



***Risky Business:
Helping Low-Income Adult Students Minimize College Financial Risk and Maximize Success***

Comments Shared with the Advisory Committee on Student Financial Assistance
Session II: Nontraditional Students – Barriers to Access and Persistence

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My name is Vickie Choitz, and I am a Senior Policy Analyst at CLASP, the Center for Law and Social Policy. CLASP is a national non-profit organization in Washington, DC, that has worked to improve the lives of low-income people for over forty years. My work, positioned in CLASP's Center for Postsecondary and Economic Success, focuses on how we can improve postsecondary education policies – at the federal and state levels – to help low-income and lower-skilled adults access credentials, good jobs, career advancement, and economic mobility. Today's Advisory Committee panel discussion about barriers to access and persistence in higher education faced by nontraditional students is a central focus of our policy efforts. This afternoon, I would like to briefly cover three topics: first, to underscore the growing importance of nontraditional low-income adult students in higher education. Second, I'd like to unpack the risk-reward relationship of college, especially for adult students. I've titled my comments, "risky business," because it's descriptive of what many nontraditional students face when they attempt college. It's a lot of money, time and energy to embark on a venture that traditionally has not been well suited for them, offers few supports, and provides little guidance as to if one is making a good bet on a particular course of study.

Finally, I want to share with you some policy ideas that we think are promising for reducing the risk of college for low-income nontraditional students.

The Growing Importance of Nontraditional Low-Income Adult Students

Our work at CLASP focuses on a specific population within the "nontraditional student" category, which is low-income, lower-skilled adult students who are on their own financially (and often must balance school with work and family obligations). In recent decades, enrollment of young, dependent students—in other words, traditional students—grew quite a bit faster than that of older students. The size of that group is now peaking, however; and, as it declines, the average age of college students is expected to rise¹. Demographic data tells the story:

- Over the 12 years between the 1994-95 school year and 2006-07, the total number of high school graduates increased 27 percent. However, over the next 13 years (between the 2006-07 school year and 2019-2020), it will grow by only 1 percent. The growth rate of high school graduates will drop precipitously from 27 percent to 1 percent in one generation.
- This trend can be seen in college enrollments during these same time periods. Between 1994 and 2008, the enrollment of younger students (under age 25) increased by 43 percent. However, between 2008 and 2019, enrollment of younger students will grow by just 12 percent. From 43 percent to 12 percent in a generation.
- However, the college enrollment growth of older, nontraditional students is expected to stay steady and even grow somewhat, putting it on pace to outweigh traditional students. Between 1994 and 2008, the enrollment of students over the age of 25 grew by 21 percent (half the rate of their younger peers). Between 2008 and 2019, this rate is projected to increase to 25 percent – representing twice the growth rate of younger students in that time period. 12 percent growth for traditional students compared to 25 percent for nontraditional students.

So that's the growing importance of nontraditional students given their increasing presence in college. We also know that 63 percent of all jobs by 2018 will require at least some

postsecondary education.² With two-thirds of the future workforce in the workforce today,³ this means that a central part of our strategy for economic growth will require investment in the skilling-up and credentialing of adult, nontraditional students, many of whom have rusty or underdeveloped education and skill levels.

College Can Be “Risky Business” for Low-Income Nontraditional Students

This is true for several reasons. First, college is expensive, but, by definition, low-income nontraditional students are low-income, and nontraditional or independent students are more than twice as likely to be low-income than their traditional peers (42 percent versus 18 percent in 2007-2008⁴). Second, despite their clear financial need, many low-income adult students do not apply for student aid, especially those who do not have dependents. The Advisory Committee’s 2008 study found that nearly one in three of the poorest independent students without kids did not apply for aid. About one in six of the poorest parents did not apply for aid.⁵

Adult students are disproportionately likely to enroll in two-year public colleges (as well as for-profit schools). The third risk factor really shows up here - many of these students have substantial unmet financial need after their student aid grants are taken into account. In 2009-2010, it was more than \$8,000 on average.⁶

