



# Massachusetts Board of Higher Education

## Tuition Waivers

### Background

A tuition waiver provides financial assistance to an individual, enabling them to attend a MA public institution of higher education at a reduced cost. Currently, a tuition waiver covers approximately 20% of the direct cost of attendance; the student is responsible for all fees which account for the additional charges<sup>1</sup>.

There are more than 40 tuition waiver programs, each targeted to a specific population based on occupational affinity, age, financial need, or other individual attribute or family relationship. Ten waiver programs were enacted by the legislature (*statutory*), with the remaining waiver programs approved by the Board of Higher Education.

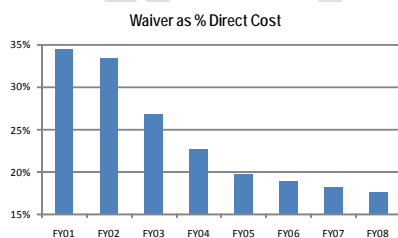
In FY06, individuals received waiver benefits totalling over \$54 million.

### Policy Details

There are several issues that raise questions about the long-term efficacy of tuition waivers as student financial aid.

*From a student's perspective:*

- Reduced value of tuition waivers. Students often feel misled when they realize that a tuition waiver covers only a fraction of the total cost of college attendance, and that the value of the benefit continues to decline each year as fees increase while tuition remains static.
- Inconsistency in waiver policies. A college must honor a tuition waiver for all *state-supported courses*; the college does not have to honor a tuition waiver for *non-state-supported*, or Department of Continuing Education (DCE), courses. Policies vary among institutions as to whether waivers are accepted for DCE courses.



*From an institution's perspective:*

- Complexity in administering programs. Each waiver has unique criteria for eligibility, requiring extensive

documentation review and retention. Waiver programs have high administrative costs; the number of different program exacerbates this cost.

- Audit requirements. Institutions are required to have an external audit of financial aid programs no less than every three years. Even a minor finding in waiver administration can trigger the requirement for an annual audit, requiring both time and financial resources of the college.
- Loss of revenue. Under a tuition retention policy, currently under consideration, the campuses and colleges may have to absorb the cost of waivers. At current utilization and tuition rates, tuition waivers would result in significant lost revenue to the institutions.

*From the Commonwealth's perspective:*

- Consistency in financial aid programs. The Needs-Based Tuition Waiver accounts for \$19 million in annual benefits. Funding MASSGrant or other financial aid programs would ensure benefits go to those most in need and be done in an efficient and cost-effective manner.
- Distribution of financial aid benefits. Over two-thirds of waiver benefits go to students without regard to financial need, with approximately 30% of non-need based waivers going to students with an Expected Family Contribution of \$10,000 or more<sup>2</sup>.

### BHE Position

The Board of Higher Education supports the intent of waiver programs in expanding access to public higher education. Consistent with the Financial Aid Task Force Report<sup>3</sup>, the Board of Higher Education advocates for means-testing as an additional criteria for all statutory waiver eligibility, as well as a comprehensive review of all other waiver programs.

<sup>1</sup> The exception is the National Guard (Welcome Home) waiver; enacted in FY06; this waiver covers both tuition and fees.

<sup>2</sup> EFC is considered a proxy of a family's ability to pay for college. An EFC of \$10,000 generally correlates with the state's median income of \$70,000.

<sup>3</sup> Final report from the Task Force on Student Financial Aid, accepted by the Board of Higher Education Oct 2006.