

NASSGAP Conference | October 18 -21, 2016

MASSACHUSETTS: A Spending Approach



MASSACHUSETTS
Department of
Higher Education

What happens on the hill

- **Annual budget cycle**
- **Commissioner of Higher Education submits recommendations to Secretary of Education**
- **Secretary of Education makes any necessary revisions and submits final recommendations for the budget to the Governor `s office**
- **Fiscal year of July 1 – June 30**
- **No earmark in scholarship line item**
- **Financial aid usually spared in any mid year revisions to the budget**

An overview of financial aid funding

- **Massachusetts Office of Student Financial Assistance has responsibility for both centralized and decentralized programs**
- **Because of the absence of earmarking, the Department of Higher Education (DHE) in concert with OSFA has flexibility to establish certain priorities for scholarship account**
- **MASSGrant remains the Commonwealth's flagship program that serves the largest number of students**
- **MASSGrant awards are indexed in accordance with Pell EFC**

Recent funding of scholarship account

- **Scholarship account saw no increase in FY17**
- **Scholarship account also funds OSFA administrative costs**
- **A 3-year funding history for scholarship account is as follows:**

FY15 \$93,607,756

FY16 \$95,607,756

FY17 \$95,607,756

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A 3-year funding profile of programs from scholarship account

PROGRAM	FY2015	FY2016	FY2017
Community College Cash Grant	\$11,516,236	\$11,516,236	\$11,516,236
State University Cash Grant	\$7,917,241	\$7,917,240	\$7,917,240
University of MA Cash Grant	\$6,957,777	\$6,967,777	\$6,967,777
Gilbert Grant	\$16,100,807	\$16,500,100	\$16,250,000
Part-Time Grant	\$1,277,300	\$1,200,000	\$1,100,000
MASSGrant	\$41,555,411	\$43,300,000	\$45,000,000
Paraprofessional Grant	\$501,562	\$560,000	\$500,000
Early Childhood Educators Scholarship	\$2,836,703	\$3,200,000	\$3,100,000
One Family, Inc. Scholars Program	\$400,000	\$400,000	\$400,000
Herter Scholarship	\$1,170,186	\$1,200,000	\$1,200,000
Public Service Grant	\$20,000	\$20,000	\$20,000
Washington Center	\$154,000	\$154,000	\$154,000
CIGF Incentive Pilot	\$1,600,000	\$1,112,981	0

Other programs and funding

- 3 financial aid programs receive their own allocations away from the scholarship line item
- They are very targeted and tend to be strongly advocated in the Legislature

PROGRAMS	FY2015	FY2016	FY2017
Foster Child Grant	\$1,075,299	\$1,075,299	\$1,075,299
Foster and Adopted Fee Assistance	\$3,924,842	\$4,274,842	\$4,700,000
MA High Demand Scholarship	\$1,013,000	\$1,000,000	\$500,000

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Centralized programs

- **MASSGrant**
- **Paraprofessional Grant**
- **Early Childhood Educators Scholarship**
- **Herter Scholarship**
- **Public Service Grant**
- **CIGF Incentive Pilot (no longer funded)**
- **Foster Child Grant**
- **Foster and Adopted Fee Assistance**
- **Massachusetts High Demand Scholarship**

Decentralized programs

- **Community College Cash Grant**
- **State University Cash Grant**
- **University of Massachusetts Cash Grant**
- **Gilbert Grant**
- **Part-Time Grant**
- **One Family, Inc. Scholars Program**

Creating a packaging model for MASSGrant

- **Any student who files an appropriate year FAFSA as a MA resident automatically applies for a MASSGrant**
- **OSFA receives well over 350,000 unduplicated FAFSA records**
- **Any student who files the FAFSA on or before May 1 of each year is considered an on-time applicant**
- **The last 3-year (FY14, FY15, FY16) average of a MASSGrant award has been 754**

