Ready to Compete? - Pennsylvania’s Community Colleges: A Three-Part Series
Part I: Affordability

Even in the best of economic times, Pennsylvanians found themselves searching for good jobs that were always just out of reach. Legislators worked to bring more businesses to Pennsylvania and to create a business friendly climate, while workers struggled to work at several jobs while caring for their families.

In 2009, we are not benefitting from the best of economic times. Competition for good jobs has grown both for the workers who need the jobs and the legislators who try to attract them. As tax revenues dwindle, business subsidies become less likely, and may not have been the right tool for the job anyway. Attracting good jobs to Pennsylvania requires a resource that benefits everyone: a skilled workforce.

Historically, a high school education was all that was required to attain a self-supporting job. Pennsylvanians graduated from high school and found employment in manufacturing, mining, and other industrial jobs, where they supported their families and their state. During World War II, Pennsylvanians, along with the rest of the country, provided ships, supplies, and weapons to our troops.

Unfortunately, the jobs that were available to our parents and grandparents no longer support a family in today’s economy. Manufacturing and mining jobs have dwindled, but they are still available—but they require far more education. At least some post-secondary education is needed to operate the machines and tools that are now required. Even the trucking industry needs workers who can handle not only the physical task of driving an oversized vehicle, but also the complex computer and tracking systems that are part of the daily haul.

In Pennsylvania today, nearly half of all jobs (51 percent) require some postsecondary education (though not a bachelor’s degree). But more than half of our adult population ended their education at or before high school, and only 5% were enrolled in postsecondary institutions in 2006.¹ This disconnect leaves a large portion of our population competing for the 19 percent of jobs available to those with only a high school education, while industries as diverse as manufacturing and healthcare search for qualified, skilled employees. We know that Pennsylvanians want to work in these jobs – the question is, where can they equip themselves with the proper skills?
Community colleges offer a solution to this problem. By partnering with middle-skilled industries, as they have already done in various parts of the state, community colleges can offer the classes Pennsylvanians need to earn better skills (and paychecks). Community colleges also offer classes at various times of the day, making it easier for a working adult to fit needed courses into their schedule. However, Pennsylvanians face a variety of problems in making it into the community college system.

• Affordability: Pennsylvania’s community college system is among the most expensive in the country. Loans are often needed to supplement the few grants available to adult students who are returning to school part-time.
• Accessibility: Pennsylvania includes 27 community college systems. Unfortunately, most of those community colleges are located in the eastern and western portions of the state, leaving the “T” area (mostly rural counties) devoid of community college opportunities. When students in these areas manage to get to community college, either through distance learning or distance driving, they face higher costs than “in-county” students.
• Readiness: Many residents, for whatever reason, are not prepared for community college courses. They often must take remediation classes, which give them no credit towards college but cost the same as a college course. By the time students have finished their remediation, they have often exhausted their grants.
Community colleges make up an oft-forgotten portion of our educational system. For the most part, states focus on K-12 and traditional college education, while skipping over the role of community colleges as a vital educational resource leading to self-sustaining jobs.

Historically, Pennsylvanians attended school until they earned a high school education: even today, half of all adult Pennsylvanians completed their education at or before high school. While only 9 percent of Pennsylvania’s adults (age 25-54) have less than a high school education, 37 percent have a high school degree or its equivalent. Only West Virginia and Arkansas have higher percentages of adults completing their education at high school.ii

To qualify for the self-sustaining jobs that many workers want and what many employers need, workers must possess industry-specific training beyond high school—usually a certificate, diploma, or associate’s degree. Over the next few years, Pennsylvania expects 6,600 job openings in Licensed Practical Nursing, 3,870 openings for EMT’s and paramedics, and 1,470 openings for bus and truck mechanics: all positions that require some postsecondary training.iii Yet while many Pennsylvania adults need postsecondary education, only 5% were enrolled in postsecondary institutions in 2006 – a smaller percentage of adults than in 46 other states.iv

Community colleges remain one of the best training grounds available for obtaining the industry-specific training required for good, self-sustaining jobs. However, there are barriers to entering community college, and one of those barriers is affordability.

Pennsylvania’s community college costs remain high when compared to other states: families in only six states need to pay a higher percentage of their income than Pennsylvania families to send students to community college. Even with financial aid, families earning below $50,000 per year will need to come up with between $2,947 and $5,022 beyond their expected family contribution to send their child to community college. For families earning under $40,000 per year, federal loans will not make up the difference (assuming they are even available in the current credit market).

