

DO NO HARM

**UNDERMINING ACCESS WILL NOT
IMPROVE COLLEGE COMPLETION**



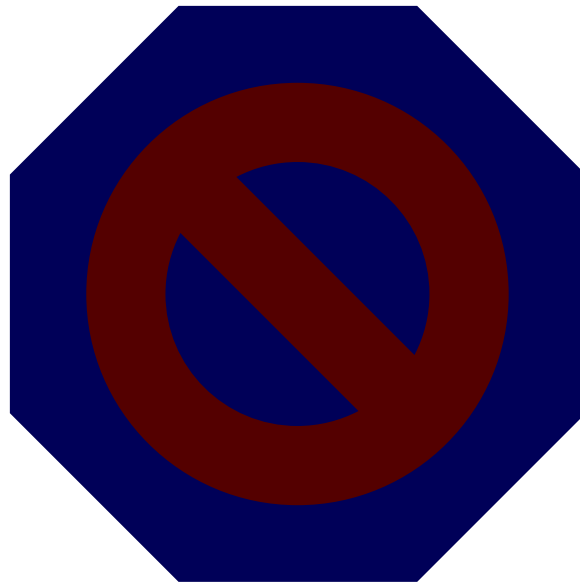
**A REPORT TO CONGRESS AND
THE SECRETARY OF EDUCATION**

**ADVISORY COMMITTEE ON
STUDENT FINANCIAL ASSISTANCE**

SEPTEMBER 2013

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**ADVISORY COMMITTEE ON
STUDENT FINANCIAL ASSISTANCE**

SEPTEMBER 2013

**ADVISING CONGRESS AND
THE SECRETARY OF EDUCATION
FOR OVER 25 YEARS**

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The Advisory Committee on Student Financial Assistance (Advisory Committee) is a Federal advisory committee chartered by Congress, operating under the Federal Advisory Committee Act (FACA); 5 U.S.C., App.2). The Advisory Committee provides advice to the Secretary of the U.S. Department of Education on student financial aid policy. The findings and recommendations of the Advisory Committee do not represent the views of the Agency, and this document does not represent information approved or disseminated by the Department of Education.

EXECUTIVE SUMMARY

The Advisory Committee was created by Congress in the Higher Education Amendments of 1986 to be an independent and nonpartisan source of knowledge, advice, and counsel to Congress and the Secretary of Education on federal, state, and institutional postsecondary student assistance. One of the most important analytical directives in the Committee's authorizing language is to assess the likely impact of legislative and policy proposals. With reauthorization of the Higher Education Act (HEA) approaching, dozens of proposals to use federal student aid as a lever to improve college completion are emerging. The purpose of this report is to provide a framework for assessing the likely impact of such proposals.

In previous HEA reauthorizations, proposals from the higher education community insisted that increases in federal need-based grant aid were required to ensure access and promote completion among low-income students. Thus, past proposals typically included additional funding for proposed changes to avoid tradeoffs between access and other goals. The implicit rule was: Do no harm. In contrast, many of today's proposals contain changes financed not by increasing student aid funding but by *redistributing* existing funding among students and institutions, inevitably generating winners and losers. The most problematic of these proposed changes would seek to increase graduation *rates* by simply denying access to low-income students, leading to a reduction in the overall *level* of national college completion.

Increasing the percent of Americans holding a postsecondary degree or certificate cannot be achieved by reducing the opportunity to seek one.

To improve the national conversation about college completion and federal student aid, this report identifies ten fallacies that policymakers should reject when considering how to use federal student aid to increase college completion (**page 1**). The most troublesome of these fallacies relate to proposed changes that would redirect existing need-based grants to students who appear more likely to complete a degree or certificate and to institutions with higher graduation rates. Promoted as providing a higher return on the nation's investment in federal student aid, these zero-sum redistributions, on the contrary, cannot be supported by data showing that gains in completion among students receiving additional funding will more than offset losses in access and completion among those receiving less funding.

The core of this report develops an assessment framework based on an extended series of Advisory Committee reports, policy bulletins, and press releases focused on six barriers to access and completion:

Barriers to Access and Completion

1. high net prices facing low-income students,
2. excessive levels of student and family borrowing,
3. decoupling of federal, state, and institutional grant aid,
4. complex forms, processes, and eligibility determination,
5. inadequate early information and intervention, and
6. insufficient in-college student support services.

The differential impact of these barriers on access and completion is also examined (**page 22**). The first three barriers have by far the most highly negative effect on *both* access and completion, that is, they not only undermine the type, level, and timing of initial postsecondary enrollment, but also undercut persistence through the award of a degree or certificate. The fourth and fifth barriers undermine access but have a negligible impact, if any, on college completion. The final barrier has little bearing, if any, on access but does have a decidedly negative influence on completion. Distinguishing among these impacts is critical in assessing the likely directional impact of proposed changes, even if the exact details of the proposed change have not been specified.

The major challenge in the upcoming HEA reauthorization will be sorting through competing proposals in order to exclude proposed changes that would address none of these barriers, undercut access, lower the overall level of college completion, and undermine achievement of the nation's goals.

EXHIBIT ONE: ASSESSING THE IMPACT OF PROPOSED CHANGES

Likely Impact	Proposed Change	Page
Increase Both Access and Overall College Completion	1. Use Federal Aid to Spur State and Institutional Aid	24
	2. Double the Level of the Pell Grant Maximum Award	24
	3. Convert Higher Education Tax Credits into Pell Grants	25
	4. Redesign Income-Based Loan Repayment Programs	25
Hold Access Constant and Increase Overall College Completion	5. Expand the Funding of Federal Work-Study Program	26
	6. Expand the Funding of In-College Support Services	26
Increase Access But Not Overall College Completion	7. Build an Integrated System of Early Information	27
	8. Use Prior-Prior Year and/or IRS Data on the FAFSA	27
Reduce Both Access and Overall College Completion	9. Raise EFCs of Independent/Nontraditional Students	28
	10. Inject Measures of Merit into Initial Pell Awards	28
	11. Tie Continuing Pell Awards to Academic Progress	29
	12. Link Campus-Based Funding to Graduation Rates	29
	13. Freeze Federal Student Aid or Hold Budget Neutral	30
	14. Block Grant Federal Need-Based Aid to the States	30
	15. Tie Eligibility to Students' Risk of Non-Completion	31

To illustrate how the framework can be used, the report provides a *preliminary* assessment of the likely *directional* impact of fifteen proposed changes. **Exhibit One** shows that the proposed changes can:

Four Categories of Likely Impact

- increase both access and overall completion, or
- hold access constant and increase overall completion, or
- increase access but not overall completion, or
- reduce both access and overall completion.

The precise impact in each case would depend, of course, on how each proposed change is designed. While details and supporting analysis of impacts have not been provided thus far by proponents of each alternative, it is possible to conclude that proposed changes 9 through 15 would exacerbate, rather than alleviate, one or more of the six barriers to access and completion, and undermine achievement of national goals. Proponents of these changes should be required to show empirically how undercutting initial enrollment – to raise graduation *rates* – will improve the overall *level* of college completion.

The Advisory Committee proposes that the framework above be used throughout the upcoming HEA reauthorization process to distinguish between changes to federal student aid programs that would likely lead to the desired increases in overall college completion and those that would not.

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IMPROVING THE NATIONAL CONVERSATION ABOUT COLLEGE COMPLETION AND FEDERAL STUDENT AID

Everyone wants to reverse the national decline in postsecondary educational attainment. This desire has generated interest in exploring whether federal student aid can be redesigned to assist in the effort. While all federal programs, including student aid, need to be reevaluated and improved periodically, it is important that such efforts be rigorous, fact-based, and data-driven. Altering major programs without valid and reliable program evaluation data rarely turns out well. Sound analysis is replaced by rhetoric and speculation about impacts on program participants and outcomes.

From a public policy perspective, the national conversation about college completion and federal student aid should begin with a consideration of four fundamental questions.

Four Fundamental Policy Questions about College Completion and Federal Student Aid

- What type of investment in human capital is required to ensure economic prosperity and growth, global competitiveness, and greater income equality?
- What level of postsecondary education attainment – including new degrees and certificates – is necessary to achieve these goals?
- How much investment in federal student aid is necessary to achieve this level of postsecondary education attainment?
- And, perhaps most important, how does the nation’s current investment in federal student aid compare with the investment that is necessary to achieve national goals?

Ideally, these questions should be addressed *before* funding constraints are considered, to ensure that Congress, the administration, and the public understand what would be the best policies for the nation.

Today, addressing these questions has been overtaken by a narrative with many fallacies. Below are the ten most consequential:

Ten Fallacies in the National Conversation about Student Aid and College Completion

1. Raising the level of college completion is the same as raising graduation rates.
2. The impact of rising financial barriers on college completion can be ignored.
3. The design of federal student aid is a major barrier to college completion.
4. Simplifying student aid can mitigate the impact of rising financial barriers.
5. Improving information can mitigate the impact of rising financial barriers.
6. Evaluation studies have demonstrated that federal student aid is ineffective.
7. Redirecting grants to students likely to graduate will raise college completion.
8. So will redirecting Campus-Based aid to colleges with high graduation rates.
9. Research shows that grants can be redirected to raise college completion.
10. It is not necessary to test changes to student aid prior to implementation.

Improving today’s conversation about college completion and federal student aid must begin with a rejection of these fallacies.

WHAT POLICYMAKERS NEED TO KNOW ABOUT COLLEGE COMPLETION AND STUDENT AID

If the increase in graduation rates results from denying access to at-risk students, the level of national college completion will most likely decline.

Fallacy #1

Raising the Level of College Completion Is the Same As Raising Graduation Rates

This is, by far, the most consequential fallacy in the national conversation about college completion and federal student aid. The completion agenda is driven by the understandable desire and need to increase the *number* and *percentage* of Americans who have earned a postsecondary credential, that is, to increase the overall *level* of college completion. While this goal is typically stated as the share of the American population holding a credential by a future date – for example, 50% of Americans by the year 2020 – much of the national conversation centers not on the *level* of college completion but on the *rate* of college completion, in particular on graduation *rates*. Level and rates are not the same.

Increases in graduation rates secured by denying access to students less likely to graduate will not increase the overall level of college completion. The pervasive confusion between the *level* of completion and *rate* of completion has led to a proliferation of redistributive and punitive proposed changes. Some would merely redistribute existing grant aid to create winners and losers. Others would condition the receipt of grant and loan funds on a student's risk of non-completion. Using federal student aid as a lever to increase graduation rates in this way would repudiate four decades of federal student aid policy and *lower* overall college completion.

Fallacy #2

The Impact of Rising Financial Barriers on College Completion Can Be Ignored

On the contrary, rising financial barriers will dominate all other causes of declining college completion in the coming decades. In its report, *The Rising Price of Inequality*, the Advisory Committee demonstrated that financial barriers in the form of high college prices net of grant aid from all sources are the major culprit behind declining college completion (**page 16**). Calling for a doubling of degrees and certificates by an arbitrary date, while holding need-based federal student aid constant or budget neutral, ignores decades of longitudinal data that show clearly that increases in need-based grant aid from all sources are required to stem the steady deterioration in educational attainment among Americans.

Longitudinal data suggest that it will require at least a doubling of the Pell maximum award to halt increasing inequality of educational attainment.

For example, it would require doubling the Pell Grant maximum award, which more than doubles program cost, just to reverse the steep decline in bachelor's degree completion among qualified low-income high school graduates and halt the increasing inequality of educational attainment, by income, race, and ethnicity. And the notion that plummeting bachelor's degree completion among qualified low-income and minority high school graduates can be more than offset by increases in shorter term degrees and certificates, in a manner that enhances the nation's global competitiveness and reduces inequality in income, is simply not supported by the empirical evidence. Adding the goal of *higher quality* credentials makes such an expectation even more unrealistic.

Fallacy #3

The Design of Federal Student Aid Is a Major Barrier to College Completion

The problem is inadequate funding, not design. The primary features of federal student aid – need-based and following the student – are supported by at least four decades of research. This design has been found to be the best way to ensure financial access for low-income students pursuing a wide range of postsecondary degrees and certificates. Need-based aid prejudices neither the academic background nor the aspirations of students. From the beginning, the goal of federal need-based grant aid has been ensuring *access*, not guaranteeing completion. The understanding has always been that states and public colleges would do their part in two important ways: keep college affordable for recipients of federal grant aid *and* ensure that those recipients complete their desired course of study.

