Dēmos

Keeping Students Enrolled

How Community Colleges Are Boosting Financial Resources for Their Students

Viany Orozco | Lucy Mayo

ABOUT DEMOS

Dēmos is a non-partisan public policy research and advocacy organization. Headquartered in New York City, Dēmos works with advocates and policymakers around the country in pursuit of four overarching goals: a more equitable economy; a vibrant and inclusive democracy; an empowered public sector that works for the common good; and responsible U.S. engagement in an interdependent world. Dēmos was founded in 2000.

In 2010,Dēmos entered into a publishing partnership with The American Prospect, one of the nation's premier magazines focussing policy analysis, investigative journalism, and forward-looking solutions for the nation's greatest challenges.

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Executive Summary

Just as a postsecondary education has become essential for getting a decent job and entering the middle class, it has become financially out of reach for many Americans. The cost of going to school has risen exponentially, while financial aid policies have increasingly abandoned students with the greatest financial need. In their search for an affordable education, growing numbers of college students are turning to community colleges. But only about one third of community college students complete a degree of any kind within six years of starting their studies. Although they face multiple obstacles to staying in school, financial constraints are a key barrier to their success.

Even though tuition costs less at a community college, students must pay for books and other educational expenses in addition to their basic living expenses—rent, utilities, food, health care and transportation. Yet available financial aid covers only a fraction of the costs incurred by students. And community college students with the least financial means on average receive less grant aid than had they attended a public four-year university. To finance their educations, many community college students enroll in school only part time and/or work more than 20 hours per week. Although these strategies temporarily ease students' financial burdens, they also increase the likelihood of leaving school without a degree.

This report highlights strategies being implemented at higher education institutions to increase the financial resources available to students in order to help them stay in school and graduate. This report is intended to be a resource for college administrators, policy makers and advocates interested in increasing retention and graduation rates of low- to moderate-income students at community colleges. The practices outlined in this report include strategies to help students access existing financial aid as well as strategies to provide students with new types of aid to cover expenses not met by available financial supports. This report does not attempt to catalogue every successful financial intervention being implemented at higher education institutions around the country; rather, it highlights some key strategies, some broad in nature, others more narrow in scope, that have shown success.

As our economy increasingly demands more highly educated workers, it is critical that our nation turn its attention to improving the numbers of students who complete a postsecondary education. The financial constraints that too often prevent students—especially low- to moderate-income students—from completing their higher education degrees or certificates must be addressed if we are to meet the demands of our new economy and ensure stable economic futures for our nation's families. The practices in this report are practical in nature and represent small but important steps in the right direction— more fundamental changes, however, will need to be made to address the increasing costs facing low- and moderate- income students and their families that are hindering college success and completion. Until those changes come about, the simple strategies outlined in this report can help address the urgent needs of students and their families.

HIGHLIGHTED PRACTICES INCLUDE:

» **Helping students access available financial aid** by providing one-on-one assistance with the Free Application for Federal Student Aid (FAFSA); mandating that students meet with academic and financial aid counselors; implementing student-centered financial aid administration practices; and participating in the federal loan program.

» **Allocating institutional grants on the basis of need** so that students can meet their financial obligations, work less, and focus more on their studies.

» **Developing emergency aid programs** that have flexible eligibility criteria, simple application and approval processes, are advertised widely and link students to other financial services.

» **Easing the cost of transportation** for students by negotiating discounts with public transportation systems and offering transportation subsidies.

» **Centralizing access to other forms of financial support.** Given the income and demographic characteristics of community college students, a substantive number of them may be eligible for federal and state benefit programs (such as food stamps, tax credits, childcare assistance, Earned Income Tax Credit, Medicaid and others) that could help them obtain the financial resources they need to stay in school. Some community colleges help students access this aid by creating a "one-stop shop" on campus for all benefits.

» **Helping students access health insurance** by creating consortiums among colleges to purchase affordable and comprehensive health insurance for students; incorporating the cost of health insurance in total expenses for uninsured students; and creating student health centers on campus.

Introduction

The American economy of the 21st century requires a highly educated workforce. Yet the United States is having a difficult time adequately educating its workers. Once the most highly educated nation in the world, the United States is currently 12th out of 36 developed nations in the proportion of young people with a college degree.[1] By 2018, America will have a shortage of 3 million college graduates, as nearly two thirds (63 percent) of available jobs in the nation will require an associates degree or higher.[2]

Despite the need for a more educated population, Americans are being asked to make unprecedented individual sacrifices to obtain a postsecondary credential. In the last 25 years, college tuition and fees have increased more than 400 percent while median family income has increased less than 150 percent.[3] At the same time, financial aid has not kept pace with the rise in tuition and living expenses. In 1979, the maximum Pell Grant— the federal government's largest grant to students with low family incomes[4] —covered about three-quarters of the cost of attending a public four-year college or university and nearly the entire cost of a community college.[5] Today, however, it covers less than a third of the cost of attending a four-year college or university and roughly 40 percent of a community college education.[6]

Rising costs and declining aid have resulted in individuals being burdened with an increasing share of college costs, which hinder low- and moderate-income students' ability to enter and complete college due to financial barriers. At the same time, gaps in completion by income remain stark. The lowest achieving students from the highest socioeconomic status attend college at about the same rate as the highest achieving students from the lowest socioeconomic status.[7] Among those who do enroll in college, young adults in their mid-twenties with highly-paid, highly-educated parents are eight times more likely to attain a bachelor's degree than those from more disadvantaged households.[8] In light of these trends, a postsecondary credential, a key pathway to the middle class, is increasingly out of reach for people from low- to moderate-income backgrounds.

COMMUNITY COLLEGES ENROLL DISPROPORTIONATE NUMBERS OF LOW-INCOME STUDENTS AND NEARLY HALF OF UNDERGRADUATES IN THE NATION.

Community colleges play an important role in meeting the national challenge of increasing the number of postsecondary education graduates. Public two-year colleges represent the lowest tuition option for students and allow students to fulfill their first two years of a bachelor's education or obtain an associates degree or certificate. Their open admissions also make them accessible to students at at all levels of academic preparation. These characteristics make community colleges a key entry point to postsecondary education to students of all income backgrounds. Not surprisingly, these colleges enroll disproportionate numbers of low-income students and nearly half (41 percent) of undergraduates in the nation.[9]

Yet only about a third of students who begin college at community colleges complete some kind of credential—whether an associate's or bachelor's degree, or a professional certificate—within six years.[10]

As our economy demands more highly educated workers, it is critical that our nation turn its attention to addressing the financial constraints that too often prevent students—especially low- to-moderate income community college students—from obtaining their higher education degrees or certificates.

This report highlights strategies being implemented by higher education institutions to increase the financial resources available to students. These policies are intended to be a resource for college administrators, policy makers, and advocates interested in increasing retention and graduation rates for low- to moderate-income community college students. The practices outlined in this report include strategies to better assist students in accessing existing financial aid as well as strategies to provide students with new types of aid to cover expenses not met by available financial supports. This report does not attempt to catalogue every successful financial intervention being implemented at higher education institutions around the country; rather, it highlights some key strategies, some broad in nature, others more narrow in scope, that have shown success.

The practices in this report are practical in nature and represent small but important steps in the right direction. However, more fundamental changes, such as increasing public investment in higher education, expanding need-based grant aid, and addressing inequities in the amount of aid allocated to institutions, will be needed to address the increasing costs facing low- and moderate-income students.[11] In particular, students are increasing their work hours to meet rising college costs, yet, as research shows, this strategy prevents many of them from enrolling full-time, prolonging the time it takes them to complete their degrees and increasing the possibility that their studies will get interrupted and abandoned. While longer-term, systematic changes are slowly starting to be seen, as most directly evidenced by the New Community College Initiative and the Accelerated Study in Associate Programs (ASAP) in New York City (see Box on page 5), it will be some time before they are implemented at a large scale. Until then, the simple strategies outlined in this report can help address the urgent financial needs of students and their families.

