The Honorable John Kline, Chairman
Committee on Education and the Workforce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable George Miller, Senior Democratic Member
Committee on Education and the Workforce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Virginia Foxx, Chairwoman
Subcommittee on Higher Education and Workforce Training
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Rubén Hinojosa, Ranking Member
Subcommittee on Higher Education and Workforce Training
U.S. House of Representatives
Washington, D.C. 20515

August 2, 2013

Dear Representatives Kline, Miller, Foxx, and Hinojosa,

Thank you for the opportunity to present comments regarding the reauthorization of the *Higher Education Act* (HEA). On behalf of CLASP's Center for Postsecondary and Economic Success (C-PES), we respectfully submit these recommendations for your consideration and further exploration. C-PES promotes policies and investments to increase career advancement and economic mobility for low-income adults and youth. C-PES has in-depth knowledge of federal higher education, workforce, and human services policies and also provides technical assistance to states and colleges on postsecondary access and completion as well as on career pathways and performance measurement.

Twin Challenges: Affordability and Completion

Over the last three decades, college costs have increased nearly four times faster than median family income. Financial aid has not filled the growing gap, and "unmet financial need"—the share of college costs not covered by financial aid or what the family is expected to contribute—has risen sharply. Half of community college students had unmet financial need in 2007-2008, averaging $4,500, as did 43 percent of students at public four-year colleges or universities, with their unmet need averaging $6,400.[1]

As a result, students must work more and borrow more, with debt now averaging more than $26,000 for recent four-year college graduates.[2] Rising costs and rising debt make college a riskier investment for students and families, who lack the information they need to shop around for colleges and programs of study that will provide them with the best opportunity to earn a credential and secure a good job after graduation.

Lack of college affordability not only limits access to education, but also impacts the time it takes for a student to earn a degree, which can threaten completion. Financial pressure to work more while in college—and take fewer classes at a time—also affects whether students ultimately complete a certificate or degree. A number of studies have found that working too many hours while in college negatively affects academic performance.[3] A 2009 survey of young adults who have left college is consistent with this: 54 percent of students who had left school said the major reason was because they had to "go to work and make money."[4] Together, these findings suggest that completion may be compromised for the nearly two-thirds of undergraduates who work 20 hours or more per week to cover college costs and family expenses.

Increasing need-based grant aid can reduce the pressure to work too many hours while in school among those students most at risk, including low-income and working, adult students with family responsibilities. Targeting grant aid to these students can also increase college enrollment, as well as persistence and credits earned.[5]

Still other factors can contribute to low levels of student success, including logistical barriers (e.g. child care, transportation), and lack of knowledge about complex college, and academic and financial aid processes.[6] Some financial aid programs have coupled grant aid with interventions designed to tackle these challenges (e.g. innovations in course delivery, curriculum or instruction, learning communities, extra academic support and advising, emergency transportation or child care assistance). Early research on these approaches suggests that these more comprehensive strategies may be even more effective than grant aid alone.[7]

The Changing Face of Higher Education

Since the last reauthorization of the Higher Education Act, the face of higher education has changed dramatically. An increasing number of students do not fit the "traditional" student profile of a full-time student transitioning directly from high school to a four-year college or university. More students—of all ages and backgrounds—are selecting two-year universities and vocational schools. And colleges are increasingly partnering with other education and training systems to deliver occupationally-focused programs well-connected to local labor markets.

Today's undergraduate are more diverse than ever and cannot be defined by a single characteristic. Forty-seven percent of undergraduates are independent, meaning that they do not rely on their parents for financial support. Thirty-six percent of undergraduates are adults age 25 or over; 32 percent work full-time. Over their college careers, more than half of undergraduates now attend part-time for some semesters. These students bring life experience, which enhances their educational experience. But at the same time, they require more flexible schedules and service delivery modes to accommodate their multiple responsibilities. Their needs are typically not met by what many traditional colleges currently offer.

