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Public Higher Education in Massachusetts and the Governor's FY 2014 Proposal

Key Findings

- Massachusetts has cut support for higher education dramatically – by 30.8 percent since 2001.
- The Governor's FY 2014 budget invests an additional \$185.2 million in higher education, partially offsetting more than a decade of declining investment.
- The Governor proposes more than doubling state support for the MASSGrant Scholarship program.
- Those eligible for the federal Deferred Action for Childhood Arrivals (DACA) program are now eligible for in-state tuition.

Introduction

Higher education is vital to economic prosperity, and it serves as the critical final step for students advancing through our state education system. The skills of a state workforce have grown increasingly important over the last thirty years, with increasing educational attainment correlated strongly with higher wages (see The Education/Wage Link section of Massachusetts Budget and Policy Center report on the [State of Working Massachusetts](#)). Furthermore, a recent study from Georgetown University found that 62 percent of jobs will require some college education in 2018 compared to 28 percent in 1973.¹

However, despite the evidence that college and higher education are vital to our future, Massachusetts has eliminated hundreds of millions of dollars in public higher education investments in recent years. When state investment falls behind the needs of the university and community college systems, students in those universities are forced to pay higher tuition and fees. With rising costs, the amount of money a student must take out in loans rises.

Twelve Years of Cuts

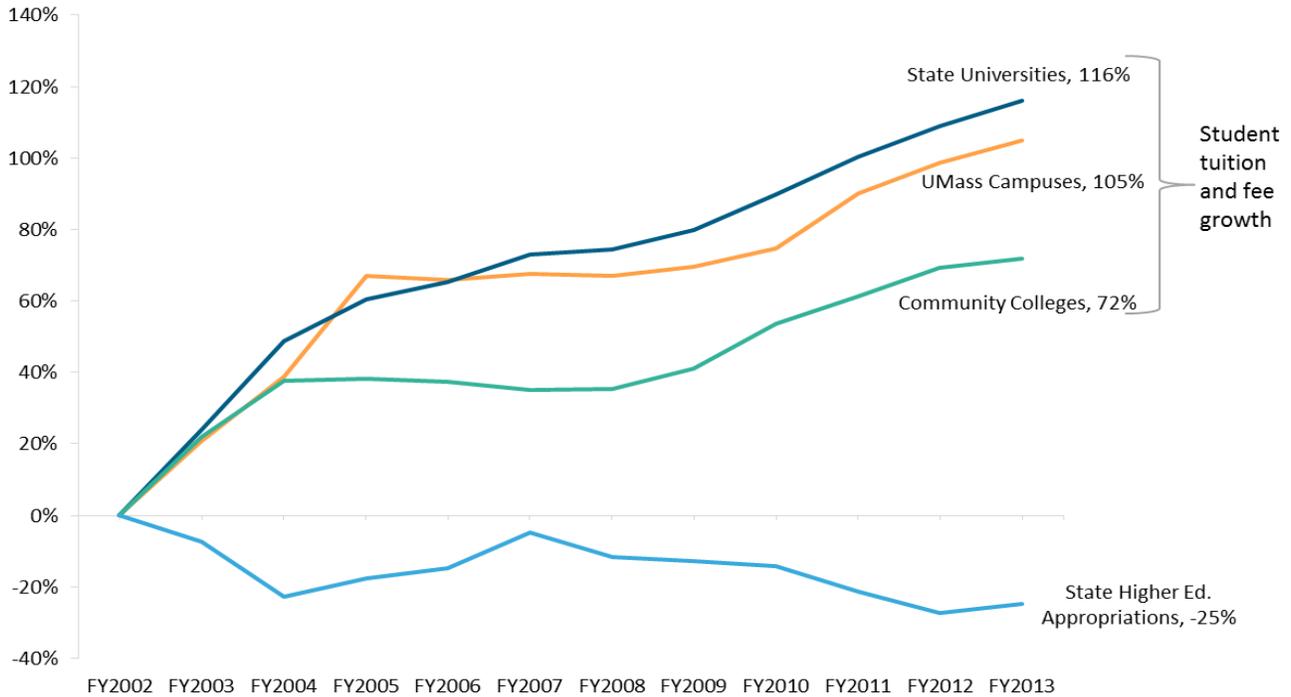
Public higher education has seen dramatic cuts over the past decade. State spending on higher education, including funding for the UMass system, Community Colleges and State Universities, declined 30.8 percent from FY 2001 to FY 2013 (adjusted for inflation). While state spending has gone down, the funding needs of these institutions did not. To make up for this shortfall, these systems

