

HIGHER EDUCATION MARKET TRENDS

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nextPAGE Workshops – Summer 2018



Agenda

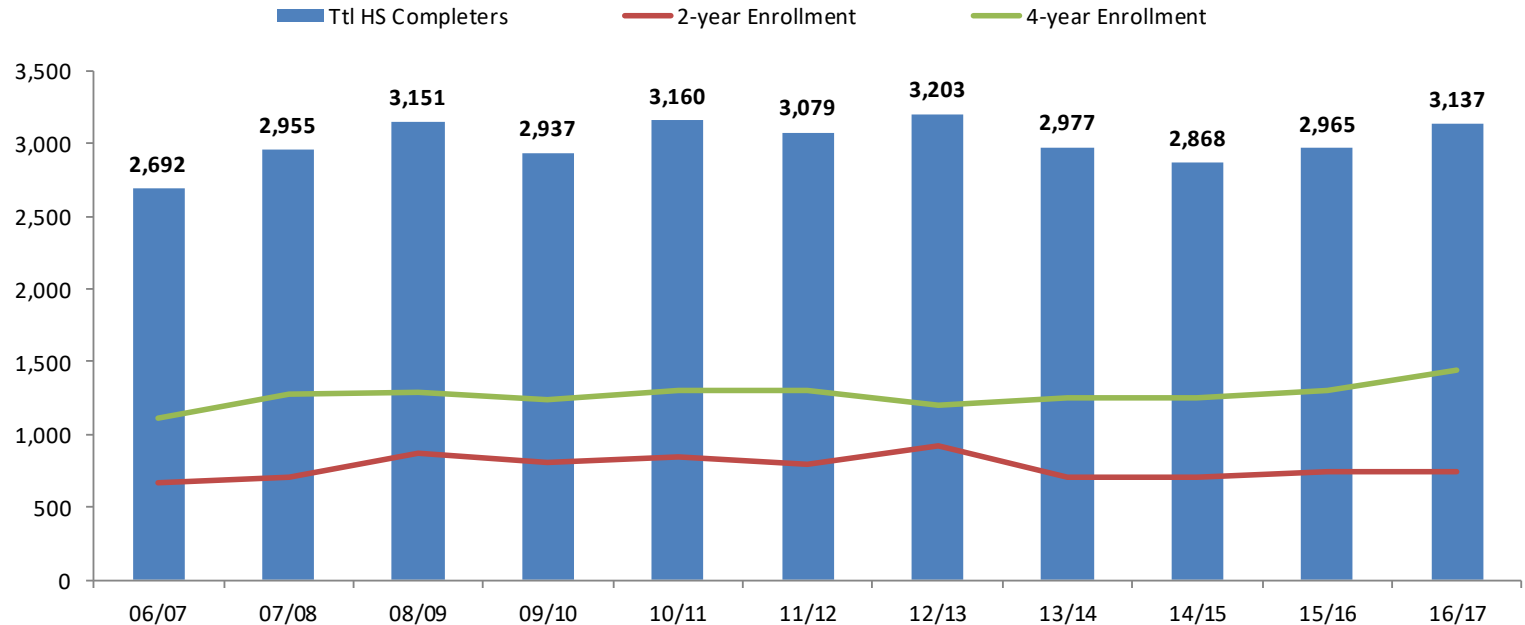
This presentation is an overview of trends in the industry and the value of a college education with the following areas covered:

- Enrollment Trends
- Cost of Attendance and Student Loan Borrowing
- The Value of an Education
- Repayment Success
- Summary

ENROLLMENT TRENDS

High School Graduates Ages 16-24 Who Enroll in College

High School Graduates vs. College Enrolled (,000)

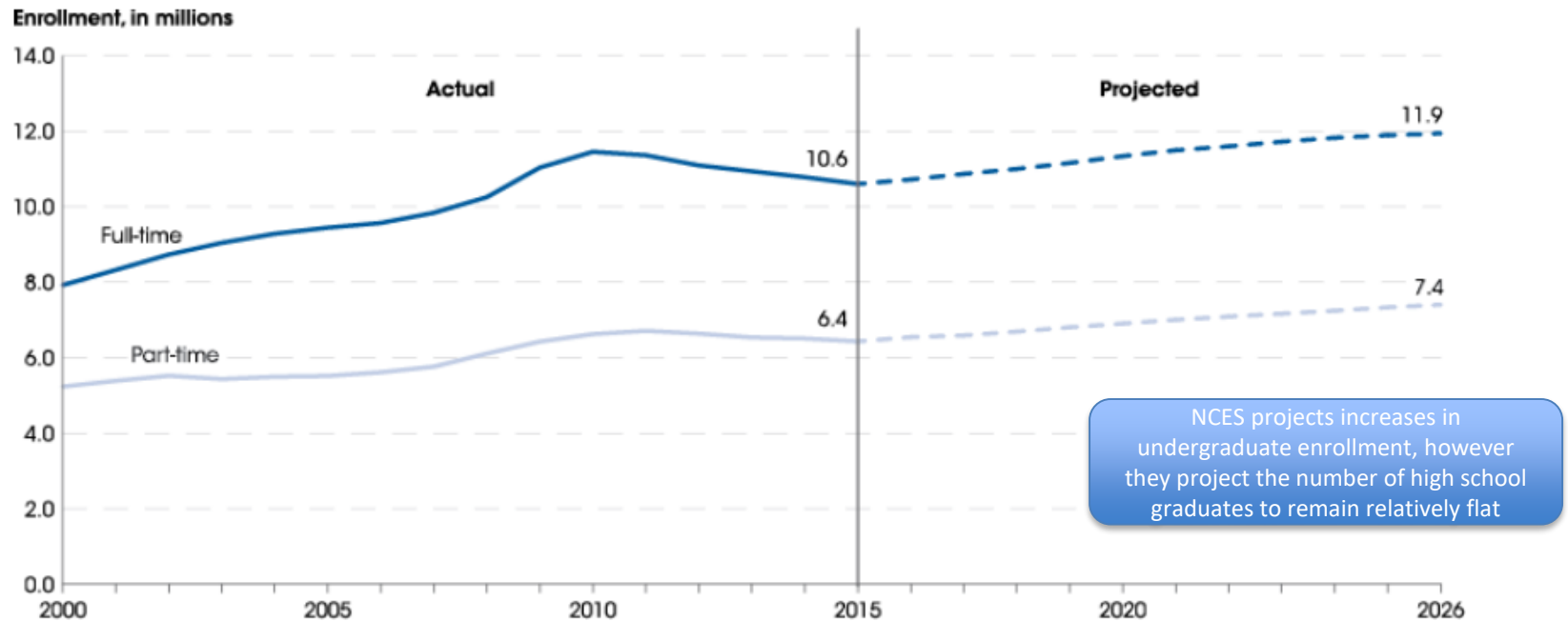


% Enrolled in 2yr	25%	24%	28%	28%	27%	26%	29%	24%	25%	25%	24%
% Enrolled in 4yr	41%	43%	41%	42%	41%	42%	38%	42%	44%	44%	46%
Total Enrolled in College	66%	67%	69%	70%	68%	68%	66%	66%	68%	69%	70%