Ethnic and racial trends in higher education promise to bring even more changes in the coming years. Between 1995 and 2009, the number of Hispanic students grew by 107 percent and the number of African-American students grew by 73 percent, almost five times the rate of white students.[8] However, deep racial inequalities persist; nearly all of the enrollment growth among Hispanic and African-American students has occurred at less selective or open-access institutions, where completion rates are generally lower.[9] Postsecondary institutions are likely to see even greater increases in minority enrollment in future years as the proportion of minority high school graduates soars (specifically among Hispanics); by 2020, the Western Interstate Commission for Higher Education projects that "10 states will have majority-minority graduating high school classes."[10]

Community colleges and occupationally-focused institutions are growing in popularity due to their relatively low cost and high accessibility. Forty percent of undergraduates attend community colleges, compared to only 29 percent who attend four-year colleges and universities. Yet these community colleges receive comparatively low financial support from federal, state, and local governments. The average revenue per community college student is less than half of the per-student revenue at four-year colleges ($8,594 versus $16,966, respectively).[11]

Postsecondary institutions are also playing a growing role in a variety of workforce education and training efforts, driven in part by the need to ensure students are prepared for good jobs *and* have a strong academic foundation. In today's economy, postsecondary education is a gatekeeper for entry into the middle class. Employer demand for workers with at least some postsecondary education is expected to remain high, with nearly 65 percent of jobs requiring a postsecondary education by 2020. Moreover, increasing the proportion of U.S. workers with a postsecondary education continues to grow in importance for our national and local economic competiveness.

Cross-program partnerships are strengthening among postsecondary institutions, workforce development, career-technical education, adult education, and other education, training, and human services systems. Many community colleges are Eligible Training Providers under the Workforce Investment Act and some colleges have been partners in welfare-to-work programs and programs targeted to returning veterans and other special populations. In recognition of the growing importance of postsecondary education to achieve economic success, many other states offer adult education services through local community colleges and a growing number administer their state adult education system through the state's postsecondary system.

The changing face of higher education requires a bold rethinking of federal higher education policy to ensure that America's postsecondary education system has what it takes to educate an increasingly diverse student body while accommodating the needs of a rapidly-shifting labor market. The recommendations that follow are CLASP's preliminary considerations; in the coming months, we will be further developing a more detailed set of recommendations.

Principles Guiding Higher Education Reform

Despite the immediate challenges facing students, we understand that reforms should be carefully thought through, particularly during a time of growing innovation and research on how to most effectively address the unique needs of an ever-diversifying student population. Accordingly, CLASP has developed principles for guiding choices for reauthorization of the Higher Education Act.

First, the goal of federal higher education policy should be to increase educational and economic opportunity for all students—with a priority for low-income, underrepresented populations who cannot access and afford postsecondary education without federal assistance. *Second*, federal student financial aid reforms should preserve—and even enhance—the original purpose of these programs: to increase access. Student success and completion are worthy additions but should be pursued in ways that do not undermine access. *Third*, reform proposals should be evidence-based, with data backing the need for change and showing that proposed changes will help, not hurt, needy students. In cases where limited evidence exists, proposals should be piloted or modeled to best understand the impact on students, especially low-income students and their families.

Our attached recommendations for the Committee focus on empowering students as consumers, making grant and loan programs more flexible and responsive, increasing affordability, and promoting innovation. We have also developed detailed proposals to simplify and better target higher education tax credits to low-income students and families, while improving their effect on college access and completion. While outside the jurisdiction of this Committee, tax-based student aid presently accounts for more than half of non-loan student aid ($34 billion) and could be better leveraged as a vehicle for improving college access among low-income students. For our detailed recommendations on higher education tax credits, see:
http://www.clasp.org/admin/site/documents/files/CLASP_WaysMeansMemo.pdf.

Thank you again for the opportunity to provide you and the Members of the Committee with our recommendations.

Sincerely,

Julie Strawn
Senior Fellow

Marcie Foster
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Empower Students as Consumers in Higher Education

Our comments below for improving postsecondary performance metrics are based on the research and analysis in a recent CLASP report, *Reforming Student Aid: How to Simplify Tax Aid and Use Performance Metrics to Improve College Choices and Completion*. The report includes both legislative and administrative recommendations; below, we include only the recommendations that would require legislative action, presumably through the reauthorization of the Higher Education Act. For our full recommendations on higher education performance metrics, see: http://www.clasp.org/admin/site/documents/files/Final-RADD-WhitePaper-Feb-2013.pdf.

Recommendation 1: Expand public reporting of institutional measures of affordability, student progress, and credential completion.

Currently data systems and reporting requirements are not structured appropriately to aid consumers and policymakers in understanding how well institutions perform across key metrics, including metrics on access and completion for low-income students. We support expanding the collection and public reporting of student outcome, financial aid, and debt data that students, parents, and policymakers need to make informed decisions. This could be achieved by modifying existing institutional reporting and disclosure requirements under the Higher Education Act to implement expanded public reporting that includes the addition of some new measures and shifts some existing measures from institutional disclosures to reporting requirements through IPEDS (see Recommendation 2). Specifically we suggest:

- Require expanded reporting by institutions to address data gaps for measuring access and success for low-income students, including key measures of *institutional access and affordability*; *interim measures of student progress*; and reporting of *credential and degree attainment rates*, using both the current definition of these rates and an expanded student cohort along the lines of the Committee on Measures of Student Success.

