This report on student aid in the Commonwealth of Massachusetts concerns itself with four basic questions: (1) How well are the student aid needs in Massachusetts being provided for? (2) How does the student aid program in Massachusetts compare with programs in other states? (3) What policy changes, if any, should Massachusetts make in its student aid program during the next five to ten years? (4) What should the state do this year with respect to student aid, especially student loans, that is not already being done? Student aid needs in Massachusetts are not efficiently provided for. The General Scholarship Program is funded at such a low level that only students in the most dire financial straits are supported. Massachusetts is far below the leading states in per capita expenditure on student aid and in percentage of funds provided for administration of these programs. Recommendations for the improvement in student aid in Massachusetts include: (1) establishment of state-funded loan programs for high risk students facing access problems in getting loans; (2) establishment of a state run loan agency; (3) expansion of the scholarship program to provide greater access; and (4) careful determination on the appropriation for the scholarship program for fiscal year 1974. (Author/PG)
REPORT ON STUDENT AID IN THE COMMONWEALTH OF MASSACHUSETTS

By

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Illinois State Scholarship Commission

Report Prepared For

Academy for Educational Development
1424 - 16th Street, N.W.
Washington, D.C. 20036

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I. SUMMARY

The purpose of my visit to Massachusetts was to examine the programs of financial aid to college and university students, gather information on the present situation of the programs, add appropriate information on the student aid situation in other states and on federal programs, and then write a report to the Academy for Educational Development for the use of the study team and the Advisory Committee.

Specifically, the Academy asked me to respond to four questions. While these are answered in detail in the text, I should like to summarize them here, as follows:

1. How well are the student aid needs in Massachusetts being provided for?

No matter how one looks at it, student aid needs in Massachusetts are not being well provided for. The General Scholarship Program is funded at such a low level ($8 million in 1972-73) that only students in the most dire financial straits are supported -- those whose parents cannot provide more than $300 a year for their education.

*The opinions, conclusions, and recommendations in this report are those of the author, and do not necessarily represent the policy of the Academy for Educational Development.
However, according to the Census, 45% of all families in Massachusetts in 1969 earned between $8,000 and $14,999. These families often find it extremely difficult to finance their children's education at private institutions, and those with larger families find it difficult at public institutions. But the present scholarship program reaches few, if any, of them.

Thus a great financial burden has been put on lower income parents and students themselves, and on the private colleges and universities, many of whom apply over 10% of their tuition income to scholarships.

2. How does the student aid program in Massachusetts compare with programs in other states?

Massachusetts is far below the leading states in per capita expenditure on student aid, which is only $1.41 compared to over $4.00 per capita among the four leading states of Vermont, Pennsylvania, Illinois, and New York. From the point of view of its citizens, Massachusetts is probably further behind than these data suggest, since more Massachusetts residents have to face the higher cost of private education.

*According to 1972-73 eligibility levels. These families generally have incomes of less than $8,000 a year.
The Massachusetts student aid program is also behind in the percentage of funds provided for administration of the program. Funds for administration are only about 1.5% of the total $8 million distributed. From my experience, a state can do an adequate job of disbursing scholarships only if it has administrative funds of 2.5% to 3% of the total scholarship fund. This lack of funding for administrative costs has meant that the Massachusetts scholarship program has not been able to check as carefully as it would like into eligibility of students and their attendance in college or to publicize its efforts sufficiently among poverty and minority groups.

3. What policy changes, if any, should Massachusetts make in its student aid program during the next five to ten years?

The most important step for the state of Massachusetts to take is to decide whether it will provide all its citizens with access to higher education and the choice of a diversity of institutions to attend. At present, Massachusetts, the birthplace of higher education and the site of the most prestigious and largest institutions of private higher education in the country, has not been doing this job.
If the state decides that an expanded scholarship program is the vehicle for this job, then it ought to decide the level of funding necessary.

While I have not made an exhaustive analysis of the needs of various segments of the population in Massachusetts, I believe that an appropriation of $25-30 million might begin to relieve colleges and universities of some of the burdens of providing financial aid and might also enable more citizens to attend the college of their choice than previously. A funding level of $25 to $30 million would put Massachusetts among the top five states in per capita appropriation of student aid. Over the next five to ten years, this level would have to be increased as costs of higher education increase.