Source: information obtained 1/2018 from National Center for Education Statistics 2017; Table 302.10. https://nces.ed.gov/programs/digest/current_tables.asp

Undergraduate Enrollment and Projected Enrollment

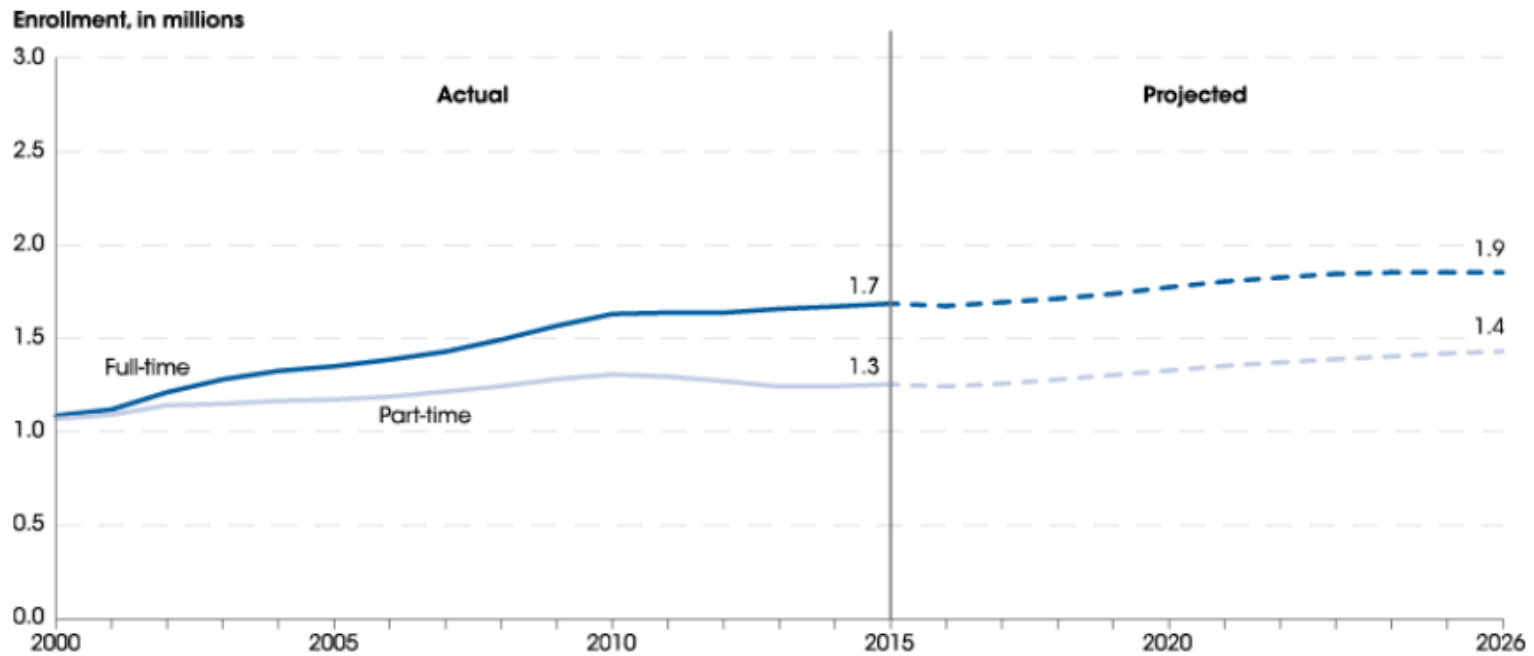
Actual and projected undergraduate enrollment in degree-granting postsecondary institutions, by attendance status: Fall 2000–2026



Source: Information gathered 1/2018 from National Center for Education Statistics http://nces.ed.gov/programs/coe/indicator_cha.asp
https://nces.ed.gov/programs/digest/d16/tables/dt16_219.10.asp?current=yes

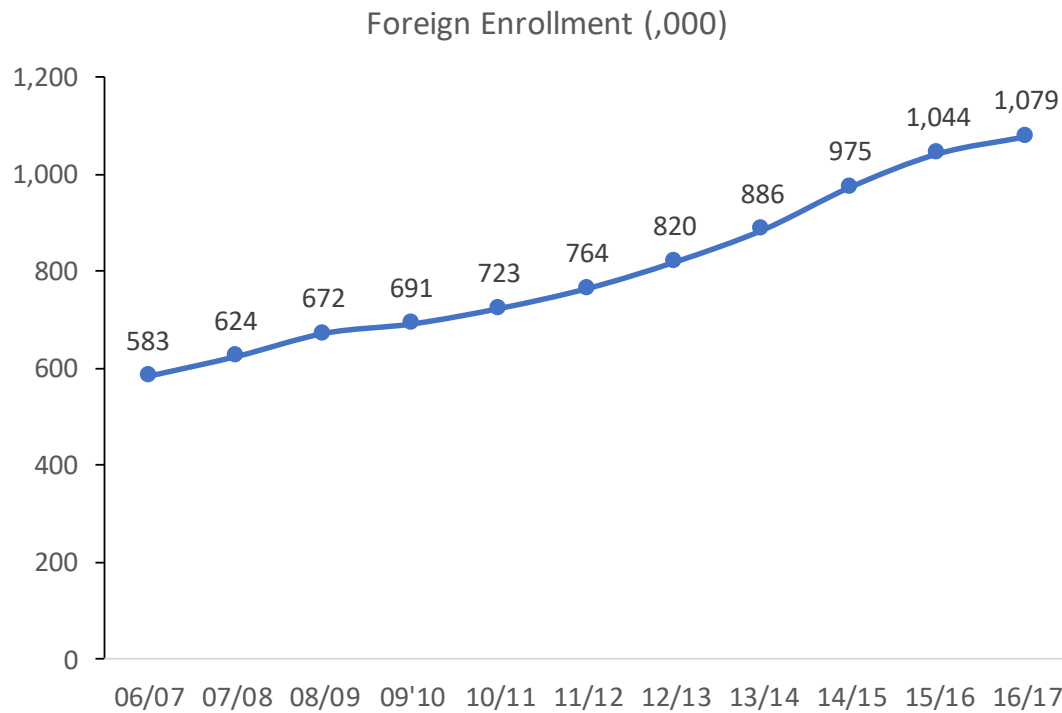
Graduate Enrollment and Projected Enrollment

Actual and projected Post baccalaureate enrollment in degree-granting postsecondary institutions, by attendance status: Fall 2000–2026



Source: Information gathered 1/2018 from National Center for Education Statistics http://nces.ed.gov/programs/coe/indicator_chb.asp

