



***The Report of the
Joint Committee on Higher Education's
Subcommittee on Student Loan and Debt***

April 16, 2014

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EXECUTIVE SUMMARY

“Education then, beyond all other devices of human origin, is the great equalizer of the conditions of men, the balance-wheel of the social machinery.”¹

Structure of the Subcommittee

In the summer of 2013, the House and Senate Co-Chairs of the Joint Committee on Higher Education assembled a Subcommittee on Student Loans and Debt (“Subcommittee”). The Subcommittee was comprised of seven members, who were chosen to represent regional and geographic parity within the Commonwealth as well as to reflect the makeup of the Joint Committee on Higher Education and the legislature as a whole.

Purpose and Methods of the Subcommittee

The purpose of the Subcommittee was to investigate, study, and make recommendations on the issue of student loans and debt. The Subcommittee conducted public hearings at seven higher education institutions throughout Massachusetts. Over 85 individuals testified at the hearings, with dozens more submitting letters and emails to the Subcommittee. Following the conclusion of its hearings, the Subcommittee created this report to advise the Massachusetts legislature and other policymakers of the Subcommittee’s recommendations, which are based on findings from those hearings, the Subcommittee’s expertise, and other research.

Background on Student Loans and Debt

Student debt has become an increasingly burdensome and complex issue for many Massachusetts students and their families. With 66 percent of Massachusetts students taking out loans to pay for college, the Commonwealth ranks 12th in the nation for number of students carrying debt. Nationally, the total amount of student loan debt has tripled in the past decade and currently stands at about \$1.2 trillion. Student loan debt has been the only type of consumer debt to rise during the Great Recession and is now the second largest form of household debt behind home mortgages. Student debt also has the highest delinquency rate of any consumer loan category and student default rates are climbing. Some economists believe that student debt may be next bubble to burst, following the mortgage and housing crashes.

Subcommittee Findings

The primary driver of student loans is the considerable cost for attending a college or university coupled with decreased federal and state support. Another serious problem is the gross lack of financial literacy and understanding by students and their families about what student loans are, what other options may be available, and how best to pay for college. Student loan debt is further exacerbated by the growing prevalence of for-profit colleges and universities, some of whom engage in predatory lending and unfair acts and practices.

¹ Horace Mann, 12th Annual Report from the Secretary of Massachusetts State Board of Education (1848).

Overall costs for students to attend Massachusetts' colleges and universities have grown in the past decade, especially for the Commonwealth's public institutions of higher learning. Both the number of Massachusetts students taking out loans and the loan dollar amounts for public higher education have increased greatly. The amount of student loan debt for public colleges and universities has risen 27 percent over the past three years. Of particular concern is the growing percentage of community college students who are arriving at school with financial hardships and relying on loans to solve them. Other important issues related to cost and increased loans discussed included predatory practices at for-profit colleges, required health care coverage for students, transportation, and the perennial issue of exorbitant book costs.

Subcommittee Recommendations

Massachusetts must do all it can to keep higher education affordable for our students; their success is key to our Commonwealth's future growth.

1. Expand Financial Literacy for All Massachusetts Students

There is a growing awareness of the issue of student debt, but too many students still lack knowledge about the resources available to assist them. The Subcommittee recommends utilizing existing federal, state, and non-profit resources to better advantage; offering financial literacy courses in high school and incorporating financial literacy as an element of Massachusetts' core curriculum; providing better information to college students; and requiring institutions of higher learning to uniformly describe financial aid information.

2. Deepen Investment in Public Higher Education, But Create More Accountability

Necessary increases in state support should be coupled with greater financial oversight. The Subcommittee recommends providing increased funding to public higher education; requiring limits to cost increases; exploring new opportunities for collaboration among the public institutions of higher learning; and creating a commission to review a more robust public higher education oversight structure.

3. Increase and Reform Some State Aid

The Commonwealth can do more to leverage its resources for students and reduce student loans. The Subcommittee recommends increasing the need-based MassGrant scholarship reserve; reforming the John & Abigail Adams Scholarship; promoting programs for students seeking high-demand careers; removing state support from schools that maintain high default rates; and reviewing the "Pay It Forward" concept of paying for college.

4. Decrease the Time to Degree

It costs more for part-time students to obtain a degree, and the longer one stays in school, the lower the odds of earning a degree. The Subcommittee recommends promoting and funding dual enrollment programs throughout the state; making AP course credit equally valuable for public and private colleges; promoting transfer agreements; exploring online and hybrid classes; and supporting reform of developmental education.

5. Regulate the For-Profit Schools

For-profit schools are disproportionately responsible for student debt. The Subcommittee recommends fully enforcing the Attorney General's regulations on for-profits; creating a student tuition recovery fund; and limiting state-based funds used by for-profit schools to classroom instruction.

6. Create Incentives to Save

The Subcommittee believes that it is incumbent on the Commonwealth to help students and families pay for college themselves and recommends improving Massachusetts' 529 College Savings Plan and increasing greater coordination with non-profits.

7. Advance Loan Forgiveness Programs

The Subcommittee finds value in programs that put students in touch with occupations where there is both great need and a lack of financial incentive. The Subcommittee recommends passage of the social work loan forgiveness program and other loan forgiveness programs.

8. Develop Public-Private Partnerships and Collaboration

The Subcommittee sees potential in public-private partnerships designed to match up educational advancement with skilled employment opportunities, and recommends incentivizing employers to assist their employees who have student debt and/or would like to pursue continuing education opportunities.

9. Support State Partnerships with Federal Officials

The Subcommittee recognizes that its recommendations are limited to items that can be proposed and implemented at the state level and recommends continuing a partnership and collaboration with our federal officials going forward.

Conclusion

There is no magic bullet to solving the student loan and debt crisis, but the Subcommittee believes that its recommendations will help improve conditions for students and the Massachusetts economy as a whole, and asks that they receive full consideration. Given the tremendous amount of data and information available about the growing crisis, the time for action is now, and before student loans and debt put too many students and their families over the fiscal cliff. Implementation of these reforms will give the Commonwealth a unique opportunity to better advantage students, help them achieve greater success, and improve economic development within Massachusetts so that our Commonwealth will have the educated workforce it needs to compete nationally and internationally well into the 21st century. The Subcommittee is hopeful that this report will shed new light on how serious the problem is and that the recommendations will bring new opportunities for combating this roadblock to economic prosperity.

I. STRUCTURE OF THE SUBCOMMITTEE

In the summer of 2013, the House and Senate Co-Chairs of the Joint Committee on Higher Education assembled a Subcommittee on Student Loans and Debt (“Subcommittee”). Rule 1 of the Joint Rules of the Senate and House of Representative dictates how joint committees appoint a subcommittee. It reads, in part:

The Senate and House chairmen of a joint committee may appoint subcommittees to investigate and study any matter referred to said subcommittee. Any subcommittee so established shall be co-chaired by a majority member of the Senate and a majority member of the House who are members of the joint standing committee appointing the subcommittee. The composition of the subcommittee shall be proportional to the composition of the appointing joint committee; provided, however, that no less than 10 per cent of the subcommittee’s members shall be from the minority party.

