



President's **FOCUS**

Monthly Report to the Board

February 2019

Student Retention: The Impacts of Student Finances

Student financial stability is critical to retention. It is often the pivotal factor for staying in college.

In Montgomery County, a family of four needs an annual salary of more than \$91,000 to be considered self-sufficient, according to the Montgomery County Self-Sufficiency Standard report (January, 2018). In contrast, about half of Montgomery College's 8,300 Pell-grant students come from families with an average annual income of below \$25,000. Even *without* educational expenses, these students are financial stressed.

Although Pell grants are essential, they do not meet all students' needs. Enrolling in school usually means that students have to stop working or cut down on their work hours, so their expenses go up. In addition, many of our students support children or aging relatives, so their livelihood impacts extended families. There is growing recognition that living expenses have substantial impacts on retention. MC's financial aid office, as well as the Montgomery College Foundation and the Office of Grants and Sponsored Programs work diligently to lessen the financial pressures on these students. Each year MC students receive about \$44 million from federal sources, including loans and grants. More than \$28 million is in Pell grants—about a quarter of MC students are awarded them—which do not have to be repaid. On top of those are Federal Supplemental Education Opportunity Grants, which go to Pell recipients with the lowest incomes in order to provide support for books,



fees, and other expenses. Pell-grant students appear to be highly motivated with respect to academics, with Pell student retention rates being consistently higher than non-Pell recipients.

About \$15 million is given to MC students in the form of loans: this year the total amount borrowed by MC students is down, but fewer individuals are borrowing larger amounts. The state of Maryland provides about \$3.8 million in grants and scholarships per year, while MC's own operating fund contributes \$4 million in need-based grants and \$1.7 million in tuition waivers. In total, 53 percent of MC students rely on loans or grants, or some combination of both, to be able to enroll.

While the total amount of aid may seem high in sum, for thousands of our students it is still not enough. The Montgomery College Foundation and MC's institutional operating contributions make up the difference for several groups of students—among them, undocumented students and international students, who are not eligible for federal financial aid. Some recent positive news is that the state of Maryland is opening up several programs to undocumented students.

Last year the Montgomery College Foundation supported 2,100 students with grants worth \$2.5 million, the largest amount ever. This aid is assigned only after Pell grants have been distributed and students apply through Academic Works, an online application available in English and Spanish. Last year, 4,000 students applied for aid available through 400 scholarships—each with specific matching criteria. While more students are applying each year, the average scholarship amount has not increased.

Recently some local business owners have expressed interest in connecting to the College through the Montgomery College Foundation. This fall the College developed a new corporate sponsorship policy for non-gift revenue and we have four companies lined up to provide corporate scholarships. The Montgomery College Foundation's corporate sponsorship goal is \$100,000 to \$150,000 per year. An example of such an in-kind sponsorship is one from the Shady Grove Comfort Inn, which donated 60 free rooms plus \$1,000.

Emergency assistance from the Montgomery College Foundation is another area of support for students facing a personal financial crisis. Funds can be used for rent, a car payment, a utility bill, or other expense. Last year the Foundation distributed almost \$21,000 in emergency funds to students. Requests must come from staff or faculty and a dean must be made aware. The student's circumstances are researched by the financial aid office and verified before aid is delivered.



Documentation is required—such as a bill or eviction notice—and the College assesses how the student's financial situation may have changed since the student's aid package was determined. Did a parent lose a job? Was the student required to move to more expensive housing? The informal limit for emergency aid is \$2,500 and checks are not issued to students directly, but to the billing company, such as the landlord or car repair shop. These are one-time-only payments and students are advised in advance that the support cannot be relied upon to solve long-term financial challenges. Recently the Foundation has received more requests directly from students. It has not yet been determined if this indicates increasing economic distress in the county or a heightened awareness of the program. The most common requests are for food, rent, and car payments. Additionally, students in specific programs will sometimes request help to pay for the costs of certification exams such as the National Council Licensure Examination for nursing (NCLEX), DACA application fees, or the cost of background checks for jobs or internships.

In addition, the College's Office of Grants and Sponsored Programs secures \$8-10 million annually in federal and state funds to support student success. Publicly-funded grants support scholarships, internships, and stipends, as well as wrap-around services and programmatic enhancements to help students complete their associate's degree and/or transfer to a four-year institution.

Loans, grants, and emergency funding help our students to manage their financial responsibilities even while studying. As the Maryland College Promise rolls out in the coming academic year, there will be more funding available, albeit in limited amounts. For now the College is spreading the word about how to apply for these funds in a timely manner. Maryland Dreamer and DACA students are also eligible for state Educational Excellence programs including Educational Assistance Grants, Guaranteed Access Grants, and part-time grants.

In the meantime, the College continues to watch Sara Goldrick-Rab's research in progress at Temple University, in work such as the completion grant program sponsored by Temple and the Association of Public and Land-grant Universities. This effort, which is a \$4 million dollar study funded by the US Department of Education's Institute for Education Sciences, examines the efficacy of small-dollar completion grants to low-income students. Montgomery College's Acceleration to Graduation pilot, funded by the Carnegie award, has similar goals, to prevent students from leaving College before they get their degree. In addition, MC is also carefully



monitoring trends in housing and food insecurity and remedies that have worked successfully at other institutions.

Supporting students so that they can complete their degrees has long been our mission at MC. Better understanding about how finances impact retention is a crucial part of that process.

