North Carolina Student Aid Study Group

Policy Issue Brief

Advancing *Financial Aid Programs* to **Support Adult Students**

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INTRODUCTION

Adult students (ages 25-64) make up approximately 38 percent of the nearly 20 million postsecondary students in the United States.[1] An additional 27 million adults—more than 900,000 in North Carolina alone—have completed postsecondary course work but have not earned a credential.[2] These adult learners have been largely ignored as federal, state, and institutional policies are created and targeted toward the needs and characteristics of traditional students (ages 18-24).

In recent years, states and institutions of higher education have recognized adult students as a critical group whose needs must be addressed if states want to meet future workforce needs and postsecondary attainment goals.[3] The national and state-specific focus on setting attainment goals has brought to light that we cannot continue to rely on recent high school graduates alone to meet attainment and workforce needs.[4] Along with closing equity gaps, improving attainment for residents over 25 is critical to meeting these goals in states. Now that North Carolina is adopting an attainment agenda, adult learner success must be a key focus area.

To increase enrollment and completion of adult students, some states have begun implementing policies and programs specifically targeted to adult students. Others have begun to review and revise existing policies so they don't act as explicit or implicit barriers to adult students. Despite this movement toward better serving adult students, more work is needed to address programmatic and policy barriers that undermine the success of adult students. There is limited empirical research on the best methods to increase adult student enrollment and completion, but some best practices and considerations have begun to emerge as states focus attention on their adult learners.

State financial aid programs are one of the primary areas in which adult students have been poorly served.[5] Large need-based grant programs tend to provide more financial assistance to traditional-age students, leaving low-income adult students with more unmet need than their

1   National Center for Education Statistics. (2018). *Fast facts: Back to school statistics*. Retrieved September 19, 2018, from https://nces.ed.gov/fastfacts/display.asp?id=372.

2   Lumina Foundation. (2015). *A stronger nation through higher education*. Retrieved September 24, 2018, from http://strongernation.luminafoundation.org/report/2018/#nation.

3   Ibid.

4   Bransberger, P., & Michelau, D. K. (2016). *Knocking at the college door: Projections of high school graduates.* Western Interstate Commission for Higher Education.

5   Carlson, A. (2017). *Finding the will to fund state financial aid programs for adult learners*. Education Commission of the States. Retrieved September 10, 2018, from https://www.ecs.org/finding-the-will-to-fund-state-financial-aid-programs-for-adult-learners/.

younger counterparts.[6] In some cases, state financial aid programs explicitly limit aid eligibility to traditional-age students. In other cases, potential adult learners may not realize they could be eligible for aid from these sources and never apply or enroll because they think college is unaffordable.[7]

This white paper outlines the available research and state examples of best practices in structuring financial aid programs to meet the needs of adult students. The paper also focuses on the characteristics of adult students and the specifications of current need-based grant aid programs in North Carolina. The authors provide targeted policy recommendations for improving North Carolina's individual aid programs and the financial aid system as a whole. While this paper focuses exclusively on adult students over age 25, it is important to note that many traditional-age students are caring for children, working, and/or unable to attend full time. The reforms and recommendations to improve adult student success described below will also benefit traditional-age students with these commitments.

ADULT STUDENTS IN NORTH CAROLINA

Despite being well represented in higher education today, the needs of adult students are often overlooked when developing state policy—in part because they have no dedicated, organized advocates. Almost one-third of all students enrolled at public institutions in North Carolina are adult students (above age 24),[8] yet state financial aid policies have customarily been designed with traditional-age college students in mind. Policies geared toward traditional-age students can unintentionally act as barriers to higher education and inhibit the success of adult students.[9] For example, adult students are more likely to work than their peers,[10,11]

6   Taliaferro, W., & Duke-Benfield, A.E. (2016). *Redesigning state financial aid to better serve nontraditional adult students*. Center for Law and Social Policy. Retrieved September 10, 2018, from https://www.clasp.org/sites/default/files/public/resources-and-publications/publication-1/Redesigning-State-Financial-Aid-to-Better-Serve-Nontraditional-Adult-Students.pdf.

7   Hagelskamp, C., Schleifer, D., and DiStasi, C. (2013). *Is college worth it for me? How adults without degrees think about going (back) to school.* Public Agenda. Retrieved September 25, 2018, from https://kresge.org/sites/default/files/Is-College-Worth-It-For-Me-Public-Agenda-2013.pdf.

8   Integrated Postsecondary Data System. (2015). *Fall enrollment (EF)* [Data set]. National Center for Education Statistics, U.S. Department of Education. Retrieved September 17, 2018, from https://nces.ed.gov/ipeds/use-the-data.

