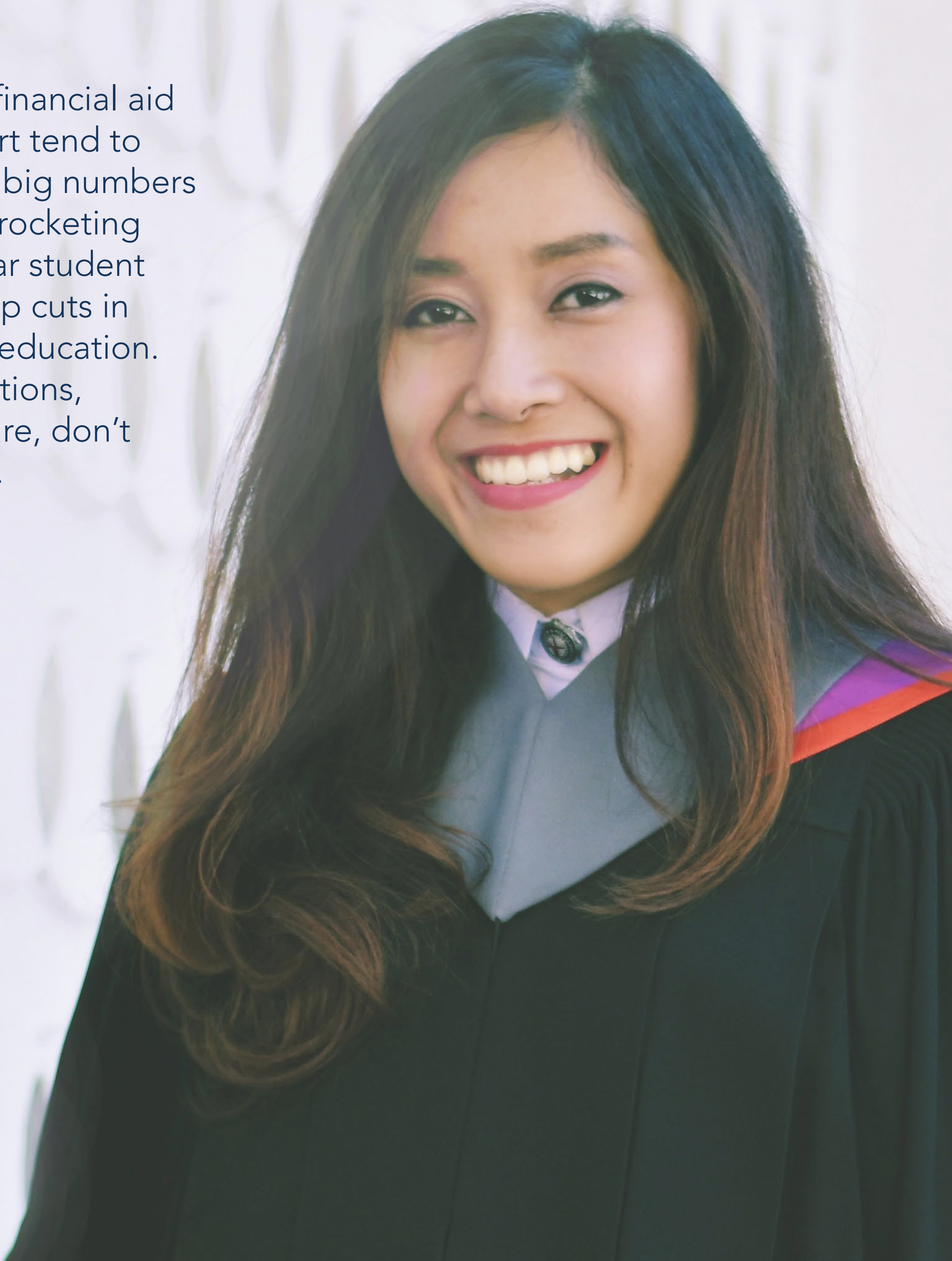
Scholarship America®

Emerging Trends in Student Aid

Discussions about financial aid and student support tend to focus on big costs, big numbers and big trends: skyrocketing tuition, trillion-dollar student loan debt, and deep cuts in state aid to higher education. But those conversations, important as they are, don't tell the whole story.