The Subcommittee was comprised of seven members, who were chosen to represent regional and geographic parity within the Commonwealth as well as to reflect the makeup of the Joint Committee on Higher Education and the legislature as a whole. The Subcommittee members are:²

Senator Eileen Donoghue, Senate Chair (D)
First Middlesex

Representative Paul Mark, House Chair (D)
Second Berkshire

Senator Richard Ross (R)
Norfolk, Bristol & Middlesex

Representative James Arciero (D)
Second Middlesex

Representative Angelo D’Emilia (R)
Eighth Plymouth

Representative Denise Provost (D)
Twenty-seventh Middlesex

Representative Aaron Vega (D)
Fifth Hampden

II. PURPOSE AND METHODS OF THE SUBCOMMITTEE

The purpose of the Subcommittee is to investigate, study, and make recommendations on the issue of student loans and debt. A September 17, 2013 media advisory explained:

To address this pressing issue [of student debt], the Subcommittee has scheduled a series of public hearings. The topics will include overviews of the current loans and debt landscape, examinations of its impact, and presentations of alternatives or solutions to help alleviate the effect of loans and debt on students and families.

² The Subcommittee members voted 6-0 in favor of accepting this report. Senator Ross was absent.

The Subcommittee conducted public hearings at seven higher education institutions throughout Massachusetts during the fall and early winter of 2013. Hearings took place at University of Massachusetts Lowell on September 23, Holyoke Community College on September 30, Greenfield Community College on September 30, Suffolk University on October 21, Bridgewater State University on October 28, College of the Holy Cross on November 8, and Berkshire Community College on December 9. These institutions were selected for their diversity of location and their ability to represent both public and private college and university perspectives.

The Subcommittee invited students, advocates, experts, government officials, university administrators, and members of the public to provide testimony. The Subcommittee provided ample public notice of all hearings, notified various interested parties of the hearings, and sent well over a hundred letters to colleges and universities in Massachusetts inviting presidents, financial aid staff, and student government organizations to provide testimony. Both spoken testimony and written testimony were accepted. Testimony was limited to three to five minutes so that Subcommittee members were able to ask questions of those who testified once their testimony had concluded. Over 85 individuals testified at the hearings, with dozens more submitting letters and emails to the Subcommittee.

Following the conclusion of its hearings, the Subcommittee analyzed its findings with the intent of releasing a report with legislative recommendations. This report has been created to advise the Massachusetts legislature and other policymakers of the Subcommittee's conclusions and recommendations, which are based on findings from those hearings, the Subcommittee's expertise, and other research.

III. BACKGROUND ON STUDENT LOANS AND DEBT

Student debt has become an increasingly burdensome and complex issue for many Massachusetts students and their families. The impact of student debt is widespread, affecting all areas of the economy and every region of the Commonwealth, and steadily increasing. If left unchecked, student debt has the potential to spark the next great economic crisis.

The statistics on student debt are staggering. Over 66% of Massachusetts college students are taking out some form of student loan to pay for higher education. The Commonwealth ranks 12th in comparison to other states with an average student debt load of \$28,460 per student. Massachusetts students fare slightly better than the average student in the United States. Nationwide, 71 percent of last year's college graduates took out some form of student loan with an average \$29,400 total debt load.

The total student debt load throughout the United States is estimated to stand between \$900 million and \$1.2 trillion.³ This estimated total reflects a tripling of student debt over the past

³ The average amount of student debt varies based on the educational program length and type of institution a student attended. Sixty-two percent of students at a public four-year institution had some form of student debt. This number increases to 72 percent of students at a four-year private non-profit institution and a staggering 96 percent at a private for profit institution. The number falls to 38 percent for an associate's degree recipient and 30

ten years. Approximately \$864 billion of this debt is held through federal student loans while the remainder is held through private loans. The total debt at graduation increased an average of six percent each year from 2008 to 2012. Student loan debt has been the only type of consumer debt to increase during the “Great Recession.” Student loan debt is now the second largest form of household debt behind home mortgages.

Student debt also stands out as having the highest delinquency rate of any type of consumer loan and the default rates are climbing. Only 39 percent of the 37 million people who carry student debt are currently making on-time payments and about one in ten borrowers out of college are in default.⁴ Distressing as this may be, these figures likely understate borrowers’ struggles. After accounting for the fact that about half of outstanding student loans are not in repayment because of deferment, forbearances, or students still attending school, the default rate almost doubles and the effective delinquency rate on student loans increases to over 30 percent.

Student loan borrowers are unique among consumer debtors in that those who take out smaller dollar balances are more likely to default than those who borrow larger amounts. “This suggests that borrowers who default are overwhelmingly noncompleters,” according to Rohit Chopra, the student loan ombudsman for the Consumer Financial Protection Bureau. “These borrowers take on some debt but do not benefit from the wage increase associated with a degree.” In Massachusetts, the highest default rates come from for-profit schools; but the second highest originate from community colleges, where average students loan amounts range from \$5,000 - \$6,000.

Further, Congressional reform of the bankruptcy law in 2005 created new conditions for student loans, making them a unique form of consumer debt that is nearly impossible to discharge in bankruptcy.

percent for a certificate recipient at a public institution. The number jumps to 98 percent for an associate’s degree recipient and 90 percent for a certificate recipient at a private for-profit institution. Students earning a graduate degree reported 7 percent borrowing \$80,000 or more, 5 percent borrowing between \$60,000 and \$79,999, 14 percent having undergraduate debt but no graduate school debt, and 26 percent having no student debt whatsoever.

The breakdown of average debt loads by age of the student borrower is also important to mention. Nearly 40 percent of student loan borrowers are under the age of 30. The estimated total debt load for this age bracket is \$292 billion. Approximately 42 percent of student loan borrowers are between the ages of 30 and 50. The estimated total debt load for borrowers between 30 and 39 is \$307 billion. The estimated total debt load for borrowers between 40 and 49 is \$154 billion. 17 percent of student loan borrowers are over the age of 50. The estimated total debt load for borrowers between 50 and 59 is \$106 billion. The estimated total debt load for borrowers over age 60 is \$43 billion. The debt load numbers can also be broken down by the average balance each student holds. 43 percent of student loan borrowers have a debt balance between \$1 and \$10,000. 29 percent of borrowers have a debt balance between \$10,000 and \$25,000. 16.5 percent of borrowers have a debt balance between \$25,000 and \$50,000. 5.9 percent of borrowers have a debt balance between \$50,000 and \$75,000. 2.3 percent of borrowers have a debt balance between \$75,000 and \$100,000. 3.1 percent of borrowers have a debt balance over \$100,000.

⁴ Approximately 41 percent of student loan borrowers are delinquent in their payments at some point over the first five years of repayment. It is estimated that nearly \$85 billion in payments is currently past due with 14 percent of all borrowers having at least one past due account.

