

## COMMUNITY COLLEGE STUDENTS AND GRANT AID: BRINGING EQUITY TO THE PROVISION OF GRANT AID BY STATES AND INSTITUTIONS

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Community colleges play a vital role in our economy. They educate workers for the jobs of the 21st century economy and are an entry ramp for low-income Americans to middle class jobs. Community colleges are uniquely situated to achieve both of these goals. Their open enrollment makes them accessible to students of all backgrounds. And, the fact that they can offer varying levels of postsecondary education—from specialized short-term training to bachelor's degrees—makes them a vital pipeline for workers to enter our increasingly specialized and diversified economy.

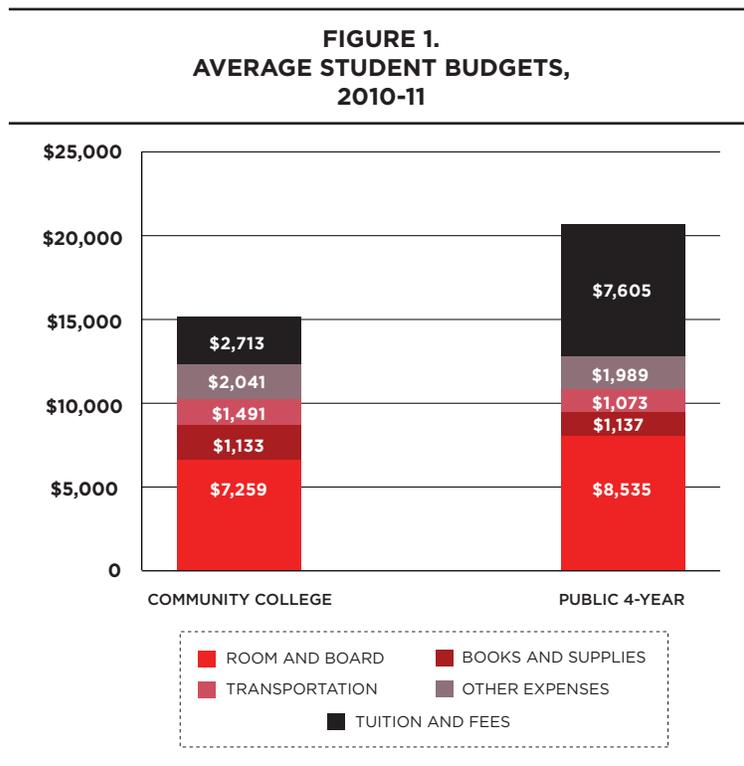
However, with an average total cost of \$14,637 a year, too many low-income students cannot afford to stay enrolled in community college. While many factors lead students to terminate their studies, financial constraints are a key barrier to success. In order to address the alarmingly low graduation rates at our nation's community colleges—only one-third of community college students complete a degree of any kind within six years of starting their studies—financial supports must be increased for low-income community college students.

Research has demonstrated that aid in the form of grants has a positive impact on the retention and completion rates of low-income college students. Unfortunately, as this brief outlines, low-income students who attend community college receive less grant aid than their counterparts at four-year public universities. For example, in 2007-08, community colleges, enrolled about 6.65 million undergraduate students and distributed \$666 million in institutional grants, compared to \$5 billion by public four-year colleges which enrolled about 5.95 million undergraduates.<sup>1</sup>

In order to reverse the troublingly low graduation rates at our nation's community colleges, now so vital to our country's continued productivity and growth, low-income students must stop being financially penalized for attending community colleges. We can improve our current financial aid system by equalizing the grant aid that is provided to low-income community college and four-year public university students as well as prioritizing need-based funding. Making an equitable financial aid system for community college students would mean that more low-income students can transition to middle class jobs. And, it will mean a more educated workforce will be available to meet the demands of our 21st century economy.

## THE TRUE COST OF COMMUNITY COLLEGE

When looking at the cost of tuition and fees at community colleges—an average of \$2,713 for academic year 2010-11—these institutions do indeed seem affordable. However, tuition and



Source: The College Board, Trends in College Pricing 2010

fees, which have been rising faster than median family incomes, represent less than a fifth of the total cost of attending community college. Students must also pay for housing, transportation, food, books, supplies and other basic expenses. The current total annual cost of attending community college full-time, \$14,637,<sup>2</sup> makes it prohibitively expensive for low- and moderate-income students to enroll full-time without having to borrow or work very long hours. These average costs are for students living off-campus but not with their parents, which is the living situation of two-thirds of community college students.<sup>3</sup>

Financial aid, meanwhile, has not kept pace with the rise in tuition and living expenses, and it is being increasingly channeled to the best performing students rather than those with the greatest financial need.<sup>4</sup> Accordingly, the majority of expenses of low- to moderate-income students remain unpaid. After taking all grant sources into account, 99 percent of full-time dependent community college students in the lowest income quartile still had an unmet financial need of \$7,147 in academic year 2007-08. The majority (83 percent) of dependent community college students from the lower-middle income quartile had an unmet need of about \$5,485 after accounting for grants.<sup>5</sup>

## INEQUITABLE GRANT AID FROM INSTITUTIONS AND STATES

**FIGURE 2.**  
**STATE AND INSTITUTIONAL GRANTS RECEIVED BY**  
**PELL GRANT RECIPIENTS ATTENDING FULL-TIME FOR A**  
**FULL YEAR**

