



Massachusetts Board of Higher Education

Final Report from the
**Task Force on
Student Financial Aid**

October 2006

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EXECUTIVE SUMMARY

Financial aid plays a significant role in providing access to postsecondary education. Yet, in recent years, the Commonwealth's funding of student financial aid has declined. Reductions in funding have resulted in a decrease in the overall number of Massachusetts students receiving state aid, as well as a reduction in the average amount of state aid awarded to students. Less financial aid has prompted substantial increases in student borrowing and growing levels of unmet financial need.

The impact of the budget shortfalls since 2001, along with the continuously rising cost of higher education, has severely impacted the ability of Massachusetts families to pay for college. For many students, a lack of financial aid can mean the end of hopes to attend college. Concerned about further erosion of resources for student aid and its negative impact on students' ability to attend college, the Board of Higher Education called for a review of current student aid policy and existing programs. These efforts led to the creation of the Task Force on Student Financial Aid.

The work of the Task Force coincides with national efforts to review the efficacy of financial aid programs. The Commission on the Future of Higher Education, appointed by U.S. Secretary of Education Margaret Spellings, recently released a national report which reinforces the importance of financial aid and the growing need to increase the level of need-based aid available to students. As the final report notes, "Too many students are either discouraged from attending college by rising costs, or take on worrisome debt burdens in order to do so." The report also acknowledges, "Unmet financial need is a growing problem for students from low-income families, who need aid the most."

The Task Force on Student Financial Aid was charged with completing the three following tasks:

- Evaluating the effectiveness of current Massachusetts state financial aid programs in providing higher education access and affordability to residents of the Commonwealth;

- Identifying significant areas and financial aid programs that should be modified in light of state and national trends impacting college attendance; and

- Recommending changes in policy that, if implemented, would promote access to higher education for needy students.

This final report represents more than two years of discussion and analysis of data from a variety of sources. The Task Force's work was informed by the staff of the Board of Higher Education and by two consultants, Jamie P. Merisotis, President of the Institute of Higher Education Policy, and Dr. Bridget Terry Long, Associate Professor of Education and Economics at the Harvard Graduate School of Education. The Task Force also benefited from other experts who were called upon to provide input and advice. Additionally, the Task Force held public hearings which served as a forum for other stakeholders to provide input.

Higher Education in Massachusetts

Maintaining a pool of well-educated workers and supporting an effective educational pipeline for degree attainment and skill development is essential to the future growth and economic health of Massachusetts. The Commonwealth is fortunate to have a large and diverse postsecondary education sector. As of 2004, among all Massachusetts residents age 25 and older (slightly more than 4 million people), 37 percent held a bachelor's degree or higher, and an additional 20 percent had some college experience (including an associate's degree or certificate). As indicated throughout this report, financial aid plays an increasingly important role in providing access to postsecondary education opportunities, and hence, in supporting the Commonwealth's educational pipeline.

As with other New England states, tuition and fees in Massachusetts are relatively high and have been increasing rapidly. Prior to FY06, decreased state appropriations for higher education resulted in higher prices for students and more pressure on the financial aid system. From 1996 to 2006, after accounting for inflation, tuition and fees increased by 39 percent in the University of Massachusetts system, 29 percent in the State College system, and 9 percent among the State Community Colleges. The rapid growth in prices at public colleges and universities is especially alarming given the role they have traditionally played in providing access. In 2004-2005, total college expenses (tuition and fees plus room, board, and other expenses) at a public four-year college in Massachusetts were \$13,687, compared to the national average of \$11,441. At private four-year institutions, the Massachusetts average total cost was \$35,470, compared to the national average of \$26,489—a 34 percent difference. Community colleges are also relatively expensive in Massachusetts at an average cost of \$3,380 for tuition and fees (not including other expenses), compared to the national average of \$2,318—almost 50 percent higher.

Given the high cost of college in Massachusetts, it is not surprising that affordability is a concern. In recent years, affordability has declined for the lowest-income families in Massachusetts. While it took 59 percent of the annual income of the lowest quintile of the state to pay for a public four-year college in 1992, the proportion of annual income necessary to cover costs rose to 73 percent by 2005.

When designing policy, it is important not only to note current problems, but also to forecast how changes in the population and economy might affect future needs. Work by the University of Massachusetts Donahue Institute gives some sense of the factors that might affect demand for student aid in the future. According to the U.S. Census Bureau, Massachusetts is the only state in the nation to have lost population from 2003 to 2004, and estimates suggest the growth rate was only 1.06 percent from 2000 to 2004. Part of this is due to the fact that Massachusetts has a flat birth rate. While in the past, Massachusetts has relied on young adults and immigrants moving to the state to compensate for its low rate of population growth, recent evidence strongly suggests that these patterns are changing and that residents are actually leaving the state.

This trend is reflected in Massachusetts' changing college population, which is likely to have a higher percentage of minority students in 2020 than in 2000. The Nellie Mae Foundation estimates that the minority share of the working-age population in Massachusetts will grow from 15.2 percent in 2000 to 27.7 percent in 2020. This has important implications on the likely demand for financial aid. And while the total population of undergraduate students will grow significantly (6.4 percent) between 2005 and 2011, college enrollments will likely decline between 2011 and 2020, when enrollments are projected to return to approximately 2005 levels.

Financial Aid and Unmet Need

Using information on how college costs and the distribution of financial aid vary by family background, the Task Force considered the degree to which the Commonwealth's current financial aid programs provide access to all students. Much of the analysis is based on data submitted by all Massachusetts postsecondary institutions to the Board of Higher Education. The calculations reflect the actual awards received by students during the 2004-05 school year, therefore providing the best available information about financial aid in Massachusetts.

Among full-time, full-year undergraduates, 37 percent received federal grants, 28 percent received work study subsidies, and 86 percent received federal loans during 2004-05. The receipt of these different kinds of aid, however, differs by Expected Family Contribution, or EFC. (EFC is considered a proxy of a family's ability to pay for college.) Federal grants tend to be focused almost exclusively on students with lower EFCs (i.e. low-income students), while federal loans are concentrated among

middle- and upper-income families. Among students with federal loans, the median amount does not vary greatly by EFC, suggesting that low-income students are taking out federal loan amounts similar to those of more wealthy students.

Similar to federal grants, Massachusetts state financial aid is primarily directed toward residents with financial need. The percentage of students who receive a state grant is highest among students with lower EFCs. Tuition waivers are largest for students in the \$3,851 to \$5,999 range, which is the group just above Pell Grant eligibility. These students make too much to qualify for the federal grant, but probably not enough to cover the costs of college. In addition, a small proportion of students with EFCs above \$22,000 receive non-need-based waivers.

Similar patterns are also shown for state tuition waivers, although a small proportion of students with EFCs above \$22,000 receive this type of aid. The state loan program is fairly small, but the participants are concentrated among those with lower EFCs.

Although students who have lower EFCs (and are likely to be from lower-income families) are more likely to receive a state grant or tuition waiver, the amount of the award is not the highest among this group. The median state grant amount tends to be higher for students with higher EFCs, but so few students at this level receive a grant at all.

After considering how aid is currently distributed to students, the Task Force pressed on to determine the unmet needs of students. To measure unmet need, several different definitions were used. Generally speaking, “need” is defined as (Cost - EFC); “unmet need” is defined as (Need - Financial Aid). After all grants and loans are taken into account, approximately 88,000 students had an average unmet need of \$4,500. In addition, there are likely thousands of students who never attend college due to unmet financial need. It is important to remember that this unmet need is *in addition* to the amount the family is expected to pay (i.e. the EFC). Many families have difficulty paying their EFC, so these unmet need amounts are an additional burden to manage.

How are students and families dealing with large unmet needs? A growing amount of research documents that many families are turning to credit cards and other forms of debt. While some debt and self-help is advisable, the rapid increase in levels of student debt is a growing concern. Evidence increasingly suggests that students are working far more hours than healthy for their academic careers, as more than a quarter of full-time students ages 16-24 work more than 20 hours per week. Large levels of unmet need, therefore, are affecting college access and persistence, as well as academic performance and graduation.

Task Force Recommendations

After considering the strengths and weaknesses of the current state financial aid system, the Task Force makes the following recommendations:

GOAL: Use Incentive-Based Financial Aid Programs to Support the Economic Development of the Commonwealth

Offer graduated loan forgiveness to students who have state-funded college loans and who are employed in occupations addressing critical workforce needs, such as teaching, nursing, and Science, Technology, Engineering and Math (i.e. STEM fields)

Target grant assistance to students enrolled in non-degree and certificate programs specific to industry and workforce needs

Provide tuition and fee waivers to qualified Massachusetts high school graduates attending community college

Provide tax credits to employers offering employee-assisted student loan repayment programs

GOAL: Target Funding Goals and Strategies to Ensure that Higher Education is Affordable

Direct all need-based state financial aid to students whose family incomes are equal to or less than the Commonwealth's median income

Develop strategies for incremental budget increases that would allow participation by students from families that meet or are below the Commonwealth's median income level

Seek legislative appropriation language to ensure continued support of the Commonwealth's primary grant program (MASSGrant) in each fiscal year budget

Ensure that every student contributes to the cost of his/her education by establishing reasonable "Self-Help" expectations at all levels

Revise allocation formulas to compensate institutions enrolling students with the greatest financial need

Conduct annual assessments of the Commonwealth's financial aid programs to evaluate their effectiveness and efficiency

GOAL: Promote Student Access to Higher Education

Create a statewide college-financing literacy program to assist families in planning for postsecondary education expenses

Develop financial aid awareness campaigns for students, beginning in the 8th grade

Simplify financial aid programs for greater effectiveness in meeting student needs

Conclusion

Massachusetts' public colleges have been facing declining appropriations at a faster rate than schools in many other states, and the result has been higher prices for students and more pressure on the financial aid system. In addition, reduced support for higher education is a matter for concern if it then reduces

the state's ability to produce the educated workers necessary for economic growth.

The Commonwealth's economy is improving, and continued growth will require a substantial pool of well-educated workers. As the number of high school graduates increases and the demographic profile of this group changes, providing sufficient aid for postsecondary education becomes a greater concern.

Any discussion of Massachusetts financial aid policies must take note of a context that includes increasing college costs, reduced state funding for higher education, and a loss of purchasing power for both federal and state need-based grant programs. The complexity and low visibility of aid programs also can deter students from accessing them. Foremost, unmet need is a serious issue as the Commonwealth considers ways to improve its financial aid system.

I. INTRODUCTION

Financial aid plays a significant role in providing access to postsecondary education and represents a critical investment in our residents. Massachusetts, like other states, relies heavily on an educated and skilled workforce for its continued growth and economic development. Yet in recent years, the Commonwealth's funding of student financial aid has not kept pace with the rising cost of a college education. Between 2001 and 2005, appropriations to state aid programs were reduced by more than 23 percent. During this same period, tuition and fees grew by 85 percent in nominal terms in the University of Massachusetts system (69 percent after accounting for inflation). Reductions in funding have also resulted in a decrease in the *overall number* of Massachusetts students receiving state aid, as well as a reduction in the *average amount* of state aid awarded to students. Moreover, less financial aid has prompted substantial increases in student borrowing and growing levels of unmet financial need.

Reductions in financial aid also impact college access. A number of factors influence a person's decision to attend college, including academic preparation, family background, personal responsibilities, and the awareness of admissions and financial aid practices. But for many students, financial aid and the price of college are the most important factors in the enrollment decision.¹ A study of recent high school graduates found that nearly half of those who did not attend or who dropped out of college cited financial constraints as a key obstacle.² Low-income students appear to be particularly sensitive to changes in aid as compared with middle- and upper-income students.³ For these students, lack of financial aid can mean the end of hopes of attending college.

The impact of state budget shortfalls since 2001, along with the continuously rising cost of higher education, has severely impacted the ability of Massachusetts families to pay for college. Concerned about further erosion of resources for student aid and its negative impact on students' ability to attend college, the Board of Higher Education called for a review of current student aid policy and existing programs. These efforts led to the creation of the Task Force on Student Financial Aid in June 2004.

The Task Force first convened in October 2004 and met on a regular basis for two years. Task Force members (listed in Appendix A of this report) were appointed by then-Chancellor Judith Gill, who served as Chair of the Task Force during its first year and a half. The Task Force's work was informed by the staff of the Board of Higher Education and by two consultants, Jamie P. Merisotis, President of the Institute of Higher Education Policy, and Dr. Bridget Terry Long, Associate Professor of Education and Economics at the Harvard Graduate School of Education. Each conducted research and participated in Task Force meetings. During the two years of its deliberations, the Task Force also benefited from presentations of other experts who were called upon to provide input and advice. Additionally, the Task Force held public hearings in order for other stakeholders to provide input.

¹ Much research has been done in this area, including Kane (1999); Heller (1997) and (2002); Advisory Committee on Student Financial Assistance (2002); St. John (2002) and (2003); Perna (2004); McPherson & Schapiro (2000). See McDonough (2004) for a summary of research and annotated bibliography.

² Johnson, J., & Duffett, A. (2005). *Life After High School: Young People Talk about Their Hopes and Prospects*. New York, NY: Public Agenda.

³ As noted by Heller (1997); McPherson & Schapiro (2000); and other studies. Aid to middle- and upper-income students may be more of a subsidy than an incentive to enroll. Additionally, price sensitivities appear to differ by type of aid, race, and level of academic achievement.

The Task Force was charged with completing the three following key tasks:

Evaluating the effectiveness of current Massachusetts state financial aid programs in providing higher education access and affordability to residents of the Commonwealth;

Identifying significant areas and financial aid programs that should be modified in light of state and national trends impacting college attendance; and

Recommending changes in policy that, if implemented, would promote access to higher education for needy students.

The final report represents more than two years of discussion and analysis of data from a variety of sources, including a financial aid database compiled by the Board of Higher Education. The Task Force also examined demographic changes in the Commonwealth—present and future—in an effort to develop recommendations for financial policies that would sufficiently meet the needs of the Commonwealth’s changing population and economic development needs in the coming years.

Our work coincides with national efforts to review the efficacy of financial aid programs. Recently, the Commission on the Future of Higher Education, appointed by U.S. Secretary of Education Margaret Spellings, released a report on its findings concerning American Higher Education.⁴ The report reinforces the importance of financial aid and the growing need to increase the level of need-based aid available to students. As the final report notes, "Too many students are either discouraged from attending college by rising costs, or take on worrisome debt burdens in order to do so" (p. 2). The report also acknowledges, "Unmet financial need is a growing problem for students from low-income families, who need aid the most" (p. 3) .

Now is the time to consider how to use policy more effectively to support educational activities. To cite the U.S. Commission on the Future of Higher Education:

In tomorrow’s world a nation’s wealth will derive from its capacity to educate, attract, and retain citizens who are able to work smarter and learn faster—making educational achievement ever more important both for individuals and for society writ large." (p. ix)

It is the hope of the Task Force that this report will help further discussions to improve Massachusetts financial aid policy, and thereby ensure that a college education is possible for all our residents.

⁴ U.S. Department of Education. (2006). *A Test of Leadership: Charting the Future of U.S. Higher Education*. Washington, D.C.

II. THE MASSACHUSETTS CONTEXT

Higher Education in Massachusetts

Massachusetts is fortunate to have a large and diverse postsecondary education sector. In Fall 2005, more than 328,000 students were enrolled in higher education in the Commonwealth's 147 postsecondary educational institutions, with 160,487 enrolled at private four-year institutions, 80,796 at public four-year institutions, and 84,209 at public two-year institutions.⁵ Postsecondary institutions in the state reported granting a total of 95,707 degrees and certificates to students in 2004-05, of which 47.7 percent were bachelor's degrees and 11.3 percent were associate's degrees.⁶

Massachusetts is also a top-performing state in providing higher education for its residents. As of 2002, a state resident was 49 percent likely to attend college by age 19, compared to an average of 37 percent for the other top New Economy states, such as Washington, California, Colorado, and Maryland.⁷ Massachusetts has the highest percentage nationwide of 9th graders who earn either a bachelor's degree within six years after high school or an associate's degree within three years.⁸ Moreover, as of 2004, among all Massachusetts residents age 25 and older (slightly more than 4 million people), 37 percent held a bachelor's degree or higher and an additional 20 percent had some college experience (including an associate's degree or certificate); this compares to 33 percent and 27 percent on average for the other top New Economy states.⁹

The Commonwealth is experiencing an economic recovery, but maintaining and increasing the pool of well-educated workers will be essential to sustained growth. Supporting an effective educational pipeline for degree attainment and skill development in the Commonwealth is crucial to the state's long-term economic health.

Tuition and Fees, and State Support for Higher Education

As with other New England states, tuition and fees in Massachusetts are relatively high. In 2004-2005, total college expenses (tuition and fees plus room, board, and other expenses) at a public four-year college in Massachusetts were \$13,687, compared to the national average of \$11,441. At private four-year institutions, the Massachusetts average total cost was \$35,470, compared to the national average of \$26,489—a 34 percent difference. Community colleges are also relatively expensive in

⁵ National Center for Education Statistics. (2005 Fall). *Integrated Postsecondary Education Data System (IPEDS)*. Washington, DC: U.S. Department of Education

⁶ National Center for Education Statistics. (2005). *Integrated Postsecondary Education Data System (IPEDS)*. Washington, DC: U.S. Department of Education..

