



 **BreakingThrough**
Helping Low-Skilled Adults Enter and Succeed in College and Careers

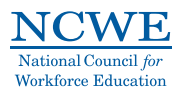
Pushing the Envelope

State Policy Innovations in Financing Postsecondary Education for Workers Who Study

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Part of a series of state policy reports from *Breaking Through*

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State Policies That Help Low-Skilled Adults Enter and Succeed in College and Careers

The sweeping economic changes of recent decades have left many working families wondering how they will maintain or improve their current standard of living. The American industrial economy of the early twentieth century, which relied on unskilled labor, has given way to a knowledge economy that demands higher levels of education and skills. Today, post-secondary credentials are the dividing line between economic advancement and a slide into deepening financial hardship.

The challenge is particularly great for lower-skilled workers who want to move up in their industry or occupation. These adult learners, often described as “workers who study” because they seek to add educational programs to their work and family obligations, face serious obstacles. Those include their level of academic preparation, the time needed to take courses and study, and the affordability of college tuition, fees, and related costs. Not surprisingly, the persistence and completion rates of adults in post-secondary education are lower than those of “traditional,” younger students.

This is the backdrop for *Breaking Through*, a multi-year initiative of Jobs for the Future and the National Council for Workforce Education, funded by the Charles Stewart Mott Foundation, the North Carolina GlaxoSmithKline Foundation, and the Ford Foundation. *Breaking Through* is helping community colleges identify and develop institutional strategies that can enable low-skilled adult students to enter and succeed in occupational and technical degree programs at community colleges. *Breaking Through* has projects at 26 community colleges in 18 states.

As a major strand in *Breaking Through*, the Ford Foundation has funded research and analysis on state policies that can support the colleges’ institutional strategies. Several reports provide insight into key state policies that can be influential in helping low-skilled adults enter and succeed in college and careers:

Overcoming Obstacles, Optimizing Opportunities: State Policies to Increase Postsecondary Attainment for Low-Skilled Adults: The challenges posed by a rapidly changing economy for workers who study—and the role of state policy and community colleges in addressing this challenge. This overview was prepared by the Center for Law and Social Policy.

Pushing the Envelope: State Policy Innovations in Financing Postsecondary Education for Workers Who Study: Innovative state policies that finance education for workers who study.

Realigning Remediation Programs: Achieving Greater Academic Success for Adult Learners: State policies that help or hinder community colleges in aligning adult education and academic remediation programs to better serve workers who study.

State Institutional Funding Policies: How state-level community college funding policies might impede or facilitate the development of programs designed for workers who study (forthcoming).

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Executive Summary

Postsecondary education, accompanied by a credential documenting mastered skills, is an increasingly valuable asset for lower-income working adults in moving out of poverty. Likewise, many would argue that the single most important asset the United States has over its economic competitors is a workforce that is both innovative and equipped with skills that improve productivity. This nation's economic strength is centered in its workforce, and remaining internationally competitive means investing in America's workers so they can succeed in high-skilled, family-supporting occupations.

Postsecondary education and skill development come at a cost, especially for the less-skilled, less-affluent workers who need them most. There are the costs of tuition and fees, transportation and child care when one is in school, and the lost wages from reduced work hours. Increasingly, adult learners seeking further education are turning to community colleges because lower costs and open-door policies make them more accessible than four-year colleges and universities. Community colleges also are more likely to offer the occupational courses and programs that adult workers seek.

However, even community college can be out of reach for many lower-income working adults. Federal and state financial aid programs play an important role in helping millions of students pay for college, but these programs were designed primarily for “traditional,” 18- to 24-year-old, full-time, dependent students. Their parents' incomes are factored into what they are expected to pay for college, and, if work is considered at all, it usually means “work-study,” on campus and with hours suitable to a full-time student. Financial aid is far less available to working adults who

enroll in postsecondary education to obtain a certificate or degree that leads to advancement in the labor market.

Workers Who Study

On U.S. Department of Education surveys, students can characterize themselves as either “students who work”—that is, students first and workers second—or “workers who study”—individuals in the labor force who study part-time. Based on available data, between 2 and 2.5 million undergraduates—out of approximately 15 million—consider themselves workers who study.

Workers who study differ from traditional students in many ways. Most important, they must balance the obligations of school and work. In addition, although their incomes are usually higher than those of traditional students, they frequently also support families and must meet other family obligations.

Workers who study also face a variety of barriers to receiving financial aid, including regulations related to enrollment costs and student income, enrollment intensity, and the type of training or education eligible for aid. As students, they require a distinct set of financing policies and opportunities in order to enroll, persist, and succeed in college.

This nation's economic strength is centered in its workforce, and remaining internationally competitive means investing in America's workers so they can succeed in high-skilled, family-supporting occupations.

State Responses

State governments are in a unique position to address these challenges. It is in their economic interest to invest in their workforces. Also, they can leverage the federal student aid system to help adults by coordinating state and federal student aid policies.

Pushing the Envelope profiles policies in 12 states that have amended or created student aid programs to better serve adult students. States typically have done so based on the proposition that investing in the education and skills of the workforce produces a return not only to individuals but also to businesses and the state.

The states profiled in this report use four main strategies to expand aid to workers who study (*see table*). These states:

- Include less-than-half-time students in the state student aid program;
- Address income limits in student aid formulas that exclude the relatively higher incomes of adult students;
- Include indirect educational expenses in the student aid formula so that adult students attending part time can include the necessities of everyday life in their aid package; and
- Provide aid for students who are not in degree or certificate programs in order to support adult students in basic skills education courses and short-term occupational training programs.

Recommendations

Leading states that are concerned about the calibre of their workforces and the competitiveness of their economies are increasing investments in human capital, including providing financial aid for adult students who need to balance earning an income now with earning a degree to increase future earnings. *Pushing the Envelope* makes two recommendations to all states for amending their aid programs:

- *Use state aid creatively to fill the gaps left by federal aid programs.* Such policies would, for example, allow adult students to include indirect costs of education in their student need calculations, expand state aid for less-than-half-time students, or aid students in noncredit courses and programs (e.g., basic and remedial education and customized or short-term occupational training).
- *Revise financial aid policies and programs in light of the specific needs of adult students.* Policies in this area include expanding or creating student aid programs that specifically target adult students.

Pushing the Envelope also recommends that the federal government:

- *Partner with states to test new approaches for increasing adult access to and success in higher education and to scale up promising strategies.* One possibility might be a new type of partnership in which the federal government supports the testing of innovative, state-level, student aid policies targeting working adults. This vehicle for experimentation should include a broader focus on strategies in addition to student aid that can improve adult student access, persistence, and success.

This nation and its 50 states cannot afford to rely on a student aid system that has changed little since its inception four decades ago. The economy is evolving rapidly, jobs require more education and skills, and everyone—employers, government, and individuals—must invest more in human capital. State governments can bolster their economies through investing in their workers, and state student aid programs can be a critical part of this investment.

The states profiled in this report are leading innovators that have begun to push the policy envelope by expanding, changing, or creating programs that work for working adults. Many more states and the federal government must follow their lead. If not, more lower-skilled workers will fall behind, more state economies will fail to achieve their growth potential, and our national economy will falter.

Financial Aid Barriers and State Policies to Address Them

Strategies for Addressing Common Financial Aid Barriers for Workers Who Study	States with Relevant Student Aid Policies	Example
<i>Include less-than-half-time students</i>	Arkansas, Illinois, Indiana, Kentucky, Massachusetts, Michigan, Ohio, Pennsylvania, Washington, West Virginia	Illinois's Monetary Award Program provides need-based financial aid to less-than-half-time students.
<i>Revamp aid formulas and awards to reflect low-income adult students' incomes and family budget</i>	Connecticut, Florida, Kentucky, Massachusetts, Ohio, Washington	Washington's Worker Retraining Program provides grants for tuition, books, fees, and other expenses for displaced workers and for those with household income below 175 percent of the poverty level.
<i>Include indirect educational expenses (e.g., child care and transportation costs) in financial aid calculations, especially for part-time students</i>	Connecticut, Massachusetts, Ohio, Pennsylvania, Washington	Connecticut's Workforce Advancement Grants for Education program covers some indirect costs of attending postsecondary education for recipients of Temporary Aid for Needy Families.
<i>Provide aid for students not in degree or certificate programs (e.g., adult education and noncredit education linked to credit)</i>	Connecticut, Washington, West Virginia	West Virginia's Higher Education Adult Part-Time Student program includes workforce grants to students in customized training or certificate programs in high-demand occupations.

