

2019

FLORIDA
AGRICULTURAL
AND
MECHANICAL
UNIVERSITY

STUDENT DEBT REDUCTION PLAN

SEPTEMBER 2019

Florida Agricultural and Mechanical University

Student Debt Reduction Plan

2019

Florida Agricultural and Mechanical University continues to review best practice strategies, to add to those already in place, to increase student success and decrease student debt. In 2012, FAMU began its Student Debt Reduction Initiative, which was presented and approved by the Board of Governors in November 2012. This initiative provided the University’s action plan to enhance retention, progression, graduation rates and reduce student indebtedness and cohort default rate. Since then, FAMU remains committed to student academic success by improving academic progression, performance and graduation rates. The University has made significant improvement in key areas of focus illustrated in Table 1 below:

Table 1. FAMU Student Academic Progression

39% (2008-14)	Six-Year Graduation Rate	50% (2012-18)
18.3% (2010-14)	Four-Year Graduation Rate	22.8% (2014-18)
5.3 (2013-14)	Time to Degree	4.9 (2017-18)
18.3% (2009)	Three-Year Cohort Default Rate	9.5% (2015)

Sources: Integrated Postsecondary Education Data System (IPEDS), 2019 Accountability Plan, Department of Education

In 2017, Florida A&M University (FAMU) adopted its 2017-2022 Strategic Plan, “FAMU Rising.” In the strategic plan, FAMU identified six Strategic Priorities that provide a roadmap to focus on the essential elements that will contribute to student success. Consistent with Strategic Priority 1 – Exceptional Student Experience, FAMU remains committed to student academic success by improving academic progression, performance and graduation rates through initiatives to enhance academic support services, strengthen our academic degree programs, enhancing our living-learning environment, and promoting innovative co-curricular activities. Goal 2 of the plan focuses on achieving national distinction for success in retention and graduation rates. Strategies include:

- **Intensifying student success initiatives** to improve retention and persistence that include:
 - Enhancing academic advising training and resources
 - Expanding academic support services
 - Increasing the use of predictive analytics
 - Enhancing early alert retention mechanisms for at-risk students
 - Expanding the Living-Learning Communities
- Increase faculty use of pedagogical best practices in undergraduate and graduate programs

- Promote **financial wellness education to minimize student debt** and improve financial health.

As evidenced in the strategic plan, FAMU’s top priority remains to increase student retention and graduation rates, thus having a direct impact on our student indebtedness.

Profile of FAMU Students

In fall 2018, the University had 8,137 undergraduates with 64% being Pell Grant eligible. Fifty-nine percent (59%) of these students received the maximum amount of \$6,095 and 41% received from \$642 to \$6,042. The average loan for bachelor’s graduates’ is \$30,126 for students graduating in 2017-18. Table 2 below provides the Estimated Family Income for students receiving financial aid in 2017-18.

Table 2. Estimated Family Income

Income Range	Headcount	Percent
Below \$30,000	3,740	49.5%
\$30,000-\$48,000	1,425	18.9%
\$48,001-\$60,000	565	7.5%
\$60,001-\$75,000	443	5.9%
\$75,001-\$100,000	508	6.7%
\$100,001+	871	11.5%
TOTAL	7,552	100%

Source: Office of Institutional Research

Table 3 below provides the average cost for a Florida resident attending FAMU:

Table 3. Average Annual Cost per Florida Resident

Tuition and Fees (per 30 hours)	Room and Board	Books and Supplies	Other Required Fees	Total
\$5,645	\$10,038	\$1,138	\$140	\$16,961

Source: Office of Institutional Research (Does not include Health Insurance)

Table 4 below provides the average student financial need and average student unmet need after need based aid have been awarded to resident students. Some students do not receive the federal Pell grant which increase the unmet need.