- Expanding the role for the Department of Education and the National Center for Education Statistics, including the development of common definitions and data elements and the development of comparable information on these measures. These results should be made publicly available for currently reported subcategories of students, such as gender and race/ethnicity, and for Pell Grant recipients and by enrollment status.[12]

Recommendation 2: Require public reporting of important information that is now only required to be disclosed on request and find more cost-effective ways to comply with reporting requirements.

Currently consumers and policymakers lack critical data needed to understand how well institutions perform on access and completion, especially for low-income students. For example, the Education Sector and the American Enterprise Institute surveyed 152 public and private four-year colleges and universities to assess the availability of required information under the Higher Education Act.[13] The central finding was that "[t]he large majority of colleges are in total noncompliance with some of the most widely cited provisions of HEA: those meant to focus attention on the struggle of low-income students to graduate from college." This included provisions for collecting and reporting such data elements as the graduation rate for Pell Grant recipients, for which only 25 percent of sample institutions had publicly available information. Some type of employment placement information was provided by 67 percent of the institutions, but this largely consisted of "anecdotal information about the jobs and employers of recent graduates" for about 11 percent of the institutions. We recommend converting some disclosure requirements to reporting requirements, while also finding more cost-effective ways for institutions to comply with these increased requirements. Specifically, we suggest:

- Modifying Higher Education Act requirements, changing to reporting requirements certain elements currently included as disclosure requirements. This would include, at a minimum, Pell Grant graduation rates, transfer policies, and data on cost.

- Requiring a full review of all existing Higher Education Act reporting and disclosure requirements by the Department of Education, including input from institutions, the research community, and consumers, resulting in a report to Congress with recommendations for streamlining and simplifying these requirements.

- Exploring, through the Department of Education, technical options for institutions to report required data in a more cost-effective manner than the current IPEDS process. This might include the option for institutions to replace some portion of the summary reporting requirement by submitting student-level data to a national clearinghouse, such as the National Student Clearinghouse. Another alternative would be for Congress to replace IPEDS entirely with a national student unit record system, which would eliminate the need for IPEDS; facilitate the inclusion of employment and earnings data in consumer information; lift much of the reporting burden from colleges; and solve a myriad of issues that arise from an institution-based postsecondary data system.

We also encourage the Department to explore the possibility of breaking out key data by enrollment status over time, including students who attend always full-time, attend always part- time, and who have mixed enrollment status. A recent study by the National Student Clearinghouse of nearly two million undergraduates found that more than half (51 percent) attended a mix of full and part-time over a six-year period, while just 7 percent attended exclusively part-time. These data highlight how problematic it is to group students in IPEDS by their enrollment status at enrollment, as for half of those students that initial enrollment status does not accurately describe their attendance over time.

The additional reporting requirements would enable the development of better profile information for colleges along the lines of the NCES *College Navigator* site or the *College Portrait of Undergraduate Education* developed for colleges participating in the Voluntary System of Accountability. Further, these improved profiles would include results for types of students that frequently encounter difficulty persisting in college and completing a credential. Such profile information should be provided through well-designed web interfaces that have multiple paths to information that also allow users to avoid extraneous material, while drawing their attention to important contextual elements.

Recommendation 3: Require states to gather and disclose aggregate student employment and earnings for all programs of study.

Students need access to information about their potential future employment and earnings so that they can shop around for the programs that best meet their goals and provide the greatest value. Access to reliable and usable labor market information is a critical unmet need for all students, but it is particularly critical for low-income students and first-generation college goers. According to the 2012 Higher Education Research Institute's survey of freshman at bachelor's-degree-granting institutions, employment and earnings prospects ranked highly as some of the primary reasons they chose to go to college. The vast majority—88 percent of freshmen—cited "to be able to get a better job" as a "very important" reason for deciding to go to college; 79 percent cited "to get training for a specific career"; and 74 percent cited "to be able to make more money".[14]

While nearly all students desire to improve their financial and employment future, students who are the least likely to attend college due to socioeconomic barriers are the most likely to benefit from it in terms of subsequent earnings.[15] Andrew Kelly and Mark Schneider found that when parents were “provided with graduation-rate data, 15 percent switched their preference to the school with the higher graduation rate.”[16] In addition, these effects were stronger among parents with lower educational attainment levels and lower incomes. A review of focus group studies of how students select colleges found that low-income, first-generation students “tend to focus on a single college or two, primarily due to cost considerations and the fact that their grades and test scores limit their choices.”[17] For these students, having program-level data is especially important because it may help them expand the range of program and institutional options they explore.

