USM Student Debt & Undergraduate Institutional Aid Policy Snapshot

USM Board of Regents

September 20, 2019

University System of Maryland

Opening Comments

- Without student loans, many would not attend higher education
  - Approximately half of the students borrow.
  - Financial need and family income determine borrowing options.

- Student debt
  - Many believe tuition as the sole cause of all student debt
  - Students may borrow for any of or all the expenses associated with the Cost-of-Attendance (COA), including the federally calculated Expected Family Contribution (EFC).

  - Undergraduate volume (all sources) - $550M
  - Graduate volume (all sources) - $368M

Debt at Graduation
FY 2018 Degree Recipients

- Over 26,000 baccalaureate degree recipients
  - 53% with some type of debt
  - Average -- $32,376

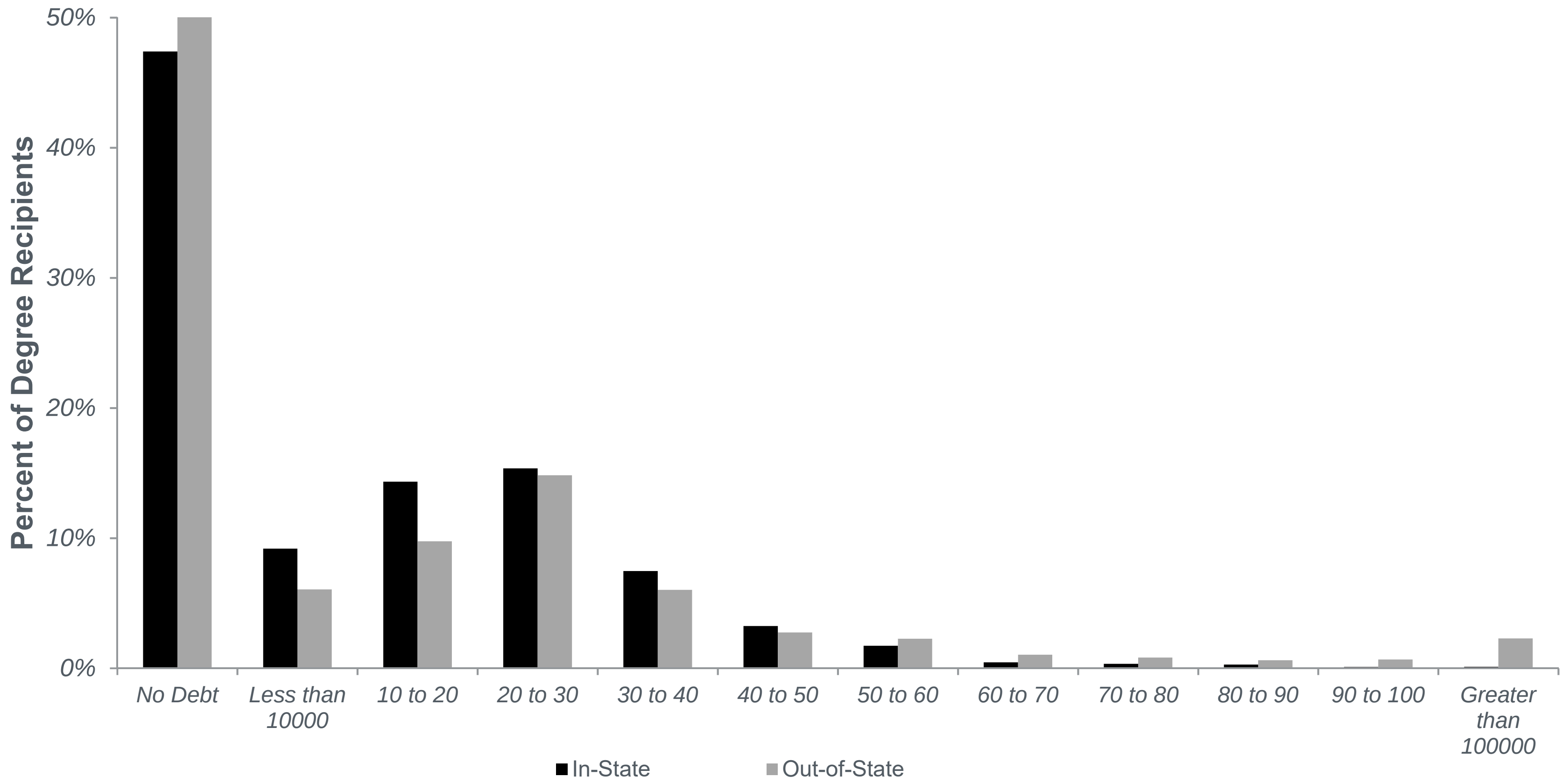
- 11,500 master's degree recipients
  - 45% with some type of debt
  - Average -- $47,940

