

MASSGRANT PLUS EXPANSION

Massachusetts significantly elevated its commitment to higher education in its FY24 budget by leveraging the revenue from the new fair share surtax. The budget not only maintains state scholarships funding at \$175.65 million but also injects an extra \$147 million into various student aid programs. This includes \$84 million for expanding need-based grants, \$20 million for Mass Reconnect, \$25 million for the High Demand Targeted Scholarship program, and \$18 million for a free community college program for nursing students.

The state recently outlined how it will allocate the \$84 million grant expansion. Of this, \$62 million will boost the MASSGrant Plus Expansion Program, while the rest will support in-state tuition and financial aid for undocumented high school graduates in Massachusetts.

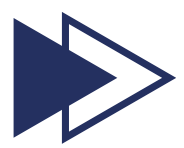
This investment signifies a major leap forward, building upon the legislative strides made in FY 2022 and 2023. It not only reinforces the past achievements but also demonstrates a continued commitment to enhancing the affordability of higher education.

This guide is designed with two primary objectives:

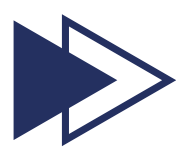
First, to clearly outline for stakeholders the operational mechanics of the Mass Grant Plus Expansion program, detailing the intended recipients of the new grant funds.

Second, to conduct an analysis of the program's structure, evaluating its overall impact and identifying potential complexities. These insights will be instrumental in guiding enhancements and optimizations for future program iterations.

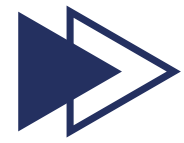
Main Takeaways:



MASSGrant Plus Expansion program marks a significant move towards equality in public higher education: it ensures that all Pell-eligible students have access to tuition-free degrees on a last-dollar basis, that is: by covering their respective remaining gap to tuition, fees, and essential materials.



Under this approach that emphasizes equality over equity, students with highest financial needs might not benefit from additional grants. This is especially true in community colleges, where the original MASSGrant program was already in place to provide them a last-dollar grant.



This expansion program includes middle-income students whose annual adjusted income is between \$70,000 and \$100,000 who previously were not eligible for the original MASSGrant Plus.

Recommendations:

Given the last-dollar design, it is essential to focus on developing straightforward and accessible information to increase transparency. Students may mistakenly assume that their entire costs for tuition, fees, books, and supplies are covered, expecting their current financial aid to still cover their additional expenses such as transportation, room, and board. This highlights the need for clear communication about the program's specifics.

With its significant new investment in financial aid, the state is well positioned to prioritize simplicity and effectiveness by consolidating its numerous programs, refining eligibility criteria, and adopting funding mechanisms that promote equity.

Therefore, in future developments, **the state has the opportunity to deepen its commitment to equity over equality**, by recognizing and addressing the varying levels of unmet financial need among low-income students. To advance in this direction, the state could consider several strategies:

- Adopting a first-dollar tuition-free model, which would allocate financial aid before applying other scholarships and grants, thereby leaving more funds available for indirect costs.
- Introducing a middle-dollar grant, designed to provide a stipend allowance to students whose direct costs are largely covered by existing aid but who still face substantial indirect expenses like living and transportation costs.
- Utilizing the new Student Aid Index, which is set to replace the Federally calculated Expected Family Contribution, as a more precise tool for identifying students with the highest financial need and directing new aid towards them.

These approaches would mark significant steps in ensuring that financial aid reaches those who need it most, aligning with a more equitable vision for higher education.

MASSGrant Plus Expansion Program Allocation Method:

The MASSGrant Plus Expansion program is a last-dollar, tuition-free grant designed to ensure that Pell-eligible students receive financial aid to cover any remaining direct costs that are not already covered by their existing financial aid. This program, unlike the original MASSGrant Plus, does not consider the federally calculated Expected Family Contribution (EFC), thereby including many Pell-eligible students from low-to-moderate income families who were previously excluded. Additionally, the expansion program includes a provision for those having an EFC below \$15,000.

If Student is Pell Eligible:

Direct costs are defined as tuition, fees, and a set allowance for books and supplies for Pell eligible students.

