



Job-Driven Financial Aid Policy TOOLKIT

PART OF NSC'S SKILLS EQUITY AGENDA



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SKILLS-BASED
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ALIGNMENT



INTEGRATED EDUCATION
AND TRAINING



TEMPORARY ASSISTANCE
FOR NEEDY FAMILIES



A **job-driven financial aid policy** addresses the gap in financial aid by making it possible for students (including part time students, those in short-term programs, and working learners) to enroll in industry-validated, middle-skill training programs.



Job-Driven Financial Aid Toolkit

SECTION I. PURPOSE OF TOOLKIT

This toolkit provides resources to state policymakers and advocates on state policies for job-driven financial aid. Job-driven financial aid is among a set of state “skills equity policies” being promoted by National Skills Coalition (NSC). These policies are aimed at expanding equitable access to middle-skill training, credentials, and family-supporting careers, particularly for those who have faced barriers to economic opportunity.

States can use job-driven financial aid to increase the number of people trained for middle-skill jobs. Middle-skill jobs require education or training beyond a high school degree but not a four-year college degree. Community and technical colleges provide occupational certificate and degree programs that allow students to earn credentials with labor market value, which translate into family supporting careers.

However, many people who stand to benefit from these programs may find it hard to afford them. Rising higher education price tags limit access to postsecondary credentials, particularly for low-income “working learners” looking to quickly improve their skills to advance in the labor market. These working learners may be nontraditional students, disconnected youth, immigrant workers, or those that are explicitly pursuing a postsecondary credential to do better in the labor market.¹

Federal financial aid requirements further limit working learners’ access to occupational training programs. Under federal law, programs must be of a certain length in order to be eligible for the Pell Grant, the top source of federal need-based financial aid. Accordingly, students often cannot use federal financial aid to pay for sub-baccalaureate certificate programs which comprise 25 percent of all undergraduate awards.² In fact, only 4 percent of Pell dollars go to students in short-term training programs.³ Moreover, working learners who attend school less than half time in order to balance their education with work and family responsibilities often have limited access to federal financial aid.⁴

These policies not only limit working learners’ access to postsecondary skills training; they also do not fully reflect the demands of the labor market. While 64 percent of jobs that require postsecondary education or training are middle skill, only 26 percent of Pell dollars go to students in middle-skill training.⁵

While federal dollars account for the majority of financial aid, states are also a critical funding source, providing billions of dollars in grants to postsecondary students. Eighty-five percent of the \$11.7 billion spent in state supported financial aid in 2013-14 took the form of grants that students don’t have to pay back.⁶ However, a significant portion of these grants are not available to working learners due to eligibility requirements associated with high school academic performance, limitations on age or the length of time between high school graduation and college entry, or policies that prioritize full time enrollment.⁷

States can adopt job-driven financial aid policies to address these challenges. State job-driven financial aid policies can increase access to middle-skill credentials, particularly for working learners, and fill gaps left from traditional aid.

Job-driven financial aid policies provide grants or tuition waivers to students in postsecondary middle-skill training programs, including students enrolled in short-term occupational programs and those who may not qualify for financial aid because they are enrolled less than half time.

This toolkit provides information that state policymakers and advocates can use to drive the establishment or expansion of job-driven financial aid policies. It contains:

- An explanation of the key components that comprise a job-driven financial aid policy;
- Examples of current state policies that provide job-driven financial aid; and
- A legislative template for a model state job-driven financial aid policy.

Policymakers and advocates can use this toolkit to:

- Inform decisions for establishing or expanding state policies that support job-driven financial aid;
- Learn from other state examples; and
- Develop legislation that establishes or expands job-driven financial aid.

State job-driven financial aid policies can increase access to middle-skill credentials, particularly for working learners, and fill gaps left from traditional financial aid.

Why should states establish job-driven financial aid policies?

There are several reasons why states should adopt job-driven financial aid policies:

- They broaden access to middle-skill credentials and careers, particularly for working learners with financial need. Through job-driven financial aid, students can earn credentials that lead to family supporting careers.
- They can efficiently align a state's financial aid resources with the labor market, creating economic growth and increasing human capital. Industry-validated occupational credentials help fill the skills gap between in-demand, middle-skill jobs and worker shortages in the labor market.
- They address existing gaps in federal financial aid policy. Federal Pell grants often exclude short-term occupational credential programs that would benefit working learners.⁸ State policies can explicitly target these gaps to expand access to middle-skill training for working learners.

