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# **RESPONSIBLE BORROWING INITIATIVES (RBI)**

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AUSTIN, TX  
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**WGU®**

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# HS. EDUCATION COMMITTEE HEA PROPOSALS

- Promoting Real Opportunity, Success, and Prosperity through Education Reform (PROSPER Act)
- ONE (unsubsidized) loan program – two repayment plans
- College Dashboard – consumer information
- Enhance financial aid counseling and annual disclosures required
- Increase loan limits, cap PLUS limits, PJ to reduce eligibility
- Disburse funds weekly or monthly, similar to a paycheck
- Replace Cohort Default Rate with Loan Repayment Rate (LRR)
  - LRR metrics by program of study, not institution



# WGU FINANCIAL AID DELIVERY MODEL

- Monthly starts first day of every month
- Academic year is 12 consecutive months
- Two six-month payment periods (non-standard terms)
  - Tuition and fees (learning resources) = ~\$3000
    - Fixed price: all you can learn for ~\$6000/year
- Accelerate time-to-degree completion
  - Undergraduate average: 2.5 years to graduate



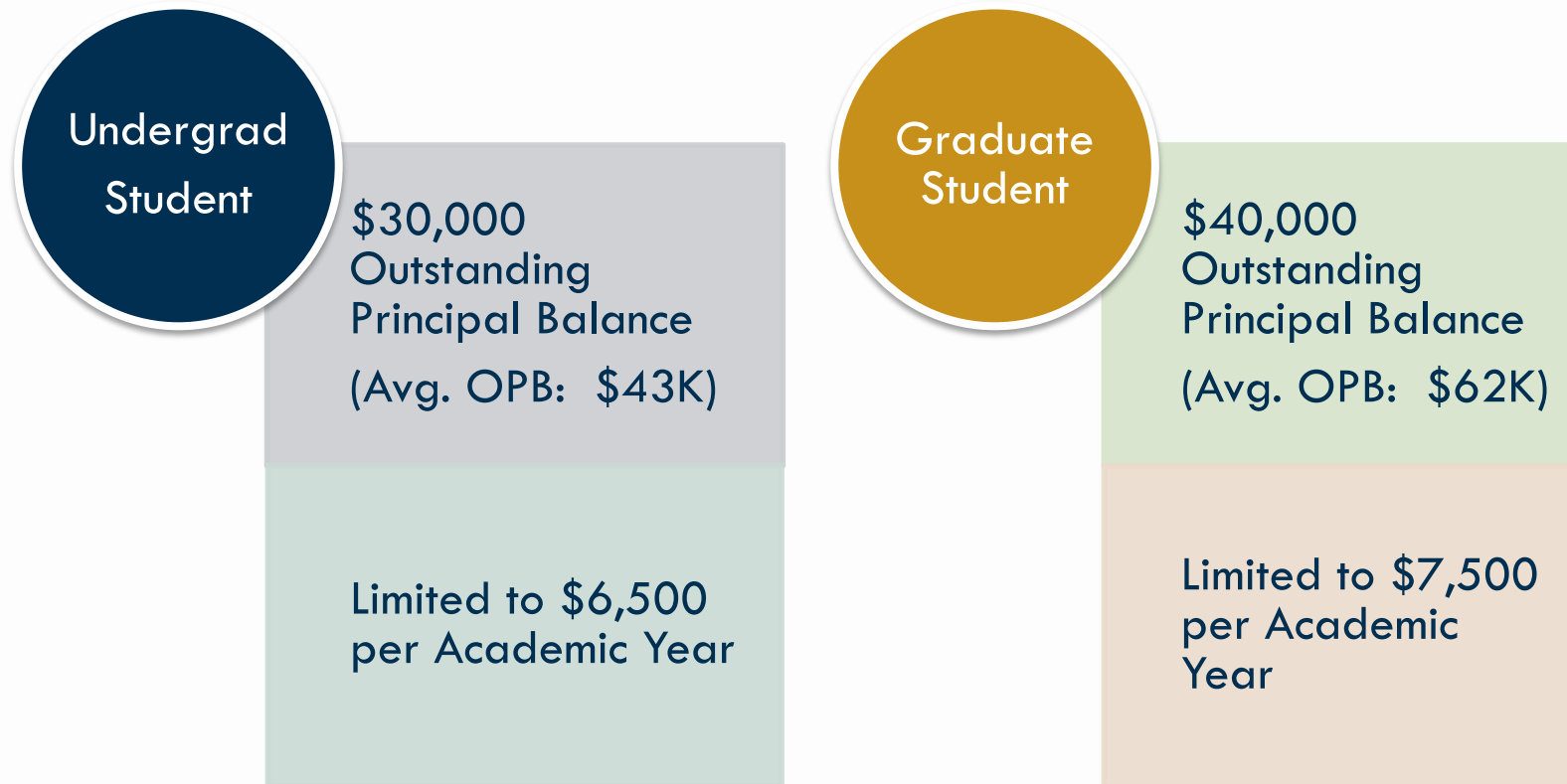
# RESPONSIBLE BORROWING INITIATIVES

## ED EXPERIMENTAL SITES

- Unequal Loan Disbursements
  - WGU implemented July 2014 – ED sunset June 2016
  - Borrow only what is needed to pay costs when charges are incurred
    - Nursing College: Science Fee Teachers College: Demonstration Teaching Fee
  - Multiple disbursements required if payment period > 4.5 months
    - Need fix in HEA Reauthorization – section(s) 428 G and 455 (Direct Loans)
- Limiting Unsubsidized Direct Loans
  - WGU implemented January 2013 – ED almost sunset June 2017
  - Restrict borrowing to direct costs only (tuition and fees)



# LIMITING UNSUBSIDIZED DIRECT LOANS - SELECTION CRITERIA



# RESPONSIBLE BORROWING INITIATIVES

## MY FINANCIAL AID PLAN

- Modified CFPB Shopping Sheet (July 2013)
  - Personalize to student program of study and grade level
  - Recognize annual/aggregate federal student loan limits
  - Direct (tuition) vs Indirect (living allowances) costs
  - Custom recommendation: student borrows only unmet direct costs

*Help students make an informed decision, borrow wisely*



# WGU STUDENT IMPACT

## MY FINANCIAL AID PLAN

- **Behavioral economics:**
