



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION, INFORMATION OR DISCUSSION

TOPIC: Board's Charge to Education Policy and Student Life Regarding Financial Aid

COMMITTEE: Education Policy and Student Life

DATE OF COMMITTEE MEETING: October 15, 2013

SUMMARY: Financial aid has been identified as a critical issue for the Board of Regents this academic year. During the Board retreat on October 3, 2013, Board Chairman, Jim Shea, requested that the Education Policy and Student Life (EPSL) Committee examine the full complexities of financial aid and return with recommendations as to how the Board can address financial aid in ways that will assist students in their efforts to enroll in and persist through USM institutions.

During each meeting this year, the EPSL Committee will focus various aspects of financial aid. Today, the Committee will engage in a discussion designed to begin building background knowledge and setting the foundation for our work to fulfill the aforementioned charge from the Board. Today's discussion may also include suggestions of topics or specific analyses to be presented to the Committee.

ALTERNATIVE(S): This is an information item only.

FISCAL IMPACT: This is an information item only; there is no fiscal impact associated with this item.

CHANCELLOR'S RECOMMENDATION: This is an information item only.

COMMITTEE RECOMMENDATION: Information Only

DATE: October 15, 2013

BOARD ACTION:

DATE:

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FEDERAL STUDENT AID¹

For need-based programs, student must complete the **Free Application for Federal Student Aid (FAFSA)**.

Glossary of Terms:

Cost of Attendance (COA) – the amount it will cost to attend a particular institution, based on: tuition and fees; room and board (or living expenses off-campus); cost of books, transportation, loan fees, and miscellaneous expenses (including a reasonable amount for the cost of a personal computer); an allowance for child care or dependent care; costs related to a disability; and/or reasonable costs for eligible study-abroad programs.

Expected Family Contribution (EFC) – calculated according to a formula established by law. The student's family's taxed and untaxed income, assets, and benefits (such as unemployment or Social Security) all could be considered in the formula. Also considered are family size and the number of family members who will attend college or career school during the year. The EFC is not the amount of money the family will have to pay for college, nor is it the amount of federal student aid the student will receive. It is a number used by the institution to calculate how much financial aid the student is eligible to receive.

How Financial Need Is Calculated:

The institution's financial aid office starts by deciding on the cost of attendance (COA) and the expected family contribution (EFC). They then subtract the EFC from the COA to determine the amount of financial need and, therefore, how much need-based aid the student can receive. To determine how much non-need-based aid, the institution takes the COA and subtracts any financial aid already awarded.

TYPES OF FEDERAL AID

Grants – financial aid that does not have to be repaid (unless the student withdraws from school and owes a refund).

The U.S. Department of Education offers a variety of federal grants to students attending four-year colleges or universities, community colleges, and career schools.

- **Federal Pell Grants** – unlike a loan, does not have to be repaid. Federal Pell Grants usually are awarded only to undergraduate students who have not earned a bachelor's or a professional degree. (In some cases, however, a student enrolled in a post-baccalaureate teacher certification program might receive a Federal Pell Grant.) The maximum Federal Pell Grant award is \$5,645 for the 2013–14 academic year. Amount of award is based upon financial need, cost of attendance, full-time or part-time enrollment status, and full academic year or less. Students can receive a grant for no more than 12 semesters.

¹ Source: Federal Student Aid: An Office of the U.S. Department of Education (<http://studentaid.ed.gov/>)

- Federal Supplemental Educational Opportunity Grants (FSEOG)² – Students who will receive Federal Pell Grants and have the most financial need will receive FSEOGs first. The FSEOG does not need to be repaid. Grant amounts range between \$100 and \$4,000 per year. The FSEOG program is administered directly by the financial aid office at each participating school and is therefore called “campus-based” aid. Not all schools participate.
- Teacher Education Assistance for College and Higher Education (TEACH) Grants³ – provides grants of up to \$4,000 a year to students who are completing or plan to complete course work needed to begin a career in teaching. As a condition for receiving a TEACH Grant, the student must sign a TEACH Grant Agreement to Serve in which s/he agrees to (among other requirements) teach: in a high-need field, at an elementary school, secondary school, or educational service agency that serves students from low-income families, for at least four complete academic years within eight years after completing (or ceasing enrollment in) the course of study for which the grant was awarded.
- Iraq and Afghanistan Service Grants – is awarded to students whose parent or guardian was a member of U.S. armed forces and died as a result of military service performed in Iraq or Afghanistan after the events of 9/11, are not eligible for the Pell Grant on the basis of their Expected Family Contribution (EFC) as calculated by the information submitted on the FAFSA, but meets the remaining Federal Pell Grant eligibility requirements, and were under 24 years old or enrolled in college at least part-time at the time of their parent’s or guardian’s death.

Loans – borrowed money for college that must be repaid with interest. The William D. Ford Federal Direct Loan Program is the largest federal loan program. Under this program, the U.S. Department of Education is the lender. There are four types of loans under this program: Direct Subsidized Loan, Direct Unsubsidized Loan, Direct PLUS Loan, Direct Consolidation Loan.

The Federal Perkins Loan Program is a school-based loan program for undergraduates and graduate students with exceptional financial need. Under this program, the school is lender.

See attached chart for a comparison of these loan programs.

Federal Work-Study provides part-time jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay education expenses. The program encourages community service work and work related to the student’s course of study. Work Study is administered by schools participating in the Federal Work-Study Program and is available to undergraduate, graduate, and professional students enrolled full-time or part-time.