Introduction

Recognizing that a skilled workforce is critical to prosperity and economic development, state policymakers are stepping up their efforts to help working adults gain advanced skills—along with postsecondary credentials that reflect those skills. To compete in a global economy, states need to attract and expand high-wage industries, and their ability to do that depends largely on the availability of an educated, skilled workforce. The fastest-growing and best-paying occupations require some sort of postsecondary credential, increasingly a Bachelor’s degree or higher. Yet almost 90 million adults over age 25 have only a high school diploma or less. Demographic shifts are expected to widen the gap between qualifications and job demands in the coming years, creating a shortage of 9 million qualified workers by 2014 (Employment Policy Foundation 2004).

Working adults recognize that the labor market is changing. It is increasingly clear to many lower-skilled adults that a high school diploma by itself will not lead to family-sustaining wages, and they are seeking postsecondary education and training. In 2005, 31 percent of all undergraduates at degree-granting institutions were adults age 25 or older—that is 4.7 million out of 15 million undergraduates.¹ The National Center for Education Statistics projects that the enrollment of older students will rise faster than the enrollment of younger students:

Between 1990 and 2004, the enrollment of students under age 25 increased by 31 percent. Enrollment of persons 25 and over rose by 17 percent during the same period. From 2004 to 2014, NCES projects a rise of 11 percent in enrollments of persons under 25, and an increase of 15 percent in the number 25 and over.²

Additionally, as many as 37 million more adults are interested in pursuing further higher education but are unable to do so (Bosworth et al. 2007).

Few adults who seek postsecondary credentials can stop working while they advance their education. They typically combine work, school, and family, juggling responsibilities and balancing the time and financial demands of adult life as best they can. One of the key challenges is paying for higher education, particularly for those working adults who are most in need of skills and credentials to move up the economic ladder. Without financial aid, even community colleges are too expensive for many adults who need and want higher learning.



Financial aid is critical for low-income adult workers. However, federal aid policies—and state policies as well, because most state policies follow the federal model—are designed with the “traditional” student in mind, defined as an 18- to 24-year-old who is enrolled full time and has no dependents. But the financial aid needs of adult learners—predominantly workers who study—are distinct from those of students who work. Their part-time status as students, full-time employment, and other characteristics often make it difficult for adults to qualify for traditional aid programs. Workers who study require:

- Financial aid options that relax current eligibility requirements; and
- New financing options that are created specifically to enable working adults to pay for postsecondary education.

Some states are responding directly to the needs of working adults in higher education. They are adjusting existing financial aid policies and programs or creating new programs designed to serve working adults. States are also narrowing gaps in the availability of aid for working adults, particularly those who are enrolled half time or less.

Pushing the Envelope, part of a series of policy reports from *Breaking Through*, looks at how various states are addressing the financial needs of workers who study. *Breaking Through* is committed to identifying practices and policies that can help adults with an eighth-grade education or less access and succeed in postsecondary occupational programs. This study summarizes existing and emerging state strategies for addressing a critical gap in college access—which is also a key challenge for improving persistence and success in college. It describes some of the most promising and creative state-level approaches to broadening the availability of financial aid to working adults.

In preparing this report, the authors reviewed the literature on financial aid for adult learners. To determine which states target financial aid investments to adult learners, we reviewed recent surveys conducted by the National Association of State Student Grant and Aid Programs. Using a legislative tracking service, we identified recent and pending legislation to increase the amount of aid available to workers who study or to address other barriers to their ability to enroll in postsecondary education (e.g., child care and transportation costs). Interviews with state-level administrators, policymakers, and legislative staff helped illuminate the political and economic environment in which they seek to increase opportunities for workers who study. ■

To compete in a global economy, states need to attract and expand high-wage industries, and their ability to do that depends largely on the availability of an educated, skilled workforce.

PART I.

Workers Who Study

While almost one-third of all undergraduates are adults, there is an important distinction between working adults who enroll in higher education part time or less—usually intermittently—and those who, except for being slightly older, resemble full-time, traditional college students. The latter group is fairly well served by current federal student aid programs because eligibility requirements are based on the cost of attendance, type of program, enrollment intensity, and student income—not age.³ These factors are largely shaped by the intensity of an adult student’s connections to both school and work. The National Postsecondary Student Aid Study (NPSAS) helps to explain this distinction. This survey asks working students: “While you were enrolled and working would you say you were primarily: 1) a student working to meet expenses or 2) an employee who decided to enroll in school?” In other words, students identify themselves as students who work or workers who study, which is a useful distinction for understanding the characteristics of working adult students.

Based on the 1999–2000 NPSAS, Ali Berker and Laura Horn (2003) found that about 80 percent of older undergraduates worked while in school, and two-thirds of them considered themselves workers who study. In fall 1999, there were approximately 2.2 million workers who study and approximately 2.5 million in fall 2005.⁴ Berker and Horn also found that workers who study are generally older than students who work—an average age of 36 versus 30. They differ in a number of other ways as well, and many of these characteristics hinder both their ability to earn credentials efficiently and their eligibility for financial aid (*see Table 1*).

Most workers who study (85 percent) enroll in postsecondary education in order to gain a skill or credential that can help them advance in the labor market. Completing a degree or certificate program is an important reason for attending community college (80 percent), and 89 percent enrolled for personal enrichment or interest in the subject (Berker & Horn 2003).

Another type of classification is “traditional” versus “nontraditional” student. In a study for the National Center for Education Statistics, Choy (2002) defined nontraditional students as those who:

- Do not enter postsecondary education in the same calendar year that they finish high school;
- Attend part time for at least part of the academic year;
- Work 35 hours or more per week while enrolled;
- Are financially independent, according to guidelines for determining eligibility for financial aid;
- Have dependents other than a spouse (usually children but sometimes others);
- Are single parents (either not married or married but separated with dependents); or
- Do not have high school diplomas (but may have completed a GED or other high school completion certificate).

Nearly three-fourths of all undergraduates in 2000 were “nontraditional,” to one degree or another, because they exhibited at least one of these characteristics. However, only those students with four or more of the characteristics (28 percent of all undergraduates in 2000) are considered to closely resemble working adult students.

Table 1. The Characteristics of Workers Who Study and Students Who Work

Characteristic	Workers Who Study	Students Who Work
Married	52 percent	31 percent
Have dependents	57 percent	43 percent
Work full time	87 percent	40 percent
Attend school part time	76 percent	32 percent
Attend public two-year institutions	61 percent	39 percent
College major	More likely to major in vocational fields (e.g., computer/information science and other technical fields)	More likely to major in academic fields
Level of Credentials	More likely to pursue shorter-term credentials	More likely to pursue Bachelor's degrees
• <i>Certificates</i>	22 percent	16 percent
• <i>Associate's degrees</i>	45 percent	37 percent
• <i>Bachelor's degrees</i>	23 percent	45 percent
Financial aid	Less likely to receive financial aid; receive less funding	More likely to receive financial aid; receive more funding
• <i>Receive student financial aid</i>	48 percent	67 percent
• <i>Average grant</i>	\$2,904	\$6,795

Two-thirds of these “highly nontraditional” students consider themselves workers first (Choy 2002).

In a separate analysis of the National Postsecondary Student Aid Study, Brian Bosworth and Victoria Choitz (2002) estimated that about 2 million independent undergraduates work full time, considered themselves workers rather than students, and have dependent children. Of these, almost half (47 percent) were enrolled less than half time.

Financial Aid Barriers Facing Workers Who Study

Historically, federal and state governments designed student aid programs to serve traditional students who attended college full time soon after graduating from high school and had at least some financial support from their parents. Times have changed, and nontraditional students are now common on college campuses. Unfortunately, student aid policy has not evolved to match the new demographics, despite small program changes in recent years.

This is clear from looking at the policies of the U.S. Department of Education’s Office of Student Financial Assistance (which administers the primary federal student financial assistance programs, known as Title IV programs after their specific title in the original 1965 Higher Education Act). In the 2007–08 school year, the Department of Education provided \$83 billion in aid to 10 million students. Of this total funding, there are five federal grant and loan programs for which working adult students might qualify (U.S. Department of Education 2006):

- *Pell Grants* do not have to be repaid and are available to full- and part-time, low-income students.
- *Supplemental Educational Opportunity Grants* do not have to be repaid and are available to full- and part-time students with exceptional financial need.
- *Perkins Loans* are fixed, low-interest loans (5 percent) that must be repaid and are available to full- and part-time students. The loan is from the college.

- *Subsidized Direct or Federal Family Education Loans*, also known as FFEL Stafford Loans, are variable low-interest loans that must be repaid. The U.S. Department of Education pays the interest while the student is in school at least half time and during grace and deferment periods. The loans are available only to students enrolled at least half time and to students with financial need.
- *Unsubsidized Direct and FFEL Stafford Loans* are variable low-interest loans from the federal government that must be repaid. The borrower is responsible for interest during the life of the loan. These loans are available only to students enrolled at least half time. Financial need is not a requirement.