	COMMUNITY COLLEGE STUDENTS	4-YEAR UNIVERSITY STUDENTS
<b>AVERAGE STATE GRANT (PERCENT RECEIVING GRANT)</b>	\$1,689 (46%)	\$3,460 (57%)
<b>AVERAGE INSTITUTIONAL GRANT (PERCENT RECEIVING GRANT)</b>	\$1,011 (24%)	\$3,606 (41%)

Source: National Postsecondary Student Aid Survey 2008

Low-income community college students receive less grant aid from their college institutions and states than low-income four-year public university students. Nearly half of Pell Grant recipients attending community college full-time received state grants averaging \$1,689, while nearly two-thirds (57 percent) of their counterparts at four-year colleges received state grants averaging \$3,460 (Figure 2).

**FIGURE 3.  
STATE AND INSTITUTIONAL GRANTS RECEIVED BY  
PELL GRANT RECIPIENTS ATTENDING PART-TIME FOR A  
FULL YEAR**

	<b>COMMUNITY COLLEGE STUDENTS</b>	<b>4-YEAR UNIVERSITY STUDENTS</b>
<b>AVERAGE STATE GRANT (PERCENT RECEIVING GRANT)</b>	\$1,088 (34%)	\$2,064 (36%)
<b>AVERAGE INSTITUTIONAL GRANT (PERCENT RECEIVING GRANT)</b>	\$595 (9%)	\$2,611 (24%)

Source: National Postsecondary Student Aid Survey 2008

especially low levels of grant aid. Less than 10 percent of part-time Pell Grant recipients at community colleges (Figure 3) received an institutional grant, compared to 24 percent of full-time students.

The limited resources community colleges have to allocate to grant aid is the primary reason that fewer Pell-recipients at community colleges receive institutional grants, and of a smaller amount, on average, than those received by their counterparts at public four-year colleges. Institutions generally raise funds for these grants through donations or tuition revenue designated for scholarship purposes. Given community colleges' lower tuition levels and their limited resources for fundraising activities, their institutional grant aid is considerably lower.

The most recent College Board's Trends in College Pricing report corroborates these inequities in funding of community college students. The grant aid and federal tax benefits received by low-income dependent community college students enabled them to pay for their tuition and fees and left them with \$1,250 to pay towards the rest of their expenses. By comparison, after paying about \$3,800 more in tuition and fees than community college students, public four-year students were left with over \$1,720 to cover other college-related expenses.<sup>6</sup>

## **RECOMMENDATIONS**

In order to meet the demands of the 21st century economy, we need to educate our nation's workforce. Financial constraints are making it difficult for low-income Americans to access the education that our economy demands, leaving them without access to good jobs and leaving our economy without the workers it needs. Steps need to be taken to ensure that all Americans, regardless of income, can afford the education they and our economy need.

As this brief highlights, low-income students receive less grant aid at community colleges than at four-year public universities. Community colleges are often the best and only choice for students and low-income students should not be penalized for attending these institutions. In addition, grant dollars should be used in ways that have the most impact on student success—grant aid has a larger impact on the retention and completion rates of low-income students than on high-performing students.<sup>7</sup> The Pell Grant, for example, is associated with reducing the likelihood a student will drop out of college.<sup>8</sup> Research has also found that grant aid can be used to influence students' performance.

The following practices should be implemented to increase financial supports for low-income

Similar inequities in financial aid exist at the institutional level. Nearly a quarter of Pell Grant recipients attending community college full-time received an institutional grant averaging \$1,011, while nearly half (41 percent) of their counterparts at four-year colleges received institutional grants averaging \$3,606 (Figure 2). Part-time students, who represent the majority of community college students, receive

community college students:

- » States should provide low-income community college students with the same level of aid as their four-year counterparts. This change in policy will not only enable more low-income community college students to complete their credentials but will also benefit states' economies as their workers become more educated.
- » Community colleges should prioritize need-based institutional aid. To ensure financial aid is having the greatest impact on college access and completion, community colleges should continue to prioritize need-based aid. Since 2003-04 community colleges have increased need-based grants as a percentage of total grants. In 2007-08 they awarded 72 percent of total institutional grants on the basis of need.<sup>9</sup> Community colleges should continue to prioritize institutional aid on the basis of need and should allocate institutional aid more evenly between full-time and part-time students.
- » Community colleges should work to increase the institutional grant aid available to low-income students. Community colleges have very limited resources, and thus little aid to give to low-income students. Community colleges should seek financial support from private foundations, alumni, and states to increase the amount of aid available to low-income community college students. State and local government funding of community colleges' fundraising efforts should be strengthened.

## ENDNOTES

1. Donald E. Heller, Pennsylvania State University. Author's calculations from National Postsecondary Student Aid Study. Personal correspondence. The Condition of Education 2010, Indicator 7, Undergraduate Enrollment.
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3. U.S. Department of Education, National Postsecondary Student Aid Survey 2008 UG.
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5. Viany Orozco and Nancy Cauthen, "Work Less, Study More & Succeed" Demos 2009, Table 3.
6. The College Board, Trends in College Pricing 2010.
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