

**ENSURING ACCESS TO HIGHER EDUCATION: SIM-
PLIFYING FEDERAL STUDENT AID FOR TODAY'S
COLLEGE STUDENT**

HEARING
OF THE
**COMMITTEE ON HEALTH, EDUCATION,
LABOR, AND PENSIONS**
UNITED STATES SENATE
ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

ON

EXAMINING ENSURING ACCESS TO HIGHER EDUCATION, FOCUSING ON
SIMPLIFYING FEDERAL STUDENT AID FOR TODAY'S COLLEGE STUDENT

NOVEMBER 14, 2013

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ENSURING ACCESS TO HIGHER EDUCATION: SIMPLIFYING FEDERAL STUDENT AID FOR TODAY'S COLLEGE STUDENT

THURSDAY, NOVEMBER 14, 2013

U.S. SENATE,
COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS,
Washington, DC.

The committee met, pursuant to notice, at 10:05 a.m. in room SD-430, Dirksen Senate Office Building, Hon. Tom Harkin, chairman of the committee, presiding.

Present: Senators Harkin, Alexander, Murray, Casey, Franken, Bennet, Baldwin, and Murphy.

OPENING STATEMENT OF SENATOR HARKIN

The CHAIRMAN. The Committee on Health, Education, Labor, and Pensions will please come to order.

Today's hearing is the third in our series examining critical issues in postsecondary education as the committee looks to reauthorize the Higher Education Act. The topic we'll discuss today is of paramount importance and is arguably the bedrock of Federal higher education policy, that is, our Federal financial aid programs and their effectiveness in providing access to higher education.

Since the passage of the National Defense Education Act in 1958—that was the year I started college, and I took advantage of the Eisenhower program, as it was called then—the Federal Government has played a role in helping students fund their college education. Now, 55 years later, we can celebrate much success, but we face significant new challenges.

A college degree, more so than ever, can be a ticket to the middle class. But while college enrollment overall has increased, the enrollment gap between low-income and high-income students has grown.

I've cited these statistics in past hearings, but I want to reiterate them again. Students from wealthy families are seven times more likely to have earned a bachelor's degree by age 24 than those from low-income families. It is estimated that over the past decade, 4.4 million college-qualified, low- and moderate-income high school graduates did not attend 4-year colleges, and an additional 2 million did not attend college at all.

The reasons come down to affordability and access. Many of the programs put in place through the Higher Education Act aimed to provide the opportunity to attend college for all Americans, regardless of background. But with statistics like those I just cited, with

so many of even our high achieving, low-income students not attending college, we clearly need to take a hard look at what's happening within our system.

Today we have the opportunity to discuss the state of higher education access with a distinguished panel of experts. We will take a holistic look at our Federal financial aid programs, what's working, what's not, and what needs to be done.

As we tackle reauthorization, I look forward to discussing ways we can promote early awareness of our Federal financial aid programs so that students know what's available to them before they graduate from high school. We also need to examine ways to simplify the aid process so that it's more clearly understood by the students and families who use it.

Equally important is a discussion about the information that students and families are receiving when they go through the college entrance process. We spent considerable time in previous reauthorizations ensuring that information is available. Now we need to discuss how best to get that information out to students and their families.

Simply put, our Federal financial aid programs are an investment in our human infrastructure or human capital. We need to do more to let all citizens know that we stand ready to help them attain a college degree. Their economic mobility and our economic future as a nation depends on it.

I look forward to working with our distinguished Ranking Member, Senator Alexander, and my colleagues on both sides of the aisle to ensure that our higher education system remains affordable, accessible, and results-oriented, both for students and taxpayers.

With that, I will turn to Senator Alexander for his opening statement.

OPENING STATEMENT OF SENATOR ALEXANDER

Senator ALEXANDER. Thanks, Mr. Chairman.

I arrived at the U.S. Senate full of enthusiasm about 11 years ago, thinking I had a little experience in education, and my determination was to simplify the process for Federal aid for students going to college. So I worked real hard on it. I worked in a bipartisan way. We spent some time on it.

After a few years, we made some changes. And after a couple more years, they actually got adopted. I was just talking to my staff—I think the net effect was to eliminate about five questions from the application form.

So, Mr. Chairman, I asked for a copy. This is the form that you fill out for Federal student aid.

The CHAIRMAN. You need to be taller—
[Laughter.]

Senator ALEXANDER. It's 10 pages. But this is the simplified form, and then this is the 68-page instruction book for filling it out. We have millions of parents and students who do that.

Now, what can we do about that? We're very fortunate to have these witnesses today, because they've done a lot of the best thinking on it. And I want to thank Chairman Harkin for this hearing and a series of hearings on this subject.

I think there's no ideological monopoly on the idea of making Federal student aid, whatever the amount is, a friendlier process for students. I mean, that's not a Democratic idea. It's not a Republican idea. We would all like to do it. And there are a lot of these. We have about \$35 billion that we spend on Pell grants. We give more than \$100 billion every year—taxpayers do—in loans to students to go to college.

About half of our college students have a Federal grant or a loan to help pay for college. So we're talking about 21 million students attending about 6,000 institutions, about half of whom have to fill out that long form and read that instruction book to get it done.

One of the witnesses who is here today has pointed out that the Pell grant, which has a maximum award of \$5,645, is worth about the same thing at Harvard that it is at Nashville's Auto Diesel College. In other words, almost all students who are eligible for the Pell grant get the same amount of money.

Maybe there's a simpler way to do this. Maybe we don't need 10 pages and a 68-page instruction book. The Senator from Colorado is here, and he and I and Senator Mikulski and Senator Burr have talked to Senator Harkin about the idea of using this higher education process to simplify the process or even to deregulate, as long as we can meet whatever the objectives are that we would agree that we need.

There's a lot of research in student aid, with the Pell grant, that about all you need to know is income size and family size. If that's all you need to know, then why are we asking all these questions, and why do we have a 68-page instruction book for students to go through.

I'm looking forward to hearing what the pros and cons are of the various ideas that the witnesses have suggested to us. They may have some reasonable proposals here that we ought to adopt.

Mr. Chairman, I have mentioned before that we have reauthorized the Higher Education Act eight times now. One of the results of that is what I would call a lot of pages of well-intentioned clutter. It's nobody's fault, really. It just happens.

Even though we have ideological differences on this committee—I would take Senator Warren's example, when she was at the Consumer Bureau. I often disagree with Senator Warren, and I oppose the Consumer Bureau. But her idea was good, which was let's have a 1-page mortgage application, and I think they're actually going to end up with a 3-page one, which will be a great improvement over what was happening before.

Maybe Federal student aid is one area, Mr. Chairman, where we could, in the reauthorization of the Higher Education Act, just start from scratch. Take the best ideas here, stay away from ideological differences, and see if we can get rid of the well-intentioned clutter by just starting over. Maybe it's one grant, one loan, one tax credit. Maybe it's not. But at least start over, say what we mean to do, and do it.

I look forward to this, and I thank you for arranging this hearing.

The CHAIRMAN. Thank you, Senator Alexander. I might say I can't remember exactly, but I remember when I went to college in

1958 and we had that Eisenhower program, that NDEA program, I don't think we had 68 pages to fill out.

Senator ALEXANDER. Well, it's 10 to fill out and 68 pages to read.

The CHAIRMAN. I can't remember if we had to fill out anything. I think we had to insert family income, maybe, or something like that, and that was about it, I think, at that time. And we went to a window at Iowa State in Beardshear Hall to get this. I can't remember. But I would have remembered if I had had to fill out 68 pages. I probably wouldn't have done it. I would have probably done something else. I don't know what.

Well, thank you very much.

I thank all of our witnesses for being here. I'll briefly introduce each of you before we move to your testimony.

We welcome our first witness, who is Dr. Bridget Terry Long. Dr. Long is Academic Dean and Xander Professor of Education at the Harvard Graduate School of Education and an economist who specializes in the study of college student access and choice and the factors that influence students' postsecondary and labor market outcomes.

In 2010, Dr. Long was appointed by President Obama to serve as a member of the National Board of Education Sciences, the Advisory Panel of the Institute of Education Sciences at the U.S. Department of Education, where she has served as board chair since 2011.

Next is Ms. Kim Cook, executive director for the National College Access Network. Ms. Cook has worked in the higher education and college access field for her entire professional career, including experience in undergraduate admissions and financial aid and a succession of responsibilities at the National College Access Network, including director of Government Relations, assistant director and executive vice president.

She serves on the college board's College Planning Advisory Board, the U.S. Department of Education's National Training for Counselors and Mentors Advisory Panel, and the National Education Working Group on Foster Care and Education.

Next is Dr. Judith Scott-Clayton, an assistant professor of economics and education at the Teachers College of Columbia University. She is also a senior research associate at the Community College Research Center and a faculty research fellow of the National Bureau of Economic Research.

Her research on financial aid simplification, the impact of merit-based scholarships, and the validity of remedial placement exams has received national press coverage and has contributed to ongoing debates regarding financial aid and remediation policy.

Next we have Ms. Kristin Conklin, a founding partner of HCM Strategists, a public policy and advocacy consulting firm specializing in health and education. Since its founding in 2008, HCM has supported education-related clients, including the Bill and Melinda Gates Foundation, the College Board, and the Institute for Higher Education Policy.

Prior to this, she was a senior advisor to the Undersecretary of the U.S. Department of Education during the Bush administration—you're so young, that must be the second Bush administra-

tion, not the first one—and program director of the Washington Office of the National Center for Public Policy and Higher Education.

Just reading through all of your backgrounds, you must all know each other some way or another. You're all associated in different ways. But welcome, and your testimonies will be made a part of the record in their entirety.

We'll start with Dr. Long. I'll ask you to summarize in 5 minutes so we can get into an open discussion.

Welcome, Dr. Long, and please proceed.

STATEMENT OF BRIDGET TERRY LONG, Ph.D., ACADEMIC DEAN AND XANDER PROFESSOR OF EDUCATION, HARVARD GRADUATE SCHOOL OF EDUCATION, CAMBRIDGE, MA

Ms. LONG. Thank you. Chairman Harkin, Senator Alexander, and members of the committee, thank you for the opportunity to appear before you today. My testimony aims to provide information about the barriers to college access and persistence, what we know from research about improving student outcomes, and ways we might improve the Federal financial aid system.

In terms of the State of higher education today, there are persistent gaps in college access by family income and race that remain even after decades of financial aid policy. While there are many barriers to college access and success, most can be grouped into three major categories.

The first is college affordability. Without financial aid, the median family would have to pay nearly 30 percent of their annual income to cover the total cost of a public 4-year institution.

