

# making loans work

how community colleges  
support responsible  
student borrowing

August 2012



California Community Colleges  
Student Financial Aid Administrators Association

the institute for  
college  
access & success



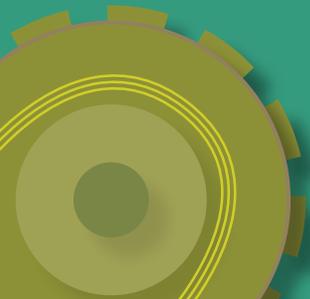
## acknowledgments

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Please direct any questions about this report to TICAS and CCCSFAAA.





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the institute for  
**college  
access & success**

An independent, nonprofit organization, the Institute for College Access & Success (TICAS) and its Project on Student Debt work to make higher education more available and affordable for people of all backgrounds. By conducting and supporting nonpartisan research, analysis, and advocacy, TICAS aims to improve the processes and public policies that can pave the way to successful educational outcomes for students and for society.



**California Community Colleges  
Student Financial Aid Administrators Association**

The California Community Colleges Student Financial Aid Administrators Association (CCCSFAAA) is founded on three fundamental principles that define the mission of the Association:

- First, accessibility to higher education is essential to the development of human potential and the human condition; and financial aid is an essential access vehicle to higher education; and
- Second, that the effective administration of financial aid programs requires accurate, current, and focused information on federal and state legislation and regulations governing student financial aid programs; and
- Third, communication between members of the profession, government agencies, and private and community organizations is critical to the development of effective financial aid programs and the advancement of the profession.



# making loans work

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For years, state and federal policy on higher education was focused on making sure students had access to college. Today, that emphasis has expanded to include completion of college, with the Obama administration and many states setting goals for increasing college attainment. While discussions about college completion have stressed the importance of K-12 preparation and the need to improve institutional effectiveness, they often overlook the crucial role of financial aid.

Ensuring that students have the financial resources to support college attendance and success is essential to improving completion rates, whether at two-year or four-year colleges. Several studies have found that students who limit employment to 10 or 15 hours per week are more likely to stay enrolled and earn degrees or certificates.<sup>1</sup> For many students, that means some form of financial support is needed. And for an increasing number of them, that financial support includes federal student loans.

Recognizing that family income, savings, grants, and manageable student earnings are not always enough to fully cover the total cost of attending and completing college, the federal government has long provided student loans as a bridge for those facing such gaps. (See box, *More About Federal Student Loans for Undergraduates*, p. 5) Today, with average tuition rising faster than either family income or need-based grants, that bridge is more vital than ever to ensure students can pursue – and complete – college. Yet, in today's rapidly changing environment, college financial aid offices – where students turn for federal loans and other forms of aid – face increasing pressure from multiple sources.

A recession and rising enrollment have strained financial aid offices in two ways. First, demand for financial aid in general has been rising sharply. Between 2007-08 and 2010-11, the number of FAFSA applicants increased by 44 percent.<sup>2</sup> Second, the down economy has resulted in state budget cuts at public colleges, where the large majority of students enroll. These have led to hiring freezes and other reductions in capacity, leaving many financial aid offices struggling to manage the rising demand. The combination of increased demand for aid and offices' inability to maintain or expand staffing levels has hit financial aid offices particularly hard.

<sup>1</sup> See, for example, Orozco, V. & Cauthen, N.K. 2009. *Work Less, Study More & Succeed: How Financial Supports Can Improve Postsecondary Success*. New York: Demos. Note, however, that most of the analyses to date have been descriptive studies that do not rule out effects of student attributes such as age, income, race, and ethnicity.

<sup>2</sup> Data provided by the U.S. Department of Education on July 17, 2012.

Choosing to exit the federal loan program can undermine the college completion goals that so many states and colleges are establishing.

At the same time, federal student loan default rates across the nation at all types of colleges have been rising, partly as a result of the tight job market and high unemployment. This creates another source of anxiety for higher education leaders concerned about their students' futures and eager to protect student access to financial aid. In some cases, high default rates can lead to sanctions that prevent schools from offering Pell Grants and/or federal loans to their students.

Some significant protections from the consequences of debt and default are available for both students and colleges. For students, programs such as income-based repayment can keep required federal loan payments affordable and help prevent default. For colleges, although institutional sanctions can be imposed when too many of their borrowers default, the thresholds are high and exemptions are available for colleges with relatively low borrowing rates. However, many colleges are not fully aware of these protections and focus solely on the risks of student borrowing, which means neither they nor their students can fully benefit from the programs.

Community colleges often fall into this realm. Few community college students choose to borrow – about 13 percent nationally and only three percent in California – but that does not make thoughtful lending practices and policies any less important.<sup>3</sup> In fact, a 2010 study found that the amount of financial aid received by students, including loans, is the “single strongest predictor of graduation” at two-year colleges. “Our findings show that variations in amounts of aid received, even in this ‘low aid’ and ‘low cost’ sector, are associated with substantial differences in graduation rates,” the report said.<sup>4</sup> Nevertheless, even before the economic downturn, community colleges have been under-resourced in terms of financial aid staffing compared with four-year universities, despite enrolling students with the greatest need.

This is especially so in California, where per-student spending on financial aid administration at California State University is about twice that at community colleges – and at the University of California, it is more than four times as much, according to the most recent estimates available.<sup>5</sup> Even though no California community colleges have been in danger of federal sanctions, constrained resources combined with low awareness of how to prevent unnecessary default sanctions have led some to withdraw from the federal student loan program altogether. (See box, *Leaving the Loan Program*, p. 5)

<sup>3</sup> TICAS calculations from the U.S. Department of Education, National Postsecondary Student Aid Study: 2008.

<sup>4</sup> Attewell, P. et al. 2011. “Competing Explanations of Undergraduate Noncompletion,” in *American Educational Research Journal*, Vol. 48, No. 3.

<sup>5</sup> California Community Colleges Chancellor's Office. December 2011. *Student Financial Aid Report*. Sacramento: California Community Colleges Chancellor's Office. Estimates are for the 2007-08 school year.

## more about federal student loans for undergraduates

Federal Stafford loans are widely available to students at all types of schools, regardless of the student's income. These loans are subject to **annual limits** and **aggregate limits**. The government pays the interest on subsidized Stafford loans while the student is in school; interest accrues on unsubsidized Stafford loans.

As of 2011-12, **dependent students** (generally defined as unmarried students under 24 with no children and no Bachelor's degree) face annual limits of \$5,500 as freshmen (including up to \$3,500 subsidized), \$6,500 as sophomores (including up to \$4,500 subsidized), and \$7,500 as juniors and seniors (including up to \$5,500 subsidized). Dependent students are not allowed to borrow more than the aggregate limit of \$31,000 as undergraduates.

**Independent students** have higher limits: \$9,500 as freshmen (including up to \$3,500 subsidized), \$10,500 as sophomores (including up to \$4,500 subsidized), and \$12,500 as juniors and seniors (including up to \$5,500 subsidized). The aggregate limit for independent undergraduates is \$57,500.

**Student eligibility** for federal Stafford loans is broad, and there is no income limit. Students must be U.S. citizens or permanent residents and enrolled at least half time in a qualified program at a school that participates in the federal loan program. They also must not be in default on any prior student loan or have been convicted of a drug offense while receiving federal financial aid (including Pell grants).<sup>6</sup> Students must begin **repayment** of their Stafford loans six months after leaving school (or failing to be enrolled at least half-time, usually defined as taking six units). Borrowers who are more than 270 days delinquent in repaying their loans are considered to be in **default**.

**College eligibility** to offer federal financial aid can be affected if too many students default on their federal loans after leaving the school. The U.S. Department of Education tracks **cohort default rates** (CDRs) of borrowers by college, beginning in the year those students enter repayment. Currently, if the percentage of borrowers defaulting within two years is too high, the colleges may face serious sanctions. After three consecutive years of CDRs of 25 percent or higher, colleges can lose the ability to offer federal loans and Pell Grants for three years. With a single year's CDR above 40 percent, colleges can lose the ability to offer federal loans (but not Pell Grants).

Beginning in 2014, sanctions will be based on a different CDR calculation that covers a period of three years after repayment starts, rather than the current two years. At that time, colleges with three consecutive years of three-year CDRs of 30 percent or higher may lose the ability to offer federal loans and Pell Grants. The threshold for sanctions based on a single year's CDR will remain at 40 percent. In some cases, federal law allows colleges with rates above these thresholds to avoid sanctions through an appeal process. Particularly useful for community colleges is the participation rate index (PRI) appeal, which allows colleges to have CDRs higher than typical sanction levels if relatively few students at the school borrow federal loans. For sanctions based on two-year CDRs, this protection is available to schools with fewer than 15 percent of students borrowing, increasing to almost 21 percent for sanctions based on three-year CDRs.<sup>7</sup>

Under **income-based repayment (IBR)**, available since 2009, borrowers may qualify for reduced payments based on their income and family size, with any remaining debt forgiven after 25 years. Certain borrowers are eligible for **public service loan forgiveness** after 10 years of qualifying payments and employment.

## leaving the loan program

Students needing extra financial support to get through college often turn to federal student loans. But, to qualify for this important form of financial aid, students must attend colleges that participate in the federal student loan program. Nationally, about nine percent of community college students attend colleges that do not participate - resulting in more than one million students across 31 states lacking access to federal student loans. In eight states, more than 20 percent of community college students are unable to take out federal loans. This non-participation disproportionately affects African-American and Native-American students.

In 2010-11, with the withdrawal of six community colleges from the loan program, California became home to the largest number of students in a single state without access to federal student loans, estimated at 214,000 students. Still, the share denied is relatively small compared to some southern states. In Georgia, North Carolina, Alabama, and Louisiana, for example, more than 45 percent of community college students lack access to loans.

Source: *Still Denied, How Community Colleges Shortchange Students by Not Offering Federal Loans*, The Project on Student Debt at the Institute for College Access & Success, April 2011.

<sup>6</sup> Federal Pell Grants provided up to \$5,550 in need-based financial aid in 2011-12 to full- and part-time students. Most recipients have family incomes below \$40,000. Students must complete the Free Application for Federal Student Aid (FAFSA) to receive a Pell Grant, and can apply at any time during the school year.

<sup>7</sup> For more on the participation rate index or other types of CDR sanction appeals available to colleges, please see the U.S. Department of Education's *Cohort Default Rate Guide*, available at <http://ifap.ed.gov/DefaultManagement/CDRGuideMaster.html>.

Even when default rates are low, financial aid offices often struggle with a basic tension inherent in the loan program. On the one hand, as an entitlement program, federal loans are available to students who meet basic eligibility criteria. On the other hand, the government expects accountability from colleges whose students borrow. However, choosing to exit the federal loan program can undermine the college completion goals that so many states and colleges are establishing. As the safest form of student borrowing, these loans are an important component of federal financial aid.

While the risks of too much loan debt are increasingly in the news and can be a harsh reality for unemployed recent graduates, the risks of not being able to borrow are less visible but can be equally grave. Removing access to federal loans forces unknown numbers of students to make choices that harm them in the long run – whether taking on higher-interest private loans or credit card debt, working too much to succeed in college, or dropping out of school altogether.<sup>8</sup> Furthermore, the federal government’s Income-Based Repayment program (IBR), available to student loan borrowers since July 2009, provides a new safeguard against the risks of borrowing. IBR caps monthly loan payments based on income and family size, and forgives any principal and interest remaining after 25 years of payments. For some current borrowers and for all new borrowers starting July 2014, IBR will have a lower payment cap and forgiveness after 20 years.

