

# **MONTGOMERY COLLEGE**

## **Trustee Information Program**

### **Student Financial Aid Programs**

### **2003-2008**

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## **Student Financial Aid Programs 2003-2008 Executive Summary**

Montgomery College (MC) offers a variety of financial aid programs to help students pay for college. Twenty-nine percent (29%) of all credit students at the college receive some form of financial aid. The college disbursed \$33.7 million in financial aid to students in academic year 2007-08, a 19% increase in total aid compared to 2006-07. This is our largest one year increase in student financial aid in the past five years. The increases in 2007-08 aid were primarily in the Pell grant program (\$2.1 million), the student loan programs (\$1.6 million) and Maryland state grants (\$1 million). Of 2007-08 total financial aid, 77% of our financial aid dollars were grant and scholarship aid. This is 2% less of total aid coming from grants and scholarships than in 2006-07.

The Federal Pell Grant program was very strong in 2007-08 and increased in both recipients (14%) and dollars received (20%). Pell Grants provided 37% of the 2007-08 financial aid dollars at MC. More Pell-eligible students are applying to MC, and the maximum Pell Grant increased after remaining the same for five years.

Montgomery College experienced significant increases in Maryland state grants and scholarships. The state's community college access initiative brought additional student awards and larger awards per student. MC was fortunate to receive an additional \$100,000 in campus-based Educational Assistance Grant in late spring 2008 which was immediately awarded to students who were waitlisted for state aid. The dollar amount of financial support to students from all state grants and scholarships increased 27% in FY08.

Loan volume increased significantly in 2007-08. Loan limits per student increased and more post-baccalaureate students are enrolling at the college. (Students with prior bachelor's degrees can not receive federal grants.) MC's FY06 cohort default rate on Federal Stafford loans is 5.2%, well below the national average of 8.4% for public two-year institutions. Federal law changed the method for calculating FY07 default rates, and the federal processor projects MC's default rate will at least double next year. This is before considering any economic factors affecting student loan repayment.

### **Implications and Discussion**

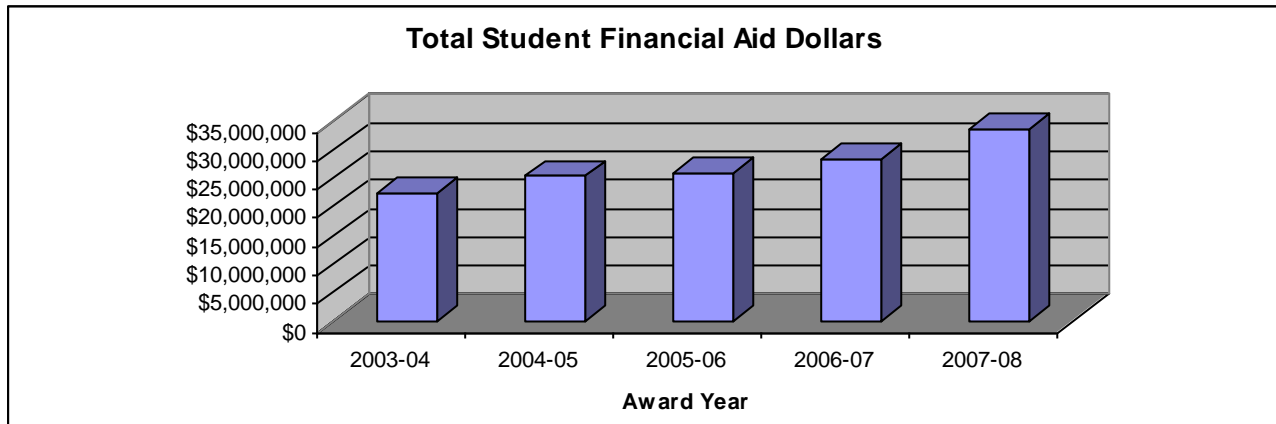
The positive effects of a strong 2007-08 academic year for student financial support is unfortunately not preparation for the difficult years ahead for our students. The maximum Federal Pell Grant increased two years in a row; \$260 in 2007-08 and \$421 in 2008-09. But the grant is not keeping up with the cost of tuition, fees, books, and supplies. Unless the Federal government implements additional increases, MC students will continue to rely on state and institutional funds to help pay for their education and avoid loans. The percentage of aid from all federal programs increased only 1% in 2007-08. We expect the amount of state financial aid to decrease in 2008-09, although the full effect will not be known until state budgets are set in spring 2009. We remain concerned about excessive borrowing if grant and scholarship funds do not increase or if they drop below current levels. Increased borrowing at higher loan levels can lead to increased defaults, and the college must maintain a default rate under 30% to remain eligible for the Pell Grant program.