The second major barrier is academic preparation. Estimates suggest that less than half of all students leave high school ready to study college level material.

The complexity of the college enrollment process and the financial aid application, as well as a lack of clear and accurate information, is a third impediment. College attendance is the culmination of a series of steps and benchmarks, and the process is too complex and difficult for many families to decipher and navigate.

So what can we do to improve college access and success? Well, the evidence shows, first, financial aid matters greatly for college access. Second, financial aid also matters and is an important determinant for degree completion.

In my study of the Florida Student Access Grant, we found that the financial aid had a positive impact on short-term, medium-term, and long-term outcomes. An additional \$1,300 in grant eligibility increased the probability of completing a bachelor's degree by 22 percent.

Third, all aid programs are not equally effective. And when designing a program, information and simplicity are vitally important. Seemingly small differences in sign-up procedures have also been shown to matter for other social programs. And, fourth, the financial aid application process can be a major barrier for students, and information alone is not enough.

My research documents just how detrimental the aid process can be. With several of my colleagues, we designed and implemented an intervention to provide low- and moderate-income families assistance with the FAFSA. The results suggest that streamlining

and providing assistance with the FAFSA, where they were able to complete it, on average, in 8 minutes, had substantial positive impacts on college attendance and persistence. Among graduating high school seniors, there was nearly a 30 percent increase in college attendance just by giving them help with the form.

Three years after the intervention, we found that students who attended college after receiving assistance were persisting at higher levels and were attaining higher levels of education than their counterparts. In other words, they were able to succeed in college, even though the barrier of the FAFSA process would have kept them out. These results suggest that further streamlining of the aid application process could be an effective and efficient way to improve college access.

While there have been many recent improvements to the FAFSA, these efforts do not fully address the needs of students and their families. The recent improvements still require families to at least be aware of the form and the process. Moreover, to benefit from the simplified form, you have to use it online, meaning you have to have access to private, preferably high-speed Internet access, which is still a problem for many low-income families.

There are many opportunities to improve the system. First, when designing aid programs, learn from the examples of successful policies. The research suggests that we could greatly improve the Pell grant just by simplifying the way that students access it.

Second, the government should proactively disseminate clear information to families early and often. Additional effort must be taken to translate and circulate the information. One specific idea would be to send students and their families information about possible eligibility as early as elementary school. This would be similar to the social security benefit reports that workers used to receive.

A related idea would be to summarize the financial aid eligibility in a table that just shows family income and family size. Research shows that this would give us a fairly good estimate of aid eligibility.

Third, we should use and enable multiple pathways for families to be able to access the FAFSA form. I encourage maintaining the paper FAFSA as a submission method, while also enabling community-based organizations to submit batches of completed FAFSAs directly to the Department of Education.

Fourth, we should minimize the burden on families when completing the FAFSA. For instance, families should not be required to supply information that is available elsewhere. To some degree, this is the purpose of having IRS populate the FAFSA online. However, another step forward would be to have this match happen behind the scenes automatically. We should also limit the number of interactions and logins needed to complete the FAFSA. Every additional step we require means we are losing families along the way.

And, finally, we need to improve how aid and college information is reported. I recommend standardizing the aid award letter so that students can clearly understand what colleges and universities are offering them.

Thank you.

[The prepared statement of Ms. Long follows:]

PREPARED STATEMENT OF BRIDGET TERRY LONG, PH.D.

SUMMARY

Chairman Harkin, Senator Alexander, and members of the committee, thank you for the opportunity to appear before you today. My testimony aims to provide information about the current state of college access and what more could be done to improve the system.

THE STATE OF COLLEGE ACCESS AND BARRIERS TO COLLEGE ENROLLMENT AND SUCCESS

- There are major and persistent gaps in college access by family income and race.
- Rates of college completion also differ by family income and race.
- Most barriers to college access and success can be grouped into three major categories:
 - Cost and affordability;
 - Academic preparation; and
 - Lack of information and the complexity of the college admissions process and financial aid systems.

IMPROVING COLLEGE ACCESS AND SUCCESS: WHAT DO WE KNOW FROM THE EVIDENCE?

- (1) Financial Aid Matters for College Access.
- (2) Financial Aid is also an Important Determinant of Degree Completion.
- (3) All Aid Programs are Not Equally Effective: When designing an aid program, information and simplicity are important.
- (4) The Financial Aid Application Process Can be a Major Barrier for Students and Information Alone is not Enough.

THE CONTEXT TODAY: WHAT MORE COULD BE DONE?

- While there have been recent improvements to the FAFSA, these efforts do not fully address the needs of many students, and there is still significant room for improvement.
- There is increasing evidence that college can be a high-risk investment.
- The college decision process is only becoming more complicated.
- The Need Analysis Calculation does not reflect accurately the financial situations of many college students.

WAYS TO IMPROVE THE EFFECTIVENESS OF OUR FINANCIAL AID SYSTEM

- (1) When Designing Aid Program, Learn from the Example of Effective Policies.
- (2) Proactively Disseminate Clear Information with Families Early and Often.
- (3) Use and Enable Multiple Pathways for Families to Complete the Aid Application Process.
- (4) Minimize the Burden on Families when Completing the FAFSA.
- (5) Improve How Aid and College Information is Reported.
- (6) Pilot an Expansion of the Work Study Program at Colleges Serving Many Low-Income Students.

Chairman Harkin, Senator Alexander, and members of the committee, thank you for the opportunity to appear before you today. As we consider the state of access to higher education in the United States and ways we might improve our Federal system, my testimony aims to provide information about:

- The current State of college access in the United States;
- Barriers to College Access and Persistence;
- What we know from research about improving college access and success; and
- What more could be done to improve the system.

Finally, I close with recommendations about how to improve the Federal financial aid system.¹

THE STATE OF COLLEGE ACCESS TODAY

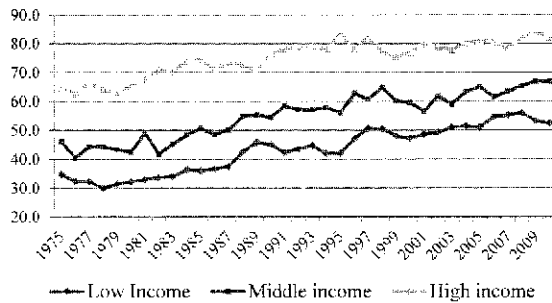
- ***There are major and persistent gaps in college access by family income and race.***

¹Note: The views expressed are those of the author and should not be attributed to Harvard University or the NBER.

As shown in Figure 1, the percentage of high school completers enrolled in college (either 2-year or 4-year) the October immediately following high school completion continues to vary widely by family-income level.² By 2010, 82.2 percent of students from high-income families attended college in comparison to only 52.3 percent of students from low-income families. The gap between the high- and low-income families has not gotten smaller during the last 35 years (29.7 percentage points in 1975 and 29.9 percentage points in 2010). Even after controlling for academic achievement, low-income students have a lower probability of enrollment than do more affluent students (Ellwood & Kane, 2000). These patterns suggest that low-income students continue to face greater barriers to college access than other students.

Similar gaps in enrollment by race are also evident. As shown in Figure 2, although there is an upward enrollment trend for each of the three groups from 1955 to 2010, White students attend college at much higher rates than those for Black and Hispanic students.³ Focusing on 18- to 24-year-old high school completers attending degree-granting institutions, the data suggest there may have been recent progress in closing the gaps between Black and White students, but in the case of Hispanic students, racial gaps have been widening. For example, in 1967, the gap between Black and White students was 13.9 percentage points; in 2009, it was 7.3 points. Meanwhile for Hispanic students, the gap with White students increased from 13.8 percentage points in 1972 to 17.5 points in 2009.

Figure 1: Percentage of high school completers enrolled in college the October immediately following high school completion, by family income: 1975–2010



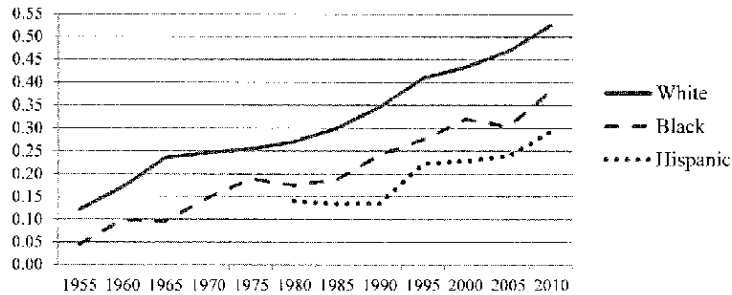
Source: Long (2013). U.S. Department of Commerce, Census Bureau, Current Population Survey (CPS), October Supplement, 1975–2010. Reported by the National Center for Education Statistics.

Notes: *Low income* refers to the bottom 20 percent of all family incomes, *high income* refers to the top 20 percent of all family incomes, and *middle income* refers to the 60 percent in between. The low-income figures are a three-year moving average due to small sample size. For 1975 and 2010, a 2-year moving average is used.

²Source: U.S. Department of Commerce, Census Bureau, Current Population Survey (CPS), October Supplement, 1975–2010. Low income refers to the bottom 20 percent of all family incomes, high income refers to the top 20 percent, and middle income refers to the 60 percent in between. The low-income figures are a 3-year moving average due to small sample size. For 1975 and 2010, a 2-year moving average is used; data for 1975 reflect an average of 1975 and 1976, and data for 2010 reflect an average of 2009 and 2010. Includes high school completers ages 16–24, who account for about 98 percent of all high school completers in a given year.

³Source: *Digest of Education Statistics*. (2010), Table 212. Data Source: U.S. Department of Commerce, Census Bureau, Current Population Survey (CPS), October, 1967 through 2009.

Figure 2: Percentage of Persons Age 18-24 in College, 1955-2010



Notes: Long (2013). Calculations by author using population estimates and college enrollment figures. Population estimates are for the resident population plus armed forces overseas age 18-24. Sources: U.S. Census Bureau, Population Division, *National Population Estimates by Age, Sex, and Race: 1900 to 1979* and *U.S. Population Estimates by Age, Sex, Race, and Hispanic Origin*. College enrollment figures are for the civilian non-institutionalized population of 18-24 year olds. U.S. Census Bureau, Current Population Survey, 1947 to 2010. Table A-6. Data for Black in 1955 and 1960 are for Black and other races. From 2003 onward, data represent those respondents who indicated only one race category. Hispanics may be of any race.