Table 4. Student Need and Unmet Need

Average Need	Average Unmet Need
\$17,167	\$10,228

Source: Office of Institutional Research

Based on the 2013 Debt Reduction Plan, the initiatives implemented were based on proven best practices emerging from a growing body of research at the national level. Similarly, initiatives to

decrease student debt are based on proven best practices at institutions that have won awards for debt reduction. Today, FAMU has several of these initiatives/interventions that are ongoing such as provided in Table 5 below:

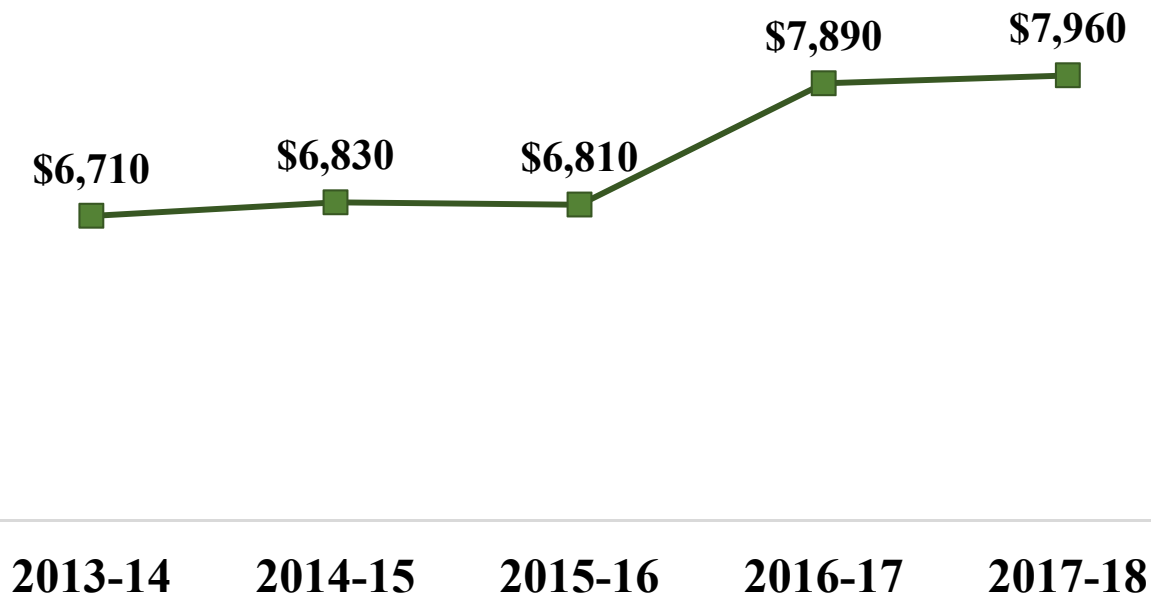
Table 5. Previous Interventions to Increase Student Success and Reduce Student Debt

Issue	Interventions
Retention and Graduation – Increasing student progression and timely graduation	<ul style="list-style-type: none"> • Reduction in profile admits (Board of Trustees directive) • Intrusive advisement and counseling • Enhancement of the First-year Experience Program • Enhanced tutorial services • Faculty Development • Peer Mentoring Program • Career Development Initiatives
Debt Reduction – Increase of financial aid awards to need-based students and financial literacy to students.	<ul style="list-style-type: none"> • Debt Management/Financial Literacy Program <ul style="list-style-type: none"> ○ Hiring of Debt Counselors ○ Offering mandatory debt management workshops ○ Establishing interventions to decrease student debt ○ Reinforcing importance of financial management in the First Year Experience (FYE) course; ○ Conducting face-to-face exit counseling for graduating seniors ○ Educating students and parents of loan repayment policies to decrease student loan default rate. • Use of Tuition and Differential Fees for need-based students (30%).

The Concern

The University has made significant improvements in regard to its focus and efforts to address student debt, however, additional attention must be given to the annual average loans for resident/dependent undergraduates. In Figure 1 below, the trend is provided from 2013-14 to 2017-18 depicts an 18.6% increase.

