



OFFICE OF THE PRESIDENT

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To: Members of the Joint Standing Committee on Education and Cultural Affairs
From: David J. Daigler, President, Maine Community College System
RE: *Resolve, To Require Maine Postsecondary Educational Institutions To Review the Level of Student Debt and Develop Plans to Limit Student Debt*
Date: December 1, 2021

On June 20, 2021, *Resolve, To Require Maine Postsecondary Educational Institutions To Review the Level of Student Debt and Develop Plans to Limit Student Debt* finally passed. This Resolve requires the Maine Community College System to provide the Joint Standing Committee on Education and Cultural Affairs with information as it pertains to student debt.

We are pleased to offer this report in response to the Resolve. The Maine Community College System (MCCS) is constantly evaluating and assessing how to assure our programs are accessible and affordable to Maine residents. We take our charge as a low-cost, high-quality public education system very seriously. Our best strategy to keep student debt low is to keep our costs and tuition low.

MCCS is committed to providing high-quality and affordable education and training. To this end, MCCS charges the lowest tuition in New England at \$96.00 per credit hour. Average attendance costs for a student enrolled full-time, taking 12 or more credits in a semester, are:

- \$3,700 Tuition and Fees
- \$1,400 Books and Supplies
- \$5,400-\$9,500 Room and Board (5 of the 7 college currently offer housing)
- **\$10,500-\$14,600 Total per year**

FINANCIAL AID

We also provide generous grant aid to most students. Nearly half of all degree-seeking students receive grant aid that covers the full cost of tuition and fees. Also, it is important to note that 74% of first-time full-time students receive grant aid and 67% of all undergraduates received some form of grant aid. Grant aid does not need to be paid back and does not add to a student's debt.

Average Grant Awards (Federal, State, Local, Inst.)	2019-2020	2018-2019
Central Maine Community College	\$4,154	\$4,295
Eastern Maine Community College	\$5,765	\$4,269
Kennebec Valley Community College	\$3,486	\$3,280
Northern Maine Community College	\$5,040	\$4,356
Southern Maine Community College	\$4,455	\$4,482
Washington County Community College	\$6,116	\$5,137
York County Community College	\$3,291	\$3,251

Every person applying to a MCCS college is asked to fill out and file a FAFSA form (Free Application for Federal Student Aid) if they would like financial assistance. This Federal form allows for standardized financial data and is the first step to receiving grant aid or federal loans. The information on the FAFSA is used to determine need.

Financial aid packages are then calculated based not only on the costs listed above but are calculated on what is referred to as “Cost of Attendance.” The cost of attendance includes books, tools and living expenses such as transportation and personal expenses. All of these estimated costs are used to calculate the financial aid award packages. The cost of attendance is then compared to a family’s ability to pay, as determined by FAFSA, which is a function of income and family size. For example, a family of five with \$62,500 in household income has the same ability to pay as a family of three with \$50,000 in income. Each would be expected to pay approximately \$3,600. The average Expected Family Contribution for MCCS in FY21 was \$5,070. At Maine’s community colleges, tuition and fees only account for approximately 25% of the cost of attendance for most students and 33% for dependent students living at home. The larger burden is living expenses.

The U.S. Department of Education provides access to federal direct subsidized and direct unsubsidized loans that can be used in addition to any grant aid provided by MCCS, scholarships, Maine State Grant and federal Pell Grants. The maximum lifetime allowable amount of federal loans for an undergraduate degree program is \$31,000 for a dependent student and \$57,500 for an independent student. As of July 1, 2021, the limits on the allowable amount of time to complete the undergraduate degree were lifted. MCCS’ students should be able to pay for their educational expenses solely with federal loans and grant aid if they have not already used their maximum allowable loan amount in previous attempts at completing college.