Today, even when combined with grant aid from all other sources, the maximum Pell Grant is not sufficient to meet its original intent of ensuring access, much less guarantee completion. Blaming the design of federal student aid for declining college completion is, therefore, ahistorical and illogical. States and institutions are responsible for ensuring college completion and have been unsuccessful in doing so. Punishing recipients of federal need-based grants by injecting measures of past merit or academic progress into federal programs would not only undermine the legislative intent of the programs but lower college completion as well.

Fallacy #4

Simplifying Student Aid Can Mitigate the Impact of Rising Financial Barriers

Expecting further simplification – while desirable – to reverse the negative impact of rising financial barriers on college completion is not consistent with the longitudinal record. The Advisory Committee has been at the forefront of simplification (**page 10**). Over the last two decades, application forms, processes, and student eligibility determination have been greatly simplified by Congress and the Department of Education (ED). Major streamlining has included: reducing competing eligibility models to one model; replacing multiple forms with fees with one free online form used by most states and virtually all public colleges, a form that over 18 million students file successfully each year; and the creation of an automatic pre-filled, online reapplication. Over the same period, as the net price of public college has risen as a share of family income for low-income recipients of federal need-based grant aid, longitudinal data show clearly that college completion has steadily declined.

In fact, unless supported by increases in need-based grant aid, further simplification will intensify the impact of rising financial barriers on completion. Without additional funds, any increase in the number of aid recipients induced by further simplification will dilute grant aid and reduce average awards. For example, even a relatively modest 5% increase in successful applications and recipients could require as much as \$1 billion in additional program funding. And those funds would support access but have little impact, if any, on overall college completion.

WHAT POLICYMAKERS NEED TO KNOW ABOUT COLLEGE COMPLETION AND STUDENT AID

The barrier to access and completion is not the design of federal student aid but rather its inadequate funding in the face of relentlessly rising college prices.

Expecting further simplification of student aid to reverse the steady decline in college completion ignores longitudinal data that show otherwise.

**WHAT POLICYMAKERS
NEED TO KNOW ABOUT
COLLEGE COMPLETION
AND STUDENT AID**

Fallacy #5

**Improving Information Can Mitigate
the Impact of Rising Financial Barriers**

Counting on more and better information to reverse the negative impact of rising financial barriers on college completion disregards the longitudinal record. As a result of successful outreach efforts, student expectations of earning a postsecondary degree or certificate and plans to enroll in some form of postsecondary institution have skyrocketed over the last two decades – as has the number of total applications for financial aid. However, information has become a double-edged sword for at-risk students. College is so unaffordable today and loan burden is so excessive that providing more information about college expenses and financial aid in middle school could *reduce* enrollment and completion, and perhaps undermine incentives to become academically prepared as well.

Information is today a double-edged sword that could reduce access and completion, and undermine incentives to become academically prepared.

The Advisory Committee has been at the forefront of improving early information for years (**page 14**). As in the case of further simplification of student aid, to the extent that further improvements in information are successful in increasing the number of financial aid recipients, additional funding would be required to avoid reductions in average awards. Without additional funding, rather than mitigate the negative impact on completion of rising financial barriers, better and earlier information could intensify the impact. Calls for improvements in early information and intervention must be accompanied by calls for increases in federal student aid as well. However, even if forthcoming, those funds would improve access but have little impact, if any, on the level of overall college completion.

Fallacy #6

**Evaluation Studies Have Demonstrated
That Federal Student Aid Is Ineffective**

No study has ever shown empirically that federal student aid is ineffective. To label programs as ineffective requires, at a minimum, identifying the goals of the programs, assessing empirically whether those goals are being met, determining whether the goals could be met with far fewer resources, showing that participation in the programs is far too low, or demonstrating that the programs compare unfavorably to other government programs designed to build human capital. None of these steps have been taken by any study. On the contrary, there is widespread agreement that federal student aid has greatly improved initial enrollment in postsecondary education – which, from the beginning, has been its legislative intent.

No empirical study has ever defined the goals of federal student aid, much less determined that the programs are ineffective in achieving those goals.

Indeed, the majority of analysts and advocates participating in the national conversation today have declared federal student aid to be significantly *underfunded*. For example, in the recent past, many have called for doubling the level of the Pell Grant maximum award – which more than doubles program cost. Declaring that the federal student aid programs are underfunded is tantamount to declaring that the goals of the programs *cannot be met*, not that the programs are ineffective. One can disagree with certain features of federal student aid, or the manner in which funds are currently distributed, without labeling the programs ineffective.

Fallacy #7**Redirecting Grants to Students Likely to Graduate Will Raise College Completion**

Simple logic dictates that redirecting grants in this manner will, in fact, do the exact opposite. College completion is driven primarily by factors other than federal need-based grant aid – factors such as family background, test score, high school grades and preparation, counseling, information, and selectivity of institution attended. Because the system of financial aid today heavily rewards these other factors, the amount of nonfederal grant aid that a low-income student receives varies greatly. Those who score low on these other factors receive very little while those who score high receive large amounts. The former require more federal need-based grant aid to access and complete college; the latter require far less. Maximizing efficiency requires that the federal need-based grant aid that each low-income student receives be *inversely related* to the factors that increase likelihood of college completion, including nonfederal grant aid.

Low-income students who are most likely to graduate – those who have gained admission to the most selective colleges – are the most heavily subsidized students in the nation. Redirecting federal need-based grant aid to these students would improve their likelihood of completion only negligibly, if at all, and be almost perfectly *inefficient*. The cost of doing so would be massive losses in both access and completion among their low-income peers who would lose grant aid and fall prey to prohibitively higher net prices. Redirecting need-based aid in this manner cannot be justified on efficiency grounds at the federal, state, or institutional level.

Fallacy #8**So Will Redirecting Campus-Based Aid to Colleges With High Graduation Rates**

Redirecting Campus-Based aid away from colleges with low graduation rates to those with high graduation rates would almost certainly *reduce* college completion. Closely related to the preceding fallacy, proposals to redirect Campus-Based funds to colleges with high graduation rates stand in stark contrast to most previous Campus-Based proposals, which called for reallocating funds *toward* colleges serving at-risk students, particularly Pell Grant recipients. Redistributing Campus-Based aid away from these colleges would have the very same impact as redirecting need-based grants away from recipients most at risk. It would move need-based student aid in the wrong direction and lower overall college completion.

To ensure that funds are distributed in a manner that is most efficient, raw measures of college output, such as rates of graduation and academic progress, must be adjusted to reflect differences in factors that determine those rates – such as college mission, percent of students who are Pell recipients, average test scores, and other constraints. Failing to account for inputs when measuring and evaluating college performance will unfairly penalize colleges that are efficiently serving large numbers of low-income students, particularly colleges with limited resources. This is true of proposals that would require institutions to compete for all or a portion of Campus-Based aid on the basis of graduation rates, unless competitions are conducted only among colleges that are true peers.

**WHAT POLICYMAKERS
NEED TO KNOW ABOUT
COLLEGE COMPLETION
AND STUDENT AID**

Maximizing efficiency requires that a student's total federal grant aid be *inversely related* to the factors that determine likelihood of completion.

Failure to account for inputs when evaluating colleges will penalize those that are efficiently serving low-income students with limited resources.

**WHAT POLICYMAKERS
NEED TO KNOW ABOUT
COLLEGE COMPLETION
AND STUDENT AID**

Fallacy #9

**Research Shows That Grants Can Be
Redirected to Raise College Completion**

There is no such research. While studies suggest that *increases* in grant aid from any source, at the margin, can increase both access and completion, there are no measures of responsiveness to *losses* in grant aid, by type of student, institution, and degree or certificate sought. For example, there are no estimates that measure the likely impact on enrollment and completion of eliminating or reducing the Pell Grant of a student attending a 2-year college in order to finance an increase in the Pell Grant of her peer attending a 4-year college. In general, research is no guide as to whether redistribution of aid will increase or undermine college completion.

Precise estimates of student response to *losses* in grant aid – by type of student, institution, and degree or certificate sought – do not exist.

In fact, there is widespread confusion and disagreement among researchers today about what federal student aid is supposed to do, whether it is doing what it is supposed to do, and how to measure whether it is doing what it is supposed to be doing at all, much less well. Add to this that there is no agreement about what changes should be made, what impact alternative changes will have, or how long it would take for the predicted effects to occur. From an analytical perspective, there is no model and database into which various proposed changes can be entered to arrive at an estimate of their likely impact – either their first-order effect on the distribution of federal student aid program funds or, more importantly, their ultimate effect on enrollment and completion behavior of students.

Fallacy #10

**It Is Not Necessary to Test Changes
to Student Aid Prior to Implementation**

Millions of students and thousands of colleges rely on federal student aid. Changes made without pilot testing are extremely disruptive, particularly those that fail to address any of the barriers to access and completion. Zero-sum redistributions of existing grant aid are particularly worrisome, in that they would strip funds from millions of students most at risk who are now deemed worthy of federal assistance in order to finance higher awards to their peers who are less at risk. The same is true of proposals that would cut off funds to institutions that serve students most at risk to finance increases in allocations to institutions that do not have access as their primary mission.

Proponents must show convincingly that gains in completion by winners will more than offset declines in both access and completion by losers.

Because the stakes are so high and financing of such proposed changes requires that certain harm be done to students who have been the target of federal programs for decades, zero-sum proposals professing to improve college completion must be evaluated with high scrutiny. Proponents must show convincingly that gains in completion by winners will more than offset losses in access and completion by losers – and guarantee that national interests will truly be served. Because college completion is as likely to decline as increase given such changes, implementation without pilot testing is not in the national interest.

A FRAMEWORK FOR ASSESSING THE IMPACT OF PROPOSED CHANGES TO FEDERAL STUDENT AID

The Advisory Committee was created by Congress in the Higher Education Amendments of 1986 to be an independent and nonpartisan source of knowledge, advice, and counsel to the authorizing committees and to the Secretary of Education on federal, state, and institutional programs of postsecondary student assistance. Its primary mission is to make recommendations that will result in the maintenance of access, persistence, and completion among low-income students. To fulfill that mission, the Committee is directed by its authorizing language to provide analyses and policy recommendations on the adequacy of need-based grant aid and postsecondary enrollment and graduation rates of these students and make special efforts to advise Congress and the Secretary of those findings and recommendations.

One of the most important analytical directives in the Committee’s authorizing language is to assess the likely impact of alternative policy proposals. The purpose of this report is to evaluate ideas that have been proposed by various groups for the upcoming HEA reauthorization. Because there are many competing reports and proposals, some more comprehensive than others, each with multiple components, the report focuses on the components and not on the organizations or individuals supporting them.

To build a framework for evaluating the components, the report reviews the findings, policy implications, and recommendations of an extended series of reports, policy bulletins, and press releases produced by the Advisory Committee from 2001 through 2013. Each of these efforts, building on previous ones, has been aimed at identifying and eliminating one or more major barriers to access and (persistence to) completion for low-income students, addressing one or more of the following questions:

- **Rising Net Prices.** To what extent do financial barriers continue to cause inequality in access for low-income high school graduates, and to what extent does inequality in access drive inequality in persistence and college completion?
- **Excessive Loan Burden.** To what extent do financial barriers caused by inadequate need-based grant aid lead to unmanageable loan burden that threatens to undermine access, persistence, and completion for low-income high school graduates?
- **Fragmented Funding.** To what extent does lack of integration among the primary sources of need-based grant aid – federal, state, and institutional – continue to contribute to inequality in access, persistence, and completion?
- **Delivery Complexity.** To what extent do complex forms, processes, and eligibility determination contribute to inequality in access, persistence, and completion? To what extent have they been simplified, and does complexity remain a barrier?
- **Inadequate Early Information and Intervention.** To what extent do inadequate early information and intervention contribute to inequality in access, persistence, and completion? To what extent do they remain a barrier?
- **Insufficient In-College Student Support Services.** To what extent do insufficient and inadequate in-college student support services contribute to inequality in access, persistence, and completion? To what extent do they remain a barrier?

These questions have been addressed primarily for recent high school graduates using national longitudinal data. In addition, the Advisory Committee in 2012 turned its attention to barriers facing nontraditional students as well.

