



**ADVISORY COMMITTEE ON
STUDENT FINANCIAL ASSISTANCE**



**ACSFA CHALLENGES AND
OPPORTUNITIES IN 2009**

PRESENTATION & DISCUSSION

at

CCCSFAAA Conference

San Jose, California

December 10 , 2009

ABOUT THE ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE

Purpose:

- Created by Congress in the *Higher Education Amendments of 1986* to be an **independent and bipartisan** source of advice and counsel to Congress and the Secretary on student financial aid policy
- To make recommendations that increase access and persistence for low-, moderate-, and middle-income students
- To provide **technical expertise and understanding** of federal, state, and institutional student financial aid programs, and systems of need analysis and application forms.

Composition:

- Eleven members appointed by Congress and the Secretary of Education
- Four appointed by the House, four by the Senate, three by the Secretary
- Each member appointed for a single term of three years.

CURRENT MEMBERSHIP

Mr. Allison Jones

**Assistant Vice Chancellor of Academic Affairs
Student Academic Support
Office of the Chancellor
The California State University**

Mr. Norm Bedford

**Director, Financial Aid & Scholarships
University of Nevada, Las Vegas**

Dr. Helen Benjamin

**Chancellor
Contra Costa Community College District**

Mr. Clare Cotton

**President (Retired)
Association of Independent Colleges and Universities of Massachusetts**

Mr. Anthony Guida

**Senior Vice President of Strategic Development and Regulatory Affairs
Education Management Corporation**

**In the coming weeks, the Advisory Committee expects the appointments of several new members to fill existing vacancies.*

OVERVIEW OF PRESENTATION

- 1. Washington Update**
- 2. Overview of Advisory Committee Charges**
 - Simplification of Student Aid**
 - Condition of Access and Persistence**
 - Higher Education Regulation Study**
 - Technical Assistance to Congress**
 - Innovative Pathways to a Bachelor's Degree**
- 3. Questions/Comments/Discussion**

WASHINGTON UPDATE

WASHINGTON UPDATE:
STUDENT AID AND FISCAL RESPONSIBILY ACT
(SAFRA, H.R. 3221)

- **Voted on by the House of Representatives on September 17, 2009 (253-171).**
- **Key provisions:**
 - **Eliminates Federal Family Education Loan Program (FFELP)
and shifts all loans to the William D. Ford Federal Direct Loan program (FDLP)—projected \$87 billion savings.**
 - **Savings redistributed towards:**
 - **Increasing the maximum Pell Grant**
 - **Community Colleges**
 - **College Access and Completion Fund**
 - **Re-vamping Perkins Loan Program**
 - **Minority-Serving Institutions.**
- **Senate version expected after healthcare legislation is concluded**

WASHINGTON UPDATE: COMMUNITY COLLEGES

- **\$10 billion** set aside for community colleges in SAFRA:
 - **\$2.5 billion** for infrastructure
 - **\$7 billion** (through 2019) for *Community College Initiative*, and initiative designed to increase bachelor's degree attainment, job-training opportunities, and student support services, including:
 - Partnerships with local businesses, job training, and adult education programs
 - Incentive programs.

WASHINGTON UPDATE:
HIGHER EDUCATION OPPORTUNITY ACT (HEOA)
Negotiated Rulemaking

HEOA Final Rules Issued

- **In November, ED published final regulations based on statutory changes to the *Higher Education Act* from the *Higher Education Opportunity Act of 2008* (HEOA).**
- **The resulting regulations apply to institutional eligibility, general provisions, Pell Grant, Federal Work-Study (FWS), TEACH Grant, and LEAP.**

ED Begins Negotiated Rulemaking on Program Integrity Issues

- **3 Sessions (November-January)**
- **Topics include:**
 - **Eligibility to Participate in the Title IV Programs**
 - **Misrepresentation of Information to Students and Prospective Students**
 - **Incentive Compensation**
 - **Definition of a Credit Hour**
 - **Agreements Between Institutions of Higher Education**
 - **Verification of Information Included on Student Aid Applications**

THE ADVISORY COMMITTEE WAS REAUTHORIZED THROUGH FY2014 WITH CHARGES IN FIVE AREAS

- 1. Simplification of Student Aid**
- 2. Condition of Access and Persistence**
- 3. Higher Education Regulation Study**
- 4. Technical Assistance to Congress**
- 5. Innovative Pathways to a Bachelor's Degree**

1. SIMPLIFICATION OF STUDENT AID

The *Higher Education Opportunity Act of 2008* (HEOA) mandates two very important simplification efforts—the first to be carried out by the Secretary of Education, the second by GAO:

- a. **An Early Application and Estimated Award Demonstration Program** that would allow dependent students to receive an estimate of federal, state, and institutional aid in the fall of their senior year, using data from the prior year.
- b. **A Reduction of Income and Asset Information to Determine Eligibility Study** that would make the FAFSA easier to complete by identifying formula changes that reduce the required amount of financial information, without significantly redistributing federal aid, and while also addressing state and institutional needs.

The Advisory Committee will provide technical assistance to ED and GAO in the design, implementation, analysis, and recommendations of these two efforts.

2. CONDITION OF ACCESS AND PERSISTENCE (CAPS)

HEOA also directs the Advisory Committee to provide an **annual report** to Congress with analysis and policy recommendations in three areas:

- Adequacy of need-based grant aid for low- and moderate-income students
- Postsecondary enrollment rates of low- and moderate-income students
- Graduation rates of low- and moderate income students.