• **Rates of college completion also differ by family income and race.**

There are also major gaps in baccalaureate attainment by background. Only 36 percent of low-income students who were academically qualified for college⁴ completed a bachelor's degree within 8 years, while 81 percent of high-income students did so (Adelman, 2006). Stark differences also exist by race. Graduation rates at 4-year institutions among first-time, full-time, degree-seeking undergraduates were highest for Asian/Pacific Islander students (65 percent) followed by White, non-Hispanic students (58 percent) for cohorts entering in fall of 1998. Black and Hispanic students in this cohort graduated at much lower rates (40 percent and 46 percent, respectively) (Knapp, Kelly-Reid, & Whitmore, 2006).

THE BARRIERS TO COLLEGE ACCESS AND SUCCESS

Although there are many barriers to college access and success, most can be grouped into three major categories.

• **The first set of major barriers relates to cost.**

During this school year, the average total in-State tuition and fees at public, 4-year colleges and universities is \$8,893, with average total charges amounting to \$18,391 (College Board, 2013a). Meanwhile, median family income in 2012 was \$62,241, suggesting that, without financial aid, the median family would have to pay nearly 30 percent of their annual income to cover the costs of a public, 4-year college or university. Many families in the bottom 20 percent of the income distribution make less than that amount all year with the mean income of this group being only \$15,534.⁵ Concerns about affordability are even greater at private 4-year colleges and universities, which charged an average list tuition price \$30,094, or \$40,917 including room and board (College Board, 2006a). The current situation is the result of skyrocketing prices during the last several decades. Meanwhile, the median family income has not kept pace with growing tuition costs. Such trends led the Federal Commission on the Future of Higher Education, which was appointed by Secretary of Education Margaret Spellings, to conclude, "There is no issue that worries the American public more about higher education than the soaring cost of attending college" (2006, p. 19).

• **A second major set of barriers to college enrollment and persistence is academic preparation.**

⁴ Students were judged to be "college-qualified" if they met any of five criteria that would place them among the top 75 percent of 4-year college students for that criterion. The minimum values for "qualified" were: a class rank of the 46th percentile, an academic GPA of 2.7, an SAT combined score of 820, an ACT composite score of 19, or a NELS-88 test score of the 56th percentile (Berkner and Chavez 1997).

⁵ College Board (2013a). U.S. Census Bureau, Current Population Survey, 2013 Annual Social and Economic Supplement, Table F-1, Table F-3, Table F-5, and FINC-01; calculations by the authors.

Students are increasingly finishing high school with below grade-level competency, and this has affected their ability to access and succeed in higher education (Bettinger and Long, 2009; Bettinger, Boatman, and Long, 2013). Greene and Foster (2003) estimate that only 32 percent of all students leave high school ready to study college-level material. The proportion academically prepared for higher education is even smaller among Black and Hispanic students (20 and 16 percent, respectively).⁶ There are also significant gaps in test scores by race and income (Jencks and Phillips, 1998), which contribute to access inequality. For example, students from families that made \$20,000 to \$30,000 per year scored 474 on average on the math SAT, while students from families making more than \$100,000 had a mean score of 564 (College Board, 2006b). Therefore, while academic preparation is a problem for many students, it is a problem that especially affects low-income students and students of color.

• ***The third major impediment for many students, particularly those from low-income families, is the complexity of the college admissions process and financial aid systems, as well as a lack of accurate information.***

College attendance is the culmination of a series of steps and benchmarks, and the process is too complex and difficult for many families, especially low-income families, to decipher and navigate. First, students must aspire to attend college or derive aspirations from their parents, teachers, and/or mentors. Additionally, students must prepare academically for college by taking the proper classes and getting a sufficiently high grade point average, particularly if they wish to attend selective schools. To gain entry into a 4-year college, students must also register for a college admissions exam (*i.e.*, the SAT or ACT). Students must also fulfill the requirements for high school graduation.

While there are numerous resources to help students understand and improve their preparation for college, there are far fewer tools or aids to help families navigate the college selection process. With little help, consumers must sort through a complex menu of postsecondary institutions that differ in terms of level, sector, and focus as well as costs, admissions standards, and credentials and majors offered. Then they must put this information in perspective with their own personal situations and preferences. Families must also discern differences in quality, or the likelihood that the school will impart learning, support student success, and result in future benefits. Such differences are hard to detect as measurements of quality in higher education tend to rely more on the characteristics of the entering student body rather than the value added by the institution or the benefits realized by graduates. Difficulty sorting colleges by characteristics and quality is coupled with complicated pricing structures, in which the net price each student pays often differs due to government and institutional financial aid.

Another part of the complexity problem is the financial aid system. To determine eligibility, students and their families must fill out the Free Application for Federal Student Aid (FAFSA). Not surprisingly, students and their families are often confused and even deterred by the form (ACSFA, 2005). An American Council on Education (ACE) study found that 850,000 students who would have been eligible for Federal financial aid did not complete the necessary forms to receive such aid (King, 2004). Other research demonstrates that students, particularly those from low-income backgrounds, have very little understanding of college tuition levels, financial aid opportunities, and how to navigate the admissions process (Kane and Avery, 2004; Horn, Chen, & Chapman, 2003). In 2006, the Spellings Commission on the Future of Higher Education acknowledged problems with the current aid process by concluding that some students “don’t enter college because of inadequate information and rising costs, combined with a confusing financial aid system” (2006, p. 7). Therefore, while cost and academic preparation are important hurdles for students, the role of information is also substantial in determining college access and persistence.

IMPROVING COLLEGE ACCESS AND SUCCESS: WHAT DO WE KNOW FROM THE EVIDENCE?

(1) *Financial Aid Matters for College Access*

Researchers have consistently found that grants have positive effects on college enrollment (Deming and Dynarski, 2010; Dynarski and Scott-Clayton, 2013). For example, Kane (2003; 2004) found that two State need-based aid programs, the Cal Grant and the D.C. Tuition Assistance Grant, each had positive effects on college

⁶ Greene and Foster (2003) define being minimally “college-ready” as: (i) graduating from high school, (ii) having taken 4 years of English, 3 years of math, and 2 years of science, social science, and foreign language, and (iii) demonstrating basic literacy skills by scoring at least 265 on the reading NAEP.

access for low-income students. The former provides grants for students to attend 4-year colleges in California, while the latter allowed D.C. residents to pay in-State tuition rates at public universities across the country. Dynarski (2000; 2004) found even larger effects (4 to 6 percentage-point increases) among a set of State aid programs. As shown by these studies and others (e.g., Long, 2007), grants can increase college enrollment.

(2) Financial Aid is also an Important Determinant of Degree Completion

While financial aid can be an important policy lever for increasing college enrollment, it also influences the likelihood of student success and college degree completion. In my study of the Florida Student Access Grant (FSAG), a need-based grant that gave low-income students an additional \$1,300 in support, we found financial aid to have a positive impact on a host of short-, medium-, and long-term college outcomes. The additional \$1,300 in grant aid eligibility (in 2000 dollars) increased the probability of immediate enrollment at a public, 4-year university by 3.2 percentage points while also increasing the probability of staying continuously enrolled through the spring semester of students' freshman year by 4.3 percentage points. Most importantly, the additional \$1,300 in aid eligibility increased the probability of earning a bachelor's degree within 6 years by 4.6 percentage points, or 22 percent (Castleman and Long, 2013).

It is important to note that the FSAG was awarded on top of the Pell grant—eligible students would have qualified for both the \$1,300 FSAG and at least a \$1,750 Pell grant. As such, our results relate to current debates about whether increasing the size of current aid awards would have large positive effects (as opposed to answering questions about the effects of some aid versus no aid). Overall, our results suggest that not only does need-based aid have a positive effect on persistence and degree completion, but also that increasing the award amounts of current aid programs could have beneficial, cost-effective results.

In other research, Dynarski (2008) found that the introduction of State merit-based scholarships in Arkansas and Georgia led to increases in the share of the population in each State with college degrees within 10 years of when the programs were introduced. Scott-Clayton (2011) found that students who were just above the cutoff in the ACT exam score that determined whether students were eligible for the West Virginia PROMISE scholarship were 6.7 and 4.5 percentage points more likely to earn a bachelor's degree within 4 or 5 years, respectively, than students just below the eligibility threshold.

(3) All Aid Programs are Not Equally Effective: When designing an aid program, information and simplicity are important

While the existence of aid programs was once thought to be enough to enable the enrollment of low-income students, the visibility and design of the program also matter a great deal. Research suggests that aid programs are most successful when they are well-publicized and relatively easy to understand and apply for (Dynarski, 2000 and 2002; Cornwell, Mustard, and Sridhar, 2006). Seemingly small differences in sign-up procedures and marketing have also been shown to matter for other social programs (Currie, 2006, Beshears, *et al.*, 2006, Hastings and Weinstein 2008).

(4) The Financial Aid Application Process Can be a Major Barrier for Students and Information Alone is not Enough

As noted above, lack of information and the complexity of the financial aid application process are major barriers to college access. While there have been calls to improve awareness and simplify the policy for years, my research documents just how detrimental the aid process can be on students and their families. In 2008 and 2009, using a random assignment research design, my research team designed and implemented an intervention to provide low- to moderate-income families receiving tax preparation help free additional assistance in completing and filing the FAFSA (Bettinger *et al.*, 2012). The just-collected tax information was used to pre-populate the FAFSA, and then individuals were guided through remaining questions to complete the form in less than 10 minutes (including completely the research consent form and background survey). Families were also given an immediate estimate of their eligibility for government aid as well as information about local postsecondary options.

The results suggest that streamlining and providing assistance with the FAFSA had a substantial positive impact on the likelihood of submitting an aid application. The FAFSA treatment substantially increased college financial aid applications, improved the timeliness of aid application submission, increased the receipt of need-based grant aid, and ultimately increased the likelihood of college attendance and persistence.

- Assistance with the FAFSA increased the likelihood of submitting the aid application substantially.
 - FAFSA submissions increased 39 percent for seniors in high school, from 40 percent for the control group to 56 percent for the treatment group.
 - Aid application submissions increased 186 percent, from 14 percent to 40 percent, among independent students (those age 24 and above or who were married, a parent, or a veteran) who had never been to college before. This translates to an almost *tripling* of the number of potential students who submitted an aid application.
 - FAFSA submissions increased 58 percent for independent students who had previously attended college, from 35 percent for the control group to 56 percent for the treatment group. This suggests there are large numbers of students in college who are foregoing financial aid they are eligible to receive because they have not completed the FAFSA.
 - Compared to the control group, FAFSA's were filed over 1 month earlier for high school seniors and almost 3 months earlier for independent students. This has implications for the treatment group in terms of increased eligibility for State and institutional financial aid programs.
- Receiving assistance on the FAFSA significantly increased college enrollment.
 - Among graduating high school seniors, there was a substantial increase of 7 percentage points in college going (34 percent compared to 27 percent among the group who did not receive any FAFSA help or information).
 - Among older, independent individuals who had completed high school or a GED but not attended college previously, the number enrolled in college and receiving financial aid increased by about 2 percentage points. Given that only 10 percent of the control group did this, the program effect represents a 20 percent increase.
 - The effect seems to be concentrated among those with incomes less than \$22,000. This corresponds to the point at which individuals are not expected to contribute anything to college expenses (*i.e.*, they have EFCs of zero).
 - The program also increased the percentage who received a Federal student grant.

