

## Maine's Public College Affordability Crisis

### *It's Worst for Families Earning the Least*

#### By the Numbers

**57 percent**

Share of college-bound seniors who enroll at a Maine university or community college campus<sup>i</sup>

**36.1 percent**

Share of working age Maine adults who have a two- or four-year degree<sup>ii</sup>

**206,000**

Mainers who have some college, but no degree<sup>iii</sup>

**\$29,934**

Maine's average student loan debt per student<sup>iv</sup>

**72 vs. 43 percent**

State appropriations share of the costs of higher education in Maine, 1991 and 2011<sup>v</sup>

**71 percent**

Maine college cost as a percent of low-income family annual earnings<sup>vi</sup>

**24**

The point gap between the percent of middle-income vs. low-income high school graduates who enroll in college<sup>vii</sup>

**Maine has a college affordability crisis especially for low-income and working adult students.**

A good education equips people with the knowledge and skills needed to secure good jobs. It is critical to the success and prosperity for Mainers and their families. It is also essential to keep and attract business investment and grow Maine's economy. Rising higher education costs, shrinking student aid, and heavy student loan debt threaten to deny the promise of a college education to many Mainers, especially low-income workers and their children. The future prospects of aspiring Maine students, their families, and our state economy depend on making higher education more affordable.

Maine's public university system annual cost jumped from \$11,958 in 2000 to \$17,820 in 2013,<sup>1</sup> and now consumes 71% of the annual earnings of a low-income family.<sup>2</sup> Student loans have soared and Maine currently ranks 7<sup>th</sup> in the nation for student loan debt.<sup>3</sup> Low-income working students fare worst as grant aid available to them is insufficient. Unable to take on such debt, many drop out or do not bother to enroll. Maine now ranks 25<sup>th</sup> among the states in higher education attainment.<sup>4</sup>

The Maine Center for Economic Policy (MECEP) offers three recommendations to improve college affordability for Maine's low-income and working adult students.

1. Expand the State of Maine Grant program to fund all of Maine's neediest students at a rate of \$5,500 per year.
2. Increase state appropriations for the University of Maine system to reduce the net cost of attending public college in Maine.
3. Improve funding to Maine Community College System to make the system more responsive to student and workforce demand.

#### ***Unaffordable Higher Education Limits Opportunity***

- Incomes of people without degrees lag behind the median state income.
- Mainers who have some college credit—but lack a credential—cannot compete for better-paying jobs and fall behind financially.
- Students who complete college—and those who don't—are burdened with debt.

### *Measures of Affordability*

Three common factors in state university systems that graduate students with the lowest debt help policymakers assess affordability:<sup>5</sup>

1. **“Educational expenses (tuition plus room, board, books, etc., minus financial aid) at two- and four-year public colleges and universities do not exceed, generally, 20 to 25% of average family income in the state.”** By this metric, the net cost of attending public college in Maine should not exceed \$11,767 compared to the 2013 \$17,820 average yearly cost within the University of Maine System.<sup>6</sup>
2. **“State spending for need-based financial aid matches or even exceeds the total amount that low-income families in the state receive from the federal Pell Grant program.”** The State of Maine Grant Program is currently \$1,000 per student per year, well short of the maximum Pell Grant of \$5,500 for full-time students.
3. **“Low-priced colleges provide educational options for even the lowest-income residents, who may perceive they are unable to pay tuition, even after financial aid.”** In Maine, the Maine Community College System is the low-priced option, but stagnant appropriations limits enrollment in many high-demand programs.

### *Measures of Fairness*

MECEP lays out principles of fairness for policymakers to use to assess college affordability proposals.

- **Initiatives should not reduce need-based aid that is critical to low-income and working adult students.** Policymakers should not redirect funds previously dedicated to need-based aid to new programs, as some states have considered, like Washington State with Pay It Forward, a tuition deferment model with high up-front costs.
- **Initiatives should not reduce state funding for public colleges, and be targeted and sustainable.** Policymakers should ensure the financial stability and integrity of the public system as a public resource and not strip funds from the public system to pay for college affordability proposals.
- **Initiatives should address the different needs of working adult students** who have special childcare and transportation needs; who wish to attend classes year-round; and who need flexible scheduling.

For a copy of this report, *Maine’s Public College Affordability Crisis: It’s Worst for Families Earning the Least*. April 2015, visit MECEP’s website at: <http://www.mecep.org/maines-public-college-affordability-crisis-2/>.

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<sup>1</sup> MECEP analysis of the University of Maine System’s annual financial reports.

<sup>2</sup> National Conference of State Legislatures. *Advancing Higher Education in Maine*, September 2014.

<sup>3</sup> The Project on Student Debt. *Student debt and the class of 2013*, November 2014.

<sup>4</sup> Ibid.

<sup>5</sup> National Center for Public Policy and Higher Education. *Losing Ground: Status Report on the Affordability of American Higher Education*, 2002.

<sup>6</sup> University of Maine System. *Annual Financial Report*. “Student Comprehensive Cost of Education,” 2013, p. 10.

<sup>i</sup> David Silvernail, James Sloan, and Amy Johnson. *College Participation Rates of Maine’s High School Graduates: Examining the Claims*, March 2013.

<sup>ii</sup> Working Poor Family Project: *Analysis of 2013 American Community Survey*.

<sup>iii</sup> Ibid.

<sup>iv</sup> The Project on Student Debt. *Student Debt and the Class of 2013*, November 2014.

<sup>v</sup> National Conference of State Legislatures. *Advancing Higher Education in Maine*, September 2014.

<sup>vi</sup> Ibid.

<sup>vii</sup> Plimpton, Lisa and Kelsey Freeman and Abby Roy. *College-going in Maine: Data Brief*. Mitchell Institute, Portland, Maine, July 2014.