If the available investment income for MC Foundation Scholarships decreases, we may have less money to award our students. Board of Trustees Grant funds allow hundreds of students to access an education at MC, but the amount of grant available in the fall 2008 semester fell short of our students' financial need. Resources for need-based grants to high school students taking classes at MC are also stretched. We provide support to low income high school students through the College Institute Grant and the BOT High School Grant, but again the demand outpaces our available funds.

## Student Financial Aid Programs 2003-2008

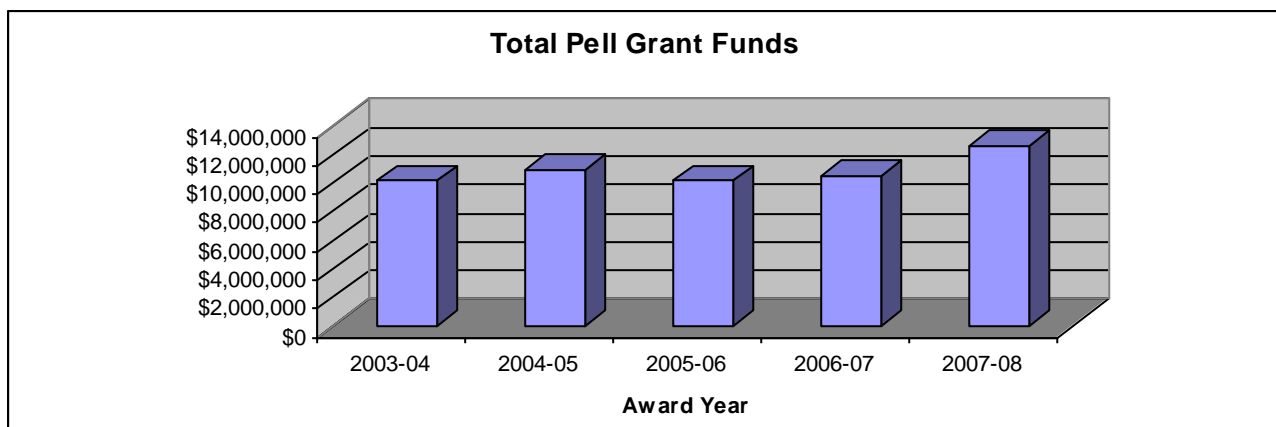
### Five Year Comparison

- The dollar amount of all student financial aid to students increased 50% over five years. The total amount of aid increased 19% from 2006-07 to 2007-08 due to increased Pell grant, loans, and state grants.