Each of these research findings supports the idea that providing better employment and earnings data to students and parents will improve the ability of students to select programs and colleges that best meet their needs. Despite this, the availability of high-quality, comparable data on labor market results at the institution and program levels is very limited. Congress has two principle options for addressing this:

- Encourage states to gather and disclose aggregate student employment and earnings for all programs of study. Continue funding of State Longitudinal Data System grants to encourage states to develop a common definition of postsecondary program enrollment and standardized collection of data on certificate and degree attainment, so that students enrolled in and successfully completing programs of study can be identified in a comparable manner. Congress could also build on existing Workforce Data Quality Initiative grants to require inclusion of UI earnings data as part of longitudinal student records accessible through the State Longitudinal Data System. Congress should include language in the appropriations for the Departments of Education and Labor, specifically authorizing access to cross-state UI earnings data, notwithstanding other provisions of law. States could be required to submit these aggregate results to the Department of Education for use by NCES to expand institutional-level profile information to include employment and earnings results for all occupational programs of study (not just certificate programs) and for all students, including those who complete a credential or degree and those who do not.

- Create a national student unit record system and match education outcome data with employment and earnings data, broken out by institution and program. It would be possible to have a national student unit record system that allows the matching of student-level education and employment and earnings data while protecting individual and employer privacy. Congress would have to act to remove the current bar on such a system; if it did so, the process of producing usable consumer information on labor market outcomes would be far easier than under a state-based system. A national student unit record system could facilitate matching with Social Security Administration earnings data along the lines of what was done to support the gainful employment requirements, providing more complete and more comparable coverage of earnings results.

Lastly, while we support the use of employment and earnings data to support better consumer information, at this time, we do not support the use of these data to determine funding levels or institutional eligibility for federal student aid. Such a proposal would require a more careful consideration of the unintended consequences of such reforms, specifically on access for underrepresented students and those at a higher risk of non-completion.

Simplify and Improve Grant and Loan Programs to More Flexibly Respond to Low-Income and Non-Traditional Student Needs

Recommendation 4: Allow the use of income from the second prior year ("prior prior year") to serve as the basis of student (or student family income).

With the introduction of the IRS Data Retrieval Tool, students and parents can now import through the IRS from their filed tax returns much of the data needed to complete the FAFSA. This has several benefits: it saves families time, it increases accuracy, and it reduces the chances of a family's application being selected for verification. However, timing is an issue since it can take as long as 8 weeks (for mailed returns; 3 weeks for electronically filed ones) after filing for tax return data to become available through the Retrieval Tool. Financial aid applications frequently must be submitted early in the year, well before tax returns are due, either because of scholarship deadlines or because aid is awarded on a first come, first served basis (as is common with state grant programs). Consequently if families do not receive very early in the year all the information needed to complete their tax returns, from employers and other sources, they cannot file in time to be able to use the Retrieval Tool.

Many more aid applicants could likely use the IRS Data Retrieval Tool if they were allowed to use "second prior" year tax data (the tax year from two years before enrollment), but currently the Department of Education only has the authority to allow this within the narrow context of a demonstration project.

CLASP recommends giving families the option of using second prior year tax data when filing the FAFSA and allowing them to use the IRS Data Retrieval Tool to import that data.

Recommendation 5: End the taxation of Pell Grants as income.

Currently students can apply Pell Grants to any of the expenses associated with attending college, including direct costs like tuition, fees, and books, and indirect costs, such transportation, housing, or food. Confusingly, however, when students use Pell Grants for direct costs, that portion of their grants is not taxed but when they use Pell to cover indirect educational costs, such as transportation, food, or housing, then suddenly that portion of the grant becomes taxable income. This is true even though the Pell Grant award they receive is intended to cover those costs, which are included in their student budgets as determined by the college and included in the federal definition of the cost of attendance.

Given the magnitude of unmet financial need and student indebtedness we described earlier, it makes no sense to award low income students financial aid through one arm of the federal government and take it away with another. Ending the taxation of Pell Grants would simplify the tax code and better align federal efforts to aid low income students across the grant and tax systems.