Massachusetts also ought to adequately fund and staff the administration of the scholarship fund at a level of 2.5% of total aid disbursed, so that it can undertake comprehensive public relations efforts as well as monitor scholarship recipients.

In addition to these changes in funding levels of the present scholarship program, Massachusetts ought to consider the following:

- Provision of a state supported loan program to supplement the private efforts of the Higher Education Assistance Corporation.
Provision of adequate funds for scholarship to individual public institutions. At present, only the University of Massachusetts gets separate funding for scholarships.

Provision of work-study programs for students if federal funding is not sufficient.

4. What should the state do this year with respect to student aid, especially student loans, that it is not already doing?

The state ought to begin now to set up the machinery for the long-range changes proposed above. Specifically it ought to:

- Show its interest in developing a state-funded loan program for high risk students facing access problems in getting loans.

- Establish a state run loan agency closely associated with the scholarship program to begin operations in fiscal year 1974.

- Show its interest in providing greater access and choice to its citizens through an expansion of the scholarship program.

- Determine how large an appropriation for the scholarship program is required for fiscal year 1974, based on the needs of its citizens.
II. SCHOLARSHIP PROGRAMS IN THE UNITED STATES

State Scholarship Programs

Historically, states have established programs of non-repayable aid to students enrolled in colleges and universities in order to:

- equalize educational opportunity by removing financial barriers to post-secondary study.
- permit a freedom of choice among institutions in order to preserve some diversity in post-secondary education.
- conserve public funds by making it possible for financially needy students to have the means to utilize space at non-public colleges.
- keep a student's in-school employment work load and/or loans at a modest level so as not to adversely affect his studies or later career plans.

Basic to the implementation or growth of any state student grant program is the acceptance of the above purposes as a statement of public policy.
During the academic year 1972-73, twenty-three states will invest $324.5 million in need-based awards to 670,000 students to enable them to attend the post-secondary institution of their choice. Massachusetts is included in this total with 13,300 awards totaling $8 million.

The per capita average for all states with comprehensive aid programs is $2.17. States exceeding Massachusetts on a per capita investment of state resources in 1972-73 for aid to higher education students are the following:
<table>
<thead>
<tr>
<th>State</th>
<th>Total Appropriation</th>
<th>Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vermont</td>
<td>$ 2.5</td>
<td>$5.63</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>60.5</td>
<td>5.13</td>
</tr>
<tr>
<td>Illinois</td>
<td>51.4</td>
<td>4.62</td>
</tr>
<tr>
<td>New York</td>
<td>80.1</td>
<td>4.40</td>
</tr>
<tr>
<td>New Jersey</td>
<td>25.7</td>
<td>3.58</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>1.9</td>
<td>2.00</td>
</tr>
<tr>
<td>Indiana</td>
<td>8.8</td>
<td>1.70</td>
</tr>
<tr>
<td>Michigan</td>
<td>13.8</td>
<td>1.56</td>
</tr>
<tr>
<td>Iowa</td>
<td>4.2</td>
<td>1.50</td>
</tr>
<tr>
<td>Ohio</td>
<td>16.0</td>
<td>1.50</td>
</tr>
<tr>
<td>All states (average)</td>
<td>324.5</td>
<td>2.17</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>8.0</td>
<td>1.41</td>
</tr>
</tbody>
</table>

Source: National Association of State Scholarship Programs, "Fourth Annual Survey," September, 1972

States showing a per capita investment of state resources for aid to higher education students that is less than in Massachusetts are the following:
Table 2. Appropriations for Student Aid in States with a Lower Per Capita Investment than Massachusetts, 1972-73.