Despite the significant amount of student aid available and the variety of programs, three types of barriers to workers who study receiving aid are inherent in federal policies:⁵

- Regulations related to enrollment costs and student income;
- Regulations related to enrollment intensity; and
- Regulations related to the type of training or education eligible for aid.

Further, state need-based student aid programs, often designed to supplement federal aid, tend to mirror federal regulations. In fact, almost all states essentially follow federal student aid guidelines and criteria in establishing their own program eligibility criteria and other rules.

A small but growing number of state programs do accommodate students enrolled less than half time, but few provide aid for adult learners who may not have a high school diploma or GED. This significantly affects the *Breaking Through* population, many of whom are enrolled in adult education programs and need financial support to make a successful transition to postsecondary education.

Regulations Related to Enrollment Costs and Student Income

One of the most significant financial aid eligibility barriers that working adult students encounter is income: even if their income is near minimum wage, it usually exceeds eligibility guidelines designed for traditional students who attend school full time and work part time or not at all.

A simple formula determines student aid eligibility for federal grants and loans—and eliminates most workers who study:

$$\text{Cost of Attendance minus Expected Family Contribution} = \text{Student Need}$$

Most workers who study are ineligible for student aid because their Cost of Attendance is low and their Expected Family Contribution is higher than that of most traditional students.

Workers who study usually have Expected Family Contributions above federally defined cutoffs, which are calculated based on two central components: the Income Protection Allowance (IPA) and student assets. The IPA is the family income a student can disregard in calculating Student Need. It acknowledges that all students need some income for basic living expenses. However, the IPA level is quite low, especially for adults who have expenses beyond those of the typical traditional student (e.g., dependents, child care, mortgage payments). With recent changes to federal regulations through the 2005 Deficit Reduction Act and the 2007 College Cost Reduction and Access Act, the family income disregard ranges from \$7,000 to about \$15,000, depending on the type of student and year of enrollment (Strawn & Duke 2007).

Regarding the second main component, a certain percentage of a student's net assets (total of savings and investments minus an asset protection allowance) are included in the student's Expected Family Contribution. In a positive step, the 2005 Deficit Reduction Act reduced the assessment rates for both independent students with dependents (to 20 percent from 35 percent) and independent students without dependents (to 7 percent from 12 percent) (Duke and Strawn 2006). This

change went into effect in July 2007 and helps independent students by increasing their Student Need and their chance at qualifying for student aid.

In another positive step, an “automatic zero Expected Family Contribution” provision in federal regulations recognizes that students with very low incomes likely cannot pay anything for their education. The 2007 College Cost Reduction and Access Act increased this threshold from \$20,000 to \$30,000 per year and expanded it to include dislocated workers and those who have received means-tested benefits within 24 months of applying for financial aid. These changes not only expand the number of low-income working adult students who might qualify for aid; they also simplify the application process for those who are facing economic hardship.

These encouraging changes are a start and reflect a growing recognition at the federal level of the student aid barriers faced by independent working students. However, it is still difficult for lower-income adult students to qualify for aid.

Regulations Related to Enrollment Intensity

The number of credit hours a student takes significantly affects her or his eligibility for federal aid. Students must be enrolled at least half time (usually six credit hours, depending on the institution’s definition) to qualify for most federal student loans (except Perkins loans). But workers who study often attend less than half time, so this provision disqualifies them for such aid. Pell Grants, Supplemental Educational Opportunity Grants, and Perkins loans do not require a student to attend at least half time; however, the aid formula (*Cost of Attendance minus Expected Family Contribution*) favors students who do.

Until recent changes, less-than-half-time students could not count indirect educational expenses (e.g., room and board) in their Cost of Attendance. This undervalued their real costs of attending school; as a result, they typically received less aid or none at all. With the Deficit Reduction Act of 2005, Pell Grant guidelines now allow less-than-half-time students to include room and board in the cost of attendance—but not for more than three semesters (Strawn & Duke 2006).

Some federal policies also tie aid to particular semesters of enrollment. For example, until recently, Pell Grants were not available to students attending half time or less in the summer. However, the College Cost Reduction Act of 2007 has lowered this barrier by making year-round Pell Grants available for both part-time and full-time students (White House 2007).

Regulations Related to the Type of Training or Education Eligible for Aid

Except for Perkins loans, almost all federal student aid requires students to be enrolled in credit-bearing certificate or degree programs. This disqualifies the occupationally focused, noncredit courses that a working adult might take to learn specific job-related skills. In addition, federal aid cannot pay for developmental or remedial education courses, unless these courses are prerequisites for a credit-bearing certificate or a degree program. Even in those cases, students are limited in the number of semesters they can use federal aid to pay for developmental or remedial courses.

Such policies prevent many low-income working students from accessing aid. Many working students are returning to school after long gaps and must start with developmental education. Because they often enroll for a few credits at a time and in nonacademic programs, they are ineligible for aid. States following the federal framework also typically restrict aid to credit-bearing certificate or degree programs. These policies erect barriers for the population targeted by *Breaking Through* because the vast majority of these students begin in adult education or developmental education and are on an occupational track. ■

One of the most significant financial aid eligibility barriers that working adult students encounter is income: even if their income is near minimum wage, it usually exceeds eligibility guidelines.

PART II.

State Responses: Expanding the Policy Framework

State policy efforts to extend financial aid to more students often run aground on two issues:

- Convincing state legislators that the increased cost to taxpayers is justified; and
- Reconciling the dilemma that states should invest in working adult students who attend part time, even though part-time students are less likely than full-time students to stay in college and complete a certificate or degree program.

Taxpayer Cost: Over the last several years, state budgets have grown tighter due to increased Medicare and health insurance costs, transportation and infrastructure expenses, and other pressing needs. Policymakers have to make difficult budget choices, and lower-income working adults usually are not the highest priority. However, investing in education ought to be a higher priority due to its return on investment potential.

Studies show that states derive a return from their investments in education. Anthony Carnevale and Donna Desrochers (2004) have reported that the economy grows 5 to 15 percent when a state or country increases its average level of schooling by one year. Additionally, regional economic development and growth yield a gain of three dollars in state and local tax revenue for every dollar invested in a community college (Association of Community College Trustees 2003). State policymakers often address the financial aid needs of workers who study in terms that recognize these economic development benefits to helping as many state residents as possible gain better skills and more education.

Arkansas advocates for the Workforce Improvement Grant program used such arguments persuasively, as the wording of the 2003 legislation creating the program makes clear: “The state can achieve its full economic and social potential only if every individual has the opportunity to contribute to the full extent of his or her capabilities, and only when financial barriers to his or her economic, social, and educational goals are removed.”⁶

Persistence to a Certificate or Degree: The issues regarding investments in students who have lower persistence and completion rates are more complex. Indeed, students who attend school part time are less likely to persist and complete. However, working adult students and part-time students have time and scheduling constraints that preclude them from more intensive enrollment: they attend either part time or not at all. Therefore, in addition to expanded student aid, the discussion must include new ways to deliver education and training that better suit the needs of working adult students.⁷

The profiles of state student aid policies and programs summarized here pay particular attention to both these issues. Each profile includes background information, key design elements, implementation issues, and outcomes. This is not a comprehensive catalogue of all state student aid programs that may serve workers who study. Rather, it highlights *innovative* state policies and reflects promising state examples of how to better serve these students.

The policy and program profiles that address the needs of low-income workers who study consider the distinct enrollment patterns, choice of programs, and trajectories for completion that often prevent such students from qualifying for traditional aid. Effective policies:

- Reduce the number of credit hours required to become eligible for aid;
- Raise income limits; and/or
- Factor in indirect costs.

Going further, some states have considered assessing the costs to multiple beneficiaries. For example, the Lifelong Learning Accounts model includes contributions from—and benefits to—both workers and their employers to support education and training.

Arkansas Workforce Improvement Grant Program⁸

Background: In 2003, Arkansas created the Workforce Improvement Grant program. The legislative language provides the context and rationale for a program designed to help workers who study pay for postsecondary education: “postsecondary education . . . is important for the welfare and security of this state and nation, and consequently is an important public service.” The legislation acknowledges the importance of removing financial barriers to education if individuals and, by extension, the state are to achieve their full economic and social potential. It singles out education for “adult students who are unlikely

to receive meaningful financial aid from traditional state or financial aid programs” as central to strengthening the state’s workforce.

Key Elements: The Workforce Improvement Grant program defines full-time enrollment as three credit hours or more—a definition designed to accommodate the work and family schedules of workers who study. Eligibility is limited to students who are at least 24 years old, recognizing that traditional financial aid programs disproportionately serve younger students. Recipients can use grants to cover tuition and fees. The maximum grant is \$1,800 per year, with a total maximum per recipient of \$7,200.