9   Chao, E., DeRocco, E., & Flynn, M. (2007). *Adult learners in higher education: Barriers to success and strategies to improve results.* U.S. Department of Labor. Retrieved September 18, 2018, from https://jfforg-prod-prime.s3.amazonaws.com/media/documents/adultlearners.dol_.pdf.

10   Butlin, G. (1999). Determinants of post-secondary participation. *Education Quarterly Review*, *5*(3), 9-35.

11   Carlson, A., Laderman, S., Pearson, D., and Whitfield, C. (2016). *Adult promise program: A pilot design template for states*. State Higher Education Executive Officers Association. Retrieved September 17, 2018, from http://www.sheeo.org/sites/default/files/Adult%20Promise%20Design%20Template.pdf.

and may not qualify for need-based financial aid if they work full time yet cannot afford to work fewer hours. It is important to note that financial barriers are not the only hurdles adult learners face when they decide to enroll. Prior research has found that adult learners often suffer from anxiety related to enrolling in an academic program, especially if a significant period of time has elapsed since the student was last enrolled in a formal learning environment.[12] Adult learners can also suffer from a lack of confidence[13] and feel excluded from the campus environment and traditional-age students.[14] Consequently, easing the financial burden through financial aid programs for adult learners may help them feel welcome and reduce the stress of pursuing a postsecondary credential.

Although they are often hardworking and motivated, adult students are more likely to drop out and less likely to graduate than traditional-age students.[15,16] The differing needs of adult students have implications for the design of state financial aid programs that serve adults. For example, adults are more likely to select an institution based on the cost of attendance and strongly prefer to know the cost of a degree before they apply.[17] This means they need clear-cut, easy-to-understand information about their net cost up front, well before they've been accepted by an institution and applied for financial aid.

Adult Enrollment. North Carolina has a large population of adults age 25-64 with no college degree. As of 2016, 25 percent of the population have a high school diploma or equivalency, and another 23 percent have some college credit but no degree.[18] Of those 2.5 million potential adult students, 83,000 were enrolled in community colleges, and 26,700 were enrolled at four-year institutions.[19] Consequently, the majority of people age 25 and above with a high school diploma or equivalency do not have a postsecondary degree (Table 1). This issue is not unique to North Carolina, and these numbers are similar for the nation as a whole.

North Carolina's adult students are three times more likely to attend community college than a four-year college or university. Adult students account for over one third of the student body

12   Osam, E. K., Bergman, M., & Cumberland, D. M. (2017). An integrative literature review on the barriers impacting adult learners' return to college. *Adult Learning*, *28*(2), 54-60.

13   Shepherd, J., & Nelson, B. M. (2012). Balancing act: A phenomenological study of female adult learners who successfully persisted in graduate studies. *Qualitative Report, 17*, Article 39.

14   Flynn, S., Brown, J., Johnson, A., & Rodger, S. (2011). Barriers to education for the marginalized adult learner. *Alberta Journal of Educational Research, 57*, 43-58.

15   O'Donnell, K. (2006). *Adult education participation in 2004-05*. National Center for Education Statistics, U.S. Department of Education. Retrieved September 19, 2018 from https://nces.ed.gov/pubs2006/2006077.pdf.

16   Shapiro, D., Dundar, A., Ziskin, M., Yuan, X., and Harrell, A. (2013). *Completing college: A national view of student attainment rates - Fall 2007 cohort (signature report no. 6)*. Herndon, VA: National Student Clearinghouse Research Center. Retrieved September 14, 2018 from https://nscresearchcenter.org/signaturereport6/.

17   Hagelskamp, C., Schleifer, D., and DiStasi, C. (2013). *Is college worth it for me? How adults without degrees think about going (back) to school*. Public Agenda. Retrieved September 24, 2018, from https://kresge.org/sites/default/files/Is-College-Worth-It-For-Me-Public-Agenda-2013.pdf.

18   American Community Survey. (2016). *2015 ACS 5-year estimates*. U.S. Census Bureau. Retrieved September 24, 2018, from https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml.

19   Integrated Postsecondary Data System, 2015

at two-year institutions and 15 percent at four-year institutions (Table 1). Over half of adult students attend part time, and adult *students make up the majority of all part-time students at four-year institutions.*[20]

Adult student enrollment has changed somewhat since the Great Recession in 2008 (Table 1). Notably, while adult student enrollment at UNC institutions has increased 4 percent since 2008, black adult student enrollment has decreased by 20 percent.[21]

Table 1. Adult student enrollment in North Carolina

By sector			
	2-Year	**4-Year**	**Total**
Adult Enrollment	83,104	26,748	109,852
Adults Attending Part Time	65%	48%	56%
Adults as a Percentage of Total Enrollment	37%	15%	26%
Adults as a Percentage of Part Time Students	40%	56%	48%
By race/ethnicity (4-year only)			
	2008	**2011**	**2017**
Asian	509	554	663
Black	6,798	7,032	5,471
Hispanic	609	996	1,451
White	12,287	13,968	12,708

Notes: Enrollment for undergraduate, resident, degree-seeking students age 25 and above. Enrollment data broken down by both age and race/ethnicity is not available in IPEDS or on the North Carolina Community College System website.

