned	\$6500 (\$4500 of which can be subsidized)
Junior	60-89 hours earned	\$7500 (\$5500 of which can be subsidized)
Senior	90+ hours earned	\$7500 (\$5500 of which can be subsidized)

The amounts borrowed by students have changed over time based on cost, declining grant aid and increased loan eligibility. Western Carolina University has seen a 33% increase in the amount of loans borrowed from 2008-09 to 2010-11. Factors that have contributed to this may include:

- Increased summer school attendance. Western Carolina has seen a rise in summer school awards. In 2008-09 we awarded 864 students, and in 2010-11 we awarded 1,312 students. However, summer school attendance may decline in 2011-12 because of the elimination of 200% Pell eligibility.
- Students who borrow the maximum through federal loans may turn to private loan sources to supplement funding.
- Loss of the EARN grant. EARN targeted students whose total family income did not exceed 200% of the federal poverty guidelines for family size.

Factors that have affected 2011-12 include:

- Budget cuts that have lead to reductions in state grant funding for the UNC Need Based Grant.
- Loss of federal Academic Competitive Grant (ACG) and National Science & Mathematics Access to Retrain Talent Grant (National SMART).
- Loss of LEAP funds that lead to the elimination of North Carolina Student Incentive Grant.

From a repayment perspective, on October 25, 2011, the Obama administration announced two new student loan repayment initiatives:

\*Pay As You Earn: Makes the Income-Based Repayment plan more generous for certain borrowers by fast-tracking improvements to the way payments are calculated and reducing the time it takes to earn forgiveness from 25 years to 20 years.

\*Special Consolidation Loans: Available to borrowers from January 1, 2012 through June 30, 2012 and provides a .5% interest rate reduction for student loan borrowers who have at least one FFEL loan and one federally held Direct loan.

\* Data from <http://askheatherjarvis.com/blog/will-the-presidents-student-loan-initiatives-help-you>

## **How do our students' debt levels compare to those in our newly defined peer group?**

<b><u>Institution</u></b>	<b><u>Avg. debt</u></b>	<b><u>% with debt</u></b>	<b><u>Most recent data</u></b>
Pittsburg State University	\$18,516	67%	2008-09
Western Carolina University	\$11,609	51%	2008-09
California State University-Fresno	\$12,670	60%	2009-10
Kennesaw State University	\$947	48%	2009-10
Murray State University	\$26,100	52%	2009-10
Southeast Missouri State University	\$22,400	68%	2009-10
Morehead State University	\$25,182	66%	2009-10
University of Central Missouri	\$20,282	72%	2009-10
Saint Cloud State University	\$22,484	70%	2007-08
SUNY College at Oswego	\$25,931	79%	2009-10
Sam Houston State University	\$6,196	55%	2008-09
Salisbury University	\$17,521	56%	2008-09
Central Connecticut State University	\$19,086	48%	2009-10
Radford University	\$20,678	60%	2009-10
Winona State University	\$29,123	72%	2009-10
California University of Pennsylvania	\$21,860	79%	2006-07
Eastern Illinois University	\$14,233	59%	2007-08
Western Illinois University	\$22,007	69%	2009-10
Plymouth State University	\$30,925	82%	2009-10

\*Data from [www.college-insight.org](http://www.college-insight.org)

Additional Resources:

[www.projectstudentdebt.org](http://www.projectstudentdebt.org)

## What trade-offs might be required to successfully reduce student debt burdens? What unintended consequences might we incur?

Choosing to borrow to pay for educational expenses is a serious decision for any student. The ability to successfully reduce student debt mainly involves keeping overall costs low, increasing grant/gift aid and/or instituting a guaranteed debt-free or low-debt program such as Pack Promise, Carolina Covenant or UNCG Guarantee. At this time, a debt-free or low-debt program is not fundable. However, helping students to understand the type of loan they are eligible for and repayment terms is part of our responsibility.

### Debt likely to be incurred for a 4 to 6 year undergraduate experience:

Debt that could be borrowed over a 4 to 6 year undergraduate career for a dependent student (maximum assumed) would look like this:

4 Year: Year 1: \$5,500	5 Year: Year 1: \$5,500	6 Year: Year 1: \$5,500
Year 2: \$6,500	Year 2: \$6,500	Year 2: \$6,500
Year 3: \$7,500	Year 3: \$7,500	Year 3: \$7,500
Year 4: \$7,500	Year 4: \$7,500	Year 4: \$7,500
	*Year 5: \$4,000	*Year 5: \$4,000
		*Year 6: \$0
Total: \$27,000	Total: \$31,000	Total: \$31,000

\*Year 5 and Year 6 could be supplemented by either a Parent PLUS loan or the student could secure loan funds from an outside source private alternative loan.

Tips to help students make the most of their money:

1. Be smart about the amount of money they borrow. Don't take more loans than needed to cover institutional costs.
2. Know what kind of loan they are borrowing. Is it subsidized or unsubsidized?
3. Review their cost of attendance, develop a budget and stick to it.
4. If possible, pay on student loans when they can. There is no penalty for early repayment.