



**SUMMARY OF ITEM FOR ACTION,
INFORMATION, OR DISCUSSION**

TOPIC: Student Financial Assistance: Progress on 2014 Financial Aid Recommendations,
Updated FY 2015 – FY 2016

COMMITTEE: Education Policy and Student Life

DATE OF COMMITTEE MEETING: May 10, 2016

SUMMARY: 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. In June 2014, a report was delivered that incorporated the thinking, expertise, and suggestions of institutional financial aid directors, USM staff, and the regents. The Board adopted that report and asked that it be updated every two years on progress achieved toward the recommendations contained within the report.

This briefing paper serves as the update about progress made for each recommendation contained in the 2014 report.

ALTERNATIVE(S): The regents 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:** May 10, 2016

BOARD ACTION: **DATE:**

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Student Financial Assistance

Progress Update on 2014 Financial Aid Recommendations

Updated FY 2015 – FY 2016

**Report to the University System of Maryland
Board of Regents
Committee on Education Policy and Student Life**

**USM Office of Institutional Research
Office of the Chief Operating Officer and
Vice Chancellor for Administration and Finance
and
Office of Academic Affairs
University System of Maryland Office
May 2016**

Progress Update to the 2014 Financial Assistance Recommendations

In adopting the 2014 Financial Assistance Report, the Board of Regents asked that it be updated every two years on progress achieved toward the recommendations contained within in the report. This briefing paper serves as the update about progress made for each recommendation contained in the 2014 report. The focus of this update is specific to those recommendations for which current data and information are available through USM Office of Institutional Research, the Department of Education, the State of Maryland, and USM institutions.

Specific recommendations contained in the 2014 report, along with the progress made over the past two years toward the recommendations, are summarized below:

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.*

<u>Freshmen Cohort</u>	<u>Non-Pell</u>	<u>Pell</u>	<u>% Less</u>
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%
Fall 2008	\$37,033	\$26,837	28%
Fall 2009	\$38,601	\$28,329	27%

UPDATE: The Fall 2009 cohort was the most recent first-time, full-time new freshmen cohort to conclude the six-year graduation time limit. USM data show those Pell recipients in the 2009 cohort who graduated, graduated with 27% less debt than the non-Pell graduates. Thus, the total graduating debt ratio of Pell to non-Pell met the recommendation.

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.*

UPDATE: In some instances, total debt averages (Tables 1 &2) came in slightly higher for the New Freshmen that graduated compared to the institutions' most recently published Cost of Attendance. The USM institutional debt averages (Tables 3) remained comparable to the most recent published Cost of Attendance for the Maryland Community College New Transfers that graduated.

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.*

Table 2 In-state Resident Freshmen Cohort	Graduating Debt from USM		
	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%
Fall 2008	\$31,840	\$22,747	29%
Fall 2009	\$34,339	\$25,002	27%

Table 3 Maryland Community College New Transfer Cohort	Graduating Debt from USM		
	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%
FY 2011	\$23,450	\$20,940	11%
FY 2012	\$24,107	\$21,035	13%

UPDATE: For the most recent (Fall 2009) cohort Maryland in-state resident students, maintained the debt ratios recommended in the report (refer to the first recommendation in I.A. above), as well as graduated with lower debt averages overall (see Table 2). In addition, the most recent transfer cohort to graduate, the FY 2012 Maryland Community College New Transfers, also graduated with lower average debt than did freshmen (see Table 3). The average debt for transfers who were Pell recipients was 13% lower in the

most recent cohort than the averages for transfers who were not Pell recipients, improving the debt ratio for these students compared to that of previous cohorts.

Recommendation: *Establish a goal that, at minimum, the institutional three-year cohort default rate be at or below the State's average.*

Table 4. Default Rates Published by U.S. Department of Education

Institution	% Default Rate*			# in Default			# in Repayment		
	FY2012	FY2011	FY2010	FY2012	FY2011	FY2010	FY2012	FY2011	FY2010
Bowie State University	12.1	16.1	16.0	204	222	187	1,678	1,377	1,163
Coppin State University	17.9	22.5	22.1	205	217	194	1,144	961	875
Frostburg State University	9.1	10.4	11.0	115	119	113	1,262	1,139	1,025
Salisbury University	4.3	6.5	5.3	72	96	71	1,653	1,459	1,326
Towson University	3.9	5.2	5.8	154	185	178	3,937	3,514	3,023
University of Baltimore	5.5	8.0	7.8	94	131	108	1,691	1,627	1,384
University of Maryland, Baltimore	0.5	1.6	2.0	10	26	31	1,677	1,593	1,533
University of Maryland Baltimore County	4.9	5.6	5.3	104	110	99	2,091	1,932	1,858
University of Maryland, College Park	2.0	2.8	4.2	110	144	202	5,449	5,004	4,721
University of Maryland Eastern Shore	16.0	17.1	23.5	190	182	197	1,183	1,060	838
University of Maryland University College	8.2	9.0	10.6	837	742	741	10,191	8,197	6,969

