



Massachusetts Board of Higher Education

FY22 Budget Recommendation

December 2020

Massachusetts Board of Higher Education
FY22 Budget Recommendations

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Introduction

Each year before starting the annual budget cycle, the Board of Higher Education (BHE) must submit to the Secretary of Education a budget request for the upcoming fiscal year. Typically, these recommendations are framed in the context of current fiscal year commitments, which provide a set of common understandings about current commitments and lay the foundation for future possibilities. However, this has been anything but a normal year. The Coronavirus has had a devastating impact on our society and economy, and much remains uncertain about its long-term effects. In the higher education sector, colleges and universities across the country have experienced historic declines in enrollment, previously unanticipated revenue losses, and higher costs stemming from pandemic mitigation and response efforts. To their credit, leaders in our public higher education system have been innovative and proactive in implementing adaptive measures to grapple with the challenges brought on by the virus. They have ensured students, faculty, and staff's safety and secured their institutions' current and future financial viability. Federal funding has helped close part of the financial gap created or exacerbated by the pandemic to date. Additionally, the state legislature recently finalized their budget decisions for FY21, including substantial investments in public higher education. Still, more will need to be done to ensure that the post-pandemic system of public higher education will continue to be a reliable, accessible, and affordable pathway for our students and an invaluable source of knowledge and skills to grow our economy.

While there continues to be uncertainty about the virus and its disruptive and lasting effects, racially minoritized residents of the Commonwealth are navigating not only a disproportionate share of the pandemic's impact but also the cumulative and compounding effects of systemic racism. In December 2018, the BHE established the Equity Agenda, setting advancing equity and improving attainment as its top policy and performance priority. In May 2020, the Board adopted a series of goals which seek not only to increase overall attainment in the Commonwealth, but also specifically to increase attainment among and public higher education completion rates for Black and Latinx students. In that spirit, this annual budget

recommendation to the Secretary includes specific proposals to provide ongoing support for critical commitments and proposed increases in funding for programs that align with and support the Equity Agenda. The work of achieving racial equity in Massachusetts public higher education will require a heightened, ongoing effort to address inequities in the resources provided to Massachusetts students as they seek to enroll in, persist through, and graduate from the Commonwealth's public higher education institutions, realizing their full potential and becoming agents in a more just and thriving society.

A key focus in recent years has been to develop strategies to address the growing financial costs of public higher education. Beginning in FY19, the Board recommended \$7 million in additional funding for MassGrant Plus. The MassGrant Plus program is a last-dollar aid program that covers the unfunded portion of the direct costs of instruction at a Community College (tuition, fees, and a stipend for books and supplies) after accounting for Expected Family Contribution (EFC) and non-loan public aid from federal, state, and institutional sources. The Governor and the Legislature recognized this as an essential step in addressing the unmet need for thousands of Community College students. They have consistently funded this program since then, and last fall, the program supported over 7,000 community college students. While the program has been successful at the Community Colleges, there are nearly 15,000 additional Pell-eligible students attending State Universities and the University of Massachusetts. They have unmet needs totaling approximately \$36 million. For FY21, the legislature approved an additional \$10 million to begin to address this shortfall. The BHE budget recommendation for FY22 builds upon this commitment. It includes an increase of \$26 million in financial aid to close the unmet need gap for certain Pell-eligible students attending the Commonwealth's State Universities and the University of Massachusetts, which would remove this cost barrier for these full-time low-income students.

To adequately support the goals of the Equity Agenda, however, the Commonwealth must also address inequities in the full array of structures, programs, and services intended to support students in achieving their higher education goals. The budget recommendation for FY22 builds upon key investments and commitments from FY21 to begin addressing these inequities. The

additional funding recommended for Early College, consistent with the BHE’s unanimously adopted resolution at its October 2020 meeting, will significantly increase access to this program, which is based on national and local evidence that Early College significantly increases college enrollment, completion, and affordability among minoritized students. Moreover, the proposed investments in Formula Funding, the Performance Management Set Aside, and the newly funded SUCCESS program will provide necessary foundational supports for student success and promote innovation, collaboration, and accountability in alignment with the Equity Agenda.