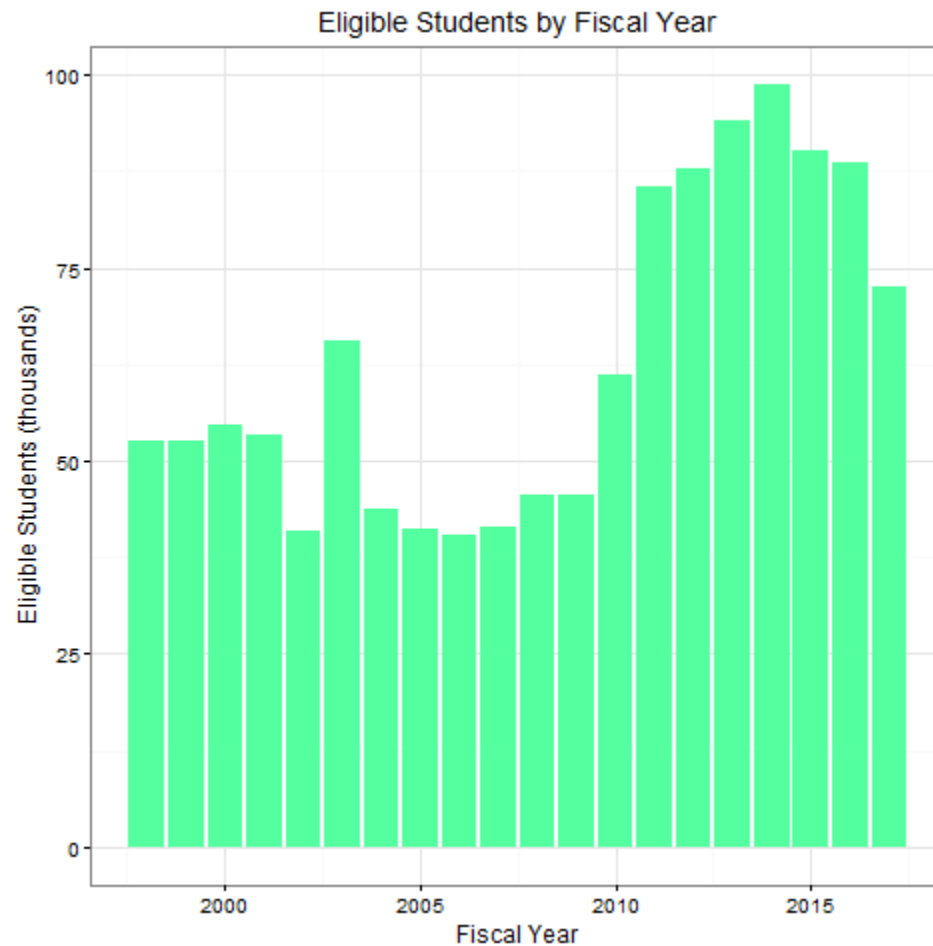
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Creating a packaging model for MASSGrant

Fiscal Year	Number of Applicants	% Showing Initial Eligibility
FY2004	255,381	17.10%
FY2005	263,160	15.64%
FY2006	270,154	14.96%
FY2007	279,097	14.86%
FY2008	286,523	15.90%
FY2009	314,874	14.46%
FY2010	354,186	17.23%
FY2011	377,421	22.66%
FY2012	397,736	22.07%
FY2013	403,050	23.35%
FY2014	398,860	24.77%
FY2015	391,734	23.03%
FY2016	380,937	23.26%

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An 18-year tracking of MASSGrant eligible students from applicant pool



What's behind the MASSGrant model?

- **3 main variables of the MASSGrant model are:**
 - **Dependency status (dependent vs. independent)**
 - **Type of school student attends**
 - **Expenditures by term (fall and spring)**

