

The State of Maine Grant Impact Study

Preliminary Findings

June 2015



Executive Summary

This report summarizes preliminary findings from a study of the State of Maine Grant Program. Through a collaborative partnership between the Finance Authority of Maine (FAME) and the New England Board of Higher Education (NEBHE), this study captured Maine students who filed applications for student financial aid between academic years (AY) 2004-05 and 2013-14.

The study sought to answer these key questions:

Who does the State of Maine Grant serve?

- The State of Maine Grant serves students from the lowest-income families in the state.
- With the majority of grant recipients beginning college at Maine's public institutions, the grant program also supports state efforts to increase college degree attainment rates.

How do State of Maine Grant recipients persist through college and complete a degree?

- Overall, 50% of state grant recipients completed a certificate or degree.
- Most grant recipients who did not complete a degree dropped out within the first few terms of enrollment.

Beyond the scope of these preliminary findings, additional areas for study are identified and summarized at the end of the report.



About NEBHE

Established in 1955, the New England Board of Higher Education (NEBHE) develops and implements strategies to increase regional competitiveness through expanded college readiness, participation and success. NEBHE assists state, system and institution leaders in developing and implementing education programs, policies and best practices to increase college completion and to promote collaboration and efficient use of innovative resources.

Project and Study Overview

The cost of attending college continues to rise. Based on data from the College Board, New England postsecondary institutions have the highest average published tuition and mandatory fee rates in the country. In the meantime, many New England state need-based grant programs have struggled to maintain their purchasing power. Average state grant awards in the region decreased nearly 30% between AY2008-09 and AY2012-13. In Maine, state appropriations to the State of Maine Grant program have fallen 21% over the past 10 years.

As family incomes in the region continue to stagnate, college affordability has become one of the largest barriers to students enrolling in college and earning a postsecondary credential.

To support New England states considering how state financial aid may be used more effectively to improve college access and success, NEBHE was awarded a \$404,400 grant from the Lumina Foundation in early 2014 to launch Redesigning Student Aid in New England (Redesigning Aid).

Students Included in the Study

FAME provided NEBHE with the data used for this analysis through a data sharing agreement. The data set included de-identified student-level information for:

- Students who received a grant and began college between academic years 2004-05 and 2013-14; and
- Students who applied for aid but did not receive a grant and began college between academic years 2008-09 and 2013-14.

This included 63,770 students, 42,133 of whom (66%) received a grant at some point during their postsecondary enrollment.

Redesigning Student Aid in New England

The Finance Authority of Maine, Massachusetts Department of Higher Education's Office of Student Financial Assistance, and the Rhode Island Higher Education Assistance Authority were selected through a competitive process to participate in NEBHE's Redesigning Student Aid in New England (Redesigning Aid) project. Funded by Lumina Foundation, the two-year initiative is focused on exploring and studying how states might redesign and align their student financial aid policies, priorities and programs with state needs to increase postsecondary attainment.

In Phase I, state agencies each received \$7,500 to conduct an impact study of current state-supported financial aid programs and, in the case of one state, respond to legislation that required a study to amend current program eligibility guidelines.

Through Redesigning Aid, NEBHE partnered with FAME to conduct research on the impact of the State of Maine Grant Program.

The following report outlines preliminary findings from the research stage of the project. It identifies ways the State of Maine Grant may affect student access to, persistence through, and completion of a postsecondary credential. Due to data limitations, the analysis does not take into account many factors known to affect students' postsecondary trajectories. These include students' academic preparation, other financial aid awards and institutional characteristics. The analysis does not examine the grant's impact term-by-term, also due to limitations of data collection and reporting.

Beyond this analysis, important areas for study are outlined at the end of the report to further inform State of Maine Grant administrators and state policymakers.

