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The Honorable Joanne M. Comerford
Chair, Joint Committee on Higher Education
24 Beacon St.
Room 410
Boston, MA 02133

The Honorable David M. Rogers
Chair, Joint Committee on Higher Education
24 Beacon St.
Room 473B
Boston, MA 02133

Subject: Testimony in Support of Debt-Free Public Higher Education

Dear Honorable Chairs and Members of the Joint Higher on Education Committee,

Thank you Chairs Comerford and Rogers, Vice Chair Gentile, and members of the Joint Committee on Higher Education for the opportunity to submit a written testimony on behalf a the Hildreth Institute.

Hildreth Institute is an independent research and policy center dedicated to restoring the promise of higher education as an engine of upward mobility for all. Central to our mission is the firm belief, that regardless of their socio-economic background or ethnicity, every individual deserves an affordable and equitable path to obtain a quality higher education credential.

We recognize the committee's profound commitment to tackling the significant challenges within higher education, including barriers to access, ensuring student success, and the escalating burden of student debt. We are encouraged by the strengthening consensus in Massachusetts on matters of public higher education. With the unwavering support of our new Governor, Lieutenant Governor, and Commissioner of Higher Education, combined with the legislature's steadfast leadership, the path toward an affordable, accessible, and inclusive public higher education in Massachusetts is more defined than ever. The recent passage of

the Fair Share Amendment further empowers us to recalibrate funding approaches. With such momentum, we stand poised to champion an ambitious higher education strategy.

Although we are not endorsing any specific bill, we would like to present insights garnered from our in-depth research to inform discussions and shape decisions about the legislative proposals under review in this hearing.

Our previous reports have consistently warned of the severe consequences stemming from state-level policy choices that have reduced funding and disinvested in scholarship aid. These policies have created a ripple effect, leading to escalating tuition fees and making it increasingly difficult for many students to even consider the pursuit of higher education. In our latest report, we provide an in-depth analysis of the current state of higher education enrollment in Massachusetts and show that declining college enrollment and noncompletion rates, particularly among students of color and those from low-income backgrounds, are primarily driven by persistent issues of college affordability. This is a critical issue, jeopardizing not only the future of our educational institutions but also the state's economic growth and the development of a diverse workforce.

To reverse these trends, we must commit to a robust financial framework for our public higher education system, one that adapts to the evolving needs of an increasingly diverse student population.

The core message must be simple and compelling: a high-quality, affordable higher education—with little to no need for student loans—is an attainable objective for all students aspiring for a college credential.

The recent passage of the Fair Share Amendment provides a timely influx of revenue partly earmarked for public higher education, offering an unprecedented chance for comprehensive reform. The state has the opportunity to reform its grants and scholarship programs by consolidating state funding under large and simple financial aid programs¹ geared towards addressing students' growing financial unmet need.

Based on our research, we propose below a range of options along with their respective advantages and disadvantages for the decision-makers interested in creating an ambitious equity-centered higher education strategy.

¹ In an effort to distribute limited funds in the most targeted manner, the state has created more than 40 different small grants, scholarships, and tuition waivers. While well-intentioned, this has created an unnecessarily complex and confusing financial aid system to navigate. The process alone ends up creating barriers for the students who arguably stand to benefit the most from state-funded financial aid and access to public higher education. Read more about this [HERE](#).

Expand on the tuition-free community college commitment:

Currently, whether it is via MassGrant Plus, or the newly established Mass Reconnect, and tuition-free program for nursing students, all Massachusetts residents² have access to some form of a last-dollar³ tuition-free grant to attend community colleges.

Policymakers should now carefully evaluate the drawbacks of the "last-dollar" allocation method in financial aid distribution. Research has highlighted its regressive effects, disproportionately benefiting higher-income students at the expense of those with lower incomes.⁴ This occurs because lower-income students often already qualify for need-based financial aid, which covers a significant part, if not all, of their tuition and fees—particularly at community colleges where direct costs are generally lower.

Secondly, the "tuition-free college" label associated with this program can create misconceptions about the actual financial support available to students. Many may erroneously believe that all their tuition and fees are completely covered, leading them to think they can allocate other forms of financial aid, such as Pell Grants, to cover additional costs like housing, meals, and textbooks.

Lastly, evidence from states like Tennessee suggests that this form of financial aid can initially boost enrollment numbers but may lead to higher attrition rates. Students often discontinue their academic programs upon realizing that the real costs exceed their available financial resources. Alternatively, they may find themselves burdened with unsustainable levels of debt as they resort to loans to cover their living expenses. It is therefore also important to consider that tuition and fees may not be the only cost barrier to further education.

