

# Redesigning Massachusetts State Financial Aid

## Simplifying Process & Maximizing Impact

Board of Higher Education Meeting | March 6, 2018



Redesigning Massachusetts State Financial Aid

## Presenters

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### Staff:

#### Massachusetts Department of Higher Education

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Redesigning Massachusetts State Financial Aid

## Project Overview

- 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

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Redesigning Massachusetts State Financial Aid

## Today's Presentation

- **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

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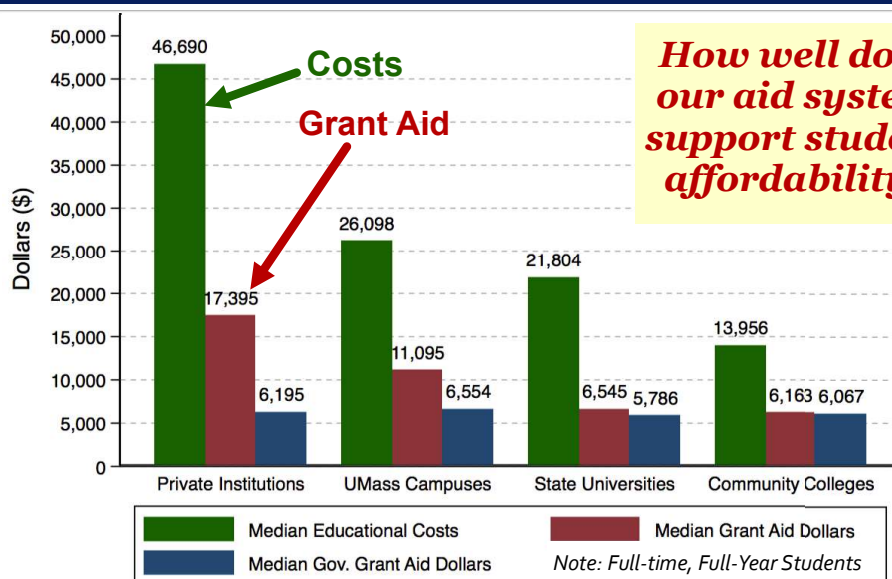
# Study Outcomes

- **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

# The Current Aid Portfolio

- 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

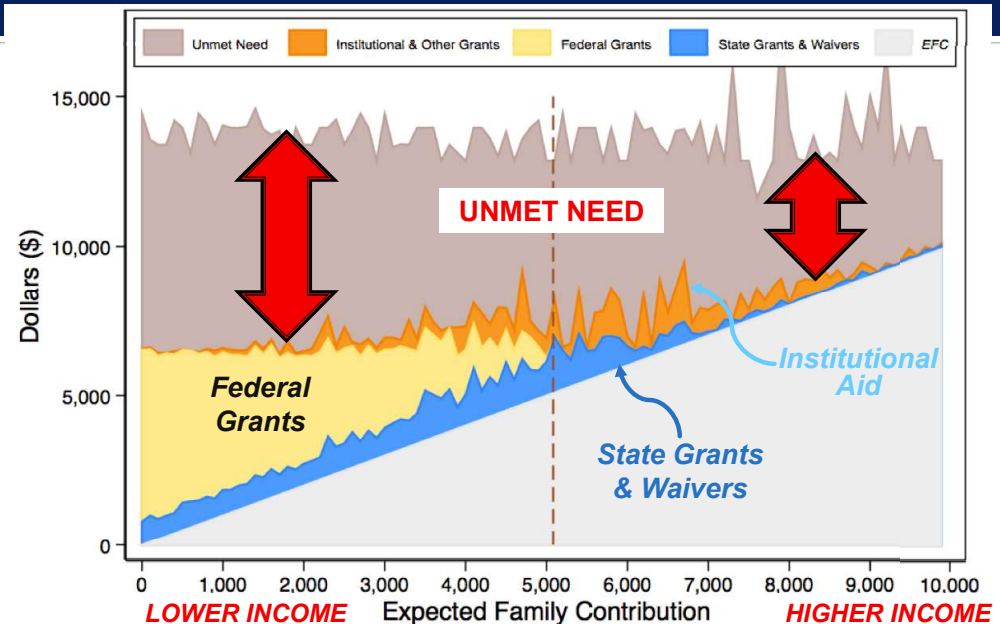
# Median Educational Costs & Grant Aid, FY2014