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For millions of students, the struggle to get through college comes down to questions that are far more basic. In this ebook, we'll take a look at the most pressing questions—and innovative answers—in the current financial aid landscape.

Part One

Breaking Down Barriers to Student Success

Financial Stress Prevents College Students From Graduating. What Can We Do?

For students struggling with finances, money is a constant worry. Higher education is a way out of poverty, but the very financial stress students are trying to escape can make it harder to earn a degree. Instead of wrestling with term papers and philosophical quandaries, students are thinking about questions that most of us take for granted:

- **Can I afford something to eat today, or will hunger keep me from concentrating on class?**
- **Will I fall asleep in my lecture because I don't have a regular place to stay?**
- **Do I have the time and the money to get myself to school this week?**

These aren't niche questions, either. Ohio State University's National Student Financial Wellness Study found that a staggering 70 percent of college students reported feeling stressed about their finances.

And that stress wasn't just about paying the high price of tuition. "Nearly 60 percent [of respondents] said they worry about having enough money to pay for school, while half are concerned about paying their monthly expenses. 32 percent of students reported neglecting their studies at least sometimes because of the money they owed. 'The number of students feeling financial stress is striking,' said [study co-author] Anne McDaniel."

70% of college students report feeling stressed about their finances

Subsequent studies reveal even more about students' financial stress. Researchers have found that housing and food insecurity are far more prevalent among college students than previously thought. Between 20 and 40 percent of community college attendees are struggling to eat, and around 13 percent are homeless.

Financial stress makes everything harder

Study after study show that worries about money lead to ongoing stress, anxiety and even depression; they crowd out the brain's ability to focus on longer-term achievements; they even lead to higher-risk decision-making with potentially disastrous consequences. (As anyone who's taken out a high-interest payday loan can tell you.)

The Wisconsin HOPE Lab's "Hungry and Homeless in College" report quantifies some of those worries:

> **"Housing insecurity during students' first year of college is associated with a nearly ten percent reduction in the probability of degree attainment or enrollment four years after initial college entry ... for many student background characteristics, housing insecurity is associated with lower GPAs and part-time (rather than full-time) enrollment intensity in the short-term."**

And there are unexpected secondary effects as well: inaccuracy in cost-of-living calculations, disproportionate cost effects of digital textbook distribution and the mental-health impacts of food and housing insecurity. The numbers may not draw mainstream headlines, but the research is crucial to understanding where real students struggle.

Dropping out is a short-term solution that makes the long-term problem worse

With these financial struggles piling up, students often make the decision to drop out of college. In the short term, this does solve a major problem—after all, without tuition, fees or books to pay for, a week's wages stretch a lot farther.

Unfortunately, the consequences can be dire, and they can start sooner than expected. Quitting school means immediately losing access to scholarship funds, work-study opportunities and subsidized student prices for room, board, transit and internet access. It also means that the student is expected to start paying back their loans—and carrying loan debt without the higher earning power of a degree is the absolute worst-case scenario.

In the long term, the costs of leaving college are even higher. [According to the New York Times](), "a college degree is worth $365,000 [in lifetime earnings] for the average American man after subtracting all its direct and indirect costs. … For women—who still tend to earn less than men—it's worth $185,000. A college education is more profitable in the United States than in pretty much every other advanced nation." All of those benefits are lost when financial stress causes students to abandon their education.

Help can come from expected–and unexpected–sources

The most obvious way to reduce student financial stress is at the core of our mission at Scholarship America: making it more affordable to complete higher education. But reducing costs through scholarships and grants isn't the only way to help—and new methods of student assistance mean both colleges and scholarship providers need new ways of thinking.