Still, given the shifting environment, even those college administrators and financial aid professionals who remain committed to making federal loans available to their students are searching for ways to feel more confident that their students are borrowing responsibly. Understandably, they want to make sure that in helping students bridge the financial gap, federal loans are bridges to somewhere for the vast majority of student borrowers.

<sup>8</sup> Pike, G.R., G. D. Kuh, and 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.



## documenting loan program practices: our findings

To ensure that students have access to the full range of financial aid they may need to succeed, colleges must be able to confidently and responsibly offer federal student loans. The Institute for College Access & Success (TICAS) and the California Community Colleges Student Financial Aid Administrators' Association (CCCSFAAA) support colleges in this goal. However, to date, there has been very little independent research or analysis of loan program practices, particularly at community colleges. To help fill that void, TICAS and CCCSFAAA have come together to highlight practices that colleges are pursuing to encourage responsible borrowing.

The size and diversity of the California community college system make it a particularly interesting and useful focus for this study. California's 112 community colleges enrolled about 2.5 million students in 2010-11<sup>9</sup> – more than one in five community college students nationally, and about one out of every ten undergraduate students at all colleges combined.<sup>10</sup> The community college system also enrolls the vast majority of low-income and underrepresented students within California.

Interviews with a dozen community college financial aid officials in California,<sup>11</sup> supplemented by research at the national level, revealed a range of ways that colleges are promoting responsible borrowing. Interviews for this report were conducted in late 2011, and practices described in this report reflect college practices for the 2011-12 academic year. Colleges' specific contexts may inform how and whether individual practices that emerged in the interviews can be implemented elsewhere. Further research is also needed to fully understand the implications and effectiveness of these promising practices. Sharing them represents a first step toward understanding the choices that administrators and financial aid staff make as they balance the competing priorities of helping students succeed in college and protecting students' and colleges' fiscal health.

In selecting practices to feature, TICAS and CCCSFAAA were mindful that increasing enrollments and declining budgets leave many financial aid offices

TICAS and CCCSFAAA have come together to highlight practices that colleges are pursuing to encourage responsible borrowing.

<sup>9</sup> Colleges report enrollment and other data to multiple sources, including the U.S. Department of Education's Integrated Postsecondary Education Data System (IPEDS) and the California Community Colleges Chancellor's Office Management Information Systems (COMIS) Data Mart. For 2010-11 undergraduate headcount enrollment, IPEDS reported approximately 2.4 million students enrolled in credit-bearing courses and COMIS reported approximately 2.6 million enrolled students.

<sup>10</sup> TICAS calculations of 12-month college enrollment for 2010-11, as reported by colleges to IPEDS.

<sup>11</sup> Financial administrators interviewed for this report were CCCSFAAA members.

**Financial aid staffing is not a smart place to try to save money. In fact, fulfilling the college completion agenda may require a re-investment in financial aid.**

looking for ways to do more with less. Some financial aid officials mentioned practices they would adopt if they had more staffing. Others suggested that financial aid offices can do more to promote prudent borrowing even on modest budgets.

One thing is clear: to ensure students have the opportunity to earn a degree or certificate, both colleges and states need to provide funding for financial aid and financial aid staffing commensurate with the size and needs of their student population. Financial aid staffing is not a smart place to try to save money. In fact, fulfilling the college completion agenda may require a re-investment in financial aid. With that in mind, the practices highlighted below range from simple, affordable, and concrete steps to more labor-intensive practices involving a high degree of quality control.

In summary, TICAS & CCCSFAAA encourage colleges to:

- 1** Ensure students know that loans are available
- 2** Provide guidance to help students understand the implications of their borrowing decisions
- 3** Coordinate with other student services professionals and faculty to make students' academic success the top priority
- 4** Require additional counseling for students who may be at risk
- 5** Deny individual loans when appropriate
- 6** Automate processes to maximize staff time with students and identify students needing outreach
- 7** Help students avoid default, but keep concerns about default rates in perspective

## ensure students know that loans are available

Just participating in the loan program is not sufficient for colleges to ensure that students have access to loans. Students need to be aware of the full complement of resources available to them, including federal loans, how they work, and how to apply for them.

**Make loan information readily available.** Federal regulations require colleges to inform students about available aid options, but the ways they do so vary. As with all information about financial aid, prominently featuring information about loans on college websites and other relevant materials is critical to student awareness. Simple language answering basic questions is best. This is especially true now that some financial aid offices have reduced their hours, making staff less available to answer these questions directly. Additional links offering greater detail can help students who want more information. To meet this demand, some colleges have tried supplementing the information they provide with paid web-based services, such as Financial Aid TV, as well as free websites like CashCourse.

In California, very few community colleges include loans in students' original aid packages. To receive loans at these colleges, students need to fill out a loan request form. Providing these forms – or clear instructions on where to find them – online saves students and administrators time. If students need to go in person to the financial aid office, it is important that the website also clearly state its hours and location.

When providing such information online, colleges are advised to pay close attention to organization and placement, giving priority to those topics that are most important for students to understand. Research from the field of behavioral economics has demonstrated that the order and placement of available options can influence which option an individual chooses. For example, listing information about federal student loans more prominently than information about riskier alternative loans may help steer students toward safer federal loans. In contrast, one financial aid office, apparently using an alphabetical listing, features “Loans-Alternative” (another term for non-federal loans) before “Loans for Parents” or “Loans for Students” on its website. Though loans get banner treatment, information on need-based grants is hidden on a page entitled “Types of Aid,” even though financial aid professionals consistently advise students to seek grants before loans.

Some colleges erroneously think that burying information about their loan program will allow them to say they are offering loans while protecting them from default-rate difficulties. Hiding loans may reduce the quantity of borrowers, but it may also reduce the quality of information used by those who do borrow. It is not a recipe for increasing college completion or for avoiding high default rates.



**Listing information about federal student loans more prominently than information about riskier alternative loans may help steer students toward safer federal loans.**

**Don't rule out packaging loans up front.** Most California community colleges do not include federal loans in students' original financial aid packages, out of fear that it will encourage unnecessary borrowing. But one college whose financial aid director was interviewed for this report does package loans up front. **Santa Barbara City College**<sup>12</sup> includes loans in aid packages for all students, even those who have not proactively asked for them.

Santa Barbara's financial aid director Brad Hardison's philosophy is that making loans readily available doesn't equal more defaults. "You don't manage your default rate by denying loans," he said. In fact, Hardison believes that offering loans up front ultimately saves time, because students know immediately how much they are eligible to borrow. That time savings is directed toward more one-on-one counseling to help students make good borrowing decisions. (See next section "Provide guidance")

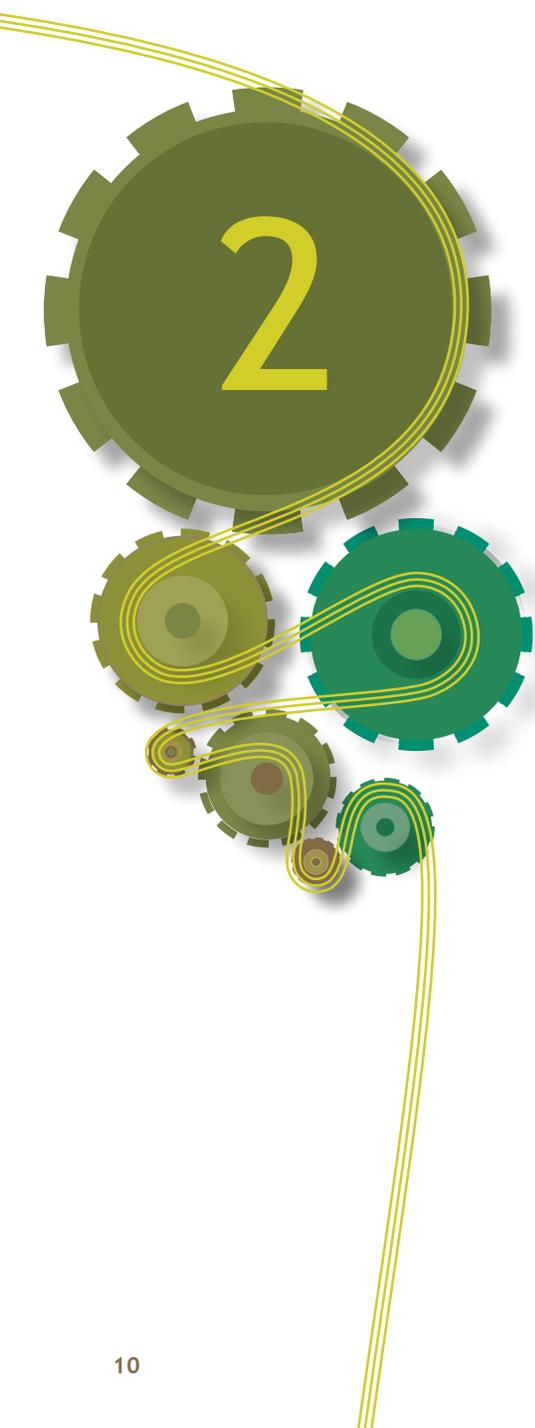
## provide guidance to help students understand the implications of their borrowing decisions

Many students come to community college with little understanding of personal finance or borrowing. Students who have not held mortgages or car loans may have no experience with interest rates and little appreciation for what future payments may look like. Parents who also have little history with college or debt may be ill-equipped to help their children navigate these decisions. Furthermore, compound interest and other financial concepts are likely unfamiliar to the large majority of community college students, who test below college level on mathematics placement exams.<sup>13</sup>

In interviews for this report, the concern that students don't fully understand the implications of their borrowing decisions came up repeatedly. Students are required to undergo online or in-person entrance counseling before they receive their first federal loan. However, many colleges have found ways to provide additional information to help students make good decisions. For instance, colleges add steps to the loan application process to assure themselves that students are receiving the guidance they need. Ideally, these steps are designed to enhance students' ability to borrow appropriately – not merely to create deterrents to borrowing.

<sup>12</sup> Please see Appendix C for 2010-11 data on usage of selected federal financial aid programs and enrollment by race/ethnicity at all California community colleges, including Santa Barbara City College.

<sup>13</sup> Bailey, Thomas, Dong Wook Jeong, & Sung-Woo Cho. Revised 2009. *Referral, Enrollment, and Completion in Developmental Education Sequences in Community Colleges* (CCRC Working Paper No. 15). New York: Community College Research Center, Teachers College, Columbia University.



When colleges do provide worksheets and other counseling materials, they need to use this information for counseling, not for screening students for loans. Though financial aid offices sometimes give students the impression that they are using the information to screen out students across the board, in fact federal law does not allow them to use information that is not from the FAFSA form in that way.

**One-on-one counseling.** Every financial aid professional interviewed expressed a desire to offer one-on-one counseling for students borrowing to pay for college, but most cited staffing levels as a barrier to such a requirement. Some look for other ways to guarantee at least some individual contact with students. At **Antelope Valley College**, for example, the website directs students seeking loans to pick up their loan request forms at the financial aid office. In that way, all students have at least some direct contact with financial aid staff, including the opportunity to have questions answered, said aid director Sherrie Padilla. “We do touch each one of these students individually.”<sup>14</sup>

Only one college whose director was interviewed – Santa Barbara – provides individual, in-person counseling to every borrower, every year the student borrows. The sessions cover topics including student budgets and plans for borrowing, borrowing history, and academic progress and plans. They also review issues covered by the Department of Education’s entrance counseling, such as aggregate loan limits and differences between subsidized and unsubsidized loans.

