


JOHNSON & WALES  
UNIVERSITY



PROVIDENCE, RI    NORTH MIAMI, FL    DENVER, CO    CHARLOTTE, NC

## FOSTERING STUDENT SUCCESS AT JOHNSON & WALES UNIVERSITY


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## Topics

- FOCUS 2011
- JWU Approach to Enterprise Risk Management
  - Student Loan Market
  - Financial Risk
  - Enrollment Risk
- External Conditions
- JWU Assessment and Proposal

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## JWU Strategic Plan

- FOCUS 2011
  - Strengthening the EXPERIENCE
    - Academic and Student Life
      - Extensive program assessment
- Strengthening STUDENT POTENTIAL
  - Admissions and Enrollment
    - Selectivity
    - Affordability
- International Recruitment
- Strengthening CAREER OPPORTUNITIES
  - Career Development
    - Career Progression Study
- Strengthening the FOUNDATION
  - Resource Development
    - Organized to achieve objectives


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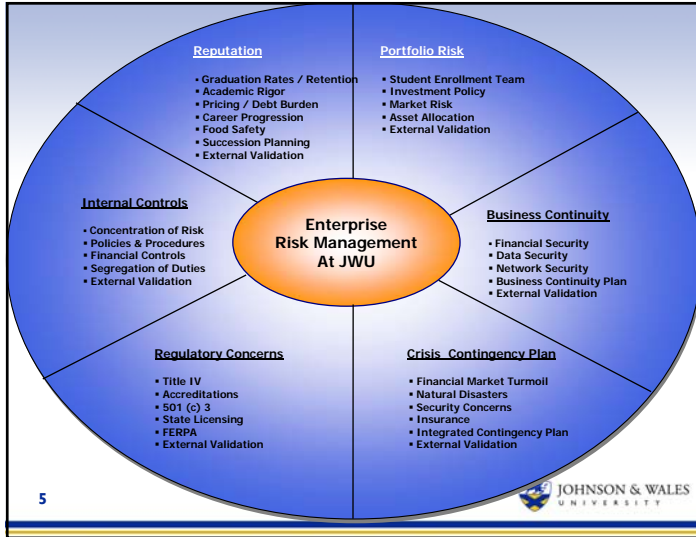


## Strengthening Student Potential

Johnson & Wales University will be the destination of choice for individuals seeking career education who are highly motivated and demonstrably capable of success in J&W programs. The university will endeavor to establish tuition at affordable levels, and offer financial assistance that support improvement of retention and graduation rates.

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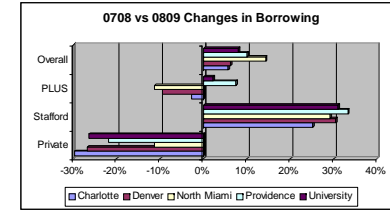




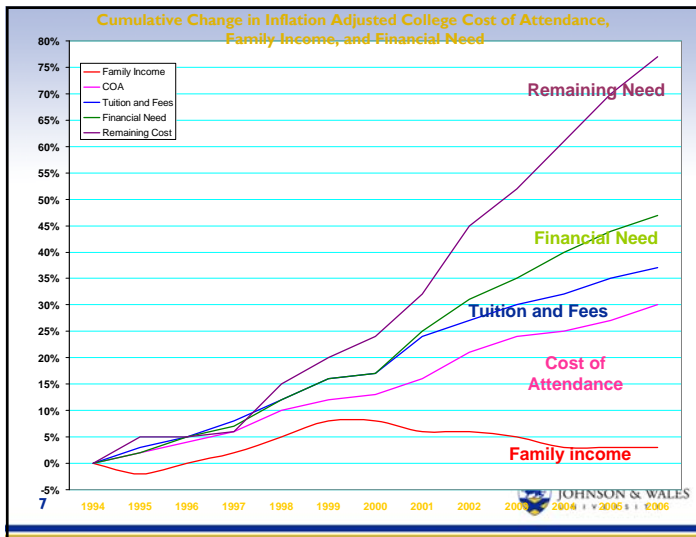
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## Concentration of Risk