⁷ The Progressive Policy Institute. (2002 June). *The 2002 State New Economy Index*.

<http://www.neweconomyindex.org/states/2002/overall_rank.html> (cited 16 October 2006).

Mortenson, Thomas G. (2004 November). *Chance for College by Age 19 by State 1986-2002*. Postsecondary Education Opportunity, 149.

⁸ Baum, S., and K. Payea. (2004). *Education Pays: The Benefits of Higher Education for Individuals and Society*. Washington, DC: College Board.

⁹ Institute for Higher Education Policy. (2005). *The Investment Payoff: A 50-State Analysis of the Public and Private Benefits of Higher Education*. Washington, DC.

Massachusetts at an average cost of \$3,380¹⁰ for tuition and fees (not including other expenses), compared to the national average of \$2,318—almost 50 percent higher.¹¹

Table 1 displays the average tuition and fees for public colleges and universities in Massachusetts from 1995-96 to 2005-06. After accounting for inflation during the ten-year period, tuition and fees increased by 39 percent in the University of Massachusetts system, 29 percent in the State College system, and 9 percent among the State Community Colleges.

Table 1: Tuition and Fees at Massachusetts Public Institutions, 1995-96 to 2005-06

	Current Dollars			Constant 2005 Dollars		
	UMass System	State Colleges	Community Colleges	UMass System	State Colleges	Community Colleges
<i>Massachusetts</i>						
1995–96	4,954	3,334	2,520	\$6,281	\$4,227	\$3,195
1996–97	4,892	3,287	2,529	\$6,031	\$4,052	\$3,118
1997–98	4,828	3,192	2,427	\$5,848	\$3,866	\$2,940
1998–99	4,727	3,103	2,297	\$5,633	\$3,697	\$2,737
1999–00	4,706	2,984	2,182	\$5,451	\$3,457	\$2,528
2000–01	4,697	2,962	2,153	\$5,255	\$3,314	\$2,409
2001–02	4,693	2,954	2,273	\$5,159	\$3,248	\$2,499
2002–03	5,798	3,743	2,833	\$6,237	\$4,027	\$3,048
2003–04	6,801	4,590	3,265	\$7,160	\$4,832	\$3,437
2004–05	8,428	5,098	3,385	\$8,682	\$5,252	\$3,487
2005–06	8,697	5,448	3,477	\$8,697	\$5,448	\$3,477
10-yr \$ change	\$3,554	\$1,861	\$911	\$2,416	\$1,221	\$282
10-yr % change	72.9%	57.5%	36.8%	38.5%	28.9%	8.8%

Source: Massachusetts Board of Higher Education, *Tuition and Fees Trend Table – 1996-2006*. (Obtained from http://www.mass.edu/p_p/home.asp?id=3&iid=3.11).

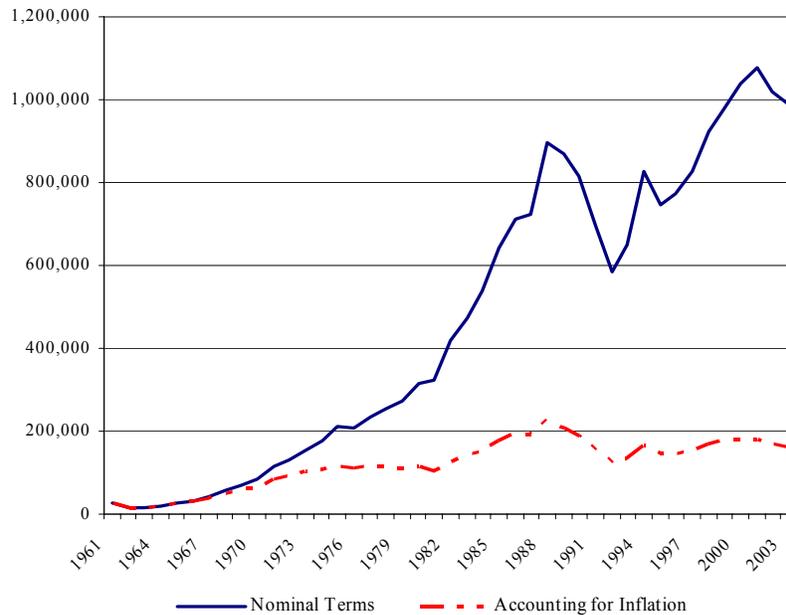
The rapid growth in prices at public colleges and universities is especially alarming given the role they have traditionally played in providing access. For many years, public institutions have provided a low-cost way for residents to get postsecondary training. State appropriations have enabled colleges to do this by helping to cover college operational expenses. Over the last two decades, however, state appropriations have fallen in proportion to operational budgets, as shown in Figure 1. Although the amount of appropriations has grown over time (as shown by the solid line), it has not kept up with inflation (as shown by the dashed line). Moreover, after 1985, the level of appropriations has been erratic—rising by large amounts in some years and falling in others. For example, during the recession

¹⁰ National Center for Education Statistics. (2005). *Digest of Education Statistics*. Washington, D.C.: Department of Education.

¹¹ Washington Higher Education Coordinating Board. (2006 January). *2005-2006 Tuition and Fee Rates: A National Comparison*. Olympia, WA.

of the early 1990s, appropriations for higher education fell, and there has been a dip more recently in the wake of another economic downturn.

Figure 1: Massachusetts State Appropriations for Higher Education (in thousands)



Source: Center for the Study of Education Policy, Illinois State University.

Expenditures for higher education—including both appropriations to institutions and financial aid programs—made up about 7 percent of the total budget in 2000. This has since declined to about 4 percent of the total budget in 2005, compared to a 32 percent share for health care and a 19 percent share for human services programs.¹²

From FY1999 to FY2004, Massachusetts' appropriations for higher education operating expenditures fell by 19.7 percent vs. an average national increase of 14.1 percent, according to data from the Center for the Study of Education Policy. This trend emphasizes the fact that Massachusetts' public colleges have been facing declining appropriations at a faster rate than schools in many other states, and the result has been higher prices for students and more pressure on the financial aid system. In addition, reduced support for higher education is a matter for concern if it then reduces the state's ability to produce the educated workers necessary for economic growth.

Recently, the Massachusetts legislature has begun to raise spending on higher education. For 2006-07, state support for higher education increased by \$47 million, or 5 percent over 2005-6. The final budget included increases of \$24 million, or 6 percent, for the UMass System; \$10 million, or 5 percent, for the State College System; and \$8 million, or 4 percent, for the State Community Colleges.¹³

College Affordability and Financial Aid Programs

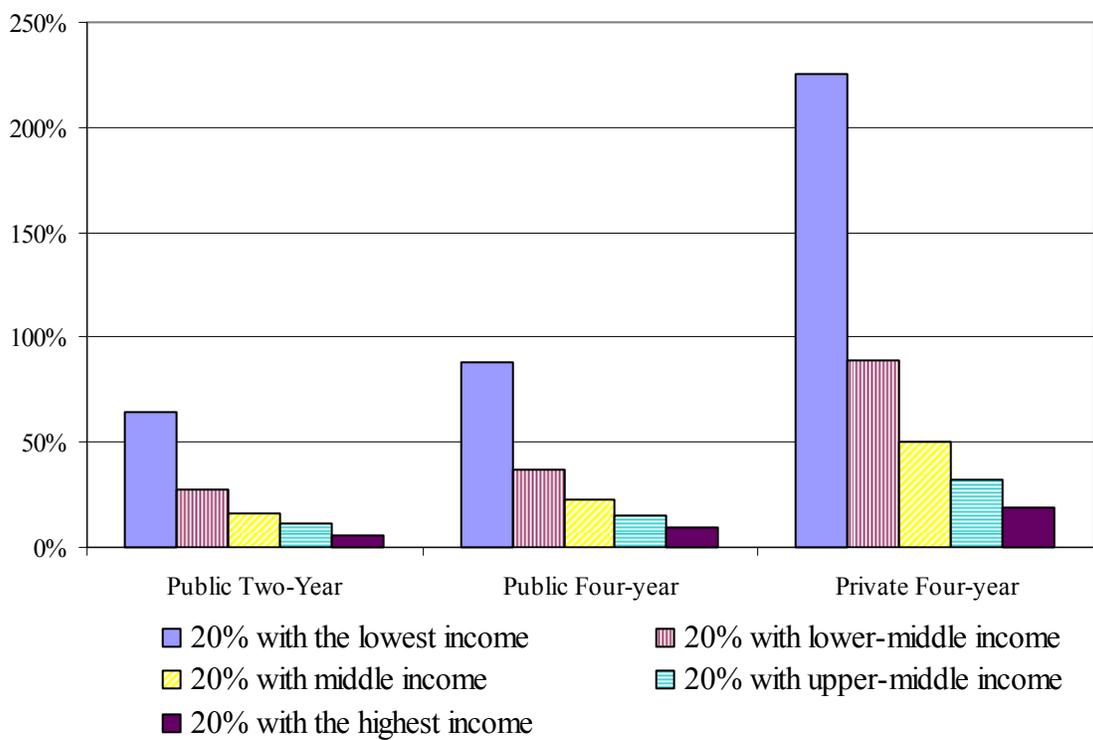
Given the high cost of college in Massachusetts, it is not surprising that affordability is a concern. Most

¹² Massachusetts Taxpayers Foundation. (2005). *State Budget '05-'06: Expectations and Reality*. Boston, MA.

¹³ Fischer, K. (2006 August 11). *The 50 States & the District of Columbia*. Chronicle of Higher Education, volume 53, issue 1, p. 61.

often measured as tuition and fee costs relative to family income and according to calculations by the National Center for Public Policy in Higher Education, affordability has declined for the lowest-income families in Massachusetts. While it took 59 percent of the annual income of the lowest quintile of the state to pay for a public four-year college in 1992, the proportion of annual income necessary to cover costs rose to 73 percent by 2005. Figure 2 displays the percentage of income needed by each part of the income distribution to pay for the net cost of college (defined as tuition and fees, room, and board minus financial aid) in 2005. After accounting for financial aid, students in the lowest 20 percent of the Massachusetts income distribution would need to pay over half of their annual income to cover the cost of a public community college, and over two years of annual income would be needed for a private college.

Figure 2: Family Ability to Pay in Massachusetts – Percent of Income Needed to Pay for College Expenses Minus Financial Aid



Source: NCPPHE (2006) *Measuring Up*.

To help address the concerns about affordability, the Commonwealth currently funds a wide variety of student aid programs targeted at different parts of the student population. Below is a description of these programs:

MASSGrant: The foundation of the Commonwealth’s financial aid programs, the MASSGrant program provides need-based financial assistance to undergraduate students who have an Expected Family Contribution (EFC) between \$0 and \$3,850 and who are enrolled full-time in a program of higher education in any approved public or independent higher education institution.

Access (Cash) Grant: The program was designed as a supplemental grant to assist needy students in meeting charges, such as mandatory fees, at public institutions.

Need-Based Tuition Waiver: Massachusetts public institutions employ a number of tuition waivers to assist specific groups of students. The largest is the Massachusetts Need-Based Tuition Waiver Program, which helps offset increases in tuition and fees at public colleges and universities.

Gilbert Matching Student Grant: The program enables participating independent institutions to provide direct financial assistance to needy undergraduate students enrolled full-time.

Part-Time Grant: The program was established to serve non-traditional, needy students who enroll in an undergraduate degree or certificate program at a public or non-public institution for at least six but fewer than twelve credits per semester.

Massachusetts No Interest Loan (NIL): The program provides eligible Massachusetts residents with financial need with a state-funded, zero-interest loan to help meet educational costs.

Paraprofessional Teacher Preparation Grant: Funded continuously since FY2002-03, the program provides financial assistance to residents who are currently employed as paraprofessionals in public schools but wish to become certified as full-time teachers.

Early Childhood Educators Scholarship: The primary purpose of the Early Childhood Educators Scholarship is to increase the quality and availability of teachers and care providers who work with young children in inclusive settings through the provision of financial aid for associate or bachelor degree programs in Early Childhood Education or related programs.

Other programs: A number of additional state aid programs exist, including:

- **Foster Child Grant:** This program was designed to provide postsecondary education financial support to foster children in state custody who were neither adopted nor returned home.
- **Christian A. Herter Memorial Scholarship:** The program was established in 1972 as an early-identification program to recruit 10th- and 11th-grade students who face challenging socio-economic backgrounds, environmental conditions, and major adversity.
- **Public Service Grant:** This program was established to provide educational opportunity to family members whose parent or spouse was killed or missing in the line of public service duty.
- **John and Abigail Adams Scholarship:** The scholarship is awarded to students who scored in the top 25 percent of each school district on the 10th-grade MCAS Language Arts and Mathematics tests and scored in the Advanced category on one test and Proficient or Advanced on the other test. The scholarship covers tuition costs only (not fees).
- **Performance Bonus Grant:** This program provided a financial incentive for students to perform well in college and persist toward the achievement of a postsecondary education degree. Eligible students were those who received the MASSGrant. In addition, students had to have a zero EFC, be enrolled full-time at a Massachusetts institution, have a 3.0 GPA, and have completed at least 24 college credits beyond high school. (This program has not been funded since FY2002-03.)

Summary statistics on the usage of the different Massachusetts aid programs is available in Table 2. The Cash Grant and MASSGrant programs are the largest in terms of the number of recipients and the amount awarded. Tuition waivers and the Gilbert Grant are also major programs.

Table 2: Selected Massachusetts State Grant Aid Awarded, Fiscal Year 2004

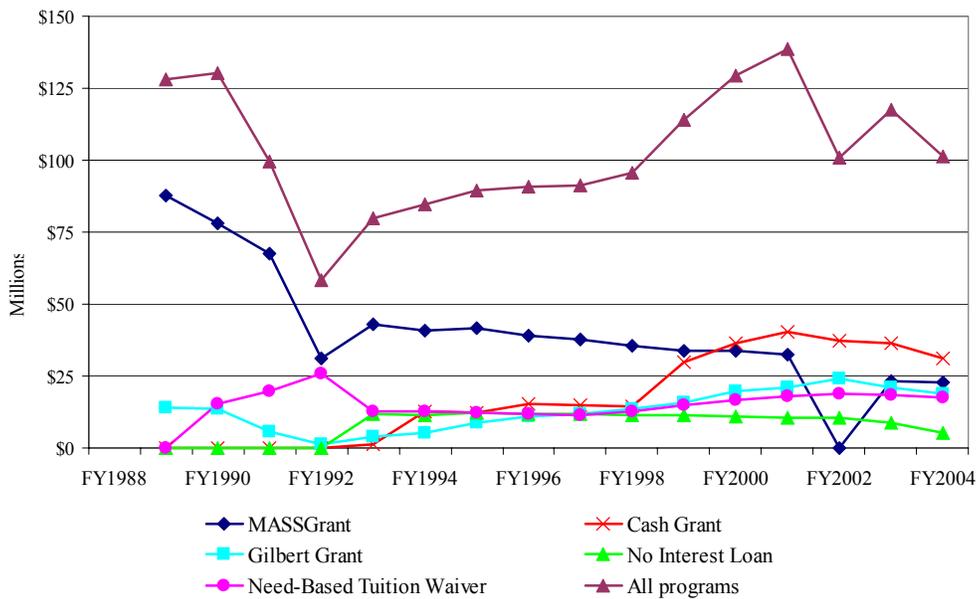
		Total	Public University	State College	Community College	Private	Proprietary or Other
MASSGrant	Recipients	22,486	3,077	4,188	5,244	9,107	870
	Dollars	22,800,828	5,079,631	2,765,496	2,595,326	11,715,250	645,125
	Mean Award	1,014	1,651	660	495	1,286	742
Cash Grant	Recipients	29,830	7,167	6,922	15,741		
	Dollars	32,089,565	8,697,352	9,896,550	13,495,663		
	Mean Award	1,076	1,214	1,430	857		
Foster Child	Recipients	137	28	20	59	21	9
	Dollars	668,075	102,940	92,050	301,883	124,922	46,280
	Mean Award	4,876	3,676	4,603	5,117	5,949	5,142
Gilbert Grant	Recipients	9,564				9,532	32
	Dollars	18,647,708				18,632,708	15,000
	Mean Award	1,950				1,955	469
No Interest Loan	Recipients	2,889	159	722	27	1,848	133
	Dollars	5,337,433	416,544	986,298	60,000	3,577,291	297,300
	Mean Award	1,848	2,620	1,366	2,222	1,936	2,235
Para-profess. Teacher Prep. Grant	Recipients	247	25	69	153		
	Dollars	974,499	161,875	359,124	453,500		
	Mean Award	3,945	6,475	5,205	2,964		
Part-Time Grant	Recipients	8,749	782	686	5,975	912	394
	Dollars	3,300,700	445,000	279,000	1,658,500	746,450	171,750
	Mean Award	377	569	407	278	818	436
Tuition Waiver	Recipients	28,060	7,116	6,147	14,797		
	Dollars	18,095,494	8,077,713	4,265,236	5,752,545		
	Mean Award	645	1,135	694	389		

Source: Massachusetts Board of Higher Education, Office of Student Financial Assistance (2004).

