

Resources for Post-Secondary Education Planning and Asset Purchase

This reference sheet supplements “Strategies for Post-Secondary Education,” found in the *AFI Grantee Handbook*. It provides additional information and suggestions on how best to assist participants saving for post-secondary education. If you do not have the February 2005 edition of the *Handbook* and would like the first tip sheet, contact the AFI Resource Center at AFIProgram@acf.hhs.gov or call 202-401-4626, and Resource Center staff will send you a copy.

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Strategies for Post-Secondary Education

1. Financial Education and Asset-Specific Training for Education Savers

AFI Projects may choose how they treat preparation for post-secondary education purchase or the equivalent of asset-specific training for this purpose. Currently, some projects provide a module on post-secondary or additional training and education in their general financial education sequence. Such modules often include information on choosing schools, finding other financial support for education, or how to learn what skills or certifications are in demand and will lead to increased earnings in the local market. Other projects are using Education Plans [Appendix 3 for examples], similar to business plans, where the participant spells out educational and career goals, along with the resources and time needed to complete a course of study. Whether participants are advised in these matters by project staff or by others, such as school or college career advisors or financial aid officers, also varies.

Learning about financial aid, potential loans, and careers involved in education planning and purchase offers opportunities to develop and exercise financial knowledge. For example, student loans and the

repayment record become an important part of a participant's credit record. We encourage all AFI Projects to include guidance for participants on securing and reviewing a credit report, including for those saving for post-secondary education. This information is as important for education savers as it is for potential home or business purchases.

Participants who are in default with students loans can make addressing this barrier part of their credit repair plan. They may restore their eligibility by establishing and adhering to a repayment plan. Many employers and industry sectors use credit status as a criterion in hiring. They view a stable credit history as a predictor of stable employment. In addition, some sectors, such as financial services, security and law enforcement, and healthcare, are especially cautious about hiring persons with poor credit.

2. Strategies for Assisting AFI Participants Already Enrolled in a Course of Study

Adults may be more likely to enter an AFI IDA program with an education or career track in mind. They may already be enrolled. In such situations, AFI Projects should review with the participant the expectations concerning earnings associated with the training and career path to maximize long-term asset building and self-sufficiency. General program requirements, local and AFI-related rules and frameworks, of course, apply.

Older students may also need supportive services or resources to enable them to manage child care, transportation or other matters while in school and working simultaneously. Some institutions, especially community colleges, have extensive support services, ranging from local transportation networks and on campus childcare, to financial counseling and legal assistance. Identifying additional resources to pay for school is likely to be helpful as well.

3. Tips for Helping Participants Change their Asset Goal from Homeownership or Business Ownership to Education

Grantees should be sure IDA participants have realistic goals when they enroll and begin saving. It may still happen, however, that a participant is unable to acquire the asset originally targeted, especially in the case of home ownership. Further, the need to adjust goals should become apparent well before the actual purchase target date. Many grantees have found that shifting to an education purchase is the least difficult option in such circumstances. Nevertheless, the primary interest should still be to maximize the benefit of the educational purchase rather than it being just a default to use the money. In some cases, it might even be better for participants simply to take their own savings and use them for other purposes, such as paying off debt. Project staff may help participants make decisions on how to use the savings and match in several ways, such as:

- Working intensively, directly or with educational partners, to find an educational option that complements the participant's interests and aptitudes as well as offering a strong possibility of increased earnings or advancement with a current employer or industry sector. [see Education Plans below]

- Transferring the benefit to an eligible dependent: The savings and match may be helpful for older minors who are planning on post-secondary education or training, provided the funds can be spent before the end of the project period.
- Changing policy on when purchase is required: If it fits with the funding period, grantees who have the flexibility could consider allowing more time, for example an additional year or two after meeting the savings goal for the purchase, if the participant could realistically resolve the barrier to the original goal, such as poor credit for home ownership.

