



**COLORADO**  
Department of  
Higher Education

## 2018 LEGISLATIVE AGENDA ITEM

### ***Establish an Emergency Completion & Retention Grant Program***

This proposal seeks to establish an Emergency Completion & Retention Grant Program to assist students in addressing unforeseen financial emergencies that could otherwise force withdrawal from their postsecondary program.

#### **WHY IS THIS IMPORTANT TO COLORADO?**

This program would help to meet the goals set forth by the Colorado Commission on Higher Education's (CCHE) Master Plan, which is focused on meeting the needs of our State and economy. Today, credentials of value are a necessity, not a luxury. Colorado's changing workforce demands an increase in the number of credentials produced to maintain its high quality of life and vibrant economy.

Studies tell us that by 2020 almost three-quarters of all jobs in Colorado will require some level of education beyond high school – industry certificate, associate degree, baccalaureate degree, etc. Knowing this; Colorado's master plan for higher education calls for 66% of the population to have a credential by 2025 - to meet Colorado's workforce demands and keep pace with the current labor market. This equates to an additional 9,200 credentials annually over the next eight years, on top of natural growth.

Building capacity at our institutions to meet the state's needs is a costly endeavor – *new buildings, more faculty, more student support*. However, doing better with the students already in the pipeline – *helping them be successful and complete* – is a worthwhile investment of time and resources.

We know that financial obstacles contribute to students failing to continue and complete. Low income, minority, and working students are most impacted by unforeseen financial events as they are often unable to rely on parents or family for additional support. A recent Public Agenda study cites that 60% of the students who left college without graduating felt solely responsibility for paying for college and that a lack of financial support from other sources impacted their persistence and ultimately graduation.

Traditional financial aid programs typically only cover a student's cost of attendance (COA) - which includes tuition, living expenses, and transportation – but does not take into account unforeseen financial needs. This gap in assistance can force students to stop-out or withdrawal from their education, while still having to repay loans.

#### **ENGAGING BEST PRACTICES TO SUPPORT STUDENT COMPLETION**

To offset these financial hurdles and provide support, institutions are turning to self-funded microgrants and other short-term emergency aid solutions. Typically capped at around \$1,500, students must often meet eligibility requirements, including having unmet financial need.

Currently, the State of Colorado does not provide any state aid for such financial emergencies. However, a majority of Colorado institutions provide some form of emergency aid either through their foundation or their institutional aid, though funding is often limited and several institutions offer loans only.

While there are other meaningful methods of impacting retention and completion rates in higher education - intrusive advising, math pathways, meta majors, and other policy-based approaches - emergency aid is a demonstrated way to impact retention and completion at a small cost. One state institution has seen approximately 80% retention or completion from their grant recipients.



Georgia State University reports having impacted 2,600 students with their aid program, and in 2012-13, approximately 70% of targeted seniors reached completion within two semesters. And, Indiana University-Purdue University Indianapolis has a program targeted toward students with a minimum of 80 credits who would complete their degree within a year if they attended full-time. In 2013-14, they identified 150 students as eligible and, among those, 75% graduated within that academic year.

### **HOW WOULD THE GRANT PROGRAM OPERATE?**

Implementation would require the creation of specific program guidelines for (1) the allowable uses for these funds and (2) appropriate checks and balances to ensure the funds are used for the stated purpose.

The Department would work with the institutional financial aid directors to fully flesh out the parameters, but the general outline is as follows:

- Aid would be targeted to students who are within a certain number of credits of graduating (likely beginning with second semester Juniors);
- Awards would be limited to a \$1,500 maximum, and for certain eligible expenses only;
- Student must:
  - have a demonstrated need
  - be enrolled at least part-time;
  - meet with a financial aid counselor to receive the grant and advising;
  - sign a contract stating that they will pay back the grant if they do not graduate; and
  - develop an academic plan to ensure graduation or completion.

By focusing on students near completion, these state funds will be used in the most efficient way to support the overall statewide attainment goal.

The Department would annually analyze the efficacy of the program based on increased retention and completions through the data collected from all institutions into the Student Unit Record Database.

### **FISCAL IMPACT OF PROPOSAL**

The Department requests \$1,500,000 in General Fund appropriations and 0 FTE to operate the program.

The request amount was developed to provide 1,000 students state-wide at the maximum dollar amount. However, the expected amount of students served would range between 1,000 and 3,000, with grants varying from \$500 to the cap amount.



**Eligible Use:** The student may use the funds toward any of the emergencies defined in these guidelines or any additional emergencies as qualified by the institution's financial aid director.

**Eligible Course of Study:** An eligible course of study includes credit hours taken for the completion of an associate's degree, a bachelor's degree, or certificate.