Recommendation 6: Restore the income eligibility for determining an "automatic zero" estimated financial contribution under the simplified needs test.

A student qualifies for an automatic zero estimated financial contribution (EFC) if her (or her parent's) income is $24,000 or less (for the 2013-2014 academic year) *and* she (or her family) meets other eligibility requirements (e.g., receipt of selected public benefits or use of a simplified tax form). Qualifying for an EFC of zero would likely result in the highest maximum grant aid for a given cost of attendance because, by definition, the student would be deemed unable to provide any financial resources to her college education. Depending on the student's cost of attendance, this amount could still be below the maximum Pell grant.

This qualifying maximum income limit for determining an automatic zero EFC was recently lowered with little opportunity for debate to $23,000 (for the 2012-2013 academic year) from $32,000 as part of the *Consolidated Appropriations Act of Fiscal Year 2012.* Lowering the income maximum threatens access to student aid and postsecondary education for low-income students by overestimating the resources available to needy families and thereby reducing their potential grant aid. This change is targeted at the most vulnerable and low-income students. An income of $32,000 is already below 150 percent of the poverty level for a family of four; these families often struggle to meet even basic living expenses. Such truly needy students should be able to rely on a full Pell Grant to help them meet college costs while preventing reliance on student loan debt or working excessive hours while in college, which can threaten completion.

CLASP recommends restoring the provisions of the *College Cost Reduction and Access Act* that would reestablish the automatic zero EFC maximum income limit at $32,000 and allow this amount to increase annually with inflation.

Recommendation 7: Use "negative expected family contribution" in the need analysis so that low-income students can document the full extent of their financial need, and provide additional Pell aid to the neediest students to meet the cost of attendance, up to a cap of $750.

Currently all students whose assets and income fall below the levels set as necessary for their indirect educational expenses are considered to have an expected family contribution of zero. The problem is that some of these students may earn $20,000 while others may earn $5,000, yet on paper their financial need—the cost of attendance minus their expected family contribution—looks the same.

We recommend using the negative EFC concept to provide a way of distinguishing the neediest students among those with zero EFC by documenting the true gap between a student's resources and direct and indirect educational costs of attendance. This is important for purposes of packaging aid from different sources. In addition, this proposal would allow for additional Pell aid up to $750 to be awarded to help fill that gap. For instance, a student who qualified for the maximum Pell grant and had a negative EFC of $750 would have a total Pell grant of $5,550 plus $750, or $6,300. In no case, however, could the Pell award exceed the cost of attendance.

Recommendation 8: Increase the semester cap on Pell Grants to ensure students have access to Pell throughout the entire course of their program of study and to better align with Satisfactory Academic Progress (SAP) requirements.

As part of the *Consolidated Appropriations Act of Fiscal Year 2012*, the lifetime limit for the receipt of a Pell grant was reduced from 18 semesters (9 years) to 12 semesters (6 years). This has a detrimental effect on all students, but particularly low-income students seeking four-year degrees. While many low-income students attend shorter-term certificate or associate degree programs, this may not be their terminal point. Over one-quarter (26 percent) of students who begin at two-year colleges transfer to a four-year institution within five years.

The 12 semester cap on Pell Grants does not currently align with SAP requirements, which students are required to meet throughout their enrollment as a condition of receiving federal financial aid. Satisfactory academic progress guidelines allow for aid eligibility up to 150 percent of program length. For a student in a full-time program taking 12 credits per semester, this equates to 7.5 years. Under the newly-instated Pell semester cap, a full-time, low-income student would only be eligible for 6 years, leaving significant unmet need in their final years of study and threatening their completion.

CLASP recommends increasing the semester cap on Pell Grants to ensure students have access to the financial resources they need throughout their entire course of study, while aligning with the existing SAP requirements.

<u>Recommendation 9:</u> Consolidate student loan repayment plans and link repayment to the ability of a student to repay their loans while preserving adequate resources for living expenses.

Due to the high cost of college and growing unmet need, students are increasingly turning to student loans to pay for college and related expenses. The average loan amount is also growing and collectively, our country's student loan indebtedness has surpassed consumer credit debt. More than half of undergraduate students now take out federal student loans; two-thirds of students graduate with an average of $26,600 in debt.[18] Many of these students struggle to make payments on their loans almost immediately. Nearly 14 percent of students default on their student loans within 3 years.[19] Reasons for the high default rate include a still-recovering labor market, persistently low wages, and lack of awareness about affordable student loan repayment options.

