

THE FEDERAL RESERVE BANK OF BOSTON'S COMMUNITY COLLEGE INITIATIVE

Community Development Advisory Council

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What we'll cover today

1. What is the Community College Initiative?
2. What is the problem we are trying to address?
3. Why is the Boston Fed interested in this problem?
4. What is our strategy and approach?
5. What have we learned so far?
6. Where do we go next?

Community College Initiative (CCI)

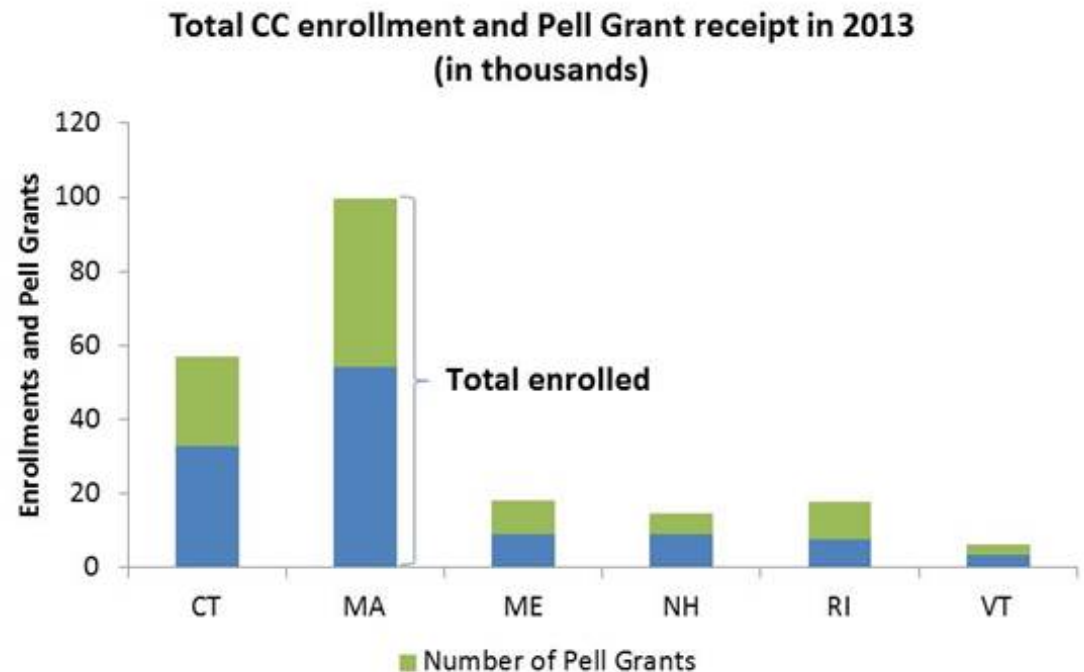
CCI is a long-term commitment by the Boston Fed aimed at **increasing prospects for economic mobility of LMI individuals by empowering community college students** to overcome financial barriers to completion and future asset accumulation.

Why Community Colleges?

- Play a critical role in the future career and financial prospects of LMI residents.
- Struggle to produce consistently strong outcomes for majority of students. Six-year outcomes for 2003-2004 students (by Spring 2009):
 - Lowest income quartile: 13% completed an associate degree, 9.4% earned a certificate, and 8.3% earned a bachelor's degree.
 - Second income quartile: 15.8% of students completed an associate degree, 10.5% earned a certificate, and 10.8% earned a bachelor's degree.

