

Financial Aid for Equitable Outcomes

Assessing the Impact of MACC's Universal Tuition-Free Education Proposal in Massachusetts

EXECUTIVE SUMMARY

This report examines the Massachusetts Association of Community Colleges (MACC)'s universal tuition-free education proposal's potential impact on community college accessibility and affordability across various socioeconomic and racial demographics, with an emphasis on equity.

The MACC proposal aims to make community college as accessible as high school, promising a broad political appeal. It proposes a universal last-dollar grant to address the direct costs of education of all students (tuition, fees, books, and supplies) and, in addition, it provides modest stipend for living expenses for low-income students.

Main Takeaways

- The proposal's emphasis on direct education costs risks neglecting the significant barriers posed by indirect costs that disproportionately affect lower-income students.
- The living cost stipend provided in the proposal does not sufficiently address the comprehensive financial needs of low-income students, who face notable challenges in completing their college education.
- Analysis indicates a regressive grant allocation pattern that preferentially benefits higher-income and predominantly White students, with students of color receiving significantly less support.
 - For each dollar granted to a student of color, a White student receives \$1.50.
 - A similar disparity is observed in the distribution of the highest tuition-free grants, averaging \$8,100. Although White students make up only 42% of the community college student population, they receive 70% of these grants.

Recommendations

- **Comprehensive Financial Aid:** Develop a financial aid strategy that covers both direct educational expenses and living costs, ensuring students receive full support throughout their academic journey.
- **Targeted Support:** Enhance the program's equity by supplementing the universal approach with significant stipends allocated on a sliding scale, prioritizing the most economically disadvantaged students to ensure that those in greatest need receive the most support.
- **Simplicity of Program:** Ensure the design remains straightforward and predictable for students. A recommended approach is to anchor the sliding scale of the stipend aid to Pell Grant eligibility, aiming to double the Pell grant amount for eligible students over time.
- **Holistic Strategy Across All Sectors:** Extend this financial support across all sectors of public higher education in Massachusetts, allowing students to pursue their educational and professional aspirations without being hindered by financial barriers.
- **Enhance Student and Instructional Support:** Strive for an equitable higher education system that guarantees all students, regardless of background, have equal opportunities for quality higher education degrees.

For Massachusetts to establish a genuinely equitable higher education system, the MACC proposal, while a step forward in improving accessibility, can be reevaluated and enhanced to ensure it adequately addresses the needs of all students, particularly those from lower-income backgrounds and students of color.

FULL BRIEF

This brief assesses how the Massachusetts Association of Community Colleges (MAACC)'s proposal for universal tuition-free education would affect community college accessibility and affordability across various socioeconomic and racial groups, emphasizing the commitment to equity.

The plan proposes a universal approach, celebrated for its inclusiveness and broad political appeal. It champions the idea that community college, akin to high school, should be accessible and free of (direct) charge to all Massachusetts students. Additionally, it introduces a modest living cost stipend for low-income students, as determined by Federal Pell eligibility, recognizing that expenses beyond tuition, fees, books, and supplies can pose significant financial barriers to both enrollment and completion.

The proposal also puts forth critical recommendations to enhance student services and to ensure that institutional capacities are equipped to handle the expected increase in enrollment. This includes considerations for faculty compensation, facility improvements, and the expansion of instructional and academic support staff.

We argue that the proposed tuition-free community college initiative disproportionately benefits students from moderate to middle-income backgrounds. While these students do encounter financial challenges, they typically navigate these obstacles more effectively, thereby increasing their likelihood of persisting and graduating. In stark contrast, the support extended to lower-income students is significantly inadequate, failing to meet the complex financial challenges they face. For this demographic, the barriers to college persistence and completion are notably more severe and varied. Therefore, the proposed initiative's narrow focus on direct cost and modest additional stipend fails to address the full spectrum of needs, resulting in a substantial support gap for those most in need.

Given the limited funding available for affordability initiatives, it is critical to prioritize the allocation of resources towards addressing the most urgent financial needs, particularly those of low-income students. This prioritization is essential not only for enhancing accessibility but also for ensuring the structural support necessary for completion. Such an approach may require a reassessment of how funds are distributed, aiming to more directly tackle the wide-ranging needs of the most economically disadvantaged students, and thereby promoting a more equitable and effective allocation of financial aid resources.