Data reveal that those with student loan debt are less likely to purchase a home, get married, start a family, or open a small business. As Paul Combe, American Student Assistance (“ASA”) President, explained to the Subcommittee: “this is an economic issue, not a student issue.” Students are making life decisions based on student debt. According to a recent ASA survey, 27 percent of respondents said they found it difficult to buy daily necessities because of their student loans, 30 percent said their loan debt was the deciding factor, or had considerable impact, on their choice of career field, 73 percent reported that they have put off saving for retirement or other investments, and 75 percent said that student loan debt affected their decision or ability to purchase a home. Some economists believe that student debt may be the next bubble to burst, following the mortgage and housing crashes.

While considering these startling facts, it is important to recall that even as student debt loads increase, graduating from college remains a smart investment for most students. Graduates with a bachelor’s degree earn 84 percent more over the course of a lifetime than those without a degree. That adds up to an average of \$1 million more over a career. These students are nearly twice as likely to be employed and generally fare better over the course of a recession. Additionally, higher education is an engine that drives economic activity throughout Massachusetts. Our ability to train an advanced workforce results in employment opportunities in the high tech, health care, financial, and cutting edge research and innovation industries as well as many other industries critical to our economy.

IV. SUBCOMMITTEE FINDINGS

The Subcommittee received a great deal of testimony at the seven public hearings held throughout the Commonwealth and summarizes some of the most pressing points as follows:

The primary driver of student debt is the substantial cost of attending a college or university coupled with decreases in federal and state support. The average family income for a student seeking to attend college has been decreasing while federal and state aid available is also on the decline. The lack of financial resources leaves many students with few options outside of borrowing. The significant lack of financial literacy education and resources available to students and families is a serious problem. It is extremely difficult to expect a young adult with no previous loan experience to fully understand how much money he or she is borrowing and what impact that borrowing will have on so many future financial decisions. The lack of financial literacy also limits a student’s ability to pursue other funding options that may be available to reduce the total debt load that student will incur.

Student loan debt is exacerbated by the growing prevalence of for-profit colleges and universities. These for-profit schools charge more than comparable non-profit colleges, and yet the majority of the federal student loan funds were used primarily for non-educational purposes such as marketing. According to the Office of Attorney General Martha Coakley, in 2009, 41 percent of for-profit revenue went to marketing and profit, and just 17 percent went to actual student instruction. For-profit colleges enroll just over 10 percent of all students taking out loans but account for more than 50 percent of student defaults.

The overall cost for a student to attain a higher education in Massachusetts has grown over the past decade, and this is especially true for the Commonwealth's 15 community colleges, nine state universities, and five UMass schools. While average tuition costs for these public schools have remained relatively stable over a 10-year period,⁵ the fees that form the bulk of the expense have doubled.⁶ Students graduating from private colleges and universities in Massachusetts carry only slightly more debt than graduates from private colleges and universities, even though the price of attending a four-year state school is almost half that of attending a private one.⁷

This inequality is compounded by disparities in college success. Massachusetts' independent colleges graduated 62.5 percent of its student in four years, the second best rate in the country. However, Massachusetts' public system only graduated 35.4 percent of its student in four years, making the state schools 21st in the nation for college completion rates.⁸ This data may indicate that too many Massachusetts public higher education students are taking out substantial amounts of debt with little to show for their efforts.

Both the number of Massachusetts students taking out loans and the loan dollar amounts for public higher education have increased greatly. The amount of student loan debt for public colleges and universities has risen 27 percent over the past three years. The average UMass debt is \$26,800 and 61 percent of all students take out a loan. The average state university debt is \$22,400 and 65 percent of all students take out a loan. The average community college debt is \$1,400 more than it was three years ago. This increase is likely happening because there has been a shift in the cost of attendance from the state to the students. Over the past 10 years, UMass students have seen a 110 percent increase in fees, while state university students have seen a 107 percent increase in fees, and community college students have seen a 71 percent increase in fees.

A particular concern that arose at these hearings is the increasing number of students who are arriving at school with financial hardships and relying on student loans to solve them. Many of these students use student loans to pay for household and cost-of-living expenses rather than for their education, and do not fully appreciate the future financial burden being placed on them. Twenty-three percent of Greenfield Community College students and 25 percent of Holyoke Community College students receive federal loans – these figures represent substantial increases over the past decade. At Middlesex Community College, there has been a 45 percent increase in the number of students applying for financial aid since 2009. At North Shore

⁵ The total increase in average tuition costs at Massachusetts public colleges and universities over a 10-year period is \$1,102 to 1,107 or 0.45%. Community Colleges decreased from \$734 to \$733 or by -0.1%; State Universities increased slightly from \$954 to \$970 or by 1.7%; University of Massachusetts (all schools) increased slightly from \$1,618 to \$1,619 or by .06%.

⁶ The total increase in fees at Massachusetts public colleges and universities over a 10-year period: Community Colleges increased from \$2,533 to \$4,338 or by 71%; State Universities increased from \$3,635 to \$7,313 or by 101%; University of Massachusetts (all schools) increased from \$5,184 to \$10,867 or by 110%.

⁷ In 2011, average private college debt was \$28,047 while average debt from the UMass system was \$26,844; at universities such as Salem State and Bridgewater State, the figure was \$22,362.

⁸ Public colleges graduated 35.4% of students in four years and 56.4% in six years; private colleges graduated 62.5% in four years and 75.7% in six years.

Community College, student loan borrowing has risen 177 percent over the past five years. The community college loan amounts, though not large in comparison to other student debt loads, are growing in size and being awarded to those students who are more at risk for default.

The Subcommittee also received some clarification about student debt amounts. Only 0.2 percent of students have graduated with more than \$100,000 in debt. According to the Association of Independent Colleges and Universities in Massachusetts, the average net tuition and fees for private colleges are lower today than they were 10 years ago when adjusted for inflation. And although student debt is high, there are also more students going to college than ever before. Since 2003, there has been a 16 percent increase in enrollment at private colleges in Massachusetts – nearly 38,000 new students.

Other important issues related to increased costs and loan amounts included predatory practices at for-profit colleges, required health care coverage for students,⁹ transportation costs, and the perennial issue of exorbitant book costs.

V. SUBCOMMITTEE RECOMMENDATIONS

Massachusetts must do all it can to keep higher education affordable for our students; their success is key to our Commonwealth's future growth. Although many of the concerns that surround student loans and debt are federally-controlled (e.g., student loan interest rates, types of student loans, bankruptcy discharge), the Subcommittee has found several potential solutions within the Commonwealth that can help alleviate some student debt issues. The Subcommittee respectfully submits the following recommendations for consideration.

1. Expand Financial Literacy for All Massachusetts Students

There is a growing awareness of the issue of student debt, but too many students and their families still lack knowledge about the resources available to assist them. As financial aid experts repeatedly explained: most students will sign whatever is put in front of them, without paying attention to it. Several of those who testified described how students do not understand what they are getting into with loans, and are unprepared for their new financial realities.

