



RISING BARRIERS, SHRINKING AID

The State of Financial Aid in Massachusetts

Dr. Bahar Akman Imboden PhD

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EXECUTIVE SUMMARY

Year after year, prospective and current students see the cost of attending a public college or university steadily increase. As college affordability continues to be a major concern, many states have worked to innovate and update their funding systems to increase affordability and close achievement gaps. Across the country, state-funded financial aid has increased 15 percent per student on average over the past two decades.

One would expect Massachusetts, which prides itself on its public education system, to be a leader in providing support and service to its public higher education students. Sadly, the opposite has characterized the last two decades: state-funded financial aid in Massachusetts was cut by 47 percent between 2001-2021. Despite being one of the wealthiest states, Massachusetts ranks 37th in the nation in state-funded financial aid to residents and its students carry the 5th highest debt burden in the nation.

As we highlighted in a previous report, the cost of attending a public university or college in the Commonwealth has jumped 59 percent since 2000. During this same period, the average household income in Massachusetts saw a meager 13 percent increase. In order for future generations to access public higher education, state-funded financial aid plays an even more critical role than ever before.

Recently, there has been a concerted effort to increase funding for student financial aid, an important step to reverse decades-long trends of disinvestment. For Massachusetts to truly reach its key educational priorities, the student financial aid system needs to see continued, significant investment that addresses growing financial unmet need and helps simplify the path for students so that getting a credential or degree from the state's public higher education system is more accessible and attainable.

In this report, we look at state-funded financial aid available to students in Massachusetts and its role in increasing access to public higher education. Our research shows that:

1. State financial aid per student has steadily declined in the last two decades, eroding the purchasing power of state grants and scholarships. The total state aid students receive covers only a fraction (12 percent) of the cost to attend college.

2. In an effort to distribute limited funds in the most targeted manner, the state has created more than 40 different small grants, scholarships, and tuition waivers. While well-intentioned, this has created an unnecessarily complex and confusing financial aid system to navigate. The process alone ends up creating barriers for the students who arguably stand to benefit the most from state-funded financial aid and access to public higher education.
3. The lack of a clear and strategic approach to state-funded financial aid has led to an inequitable distribution of aid across the sectors of higher education. This runs counterproductive to the Commonwealth's stated goals of equity and accessibility in public higher education - with students at the state's community colleges receiving half of the financial assistance that their peers at four-year public and private institutions receive.

This report highlights the severe implications we are witnessing and will continue to experience without a strategic long-term agenda and substantive re-investment in public higher education - at the institutional and student level:

- **Growing Unmet Need:** The majority of public higher education students in Massachusetts are left with a large financial gap: 8 out of 10 students at the state's four-year public institutions have \$12,000 in unmet financial need each year; and 9 out of 10 community college students have \$8,557 in unmet need each year.
- **Growing Student Debt Burden:** In the last two decades, more and more students have been forced to take out burdensome loans in order to attend one of the state's public institutions. The number of students taking out loans to attend a four-year public university jumped by a staggering 105 percent while the number of students borrowing to attend a community college in Massachusetts increased by 45 percent.
- **Growing Educational Gaps:** Lack of funding, coupled with the complex financial aid system, negatively impacts students from underprivileged backgrounds and first-generation students the most. Even after accounting for academic readiness, college enrollment, persistence, and graduation rates are significantly lower for low-income and underrepresented students.
- **Growing Economic Instability:** The state's chronic disinvestment from higher education is failing the public institutions that do the most to drive economic mobility. Without a clear commitment and a sizable and reliable investment in public higher education and state-funded financial aid, the state will continue its race to the bottom, putting its overall economic stability and competitiveness at risk.

The Hildreth Institute is a research and policy center dedicated to restoring the promise of higher education as an engine of upward mobility for all. We argue here that we can no longer rely on a financial aid system that depends primarily on student loans. We have a historic opportunity to re-invest in higher education in a way that counteracts established inequities. It is time to rethink the distributional effects and equity impact of our financial aid system and of recent efforts to increase affordability.

Here we propose that the state make a true commitment to public higher education students of the Commonwealth and reform and refocus their efforts in terms of financial aid.

A well-funded centralized program with clear award criteria that apply to a large number of residents would ensure that students predictably know that the state is there to financially support them in their quest for upward mobility through a degree. The state must also reinvest in public higher education institutions so they are adequately equipped to provide the critical wraparound support and services that take into account the changing demographics of our public institutions' student bodies. Many students, particularly first-generation and/or adult learners, face important barriers to higher education that such support programs can alleviate. Wraparound programming encompasses a variety of supports, including tutoring, counseling, childcare, transportation, and other non-instructional services. A growing national body of evidence indicates that the availability of such comprehensive support services can be the deciding factor whether a student enrolls and persists toward their degree or credential.

It is time Massachusetts extends its commitment to public education past grade 12.



FULL REPORT

In its mission statement, the Commonwealth of Massachusetts attests that Massachusetts Public Higher Education is a multi-faceted system that “exists to provide accessible, affordable, relevant, and rigorous programs that adapt to meet changing individual and societal needs for education and employment. The public system is committed to continuous improvement and accountability in all aspects of teaching and learning.”