Illinois Monetary Award Program

Background: Illinois created the Monetary Award Program in 1959 as a need- and merit-based program for full-time students. In 1974, the state extended eligibility to half-time students, making the program one of the earliest of its kind. By then, MAP had shifted entirely to providing need-based aid.

In 2000, the Illinois Student Assistance Commission (ISAC), which administers MAP, implemented a demonstration pilot to determine the value of extending the program to students enrolled for fewer than six credits (less than half time). The Illinois Board of Higher Education Committee for Affordability recommended creating this pilot.

The pilot followed several years of research and advocacy, with growing interest in assisting less-than-half-time students. Support came as part of a larger effort, led by the Board of Higher Education, to increase college attendance and completion rates among less-traditional students, including working women with dependents and minority adults. In addition, ISAC was responding to college cost increases in the 1990s of nearly 30 percent at community colleges and more than 50 percent at public universities. While all students felt these increases, nontraditional students—especially those enrolled less than half time who did not qualify for aid—were hit hardest.



An ISAC study of the pilot revealed that less-than-half-time students “looked” like half-time students; in fact, many of them were half-time students who occasionally dropped below six hours to address a particular situation (e.g., a job change or a family emergency) (ISAC 2001). Based on the pilot, ISAC concluded that MAP should be extended to students enrolled less than half time, and the Board of Higher Education included this recommendation as a way to improve access to and diversity in Illinois colleges. In 2001, the state extended MAP to less-than-half-time students.

Key Elements: A student must be enrolled at least quarter time in a degree or certificate program at an approved Illinois institution. MAP is a campus-based program; all awards are paid directly to the college, which determines and certifies eligibility and disburses the aid. MAP grants can only be applied toward tuition and mandatory fees. MAP grants are prorated for students attending part time (i.e., half-time students receive half of a full award; quarter-time students receive 25 percent). Students can use MAP awards toward summer school enrollment.

Outcomes: In FY2006, more than 146,000 undergraduate students received more than \$347 million in MAP grants. About 27 percent of Illinois undergraduates received MAP awards. Nearly one-third of recipients were over the age of 25. About half were independent; they typically had dependents and their own households, and they were either married or older than age 24; 42 percent of the students attended college part time.

Indiana Part-Time Grant Program

Background: A significant percentage of Indiana students who are enrolled part time need financial aid in order to complete a degree. The State Student Assistance Commission of Indiana (SSACI) established a program that helps degree-seeking, part-time students who have demonstrated a commitment to pursuing higher education at colleges in Indiana. Since 2000–01, the program has also served students seeking certificates at Ivy Tech Community College, a statewide system with 23 campuses.

Key Elements: The program is designed to encourage part-time undergraduates to start and complete Associate’s degrees, Bachelor’s degrees, or certificate programs. By subsidizing tuition, the grant helps undergraduates who are taking at least three but fewer than twelve credit hours per term. Recipients must meet state residency requirements, file a Free Application for Federal Student Aid (FAFSA), and otherwise qualify for state aid. The grant is based on need; eligibility is determined at the institutional level, subject to approval by SSACI. Top priority goes to students meeting low-income guidelines.

Grants range from \$50 to \$4,000. The grant is calculated and awarded on a term-by-term basis because the attendance patterns of part-time students are more likely to vary from term to term than do those of full-time students, who are eligible for the state’s more traditional programs. Students ordinarily receive two or three grants in an academic year. The award is calculated in the same way as SSACI’s other state-funded financial aid programs.

Outcomes: Each year, between 4,600 and 6,700 undergraduate students receive Indiana Part-Time Grants. In 2005–06, the average award was a little more than \$1,000 per student, with 5,409 students receiving a total of \$5.5 million (State Student Assistance Commission of Indiana 2006).

Kentucky Ready-to-Work Initiative⁹

Background: Ready-to-Work is a partnership between the Kentucky Community and Technical College System (KCTCS) and the Kentucky Cabinet for Health and Family Services. It is designed to promote college success among participants in the Kentucky Transitional Assistance Program (KTAP, Kentucky’s Temporary Assistance for Needy Families program). KCTCS has received three awards for Ready-to-Work: the American Association of Women in Community College’s Model Program Award for 2001; the Kentucky Cabinet for Health and Family Services Secretary’s Quality of Life Award; and the 2007 Community Partner Award from the Department of Community-Based Services of the Kentucky Cabinet for Health and Family Services.

Key Elements: Ready-to-Work began in 1999 as an effort to make additional work-study resources available to community and technical college students receiving cash assistance from KTAP. It has evolved into a statewide network, with a systemwide coordinator and 20 full-time, TANF-funded Ready-to-Work coordinators serving 16 colleges throughout Kentucky. These coordinators provide or facilitate a comprehensive network of support services, including case management, advocacy, mentoring, academic and career counseling, job development, job placement and post-placement support, assistance for students in accessing TANF and community resources (e.g., child care and transportation), and strategies for recruitment, assessment, and retention. Each Ready-to-Work student can earn up to \$2,500 in KTAP-funded work-study per year; these funds do not reduce a recipient's KTAP cash assistance. Beginning in July 2008, students who have been in school more than 12 months will be able to earn up to \$3,500 per year.

Outcomes: From FY1999 through FY2007, the number of Ready-to-Work students increased 351 percent, from 395 to 1,783. The program has a 66 percent average fall-to-fall retention rate, compared to an overall KCTCS college average of 51 percent; the Ready-to-Work student grade point average is 2.64, compared to an overall KCTCS student GPA of 2.55.

As of the end of the fall 2007 semester, 1,737 Ready-to-Work participants had graduated from Kentucky community and technical colleges; 1,324 continued their postsecondary education after earning a credential from a Kentucky community and technical college.

Massachusetts Educational Award Grants Program

Background: In 2006, Massachusetts created the Educational Award Grants Program to “provide grants to students in accredited postsecondary certificate or vocational technology programs or associate degree programs in targeted high-demand occupations.” The program is part of an economic stimulus plan to help incumbent and dislocated workers receive the education they need to transition into jobs in targeted, high-demand occupations.¹⁰

Key Elements: The program was funded in 2006 with the creation of a \$1.5 million trust fund. There have been no additional appropriations, and there currently is \$700,000 left in the fund. Grant recipients include dislocated workers and those with incomes at or below 200 percent of the poverty level. Two-thirds of the state allocation is reserved for students enrolled half time or less. Grants are capped at \$3,000, and students can use the award for tuition, fees, and books, as well as up to 30 percent for living expenses. The Massachusetts Department of Workforce Development and the State Board of Higher Education jointly administer the program.

Outcomes: Program outcomes are not currently available.

Michigan Adult Part-Time Grant

Background: Michigan's Adult Part-Time Grant is specifically for independent, low-income students. Created through Public Act 102 of 1986, this state-funded grant program was initiated to help dislocated Michigan workers return to school in the wake of a decline in manufacturing. In 2003–04, against a background of state budget cuts and consolidation efforts, the legislature considered ending the program. However, strong bipartisan support helped to preserve it.

Key Elements: The Adult Part-Time Grant was created for nontraditional students; it is not an extension of a traditional aid program to nontraditional students. To be eligible, a student must be out of high school for at least two years and enrolled less than full time—three to eleven credit

hours—in a credit-bearing certificate or degree program. The program is supported through the general revenue fund, with appropriations of about \$2.5 million per year.

The state Office of Grants and Scholarships administers the program and surveys its colleges to arrive at a distribution formula. The state distributes the funds to institutions, which, in turn, select recipients. The program design mirrors the federal financial aid formula. Students apply by filing the FAFSA and must be considered independent in accordance with FAFSA guidelines. The maximum award is \$600 per year for up to two years of study.

Implementation: The Adult Part-Time Grant has been level-funded, despite increasing enrollments. Supporters promote the program in light of growing support for Return to Learn, an initiative of Governor Jennifer Granholm launched in 2005 as part of an effort to double the number of college graduates in the state. Michigan has a higher-than-average percentage of adults who have earned college credits but no degree. However, Return to Learn is not a financial aid program; rather, it urges participating institutions to step up their efforts to help adult learners complete degrees by building individualized Return to Learn plans.¹¹

Outcomes: In 2006, the Adult Part-Time Grant program awarded \$2.7 million to 6,548 students.

Ohio College Opportunity Grant Program

Background: In 2005, the Ohio Board of Regents created the Ohio College Opportunity Grant Program. This program merges two state-funded financial aid programs: the Ohio Part Time Instructional Grant, which serves students enrolled for one to eleven credit hours and returning to college, and the Ohio Instructional Grant, a long-standing, need-based program for full-time students.