Foreign Students Enrolled in US Institutions



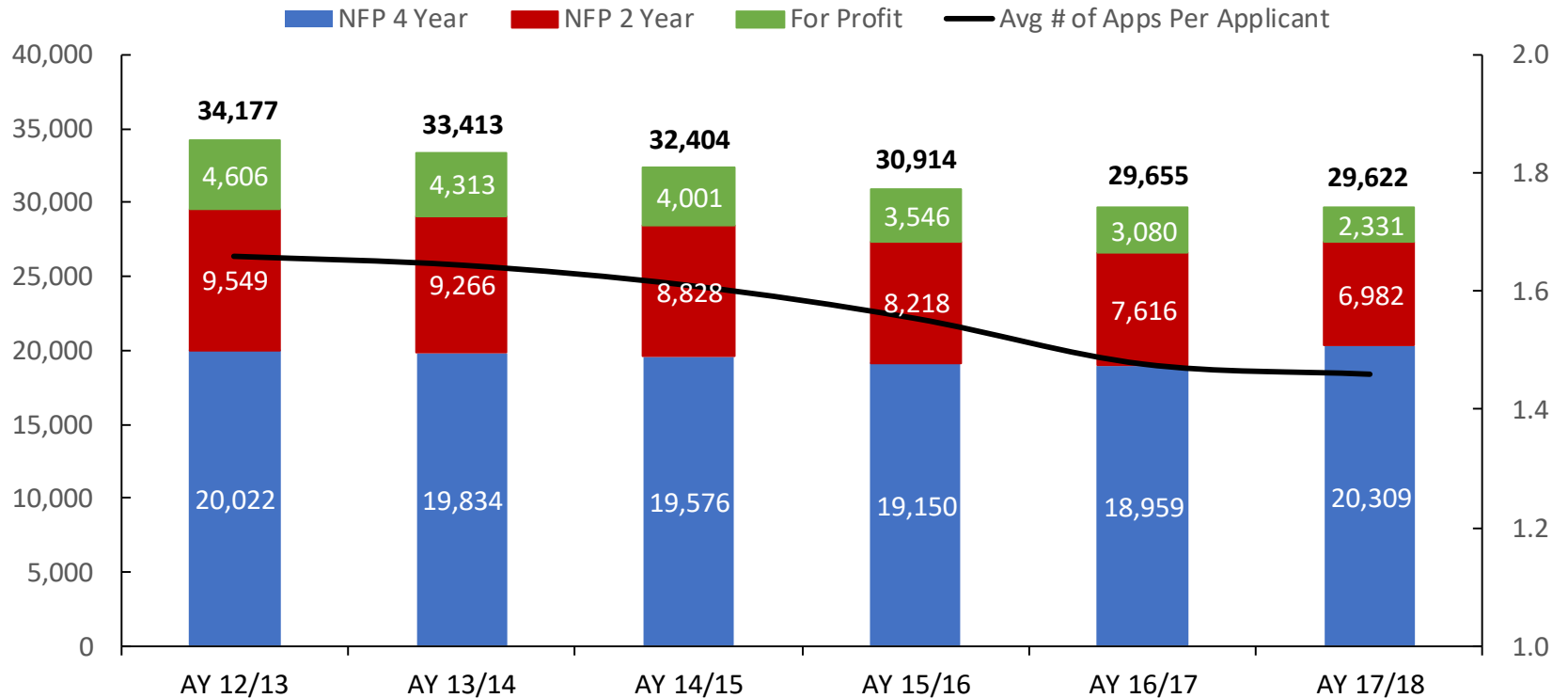
2016/2017 Academic Year

Place of Origin	Number of Students	% of Total
China	328,547	30%
India	165,918	15%
South Korea	61,007	6%
Saudi Arabia	61,287	6%
Canada	26,973	3%
Vietnam	21,403	2%
Taiwan	21,127	2%
Japan	19,060	2%
Mexico	16,733	2%
All Others	356,767	33%
Total	1,078,822	100%

Source: information gathered 1/2018 from <https://www.iie.org/Research-and-Insights/Open-Doors/Data/International-Students/Places-of-Origin> & <https://www.iie.org/Research-and-Insights/Open-Doors/Data/International-Students/Enrollment>

FAFSA Applications and Projections

FAFSA Applications (,000)

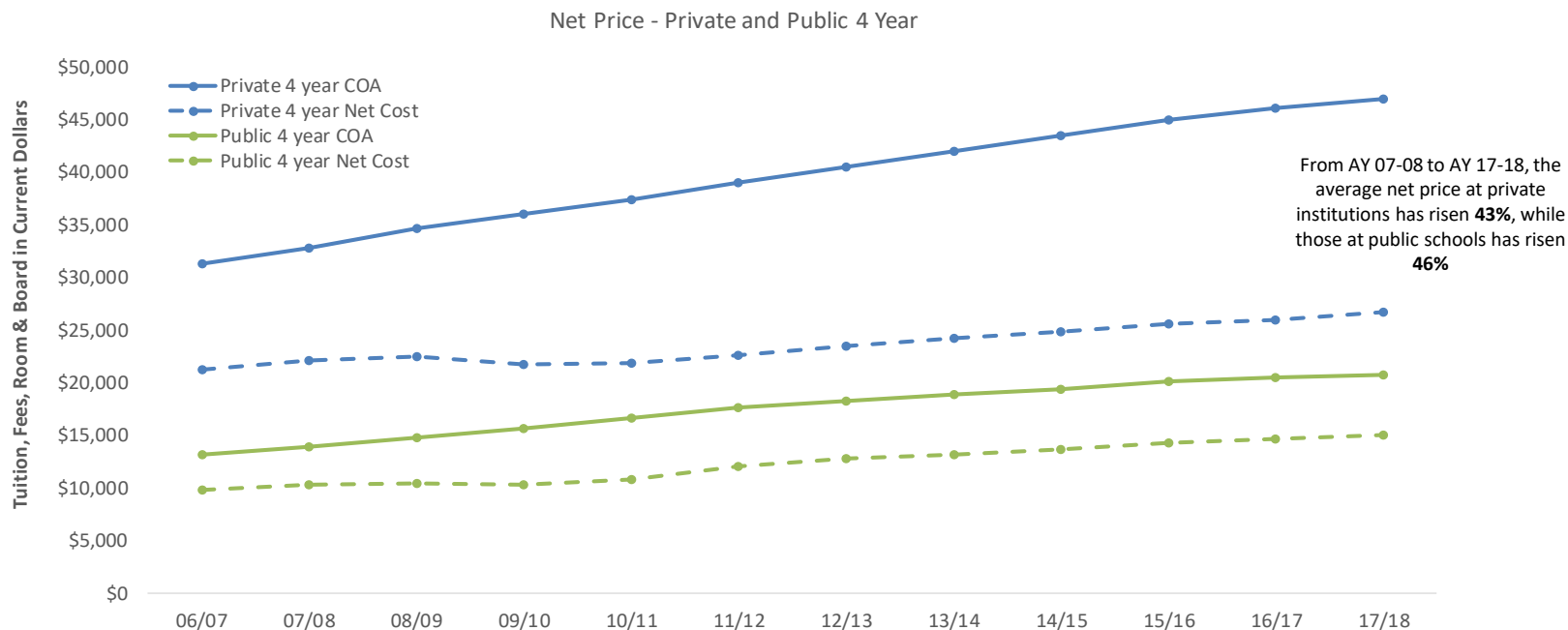


NFP 4 Year	59%	59%	60%	62%	64%	69%
NFP 2 Year	28%	28%	27%	27%	26%	24%
For Profit	13%	13%	12%	11%	10%	8%
Avg # of Apps Per Applicant	1.7	1.6	1.6	1.6	1.5	1.5

