

Chapter 10

College Dollars and Sense: Exploring Financial Aid Innovations at Historically Black Colleges and Universities

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ABSTRACT

HBCU's were founded to address the needs of low income, first generation college students. However, rising tuition costs, tighter loan restrictions and poor institutional financial aid planning tools are hindering students from matriculating within the HBCU system. Radical solutions such as pre-financial aid debt tracking programs aimed at entering freshman, federal loan modification options, and a pro-active shift of equipping students are needed to adequately address these issues. This chapter will discuss the most prevalent financial aid issues facing HBCU students, as well as present viable debt reduction solutions.

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In college access and retention, one core issue typically serves as a common ground for all key stakeholders - college affordability. It is virtually impossible to talk about college retention without closely examining the financial aid landscape that creates barriers to matriculation, particularly for the most vulnerable populations. With the student loan debt crisis currently surpassing \$1.2 trillion, the Federal Government has proposed a host of possible financial aid solutions, ranging from simplified Free Applications for Federal Student Aid (FAFSA) applications and income-based loan repayments to increased Pell Grant funding. These ideas, however, merely scrape the surface of the college funding crisis (Weiss, 2015). In lieu of a complete federal college funding overhaul, this chapter explores innovative financial aid strategies that can be implemented on the campuses of Historically Black Colleges and Universities (HBCUs) to increase college retention rates.

At their pinnacle, Historically Black Colleges and Universities (HBCUs) enrolled more than 90% of black students attending U.S. higher education institutions. For more than a century, Historically Black Colleges and Universities have served as the hub of black thought leadership, and as a gateway for college access for our nation's most vulnerable populations. Today, although the educational reach of HBCUs has changed (HBCUs currently enroll 11% of black students attending college), their longstanding legacy of producing the largest number of bachelor's degrees earned by African-American students is a testament to these institutions' permanent relevancy within the higher education system (Lee & Wes Keys, 2013).

For years, college access has been negatively impacted by a lack of awareness of financial aid options. Small nuances, such as understanding the financial aid appeals process or the differences between subsidized and unsubsidized loans, has created permanent setbacks for matriculation. For many low-income students, the HBCUs, which on average cost less than \$10,000, present an academic safe haven. Despite the fact that HBCUs still cost, on average, \$6,600 less than comparable institutions, within the last decade, the average HBCU tuition has increased 50%, and this impact is noticed by low-income families (Johnson, Bruch, & Gill, 2015). Though the year-to-year increases have been nominal, the burden of higher financial costs is both statistically and anecdotally significant.

Nationally, the average age at which a student first receives financial aid information is 14 years for families with household incomes of more than \$75,000, 16 years for families with household incomes under \$25,000, and 17 years for Latino families. More than 65% of students planning to attend college do not name grants as a source of financial aid, 72% do not name scholarships, and 71% do not name

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