Sources: Integrated Postsecondary Data System, 2015 Fall Enrollment Data set and The University of North Carolina System 2017 Interactive Enrollment Data Dashboard.

Student Outcomes. Adult students in North Carolina have lower overall graduation rates than traditional-age students (Table 2). Two-thirds of students who begin postsecondary education at age 25 or above graduate from four-year institutions within six years, compared to three-quarters of traditional-age students. At two-year institutions, only one-third graduate within six years, although younger students do not fare much better. Another difference between adult and traditional-age students is that after six years, very few adults are still enrolled compared to younger students in both sectors (Table 2). Graduation rates at community colleges in North Carolina are lower than the U.S. average, but graduation rates at four-year institutions are slightly above average.[22]

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20   Ibid.
21   The University of North Carolina System. (2017). *Interactive data dashboard: Enrollment* [Data set]. Retrieved September 10, 2018, from http://www.northcarolina.edu/infocenter#interactiveData.
22   Shapiro et al., 2018

Table 2. North Carolina's graduation and drop-out rates by sector and student type

	Student type	Six-year graduation rate	Six-year drop-out rate
2-Year	Full-time	49%	48%
	Part-time	21%	72%
	Adults	33%	59%
	Traditional-age	38%	47%
4-Year	Full-time	88%	10%
	Part-time	33%	61%
	Adults	67%	28%
	Traditional-age	75%	16%

Notes: Six-year outcomes for students who began postsecondary education in fall 2011. Percentages do not add up to 100 because some students remain enrolled with no degree.

Source: National Student Clearinghouse Research Center[23]

North Carolina has significant racial gaps in educational attainment (Table 3). The range in attainment is wide: Asian and Pacific Islanders had the highest attainment at 61 percent, followed by white, black, American Indian, and finally Hispanic residents with only 19 percent of adults between ages 25-64 with a bachelor's degree.[24]

Table 3. Adult student outcomes in North Carolina, by race/ethnicity

Percentage of residents ages 25-64 with at least an associate degree	
American Indian	24%
Asian	61%
Black	31%
Hispanic	19%
White	47%

Source: Lumina Foundation[25]

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23 Ibid.

24 Lumina Foundation. (2018). *A stronger nation* [Data set]. Retrieved September 14, 2018, from http://strongernation. luminafoundation.org/report/2018/#state/NC.

25 Ibid.

Income. Higher education makes a real difference in income for adults in North Carolina (Table 4). Sixteen percent of North Carolina residents age 25 and above with no postsecondary education have incomes below the poverty level, compared to 4 percent with a bachelor's degree or above.[26]

Currently-enrolled adult students have lower total incomes than traditional-age students, who are often supported by their parents' income. At community colleges, the median income for adult students is $25,100, about $10,000 below the median income for traditional-age students.[27] The gap is larger at four-year institutions where adult students earn $27,000 less than traditional-age students.[28]

Table 4. Educational attainment and poverty in North Carolina

Educational Attainment	Population	Percent of Population	Percent below poverty line
Less than high school	625,915	12%	30%
High school graduate or equivalent	1,301,581	25%	16%
Some college, no degree	1,179,130	23%	12%
Associate degree	518,632	10%	
Bachelor's degree or above	1,600,084	31%	4%
Total	5,225,342	100%	

Source: American Community Survey[29]

Financial Aid. There are discrepancies in how state grant aid is awarded between traditional-age students and adult students. Adult students are more likely to be low-income—over half have an estimated family contribution (EFC) of zero dollars, compared to just over one-third of traditional-age students. Additionally, three-quarters of adult students have an EFC below $5,000, and over 80 percent have an EFC below $8,500 (the maximum EFCs allowed for the NC Education Lottery Scholarship and the NC Community College Grant, respectively). Despite this, adult students are less likely to receive any state grant aid (15 percent) than traditional-age students (32 percent).

As a result, adult students in North Carolina have more unmet financial need than traditional-age students. At community colleges, traditional-age students average about $1,000 less

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26   American Community Survey, 2016
27   National Postsecondary Aid Study. (2016). *NPSAS 2016 undergraduates* [Data set]. Retrieved September 20, 2018, from https://nces.ed.gov/datalab/index.aspx.
28   Ibid.
29   American Community Survey, 2016

in unmet need than adult students (unmet need is $5,250 and $6,210, respectively).[30] This disparity is partially because the average adult student is less likely to receive a grant. When they do receive grants, however, adult students receive the same amount of state grant aid as traditional-age students—about $1,250.