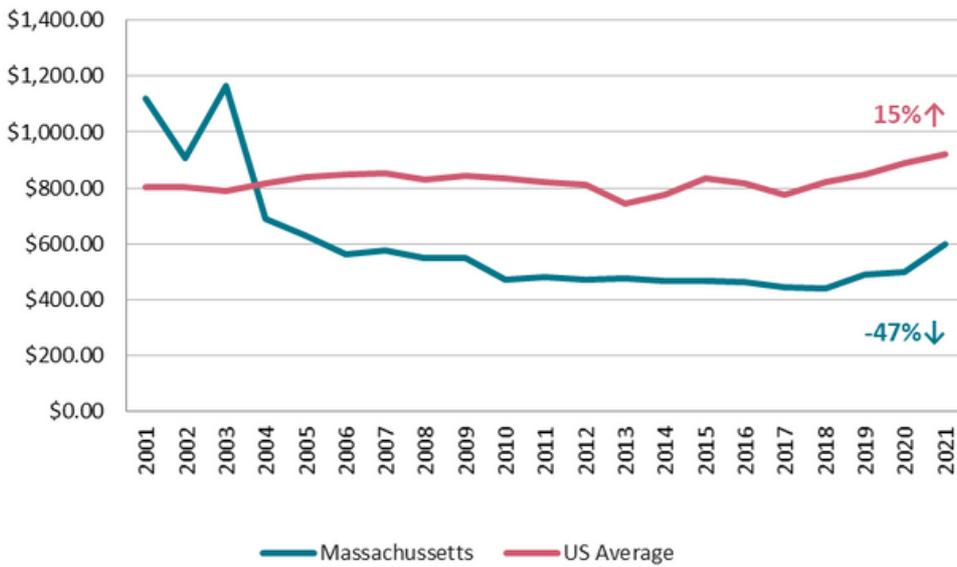
State-funded financial aid is a critical way the Commonwealth can invest in its students and help those in need to access higher education. It’s also an important investment for the economic vitality of the state. Yet, Massachusetts has not reformed its student financial aid system in years.

The cost of public higher education in the Commonwealth has increased 59 percent since 2000, while the average household income has only increased 13 percent during this time. At the same time, state-funded financial aid for Massachusetts students has significantly decreased.

1. CHRONIC DISINVESTMENT IN MASSACHUSETTS STUDENTS

While many states have boosted student financial aid by an average of 15 percent over the past two decades, Massachusetts students have faced a 47 percent cut (see fig.1). Over the same period of time, the state has also cut funding for public higher education by 20 percent per student.

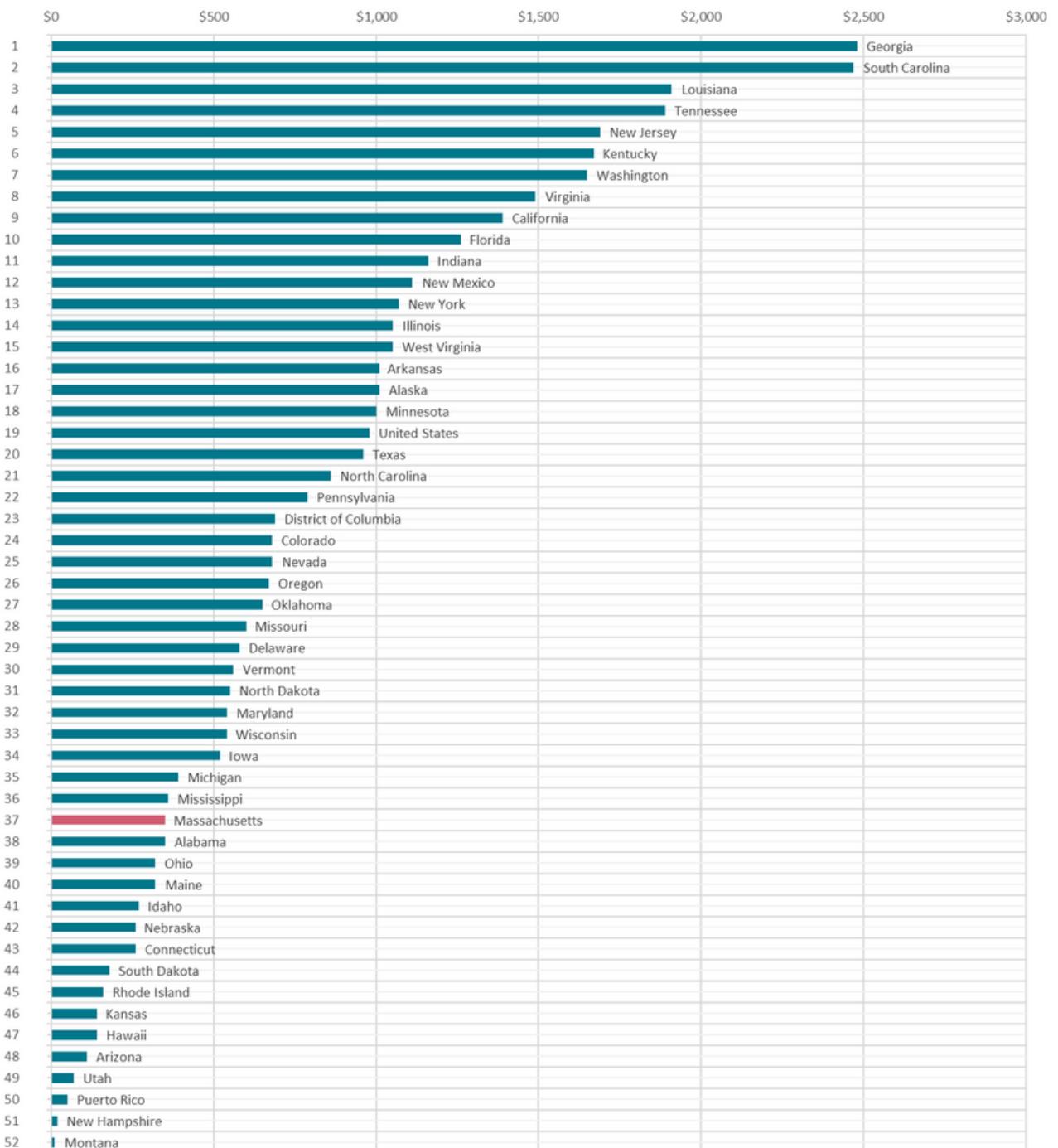
Fig 1: State Financial Aid per Full Time Equivalent Enrollment (Inflation Adjusted)



Source: State Higher Education Executive Officers Association. (2020). State Higher Education Finance: FY 2021
Source for inflation adjustment: <https://data.bls.gov/pdq/SurveyOutputServlet>
Note: This data does not include money appropriated by the state in 2022.