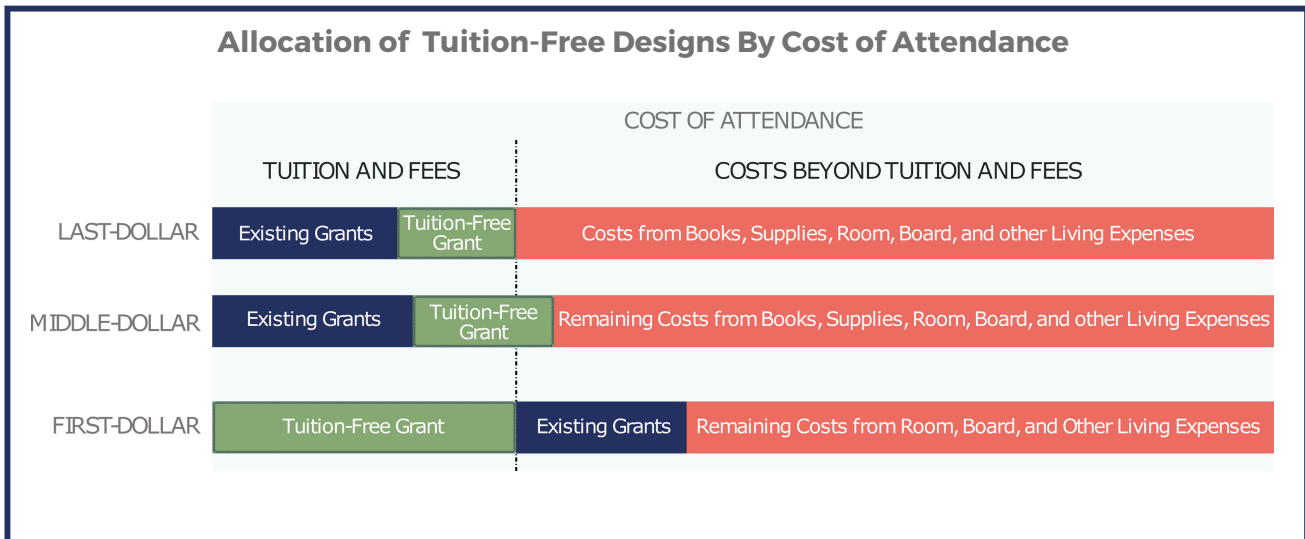
Lastly, it's important to recognize that this proposal has been developed alongside the launch of significant new affordability initiatives in FY24. This brings to the fore a critical question: How will this proposal complement the financial aid expansions introduced in FY24 and for which segment of the student populations? Understanding the interactions between these initiatives is key to a comprehensive evaluation of the overall impact on Massachusetts' higher education landscape. This will ensure that any additional affordability initiative effectively supports the state's educational objectives and adequately addresses the needs of its diverse student population.

Background

There are three main award calculation methods used by tuition-free programs, last-dollar, middle-dollar, and first-dollar, as explained below.

Tuition-Free Program Design		
	Award Allocation Methods for 'Tuition-Free' Programs	Calculation
Last-dollar Scholarships	provide a grant equal to the amount remaining after existing grants and scholarships are subtracted from tuition*	$Tuition - Existing Aid = Grant Amount$
Middle-dollar Scholarships	operate like last-dollar scholarships, but they also provide a fixed grant for those whose tuition is already covered with existing grant and scholarship money.	$Tuition - Existing Aid = Grant Amount$ If $Tuition - Existing Aid = 0$, then a fixed grant amount to be used for costs beyond tuition
First-dollar Scholarships	provide a grant equal to the amount of the full tuition, regardless of the availability of existing grants and scholarships.	$Tuition = Grant Amount$

*Some programs also include tuition, fees, and some book allowances in what is covered by the tuition-free grant



*This is a visual representation and is not to scale

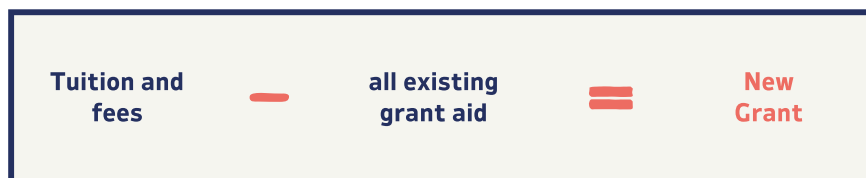
»» For additional details on design considerations, please refer [here](#) and [here](#).

MACC Proposal Details

All Massachusetts residents attending public community college, inclusive of undocumented high school completers, are eligible, specifics include:

If Student is Pell Eligible:

They receive a middle-dollar grant of minimum \$2,000, plus a \$1,500 allowance for books and supplies. However, as shown below, students already benefit from a \$1,200 allowance for book and supplies, therefore they would only receive \$300 in additional aid.



BUT if the new grant is less than \$2k, students receive the remainder in stipend towards living costs. Additionally, students are eligible for a books and supplies allowance up to \$300, provided these costs are not already covered by existing aid.

If Student is Non Pell Eligible:

They receive a last-dollar grant plus a \$1,500 allowance for books and supplies.



