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CENTER FOR LAW AND SOCIAL POLICY

Recommendations to the House Committee on Education and Labor Regarding Reauthorization of the Higher Education Act

April 13, 2007

The Honorable George Miller
Chair
Committee on Education and Labor
United States House of Representatives
2181 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

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

As you know, workforce education in community colleges and other postsecondary institutions can play a critical role in increasing economic opportunity by helping individuals move out of dead-end, low-wage jobs into careers that can support a family. Yet current higher education policies often fail to support the educational and career aspirations of low-income working adults and older youth who must support themselves, and often their families, too, while in school.

Our attached recommendations have three primary goals:

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

In the last Congress some modest progress was made in helping working students, such as expanding aid to less than half-time students and slightly reducing the work penalty, which were included in the Deficit Reduction Act of 2005. We appreciate these improvements and yet also know that you and other members of the Committee understand how much more remains to be done. While all of the recommendations we are submitting would increase access and success for

low-income working adults and youth, we believe that the single most important step the Committee could take in HEA reauthorization for this population would be to truly address the work penalty by substantially increasing the Income Protection Allowance for independent students.

In addition to the detailed recommendations and legislative language that are attached, we are also submitting for your consideration a more general outline of a new proposal we are developing for Student Success Grants. We suggest that it is penny-wise and pound-foolish for the federal government to spend so much to increase access through student financial aid and yet spend so little on helping those same students succeed. Under our proposal every Pell Grant would be accompanied by a Student Success Grant to ensure that Pell students receive the kinds of services that have shown promise in increasing persistence and completion.

Thank you again for the opportunity to provide you and the Members of the Committee with our recommendations.

Sincerely,

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cc: House Committee on Education and Labor

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

Issue: Nontraditional students such as working adults and older youth who are on their own financially typically need to support themselves and their families while in college. The Income Protection Allowance (IPA) is meant to allow students to keep enough of their earnings for basic living expenses but is currently set at unrealistically low levels, particularly given the increasing cost of college. For example, even with the slight IPA increase included in the Deficit Reduction Act of 2005, an independent student without dependents will be allowed to keep only about \$6,000 before his or her earnings reduce the financial aid award. This recommendation increases the IPA to more realistic levels for independent students.

Legislative language:

Title IV-Part F

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

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

Title IV-Part F

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

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

^Income Protection Allowance

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

NOTE: For each additional family member, add \$3,280. For each additional college student, subtract \$2,330.

Recommendation 2: Pilot providing federal financial aid to undergraduate students pursuing postsecondary education in compressed or modular formats.

Issue: Nontraditional students, such as working adults, frequently find it difficult to attend college in traditional schedule formats because of competing demands of work and family. Accordingly, many postsecondary institutions are responding to these students’ needs by breaking longer college programs into shorter modules or compressing longer programs into shorter, more intensive formats that can be completed as students have time. However, such modules or compressed programs are often then ineligible for financial aid because of their shorter length. This provision would pilot allowing modular and compressed programs at degree-granting institutions to be considered eligible programs for financial aid if the program offers at least 300 clock hours of instruction, eight semester hours, or 12 quarter hours, offered during a minimum of 10 weeks, and the program is articulated with other, longer certificate or degree programs. (Certain programs of this length at four-year institutions are already eligible for financial aid.) These pilots would be created by expanding in a targeted way the existing authority the Secretary has to waive program rules for purposes of testing new approaches at selected colleges designated as Experimental Sites.

Legislative language:

Title IV-Part G

“COMPRESSED OR MODULAR PROGRAM PILOTS. Section 487A(b) (20 U.S.C. 1094a(b)) is amended—

- (1) in paragraph (1)—
 - (A) by striking “1998” and inserting “2007”; and
 - (B) by striking “1999” and inserting “2008”; and
- (2) by striking the matter preceding paragraph (2)(A) and inserting the following:

“(2) REPORT.—The Secretary shall review and evaluate the experience of institutions participating as experimental sites and shall, on a biennial basis, submit a report based on the review and evaluation to the authorizing committees. Such report shall include—”; and
- (3) in paragraph (3)—
 - (A) in subparagraph (A)—
 - (i) by striking “Upon the submission of the report required by paragraph (2), the” and inserting “The”; and
 - (ii) by inserting “periodically” after “authorized to”;
 - (B) by striking subparagraph (B);
 - (C) by redesignating subparagraph (C) as subparagraph (B); and
 - (D) in subparagraph (B) [as redesignated by subparagraph (C)]—
 - (i) by inserting “, including requirements related to the award process and disbursement of student financial aid (such as innovative delivery systems for modular or compressed courses, or other innovative systems), verification of student financial aid application data, entrance and exit interviews, or other management procedures or processes as determined in the negotiated rulemaking process under section 492” after “requirements in this title”;
 - (ii) by inserting “(other than an award rule related to an experiment in

modular or compressed schedules)’’ after ‘‘award rules’’; and (iii) by inserting ‘‘unless the waiver of such provisions is authorized by another provision under this title’’ before the period at the end.’’

