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# 2016 COLLEGE AFFORDABILITY DIAGNOSIS

## MARYLAND



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# MARYLAND

COLLEGE  
AFFORDABILITY  
RANKING

06

Despite Maryland's strong overall showing on college affordability, the state's public institutions—enrolling 90 percent of Maryland students—have declined in affordability since 2008.

Particularly hard hit are low-income families, who would have to pay 40 percent of their annual income to cover the cost of attending community college full time and 60 percent of their income to attend a public nondoctoral four-year institution full time. And yet Maryland's investment in need-based student financial aid has declined since 2007 and is below the national average.

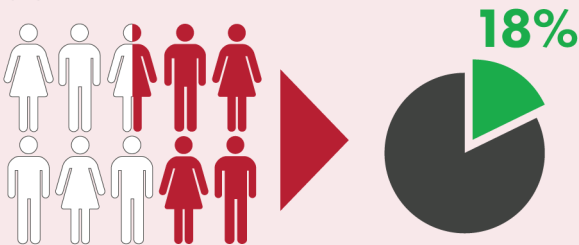
Maryland's affordability performance among public institutions is best at public research universities, but these institutions serve only 14 percent of all undergraduates in the state.

Maryland faces serious demands for educated workers, and the current gaps in college attainment between White residents and Black residents only exacerbate the challenge of preparing a competitive workforce. Policies on college affordability must be among a top priority if Maryland is to be economically competitive and provide higher educational opportunities to its population.

Opportunities for affordable higher education in Maryland may be threatened as the state backs away from its commitment to need-based financial aid and weakens the linkage between tuition increases and growth in median family income, two important policies that Maryland adopted in recent years.<sup>1</sup>

- ▶ Maryland has declined on college affordability for all types of public institutions since 2008.
- ▶ Maryland's contribution to student financial aid is less than the national average and has fallen since 2007.
- ▶ Nearly 70 percent of jobs will require some postsecondary education by 2020.
- ▶ Over half of White adults in Maryland have an associate's degree or higher, but far lower percentages of Blacks and Hispanics (35 percent and 26 percent, respectively) have earned these credentials.
- ▶ By 2020, one third of high school graduates in Maryland will be Black. Black education attainment lags behind White attainment substantially (35 percent vs. 53 percent).

More Maryland students attend **public two-year institutions** than any other kind of institution, with **45 percent enrolled**. Families would spend, on average, **18 percent of annual income** to pay for full-time attendance.

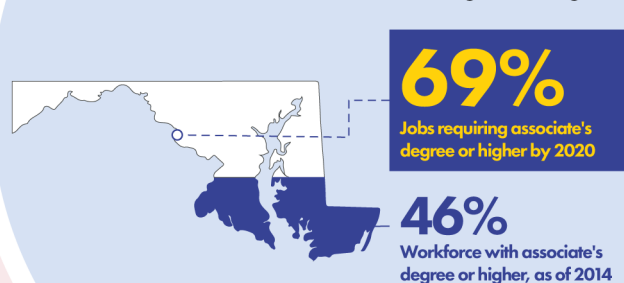


Percentage of students attending public two-year institutions

Percentage of family income required to pay for full-time attendance

On average, **46 percent** of working-age Maryland state residents (age 25-64) have an associate's degree or higher.

By 2020, **69 percent of jobs will require an associate's degree or higher**.



<sup>1</sup>Source: <https://www2.gse.upenn.edu/irhe/srp/maryland>

# WHAT PERCENT OF FAMILY INCOME would be needed to attend college full time?

	Percent of Income 2008	Percent of Income 2013	Ranking*
<b>Public Two-Year</b> (45 percent of enrollment)**	17	18	33
<b>Public Four-Year Nondoctoral</b> (31 percent of enrollment)	27	30	34
<b>Public Research</b> (14 percent of enrollment)	22	27	14
<b>Private Four-Year Nondoctoral</b> (8 percent of enrollment)	41	51	38
<b>Private Research</b> (2 percent of enrollment)	38	33	6

\* This measure ranked states 1-50. The lower the ranking on this measure, the better a state performed on overall college affordability.

\*\* Enrollment may not add up to 100% due to rounding.

**NOTE:** The "net price" reported in the following tables for each sector of higher education includes tuition, mandatory fees, room/board and books *minus* all financial aid (federal, state and institutional).

For information on how these measures were calculated or which institutions were included, please see the technical report, available at [www2.gse.upenn.edu/irhe/affordability-diagnosis](http://www2.gse.upenn.edu/irhe/affordability-diagnosis).

## STATE INCOME PROFILE

Income

**\$0—30,000**

Average Income in Group

**\$16,954**

Families in Group

**14%**

Income

**\$30,000 —48,000**

Average Income in Group

**\$39,242**

Families in Group

**12%**

Income

**\$48,000—75,000**

Average Income in Group

**\$61,514**

Families in Group

**18%**

Income

**\$75,000—110,000**

Average Income in Group

**\$92,145**

Families in Group

**19%**

Income

**\$110,000 and above**

Average Income in Group

**\$195,842**

Families in Group

**36%**

# PERCENT OF FAMILY INCOME needed to attend full time:

## PUBLIC TWO-YEAR INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	6,741	<b>40</b>
\$30,000—48,000	7,462	<b>19</b>
\$48,000—75,000	9,451	<b>15</b>
\$75,000—110,000	11,295	<b>12</b>
\$110,000 and above	11,831	<b>6</b>

Students would have to work 23 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public two-year institution full time.