For students who can rely on loans in order to pay for their community college education, it would only make sense that upon earning their certificate, diploma, or degree, the students would earn enough money to pay back their loans and improve their lifetime earnings. However, students who receive an associate’s degree find that they must allocate most of their increased income, at least in the short-term, to paying back their student loans.

PathWays PA believes there are three ways that Pennsylvania can begin taking action on community college affordability:

1. Ensure that all Pennsylvania students can attend community college at “in-county” rates.
2. Allow students receiving state grants to avail themselves of distance learning courses.
Introduction: Why Community Colleges?

PathWays PA, in conjunction with the Working Poor Families Project, will be releasing three papers on the community college needs of Pennsylvania’s residents over the next year. These papers will focus on affordability, access, and readiness. But there is an important question underlying each of these reports: why focus on community colleges?

Community colleges make up an oft-forgotten portion of our education system. States talk constantly about early and basic education programs, about high school graduation rates, and about the strong colleges and universities housed within their borders—and with good reason. K-12 education provides the bedrock on which students build their future success, while either a high school diploma or a four-year college remains the goal for many students. However, residents and policy makers alike tend skip over the role of community colleges as a vital educational resource leading to self-sustaining jobs.

Historically, Pennsylvanians attended school until they earned a high school education, after which time they entered manufacturing or other lines of work. Even today, more than half of all adult Pennsylvanians completed their education at or before high school.\(^5\) While only 9 percent of Pennsylvania’s adults (age 25-54) have less than a high school education, 37 percent have a high school degree or its equivalent. Only West Virginia and Arkansas have higher percentages of adults completing their education at high school.\(^6\)

However, to qualify for self-sustaining jobs today, most workers need some additional education. A bachelor’s degree is not the answer for many workers, nor is it the answer for many employers. To qualify for the self-sustaining jobs that many workers want and that many employers need, workers must possess industry-specific training beyond high school—usually resulting in a certificate, diploma, or associate’s degree in a particular field. Half of all jobs in Pennsylvania are considered “middle-skills” jobs. Middle-skills jobs, which are often in fields such as construction and healthcare, not only provide self-sufficient wages in industries with high-growth opportunities but are often jobs that are difficult to outsource. Over the next few years, Pennsylvania expects 6,600 job openings in Licensed Practical Nursing, 3,870 openings for EMT’s and paramedics, and 1,470 openings for bus and truck mechanics: all positions that require some postsecondary training.\(^7\) Yet while many Pennsylvania adults need postsecondary education, in 2006, only 5% were enrolled in postsecondary institutions— a smaller percentage of adults than in 46 other states.\(^8\)
Community colleges are one of the best training grounds available for middle-skilled jobs. In Pennsylvania, there are 26 community college campuses. During the 2005-2006 academic year, 189,000 students were enrolled in credit programs, and 256,000 took part in non-credit courses. During that school year, every county had at least one resident enrolled in community college in Pennsylvania, and an additional 45 states and territories had students enrolled in Pennsylvania community college courses.

Since the community college system holds great importance for adult workers in Pennsylvania, any problems within the system need to be addressed. We have identified three issues: namely, affordability, access, and readiness. Over the next year, PathWays PA plans to focus on each of these issues and to offer policy solutions to some of the dilemmas facing in the community college system. This report, the first in our series, focuses on affordability.

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<th>What does affordable mean?</th>
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<td>In order to determine whether or not a community college education is affordable for the average Pennsylvania family, we have to first consider how much the average Pennsylvania household earns and how much they actually need to make ends meet.</td>
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<td>According to the American Community Survey for 2005-2007, the median household income in Pennsylvania was $47,913, which was roughly 232 percent of the Federal Poverty Level (FPL) for a family of four in 2007. Many researchers now consider 200 percent of the federal poverty level to be a reasonable approximation of the income needed to make ends meet – in 2007, 200 percent of the FPL for a family of four equaled $41,300. Another measurement, PathWays PA’s Self-Sufficiency Standard, estimates that a family with two adults, one schoolage child, and one teenager in Dauphin County needs to earn $40,468 to make ends meet. In Philadelphia County, that same family needs to earn $42,507, and in Fayette County, that family needs to earn $31,091.</td>
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<td>So, with these numbers in mind, we still must ask: what would an affordable community college education look like, and who should be able to afford it? For the purposes of this paper, affordability will be addressed in terms of those Pennsylvanians earning around the median family income in the state. As for what makes a community college affordable, the answer is not easy to determine, but should contain some combination of low costs and reasonable financial aid programs. In this report, we base affordability on several factors: the cost of community college in Pennsylvania versus the cost in the rest of the country; the availability of student loan and grant programs; and the ability that students have to repay their loans after leaving school.</td>
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Cost Comparison

Although Pennsylvania has consistently ranked poorly in regard to community college affordability, the Commonwealth is not alone. In fact, in the 2008 Measuring Up report, Pennsylvania received an F in higher education affordability in 2008, along with every other state except California (Pennsylvania received an F in 2004 and 2006, as well).

