

## Pushing the Envelope

### *State Policy Innovations in Financing Postsecondary Education for Workers Who Study*

Postsecondary education, accompanied by a credential documenting mastered skills, is an increasingly valuable asset for lower-income working adults in moving out of poverty. Likewise, many would argue that the single most important asset the United States has over its economic competitors is a workforce that is both innovative and equipped with skills that improve productivity. This nation's economic strength is centered in its workforce, and remaining internationally competitive means investing in America's workers so they can succeed in high-skilled, family-supporting occupations.

Postsecondary education and skill development come at a cost, especially for the less-skilled, less-affluent workers who need them most. There are the costs of tuition and fees, transportation and child care when one is in school, and the lost wages from reduced work hours. Increasingly, adult learners seeking further education are turning to community colleges because lower costs and open-door policies make them more accessible than four-year colleges and universities. Community colleges also are more likely to offer the occupational courses and programs that adult workers seek.

However, even community college can be out of reach for many lower-income working adults. Federal and state financial aid

programs play an important role in helping millions of students pay for college, but these programs were designed primarily for "traditional," 18- to 24-year-old, full-time, dependent students. Their parents' incomes are factored into what they are expected to pay for college, and, if work is considered at all, it usually means "work-study," on campus and with hours suitable to a full-time student. Financial aid is far less available to working adults who enroll in postsecondary education to obtain a certificate or degree that leads to advancement in the labor market.

#### Workers Who Study

On U.S. Department of Education surveys, students can characterize themselves as either "students who work"—that is, students first and workers second—or "workers who study"—individuals in the labor force who study part-time. Based on available data, between 2 and 2.5 million undergraduates—out of approximately 15 million—consider themselves workers who study.

Workers who study differ from traditional students in many ways. Most important, they must balance the obligations of school and work. In addition, although their incomes are usually higher than those of traditional students, they frequently also support families and must meet other family obligations.

Workers who study also face a variety of barriers to receiving financial aid, including regulations related to enrollment costs and student income, enrollment intensity, and the type of training or education eligible for aid. As students, they require a distinct set of financing policies and opportunities in order to enroll, persist, and succeed in college.

#### State Responses

State governments are in a unique position to address these challenges. It is in their economic interest to invest in their workforces. Also, they can leverage the federal student aid system to help adults by coordinating state and federal student aid policies.

*Pushing the Envelope* profiles policies in 12 states that have amended or created student aid programs to better serve adult students. States typically have done so based on the proposition that investing in the education and skills of the workforce



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To download *Pushing the Envelope* and other *Breaking Through* policy reports, go to: [www.breakingthroughcc.org](http://www.breakingthroughcc.org), [www.jff.org](http://www.jff.org), or [www.ncwe.org](http://www.ncwe.org).

produces a return not only to individuals but also to businesses and the state.

The states profiled in this report use four main strategies to expand aid to workers who study (*see table*). These states:

- Include less-than-half-time students in the state student aid program;
- Address income limits in student aid formulas that exclude the relatively higher incomes of adult students;
- Include indirect educational expenses in the student aid formula so that adult students attending part time can include the necessities of everyday life in their aid package; and
- Provide aid for students who are not in degree or certificate programs in order to support adult students in basic skills education courses and short-term occupational training programs.

## Recommendations

Leading states that are concerned about the calibre of their workforces and the competitiveness of their economies are increasing investments in human capital, including providing financial aid for adult students who need to balance earning an income now with earning a degree to increase future earnings. *Pushing the Envelope* makes two recommendations to all states for amending their aid programs:

- *Use state aid creatively to fill the gaps left by federal aid programs.* Such policies would, for example, allow adult students to include indirect costs of education in their student need calculations, expand state aid for less-than-half-time students, or aid students in noncredit courses and programs (e.g., basic and remedial education and customized or short-term occupational training).

- *Revise financial aid policies and programs in light of the specific needs of adult students.* Policies in this area include expanding or creating student aid programs that specifically target adult students.

*Pushing the Envelope* also recommends that the federal government:

- *Partner with states to test new approaches for increasing adult access to and success in higher education and to scale up promising strategies.* One possibility might be a new type of partnership in which the federal government supports the testing of innovative, state-level, student aid policies targeting working adults. This vehicle for experimentation should include a broader focus on strategies in addition to student aid that can improve adult student access, persistence, and success.

This nation and its 50 states cannot afford to rely on a student aid system that has changed little since its inception four decades ago. The economy is evolving rapidly, jobs require more education and skills, and everyone—employers, government, and individuals—must invest more in human capital. State governments can bolster their economies through investing in their workers, and state student aid programs can be a critical part of this investment.

The states profiled in this report are leading innovators that have begun to push the policy envelope by expanding, changing, or creating programs that work for working adults. Many more states and the federal government must follow their lead. If not, more lower-skilled workers will fall behind, more state economies will fail to achieve their growth potential, and our national economy will falter.

## Financial Aid Barriers and State Policies to Address Them

Strategies for Addressing Common Financial Aid Barriers for Workers Who Study	States with Relevant Student Aid Policies	Example
<i>Include less-than-half-time students</i>	Arkansas, Illinois, Indiana, Kentucky, Massachusetts, Michigan, Ohio, Pennsylvania, Washington, West Virginia	Illinois's Monetary Award Program provides need-based financial aid to less-than-half-time students.
<i>Revamp aid formulas and awards to reflect low-income adult students' incomes and family budget</i>	Connecticut, Florida, Kentucky, Massachusetts, Ohio, Washington	Washington's Worker Retraining Program provides grants for tuition, books, fees, and other expenses for displaced workers and for those with household income below 175 percent of the poverty level.
<i>Include indirect educational expenses (e.g., child care and transportation costs) in financial aid calculations, especially for part-time students</i>	Connecticut, Massachusetts, Ohio, Pennsylvania, Washington	Connecticut's Workforce Advancement Grants for Education program covers some indirect costs of attending postsecondary education for recipients of Temporary Aid for Needy Families.
<i>Provide aid for students not in degree or certificate programs (e.g., adult education and noncredit education linked to credit)</i>	Connecticut, Washington, West Virginia	West Virginia's Higher Education Adult Part-Time Student program includes workforce grants to students in customized training or certificate programs in high-demand occupations.