Other increases over FY21 are essential to support adequate staffing levels at the DHE as well as the non-discretionary costs of the employer contributions for dental coverage. Lastly, the FY22 budget recommendation for the State Universities and Community Colleges includes full funding of the state share of collective bargaining costs for both the state universities and community colleges and the anticipated allocations of formula funding appropriated in FY21. These amounts are critical to ensuring greater affordability for our students as any unfunded costs are passed on through higher tuition and fees. In total, the FY22 budget recommendation for higher education, including state university and community college appropriations, represents an increase of approximately \$45 million over FY21.

Administration

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| DHE Administration (7066-0000) | FY22 Request: | \$5,229,397 |
| | FY21 Budget: | \$5,186,847 |

This line-item is the Department of Higher Education’s main administrative account. In addition to providing for the cost of living salary adjustments for DHE staff, the funding recommended for FY22 includes \$1M for State University internships and \$1.6M for the TRAIN grant program for Community Colleges, which are level-funded from FY21.

College Health and Welfare Account (7520-0424)

FY22 Request: \$6,529,017

FY21 Budget: \$5,317,214

Funding in this account supports the employer contribution for dental benefits for union and non-union employees at the community colleges and state universities. The budget reflects mandatory contributions based on currently negotiated contracts and projected FTE levels. The DHE recommends full funding to support the total projected costs for all covered employees.

Financial Aid

Massachusetts State Scholarship (7070-0065)

FY22 Request: \$146,000,000

FY21 Budget: \$120,000,000

As stated in the introduction, the DHE is proposing an increase of \$26 million to support the expansion of need-based financial assistance to Pell-eligible students attending State Universities and UMass. This increase would enable the expansion of the MassGrant Plus program, which seeks to address the unmet need for Pell-eligible students' direct costs, including tuition, fees, books and supplies, after accounting for all non-loan public aid and expected family contribution. The proposed increase for FY22 would expand MassGrant Plus to an additional 15,000 full-time Pell-eligible students who are not currently provided adequate resources to afford the cost of a four-year degree. Expansion of the MassGrant Plus programs furthers the goal of the Equity Agenda by removing cost-prohibitive barriers to attending public higher education institutions for minoritized students and aids in the goal of improving overall postsecondary attainment in the Commonwealth.

Foster Child Grant (7066-0016)

FY22 Request: \$1,485,000

FY21 Budget: \$1,485,000

The Foster Child Grant program provides last dollar grant assistance to identified students in foster care programs overseen by the Department of Children and Families (DCF) to support their educational costs at participating public higher education institutions. The recommended increase in funding will support the projected student need for FY22 based on enrollment, utilization, and cost.

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| Foster and Adopted Child Fee Waiver (7066-0021) | FY22 Request: | \$7,294,911 |
| | FY21 Budget: | \$7,294,911 |

The Foster Care and Adopted Fee Aid Waiver program provides up to 100% resident tuition and fee assistance at participating public higher education institutions to students under the age of 24 who were previously in the custody of the Department of Children and Families (DCF) or had been adopted by a Massachusetts state employee or eligible state resident. The recommended appropriation will fully fund the projected cost of this entitlement program in FY22.

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| High Demand Scholarships (7070-0066) | FY22 Request: | \$1,500,000 |
| | FY21 Budget: | \$1,500,000 |

This line-item supports scholarships to students at the Community Colleges, State Universities, and UMass who are pursuing a program deemed a high demand profession, such as those in STEM and health care fields. Funding increased by \$1M in this program for FY21, and the DHE is recommending that this targeted scholarship program be level-funded for FY22.