This lack of information needs to be remedied. Federally, there are many resources available to students that the Commonwealth should leverage. For example, The Consumer Financial Protection Bureau offers a great deal of information to students and their families about loans and these resources should be made more visible to Massachusetts families. The federal

⁹ Student health insurance plan costs for the 2013-14 academic year ranged from \$1,600 to \$2,000. However, the Affordable Care Act's (i.e., Obamacare) implementation in Massachusetts beginning in the 2014-15 academic year should radically change this cost issue. The ACA's provisions will assist many low-income students in receiving no-cost, fully-subsidized coverage through MassHealth (Medicaid) expansion. In addition, students will now qualify for partial subsidies even if they are not eligible for MassHealth. Finally, the new health care law uses monthly payment plans so that students will no longer have to take out a loan to pay for health insurance in one large lump sum at the beginning of the school year.

College Scorecard fills the purpose of understanding the difference between sticker price and actual price in order to make better informed decisions about which college to attend.¹⁰ The federal government also offers programs for loan repayment and loan forgiveness that receive too little attention. The Income-based Repayment and the Public Interest Loan Forgiveness plans are two such options that can assist students in paying off federal student loans more easily over time or have them forgiven altogether – these programs deserve increased attention and utilization.¹¹

Within the Commonwealth itself, several offices and agencies have been working on creating financial literacy programs to help students. The Office of the Treasurer has implemented a financial literacy pilot program for 11 high schools. In addition, the Massachusetts Education Financing Authority (“MEFA”) offers free seminars to parents and students to learn about planning, saving, and paying for college. These programs range from Early College Planning (grades 7-10) to College Financing (grades 11-12). The Office of Consumer Affairs also has created Project Credit Smarts, which teaches college and high school students about essential financial management tools, including how to use credit responsibly, finance a college education, and understand banking products. As Office of Consumer Affairs Undersecretary Barbara Anthony explained to the Subcommittee: “It’s all about disclosure. Before you become indebted, someone needs to sit down with you... when you graduate what is the average salary? What is your monthly income, your debt, what disposable income do you have left?”

In the non-profit sector, the SALT program of financial literacy is widely respected. SALT operates in 257 schools nationally, 48 of which are in Massachusetts – and the program has its roots in the Commonwealth.¹² SALT provides online advice and various tools to college students about student loans and debt, including an advice blog and a telephone hotline to accompany video tutorials. The program is presented in succinct and colloquial language and has made a concerted effort to speak the same dialect as its target audience.¹³

Given these resources, the Subcommittee first recommends that the Commonwealth uses existing programs to better advantage and creates vehicles that appropriately highlight materials available for students.

Second, the Subcommittee recommends offering financial literacy courses in every Massachusetts high school and suggests that the Department of Elementary and Secondary Education consider incorporating financial literacy as an element of Massachusetts’ core curriculum. Massachusetts needs system-wide financial literacy throughout the state as education is key to preventing and alleviating further development of the student debt and

¹⁰ The White House website presents a scorecard for every college and university in the United States that gives a much better understanding what each actually will cost and illustrates the difference between sticker price and actual price.

¹¹ Only 2.4 percent of graduates are taking advantage of the federal Income Based Repayment Plan because there is a lack of awareness or counsel on loan relief.

¹² In 1956, two Massachusetts senators founded the Massachusetts High Education Assistance Corporation, which became American Student Assistance and runs the SALT programs.

¹³ SALT also uses Twitter hashtags and collaborates with humor website CollegeHumor to reach out to young people about its financial education program benefits.

loan crisis.¹⁴ Research indicates a clear need to begin this education early and repeat it often. Thirteen states now require students to take a personal finance course or have personal finance included in an economics course as a high school graduation requirement. Bills pending in the Massachusetts legislature, like S.234, *An Act relative to financial literacy in schools* (which was reported favorably out of the Joint Committee on Education along with several similar bills and is currently before the Senate Committee on Ways and Means), further this important work and the Subcommittee recommends their passage.

Third, the Subcommittee recommends providing better information to college students throughout their college career so that they are fully informed of their options and can take advantage of many existing loan forgiveness programs. To that end, the Subcommittee suggests that the SALT program be utilized by all public colleges and universities.

Finally, the Subcommittee proposes passage of legislation that would require all non-community college¹⁵ institutions of higher learning to uniformly describe financial aid information to students using a financial aid worksheet similar to the financial aid shopping sheet developed by the Consumer Financial Protection Bureau and the U.S. Department of Education, located in **Appendix B**. This recommendation is not without precedent; in 2012, Connecticut passed a law requiring every institution of higher education to provide uniform financial aid information.

There is a lot of confusion in the market about what can be defined as “financial aid,” with inconsistent and misleading practices surrounding how some student loans and work-study jobs are considered aid, while others are not. Constructing this new requirement state-wide would create a “truth in lending” statement regarding the total amount of student loans, interest, and estimated monthly payments – a measure that is desperately needed as students and their families struggle to make informed choices about what makes financial sense in the high-stakes world of college loans.¹⁶

2. Deepen Investment in Public Higher Education, But Create More Accountability

The strongest predictor of tuition and fee increases is the change in revenue from state appropriations. Public higher education has seen dramatic cuts over the past decade.¹⁷ While state spending has decreased, the fiscal needs of these institutions have not – consequently, the funding has shifted from the Commonwealth to the student. In the past decade, although

¹⁴ In a financial capability survey conducted by the Financial Industry Regulatory Authority, 61% of Americans failed the financial literacy exam. The research also shows that Americans had trouble applying any previously learned financial literacy knowledge to real life.

¹⁵ Community Colleges are omitted from this recommendation as many of their students are part-time, take classes as they are able or needed, and subsequently have different needs when explaining financial aid options.

¹⁶ This recommendation could also offer better guidance to the majority of high-achieving, but low-income, students who apply to and attend resource-poor two-year and four-year institutions, rather than private colleges or universities, under the mistaken belief that they cannot afford the more “elite” schools. In fact, these private schools generally have larger endowments and aid programs, and after financial awards are issued, would often cost these students much less.

¹⁷ State spending on higher education declined 31 percent from FY2001 to FY2013 (adjusted for inflation).

resident tuition rates set by the state have remained unchanged, student fees have more than doubled.

In FY2014, the legislature appropriated \$960.7 million in operating funds, allowing state community colleges, universities, and UMass to freeze tuition and fees, and creating a two-year “50-50 Partnership” between UMass and the state.¹⁸ The term “50-50 Partnership” refers to the goal of returning to a footing where students and the state provide equal shares of the funding. The increase in funding this past year has been beneficial, but much still can be done to make up for the years of cuts.

The Subcommittee recommends that the Commonwealth continues to expand its support of all public higher education institutions. This should begin with the legislature allocating a second year of “50-50” funding and increasing support of the state universities and community colleges, in order to ease the financial burden on students and their families at a time when affordability and student debt remain significant issues in the nation and in our Commonwealth. Funding increases for all of public higher education must continue over future budget cycles due to the absolute importance of higher education to the growth and prosperity of Massachusetts. Increases should be done incrementally up to a point where the economic impact of student debt no longer threatens a student’s opportunity to receive a high quality education at an affordable level of investment.