Six Barriers to Access and Completion Identified in Previous ACSFA Reports

**ACSFA FINDINGS
POLICY IMPLICATIONS
& RECOMMENDATIONS**

2001 – 2013

The college participation rate of students from families earning below \$25,000 per year lagged 32 percentage points behind [those] earning above \$75,000 per year.

Declining access to pursue a bachelor's degree ... portended deterioration in educational opportunity [and] a severe loss in national economic productivity.

Using student aid as its primary policy tools, the federal government must reinstate the access goal, refocus policy on unmet need, and expand need-based aid.

ACCESS DENIED (2001)

**Restoring the Nation's Commitment
to Equal Educational Opportunity**

Each year, increasing numbers of low-income students graduate from high school academically prepared to enter college. However, these students confront significant financial barriers that limit their ability to access and persist through college. In 2001, the college participation rate of students from families earning below \$25,000 per year continued to lag 32 percentage points behind those from families earning above \$75,000 per year as it did three decades before. Low-income students, who are at least minimally qualified or better, attend 4-year institutions at half the rate of their comparably qualified high-income peers. Additionally, few low-income students are able to access 4-year institutions through community colleges. Underparticipation and lack of degree completion continue to take a toll on the lifetime earnings of today's low-income students.

Four decades ago, there was unanimous agreement on the nation's access goal: low-income students who are academically prepared must have the same educational opportunity as their middle- and upper-income peers. Today, that opportunity—to pursue a bachelor's degree whether through full-time enrollment at a 4-year institution directly upon graduation from high school or as a transfer from a 2-year institution—is all but ruled out for increasing numbers of low-income students by record levels of unmet need. The rate at which academically qualified, low-income students attend 4-year institutions full-time provides one of the most sobering views of America's educational and economic future. Declining access to pursue a bachelor's degree today, combined with powerful demographic forces already at work, portended deterioration in educational opportunity, as well as a severe loss in potential national economic productivity and growth for the nation.

The opportunity gap for low-income students that exists today stands in stark contrast to the unparalleled prosperity of many American families and the large budget surpluses of the nation. In order to address the current opportunity gap and avoid a potential access crisis in the future, the federal government must renew the nation's commitment to a broad access strategy. Using the Title IV student aid programs as its primary policy tools, the federal government must reinstate the access goal, refocus policy on unmet need and its negative effects, and expand need-based grant aid. One key to a broad access strategy will be restoring the access partnership between the federal government, states, and institutions, which can help to ensure that low-income students are financially and academically supported throughout the entire education pipeline. Immediate action on these fronts can ensure enduring progress on the access problem that low-income students face and can work to promote the security of our nation's economic future.

EMPTY PROMISES (2002)

The Myth of College Access in America

Most Americans believe that all students have the opportunity to earn a college degree through hard work in high school and college. Yet, financial barriers prevent 48% of college-qualified, low-income high school graduates from attending a 4-year college and 22% from attending any college at all, within two years of high school graduation. Their peers from moderate-income families are hardly better off—43% are unable to attend a 4-year college and 16% attend no college at all. Our nation invests in student aid in order to ensure that the opportunity to attend college and attain a bachelor's degree does not depend on family income alone. Nevertheless, the financial barriers to a college education have risen sharply due to shifts in policies and priorities at the federal, state, and institutional levels, resulting in a shortage of student aid, and, in particular, need-based grant aid, as well as rising college tuition. As a result, students from low- and moderate-income families who graduate from high school fully prepared to attend a 4-year college confront daunting financial barriers with major implications for these students and the nation.

Families of low-income, college-qualified high school graduates face annual unmet need, college expenses not covered by student aid such as work-study and student loans, of \$3,800. And the shortage in grant aid requires these families to cover \$7,500—two-thirds of college expenses at public 4-year colleges and one-third of family income—through work and borrowing. In 2002, financial barriers were projected to prevent over 4.4 million college-qualified high school graduates from enrolling in a 4-year college, with 2 million prevented from enrolling in any college at all by the end of the decade.

Throughout the decade, as school reform and early intervention efforts expand the number of college-qualified high school graduates, scarce grant aid will be stretched even further, and work and loan burden will rise above current levels. This will produce even larger national losses of college-qualified high school graduates, as well as wider income-related gaps in college participation and degree completion for the foreseeable future. Without significant increases in need-based grant aid, this chain of events is irreversible. Reversing these trends will require a long-term commitment to increase grant aid at the federal, state, and institutional levels, strengthen the student aid programs, and, at the state and institutional levels, control college cost. A comprehensive federal strategy is needed to strengthen early intervention efforts and student support programs, and greatly reinvigorate the federal, state, and institutional access partnerships, especially in the areas of grant aid.

ACSFA FINDINGS POLICY IMPLICATIONS & RECOMMENDATIONS

2001 – 2013

Financial barriers prevent 48% of college-qualified high school graduates from low-income families from attending a 4-year and 22% from attending any college at all.

In 2002, financial barriers were projected to prevent over 4.4 million graduates from enrolling in a 4-year college, with 2 million prevented from enrolling in any college.

A truly comprehensive federal strategy is needed to strengthen early intervention efforts and student support programs, and reinvigorate access partnerships...

Students from low-income families require accurate and timely information about financial aid and college costs and an understandable need analysis system ...

The major finding was that a broad and cost-effective simplification initiative could increase the power of federal student aid to achieve greater access to college ...

Nine of ten recommendations in the *Student Aid Gauntlet* were adopted in legislation ... the most important, the expansion of auto-zero income threshold.

STUDENT AID GAUNTLET (2005)

Making Access to College Simple and Certain

In order to identify and eradicate major sources of complexity in student aid, Congress charged the Advisory Committee to conduct a one-year study of the simplification of student aid as part of HEA reauthorization. Millions of students and adult learners who aspire to pursue higher education are overwhelmed by the complexity of student financial aid. Rather than promote access, student aid often creates a series of barriers—a gauntlet that the poorest students must run through to get to college. Students from low-income families require accurate, timely information about financial aid and college costs, and an understandable federal need analysis system, in order to make decisions about investing in higher education.

Three broadly inclusive regional hearings uncovered a remarkable consensus about complexity in student aid and potential solutions. Dozens of participants from state agencies, public and private colleges, and early intervention programs were in agreement that students and families are battered by a series of complexities in student aid. They must overcome ambiguous and uncertain information about financial aid and college costs as well as burdensome application questions, forms, and processes. In addition, they confront inadequate application of advanced technology and a lack of coordination among federal, state, college, and private funding sources. Driven by a strong consensus that the HEA reauthorization should be used to eliminate complexity from student aid, the hearings produced an analytical agenda for the study. The major finding of the study was that a broad and cost-effective simplification initiative could greatly increase the power of federal student aid to achieve greater access to college, especially for low-income students.

The following recommendations were included in this report: 1) Create a system of early financial aid information; 2) Make federal need analysis transparent, consistent, and fair; 3) Expand existing simplification to more students; 4) Allow all students to apply for financial aid earlier; 5) Make the FAFSA relevant and understandable; 6) Create a simpler paper form for low-income students; 7) Phase out the full paper form and increase the use of technology; 8) Simplify and streamline FAFSA on the web; 9) Simplify the verification process; and 10) Create a national partnership to make access simple and certain. Together the recommendations constitute a comprehensive strategy for eliminating complexity and confusion in student aid. Designed first to meet the needs of students and families, the strategy reflects the shared views and expertise of all major stakeholders in higher education. Nine of the ten simplification recommendations contained in the Advisory Committee's 2005 *Student Aid Gauntlet* report were adopted in legislation and, by far, the most important was the expansion of the auto-zero income threshold.

MORTGAGING OUR FUTURE (2006)

How Financial Barriers to College Undercut America's Global Competitiveness

America's global competitiveness depends on the ability of our high school graduates to earn at least a bachelor's degree. As in recent decades, financial barriers are a major factor preventing large numbers of college-qualified students from earning a bachelor's degree, particularly those from low- and moderate-income families. These bachelor's degree losses are a key signal that our nation has yet to make the investment in student aid necessary to secure our economic future—a warning that we are requiring millions of students to mortgage their future and ours as well. During the 1990s, between nearly 1 million and 1.6 million bachelor's degrees were lost among college-qualified high school graduates from low- and moderate-income families. During the current decade, between 1.4 million and 2.4 million more bachelor's degrees will likely be lost, as the number of high school graduates increases and academic preparation improves. These estimates are extremely conservative, reflecting only those losses that occur among low- and moderate-income college-qualified high school graduates *and* only to the extent that they are unable to enroll and persist in college at the same rates as their middle-income peers. Total losses, including those among middle-income students, are much higher.

These bachelor's degree losses will be difficult, if not impossible, to stem through strictly non-financial means. Although academic preparation appears to have improved, early information and student expectations to complete college have certainly expanded, and financial aid forms and processes have been greatly simplified, bachelor's degree completion rates, by family income, show no sign of improving. Financial barriers in the form of record level work and loan burden caused by rising college prices and insufficient need-based grant aid continue to undermine advances in other areas.

Need-based aid must be increased from *all* sources, the price of college must be restrained to the extent possible and offset with need-based aid, and the trend toward merit-based aid and increasing reliance on loans must be reversed. Taking these actions collectively will lower financial barriers, improve bachelor's degree attainment rates, expand the pool of college-qualified high school graduates over time, and enhance America's economic competitiveness. Given the paramount importance of maintaining America's competitiveness, proposals aimed at lowering financial barriers through increased need-based aid from all sources should receive top priority. Overhauling or dismantling the Title IV programs—which suffer primarily from inadequate funding—is unnecessary. Well-designed improvements to increase efficiency and further streamline delivery are all that is required.

ACSFA FINDINGS POLICY IMPLICATIONS & RECOMMENDATIONS

2001 – 2013

Bachelor's degree losses are an undeniable signal that our nation has yet to make the investment in student aid that is necessary to secure our economic future...

Although there have been improvements in reducing some nonfinancial barriers to access, bachelor's degree completion, by family income, has not improved.

Need-based aid must be increased, price of college must be restrained, and the trend toward merit-based aid and increasing reliance on loans must be reversed.

**ACSFA FINDINGS
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2001 – 2013

Rising prices of textbooks...comprise just one component of the escalating price of college, but they are visible and frustrating to millions of students and parents.

Short-term solutions...are not aimed at, and will not eliminate, the underlying structural imperfection in the market for textbooks and learning materials.

The current supply-driven, producer-centric market must be transformed into a demand-driven, college- and student-centric national digital marketplace...

TURN THE PAGE (2007)

Making College Textbooks More Affordable

Rising prices of textbooks and other learning materials comprise just one component of the escalating price of college, but these outlays are extremely visible and especially frustrating to millions of students and parents. While the share of family income required to meet yearly textbook expenses has not increased substantially, prices are already too high for low- and moderate-income families and are straining for middle-income families as well. The resulting groundswell of criticism against colleges, bookstores, and publishers has translated into action across the nation to do something about the affordability of textbooks. The political imperative to turn the page and restrain increases in the price of textbooks – indeed, to lower them if possible – cannot be overstated.

From a policy perspective, rapid price increases and lack of affordability are best understood as symptoms of a structural imperfection in the market for textbooks and learning materials – a market driven by supply rather than demand. Faculty select textbooks from publishers, bookstores order them, and students must pay. The end consumer has no direct influence over the price, format, or quality of the product. Short-term solutions now underway – while well-intentioned and sorely needed – are not aimed at, and will not eliminate, the underlying structural imperfection in the market for textbooks and learning materials. Pursuing short-term improvements in affordability without addressing the problem of market failure is likely to undermine the quality and accessibility of learning resources in the future.

The current supply-driven, producer-centric market must be transformed into a demand-driven, college- and student-centric national digital marketplace to lower the price of textbooks and other learning materials. The centerpiece of such a marketplace must be an enabling infrastructure of technology and support services with which institutions, students, faculty, bookstores, publishers, and other content providers can interact efficiently. This infrastructure would consist of a transaction and rights clearinghouse, numerous marketplace Web applications, and hosted infrastructure resources. The transaction and rights clearinghouse would process each multi-part transaction; collect funds from the purchaser; distribute royalties, fees for resources, and/or commissions; secure rights through a digital rights management capability; and track content. The hosted infrastructure would ensure that all systems interface, support a registry of millions of learning items, provide marketplace services to thousands of campuses and millions of users, and process hundreds of millions of transactions for both fee-based and no-cost content. Short- and long-term efforts to improve textbook affordability must be led by the higher education community with the close involvement and cooperation of the publishing and technology industries.

