



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION, OR DISCUSSION

TOPIC: Student Financial Assistance Report

COMMITTEE: Education Policy and Student Life

DATE OF COMMITTEE MEETING: June 3, 2014

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 Committee on Education Policy and Student Life 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.

The following report is the culmination of this year's work and incorporates the thinking, expertise, and suggestions of institutional financial aid directors, USM staff, and the regents. On May 21, 2014, the Committee received the draft report and offered a number of suggestions to strengthen the report. Today, USM staff will present the revised report focusing attention on the revisions that have been made.

ALTERNATIVE(S): The regents could offer additional suggestions to be incorporated in the report, or they could request additional information.

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: June 3, 2014

BOARD ACTION:

DATE:

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2013 - 2014

Student Financial Assistance

Report to the University System of Maryland

Board of Regents

DRAFT

Submitted by:

**USM Board of Regents
Committee on Education Policy and Student Life**

June 2014

EXECUTIVE SUMMARY

In support of the Governor's call to increase degree completion, the Board of Regents has been examining the key factors that contribute to reaching the State's college completion goal¹. Having identified affordability as one of these factors, the Board engaged in a discussion about financial aid and strategies for using aid to increase degree completion. The discussion at the Board's annual retreat in October 2013 resulted in agreement that the Committee on Education Policy and Student Life (EPSL) would, over the course of the academic year, review the recommendations of the 2004 USM Financial Aid Task Force, the progress toward the stated goals, as well as propose or revise recommendations that will significantly impact USM's and Maryland's strategic goal of degree completion.

As Chancellor Kirwan stated at the retreat, *"We face a clear challenge and responsibility: education is the remedy to our social equity/social mobility challenge and need-based financial aid is a primary remedy for our higher education retention/completion challenge."*

It was within the context of responding to these challenges and responsibilities, supporting the State's college completion goal, the review of the effectiveness of the 2004 Task Force recommendations, and the impending Reauthorization of the Higher Education Act, that the Committee on Education Policy and Student Life discussed and developed their recommendations.

Summary of Recommendations

Proposed 2014 Recommendations from the Board of Regents Committee on Education Policy and Student Life are as follows:

I. Undergraduate Student Financial Assistance

a. Undergraduate Student Loan Debt

Recommendation: *The USM Board of Regents reiterates its support of the 2004 student loan debt recommendation and expects USM institutions to continue to ensure that Pell-eligible students graduate with at least 25% less debt than their peers.*

Recommendation: *Direct the institutions to work to achieve or maintain an average undergraduate debt for Maryland residents at graduation not to exceed one year of the undergraduate full-time cost of attendance.*

Recommendation: *Establish a goal that Maryland residents should have less debt than the overall institutional average, and, when possible, maintain the same debt ratio of less debt for low-income students.*

¹ By 2025, at least 55% of the State's citizens age 25-64 will hold at least one degree, either the associate's or bachelor's, which would represent an 11-point increase over the State's current attainment rate of 44%.

b. *Strategic Use of Institutional Aid for Undergraduate Students*

Recommendation: *Direct institutions to continue working to achieve or maintain an appropriate balance of merit and need-based institutional aid.*

Recommendation: *Direct the institutions to take proactive measures to increase institutional aid, work to identify other sources of aid, and continue to seek additional support from the State for students transferring from Maryland Community Colleges.*

II. **Strengthen Graduate and Professional School Student Aid**

Recommendation: *The USM should advocate for policies that extend fair borrowing terms to graduate and professional school students.*

Recommendation: *Direct institutions to increase and strategically use institutional aid to support the degree mix needed for the workforce of Maryland.*

III. **Enhance Financial Literacy Programs for Undergraduate, Graduate, and Professional School Students**

Recommendation: *Direct the institutions to establish or enhance financial aid literacy initiatives that are informed by best practices to educate students early and often about the impact of incurring varying amounts of debt. Further, USM is expected to facilitate the gathering of information and sharing of best practices and resources available to institutions and students across the USM.*

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IV. **Administrative Processes**

Recommendation: *Direct the institutions to continuously review all administrative processes, remove any unnecessary barriers, and enhance communications with students prior to, during and after enrollment.*

V. **Advocacy**

Recommendation: *Charge the USM and its constituent institutions to increase advocacy activities at the State and federal level for increased funding for need-based and workforce shortage financial assistance programs and for revisions to regulations to affect a streamlined process for the award of aid.*

