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Improving the Financial Stability of Community College Students

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Improving the Financial Stability of Community College Students

Client – Federal Reserve Bank of Boston
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Background

The content of this publication was produced as an independent research project for the Regional and Community Development Department of the Federal Reserve Bank of Boston by students at the Harvard Kennedy School of Government.

Acknowledgements

We would first like to thank *Sol Carbonell*, *Dr. Brigitte Madrian*, *Dr. Phil Hanser* and *John Haigh* for all of their input, support and guidance over the course of the project.

We would also like to first like thank our subject matter experts for taking the time to provide us with insights that were vital to our analysis.

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1. Executive Summary

Background – Community colleges are responsible for educating nearly **half** of the nation's undergraduates and are vital for providing affordable post-secondary education, labor force retraining and skills enhancement.

Problem – Despite enrollment rates of community college students being at an all-time high, over the last 30 years **graduation rates are only 20%**, compared to 50% for 4-year college students.[2] By 2018, there will be a need for an estimated 22 million new college graduates, with six in 10 jobs requiring a postsecondary degree. With completion rates where they are now, however, there will be a shortfall of 3 million college graduates.

Key Drivers – Reduced financial stability is the primary reason for failure to graduate from community college. The main drivers of reduced financial stability are **gaps in educational funding**, **shifts in financial aid**, **concurrent employment**, **low socioeconomic status** and **limited family support**, and various **demographic factors**.

Current State – Most community colleges are intervening in a number of ways to help improve financial stability:
- Use of financial education courses and curriculum
- Emergency funding programs for students in high financial need
- Expansion of student loan programs to include private and other sources of funding

These, and other common approaches, do not directly address the key drivers of financial stability or have not been shown to be effective in the long term.

Recommendations – Based on our research, we have found 27 interventions holding strong promise to directly address the key drivers of reduced financial stability. Prioritizing these interventions by a number of **impact** and **feasibility** measures, we recommend 10 high-priority initiatives across three functional categories:

Financial Education
- Shift from theoretical training to more "rule of thumb" training
- Shift from theory-based training and topics to practical, real-world knowledge
- Encourage realistic expectations and forecasts before matriculation

Financial Products
- Make emergency funding and aid available to students
- Establish merit-based scholarships to encourage retention and stability

Financial Services
- Build a Financial Stability Center to bundle services in single location
- Provide a "pipeline" of services from pre-application to post-graduate
- Provide tools and support that enable students to screen for public benefits
- Assist with completion of the FAFSA
- Establish peer mentoring and coaching to build capacity and skills development

Next Steps – in the short term, we believe the Boston Fed should:
- Initiate dialogue with community colleges to begin local assessments of specific student financial stability issues and needs
- Partner or fund research on the impact of student financial stability interventions
- Actively engage current students to refine and further develop specific financial stability interventions

2. Background – Community Colleges in the United States

Community colleges, 2-year and typically public institutions, are responsible for educating nearly **half of the nation's undergraduates**. They provide lower and higher-level tertiary education through granting of associate degrees, diplomas and certificates. In addition, they prepare students to transition into 4-year colleges to complete bachelor's degrees and provide vocational education for work in specific sectors. Finally, they are a vital source of continuing education courses for personal and professional development – helping individuals at all educational levels strengthen or improve specific skills. Below we briefly describe the evolution of community colleges and the critical role they play in the education sector and the domestic economy.

2.1.History and Evolution

Figure 1 - Joliet College: America's First Community College (Est.1901, Illinois)

Community colleges began to gain prominence in the early 1900s. At the time, there was an increasing need for skilled workers to ensure that the U.S. would maintain its economic growth when faced with increasing global competitiveness. In addition, 75% of high school graduates were choosing not to continue their education, often because going to college involved relocation. During the same period, the proliferation of public schools led to an increased need for graduates who had the skills to serve their local communities.[9]

From a combination of these trends emerged the first community colleges. Although the earliest colleges were balanced in terms of public and private control, the common purpose was to serve the needs of the local community.[9]

While the earliest community colleges in the U.S. focused on liberal arts education, after the great depression, community colleges increasingly began to offer job training programs to help address the growing problem of unemployment.[9] After World War II, a number of military industries transitioned into consumer industries, requiring increasing numbers of skilled workers.[9] In 1948, the Truman Commission recommended the creation of networks of public community colleges to help serve the growing skilled worker gaps in local communities.[9] This initiated the rapid growth of the community college as a critical component of domestic education.

2.2.Growth and Role in Domestic Education Today

Figure 2 - First Responders Primarily Trained in Community Colleges

As of 2011, of the 4,706 registered degree-granting institutions in the U.S., 1,738 (36%) are two-year colleges.[1] However, despite the number of students who attend community college, it is sometimes taken for granted how critical they are to the educational needs of the domestic economy. According to the American Association of Community Colleges (AACC), 83% of first responders are trained at community colleges – this includes police officers, fire fighters, emergency medical technicians and others who are typically the first on the scene in the event of trauma or disaster.[9] They also provide highly specialized vocational and continuing education, and provide remedial and transfer education that allows high school graduates to pursue more traditional four-year degrees later on. In the future, we anticipate that the demand for and role of community colleges will only grow as globalization increases the need for greater specialization, particularly in health care, and post-secondary credentials will become increasingly important. It is important to understand the evolution, role and future of community colleges to better address some of the issues facing community college students today.

3. Overview

<u>3.1.Our Client Partner</u>

Figure 3 - Federal Reserve Bank of Boston

The **Federal Reserve Bank of Boston** is part of the United States' central banking system, which exists to promote sound growth and financial stability. The Boston Fed focuses on the New England region, which includes Maine, New Hampshire, Vermont, Connecticut, Massachusetts and Rhode Island. This engagement will involve working with the Regional and Community Outreach Department, whose mission is to work with local depository institutions and the public to identify local credit needs and develop innovative ways to address those needs.

<u>3.2.Policy Analysis Exercise Objectives</u>

Studies estimate a 16–27% return upon completing community college, compared to a high school degree alone
Some studies have found that even attending but not completing community college has a positive impact on earnings of roughly 9-13%.[13] When comparing community college graduates to students who only received a high school diploma, the returns are even greater. A number of studies have shown an increase of 16-27% in earnings from graduating from community college.[13]

Community college students have reduced financial stability, which can lead to reduced rates of graduation
Despite strong returns from graduating, many community college students never graduate. Many come from low- to moderate-income families; this results in reduced financial stability, which ultimately increases barriers to academic retention and reduces graduation rates. To help improve outcomes for community college students, the Financial Education Unit of the Federal Reserve Bank of Boston is currently investigating ways to address these issues through programs targeted at improving financial education and providing better access to financial services and related support services.

Study aims to improve student financial stability and inform the Boston Fed's long-term partner engagement strategy
The Boston Fed has also recently partnered with Bunker Hill Community College (BHCC), which will serve as the pilot organization for proposed improvement efforts. To help select pilot initiatives, the Boston Fed will need to investigate best practices and proven models aimed at improving financial capabilities for students at community colleges.

The results of this study will ultimately be used to inform the Boston Fed's partner engagement strategy. In the long term, the Boston Fed will assist in expanding these initiatives to other New England community colleges.

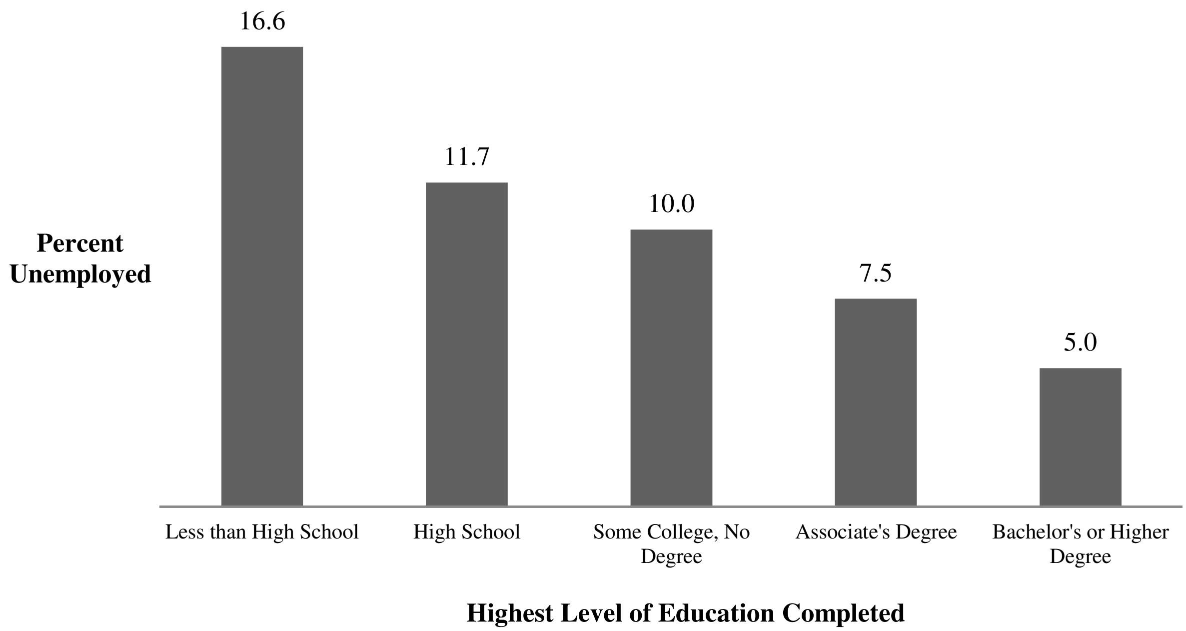
<u>3.3.Low Graduation Rates and Their Adverse Impact on the Economy</u>

Today, graduation rates in both 2- and 4-year colleges have reached a new low. Looking at data collected over the last 30 years, college enrollment is at an all-time high. However, more than 50% of students who begin a 4-year education do not graduate, and only 20% of those who pursue a 2-year degree graduate within 3 years.[2] The need for all colleges, but especially community colleges, to increase graduation rates has never been higher.

Graduation Rates over Last 30 Years[2]
4 Year College 50%
2 Year College 20%

Addressing low graduation rates is important, not only because of the impact low academic achievement and dropping out can have on individuals and their families, but also because of the detrimental impact it can have on the health of the economy as a whole.

Figure 4 – Labor Force Participation Rates and Educational Attainment in 2010[3]



In 2010, for example, unemployment rates for those with an associate degree were 4.2 percentage points lower than those with a high school diploma alone.

The effects are even more pronounced over the long term. According to a study by the Bill and Melinda Gates Foundation, by 2018, the U.S. economy will need an estimated 22 million new college graduates, with six in 10 jobs requiring a postsecondary degree. Stated another way, for millions of Americans, a postsecondary education is a ticket out of poverty and into the middle class.[2]

With completion rates where they are now, however, there will be a shortfall of 3 million college graduates.[2] To help combat these issues, in 2009, President Barack Obama set a goal for the United States to have the highest proportion of college graduates in the world – with a goal of 5 million new "degree and certificate" holders in the next decade.[8]

3.4.Weakened Financial Stability and Graduation Rates

The link between community college completion and financial stability is both anecdotally and statistically clear – one of the primary reasons students cannot complete school is because they run out of money to pay for it or must take steps to earn such money. This fact is strongly reinforced by a recent survey conducted by the Bill and Melinda Gates Foundation.

