

“Keeping College Success Within Reach: Simplifying Federal Student Aid”

Testimony of Kristin D. Conklin, Founding Partner, HCM Strategists

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Thank you Chairman Harkin, Ranking Member Alexander and Members of the Committee for the opportunity to discuss how simplifying federal financial aid can help more students access college and attain the postsecondary credential they need today.

My name is Kristin Conklin and I sit before you today as a Pell Grant recipient and a first generation college graduate. Because of the education I received, I am also the first in my family to start a business and create jobs. I am here to share work led by HCM Strategists, a public policy consulting and advocacy firm.

For millions of students, financial aid clears the path to the American Dream. If I can leave with you one point, it is that simpler is better. Simpler is the best way to increase student access and completion and more efficiently spend the billions of aid dollars currently invested.

Simpler requires a holistic look at all programs. This can be accomplished with a “blank slate” approach to reauthorizing the Higher Education Act next year. After decades of tinkering, we now have four different grant programs and five different loan programs—each with different eligibility criteria, different standards for maintaining awards, differing lengths of time a student can receive funds and different repayment terms. The average student completing the FAFSA faces 61 questions. No wonder nearly 2 million qualified students never bother to apply for aid.

We can do better. This January, HCM released the *American Dream 2.0* report. The report is a product of a coalition of diverse leaders such as Mark Morial of the National Urban League, Purdue University President and former Indiana Governor Mitch Daniels, former CBO director and Urban Institute CEO Robert Reishchauer and Eduardo Padron of Miami-Dade College.

The report received coverage by the New York Times and 280 other media outlets, due to the three overarching recommendations: 1) make the aid process simpler and more transparent; 2) spur innovations in higher education that can lower costs and better meet the needs of today’s students; and 3) ask institutions, states and students to share responsibility for producing more graduates.

The technical panel of experts HCM led went a step further by offering specific changes needed to deliver on the coalition’s recommendations. Its report, *Doing Better for More Students*, includes the most comprehensive modeling of impacts and options of any recent financial aid report.

Our principle recommendation: students, families and taxpayers would be much better served with one grant, one loan and one tax benefit.

Through pilot testing in the last few years, we know it is possible to give students, parents and counselors a reliable, instant lookup table powered by such commonplace technology as a smart phone app. Congress, however, will need to radically simplify the needs analysis to make this vision a reality.

We propose reducing needs analysis to four variables. The first variable: If you receive federal means-tested benefits, you are automatically eligible for federal student aid. Two other variables – adjusted gross family income and family size – would be auto-loaded from the IRS. A final variable would apply to students with more complex financial situations; information regarding their assets can be obtained automatically from IRS supplementary tax schedules. According to the Urban-Brookings modeling HCM commissioned, these commonsense changes can save between \$37 and \$73 billion over ten years.

We also call for a single loan program with higher annual and aggregate borrowing limits that students receive: for undergraduates, \$8750 a year and \$35,000 total; for graduate students, \$30,000 a year and \$90,000 total. Savings from this simplification are projected to be \$38 billion over 10 years.

For both the single grant and single loan programs, we recommend shared responsibility for college completion. To get a maximum annual grant or loan, students should complete 30 credits (or the equivalent) in a calendar year – enough to finish a bachelor's degree in four years or an associate's degree in two. For colleges, we recommend adding measures of equity and success to institutional Title IV eligibility. Ten-year savings are projected to be \$39 billion.

Public opinion supports an emphasis on completion and simplification. Last year, HCM commissioned Hart Research Associates and the Winston Group to survey voters. They found 84 percent of voters agree that earning a degree or credential is very important. 95 percent of African-American parents and 97 percent of Hispanic parents agree. More than 3 in 5 voters think streamlining is a good approach.

What can we expect from these changes? More students will see that college is possible. Undermatching can be reduced by giving students an actual award amount when they apply for aid and by steering them away from institutions that fail to meet minimum performance expectations. Redefining full-time status for financial aid will mean more students progress faster, requiring fewer total years of support – and a higher likelihood of completing a degree. Financial aid counselors will spend less time on regulatory compliance and more time helping students succeed. Savings can be found to increase investments in the Pell grant.

Thank you for allowing me to speak on this important topic. I appreciate this Committee's leadership and look forward to your questions.