However, increases in state support should be coupled with greater financial oversight and management of costs by Massachusetts’ institutions of higher learning. First, the Subcommittee recommends that all schools receiving state support be required to maintain overall cost increases¹⁹ that do not exceed the rate of inflation, with the option of filing an appeal with the Department of Higher Education stating any basis for relief from this provision. Second, the Subcommittee recommends a review of community college, university, and UMass fees with the question of whether continued increase in state support should be met with a commensurate decrease in fees. Third, the Subcommittee recommends that further opportunities for collaboration, oversight, and efficiencies among the public institutions of higher learning be explored and implemented. Performance funds or reserves that reward efficiency benchmarks have proven to be useful tools to help schools find ways to improve.

Finally, the circumstances surrounding why students attending Massachusetts public higher educational institutions are almost as deeply indebted as those attending private schools deserves more attention and study. As there is no centralized oversight body for the public higher educational system as a whole,²⁰ the Subcommittee recommends the creation of a

¹⁸ Although the 50-50 partnership is related primarily to the UMass system; community colleges require additional support.

¹⁹ Collective bargaining agreements and other contract obligations not directly controlled by colleges and universities would be exempt from this requirement.

²⁰ As the Massachusetts Higher Education Coordinating Council explained in 1994: “Instead of retaining significant responsibility for governing Massachusetts’ 15 community colleges, 9 state colleges, and the 5 campuses of the University of Massachusetts in the hands of a single, statewide board or office of government, the Legislature chose to vest the operational authority for the management of these institutions in a single Board of Trustees for the University and local Boards for each state and community college.”

legislative commission to review and evaluate whether a more robust Massachusetts public higher education governance and operations oversight structure could be beneficial, cost-effective, and efficient for the Commonwealth and its students. This proposed commission would seek a balance between centralized oversight that can result in efficiencies and the local autonomy that is necessary to ensure that public institutions in each region are able to focus on the specific needs of the local community.

3. Increase and Reform Some State Aid

MassGrant is the state's primary source of need-based financial aid and provides assistance to undergraduate students who reside in Massachusetts and who are enrolled in any approved public or independent college, university, school of nursing, or any other institution of higher education. In 1988, MassGrant covered 80 percent of tuition and fees at public colleges and universities – today it covers only about 9 percent, with an average award of \$657. Massachusetts ranks 46th out of 48 states with need-based aid programs (only Arkansas and Puerto Rico fare worse)²¹ in average need-based grant amount for its students. The Subcommittee recommends increasing MassGrant funding to support the Commonwealth's students most in need. Specifically in the FY2015 budget, the Subcommittee further recommends line item 7070-0065 be increased to \$100 million, which would increase the MassGrant scholarship reserve to \$39 million. Line item increases in future state budgets to restore MassGrant awards closer to the 1988 percentage levels are also recommended.

Massachusetts also has several scholarship opportunities, some of which have been more successful than others. Of note, the Subcommittee recommends reforming the John & Abigail Adams Scholarship. Students are eligible for the Adams Scholarship if they score advanced on either the Math or English portion of the MCAS, score at least proficient in both areas, and have a total MCAS score that puts them in the top 25 percent of their district's graduating class. Only 24 percent of Massachusetts students offered the merit-based Adams scholarship actually take it, as the Adams Scholarship merely provides a tuition waiver for four years of undergraduate education at a Massachusetts state college or university, not the fees which comprise the majority of the cost for attending a public college or university.²² The Subcommittee recommends changing the parameters for the Adams Scholarship, so that the scholarship covers tuition and fees, has heightened academic requirements for eligibility, and consideration is given to adding a means-testing element to eligibility. Because this scholarship is a tuition waiver, there is currently no budgetary appropriation (about \$14 million waived in tuition), but a line item should be created in order to make this revised scholarship meaningful, useful, and a strong tool to keeping Massachusetts' brightest students in Massachusetts. As Massachusetts is currently transitioning from MCAS to the Common Core assessment, the timing for this scholarship's reform is ideal.

Furthermore, the Subcommittee recommends using grant programs to promote higher education to individuals seeking high-need careers. For instance, the Massachusetts High

²¹ Georgia, Wyoming and South Dakota do not have need-based aid programs.

²² For example, at UMass Amherst, the 2012-2013 academic year cost for a full-time, in-state undergraduate student was \$1,714 in tuition and \$11,518 in fees.

Demand Scholarship offers financial support to students attending a public college or university and working towards degree completion in disciplines that are deemed to be in critical shortage. The Subcommittee supports this effort to increase college graduates in fields that will grow Massachusetts' economy, and recommends funding this scholarship, line item 7070-0066, at \$2 million for FY2015.²³ In a related vein, the Subcommittee also recommends passage of H.3701, *An Act Improving the Education Rewards Grant Program to Assist Low-Income Workers*, which was reported favorably out of the Joint Committee of Higher Education and is currently before the House Committee on Ways and Means. The bill infuses the Massachusetts Educational Rewards Grant Program with fresh funding to provide financial assistance (up to thirty percent of the grant amount to be used by the recipient for living expenses) to low-income students seeking education at non-profit institutions that will lead to jobs in targeted high-demand occupations. It is sensible to support initiatives like this that help the Commonwealth's most vulnerable families and maintain the skilled and trained workforce that gives our Commonwealth a competitive edge.

In response to comments and data about the growing dependence of schools on student loans and the excessive borrowing by some students, the Subcommittee suggests reviewing methods to encourage schools to have more "skin in the game" in managing student borrowing. The Subcommittee suggests exploring the concept of limiting state aid to schools that are able to manage loan default rates and graduation rates adequately. One proposal would be to restrict Massachusetts aid to schools with a high percentage²⁴ of its students taking out loans, unless: (1) the school maintains graduation/transfer rates above 30 percent²⁵ and (2) the school sustains a Cohort Default Rate at or below 15.5 percent.²⁶ These requirements already exist in California and, if passed in Massachusetts, could reward responsible colleges and universities and help prevent students from taking on more loans than they can afford.

Finally, the Subcommittee would like to raise awareness about a new concept to pay for college called "Pay It Forward." The basic premise of Pay It Forward is the replacement of a traditional tuition and fees bill with a contract for students to pay a percentage of their income to their school for 25 years after graduation. This idea originated from the Economic Opportunity Institute, a West Coast-based think tank, and is modeled on higher education repayment systems in Australia and the United Kingdom. Pay It Forward has gained traction in several states throughout the country, though no state has yet to fund a pilot of this program. It is difficult to imagine finding sufficient funds in the Massachusetts state budget to cover the

²³ The Subcommittee recommends passage of H. 3956, *An Act relative to breaking generational cycles of poverty*, which would provide \$1.1 million to fund job opportunities for students who receive cash assistance under transitional aid to families with dependent children ("TAFDC") who are enrolled full-time at a community college, and offer \$1.25 million to create guidance counselor positions to assist recipients of transitional assistance while they are earning a community college certificate or associate's degree. This bill would help some of our most vulnerable students reach their potential – a benefit for these students and for our Commonwealth's economy.