SECTION II. A GUIDE FOR STATE JOB-DRIVEN FINANCIAL AID POLICIES

NSC defines a state job-driven financial aid policy as a state funded grant or tuition waiver program that is available to students who are in middle-skill training programs, including students enrolled in short-term and non-credit occupational programs and those enrolled less than half time. Due to NSC's focus on increasing access to middle-skill credentials for working learners, financial aid policies that are only available to recent high school graduates are not included, nor are merit-based scholarships based on high school academic performance.

When establishing a job-driven financial aid policy, NSC recommends that states adopt policies that are available to both:

1. Students in middle-skill training programs, including industry-validated, non-credit and short-term occupational programs; and
2. Working learners, including students attending less than half time.

Available to students in middle-skill training

Job-driven financial aid policies should be available to students in middle-skill training in order to help them earn credentials that lead to in-demand jobs. There are different approaches that states can take to make financial aid available to students in middle-skill training:

- States can adopt policies that provide financial aid to students in occupationally-focused programs at the sub-baccalaureate level. These policies are intended to broadly increase access to postsecondary middle-skill training, and support a range of programs - from short-term certificates to technical associate degrees.
- States can adopt policies aimed at closing skill gaps in particular occupations by targeting financial aid at programs that prepare people for those occupations.
- States can adopt financial aid policies specifically designed to fill gaps in federal financial aid by targeting industry-validated, short-term and non-credit credential programs.

NSC recommends that states adopt policies that generally provide support to students in occupationally-focused programs at the sub-baccalaureate level because these programs increase access to a broad range of middle-skill credentials. However, NSC recognizes that not all states have the financial resources or political support to provide financial aid to students in any middle-skill training program.

In such cases, states can adopt a narrower policy, either aimed at training for specific occupations or intended to fill federal financial aid gaps. States should consider goals, resources, and impact when choosing how to target financial aid to middle-skill training. This section of the toolkit describes each approach.

Policies that generally support middle-skill training

States can choose to create financial aid programs that broadly support students who are pursuing training for middle-skill jobs. This can include programs that support any type of occupational certificate or technical degree, as well as programs that guarantee the first two years of community college for free.

For example, Georgia's **HOPE Grant Program** provides grants to residents of Georgia pursuing career and technical education certificates or diplomas at Georgia's public technical colleges. The grant's explicit purpose is to "encourage Georgians to obtain technical training in order to increase the knowledge and skills of Georgia's workforce"⁹ and it cannot be used to cover general education requirements. There is no minimum threshold of enrollment, and students are not required to have graduated from high school with a specific grade point average.

The Oregon **Promise Grant** is even broader in regard to the programs it covers, providing a tuition waiver for all residents enrolled in community college courses that are required for a career and technical education program, an associate degree, or a one-year curriculum for transfer to another postsecondary institution. In order to be eligible, Oregon residents must be enrolled at least half time and must have received their high school degree or GED in the six months prior to enrolling. The waiver covers any leftover portion of tuition due after other financial aid has been awarded.

Policies that target in-demand occupations

Some states have chosen to target their financial aid programs to in-demand occupations or industries with skill needs. These policies help students gain credentials for occupations with job openings, and help employers by creating a pipeline of skilled workers. States like Georgia, Maine, and Pennsylvania all have financial aid policies that support students training for jobs in in-demand occupations in their states.

Georgia's **Strategic Industries Workforce Development Grant** provides additional funding for students already receiving the HOPE grant who are enrolled in certificate and diploma programs that prepare them for in-demand occupations. Some of the industries supported are: health science, commercial truck driving, computer science, practical nursing, welding and joining, and certified engineer assistant, among others. When combined, the HOPE and Strategic Industries Workforce Development grants cover all tuition for these occupational programs.¹⁰

Maine’s **Competitive Skills Scholarship Program** focuses on “training for industry recognized credentials, and support leading to skilled, well-compensated jobs with anticipated high employment demand.”¹¹ The Maine Department of Labor compiles a list of jobs that are projected to have a minimum number of openings and pay above the average wage. In 2015, this was above \$16.06 an hour or \$33,400 a year. The list includes occupations such as HVAC installers, claims adjusters, automotive service technicians, dental assistants, and many more.¹² The program provides grants of up to \$6,000 annually for full-time students and \$3,000 annually for part-time students. Grants can be used to pay for tuition and fees that are not covered by other sources (such as federal financial aid) and can also help pay for support services, such as child care, transportation, books, supplies, and equipment. This grant is limited to Maine residents with household incomes under 200 percent of poverty.