Even though it is among the wealthiest in the country, Massachusetts ranks 37th in terms of the financial aid it provides to students.

Fig 2: State Grant Aid per Full Time Equivalent Undergraduate Student 2019-20



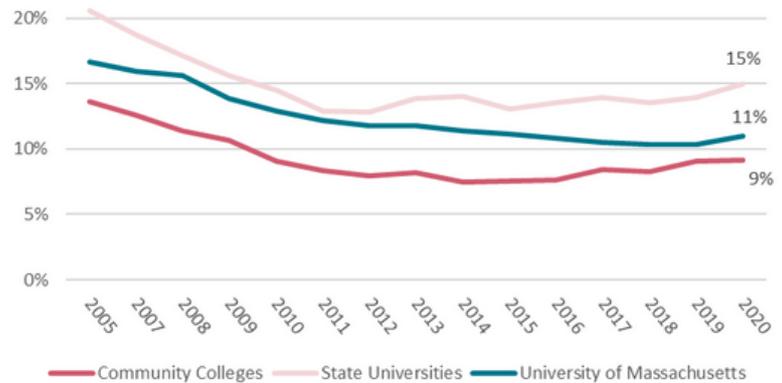
Source: <https://research.collegeboard.org/trends/student-aid>.

NOTE: Full-time equivalent students include both state residents and out-of-state students. States do not award grant aid to nonresidents. Most states do not award state grant aid to their residents who attend colleges outside the state.

Declining Purchasing Power

With the cost of attending college rising yearly, state financial aid now only covers a fraction of students' costs. The state's largest need-based grant program, the MASSGrant, used to cover 80 percent of tuition and fees at public universities in 1988. Now, this critical grant covers only 8 percent of tuition and fees for students in the University of Massachusetts system and 11 percent for those at state universities.¹ Depending on the sector of higher education, the total state-funded financial aid available for students covers only between 9 to 15 percent of the full cost of attendance.

Fig 3: Percentage of College Costs Covered by Total State Financial Aid



Sources: The data for the Cost of college is from Integrated Postsecondary Education Data System (IPEDS) and it represents the total price for in-state students living off campus (with family). The data for total state financial aid comes from The Massachusetts Department of Higher Education.

Note: The total state financial aid covers even less of the price for in-state students who live off campus but have to cover their housing costs.

2. COMPLEXITY OF THE STUDENT FINANCIAL AID SYSTEM

By not establishing a regularly funded and systematic state financial aid program, Massachusetts has created with an unnecessarily complex financial aid system.

In 2021, 153,929 undergraduate students enrolled in Massachusetts' public higher education institutions. About 54 percent (82,745) received state financial aid. Most of this aid came from the five largest state programs, MASSGrant, Need-Based Tuition Waiver, Cash (ACCESS) Grant, the John and Abigail Adams Scholarship, and MASSGrant Plus. Each program provided between \$500 to \$1300 on average per recipient. The rest of the state-funded grants and waivers were awarded to less than 10 percent of applicants, with five programs serving less than 100 students each.

On average, students received \$2,007 from a few overlapping programs. The state's main needs-based financial aid program, the MASSGrant, is the largest in terms of annual funding and participants. Yet, it provided just \$1,123 per student, and only \$632 for community college students.

Table 1 provides an overview of various financial aid programs detailing the total funding awarded, the number and percentage of recipients, and the average award amount per recipient. Since students often receive funding from more than one program, the total number of recipients is duplicated.

¹ The data on MassGrant comes from The Massachusetts Department of Higher education.

Table 1: Overview of the total state financial aid provided to Massachusetts students in 2021-22

