Using Financial Aid
to Improve College Enrollment
and Success

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Strengthening Student Success Conference
Oakland, CA. October 8, 2015
Overview
Introductions

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Dr. Alma Salazar  Los Angeles Area Chamber of Commerce, VP, Education and Workforce Development

Despina Costopoulos  Scholarship America, Director of Community Engagement & Partnerships

Manuel Cerda  Mt. San Antonio College, Assistant Director Financial Aid
Over 40 years of rigorous research in education and social policy;

Over 10 years of partnerships with community colleges in California and the nation, evaluating and sharing lessons on what works to help low-income and underprepared students succeed;

Reports and briefs always available at no cost: www.mdrc.org
Importance of Financial Aid

- Is financial aid necessary for many of your students to succeed?

- How much do you know about financial aid at your campus?
Today’s Presentation

- Cash for College: Performance-Based Scholarships
- Aid Like A Paycheck: Incremental Disbursements
- What can you do?
Performance-Based Scholarships
Why Performance-Based Scholarships?

Performance-based scholarships:
- Need-based grants
- Contingent on academic performance
- Paid directly to students
- Paid in addition to other financial aid, such as Pell

Two main goals:
1. Help low-income students cover a larger portion of college expenses
2. Incentivize good academic performance and progress
Key Takeaways

- Rigorous evaluations in six states with 12,000 students
- Increased financial aid
  - Reduced loans at three sites
- Similar impacts on outcomes across programs and subgroups
  - Increased use of services when tied to payments
  - Cannot isolate the added effect of services
- Modest, positive impacts on degree receipt
  - Increased credits earned, but no big impact on persistence
  - Programs did not increase the cost per degree
Performance-Based Scholarship Students

High school seniors: California

Hispanic males: Arizona

Traditional college students: New Mexico

Parents: Ohio

Adult learners: New York

Developmental math sequence: Florida

Parents: Louisiana
(Opening Doors Demonstration)
California: Cash for College

- Offered to high school seniors
- Portable: students could take to any accredited institution of their choosing
- Increased enrollment in the first year
- Impacts were larger for students with lower HS GPAs
- Impacts appear concentrated among students who attended community colleges in California
Consistent Impacts on Credit Accumulation

Sample sizes: 6,938  6,938  6,938  4,835
Implications

- Performance-based scholarships are an important tool to help low-income students
  - Modest investments in low-income students
  - Modest impacts on academic outcomes, including graduation
  - Did not increase cost per degree

- PBS programs can be implemented widely
  - Flexible to the needs of diverse low-income student populations
  - Worked at 2-year and 4-year institutions
Cash for College
Performance-Based Scholarships
California Cash for College Program

- Began in 2002 as a community based effort
  - Grew from 80 workshops in 2002 to 800 workshops in 2015
  - A half million students and their families have been assisted on FAFSAs/CA Dream Applications since inception

- Public-Private Partnership model
  - The Los Angeles Area Chamber and the California Student Aid Commission partnered to support and lead the program administration
  - Signed in to law in 2007 with Chamber sponsored legislation
  - More than 600 organizations, over a thousand volunteers from high schools, campuses and community groups
California Cash for College Program

- Coordinated at state, regional, local levels
  - Statewide coordination at CA Student Aid Commission
  - Regional coordination in the Far North State, Capitol, East Bay, Kern, Los Angeles, San Diego and Inland Empire.
  - Half of workshops organized within regions, other half by campuses, high schools and community groups directly.
  - All statewide scholarships co-administered with the LA Area Chamber of Commerce staff.
California Cash for College Program

- IMPACT:
  - 9 out of 10 workshop participants complete and file a FAFSA or CA Dream Application.
  - 8 out of 10 workshop participants apply for a Cal Grant by the March 2 deadline
  - 7 out of 10 workshop participants qualify for one or both Pell or Cal Grants.
  - In 2014, 42,200 workshop participants qualified for more than $180 million in state and federal financial aid.
Aid Like A Paycheck
Aid Like A Paycheck – Incremental Disbursements of Aid Refunds

