




Planning and delivery of free community college

Draft report presentation for BHE Finance and Administrative Policy
Advisory Council

FEBRUARY 13TH 2024





Initial report captures early views on design of a free community college program, work continues to progress

- Between September and December 2023, MACC worked with BCG on considerations and recommendations for a free community college program, submitting an initial report to the Legislature in December
- Findings were informed by an Advisory Committee of key stakeholders, interviews with 60+ community college stakeholders including several staff focus groups, benchmarks on 44 state free community college programs, and a smaller working group of college Presidents
- This report emphasizes principles of accessibility, universality, financial sustainability and equity, taking as central to the legislative ask that tuition and fees be covered for all meaningfully engaged in learning
- Since submission of the initial report, work has progressed on refining the report and progressing several key topics - today we will preview findings from the initial report, these will be refined before the final report in April

Community college students represent a unique segment of Massachusetts higher education

Community colleges attract a unique group of students in Massachusetts:

- 48%** Receive some level of Pell funding
- 56%** Are non-white
- 38%** Are over 25 years old
- 71%** Attend school part time

These institutions offer a critical place of learning, growth, and belonging

Students choose community college for many reasons, including:



To start a longer higher education journey



To increase skills, capabilities, and workforce potential



To improve personal learning and quality of life

One of the primary barriers to completing higher education in this group is financial burden

Initial report outlines incoming perspectives on free community college across four key areas, to be refined before the final report in April

Free community college program



Student financial support

- Several models put forward, including a 'MassReconnect for all' model, one with a max \$2K stipend for Pell-eligible, and one covering whole cost of attendance for full-Pell
- Covering non-credit programs also an option, including workforce skills

Wrap-arounds

- Supports (e.g., mentoring, childcare, tutoring) bolster persistence and outcomes
- Existing SUCCESS wrap-around program effective, could be expanded to more students

Capacity needs














- Faculty & staff will likely need to scale, salary survey for faculty salaries recommended
- Investments in facilities maintenance & workforce-ready equipment may be required

Broader considerations

- Funding model and cost control are top of mind for long-term budget sustainability
- Workforce considerations, four-year impacts, and communications are also considered

Financial support | The initial report presents three options for free community college which balance cost and impact

Three options had costs estimated:

	 Tuition & fees	 Books & supplies ¹	 Stipend	 Avg cost per yr
"MassReconnect for all"	 Full coverage	 \$1.2K max	 No stipend	\$115M \$90M net of MassR & nursing
"Stipend for low-income"	 Full coverage	 ~\$1.5K max	 \$2K max for Pell-eligible students ²	\$170M \$145M net of MassR & nursing
"Living expenses for low-income"	 Full coverage	 ~\$1.5K max	 Up to full cost of attendance (\$21K) for EFC = \$0	\$365M \$340M net of MassR & nursing

Additional models and options were also considered:

- **First-dollar** for all considered lower value for money
- **Last-dollar** to tuition and fees provided minimal funds to lower-income individuals, less generous than existing programs e.g., MassReconnect

1. Max here indicates amount provided varies by credits taken; 2. Max here indicates the amount varies by credits taken and Pell band - stipend is middle dollar, so full Pell (EFC \$0) gets max \$2K, partial Pell (EFC up to \$70K) gets less

Financial support | The stipend model, as an example, delivers an uplift to enrollments and completions and brings in more federal funding



Direct benefits

Enrollments: **+7K** above baseline (~20% increase)

Completions: **+3K** above baseline (~30% increase)

Taken as an average across FY24-33; incremental to estimated impact of MassReconnect but not MASSGrant Plus expansion



Indirect benefits

For a year of graduating new students, **~\$280M** in future wage gains¹

This is estimated to equate to **~\$40M** in tax & reduced unemployment benefits

Uses 10% discount rate on future wages



Equity

~45% of funds go to Pell-eligible students (<\$70K AGI)

~70% of funding goes to students <\$100K AGI

~\$32M in extra federal funding brought in

1. Lifetime wage uplift is the incremental net present value of lifetime earnings with a certificate or associate's degree compared to earning a HS degree assuming 40 years of working post-degree earning with a 10% discount rate on future wages

Source: DHE, interviews & case studies, MA Dept of Elementary & Secondary Education, Federal Trade Commission, U.S. Bureau of Labor Statistics, UMass Donahue Institute

Wrap-arounds & capacity | Services to support students through to completion and additional capacity needs to support a new program were also considered



Wrap-around programs

Capacity

Faculty & staff

Facilities

Key takeaways from research & consultation

Wrap-around services e.g., mentoring, tutoring, improve student outcomes

SUCCESS program highly effective with 16 pp. year-to-year retention uplift

Colleges have difficulty attracting & retaining faculty

Benchmarks suggest MA community college salaries lag peer states & have a wider four-year gap

Existing educational floorspace may be sufficient, given FTE forecast

However, DCAMM has estimated major maintenance needs on campuses & some spaces dated

