

OFFICE OF POLICY AND LEGAL ANALYSIS

To: Members, Joint Standing Committee on Education and Cultural Affairs
From: Samuel Senft, Esq., MPH, Legislative Analyst
Date: 4/29/21
Subj: **LD 761, “An Act To Establish the Maine Community College System Pell Grant Match Program” (Crockett)**

SUMMARY

This bill establishes the Maine Community College System Pell Grant Match Program and provides that a student is eligible for the program if the student is a resident of the State, is eligible for a Federal Pell Grant and maintains a minimum grade point average. The grant award may not exceed 100% of the amount of funds provided by the Federal Pell Grant that the student receives for the academic year in which the student applies. The availability of the grant and the amount of the grant are subject to the amount available in the established fund, and the Maine Community College System may adopt rules to implement and administer the program and fund.

TESTIMONY

- **Proponents: Rep Crockett (sponsor); David Daigler, Maine Community College System; James Myall, Maine Center for Economic Policy; Katherine Johnston, Educate Maine**
 - LD 860 passed out of EDU last session but died on adjournment.
 - Mainers owe \$6 billion in education debt.
 - 56% of Mainers with school loans made reduced retirement contributions; 6-% have skipped other bills to make loan payments; 25% have skipped medical care or prescriptions to make loan payments.
 - UMaine and Maine Community College System have worked to reduce debt but there is much work to do.
 - This bill will help to meet needs of the evolving economy .
 - The current version of this bill is consistent with the amended version of Chair Brennan’s bill, considered by this committee last year
 - Goal is to establish a scalable, sustainable program to target Pell eligible students whose federal and Maine Sate Grants do not cover full cost of tuition and fees.
 - \$3.6 million would provide MCCS’s 7,200 Pell Grant recipient students with \$500 in additional aid.
 - 49% of degree-seeking MCCS students received grant-based aid sufficient to cover their tuition and fees.
 - 38% of Maine high school grads choose to not seek further education, which has negative consequences for the state.

- College education is still one of the best ways to boost lifetime earnings. However, the cost of college is a real barrier, especially for people already experiencing disparities. .
 - Pell grants are awarded to first time college students with greatest financial need
 - Even though community college is more affordable than many other options, it can cause students to incur significant debt.
 - Students have to face costs every year. The ability to afford one year does not mean student can afford to complete a degree. Today 1/5 of Mainers have some college but no degree.
 - Establishing a Pell Grant Match Program would help meet goal of having 60% of Maine's adult workers with a postsecondary degree of value.
 - \$1,000 reduction in college cost (either through lower tuition or increased aid) boosts enrollment by 3-5% while the same amount in grant aid has shown to increase retention by 1-5%
 - Pell grant purchasing power has decreased as costs grow this bill helps.
 - Bill ensures funds go to most economically disadvantaged students, who enroll in and graduate from college at lower rates than high earning peers.
- **Opponents: Daniel Walker, Maine Independent Colleges Association**
 - Bill should apply to students at Maine schools other than community colleges.
 - Many independent schools have high numbers of Pell eligible students.
 - A better use of \$3.6 million would be for the State to invest it in the Maine State Grant Program.
 - **Neither For Nor Against: None**

COMMITTEE REQUESTS FOR INFORMATION:

1. The average student loan debt carried by Maine community college students was requested.
2. Information on how many students transfer into the community college system from other schools was requested.

POTENTIAL ISSUES/TECHNICAL PROBLEMS/ISSUES FOR CONSIDERATION:

- It was referenced in testimony that the bill caps the state match at \$500. As written, however, the program would award would not exceed 100% of the amount of funds provided by a Pell Grant, which for the 2021-2022 academic year is \$6,495.

ADDITIONAL INFORMATION:

- **Pell Grants:** Pell Grants are federal grants that are awarded to first time undergraduate students with the greatest levels of financial need. Pell Grants are not loans and do not need to be repaid. The amount awarded depends on the Expected Family Contribution (which is calculated based on a formula established in law), the cost of attendance, full time v. part time status and length of study. The maximum award is adjusted annually. More information about Pell Grants can be found [here](#).
- **LD 860:** [LD 860, An Act to Establish the Maine Community College System No-cost Tuition Program](#), was introduced in the 129th. The Education Committee reported out an amended version of the bill on a divided OTPA/ONTP report. LD 761 reflects the amended version of LD 860. LD 860 died upon adjournment in March 2020.
- **Data on student debt load:**
 - The National Center for Education Statistics is the federal entity that collects education data in a number of areas, including student loans. This [article](#) provides national summary data on loans taken out by undergraduate students.
 - This [Report on the Economic Well-Being of U.S. Households in 2018](#) from the Federal Reserve provides additional statistics on student debt.

PROPOSED AMENDMENT

- Rep Crockett has proposed an amendment to cap the annual state match at \$500 per student.

PRELIMINARY FISCAL IMPACT STATEMENT

The [Preliminary Fiscal Impact Statement](#) reflects an annual ongoing cost of \$3.6 million.