



“Ensuring Access to Higher Education: Simplifying Federal Student Aid for Today’s College Student”
Testimony to U.S. Senate Committee on Health, Education, Labor and Pensions

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Mr. Chairman, Ranking Member Alexander, and members of the committee, thank you for this opportunity to testify on “Ensuring Access to Higher Education: Simplifying Federal Student Aid for Today’s College Student.” I am particularly honored to offer this testimony as a Pell Grant recipient myself. My organization, the National College Access Network (NCAN), and its over 400 members and affiliates work in communities across the country to help students to and through college. Our students are mostly low-income and the first in their families to attend college. Those local programs include:

- The Iowa College Access Network works statewide to provide community outreach and one-on-one advising to lowans. Currently, ICAN has Student Success Centers in 8 communities across Iowa, made possible through partnerships with institutions of higher education.
- TnAchieves, an NCAN member with programs in 27 Tennessee counties, provides the opportunity for public high school students to attend community or technical college for free. The program provides mentors to students and has a 75% retention rate from fall to fall.
- The College Success Foundation, serving Washington State, in addition to its college access services for middle and high schoolers, has a unique partnership with the state of Washington and Washington-based corporations. CSF manages the Washington State Opportunity Scholarship, which encourages Washington youth to pursue STEM fields and to work in Washington after college.
- uAspire, with three locations in Massachusetts, awarded over \$5 million in last dollar scholarships, helped its students receive \$220 million in financial aid in the last five years, and its uAspire scholars have a re-enrollment rate of 84%, compared to 66% nationally.

As a nation, we have made progress over the past 20 years with more students pursuing higher education. However, when we scratch the surface of the data, persistent access and attainment gaps persist for low-income and minority students. Low income students have made gains over time in the percentage of students enrolling and graduating, but these gains have been far outweighed by the gains of students from high income families.¹ High school graduates from low income families enroll in college immediately after high school at a rate of 52%, whereas their high income peers enroll at rates 30 percentage points higher.²

This achievement gap has significant impacts on the efforts once again make the United States the first in college-completion worldwide. The U. S. ranks 14th among industrialized nations in college-completion

¹ Laurie Belsie, “Changing Inequality in College Entry and Completion,” National Bureau of Economic Research (December 2011), retrieved from: <http://www.nber.org/digest/may12/w17633.html>.

² “Immediate Transition to College,” National Center for Education Statistics (2013) Accessed November 12, 2013, Retrieved from: <http://nces.ed.gov/fastfacts/display.asp?id=51>

for 24-35 year-olds, and worse, according to the OECD, “the odds that a young person in the U.S. will be in higher education if his or her parents do not have [a post] secondary education are just 29%” - one of the lowest levels for developed countries.³ Perhaps most alarming: this is the first generation of Americans less likely to achieve a college degree than their parents, an unsettling detour from our belief in the American dream where successive generations attain more than the previous ones.

Only 54% of today’s first-time, full-time students complete a four year degree within six years after enrolling.⁴ For this reason, college access work has evolved into a continuum spanning access, persistence and completion. College access and success have become intertwined goals as we fight this war on two fronts – enrollment and completion, both of which require comprehensive strategies to address. This testimony will focus on the barriers to access that low income students’ face and how simplification of the federal student aid process can address those barriers.

ENSURING ACCESS

Under-represented students face barriers to awareness and affordability on the pathway to college and graduation. Students who do not come from families and/or schools with a college going culture may not see college as a realistic possibility for themselves. Furthermore, without information about financial options, students may discount the college opportunity on perceptions of cost alone. Students must know college is an option, and once they have decided to go, the need assistance knowing what steps to take to get there.