Figure 1. Annual Average Loans for Resident/Dependent Undergraduates



FAMU Focus in 2019 and Beyond

FAMU has developed a three-pillar approach to guide the strategies for decreasing student debt and increasing student success. The three pillars are:

- Pillar One: Financial Aid Budgeting and Packaging;
- Pillar Two: Education and Training, and
- Pillar Three: Student Success

Pillar One: Financial Aid Budgeting and Packaging

To address the issue of student debt, FAMU packages student financial aid awards based on grant, institutional scholarships, private scholarships, and eligibility for loans. The Pell grant program is the foundation of our packaging policy. We frame our awards based on whether the student is eligible for the Federal Pell Grant. The other determinant is whether the student applies for financial aid by the January 1 priority date. Therefore, we have several categories we have to account for in our packaging strategies: in-state and out-of-state, on-time, late, undergraduate, graduate, and professional.

Student financial aid and scholarships are very important to all students and specifically to FAMU students who are first generation and/or economically disadvantaged. Within our student population, 64% are Pell eligible and have an average family income of approximately \$45,000

annually. With increasing cost to educational expenses, we began in 2012 looking at financial aid packaging and how to positively impact students by strategically packaging students, including awarding institutional funds to close the financial gap students may experience and decrease student debt. During the 2018-19 academic year, FAMU reviewed student files and replaced student loans with institutional aid to decrease student debt with funds recognized at the end of the spring term. It is allowable to replace loan funds with institutional funds through June 30th. Starting with the 2019 fall cohort we plan to increase awarding of institutional funds prior to the disbursement of financial aid specifically for resident students who complete the financial aid file by the priority deadline. This process will be ongoing as the university provides academic recovery through retention and completion grants. We have also modified the packaging of FTIC Florida-Resident students to offer less loans and more institutional funds provided they complete the financial aid file by the priority deadline. This includes up to \$1,500 in additional grant aid to decrease overall indebtedness. We send communication to current students and applicants indicating the necessity to complete the FASFA and subsequent verification information required by the US Department of Education. This year, it is our intent to:

1. Allocate more institutional funds to student financial aid awards prior to offering unsubsidized loans to FTIC resident students. It is our hope that by offering these funds, students will have decreased financial need and reliance on unsubsidized loans, which accumulate interest while the student is enrolled.
2. Invest more university resources in our students, not just through a reliance on institutional funds but also through employment at the university. Work study funds allocated by the US DOE will assist with student expenses and we have requested all departments university-wide to consider students for Other Personnel Services (OPS) part-time employment. This keeps them on campus, gaining valuable experience and developing the soft skills necessary to be competitive in the global economy.

Pillar Two: Education and Training

Educating and training our students about money management became a focus of FAMU with the 2013 debt reduction plan. Students were hired and intensely trained on financial aid and financial literacy. These financial liaisons have been integral in helping to decrease the student default rate by working with the First Year Experience program, at special events, attending residence hall meetings, and facilitating scheduled appointments through the Office of Financial Aid. For fall 2019, the First Year Experience (FYE) Course has been redesigned to include a critical thinking assessment of financial literacy to ensure students understand the value of decreasing loan debt. Three full time instructors have been hired and charged with ensuring assessment and accountability for students and parents. Students will receive financial literacy in FYE and parents will receive information during the recruitment and orientation process. Many of our students are first generation. The need to inform their parents of all options to finance their student's education is imperative. As a result, we have made financial literacy an integral aspect of our recruitment and onboarding strategy for students and parents alike. Beginning fall 2019, we will increase our efforts by improving the presence of our financial liaisons throughout the university community. We continue to increase our presence in the local community by conducting workshops in collaboration with local high schools and accompanying our enrollment management teams in the recruitment process. This is in part funded through a partnership with Fifth Third Bank. An essential part of students enrolling at FAMU is ensuring that they have a complete understanding

of the costs and ways of supplementing the costs in such a way that limits unnecessary borrowing. This summer, FAMU hosted a summit with high school counselors and our Florida College System partners where detailed discussions were held on the admission process, cost of attendance, the importance of filing financial aid information on time, and utilization of student loans as a last resort for covering educational expenses.

FAMU's goal is to provide information and guidance to help student borrowers understand how to manage their debt and repay their loans. The University has implemented a series of professional development initiatives for students in order to develop and enhance their financial literacy skills and to provide them with information on student loans, debt obligations, repayment options, and loan alternatives. Several units will continue to enhance their processes to provide information and guidance to help student borrowers understand how to manage their debt and repay their loans.