As Brookdale Community College's Matt Reed put it in Inside Higher Ed: "Many of our basic operations are predicated on the assumptions that students are well-prepared, live at home with families that support them economically, have reliable cars, don't work many hours for pay, know what they want, and can devote themselves full-time to their studies if they'd just buckle down. … But those aren't most of our students. That doesn't make our students defective. It means we need to be willing to rethink some of our basic assumptions."

In the case of the Ohio State study above, that rethinking led to the creation of Scarlet and Grey Financial, which “helps students … manage stress through a personalized goal-driven financial process.” On the West Coast, the University of Washington’s Bothell branch is also using early outreach to boost graduation rates at its commuter-heavy, low-income-skewing campus. Their tailored interventions include emergency aid grants and first-generation-student sessions, and have raised graduation rates for students of color well above average.

Other ways of rethinking financial aid include everything from ambitious efforts like Connecticut’s community colleges providing free classes to SNAP recipients to basic and community-oriented steps like making food pantry registration easier, or providing a simple bowl of snacks. The method is as unique as the college and its student body—it’s the action that’s most important.

Emergency Aid: The Right Aid at the Right Time

The rise of emergency aid programs is another vital rethinking of student need.

The traditional model of student support usually calculated financial need on a yearly basis. In reality, however, students' financial situations are often precarious. One unexpected expense can throw a huge wrench into even the most thorough plans. That's why the last decade has seen the slow-but-steady rise of emergency financial aid programs.

Here at Scholarship America, we've been at the forefront of these programs. Founded in 2005, our Dreamkeepers Emergency Financial Assistance model was one of the earliest nationwide programs of this nature. Dreamkeepers continues to provide emergency aid at dozens of partner colleges, and more and more programs like it are springing up.

The United Negro College Fund's Campaign for Emergency Student Aid uses a model similar to Dreamkeepers "just-in-time" financial aid to HBCU students "when personal emergencies become financial crises." Funded by private donations and a sizable corporate grant from Lowe's, those awards (which average $2,000) have helped 12,000 students continue their education since 2009.

Public colleges are getting in on the act as well. As the Washington Post reports, "a pilot program from Temple University and the Association of Public and Land-grant Universities a nearly $4 million grant from the Education Department to examine and build out completion aid programs at up to 10 universities."

The program hopes to expand on the success of emergency aid at many individual schools, like Georgia State University's popular Panther Grants: "Although small-dollar grants are barely a decade old, they have produced some significant results. The graduation rate for Georgia State students who received Panther Grants was 134 percent higher two terms after the grant than for similar students who received no assistance."

By ensuring students get the right aid at the right time, aid providers can help boost graduation rates while reducing student debt. Financial stress can be a waking nightmare for families, and it can be a huge factor in talented students dropping out. Fortunately, through emergency financial aid, cost-reduction measures and timely intervention, we can help more people break out of the cycle and earn their degrees.

CASE STUDY: AMARILLO COLLEGE

Texas's Amarillo College is celebrated for both the success of their student outreach efforts and for their continued refinement. Upon discovering that 72 percent of their student body was lacking in at least one basic need, college president Russell Lowery-Hart led a movement called "No Excuses."

"Our job is not to fix students, it's to fix ourselves," he said. "At Amarillo, we've adopted a no-excuses philosophy. No matter what is causing our students to taste failure, they are not responsible for it. We are."

By "failure," he means the thousands of Amarillo students who don't graduate or move on to four-year institutions because they're tripped up by need. ... Amarillo established an Advocacy and Resource Center on its campus last year to centralize the college's efforts to tackle poverty. The center is a one-stop shop for students to access emergency aid and social services and find resources for their childcare needs. It also has a free food pantry and clothing bank.

Students at Amarillo receive early, targeted outreach based on their reported income levels, and this proactive approach is already paying dividends. Eighty-six percent of Amarillo students used the Advocacy and Resource Center, and nearly 70 percent of them continued their education; just 33 percent of those who didn't use the resources continued. All in all, the school's three-year graduation rate almost doubled between 2012 and 2017.