This consolidation followed the recommendations of the Statewide Consultation on Financial Aid &

Student Costs, an advisory group convened by the Ohio Board of Regents in 2003 (Ohio Board of Regents 2005). Among the recommendations was to improve financial aid policies for less-than-part-time students. The creation of the Ohio College Opportunity Grant Program was contained in House Bill 66, the state operating budget bill for the 2006–2007 biennium. The same legislation addressed other key financial aid needs identified by the advisory group:

- Merging the Part-Time Student Grant Program and the Ohio Instructional Grant;
- Shifting to the federal Expected Family Contribution formula to calculate student need;
- Increasing the qualifying family income ceiling, from \$39,000 to \$75,000; and
- Raising the maximum award for a student attending a public campus by 14 percent, to \$2,496, and the minimum award, from \$174 to \$300.

Key Elements: Ohio College Opportunity Grants are available to state residents enrolled in degree or technical education programs of a minimum of two years' duration. The maximum award can be granted for five years for full-time enrollment or through degree completion. A student who attends half time potentially can receive grants for a total of 10 years (30 quarters or 20 semesters). The program prorates similarly for one-quarter- and three-quarter-time enrollment. The maximum award is about \$2,500 per academic year for full-time students in public institutions, based on the availability of funds. Awards can only be applied toward a student's instructional and general fee charges.

Implementation: Ohio began phasing in the College Opportunity Grant Program in FY2007, with full implementation planned for FY2010. During the phase-in period, the Board of Regents will maintain funding for the Part Time Instructional Grants and Ohio Instructional Grants to

ensure that students who qualified under those programs prior to FY2006 continue to receive funding. Among the priorities for its 2008–09 budget request, the Ohio Board of Regents continues to support Ohio College Opportunity Grants as a way to increase the affordability of higher education and get adults into post-secondary state education and training.

Outcomes: Program outcomes are not currently available.

Ohio TANF Educational Awards Program

Background: Ohio initiated the Temporary Assistance for Needy Families Educational Awards Program in May 2006. The goal is to encourage TANF-eligible students to persist in higher education and increase their level of educational attainment. The TANF Educational Awards Program (TEAP) is an interagency agreement between the Office of Job and Family Services, which is the state TANF agency, and the Ohio Board of Regents. It is funded with surplus state TANF funds. Its purpose is to support postsecondary tuition and educational expenses not covered by other grant programs that target low-income people.

Key Elements: TEAP provides a cash incentive for low-income individuals with dependent minors to enroll in college and persist in their course work. It is modeled after the MDRC *Opening Doors* pilot in Louisiana that provides low-income students (generally single parents) with performance grants over the course of two semesters if they persist in school at least half time and maintain a 2.0 grade point average.¹²

Students in the Ohio program may apply funds toward any education-related costs. Participants

must be receiving TANF, have dependent minors, have successfully completed fifteen credit hours, and be enrolled in at least six credits of coursework, whether in degree or nondegree programs. For low-income adults, these last two requirements can be major barriers to participation. Students also must have an Estimated Family Contribution of zero to qualify for the grants. Students receive two payments, one at the beginning of the course and the other upon successful completion.

Implementation: Implementation began in November 2006. Because it is difficult to identify eligible recipients from college and Board of Regents databases, TEAP coordinators work with One-Stop Career Centers to increase the program's visibility and to outline eligibility requirements. The coordinators also have met with eligible schools to support student outreach on the program.

Outcomes: In 2006, the program disbursed \$2.2 million in 8,699 awards to approximately 4,200 students. By June 2007, the program had disbursed more than \$6 million. However, funding for 2007–08 was reduced to \$2 million to offset increased funding for health insurance for TANF recipients. Program coordinators plan to maintain award amounts but serve fewer students.

Pennsylvania Workforce Advancement Grants for Education

Background: In 2005, the Pennsylvania Higher Education Assistance Agency created the Workforce Advancement Grants for Education—WAGE—program to increase the education attainment of low-income adult students who are not eligible for traditional federal or state financial aid programs, such as the Pennsylvania State Grant Program (which requires half-time enrollment—six credits—in a degree or certificate program). WAGE grants are awarded to low-income students enrolled less than half time in certificate or degree programs in high-demand occupations, as determined by the Pennsylvania Department of Labor and Industry, the state's economic development agency.

The motivating factors behind the WAGE program included education indicators that showed Pennsylvania lagging substantially in the percentage of individuals who earned high school diplomas yet did not enter college.

The WAGE program was launched soon after the state adopted Job Ready Pennsylvania, the economic stimulus plan championed by Governor Ed Rendell. Job Ready leverages private and public funds to align economic development and workforce development. It targets community college training funds toward high-priority occupations. The governor's plan also created a new head of workforce development, with the authority to coordinate workforce programs across multiple agencies.

The motivating factors behind the WAGE program included education indicators that showed Pennsylvania lagging substantially in the percentage of individuals who earned high school diplomas yet did not enter college.¹³ Traditionally, significant numbers of Pennsylvanians had been employed in manufacturing jobs requiring little postsecondary education, giving them little incentive to pursue higher education. Moreover, the community college infrastructure underserved large areas of rural Pennsylvania, and entrenched financial aid policies undervalued part-time adult students.

Key Elements: The WAGE program is not funded by the state. The Pennsylvania Higher Education Assistance Agency—a quasi-government entity governed by an independent, bipartisan board of directors—committed \$10 million annually for seven years to the program, funded by earnings from the agency's student loan operations. PHEAA, which administers nearly all of Pennsylvania's student financial aid programs, is one of the nation's largest student loan operators and guarantors.

To participate in the WAGE program, a person must live in Pennsylvania, be an independent student according to federal guidelines, and have a high school diploma or GED.¹⁴ Students enrolled for fewer than six credits can qualify. Students who qualify for the WAGE grant cannot qualify for the Pennsylvania State Grant Program for the same period.

The maximum WAGE grant is \$3,500 for an academic year. Grants can cover any term. The use of WAGE funds is not necessarily limited to tuition and fees, although it appears to be generally granted for that purpose.

Implementation: The Pennsylvania Higher Education Assistance Agency makes grants to institutions that distribute the aid to eligible students. Nearly 200 two-year and four-year institutions participate in the program. PHEAA calculates the amount of the institution's grant, based on the number of enrolled adult learners meeting the program's eligibility requirements in the prior year.

Outcomes: In the first year (2005–06), 4,500 students received WAGE grants. PHEAA has announced plans to cut the program after the summer 2008 term because changes in federal law pertaining to student loan interest earnings reduced the agency's revenue. However, the program is very popular, and the Rendell Administration and others are seeking a way to fund it.

Washington Worker Retraining Program

Background: In 1993, in response to layoffs affecting thousands of workers, Washington enacted the Workforce Employment and Training Act, which created the Worker Retraining Program. In so doing, the state also sought to create a training program that would take a long view toward restoring economic prosperity.

Key Elements: The Worker Retraining Program provides workers who study with grants to cover tuition, fees, and other related expenses. The program targets displaced workers, but it also benefits individuals with household income below 175 percent of the federal poverty level. Funds go to the state's 34 community and technical colleges, as well as to proprietary schools, based on a formula that considers the college's share of unemployed workers.

Each college must submit a plan to the Washington State Board of Community and Technical Colleges (SBCTC) regarding how it will use the funds. The plan must meet a variety of criteria,



such as describing how the college will use funds to link to the region's economic development strategies, as well as how the program mix will link students to high-wage, high-demand jobs (State Board of Community and Technical Colleges 2006).

Outcomes: In the first 10 years, funding from the Worker Retraining Program served more than 60,000 unemployed and dislocated workers at Washington community and technical colleges (State Board of Community and Technical Colleges 2003). The program provided financial aid for workers who study, many of whom were ineligible for federal financial aid. Many of these students earned certificates and degrees in high-demand occupations that were determined to be critical to their region's economy (e.g., nursing, electronics technology, and engineering technology). Wages for program beneficiaries ranged from 86 to 114 percent of their previous income (State Board of Community and Technical Colleges 2003). The state's Workforce Training and Education Coordinating Board has estimated that the increased public tax revenues due to the Worker Retraining Program more than offset their cost to the state (Workforce Training and Education Coordinating Board 2006).

West Virginia Higher Education Adult Part-Time Student Program

Background: In 2001, West Virginia created the Higher Education Adult Part-Time Student program to promote economic development by supporting nontraditional working adult students enrolled in noncredit and certificate programs. HEAPS grants are available to students enrolled in three to twelve credit hours in a postsecondary-certificate, industry-recognized-credential, or other skill-development program in high-demand occupations in West Virginia.

Key Elements: The HEAPS annual appropriation is divided among three uses:

- 65 percent of the annual appropriation goes to colleges, which disburse the funds to students.
- 25 percent is in the form of workforce grants that go directly to students who enroll in customized training or certificate programs in high-demand occupations.