The combination of low-incomes, low student aid application rates, and substantial unmet need even when they do receive grant aid leads to a fourth financial risk factor that makes college risky for low-income nontraditional students: most of them work and most of them work significant hours, which we all know threatens their academic success. In 2007-2008, the median weekly hours of work for community college students was 34 hours per week – dangerously close to full-time for a college student. The majority of these students (61 percent) reported that they were working to pay expenses while in school.⁷

The risk is not only financial. We know that many low-income nontraditional students have rusty or underdeveloped education and skill levels and are not quite ready for college level work. Nationally, 60 percent of all community college students – many of them adults – need remediation; however, few complete the series of developmental education courses they need and even fewer make it out of the “dev ed black hole” to enroll in and pass their first college-level course. Just 3 or 4 out of every 10 referred to developmental education complete all of the courses they need – and the more courses they need to get their skill levels up, the less likely they were to complete all of them.⁸

Finally, with rapidly increasing college prices and structural shifts in the labor market, college is not always as safe a bet as it used to be. From 1980 to 2010, inflation-adjusted tuition and fees rose by as much or more than the labor market returns to college.⁹ If the investment costs more than it returns, it’s a bad investment.

With all of these risks, it is critical that low-income nontraditional students complete their academic program in order for college to pay-off. Research suggests that students need to complete at least a semester and earn a credential for college to result in economic gains.¹⁰ Generally, studies find that one-year certificates pay off more than shorter ones. Also, studies show that students completing sub-baccalaureate occupational degree programs generally earn significantly more than those who participate in an equivalent amount of postsecondary education and training but do not earn the degree or certificate (although, this varies by industry and gender).^{11, 12, 13}

Promising Policy Ideas to Reduce the Risk to College for Low-Income Nontraditional Students

Through our work with many states across the country and our own analysis, we have identified promising policy options to help reduce the risks to college faced by low-income, nontraditional students. The ones I want to share with you today can be grouped into three categories: money, support, and accountability.

First, money. Going back to the financial risks of going to college, it is critical that federal and state governments maintain a fervent commitment to grant – versus loan - aid for low-income students, including low-income nontraditional students. The Advisory Committee’s report, *The Rising Price of Inequality*, released last June found that rising college prices and the eroded real value of grant aid negatively impact the access and persistence of low-income traditional college students.¹⁴ Our experience indicates that low-income nontraditional students are even more sensitive to rising prices and decreasing grant aid because they face real and immediate cost constraints in the form of rent, car payments, the costs of caring for their children, etc.

It also is critical that adult students are aware of and apply for the aid that is available to them. This means working in partnership with other public agencies that interact with low-income adult students, such as workforce agencies and welfare agencies, as well as community-based and other nonprofit organizations to “get the word out” to nontraditional students that aid is available. A good example is when the Department of Education worked with the Department of Labor to inform adults receiving unemployment that they may qualify for student aid. Another example is making adult students who are receiving means-tested benefits, such as free or reduced priced lunches for their children, aware of their potential to claim the automatic zero Expected Family Contribution on the FAFSA. CLASP is working with the Center on Budget and Policy Priorities to encourage schools to include information about this in the materials they provide parents.

Second, support. More reliable access to student support services, including academic supports, personal supports such as child care and transportation assistance, and career exploration and advising and are critical to low-income adult students’ success. In the last reauthorization of the Higher Education Act in 2008, Congress authorized a Student Success Grant pilot program. Under this pilot, every student who receives a Pell Grant would also receive a \$1,500 Student Success Grant that would offset the costs to the college of providing the kinds of program innovation and student services that research suggests will help that student stay in and complete college. This pilot program has never been funded, despite growing awareness that support services are very important to nontraditional student success. An advisable policy would be to fund and study this pilot to help students and learn more about what works.

Also, given the growing risks to undertaking college, it is critical for students to be able to make better informed decisions about where to invest their precious time and money. We should explore policies and tools that will help students make more informed choices about programs of study and about the advisability of going into debt for various programs, e.g., will the cost outweigh the reward? One idea to explore might be an online tool that combines the Advisory Committee’s student aid calculator idea with the Department of Labor’s O*Net labor information

data to provide students with easy-to-access information on program costs, student aid, and labor market payoffs to a wide variety of credentials and occupational choices.

