



Policy Points

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Making Higher Education More Accessible in Arkansas: The State's Newest Financial Aid Programs

During the 2003 legislative session, the Arkansas General Assembly enacted several new laws that significantly expand access to financial aid for students pursuing higher education credentials. This brief examines these programs, describes why they are important additions to existing state and federal financial aid programs, and offers some policy recommendations related to expanding and improving these programs.

The Arkansas Workforce Improvement Grant Program

Act 1796 of the 2003 Regular Legislative Session created the Arkansas Workforce Improvement Grant Program (AWIGP). AWIGP is administered by the Arkansas Department of Higher Education but students apply for the grant through the financial aid office of the institution they are attending. To be eligible, students must be: 1) a resident of Arkansas, 2) 24 years old or older, 3) accepted into a college degree or certificate program, 4) enrolled for at least three credit hours, and 5) determined to be in need of financial aid and not in default on any prior financial aid received. (For more information on eligibility and other program rules, see http://www.arkansashighered.com/aidrules_regs.html). The maximum grant award is \$1,800 per academic year. Pell Grant awards are taken into consideration when determining final AWIGP awards.

AWIGP is an important and much needed addition to the financial aid options available to Arkansas' college-bound students for several reasons.

First, AWIGP is a need-based financial aid program, meaning the primary criteria for student eligibility is the student's need for financial aid. In contrast, the primary criteria for merit-based financial programs, is the student's prior academic success. Both of the state's largest scholarship programs are merit-based, the Governor's Distinguished Scholars program and the Academic Challenge, although the later is partly need-based as it has family income eligibility restrictions. Furthermore, AWIGP is a grant or scholarship, not a student loan. Scholarships do not have to be paid back, like traditional student loans, the most common type of financial aid.

Need-based aid is critical to expanding access to higher education in a state such as Arkansas where the median household income is \$32,182, well below the national median of \$41,944.¹ Although tuition at Arkansas' colleges is relatively affordable, consistent tuition increases are pricing college out of reach for more and more students every year. Furthermore, research indicates that Arkansas provides relatively little need-based financial aid compared to other states. A recent report by the Good Faith Fund showed that Arkansas provides only 31% as much need-based financial aid as it receives in federal Pell Grant funds.² Some states provide as much as a 136% match, and most provide a better match than Arkansas.³

Second, AWIGP provides a nice complement to key existing federal and state need-based financial aid grant programs, namely the Pell Grant and the Academic Challenge (AC).

AWIGP provides a needed alternative to Pell Grants for those families that are not eligible for Pell grants because their cost of attendance is too low. Many working adults attend college on a less than full-time basis and thus have costs of attendance (COA) that are too low to be eligible for Pell Grants. Pell Grant eligibility rules require a minimum COA of \$800 per

academic year.⁴ Working adult students who take one or two classes a semester at the local two-year college often have a COA under \$800. AWIGP has no minimum COA restrictions.

Furthermore, working adults can find it difficult to qualify for Pell Grants because their incomes exceed those permitted by federal Pell Grant eligibility rules, despite the fact that these families have demonstrated unmet need for financial aid—based on the federal formula for determining federal aid need—meaning they are not able to afford the full cost of attending college on their own. This is particularly true for working adults with no dependents.

Working adults face barriers in accessing the Academic Challenge program as well. The AC requires full-time enrollment in a degree-seeking program. Certificate programs, which usually can be completed in less than two years, are not eligible programs. Fortunately, certificate programs are eligible programs under AWIGP. Furthermore, AC is available to only those working adults who enroll in college immediately after high school, meaning those working adults who do not go directly to college from high school are ineligible.

Because AWIGP addresses some of the significant barriers working adults experience in accessing the Pell Grant and the AC, it is a critical addition to Arkansas' higher education financial aid options. Despite its significance, however, AWIGP has some limitations.

Foremost, its funding is limited. AWIGP was funded at \$500,000 for the biennium. To date, 441 students have received aid through the program, and the funding has been completely exhausted, meaning the program has run out of funds in the first year. Given that demand for the program will likely increase significantly every year as awareness of the program grows, the state must appropriate more funds for AWIGP in the future.

Another way in which AWIGP could be improved is by giving preference to adult students who enroll in innovative, especially accelerated, college preparatory or developmental education programs. Such a provision would encourage the many working adults in Arkansas who are interested in pursuing college level training but have limited time to do so and need help in preparing to succeed at the college level, to seek and get this help in a manner better suited to adult students. There are many adults in Arkansas who graduated from high school but yet lack the basic academic skills and other college skills, such as study skills and computer literacy skills, to successfully complete college coursework. Too often these students either do not get all the preparatory coursework they need to succeed, or they deplete their financial aid taking several semesters of preparatory coursework once they enter college. For a thorough discussion of innovative developmental education programs and other college practices that facilitate attainment of post-secondary credentials among adults, see *Changing Courses: Instructional Innovations that Help Low-Income Students Succeed in Community College* at <http://www.mdrc.org/publications/349/overview.html>.

Examples of accelerated college preparatory programs in Arkansas are the “Career Pathways Program” and the “College Bridge Program” that are being developed by Southeast Arkansas College in Pine Bluff. The former includes an accelerated, contextualized basic skills refresher component delivered via Adult Education that gives students the requisite basic skills needed for success in certain certificate programs. This program also includes a series of seminars that provide other critical college survival skills to first-time college students. The latter program consists of a series of college survival skills seminars and accelerated developmental education that is necessary for degree programs that can be completed in a summer or a semester. For more information on these programs, contact Dr. Rob Edleston at Southeast Arkansas College at 870-543-5448. Giving preference to students who enroll in such preparatory programs should increase the graduation rates of AWIGP award recipients by ensuring they are prepared for college and have the resources to cover the costs of tuition until a certificate or degree is earned. It also should spread the limited funding of the program to more participants.