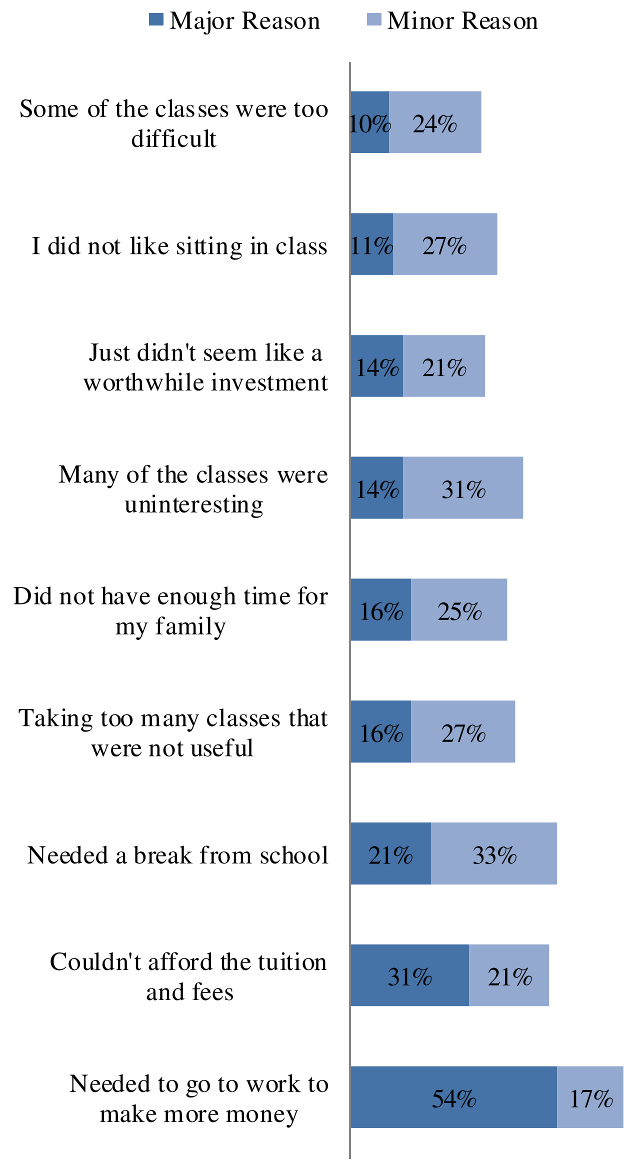
In 2009, the Gates Foundation conducted a broad survey of community college students aged 22 to 30 who either graduated or did not. The study identified that the main reasons behind non-completion were having to balance work and school, lack of financial and other support systems, not being prepared for school, and making suboptimal choices of program or college.[8]

Work is the primary reason most students leave college
The Gates foundation study found that 36% of students chose to leave college to work, even when students had grants that fully covered tuition and books.[8] In many cases, the need to work full time and meet family commitments were major reasons that students also chose not to go back once they had left.[8] In addition, the difficulty of balancing part-time or full-time jobs, classes, and family and other commitments made it difficult to continue in college. Work was also borne out of necessity in many cases; although grants and loans covered tuition and books, work was needed to meet all other financial commitments.[8]

Not being able to afford tuition and fees
31% of students cited that they could not afford school tuition and fees. A number of national studies show that students who leave college early are more likely than their peers to come from a less privileged background and live in a less stable financial situation. In addition, nearly 6 in 10 college students who left college said they had to pay for it themselves with no help from their families.[8] This is in sharp contrast to 6 in 10 that complete college, who had financial help from their families.

Attending college for the wrong reasons
It is often believed that all college students go through a grueling preparation and selection process before entering a college they have spent many years deciding on. According to the same study, it was actually found that most students who leave college made their choice to attend under more constraints and after much less deliberation than their counterparts who graduated.[8] Nearly 60% of students who did not graduate chose their school primarily based on its location, its schedule and because its fees were affordable.[8] Less than 30% chose the school based on reputation of the institution or the job prospects upon graduating.[8] In addition, only 25% of these same students consulted with friends and family on the decision before it was made.

Figure 5 - Cited Reasons for Not Graduating from Community College[8]



3.5.Factors Influencing Weakened Financial Stability

While the survey above helps to elucidate barriers to students' financial stability and academic success, there are many underlying drivers behind weakened financial stability. Identifying these drivers will enable us to ensure that we can directly address them through our proposed recommendations. Based on our research, below we present a number of **economic, social** and **demographic** factors that we believe are contributing to reduced financial stability in community college students.

3.5.1. Educational Funding – Shift toward Loan Funding is Increasing Student Risk

The cost of post-secondary education is rising rapidly in the U.S. In response, both federal and state governments, as well as schools themselves, are shifting away from providing grants and toward providing loans.[9] However, as community colleges students' financial aid packages are increasingly composed of debt, the idea that funding is improving their financial stability is lost. Students are simply shifting financial instability from the present, when they were expected to pay for school out of pocket, to the future, when they must make their loan payments.

Overall, the shift toward greater reliance on student loans requires greater knowledge of loan contracts, payment schedules, and interest schedules – knowledge that many students lack.

3.5.2. Educational Funding – Gaps in Public Funding Coverage

Although 59% of community college students apply for financial aid, only 46% receive it
According to Table 1, the average annual tuition cost of attending a community college was $3,130, which even if prorated for four years, would be far lower than the average cost of attending a four-year public institution. Nevertheless, if we continue to look at Table 1 we can see a startling fact – despite the lower cost, the majority (59%) of community college students ask for federal aid, and of those students, only 46% receive it.

The fact that the majority of students ask for aid indicates the vulnerable financial state that students are in upon matriculation; students cannot afford to attend the school without assistance. Yet, we see a 13 percentage point difference between those who apply and those who receive funding, indicating that there are likely many students who attempt to attend with insufficient funds. Moreover, even if a student applies and is given funding, this student could be granted less aid then needed, and as a result, still remain in a difficult financial situation while in school.

Total cost of attendance is higher than what Federal funding provides, leaving many students unable to pay full costs
It is also important to note that although Table 1 illustrates annual tuition and fees, which are the only costs that public funding sources will provide for, the total cost of attendance is often far higher once we take into consideration all other costs needed to attend a school. We can also see that there is a high need for aid of all kinds, as opposed to only applying to federal aid through the FAFSA as many did in the past, again signaling low financial stability among community college students.

Table 1 - Tuition Costs and Financial Aid Distribution[10]

Average Annual Tuition and Fees (2012–2013)
Community Colleges (public, in district)—$3,130
4-year Colleges (public, in state)—$8,660

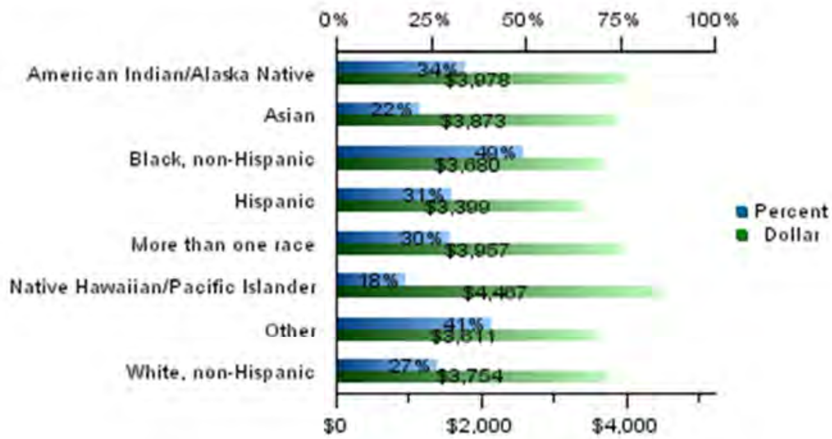
Community College Student Financial Aid (2007–2008)	
% of students applying	**% of students receiving**
Any Aid—59%	Any Aid—46%
Federal Aid—42%	Federal Grants—21%
	Federal Loans—10%
Other Aid—17%	State Aid—13 %
	Institutional Aid—11%

3.5.3. Educational Funding – Gaps in Public Funding and High-Need Groups

Public funding provided to students, especially minorities, is not enough to cover costs
73% of Title IV funding, which includes federal loans and grants, is disbursed to minorities[11], even though minorities comprise 43% of the student population of community colleges.

Because this Title IV funding is disbursed based on need, we can see that minorities in community colleges have a disproportionately higher need for funding than non-minority students. This is consistent with other studies that indicate minority students, on average, have a lower average Socioeconomic Status (SES) than non-minority students.

Figure 6 - Community College Students Receiving Title IV Funding by Ethnicity[11]

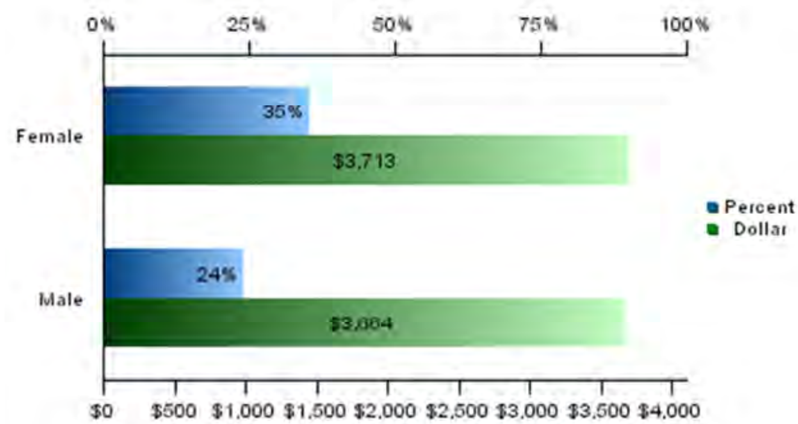


We see in Figure 6 that minority students, who are typically higher need, are not receiving enough financial aid to cover their costs and that other funding sources and supports may be necessary.

Female students receive more public funding than men, but still do not receive enough
Looking at Figure 7, we can see that female community college students typically need and receive more funding than male students.

35% of female community college students required some form of Title IV aid, compared to only 24% of men.[11] Considering that women comprise 57% of community college students, this indicates that as a group, women account for a significant amount of total federal aid allotted for community colleges.[10] The fact that this gap in need exists indicates in some way that women entering community college are less financially stable than men and therefore may have a more difficult time paying for college.

Figure 7 - Community College Students Receiving Title IV Funding by Gender[11]



One factor that may contribute to this gender gap, and which will be discussed further below, is that 16% of community college students are single parents.[10]

3.5.4. Time Management – Concurrent Employment and School Attendance

Community college students are more likely than 4-year college students to work while attending school
While a full course load is typically challenging on its own, having to work part or full time in addition to school can make it difficult to attend classes, complete assignments and ultimately meet the academic requirements to graduate. In our research, we found that community college students are far more likely to work part time or full time while attending college than 4-year degree students. In fact, while 45% of 4-year college students work part time (20 hours or more per week), 60% of community college students work part time, with 25% even choosing to work full time at more than 35 hours per week.[8]

In Table 2, we can see that a student's decision on school attendance affects whether they choose to work full or part time – a greater percentage of students choose to work part time when in school full time rather than part time. Despite this, we can see that even when in school full time, 70% of community college students choose to work in some form, which creates enormous time and effort pressures. Moreover, 21% of full-time students choose to work full time as well, which puts them at the greatest risk of having academic issues or failing to graduate.[2]

Table 2 – Community College Attendance Status and Employment Status[10]

School Attendance Status	Employment Status
Full-Time —41%	Employed Full Time—21%
	Employed Part Time—59%
Part-Time —59%	Employed Full Time—40%
	Employed Part Time—47%

3.5.5. Student Demographics – Lower Socioeconomic Status and Limited Support Systems

Community college students are much more likely to be from low Socioeconomic Status (SES) households than their peers at 4-year colleges. Ultimately, this translates into lower completion rates for community college students from low SES households; low-income students are 28% less likely than middle- or higher-income students to complete college.[2] Below we further explore how low SES affects community college graduation rates.

Lower Socioeconomic Status (SES) students start with limited savings, which can lead to lower graduation rates
Students coming from lower SES backgrounds often begin college with lower levels of personal savings, which results in important personal needs not being met or being traded off with the choice to attend college. A study by the Boston Fed found that paying for food, housing and transportation are the most common concerns of community college students. This means that, in the case of financial emergencies, for many students the only choice left is to leave school.