While Pennsylvania is one of many states with “unaffordable” community colleges, the costs remain particularly high in comparison to others. In 2008, Pennsylvania families on average needed to pay 29 percent of their income (after financial aid) to cover community college expenses. This amount larger than the 26 percent of income needed in 2006 and the 23
percent of income needed in 2000. Families in only six other states need to pay a higher percentage of their income to send students to community college.\textsuperscript{10}

The high cost of community college education means that even with grant-based financial aid, students still lack the funds needed to pay for their education. A recent report from the PA Department of Education showed that in a family of four earning less than $50,000 per year, which is just above the median household income in Pennsylvania, the combination of the expected family contribution and grant funding still left a shortfall of $2,947 to attend community college “in-district.” Because many counties in the state do not have a community college, however, a high proportion of families face the “out-of-district” gap of $5,022 (see Figure 2).\textsuperscript{11} Those students who live too far from a community college to attend in-person may avail themselves of “distance learning” programs; however, many of these programs include additional costs on top of the out-of-district fee.

As incomes rise, families pay a lower overall percentage of their income towards community college. In other words, when families earn more than $50,000 per year, their combined expected family contribution and financial aid eliminates the need for student loans. It is only for families earning below $50,000 where the gap remains. Similarly, dependent students pay a lower percentage of total income for their community college education than do independent
students, yet independent students are arguably more in need of a low-cost education, since they must also contend with paying for their own housing and food.\footnote{12}

\textit{Loan and Grant Availability}

Community college students in Pennsylvania are eligible for grant-based aid, with more than $452 million in aid provided each year from the Pennsylvania Higher Education Assistance Agency (PHEAA).\footnote{13} Through PHEAA, independent students with financial need are eligible for grants through the Pennsylvania State Grant Program. According to PHEAA, adult students enrolled full-time during the 2008-2009 year were eligible to receive up to $4,120, and students enrolled part-time (at least 6 credits), are eligible to receive up to $2,060. These grants can account for a significant portion of a full-time or part-time student's tuition, and in some cases up to 80 percent of their tuition.

Many students also rely on Pell Grants, which are federal need-based grants. At Pennsylvania’s community colleges, the amount of the average Pell Grant has risen from $1,672 in the 2004-2005 year to $2,076 in the 2006-2007 year. However, the total grant funding given has stayed roughly the same, rising by approximately $1.6 million over the same period from $83.4 million to $85 million. As a result, the number of Pell recipients fell from 49,888 in 2004-2005 to 40,944 in 2006-2007.\footnote{14}

When state and federal grants are not sufficient to cover a student’s full tuition, they can turn to federal loans, such as the Stafford Loan, to cover their tuition costs. For the 2008-2009 academic year, both part- and full-time students were eligible for up to $9,500 for the first year of schooling. Federal Stafford Loans are long-term, low-interest rate loans, insured by the Federal government, and made to students by private lending institutions, such as banks, savings and loan associations, or credit unions.

Even when grants and low-interest loans are available to students, they do not always fit the unique needs of those attending community college. Most financial aid programs at both the federal and state level assume that students have just graduated high school and are attending college at least half-time.\footnote{15} However, many students, particularly those attending community colleges, no longer fit the mold of this traditional student. Nontraditional students are usually older and often balancing childcare and full-time work in addition to their studies, meaning they are often limited to only one class (three credit hours) per semester. According to the National Center for Education Statistics, 35 percent of first-time entrants in community colleges work full-time compared to 11 percent in the public four-year institutions.\footnote{16}

These nontraditional, working students taking only one class a semester cannot benefit from most government grants because state grants and Stafford loans are only available if students attend school at least half-time. Some very low-income students can rely on Pell Grants while attending school at less than half-time, but only in rare cases.\footnote{17} One program directed towards working community college students, Pennsylvania’s WAGE program, , is no longer available.
Students of all ages also face problems when they must rely on distance learning programs. These programs provide flexibility for non-traditional students who must fit classes around their work and family schedules, and give students who live far from a community college site the ability to attend classes online. However, students who receive state grants can only attend distance-learning courses for 50 percent of their total coursework. This requirement creates an unnecessary roadblock for students trying to fit school into their schedules, and can be an insurmountable barrier for students in north and central Pennsylvania, where community college accessibility is limited.

