



Policy Snapshot: State Student Grant Aid in New England

“Although they constitute only about 12% of state funding for higher education, the dollars spent on grant aid to students have the potential to make college possible for many students who could not otherwise afford to enroll...Recent increases in tuition levels, accelerated by declining state funding to institutions, have combined with stagnant or falling household incomes to make it more difficult for many college students to finance postsecondary education. In this environment, state grant programs are more important than ever.”

—The Brookings Institution State Grant Aid Study Group, *Beyond Need and Merit: Strengthening State Grant Programs*, May 2012

Overview

In 2011-12, average published tuition and mandatory fees ranged from \$2,963 for an in-state public two-year institution to \$28,500 for a private, nonprofit four-year institution. These figures exclude fees that aren't applicable to the entire student body—such as healthcare-related fees and laboratory fees. Across institution types—two- and four-year, public and private—average tuition and fees are rising.ⁱ In New England, historically the nation's most expensive region for a postsecondary education, the story is no different.

Between 2006-07 and 2011-12, each New England state increased public four-year tuition and fees by at least 29% for state residents and out-of-state students.

Tuition and fees at public, two-year institutions during the same five-year period also increased—by 31% for in-state and 21% for out-of state students. This represents increases averaging \$1,017 for state residents and \$1,776 for out-of-state students.ⁱⁱ

The news, however, isn't all bad. Between 2006-07 and 2011-12, the average amount of student aid per full-time undergraduate increased through grant aid from the federal government, states and the institutions themselves as well as through federal education loans, tax credits and deductions.ⁱⁱⁱ

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In 2011-12, undergraduate students received \$185.1 billion in student aid—38% through federal loans and 26% through federal grant aid programs. Institutional grant aid accounted for 18% (or \$32.8 billion), while state grant aid accounted for 5% (or \$9.8 billion) of the total student aid awarded that year.

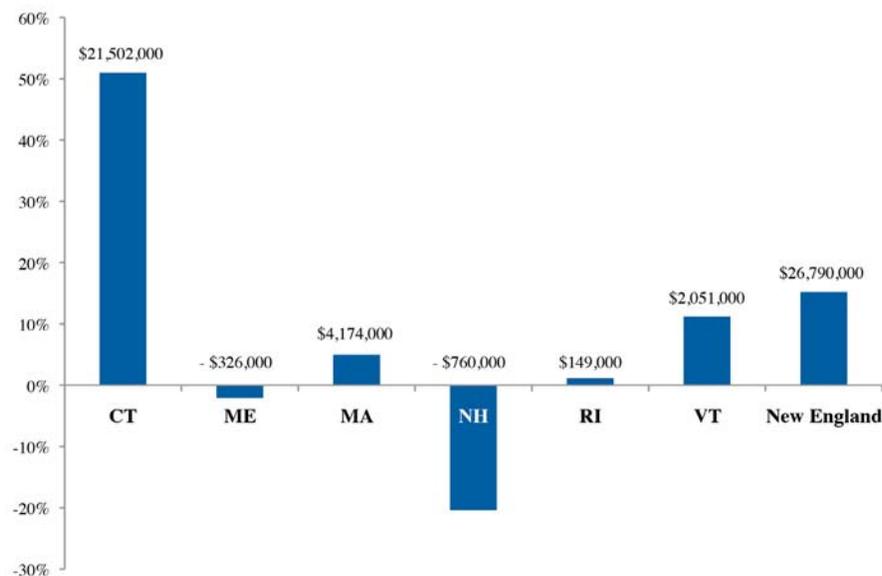
Of the total \$97.1 billion in undergraduate grant aid—aid that doesn’t require a student to work while enrolled or pay back funds—49% came from the federal government, 34% came from institutions, and 10% came from states.^{iv} Although a third of grant aid came from institutions themselves, not every institution has grant aid funds available. A significant portion of grant aid is thus only available to students enrolling in high-resourced institutions. Federal and state grant aid programs, on the other hand, reach a wider and more diverse student body.

The largest federal grant program, the Pell Grant for lower-income students, has grown over time as more and more students have become eligible for this need-based financial aid. In New England, the number of Pell Grant recipients attending public two- and four- institutions increased 77% between 2006-07 and 2010-11, from 98,801 to 175,704. The total Pell Grant dollars flowing to New England public institutions grew 173% from \$222 million to slightly over \$606 million.^v

State Grant Aid in New England

During this four-year period, New England states also increased the amount of state grant aid awarded to students. In the 2010-11 academic year, New England states collectively awarded 15% (\$26.8 million) more to students than in 2006-2007. Each state, however, varied dramatically during this time with Connecticut awarding 51% more grant aid (\$21.5million) and New Hampshire awarding 20% less grant aid (\$0.8million) in 2010-11 than in 2006-07 (Figure 1).^{vi}

Figure 1: Changes in Total State Grant Aid Awarded (in percent and dollar amount), 2006/07 - 2011/12



Source: NEBHE analysis of National Association of State Student Grant and Aid Program (NASSGAP) data

Figure 2: Changes in State Appropriation for State Grant Aid Programs (in percent and dollar amount), FY2011 - FY2012

	FY2011 Appropriation	FY2012 Appropriation	% Change	Change (\$)
Connecticut	\$62,525,108.00	\$52,332,333.00	-16%	-\$10,192,775.00
Maine	\$9,515,802.00	\$9,964,206.00	5%	\$448,404.00
Massachusetts	\$86,507,756.00	\$87,607,756.00	1%	\$1,100,000.00
New Hampshire	\$3,253,692.00	\$0.00	-100%	-\$3,253,692.00
Rhode Island	\$12,800,000.00	\$12,800,000.00	0%	\$0.00
Vermont	\$18,300,000.00	\$18,300,000.00	0%	\$0.00
New England Total	\$192,902,358.00	\$181,004,295.00	-6%	-\$11,898,063.00

Source: NEBHE analysis of state budgets and data provided by state legislative fiscal offices and/or organizations that manage state financial aid programs.