Recommendation 3: Allow students who attend at least half-time during the regular academic year and wish to accelerate their studies to receive a second Pell Grant to attend summer school.

Issue: Funding summer school at degree-granting institutions would help students complete programs more quickly and make more efficient use of college facilities. This would likely also increase completion rates, as it would allow students to stay continuously enrolled. In addition, by shortening the overall length of time in school, it would reduce the amount of earnings and work experience students forego while in school. Such foregone earnings are a major barrier for many students, especially independent youth and adults with family responsibilities. It is important that students pursuing certificates be included in this proposal for two reasons. First, it is not uncommon, especially in the health professions, to have certificate programs that are as long as 60 credits and take several years to complete. Second, even for certificate programs that are nominally one year in length, the average community college student typically needs about eighteen months to complete, partly because students must often take remedial or English language coursework first and partly because colleges do not always offer the courses a student needs every semester.

Legislative language:

Title IV-Part A

‘‘YEAR-ROUND PELL GRANTS. Title IV-Part A-Sec 401(b)(6) (20 U.S.C. 1070b) is amended to read as follows:

(6) In the case of a student who is enrolled, on at least a half-time basis and for a period of more than 1 academic year, in a program of instruction for which an institution of higher education awards a certificate, an associate or a baccalaureate degree, the Secretary shall allow such student to receive not more than two Federal Pell Grants during a single award year to permit such student to accelerate the student’s progress toward a credential by attending additional sessions. In the case of a student receiving more than one Federal Pell Grant in a single award year, the total amount of Federal Pell Grants awarded to such student for the award year may exceed the maximum basic grant level specified in the appropriate Appropriation Act for such award year.’’

Recommendation 4: Allow individuals who lack high school credentials to prove their readiness for college and qualify for federal financial aid by successfully completing six credits of for-credit coursework in lieu of taking an “ability to benefit” test. This alternative has proven successful in pilots conducted through the U.S. Department of Education’s Experimental Sites authority.

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

Legislative language:

Title IV-Part G

“STUDENTS WHO ARE NOT HIGH SCHOOL GRADUATES. Amend Section 484(d) (20 U.S.C. 1091d) to add a new (4) as follows:

“(4) The student shall be determined by the institution of higher education as having the ability to benefit from the education or training offered by the institution of higher education, upon satisfactory completion of six credit hours or the equivalent coursework that are applicable toward a degree or certificate offered by the institution of higher education.””

Recommendation 5: Increase the maximum Pell Grant.

Issue: When it was created, the Pell Grant was intended to cover the total cost of attendance at a two-year public college. Since then, however, the purchasing power of the Pell Grant has fallen dramatically, now covering only about one-third (32 percent) of the average annual cost of attendance at a public two-year college.¹ There is now a broad bipartisan consensus on the need to substantially increase the maximum Pell Grant.

Legislative language:

Title IV-Part A

“MAXIMUM PELL GRANT. Section 401(a) (20 U.S.C. 1070a) is amended—
(1) in subsection (a)(1)—
(A) in the first sentence, by striking “2004” and inserting “2012”; and
(B) in the second sentence, by striking “,” and inserting “;”;

¹ Center for Law and Social Policy calculation using data on the total average cost of attendance from *Trends in College Pricing 2006*. (2006) New York: The College Board.

(2) in subsection (b)—

(A) by striking paragraph (2)(A) and inserting the following:

“(2)(A) the amount of the Federal Pell Grant for a student eligible under this part shall be—

“(i) \$5,100 for academic year 2007–2008;

“(ii) \$5,400 for academic year 2008–2009;

“(iii) \$5,700 for academic year 2009–2010;

“(iv) \$6,000 for academic year 2010–2011; and

“(v) \$6,300 for academic year 2011–2012,

less an amount equal to the amount determined to be the expected family contribution with respect to that student for that year.”

Recommendation 6: Provide Business Workforce Partnership grants to colleges to strengthen ties between for-credit course offerings and business workforce needs.

