Maryland Pathways

Background

The University of Maryland has maintained a long tradition of providing high quality undergraduate education to academically talented students from the State of Maryland. However, access, affordability, and choice have become critical issues as recent economic conditions have made it harder than ever for families of modest means to afford the rising costs of education. Increasingly, families with limited resources have had to assume debt to defray these costs. To assist low-income families in these circumstances, the University of Maryland has created a new financial assistance program: Maryland Pathways, that reduces the debt component and increases the grant component of the student's financial aid package. The Maryland Higher Education Commission's Office of Student Financial Assistance has also agreed to partner with the University of Maryland by funding a portion of the program.

Maryland Pathways will be available to eligible Maryland resident students starting with the Fall 2005 entering freshman class.

The Programs

Maryland Pathways consists of three programs. The first is a Work/Grant program, that offers our most financially at risk students a University of Maryland Pathways Grant and a few hours of campus employment in place of loans and holds them harmless from debt. The second program, the Pell Grant Supplement
Program, provides a University of Maryland Pathways Grant to students who would have qualified for a Pell Grant, had they not earned income in support of their everyday living expenses. The University is launching a third Pathways program, called the Senior Debt Cap Program, to help low to middle income families in Maryland.

**Work/Grant Program**
The work/grant program is for students of families that have no financial resources to pay for college, as determined by the Free Application for Federal Student Aid (FAFSA). Maryland resident students qualifying for the Pathways program will be awarded Federal Work Study and required to work part-time on campus 8 to 10 hours per week to contribute to their "Cost of Attendance" (tuition, fees, room and board, etc.). After Federal awards, the remaining cost will be met with a combination of State of Maryland Guaranteed Access Grant, and University of Maryland Pathways Grant.

**Pell Grant Supplement Program**
Pell Grant requirements significantly reduce the amount for which low-income working students are eligible. For that reason, all University of Maryland undergraduate students meeting the criteria will be awarded a University of Maryland Pathways Grant equal to the Pell Grant amount they would have received had they not worked.

**New Debt Cap Program**
Although these two paths are a tremendous help to low-income families, the University feels that it must do more to help the low to middle income families in Maryland, with estimated incomes in the $22,000 to $60,000 range. Therefore, the University is launching a third Path of the Pathways program, called the Senior Debt Cap Program. Beginning in Fall 2005, the program will award seniors, who have accumulated considerable debt, a university grant covering his/her remaining financial need in the fourth year. In order to qualify for the grant in the 2005-2006 academic year, a student will have to have accumulated $15,900 or more in federal need based loans. This Debt Cap is effectively equivalent to the direct...
cost of attendance (tuition & fees, and room & board). Each year, the debt cap will be reassessed and any adjustments will be made in time to inform the next year's senior class. In the program's first year, approximately 100 grants will be awarded to instate students with significant debt loads.

**Eligibility**
The following eligibility policies not only help to define the program, but also support the University's academic success policies aimed at graduating students in four years.

In order to be eligible for the program, the student must have:

1. Registered as a full-time in-state resident in their fourth year
2. Entered as a first time freshmen three years ago
3. Earned a minimum of 90 credits (senior status) at the start of their fourth academic year

**How the Program Works**
In the 2005-2006 academic year, the program will award a university grant to students entering their fourth academic year, once he/she has accumulated greater than $15,900 in federal need based loans. Loans awarded under Subsidized Stafford and Perkins federal programs are considered federal need based loans.

For eligible in-state students, the program will cover all of a student's unmet need in the fourth year after the Debt Cap threshold is reached and other grant/scholarship aid is applied. Therefore, each student's Debt Cap grant will be different and the range is expected to cover from a few hundred dollars to upwards of $15,000. It is estimated that the average debt grant dispersed will be approximately $6,700. Below are two hypothetical examples to show how the program will work.

1. At the beginning of Susan's fourth academic year, she has accumulated $17,000 in federal need based loans, which places her beyond the current Debt Cap of $15,900. After Susan's expected family contribution of $3,000 and scholarships/grants of $8,500 are taken in to account, Susan's
remaining need in her fourth year from the original $19,000 full cost of attendance (tuition & fees, room & board, books, and transportation) is $7,500. Therefore, Susan would be awarded a $7,500 Debt Cap grant to cover her remaining need and to lower her overall debt load upon graduation.

2. At the beginning of Sam's fourth academic year, he has accumulated $14,600 in federal need based loans and the current Debt Cap is $15,900. Therefore, Sam would have to qualify and borrow an additional $1,300 in federal need based loans in his fourth year in order to reach the Debt Cap. Once he has met the Debt Cap with the $1,300 loan, and his $5,500 expected family contribution and $6,500 grants/scholarships are applied; Sam would still have a need of $5,700 to cover the full $19,000 cost of attendance. Therefore, Sam would receive a Debt Cap grant of $5,700 to cover his remaining need and to lower his accumulated debt upon completion of his undergraduate degree.