Trends in Financial Aid

Similar to state appropriations to public colleges and universities, state funding for financial aid has suffered in recent years. Taking into account the variety of state financial aid programs in Massachusetts, funding declined during the late 1980s and early 1990s. These trends are shown in Figure 3, which reports funding levels in constant 2003-04 dollars. After FY1992-93, funding for aid increased steadily during the remainder of the 1990s, in part because of policy changes that were proposed by the 1995 Task Force on Student Aid. However, there were significant decreases since FY2000-01 (although not as great as the previous reductions). These trends largely coincide with state budget trends, as well as the broader economic context of recessions in the early 1990s and early part of the current decade.

Figure 3: Funding for Massachusetts State Aid Programs, FY1987-88 to FY2003-04 in Constant 2003-04 dollars



Source: Massachusetts Office of Student Financial Assistance.

Note: Figures were adjusted for inflation using the Consumer Price Index (CPI). No Interest Loans are not funded through appropriations, but by a revolving fund. Need-Based Tuition Waivers represent a decrease in tuition rather than a direct appropriation by the state. Other types of tuition waivers are not included.

Declines in funding for financial aid since the late 1980s have been precipitous, particularly for the MASSGrant program. In FY2003-04, funding for MASSGrant program was \$24.1 million for 29,920 recipients.¹⁴ This is a substantial decrease from 1988-89, when funding was \$57 million (unadjusted, nominal dollars) for 37,689 recipients. Added to these dramatically declining funding levels is the fact that, unlike other programs, the MASSGrant program does not include language that mandates funding must be “no less than” a certain amount. One consequence of this is that, in the legislative debates that take place each year, the MASSGrant program is frequently subjected to singularly absorbing legislated budget reductions when they occur. In fact, in several instances, “earmarks” in annual appropriations bills to fund other programs have come at the expense of funding for the MASSGrant Program.

Funding for all aid programs in FY2003-04 was less than the level in FY1988-89, though the changes vary by aid program. For example:

Funding for the MASSGrant program decreased by 74 percent between FY1988-89 and FY2003-04, and has declined by 30 percent since FY 2000-01.

Funding for the Gilbert Grant increased by 35 percent between FY1988-89 and FY2003-04, but decreased by 12 percent since FY2000-01.

Funding for the Cash (Access) Grant increased by 148 percent between FY1993-94 and FY2003-04 (the program did not exist in FY1988-89), but decreased by 22 percent since FY2000-01.

While reductions in the funding of aid programs are troubling, an additional concern is whether students know about the benefits of financial aid. The Task Force’s conversations with financial aid

¹⁴ The dollar figure includes \$998,963 in LEAP funding.

professionals have suggested that students are often confused by the information that is available. Information about college can often come from several sources, including high schools, the internet, commercial publications, information centers, and other sources. Yet little statewide coordination exists to make sense of this complex web of information.

Knowledge about paying for college—specifically about the types of financial aid available—is an important concern. National research indicates that many students do not have accurate information regarding the true cost of college, what kinds of aid are available and in what amounts, and where to get information about financial aid. For example, one out of every five low-income dependent college students and one out of every four low-income independent students fail to take advantage of federal, state, and institutional aid programs because they do not file a Free Application for Federal Student Assistance (FAFSA), the basic form for most aid programs.¹⁵ Many also do not receive the full amounts for which they are eligible because they miss application deadlines. An ongoing study of low-income urban students has found that these students have limited access to information about college costs, financial aid, and payments options.¹⁶

Looking Ahead: Important Trends for the Future

When designing policy, it is important not only to note current problems, but also to forecast how changes in the population and economy might affect future needs. Work by the University of Massachusetts Donahue Institute gives some sense of the factors that might affect demand for student aid in the future.¹⁷ The size and demographic composition of the forecasted population of likely students is one important factor for consideration. Using data from the U.S. Census Bureau, their projections carry forward the distribution of students found in 2000. Among their conclusions:

According to the U.S. Census Bureau, Massachusetts is the only state in the nation to have lost population from 2003 to 2004, and estimates suggest the growth rate was only 1.06 percent from 2000 to 2004. Part of this is due to the fact that Massachusetts has a flat birth rate. Fewer births result in the median age of the population growing.

In the past, Massachusetts has relied on young adults and immigrants moving to the state to compensate for its low rate of population growth. However, recent evidence strongly suggests that these patterns are changing. A recent report by the Donahue Institute and MassINC found that a net 213,000 domestic residents left the state from 1990 to 2002. According to the 2000 Census, these residents tend to be younger, better educated, and more likely to be employed in a knowledge-intensive industry.

This out-migration trend has troubling implications for the state economy. According to the Donahue Institute, “The most recent Job Vacancy Survey released by the Massachusetts Department of Workforce Development reported over 74,000 vacant positions during a period in which there were more than 160,000 unemployed workers statewide. If this situation persists, it is easy to imagine that many of these employers may, like many of our residents, seek greener economic pastures elsewhere.”

¹⁵ American Council on Education. (2004). *Missed Opportunities: Students Who Do Not Apply for Financial Aid*. ACE Issue Brief. Washington, DC.

¹⁶ Center for Higher Education Policy Analysis. (2005). *The Challenges of Financial Aid Awareness and College Access*. The Navigator, 4(2), 1+.

¹⁷ Goodman, M. D., Nakajima, E.T., & Gaviglio J. (2006 September 25). *Demographic and Economic Trends Affecting College Enrollment in Massachusetts, 2005 to 2020*. Amherst, MA: University of Massachusetts, Office of the President, Donahue Institute.

The total population of undergraduate students is expected to grow significantly (6.4 percent) between 2005 and 2011. However, college enrollments will likely decline between 2011 and 2020, when enrollments return to approximately 2005 levels. Projections about the number of undergraduates by age are shown in Table 3.

Table 3: Projected Undergraduate Enrollment by Age

Age	2005	2010	2015	2020
16 and 17 years	1,837	1,825	1,683	1,765
18 to 20 years	138,939	153,838	140,603	145,263
21 to 24 years	108,954	118,559	122,270	115,499
25 to 34 years	53,142	53,094	56,446	56,240
35 to 44 years	36,439	32,785	30,091	31,094
45 to 54 years	18,415	19,538	18,875	18,053
55 to 64 years	4,964	5,753	6,297	6,275
65 to 74 years	1,538	1,722	2,148	2,125
75 years and over	1,383	1,393	1,411	1,454
Total	365,611	388,507	379,824	377,768

Source: U.S. Census Bureau, Calculations by UMass Donahue Institute.

Projections about the number of minority undergraduates by age are shown in Table 4. The researchers note that the figures are based on the assumption that enrollment in college by age will remain constant. However, the changing skill requirements of the labor market will likely spur the demand for education and training by older, nontraditional students.¹⁸ As a result, the projections may understate enrollment numbers for the older age groups.

Table 4: Projected Undergraduate Enrollment by Race

Race	2005	2010	2015	2020
White	285,384	303,247	296,469	294,865
Black	26,721	28,393	27,758	27,608
American Indian and Alaska Native	892	948	927	922
Asian	25,744	27,356	26,744	26,600
Native Hawaiian and Other Pacific Island	293	311	304	302
Not Spanish/Hispanic/Latino	340,827	362,161	354,065	352,151
Spanish/Hispanic/Latino	24,860	26,417	25,826	25,686
Other	26,654	28,322	27,689	27,540
Total	731,375	777,155	759,782	755,674

Source: U.S. Census Bureau, Calculations by UMass Donahue Institute.

Other projections suggest that Massachusetts college students will become increasingly diverse in the future. The Nellie Mae Foundation estimates that the minority share of the working age population in Massachusetts will grow from 15.2 percent in 2000 to 27.7 percent in 2020.¹⁹

¹⁸ Levy, F. & Murnane, R. (2005). *The New Division of Labor: How Computers Are Creating the Next Job Market*. Princeton, NJ: Princeton University Press.

¹⁹ Coelen, S. & Berger, J. B. (2006 June). *New England 2020: A Forecast of Educational Attainment and its*

III. TRENDS IN MASSACHUSETTS FINANCIAL AID AND UNMET NEED

The Board of Higher Education Financial Aid Database

While the previous sections give general information on the financial aid programs available to Massachusetts students, this section details the actual awards received by students during the 2004-05 school year. Using information on how college costs and the distribution of financial aid vary by family background, the Task Force considered the degree to which the Commonwealth's current financial aid programs provide access to all students. Two main questions were examined:

- (1) How does the current financial aid system help to meet the costs of higher education?
- (2) What are the unmet needs of students under the current system?

The following tables are based on data submitted by all Massachusetts postsecondary institutions to the Board of Higher Education for FY05.²⁰ The tables and figures reflect the information used by colleges and universities when awarding financial aid, as well as the actual aid disbursed to students. Therefore, it provides the best available information about financial aid in Massachusetts. The sample includes all students who applied for financial aid whether or not they received an award.

Educational cost information is also available in the database. It is defined as the total cost of attendance, as determined by the institution, and it includes tuition, fees, and room and board. The price charged to a student is adjusted according to the attendance intensity of the student (i.e. full- or part-time) and the specific semesters attended. Therefore, educational costs may differ across students within the same institution. Together, the data on educational cost and financial aid awards give a true reflection of the net cost of higher education faced by Massachusetts students and their families.

To get a sense of how the burden of college costs differs by family ability to pay, some of the results are broken down by Expected Family Contribution (EFC). While EFC is closely related to family income, factors such as family size, the age of the head of household, and whether the student is financially dependent or independent are also taken into account when calculating this number. The government and postsecondary institutions use EFC to gauge the amount a family should be expected to pay for college, as well as determine financial need and eligibility for specific aid programs. For instance, families with an EFC of \$3,850 or below are eligible for a Federal Pell Grant. A family at the median income level for Massachusetts, which was \$68,701 in 2004, would have an EFC somewhere around \$8,000 to \$9,999 for dependent students.²¹ Because the federal government treats the incomes of older, independent students differently in the calculations of the EFC at the state median income level, these students would have an EFC of anywhere from \$18,000 to \$21,999.²²

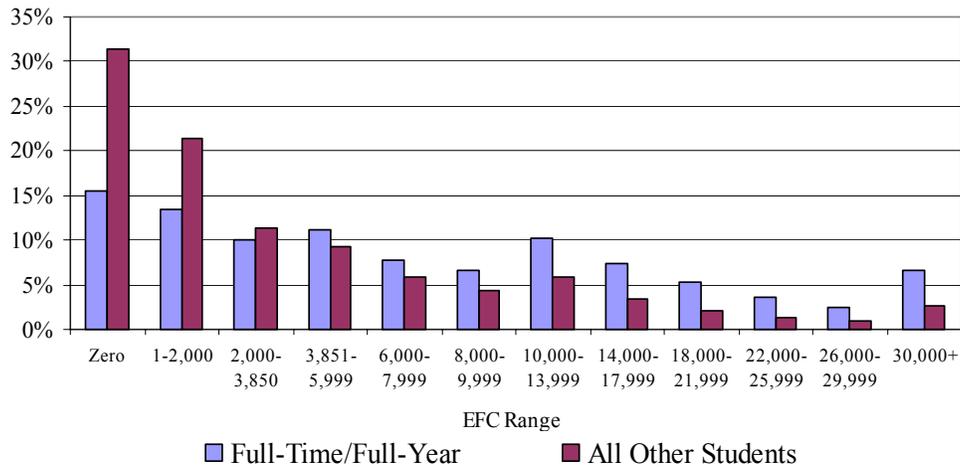
Implications for the Workforce of New England States. Quincy, MA: Nellie Mae Education Foundation.

²⁰ The data are from the Student Financial Aid Record File Database. Cells with fewer than 15 observations are not displayed. Institutional financial aid information is not available for all private, non-profit institutions. Also, only student loans reported to the institution are captured in the database. Families may have other sources of loans, including private and home equity loans, which are not captured by the database. The analysis was produced by Prof. Bridget Terry Long, Associate Professor of Education and Economics at the Harvard Graduate School of Education. See Appendix B for more information.

²¹ See Appendix B for how each EFC range maps onto family incomes.

²² Dependent students tend to be traditional-age college students (under the age of 24) who are financially dependent on their parents. Students are automatically considered Independent once they reach the age of 24. They may be declared independent at an earlier age if they are married, have children, served in the armed services, or can provide sufficient evidence of being financially independent.

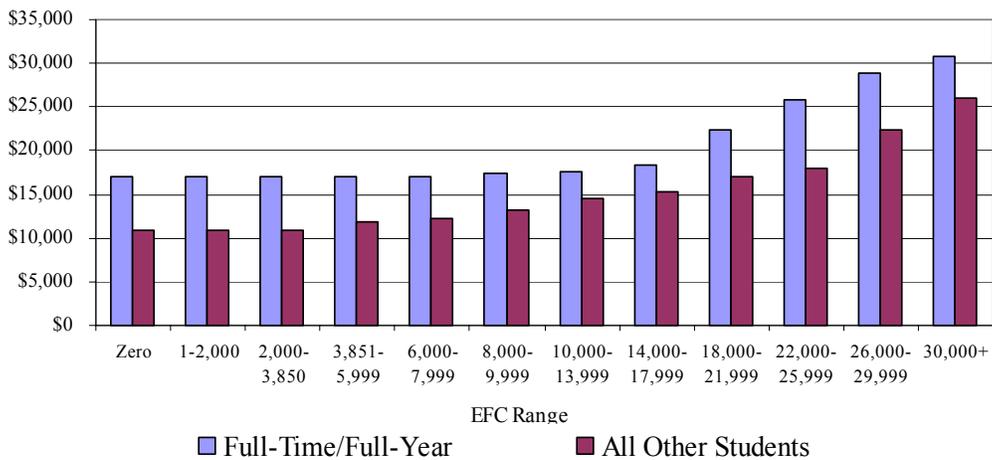
Figure 4: The Enrollment Intensity of Students who Applied for Financial Aid by Expected Family Contribution



Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid.

It is important to note that enrollment patterns differ by EFC, or a family's ability to pay. As shown in Figure 4, families with higher EFCs are more likely to attend college full-time for the full year, while the opposite is true for students with EFCs that are much lower. Students with lower EFCs are also likely to attend colleges with lower costs, as shown in Figure 5. The connection between EFC (a proxy for income) and college choices is not surprising, as research has demonstrated that higher costs often constrain the choices of low-income students. Price has also been shown to impact negatively the decision whether to attend college at all. The different patterns of attendance may be partly due to unmet financial need as well as differences in academic preparation and access to information.

Figure 5: The Median College Costs of Students who Applied for Financial Aid by Expected Family Contribution



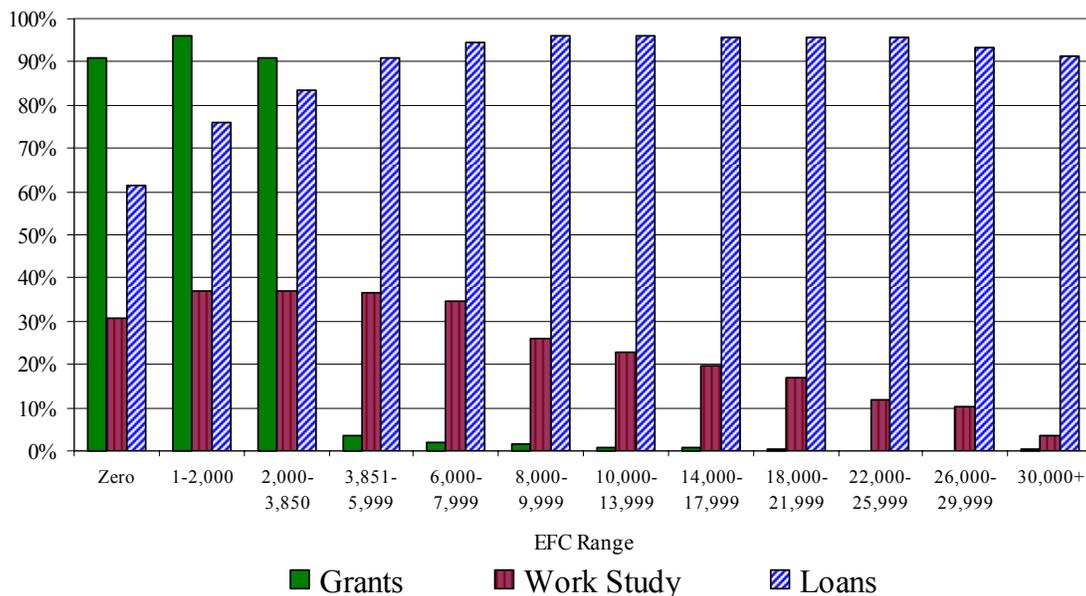
Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid.

To standardize the cost and aid calculations, the analysis is broken down by enrollment intensity with the results for full-time, full-year students being presented in most cases. More information about the aid awards of students who either attend part-time or only for part of the year are available in Appendix C.