Issue: Colleges often lack the “venture capital” to start up new, credit-bearing programs that can respond to business workforce needs because state funding and federal financial aid typically only flow after students are enrolled in programs. College workforce offerings are often created instead on the noncredit, contract training side of the college—but this limits access to these programs (since they are not eligible for financial aid) and limits the ability of workers to earn credits that ultimately will lead to a degree. We recommend creating a federal Business Workforce Partnerships initiative that funds partnerships of colleges and employers to link credit-bearing college programs to business workforce needs, adapt college offerings to workers’ schedules, map and develop career and educational pathways, expand worksite learning opportunities, and assist students with job placement.

Legislative language:

Title III-Part A

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

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

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

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

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

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

Secretary may require.

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

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

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

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

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

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

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

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

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

- (1) Changes to the Higher Education Act and related Acts, such as the Perkins Vocational and Technical Education Act and the Workforce Investment Act, that would help create and sustain Business Workforce Partnerships at colleges; and
- (2) Other changes to the Higher Education Act and related Acts, such as the Perkins Vocational and Technical Education Act and the

Workforce Investment Act, that would strengthen the links between business workforce needs, workforce development programs, and college credit offerings.

(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$50,000,000 for fiscal year 2008 and for each of the five succeeding fiscal years, of which up to 5 percent may be used by the Secretary for technical assistance and evaluation.”

Recommendation 7: Provide Bridges from Jobs to Careers grants to colleges to increase access to and completion of occupational credentials for lower skilled workers through bridge programs and other innovations in remedial education.

Issue: According to the National Center for Educational Statistics, about 28 percent of all undergraduates, and 42 percent of those at two-year public colleges, participate in remedial coursework to improve their reading, writing, and math skills. For working adults who need to complete college programs quickly because of competing family and work demands, remediation can take too long and seem disconnected from their career goals. This proposal would provide grants to colleges serving especially high numbers of students needing remediation for purposes of creating bridge programs that improve completion and better integrate remediation with the specific occupational certificate and degree programs that a student is seeking to enter. We also recommend adding these kinds of activities as one of the allowable areas for other grants under Title III.

Legislative language:

Title III

GRANTS TO CREATE BRIDGES FROM JOBS TO CAREERS.

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

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

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

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

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

(d) PRIORITY FOR REPLICATION OF PROVEN PRACTICES AND COLLABORATION WITH ADULT EDUCATION PROVIDERS- The Secretary shall

give priority to applications that propose to replicate practices that have proven effective with adults and to applications that propose to collaborate with adult education providers.

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

`(f) MANDATORY ACTIVITY- An eligible institution that receives a grant under this section shall use the grant funds to create bridge programs that customize developmental education curricula, including English language instruction, to the content of the certificate or degree programs or clusters of programs in which developmental education students seek to enroll, with particular emphasis on creating bridges to for-credit occupational certificate programs that are articulated to degree programs. This may include but is not limited to programs that integrate curricula and instruction of remediation and college-level coursework or dual enroll students in remediation and college-level coursework.

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

`(1) Design and implement innovative ways to improve retention in and completion of developmental education courses, including but not limited to enrolling students in cohorts; accelerating course content; integrating remediation and college-level curricula and instruction; dual enrolling students in remediation and college-level courses; tutoring; providing counseling and other supportive services; and giving small, material incentives for attendance and performance

`(2) Redesignating class schedules to meet the needs of working adults, through modular, compressed, repeated, or other alternative schedules

`(3) Improving the quality of teaching in remedial courses through professional development, reclassification of such teaching positions, or other means the eligible institution determines appropriate

`(4) Any other activities the eligible institution and the Secretary determine will promote retention of and completion by students attending eligible institutions

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

`(i) TECHNICAL ASSISTANCE.—The Secretary shall enter into a contract with a private entity to provide such technical assistance to grantees under this section as the Secretary determines appropriate.

`(j) EVALUATION.—The Secretary shall conduct an evaluation of program impacts under the demonstration program, and shall disseminate to the public the findings from the evaluation and information on best practices. The Secretary is encouraged to partner with other funders, such as private foundations, to allow for use of a random assignment evaluation in at least one of the demonstration sites.

`(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section \$50,000,000 for fiscal year 2008 and each of the five succeeding fiscal years, of which an aggregate of not more than 5 percent may be used to carry out subsections (i) and (j).”

Title III

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

(1) by redesignating paragraph (12) as paragraph (13); and

(2) by inserting after paragraph (11) the following:

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

Recommendation 8: Launch a media and outreach campaign to help employers and working adults become aware of the availability of federal financial assistance for workforce education and other postsecondary education opportunities.

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

Legislative language:

Title IV-Part G

INCREASED AWARENESS AMONG EMPLOYERS AND WORKERS OF FINANCIAL AID AVAILABILITY.

