

CASE STUDY: WAYNE STATE UNIVERSITY

Giving Students a Second Chance at Success Through Debt Forgiveness



**WAYNE STATE
UNIVERSITY**

College is an important pillar of the American dream. Despite the increasing cost, college is still the best shot many have at stable employment ¹ and higher lifetime earnings,² even after adjusting for the high price of an education.³

For many students, however, earning a degree remains a challenge ⁴ — all too often because of financial hardship. As many struggle to get through college,⁵ addressing the academic as well as the financial needs of students has become a focus for many higher education institutions.

To that end, an influx of colleges are thinking creatively about increasing student success by addressing their financial health. While mentoring,⁶ advising,⁷ early alert programs, and long-term academic planning are all proven to be effective in boosting students' academic success, most of the non-academic obstacles to student success revolve around financial need. The Financial Health Network has published research highlighting some of the strategies to remove financial barriers

students face, such as intentional academic advising to lower debt burdens and true-cost-of-college audits.⁸

Perhaps one of the more troubling trends is the number of students who drop out of school because of small-dollar financial obligations owed directly to their schools. Debt forgiveness is a fairly new addition to the list of financial health tools that have gained traction lately. These programs target students who have accumulated a significant number of credits toward their degrees but stopped their education for an extended period of time or perhaps permanently. These students pay the cost of attending college, without the benefits of a college degree.

¹ Household Data Seasonally Adjusted Quarterly Averages, Bureau of Labor Statistics, 2019.

² Christopher R. Tamborini et al., "Education and Lifetime Earnings in the United States," *Demography*, August 2015.

³ Christopher Avery and Sarah Turner, "Student Loans: Do College Students Borrow Too Much—Or Not Enough?," *Journal of Economic Perspectives*, vol. 26 — no.1, pp.165-192, Winter 2012.

⁴ National Center for Education Statistics (NCES), 2019.

⁵ NSC Research Center, July 10, 2019.

⁶ "The Role of Mentoring in College Access and Success," Institute for Higher Education Policy (IHEP), Spring 2011.

⁷ Adena Young-Jones et al., "Academic advising: does it really impact student success?," ResearchGate, 2013.

⁸ "Driving College Success: Factors for Assessing Student Financial Health," Financial Health Network, 2019.

That's the case with approximately 13,000 former students in the Detroit metropolitan area who have attended Wayne State University, but have not earned a degree.⁹ Since July 2018, Wayne State University has reached out to adults who stopped their education for two or more years with a GPA of at least 2.0, offering to forgive an outstanding balance of up to \$1,500 incrementally over three semesters if they return to school, maintain a minimum 2.5 GPA, and take a minimum of 6 credit hours each semester.

THE WARRIOR WAY BACK TO WAYNE STATE UNIVERSITY

The Warrior Way Back program has enrolled 209 returning students since the Fall 2018 semester, the majority of which are African Americans and are in high financial need. There are 126 current participants in the program. Students who participate in the program likely see an increase in their credit scores once balances are erased and they're able to take advantage of academic and non-academic support initiatives, such as the Emergency Grant Program.¹⁰ Wayne State University has added a returning student advisor and a program manager to assist with onboarding students and, more importantly, welcoming them back to campus with the support they deserve.



209

RETURNING STUDENTS
since the fall 2018 semester

REPEATING THE SUCCESS

By helping students return to school, Wayne State University has generated \$750,000 in additional net revenue over four academic semesters. Moreover, the program is helping the university better connect to its community and promote a culture of caring that extends beyond the classroom. Since the launch of

\$750,000
in additional
net revenue over
four academic
semesters

Warrior Way Back, other schools in the area have recognized the potential benefit. In April 2019, Detroit Regional Chamber Foundation, Oakland University, and Henry Ford College announced their partnership in the program. The three schools agreed to share records for students participating in the program and allow any qualified applicant to participate.¹¹

The expansion of the program creates an opportunity to measure the impact on the financial health of participants, as well as program graduates. Returning to college provides these students with a second chance to achieve academic success. By addressing their short-term

financial needs, Wayne State University and other innovative campuses are investing in the long-term financial health of their students. Reducing potential costs for program participation and demonstrating the positive impact on students' financial health are important for increasing participation in the Warrior Way Back program. By helping to solve its students' financial health vulnerabilities, Wayne State University is, in turn, supporting their academic success.

⁹ Wilson (2019).

¹⁰ Student Emergency Grant Program, Wayne State University.

¹¹ "New Program To Help Former Students Eliminate Debt While Finishing Degrees and Certificates," Lumina Foundation, April 30, 2019.

How are you investing in students' financial health? If you're interested in joining innovative campuses, technology firms, and thought leaders leading the charge to improve student financial health, learn more at finhealthnetwork.org/research/student or contact bpeck@finhealthnetwork.org or tladha@finhealthnetwork.org.