Lower SES students have reduced financial capabilities and family expectations to graduate
Students from lower SES families often have less practice at home with financial skills such as setting budgets or handling credit card debt. Community college students are also more likely to come from families with lower expectations for graduating from college – in fact, 40% of community college students are the first in their families to attend college.[10]

Lower SES students have limited support systems to help cope with academic difficulties or financial emergencies
Given that a large share of community college students come from disadvantaged backgrounds, it is not surprising that this results in less family support when facing academic, financial or personal difficulties.[4] In addition, the majority of students who choose to drop out of college do not have parents who have a college degree.[8]

Low SES students are not as academically prepared to attend college
Individuals from low SES households are more likely to have come from a lower standard of K-12 education, which often results in students having to catch up to their better-prepared peers. Students from lower-SES backgrounds also have less parental guidance and reduced access to educational guidance in high school[7], which further leads to suboptimal choices and inadequate preparation for college.

3.5.6. Student Demographics – Ethnicity

Minority students comprise a significantly larger proportion of community college students than 4-year colleges
Community colleges tend to have greater minority representation than their 4-year college peers. Based on 2010 enrollment data from the National Center for Education Statistics (NCES), visible minorities comprised roughly 33% of 4-year colleges, but 43% of 2-year colleges.[4] Looking at Table 3, we can see that Black students represent 15% of all community college students and Hispanic students represent 18%. If we look at Table 4, we can see that of all Black undergraduates in the U.S., 42% attend community college, and of all Hispanic undergraduates 49%, attend community college. Moreover, 56% of Native American undergraduates attend community college.

Minority graduation rates, especially for Hispanic students, are lower than those of White students
Compared to White students, Hispanic students are much less likely to complete community college once they have started.[4] In a 2002 study of Hispanic students in 2-year colleges, only 20.8% of Hispanic full-time students who had indicated it as their goal had attained degrees while 32.7% were no longer enrolled.[4] For part-time students, only 4.4% of part-time students completed an associate degree within three years, and 54.7% were no longer enrolled in college.[4]

Because Hispanic students frequently stand at the nexus of English as a second language and the common barriers that apply to all minorities, such as a lower average SES and a lack of robust community supports, Hispanic students in community colleges find themselves most at risk for non-completion.[5]

Table 3 - Community College Student Demographics[10]

Age	
Average	28
Median	23
< 21	39%
22-39	45%
40+	15%

Ethnicity	
White	52%
Hispanic	18%
Black	15%
Asian/Pacific Islander	6%
Native American	1%
Other	9%

Gender	
Women	57%
Men	43%

Other Key Demographics
- First Generation to Attend College—40%
- Single Parents—16%
- Non–U.S. Citizens—7%
- Students with Disabilities—12%
- Veterans—3%

Table 4 - Community College Students among Undergraduates (2012) [10]

Undergraduate Segment	% who are community college students
All U.S. Undergraduates	45%
First-Time Freshmen	45%
Native American	56%
Hispanic	49%
Asian/Pacific Islander	44%
Black	42%

3.5.7. Student Demographics – Age, Gender and Dependents

Higher average age of students in community college tends to reduce availability of financial support
Four-year colleges have, on average, a younger student population than community colleges due to the fact that most students at 4-year colleges begin right after high school. The student body of community colleges also tends to have a wider distribution in age. In addition, as seen in Figure 8, the average age of community college students is 29 years old, compared to 23 years old in four-year colleges.[9] Older students are also not as readily able to rely on parents and family for financial assistance.

Figure 8 - 4 Year vs. 2 Year Enrollment by Age (2012) [10]

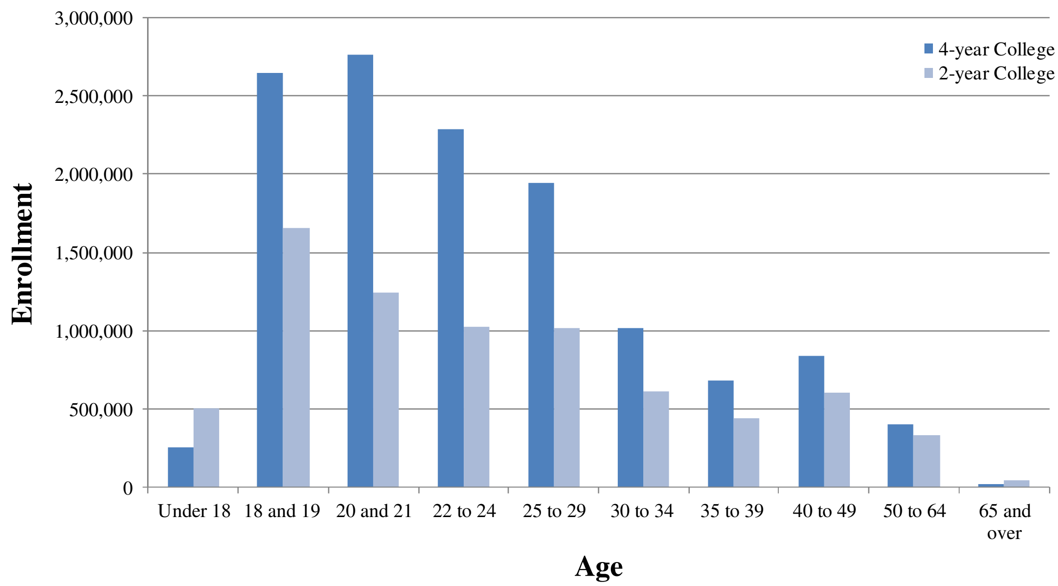
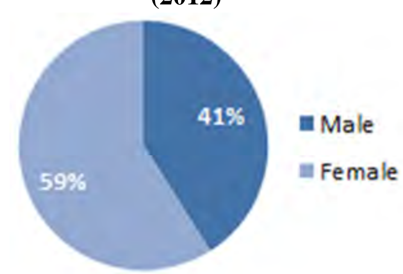


Figure 9 - Enrollment by Gender (2012) [10]



Higher female enrollment increases proportion of students with dependents
Community colleges have a higher enrollment of women than 4-year colleges. We see in Figure 9 that in 2012, 59% of community college students were women. This fact, combined with the higher average age of community college students, results in a much higher likelihood of community college students who have dependent children. In fact, 23% of community college students have dependent children.[8]

Single parents are a large and high-need student population in community college
Looking at Table 3 above, we can see that a significant proportion of community college students are single parents (16%). Single parent students are perhaps the most vulnerable to reduced financial stability, as the student is the both the sole child care provider and income source in the household. When balanced with work and school, this situation will often lead to low attendance, a need to skip semesters to pay tuition, or even dropping out in cases where balancing so many competing priorities becomes overwhelming. Low financial stability for single parents has become such a priority issue that many federal assistance programs are targeted directly toward serving this student population.

4. Current State – Approaches and Limitations

There are a number of approaches currently used to help improve financial stability and ultimately academic outcomes for community college students. Based on our analysis, however, these approaches must be enhanced to offer more substantive improvements in outcomes for this population.

4.1.Categorizing Approaches to Improve Financial Stability

At a high level, we see three main channels through which financial stability can be addressed. Table 5 below describes these channels in more detail.

Table 5 - Approaches to Improve Financial Stability

Education	Services	Products
• Workshops, seminars, courses and sessions where a curriculum is taught on how to manage one's finances. • The goal is to help students make better financial decisions in academic and personal situations. • Courses include those that teach students how to handle loans, budgeting, rent spending or handling credit card debt.	• All services that directly provide support for students as they actively make financial decisions throughout their schooling. • Process changes that improve the provision of these services through partnerships or other optimizations. • Services include individual financial counseling or public benefit eligibility screening.	• All products and direct resources that help students reduce the burden of paying for community college, accompanying living expenses or any unforeseen circumstance that may arise during school. • Some products may also help students leave community college on a more stable footing than when they began. • Products include emergency loans, individual development accounts (IDAs) or community-work loans.

4.2.Limitations of Current Approaches

Community colleges are intervening in a number of ways to help improve financial stability for their students. However, many of the current approaches taken do not directly address the key drivers of financial stability or have not been shown to be effective in the long term. Below, we discuss what community colleges are doing today, including some of the limitations of these approaches, before we construct and put forward alternatives.

4.2.1. Financial education courses and curriculum are pervasive but limited in both delivery and effectiveness

Limited evidence on efficacy of financial education
To date, there has been little truly comprehensive quantitative or qualitative research conducted in the field to determine whether certain financial education interventions actually have a positive effect on an individual's financial stability. Some surveys have been conducted in recent years, however the most precise and accurate studies – randomized, controlled experiments – are rare or non-existent in judging the effectiveness of financial education.

Financial education is a relatively new field with limited large-scale programs that could be measured for impact
There are two main reasons why this lack of information on financial education exists. First, as many of our interviewees have noted, the field of financial education is still relatively new, and studies measuring improvement in life outcomes due to financial education are limited. Second, there have been few large-scale programs out there to actually study. While smaller programs that provide financial education do exist, larger programs, from which a researcher could draw more meaningful conclusions, have yet to be developed. Dr. Lew Mandell, an expert in the field, indicated that the **lack of data and large-scale experiments** remains the top issue in the field of financial education today.

Recent studies show limited short-term impacts from financial education, but no long-term impacts
Although there have been few comprehensive studies on the impact of financial education and support services, there are still important conclusions that can be drawn from current studies. Overall, we found that the results on the impact of financial education were mixed. A majority of studies showed no long-term impact at all. Nevertheless, there was some agreement within our research that indicates financial education interventions do provide short-term results.

Despite limited evidence, financial education is used as a central means for improving financial stability
To address many of the concerns of financial stability, financial education is consistently delivered to students entering community colleges in the U.S. Many financial education courses consist of seminars teaching students how to create weekly budgets, reduce credit card debt or better manage funds to pay for school. In many ways, however, the current efforts involving financial education are insufficient. For example, many in-person workshops rarely exceed two to three hours in length. In addition, even when longer half-day or full-day sessions have been adopted, there is still limited long-term behavioral change that can be expected from these interventions alone.

4.2.2. Emergency funding is used as a primary support service

Emergency funds alone are likely not enough to address the issues faced by students at risk of not graduating
Many community colleges have turned their attention to providing emergency funding to their students. While these efforts are commendable, most emergency funds are too small to be effective in helping students get through the difficult situations that would otherwise cause them to miss classes or drop out completely.

For example, at Central New Mexico Community College (CNM), “Rust Scholarships,” small scholarships typically between $100 and $300, are provided to students who are in immediate need and at risk of dropping out.[14] Because community college students tend to be of lower SES on average, however, the situations that these scholarships address are not usually one-time occurrences, and with limited funding, these types of interventions alone are often not enough.