The federal government has taken steps to reduce the crushing burden of debt among student borrowers by developing several income-based repayment options, but these solutions are not well-known and overly complex. Specifically, there are four income-based repayment plans which limit loan payments based on the student's income. However, few students are reached by these programs; only 1.5 million of the 38 million federal student loan borrowers are enrolled in income-based repayment options.[20]

Congress should make student loan repayment simpler and more transparent by consolidating the overly complex student loan repayment programs into fewer, easy to understand options. These options should be entirely based on a student's income or ability to pay, which could be automatically determined based on available wage and unemployment data.

<u>Recommendation 10:</u> Revise the Federal Work Study (FWS) Formula and Align Work Placements with Student Field of Study.

Nearly $1 billion is provided to colleges annually though the Federal Work-Study (FWS) program in exchange for those institutions providing subsidized employment to enrolled students. In theory, FWS funding is a valuable source of campus-based aid for low-income students who need additional resources to meet their financial obligations for books, tuition, and other living expenses. Yet in practice, the majority of FWS funding goes to students who are not low- income—indeed 20 percent goes to families with incomes over $100,000—and who attend private, relatively wealthy institutions.[21]

In addition, current law requires colleges to align jobs provided with FWS funds with the students' course of study "to the maximum extent practicable,"[22] though most FWS placements are campus-based and provide few career-specific learning opportunities. Providing work experience aligned to a student's course of study could offer the dual benefit of providing income and boosting their future employment prospects by connecting them with local employers in their field of study.

We recommend reforming the Federal Work-Study program to better target aid to low-income students. Reforms could include distributing FWS funds based on the extent to which an institution serves low-income or Pell-eligible students instead of basing allocations on institutional longevity in the FWS program, as is done now. We also recommend better leveraging the FWS program to provide meaningful, industry-relevant employment in a student's field of study. This could include eliminating the 25 percent cap on private sector employment and phasing in stricter requirements that placements are related to a student's field of study. (Current law only requires placements to align with coursework and vocational goals “to the maximum extent practicable.”)[23] These FWS reforms would help low-income, working students better balance work and school and help small employers retain good workers who are motivated and invested in their education. CLASP will be expanding upon this recommendation further in the coming months.

Increase College Accessibility and Affordability for Low-Income, Disadvantaged Students

Recommendation 11: Restore eligibility for federal student aid for students who do not have a high school diploma or equivalency but are able to demonstrate their “ability to benefit” from postsecondary education by passing a federally-approved assessment or completing at least 6 credit hours that are applicable toward a degree or certificate.

As of July 1, 2012, newly-enrolled college students without a high school diploma or secondary school equivalent are no longer eligible for federal student aid, due to the elimination of the “Ability to Benefit” (ATB) options by Congress through the passage of the *Consolidated Appropriations Act of Fiscal Year 2012*. Previously, students without a high school diploma or secondary school equivalent could become eligible for federal financial aid by demonstrating their readiness for postsecondary education by either passing a skills test or successfully completing six college credits. Students who qualified under either of these options were eligible to receive student financial aid (depending on their further income eligibility) for the remainder of their college certificate or degree program.

The loss of ATB has threatened the economic mobility of low-skilled adults and youth seeking postsecondary credentials to improve their job prospects. Forcing students who can benefit from college now to sequentially earn a high school equivalency and only then, a postsecondary credential, drags out their educational pathway, prolonging their time to degree and access to good wages to support their families. Furthermore, it is disproportionately harmful to low-income, first generation, and minority students. An estimated 31 percent of ATB students are Hispanic and 19 percent are Black–compared to 14 percent of all undergraduates who are Hispanic or Black.[24] And finally, it also inhibits college innovations aimed at accelerating the path to completion, such as career pathway and basic skills bridge strategies.[25]

Congress should swiftly and fully restore ATB through HEA reauthorization, while exploring opportunities to partially or fully restore ATB provisions for select students or programs of study prior to reauthorization. Efforts have already been made in the Senate to re-instate ATB for students in eligible “career pathways programs,” an educational model which has been found to improve certificate and degree completion rates among students who begin their college careers with low basic skills.

Recommendation 12: Reduce the “work penalty” for low-income students by expanding—or at minimum, preserving—the income protection allowance.