Source: information obtained 1/2018 from Federal Student Aid Data Center (actuals through Sep 2017. Enrollment data from NCES table 303.1 as of 2017)

COST OF ATTENDANCE AND STUDENT LOAN BORROWING

Net Price – Not for Profit 4 Year

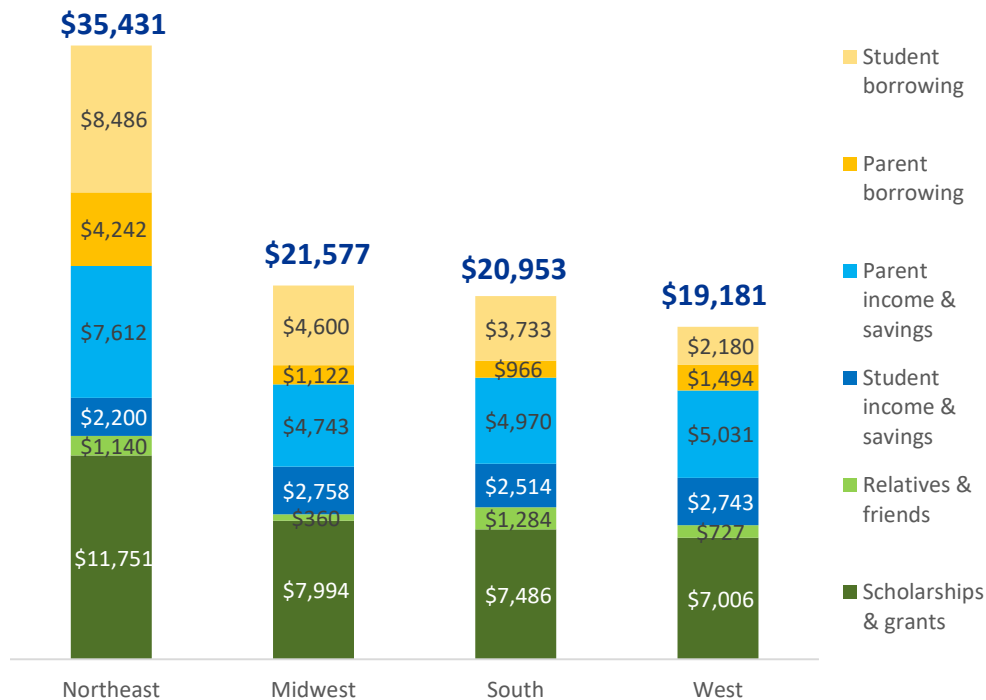


Private	Avg Published COA	\$31,270	\$32,810	\$34,664	\$35,975	\$37,388	\$38,958	\$40,451	\$41,996	\$43,523	\$45,010	\$46,150	\$46,950
	Growth in Published COA	6%	5%	6%	4%	4%	4%	4%	4%	4%	3%	3%	2%
	Avg Net COA	\$21,279	\$22,120	\$22,415	\$21,742	\$21,836	\$22,614	\$23,407	\$24,149	\$24,800	\$25,620	\$25,940	\$26,740
	Growth in Net COA	5%	4%	1%	-3%	0%	4%	4%	3%	3%	3%	1%	3%
	Discount Rate	32%	33%	35%	40%	42%	42%	42%	42%	43%	43%	44%	43%
Public	Avg Published COA	\$13,163	\$13,901	\$14,737	\$15,632	\$16,584	\$17,604	\$18,273	\$18,845	\$19,411	\$20,070	\$20,500	\$20,770
	Growth in Published COA	6%	6%	6%	6%	6%	6%	4%	3%	3%	3%	2%	1%
	Avg Net COA	\$9,719	\$10,227	\$10,359	\$10,289	\$10,804	\$12,074	\$12,726	\$13,141	\$13,603	\$14,210	\$14,670	\$14,940
	Growth in Net COA	6%	5%	1%	-1%	5%	12%	5%	3%	4%	4%	3%	2%
	Discount Rate	26%	26%	30%	34%	35%	31%	30%	30%	30%	29%	28%	28%

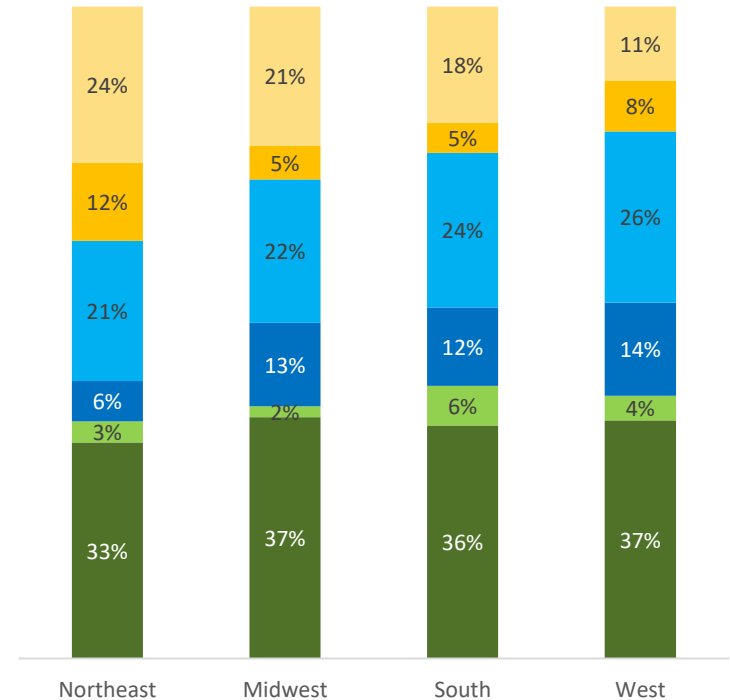
Source: Information gathered 11/2017 from College Board 2017 – Trends in College Pricing

Northeast families are different

How the Typical Family Pays for College, Average Amount Used from Source, by Region



How the Typical Family Pays for College, Funding Source Share, by Region



Families differ by region

Students from the Northeast region are twice as likely to enroll in four-year private colleges.

- While the financial aid package is a factor in school choice for these families, the academic program surpasses cost considerations.
- These families are more willing to borrow to pay for the education they aspire to attain, and
- More NE parents report working more hours to afford college.