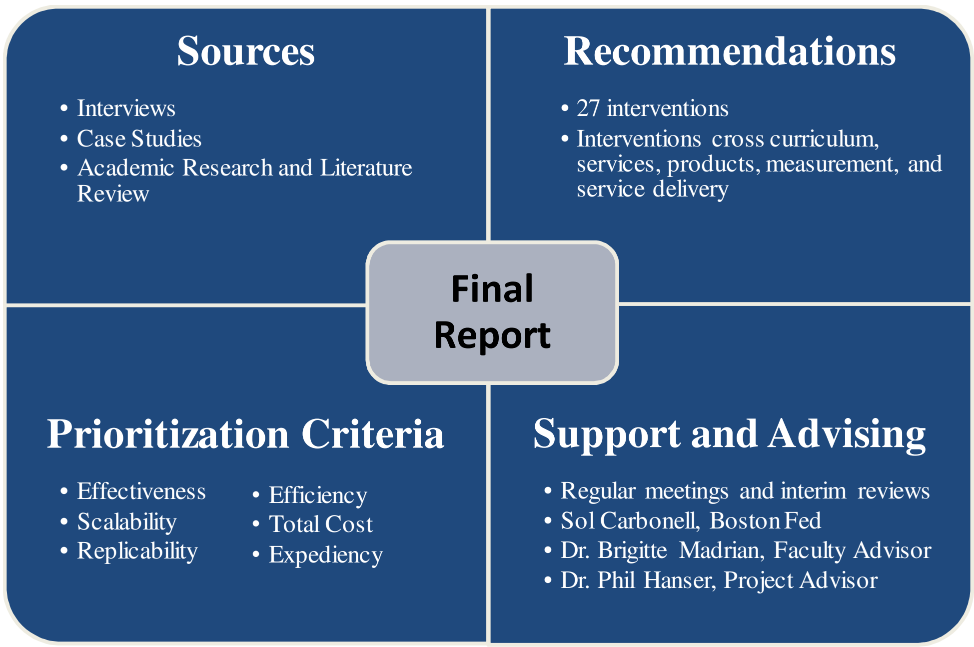
4.2.3. Types of student loan and assistance programs are expanded

Expansion of private loan funding is a positive step but also creates a new financial knowledge gap for students
Some community colleges have attempted to provide additional sources of financing to make completing school easier. Furthermore, they have worked to ensure that students exhaust the full amount of federal and state aid available to them before turning to more costly private alternatives. Some schools have also looked to private organizations in the community, such as large banks and financial services institutions, to provide special scholarships or loans to students who are at risk. While access to more sources of funding is a positive step forward, an overall lack of information about available resources, and even the new, often complex loans students are taking out, can result in students making risky or suboptimal financial decisions.

5. Research Methodology

Below we outline the process by which we conducted our research and developed a final set of prioritized recommendations. Our recommendations were selected based on demonstrated effectiveness in community colleges in the U.S. To find field-tested interventions, we interviewed 10 relevant subject matter experts and reviewed a broad base of case studies and academic research. Given the recent nature of academic interest in the field of student performance in community college, there is not yet a substantial body of evidence that empirically demonstrates the effectiveness of our chosen interventions. Despite this limitation, our proposed interventions have worked in a number of different contexts and could be valuable within a variety of community college settings.

Figure 10 - Research Methodology



<u>5.1.Sources</u>

5.1.1. Interviews
Interviews with professors, program administrators, researchers and content experts in the field of financial education and literacy were important for obtaining first-hand information about current research. These interviews also yielded valuable information on where to find relevant studies, programs and secondary research. Because impact studies and surveys in this field are limited, having first-hand opinions and insights on successes and failures proved to be critical for selecting and prioritizing interventions.

5.1.2. Case Studies
We identified and examined community colleges across the U.S. that ran programs and services to improve student financial stability. Speaking with program administrators and evaluating research and data on the programs, we were able to understand how each program worked and gather evidence on their relative effectiveness.

5.1.3. Academic Research and Literature Review
Academic research and studies in the community college context provided us with proven interventions. To maintain the validity of our results, we looked only at research that best applied to community college students specifically and addressed the problems we are trying to solve. This research also provided generalized qualitative and quantitative evidence from which we could help to judge, evaluate and prioritize all of our recommendations.

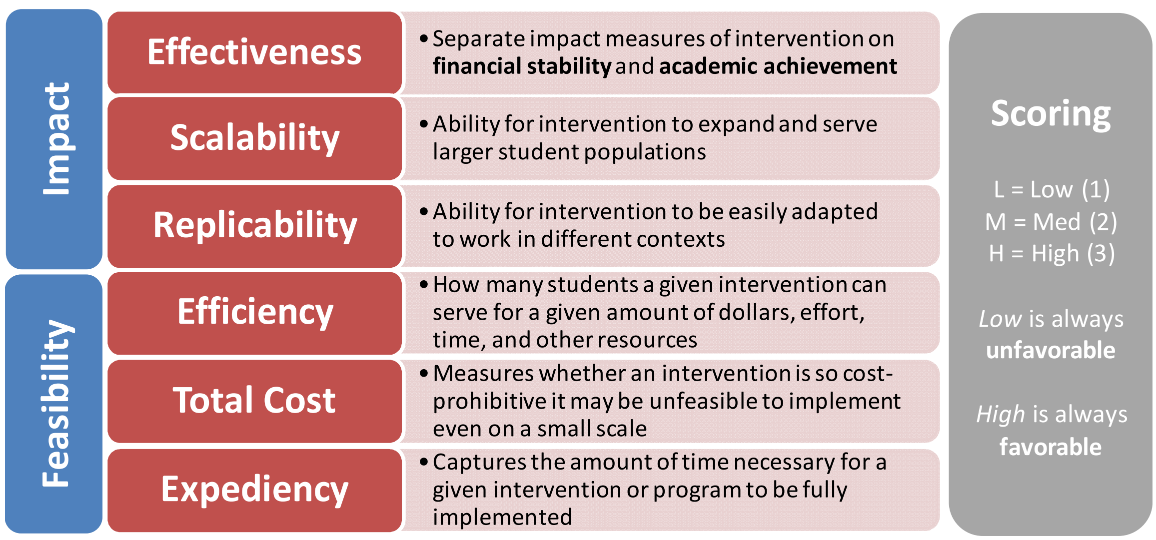
5.2.Prioritization Criteria

In prioritizing our recommendations, we took into consideration the most important objectives of the Boston Fed and what community colleges would look for when evaluating intervention options. Below, we present the criteria we used to help prioritize our interventions, with **effectiveness** (financial and academic impact) and **scalability** being the most critical.

5.2.1. Categorization
Based on the current approaches to address financial stability outlined in section 4.1, we grouped recommendations into three categories: **Education**, **Products** and **Services**. Recommendations are numbered depending on the category they fall into, with E1 being the first recommendation in the Education category, P1the first in Products, and S1 the first in Services.

5.2.2. Scoring
Each recommendation is rated from **L (low or 1)** to **H (high or 3)** across each of the criteria below. **Low** is always the **least optimal** rating for any criterion and **high** is always the **most optimal** rating. It is also important to note that while this scoring was done to help prioritize recommendations, the design and implementation of each recommendation can vary considerably, and the scoring should be used only as a starting point to help narrow the set of available options.

Figure 11 - Prioritizing Our Recommendations



Impact Measures

5.2.3. Effectiveness
Effectiveness is a set of two separate measures of the expected impact a given intervention will have on a community college student's *financial stability* and *academic success*. This is measured both in terms of how large the expected impact of the intervention would be and how long the impact is expected to last.

5.2.4. Replicability
Strong interventions will be those that can be easily adapted to fit different contexts. A given intervention may prove effective and successful in one situation, but unless it can be effectively applied to other contexts, it may not be broadly useful. Replicability will be assessed according to the availability of resources needed to replicate an intervention, such as unique partnerships or funding, and fit to demographic and other characteristics of New England community colleges.

5.2.5. Scalability
Since Bunker Hill is the largest community college in New England, it is important that an intervention that typically serves much smaller populations will have the ability to scale up to serve a larger student body. Scalability will be assessed according to an intervention's history of serving a large population, potential costs of scaling up, and availability of the resources needed to scale up.

Feasibility Measures

5.2.6. Efficiency
A measure of how many students a given intervention can serve for a fixed amount of inputs including effort, time and other resources. This measure will help us determine whether one intervention has the potential to serve a large number of students at the community college for the same resources as another. Because community colleges have limited resources, this measure will allow us to prioritize interventions that can potentially serve a larger number of students for minimal increases in investment.

5.2.7. Total Cost
This measure is used to ensure that we capture which interventions are prohibitively high in cost. Although certain interventions may be beneficial, if the investment required is too high, it may not be possible for a community college to implement, even on a smaller scale.

5.2.8. Expediency
Expediency will capture the amount of time necessary for a given intervention or program to be fully implemented. If a recommendation were to take a relatively long time compared to another, then a community college may have a harder time marshaling continued political, financial and logistical support within their organization. In addition, the longer the implementation takes, the larger the opportunity cost for the community college, which in this case could mean better academic achievement obtained by having chosen to implement a recommendation that could have been implemented more quickly.

6. Recommendations

Below we present our analysis of the recommendations that we have found in our research to be most effective in addressing the various challenges community college students face. Of all the suggested recommendations under consideration, we present those that strike the most optimal balance across our evaluation criteria. Appendix B includes our analysis for all recommendations.

6.1.High-priority Recommendations

Based on our analysis of 27 potential interventions, we believe the following 10 present the best balance of efficiency and effectiveness and would likely be the first measures that New England community colleges should consider. We have also divided recommendations into three functional categories: (Financial) Education, Products and Services.

6.1.1. Education

Recommendation E3: Shift from theoretical training to more "rule of thumb" training
The retention of financial knowledge is essential to community college students making positive financial decisions that will ultimately improve their financial stability. To that end, there is a common belief in the financial literacy field that teaching theoretical and abstract concepts to students will often be forgotten – as stated by Professor J. Michael Collins during our interview. Therefore, a shift to more easily remembered and relatable "rules of thumb" or rough estimations of key concepts are seen as more beneficial in teaching financial literacy and having a greater impact on financial stability. In fact, quantitative research conducted by MIT using "rules of thumb" among financial literacy courses for individuals in the Dominican Republic (admittedly a non-target population) showed significant improvements in the way people managed their finances.[19]

Recommendation E4: Shift from theory-based training and topics to practical, real-world knowledge
Financial literacy courses and sessions typically focus on theory-based curriculum, such as accounting principles, basic economics or money management.[20] This knowledge tends to be less effective for helping students make pertinent, real-world decisions about personal finance concerns, such as credit card debt, loan interest rates or even rental agreements, where specific knowledge and prior experiences are often most valuable. As a result, community colleges would be better served switching resources to teach their students these practical and real-world ideas and concepts.

6.1.2. Products

Recommendation P1: Make emergency funding and aid available to students
For students with low financial stability, unexpected financial emergencies can often result in missed classes or higher dropout rates. For instance, a student facing eviction because of the inability to make rent payments may drop out if they face the risk of homelessness or transfer to temporary housing. The availability of emergency funding from community colleges can help dampen these situations and enable students to stay connected with the school. Community colleges can provide $300 to $800 grants or scholarships to students who demonstrate extraordinary financial need during school. MDC (Manpower Development Corp.), in a study on "Clearing the Financial Barriers to Student Success," which evaluated community college financial stability programs in 10 community colleges, recommended strongly that community colleges "build the capacity to make emergency loans and grants."[14]

Recommendation P4: Make alternative aid and support available to students
Students who are financially unstable require a number of different types of aid, both monetary and non-monetary, to improve their academic retention. For instance, many single-parent community college students have difficulties paying for affordable child care, which makes it challenging to pay tuition for the semester or attend classes regularly. In addition, other education-related expenses, such as textbooks, school supplies and even subway/bus cards, make paying for schooling and personal life difficult to maintain. To help address this, community colleges should work with their partners to help provide students with scholarships, vouchers or even in-kind donations to help cover these costs and help reduce other logistical burdens.

6.1.3. Services

Recommendation S1: Build a Financial Stability Center to bundle services in single location
While community colleges may provide many disparate support programs for students to improve financial stability, these programs are often scattered amongst different offices, initiatives and personnel on campus. This can confuse students and lead to an inefficient use of college resources. A stand-alone financial stability center would provide a single location to receive all related services, training and support. Also, it would emphasize the need for students to receive comprehensive, bundled services as opposed to one-off services. For instance, students could take financial literacy seminars at the same time as receiving financial counseling and applying for pertinent public assistance and aid. A study by MDC evaluating the Center for Working Families Financial Stability Services in community colleges found that 61% of students at Central New Mexico Community College who received bundled services were successful in achieving their short-term financial goals. Only 16% that received one of three services achieved similar results.[6]

Recommendation S3: Provide a "pipeline" of services from pre-application to post-graduate
In our interview with Lalita Booth, she indicated that the delivery of support services to community college students is often heavily fragmented, with many services offered inconsistently throughout a student's tenure. She emphasized the need for critical service delivery throughout a student's connection with the college. This "pipeline" – a term borrowed from the Harlem Children's Zone's pipeline from a child's birth to college – would provide students with financial stability services beginning as soon as they are accepted to community college and through post-graduation, when the program would check to see if they had met their goals. During this period, students would have access to all support services on a fixed schedule that is known and communicated at the beginning of each semester.