Outline in initial report

SUCCESS program should continue to be supported

Estimate extra \$7-10M required yearly to support new students

Salary survey recommended to support recruitment, retention

Ongoing attention to maintenance needs via DCAMM

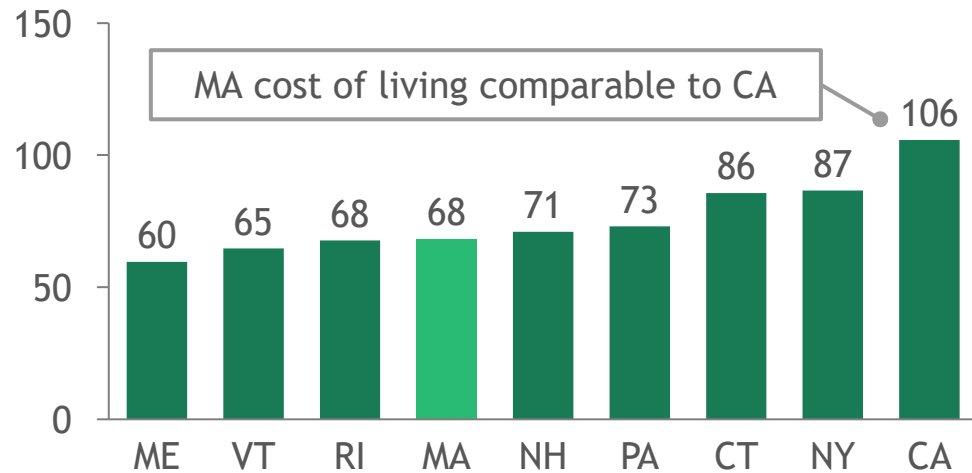
Consider investment in more workforce-ready facilities

Target groups of SUCCESS include racial minorities, LGBTIQ students, first-generation students, students with disabilities and economically disadvantaged students
 Costing is indicative only, includes assumptions regarding economies of scale

Wrap-arounds & capacity | Massachusetts should undertake a salary survey to keep pace with other states and four-years

Massachusetts not only lags peer states in two-year salaries...

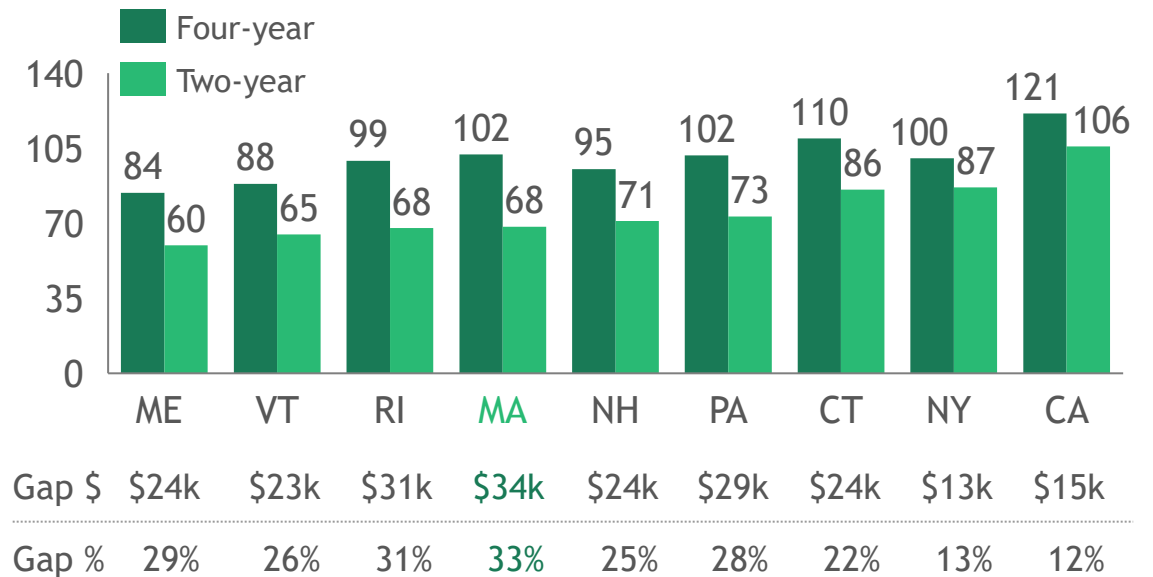
Average two-year public faculty salary (\$ thousands)



MA ranks 21st in salary among all states, when adjusted for cost of living is even lower^{2,3}

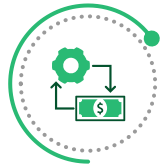
...it has a wider gap between public two and four-year salaries compared to other states

Average public two-year vs average four-year faculty salary (\$ thousands)



FT = Full time; NEA: National Education Association
 Source: [MassINC Ecological Report](#); NEA Faculty Salary Analysis 2023, [IPEDS](#)

Broader considerations | Several key broader considerations explored, including sustainable funding model, workforce, education ecosystem



Sustainable funding & cost control

- Stakeholders and benchmarks suggest an endowment / trust fund model worth exploring further
- Consultation is ongoing, including exploring how to ensure tuition and fee rates remain affordable for a new program




Workforce considerations

- Free community college can close labor gaps, elevate skills & attract workers to MA
- Achieving ROI requires strategies in a new program e.g., support for short programs in high-demand workforce areas



Education ecosystem

- Will draw in many net new students to higher ed
- Four-years benefit from transfers of both net-new and more successful existing students
- Support for transfer pathways required to be most effective



Summary & questions

- Universal free community college can build on existing robust financial support for students, increasing enrollments and completions significantly
- Costs vary by model: proposed models put forward estimated to cost \$90M (MassReconnect for all), \$145M (Stipend for low-income) or \$340M (Living costs for low-income) per year net of existing aid
- Other recommendations include expansion of the SUCCESS program and a faculty salary survey
- Ongoing consultation is focused on sustainable funding model and cost control to develop a recommendation for final report, while estimates and other program details continue to be refined

Questions?