ISSUE BRIEF
OCTOBER 2009

THE PROJECT ON STUDENT DEBT

Getting with the Program:

Community College Students Need Access to Federal Loans

Federal loans are almost always the safest, most affordable way to borrow for college. When family income, savings, grants, and work-study are not enough to cover college costs, loans can help to bridge the gap. *Yet roughly 900,000 students at community colleges in 31 states – nearly one in 10 students in this sector – are blocked from the best loan options because their schools choose not to participate in the federal loan programs.*[1] In 11 states, more than 10 percent of community college students lack access to federal loans, and in seven – six of them in the southern United States – more than 20 percent cannot get a federal loan.

Lacking other options, some cash-strapped students at these schools may have to cut back on classes, work long hours, or leave school altogether. Research has found that these choices all significantly reduce the odds of completing a degree or certificate.

Other students may turn to risky private student loans or credit cards. New federal data show that a still small but growing share of all community college students is taking out private student loans. *An alarming 91 percent of private loan borrowers at community colleges did not take out all they could have in federal Stafford loans in 2007-08*.

African Americans and Native Americans are much more likely to lack access to federal loans than other community college students.[2] Nationally, 18 percent of African-American students and 19 percent of Native-American students attend non-participating community colleges, compared with 8 percent of White students. Eight percent of Latino community college students and 4 percent of Asian-American community college students do not have access to federal loans.

This issue brief examines the availability of federal student loans at community colleges, the concerns that lead colleges to opt out of the federal loan programs, and the effects these colleges' choices can have on students. In recognition that their students can benefit from financial aid, all of the colleges included in this analysis participate in the federal Pell Grant program. Our analysis of default rates, student borrowing trends, and the disparate impact of non-participation on minority students suggests that the best, most equitable way for community colleges to serve their students is to also offer federal loans along with appropriate financial aid counseling.

Students Without Access to Federal Student Loans

- 900,000 students nationally – nearly 1 in 10 community college students
- More than 20 percent of community college students in 7 states, including 6 in southern states
- 18 percent of African-American community college students
- 19 percent of Native-American community college students
- 362,000 community college students took out private students loans in 2007-08, two out of three without taking out safer, more affordable federal student loans

[1] We use the term "community colleges" to refer to public two-year institutions including, as classified by the federal government, colleges that focus on preparing students to transfer to four-year colleges, as well as technical colleges that provide vocational certificates for particular careers at the undergraduate level. These institutions also serve adults with continuing and basic skills education. For the purposes of this issue brief, we looked at the federal Stafford Loan Program, including loans in both the William D. Ford Direct Loan Program and the Federal Family Education Loan Program.
[2] The high rate of non-participation in Tribal Colleges and Universities (TCUs) contributes to the lack of federal student loan access for Native-American students.

Background

Community colleges educate more than 40 percent of all undergraduate students and about 24 percent of all full-time undergraduates. Often known as "open admission" or "open enrollment" schools, community colleges provide widespread access to postsecondary education and vocational training for students from all backgrounds, including more low-income and underrepresented students than any other type of college. Community colleges take on a diverse range of roles, from providing associate's degrees and certificates to facilitating transfers to four-year colleges and universities, as well as offering workforce development and lifelong learning opportunities.

Community colleges tend to have relatively low tuition and fees. However, the cost of books and supplies, rent, transportation, and other education-related expenses is considerable and usually exceeds tuition and fees at community colleges. Federal Pell Grants, loans and other student aid may be used to cover the total cost of attendance, but community college students are much less likely than students at four-year colleges to get the aid they need (The Institute for College Access & Success, 2009). The total cost of attending a community college in the U.S. during academic year 2008-09 was $14,054 – three quarters of the total cost of a four-year public college ($18,326) (College Board, 2008).

