

MAINE COLLEGE OF ART & DESIGN

Dear Education and Appropriations Chairs and Committees,

Eliminating the Maine State Grant program for Maine Private IHE's will increase student loan debt and cause Maine to lose students to neighboring states and make college unaffordable for many low- and middle-income students. Maine students are unfortunately using student loans with record interest rates on cosigned Federal Parent PLUS and Private Student Loans averaging 10% APR or more. These statistics coupled with rising costs of higher education are even more alarming. For this reason, the Maine College of Art & Design opposes the elimination of the Maine State Grant (MSGP) for private IHEs and for the following reasons:

- **Hurt the neediest students the most:** According to FAME, 2,794 Maine students (18% of all Maine Students enrolled in college now) are currently enrolled in a private IHE are using the MSGP. MECA&D has 54 students who are currently using it to fund their education. Over 95% of these students also receive need-based Federal Student Aid including the Pell Grant, FSEOG Grant, Subsidized Loans and Federal Work Study. Eliminating the MSGP will undoubtedly cause many of the students to run out of money and not finish their degree. This will add more Mainers to the intergenerational poverty that is unfortunately growing across our state (Reference: <https://maineequaljustice.org/policy/poverty-saved/>).
- **Forcing the most vulnerable students in Maine to take on student loan debt:** By eliminating the MSGP funding to private schools you are forcing students to who attend Maine Private institutions to take on additional student loan debt. By taking away the MSGP (\$2,500 per academic year), this missing funding will have to be (or not) made up by students and their families increasing their reliance on student loans leading to more debt and potential higher default rates for these students.
- **Limit access to higher education and loss of Maine students to other states:** Deterring more students from pursuing their educational goals in Maine. We need to keep our students here. Our neighboring states would be happy to take all Maine students. State and nationwide college enrollment rates have been declining for the last 12 years. Combined with a delayed FAFSA in the 2024/25 academic year, we are now facing less interest in higher education and competition for students is fierce. According to the Department of Education, 1.6 million students (nationally) started and never finished their 24/25 FAFSA.
- **Hurting the people who work in this state:** Private Colleges and Universities in this state account for a large portion of working IHE professionals (2,200 employees). Cutting the MSGP will cause fewer students to enroll which trickles into job cuts, hiring freezes and loss of financial aid professionals who are leaving this profession in droves. As of December 2024, 58% of Financial Aid Administrators have left the profession and continue to lose professionals at an alarming rate. (reference: NASFAA.org)
- **On the horizon:** Southern New Hampshire University is the largest e-learning platform in the country and is already aware of this potential loss and is working to target Maine students and lure them away from our state beginning in FY26.
- **Unknowns:** We currently don't know how many in receipt of MSGP transfer between the Maine Community College System, University of Maine System and private institutions across our state. Without this valuable resource will those students stop out, never graduate or leave Maine to pursue other options?

Respectfully,
William O'Shea,



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