A. Financial Aid Office

The Office of Financial Aid plays a key role in educating FAMU's student borrowers by providing information and guidance to increase student awareness about debt management strategies and effective financial planning. Through the Office website, the office provides information to students on budgeting strategies, and it includes links to external websites that serve as resources on financial literacy. In addition, the Office of Financial Aid requires all first-time student loan borrowers (Federal Direct Loan and Graduate Plus) to complete entrance loan counseling before any loans are dispersed. As noted on the Office's website, this entrance loan counseling reinforces the commitment that comes with the acceptance of a student loan and helps students understand how to better manage their student loans for educational purpose. All student borrowers (Federal Direct Loan and Graduate Plus) are also required to complete exit loan counseling to prepare them for loan repayment after graduation or withdrawal.

The Office of Financial Aid also will continue to provide several debt management initiatives in conjunction with the Undergraduate Student Success Center, as described below.

B. Undergraduate Student Success Center (USSC)

Debt Counselors

The Undergraduate Student Success Center (USSC) employs two full-time debt counselors to facilitate ongoing campus-wide workshops, class presentations, and one-on-one sessions on financial literacy. The main goal of the counselors is to educate students on the importance of budgeting and to make them aware of the potential loan debt obligation upon graduation. Examples of ongoing sessions conducted by the debt counselors are listed below.

- Financial Literacy Workshops
- Student Loan Debt obligations (Exit counseling) [10]
- Student Loan Debt obligations (Information on various Repayment Plans, Loan Forgiveness, Loan Consolidation and Rehabilitation)

The First Year Experience Program

The FAMU First Year Experience Program (required for most freshmen and financial literacy is a topic on the course syllabus) focus is to enhance the mission of the University by providing

comprehensive services to aid in the transition of newly admitted undergraduates by stimulating intellectual growth, social and fiscal responsibility, personal wellness, and career development. One goal of the program is to help students understand the principles of financial literacy by:

- Explaining the difference between a Pell Grant and a student loan
- Identifying the basic skills necessary to effectively manage money.

Pillar 3: Student Success

Student success is the major component of our debt reduction plan. Ensuring students have the necessary coursework and resources to persist to graduation and reducing excess credit hours is the center of student success initiatives. Through initiatives defined in our Graduation Plan, the following initiatives will be implemented to reduce the time-to-degree for our students. Initiatives include:

- 1. Finish in Four Campaign:** The University has launched our four-year graduation campaign “Finish in Four” starting with the 2018 Cohort. The plan is designed to raise awareness of the importance of obtaining a degree in four years through new tools in the SIS (Student Information System), website and social media campaigns. To date, the plan has been rolled out to approximately 1,500 Students.
- 2. Strengthen and enhance academic support services:** The University has initiated a restructuring of undergraduate advisement, which includes allocating funding to hire seventeen (17) new advisors/academic coaches. First-year students will have dedicated academic coaches to assist with enhancing academic skills (note taking, time management, study skills, etc.) necessary for student success. We have also created the Office of Transfer Services to better meet the needs of transfer students.
- 3. Living Learning Communities:** The University has increased funding for the initiative by \$200,000 to enhance programming and accommodate an expansion of the program to serve additional students.
- 4. Peer Mentoring:** We have allocated \$300,000 in funding to the peer mentor program. To date, over 60 new peer mentors have been hired to provide increased support to tutoring labs and existing first-year courses.
- 5. Early Warning System:** The University allocated \$100,000 in new funding to acquire a new early warning system. The University is currently evaluating various early-alert systems (Civitas and Starfish) for implementation during the Fall 2019 semester. Moreover, we are revamping the technology stack used by our advisors, academic coaches, tutors, and other academic and student affairs services to facilitate significantly improved student tracking and accountability.
- 6. SLS Course Redesign:** The University has launched the redesign of our first-year course to shift the focus to developing core academic skills and the Growth Mindset (Grit).
- 7. Preparing Scholars for Success (PS2) Summer Program:** The University is developing a summer boot camp to help address math deficits in STEM majors. Students will do online

math remediation during the summer and come to campus a week early for the fall semester to participate in an intensive boot camp program designed to prepare the student for the upcoming semester. The program has been modeled on the successful BIOS program at LSU which reports increased retention and graduation rates for participants.