	Name of Program	Total awarded	Recipients	Percentage of Total Recipients	Award per recipient
1	MASSGrant	\$49,154,297	43,784	53%	\$1,123
2	Need Based Tuition Waiver	\$14,271,498	29,235	35%	\$488
3	Cash (ACCESS) Grant	\$28,447,569	27,765	34%	\$1,025
4	Adams Scholarship	\$16,338,531	12,286	15%	\$1,330
5	MASSGrant Plus	\$9,109,459	8,818	11%	\$1,033
6	Gilbert Grant	\$15,340,802	7,386	9%	\$2,077
7	GEER Emergency Grant	\$1,979,282	2,889	3%	\$685
8	Mass Transfer Tuition Waiver	\$1,494,745	1,470	2%	\$1,017
9	MSCBA Housing Grant	\$2,672,169	1,417	2%	\$1,886
10	Part Time Grant	\$521,500	1,417	2%	\$368
11	Categorical Tuition Waiver: Native American, Senior Citizen	\$821,458	1,193	1%	\$689
12	Combined MA No Interest Loans	\$2,847,632	1,002	1%	\$2,842
13	Veterans Tuition Waiver	\$293,528	579	1%	\$507
14	State University Internship Incentive Program	\$1,478,438	541	1%	\$2,733
15	National Guard Tuition & Fee Assistance	\$3,222,672	516	1%	\$6,245
16	Massachusetts GEAR UP Scholarship	\$336,891	500	1%	\$674
17	DCF Foster Children Fee Assistance	\$3,496,165	463	1%	\$7,551
18	Massachusetts High Demand Scholarship	\$1,494,252	359	0%	\$4,162
19	Early Educators Scholarship	\$1,998,627	358	0%	\$5,583
20	DCF Adopted Children Fee Assistance	\$2,792,175	354	0%	\$7,888
21	Foster Child Grant	\$1,117,496	283	0%	\$3,949
22	Commonwealth Commitment	\$170,344	279	0%	\$611
23	Paul E. Tsongas Scholarship Tuition Waiver	\$651,588	111	0%	\$5,870
24	Paraprofessional Teacher Preparation Grant	\$402,397	80	0%	\$5,030
25	Christian Herter Scholarship	\$701,798	58	0%	\$12,100
26	Agnes Lindsay Scholarship	\$26,590	41	0%	\$649
27	Public Service Grant	\$87,610	7	0%	\$12,516
28	One Family Scholarship	\$5,000	1	0%	\$5,000
	Other State	\$2,107,790	995	1%	\$2,118
	Other Tuition Waivers	\$2,712,364	2,411	3%	\$1,125
	Grand Total	\$166,094,667	*82,745		\$2,007

Source: Table created by author using data from the Massachusetts Department of Higher Education

* This value represents the non-duplicated numbers of financial aid recipients

With the lack of an adequately funded financial aid system, the state has worked to distribute limited funding in a highly targeted way. Decades of this approach has led to the creation of a confusing and layered approach with more than 40 small grants, scholarships, and tuition waivers. While the number of programs is overwhelming, each comes with a different application procedure, eligibility criteria, and timeline.

Adding to this complexity is that 70 percent of the state-funded financial aid comes with a decentralized structure that allows institutions considerable discretion in making awards to individual students. While this practice has the advantage of giving institutions some control over meeting the needs of their own students, it impedes the simplicity and transparency of the system. A centralized allocation method, however, where student eligibility and selection are determined and funds are allocated directly by the state, can ensure more consistent and predictable funding for students.

Table 2 details the main eligibility criteria, where the funds can be used, deadlines, and allocation methods of the 15 largest programs (in terms of recipients). It depicts the challenging labyrinth students have to navigate trying to knit together small pieces of financial aid to help defray the cost of attendance.

Table 2: Eligibility Requirements and Allocation of Grants

Name	Need-based, Merit Based, Special Purpose	Eligible institutions	Application Deadline	Allocation Method
MASSGrant	Need-based only	Public, private, independent, for profit or nonprofit inst	May 1st	State Discretion
Massachusetts Cash (Access) Grant	Need-based only	Public only	Depends on the School	Institutional Discretion
Need-Based Tuition Waiver Program	Need-based only	Public only	Depends on the School	Institutional Discretion
John & Abigail Adams Scholarship	Merit-based and special purpose	Public only	N/A	State Discretion
Gilbert Matching Grant	Need-based and special purpose	Private, independent, for profit or nonprofit inst	Depends on the School	Institutional Discretion
MASSGrant Plus	Need-based and special purpose	Public community college only	November 1st	State Discretion
Foster and Adopted Child Fee Assistance Program	Need-based and special purpose	Public, private, independent, for profit or nonprofit inst	August 15th	State Discretion
Massachusetts No Interest Loan	Need-based and special purpose	Public, private, independent, for profit or nonprofit institution	Depends on the School	Institutional Discretion
Early Childhood Educators Scholarship	Special purpose	Public, private, independent, for profit or nonprofit inst	August 1st	State Discretion
Foster Child Grant	Need-based and special purpose	Public, private, independent, for profit or nonprofit inst		State Discretion
Christian Herter Memorial Scholarship	Need & Merit-based + special purpose	Public, private, independent, for profit or nonprofit inst	March 15th	State Discretion
Massachusetts High Demand Scholarship	Need & Merit-based + special purpose	Public only	November 30th	State Discretion
Massachusetts Part-Time Grant	Need-based only	Public, private, independent, for profit or nonprofit inst	Depends on the School	Institutional Discretion
Paraprofessional Teacher Preparation Grant	Special purpose	Public, private, independent, for profit or nonprofit inst	August 1st	State Discretion
Massachusetts Commonwealth Commitment	Merit-based and special purpose	Public only	must declare your interest in entering the program before earning 15 credits at a community college	State Discretion
Public Service Grant	Special purpose	Public or independent college or university	May 1st	State Discretion

Source: Table created by author compiling data available publicly on the website of Massachusetts Department of Higher Education

Many of these programs are based on yearly appropriations rather than being funded at specific levels annually. Neither institutions nor students can predict the amount of funding they will receive annually. Without a reliable funding source, the Office of Student Financial Assistance cannot provide crucial information to students about maximum grant amounts and what they could be eligible for in a transparent manner.

One of the state's programs that seeks to lift up the neediest students in Massachusetts is one of the most complex. **The Commonwealth Commitment**, established in 2016, seeks to create a path to significantly lower the cost of a bachelor's degree by encouraging students to begin their higher education pursuits at a community college, to then transfer to one of the state's four-year universities, while continuing to receive rebates upon successful completion of consecutive semesters.

