

Strategic Scholarship Giving for Student Success

| Insights and Approaches from 10 Years of Grantmaking

DECEMBER 2015



**COLLEGE
FUTURES**
FOUNDATION

*More Graduates for a
Thriving California*

FOREWORD

In California, a vibrant future depends on our ability to dramatically increase the number of students who get to and through college. We cannot accomplish this without better supporting low-income students and those underrepresented in higher education—who are the vast majority of students in our state.

Many of these students lack the knowledge about how to apply to and successfully navigate through college, and the funds to pay the bills. Handled strategically, scholarships can make college success and a better life possible for more students, and in the process, benefit more communities and our state as a whole.

Over the past 10 years, College Futures Foundation—formerly called College Access Foundation of California—has provided \$100 million in scholarships to more than 20,000 low-income students across the state. (See the final page of this report for details on the demographic makeup of our current scholars.) Since 2008, we have collected data to follow their trajectories and outcomes. We have learned a great deal from our students, our partners and grantees, and other research taking place in the field. These lessons have guided a new chapter of our work—one focused on ensuring all California students have the opportunity to attend and succeed in college. Our goal is to increase the rate of bachelor's degree completion among California student populations that are low-income and have had historically low college success rates. Our strategy supports successful transitions from high school through college, regional partnerships to increase college attainment, and improved policy and practice.

We remain convinced that scholarships are an important and powerful tool that can be leveraged for better student outcomes. Our continued investments show how scholarships can be used in a number of ways, for example, to engage diverse stakeholders in business and community around the aim of higher attainment, to raise awareness about public financial aid, and to address opportunity gaps among specific population groups, such as young men of color.

Through our Community Philanthropy for Student Success Initiative, College Futures Foundation is partnering with eight community foundations serving regions that together account for 60% of California's low-income students. These foundations are working to create sustainable funding for need-based scholarships to help more young people succeed. We are encouraged by their leadership and early signs of progress. We expect to continue to serve students and those interested in fueling their success in a variety of ways, including through ongoing data collection, analysis, and sharing on this topic.

In this report, we offer the insights and recommendations emerging from our extensive involvement with scholarships—with hopes that they advance the work of fellow foundations, philanthropists, college access and success groups, and others who care deeply about achieving better outcomes for our students and our state.



JULIA I. LOPEZ

President and CEO
College Futures Foundation

SUMMARY

Researchers have forecasted a statewide bachelor's degree shortfall on the order of 1.1 million by 2030.¹ But only a fraction of students capable of earning a degree actually do. Missing are large swaths of college candidates—including low-income students who comprise nearly 60% of California's K-12 public school population², and ethnic groups that factor largely in our statewide population but are deeply underrepresented in colleges and universities. We can meet the demand for degrees essential to our economies, communities, and future—but only if we better support the success of these students.

Based on a decade of scholarship grantmaking, data tracking, and analysis, College Futures Foundation firmly believes that scholarships can be an important tool for achieving these aims. We offer the following insights on ways to apply this tool effectively and strategically.

THE GREAT OPPORTUNITY: NEED-BASED SCHOLARSHIPS

1. **The cost of college is disproportionate and rising for low-income students.** Financial aid has not kept pace with rising college costs—especially for low-income students whose families must devote a disproportionate amount of their income to cover education expenses.
2. **Scholarships make college possible.** Low-income scholarship recipients are more likely to enroll and persist in college than low-income students who do not receive this funding.
3. **Need-based scholars can perform on par with peers.** Students awarded scholarships based on need persist in school and graduate at rates similar to other students attending the same institutions.

INCREASING IMPACT: PLANNING SCHOLARSHIPS FOR SUCCESS

4. **Aim for four-year college and degrees.** While community colleges provide an important, broad-based opportunity, students who begin their career at four-year institutions are more likely to earn a bachelor's degree.
5. **Leverage public financial aid.** Far too many low-income students are not accessing the public financial aid for which they are eligible. Paired with scholarships, these public funds, including Pell and Cal Grants, could greatly improve enrollment and degree completion and reduce the need for student loans.
6. **Provide opportunities for students lower on the academic curve.** Research suggests that scholarships can create a college-going mindset and can make a measurable difference in students' decisions to go to college among students with lower GPAs.³
7. **Prepare students with advising and support.** Approaches that combine scholarships with advising on financial aid and college success have been shown to help more low-income, first-generation students get to and through college.