These results suggest that streamlining the aid application process could be an effective and efficient way to improve college access for low-income students. The effects of the FAFSA treatment are large, especially relative to the intervention's low marginal cost in terms of resources and time—providing FAFSA assistance took only 8 minutes, on average. It is also important to emphasize that once they entered college, the students persisted. Three years after the intervention, we found that students who attended college after receiving assistance with the FAFSA were persisting at higher levels and had higher educational attainment than their counterparts who had not received the streamlined process. In other words, they were able to succeed in college even though the barrier of the FAFSA process would have kept them out of school. These findings suggest other opportunities for streamlining processes and providing quick assistance could increase greatly participation in programs that require filling out forms to become eligible.

While the project above emphasizes the benefits of providing assistance and a streamlined process to complete the FAFSA, we did not similarly find positive effects from just giving families information about their aid eligibility. In the context of the FAFSA project, we told a random subset of families the amount of a Pell grant they were eligible to receive if they completed the FAFSA by themselves. Unfortunately, families who received aid information but no assistance with the FAFSA did not experience improved outcomes. This suggests information alone is not enough to help families overcome barriers in the college enrollment process, and the complexity of the FAFSA and/or the burden of navigating through the application process alone are significant barriers. However, it is possible that earlier information could generate more positive effects.

THE CONTEXT TODAY: WHAT MORE COULD BE DONE?

- ***While there have been recent improvements to the FAFSA, these efforts do not fully address the needs of many students, and there is still significant room for improvement.***

Given the many critiques of the FAFSA, there have been numerous calls to simplify the financial aid process. The Department of Education has made some headway into simplifying the existing online FAFSA, including introducing skip-logic to minimize the number of questions and allowing applicants and parents to import IRS-income tax data. While these changes are likely helping many students, they

are not reaching all students, and low-income students in particular, continue to face major barriers. The recent improvements to the FAFSA still require families to be aware of the form and process. Moreover, to benefit from the simplified form and process (*i.e.*, skip logic and pre-population using data from the IRS), student must have access to a private, online computer, preferably with high-speed Internet, a problem for many low-income families.

While there have been improvements to the process, these efforts do not fully address the needs of many students, and there is still significant room for improvement. Some of the remaining problems include:

- *Low visibility and Misinformation:* Many families still do not know that the FAFSA exists and how to access it. No amount of simplification will help if individuals do not actually access the form. Additionally, many individuals, particularly low-income students, often greatly overestimate the cost of higher education) and so do not bother completing form because they do not think they can afford college or will qualify for financial aid.
- *Missed deadlines:* King (2004) found that of those who did file a FAFSA, more than half missed the April 1st deadline to be eligible for State and institutional aid programs.
- *Complicated Tasks:* Research in behavioral psychology shows individuals tend to put off complicated or menial tasks. Minimizing time and effort in completing forms may therefore make individuals more likely to spare the time. For example, corporate savings plans that make participation the default while requiring employees to take action to opt-out have dramatically higher participation rates than plans that require employees to deliberately opt-into the plans.
- *Need to Revisit the FAFSA Multiple Times:* An additional impediment is the number of times a family must revisit the FAFSA to complete it.⁷ As shown in our FAFSA Project, streamlining the process by allowing participants to submit the FAFSA immediately had large, positive effects. With each additional delay, families are less likely to fully complete the process.
- ***There is increasing evidence that college can be a high-risk investment.***

It is also worth emphasizing how the higher education context has changed in recent years. With increasing information about high-debt burdens and low-graduation rates at some colleges, it is clear that the college investment can be a high-risk proposition. While the average return to a postsecondary credential is substantial and justifies the cost in most cases, there is wide variation in the returns to a degree based on the specific college attended and the major completed. Moreover, nearly half of college entrants do not graduate at all and so forfeit the potential returns to a degree.

- ***The college decision process is only becoming more complicated.***

In addition to being a costly and uncertain endeavor, attending college also requires one to make a complicated set of decisions that must be done in the appropriate order and at the right times. These decisions include whether and how to prepare, where to apply, which institution to choose, and how to finance the costs. Overall, the process of college choice involves simultaneously ranking options along multiple dimensions while having only incomplete, uncertain information and little support on how to interpret the facts that are available. These choices carry on throughout the enrollment experience as students must constantly reevaluate if their enrollment decision is likely to pay off.

There are many negative and far-reaching repercussions due to the complexity of the college investment combined with the lack of clear information. This translates to keeping some students out of higher education. Among those who do decide to attend, there is an over reliance on bad or incomplete sources of information, often at the peril of the student. Oppressive loan burdens and rising student loan defaults also suggests evidence of bad college choices. Some companies have also exploited the heightened need for information by charging families excessive amounts for college facts that are freely available elsewhere if one knew how to navigate through the multiple sources that focus on higher education.

⁷Venegas (2006) describes student frustration from having to pause and revisit the online FAFSA multiple times:

“ . . . at first I had to go on-line to get a PIN [personal identification number] for myself. Then later I went back to fill out my FAFSA. When I was at the end of the form, I saw that I had to get a PIN for my parents . . . I got a PIN for my parents and then I went back to complete the form . . . then I had to go back again and look at my SAR [Student Aid Report]” (p. 9).

• ***The Need Analysis Calculation does not reflect accurately the financial situations of many college students.***

While the current financial aid system was created with the idea of determining the need of recent high school graduates who are dependent on their parents and attend college full-time, college students are a much more diverse group. Most would be considered “nontraditional,” meaning someone who fits at least one of the following criteria:

- Delays enrollment after high school;
- Attends part-time;
- Works full-time while enrolled;
- Considered financially independent;
- Has dependents other than a spouse;
- Does not have a regular high school diploma (*i.e.*, a GED or other certificate);
- Is a displaced worker or unemployed;
- Is a welfare recipient;
- Is an immigrant.

According to Choy (2002), nearly three-fourths of all undergraduates are nontraditional. The nontraditional group includes working adults, parents, welfare recipients, immigrants, displaced workers and the unemployed, and single, financially independent students.

Given the disconnect between how the financial aid system was designed and the profile of many college students, many suggest that the current financial aid system does not adequately meet the needs of many, particularly nontraditional, students.

There are several major criticisms of the way Federal need analysis is applied to nontraditional students. First, it is assumed that the earnings of the potential student are relatively minor (*i.e.*, the result of a summer job) and should be taxed highly to cover college expenses. Moreover, the calculation assumes that the parents’ income, the main source of support for the child, will continue even while the student is in college and should be used to help cover expenses. In contrast, independent students do not have other major sources of support to rely upon. Most nontraditional students are formally engaged in the labor market when applying for financial aid, and while the government assumes this income level will remain the same even after college enrollment, the nontraditional student is actually likely to experience a reduction in earnings while pursuing a degree. Therefore, assumptions about the amount of earnings available to them while in school are incorrect. As an extension of this, the EFC for many nontraditional students may be too high as they are penalized for their earnings the year before starting school.

WAYS TO IMPROVE THE EFFECTIVENESS OF OUR FINANCIAL AID SYSTEM

There are many opportunities for improving the Federal financial aid system. Below I make several recommendations.

(1) *When Designing Aid Program, Learn from the Examples of Successful Policies*

As noted above, research suggests that aid programs are most successful when they are well-publicized and relatively easy to understand and apply for. These findings have important implications for our Federal aid programs as the research lends credibility to the notion that the Pell grant could be more effective if it had greater visibility and were easier to understand and access. A program that was much better publicized and easy to obtain had large positive effects on enrollment. This program, the Social Security Student Benefit (SSSB) Program, gave the 18- to 22-year-old children of dead, disabled, or retired Social Security beneficiaries monthly support while they were enrolled full-time in college. At its peak, it provided grants totaling \$3.3 billion annually to 1 out of 10 students, but it was phased out because of the major overlap with the relatively new (at the time) Pell grant program. However, in contrast to the Pell grant, awareness among potential SSSB beneficiaries was high due to notification from the government and the extremely simple application process. Dynarski (2002) examined the impact of eliminating the SSSB in 1982 and estimates that doing so reduced the college access and attainment of former beneficiaries significantly. This suggests that it had been very effective as a policy, and duplicating some of its design would improve the effectiveness of the Pell grant.

(2) *Proactively Disseminate Clear Information with Families Early and Often*

Proactively disseminating the information is my second recommendation. Additional effort must be taken to translate and circulate it to an audience that may understand little about higher education offerings, pricing, financial aid, or quality. Therefore, the Federal Government should actively reach out to potential students where they live, study, and work rather than putting the responsibility on the indi-

vidual to seek out the information on their own. This should be done through a series of partnerships with educational, social services, and employment organizations along with other government agencies. For instance, the government should work with college access programs and youth organizations to reach students.

One specific idea would be to send students and their families information about possible aid eligibility as early as elementary school. Using information from tax returns, an estimate could be made, and these reports could be similar to old Social Security projected benefits letters that working adults received. A related idea would be to summarize financial aid eligibility in a table with family income on one side and family size on the other. Research suggests those two variables give a very good estimate of aid eligibility (Dynarski and Scott-Clayton, 2006), and such simple, early information could help combat misperceptions about college costs and the availability of aid.

(3) *Use and Enable Multiple Pathways for Families to Complete the Aid Application Process*

As noted above, while there have been improvements to FAFSA on the Web, students without access to a private computer with high-speed Internet access are not able to use the tool. Moreover, awareness of the FAFSA remains low. Therefore, I encourage maintaining the paper FAFSA as a submission method while also enabling community-based organizations, which help students and families complete the FAFSA free-of-charge, to submit batches of FAFSA once receiving consent from families. This would increase the opportunities for interacting with the form and help the many organizations working in the field to streamline their FAFSA assistance by interacting directly with the Department of Education (rather than having to take each individual family through the FAFSA on the Web or paper form). In my FAFSA project, having electronic submission directly from the tax site to the Department of Education reduced the amount of time and effort needed on both the part of the family and the tax professional.

