

December 1, 2011

Chancellor Jack Scott and Members of the Task Force on Student Success
California Community Colleges Chancellor's Office, Task Force on Student Success
1102 Q Street, 4th Floor
Sacramento, CA 95811
(sent via email to comments@cccco.edu)

Dear Chancellor Scott and Members of the Task Force on Student Success:

We are writing to comment on the California Community Colleges Student Success Task Force's draft recommendations, "Refocusing California Community Colleges Toward Student Success."

An independent, nonprofit organization, the Institute for College Access & Success (the Institute) works to make higher education more available and affordable for people of all backgrounds. By conducting and supporting nonpartisan research, analysis, and advocacy, the Institute aims to improve the processes and public policies that can pave the way to successful educational outcomes for students and for society. The Institute focuses on both national and California-specific issues, with the latter concerning, in particular, the role of financial aid at the California community colleges (CCCs). This is because of the critical role the CCCs play in both the state and the country, serving over 2.5 million students, or approximately two-thirds of the state's undergraduates and one-quarter of the nation's community college students.¹

The Institute applauds the Task Force for its work in laying out a new vision to close equity gaps and increase student success at the CCCs. By acknowledging that current funding inequities have led to a rationing of postsecondary educational opportunity in California, and proposing steps designed to remove some of the systemic obstacles that CCC students face, the work of the Task Force sends an important message about the right of students to access the courses that they need to succeed and has the potential to provide real benefits for students.

However, the strength of the Task Force's work in areas like assessment and matriculation contrasts with the insufficient attention paid to issues of college affordability and financial aid, which also influence students' ability to succeed. Through the proposal to change the Board of Governors (BOG) fee waiver program, the Task Force acknowledges financial incentives as powerful, but it sidesteps the larger role of financial aid in enabling students to succeed – as well as the fact that insufficient financial aid has long been a barrier to CCC student success. More than an incentive, financial aid supports student success by providing students with the time they need to attend class and study, without having to devote those hours to working for pay. But despite the critical role that federal aid programs play for CCC students, the draft

¹ Integrated Postsecondary Education Data System, 2009-10.

recommendations contain virtually no discussion, save a few references to the importance of students' attending full time, of how to increase eligible CCC students' receipt of federal financial aid. By ignoring this issue, the Task Force has missed a significant opportunity to help the CCCs' neediest students overcome a central barrier to their success.

The most common type of financial aid received by CCC students is the BOG fee waiver, which waives enrollment fees for students with financial need. But while student fees are the subject of intense scrutiny and political focus, they comprise a narrow slice of total college costs for CCC students, who must also pay for books and basic living expenses like rent, food, and transportation. Even with recent increases, student fees only constitute about 6% of the total cost of attendance for a full-time student living independently and just under 10% of the total cost of attendance for a full-time student living with her parents.² As such, fee waivers are helpful but only make a small dent in the total cost of college.

In contrast, federal student aid can have a much larger effect on students' ability to fund their education. For students who apply for federal aid and qualify for them, Federal Pell Grants provide up to \$5,550 to help cover college costs. Federal student loans are also available at most CCCs, and can equip students who choose to borrow with thousands of dollars more to put towards college costs. The number of enrolled students receiving either Pell Grants or federal loans is much smaller than the number receiving BOG fee waivers, but these two federal aid programs dwarf the BOG fee waiver program in terms of dollars received by CCC students. In 2010-11, Pell Grants and federal loans made up over three-quarters (77%) of the aid dollars received by CCC students, while BOG fee waivers made up just 16%.³

While the share of financial aid dollars stemming from federal grants and loans is impressive, the reality is that both of these sources of aid have long been, and continue to be, underutilized in the CCCs. Compared to community college students in other states, CCC students are less likely to apply for federal aid (33% in California compared to 46% in other states).⁴ Last year, the Institute estimated that raising CCC federal aid application rates to match the rest of the nation would lead to \$100 million more in federal Pell Grants going to support CCC students. Further, if all of the likely Pell-eligible CCC students had applied for federal aid during the 2009-10 academic year, CCC students could have received up to *one-half billion more dollars* to help cover costs, keep their work hours in check, and focus on their studies.⁵ Put another way, the federal grant dollars we estimated to have been left on the table by CCC students in 2009-10 exceed the value of the entire BOG fee waiver program in that same year.⁶

Very few CCC students choose to borrow federal student loans, and those who are able to afford college without relying on debt are right to do so. However, there are reasons to be concerned about the underutilization of federal loans by CCC students. The remarkably low borrowing rate of CCC students (1%) compared to community college students in other states (13%), along with their greater propensity to attend part time (72% in California compared to 55% in the rest of the nation), suggests that students may not always understand that a modest student loan could help them to finance full-time college

² California Student Aid Commission. 2011. "2011-12 Student Expense Budgets." Available at: http://www.csac.ca.gov/secured/operationmemos/2010/2011-12_studentexpensebudget.pdf. For academic year 2011-12, fees for a full-time course load of 30 units, at \$36 per unit, are \$1,080. Total college costs for a student living off campus independently are \$17,658 and \$11,268 for a student living off campus with parents.