Additionally, students are eligible for a books and supplies allowance up to \$1,500.

In the analysis below, we investigate the interplay between the proposal and the recently introduced MASSGrant Plus Expansion and MASSReconnect to better understand who gains from the proposed tuition-free program. This is particularly relevant for lower-income students with Expected Family Contributions (EFC) below \$15,000, as the new aid from this proposal seems to overlap with the support already available to them.

Assessing the Proposal by Income Bracket

Pell-eligible
students
receive
\$2,300 in
new grant

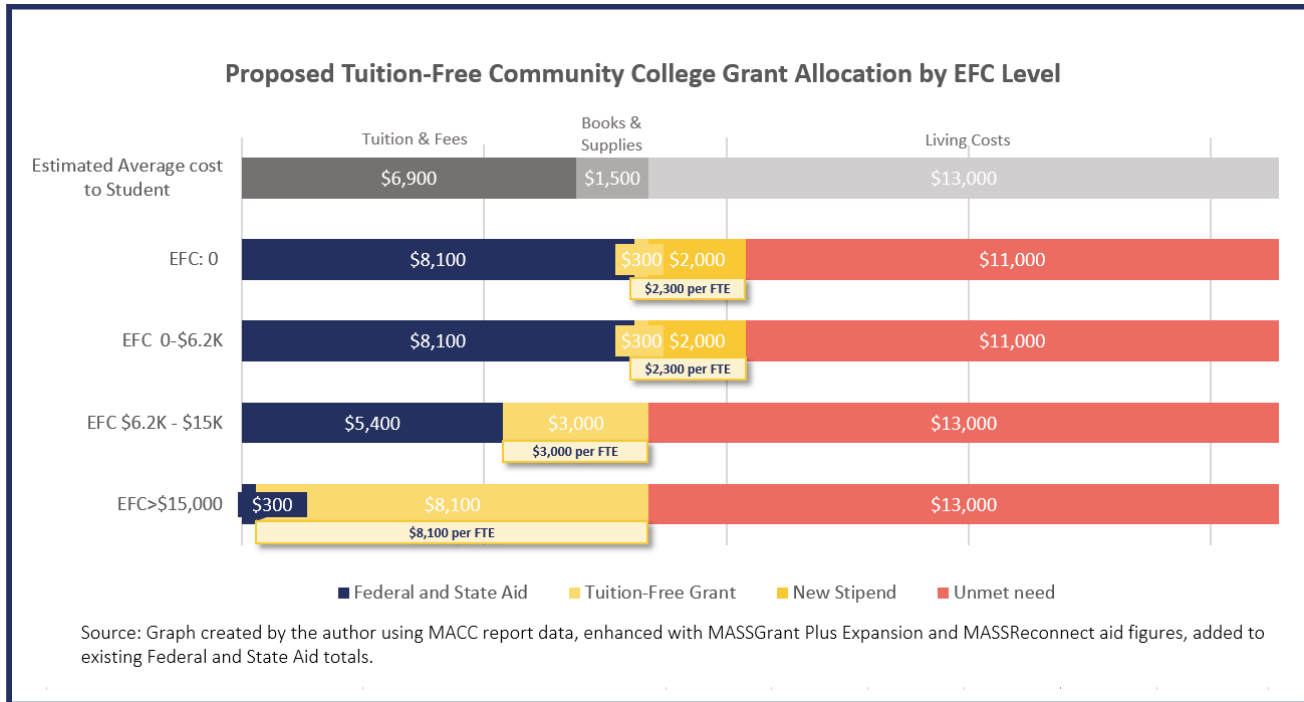
Students who are in the lowest income bracket with EFC ranging from \$0 to \$6,200 (as indicated in the first two categories of the chart below), benefit from the MASSGrant Plus Expansion (or from the MASSReconnect, if they are above 25 years old) which covers the gap between their existing aid and their tuition and fees, plus a \$1,200 allowance for books and supplies. Therefore, the proposed initiative would bring them an additional \$300 to fully cover their books and supplies, plus a middle-dollar stipend of \$2,000, since their existing aid already covers their tuition and fees. **This brings the total additional support from this program to an average of \$2,300 for these students.**

Non Pell-
eligible
moderate-
income
students
receive \$3,000

Non-Pell eligible students whose EFC are under \$15,000 have The 50 percent of their remaining direct costs covered by the MASSGrant Plus Expansion. Consequently, the proposal would cover the remaining 50 percent of their direct costs, which amounts to an average of **\$3,000**.

Non Pell-
eligible higher-
income
students
receive \$8,100

Non-Pell eligible students with an EFC above \$15,000 are not eligible for the grants introduced in FY24. Thus, the proposal would offer them a new last-dollar grant, covering up to the total amount of their tuition, fees, books, and supplies, which on average amounts to **\$8,100**.



