

March 16, 2021

**Testimony in Support of**  
**LD 292 “An Act to Increase the Minimum Grant Amount under the Maine State Grant Program”**  
**and**  
**LD 531 “An Act To Help More Students Attain a College Credential by Strengthening the Maine State Grant Program”**

Jody Harris, Associate Director, Maine Center for Economic Policy

Dear Senator Curry, Representative Roberts, and members of the Joint Standing Committee on Innovation, Development, Economic Advancement, and Business,

I am writing in support of LDs 292 and 531.

Earlier in March, your committee unanimously voted to recommend LD 292 to the Legislature. The bill increases the minimum size of the State of Maine grant for most applicants from \$1,000 to \$2,500 and funds the grant program with \$10 million per year in 2021 and 2022. **MECEP proposes that the cost of the increase be funded through savings being realized in the state budget in 2020 and 2021 as a result of federal student loan forbearance during the COVID-19 pandemic.**

Cost is an obstacle that stops many Mainers from earning or completing a college degree. I am attaching the testimony of my colleague, James Myall, which describes how LD 292 ensures that more low-income Mainers can access and complete higher education.

[One in five Mainers](#) — around 200,000 people — started college but never finished, unable to complete their degree due to affordability or work or family obligations. These education borrowers are often stranded with debt, have defaulted on their loans, and face [life-long financial struggles](#) as a result. [MECEP’s research](#) shows that one out of three Maine student loan borrowers are unable to buy basic necessities like food or clothing because of their student loan payments.

Increasing the State of Maine Grant would help Mainers enter and complete higher education, regardless of their personal circumstances, and decrease the need for education loans. The [Educational Opportunity Maine Tax Credit](#) provides education loan borrowers a tax credit on their income taxes based on the size of their student loan payments. Right now, savings

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from paying fewer of these educational tax credits are accruing to the state because federal student loans are in forbearance under the [Coronavirus Aid, Relief, and Economic Security Act](#). Maine Revenue Services estimated the savings at [\\$13 million in their most recent revenue forecast](#). These state dollars are usually spent to help Mainers afford higher education, and Maine should continue to put them to use that way by increasing funding for the State of Maine grant program.

Burdensome education debt prevents Mainers and our state as a whole from reaping the full benefits of higher education. For many, it creates real hardship. Increasing the State of Maine grant for low-income college students would alleviate hardship for many. Appropriating funds from savings in the Opportunity Maine tax credit to pay for this increase makes good fiscal sense and would preserve other General Fund dollars for additional urgent needs.

**Testimony in Support of LD 292 “An Act to Increase the Minimum Grant Amount under the Maine State Grant Program”**

February 23, 2020

James Myall, Policy Analyst

Dear Senator Curry, Representative Roberts, and members of the Joint Standing Committee on Innovation, Development, Economic Advancement, and Business,

My name is James Myall, and I am a policy analyst at the Maine Center for Economic Policy. I am writing to offer testimony in support of LD 292.

A college education is a critical tool for Mainers to boost their lifetime earnings and economic well-being. Yet too often, the cost of college remains a barrier to completion or even attendance. The investment represented by LD 292 as the best way to ensure low-income Mainers can access and complete higher education.

This bill would increase the minimum size of the State of Maine grant for most applicants from \$1,000 to \$2,500. This would be the first increase in the grant size in several years and is long overdue. While \$2,500 would cover just a portion of the costs faced by Mainers going to school, it represents a significant increase that would make a real difference to recipients.

Cost is an obstacle that stops many Mainers from earning a college degree. This barrier is particularly hard to overcome for the Mainers who are most likely to see their lives transformed by a college education — people of color, those who are the first in their family to go to college, and those who are from families with low incomes. When college is unaffordable, many of these Mainers don’t earn the degree or certificate that could improve job prospects and income.