³ California Community Colleges Chancellor's Office Data Mart, 2010-11.

⁴ The Institute for College Access & Success (TICAS). 2010. *Financial Aid Facts at California Community Colleges*. Berkeley, CA: The Institute for College Access & Success.

⁵ The Institute for College Access & Success (TICAS). 2010. *Financial Aid Facts at California Community Colleges*. Berkeley, CA: The Institute for College Access & Success. Estimates are for the 2009-10 academic year and based on 2007-08 grant application and receipt rates.

⁶ California Community Colleges Chancellor's Office Data Mart, 2009-10. In 2009-10, CCC students were awarded over \$369 million in BOG fee waivers.

attendance.⁷ Also, hundreds of thousands of students in the CCCs – a number that has grown substantially in recent years – do not have the option to borrow federal student loans because their college has opted not to make federal loans available. Instead of protecting students from unnecessary debt, this decision puts students at *greater* risk by pushing students who do need to borrow towards credit cards or private loans, which are riskier and more expensive.⁸

The underutilization of financial aid at the CCCs is directly related to financial aid offices' lack of sufficient resources. In 2007-08, the most recent year for which the data is publicly available, the CCCs had just \$40 per student to conduct outreach, help students through the federal aid application process, and provide access to appropriate types of college financing – about half of what financial aid offices at the California State University had to perform the same functions (\$77), and about one-quarter of what University of California offices had available (\$165).⁹ This financing disparity is particularly striking given the fact that almost half of full-time aid applicants at CCCs have no resources to pay for college compared to one-quarter of full-time public four-year students in the state.¹⁰

Below we outline ways that current recommendations related to financial aid could be strengthened, as well as suggest additional improvements to financial aid services and administration that would complement many of the other recommendations in this report.

Recommendations

Exercise Care When Limiting BOG Fee Waivers

Recommendation 3.2 requires students who receive the BOG fee waiver to (1) formally declare an educational goal, (2) meet institutional satisfactory academic progress standards, and (3) only receive a waiver for the first 110 academic units. This recommendation aligns conceptually with most federal and state financial aid programs by requiring students to make progress towards an academic goal, a requirement that reinforces for both students and colleges that the purpose of financial aid is to help students succeed. The Institute believes that the Task Force is correct to look at how best to allocate critical resources to ensure that BOG fee waiver dollars are used effectively to promote student success, but has identified a couple of concerns.

- BOG fee waiver recipients should not be held to different standards than other students. Requiring fee waiver recipients to declare a program of study when colleges' ability to help them do so is limited, as the Task Force has acknowledged, has the potential to harm students by cutting off needed resources. To the extent that BOG fee waiver recipients will be required to designate a course of study, they should be held responsible for doing so to the extent that they have been provided the counseling and support they need.

⁷ National Postsecondary Student Aid Study: 2008. Among only those community college students with financial need, 2% in California receive federal loans compared to 18% in the rest of the nation.

⁸ For more information about this issue, see The Institute for College Access & Success (TICAS). 2011. *Still Denied: How Community Colleges Shortchange Students by Not Offering Federal Loans*. Oakland, CA: The Institute for College Access & Success.

⁹ California Community Colleges Chancellor's Office. 2010. *Student Financial Aid Programs*. Sacramento, CA: California Community Colleges Chancellor's Office.

¹⁰ The Institute for College Access & Success (TICAS). 2010. *Financial Aid Facts at California Community Colleges*. Berkeley, CA: The Institute for College Access & Success.

- As noted by the draft recommendations, the implementation of this provision – whether legislative, regulatory, or administrative – must take care to include appropriate and adequate student safeguards such as clarifying students’ right to appeal or regain eligibility. The Task Force should further specify that the creation of these safeguards should occur with input from students and the financial aid community.