VI. **Assessment and Further Study**

Recommendation: *The Board of Regents should continue to monitor the progress of meeting the established goals through a biennial report. Further, USM should consider the efficacy of requiring students to complete loan debt education.*

Education Policy and Student Life Committee Review

Following a mid-term progress report on the 2004 recommendations made in the original Report of the Financial Aid Task Force, the USM Board of Regents' Committee on Education Policy and Student Life (EPSL) made the 10-year review of financial aid a priority for the 2014 fiscal year. Beginning in FY 2014, the Board of Regents discussed the strategic use of financial aid, specifically institutional aid, and how it can impact degree completion. Further review of the financial aid recommendations were discussed during regularly scheduled EPSL committee meetings and with financial aid officers from USM institutions. Feedback into this process was also gathered from institutional provosts and vice presidents for student affairs. After extensive review and data analyses, this report summarizes the EPSL recommendations for the following six broad areas: 1) undergraduate student loan debt, 2) strategic use of institutional aid for undergraduate students, 3) graduate and professional school student aid, 4) financial aid literacy, 5) administrative processes, and 6) advocacy.

I. Undergraduate Student Loan Debt

Over the last decade, undergraduate student loan debt has received a great deal of national attention. In March 2014, as part of the preparation for the Reauthorization of the Higher Education Act, the U.S. Senate Committee on Health, Education, Labor and Pensions held a hearing on "Strengthening the Federal Student Loan Program for Borrowers" where the Committee heard testimony from experts on financial aid policy and higher education financial aid professionals. It is not at all surprising that the Committee found that there is an urgent need to consider how best to move forward when we consider that the aggregate student loan debt has reached over \$1 trillion.

Although USM public institutions, in partnership with the State, strive to keep costs of tuition and fees low, the total cost of education may be unaffordable without financial aid. Tuition and mandatory fees are only a fraction, less than 40%, of the entire cost of attendance for a student. The larger costs required to complete a college degree include room & board, books, supplies, and other living expenses.

In addition to scholarships and grants, student loans are an essential part of the overall financial aid package for students. Without access to student loans, students would be financially unable to attend the universities. However, the total loan debt upon graduation remains a concern for USM.

a) & b) Low-Income (Pell-eligible) Students

As cited in the 2004 Task Force Report, USM was very concerned about growing debt balances specifically for low-income students. Whereas higher-income families may be able to assist with post-graduation college debt, lower-income families are unable to do so. Therefore, the 2004 Task Force recommended Pell-eligible students have 25% less debt than their non-Pell eligible peers.

Recommendation: *The USM Board of Regents reiterates its support of this recommendation and expects USM institutions to continue to ensure that Pell-eligible students graduate with at least 25% less debt than their peers (See Table 1).*

Freshmen Cohort	Non-Pell	Pell	% Less
Fall 2004	\$ 31,885	\$ 24,878	22%
Fall 2005	\$ 32,655	\$ 25,115	23%
Fall 2006	\$ 34,685	\$ 25,272	27%
Fall 2007	\$ 36,407	\$ 26,744	27%

In addition to ensuring that low-income students graduate with less debt, the Board of Regents found it essential that all students graduate with manageable debt. It is important to note that debt could rise steeply while still maintaining the original ‘25% less debt’ ratio between low-income students and their peers.

Recommendation: *Direct the institutions to work to achieve or maintain an average undergraduate debt for Maryland residents at graduation not to exceed one year of the undergraduate full-time cost of attendance.*

Currently, the USM overall debt average balances held by graduating students are, by varying degrees, above the most recent cost of attendance figures (see Appendix Tables I and II), however these graduation debt amounts are similar to the price of a new car. The rationale for this recommendation is that through the utilization of non-loan financial aid, the student/family resources, and financial management strategies, students would be able to cover three of the four years of a bachelor’s degree education leaving only one quarter of the total four-year bachelor’s degree cost of attendance financed through student loan debt. Further, given that the median expected earnings of the 2013 graduates were in the mid-\$40,000 range, then the current monthly payment would be less than 10% of the students monthly gross earnings (See Appendix, Tables III and IV) as defined by the federal Income-Based Repayment Program (See Appendix, Table V).

In-state Students

Institutions should also monitor to assure that the average graduating debt is approximately one year of the cost of attendance for instate students. As seen in Table 2, not only are in-state students graduating with less debt than the USM overall, the low-income students are also graduating with 25% less debt.