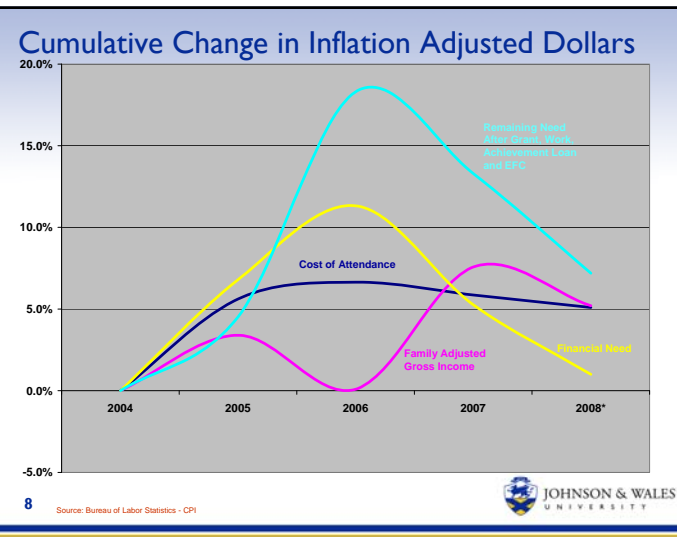
- Loan Generated Revenue
  - \$143,142,152 system wide
  - Net Billable \$267,580,757 system wide
- Loan Summary
  - Stafford Subsidized and Unsubsidized
    - \$79,473,828
  - Perkins
    - \$11,498,911
  - Federal Plus
    - \$25,558,471
  - Private
    - \$26,610,942



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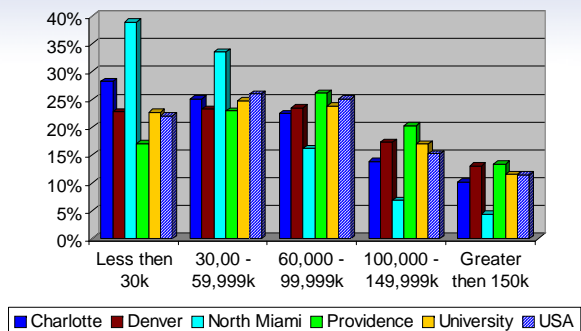


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## JWU Average Family Adjusted Gross Income Band Comparisons to National Average



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Source: Census.gov - American Community Survey - USA Households 45-64



## Financing the GAP

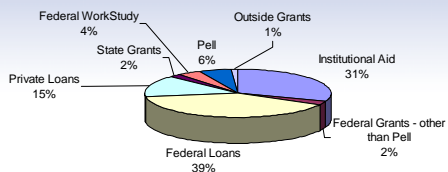
- **Federal Loans**
  - Stafford (Subsidized and Unsubsidized)
    - No Credit Check
    - Based on need amounts range from \$3500 - \$5500 subsidized
    - Interest rate 6% subsidized, 6.8% unsubsidized
    - Additional Unsubsidized \$2,000
  - PLUS LOAN
    - Credit qualification loosened until December 2010
    - No 180 day delinquency on mortgage or medical bills
    - No 90 day delinquency on all other credit worthy accounts
    - Interest rate 8.5%
    - Deferment options
- **Private Loans**
  - 2009-2010 loan access unknown due to liquidity issues
  - Expect increase in FICO score minimums in 0910
  - Lender specific credit qualifications

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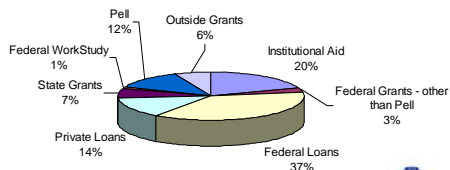


## Distribution of Student Aid

0708 Distribution of Undergraduate Aid - JWU



0708 Distribution of Undergraduate Aid - Nationwide

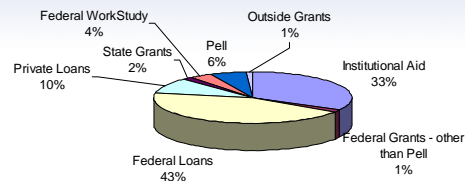


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## Distribution of Student Aid

0809 Distribution of Undergraduate Aid - JWU



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## Picture of a Private Loan Borrower at JWU

- Undergraduate enrollment 14,372
  - Private borrowers account for 15% of our student population (2107)
  - Average annual loan is \$12,608
    - Median EFC is \$10,656 which is \$5000 more than the median EFC at JWU
    - Median AGI is \$88,543 which is \$16,624 more than the median AGI at JWU
  - At risk \$17,702,673 in federal aid

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## Retention of a Private/PLUS Loan Borrower

one year retention model – not official calculation

	Entering Class of Sept. '06	Entering Class of Sept. '07	Difference
PLUS	69.3%	73.1%	+3.8%
Private	68.7%	74.4%	+5.7%
No PLUS or Private	63.5%	68.3%	+4.8%
Overall	67.3%	73.1	+5.8%

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## Legislative Impact on Student Loans

- College Cost Reduction Act of 07 (HR 2669)
  - Created a less desirable market for lenders (increased origination fees, percentage of federal guarantee reduced; a cut of 20 billion in federal subsidies)
- Volatility in the Student loan market
  - Liquidity concerns
  - A smaller marketplace
  - Borrower benefits limited or non existent
  - A movement towards direct lending