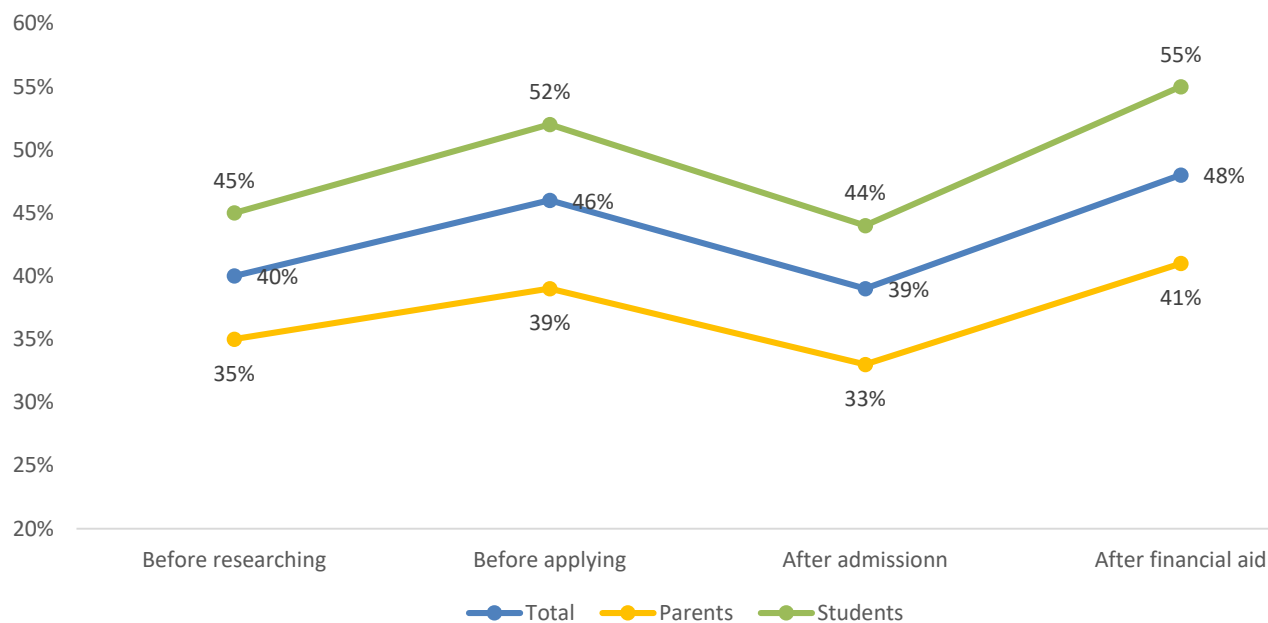
School type attending	Total	NE region	MW region	South region	West region
4-year public	42%	34%	36%	53%	43%
2-year public	34%	26%	39%	29%	42%
4-year private	23%	40%	22%	19%	14%
2-year private	1%	1%	3%	0	0

Families in other regions differ in their approach to make college more affordable.

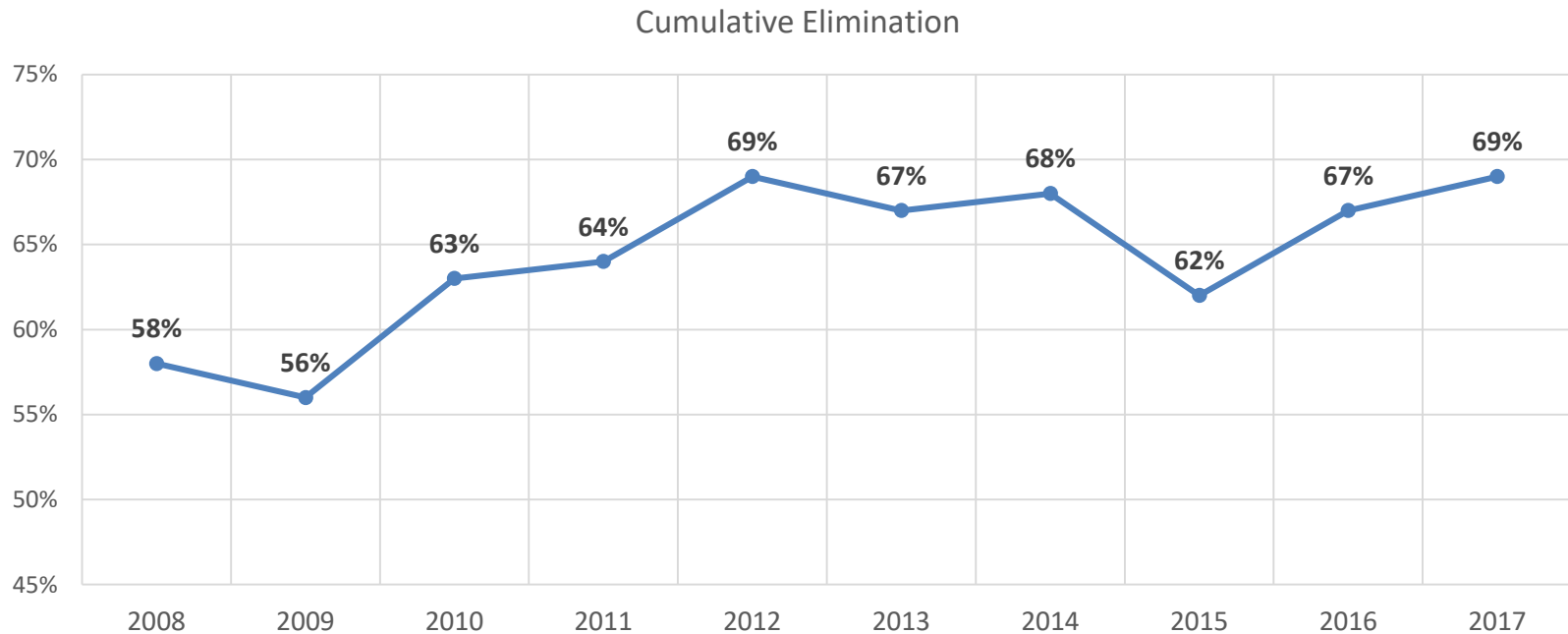
- Those from the West spend the least on college. They are more likely to choose a school based on location, and they are more likely to attend part time.
- Students from the Midwest are more likely to have increased their work hours and they are less likely to plan to attend graduate school.
- Students in the South are most likely to attend college in state and to live at home.