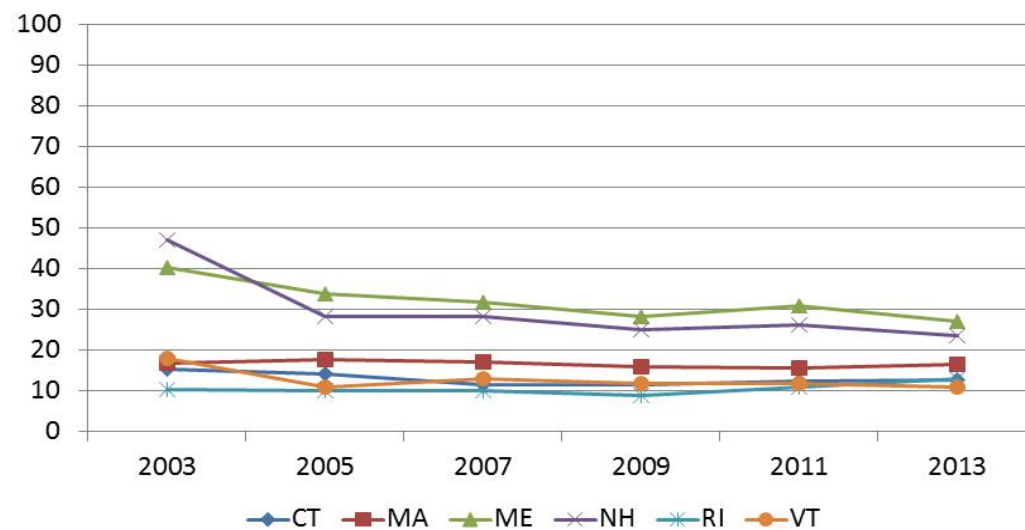
New England Community Colleges

- 43 institutions enroll approximately 27% of undergraduates (213K).
- Many of them are from LMI and disadvantaged backgrounds (47% received Pell Grants in 2013).



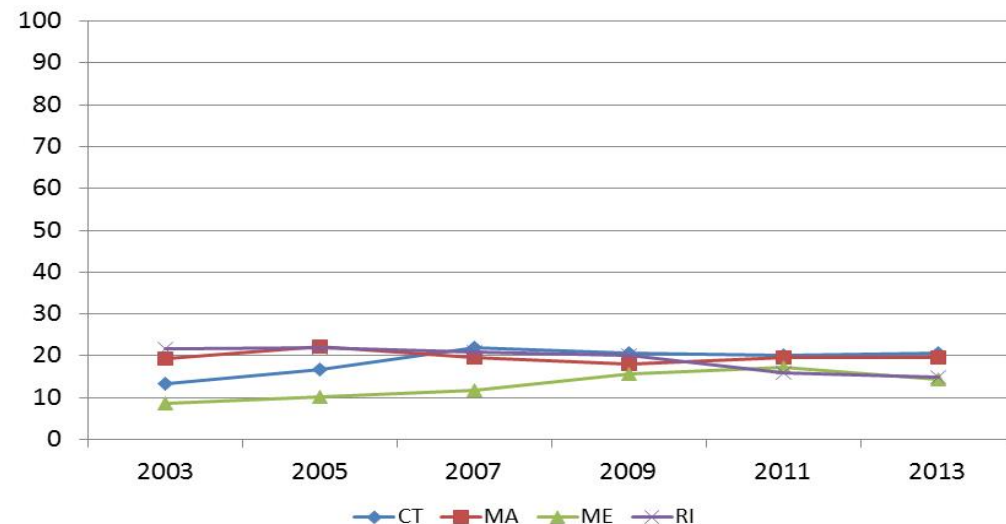
With these Trends, Can We Risk Not Intervening?

Graduation rate of first-time, full-time degree or certificate-seeking students



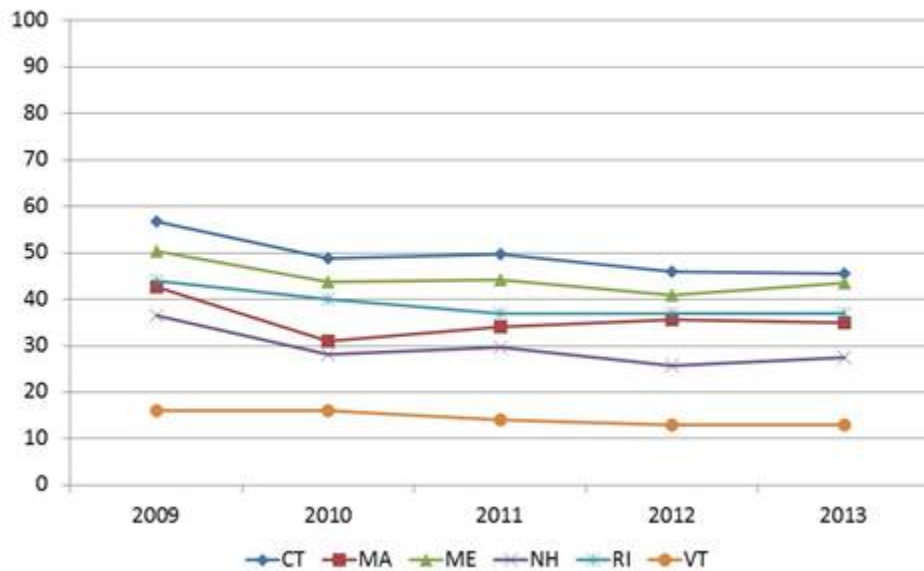
- Completion rates have been persistently low across the region.

