

FINANCIAL AID, ACCESS & EQUITY, AND STATE POLICY

AN INTERVIEW WITH RICHARD FREELAND, COMMISSIONER OF HIGHER EDUCATION FOR MASSACHUSETTS

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Many states are looking at effective ways to use financial incentives to encourage students to complete a postsecondary credential. JFF's new report, *Statewide Aid Policies to Improve College Access and Success*, originally commissioned by the Massachusetts Department of Higher Education's Vision Project, has provided valuable background for that project's Working Group on Graduation and Student Success Rates. In February 2012, Diane Ward, director of state education policy at JFF, interviewed Richard M. Freeland, Commissioner of Higher Education for Massachusetts, on the context of the report in this era of increasingly constrained financial resources as the state pursues a dual goal: increasing the number of low-income students completing a credential, while also closing the racial achievement gap in postsecondary attainment.

Working with the Board of Higher Education, Dr. Freeland provides overall direction to public higher education and helps shape state-level policies that maximize the benefits of higher education to the Commonwealth and its citizens. Previously, he was president of Northeastern University for ten years. Under his leadership, Northeastern pursued excellence as a national research university that is student centered, practice oriented, and urban.

WARD: This is an extraordinarily challenging time for public colleges and universities. At best, institutions are level-funded, and many systems are coping with diminished resources. How is the Commonwealth faring in trying to keep institutions affordable and provide adequate access to low-income and underrepresented students?

FREELAND: Well, the Commonwealth is struggling, as other states are struggling. And the consequences of that struggle are that students are being hit with a kind of a double whammy, which involves steadily escalating costs to attend public institutions and steadily diminishing real-value financial aid to help them cover those costs. Massachusetts, like other states, has been hit with revenue shortfalls since the financial crisis, and higher education has been a target for cuts here as around the country for the simple reason that we have the ability to generate revenue and other state operations don't. The bottom line is that the actual per FTE state aid to public higher education has been going steadily down. For example, in Fiscal Year 2001 our public institutions had—these are rough numbers—about \$8,500 per student to spend. By FY 2009 and 2010, they had about \$6,500. A 25 percent cut.

As a result, costs are being shifted to students. And this is happening at the same time the number of young people looking to the public sector to go to college is increasing because more families are struggling, more people are out of work, families are much more skittish about or unable to afford the cost of a private institution, and more families are in financial need.

The combination of rising enrollments in the public sector and increased financial need of those who are enrolling has led to a significant increase in demand for need-based aid. We experienced something like a 25 percent increase from just a couple of years ago in the number of students from families we judged unable to make any contribution to the cost of college. The net effect of all that—rising prices, more students needing financial aid, and aid appropriations remaining about level—has led to a steady decrease in the size of grant we can give to any one student in our need-based program. Mass Grant is down on average to about \$650 per student, which doesn't go all that far toward even a community college, let alone a four-year institution.

WARD: You and the Board of Higher Education have given this a great amount of thought. About a year ago, you launched the Vision Project, which includes an examination of the state's financial aid program. What is the Vision Project?

FREELAND: The vision in the Vision Project is rooted in the idea that Massachusetts needs to have the best-educated citizenry and workforce in the country because of the nature of our economy and our total dependence on the educational level of our workforce to drive the economy. We have translated that into five measurable goals for public higher education.

(See *Vision Project* at <http://www.mass.edu/currentinit/visionproject.asp>)

Take, for example, graduation rates and student success since that's the specific focus here. What can an individual campus do and what can a system do to increase the likelihood that the students we enroll are going to succeed? State policy opportunities include issues like financial aid and how it's allocated, as well as transferability from two-year to four-year institutions and how easy or difficult that is. Campus-level issues are what kind of counseling support, what kind of remediation programs, what kind of career mapping programs need to be made available to students to make it likely that they'll succeed?