² Each participating school receives a certain amount of FSEOG funds each year from the U.S. Department of Education’s office of Federal Student Aid. Once the full amount of the school’s FSEOG funds has been awarded to students, no more FSEOG awards can be made for that year. This system works differently from the **Federal Pell Grant Program**, which provides funds to every eligible student.

³ If the service obligation is not completed, all TEACH Grant funds received are converted to a Direct Unsubsidized Loan. The student must then repay this loan to the U.S. Department of Education, with **interest** charged from the date the TEACH Grant was disbursed.

What kinds of federal student loans are available?

Federal Loan Program	Loan Details (subject to change)	Annual Award (subject to change)
Federal Perkins Loan	<ul style="list-style-type: none"> For undergraduate and graduate students Eligibility depends on student's financial need and availability of funds at the college Interest is 5% College is the lender; payment is owed to the college that made the loan 	<p>Undergraduate students: up to \$5,500; graduate and professional students: up to \$8,000</p> <p>Total amount may not exceed \$27,500 for undergraduates and \$60,000 for graduate students (including amounts borrowed as an undergraduate)</p>
Direct Subsidized Loan	<ul style="list-style-type: none"> For undergraduate students who are enrolled at least half-time* and demonstrate financial need Interest is 6.8% for loans made on or after July 1, 2013 (lower rates may apply to loans made before this date) Student is not charged interest on the loan while in school at least half-time and during deferment periods The U.S. Department of Education (ED) is the lender; payment is owed to ED 	<p>\$3,500–\$5,500, depending on grade level</p> <p>For total lifetime limit, go to StudentAid.gov/sub-unsub</p>
Direct Unsubsidized Loan	<ul style="list-style-type: none"> For undergraduate and graduate students who are enrolled at least half-time*; financial need is not required Interest is 6.8% Student is responsible for interest during all periods ED is the lender; payment is owed to ED 	<p>\$5,500–\$20,500 (less any subsidized amounts received for same period), depending on grade level and dependency status</p> <p>For total lifetime limit, go to StudentAid.gov/sub-unsub</p>
Direct PLUS Loan	<ul style="list-style-type: none"> For parent of dependent undergraduate students and for graduate or professional students; financial need is not required Student must be enrolled at least half-time* and must be either a dependent undergraduate student for whom a parent is taking out a Direct PLUS Loan or a graduate or professional student who is receiving a Direct PLUS Loan Interest is 7.9% Parent of dependent undergraduate student must not have adverse credit history Borrower must not have negative credit history Borrower is responsible for interest during all periods ED is the lender; payment is owed to ED 	<p>Maximum amount is cost of attendance minus any other financial aid student receives; no minimum amount</p>

STATE OF MARYLAND STUDENT FINANCIAL ASSISTANCE

Need-Based Grants

- Howard P. Rawlings Program of Educational Excellence Awards:
 - Guaranteed Access Grant
 - Educational Assistance Grant
- Part-Time Grant
- Graduate and Professional Scholarship Program

Legislative Scholarships

- Delegate Scholarship
- Senatorial Scholarship

Career-Based Scholarships

- Charles W. Riley Fire and Emergency Medical Services Tuition Reimbursement Program
- Janet L. Hoffman Loan Assistance Repayment Program (LARP)
- John R. Justice Grant Program
- Maryland Loan Assistance Repayment Program for Physicians (MLARP)
- Maryland Dent-Care Loan Assistance Repayment Program (MDC-LARP)
- Nurse Support Program II - Graduate Nursing Faculty Scholarship and Living Expenses Grant
- Tuition Reduction for Non-Resident Nursing Students
- Workforce Shortage Student Assistance Grant Program

Service Obligations Only

- Child Care Provider Scholarship
- Developmental Disabilities, Mental Health, Child Welfare, and Juvenile Justice Workforce Tuition Assistance Program
- Distinguished Scholar Teacher Education Award
- Hope Scholarship Programs (Hope General, Maryland Teacher, & Science and Technology)
- Physical and Occupational Therapists and Assistants Program
- Sharon Christa McAuliffe Memorial Teacher Education Award
- State Nursing Scholarship and Living Expenses Grant
- William Donald Schaefer Scholarship Program

Unique Populations

- Jack F. Tolbert Memorial Student Grant Program
- Edward T. Conroy Memorial Award
- Veterans of Afghanistan and Iraq Conflicts Scholarship
- Tuition Waiver for Foster Care Recipients
- Tuition Waiver for Maryland National Guard (PDF)
- Tuition Waiver for Students with Disabilities

UNIVERSITY SYSTEM OF MARYLAND SCHOLARSHIPS & GRANTS

Regents Scholarships – academic scholarships that provide institutional tuition waivers, room & board (or living expenses), and a \$1,000/year “book” stipend for full-time students (pro-rated for part-time students). Various requirements, some requiring demonstrated financial need in addition to exemplary academic credentials. Scholarships are available for first-time freshmen and Maryland community college students for full-time or part-time study. The program supports approximately 25 new and continuing students per year.

Kelly Academic Opportunity Grants – grants that provide an average of \$3,000 to students with demonstrated financial need and strong academic credentials.

Wild Scholarships for Near Completers – grants to USM institutions to award students with at least 90 semester hours and demonstrated financial need. Sixty-four students received awards for Spring 2013. Thirty-three students graduated in May, and an additional 11 students are expected to graduate by December.

INSTITUTIONAL STUDENT FINANCIAL ASSISTANCE

The number of aid programs varies by institution but all have aid that falls into three general categories: need based grants, scholarships, and “self-help” including loans and work-study. The annual report on financial aid provides detailed information on the amounts awarded for need-based, merit/mission, and athletic grants and scholarships. The report also provides information on total financial aid provided to students by category – federal, state, institutional, private, and tuition waivers.