Another related barrier working adults sometimes face in establishing eligibility for Pell Grants and most forms of financial aid is the method by which unmet need for financial aid is calculated. This is a complex issue that is beyond the scope of this brief, but essentially the federal formula for calculating unmet need for financial aid, which Pell, AWIGP and most financial aid programs employ, can disqualify working adults from eligibility for aid because they are determined to have NO unmet need for such aid. That formula is: $COA - \text{Expected Family Contribution (EFC)} = \text{Unmet Need for Financial Aid}$. Again, working adults often have relatively high incomes and relatively low costs of attendance. Individually and certainly combined these circumstances often result in a determination of NO unmet need for financial aid, when plugged into the above formula. AWIGP uses this formula to determine eligibility, and therefore the program may not be reaching all the working adults that truly need assistance to afford the cost of attending college. But this issue needs to be explored further to determine if indeed this is affecting eligibility for AWIGP on a significant scale. (For more information on this and other barriers working adults face in receiving financial aid, see *Held Back: How Student Aid Programs Fail Working Adults* at www.futureworks-web.com).

The Nursing Student Loan Program

Act 84 of the 2003 Regular Legislative Session created the Nursing Student Loan Program. NSLP is administered by the Arkansas State Board of Nursing. To be eligible, students must: 1) be accepted into a Licensed Practical Nurse or Registered Nurse program at an approved school of nursing, 2) express intent to practice nursing in the state of Arkansas upon graduation, 3) and be determined to be in need of financial assistance. The maximum total grant award is \$6,000. Awards are renewed on a yearly basis pending certain criteria are met including satisfactory academic progress. If certain criteria are not met, then repayment of award amounts is due immediately. Award amounts will be forgiven on a yearly basis for each year the student practices nursing in the state of Arkansas. In other words, as long as a student practices nursing in Arkansas for several years upon graduation, the entire award amount will be forgiven. For more information on NSLP, visit the Arkansas State Board of Nursing at <http://www.arsbn.org/loans.html>.

NSLP is also a critical addition to the state's financial aid programs, particularly given the dire need for more nursing professionals in Arkansas. However, the program has serious limitations, primarily funding. NSLP was authorized to receive \$60,000 in transfer funds from the Legislative Nursing Commission but has only received \$30,000 to date. Several thousand dollars more in funding were added to the NSLP by private donations bringing the total available funding to just over \$30,000. Obviously, this amount of funding will not help a significant number of students complete their nursing degrees. More funding is desperately needed, including a general appropriation from the legislature in the 2005 session. Additionally, the Board of Nursing and other interested parties need to raise private funds for the program, as allowed by Act 84.

Another limitation of NSLP is it is not available to students who want to begin their nursing careers by becoming a Certified Nursing Assistant (CNA). CNA is an important first step toward an LPN or RN degree for many students interested in a nursing career. The need for CNAs is as great as or greater than the need for degreed nurses. As long as a CNA student makes satisfactory progress toward a LPN or RN degree after obtaining their CNA, the cost of their CNA training should be eligible for forgiveness under NSLP. CNA training is relatively inexpensive so expanding NSLP in this way should not cost too much. However, an expansion such as this should be contingent upon additional funding, especially given the very low level of current funding for NSLP.

Arkansas National Guard Tuition Assistance Plan

Act 1045 of the 2003 Regular Legislative Session established a new state law that allows state funded colleges and universities to waive up to 25% of tuition costs for qualified members of the Arkansas National Guard. Note that the law does not require colleges and universities to waive tuition; rather it allows them to do so if they so choose. Thus far, the following institutions of higher education have elected this waiver: University of Arkansas Community College at Beebe, Pulaski Technical College, North Arkansas College, Arkansas State University at Newport, Southern Arkansas University, University of Arkansas in Fayetteville, and University of Arkansas at Little Rock. The program is administered by the Adjutant General for Arkansas. To be eligible students must be: 1) enrolled in a state funded institution of higher education that receives state appropriations, and 2) participants in the Arkansas National Guard Tuition Assistance Plan, who receive assistance from the plan to cover the remaining 75% of tuition costs. For more information, contact the Arkansas Department of Higher Education.

In conclusion, the state has created some significant new programs to increase access to financial aid for working adults and other students interested in pursuing higher education credentials. Although these programs are excellent, they have some limitations, primarily funding limitations, which need to be addressed through future public policy changes. In addition to amending these programs, the state should consider establishing a program that provides second-chance financial aid to students who have previously attempted to pursue college level training but failed for various reasons and still have outstanding financial aid obligations from their previous attempts. Outstanding financial aid obligations, typically in the form of unpaid student loans, is a significant barrier some students face in returning to college since such obligations make eligibility for new financial aid virtually impossible. This is a barrier that Good Faith Fund has encountered in trying to get its Industry Partners job training participants to continue their education and training at the college level. Of course, such a program will need to place strict conditions upon participating students regarding future academic success.

Notes

¹ Data source: 2000 Census.

² *Continuing the Investment in a Competitive Workforce and a Brighter Economic Future for Arkansas: A Policy Agenda for Investing in Arkansas' Working Families*, a report by the Good Faith Fund Public Policy Program, August 2003.

See http://www.goodfaithfund.org/pub/pub_wfpr.html

³ *Losing Ground: A National Status Report on the Affordability of American Higher Education*, National Center for Public Policy and Higher Education, 2002.

⁴ *Held Back: How Student Aid Programs Fail Working Adults*, Future Works, 2002.

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