Tuition and fees

+

books and supplies*

-

all existing grant aid

=

MASSGrant Plus Expansion award

*Book and supplies allowance per year based on the number of credits:
12 credits or more \$1,200
9-11 credits \$900
6-8 credits \$600

It is important to clarify that the book and supply allowance is not a stipend that is provided to all Pell students regardless of their existing aid eligibility. That is, it is part of the last-dollar calculation. If students' existing aid is sufficient to cover those costs as well, they will not receive an additional grant. For a more in-depth analysis, please refer to the discussion section.

If Student is not eligible for Pell but has an Expected Family Contribution (EFC) below \$15,000*:

Direct Costs for students not eligible for Pell but with an EFC below \$15,000 are limited to tuition and fees, and do not encompass allowances for books and supplies.

Students who are not Pell-eligible but have a Federally calculated EFC below \$15,000 have 50 percent of the remaining direct costs covered after accounting for any existing aid.

Tuition and fees

-

all existing grant aid

=

Unmet Need

÷ 2

=

MASSGrant Plus Expansion award

*This amount is typical for a family of four with less than \$100,000 in annual adjusted income.

Maximizing the Utilization of Existing Financial Student Aid

Since the MASSGrant Plus Expansion program operates as a last-dollar grant, key elements of the program are designed to ensure that students maximize their existing financial aid before receiving this new grant:

- **Student Requirements:** Must submit the Free Application for Federal Student Aid (FAFSA) and renew annually. This requirement is to secure students' eligibility for the Pell Grant and other available financial aids. Students, such as undocumented students, who are unable to complete a FAFSA due to their immigration status be given the state alternative financial application and must have an EFC that falls within the eligibility range for Pell, as calculated based on the state alternative form. (Refer to appendix for other student requirements).
- **Institutional Obligations:** Participating institutions must provide data to the Department of Higher Education upon request to demonstrate their sustained commitment to not reducing the level of institutional aid provided to students who are eligible for the MASSGrant Plus Expansion Program.
- **Interaction with other last-dollar program:** Community college students who are 25 years or more are excluded from this program, as these students will instead benefit from the new MASS Reconnect program, a parallel last-dollar, tuition-free initiative specifically tailored for this student demographic. Similarly, those pursuing a Nursing degree will instead benefit from another parallel last-dollar tuition-free program dedicated to nursing programs.

The upcoming section of this explainer examines the MASSGrant Plus Expansion program's impact on students at community colleges and State University, utilizing FY22 data from the Massachusetts Higher Education Department. This explainer does not include the University of Massachusetts campuses, due to the unavailability of data.

It is important to note that both maximum Pell grant awards and state financial aid funding have risen markedly since 2022. As a result, when MASSGrant Plus Expansion is implemented in FY24, students will have access to increased existing aid. This will likely further reduce their eligibility to this last-dollar grant and the amount of grant they will receive.

Who will see their state financial aid increase at Community Colleges?

The scenario below illustrates how the new grant program will benefit students at community colleges using Berkshire Community College as an example:

- **Tuition and fees** = \$4,045
- **Books and supplies** = \$1,560 (max allowance of \$1,200)
- **Indirect costs (transportation, meals, housing, health and personal care)** = \$15,061
- **Total cost of attendance** = \$20,305*

*Totals may differ slightly due to rounding.

EFC = 0
Maximum Pell
Eligible

They will not receive new grant money from the expansion since their existing grant (Pell + other grants = \$7,299) already exceeds their direct costs (tuition and fees \$4,045 + books and supplies \$1,200 = \$5,245). They will have left-over financial aid (\$2,054) to pay for part of their indirect costs, but they will face an unmet financial need of \$13,007, for which they will have to take out student loans or work additional hours. In this case, if the book and supplies allowance was allocated as a middle-dollar design, these students would benefit from an additional \$1,200 stipend.

EFC: > 0 to ½ Pell

They will not receive new grant money from the expansion since their existing aid already covers and exceed their direct costs. After they exhaust their remaining financial aid (\$1,878) and pay for their EFC (\$1,019), these students will still need to work in excess or borrow student loans to cover an unmet financial need of \$12,164.