“I feel that it’s so important that students understand the responsibilities of borrowing a loan that we meet with them at least once a year,” said Hardison of Santa Barbara. “It’s a lot of work, and it’s a lot of students, but I’d rather find other things to do more efficiently so that we can do this.”

**Workshops.** A few of the colleges interviewed offer workshops to help students understand what it means to take out a federal student loan and how to budget for their education. Colleges’ approaches range from mandating borrowing workshops to providing optional workshops to offering none at all.

**Santa Rosa Junior College** holds regular “Workshops for Responsible Borrowing” twice per week at the start of the semester, and less frequently later in the semester. They cover all the basics about getting a loan, including repayment obligations. Though the workshops are not required, they are strongly recommended, especially for first-time borrowers. Students are told that, if they attend the workshop, their loan request will be processed more quickly as a result of being completed properly.

Two years ago, **Mendocino College** began requiring an in-person workshop for all borrowers. The workshop includes about 45 minutes of presentations on financial aid and borrowing, with time left for questions. A second workshop was being developed for repeat borrowers that will introduce budgeting and financial

Students are required to undergo online or in-person entrance counseling before they receive their first federal loan. However, many colleges have found ways to provide additional information to help students make good decisions.

<sup>14</sup> Antelope Valley College has reported that it is moving to in-person entrance counseling for 2012-13.

Students whose academic and borrowing plans don't align are offered one-on-one counseling.

literacy topics. Financial aid director Jacque Bradley stops by for about five minutes at the beginning of each one to caution students that their borrowing as students can impact their future ability to buy a home or car. The school offers 10 to 15 of these sessions toward the beginning of each semester.

Financial aid staff need to weigh the merits and demands of different approaches. “You’ve got to have the manpower to do one-on-one,” noted Greg Ryan of **Fullerton College**, “or you’ve got to do the workshops, because students miss things even though they might be written down somewhere.”

**Worksheets.** For years, colleges such as Santa Rosa and Santa Barbara have been using worksheets to help students plan and budget for their education. Interviews revealed that budget pressure is now leading more and more financial aid offices to turn to worksheets as a substitute for in-person counseling. Worksheets are a way to help them address responsible borrowing while minimizing staff time.

Santa Rosa’s “Worksheet for Student Borrowers” has been emulated by other colleges around the state. (See Appendix A for a copy of the worksheet.) Santa Rosa students seeking loans answer questions about their educational and career goals, plans for graduation (or transfer), existing student loan debt, expected future loans, expected annual salary after graduation, and amount of approximate annual loan payments. As part of their loan counseling efforts, Santa Rosa also asks students to fill out a detailed student budget worksheet including income from various sources, fixed expenses, and variable expenses to estimate the amount of money they need.

**Multi-year plans.** In addition to the budget worksheet for the current year, students seeking loans at Santa Rosa complete a multi-year borrowing plan to think through how much they intend to borrow – and when – before reaching their academic goal. As part of their loan request, students need to fill out a form explaining their current level of debt and the amount they plan to borrow each year at Santa Rosa or elsewhere, including at a four-year institution for students planning to transfer. The forms are designed to help students learn about annual and aggregate borrowing limits, as well as availability of other types of aid and how these relate to their academic plans. Cal Grants, for example, are generally available for four years even if a student takes longer to earn a degree.

The plans support efforts by an under-staffed financial aid office to perform triage. Students whose academic and borrowing plans don’t align are offered one-on-one counseling. “If they stick to the plan, they don’t need to see us,” said Kris Shear of Santa Rosa. “If they say they want to be here six years and plan to borrow \$9,500 in the first year, we won’t approve that request without meeting with them.”

## coordinate with other student services professionals and faculty to make students' academic success the top priority

The raison d'être for financial aid is to help students get to and through college. Complying with federal rules and taking steps to avoid high default rates are important responsibilities of the financial aid office, but they serve the ultimate goal of supporting students so they can succeed in school. In this way, the goals of the financial aid office overlap significantly with the colleges' broader student success goals, especially attainment of degrees and certificates. Indeed, the federal government requires students to demonstrate that they are making progress in school as a condition of continuing to receive aid.

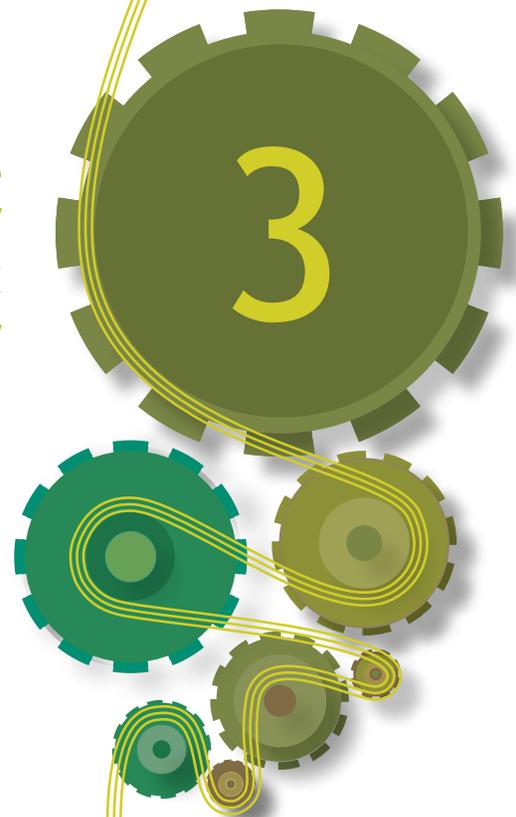
Research has repeatedly shown that success in college is the best predictor of whether students repay their loans,<sup>15</sup> so an emphasis on student success is wholly aligned with default prevention. This suggests that working in concert with other student services and with classroom faculty to support student success is an effective and efficient practice for financial aid offices. This sharing of responsibility is especially important, because financial aid offices are not the front line in ensuring students' academic success. That means that other offices, such as student affairs, registration, and counseling, as well as classroom faculty, must also do their part in serving students. The problems of students who are not progressing academically – or are not equipped to succeed in college at all – cannot be ignored until they are flagged by the financial aid office.

Colleges have found a number of ways to align responsible financial aid practices with broader student success efforts:

**Student success courses.** Studies have shown that student success courses have a positive effect on students' likelihood of earning a degree or certificate, transferring to a four-year college, or continuing with their education at a two-year college.<sup>16</sup> These courses are intended to help students acquire skills for college success as well as develop plans for college and career. Nationally, some college systems are requiring such courses, especially for students who require developmental education courses. In some systems, financial aid content has been a focus area for these courses.

<sup>15</sup> Gross, Jacob P.K., Osman Cekic, Don Hossler, and Nick Hillman. 2009. *What Matters in Student Loan Default: A Review of the Research Literature*, Journal of Student Financial Aid, 39:1. "Markers of students' academic experiences in postsecondary education—credits attempted, credits completed, credit hours failed, grades, transfer patterns, enrollment patterns, and time to degree/certificate—emerge as the strongest predictors of loan default." A recent analysis by Education Sector found that borrowers who dropped out were four times as likely to default as those who graduated. Mary Nguyen. February 2011. *Degreeless in Debt: What Happens to Borrowers Who Drop Out*, Education Sector.

<sup>16</sup> Zeidenberg, Matthew, Davis Jenkins, and Juan Carlos Calcagno. June 2007. *Do Student Success Courses Actually Help Community College Students Succeed?* Community College Research Center.



The problems of students who are not progressing academically – or are not equipped to succeed in college at all – cannot be ignored until they are flagged by the financial aid office.



Financial aid offices in California have worked with these courses in different ways. Some colleges have encouraged students to take student success courses, and at least one has implied that the courses are required for students receiving financial aid (though such a requirement cannot be tied to aid eligibility). At many colleges, the financial aid office will lead one class session covering financial aid issues. Financial aid directors generally say that there is room to better design these classes to address financial aid and borrowing issues.

**Academic counselors in the financial aid office.** Two of the colleges interviewed, **Long Beach City College** and **City College of San Francisco**, have academic counselors assigned to the financial aid office, to help ensure that academic concerns are appropriately prioritized and understood when helping students make decisions about borrowing. Under Satisfactory Academic Progress (SAP) requirements, students need to meet certain academic benchmarks to remain eligible for financial aid. Because they focus on SAP requirements, counselors assigned to the financial aid office can be particularly knowledgeable about helping students maintain their eligibility. However, Mike MacCallum, former financial aid dean at Long Beach, worries that hiring freezes will jeopardize this collaborative approach. “That vision is going away, I’m afraid.”

**Meeting with counselors and faculty.** Assigning counselors to financial aid is not the only way to ensure that financial aid concerns are being understood in the context of students’ academic plans and progress. Carolyn Stephen, director of financial aid at **Butte College**, holds meetings with the college’s counselors once a semester to ensure that they are aware of the financial aid office’s concerns. Counselors who are asked to sign off on student academic plans or certify that they are meeting SAP requirements can be more helpful to students if they fully understand the process. Stephen is also planning a flex-day session for faculty about how to understand requests from financial aid for course evaluations. “I want to do it from an educational point of view, not a compliance point of view,” she said.

At other colleges, financial aid officers contact academic counselors about individual students when they notice those students are struggling academically. Santa Rosa’s financial aid office, for example, flags individual students who miss SAP requirements as candidates for proactive outreach by the college’s Learning Center, which offers a variety of academic support services.

**Early warning systems.** While colleges are required to suspend financial aid for students who are not meeting SAP standards, there is nothing to stop them from offering help to students who are in danger of reaching that point. In fact, doing so may serve to keep students on track and contribute to increasing completion rates and decreasing defaults. Ideally, these efforts would be initiated through academic faculty or counselors even before students’ lack of academic progress threatens their eligibility for federal aid.

## beyond the golden state

Efforts to encourage responsible student borrowing are not unique to California's community colleges. Indeed, about a dozen years ago, a consortium of historically black colleges and universities (HBCUs) worked together to develop shared practices for minimizing defaults. The effort helped the schools safeguard their ability to offer federal financial aid, which had been imperiled because of high cohort default rates (CDRs). Their list of default aversion practices included:

- establishing one-on-one contact with at-risk borrowers,
- making exit counseling a requirement for students to participate in graduation ceremonies, and
- coordinating efforts with outside groups such as churches and chambers of commerce.<sup>17</sup>

More recently, colleges' efforts to minimize risky borrowing have focused on the front end of the process. Here are some examples of how colleges in other states are trying to educate students about loans through financial aid offices and within the curriculum:

At **Community College of Baltimore County**, a seven-week mandatory freshman orientation class includes an interactive financial literacy program called Money Matter\$ at CCBC. The college is now expanding upon that to develop a financial coaching program that will include an emphasis on student loans.

**Tidewater Community College** in Virginia uses an online tool to help students who want to borrow. The online "app" lets students review a repayment plan created by the financial aid office, fill out budget worksheets on their current and projected post-graduation financial situation, and allocate the monthly payments into their budget.

