

NEWS RELEASE

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More than One Million Community College Students Still Denied Access to Federal Student Loans

New Report Finds Notable Shifts since 2008 in Chicago, North Carolina, California; Persistent Racial/Ethnic Disparities

Oakland, CA – Almost half of all U.S. undergraduates attend community colleges, but many of those students are denied access to the safest and most affordable way to borrow for college. Federal student loans are simply not an option for more than one million community college students because their schools choose not to offer them, according to a new issue brief from the Project on Student Debt.

The brief, *Still Denied: How Community Colleges Shortchange Students by Not Offering Federal Loans*, warns that students who need to borrow may turn to risky and expensive private student loans or credit cards when federal loans are not available. Other students may drop out, work excessive hours, or take fewer classes – all choices that reduce their odds of earning a degree or certificate.

The brief also finds persistent racial and ethnic disparities, with African-American and Native-American students still the least likely to have access to federal loans. Nationwide, nearly one in five Native-American community college students (18.5 percent) and one in six African-American students (16.4%) attend schools that do not participate in the federal loan program.

Still Denied highlights three notable changes in program participation at the state or local level:

- In **Chicago, IL**, all seven of the City Colleges now participate in the loan program. In 2007-08, three of the colleges did not offer loans.
- In **North Carolina**, recent state legislation requires all of the state's 58 community colleges to offer federal loans by 2011-12. North Carolina currently has the largest share (57 percent) of community college students without access to loans in the nation.
- **California** now has the largest number of community college students – about 214,000 – without access to federal loans. Since 2007-08, six of the state's colleges have withdrawn from the federal student loan program, and two have entered it.

“Federal student loans are the best option for students who need to borrow to get to and through college,” said Lauren Asher, president of the Institute for College Access & Success (TICAS), home of the Project on Student Debt. “Opting out of the federal loan program doesn't keep students from borrowing -- it just keeps them from using the safest type of loans.”

While community colleges commonly cite fears of high default rates and excessive student borrowing as reasons for not offering federal loans, the Project's analysis indicates that those fears are unwarranted. Sanctions for high default rates – which can prevent colleges from offering students federal grants -- are rare and avoidable. No community college is being sanctioned based on its most recent default rate, and there are exemptions for colleges where a relatively small share of students borrows. Colleges can also use loan counseling and preventive strategies to help limit student defaults. And while community colleges may worry about students borrowing more than they need, national data indicate that less than three percent of all community college students borrow the maximum available in federal loans.

The brief includes several specific recommendations for both colleges and the U.S. Department of Education, aimed at encouraging more schools to participate in the federal student loan program.

“Especially in these tough times, all community college students should have access to federal loans if they need to borrow. But right now that’s not true in 31 states,” said Debbie Cochrane, TICAS program director and the report’s primary author. “By offering federal student loans and helping students make wise decisions about whether and how much to borrow, community colleges can help their students stay enrolled and graduate while minimizing risks for both students and schools.”

NOTE: The report includes *state-by-state data* on the share of community college students without access to federal loans. It also includes a link to a list of all community colleges nationwide and whether they participate in the federal student loan program. The report, which is embargoed until April 29, 2011, is available at http://projectonstudentdebt.org/files/pub/still_denied.pdf.

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The Project on Student Debt is an initiative of the Institute for College Access & Success, a nonprofit, nonpartisan organization working to make higher education more available and affordable for people of all backgrounds. For more information see www.projectonstudentdebt.org and www.ticas.org.