

Figure 1: Present Day Value of 1988 MassGrant Appropriations Compared to Actual Annual Appropriation

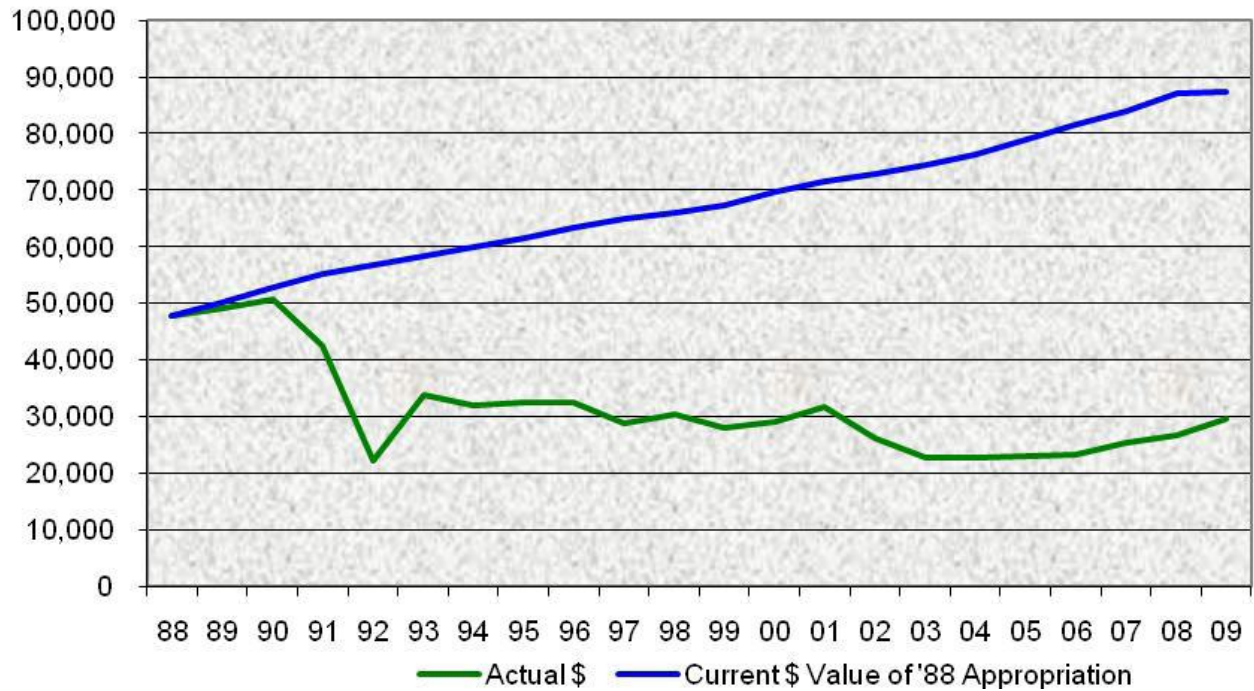
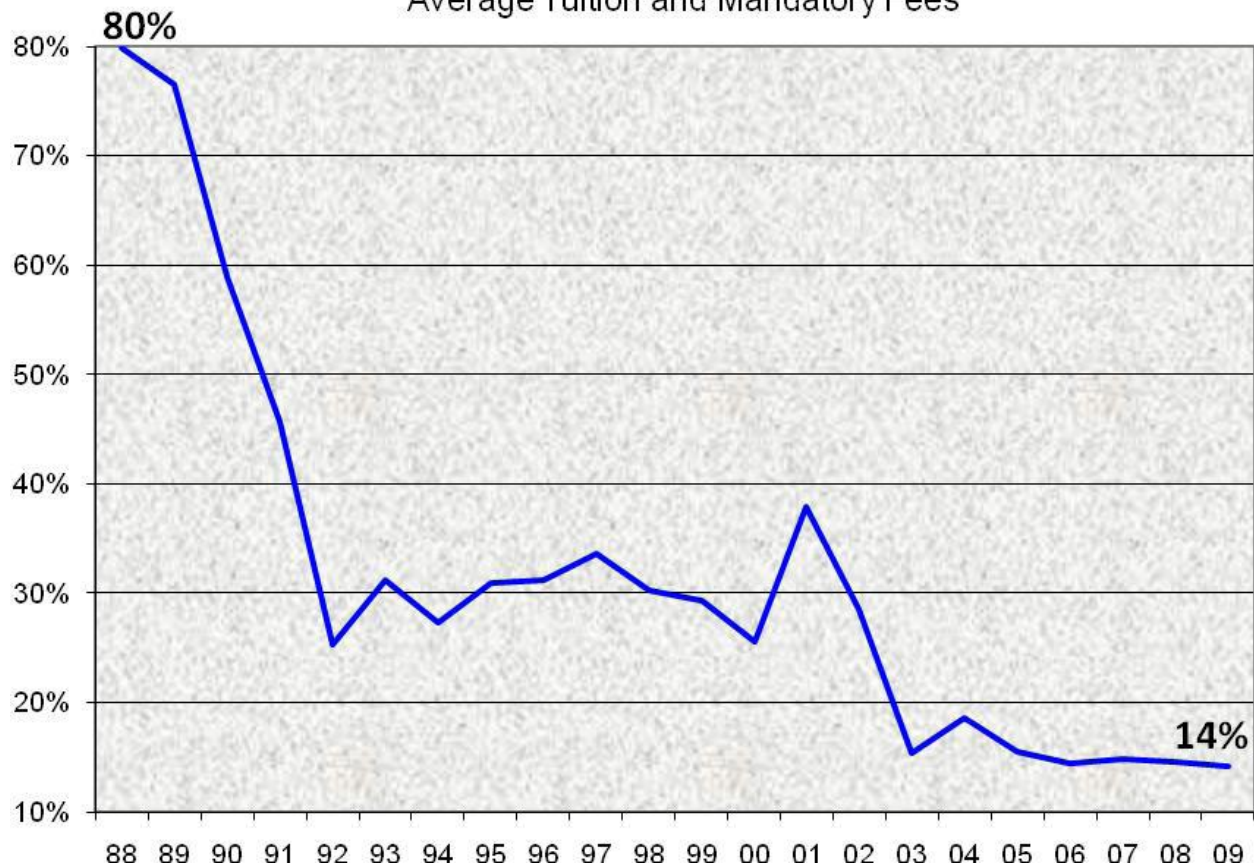


