

MICUA's Position on Federal Policy Issues

*Adequate funding for Pell Grants, campus-based aid, and student loans remains a **TOP PRIORITY** for Maryland's independent colleges and universities and is essential to the future strength and competitiveness of the nation. As Congress considers changes in this area, it must protect the essential role of federal student aid in providing **ACCESS, CHOICE, AND OPPORTUNITY** for undergraduate and graduate students regardless of family income.*

- **Pell Grants**

- **\$362 million awarded to 107,000 Marylanders**

The Pell Grant program is the nation's largest student financial aid program and is available to undergraduate students with financial need to help pay for postsecondary education. Pell Grants should remain the foundation of federal support for higher education, and financial need should remain the central eligibility factor for students. MICUA supports college completion initiatives, such as the Pell Bonus plan. Earlier graduation reduces costs for students, families, and taxpayers, and college completion leads to lower unemployment, higher salaries, and more job and life satisfaction.

- **SEOG**

- **\$11 million awarded to 16,700 Marylanders**

The Supplemental Educational Opportunity Grant (SEOG) program is referred to as "campus-based" aid because financial aid officers at postsecondary institutions directly administer the programs, and participating colleges and universities are required to match federal funds with institutional resources. Most Maryland colleges and universities have participated in federal campus-based aid programs since their inception and have invested millions of dollars in institutional aid to match these federal grants.

The SEOG program improves student access, retention, and success for the most vulnerable students. By leveraging campus resources and targeting these resources effectively, the SEOG program is extremely proficient. Eliminating this program will adversely impact at-risk students and undermine the nation's commitment to upward mobility for all its citizens.

- **Federal Work Study**

- **\$15 million awarded to 8,500 Marylanders**

The Federal Work-Study (FWS) program is an institutional matching grant program that provides part-time jobs to undergraduate and graduate students. Jobs may be held during the regular academic year or during the summer months. As much as possible, work-study jobs are matched to students' academic majors or career goals and may take place on campus, in nonprofit agencies, or at for-profit businesses.

The FWS program benefits students, families, employers, and campuses. Students participating in the program earn money to pay for college costs, gain valuable work experiences, learn to manage their time effectively, and achieve higher retention and graduation success rates than students who do not participate in the program. FWS is an efficient and highly effective use of federal funds and should be expanded.

- **Federal Loans**

- **\$1.5 billion awarded to 217,000 Marylanders**

More must be done to make student loans affordable, efficiently administered, and available for students and families. MICUA supports: 1) Lower interest rates for all federal student loans; 2) Provisions to allow students to refinance and consolidate student loan debt at favorable terms; and 3) Income-based repayment plans. In addition, MICUA urges Congress to maintain the in-school interest subsidies for undergraduate students and restore the in-school interest subsidy for graduate students. Moreover, MICUA supports restoration of the six-month interest-free grace period for graduates with undergraduate subsidized loans. The federal government should not make money from student loan programs.

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• **Accreditation**

The accreditation process long predates the enactment of the Higher Education Act and was devised as a way for institutions to engage in peer review and self-study to maintain and expand the quality of their educational offerings and missions of the institutions. The process relies on peer review, because evaluations are based on informed judgment, not formulas. Judgments about the quality of diverse institutions require many indicators and measures, both quantitative and qualitative. Maryland's system of higher education—public and private, two- and four-year—exemplifies this diversity and covers the full range of educational opportunities. MICUA supports the existing accreditation process and opposes proposals to transfer accreditation review to federal or state entities.

• **Deferred Action for Childhood Arrivals**

Roughly 750,000 young people were approved for the Obama Administration's Deferred Action for Childhood Arrivals (DACA) program. While the program officially ended in March 2018, many individuals with DACA status are enrolled in Maryland colleges and universities. MICUA supports legislation to protect DACA students by providing temporary relief from deportation, employment authorization, and a pathway to citizenship.

• **Title IV Eligibility by Major**

Historically, eligibility to participate in federal student aid (Title IV) has been determined on an institution-wide basis. Congress is considering changing Title IV eligibility criteria to a program-by-program basis linked to the performance of recent graduates in repaying student loans. The MICUA member institutions have high student loan repayment rates, low student loan default rates, and outperform most institutions nationally. The national 3-year student loan default rate is 12% compared to 3% at MICUA member

institutions. Nevertheless, MICUA is opposed to a program-by-program analysis, because the requirement would be administratively burdensome, create confidentiality issues for small programs that graduate low numbers of students annually, and stifle the development of new majors.

• **Taxing Endowments**

The 2018 federal tax reform act provides a 1.4% excise tax on the endowment investment returns of about 30 private colleges. In effect, the tax redirects private charitable gifts to the federal government. The stated intent of the provision is to align fees for private colleges with private foundations. However, private foundations that perform charitable work, such as education, are NOT taxed. The federal tax on college endowments will discourage philanthropic giving, divert donor gifts from the intended purposes, drive up college costs, limit college access, increase student loans, stifle research investments, hurt the economy, and harm the nation's global competitiveness. MICUA opposes the federal excise tax on college endowments and urges Congress to repeal the provision.

• **Free College**

Free tuition at two- and four-year colleges is an idea under consideration by Congress and many State elected officials. MICUA does not oppose free-college, but urges federal and state policymakers to focus on student access, student choice, and student opportunity. Public institutions are not located in every geographic region of the country, they do not offer all academic programs or educational experiences, and they do not enroll all students who apply for admission. To effectively serve all students throughout our vast nation and to give students the choice and opportunities they deserve to pursue their personal and professional goals, a tuition-free program must provide access to public and private, nonprofit college and universities.