The Receipt of Government Financial Aid, FY05

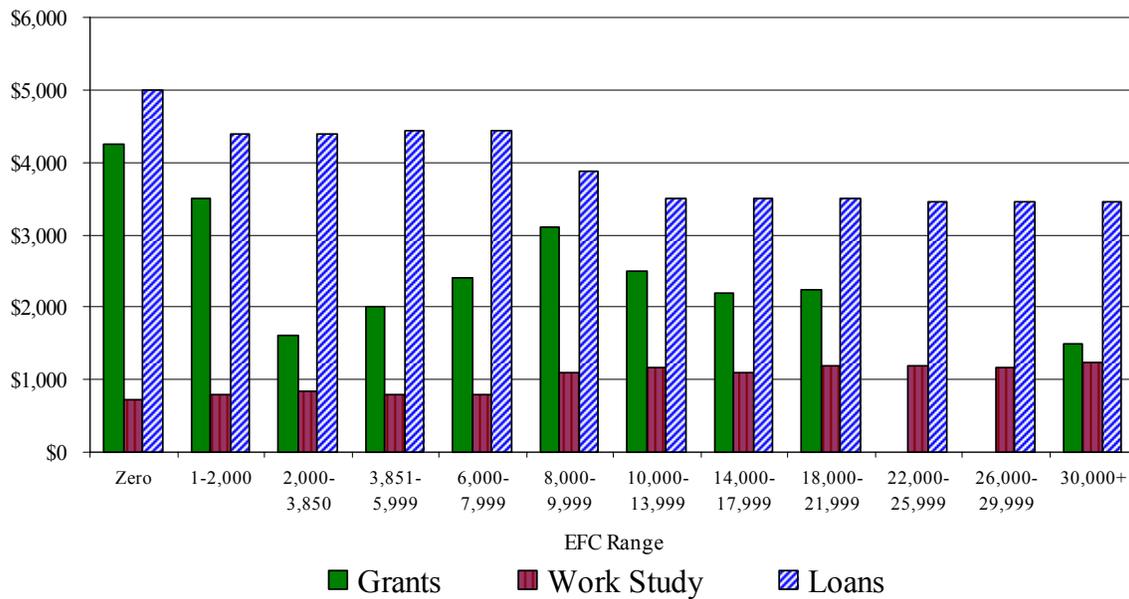
Among full-time, full-year undergraduates, 37 percent received federal grants, 28 percent received work study subsidies, and 86 percent received federal loans during 2004-05. The receipt of these different kinds of aid, however, differs by Expected Family Contribution, or EFC. (EFC is considered a proxy of a family's ability to pay for college.) As shown in Figure 6, federal grants tend to be focused almost exclusively on students with lower EFCs (i.e. low-income students), while federal loans are concentrated among middle- and upper-income families. However, among students with federal loans, the median amount does not vary greatly by EFC suggesting that low-income students are taking out federal loan amounts similar to those of more wealthy students. The median amounts of aid received from each program are shown in Figure 7.

Figure 6: The Percentage of Full-time/Full-year Students Receiving FEDERAL Aid by Expected Family Contribution



Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid.

Figure 7: The Median Amount of FEDERAL Aid Received by Full-time/Full-year Students by Expected Family Contribution



Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid.

There is variation in the types of federal aid programs in which students participate by college sector. Federal grants, such as the Pell Grant, are more often used by students in the State Community College System relative to students at either a public or private four-year college. As shown in Table 5, almost two-thirds of full-time/full-year community college students received a federal grant. Only half that amount did so at the four-year colleges, although the proportion was slightly higher than the other four-year schools in the UMass System.

Table 5: Percentage of Full-time/Full-Year Students at each Type of College who Received FEDERAL Aid and the Median Amount of Aid

	Total Who Applied For Aid	Federal Grants		Work Study		Federal Loans	
		Pct who received	Median Amount	Pct who received	Median Amount	Pct who received	Median Amount
University Of Mass. System	17,984	36.1%	\$3,900	29.4%	\$240	92.4%	\$3,787
Mass. State College System	13,894	33.0%	\$3,450	19.5%	\$461	95.0%	\$3,448
Private Not-For-Profit Colleges	33,409	30.5%	\$4,025	36.5%	\$1,200	93.0%	\$5,000
State Community College System	10,123	63.2%	\$3,800	---	---	34.5%	\$2,547

Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid. Notes: PLUS Loans are not included in the calculations because they may not be need-based. Cells with fewer than 15 observations are not displayed.

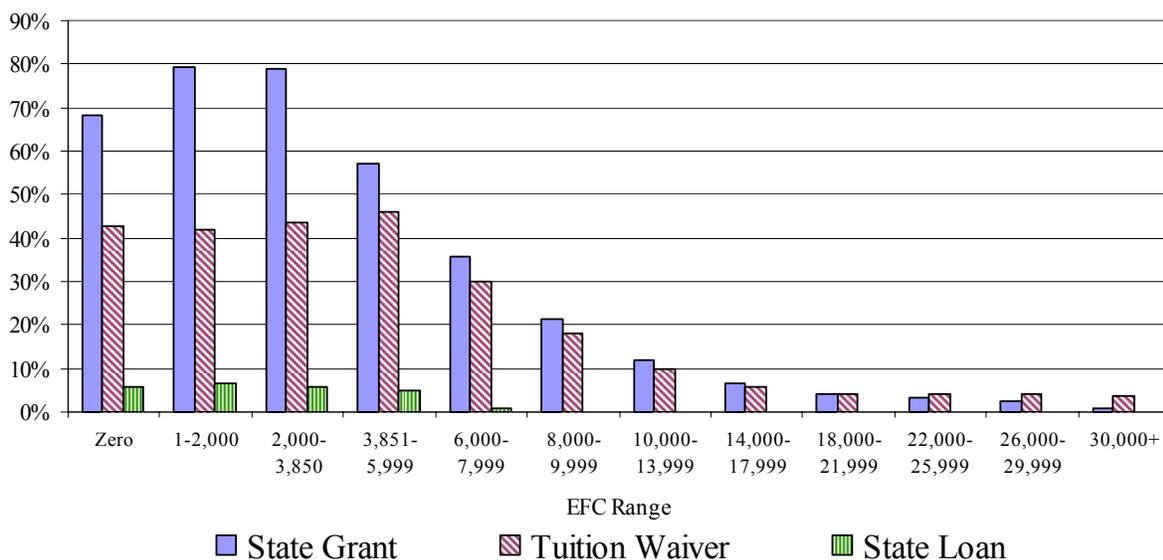
In contrast, almost all students at the four-year public and private colleges took out a Federal loan while only one-third did so at the State Community Colleges. This difference is likely due in part to differences in cost as well as the fact that many community colleges do not participate in the federal loan program. Work study funds—another source of federal support—are only used by four-year students, with the highest proportion of private college students receiving them.

The Receipt of Massachusetts State Financial Aid, FY05

Similar to federal grants, Massachusetts state financial aid is primarily directed toward residents with financial need. Most state programs use need as a primary criterion for eligibility, and this is reflected in Figure 8. The percentage of students who receive a state grant is highest among students with lower EFCs. Tuition waivers are largest for students in the \$3,851 to \$5,999 range, which is the group just above Pell Grant eligibility. These students make too much to qualify for the federal grant but probably not enough to cover the costs of college. In addition, a small proportion of students with EFCs above \$22,000 receive non-need-based waivers.

Similar patterns are also shown for state tuition waivers, although a small proportion of students with EFCs above \$22,000 receive this type of aid. The state loan program is fairly small, but the participants are concentrated among those with lower EFCs.

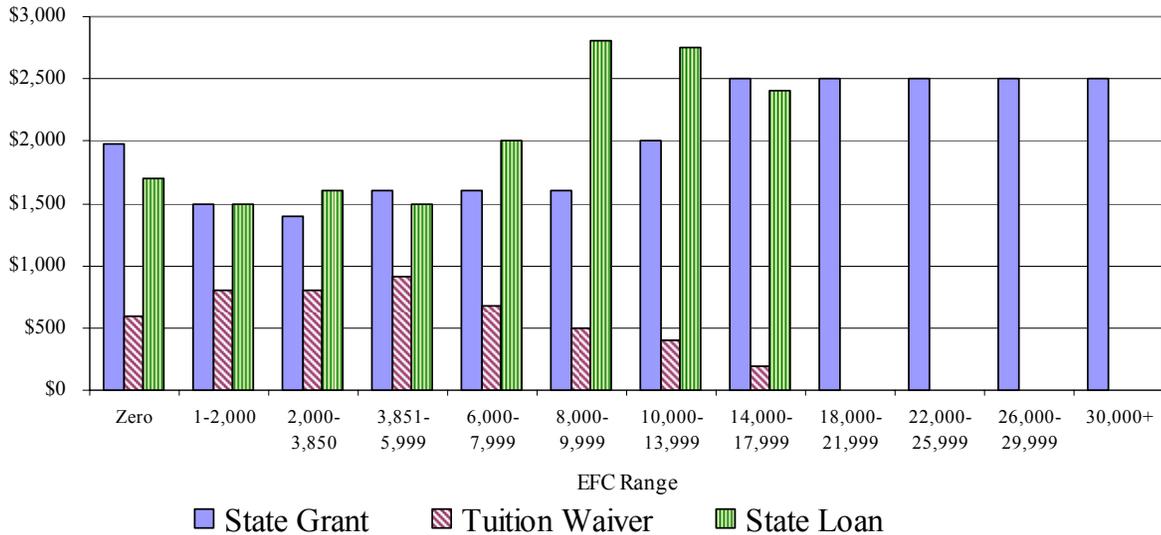
Figure 8: The Percentage of Full-time/Full-year Students Receiving STATE Aid by Expected Family Contribution



Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid.

Figure 9 gives the median amount of state aid received at the different expected family contribution levels. Although students who have lower EFCs (and are likely to be from lower-income families) are more likely to receive a state grant or tuition waiver, the amount of the award is not the highest among this group. The median state grant amount tends to be higher for students with higher EFCs, but so few students at this level receive a grant at all.

Figure 9: The Median Amount of STATE Aid Received by Full-time/Full-year Students by Expected Family Contribution



Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid.

Like federal aid, the use of state aid by college sector also varies. As shown in Table 6, anywhere from 35 to 59 percent of students receive state grants, with students at state community colleges being the most likely to receive something but with the median amount being the smallest (\$1,150). Students at private colleges are not eligible for tuition waivers, but the waivers are widespread at the public institutions. Participants in the state loan programs are concentrated in the State College System and at private Massachusetts colleges.

Table 6: STATE Aid to Students who Applied for Financial Aid

	Total Who Applied For Aid	State Grants		Tuition Waivers		State Loans	
		% of Aid Applicants who recv'd	Median Amt	% of Aid Applicants who recv'd	Median Amt	% of Aid Applicants who recv'd	Median Amt
University Of Mass. System	17,984	42.1%	\$1,500	47.5%	\$1,000	0.8%	\$2,625
Mass. State College System	13,894	48.9%	\$1,600	43.2%	\$848	5.0%	\$1,500
Private Not-For-Profit Colleges	33,409	34.7%	\$2,300	---	---	4.3%	\$2,000
State Community College System	10,123	59.4%	\$1,150	64.1%	\$375	0.2%	\$2,500

Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid. Notes: PLUS Loans are not included in the calculations because they may not be need-based. Cells with fewer than 15 observations are not displayed. The private colleges are not-for-profit.

Other Types of Financial Aid

In addition to financial aid from government sources, students receive support from their postsecondary institutions. Among full-time, full-year students who applied for financial aid, nearly 45 percent received an institutional grant. The median amount of these grants was \$4,380. Students who did not attend college full-time or full-year also received institutional grants but at a lower frequency (19 percent of students) and a lower amount (median amount of \$1,095). As shown in Table 7, private colleges and the UMass System give the most in institutional grants with the median student receiving \$9,000 in aid from a private college or \$2,450 from a UMass college.

Table 7: INSTITUTIONAL Grants to Students who Applied for Financial Aid

	Total Who Applied for Aid	Number Receiving Grants	Percentage Receiving Grants	Median Grant
FULL-TIME/FULL-YEAR STUDENTS				
University Of Mass. System	17,984	9,192	51.1%	\$2,450
Mass. State College System	13,894	4,341	31.2%	\$850
Private Not-For-Profit Colleges	33,409	19,160	57.3%	\$9,000
Community College System	10, 123	1,438	14.2%	\$400

Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid. Notes: The following institutions are not included in these calculations due to missing information on institutional financial aid: Bentley College, Brandeis University, Northeastern University, Tufts University, Stonehill College, Suffolk University, Wentworth Institute, Wheaton College.

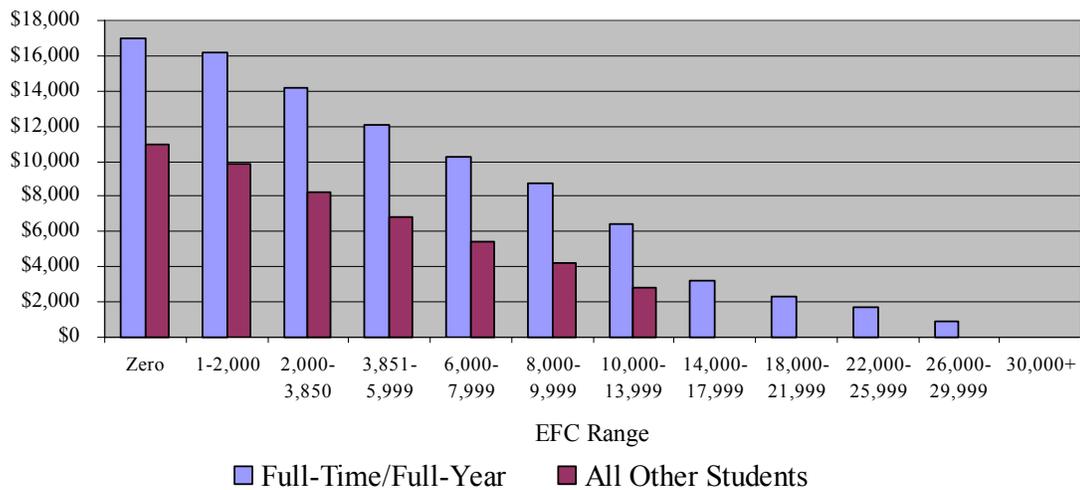
Some postsecondary institutions also award loans to students from their own resources. However, this affects only a very small proportion of students. Only 1 percent of full-time, full-year students received a loan from their institution, and the median amount was \$2,000. Even fewer students who attended less intensely received an institutional loan.

The financial aid database also gives a partial sense of outside aid students have received. It includes any amount reported to the college by the student. Among full-time/full-year students, about 10 percent receive an outside grant and 15 percent receive an outside loan. The percentages are smaller for all other students. More details are available in Appendix C.

Financial Need and Unmet Need

Beyond giving a clear sense of the types of aid students receive, the database also enables calculations of financial need. For this analysis, need is defined as the Educational Cost minus the Expected Family Contribution. This is the amount that families try to meet using financial aid. Figure 10 shows how need differs by EFC group. As expected, families with lower EFCs, who are also likely to have lower incomes, have greater need. This is true even after taking into account the fact that students with lower EFCs are more likely to attend less expensive colleges and attend less than full-time.

Figure 10: Median Financial Need of Full-Time, Full-Year Students by Expected Family Contribution



Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid. Notes: “Need” is defined as the educational cost faced by the student minus their expected family contribution.

A major question posed by the Task Force concerns determining the unmet needs of students under the current system. To measure unmet need, several different definitions were used. Generally speaking, “need” is defined as (Cost - EFC); “unmet need” is defined as (Need - Financial Aid.) One could take into account only government aid or aid from all sources. Another consideration in defining unmet need is whether to take into account only grants, which do not need to be repaid, or grants and loans, which must be repaid with interest. With these considerations in mind, four different calculations were made. The first two definitions answer the question: *What role is the government playing in helping students?*

Need minus Government Grants – This gives a sense of the remaining unmet need after government (Federal and State) support that does not need to be repaid (including grants, tuition waivers, and work study subsidies). Some of this unmet need is addressed by institutional and outside aid. The entire sample is included in these calculations.

Need minus Government Grants and Loans – Same as the above definition, but also includes student Stafford, Perkins, and State loans, which must be repaid. Because these are not necessarily awarded on the basis of need and may instead be the responsibility of parents (rather than students), the following loans have been excluded from these calculations: PLUS loans, institutional loans, and student and parent loans from outside sources.

The second two definitions consider the complete array of aid students may receive:

Need minus All Grants – This includes all aid that does not need to be repaid, including Federal, State, Institutional, and Outside grants. Because institutional aid data is missing for some colleges, the entire sample cannot be included in these calculations. See the table notes for more information.

Need minus All Grants and Loans – Same as the above definition, but also includes student Stafford, Perkins, and State loans, which must be repaid. The following loans are not included in these calculations: PLUS loans, institutional loans, and student and parent loans from outside sources.

