Institutional Debt Forgiveness Panel

Lessons from Michigan

September 16, 2020
Institutional Debt Forgiveness – Lessons from Michigan

Agenda

I. Jon Alfuth, – NGA Introduction
II. Melanie D’Evelyn – National Context
III. Dawn Medley – Wayne State Warrior Way Back Program
IV. Mike Duffy – Ohio Context
V. Question & Answer
Speaker – Educate for Opportunity Overview

Jon Alfuth
Policy Analyst
The National Governors Association

What NGA Does
Through NGA, governors identify priority issues and deal with matters of public policy and governance. Our research arm, the NGA Center for Best Practices, helps in developing and implementing innovative solutions to public policy challenges, and our advocacy team ensures that states are a strong voice in Washington, D.C.

About NGA
Founded in 1908, the National Governors Association is the voice of the nation’s governors. Our members are the governors of the 55 states, territories, and commonwealths. Though our members come from across the political spectrum, we’re boldly nonpartisan.
Educate for Opportunity Goals & Timeline

OBJECTIVE: Increase upward mobility for Americans by supporting stronger pathways between education and work.

• Assist states to identify successful program models and scale those programs across the state, focusing on involvement from all postsecondary systems, including two- and four-year institutions;

• Clarify the role governors play in building connections between postsecondary education and the workforce for adult populations, highlighting strong leadership examples from across the country;

• Facilitate state creation of innovative programs and policies; and

• Demonstrate how data can identify new outcome metrics for adult-focused postsecondary education, including consumer satisfaction, and draw expectations for thorough data usage in states.
Speaker – National Context

Melanie D’Evelyn
Detroit Drives Degrees
Detroit’s Multi-Institutional Debt-Forgiveness Compact
Ohio Convening with National Governors Association

Melanie D’Evelyn
Director, Detroit Drives Degrees
Detroit’s Adult Reengagement Strategy

- Designated a “Talent Hub” in 2018 for focus on 694,000 regional adults with “some college, no degree”

- Unique opportunity for partnership between higher education institutions and businesses

- Focused on financial, academic and advising supports- WSU’s “Warrior Way Back” initiative

One in Five adults in the U.S. started college but never finished.
Regional Inventory of Stopouts

• Outsized Equity Impact- African American students account for 21% of regional stop-outs

• BUT they account for 45% of stop-outs with financial holds.

<table>
<thead>
<tr>
<th>WSU, OU and HFC Stopped-out Populations (As of Jan 1, 2019)</th>
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<tbody>
<tr>
<td>Stopped-out students in last 15 years who never earned a credential (N=96,097)</td>
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<tr>
<td>Pell recipients</td>
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<tr>
<td>Pell recipients expended eligibility</td>
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<tr>
<td>Financial Holds</td>
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<td>24+ Credits</td>
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Detroit’s Debt-Forgiveness Compact

• Launched multi-institutional, regional Debt-Forgiveness Compact in 2019

• Key tenets to which each institution subscribes:
  - **Unlimited.** No cap on number of students
  - **Flexible.** Community colleges and universities establish floor for debt-forgiveness ($1,500 or half of total debt)
  - **Reciprocity.** Transferable to other institutions with enrollment in payment plan
Leverage for Greater Employer Engagement

Business Action Plan for Detroit Talent Compact

A data-based, community-driven strategy to achieve 60% postsecondary attainment by 2030 by improving outcomes at each stage of talent pipeline.

<table>
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<tr>
<th>Component of Talent Pipeline</th>
<th>Commitments Published with Compact</th>
<th>Metrics to Track Progress</th>
<th>2019-'20 Target</th>
<th>2024-'25 Target</th>
<th>2029-'30 Target</th>
</tr>
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<tbody>
<tr>
<td>Upskilling Adults</td>
<td>[Identify a commitment or commitments your business will make to support upskilling adults.]</td>
<td>[Identify a specific metric for tracking each commitment.]</td>
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National Proliferation of Debt Forgiveness

- MO- Missouri Scholarship and Loan Foundation
- IN- Ivy Tech “Fresh Start program” and consortium of ten private and public universities in northern Indiana
- TX- Alamo Colleges District
- PA- Philadelphia program for prospective early childhood workers
- CA- New law (AB-1313) preventing schools from using transcripts as debt collection tool
Making the Case for Debt Forgiveness