Figure 2: Average MassGrant Award as a Share of Average Tuition and Mandatory Fees



Summary

Like every other state, Massachusetts provides state-supported financial aid for resident students who enroll in college in Massachusetts. This aid supports attendance at both public and private institutions. Financial aid plays an essential role in making college affordable for many low- and moderate-income students and in enabling students to persist in college and complete degrees and certificates. It is our single most important program for assuring access and encouraging persistence. Despite the importance of financial aid, Massachusetts ranks only 35th among the states in grant aid provided per FTE student, even though the cost of attending our public campuses is comparatively high (15th) in relation to median family income.

Explanation

Several converging factors make the need to protect financial aid critically important. First, as state funding for financial aid has declined, the value of each dollar appropriated has also declined. The combination of these two phenomena has resulted in a major decrease in the value of state aid awarded to individual students. (See Figure 1.)

This longstanding problem is exacerbated during the recession by declining family incomes. In the current academic year, the DHE saw a 60 percent increase in the number of on-time applicants for MASSGrant, the state's primary, need-based grant, who had an Expected Family Contribution (EFC) of zero. This increase translates to an additional 20,000 students who became eligible for the highest levels of state aid this year, resulting in a significant reduction in the amount of aid provided to each of these students.

An additional problem results from the declining purchasing power of the MASSGrant as a result of rising student charges. Since 1988, the contribution of the average MASSGrant to covering the cost of tuition and fees at public institutions has declined from 80 percent to about 14 percent. (See Figure 2.)

This unmet financial need of students is significant and is almost certainly a deterrent to the pursuit of postsecondary education for some. In the 2007-08 academic year, the total unmet need for students in our public institutions who completed a FAFSA and were eligible to receive financial aid was approximately \$180 million. This takes into account all sources of aid including loans. Without substantial state aid, students with significant need are left with few other options besides relying on loans or suspending or slowing their progress toward degree completion. Clearly, the Commonwealth's ability to increase degree production is directly tied to students' ability to pay for their education.