Student Pathways and Supports

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| STEM Starter Academies (7066-0036) | FY22 Request: | \$4,750,000 |
| | FY21 Budget: | \$4,750,000 |

Massachusetts initiated the STEM Starter Academy in the FY2014 GAA to support campus programs designed to engage, recruit, retain and graduate significantly more students in STEM fields, particularly students from under-resourced communities. Over six years, SSA has served nearly 31,000 students who reflect the diversity of the community college population. Evaluations of SSA have found that the program engages a diverse population of students from groups minoritized on campuses and in the STEM workforce and promotes positive, equitable outcomes through the design and implementation of intentional support services. In addition, campus programs will be aligned with the competency expectations of employers. They will allow students to pursue employment and progress to higher educational levels according to their needs and interests. The DHE is recommending a continuation of the FY21 funding level of \$4.75 million in FY22.

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| Commonwealth Dual Enrollment Program (7066-0019) | FY22 Request: | \$6,400,000 |
| | FY21 Budget: | \$3,000,000 |

The Commonwealth Dual Enrollment Program (CDEP) provides Massachusetts high school students opportunities to take free or reduced-cost college-level courses and earn credit simultaneously toward high school completion and future college degrees. Notably, this account’s funding also enables participating campuses to expand early college experiences for racially minoritized, low-income students, first-generation students, and/or students interested in high-demand, STEM-related disciplines. With the growing demand in designated Early College programs and the Board’s resolution of support at its October 2020 meeting, the amount recommended will ensure that Early College remains cost-free to participating high school students.

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| Bridges to College (7066-0040) | FY22 Request: | \$500,000 |
| | FY21 Budget: | \$500,000 |

The Bridges to College initiative, piloted in FY14, provides funding to qualified adult basic education providers for low-income and entry-level workers. The DHE is involved in planning and implementing this program and recommends funding to be maintained at \$500,000 for FY22.

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| Inclusive Concurrent Enrollment Program (7066-9600) | FY22 Request: | \$2,002,977 |
| | FY21 Budget: | \$2,002,977 |

Funded by the Commonwealth since 2008, the Massachusetts Inclusive Concurrent Enrollment Initiative supports public high school students with intellectual disabilities, ages 18-22, who have not passed MCAS. The program provides opportunities for them to experience and contribute to the educational, career, and societal benefits of inclusive college courses (credit or non-credit). DHE supports 13 partnerships between colleges and universities and area public schools to include participating students in the development of academic, social, and functional skills and practice of career planning, vocational skill-building activities, and community-based integrated competitive employment opportunities. MAICEI is a nationally recognized model that transferred to the DHE in 2017. Level funding is recommended for FY22.

Community College Workforce Grants (7066-0015)

FY22 Request: \$1,450,000

FY21 Budget: \$1,450,000

Massachusetts created Community College Workforce Development Grants to develop public, community college-based training opportunities to promote workforce development, minimize the shortage of skilled workers, and raise economic opportunity through a matching incentive grant program. Grants ensure that each college has a full-time program administrator for workforce development activities focused on local employers. Level funding is recommended for this account in FY22.

SUCCESS Program (7100-4001)

FY22 Request: \$7,000,000

FY21 Budget: \$7,000,000

A community college education remains the most affordable option for students who seek a post-secondary credential. That said, students who are provided insufficient financial resources to pay for their education are unlikely to enroll in and complete college. This argument is the basis for advocacy to increase student financial aid and address unmet need. If all other things were considered equal, simply making colleges more affordable would enable them to enroll and graduate students equitably. But we readily know all other things are never equal.

Our research shows that completion rates vary considerably when disaggregated by race and geography, even after financial need is fully met. We also know that proven student support models have contributed to higher degree completion rates. These strategies include investing in culturally sustainable wraparound support services, such as peer mentoring, academic skills workshops, transportation stipends, dependent care supports, as well as targeted academic, career, transfer, and scholarship advising. For FY21, the legislature funded a new program (SUCCESS) to help community colleges provide such supports to increase attainment, particularly among students of color. This program has the potential of becoming an essential component of the Equity Agenda for years to come.

