



University of Pittsburgh

Submitted by

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Pennsylvania Senate Majority Policy Committee

October 17, 2016 Public Hearing

Mr. Chairman and members of the Policy and Education Committees, on behalf of Chancellor Patrick Gallagher and the University of Pittsburgh, thank you for the opportunity to speak with you this morning on this very important topic. As a first generation college student and graduate of the California University of Pennsylvania, I am appreciative of the opportunities given me to obtain a college education. It is this background that influences how I serve as Director of Financial Aid at the University of Pittsburgh to meet the University's enrollment goals and to make a university education both accessible and affordable.

This year, under Chancellor Gallagher's leadership, the University of Pittsburgh embarked on a new five-year strategic plan called *The Plan for Pitt: Making a Difference Together*. Promoting access and affordability is one of the strategies identified to achieving academic excellence. Financial literacy is a key component to addressing affordability for both Pennsylvania students and University of Pittsburgh students who live outside of our commonwealth.

Chancellor Gallagher challenged the University to consider how Pitt can become a national leader in addressing issues related to cost, student debt, access and affordability. The development and implementation of a comprehensive financial literacy program was identified as a priority.

The initial phase resulted in establishing a new financial literacy requirement for first year students enrolling this Fall 2016. Under the direction of the Office of the Provost and through a collaborative effort with the Division of Student Affairs, the Office of Admissions and Financial Aid partnered with Great Lakes Higher Education Corporation to utilize their financial literacy tool called Grad Ready. As of October 7, over 75% of 4,000 first year students completed the requirement at the Pittsburgh Campus.

I invite you to create an account and explore the program here:

<https://pitt.gradready.com/Ora/Login.aspx?ReturnUrl=%2fEducate>. Your feedback is welcome.

The next phase of Pitt's financial literacy efforts include:

1. Establishing a task force to effectively expand Grad Ready beyond incoming new students and develop other opportunities that reach students at all five campuses as well as graduate programs.
2. Enhance educational efforts to student loan borrowers by establishing an annual loan borrowing report that provides current students a summary of loans borrowed to date.
3. Analyze detailed data about the federal cohort default rates to identify areas of improvement and continue efforts to decrease the default rate. The most recent cohort default rate statistics provided by the U.S. Department of Education from FY2013 shows that the University of Pittsburgh default rate is 3.84% (all five campuses combined) down from 4.3% in FY2012 and well below the 11.3% national student loan default rate for public universities. The average federal student loan balance of defaulters in the FY2013 Pitt cohort default rate was \$20,535.

In another effort to address affordability at Pitt, the University sponsored research into alternative methods to traditional loans. While the findings revealed some very interesting opportunities, it is clear that there is much to learn about creating and supporting alternatives that are viable to and in the best interests of our students and our University.

The loan communications launched as a result of legislation in Indiana and Nebraska is an important part of educating students about their financial situation. This is an initiative that will be easy to implement at the University of Pittsburgh through our Student Information System and that will be implemented with or without legislation.

Additional strategies that we view as opportunities to improve financial literacy include:

- Annual Loan Counseling: The University of Pittsburgh follows current legislative requirements to provide entrance and exit loan counseling for our students. However, introducing annual loan counseling would improve students' understanding of their current financial situation. While this would require additional resources, it would annually raise awareness and educate students on making loan decisions during their critical college years.

- **Mandatory High School Graduation Financial Literacy Requirement:** Some states mandate financial literacy as a requirement for high school graduation. If there is an opportunity to educate Pennsylvania students earlier, this would affect college choices especially as they relate to the long-term impact of loans.
- **Loan Consolidation:** Since there is no regulatory ability to consolidate repayment for federal, private education, personal, and institutional loans, students cannot consolidate loans other than federal student loans. Aligning regulations between agencies would allow students to consolidate educational loans and improve their opportunities of paying back the loan sooner.
- **Confirm Funding Earlier:** Our goal is to provide the most complete financial aid award possible with the initial award package. Finalized PHEAA Grant awards for the academic year are not set until May for the upcoming school year. Estimated awards provided by PHEAA are projected as lower amounts, so additional loan borrowing may occur based on available information at the time of the award. The closer that PHEAA can come to providing the final award earlier in the process, as the federal agency and Pitt does, the easier it will be for families to understand the amount they are funding will be their financial burden.

A college education is invaluable. The University of Pittsburgh applauds the efforts of our legislature investigating best practices for helping college students and their families make wise educated decisions while working to make a college education accessible and affordable.