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CENTER FOR LAW AND SOCIAL POLICY

May 28, 2005

The Honorable Mike Enzi
Chairman
Committee on Health, Education, Labor and Pensions
United States Senate
428 Dirksen Senate Office Building
Washington, DC 20510-6300

Dear Chairman Enzi:

Thank you for seeking recommendations regarding the reauthorization of the Higher Education Act (HEA). These recommendations are submitted on behalf of the Center for Law and Social Policy. We are a nonprofit organization engaged in research, analysis, technical assistance, and advocacy on issues affecting low- and moderate-income individuals and families. We approach higher education issues from the perspective of working adults and older youth, based on our long experience at the federal, state, and local levels in workforce development and welfare reform.

As you know, workforce education and other postsecondary programs are critical for career advancement, and postsecondary institutions, such as community colleges, are the largest providers of workforce education in the country. In fact, federal student aid is the principal source of federal funding for workforce education, far larger than the Workforce Investment Act and other traditional job training programs. Yet current higher education policies and funding streams at the federal, state, and local levels often do not support the workforce education role of postsecondary institutions or meet the needs of the nontraditional students typically enrolled in occupational programs, particularly working adults and older youth who are on their own financially.

The attached recommendations have three primary goals—

- To help more working adults and other nontraditional students enroll in and complete postsecondary programs by offering greater financial and other support;
- To help colleges in their critical workforce development role by promoting innovation in program content and delivery; and,
- To simplify the aid application process and increase aid to the neediest students.

Thank you again for the opportunity to provide you with our recommendations.

Sincerely,

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SUMMARY OF RECOMMENDATIONS

<u>Recommendation</u>	<u>Page</u>
UPDATE FINANCIAL AID POLICY TO HELP WORKING ADULTS AND OTHER NONTRADITIONAL STUDENTS	
1. Reduce the “work penalty” by allowing independent students to keep a greater share of their earnings when determining federal financial aid awards.	4
2. Pilot additional Pell grant aid to low-income students who temporarily attend less than half time by including indirect educational costs, prorated appropriately, linked to services that help them succeed.	6
3. Pilot providing grant aid to low-income students pursuing postsecondary education in compressed or modular formats.	7
4. Pilot allowing students who attend full-time and who wish to accelerate their studies to receive a second Pell grant to attend summer school.	8
5. Allow individuals who lack high school credentials to prove their readiness for college and qualify for federal financial aid by successfully completing six credits in lieu of taking an “ability to benefit” test.	12
6. Remove the perverse disincentive for states or colleges to set affordable tuition levels by eliminating the Pell “tuition sensitivity” provisions.	13
HELP COLLEGES MEET BUSINESS WORKFORCE NEEDS	
7. Provide Business Workforce Partnership grants to colleges to strengthen ties between for-credit course offerings and business workforce needs, and to make occupational programs more accessible to lower skilled workers.	14
8. Provide Bridges from Jobs to Careers grants to colleges to increase access to and completion of occupational credentials for lower skilled workers through bridge programs and other innovations in remedial education.	16
9. Launch a media and outreach campaign to help employers and working adults become aware of the availability of federal financial assistance for workforce education and other postsecondary education opportunities.	18

EXPAND SUPPORTS THAT HELP NONTRADITIONAL STUDENTS SUCCEED	
10. Increase minimum grants and funding for Student Support Services (part of TRIO) and focus new funding on effective practices for first year students, such as support centers, a structured set of first-year services, and assigned counselors for more consistent and personalized contact.	19
11. Expand funding for CCAMPIS (Child Care Access Means Parents in School) to increase availability of on-campus child care for students who are parents.	20
SIMPLIFY AID APPLICATION PROCESS AND EXPAND AID TO NEEDIEST STUDENTS	
12. Exclude the Earned Income Credit (EIC) from financial aid determinations.	21
13. Automatically allow dislocated workers to use estimated current year income when applying for federal financial aid.	22
14. Develop a check-off box on the Free Application for Federal Student Aid (FAFSA) for recipients of certain federal, state or local means-tested benefits, who have already proven financial need, to allow them to automatically qualify for the maximum Pell and a zero Expected Family Contribution.	23
15. Restore the concept of “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.	24
PREVENT FRAUD AND ABUSE WHILE ALLOWING INNOVATION	
16. Undertake a thorough, nonpartisan study of the effectiveness of current HEA policies put in place to prevent fraud and abuse. Determine which policies work and should be retained; eliminate those that are not needed and which may block innovation; report on the extent to which students continue to be victimized; and, recommend new options for preventing these problems.	25

Recommendation 1: Reduce the “work penalty” by allowing independent students to keep a greater share of their earnings when determining federal financial aid awards.

Issue: Nontraditional students such as working adults and older youth who are on their own financially typically need to support themselves and their families while in college. The Income Protection Allowance (IPA) is meant to allow students to keep enough of their earnings for basic living expenses but is currently set at unrealistically low levels. For example, an independent student without dependents is currently allowed to keep only about \$5,300 before his or her earnings reduce the financial aid award. This recommendation increases the IPA to more realistic levels for independent students. (The amounts below are taken from Senator Reed’s bill S. 1030, which has bipartisan support.)