TRANSITION MATTERS (2008)

Community College to Bachelor's Degree

Due to changing demographics, issues of college affordability, and workforce expectations, there is an increasing demand for access to community colleges. At the time of this report, there were approximately 1,200 community colleges nationwide, serving over 11.5 million students – nearly half of all undergraduates. These institutions have multiple missions integral to their communities, one of which includes helping students transition from a 2-year college to a 4-year college to earn a bachelor's degree. These institutions are a primary access point to higher education for many Americans, particularly those who have been traditionally underrepresented, such as minority, first-generation, nontraditional, and low-income students. As the net price of a 4-year public college increases, as a percent of family income, low-income students who aspire to a bachelor's degree are enrolling far more often in 2-year college, planning to transfer to a 4-year college.

However, data from the *Mortgaging Our Future* (2006) report revealed problems en route to a bachelor's degree for college-qualified low- and moderate-income students who initially enroll at a community college with the intention of transferring to a 4-year institution and attaining a bachelor's degree. Specifically, the longitudinal data from this report show that only about one in five college-qualified low-income students who seek a bachelor's degree but must begin at a 2-year college are able to successfully transfer to a 4-year college and earn the degree. While the number of higher income students in this same category who attained a bachelor's degree is significantly higher, the pathway is not perfect for them either, indicating the need to strengthen this route.

Furthermore, new enrollment data now available suggest that a major shift in college enrollment from 4-year colleges to 2-year colleges occurred among low- and moderate-income college-qualified high school graduates between 1992 and 2004. These shifts portend higher projected bachelor's degree losses for the high school class of 2004 – as well as higher projected cumulative losses for the current decade. Recognizing the need to strengthen the community college pathway, this report undertook an initiative on community colleges. Through its research, the Advisory Committee has noted in this report three critical transition points for students who start at a community college and intend to obtain a bachelor's degree: enrollment, persistence, and transfer. Students encounter barriers at each stage that often prevent them from attaining a degree, barriers that fall into five categories: academic, social, informational, complexity, and financial. As initial college enrollment shifts toward 2-year colleges, partnerships between 2-year colleges and 4-year colleges must be formed to overcome these barriers and allow seamless transfer to meet national completion goals.

ACSFA FINDINGS POLICY IMPLICATIONS & RECOMMENDATIONS

2001 – 2013

As the net price...increases, low-income students who aspire to a bachelor's degree are enrolling more often in 2-year college, planning to transfer to a 4-year college.

Longitudinal data show that only about one in five low-income students who seek a bachelor's degree...are able to successfully transfer [from a 2-year college]...

As initial college enrollment shifts toward 2-year colleges, partnerships between 2-year and 4-year colleges must be formed to overcome barriers and [facilitate] transfer.

**ACSFA FINDINGS
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2001 – 2013

Low-income, minority, and 1st-generation students face the greatest information barriers ... and have far more concerns about the affordability of college.

The report provides a careful systematic, integrated, and comprehensive framework of information students need to know within four broad areas...

Lack of knowledge about the costs and benefits of college must be countered by delivery of comprehensive and integrated financial information...

EARLY & OFTEN (2008)

**Designing a Comprehensive
System of Financial Aid Information**

Students and parents need ample time and accurate information to prepare for the financial burden of a college education – those who lack this knowledge base face a significant access barrier to higher education. Low-income and first-generation students face the greatest information barriers because they are far less likely to have experience with completing forms and processes and have far more concerns about the affordability of college. This problem can be mitigated by the delivery of comprehensive, integrated financial aid information, an approach identified in the Advisory Committee's 2005 report, *The Student Aid Gauntlet*.

The report provides a systematic, integrated, and comprehensive framework of information students need to know within four broad areas: 1) Benefits of higher education: Access to information about how college can positively impact a student's future in a variety of ways, both economic and non-economic, can influence preparation for college enrollment; 2) College Expenses: Misconceptions about sticker price and financial aid eligibility can skew a student's cost/benefit analysis by overestimating the actual amount the student must pay out of pocket to attend college; 3) Paying for College: Knowledge about appropriate types of grants and loans can make college affordable for even the lowest income students, but the absence of that information can prevent college-qualified students from financing a degree; and 4) Forms and Processes: Walking through and explaining the FAFSA, decoding financial aid award letters, and discussing the aid disbursement process will improve the chances that students can afford and will attend higher education.

Lack of knowledge about the costs and benefits of college must be countered by the delivery of a set of comprehensive and integrated financial aid information specifically tailored to the target population (i.e., age- and grade-specific). The report provided a set of ten guidelines to help practitioners tailor delivery to a target population. Research and program implementation have shown each of the ten guidelines to be effective, and programs will find that a customized combination of the guidelines will help meet individual program objectives. *Early & Often* is a complete resource on early financial aid information and seeks a wide audience, including curriculum developers, policymakers, college advisors, and the early intervention community. By adapting the framework, guidelines, and unit plans to suit the needs of a program's target population, practitioners may use the resources in this report to develop an aid information system uniquely geared to the needs of their own students.

APPLY TO SUCCEED (2008)
**Ensuring Community College Students
Benefit from Need-Based Financial Aid**

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Among multiple missions, community colleges have played a key role as a starting point for millions of students pursuing a bachelor's degree. Given recent shifts in college enrollment caused by record-high prices net of all grant aid at 4-year colleges, ensuring that the pathway from community college to bachelor's degree completion remains viable for students with that aspiration is of paramount importance. However, for high school graduates from low- and moderate-income families today, the pathway is uncertain at best. While not the only factor, finances unquestionably undermine access and persistence. Students must apply to succeed. Low- and moderate-income students who do not apply for student aid—regardless of the reasons—limit their financing options to a combination of work and loans. To avoid debt, a very large share of community college students work an excessive number of hours per week, which reduces financial aid eligibility, lowers academic performance, and undermines persistence. For example, 28% of full-time dependent students with family income below \$10,000 work 30 hours or more per week. The percentage is even higher for their peers who are independent. Perhaps the most important reason for these students to apply is that financial aid might permit working fewer hours and improve persistence to degree completion.

The *College Cost Reduction and Access Act* (CCRAA) passed by Congress in 2007 encouraged community college students to apply for aid. CCRAA reduced the penalty in federal need analysis on students who work, potentially increasing eligibility for millions of students. Expansion of the auto-zero Expected Family Contribution (EFC) – the most consequential simplification improvement – allowed a low-income, dependent student who worked 30 to 40 hours per week to qualify for a full Pell Grant. However, neither the benefits of CCRAA nor the importance of proper implementation is fully understood yet by students or 2-year colleges.

To ensure that the pathway from 2-year college to 4-year college to bachelor's degree remains viable for low-income students, their increased Pell eligibility must be communicated effectively to moderate hours worked, if possible. This report suggested that four steps must be taken by ED, states, and community colleges: 1) Communicate increased federal aid eligibility widely and effectively; 2) Make applying for financial aid easy and a priority; 3) Encourage students to moderate the number of hours worked; and 4) Improve the implementation of the auto-zero EFC. Taking these steps will increase the bachelor's degree attainment rate of high school graduates who begin at community colleges and will serve to strengthen the nation's global competitiveness.

A very large share of community college students work an excessive number of hours per week, which reduces aid eligibility... and undermines persistence.

Expansion of the auto-zero EFC ... allowed a previously ineligible low-income, dependent student who worked 30 to 40 hours per week to qualify for a Pell Grant.

To ensure that the pathway to bachelor's degree remains viable for low-income students, increased Pell eligibility must be communicated to moderate hours worked.

THE RISING PRICE OF INEQUALITY (2010)

How Inadequate Grant Aid Limits College Access and Persistence

Triggered by concerns about college expenses, large-scale mismatches exist between the qualifications of low-income graduates and where they enroll.

Shifts in initial college enrollment are consequential because where qualified graduates are financially able to [enroll] largely determines likelihood of success.

With persistence rates declining, these trends undermined bachelor's degree completion of qualified low-income graduates over the last two decades...

This report seeks to fulfill the Advisory Committee's mandate of monitoring and reporting on the condition of college access and persistence for low- and moderate-income students through analyses and policy recommendations, by providing insights drawn from critical data that tracks the experiences of high school graduates through college. Adequacy of grant aid from all sources is assessed by examining the enrollment and persistence rates of low- and moderate-income high school graduates who seek to earn a bachelor's degree and are qualified to gain admission to a 4-year college. Over time, prices net of total grant aid at 4-year colleges have risen as a percentage of family income for these students, leading to a cascade of negative effects. Triggered by increasing family financial concerns about college expenses and financial aid, large-scale mismatches exist between the qualifications of low-income high school graduates and where they are able financially to enroll in college.

Between 1992 and 2004, initial enrollment rates of academically qualified low- and moderate-income high school graduates in 4-year colleges shifted downward: from 54% to 40%, and from 59% to 53%, respectively. The cause appears to have been an increase in the importance of college expenses and financial aid to parents and students between 1992 and 2004. Differences in family financial concerns accounted for a 45 percentage point difference in 4-year college enrollment in 2004. Shifts in initial enrollment are consequential because where qualified high school graduates are financially able to start college (access) largely determines their likelihood of success (persistence and degree completion). Exacerbating the negative impact of enrollment shifts, persistence rates today appear to be lower, especially for qualified high school graduates who are unable financially to start at a 4-year college.

Low-income high school graduates who started at a 4-year college earned a bachelor's degree over three times more often than their peers who started at a 2-year college. Persistence of low-income high school graduates five years after starting at a 4-year college has fallen from 78% to 75%; for those from moderate-income families, persistence has remained at 81%. For those starting at a 2-year college, persistence has fallen significantly. With persistence rates declining, these trends undermined bachelor's degree completion of qualified low-income high school graduates over the last two decades and, if unchecked, will take a greater toll this decade and next. If prices net of grant aid from all sources continue to escalate as a percentage of family income, as they have over the last decade, enrollment and persistence rates will very likely worsen, and bachelor's degree losses could increase well beyond those projected in this report.

THE BOTTOM LINE (2011)

Ensuring that Students and Parents Understand the Net Price of College

In making decisions about college, it is essential that students and parents focus on net price, which is the dollar amount that must be paid after subtracting financial assistance from cost of attendance. Throughout the decision making process — from considering whether college is a financial possibility, to choosing which college to attend, to assessing whether to continue once enrolled — net price, rather than list price, is of singular importance. For low-income families, while work and loans are necessary, the most consequential type of assistance is need-based grant aid, and the most important measure of net price is cost of attendance minus grant aid from all sources.

A net price calculator is one of two financial aid tools designed to provide students and parents with accurate and timely information about the net price of a particular college, or type of college. A well-designed calculator can provide an early estimate of cost of attendance and financial aid long before application for admission. A second tool — a financial aid award letter — provides a list of the financial aid an admitted student will likely receive, once enrolled. While used at different points in the decision making process, these tools are often closely related from a student and parent perspective. To the extent possible, the content, form, and results of a college's net price calculator should align closely with the financial aid award letter the student will likely receive, as well as the actual net out-of-pocket cost to the family.

The Advisory Committee's spring hearing in 2011 was devoted to a discussion of issues associated with net price calculators and financial aid award letters with two panels comprised of researchers, analysts, and practitioners. Overall, consensus emerged from the panel discussion that students and parents need accurate and timely information about both college expenses and financial aid from middle school through college enrollment and persistence. The current status of financial aid award letters — in particular, the lack of comparability from institution to institution — provides a cautionary tale for the future of net price calculators. While net price calculators have the potential to be useful tools for students and parents, they are likely to suffer from several limitations that warrant further examination. There was also broad consensus that it would be wise for the higher education community to explore these issues further and develop voluntary guidelines, for the benefit of students and parents. While it is understandable that the design of net price calculators and financial aid award letters might vary somewhat, given differences in college mission and operations, closer alignment of inputs and output is not only possible but highly desirable.

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For low-income families... need-based grant aid [is consequential], and the most important measure of net price is cost of attendance minus all grant aid.

...the content, form, and results of a college's net price calculator should align closely with the financial aid award letter the student will likely receive...