Recommendation S5: Provide tools and support that enable students to screen for public benefits
Community college students are often eligible for many public assistance benefits that they are unaware of and do not apply for. These benefits, such as SNAP/EBT (food vouchers), can provide substantial help to students as they work to free up resources to pay for their education. Aside from public benefits, students also are often unaware of benefits and aid available in their local city, town or from private institutions and non-profits. As a result, it is critical that community colleges provide tools and support for students to gather information about these programs, determine their eligibility, and apply.

Recommendation S8: Assist with completion of the FAFSA
The FAFSA (Free Application for Federal Student Aid) is the primary means through which community college students receive financial aid from the government and from the university. However, students often fail to fill out the form or fill it out incorrectly, which severely limits their overall aid and loan access. Students who fall in this category have greater trouble paying for school and are more likely to have greater issues with their financial stability. Community colleges can help to correct this by offering free assistance to all students in filling out the FAFSA application using trained staff and volunteers. The American Association of State Colleges and Universities cited "examine and seek to improve efforts to help students complete the FAFSA" as a key recommendation in their report on how to boost financial literacy in America.[23]

Recommendation S10: Establish peer mentoring and coaching to build capacity and skills development
The opportunity for peer mentoring and coaching around both academic and financial stability is immense, however, volunteers would be necessary. Therefore, community colleges should look to identify, recruit, train and build a corps of peer mentors, volunteers and coaches who can help provide services to students throughout college. These individuals could not only provide advice and support for students going through difficult financial times – support that can often only be relatable from a student who went through the same circumstances – but could also provide academic, tax preparation, FAFSA and other assistance. This can also be beneficial to peer mentors and coaches themselves, as the program will give them the opportunity to obtain skills through training others to become peer leaders, tax preparers (certainly for business and economic majors) and FAFSA preparers. Overall, students may feel more comfortable reaching out and engaging with peers who have dealt with these issues before, which could help students better connect to services and improve their financial stability.

6.2.Summary of Recommendations and Scoring

The table below summarizes all recommendations and displays our aggregate ratings for all **impact** and **feasibility** criteria. The color indicates the aggregate rating: **red** means **low (<1.5)**, **yellow** means **medium (1.5 – 2.5)** and **green** means **high (>2.5).** Recommendations scoring highly *for both criteria* are filled in **blue** in the ID column.

Table 6 - Summary of Recommendations

ID	Recommendation	Imp.	Feas.
	Education Recommendations		
E1	Focus on "just-in-time" curriculum delivered close to major decision points	1.25	3.00
E2	Make training mandatory in areas of critical, specific knowledge	1.50	2.33
E3	Shift from theoretical training to more "rule of thumb" training	2.25	2.33
E4	Shift from theory-based training and topics to practical, real-world knowledge	2.25	2.33
E5	Tailor training to incorporate personalized scenarios and technical assistance	1.25	1.67
E6	Use active, experiential, problem-based learning in training	1.50	2.33
E7	Provide training and curriculum through novel means	1.50	1.67
E8	Use motivational role models in class discussions and case studies	1.25	1.00
E9	Provide schedule-friendly and flexible training to students	2.00	1.67
E10	Encourage realistic expectations and forecasts before matriculation	2.50	2.00
	Product Recommendations		
P1	Make emergency funding and aid available to students	2.00	1.67
P2	Create Individual Development Accounts (IDAs) for students	1.50	1.00
P3	Establish performance-based scholarships to encourage retention and stability	2.25	1.67
P4	Make alternative aid and support available to students	2.25	1.00
	Service Recommendations		
S1	Build a Financial Stability Center to bundle services in single location	2.50	1.67
S2	Provide one-on-one financial counseling and coaching to students	2.25	1.67
S3	Provide a "pipeline" of services from pre-application to post-graduate	2.00	2.00
S4	Segment student population and service delivery by need	1.50	3.00
S5	Provide tools and support that enable students to screen for public benefits	2.00	2.67
S6	Build a financial stability "hotline" for students	1.75	2.00
S7	Build partnerships with organizations in community to build capacity	1.25	2.33
S8	Assist with completion of the FAFSA	2.00	2.33
S9	Assist with completion of taxes	1.50	2.33
S10	Establish peer mentoring and coaching to build capacity and skills development	2.00	2.33
S11	Establish peer "learning communities"	2.25	1.67
S12	Create leadership and advisory committee for financial stability programs	1.75	2.00
S13	Conduct rigorous study and evaluation of onsite programs	1.25	1.33

6.3. Conclusion and Next Steps

"In the coming years, jobs requiring at least an associate degree are projected to grow twice as fast as jobs requiring no college experience. We will not fill those jobs – or keep those jobs on our shores – without the training offered by community colleges." – President Barack Obama

Today, community colleges are becoming an ever more important part of students' lives and livelihoods. Across the U.S. and certainly in New England, community colleges have become vital for providing necessary and affordable post-secondary education, labor force retraining and skills enhancement. However, although enrollment continues to rise, the ultimate promise of leaving with a granted degree is slipping away. This has led many, including us, to look seriously at the effect that financial stability has on the outcomes of community college students.

In our analysis, we have sought to better understand how to improve the financial stability of community college students, with the goal of improving academic achievement and reducing dropout rates.

We first established the link between a lack of financial stability and low academic retention and success – focusing on the idea that the single greatest barrier to completing school is the inability to balance getting an education with engaging in part- or full-time work. We then explored the key factors that drive weakened financial stability. In our analysis, we observed six main reasons behind reduced financial stability: **educational funding gaps**, **financial aid shifts**, **concurrent employment**, **socioeconomic status** and **limited family support**, and **student demographics**.

Knowing we needed to address these factors directly to help improve financial stability, we set out conducting research, interviews and literature reviews to create our core list of interventions. These 27 recommendations fell into three broad categories – **financial literacy/education**, **financial and support services**, and **financial products** – and were prioritized according to a number of impact and feasibility criteria that aimed to help meet the objectives of the Boston Fed and help community colleges identify key tradeoffs.

While those interventions that scored highly in both impact and feasibility criteria are likely to be the most optimal choices for New England community colleges, we recognize that this is only a starting point and many more factors, especially the specific challenges faced by the student body of the community college under consideration, need to be assessed to ensure that an intervention will be effective.

Next Steps

We hope that this report can be distributed to community colleges in New England, with a goal to stimulate further assessment and action to address student financial stability. Because of the relative infancy of research in the field of financial stability and student outcomes in community college, we also encourage the Boston Fed and its partner organizations to begin conducting more rigorous, robust, and large-scale studies on the impact of student financial stability interventions, particularly those interventions that do not just involve curriculum and teaching.

Finally, we hope that the Boston Fed, together with its community college partners, looks to initiate meaningful engagement with current and former students on this subject. In many cases, policymakers develop interventions that are theoretically and practically sound but have limited input from those directly impacted. This approach can work; however, student input and buy-in, solicited early, often and at all levels, helps ensure success.

Ultimately, we believe that the Boston Fed is positioned to make a truly positive contribution to maximizing the potential of community college students in New England, and in doing so, continuing to drive America's global competitiveness.

7. Appendix A – Key Contributors

Name	Organization	Area of Expertise	Project Role	Title
Sol Carbonell	Boston Fed	Financial Education	Client Lead	Director
Dr. Brigitte Madrian	Harvard University	Behavioral Economics and Financial Security	Project Advisor	Professor of Public Policy and Corporate Management
Dr. Philip Q. Hanser	Harvard University	Economics	Project Advisor	-
John Haigh	Harvard University	Management Consulting	Project Advisor	Executive Dean and Adjunct Lecturer in Public Policy
Dr. J. Michael Collins	University of Wisconsin, Madison	Financial Education	Subject Matter Expert	Faculty Director
Dr. Lewis Mandell	SUNY – Buffalo	Financial Education	Subject Matter Expert	Professor of Finance Emeritus
Dr. William Skimmyhorn	U.S. Army	Economics	Subject Matter Expert	Assistant Professor
Irene Skricki	Consumer Financial Protection Bureau	Financial Education	Subject Matter Expert	Senior Financial Education Program Analyst
Lalita Booth	Year Up	Financial Stability	Subject Matter Expert	Director of Special Projects
Ann-Lyn Hall	Central New Mexico Community College	Community Colleges	Subject Matter Expert	Executive Director
Kathleen B. O'Neill	Bunker Hill Community College	Community Colleges and Community Partnerships	Subject Matter Expert	Director – Single Stop

8. Appendix B – Evaluation of Recommendations

8.1. Education Recommendations

Recommendation	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
Recommendation E1: Focus on "just-in-time" curriculum delivered close to major decision points	1	2	1	1	3	3	3

While curriculum aimed at teaching students financial lessons and knowledge for decisions far in the future have shown no significant impact on financial behavior[15], there is hope that lessons taught to students right at the point where they need to make a financial decision may have a greater impact on their future choices. Dr. Lew Mandell states that just-in-time curriculum prevents loss of financial literacy information by students and may be an important place for schools to begin to shift their teaching models for financial literacy. Ted Beck and Brent Neiser of the National Endowment for Financial Education also champion the idea in their "Lessons Learned in Financial Education"[16] provided to the SF Federal Reserve, although preliminary quantitative evidence on high school students (admittedly just outside our target population) shows that the evidence is still limited.[17]

Overall Assessment: This intervention receives a moderate rating in financial stability because of its ability to move financial behavior better than the status-quo curriculum and a high efficiency rating because of the need to hire one or two professionals to teach recurring sessions right before important financial decision points. It rates low in scalability because of the difficulties in hiring more staff to grow the program and maintain proper student-teacher ratios if more students are to be included.

Examples: Just-in-time lessons have been suggested in the days or weeks right before students make final student loan acceptance decisions, fill out their FAFSA, decide on car and rent payments, or even choose their work-school schedules for the semester.

Recommendation	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
Recommendation E2: Make training mandatory in areas of critical, specific knowledge	1	1	2	2	2	3	2

Traditionally, financial literacy sessions have been voluntary in community college – perhaps leaving a gap between those who actually need help and those who would benefit but do not attend. There is therefore a strong argument to be made that in specific areas where critical financial literacy information and training is necessary that students be mandated to attend. EveryFi and HigherOne conducted a survey and research of first-year college students and found that at least anecdotally mandating completion of courses would result in dramatic positive changes in financial behavior.[18] The need to limit this to important and specific knowledge may, from our perspective, help to ensure that students' time is spent on information that will yield the most potential impact and knowledge that is specific enough to warrant special attention.

Overall Assessment: There is little quantitative evidence on the efficacy of mandatory courses; however, there is evidence showing that students forget material geared to improve future decision making. As a result, this intervention receives a relatively low rating for financial stability effectiveness. However, it does receive a high rating in efficiency due to the ability to teach many students with the hiring of few staff. Expediency of implementation could be more difficult because mandatory courses would require extra work to perfect the curriculum.

Examples: We could imagine mandatory sessions taking place during student orientation as well as the beginning and end of other subsequent semesters. They could focus on how to finance school and personal life for the upcoming year through loans and aid or budgeting car, rent and student expenses for the semester. At Pensacola State College, financial literacy classes are mandatory for all students who are receiving any form of financial aid.