Once students exhaust grant funding options, they usually look to federal loans to bridge remaining gaps. The Federal Stafford loan program is the primary means by which the government disburses loans, providing long-term loans at low-interest rates.

While students rarely wish to rely on loans to pay for their education, Pennsylvania students are among the few who have the opportunity to use them. In the United States, 10.2 percent of all community college students lack access to federal student loan programs, primarily because the community college they attend chooses not to participate in the student loan program. Only 28 states (including Pennsylvania) give all community college students access to federal loans. \(^\text{18}\)

Unfortunately for low-income Pennsylvania students, even federal loans do not fully cover the gap left by grant funding. A recent study shows that for families earning below $40,000 per year, the combination of expected family contributions, grants, and federal loans still leaves up to $3,354 unpaid. \(^\text{19}\) To put the $40,000 income in context, most economists believe that 200 percent of the Federal Poverty Level (FPL) is a good barometer of what families need to be self-sufficient. In 2006, 200 percent of the FPL equaled $40,000.

If students cannot find appropriate scholarships or other programs to cover their educational costs, they usually turn to the private loan industry. Although this industry has been expanding rapidly, a small contraction in the industry began taking place in 2007-2008. \(^\text{20}\) While the decline is not linked to current lending problems, students may find it even more difficult to get federal or private loans until credit markets calm down.

**The WAGE Program**

PHEAA launched the WAGE Program in 2005-06 to reduce affordability barriers and to increase enrollment numbers, retention rates and program completion rates for adult students. The WAGE Program provided a block grant to participating postsecondary institutions, allotting roughly $3,500 (max.) per eligible student for the academic year. The program, designed specifically for in-need adult students ineligible for state grants, did not require students to be enrolled part-time. However, with the absence of this program, adult students have few affordable options for enrolling in the types of classes—while working—that will allow them to compete for higher paying jobs.
Recent Policy Proposals and Recommendations

As part of his 2010 budget, Governor Rendell laid out a plan to fund community college and state college tuition using revenue from the legalization of video poker machines. Families with incomes of under $100,000 would qualify for grants of up to $7,500 per year to put towards their tuition, room, board, and books.\textsuperscript{21} Families earning under $32,000 will pay $1,000 to cover their college costs. Additionally, the budget includes $10 million in grants specifically for community college students.\textsuperscript{22} However, it is unclear if this plan be part of the final budget.

While the Governor’s plan would help many students, more needs to be done. Community colleges are integral partners in the development of middle-skills among Pennsylvania workers, and while students may incur debt in the short-term, the long-term benefits clearly outweigh the costs. However, at a time when increased wages are more important than ever, Pennsylvania needs to take action to ensure that more students can afford community college education and the increased earnings potential it provides. Therefore, stakeholders should:

1. Ensure that all Pennsylvania students can attend community college at “in-county” rates: While Pennsylvania needs to broaden community college access to all regions of the state, achieving the first steps is possible by providing affordable community college options to all. If potential students have no community college in their county, out-of-state fees should be waived as long as the student resides in Pennsylvania. While the state may need to provide more funding to community colleges to make up for the loss of “out-of-county” funding, they will reap the benefits in a more educated workforce and, thus, a healthier economy.

2. Allow students receiving state grants to avail themselves of distance learning courses: Currently, students who receive state grants can only attend distance-learning courses for 50 percent of their total coursework. To broaden community college access, all students (or at least those in counties without a community college) should have the ability to take distance-learning courses for their entire course load. These courses are more affordable for students and schools alike, since they cut down on childcare, transportation, and maintenance costs. Students living too far from a community college to make the commute should also be able to forgo paying additional costs to access distance learning opportunities.

While the affordability issues must be addressed to provide more opportunities for community college students, they cannot be extricated from other needs that students face. Those who live far from community colleges must cope with increased costs, but that is only if they can attend a community college at all. Meanwhile, even those who can afford community college tuition (and many of those who cannot) find themselves unready for entering college after graduating from high school. These issues will be further addressed in the upcoming PathWays PA publications.
tent.state.pa.us/publishedcontent/publish/global/news_releases/education/news_releases/governor_rendell_s_tuition_relief_plan_will_make_college_affordable_for_170_000_students.html