<table>
<thead>
<tr>
<th>State</th>
<th>Total Appropriations Millions</th>
<th>Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>27.8</td>
<td>1.39</td>
</tr>
<tr>
<td>Minnesota</td>
<td>4.7</td>
<td>1.24</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>4.6</td>
<td>1.04</td>
</tr>
<tr>
<td>Maryland</td>
<td>3.3</td>
<td>.83</td>
</tr>
<tr>
<td>Connecticut</td>
<td>1.7</td>
<td>.56</td>
</tr>
<tr>
<td>Oregon</td>
<td>1.2</td>
<td>.56</td>
</tr>
<tr>
<td>Kansas</td>
<td>1.1</td>
<td>.51</td>
</tr>
<tr>
<td>Washington</td>
<td>1.7</td>
<td>.49</td>
</tr>
<tr>
<td>Tennessee</td>
<td>1.2</td>
<td>.31</td>
</tr>
<tr>
<td>Texas</td>
<td>3.0</td>
<td>.26</td>
</tr>
<tr>
<td>West Virginia</td>
<td>.4</td>
<td>.24</td>
</tr>
<tr>
<td>Florida</td>
<td>.9</td>
<td>.13</td>
</tr>
</tbody>
</table>

Between the academic years 1971-72 and 1972-73 there was a growth of 18% in student aid funds provided by the various states. All states reported increases in the actual amount appropriated for student aid except Iowa (where the amount was $55,000 less than in the previous year) and Massachusetts (where the amount was the same as in the previous year).

**Relevant Federal Scholarship Programs**

In addition to state scholarship programs, the two federal student aid programs most important to state decisions in student aid are the State Student Incentive Grant Program and the Basic Educational Opportunity Grant Program. Only one of these programs is in President Nixon's budget -- The Basic Educational Opportunity Program, which is requested at $622.0 million. Massachusetts' share of these funds would be about $17.4 million.

According to my understanding, there will be a phasing out of institutionally-based federal grant aid (about $9.3 million to Massachusetts in fiscal year 1973) and a reduction of social security educational benefits to residents in college (about $1.8 million to Massachusetts in 1972). The new
Basic Opportunity Grants will have to be shared by the full time undergraduates in traditional institutions, part-time students, and those in proprietary institutions. However, at this writing there is much uncertainty about the shape of these grants and their beginning date.
III. MASSACHUSETTS PROGRAMS IN STUDENT AID

Background: Higher Education in Massachusetts

Higher education in Massachusetts is unique because of the existence of a large number of private colleges and universities enrolling about 60% of the total higher education student body. This uniqueness requires a higher education funding program that is not necessarily the same as in other states.

In Massachusetts there are at least two categories of private institutions of higher education, as follows:

- Institutions with a national clientele. They usually have large student aid budgets and sophisticated admissions officers who recruit in most of the fifty states. Although financial aid decisions made by Massachusetts are of considerable importance to these institutions, their future is not severely threatened by action or inaction on student aid by state agencies.

- Institutions that are less well-known nationally and serve predominantly Massachusetts residents or persons from the Northeastern states. What Massachusetts does or does not do about student financial aid programs and their funding can have a most critical impact on the health and vitality of these private colleges and universities.
Another unique factor in higher education in Massachusetts is the recent growth, increased public visibility and acceptance, and expanded budgets of the public colleges and universities. In most other states public institutions grew rapidly many years earlier.

The mean charges for tuition and fees by type of institution during the academic year 1972-73 were reported as follows:

(a) Public senior colleges and universities $350
(b) Public junior colleges $300
(c) Private senior colleges and universities $1600
(d) Private junior colleges $2100

According to the New England Board of Higher Education costs for room and board per student averaged almost $1300 per year. Therefore, costs for a college student in Massachusetts exclusive of books, transportation, and other incidentals, averaged $1600 to $1650 in public institutions and $2900 to $3400 in private institutions, with the cost for students in higher cost institutions approaching $5000 per year.

Massachusetts Scholarship Programs

In this context, the present state scholarship programs are not yet a significant factor because of their relatively low funding. Although most of the funds are concentrated in the General Scholarship area, there are actually six programs in 1972-73, as follows:
(a) **General Scholarship Program**

Appropriation: $8,000,000

Stipend Levels
- Private institutions: $900
- Massachusetts public institutions: tuition up to $250
- Non-Massachusetts public institutions: $600

Number of Candidates: 38,000
Number of Awards: 13,300

(b) **Medical, Dental, and Nursing Scholarships**

Appropriation: $350,000

Stipend Levels
- Schools of Nursing: $300
- Public Institutions: $600
- Private Institutions: $700