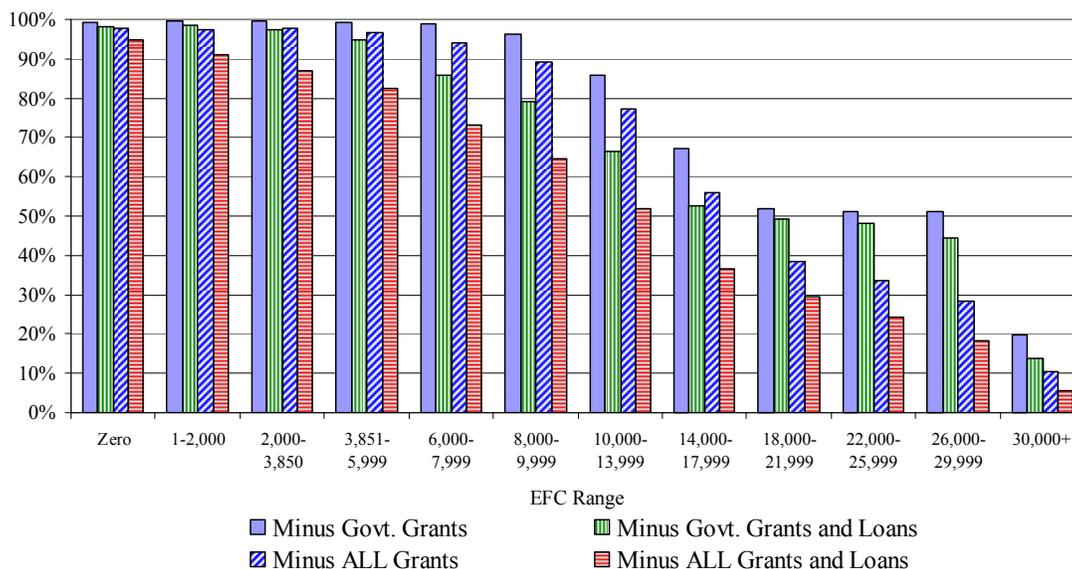
Appendix C presents the exact results for all four measures of unmet need. However, Figures 11 and 12

display the results by EFC range for full-time/full-year students. Figure 11 first shows the percentage of students in each EFC range that had unmet need using each of the definitions. As seen in the left third of the figure, almost all students with lower EFCs had significant unmet need even after taking into account all financial aid sources (grants and loans). As shown in Figure 12, this unmet need ranged from about \$4,100 to \$5,000, even after taking into account all grants and need-based loans.

The story is not much better for families at the median income level for Massachusetts (with an approximate EFC of \$8,000 to \$9,999). After accounting for all federal, state, institutional, and outside grants and need-based loans, two-thirds of these families had unmet need and the median unmet need was \$4,500.

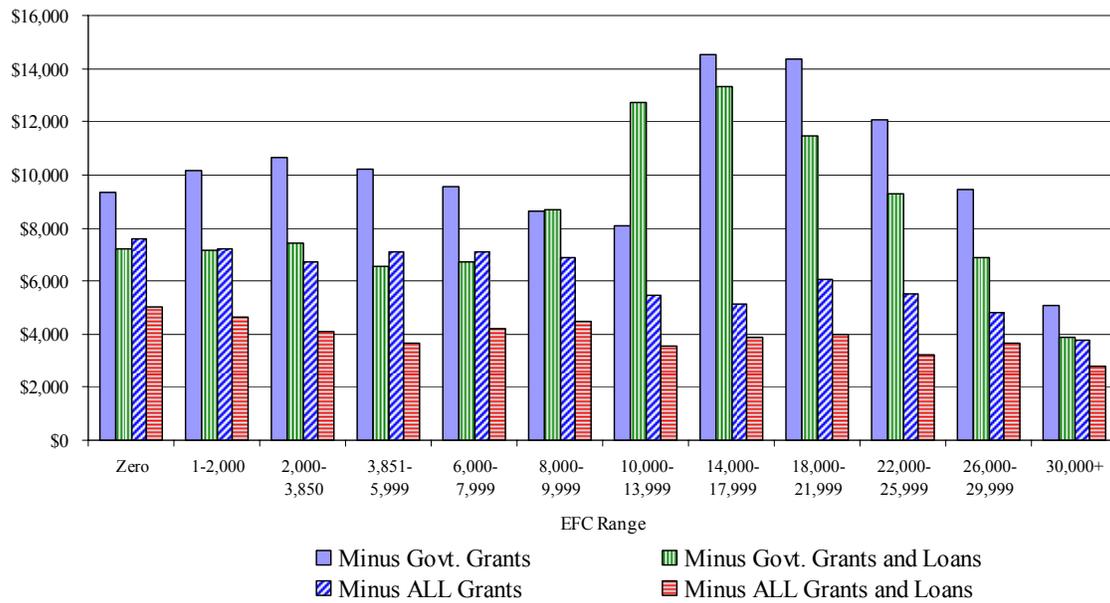
At the other end of the spectrum, fewer students with higher EFCs had unmet need. Before taking into account institutional and outside aid, only 50 percent had unmet need. After also subtracting these other forms of aid, the proportion of students with unmet need falls significantly. However, the amount of unmet need is substantial for this group—nearly \$6,000 before accounting for loans.

Figure 11: Percentage of Full-time/Full-year Students with Unmet Need by Expected Family Contribution



Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid. Notes: “Need” is defined as the educational cost faced by the student minus their expected family contribution. Unmet Need is defined as need minus certain types of aid (different types of aid are accounted for in each bar).

Figure 12: Median Amount of Unmet Financial Need of Full-time/Full-year Students by Expected Family Contribution



Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid. Notes: “Need” is defined as the educational cost faced by the student minus their expected family contribution. Unmet Need is defined as need minus certain types of aid (different types of aid are accounted for in each bar). Notes: “Need” is defined as the educational cost faced by the student minus their expected family contribution. Unmet Need is defined as need minus certain types of aid (different types of aid are accounted for in each bar).

After all grants and loans are taken into account, approximately 88,000 students had an average unmet need of \$4,500. In addition, there are likely thousands of students who never attend college due to unmet financial need. It is important to remember that this unmet need is *in addition* to the amount the family is expected to pay (i.e. the EFC). Many families have difficulty paying their EFC, so these unmet need amounts are an additional burden to manage.

A clear question then is how students and families are dealing with these large unmet needs? A growing amount of research documents that many families are turning to other forms of debt. In addition to the federal PLUS Loan program, many students are taking out substantial credit card debt. A 2005 Nellie Mae study found nearly 24 percent of undergraduates use credit cards for tuition expenses, while 71 percent reported using a credit card to pay for textbooks. Given that most of this debt is under very unfavorable terms, this is a growing concern. Home equity loans are also a popular option among families. While some debt and self-help is advisable, the rapid increase in levels of student debt is a growing concern. Debt has been associated with reducing the likelihood of home ownership, marriage, and the propensity to enter fields of need to the Commonwealth (e.g. teaching and public service professions).

There is also a great deal of concern that unmet need is related to student attrition. As debt levels increase and the gap between what a family can pay and what they need to pay grows, the likelihood of a student dropping out of college increases. Also important to note is that 22 percent of borrowers who dropped out defaulted on at least one loan in the six years following initial enrollment while only 2 percent of graduates did so.²³

²³ Gladieux, L. & Perna, L. (2005) *Borrowers Who Drop Out: A Neglected Aspect of the College Student Trend*. San

Another option students are choosing to in order to meet the unmet need is to work while in college. While working 10-15 hours a week may be advisable, evidence increasingly suggests that students are working far more hours than healthy for their academic careers. More than a quarter of full-time students ages 16-24 in October 1995 worked more than 20 hours a week.²⁴ Large levels of unmet need, therefore, are affecting college access and persistence, as well as academic performance and graduation.

Conclusions and Implications

This report displays the trends in state financial aid programs, as well as the distribution of that aid among students of different income levels and sectors. It is clear that there have been funding decreases in recent years, especially since FY2000-01 and particularly in the MASSGrant program. Funding levels for state aid programs overall are now lower than the funding in 1988-89 after taking inflation into account. At the same time, the number of students enrolled in postsecondary education has increased, and postsecondary education has become increasingly necessary to the state's overall well-being.

The Commonwealth's economy is improving, but continued growth will require a substantial pool of well-educated workers. As the number of high school graduates increases and the demographic profile of this group changes, providing sufficient aid for postsecondary education becomes a greater concern. Any discussion of Massachusetts financial aid policies must also take note of a context that includes increasing college costs, reduced state funding for higher education, and a loss of purchasing power for both federal and state need-based grant programs. The complexity and low visibility of aid programs also can deter students from accessing them. Foremost, unmet need is a serious issue as the Commonwealth considers ways to improve its financial aid system.

Jose, CA: The National Center for Public Policy and Higher Education.

²⁴ Smith, T. M., Young, B. A., Bae, Y., Choy, S.P. & Alsalam, N. (1997 June). *The Condition of Education, 1997*. Washington, DC: National Center for Education Statistics.

IV. TASK FORCE RECOMMENDATIONS

The following are the goals and recommendations of the Financial Aid Task Force. They are the result of a series of public and private meetings that considered the strengths and weaknesses of the current state financial aid system using analysis of multiple data sources.

GOAL: USE INCENTIVE-BASED FINANCIAL AID PROGRAMS TO SUPPORT THE ECONOMIC DEVELOPMENT OF THE COMMONWEALTH

The Task Force believes that the future of the Commonwealth is dependent upon the production of degrees in critical areas such as science, technology, nursing, and teaching. Unfortunately, research suggests students are increasingly under-prepared to enter such fields or are deterred from doing so due to financial concerns such as student loan debt. The following recommendations are designed to counter these trends and, at the same time, address critical workforce needs.

Task Force Recommendations:

Offer graduated loan forgiveness to students who have state-funded college loans, and who are employed in occupations addressing critical workforce needs, such as teaching, nursing, and Science, Technology, Engineering and Math (i.e. STEM fields)

While the tool of student loan forgiveness is often inexactly applied and, therefore, tends to have limited effect on student decision-making, a highly-targeted loan forgiveness program might prove to be an important asset in addressing the Commonwealth workforce needs. We envision a program whereby students would apply to the state for forgiveness of a portion of their state-funded student loan debt in exchange for agreeing to work in jobs where there is a high demand for skilled labor. A policy could also include federal or private student loans. The labor force demands could be decided jointly by the state Departments of Labor and Workforce Development and the Board of Higher Education. An interagency committee could be charged with designating the critical workforce need areas and determine the appropriate level of loan forgiveness that might be offered, such as a graduated percentage based on the number of years of employment in a designated field within the Commonwealth.

Target grant assistance to students enrolled in non-degree and certificate programs specific to industry and workforce needs

As the Commonwealth's workforce needs continue to grow, the necessity for individuals with a wide array of skill levels will be critical. Targeted financial aid should be available to those students who need to upgrade their skills to enter critical areas of the workforce without necessarily completing a college degree. The Board of Higher Education should create a special program to target these students and better understand what their specific needs are to allow them to complete their program of study. Such support might recognize the need for child care, transportation, or other costs that are not always adequately met through current aid programs. Part of this effort could also be geared toward better informing these students about how they can find the resources to acquire those skills and the benefits associated with their attainment.

Provide tuition and fee waivers to qualified Massachusetts high school graduates attending community college

The Task Force believes that the Commonwealth should commit to providing a cost-free community college education for Massachusetts residents who complete a rigorous curriculum, complete early assessment, and enter college within six months of high school graduation. The Task Force members believe that the Commonwealth should support two years of college beyond high school, thus enacting a K-14 system. This initiative would also serve to ensure that the first two years of higher education are affordable for students who are not inclined to continue their education beyond high school, and those who otherwise may not view college as an option due to high cost factors.

This recommendation has several positive outcomes. Residents of Massachusetts will understand the requirements and value of completing a college preparatory curriculum, similar to the concept and process that the state of Georgia uses to foster an awareness of the academic requirements to receive the Georgia HOPE. Students who were negatively impacted by the price of a postsecondary education will now attend college. Students will also have a smaller loan burden if they attend a community college and transfer to a four-year college or university. The Commonwealth benefits from a stronger, more educated workforce that will strengthen the tax base.

Provide tax credits to employers offering employee-assisted student loan repayment programs

The Task Force believes that the Commonwealth should offer tax incentives to encourage employers to become engaged in the college opportunity commitment through the development and implementation of student loan debt reduction programs. The Commonwealth is currently faced with an economic environment in which both residents and high-paying industries are leaving the state. A tax credit program represents a promising mechanism to reverse this trend and reduce the brain drain of the Commonwealth's workforce by creating incentives for employers to offer programs that would encourage graduates to remain in the state for employment and living.

This recommendation has several positive outcomes. The employer gets the tax benefit as well as an incentive for employee recruitment; the employee benefits by having his or her loan repayments reduced; and the Commonwealth benefits by retaining graduates who will work, and hopefully live, in the state, thereby strengthening the tax base.

<p>GOAL: TARGET FUNDING GOALS AND STRATEGIES TO ENSURE THAT HIGHER EDUCATION IS AFFORDABLE</p>

The Task Force firmly believes that the need-based philosophy of the state grant program must be maintained. The Task Force recognizes that college affordability is becoming more difficult, particularly for low-income students. Several factors have reduced students' ability to attend college, including rising tuitions, decreasing state funding for student financial aid programs, and changing state demographics. Massachusetts need-based programs have not kept pace with the rising cost of a college education. As a result, more students from low- and middle-income families who enroll in college have experienced increased loan debt and greater levels of unmet need. Many others decide that college is not affordable and simply do not consider it as an option. Given the changing demographics and the outlook for the next decade, it is imperative that the Commonwealth make a significant commitment to making higher education affordable for its neediest residents. Several initiatives may be considered in addressing this policy.

Task Force Recommendations:

Direct all need-based state financial aid to students whose family incomes are equal to or less than the Commonwealth's median income

The median family income in the Commonwealth is roughly \$70,000.²⁵ The Task Force believes that this is a reasonable standard by which the state's investment in need-based aid should be measured. Although families whose incomes are above the Commonwealth's median also face difficulties in affording college expenses, due to our limited resources, priority should be given to students from families in the lower incomes ranges. This policy also protects educational opportunity for those who are most economically disadvantaged.

Develop strategies for incremental budget increases that would allow participation by students from families that meet or are below the Commonwealth's median income level

Need-based aid that offers more meaningful awards should be available to Massachusetts residents. The Task Force strongly believes that the purchasing power of the Commonwealth's primary need-based grant, the MASSGrant Program, should be increased for students who face the greatest financial barriers to college. Further, awards under the MASSGrant program should be modified to reflect values based on the Expected Family Contribution (EFC), such that the student has a guaranteed commitment from the Commonwealth for the college of their choice.

The Task Force recognizes that a significant level of financial commitment from the Commonwealth would be required to provide meaningful aid to students at or below the state's median income. It therefore suggests a three-to-five year strategic funding plan be incorporated into the Board of Higher Education's annual budget to the Legislature. Such an approach would enhance the possibility of acquiring sufficient funds that would allow a greater number of students to receive aid each year.

Seek legislative appropriation language to ensure continued support of the Commonwealth's primary grant program (MASSGrant) in each fiscal year budget

Along with the recommendation to increase the purchasing power of the MASSGrant program, the Task Force feels strongly that the Board of Higher Education should seek changes in the appropriation language that will " earmark " funding for the MASSGrant program. Designating funds in this manner will prevent further erosion of resources for the state's primary grant program due to a misrepresentation of available funds in the financial aid budget line. The Task Force believes that the current funding structure is misleading and often results in the funding of new initiatives or increases to existing programs from resources that are targeted for the MASSGrant. The appropriation language should be aligned and similar to earmarks for other programs funded under the State Financial Aid Program account.

²⁵ U.S. Census Bureau. (2004). *American Community Survey*.
<<http://www.census.gov/hhes/www/income/medincsizeandstate.html>> (cited 3 May 2006).

Ensure that every student contributes to the cost of his/her education by establishing reasonable “Self-Help” expectations at all levels

Every student should understand the value of a college education. Through the student contribution, the Commonwealth encourages a greater commitment from the student and recognition of the value and cost of education. The "self-help" contribution level should be reasonable and incremental and based on the student's ability to earn or borrow. Loans should be discouraged as a means of meeting the student contribution for students with the greatest financial need. The expected contribution would also vary by year in college, with entering freshmen being expected to contribute less than a third- or fourth-year student.

Revise allocation formulas to compensate institutions enrolling students with the greatest financial need

Several need-based programs are decentralized, meaning that the financial aid funds are given to the institutions that then award the aid to students. This aid must be targeted to institutions serving students with the greatest financial need. The Board of Higher Education must design and implement funding formulas that would ensure that the funds are appropriately allocated and achieve maximum effectiveness by reaching those students with the most need. To further ensure equalization in access opportunities, this formula should also include a “Maintenance of Effort” provision for current or new financial aid programs with a legislative mandate for institutional matching funds.

Conduct annual assessments of the Commonwealth's financial aid programs to evaluate their effectiveness and efficiency

The Board of Higher Education should be tasked with compiling annual reports regarding the performance of the financial aid programs. Specific performance measures should be developed to facilitate measurement, including the percentage of need met by financial aid, as well as recipients' completion rates. Some of this information could be collected through the current student unit record data system, which uses the annual financial aid data file from institutions. The results of the evaluation should guide policy decisions regarding the funding and continuation of individual programs. This information should be reviewed by a standing task force that includes members of all major college and university sectors as well as the private sector, K-12 schools, and other government agencies.

GOAL: PROMOTE STUDENT ACCESS TO HIGHER EDUCATION

Today's promise of a higher education is elusive for many residents of the Commonwealth. At a time when a college education is a necessity and an expectation in order to succeed in the workforce, low- and middle-income students and their families face financial barriers that impede access to education beyond high school. The Task Force recognizes that a highly-skilled and educated workforce is crucial for Massachusetts' economy. Without it, the Commonwealth loses its ability to remain competitive nationally and internationally. Recognizing the vital role that financial aid plays in equalizing access to higher education opportunities for all students who desire it, the Task Force believes that college enrollment and success should be supported through the availability of financial aid.