We created a Working Group on Graduation Rates and Student Success. Their charge was to identify best practices for promoting student success, both at the campus level and the system level, and to summarize their findings in a report, which they issued last spring. Now we're helping and encouraging the colleges to make use of these ideas and these policy initiatives to see if we can move the needle. As part of their deliberations, the working group commissioned a report, *Statewide Aid Policies to Improve College Access and Success*, and recommended that a successor body develop a concrete proposal to experiment with the use of financial aid in this way. That work has provided the basis for the specific project we are currently discussing.

WARD: Financial aid can serve many purposes, aside from just providing money to students. A number of states have sought to incentivize better outcomes.

FREELAND: Yes, the classic way to think about need-based financial aid, which is what we're focused on here, is really as an entitlement based on need. Need-based means aid is given because the student's family circumstances aren't such that the family can support the full cost of college. That's great as far as it goes. But now you start to ask a couple of other

questions. Let's take two students. They're similarly situated financially, socially, etc., etc. One student buckled down in high school and did all the things that were necessary to prepare for college, took all the right recommended courses, worked hard, did the homework, got good grades, etc., etc. Another student sort of blew off high school but managed to make it through.

In a need-based world, those two students are going to get exactly the same amount of financial aid. But people are starting to ask themselves, does that really make sense? Given scarce dollars, given the fact that there is not enough to go around, do we want to send the message that no matter what you do, you're going to get the same amount of money? Or do we want to send a different message? If you really work a little harder to prepare yourself for college, you're going to do a little better in terms of financial aid.

So some states have started to structure financial aid programs to actually incentivize students while still in high school to prepare them better for college.

Other states have started to look at behavior in college. For example, we know that students who take a full load of courses and move forward rather briskly are more likely to succeed than students who take a couple of courses and stretch their education out over long periods of time. We know that students who develop a pattern of completing the courses that they start and sign up for, rather than adding or dropping a lot, are more likely to succeed. So can we use financial aid to incentivize the kind of behaviors in college that we know correlate with success?

In Massachusetts, we are starting to think about such incentive-oriented pilot projects, using our need-based financial aid, to see whether it's possible to get better results for more students, using it somewhat more strategically.

Jodut Hashmi's report was background to tell us what other states have done that we could learn from and as a foundation to the discussion we're having now. I believe as a policy professional that you never want to reinvent the wheel if somebody else has invented the wheel for you. This is a complicated business and there are many different roads to go down. Do you focus on high school or do you focus on college?

There is no silver bullet yet. Mostly, because none of these programs, to the best of my knowledge, is more than a few years old. Plus it is extremely difficult to move the needle in this area. Many things that impinge on students' lives can get in the way of success in college, so that to try to get

better results by manipulating only one variable is already compromised.

But I do believe that, for many students, the financial variable is the most important and that if you can minimize financial pressure on students—ideally take it completely away—you’ve gone a long way toward increasing the likelihood of success. A very large percentage of students who drop by the wayside drop by the wayside for financial reasons.

WARD: You mentioned that this is work that requires policy change, not only at the system level but also state and institutional. Does that make it more challenging to come to consensus?

FREELAND: It does make it more challenging. Just looking at the campus level, where the work actually has to occur and where the results have to appear, we have a highly decentralized system in Massachusetts. At the end of the day, every campus is going to do it its own way. Even if the Board of Higher Education had the wisdom, it would not have the power to mandate what’s best practice. We can make suggestions, we can do research that suggests this is more effective than that. But at the end of the day, every college and every faculty figures it out for themselves. So in terms of moving a system in some particular direction, there are those kinds of barriers.

There are huge resource barriers at the campus level. Some things are just obvious and yet hard to do. For example, to improve graduation and student success really effectively, you need to be able to track individual students quite well, and you need to be able to mount the kind of institutional research about who succeeds and who doesn’t succeed in local settings. You need to be able to identify where to intervene and what kinds of interventions are most valuable.

Also, we know that if you can provide students with more counseling and more support and more guidance, that makes a huge amount of difference. Our counselor-to-student ratio is so large as to be laughable in terms of being able to actually reach many students. So there are things that we know work that we just can’t afford to do.