In recognition of the negative impact of long work hours and part time enrollment on retention and completion, the City University of New York (CUNY) has developed two new projects, **The New Community College Initiative** *and the* **Accelerated Study in Associate Programs** *(ASAP), that couple a full-time attendance requirement with other comprehensive student supports. The New Community College Initiative, which is in its planning stages, will create a two-year community college focused on the development of a student model that would significantly increase completion rates. Among the requirements for future students are full-time enrollment in their first year and participation in a pre-college component.[12] CUNY's ASAP has already been implemented and seen success. The initiative provides academic and financial support services to participating low- and moderate-income community college students, including a tuition waiver for students who receive federal financial aid. These students must enroll full-time throughout the course of their study in an ASAP approved major. The combination of a full-time enrollment requirement and increased financial support has contributed to the notable success of the pilot program--its first group of students achieved a 53 percent graduation rate, which surpassed the City's initial goal and is nearly three times the national completion rate of urban community colleges.[13]*

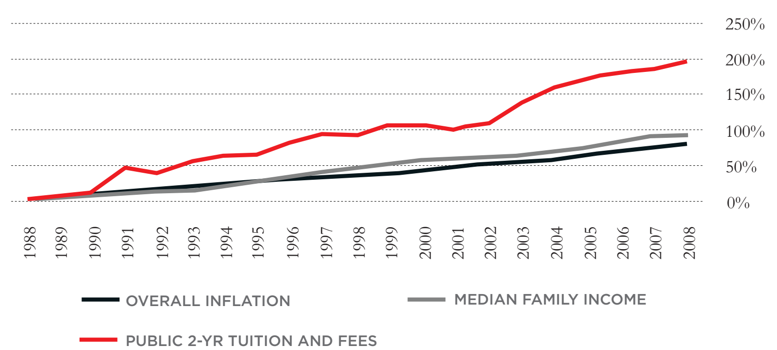
IS COMMUNITY COLLEGE AS AFFORDABLE AS WE THINK?

While community college students face various obstacles to degree completion—many students lack the academic preparation for college work and their institutions often lack the ability to meet their academic needs—inadequate financial supports are a key factor leading many of them to work and enroll part-time, which hurts their ability to graduate. This fact often comes as a surprise to policy makers and the general public who assume that community colleges are affordable to students of all income backgrounds. False perceptions about the affordability of community colleges have dangerous implications— assuming that costs are not an issue, community college institutions and students are not provided with adequate financial supports.

THE TRUE COST OF ATTENDING COMMUNITY COLLEGE

When looking at the cost of tuition and fees at community colleges—an average of $2,544 for academic year 2009-10—these institutions do indeed seem affordable. However, tuition and fees, which have been rising faster than median family incomes (see Figure 1), represent only 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, $14,285,[14] 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 the living situation of two-thirds of community college students.[15]

FIGURE 1.
CUMULATIVE CHANGE OF COST OF COMMUNITY COLLEGE TUITION AND FEES, MEDIAN FAMILY INCOME AND INFLATION, 1988-2008 (CURRENT DOLLARS)



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.[16] 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.[17]

THE IMPACT OF LONG WORK HOURS AND PART-TIME ENROLLMENT

The majority of community college students turn to work to meet expenses not covered by grant aid, which limits the number of classes they can complete each semester. Three quarters of community college students worked more than 20 hours per week in 2007-08, a level of work which research shows to be detrimental to their studies.[18] Students who have left college without earning a credential cite employment and finances as the main reasons for their departure.[19]

Working long-hours also often lead community college students to enroll part-time, since juggling a full course load with long work hours becomes unmanageable. Seventy percent of community college students enrolled part-time in 2007-8 compared to 30 percent of students at four-year public colleges.[20] Part-time enrollment, however, increases the risk of departure mainly by limiting the number of credits students can complete each term, prolonging the time it takes them to reach important milestones in credit attaining. A study that tracked young community college students for five and half years found that those who completed 20 credits were almost eight times more likely to graduate than their peers who completed fewer credits.[21] Financial barriers, then, hinder students' ability to complete their credentials by forcing many of them to work long hours and enroll part-time.

INEQUITABLE GRANT AID

Low-income community college students on average receive less grant aid from state governments and their institutions than do their public four-year counterparts, despite the fact that community colleges have larger percentages of low-income students. It is only at the federal level that low-income community college students receive amounts of grant aid comparable to their public four-year counterparts.[22] Nearly half of Pell Grant recipients attending community college full-time received state grants (an average award of $1,689) while nearly two-thirds (57 percent) of their counterparts at four-year colleges received state grants (an average amount of $3,460). A similar trend exists in institutional aid (Figure 2).

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
AVERAGE STATE GRANT (PERCENT RECEIVING GRANT)	$1,689 (46%)	$3,460 (57%)
AVERAGE INSTITUTIONAL GRANT (PERCENT RECEIVING GRANT)	$1,011 (24%)	$3,606 (41%)

Source: National Postsecondary Student Aid Survey 2008

These allocations of funds are not surprising given the recent shift in state aid dollars, with more aid increasingly being distributed on the basis of merit rather than financial need. Although states allocate more dollars to need-based grants overall, spending on merit-based awards grew at three and half times the rate of need-based aid over the last decade.[23]

The limited resources community colleges have to allocate in grant aid is the primary reason that fewer Pell-recipients at community colleges receive institutional grants, and that their grants amounts are smaller than those of their counterparts at public-four year colleges. Institutions generally raise funds for institutional grants through donations or tuition revenue designated for scholarship purposes. Given community colleges' lower tuition levels and resources for fundraising activities than public four-year universities their institutional grant aid is considerably lower. In 2007-08, community colleges distributed $666 million in institutional grants, compared to $5 billion by public four-year colleges.[24] Given the inadequate and unequal amounts of grant aid community college students currently receive, the practices highlighted in this report can help alleviate the many financial stressors students face.

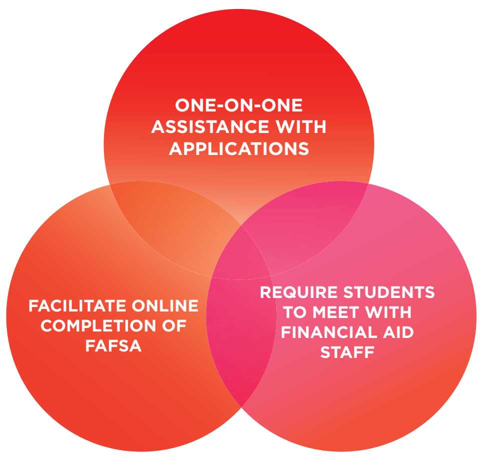
Strategies For Community Colleges To Increase Financial Supports For Students

STRATEGY:

HELP STUDENTS ACCESS AVAILABLE FINANCIAL AID

Students leave valuable resources on the table when they do not access existing sources of financial aid from federal, state, institutional or private sources. Federal Pell Grants, for example, represent the largest source of grant aid that low- and moderate-income community college students can obtain. In a similar vein, if students decide to borrow, federal loans are their best option, since they are generally less expensive and have more borrower protections than private loans and credit cards.[25]

FIGURE 3.
FAFSA COMPLETION CAN BE INCREASED THROUGH THE IMPLEMENTATION OF THREE KEY STRATEGIES



Students must complete the Free Application for Federal Student Aid (FAFSA) to qualify for federal grant aid and loans. Since most states and institutions use the federal methodology to allocate grant aid, completing this form is often the first step to accessing additional funds. Yet most community college students do not complete the FAFSA, leaving millions of dollars of financial aid on the table. In 2007-08, fewer than half (44 percent) of community college students submitted the FAFSA.[26] A sizeable proportion of them were low- to moderate-income; 42 percent of Pell Grant-eligible students at community colleges did not submit the form. Part-time community college students had even lower submission rates, with only 38 percent submitting the form in 2007-08.