Number of Candidates: 1,546
Number of Awards: 690

(c) **Honor Scholarships**

Appropriation: $128,000

Stipend level: Total tuition charge

Number of Awards: 640

(d) **Special Education Scholarships**

Appropriation: $15,000

Stipend Level: Tuition up to a maximum award of $500

Number of Awards: 31

(e) **Scholarships for Children of Deceased Members of Fire and Police Departments**

Appropriation: $10,000

Stipend Level: Tuition at public institutions

Number of Awards: 16

(f) **Scholarships for Children of Servicemen Missing in Action or Prisoners of War in Southeast Asia**

Enacted in 1972; no awards to date
The Christian A. Herter Memorial Scholarship Program, which undertakes early identification (sophomores or juniors in high school) of talented and needy students, is also a unique feature of the Massachusetts scholarship program. The first Herter Scholars will attend college in 1973 and should receive student aid to the extent of one half of their college cost budget.*

The General Scholarship Program, the largest of the six programs, operates on the basis of an "absolute need" concept, ranking all applicants on the basis of the ability of their families to provide dollars for attendance at any college. The alternative could be to use the "relative need" concept which compares a family's ability to afford the costs of a specific institution. The large excess of needy applicants over the amount of scholarship funds available made it necessary for the Board to adopt the "absolute need" concept in administering the General Scholarship Program.

*Since the General Court does not make a separate appropriation for the Herter program, in the future there could be a significant fiscal impact on the availability of the funds in the General Scholarship Program for other high school graduates.
The law creating the General Scholarship Program is a model of effective simplicity. It authorizes the Board of Higher Education to determine annually the maximum amount of an award to a needy student by type of institution chosen. However, it also mandates that 10 to 25% of General Scholarship funds should go to Massachusetts public institutions. Although this restriction has not required an arbitrary adjustment in past years, it may do so in the future.

Funds for administration of the scholarship program are equivalent to 1.5% of the more than $8 million awarded. This is a considerably smaller percentage than the 2.5% to 3% that other states feel is necessary to administer student aid programs adequately.

**Scholarship Programs at Individual Public Institutions**

The General Court appropriates to all public institutions the share of matching funds required to enable them to qualify for federal programs of assistance to college students. In addition there are appropriations to public institutions for aid to dis-
advantaged students, and an appropriation of $850,000 to the University of Massachusetts for unrestricted scholarship aid. Thus, the state university has a quantity of student aid funds not available to other institutions in the state.

The State Loan Program

The Massachusetts Higher Education Assistance Corporation, a private non-profit organization chartered by the legislature, has established the Higher Education Loan Plan (HELP), which provides guaranteed loans to students enrolled in colleges and universities. Over the years the corporation has guaranteed a total of about $145 million in loans to students made by Massachusetts banks, credit unions, and savings and loan associations. A $2.2 million guarantee fund is behind the loans as well as a co-insurance agreement with the federal government to share in the default obligations. About 22,000 loans were guaranteed in 1972 at an average amount of over $1,100. This guaranteed loan arrangement operates independently of the Board of Higher Education and of other state offices and agencies.
Recently a constitutional amendment was passed permitting the state to set up its own loan program.

Student Aid in Private Institutions

The total amount of student aid in private institutions has been estimated at $75.5 million for 1972-73,* including disbursement of federal and state scholarship and loan funds. Many institutions with low endowment income make a specific effort to utilize over 10% of the tuition income for scholarships, in effect asking richer students to subsidize more needy ones.

IV. RECOMMENDATIONS FOR IMPROVING STUDENT AID PROGRAMS IN MASSACHUSETTS

1. Increase the appropriation for General Scholarships

Because of low funding levels, the present scholarship program does not relieve colleges and universities of the burden of providing financial aid, nor does it provide access and choice to more than a small proportion of needy students. In 1972-73 awards were given only to students whose family contribution could be $0-300 a year. Generally these families earned less than $8000 a year.