There are other places where we’re not so sure what works best. We’re not really so sure what works best in terms of, let’s say, remediation. What do you do with a student who comes out of high school reading at an eighth-grade level? They’ve somehow passed the MCAS [the state exam], so they’re entitled to be in the community college system, but they’re reading at an eighth-grade level. They’ve got to take three levels of remediation before they’re ever going to get to credit-

bearing work, and they’re going to use up their financial aid to get to those three levels.

WARD: How do you design pathways that work for those students?

FREELAND: Well, that’s another question that we’re wrestling with. If you think of the question in straight economic terms, if our goal is to create the largest number of success stories for students in our system, what is the most strategic use of the marginal dollar to accomplish that result? That’s kind of a hardheaded, economist’s way of thinking about it, but it leads you to this question: Since you don’t have enough money to go around, are some students so unlikely ever to succeed no matter what you do that extending financial aid to those people is not a good use of marginal dollars? Whereas if you took the dollars you were giving to students who have one chance in a hundred of ever succeeding and gave it to students who had fifty chances in a hundred, would the end result be more of a total success story?

We’re about to test that proposition in a small pilot, but we’re not going to rule any students out for eligibility, no matter how poorly prepared they are. But then we’re going to see what is the impact of helping students at different levels of academic preparation, in terms of an ultimate benefit, in terms of graduation.

WARD: And that will inform what decisions you ultimately make?

FREELAND: It will. That’s the intent. It’s a pilot project for just that reason. The goal is to start in the next round of financial aid, which will be awarded this spring. By April, presumably we’ll be starting to implement it on a pilot basis with a select group of institutions—probably half a dozen is what the task force is thinking—and a limited number of students within those institutions. It will be enough to tell us what works and doesn’t work and where we might scale up most effectively.

WARD: I suspect other states will be watching this pilot closely to learn lessons themselves.

FREELAND: Well, our premise is that Massachusetts should be a leader in all these areas. I think the reality is we may not be as much of a leader as we sometimes think we are. We are a great center of education. We’re probably the nation’s greatest center of education, but an awful lot of that reputation is based on the existence of these wonderful, world-class private institutions we have. And that’s been a double-edged sword for Massachusetts. I think it has led to certain complacency with respect to public higher education. To put it crudely, do

we really need to invest in first-class public higher education, given the presence of all these great private institutions?

The argument that I'm making now—and I think the business community is also starting to make—is that today we absolutely need to invest in first-class public higher education. When you have an economy in which 60 to 70 percent of the workers are going to require college degrees to qualify for the jobs, you can't be dependent on a handful of elite private institutions. You need public higher education to be producing well-educated citizens and workers to drive that economy.

WARD: I was particularly struck by a data point in the report that indicated the majority of high school students in Massachusetts who attend college not only stay in the Commonwealth, but enroll in public institutions.

FREELAND: Absolutely. Over time, public higher education has become a larger and larger supplier of educated citizens and workers. When I started in public higher education in Massachusetts over four decades ago, the private sector was still the dominant educator even of Massachusetts's students. But that's no longer true. Today public higher

education educates two-thirds of the young people who grow up in the state and go to college in the state and half of the young people who grow up in Massachusetts and go to college anywhere in the world. We're overwhelmingly the largest educator of people who are likely to make their lives in Massachusetts. There is a consciousness lag about this. I am not sure the general public or government has quite grasped the fact that this is now urgent. In places like California and Ohio and Texas and Florida, they've known for a long time that they needed first-class public higher education. We haven't known that. I think that's something we still need to learn. That's one of the things we're trying to accomplish with this Vision Project.

This financial aid piece, I think, is one of the most interesting and one of the most powerful parts of that. If there's one thing I learned in my years at Northeastern, if you had to make a short list of things that are most likely to affect a student's ability to complete college successfully, it's their financial circumstances and the level of aid you can give them to the extent they need aid. So this is a pretty big deal.

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