Transfer-out rate of first-time, full-time degree or certificate-seeking students



With these Trends, Can We Risk Not Intervening?

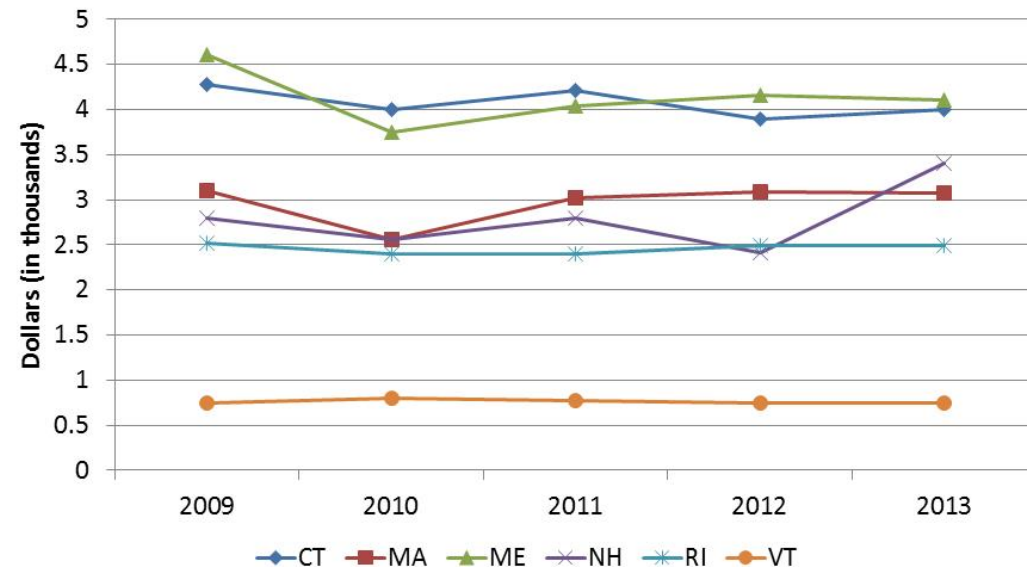
State appropriations as percent of core revenues