In the last several budget cycles, policymakers and outside experts have made numerous proposals to reduce Pell Grant expenditures and the federal deficit. Nearly all of the proposals would have disproportionately harmed non-traditional students, including those who work and attend school part-time. One such proposal was to decrease the Income Protection Allowance (IPA) levels for independent students (and the incomes of dependent students) in the federal student aid needs analysis formula. The IPA is the amount of income a student or family can keep to cover minimal living expenses before being expected to contribute toward college costs. According to one student aid expert, it is “a modest allowance for basic living expenses. It barely addresses well-body care.”[26]

Rolling back IPA levels would require already very low-income students to use a greater share of their earnings to pay for the cost of college and related expenses, as calculated by their EFC. This increase in a student's EFC would result in a reduction of their federal aid eligibility. For the typical low-income working, independent student with no dependents, this could result in a loss of nearly half his or her Pell Grant.[27] Over 98 percent of independent community college students in the bottom three income quintiles already have significant unmet need not covered by grants or other student aid.[28]

To avoid penalizing students who must work while enrolled in school, we recommend expanding—or at minimum preserving—the income protection allowance.

<u>Recommendation 13:</u> Preserve continuous student aid eligibility for students who mix enrollment over the course of their college program, including when they attend less-than-half-time.

A growing proportion of undergraduate students must work while they are in college. In 2008-2009 (the last year for which data are available), 64 percent of dependent students and 88 percent of independent students worked 20 hours or more per week. Working while in school may require periods of reduced enrollment, including attending part-time or less-than-half-time. In fact, more than half of undergraduate students mix full and part-time enrollment status over the course of their program; only 7.2 percent attend exclusively part-time. Grants during these periods of lower enrollment intensity help these students keep momentum and avoid dropping out entirely due to financial circumstances.[29] According to a Department of Education analysis of student paths from high school to college, continuous enrollment "proves to be overpowering: with 16 other variables in play, continuous enrollment increases the probability of degree completion by 43 percent."[30] More recent research from the Community College Research Center supports this conclusion, finding that students who maintain "consecutive enrollment" are more likely to complete a credential. Importantly, the report also finds that the frequency with which a student switches between part-time and full-time enrollment "does not appear to be detrimental."[31]

Congress should preserve student aid for those who attend a mix of full and part-time while in school, thereby supporting national college attainment goals and helping more low-income, working students earn postsecondary credentials.

<u>Recommendation 14:</u> Allow students to receive aid more flexibly for year-round study, enabling them to respond to changing family and life circumstances or accelerate their studies.

Another damaging change that was made as a result of the passage of the *Consolidated Appropriations Act of Fiscal Year 2012* was eliminating the ability to award two scheduled Pell grants in one academic year (commonly referred to as "summer Pell"). This provision previously allowed students to use their financial aid awards more flexibly and continuously throughout their program, even if they chose to take courses over the summer term. Removing the option for a more flexible Pell grant had a significant impact on students who must work while in school, who must adapt to changing family and life circumstances, or those who may be interested in accelerating their course of study and obtaining employment more quickly.

Enrolling in a summer term improves a student's ability to complete their program and enter or advance in the labor market more quickly, yet low-income, working students are rarely able to cover the cost of a summer term without access to grant aid. As stated previously in these comments, research has shown that continuous enrollment is associated with higher degree completion.[32] We recommend restoring access to year-round Pell, without the administrative complexity of the original provision, and thus enabling more low-income and working students to earn credentials quickly and on a schedule that can accommodate family responsibilities and changing life circumstances. Congress should explore eliminating the need to re-file the FAFSA annually for recipients who enroll continuously at the same institution.

<u>Recommendation 15:</u> Require that students who submit a FAFSA are made aware of public benefits for which they may be eligible through college financial aid award letters.[33]

Over 98 percent of independent community college students with incomes in the bottom three quintiles had unmet need in 2007-2008.[34] Moreover, a growing proportion of undergraduate students are either independent (47 percent), parents (23 percent), or low-income (40 percent) and may be eligible for other benefits to help them meet this unmet need.[35] Studies show that some public benefits programs are not being used by all of those who are eligible to receive them, and colleges could play a role by helping students learn about and apply for these benefits. Needing to fill the financial need gap can lead to students working more or reducing their course load so they can make ends meet. This need to increase work while in school can threaten college completion for students. A 2009 survey of young adults (ages 22 to 30) found that 71 percent who had left college without a credential cited the need to "work and earn money" as one reason. Fifty-four percent listed this as a "major reason."[36]