Recommendation: *Establish a goal that Maryland residents should have less debt than the overall institutional average, and, when possible, maintain the same debt ratio of less debt for low-income students.*

These ratios held for in-state new freshmen (Table 2), but not for Maryland Community College transfers (Table 3). Although transfer students graduated with less debt than all new freshmen (in-

state and overall), this does not account for debt incurred prior to transfer. Institutions should monitor and address as needed the transfer student debt especially for low-income students.

Table 2 **Graduating Debt from USM**

In-state Resident Freshmen Cohort	Non-Pell	Pell	% Less
Fall 2004	\$ 27,352	\$ 20,426	25%
Fall 2005	\$ 27,486	\$ 21,345	22%
Fall 2006	\$ 29,315	\$ 20,925	29%
Fall 2007	\$ 30,357	\$ 22,438	26%

Table 3 **Graduating Debt from USM**

MD Community College New Transfer Cohort	Non-Pell	Pell	% Less
FY 2005	\$ 18,760	\$ 19,053	-2%
FY 2006	\$ 19,582	\$ 18,784	4%
FY 2007	\$ 19,358	\$ 19,116	1%
FY 2008	\$ 20,886	\$ 19,657	6%
FY 2009	\$ 21,707	\$ 20,945	4%
FY 2010	\$ 22,456	\$ 21,477	4%

a) Affordability

The original recommendation from the FY 2004 Financial Aid Task Force was that the USM institutions should be at the 75th percentile in need met compared to their peer institutions. However, given that awarding practices and fund sources vary by state, this recommendation created a standard that worked against the other recommendations to control debt and use financial aid strategically. For example, other states and institutions might use loans to meet need thereby increasing the percentage of need met working against the goal to decrease debt. Consequently, the System needs a better gauge of college affordability.

College affordability is most often associated with the cost of attendance. In addition, the amount of debt at graduation reflects the affordability. Graduates should be able to afford the student debt, and a low default rate would indicate both affordable debt as well as gainful employment.

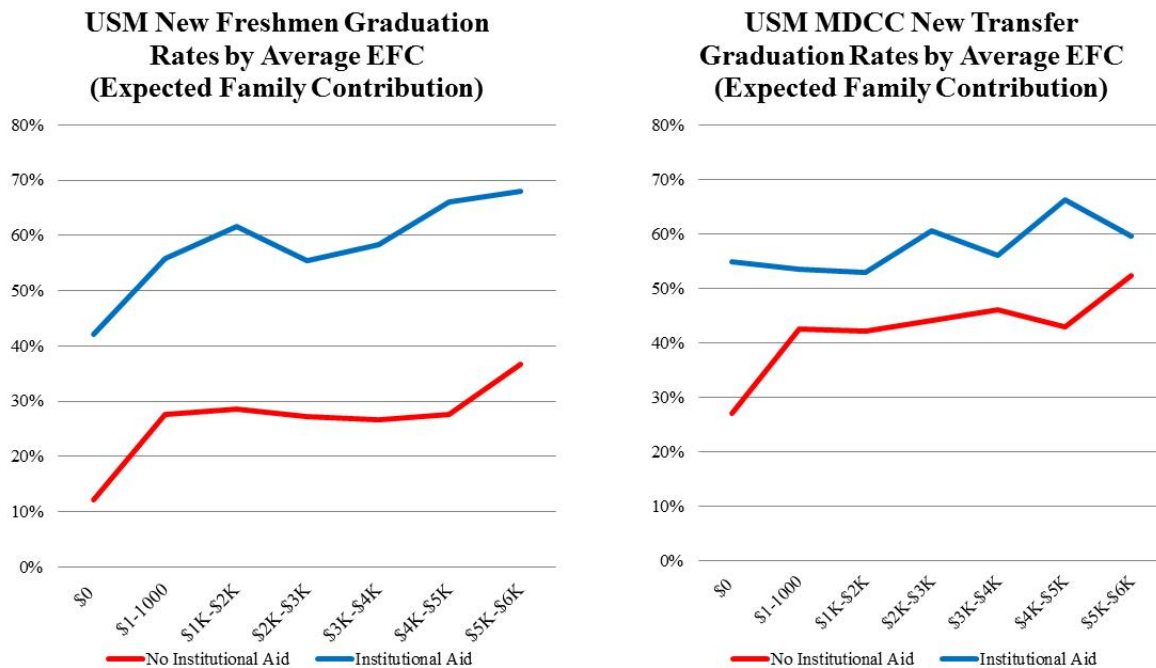
Recommendation: *Establish a goal that, at minimum, the institutional three-year cohort default rate be at or below the State's average (currently 12.8%). (See Appendix, Table VI)*