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## Access to Education Legislation

Signed as of 5/7/08 extended through 2009

- H.R. 5715 – extended for an additional year
  - Increase of Stafford by \$2000
    - Independent students; Plus Denial
    - New Amounts will range from
      - \$5,500 -7,500
  - Increase in aggregate loan amount from \$23,000 - \$31,000
  - PLUS Qualification adjusted until December 2009
    - No more than 180 days delinquent on a mortgage payment
    - No more than 180 days delinquent on a medical bills
    - No more than 90 days delinquent on any other debt
  - Deferment options
  - Impact on Study on College Costs - GAO

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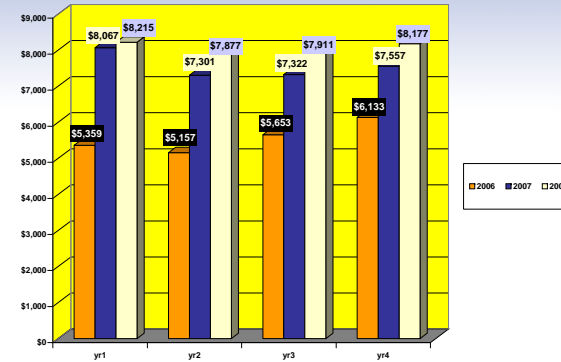
## Focus 2011 Awarding Strategies

- Freshman and Sophomore
  - Increase affordability by maintaining 4 year awards at a consistent level
  - Awards are determined based on a family's need
  - Awards include: Academic/Merit, Johnson & Wales Grant, Pell, SEOG, Stafford Loan and State grants (each is set to meet a percentage of need)
  - Average institutional awards for freshmen \$8215
- Junior and senior awards determined based on need, EFC, and scholarships
- Average discount rate of 30.7% for tuition and fees

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## Institutional Grant Total – University Freshmen

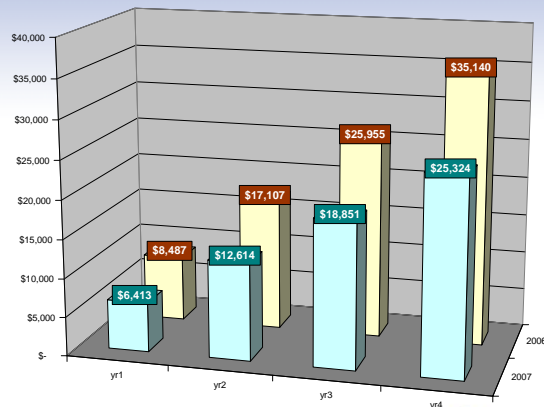


On average the freshman class in 0809 received \$2856 more in total Institutional grant aid than in September 2006.

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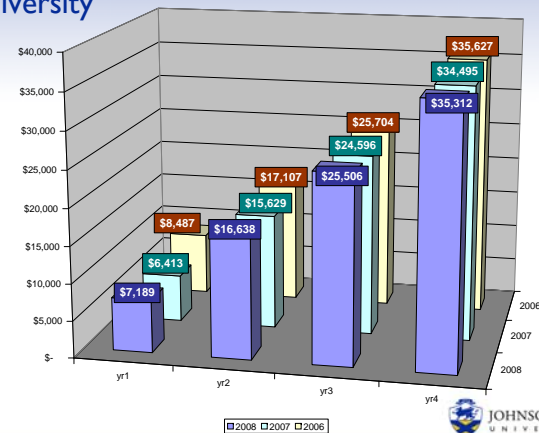
## What we thought was going to happen



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## Projected Student Debt by Total Enrollment - University



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## Solutions to Mitigate Enrollment Risks

- Award Adjustments (\$2.4 million)
  - Maximize Perkins awards
  - Increase awards by \$1000 - \$4000 for students <75k previously denied PLUS
- Financial Planning Grants (\$2 million)
  - Customized planning grants ranging from \$1,000 - \$6000
  - Increase institutional caps
  - Discount for annual payers
- Access to Education Grants (\$2 million)
  - Reports on loan denials will be run on a daily basis
  - Institutional funds will be provided to reduce individual balances to minimum of \$3,000
- These awards will be reviewed for renewability in 2009

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## Strengthening the EXPERIENCE

	Entering Class of Sept. '06	Entering Class of Sept. '07	Difference
PVD	68.4%	73.2%	+4.8%
NMI	62.6%	67.8%	+5.2%
DEN	64.2%	74.5%	+10.3%
CLT	69.4%	75.7%	+6.3%
University	67.3%	73.1%	+5.8%

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