²⁴ California's limits on state aid are triggered at schools who have more than 40 percent of their student body taking out loans.

²⁵ That is, having more than 30 percent of an institution's students either complete their certificate or degree program or transfer to an accredited college or university within 150 percent of the published program length.

²⁶ That is, 84.5 percent or more of the institution's federal student loan borrowers must be successfully repaying their loans within 3 years of completing their certificates or degrees.

enormous start-up costs associated with Pay it Forward without the federal government providing significant resources towards this program. Although the Subcommittee has concerns about the practicality and effect of Pay It Forward, it recommends reviewing the idea more thoroughly to see whether this program could demonstrably save students money, could avoid a chilling effect on disciplines that may not be financially remunerative, and to be prepared to accept funds that could come available from the federal government.

4. Decrease the Time to Degree

Another topic of significance for those who work directly on student loans and debt is the importance of reducing the time it takes for students to obtain a degree. The simple truth is that time is money. Data strongly suggests that it costs more for part-time students to obtain a degree and it is more cost-effective to get a degree in four years than in five or six. Improving graduation rates also avoids the situation where a student borrows money to attend school, but leaves without the personal or economic benefits of having earned a degree or certificate.

The Subcommittee first recommends working with the Department of Higher Education in promoting and funding dual enrollment programs throughout the state. Dual enrollment both reduces the amount of time a student requires to earn a degree and increases the likelihood of graduation by allowing high school students to enroll in and receive credit for college level courses at public campuses. Dual enrollment has been highly successful, and data shows that students who are involved have a much higher chance of being successful in college. Currently, hundreds of students are turned away from dual enrollment programs due to insufficient funds. The Department of Higher Education has been exploring ways to expand this program and the Subcommittee supports funding dual enrollment, line item 7066-0019, at \$2 million for FY2015. The Subcommittee also recommends making AP course credit equally valuable for public and private colleges and universities.

Second, the Subcommittee recommends promoting Massachusetts transfer agreements between community colleges and 4-year institutions, both public and private. Attending a community college for the first two years, with a transfer to a university for the last two years is an efficient and cost-effective way to allow students to graduate with less debt.²⁷ Massachusetts also would do well to incentivize transfer agreements between public community colleges and private universities.

Third, the Subcommittee recommends that online and hybrid classes and class components be explored as a means of completing a degree over a shorter period of time and at a lower cost to the students. The focus would be online and hybrid courses offered at the student's primary institution of learning. It is imperative that the quality of the education offered online must be equal to that being offered in a traditional classroom. This would allow for greater flexibility in

²⁷ The Subcommittee also encourages investigation into opportunities to use dual enrollment for community college students in certain majors who intend to transfer to a four-year university and cannot take certain prerequisite courses in their intended major at the community college. The current lack of dual enrollment in these situations has been a barrier for some students in majors like engineering.

a student's schedule and could also be used for supplementing material at an in-person traditional classroom.

Finally, the Subcommittee supports reform of developmental education as another way to decrease time to degree. Developmental education is designed to assist students who are not prepared to take college level courses upon entry to a higher education institution, however over a third of Massachusetts high school graduates entering our public higher education institutions find that they must take developmental courses before they can begin credited work towards a degree. For community college students, that rate jumps to 60 percent. This remedial coursework is both financially expensive and psychologically costly as studies show students who are placed in development education courses are substantially less likely to graduate. This past fall, the Board of Higher Education approved a series of pilot initiatives to begin correcting this problem, helping students to more rapidly advance to credit-bearing math courses while still gaining the skills necessary for that college-level work. The Subcommittee encourages the Board of Higher Education and our public higher education institutions to continue these critical efforts and find better practices to promote for our students.

5. Regulate the For-Profit Schools

For-profit colleges and universities are disproportionately responsible for the massive amounts of student debt. Ninety-six percent of students who attend two-year for-profit schools incur federal debt, whether they graduated or not (and fewer than half actually graduated). In comparison, about 37 percent of Massachusetts community college students take out student loans.

National data also shows that, as the vast majority of graduates from for-profit four-year colleges took out student loans, they also borrowed 43 percent more than graduates from other types of four-year colleges. In addition, the Office of Attorney General Martha Coakley reports that over 20 percent of students enrolling at for-profit colleges defaulted on their loans within three years of entering repayment.

The Subcommittee also heard personal stories about the negative impact of for-profits and occupational schools. For example, one young woman relayed her experience about seeing a TV ad for a medical assistant certificate offered by a for-profit. She did not have a high school diploma and was barely getting by, but was misled by this school and took out more than \$7,500 in loans for a nine-month course that did not offer adequate training for employment. This student was soon trapped in the all-too-familiar world of facing debt repayment without a job, and found herself in default. This story is not unusual, but it illustrates how easily students who lack information can fall victim to unfair practices and fail to make well-informed decisions.

The Subcommittee commends the work done by the Attorney General and recommends increasing oversight and decreasing predatory student lending by fully enforcing the Attorney

General's new regulations on for-profits (expected out this spring)²⁸ and ensuring that all violators be prosecuted to the fullest extent of the law. The Subcommittee also recognizes the comprehensive approach required to regulate the for-profit schools and applauds the Division of Professional Licensure for taking steps to significantly strengthen the licensing requirements for these schools.

The Subcommittee further recommends creating a student tuition recovery fund. Such a fund could be underwritten by a surcharge placed on all for-profit schools or by damages and restitution paid to Massachusetts in legal actions against for-profit schools; 22 states already maintain a recovery fund of some kind. Finally, the Subcommittee strongly suggests limiting any state-based funds used by for-profit schools to classroom instruction.

6. Create Incentives to Save

The Subcommittee believes that it is also incumbent on the Commonwealth to help students and families pay for college themselves, and therefore recommends a series of incentives to assist students and their families in finding ways to save.

First, the Subcommittee recommends working to improve savings in Massachusetts' 529 College Savings Plan, currently administered by MEFA and professionally managed by Fidelity Investments. A 529 plan is a savings vehicle operated by a state or educational institution, with earnings that are federal income tax deferred and withdrawals that are free from federal and state income taxes. Massachusetts' 529 Plan currently does not offer additional incentives like tax deductions for amounts invested in 529 plans, unlike many other states. The Subcommittee recommends the passage of legislation that offers tax credits for each dollar contributed to a 529 Plan, to a maximum of \$5,000. The Subcommittee also recommends the passage of legislation that offers a matching program, like those found in a number of other states, to help encourage saving from an early age. The Subcommittee approves of increased awareness of the availability of 529 plans through advertisement and engagement by MEFA and the participating colleges. A valuable opportunity that already exists, and will potentially be improved, is being missed due to a lack of awareness.