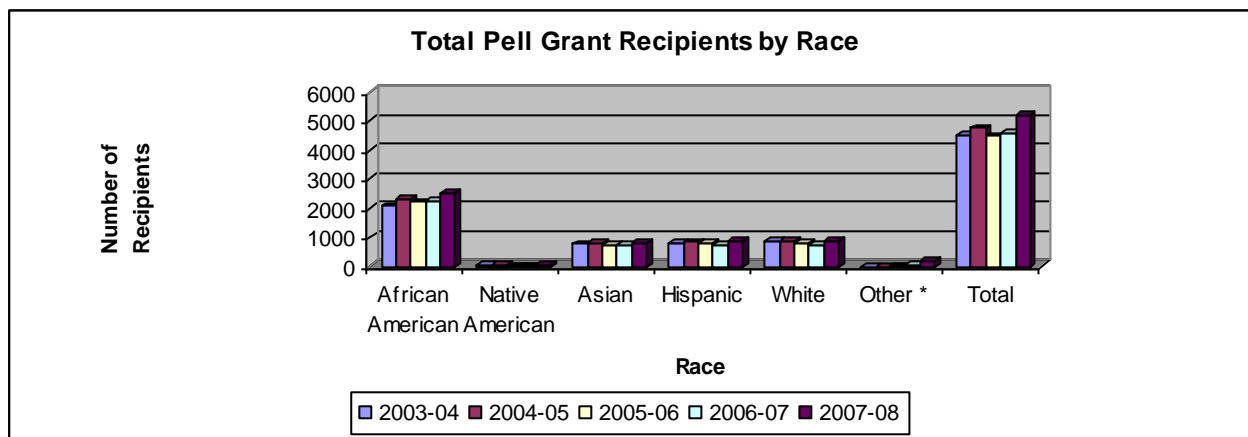


Award Year	2003-04	2004-05	2005-06	2006-07	2007-08
	\$22,465,491	\$25,327,079	\$25,827,829	\$28,273,248	\$33,682,046

- Pell recipients and dollars increased significantly in 2007-08 and the college experienced its largest number of grant recipients. The maximum Pell Grant for a two-semester, full-time student in 2007-08 was \$4,310, an increase of \$260 over previous years. The maximum 2008-09 Pell grant is \$4,731.



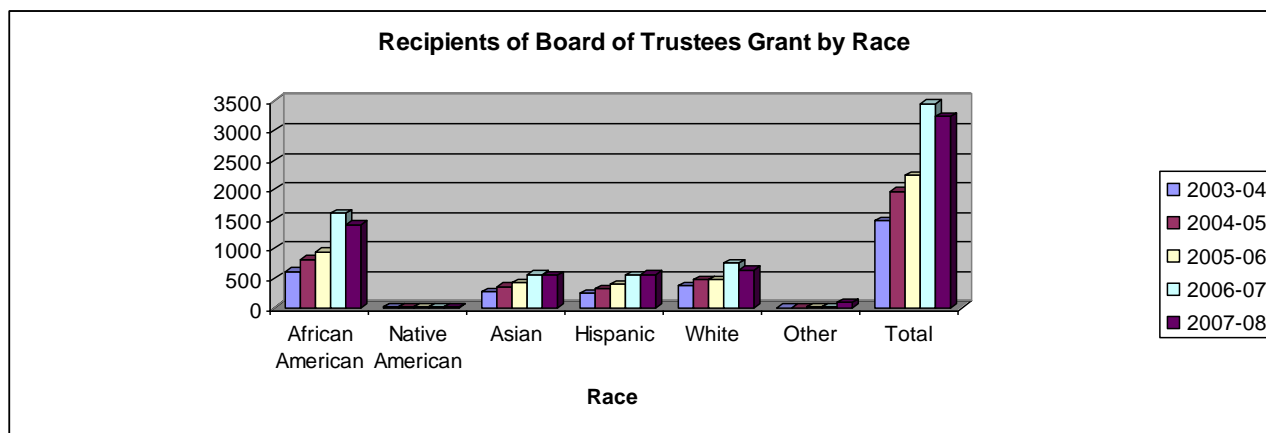
Award Year	2003-04	2004-05	2005-06	2006-07	2007-08
	\$10,149,850	\$10,901,400	\$10,167,423	\$10,495,251	\$12,637,793