The **Virginia Community College System** requires students to take a "student development" course carrying one to three units. The courses were initiated based on legislation requiring colleges to offer courses on "student life skills." The legislation specifically mentioned financial literacy principles related to "completing a loan application" and "managing student loans." Recently, a state task force recommended that an online tool called the "Virginia Education Wizard" be included in all of these courses. One component of the Wizard is explicitly focused on college finances and financial aid. It also offers information to help students estimate their living expenses and future salaries.

<sup>17</sup> Dillon, Erin and Robin Smiles. February 2010. *Lowering Student Loan Default Rates: What One Consortium of Historically Black Institutions Did to Succeed*, Education Sector.



# 4

Colleges are increasingly creating systems and processes to ensure that students who are academically or financially at risk receive additional services from the financial aid office.

## require additional counseling for students who may be at risk

Especially because of staffing constraints, colleges are increasingly creating systems and processes to ensure that students who are academically or financially at risk receive additional services from the financial aid office. These include high-volume borrowers and students who appear to be facing academic difficulties. Such practices help the college reach out to students who need greater assistance without creating extra obstacles for students who don't. A continuum of services helps offices use staff time more efficiently.

While having supplemental counseling for students with potential borrowing problems makes sense, some colleges take the extra step of calling these procedures "appeals." Using such a term runs the risk of giving students the false impression that their loans have been denied, and therefore may run counter to the practice of ensuring that students know loans are available.

**High-volume borrowers.** Many financial aid professionals are particularly worried about how best to assist independent students, for whom subsidized and unsubsidized Stafford loans combined can total up to \$10,500 annually for second-year students. Colleges have tried various approaches to discourage students from taking out unsubsidized loans. One college contacted for this report used to separate loan requests for subsidized and unsubsidized loans. Another tried adding workshops for students borrowing unsubsidized loans. These colleges report abandoning these practices – either because they could not sustain the additional workload or because students complained about the extra red tape.

Many colleges have struck a balance by setting extra counseling requirements for independent students whose loan requests would take them above a certain cumulative loan amount, usually in the \$20,000 to \$25,000 range. Financial aid officers are concerned that borrowing above that amount at a two-year college may jeopardize students' ability to finance their future education if they decide to transfer to a four-year university.

At **College of the Redwoods**, financial aid director Lynn Thiesen sends personal emails to students who request loans that would take their cumulative total over \$25,000. She warns them about the challenge of repaying high debt amounts and cautions them to consider their loan debt in connection with their educational plans. For students seeking to surpass \$20,000 in debt, Long Beach requires a written justification and two budget worksheets (one for their current finances and a second for their projected income and expenses after graduation).

Santa Barbara and **Copper Mountain College** recommend that students not borrow more than half the aggregate undergraduate limit while at a two-year college (i.e., \$15,500 for dependent students and \$28,750 for independent students). Students seeking loan totals exceeding those amounts must schedule

a meeting with the financial aid director to review their academic progress and their plans for transfer or graduation. Sometimes, these meetings reveal that students are not actually pursuing the degree they had indicated and may not qualify for aid at all (e.g., because they are doing prerequisites for graduate programs or have already completed the requirements for a two-year degree).

While some colleges are suggesting to students that they are only *allowed* to borrow half the aggregate lifetime limit at a two-year college, federal policy does not permit colleges to set eligibility caps like that.<sup>18</sup>

**Students facing academic difficulties.** Some financial aid offices have early warning systems for students who may be in danger of missing the SAP mark. For example, many colleges cut off aid after students have attempted 90 semester units, which aligns with federal SAP standards for a two-year degree program. Above this limit, students are suspended from all financial aid and must appeal to have it extended or reinstated. However, rather than wait for students to reach this limit, Antelope Valley requires students to see a counselor when they have hit 70 units, to make sure they have a clear education plan and submit an explanation of their plan for finishing their degree or transferring. Mendocino does the same at 60 units.

At Fullerton, students who have been suspended from federal aid because they failed to make SAP are strongly encouraged to attend a workshop specifically about SAP before appealing to have their aid reinstated. Antelope Valley goes a step further, – requiring a workshop before a student can file a second appeal (i.e., if their first appeal was rejected).

**Students taking the minimum number of units.** While students taking only six units are allowed to borrow the maximum amount, several financial aid directors say that these students call for extra attention, especially if they are requesting high loan amounts. In general, financial aid directors worry when they see students making part-time progress with full-time borrowing. Indeed, Butte’s financial aid staff have been particularly concerned about a very small but growing number of students signing up for six or more units and then dropping below six units during the first five weeks of the semester. Butte instituted additional requirements that delay loan disbursements for these students as well as students on warning and probation. These include a personal statement and course evaluation signed by instructors at the six-week mark.

**Other situations.** Other colleges look for different signs to tell them that a student needs help. Mendocino has noted that students often need extra help if they are changing the amount of their loan request, because that may indicate a change in their work situation or academic plans. Frequently, the college requires such students to meet with financial aid staff. “One of the things we stress in the loan process is that we want them to borrow what they really need,” said financial aid director Bradley. “If they find that they’ve asked for too much, they can lower the amount. Or if they find that they need more, they can increase the amount.”

Financial aid directors worry when they see students making part-time progress with full-time borrowing.

<sup>18</sup> Under a new federal experiment, a limited number of colleges have gained approval to reduce the annual maximum for unsubsidized loans by at least \$2,000 per year. For more on this and other Experimental Sites of the U.S. Department of Education, see <https://experimentalsites.ed.gov/exp/index.html>.



# 5

## deny individual loans when appropriate

Federal law permits colleges to deny or limit loans to students on a case-by-case basis only. In order to feel confident that the majority of their students are borrowing responsibly, colleges need to have clear processes for denying loans based on a specific student's circumstances and communicating those decisions to students. Knowing how and when to deny a loan is very tricky for financial aid offices, given that students who cannot borrow from the federal government may take on riskier forms of debt. Administrators say it is increasingly hard to devote staff time to reviewing loan requests one by one. This is leaving more financial aid directors worried about giving loans to students who they believe should not be borrowing or saddling students with high debt.

There is no question that financial aid offices need to have reliable processes in place that equip them to deny loans when necessary, based on an individual student's circumstances. The educational measures mentioned above – such as worksheets and multi-year borrowing plans – can provide colleges with contextual information to help inform the process of reviewing requests individually and flagging those that are worrisome. Increased automation (discussed in the next section) can also help financial aid offices spot borrowers who need extra attention.

Santa Rosa tells students on its loan request form and website that the college will evaluate all loan requests on a case-by-case basis and “reduce or deny loan requests for students that, in our professional judgment, are at serious risk for loan default.” This includes loan requests that are not aligned with a student's borrowing plan or that exceed the aggregate debt appropriate for the student's academic plan. Santa Rosa also tells students, “High levels of indebtedness (including loans from other colleges), coupled with a small amount of progress in an academic program, is a common indicator of high risk for default.”

But financial aid offices should keep in mind that denying more loans does not necessarily translate into reducing defaults. In fact, the opposite could be true, if it keeps responsible would-be borrowers from borrowing. “When I came here, they were denying a lot more loans,” said Hardison at Santa Barbara. “I said, ‘You have to offer them to the students.’ Our loan volume went up, and our default rate went down.”

A helpful example for how to do this comes from outside of California: Northern Virginia Community College's loan policies include clear guidelines for when and how the college may consider denying students' loans on a case-by-case basis. (See Appendix B.)

Denying more loans does not necessarily translate into reducing defaults. In fact, the opposite could be true.

## automate processes to maximize staff time with students and identify students needing outreach

Technology can help financial aid offices function efficiently. In fact, some of the above-mentioned practices rely on technology systems that will flag particular categories of students. Here are a few more examples:

- Under federal law, student borrowers whose enrollment drops below six units must enter repayment and undergo exit counseling. While some colleges find these students manually, Fullerton's financial aid office is automatically notified when student borrowers drop below six units. In a process that will also soon be completely automated, students are sent emails informing them that it is time to complete exit counseling. This helps ensure that the students are more likely to begin repayment on their loans if they leave school. In addition, if such students enroll again in six or more units the following semester, they are entitled to an in-school deferment of their loan payment. The deferment is automatically processed via enrollment reporting from the National Student Clearinghouse.
- Students who are not enrolled in an eligible program of study are not eligible for financial aid. Butte has automated the process of flagging these students. Other reports automated at Butte include an SAP report and a class drop list. Stephen of Butte, who previously worked at a four-year university, noted that universities generally have automated many such reports, while community colleges often lack the resources or staff time to do so.

IT systems and general programming capacities of colleges vary widely, meaning that some colleges find it more difficult to automate some of these financial aid functions. One college gave up on giving warnings to students in danger of losing their SAP status, because staff had to search manually for students who fell into that category. The college also did not have a way to send a mass email to students, so they had been using the mail instead - manually folding the letters, putting them in envelopes, and adding postage.

While colleges benefit from having IT systems that support financial aid uses, some financial aid directors believe these functions might be more easily and efficiently performed at the state or even federal level. (See *Policy Recommendations* on p. 23 for further suggestions in this area.)



While colleges benefit from having IT systems that support financial aid uses, some financial aid directors believe these functions might be more easily and efficiently performed at the state or federal level.



# 7

## help students avoid default, but keep concerns about default rates in perspective

Offering loans necessarily involves some risk. In the case of the federal government, providing loans to students includes the risk that some students will not repay their debts. Practices to support repayment are important, since delinquency and default place students at significant risk as well.

Many financial aid directors noted that their boards or presidents were very uncomfortable with rising default rates, even if the rates were not particularly high. “If our default rate goes up, the Board of Trustees will have a heart attack and the newspaper will print it in a way that’s misleading,” noted one financial aid director, who preferred not to be named. “We spend a lot of time putting out fires about loan default rates.”

Default rates worry college administrators, because colleges where too many borrowers default may lose the ability to offer federal student aid. However, the thresholds above which colleges can be sanctioned are quite high, especially when considered in light of available appeals. In particular, colleges with low rates of borrowing – including the vast majority of California’s community colleges – can appeal any sanctions that would otherwise be imposed if their default rate rises above certain thresholds. (See *College Eligibility* on p. 5 for more details on sanctions). That means that college officials and trustees at colleges where few students borrow do not need to panic if they see a 15 or 20 percent cohort default rate (CDR) for one year. It may mean that the college’s financial aid office needs additional resources and tactics to better manage default rates, given the risks to students and colleges.

Colleges should certainly make every effort to minimize defaults without jeopardizing access to loans. Defaulting on a student loan can have extremely negative long-term consequences for students – such as damaged credit, garnished wages, and reduction of federal benefits. Particularly in the age of income-based repayment (IBR), there are concrete steps that colleges can take to help students avoid default. Some of the steps were modeled starting 12 years ago by a group of historically black colleges and universities (HBCUs). These schools teamed up to implement default aversion strategies that, in their case, were necessary to maintain their ability to offer federal aid. (See *Beyond the Golden State* on p. 15.)

