Emergency Financial Aid Programs

Tags: Degree attainment, student services, improving achievement, data collection/use, underrepresented students

Introduction

Students pursuing a college degree are sometimes derailed by a temporary financial emergency, such as the loss of a job or an unexpected increase in rent, which may cause them to leave school without earning a credential. For students who have few resources to fall back on, not having the money to fill up the gas tank or replace a stolen bicycle can mean the difference between getting to class and dropping out. To address these barriers, Lumina Foundation for Education created the Dreamkeepers and Angel Fund Emergency Financial Aid Programs to assist community college students who are at risk of dropping out due these types of unexpected financial crises. Both programs are multiyear pilot projects that began in 2005 and are administered by Scholarship America and the American Indian College Fund, respectively. MDRC's study focused on 11 community colleges participating in Dreamkeepers and 26 Tribal Colleges and Universities (TCUs) participating in Angel Fund, but many of these programs continue to operate today. Each Dreamkeepers college received up to $100,000 over three years, and each TCU received nearly $26,000 over five years.

Program Description

Lumina Foundation for Education envisioned the Dreamkeepers program as an extension of the Achieving the Dream: Community Colleges Count initiative, which was designed to help community colleges make better use of institutional data to improve programs and services and help students succeed. The 11 participating colleges are found in the five states where Achieving the Dream originated – Florida, New Mexico, North Carolina, Texas, and Virginia – and in a variety of settings, from urban to rural areas. The American Indian College Fund invited all accredited TCUs to participate in the Angel Fund. In total, 26 institutions agreed to participate.

Dreamkeepers and the Angel Fund colleges enjoyed considerable flexibility in designing and administering their programs, all with the purpose of providing students with emergency financial aid to help them stay in school. Lumina and the intermediary organizations intentionally left the parameters open so that colleges could design programs that would be appropriate to their needs and local contexts. As a result, the programs varied considerably, but some key findings were common to colleges in both programs.

The majority of participating colleges offered grants, but a few offered loans or a combination of grants and loans. Some of the colleges that chose a grant structure were concerned that loans would burden students or their programs. The colleges that decided to offer loans often had these same concerns but took steps to make loans a worthwhile approach. They used emergency aid as an advance to students pending other financial aid or instituted loan forgiveness programs based on hardship or tied to continued retention. Students and

administrators at the Dreamkeepers colleges generally seemed pleased with the structure of the aid program at their institutions.

The colleges established a variety of eligibility criteria and application processes to make the best use of limited funds and to ensure that they reached students with genuine need. Some colleges issued payments directly to students; others made payments on students' behalf to a third party. In their first two years, the Dreamkeepers and Angel Fund programs awarded over $845,000 in emergency financial aid to more than 2,400 students. Eleven Dreamkeepers colleges disbursed over 1,600 awards to more than 1,500 students, ranging in size from $11 to $2,286; the average award size increased from $299 in calendar year 2005 to $430 in calendar year 2006. Seventeen Angel Fund colleges in academic year 2005-2006 and 21 in academic year 2006-2007 disbursed almost 1,000 awards to nearly as many students. The awards ranged in size from $15 to $2,055; the average award size increased from $220 to $266 over this same period.

Key Findings

MDRC conducted research into the implementation of the Dreamkeepers and Angel Fund programs, working with the colleges to compare outcomes of students who received emergency aid to those who did not. Unlike many MDRC studies, the evaluation did not involve a random assignment design. This means that the two groups of students may differ in ways that the researchers could not detect, such as motivation levels or previous educational experiences. The results should be interpreted as suggestive only, and not as clear evidence of the program's impact.

MDRC found that Dreamkeepers award recipients were more likely than other students at their colleges to be older, parents, first-year students, enrolled full time, in vocational study, and recipients of other financial aid. At some Dreamkeepers colleges, women and African-American students were more likely to receive aid. (TCUs did not record data on race and ethnicity, and no similar gender differences were found.) Interviews with recipients and administrators at both the Dreamkeepers and the Angel Fund colleges suggested that the aid helped students remain in college. Because MDRC did not use an experimental research design to evaluate the programs, the evaluation could not conclude that the emergency aid alone was responsible. But the data do show that aid recipients reenrolled at rates roughly comparable to the average on their campuses, which is encouraging, given that the emergency aid students were facing financial crises that could lead to dropping out.

Students typically requested funds for "housing" and "transportation" expenses. Students at Dreamkeepers colleges most frequently requested money for "housing," closely followed by "transportation," "books," and "other." Students at the TCUs most often requested money for "transportation," followed less closely by "child care," "housing," and "utilities." It is notable that transportation was a significant concern at both sets of colleges, especially the TCUs, many of which are located in rural areas. For students who have to travel long distances to class, transportation-related expenses can pose a real barrier to attending college. Students at both sets of colleges infrequently requested funds for "meals" or "medical" expenses; some colleges

suggested that students are able to turn to other forms of campus or community-based aid to meet these needs.

Implementation Challenges

For colleges interested in starting similar programs, there are several key challenges to address: defining what constitutes a financial emergency, building a flexible administrative structure that safeguards funds yet quickly responds to student needs, ensuring that all eligible students are aware of the program and have equal opportunities to access funds, finding sources of funding, working with technical assistance providers, and using data to evaluate programs.

The first step in developing an effective emergency aid program is determining how best to define an emergency. Clearly, a student whose house burned down would qualify, but what about more mundane situations, such as running out of bus fare or gas money? The issue of recurring expenses offered a dilemma for many Dreamkeepers and Angel Fund colleges. At some colleges, administrators continued to review their policies through the first year or two of implementation. As many administrators shared, it requires a long process of planning, discussing, and ultimately writing policies and procedures to guide staff as they meet with students and review applications.

Issues related to program management, eligibility, and award determination point to an interesting tension for Dreamkeepers and Angel Fund emergency financial aid programs. Colleges were concerned about being overrun with demand for the funds and therefore tended not to advertise the availability and money or set up strict review processes to safeguard the money. As a result, the programs tended to under-spend the funds they had available. Other colleges that intend to design their own emergency financial aid programs should work to strike a balance between administrative structures that are overly burdensome and could slow the disbursement process, and programs that are so independent of checks and balances that they encourage fraud or abuse, which can limit the amount of funding available for students in need.

The Dreamkeepers and Angel Fund colleges have used a wide range of strategies to limit excessive demand and/or fraud and abuse. Colleges interested in starting emergency financial aid programs should carefully consider the use of award limits, eligibility criteria, and marketing practices. Colleges that wish to start their own programs would likely benefit from a needs assessment to first determine the actual demand on their campuses for emergency aid. In turn, they can use this information to help them decide whether such policies are needed.

For more information, see Geckeler, Christian with Carrie Beach, Michael Pih, and Leo Yan. 2008. *Helping Community College Students Cope with Financial Emergencies Lessons from the Dreamkeepers and Angel Fund Emergency Financial Aid Programs.* New York: MDRC. http://www.mdrc.org/publications/479/full.pdf or www.mdrc.org.

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