Legislative language:

Title IV-Part F-Page 64

INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE- Section 476(b)(1)(A)(iv) of the Higher Education Act of 1965 (20 U.S.C. 1087pp(b)(1)(A)(iv)) is amended to read as follows:

- `(iv) an income protection allowance of the following amount (or a successor amount prescribed by the Secretary under section 478)--
 - `(I) \$10,000 for single or separated students;
 - `(II) \$10,000 for married students where both are enrolled pursuant to subsection (a)(2); and
 - `(III) \$13,000 for married students where 1 is enrolled pursuant to subsection (a)(2);'

Title IV-Part F-Pages 69-70

INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE- Section 477(b)(4) of the Higher Education Act of 1965 (20 U.S.C. 1087qq(b)(4)) is amended to read as follows:

- `(4) INCOME PROTECTION ALLOWANCE- The income protection allowance is determined by the following table (or a successor table prescribed by the Secretary under section 478):

`Income Protection Allowance

Family Size	Number in College				
	1	2	3	4	5
2	\$17,580	\$15,230			
3	20,940	17,610	\$16,260		
4	24,950	22,600	20,270	\$17,930	
5	28,740	26,390	24,060	21,720	\$19,390
6	32,950	30,610	28,280	25,940	23,610

Title IV-Part F-Page 73

Section 478(b) of the Higher Education Act of 1965 (20 U.S.C. 1087rr(b)) is amended to read as follows:

- `(b) INCOME PROTECTION ALLOWANCE-

- `(1) REVISED TABLES- For each academic year after academic year 1993-1994, the Secretary shall publish in the Federal Register a revised table of income protection

allowances for the purpose of sections 475(c)(4) and 477(b)(4). The revised table for section 475(c)(4) shall be developed by increasing each of the dollar amounts contained in the table in such section by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 1992 and the December next preceding the beginning of such academic year. The revised table for section 477(b)(4) shall be developed by increasing each of the dollar amounts contained in the table in such section by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 2005 and the December next preceding the beginning of such academic year. The results for both tables shall be rounded to the nearest \$10.

(2) REVISED AMOUNTS- For each academic year after academic year 2005-2006, the Secretary shall publish in the Federal Register a revised income protection allowance for the purpose of section 476(b)(1)(A)(iv). Such revised allowance shall be developed by increasing each of the dollar amounts contained in such section by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 2005 and the December next preceding the beginning of such academic year, and rounding the result to the nearest \$10.'

Recommendation 2: Pilot additional Pell grant aid to low-income students who temporarily attend less than half time by including indirect educational costs, prorated appropriately, when determining grant aid, linked to services that help them succeed.

Issue: Just 3 percent of students attending college less than half time (i.e. taking 1-5 credits, or typically one course equal to one-quarter time enrollment) receive Pell grants, though they are technically eligible. A misperception exists that these students are fundamentally different from other students; yet an Illinois study found that a majority of less than half time students in any semester actually attend half- or full-time the rest of their college careers, averaging 7.6 credits per term. They drop down to less than half time because of interruptions in child care, car problems, or conflicting work schedules. (Illinois now extends aid to these students to help them stay continuously enrolled, and thereby increase persistence and completion.¹⁾

One reason for low Pell participation among less than half time students may be that indirect educational costs are excluded from the need calculation for them. Therefore a less than half time student is not awarded ¼ of what he or she received when attending full-time, but typically receives less or no aid at all. This creates a student aid “cliff” for those who were attending half- or full-time and are forced to drop down to quarter-time status for a semester. This is especially true for students attending low cost institutions for whom indirect costs such as rent and food can greatly exceed direct costs such as tuition and fees.

A 2003 GAO study estimated that if this policy were changed, approximately 13,000 students who now receive no Pell grant would gain on average \$630 each and another 150,000 current recipients would each receive on average \$111 more, a substantial increase considering their current average grant is just \$465.ⁱⁱ The cost to the federal government of including indirect educational expenses would be just \$25 million, a tiny proportion of the approximately \$13 billion spent annually on Pell grants. Our recommendation would limit costs further by 1) applying this policy change only to institutions involved in the Nontraditional Student Success pilot, 2) applying it only to students who have already completed 1 term, and 3) allowing indirect educational costs to be included in determination of the Pell grant award for no more than 3 terms total per student. (This language is adapted from Senator Clinton’s Nontraditional Student Success Act.)

Legislative language: Recommendations 2, 3, and 4 are all part of the legislative language on p. 6 for the Nontraditional Student Success Demonstration.

Recommendation 3: Pilot providing federal financial aid to undergraduate students pursuing postsecondary education in compressed or modular formats.

Issue: Nontraditional students, such as working adults, frequently find it difficult to attend college in traditional schedule formats because of competing demands of work and family. Accordingly, many postsecondary institutions are responding to these students needs by breaking longer college programs into shorter modules or compressing longer programs into shorter, more intensive formats that can be completed as students have time. However, such modules or compressed programs are often then ineligible for financial aid because of their shorter length. This provision would allow modular and compressed programs at degree-granting institutions to be considered eligible programs for financial aid if the program offers at least 300 clock hours of instruction, 8 semester hours, or 12 quarter hours, offered during a minimum of 10 weeks, and the program is articulated with other, longer certificate or degree programs. Certain programs of this length at 4-year institutions are already eligible for financial aid. (This language is adapted from Senator Clinton’s Nontraditional Student Success Act.)

Legislative language: Recommendations 2, 3, and 4 are all part of the legislative language on p. 6 for the Nontraditional Student Success Demonstration.

Recommendation 4: Allow students who attend full-time during the regular academic year and wish to accelerate their studies to receive a second Pell grant to attend summer school.

Issue: Funding summer school at degree-granting institutions would help students complete programs more quickly and make more efficient use of college facilities. This would likely increase completion rates as it would allow students to stay continuously enrolled. In addition, by shortening the overall length of time in school, it would reduce the amount of earnings and work experience students forego while in school. Such foregone earnings are a major barrier for many students, especially independent youth and adults with family responsibilities. This change would also make more efficient use of college facilities, which is especially important now when enrollments are growing and many institutions lack sufficient space. (This language is adapted from Senator Clinton's Nontraditional Student Success Act.)

Legislative language (for Recommendations 2, 3, and 4):

Title IV-Part G-Page 123

Title IV of the Higher Education Act of 1965 is amended by adding a new section 487 as follows and renumbering the succeeding sections accordingly:

SEC. 487. NONTRADITIONAL STUDENT SUCCESS DEMONSTRATION PROGRAM.