In addition to many of the responsible borrowing practices already in use by some California community colleges and mentioned above, the HBCUs conducted

personal outreach to former students at risk of default to guide them in repaying their loans. Most of those interviewed for this report said that, if given resources, they would do more in this area. Here are some strategies California colleges have found that work for them:

- Antelope Valley had a financial aid officer spend about 20 hours per week contacting students who were delinquent on their loan payments. Financial aid director Sherrie Padilla said the school's CDR went down 30 percent. "I think we're seeing a lot more technical default – students going into default just because they've lost track of a loan," said Padilla, something that she says can be prevented with additional information or reminders. "There really is no reason for a student to go into default on a loan. If they're not in school, or if they've run out of unemployment deferment, there's always still income-based repayment." Under IBR's sliding scale, most eligible borrowers will devote less than 10 percent of their income to student loan repayments, and any outstanding debt will be forgiven after 25 years. Helping students understand their repayment options, including IBR, protects both the students and the college.
- Because of concerns about default rates, College of the Redwoods hired a financial literacy expert in 2011 to build relationships with various loan servicers and develop new practices for the college to employ.
- Other colleges have done telephone and letter-writing campaigns to reach students in repayment who were at risk of default. "There's that belief that if the lender is calling them, it's like a collection agency," said one financial aid director. "If the school calls them, they'll listen more and see that you're wanting to help them."
- Schools including **Los Angeles Pierce College** have used a cohort management tool that was provided by EdFund, a former loan guaranty agency, to help identify and reach out to former students who were delinquent on their loans – but not yet in default.

Helping students understand their repayment options, including IBR, protects both the students and the college.

# recommendations

## striking a balance

There are many facets to running a responsible loan program. It entails having sound procedures that are clearly communicated and consistently implemented. It also requires that states and colleges invest in financial aid staff and other resources. Those resources should include professional development to ensure staff are up to date on regulations and practices while using their time (and students' time) efficiently.

Coming up with the appropriate practices for a particular college and its student population is a balancing act. Colleges ideally need to help students avoid borrowing more than they will need or too little to be successful in school. They need to weigh the risks of borrowing a federal loan against the risks of students' taking on higher-interest private loans or credit card debt with stiffer repayment requirements, as well as the risks that financial pressures will prevent students from completing their education.

Financial aid directors say striking this balance is one of the hardest parts of their job – and one of the most important:

There are a million things I want to do to try to help students understand their rights and responsibilities as borrowers and try to help them stay out of default. There's only so much I can do with the resources I have.

- *Sherrie Padilla, Antelope Valley College*

The easy thing would be to not participate in the loan program, but we know that students legitimately have expenses beyond those which their other resources will cover.

- *Carolyn Stephen, Butte College*

Do we care because of how it's going to affect us or because we want to protect the students?

- *Greg Ryan, Fullerton College*

For students who have need and are unable to meet their educational expenses, not having a loan program at all may push them in ugly directions – to work more, to take out alternative loans, to drop out of school, go to another institution, or max out their credit cards. In spite of all the horror stories we've heard about students over-borrowing, the student loan program is the best kind of debt out there. If a student has need and is unable to meet their educational expenses, nobody else is going to give them a loan at that interest rate.

- *Mike MacCallum, Long Beach City College*

In the financial aid office, we tend to see the students who are problem students, the ones who are on probation, the ones who really need assistance. We have to keep reminding ourselves that the other 80 or 85 percent of the students are applying and getting through the process and moving on. A few years ago, when we looked at some of our policies and procedures, we found that we ended up putting up obstacles that were stopping 90 percent of the students to catch maybe five percent.... With a director who really wants to do the best thing for the students, you have a different loan program than with a director who is focused on the five percent of borrowers they fear are trying to rip off the system.

- *Jacque Bradley, Mendocino College*

Our processes definitely help keep our loan volumes down, but sometimes I wonder if we're keeping out the students who would be conscientious enough to pay their loans, actually hurting our default rate.

- *Brian Heineman, Copper Mountain College*

## policy recommendations

**Participate in the federal student loan program.** This ensures that colleges are giving students access to the full range of resources and options for financing college, without requiring them to turn to riskier and more expensive forms of credit or increasing their likelihood of dropping out. There are many steps that colleges can take to promote responsible student borrowing and repayment. This report was designed to provide a menu of options for colleges and financial aid offices to consider as they review their practices and processes related to financial aid and student loans. Denying all students access to federal loans should not be one of them.

However, there are clear limits to what colleges on their own can do. The process of collecting these options for loan program administration also pointed to jobs that others – mainly federal and state governments – are best equipped to do:

- 1 Provide better funding for financial aid administration.** With neither incomes nor grant aid rising fast enough to keep up with student costs, more students are turning to loans. Increased support for need-based grants, while desirable, may not emerge until federal and state budgets improve. However, relatively modest investment in financial aid administration can go a long way toward ensuring that the money federal and state governments are currently investing in financial aid is used effectively. Community colleges have an important role to play in helping students make smart borrowing decisions. Yet, without the resources to do

so, they put their students at unnecessary risk – either by failing to provide borrowers with appropriate counseling, or by denying all of their students access to loans by pulling out of the loan program.

**2 Communicate positive practices to colleges.** As described in this report, colleges are currently struggling to manage increasing demand for financial aid with decreasing staff. Financial aid staff are hungry for support in doing this work most effectively. However, they often receive more admonitions about what not to do than guidance about what they can do. The U.S. Department of Education, as well as system offices such as the California Community Colleges Chancellor's Office (CCCCO), can do more to help financial aid offices find ways to affirmatively support student loan borrowers while minimizing risks to students and colleges. These include promoting greater awareness of the protections available to institutions as well as students within the federal loan program.

To support federal loan access, one thing the Department should do immediately is help colleges where relatively few students borrow understand their low risk of CDR sanctions. At least one college included in this report currently has a three-year CDR above 30 percent. While the college believes its high CDR will not count towards sanctions because of its low borrowing rate, the Department will not confirm that's true until after the college has had three consecutive high CDRs and is on the verge of losing federal aid eligibility. The stakes are too high for colleges to wait this long for reassurance. Without adequate support from the Department, even colleges committed to providing loan access may opt to stop offering loans.

**3 Provide an information clearinghouse for student borrowers.** In addition to providing information to support colleges, a federal or state entity such as the CCCCCO (or even a consortium of colleges) could provide accurate and up-to-date information to students on topics related to borrowing. In a scan of websites for this report, it was clear that colleges often lack sufficient resources to update their websites. Others are turning to outside paid services, such as Financial Aid TV. The I Can Afford College website covers loans very generally, but there is room for more information, as well as a more engaging presentation. A statewide clearinghouse could also save colleges money currently spent on outside services.

**4 Supplement colleges' technological capabilities.** Colleges vary in their access to computer hardware, software, and programming staff. The U.S. Department of Education as well as the CCCCCO could assist colleges by helping them automate certain technological functions, thereby freeing

up time for financial aid staff to work directly with students.

In interviews for this report, financial aid directors identified a number of ways that the CCCCO or the Department of Education could supplement their current technological capabilities:

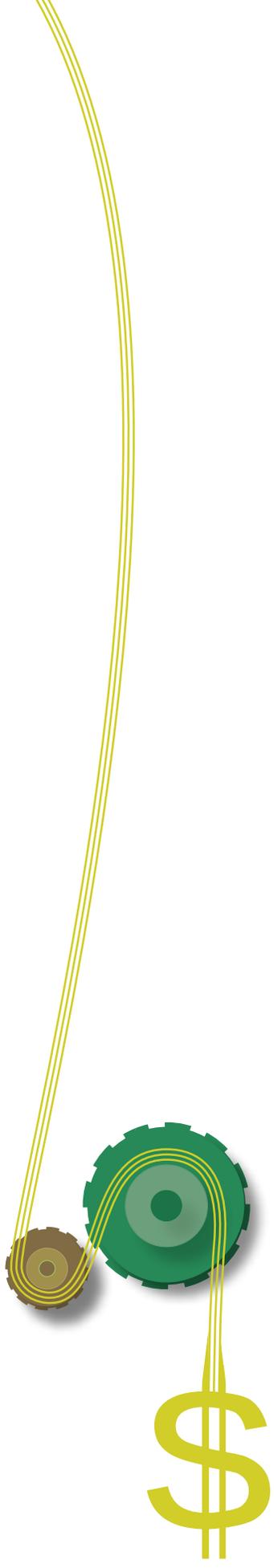
- Students' existing loan debt is tracked by the National Student Loan Data System (NSLDS). Colleges' efforts to encourage responsible borrowing would be aided by automated reports from NSLDS that contain data such as borrowing history, aggregate loan amounts, and number of semesters of Pell students have used. Colleges differ in how their management information systems interact with NSLDS. While some colleges say they are able to access reports from NSLDS, others have had to look up student borrowing histories one by one.
- The Department of Education could also include financial aid applicants' aid histories on the summary form colleges receive after students submit the FAFSA. Known as an Institutional Student Information Record (ISIR) this could also help colleges flag applications that may need additional attention.

## 5 Directly assist colleges with default management

**activities.** Some colleges report that they previously received assistance from private lenders in locating borrowers after they had left college, and in some cases, communicating with students about borrowing and repayment. Such outreach was intended to inform students of their rights and responsibilities, including helping them find a manageable payment plan, to help them stay in good standing and avoid default. Colleges are concerned that newer systems may not offer this support. With added services somewhat costly, colleges with relatively few borrowers may struggle to take on these tasks without additional resources or economies of scale.

In California, the CCCCO could play a key role by supporting colleges in conducting this outreach, either through sponsoring a cohort management tool to be accessed by colleges or by directly conducting the outreach to students on behalf of colleges. Because these activities and functions could enhance the way colleges communicate with student borrowers, needed financial support for these activities could come from redirecting some of the existing \$2.8 million in funds currently earmarked in the state budget for a statewide media campaign to promote awareness of financial aid.<sup>19</sup> Colleges report that these funds may better support financial aid access if directed elsewhere.

<sup>19</sup> In an initial effort to mitigate the effects of raising California community college course fees from \$11 to \$18 per credit in 2003-04, the Legislature has since that year allocated additional funds to support awareness of and access to financial aid. This included \$3.8 million for a media campaign in 2003-04, and \$2.8 million for subsequent years (see 2003-04 budget language here: <http://www.documents.dgs.ca.gov/osp/GovernorsBudget/pdf/2003-04fbudsum.pdf>). With 2011-12 per credit fees of \$36, colleges report that students' awareness of financial aid has improved significantly and that the funds could better support student access if used to support financial aid counseling, processing, or other administrative responsibilities.



**6 Consider changes to federal student loan amounts for part-time students.** As noted earlier, some college administrators are concerned about students taking on full loan amounts while enrolled part-time and making part-time progress toward a degree. Unlike Pell Grants, federal loans are not prorated based on a student’s attendance status. In other words, students enrolled half-time receive a prorated portion of the Pell Grant that students enrolled full-time receive, but may receive the same loan amount as a full-time student. Students who take out full loans but make only part-time progress may be at an increased risk of dropping out and defaulting. Students who attend college part-time are less likely to complete a degree or certificate, and failure to complete a degree or certificate is one of the strongest predictors of future default. They may also be at greater risk of exhausting their loan eligibility before completing their degree.

The Department of Education should analyze the potential effects of prorating federal student loans by attendance status using NSLDS and other available data. Prorating loans would involve reducing student eligibility for federal loans at a time when college is getting harder to afford, but it is possible that it could help encourage students to enroll in more courses per term, thereby completing a degree and reducing their risk of default. Given both the risks and the potential benefits, such a change warrants careful analysis and consideration.