To successfully obtain these small rebates, students must navigate multiple steps. According to the program's website, to be and remain eligible students must:

- Declare their interest in entering the program before earning 15 credits at a community college;
- Plan to pursue one of the "A2B Mapped" programs available through another program, called MassTransfer;
- Maintain a cumulative GPA of 3.00 or higher and earn at least 12 credits while at a community college and 14 credits while at the university; and
- If these conditions are fulfilled, students will receive a **10 percent rebate of their tuition and fees** at the end of each semester.

It is no surprise that just 279 students successfully navigated this process in 2021. These students, on average, were rewarded with a \$611 annual rebate for their efforts. Considering that the cost of attendance at the state's four year public higher education institutions can add up to \$33,120 annually, it's difficult to argue that this program significantly lowers the cost of a bachelor's degree for students.

3. INEQUITABLE DISTRIBUTION OF STATE-FUNDED AID

This complicated and layered approach has prevented the state from developing a clear strategic vision and commitment for its students. This has led to a vastly inequitable distribution of state-funded student aid across the sectors of higher education.

This is exemplified when we look at the Massachusetts system of community colleges. For decades, they have served as an entryway into higher education for the state's most disadvantaged and underrepresented communities including students of color, students from low-income households, students who are also parents, first-generation, and immigrant students.

Their open-door policy, relatively lower tuition rates, and shorter degrees used to make them attractive to students of all socio-economic and educational backgrounds.

However, chronic underfunding means that their tuition and fees have been steadily rising. After adjusting for inflation, Massachusetts community college students have experienced a 52% increase in tuition and fees since 2000. The price tag is now 47 percent higher than the national average.

As a result, these students end up with unmet need levels similar to students attending public four-year colleges - yet they receive only half the state financial aid that students in other sectors of higher education receive.

Table 3: Total Financial Aid by Sector

Sector	Total Recipients	Total Funding	Per Recipient Total Aid
Community Colleges	28,740	\$34,122,829	\$1,187
State Universities	16,482	\$45,688,181	\$2,772
University of Massachusetts	23,210	\$52,015,021	\$2,241
Private Institutions	14,313	\$34,268,636	\$2,394
All sector	82,745	\$166,094,667	\$2,007

Source: Table created by author using data from the Massachusetts Department of Higher Education

It is also important to consider that a growing body of evidence shows that, particularly for community colleges, increased financial aid should be paired with increased funding for institutions themselves enabling them to effectively provide critical wraparound support services (tutoring, counseling, child care, transportation and other non-instructional services). These services improve students' likelihood of persisting and completing their degrees. In testimony provided before a Congressional Higher Education subcommittee, Bunker Hill Community College President Dr. Pam Eddinger reported that among students who did not complete their degrees, 60 percent had a cumulative GPA of 2.5 or greater, and 40 percent had completed more than a year's worth of classes. She explained that it was not lack of motivation or bad grades that led to students discontinuing their education, but rather that "it was the pressures of food, transportation, and child care that derailed them."

When students do not have affordable and secure pathways to success, they are less likely to complete their degree and the state dollars invested on these students do not go as far as they could. A recent MassINC analysis found that only 22 percent of lower-income students complete college degrees, compared to 56 percent of their peers from households with greater means. The same study reports that "targeted spending to position more community college students for success will generate sizable returns for taxpayers."

By providing community college students with adequate financial aid and access to robust comprehensive wrap-around services, Massachusetts could increase completion rates, see higher returns for taxpayers, and support workforce development. Most importantly, it would be a critical step to close persistent achievement gaps and provide an opportunity for upward mobility for thousands of students.

While more and more community college students are forced to take out loans to pay for their unmet need, a disproportionate amount of state-funded aid goes to private colleges with some of the largest endowment funds. These private institutions receive 20 percent of the total state financial aid disbursement. In 2021, private institutions edged out community colleges receiving \$34,268,636, and 34,122,829 respectively.

Today, the state-funded financial aid program that provides ² the most assistance, averaging at \$2,077 per student, to the Gilbert Grant which is exclusively available to students who attend private institutions. As a matching fund, private universities must match the state's Gilbert Grant award, bringing the total grant up to \$4,145. And still, these students have access to many other state grants and scholarships in addition to the Gilbert Grant. A recent study shows that 73 percent of Gilbert Grant recipients also received a MASSGrant.

While private schools play an important role providing diverse educational paths, public education advocates and the state's taxpayers may question why these schools are not only receiving this much state-funded financial aid, but why nearly half of this \$34 million is going to the 10 private institutions with the largest endowments in the state (see table 4).

Table 4: State Aid Disbursement

STATE AID GOING TO SCHOOLS WITH THE LARGEST ENDOWMENT IN MASSACHUSETTS		
	Endowment	State Aid Disbursed
Harvard University	41,894,380,000	\$1,036,600
Massachusetts Institute of Technology	18,381,518,000	\$376,800
Williams College	2,727,112,504	\$277,006
Boston College	2,579,462,416	\$2,729,500
Amherst College	2,565,147,877	\$338,000
Boston University	2,421,115,000	\$5,212,202
Wellesley College	2,285,397,000	\$162,042
Smith College	1,907,178,016	\$746,628
Tufts University	1,889,477,000	\$1,326,200
MCPHS University	1,214,213,118	\$2,178,900
	Total State Aid	\$14,383,878

For context, Boston University, with its \$2.4 billion endowment fund, received over \$5 million in state-funded financial aid in 2021 - more than the entire budget allocated for need-based tuition waivers for community college students.

Source: Table created by author using data from the Massachusetts Department of Higher Education

² The Gilbert Grant First established in 1978 as the Massachusetts Matching Fund (renamed in 1983 to memorialize Carl Gilbert, the President of the Association of Independent Colleges and Universities of Massachusetts), this grant program is reserved for students who attend a private, non-profit institution of higher education in Massachusetts and provides larger awards of state-funded aid than any of the aid programs available to public college students.