2 With the historic passage of the tuition equity provision, undocumented students will also now be eligible for these state financial aid programs. This provision ensures access to in-state tuition, fees, and state financial aid for undocumented high school students attending Massachusetts' public institutions of higher education.

3 This type of grant covers the remaining tuition costs after all other forms of financial aid, such as grants and scholarships, have been applied.

4 It is noteworthy to specify that MassGrant Plus has a unique feature among last-dollar scholarships as it factors in the federally-calculated expected financial contribution (EFC). That is, MG+ covers any unmet financial need towards direct costs after a student's EFC and all other financial aid is applied. This remedies some of the regressiveness typically seen with a last-dollar program since it effectively takes income into consideration.

Considerations about Last-Dollar Tuition-Free programs:

PROS	CONS
<p>Increased financial aid for some: it covers the balance remaining on direct costs for students whose existing financial aid does not cover them already.</p>	<p>Regressive: does not provide new financial aid to lower-income students whose existing aid eligibility already covers direct costs, while providing new aid to students who are not Pell eligible.</p>
<p>Limits costs for the state by relying on federal financial aid (such as the Pell grant) to provide free tuition.</p>	<p>Confusing messaging: frequently, students incorrectly believe that their tuition and fees are fully funded and that they can utilize their additional grants and scholarships to meet indirect expenses.</p>
	<p>Risk of students discontinuing their degrees due to unexpected financial hardship.</p>

As the state considers broadening its commitment to tuition-free education, an opportunity arises to consolidate existing programs and reinforce the commitment to an affordable path to higher education. To achieve this, decision-makers must evaluate several options, each with its own set of pros and cons.

The following section aims to assess these factors to help clarify the different trade-offs involved with different policy options.

OPTION 1 - A universal first-dollar tuition-free program

The state’s tuition-free commitment could be greatly enhanced by transitioning away from a last-dollar grant structure. With a universal first-dollar program, any students, regardless of their income level, would have their direct costs (tuition and fees) covered by the new program, allowing lower income students to use their need-based grants and scholarships to cover some of the indirect costs.

Considerations about universal first-dollar tuition-free program:

PROS	CONS
<p>Increased affordability: with this design, students are relieved from covering the cost of tuition and fees, thus they can use their existing grants and/or scholarships to cover part of their costs beyond tuition and fees.</p>	<p>Not equivalent to debt-free: for many students, especially low-to-middle income students, this structure will not guarantee a debt-free graduation.</p>
<p>Simple messaging: this design has the benefit of having a simple and straightforward messaging that resonates with a wide range of people.</p>	<p>Less targeted: by covering tuition and fees without taking income into consideration, the program will benefit higher-income students who do not necessarily need financial help. Nevertheless, if the program's scope is confined to community colleges, this concern should be mitigated.</p>
<p>Broader political support: universal programs attract broader political support. The idea that public higher education should be accessible to all, regardless of background or circumstances, is easy to understand and garner support for. They can bridge ideological divides by appealing to shared values of greater public good, fairness, equality, and societal progress.</p>	<p>The cost of the program: since first-dollar programs do not rely on existing federal financial aid to cover tuition and fees, the program would be more expensive to the state than a last-dollar design.</p>

OPTION 2 - A need-based first-dollar tuition-free program:

Policymakers might opt to limit the scope of the first-dollar tuition-free commitment to students who are Pell eligible, thereby refining the program's focus and cost-effectiveness.⁵ However, this can create a substantial affordability cliff for students who narrowly miss Pell eligibility yet confront significant unmet financial need. See the table below which summarizes the pros and cons of this option.

Considerations about a need-based first-dollar tuition-free program:

PROS	CONS
<p>Increased affordability: Lower-income students still benefit from a more affordable path to a community college, using their grants and scholarships to defray indirect costs.</p>	<p>Not equivalent to debt-free: A large share of low-to middle income students will still have to borrow considerable amounts of student loans to afford college.</p>
<p>Reduced financial burden on the state: this more targeted approach will reduce the cost of the program for the state.</p>	<p>Reduced simplicity: income limitations can discourage individuals who believe they might not meet the requirements.</p>
	<p>Unfair: Creates a substantial affordability cliff for students who narrowly miss Pell eligibility yet confront significant unmet financial need.</p>

⁵ Currently, two states offer a first-dollar tuition-free program at both their community colleges and public universities. Washington has set an income cap to reduce the cost of the program and to target the aid where it is most needed, however, New Mexico has opted to send a simple message that all resident students, regardless of their income level, are eligible for tuition-free college.