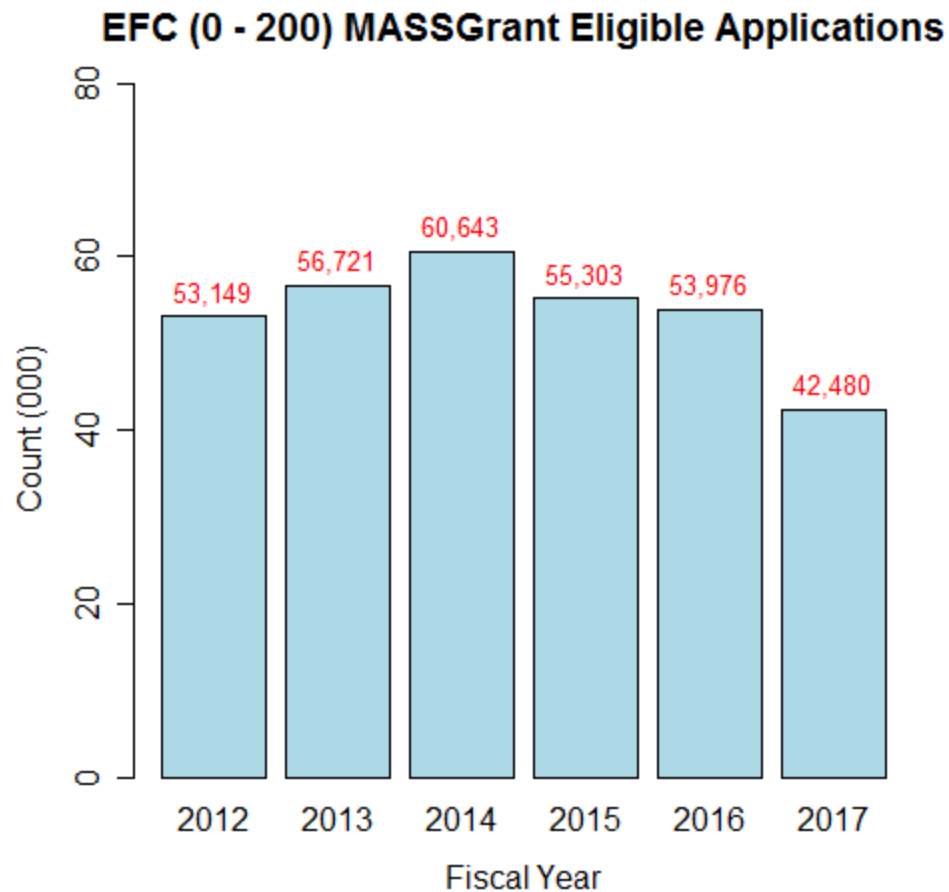
Creating a packaging model for MASSGrant

- Each year a yield is calculated and tracked for each of the 3 variables
- In calculating the new year yield, we assign a weighted average to each of the last 3 years for each of the 3 variables as follows:
 - Current year = 50%
 - Last year = 30%
 - Year before last = 20%
- The average of those years' yields for each variable becomes the calculated yield for the new year