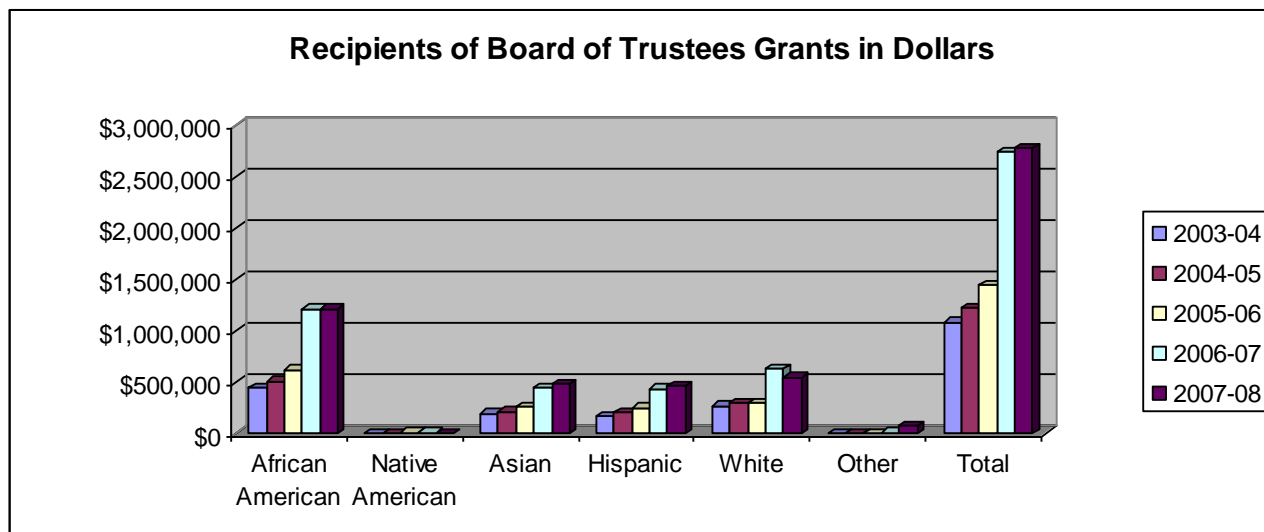
Award Year	African American	Native American	Asian	Hispanic	White	Other *	Total
2003-04	2072	12	763	804	857	1	4509
2004-05	2282	12	779	833	848	1	4755
2005-06	2207	5	700	781	774	11	4478
2006-07	2269	5	755	754	759	13	4555
2007-08	2509	13	812	837	845	163	5179

\* In 2007-08, student reporting for ethnicity changed causing an increase in students reporting "other."

- MC continues its commitment to helping needy students access a college education with Board of Trustees grants. The number of students receiving these grants increased 121% in five years, and the dollars awarded increased 157%. The mean grade point average of BOT Grant recipients has risen from 2.5 in 2003-04 to 2.8 in 2007-08. (Students must have a cumulative 2.0 GPA to receive and keep BOT Grants.) Fall to spring semester retention of BOT Grant recipients increased in 2007-08 due to more students remaining at the college, and more students maintaining the minimum GPA. This is why we appear to have awarded more BOT Grant dollars in 2007-08 to fewer students than in 2006-07.