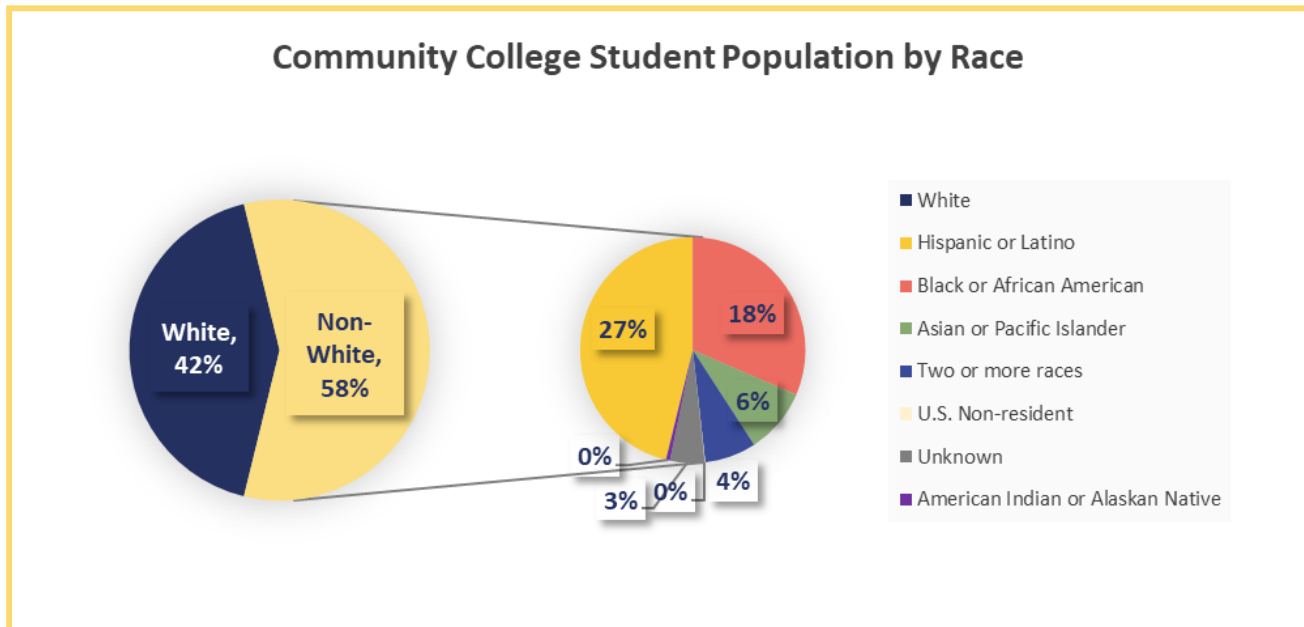
The introduction of a middle-dollar stipend and an increased allowance for books and supplies provides some support for the living expenses of the lowest-income students. However, we must critically assess the broader implications of this proposal’s design. Its focus on covering direct educational costs for students across all income brackets raises important questions about equity. **The universal approach, while commendable for its inclusivity, risks overlooking the unequal burden of indirect costs.** These expenses, such as housing, transportation, and healthcare, are significant barriers to both enrollment and completion, particularly for lower-income students.

A recent survey reaffirms this, revealing that many community college students who stop their education do so due to work obligations, underlining the financial hardships they face. Nearly half of these students have reported significant financial struggles, with a considerable number turning to public benefits, free food programs, and support from family and friends to manage their educational and living expenses.

This context highlights a key concern: the program, in its current form, may not effectively broaden access and affordability for the most financially challenged segments of the student population, who constitute a large portion of the community college demographic. Moreover, the allocation of a relatively modest middle-dollar stipend of \$2,000 falls short in addressing the regressive nature of the proposed funding structure. In the proposed model, the most economically disadvantaged students receive comparatively smaller grants, which are unlikely to meaningfully ease their financial burden or tackle the key obstacles to their enrollment and completion.

Assessing the Proposal through a Racial Equity Lens

Massachusetts' community college student population is notably diverse, with 58 percent identifying as non-white. The largest ethnic groups include 27 percent Hispanic or Latino, 18 percent Black or African American, 6 percent Asian and Pacific Islander, and 4 percent identifying as two or more races.