Creating a packaging model for MASSGrant

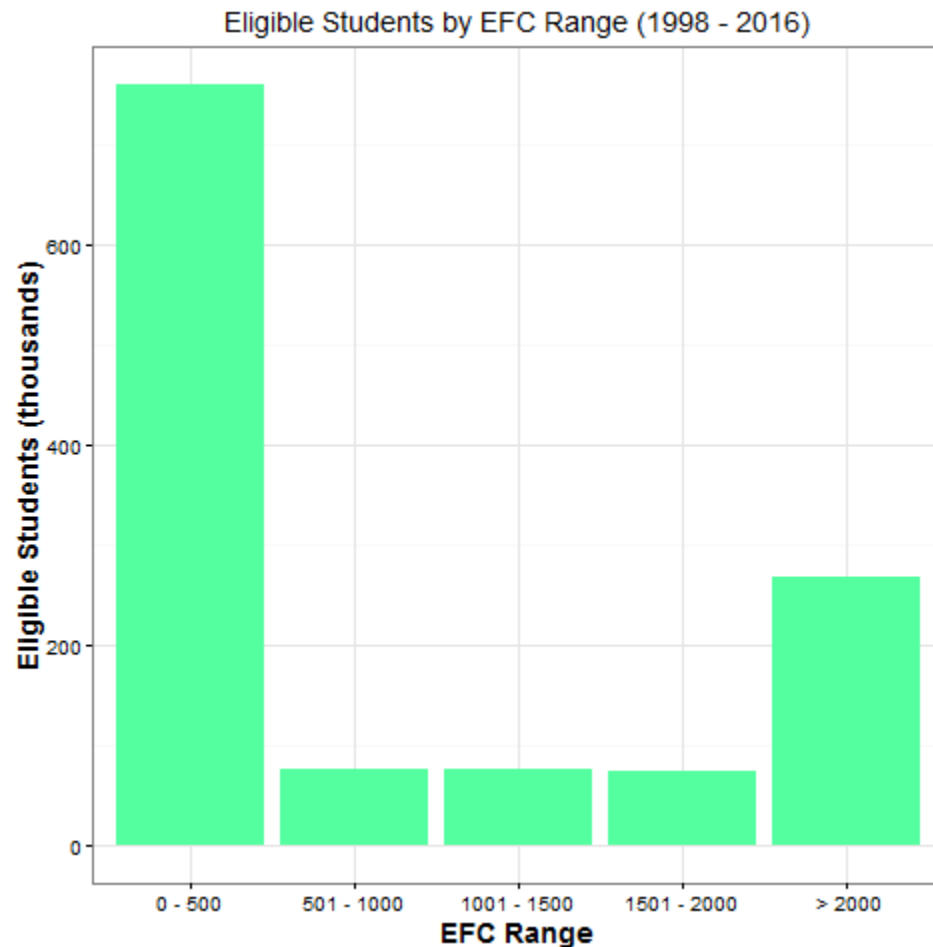
- **The new academic year yield is calculated once we are beyond our May 1 FAFSA deadline**
- **Average number of students showing initial eligibility for the MASSGrant has been around 92,000 in the past 5 years**
- **Average number of disbursed MASSGrant awards has been 54,827 in the last 5 years**
- **Over 50% of applicants in the eligible pool typically show EFC between 0-200**

Creating a packaging model for MASSGrant



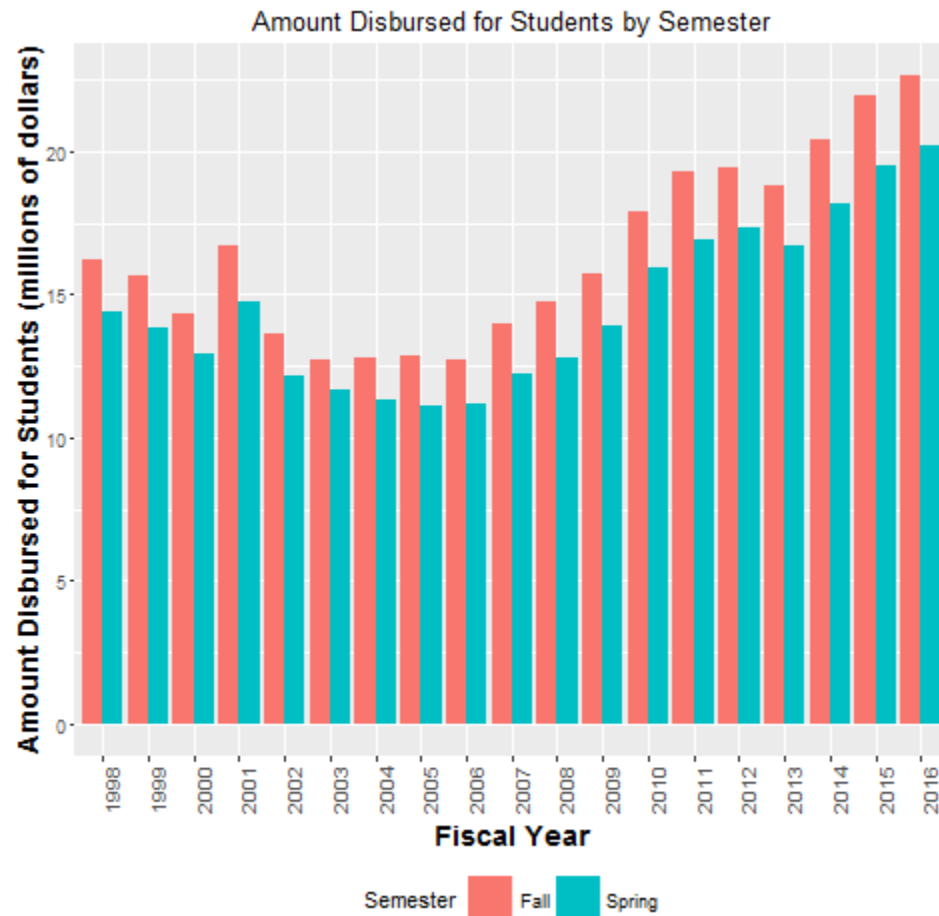
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A 19-year history of highest need students in MASSGrant