...design of net price calculators and financial aid award letters might vary ... but closer alignment of inputs and output is not only possible but highly desirable.

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PATHWAYS TO SUCCESS (2012)

**Integrating Learning with Life and Work
to Increase National College Completion**

...higher education and student financial aid programs are not structured to serve [nontraditional students] adequately, [and] ...representative data do not exist.

Previous Advisory Committee reports have shown how challenging achievement of the 2020 goal will be among the nation's recent high school graduates. Complementing those efforts, this report focuses on students referred to in the past as the nontraditional population, the largest subset of students in the nation. Defining or labeling this population concisely is virtually impossible, given the considerable diversity of its demographic and socioeconomic characteristics. Categorized across the dimensions of age, marital status, family size and composition, level and type of employment, and educational preparation and goals, this population – often referred to as 21st century or contemporary students – consists of many subgroups, each with unique circumstances, educational needs, and goals. Not only are higher education and student financial aid programs not structured to serve this population adequately, but nationally representative data that tracks nontraditional college enrollment and persistence do not exist.

...increasing degree and certificate completion among nontraditional students will require modification in higher education and federal student aid.

Increasing college completion among nontraditional students must begin with careful consideration of the invaluable experience of those in higher education who have dedicated their professional lives to better integrate higher learning with the life and work of these students. To bring these professionals together, the Advisory Committee held a hearing in Washington DC in September of 2011 and asked two panels of experts – state and institutional – to address three key questions of policy and practice related to adequately serving nontraditional students: 1) What are the primary barriers to access and persistence for nontraditional students? 2) What are the most promising state and institutional strategies and policies for overcoming those barriers? 3) What role should the federal government play in encouraging states and institutions to implement best practices? Among the panelists, the consensus was that increasing degree and certificate completion among nontraditional students will require modifications not only in the structure and delivery of higher education but also changes in federal student aid.

Federal aid policy must encourage...best practices to improve postsecondary attainment of nontraditional students, while increasing access...

Better serving the large population of nontraditional students will require governments at all levels to reconsider a number of longstanding policies and practices. Federal policy must encourage implementation of best practices to improve postsecondary attainment of nontraditional students, while simultaneously increasing access among recent low-income high school graduates. If care and attention are used to expand quality educational opportunities for nontraditional students, greater degree attainment can be achieved. Developing appropriate and well-executed higher education structures and partnerships has the potential to greatly improve the educational system of the United States.

**PRESS RELEASES AND
POLICY BULLETIN (2012)**

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2001 – 2013

January 2012—Rationalizing the Pell Policy Debate

Given the importance of the nation's goal to increase postsecondary degree and certificate completion, it is imperative that proposals to cap, trim, or redirect the Pell Grant program be supported by data – longitudinal, where necessary – and careful analyses. In particular, proposals to change the Pell program must: 1) Spell out empirically the problems that the proposal is designed to eliminate or the improvements that the proposed changes are intended to make; 2) Assess the impact of implementing the proposal on both total program cost and the distribution of total need-based grant aid, by state and institution; 3) Identify those students and families who are expected to gain or lose need-based grant aid under the proposal, and, most importantly; 4) Provide empirically grounded estimates of the impact on enrollment and degree and certificate completion, particularly for students losing need-based grant aid. Taking these steps, and making all assumptions explicit, will ensure that proposals can be assessed accurately.

...proposals to cap, trim, or redirect the Pell Grant program [must] be supported by data providing estimates of the impact for students losing need-based grant aid.

May 2012—About the Brown Center (Brookings) Report

Tying the level of state need-based grants to circumstances in each state encourages proliferation of state grant programs and may likely reduce state grant aid for students most at risk and the institutions that serve those students. The likelihood that states will adjust student-level data on progress toward degree to adequately control for past merit and institutional selectivity and resources before using those data to redistribute grant aid is quite low. Using on-time progress toward degree, which is a function of family income, high school preparation, test scores, grades, institutional selectivity and resources, and financial aid, to determine grant aid in order to increase college attainment would likely result in state grant programs that reduce the grant aid of students most at risk in institutions with the least resources to support those students.

Tying the level of state need-based grants to circumstances in the state encourages proliferation of state grant programs and may reduce aid for at-risk students.

November 2012—Is College Affordable? Are Loans Manageable?

A review of net price calculators revealed that students from low-, moderate-, and middle-income families face record-level net prices at 4-year public colleges today. These net prices will translate into levels of average total loan burden far in excess of \$27,000 – the level often cited in current policy discussions as total borrowing by students who have completed college. While this level is useful in assessing whether loan burden is reasonable and manageable for those who have completed college, it cannot be used to assess whether the total level of borrowing that families must undertake to finance completion of a bachelor's degree today is manageable.

Record-level net prices at 4-year public colleges today translate into levels of average total loan burden far in excess of \$27,000 – the level often cited...

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As net prices continue to rise for low-income students, inadequate need-based grant aid makes college unaffordable for half of high school graduates.

...achieving the goal [to have the world's highest rates of completion] by 2020 will require a formidable effort to increase college degrees and certificates.

Without increases in need-based grant aid, the nation's completion goals will not be met, and today's income-based ...disparities will likely be permanent.

ACCESS MATTERS (2013)

How Financial Barriers Will Undermine Bachelor's Degree Completion In America

Financial concerns about college expenses and financial aid were the main driver of access inequality for both 1992 and 2004 high school graduates who could gain admission to a 4-year college. As net prices as a percent of family income continue to rise for low- and moderate-income students, inadequate need-based grant aid makes college unaffordable for half of high school graduates. Prospective loan burdens are daunting and well above those referenced in policy discussions. Assuming constant annual need-based grant aid and federal work-study, for five years of attendance, total family loan burden rises to truly unaffordable levels: \$46,000 and \$79,750, respectively.

At the federal level, the goal to have the world's highest rates of college completion is now front and center, but achieving the goal by 2020 will require a formidable effort to increase the college degrees and certificates. Inequality in bachelor's degree completion is driven by *both* access and persistence inequalities. Analysis of National Education Longitudinal Study (NELS) data revealed that persistence and completion have been deteriorating in both 4-year colleges and 2-year colleges, in comparing the 5-year persistence rates of students beginning in 1995 and 2003. Declining persistence combined with unequal access triggers lower and more unequal completion. Improving access is a powerful tool for raising bachelor's degree completion, as it is *as important* and as potent as improving persistence in college. Increasing and equalizing bachelor's degree completion requires a comprehensive strategy to improve *both* access and persistence.

Based on analysis of NELS and Education Longitudinal Study (ELS) data, *Access Matters* projects that millions of bachelor's degrees will be lost this decade, exceeding the losses in the last two decades. Unless college affordability is greatly improved, the nation's 2020 completion goals cannot be met. If net price (as a percent of low family income) continues to rise at the same rate, the 4-year college enrollment rate could decline to as low as 30% in 2016 and as low as 26% in 2020—further undermining bachelor's degree completion. Unchecked, this same trend will undermine 4-year college enrollment and bachelor's degree completion of both moderate- and middle-income students. Capping need-based aid will worsen inequality in college completion by income, race, and ethnicity, and these trends will be even more exacerbated by the negative effects of the current economic downturn. Without increases in need-based grant aid from all sources, the nation's 2020 bachelor's degree completion goals will not be met, and today's large income-based and racial/ethnic disparities will likely be permanent.

POLICY BULLETINS (2013)

June 2013—Inequality Matters

This bulletin extended the findings of the Committee’s 2010 report by focusing on the enrollment and completion of low-income Black and Hispanic high school graduates who had taken at least Algebra II and could gain admission to a 4-year college. Concerns about rising college expenses and financial aid, which has failed to keep pace with those expenses, are undermining the 4-year college enrollment of these students. Rising net prices, as a percentage of family income, are causing initial enrollment to shift away from 4-year colleges, with increases in no enrollment in postsecondary education. Enrollment shifts away from 4-year colleges, together with falling rates of persistence, are undermining rates of bachelor’s degree completion. Declining rates of college completion signal that over one million bachelor’s degrees, in absolute terms, were lost last decade and even more will be lost in the future. Large losses in bachelor’s degree completion will exacerbate existing disparities in educational attainment, by race, ethnicity, and family income, for the foreseeable future. Without increases in grant aid from all sources, inequality in access and completion will steadily worsen – as will inequality in national income.

July 2013—Measure Twice

To demonstrate the impact that serving low-income students can have on raw measures of college performance, this bulletin explored the relationship between 6-year graduation rate and three inputs: the percentage of first-time students who are Pell recipients, average test score of the student body, and level of endowment per student. The analysis found that these three inputs are powerful determinants of 6-year graduation rates at nonprofit 4-year public and private colleges. Using raw output measures, such as rates of graduation or student academic progress, in the awarding or allocation of Title IV student aid will harm low-income students and the colleges that serve them. To prevent such harm, output measures must be adjusted to adequately reflect differences in inputs, in particular, college mission, student characteristics, resources, and factors beyond colleges’ control. Because estimates of value added are quite vulnerable to both modeling and data limitations, such measures should not be used to support high-stakes decisions in either the Pell or Campus-Based Programs. The best approach to improve graduation rates is to use well-designed case studies to identify policies and practices shown to be effective at peer colleges and incentivize colleges to implement them. In race-to-the-top competitions for *additional* funds, colleges should be required to compete only against peers with highly comparable inputs. These inputs include the percentage of students who are Pell recipients, average test score, endowment per student, and other factors shown to have a statistically significant relationship to the output measure in question.

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Bachelor’s degree losses among college qualified low-income Black and Hispanic graduates will greatly worsen existing disparities in educational attainment...

Because estimates of value added are quite vulnerable to modeling and data limitations, such measures should not be used to support high-stakes decisions...

EXHIBIT TWO: DIFFERENTIAL IMPACT OF FINANCIAL AND NONFINANCIAL BARRIERS ON ACCESS AND COMPLETION

Barrier	Negative Impact	
	Access*	Completion**
1. High Net Prices Facing Low-Income Students	●	●
2. Excessive Levels of Student and Family Borrowing	●	●
3. Decoupling of Federal, State, and Institutional Grant Aid	●	●
4. Complex Forms, Processes, and Eligibility Determination	●	
5. Inadequate Early Information and Intervention	●	
6. Insufficient In-College Student Support Services		●

*Access refers to the type, level, and timing of initial postsecondary enrollment.

**Completion refers to persistence through the award of a postsecondary degree or certificate.

The foregoing series of reports, policy bulletins, and press releases identify the six barriers to access and completion illustrated in **Exhibit Two**. The impact of these barriers on access and completion varies:

Differential Impact of Barriers on Access and Completion

- The first three barriers have a highly negative impact on *both* access and completion, that is, these barriers greatly undermine initial enrollment and persistence through the award of a postsecondary degree or certificate. Elimination of these barriers could, therefore, be expected to improve *both* access and completion significantly.
- The fourth and fifth barriers have negative impacts on access but negligible impact, if any, on persistence through degree or certificate completion. Elimination of these barriers alone could therefore be expected to improve access – if additional funds are made available for additional recipients – but not appreciably improve completion.
- The final barrier has little impact, if any, on access but does have a negative impact on persistence through completion. Elimination of this barrier alone might mitigate somewhat the negative impacts on completion of the first three barriers.

While a comprehensive federal access and completion strategy would seek to reduce each of the six barriers above, initiatives aimed at spurring college completion would be best aimed at increasing need-based grant aid – to lower net prices and reduce excessive levels of borrowing – by leveraging federal need-based student aid to increase state and institutional need-based student aid. This was the Advisory Committee’s recommendation to Congress and the Secretary in the 2008 HEA reauthorization.

APPLYING THE ASSESSMENT FRAMEWORK TO FIFTEEN SELECTED PROPOSED CHANGES

Over the last quarter century, the Senate, the House of Representatives, and the Secretary of Education have appointed over sixty leaders in higher education as members to the Advisory Committee, including college presidents, state agency heads, directors of financial aid, and students. Over the years, each of the Committee’s analyses, findings, and recommendations were approved unanimously before release by members serving at that time. A dissenting minority report has never been issued through four administrations, eleven Congresses, and four reauthorizations. This report is no exception.

In light of the Advisory Committee’s primary mission – to make recommendations that will result in the maintenance of access, persistence, and completion among low-income students – and based on its previous recommendations to Congress and the Secretary of Education, the framework used in the following section for evaluating proposed changes to federal student aid centers on five questions.

