Redesigning Massachusetts State Financial Aid
Simplifying Process & Maximizing Impact

Study grew out of the *Redesigning State Aid in New England* initiative, sponsored by the New England Board of Higher Education and funded by The Lumina Foundation.

Goal was to produce a set of recommendations for reforming and consolidating state-funded financial aid programs that would move the Commonwealth forward on three BHE priorities:
- Enhance student success, decreasing students’ time to earning a postsecondary degree
- Improving college access and affordability
- Closing achievement gaps between groups of students

Consultants:
Harvard Graduate School of Education
- Prof. Bridget Terry Long, Ph.D.
- Monnica Chan, Ph.D. Candidate

Staff:
Massachusetts Department of Higher Education
- Clantha McCurdy, Senior Deputy Commissioner, Access & Student Financial Assistance

Overview of the study findings
- High-level preview of questions that must be addressed in formulating new financial aid policy

BHE is asked to accept the report, further directing the Commissioner to develop new financial aid policy recommendations and a plan for implementation
Analyzes the extent to which current financial aid programs are meeting residents’ needs

Identifies opportunities to create efficiencies

Identifies opportunities to simplify the aid process for families

Forecasts future state financial aid needs based on projected demographics and socioeconomic changes

We have 31 different state financial aid programs

There is a great deal of variation in eligibility requirements, funding sources, and administrative oversight

Most are funded from the General Fund or Tuition Revenue, but some also receive private matches

Many focus on particular groups (e.g., teachers, Dept. of Children and Families; workforce-related)

Vary in whether they are available at private colleges

In addition to grants, we offer a large number of tuition waivers, which vary by institutional sector → they add a layer of complexity to the aid system

How well does our aid system support student affordability?
Median College Costs, Aid Awards, and Unmet Need, FY2014
Full-time, Full-Year Students

STATE UNIVERSITIES

LOWER INCOME
Expected Family Contribution
HIGHER INCOME

Federal Grants
Institutional Aid
State Grants & Waivers

Median College Costs, Aid Awards, and Unmet Need, FY2014
Full-time, Full-Year Students

UMASS SYSTEM

LOWER INCOME
Expected Family Contribution
HIGHER INCOME

Federal Grants
Institutional Aid
State Grants & Waivers

Median College Costs, Aid Awards, and Unmet Need, FY2014
Full-time, Full-Year Students

PRIVATE INSTITUTIONS

LOWER INCOME
Expected Family Contribution
HIGHER INCOME

Federal Grants
Institutional Aid

Median College Costs, Aid Awards, and Unmet Need, FY2014
Full-time, Full-Year Students

PRIVATE INSTITUTIONS

LOWER INCOME
Expected Family Contribution
HIGHER INCOME

Federal Grants
Institutional Aid

Redesigning Massachusetts State Financial Aid
Overlap in State Need-Based Grant Awards

Public Institutions, FY2014
Full-Time/Full-Year students

Cash Grant
2,343
3,948

MASS Grant
8,815

Need-Based Waiver
2,447
4,892

7,115 (all three)

68% of Cash Grant recipients also received a MASS Grant

70% of Need-Based Waiver recipients also received a MASS Grant
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Opportunities for Improvement

1. After all sources of financial aid, **unmet financial need is still substantial** in the Commonwealth (and particularly hard to handle for low-income students)
   - What is a reasonable amount of unmet need?
   - What should be the state role? What should we expect of institutions (both decentralized state aid and institutional resources)?
   - Is there a benchmark we should use across institutions?

2. To improve the aid system, **more support is needed**, but there may also be **ways to be more impactful and efficient** with our current funds

Redesigning Massachusetts State Financial Aid

Overlap in State Need-Based Grant Awards

Private Institutions, FY2014

*Full-Time/Full-Year students*

73% of Gilbert Grant recipients also received a MASS Grant

<table>
<thead>
<tr>
<th>Grant</th>
<th>5,552</th>
<th>7,568</th>
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<tbody>
<tr>
<td>Gilbert</td>
<td>2,093</td>
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Redesigning Aid Portfolios across the Nation, FY2014

**NEED-BASED AID**

<table>
<thead>
<tr>
<th>Total Need-based Grant Dollars</th>
<th>Primary Need Pgm</th>
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<tbody>
<tr>
<td><strong>Amount/ FTE Student</strong></td>
<td><strong>State Rank</strong></td>
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<tr>
<td>Washington</td>
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<td>Rhode Island</td>
<td>$189</td>
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</tbody>
</table>

Source: National Association of State Student Grant and Aid Programs (NASSGAP) 45th Annual Survey Data.

What does the Massachusetts aid system look like to families?

From the OSFA Website…

**How difficult is it for a family to navigate our system?**

**What the tradeoffs from having so many targeted programs?**

**Could the same goals be accomplished with a simpler approach?**

We rank #25

#1 spends nearly FIVE times as much per student as Mass.