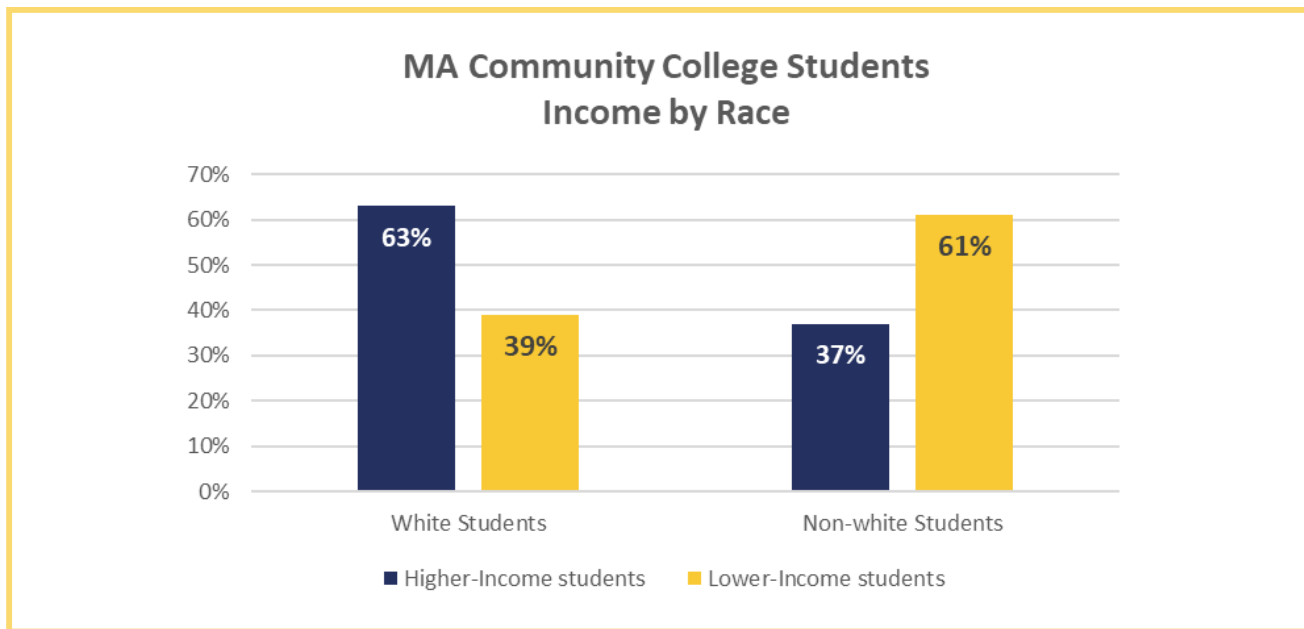
In light of this diversity, it becomes imperative to examine how the proposal dovetails with the state's objectives in promoting racial equity and in bridging racial educational attainment gaps. Considering the intertwined nature of race and income, further complicated by systemic challenges and occupational segregation, we must recognize that students of color are often overrepresented among lower-income groups in community colleges. This reality calls for a careful review of our financial aid practices through a racial equity lens.

The analysis below draws on the MACC report's cost estimates to explore how the proposed program's funds are allocated across different income and racial groups. The proposal is projected to cost \$170 million, with \$75 million—or 45% of the budget—designated for Pell-eligible students. However, it's critical to acknowledge that these figures do not reflect the impact of additional financial aid from the FY24 initiatives. Including these funds could potentially reduce the proportion allocated to Pell-eligible students. Despite this caveat, the provided estimates offer a valuable starting point for analyzing the distribution of aid among various demographic groups.

First, we categorize Massachusetts community college students based on their economic backgrounds: those eligible for federal Pell Grants as low-income students, and those who are not as middle to high-income students. Within this framework, we also differentiate between White students and students of color, exploring the income distribution along racial lines.

It is again crucial to emphasize that the categorization of students as middle to high-income within the context of community colleges does not imply that these students are free from financial strain.

Our findings underscore a significant racial disparity in the economic composition of these groups. White students constitute 63 percent of those in the middle to high-income bracket, indicating their disproportionate representation in the higher-income category. Conversely, students of color represent 61 percent of the low-income group, underscoring the overrepresentation of racially diverse communities among lower-income students.