Pennsylvania’s **Targeted Industry Program (PA-TIP)** provides grants for students pursuing credentials in energy, advanced materials and diversified manufacturing, and agriculture and food production. It specifically targets programs which are at least ten weeks but less than two years in length. PA-TIP, administered by the Pennsylvania Higher Education Assistance Agency, is a need based award that covers up to three-quarters of a student’s direct educational costs after gift aid and employer aid. It can be used to cover tuition, books, fees, supplies, and specific living expenses.¹³

Nearly three-quarters of part-time community college students are working while in school, and 41 percent are employed full time. Additionally... just over a quarter of all college students are raising children.

Policies that specifically support short-term and non-credit credential programs

States can also adopt policies specifically designed to fill gaps in federal financial aid by targeting financial aid programs to industry-validated, short-term and non-credit credential programs. Pell grants can only be used on certificate programs that have fifteen weeks of instruction (at least 600 clock hours). States like Colorado and Florida have adopted financial aid policies targeted at or inclusive of short-term credentials.

Colorado’s tuition assistance program for students in career and technical education certificate programs (the **CTE Grant**) was created by state legislation (House Bill 15-1275). The program was established specifically for students who meet the income eligibility requirements for the federal Pell Grant but do not qualify because the certificate program in which they are enrolled does not meet the Pell minimum credit hour requirements.¹⁴ Florida, on the other hand, created the **Florida Public Postsecondary Career Education Student Assistance Grant Program**, which sets its limit on credit hours at 450 instead of 600 so as to include more students and more programs. The Florida policy is need based and supports students in certificate programs provided by public community colleges or career centers operated by district school boards.

Some short-term credential programs are non-credit programs that prepare people for in-demand middle-skill jobs. Many non-credit programs are designed to meet skill needs of in-demand industries in a particular region. Because non-credit programs are not subject to the accreditation process, they can be quickly adapted to meet changing industry need.¹⁵ Such programs should be industry-validated to ensure they have value in the labor market.

In particular, states can use sector partnerships as a vehicle for industries to ensure that occupational credentials reflect employers’ skill needs and standards. Sector partnerships, which local communities are required to establish under the federal Workforce Innovation and Opportunity Act, convene multiple employers in an industry with education, training, labor, and community-based organizations to address skill gaps.¹⁶

Iowa and Virginia have both created financial aid policies to support non-credit programs that lead to industry-validated credentials. Iowa’s **Gap Tuition Assistance Program**¹⁷ provides

funding to community colleges for need-based tuition assistance to support completion of continuing education certificate training programs for in-demand occupations. Applicants must have an income at or below 250 percent of the federal poverty line to qualify for this grant. Programs must offer a recognized certificate, prepare a student for a professional license or examination, or represent a recognized skill standard defined by an industry sector. Iowa's Gap Tuition Assistance Program works in tandem with its Pathways for Academic Career Employment (PACE) program, which provides career, financial, academic, and personal support services to students.¹⁸ PACE grants can be used to support regional sector partnerships that, among other things, validate skills standards and certificates.

Virginia's **New Economy Workforce Credential Grant Fund** helps community colleges provide grants to students in non-credit workforce training programs.¹⁹ The Virginia Board of Workforce Development makes recommendations to institutions to help determine high-demand fields for which training programs may be offered.²⁰ Additionally, the Virginia Community College System has in place policies to ensure quality control in their short-term offerings. To receive industry verification, a program must be based on skills standards created or verified by employers, recognized by multiple employers and educational institutions, involve a test or other proof that the student has acquired said skills, and be validated by a third-party such as an occupation association.²¹

States should also make sure that non-credit credentials eligible for financial aid are stackable so that students, should they choose to, are able to continue to build on their education. Industry-recognized stackable credentials wholly articulate toward a higher level certificate or associates degree in the same occupational area.²² Nebraska's newly launched **Community College Gap Assistance program** provides an example. Modeled after Iowa's program, Nebraska's Gap Assistance program offers financial aid to community college students in non-credit courses leading to jobs in high-need fields. Under Nebraska's program, eligible programs must be part of a stackable credential program that can lead to college credit, a degree, or certificate.²³

Aid for students who are enrolled less than half time

In addition to supporting middle-skill training programs, job-driven financial aid should be available to working learners, many of whom may need to attend school part time due to work or family circumstances. Nearly three-quarters of part-time community college students are working while in school, and 41 percent are employed full time.²⁴ Additionally, according to the Lumina Foundation, just over a quarter of all college students are raising children.²⁵

Unfortunately, many financial aid programs only offer aid to those attending at least half time, if not more. In fact, a recent review of the nation's 100 largest state-funded financial aid programs found that twenty-nine fund only students who enroll full time.²⁶