Two central reasons generally explain why community college students and their families do not access all available financial aid:

There is inadequate information about financial aid. Many community college students do not complete the FAFSA or apply for other sources of financial aid because they lack information about eligibility, the types of aid available, and the expenses that can be covered with such aid.[27] A 2002 poll found that nearly two thirds of all parents and young adults planning to go to college did not mention grant aid as a source of funding when asked about what types of financial supports are available.[28] A common reason given by students who do not complete the FAFSA illustrates the information barrier: of students who did not complete the form in 2007-08, 59 percent said they did not apply because they "didn't think they would qualify."[29] First generation, low-income, and minority high school and college students in particular lack basic information about available sources of financial aid for college.[30] At community colleges, 42 percent of students are first-generation college students.[31] A survey of young students and their parents found that two-thirds of Latino and African American parents did not know how to finance their children's college education.[32]

The complexity of the financial aid process further deters students from accessing all available financial aid. The complexity of the FAFSA creates unnecessary barriers for students.[33] The FAFSA is similar to the regular 1040 income tax form, which the IRS estimates takes about 13 hours to complete.[34] More than one in ten students (11 percent) who did not apply in 2007-08 cited this reason for not completing the FAFSA.[35] The multiple sources of financial aid at various levels of government and private sources, which tend to have varying requirements and deadlines also create complexity and confusion among students. Many students who fill out the FAFSA closer to the fall semester, for example, may miss state or institutional aid deadlines that require the FAFSA to be submitted earlier. Even after submitting the FAFSA, the verification process can also get in the way of students accessing grant aid for which they are eligible.[36]

While harmonizing the various sources of aid, deadlines and applications would help eliminate the complexity and information barriers to accessing aid, in the absence of these reforms it is imperative that students receive help to access available funding. A recent study found that students who submit a FAFSA are 12 percent more likely to receive a degree of any kind and 10 percent more likely to receive a bachelor's degree. By this estimate, if public colleges, including community colleges, were to mirror the FAFSA submission rates of for-profit colleges (97 percent), the number of students graduating with an associate's degree could potentially increase by more than 200,000 students per year.[37]

THE MULTIPLE SOURCES OF FINANCIAL AID AT VARIOUS LEVELS OF GOVERNMENT AND PRIVATE SOURCES, WHICH TEND TO HAVE VARYING REQUIREMENTS AND DEADLINES ALSO CREATE COMPLEXITY AND CONFUSION AMONG STUDENTS.

There are several *key practices* that can help expand access to student financial aid:

PROVIDE ONE-ON-ONE FAFSA COMPLETION ASSISTANCE

As stated above, completing the FAFSA can be a burdensome process. Research shows that offering students and their families individualized help with completing the FAFSA can increase submission rates. In 2008, a group of researchers, in collaboration with H&R Block, conducted a study using randomized controls to test the impact of helping low-income families complete the FAFSA.[38] Their study found that FAFSA completion rates increased when families received individual assistance with the form.

Recent changes at the federal level make it considerably easier for institutions to offer students individualized help with completing the FAFSA. The federal department of Education now allows students who apply for the FAFSA online to import their own or their parents' tax information into the application with the press of a single button. Once this information is imported into the form, it should take no more than an additional 10 minutes for a student or family member to complete the application with assistance.[39]

Fresno City College and Imperial Valley College, which have the highest FAFSA filing rates in the California Community College system, credit their success to the individual assistance they provide to students.[40] Both colleges facilitate individualized interaction through an on-campus financial aid lab. This lab makes computers available for students to go on-line and complete the FAFSA and staff is available to answer questions. Financial aid staff also contact students individually to ensure that they have submitted all required documents to complete their file. State funds specifically dedicated[41] to increase financial aid services to low-income students has been important in enabling them to offer this individualized help.[42]

MANDATE THAT STUDENTS MEET WITH ACADEMIC AND FINANCIAL AID COUNSELORS

Most students and their families do not have adequate information about available financial aid. This lack of information about how financial aid works, including the types of expenses that it covers, can keep students from applying for aid. For example, first generation college students, whose families have less experience with college, may be unaware that financial aid can be used to pay for expenses such as transportation and child care. A recent survey of California community college students found that only 53 percent knew that financial aid could be used to pay for living expenses, and only 47 percent knew that they did not have to attend full-time to qualify for financial aid.[43] Therefore, even in the presence of simplified forms and access to individualized help, students may still not see the value of applying if they do not understand the benefits. Requiring students to meet with a financial aid or academic counselor could address this information barrier. (figure 3)

EVEN IN THE PRESENCE OF SIMPLIFIED FINANCIAL AID FORMS AND ACCESS TO INDIVIDUALIZED HELP, STUDENTS MAY STILL NOT SEE THE VALUE OF APPLYING FOR AID IF THEY DO NOT UNDERSTAND THE BENEFITS.

One example of this strategy is the Opening Doors Project, which required students at two community colleges in Ohio to meet with their academic counselors at least twice per semester to resolve issues affecting their schooling, including financial problems. These counselors had significantly lower case loads (200) than typical counselors at community colleges (1,000).[44] In addition, students had a designated contact in the financial aid office. An evaluation of the program showed that in comparison to the students who did not receive this intervention, students required to meet with a counselor were more likely to receive financial assistance, especially Pell Grants.[45]

Students have opted for safer loans through other programs that require students to meet with counselors. Barnard College in New York City, for example, required its students to speak with a financial aid officer before certifying a private loan. This requirement led to a 73 percent reduction in the total amount of private loans taken out.[46] Fresno City College, a community college in California, has a similar program. They certify private loans only after a student has been informed about the FAFSA and other loans available to them.[47]

In an effort to increase retention rates, Portland State University, a public four-year institution, recently mandated that all entering students meet with an advisor, who would help them with both academic and financial matters. To help facilitate the new practice, the university increased the number of advisors on campus more than twofold.[48]

Practices at for-profit colleges, which succeed in getting nearly 100 percent of their students to submit the FAFSA, also show the importance of creating a structure that inevitably leads students to come into contact with a counselor. Some for-profit colleges that offer associates and/or bachelors degrees, for example, integrate admissions, financial aid, assessment, advisement and registration services.[49] Accordingly, students receive financial aid counseling the moment they are admitted and while they are registering for classes. These services are usually provided at one location or in close proximity to each other, improving the accessibility and visibility of the services. Throughout their studies, students also tend to have a point person to whom they can go for questions related to their education, including financial aid. The wait time students experience to get their questions answered is generally less than a week. By contrast, a recent survey of community college students found that less than a quarter of entering students (23 percent) had a specific person assigned to them to ask for information.[50] It is important to note, however, that fiscal constraints limit the ability of many community colleges' financial aid offices to offer individualized services to most of its students. It is also the case that for-profit institutions have strong incentives for ensuring that students obtain grant aid and loan money and as quickly as possible since their revenue is derived primarily from tuition and fees charged to students.

IMPLEMENT STUDENT-CENTERED FINANCIAL AID ADMINISTRATION PRACTICES

Making financial aid services at community colleges more student-centered can increase access to available financial supports. Simple actions that require limited or no additional financial resources, including improving student notification systems, expanding outreach to students and restructuring financial aid offices, can lead to increased aid to students. Below are key actions colleges can take to improve their financial aid services.

