



Maryland Independent College and University Association

140 SOUTH STREET
ANNAPOLIS, MD 21401

PHONE: 410-269-0306
FAX: 410-269-5905
www.micua.org

TESTIMONY

Appropriations Committee

HB 230 – Institutions of Higher Education – Reduction in Financial Aid – Notification

Tina Bjarekull, President

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Thank you for the opportunity to testify in opposition to House Bill 230. Maryland's independent colleges and universities are committed to college access, choice, and opportunity for all students regardless of their financial circumstances. The financial aid policies at the independent institutions are designed to fulfill this commitment. These colleges and universities award the vast majority of their institutional financial aid to students based on need. Furthermore, the institutions package financial awards early in the admissions process to give students and families the information they need to make well-informed decisions.

When we develop financial aid packages for students who are interested in enrolling at an independent college or university, we have a high degree of certainty about the amount of financial aid a student will receive through federal Title IV programs. We are much less certain about how much a student will receive through the State's grant and scholarship programs or private donors. Yet, students and families need this information in a timely manner to make informed decisions about affordability. To alleviate the uncertainty, we develop financial aid packages offering excess institutional aid and informing families that the institutional funds may be offset by State and private grants and scholarships. By packaging financial aid in this manner, the institutions take the risk if the State grants or private funds do not materialize.

Students are informed of the policy and the sequence for displacing institutional grants. Our goal is to add State and private grants to the package if a student has any unmet need, which is determined based on the federal methodology. We strive to offset loans with State and private grants before displacing institutional grant assistance. Under certain circumstances, the U.S. Department of Education requires a college to displace institutional grants to avoid "over awarding."

If this bill passes, the logistical and financial consequences are significant. In academic year 2013-14, the MICUA member institutions made more

than 120,000 total awards to 38,000 students. Approximately 19,000 of these 120,000 awards were provided by the State and private providers.

If Maryland's institutions of higher education began notifying private donors that their awards are offsetting institutional financial aid, these donors may be given the false impression that Maryland institutions are misusing their gifts, and they may shift their philanthropic dollars to institutions located in other states across the nation. This would result in less financial aid for Maryland students.

Alternatively, Maryland's colleges and universities may stop absorbing the risk for State and private grants. Under this scenario, students and families would have less certainty about college affordability and may make decisions that are not in the best interests of the students.

In short, this bill would negatively impact Maryland's colleges and universities, negatively impact Maryland students, and negatively impact Maryland's knowledge-based economy. Maryland is best served when more students have greater access, choice, and opportunity to attend college.

I urge the Committee to give HB 230 an unfavorable committee report.