Recommendation E3: Shift from theoretical training to more "rule of thumb" training	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	1	2	3	3	3	2	2

The retention of financial knowledge is essential to community college students making positive decisions that will ultimately improve their financial stability. To that end, there is a common belief in the financial literacy field that teaching theoretical and abstract concepts to students will often be forgotten – as stated by Professor J. Michael Collins during our interview. Therefore, a shift to more easily remembered and relatable "rules of thumb" or rough estimations of key concepts are seen as more beneficial in teaching financial literacy and having a greater impact on financial stability. In fact, quantitative research conducted by MIT using "rules of thumb" among financial literacy courses for individuals in the Dominican Republic (admittedly a non-target population) showed significant improvements in the way people managed their finances.[19]

Overall Assessment: Because "rules of thumb" are easily understood and tend to be less complex to explain, they can be disseminated across many different platforms: from courses and sessions to social media and email/text messages. Therefore, this intervention rates highly in terms of scalability, expediency and efficiency. Its financial stability effectiveness is limited only by its inability to convey more in-depth ideas and opportunities for miscalculation in financial decisions a student may come across.

Examples: "Rules of thumb" can be useful in teaching how much of one's paycheck a person should put aside to pay for school expenses and savings, e.g. 20%, as opposed to using a complex formula. In addition, it can be used to inform common practices such as saving one whole paycheck as a "rainy day fund" for emergency situations.

Recommendation E4: Shift from theory-based training and topics to practical, real-world knowledge	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	1	2	3	3	3	2	2

Financial literacy courses and sessions typically focus on theory-based curriculum such as accounting principles, basic economics or money management.[20] This knowledge tends to be less effective for helping students make pertinent, real-world decisions about personal finance concerns such as credit card debt, loan interest rates or even rental agreements, where specific knowledge and prior experiences are often most valuable. As a result, community colleges would be better served switching resources to teach and train their students these practical and real-world ideas and concepts.

Overall Assessment: This intervention scores high in terms of expending resources per student and total cost because it involves hiring professional staff to teach these sessions on a recurring basis, simply refocusing existing curriculum, or disseminating some of this information as an online video for students to refer to. Its effectiveness in terms of financial stability, however, remains moderate as there is little evidence regarding whether someone can teach such knowledge, which tends to be person-specific, to a wide audience and still make it impactful.

Examples: Training and curriculum based on topics such as credit card usage and debt levels, loan interest rates, rental agreement language and credit scores.

Recommendation E5: Tailor training to incorporate personalized scenarios and technical assistance	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	1	2	1	1	1	2	2

Making curriculum more focused on each student's individual experiences has the opportunity to improve impact as students will be far more likely to retain information and work through solutions to their specific challenge. For instance, incorporating time within financial literacy sessions or courses for students to apply a concept to their own budget or own credit card bill is more beneficial than simply providing generalized information in lecture format. In addition, this personalized approach can take the form of practical technical assistance during the curricular session whereby a teacher walks students through filling out their loan or aid forms or helps them fill in public assistance applications. In our interview, Dr. Bill Skimmyhorn emphasized that this individualized technical assistance – in particular his experience with walking military students through filling out aid forms – had the most significant impact compared to half-day general financial literacy lectures.

Overall Assessment: Because this approach lacks relevant quantitative evidence and by nature only addresses one area of a student's potential financial behavior, we score the potential financial stability effectiveness as low. Its scalability also comes into question because the more personalized and technical assistance that is provided during each session, the more need there is to maintain smaller classroom sizes. Nevertheless, we anticipate the resources expended and total cost would be low compared to other individualized training, namely individual financial counseling or one-on-one office hours with students, which is more labor intensive.

Examples: Training can include detailed exercises where students fill out important financial forms during the seminar, time allotted for students to take out their own credit card statements and determine a good payment schedule, or even simply having each student make out their own semester budget and cost estimates.

Recommendation E6: Use active, experiential, problem-based learning in training	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	1	2	1	2	2	3	2

Curriculum that fully engages a student's attention will have the greatest likelihood of being retained. As we have seen from research by Professor Lew Mandell, financial literacy curriculum tends to be forgotten quickly. Experiential learning can help to overcome this drawback by helping students to more easily process and remember information based on situations they are put in rather than more standard lectures. For instance, students can be put in teams to help solve a detailed budget scenario, do role plays, or even conduct high-stakes simulations and negotiations between banks and lenders. Junior Achievement and the National Endowment for Financial Education (NEFE) integrate such active experiential and problem-solving simulations and role-plays into their seven-week financial literacy courses for high school students and have found statistically significant increases in financial knowledge and confidence in financial decision-making.[20] Additionally, the Pell Institute at the University of Southern California found that one of the three principles that help to enhance the effectiveness of financial education programs is utilizing "active, experiential, and problem-based learning."[21]

Overall Assessment: We gave this intervention a low score for financial stability effectiveness simply because there is little evidence of its efficacy with students of all ages. Nevertheless, we envision this shift in curricular approach to require little additional cost and to be moderately expedient in its implementation, as long as there are instructors available who are skilled in moderating specific scenarios, simulations and roles.

Examples: Exercises within courses or seminars can include role-plays that mimic tough financial decision making, simulations of credit card debt negotiations, or problem-solving a person's financial emergency in small teams.

Recommendation E7: Provide training and curriculum through novel means	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	1	2	1	2	2	2	1

Financial literacy concepts and core curriculum can be taught in many different ways. In our interview with Dr. Mandell, he emphasized that dynamic and novel teaching approaches can lead to long-term retention. He focused on providing financial literacy information through plays, skits and games, all of which show promise in improving students' financial literacy. Games, such as those played through mobile apps, are an area where information can be conveyed to students in a fun and interactive way, increasing the probability of retention and, consequently, impact on future financial decisions. Moreover, all these methods would likely have higher voluntary participation rates by students.

Overall Assessment: Because there is a lack of assessment of efficacy, we give this a low financial stability score; nevertheless, this is a promising area that has some evidence for its success. Because there is a cost in funding these endeavors, however, particularly any online or mobile games, we find that the efficiency and replicablity would be moderate, given the availability of technical experts on campus or a student population that has the right devices to make use of this curriculum.

Examples: Community colleges can employ plays and skits, or use online or mobile applications to help disseminate financial information. Additionally, the formation of extracurricular groups that meet, talk about and help spread greater awareness of financial education and stability can also be beneficial and impactful. The University of Arizona, for instance, has a student organization called the "Credit Wise Cats" that provides ambassadors to promote personal finance across campus, such as understanding credit reports and developing a spending plan.[22] Doorways to Dreams has also done some work on using games for financial education, and with pervasive access to smartphones, this could be a viable delivery channel for new forms of curriculum.

Recommendation E8: Use motivational role models in class discussions and case studies	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	1	1	1	2	1	1	1

Role models can provide an important ingredient in teaching financial literacy; they can be powerful examples of success and failure, which can help build memorable motivation and awareness for students to actively seek training. Without this passion and desire, students may be less inclined to absorb, internalize and regularly use the knowledge they gain.

Overall Assessments: Because role models are employed throughout financial literacy seminars, anecdotally we see that they can be effective in financial stability with regards to initiating motivation. Role models, however, would be a poor resource for teaching specific concepts and thus their efficacy is limited. This approach's scalability is also low because we would expect that the pool of potential experts who are relevant to the student population is finite, and as demand grows, finding individuals becomes more difficult.

Examples: Powerful role models can be individuals from the community or alumni from the school who can closely relate to the situation students are in and have experienced success or failure from their decisions. In addition, the situations these role models have encountered could be used as strong case studies in courses and seminars. There may even be possibilities for some role models to provide individual mentoring for students.

Recommendation E9: Provide schedule-friendly and flexible training to students	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	2	3	1	2	2	2	1

Many community college students have to balance complex school, work and life needs – making it difficult for them to attend additional curriculum courses and sessions on financial literacy. As a result, it is imperative for any financial literacy training to be provided at different times, places and over different mediums of communication. In our interview with Lalita Booth, who has completed in-depth research on this topic, she underscored the need for community college students to be able to get financial literacy training and assistance at times that can fit into their busy work, class and often child care schedules.

Overall Assessment: Because providing more courses at different times and providing curriculum online can be implemented with minimal additional costs once training is already up and running, this intervention receives a high total cost and moderate efficiency rating. As online learning is often seen as less impactful compared to in-person training, we envision that the efficacy of this intervention on financial stability overall would be low.

Examples: Courses and seminars can be provided in the late evening or early morning to accommodate different schedules. Sessions can be taped and provided on-line for students to watch on their computers and smartphones when they are free. Also, training could take place on weekends or even during the midnight classes that many community colleges are beginning to hold.

Recommendation E10: Encourage realistic expectations and forecasts before matriculation	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	1	3	3	3	2	2	2

Through our interviews, we have found that students will often go into community college unaware of the expected costs they will incur and salaries they will potentially receive once they leave college. As a result, students will often matriculate when they have not built up sufficient savings to pay for college or take out large loans with unrealistically high expectations of future wages, which can lead to low financial stability both during and after college. To help provide students with adequate information so that they can enter school at the right time, community colleges should provide students with forms, pamphlets and statistics that itemize the typical factors of a student's TCOE (Total Cost of Education) and what the average wages are for graduates of their chosen program. Colleges could require students to fill out budgets that detail how they would expect to cover their TCOE to make salient a prospective student's current financial position. Then, they can offer students the opportunity to matriculate immediately or defer.

Overall Assessment: This intervention could have a strong effect on financial stability by encouraging students who are financially unprepared to attend college to save and defer enrollment. This is also a simple and low expenditure measure that could be undertaken expediently with coordination between a financial stability center and a financial aid office.

Examples: Community colleges could send a packet upon acceptance with information about the cost of attending school, a student financing budget and forecasted wages across specialties. They can then make financial counselors available to talk with students to discuss their options before they decide to matriculate. While we have not seen many community colleges employ this method, many traditional colleges and graduate schools do provide this information to families and students to help them better assess whether they will be able to enroll that year. The Obama administration has begun a new initiative called the College Scorecard, which may be the most recent example of this recommendation in practice.

8.2.Product Recommendations

Recommendation P1: Make emergency funding and aid available to students	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	1	3	2	2	2	1	2

For students with low financial stability, unexpected financial emergencies can often result in missed classes or higher dropout rates. For instance, a student facing eviction because of the inability to make rent payments may drop out if they face the risk of homelessness or transfer to temporary housing. The availability of emergency funding from community colleges can help dampen these situations and enable students to stay connected with the school. Community colleges can provide $300 to $800 grants or scholarships to students who demonstrate extraordinary financial need during school. MDC (Manpower Development Corp.), in a study on "Clearing the Financial Barriers to Student Success," which evaluated community college financial stability programs in 10 community colleges, recommended strongly that community colleges "build the capacity to make emergency loans and grants."[14]

Overall Assessment: These scholarships score high in terms of the effect they could have on a student's financial stability, as evidenced by increased retention rates from research conducted by various sponsors of Single Stop. However, the expenditure per student and total cost of maintaining such a fund year after year could be large and might be difficult to scale up or even initiate without substantial investment. Additionally, internal politics may come into play if fundraising efforts for these scholarships take away from efforts needed for other scholarships.

Examples: Community colleges could set aside aid funding through their financial aid office and for emergency funding purposes. Each student could be asked to fill out an application demonstrating need, such as a late payment or actual bill, and provide this information to their financial counselor. We imagine that the amount of the awards would range from $300 to $800, or simply in the amount that the emergency, bill, rent or other personal or tuition payment could range, though these amounts could change based on cost of living in specific areas. Central New Mexico Community College's Rust Opportunity Scholarships, for instance, provide students with emergency funding by filling out an application through their financial counselors and providing documentation proving their need.[25] These scholarships typically range from between $300 and $1000[14] and are funded by the CNM Foundation.[26] Bunker Hill Community College is currently working with Single Stop to initiate a similar program.