Part Two

Rethinking Scholarships and Financial Aid

Impactful Solutions Are Anything but Simple

Scholarships are a vital piece of the financial aid puzzle. According to Sallie Mae's most recent *How America Pays for College* report, nearly half of all families used scholarship aid when it came to paying for college—and scholarships and grants covered 35 percent of the total cost of higher education. That makes scholarship aid the single largest resource that families are using to pay for school.

Scholarship aid is the largest resource families use to pay for school

As we saw in Part 1, colleges are making an impact by rethinking financial aid from the ground up. Here are three questions that scholarship funders need to a sk to ensure scholarship programs are doing the same.

1) Does my scholarship work with (and not against) institutional aid packages?

How America Pays for College reports that almost all scholarship recipients (87 percent) get at least part of that funding directly from their school. In addition, around 75 percent also receive aid from private scholarships. That level of overlap indicates there are plenty of dollars out there for students—but it also means doing a little extra work to ensure your award is having the biggest impact possible.

Some schools still practice "displacement" of scholarships, meaning a student's private scholarship aid is treated as part of the Expected Family Contribution, and aid from the college is thereby reduced. There isn't much you can do to change this policy, but there are ways to work around it. The Dell Scholars Program, managed by Scholarship America, reaches out to all recipients to understand their financial aid situation; if students are facing displacement they will explore options like variable award amounts, customized award timing or even using their award to repay loans.

Scholarship providers can also boost their impact by finding students who fall through the cracks of institutional financial aid. Sara Goldrick-Rab and Michelle Miller-Adams point out the irony that "Many students above the Pell Grant cutoff struggle with college costs; a family making $50,000 is too poor to afford college but is often too 'rich' to qualify for a Pell Grant." For these middle-class students in financial aid limbo, a private scholarship can provide more college choice and less student loan debt.

Finally, private scholarship providers can join initiatives like [Scholarship America's Collegiate Partners] program. This consortium of colleges, trade schools and universities across the country have agreed that they will not displace awards from our partners—and, in many cases, they agree to provide matching funds as well. These types of agreements are a win-win-win for college recruiters, students and scholarship providers alike.

2) Is my scholarship flexible enough for modern student needs?

Government and institutional aid can be extremely generous, especially for low-income students. But even if a student has a full-tuition scholarship or a "free college" promise, it doesn't mean their financial worries are over. They still need to buy or rent textbooks, pay for transportation and internet access and cover school fees—not to mention putting food on their plates and a roof over their heads. As one student interviewed by Sallie Mae put it, "I definitely didn't realize that there were so many other things that you had to cover, even if you had a 'quote unquote' full scholarship."

If a school displaces scholarship aid for tuition, consider allowing students to use their scholarship for living expenses

These non-tuition costs add up fast, especially if students are trying to balance school and work. Fortunately, private scholarship providers are in a unique position to help. While federal, state and college aid is often limited to paying tuition, private awards don't have to be restricted. Consider allowing your funds to be used for any qualified education expense (or an emergency financial assistance program, as outlined in Part 1), and you'll help meet more students where they need it most.

3) Does my scholarship stick with the student?

For most of the last half-century, scholarships have largely been one-time transactions: a high-school graduate gets a check from a scholarship provider, sends it to their college's financial aid office and that's it. However, in the last decade, two trends have emerged to challenge this model: data-driven grant reporting and renewable scholarships. Both are crucial when it comes to maximizing your impact.

A renewable scholarship is just what it sounds like: an award that can be renewed by the student each year, provided they continue to meet the criteria set out by the provider. Renewable scholarships address an all-too-common problem, in which students have plenty of freshman-year financial aid, but nothing to get them through the rest of college. (That situation can lead to students dropping out while carrying debt, officially the worst-case scenario when it comes to higher education funding.) Renewable scholarships, by their nature, are somewhat more expensive to provide, but they also give recipients the best chance to persist and earn their degree.

In addition, these types of awards mean you're spending more time tracking your recipients' progress through college. In the ongoing search for funding, that's invaluable data for you as a provider. Nothing shows impact like real persistence and graduation data. And it's also valuable for the student. By monitoring their progress, you're in a position to recognize both success and struggles, and to connect students with the supports and services they need. It's the first step leading from scholarships to whole-student support—and that's the first step to being the kind of program every student knows by name.