Would the proposed change:

Evaluating the Impact of Proposed Changes on Access and Completion

- Lower net prices facing low-income students?
- Ease the burden of excessive student and family borrowing?
- Integrate federal, state, and institutional need-based grant aid?
- Simplify student aid delivery – forms, processes, and/or eligibility?
- Improve the quality or timing of early information and intervention?
- Expand or enhance the quality of in-college student support services?

Fifteen selected proposed changes are assessed:

Fifteen Selected Proposed Changes

1. Use Federal Aid to Spur State and Institutional Aid
2. Double the Level of the Pell Grant Maximum Award
3. Convert Higher Education Tax Credits into Pell Grants
4. Redesign Income-Based Loan Repayment Programs
5. Expand the Funding of the Federal Work-Study Program
6. Expand the Funding of In-College Support Services
7. Build an Integrated System of Early Information
8. Use Prior-Prior Year and/or IRS Data on the FAFSA
9. Raise EFCs of Independent/Nontraditional Students
10. Inject Measures of Merit into Initial Pell Awards
11. Tie Continuing Pell Awards to Academic Progress
12. Link Campus-Based Funding to Graduation Rates
13. Freeze Federal Student Aid or Hold Budget Neutral
14. Block Grant Federal Need-Based Aid to the States
15. Tie Eligibility to Students’ Risk of Non-Completion

In the following tables, “access” refers to the type, level, and timing of initial enrollment, and “completion” refers to persistence through the award of a postsecondary degree or certificate.

**APPLYING THE
FRAMEWORK TO
PROPOSED CHANGES**

**Using Federal Aid to
Spur State and Institutional
Aid Would Increase Both
Access and Completion**

1. Use Federal Aid to Spur State and Institutional Aid		
• Lower Net Prices?		Yes
• Ease Loan Burden?		Yes
• Leverage Federal Student Aid?		Yes
• Simplify Student Aid Delivery?		No
• Improve Early Information/Intervention?		No
• Expand Student Support Services?		No
Overall Impact	On Access?	Increase
	On Completion?	Increase

The Advisory Committee’s sole reauthorization recommendation in 2008 was to reinvigorate the federal-state-institutional partnership to increase need-based grant aid from all sources. Many proposals over the last four decades have used creative matching schemes to maintain state and institutional efforts to keep 4-year public college affordable for low-income students. This change would lower net prices and ease loan burden, significantly improving both access and completion. Failing to protect Pell recipients against rising public college prices undermines support for increasing the Pell maximum award.

**Doubling the Pell
Grant Maximum Award
Would Increase Both
Access and Completion**

2. Double the Level of the Pell Grant Maximum Award		
• Lower Net Prices?		Yes
• Ease Loan Burden?		Yes
• Leverage Federal Student Aid?		No
• Simplify Student Aid Delivery?		No
• Improve Early Information/Intervention?		No
• Expand Student Support Services?		No
Overall Impact	On Access?	Increase
	On Completion?	Increase

In the 2008 HEA reauthorization, there were many proposals to double the Federal Pell Grant maximum award. With the anticipation of increasing numbers of college-ready students in the coming decades and the symbolic importance of the Federal Pell Grant as a commitment to equal educational opportunity, the proposal encouraged ED to commit to doubling the appropriated maximum award. Doing so would lower net prices and ease loan burden, thus having a positive and large impact on both access and completion. Few proposals, if any, for the upcoming reauthorization include doubling the Pell Grant maximum.

**APPLYING THE
FRAMEWORK TO
PROPOSED CHANGES**

3. Convert Higher Education Tax Credits into Pell Grants		
• Lower Net Prices?		Yes
• Ease Loan Burden?		Yes
• Leverage Federal Student Aid?		No
• Simplify Student Aid Delivery?		No
• Improve Early Information/Intervention?		No
• Expand Student Support Services?		No
Overall Impact	On Access?	Increase
	On Completion?	Increase

Converting Higher Education Tax Credits into Pell Grants Would Increase Both Access and Completion

Rather than making other student aid programs less generous in order to support the Pell maximum award, some have proposed eliminating tuition tax credits and deductions designed to help students and families meet the cost of higher education. Research has demonstrated that using tax credits, which are complex and not well-targeted, to offset rapidly increasing net prices as a percent of family income is both ineffective and wasteful. Eliminating higher education tax credits and deductions and using the savings to increase need-based grants, particularly Pell Grants, would increase both access and completion.

4. Redesign Income-Based Loan Repayment Programs		
• Lower Net Prices?		No
• Ease Loan Burden?		Yes
• Leverage Federal Student Aid?		No
• Simplify Student Aid Delivery?		No
• Improve Early Information/Intervention?		No
• Expand Student Support Services?		No
Overall Impact	On Access?	Increase
	On Completion?	Increase

Redesigning Income-Based Loan Repayment Programs Would Increase Both Access and Completion

Current proposals for HEA reauthorization include redesigning loan programs. In an effort to improve both access and completion, loan proposals emphasize the need to strengthen income-based repayment programs and practices. Many proposals suggest making income-based repayment (IBR) the default option for students who use the federal loan program with automatic or required enrollment. While a carefully and generously redesigned IBR program would not directly lower net prices, it would ease loan burden and, accordingly, could have a positive and substantial impact on both access and college completion.

**APPLYING THE
FRAMEWORK TO
PROPOSED CHANGES**

5. Expand the Funding of the Federal Work-Study Program

• Lower Net Prices?	No	
• Ease Loan Burden?	Yes	
• Leverage Federal Student Aid?	No	
• Simplify Student Aid Delivery?	No	
• Improve Early Information/Intervention?	No	
• Expand Student Support Services?	No	
Overall Impact	On Access?	None
	On Completion?	Increase

Expanding Funding of the Federal Work-Study Program Would Hold Access Constant and Increase Completion

The Federal Work-Study (FWS) program provides employment and term-time earnings for enrolled college students. This program saves money for states and institutions while providing valuable work experience for needy students. Research suggests that a reasonable level of work increases persistence to degree completion. While the FWS program does not directly lower net prices, it does ease the loan burden necessary to pay for college expenses. Expanding the funding of the FWS program would, therefore, hold access constant and increase college completion.

6. Expand the Funding of In-College Support Services

• Lower Net Prices?	No	
• Ease Loan Burden?	No	
• Leverage Federal Student Aid?	No	
• Simplify Student Aid Delivery?	No	
• Improve Early Information/Intervention?	No	
• Expand Student Support Services?	Yes	
Overall Impact	On Access?	None
	On Completion?	Increase

Expanding Funding of In-College Support Services Would Hold Access Constant and Increase Completion

In-college student support service programs provide necessary support for at-risk students throughout college to persist and make satisfactory academic progress through degree and certificate completion. For decades, proposals have been advanced to expand student support services, particularly in those colleges that enroll large numbers of Pell recipients. While improving in-college student support services would not lower net prices, ease loan burden, leverage federal student aid, simplify the delivery system, or improve early information of intervention, doing so would increase college completion.

**APPLYING THE
FRAMEWORK TO
PROPOSED CHANGES**

7. Build an Integrated System of Early Information		
• Lower Net Prices?		No
• Ease Loan Burden?		No
• Leverage Federal Student Aid?		No
• Simplify Student Aid Delivery?		No
• Improve Early Information/Intervention?		Yes
• Expand Student Support Services?		No
Overall Impact	On Access?	Increase
	On Completion?	None

Building an Integrated System of Early Information Would Improve Access But Not Completion

Proposals to improve the existing system of early information (and intervention) have been offered for at least two decades. Such a system would contain age- and grade-appropriate information and data about aid eligibility, college prices, academic requirements, career opportunities, and return on investment to postsecondary education. Improving the dissemination of early information would improve access, if additional funding were provided to finance the increase in recipients to prevent a decline in average awards. Even if funded, doing so would likely have minimal impact, if any, on college completion.

8. Use Prior-Prior Year and/or IRS Data on the FAFSA		
• Lower Net Prices?		No
• Ease Loan Burden?		No
• Leverage Federal Student Aid?		No
• Simplify Student Aid Delivery?		Yes
• Improve Early Information/Intervention?		No
• Expand Student Support Services?		No
Overall Impact?	On Access?	Increase
	On Completion?	None

Using Prior-Prior Year and/or IRS Data on the FAFSA Would Improve Access But Not Completion

Currently, students must provide financial information from the tax year prior to the year in which attendance will occur – the base year. To streamline the student aid application process, some proposals suggest using tax information from the tax year prior to the base year – prior-prior year – to provide earlier eligibility determination. This change, as well as others that would streamline delivery, would increase access, if additional funding is provided to finance the increase in recipients. However, even if funded, further simplification of student aid delivery would have minimal impact, if any, on college completion.

**APPLYING THE
FRAMEWORK TO
PROPOSED CHANGES**

**Raising EFCs of
Independent/Nontraditional
Students Would Reduce Both
Access and Completion**

**Injecting Measures
of Merit into Initial Pell
Awards Would Reduce Both
Access and Completion**

9. Raise EFCs of Independent/Nontraditional Students

• Lower Net Prices?	No	
• Ease Loan Burden?	No	
• Leverage Federal Student Aid?	No	
• Simplify Student Aid Delivery?	No	
• Improve Early Information/Intervention?	No	
• Expand Student Support Services?	No	
Overall Impact	On Access?	Reduce
	On Completion?	Reduce

An increasing percentage of postsecondary students are nontraditional and a disproportionate number of these independent students come from low-income families. Recent policy discussions have included proposals that would alter eligibility determination for these students by raising their EFCs, reducing eligibility for federal student aid, and redistributing aid away from colleges serving these low-income students. Raising the EFCs of independent students in this way addresses none of the barriers to access and completion, and undermines both for most college students.

10. Inject Measures of Merit into Initial Pell Awards

• Lower Net Prices?	No	
• Ease Loan Burden?	No	
• Leverage Federal Student Aid?	No	
• Simplify Student Aid Delivery?	No	
• Improve Early Information/Intervention?	No	
• Expand Student Support Services?	No	
Overall Impact	On Access?	Reduce
	On Completion?	Reduce

Redirecting a fixed amount of Pell Grant funds in an attempt to increase college completion requires raising the Pell Grant awards of recipients most likely to complete and paying for those increases by lowering the awards of recipients less likely to complete. For first-time aid recipients, this requires use of test score, high school GPA, or rigor of high school preparation. These are all standard measures of past merit and inherently a function of family income. Using merit measures in Pell with existing funds would create winners and losers, with no assurance that the former would outweigh the latter, and undermine both access and completion.

**APPLYING THE
FRAMEWORK TO
PROPOSED CHANGES**

11. Tie Continuing Pell Awards to Academic Progress		
• Lower Net Prices?		No
• Ease Loan Burden?		No
• Leverage Federal Student Aid?		No
• Simplify Student Aid Delivery?		No
• Improve Early Information/Intervention?		No
• Expand Student Support Services?		No
Overall Impact	On Access?	Reduce
	On Completion?	Reduce

Tying Continuing Pell Awards to Academic Progress Would Reduce Both Access and Completion

Tying Pell award eligibility to academic progress for continuing students (re-applicants) would likely require use of college GPA or credit hours completed per term. Both measures are strongly related to past merit, which is a function of family income. Conditioning the continuing Pell award on higher measures of academic progress introduces a “bait and switch” element to the program. This would fundamentally change the college affordability message to middle school students and families, create winners and losers with no assurance that the former would outweigh the latter, and undermine both access and completion.