Performance, Innovation, and Accountability

Performance Management Set Aside (7066-0025)

FY22 Request: \$5,000,000

FY21 Budget: \$2,552,157

The Performance Management Set Aside (“Higher Education Innovation Fund”) is the primary funding mechanism for promoting best practices, innovative strategies, and cross-system collaboration to advance the Equity Agenda. It was funded at \$2.55 million in FY21, down nearly \$5 million from its peak of \$7.5 million in FY14. For FY22, the Department is seeking an increase of \$2.45 million (for a total of \$5 million) to build upon investments in several proven and promising practices, such as competency-based education; developmental education transformation; credit for prior learning; open educational resources; and “100 Males to College.” The DHE is also recommending funding for the continued implementation of Tableau at scale to facilitate data-informed decision-making and more advanced use of data analytics and visualization tools, as well as campus climate surveys and other research to drive equity-minded policy-making, performance improvements, and accountability systemwide.

SU and CC Formula Funding

FY22 Request: \$11,912,502

FY21 Budget: \$11,353,108

The DHE is recommending an increase in the Formula Funding accounts of approximately 2% of base appropriations. Formula Funding was first introduced in FY13 and combined foundational supports and allocations based upon prior year performance. These accounts were funded at their peak at \$20 million and \$8 million for the Community Colleges and State Universities, respectively. For the past several fiscal years, the DHE has allocated the formula funding proportionately to each campus based upon their line-item appropriations from the prior year. The rationale for this is that at 1% of base appropriations, funding in the formula accounts is too low to trigger the formulas’ performance-based portion. For FY21, the legislature appropriated over \$11M for formula funding, which signals a commitment to ensuring that both base funding and outcome-based funding are resourced at a sufficient level. The purpose is to incentivize performance and invest in foundational supports to improve educational outcomes for all students and address the most significant inequities that prevent students from earning a post-secondary credential. For FY22, the DHE is recommending maintenance funding from FY21. However, we must commit to reviewing and revising the funding formulas so that they reflect

not only the foundational resources needed to achieve desired outcomes but that the outcome-based portions of the formulas are more closely aligned with the DHE’s revised performance indicators. Ultimately the goal of combining both adequate foundational supports with performance-based funding is to ensure that campuses have the tools they need to achieve statewide objectives and all students have the supports they need to succeed.

Miscellaneous

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| New England Board of Higher Education (7066-0009) | FY22 Request: | \$368,250 |
| | FY21 Budget: | \$368,250 |

The New England Board of Higher Education (NEBHE) is a consortium of New England higher education executive offices that promote regional cooperation, programs that encourage the efficient use and sharing of educational resources, and best practices to assist the states in implementing important regional policies. The DHE is recommending level-funding for FY22.

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| Tufts Veterinary School (7077-0023) | FY22 Request: | \$5,500,000 |
| | FY21 Budget: | \$5,500,000 |

The Commonwealth has made a long-term commitment to Tufts to support the Veterinary School in Grafton. Tufts provides reduced tuition for Massachusetts residents in return for this subsidy and undertakes bioterrorism research for the Commonwealth. The DHE is recommending level-funding for FY22.

FY22 Budget Recommendation: Community Colleges and State Universities

See Appendix B for an individual campus summary of state appropriation levels.

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| Community Colleges | FY22 Request: | \$315,234,035 |
| | FY21 Budget: | \$309,350,797 |

In FY22, the DHE recommends increasing the Community College line items by the value of the funding formula amounts from FY21 that are usually built into base appropriations the following year.

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| State Universities | FY22 Request: | \$291,744,163 |
| | FY21 Budget: | \$286,274,293 |

In FY22, the DHE recommends increasing the State University line items by the value of the funding formula amounts from FY21 that are usually built into base appropriations the following year.