# Median College Costs, Aid Awards, and Unmet Need, FY2014

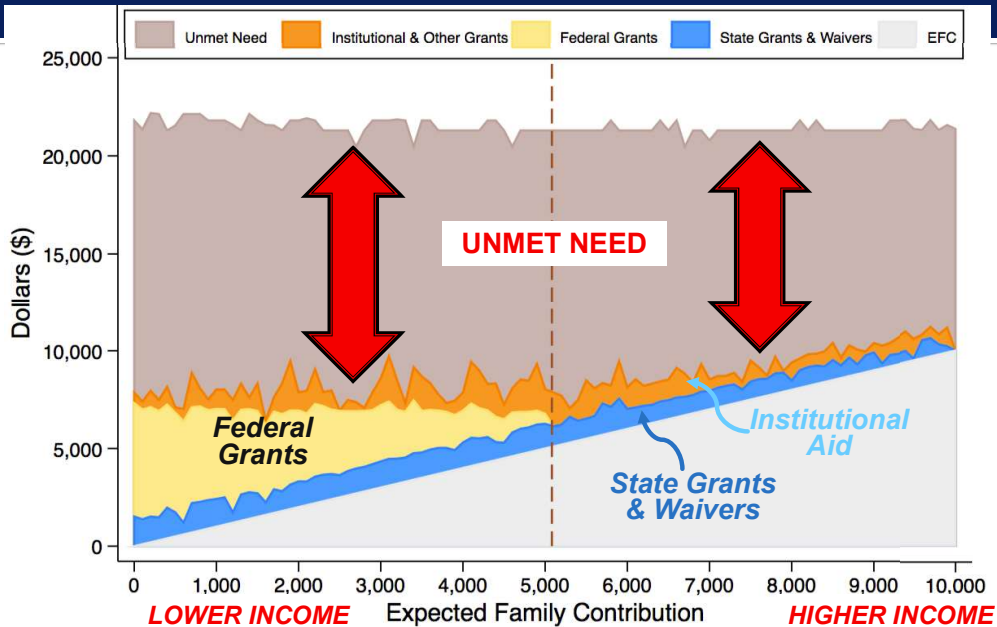
*Full-time, Full-Year Students*

## COMMUNITY COLLEGES



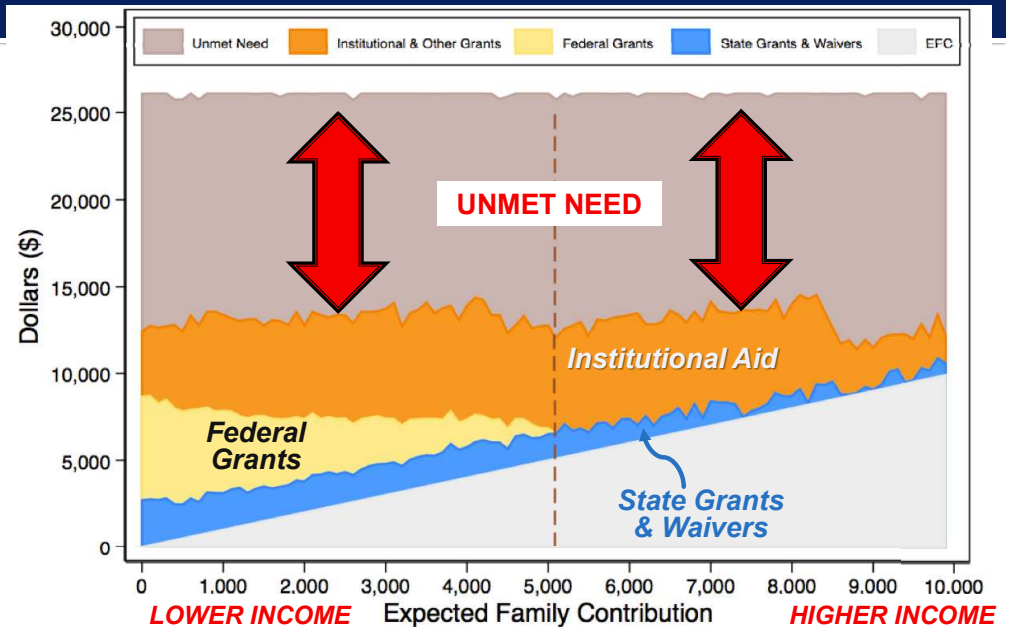
## Median College Costs, Aid Awards, and Unmet Need, FY2014 Full-time, Full-Year Students

### STATE UNIVERSITIES



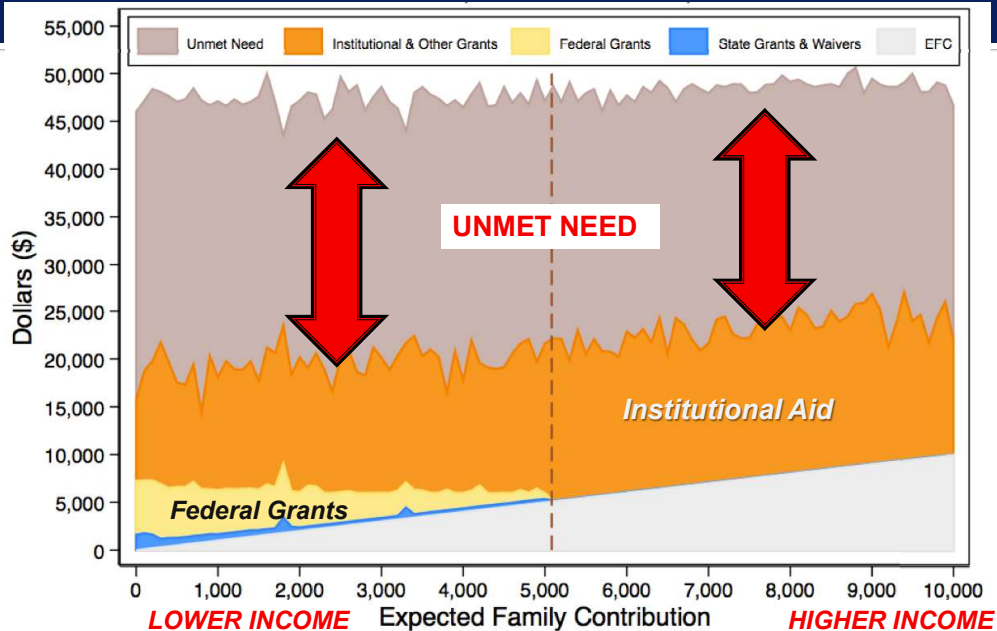
## Median College Costs, Aid Awards, and Unmet Need, FY2014 Full-time, Full-Year Students