¹ See "Help Wanted: Projections of Job and Education Requirements Through 2018" By Anthony P. Canevale, Nicole Smith and Jeff Strohl.

consistently raised the price of student tuition and fees. This resulted in increases whereby state universities and UMass doubled student costs, while increases at community colleges were close behind.²

Student Tuition & Fees Grew Sharply While State Tax Support Declined, FY02-FY13

Percent change in inflation adjusted terms (CPI), relative to base year (FY 2002)



Source: MA Dept. of Higher Ed. Resident Tuition and Fee (Total) Rates, Massachusetts Public Higher Education

The Commonwealth is far from alone in making dramatic reductions to public higher education. Recently, the Center for Budget and Policy Priorities (CBPP) released a [report](#) on the state of public higher education nationwide, finding that since the onset of the Great Recession in late 2008, states have cut per student support by an average of 28 percent. In fact, only two states, North Dakota and Wyoming, increased higher education investment.

Higher education cost increases are a barrier to college access, especially for low income students. The CBPP report found that the impact of these cuts is felt directly in families’ pocketbooks as they must either pay or borrow more to obtain the services that had previously been supported more heavily by state funds. For low income students, the ability to pay for institutions of higher learning can be restricted, leading many of these students to incur greater debt to pay for school. Even for those who are able to begin college, their ability to stay is impeded when compared to higher income students. Studies have found that excessive higher education debt leads to lower graduation rates among low income students.³

² Because tuition and fee data is only available going back to FY 2002, the above chart does not capture all of the spending cuts in higher education since FY 2001. For that reason, the cut number included in the chart – 25 percent – differs from the 31 percent headline finding.

³ See “Debt and Graduation from American Universities” by Rachel E. Dwyer, Laura McCloud, and Randy Hodson in the Journal Social Forces.

The Governor's FY 2014 Proposal

The Governor's Fiscal Year (FY) 2014 budget makes some progress in reversing many of the cuts accumulated over the last decade. The Governor's proposed \$185.2 million increase, \$152.5 million of which is supported through new money generated by his tax reform proposal, would help reverse a portion of the \$454.3 million cut from higher education between FY 2001 and FY 2013.

By FY 2017, the Governor estimates that under his proposal total education spending would be \$1 billion more than current FY 2013 levels with about one-third of this going to higher education. For more information on the Governor's revenue proposal, please see *Tax Policy Proposals in the Governor's FY 2014 Budget*, available [here](#).

Specifically, for FY 2014 the Governor proposes:

- More than doubling funds for the **State Scholarship Program**, increasing it from \$88.9 million to \$199.6 million for FY 2014. Of this total, \$149.3 million is for the MASSGrant program, which provides need-based financial assistance to Massachusetts undergraduates who enroll in any approved public or independent institution of higher education. This form of financial support for students has grown increasingly important – Secretary of Education Matt Malone recently testified that the maximum grant amount of MASSGrant pays for less than 8 percent of the cost of tuition and fees at Massachusetts institutions of higher education, down from 85 percent in 1988.
- Dedicating \$3.0 million of new funding for the **Completion Incentive Grant Fund** program, which provides incentive grants of up to \$2,000 annually to low-income students for persisting and completing their degree or certificate program over a maximum of four years.

Most state funding for public higher education is paid directly to universities and community colleges. Specifically, the Governor proposes funding:

- **The UMass System** at \$493.1 million, an increase of \$26.7 million over FY 2013.⁴ This funding moves Massachusetts closer towards the goal of a 50/50 split between state support and student payments in the UMass System, but still represents a 10 percent reduction from pre-recession levels.
- **Community Colleges** at \$242.6 million, an increase of \$24.0 million over FY 2013. Of this increase, \$20.0 million would be distributed across campuses using a new performance-based funding formula approved last year. This number includes money allocated to community colleges from the gaming permit fund, which is not dependent upon the rest of the Governor's

⁴ Starting in FY 2012, all campuses of public higher education began retaining tuition payments from out-of-state students, rather than remitting that revenue back to the state, so *MassBudget* adjusts upwards the campus allocations by these projected amounts so that one can compare reasonably the levels or resources available at an individual campus to previous years when this tuition was remitted to the state.

revenue proposal. The \$24.0 million increase for FY 2014 would cover only a little more than a third of the Community College funding lost between FY 2001 and FY 2013.