(a) PURPOSE- It is the purpose of this section--

(1) to allow demonstration programs that are strictly monitored by the Department to test the effectiveness of providing expanded financial assistance under this title to less than half-time students for not more than 3 terms over the duration of the students' course of study, to students in compressed or modular schedules, and to students accelerating their studies by attending summer school;

(2) to increase graduation rates of nontraditional students by enabling these students to stay continuously enrolled during periods when the nontraditional students must temporarily attend college less than half-time;

(3) to increase graduation rates of nontraditional students by enabling these students to enroll in programs with compressed, modular, or other alternative schedules that allow the nontraditional students to better balance work, family, and school; and,

(4) to increase graduation rates of nontraditional students by enabling them to accelerate their studies and complete programs more quickly through enrollment in summer school.

(b) DEMONSTRATION PROGRAM AUTHORIZED-

(1) **IN GENERAL-** In accordance with the provisions of subsection (d), the Secretary is authorized to select institutions of higher education, systems of institutions of higher education, or consortia of institutions of higher education for voluntary participation in the Nontraditional Student Success Demonstration Program. Such program shall provide participating institutions, consortia, or systems with waivers, as described in paragraph (2), that provide the ability to offer expanded financial assistance--

(A) to less than half-time students who have completed not less than 1 term of coursework, for not more than 3 terms over the duration of the students' course of study; and

(B) to students enrolled in programs with compressed, modular, or other alternative schedules.

(2) WAIVERS-

(A) **LESS THAN HALF-TIME STUDENTS-** The Secretary is authorized to waive, for any institution of higher education, system of institutions of higher

education, or consortium of institutions of higher education participating in the Nontraditional Student Success Demonstration Program, the requirements of section 472 that relate to limiting the definition of the cost of attendance for less than half-time students, especially paragraphs (2) and (4) of such section, with the goal of allowing the institution, system, or consortium to use the same definition of the costs of attendance for less than half-time students as is used for students attending at least half-time.

`(B) COMPRESSED, MODULAR, OR OTHER FLEXIBLE SCHEDULES- The Secretary is authorized to waive for any institution of higher education, system of institutions of higher education, or consortium of institutions of higher education participating in the Nontraditional Student Success Demonstration Program, the requirements of subsection (a) or (b)(1) of section 481, except that no program shall be considered an eligible program under section 481 unless the program-

`(i) offers at least 300 clock hours of instruction, 8 semester hours, or 12 quarter hours, offered during a minimum of 10 weeks; and

`(ii) is articulated with a certificate or degree program of not less than 1 year in length.

`(3) TWO PELL GRANTS IN A SINGLE AWARD YEAR- Notwithstanding any provision of Section 401(b)(6) of this Act, the Secretary shall allow a student to receive 2 Federal Pell grants during a single award year, if--

`(A) the student is enrolled full-time in a certificate or degree program of study at an eligible institution;

`(B) the student completes course work toward completion of a certificate or an associate or baccalaureate degree that exceeds the requirements for a full academic year as defined by the institution; and

`(C) the student is enrolled in an institution that is participating in the demonstration program authorized under this section'.

`(4) ELIGIBLE APPLICANTS -

`(A) ELIGIBLE INSTITUTIONS- Except as provided in subparagraph (B), an institution of higher education, a system of institutions of higher education, or a consortium of institutions of higher education shall be eligible to participate in the demonstration program authorized under this section only if the institution, each institution of higher education in the system, or each institution of higher education participating in the consortium, respectively--

`(i) is eligible to participate in programs under this title; and

`(ii) provides a program for which the institution of higher education awards an associate or bachelor's degree.

`(B) PROHIBITION- An institution of higher education described in section 102(a)(1)(C) shall not be eligible to participate in the demonstration program authorized under this section.

`(c) APPLICATION-

`(1) IN GENERAL- Each institution, system, or consortium desiring to participate in a demonstration program under this section shall submit an application to the Secretary at such time and in such manner as the Secretary may require. An institution, system, or consortium may apply for a waiver of a provision described in subsection (b)(2) (A) or (B), or both.

`(2) CONTENTS- Each such application shall include--

`(A) a description of programs that have characteristics known to be effective for nontraditional students, which will be carried out in support of the waiver, especially programs that provide structured and integrated services, including student financial aid counseling, academic support services, study skills courses, peer tutoring, remedial courses, career advising, English as a Second Language courses, individual mentoring, skills assessment, child care services, and flexible course schedules;

`(B) a description of the statutory and regulatory requirements described in subsection (b)(2) for which a waiver is sought and the reasons for which the waiver is sought;

`(C) in the case of an institution, a system, or a consortium applying for a waiver of a provision described in subsection (b)(2)(A), a description of the less than half-time students to whom such expanded financial assistance will be offered;

`(D) in the case of an institution, a system, or a consortium applying for a waiver of a provision described in subsection (b)(2)(B), a description of the programs with compressed, modular, or other alternative schedules in which students in the demonstration program will be enrolled;

`(E) an assurance that the institution, system, or consortium will offer full cooperation with the ongoing evaluations of the demonstration program provided for in this section; and

`(F) such other information as the Secretary may require.

`(d) SELECTION-

`(1) IN GENERAL- For the first 2 years of the demonstration program the Secretary is authorized to select for participation in the program not more than an aggregate of 200 institutions of higher education, systems of institutions of higher education, or consortia of institutions of higher education. For the third year of the demonstration program authorized under this section, not more than an aggregate of 300 institutions, systems, or consortia, may participate in the demonstration program, if the Secretary determines that such expansion is warranted based on the evaluations and oversight conducted in accordance with subsections (f) and (g).