## PUBLIC FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	10,184	<b>60</b>
\$30,000—48,000	12,628	<b>32</b>
\$48,000—75,000	15,815	<b>26</b>
\$75,000—110,000	19,045	<b>21</b>
\$110,000 and above	19,811	<b>10</b>

Students would have to work 39 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public four-year nondoctoral institution full time.

## PUBLIC RESEARCH INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	8,179	<b>48</b>
\$30,000—48,000	10,731	<b>27</b>
\$48,000—75,000	15,297	<b>25</b>
\$75,000—110,000	19,478	<b>21</b>
\$110,000 and above	21,468	<b>11</b>

Students would have to work 41 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public research institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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**PERCENT OF FAMILY INCOME  
needed to attend full time:**

**PRIVATE FOUR-YEAR NONDOCTORAL INSTITUTION**

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	18,948	<b>112</b>
\$30,000—48,000	22,161	<b>56</b>
\$48,000—75,000	23,901	<b>39</b>
\$75,000—110,000	27,399	<b>30</b>
\$110,000 and above	33,138	<b>17</b>

Students would have to work 58 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private four-year nondoctoral institution full time.

**PRIVATE RESEARCH INSTITUTION**

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	10,049	<b>59</b>
\$30,000—48,000	10,857	<b>28</b>
\$48,000—75,000	16,881	<b>27</b>
\$75,000—110,000	27,600	<b>30</b>
\$110,000 and above	42,804	<b>22</b>

Students would have to work 57 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private research institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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## WHAT INVESTMENT DOES THE STATE MAKE to financial aid programs to make college more affordable?

### TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PUBLIC TWO- AND FOUR-YEAR INSTITUTIONS

	2004	2007	2013	National Average, 2013
<b>Need-Based Aid</b>	223	426	345	474
<b>Other Aid</b>	67	21	13	210

### TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PRIVATE INSTITUTIONS

	2004	2007	2013	National Average, 2013
<b>Need-Based Aid</b>	417	692	537	644
<b>Other Aid</b>	87	33	19	221

Data Source: National Association of State Student Grant and Aid Programs and the U.S. Department of Education.

## HOW MUCH IS ANNUAL UNDERGRADUATE BORROWING for students who earn and do not earn degrees?

- ▶ Students who enroll in public research institutions typically borrow \$2,677 annually.
- ▶ Students who enroll at private research institutions typically borrow \$2,515 annually.
- ▶ Students who enroll at public four-year nondoctoral institutions typically borrow \$3,749 annually.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$4,918 annually.
- ▶ In contrast, students who enroll at public two-year institutions borrow \$1,212 annually.

Data Source: U.S. Department of Education.

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# WHAT CONSIDERATIONS SHOULD STATES take into account in establishing policies on college affordability?

## Workforce Needs

- ▶ By 2020, 69 percent of jobs in Maryland will require a postsecondary credential.
- ▶ Maryland is 16th in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

## Educational Attainment

- ▶ As of 2014, 47 percent of young adults in Maryland (ages 25-34) had an associate's degree or higher compared to 42 percent nationally.
- ▶ As of 2014, 46 percent of working age adults in Maryland (ages 35-64) had an associate's degree or higher, compared to 40 percent nationally.

