

**TESTIMONY**

**House Appropriations Committee**

***HB 41 – Student Debt Relief Act of 2019***

**Tina Bjarekull, President**

February 28, 2019

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Thank you for the opportunity to submit testimony supporting, with an amendment, *HB 41 – Student Debt Relief Act*. This bill establishes a scholarship program for certain students who earn an AA degree from a Maryland community college and transfer to a Maryland public university. The bill also increases the income tax subtraction modification for the Senator Edward J. Kasemeyer Prepaid College Trust from \$2,500 to \$3,750 for tax year 2019 and from \$3,750 to \$5,000 for tax year 2020 and subsequent years.

MICUA supports all efforts to increase college affordability. Unfortunately, the provision that a student may only receive a transfer scholarship to attend a 4-year public institution breaks with Maryland's long standing tradition to allow State financial aid to be used by students at the Maryland institution of their choice. The provision will create inequities for students and result in certain regions of the State being vastly underserved.

MICUA requests an amendment to the Maryland Promise Plus Scholarship Program to offer portability to students in the same manner as all other State student financial aid programs. Students who graduate from a Maryland community college should have the option to enroll in a public university or a MICUA member institution, and the transfer scholarship should follow the student.

Public universities are not located in every geographic region of the State, do not offer every academic program or educational experience, and do not admit all students who apply for admission. For more than two centuries, Maryland has partnered with its independent institutions to serve more students, offer more academic programs, and reach more geographic regions. Unless students may use the Promise Plus Scholarship at MICUA member institutions, their options will be limited.

MICUA member institutions boast strong student performance and exceptional outcomes. Maryland's independent colleges and universities have the highest graduation rates in the State and are top ranked nationally. The vast majority of students attending a MICUA institution graduate in four

years. Graduating sooner means less student debt and earlier access to earnings. Based on federal data, MICUA students have the lowest Stafford loan default rates and the highest federal loan repayment rates.

Extending the Promise Plus Scholarship program to community college graduates who transfer to MICUA member institutions will not increase the costs of the program and will reduce taxpayer costs for higher education. On average, State taxpayers pay \$37,800 per degree awarded at a public university, while they pay less than \$4,400 for a degree awarded at a MICUA member institution.

MICUA encourages this committee to prioritize student choice and access for this new scholarship program. The program should be consistent with all other types of State student financial aid.

**For these reasons, MICUA supports HB 41 with the MICUA amendment.**