In many cases, loans may enable students to stay in school and succeed academically when lack of resources would otherwise force them to drop out or work excessive hours. Research has shown that working more than 15 to 20 hours a week can severely interfere with a student's academic success (Pike, Kuh, & Massa-McKinley, 2009; King, 2002). A modest loan, however, can make it possible for a student to limit work hours, pay for child care,

Loan Terms and Benefits for 2009-10 Community College Students

	Subsidized Stafford	Unsubsidized Stafford	Private Loans
Eligibility	Students with financial need, enrolled at least half time; no credit check; college must participate in the federal loan program	Any student enrolled at least half time; no credit check; college must participate in the federal loan program	Enrollment requirements vary; requires a credit check and often a cosigner
Maximum Amount	$3,500 for freshmen; $4,500 for sophomores	For dependent students, $5,500 for freshmen (including up to $3,500 subsidized); $6,500 for sophomores (including up to $4,500 subsidized); for independent students, $9,500 for freshmen (including up to $3,500 subsidized); $10,500 for sophomores (including up to $4,500 subsidized)	Most available for up to cost of attendance minus other aid
Interest Rate	Fixed at 5.6%	Fixed at 6.8%	Variable, no maximum; based on credit and market rates; up to 18% in 2008
Fees	1.5%, discounts may apply	1.5%, discounts may apply	Up to 11% in 2008
Charges during school	None	Interest accrues	Interest accrues or payments due
Unemployment/ Economic hardship policy	No payments required and no interest charged for three years of economic hardship/unemployment	No payments required but interest accrues for three years of economic hardship/unemployment	Lender discretion; usually very limited, interest accrues, may charge fees
Income-based repayment	Available	Available	Not Available
Loan forgiveness	Various provisions for teachers, government and nonprofit workers	Various provisions for teachers, government and nonprofit workers	None
Other cancellations	Death or permanent disability; closed school	Death or permanent disability; closed school	None

attend school full time, or otherwise free up time needed for classes and studying.

The economic downturn in the U.S. is driving people of all ages back to school, and community colleges across the country are experiencing unprecedented enrollment growth. Students and families have less to spend on college costs, which are increasing with rising tuition and cuts to state higher education and financial aid programs. Widespread unemployment and underemployment make it less likely that students will have the resources they need without borrowing. While students should avoid borrowing when possible, it is more important than ever that those who need to borrow have access to the safest, most affordable borrowing option: federal student loans.

Findings and Analysis

Community and technical colleges that do not participate in the federal loan programs most commonly cite a fear of defaults – both for the school and the student – and a desire to prevent or protect their students from borrowing. This section explains why colleges have these concerns, and how access to federal student loans can protect students from more dangerous types of debt without putting community colleges at risk.

Fear of defaults

In the early 1990s, default rates on federal student loans had skyrocketed to 22 percent.[3] In response, Congress passed legislation placing strict sanctions on schools with very high default rates, including losing eligibility to participate in all federal student aid programs. Out of fear of losing the ability to disburse grant aid as well as loans, some colleges chose to pull out of the federal student loan programs altogether. Although current default rates are far below the previous highs and no college has lost access to grant aid in years, the fear of being penalized remains.

A borrower is considered in default on a federal student loan after making no payments for 270 days. The "cohort default rate" measures how many borrowers at a particular college default on their loans in their first two years of repayment.[4] Colleges with cohort default rates above 25 percent for three consecutive years lose the ability to disburse federal Pell Grants, the largest source of grant aid to students. This is catastrophic for both students and colleges, as both rely on Pell Grant funds to cover costs.

[3] We use the terms "default rate" and "cohort default rate" interchangeably.

[4] The Higher Education Opportunity Act of 2008 (HEOA) changed the cohort default rate calculation to span three years, as opposed to two years as it does currently. It also increased the sanction threshold for three consecutive years, from 25 to 30 percent. This change will not be fully in effect until 2011.

Cohort Default Rates 101

What is default?
A borrower defaults on a federal student loan after not making any payment for 270 days. This can only occur after a student graduates or is no longer enrolled in college at least half-time, and after a six-month grace period between the end of school and the start of repayment.

What is the cohort default rate?
The cohort default rate measures the numbers of borrowers from a given class who default within two years of entering repayment. For the majority of institutions, cohort default rates are calculated using this equation:

Number of borrowers who entered repayment in 2007, and defaulted in 2007 or 2008 ÷ Number of borrowers who entered repayment in 2007 = 2007 Cohort Default Rate

Why do default rates matter?
Institutions with high default rates may face serious sanctions.

Default Rate	Sanction
25% or higher in three consecutive years	Loss of Stafford loan eligibility and Pell Grant eligibility for three years
40% or higher in one year	Loss of Stafford loan eligibility for three years

Important changes to default rates and sanction thresholds
Beginning in 2011, the calculation of the cohort default rate will extend to include borrowers who default on their loans in the three years after entering repayment, rather than two. While that change will likely increase cohort default rates, the threshold to trigger sanctions will also increase, from 25 percent or higher in three consecutive years, to 30 percent or higher.