- Intervention that can be utilized with diminished budgets during COVID
- Unique in how it both drives equity and provides proven return on investment
  - White students who drop out of college default at a LOWER rate than black students who earn bachelor’s degrees
- Proven results from Detroit:
  - Wayne State University’s ROI
  - Oakland University boosted reenrollment of adults without debt
Next steps for Detroit’s Compact

1. Developing regional outreach strategy- Identifying best messenger and updating student contact info

2. Enhancing reciprocity arrangement

3. Partnering with RAND Corporation on randomized control trial
   • What can we do to increase take up?
   • What is the optimal amount and design of debt forgiveness and how does this vary by student income, race or other demographic factors?
Speaker – Wayne State Warrior Way Back Program

Dawn Medley
Associate Vice President, Enrollment Management, Wayne State University
Wayne State University’s Warrior Way Back:
Bedrock for Detroit’s Debt Forgiveness
Ohio Convening with National Governors Association

Dawn Medley, Associate Vice President of Enrollment Management, Wayne State University
Higher Education Crisis

American Educational Attainment by Age

- Advanced degree
- Bachelor's degree
- Associate's degree
- Some College
- High School Diploma
- K-12, but No Diploma
- Nursery or Preschool
- No schooling completed

![Bar chart showing educational attainment by age](chart.png)
Moral Imperative for Institutions

- 1 in 5 Americans have some college no degree
  - 693,000 in the Detroit metro area
  - 1.4 million in Michigan
- $5-8K is the average student debt when a student drops out
- 17% loan default rate for college dropouts

Immediate repayment
- Added fees
- Garnished wages
- Damaged credit
- Transcripts held hostage
State Funding Remains Below Pre-Recession Levels in Most States

Change in State Spending per Student, 2008-2018
Inflation adjusted

** 2018 data was unavailable for Illinois. The change shown here represented change from 2008-2017
Higher Education Needs to Refocus
Why Admission Directors Are Retiring

Gen Z High School Graduates Won’t Be Enough to Fulfill Growth Goals

Growth in High School Graduates 2001-2031

- **GROWTH** (pre-2013) +1.6% growth
- **STAGNATION** (2014-2023) -0.1% growth
- **DECLINE** (2023-????) -0.6% growth

Most senior leaders learned their roles during a period of enrollment growth and will have to adapt to the coming decade.

Source: EAB analysis of WICHE data.
WSU Graduation Rates

Fastest Rate of Improvement in the Nation for Large Public Universities

33%  26%  47%  50%

2007  2011  2020

74% Didn’t Graduate
• Groundbreaking debt forgiveness program for undergraduate Wayne State University (WSU) students who have stopped out
  – Reopens pathways toward degree
  – Offers an opportunity for students to “learn” their way out of past due debt owed to WSU
  – Provides personalized guidance
Warrior Way Back

– Aligns with
  • Lumina Talent Hub Designation 60% by 2025
  • Governor Whitmer Administration 60% by 2030
  • WSU and Detroit Reconnect

– Addresses the issue of the inability to use future financial aid for past due balances

– Transcripts no longer held hostage
Warrior Way Back

- Program design
  - Qualifications
    - Undergraduates who have stopped out for 2+ years (debt write off at 2 years)
    - Cumulative gpa of 2.0 or higher
    - Owe $1,500 or less
    - FAFSA on file
Warrior Way Back

• Program design (continued)
  – Admitted student requirements
    • Minimum grade of a “C” in each class
    • 2.5 semester gpa
    • Continuously enrolled 3 out of 4 semesters
    • Take coursework required for graduation
    • Meet all account balance and financial aid requirements
Warrior Way Back

• Outcomes
  – Total enrollment since launch = 191 students
    • 43 graduates
  – Return on Investment = $1,000,000 and counting
    • Calculated by
      – Tuition and fee revenue – (debt forgiven + outstanding balance)

• Demographics
  – 74% of WWB students have high or some financial need
  – 88% are people of color
  – 67% are seniors at WSU
  – Average age is 39
    • Age range 21 - 61
Speaker – Ohio Higher Education

Mike Duffey
Senior Vice Chancellor
Ohio Department of Higher Education
Questions and Answers