

Community College Students: Who Borrows, Who Doesn't, and Why We Should Care

The Problem

Washington needs to increase the educational attainment of its citizens during a time when funding for higher education and state financial aid is being reduced. Public colleges and universities are increasing tuition to make up for the loss in state funds. But, what will the impact on students be if tuition increases at the same time certain types of financial aid – such as State Work Study – are being reduced? Is it likely that students will borrow from federal loan programs to make up the difference? Some probably will, while others will not.

It is critical, now more than ever, to ensure community colleges remain accessible. One mechanism for doing so is through financial aid, which includes federal loan programs. While there is much debate about student borrowing – generally regarding how much is too much and why some types of students are less likely to borrow – loans have been shown to positively impact accessibility.¹

The Research

A recent study of borrowing among financially needy community college students in Washington, conducted by the Higher Education Coordinating Board, shows that while some types of students are likely to borrow from federal loan programs, other types of students are less likely to borrow.

Community college students who are less likely to borrow include:

- First-generation college students
- Female students
- Students who are financially dependent on their parents
- Students who are Asian/Pacific Islander, Hispanic, or American Indian

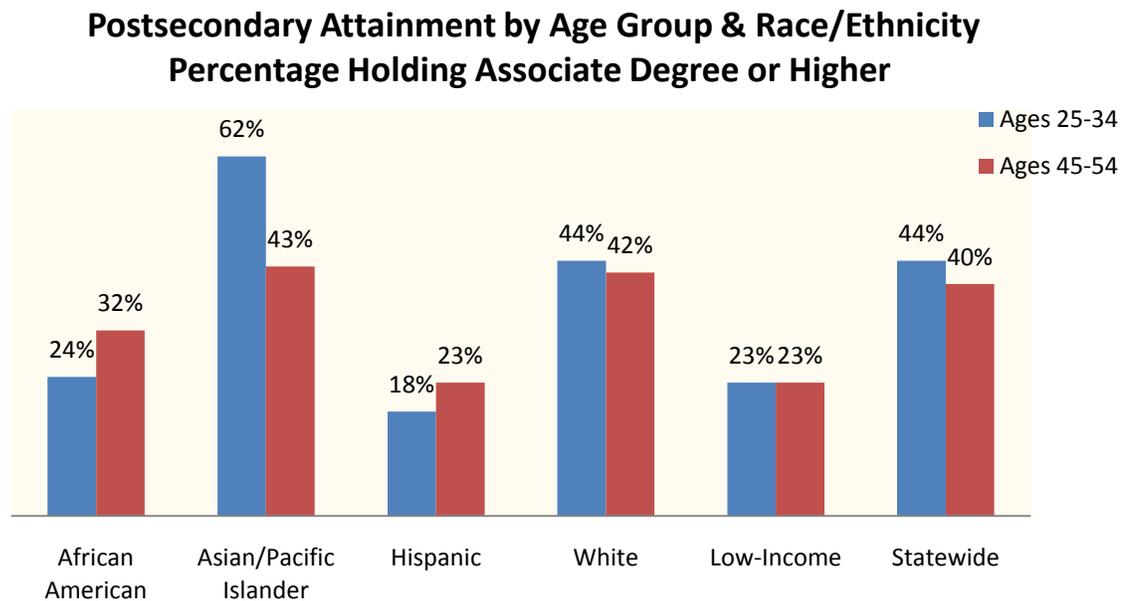
Students who are more likely to borrow include:

- Those from higher income families
- Students who are financially independent
- Males students
- Older students

Policy Implications

Even though the study found that some students are less likely to borrow – those who are first in their family to attend college, from lower income families, or from certain minority groups – some do find a way to enroll in community colleges, although they may not finish their postsecondary education.

As shown by the chart below, the educational attainment levels for people of color and people with low incomes are disproportionately low compared to their white and high-income counterparts.



The *2008 Strategic Master Plan for Higher Education in Washington* reports that Washington’s population is likely to experience a 39 percent increase in diversity by 2030.²

In 2005, 23 percent of the state population was comprised of people of color. In 2030, an estimated 32 percent of the population will be people of color. Most of this growth will come from those who have previously been underrepresented in the overall Washington postsecondary education system – students from low-income families and students with Hispanic, Native American, or African American heritage.^{3,4}

In order for Washington to meet these educational goals and address current economic challenges, the educational attainment of these sub-populations needs to improve dramatically in the next 20 years. However, the tendency for some students to shy away from borrowing poses problems.

Increasing the availability of other types of financial aid, such as grants or work-study programs, is one tool that can be used to encourage more people to enroll in postsecondary education. However, the results of this study show that people with low incomes and Hispanic people are less likely to borrow from federal student loan programs in order to attend college.

It would be erroneous to assume that students will borrow or choose to assume higher loan amounts from a federal student loan program if other types of financial aid funds are reduced or eliminated. While some students may be willing to make such a choice, not all students may be likely to do so.

A statewide awareness campaign is another way to encourage participation in postsecondary education, especially for residents over the age of 24. There are numerous programs in place to increase financial aid awareness among high school students (e.g., College Goal Sunday and KnowHow2GO). However, there are few if any efforts targeted toward increasing financial aid awareness among adults who have a high school education or less.

A broad-based financial aid awareness campaign could provide information about the grant, work, and loan programs that are available to support people seeking to obtain postsecondary education. Such a campaign should also address financial literacy so that prospective students can make good decisions about how to pay for their education.

This type of strategy could be very effective in increasing college participation rates and educational attainment for those who need it most and for those who are less likely to borrow from federal student loan programs.

Read the full report:

www.hecb.wa.gov/news/newsreports/documents/LoanquestionCSCC_paper_final.pdf

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¹Heller, D. E. (1996, February). *Tuition, financial aid, and access to public higher education: A review of the literature*. Cambridge, MA: Harvard Graduate School of Education. (ERIC Document Reproduction Service No. ED406906)

² Washington Higher Education Coordinating Board (HECB). (2007, December). *2008 strategic master plan for higher education in Washington*. Olympia, WA: Author

³ Washington State Board for Community and Technical Colleges. (2009, June). *Access and success for people of color in Washington community and technical colleges: Progress report*. Retrieved from http://www.sbctc.ctc.edu/docs/data/research_reports/resh09-2_students_of_color.pdf

⁴ Washington State Board for Community and Technical Colleges. (2006, September). *The socioeconomic well-being of Washington state: Who attends community and technical college*. Retrieved from http://www.sbctc.ctc.edu/docs/data/research_reports/resh_06-4_socioeconstudy.pdf.

⁵ HECB, 2007.