Access to college relies on three factors: academic preparation, awareness through advising, and affordability/financial aid, the three A’s of access if you will. To help build awareness, aspirations and then navigate the steps needed to enroll in and complete college, first-generation college students need information and translators for that information, often described as “one arm around one child.” A recent study of College Possible Twin Cities, with similar programs in Minnesota, Wisconsin, Nebraska, and Oregon, provided results that this intrusive advising of high school students results in low income students attending four –year colleges at higher rates.⁵

I cannot emphasize enough the important role having a trained adult work alongside a student throughout the college advising process. This includes NCAN member program advisors, many of whom, like the 14 state chapters of National College Advising Corps based in North Carolina, employ AmeriCorps volunteers. It also includes school counselors who frequently must do this work at challenging student to counselor ratios upwards of 800:1, and staff of federally-funded outreach programs, such as TRIO and GEAR UP. These professionals all serve potential first-generation college students. Our field is challenged to scale these efforts to provide this necessary “intrusive” personal advising to every needy student.

Today’s students are in need of the right information to help them make decisions about to attend a school that best matches their academic qualifications and provides the best environment to support ultimate completion. Students, who do not enroll at the best academic match, are less likely to

³ “OECD Indicators 2012: United States,” Organization for Economic Cooperation and Development, (September 2011) retrieved from: <http://www.oecd.org/education/CN%20-%20United%20States.pdf>.

⁴ Shapiro, Doug, et al. “Completing College: A National View of Student Attainment Rates” *National Student Clearinghouse Research Center*. 15 November 2012. Retrieved from: http://nscresearchcenter.org/wp-content/uploads/NSC_Signature_Report_4.pdf

⁵ Christopher Avery, “Evaluation of the College Possible Program: Results from a Randomized Controlled Trial,” National Bureau of Economic Research (October 2013), retrieved from: http://www.nber.org/papers/w19562?utm_campaign=ntw&utm_medium=email&utm_source=ntw

graduate.⁶ Our members across the country, such as programs like College Tracks and College Bound, both in Montgomery County, Maryland, work with students to help them find their best possible academic match as well as social and financial fit.

In order to provide this guidance, professionals need to help a student choose a school that best matches their academic qualifications and provides the best environment to support ultimate completion. Currently, the most beneficial information to this conversation is not available. Students are not able to answer the simple question: “how likely is a student like me to succeed at this college?” Students do not know the following:

- How many part-time students graduate?
- How many Pell Grant (low income) students graduate?
- How many adult students graduate?
- How many military students graduate?
- Do students who transfer to another school eventually graduate?
- Do students get a job after they graduate?

We are encouraged that a conversation is beginning on this topic of the information available to students. The data just mentioned are necessary elements for students and also for the proposed ratings system from the Obama Administration. But in order to liberate these data, this Committee must work with institutions to report this data publicly.

After using this information to decide where to apply, students must decide where to enroll. Comparing financial aid packages is a significant part of this decision. Unfortunately, the variety of information, formatting, and definitions in these packages creates a barrier to students considering affordability in their college choice. Award notifications vary widely, and frequently there are not delineations between grant aid and self-help aid such as loans and work-study. We applaud the over 500 institutions that have already adopted the federal shopping sheet. But this is fewer than 10% of institutions nationwide. Award notifications should at the least include common definitions and an agreement to clearly separate grant and loan aid.

For students who elect to attend institutions where they will need to take out loans, it is important that they receive entrance loan counseling as currently required by law. Unfortunately, current student loan entrance and exit counseling does not achieve its intended goal. In fact, many students do not even consider it counseling, reporting in surveys that they never received it.⁷ Opportunities for improvement include: implementing the latest online-learning theories, ensuring that the guidance is memorable, and removing the “guess until correct” current structure.

This counseling is part of a broader conversation on financial literacy for college planning and success in the early years and throughout the postsecondary education years. These services can best be provided by experts from the field. Students should be required to take a financial literacy seminar (or series of) during secondary school. This course should focus on real-life money management for the medium term with a focus on planning for college, how to fund college, and the benefits of this investment. Students should have access to robust financial literacy training and experience while pursuing postsecondary

⁶ Caroline M. Hoxby and Christopher Avery, "The Missing "One-Offs": The Hidden Supply of High-Achieving, Low Income Students," National Bureau of Economic Research (December 2012), retrieved from: <http://www.nber.org/papers/w18586>

⁷ O'Sullivan, Rory, and Healey C. Whitsett. "Lost without a Map: A Survey about Students' Experiences Navigating the Financial Aid Process." NERA Economic Consulting. 11 October 2012. http://www.nera.com/nera-files/PUB_Student_Loan_Borrowers_1012.pdf Accessed: 1 August 2013.

education to ensure that they are much better informed about student loan indebtedness, developing and living within a budget, and minimizing credit card and consumer debt. The federal government should support the provision of financial literacy training and materials at all levels of education.