Reach out to students through multiple channels and offer privacy. Simplifying financial aid materials, translating documents in languages commonly spoken by students, and making materials culturally relevant are important steps colleges have taken to reach more students. Since colleges have found that students benefit from hearing about financial aid sources through various channels and multiple times, some institutions collaborate with other student services to reach more students and with faculty to make in-class presentations about financial aid. To accommodate part-time and working students, financial aid offices at some colleges offer evening office hours and multiple FAFSA completion workshops. A recent publication by the College Board's Advocacy and Policy Center highlights colleges implementing some of these strategies.[51] Financial aid departments have also organized their offices space more efficiently by creating private space for students to ask sensitive questions about their application forms, and by providing computers linked to the internet so students can access their unfinished forms and complete them as they get their questions answered.[52]

Make award letters easy to understand. A key way in which colleges can make their services more student-centered is by simplifying and clarifying their financial aid award letters. Students receive a financial award letter after submitting their application for financial aid to their college. This letter includes the types of aid they would receive if they decided to enroll, which is intended to help prospective students compare colleges.

The award letter lets both prospective and current students know the amount and type of aid they will have available to cover college expenses. While the DOE requires colleges to include certain information in these award letters, no standard format exists, making them difficult to interpret and to compare.[53] While the DOE could implement changes to address this problem, institutions can make these letters more student-friendly in the absence of federal changes.

A common problem with these letters is the lack of separation between types of aid— grants, work-study, loans— making it difficult for students to know how much of the aid will need to be repaid. Grant aid should be listed separately from loans, and federal loans should be distinguished from nonfederal loans, along with a disclaimer that private loans do not have the same borrower protections as federal loans.[54] A distinction should also be made between institutional grant aid— which may be limited to tuition payments at a particular college— and state or federal grants that can be used at any college and for a range of college costs. Many award letters also fail to state the total cost of attendance, with a breakdown by type of expense— such as room and board, books and transportation. They also include acronyms to describe sources of aid without a key for their meaning, making them incomprehensible.

FIGURE 4.
SAMPLE COST AND AWARD INFORMATION FOR AWARD LETTER

GRANTS/SCHOLARSHIPS		**BOTTOM LINE COST**	
Pell Grant	$3,380	Cost of Attendance	$14,285
STUDENT LOANS		Grants	-$3,380
Subsidized Stafford	$2,000		$10,095
Unsubsidized Stafford	$2,500	**RESOURCES TO PAY BOTTOM LINE COST**	
OTHER RESOURCES		Loans	$4,500
Work-Study	$2,395	Work-Study	$2,395
		Student Income/ Savings	$2,000
		Parents Income/ Savings	$1,200
			$10,095

The Institute for College Access and Success suggest that award letters also include a "Bottom-Line Cost" calculation that would let students know the amount of total college costs remaining after all grants have been subtracted. Another section would then show the resources the student could use to pay for that bottom-line cost, such as loans, work-study, income and savings. (Figure 4).

The financial aid administration of Connecticut Community Colleges has innovatively used the presentation of award letters to encourage students to enroll full-time. They provide students with two separate award letters-- one letter shows students the awards they would receive if they enroll full time, while the second letter shows award amounts for part-time enrollment.[55] This breakdown exposes students to differences in aid by attendance status, which is lower for part-time attendance. Early results show an increase in full-time enrollment among students. Therefore, colleges may want to use this strategy to better inform students about how part-time enrollment leads to lower levels of financial support and also to inform part-time students that they are eligible for various sources of aid. In particular, many part-time community college students believe that they are not eligible for aid due to their enrollment status.

Increase collaboration between financial aid and academic counselors. Academic counselors are in a unique position to identify financial problems that may be interrupting the academic progress of students. Especially during the enrollment period, counselors could advise students on the risks of enrolling part-time and working long hours, which not only hinders progress in school but may also reduce future aid since the federal aid formula counts a portion of their earnings as income available to pay for their studies.

Financial aid and academic counselors could also work collaboratively in ensuring that students in financial aid or academic probation obtain the help they need to restore their good academic or financial standing. In particular, the federal government mandates that financial aid recipients make satisfactory academic progress toward a degree or certificate.If a student does not make adequate progress, she is placed on financial aid probation.At Chaffey College, a community college in California, for example, students are placed on financial aid probation if they have a GPA of less than 2.0 or have not completed a certain number of credits, adjusted for their enrollment status. Students in financial aid probation are asked to improve their performance or risk losing their eligibility for financial aid, even though they are still able to take classes at the college.

Chaffey College, among other colleges, have found that helping students in financial or academic probation improves the chances that they will be able to restore their academic or financial standing.[56] These programs may include requiring students to take a "College Success" course, in which a college counselor provides basic information on study skills and the requirements of college. At Chaffey College, students were expected to take this course and visit the college's "Success Centers" where students receive supplementary instruction in math, reading, and writing. Financial aid counselors and college counselors could play a key role in connecting students on probation to available resources and programs like these on their campus.

FAILING TO EXERCISE "PROFESSIONAL JUDGMENT" WHEN CALLED FOR CONSIDERABLY HURTS STUDENTS' ABILITY TO PAY FOR THEIR EDUCATIONAL EXPENSES.

Provide aid to students in a timely manner. Colleges have discretion over when and how students receive their financial aid. Financial aid offices can use this discretion to help students receive as much available aid as possible and in a timely fashion, while still complying with fiscal and regulatory demands. A key report by The Institute for College Access and Success profiles colleges that have done this effectively, especially by verifying only the number of applications required by state and federal rules and by exercising their "professional judgment" privilege to adjust the financial aid awards for students facing unique circumstances.[57]

Federal and state financial aid programs require colleges to verify a percentage of students' applications, which involves corroborating the information in the application with supporting documentation such as tax returns, proof of graduation from high school, and evidence on non-taxable income such as public benefits. The DOE requires 30 percent of the applications to be verified. States may have higher requirements. Yet some colleges unnecessarily verify every application.[58] The time taken to verify every application could be used for other important activities, such as conducting outreach to students about aid options or providing assistance with the FAFSA application. It is also the case that the verification process often means that many Pell Grant eligible students lose their aid due to bureaucratic hurdles rather than ineligibility reasons.[59]

Colleges also can avoid delays in disbursing financial aid awards to its students. Award amounts are tied to students' enrollment status. If a student drops a course, the size of the award must get adjusted. If a student fully withdraws from all coursework, the institution becomes liable for a portion of the aid that was granted to the student. To reduce the burden of making these possible adjustments, some financial aid offices disburse aid three weeks after the semester has started, since the majority of students likely to change their enrollment status will have done so by this time frame. Such delays, however, make it very difficult for students to purchase textbooks or cover other basic necessities.

These delays are avoidable. Many offices deliver financial aid before the start of classes as long as students complete the FAFSA by a certain date. To ensure that even late applicants are able to buy textbooks on time, Long Beach City College in California gives Pell-eligible applicants bookstore credit. To help colleges meet the liability involved with disbursing aid on time, some college systems have set aside specific funds to cover these types of expenses. Other colleges deliver multiple checks per term rather than a single disbursement, which allows for amount adjustments in future checks.

Use "professional judgment" to ensure students in special circumstances receive the aid they need. Financial aid administrators are granted "professional judgment" to address circumstances not reflected in a student's FAFSA.[60] For example, students whose parents have recently lost their jobs may not be able to contribute as much as expected to their educational costs, and financial aid administrators can use their discretion to adjust those aid applications accordingly. In other cases, administrators can waive the requirement for students under age 24 to provide information about their parents' income, if those parents cannot be located or are unavailable (for instance, in prison). In these and other types of cases, on the basis of evidence and a careful review of the student's situation, financial aid professionals can use their "professional judgment" to change the status of students' applications to better reflect the realities and challenges students face.