12. Link Campus-Based Funding to Graduation Rates		
• Lower Net Prices?		No
• Ease Loan Burden?		No
• Leverage Federal Student Aid?		No
• Simplify Student Aid Delivery?		No
• Improve Early Information/Intervention?		No
• Expand Student Support Services?		No
Overall Impact	On Access?	Reduce
	On Completion?	Reduce

Linking Campus-Based Funding to Graduation Rates Would Reduce Both Access and Completion

Linking funding of Campus-Based Programs to measures of college performance in an equitable and efficient manner requires the use of adjusted measures of college output, such as graduation rates and academic progress, to reflect the differences in factors that determine those rates, such as college mission, student characteristics, and other constraints. Failing to account for inputs when measuring and evaluating college performance unfairly penalizes colleges serving large numbers of low-income students and would have a large and negative impact on access and undermine overall college completion

**APPLYING THE
FRAMEWORK TO
PROPOSED CHANGES**

**Freezing or Holding
Federal Student Aid Budget
Neutral Would Reduce Both
Access and Completion**

**Block Granting
Federal Need-Based Aid
to the States Would Reduce
Both Access and Completion**

13. Freeze Federal Student Aid or Hold Budget Neutral		
• Lower Net Prices?		No
• Ease Loan Burden?		No
• Leverage Federal Student Aid?		No
• Simplify Student Aid Delivery?		No
• Improve Early Information/Intervention?		No
• Expand Student Support Services?		No
Overall Impact	On Access?	Reduce
	On Completion?	Reduce

Responsive to short-term fiscal exigencies that are no longer relevant, freezing federal student aid, or demanding budget-neutral funding, assumes there are no additional funds for national investment in human capital. This proposed change would allow net prices and loan burdens facing low-income students to increase inexorably, likely triggering zero-sum-like redistributions of existing funds, lowering awards to some needy students far more than to their peers. Accordingly, freezing or holding federal student aid budget neutral would undermine both access and college completion.

14. Block Grant Federal Need-Based Aid to the States		
• Lower Net Prices?		No
• Ease Loan Burden?		No
• Leverage Federal Student Aid?		No
• Simplify Student Aid Delivery?		No
• Improve Early Information/Intervention?		No
• Expand Student Support Services?		No
Overall Impact	On Access?	Reduce
	On Completion?	Reduce

Maintaining access to postsecondary education and pursuing a fair and equitable distribution of income are federal responsibilities. Over the last several decades, states have moved increasingly away from need-based grant aid toward merit-based grant aid. Given fiscal challenges, it is likely that block grants could be diverted to other state needs and away from both student aid and support to institutions of higher education. Block granting federal student aid to the states would most likely have a large and negative impact on both access and college completion. Proponents have the burden of demonstrating otherwise.

**APPLYING THE
FRAMEWORK TO
PROPOSED CHANGES**

15. Tie Eligibility to Students' Risk of Non-Completion		
• Lower Net Prices?		No
• Ease Loan Burden?		No
• Leverage Federal Student Aid?		No
• Simplify Student Aid Delivery?		No
• Improve Early Information/Intervention?		No
• Expand Student Support Services?		No
Overall Impact	On Access?	Reduce
	On Completion?	Reduce

**Tying Eligibility to
Students' Risk of Non-
Completion Would Reduce
Both Access and Completion**

Proposals to tie eligibility for grant aid or loans to a student's risk of non-completion are the antithesis of the philosophy of need-based aid that has underpinned the Title IV programs for four decades. Denying low-income students the grant or loan funds necessary to meet rapidly rising college expenses, based on risk of non-completion, will discourage enrollment and drive students toward higher cost private loans. Tying eligibility to a student risk-index would increase net prices for students most at risk – who have the highest risk of non-completion – and greatly undermine both access and completion.

Conclusion

The likely impacts of the fifteen proposed changes are summarized in **Exhibit Three** on page 32 and fall into four categories:

- increase both access and overall completion, or
- hold access constant and increase overall completion, or
- increase access but not overall completion, or
- reduce both access and overall completion.

The precise impact in each case would depend, of course, on how each proposed change is designed. While details and supporting analysis of impacts have not been provided thus far by proponents of each alternative, proposed changes 9 through 15 would reduce *both* access and overall college completion.

The Advisory Committee proposes that the framework above be used throughout the upcoming HEA reauthorization process to distinguish between changes to federal student aid programs that would likely lead to increases in overall college completion and those that would not.

**EXHIBIT THREE: ASSESSING LIKELY IMPACTS OF
PROPOSED CHANGES ON ACCESS* AND COMPLETION****

Likely Impact	Proposed Change
Increase Both Access and Overall College Completion	1. Use Federal Aid to Spur State and Institutional Aid
	2. Double the Level of the Pell Grant Maximum Award
	3. Convert Higher Education Tax Credits into Pell Grants
	4. Redesign Income-Based Loan Repayment Programs
Hold Access Constant and Increase Overall College Completion	5. Expand the Funding of Federal Work-Study Program
	6. Expand the Funding of In-College Support Services
Increase Access But Not Overall College Completion	7. Build an Integrated System of Early Information
	8. Use Prior-Prior Year and/or IRS Data on the FAFSA
Reduce Both Access and Overall College Completion	9. Raise EFCs of Independent/Nontraditional Students
	10. Inject Measures of Merit into Initial Pell Awards
	11. Tie Continuing Pell Awards to Academic Progress
	12. Link Campus-Based Funding to Graduation Rates
	13. Freeze Federal Student Aid or Hold Budget Neutral
	14. Block Grant Federal Need-Based Aid to the States
	15. Tie Eligibility to Students' Risk of Non-Completion

*Access refers to the type, level, and timing of initial postsecondary enrollment.

**Completion refers to persistence through the award of a postsecondary degree or certificate.

NEXT STEPS

Important policy discussions and deliberations will take place over the coming months about the future of the federal student aid programs. Many will center on competing proposals to alter the programs and, if enacted, could result in major changes in the level and distribution of federal need-based grant aid, work, and loans. Given the importance of Title IV programs in supporting access and persistence through degree and certificate completion, the policy debate must be fact-based and data-driven.

Previous Advisory Committee reports included nationally representative longitudinal data and analyses showing that access to higher education and persistence to degree and certificate completion for low-income students depend critically on the level of need-based grant aid from all sources – federal, state, institutional, and private. The reports also demonstrated that total need-based grant aid is not sufficient, and that declines in access over the last two decades, together with declining persistence, have undermined postsecondary attainment and completion. This is now corroborated by Census data.

Given the importance of the nation's goal to increase postsecondary degree and certificate completion, it is imperative that proposals to modify the federal student aid programs be supported by sound data analysis that is grounded in decades of existing student aid research. Before any proposed change is written into law and implemented, five fundamental policy questions must be addressed:

1. Does the proposed change spell out empirically the problems that the change is designed to eliminate or the improvements that it is intended to make?
2. Is the proposed change specified in sufficient detail to identify how awards and distributions of Title IV funds will change?
3. Is the proposed change supported by data analysis that assesses the likely impact of implementing the change on (a) total program cost and (b) the distribution of total need-based grant aid, by type of student, state, and institution?
4. Do proponents identify those students and families who are expected to gain or lose need-based grant aid if the change is implemented?
5. And, most important, do proponents offer empirically grounded estimates of the likely impact on access and completion, and show that gains exceed losses?

Five Fundamental Policy Questions That Must Be Addressed

Addressing these questions, and making all assumptions explicit, will ensure that proposals can be assessed accurately.

The Advisory Committee strongly supports evaluating the federal student aid programs to identify improvements that will benefit students and families and protect program integrity. The ultimate test is whether a program change assists needy students and families in pursuing their educational objectives, and supports achievement of the nation's access and completion goals.

Pursuant to Section 491 of the HEA, the Advisory Committee will continue to evaluate proposed legislative changes against the criteria above in an objective and nonpartisan fashion throughout the upcoming reauthorization.

APPENDIX A: PRIOR ACSFA RECOMMENDATIONS

“MORTGAGING OUR FUTURE” (2006)

- Reinvigorate the access and persistence partnership to increase need-based grant aid from all sources.
- Restrain increases in the price of college and offset increases with need-based student aid.
- Moderate the trend—at all levels—toward merit-based aid and the increasing reliance on loans.
- Reduce financial barriers to transfer from 2-year to 4-year colleges.
- Strengthen early intervention programs for low- and moderate-income students.
- Invest in efficient and productive remediation.

“THE RISING PRICE OF INEQUALITY” (2010)

- Reasserted all of the above recommendations and added two more.
- Conduct a national experiment to determine:
 - the impact on family financial concerns of current features of the federal student loan programs – in particular, the income-contingency and forgiveness provisions – and,
 - how the programs might be improved to offset the negative effects of family financial concerns.
- Pursue a **comprehensive** strategy that adequately addresses income-related inequalities in academic preparation, access, and persistence simultaneously by reducing the following barriers:
 - high net prices facing low-income students,
 - excessive levels of student and family borrowing,
 - decoupling of federal, state, and institutional grant aid,
 - complex forms, processes, and eligibility determination,
 - inadequate early information and intervention, and
 - insufficient in-college student support services.

APPENDIX B: ACSFA MEMBERS AND STAFF IN FY 2013

MEMBERS

John F. McNamara (Chair)
Senior Development Officer
Rockford College

Kathleen M. Hoyer
Student Member
The University of Maryland-College Park

William T. Luckey Jr. (Vice Chair)
President
Lindsey Wilson College

Roberta Johnson
Director of Student Financial Aid
Iowa State University

David L. Gruen
Past National Chair
National Association of Student Financial Aid
Administrators

Deborah Stanley
Director of Financial Aid Services
Howard Community College

Maria Harper-Marinick
Executive Vice Chancellor and Provost
Maricopa Community College District

Sharon Wurm
Director of Financial Aid, Scholarships, Student
Employment and Veterans Services
Truckee Meadows Community College

STAFF

William J. Goggin
Executive Director

Tracy D. Jones
Senior Administrative Officer

Anthony P. Jones
Deputy Director

Elizabeth R. Kurban
Director of Policy Research

Janet L. Chen
Director of Programs

Katherine Valle
Associate Director of Policy Research

APPENDIX C: ACSFA AUTHORIZING LEGISLATION

The Advisory Committee was established by an act of Congress in 1986. Section 491 of the Higher Education Act as amended contains the Committee's Congressional mandate. A copy of this section as it appears in the law follows:

SEC. 491. ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE.

(a) ESTABLISHMENT AND PURPOSE.--(1) There is established in the Department an independent Advisory Committee on Student Financial Assistance (hereafter in this section referred to as the "Advisory Committee") which shall provide advice and counsel to the authorizing committees and to the Secretary on student financial aid matters. (2) The purpose of the Advisory Committee is-- (A) to provide extensive knowledge and understanding of the Federal, State, and institutional programs of postsecondary student assistance; (B) to provide technical expertise with regard to systems of needs analysis and application forms; (C) to make recommendations that will result in the maintenance of access to postsecondary education for low- and middle-income students; (D) to provide knowledge and understanding of early intervention programs and to make recommendations that will result in early awareness by low- and moderate-income students and families— (i) of their eligibility for assistance under this title (ii) to the extent practicable, of their eligibility for other forms of State and institutional need-based student assistance; (E) to make recommendations that will expand and improve partnerships among the Federal Government, States, institutions of higher education, and private entities to increase the awareness and the total amount of need-based student assistance available to low- and moderate-income students; and (F) to collect information on Federal regulations, and on the impact of Federal regulations on student financial assistance and on the cost of receiving a postsecondary education, and to make recommendations to help streamline the regulations of higher education from all sectors.

(b) INDEPENDENCE OF ADVISORY COMMITTEE.--In the exercise of its functions, powers, and duties, the Advisory Committee shall be independent of the Secretary and the other offices and officers of the Department. Notwithstanding Department of Education policies and regulations, the Advisory Committee shall exert independent control of its budget allocations, expenditures and staffing levels, personnel decisions and processes, procurements, and other administrative and management functions. The Advisory Committee's administration and management shall be subject to the usual and customary Federal audit procedures. Reports, publications, and other documents of the Advisory Committee, including such reports, publications, and documents in electronic form, shall not be subject to review by the Secretary. Notwithstanding Department of Education policies and regulations, the Advisory Committee shall exert independent control of its budget allocations and expenditures, personnel decisions and processes, procurements, and other administrative and management functions. The Advisory Committee's administration and management shall be subject to the usual and customary Federal audit procedures. The recommendations of the Committee shall not be subject to review or approval by any officer in the executive branch, but may be submitted to the Secretary for comment prior to submission to the authorizing committees in accordance with subsection (f). The Secretary's authority to terminate advisory committees of the Department pursuant to section 448(b) of the General Education Provisions Act ceased to be effective on June 23, 1983.