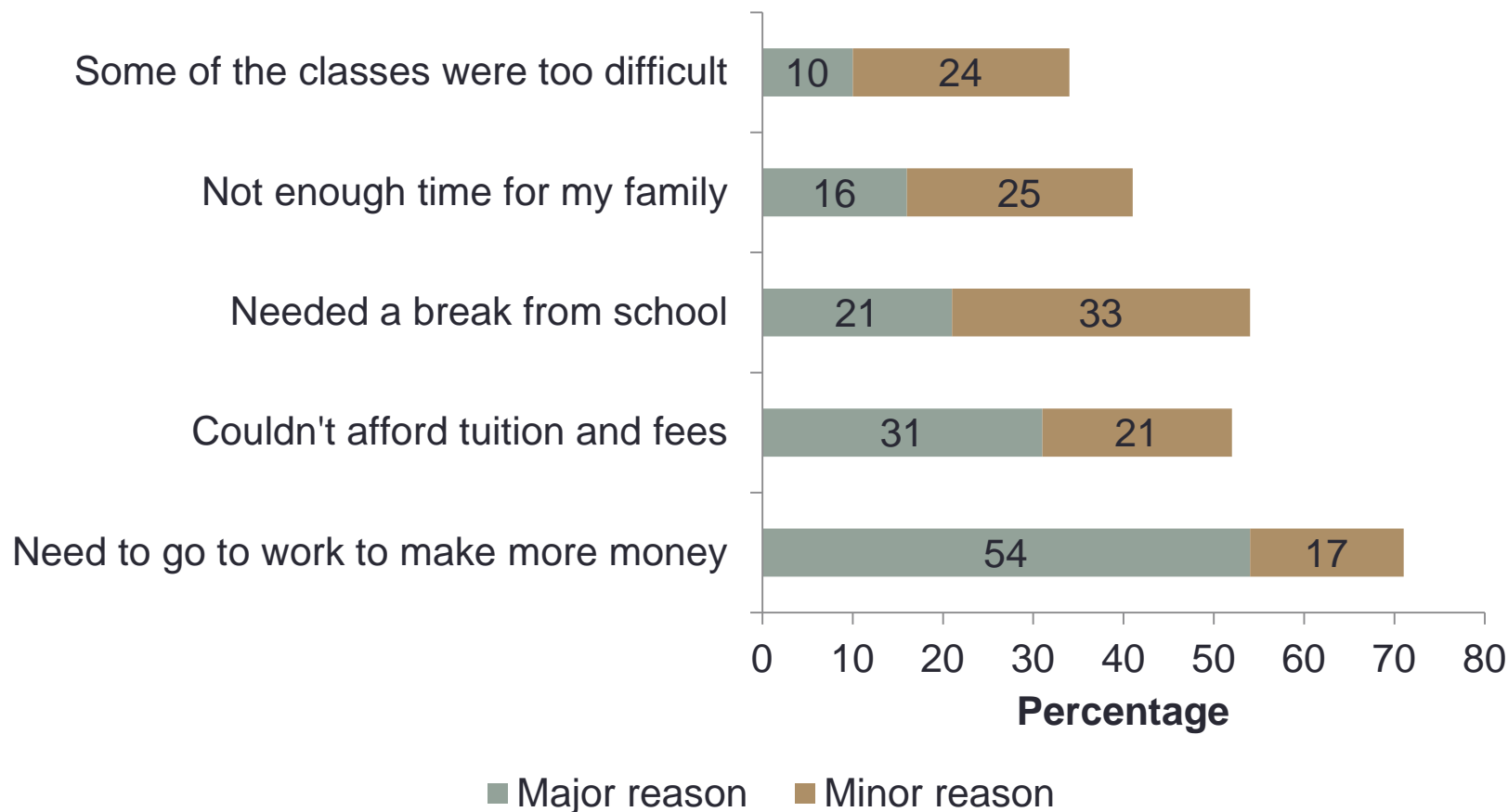
- State funding as a portion of revenue has declined in recent years.

- The amount per student has remained relatively stable on average.

Average state appropriation dollars per enrolled student (in thousands)