- 2,500 doctoral degree recipients
  - 43% with some type of debt
  - Average -- $119,639

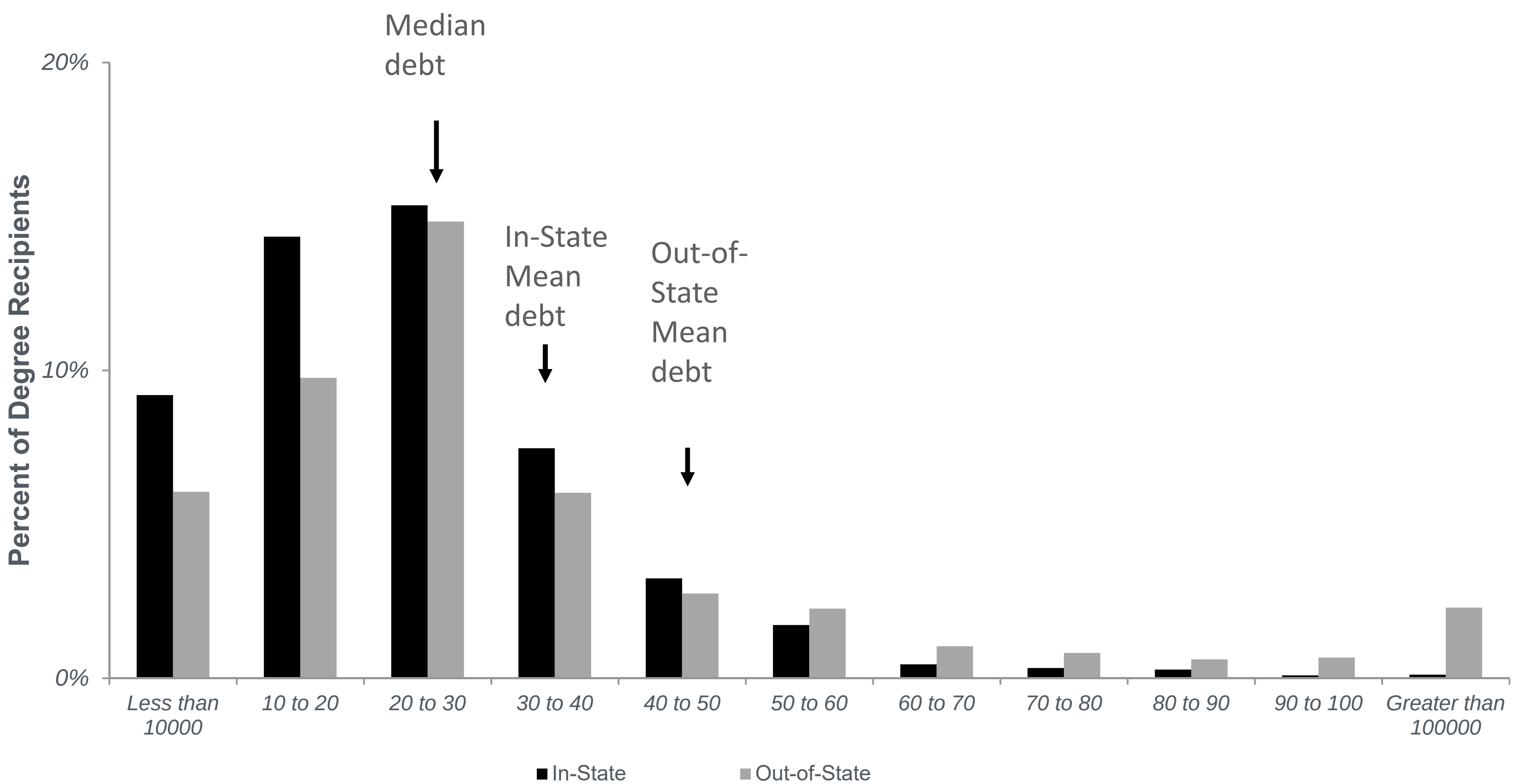
*All undergraduate or graduate loan sources combined while enrolled at the same undergraduate or graduate level. For undergraduates, this includes only the debt while enrolled at USM during the undergraduate program. For graduates, it includes only the graduate debt while enrolled.