For a full Pell-eligible MCCS student, with a cost of attendance of \$14,000, Pell would cover almost \$6,500 (the maximum Pell in 2021 is \$6,495)¹. Maine State Grant (\$1,500) and MCCS

¹FY20 Pell awarded to 6,099 students in the system with an average amount of \$5,365
FY19 Pell awarded to 6,388 students in the system with an average amount of \$5,232

would likely add \$2,000 in grant aid. That student may not need loans to cover the rest but would be expected to pay \$4,000 and may take loans if they don't have funds available. A student coming from a home with a slightly higher household income might qualify for a \$3,000 Pell Grant. That student would still qualify for a Maine State Grant and would likely get a MCCS grant of \$1,000 to \$1,500. That student may then need loans to cover some portion of the remaining \$8,500. The average financial aid package across the system in FY21 was \$6,453.

MCCS is required by law to explain all of the federal aid the student is eligible for. The award package information also includes alternative loan options. However, our financial aid officers strive to explain the full burden of these loans once they become due and to assure students understand their responsibilities going forward. Students are required to sign promissory notes stating they understand the risks and accept the funds — much like signing for a car loan. We know that our students are often caring for children or parents and have other expenses that may make private loans appealing to supplement aid and federal loans. Because MCCS is often not aware of how students are paying for their share of college, we don't know if they have taken out private loans or have the cash on hand. It is the responsibility of the student to understand that acquiring the maximum amount of loans they qualify for may not be the most fiscally responsible option.

The Resolve asks a few questions that are complex and where data is not available using universal data sources, such as the Integrated Postsecondary Education Data System, that would allow the legislature to make a comparison between postsecondary institutions. For example, IPEDS collects data on federal loans, but does not collect data on all forms of private loans a student or parent may access. This makes a holistic view of the full debt load of our students impossible for MCCS to ascertain.

However, using IPEDS data, we know that the average federal debt of MCCS students who took out loans while they were students of MCCS was \$5,237 in FY19 and \$5,302 in FY20. Please note that these amounts are the average federal debt for that particular year, not the total debt for any particular student. If a student attended MCCS in both FY19 and FY20 and took the average loans both years, they may owe \$10,539.

BEST PRACTICES AND RECOMMENDATIONS

MCCS financial aid officers engage with their counterparts through national associations, where they share best practices in advising students of their options and the risks and benefits of loans for educational purposes. Students understand that in coming to MCCS, they are setting themselves up for a career, generally in a position that has better pay than those that they would have qualified for before attending MCCS. They are also benefiting from our low tuition to accumulate college credits for transfer to a 4-year institution where they can receive a

baccalaureate degree. Oftentimes this means they are taking on debt in a thoughtful and educated way.

Over the past several years, the colleges' financial aid officers have held systemwide meetings to share best practices, broaden their understanding of changing financial aid regulations, streamline forms and to keep current on initiatives that might benefit our students. Additional appropriation can support increases staffing in financial aid and student services allowing the colleges to more fully serve our students.

If we were to cover the unmet need of all of our students, we would need an increase in our baseline budget of approximately \$25,000,000. This would include not only direct grant aid, but the staff to administer the program.

MCCS would also recommend continuing to increase the amount of funds available to FAME for the Maine State Grant. The MSG funds are a huge help to our students who may not be eligible for Pell Grants.

CONCLUSION

MCCS strives to assist our students in any way we can. However, we are a publicly funded entity and need the support of the State to best assist our students so they can get started on a path towards financial security.

In 2009, we created the Foundation for Maine's Community Colleges to accept private donations to supplement our state appropriation and student tuition and fees. Since that time, the Foundation has raised nearly \$39 million to increase scholarship assistance, launch new programs, strengthen students supports among other projects. In addition, each of the seven colleges has their own foundation that raises funds to support its own students.

Throughout COVID-19 pandemic, we created our Tech Promise program that supplies students in need with laptops, hotspots, and internet access. We routinely provide aid to students who have emergency financial needs with funds provided by private donations. We operate food pantries and clothing banks. We provide free tutoring. We understand that we serve a predominantly low-income population on our campuses and that we have the responsibility to assure there is barrier-free access to education.

We look forward to continuing this important conversation and collaborating on the best ways to lower costs for college students in Maine, thus reducing students' need to take out education loans.