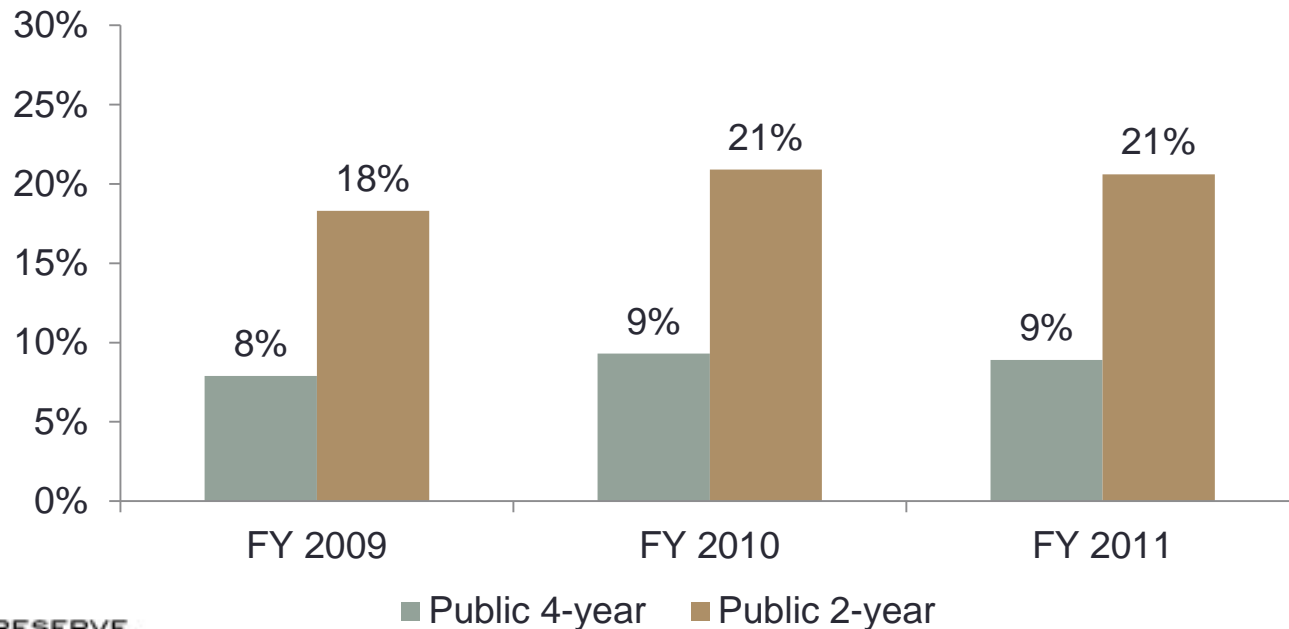
Most Common Reasons for Dropping Out Are Finance-related



An Inability to Make Quality Financial Decisions Can Worsen Consequences of Financial Challenges

- Lower income, young people tend to be least knowledgeable about managing finances and to exhibit the most risky financial behaviors
- Consequences of poor financial decisions play out in students' future financial wellness and institutional outcomes

Official National Cohort Default Rates by Sector
(Calculated July 26, 2014) (BPS, 2009)



Why This Work Matters

- Increasing the successful completion of community college students through efforts that empower them to make quality decisions will increase the efficiency and performance of the institutions and improve chances for enhanced employment capital, prospects for asset accumulation and economic mobility of many LMI residents of the region.

Our approach

- Informing the work through outreach and the *Handbook*
- Providing evidence of effectiveness and identifying opportunities for scale through a two-year pilot
- Providing institutions with a method for assessing the quality of students' financial decision-making
- Enabling the work by convening stakeholders and partners
- Exploring collaborative opportunities with national agencies
- Exploring ways we can inform post-completion outcomes

More on the Pilot and *Handbook*

- Two-year pilot at Bunker Hill, Northern Essex, and Springfield Tech
 - Educational matched savings for 30-40 students per institution
 - College affordability supports for 200 students
 - Remote advanced financial coaching for 200 students
- *A Resource Handbook* on building financial capabilities
 - Makes the case for building students' financial capabilities
 - Provides insights for implementing efforts to achieve quality
 - Provides tools for selecting efforts
 - Describes stories of how efforts evolved across eight institutions

Key Learnings

- This is a **new way of thinking for many community colleges**. Traditionally, these institutions have concentrated their efforts on addressing acute financial needs as opposed to empowering students and better preparing them to make more effective financial decisions.
- There are several **motivating factors** that have moved institutions to put efforts in place: from addressing high cohort default rates to high poverty rates among students and the surrounding community.
- While there is **no rigorous research** in the field of financial capability within the context of community colleges, institutions that have put some efforts in place do report seeing **benefits around retention rates**, among others.
- There is **no “one-size-fits-all” approach** when it comes to increasing the financial capability of a student body. Rather than advocating for particular programs, the Boston Fed is providing a **framework to facilitate exploration and decision-making** among institutions. This approach challenges the institutions to think about outcomes, capacity, and the opportunity to leverage partnerships.

Success & Next Steps

- **Data:** We have rigorous data that allows us to make a better case for developing a financial capability strategy.
- **Partnerships:** We foster collaborative partnerships that bring new stakeholders together around this common vision.
- **Action:** We increase commitment, prioritization and resource allocation to develop and implement efforts that have the potential to improve financial wellbeing.
- **Impact:** Efforts result in student-level outcomes such as increased financial stability, which lead to increased retention and completion.

Thank you!

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