AFFORDABILITY THROUGH SIMPLIFYING FINANCIAL AID

The final “A” of access is affordability. Some progress has been made. We strongly support the current federal investment in student aid that awards over \$150 billion per year in Pell Grants, campus-based aid, and student loans. We similarly applaud the great strides we have made in simplifying the Free Application for Federal Student Aid (FAFSA) through the online application data-sharing with the Internal Revenue Service and use of technology like skip logic to tailor the form to only questions applicable to that student. These are great strides forward; however, we note that the FAFSA EZ, as proposed in section 438 of HEOA 2008, has yet to come to fruition. Even with these strides forward, barriers still exist.

Low-income students aspire to go to college at the same rate as other students but state that financial aid is an important factor at much higher rates.⁸ Even though we know the importance of financial aid to students, the sad truth is that 2.3 million students who would have qualified for federal student aid still do not file the FAFSA.^{9 10}

The financial aid process should be simplified by giving students information about their federal student aid eligibility earlier than the current process allows. Today’s student applies for admission to institutions before fully knowing his or her eligibility for federal, state and institutional aid. These steps in the process should be reversed. Taking advantage of current legislative authority in the 2008 Higher Education Opportunity Act, such as using income data from earlier years instead of only the prior year, would allow students to know their federal aid eligibility and approximate awards before they are applying to colleges – the time at which such information would be of most benefit to students and families. In section 438 of HEOA 2008, a demonstration project, to be reviewed by the Advisory Committee on Student Financial Aid, on using two years prior, or prior prior year tax data, to determine aid status was to be conducted. This has not yet happened.

And those students who do apply are often discouraged later in the process by burdensome verification requirements to produce tax transcripts and other supplemental applications for state and institutional aid where those parties request more information than collected on the FAFSA. We encourage exploration of further inter-agency cooperation that would allow enhanced data-sharing to meet these needs in one financial aid application. Using income data from earlier years would also negate the need to estimate on the FAFSA, one of the biggest triggers to put students in the verification process.

The FAFSA form is used to determine a family’s Expected Family Contribution, or EFC. Since the last reauthorization of the higher education act, the income threshold used to determine at what level a family should have financial obligation for higher education has fluctuated from \$20,000 to up to

⁸ “Complexity in College Admission: The Barriers between Aspiration and Enrollment for Lower-Income Students.” College Board Advocacy and Policy Center. October 2011. Page 5. http://advocacy.collegeboard.org/sites/default/files/11b-4062_AdmissComplex_web.pdf Accessed: 1 August 2013.

⁹ Heather Novak and Lyle McKinney, “The consequences of leaving money on the table: Examining persistence among students,” The Journal on Student Financial Aid. Volume 41, Issue 3 (2011): 6-23, accessed November 8, 2012, retrieved from <http://publications.nasfaa.org/jsfa/vol41/iss3/1/>.

¹⁰ RYAN D. HAHN AND DEREK PRICE, PH.D., “Promise Lost: College-Qualified Students Who Don’t Enroll in College,” Institute for Higher Education Policy (November 2008), Accessed from <http://www.ihep.org/assets/files/publications/m-r/promise-lost-college-equal-rpt.pdf>

\$31,000, and is now set at \$23,000. This inconsistency is a disservice to families as the cost of living grows. Setting the income level based on the poverty level, rather than a Congressionally determined number that continually needs to be reviewed, will ensure that the neediest families are eligible for a full Pell Grant without having to take additional actions to prove their need. Our recommendation is to set the income threshold used to determine an automatic \$0 contribution to 200% of the poverty level and adjusted annually for inflation.