It is recognized that there is little institutional control over the amount of loan debt a student chooses to incur. It is, however, incumbent on the institution to counsel students on how certain choices in personal financial management may impact their total debt and how to calculate their projected debt repayment amounts. In addition, students should be made aware of federal programs that will assist students in the repayment of debt. These programs include the financial hardship Income-Based Repayment program as well as loan forgiveness for public service (PSLF).

II. Strategic Use of Institutional Aid for Undergraduate Students

Effective use of institutional aid is critical to achieving USM strategic goals. While federal and state grant programs provide defined awards that cannot be redistributed based on institutional analyses of a student’s need, institutions may award different amounts of institutional aid to seemingly similar students (under federal regulations). As discussed at the Board of Regents retreat, students at the same income level (as measured by Expected Family Contribution) were more likely to have earned a degree if they received institutional aid (See Illustration 1).

Illustration 1. Graduation Rates for New Freshmen and Maryland Community College Transfers by Expected Family Contribution



This can be at least partially attributed to the fact that USM financial aid officials were carefully assessing the needs of the students and offering the appropriate amount needed to retain the student. This practice allowed more dollars to be distributed to more students, as aid was not expended through defined award amounts.

In addition, the USM has designated and provided private funds to institutions to assist students who are near completion but have exhausted their eligibility for State and federal financial aid. The State has also awarded grants to selected institutions to assist them in identifying students

who have “stopped out” for lack of funds. The USM is committed to identifying other areas of strategic importance and to seek additional private and other sources of funds.

b) Balancing Need and Merit Institutional Aid

One strategic allocation of institutional aid is through the awarding of need-based awards. In FY 2004, only 20% of the institutional aid dollars were awarded to students as need-based grants. It was recommended that institutions increase need-based awards and create a better balance of distribution of financial aid among merit and need-based programs. The institutional aid balance has improved with nearly 40% of institutional aid awarded in need-based aid. It should be noted that this percentage does not reflect the merit, mission or athletic aid that is awarded to students with financial need.

Recommendation: *Direct institutions to continue working to achieve or maintain an appropriate balance of merit and need-based institutional aid. (See Appendix, Table VII)*

Institutional Aid for Maryland Community College Transfers

Over the past ten years, transfers to USM have increased significantly. The majority of transfers come through the Maryland community college pipeline. As of FY 2013, the number of new Maryland community college transfers is equal to the number of new first-time, full-time new freshmen. It is clear that an increasing proportion of degrees granted will come through this pipeline. Further, it has been found that graduation rates are similar between first-time, full-time new freshmen and transfers who attend full-time, transfer with more credits (45+), and/or attend regional center programs.

Increasing financial support for Maryland transfers was a priority in FY 2004, and using institutional aid to encourage students to make decisions that increase the likelihood of degree attainment is another strategic use of institutional aid. Specifically, it was found that the lower-income students were more successful via the transfer route overall but that they were most successful when awarded institutional aid.

During the 2014 legislative session, at the suggestion of and with strong support from the USM and the Maryland community colleges, the Maryland General Assembly approved and funded “2+2” transfer grants to aid Maryland Community College graduates who intend to transfer to a senior institution. These grants are designed to encourage transfers to achieve the benchmarks found to increase degree attainment. In addition, these grants will further bolster the Maryland Community College pipeline, making it an affordable option for Maryland residents.

Recommendation: *Direct the institutions to take proactive measures to increase institutional aid, work to identify other sources of aid, and continue to seek additional support from the State for students transferring from Maryland Community Colleges.*

II. Strengthen Graduate and Professional School Student Aid

Graduate education covers a wide array of degrees and student intentions. Graduate education ranges from short-term master's programs to long-term research doctoral programs to medical, law and other professional programs. The funding available for graduate students reflects this variation. For example, many master's graduate students might be funded through employer tuition assistance. Many doctoral students and some master's students are funded through assistantships that include a work stipend and tuition remission. Finally, professional students may only be funded through loans but work toward well-compensated careers.