In either of those cases, the programs do not have to be for credit, and the maximum grant is \$2,000. The West Virginia Higher Education Policy Commission, which oversees the program, analyzes the financial need of students using FAFSA to determine student awards.¹⁵

- 10 percent reimburses state community and technical colleges for developing and delivering customized, noncredit training programs that meet employer needs for employee training. Program eligibility is based on the West Virginia Development Office's initiatives for targeted industries or targeted employers.

Outcomes: In 2006, 10,863 students received HEAPS funds. Nearly 30 public and private colleges and universities and 18 vocational institutions participated in the program. Most of the individual grants went to students preparing for jobs in health care. ■

Lifelong Learning Accounts: A Worker-Employer Partnership

While state student aid programs represent a financial relationship between working adult students and state government, another type of financial partnership can help workers pay for school: that between the worker and his or her employer. Lifelong Learning Accounts—or LiLAs—are a unique approach to leveraging this relationship.¹⁶

Background: Lifelong Learning Accounts leverage private funding to pay for workforce education and training. Developed by the Council for Adult and Experiential Learning (CAEL), LiLAs are employer-matched, portable, individual accounts for financing education and training. They are similar in concept to 401(k) retirement plans.

Workers can use funds from a LiLA to upgrade their skills and achieve career goals, while at the same time meet employers' needs for a better-educated workforce. LiLAs combine resources from both the individual and the employer as co-investors in education and training, thereby helping to make it more affordable for each partner.

CAEL initiated a three-site, six-year demonstration program in 2001. Building on that experience, several states now include or are considering LiLAs as a strategy for financing worker education and training.

State Policies: In 2005, *Maine* launched a LiLA pilot with support from the U.S. Department of Labor and the Ford Foundation. The partnership leading this effort brings together state higher education, workforce, and community leaders; it includes representatives of the Finance Authority of Maine, the Compact for Higher Education, the state treasurer's office, trade associations, local workforce boards, community-based organizations, community colleges, and the university system. The links to agencies in the state workforce development and higher education systems are in part a strategy for sustaining and expanding the program beyond the pilot.

The Maine Department of Labor houses the program manager, and the department's network of One-Stop Career Centers helps recruit employers. The centers also work with the 18 sites in the Maine Centers for Women, Work, and Community to provide participants with education and career counseling. The Finance Authority of Maine manages the investments of the LiLA accounts through its Next Gen 529 college savings program.

In 2006, Maine expanded the LiLA pilot as part of a \$15 million Workforce Innovation in Regional Economic Development grant from the U.S. Department of Labor. WIRED promotes the role of workforce development in driving regional economic competitiveness, job growth, and opportunities for workers.

The two-state *Kansas City region* is using a 2006 WIRED grant to launch its LiLA pilot. The goal is to demonstrate that LiLAs increase financing for worker education and training in high-demand industries. Both Kansas and Missouri have considered state policies to expand their pilots statewide.

Also in 2006, *Illinois* enacted legislation for a two-year, statewide LiLA pilot in the health care industry, administered by CAEL. *Hawaii*, *Iowa*, and *Minnesota* are among several states that are considering legislation in support of LiLAs. Through CAEL, *Washington State* has received a matching grant from Lumina Foundation for Education for a LiLA pilot in the Pacific Mountain Workforce Region and to support a statewide rollout strategy.

Outcomes: In 2007, CAEL completed the national demonstration, after serving 359 workers in northeast Indiana, Chicago, and San Francisco across four industries: manufacturing, restaurant, government, and health care (CAEL 2007). The program leveraged \$219,404 from employees and \$200,512 from employers, with foundations matching those contributions for the demonstration. As of June 2005, 53 percent of LiLA employees had taken at least one course, and many had taken more than one. The average number of classes was 2.5 in health care and manufacturing, 3.9 in the public sector, and 4.2 in the restaurant sector.

CAEL found that LiLAs can encourage workers to further their education and training; almost half of the participants had not planned to take courses or training prior to the program. The half that had planned to take or were taking courses indicated that LiLAs helped them finance their studies. Participating employers benefited as well; many saw evidence that LiLA employees were more productive, particularly in health care and manufacturing.

The state programs initiated after the demonstration project are too new to have data on outcomes.

PART III.

Emerging Financial Aid Policies to Support Workers Who Study

In addition to existing policies that can assist workers who study, Connecticut, Florida, and Washington recently considered or are considering legislation that could significantly increase the availability of financial aid to adult students. These proposals have had significant bipartisan support in state legislatures, as well as from a range of advocates spanning the higher education, social service, and employer communities.

Connecticut Workforce Advancement Grants for Education Program¹⁷

Background: In 2007, the Connecticut Community College system and Charter Oak State College (an independent, two-year institution) prepared legislation to reduce child poverty by helping low-income adult students with dependent children pay for career and occupational college programs. House Bill 6152 proposed to create the Connecticut Workforce Advancement Grants for Education program (CT-WAGE), starting as a pilot serving 150 to 300 low-income adult students.¹⁸

The concept for CT-WAGE originated several years earlier from the Connecticut Child Poverty and Prevention Council, part of the state Office of Planning and Management. After internal deliberations and discussions with the community college systems office, the council concluded that the number of children in poverty could be reduced if their parents could access fast-track training and education and quickly gain employment or advance in careers.



In 2006, the council worked with the Connecticut Community College Chancellor's office to identify the barriers to education faced by low-income parents, who the research determined were poorly served by traditional financial aid programs. Most important, traditional financial aid did not help independent, part-time students in career or technical programs with such potentially major costs as room and board, child care, and transportation. The council and the community college system concluded that covering such costs would require a supplemental program to help low-income, independent students who qualified for Pell Grants and traditional state grants.

The proposal was to create a pilot at three community colleges. Gateway Community College in New Haven and Housatonic Community College in Bridgeport, both of which are urban, would receive \$485,000 each to serve approximately 150 students. The third college, Quinebaug Valley Community College in Danielson and Willimantic, would receive \$245,000 to serve approximately 75 student participants.

Status: In its 2007 session, the state legislature approved support for CT-WAGE at Charter Oak, the independent college that had partnered with the community college system in proposing the program, but not for any of the three colleges in the state system. Connecticut Community Colleges intends to promote the proposal in the 2008 legislative session.

Key Features: CT-WAGE does not extend an existing program. Designed specifically to support low-income parents' direct and indirect costs of education, it is modeled on the MDRC *Opening Doors* pilot in Louisiana.¹⁹ Like that program, CT-WAGE encourages retention and completion by disbursing grants to students during the program and at the end. Grants range from \$1,000 to \$4,050, capped at the maximum Pell Grant amount. Adult students are eligible if they have dependent children and are enrolled in career, technical, or occupational programs and taking at least six credits. Recipients can use the grant to pay for tuition, books, supplies, and other expenses, such as computers, room and board, child care, and transportation.

A student who does not meet Pell Grant eligibility criteria can still qualify for a CT-WAGE grant if the family income provided on his or her FAFSA is less than 200 percent of the federal poverty level. The use of federal poverty guidelines is unusual, as is providing funding for career, technical, and occupational programs but not degree programs. The assumption is that students in career, technical, and occupational programs are most likely to see immediate benefits.

The total proposed state investment was \$1,215,000 for FY2008, including about \$1,050,000 for 150 to 300 student grants. The bill requires the pilot programs to track and report students' academic progress and career development activities. Included is funding for one staff person at the college to coordinate the program and track the number and characteristics of program participants, award amounts, and related sources of additional federal, state, and institutional financial aid provided to the student to meet tuition fees and other costs.

Florida House Bill 1443²⁰

Background: Sixty-five percent of Florida community college students who are enrolled half time or less experience significant difficulties in paying for their education. However, community college students must receive federal Pell Grants to be eligible for Florida's state-funded, need-based grants. This automatically disqualifies most employed and nontraditional students. Many turn to government-subsidized or private loan programs to finance their education and often graduate with significant debt.

House Bill 1443 proposed to create a grant program specifically for workers who study. The intent was twofold: to help working adult community college students pay for their education without having to rely on unsubsidized student loans; and to spur state economic development by encouraging working adults to enter postsecondary education.

Status: In May 2007, HB 1443 died in the House Committee on Education. It is uncertain if it will be reintroduced, but it is likely that this issue will surface again, given bipartisan support and the significant need of low-income adult students in Florida.

Key Features: HB 1443 would have created the Florida Public Community College and Career Center Working Student Assistance Program. The legislation would have provided financial support to working students whose incomes make them ineligible for federal and state grant assistance and who could not afford to incur long-term debt through federal or other loans.

Institutions would have assessed the financial resources available to the student beyond those identified in FAFSA calculations, such as:

- The inability of family members to contribute to the educational expenses of those under age 24 who must report family income on the FAFSA; and
- The burden of loan debt on independent or dependent students whose income and expenses make them eligible for loan programs only.

