

TESTIMONY

Budget and Taxation Committee

SB 676 –College Affordability Act

Tina Bjarekull, President

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On behalf of Maryland's independent colleges and universities and the 63,000 students they serve, thank you for the opportunity to provide this testimony in support of *Senate Bill 676, College Affordability Act*. If enacted, this bill will significantly improve college access and affordability for Maryland students.

SB 676 provides for a \$250 State contribution to the Maryland College Savings Plans of Maryland to supplement the investments made by the account holder. The account holder contribution provisions are progressive and appropriate, allowing lower-income Maryland families to receive a \$250 State contribution with lower participant deposits. College savings plans provide families a flexible and low maintenance investment mechanism to save for college. The incentives in SB 676 will make Maryland families more likely to open and invest in a college savings plan and more likely to start saving for college earlier in their children's lives. Families that start saving for college earlier provide their children with greater college access and higher expectations.

MICUA also fully supports the creation of a Student Loan Debt Relief Credit. This important program will help Maryland residents who are struggling under the burdens of student loan debt. The refundable tax credit will relieve college graduate debt loads, thereby granting college graduates greater financial freedom. As a result, they will have more disposable income that can be used to stimulate Maryland's economy.

MICUA and its members support the provisions in SB 676 that encourage college completion and shorter time-to-degree. Faster college completion results in lower costs for students, families, and State and federal taxpayers. Time-to-degree is a critical and often forgotten component to solving the issues surrounding college costs.

The bill requires students to enroll in at least 30 credit hours in an academic year, including summer semester, to be eligible for a Guaranteed

Access (GA) or Educational Excellence Award (EA) grant. In the fall semester of an academic year the Maryland Higher Education Commission will not know if students will reach the 30-credit requirement. Would students be required to repay the State if they fail to enroll in 30 credits? Many courses are one- or two-credit courses. Students enrolled in these courses may fall short of the requisite. Students sometimes fail courses on the first attempt or withdraw for various reasons. Would these students be required to repay the State? Such a situation would almost assuredly halt, if not terminate, a student's progression to a degree. Additionally, many students earn college credits through Advanced Placement, International Baccalaureate, and dual enrollment programs and would not need to attempt 30 credits each academic year to graduate in four years. As currently proposed, SB 676 would force these students to enroll in 30 credits even if the credits were not needed to obtain a degree within four years. Such an outcome seems contrary to the intent of SB 676.

MICUA offers the following suggestions for the Committee's consideration to encourage college completion and shorter time-to-degree without unintentionally penalizing students who may have earned credits prior to enrollment, require remedial education, enroll in one- or two-credit courses, or perhaps fail or withdraw from a course. A fairer and logistically more practical approach may be to require certain benchmarks for students to achieve before they are allowed to renew a GA or EA grant. The program could be structured to allow GA or EA grant award renewals based on whether or not a student meets satisfactory academic progress or attains certain academic "standing" by the beginning of the fall semester. These benchmarks would ease the administrative burden on MHEC and also help ensure that students who fail or drop a class don't completely lose the financial aid that make their college education possible.

If the 30 credit requirement remains in the bill, MICUA suggests that partial awards of GA and EA grants be provided for students who enroll in at least 24 credits in an academic year. The award could be pro-rated accordingly. For instance, a student who enrolls in 24 credits per academic year would receive 80% of the full GA or EA award. This structure would support students who are not able to enroll in 30 credits for any reason and is consistent with current federal financial aid requirements.

MICUA and its member institutions are committed to greater access and affordability. SB 676 is a tremendous step forward toward achieving those goals.

For these reasons, MICUA requests a favorable report of SB 676.