Congress should explore proposals that encourage institutions and the federal government to make students aware of the benefits for which they may be eligible. Such efforts could improve college completion and reduce unmet need among the most vulnerable students. Strategies to increase awareness could include requiring that federal aid award letters include a sentence that encourages students to apply for any public benefits for which they may be eligible, including the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Medicaid or the Children's Health Insurance Program (CHIP), Individual Training Accounts through the Workforce Investment Act, Unemployment Insurance, and Trade Adjustment Assistance. Institutions could provide or refer students to sites that offer free tax preparation and ensure they receive the Earned Income Tax Credit (EITC), the Child Tax Credit, and appropriate education tax credits including the American Opportunity Tax Credit or Lifetime Learning Credit, if eligible.

Promote Innovation to Increase Student Completion Rates and Enable Students to Accelerate their Path to a Degree or Certificate

<u>Recommendation 16:</u> Support the growth of educational models that help low-skilled, working students complete postsecondary credentials and secure good jobs.

More than 60 percent of community college students are referred to at least one developmental education course upon enrolling in college, with many students being referred to a full sequence of three to five courses.[37] Yet recent research shows that prescribing long sequences of developmental education may actually be hindering student progress rather than successfully preparing students to transition to college-level work. Instead, new evidence from the Community College Research Center (CCRC) points to the success of models that "bridge" directly to specific occupational certificates and degree programs through contextualized curriculum and intensive counseling and advising for students. Students in these programs are able to begin their credit-bearing course of study while simultaneously brushing up on basic reading, writing, and math skills. The use of these "bridge" models has also grown in the adult education system. Washington State's adult basic education integrated education and training model, I-BEST, has received national acclaim, with evaluation results finding that that I-BEST students are 56 percent more likely to earn college credit than regular adult education students and 26 percent more likely to earn a certificate or degree.

We recommend requiring the Department of Education to provide technical assistance and grants to institutions that explore these innovative models for increasing the rate at which low-skilled students transition to postsecondary education and complete certificates and degrees.

<u>Recommendation 17:</u> Pilot a national, voluntary Compact for College Completion for students and colleges.

An ever-growing body of research has found that need-based grant aid increases access and persistence among undergraduate students. But financial aid combined with other interventions—such as innovations in course delivery, curriculum or instruction, learning communities, financial incentives, extra academic support and advising, emergency transportation or child care aid, and others—may have an even larger effect.[38]

The Compact for College Completion would be designed to maximize the impact of these promising strategies that have been shown to contribute to higher completion rates. The Compact would provide additional funds and national recognition to students and colleges that agree to partner with the federal government on increasing completion. While the scope of the initiative would depend on available funding, the intent is to pilot the Compact for College Completion with a large number of students within selected colleges to increase the impact on each institution as a whole. Only students at Compact colleges would be eligible.

Compact partner roles and responsibilities could include:

- The **federal government** would provide grants to students—Compact Scholars—and funding to colleges. It would also facilitate technical assistance to share research and promising practices among Compact colleges. The Department of Education would monitor the extent to which each college is fulfilling its responsibilities as a member and would explore the feasibility of a rigorous evaluation of the pilot's effects on the completion rates of Scholars, including making recommendations for modifications in the design of the Compact that might be necessary for measuring results.

- **Students** (College Compact Scholars) would receive national recognition and a $500 per semester Compact Scholarship, as long as they remained continuously enrolled in college (whether full-time or part-time and excluding summers) and meet satisfactory standards for academic progress. Students who enroll in and make progress in a program of study within the first two years of college would be eligible to receive an additional Success Bonus of $500. Scholars would have to be enrolled in a Compact college, be income-eligible for Pell Grants (even if not eligible for other reasons), and have financial need as determined by the FAFSA. Student participation in the Compact could begin any time after the first semester of college.

- **Colleges** that join the Compact would receive $500 each semester for every Compact Scholar enrolled at the institution and an additional $500 completion bonus for every Scholar who ultimately completes. As a condition of receiving funds, colleges would implement evidence-based approaches to improving completion for Scholars. This funding structure rewards colleges for keeping Scholars continuously enrolled, for their progress, and for their completions. Compact Colleges would also track the progress of Scholars, provide regular feedback to them on their performance, and compare their progression and outcomes with cohorts of similar students.

Funding for the Compact could be found in revenue savings that result from simplifying existing tax-based student aid, as proposed in CLASP's 2013 report *Reforming Student Aid* and the scope of the pilot could be adjusted to fit available funding.

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