The program would have targeted students not receiving state or federal grants, with a priority on students with the greatest need. Recipients would have been required to enroll in at least six semester hours of college or ten hours per week of adult vocational training per term. For community college students, the award would have considered eligibility for Pell Grants.

Washington State House Bill 1096

Background: Washington’s HB 1096 emerged from annual surveys that consistently showed that the state’s employers found it difficult to fill jobs requiring midlevel skills. These jobs typically require some postsecondary education but less than a Bachelor’s degree. The Washington Training and Education Coordinating Board has projected that the state will have 31,000 job openings per year requiring midlevel skills between 2009 and 2012. The WTECB estimates that meeting this demand will require enrolling an additional 1,170 students in technical and occupational degree and certificate programs per year (Washington Training and Education Coordinating Board 2006). However, the average cost of attending Washington’s community and technical colleges—including tuition, fees, books, living expenses, and transportation costs—was \$12,900 per year as of 2006–07. State need-based aid has been available to some but not all low-income students. WTECB has found that insufficient financial aid is the biggest barrier to increasing student access to and retention in occupational and technical degree and certificate programs (Washington Training and Education Coordinating Board 2006).

The precursor to HB 1096 is the Opportunity Grant Program, a pilot developed and implemented by the community and technical college system. Funded at \$4 million in the state’s 2006 operating budget, the pilot is testing strategies to increase access to postsecondary education for low-income students in job-specific programs. As of December 2006, 10 participating colleges had enrolled 436 students in these pilots. The State Board of Community and Technical Colleges (2003) reports that:

- Parents accounted for 68 percent of Opportunity Grant participants.
- The average household income was less than \$16,000 per year.
- Students were enrolled at all education levels, from adult basic education to college-level coursework.

Status: The Washington State Legislature passed HB 1096 with broad bipartisan support in 2007. It is now being implemented.

Key Features: HB 1096 permits the State Board of Community and Technical Colleges (SBCTC) to expand the Opportunity Grant Program statewide, providing funding for low-income students for tuition and fees at public community college rates, plus a \$1,000 stipend for books, tools, and supplies per academic year. Eligibility criteria include a family income at or below 200 percent of the federal poverty level and a cumulative GPA of at least 2.0.

HB 1096 also creates an Opportunity Grant Partnership, composed of SBCTC, WTECB, labor, and business, that identifies programs eligible for funding. These must be high-demand training programs, offered by qualified postsecondary institutions and leading to a credential, certificate, or degree.

Washington State House Bill 1179

Background: The sponsors of HB 1179 were concerned that many constituents wanted to enroll in postsecondary education but could not afford to both work and attend school. In addition, students would lose aid whenever they needed to drop below half-time status for a term or two.²¹

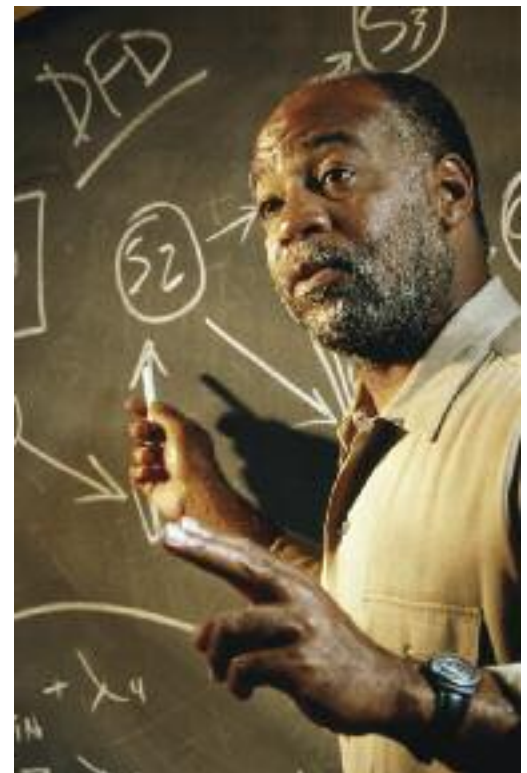
Prior to HB 1179, in 2005, the Washington legislature had appropriated \$500,000 for the state Higher Education Coordinating Board to create a two-year pilot that would “test the need for and feasibility of allowing students enrolled for at least four quarter credits to be eligible for a [Washington] State Need Grant.”²² That program, which has evolved over three decades, only served full-time students initially. It was extended in 1990 to include students enrolled in six quarter credits or more. Seven community colleges, as well as Evergreen State College and Pacific Lutheran University, participated in the pilot.

In 2006, the board issued an interim report on the pilot, noting that the primary reasons students enrolled less than half time included work and family obligations, the costs of attending school, and child care needs. Of the 680 participants in the pilot, 490 were financially independent; nearly half were parents; a quarter were single parents; and 231 were the first in their families to attend postsecondary education (Washington Higher Education Coordinating Board 2006). Based on its analysis of need, the Higher Education Coordinating Board estimated that about 4,000 students would be eligible for the State Need Grant if it were available statewide to students enrolled less than half time.

The pilot concluded in 2007, and HB 1179 looks to the Washington State Need Grant as the vehicle for addressing the affordability challenge for less-than-half-time students.

Status: The Washington State Legislature passed House Bill 1179 in May 2007, and the state has implemented the program.

Key Features: HB 1179 reduces the minimum number of quarter credits (or the semester equivalent) for which a student must be enrolled to receive a State Need Grant, from six credits to three. It also permits students enrolled less than half time to be eligible for a State Need Grant for one year, even if the student has not matriculated into a program leading to a degree or certificate. It also reduces the minimum number of quarter credits (or the semester equivalent) required to receive a loan or aid from an institution’s institutional financial aid fund, from six per term to three. ■



PART IV.

Recommendations

In 1932, Supreme Court Justice Louis Brandeis referred to states as “laboratories of democracy. . . . There must be power in the States and the Nation to remold, through experimentation, our economic practices and institutions to meet changing social and economic needs.” Today, states are doing just that, experimenting with a variety of funding approaches to address a need they all have: to increase the number of adults who earn postsecondary credentials and have the skills to succeed in the labor market.

The policies and programs discussed in this report represent a range of innovative ways to help workers who study pay for postsecondary education. Most action has been directed toward relaxing participation time requirements—that is, expanding programs to include less-than-half-time students (*see Table 2*). This is encouraging, but the

question remains: Is this strategy sufficient for increasing the number of adults with postsecondary credentials, given today’s low rates of retention and completion by part-time students? The answer is no: the discussion also must include strategies for helping part-time students succeed. This is especially important for students who have no choice but to enroll part time.

Relaxing participation time requirements will not suffice as long as working adult students face other barriers in the form of income limits for eligibility and allowable expenses. For example, the federal government has made minor improvements to regulations concerning the portion of income that workers can retain and still qualify for aid, and it has expanded eligible indirect educational expenses. States have made limited moves in this direction as well. For example,

Table 2. Financial Aid Barriers and State Policies to Address Them

Strategies for Addressing Common Financial Aid Barriers for Workers Who Study	States with Relevant Student Aid Policies
<i>Include less-than-half-time students</i>	Arkansas, Illinois, Indiana, Kentucky, Massachusetts, Michigan, Ohio, Pennsylvania, Washington, West Virginia
<i>Address income limits in aid formulas</i> For example, use alternative or supplemental income measures to the criteria used in federal formulas, raise income ceilings, or allow income from other means-tested benefit programs to be retained	Connecticut, Florida, Kentucky, Massachusetts, Ohio, Washington
<i>Include indirect educational expenses</i> For example, allow students to use aid awards for educational supplies, room and board, child care, transportation, and other indirect expenses	Connecticut, Massachusetts, Ohio, Pennsylvania, Washington
<i>Provide aid for students not in degree or certificate programs</i> For example, support students in short-term training, non-credit-bearing courses, programs leading to attaining industry credentials, and ABE programs	Connecticut, Washington, West Virginia

Connecticut and Ohio have set up alternative or more liberal income eligibility rules, and they have extended financial aid programs to cover some indirect expenses. However, far more action is needed. From the perspective of the worker who studies, postsecondary education is a critical path out of low-wage, dead-end employment. The jobs of their grandparents—jobs that could support a family on a single earner’s income—are gone. State policymakers concerned about long-term economic health must seek to improve the odds that no worker is left behind and that more workers earn postsecondary degrees or credentials.

Yet postsecondary education comes at a cost—one that is too often borne by those most in need and least able to afford it. It is encouraging to see a growing number of states increasing their investments in human capital. An effective way they do this is by providing financial aid for adult students who need to balance earning an income now with earning a degree to increase their future earnings. Leading states, such as Pennsylvania, Michigan, and West Virginia, have acknowledged that a primary barrier to financing an education is the paucity of aid available to students, especially working adults, who are enrolled less than half time. Other states, such as Ohio, pay child care expenses for workers who study, recognizing that this addresses another barrier to pursuing postsecondary education. Still other states, like Maine and Illinois, are moving to create education savings plans for low-income workers, with matching contributions from their employers.