`(2) CONSIDERATIONS- In selecting institutions, systems, or consortia to participate in the demonstration program in the first or succeeding years of the demonstration program, the Secretary shall take into account--

`(A) the number and quality of applications received;

`(B) the Department's capacity to oversee and monitor the participation of each institution, system, or consortium;

`(C) an institution's, system's, or consortium's--

`(i) financial responsibility;

`(ii) administrative capability;

`(iii) number of matriculated students enrolled less than half-time, or program or programs to be offered with compressed, modular, or other alternative schedules; and

`(iv) ability to offer programs that have characteristics known to be effective for nontraditional students, especially programs that provide structured and integrated services including student financial aid counseling, academic support services, study skills courses, peer tutoring, remedial courses, career advising, English as a Second Language courses,

individual mentoring, skills assessment, child care services, and flexible course schedules; and

`(D) ensuring the participation of a diverse group of institutions, systems, and consortia with respect to size, mission, and geographic distribution.

`(e) NOTIFICATION- The Secretary shall make available to the public and to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and the Workforce of the House of Representatives a list of institutions, systems, or consortia selected to participate in the demonstration program authorized by this section. Such notice shall include a listing of the specific statutory and regulatory requirements waived for each institution, system, or consortium and a description of the students served or the types of alternative schedule courses offered.

`(f) EVALUATIONS AND REPORTS-

`(1) EVALUATIONS- The Secretary shall evaluate the demonstration program authorized under this section on an annual basis. Such evaluations specifically shall review--

`(A) the extent to which each institution, system, or consortium participating in the demonstration program has met the goals set forth in its application to the Secretary, including the measures of program quality assurance;

`(B) the number and types of students participating in the less than half-time demonstration programs and in the alternative schedule programs, including the progress of participating students toward recognized certificates or degrees and the extent to which participation in such programs increased;

`(C) issues related to student financial assistance for less than half-time enrollment;

`(D) issues related to student financial assistance for students in compressed, modular, or other alternative schedule programs; and

`(E) the extent to which persistence or completion increased or decreased for students in the demonstration program as compared to a comparable group of students.

`(2) REPORTS- Not later than 30 months after the first waiver is authorized under this section, the Secretary shall report to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and the Workforce of the House of Representatives with respect to--

`(A) the evaluations of the demonstration program authorized under this section; and

`(B) any proposed statutory changes designed to enhance persistence and completion for students.

`(g) OVERSIGHT- In conducting the demonstration program authorized under this section, the Secretary shall, on a continuing basis--

`(1) ensure the compliance of institutions, systems, and consortia participating in the demonstration program with the requirements of this title (other than the sections and regulations that are waived under subsection (b)(2)); and

`(2) provide technical assistance.'

Recommendation 5: Allow individuals who lack high school credentials to prove their readiness for college and qualify for federal financial aid by successfully completing six credits of for-credit coursework in lieu of taking an “ability to benefit” test. This alternative has proven successful in the U.S. Department of Education’s experimental sites.

Issue: Currently students without a high school diploma or GED can only qualify for federal financial aid if they pass an “ability to benefit” test. Yet experimental pilots conducted by the Department of Education show that students without high school diplomas who were allowed to receive financial aid after successfully completing six credits went on to have higher GPAs and to complete more credits than students with high school diplomas. We support the NASFAA proposal to broaden current ability to benefit policy to allow students without high school credentials the option of demonstrating their ability to succeed through actual academic performance during a trial period in place of taking an ability to benefit test.

Legislative language:

Title IV-Part G-Page 91

STUDENTS WHO ARE NOT HIGH SCHOOL GRADUATES. Amend Section 484(d) to add a new (4) as follows: ...

(4) The student shall be determined as having the ability to benefit from the education or training offered by an eligible institution upon completion of six units of coursework with a grade of not less than C or its equivalent that are applicable toward the awarding of such a degree or certificate.

Recommendation 6: Remove the perverse disincentive for states or colleges to set affordable tuition levels by eliminating the Pell “tuition sensitivity” provisions.

Rationale: Currently states face a disincentive to keep college tuition affordable because if tuition is set below a certain level, students at those colleges cannot receive the maximum Pell grant. This penalizes states that seek to make, or keep, college affordable by taking away federal grant aid as state aid increases through greater tuition subsidies. This cap on Pell awards applies to anyone enrolled in a low-cost institution, regardless of a student’s level of financial need and takes aid away from the neediest students. The Pell grant is intended to enable low-income individuals to attend college and should not discriminate against students who attend low-tuition colleges and yet may face high indirect costs necessary for attending school, such as child care or housing. The law already explicitly includes such indirect educational expenses in what Pell grants and other aid are intended to help cover; yet the tuition sensitivity rule arbitrarily prevents students from receiving the help the law intends. While only one state is currently affected by this provision, more students at low cost institutions in other states are likely to be affected by the tuition sensitivity rule as the Pell maximum grant increases.

Legislative language:

Title IV-Part A-page 2

Strike Section 401(b) paragraph (3).

Recommendation 7: Provide Business Workforce Partnership grants to colleges to strengthen ties between for-credit course offerings and business workforce needs.

Issue: Colleges often lack the “venture capital” to start up new, credit-bearing programs that can respond to business workforce needs because state funding and federal financial aid typically only flow after students are enrolled in programs. College workforce offerings are often created instead on the noncredit, contract training side of the college—but this limits access to these programs (since they are not eligible for financial aid) and limits the ability of workers to earn credits that ultimately will lead to a degree. We recommend creating a federal Business Workforce Partnerships initiative that funds on-campus staff to partner with employers to link credit-bearing college programs to business workforce needs, adapt college offerings to workers’ schedules, map and develop career and educational pathways, expand worksite learning opportunities, and assist students with job placement. (This is similar in intent to the Job Skill Training in High-Growth Occupations or Industries initiative in Senator Dole’s bill S. 1068 which has bipartisan support. Our proposal places greater emphasis on access to a college’s for-credit offerings and on the needs of lower skilled or limited English proficient students.)

