



**Statement on Wisconsin Assembly Bill 741 / Senate Bill 592:
Grants to Students Enrolled in Technical Colleges and Two-Year University of
Wisconsin College Campuses to Meet Emergency Financial Need and
Making and Appropriation**

January 29, 2016¹

Just 20% of all first-time, full-time students attending 2-year public institutions complete their certificate or degree programs within three years.² A lack of money is a key reason for low completion rates. Students at 2-year public institutions are more likely to struggle to cover their basic living costs, as they are often from low-income families or have children of their own, and their educational plans are often disrupted by unexpected financial emergencies. The financial aid system is ill-equipped to deal with such immediate needs, as it operates under a great deal of regulation and requires a lengthy application process.

As part of the College Affordability Legislative Package, Wisconsin Assembly Bill 741 (Senate Bill 592) proposes a micro-grant program for students at Wisconsin's technical colleges and 2-year University of Wisconsin Colleges. Micro-grants are intended to help students overcome financial emergencies and remain in school. Emerging research suggests that they can effectively help students survive financial emergencies and remain in college, and therefore we at the Wisconsin HOPE Lab support this proposal.

Students most frequently request micro-grants to cover housing or transportation costs (Geckeler et al. 2008). A Wisconsin HOPE Lab study of emergency aid programs found the most common expenses eligible for micro-grants are medical expenses, living expenses, and transportation costs (Dachelet & Goldrick-Rab 2015). Micro-grants are small, usually between \$300 to \$500,³ but they provide real help for students with limited resources. An unexpected car repair or past due utility bill can push a student to leave school without a degree. Reports of food and housing insecurity on college campuses suggest the extent of the problem (Goldrick-Rab et al. 2015).

The proposal contained in AB741 targets students with lower rates of college completion by focusing on 2-year public institutions and students with FAFSA determined Expected Family Contributions (EFCs) of less than \$5,000. Effectively, these provisions aim to help students with limited resources at campuses with low degree completion rates.

¹ Originally published on January 25, 2016 as "Statement on LRB 4003/1/LRB 4326/1."

² https://nces.ed.gov/programs/coe/indicator_cva.asp

³ See Geckeler et al. 2008 and Great Lakes 2015.

What We Know About Micro-Grants and Emergency Aid Programs for College Students

Micro-grants are a compassionate option for administrators seeking to assist students, and early research indicates that emergency aid programs are both popular and have the potential to increase student persistence. In a December 2015 report, we explained why micro-grants are a valuable supplement to traditional financial aid programs in helping students stay in school and graduate. We found that 95% of emergency aid program administrators believe that their programs keep students in school (Dachelet & Goldrick-Rab 2015). An earlier study conducted by MDRC reported similar responses on program effectiveness (Geckeler et al. 2008).

Recent data from Georgia State University and Great Lakes Higher Education Guaranty Corporation provides early evidence of micro-grant impact on student persistence. Georgia State University developed the Panther Retention Grant to “reduce the negative impacts of unmet need.” The *Complete College Georgia 2013 Status Report* states that more than 90% of Panther Grant recipients re-enrolled for subsequent semesters, and 70% of students within two semesters of graduating at the time of grant receipt did indeed go on to graduate.

Similarly, Great Lakes funded a pilot emergency aid program at 16 of Wisconsin’s technical colleges and found that “when colleges quickly deliver small grants to students encountering unexpected expenses, more of these students stay in school and on track for completion” (Great Lakes 2015). Great Lakes finds that, for Pell recipients, the rate of continued enrollment or graduation for micro-grant recipients increased to 73%; the rate for this group before the program was 67%. The Panther Retention Grant continues to receive funding from the university and Great Lakes scaled up their program, now called the Dash Grant, to 31 schools across four states.

Funding stability is often a concern for administrators, and data collection to measure student outcomes for micro-grant recipients should be a standard practice. As proposed, AB741 will offer funding stability for eligible schools and alleviate some concerns of program sustainability for administrators. As a condition of receiving funds, participating schools are required to collect micro-grant recipient data on student outcomes, request frequency, and the types of financial emergencies that do and do not qualify for a micro-grant.

Under this proposal, micro-grants will be disbursed to students, their financial accounts, or directly to third parties with whom the student has an unpaid obligation. Students may request the funds up to two times per academic year for an annual maximum of \$500 and will be required to receive financial counseling upon making a second fund request. According to our research, emergency aid program administrators have identified these as best practices, specifically third party payment and offering counseling services to students who experience financial emergencies (Dachelet & Goldrick-Rab 2015).

Looking Toward the Future for Micro-Grant Programs

However, the field of emergency aid is limited by a lack of available operational and evaluative data. The components of AB741 incorporate many of the available practice recommendations available at this time. But schools that wish to develop or improve existing emergency aid programs may encounter several challenges. First, defining an eligible “financial emergency” is one of the most difficult tasks for administrators (Dachelet & Goldrick-Rab 2015, Geckeler et al. 2008). Most programs, including the proposal in AB741 define a “financial emergency” as an unplanned event causing an unanticipated expense that would cause a student to not complete that term if a grant were not available to cover the expense. This can be overwhelming and stressful for administrators to interpret and apply in practice.

Schools will also need to consider how to promote the availability of funds on campus. Determining need and demand for micro-grant eligibility is not only a function of identifying students who are eligible by their EFC status, but also whether eligible students with qualifying expenses are aware of the program and know how to access it in times of need. Further, it is unknown if using FAFSA standards such as the EFC to determine student eligibility will result in students with valid financial emergencies being excluded from the program, potentially reducing the impact of micro-grants on overall student persistence.

Despite the remaining challenges, micro-grants continue to be a viable option for policy-makers looking to bolster lackluster graduation rates and help students overcome financial obstacles that may lead them to leave school without degrees. Even though the research on effectiveness is limited, it does demonstrate modest gains in student persistence. AB741 incorporates available best practice recommendations and includes data collection requirements that will assist in future impact evaluations and cost-effectiveness studies.

References

- 2015–2016 Wisconsin Legislature. Assembly Bill 741.
<http://docs.legis.wisconsin.gov/2015/proposals/ab741>.
- Dachelet, Karole & Sara Goldrick-Rab. (2015). *Investing in Student Completion: Overcoming Financial Barriers to Retention Through Small-Dollar Grants and Emergency-Aid Programs*. Wisconsin HOPE Lab Report for Scholarship America.
http://wihopelab.com/publications/Investing-in-Student-Completion-WI-Hope_Lab.pdf.
- Geckeler, Christian, Carrie Beach, Michael Pih, & Leo Yan. (2008). *Helping Community College Students Cope with Financial Emergencies: Lessons from the Dreamkeepers and Angel Fund Emergency Financial Aid Programs*. MDRC: NY.
http://www.mdrc.org/sites/default/files/full_383.pdf.
- Georgia State University. (2014). *Georgia State University Complete College Georgia 2013 Status Report*. <http://oie.gsu.edu/files/2014/04/2013-Georgia-State-University-College-Completion-Georgia-Status-Report.pdf>.
- Great Lakes Higher Education Corporation. (2015). *Dash Emergency Grant Program*.
<https://community.mygreatlakes.org/community/strategy/scaling/dash-emergency-grant.html>.
- Goldrick-Rab, Sara, Katherine Broton, & Daniel Eisenberg. (2015). *Hungry to Learn: Addressing Food & Housing Insecurity Among Undergraduates*. Wisconsin HOPE Lab Report.
http://wihopelab.com/publications/Wisconsin_HOPE_Lab_Hungry_To_Learn.pdf.