A much smaller fraction of our need-based aid is dispersed through our primary program
Should we consolidate some aid programs?

- There is significant overlap among multiple programs—**could we reach the same goals** using a much simpler approach?

- Consolidation could:
  - Make administrative oversight easier
  - Increase transparency and the ability to publicize what families might expect to receive
  - Reduce burden and uncertainty for families

Should we consolidate some aid programs?

- Collapse/remove waivers that have not been used in recent years
- Examine “one-off” programs—Could they be folded into larger program and accomplish the same goals?
- Consolidate need-based aid programs to build a singular, more progressive aid program (similar to other states)
- In communications (e.g., website), prioritize the larger programs and make sure they are highly visible (smaller programs should be listed at the bottom)

Other Issues to Consider

- **Grants ≠ Tuition Waivers**
  - Differential impact on student decisions?
  - Anticipate changes to tuition retention policies by reconsidering tuition waiver programs and associated state statutes

- **Piloting Other Ideas?**
  - e.g., Lessons from other aid programs/states
  - Must balance with unmet need that already exists

Five overarching recommendations to improve effectiveness and efficiency of current aid system:

- More support is needed to address the substantial unmet financial need facing many families
- Consolidate programs with similar goals into a simpler, more streamlined system to benefit multiple stakeholders
- Repackage the Massachusetts system of tuition waivers into a simplified, well-publicized grant program
- Apply lessons and innovations from pilot programs to existing aid policies
- Improve communications regarding state financial aid programs for clarity and increased awareness
Recommended next steps in moving to redesign the Massachusetts State Financial Aid program:

- **Share findings** with Massachusetts colleges and universities
- **Collect feedback** from institutional financial aid officers, the Statewide Financial Aid Advisory Committee, students and parents who navigate and use state financial aid
- **Conduct additional analysis**, including unmet need
- **Develop recommendations** for suggested modifications

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**Stakeholder Feedback**

- **Report has been widely circulated** and discussed at various forums, workshops and committee meetings with stakeholders over past several months
  - Commissioner circulated report to campus presidents
  - Financial Aid Forum held on December 15, 2017
  - Key meetings with the Statewide Financial Aid Advisory Committee

- **DHE received feedback from a variety of stakeholders**, including campus leadership, financial aid professionals, and organizations whose work include student success advocacy

- **Survey conducted by Ripples captured student feedback** regarding the financial aid process, services and resources (part of OSFA Business Process Review)

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**Key Factors for Policy Recommendations**

- **Overall consensus to revamp** state financial aid programs
- **Continue to advocate** for increased financial aid resources to serve more students
- **Address unmet need**, which continues to increase
- **Do not overlook students** who do not qualify for entitlement aid (Pell Grant, MASSGrant)
- **Programs should be flexible** and available to all students (full- and part-time)
- **Address balance of state aid** that benefit public and private college students

- **Administration**
  - Is sustainable legislative support feasible, and is there a possibility of increases in state financial aid funding over time?
  - How can resources be replaced if tuition waivers are no longer available due to statewide implementation of tuition retention policy?
  - What will be the impact of demographic changes in college-going population based on enrollment projections?
  - What are the expectations for increased institutional financial aid (i.e., partnership with institutions)?
  - What will be the impact of/on current initiatives such as Commonwealth Commitment and Governor Baker’s proposed increase in MASSGrant for community college students?
Redesigning Massachusetts State Financial Aid

Key Factors for Policy Recommendations

- **College Affordability**
  - What is the target share of college costs to be covered by state financial aid?
  - What is the target for a reasonable level of unmet need, and what amount of additional resources would be required to meet it?
  - How can current funds be maximized to impact unmet need in an environment where college costs continue to increase?

- **Improving College Participation & Completion Rates, Closing Achievement Gaps**
  - Should additional financial aid resources be provided to institutions with proven success in these areas?
  - How can state financial aid support early college initiatives, through partnerships with institutions and local communities?
  - Should programs support students who meet certain milestones towards degree completion (i.e., incentive-based programs that encourage persistence)?

Summary of Goals

- **Consolidating and revamping programs** that are similar and/or no longer effective to achieve greater efficiency
- **Having clear & defined eligibility requirements** and expectations
- **Revamping DHE/OSFA website for clarity** and to include tools to enhance a student’s ability to make informed decisions for college

Note: A Business Process Review (BPR) is currently in process at DHE, intended to evaluate how financial aid and related fiscal/administrative services may be improved for effectiveness and efficiency of state financial aid processes and services. BPR results are expected to impact new state financial aid policy.

Next Steps

- **Finalize recommendations** for new financial aid policy
- **Develop implementation plan** and timeline to manage program changes
- **Present details** of recommendations (and implementation plan) to FAAP for BHE approval
- **Provide BHE with periodic (annual) reports** on the progress and status of state financial aid