The DOE recently clarified that this rule gives institutions the discretion to waive the income requirements for Pell Grants for workers who have recently lost their jobs.[61] Yet many financial aid administrators do not exercise the "professional judgment" rule. Federal guidelines partially deter colleges from using this flexibility. The DOE has used the percentage of students for whom a "professional judgment" determination has been granted to select institutions for program review. However, as long as financial aid offices document their decisions, they will not face any repercussions. Failing to exercise "professional judgment" when called for, on the other hand, considerably hurts students' ability to pay for their educational expenses.

Assist prospective college students in high school with financial aid forms. Some state and institutional financial aid deadlines are set well before the start of classes. Yet it is common for community college students to register only a few weeks before classes start, and subsequently fill out financial aid forms, resulting in important financial aid deadlines being missed. To address this problem, community colleges could take a proactive approach in counseling prospective college students in high school about financial aid options.[62]

For the last four years the Virginia Community College System has employed "career coaches" who conduct outreach in public high schools. The program has about 110 coaches in more than 140 schools, serving approximately 40 percent of the state's secondary students. The coaches work one-on-one with students to set career goals and help them take the steps to achieve them, including applying for the FAFSA if they want to go to college. The program's cost, about $1.8 million in 2009, is mostly covered by federal and state funds including the Workforce Investment Act, the Perkins Act and the Department of Education's Gaining Early Awareness and Readiness for Undergraduate Programs. A study of the program found a 4 percent increase over three years in the number of Dual Enrollment students.[63]

A recent program by the DOE will enhance the effectiveness of programs that proactively reach out to high school students about college financial aid. The DOE invited secondary school administrators to participate in a program that will provide them with information about which students in their districts have submitted the FAFSA, enabling them to target students that have not submitted the form. This program will be available to 20 school districts in 2010 but will likely expand over time.[64]

PARTICIPATE IN THE FEDERAL LOAN PROGRAM

Research has shown that grant aid leads to higher rates of college access and degree attainment than loans, especially for students from lower income families.[65] However, rapid increases in the total cost of attending college and stagnant grant aid has made student loan borrowing more important in the student financing landscape. In this context, it is important that students access the least expensive and safest loans.

Federal student loans have fixed interest rates ranging between 4.5 and 7.9 percent[66] in 2010-2011; by comparison, private loans have variable rates that went as high as 18 percent in 2008.[67] Unlike private loans, federal loans also offer opportunities for deferment, forbearance, loan forgiveness, and income-based repayment programs.[68]

Despite the many benefits of federal loans over other types of loans, a recent report found that 900,000 students at community colleges in 31 states do not have access to federal loans because their schools choose not to participate in the federal loan program.[69] This report also found that nearly a fifth of African American (18 percent) and Native American (19 percent) community college students do not have access to federal loans, compared with 8 percent of their White and Latino peers and 4 percent of Asian-American community college students.

Community college students on average borrow less than students at other types of colleges. Among students earning an associates degree from public two-year colleges in 2007-08, nearly two thirds (62 percent) graduated with no debt and 23 percent borrowed less than $10,000. By comparison, two-thirds of 2008 four-year college graduates borrowed money to pay for college, and had an average of $23,200 in student debt.[71]

The differences in borrowing between community college students and students at other institutions are partially explained by the lower costs of attending community college. Other reasons community college students tend not to borrow include the high uncertainty of degree completion and the very limited information about student loans families and students receive.[72]

Some community colleges that participate in the federal loan program, for example, exclude federal loans in a student's award letter or avoid telling them about their availability. Instead, students must request the loans and sometimes complete an additional application, creating an information barrier for students who may not know about them. Many financial aid offices do not inform students about federal loans because of the belief that borrowing is unnecessary for them.

Making the most affordable and safest loans available to community college students is essential, especially in light of recent trends showing that community college students who borrow turn to private debt more frequently than students at other types of colleges. The percentage of community

college students with a private loan quadrupled in just four years, between 2003-04 and 2007-08,[73] and almost two-thirds (64 percent) of these borrowers did not take out federal Stafford loans, which are available to students of all income backgrounds.
Many community colleges choose not to participate in the federal loan program to eliminate the risk of losing eligibility for other federal student aid programs, such as the Pell Grant. The federal government sanctions institutions with very high default rates among its student borrowers.[74] In particular, the federal government measures each institution's cohort default rate, which is the number of borrowers from a given class who default within two years of entering repayment. Institutions with cohort default rates above 25 percent for three consecutive years become ineligible for distributing Pell Grants, eliminating the most valuable source of aid for low-income students and an invaluable resource of funding for institutions.[75]

The experiences of community colleges that participate in the federal loan program, however, show that the risk of losing eligibility may actually be minimal, especially in the presence of a strong default management plan. Over the last 15 years, student loan default rates in the federal loan programs have been decreasing; from 15 percent in 1992 to less than 7 percent for every year after 1999.[76] A close examination of cohort default rates for 2007 by the Institute for College Access and Success found that no community college is at risk of being sanctioned.[77] Institutional default management plans can safeguard institutions from the risk of default. In addition, exit interviews that prepare students for the repayment of their debt as well as strong career services to help students find jobs after graduation, can effectively reduce the risk of default. The most important predictor of default is whether the student completes an academic program and obtains a credential. Therefore, policies that increase completion can also help colleges reduce the risk of default among students.[78]

STRATEGY:

INCREASE NEED-BASED GRANTS

Community college administrators can improve low- and moderate-income students' educational attainment by ensuring that the limited institutional aid they award reaches its neediest students rather than the best-prepared students, who may not have the same level of financial need. 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.[79]

Community colleges should continue to prioritize institutional aid on the basis of need. While there is nothing inherently wrong with awarding financial aid on the basis of merit, doing so favors higher-income students who would have gone to college even without the award and are more likely to complete. Need-based aid, on the other hand, plays a much stronger role in decisions about attending and staying in college among students from low-income households.

FIGURE 5.
STATE AND INSTITUTIONAL GRANTS RECEIVED BY PELL GRANT RECIPIENTS ATTENDING PART-TIME FOR A FULL YEAR

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

Source: National Postsecondary Student Aid Survey 2008

Community colleges should consider allocating institutional aid more evenly between full-time and part-time students. In particular, less than 10 percent of part-time Pell Grant recipients at community colleges received an institutional grant, compared to 24 percent of full-time students. (Figure 5)

Grant aid not only influences low-income and minority students' decision to enroll in college but also to stay enrolled and complete their studies.[80] The Pell Grant, for example, is associated with reducing the likelihood a student will drop out of college.[81] Research has also found that grant aid can be used to influence students' performance. A notable example is the performance based scholarship program implemented at two community colleges in New Orleans, Louisiana. MDRC, a social policy organization, tested the effects of this program through a random assignment evaluation. Eligible students had to have at least one dependent child younger than 19 years of age and a household income under 200 percent of the federal poverty level.[82]

Eligible students were randomly assigned to a treatment or control group.[83] Students in the treatment group received a $2,000 grant ($1,000 per semester) and enhanced counseling services in return for maintaining at least half-time enrollment and a grade point average of 2.0. These grants were in addition to any grants students qualified for, such as Pell Grants. The control group only received standard counseling services. Compared to students in the control group, the group that received the scholarship was more likely to enroll full-time, earned more credits, and had higher rates of re-enrollment in the second and third semesters after the program began.[84]

STRATEGY:

PROVIDE ELIGIBLE STUDENTS WITH EMERGENCY AID

Financial emergencies often force money-strapped community college students to interrupt or abandon their studies. An unexpected car repair or a health related expense, among other events, can force students to work more, become homeless or simply not have the means to go to school and cover their basic necessities. For students who need to find new arrangements, accessing emergency funds that allow them to cover their basic needs until the end of the term can considerably decrease the likelihood that they will withdraw from classes or not enroll the following semester.