ABOUT DATA SOURCES: *Making College Possible*, a report on a study conducted by Public Policy Institute of California and *Providing More Cash for College*, a report on a study conducted by MDRC, were both supported in part by College Futures Foundation. *Student Success in California State University Campuses: An Analysis for the College Futures Foundation*, a report on a study conducted by the Education Insights Center, was commissioned by College Futures Foundation. These and other sources are referenced in footnotes. Data on College Futures Foundation scholars are also presented.

PHOTO CREDITS: Students pictured in this report are College Futures scholars.

THE GREAT OPPORTUNITY:

NEED-BASED SCHOLARSHIPS

While scholarships of all types are valuable to the students who receive them, research shows that scholarships that are awarded on the basis of financial need have the potential to create profound impact, both for students and their families, as well as entire communities where improved education levels mean substantially better jobs, economies, personal advancement, and quality of life.

Scholarships that are primarily based on academic merit reward students who have excelled in high school. These students tend to have a higher likelihood of going to college whether or not they receive a scholarship award. They also are likely to receive aid from their chosen postsecondary institution, particularly if it is a well-endowed private college. In contrast, scholarships focused on students with the greatest financial need often play a pivotal role in a student's decision or ability to attend.

"By definition, community foundations are stewards of our communities and investors in the future of our communities. We have an obligation and opportunity to help our donors create and sustain programs that increase the college graduation rates for all students. We believe that education is the most important way to advance the well-being and economic opportunities of the places we serve."

JOHN KOBARA, *Executive Vice President & COO*
California Community Foundation



1 The cost of college is disproportionate and rising for low-income students

Low-income students are overburdened by the cost of attending college. They pay disproportionately to attend, when compared with their middle-income and higher-income peers. For example, in the California State University system, the lowest income families pay 48% of their discretionary income to cover college, while the highest income families pay only 15%.⁴

For low-income students, financial aid has not kept pace with rising college costs. According to a 2014 study by the Public Policy Institute of California, “while the total financial assistance available through federal grants, Cal Grants, institutional aid, and private scholarships has increased, the net cost of attending college has risen for low-income students at the colleges they are most likely to attend (community colleges and the California State University).”⁵

“Without your generosity, I would have to apply for a loan that I am unable to afford. You have given me the hope to be able to earn my Ph.D. one day!”

ABRIANA, *College Futures Foundation scholar and CSU student*

2 Scholarships make college possible

Many studies indicate that low-income and first-generation students want to go to college and will do so given the opportunity. But lack of funds can easily curtail college ambitions. Nationally, recent high school graduates whose families are part of the lowest income quintile are 30% less likely to enroll in college than students whose families are part of the highest income quintile.⁶

A recent report by MDRC shows that awarding scholarships to low-income students can induce those who are “on the fence” to matriculate. Overall, students awarded scholarships are more likely to enroll in college compared with students who do not receive a scholarship. These results are observed across various demographic groups, including young men and Latino students, two large populations underrepresented in higher education.⁷

The MDRC study also suggests that students in California who receive financial aid have improved persistence—they stay in school from year to year at higher rates than their peers who have not received this support.⁸

College Futures Foundation has measured similar effects on persistence among our scholars. Approximately 95% of the California State University freshmen who received our scholarships in 2009 returned for a second year of study⁹, while only 82% of CSU freshmen from the same class statewide returned.¹⁰

“My family was short of paying my tuition/room/board fees this semester. I almost wasn’t able to attend college this fall. But when I received this letter detailing the scholarship provided, I was beyond excited. You single-handedly sealed my dream.”

KARISSA, *College Futures Foundation scholar and CSU student*

3 Need-based scholars can perform on par with peers

Many scholarship programs emphasize academic merit factors to target higher-performing students. While one might assume that scholarship recipients selected based primarily on financial need rather than demonstrated academic performance might fare worse than their peers, research and experience suggest otherwise.

Examining the data of thousands of College Futures Foundation need-based scholarship recipients in the CSU system, we find that, while our scholarship recipients generally need more remediation (many come from lower-performing schools), those who enter the university as first-time freshmen nearly match their peers for year-to-year persistence, graduation, and time to degree.¹¹

Our findings echo those of others. A 2014 Public Policy Institute of California study finds that financial aid does not need to carry performance requirements to work well—largely because students already must meet institutional academic requirements to remain enrolled in college.¹²

“The money I was awarded has been one of the direct reasons why I am able to maintain such high academics. The financial aid I was granted has allowed me to focus more time and effort into studying.”

SAMANTHA, *College Futures Foundation scholar and UC student*



INCREASING IMPACT:

PLANNING SCHOLARSHIPS FOR SUCCESS

Lack of funds is just one of the barriers that low-income and other underrepresented students face in their pursuit of college; other barriers include lack of guidance, preparation, access, and support. Scholarship providers can help more students get to and through college by approaching their scholarship giving strategically and reducing these barriers in a few important ways.