Supporting Two-Year Degrees Pays Off for Everyone

The conventional wisdom has been the same for decades: a bachelor's degree (or higher) is the best ticket to getting a good job. Like most conventional wisdom, this is at least partly true. And, like most conventional wisdom, it also fails to tell the whole story.

As a recent report from Georgetown University's Center for Education and the Workforce outlines, it's gotten more difficult, but not impossible, to find *Good Jobs that Pay Without a BA*. In 1991, 40 percent of good jobs* were held by those with bachelor's degrees; that percentage increased to 55 percent in 2015, the year on which the report was based. As the report's co-author, Anthony Carnevale, told *Inside Higher Ed*, a bachelor's degree remains the "gold standard" for finding good jobs.

Despite that increase, there are still 30 million good jobs available for those without a four-year degree. That means it's entirely possible to make a good living without graduating from a traditional college—and a growing share of those jobs are accessible to holders of associate's degrees. Let's take a closer look at the *Good Jobs that Pay Without a BA* study to see why.

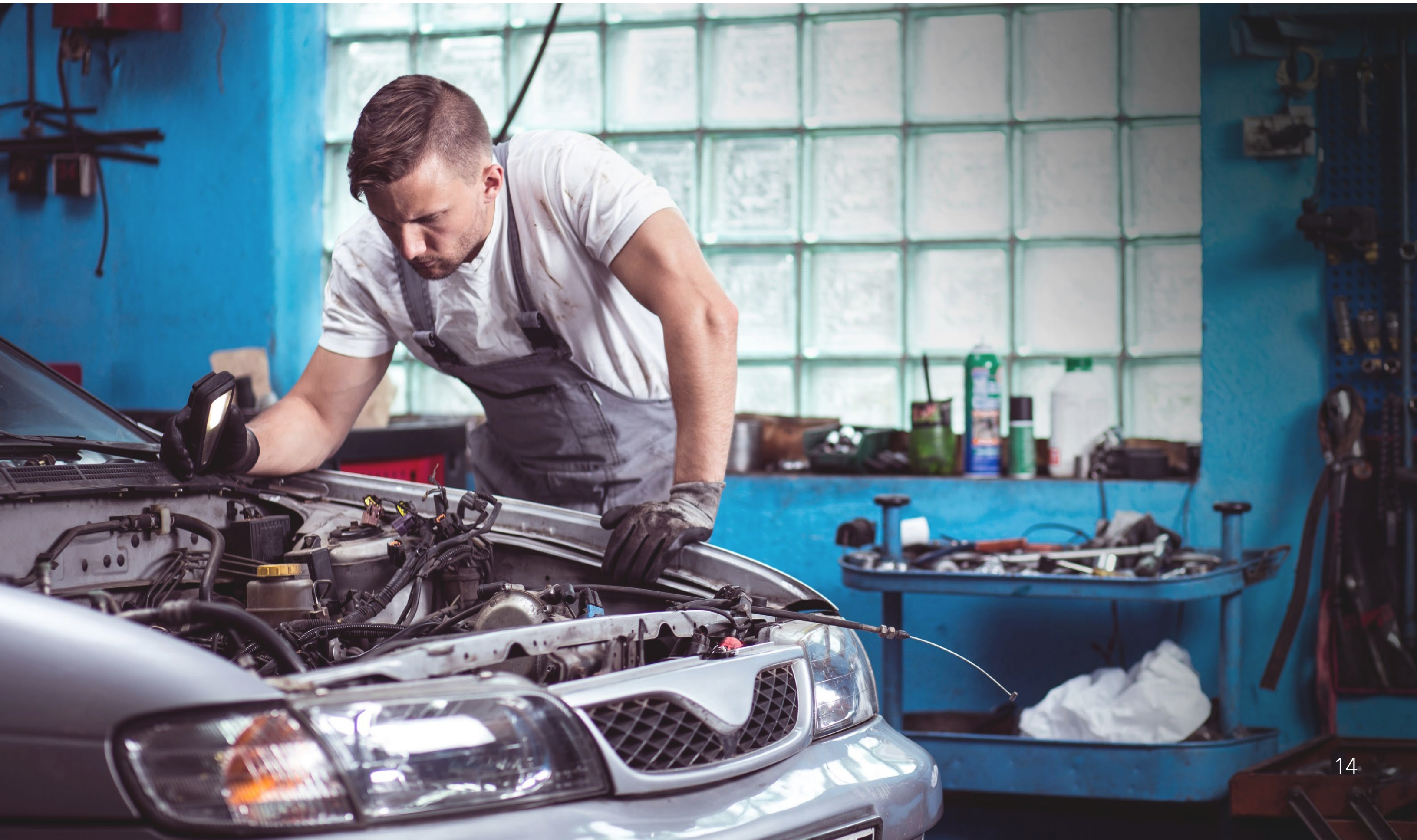
A Good Job Without a BA Might Be Two Years Away