A number of community colleges have piloted emergency funds programs to avert interruptions in students' enrollment and performance. Two such programs include Dreamkeepers Emergency Financial Aid Program, which has been implemented in 11 community colleges, and the Angel Fund Emergency Financial Aid Program, which has been implemented in 26 Tribal Colleges and Universities. In the first two years of operation, the Dreamkeepers and Angel Fund programs awarded over $845,000 to more than 2,400 students. The most frequent requests for funds varied at each college but the following categories were at the top: housing, transportation, books, utilities, and child care.[85]

Student recipients and administrators report that the programs have helped students stay enrolled. A participant of the Angel Fund program comments: "Unfortunately, the clutch and starter on my vehicle went out. I live 21 miles away from the college and have missed a few classes due to a lack of transportation. With this funding, I can repair my vehicle and stop hitchhiking to school everyday."

Administrators at all Dreamkeepers' colleges and the majority of administrators of Angel Fund colleges (18 out of 21) indicated that the program was either "somewhat" or "very effective" at improving student retention. Re-enrollment rates among funds' recipients at the vast majority of the colleges were at least as high as the average for the college, and for many colleges it surpassed the re-enrollment rates of first year students at the college. Central New Mexico Community College, for example, found that term-to-term retention rates (from the semester in which they received funding to the next) for participants were 85 percent, well above the retention rate of 68 percent for first-time students at its college.[86]

CENTRAL NEW MEXICO COMMUNITY COLLEGE FOUND THAT TERM-TO-TERM RETENTION RATES AMONG EMERGENCY FUNDS PARTICIPANTS WERE 85 PERCENT, WELL ABOVE THE RETENTION RATE OF 68 PERCENT FOR FIRST-TIME STUDENTS AT ITS COLLEGE.

The Dreamkeepers and Angel Fund programs were established with private funding and have found strong financial support to stay in operation. Each college created its own eligibility criteria, promotion strategies and disbursement mechanisms. MDRC, a non-profit organization specializing in program evaluation, analyzed the program designs and highlighted some best practices, several of which are highlighted below:

Incorporate flexibility in eligibility criteria. The majority of the colleges created eligibility criteria. In particular, each college delineated the type of expense eligible for consideration, the award limits, and frequency with which students could apply for funds. Some colleges also created eligibility criteria for the participant, such as a minimum GPA, certain number of credits accumulated, and proof of financial need. Setting eligibility criteria and award limits is an essential component of the program. Incorporating flexibility in eligibility, however, will ensure that students who could benefit but do not fully match the criteria will not be excluded. Colleges also found that being flexible in what constitutes an emergency was helpful. For example, covering a recurring expense may not seem like an emergency. Yet an unanticipated expense could be the reason for lacking resources to pay for it.

Make the application process simple and the approval process fast. The majority of the colleges processed the funds requested within one to five business days. Colleges either disburse money to students or make the payment to a third party. The fast turn-around period is essential given the emergency nature of the request. To facilitate access to these funds and expedite their request, it is also important that colleges create a simple application process. Creating a burdensome process by requiring letters of recommendation and essays, for example, could deter many students from accessing the funds.

Advertise the program widely. If students are not aware of these emergency funds then they will not request them. Depending on faculty or other university staff to refer students to the program creates opportunity for bias and inequities in who receives aid. It also leaves out a group of students who might not disclose their emergencies.

Use loans with forgiveness incentives. Some programs offered loans to students instead of grants. Santa Fe Community College, Wayne Community College, and Martin Community College, for example, offered students an "advance" on pending financial aid. When the financial aid money arrived, the borrowed amount was automatically deducted from the student's aid package.[87]

An even more effective strategy, however, might be creating provisions to forgive the loans. Santa Fe Community College, for example, forgives loans to students in special circumstances, such as those who may have high need but do not qualify for financial aid due to a recent change in status. Durham Community College ties loan forgiveness to student retention, creating an incentive for students to stay enrolled. The college forgives half of the student's loans if they complete the current semester and enroll in the following semester, and the other half if they complete that cycle again.

Link students with other financial services. Colleges can also use the emergency funds program as an opportunity to link students with other funding. At Hillsborough Community College, for instance, students are required to complete the FAFSA when they are approved for emergency aid.

STRATEGY:

EASE STUDENTS' TRANSPORTATION COSTS

The majority of community college students live off-campus, making transportation an inevitable expense. The College Board estimates that costs of transportation for independent off-campus students comprise 18 percent of their cost-of-living budget, totaling up to $3,250 for the nine-month academic year 2010-11, which is more than the average tuition and fees charged by community colleges.[88]

Community colleges located in areas with strong public transportation infrastructures can help students lower their transportation costs by negotiating discounts with the public transit systems and by offering transportation subsidies. In addition to savings for students, which might help them reduce their work hours, these supports can translate into increased enrollment and reduced traffic and parking congestion. The lower cost of transportation may also increase student engagement in campus activities that require additional trips. A 2008 study by the National Wildlife Federation (NWF) reported that just over a quarter (27 percent) of two-year schools offer free or discounted bus or public transit passes to students.[89]

> TRANSPORTATION COSTS FOR COMMUTER STUDENTS IS MORE THAN THE AVERAGE TUITION AND FEES CHARGED BY COMMUNITY COLLEGES.

Community colleges in regions without extensive public transportation systems can also help their students with transportation costs by creating free carpool parking, subsidized vanpooling, reduced parking fees for low-income students, free parking during off-peak hours and new connections to existing transit services. Pierce College, for example, provides connections to existing transit services. De Anza College, a community college in California, created 37 parking spaces for car-poolers. Augsburg College in Minneapolis has enhanced the popularity of carpooling by reserving parking spaces for carpoolers at the heart of the campus.[90] The NWF survey found that 18 percent of community colleges offered carpooling or vanpooling programs in 2008.

Community colleges that negotiate discount rates with local transit agencies have found that these bulk discount programs are easy to administer and generate considerable benefits.[91] The discounts tend to be larger when a sizeable number of students participate in the program, since it guarantees the transit agency a larger source of income and increased ridership. The Peralta Colleges in California, for example, negotiated a discount with Alameda-Contra Costa Transit bus system, the third largest in California with access to 13 cities and adjacent unincorporated areas. This negotiation resulted in a $31 per semester mandatory fee for full-time students[92], a price significantly lower than the $116 per month normal fare. This deep discount, however, would have been difficult to obtain without broad participation from students.

Once the agency has given the campus a discounted price, the college can choose to fund the total or part of the remaining cost. Colleges often cover the remaining costs through general funds, parking revenue, mandatory student fees, federal earmarks or partnerships with municipalities.

Centralia College, a community college in Washington, offers students free bus passes. The college purchases bus passes from the transit agency at a discounted rate and then these are made available to students for free.[93] Utah University provides full-time students with regional transit passes at no direct cost; it funds the passes through parking and student fees.

Centralia College also offers students free rides in van pools organized through local regional planning commissions. These programs can be especially helpful for students attending community colleges in rural areas. The van pool runs twice a day for free and travels to distant locations. Since community college students juggle many responsibilities in the day, especially work, combining these services with programs that offer students free transportation to their jobs or other facilities near campus during the day can increase the effectiveness of these programs. University of Alberta, for example, created a bicycle-sharing program, which offers 30 bikes and free maintenance services. University of Washington offers 40 "power-assisted" bikes that students can rent for an hourly rate; they can be used as scooters or pedaled like bikes.[94]

In designing a transportation program it is important that colleges incorporate student feedback about their transportation needs. Doing this will give colleges a more accurate picture of student commuting patterns and will result in a more effective program, especially if the program will require mandatory student fees. The Peralta Colleges program, for example, which charges full-time students a mandatory fee, was approved by students. The Peralta Board of Trustees also engaged students by conducting a survey of students on the topic.