One common source of funds that connects all types of graduate students is loans. As the national focus has steered toward undergraduate college completion, graduate students have often been slighted in funding benefits such as subsidized loans and lower interest rates. The original task force recommendation was to direct low-interest Perkins loans towards graduate students, but this small funding source is insignificant compared to the nearly half-billion dollars borrowed yearly. Furthermore, as of July 1, 2012 graduate students are no longer eligible for subsidized direct loans, and except for students in certain health professions, the unsubsidized direct loan limits have been decreased. In addition, the current interest rate for the unsubsidized direct loan to undergraduates is 3.86%, while the graduate student rate is 5.41%.

Recommendation: *The USM should advocate for policies that extend fair borrowing terms to graduate and professional school students.*

It is important to produce a strategic degree mix for the state of Maryland and its workforce. While graduate students depend on loans to complete their educational objectives, non-loan sources of aid are also important. Where possible, institutions extend assistantship opportunities to graduates where the source of funds comes from research grants or the institution.

USM is expected to continue to work with all levels of government, agencies and organizations that can affect an increase in access to financial assistance for graduate students. These activities help address the expectations stated in a later recommendation.

Recommendation: *Direct institutions to increase and strategically use institutional aid to support the degree mix needed for the workforce of Maryland.*

III. Enhance Financial Literacy Programs for Undergraduate, Graduate, and Professional School Students

Finally, financial aid literacy is the tool that connects the previous recommendations. Financial aid literacy includes the full understanding of the impact financial decisions have on a student's future, in addition to understanding the complexities of garnering financial aid. Tuition and fees comprise less than half of the cost of attendance for an undergraduate, in-state student. Other related educational expenses comprise the majority of the costs to attend higher education. Many of those costs can be minimized or avoided by students through careful analyses of personal budgets and living decisions.

For graduate and professional school students, many of whom have other personal financial obligations and in some cases have already incurred debt from their undergraduate degrees, it is critical that they be apprised of repayment options, and, other sources of funds.

When debt must be incurred, all students should carefully consider the average expected wages at graduation, specifically for the chosen academic programs of study, to better understand the affordability of debt. As reported to the Board in October 2010, institutions have in place: financial aid workshops, course units, and web-based information. (See Appendix, Chart A) These are important and effective strategies, however, there is more that can and should be done.

It is imperative that financial aid counseling and information be delivered to students and their families in an accessible and timely manner. It is also appropriate to provide this information at multiple times during a student's journey in the higher education system. For undergraduates, this education begins well before their first matriculation and continues throughout their enrollment and graduation. It is also important that graduate and professional school students receive the appropriate counseling prior to incurring loan debt and information about the projected repayment amount and options prior to completion.

Recommendation: *Direct the institutions to establish or enhance financial aid literacy initiatives that are informed by best practices to educate students early and often about the impact of incurring varying amounts of debt. Further, USM is expected to facilitate the gathering of information and sharing of best practices and resources available to institutions and students across the USM.*

IV. Administrative Processes

Since 2004, the majority of the USM institutions have implemented new financial aid systems as part of the PeopleSoft enterprise software. While this has provided more consistency and functionality, it is recognized that the information technology support to adjust for changes in federal and State aid has strained the resources of the institutions. Regularly scheduled meetings of financial aid personnel have provided some assistance by providing a means to share best practices in both administrative processes and software updates. In addition, the newly reformulated MHEC Student Financial Assistance Advisory Council is a forum for sharing best practices, and importantly to work cooperatively with the State to affect change in the timely processing and disbursement of State aid programs.

Improvements to the transparency of key financial aid information has been made available to students and their families prior to enrollment through the use of the "Financial Aid Shopping Sheet" and once enrolled, providing students with access to their financial aid accounts through student web portals.

The ease by which students are able to navigate the processes for obtaining aid is an area that requires continuous improvement. With the increase in the number of first generation students, who may not have the benefit of familiarity with the financial aid process, it is of particular importance that unnecessary barriers to obtaining aid be removed. Part of the strategy

for improving the process is to have frequent communications with students to explain the requirements for receiving aid, including: timely completion of the FAFSA each year, federal requirements for verification, institutional requirements for loan disbursement, etc.