For states and institutions committed to improving student completion, financial aid – including federal loans – is a critical piece of the puzzle. Overlooking the needs of student loan borrowers and potential borrowers would be a huge mistake. That is especially true given that there are some relatively simple, affordable, and concrete steps that both colleges and governments can take to promote responsible borrowing and repayment. Thoughtful student lending practices, as well as strategies to communicate with borrowers about repayment options, can ensure that both students and colleges will be better served.

## appendices

These appendices include samples of actual forms and documents used in conjunction with some of the policies and practices described in this report. These materials are provided solely as examples of college practices and communications, and their inclusion in these appendices does not in any way constitute an endorsement of the content or its sources.

### **appendix a: Santa Rosa Junior College’s “Worksheet for Student Borrowers,” 2011-12**

Santa Rosa’s “Worksheet for Student Borrowers” has been emulated by other colleges around the state. Santa Rosa students seeking loans answer questions about their educational and career goals, plans for graduation (or transfer), existing student loan debt, expected future loans, expected annual salary after graduation, and amount of approximate annual loan payments. As part of their loan counseling efforts, Santa Rosa also asks students to fill out a detailed student budget worksheet including income from various sources, fixed expenses, and variable expenses to estimate the amount of money they need. In addition to the budget worksheet for the current year, students seeking loans at Santa Rosa complete a multi-year borrowing plan to think through how much they intend to borrow – and when – before reaching their academic goal.

### **appendix b: Northern Virginia Community College’s “Student Loan Policies and Procedures at NOVA,” 2011-12**

NOVA’s “Student Loan Policies and Procedures at NOVA” is explicit about the college’s authority to reduce or deny students’ loan eligibility on a case-by-case basis. Having clear guidelines helps students understand how and why their loan request may receive special attention, and also helps the college feel more comfortable using the authority to deny loans.

### **appendix c: Federal Financial Aid and Enrollment Data by Race/Ethnicity at California Community Colleges, 2010-11**

TICAS calculations are based on data provided by the California Community Colleges Chancellor’s Office Management Information Systems Data Mart.





**Santa Rosa Junior College Financial Aid Office**  
**Worksheet for Student Borrowers 2011-2012**  
*Pencil Recommended*

Dear Potential Student Borrower:

The Santa Rosa Junior College Financial Aid office is dedicated to supporting student success. Often, some students need to borrow money to help with school related expenses. Typically, a student who needs to borrow money to get through school is making a good investment for the future. However, many students enter into debt without a clear picture of how it will affect them in the future. We hope that the following Worksheet for Student Borrowers will assist students with borrowing responsibly.

If you need assistance completing this worksheet, please attend a Workshop for Responsible Borrowing. These workshops are held in Flower Hall, near the Financial Aid office. A current schedule of workshops at the Santa Rosa Campus is posted on line at [http://www.santarosa.edu/app/paying-for-college/financial\\_aid\\_office/workshops/](http://www.santarosa.edu/app/paying-for-college/financial_aid_office/workshops/).

Filling out the section below will help you understand and complete the Federal Stafford Loan Request Form and Disclosure on the following pages. Return this completed Worksheet and Stafford Loan Request form to the SRJC Financial Aid Office, Flower Hall, 1501 Mendocino Avenue, Santa Rosa, CA 95401, FAX: 707-527-4489, Phone: 707-527-4471.

Name: \_\_\_\_\_ Date: \_\_\_\_\_

Social Security Number: \_\_\_\_\_

1. The educational goal/program I am enrolled in at SRJC is: \_\_\_\_\_
2. The career goal/type of work I plan to do after completing my educational goal is (including transfer if applicable): \_\_\_\_\_
3. The month and year I expect to complete my educational goal are (including transfer if applicable): \_\_\_\_\_
4. I have developed a Long-Term Student Educational Plan. Yes \_\_\_\_\_ No \_\_\_\_\_  
 (We strongly recommend that you meet with a counselor to develop a Long-Term Student Educational Plan for your goal.)

\*\*\*\* SEE PAGE 4 (LAST PAGE) TO CREATE A MULTI-YEAR BORROWING PLAN. \*\*\*\*

5. I currently owe \$ \_\_\_\_\_ in student loans.
6. I plan to borrow \$ \_\_\_\_\_ this academic year at SRJC (Fall 2011 and Spring 2012).
7. After this year I expect I will need to borrow a total of \$ \_\_\_\_\_ to complete my goal. (Of this amount, I plan to borrow \$ \_\_\_\_\_ after completing SRJC and transferring to a university.)
8. I expect my total student loan debt to be \$ \_\_\_\_\_ upon completing my educational goal (including transfer if applicable).
9. I expect my annual starting salary in my profession will be \$ \_\_\_\_\_. Starting salary information may be found at:  

<http://www.salary.com>
10. On a standard 10 year payment plan, my approximate loan payment will be \$ \_\_\_\_\_ per month. A loan repayment calculator may be found at <http://www.finaid.org/calculators/loanspayments.plhtml>.

*A general guideline is that your student loan payment should be no more than 15% of your income, or you may be at risk of defaulting on your loans.*

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## Loan Disclosure and Terms

**Students:** Thursday, March 15, 2012, is the application deadline for 2011-2012 loans.

We will determine your academic program year (i.e. year 1-Freshman or year 2-Sophomore) for maximum loan eligibility.

We evaluate each loan request on a case-by-case basis. If you are enrolled in a program that has extraordinary costs or you are purchasing a computer, you may have your budget adjusted by making a written request and attaching appropriate documentation.

We can process no more than two loan requests per student, per academic year.

Understand that SRJC has the responsibility to: 1) evaluate all loan requests case-by-case and 2) reduce or deny loan requests for students that, in our professional judgment, are at serious risk for loan default. High levels of indebtedness (including loans from other colleges), coupled with a small amount of progress in an academic program, is a common indicator of high risk for default. Therefore, your loan request may be *denied* or *reduced* if you:

- ✓ Have an undeclared major or undecided educational goal.
- ✓ Are not enrolled in a Title IV eligible program of study (16 or more units in length).
- ✓ Are not making steady progress in an eligible program or are not currently meeting SRJC satisfactory academic progress standards.
- ✓ Have already borrowed to a maximum appropriate for the earning potential of SRJC programs (We suggest \$25,000 - including previous student loan debt from other colleges).
- ✓ Appear to be or have been in default or delinquent on financial obligations.
- ✓ Have an incomplete or missing Worksheet for Student Borrowers.
- ✓ Have a change in planned borrowing from previous year(s).

### Obligations and Responsibilities of Student Borrowers.

- ✓ Federal Loans are not grants. I understand that I must repay this debt.
- ✓ I understand that the interest rate is no higher than 6.8%.
- ✓ I understand that a 1% default fee will be deducted from each loan.
- ✓ Interest on Subsidized Loans is paid by the taxpayers while I am in college. I must be enrolled in and complete at least six units (half-time) each semester with a 2.0 GPA.
- ✓ I must pay the interest on Unsubsidized Loans while I am in college, or I may have it added to the principal (this increases the amount I must repay later).
- ✓ I must begin repaying the loan six months after I graduate, withdraw, or drop below half-time status.
- ✓ If I do not pass at least six units each semester with a 2.0 GPA, I will lose loan eligibility for the following semester and my remaining loan disbursements will be canceled.
- ✓ I may be required to complete a loan workshop before my check is sent to me.
- ✓ I do not have a disability that will prevent me from obtaining gainful employment in my program of study.
- ✓ I do not have a criminal conviction that will prevent me from obtaining gainful employment in my program of study.
- ✓ My awards cannot exceed my cost of attendance (budget). If additional grants, awards or scholarships are added after a loan has been approved, my loan amounts will be reduced to accommodate the new awards (for example: EOPS grants and vouchers, Doyle or SRJC Foundation scholarships, Federal Work Study and/or CalWORKS Work Study, etc.).

I have read and understand all of the above statements.

Please sign below; your request **WILL NOT** be processed without your signature.

Student's signature: \_\_\_\_\_

Date: \_\_\_\_\_

## 2011-2012 Federal Stafford Loan Request Form and Disclosure

**IF YOU ARE NO LONGER INTERESTED IN A LOAN, PLEASE DISCARD THIS FORM.**

We will notify you by mail regarding your eligibility for a loan.

Name : \_\_\_\_\_  
(Last, first, middle initial) Please print.

Social Security Number: \_\_\_\_\_ Driver's License Number: \_\_\_\_\_ State: \_\_\_\_\_

Current Address: \_\_\_\_\_  
(Street, Apt.#)  
 \_\_\_\_\_  
(City, State, Zip) (Telephone Number)

Complete the following:

1. Have you applied for Federal Financial Aid for 2011-2012?

YES  NO

(If you answered NO, you must apply and complete your file before your loan request can be processed.)

2. I am requesting a loan for:

Fall/Spring 2011-2012  Fall 2011 only  Spring 2012 only

Loan Maximums:	Dependent	Independent
Freshman level student (0-29 units completed in program)	up to \$5,500*	up to \$9,500*
Sophomore level student (30+ units completed in program)	up to \$6,500*	up to \$10,500*
<small>*These annual maximums include unsubsidized portions. Annual subsidized maximums are \$3,500-Freshman, \$4,500-Sophomore.</small>		

3. How much do you wish to borrow this academic year? \$ \_\_\_\_\_  
(We will calculate how much you are eligible to borrow. Requests for less than \$200 in loans cannot be processed.)

4. Do you want to borrow an unsubsidized loan?  YES  NO  
(Unsubsidized means you are responsible for paying the interest while in school.)

5. Have you or will you apply for scholarships in 2011/2012?  YES  NO

6. Will you receive other resources (other than financial aid) to cover your books and supplies?  YES  NO  
 If yes, what resources? \_\_\_\_\_

7. a. Have you been awarded Federal Work Study (FWS) to work on campus?  YES  NO  DO NOT KNOW

If you answered YES or DO NOT KNOW to question 7a, answer questions 7b and 7c.  
 If you answered NO to question 7a, skip to question 8.

b. Do you accept your 2011-12 FWS award to work on campus?  YES  NO

c. Do you decline your 2011-12 FWS award to work on campus?  YES  NO

8. Will you be earning wages under the CalWORKs work study program?  YES  NO

9. When will you complete your program or graduate from SRJC?  
 Dec. 23, 2011  May 25, 2012  Dec. 21, 2012  Other? \_\_\_\_\_

**\*\*NOTE:** *If you accept a Federal Work Study or CalWORKS Work Study award, that award is part of your financial aid package and it is factored into your loan eligibility. We encourage you to work rather than borrow, if at all possible.*

**OFFICE USE ONLY**

APPROVED _____	DENIED _____	PENDING _____
DEP. STATUS _____	SUB AMT _____	WRKSHIP _____
REQ# _____	UNSUB AMT _____	DATE _____
	EST. FEES _____	

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## My Multi-year Borrowing Plan

Please list all student loan borrowing that you plan to do,  
year-by-year until your final educational goal is completed.  
Indicate \$0.00 (zero) where appropriate.