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

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

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

“(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section \$8,000,000 for fiscal year 2008.”

Recommendation 9: Increase minimum grants and funding for Student Support Services (part of TRIO) and focus new funding on effective practices for first-year students, such as a structured set of first-year services and assigned counselors.

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

Legislative language:

Title IV-Part A

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

(1) in subsection (b)--

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

(B) by adding at the end the following:

“(4) INCREASES-

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

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

(2) in subsection (f), by striking the first sentence and inserting the following: ‘For the purpose of making grants and contracts under this chapter, there are authorized to be appropriated \$1,250,000,000 for fiscal year 2008 and such sums as may be necessary for each of the five succeeding fiscal years.’

Title IV-Part A

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

“(2) “consistent, individualized personal, career, and academic counseling, provided by assigned counselors;”.

Recommendation 10: Expand funding for CCAMPIS (Child Care Access Means Parents in School) to increase availability of on-campus child care for students who are parents.

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

Legislative language:

Title IV-Part A

CHILD CARE MEANS PARENTS IN SCHOOL.

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

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

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

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

(d) **AUTHORIZATION OF APPROPRIATIONS.**—Section 419N(g) is amended by striking “\$45,000,000 for fiscal year 1999” and inserting “\$75,000,000 for fiscal year 2008”

Recommendation 11: Exclude the Earned Income Credit (EIC) from financial aid determinations.

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

Legislative language:

Title IV-Part F

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

Recommendation 12: Automatically allow dislocated workers to use estimated current-year income when applying for federal financial aid.

Issue: Eligibility and need for federal financial aid are calculated according to the previous year's income. This does not make sense for dislocated workers, as by definition their income has changed dramatically since the previous year.² We recommend allowing dislocated workers to automatically use estimated current-year income on the federal financial aid application. The Advisory Committee on Student Financial Assistance supported such a change in its 2005 report on financial aid simplification, "The Student Aid Gauntlet." Although financial aid administrators have the discretion to allow estimates of current year income to be used under special circumstances, too few dislocated workers know to ask that this professional judgment be used. Dislocated workers are also not explicitly identified as a group that is eligible for professional judgment (which we recommend changing with the amendment below). Professional judgment should be reserved for special circumstances that require case-by-case decisions, not for treatment of an entire class of persons, such as dislocated workers.

Legislative language:

Title IV-Part F

DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS.—
Section 479A(a) of the Higher Education Act of 1965 (20 U.S.C. 1087tt(a)) is amended in the third sentence by inserting "a family member who is a dislocated worker (as defined in section 101 of the Workforce Investment Act of 1998 (19 U.S.C. 2801)),” after “recent unemployment of a family member,”

Title IV-Part F

DEFINITIONS. — Section 480(a) of the Higher Education Act of 1965 (20 U.S.C. 1087vv) is amended to add a new (3) as follows:
“(3) For dislocated workers, as defined in section 101 of the Workforce Investment Act of 1998 (29 U.S.C. 2801), total income is equal to estimated AGI plus estimated untaxed income and benefits for the current tax year minus estimated excludable income for the current tax year.”

Recommendation 13: Extend eligibility for the Simplified Needs Test and the zero expected family contribution to those students who have received means-tested benefits in the past 24 months.

Issue: One of the principal goals of the reauthorization of the Higher Education Act should be to ease college access by decreasing the complexity in student aid. Expanding eligibility for the Simplified Needs Test (SNT) and making more students automatically eligible for a zero expected family contribution (EFC) provides low- and moderate-income students greater certainty about the likelihood of receiving financial aid. Under the Deficit Reduction Act, those students whose

² The criteria for being considered a dislocated worker, as defined by the Workforce Investment Act of 1998, are 1) terminated or laid off, or have received a notice of termination or layoff; 2) employed at a facility at which the employer has made a general announcement the facility will close within 180 days; 3) self-employed but unemployed as a result of general economic conditions or natural disasters; or 4) a displaced homemaker.

families have received means-tested benefits, such as Food Stamps, Free and Reduced School Lunch, and Temporary Assistance for Needy Families, within the previous 12 months of applying for financial aid were made eligible for the SNT, and the zero EFC if their income fell below \$20,000. We support increasing the timeframe for eligibility for the SNT and automatic zero EFC due to receipt of benefits to 24 months, because these students or their parents have already completed burdensome income and asset questions in order to qualify for benefits, and the FAFSA simply duplicates these means tests.