How frequently do institutions lose Pell Grant eligibility because of default rates?
No institution — community college or otherwise — has lost Pell Grant access due to default rates since 2004, when one school was sanctioned (Walsh and Dozier, 2008).

Any college that has a cohort default rate above 40 percent for one year loses the ability to participate in the federal loan programs, but not to disburse Pell Grants. (See sidebar on previous page for more details about the cohort default rate and related sanctions.)

Another less severe, but very real, side effect of high cohort default rates is the impact they can have on a school's reputation. Every year the Department publishes a list of cohort default rates by school, and colleges with high or rising rates can be targeted by local media and college administrators. While default rates merit public examination, they can appear deceptively high at community colleges where very few students borrow or only a small percentage of eligible borrowers take out loans.

Cohort default rates not an imminent threat

Our research suggests that the threat of sanctions is not an imminent danger for community colleges, and that opting out of the federal loan programs does not keep students from borrowing – it only keeps them from the safest form of borrowing. As college costs rise across the country and the economy is in a recession, community college students who need to borrow deserve the safest, most affordable option.

We have examined institutional cohort default rates, sanction regulations, and appeal options in detail, and *no community college is at risk of being sanctioned based on 2007 rates*.

Cohort Default Rate Appeals

Once institutions are notified of their initial calculated cohort default rate, they can appeal the potential rate sanctions based on certain mitigating circumstances, such as serving predominately low-income students or by having just a few students borrowing each year. Details about these appeal types can be found in the Cohort Default Rate Guide published by the U.S. Department of Education's Default Prevention and Management department. The Department does not keep records of the number or types of challenges, adjustments, or appeals requested by institutions.

The *participation rate index appeal* — holds particular promise for community colleges (see sidebar right). Given low rates of borrowing, the vast majority of currently participating community colleges would be eligible to file a participation rate index appeal if their default rates rise.

Due to the economic downturn, default rates have risen across all types of colleges in the last year. As a result, more community college administrators may be concerned that defaults will continue to rise and put their Pell Grant eligibility at risk. Rising rates should be taken seriously, and colleges may want to consider additional default management strategies in light of the economic climate. But no public two-year college should worry about losing Pell Grant eligibility based on their 2007 cohort default rate.

If any community college does find itself with a high default rate, it can likely appeal that rate successfully. At many community colleges, a small percentage of eligible students take out loans, so just a few individual defaults can create a high default rate. These colleges can be exempted from sanctions by appealing to the Department of Education based on the "participation rate index," (see

Participation Rate Index, by the Numbers

An institution's federal student loan participation *rate* is the share of its eligible students who actually borrow. *The participation rate index* is the participation rate multiplied by the institution's default rate. The Higher Education Opportunity Act increased the allowable participation rate index for fiscal years beginning October 2011.

Currently, a school where 15 percent or less of eligible students borrow can use this appeal. The participation rate index must be 0.0375 or less for three-year sanctions, or 0.06015 or less for one-year sanctions.

Here are is an example:

A college has 2,500 students who are eligible to borrow federal loans, and 250 borrowers. The college's most recent default rate is 35 percent.

250/2,500 x .35 = 0.035

That college could appeal based on its participation rate index.

Given low rates of borrowing at community colleges, the vast majority of colleges would qualify for the participation rate index appeal, if needed.

For fiscal years beginning October 2011, the participation rate index will increase to 0.0625 for three-year sanctions. At this level, colleges with less than 21 percent of eligible students borrowing will qualify for leeway in potential three-year sanctions. The allowable maximum participation rate for one-year sanction appeals will remain 15 percent.

sidebar on previous page). The participation rate index takes the number and percentage of a college's eligible borrowers into account, and can raise the default rate threshold that triggers sanctions. We estimate that the vast majority of community colleges have low enough loan participation rates to meet the current criteria for this appeal. Moreover, the Higher Education Opportunity Act of 2008 broadened the participation rate index for three-year sanctions starting in 2011, such that colleges with up to 21 percent of eligible students borrowing can use this appeal, up from 15 percent.

After reviewing institutional cohort default rates, sanction regulations, and appeal options, our research suggests that the threat of sanctions is not an imminent danger for any public two-year college. There are three participating colleges with 2007 cohort default rates above 25 percent, but they are not at risk of being sanctioned: all three colleges appear to have participation rates that are well within the allowable range for appeals.