OPTION 3 - First-dollar tuition-free plus a need-based grant for unmet need:

This is a design outlined in the legislation titled “An Act relative to debt-free public higher education” (H.1265/S.823). The program would cover the direct costs of all students regardless of their income. Additionally, it would provide a need-based grant to Pell-eligible students to cover indirect costs such as supplies, room and board, transportation and personal expenses. While this program sends a simple message of free tuition for all, it also has the potential to significantly reduce, if not eliminate, the need to borrow depending on how generous the need-based aid for indirect expenses is.

Considerations about a first-dollar Tuition-free program with an additional need-based Grant for unmet need

PROS	CONS
<p>Increased affordability and debt-free for some: significantly reduces, if not eliminates, the need to borrow for Pell eligible students if the need-based grant is generous enough.</p>	<p>Reduced simplicity: it may be difficult for students to decipher the amount of need-based grants available to them and plan ahead unless a clear commitment is made that all their unmet need is covered.</p>
<p>Broader political support: The universal tuition-free call can attract broader political support conveying the message that Massachusetts provides an affordable path to all its residents.</p>	<p>Some unfairness: while more affluent students will have their direct costs covered, students who narrowly miss Pell eligibility will still face significant unmet need.</p>
	<p>The cost of the program: since a first-dollar tuition-free program is universal, and there is an additional need-based grant, the cost of the program will be high (but it will depend on how generous the need-based aid is).</p>

OPTION 4 - Debt-Free College:

If policymakers are resolute in addressing the escalating student debt burden, they should contemplate shifting away from initiatives that focus on direct expenses alone. The limited emphasis on covering tuition and fees overlooks the broader financial demands that arise from being a student. Students not only have to afford new necessities such as textbooks, computers, software, and internet access, but they also navigate reduced work hours while they are still expected to cover housing, food, childcare, and transportation expenses. Therefore, the most targeted and progressive approach would be to calculate students' respective unmet financial need by considering their full cost of attendance. This is similar to the debt free college scholarship program outlined in Section 3 of the legislation titled "An Act committing to higher education the resources to insure a strong and healthy public higher education system" ([H.1260/S.816](#)).

This award amount is determined by subtracting all the existing non-loan financial resources from the full cost of attendance (including work-study or salary from work of no more than the recommended 10 to 15 hours a week). This would be equivalent to meeting the students' unmet need, which will effectively reduce, if not eliminate, the need to borrow for college.

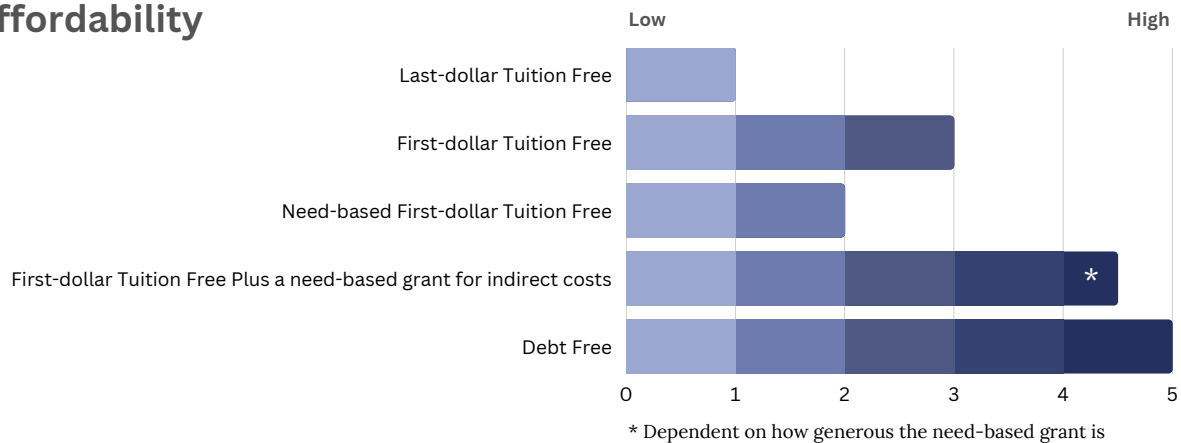
Consideration about a Debt-Free College

PROS	CONS
<p>Debt-free public degrees: since this program is designed to meet students' unmet financial need towards the full cost of attendance, it effectively eliminates the need to borrow.</p>	<p>The cost of the program: this program would entail significant costs for the state, however its focus on demonstrated unmet financial need would make it less extensive than the previous option.</p>
<p>Relatively simple to message</p>	<p>Some difficulty to administer: May be difficult to administer as it relies on accurately estimating the cost of attendance.</p>
<p>Most progressive design: It targets aid where it is needed the most.</p>	