**STUDENT’S NEED-BASED FINANCIAL AID PACKAGE**
Federal Pell Grant, loans, state and local aid, and aid from the college.

**TUITION + FEES + BOOKS + SUPPLIES**
College applies aid toward these costs.

**STUDENT’S AID REFUND**
Student receives any remaining aid money.

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**A possible scenario:**

<table>
<thead>
<tr>
<th>Student’s aid refund</th>
<th>Week of college semester</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENTLY COMMON METHOD OF DISBURSEMENT $2,400</td>
<td>1</td>
</tr>
</tbody>
</table>

Lump-sum payment around week 3 to 5

**AID LIKE A PAYCHECK $2,400**

$300, $300, $300, $300, $300, $300, $300, $300, $300

**Biweekly payments**
Aid Like A Paycheck – Potential Benefits

Potential Benefits for Students

Short Term
- Budget aid more effectively
- Balance work and school
- Experience less financial stress

Long Term
- Pass more courses
- Persist, accumulate credits, attain credentials at higher rates
- Receive greater net aid

Potential Benefits for Colleges

- Potential fit with success agenda
- Make financial aid programs more cost-effective
  - Ensure aid is distributed while students are enrolled
- Limit Returns to Title IV
  - Students who withdraw may need to return some funds
Aid Like A Paycheck – Lessons and Next Steps

Early Pilot – Feasibility:

- Mt San Antonio College and Triton College –
  - Program is feasible
  - Shows promise of benefiting students and colleges
  - Computer fixes and better communications are important

Current study – will test Impacts and Replication:

- San Jacinto and Houston Community College: over 5000 students to date
- Funding for a third college to offer Aid Like A Paycheck at scale, to test replicability and scaling (implementation study only)

Reports in 2016 and 2018 will examine academic and economic impacts from student, college, and national perspectives.
Financial Aid Refunds at Mt. San Antonio College
Aid Like A Paycheck Experience

Mt. San Antonio College

- One of the largest Community Colleges in California
- High proportion of low income students
- 43% of students receive Pell Grant
- 73% of students receive some form of financial aid
  □ (Board of Governors Fee waiver, grants, scholarships, loans)

Why participation in Aid Like a Paycheck pilot

- Opportunity to test a new, innovative approach in using financial aid as a lever to improve student success.
- Incentivize good academic performance and progress.
Aid Like A Paycheck Experience

How it worked

- Sample students selected to participate
- Initial amount of $400-$500 before term began (covering initial book expenses)
- 8 refunds of $150-$300 bi-weekly spread throughout semester
- Hardship exceptions were made
- Students were provided online modules to explain goals, budgeting and how to borrow less.
Aid Like A Paycheck Experience

Implementation Challenges:

- Coordination between Financial Aid, Fiscal Services and IT.
- Modifying existing administrative processes and systems.
- Ensuring changes are effectively communicated to students, faculty, and staff.
- Understanding data and data collection requirements for research.
Aid Like A Paycheck Experience

Student Feedback

- Helped them spend their money wisely.
- Assisted them in decreasing work hours.
- Allowed them to better focus on their studies.
Aid Like A Paycheck Experience

Changes since Aid Like a Paycheck project

- Modified disbursement schedule

![Modified Disbursement Schedule](image-url)
Aid Like A Paycheck Experience

Changes since Aid Like a Paycheck project

- Modified disbursement schedule
- Campus wide financial literacy events
  - Helping students plan and budget
- Annual training provided to all student services staff including faculty counselors
- Faculty Advising Tools  *Coming Soon
  - Financial Aid resources available to all faculty to use in the classroom
    - Student handouts, PPT presentations to show in class and engaging YouTube style informational and student testimonial videos.
Discussion questions

- Is financial aid necessary for many of your students to succeed?
  - What types of aid, and how can they use that aid?

- How much do you know about financial aid at your campus?
  - How can you learn more?

- What can you do?
Questions?

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