Until the 1990s, manufacturing and other goods-producing jobs were the best-paying, most viable employment options for those who didn't attend college. However, since 1991, those jobs have seen the sharpest decline; automation, offshoring and a changing economy have meant the loss of 2.5 million non-BA good jobs in the manufacturing sector. (That's nearly all of the non-BA good jobs lost in the last 25 years.)

In spite of that loss, good blue-collar jobs *are* still available—16 million, including five million in manufacturing and another three million in transportation and utilities. What's more, the study reports that "the healthcare services, financial services, and education services industries have added as the share of income spent by American consumers on food, clothing, and other basic items has shifted toward healthcare, education, and other services." This increase in skilled-services jobs has more than offset the loss of manufacturing work, providing more than 13 million good jobs to those without a BA.

As the skilled-service sector grows and the manufacturing sector becomes more technology-driven, both are starting to require employees with more formal training beyond high school. And that means a two-year degree is an increasingly sound investment.

According to the study, "Associate's degree holders have gained the most good jobs in both blue-collar and skilled-services industries"—more than 3.2 million positions, representing an 83 percent increase since 1991. With shares of good jobs for high school graduates and college dropouts declining, associate's degree holders are the fastest growing segment of the workforce without a bachelor's degree.



Degree Completion Without The Debt

Getting an associate's degree isn't a magic guarantee of a good job, of course. According to Inside Higher Ed, bachelor's degree holders still face somewhat better prospects:

> **"'Over all, a worker with a bachelor's degree has a 75 percent chance of holding a good job,' Carnevale said. 'An associate-degree holder has a 40 percent chance. In addition, four-year-degree holders can worry less about what they major in,' he said. Associate-degree holders face more restrictive choices, as most of the good jobs are in the growing skilled service fields."**

That said, the choice to go to a two-year school can pay off in a number of ways. As we've seen, students who major in those skilled-service fields have the inside track on a growing number of good jobs. Their degree is also one of the best bargains in higher education. As reported in this *Money* article, "he average net annual cost of a community college education—for tuition, fees, room and board, minus financial aid—is just under $6,000, according to the College Board. The average undergraduate at a four-year public college pays twice that amount out of pocket."

That article also discusses the importance of major, and the upshot is the same: a two-year associate's degree in the right field can result in a good job, with an out-of-pocket cost that's $20,000 less than a public-school bachelor's. Cutting costs so profoundly means community college students are less likely to face mountains of student loan debt—and many use that financial flexibility to pursue four-year and advanced degrees as their career develops.

The current American workforce looks profoundly different from the way it did in 1990. Higher education is increasingly important, and will only become more so. But that no longer means that a bachelor's degree is the only way to a good job. For more and more students, a two-year degree is a smart, budget-friendly investment in the future.