  - how small changes in decision framing can have significant, positive impacts
- From July 2013 – June 2016, average borrowing per student went from \$7,870 per year to \$4,640 per year, a 41% reduction
- Next iteration: Student Loan Scenario Calculator
  - Full visibility of total student loan debt & estimated monthly payments
  - Informed decision at time of action (i.e. requesting loan amount)
  - Encourage interest only in-school payments on unsubsidized loans



### What Will Attending WGU Cost per Year?

Tuition and Fees	\$6,070.00
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### How Much Financial Aid Am I Eligible for This Year?

Grants and Other Aid	
Federal Pell Grant	\$0.00
WGU Scholarships	\$0.00
Total Grants and Scholarships	\$0.00
Federal Student Loans	
Maximum Loan Eligibility ⓘ	\$6,500.00

### How Much Should I Borrow This Year?

To get the most immediate benefit from your education and minimize your future debt, we encourage you to borrow as little as possible. You can borrow up to your maximum loan eligibility shown under Federal Student Loans above, but we recommend you borrow no more than the amount shown below. Click the ⓘ icons for more information.

Unmet Direct Cost ⓘ	\$6,070.00
Net Recommended Loan Amounts ⓘ	
Federal Direct Subsidized Loan	\$3,500.00
Federal Direct Unsubsidized Loan	\$2,570.00





## Customized Loan Amounts

120 Total CUs



- 0 CUs Completed
- 120 CUs Remaining

### CUs per Term

Increasing the number of CUs per term may help you complete your program more quickly and accrue less overall debt.

12



### Remaining Terms to Graduation

10

12 CUs	12 CUs
12 CUs	12 CUs
12 CUs	12 CUs
12 CUs	12 CUs
12 CUs	12 CUs

### Loan Amounts

- Recommended amount: \$6,070.00
- Custom amount . . .
- Decline All loans \$0.00

	Term	Year
<b>Tuition and Fees</b>	\$3,035.00	\$6,070.00
<b>Federal Financial Aid</b>		
Pell Grant	\$0.00	\$0.00
Federal Loans	\$3,035.00	\$6,070.00

Total Amounts ⓘ	BORROWED TO DATE	EST. ADDITIONAL BORROWING	PROJECTED TOTAL LOANS
	\$21,054.00	\$30,350.00	\$51,404.00

Estimated Loan Repayment	
Based on a 10-year loan at 0.0445% interest	
Monthly Loan Repayment	\$529.54
Total Interest Paid	\$12,140.80



### Customized Loan Amounts

120 Total CUs



- 0 CUs Completed
- 120 CUs Remaining

### CUs per Term

Increasing the number of CUs per term may help you complete your program more quickly and accrue less overall debt.