Recommendation: *Direct the institutions to continuously review all administrative processes, remove any unnecessary barriers, and enhance communications with students prior to, during and after enrollment.*

V. Advocacy

One of the benefits of a system of institutions is the strength of a collective and influential voice to advocate at both the State and federal level for policies, processes, and funding to enhance the overall financial assistance available. Appointed by the U.S. Senate, Chancellor Kirwan is serving as the co-chair of the Task Force on Government Regulation of Higher Education that seeks to “...examine burdensome, costly and/or confusing regulations, legislation and reporting requirements.” It is through this and other spheres of influence that the USM is in a position to influence change at the federal level. Another avenue to affect change is to join forces with major associations, such as the Council of Graduate Schools, the Association of Public and Land-grant Universities, and others to advocate for increased levels of aid as well as the streamlining of federal aid regulations. At the State level, advocacy at the gubernatorial and legislative levels to increase funding has proven to be effective as demonstrated in the successful establishment and **funding** of the “2+2” scholarship discussed earlier. Areas of particular focus for advocacy include:

State

- a) Increased funding for all need-based financial aid programs.
- b) Full funding for all Loan Assistance Repayment Programs (LARP), particularly in the health professions.
- c) Consolidation, streamlining and elimination of burdensome, costly and/or confusing regulations, legislation and reporting requirements.
- d) Earlier State award notifications to students and institutions.

Federal

- a) Lower interest rates for graduate and professional loan programs.
- b) Elimination of the 150% subsidized loan limits.
- c) Consolidation, streamlining and elimination of burdensome, costly and/or confusing regulations, legislation and reporting requirements.

Recommendation: *Charge the USM and its constituent institutions to increase advocacy activities at the State and federal level for increased funding for need-based and workforce shortage financial assistance programs and for revisions to regulations to affect a streamlined process for the award of aid.*

VI. Conclusion and Further Study

As the Reauthorization of the Higher Education Act unfolds, the USM must continue to monitor the issues of college completion and student financial assistance, advocate for strengthening the availability of financial assistance for all students, and continually evaluate the progress on meeting the 2004 Task Force recommendations and the new goals set forth in this report.

Recommendation: *The Board of Regents should continue to monitor the progress of meeting the established goals through a biennial report. Further, USM should consider the efficacy of requiring students to complete loan debt education.*

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Appendix

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Table I
Fall 2007 New Freshmen Cohort--Graduates with Debt

	Instate	Out-of-State	Combined
Bowie	\$32,230	\$51,981	\$34,720
Coppin	\$22,354	\$40,101	\$25,555
Frostburg	\$29,952	\$41,489	\$31,039
Salisbury	\$28,849	\$46,423	\$32,845
Towson	\$28,951	\$50,187	\$35,919
UB	\$17,452	*	\$17,078
UMCP	\$25,800	\$51,270	\$35,427
UMBC	\$27,249	\$40,155	\$28,408
UMES	\$33,632	\$49,878	\$37,339
USM Average	\$28,146	\$49,717	\$34,023

* Less than five students.

FY 2014 Undergraduate Cost of Attendance

Table II Full-time Student	On Campus Student		Off Campus Student	
	Resident	Non-Resident	Resident	Non-Resident
Bowie	\$ 20,107	\$ 30,674	\$ 23,531	\$ 34,098
Coppin	\$ 19,091	\$ 24,025	\$ 17,236	\$ 22,170
Frostburg	\$ 20,046	\$ 30,694	\$ 18,634	\$ 29,282
Salisbury	\$ 22,368	\$ 30,714	\$ 22,594	\$ 30,940
Towson	\$ 23,166	\$ 34,844	\$ 23,166	\$ 34,844
UB	\$ 27,588	\$ 36,038	\$ 19,888	\$ 28,338
UMBC	\$ 24,762	\$ 36,336	\$ 27,350	\$ 38,924
UMCP	\$ 23,734	\$ 42,920	\$ 26,712	\$ 45,898
UMES	\$ 21,454	\$ 29,960	\$ 22,080	\$ 30,586
UMUC	NA	NA	\$ 28,737	\$ 34,521

*Department of Education NCES IPEDS

Table III. Monthly Student Loan Payment based on 3.86% Interest Rate

Total Loan	Loan Term (Years)				
	5	10	15	20	25
\$20,000	\$367	\$201	\$147	\$120	\$104
\$25,000	\$459	\$251	\$183	\$150	\$130
\$30,000	\$550	\$302	\$220	\$180	\$156
\$35,000	\$642	\$352	\$256	\$210	\$182
\$40,000	\$734	\$402	\$293	\$240	\$208
\$45,000	\$826	\$453	\$330	\$270	\$234
\$50,000	\$918	\$503	\$366	\$300	\$260

Note: Using previous 6.8% interest rate will add about \$30 each month.