As states continue a slow recovery after the Great Recession, changes to state grant aid programs continue. Figure 2 compares estimates of FY12 state grant aid appropriations based on state budget and/or state agency documents with appropriations listed in comparable FY11 documents. When possible, tuition waivers (for foster care students, children of veterans, National Guard members, etc) and forgivable loan programs are excluded.^{vii}

In addition to the wide range in state appropriations for state grant aid, states also vary in how funds are appropriated. In Maine, Rhode Island, and Vermont, appropriations for state aid programs are made to state-based nonprofits that manage state financial aid programs, such as the Finance Authority of Maine, the Rhode Island Higher Education Assistance Authority, and the Vermont Student Assistance Corporation. Connecticut and New Hampshire allocate state student aid through budget line items, while Massachusetts appropriates state funds primarily through the Office of Student Financial Assistance in the Department of Higher Education.

Similar to the years during the recession (2007-2009, although arguably still ongoing), changes in the size of student aid programs fluctuated across states between FY11 and FY12. In New Hampshire, state grant aid programs were eliminated entirely. Regionally, the total amount of state grant aid funds declined, potentially reversing the past trend of increasing availability of grant aid funds to students.

In New England, unlike in other parts of the country, changes to a state's grant aid funds affect more than one state. According to the National Association of Student State Grant & Aid Programs (NASSGAP) 42nd Annual Survey, only 14 states nationally granted state aid monies to students attending an out-of-state postsecondary institution in 2010-11.^{viii} Four of these were New England states. In addition, although not fully captured in the NASSGAP survey, all six New England states did offer *portable* state grant programs that allowed funds to travel out-of-state with their students in 2010-11.

State Grant Aid Portability

Portable state grant programs allow students to carry their state grant aid award to an out-of-state institution. In some states, such as Rhode Island and Vermont, state grant awards are portable to any accredited U.S. postsecondary institution in any U.S. state or territory. Other states have used *reciprocity* agreements to determine whether a student grant recipient may use the award at postsecondary institutions in other states. States with reciprocity agreements included Connecticut, Maine, Massachusetts and New Hampshire in academic year 2010-11. In other words, these four New England states allowed a portion of their state grant aid funds to travel with an aid-recipient who attended a postsecondary institution in any of the other three states through reciprocity agreements, as well as Rhode Island and Vermont.

The recent decline in state grant aid availability across the region also impacted state reciprocity agreements. In New Hampshire, for example, the elimination of state appropriations for student aid led to the elimination of all state grant aid programs. Although some New England states continued to honor the portability of state grants for their own state residents attending New Hampshire institutions, others removed New Hampshire from the list of states eligible to receive their state's grant funds. Changes to a state's grant aid program in New England, thus, impact more than the residents of that state; these changes impact students from other states that may lose the opportunity of carrying their state grant aid across state lines.

Moving Forward: State Grant Aid Developments to Track

With published college tuition rates rising faster than family income, states will need to creatively meet student need while balancing their own budgets. Examples of actions already taken in New England include:

Reducing the size of state grant aid programs

In Connecticut, changes to funding led to a reduction in state grant aid. In FY2012, all three state grant aid programs were reduced from FY2011 levels. Additionally, a moratorium was placed on freshman students receiving financial assistance under the Capitol Scholarship Grant Program for the 2012-13 academic year. This moratorium has since been lifted.

Reallocating funds and changing program eligibility

In 2013-14, Maine will discontinue the portability of the Maine State Grant, with the exception of students who attend an out-of-state institution through the New England Board of Higher Education's (NEBHE) Regional Student Program (RSP) or "Tuition Break." In lieu of a fully portable award, the Finance Authority of Maine (FAME) will redistribute funds to part-time students, a growing population in Maine.

In Vermont, the state grant aid program is awarded through the Vermont Student Assistance Corporation (VSAC). In addition to disbursing Vermont's state appropriation for grant funds, funds that were not disbursed the previous year are rolled over into the next

year for state grant aid.

Linking student aid and student performance

Massachusetts offers many different state financial aid programs to students. The Completion Incentive Grant is one example. In its first year of the four-year pilot, the program targets low-income, first-time students by linking a Completion Incentive Grant award to student enrollment, progress towards completion (through credits earned and GPA), and student utilization of campus support services.

Endnotes

- i. The College Board. (2011). *Trends in College Pricing 2011*.
- ii. The New England Board of Higher Education. (2011). *New England Tuition and Fees: Tuition and Fees at New England's Public Colleges and Universities, 2006-07 through 2011-12*.
- iii. The College Board. (2012). *Trends in College Pricing 2012*. Retrieved from <http://trends.collegeboard.org/college-pricing>.
- iv. The College Board. (2012). *Trends in Student Aid 2012*. Retrieved from <http://trends.collegeboard.org/student-aid>.
- v. NEBHE analysis of U.S. Department of Education data.
- vi. NEBHE analysis of National Association of State Student Grant & Aid Programs (NASSGAP) data.
- vii. Expenditures and appropriations may not always be equal. In addition to changes in the state budget and the question of whether or not all funds were awarded, some state agencies supplement the state's appropriation for student grant aid with other funds.
- viii. National Association of State Student Grant & Aid Programs (NASSGAP). (2012). *The 42nd Annual Survey Report on State-Sponsored Student Financial Aid: 2010-2011 Academic Year*. Retrieved from <http://www.nassgap.org/viewrepository.aspx?categoryID=3#>.