



**Oral Testimony
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**Presented to the Finance and Administrative Policy Advisory Council
of the Board of Higher Education for the Commonwealth of Massachusetts**

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Good afternoon, Chair Gabrieli, FAAP Co-Chair LaRock, and members of the Finance and Administrative Policy Council. Thank you for the invitation to speak with you today. My name is Michelle Dimino, and I am the director of the education program at Third Way, a national policy think tank, where I lead our work to ensure the nation's higher education system leaves all students better off than when they started and prepares them to contribute to the workforce.

The Commonwealth of Massachusetts has a unique opportunity to elevate itself as a national leader in public college affordability. Already this past year, you have jumped from 26th to 12th in state financial aid per student. Additional new state investment going forward will be well-timed and frankly is urgent for the Commonwealth, where until very recently, college-going rates of high school graduates have fallen and even despite recent progress remain 10 percentage points below pre-pandemic levels. In 2022, 62.4% of graduating high school seniors attended college, down from 72.2% in 2019.

At the same time, Massachusetts has among the highest projected need in the country for postsecondary credentials to power its workforce. According to data from the Center on Education and the Workforce at Georgetown University, over 400,000 new jobs are projected to be created annually in Massachusetts.¹ Over 300,000 of them will require postsecondary credentials. Moreover, the number of new jobs requiring postsecondary training in the Commonwealth is on track to outpace that of new jobs for workers with a high school diploma 4.5 times over. And the state's economy will be more reliant than the national average when it comes to postsecondary degree production. Massachusetts ranks third nationally in terms of the percentage of all jobs in 2031 that will require postsecondary education, fourth in jobs that will require a bachelor's degree, and second in jobs that will require a graduate or professional degree. On the other end, the Commonwealth ranks 49th in jobs that will require a high school diploma or less and 50th in jobs that will require an associate degree or some college education.

Taken with retirement spikes, declining birthrates, and shifting demographics in the next generation of college-aged students, these trends foretell a worker shortage and fewer college graduates—making it difficult to meet the state's need for a highly educated workforce. A 2022 MassINC study projected a drop of 192,000 college-educated workers by 2030.² These nested challenges make this a pivotal moment for bold action to strengthen higher education.

My remarks today will focus on the benefits of targeted approaches to establishing debt-free college for Massachusetts students with high need, the value of empowering students to pursue their best-fit two- or four-year public college option, and the need to maintain a strong focus on student success and degree completion across this work.

¹ https://cew.georgetown.edu/wp-content/uploads/Projections_2031-State-Report.pdf

² <https://massincmain.wpenginepowered.com/wp-content/uploads/2022/06/Sizing-Up-Massachusetts%E2%80%99-Looming-Skilled-Worker-Shortage.pdf>

Targeted approaches to debt-free public college

With the MASSGrant Plus Expansion program, Massachusetts has taken notable strides to lower barriers to access to postsecondary education. By providing coverage of two- or four-year public college tuition and fees for Pell Grant-eligible students and additional funding for books and supplies, the program puts college in reach for students from lower-income backgrounds. Yet for many eligible students, loans will still be needed because “last-dollar” programs like MASSGrant Plus allocate state aid only after all other non-loan sources of aid have been applied.

The total cost of attendance to the student exceeds tuition, fees, and supplies, and as a result, last-dollar models can leave students facing considerable extra costs, notably for their living expenses. Living expenses for students at Massachusetts public institutions can run upward of \$15,000—meaning that living expenses often cost more than the listed tuition and fees charged by all community colleges and state colleges, and amount to roughly double the size of the maximum federal Pell Grant, which will be \$7,395 in the upcoming academic year.