4 Aim for four-year college and degrees

While any education after high school can bring benefit, California's economy needs over a million more bachelor's degrees than projections suggest we are producing.

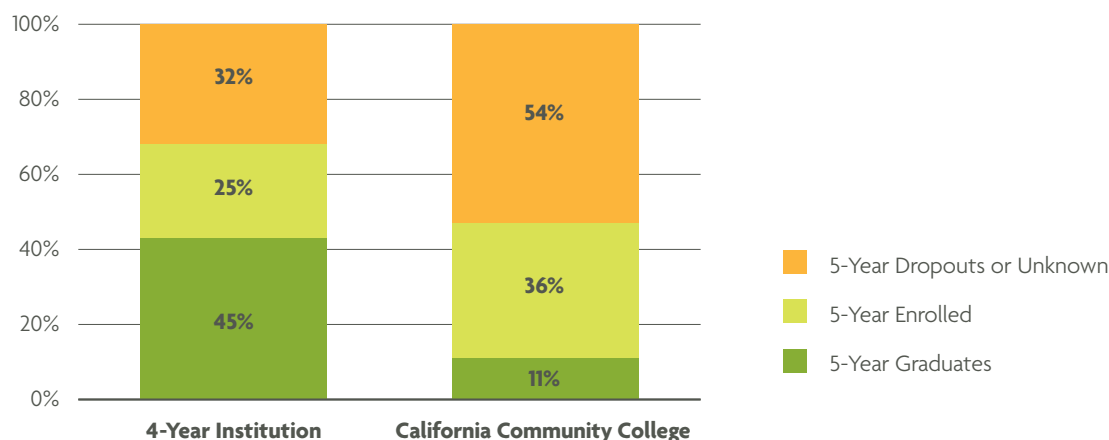
Community colleges are an important entry point to postsecondary education for low-income students aspiring to earn a degree. But the odds of community college students completing a bachelor's degree are substantially lower than for similar students who enroll in a four-year program from the start.¹³

"Attending a four-year institution is expensive but it is nevertheless an important step for me to take. Not only because of the opportunities a college degree opens, but also because I am the first person to attend college in my family; and I want to set a trail my siblings can follow in their own academic careers."

ALEJANDRO, *College Futures Foundation scholar and UC student*

For this reason, extra care should be taken to incentivize the pursuit of a bachelor's degree—whether through direct enrollment in four-year institutions or through successful, well-supported transfers from community colleges.

EXHIBIT A. More likely to graduate: College Futures scholars from the class of 2009 who started in a four-year institution were four times more likely to graduate in five years than their peers who started in a California community college.



5 Leverage public financial aid

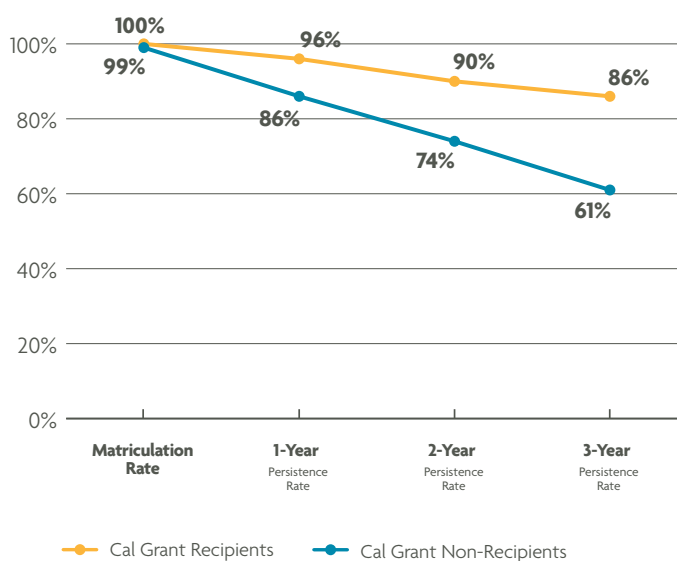
In California, public financial aid, including federal Pell Grants and state-sponsored Cal Grants, can fund approximately half of the costs of attending a public four-year university. Cal Grants pay full-cost tuition for students attending a University of California or California State University institution, even as tuition rises. And Cal Grants are available to students who have undocumented immigrant status, providing opportunity to a major demographic group less represented in higher education.

What's more, we know that these public funds play a role in persistence and graduation. The data we have collected on College Futures Foundation scholars show that our scholarships have a positive impact on student performance in these areas—and that the effects are even greater for students who are also Cal Grant recipients.