Use Savings from BOG Fee Waiver to More Adequately Fund Financial Aid Administration

Inadequate funding of financial aid administration in the CCCs is a primary reason why many students at the CCCs do not receive the aid for which they are eligible. With the down economy leading more students to apply for aid, and to more of those who apply being eligible for it, CCC financial aid offices are already making choices – such as pulling out of the federal loan program – that are rooted in what manages their workload rather than what is best for students. Further, adoption of new eligibility criteria to receive the BOG fee waiver would place substantial additional burdens on financial aid offices, stretching their limited administrative funds even more thinly. In recognition of this, the Institute believes that the \$89 million “saved” from those no longer eligible for the BOG fee waiver must first go towards ensuring that financial aid administration is funded adequately to support students’ needs. These additional resources would enable the CCC system to make great strides in serving its students – it would have close to double the financial aid administration funds that it has now (though at \$73 per student, still less than CSU) – and capture significantly more federal aid to support its students.¹¹

Centralize System Financial Aid Functions within the Chancellor’s Office Where Possible

The draft recommendations identified a number of places, including assessment and matriculation, where a stronger CCC system office would be able to provide services more efficiently than individual colleges, freeing up college staff to provide more direct student services by relieving them of burdensome administrative duties. That logic applies to financial aid administration as well. A more robust financial aid unit at the Chancellor’s Office would take advantage of economies of scale, performing tasks for which individual colleges do not have sufficient resources. This would also reduce duplication of effort, allowing colleges to redirect limited resources to other aspects of financial aid, such as more time for the in-person counseling that needier students often require.

Consider the model employed by the Connecticut Community Colleges. A centralized financial aid services unit at the system office hosts an integrated information system, allowing each college some degree of customization. Technological changes required by new laws or regulations, such as new reporting requirements, are implemented statewide, so that each individual college does not have to tackle it individually. Uniform policies – including a common satisfactory academic progress standard – ease burdens on colleges and create consistency for students. This model takes advantage of economies of scale while preserving college autonomy.

A better staffed CCC Chancellor’s Office with enhanced technological capabilities would have similar advantages in California. Exact roles and responsibilities would need careful consideration but it could, for instance, help to ensure that the information provided to both students and colleges is accurate and up-

¹¹ The California Community Colleges Chancellor’s Office. 2009. *Report to the Legislature on Increases in Capacity and Participation for Student Financial Aid in California Community Colleges for 2006-07 and 2007-08*. Sacramento, CA: California Community Colleges Chancellor’s Office. Calculations by TICAS based on data from Table A.

to-date by serving as an informational clearinghouse. Similarly, and as touched upon in Recommendation 3.3, the Chancellor's Office could be responsible for the dissemination of "best practices" to individual financial aid offices. Our 2007 report *Green Lights & Red Tape* documented how financial aid practices and policies vary among the CCCs in ways that impact students' access to aid, and a more robust financial aid unit at the Chancellor's Office could regularly seek out best practices and work to see them implemented so that students are being served consistently and effectively.¹²

One area in particular where the CCC Chancellor's Office would be instrumental is in helping colleges communicate with students about student loans – both before and after they have borrowed them. In our experience, community colleges across the country are anxious about allowing or even encouraging students to borrow. Fears that students will borrow unwisely, or that they will be unable to repay their loans after they leave the college, lead colleges to make administrative decisions that restrict access to federal loans unnecessarily. While there are steps that colleges can take to mitigate both of these concerns, some are unable or unwilling to do so when the number of students who choose to borrow is so low. A college with only handfuls of borrowers each year simply cannot achieve the economies of scale or develop the expertise that make responsible loan program administration manageable – but a system office responsible for performing these tasks for *all* CCC borrowers could. Given how frequently students attend multiple colleges during their tenure at the CCCs, this would further reduce colleges' duplication of effort. Consider a student who attended three colleges and borrowed at all three. Instead of expecting each of the three colleges to track and communicate with the student about repayment plans and responsibilities, this could be done once by the system office. This would then free up time for aid administrators to work directly with students to make sure they apply for and receive the aid for which they are eligible. Centralizing these aspects of loan program administration would enable colleges to make loans available to students confident in the knowledge that student borrowers will get the support they need to make sound decisions.

We are grateful for the opportunity to comment on the Task Force's draft recommendations, and believe that the thoughtful recommendations hold tremendous promise for improving student success in the CCCs. We hope that either the Task Force members, or implementation teams in the next phase of work, are willing and able to engage more deeply on the college affordability challenges that can hold the most dedicated students back.

Please contact Adam Parker, Laura Szabo-Kubitz, or myself at (510) 318-7900 if you have questions about our comments, or if we can assist in the next phases of this work.

Sincerely,



Debbie Cochrane
Program Director

cc: Amy C. Supinger, Executive Director, Task Force on Student Success

¹² The Institute for College Access & Success (TICAS). 2007. *Green Lights & Red Tape*. Berkeley, CA: The Institute for College Access & Success.