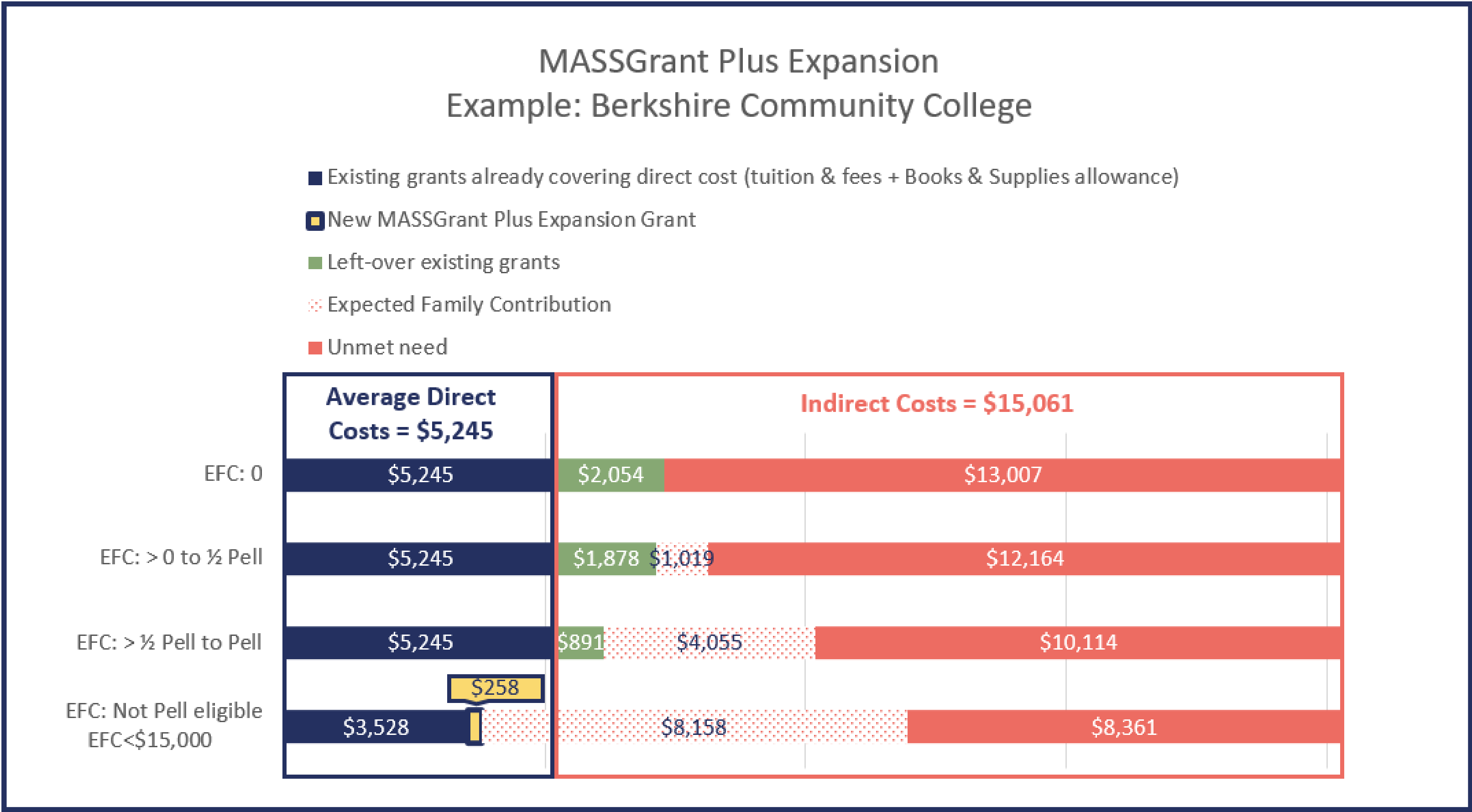
EFC: > ½ Pell to Pell

They will not receive new grant money from the expansion since their existing aid already covers and exceed their direct costs. After they exhaust their remaining financial aid (\$891) and pay for their EFC (\$4,055), these students will still need to work in excess or borrow student loans to cover an unmet financial need of \$10,114.

Not Pell eligible
with EFC below
\$15,000

They will get a grant of \$258, but this will not provide them tuition-free college, as the program expects that their EFC cover half of the remaining gap. After paying \$8,158 EFC out of pocket, they will still experience an unmet financial need of \$8,361

Below is a graph illustration of the new grant disbursement explained above students attending Berkshire Community College.