As we look to further simplifying federal student aid, we suggest consideration of a comprehensive federal college financing system that also crosses into the jurisdiction of the Finance Committee to re-examine tax credits and deductions. These benefits should serve needy students first, instead of primarily upper-income beneficiaries of the current system. In a time of fiscal constraints, these dollars could be redirected in a more equitable manner to truly provide college access to those students in danger of not attending at all.

We urge you to maintain your commitment to need-based aid with the Pell Grant program as its core and to incentivize and reward states and institutions that share that commitment. HEOA 2008 (20 USC 28, Subchapter IV, Part A) authorizes a Pell Grant that will reach a maximum of \$6100 in 2017 and stay at that level moving forward. The Pell Grant award must be indexed. The Pell Grant has lost much of its purchasing power¹¹ and is continually the center of political discussions or policy changes based on budgetary math rather how to best serve needy students. During the reauthorization discussion, Congress should examine the decreasing purchasing power of the Pell Grant and consider restoring the purchasing power by increases greater than the rate of inflation.

In order to support the success of Pell Grant recipients, a change should be made to support continuous enrollment and completion. Institutions should have the flexibility for additional disbursements of the Pell Grant to allow students to take courses year-round as continuous education increases the likelihood of graduation¹². Disbursements would still be limited to 150% of program time.

The Pell Grant program is a large and vitally important investment. For this reason, the Higher Education Opportunity Act of 2008 required the ability to compare Pell Grant recipient graduation rates with those of non-grant recipients. As mentioned previously, this information is still not available. Some Pell Grant recipient graduation rates are available using the Beginning Postsecondary Study, but this is only a snapshot every few years. Annual information can be derived from the National Student Loan Database, but because it does not include non-aid recipients, a comparison with non-grant recipients is not possible. This provision from section 438 should be enforced, and the graduation rates should be additionally available by institution, so that students know where they will be most likely to succeed.

TODAY'S STUDENT

Lastly, we must acknowledge the changing demographics and profile of today's student. The time-honored concept of an 18 year old high school graduate heading directly to a four-year institution, living on campus, with primarily parental financial support, and graduating in four years is no longer a reality. Of the over 29 million postsecondary students nationwide, only 15% of the current enrollment are first-time, full-time students. Today's college student is increasingly older, non-white, delaying entry to

¹¹ "Pell Grants Help Keep College Affordable for Millions of Americans," The Institute for College Access and Success, (15 February 2012) Accessed: November 12, 2013, Retrieved from http://www.ticas.org/files/pub/Overall_Pell_1-pager_2-15-12.pdf.

¹² "Time is the Enemy," Complete College America (September 2011): Page 12. Accessed 12 November 2013, Retrieved from: http://www.completecollege.org/docs/Time_Is_the_Enemy_Summary.pdf.

college, beginning at a community college, transferring perhaps multiple times, working full-time and perhaps caring for dependents.

Just as college access programs were challenged to evolve to tackle completion issues in recent years, our next frontier will be a reinvention to serve this evolving profile of the 21st Century student – a profile defined by differences rather than similarities. Our current federal student aid programs must respond with more flexible disbursements such as reinstating the year round Pell Grant and flexible repayment options for student loans. It also must provide information earlier on the qualification for financial aid to aid students of all ages, and consider how the traditional timeline does not help adult students. And finally, outcomes must be available for all types of students, not just the 15% who are enrolling in college for the first time as full time students.

In closing, we believe in a continued strong role of the federal government to ensure college access for the students of today and tomorrow, dating back to the Morrill Act of 1862 that first created land-grant colleges. The upcoming reauthorizations of legislation such as the Elementary and Secondary Education Act and Higher Education Act afford us many opportunities to continue to support the goals of the original Higher Education Act of 1965 as then President Johnson remarked, “[The Higher Education Act of 1965] means that a high school senior anywhere in this great land of ours can apply to any college or any university in any of the 50 States and not be turned away because his family is poor.”

NCAN and its member programs offer our assistance and best practices to inform your considerations of the next reauthorization of that Higher Education Act. We thank you for having this important discussion today and for your ongoing commitment to college access. Thank you.