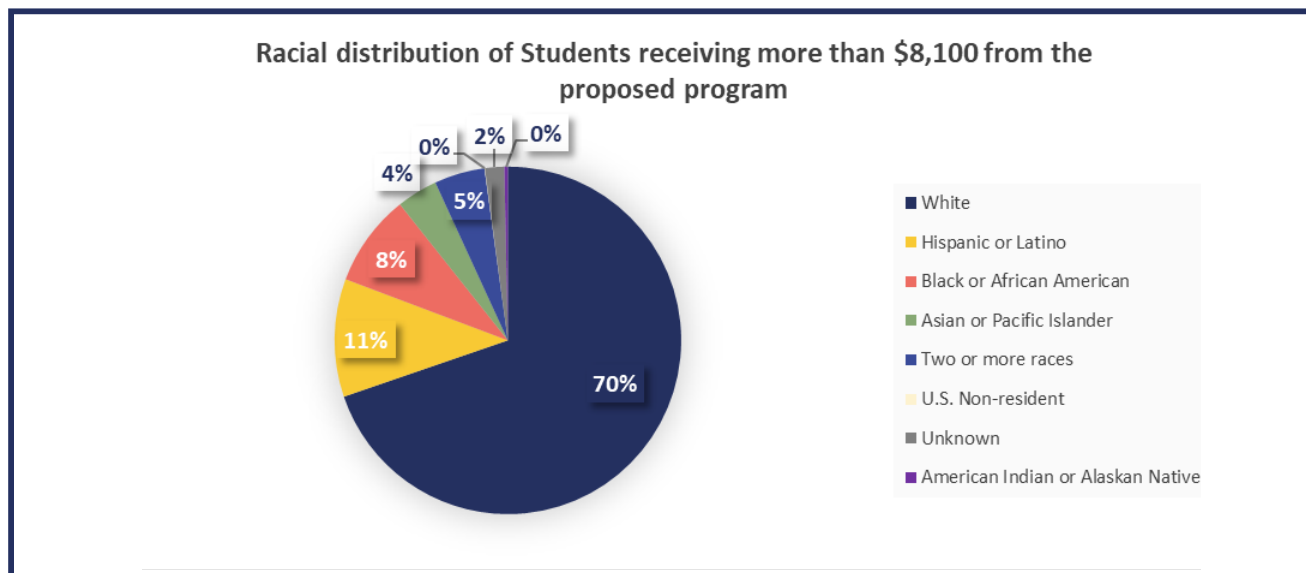
When analyzing the allocation of funds with respect to the income and racial composition of the student body, it becomes evident that there is significant racial disparity in the proposed grant distribution. **Specifically, for every grant dollar awarded to a student of color, a White student receives \$1.50.**

This indicates a critical inequity in the financial support provided, with **White students benefiting from a 50% higher grant allocation compared to their peers of color.**

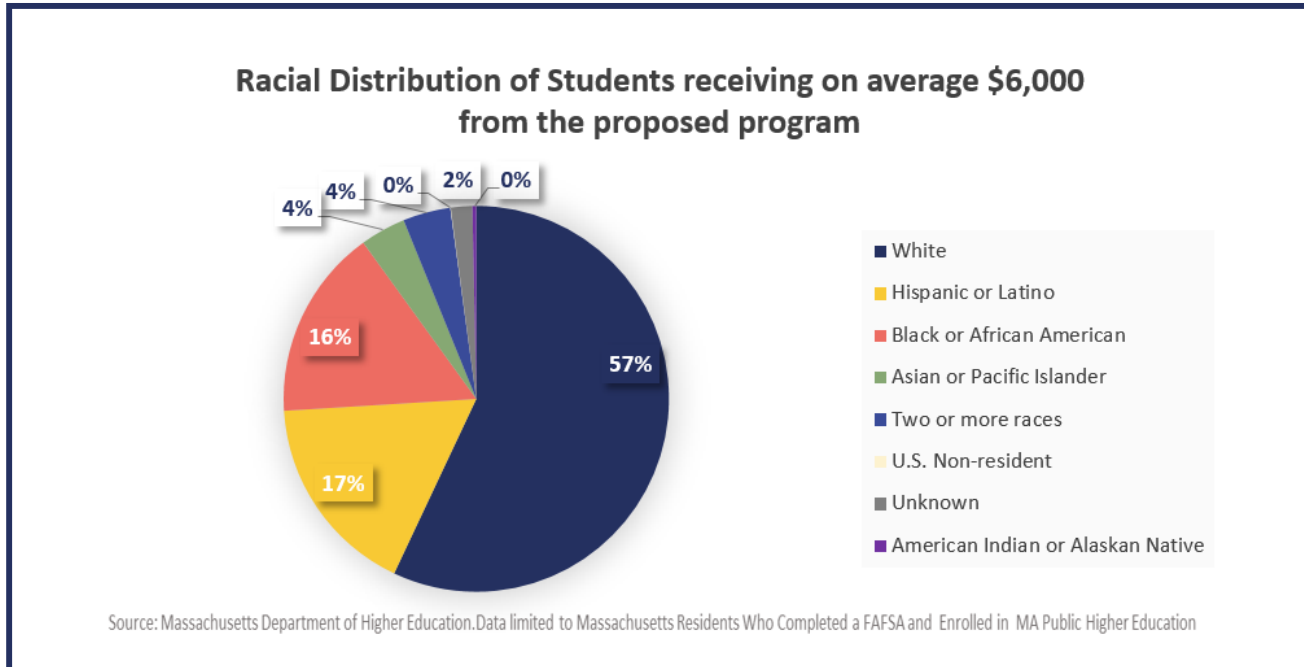
	MA CC students	Higher-Income students	Lower-Income students	Total Grant Allocation (M\$)	Average grant by race	Dollar Ratio of grant allocation
White	16,707	63%	39%	89	\$5,333	\$1.5
Non-White	22,788	37%	61%	81	\$3,550	\$1.0
Total	39,495	100%	100%	170		
Total Grant Allocation (M\$)		95	75	170		

