



IVY LOVE, IRIS PALMER, WESLEY WHISTLE

# FEDERAL SUPPORT FOR SUBSIDIZED JOBS AT COMMUNITY COLLEGES

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## Introduction

A number of recent surveys indicate that a primary factor driving a young adult's decision to leave school during the COVID-19 pandemic was the need to earn money. A recent New America [survey](#), for example, found that 41 percent of respondents said they dropped out or did not attend school as planned because they needed to work to support themselves or their families. At the same time, 31 percent said they could no longer afford college. The survey also revealed that many community college students either lost their jobs over this last year, were forced to move into full-time jobs to make up for lost income from other family members, and/or had to take irregular jobs like gig work to make ends meet. All of these trends have made it harder to enroll in or stay in college.

Particularly at community colleges, paid work-study opportunities could go a long way toward easing students back into college and keeping them there through graduation. The tension between the need to work and the need to study is not new for community college students. Over the last decade, most—more than [80 percent](#)—have been working learners, and just under 40 percent work full time. While evidence suggests that students [who work are less likely to graduate than students who do not](#), students employed through work-study programs or participating in paid internships are actually [more likely to graduate](#) than similar students who do not participate in these programs.

A key strategy for helping students impacted by the COVID-19 pandemic recover and continue their educational journey is to create more opportunities for them to access high-quality, paid work experiences that are relevant to their course of study. Unfortunately, many community colleges lack the resources to create diverse, paid work-study opportunities for their students. This memo outlines federal funding streams that community colleges could use to pilot and sustain these programs and federal policy changes that can make those streams stronger, including the recent Higher Education Emergency Relief Fund and the Federal Work Study program authorized under the Higher Education Act. (We use the terms work-study, subsidized jobs, paid work-based learning, and paid internships interchangeably for programs that provide students with job opportunities that also connect to their course of study.)

## Possible Federal Funding Streams

To start a comprehensive paid internship program, community colleges need support for staff who can develop jobs and create relationships with employers, support for subsidizing the wages for those jobs, and support for transportation stipends for student interns. They also need strategies to support student-parents who may require child care during their internships. Funding from both the Higher Education Emergency Relief Fund and the Federal Work Study program can be used to cover those costs in two ways.

- **HIGHER EDUCATION EMERGENCY RELIEF FUND (HEERF)**

The institutional portion of HEERF created through the three recent stimulus bills should present a way for colleges to create subsidized job opportunities for students and build an institutional infrastructure to sustain them. These funds were designed to help colleges shoulder new costs stemming from the pandemic like housing refunds, sanitization, and the administration of COVID tests. While some of those costs still exist, many of them are not as significant now as at the beginning of the pandemic, and many colleges still have HEERF dollars that they can use in innovative ways that address the economic challenges facing students.

As leaders from one community college using its HEERF funds to support paid work-based learning put it, the response to COVID is like other disaster cycles. There is a disaster, a direct response to the disaster, and then a focus on recovery. Providing paid, work-based learning opportunities for students who missed out on these experiences due to the pandemic is part of the recovery strategy for this college.

An important component of recovery is helping students whose educational experiences have been negatively impacted by the effects of the pandemic. The U.S. Department of Education (ED) has therefore allowed colleges to use HEERF funds to help students enrolled from March 13, 2020 through the pandemic to overcome challenges such as a lack of in-person instruction, few opportunities for work-based learning, and a lack of employment. As ED states in its [guidance](#), funds can be used “to support additional academic or mental health support systems that will help students to overcome additional barriers that have arisen as a result of coronavirus that may otherwise prevent them from completing their education.” We [know](#) high-quality, paid internship opportunities are one high-impact practice that supports student completion.

Using this infusion of funds, community colleges can create a proof of concept, showing how work-study programs support student enrollment, persistence, and job placement, all while also building better relationships with employers. With the right data collection and analysis, colleges could use HEERF funds to demonstrate that work-study programs provide [financial stability that is important to persistence](#) and move students more smoothly into the workforce. Colleges could then use those data and analysis—in conjunction with others in their state or region—to create practices that would strengthen subsidized student job programs and make the case for sustained funding past the end of the emergency.

Institutional HEERF dollars can also be used as additional emergency student grant aid, with a focus on helping students combine work and learning as they recover from the pandemic. For example, stipends to meet transportation needs to school or a job site will help students stay enrolled as they reconnect to in-person communities and paid work-based learning opportunities denied them during the pandemic.

The funds could also be used to subsidize internship wages for students who were impacted by the coronavirus. ED's [FAQ says](#), "an institution may also use ARP funds to pay students for internships and job training experiences that are aligned with local coronavirus-related recovery needs." Many students' employment opportunities were deeply damaged by the pandemic, and these students need support connecting to the economy to help themselves and their communities recover. The work they do in their paid internships can offer much-needed help to their communities. For example, interns might work in a public health facility or tutor K-12 students to help address learning loss.

It is also allowable to use HEERF to subsidize staff pay under certain conditions. According to ED guidance, colleges can use HEERF money to pay staff "if the new or repurposed staff's work is associated with coronavirus." Since [ED also says](#) that funds can be used to support student academic and mental health needs resulting from the COVID-19 pandemic and this type of intervention might require hiring new staff, a new program to help place students affected by the pandemic into paid work-study positions should qualify. These positions will help them stay enrolled and make up for ground lost in the pandemic.