The Impact of the State of Maine Grant

Background and Context

Administered by FAME since 1990, the State of Maine Grant is Maine's primary need-based student grant program. The grant is an integral part of FAME's mission to promote access to and completion of postsecondary education, alongside its initiatives to provide "free information on planning and paying for college, career preparation and financial education, including responsible borrowing."

The State of Maine Grant is governed by statute and is subject to the biennial state appropriation process. The last statutory changes made to the program were in 2012, based on recommendations made by a stakeholder group FAME convened.

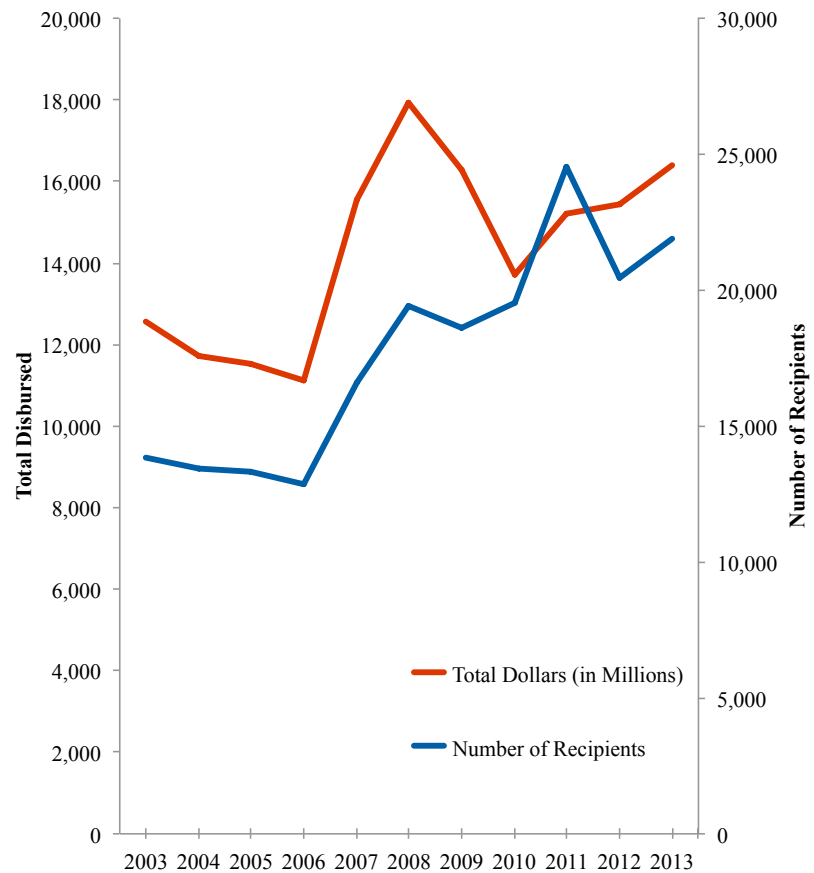
Students are eligible for the grant if they are Maine residents, enrolled at least half-time in a certificate- or degree-granting program at an eligible postsecondary institution, and exhibit financial need. Students may use the grant at any accredited postsecondary institution recognized by the U.S. Department of Education in the state of Maine, or in New England, if enrolling as part of NEBHE's Regional Student Program. Students apply for the grant each academic year by submitting the federal Free Application For Federal Student Aid (FAFSA) by May 1.

Grants are renewable for up to 10 full-time semesters after the first two semesters awarded. To qualify for additional awards, previous grant recipients must meet the May 1 application deadline each year as well as meet institutional eligibility requirements.

The average award in AY2014-15 was \$800, which includes a mix of full-time students receiving \$1,000 (the maximum award), and part-time students. Students enrolling less than full-time receive pro-rated awards based on credit hours.