CONSEQUENCES

1. GROWING FINANCIAL UNMET NEED

“Unmet need” is defined as the financial gap students have after their family contribution and non-loan aid are subtracted from the total cost of attendance. While tuition and fees are the college costs most often discussed, they represent only 24% of total costs at community colleges, and 40% of the total cost at four-year public universities. The total cost of attendance includes books, supplies, computer and Internet access, and living costs.

According to the Massachusetts Department of Higher Education’s own calculations, not only has the number of students with unmet financial need has grown steadily in the last two decades, but so has their amount of unmet need.

In the last decade, 9 out of 10 community college students had an unmet need: among those, the average level of unmet need was \$8,557 per year. Of those attending four-year public institutions, 8 out of 10 students had \$12,000 in unmet need per year. This represents \$48,000 in unmet need over the course of their four years – not including the yearly increases in tuition and fees and the rising cost of living.

Fig. 4 Percentage of Students with Unmet Need on Total Cost of Attendance

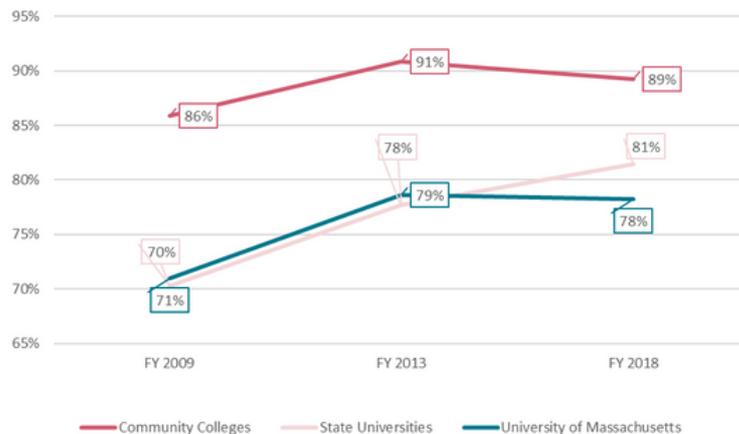
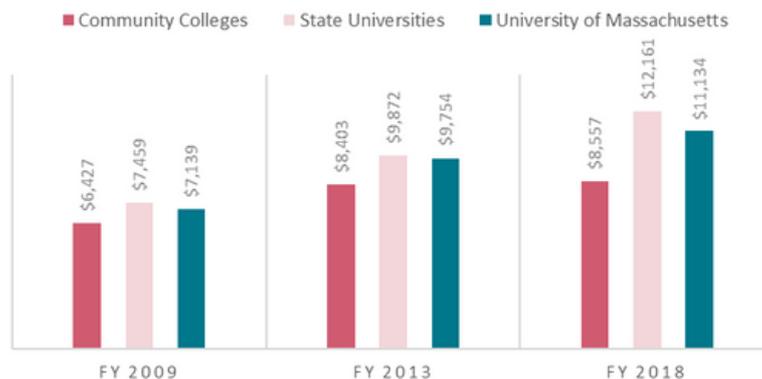


Fig. 5 Annual Unmet Need per Student on Total Cost of Attendance (among those with unmet need)



Source: <https://www.mass.edu/datacenter/201910AdvancingEquityAgenda.asp>
 Note: Includes only students who have completed FAFSA in the given fiscal year

2. GROWING STUDENT DEBT BURDEN

Those with a large unmet need are faced with the option of either holding down a job while in school or taking on a larger debt load to afford the cost of attendance. Some end up doing a mix of both.

The necessity to hold down a job puts students at an academic disadvantage compared to their more affluent peers. Students who have to work more than 10-15 hours are more at risk of not completing their college degrees, compared to those who do not work.

The burden of student loans also puts students at a disadvantage, with some forced to discontinue their education when facing accumulating debt. These students end up in the worst-case scenario: paying off debt they acquired for a degree they never received. Sadly, this is the reality for 4 out of every 10 student borrowers.

While some may assume the student loan crisis only impacts those attending expensive private universities, this is a growing issue for students attending public institutions. The number of Massachusetts students graduating with debt from one of the state's public colleges or universities has significantly grown in the last decade: a 105 percent increase among students graduating with a Bachelor's Degree and a 45 percent increase among those graduating with an Associate's Degree (see table 5).

The average borrowed has also increased greatly: up 52 percent for those graduating with a Bachelors' Degree (from \$21,587 to \$32,871) and up 62 percent for those graduating with an Associate's Degree (from \$6,797 to \$11,004).

Table 5: Student Debt at Graduation at Massachusetts Public Higher Education Institutions

		2009	2021	Percent Increase
Number of Graduates with Loans	Associate	2,062	3,000	45%
	Bachelor	5,536	11,352	105%
Average Loan Amount	Associate	\$6,797	\$11,004	62%
	Bachelor	\$21,587	\$32,871	52%

Source: Table created by author using data from the Massachusetts Department of Higher Education
Note: This data includes only MA residents who applied for and or received financial aid.

Not surprisingly, Massachusetts has the 5th highest average student debt burden in the nation.

3. GROWING EDUCATIONAL GAPS

A complicated application process without a clear understanding of how much aid is available disproportionately impacts students from underprivileged backgrounds and first-generation students, particularly non-traditional students, who comprise a growing share of our state’s college-going population. Those who do overcome these obstacles and enroll in college are more likely to unknowingly leave money on the table while facing more significant unmet financial need than their peers who had the resources to help them navigate the application process.