The 1970 Census shows that 45% of the families in Massachusetts had incomes in the $8000 to $14,999 range. A majority of families with incomes at this level find it most difficult to finance their children's education at private colleges and universities, and families with two or more children in college find it difficult to finance their children's education even at public institutions. Average costs of over $2900 at private colleges and over $1600 at public colleges are a barrier to attendance. Very few families in this income range are now being assisted by the General Scholarship Program in Massachusetts.
More specifically, in 1967, a report on student aid in Massachusetts showed that there was a gap of $26 million between the amount available and the amount needed to meet the financial needs of Massachusetts students.\(^*\) Five years later, in 1971, one of the authors of the original study estimated that the gap had grown substantially, and in that year was no less than $53 million.\(^**\)

Only one-third of last year's applicants were assisted. But it would be incorrect to assume that last year's total of 38,000 applicants comprise all of the Massachusetts students who believed they needed assistance in order to attend college. Many applicants with financial need are not applying for student aid because they are being informed by counselors and others that the chances of qualifying for assistance are almost nil.

Although the making of a precise estimate of the unmet financial needs of Massachusetts students was beyond the scope of this report, there is no doubt that the estimate that $25 to


$30 million of student aid could be utilized in Massachusetts is reasonable. As tuition, fees, and other costs continue to increase, Massachusetts will want to be sensitive to a level of funding adequate to make both access and choice a reality.

The number of students that might be reached by a $25 to $30 million aid program depends of course on the precise characteristics of the plan and the distribution of students between types of institutions.

Table 3 shows the number of students who received scholarships in 1972 and how many students would have received scholarships at an appropriation of $25 or $30 million, assuming the same kind of distribution.
**Table 3**

Number of Students Receiving Scholarships in 1972 Compared With The Number That Might Have Received Them If the Appropriation Had Been $25 or $30 Million

<table>
<thead>
<tr>
<th>Appropriation</th>
<th>Number of Scholarships</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Actual</strong></td>
<td></td>
</tr>
<tr>
<td>$8,000,000</td>
<td>13,300</td>
</tr>
<tr>
<td><strong>Estimated</strong></td>
<td></td>
</tr>
<tr>
<td>$25,000,000</td>
<td>41,600</td>
</tr>
<tr>
<td>$30,000,000</td>
<td>49,900</td>
</tr>
</tbody>
</table>

These estimates are based on 1971 statistics. 45% of these students would have attended private colleges in Massachusetts, 9% would have attended private colleges outside of Massachusetts, 43% would have attended Massachusetts public institutions, and 3% would have attended out-of-state public institutions.

An appropriation of $25-30 million would have aided from 15% to 18% of Massachusetts residents attending college, instead of the present 5%. Such an appropriation would have reached many families with incomes of $8000 to $14,999 in Massachusetts, who are presently facing the greatest financial squeeze.
Over the next few years we can expect the level of individual awards to increase. Table 4 shows how many students would receive scholarships at an appropriation of $25 million or $30 million, if the individual award for Massachusetts public colleges were $300 and the award for private colleges were $1200 or $1500.

**Table 4**
Number of Scholarships Which Could Be Provided at Higher Appropriations and Higher Levels of Individual Awards.

<table>
<thead>
<tr>
<th>At Award Level of</th>
<th>At Appropriation of</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$25 million</td>
</tr>
<tr>
<td>$300 Mass public</td>
<td>31,400</td>
</tr>
<tr>
<td>and $1200 private</td>
<td></td>
</tr>
<tr>
<td>$300 Mass public</td>
<td>26,200</td>
</tr>
<tr>
<td>and $1500 private</td>
<td></td>
</tr>
</tbody>
</table>

Note: This table assumes that the percentage of scholarship recipients attending public and private institutions remains constant at 1971 levels. It also assumes that the award for out-of-state public colleges remains constant at $600 per scholarship.
Table 5 shows the difference in per capita expenditure which an appropriation of $25 million or $30 million would provide.

<table>
<thead>
<tr>
<th>Appropriation</th>
<th>Per Capita (Based on 1970 population)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td></td>
</tr>
<tr>
<td>$8 million</td>
<td>$1.41</td>
</tr>
<tr>
<td>Estimated</td>
<td></td>
</tr>
<tr>
<td>$25 million</td>
<td>$4.39</td>
</tr>
<tr>
<td>$30 million</td>
<td>$5.27</td>
</tr>
</tbody>
</table>

An appropriation of $25 to $30 million in scholarship aid would have put Massachusetts among the top five states in the nation in 1972 in per capita scholarship aid.