4. Education Plans – Important Tools for AFI Project Participants

Education Plans, as used by several AFI Projects, are similar to business plans. They help the participant and the AFI Project in several ways, including the following:

- Education Plans prompt participants to think through their educational goal. Plans may go far beyond a participant's interests and aptitudes to include a long-term projection of what the educational goal can lead to. For example, if someone wants to study computer graphics, the plan may also ask what kinds of careers derive from these skills, what earnings and growth may be expected, whether these skills are in demand in the local area, which employers may be seeking such skills, how much time will be needed to achieve a degree or certification, whether other resources will be needed and where to find them, how to cover ongoing living expenses while studying and working, and the like. Education Plans may help participants choose the eligible institution wisely when there are several offering similar training or certification: cost, time, scheduling flexibility, accessible location, reputation with employers, and other factors come into play in the decision on where to enroll.
- Education Plans may help a participant who is changing goals, for whatever reason, to get the most benefit by exploring a field thoroughly rather than just jumping to something else. He or she may find a whole new career path or ways that existing employment may be a platform for advancement.
- Staff may use Education Plans to project and manage withdrawals. The flexibility associated with AFI support of post-secondary education often results in multiple withdrawals for tuition, books, fees, and equipment; and these withdrawals may take place over several quarters, semesters, or other stages of study. It will help the participant and the program to keep track of amounts and uses if they are projected in a plan. Like a business capitalization plan, an Education Plan can outline likely, allowable, and necessary expenses and various stages and saves staff time while providing a strong resource for withdrawal documentation.

Attached are two examples of Education Plans developed by AFI grantees, one developed by the Central Vermont Community Action Council and one used by United Way Community Services in Detroit. Both cover the same territory but use different formats. The Education Plans are also used as part of the withdrawal procedure.

5. *Where to Turn for Further Assistance with Education Counseling*

There are a number of additional resources for career and financial information. Which ones are available in a specific area may vary.

Career Information:

- **Career Advisors/counselors:** The educational institution is likely to have advisors who specialize in specific fields or vocations. They should also be knowledgeable about the earnings ranges associated with different certifications or fields. Often career advisors are located in career counseling centers, but they may also be found in departments or divisions in some cases. Students who are enrolled may use these services; whether potential students have access may vary.
- **Employment Services:** All localities should have an employment service operated by a local workforce board as part of the U. S. Department of Labor’s employment and training system. Often these are called One Stops, but they may have different names, depending on the state. Grantees may go to the state’s labor agency website to find local contacts, and to find specific information on careers, sources of training and education, projected occupational demand for the locality, and other information. The nearest “One Stop” can also assist prospective students in identifying demand occupations and, in some cases, help the student assess his or her aptitude for specific occupations. They may have funds for training in specific fields.
- **Alumni:** Many institutions have formal alumni associations that students may contact for information on demand for particular skills or typical wages and earnings with specific certifications or degrees. Alumni associations may also represent valuable networking resources that participants can use throughout their careers for advancement.

Financial Information

- **Federal Financial Aid:** Students or applicants can go through the financial aid offices of their educational institutions. They may also go to the U.S. Department of Education website to get the universal application for federal aid, called the Free Application for Federal Student Aid (FAFSA) and for directions on how to complete it. Participants can also download The Student Guide to Financial Aid. The website is www.fafsa.ed.gov.
- **State Financial Aid:** Most states have some additional funds, outside of tuition savings plans, available for low-income students, especially those attending public institutions in state. Participants may contact the state Department of Education or look for financial aid information on the department’s website. Community colleges also have information on this topic.
- **Industry-based Aid:** Many industry sectors have local, state or national associations that provide some financial support, usually for persons already in the field. Search the Internet by sector for relevant organizations. Examples include the construction industry, healthcare, and engineering. Sometimes industry sectors also have culturally based organizations that assist persons just entering the field. There are a few Federal aid programs that target specific professions, such as nursing.

- **Employers:** Be sure participants know whether their employer helps to fund education or training for existing employees. Many employers will reimburse for tuition, fees or other costs; sometimes the amount is on a sliding scale linked to actual grades. A few will put some money up front. Some have policies that grant automatic pay increases or create eligibility for promotion upon completion of a degree, certification, or specific short-term training.
- **Other Sources:** There are a number of national organizations that focus on financial aid for post-secondary education. Be wary, however, of sites offering to find scholarships for a fee. A free, legitimate site, recommended by the U.S. Department of Education, is www.fastweb.com. Students should use their financial education to examine and compare any scholarship, grant or loan offers they may receive from any source.