The State of Maine Grant prioritizes students with the greatest financial need. Financial need is based on the student's expected family contribution (EFC). EFC is calculated by the federal government using income and asset information on the FAFSA. A state grant maximum EFC level is set each year based on available funding and may be adjusted at any time. Over time, the number of financially needy students receiving aid has grown 58%. Meanwhile, total dollars available to the grant program has grown only 31% (Figure 1). This has led the maximum EFC level to fluctuate each year. For AY2015-16, the maximum EFC level is set at \$4,000.

Figure 1: State of Maine Grant Total Dollars Disbursed and Number of Recipients, 2003-2013



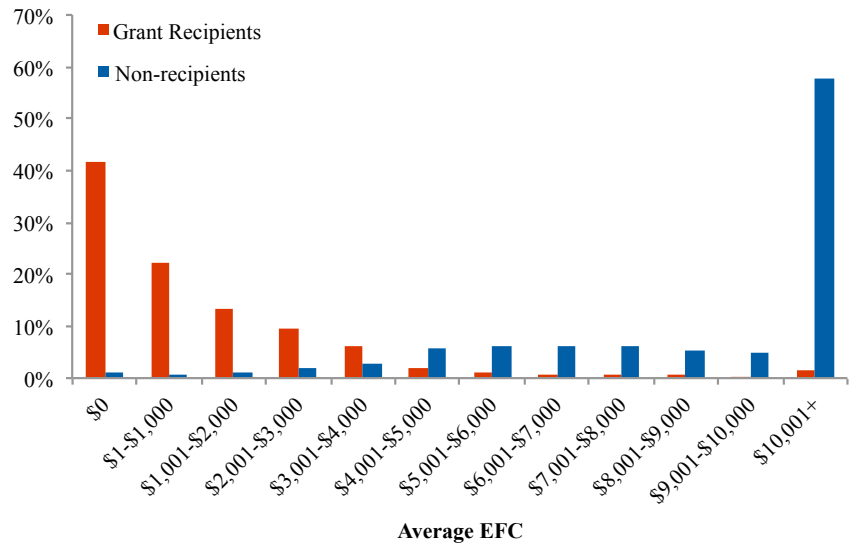
Source: National Association of State Student Grant & Aid Programs

Who does the State of Maine Grant serve?

The State of Maine Grant supports the most financially needy students, most of whom began college at a public institution in Maine.

- Over 40% of state grant recipients in the study had an average EFC of \$0—the lowest possible EFC (Figure 2).
- Over 90% of grant recipients had average EFC levels that qualified them for federal Pell Grants.
- In contrast, very few—only 7%—of students with Pell-eligible EFCs did not receive a State of Maine Grant.

Figure 2: Share of Students by Grant Recipient Status and Average EFC



Students with an **average EFC of \$0** had the lowest possible EFC each year they applied for aid, making them **the highest-need students** in Maine.

- The vast majority—81%—of state grant recipients began college at one of Maine’s 15 public institutions (Figure 3).
- Of the highest-need grant recipients, almost 90% of recipients began at a public institution in Maine.
- Most grant recipients fluctuated between part-time and full-time study.
- 65% of grant recipients stayed at only one institution for the duration of their studies. 35% of grant recipients attended two or more institutions.

Figure 3: State Grant Purchasing Power at Top Institutions Where Grant Recipients Began College

| | State Grant as a Share of Tuition & Fees, 2014-15 | Share of Grant Recipients in Study |
|----------------------------------|---|------------------------------------|
| University of Maine - Augusta | 13% | 15% |
| Southern Maine Community College | 29% | 12% |
| University of Maine - Orono | 9% | 11% |
| University of Southern Maine | 12% | 11% |
| Central Maine Community College | 29% | 6% |

Note: Purchasing power calculations are based on the maximum state grant as a share of in-state tuition and mandatory fees for a \$0 EFC student in AY2014-15.

The typical State of Maine Grant recipient is female, under age 25, does not have children she supports, and receives a federal Pell Grant.