Legislative language :

Title III-Part A-page 60

Part A of title III of the Higher Education Act of 1965 (20 U.S.C. 1057 19 et seq.) is amended by adding at the end the following new section 318:

“SEC. 318. GRANTS TO CREATE BUSINESS WORKFORCE PARTNERSHIPS.

(a) **PURPOSE.** — To provide grants to colleges to strengthen ties between college credit offerings and business workforce needs, and expand opportunities for worksite learning.

(b) **AUTHORIZATION OF PROGRAM.**—The Secretary shall award grants, on a competitive basis, to eligible institutions for the purposes of creating Business Workforce Partnerships.

(c) **DEFINITION OF ELIGIBLE INSTITUTION.**—In this section, the term ‘eligible institution’ means an institution of higher education (as defined in section 101(a)).

(d) **APPLICATION.**—An eligible institution seeking a grant under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

(e) **PRIORITY FOR APPLICATIONS FOCUSED ON SERVING NONTRADITIONAL STUDENTS.**—The Secretary shall give priority to applications focused on serving nontraditional students, as defined by one or more of the following characteristics:

- (1) is independent, as defined in Sec. 480(d),
- (2) attends half-time or less,
- (3) delayed enrollment, or
- (4) has dependents.

(f) **PEER REVIEW.**— The Secretary shall convene a peer review process to review applications for these grants and make recommendations to the Secretary on selection of grantees.

(g) **ACTIVITIES.**—An institution that receives a grant under this section may use the grant funds to carry out the following activities:

- (1) Identify high demand occupations in the regional labor market which offer or can lead to high wages;
- (2) Develop linked career and educational pathways for those occupations and related ones;
- (3) Reach out to businesses offering jobs in high demand occupations to identify workforce development needs and explore ways to partner;
- (4) Identify existing college credit offerings or create new credit offerings that prepare students to meet business workforce needs;
- (5) Adapt college offerings to the schedules and needs of working students, such as by creating evening, weekend, modular, compressed or distance learning formats and learning communities;
- (6) Create bridge programs that prepare students with lower skills or limited English proficiency to enter the college offerings identified or created under (4);
- (7) Expand worksite learning opportunities; and,
- (8) Other activities that the institution and the Secretary deem appropriate to carry out the purposes of this program.

(h) **GRANT PERIOD.**—Grants made under this section shall be for a period of at least 36 months and not more than 60 months.

(i) **TECHNICAL ASSISTANCE.**—The Secretary shall contract with a private entity to provide technical assistance to grantees throughout the grant period.

(j) **EVALUATION.**—The Secretary shall conduct an evaluation of the demonstration and disseminate the findings as well as information on promising practices.

(k) **RECOMMENDATIONS.**—Not less than 36 months after the first grant has been awarded, the Secretary shall report to Congress on:

- (1) Changes to the Higher Education Act and related Acts, such as the Perkins Vocational and Technical Education Act and the Workforce Investment Act, that would help create and sustain Business Workforce Partnerships at colleges; and,
- (2) Other changes to the Higher Education Act and related Acts, such as the Perkins Vocational and Technical Education Act and the Workforce Investment Act, that would strengthen the links between business workforce needs, workforce development programs and college credit offerings.

(l) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated to carry out this section \$50,000,000 for fiscal year 2006 and for each of the 5 succeeding fiscal years, of which up to 5% may be used by the Secretary for technical assistance and evaluation.”

Recommendation 8: Provide Bridges from Jobs to Careers grants to colleges to increase access to and completion of occupational credentials for lower skilled workers through bridge programs and other innovations in remedial education.

Issue: According to NCES, about 28 percent of all undergraduates, and 42 percent of those at 2-year public colleges, participate in remedial coursework to improve their reading, writing and math skills. For working adults who need to complete college programs quickly because of competing family and work demands, remediation can take too long and seem disconnected from their career goals. This proposal would provide grants to colleges serving especially high numbers of students needing remediation for purposes of creating bridge programs that improve completion and better integrate remediation with the specific occupational certificate and degree programs that a student is seeking to enter. (This language is adapted from Senator Clinton’s Nontraditional Student Success Act.)

Legislative language:

Title III-Page 60

GRANTS TO CREATE BRIDGES FROM JOBS TO CAREERS.

Part A of title III of the Higher Education Act of 1965 (20 U.S.C. 1057 et seq.) is amended by adding at the end the following:

SEC. 319. GRANTS TO CREATE BRIDGES FROM JOBS TO CAREERS.

(a) **AUTHORIZATION OF PROGRAM-** From amounts appropriated under subsection (k), the Secretary shall award grants, on a competitive basis, to eligible institutions for the purposes of improving remedial education, including English language instruction, to customize remediation to student academic and career goals, and to help students move rapidly from remediation into program courses and through program completion. The grants shall focus in particular on creating bridges to for-credit occupational certificate programs that are articulated to degree programs.

(b) **DEFINITION OF ELIGIBLE INSTITUTION-** In this section, the term ‘eligible institution’ means an institution of higher education (as defined in section 101(a)) in which not less than 50 percent of the institution's entering first-year students are enrolled in developmental courses to improve reading, writing, or mathematics.

(c) **APPLICATION-** An eligible institution seeking a grant under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

(d) **PRIORITY FOR REPLICATION OF PROVEN PRACTICES-** The Secretary shall give priority to applications that propose to replicate practices that have proven effective with adults.

(e) **PEER REVIEW-** The Secretary shall convene a peer review process to review applications for grants under this section and to make recommendations to the Secretary regarding the selection of grantees.

(f) **MANDATORY ACTIVITY-** An eligible institution that receives a grant under this section shall use the grant funds to create bridge programs that customize adult education, English as a Second Language, or developmental education curricula to the content of the certificate or degree programs or clusters of programs in which adult education, English as a Second Language or developmental education students seek to enroll, with particular emphasis on creating bridges to for-credit occupational certificate programs that are articulated to degree programs.