(4) *Minimize the Burden on Families when Completing the FAFSA*

The FAFSA is a significant barrier to accessing college financial aid, or even just determining eligibility level. The barrier is so large that even informing families of \$4,000 of grant eligibility was not enough to have them overcome the burden of navigating through the aid application process. Therefore, as much as possible, the process should limit the amount of work a family needs to do to complete the form.

Most importantly, we should eliminate steps that could be accomplished other ways. For instance, families should not be required to supply information available elsewhere. To some degree, this is the purpose of having IRS data populated into the FAFSA on the Web. However, another step forward would be to have this match happen behind the scenes automatically. As we have demonstrated, for most families, one could complete approximately two-thirds of the FAFSA using tax information. As a result, it took less than 10 minutes to complete the rest of the form (Bettinger, *et al.*, 2012). If a family wanted to opt out of the system or question the validity of their matched data, they could do so, but for the vast majority of families, they would be able to skip a burdensome step, especially for those who are not able to use FAFSA on the Web. Information on family background and income is also available from other sources, including the Free and Reduced-Price Lunch system and other government programs, and these sources could also be used to determine family aid eligibility.

Making a shorter form (simplification) would likely increase FAFSA submissions. Moreover, such a change would make it easier to develop programs that could help families to fill out and submit the form. By streamlining the form and process, community-based organizations would be able to serve students more easily as fewer pieces of information would be required, and their outreach and assistance could be more effective.

We should also limit the number of interactions and steps needed to complete the FAFSA. In my research on the effects of simplifying the FAFSA process, we found the largest effects associated with individuals who used both simplification to complete the form and then took advantage of automatic filing or assistance in filing. These individuals for whom assistance and simplification were most prominent (and the FAFSA was completed in the office) appear to be the ones most affected by the treatment.

(5) *Improve How Aid and College Information is Reported*

Information is a major barrier, and the challenges do not end with the completion of the FAFSA and college applications. The information reported to students can take many forms, and often it is not clear what is a grant versus a loan. When comparing institutions, it can be very difficult to make an apples-to-apples comparison.

Therefore, I recommend standardizing a significant part of aid award letters so that it is clear to students how to interpret their aid packages. Pell grants and other grants should be clearly delineated while the terms of loans and work study funds should be treated separately. However, given the great diversity of institutions and students, colleges and universities should be given the freedom to customize their messaging after the required standard language about the aid package.

This recommendation is just one step toward helping students and their families sort through important information to help with their choices and so that they can avoid unrealistic debt and low performing schools and majors. While I recommend providing clear, simplified information, it is clear that we need to think much more carefully how information is provided. There are other tools geared toward serving potential students, such as the online College Navigator from the Department of Education. However, the families most in need of these types of resources have little awareness about the existence of these tools and limited online access. Moreover, these tools are overwhelming by offering hundreds of pieces of information on one page as if they are all equally important. Such tools are also missing key pieces of information relevant to college enrollment decisions, such as employment and earnings outcomes. While earnings are not a complete picture of the return to a college degree, schools with similar resources, student bodies, and admissions standards can have vastly different returns (Carey, 2004; Hess, *et al.*, 2009).

(6) *Pilot an Expansion of the Work Study Program at Colleges Serving Many Low-Income Students*

Due to rising costs and declining affordability, most students have to work while attending college. There are major concerns that such activities detract from their academic pursuits. According to the National Survey of Student Engagement (2012), 60 percent of college students working 20 hours or more a week believe that work interferes with their school work, but the majority of these students also report asking employers about increasing their work hours in order to pay tuition and living expenses. However, it is also possible that labor market experience may help students prepare for future jobs and careers. It is possible that working a reasonable number of hours gives students skills that make them more competitive and capable when they enter the labor market after college, and on-the-job training is an important way to increase one's human capital. Furthermore, it is possible that off-campus and on-campus employment have different effects on students' academic performance and persistence, as Work Study jobs recognize the individual's primary function is to be a student.

The Federal Government spends over \$1 billion on the work-study program to subsidize the wages of college students. Recent research suggests receipt of work-study funds has a positive effect on the number of credits completed during the first year (Soliz and Long, 2013). While much more research is needed to fully understand the program, funds are limited at many of the colleges that serve significant numbers of low-income, eligible student. As working while in college is necessary for most students, it is worthwhile to explore how the Federal Government could support this work in a way that still enables a student to make progress toward a degree or credential.

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The CHAIRMAN. Thank you, Dr. Long.
Ms. Cook, please proceed.

STATEMENT OF KIM COOK, EXECUTIVE DIRECTOR, NATIONAL COLLEGE ACCESS NETWORK, WASHINGTON, DC

Ms. COOK. Mr. Chairman, Ranking Member Alexander, and members of the committee, thank you for this opportunity to testify on this important issue to the National College Access Network. I am particularly honored to offer this testimony as a Pell grant recipient myself.

The National College Access Network and its over 400 members and affiliates work in communities across the country to help students to and through college. Committee members may know some of these, including the Iowa College Access Network, Tennessee Achieves, the College Success Foundation in Washington State, and uAspire in Massachusetts.

Most of our students are low-income and the first in their families to attend college. As a Nation, we've made great progress over the past 20 years with more students pursuing higher education. But, as Dr. Long indicated, when we scratch the surface of the data, attainment gaps remain, particularly by income and race.

According to the National Center for Education Statistics, 52 percent of 2011 high school graduates from low-income families enroll in college immediately after high school, a figure 30 percentage points lower than their high-income peers. This is the first generation of Americans less likely to achieve a college degree than their parents, a disarming detour from our belief in the American Dream that every generation succeeds more than the previous one.

Access to college relies on three factors: academic preparation, awareness through advising, and affordability and financial aid—the three "As" of access, if you will. I will focus on awareness and affordability issues in these remarks.

First generation students need support, often described as one arm around one child to build awareness and aspirations, and then navigate the steps needed to enroll in and complete college, including the 68-page instructions of the FAFSA. Our field is challenged to scale these labor intensive efforts to provide this necessary intrusive advising to every needy student.

Students also need the right information to help them make decisions to attend a school that best matches their academic qualifications and provides the best environment to support completion. Currently, students are not able to answer the simple question: How likely is a student like me to complete at this college?

Vital elements are not reported, including Pell grant recipient graduation rates, status of part-time and transfer students, and outcomes in the labor market. Further, our primary database, the Integrated Postsecondary Education Data System, IPEDS, that provides most of the information that we do know tracks only first-

time full-time students that account for barely half of today's college enrollment.

We need to broaden that data set to more accurately reflect all students, including today's student that is more likely part-time, delaying entry, and/or attending multiple institutions through his or her academic career. We also encourage the department to use this as an opportunity to evaluate current regulatory burden and to streamline data collection and regulations to those that are most relevant to students.

As we look to affordability and the future of financial aid, we urge you to maintain your commitment to need-based aid that is core to the Pell grant and to incentivize States and institutions who share that commitment.

Mr. Chairman, to answer your early awareness issue, the financial aid process should be simplified by giving students information about their Federal student aid eligibility earlier in the process. Today's student applies for admission to institutions before fully knowing his or her eligibility for aid, a consumer piece that would be unheard of for other major purchases like a mortgage or car, where you go in knowing your approval rate, your loan rate, and what you can expect to spend.

Using income data from 2 years prior would allow us to reverse these steps in the process, giving students and families the information in a timely manner when it is most needed for decision-making.

Last, we must acknowledge the changing demographic and profile of today's student. We must adapt student aid to serve this new profile of student, who is increasingly older, working, attending part-time, and transferring among multiple institutions. We must respond with more flexible disbursements of the Pell grant to allow for continuous year-round enrollment and more flexible repayment options for student loans that many students take.

In closing, we believe in a continued strong role of the Federal Government to ensure college access. NCAN and its members' programs offer assistance and best practices to inform your considerations. We thank you for having this important discussion today and for your ongoing commitment to college access.

[The prepared statement of Ms. Cook follows:]

PREPARED STATEMENT OF KIM COOK

SUMMARY

The National College Access Network (NCAN) and its over 400 affiliates work in communities across the country to help students to and through college. Most of our students are low-income and the first in their families to attend college.

As a nation, we have made progress over the past 20 years with more students pursuing higher education, but when we scratch the surface of the data, attainment gaps remain. According to the National Center for Education Statistics, 52 percent of 2011 high school graduates from low-income families enrolled in college immediately after high school, a figure 30 percentage points lower than their high-income peers.

Access to college relies on three factors: academic preparation, awareness through advising, and affordability/financial aid, the three A's of access. First-generation college students need information and translators for that information, often described as "one arm around one child" to help build awareness, aspirations and then navigate the steps needed to enroll in and complete college. Our field is challenged to scale these efforts to provide this necessary "intrusive" advising to every needy student.

Today's students are in need of the right information to help them make decisions to attend a school that best matches their academic qualifications and provides the best environment to support ultimate completion. We are encouraged that a conversation is widening on the topic of information available to students. Currently, vital elements are missing: particularly Pell grant recipient graduation rates, status of part-time and transfer students, and outcomes in the labor market. These data are crucial to helping students select the institution where they are most likely to graduate.

As we look to the future of Federal student aid, we urge you to maintain your commitment to need-based aid that is core to the Pell grant program and to incentivize States and institutions that share that commitment. Also, consider how to strengthen the Pell grant Program in the future so it continues to serve students in need. The financial aid process could be simplified by continuing the data-matching and streamlining of the FAFSA form and by giving students information about Federal student aid eligibility earlier than current process allows so have it before, rather than after, they apply to college.

Last, we must acknowledge the changing demographics and profile of today's student. Our next frontier will be a reinvention of Federal student aid to serve this new profile of student that is increasingly older, attending part-time, and transferring among multiple institutions. We must respond with more flexible disbursements of the Pell grant to allow for continuous enrollment and more flexible repayment options for student loans.

In closing, we believe in a continued strong role of the Federal Government to ensure college access for today's student and beyond. 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.

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 Iowans. Currently, ICAN has Student Success Centers in eight 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 percent 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 5 years, and its uAspire scholars have a re-enrollment rate of 84 percent, compared to 66 percent 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 percent, whereas their high-income peers enroll at rates 30 percentage points higher.²

¹Laurie 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>.

This achievement gap has significant impacts on the efforts that once again make the United States the first in college-completion worldwide. The United States ranks 14th among industrialized nations in college-completion 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 percent”—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 percent of today’s first-time, full-time students complete a 4-year degree within 6 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, they 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 4-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 attending 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 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:

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>.