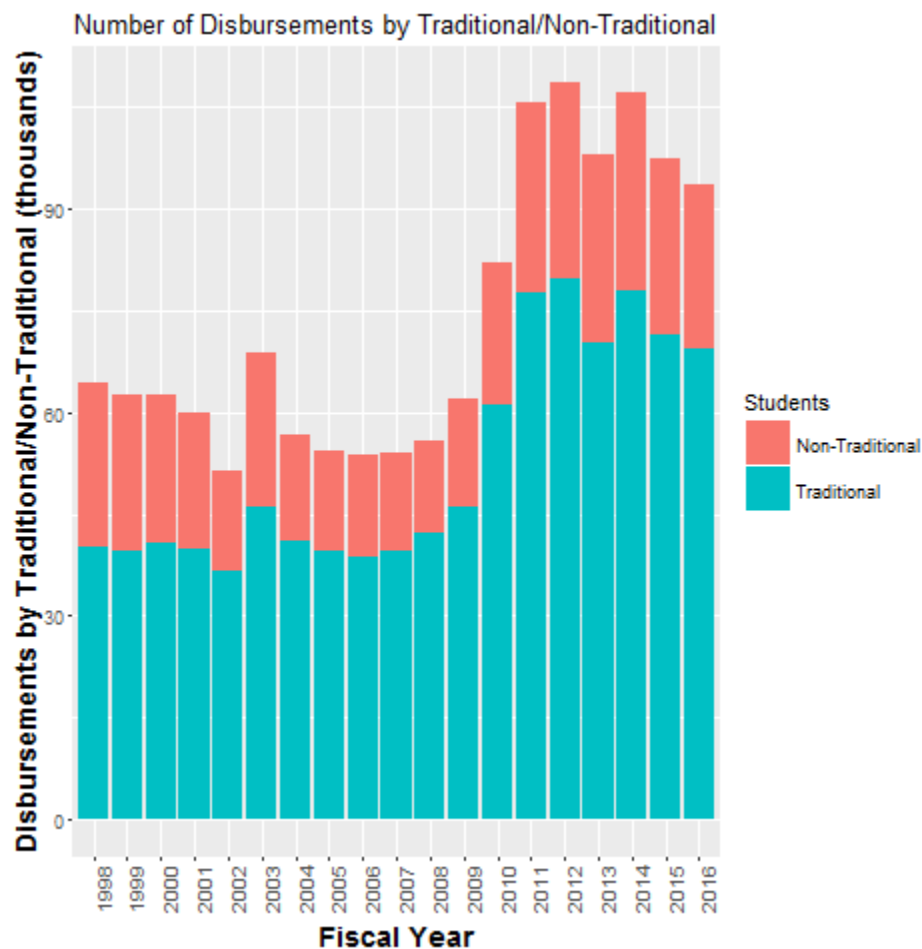
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A 19-year tracking of disbursements by academic term