(Direct loans, PLUS, Private, Other Federal)

USM's FY 2018 Undergraduate Debt at Graduation (All Students)



USM's FY 2018 Undergraduate Debt at Graduation (With Debt)



Subset of the previous slide. % are based on the total graduating cohort and this graph does not include the 45-50% of graduates without debt.

USM Undergraduate Student Debt Policy

For undergraduate borrowers, the Board directed institutions to:

- **Keep debt manageable**—Institutional student debt at graduation should approximately equal one-year full cost-of-attendance.
- **Protect our most vulnerable students & families**—The average graduating debt of lower-income students should be 25% less debt than their peers.
- **Look after Marylanders first**—The average graduating debt of Marylanders should be less than the average graduating debt of out-of-state students.

USM Graduating Debt Averages

- Fall 2012 First-time New Freshmen - $167.3M total debt; 54% w/ loans at graduation
  - **Non-Pell: $41,000**
  - **Pell: $29,500 (28% less)**

- Maryland Only Fall 2012 New Freshmen - $115.3M; 53% w/ loans
  - **Non-Pell: $37,000**
  - **Pell: $26,700 (28% less)**

- FY 2015 Maryland Community College Transfers -- $88.9M;   59% w/ loans:
  - **Non-Pell: $25,700**
  - **Pell: $20,400 (21% less)**

Strategic Use of Institutional Aid

1. The "LAST DOLLAR"
   - After all other free aid
     - Max Federal Pell = $6,195;
     - Maryland EA (3,000) GA Grant ($18,600)
   - Individual award amounts
   - Award unused funds to other students

2. Enrollment management

3. Recognizing and incentivize student success

4. Meeting strategic goals
   - Workforce degrees
   - Limiting student debt

Balancing Aid Strategies and Policies

- Financial aid packages
  - Too little is as ineffective as no aid
  - Too much could have been awarded to more students

- Institutional Merit awards
  - Meets need for lower-income students
  - Decreases costs for higher-income families with financial resources

- Tuition
  - Lower tuition may decrease the institutional financial aid available aid to help lower-income students.
  - Higher tuition with more institutional aid may cause sticker shock and discourage lower-income families.

- Unmet Need
  - Students loans are considered financial aid and borrowing loans decreases the percentage of unmet need.
  - A policy focus on decreasing unmet need might unintentionally increase student debt without increases in federal, state and/or institutional grant aid.

- Federal Aid Formulas
  - Expected Family Contribution (EFC) assumes that families make the same rational financial decisions and can afford to pay the EFC.
  - Loans offers are the maximum available and assumes students are financially literate.

Thank You. Questions?

University System of Maryland

Chad Muntz
Assistant Vice Chancellor Institutional Research, Data & Analytics
Administration & Finance
cmuntz@usmd.edu
301-445-2737