⁴Shapiro, 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.

⁵Christopher 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.

⁶Caroline 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>.

- 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 percent 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 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

⁷O’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.

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.

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 2 years prior, or prior year tax data, to determine when aid status was to be conducted. This has not yet happened.

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 \$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 percent 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 U.S.C. 28, Subchapter IV, Part A) authorizes a Pell grant that will reach a maximum of \$6,100 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 than on 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

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/promiselostcollegequalrpt.pdf>.

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.

courses year-round as continuous education increases the likelihood of graduation.¹² Disbursements would still be limited to 150 percent 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 Data base, 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

Last, 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 4-year institution, living on campus, with primarily parental financial support, and graduating in 4 years is no longer a reality. Of the over 29 million postsecondary students nationwide, only 15 percent of the current enrollment are first-time, full-time students. Today's college student is increasingly older, non-white, delaying entry to 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 percent 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.

The CHAIRMAN. Thank you very much, Ms. Cook.

Dr. Scott-Clayton, welcome and please proceed.

STATEMENT OF JUDITH SCOTT-CLAYTON, Ph.D., B.A., ASSISTANT PROFESSOR OF ECONOMICS, COLUMBIA UNIVERSITY, NEW YORK, NY

Ms. SCOTT-CLAYTON. Mr. Chairman, Senator Alexander, and distinguished members of the committee, thank you for this opportunity to testify today about Federal student aid and college access. My comments are going to echo those made by my colleagues here on this panel, because there's a lot of consensus about what needs to change.

Before getting to my specific recommendations, I want to raise a perennial question that always comes up in discussions about col-

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.

lege access, and that's the question: Is college worth it? This question persists, seemingly regardless of the mountains of economic evidence that consistently answer with a resounding yes.

I think the persistence of this question can be traced to a couple of common misperceptions about college access. First, those who question the value of college often say, "We don't need more students going to college. We need more students getting real-world applied career and technical education," not realizing that, in fact, this type of training occurs in community and technical colleges all around the Nation. This is college. This is part of college.

It might not be the traditional baccalaureate education that some people think of when they hear the word. But, in fact, more than half of Federal Pell grant recipients are in certificate or 2-year associate degree programs, often in these types of applied fields.

Second, most people think college is actually much more expensive than it typically is. They see stories in the news media about elite private colleges charging \$50,000 for tuition, and they hear about unemployed graduates with astounding amounts of student debt.

But most people, in fact, pay much less. After accounting for grants, the average net price of a public 4-year institution is only about \$3,000 per year. At the typical community college, a student who receives a Pell grant is likely to pay nothing at all and, in fact, to receive some money back in order to pay for books, supplies, and other basic living expenses.

Only 2 percent of college entrants accumulate more than \$50,000 in student loans. Two-thirds borrow less than \$10,000 over the course of their studies. These misconceptions illustrate what I see as a major remaining barrier to student access, and that's the complexity of the college decision process itself, both in terms of how to choose the right program and institution, as well as figuring out how to pay for it.

And, unfortunately, the burden of this complexity is worse among precisely those students that Federal student aid is trying to assist. These students are much less likely to have a family member or friend who has been through college, or to have reliable access to a high school guidance counselor who can help them through the process.

Far too many students fall off the path to college, not because they decide they don't want to go, but because, like most of us, they put off decisions that are overwhelming. They might muster the persistence to surmount 5, 10 or 15 little hurdles that come up along the way. But then they hit one more, and they get stuck. They procrastinate, they miss a deadline, and they let that one last hurdle make the decision for them.

The research evidence I cite in my written testimony supports this. Financial aid can and does have a substantial impact on college access. But complicated eligibility rules and application procedures can undermine its effectiveness by screening out the very students whose behavior we're trying to influence.

So what can be done to address this? First, Congress should simplify the Federal aid eligibility application and renewal process. While some progress has been made on this in the past few years, we have not come close to solving this problem.

A second key change I recommend is that Congress should augment Pell grants, augment the financial aspect with basic navigation support services for program participants. Evidence is mounting that simple, low-cost, personalized college guidance, which could be provided by a text message or even over the phone, could have substantial effects on enrollment and persistence.

One simple and low-cost reform would be to use phone numbers and email addresses to send automatic messages with timely information and connections to additional resources. More sophisticated services could be contracted out to independent organizations.

Third, I recommend that Congress align program rules to support college success, not just access. Specifically, Congress should prorate Pell grants based on course load so that students can progress at their own pace. Currently, awards max out when students take just 12 credits per term, which is not enough to complete a degree on time.

My final recommendation is that Congress restructure how student loans are repaid. This is an issue for college access. Students dislike loans because they're scary. They're confusing and risky. But if students knew before enrolling in college that they could take a loan without having to worry about crippling repayments, student loans might be a much more effective tool for promoting access than they currently are.

Thank you again for putting this important issue on the Nation's agenda, and I look forward to our conversation.

[The prepared statement of Dr. Scott-Clayton follows:]

PREPARED STATEMENT OF JUDITH SCOTT-CLAYTON, PH.D., B.A.,

OVERVIEW

Chairman Harkin, Senator Alexander, and members of the committee, my name is Judith Scott-Clayton. I am an assistant professor of economics and education at Teachers College, Columbia University, as well as a research fellow of the National Bureau of Economic Research and a senior research associate at the Community College Research Center. Over the past decade, I have conducted my own research on the impacts of financial aid policy, reviewed the evidence from others doing work in the field, and participated in policy working groups examining financial aid at both the State and Federal level. Thank you for the opportunity to testify about the current landscape of college access and the role of Federal financial aid, and to suggest promising directions for reform.

Key Facts About the Landscape of College Access

Several facts help motivate the importance of the topic at hand:

- The value of a college degree, or even some college experience, remains near historic highs.
- While college enrollment rates have increased, gaps by family income are growing larger.
- While financial aid used to apply to only a small minority of students, it is now the norm; 36 percent of enrollees receive Pell grants; two-thirds of students receive some kind of grant aid.
- For most families, the net price of college (tuition and fees after grant aid) will be substantially lower than the sticker price, but students and families are clearly confused about how much college will cost for them.

What Do We Know About the Effectiveness of Federal Financial Aid in Promoting College Access?

I draw four lessons from the available research:

- Money matters for college access.
- Program complexity undermines aid effectiveness.
- Students need more than just information, they need help navigating the college decision.

- Access does not guarantee success; program design should support both.
- While loans are unpopular they may still be an important tool for access.

What Are the Highest-Priority Directions for Reform?

I suggest four main directions for reform:

- **Simplify** the eligibility calculation, as well as the application and renewal process.
- **Augment** Pell grants with basic “navigation” support services for program participants.
- **Align** program rules to support college success, not just access.
- **Restructure** student loan repayments so loans make the enrollment decision easier, not harder.

Attached please find my complete testimony with additional background and details of these proposals. I look forward to joining the committee on Thursday.

Chairman Harkin, Senator Alexander, and members of the committee, my name is Judith Scott-Clayton. I am an assistant professor of economics and education at Teachers College, Columbia University, as well as a research fellow of the National Bureau of Economic Research and a senior research associate at the Community College Research Center. Over the past decade, I have conducted my own research on the impacts of financial aid policy, reviewed the evidence from others doing work in the field, and participated in policy working groups examining financial aid at both the State and Federal level. Thank you for the opportunity to testify about the current landscape of college access and the role of Federal financial aid, and to suggest promising directions for reform.

I. THE CURRENT LANDSCAPE OF COLLEGE ACCESS

Nearly half a century ago, upon signing the Higher Education Act of 1965, President Lyndon Johnson stated his intent that the Act ensure that “the path of knowledge is open to all that have the determination to walk it.”¹ Since then, great progress has been made in increasing college enrollment rates for qualified students across the income spectrum. Yet significant inequities remain, and while the levels of college enrollment are higher across the board, the *gaps* in enrollment between high- and low-income families are actually greater for recent cohorts than for those born in the early 1960s (Bailey & Dynarski, 2011).² Income inequality in college degree completion is even higher than for college entry, and these gaps cannot be completely explained away by differences in preparation.

These gaps are troubling because of the compelling evidence regarding the value of postsecondary education. Not only is the earnings premium for a college degree near historically high levels, but those with a college degree also have substantially higher employment rates—even in this soft economy—and also receive better benefits, are less likely to smoke, and are more likely to vote. The median college graduate also pays \$5,000 per year more in taxes than the median high school graduate (Baum, Ma, & Payea, 2013).

Maintaining access to postsecondary education is thus a key ingredient in economic mobility. And while a bachelor’s degree appears to offer the most substantial payoffs, it is important to note that 2-year degrees, often in highly applied fields, also confer significant benefits, and even those who enter college but drop out without any degree do better than those who never enroll at all. So whenever we talk about access to college we should keep in mind the full spectrum of postsecondary experiences, from shorter career/technical programs to traditional baccalaureate degree programs.

At the Federal, State, and institutional level, substantial amount of aid are available to help students finance a college education. Over a third of students receive Pell grants, and two-thirds will receive some kind of grant assistance. In 2012–13, full-time undergraduates received an average of over \$13,000 in aid, including over \$7,190 in grants, nearly \$5,000 in Federal loans, and \$1,280 in other assistance including education tax credits and Federal Work-Study (College Board, 2013b). For needy students, the current maximum Pell grant covers almost two-thirds of aver-

¹Lyndon Baines Johnson, “Remarks at Southwest Texas State College Upon Signing the Higher Education Act of 1965,” November 8, 1965. Archived online by Gerhard Peters and John T. Woolley, The American Presidency Project (www.presidency.ucsb.edu/ws/?pid=27356).

²The gap in college enrollment rates between the top and bottom quartiles of family income for cohorts born in the early 1960s was 39 percentage points, rising to 51 percentage points for cohorts born in the early 1980s. Controlling for differences in test scores reduces the gap to 14 percentage points in the earlier cohorts and 26 percentage points in the more recent cohorts.

age tuition and fees at a public 4-year institution, and a \$3,500 Stafford loan would more than cover the remaining average tuition and fees (College Board, 2013a; using current Pell maximum of \$5,536 and average public 4-year tuition and fees of \$8,722). For the 40 percent of Pell grant recipients attending community colleges, the maximum Pell will more than cover tuition and fees, enabling students at the typical community college to use the remaining amount to cover books, supplies, transportation, or basic living expenses (College Board, 2013b).