Source: FY22 data obtained by the MA Department of Higher Education. Program cost figures come from the Massachusetts Association of Community Colleges (MACC), Planning and Delivery of Free Community College in Massachusetts, prepared by Boston Consulting Group, Dec. 2024

The racial disparities of students eligible for the maximum possible \$8,100 tuition-free grant are another striking finding: White students, who constitute only 42 percent of the broader community college student body, represent 70 percent of the recipients for the highest-value grants. This discrepancy highlights the imbalance in the allocation of significant financial aid, thereby illustrating the racial inequalities in how grants are distributed.



When analyzing the distribution of the second largest tuition-free grant, averaging at \$6,000 for middle-income students ineligible for Pell Grants, a similar pattern of disproportionality is observed, with White students representing 57 percent of the recipients in this category.



It is critical to point out that the analysis conducted here does not take into account potential changes in enrollment attributable to the program itself. Should the program be implemented, it will be necessary to be vigilant regarding its potential to inadvertently alter the racial and income demographics of community colleges.

DISCUSSION

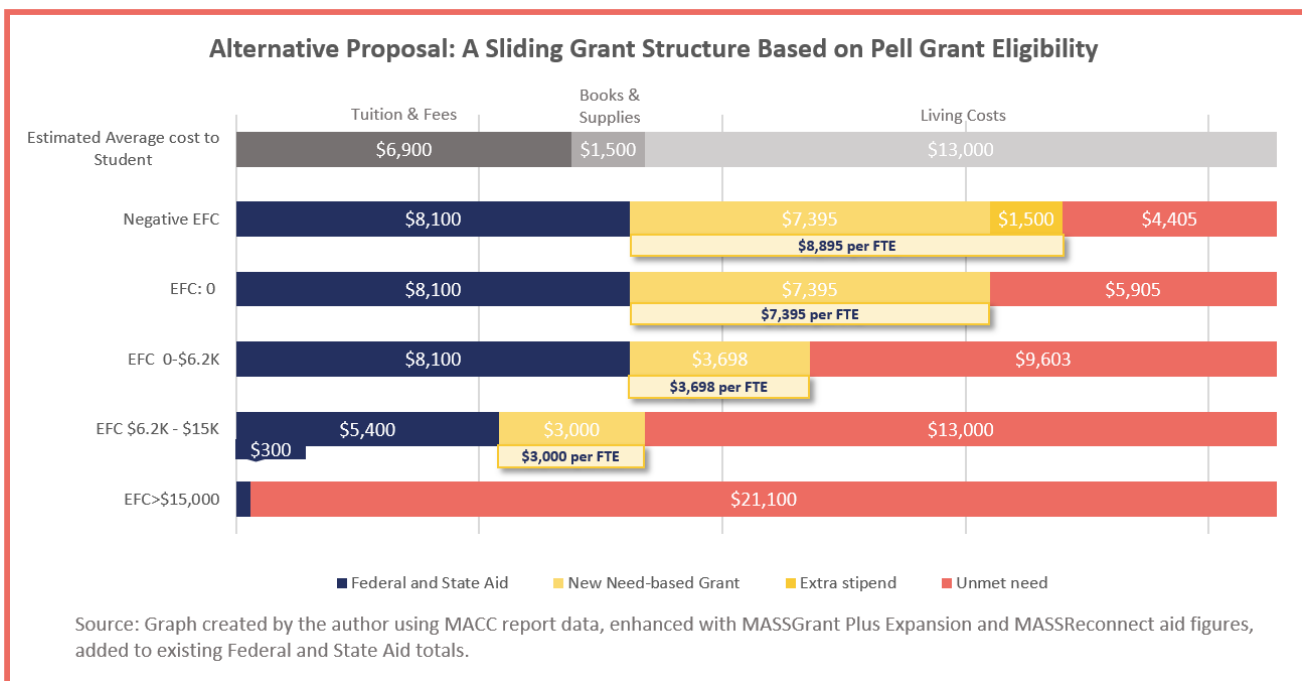
The equity analysis of the MACC proposal brings to light the critical need for careful consideration of how well-meaning initiatives may inadvertently affect the socio-economic and racial inequities in educational achievement and income potential.