### UMASS SYSTEM



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

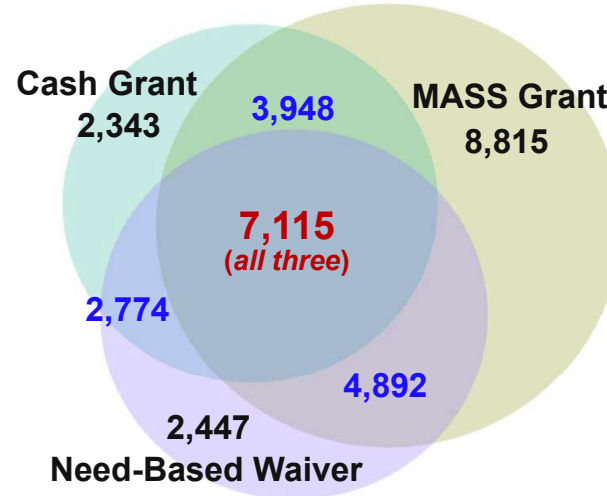
### PRIVATE INSTITUTIONS



## Redesigning Massachusetts State Financial Aid

### Overlap in State Need-Based Grant Awards

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

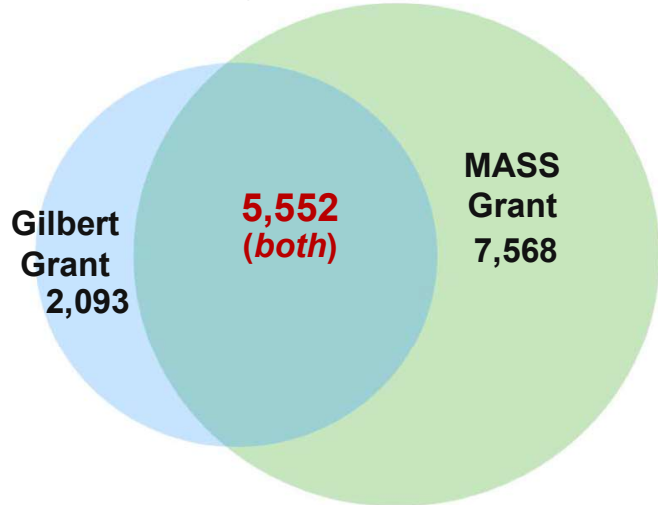


**68%** of *Cash Grant* recipients also received a *MASS Grant*

**70%** of *Need-based Waiver* recipients also received a *MASS Grant*

## 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

## State Aid Portfolios across the Nation, FY2014

	NEED-BASED AID				
	Total Need-based Grant Dollars		Primary Need Pgm		
	Amount/ FTE Student	State Rank	Total Need-Based Aid Dispersed	% to Primary Program	Mean per Recipient
Washington	\$1,316	1	\$366,684,212	83%	\$4,322
New Jersey	\$1,228	2	\$385,285,704	91%	\$4,810
New York	\$1,045	3	\$1,020,584,424	92%	\$3,093
California	\$987	4	\$1,671,953,616	100%	\$5,671
Indiana	\$870	5	\$270,443,768	52%	\$2,667
North Carolina	\$825	7	\$326,540,688	69%	\$2,099
Vermont	\$548	12	\$20,430,048	77%	\$1,739
Wisconsin	\$495	15	\$126,037,792	63%	\$1,380
Tennessee	\$349	19	\$87,561,408	57%	\$1,542
South Carolina	\$321	22	\$60,641,048	100%	\$1,401
Colorado	\$320	23	\$96,362,152	76%	\$1,271
Connecticut	\$288	24	\$146,708,148	27%	\$4,529
Massachusetts	\$267	25	\$111,633,436	35%	\$652
Rhode Island	\$189	33	\$11,921,059	100%	\$649

- 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

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Source: National Association of State Student Grant and Aid Programs (NASSGAP) 45th Annual Survey Data. 14

## 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

*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?*

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## Opportunities for Improvement

### 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

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## Opportunities for Improvement

### 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)

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## Study Conclusions

### 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

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## Study Recommendations: Summary

**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

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## Study Recommendations

**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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## Stakeholder Feedback

- **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

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## Key Factors for Policy Recommendations

- **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?

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## 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?

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## Key Factors for Policy Recommendations

- **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)?

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## 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.*

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## 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

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