The story is slightly different at four-year colleges and universities, where traditional-age students who receive aid are awarded almost twice as much state grant aid than adult students ($3,380 and $1,760, respectively).[31] Adult students are more likely than traditional students to attend less expensive four-year institutions, but are also less likely to receive a reward, leaving the average adult student with $1,300 more unmet need than younger students ($10,400 vs. $9,100, respectively).[32]

BEST PRACTICES AND LESSONS LEARNED

While there has been growing interest in developing policies and creating financial aid programs that are designed to better serve adult students, limited empirical research exists to guide these efforts. Much of the available research on which factors influence college student success has focused on the traditional-age 18-24 cohort. Given that the most widely-used, publicly-available data set on postsecondary enrollment—Integrated Postsecondary Data System (IPEDS)—until recently only reported first-time, full-time students, it is not surprising that research findings have yet to catch up to policymaking preferences. Because of the lack of available data on adult students, states have instead looked to focus groups and policy audits to gain an understanding of these students' needs and where implicit and explicit barriers to their success exist.

Based on the information gained through the focus groups, policy audits, and more thoughtful consideration of the challenges adult students may face, a growing consensus is emerging around the fact that adult students differ in important ways from their traditional-age counterparts. For example, adult students are more likely to "stop out" (temporarily withdraw from postsecondary studies) because of factors such as family obligations or work responsibilities that are separate from the educational environment.[33] After stopping out, students often change majors or transfer schools, increasing the number of credits they take. When this happens, they risk exhausting their federal and state aid eligibility.

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30 National Postsecondary Aid Study, 2016
31 Ibid.
32 Ibid.
33 Chen, J., & Hossler, D. (2017). The effects of financial aid on college success of two-year beginning nontraditional students. *Research in Higher Education*, *58*(1), 40-76.

Several states are using this limited information to guide modifications to their financial aid programs with the goal of better serving adult students. Because these policy innovations have only recently been implemented, they have yet to be empirically evaluated. Crafting financial aid programs to better serve adult students will be an iterative process that will vary by state. It will be important for each state to evaluate policy reforms to ensure the intended population is benefiting in a way that helps students and states achieve their goals. The following section reviews several promising features of financial aid programs that have recently been implemented.

Part-time Enrollment. Many adult students work full time and/or have family obligations that make enrolling in courses full time (i.e., 12 hours or more each semester) very difficult or impossible. Financial aid programs that successfully integrate adult learners provide aid to students who enroll part time or less than part time. The Illinois Student Aid Commission studied the costs and potential benefits of allowing students enrolled less than part time to access the state's need-based grant program. This study found that some students were enrolling in more hours than they could successfully complete in order to qualify for financial aid.[34] Consequently, Illinois changed their state policy to allow students enrolled in as few as three credit hours to access the state aid program.

Similarly, before implementing the Tennessee Reconnect program, which provides financial aid and other student supports to adult students, the state of Tennessee operated a pilot program. During an evaluation of the pilot program, the Tennessee Higher Education Commission found that the requirement of nearly full-time enrollment (nine credit hours per semester) hurt participation.[35] Consequently, when the full Reconnect Program was developed, the enrollment intensity requirements were lowered to part-time status or six credit hours each semester so the program could better serve adult students. Initial enrollments in the first semester of the program are exceeding projections.[36]

Due to the lack of empirical research and the varying work and family obligations of adult students, there is no agreed-upon best practice for the required enrollment intensity for receiving financial aid. Consequently, there is some variation in credit hour requirements (e.g., three or six) in other state aid programs geared toward adults. The critical policy innovation is to allow flexibility in enrollment intensity and not require all adult students to enroll in 12 credit hours to be eligible for state aid programs. However, states may still wish to incentivize full-time enrollment for their traditional-age students who may be more able to successfully

34   Illinois Student Assistance Commission. (2000). *Initiative to aid Illinois adult workers*. Retrieved September 18, 2018, from https://www.isac.org/dotAsset/eadbf229-cd07-477d-bae7-269d64daab1a.pdf.

35   House, E. (2017). *Tennessee Reconnect: (Re)engaging adults with higher education* [PowerPoint slides]. Tennessee Higher Education Commission. Retrieved September 18, 2018, from http://www.sheeo.org/sites/default/files/House_SHEEO%20Adult%20Promise%20Presentation.pdf.

