



Education Interim Committee
65th Montana Legislature

SENATE MEMBERS

EDIE MCCLAFFERTY - Chair
TOM FACEY
DANIEL SALOMON
RUSSEL TEMPEL

HOUSE MEMBERS

FRED ANDERSON – Vice Chair
JACOB BACHMEIER
MOFFIE FUNK
DONALD JONES

COMMITTEE STAFF

PAD MCCRACKEN, Lead Staff
LAURA SANKEY, Staff Attorney
JENNI CARR, Secretary

TO: Education Interim Committee
FROM: Subcommittee on State Financial Aid Programs (Sen. Facey—chair; Sen. Salomon; Rep. Anderson; Rep. Bachmeier)
RE: Subcommittee report
DATE: June 1, 2018

The Subcommittee on State Financial Aid Programs met on April 25, 2018. This memo provides a summary of the meeting and some possible directions for the full committee to consider.

Participants

In addition to the four legislators, Tyler Trevor, Deputy Commissioner, and Ron Muffick, Director of Operations and Administration, both representing the Office of the Commissioner of Higher Education participated in the meeting. Legislative staff in attendance were Laura Sankey Keip, legislative attorney, Shauna Albrecht, fiscal analyst, and Pad McCracken, research analyst.

Meeting materials prepared

- [Financial Aid Overview](#) (MUS slides)
 - Slide #2 shows that state financial aid is a small part of the overall financial aid picture; slide #5 shows that Montana ranks near the bottom of states in terms of state-funded financial aid per student
- [Shared Policy Goals for MUS](#) (see goals 1.1 and 1.2 on affordability)
 - The previously adopted Shared Policy Goals have emphasized ensuring access and affordability through increased need-based financial aid programs
- MUS Strategic Plan (excerpts on [financial aid](#) and [affordability](#))
 - Both documents include charts displaying trend data for the metrics identified in the Shared Policy Goals; Metric 1.2.1 shows a significant drop in state-funded, need-based aid after 2015
- [One-page table with existing programs](#)
 - This table shows that roughly half of Montana’s existing state-funded financial aid programs are currently funded

- [Bar chart showing recent funding history](#)
 - This chart shows that undergraduate state-funded financial aid programs have received less state support while state support has increased for professional programs (WWAMI, WIMU, MN Dental)
- [Undergrad program funding history from 2002](#)
 - Shows actual expenditures for the various state financial aid programs over the past 15 years
- [Statutes and BOR Policies pertaining to financial aid programs](#)
 - Statutory language for state undergrad financial aid programs with links to Board of Regent policies
- [Financial Aid decision tree](#)
 - This graphic was distributed at the March EDIC meeting

Points of general agreement

1. The state needs to ensure that the maximum amount of federal dollars are leveraged through Work Study and Supplemental Education Opportunity Grants (SEOG) matching requirements.
2. The current dynamic of numerous unfunded program sends a confusing message to students, parents, guidance counselors, and financial aid officers. “It’s a bad shotgun with no shells.”
3. The state values the guaranteed and subsidized slots that our financial commitment to the professional programs like WWAMI provide, but as those costs have increased and total state-funded student assistance appropriations have been flat, the professional programs have squeezed out state-funded undergraduate financial aid programs to the point where there is almost no funding for undergraduate programs.
4. The Legislature collaborating with the Regents in terms of policy priorities, program design, and funding commitment offers the best possibility of designing coherent and impactful programs that serve the greatest number of Montana resident students.
5. All financial aid programs should allow outcomes to be measured and require reports from OCHE on the effectiveness of programs in terms of access, affordability, retention, completion, etc.

Policy questions

- Should financial aid dollars be student-centered to follow the student to his/her selected campus? Or should programs ensure that all campuses are able to offer financial aid in proportion to the campus’ enrollment or completion?
- Should programs increase aid to a student over time to create an incentive to return and complete? For example, first-year students receive 50% of award amount, second-year 75%, third-year 100%, etc.
- How prescriptive does the Legislature want to make programs in statute? And how restricted in terms of appropriations? Or would the Legislature prefer to allow the Board of Regents greater authority in designing/revising programs?
- What can be done to ensure reliable funding?
- How can limited state funding be leveraged to get the most “bang for the buck”?

A possible framework

Deputy Commissioner Trevor suggested one possible way of organizing Montana’s undergraduate financial aid programs in a three-prong approach outlined in the table below. Not only does this approach create three distinct categories of financial aid programs, it proposes assigning responsibility for designing and funding (in relatively equal measure) these three categories to three distinct entities: the LEG/state, the MUS/campuses, and the MUS campus foundations. This framework resonated with members of the subcommittee.

	Incentive Program	Access Program	Merit Program
Purpose	Incentivize students pursuing programs reflecting workforce needs (drives future outcomes)	Ensure sure low- and middle- income students can afford college; need-based aid to help with tuition <u>and</u> overall cost of attendance (COA)	Keep high achieving Montana students in state; merit-based on GPA, ACT scores, etc. (rewards previous effort)
Examples	STEM Scholarship	MTAP/Baker Grants Montana Promise SEOG Work Study	MUS Honor Scholarships National Merit Semi-Finalist Scholarships 2+2 Honor Scholarships Gov’s Best and Brightest
Possible LEG action For all, could review existing statutes for clarity and coherence	Refine existing STEM Scholarship, leave as is, or create a different incentive program Secure reliable funding	Continue state funding of SEOG and Work Study to ensure maximum federal match Allow MUS and campus foundations to design, implement, and fund access program	Repeal Gov’s Best and Brightest Scholarship to allow various MUS Honor Scholarships to be clear merit programs
Funding/cost-sharing possibility Approximate funding obligation	State \$4 million/year (\$2.5M new) SEOG and Work Study = \$1.5 million/year STEM (current design) = \$1.5 million/year Could extend STEM to 3 rd or 4 th year or broaden eligibility to increase cost to \$2.5 million to total \$4 million	MUS campus foundations \$4 million/year This is about what the state spent on need-based aid when Baker Grants, MHEG, and Gov’s Best and Brightest (need-based portion) were fully funded	MUS campuses \$4 million/year This is about what the existing MUS Honor, National Merit Semi-Finalist, and 2+2 Honor Scholarships cost campuses

EDIC action to implement the above framework

If the committee wanted to take action towards implementing the above framework, it could consider the following:

1. Draft committee bill to repeal non-selected statutory programs (ex. Gov's Best and Brightest)
2. Draft committee bill with any changes to STEM Scholarship program, including changes to revenue stream
3. Draft committee bill to revise purpose of "Resident Student Financial Assistance Program" and include intent for three-prong approach
4. Draft agreement with OCHE and BOR similar to Shared Policy Goals outlining three-prong approach
5. Draft letter to Approp/F&C Joint Subcommittee on Education recommending three-prong approach
6. Include recommendation for three-prong approach in EDIC committee report on financial aid to 66th Legislature