The Subcommittee also recognizes the good work being accomplished through several non-profits dedicated to helping students and families. The FUEL program is one example, which encourages low-income families to save by creating a matching program with local banks. Bottom Line is another, which helps disadvantaged students get accepted to college, graduate from college, and go far in life. The Subcommittee suggests that the Massachusetts Department of Higher Education coordinate its efforts with these and other non-profits. Increasing awareness and opportunities for savings and financial planning from a younger age is imperative to promoting good financial decisions throughout college and into adulthood.

²⁸ See 940 CMR 31.00: For-Profit and Occupational Schools (Proposed), available at: <http://www.mass.gov/ago/government-resources/ags-regulations/940-cmr-31-00/940-cmr-31-00.html>.

7. Advance Loan Forgiveness Programs

The Subcommittee finds value in the potential of loan forgiveness programs to put students in touch with occupations where there is both great need and a lack of financial incentive. Loan forgiveness programs will encourage students to go into fields that they are interested in pursuing but may be inclined to avoid due to the high cost of educational requirements and the promise of moderate income levels after graduation. Loan forgiveness can also serve to attract graduates and experienced professionals to areas of the Commonwealth that are experiencing shortages in important occupational fields.

The Subcommittee recommends the passage of H.1077/S.51, a \$1.2 million loan forgiveness pilot program for licensed certified social workers employed in programmatic areas of high need. These bills have already been reported favorably by the Joint Committee on Higher Education and are currently before the House Committee on Ways and Means. Social work is one area where there is a great demand for professionals that is difficult to fill due to the high costs of the required education and the promise of a modest salary upon employment.

The Subcommittee also recommends that other loan forgiveness programs be explored, legislation filed accordingly, and more pilot programs established over time. There is noteworthy potential for loan forgiveness programs to attract health care professionals to rural, geographically isolated areas and inner cities that have difficulty competing financially with other areas of the Commonwealth. The same is true for education professionals and for employers having difficulty attracting much needed talent to certain regions or matching job skills needed with future growth and demand.

8. Develop Public-Private Partnerships and Collaboration

The Subcommittee sees great potential in public-private partnerships designed to match up educational advancement with skilled employment opportunities. Incentives should be pursued to persuade employers to help employees pay off outstanding student debt or avoid the need to take on debt while pursuing continuing education. The collaboration between business, higher education, and government stakeholders should be encouraged in relation to workforce preparedness and job opportunities.

The Subcommittee recommends tax credits and student loan forgiveness programs that will create incentives for other companies to help educate their workforce and attract recent graduates. In addition, the community college workforce training incentive program should be fully funded and expanded to include credit programs in addition to non-credit vocationally oriented training programs. The Subcommittee also recommends keeping communication between businesses and colleges and universities simple and collaborative. The Subcommittee applauds the work that has already been done and seeks to raise awareness of the potential of such programs and create an atmosphere that is conducive to matching educational skills with areas of increasing job growth demand.

9. Support State Partnerships with Federal Officials

The Subcommittee recognizes that its recommendations are limited to items that can be proposed and implemented at the state level. Many causes of the student debt crisis need to be addressed at the federal level. The Subcommittee recommends continuing a partnership and collaboration with our federal officials going forward. The Massachusetts delegation in Congress has expended exceptional effort to bring this issue to the forefront and offering solutions that would have an immediate effect on student debt. The work of Senator Elizabeth Warren and Congressman John Tierney to lower student loan interest rates is commendable. To paraphrase Senator Warren, the idea that the federal government makes \$51 billion dollars in profit through student loan debt is unconscionable. The Subcommittee hopes our federal officials will continue to be great advocates for the students of Massachusetts. The Subcommittee offers this report as evidence of how seriously the Commonwealth takes this issue and how willing it is to work collaboratively on solutions.

VI. CONCLUSION

For the past several months, the Joint Subcommittee on Student Loans and Debt has traveled all over the Commonwealth meeting with people, listening at public hearings, and engaging with many stakeholders who have brought forward many thoughtful suggestions. Based upon the investigations and analysis articulated herein, the Subcommittee concludes that although the student loan and debt landscape is exceedingly complicated, there are state-based solutions that can alleviate some of the widespread problems.

Given the tremendous amount of data and information available about the growing crisis, the time for action is now, and before student loans and debt put too many students and their families over the fiscal cliff. There is no magic bullet to solving the student loan and debt crisis, but the Subcommittee believes that its recommendations will improve conditions for students and the Massachusetts economy as a whole, and asks that they receive full consideration. The Subcommittee asks that each of its recommendations be duly considered with the understanding that these reforms will help decrease debt and allow students to achieve greater success. Implementation of these recommendations will also improve economic development within Massachusetts, and ensure that our Commonwealth will have the educated workforce it needs to compete nationally and internationally well into the 21st century.

Student debt is a problem that cannot be ignored and the Subcommittee members are greatly honored to have had the opportunity to learn more and offer thoughts and suggestions. The Subcommittee is hopeful that this report will shed new light on the seriousness of this problem and that the recommendations will bring new opportunities for combating this roadblock to economic prosperity.

APPENDICES


APPENDIX A – SUBCOMMITTEE HEARINGS AND TESTIMONY

Hearing Date	Hearing Location	Testimony
September 23, 2013	University of Massachusetts, Lowell: Alumni Hall, One University Avenue, Lowell	<p>Martin Meehan, Chancellor, UMass Lowell</p> <p>Carol Cowan, President, Middlesex Community College</p> <p>Lane Glenn, President, Northern Essex Community College</p> <p>Andrew Ladd, Student Government Association President, UMass Lowell</p> <p>Elvira Reyes, Financial Aid, Bard College Longy School of Music</p> <p>Amin Gholizadeh, Student, Middlesex Community College</p> <p>Corey Lanier, Student Government, UMass Lowell</p> <p>Tom Taylor, Financial Aid, UMass Lowell</p> <p>Neil MacInnes-Baker, Educate MA</p>
September 30, 2013	Holyoke Community College: Kittredge Building, Room 301& 303, 303 Homestead Ave, Holyoke	<p>Bill Messner, President, Holyoke Community College</p> <p>Lynn Pasquerella, President, Mt. Holyoke College</p> <p>Ira Rubenzahl, President, Springfield Technical Community College</p> <p>Shana Nunez, Student, Holyoke Community College</p> <p>Robin Rondeau, Financial Aid, Holyoke Community College</p> <p>Trevor Eliason, Trustee, Springfield Technical Community College</p> <p>Jeff Schrenzal, Faculty, Western New England University</p> <p>Ferd Wulkan, Phenom</p> <p>Cameron Russell, Center for Education Policy and Advocacy, UMass Amherst</p> <p>Joel Sacks, Faculty, UMass Amherst</p> <p>Vanessa Martinez, Faculty, Holyoke Community College</p> <p>Mary Beth Kroll, Student, Holyoke Community College</p> <p>Emily FitzGerald, Student, Western New England University</p> <p>Michelle Delgado, Student, Western New England University</p> <p>Lori Wayson, New Directions, Holyoke Community College</p> <p>Anastasia Wilson, Student, UMass Amherst</p> <p>Patrick Burke, Student, Holyoke Community College</p> <p>Ken Haar, Phenom and Westfield State University</p>
September 30, 2013	Greenfield Community College: Cohn Dining Commons, One College Drive, Greenfield	<p>Bob Puva, President, Greenfield Community College</p> <p>Johannes Raatz, Center for Education Policy and Advocacy</p> <p>Hunter Parent-Wetmore, Center for Education Policy and Advocacy</p> <p>Bayley Blaisdel, Phenom UMass Amherst</p> <p>Manuel Furtado, Phenom UMass Amherst</p> <p>Rosemary Freelan, Student, Greenfield Community College</p> <p>Kia Burton McLaughlin, Student, Greenfield Community College</p> <p>Max Page, Treasurer, Phenom</p> <p>Barbara Broussard, Student, GCC and Elm College</p> <p>Carlos Pena, staff, Greenfield Community College</p> <p>Elizabeth Cotton, Student, Greenfield Community College</p> <p>Brian Arthurton, Student, Greenfield Community College</p>