36   Gonzales, J. (2018). Free Tennessee community college for adults program shatters expectations in its first year. *Nashville Tennessean.* Retrieved September 25, 2018, from https://www.tennessean.com/story/news/education/2018/08/27/tennessee-reconnect-community-college/1109159002/.

complete 12 or 15 credit hours. For example, even though the Indiana Adult Student Grant requires students to enroll in six credit hours, students receiving the Frank O'Bannon Grant, which is geared toward traditional students, receive additional aid when they take more than 12 credit hours per semester.[37]

Application Deadlines. Adult students are less likely than traditional-age students to operate on a consistent, linear enrollment cycle. Their decisions to enroll are more idiosyncratic and may happen only a few months before classes begin.[38] States with financial aid application deadlines that are six or seven months in advance of the start of classes tend to disadvantage adult students, especially if aid is awarded on a first-come, first-served basis. In these states, available state aid may be allocated before a nontraditional student has even decided to enroll.

On the other hand, with a better understanding of the enrollment patterns of nontraditional students, Oregon has shifted from a first-come, first-served allocation model to awarding aid on the basis of need first.[39] This means that the students who demonstrate the greatest financial need will receive priority rather than those who completed their aid application the earliest. Also, other states like Indiana have created a financial aid program specifically for adult students. The Indiana Adult Student Grant uses a first-come, first-served allocation model; however, eligibility is limited to adult students.[40] This means that adults are not competing with high school seniors who tend to apply farther in advance.

Impact of Prior Postsecondary Education Attempts. Students with some college but no degree may be delayed or unable to reenroll due to their academic or financial standing that resulted from their prior attempt. Federal and state financial aid programs require students to maintain satisfactory academic progress (SAP) toward earning a credential as a condition for renewing financial aid. Because they cannot be reset, the SAP requirements become a barrier for adult students making their second (or third or fourth) attempt at higher education. States like Indiana are now allowing more flexibility on SAP requirements for returning adults who receive their Adult Student Grant. A returning adult student can receive this grant of up to $2,000 even if they do not meet SAP requirements. The goal of the grant program is to encourage adults with some college but no degree to reenroll, improve their cumulative GPA, and become eligible for additional aid once SAP is restored.

Similarly, students with some college but no degree may be in default from student loans or have financial holds at their prior institutions. Financial literacy and counseling programs could help students address these issues and should be explored along with other more creative ways to address the institutional financial holds that prevent reenrollment. For instance, the state of Washington is exploring a micro-grant program as part of their adult reengagement

37 Ind. Code § 21-12-1.7-4
38 Chen & Hossler, 2017
39 Or. Rev. Stat. § 348.205
40 Ind. Code § 21-12-8-3

campaign that would pay institutional holds and get returning students back in good financial standing with the institution to allow them to reenroll.[41] Wayne State University in Detroit, Michigan, recently implemented the Warrior Way Back program, which allows former students with financial holds to reenroll and gradually pay back the debt as they progress through their studies. Students get one third of their debt forgiven with each successful semester completed.[42]

Prior Learning Assessments. Adult students have often completed many work-based experiences from previous employment, the military, or individual learning. Repeating such learning can be redundant and inefficient for students, and it forces them to pay for courses they don't need. Prior Learning Assessments (PLA) allow students to demonstrate the knowledge they have gained through these previous experiences and earn credits that can be applied to their degree program, earning a credential more quickly.[43] However, federal financial aid programs—and state programs that default to federal guidelines—do not allow students to use financial aid to pay for PLA fees. If students are required to pay for these expenses out of pocket, they may be less likely to complete the assessments. Consequently, states are beginning to allow students to use state financial aid to cover PLA fees.[44]

Connections to Workforce Needs. The workforce needs of states vary across the country. In states where certificate programs (sub-associate programs typically fewer than two years of postsecondary education) are in high demand, financial aid programs may be useful tools to boost the production of these certificates. Further, these programs may be popular with adult learners who want to quickly earn a credential that will provide an economic return on investment. Indiana has created a Workforce Ready Grant that pays the tuition and mandatory fees for certain high-value certificate programs connected to the state's high-tech manufacturing economy. The eligible certificate programs were selected based on employer demand, wages, job placements, and program completion rates.[45] Oklahoma is implementing an Adult Promise Program (which promises to cover tuition and fees) for students enrolling in credentials connected to the state's most in-demand occupations.[46] As a state's economy evolves, the eligible certificate programs will need to evolve as well to ensure aid flows to students enrolled in high-value programs. A state may also want to consider allowing state aid

41   State Higher Education Executive Officers Association. (2017). *Program plan for Washington*. Retrieved October 19, 2018 from http://www.sheeo.org/sites/default/files/Program%20plans%20for%20pilot%20states%20WA.pdf

42   Wayne State University. (2018). *Warrior Way Back FAQs*. Retrieved October 19, 2018 from https://wayne.edu/financial-aid/warriorwayback.