Table IV. Gross Annual Income and Monthly Net Pay Estimates

Gross Annual Income	30,000	35,000	40,000	45,000	50,000
Gross Monthly Pay	\$2,500	\$2,917	\$3,333	\$3,750	\$4,167
Monthly Tax	(\$519)	(\$633)	(\$747)	(\$871)	(\$1,027)
Monthly Healthcare	(\$120)	(\$120)	(\$120)	(\$120)	(\$120)
Monthly Net Pay	\$1,861	\$2,164	\$2,466	\$2,759	\$3,020
Gross Annual Income	55,000	60,000	65,000	70,000	75,000
Gross Monthly Pay	\$4,583	\$5,000	\$5,417	\$5,833	\$6,250
Monthly Tax	(\$1,182)	(\$1,339)	(\$1,495)	(\$1,650)	(\$1,806)
Monthly Healthcare	(\$120)	(\$120)	(\$120)	(\$120)	(\$120)
Monthly Net Pay	\$3,281	\$3,541	\$3,802	\$4,063	\$4,324

Note: Calculated with PaycheckCity calculator (<http://www.paycheckcity.com/cokronos/netpaycalculator.asp>) for a single individual with 1 exemption. Monthly tax includes federal/state tax, social security and Medicare. Monthly health care bill is estimated with \$72 medical, \$40 prescription and \$8 dental.

Programs to Assist Students with Student Loan Debt

Income-Based Repayment Program

Income-Based Repayment (IBR) is designed to reduce monthly payments and make student loan debt manageable. To qualify for IBR, a borrower must have a partial financial hardship. A borrower has a partial financial hardship if the monthly amount required to pay on IBR-eligible federal student loans (under a 10-year Standard Repayment Plan) is higher than the monthly amount required under IBR. IBR payment amount may increase or decrease each year based on income and family size. Once a borrower is initially qualified for IBR, he/she may continue to make payments under the plan even if he/she later no longer has a partial financial hardship. The following table shows the monthly IBR payment amounts for a Maryland borrower with family size of “1” under current interest rate of 3.86%.

Table V. Income-Based Repayment (IBR)

Annual Income	Monthly Payment Threshold
\$30,000	\$160
\$35,000	\$222
\$40,000	\$285
\$45,000	\$347
\$50,000	\$410

Source: Monthly payment thresholds are calculated with IBR calculator from Department of Education website: <http://studentaid.ed.gov/repay-loans/understand/plans/income-based/calculator>.

Public Service Loan Forgiveness Program

The **Public Service Loan Forgiveness (PSLF)** Program is intended to encourage individuals to enter and continue to work full-time in public service jobs (federal, state, local governments and non-profit organizations). Under this program, a borrower may qualify for forgiveness of the remaining balance due on William D. Ford Federal Direct Loan Program (Direct Loan Program). The borrower must make 120 qualifying payments on those loans while employed full-time by certain public service employers. The 120 payments must be made after October 1, 2007 in order for borrowers to qualify for loan forgiveness.

Table VI

USM INSTITUTIONS STUDENT LOAN DEFAULT RATES¹

FY 2009 & FY 2010 Cohort Default Rates

Institution	% Default Rate		# in Default		# in Repayment		Enrollment	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
BSU	16	11	187	138	1163	1244	6204	3522
CSU	22.1	13.2	194	125	875	943	5002	4723
FSU	11	7.8	113	78	1025	988	5893	5734
SU	5.3	3.9	71	53	1326	1356	9002	8736
TU	5.8	3	178	82	3023	2716	24940	23606
UB	7.8	7.2	108	104	1384	1425	6971	6140
UMB	2	1.7	31	26	1533	1471	6865	6571
UMBC	5.3	6.2	99	104	1858	1654	13692	13424
UMCP	4.2	3.5	202	155	4721	4380	42586	39324
UMES	23.5	16	197	145	838	902	4868	4549
UMUC	10.6	5.8	741	329	6969	5609	50697	48587

Source: <http://www2.ed.gov/offices/OSFAP/defaultmanagement/cdr.html>

Notes:

Schools with a FY 2010 official 3-year cohort default rate that is equal to or greater than 30 percent must establish a default prevention task force that prepares a plan to identify the factors causing cohort default rate to exceed 30 percent and submit to the Department for review. If the school's three most recent 3-year cohort default rate is 30 percent or greater, the school will lose Direct Loan and Federal Pell Grant eligibility for the remainder of the fiscal year in which the school is notified of its sanction and for the following two fiscal years.