Cost-driven elimination of colleges

Elimination of Colleges at Each Step in the Application Process

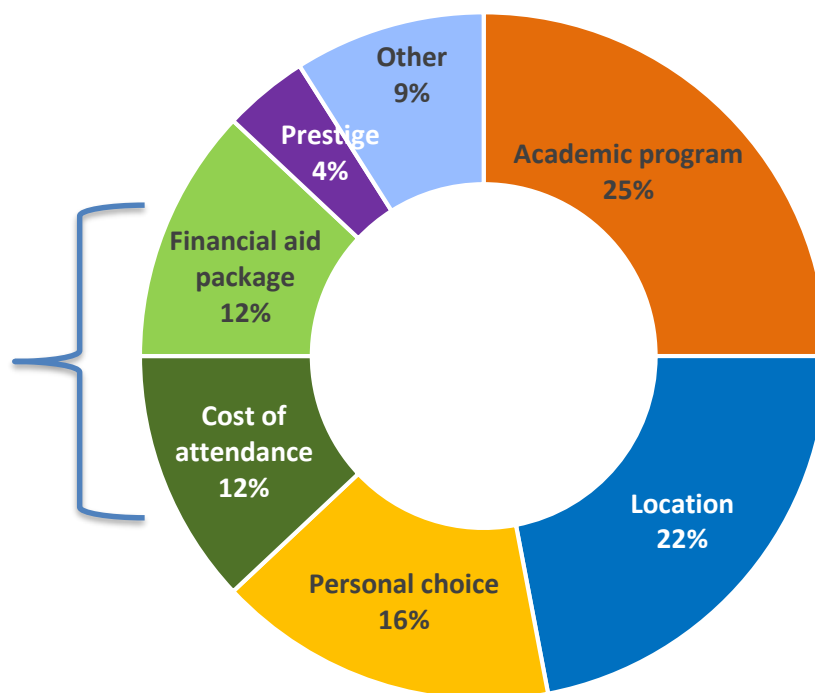


More are eliminating colleges due to cost



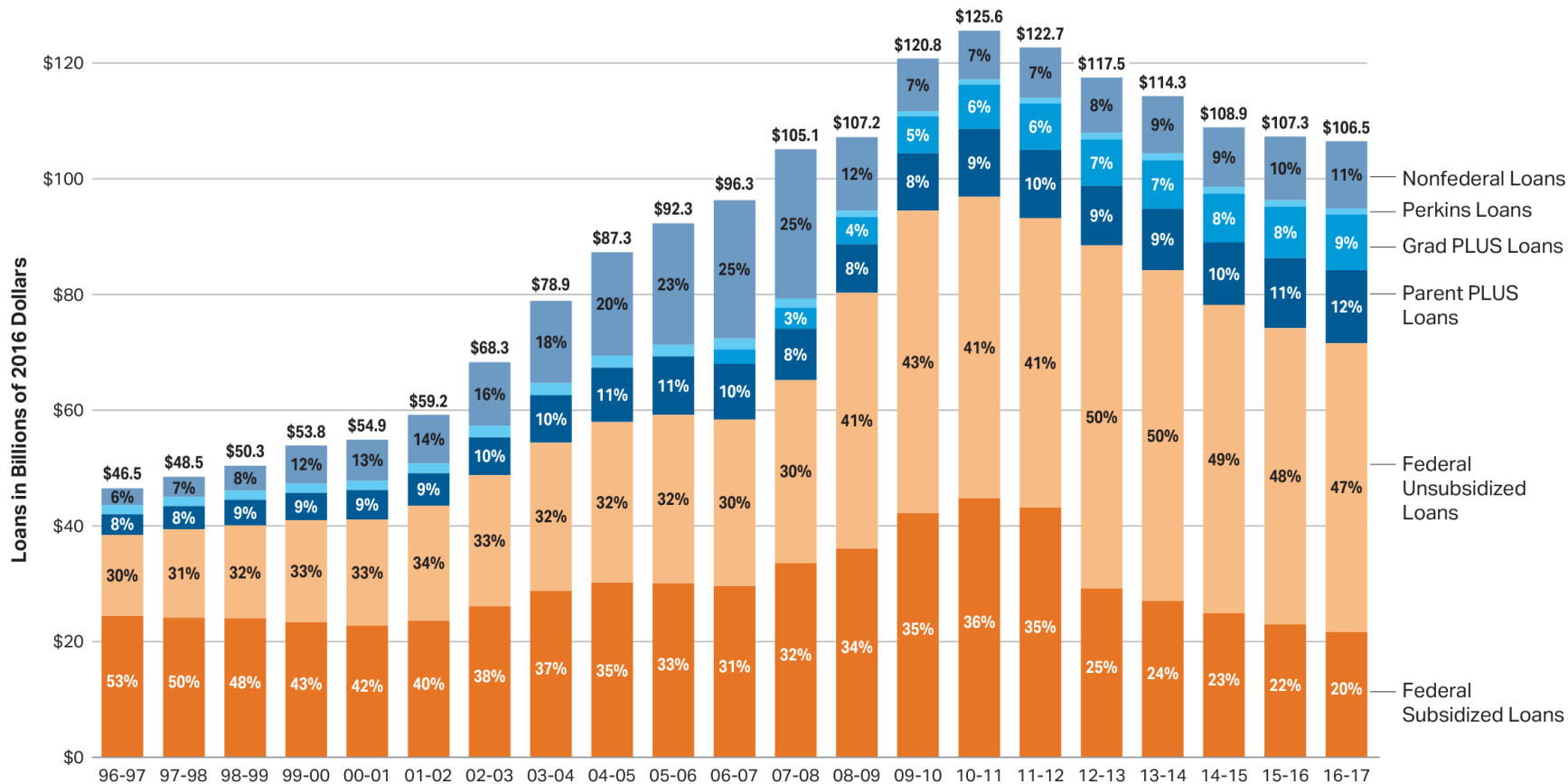
Final school choice

Basis for Final College Selection



Affordability is the deciding factor for nearly one-quarter of families

Education Loans: Growth in Federal & Private Loans

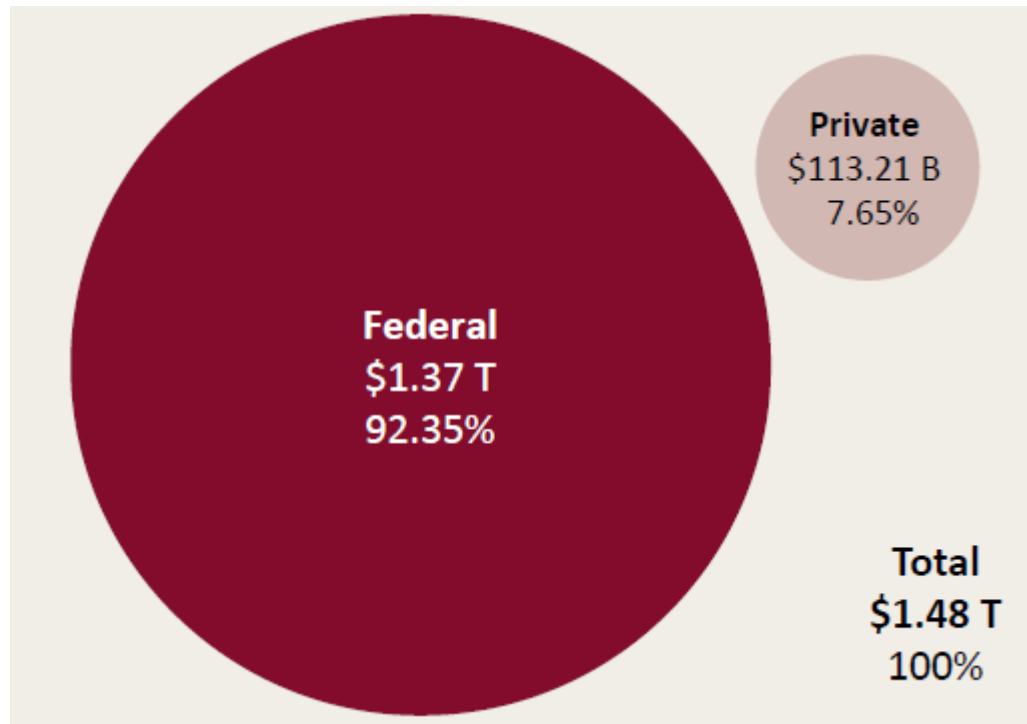


Note: Nonfederal loans include loans to students from states and institutions, in addition to private loans issued by financial institutions.