But hundreds of millions of dollars in state financial aid go unclaimed by qualified students each year.¹⁴ Our own data show that the students who most need public aid—California community college students, who are more likely to be low-income than their peers in other systems—are the least likely to get their Cal Grants. And according to the MDRC study, 15% of students eligible to receive Cal Grants could have done so if not for administrative issues, for example, with application processing procedures.¹⁵

When more low-income students receive all of the public financial aid they are entitled to, scholarship funds are freed up to fill critical gaps, ensuring more young people get to college and do so with less reliance on student loans. To support this progress, funders and philanthropists can require or provide necessary guidance so that applicants to their scholarships who are eligible complete the Free Application for Federal Student Aid (FAFSA) and apply for Cal Grants and California Community College Board of Governors (BOG) fee waivers.

EXHIBIT B. Cal grants and persistence: Cal Grant recipients are much more likely to persist toward college graduation, as shown by this 1,358-student cohort of College Futures Foundation scholars from the high school class of 2010.



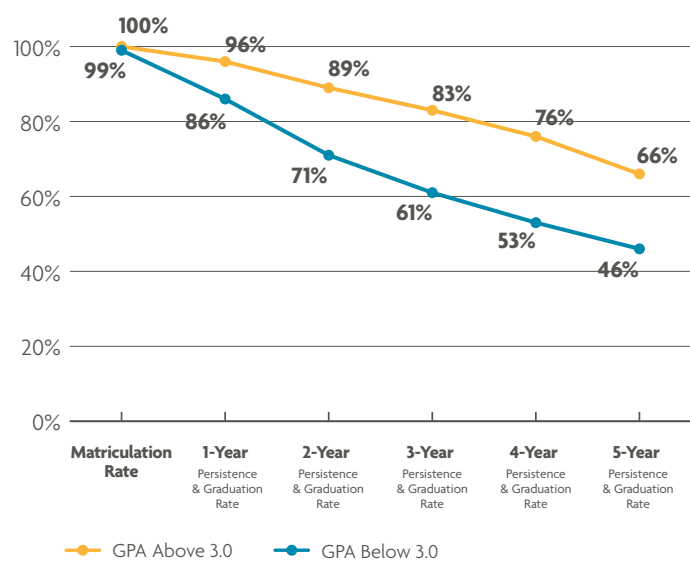
6 Provide opportunities for students lower on the academic curve

Scholarships can make a measurable difference in the lives of students with lower grade point averages—a large pool of students and future workers we cannot neglect. The MDRC study shows that students with grade point averages below 3.0 who are awarded scholarships enroll at significantly higher rates than non-scholarship recipients with similar GPAs. This suggests that the scholarships may incentivize students to enroll who might otherwise not have seen themselves as “college-going material.”¹⁶

College Futures Foundation and our partners have observed that scholarships seem to confer a special status on students that can positively impact the way they view themselves and, subsequently, their behavior.

EXHIBIT C. Persistence and graduation by GPA:

While persistence and graduation rates are lower for College Futures Foundation scholars with lower high school GPAs, nearly 50% of those in our class of 2009 cohort with a GPA less than 3.0 had graduated or were still enrolled in college five years later.



7 Prepare students with advising and support

While college enrollment among historically underrepresented college students has increased in recent decades, the graduation rate among these student groups has lagged. Approaches that combine scholarships with other supports can help more students get to graduation.

Recent research from the National College Access Network finds that, when provided basic advising and support, low-income, first-generation students graduate college within six years at a rate 11.5 percentage points higher than their college-going peers of similar backgrounds who haven't received these additional supports. In fact, these underrepresented students come very close to the six-year graduation rate of all students who enroll in postsecondary within a year after high school graduation.

Helpful student supports can include academic counseling in high school, student financial literacy education, college preparation training for families, assistance in completing and submitting the FAFSA, college admissions test preparation, postsecondary admissions counseling, curriculum supporting social-emotional development, and success or retention services in college.¹⁷

We have much work to do in the area of advising. California ranks second to last in the nation when it comes to counseling support for our public school students. While 250 students per counselor is recommended by the American School Counselor Association, California's ratio is more than 800 students to each counselor.¹⁸ Scholarship providers can fill a critical gap by pairing their funds with college and financial aid advising services.

“We couple our scholarship strategy with efforts to increase college knowledge and access to public financial aid. Our scholarship program is part of a larger regional plan to align college attainment strategies with economic development and workforce needs. By aligning efforts regionally, high schools and other partners are making a shared commitment to deliver this information to their students and counselors and, ultimately, contribute to a college-going culture for the Coachella Valley. Scholarships have been an excellent entry point to partnerships with our high schools so that more students—whether they receive a scholarship or not—can benefit from college knowledge and financial aid guidance.”