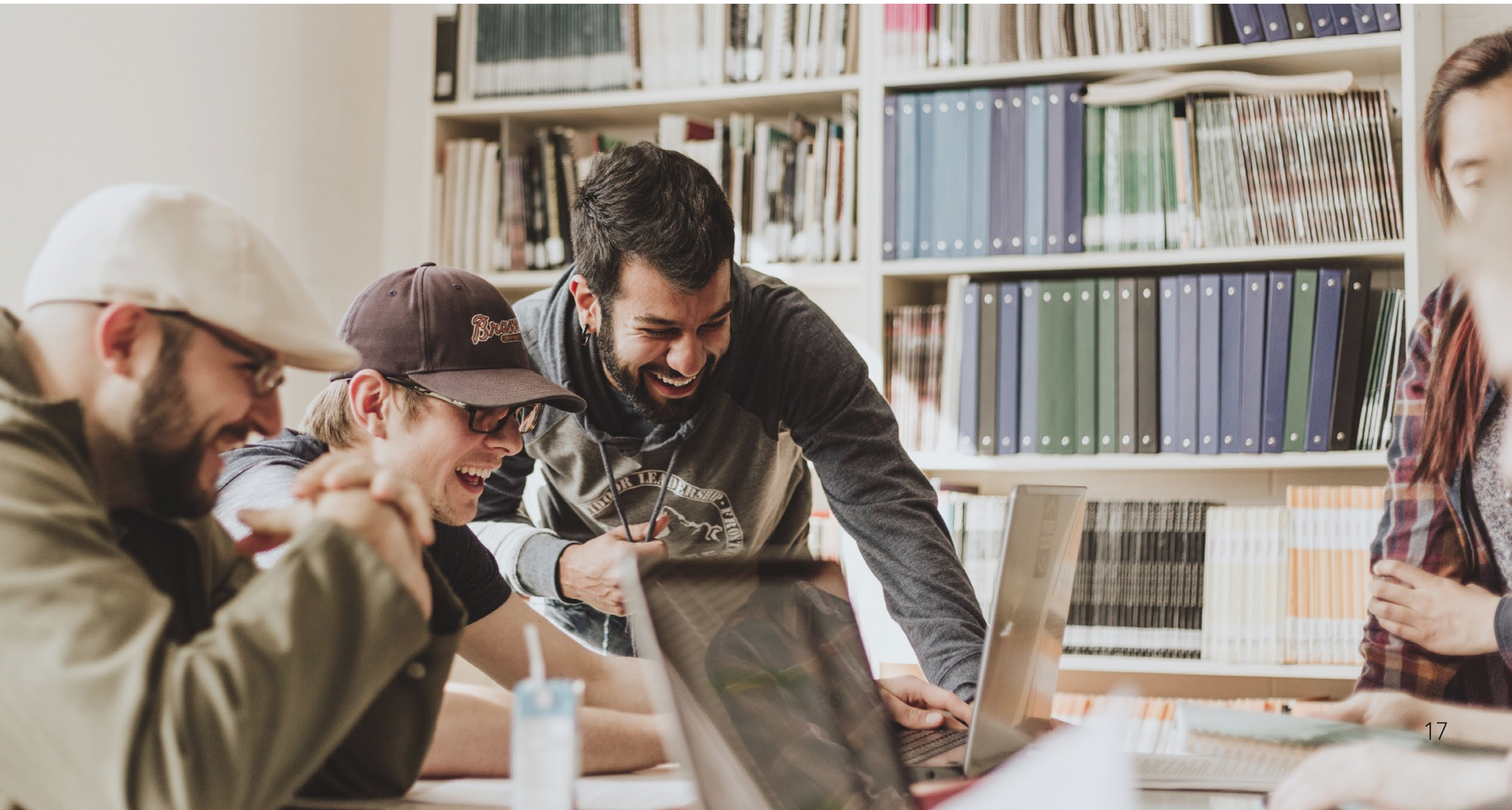
Part Three

Providing More than Money

Mentoring Matters: Adding Academic Support to Boost Your Program's Impact

Financial support alone is not enough to get students through school. This is nothing new; research has proven time and time again that often more barriers emerge once a student has started to pursue their education, even if they have adequate financial aid to pay tuition. Financial struggles and work-life balance issues are common, and simply feeling out of place can often lead to burnout.