Starting in 2014, any institution with a current year Cohort Default Rate (CDR) above 40 percent will automatically lose eligibility to participate in the Direct Loan program (but will remain eligible for Pell Grants).

¹ Loans included in the calculation: Subsidized and Unsubsidized Federal Stafford Loans, Federal Direct Subsidized Loans

Table VII. Need-based Institutional Aid Distribution by Institution for FY 2011-FY 2013

	FY 2011			FY 2012			FY 2013		
	Need-Based Institutional Aid	Total Institutional Aid	% Need-Based Inst Aid	Need-Based Institutional Aid	Total Institutional Aid	% Need-Based Inst Aid	Need-Based Institutional Aid	Total Institutional Aid	% Need-Based Inst Aid
BSU	\$1,866,953	\$4,836,842	39%	\$1,928,794	\$4,797,041	40%	\$2,081,501	\$5,289,391	39%
CSU	\$240,723*	\$2,055,033	12%	\$987,325	\$3,076,806	32%	\$994,030	\$3,176,715	31%
FSU	\$2,140,689	\$4,050,041	53%	\$2,742,533	\$4,392,362	62%	\$2,734,180	\$4,581,052	60%
SU	\$1,783,074	\$3,137,700	57%	\$1,909,348	\$3,653,848	52%	\$2,367,580	\$4,257,180	56%
TU	\$12,780,349	\$22,509,075	57%	\$14,230,161	\$24,674,249	58%	\$14,522,929	\$25,076,942	58%
UB	\$871,698	\$3,143,145	28%	\$1,444,567	\$3,862,193	37%	\$1,285,002	\$4,167,583	31%
UMB	\$446,959	\$446,959	100%	\$503,336	\$606,180	83%	\$514,413	\$621,532	83%
UMBC	\$3,261,348	\$19,236,787	17%	\$2,958,262	\$19,348,605	15%	\$3,540,661	\$21,267,994	17%
UMCP	\$12,204,350	\$38,886,039	31%	\$12,275,760	\$40,089,020	31%	\$13,892,507	\$42,613,307	33%
UMES	\$4,114,581	\$8,152,232	50%	\$4,439,653	\$8,607,406	52%	\$4,355,840	\$9,110,573	48%
UMUC	\$1,917,980	\$3,580,973	54%	\$2,165,803	\$4,031,670	54%	\$2,062,054	\$3,778,186	55%
USM	\$41,628,704	\$110,034,826	38%	\$45,585,542	\$117,139,380	39%	\$48,350,697	\$123,940,455	39%

Chart A

Financial Literacy Education Summary

Institution	Workshops	FL Unit in Orientation Program or Course	Web Site On-line Resources	Course(s)	Other
BSU	√	√	√	√	Partners with employers to offer one- on- one on financial education.
CSU	√	√	√	√	Partners with Coppin Heights Community Development Corporation to offer “The Road Map to Financial Literacy Freedom” counseling and training program.
FSU	√	√	√	√	Special workshops for TRIO participants.
SU	√		√	√	Partners with SECU and the Delmarva Education Foundation host a free Financial Empowerment Day for Delmarva families.
TU	√	√	√	√	<i>Money Attitude</i> program employs peer counselors and offers personal finance counseling, workshops, etc.
UB	√	√	√	√	Basic budgeting book distributed to all students.
UMB	√	√	√	√	Office of Financial Education and Wellness offers individual counseling on budget management, programming, etc. Spending journal distributed at Orientation.
UMBC	√	√	√	√	Financing Your Education brochure
UMCP	√	√	√	√	Personalized counseling on loan indebtedness. Financial literacy web site provides step-by-step education on all aspects of personal finance: budgeting, planning, etc.
UMES	√	√	√	√	Credit-bearing course is offered tuition-free.
UMUC	√	√	√	√	Virtual Financial Literacy Resource Center Required counseling for student loans.