**Maximum Award:** The maximum award for this program is \$1,500 lifetime per undergraduate student. Overuse or frequent application for this grant could indicate a need to adjust a student's financial aid package.

**Allowable Emergencies:** Emergencies may include but are not limited to:

- Vehicle repair;
- Rent (limited use);
- Food assistance;
- Medical emergencies;
- Family emergencies that require travel; or
- Any additional cost that is not a predictable educational expense as determined by the financial aid director.

Process:

Institutions shall develop an application process. In an attempt to foster collaboration, the application should be submitted to the student services office. It will be reviewed by a member from student services office and a member from the financial aid office. To ensure that there are adequate funds and that the student does not have need that can be met through another financial aid source, the institutional financial aid director will have the ultimate discretion to award these funds and to determine if a student is eligible after the review process. The student services office will notify the student of the award. If a student is ineligible for the grant, the institution may determine if other aid sources are available to support the student's need, and the student will be notified if other options are available. Upon agreeing to receive the funding, each recipient must meet with a financial aid counselor to discuss the need for the grant as well as his or her completion plan.

Institutions will receive their allocation at the beginning of the year. Institutions will be required to report beneficiaries of this program through the SURDS database. This will allow the Department to measure the success of the program through a return on investment calculation.

In disbursing the aid to students, institutions should identify the most efficient manner to address the emergency. If possible, the institution should pay the vendor directly on the student's behalf. However, not all emergencies can be addressed this way, and not all institutions have this infrastructure in place. If the situation merits, or if the institution does not have the ability to pay the vendor directly, a check can be issued to the student. In their policy, each institution should identify scenarios where the vendor can be paid directly and those where aid is issued directly to the student.

### Emergency Completion and Retention Grant Program:

Pursuant to C.R.S. \_\_\_\_\_ Emergency Completion and Retention Grants are identified as important and evidenced based support to assist students in continuing with their post-secondary education when faced with a financial emergency.

Colorado's current financial aid programs are designed to reduce a student's cost of attendance and do not have the flexibility to address one-off financial issues that may impede a student's ability to stay in school or complete. Emergencies are not predictable, so providing aid that can be used to address unanticipated emergencies that force students to pick between continuing their education or paying for the emergency is an important completion and retention tool that will assist Colorado in increasing the number of annual credentials. The State's program is designed to provide up to \$1,500 per student, a life-time maximum per Institution, for financial aid to students pursuing their first credential who encounter emergencies. The program is funded at \$1.5 million total, which is intended to reach 1,000 students at an award level of \$1,500.

#### Purpose:

The purpose of the grant is to provide students with financial resources to address unanticipated emergencies that would force them to choose between withdrawing and continuing on their path to complete a post-secondary credential. The target population for this grant is students (please see the eligible student definition) who are near completion of their credential. While the Department does not wish to limit an institution's flexibility in awarding these funds, the purpose is to target the funds to students without the capacity to find funding or students from a population that is at a higher risk of stopping out. Priority for these funds should also be given to first-generation students, low-income students, or students without other identifiable resources to support their post-secondary education. In light of limited resources, this approach is targeted to assist the State in supporting increased credentials at a limited cost.

Institutions can use the state funding to leverage additional dollars from donors and to supplement any existing aid. To attract donors for a program, institutions may first need to demonstrate the results of the program. The state funds can serve as seed money to demonstrate the impact that a small dollar amount can have on student completion and retention. The Department views this funding as an avenue for each institution to be able to leverage existing dollars into additional completions or retentions and to provide investors with some matching funds to ensure that the state has skin in the game.

#### Definitions:

*Several definitions are dependent on the authorizing statute. Generally, the anticipation is to limit this appropriation to participating state institutions (public 2-year and 4-year, local districts, and area technical colleges).*

**Eligible Students:** A resident student pursuing their first credential in an eligible course of study. The student must meet the eligibility criteria outlined in the financial aid guidelines. Additionally, the student must have completed over 60% of their course of study and should be on track for graduation in the next semester or next year. Priority should be given to low-income students who do not have other financial resources to offset the cost of the emergency.

Each institution will be responsible for publicizing the grant program. However, the Department will publish the eligibility criteria in the annual guidelines and provide some basic materials on the intent of the program for institutions. This information can be disbursed to both students and faculty/staff. The Department can serve as a clearing house for this information and can provide examples of communications to institutions as needed. The Department recommends the following communication approaches:

1. *Email outreach to students*
2. *Posters in the financial aid, registrar and student affairs offices;*
3. *Fliers placed in key on campus locations to maximize awareness*
4. *Information included in orientation packets.*