6. Recruiting Participants for Education IDAs

There are a number of ways to focus recruitment and enrollment efforts for post-secondary goals, including but not limited to:

- Developing a strong relationship with the eligible institutions in your area that serve a large proportion of low-income students who are likely to be eligible for the program. Some may have outreach counselors, who can work with students considering enrollment at their institution. These outreach counselors or academic counselors are also in a position to refer students to you who are already enrolled or who have already focused their interests. They may also be able to help you collect necessary documentation.
- Using relationships with TANF agencies that may have persons who are working but still TANF eligible for other supports and who need additional training to advance another step toward self-sufficiency.
- Contacting local adult education programs, such as GED programs or continuing education programs associated with public or private educational institutions.
- Consulting with the human resource departments of area employers who have many entry-level workers whom they would like to advance if they had the necessary skills. (You'd be saving them money on training and helping them to reduce turnover.)
- Partnering with public employers, such as cities and states, who often have many low-wage workers who would be eligible. Be careful about the assets component in determining eligibility in these cases, since older workers could also have savings or pension resources that render them ineligible by AFI standards.
- Cultivating a relationship with employment centers or One Stops that may be able to refer persons whom they cannot fund for training but whose income and assets may mean they are eligible for AFI. One Stops sometimes can pay for short-term training in specific fields and for their targeted populations, such as TANF recipients or exoffenders.

- Educating the appropriate staff of local school systems. Some teachers may qualify for AFI, but there may also be classroom aides and all kinds of support staff who are eligible. Take a similar approach with law enforcement agencies and transportation boards.
- Reaching out to campus-based centers that focus on adults, such as women's centers with programs for workforce re-entry, or student associations for commuting or older students, or campus daycare centers that serve students or staff.
- Continuing to work with faith-based and community-based organizations that serve eligible populations and neighborhoods, especially those focused on employment. They may be able to sequence eligible individuals from their initial placement and retention to advancement by means of additional skills acquired with an IDA.

9. Definitions of Eligible Institutions.

Eligible educational institutions are those that fit the definitions of an institution of higher education given in the Higher Education Act of 1965, sections 101 and 102, or the Carl D. Perkins Vocational and Applied Technology Education Act. The actual language is included in Appendix 1 of this resource sheet, but the basic point is that institutions are eligible to receive Federal financial aid funds, such as Pell grants, or to work with Federal Student loans, such as Direct Student Loans, and other Federal sources to support the costs of attendance.

Note that many proprietary institutions fit the definitions, as do some, but not all, institutions that operate via distance learning and correspondence training, and some, but not all, foreign institutions. If you have any doubt about whether an institution is eligible, ask the business office to confirm whether they receive Federal financial aid funds or check on their accreditation at <http://ope.ed.gov/accreditation/Search.asp>.

10. Definitions of Allowable Educational Expenses

The specific language describing eligible educational expenses from AFIA is included in Appendix 1, but basically there are two conditions that must be met. The first is that expenses must be related to *enrollment at an eligible educational institution*. The second is that the expenses be *required* for enrollment or attendance or for fees, books, supplies and equipment for courses of instruction at an eligible educational institution. So, for example, someone enrolled in auto repair training through a union program may not be able to use the AFI funds for tuition, fees or tools; but someone enrolled in auto repair at an accredited community college or vocational-technical school would be able to use AFI funds. The provider of the training must be an eligible institution as must the recipient of the funds. It can happen that the necessary equipment purchased, such as a computer, is purchased from an eligible educational institution different from the eligible educational institution the participant is attending.

Appendix 1: AFIA Language on Educational Institution Eligibility and Post-Secondary Educational Expenses

Eligible Educational Institutions

The Act defines eligible institutions in Section 404 (8) (ii) as follows:

(ii) ELIGIBLE EDUCATIONAL INSTITUTION.—The term “eligible educational institution” means the following:

- (I) INSTITUTION OF HIGHER EDUCATION.—An institution described in section 101 or 102 of the Higher Education Act of 1965.
- (II) POST-SECONDARY VOCATIONAL EDUCATION SCHOOL.—An area vocational education school (as defined in subparagraph © or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521 (33) of such Act), as such sections are effect on the date of enactment of this title.

Institutions of Higher Education

The Higher Education Act itself is very long with many clauses and sub clauses. To verify eligibility for an institution of higher education, go to <http://ope.ed.gov/accreditation/Search.asp> and type in the name of the institution. You do not need to fill out any of the other parameters.

Vocational Education Schools

Postsecondary vocational education schools are those defined in subparagraph C or D of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4) as sections are in effect on the date of AFI enactment..