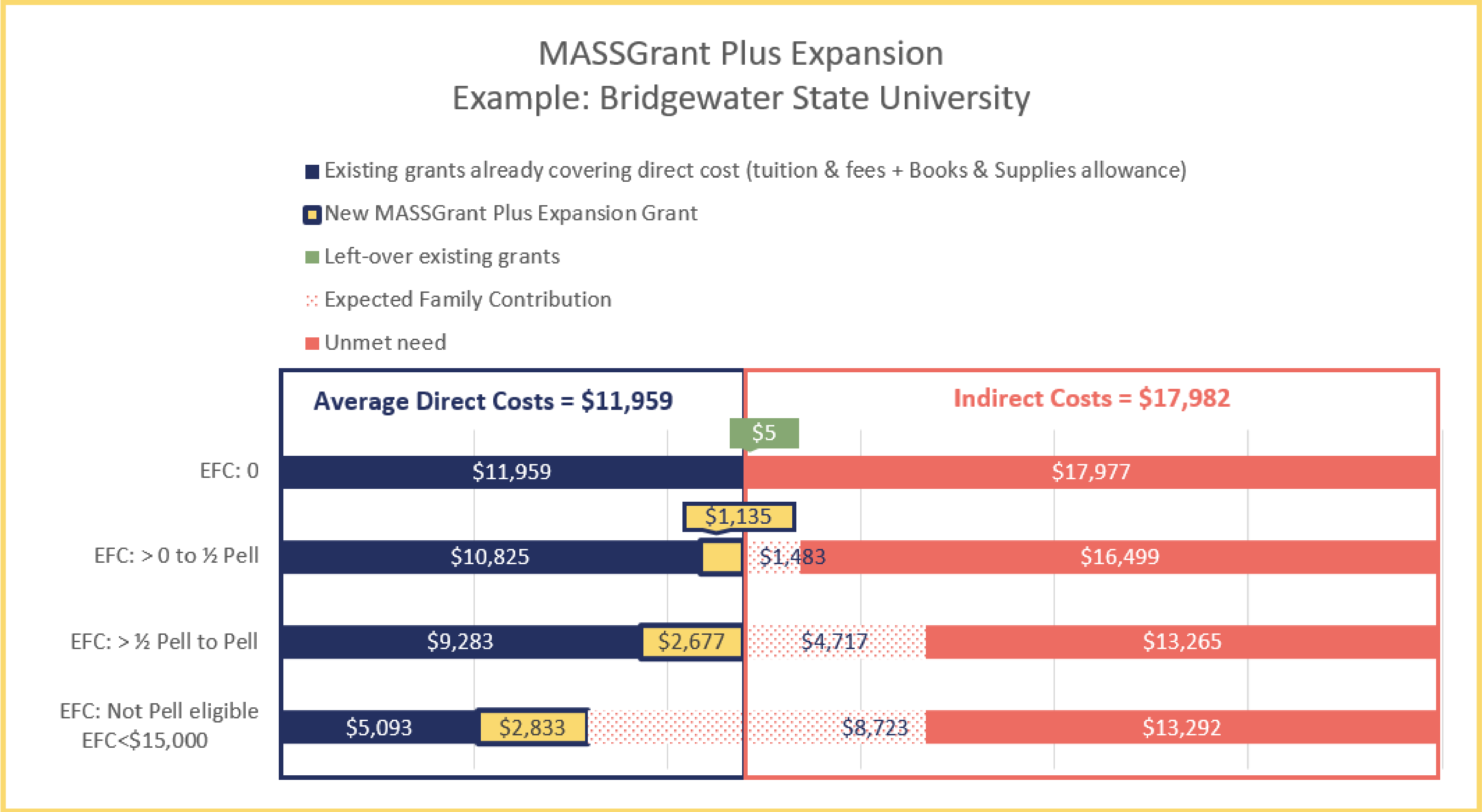
Source: FY22 data obtained by the MA Department of Higher Education. Totals may differ slightly due to rounding.
Note: For Not Pell eligible students, the direct costs do not include the books and supplies, it includes only tuition and fees.

Who will see their state financial aid increase at State Universities?