Task Force Recommendations:

Create a statewide college financing literacy program to assist families in planning for postsecondary education expenses

Many students and families lack the information necessary to plan for college financially or to navigate the admissions and financial aid processes. Research by Kane and Avery (2004) of students in the Boston area demonstrates that high school students, particularly low-income students, have very little understanding about financial aid opportunities, college admissions procedures, and college prices.

The complexity associated with negotiating the higher education process, specifically student financial aid systems, is abundantly clear to the Task Force. A statewide college-financing literacy program is needed to address this lack of knowledge by fostering greater awareness of the factors and components necessary to enter college for all students, particularly among low-income and disadvantaged students. Through partnerships, which would include businesses, philanthropic organizations, federal and state government, and postsecondary institutions, a literacy program would help ensure that at-risk students have regular access to information that would allow them to make informed decisions regarding higher education.

Develop financial aid awareness campaigns for students, beginning in the 8th grade

A complementary component of the college financing literacy program would be the creation of an annual financial aid awareness campaign that targets students and their parents at an early age. Early awareness about financial aid opportunities has been shown to increase the likelihood of future college enrollment. Therefore, the Task Force recommends an aggressive outreach program to students, and their families, beginning in grade eight through high school graduation. This early awareness campaign would equip students and their families with the knowledge and understanding of financial aid systems and resources that are available in their eventual effort to pay for a college education.

Simplify financial aid programs for greater effectiveness in meeting student needs

It is imperative that the state financial aid program operate as effectively and efficiently as possible. The Task Force found programs to be duplicative or overlapping and that most were created with very narrow goals. The current structure of programs also causes confusion for students and families. It is difficult for students making college decisions to forecast the financial aid they might receive, and this may be impacting whether some students choose to enroll.

The Task Force believes that available resources must be targeted toward students who face financial barriers and for whom higher education would be unattainable without such resources. Programs should be condensed such that awards are significant enough to meet a greater share of college costs. This simplification of programs would also facilitate a greater awareness and understanding of resources provided by the Commonwealth. Finally, the Task Force believes that this proposal will improve the overall efficiency of the system by saving the time and energy of students, families, financial aid officers, and the Board of Higher Education and will reduce overall administrative costs for the BHE as it tries to manage so many different programs.

RECOMMENDATIONS FOR FUTURE CONSIDERATION

Many other concepts, ideas, and programs were discussed by the Task Force during its deliberations. Others were recommended to the Task Force at public hearings in which stakeholders and other interested parties were invited to provide comments and feedback on proposed reforms. While these programs are not provided as recommendations, several are worthy of being mentioned in this report as possibilities for further study. These include:

Linking or aligning eligibility for state financial aid with the state's recommended college preparatory curriculum.

Supporting workforce development by awarding special grants to students attending higher education institutions on a non-degree basis

Implementing a cash award system to promote persistence and degree completion for at-risk populations

V. CASE STUDIES: INNOVATIVE AID PROGRAMS IN OTHER STATES

The following is a list of innovative financial aid programs in other states. These programs focus on meeting the critical needs of their respective states and/or improving access for underrepresented student populations. Some of the features of these programs include:

- The promotion of early awareness, college readiness, and attendance

- Support for need-based financial aid and other types of financial aid linked to merit and college readiness

- A substantial financial commitment to funding higher education

- Assistance for students from underrepresented populations (e.g. Low-income, first-generation, and adult learners)

- The promotion of partnerships with the business community to support college access

The descriptions may serve as useful examples to consider while developing policy for Massachusetts.

ARKANSAS

The Arkansas Workforce Improvement Grant is a need based grant for non-traditional students, those at least 24 years old. The program's goal is to help those students returning to school who have financial need but might not be eligible for assistance from traditional state and federal programs. The annual award is a maximum of \$2,000 for a student enrolled full-time (12 semester hours). Students enrolled part-time will have their grants prorated based on the number of hours enrolled. The annual appropriation for this grant in 2005-2006 and 2006-2007 was \$3,710,345.

CALIFORNIA

The Cal Grant A are need-based grants that are linked to merit. This grant assists students that attend public college, independent colleges, and some occupational and career colleges with tuition and fees. At the University of California and the California State University, the award covers up to full system-wide fees. There are two Cal Grant A awards: Entitlement and Competitive. There is also a Cal Grant A award for students transferring from a California Community College to a four-year college.

The Cal Grant B are need-based grants that are linked to merit. This grant provides a living allowance and tuition and fee assistance for low-income students. Awards for most first-year students are limited to an allowance for books and living expenses. When renewed or awarded beyond the freshman year, the award also helps pay for tuition and fees. There are two types of Cal Grant B awards: Entitlement and Competitive. There is also a Cal Grant B award for students transferring from a California Community College to a four-year college.

In 2004-2005, the maximum award for a Cal Grant A and B was \$9,708 and the minimum award was \$1,551. The 2004-2005 appropriation for the Cal Grant A and B was \$710,687,000. The 2005-2006 appropriation for the Cal Grant A and B was \$765,354,000. The 2006-2007 appropriation for the Cal Grant A and B was \$816,302,000.

FLORIDA

The First Generation Matching Grant Program (FGMG) provides need-based grants to undergraduate students who are enrolled in state universities and whose parents have not earned baccalaureate degrees. Available state funds are contingent upon matching contributions from private sources on a dollar-for-dollar basis. This program was new in 2006-2007 and its appropriation amount was \$6,500,000. There was a one to one match between the state and the institutions.

The Florida Student Assistance Grant (FSAG) Program is a need-based grant program consisting of three separately funded student financial aid programs available to degree-seeking, resident, undergraduate students who demonstrate substantial financial need and are enrolled in participating postsecondary institutions. FSAG receives funding from Florida general revenue and from the Federal Leveraging Educational Assistance Partnership Program. In 2004-2005, the maximum FSAG award was \$1,592 and the minimum was \$200. The FSAG has been in existence since 1972. The program is split into 3 funds, public, private (non-profit), and postsecondary (for-profit). In 2006-2007, the appropriation for the public fund was \$94,700,000, the private fund was \$15,300,000, and the postsecondary fund was \$10,400,000.

The Talented Twenty Program is part of the Governor's One Florida Initiative and is a need-based grant. Students eligible for the Talented Twenty Program are guaranteed admission to one of the eleven state universities and are given priority funding from the Florida Student Assistance Grant (FSAG). While eligible students are guaranteed admission at one of the state universities, they are not guaranteed admission to the campus of choice. There is no financial award associated with this program.

GEORGIA

The Georgia HOPE (Helping Outstanding Pupils Educationally) is Georgia's unique scholarship and grant program that rewards students with financial assistance in degree, diploma, and certificate programs at eligible Georgia public and private colleges and universities, and public technical colleges. The Georgia HOPE promotes early awareness and college readiness. The eligibility requirements for the Georgia HOPE are easy to understand and the residents of Georgia have taken advantage of it and stayed in the state to pursue higher education. HOPE is funded entirely by The Georgia Lottery for Education, which also funds Georgia's statewide pre-kindergarten program. The 2006-2007 annual appropriation amount for the Georgia HOPE was \$497,387,860.

ILLINOIS

The Silas Purnell Illinois Incentive for Access (IIA) Program is a supplemental grant awarded to students with a zero expected family contribution. The maximum award amount is \$500. The 2006-2007 annual appropriation amount was \$8,200,000.

INDIANA

The Frank O'Bannon Grant (formerly the Indiana Higher Education Grant) Program is designed to provide access for Hoosier students to attend eligible postsecondary institutions, receives its funding through appropriations made by the Indiana General Assembly. The grants, targeted to tuition and regularly assessed fees, are need-based. Frank O'Bannon Grant (formerly the Indiana Higher Education Grant) includes both the Higher Education Award and the Freedom of

Choice Award. In 2004-2005, the maximum award was \$9,100 and the minimum award was \$200. In 2006-2007, the annual appropriation amount for the Higher Education Award was \$120,674,940 and the Freedom of Choice Award appropriation was \$46,035,799.

IOWA

The Iowa Tuition Grant is based on financial need, with priority given to the neediest applicants. The maximum grant is \$4,000 per year, for up to four years of full-time undergraduate study. This amount may be adjusted for less than full-time study. The maximum grant is contingent on available state funding and is subject to modest across-the-board reductions.

NEW JERSEY

New Jersey's Tuition Aid Grant (TAG) program is one of the nation's largest financial aid programs, and New Jersey ranks among the top states in providing aid for needy students. Depending on a student's need, a TAG award can cover close to the full cost of tuition at a public college or a portion of that cost. The program also offers sizeable awards to attend in-state private institutions. One in every three full-time New Jersey students receives TAG, and awards may be used at nearly all New Jersey postsecondary institutions, including community colleges, state colleges and private schools. In 2004-2005, the maximum TAG award was \$8,498.

The Part-Time Tuition Aid Grant (TAG) Program for County College Students began as a pilot program with the 2003-04 academic year. Within the limits of available funding, this program provides pro-rated awards to New Jersey county college students taking 6 - 11 credits per term, who are otherwise eligible for the Tuition Aid Grant Program.

NEW YORK

The Tuition Assistance Program (TAP) is New York's largest grant program. It helps eligible New York residents attending in-state post-secondary institutions pay for tuition. TAP grants are up to \$5,000, based on the applicant and family NYS net taxable income. Start the TAP application process using the FAFSA. In 2004-2005, the maximum TAP award was \$5,000 and the minimum was \$500.

OKLAHOMA

Oklahoma Higher Learning Access Program / Oklahoma's Promise (OLAP) is a program to assist eighth-, ninth- and 10th-grade students with paying for their college education if their family's income is \$50,000 or less. Essentially, the student promises to complete a college preparatory curriculum and stay out of trouble, and in return, the state of Oklahoma promises to help pay the student's college tuition. The annual appropriation for OLAP in 2006-2007 was \$37,100,000, an increase from its appropriation in 2005-2006 of \$27,100,000.

OREGON

The Oregon Opportunity Grant Program was established in 1971 by Oregon Legislature to assist needy students with family incomes below about \$33,000, attending community colleges, OUS institutions, and private independent 4-year institutions in Oregon. Legislators, at the 2005 biennial session, backed a 77% increase in appropriations for this program from \$44,000,000 to \$78,000,000. This program was modified to include part-time students who had been excluded

from receiving this aid before.

PENNSYLVANIA

The State Grants are need-based grants that allow eligible Pennsylvania residents to obtain financial assistance for undergraduate study at any PHEAA-approved institution of higher education. A sizable percentage of students whose parents make over \$50,000 a year are eligible for these funds. In 2004-2005, the maximum award was \$3,300 and the minimum award was \$200. The annual state appropriation for 2006-2007 was \$386,200,000. PHEAA also allocated and additional \$72,500,000 of its operating revenues to fund this grant.

The Partnership for Access to Higher Education (PATH) is a program in which the Commonwealth partners with other organizations to commit to providing as many sources of money for higher education as possible. Through the PATH program qualifying students are offered additional financial aid via educational grants. The PATH program is funded through a larger matching funds budget. For the 2006-2007 budget, PHEAA will be expecting to spend about \$1,900,000 for this program.

The Workforce Advancement Grant for Education Program (WAGE) provides a grant to postsecondary institutions that have applied and been determined eligible to participate. Institutions establish and award grants to adult students who meet both Agency and institutional student eligibility guidelines. WAGE is funded solely from PHEAA's operating budget. The 2006-2007 budget for this program is \$10,000,000.

SOUTH CAROLINA

The Access & Equity Undergraduate Scholars Program is an optional method of pursuing any or all of the following Access and Equity Program goals: 1. Address financial needs of traditional underrepresented students by structuring and maintaining state programs for undergraduate students. 2. Remove barriers that inhibit transfer from two-year to baccalaureate degree granting institutions. 3. Continue to strengthen South Carolina's historically black colleges to ensure that they will be able to fulfill their missions as full partners South Carolina's higher education system and provide quality education.

TENNESSEE

The Tennessee HOPE Scholarship rewards students for their academic achievement. Students may earn up to \$3,800 at a 4-year institution and \$1,900 at 2-year institutions. Entering freshmen must have minimum of a 21 ACT (980 SAT) or overall unweighted minimum 3.0 grade point average (GPA), home school graduates with a minimum 21 on the ACT (980 SAT), and GED applicants with a minimum 525 and a 21 on the ACT (980 SAT). The HOPE also has a non-traditional component for students over the age of 25 and who have adjusted gross incomes of less than \$36,000 a year. The 2006-2007 annual appropriation for the Tennessee HOPE Scholarship was \$206,000,000.

VERMONT

The Vermont Incentive Grants provide need-based awards ranging from \$500 to \$9900 to Vermont residents who have not previously attained a bachelor's degree and are full-time students. Vermont residents attending the University of Vermont College of Medicine or enrolled in a program of veterinarian medicine are also eligible to apply. The Vermont Incentive Grants can be used at schools either within Vermont or out-of-state. The 2006-2007 annual appropriation for the Vermont Incentive Grants was approximately \$18,000,000.

WASHINGTON

The Educational Opportunity Grant (EOG) Program provides \$2,500 grants to financially needy, place-bound Washington residents as an incentive to complete a bachelor's degree at an eligible four-year college. Students must have already earned an associate of arts or sciences degree or achieved junior class standing. The 2006-2007 annual appropriation for the EOG Program was \$2,867,000.

APPENDIX A

Massachusetts Task Force on Student Financial Aid

Members

Patricia Plummer, Chair

Chancellor
Massachusetts Board of Higher Education

John Bassett

President
Clark University

Brian Bosworth

President
FutureWorks

Kenneth W. Burnham

Director of Financial Aid Services
University of Massachusetts

Ann Coles

Senior Vice President
The Education Resources Institute

Paul Combe

President
American Student Assistance

Bob Costrell

Chief Economist (former)
Executive Office for Administration & Finance

Clare Cotton

Chair
Advisory Committee on Student Financial Assistance

Richard Doherty

President
Association of Independent Colleges and Universities in Massachusetts

Thomas Graf

Executive Director
Massachusetts Educational Financing Authority

Carol J. Matteson

President
Mount Ida College

William F. Messner

President
Holyoke Community College

Jack Mills

Senior Program Manager for Sector Programs
The National Economic Development and Law Center

Dana Mohler-Faria

President
Bridgewater State College

Aaron D. Spencer

Vice Chairman
Massachusetts Board of Higher Education

Barbara Tornow

Senior Advisor to the Vice President for Enrollment and Student Services
Boston University

Michael Widmer

President
Massachusetts Taxpayers Foundation

Melanie Winklosky

Special Assistant to the Board of Education
Massachusetts Department of Education

Massachusetts Task Force on Student Financial Aid

Former Members

Judith Gill

Chancellor
Massachusetts Board of Higher Education

Stephanie Flynn

Student Trustee
Framingham State College

Sandra Kurtinitis

President
Quinsigamond Community College

Ann Reale

Commissioner
Department of Early Education and Care

Dhiraj Rohra

Student Government President
Massachusetts Bay Community College

Staff Members

Clantha McCurdy

Vice Chancellor

Kimberly A. Truong

Policy Analyst

Robert Brun

Director for Scholarship & Grant Programs

Research Consultants

Bridget Terry Long

Associate Professor of Education and Economics
Harvard Graduate School of Education

Jamie P. Merisotis

President
The Institute for Higher Education Policy

APPENDIX B: DATA DESCRIPTION

The analysis is based on the Student Financial Aid Record File and Student Enrollment Database for FY05. The data are submitted by postsecondary institutions to the Board of Higher Education. Therefore, the analysis reflects the information used when awarding financial aid as well as the actual aid disbursed to students. Institutional financial aid information is not available for all private, non-profit institutions. Also, only student loans reported to the institution are captured in the database. Families may have other sources of loans, including private and home equity loans, which are not captured by the database. The sample includes all students who applied for financial aid whether they received an award or not. Cells with fewer than 15 observations are not displayed.

Important Definitions

Educational cost is defined as the total cost of attendance and is adjusted according to the attendance intensity of the student and the specific terms for which the student was enrolled and eligible aid. For example, part-time students face educational costs that are only a fraction of the full-time cost. Likewise, students who attend only one semester face a smaller cost than a full-year student.

Expected Family Contribution (EFC) is calculated using information on family income, composition, and whether the student is dependent or independent. The following table relates EFC to family income amounts using data from the 2003-04 National Postsecondary Student Aid Survey, a database maintained by the U.S. Department of Education. The Massachusetts median family income categories are shaded in gray.