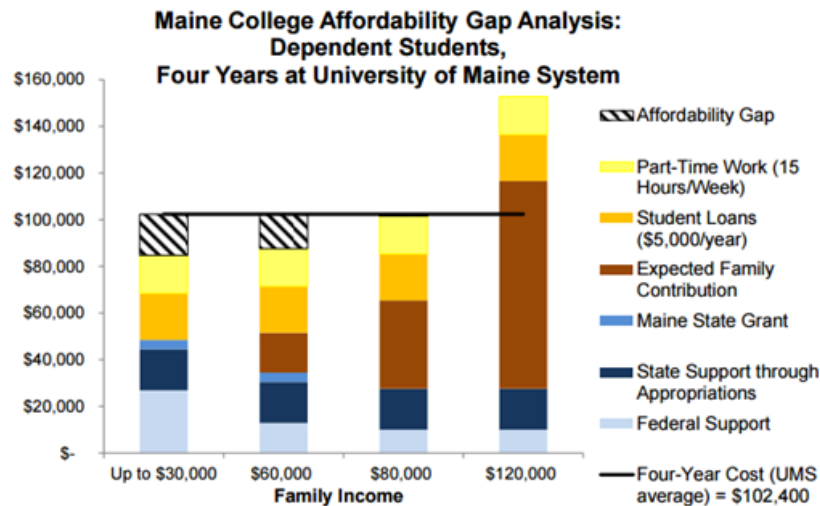
Students don’t need to clear the hurdle of high college costs just once. They must clear it every year of their studies. Many students who successfully enroll in higher education end up dropping out later for financial reasons. Today, one-fifth of Maine adults have some college education, but no degree.<sup>1</sup>

Many students are just one accident, injury, eviction, or layoff away from joining them. A national study of students at public community colleges and universities found that around 40 percent of students are food insecure, and nearly half were housing insecure.<sup>2</sup> Many students were behind on bills or skipping meals because they couldn’t afford to eat.

Evidence from around the country shows that need-based grants such as the State of Maine Grant are the most effective tool for helping students overcome financial barriers that keep them from earning their degree. But even with financial aid, many Mainers still can’t afford the cost of college.

In 2014, a legislative task force on college affordability identified an “affordability gap” of \$17,000 over the course of a four-year degree for a low-income student at one of Maine’s public universities.<sup>3</sup> That’s \$17,000 even after accounting for subsidized federal loans, Pell grants, working 15 hours a week, and the existing State of Maine grant.

In other words, *a student can tap into all the reasonable resources available and still face a shortfall.*



Source: State of Maine, *Final Report of the Commission to Study College Affordability and College Completion, 2014.*

I’ve personally witnessed how precarious the financial situation is for many Maine college students. When I worked at the University of Southern Maine’s campus in Lewiston, I regularly spoke to students who were struggling to balance class with a day job or parenting. Some couldn’t sign up for a class because they couldn’t miss a shift at work. Increase financial aid would give these students more breathing room and help them stay on track for their degree.

MECEP supports LD 292’s proposal to increase the State of Maine Grant as a means of helping to close this affordability gap. With the increased funding in this bill, the students currently served by the State of Maine grant would receive \$2,500 a year, or up to \$10,000 over the course of a four-year degree. While this would not eliminate the affordability gap for low-income students, it would more than cut it in half.

Tackling college affordability will require robust funding for the public colleges and universities, and equally robust support for low-income students through means-based financial aid such as the State of Maine Grant. The investment in education today will pay dividends for Maine families and our economy.

Thank you, and I’m happy to answer any questions. You can reach me at [jmyall@mecep.org](mailto:jmyall@mecep.org).

## Notes

<sup>1</sup> US Census Bureau, American Community Survey, 2017 data. 19% of Mainers aged 25 and older had some college education but no degree.

<sup>2</sup> Sara Goldrick-Raab et al, “Still Hungry and Homeless in College,” *Wisconsin Hope Lab*, April 2018. Available at <https://hope4college.com/wp-content/uploads/2018/09/Wisconsin-HOPE-Lab-Still-Hungry-and-Homeless.pdf>

<sup>3</sup> “Final Report of the Commission to Study College Affordability and College Completion,” Dec 9, 2014. Available at <https://www.maine.gov/legis/opla/CollegeAffordabilityFinalReport.pdf>