The categorization of students within the community college system as middle- or high-income must not be mistakenly interpreted as a marker of financial security. However, research unequivocally shows that, within the existing status quo, lower-income students encounter substantial hurdles in accessing the comprehensive benefits of higher education—a contrast to their middle-income peers who, despite facing difficulties, manage to persevere. In light of limited resources to afford all students the opportunity to pursue degrees with minimal dependency on loans, priority must be given to those who are not just struggling but are in jeopardy of discontinuing their education due to financial duress.

The way it is currently designed, the non-targeted structure will fail to reverse the pattern of declining enrollment and low completion across student populations, particularly among student groups traditionally excluded from higher education. It is, therefore, essential to develop financial support structures based on a sliding scale to improve affordability for students at all income levels. The primary aim should be to establish financial aid policies that are responsive to the diverse financial challenges faced by community college students, promoting affordability universally to avoid disproportionately benefiting one group over another. This can be accomplished by taking the full cost of attendance into consideration, rather than solely focusing on direct costs such as tuition, fees, books, and supplies.

Several strategies can be employed to develop a sliding scale grant framework that comprehensively addresses students' unmet financial needs. Importantly, this system should remain straightforward, enabling students to accurately predict their eligible grant aid promptly.

A simple model involves leveraging the newly introduced Student Aid Index (SAI)¹ from the streamlined FAFSA process alongside students' Pell Grant eligibility. One approach could involve introducing a grant that effectively doubles the Pell Grant amount for eligible students. To enhance the sliding scale further, students displaying negative SAI values could receive additional financial support (in the form of an extra stipend up to \$1,500).



1 The SAI was specifically developed to eliminate some of the confusion regarding the Expected Family Contribution (EFC) and to improve the calculation to more accurately identify students who are truly in most need of aid. Unlike the EFC, the formula for SAI also allows for negative values up to -\$1,500, granting financial aid officers enhanced perspective for evaluating aid for students facing particularly difficult financial circumstances.

Recognizing the potential budgetary constraints, two pathways forward are possible.

If reaching an adequate stipend amount is not be feasible immediately, a clear commitment to incrementally increase the stipend over the next few years would demonstrate a firm dedication to equity. Alternatively, introducing an income limit to the program while targeting the larger stipend towards those who need it most, would offset the costs. Such a phased approach could still maintain a commitment to move towards universality over time, ensuring that the program progressively aligns with its original inclusive vision.

For Massachusetts to foster a genuinely equitable public higher education system, we must aspire for a comprehensive strategy that extends significant aid to cover non-tuition related expenses for lower-income students across all sectors of public higher education. This would empower students to choose their paths based on aspirations rather than financial constraints. Such a strategy would ensure equitable access and success in higher education, benefiting not just individual students but also strengthening the state's economic and educational fabric for the future.

RECOMMENDATIONS



Comprehensive Financial Aid: Develop a financial aid strategy that encompasses both tuition and non-tuition related expenses to fully support students' educational journey.



Targeted Support: Enhance the program's equity by supplementing the universal approach with significant stipends allocated on a sliding scale, prioritizing the most economically disadvantaged students to ensure that those in greatest need receive the most support.



Simplicity of Program: Ensure the design remains straightforward and predictable for students. A recommended approach is to anchor the sliding scale of the stipend aid to Pell Grant eligibility, aiming to double the Pell grant amount for eligible students over time.



Holistic Strategy Across All Sectors: Extend this financial support across all sectors of public higher education in Massachusetts, allowing students to pursue their educational and professional aspirations without being hindered by financial barriers.



Enhance Student and Instructional Support: Strive for an equitable higher education system that guarantees all students, regardless of background, have equal opportunities for quality higher education degrees.

Appendix

The data used for the pie charts above is limited to Massachusetts residents who completed a FAFSA and enrolled in MA Public Higher Education

Source: Massachusetts Department of Higher Education

Income grouping for analysis	CC (2022)	TOTAL	American Indian or Alaskan Native	Asian or Pacific Islander	Black or African American	Hispanic or Latino	Two or More Races	U.S. Non-Resident	Unknown	White
	All Students	39,495	111	2,128	7,160	10,501	1,684	74	1,130	16,707
	Negative	71	0	8	7	7	6	2	4	37
Pell-eligible = lower-income group	\$0-30,000	22,211	64	1,185	4,122	6,510	988	54	711	8,577
	\$30,001-\$48,000	7,533	20	444	1,445	2,275	302	7	180	2,860
	\$48,001-\$75,000	4,593	12	286	956	993	174	7	132	2,033
Non-Pell eligible = higher-income group	\$75,001-\$110,000	2,628	7	111	419	446	98	3	59	1,485
	\$110,001+	2,459	8	94	211	270	116	1	44	1,715

Source: FY22 data obtained by the MA Department of Higher Education