## Educational Attainment by Race/Ethnicity

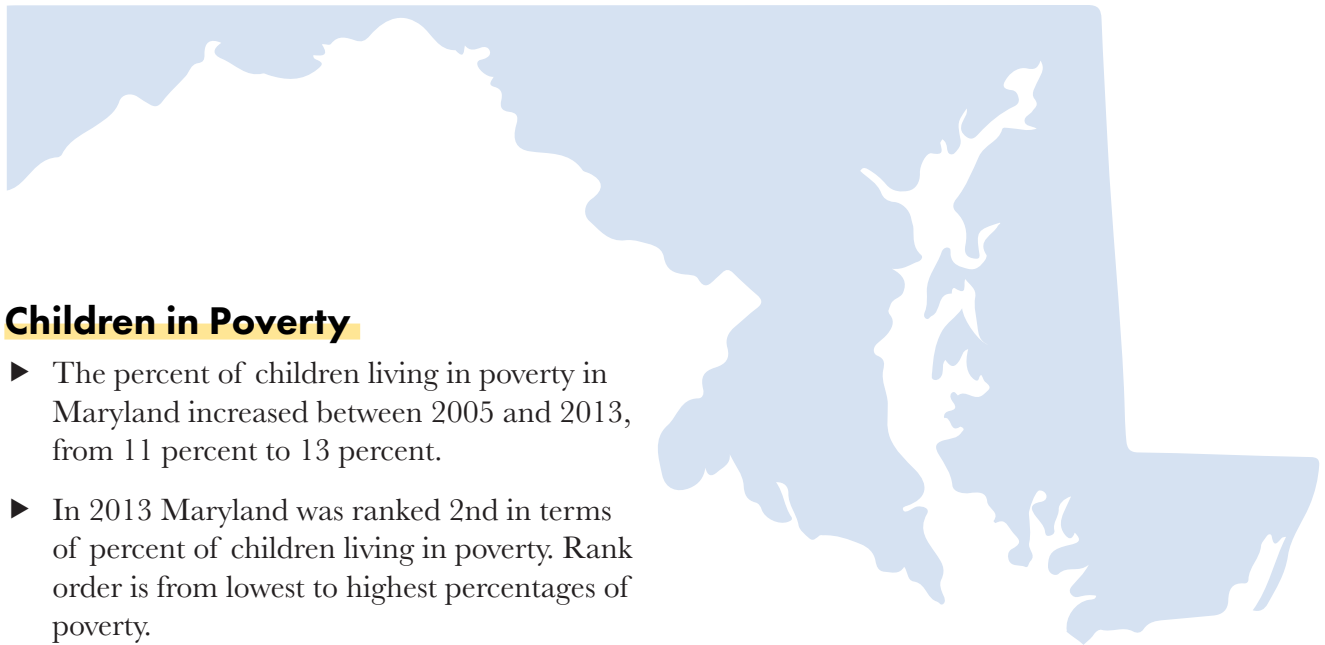
- ▶ As of 2014, on average 46 percent of working age Maryland state residents (age 25-64) have an associate's degree or higher. However, attainment varies by race: 53 percent of Whites have an associate's degree or higher but the other two most populous racial groups (Blacks and Hispanics) have attainment of only 35 percent and 26 percent respectively.

## Educational Pipeline in Maryland

- ▶ In 2020, Maryland's public high school graduates are projected to be 33 percent Black and 14 percent Hispanic.
- ▶ The total number of high school graduates at public institutions in Maryland are projected to remain constant between 2020 and 2028.
- ▶ However, the percent of graduates that are Black in Maryland is projected to increase by 1 percent and the percent of graduates that are White is projected to decline by 7 percent while the percent of graduates that are Hispanic is projected to grow by 7 percent over the same time period.
- ▶ While the decline in White graduates is similar but more pronounced than national projections (4 percent decline in White graduates between 2020 and 2028), the growth in Hispanic graduates in Maryland is above national patterns (Hispanics are projected to increase by 2 percent nationally by 2028). The increase in Black graduates is similar to national patterns (Blacks are only projected to increase by 1 percent of national high school graduates by 2028).

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### **Children in Poverty**

- ▶ The percent of children living in poverty in Maryland increased between 2005 and 2013, from 11 percent to 13 percent.
- ▶ In 2013 Maryland was ranked 2nd in terms of percent of children living in poverty. Rank order is from lowest to highest percentages of poverty.

### **Student Share of Total State and Tuition Revenues for Public Higher Education**

- ▶ In Maryland, total student share of state and net tuition revenues per full time student was 29 percent in 1989, 44 percent in 2000, and 50 percent in 2014, adjusted for inflation. This pattern shows that net tuition revenues were increasing as a share of higher education funding from 1989 to 2000 and after the 2007-08 recession net tuition revenues continued to increase.

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# POLICY QUESTIONS FOR STATE LEADERS

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- ▶ In what types of higher education institutions (sectors) has the state lost ground in college affordability?
- ▶ What are the economic circumstances of families in the state (by income quintiles, by different regions of the state, etc.)? What are the implications for college affordability?
- ▶ What is the projected demand for an educated workforce in the state? How far is your state from addressing this demand? To what extent is college affordability one of the barriers in educating more state residents?
- ▶ What are the gaps in college attainment between Whites and minority groups in your state? How can state policies on college affordability help to narrow these gaps?
- ▶ How is tuition policy related, if at all, to the income of the students and families that the state must educate?
- ▶ If tuition policy is delegated to public institutions, how does the state provide oversight to ensure that tuition and other educational costs are affordable for students and families?
- ▶ In what ways can state policies related to tuition be more tightly coupled with state policies on institutional appropriations and financial aid to address college affordability?
- ▶ To what extent do tuition policies encourage access to higher education and completion of certificates and degrees? How do financial aid policies address the needs of both young and working-age students?
- ▶ In what ways has the state provided incentives for institutions to improve efficiency and productivity in order to reduce the overall costs to students?
- ▶ Research shows that students who work more than 20 hours a week are less likely to make progress toward or complete their certificate or degree programs. How is the state alleviating the need for students to work more than 20 hours a week so that they can focus more on earning their certificates and degrees?
- ▶ How much are students borrowing relative to the percent of family income needed to pay for postsecondary education?
- ▶ Are all state policies that influence college affordability inadvertently stratifying higher education by income or race?

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