STRATEGY:

CENTRALIZE BENEFIT ACCESS

As previously discussed, community college students are more likely to be from low-income families than four-year college students. Given the income and demographic characteristics of community college students, a substantive number of them may be eligible for federal and state benefit programs for low- and moderate-income individuals and families, such as food stamps, tax credits, childcare assistance, Earned Income Tax Credit, Medicaid and others. (figure 6)

FIGURE 6.
RANGE OF PUBLIC PROGRAMS THAT COULD BENEFIT STUDENTS

• Earned Income Tax Credit	• Refundable Child Tax Credit
• SNAP (Food Stamps)	• Child care subsidies
• Education tax credits	• Children's Health Insurance Program (CHIP)
• Housing subsidies	• Temporary Assistance for Needy Families (TANF)

If community college students could access public benefits, their financial resources could be boosted considerably, making their living expenses more manageable while attending college. In 2010, for example, a single parent of two earning $15,000 a year might be able to receive $4,824 in Earned Income Tax Credit, $453 in additional Child Tax Credit, $3,089 in Children's Health Insurance, $3,469 in food stamps, and $200 in Home Energy Assistance.[95]

Many community college students, however, may not know about these public benefits or may be discouraged to apply due to the complicated application process. The Urban Institute estimates that only 7 percent of eligible families claim four of the largest benefits available to them and 25 percent do not receive any of three major benefits despite their eligibility.[96] Community colleges could help students access these benefits in a simple and expedient way by partnering with programs that facilitate the application process for these benefits.

Single Stop USA (Single Stop), a national not-for-profit organization, partners with community colleges to help eligible students access federal, state and local benefit programs. Single Stop is currently on community college campuses in five states and has partnerships with three of the largest community college systems in the country-- the City University of New York ,the City colleges of San Francisco, and Miami Dade College. In addition to providing community college students with eligibility information about federal and state benefits, Single Stop also provides one-on-one financial and legal counseling and free tax preparation services. Social Interest Solutions, a non-profit organization, created One e App. This software that also simplifies enrollment into multiple social and health programs in several states, including Arizona, California, Indiana, and Maryland.

The Benefit Bank, owned and managed by a for-profit organization, works with public and non-profit affiliates in eight states which offer a web-based program that people can use to file tax returns, register to vote, and complete applications for a variety of federal and state services. Some of these state affiliates coordinate with community colleges to bring the web-based program to their campuses. Below are brief descriptions of how Single Stop and the Benefit BankBenefitBank partner with community colleges to link students with the public benefits for which they are eligible.

SINGLE STOP USA[97]

At the community colleges with which it partners, Single Stop helps students learn about their eligibility for a wide spectrum of federal and state benefits and services in approximately 15 minutes. Students are able to receive application assistance and even submit applications for some benefits electronically with assistance from Single Stop staff. In addition, students have access to free financial counseling and legal services as well as free tax preparation services.

The community colleges partnering with Single Stop hire and supervise one to two full-time staff to coordinate and manage the program. The coordinators offer case management services to students, assistance with navigating the software that determines benefit eligibility and referrals to, and collaboration with, existing services on campus.

Preliminary evaluations of Single Stop show improvement in average semester-to-semester retention rates of students who received the services. In the first half of this year, Single Stop helped students access over $2 million worth of public benefits and $5.7 million in tax refunds (with an average return of $1,300 per student).

Single Stop services on college campuses are funded through philanthropic donations, government earmarks and in-kind contributions. Strong commitment to the program at high levels of leadership has been essential to the programs' successful implementation and sustainability. Single Stop's focus on tracking outcomes has also been instrumental for showing its effectiveness.

THE BENEFIT BANK

Solutions for Progress, which owns The Benefit Bank (TBB) software, partners with state organizations. Some of their state affiliates partner with community colleges.[98] While TBB's services are offered year round, they capitalize on the tax season to increase access to benefits as they offer free electronic tax filing services.

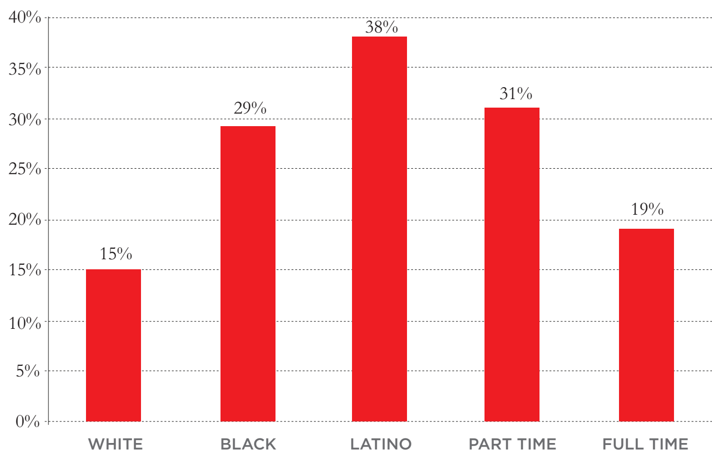
Once TBB completes a client's taxes, their software can determine their eligibility for an array of state and federal benefits and offers help with completing the necessary applications. State affiliates raise funds to pay for the programming necessary to build their state specific TBB software and to maintain it.[99] Solutions for Progress requires its affiliates to have a funded civic engagement campaign and ongoing outreach to ensure the software reaches as many people possible at no cost to the beneficiaries. In North Carolina, for example, the state affiliate is Connectinc, a non-profit organization that offers TBB's services free of charge to community college students as well as employment and career services. Since the software has the capacity for self-service, the participating community colleges simply provide computers, a printer and internet access. However, the colleges can also provide their own counselors to help students use the software, whom Connectinc trains at no cost. Counselors offering TBB benefits in different settings, not just community colleges, have identified an average $6,450 more in annual benefits for each client.

STRATEGY:

HELP STUDENTS ACCESS HEALTH INSURANCE

A fifth of college students ages 18 to 23 lack health insurance.[100] Low- to moderate-income students are disproportionately represented among the uninsured. The average family income of students lacking health insurance was $52,000, compared to $95,000 among students who had health insurance. It is also the case that Latino, Black and part-time students are more likely to be uninsured (Figure 7).

FIGURE 7. PERCENTAGE OF UNINSURED COLLEGE STUDENTS AGES 18 TO 23, BY RACE AND ENROLLMENT STATUS, 2006



Source: U.S. Government Accountability, "Most College Students Are Covered through Employer-Sponsored Plans, and Some Colleges and States Are Taking Steps to Increase Coverage" 2008.

Young people without health insurance are twice as likely to not see a provider when they are sick, a specialist when needed, fill a prescription, or get a medical test or treatment.[101] In addition to adverse consequences to their health, young people without health insurance are more likely to experience financial burdens from health care needs, making it more difficult to finance their education and possibly face long-term and unsafe debt. Nearly half of uninsured young adults had medical debt in 2007.[102] Medically indebted families between the ages of 18 to 34 had an average credit card debt of $1,484.[103]

College students who go without health insurance often do so because of the high cost of health insurance plans.[104] The majority (67 percent) of insured college students between 18 to 23 years old received their health coverage through their parents' employer sponsored plans. Young students from low-income families, however, have less access to employer-sponsored plans since their parents' or their own employer is less likely to offer this benefit.

The Healthcare and Education Affordability Act signed by President Barack Obama on March 2010 will begin to address the problem of access to health insurance among college students, especially low- to moderate-income students. Students who obtain coverage through their parents' health plans will now be able to obtain the benefits until the age of 26, longer than the typical age limits imposed by health insurance plans. While some states like California, New York and Ohio previously passed legislation to extend the age limit even beyond 26 years of age, this Act will extend the age limit to all of the states, and the enrollment status (part-time, full-time, etc.) of the student will become irrelevant for eligibility.[105]

Access to health insurance for students without employer-sponsored coverage may become easier as of January 2014. Medicaid will cover individuals earning less than 133 percent of the Federal Poverty Limit (FPL), rather than 100 percent. It is estimated that this change will provide coverage to nine million currently uninsured young adults.[106] The Act will also require all U.S. citizens and legal residents to have qualifying health insurance by January 2014 or pay a penalty.[107] Persons who earn less than 400 percent of the FPL and lack employer-based insurance will receive tax credits for purchasing health insurance. Even with tax credits, however, individuals will still be expected to spend a certain percentage of their income on health insurance.[108] For example, individuals and families earning between 300 to 400 percent of the FPL are expected to contribute up to 9.5 percent of their income toward premium costs.