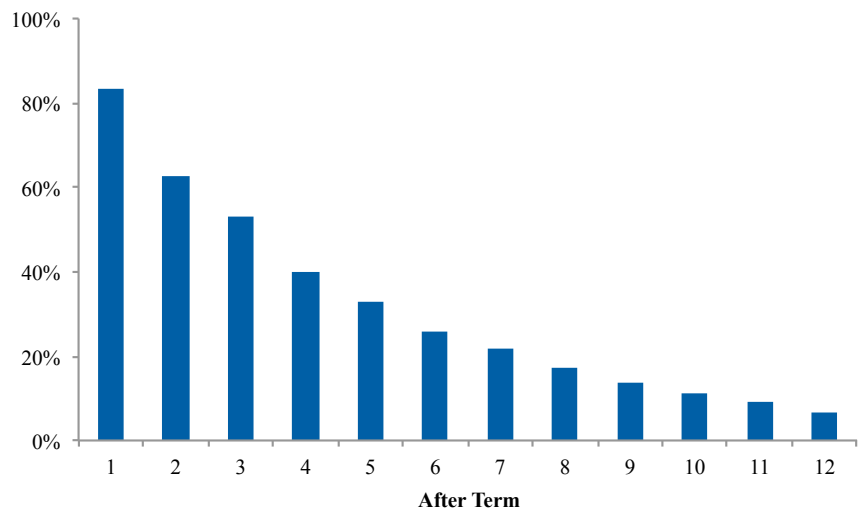
How do State of Maine Grant recipients persist through college and complete a degree?

50% of all state grant recipients completed a certificate or degree. Most grant recipients who did not complete a degree dropped out after attending college for only a few terms or semesters.

Studies show a student's progress toward and completion of a degree is affected by multiple factors in addition to financial aid, such as enrollment patterns and student characteristics. State of Maine Grant recipients, too, are affected by these forces:

- If a grant recipient did not complete a degree, she was most likely to drop out within the first few terms or semesters.
- This is especially clear for the highest-need grant recipients: Of those who dropped out, over a third had dropped out or had a gap in enrollment by the end of their second term (Figure 4).

Figure 4: Share of Grant Recipients Continuously Enrolled: Students Who Did Not Complete a Degree, Average EFC = \$0



High rates of drop outs and enrollment gaps within the first few terms signify a time when students need financial, academic or other support the most.

- Like their peers across the nation, State of Maine Grant recipients were more likely to complete a degree if they:
 - Were female,
 - Had no children to support,
 - Attended only four-year institutions, or
 - Enrolled full-time every term or semester.
- Completion rates also varied widely by EFC level. For example, 39% of grant recipients with an average EFC of \$0 completed a certificate or degree, compared with 56% of all other grant recipients.
- Overall, 13% of grant recipients completed associate degrees, 39% completed bachelor's degrees, and 2% completed both an associate and bachelor's degree.

By AY2013-14, 50% of grant recipients who began college at least six years prior had completed a postsecondary credential.

Summary & Additional Considerations

This report is a preliminary study of the impact of the State of Maine Grant on student access to, persistence toward, and completion of a postsecondary credential. It found:

- The vast majority of State of Maine Grant recipients had high financial need—enough to qualify for federal Pell Grants.
- Most grant recipients began college at one of Maine’s public institutions.
- 50% of all grant recipients completed a certificate or degree.
- Grant recipients that did not complete a degree were more likely to have gaps in enrollment, especially within the first few terms or semesters, to be male, have children they support, or study part-time each term or semester.

Given college affordability trends in Maine, additional analysis that identifies clear opportunities for potential policy or program improvement are crucial. Specifically, future analysis should address the following questions:

- How do grant recipients enroll and persist in college compared with non-recipients? How does this differ by year, student characteristic or institutional characteristic?
- How do students experience, apply for and perceive the grant?
- What are the most effective ways to notify students of their eligibility for the award?
- What resources, support, and information would most help with college enrollment decisions?
- What are the most challenging barriers facing students trying to finance their education?

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