Today's Date: _____		<b>School attending that year</b>
Amount I owe in student loans now:	\$ _____	
Amount I'm requesting to borrow F'11/SP'12 @ SRJC	\$ _____	
Amount I plan to borrow F'12/SP'13	\$ _____	SRJC <input type="checkbox"/> Other <input type="checkbox"/>
Amount I plan to borrow F'13/SP'14	\$ _____	SRJC <input type="checkbox"/> Other <input type="checkbox"/>
Amount I plan to borrow F'14/SP'15	\$ _____	SRJC <input type="checkbox"/> Other <input type="checkbox"/>
Amount I plan to borrow F'15/SP'16	\$ _____	SRJC <input type="checkbox"/> Other <input type="checkbox"/>
<b>TOTAL I will Borrow</b>	<b>= \$ _____</b>	

***If you plan additional borrowing beyond Fall 2015/Spring 2016,  
indicate the year-by-year borrowing plan in the space below:***

## **Student Loan Policies and Procedures at NOVA**

All aid types awarded by NOVA require that the student meet satisfactory academic progress requirements and the terms of each aid type. In order to borrow from any of the loan programs offered at NOVA, the student must be enrolled half-time. Eligibility is confirmed at the point of loan awarding and certification and again prior to disbursement. Students who do not meet eligibility criteria will have loan monies returned to the lender.

### **Federal Loans**

- NOVA participates in the Direct Loan Program. Student loans are borrowed from the federal government.
- All loans must be repaid by the borrower and should be taken with extreme caution and forethought. Failure to repay a loan will negatively affect the student for years.
- Loans on an award notification show potential eligibility. A student must accept the offered loan (or a reduced amount) each year and complete a Master Promissory Note and loan entrance counseling to initiate the first loan.
- Until both the promissory note and loan counseling are completed, a student cannot use a loan to offset tuition and fees or to purchase books at the campus bookstore.
- Loans are for the entire fall-spring enrollment and will have two disbursements, half in the fall and half in the spring if the student maintains eligibility. One-semester loans will be disbursed at the beginning of the term. Summer is a separate loan period.
- Loans for fall, spring and the following summer combined cannot exceed annual maximums.
- Loans and other financial aid are to be used only for costs pertaining to higher education attendance and cannot exceed need, if subsidized, and/or cost of attendance if filling Expected Family Contribution.
- Students cannot be in default on a federal student loan or must have made satisfactory arrangements to repay a defaulted loan.
- Students cannot receive a student loan or other aid if they owe money back on a federal student grant and have not made satisfactory arrangements to repay any such overpayment.
- Students cannot have borrowed in excess of the loan limits under Title IV programs at any institution.
- Students cannot request/receive loans from another school for the same or an overlapping loan period if total borrowed exceeds annual or lifetime maximums.
- Loans are credited to student accounts at NOVA. After school costs are covered, excess amounts will be returned to the student by mail from the State of Virginia, to be used for other educational costs.
- Loan disbursements for students not attending classes in at least six credits or not meeting satisfactory progress requirements will be returned to the lender. Aid cannot be disbursed until student shows at least 6 credits for the term have reached census date.
- Additional information regarding loans and access to the Master Promissory Note and loan counseling can be found at [www.avcc.edu](http://www.avcc.edu).

**Federal Perkins Loan Program (FPL)** – Perkins Loan funds are part federal and part institutional; NOVA is the lender. Students may borrow up to \$5,500 for each undergraduate year. Awards for fall/spring are normally \$4000. Interest, 5 percent annually on the unpaid balance, begins to accrue nine months after the borrower ceases to be enrolled at least half-time or graduates. The borrower is required to provide a driver's license number, if applicable, at the time of application.

Deferments and cancellation provisions are described on the borrower's promissory note. Repayment begins after a nine-month grace period; students may take up to 10 years to repay the loan depending on the amount borrowed. Loan disbursement amounts and loans entering default status will be reported to a national credit bureau.

**Federal Direct Student Loans** – NOVA returned to the Direct Loan program for 2009–2010. Direct Loans are borrowed from the federal government. Accepted loans are listed on the National Student Loan Database (NSLDS), where students also can monitor their loan history and outstanding loan volume.

**Subsidized Federal Direct Stafford Loan** – To be eligible for the subsidized Stafford Loan, a student must show need and be enrolled at least half-time. The government subsidizes the loan by paying the interest for the student during periods of at least half-time enrollment and for a six-month grace period following the student's graduation or withdrawal from college. First-year students are eligible for up to a maximum of \$3500; students reaching sophomore status can borrow up to \$4500. After the grace period, interest is anticipated to accumulate at a fixed rate of 3.4 percent for loans disbursed between July 1, 2011 and June 30, 2012.

**Unsubsidized Federal Direct Stafford Loan** – The terms of the unsubsidized Federal Stafford Loan are slightly different than those of the subsidized Federal Stafford Loan. A student is not required to show need for the unsubsidized Federal Stafford Loan, and interest is the student's responsibility from the beginning. The government does not pay interest for the student; it currently accumulates at a fixed rate of 6.8 percent. Eligibility for a subsidized loan is considered first; if the maximum limit of \$3500 for freshmen or \$4500 for sophomores has not been met, an unsubsidized loan will be considered to fill Expected Family Contribution and reach the maximum eligibility limit. Since 2008–2009, dependent students have been able to borrow an additional \$2000 of unsubsidized Stafford Loan; independent students, and dependent students whose parents are denied a PLUS, can have up to \$6000 of additional unsubsidized eligibility. Unsubsidized loans cannot be awarded unless the student has unmet cost of attendance.

**Federal Stafford Loan Limits** The following limits apply:

**Dependent Students (except when parents are denied a PLUS)**

Class Standing	Base Amount	Additional Unsubsidized	Total	Aggregate Limit
Freshman	\$3,500	\$2,000	\$5,500	\$31,000 with a maximum \$23,000 in sub Stafford
Sophomore	\$4,500	\$2,000	\$6,500	

**Independent Students (and dependent students whose parents are denied a PLUS)**

Class Standing	Base Amount	Additional Unsubsidized	Total	Aggregate Limit
Freshman	\$3,500	\$6,000	\$9,500	\$57,500 with a maximum \$23,000 in sub Stafford
Sophomore	\$4,500	\$6,000	\$10,500	

**Direct Parent Loan for Undergraduate Students (PLUS)** – The PLUS loan is available to parents of dependent students to help meet remaining costs of education. Maximum eligibility is the total cost of education minus financial aid. Interest is the parent's responsibility and is calculated at a fixed rate of 7.9 percent.

### **Packaging Student Loans**

Subsidized and Unsubsidized Federal Direct Loans and Federal Perkins Loans are included in the packaging plan at NOVA. Normal packaging will include the maximum known annual eligibility for the student at the time of the award. PLUS loans are not packaged but will be added with parental request as eligibility exists. Federal Perkins Loan offers are limited to the total volume NOVA has available to lend from Perkins Loan repayments throughout the year. Offers are limited to \$4000 for fall/spring and \$1500 for summer. Currently, total subsidized and unsubsidized loan volume for the college is not limited. NOVA will rescind loan offers if information is received that indicates student ineligibility for the loan or the amount offered (i.e., student over annual or lifetime aggregates, loans recently defaulted, overpayments, debt to college, etc.)

Under federal regulations 34 CFR 685.301(a)(8), NOVA has the right on a case-by-case basis to deny loans. NOVA will deny loans after consideration on a case-by-case basis for the following:

- To deny loans for a student entering a new program who has insufficient loan eligibility remaining to complete the new program of study.
- To deny loans to students with existing student loan debt that approaches or exceeds undergraduate aggregates (\$31,000 with a maximum \$23,000 in sub Stafford for dependent students; \$57,500 with a maximum \$23,000 in sub Stafford for independent students), whether previous loans were taken as undergraduate students or graduate students or whether outstanding balance is due to principal or principal plus interest.
- To deny a loan to any student with a previous default who has existing student loan debt from all sources equal to or greater than half the maximum aggregate limit in either subsidized or unsubsidized loans for the student's status as dependent or independent student.
- To deny PLUS loans for parents with combined subsidized, unsubsidized, Perkins and PLUS loan debt exceeding subsidized and unsubsidized loan limits.
- Other circumstances that strongly indicate an unwillingness to repay or abuse of loan programs.

### **Additional Points for Consideration in Awarding/Revising Loans**

NOVA must determine eligibility at the point of loan certification and again at the point of loan disbursement. It is the responsibility of every staff member to consider eligibility requirements prior to awarding and during any aid revisions. Loans must be denied if:

- The student has not submitted required transcripts or other requested documents at the time of disbursement, and the requirement has not been temporarily waived
- The student has failed Satisfactory Academic Progress Standards
- The student owes a debt to the college

- Information is received that indicates ineligibility for the loan. (Examples, not all inclusive)
  - The student has already borrowed the annual maximum.
  - The student has exceeded lifetime maximums.
  - The student is in default on a loan.
  - The student did not enrolled in and/or is not attending 6 credits

#### **34 CFR 685.301(a)(8) Origination of a loan by a Direct Loan Program school**

**(8) A school may refuse to originate a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan or may reduce the borrower's determination of need for the loan if the reason for that action is documented and provided to the borrower in writing, and if—**

**(i) The determination is made on a case-by-case basis;**

**(ii) The documentation supporting the determination is retained in the student's file; and**

**(iii) The school does not engage in any pattern or practice that results in a denial of a borrower's access to Direct Loans because of the borrower's race, gender, color, religion, national origin, age, disability status, or income.**

# federal financial aid and enrollment data by race/ethnicity at California community colleges, 2010-11

The following table shows 2010-11 enrollment, the shares of students who received financial aid from selected federal programs, and shares of students by race/ethnicity for all 112 California community colleges. These figures were calculated by TICAS using data from the California Community Colleges Chancellor's Office Management Information Systems (COMIS) Data Mart. Enrollment is 12-month unduplicated undergraduate headcount. El Camino College, Compton Center is a part of El Camino College, however the Data Mart lists its data separately. We have excluded the five schools of continuing education since they offer coursework that is generally ineligible for financial aid. The shares of enrollment who received Pell Grants, subsidized federal loans, and unsubsidized federal loans are duplicated as students may have received more than one of these types of financial aid. Shares are rounded to the nearest whole percent. “-” indicates when no students at a particular college obtained financial aid from that federal program.