In its current form, MASSGrant Plus is well-targeted to students with the highest financial need who require the most aid to afford college, but further consideration would need to be given to costs beyond tuition, fees, and books to reach the milestone of making public college debt-free for those students. Such efforts could take several forms:

- One approach would be to transition the program into a first-dollar grant, whereby the state would cover eligible students’ tuition and fees in full first, and then allow their federal Pell Grant to be used for living expenses on top of that. For students who qualify for the maximum Pell award, this would cover about 50% of their living expenses. This design would be more cost effective to the state than a universal first-dollar program, while significantly increasing affordability impacts for the target population.
- Alternatively, the Commonwealth could provide additional stipends well-above book and supply costs that are benchmarked to the living expenses for students at that institution.
- The Commonwealth could also consider using state funds to institute a Pell Grant match to defray living costs. The Pell Grant has lost substantial purchasing power over the past several decades and doubling Pell is a policy position supported by President Biden, U.S. House Democratic leadership, and a large coalition of student advocacy groups.
- Recognizing that life can get in the way of completion, the Commonwealth could also adjust the duration of MASSGrant Plus awards—for example, extending eligibility for part-time and community college students beyond the current window to support completions up to 200% of time for students making satisfactory academic progress.
- Consideration should also be given to further expanding the new Expansion segment of the grant. One option would be to reduce tuition and fee costs for middle-income students by a larger percentage, such as 75% or even 100%, up from the current 50%. If pursued in tandem with other approaches, Massachusetts could both establish debt-free college for federal Pell Grant recipients *and* make community colleges as well as public four-year colleges tuition- and fee-free for middle-income students.

Empowering students to pursue two- and four-year public college options

State funds should continue to be used to make both two- and four-year public colleges more affordable. This empowers students and their families to select their best-fit option where they will thrive, be that the Commonwealth’s powerhouse community college sector or direct entry into a four-year state college or university. Research by Drs. Shanna Smith Jaggars, Oded Gurantz, Jack Mountjoy and others has shown that a risk associated with financial aid models that limit their focus on affordability to one sector, typically community colleges, is that students

who otherwise would have pursued a bachelor's degree may divert their enrollment into a two-year college, which ultimately decreases their odds of attaining a four-year degree.³

This can even be the case for academically-prepared, bachelor's-aspiring students. A study by Dr. Smith Jaggars focused on the American Honors promise program, which was implemented in multiple states and predominantly enrolled middle-income, high-achieving, transfer-oriented community college students. Students in the program benefited from smaller class sizes and intensive advising, including direct supports for transfer—yet only 42% of that heavily-supported population ever actually transferred to a four-year college.

Faults along the transfer pathway are a major complicating factor. Only 13.2% of Massachusetts students who receive federal aid and start at a community college go on to earn a bachelor's degree within eight years.⁴ Improvements to the transfer process are greatly needed, but the current state of affairs should be a cautionary tale to the Board given the high projected need for bachelor's- and graduate-degree holders in the Massachusetts workforce.

Maintaining a strong focus on student success

Elevating college affordability must go hand-in-hand with a strong focus on boosting student outcomes. The Commonwealth's SUCCESS Fund, which provides robust, evidence-based wraparound supports, has shown positive initial results in improving community college retention, including a laudable 16% increase in one-year persistence for participating students.⁵ The Fund is innovative, and it is scalable. Using new state funds to grow this program would support Massachusetts students not only in accessing and paying for college, but also in persisting to completion. It should be viewed as an essential component of your broader strategy to reduce the sizable gaps in attainment across racial subgroups in the Commonwealth. Ample consideration should be given to devoting new funds to both increasing its uptake across the community college system and to ultimately extending it to the state's public four-year colleges.

I applaud the Board and the Commonwealth's commitment to opening doors to higher education. As you strive to increase affordability for students across the Commonwealth, ensuring that those students are supported through graduation will fulfill your ultimate promise to students and provide the greatest benefit of the postsecondary system to your state economy.

Thank you for your time this afternoon, and I look forward to your questions.

³ <https://www.thirdway.org/report/a-broken-promise-how-college-promise-programs-can-impact-high-achieving-middle-income-students>; <https://onlinelibrary.wiley.com/doi/abs/10.1002/pam.22157>; <https://www.aeaweb.org/articles?id=10.1257/aer.20181756>

⁴ <https://blog.ed.gov/2023/11/new-measures-of-postsecondary-education-transfer-performance-transfer-out-rates-for-community-colleges-transfer-student-graduation-rates-at-four-year-colleges-and-the-institutional-dyads-contributi/>

⁵ <https://masscc.org/success-program/>