Legislative language:

Title IV-Part F

SIMPLIFIED NEEDS TESTS.— Section 479 of the Higher Education Act of 1965 (20 U.S.C. 1087ss) is amended—

(1) in subsection (b)—

(A) in paragraph (1)(A)(i)(III) by striking `12-month' and inserting `24-month'; and

(B) in paragraph (1)(B)(i)(III) by striking `12-month' and inserting `24-month';

(2) in subsection (c)—

(A) in paragraph (1)(A)(iii) by striking `12 month' and inserting `24-month'; and

(B) in paragraph (2)(A)(iii) by striking `12-month' and inserting `24-month.'

Recommendation 14: Undertake a thorough, nonpartisan study of the effectiveness of current HEA policies put in place to prevent fraud and abuse. Determine which policies work and should be retained; eliminate those that are not needed and which may block innovation; report on the extent to which students continue to be victimized; and, recommend new options for preventing these problems.

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

Legislative language:

Title IV-Part H

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

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

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

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

(1) To what extent are students currently victimized by fraud and abuse in Title IV programs, and what is the nature of these problems?

(2) Are existing policies in this Act that were put in place to prevent fraud and abuse in Title IV student aid programs adequately targeted and effective in preventing current problems, and how should they be improved?

(3) To what extent are existing protections in this Act against fraud and abuse adequately enforced, and how should enforcement be strengthened?

(4) In what areas is additional information needed to assess the effectiveness of current protections and enforcement?

(5) Are there existing policies in this Act aimed at fraud and abuse that are not effective, hinder innovation, and could safely be eliminated?

(6) What new policies and enforcement are needed to protect against fraud and abuse in Title IV student aid programs that better suit the current higher education marketplace?

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

(d) TIMING OF REPORT. The Secretary shall transmit to Congress the report required by this section, containing all of the elements described in (b) and (c), not later than December 31, 2008.

(e) AUTHORIZATION OF APPROPRIATIONS. There are authorized to be appropriated to carry out this section \$200,000 for fiscal year 2008.”

Student Success Grants

Currently the federal government invests its higher education dollars almost entirely in helping students afford college, with very little invested in services to help students succeed once they are enrolled. While affordability remains a major challenge, not investing in success as well is penny-wise and pound-foolish, as research shows that the biggest economic payoff from college is to those who complete credentials. Too many students fail to achieve this—for example, six years after enrolling at public two-year colleges, nearly half (44 percent) of Pell Grant recipients do not have a credential and are no longer enrolled.³ And while some students may have left after achieving short-term goals, research shows that most students, even nontraditional ones such as working adults, do enter college with the goal of earning a certificate or degree.

Student Success Grants would begin to address this imbalance. Every student who receives a Pell Grant would also receive a Student Success Grant that would offset the costs to the college of providing the kinds of program innovation and student services that will help that student stay in college and complete. The Student Success Grant would be set at \$1,500 and would be phased in gradually, with all first-year Pell Grant students receiving it initially and coverage expanding each year to include ultimately all Pell Grant recipients.

Each college would decide on the exact set of program innovations and student services to be funded with Student Success Grants (SSG). At a minimum, these elements would have to include:

- A **Student Success Coordinator** (or comparable position) assigned to every student receiving a SSG to give that student intensive and ongoing personalized help in navigating through college and career planning and in connecting to community resources that can help students overcome family and personal challenges to success. Such coordinators could work with no more than 150 students at any point in time. These coordinators could be located in academic departments, in student services offices, in community-based organizations—wherever the college thought they could be most effective.
- A **College and Career Success Plan** in place for every student receiving a SSG within the first 30 days of enrolling. This plan would spell out the initial sequence of courses and other activities (such as job shadowing, internships, etc.) that will enable the student to make rapid progress toward choosing a career and completing the relevant credentials for it. This plan would be updated every semester.
- A **Learning Community** that ensures that SSG students are clustered together for at least one course in the first semester after enrolling and have other opportunities to create bonds that allow them to provide academic and social support to each other
- The opportunity for at least some of the SSG students who need remediation or English language services to move into credit-bearing coursework more quickly. Colleges could do this by offering **Blended or Accelerated Remediation** classes that help them attain college-level reading, writing, and/or math skills much more rapidly than traditional remediation formats allow. (Blended remediation courses integrate the content of credit-bearing coursework with remediation.)

Beyond these required SSG elements, colleges could choose to use SSGs for other innovations or services that research suggests may promote success. These permissible activities include cash

³ *The Condition of Education 2003*, Indicator 23, U.S. Department of Education.

bonuses for stellar academic persistence or performance, work-study jobs with private employers in the students' fields of study, career pathways initiatives, and other activities that colleges identify as promising.