*A 3-year cohort default rate is the percentage of a school's borrowers who enter repayment on certain Federal Family Education Loan (FFEL) Program or William D. Ford Federal Direct Loan (Direct Loan) Program loans during a particular federal fiscal year (FY), October 1 to September 30, and default or meet other specified conditions prior to the end of the second following fiscal year.

UPDATE: The most recent Maryland state average default rate was 10.3% (FY 2012). Although progress has been made, three institutions continue to have a default rate above the Maryland state average—Bowie State University (12.1%), Coppin State University (17.9%), and University of Maryland Eastern Shore (16.0%). See Table 4.

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.*

Table 5 Institutional Financial Aid to Undergraduate Students by Type of Award

FY	Need-Based		Merit/ Mission		Athletic		Total	
	\$	%	\$	%	\$	%	\$	%
2004	19,257,331	29%	37,954,310	58%	8,204,133	13%	65,415,774	100%
2005	21,632,488	31%	38,979,783	56%	9,034,627	13%	69,646,898	100%
2006	22,393,193	28%	46,644,974	59%	9,988,767	13%	79,026,934	100%
2007	30,592,763	34%	49,071,174	54%	10,525,326	12%	90,189,263	100%
2008	33,576,923	35%	51,970,177	54%	10,958,008	11%	96,505,108	100%
2009	37,083,884	36%	56,092,519	54%	11,196,404	11%	104,372,807	100%
2010	41,502,761	37%	58,458,019	52%	11,604,511	10%	111,565,291	100%
2011	41,628,704	38%	57,631,049	52%	11,605,557	10%	110,865,310	100%
2012	45,585,542	39%	59,851,952	51%	11,701,886	10%	117,139,380	100%
2013	48,350,691	39%	63,170,176	51%	12,419,582	10%	123,940,449	100%
2014	51,593,914	40%	64,002,064	50%	13,197,392	10%	128,793,370	100%
2015	57,100,823	42%	66,034,190	48%	13,851,635	10%	136,986,648	100%

UPDATE: USM institutions continued to prioritize need-based institutional aid awards, as evidenced by the increased proportion of the total institutional aid dollars available being earmarked for need-based aid. As demonstrated by Table 5, need-based aid totaled 42% of all institutional aid dollars available in 2015.

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.*

UPDATE: USM institutions increased total undergraduate institutional aid by nearly \$8M from FY 2014 to FY 2015. In addition, beginning last spring (2015), MHEC accepted applications for the “2+2 Transfer Scholarship” that awards \$1,000 per year for transfers to apply towards their cost of attendance at a 4-year institution.

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.*

UPDATE: Higher Education Reauthorization Act is in progress. USM continues to monitor federal financial aid policy and meet with the Maryland congressional delegation when opportunities are available.

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

No update available at this time.

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.*

UPDATE: The institutions have enhanced financial literacy initiatives to include expanded outreach, various modes of information delivery, and “just in time” services. Campuses have increased financial literacy personnel designated to coordinate activities. Cross-functional committees, financial education and wellness units, and community partnerships have been established to provide a holistic and coordinated approach to financial literacy. In addition to the traditional pre-enrollment activities (presentations in schools, college fairs, and community workshops), institutions are partnering with schools to train and deliver financial literacy curriculum now required for Maryland’s K-12 students.

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.*

UPDATE: As mentioned in Goal III, institutions have increased personnel to better coordinate activities and serve students. Institutions continue to work to remove barriers and enhance communications with students at all points in their career.

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.*

UPDATE: This current academic year (2015-2016), MHEC began awarding money for a “2+2 Transfer Scholarship.” This scholarship is at least \$1,000 per year for transfers to apply towards their cost of attendance at a 4-year institution.

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.*

UPDATE: This report serves as the update about of progress on the recommendations of the 2014 Financial Aid Report.