Despite the large amount of aid available, there is strong evidence that qualified students are leaving money on the table—failing to apply for aid that might help them persist to a degree, and in some cases failing to apply for college at all because they assume they cannot afford it. The college application decision is complicated enough even for those who don't need financial aid—but for low-income and first generation college students, it can be overwhelming. And in all too many cases, students have little idea of what assistance they might receive until after they have been applied and accepted to college. This is like a car salesman only revealing a substantial discount after a customer has committed to buying the car—the result is that the discounts flow largely to those who were going to buy regardless, while those for whom the aid would matter most walk away before even learning the discounted price (Dynarski & Scott-Clayton, 2006).

Given the large amount of aid available, and the rapid increases in Federal expenditures on Pell grants in recent years, it is reasonable to ask what effects all of this aid has on college access, as well as how programs can be modified to work better. I would advocate strongly against efforts to reduce Federal financial aid; now is hardly the time to reduce our investments in education as the United States falls behind other countries on measures of educational attainment and social mobility and leaps ahead on measures of inequality. But whatever the level of funding for Federal aid, the stakes have never been higher to ensure that every dollar spent has the maximum impact—not just for the sake of taxpayers, but for the sake of students themselves, who make the biggest investments of all.

II. WHAT DO WE KNOW ABOUT THE EFFECTIVENESS OF FEDERAL FINANCIAL AID?³

I draw five lessons from the available research on the effects of financial aid:

- Money matters for college access.
- Program complexity undermines aid effectiveness.
- Students need more than just information, they need individualized help.
- Every program has incentives, and these incentives affect outcomes.
- While loans are unpopular they may still be an important tool for access.

Lesson 1: Money Matters for College Access

The first and most fundamental lesson, grounded in more than 30 years of research, is that providing students with more money for college does improve college access. As predicted by economic theory, when students know that they will receive a discount, enrollment rates increase. In 1988, Larry Leslie and Paul Brinkman reviewed several dozen non-experimental studies and concluded that a \$1,000 decrease in net price was associated with a 3- to 5-percentage-point increase in college attendance. Subsequent research using more rigorous empirical methods and across several different contexts have found effects of a similar magnitude, increasing our confidence that these effects are truly causal and not just describing statistical correlations. The grant programs that have been studied and found to have positive effects include the Social Security Survivors Benefit (which in some years, continued benefits for children beyond the age of 18 if they enrolled full-time in college), some State merit-aid programs, Washington, DC's Tuition Assistance Program, and the mid-century G.I. bills. Evidence on the impact of Federal tax benefits is less conclusive, but one recent study suggests that the enrollment effects of tax-based aid may be of a similar magnitude. For more detailed reviews of this literature, see Long (2008), Deming & Dynarski (2009), and Dynarski & Scott-Clayton (2013).

Lesson 2: Program Complexity Undermines Aid Effectiveness

While financial aid clearly can influence college enrollment, this does not imply that all aid programs are equally effective. For example, the programs discussed above that have clearly demonstrated positive impacts on college enrollment tend to have simple, easy-to-understand eligibility rules and application procedures. The eligibility and application rules for Pell grants—the Nation's largest grant pro-

³This section of the testimony draws heavily upon a review of the literature I coauthored with Susan Dynarski of the University of Michigan, entitled, "Financial Aid Policy: Lessons from Research," and published in *The Future of Children*, vol. 23, no. 1 (Spring 2013), Princeton, NJ: The Trustees of Princeton University.

gram—are comparatively complex, requiring students to submit to the lengthy and burdensome Free Application for Federal Student Aid (FAFSA) process for determining their eligibility. Though recent efforts at simplification have reduced the number of questions on the FAFSA from 127 to 116, the application remains longer than an income tax form for the majority of U.S. households, and the eligibility calculation remains opaque. Research by myself and co-authors has shown that most of the data items in the aid application have little effect on the distribution of aid, and that aid amounts can be replicated with great accuracy using only a few pieces of information (such as adjusted gross earnings and family size) that are readily available from IRS records (Dynarski & Scott-Clayton, 2006; Dynarski, Scott-Clayton, & Wiederspan, 2013).

A recent experimental study by Bettinger, Long, Oreopoulos, and Sanbonmatsu (2012) provides dramatic evidence that the complexity of the financial aid application process can itself become a significant barrier to college access. In the experiment, some low-income families who visited a tax-preparation center were randomly assigned to receive personal assistance with completing and submitting the FAFSA. This intervention, which took less than 10 minutes and cost less than \$100 per participant, increased immediate college entry rates by 8 percentage points (24 percent) for high school seniors and 1.5 percentage points (16 percent) among independent participants with no previous college experience. After 3 years, participants in the full-treatment group had accumulated significantly more time in college than the control group. They also were much more likely to have received a Pell grant.

This experimental evidence, which demonstrates the importance of program design and delivery, may help explain why studies have found somewhat mixed evidence regarding the enrollment impact of Pell grants. Studies by Hansen (1983) and Kane (1996) finding little effect overall, while Seftor & Turner (2002) find positive impacts for adult students and Bettinger (2004) finds some evidence of positive effects on persistence for students who are already enrolled. While this evidence is not conclusive, complexity and confusion surrounding the Pell eligibility and application process may obscure its benefits and dampen its impact among the individuals who need it most—those who are on the fence about college for financial reasons.

Lesson 3: Students Need More Than Just Information, They Need Individualized Help

An interesting aspect of the FAFSA experiment described above is that it also randomized some individuals to receive an “information-only” intervention instead of the full FAFSA application assistance, but this information-only group experienced no increases in college enrollment relative to the control group. This suggests that students need more than information alone—they need assistance walking through the application process. But many high schools and colleges, particularly public institutions, are insufficiently staffed to provide such support, with student-to-counselor ratios at public colleges as high as 1,500 to 1 (Bettinger, Boatman, and Long 2013).

This lack of guidance has consequences for students’ decisions about whether and where to enroll. A substantial fraction of college-intending students—high school seniors who graduate on time, are accepted to college, and apply for financial aid—nonetheless fail to matriculate in the fall, a phenomenon known as “summer melt” (Castleman & Page, 2013). Among the prospective students likely to attend community colleges and for-profit colleges, evidence suggests institutional choices are made haphazardly and many students fail to investigate more than one option (Rosenbaum, Deil-Amen, and Person 2006). Studies have also found worrisome evidence of undermatching, in which high school students from low- and middle-income families often do not even apply to the most selective institutions for which they academically qualify (Avery and Turner 2009; Bowen, Chingos, and McPherson 2009; Hoxby and Avery 2012; Hoxby and Turner 2013; Roderick, Nagaoka, Coca, and Moeller 2009).

Evidence is mounting that simple, low-to-modest-cost coaching interventions that reach out to students during the summer after high school and throughout the first year of college can have substantial effects on enrollment and persistence. For example, in a series of randomized experiments, Castleman, Page, and Schooley (2013) found that text messaging, peer mentoring, and proactive outreach were all successful at reducing summer melt, with costs of no more than \$200 per student served. In the Expanding College Opportunities (ECO) project, Hoxby and Turner (2013) use data on SAT scores from the College Board to target information packets and application fee waivers to a random sample of high achieving, low-income students. Despite an average cost of just \$6 per participant, the intervention had substantial impacts on the number of applications submitted and on the quality of institutions

actually attended (in terms of instructional spending and peer achievement). Finally, a randomized study of a student coaching service provided by InsideTrack (a for-profit company that contracts with individual institutions) via phone, email, text message, and social media interactions found significant impacts on persistence for a cost of approximately \$500 per student per semester (Bettinger and Baker 2011).

In addition to their modest cost, because these interventions are largely based on phone calls and/or text messages rather than relying on in-person meetings with a counselor they are more accessible for students and potentially easier to scale up.

Lesson 4: Every Program Has Incentives, and These Incentives Affect Outcomes

The available research gives reason to believe that students respond to the incentives embedded in program rules. One example includes a study I conducted of West Virginia's PROMISE scholarship, which at the time provided free tuition and fees for up to 4 years to academically eligible students as long as they maintained a minimum GPA and completed 30 credits per year while in college. Interestingly, I found that prior to the scholarship's implementation, a substantial proportion of enrollees—even those near the top of the high school achievement distribution—were taking only 12 credits per semester (24 credits per year), which corresponds to the Federal definition of "full-time" status but does not enable students to graduate on-time. After implementation, the PROMISE scholarship increased 5-year graduation rates by 4 percentage points and on-time graduation rates by nearly 7 percentage points. Moreover, the achievement incentives were an important mechanism driving these increases. The scholarship increased credits completed in the first 3 years of college, but in the fourth and final year of the scholarship—while students were still receiving the money but no longer faced the course load requirements—the program's effect disappeared.

These findings do *not* suggest that Pell should be a merit-based program like the West Virginia PROMISE. In fact, the success of some merit-based programs relies in part on the existence of a wholly need-based program like Pell that serves as the foundation of financial support. The fundamental mission of Pell grants has been and should remain to provide financial access to higher education for disadvantaged students, not to reward achievement.

Nevertheless, the Pell grant program should not—and cannot—avoid incorporating incentives in its design and these incentives should be structured to align with program goals. The current design actually provides disincentives for timely completion by providing more assistance for the same number of credits to students who take longer to finish, essentially penalizing those who would prefer to finish faster. This occurs because students are considered full-time, qualifying for a full Pell grant, if they enroll for at least 12 credit hours credits a semester. Those who enroll for 15 credit hours—the average number necessary to complete an associate degree in 2 years or a bachelor's degree in 4 years—do not receive additional funding. A student who takes an average of 12 credits a semester over 5 years of full-time study to complete 120 credit hours credits receives five full Pell grants. A similar student who graduates in 4 years by taking 15 credit hours credits per semester receives only four full Pell grants.

Lesson 5: While Loans Are Unpopular, They May Still Be An Important Tool For Access

A final lesson is that even though loans are unpopular, they are a critical element in college financing, and their design might be significantly improved to minimize students' repayment risks and better communicate both risks and protections upfront. Very little rigorous research has examined how the availability of student loans affects college enrollment, performance, or completion. Susan Dynarski (2005) found suggestive, but ultimately inconclusive evidence that student loan expansions in the United States in the early 1990s led to increased college attendance. Donald Heller (2008) reviewed the non-experimental literature on whether loans increase college access and concluded that college enrollments are not as sensitive to loans as to grants. This is unsurprising, given that loans are not worth as much to students. Nonetheless, since they also cost the government only a few cents on the dollar to provide, it remains an open question whether loans provide bigger, smaller, or the same "bang for the buck" as grant aid does.

