



# Maryland

## Affordability Profile

from

*Affordability of Public Higher Education in SREB States*

prepared by

Patrick M. Callan, William Doyle, Joni Finney and Darcie Harvey

Higher Education Policy Institute

for the Southern Regional Education Board

November 2014

## INTRODUCTION

At the request of the SREB, the Higher Education Policy Institute has prepared a profile of college affordability for each SREB state as well as a synthesis of relevant trends in the SREB region. This project was designed to “take the temperature” of college affordability in the South in order to provide a policy tool that can assist state policy-makers in assessing the current and prospective dimensions of the affordability issue and the need for state policy initiatives or interventions.

The major finding of this analysis is that the SREB states have lost ground in college affordability. For most students and families in the South, the cost of paying for college has outstripped family income and inflation. Several promising initiatives have been put in place by individual states, but many are not directed at the students and families most adversely affected by declining affordability and none are commensurate with the magnitude of the problem. One consequence is greater reliance on loans to finance college and growing indebtedness of students and graduates.

Whatever its causes, the trend toward reduced college affordability undermines the efforts of SREB states and colleges and universities to address the changing demography of the region and undercuts progress towards educational attainment goals and economic development requirements of the SREB member states. It is mathematically impossible for most SREB states to reach national and international workforce competitiveness without improving college access and attainment rates of low-income groups and of ethnic groups with lagging college participation rates. However, if current trends continue, declining affordability will constrain the college enrollment of these potential students and prevent states from reaching educational levels needed to provide opportunity for individuals and a competitive work force in the knowledge-based global economy.

Patrick M. Callan  
President  
Higher Education Policy Institute

## Maryland

### Public Higher Education Affordability Profile

In order for students to enroll in community colleges in Maryland, they, or their families, would need to pay on average 19 percent of their annual income for college expenses, including living expenses, each year after taking into account all forms of grant aid, based on the current college expenses and current levels of aid. This is higher than the SREB average.

On a per-student basis, Maryland's need-based state grant program amount is similar to the SREB average.

The average amount of student loan aid received by full-time, first-time students in Maryland is much higher than the SREB average; average loan aid per-borrower has increased rapidly over time.

	Maryland			SREB	U.S. Average
	Pre-Recession	Recession	Post-Recession	Post-Recession	Post-Recession
<b>Family Ability to Pay</b>					
Percent of income needed to pay for college expenses minus financial aid:					
at community colleges	N/A	17%	19%	16%	27%
at public 4-year colleges (category 1)	N/A	24%	33%	27%	41%
at public 4-year colleges (category 2)	N/A	23%	29%	25%	19%
<b>Strategies for Affordability</b>					
<b>State Grant funding</b>					
Need-Based grants per student	\$215	\$337	\$204	\$204	\$276
<b>Grants that have a need and non-need based requirement per student*</b>	\$40	\$105	\$86	\$98	\$142
Non-Need based grants per student	\$22	\$19	\$12	\$345	\$145
At lowest-priced colleges, the share of income that the families with the lowest income need to pay for tuition	16%	17%	20%	18%	20%
<b>Reliance on Loans</b>					
Average amount of student loan aid received by full-time, first-time students attending public institutions	\$3,140	\$3,936	\$5,778	\$5,094	\$5,361
*As defined by NASSGAP, see Technical Guide. Grant requirements in this category vary widely by state -- some have a substantial merit component and others have a modest merit component.					
Note: Pre-Recession year data is from 2003-04; Recession year data is from 2006-07 on all variables except Estimated cost of postsecondary education where data is from 2008-09 (2007 data was unavailable for this variable); Post-Recession year data is from 2011-12. All dollar amounts have been adjusted into Constant 2013 dollars.					
N/A: Data not available.					