That's where mentors can make a huge difference. Students who make significant connections with their peers, staff and faculty are more likely to thrive, both academically and professionally. College mentors can establish these important connections by guiding personal and professional development and helping students access the resources they need. A Gallup study found students with a mentor had higher job satisfaction after graduation, and were twice as likely to be engaged at work. The true value of mentorship lies in the life skills cultivated through the relationship.



Despite indications that mentorship aids retention and creates more successful graduates, many academic institutions do not believe they have the resources or bandwidth to execute a successful mentorship program. Thankfully, Scholarship America and other student support organizations are looking for ways to pair financial aid with mentorship solutions. We believe in assisting the student's entire journey, placing them in situations where they can thrive as learners and professionals.

The great part about mentorship is that it is fundamentally a relationship between two people, which means students don't have to have access to organized programing to reap the benefits. Students who recognize the value of a mentor can pursue and cultivate career mentors in a variety of different ways. The following are helpful tips for both students and mentors to consider when doing mentorship without programmatic structures.

Finding a mentor

The responsibility for initiating a mentorship relationship usually falls on the mentee even when there is a program in place. This is because, like all relationships, there must be a level of interest. A mentor wants to know that their mentee is eager to learn, and the best way for the mentee to demonstrate that is by taking the initiative and developing the relationship.

If you're interested in mentoring a student, there are a few things you can do to make sure potential mentees can find you. Your college or university's alumni association is a great way to connect with potential mentees; students can access this network through career services or the alumni office.

For students in the workforce, the office can be an ideal place to find a mentor. Through the relationship the mentee will gain exposure and insight to the profession. (LinkedIn can also be a powerful tool to connect mentees with mentors in their field. If you're interested, make sure your profile clearly lists your company, position and willingness to mentor.)

Setting the expectation

Once a mentor has agreed to work with a mentee, it is a good idea to have a conversation about what each person expects. This is especially important when there isn't a program guiding or framing the objectives of the relationship. Mentorship can take many forms and the relationship is as unique as the two people involved, so clear communication is important.

At the beginning the mentor and mentee should agree upon a cadence for how often and how long meetings will happen and the best modes of communication between meetings. A major responsibility of the mentee is to figure out what they are hoping to learn from their mentor. The mentor can guide this conversation by helping the mentee develop learning objectives that will provide structure for their time together.

It may also be helpful for each person to communicate how they best learn and receive feedback. Maybe a mentee loves to read, and would love to work through a book the mentor has found helpful for their career. Maybe the mentor would love to hear the mentee's insight about ways to improve the workplace for younger employees.

Mentorship is both a professional and personal relationship, but there may be certain things someone may not wish to talk about. For example, a mentee may only want career advice, so therefore asking about their diet and exercise would feel like an intrusion of privacy. Meanwhile, another person may be open to discussing how their personal life affects their work performance. It is important to meet people where they are, and set those expectations early.

Adapting Through Conflict

Especially in long term mentoring situations, the relationship will evolve over time. Learning objectives will change as the mentee develops new competencies or becomes interested in other subjects or skills. It is important to assess these objectives frequently to see if the mentor and mentee still believe these are the appropriate goals. These are fun conversations to have as they are often filled with celebration over accomplishments.

At other times, values and objectives will shift because of failure or negative experience. These conversations are less fun, but , regardless of the circumstances, they're still an important way to emphasize the growth that happens when we learn something new—and our ability to overcome obstacles.

As trust grows, it's natural for mentors and mentees to become more willing to talk about subjects previously off the table (or something happens that makes talking about them unavoidable). Again, as in all relationships, maintain clear communication over when and why these dynamic shifts are happening. Conflict is never completely avoidable, but good communication can turn it into a further learning opportunity.

No matter whether it's formal, informal, institutional or independent, students who proactively navigate and commit to mentorship will reap the personal, social, and professional benefits.

For more information about our organization, visit scholarshipamerica.org