(g) **PERMISSIBLE ACTIVITIES-** An eligible institution that receives a grant under this section may use the grant funds to carry out the following:

- `(1) Design and implement innovative ways to improve retention in and completion of adult education, English as a Second Language, and developmental education courses, including but not limited to enrolling students in cohorts, tutoring, providing counseling and other supportive services, and giving small, material incentives for attendance and performance.
 - `(2) Redesignating class schedules to meet the needs of working adults, through modular, compressed, repeated, or other alternative schedules.
 - `(3) Improving the quality of teaching in remedial courses through professional development, reclassification of such teaching positions, or other means the eligible institution determines appropriate.
 - `(4) Any other activities the eligible institution and the Secretary determine will promote retention of and completion by students attending eligible institutions.
- `(h) GRANT PERIOD.—Grants made under this section shall be for a period of not less than 36 months and not more than 60 months.
- `(i) TECHNICAL ASSISTANCE.—The Secretary shall enter into a contract with a private entity to provide such technical assistance to grantees under this section as the Secretary determines appropriate.
- `(j) EVALUATION.—The Secretary shall conduct an evaluation of program impacts under the demonstration program, and shall disseminate to the public the findings from the evaluation and information on best practices. The Secretary is encouraged to partner with other funders, such as private foundations, to allow for use of a random assignment evaluation in at least one of the demonstration sites.
- `(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section \$50,000,000 for fiscal year 2006 and each of the 5 succeeding fiscal years, of which an aggregate of not more than 5 percent may be used to carry out subsections (i) and (j).”

Title III-Pages 52-53

STRENGTHENING INSTITUTIONS.

Section 311(c) of the Higher Education Act of 1965 (20 U.S.C. 1057(c)) is amended--

- (1) by redesignating paragraph (12) as paragraph (13); and
- (2) by inserting after paragraph (11) the following:

` (12) Innovation in remedial education, including English language instruction, to customize remedial coursework to student academic and career goals, to provide services that help students persist in their studies, and to help students move rapidly from developmental courses into program courses and through program completion.'

Recommendation 9: Launch a media and outreach campaign to help employers and working adults become aware of the availability of federal financial assistance for workforce education and other postsecondary education opportunities.

Rationale: Recent research from the American Council on Education suggests that a key barrier to postsecondary access for low-income adults is that they lack sufficient knowledge about federal financial aid availability. Working adults, in particular, may believe they are not eligible. Because other federal outreach efforts focus primarily on junior high and high school students, we believe additional steps are needed to reach low and moderate income working adults and other nontraditional students.

Legislative language:

Title IV-Part G-Page 144

INCREASED AWARENESS AMONG EMPLOYERS AND WORKERS OF FINANCIAL AID AVAILABILITY.

Part G of title IV of the Higher Education Act of 1965 (20 U.S.C. 1088 et seq.) is amended by adding at the end the following:

SEC. 493C. INCREASED AWARENESS AMONG EMPLOYERS AND WORKERS OF FINANCIAL AID AVAILABILITY.

“(a) The Secretary, in consultation with the Secretary of Commerce, the Secretary of Health and Human Services, the Secretary of Housing and Urban Development, and the Secretary of Labor, shall establish a multiyear media campaign, including radio and television advertisements, a website and brochures for providing outreach about federal financial aid and education tax credits. Employers and low and moderate income adults shall be the primary focus of these outreach efforts and in addition to the media, outreach efforts should also seek to involve WIA one-stop centers, Head Start centers, Child Care and Information Referral Resource programs, state and local offices where applications for TANF, Food Stamps, WIC, Medicaid, and child support are accepted, and other locations the Secretary of Education determines appropriate.”

“(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section \$8,000,000 for fiscal year 2006.”

Recommendation 10: Increase minimum grants and funding for Student Support Services (part of TRIO) and focus new funding on effective practices for first year students, such as support centers, a structured set of first-year services, and assigned counselors for more consistent and personalized contact.

Issue: Many nontraditional students entering college—especially those who are first-generation college students, who are underprepared academically, and/or who are juggling work, family, and school—need additional support to help them persist and complete. The Student Support Services (SSS) program provides a broad range of on-campus academic, personal, and career services--such as tutoring, counseling, and workshops--to promote college success. However, the Student Support Services program is greatly underfunded and available to only a small fraction of those eligible for it. A national evaluation found that the SSS program increases grade point averages, credits earned, and retention in college for its participants and is most successful with those who receive the most hours of service. Yet funding per program and per participant, adjusted for inflation, is lower now than thirty years ago, decreasing the chances that students will receive SSS services at the level that can make a difference.ⁱⁱⁱ Neither is it likely that students will find these services elsewhere; as college counselors typically carry caseloads of hundreds of students. Expansion of federal funding in this area is essential for helping nontraditional students receive the personal attention many need to succeed, especially during the crucial first year of their studies, when they are at the highest risk for dropping out of college.

Legislative language:

Title IV-Part A-Page 7

STUDENT SUPPORT SERVICES. Section 402A of the Higher Education Act of 1965 (20 U.S.C. 1070a-11) is amended--

(1) in subsection (b)--

(A) in paragraph (3) in subparagraph (A), by striking '\$170,000' and inserting '\$250,000';

(B) by adding at the end the following:

(4) INCREASES-

(A) IN GENERAL- The amount of any funding increase described in subparagraph (B) shall be used in part to help first year students by providing them with a centralized place to come for services, a structured set of support services in their first year, and an assigned counselor so that there is consistency and continuity in the academic and career advice the students receive.

(B) FUNDING INCREASES- The funding increase referred to in subparagraph (A) is in the case of an existing program authorized by section 402D, the amount by which the individual grant exceeds the amount awarded in the preceding fiscal year; and

(2) in subsection (f), by striking the first sentence and inserting the following: 'For the purpose of making grants and contracts under this chapter, there are authorized to be appropriated \$1,250,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years.'