These are all important steps, but they, too, are not enough. Now is the time for state policymakers to pursue additional strategies for pushing innovations in financing workers who study, building on the policies and proposals profiled here.

Use state aid creatively to fill the gaps left by federal programs.

State funding can help working adult students better meet their needs, and it also can help a state make the most of federal student aid dollars. State financial aid policies should consider the distinct

enrollment patterns, program choices, and trajectories for completion for workers who study. Such policies would, for example, allow adult students to include indirect costs of education in their need calculations, expand state aid for less-than-half-time students, or aid students in non-credit courses and programs (e.g., basic and remedial education and customized or short-term occupational training).

Revise federal and state financial aid policies and programs in light of the specific needs of adult students.

Aid formulas and program rules must consider the financial situations of working adult students—not just traditional-age students. More important, the federal government must rethink how it and state governments provide financial aid to adult students. Pell Grants discriminate against workers who study because of enrollment requirements and aid calculations based on a student’s prior-year income. The federal government could address these barriers—for example, by boosting the amount of aid available to less-than-half-time students or by using a student’s current-year income to calculate award amounts. Incremental movement in this direction is not enough, given the magnitude of the nation’s need for a better-educated workforce.

The federal government should partner with states to test new approaches for increasing adult access to and success in higher education—and to scale up promising strategies.

There are many innovative ideas for better meeting the needs of adult learners. As laboratories, states can test promising approaches, document the outcomes, and disseminate the results to other states, the federal government, and policymakers and practitioners in education and workforce development. At the same time, there is a need for deeper and more widespread experimentation. Federal-state partnerships around experimentation make sense, not only because federal and state aid intersect but also because the various funding streams are poorly coordinated to meet the needs of workers who study.

The skills and education deficit in this country requires both the federal and state governments to envision and experiment with policies that can meet adult learners' needs while securing a high return on public investment. One possibility might be a new type of partnership in which the federal government supports the testing of innovative, state-level, student aid policies targeting working adults. This vehicle for experimentation should include a broader focus on strategies in addition to student aid that can improve adult student access, persistence, and success.

Making Change Happen

Identifying promising programs is not enough; advocates for change must continue to push the envelope regarding state student aid policy and expand the reach of what works in practice and policy. The successful strategies cited in this report have benefited from strong advocacy efforts: from employers who push for greater state investments in skilled workforces and from activists who recognize that inequality is exacerbated by the lack of financial aid for working adult students. It also comes from committed legislators who recognize a basic contradiction: For many of their constituents, higher education is the only ticket out of poverty, but poverty can close the door to higher education. Expanding innovation here will require not only identifying best practices but also advocates who bring this information to the eyes and ears of policymakers.

Workers who study face many barriers to accessing financial aid for their postsecondary education. This is especially true for the very-low-skilled adults targeted in the *Breaking Through* initiative. Low enrollment intensity, enrollment in noncredit courses (e.g., basic or remedial education), and incomes that are “high” only in comparison with aid formulas are just a few of these barriers. The federal government has improved its aid system, but the changes are too small to serve the millions of working adults who must upgrade their education and skills immediately if they are to survive the dynamic shifts in today's economy. Similarly, we applaud those state governments that are reconsidering their support for working adult students, but they represent just a quarter of the 50 states.

This nation and its states cannot afford to rely on a student aid system that has changed little since its inception four decades ago. The economy is rapidly evolving, jobs require more education and skills, and everyone must invest more in human capital—including employers, government, and workers themselves. State governments can bolster their economies through investment in their workforces, and state student aid programs can be a critical part of this investment. The states profiled in this report have begun to push the envelope of state student aid policy by expanding, changing, or creating programs that work for working adults.

The critical question is whether these states will be outliers on the scale of innovation and investment or the vanguard of a movement to rethink and reshape state student aid policy to include workers who study as well as students who work. The answer depends upon the success of advocacy and leadership—from all fronts, including employers, labor organizations, education leaders, and policymakers—toward this end. ■



Endnotes

- ¹ See: U.S. Department of Education, National Center for Education Statistics, 2005 Integrated Postsecondary Education Data System, table 181 in the *Digest of Education Statistics: 2006*, http://165.224.221.98/programs/digest/d06/tables/dt06_181.asp?referrer=list.
- ² See: NCES “Fast Facts” on enrollment at <http://nces.ed.gov/fastfacts/display.asp?id=98>.
- ³ The one exception is that students under 24 years old are considered to be dependent on their parents; they must include their parents’ income on student aid application forms. Students who are 24 years old or older or who meet other criteria—such as being married, having dependents of their own, or being wards of the court—are considered independent; they include only their own income on the application forms.
- ⁴ Authors’ calculations based on data from U.S. Department of Education, National Center for Education Statistics, fall 1999 Integrated Postsecondary Education Data System, table 175 in the *2001 Digest of Education Statistics*, <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2002130>.
- ⁵ For additional information on federal student aid programs and barriers facing working adults, see: Bosworth & Choitz (2002).
- ⁶ See: Arkansas Act 1796 (2003).
- ⁷ A forthcoming *Breaking Through* policy paper on aligning basic education with remedial education begins to address this issue.
- ⁸ See: Arkansas Legislature 1796 (2003), from www.westlaw.com, March 20, 2007.
- ⁹ For more information, see: www.kctcs.edu/ready-towork/about.html.
- ¹⁰ See: Massachusetts 2006 Legislative Service, General Court, 2006 Second Annual Session. HB No. 5105 “Educational Funds.”
- ¹¹ The Michigan APTG program is not connected to the governor’s *No Worker Left Behind* initiative.
- ¹² The *Opening Doors* demonstration program operated at Delgado Community College and Louisiana Technical College–West Jefferson in 2004 and 2005, before Hurricane Katrina devastated the region. These New Orleans-area colleges offered low-income parents \$1,000 scholarships for each of two semesters, or \$2,000 total, if they maintained at least half-time enrollment and a 2.0 GPA. The scholarships, which were in addition to any other financial aid for which students qualified, were paid in installments so that college counselors could verify that students stayed enrolled and passed their courses. Most participants were single mothers.
- ¹³ Analysis of transcripts for students who entered the study in spring and summer 2004 shows that, compared with a control group, students in *Opening Doors* were more likely to enroll in college full time, passed more courses and earned more course credits, and had higher rates of registration in college in the second and third semesters after random assignment. For more information, see: www.mdrc.org/project_31_2.html.
- ¹⁴ This information comes from interviews with program officials at PHEAA and the Keystone Research Center, an economic and workforce development think tank.
- ¹⁵ The WAGE program relies on the FAFSA to calculate student need.
- ¹⁶ HEAPS originally required recipients to have a high school diploma, but in 2004 the legislature modified this requirement to include GED recipients. However, a student without a GED can simultaneously enroll in a GED program and receive the grant.
- ¹⁷ For more information, see: www.cael.org/lilas.htm.
- ¹⁸ This information is based on author interviews with officials in the systems office for Connecticut Community Colleges.
- ¹⁹ For more information, see the Connecticut General Assembly Select Committee on Children, Joint Favorable Report (March 2007) at www.cga.ct.gov/2007/JFR/H/2007HB-06152-R00KID-JFR.htm.
- ²⁰ For more information on *Opening Doors*, see: www.mdrc.org/project_31_2.html.
- ²¹ Information from author interviews with Kenneth Pratt, lead legislative staff to Florida State Representative Geraldine Thompson, and Barbara Cohen-Pippen; see also HB 1443, downloaded from www.netscan.com, March 13, 2007.
- ²² See: Washington State HB 1179, downloaded from www.netscan.com, on March 15, 2007.
- ²³ See: Washington State HB 1179, downloaded from www.netscan.com, on March 15, 2007.

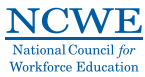
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Jobs for the Future

Jobs for the Future seeks to accelerate the educational and economic advancement of youth and adults struggling in today's economy. JFF partners with leaders in education, business, government, and communities around the nation to: strengthen opportunities for youth to succeed in postsecondary learning and high-skill careers; increase opportunities for low-income individuals to move into family-supporting careers; and meet the group economic demand for knowledgeable and skilled workers.



National Council for Workforce Education

The National Council for Workforce Education is a private, nonprofit, professional organization committed to promoting excellence and growth in occupational education at the postsecondary level. NCWE, an affiliate council of the American Association of Community Colleges, provides a national forum for administrators and faculty in occupational, vocational, technical, and career education as well as representatives of business, labor, military, and government, to affect and direct the future role of two-year colleges in work-related education.

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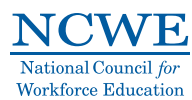
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