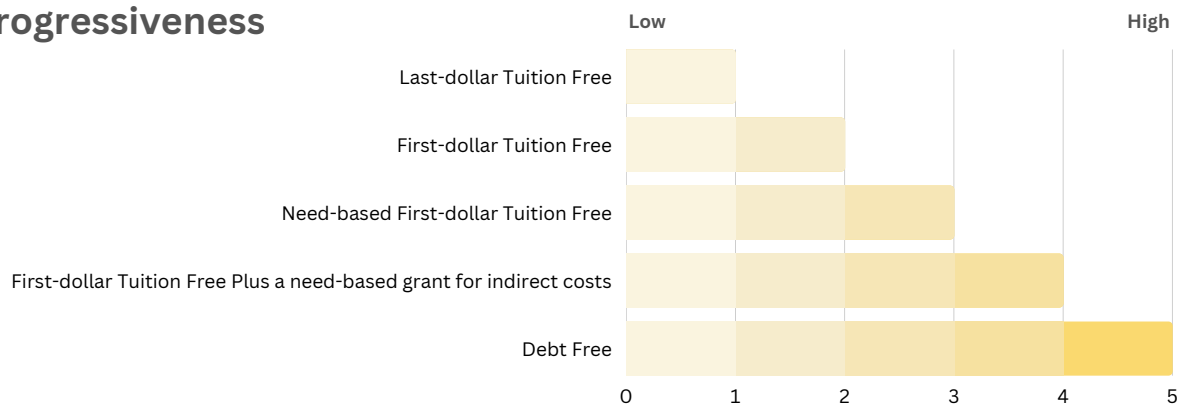
6 Starting from accurate estimates of the living-costs which are included in the cost of attendance is not only critical for the proposed program here, but also for addressing the existing systematic errors introduced in the calculation of financial aid. For critical work on this issue, see: Kelchen, R., Goldrick-Rab, S. & Hosch, B (Mar. 2017). The Costs of College Attendance: Examining Variation and Consistency in Institutional Living Cost Allowances, *The Journal of Higher Education*, 88 (6), 947-971.

Summary of the pros and cons of the various policy options discussed so far:

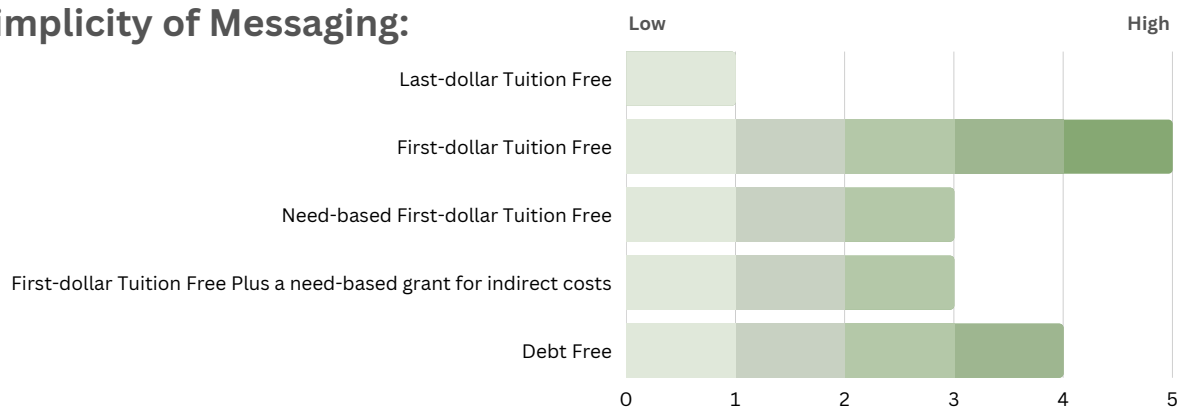
Affordability



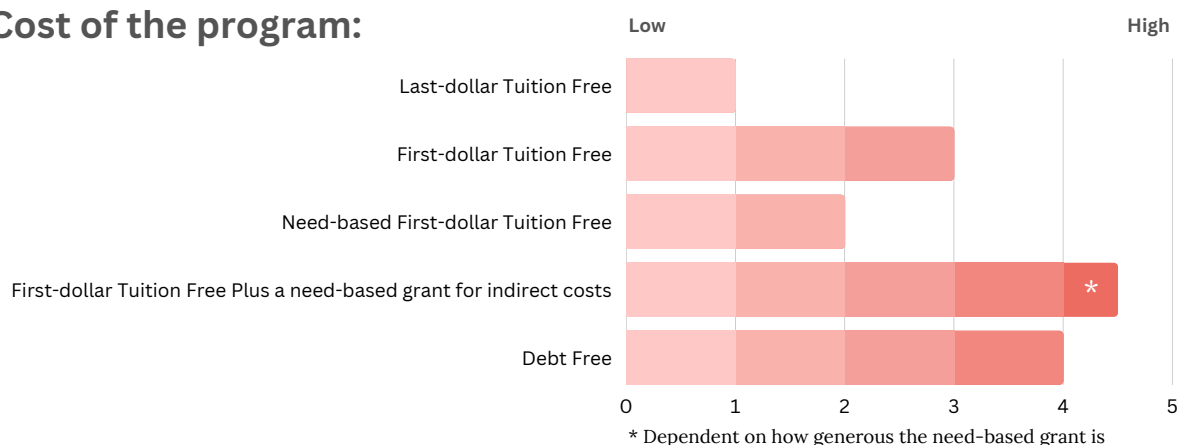
Progressiveness



Simplicity of Messaging:



Cost of the program:



Other critical considerations:

- **Expand the tuition-free/debt-free commitment to 4-year public degrees:**

The impact of high unmet need is equally felt by students who are contemplating pursuing a four-year degree. Focusing exclusively on affordability measures at community colleges might inadvertently lead toward a bifurcated educational landscape—a scenario where educational opportunities become divided along socio-economic and racial lines. This approach risks perpetuating a cycle of unequal access and opportunity, where those with fewer resources are confined to a narrower educational path. To truly address the disparities in higher education and promote equitable access, a comprehensive strategy is essential, one that ensures affordability and support across the spectrum of educational institutions.

It is important to note that the effectiveness of financial aid programs is intricately linked to the specifics of their configurations. Thus, careful consideration must be given when formulating eligibility criteria to avoid imposing requirements that may discourage students who stand to benefit the most from accepting or enrolling in the program. For a more detailed equity analysis of tuition-free programs' eligibility requirements, see our explainer: [A Promise For Whom?](#)

- **Provide comprehensive student support services:**

Robust and well-funded wrap-around student support services address non-financial barriers that may impede retention and completion. These comprehensive services encompass a diverse array of resources, including academic advising, counseling, tutoring, career guidance, mental health assistance, childcare provisions, and more. They are found to play a pivotal role in amplifying student achievement, offering indispensable aid in academic progression and successful degree attainment. They also serve as a crucial instrument for upholding equity, guaranteeing that students from diverse backgrounds enjoy equal access to essential resources. Beyond the immediate academic journey, the benefits extend to graduates' post-education endeavors, ensuring their preparedness for future pursuits. In essence, these services collectively forge an environment wherein every student can thrive, culminating in a generation of empowered graduates poised to make meaningful contributions to society.

- **Support equity in higher education admissions:**

Considering the recent prohibition on affirmative action, the state can seize the opportunity to convey a resolute message by discontinuing practices that undermine fairness in admissions, specifically, legacy admissions and early decision policies. Research consistently highlights the detrimental impact of legacy admissions on equity within higher education. These preferences, affording admission advantages to candidates with familial ties to the institution, perpetuate advantages across generations and accentuate socioeconomic and racial disparities. Simultaneously, early decision plans, mandating students to commit to an institution before evaluating financial aid options, creates an imbalance that disadvantages low-income and first-generation students who heavily rely on financial aid packages to make well-informed college decisions. Studies reveal that early decision policies predominantly favor students from privileged backgrounds, who possess greater financial resources and may not be as dependent on extensive financial aid support. Thus, the state's initiative to discontinue these practices can underscore its dedication to fostering an equitable educational landscape.

- **Engage community organizations and high schools:**

As the state strengthens its commitment to providing affordable and debt-free paths to higher education degrees, it should simultaneously establish targeted outreach initiatives, partnering with diverse community groups to engage underrepresented minority and economically disadvantaged students. In addition, augmenting financial support for counseling services within high schools is imperative. This will guarantee that students are exposed to information about the novel affordability initiatives from an early stage, cultivating a college-bound mindset, spurring enthusiasm for attendance, and fostering strong academic performance.

In conclusion, the Hildreth Institute remains committed to supporting the state's efforts to ensure that higher education remains a ladder to success for all. We are here as a resource and look forward to collaborating with this committee, and other stakeholders.

Thank you for your attention, and we are ready to assist in any way possible.
Best regards,

Bahar Akman Imboden