While default rates may increase in 2011 when they start covering three years instead of two, that change will be accompanied by an increase in the threshold for triggering three-year sanctions, from 25 to 30 percent of borrowers in the cohort, mitigating the potential increased risk to schools.

These legislative changes to cohort default rates and the appeals process strengthen the safety net for responsible colleges that want to provide access to federal student loans. To take the pressure off colleges where a small share of students borrow, and at which calculated rates may not be representative of a college's performance or responsibility, the Department of Education should further help college leaders, media, and communities better understand the context surrounding cohort default rates. The Department took a first step in that direction in their press release announcing the 2007 cohort default rate: "In interpreting the rates, it is important to remember that some schools, especially some community colleges, may have rates that seem high but that represent a very low number of students. Sanctions may not apply in these circumstances." (U.S. Department of Education, 2009)

Protecting students from debt

Another reason community colleges do not offer federal loans is that some administrators believe students should not borrow at community and technical colleges. This usually comes from an understandable desire to protect students from unnecessary or burdensome debt. Tuition and fees tend to be lower at two-year colleges than at four-year institutions, and most community college students do not need to borrow. Some financial aid officers at non-participating schools fear that if federal loans were available, their students would take them out unnecessarily. Since there are limits on how much a student can take out in federal loans over the course of their college career, community college officials also worry about students using up federal loan eligibility they may need later at a more expensive four-year institution.

Protecting students from risk

Given the reality that some community college students need to borrow to stay and succeed in school, the best way to protect students is to give them the safest options and sound advice.

Financial aid offices have a high degree of control over the information that students receive about their aid options and can help keep defaults low by providing students with good information. In addition to required entrance and exit counseling for borrowers, some participating colleges counsel students to think through their educational plans and anticipated earnings before taking out loans. This counseling can also include financial literacy, debt management, and targeted counseling for at-risk students that may help them avoid default later on.

Financial aid administrators even have some discretion to deny federal loans to individual students they consider to be at high risk of defaulting. As long as administrators

Myth	Reality
One bad year and our students will lose their Pell Grants.	Colleges can only lose access to Pell Grants after three consecutive years of high default rates.
Our default rate is close to 10 percent — we're in trouble!	A college with a 10 percent default rate is not at risk of sanction.
If we offer loans to some students, we'll have to give them to everyone.	Financial aid offices have the authority to deny federal loan eligibility on a case-by-case basis.
Our students are all high-risk, so we won't be able to prevent a high default rate.	Default management strategies work, and the Department of Education will work with colleges to address default concerns.
Our default rate is skewed by our low number of borrowers and jeopardizes student access to Pell Grants.	The Department of Education protects institutions with low borrowing rates from unfair sanctions.

document legitimate reasons for using their "professional judgment" to deviate from the standard procedure, there is no limit to this authority.

Concerns about unnecessary student borrowing are particularly prevalent at technical colleges. With students primarily enrolling in short-term certificate programs, fewer likely need to borrow at these types of colleges. However, these colleges all participate in the federal Pell Grant program in recognition that their students need financial aid.

A safer option

Barring access to federal loans will not keep students from borrowing – it just keeps them from borrowing federal loans. Students who need to borrow will use credit cards or take out private student loans, risky and expensive choices that often circumvent the financial aid process and the counseling that comes with it. While most administrators at non-participating schools are likely unaware of their students' borrowing habits, we found several non-participating colleges that actually promote private student loans on their financial aid web sites (see examples). These schools are acknowledging that some students need to borrow, and steering them directly to expensive, dangerous loans.

Federal student loans have fixed interest rates of between 5 and 6.8 percent, whereas private loans have variable rates that were as high as 18 percent in 2008. Federal student loan borrowers are entitled to temporarily postpone payments through deferments and forbearances, and to long-term relief through income-based repayment options, loan forgiveness, and even loan cancelation in some cases. In contrast, options for private loan borrowers are provided at the whim of their lenders on a much more limited scale. If a lender allows delayed payments, interest accrues during this forbearance period and they may charge a fee as well.

Between 2003-04 and 2007-08, the share of community college students who borrowed any type of student loan increased from 9 percent to 13 percent. Compared to students at other types of colleges, community college students' rate of borrowing is still low. More troubling is that increasing numbers of community college students are turning to private loans when they should never have to do so.

