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Missouri Department of Higher Education Annual Default Prevention Meeting
May 11, 2017

Agenda



1. Federal Legislative Updates –
 - Financial Literacy
 - Higher Education Financing Reform
2. Indiana Experiments
3. The Battle for Higher Ed.

Legislative Update



Reform Higher Education Financing

Students Right To Know



Before You Go Act

What I didn't know



- ❧ Data on potential earning by different fields
- ❧ Subsidized loans vs. unsubsidized loans
- ❧ The benefits of a private student loan vs. a federal student loan
- ❧ How to compare financial aid offers
- ❧ Things to consider when shopping for a private loan

Investing in Student Success Act



Create a legal structure for a new debt-free higher education financing option called income shared-agreements.

Indiana University's Office of Financial Literacy (2012)



- ❖ Interactive website
- ❖ One-on-One financial literacy education by student peers
- ❖ Online module for incoming freshman
- ❖ Classes and weekly podcasts series
- ❖ Workshops
- ❖ Communication twice a year updating students on how much they've borrowed and what it will take to repay the loans.

Success in Indiana



College debt for students across all IU campuses declined by 12 percent or \$31 million, from 2013-2014.

Purdue University's



BACK-A-BOILER PROGRAM

Income-Share Agreement



- ❧ An income - shared agreement (ISA) is a contract between a student and an investor in which a student pays a percentage of his or her income for a number of years after graduation.
- ❧ ISAs are designed to offer alternatives to students outside of traditional student loan options.
- ❧ Students who enter into an ISA do not occur debt and only make payments if they are employed and receiving an income above a certain threshold.



How Do We Incentivize
Financial Learning

Consumer Financial Protection Bureau's College Scorecard



University of Notre Dame

Cost of
Attendance

\$64,775

Money for
School

\$20,000

\$44,775
Left to Pay

University of California - Berkeley

Cost of
Attendance

\$29,885

Money for
School

\$20,000

\$9,885
Left to Pay

Consumer Financial Protection Bureau's College Scorecard



Purdue University

Cost of
Attendance

\$23,032

Money for
School

\$20,000

\$3,032
Left to Pay

Indiana University

Cost of
Attendance

\$15,822

Money for
School

\$20,000

\$0

Questions