Title IV-Part A-Page 13

STUDENT SUPPORT SERVICES. Section 402D(b)(2) of the Higher Education Act of 1965 (20 U.S.C. 1070a-14(b)(2)) is amended to read as follows:

(2) personal counseling, especially through individualized services provided by assigned counselors;'

Recommendation 11: Expand funding for CCAMPIS (Child Care Access Means Parents in School) to increase availability of on-campus child care for students who are parents.

Issue: More than one in four undergraduates (27 percent) have children and about 2/3 of independent, women students have children, according to the National Center for Education Statistics. Yet many colleges do not offer on-campus child care or if they do, do not offer evening and weekends when nontraditional students can most easily attend classes. We recommend expanding funding and making other changes proposed by the National Coalition for Campus Children’s Centers; these recommendations have bipartisan support in the Senate.

Legislative language:

Title IV-Part A-Page 46

CHILD CARE MEANS PARENTS IN SCHOOL.

(a) **MINIMUM GRANT.**—Section 419N(b)(2)(B) (20 U.S.C. 1070e(b)(2)(B)) is amended by striking “\$10,000” and inserting “\$30,000”.

(b) **INCOME ELIGIBILITY.**—Section 419N(b)(7) is amended by striking “who is eligible to receive” and inserting “whose income qualifies for eligibility for”.

(c) **PUBLICITY.**—Section 419N(b) is further amended by adding at the end the following new paragraph:

“(8) **PUBLICITY.**—The Secretary shall publicize the availability of grants under this section in appropriate periodicals in addition to publication in the Federal Register, and shall inform appropriate educational organizations of such availability.”

(d) **AUTHORIZATION OF 1 APPROPRIATIONS.**—Section 419N(g) is amended by striking “\$45,000,000 for fiscal year 1999” and inserting “\$75,000,000 for fiscal year 2006”.

Recommendation 12: Exclude the Earned Income Credit (EIC) from financial aid determinations.

Issue: The EIC helps offset the costs of work expenses and Social Security taxes for low-income, working families. A key Congressional goal for the EIC was to reward work by ensuring that families experienced financial gains from working. The current policy of reducing student aid awards because a student receives the EIC undercuts this Congressional goal. We support addressing this problem by adopting NASFAA's recommendation to exclude EIC from untaxed income in the calculation of federal financial aid.

Legislative language:

Title IV-Part F-Page 79

Section 480(b) of the Higher Education Act of 1965 (20 U.S.C. 1087vv(b)) is amended--
(1) by striking paragraph (8); and
(2) by redesignating paragraphs (9) through (14) as paragraphs (8) through (13), respectively.

Recommendation 13: Automatically allow dislocated workers to use estimated current year income when applying for federal financial aid.

Issue: Eligibility and need for federal financial aid are calculated according to the previous year's income. This does not make sense for dislocated workers as by definition their income has changed dramatically since the previous year. Financial aid administrators have the discretion to allow estimates of current year income to be used under special circumstances but too few dislocated workers know to ask that professional judgment be used. Professional judgment should be reserved for special circumstances that require case-by-case decisions, not for treatment of an entire class of persons such as dislocated workers. We recommend allowing dislocated workers to automatically use estimated current year income on the federal financial aid application.

Legislative language :

Title IV-Part F-page 77

DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS.—
Section 479A(a) of the Higher Education Act of 1965 (20 U.S.C. 1087tt(a)) is amended in the third sentence by inserting “a family member who is a dislocated worker (as defined in section 101 of the Workforce Investment Act of 1998 (129 U.S.C. 2801)),” after “recent unemployment of a family member,”.

Title IV-Part F-page 78

DEFINITIONS. —Section 480(a) of the Higher Education Act of 1965 (20 U.S.C. 1087vv) is amended to add a new (3) as follows:

SEC. 480. [20 U.S.C. 1087vv] DEFINITIONS.

As used in this part:

(a) TOTAL INCOME.—(1) Except as provided in paragraphs (2) and (3), the term “total income” is equal to adjusted gross income plus untaxed income and benefits for the preceding tax year minus excludable income (as defined in subsection (e)).

(2) No portion of any student financial assistance received from any program by an individual, no portion of a national service educational award or post-service benefit received by an individual under title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.), and no portion of any tax credit taken under section 25A of the Internal Revenue Code of 1986, shall be included as income or assets in the computation of expected family contribution for any program funded in whole or in part under this Act.

(3) For dislocated workers, as defined in section 101 of the Workforce Investment Act of 1998 (29 U.S.C. 2801), total income is equal to estimated AGI plus estimated untaxed income and benefits for the current tax year minus estimated excludable income for the current tax year.’

Recommendation 14: Develop a check-off box on the Free Application for Federal Student Aid (FAFSA) for recipients of certain federal, state or local means -tested benefits that would allow them to automatically qualify for the maximum Pell grant and a zero Expected Family Contribution

Issue: When students have already qualified for federal, state or local means-tested benefits for low-income individuals and families, their income and assets are sufficiently low that they would have a zero Expected Family Contribution. We agree with NASFAA that the complexity of the FAFSA may discourage these families from applying for financial aid and support NASFAA's recommendation to add a simple check-off box on the FAFSA to address the problem. Students who use the check off box and provide verification of receipt of these means-tested benefits would automatically qualify for the maximum Pell Grant and would have a zero EFC for determination of financial need. In our proposal, we expand on NASFAA's list of means-tested programs (they include only TANF and General Relief) to add recipients of SSI, Food Stamps, and free and reduced lunch, and to include independent students without dependents other than a spouse.