Recommendation P2: Create Individual Development Accounts (IDAs) for students	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	1	3	1	1	1	1	1

For many low-to-middle income community college students, reduced financially stability often stems from low assets and savings and not necessarily from a lack of information, literacy or planning. IDAs are a type of financial product that can be useful in asset-building during the community college experience. IDAs are special savings accounts that match every dollar a student saves into the account of his or her own money, up to a certain cap. This money can then be used to pay for pre-specified uses such as tuition, rent, or other school expenses. These accounts can be powerful instruments for rapidly improving a student's financial stability by helping him or her quickly build a solid financial footing for the present or future. In our conversation with Ann-Lyn Hall, she discusses how Central New Mexico Community College will match up to $4,000 of certain student's savings at a match rate of $2 for every $1 saved. Skyline Community College also has the same matching cap and match rate, but provides this funding though the Opportunity Fund, a non-profit organization in the community whose mission is to help low-income families build financial stability.[27]

Overall Assessment: This intervention scores high on financial stability effectiveness because it directly addresses a root cause of financial hardship for many low-to-middle income students. However, this program could be difficult to scale up because of the large initial investment needed for matching purposes and could also be difficult to replicate in certain community colleges because of a lack of large net worth funders and partners in the community who could help sustain the initiative.

Examples: Community colleges in New England could look to acquire similar funds through partnerships with local foundations or financial institutions to help provide the support. By limiting the use of the funds to academic-related purposes, funders may be more inclined to support the effort. In New England, we have identified some institutions that may be helpful in providing IDAs: Fidelity Investments, Liberty Mutual, State Street, Citizens Bank, Boston Foundation, United Way, and the Bunker Hill Foundation. MIDAS, a back-end administrator for IDA providers, could also be a partner. This initiative could be created, managed and led by any potential on-campus financial stability center.

Recommendation P3: Establish performance-based scholarships to encourage retention and stability	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	3	2	2	2	2	2	1

Performance-based scholarships can be provided to students as an added source of aid and support, with the goal of encouraging better academic achievement and skills in financial stability. These scholarships would be provided to a certain subset of students upon achieving a certain GPA or improvements in GPA. This can help boost academic achievement by providing some students with an added incentive to place effort and emphasis on improving their academics. Moreover, this performance-based system would be used to encourage high-need students to attend financial stability courses or receive critical financial stability services by providing aid to students who (for instance) attend 3-4 financial counseling sessions or peer mentoring/coaching check-ins per semester. This can help boost financial stability for students who may otherwise have low participation in necessary services while also providing students with vital financial aid to help with paying for education and education-related expenses.

Overall Assessments: While performance-based scholarships can have an incentive-driven effect on academic achievement, and indirectly, financial literacy, these effects may be moderate or low. Given that low academic achievement often stems from greater personal or professional barriers, a motivational incentive may not necessarily have a strong effect. The resources needed per student would also be large, given the amount of aid that would be needed to induce a change. Scaling up could also be difficult, as funds would need to be raised from outside sources, and this type of program could compete with other financial aid priorities.

Examples: Community colleges can implement performance-based scholarships through their financial aid office and administer them through financial counselors and a financial stability center. Funding could come from key partnerships, particularly foundations in the community. The education and social policy non-profit organization MRDC recently studied a model that provided $250 upon enrollment, $250 after midterms, and $500 upon completion of courses with a C average or better – overall, the impact on both financial stability and academic progress was positive.[12] The Opening Doors Project in Louisiana also provides $150 for each of two financial counseling sessions.[28]

Recommendation P4: Make alternative aid and support available to students	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	2	3	2	2	1	1	1

Students who are financially unstable require a number of different types of aid, both monetary and non-monetary, to improve their academic retention. For instance, many single parent community college students have difficulties paying for affordable child care, which makes it difficult to pay tuition for the semester or attend classes regularly. In addition, other education-related expenses, such as textbooks, school supplies and even subway/bus cards, make paying for schooling and personal life difficult to maintain. To help address this, community colleges should work with their partners to help provide students with scholarships, vouchers or even in-kind donations to help cover these costs and help reduce other logistical burdens.

Overall Assessment: Because this initiative would heavily leverage partnerships, we would anticipate that it would be low in total cost and expenditure per student to the college. By providing additional sources of critical funding and logistical support to in-need students, this intervention would most likely have a moderate effect on a student's financial stability, but may be difficult to replicate in certain areas because it is dependent on specific community resources.

Examples: Community colleges can provide vouchers for child care or work with non-profits or government agencies that provide such vouchers and bring them to the student body. They could even look to encourage affordable, university-subsidized (perhaps rent free) day care providers to open on campus to make it easier for single parents to attend class. They could also partner with the local public transit authority (in Boston the MBTA) to provide in-kind and heavily discounted subway/bus cards. Bunker Hill Community College, for instance, already provides such a program. For colleges where cars are the main mode of transportation, they can help facilitate carpooling so that students can help share the burden of getting to and from school to reduce the per-person costs of gas. At Central New Mexico Community College, book scholarships and book transfers are used to help defray the cost of books for high-need students.

8.3. Service Recommendations

Recommendation S1: Build a Financial Stability Center to bundle services in single location	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	2	3	3	2	3	1	1

While community colleges may provide many disparate support programs for students to improve financial stability, these programs are often scattered amongst different offices, initiatives and personnel on campus. This can confuse students and lead to an inefficient use of college resources. A stand-alone financial stability center would provide students a single location to receive all related services, training and support. Also, it would emphasize the need for students to receive comprehensive, bundled services as opposed to one-off services. For instance, students could take financial literacy seminars at the same time as receiving financial counseling and applying for pertinent public assistance and aid. A study by MDC evaluating the Center for Working Families Financial Stability Services in community colleges found that 61% of students at Central New Mexico Community College who received bundled services were successful in achieving their short-term financial goals. Only 16% that received one of three services achieved similar results.[10]

Overall Assessment: A financial stability center could be expensive to implement in terms of total cost due to the anticipated need for physical space and staff. Nevertheless, once the center is up and running, we envision that it would be moderately effective in improving financial stability; though its replicablity would depend on the specific services that are provided and how well they address the specific needs of the particular student body.

Examples: The center could be initiated as a new endeavor or could be staffed with existing staff. In addition, it could be built as a joint center and initiative with the college's financial aid office.

Recommendation S2: Provide one-on-one financial counseling and coaching to students	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	3	3	1	2	1	2	2

Community colleges could provide both academic and financial counseling to students on campus. Through recurring counseling sessions, students would work on setting financial goals, finding personal solutions to debt, creating budgets, and balancing aid and loan payments. In addition, this support person could serve as the students' point of contact in situations where financial emergencies occur and could help troubleshoot issues to help keep students in school. Receiving this level of personal support is expected to help the student improve their ability to stay connected to knowledge, guidance and resources that would better enable them to stay financially stable and remain enrolled in school.

Overall Assessment: While this intervention scores moderately in its financial stability score, as it is intensive and hands on in its ability to keep students "on track" to their financial goals, it scores lower in terms of total cost and resources expended per student as one-on-one services of this type could be expensive. More importantly, scaling up this model could be difficult given the resources, training, coordination and management necessary for each counselor.

Examples: Community colleges could hire new staff, retrain existing staff or recruit volunteers. High-need students would be most likely to get the service and would be assigned a counselor as soon as they enrolled. Currently, Central New Mexico Community College uses financial counselors successfully to help their most in-need students improve awareness of financial resources, set budgets and create realistic class credit schedules around their work schedules[14]. At Skyline College Community College, however, they only offer intensive financial counseling to those who receive their Groves Scholarship,[14] and at Bunker Hill Community College, they provide financial counseling on a drop-in basis through a financial counselor who comes in once or twice a week.

Recommendation S3: Provide a “pipeline” of services from pre-application to post-graduate	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	2	2	2	2	2	2	2

In our interview with Lalita Booth, she indicated that the delivery of support services to community college students are often heavily fragmented, with many services offered inconsistently throughout a student’s tenure. She emphasized the need for critical service delivery throughout a student’s connection with the college. This “pipeline” – a term borrowed from the Harlem Children’s Zone’s pipeline from a child’s birth to college – would provide students with financial stability services beginning as soon as they are accepted to community college and up to post-graduation when the program would check to see if they had met their goals. During this period, students would have access to all support services on a fixed scheduled that is known and communicated at the beginning of each semester.

Overall Assessment: The “pipeline” scores moderately well on academic achievement because it trains students to follow a fixed schedule and routine similar to that in a classroom environment, while also making students feel more connected with the school and its resources, perhaps preventing drop out directly. However, scaling up could be challenging, as the “pipeline” would require long-term use of many school resources to ensure that all the moving parts are working in unison.

Examples: Community colleges could begin this “pipeline” once a student has received their acceptance letter and set a schedule for receiving financial services and training that begins at orientation and at the start of each academic semester. The “pipeline” could also include a protocol for check-in if a student drops out of school. Central New Mexico Community College comes close to such a “pipeline” by providing continuous services to a student from orientation until graduation, including financial counseling, courses and asset-building;[14] nevertheless, we have not yet found comprehensive, full-period services that are offered in community colleges. Finally, some 4-year colleges use an “Exit Strategy” to help students nearing graduation, which could be a useful strategy here as well.

Recommendation S4: Segment student population and service delivery by need	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	1	1	2	2	3	3	3

As students naturally have different financial stability and literacy needs, it is vital that schools actively segment incoming student populations according to these needs. This would allow community college to triage and target different services and resources on students who are of the highest-need. For instance, we would envision those of highest need receiving one-on-one financial counseling, while those with lower need perhaps requiring only training through financial literacy courses. This would not only make efficient use of school resources, but also ensure that those who are in the highest need are identified early and provided the support they need. In our interview with Ann-Lyn Hall from Central New Mexico Community College, she emphasized this segmentation procedure as useful in her financial stability program and necessary to adequately identify and prevent crisis situations before they occur.

Overall Assessment: We anticipate that this intervention would require minimal expenditure of resources per student to be successful, if done through the expertise of financial aid staff and small surveys. In terms of financial stability effectiveness, we score this intervention as low only because we have seen almost no models similar to it and because it itself is only a conduit to improving financial stability; it is the subsequent identification and delivery of proper services to each group that would actually deliver an impact.

Examples: Community colleges can attempt to segment their populations through in-depth financial stability surveys or pre-screening information that is required when applying or before enrollment. These surveys could ask about current financial stability, credit card debt, car payments, rent situation and other financial stability metrics. Subjective questions could also ask how students feel about their financial stability overall to help identify students who are potentially at risk.

Recommendation S5: Provide tools and support that enable students to screen for public benefits	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	1	3	3	1	3	3	2

Community college students are often eligible for many public assistance benefits that they are unaware of and do not apply for. These benefits, such as SNAP/EBT (food vouchers), can provide substantial help to students as they work to free up resources to pay for their education. Aside from public benefits, students also are often unaware of benefits and aid available in their local city, town or from private institutions and non-profits. As a result, it is critical that community colleges provide tools and support for students to gather information about these programs, determine their eligibility, and apply.

Overall Assessment: We anticipate that this intervention, at least intuitively, would improve financial stability because of the possibility of unlocking new sources of funding for students that would make it easier for them to pay for college. Because partnerships and online tools would help build capacity, we imagine that expenditures would be low for this type of program. Nevertheless, because unique partnerships are critical, and the availability of such partnerships is vital, this program may be hard to replicate from one community college to another.

Examples: Community colleges can provide online tools that provide information about all public assistance benefits available, public and private scholarships and aid, and non-profit assistance. They can also try to make the financial counselor the point person for sitting down with students and helping them determine their benefits eligibility upon enrollment and at the beginning of each subsequent year or semester. Central New Mexico Community College has successfully used Single-Stop and their tools to help students determine their eligibility for public assistance. Community colleges in New England could build similar partnerships with non-profits such as Single Stop.