A recent analysis shows that, even after accounting for academic readiness, the rates of college enrollment, persistence, and graduation are significantly lower for low-income and underrepresented students.

Fig 6: High-School and Post-Secondary Outcomes in Massachusetts

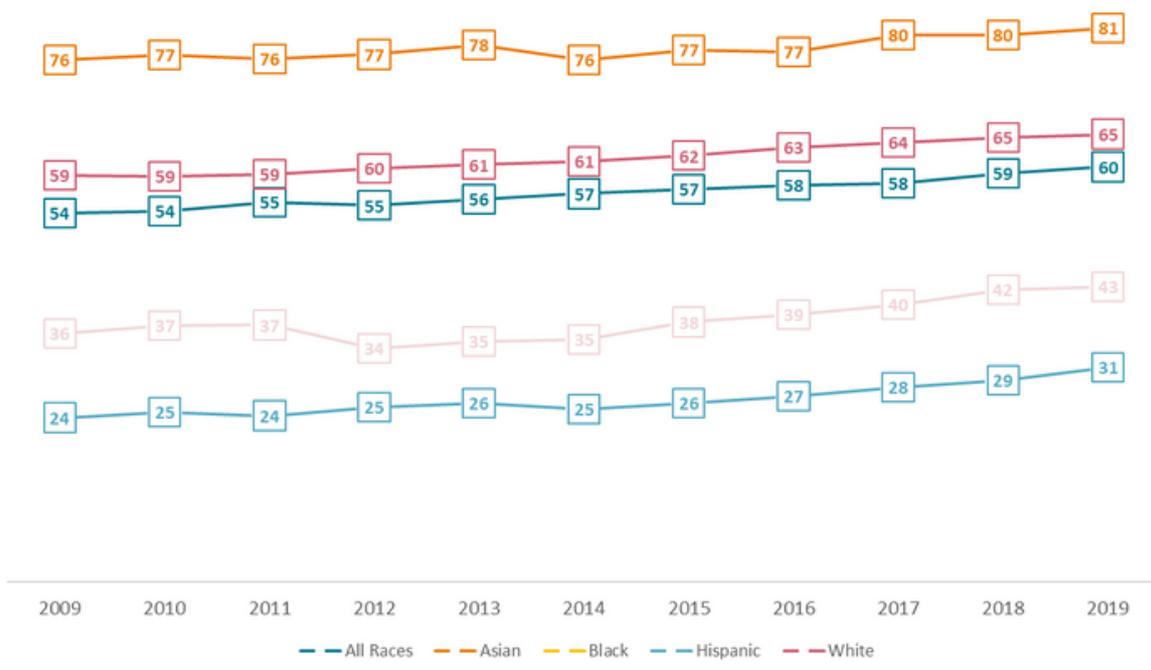


Source: Strategic Review of Public Higher Education Financing August 2022- Massachusetts Department of Education; IPEDS; HEIRS; Lifting All Boats report (Papay, Mantil, Murnane, An, Donohue & McDonough)

All of this reinforces the persistent socio-economic and educational gaps that the Department of Higher Education, along with policymakers, look to eradicate. While there have been slight improvements in the last decade, only 31 percent of Hispanic residents and 42 percent of Black residents hold a degree, compared to 65 percent of White residents.

³ The degree of non-traditionality of a student is based on the presence of one or more of seven possible nontraditional characteristics, which include: older than typical age, part-time attendance, being independent of parents, working full time while enrolled, having dependents, being a single parent, and being a recipient of a GED or high school completion certificate.

**Fig 7: Massachusetts Attainment Rates by Race (Age 25 - 34)
Percentage of Residents with Associate Degree or Higher**



Source: <https://www.luminafoundation.org/stronger-nation/report/#/progress/state/MA>

4. NEGATIVE IMPACT FOR THE FUTURE OF THE ECONOMY

The Massachusetts public higher education system is increasingly falling behind as an engine for social mobility and economic growth. According to a recent economic mobility ranking, only one of the state’s public four-year institutions (University of Massachusetts Boston) placed in the top tier⁴ for driving social mobility, while two others placed in the bottom 20 percent.

Graduates of the state’s public colleges and universities are much more likely to stay here and contribute to the Massachusetts economy. According to a longitudinal study by the National Center for Education Statistics, 60 percent of graduates of Massachusetts public colleges were working in Massachusetts four years later. Continuing down a road where too many are shut out of public higher education opportunities or students are unable to complete their degrees because of the financial burden will have devastating impacts to the state’s economy.

Looming on the economic horizon is that the state is expected to lose about 10% of its college-educated workforce by 2030. Over the next seven years, we can expect to see over 192,000 leave the workforce due to declining immigration rates, dropping population rates, and with a large number reaching retirement age at the same time.

4 Defined as the colleges that rate within the top 20% nationally for economic mobility

LEARNING FROM THE "PROMISES" OF OTHER STATES

Recognizing the critical role higher education plays in their economies and workforce development, more than 33 states plus Washington D.C. have implemented statewide “Promise Programs” or have made bigger commitments to increasing affordability and closing achievement gaps. Promise Programs have the common goal of promoting educational attainment by committing to provide a financial award above and beyond existing federal and state grant aid, focusing on providing a tuition-free college education.

As highlighted in a previous report, the effectiveness of Promise Programs have varied depending on their specific designs. Consistent with existing literature, we found that Promise Programs designed to provide "last-dollar" awards (where the financial aid covers the portion of tuition and fees not already covered by existing aid) have a regressive impact. Last-dollar programs end up providing the smallest financial benefit to lower-income students whose existing eligibility to need-based financial aid already covers a large portion, if not all, of the tuition and fees charged. Without accounting for the full cost of attendance and students' ability to pay, last-dollar tuition-free programs have failed to allocate financial aid effectively to where they are needed the most.