Community colleges can help students get affordable health insurance before and after health care reform is fully implemented. Following are actions colleges can take towards doing this.

INCORPORATE THE COST OF HEALTH INSURANCE INTO STUDENT BUDGETS.

For students who cannot obtain health insurance through their parents or employer, community colleges can include health insurance premiums in their overall cost of attendance, which establishes students' financial need.[109] Nationwide, 38 percent of public institutions and 79 percent of private colleges require students to have health insurance.[110] California, Idaho, Illinois, Massachusetts, Montana, and New Jersey have either a state or higher-education governing board that require students attending certain institutional sectors and usually full-time to have health insurance.[111]

Only colleges that require their students to have health insurance, however, include the cost of premiums in the college's overall costs of attendance. A recent study found that college administrators were reluctant to incorporate health care costs into student budgets because this would increase the total cost of attendance, which may discourage students from attending their institution.[112]

For students who cannot access health insurance through their parents or employer, including the cost of health insurance in their total budget more accurately represents the costs they face as students. It is also important to note that while increasing the total cost of attendance would increase their eligibility for aid, it will likely be in the form of loans. In particular, after all grants are accounted for, students must pay through loans or income a large percentage of their costs. Health coverage acts as a safety net in the case of an emergency and allows students to return to their studies once they are well rather than become enmeshed in high medical debt that may force them to drop out. By including this important basic expense in students' budgets, then, begins to address the real need for students to have health insurance. For these important reasons and the fact that health insurance will become a mandate in the near future, it is essential that colleges begin to incorporate this cost into students budgets to better reflect the real total cost of attendance.

CREATE CONSORTIUMS TO OFFER AFFORDABLE AND COMPREHENSIVE HEALTH INSURANCE.

About 20 percent of full-time students ages 19 to 23 obtain health insurance through private individual coverage plans, including college and university plans.[113] Low-income and part-time students at community colleges, however, have less access to these plans. Only 29 percent of community colleges offer student insurance plans compared to 82 percent of four-year public colleges. Furthermore, college-sponsored plans often limit eligibility to full-time students.[114]

Even at community colleges that offer health care plans, cost may be a barrier for low- to moderate-income students. To reduce the cost, higher education institutions have jointly purchased health insurance through consortiums.[115] In fact, the majority of the community colleges nationwide that offer student health insurance plans purchased them through a consortium. While cost may still be a barrier for community college students, this strategy can create a more affordable health coverage option for students.

The seven independent Claremont Colleges located in Southern California, for example, jointly purchase student health insurance through the Claremont University Consortium. In academic year 2010-11, the annual insurance plan cost $1,276 for students under age 26, and offered a comprehensive set of benefits.[116] All students at the Claremont Colleges are required to have a health care plan that is at least of equal quality as the one offered by the school.

It is important to note that in order for student health plans to be helpful, they must offer comprehensive services at a reasonable price. Preliminary findings from an ongoing investigation by the New York attorney general's office found that college-sponsored plans often provide less in benefits for what they charge.[117] It also found that some plans do not cover pre-existing conditions, preventive care or prescription drugs. Other services often excluded include mental-health counseling, injuries from alcohol-related incidents, suicide attempts and pregnancies.

The Healthcare and Education Affordability Act will begin to address many of these irregularities and abuses by insurers. First, it makes it illegal for any type of insurance plan to deny coverage due to pre-existing conditions. This Act will also demand that college sponsored plans offer a comprehensive set of services, similar to those that will be required of individual health plans (assuming student health plans are eventually categorized as individual plans). States can also implement their own requirements to ensure comprehensive and cost-fair services. Massachusetts, for example, requires students' plans, purchased through their colleges or through another source, to meet minimum standards, which include coverage for preventive and primary care services, emergency services, surgical services, hospitalization, ambulatory patient services, and mental health services.

CREATE STUDENT HEALTH CENTERS AND PARTNER WITH COMMUNITY AND PUBLIC HEALTH ORGANIZATIONS.

Community colleges can increase their students' access to affordable health care services with on-campus student health centers and through partnerships with off-campus health service providers.

On-campus health centers offer basic health care services to students at a very low cost. Services can range from primary medical care, allergy and immunization, physical therapy, x-rays, STD testing, counseling, and prevention services. Lane Community College in Oregon, for example, offers comprehensive services to its students.[118] This center is partially funded by a small per-term fee charged to students taking credit courses and to staff.[119] Presently, however, too few community colleges have student health centers on campus, or centers that offer comprehensive services. According to a survey conducted by the American Association of Community Colleges (AACC), only forty-two percent of responding community colleges had health centers on campus.[120]

Community colleges without on-campus health centers can ensure that students have access to affordable services by partnering with other campuses that have health centers, community health clinics, and social service agencies that offer health care services at a low-cost.[121]

To do this, some campuses have developed webpages with referral information. Northern Virginia Community College, offers an innovative strategy. It does not have a health clinic on each of its five campuses; however, through its Nurse-Managed Health Center Network it operates a Healthmobile which provides periodic health education and services to the campuses.[122]

Conclusion

Lack of financial resources can be a significant barrier to educational attainment for low- to moderate-income students, both at four-year universities and community colleges. As tuition rates continue to outpace increases in the median family income, and financial aid packages leave students with burdensome loans and thousands in unmet need, a college degree is increasingly becoming out of reach for many. Simultaneously, these high-aspiring students are aware that college degrees or certificates are becoming all the more necessary to gain well paying jobs and, and eventually, economic security and ease of mind.

The problem of financial constraints is all too common at community colleges in particular, at which low-income and minority students disproportionately enroll. Without the aid of grants and other forms of assistance, students are turning to part-time enrollment and/or longer work hours to finance their education—but both of these have been shown to undermine postsecondary success.[123] These patterns of enrollment contribute considerably to low completion rates at these institutions; as of 2008, only 28 percent of community college students had received their associate's degrees within three years.[124] Should these low completion rates continue, or even worsen as the cost of college rises, the shortage of educated workers will surely increase, leaving the country in a precarious position in regards to the future of our economy.

Nationally, President Obama has called for a renewed focus on the potential of higher education to help the country reclaim a more broad-based prosperity. In early 2009, the President announced that he wants America to be first in the world in the proportion of college graduates by 2020; or, put differently, Obama is calling for an additional 8.2 million postsecondary graduates over the next ten years.[125] States are also drawing attention to improving completion rates at their public colleges and universities; this is most recently evidenced by the twenty-three governors who have signed onto the Complete College Initiative, which aims to establish and implement state-specific college completion goals and action plans.[126] The vision and scale these proposals are essential to overcome the graduation crisis confronting our nation.

This report, however, provides small-scale, practical solutions that can be implemented by colleges themselves in an effort to improve retention and completion rates. Innovative institutional programs that recognize the importance of financial supports have demonstrated potential for success. The sample practices in this report may not serve as standalone answers to the issues of low graduation rates and educational attainment gaps by income, race, and ethnicity. But even the smallest of reforms, from helping students complete financial aid forms to creating free carpool parking, can make a substantive difference in a student's ability to stay enrolled and realize their goals. Investing in today's students to ensure that they have the financial means to fulfill their educational aspirations is essential to building a more productive society, in which the American dream is more than just a fanciful reverie.

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