USM Institutional Aid: Issues and Strategies for Using Institutional Aid to Increase Degree Completion

Board of Regents Retreat
October 3, 2013
Three Issues for Discussion

• Completion – How to get to 28,000 degrees
  – Little to no enrollment growth

• Financial Aid – How to focus aid to improve degree efficiency
  – Why is institutional aid USM’s key tool?
  – What are some good bets?
  – What will it cost?

• What financial aid issues should BOR explore in coming year
Degree Production Up
4,000 Degrees Annually (+21%) Over 2009

Trajectory Needed to Achieve USM Goal of 28,000 Undergraduate Degrees by 2020

Number of Degrees Awarded
Degree Growth Has Been Through Efficiency & Not Enrollment Increases

30,000 – 33,000 Undergraduates Admitted Annually

- Students Graduated FY 2009: 18,719, 61% Completed
- Students Graduated FY 2013: 23,200, 70% Completed
- National Average: 16,500, 55% Completed

35,000
Current Enrollment Trends Not Sufficient to Achieve State Degree Goal

![Graph showing enrollment trends from 2009 to 2020. The graph compares enrollment actuals and estimates needed to achieve the 2020 goal. The estimates are differentiated by low and high estimates, with a linear trend line for actual enrollment.](image-url)
Time is Short
Graduation by 2020

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| --------- 5,000 More Degrees Per Year by 2020 --------- |
INSTITUTIONAL AID & COMPLETION
Why Is Financial Aid Important?

- Merit aid: Attracts students likely to be successful and is key for reputation and quality.

- Need-based aid: Positively affects persistence and graduation rates for all students.

- Over reliance on loans decreases success.

- Tying aid renewal to achievement boosts success.
Need-based Aid Awarding Practices

• Federal and State Aid -
  – Broadly focused coverage
  – Rigid criteria
  – Little institutional flexibility

• Institutional Aid
  – Strategically focused coverage
  – Variable criteria
  – Maximum institutional flexibility
Institutional Aid Recipients Graduate At Higher Rates

Fall 2004 New Freshman Cohort
FY 2007 New MDCC Transfer Cohort

- Institutional Aid
- No Institutional Aid
Good Bet #1: Increase the Amount of Need-Based, Institutional Aid Available to All Students

**USM New Freshmen Graduation Rates by Average EFC (Expected Family Contribution)**

- 400 Degree Increase Potential

**USM MDCC New Transfer Graduation Rates by Average EFC (Expected Family Contribution)**

- 200 Degree Increase Potential
Good Bet #2: Increase Amount of Need-Based Aid to Maryland Community College Transfers

- 2004 New Freshman Cohort:
  - Need-Based: $15,800,000
  - Merit/Performance: $41,200,000

- FY 2007 New MDCC Transfer Cohort:
  - Need-Based: $6,200,000
  - Merit/Performance: $3,600,000
Good Bet # 3: Target Aid to Students Currently Overly Dependent on Loans or With No Aid At All
Good Bet # 4: Target Aid on Seniors At Risk of Not Completing

Students Achieving Senior Status

12% ~4,000 Students

Never Graduate
Graduate
Summary of Potential Targets & Strategies

• Future and current students without institutional aid
  – Introduce transfer merit incentives
  – Expand need-based recipients

• Transfer students
  – Any amount of aid improves chance of success

• Students with only loans
  – Approx. 2,400 students in this category

• Senior students who can be “reclaimed” with aid
  – 12% of Seniors (90+ credits) will never graduate
Estimated Costs

• Minimum $1,000 per student per year
  – Students without Institutional Aid: Estimated 6,000 students = $6M per year
  – Helping “Loan Only Students”: Estimated 2,400 students = $2.4M per year
  – Reclaimers/Near-Completers: Estimated 4,000 students = $4M per year

• Combination of need-based efforts: $10M per year
Background: 2004 Financial Aid Task Force
Undergraduate Recommendations

- Decrease student loan debt burden

- Improve balance between need-based and merit institutional aid – More can be done

- Increase aid for Maryland community college transfer students – More can be done

- Increase percent of need met
Future Discussion

• Cost of Attendance & Need
  – How are student budgets figured?
  – What is a reasonable % of need met?

• Institutional Aid Practices
  – Strategies for awarding to maximize state and federal resources
  – How can we identify students for impact areas?

• Student Loans and Financial Literacy
  – Are students borrowing more than they “need”?