The Advisory Committee's approach to fulfilling this charge will entail:

- Monitoring **all federal, state, and institutional databases**, including current financial aid packaging.
- Reviewing **research efforts** on the adequacy of grant aid, enrollment, and persistence.
- Developing **recommendations** to advance access and persistence across institutions.

CAPS SUMMARY

The longitudinal studies of the National Center for Education Statistics (NCES) are used to compare the condition of access and persistence last decade and this decade. Five conclusions emerge from the analysis:

- Between 1992 and 2004, a major shift in enrollment *away from 4-year colleges* occurred among high school graduates at two levels of academic preparation: at least Algebra I and at least Trigonometry.
- Data on the early persistence record of the high school class of 2004 show **little to no improvement over the persistence of their peers** in the high school class of 1992.
- Taken together, these two findings suggest that rates of bachelor's degree completion by family income will be **lower and more unequal this decade** than last.
- Data on both cohorts suggest that finances (in particular, concerns about college expenses and financial aid) play a key role in enrollment behavior.
- Given current policy, all trends point to a **further deterioration** in bachelor's degree completion by family income next decade.

3. HIGHER EDUCATION REGULATIONS (HERS)

HEOA charges the Advisory Committee with conducting a review and analysis to determine whether regulations affecting higher education are:

- **Duplicative**
- **No longer necessary**
- **Inconsistent with other federal regulations**
- **Overly burdensome.**

To fulfill this charge, the Advisory Committee will focus initially on Title IV regulations and:

- **Develop and maintain regulations website to collect comments on recommendations for streamlining regulations**
- **Convene a review panel to review regulations and provide recommendations with respect to streamlining.**

A report to Congress is due no later than two years after the negotiated rulemaking process for the *Higher Education Opportunity Act* is complete.

HERS PROGRESS TO DATE AND NEXT STEPS

- **Convened Title IV review panel**
- **Launched website asking for public comment**
- **Identified preliminary list of Title IV regulations**
- **Community involvement—associations, aid administrators, guarantee agencies**
- **Open up study to all regulations within HEA—beyond just Title IV**

4. TECHNICAL ASSISTANCE

The *Higher Education Opportunity Act of 2008* charges the Advisory Committee to continue to provide technical assistance to Congress and the Secretary in a wide variety of areas, including:

- **Federal, state, and institutional programs of student assistance**
- **Systems of needs analysis and application forms**
- **Early intervention programs**
- **Partnerships among the federal government, states, institutions of higher education, and private parties**
- **Federal regulations**
- **Student aid delivery**
- **Legislative and administrative policy proposals**
- **Studies, surveys, and analyses of student financial assistance programs, policies, and practices**
- **Student financial aid information resources and services**

And other areas related to student aid.

5. INNOVATIVE PATHWAYS TO BACHELOR'S DEGREE

HEOA also directs the Advisory Committee to continue its initiative that examines ways to increase the number of low- and moderate-income students who earn a bachelor's degree. The initiative yielded the following two reports in 2008:

Transition Matters: Community College to Bachelor's Degree

A report focusing on the community college pathway to a bachelor's degree, from proceedings from a December 2007 Community College symposium.

Apply to Succeed: Ensuring Community College Students Benefit from Need-Based Financial Aid

A report that found that many community college students who appear to be eligible for need-based aid are failing to apply, and that recommends ways to increase the number of community college students applying for aid.

***TRANSITION MATTERS:
COMMUNITY COLLEGE TO A BACHELOR'S DEGREE***

Symposium panelists identified the following points as important to the community college pathway to a bachelor's degree:

- **Three Critical Transition Points**
 - **Enrollment**
 - **Persistence**
 - **Transfer**

- **Barriers within each Transition Point**
 - **Academic**
 - **Social**
 - **Information**
 - **Complexity**
 - **Financial**

TRANSITION MATTERS

PRACTICES TO REDUCE BARRIERS

- **Practices to Enable Enrollment:**
 - Identify and respond to institution- or state-specific enrollment barriers
 - Communicate information through outreach efforts
 - Create systems to better link secondary and postsecondary education
 - Improve administrative procedures related to enrollment
 - Ensure that sufficient financial aid is available
- **Practices to Ensure Persistence:**
 - Value persistence as an important goal
 - Align curriculum and standards between K-12 and higher education
 - Develop targeted efforts to support student learning
 - Create and utilize data systems
 - Ensure that students have adequate financial resources to attend
- **Practices to Facilitate Transfer:**
 - Build partnerships between two-year and four-year institutions
 - Create articulation agreements and services to clarify the transfer process
 - Develop support services for transfer students
 - Establish public goals to increase transfer
 - Increase information and financial aid for transfer students

***APPLY TO SUCCEED:
ENSURING COMMUNITY COLLEGE STUDENTS
BENEFIT FROM NEED-BASED FINANCIAL AID***

This report focused specifically on community college financial aid application rates and also examined students' increased aid eligibility as a result of the *College Cost Reduction and Access Act* (CCRAA) of 2007:

- **Failure to Apply**
 - They thought they weren't eligible for financial aid.
 - They thought they had sufficient funds to pay for college.
 - They found the financial aid application too complex.
- **Congress Ups the Ante**
 - CCRAA increases the auto-zero threshold from \$25,000 to \$30,000.
 - It increases the Income Protection Allowance (IPA), thus reducing the "work penalty."

APPLY TO SUCCEED
POLICY IMPLICATIONS

- **Communicate increased federal aid eligibility widely and effectively.**
- **Make Applying for Financial Aid Easy and a Priority.**
- **Encourage Students to Moderate the Number of Hours Worked.**
- **Improve the Implementation of the Auto-Zero EFC**

**QUESTIONS/
COMMENTS?**

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