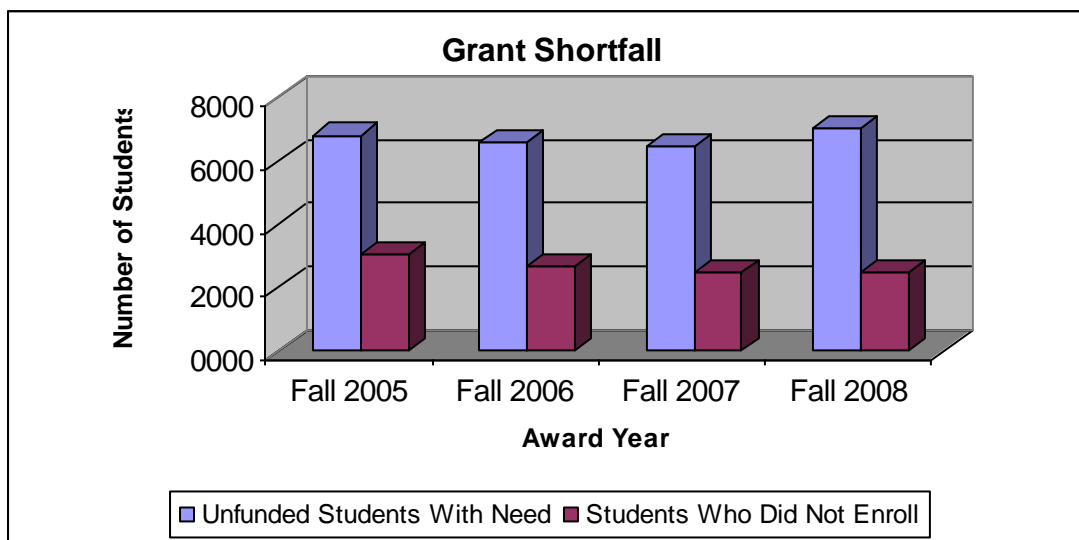


Award Year	African American	Native American	Asian	Hispanic	White	Other	Total
2003-04	602	2	260	239	364	0	1467
2004-05	818	3	360	314	470	1	1966
2005-06	946	7	420	393	465	2	2233
2006-07	1594	12	553	540	745	11	3455
2007-08	1411	5	545	552	636	88	3237



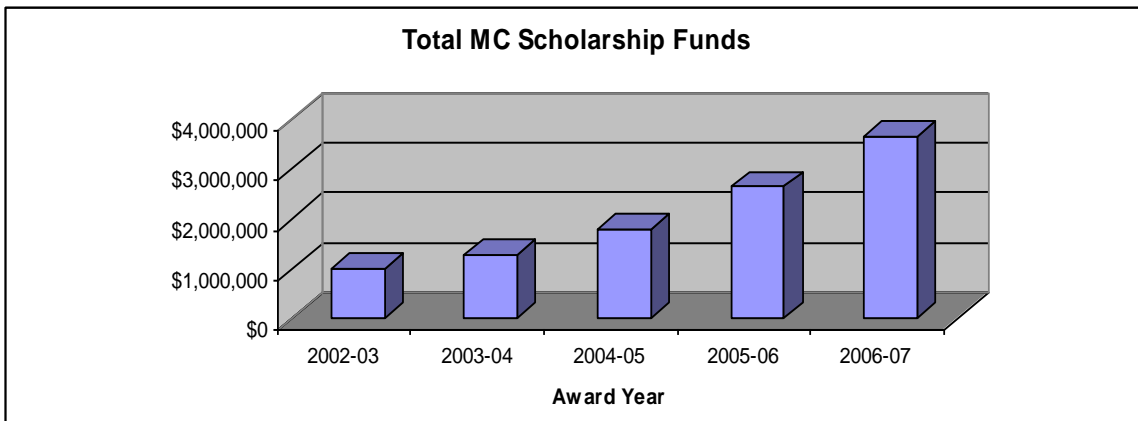
Award Year	African American	Native American	Asian	Hispanic	White	Other	Total
2003-04	\$445,744	\$1,500	\$197,672	\$170,654	\$265,731	\$0	\$1,081,301
2004-05	\$506,239	\$2,000	\$212,995	\$198,541	\$299,380	\$356	\$1,219,511
2005-06	\$623,598	\$4,865	\$262,482	\$251,947	\$299,570	\$2,154	\$1,444,616
2006-07	\$1,210,240	\$11,638	\$449,318	\$437,662	\$624,980	\$7,560	\$2,741,398
2007-08	\$1,209,291	\$3,750	\$479,020	\$464,279	\$547,897	\$74,327	\$2,778,564

- More students qualify for need-based Board of Trustees grants than the college can award. The number of unfunded students increased in fall 2008, but the percentage of students not enrolling at MC continues to decrease.