(c) MEMBERSHIP.--(1) The Advisory Committee shall consist of 11 members appointed as follows: (A) Four members shall be appointed by the President pro tempore of the Senate, of whom two members shall be appointed from recommendations by the Majority Leader of the Senate, and two members shall be appointed from recommendations by the Minority Leader of the Senate. (B) Four members shall be appointed by the Speaker of the House of Representatives, of whom two members shall be appointed from recommendations by the Majority Leader of the House of Representatives, and two members shall be appointed from recommendations by the Minority Leader of the House of Representatives. (C) Three

members shall be appointed by the Secretary, of whom at least one member shall be a student. (2) Each member of the Advisory Committee, with the exception of the student member, shall be appointed on the basis of technical qualifications, professional experience, and demonstrated knowledge in the fields of higher education, student financial aid, financing post-secondary education, and the operations and financing of student loan guarantee agencies. (3) The appointment of a member under subparagraph (A) or (B) of paragraph (1) shall be effective upon publication of such appointment in the Congressional Record.

(d) FUNCTIONS OF THE COMMITTEE.--The Advisory Committee shall--(1) develop, review, and comment annually upon the system of needs analysis established under part F of this title; (2) monitor, apprise, and evaluate the effectiveness of student aid delivery and recommend improvements; (3) recommend data collection needs and student information requirements which would improve access and choice for eligible students under this title and assist the Department of Education in improving the delivery of student aid; (4) assess the impact of legislative and administrative policy proposals; (5) review and comment upon, prior to promulgation, all regulations affecting programs under this title, including proposed regulations; (6) recommend to the authorizing committees and to the Secretary such studies, surveys, and analyses of student financial assistance programs, policies, and practices, including the special needs of low-income, disadvantaged, and nontraditional students, and the means by which the needs may be met; (7) review and comment upon standards by which financial need is measured in determining eligibility for Federal student assistance programs; (8) appraise the adequacies and deficiencies of current student financial aid information resources and services and evaluate the effectiveness of current student aid information programs; (9) provide an annual report to the authorizing committees that provides analyses and policy recommendations regarding— (A) the adequacy of need-based grant aid for low- and moderate-income students; and (B) the postsecondary enrollment and graduation rates of low- and moderate-income students; (10) develop and maintain an information clearinghouse to help students of higher education understand the regulatory impact of the Federal Government on institutions of higher education from all sectors, in order to raise awareness of institutional legal obligations and provide information to improve compliance with, and to reduce the duplication and inefficiency of, Federal regulations; and (11) make special efforts to advise Members of Congress and such Members' staff of the findings and recommendations made pursuant to this paragraph.

(e) OPERATIONS OF THE COMMITTEE.--(1) Each member of the Advisory Committee shall be appointed for a term of 4 years, except that, of the members first appointed-- (A) 4 shall be appointed for a term of 1 year; (B) 4 shall be appointed for a term of 2 years; and (C) 3 shall be appointed for a term of 3 years, as designated at the time of appointment by the Secretary. (2) Any member appointed to fill a vacancy occurring prior to the expiration of the term of a predecessor shall be appointed only for the remainder of such term. A member of the Advisory Committee serving on the date of enactment of the Higher Education Amendments and College Opportunity Act of 2008 shall be permitted to serve the duration of the member's term, regardless of whether that member was previously appointed to more than one term. (3) No officers or full-time employees of the Federal Government shall serve as members of the Advisory Committee. (4) The Advisory Committee shall elect a Chairman and a Vice Chairman from among its members. (5) Six members of the Advisory Committee shall constitute a quorum. (6) The Advisory Committee shall meet at the call of the Chairman or a majority of its members.

(f) SUBMISSION TO DEPARTMENT FOR COMMENT.--The Advisory Committee may submit its proposed recommendations to the Department of Education for comment for a period not to exceed 30 days in each instance.

(g) COMPENSATION AND EXPENSES.-- Members of the Advisory Committee may each receive reimbursement for travel expenses incident to attending Advisory Committee meetings, including per

diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

(h) PERSONNEL AND RESOURCES.--(1) The Advisory Committee may appoint such personnel as may be necessary by the Chairman without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but no individual so appointed shall be paid in excess of the rate authorized for GS-18 of the General Schedule. The Advisory Committee may appoint not more than 1 full-time equivalent, nonpermanent, consultant without regard to the provisions of title 5, United States Code. The Advisory Committee shall not be required by the Secretary to reduce personnel to meet agency personnel reduction goals. (2) In carrying out its duties under the Act, the Advisory Committee shall consult with other Federal agencies, representatives of State and local governments, and private organizations to the extent feasible. (3)(A) The Advisory Committee is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this section and each such department, bureau, agency, board, commission, office, independent establishment, or instrumentality is authorized and directed, to the extent permitted by law, to furnish such information, suggestions, estimates, and statistics directly to the Advisory Committee, upon request made by the Chairman. (B) The Advisory Committee may enter into contracts for the acquisition of information, suggestions, estimates, and statistics for the purpose of this section. (4) The Advisory Committee is authorized to obtain the services of experts and consultants without regard to section 3109 of title 5, United States Code and to set pay in accordance with such section. (5) The head of each Federal agency shall, to the extent not prohibited by law, cooperate with the Advisory Committee in carrying out this section. (6) The Advisory Committee is authorized to utilize, with their consent, the services, personnel, information, and facilities of other Federal, State, local, and private agencies with or without reimbursement.

(i) AVAILABILITY OF FUNDS.--In each fiscal year not less than \$800,000, shall be available from the amount appropriated for each such fiscal year from salaries and expenses of the Department for the costs of carrying out the provisions of this section.

(j) SPECIAL ANALYSES AND ACTIVITIES.--The Advisory Committee shall-- (1) monitor and evaluate the modernization of student financial aid systems and delivery processes and simplifications, including recommendations for improvement; (2) assess the adequacy of current methods for disseminating information about programs under this title and recommend improvements, as appropriate, regarding early needs assessment and information for first-year secondary school students; (3) assess and make recommendations concerning the feasibility and degree of use of appropriate technology in the application for, and delivery and management of, financial assistance under this title, as well as policies that promote use of such technology to reduce cost and enhance service and program integrity, including electronic application and reapplication, just-in-time delivery of funds, reporting of disbursements and reconciliation; (4) conduct a review and analysis of regulations in accordance with subsection (l); and (5) conduct a study in accordance with subsection (m).

(k) TERM OF THE COMMITTEE.--Notwithstanding the sunset and charter provisions of the Federal Advisory Committee Act (5 U.S.C. App. I) or any other statute or regulation, the Advisory Committee shall be authorized until October 1, 2014.

(l) REVIEW AND ANALYSIS OF REGULATIONS. --(1) RECOMMENDATIONS.—The Advisory Committee shall make recommendations to the Secretary and the authorizing committees for consideration of future legislative action regarding redundant or outdated regulations consistent with the Secretary's requirements under section 498B. (2) REVIEW AND ANALYSIS OF REGULATIONS.—

(A) REVIEW OF CURRENT REGULATIONS.—To meet the requirements of subsection (d)(10), the Advisory Committee shall conduct a review and analysis of the regulations issued by Federal agencies that are in effect at the time of the review and that apply to the operations or activities of institutions of higher education from all sectors. The review and analysis may include a determination of whether the regulation is duplicative, is no longer necessary, is inconsistent with other Federal requirements, or is overly burdensome. In conducting the review, the Advisory Committee shall pay specific attention to evaluating ways in which regulations under this title affecting institutions of higher education (other than institutions described in section 102(a)(1)(C)), that have received in each of the two most recent award years prior to the date of enactment of Higher Education Amendments and College Opportunity Act of 2008 less than \$200,000 in funds through this title, may be improved, streamlined, or eliminated.(B) REVIEW AND COLLECTION OF FUTURE REGULATIONS.—The Advisory Committee shall— (i) monitor all Federal regulations, including notices of proposed rulemaking, for their impact or potential impact on higher education; and (ii) provide a succinct description of each regulation or proposed regulation that is generally relevant to institutions of higher education from all sectors. (C) MAINTENANCE OF PUBLIC WEBSITE.—The Advisory Committee shall develop and maintain an easy to use, searchable, and regularly updated website that—(i) provides information collected in subparagraph (B); (ii) provides an area for the experts and members of the public to provide recommendations for ways in which the regulations may be streamlined; and (iii) publishes the study conducted by the National Research Council of the National Academy of Sciences under section 1106 of the Higher Education Amendments and College Opportunity Act of 2008. (3) CONSULTATION.— (A) IN GENERAL.—In carrying out the review, analysis, and development of the website required under paragraph (2), the Advisory Committee shall consult with the Secretary, other Federal agencies, relevant representatives of institutions of higher education, individuals who have expertise and experience with Federal regulations, and the review panels described in subparagraph (B).

(B) REVIEW PANELS.—The Advisory Committee shall convene not less than two review panels of representatives of the groups involved in higher education, including individuals involved in student financial assistance programs under this title, who have experience and expertise in the regulations issued by the Federal Government that affect all sectors of higher education, in order to review the regulations and to provide recommendations to the Advisory Committee with respect to the review and analysis under paragraph (2). The panels shall be made up of experts in areas such as the operations of the financial assistance programs, the institutional eligibility requirements for the financial assistance programs, regulations not directly related to the operations or the institutional eligibility requirements of the financial assistance programs, and regulations for dissemination of information to students about the financial assistance programs. (4) PERIODIC UPDATES TO THE AUTHORIZING COMMITTEES.— The Advisory Committee shall— (A) submit, not later than two years after the completion of the negotiated rulemaking process required under section 492 resulting from the amendments to this Act made by the Higher Education Amendments and College Opportunity Act of 2008, a report to the authorizing committees and the Secretary detailing the review panels’ findings and recommendations with respect to the review of regulations; and (B) provide periodic updates to the authorizing committees regarding— (i) the impact of all Federal regulations on all sectors of higher education; and (ii) suggestions provided through the website for streamlining or eliminating duplicative regulations. (5) ADDITIONAL SUPPORT.—The Secretary and the Inspector General of the Department shall provide such assistance and resources to the Advisory Committee as the Secretary and Inspector General determine are necessary to conduct the review and analysis required by this subsection.

(m) STUDY OF INNOVATIVE PATHWAYS TO BACCALAUREATE DEGREE ATTAINMENT.

--(1) **STUDY REQUIRED.**—The Advisory Committee shall conduct a study of the feasibility of increasing baccalaureate degree attainment rates by reducing the costs and financial barriers to attaining a baccalaureate degree through innovative programs. (2) **SCOPE OF STUDY.**—The Advisory Committee shall examine new and existing programs that promote baccalaureate degree attainment through innovative ways, such as dual or concurrent enrollment programs, changes made to the Federal Pell Grant program, simplification of the needs analysis process, compressed or modular scheduling, articulation agreements, and programs that allow two-year institutions of higher education to offer baccalaureate degrees. (3) **REQUIRED ASPECTS OF THE STUDY.**—In performing the study described in this subsection, the Advisory Committee shall examine the following aspects of such innovative programs: (A) The impact of such programs on baccalaureate attainment rates. (B) The degree to which a student's total cost of attaining a baccalaureate degree can be reduced by such programs. (C) The ways in which low- and moderate-income students can be specifically targeted by such programs. (D) The ways in which nontraditional students can be specifically targeted by such programs. (E) The cost-effectiveness for the Federal Government, States, and institutions of higher education to implement such programs. (4) **CONSULTATION.**— (A) **IN GENERAL.**—In performing the study described in this subsection, the Advisory Committee shall consult with a broad range of interested parties in higher education, including parents, students, appropriate representatives of secondary schools and institutions of higher education, appropriate State administrators, administrators of dual or concurrent enrollment programs, and appropriate Department officials. (B) **CONSULTATION WITH THE AUTHORIZING COMMITTEES.**—The Advisory Committee shall consult on a regular basis with the authorizing committees in carrying out the study required by this subsection. (5) **REPORTS TO AUTHORIZING COMMITTEES.**— (A) **INTERIM REPORT.**—The Advisory Committee shall prepare and submit to the authorizing committees and the Secretary an interim report, not later than one year after the date of enactment of the Higher Education Amendments and College Opportunity Act of 2008, describing the progress made in conducting the study required by this subsection and any preliminary findings on the topics identified under paragraph (2). (B) **FINAL REPORT.**—The Advisory Committee shall, not later than three years after the date of enactment of the Higher Education Amendments and College Opportunity Act of 2008, prepare and submit to the authorizing committees and the Secretary a final report on the study, including recommendations for legislative, regulatory, and administrative changes based on findings related to the topics identified under paragraph (2).