15



### Remaining Terms to Graduation

8

15 CUs	15 CUs	15 CUs
15 CUs	15 CUs	15 CUs
15 CUs	15 CUs	

### Loan Amounts

Recommended amount: \$6,070.00

	Term	Year
<b>Tuition and Fees</b>	\$3,035.00	\$6,070.00
<b>Federal Financial Aid</b>		
Pell Grant	\$0.00	\$0.00
Federal Loans	\$3,035.00	\$6,070.00

Total Amounts ⓘ	BORROWED TO DATE	EST. ADDITIONAL BORROWING	PROJECTED TOTAL LOANS
	\$21,054.00	\$24,280.00	\$45,334.00

<b>Estimated Loan Repayment</b> Based on a 10-year loan at 0.0445% interest	<b>Monthly Loan Repayment</b>	\$467.01
	<b>Total Interest Paid</b>	\$10,707.20

BACK

NEXT

CANCEL





### Customized Loan Amounts

**120 Total CUs**

0%

● 0 CUs Completed

● 120 CUs Remaining

**Loan Amounts** Recommended amount: \$6,070.00

	Term	Year
<b>Tuition and Fees</b>	\$3,035.00	\$6,070.00
<b>Federal Financial Aid</b>		
Pell Grant	\$0.00	\$0.00
Federal Loans	\$3,035.00	\$6,070.00

**CUs per Term**  
Increasing the number of CUs per term may help you complete your program more quickly and accrue less overall debt.

18

12120

**Remaining Terms to Graduation**

7
18 CUs
18 CUs
18 CUs

18 CUs
18 CUs
18 CUs

12 CUs

**Total Amounts ⓘ**

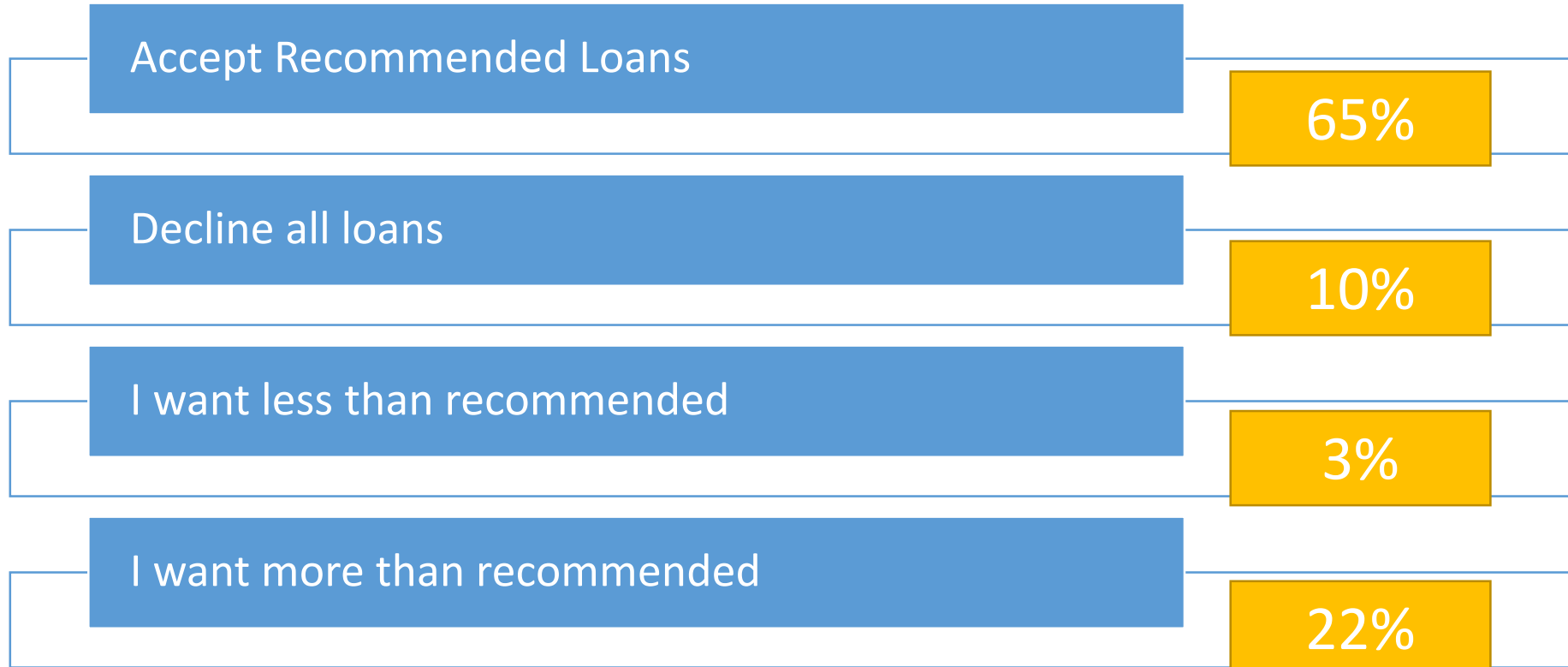
BORROWED TO DATE	EST. ADDITIONAL BORROWING	PROJECTED TOTAL LOANS
\$21,054.00	\$21,245.00	\$42,299.00