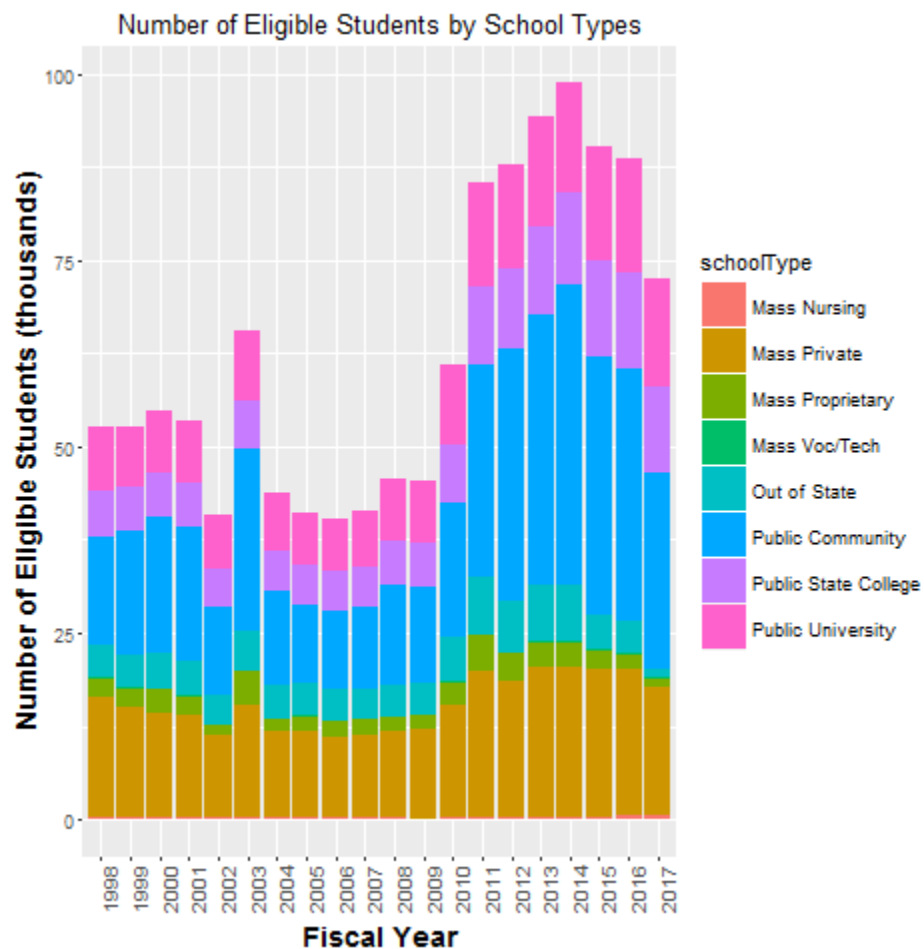
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A 19-year tracking of disbursements by dependency status



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A 19-year history of MASSGrant disbursements by school type



Cash Grant Program

- **Geared to Massachusetts public institutions**
- **Usually partnered with the state Tuition Waiver program and some Title IV programs to meet direct costs on public campuses**
- **Institutions tend to prioritize funding to full-time enrolled students**
- **Institutions report data about the program to OSFA at the end of each award year.**

Allocating Cash Grant Program

- **Formula looks at a 3-year rolling average of weighted enrollment and financial aid need**
 - **Annual undergraduate enrollment (FTE)**
Weight = 10%
 - **Number of students eligible for Federal Pell Grant**
Weight = 65%
 - **Number of students representative of families with MA median income (Pell to 10,000 EFC)**
Weight = 25%
- **3-year average data provides moderation of any impact created by spikes in campus data, allowing for more distribution of funds**

Gilbert Matching Grant Program

- Geared to MA private/independent institutions and schools of nursing
- Provides support for higher cost institutions
- Formula requires institutions to match state dollars from the program
- Schools annually report award data from their institutional scholarships and grants to OSFA

Allocating Gilbert Matching Grant Program

- **Allocation formula based on 3-year average of annual need-based institutional aid awarded to MA resident students**
- **Scholarship aid is permitted, only if awarded to meet need**
- **Percentage of Gilbert Grant funds awarded to an institution is based on the percentage of its 3-year average commitment of institutional aid**
- **Allocation that any single institution receives from the Gilbert Grant program is capped at 10%**

Allocating Part-Time Grant Program

- **Allocation formula looks at a 3-year rolling average of an institution annual Pell Grant expenditures for part-time students (11 credits or less)**
- **Formula allows the state to direct funds to institutions enrolling largest share of part-time students who also are Pell eligible**
- **Institutions with very minimal Pell expenditures tend to not receive funding under the program**
- **Public 2-year institutions tend to receive the bulk of the funding**

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