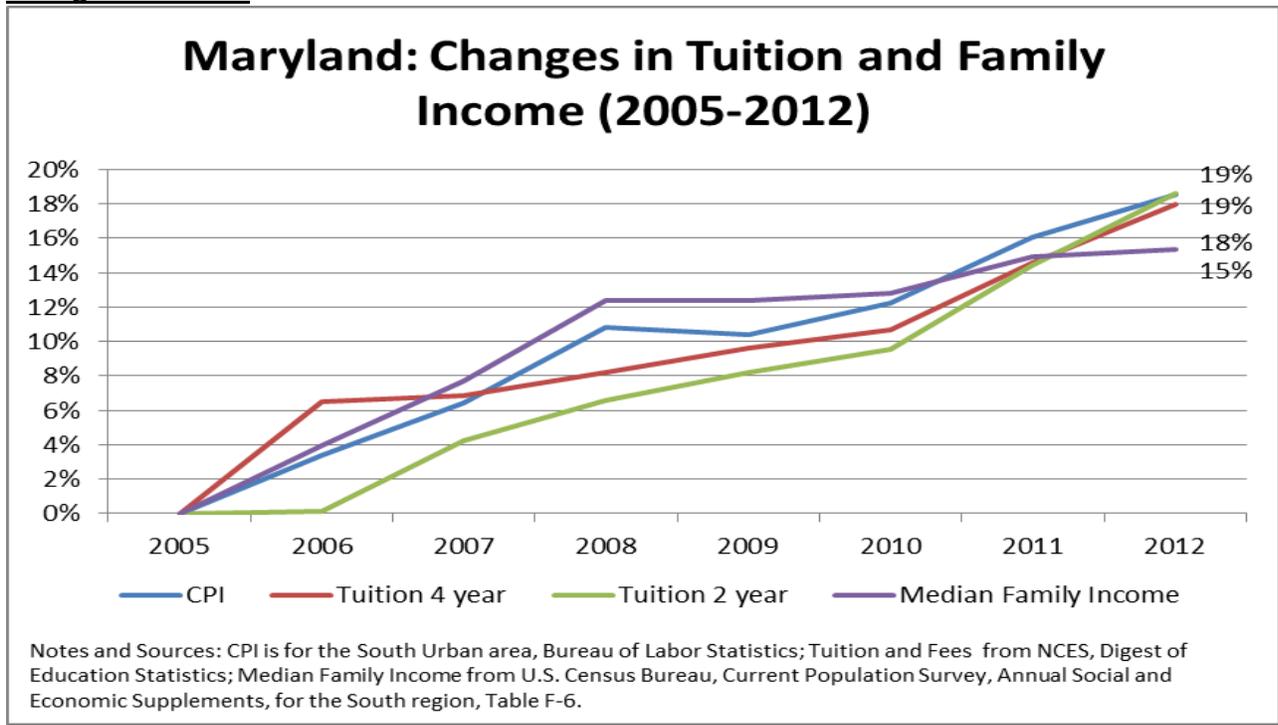
### A Closer Look at Family Ability To Pay

	Average Income in Group	Community Colleges	
		Net Price	Percent of Income needed to pay net college Price
Income \$0-\$30,000	\$16,651	\$7,043	42%
Income \$30-\$48,000	\$38,862	\$7,977	21%
Income \$48,000-\$75,000	\$61,377	\$9,965	16%
Income \$75,000-\$110,000	\$91,688	\$9,574	10%
Income \$110,000 and Above	\$194,025	\$10,759	6%

	Average Income in Group	Public Four Year 1		Public Four Year 2	
		Net Price	Percent of Income needed to pay net college Price	Net Price	Percent of Income needed to pay net college Price
Income \$0-\$30,000	\$15,872	\$11,665	70%	\$9,783	59%
Income \$30-\$48,000	\$38,813	\$13,965	36%	\$12,639	33%
Income \$48,000-\$75,000	\$61,113	\$16,968	28%	\$15,560	25%
Income \$75,000-\$110,000	\$91,465	\$19,491	21%	\$17,971	20%
Income \$110,000 and Above	\$190,145	\$18,288	9%	\$17,648	9%

- Low-income families (those with incomes less than \$30,000 per-year) would need to pay on average 42 percent of their income to attend community colleges, even after taking into account all types of grant aid.
- Middle-income families (those earning between \$48,000 and \$75,000 per-year) would need to pay on average 16 percent of their income to attend community colleges, even after taking into account all types of grant aid.

## Changes in Tuition



Since 2005, tuition at both public four-year and public two-year institutions in Maryland has been growing at about the same rate as both inflation and family income.

### Other Contextual Information:

- By 2020, the Georgetown Center on Education and the Workforce predicts that 69 percent of jobs in the state will require a postsecondary education or above, higher than the Southern average (59 percent) and above the U.S. average (65 percent).
- Five percent of students in Maryland are enrolled in public four-year category 1 institutions, 34 percent at category 2 four-year institutions and 61 percent are enrolled in the community college sector.
- In 2012, 14 percent of children in Maryland were living in poverty. This is up slightly from 2004 when 13 percent were living in poverty.
- In 2012, state investment in need-based grant aid at public colleges in Maryland was 19 percent as compared to the federal investment (Pell Grants).

Note: Category 1 four-year institutions are those that award at least 30 doctoral degrees in 5 different areas. Category 2 includes all other four-year institutions.

List of Institutions by Type:

**Category 1 Public Four-Year Institutions**

Morgan State University  
University of Maryland, Baltimore County  
University of Maryland, College Park

**Category 2 Public Four-Year Institutions**

Bowie State University  
Coppin State University  
Frostburg State University  
Saint Mary's College of Maryland  
Salisbury University  
Towson University  
University of Baltimore  
University of Maryland Eastern Shore

**Community Colleges**

Allegany College of Maryland  
Anne Arundel Community College  
Baltimore City Community College  
Carroll Community College  
Cecil Community College Chesapeake College Garrett College  
College of Southern Maryland  
Community College of Baltimore County  
Frederick Community College  
Hagerstown Community College  
Harford Community College  
Howard Community College  
Montgomery College  
Prince George's Community College  
Wor-Wic Community College