43   Plumlee, T., & Klein-Collins, R. (2017). *Financial aid for prior learning assessment: Early successes and lessons from the U.S. Department of Education's Experimental Sites Initiative*. Council for Adult and Experiential Learning.

44   Indiana Commission for Higher Education (2017). *State financial aid for prior learning assessments*. Retrieved September 19, 2018, from https://www.in.gov/che/files/PLA_FinAid_Guidance_2017.pdf.

45   Indiana Commission for Higher Education. (2018). *Workforce ready grant*. Retrieved September 28, 2018, from https://www.in.gov/che/4773.htm.

46   Reach Higher Oklahoma. (2017). *Oklahoma's adult promise initiative.* Retrieved September 28, 2018, from http://www.sheeo.org/sites/default/files/Oklahoma%20one-pager-June%202017.pdf.

to be used for enrollments in non-credit programs, provided those programs offer training and skills that lead to sustainable, needed employment.

Reaching Adult Learners. Indiana, Tennessee, and Mississippi have created robust promotional campaigns to make potential adult students aware of available financial aid and provide easy-to-understand information about returning to college or enrolling for the first time. The Indiana "You Can. Go Back" campaign provides information on the types of financial aid adult students are eligible for as well as employment opportunities, child care, and balancing coursework with family responsibilities.[47] A key component of the You Can. Go Back. campaign is the message that institutions of higher education have changed practices to better serve adult learners, making the case that a returning student will have a different and more positive experience if they reenroll. Tennessee used "Reconnect" to brand all of the state's outreach to adult learners. Potential students can easily access information about academic programs and transferring credits and can connect with an advisor from one website.[48] Mississippi launched a statewide reengagement campaign called Complete to Compete. Like Indiana and Tennessee, students with some college but no degree are directed to a website that helps them find the shortest path to a degree and connects them with a personal coach to set them up for success. According to the program's website, over 850 students have reenrolled in the last year, and 704 degrees have been awarded.[49]

EXISTING POLICIES IN NORTH CAROLINA

North Carolina has three need-based grants—the Education Lottery Scholarship, the Community College Grant, and the UNC Need-Based Grant—which account for 44 percent of total state financial aid.[50] These programs do not exclude adult students or require full-time enrollment, but the way that need is calculated means the programs often provide more financial aid to traditional-age students. Most of the funding therefore goes to dependent students, while the majority of FAFSA filers in North Carolina are actually independent students.[51] Additionally, short financial-aid term/semester limits (six for an associate degree, ten for a bachelor's degree) cause many adult, part-time, and transfer students to lose aid

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47   Indiana Commission for Higher Education. (2018). *Adult learners*. Retrieved September 24, 2018, from https://learnmoreindiana.org/adult-learners/.

48   *Tennessee Reconnect*. Retrieved October 18, 2018, from https://www.tnreconnect.gov/.

49   Mississippi Institutions of Higher Learning. (2018). *Compete 2 Complete*. Retrieved October 19, 2018, from http://www.msc2c.org.

50   National Association of State Student Grant & Aid Programs. (2016). *NASSGAP Annual Survey*, 2016 [Data set]. Retrieved September 18, 2018, from https://www.nassgapsurvey.com/.

51   McDuffie, E. (2018). *North Carolina student aid programs* [PowerPoint slides]. College Foundation of North Carolina.

before they finish a degree. It is crucial to evaluate how North Carolina's scholarships serve adult students because initial evidence suggests that need-based financial aid can improve college enrollment, retention, and graduation rates.[52,53,54]

Lottery Scholarship. The North Carolina Education Lottery Scholarship (ELS) can be awarded to students attending any public community college or four-year institution in the state. Students must have an estimated family contribution (EFC) between $2,200 and $5,000 to be eligible for the grant.[55] The ELS award plus a student's Pell Grant cannot exceed $4,000, so the grant does not benefit students who already receive a significant Pell Grant. For independent students, an EFC of $4,000 equates to an income of roughly $25,000 without children or $62,000 with children. As the total Pell Grant and student EFCs have increased (due to inflation and other factors), the number of recipients and total award size of the ELS have decreased. One clear issue with the ELS is that Pell Grant eligibility allows an EFC of up to $5,328, meaning that students with an EFC above $5,000 who qualify for a small amount of Pell funds will not receive the ELS.[56]

According to a survey of financial aid administrators at state community colleges and UNC campuses conducted for the NC Student Aid Study Group, the most commonly suggested improvements to the ELS are to expand eligibility beyond the $5,000 EFC, provide more support for part-time adult students (who receive a prorated amount), and include year-round funding.[57] Despite these suggestions, half of the 52 survey respondents said that the ELS adequately serves adult students.