ERNIE RIOS, *Executive Director of Scholarships*

Pathways to Success, a Workforce Excellence initiative of the Coachella Valley Economic Partnership

FOR FURTHER EXPLORATION

Over the course of a decade of funding scholarships at a large scale in partnership with organizations across California, College Futures Foundation has identified key opportunities for strengthening this tool and its impact on college attainment for low-income students. We also recognize that we have much more to learn. In this spirit, we encourage our grantee partners, collaborators, and other funders and innovators to explore and share their findings—especially with regard to the following topics of interest.

Engaging more young men of color

Young men of color are among the least well represented in higher education and in large numbers miss out on the benefits that it creates for individuals, families, and communities. And although scholarships emanating from College Futures funds are decidedly need-based and focused on less-represented groups, only one-third of the students who ultimately received our scholarship funds are young men of color. Further, the scholars within this subset also were more likely to leave school without a degree than peers at the same institution. It is our hope that fellow funders, education institutions, researchers, and communities continue to explore ways to better engage, support, and retain young men of color in the college-going experience.

“I want to show my siblings and other students from my neighborhood that it is possible to attend a four-year university even though we may come from a low-income family.”

ESGAR, *College Futures Foundation scholar and CSU student*



Driving change with the power of data

We know that many of the barriers students face are beyond their control and also challenging for institutions to pinpoint and address. Examples include inadequate advising, sub-optimal access to courses, and opaque and complicated financial aid processes.

By better harnessing the power of data, we may deepen our understanding of these barriers and reveal opportunities to improve the systems affecting student success. This requires greater capacity to identify and measure meaningful indicators of college completion, and improved capability for tracking student outcomes within and across institutions. It also requires greater transparency among K-12 and postsecondary institutions; and between these institutions, scholarship providers, and the public. We go farther faster when all involved are partnering and problem-solving together.

In this interest, College Futures Foundation yearly collects and shares data from students receiving scholarships through our grantee partners, and we are exploring ways to make this information more accessible to other organizations and institutions as they use data to shape strategy and practice to improve student outcomes. In our early work with community foundation grantees of the Community Philanthropy for Student Success Initiative, we are particularly interested in regions as an important unit for the analysis of complex systems. Regions are instructive microcosms of activity, where scholarship providers, community and business leaders, and education institutions share a common interest in and responsibility for student success. Regional data, in particular, may provide frontier for new discovery and innovation. We are also cognizant of the importance of disaggregating data to understand and address the realities unique to specific groups, such as young men of color, first-generation students, low-income students, and others.

As California is such a large and heterogeneous state, we see an opportunity to partner with community foundations to use scholarships more intentionally toward addressing college attainment gaps that are particular to each region. Regions are instructive microcosms of activity, where scholarship providers, community and business leaders, and education institutions share a common interest in and responsibility for student success, especially as many low-income students who enroll in higher education will do so locally. Understanding scholarship students' outcomes in the context of college attainment outcomes in specific regions may provide a frontier for new partnerships with local K-12 and higher education institutions.

The insights and recommendations in this report are only the start. We know that further data collection and exploration by the many organizations involved in this work will reveal new lessons and possibilities. With this knowledge, we can together make the best possible investments in our students, our state, and our future.

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- ⁶ Indicators of Higher Education Equity in the United States: 45 Year Trend Report, The Pell Institute for the Study of Opportunity in Higher Education, 2015 Revised Edition.
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College Futures Foundation operates on the beliefs that a vibrant future for California's economy and communities requires more bachelor's degrees, and that every student in California should have the chance to succeed in college. College Futures works to increase opportunities for low-income and underrepresented students by removing barriers to college degrees. Established in 2005, the Foundation awards \$15-18 million in grants annually. Together with its grantees and partners, College Futures works towards more graduates for a thriving California.

College Futures Foundation has supported over 20,000 low-income California students who have received scholarships through our grantee partners. Since 2008, we have collected data to follow their trajectory and capture outcomes.

Demographic makeup of our scholars is as follows:

- 91% Pell-eligible
- 89% first-generation college-going
- 64% Hispanic or Latino
- 12% African-Americans
- 8% other underrepresented groups (including underrepresented Asian-Americans, Native Hawaiians and other Pacific Islanders, and American Indians)
- 8% White
- 65% females and 35% males

Note: all demographic makeup data is cumulative since academic year 2008-2009, except the Pell-eligible percentage, which refers to our scholars since academic year 2010-2011.



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Visit www.collegefutures.org to learn more about our strategies and grantmaking.