8. **Strengthen the financial literacy program:** The FYE Financial Literacy program is designed to educate students on the importance of repaying their student loans. When the program was initiated, the Cohort default rate for the University was 18%. Due in part to the success in our program, the default rate now is at 9%. Student Debt Counselors come to each SLS 1101 course to provide students with critical information about taking out student loans and repaying their debt.

With over 64% of all undergraduate students receiving federal loans, we will continue our efforts to educate students on student debt and implement strategies to ensure student success. We have made progress over the past several years in improving student success outcomes in several areas, such as six-year graduation rates, reducing the time-to-degree, student average loan amounts and student default rate. However, the University acknowledges that rapid and significant progress is needed with respect to the number of students who are receiving federal student loans. FAMU will continue to research best practices for increasing student/family knowledge about how to pay for college and how to successfully navigate higher education without taking on excess or unnecessary debt. Table 6 below provides the targets the University has established to monitor the effectiveness of strategies implemented.

Table 6. Student Success and Debt Reduction Metrics

Baseline	Metric	2022 Goal
50% (2012-18)	Six-Year Graduation Rate	60% (2016-22)
22.5% (2014-18)	Four-Year Graduation Rate	40% (2018-22)
4.9 (2017-18)	Time to Degree	4.1 (2021-22)
81% (2017-18)	Retention Rates (Second Year)	88% (2021-22)
9.5% (2015)	Three-Year Cohort Default Rate	8.5% (2018)
\$7,960 (2017-18)	Annual Average Loan of Resident Dependent Undergraduates (Federal)	\$6,800 (2021-22)
\$30,126 (2017-18)	Average Amount of Debt <i>for Bachelor's who have graduated with debt</i>	\$28,000 (2021-22)

The following action plan (Table 6) will provide the additional steps/initiatives that will be implemented to address student success, thus reducing debt.

Table 6: Retention and Debt Reduction Action Plan

Area of Focus	Strategy/Intervention	Unit Responsible	Proposed Implementation Date
Financial Aid Budgeting and Packaging	<ul style="list-style-type: none"> • Utilized institutional funds to decrease student loan debt • Revised packaging of FTIC Florida resident students • Pell PLUS Program (3P) FTIC Florida Residents with completed files by February 1 • Specified Loan Options 	Office of Financial Aid	Spring 2019 (Ongoing) Fall 2019 (Ongoing)
Education and Training	<ul style="list-style-type: none"> • Redesign First Year Experience course (FYE) to include critical thinking assessment of financial literacy • Financial literacy efforts in residence halls, student union, and virtually • Implemented 5/3 Bank early financial literacy education with high school students • Hired two full time FYE Instructors to monitor and track student critical thinking • Summer Summit with High School Counselors and FCS partner institutions 	Office of Financial Aid and Student Success Center	Initial implementation 2012-13 and ongoing Fall 2013 (Ongoing) Fall 2018 (Ongoing) Summer 2019 (Ongoing)

Area of Focus	Strategy/Intervention	Unit Responsible	Proposed Implementation Date
Student Success	<ul style="list-style-type: none"> • Online or Hybrid Course Offerings • Implementation of the Four-Year Graduation Plan in 2019 Accountability Plan • Increased data collection from schools/colleges • Hired 5 Freshmen Academic Coaches • Academic Recovery Program • Retention and Completion Grants • Leveraging Civitas and Impact software to evaluate effectiveness of programs • On-campus OPS student employment • Retention and Completion Grants 	Academic Affairs and Student Affairs	<p>Fall 2017 (Ongoing)</p> <p>Summer 2019 (Ongoing)</p> <p>Fall 2019 (Ongoing)</p> <p>Summer 2019 (Completed)</p> <p>Summer 2019 (Ongoing)</p> <p>Spring 2020 (Ongoing)</p> <p>Fall 2019 (Ongoing)</p> <p>Summer 2019 (Ongoing)</p>