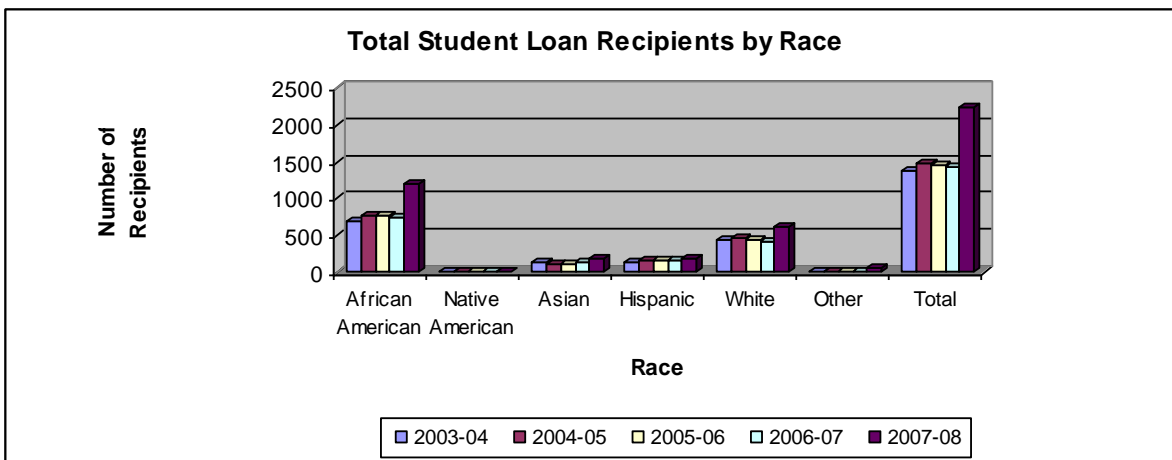
Award Year	Unfunded Students	Not Enrolled
Fall 2005	6810	3034
Fall 2006	6572	2655
Fall 2007	6479	2482
Fall 2008	7009	2475

- MC Scholarships fill the gap for many students and the amount of scholarship funds increased 170% over five years. These are primarily awards based on academic merit, such as the Board of Trustees Scholars, Montgomery Scholars, Renaissance Scholars, Macklin Scholars, and Project Success in Engineering. Most MC Foundation Scholarships are based on both academic merit and financial need. Support from MC Foundation Scholarships increased 75% over a five-year period.