Family Adjusted Gross Income (AGI) and Expected Family Contribution (EFC)

DEPENDENT STUDENTS				Expected Family Contribution (EFC) Range	INDEPENDENT STUDENTS	
Parents' AGI		Parents' & Student's AGI			Mean (Average)	Median (50th Percentile)
Mean (Average)	Median (50th Percentile)	Mean (Average)	Median (50th Percentile)			
65,074	57,403	68,161	60,750	Entire Sample	24,355	18,360
\$15,293	\$12,403	\$16,664	\$13,902	Zero	\$8,845	\$6,734
\$26,780	\$25,418	\$29,351	\$28,148	1-2,000	\$19,592	\$19,690
\$38,848	\$37,609	\$43,070	\$41,673	2,000-3,850	\$25,071	\$17,840
\$49,476	\$48,207	\$54,659	\$52,586	3,851-5,999	\$30,028	\$21,011
\$59,643	\$58,260	\$65,379	\$63,100	6,000-7,999	\$35,471	\$25,853
\$69,410	\$67,685	\$74,942	\$72,324	8,000-9,999	\$39,482	\$30,838
\$80,246	\$77,138	\$85,696	\$82,381	10,000-13,999	\$50,314	\$40,514
\$90,540	\$85,867	\$95,939	\$90,581	14,000-17,999	\$59,682	\$53,133
\$100,541	\$94,826	\$105,545	\$99,701	18,000-21,999	\$73,153	\$65,090
\$109,411	\$104,170	\$114,582	\$109,061	22,000-25,999	\$77,345	\$75,000
\$117,565	\$112,903	\$122,247	\$118,050	26,000-29,999	\$83,608	\$83,338
\$150,340	\$138,551	\$155,582	\$143,453	30,000+	\$105,718	\$96,120

Note: The median family income in Massachusetts in 2004 was \$68,701. Based on 90-percent confidence intervals, the upper bound was \$70,139, and the lower bound was \$67,263. Source: U.S. Census Bureau, American Community Survey, 2004. Accessed on May 3, 2006, from <http://www.census.gov/hhes/www/income/medincsizeandstate.html>.

The EFC is used to calculate financial aid need. For example, students eligible for a Pell Grant have an EFC of \$3,850 or below. It is important to note that the EFC reported to the Board of Higher Education may differ from the Federal EFC used to award the Pell Grant. Because the EFC reported is specific to the term(s) for which the student was enrolled for credit and eligible to receive aid, it may be a prorated amount of the total EFC. Therefore, some students who appear to be Pell-eligible (having an EFC less than \$3,850) may actually not receive that particular grant.

Need is defined as the Educational Cost minus the Expected Family Contribution.

Unmet Need is defined as need minus certain types of aid (governmental aid versus aid from all sources; grant versus grants and loans).

Student Population by Dependency and Enrollment Intensity

The following table is a breakdown of the number of students by dependency (dependent versus independent) and enrollment intensity at each type of institution.

Dependent Students

	UMass System	State College	Community College	Private College	Proprietary College
Full-time, Full-year	14,879	11,734	6,623	28,561	316
Full-time, Part-year	2,173	1,660	3,147	3,107	688
Part-time, Full-year	106	103	1,332	314	18
Part-time, Part-year	622	610	3,501	969	68
Less than Part-time, Full-year		---	43	1,493	---
Less than Part-time, Part-year	44	64	510	249	---
Total	17,824	14,172	15,156	34,693	1,744

Independent Students

	UMass System	State College	Community College	Private College	Proprietary College
Full-time, Full-year	2,708	1,907	3,306	3,634	642
Full-time, Part-year	976	542	2,206	1,301	1,757
Part-time, Full-year	843	679	5,763	2,094	57
Part-time, Part-year	1,130	886	6,460	2,766	250
Less than Part-time, Full-year	17	20	402	548	---
Less than Part-time, Part-year	130	130	1,961	662	30
Total	5,804	4,164	20,098	11,005	3,693

Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid. Notes: Cells that have fewer than 15 people are not shown.

APPENDIX C: ADDITIONAL FINANCIAL AID INFORMATION

The following are additional tables created using the Board of Higher Education Financial Aid database. They provide summary information about the receipt of various kinds of financial aid by Expected Family Contribution (EFC). Because the costs and awards differ by enrollment intensity, the numbers are shown separately.

Appendix Table 1: Massachusetts Students Receiving FEDERAL Aid

EFC	Enroll-ment	FEDERAL GRANTS			WORK STUDY			FEDERAL LOANS		
		Num.	Percent	Median	Num.	Percent	Median	Num.	Percent	Median
<i>FULL-TIME, FULL-YEAR STUDENTS ONLY</i>										
Entire Sample	76,420	28,310	37.0%	\$3,900	21,039	27.5%	\$914	65,359	85.5%	\$3,718
Zero	11,896	10,813	90.9%	\$4,250	3,652	30.7%	\$726	7,313	61.5%	\$5,000
1-2,000	10,337	9,926	96.0%	\$3,500	3,831	37.1%	\$798	7,837	75.8%	\$4,384
2,000-3,850	7,618	6,929	91.0%	\$1,600	2,815	37.0%	\$844	6,342	83.3%	\$4,396
3,851-5,999	8,593	295	3.4%	\$2,000	3,140	36.5%	\$784	7,823	91.0%	\$4,433
6,000-7,999	5,894	121	2.1%	\$2,400	2,054	34.8%	\$798	5,556	94.3%	\$4,433
8,000-9,999	5,044	75	1.5%	\$3,100	1,314	26.1%	\$1,089	4,848	96.1%	\$3,884
10,000-13,999	7,790	66	0.8%	\$2,500	1,768	22.7%	\$1,156	7,480	96.0%	\$3,500
14,000-17,999	5,576	34	0.6%	\$2,200	1,094	19.6%	\$1,102	5,344	95.8%	\$3,500
18,000-21,999	4,017	15	0.4%	\$2,250	688	17.1%	\$1,200	3,839	95.6%	\$3,500
22,000-25,999	2,698	---	---	---	318	11.8%	\$1,200	2,585	95.8%	\$3,450
26,000-29,999	1,898	---	---	---	193	10.2%	\$1,175	1,774	93.5%	\$3,448
30,000+	5,059	24	0.5%	\$1,500	172	3.4%	\$1,231	4,618	91.3%	\$3,448
<i>ALL OTHER STUDENTS</i>										
Entire Sample	58,869	31,681	53.8%	\$1,841	5,385	9.1%	\$500	32,465	55.1%	\$3,213
Zero	18,538	15,717	84.8%	\$2,125	1,472	7.9%	\$0	5,982	32.3%	\$3,214
1-2,000	12,616	11,338	89.9%	\$1,575	1,191	9.4%	\$36	5,196	41.2%	\$3,213
2,000-3,850	6,697	4,438	66.3%	\$750	669	10.0%	\$45	3,953	59.0%	\$2,750
3,851-5,999	5,430	89	1.6%	\$875	491	9.0%	\$555	3,964	73.0%	\$2,750
6,000-7,999	3,424	32	0.9%	\$1,254	306	8.9%	\$647	2,817	82.3%	\$2,940
8,000-9,999	2,541	21	0.8%	\$2,200	245	9.6%	\$1,000	2,200	86.6%	\$2,998
10,000-13,999	3,484	25	0.7%	\$1,200	365	10.5%	\$1,000	3,073	88.2%	\$3,213
14,000-17,999	1,971	---	---	---	225	11.4%	\$1,072	1,740	88.3%	\$3,377
18,000-21,999	1,262	---	---	---	171	13.5%	\$1,110	1,102	87.3%	\$3,264
22,000-25,999	824	---	---	---	106	12.9%	\$1,279	721	87.5%	\$3,396
26,000-29,999	574	0	0.0%	---	82	14.3%	\$1,000	474	82.6%	\$3,500
30,000+	1,508	---	---	---	62	4.1%	\$1,312	1,243	82.4%	\$3,430

Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid. Notes: PLUS Loans are not included in the calculations because they may not be need-based. Cells with fewer than 15 observations are not displayed.

Appendix Table 2: Massachusetts Students Receiving STATE Aid

EFC	Enroll- ment	STATE GRANTS			STATE TUITION WAIVERS			STATE LOANS		
		Num.	Percent	Median	Num.	Percent	Median	Num.	Percent	Median
<i>FULL-TIME, FULL-YEAR STUDENTS ONLY</i>										
Entire Sample	76,420	32,016	41.9%	\$1,600	21,043	27.5%	\$648	2,311	3.0%	\$1,500
Zero	11,896	8,118	68.2%	\$1,980	5,073	42.6%	\$600	670	5.6%	\$1,700
1-2,000	10,337	8,183	79.2%	\$1,500	4,350	42.1%	\$800	690	6.7%	\$1,500
2,000-3,850	7,618	6,023	79.1%	\$1,400	3,317	43.5%	\$800	443	5.8%	\$1,600
3,851-5,999	8,593	4,902	57.0%	\$1,600	3,974	46.2%	\$910	430	5.0%	\$1,500
6,000-7,999	5,894	2,097	35.6%	\$1,600	1,764	29.9%	\$678	58	1.0%	\$2,000
8,000-9,999	5,044	1,079	21.4%	\$1,600	917	18.2%	\$500	11	0.2%	\$2,800
10,000-13,999	7,790	928	11.9%	\$2,000	770	9.9%	\$400	7	0.1%	\$2,750
14,000-17,999	5,576	355	6.4%	\$2,500	320	5.7%	\$200	2	0.0%	\$2,400
18,000-21,999	4,017	165	4.1%	\$2,500	165	4.1%	\$0	0		
22,000-25,999	2,698	86	3.2%	\$2,500	115	4.3%	\$0	0		
26,000-29,999	1,898	47	2.5%	\$2,500	82	4.3%	\$0	0		
30,000+	5,059	33	0.7%	\$2,500	196	3.9%	\$0	0		
<i>ALL OTHER STUDENTS</i>										
Entire Sample	58,869	21,010	35.7%	\$675	15,409	26.2%	\$243	393	0.7%	\$1,400
Zero	18,538	7,159	38.6%	\$506	5,701	30.8%	\$216	147	0.8%	\$1,500
1-2,000	12,616	6,851	54.3%	\$575	4,278	33.9%	\$225	112	0.9%	\$1,250
2,000-3,850	6,697	3,566	53.2%	\$925	2,326	34.7%	\$288	75	1.1%	\$1,500
3,851-5,999	5,430	2,042	37.6%	\$1,139	1,758	32.4%	\$312	54	1.0%	\$1,000
6,000-7,999	3,424	704	20.6%	\$1,094	675	19.7%	\$336	4	0.1%	\$1,000
8,000-9,999	2,541	319	12.6%	\$1,166	293	11.5%	\$360	1	0.0%	\$1,000
10,000-13,999	3,484	227	6.5%	\$2,136	196	5.6%	\$340	0		
14,000-17,999	1,971	79	4.0%	\$2,500	68	3.5%	\$265	0		
18,000-21,999	1,262	34	2.7%	\$2,500	36	2.9%	\$282	0		
22,000-25,999	824	15	1.8%	\$2,500	17	2.1%	\$366	0		
26,000-29,999	574	6	1.0%	\$2,500	19	3.3%	\$216	0		
30,000+	1,508	8	0.5%	\$1,925	42	2.8%	\$483	0		

Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid. Notes: Cells with fewer than 15 observations are not displayed.

Appendix Table 3: Students Receiving Aid from Specific STATE Programs and the Median Amount of Aid

EFC	Enroll-ment	MASS GRANT			CASH GRANT			GILBERT GRANT		
		Num.	Percent	Median	Num.	Percent	Median	Num.	Percent	Median
<i>FULL-TIME, FULL-YEAR STUDENTS ONLY</i>										
Entire Sample	76,420	19,023	24.9%	\$800	16,779	22.0%	\$1,100	7,948	10.4%	\$2,500
Zero	11,896	6,731	56.6%	\$1,500	3,693	31.0%	\$900	1,354	11.4%	\$2,000
1-2,000	10,337	6,918	66.9%	\$700	3,922	37.9%	\$900	1,789	17.3%	\$2,500
2,000-3,850	7,618	4,989	65.5%	\$350	3,079	40.4%	\$1,280	1,380	18.1%	\$2,500
3,851-5,999	8,593	175	2.0%	\$400	3,682	42.8%	\$1,400	1,145	13.3%	\$2,000
6,000-7,999	5,894	87	1.5%	\$550	1,389	23.6%	\$1,450	676	11.5%	\$2,500
8,000-9,999	5,044	54	1.1%	\$700	585	11.6%	\$1,200	459	9.1%	\$2,500
10,000-13,999	7,790	39	0.5%	\$900	380	4.9%	\$1,007	528	6.8%	\$2,500
14,000-17,999	5,576	19	0.3%	\$550	40	0.7%	\$1,000	302	5.4%	\$2,500
18,000-21,999	4,017	4	0.1%	\$1,025	6	0.1%	\$1,300	157	3.9%	\$2,500
22,000-25,999	2,698	3	0.1%	\$1,500	1	0.0%	\$0	82	3.0%	\$2,500
26,000-29,999	1,898	1	0.1%	\$2,300	0	0.0%		46	2.4%	\$2,500
30,000+	5,059	3	0.1%	\$0	2	0.0%	\$0	30	0.6%	\$2,500
<i>ALL OTHER STUDENTS</i>										
Entire Sample	58,869	4,871	8.3%	\$400	13,553	23.0%	\$600	1,275	2.2%	\$2,000
Zero	18,538	2,159	11.6%	\$600	3,867	20.9%	\$423	252	1.4%	\$1,175
1-2,000	12,616	1,754	13.9%	\$350	4,396	34.8%	\$450	305	2.4%	\$1,250
2,000-3,850	6,697	910	13.6%	\$200	2,573	38.4%	\$833	218	3.3%	\$1,250
3,851-5,999	5,430	22	0.4%	\$313	1,839	33.9%	\$1,090	143	2.6%	\$2,500
6,000-7,999	3,424	3	0.1%	\$200	580	16.9%	\$969	81	2.4%	\$2,500
8,000-9,999	2,541	9	0.4%	\$1,150	206	8.1%	\$800	81	3.2%	\$2,500
10,000-13,999	3,484	6	0.2%	\$275	88	2.5%	\$803	102	2.9%	\$2,500
14,000-17,999	1,971	3	0.2%	\$150	3	0.2%	\$389	55	2.8%	\$2,500
18,000-21,999	1,262	0	0.0%		1	0.1%	\$800	24	1.9%	\$2,500
22,000-25,999	824	1	0.1%	\$600	0	0.0%		10	1.2%	\$2,500
26,000-29,999	574	2	0.3%	\$400	0	0.0%		2	0.3%	\$2,500
30,000+	1,508	2	0.1%	\$150	0	0.0%		2	0.1%	\$1,825

Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid. Notes: Cells with fewer than 15 observations are not displayed.

Appendix Table 4: Students Receiving TUITION WAIVERS and the Median Amount

EFC	Enrollment	NEED-BASED WAIVERS			NON-NEED-BASED		
		Number	Percent	Median	Number	Percent	Median
<i>FULL-TIME, FULL-YEAR STUDENTS ONLY</i>							
Entire Sample	76,420	17,946	23.5%	\$769	3,764	4.9%	\$486
Zero	11,896	4,502	37.8%	\$600	619	5.2%	\$624
1-2,000	10,337	3,892	37.7%	\$850	503	4.9%	\$576
2,000-3,850	7,618	2,968	39.0%	\$854	369	4.8%	\$576
3,851-5,999	8,593	3,603	41.9%	\$910	411	4.8%	\$600
6,000-7,999	5,894	1,474	25.0%	\$732	309	5.2%	\$336
8,000-9,999	5,044	694	13.8%	\$500	229	4.5%	\$300
10,000-13,999	7,790	383	4.9%	\$400	390	5.0%	\$324
14,000-17,999	5,576	58	1.0%	\$363	262	4.7%	\$0
18,000-21,999	4,017	4	0.1%	\$400	161	4.0%	\$0
22,000-25,999	2,698	1	0.0%	\$0	114	4.2%	\$0
26,000-29,999	1,898	0	0.0%		82	4.3%	\$0
30,000+	5,059	2	0.0%	\$0	194	3.8%	\$0
<i>ALL OTHER STUDENTS</i>							
Entire Sample	58,869	12,346	21.0%	\$225	3,269	5.6%	\$288
Zero	18,538	4,459	24.1%	\$197	1,304	7.0%	\$264
1-2,000	12,616	3,558	28.2%	\$214	776	6.2%	\$300
2,000-3,850	6,697	1,980	29.6%	\$286	378	5.6%	\$325
3,851-5,999	5,430	1,536	28.3%	\$300	240	4.4%	\$350
6,000-7,999	3,424	530	15.5%	\$331	153	4.5%	\$325
8,000-9,999	2,541	193	7.6%	\$350	102	4.0%	\$396
10,000-13,999	3,484	74	2.1%	\$348	124	3.6%	\$338
14,000-17,999	1,971	4	0.2%	\$195	64	3.2%	\$299
18,000-21,999	1,262	1	0.1%	\$400	35	2.8%	\$264
22,000-25,999	824	0	0.0%		17	2.1%	\$366
26,000-29,999	574	0	0.0%		19	3.3%	\$216
30,000+	1,508	0	0.0%		42	2.8%	\$483

Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid. Notes: Cells with fewer than 15 observations are not displayed.