The scenario below illustrates how the new grant program will benefit students at State Universities using Bridgewater State University as an example:

- **Tuition and fees** = \$10,759
- **Books and supplies** = \$1,200 allowance
- **Indirect costs (transportation, meals, housing, health and personal care)** = \$17,982
- **Total Cost of Attendance** = \$29,941

EFC = 0 Maximum Pell Eligible	They will not receive new grant money from the expansion since their existing aid (\$11,965) exceeds their direct costs. These students were already benefiting from the original MASSGrant Plus. They will have a small left-over financial aid (\$5) and will face an unmet financial need to \$17,977, for which they will have to take out student loans or work additional hours.
EFC: > 0 to ½ Pell	They will receive a new \$1,135 grant from the expansion to cover their direct costs. Their higher EFC (\$1,483) was preventing them from taking advantage of the original MASSGrant Plus program. After they pay their EFC. these students will need to work in excess and/or borrow student loans to cover an unmet financial need of \$16,499.
EFC: > ½ Pell to Pell	They will receive a new \$2,677 grant from the expansion to cover their direct costs. These students' higher EFC (\$4,717) was also preventing them from taking advantage of the original MASSGrant Plus program. After they pay their EFC. these students will need to work in excess and/or borrow student loans to cover an unmet financial need of \$13,265
Not Pell eligible with EFC below \$15,000	They will get a new grant of \$2,833 but this will not provide them tuition-free college, as the program expects that their EFC cover half the gap to direct costs. These students will still experience an unmet financial need of \$13,292, for which they will need to work in excess and/or borrow student loans.



Source: FY22 data obtained by the MA Department of Higher Education. Totals may differ slightly due to rounding.
Note: For Not Pell eligible students, the direct costs do not include the books and supplies, it includes only tuition and fees.

DISCUSSION

The student financial aid investment in the FY24 budget by the State of Massachusetts represents a great stride in enhancing affordability in higher education for students at public colleges and universities. By covering the remaining gap to tuition, fees, and essential materials, the initiative ensures that low-income students, whether enrolled in a two-year or four-year institution, have access to tuition-free college.

This program marks a significant move towards **equality**, as it is design to provide uniform support to all students whose Adjusted Gross Income (AGI) is below \$70,000. It takes steps towards equity by introducing a progressive grant system, recognizing that moderate-income students also face financial hurdles. This mitigates the exclusion of students who are slightly above the eligibility threshold.

However, **there is an opportunity for the state to deepen its commitment to equity over equality** by recognizing and addressing the varying levels of unmet financial need within the low-income student population. This shift is crucial for ensuring a truly fair chance of success for every student, irrespective of their financial background.

As the analysis above shows, a critical aspect of this inequity is the disparity in needs among students with an AGI below \$100,000. That is, the difference in financial needs between students earning \$10,000 and those closer to \$100,000 is substantial. However, **under the current last-dollar grant structure, the distribution of aid is regressive. Lower-income students receive none or minimal additional aid from this expansion as their direct costs are generally covered by existing grants.** Conversely, those near the \$100,000 threshold benefit from a considerable increase in aid. This situation highlights the need for a more equitable aid approach that balances support across the spectrum of financial need.

Community college students, in particular, face a unique set of challenges. These institutions often attract a more vulnerable student population, including many low-income adult students with families. Despite the relatively lower tuition and fees, these students frequently have high financial needs due to their life circumstances. However, the recent grant expansion offers limited benefits to these students, as it provides minimal additional aid to the community college student body. Therefore, the concern is that the lack of financial support will continue to make it difficult for these students to juggle education and full-time work, hindering their prospects of completion and of leveraging their degrees to enhance their earning potential.

Considerations and recommendations for an equity-focused affordability initiative:

For a significant number of low-income students, especially those at community colleges, existing federal and state aid already covers their direct educational costs. Yet, extensive research highlights that the lack of support for indirect costs is a major barrier to degree completion and a key reason why many lower-income students opt out of pursuing higher education credentials. Addressing this gap and extending financial support to encompass these indirect costs, particularly for those with the greatest financial need, is essential for creating a more equitable higher education landscape and encouraging broader participation.

A bold and effective strategy to enhance access and success, particularly for community colleges, would be to expand on the tuition-free promise by implementing a “first-dollar tuition-free” grant program. This would offer grants equivalent to the full amount of tuition and fees, irrespective of a student's eligibility for existing grants and scholarships. Such a design fundamentally alters the financial landscape for students: it eliminates the burden of direct costs, allowing students to utilize their existing grants and scholarships to address expenses beyond tuition and fees. By directly alleviating tuition costs upfront, the program would make higher education more accessible and financially manageable for a broader range of students, especially those from lower-income backgrounds.

Another solution is the introduction of a 'middle dollar grant'. This allocation method is similar to a last-dollar scholarship, but it also provides a fixed minimum grant so that students whose tuition is already (or partially) covered with existing grants can also get some assistance. This remedies the regressive nature of a last-dollar design, as students from lower income households would receive some grant money to cover costs beyond tuition. The larger the minimum grant amount, the less regressive the program.