- **State Universities** at \$226.5 million, an increase of \$25.9 million over FY 2013. Of this increase, \$12.5 million would fund a new program to help state universities advance the goals of the Vision Project.⁵ Even with this increase, State Universities would still receive \$16.9 million less than they were slated to receive at the beginning of FY 2009.

The chart below shows historic state support for higher education compared to current levels and the Governor's FY 2014 proposal. The Governor's proposal would bring higher education funding back close to pre-recession levels, but it would still fall short of FY 2001 levels, where spending was almost \$300 million higher.

	FY 2001 (inflation adj.)	FY 2009 GAA (inflation adj.)	FY 2013 Current (inflation adj.)	FY 2014 Governor
UMass Campuses	647,276,921	546,979,928	466,402,360	493,141,910
Community Colleges	282,502,228	267,267,264	218,648,077	242,611,515
State Universities	256,936,592	243,434,292	200,574,236	226,512,110
Other (incl. MASSGrant)	287,724,959	138,983,600	134,503,418	243,031,459
Total Higher Education	1,474,440,700	1,196,665,085	1,020,128,092	1,205,296,993

Deferred Action for Childhood Arrivals (DACA)

Recent changes to federal immigration enforcement have resulted in some formerly undocumented youth and young adults, including many in Massachusetts, being able to temporarily remain in the U.S. and work without fear of deportation. Many persons who are in the United States without permanent legal status are here because they were brought to this country as children. These individuals were not responsible for their actions and most only know the United States to be their home. Because of this, the Obama Administration, using its executive authority on immigration enforcement, announced a new policy in summer of 2012, by which they would grant certain individuals "Deferred Action for Childhood Arrivals" (DACA), a status which allows grantees to stay in the United States for two years and to gain work authorization, and which may be renewable at the end of the two-year period.⁶

After this federal policy change was announced, Governor Patrick announced in November of 2012 that Massachusetts residents granted DACA would now, like most other documented immigrants, qualify to pay in-state tuition at public institutions under our existing Board of Higher Education policy, as they are now able to produce one of the documents accepted by our public higher education system as evidence of their immigration status.⁷ This federal policy change has the potential to expand educational access for a group of state residents unable to afford out-of-state tuition. These differences can be substantial, since tuition and fees have increased dramatically, the average tuition and fees for a Massachusetts resident at UMass campus is \$13,230 while an out of state student pays \$26,645.⁸

⁵ For more information, see the Vision Project Website: <http://www.mass.edu/visionproject/home.asp>

⁶ For more information please see a Fact Sheet by the Massachusetts Immigrant and Refugee Advocacy Coalition (MIRA) [here](#)

⁷ Massachusetts Department of Higher Education Press Release: [here](#)

⁸ University of Massachusetts Amherst Financial Aid Website <http://www.umass.edu/umfa/basics/costs/>

Who is eligible for DACA?

To be eligible for DACA a person⁹:

- Must be under the age of 31 on June 15, 2012.
- Must have continuously resided in the United States since June 15, 2007
- Must have reached the U.S before his/her 16th birthday
- Must be pursuing or have received a high school diploma or GED or serve in or have been honorably discharged from the Armed Forces or Coast Guard.
- Must not have committed a felony, serious misdemeanor or three misdemeanors.

What effect will this have on enrollment?

DACA-eligible students will still compete for admissions on the merits of their scholarship just as any other in-state student does. A student must still meet the residency expectations required of all other Massachusetts residents in order to gain in-state status. This includes living in Massachusetts for one full year prior to enrolling in college or being the dependent of a person who has resided in Massachusetts for the preceding year.

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It is also important to note that many undocumented youth brought here by their parents do not meet the requirements listed above to apply for DACA or any other immigration status, and so remain ineligible to pay in-state tuition rates at our public higher education institutions.

⁹ US Department of Homeland Security DACA Website [here](#)