Private loans should only be used as a last resort after all other financial aid options are exhausted. Nevertheless, too many students at community colleges are turning to private loans before taking out a federal loan or the maximum federal loan. The percentage of community college students taking out private loans quadrupled between 2003-04 and 2007-08. In 2007-08, 91 percent of private loan borrowers at community colleges either took out no Stafford loans at all, or took out less than they could have. Almost two-thirds (64 percent) of private loan borrowers at community colleges, or nearly a quarter of a million students, took out no Stafford loans at all, more than three times the share (20 percent) at other types of colleges.

Financial aid offices are responsible for helping students make the best possible decisions about how to pay for college. When a college does not provide access to federal loans, it bars students from the safest borrowing option. While these policies may be intended to help them, steering community college students towards risky, expensive debt does them a dangerous disservice.

Undergraduate Private Loan Borrowing at Community Colleges and Other Colleges, 2007-08

	At community colleges	At all other colleges
Share of students with any student loans	13%	56%
Share of students with private loans	4%	21%
Number of student with private loans	362,000	2,583,000
Share of private loan borrowers who took out no federal Stafford loan	64%	20%
Share of private loan borrowers who took out no federal Stafford loans, or took out less than they could have	91%	60%

Source: Calculated by the Project on Student Debt using the U.S. Department of Education's National Postsecondary Student Aid Study, 2007-08. Calculations only include students who are citizens or permanent U.S. residents. A very small percentage of these students may be ineligible for federal loans for various reasons. The term "private loans" only includes bank and lender-originated loans, not all non-federal loans.

Improvements to federal loans

Federal student loans have always been a better option than private student loans, and recent changes have only made federal loans more attractive. The fixed interest rate for need-based subsidized Stafford loans is at a low 5.6 percent, and will drop to 3.4 percent by 2011. There is also Income-Based Repayment, a new repayment option for federal student loans that guarantees loan payments will not exceed a reasonable percentage of income. The new Public Service Loan Forgiveness program forgives any debt remaining after ten years of Income-Based Repayment for a broad range of government and nonprofit workers, including employees of public schools and colleges. These reductions in the costs and risks of federal student loans should allay some of the fears colleges cite about student borrowing.

Recent changes at colleges

This report focuses on the list of institutions designated as "public two-year" colleges in the Integrated Postsecondary Education Data System (IPEDS), a collection of federal surveys.[5] This designation includes colleges where the highest degree offered is an associate's degree, and excludes a growing number of schools that provide limited options to earn bachelor's degrees in specific fields, but otherwise operate like community or technical colleges.

Since we published the first report on this topic, *Denied*, in April 2008, a number of schools that were then classified as community colleges have changed classification. Several colleges that previously offered only less-than-two-year certificates but now offer two-year programs have been added to this year's analysis, such as the Tennessee Technology Centers and the Kiamichi Technology Centers in Oklahoma. Other colleges were not included in this year's analysis because they now offer bachelor's degrees.

South Texas College, one of the largest non-participating community colleges included in last year's report, now offers a Bachelor of Applied Technology degree. The college's website still states that federal student loans "are not an option at this institution," but as an IPEDS-classified public four-year college, it is excluded from our analysis this year. Seattle Community College, South Campus, did not award a single Bachelor's degree in 2007-08, but it is categorized as a public four-year college because it offers a Bachelor of Hospitality Management. As with the system's other campuses, Seattle Community College, South Campus does not participate in the federal student loan programs. It, too, is excluded from this year's analysis. Given that the student populations and academic programs at these institutions largely mirror those of community colleges, there is no reason to believe that the findings of this report are not applicable to them. Students at these institutions should have access to federal student loans.

Of those that were in both of our analyses, 12 colleges that did not participate in the federal loan programs in 2004-05 were participating three years later, and four colleges that were participating in 2004-05 had stopped by 2007-08. We spoke with administrators at several of the 12 schools that recently began offering federal loans about what prompted the change. A common answer was that colleges realized that grant aid was not covering all college expenses and that students needed additional financing options. One administrator spoke of the reality that college can be unaffordable for middle-income students as well as lower-income students, and that those who may not be eligible for a Pell Grant still have financial need that a loan could cover. One financial aid director spoke of the dangers of private student loans and how the college wants to discourage students from using them.