SOURCE: Information gathered 11/2017 College Board Trends in Student Aid 2017, Figure 4

Federal vs. Private Student Loan Debt

Total Student Loan Market Outstanding Balance (\$ B)



Source: Information gathered 12/2017 Measure One Private Student Loan Report December 2017 (<http://measureone.com/reports>)

**REPAYMENT
SUCCESS**

Federal Loan Repayment Plans

Federal Loan Repayment Plans

Standard Repayment

Income Driven Repayment Plans

- Income Contingent Repayment
- Income Sensitive Repayment
- Income Based Repayment
- Pay as You Earn (PAYE)
- Revised Pay as You Earn (REPAYE)

Graduated Repayment

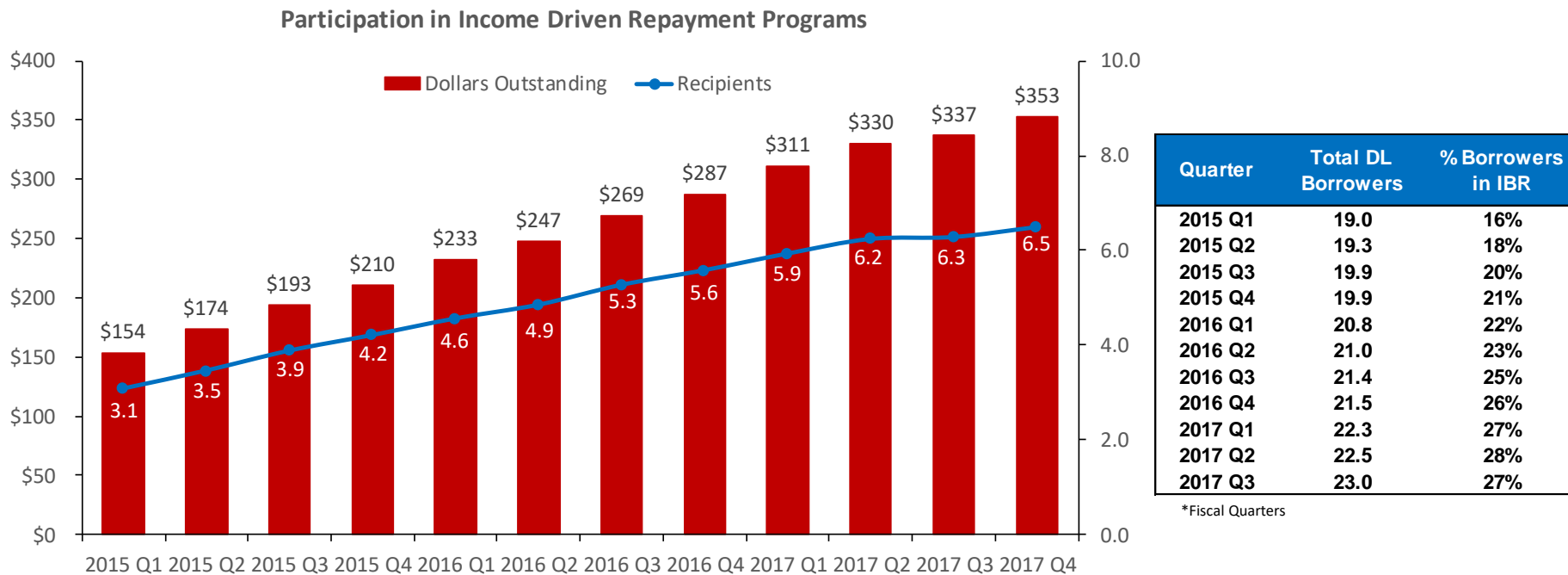
Extended Repayment

Loan Consolidation

Note: Many private education loans offer flexibility in making payments as well.

Source: Information gathered 1/2018 from Federal Student Aid Data <https://studentaid.ed.gov>

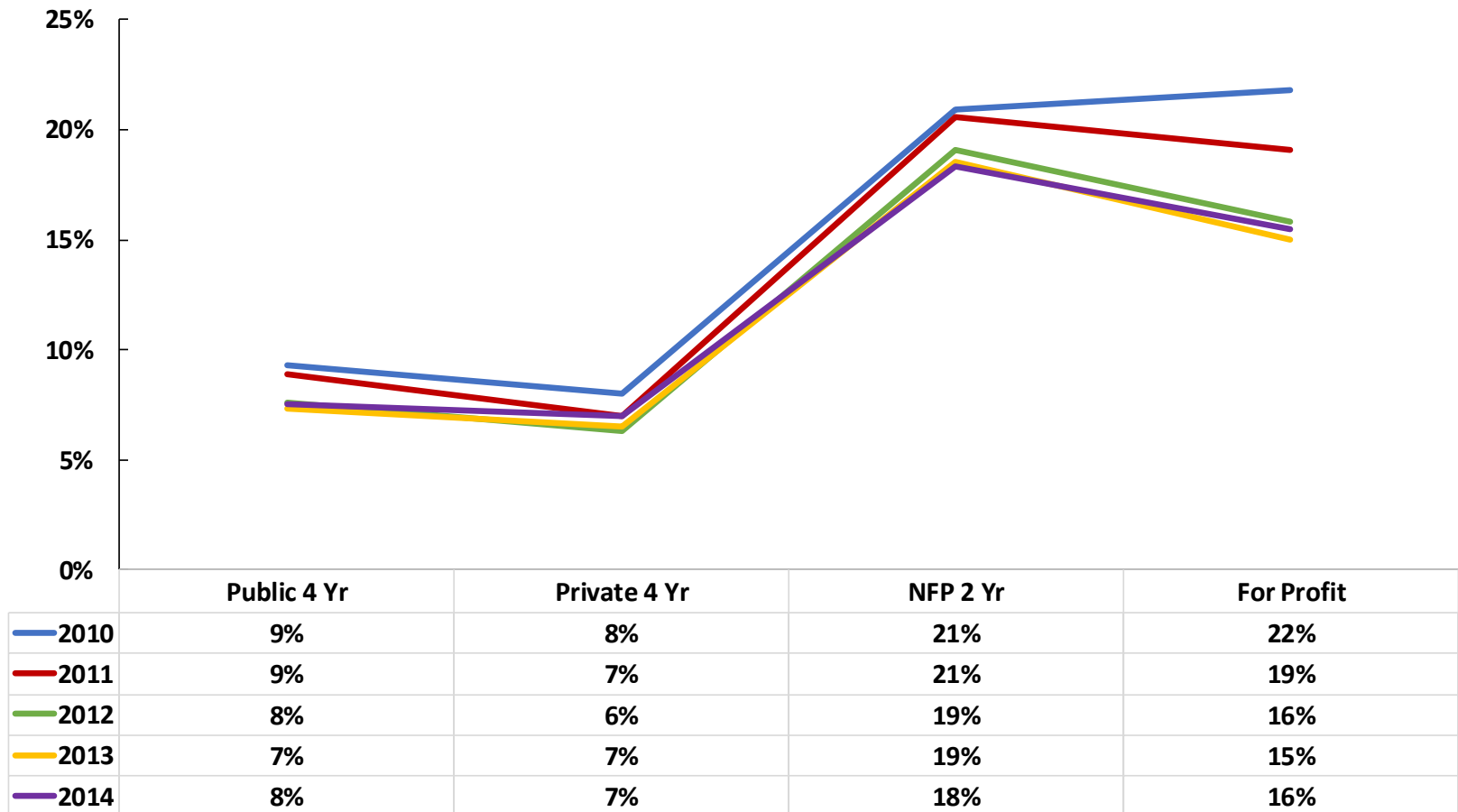
Participation in Federal Income Driven Repayment Plans