The third policy area is accountability. Related to the idea just mentioned, we support the recent movement by the Department of Education to ask hard questions about the labor market payoff to postsecondary credentials compared to the costs of earning them, especially for programs with an explicit occupational focus. We think the recently-proposed Gainful Employment rules are generally a step in the right direction and support increasing student access to easy-to-understand information about programs and their payoffs.

Finally, we support public policy that makes higher education more accountable for results. The growing accountability movement is a positive development; however, we are continuously concerned that this movement may force colleges to leave low-income nontraditional student behind as they make tough choices about who to serve under pressure to meet performance metrics. Leaving these students behind would not be good for them or for our economy. One way to counter this is to explicitly include these students squarely in the metrics. For example, Washington State's Student Achievement Initiative includes performance milestones at the lower end of the education spectrum, and colleges get points for helping lower-skilled students achieve basic skills gains and for passing precollege writing or math courses. Another way to help ensure these students don't get left behind is to disaggregate performance on metrics by student income and initial skill levels and hold schools accountable for making progress within these categories on each metric.

Conclusion

In conclusion, nontraditional students are growing in importance in higher education, which makes the Advisory Committee's focus on this population well-timed. However, college can be very risky for these students – for financial and other reasons. Public policies focused on grant aid, student supports, and accountability – to name a few – can mitigate these risks for these students and increase their chances for success.

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- ² Anthony P. Carnevale, Nicole Smith, Jeff Strohl, “Help Wanted: Projections of Jobs and Education Requirements Through 2018,” Georgetown Center on Education and the Workforce, June 2010, <http://cew.georgetown.edu/JOBS2018/>.
- ³ “Sector Initiatives and Community Colleges: Working Together to Provide Education for Low-Wage Working Adults,” Workforce Strategies Initiative Update, Washington, DC: Aspen Institute. Issue 4, April 2007, <http://www.aspenwsi.org/publications/07-009.pdf>.
- ⁴ *Profile of Undergraduate Students: Trends from Selected Years, 1995-96 to 2007-08*, U.S. Department for Education, National Center for Education Statistics, September 2010, <http://nces.ed.gov/pubs2010/2010220.pdf>.
- ⁵ *Apply to Succeed: Ensuring Community College Students Benefit from Need-Based Financial Aid*, The Advisory Committee on Student Financial Assistance, September 2008, <http://www2.ed.gov/about/bdscomm/list/acsfa/applytosucceed.pdf>.
- ⁶ *Trends in College Pricing 2010*, College Board, College Board Advocacy and Policy Center, 2010, http://trends.collegeboard.org/downloads/College_Pricing_2010.pdf.
- ⁷ *Profile of Undergraduate Students* 2010.
- ⁸ Thomas Bailey, Heather Wathington, and Tom Brock, “Developmental Education: What Policies and Practices Work for Students”, webinar, National Center for Postsecondary Research, December 15, 2010.
- ⁹ John Schmitt and Heather Boushey, “The College Conundrum: Why the Benefits of a College Education May Not Be So Clear, Especially to Men”, Center for American Progress, December 3, 2010, http://www.americanprogress.org/issues/2010/12/college_conundrum.html.
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- ¹² *Certificates Count: An Analysis of Sub-baccalaureate Certificates*, Brian Bosworth, FutureWorks. Paper commissioned by Complete College America, December 2010.
- ¹³ Jennifer Wheary and Viany Orozco, “Graduated Success: Sustainable Economic opportunity Through One and Two-Year Credentials,” Demos, 2010, <http://www.demos.org/publication.cfm?currentpublicationID=9ED6064A-3FF4-6C82-52F5285F6EA18C8C>.
- ¹⁴ *The Rising Price of Inequality: How Inadequate Grant Aid Limits College Access and Persistence*, Advisory Committee on Student Financial Assistance, June 2010, <http://www2.ed.gov/about/bdscomm/list/acsfa/rpijune.pdf>.