Community College Grant. The North Carolina Community College Grant (CCG) supports students attending two-year public institutions.[58] To be eligible, students need to be enrolled at least half time and complete a FAFSA. However, to receive the full award based on their financial eligibility, students must enroll in at least 15 credit hours (full-time students receive a $400 bonus if they enroll in 15 credits or more).[59] The award is need-based, using a student's federal EFC to determine their award. To qualify for the grant, a student's EFC must be

52   Bettinger, E. P. (2004). How financial aid affects persistence. In C. M. Hoxby (Ed.), *College choices: The economics of where to go, when to go, and how to pay for it* (pp. 207-238). Cambridge, MA: National Bureau of Economic Research.

53   Goldrick-Rab, S., Harris, D.N., Kelchen, R., & Benson, J. (2012). *Need-based financial aid and college persistence: experimental evidence from Wisconsin*. Retrieved September 17, 2018, from http://www.finaidstudy.org/documents/Goldrick-Rab%20Harris%20Kelchen%20Benson%202012%20FULL.pdf.

54   Castleman, B. L., & Long, B. T. (2013). *Looking beyond enrollment: The causal effect of need-based grants on college access, persistence, and graduation*. NBER Working Paper No. 19306. Retrieved September 24, 2018, from http://www.nber.org/papers/w19306.

55   McDuffie, 2018

56   Baker, J. (2016). *2017-2018 Federal Pell Grant payment and disbursement schedules*. Federal Student Aid, U.S. Department of Education. Retrieved September 19, 2018, from: https://ifap.ed.gov/dpcletters/GEN1619.html.

57   Snyder, M., & Halaska, T. (2018). *North Carolina student aid study group analysis of North Carolina financial aid programs: National comparisons, trends, survey results* [PowerPoint slides]. HCM Strategists.

58   North Carolina State Education Assistance Authority. (2013). Policies for *North Carolina community college grant, Targeted assistance & loan*. Retrieved September 17, 2018, from http://ncseaa.edu/pdf/CC%20Grant%20guidance.pdf.

59   McDuffie, 2018

between $700 and $8,500. The CCG does not decrease dollar-for-dollar as a student's EFC increases. This means that students with higher EFCs will have more resources to pay college costs. For example, a student with a $1,850 EFC who attends a community college has $6,530 to pay college costs. On the other hand, students with the highest EFC allowed in the CCG ($8,500) have $10,000 in resources to pay for college.[60]

In the North Carolina Student Aid Study Group's survey, over half of respondents said the CCG program served adult students well. Respondents indicated that an opportunity for improvement is to better serve nontraditional students by removing the 15-credit full-time requirement.[61]

University System Grant. The University of North Carolina Need-Based Grant (UNCNBG) provides financial assistance to low-income students at four-year public institutions. Grant awards are calculated based on an internal formula (not federal EFC) and can be up to $4,200. Ninety-five percent of students who receive the UNCNBG attend full time,[62] while just over half of all students in the UNC system are part time.[63] The award is less generous with independent students, awarding more aid to dependent students at all levels.

Additionally, only independent students with incomes below $30,000 receive the grant, while dependent students with family incomes up to $70,000 can receive the grant.[64] Only eight percent of student administrators who responded to the Study Group's survey said the UNCNBG served adult students well. Respondents also reported that it is extremely challenging to know how much aid students will receive.[65]

Table 5 (below) shows the portion and average award amount by income level for dependent and independent students. While independent students are not all adults, they are likely experiencing similar financial circumstances that make them comparable. Across all grants, independent students with incomes above $50,000 received significantly less aid than dependent students in the same income groups. In the CCG and ELS, the majority of awards to independent students were for those with the lowest income, while the majority of awards for dependent students were in the third quintile. The UNCNBG stands out for its lack of support for independent students above the first income quintile—all but one recipient of the grant were in the first income quintile, while dependent students received substantial grants at higher family incomes (Table 5).