The specific definitions found there as follows:

- “4) The term ‘area vocational education school’ means--
- ‘(A) a specialized high school used exclusively or principally for the provision of vocational education to individuals who are available for study in preparation for entering the labor market;
 - ‘(B) the department of a high school exclusively or principally used for providing vocational education in not less than 5 different occupational fields to individuals who are available for study in preparation for entering the labor market;
 - ‘(C) a technical institute or vocational school used exclusively or principally for the provision of vocational education to individuals who have completed or left high school and who are available for study in preparation for entering the labor market; or
 - ‘(D) the department or division of a junior college, community college or university operating under the policies of the State board and which provides vocational education in not less than 5 different occupational fields leading to immediate employment but not necessarily leading to a baccalaureate degree, if, in the case of a school, department, or division described in subparagraph (C) or

this subparagraph, it admits as regular students both individuals who have completed high school and individuals who have left high school....”

Again, you could ask the institution’s business office to verify that they are eligible to handle Federal student aid. If so, they would have a Federal School Code.

Post-Secondary Educational Expenses

The Act defines eligible expenses broadly as follows in section 404 (8)(i):

POST-SECONDARY EDUCATIONAL EXPENSES.—The term “post-secondary educational expenses” means the following:

- (I) TUTION AND FEES.—Tuition and fees required for the enrollment or attendance of a student at an eligible educational institution.

- (II) FEES, BOOKS, SUPPLIES, AND EQUIPMENT.—Fees, books, supplies, and equipment required for courses of instruction at an eligible educational institution.

Note that, as with all asset purchases, funds must go to the third party, in this case, an eligible educational institution.

Appendix 2: Additional Resources for Post-Secondary Education Planning and Asset Purchase

1. Federal Financial Aid: The FAFSA (Free Application for Federal Student Assistance) site offers information on the various kinds of Federal financial aid available and enables the student to fill out the application online. Go to www.fafsa.ed.gov. About 10 days after submitting the application, the user then receives in the mail a report on eligibility for financial aid and the types of aid in a Student Aid Report. A paper application may take two to three weeks. Often, institutional financial aid offices allow applicants to use on-site computers if needed for this step. The FAFSA site also provides the lengthy list of required documentation to proceed to collect aid, as well as links to a vast array of additional information on Federal student aid.

A related site, accessible from the FAFSA site or directly, is the PIN site: www.pin.ed.gov. Getting the “PIN” is a first step in negotiating the Federal financial aid system or in filling out the FAFSA online.

Information on Federal educational assistance may also be found at www.ifap.ed.gov/IFAPWebApp/index.jsp, a site geared toward education professionals. From here you can see calendars for financial aid deadlines and order publications on financial aid and other counseling topics.

Note: Participants should be advised to apply for financial aid of any kind, state or Federal, well ahead of the time for enrollment. December is not too early for fall enrollment.

3. Educational Opportunity Centers (EOCs) focus on helping first-generation, low-income students access post-secondary education. To find an Educational Opportunity Center near you, go to www.neoca.freeservers.com, and click on the directory of Educational Opportunity Programs. This will take you to a PDF file that lists 139 local institutions that host EOCs. One of many organizations in this group is the Vermont Student Assistance Corporation. Their site, www.vsac.org, also has many helpful tools for students and those who advise them, including career exploration tools for adults (and youth), as well as a variety of counseling materials tailored for students with multiple responsibilities and links to other useful sites.

4. Scholarships: Information on a wide variety of scholarships is available at www.fastweb.com, a site recommended by the Department of Education. Here, applicants fill out a general questionnaire and subsequently receive emails about scholarships for which they may be eligible. Available scholarships may be based on many factors: financial need, academic performance, geography, area of interest, or family name.

5. Career Counseling: For information on careers, there are many sites, both public and commercial. For data on the local job market and projections for demand in specific industries or skills, go to the U.S. Department of Labor, www.dol.gov. Among the links there is the Occupational Outlook Handbook, which gives details on projected labor market demand, the skills needed, and the likely earnings associated with particular occupations. Resources for specific geographical areas are also accessible from this site. From the Labor site, you can also use the “jobs” link to America’s Job Bank and USA Jobs, which post openings. The local One Stop Employment Centers, located in cities and regional offices in rural areas, also provide detailed information on local employment conditions, prevailing wages, and projected employer needs, in addition to specific job search assistance. They may also offer interest and

aptitude assessments on site or online. State Department of Labor sites offer information that allow students and advisors to compare similar degree or certificate programs offered by several different institutions. Participants can look at the number who enrolled in a particular course of study, how many completed, got related employment and average wages.

Appendix 3: Sample Educational Plans

- 1. Central Vermont Community Action Council**
- 2. United Way Community Services of Detroit**