Legislative language:

Title IV-Part F-page 55

FAMILY CONTRIBUTION FOR DEPENDENT STUDENTS. Amend Section 475(a)(3) to read as follows:

`(3) the student contribution from assets (determined in accordance with subsection (h)) except that a family receiving means-tested benefits (as defined under section 480 (b)(2)) at the time of application shall be considered to have a zero family contribution.`

Title IV-Part F-page 64

FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE. Amend Section 476(b)(1)(B) to read as follows:

`(B) assessing such available income in accordance with paragraph (5) except that a family receiving means-tested benefits (as defined under section 480 (b)(2)) at the time of application shall be considered to have a zero family contribution.`

Title IV-Part F-page 68

FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE. Amend Section 477 (a)(2) to read as follows:

`(2) assessing such adjusted available income in accordance with an assessment schedule set forth in subsection (d) except that a family receiving means-tested benefits (as defined under section 480(b)(2)) at the time of application shall be considered to have a zero family contribution and;`

Title IV-Part F-page 79

DEFINITIONS. Amend Section 480 (b)(2) to read as follows:

`(2) means-tested benefits, including assistance under a State program funded under part A of title IV of the Social Security Act, under the supplemental security income program under title XVI of the Social Security Act, under the food stamp program of the Food Stamp Act of 1977, under the free and reduced price school lunch program established under the Richard B. Russell National School Lunch Act, and under a state or local-sponsored General Assistance program.`

Recommendation 15: Restore the concept of “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.

Rationale: 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. Restoring the negative EFC concept (which formerly was part of how federal financial aid was calculated) would provide a way of distinguishing among students 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, developed by NASFAA, would allow for additional Pell aid up to \$750 to be awarded to help fill that gap. For example, a student who qualified for the maximum Pell grant and had a negative EFC of \$750 would have a total Pell grant of \$4050 plus \$750, or \$4,800. In no case, however, could the Pell award exceed the cost of attendance.

Legislative language:

Title IV-Part A-Page 2

STUDENTS WITH LOW FAMILY INCOMES- Section 401(b)(2) of the Higher Education Act of 1965 (20 U.S.C. 1070a(b)(2)) is amended further by adding at the end the following:
“(C) In the case of a student with a negative expected family contribution equal to or less than - \$750, a positive amount corresponding to the negative expected family contribution amount shall be added to the maximum basic grant for which the student is qualified, except that in no case shall the amount of the basic grant exceed the amount permitted under paragraph (4).”.

Recommendation 16: Undertake a thorough, nonpartisan study of the effectiveness of current HEA policies put in place to prevent fraud and abuse. Determine which policies work and should be retained; eliminate those that are not needed and which may block innovation; report on the extent to which students continue to be victimized; and, recommend new options for preventing these problems.

Issue: HEA should strike a balance between allowing innovation that effectively serves business and workers while protecting students from continuing problems with fraud and abuse. Yet little systematic information currently exists on the extent to which HEA measures put in place in the 1990's (in response to the Nunn report documenting extensive fraud and abuse, primarily by proprietary institutions) have been effective. Before weakening current protections--such as the 90/10 rule, incentive compensation rules or cohort default rates--Congress should require an independent, systematic review of how well current policies have worked, with recommendations for strengthening effective approaches, creating new ones if needed to respond to persistent fraud and abuse problems, and eliminating unnecessary ones, especially those that may hinder innovation through restrictions on program delivery methods and formats.

Legislative language :

Title IV-Part H-page 160

PROGRAM INTEGRITY. Add at the end of Title IV, Part H, a new Section 499 to read as follows:

`SEC. 499. REPORT TO CONGRESS ON PREVENTION OF FRAUD AND ABUSE IN STUDENT AID PROGRAMS.

`(a) PURPOSE- It is the purpose of this section to require the Secretary to commission an independent, nonpartisan, comprehensive study on the prevention of fraud and abuse in Title IV financial aid programs.

`(b) SCOPE OF REPORT. The report should thoroughly investigate and address the following questions—

- (1) To what extent are students currently victimized by fraud and abuse in Title IV programs and what is the nature of these problems?
- (2) Are existing policies in this Act that were put in place to prevent fraud and abuse in Title IV student aid programs adequately targeted and effective in preventing current problems, and how should they be improved?
- (3) To what extent are existing protections in this Act against fraud and abuse adequately enforced and how should enforcement be strengthened?
- (4) In what areas is additional information needed to assess the effectiveness of current protections and enforcement?
- (5) Are there existing policies in this Act aimed at fraud and abuse that are not effective, hinder innovation, and could safely be eliminated?
- (6) What new policies and enforcement is needed to protect against fraud and abuse in Title IV student aid programs that better suit the current higher education marketplace?

`(c) RECOMMENDATIONS TO CONGRESS. The report to Congress shall include clear and specific recommendations for legislative and regulatory actions that address the questions in (b) and are likely to significantly reduce fraud and abuse in Title IV student aid programs.

`(d) TIMING OF REPORT. The Secretary shall transmit to Congress the report required by this section, containing all of the elements described in (b) and (c), not later than December 31, 2007.

`(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section \$200,000 for fiscal year 2006.’’

ⁱ *Initiative to Aid Illinois Adult Learners*. Springfield, IL: Illinois Student Aid Commission, 2001.
http://www.collegezone.com/media/research_adultinitiatives_web.pdf

ⁱⁱ *Federal Student Aid: Expanding Eligibility for Less Than Half Time Students Could Increase Program Costs, But Benefits Uncertain*. Washington, DC: General Accounting Office, 2003.

ⁱⁱⁱ Chaney, Bradford. Lana Muraskin, Margaret Cahalan, Rebecca Rak. *National Study of Student Support Services. Third Year Longitudinal Study Results and Program Implementation Study Update*. Washington, DC: U.S. Department of Education, February 1997. Lana Muraskin Westat, Inc. and SMB Economic Research, Inc. Washington, DC: Planning and Evaluation Service, U.S. Department of Education.