California Community College	2010-11 Enrollment	Share of 2010-11 Enrollment Receiving Federal Financial Aid, by Type			Share of 2010-11 Enrollment by Race/Ethnicity					
		Pell Grant	Subsidized Stafford Loans	Unsubsidized Stafford Loans	Latino	White	Asian (includes Filipino & Pacific Islander)	African American	American Indian/Alaskan Native	Multi Ethnicity/Unknown
Allan Hancock College	24,588	11%	1%	1%	41%	41%	5%	3%	1%	10%
American River College	52,652	24%	6%	5%	16%	43%	10%	9%	1%	20%
Antelope Valley College	19,263	43%	16%	13%	32%	28%	4%	21%	1%	15%
Bakersfield College	26,717	38%	4%	3%	51%	31%	5%	8%	1%	5%
Barstow Community College*	5,253	57%	-	-	26%	39%	2%	13%	1%	19%
Berkeley City College	12,326	10%	1%	1%	15%	27%	19%	20%	0%	18%
Butte College	19,836	39%	11%	8%	15%	65%	7%	3%	2%	8%
Cabrillo College	20,223	19%	3%	2%	30%	57%	4%	1%	1%	7%
Cañada College	10,717	11%	1%	1%	41%	32%	14%	4%	0%	8%
Cerritos College	32,376	36%	2%	0%	54%	12%	11%	7%	0%	15%
Cerro Coso Community College*	9,301	13%	0%	0%	21%	60%	4%	5%	2%	7%
Chabot College	20,874	22%	3%	2%	29%	20%	27%	15%	0%	8%
Chaffey College*	25,929	33%	-	-	49%	23%	8%	11%	0%	9%
Citrus College	19,131	27%	2%	2%	49%	27%	10%	5%	0%	8%
City College of San Francisco	45,710	21%	4%	3%	19%	27%	36%	9%	0%	8%
Coastline Community College	16,787	12%	3%	2%	17%	36%	32%	5%	1%	8%
College of Alameda	11,850	13%	1%	0%	14%	15%	32%	23%	0%	17%
College of Marin	12,483	15%	5%	4%	17%	52%	8%	6%	1%	16%
College of San Mateo	16,116	11%	1%	0%	23%	34%	27%	3%	0%	12%
College of the Canyons	33,568	11%	3%	3%	37%	43%	9%	7%	0%	4%
College of the Desert	15,259	26%	2%	0%	59%	25%	5%	3%	1%	8%

California Community College	2010-11 Enrollment	Share of 2010-11 Enrollment Receiving Federal Financial Aid, by Type			Share of 2010-11 Enrollment by Race/Ethnicity					
		Pell Grant	Subsidized Stafford Loans	Unsubsidized Stafford Loans	Latino	White	Asian (includes Filipino & Pacific Islander)	African American	American Indian/Alaskan Native	Multi Ethnicity/Unknown
College of the Redwoods	9,320	36%	8%	5%	10%	66%	4%	2%	7%	11%
College of the Sequoias	18,820	35%	1%	-	52%	34%	5%	3%	0%	6%
College of the Siskiyous	4,587	30%	13%	11%	10%	67%	3%	3%	3%	13%
Columbia College*	5,781	16%	-	-	12%	71%	2%	2%	1%	12%
Contra Costa College	12,924	22%	2%	1%	29%	14%	21%	27%	0%	9%
Copper Mountain College	3,305	39%	7%	6%	22%	60%	5%	7%	1%	5%
Cosumnes River College	21,905	22%	4%	3%	19%	24%	27%	13%	1%	16%
Crafton Hills College*	8,399	17%	-	-	34%	50%	6%	5%	1%	5%
Cuesta College	15,625	13%	3%	3%	25%	61%	3%	1%	1%	8%
Cuyamaca College	16,150	20%	2%	1%	24%	48%	8%	7%	1%	12%
Cypress College	21,385	23%	3%	2%	34%	26%	26%	6%	0%	8%
De Anza College	37,601	11%	3%	2%	18%	27%	45%	4%	0%	7%
Diablo Valley College	31,601	9%	1%	0%	16%	43%	17%	6%	1%	17%
East Los Angeles College	58,104	19%	1%	0%	63%	6%	16%	4%	0%	11%
El Camino College	35,416	17%	1%	1%	38%	18%	17%	19%	0%	8%
El Camino College, Compton Center	16,203	17%	1%	0%	38%	5%	10%	42%	0%	5%
Evergreen Valley College	15,275	24%	1%	1%	33%	10%	38%	3%	0%	15%
Feather River College	3,066	23%	13%	7%	22%	55%	3%	7%	3%	10%
Folsom Lake College	12,835	16%	2%	2%	13%	58%	9%	2%	1%	18%
Foothill College	30,032	6%	2%	2%	15%	40%	29%	4%	0%	12%
Fresno City College	32,837	34%	4%	0%	42%	26%	16%	8%	1%	7%
Fullerton College	31,142	18%	2%	1%	40%	29%	18%	4%	0%	10%
Gavilan College	15,359	13%	2%	1%	35%	32%	6%	4%	1%	22%
Glendale Community College	30,918	24%	1%	1%	21%	49%	12%	0%	0%	17%
Golden West College	19,217	17%	-	2%	24%	38%	30%	2%	0%	5%
Grossmont College	28,287	18%	2%	0%	25%	46%	12%	8%	1%	9%
Hartnell College	14,227	21%	1%	0%	53%	19%	6%	3%	1%	19%
Imperial Valley College*	11,641	47%	-	-	93%	4%	1%	1%	0%	2%
Irvine Valley College	25,499	6%	1%	1%	14%	44%	30%	2%	0%	10%
Lake Tahoe Community College*	5,905	13%	-	-	19%	67%	5%	1%	1%	8%
Laney College	22,240	15%	0%	0%	13%	15%	28%	27%	0%	16%
Las Positas College	12,434	16%	1%	1%	20%	49%	17%	5%	1%	9%
Lassen Community College	5,684	12%	4%	2%	18%	58%	4%	14%	3%	3%

California Community College	2010-11 Enrollment	Share of 2010-11 Enrollment Receiving Federal Financial Aid, by Type			Share of 2010-11 Enrollment by Race/Ethnicity						
		Pell Grant	Subsidized Stafford Loans	Unsubsidized Stafford Loans	Latino	White	Asian (includes Filipino & Pacific Islander)	African American	American Indian/Alaskan Native	Multi Ethnicity/Unknown	
Long Beach City College	36,376	35%	5%	1%	40%	23%	15%	15%	1%	6%	
Los Angeles City College	31,234	22%	3%	1%	46%	18%	16%	12%	0%	8%	
Los Angeles Harbor College	15,628	26%	1%	0%	48%	16%	14%	14%	0%	7%	
Los Angeles Mission College	17,183	21%	2%	1%	72%	10%	7%	4%	0%	6%	
Los Angeles Pierce College	31,780	22%	3%	2%	35%	35%	14%	6%	0%	10%	
Los Angeles Southwest College	12,968	29%	1%	0%	37%	1%	2%	54%	0%	5%	
Los Angeles Trade Technical College	24,762	23%	2%	0%	51%	7%	6%	27%	0%	9%	
Los Angeles Valley College	30,531	23%	3%	2%	43%	30%	10%	6%	0%	11%	
Los Medanos College	14,709	22%	0%	0%	30%	30%	11%	18%	0%	10%	
Mendocino College	7,297	24%	3%	2%	24%	57%	3%	1%	4%	11%	
Merced College*	18,198	39%	-	-	46%	31%	11%	5%	1%	7%	
Merritt College	11,468	15%	2%	1%	17%	20%	18%	30%	0%	15%	
MiraCosta College	25,547	7%	1%	-	29%	50%	9%	4%	1%	7%	
Mission College	17,258	17%	1%	0%	19%	21%	44%	4%	0%	11%	
Modesto Junior College*	25,086	31%	-	-	34%	40%	8%	4%	1%	13%	
Monterey Peninsula College	19,384	9%	2%	1%	25%	57%	10%	4%	1%	2%	
Moorpark College	22,226	10%	2%	1%	23%	58%	10%	2%	0%	6%	
Moreno Valley College	18,388	22%	1%	0%	43%	30%	7%	13%	0%	7%	
Mt. San Antonio College	57,751	19%	1%	0%	48%	13%	22%	5%	0%	12%	
Mt. San Jacinto College*	22,930	26%	-	-	32%	41%	7%	7%	1%	12%	
Napa Valley College	11,109	16%	2%	1%	27%	39%	12%	5%	1%	16%	
Norco College	14,942	20%	1%	0%	45%	30%	9%	7%	0%	8%	
Ohlone College	17,728	10%	1%	1%	15%	26%	41%	4%	0%	14%	
Orange Coast College	31,263	15%	2%	1%	26%	41%	25%	2%	0%	6%	
Oxnard College*	10,617	26%	-	-	66%	19%	7%	3%	0%	4%	
Palo Verde College*	5,712	8%	-	-	27%	45%	5%	9%	1%	12%	
Palomar College	42,568	9%	1%	-	34%	46%	8%	3%	1%	7%	
Pasadena City College	40,827	21%	1%	1%	39%	18%	28%	5%	0%	10%	
Porterville College*	5,635	49%	-	-	62%	27%	6%	2%	1%	3%	
Reedley College	20,616	28%	2%	0%	49%	32%	8%	3%	1%	8%	
Rio Hondo College	32,468	18%	1%	1%	59%	15%	9%	3%	0%	13%	

California Community College	2010-11 Enrollment	Share of 2010-11 Enrollment Receiving Federal Financial Aid, by Type			Share of 2010-11 Enrollment by Race/Ethnicity					
		Pell Grant	Subsidized Stafford Loans	Unsubsidized Stafford Loans	Latino	White	Asian (includes Filipino & Pacific Islander)	African American	American Indian/Alaskan Native	Multi Ethnicity/Unknown
Riverside City College	29,771	26%	2%	1%	44%	28%	9%	10%	0%	9%
Sacramento City College	37,404	25%	6%	4%	22%	28%	22%	12%	1%	15%
Saddleback College	39,600	6%	1%	1%	17%	62%	11%	2%	0%	8%
San Bernardino Valley College*	19,169	28%	-	-	53%	19%	6%	17%	0%	4%
San Diego City College	28,066	27%	6%	-	37%	28%	12%	13%	1%	10%
San Diego Mesa College	38,767	12%	2%	0%	24%	38%	20%	7%	1%	10%
San Diego Miramar College	21,217	11%	2%	-	18%	42%	22%	6%	1%	11%
San Joaquin Delta College	24,796	36%	6%	5%	33%	28%	19%	11%	1%	7%
San José City College	16,924	17%	2%	1%	35%	16%	26%	7%	1%	16%
Santa Ana College	68,251	6%	-	-	50%	20%	9%	2%	0%	19%
Santa Barbara City College	27,033	18%	8%	7%	33%	50%	8%	3%	1%	6%
Santa Monica College	50,475	15%	1%	0%	29%	35%	18%	9%	0%	8%
Santa Rosa Junior College	43,744	10%	2%	1%	23%	55%	5%	2%	1%	13%
Santiago Canyon College	33,566	5%	-	-	43%	30%	7%	2%	1%	17%
Shasta College	14,040	28%	4%	3%	11%	72%	4%	1%	3%	8%
Sierra College	27,497	24%	6%	5%	18%	64%	5%	2%	1%	9%
Skyline College	16,186	14%	1%	0%	23%	22%	42%	4%	0%	9%
Solano Community College	17,888	19%	3%	-	15%	28%	14%	16%	0%	26%
Southwestern College	27,989	21%	2%	-	58%	16%	14%	6%	1%	6%
Taft College*	15,977	6%	-	-	51%	37%	2%	5%	1%	3%
Ventura College	20,750	18%	3%	2%	47%	38%	6%	3%	1%	5%
Victor Valley College	18,780	33%	8%	6%	38%	37%	3%	14%	1%	7%
West Hills College Coalinga	4,894	28%	5%	2%	54%	23%	6%	8%	1%	7%
West Hills College Lemoore	6,143	36%	3%	2%	45%	32%	7%	8%	1%	7%
West Los Angeles College	17,040	24%	3%	2%	31%	15%	8%	35%	0%	11%
West Valley College	20,391	10%	1%	0%	18%	47%	17%	3%	0%	14%
Woodland Community College	4,469	24%	2%	1%	44%	35%	10%	2%	1%	8%
Yuba College	10,315	42%	4%	2%	23%	49%	12%	4%	2%	10%

\* These colleges did not participate in the federal student loan program in 2010-11. To learn more about how community colleges shortchange students by not offering federal loans, see *Still Denied* ([http://projectstudentdebt.org/files/pub/still\\_denied.pdf](http://projectstudentdebt.org/files/pub/still_denied.pdf)).





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