Colleges may not use these funds to recruit new students or recruit former students who stopped out. Congress included a prohibition on recruitment in the law to prevent predatory practices and to focus the funds on helping existing students. While HEERF dollars may not be used to recruit new students, they can be used to expand opportunities for students who were affected by the pandemic. Additional clarity from the Education Department around the use of HEERF funds could facilitate innovation at community colleges.

- **FEDERAL WORK-STUDY**

The Federal Work-Study (FWS) program supports students with financial need through subsidized, part-time jobs. Ten percent of a college's award or \$75,000 (whichever is less) can also be used to fund job location and development, which includes activities like working with off-campus employers to find and create positions for students.

It might seem like this program would be a perfect resource for community colleges looking to expand their paid internship opportunities. But there are a few issues with the program that make it hard for community colleges to use for this purpose.

First, the funding formula and the size of the program itself mean that community colleges do not get an equitable share of the allocation. Most of the money flows to [selective institutions](#), leaving community colleges with only [11 percent](#) of FWS funds, even though they enroll around 40 percent of the undergraduate population. The relatively small size of

the program (around \$1 billion a year) mean that the average FWS allocation is relatively small, around \$1,800 per student for an entire academic year. While that money definitely helps students, its size makes it difficult to rely on for a comprehensive work-based learning program.

The size of allocation also makes it difficult to justify the administrative burden the program imposes for colleges who might use it for off-campus employment. The college is responsible for making sure that the FWS student gets paid, and transferring the FWS money to a private employer can be time consuming and difficult to monitor. For-profit companies are responsible for a [50 percent](#) match in funding, and the school can only use 25 percent of its allocation to subsidize those wages. This is also difficult to monitor. Nonprofit organizations may only have to pay a 10 percent matching share, but those rules are also complicated. All of these complex rules for a small pot of money make it much easier for colleges to use the money the way they always do: subsidizing on-campus employment. While subsidized on-campus employment can be very helpful for students, especially when aligned with their program of study, FWS is not supporting the more ambitious subsidized jobs that would greatly benefit so many community college students.

In February 2020, ED [announced](#) an experimental site that allowed 190 selected colleges to waive some of the requirements outlined above and use FWS in a more [flexible manner](#). Colleges were allowed to subsidize 75 rather than 50 percent of FWS wages in for-profit jobs. ED also lifted the cap on the percentage of institutional FWS funds that could be used to subsidize jobs at for-profit companies. It increased the amount of FWS money that could be used for job development and allowed FWS students to work full time.

We spoke with several community colleges who found these flexibilities helpful for using FWS funds for off-campus jobs. While it is currently possible to use these dollars for subsidizing off-campus work, these additional flexibilities were very useful in signaling to career services at colleges that this was an allowable use and also made FWS simpler to administer.

## Recommended Policy Solutions

**Issue guidance specifically supporting use of HEERF funds in subsidized student jobs.** While the Education Department has issued [useful guidance](#) around the use of HEERF funds, colleges may still be confused about how it defines the use of funds for COVID relief. Clarity around how to use these funds to subsidize wages and support student success programs could encourage colleges to build these valuable opportunities to support students during the COVID recovery.

**Equitably support community college students in the Federal Work-Study formula.** Associations and advocacy groups have called for a significant adjustment to the FWS formula [for many years](#). Given that community colleges serve some of the most vulnerable students, prioritizing funding for job opportunities at these institutions is a clear step in the right direction for policymakers. However, updating the formula is a difficult political proposition because it means some colleges (rich and powerful ones) would get less money. Another way to fix the Federal Work-Study program would be to create a new [Federal Work-Study funding stream](#) that only flows to community colleges based on headcount and the proportion of Pell-eligible students they enroll. This money could be used immediately to expand subsidized job opportunities for returning students, relieving some community college students of their money worries. It could also have fewer strings attached than the traditional Federal Work-Study program, making it easier to use for off-campus opportunities.

**Create a competitive program for community colleges to support job location and development.** Job development is a key component of creating a comprehensive paid, work-based learning program. While this is currently an allowable use of FWS funds, that puts job development in competition with student support for very limited resources. A new federal grant dedicated to this purpose would build the capacity of community colleges to prospect for student jobs, not only while they are enrolled, but also when they graduate. We know that many community colleges struggle to find good jobs for students that connect to their course of study because they simply lack the full-time staff needed to shepherd these opportunities. This type of program would help staff build relationships between community colleges and employers to get students into good, subsidized jobs during and after their programs of study.

**Integrate national service jobs with higher education opportunities.** Existing national service opportunities under the AmeriCorps umbrella already serve as paid work opportunities, while potential programs (e.g., the [Civilian Climate Corps](#)) hold enormous potential to provide impactful, paid work and learning opportunities. Using these positions to facilitate access to higher education could increase the long-term impact of these programs. Rule changes allowing use of the [Segal Education Award](#) concurrently with service and higher stipends for members, along with [agency guidance](#) encouraging the integration of higher education and service, would open doors for many prospective and current students, all while meeting community needs.

**Leverage existing safety net programs to provide subsidized jobs.** During the Great Recession, the [Temporary Assistance for Needy Families \(TANF\) Emergency Fund](#) was authorized under the American Reinvestment and Recovery Act. States could use resources from the TANF Emergency Fund to provide subsidized employment to low-income adults. A program like this one—with sustained funding—could make a significant impact on higher education access for low-income students. Federal safety net programs were not built with college students in mind, yet the reality is that community college students often face enough financial hardship to affect [secure access to food and housing](#). Allowing low-income college students to access subsidized jobs through established safety-net programs would support many vulnerable students.