Alternatively or in addition, Massachusetts could target aid where it is most needed by utilizing the upcoming Student Aid Index (SAI), which is set to replace the Expected Family Contribution (EFC). The SAI's ability to account for negative values up to -\$1,500 offers a more nuanced perspective for assessing financial needs. The state could, therefore, allocate larger middle grant awards to students with negative SAIs and establish a progressive grant structure indexed to the SAI.

Finally, the increased financial aid funding offers the state an opportunity to consolidate, streamline, and simplify its student financial aid into a more easily understandable program. The FY24 budget introduced three new programs—MASSGrant Plus Expansion, MASSReconnect, and Tuition-Free Nursing—which added to the complexity of the system by overlapping with the existing 40 small grants, scholarships, and tuition waivers. Simplifying the eligibility requirements and clearly communicating to students the predictable financial aid they can access for public higher education would effectively convey the affordable path the state offers, boost enrollment, and make higher education more accessible, equitable, and transparent.

In conclusion, by pivoting from equality-focused to equity-focused simple financial aid policies, Massachusetts can more effectively meet the diverse needs of its student population. Such an approach not only acknowledges the varying challenges faced by students but also invests in their potential, ultimately contributing to a stronger, more educated community.

APPENDIX

Additional requirements for Pell eligible students:

- Massachusetts residents;
- Enrolled full-time or part-time basis (minimum of 6 credits, or the equivalent);
- Enrolled in an eligible public undergraduate program of study leading to a certificate, associate, or bachelor's degree;
- Must not have earned a prior associate or bachelor's degree, or the equivalent;
- Must complete the Free Application for Federal Student Aid (FAFSA) annually
- Must meet Satisfactory Academic Progress (SAP) according to institution's requirements and federal standards;

Additional requirements for Non-Pell eligible students:

- Same as above except must be enrolled full-time.

METHODOLOGY & LIMITATIONS:

This section delineates the methodology employed in generating the graphs for the explainer and discusses the inherent limitations of the analysis. The dataset utilized originated from the Massachusetts Higher Education Department and encompasses institution-level data for MASSGrant Plus recipients, segmented according to various Pell eligibility categories.

Methodology

1. Calculation of Average Direct Costs:

- We computed the average direct costs for Pell students. This was achieved by summing the average tuition and fees with the full book and supplies allowance of \$1,200. For not Pell eligible students, we only took average tuition and fees as direct costs, and did not include any book and supplies allowance, in accordance the guidelines of the programs.

2. Determination of Grant Eligibility:

- For each category of Pell-eligible students, we calculated the potential MASSGrant Plus Expansion Grant. This involved deducting the average of existing state, institutional, and federal grants from the computed average direct costs.
- In cases where the existing grants surpassed the direct costs, the category was allocated \$0 for the new grant. Any surplus aid was then applied towards indirect costs.
- For students not eligible for Pell Grants, the calculation process was adjusted to align with program stipulations. We subtracted the average existing state, institutional, and federal grants from the average tuition and fees, we then divided that figure by two, in accordance with program guidelines, to determine the MASSGrant Plus Expansion Grant amount for this group.

3. Computation of Unmet Need:

- We utilized the average Expected Family Contribution (EFC) provided by the Department of Higher Education (DHE) for each category. This EFC was subtracted from the remaining indirect costs to ascertain the unmet need.

Limitations

1. Dependence on Averages:

- Our analysis primarily relied on average figures. This approach could potentially obscure differences in grant allocations between part-time and full-time students, leading to a generalized overview rather than a detailed, segmented analysis.

2. Assumption of Uniform Allowance Access:

- The analysis presupposed that all students, irrespective of their enrollment status, had equal access to the full allowance of \$1,200. This assumption may have led to inflated grant amounts for part-time students.

3. Non-consideration of Variable Book and Supplies Costs:

- The methodology did not accommodate variations in book and supplies costs among different students. This omission could affect the accuracy of the calculated grant amounts, especially for those with unique or specific educational resource needs.

Conclusion

While this methodology provides a comprehensive overview of the allocation of the MASSGrant Plus to various student categories, the limitations outlined above must be considered when interpreting the results. The analysis aims to offer a generalized perspective rather than a detailed account of individual student scenarios.