States' job-driven financial aid programs should make financial aid available to students who are attending school on a less-than-half-time basis. Some states have addressed this issue by making their general financial aid programs available to less-than-half-time students. For example, Illinois' **Monetary Award Program (MAP)**, which provides grants to students who demonstrate financial need at eligible institutions, including community colleges, declares that students can be enrolled less than half time. States like Massachusetts, Minnesota, and Washington also have opened their general financial aid programs to those enrolling in a minimum of one class per semester or quarter.²⁷

Other states have created financial aid programs specifically targeted at older students who might need to attend less than half time. Kentucky's **Go Higher Grant** is for students at least twenty-four years old enrolled less than half time in a participating college. Arkansas' **Workforce Improvement Grant (WIG)** is also for those age twenty-four and over, with the explicit goal to "help those students returning to school who have financial need but might not be eligible for assistance from traditional state and federal programs."²⁸ The grant is available to students pursuing a baccalaureate or associates degree, or a certificate program who are enrolled in a minimum of three credit hours.



Job-Driven Financial Aid

LEGISLATIVE TEMPLATE

This template can be used to develop legislation to establish a state job-driven financial aid policy. While the template outlines the major components of a policy, states should add additional details as necessary.

SEC. 1: INTENT

The legislature finds that the state should increase the number of students attaining credentials from postsecondary workforce training programs in order to advance employment opportunities and to meet employer skill needs. Low-income students frequently lack the financial means to attend and complete training programs, and many working adults are ineligible for financial aid because they have time to enroll only less than half time or in short-term training programs. The purpose of this Act is to increase student enrollment and completion of postsecondary workforce training programs by providing financial aid for students in these programs.

SEC. 2: DEFINITIONS

Under this act:

- a. Office means the [name of state higher education financial aid office]
- b. Grant means the Job-Driven Financial Aid Grant

SEC. 3: ESTABLISHMENT OF THE JOB-DRIVEN FINANCIAL AID GRANT PROGRAM

The Office shall administer the Job-Driven Financial Aid Grant Program.

- a. A Grant shall equal the value of a student's tuition, mandatory fees, and a book and equipment allowance not to exceed \$200 per quarter.
- b. Subject to appropriations, a Grant shall be awarded to a student who meets the following eligibility criteria:
 - i. Is a resident of the state and meets the state's requirement for in-state tuition;
 - ii. Is enrolled for at least 3 credit hours at a community or technical college;²⁹
 - iii. Is enrolled in a program of study that leads to a [name of short-term training award if authorized in the state], certificate, or applied associates degree;³⁰
 - iv. Maintains satisfactory academic progress toward completion of the student's program of study; and,
 - v. Completed and submitted the Free Application for Federal Student Aid for each academic year of enrollment and accepted all state and federal aid grants available to the student.
- c. The amount of a Grant awarded under this Act shall not exceed the difference between the student's cost of attendance and the amount received by the student in state and federal financial aid grants.
- d. An eligible student may receive a Grant for all course work required by the institution for the student to complete the student's program of study, including remedial or developmental education courses.
- e. No student may receive a Grant for more than 105 quarter hours of enrollment.
- f. The Office shall adopt any rules necessary for the administration of this Act.

SEC. 4: FUNDING

For the period ___ to ___ \$___ is appropriated to the Office for the Job-Driven Financial Aid Grants Program.