Recommendations

There are many ways colleges can protect their students and themselves from default and encourage responsible borrowing. Default sanctions are not an imminent threat for community colleges, and denying access to federal loans does not protect students from debt or the risks that come with it. The fact that the availability of student loans at community colleges varies by race and ethnicity, and that hundreds of thousands of community college students are turning to private loans, underscores the need for non-participating colleges to reconsider whether or not offering federal student loans is in their students' best interests.

All eligible students who are enrolled at least half time deserve access to the safest, most affordable borrowing option, regardless of their choice of institution or where they live. The best way for a college to protect its students is to provide federal loans along with appropriate counseling and advising to ensure that students borrow responsibly and only when necessary.

We make the following recommendations:

- Non-participating colleges should reconsider their loan policies and their impacts on students. A responsible

[5] The Integrated Postsecondary Education Data System (IPEDS) is a project of the U.S. Department of Education's National Center for Education Statistics, which annually conducts interrelated surveys from every college, university, and technical and vocational institution that participates in the federal student financial aid programs.

default management plan and entrance and exit counseling, combined with flexible repayment options and loan forgiveness possibilities, make federal loans relatively safe for both schools and students.

- The U.S. Department of Education (the Department) should publish an asterisk along with official cohort default rates when only a small share of an institution's eligible students borrow federal student loans. While these institutions are not punished for deceptively high rates, the appearance of a high rate can raise unnecessary concern.
- Through the negotiated rulemaking process, the Department should update the participation rate index for one-year cohort default rate sanctions to allow any institutions at which fewer than 21 percent of eligible students borrow to appeal potential sanctions. Keeping appeals for the two default-related sanction types consistent, along the lines approved by Congress, will make it simpler for colleges to use the participation rate index appeal as a safeguard against undue sanctions.
- The Department should provide guidance to financial aid officers at community colleges clarifying the rules for cohort default rate appeals, and encouraging them to offer federal loans as a way of protecting their students from using credit cards and risky private loans.
- The Department should publish information about federal student loan participation by institution on a regular basis, at least every three years.

The Department took an important first step towards addressing community college concerns by acknowledging in its recent press release that some community colleges' default rates may appear deceptively high due to a small number or share of borrowers, and that these colleges may not be subject to sanctions (U.S. Department of Education, 2009). However, colleges and the Department must do more to ensure that all students who need them have access to federal student loans.

Methodology

The U.S. Department of Education does not currently maintain a list of institutions that participate in the federal Pell Grant program but not the federal loan programs. To identify the non-participating colleges, we looked at data on federal loans made to students, by college, in the academic year 2007-2008. Institutions categorized as "public two-year" colleges in 2007-08 in the Integrated Postsecondary Education Data System were included in the analysis. For this list of institutions, we looked at data on Federal Stafford loan volume from the National Student Loan Data System (NSLDS), the federal database of student loan transactions.[6] Colleges that had distributed any Stafford loans in 2007-08 were classified as participating. Those with no Stafford loan distribution were preliminarily classified as "non-participating." In these instances, we checked the college's website and called the financial aid office for confirmation.[7]

To assess students' ability to access federal student loans, we used colleges' 12-month enrollment from IPEDS.

We eliminated Alaska and the District of Columbia from the state data table because less than five percent of their undergraduates attend public two-year colleges. From the race and ethnicity columns, we excluded participation rates for racial or ethnic groups that constituted less than five percent of the state's two-year public enrollment. A list of all non-participating community colleges can be found at http://projectonstudentdebt.org/files/pub/participatingccs09.pdf.

[6] This data was provided to us by MPR Associates, a contractor of the U.S. Department of Education.
[7] We did not contact institutions designated as "participating" to confirm that they had not left the program. Our staff checked college web sites and called financial aid offices between August 11-26, 2009.