“First-dollar” universal tuition-free programs, however, cover the full tuition and fees, regardless of a student's ability to pay or eligibility to existing grants and scholarships. Since students can use their existing financial aid to cover costs beyond tuition and fees, these programs can significantly increase the affordability of a degree. But, they can also inadvertently change the enrollment patterns of middle- and high-income students who would typically enroll at more selective or private non-profit colleges and universities. This can result in a “crowding out” effect, restricting enrollment opportunities for low-income students at public four-year institutions. This is particularly relevant for Massachusetts, which has a high concentration of non-profit schools.

Considering these factors, Massachusetts should to move beyond the tuition-free framework towards a targeted last-dollar grant on the full cost of attendance, while taking students' ability to pay into consideration. This is equivalent to meeting students' full unmet need, effectively reducing the need to borrow or work excessively. Overall, this would be a critical step to increase access, affordability, and degree attainment for all students.

Massachusetts has been piloting a new grant akin to a Promise Program – MASSGrant Plus. Started as a pilot program in 2019 as a last dollar grant for community college students to cover unmet need (including tuition, fees, and books), the program was expanded in 2021 to cover full-time Pell-eligible students at the state's public universities, including the University of Massachusetts system.

With the MASSGrant Plus, the state is beginning to take a step in the right direction toward making a true commitment to public higher education students of the state. While the expansion of the program and the recent boost to funding is an important recommitment, MASSGrant Plus suffers from the regressive design of a last-dollar award indexed solely on tuition and fees. In addition, since it is funded through the state grant and scholarship line item, which is subject to significant changes in annual appropriation levels, the long-term viability and sustainability of the program cannot be guaranteed.

CONCLUSION

Public higher education has, for decades, been seen as the key to promoting economic mobility and workforce development. This is why the ability to access the resources and the support necessary to pay for a post-secondary education should not be an insurmountable obstacle for students in Massachusetts. **Students who know about and can easily apply for higher education grants and scholarships have a greater likelihood of pursuing their education.**

As the birthplace of public education, Massachusetts has routinely reassessed and reinvested in ensuring it maintains its distinguished title of being the best in the nation for public schools. But, that commitment ends at grade 12. Without providing students with a clear pathway to higher education, the state is not only not doing enough to support those with demonstrated need, it's further cementing systemic inequities within the system of higher education.

It is time for Massachusetts to recommit to the pledge it makes to provide all residents with the resources needed to attain a quality public higher education. In order for any program of this nature to be successful, it must be significantly funded through a reliable, dedicated source - removing the uncertainty around just how much a student is expected to pay over the course of their higher education career. The layered approach developed out of need during times of financial budget strain, is unsustainable and ineffective. A centralized program with clear award criteria that apply to a large number of residents would ensure that students predictably know that the state is there to financially support them in their quest for upward mobility through a degree.

This commitment needs to be directed to assist those who stand to gain the most from a higher education degree - underrepresented and marginalized students. A critical component of such a commitment should include a promise to low-to-moderate-income students that they'll be able to access adequate state-funded aid that covers the unmet need beyond tuition and fees, which many are now covering by taking out burdensome loans or working excessively, to the detriment of their education.

Reducing student debt burden would mean more growth, more innovation, and most importantly, a more inclusive and equitable economy. A growing body of research established that student debt disproportionately burdens low- and middle-income households, Black and Latinx communities, and women. Borrowers of color and those coming from financially vulnerable households are experiencing higher debt burden, higher delinquency, and default rates.

RECOMMENDATIONS

Based on the main findings of this report, we recommend that Massachusetts:

1 Make a strong commitment to reducing the dependency on student loans by eliminating students' unmet financial need.

- Establish a system to provide a significant and reliable annual source of funding for student financial aid to remove uncertainties and make public higher education as accessible as all other levels of public education.
- Expand and strengthen the current MASSGrant Plus program into one that eliminates the need to take out student loans for a public higher education degree or certificate.
- Move cost calculations beyond tuition and fees to include the true cost of attendance (housing, transportation, Internet access, etc.) so that grants begin to cover unmet need.
- Allocate funding for student financial aid with the goal of closing equity gaps to ensure that all students can attain the mobility and economic security a college degree provides.

2 Provide the Office of Student Financial Assistance with the investment and support necessary so it can fulfill its role as a critical resource to students.

- Once a large-scale and reliable commitment grant is in place, take steps to simplify, consolidate, and streamline overlapping small grants, scholarships, and tuition-waivers.
- Audit and ensure that existing programs are the best way to address the needs of the specific populations they were established to serve (including English language learners, students with disabilities, homeless individuals, foster children or children adopted through the state's Department of Children and Families, single parents, or out-of-workforce individuals, etc.).
- Streamline the application process for state-funded aid so that it is not inhibitive or confusing.
- Rebuild the OSFA website and collateral materials to reflect the reformed and simplified student financial aid application process.

3

Reverse decades of chronic disinvestment from public higher education by looking at innovative ways to fund public institutions and provide them with the support needed to address the changing demographics and needs of their students.

- Reinvest in public higher education at levels that ensure tuition and fees cover less than a quarter of an institution's costs.
- Invest in wraparound supports and services (such as the proven Accelerated Study in Associate Programs model) to improve outcomes for the most vulnerable populations at community colleges.



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hildrethinstitute.org



HI@hildrethinstitute.org