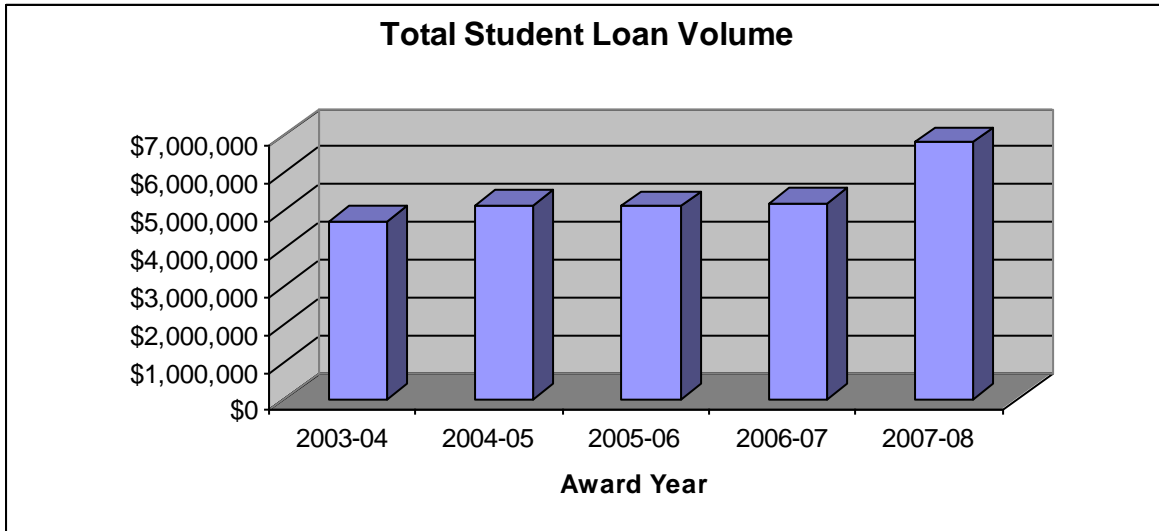


Award Year	2003-04	2004-05	2005-06	2006-07	2007-08
	\$838,822	\$1,390,592	\$1,389,588	\$1,594,898	\$2,268,169

- The number of loan recipients and dollars borrowed increased significantly in 2007-08. Student loans are the least preferred financial aid resource for MC students, but over the past five years the number of borrowers increased 63% and the total dollars borrowed increased 45%. Borrowing is expected to increase again in 2008-09 as students look for additional resources for living expenses.

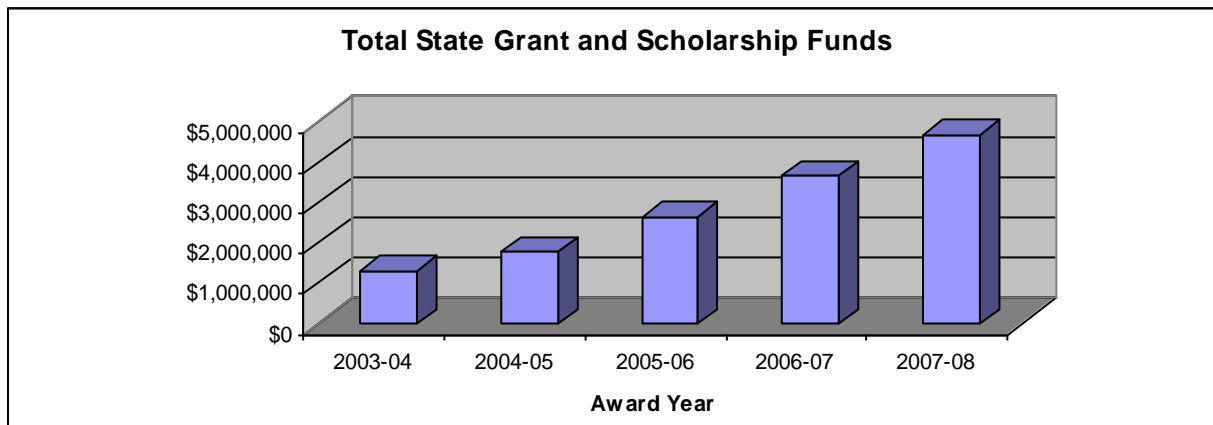


Award Year	African American	Native American	Asian	Hispanic	White	Other	Total
2003-04	685	5	126	126	434	0	1376
2004-05	760	2	106	157	452	1	1478
2005-06	756	3	110	162	424	2	1457
2006-07	751	6	120	153	400	6	1436
2007-08	1198	12	177	191	608	50	2236



Award Year	2003-04	2004-05	2005-06	2006-07	2007-08
	\$4,710,873	\$5,131,903	\$5,110,420	\$5,184,443	\$6,809,296

- Student assistance from Maryland State Grant and Scholarship funds increased 261% over five academic years and 27% in just one year, from 2006-07 to 2007-08. The financial aid office's outreach efforts led to higher numbers of MC-bound students applying for financial aid prior to the state's March 1 deadline, which improves their chances of receiving assistance. Montgomery College leads the state community colleges in the number of state grant/scholarship recipients and the total financial assistance dollars received.



Award Year	2003-04	2004-05	2005-06	2006-07	2007-08
	\$1,296,313	\$1,788,688	\$2,658,849	\$3,673,840	\$4,683,942