ENDNOTES

- ¹ Angela Hanks. *Making Pell Work: How America's \$30 billion investment in need-based college aid can be more job-driven*. National Skills Coalition, July 2015.
- ² Mary Alice McCarthy. *Beyond the Skills Gap: Making Education Work for Students, Employers, and Communities*. New America Foundation, October 2014.
- ³ Workforce Data Quality Campaign's analysis of Pell Grant expenditures, 2013 - 2014.
- ⁴ See National Skills Coalition. *Higher Education Act: Recommendations for Reauthorization*, March 2016. Pell grants are currently available to less-than-half time students, though there have been periodic proposals to eliminate eligibility for these students in order to save costs. Less-than-half-time students are generally not eligible for federal student loans.
- ⁵ Workforce Data Quality Campaign's analysis of Pell Grant expenditures, 2013 - 2014.
- ⁶ Wayne Taliaferro and Amy Ellen Duke-Benfield. *Redesigning State Financial Aid to Better Serve Nontraditional Adult Students*. Center for Law and Social Policy, September 2016.
- ⁷ Taliaferro and Duke-Benfield, 2016.
- ⁸ National Skills Coalition. *Higher Education Act: Recommendations for Reauthorization*. March, 2016.
- ⁹ Georgia Student Finance Commission. *HOPE Grant Program Regulations, 2016-17 Award Year*. Available at gsfc.georgia.gov/sites/gsfcc.georgia.gov/files/2017-HOPE-Grant%20with%20SIWDG.pdf
- ¹⁰ Technical College System of Georgia, Strategic Industries, available at tcsge.edu/freecollege.php
- ¹¹ Maine Career Center Online. *Competitive Skills Scholarship Program*, available at www.mainecareercenter.com/cssp.shtml
- ¹² Maine Career Center. *2015 CSSP Occupation List*, available at www.mainecareercenter.com/docs/CSSP_occupations_list.pdf
- ¹³ Pennsylvania Higher Education Assistance Agency Online. *Pennsylvania Targeted Industry Program (PA-TIP)*, available at www.pheaa.org/funding-opportunities/pa-tip/
- ¹⁴ Colorado Office of Higher Education. *Guidelines for Administering State-Funded Student Assistance Programs*, available at higher.ed.colorado.gov/Finance/FinancialAid/Guidelines%20for%20Administering%20State-Funded%20Student%20Assistance%20Programs1516Final2.pdf
- ¹⁵ Hanks, Angela. *Making Pell Work*. National Skills Coalition, 2015.
- ¹⁶ For more information on creating state policies to support sector partnerships, please refer to National Skills Coalition's *Skills in the States: Sector Partnership Policy Toolkit*
- ¹⁷ For more on the program, see Iowa Department of Education GAP Tuition Assistance Program at: www.educateiowa.gov/adult-career-and-community-college/community-colleges/gap-tuition-assistance-program
- ¹⁸ Iowa Department of Education. *Pathways for Academic Career and Employment (PACE)*, available at www.educateiowa.gov/adult-career-and-community-college/community-colleges/pathways-academic-career-and-employment-pace
- ¹⁹ See www.schev.edu/index/institutional/grants/workforce-credential-grant
- ²⁰ 23-38.10:16, E. available at lis.virginia.gov/cgi-bin/legp604.exe?161+-ful+CHAP0470+pdf
- ²¹ Jenna Leventoff. *Programs that Work: Quality Programs Leading to Industry-Recognized Credentials*. Working paper, Workforce Data Quality Campaign.
- ²² For more information on state policies that support stackable credentials, please refer to *National Skills Coalition's Skills in the States: Stackable Credential Toolkit*.
- ²³ Nebraska's Coordinating Commission for Postsecondary Education. *Community College Gap Assistance Program Act: Program Guidelines*. April 25, 2016. Available at ccpe.nebraska.gov/sites/ccpe.nebraska.gov/files/GapGuidelines_0.pdf
- ²⁴ American Association of Community Colleges. *Fast Facts*, February 2016. Available at www.aacc.nche.edu/AboutCC/Pages/fastfactsfactsheet.aspx
- ²⁵ Lumina Foundation. *Today's Student*. Available at www.luminafoundation.org/todays-student
- ²⁶ Sarah Pingel and Brian A. Sponsler. *Redesigning State Financial Aid: Principles to Guide State Aid Policymaking*, Education Commission of the States, April 2015 (Updated March 2016).
- ²⁷ Illinois Student Assistance Commission. *Monetary Award Program*, Available at www.isac.org/isac-gift-assistance-programs/map/
- ²⁸ Arkansas Department of Higher Education. *Workforce Improvement Grant (WIG)*, available at scholarships.adhe.edu/scholarships/detail/workforce-improvement-grant-wig
- ²⁹ A state should include other types of sub-baccalaureate institutions authorized by the state such as vocational or technical institutes.
- ³⁰ A state should include other types of credentials, if any, awarded by sub-baccalaureate training programs.

ABOUT NATIONAL SKILLS COALITION'S SKILLS EQUITY AGENDA

National Skills Coalition is advocating for states to adopt a set of policies that expand equitable access to middle-skill training, credentials, and careers – particularly for those who have faced barriers to economic opportunity.

This effort includes scans of all fifty states to ascertain whether states have the policies in place to expand access to skills. NSC has also developed toolkits that provide resources, including model legislation, for policymakers and advocates to advance a skills equity agenda in their state. NSC's skills equity agenda includes state policies on Job-Driven Financial Aid, SNAP E&T, Stackable Credentials, Alignment, Integrated Education and Training, and Temporary Assistance for Needy Families Employment and Training.

**Read more about NSC's Skills Equity Agenda
at [nationalskillscoalition/skillsequity](https://nationalskillscoalition.org/skillsequity)**

National Skills Coalition organizes broad-based coalitions seeking to raise the skills of America's workers across a range of industries. We advocate for public policies that invest in what works, as informed by our members' real-world expertise. We communicate these goals to an American public seeking a vision for a strong U.S. economy that allows everyone to be part of its success.

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