		Michael Lewis, Student, Greenfield Community College
October 21, 2013	Suffolk University: Rosalie Stahl Building, 9th Floor, 73 Tremont Street, Boston	James McCarthy, President, Suffolk University Richard Freeland, Commissioner, Department of Higher Education Paul Combe, President, American Student Assistance Pam Eddinger, President, Bunker Hill Community College Bob Hildreth, FUEL Education Laura Piscopo, Student, Suffolk University Winston Langley, UMass Boston Brian Conway, Student, Wentworth Institute of Technology Anne Marie Caruso, Financial Aid, Wentworth Institute of Technology Nolan O'Brien, Student, UMass Boston Sarah McDonald, National Association of Social Workers, Mass Leonela Montalban, Crittendon Women's Union
October 28, 2013	Bridgewater State University: Maxwell Library, Heritage Room, 24 Park Avenue, Bridgewater	Dana Mohler-Farie, President, Bridgewater State University Charles Walls, President, Massasoit Community College Peter Tsaffaras, President, Quincy College John Cox, President, Cape Cod Community College Rose Cass, Finance Dept, Mass. Maritime Capt. Ed Rozak, Student Services, Mass. Maritime David Allen, Financial Aid, Bristol Community College Hannah Montero Lopes, Student, Bridgewater State University Mariama Sano, Student, Bridgewater State University Nicolas Leflame, Student, Bridgewater State University Colleen Avedikian, Student, UMass Dartmouth Emmanuella Agyemand, Student, UMass Dartmouth Siobhan Roberg, Student, UMass Dartmouth Jessica McNeil, Student, Bridgewater State University
November 8, 2013	College of the Holy Cross: Hogan Building, Room 519, One College Street, Worcester	Francesco Cesareo, President, Assumption College Richard Doherty, President, Association of Independent Colleges and Universities in Massachusetts Barbara Anthony, Undersecretary, Office of Consumer Affairs and Business Regulation Barbara Lucci, Student, Salem State and STCC Robert Antonucci, President, Fitchburg State University Barry Maloney, President, Worcester State University Gail Carberry, President, Quinsigamond Community College Cheryl Slebota, Financial Aid, Mt. Ida College Jim Bourque, Faculty, Wheelock College Joy Cirba, Parent Jim Leary, UMass Medical School Lynn Myers, Financial Aid, College of the Holy Cross
December 9, 2013	Berkshire Community College: Boland	Ellen Kennedy, President, Berkshire Community College Denise Richardello, Exec. Vice President, Massachusetts College of Liberal Arts

	Theater, 1350 West Street, Pittsfield	<p>Brendan Peltier, Student, Massachusetts College of Liberal Arts Ken Haar, Faculty, Westfield State University Ann Moore, Financial Aid, Berkshire Community College Chris Himes, Faculty, Massachusetts College of Liberal Arts Ferd Wulkan, Phenom Stone Khoury, Student, Westfield State University</p>
Additional Written Testimony		<p>Martha Coakley, Attorney General of the Commonwealth of Massachusetts Jackie Jenkins-Scott, President, Wheelock College Adam Falk, President, Williams College Janice Forsstrom, Interim President, North Shore Community College Letters and emails from dozens of Massachusetts students and parents</p>

APPENDIX B – PROPOSED FINANCIAL AID WORKSHEET²⁹



University of the United States (UUS)

Student Name, Identifier

MM / DD / YYYY

Costs in the 2013-14 year

Estimated Cost of Attendance		\$ X,XXX / yr
Tuition and fees	\$ X,XXX	
Housing and meals	X,XXX	
Books and supplies	X,XXX	
Transportation	X,XXX	
Other educational costs	X,XXX	

Grants and scholarships to pay for college

Total Grants and Scholarships (*GIF Aid; no repayment needed)		\$ X,XXX / yr
Grants from your school	\$ X,XXX	
Federal Pell Grant	X,XXX	
Grants from your state	X,XXX	
Other scholarships you can use	X,XXX	

What will you pay for college

Net Costs \$ X,XXX / yr
(Cost of attendance minus total grants and scholarships)

Options to pay net costs

Work options

Work-Study (Federal, state, or institutional)	\$ X,XXX
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Loan options*

Federal Perkins Loans	\$ X,XXX
Federal Direct Subsidized Loan	X,XXX
Federal Direct Unsubsidized Loan	X,XXX

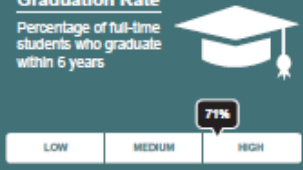
*Recommended amounts shown here. You may be eligible for a different amount. Contact your financial aid office.


Other options

Family Contribution		\$ X,XXX / yr
(As calculated by the institution using information reported on the FAFSA or to your institution.)		
<ul style="list-style-type: none"> • Payment plan offered by the institution • Parent PLUS Loan 	<ul style="list-style-type: none"> • Military and/or National Service benefits • Non-Federal private education loan 	

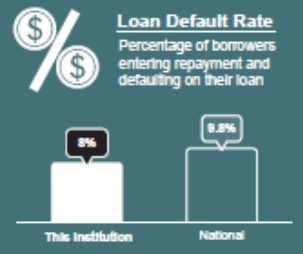
Customized Information from UUS


Graduation Rate
Percentage of full-time students who graduate within 6 years







Loan Default Rate
Percentage of borrowers entering repayment and defaulting on their loan





Median Borrowing
Students at UUS typically borrow \$X,XXX in Federal loans for their undergraduate study. The Federal loan payment over 10 years for this amount is approximately \$X,XXX per month. Your borrowing may be different.





Repaying your loans

To learn about loan repayment choices and work out your Federal Loan monthly payment, go to: <http://studentaid.ed.gov/repay-loans/understand/plans>

For more information and next steps:

University of the United States (UUS)
Financial Aid Office
 123 Main Street
 Anytown, ST 12345
 Telephone: (123) 456-7890
 E-mail: financialaid@uus.edu

²⁹ Available at: http://collegecost.ed.gov/shopping_sheet.pdf

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