Source: Information gathered 1/2018 from Federal Student Aid Data <https://studentaid.ed.gov/sa/about/data-center/student/portfolio>

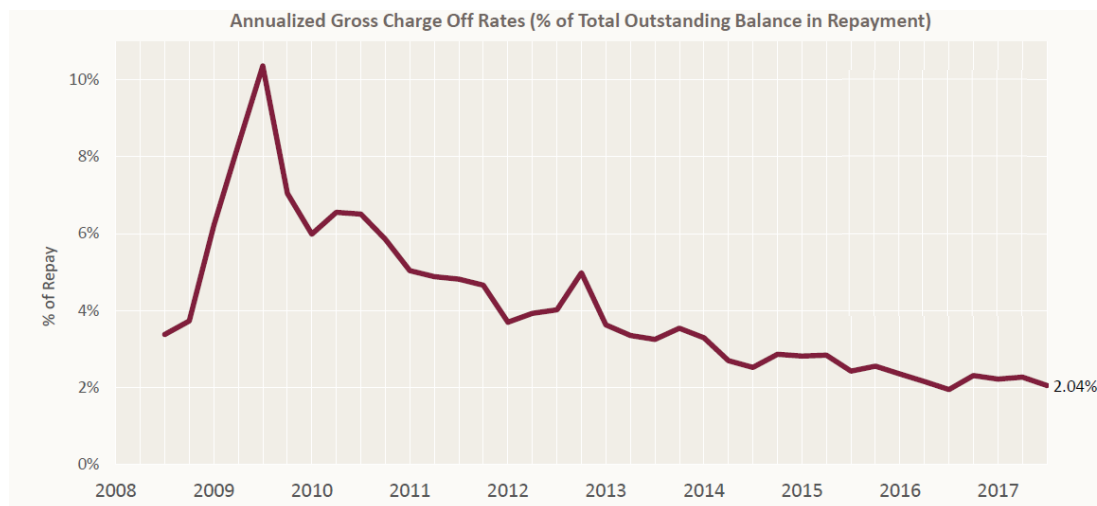
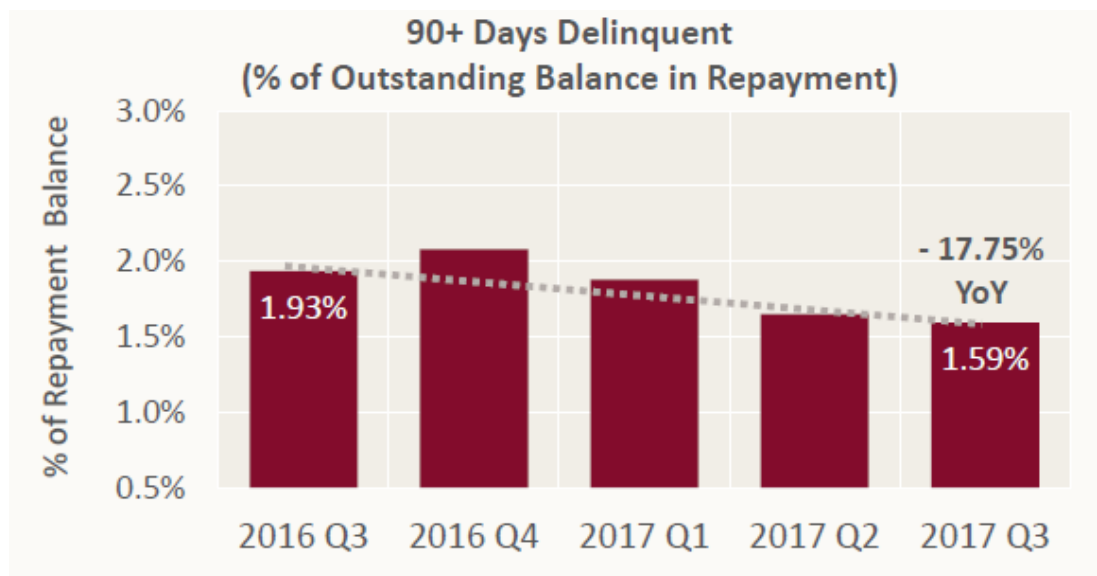
3yr Federal Loan Default Rate by School Type

3 Yr Cohort Default Rate



Source: information gathered 1/2018 from Digest of Education Statistics 2017; Table 332.50. https://nces.ed.gov/programs/digest/current_tables.asp

Private Loan Delinquency Rates and Charge-offs



Source: Information gathered 1/2018 Measure One Private Student Loan Report December 2017 (<http://measureone.com/reports>)

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SUMMARY

Summary

- Enrollment
 - Number of high school graduates and those going to college has leveled off
 - Foreign student enrollment continues to be in flux
- Cost of Attendance
 - Tuition and fees continue to increase
 - Overall student borrowing is on the decline
 - Federal loans make up 92% of \$1.48 trillion in student debt outstanding
- Value of an Education
 - Annual wages, lifetime earnings and unemployment support the going to college decision
- Repayment Success
 - Federal and private loan default rates are declining
 - Private loan delinquency / charge off rates are considerably lower than federal loans


Looking Forward

- Private Loan Trends:
 - Interest Rates: Many lenders offer highly qualified families rates better than the Federal PLUS Loan
 - Private Parent Loans
 - Private Loan Protections: Death and Disability coverage, repayment flexibility, cosigner release
 - Private Loan Refinancing: consolidation of federal and private loans
 - Students are giving up their federal loan repayment flexibility
- FAFSA – mobile technology
- Reauthorization:
 - The last reauthorization (2008) took 5 years to complete
 - Key initiatives on the table:
 - FAFSA simplification
 - Transparency in college information for consumers
 - Financial literacy for recipients of federal aid
 - Accreditation reform
 - Federal loan repayment simplification
 - Potential borrowing limit changes (Prosper Act)

Questions?



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