Appendix Table 5: The Number of Students Receiving INSTITUTIONAL Aid

EFC	Enroll- ment	INSTITUTIONAL GRANTS			INSTITUTIONAL LOANS		
		Number	Percent	Median	Number	Percent	Median
<i>FULL-TIME, FULL-YEAR STUDENTS ONLY</i>							
Entire Sample	76,420	34,138	44.7%	\$4,380	763	1.0%	\$2,000
Zero	11,896	5,276	44.4%	\$3,000	78	0.7%	\$1,150
1-2,000	10,337	5,460	52.8%	\$3,458	74	0.7%	\$2,000
2,000-3,850	7,618	4,323	56.7%	\$3,945	79	1.0%	\$2,000
3,851-5,999	8,593	5,093	59.3%	\$2,857	70	0.8%	\$2,500
6,000-7,999	5,894	2,827	48.0%	\$4,200	48	0.8%	\$2,500
8,000-9,999	5,044	2,163	42.9%	\$6,000	61	1.2%	\$2,500
10,000-13,999	7,790	2,848	36.6%	\$7,885	77	1.0%	\$2,500
14,000-17,999	5,576	1,958	35.1%	\$8,000	91	1.6%	\$2,100
18,000-21,999	4,017	1,395	34.7%	\$7,500	66	1.6%	\$2,310
22,000-25,999	2,698	911	33.8%	\$6,824	44	1.6%	\$2,500
26,000-29,999	1,898	629	33.1%	\$6,286	27	1.4%	\$2,240
30,000+	5,059	1,255	24.8%	\$6,000	48	0.9%	\$1,838
<i>ALL OTHER STUDENTS</i>							
Entire Sample	58,869	11,068	18.8%	\$1,095	251	0.4%	\$1,076

Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid. The following institutions are not included due to missing information on institutional financial aid: Bentley College, Brandeis University, Northeastern University, Tufts University, Stonehill College, Suffolk University, Wentworth Institute, Wheaton College. Cells with fewer than 15 observations are not displayed. Institutional Loans are not included in the unmet need calculations because they may not be need-based.

Appendix Table 6: Students Receiving OUTSIDE Aid

EFC	Enroll- ment	OUTSIDE GRANTS			OUTSIDE LOANS		
		Number	Percent	Median	Number	Percent	Median
<i>FULL-TIME, FULL-YEAR STUDENTS ONLY</i>							
Entire Sample	76,420	7,778	10.2%	\$1,000	11,394	14.9%	\$8,000
Zero	11,896	925	7.8%	\$1,200	789	6.6%	\$6,879
1-2,000	10,337	985	9.5%	\$1,000	901	8.7%	\$6,746
2,000-3,850	7,618	765	10.0%	\$1,000	953	12.5%	\$6,500
3,851-5,999	8,593	913	10.6%	\$1,000	1,365	15.9%	\$7,000
6,000-7,999	5,894	641	10.9%	\$1,000	1,053	17.9%	\$7,998
8,000-9,999	5,044	561	11.1%	\$1,000	995	19.7%	\$8,292
10,000-13,999	7,790	903	11.6%	\$1,000	1,608	20.6%	\$8,000
14,000-17,999	5,576	646	11.6%	\$1,000	1,146	20.6%	\$10,000
18,000-21,999	4,017	399	9.9%	\$1,000	853	21.2%	\$10,000
22,000-25,999	2,698	295	10.9%	\$1,000	549	20.3%	\$10,000
26,000-29,999	1,898	210	11.1%	\$1,000	337	17.8%	\$10,000
30,000+	5,059	535	10.6%	\$1,000	845	16.7%	\$10,000
<i>ALL OTHER STUDENTS</i>							
Entire Sample	58,869	1,941	3.3%	\$1,000	2,862	4.9%	\$5,799

Appendix Table 7: Unmet Financial Need after accounting for *Government (Federal and State)* Sources of Financial Aid

EFC	Approx. Family Income	Median Cost	Median Need	UNMET NEED				UNMET NEED			
				Need minus <i>Government</i> Grants				Need minus <i>Govt.</i> Grants & Loans			
				Number	Percent	Median	Mean	Number	Percent	Median	Mean
<i>FULL-TIME, FULL-YEAR STUDENTS ONLY</i>											
Entire Sample		\$17,418	\$11,951	64,767	84.8%	\$10,144	\$13,280	59,377	77.7%	\$7,740	\$10,668
Zero	\$15,000	\$16,990	\$16,990	11,806	99.2%	\$9,330	\$13,034	11,654	98.0%	\$7,193	\$9,994
1-2,000	\$27,000	\$17,098	\$16,162	10,288	99.5%	\$10,136	\$13,721	10,184	98.5%	\$7,142	\$10,333
2,000-3,850	\$40,000	\$17,098	\$14,227	7,584	99.6%	\$10,660	\$14,355	7,412	97.3%	\$7,403	\$10,797
3,851-5,999	\$50,000	\$17,098	\$12,112	8,545	99.4%	\$10,219	\$14,010	8,150	94.8%	\$6,547	\$10,582
6,000-7,999	\$60,000	\$17,098	\$10,302	5,822	98.8%	\$9,576	\$13,336	5,054	85.7%	\$6,727	\$10,888
8,000-9,999	\$70,000	\$17,424	\$8,704	4,848	96.1%	\$8,646	\$13,074	3,986	79.0%	\$8,675	\$11,571
10,000-13,999	\$80,000	\$17,558	\$6,445	6,700	86.0%	\$8,075	\$12,596	5,182	66.5%	\$12,701	\$11,963
14,000-17,999	\$90,000	\$18,392	\$3,206	3,753	67.3%	\$14,522	\$13,252	2,925	52.5%	\$13,314	\$12,983
18,000-21,999	\$100,000	\$22,414	\$2,287	2,078	51.7%	\$14,342	\$14,426	1,986	49.4%	\$11,449	\$11,464
22,000-25,999	\$110,000	\$25,797	\$1,751	1,375	51.0%	\$12,071	\$12,059	1,295	48.0%	\$9,264	\$9,380
26,000-29,999	\$120,000	\$28,897	\$948	970	51.1%	\$9,422	\$9,353	845	44.5%	\$6,869	\$7,319
30,000+	\$150,000	\$30,793	\$0	998	19.7%	\$5,084	\$5,717	704	13.9%	\$3,898	\$4,592
<i>ALL OTHER STUDENTS</i>											
Entire Sample		\$11,717	\$8,225	51,733	87.9%	\$7,458	\$9,555	47,709	81.0%	\$6,327	\$8,133
Zero	\$15,000	\$10,946	\$10,946	18,436	99.4%	\$7,999	\$9,450	18,283	98.6%	\$6,700	\$8,171
1-2,000	\$27,000	\$10,951	\$9,876	12,353	97.9%	\$7,637	\$9,270	12,020	95.3%	\$6,473	\$7,881
2,000-3,850	\$40,000	\$10,962	\$8,217	6,488	96.9%	\$6,682	\$9,135	5,928	88.5%	\$5,585	\$7,526
3,851-5,999	\$50,000	\$11,765	\$6,816	5,094	93.8%	\$6,192	\$9,072	4,360	80.3%	\$5,035	\$7,468
6,000-7,999	\$60,000	\$12,292	\$5,429	2,902	84.8%	\$6,075	\$9,470	2,248	65.7%	\$4,964	\$8,141
8,000-9,999	\$70,000	\$13,220	\$4,203	1,913	75.3%	\$6,433	\$10,085	1,401	55.1%	\$5,706	\$8,938
10,000-13,999	\$80,000	\$14,574	\$2,852	2,205	63.3%	\$8,282	\$11,276	1,616	46.4%	\$7,301	\$10,251
14,000-17,999	\$90,000	\$15,218	\$0	951	48.2%	\$12,336	\$13,300	730	37.0%	\$13,613	\$12,208
18,000-21,999	\$100,000	\$16,996	\$0	550	43.6%	\$16,173	\$13,608	444	35.2%	\$13,114	\$11,599
22,000-25,999	\$110,000	\$17,927	\$0	325	39.4%	\$15,042	\$12,987	287	34.8%	\$10,629	\$10,180
26,000-29,999	\$120,000	\$22,282	\$0	244	42.5%	\$11,631	\$10,343	207	36.1%	\$7,570	\$8,048
30,000+	\$150,000	\$26,053	\$0	272	18.0%	\$5,699	\$5,770	185	12.3%	\$3,331	\$3,589

Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid. Notes: "Need" is defined as the educational cost minus the student's expected family contribution. Loans do not include PLUS, institutional, nor outside loans. Unmet need is calculated only if need is greater than zero. Approximate family income is for a dependent student (under age 24, dependent on their parents).

Appendix Table 8: Unmet Financial Need after accounting for *All* Sources of Aid: *Federal, State, Institutional, and Outside Aid*

EFC	Approx. Family Income	Median Cost	Median Need	UNMET NEED				UNMET NEED			
				Need minus <i>All</i> Grants				Need minus <i>All</i> Grants & Loans			
				Number	Percent	Median	Mean	Number	Percent	Median	Mean
<i>FULL-TIME, FULL-YEAR STUDENTS ONLY</i>											
Entire Sample		\$17,098	\$11,280	53,362	79.8%	\$6,830	\$8,390	44,993	67.3%	\$4,306	\$5,941
Zero	\$15,000	\$16,027	\$16,027	10,658	97.8%	\$7,568	\$9,359	10,349	94.9%	\$5,007	\$6,473
1-2,000	\$27,000	\$17,098	\$15,731	9,061	97.4%	\$7,193	\$9,119	8,478	91.1%	\$4,628	\$6,128
2,000-3,850	\$40,000	\$17,098	\$13,684	6,589	97.6%	\$6,744	\$8,817	5,871	87.0%	\$4,111	\$5,798
3,851-5,999	\$50,000	\$17,098	\$11,590	7,468	96.6%	\$7,119	\$8,536	6,387	82.6%	\$3,674	\$5,545
6,000-7,999	\$60,000	\$17,098	\$9,846	4,953	94.1%	\$7,111	\$8,243	3,851	73.2%	\$4,192	\$5,769
8,000-9,999	\$70,000	\$17,098	\$8,226	3,933	89.2%	\$6,869	\$7,698	2,846	64.5%	\$4,482	\$5,920
10,000-13,999	\$80,000	\$17,098	\$5,510	5,158	77.3%	\$5,446	\$6,941	3,461	51.9%	\$3,544	\$5,580
14,000-17,999	\$90,000	\$17,418	\$2,125	2,653	56.1%	\$5,148	\$6,655	1,720	36.4%	\$3,879	\$5,749
18,000-21,999	\$100,000	\$17,831	\$0	1,289	38.5%	\$6,074	\$7,509	979	29.3%	\$3,994	\$5,807
22,000-25,999	\$110,000	\$18,052	\$0	747	33.5%	\$5,500	\$6,756	543	24.3%	\$3,222	\$5,420
26,000-29,999	\$120,000	\$20,125	\$0	433	28.4%	\$4,829	\$5,635	280	18.4%	\$3,677	\$4,571
30,000+	\$150,000	\$28,070	\$0	420	10.6%	\$3,765	\$4,242	228	5.7%	\$2,784	\$3,270
<i>ALL OTHER STUDENTS</i>											
Entire Sample		\$11,140	\$7,906	47,462	86.6%	\$6,529	\$7,963	43,217	78.9%	\$5,516	\$6,822
Zero	\$15,000	\$10,733	\$10,733	17,648	98.9%	\$7,436	\$8,566	17,472	97.9%	\$6,267	\$7,459
1-2,000	\$27,000	\$10,809	\$9,614	11,794	97.3%	\$7,064	\$8,126	11,369	93.8%	\$5,867	\$6,969
2,000-3,850	\$40,000	\$10,951	\$7,966	6,074	96.0%	\$6,013	\$7,548	5,391	85.2%	\$4,882	\$6,251
3,851-5,999	\$50,000	\$11,330	\$6,531	4,624	91.9%	\$5,386	\$7,064	3,810	75.7%	\$4,352	\$5,713
6,000-7,999	\$60,000	\$11,802	\$4,851	2,527	81.6%	\$5,124	\$6,992	1,863	60.1%	\$3,861	\$5,694
8,000-9,999	\$70,000	\$12,431	\$3,539	1,607	71.1%	\$4,716	\$6,687	1,090	48.2%	\$3,569	\$5,386
10,000-13,999	\$80,000	\$13,452	\$1,810	1,698	56.4%	\$5,817	\$7,322	1,148	38.1%	\$4,565	\$6,074
14,000-17,999	\$90,000	\$13,588	\$0	669	39.5%	\$6,601	\$8,153	468	27.7%	\$4,376	\$6,547
18,000-21,999	\$100,000	\$14,592	\$0	347	33.0%	\$7,134	\$8,297	249	23.7%	\$4,588	\$6,568
22,000-25,999	\$110,000	\$16,102	\$0	202	29.5%	\$7,235	\$8,267	168	24.5%	\$4,324	\$5,467
26,000-29,999	\$120,000	\$17,868	\$0	129	28.6%	\$7,126	\$7,233	105	23.3%	\$4,590	\$5,094
30,000+	\$150,000	\$20,900	\$0	143	11.7%	\$4,348	\$4,591	84	6.9%	\$2,329	\$2,717

Source: Board of Higher Education, Student Financial Aid Record File FY05. The data only include students who applied for financial aid. Notes: The following institutions are not included due to missing information on institutional financial aid: Bentley College, Brandeis University, Northeastern University, Tufts University, Stonehill College, Suffolk University, Wentworth Institute, Wheaton College. Loans do not include PLUS, institutional, nor outside loans, which may not be awarded on the basis of need. Unmet need is calculated only if need is greater than zero. Approximate family income is for a dependent student (under age 24, dependent on their parents).

APPENDIX D: TASK FORCE PUBLIC HEARING SUMMARIES

Board of Higher Education, Task Force on Student Financial Aid – Public Hearing

Date: August 22, 2006

Location: Worcester State College, ST 102

Time: 9:30 a.m. – 11:30 a.m.

Members Present: John Bassett; Ken Burnham; Rich Doherty; Barbara Tornow.

BHE Staff: Clantha McCurdy; Kimberly A. Truong.

Testimony Provided by:

Pamela Boisvert Vice President Colleges of the Worcester Consortium	Sidney Buxton Retired TRIO Program Director Worcester State College	Fred Clark Executive Officer of State Council of Presidents	Susan Lanzillo Director of Financial Aid Framingham State College	Michelle Mattie Associate Dean of Admission and Enrollment Management Westfield State College	JoEllen Soucier Director of Financial Aid Mount Wachusett Community College	Marcela Uribe-Jennings Assistant Dean of Multicultural Affairs Worcester State College
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Highlights of Comments and/or Recommendations:

Educating the public

There should be a public relations campaign for higher education and effects of borrowing.

Focusing on need

State financial aid should be need-based.

Loans

Reduce loan debt. Students are borrowing more than ever.

First-generation, low-income students should have no loan debt.

NIL helps students who are not Pell-eligible.

Middle Income

Pell-eligible students fare well at community colleges.

Cash Grant should be increased to accommodate students who do not meet Pell eligibility. It gives colleges the flexibility to award funds to students.

Students with EFC 4,000-6,000 should be given more financial aid.

Other

There should be a focus on diversifying the student population in higher education, students of color, first-generation, and low-income students.

Board of Higher Education, Task Force on Student Financial Aid – Public Hearing

Date: August 23, 2006
Location: Massachusetts Bay Community College Auditorium
Time: 9:45 a.m. – 11:45 a.m.
Members Present: Chancellor Pat Plummer; Ken Burnham; Rich Doherty; Tom Graf; Carol Matteson; Barbara Tornow
BHE Staff: Clantha McCurdy; Kimberly A. Truong
Testimony Provided by:

Sherrí Avery	Pamela McCafferty
Associate Director of Student Financial Services	Dean of Enrollment Management
Brandeis University	Fitchburg State College
President, Massachusetts Association of Student Financial Aid Administrators	Janice Motta
Robin Engel	Executive Director
Dean of Admissions and Financial Aid	Massachusetts Community Colleges
Pine Manor College	Bernard Pekala
Sonnya Espinal	Director of Financial Strategies
State Relations Project Specialist	Boston College
Lesley University	Grisell Valencia
Intern, AICUM	Student, Pine Manor College

Highlights of Comments and/or Recommendations:

Educating the public

There should be a public relations campaign for higher education and educating the population about borrowing and the effects of borrowing.

Work with other sectors of education to create a seamless P-16 initiative.

Focusing on need

State financial aid should be need-based.

Focus on need-based aid as opposed to merit. The challenges for students from the bottom economic quartile are staggering. While even middle-class families are also struggling to pay for college, their challenges do not compare with those with the greatest need.

Grant aid is preferable to loans.

Provide incentives for colleges to create more opportunities for students from the bottom economic quartile

Reverse the declining value of the MASSGrant. Increase appropriations for grant programs.

Remove the May 1st deadline for state grants.

Support government partnerships with independent colleges on issues that promote the common good by creating more opportunities for students from the bottom economic quartile.

Research the Open Doors program as a grant or loan forgiveness program.

Loans

Use direct costs instead of total cost of attendance to decrease student borrowing.

Remove barriers for students with limited access to capital.

Explore, through government programs or incentives, low-interest loan options.

Middle Income

Give grant funding (e.g. Cash Grant and Gilbert Grant) to institutions so that they can award these funds to students that are not Pell or MASSGrant eligible.

Other

Community colleges play a role in educating a diverse group of students.

Forward fund financial aid.

Include input from the Massachusetts Association of Student Financial Aid Administrators.