With increased appropriations, the percentage of students going to public or private institutions may vary considerably. The percentage may approach the upper or lower limit of the legal requirement that
between 10% and 25% of General Scholarship funds should go to Massachusetts public institutions. In the future, the state ought to review this requirement from time to time as the scholarship picture changes.

2. Increase funds available for administrative costs

Few states have been able to administer adequately a comprehensive state student aid program for less than 2 to 3% of the value of the awards. Massachusetts has had about 1.5% available for administration in 1972-73. In my opinion, an administrative budget of 2.5% is needed, not only to reduce the uncompensated overtime of the professional staff, but also to permit better administration of the programs, as discussed below.

3. With increased funds, improve the administration of the scholarship program

With increased funds the scholarship program could:

- Make a thorough analysis of the renewal applicant for General Scholarships. At present an applicant is asked to report on an unstructured questionnaire if his family financial circumstances have changed significantly from the previous year.
Report on unmet cost (that remaining amount of need after family contribution and the Commonwealth award is subtracted from the estimated cost at a specific college) to the institution of the applicant's choice. Most states report this unmet cost to the institution in order to provide college and university financial offices with a figure that cannot be exceeded through additional student aid.

Make on-campus audits to check matriculation records with award payments. The public interest requires a verification, on a random sample basis at least, which would show that students did enroll as indicated and that proper refund arrangements were being followed for those withdrawing or reducing their class load.

Report changes in eligibility level to colleges and universities more rapidly and completely than in the past.

Establish a special program of communicating information on financial aid opportunities. An office of informational services could develop materials and services designed to reach all the low income persons who might benefit from higher education.
4. **Provide institutional scholarship funds and sufficient administrative funds to all the public institutions of the state.**

The state ought to provide special scholarship funds to all public institutions rather than only to the University of Massachusetts, as is the present practice.

The state also ought to provide adequate staffing at both state and local campus financial aid offices. At present, neither the student nor institutional needs of program administration are being served adequately, and few professional financial aid officers are able to meet adequately their responsibilities without spending many hours of uncompensated overtime.

5. **Consider a state-funded college work-study program if federal college work-study funds are discontinued.**

Both colleges and students would face a major problem if federal work-study funds for needy students are discontinued. Students would be denied the dollars needed to help meet college costs, and most colleges would lose the hundreds of student employees that contribute to their maintenance and non-teaching staff needs.
6. **Continue to use the Massachusetts Association of Financial Aid Officers in assisting with program development and communicating opportunity.**

   Experienced professional financial aid officers from the colleges can offer valuable advice on policies and programs to the state scholarship officers and the Board of Higher Education. The aid officers can also continue to help to plan state-wide seminars for high school and community agency counselors.

   There also ought to be greater cooperation and communication between the Higher Education Assistance Corporation and the financial aid officers. In the past the officers have felt isolated from the Corporation; but students can best be served only when the loan guarantee agency, the scholarship program, and the aid officers work together closely.

7. **Plan the state scholarship program in accordance with new federal policies.**

   State decisions on student aid must be made in concert with federal student aid. The states should consider that the federal
Basic Opportunities Grant Program will be a floor upon which state
and institutional funds can be added for students demonstrating
additional financial need.

In addition, the State Student Incentive Grant Program,
if funded by Congress to the extent permitted by existing legis-
lation and then approved by the President, could bring additional
funds for student aid to Massachusetts. To qualify, Massachusetts
would have to increase its total appropriation for student aid by
about $1.5 million in fiscal year 1974 inasmuch as no growth
occurred in the state student aid appropriation in fiscal 1973.

Over the long term the state should consider providing
comprehensive information to potential applicants concerning all
state and federal aid programs.

8. Consider the development of a state-run agency
to supplement the efforts of the Higher Educa-
tion Assistance Corporation

The Higher Education Assistance Corporation has done an
outstanding job providing loans to needy students, having guaranteed
22,000 loans worth $25,000,000 in 1972 alone.
Since the HEAC program is run essentially on a commercial basis, the state should consider setting up its own program for the higher risk student who does not have easy access to loans from regular lenders. The state could link its loan program directly to the scholarship program so it could coordinate the provision of loans and scholarship aid.