60   Snyder & Halaska, 2018
61   Ibid.
62   Ibid.
63   The University of North Carolina System, 2017
64   McDuffie, 2018
65   Snyder & Halaska, 2018

**Table 5. Income Distribution and Average Award for
North Carolina's Need-Based Grants**

	Adjusted Gross Income	Dependent		Independent	
		Percent	Avg Award	Percent	Avg Award
Community College Grant	$0-29,999	2%	$555	57%	$632
	$30,000-49,999	37%	$517	15%	$793
	$50,000-79,999	53%	$920	22%	$522
	$80,000 and above	8%	$1,201	6%	$826
	Total	100%	$786	100%	$643
University of North Carolina Grant	$0-29,999	46%	$2,740	100%	$1,944
	$30,000-49,999	34%	$2,616	0%	$1,198
	$50,000-79,999	19%	$1,766	0%	$0
	$80,000 and above	0%	$0	0%	$0
	Total	100%	$2,510	100%	$1,944
Education Lottery Scholarship	$0-29,999	2%	$867	65%	$924
	$30,000-49,999	43%	$851	7%	$1,189
	$50,000-79,999	52%	$1,378	24%	$745
	$80,000 and above	3%	$1,826	4%	$999
	Total	100%	**$1,156**	100%	$901

Note: 2017-18 academic year. Only one independent student with an AGI $30,000-49,999 received the UNCNBG

Source: College Foundation, Inc.[66]

RECOMMENDATIONS

When asked what changes they would make to North Carolina's need-based aid programs, a dominant theme of the survey of financial aid officers was to increase support for independent and adult students. One suggestion was to stretch aid to higher EFC ranges for independent students to help working adults.[67] Our recommendations expand on these themes and are intended to start a conversation about how the state can provide a level playing field for adult students and their traditional-age peers.

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66 McDuffie, 2018
67 Snyder & Halaska, 2018

Ensure adult students have sufficient funds to cover education-related expenses.
This means a student's EFC, Pell Grants, and state grants should equal the cost of tuition, fees, books, and supplies. On average, this totals $8,600 for students at four-year institutions and $4,100 for students at two-year institutions (assuming full-time attendance). To do this, we recommend fine-tuning the three primary need-based grants:

- Adjust ELS eligibility so it is tied to Pell Grant eligibility, allowing all students who receive a Pell Grant to be eligible for the ELS.

- Increase the CCG reward amount for independent students lower on the income spectrum. Right now, students with higher incomes get the largest awards. Use the CCG to even out total available resources (including EFC) for students at all eligible income levels.

Simplify the financial aid system so adult students know what net price to expect.
Adult students have busy lives and often haven't been in the education system for a long time. They need upfront cost information to make decisions about whether to enroll. For example:

- Ensure that the UNC grant has an understandable calculation and shares award information earlier in the enrollment process, and provide financial aid offers with charts to determine estimated eligibility and award amounts for adult students.

- Create a common formula (across all grants) for prorating financial aid awards based on enrollment intensity. Make sure this information is clear and transparent for current and potential students.

- When sending out financial aid award letters, list awards by enrollment intensity and be explicit that for students to receive the full amount of the CC grant, they must enroll for 15 credits hours in a term.

- If need-based aid programs can cover the cost of tuition, fees, books, and supplies for low-income adult students, make sure this message is shared with potential adult students. For some prospective students, they do not need to know about the specific components of this coverage, just the overall message that college is affordable.

Conduct a policy audit to determine whether certain policies or programs are barriers to adult student success. Suggested items to review include:

- Funding for Prior Learning Assessment (PLA);

- Restrictions around Satisfactory Academic Progress (SAP);

- Potential mismatches or lack of information between postsecondary financial aid and other federal and state benefits programs like Supplemental Nutrition Assistance Program (SNAP) funding and Section 8 housing assistance;

- Policy barriers to providing financial aid for summer terms; and

- Whether the criteria used in determining eligibility for the UNC need-based grant unintentionally excludes adult students.

Consider non-financial supports. Much of the evidence and state-level work around better serving adult students has focused on additional non-financial supports and services that can help adult students succeed.[68] To determine the need for additional supports:

- Conduct focus groups of current and potential adult students to identify their needs.

- Assess how institutions of higher education are meeting those needs. For example, do they offer structured and predictable scheduling to enable adult learners to set a course schedule around their work and family commitments?

- Assess whether institutions provide advising, support services, and mentoring tied to the unique needs of adult learners. For instance, are student support services and other administrative offices open when adult students are attending classes so that students enrolled in evening classes can meet with an advisor or financial aid officer?

CONCLUSION

As the state considers an ambitious postsecondary attainment goal, North Carolina must focus on adult learner success. While there is limited evidence-based research to guide changes to financial aid to better serve adult learners, some states are taking steps to improve how well their aid programs serve this critical demographic. In this paper, we have reviewed North Carolina's three need-based aid programs, provided examples from other states on how to make financial aid more accessible and beneficial to adult learners, and made recommendations that North Carolina may want to consider. In most cases, these policy reforms come about from focus groups and follow-up as well as policy audits of existing state and local policy. We recommend that North Carolina undertake a similar audit of their policies and programs to determine how they can better serve adult students.

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