Share of Students Without Access to Federal Student Loans, by Ethnicity							
State	**Total Share Without Access**	**White**	**African American**	**Latino**	**Asian**	**Native American**	**Share of state's college students at community colleges**
Alabama	**45.7%**	39.5%	62.7%	-	-	-	34.8%
Arizona	**6.5%**	6.0%	1.4%	3.2%	-	-	42.4%
Arkansas	**8.2%**	7.4%	10.8%	-	-	-	37.1%
California	**6.3%**	4.7%	10.9%	9.4%	2.4%	-	65.4%
Florida	**9.0%**	7.8%	13.4%	11.0%	-	-	32.7%
Georgia	**60.4%**	62.2%	61.1%	-	-	-	36.2%
Illinois	**10.8%**	6.0%	21.9%	20.3%	-	-	50.9%
Louisiana	**44.1%**	48.1%	42.4%	-	-	-	25.2%
Maryland	**10.2%**	8.9%	16.0%	-	2.3%	-	45.7%
Massachusetts	**2.7%**	0.3%	12.4%	3.6%	-	-	25.5%
Michigan	**0.4%**	0.3%	0.1%	-	-	-	40.8%
Minnesota	**0.2%**	0.0%	0.0%	-	-	-	39.7%
Mississippi	**9.2%**	5.7%	14.6%	-	-	-	49.9%
Montana	**21.2%**	4.2%	-	-	-	85.4%	20.6%
Nebraska	**0.2%**	0.0%	0.0%	-	-	-	38.7%
New Jersey	**6.4%**	1.3%	21.1%	8.6%	3.3%	-	47.2%
New Mexico	**5.0%**	4.5%	-	3.9%	-	11.0%	55.9%
North Carolina	**52.2%**	50.7%	57.3%	-	-	-	46.6%
North Dakota	**5.7%**	0.6%	-	-	-	63.4%	21.4%
Ohio	**1.4%**	1.3%	0.3%	-	-	-	32.5%
Oklahoma	**7.8%**	7.7%	5.5%	-	-	11.3%	36.0%
South Carolina	**3.8%**	3.3%	4.9%	-	-	-	42.6%
South Dakota	**5.6%**	1.5%	-	-	-	52.9%	12.6%
Tennessee	**26.7%**	20.7%	54.5%	-	-	-	30.5%
Texas	**2.7%**	4.1%	2.9%	0.9%	0.6%	-	49.5%
Utah	**17.9%**	18.2%	-	26.4%	-	-	21.2%
Virginia	**22.6%**	27.8%	17.8%	-	5.0%	-	41.4%
Washington	**10.5%**	9.5%	-	7.4%	16.5%	-	59.0%
West Virginia	**4.8%**	4.8%	6.8%	-	-	-	21.8%
Wisconsin	**0.5%**	0.1%	0.0%	-	-	-	38.3%
United States	**9.0%**	**8.1%**	**17.7%**	**7.8%**	**3.7%**	**18.9%**	41.0%

Notes: Excludes shares where ethnic group comprises less than 5% of state community college enrollment.
Excludes states where all community colleges participate in the loan programs.

Sources

Baum, Sandy and Jennifer Ma. 2008. *Trends in College Pricing*. Washington, DC: The College Board.

The Institute for College Access & Success (TICAS). 2009. *Quick Facts About Financial Aid and Community Colleges, 2007-08*. Berkeley: The Institute for College Access & Success.

King, Jacqueline E. 2002. *Crucial Choices: How Students' Financial Decisions Affect Their Academic Success*. Washington, DC: American Council on Education.

Pike, G. R., G. D. Kuh, & R. Massa-McKinley. (2009). *First-Year Students' Employment, Engagement, and Academic Achievement: Untangling the Relationship Between Work and Grades*. NASPA Journal 45(4), pp. 560–582.

The United States Department of Education. 2009. *Student Loan Default Rates Increase*, ED Press Releases: http://www.ed.gov/news/pressreleases/2009/09/09142009.html. Accessed September 30, 2009.

Walsh, Mark and Angelita Dozier. 2008. *Default Prevention 2008: Session #54*, 2007 FSA Conference. http://www.ifap.ed.gov/presentations/attachments/Session5407.ppt. Accessed September 30, 2009.

THE PROJECT ON STUDENT DEBT

The Project on Student Debt is an initiative of the Institute for College Access & Success, which works to make higher education more available and affordable for people of all backgrounds. By conducting and supporting nonpartisan research, analysis, and advocacy, the Institute aims to improve the processes and public policies that can pave the way to successful educational outcomes for students and for society.

This brief was researched and written by Deborah Frankle Cochrane, Laura Szabo-Kubitz, and Edie Irons. Lauren Asher, Shannon Gallegos, Diane Cheng, Matthew Reed, and Cedrick Andrews also made significant contributions.

This brief was made possible by support from The Pew Charitable Trusts, the William and Flora Hewlett Foundation, the Ford Foundation, the Rosalinde and Arthur Gilbert Foundation, and the Bay Tree Fund.