



# Financial Aid Task Force Recommendations Update

FY 2004 – FY 2013

Presentation to Education Policy and  
Student Life Committee

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# Materials for Discussion

- Financial Aid Data Update
  - Primary reference for today
  - FY 2007-FY 2013 Data
- Supplemental Salary and Loan Info
  - Information about average debt and payment terms
  - Starting and Mid-Career Salaries
  - Federal Programs
- October 2012 Financial Aid Report
  - FY 2007-FY 2011 Data



# Financial Aid Report Background

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- Provides overview of financial aid picture
- Updates the December 2004 Financial Aid Task Force Recommendations
  - Institutions implemented in FY 2006
- Last report in October 2012 focused on progress from 2004-2011



# 2004 Financial Aid Task Force Recommendations

- Decrease student loan debt burden (1)
- Improve balance between need-based and non-need based institutional aid (2 & 4)
- Increase percent of need met (3)
- Increase aid for Maryland community college transfer students (5)
- Strengthen graduate/first-professional student aid (6)



# Recommendation 1 (Pages 4-5) – Decrease Student Debt Burden

- Fall 2007 Freshmen graduating in 6 years (Table 2a):

Pell:	\$26,744	(26.5% less)
Non-Pell:	\$36,407	
- FY 2010 MDCC Transfers graduating in 4 years (Table 2b):

Pell:	\$21,477	(4.4% less)
Non-Pell:	\$22,456	

*Assessment: Freshmen Pell students continue to graduate at the recommended lower debt. Transfer students have much less debt overall.*



## Recommendation 2 (Page 6) – Target Institutional Funds to Need-Based Aid

- 39% of institutional aid was need-based in 2013 up from 29% in 2004 (Table 3)
- 61% of institutional aid was non-need in 2013 down from 72% in 2004 (Table 3)

*Assessment: Progress made but must continue need-based commitment*



## Recommendation 3 (Page 7) – Tie Goals for % of Need Met to Peers

- Most USM institutions fell below 75th percentile of peers in percent of need met for undergraduates

*Assessment: Progress not being made*

*Questions to consider: Does this conflict with the goal to reduce debt?*

*Are more need-based institutional aid awards needed?*



## Recommendation 4 (Page 8) – Target Institutional Funds to Need-Based Aid

- Similar to Recommendation 2
- Growth in institutional aid was disproportionately shifted to need-based aid for most institutions (Table 5a)

*Assessment: Progress made but "balance" may mean different proportions at different institutions*





# Recommendation 5 (Pages 9-10) – Increase Aid to MDCC Students

- Related to balancing institutional aid programs in Recommendation 4
- More Maryland community college transfers are recipients of need-based and merit-based awards (Table 5c) although freshmen continue to dominate institutional aid awards (Table 5b)
- Increasing percentage of Freshman and Transfer received a Pell Grant and some institutional aid (Table 6)

*Assessment: Progress being made but need to continue commitment to MDCC students given cohorts are increasing in size*

**Current development:** The new "2+2" grant program will provide \$1,000/yr for general majors and \$2,000/yr. for STEM majors. [HB1215/SB0785 hearings on 3/5/14](#)



## Recommendation 6 (Page 11) – Strengthen Graduate/1<sup>st</sup> Professional Student Aid

- Graduates continue to get an increasing proportion of the low-interest Perkins loans (Table 6).
- However, the total funds available are decreasing (\$12M to \$6.5M).
- Graduate loans have increased to nearly \$500M per year.

*Assessment: Impact minimal - suggest exploring alternative strategies*



# Discussion Questions

- “Reasonable Amount of Debt”
  - Is any debt acceptable? How much?
- Institutional Aid Balance
  - Is the proportion of need-based aid appropriate?
  - Are aid programs for MDCC Transfers adequate?
- Percentage of need-met
  - Are peer institutions the best measure?
  - How does Cost-of-Attendance impact?
- Explore alternative strategies to lower graduate/first professional student debt and/or interest rates