**Estimated Loan Repayment**  
Based on a 10-year loan at 0.0445% interest

<b>Monthly Loan Repayment</b>	\$435.75
<b>Total Interest Paid</b>	\$9,991.00

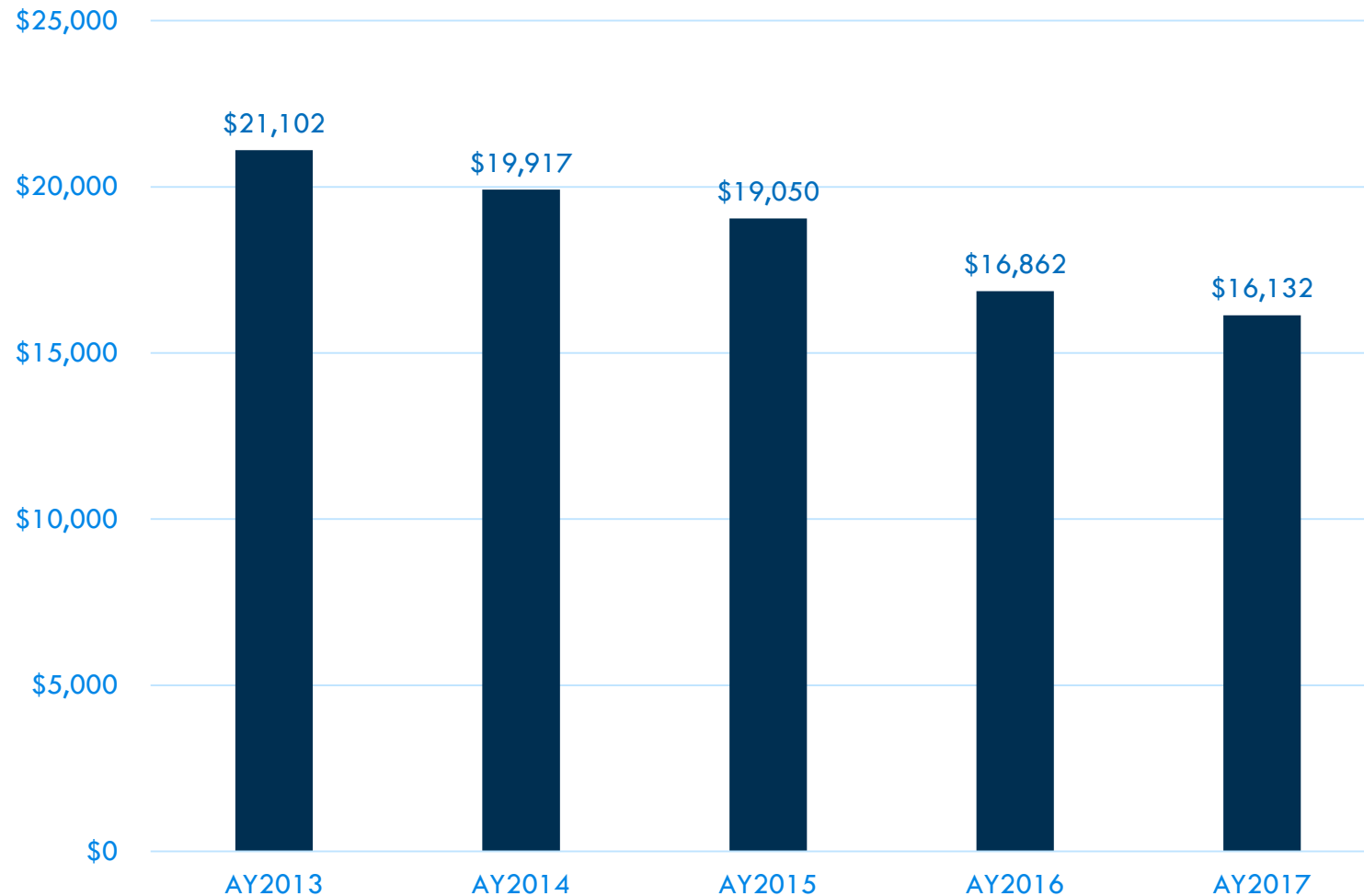
BACK
NEXT
CANCEL

# Do you want to be awarded federal student loans?



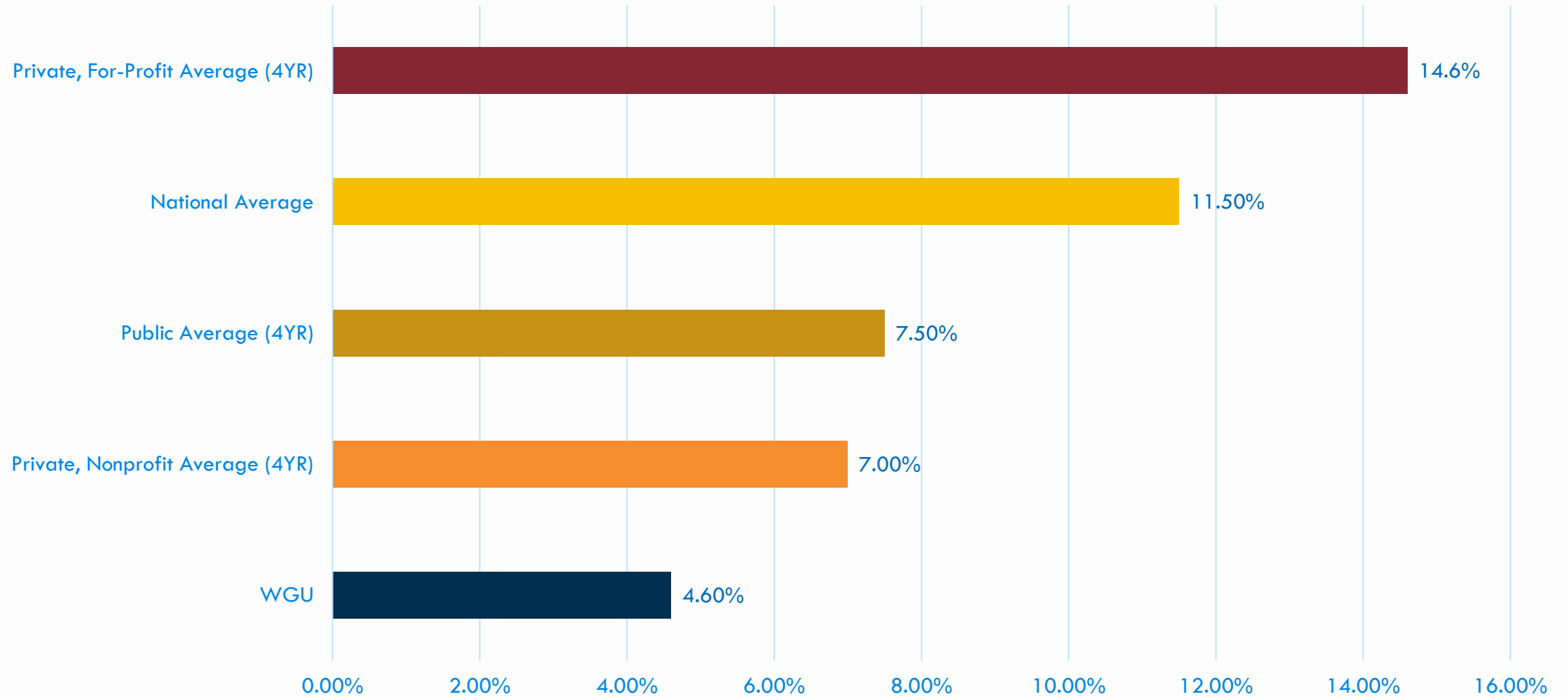
# STUDENT IMPACT

## AVERAGE BORROWER INDEBTEDNESS



# INSTITUTIONAL IMPACT

## COHORT DEFAULT RATES (3 YEAR – FY2014)



# DEBT MANAGEMENT STRATEGIES

- No more amplifiers of problem (~\$1.4 trillion student debt)
  - Need more communicators of solutions
- Help students make an informed decision, borrow wisely
- Borrow only what you need, not the maximum allowable
- RBI can be adopted and adapted to meet demographic needs





**Help students make an informed decision,  
borrow wisely**

WGU Responsible Borrowing Initiatives

WCET Outstanding Work Award 2016

<https://www.youtube.com/embed/C5vud0HIkba>



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