Recommendation S6: Build a financial stability "hotline" for students	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	1	2	2	2	3	1	2

Community college students often lack the direct support to have their financial stability questions answered on their schedule. While financial counselors will go a long way in helping high-need students and others in crisis, there are still other community college students without a quick and easy way to receive information and troubleshoot generalized non-crisis issues. As a result, it would be valuable if a community college provided a "hotline" where students could call, email or drop by in-person (perhaps to the financial stability center) to have their questions answered. This "hotline" would be another communication layer to ensure that students are receiving sound and immediate advice on their financial decisions. Hotlines could be staffed by trained student volunteers and full-time employees. The American Association of State Colleges and Universities cited "offer a financial assistance hotline for students" as a key recommendation in their report on how to boost financial literacy in America.[23]

Overall Assessment: The "hotline" scores low on total cost because the infrastructure and staff necessary to potentially run it can be quite costly. Nevertheless, once it is up and running it would be fairly easy to scale up by simply training more volunteers. The overall effectiveness of this intervention is also in question, however, as no community college that we know of has yet implemented such a system.

Examples: Community colleges could operate this "hotline" similar to how call centers work in the private sector. There could be three contact tiers; one tier takes common questions, and if they are unable to answer, callers are bumped to the next level. The most difficult questions are raised to the last level. This ensures that the "hotline" will provide students with expert advice that is used not only to answer questions but also to refer students to necessary services within the financial stability center. In-person contact could also be useful and could be achieved through drop-in hours at a financial stability center. Finally, Bunker Hill Community College has begun to use a "text your question" initiative with some initial success.

Recommendation S7: Build partnerships with organizations in community to build capacity

Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
1	2	1	1	2	3	2

Building partnerships with public, private and non-profit organizations in the community is vital to any community college that is providing a robust mix of financial stability services to its students. Because many community colleges are faced with limited resources, partnerships can help to build capacity for any potential financial stability center. In addition, partnerships can be important in delivering specific expertise that would otherwise be difficult to find. In our interview, Ann-Lyn Hall emphasized the need for such partnerships in financial stability work and in helping to broaden impact. Currently, for instance, Bunker Hill community college partners with the organization Single Stop to provide public assistance screening and drop-in financial counseling, and Central New Mexico Community College partners with local banks to provide students with advice and the United Way to provide funding for its services.[24]

Overall Assessment: The total cost for this initiative would be quite low as we anticipate that a full-time staff person would need to be assigned to identify, recruit and manage these partnerships. However once initial groundwork had been completed, scaling up should become simpler once processes are defined and perfected. The indirect effect on financial stability would be the ability to provide greater services to students.

Examples: Community colleges in New England could work with Single Stop but also with local financial institutions such as Fidelity, Liberty Mutual and State Street to provide funding for services and aid. Also, colleges could work with private and non-profit professionals in the area to receive volunteers to help build capacity. Finally, volunteers could also help run courses, lectures or sessions on financial literacy.

Recommendation S8: Assist with completion of the FAFSA

Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
1	2	2	3	2	2	3

The FAFSA (Free Application for Federal Student Aid) is the primary means through which community college students receive financial aid from the government and from the university. However, students often fail to fill out the form or fill it out incorrectly, which severely limits their overall aid and loan access. Students who fall in this category have greater trouble paying for school and are more likely to have greater issues with their financial stability. Community colleges can help to correct this by offering free assistance to all students in filling out the FAFSA application using trained staff and volunteers. The American Association of State Colleges and Universities cited "examine and seek to improve efforts to help students complete the FAFSA" as a key recommendation in their report on how to boost financial literacy in America.[23]

Overall Assessment: This initiative scores moderately in terms of financial stability because there is not yet hard evidence on how well better FAFSA preparation can lead to better financial aid outcomes, though anecdotally we know that helping students fill out the FAFSA correctly should pay dividends for some. This intervention would also not cost much per student, as community colleges could heavily leverage volunteers and community partners to provide this assistance at specific times during the year.

Examples: Community colleges can offer free drop-in sessions for students to come in with their tax forms and fill out the FAFSA with trained staff and volunteers. Additionally, they could have a FAFSA week where they hold information sessions during which students are walked through the FASFA process and provided with information on how to fill it out. After this, they can have several larger sessions with volunteers focused on helping students complete and submit their FAFSA forms. According to Ann-Lyn Hall, Central New Mexico Community Colleges uses trained volunteers and staff each year to help students fill out the FAFSA and does so during a highly publicized week/month.

Recommendation S9: Assist with completion of taxes	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	1	2	1	2	2	2	3

Community college students, particularly those who are young and come from low-to-middle income households, would find it difficult to pay experts to do their tax preparation – unless VITA (Volunteer Income Tax Assistance) sites could be leveraged. Because the tax code has become increasingly complex, an expert is often the best source to ensure that students' tax returns are the most accurate and up-to-date, ensuring the maximum return, and helping pay for education. Aside from providing additional funding, accurate tax forms ensure that a student's FAFSA is accurate and that students receive the full amount they deserve, as tax information is the main input in the FAFSA. As a result, community colleges should work to provide students with free assistance by trained experts and volunteers in preparing and filing their taxes each year.

Overall Assessment: If volunteers and community partners, such as VITA, could be leveraged, this intervention could score well in terms of per-student expenditures and scalability; however, in most cases, tax experts may be needed to help. The effects on financial stability are also moderate, by allowing students to not only take full advantage of tax refunds that are open to them but also by receiving more accurate tax information that could increase their federal student aid.

Examples: Community colleges can take a similar approach as they have done with the FAFSA and bring in trained volunteers and experts to help students do their taxes. According to Ann-Lyn Hall, Central New Mexico Community College offers this service during a specific period during the year. Kathleen O'Neill, director of Single Stop at Bunker Hill, also provides this service. Partnerships with non-profits and government organizations that already do tax preparation for low-income residents can help tremendously with building capacity for this operation. Also, community colleges can train and utilize their business and economics majors as volunteers to prepare taxes of fellow students. Tax preparation can be naturally coordinated with FAFSA preparation as well to save resources and time.

Recommendation S10: Establish peer mentoring and coaching to build capacity and skills development	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	2	3	1	2	3	2	2

The opportunity for peer mentoring and coaching around both academic and financial stability is immense, however, volunteers would be necessary. Therefore, community colleges should look to identify, recruit, train and build a corps of peer mentors, volunteers and coaches who can help provide services to students throughout college. These individuals could not only provide advice and support for students going through difficult financial times – support that can often only be relatable from a student who went through the same circumstances – but could also provide academic, tax preparation, FAFSA and other assistance. This can also be beneficial to peer mentors and coaches themselves, as the program will give them the opportunity to obtain skills through training others to become peer leaders, tax preparers (certainly for business and economic majors) and FAFSA preparers. Overall, students may feel more comfortable reaching out and engaging with peers who have dealt with these issues before, which could help students better connect to services and improve their financial stability.

Overall Assessment: While peer mentorship can directly help with both academic achievement and financial stability through individual support and advice, it may require a heavy investment in time and effort by staff and personnel to get underway – particularly to adequately train individuals to provide services directly to students. Scaling could be difficult based on the availability of volunteers to help with the initiatives.

Examples: Community colleges could look to recruit peer mentors, volunteers and coaches from upperclassmen who have been through earlier financial literacy services themselves. In addition, they could provide volunteers with training that could lead to a certificate of some type, such as a tax preparer certificate, that might have employment benefits as well. These individuals can work through a financial literacy center and either be directly affiliated with the administration or be a student-run organization similar to Credit Wise Cats from the University of Arizona.

Recommendation S11: Establish peer "learning communities"

Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
3	2	2	2	2	1	2

Learning communities are small affinity groups that bring together students, usually fitting pre-defined criteria, to help each other learn specific concepts and material. This model could have a powerful place in training for financial literacy as well; students could be placed in small learning communities during orientation and receive information, guidance and shared support through this group. Specific staff and peer mentors would be assigned to each of these learning communities, and they would be asked to meet regularly to not only learn concepts in financial literacy but also receive free services such as FAFSA and tax preparation. By dividing up students in these groups, they will not only be more manageable operationally for school staff, but they will also be encouraged to relate and rely on each other for support, advice and to get through difficult issues. In essence, this would help students build their own student "community" on campus for dealing with financial stability. These learning communities could be even more valuable if targeted for specific in-need student populations, such as having specific communities for single parents or ESL learners.

Overall Assessment: Because this type of support brings together students to provide advice to one another, it has the potential to not only provide for good financial decisions but also develop relationships that improve academic achievement. Because learning communities could split students into many different cohorts, each requiring their own support network and staff, total cost could be large, however, there may be room to reduce costs.

Examples: Community colleges could initially set up learning communities as mandatory cohorts in the beginning of the school year, with students meeting regularly in either voluntary or mandatory sessions. They could also be set up as completely voluntary groups where students can opt in to meet with peer mentors and coaches. Bunker Hill Community College, for instance, already has learning communities set up academically for its introduction classes, and these learning communities use upperclassman peer mentors to help students.[12]

Recommendation S12: Create leadership and advisory committee for financial stability programs

Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
1	1	3	2	2	2	2

Strong leadership from across college campuses is critical to ensure that potential financial stability services are in line with the specific needs of students and implemented to be efficient and effective. A strong leadership and advisory committee may contain key members of faculty who themselves, according to Dr. J Michael Collins, are the first to witness signs of stress in students. In addition, high-level school administrators, who are crucial for funding and budget approval, alumni who can form a key base as role models and peer coaches, and student services staff who routinely provide students with financial aid, fundraise and coordinate other support services on campus would all be potentially valuable staff to contribute to an advisory committee.

Overall Assessment: While including good advisors and leaders will not directly improve financial stability of students, it would allow for better identification of students in financial crisis and quicker implementation of effective services – therefore, yielding some indirect effect on students' financial stability. To maintain and recruit this group, however, would require significant time and effort, and dedicated staff members may be necessary, which would further raise the costs of such an initiative.

Examples: Community colleges can look to include and engage all key stakeholders described above, but they can also look to include key community partners and critical fundraisers who are essential to their services. For instance, Bunker Hill Community College could ask the Bunker Hill Foundation or the Boston Foundation to be part of the leadership committee of its financial stability center.

Recommendation S13: Conduct rigorous study and evaluation of onsite programs	Academic Achievement	Financial Stability	Scalability	Replicability	Efficiency	Total Cost	Expediency
	1	1	1	2	1	2	1

Currently, there are few experiments in the field that measure the effects of certain financial stability interventions on financial behavior and academic achievement. As a result, the Boston Fed and community colleges should look to put in the proper evaluation tools to measure the effectiveness of financial stability programs. This data would not only help future research but would help community colleges adapt existing strategies to improve quality and targeting of financial stability programs and services. Every academic expert we interviewed, particularly Dr. J Michael Collins, strongly emphasized the need for such quasi-experiments, studies and evaluations to take place, as did the Pell Institute at the University of Southern California in its recommendations on how to improve TRIO financial education programs in colleges.[21]

Overall Assessment: While rigorous evaluation may not have an immediate impact on a student's financial stability, it does have the potential to create large dividends in the future for creating effective financial stability programs. We also anticipate that this initiative would require moderate total costs but higher costs per student, due to the time and effort required to tailor methods and metrics to specific programs and build appropriate data collection systems. Also, it would take specific expertise to analyze all data and generate findings that could then be applied.

Examples: Community colleges can work with the Boston Fed and their analytical experts to help integrate and implement evaluation metrics into their programs. Then, they could work with their students, faculty, community experts, community partners and local universities to help analyze and organize key recommendations from this data.

9. Appendix C – References

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