Debt aversion may be one important explanation for why loans do not appear to affect access as much as grants do: some students simply dislike being in debt, even when that debt enables an investment with high average returns (Field, 2009). Given the widespread reliance on student loans, a more interesting question than whether they increase college enrollment and completion at all is whether some types of loans are more effective than others. Are there ways to make loans more attractive and less risky for students, without drastically increasing costs? This is

an open question, but unless it is answered, student loans may remain primarily a financing tool for students who have already decided to go to college, rather than a tool to promote college access for students who are on the fence.

III. HIGH PRIORITY DIRECTIONS FOR REFORM⁴

I suggest four main directions for reform:

- Simplify the eligibility calculation, as well as the application and renewal process.
- Augment Pell grants with basic “navigation” support services for program participants.
- Align program rules to support college success, not just access.
- Restructure student loan repayments to make the enrollment decision easier, not harder.

Proposal 1: Simplify the eligibility calculation, as well as the application and renewal process

- Pell awards for most students should be based on two data elements that are available from the IRS: adjusted gross income and family size, so that aid is easily predictable.
- Pell eligibility should be automatically determined using tax data, eliminating the need for a separate application.
- Pell eligibility should be fixed for several years, eliminating the need to reapply each year during a course of study.

Research cited above demonstrates that the complexity of the Federal aid application process has significant costs, while providing few benefits in terms of the targeting of aid. All of the complex calculations that go into the determination of Pell grant awards are unnecessary—research has shown that award sizes can be accurately predicted using only a few pieces of information already available from tax data. Thus, for most students, Pell awards should be based only on adjusted gross income and family size, as measured by number of Federal-income tax exemptions. Neither students’ income and assets nor the timing of siblings’ enrollment in college would affect the amount of aid awarded.

Simplifying the aid formula would enable the system to take advantage of IRS data that the Federal Government already has, eliminating the need for most students to submit a separate application. I would further recommend basing eligibility on 3 years of prior income data, rather than on just 1 year. Using average income over a 3-year period serves two purposes: it provides a more reliable estimate of a household’s financial strength, and it limits the scope for gaming by shifting income from 1 year to another. Finally, fixing students’ Pell eligibility for multiple years would greatly reduce the financial uncertainty students face when beginning a post-secondary program. It also eliminates the problem that many students simply fail to reapply for aid each year.

How could all of this work? Dynarski & Scott-Clayton (2007), Baum & Scott-Clayton (2013), and other groups have provided possible roadmaps for simplification along these lines. For example, when young people reach the age of 17, Pell grant eligibility could be automatically calculated based on their parents’ tax returns for the prior 3 years. This automatic calculation and notification could be authorized by including a check-off box on income tax return forms that would give the IRS permission to forward the relevant tax information to the U.S. Department of Education (ED). This would enable families to be informed of Pell grant eligibility approximately a year before students graduate from high school.

The Pell eligibility set at age 17 would be valid until the student automatically becomes an independent student at the age of 24. An appeals process would allow the program to adjust awards based on unusual changes in family circumstances. Young independents—those who are 23 or younger but classified as independent, most commonly because they have children or are married—would under this proposal automatically retain any eligibility they would have as dependent students until age 24, but could choose to apply instead as independent students.

Students enrolling at age 24 or older would submit a brief application allowing the IRS to forward data to determine eligibility. Students would be eligible if their average income over the past 3 years was lower than an amount set in relation to the poverty level. If eligible, they could receive adequate funding to complete their

⁴The first three proposals in this section draw heavily from a recent white paper I co-authored with Sandy Baum, “Redesigning the Pell Grant Program for the Twenty-First Century,” Hamilton Project Discussion Paper 2013-04 (October 2013), Washington, DC: The Brookings Institution.

degrees for 5 years or until they left school and/or completed the program in which they enrolled, whichever comes first.

Those not required to file taxes would provide simple income information to ED on a 1-page form to show eligibility when they are ready to apply to a postsecondary institution.

Proposal 2: Augment Pell Grants With Basic “Navigation” Support Services for Program Participants

- Provide dependent Pell grant recipients with a basic college coaching service from the time of initial FAFSA application through the first year of enrollment.
- Encourage, and eventually require independent Pell grant recipients to meet with a third-party “navigator” before enrolling in a program.
- Experiment with voluntary pilot programs before scaling up.

The evidence discussed above demonstrates that students need more than just better information about financial aid and the college application process more generally: they need pro-active and personalized assistance. Providing information about college quality and costs on a Web site is insufficient because many students will never visit it, and those that do may be unable to interpret how generalized information applies to their specific case.

The importance of providing program participants with access to “navigators” is already recognized by other complex Federal programs. For example, several States run State Health Insurance Assistance Programs (SHIPs) to provide personalized guidance to Medicare beneficiaries to ensure that they receive “accurate, understandable, and objective information, counseling, and assistance—on a wide range of health insurance issues” (HAPNetwork.org, 2010).⁵ More recently, the Centers for Medicare & Medicaid Services (CMS) awarded \$65 million in “navigator cooperative agreements” to entities that will help consumers in new Federal and State health insurance marketplaces “prepare electronic and paper applications—provide outreach and education to raise awareness—and refer consumers to health insurance ombudsman and consumer assistance programs when necessary” (CMS, 2013).⁶ Deciding where to go to college and how to pay for it are equally complex decisions, and Pell grant recipients should not be left on their own to figure it all out.

A recent proposal coauthored with Sandy Baum (Baum & Scott-Clayton, 2013) recommends using a portion of the funding for the Pell grant program to fund proactive outreach and basic guidance services for Pell grant recipients. An investment on the order of 5–10 percent of current Pell funding (\$2 billion–\$4 billion) could support meaningful and effective additional services for new recipients. Research evidence described above has found that relatively low-cost outreach and coaching services, ranging from \$200 to \$1,000 per student, can have substantial impacts on the actual enrollment of students who apply to college, as well as persistence through the first year.

What might these services look like? I suggest some options here, but it is essential that the Federal Government support the evaluation of test programs and sites before implementing detailed program provisions. One simple and low-cost reform would be to use the phone numbers and email addresses provided on the simplified Pell application form to send automatic messages with timely information and links to additional sources of support. The simplified Pell form could include an opt-out box for individuals who decline these communications. Since eligibility would be determined automatically at age 17 and fixed until age 24, ED could reach out even earlier by mail to individuals to notify them of their eligibility (much as the Social Security Administration periodically mails estimates of Social Security payments), and to remind them of this eligibility periodically if they decline to enroll immediately.

Services that are more sophisticated and personalized could be contracted out by ED. Adult students, for example, are harder to easily reach out to in advance because they often do not apply for financial aid until at or even after the point of enrollment; unlike younger students they may not be able to rely upon family or high school support staff for advice. They may have the most to gain from talking with a third-party guidance counselor one-on-one, either on the phone or in person, before and after the enrollment decision. Baum & Scott-Clayton (2013) suggest that existing One-Stop Career Centers might be a place to provide such services. But a number of private organizations, both nonprofit and for-profit, have also emerged nationwide to provide similar services either directly to students or through con-

⁵ <http://www.hapnetwork.org/about/about-ships.html>.

⁶ <http://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Marketplaces/assistance.html>.

tracts with institutions; these organizations could apply to provide services to Pell recipients.

Proposal 3: Align Program Rules To Support College Success, Not Just Access

- Extend the prorating of Pell grants so that “more-than-full time” students receive larger grants, allowing students to progress at their own pace and to be funded for more than two full-time terms over an academic year.
- Cap the number of credits that can be covered over the lifetime, instead of capping the years of full-time funding provided.

While the focus of the current hearing is on college access, it is difficult to separate issues of access and success, and it is clear that achieving the former goal may not always guarantee the latter. Supporting student success does *not* mean changing the fundamental nature or purpose of Pell as a need-based rather than merit-based grant. It simply means we need to acknowledge that program rules always create incentives of one kind or another, so we ought to ensure at a minimum that those incentives don’t work against important program goals.

Along with Sandy Baum, I have proposed that Pell grants for all recipients should be based on the number of credits attempted (Baum & Scott-Clayton, 2013) rather than fixing the maximum award for students completing 12 or more credits per term. Pell grants are already prorated according to credit load for students attending less than full-time (fewer than 12 credits per semester) but not for students attending more than “full-time” (more than 12 credits), even though the Federal definition of full-time does not enable students to graduate on time. This aspect of Pell design essentially penalizes students who would like to complete a bachelor’s degree in 4 years or an associate degree in 2 years. For example, a student who completes 24 credits per year could receive five full Pell grants to cover their college degree, while a similar student who completes 30 credits per year and thus graduates in 4 years will receive only four full Pell grants.

A system that funds students according to the number of credits for which they are enrolled would provide additional dollars to students whose schedules are designed with this goal in mind. Moreover, this proposal would reinstate the benefits of the short-lived summer Pell—which was introduced in 2010 and then discontinued in 2012 due to Federal budget constraints and the notion that students were “overloading” on courses and ballooning program costs—with an important additional protection against overuse. Capping lifetime Pell awards at a fixed number of credits means that students who accelerate will have fewer credits available in future years, so there is no incentive for institutions to simply inflate credits or for students to take more credits than are necessary for the degree.

Proposal 4: Restructure student loan repayments to make the enrollment decision easier, not harder

- Remove repayment risk by defaulting all students who take loans into an income-contingent loan repayment plan.
- Ensure that students understand the loan repayment process upfront, so that they are not afraid to take advantage of this important tool for access.

The focus of today’s committee hearing is on the “front end” of college access, and we often think of student loans as being an issue at the other end of the process, as students leave college with increasing levels of debt. But this is precisely the problem with student loans—too many students (and policymakers) view them as a burden to be dealt with on the back end rather than as a potentially powerful tool for increasing access at the front end. Indeed, to many students, loans hardly feel like a form of college aid at all; counter-intuitively, a loan which is meant to help students afford college may instead feel like a *disincentive* to enrollment.

Students’ discomfort with student loans, as they are currently designed, is understandable. As Dynarski and Kreisman (2013) point out, the default loan repayment plan asks students to pay back their student debt over a 10-year period right after college, when earnings are lowest and most variable, creating non-trivial repayment risk. Moreover, the current provisions intended to protect students against default (including loan deferment, forbearance, and existing income-based, income-contingent, and extended loan repayment plans) are themselves so complex that many students at risk fail to take advantage of them before they get into repayment trouble.

Dynarski and Kreisman (2013) have proposed defaulting all student borrowers into an income-contingent repayment system that would collect repayments as a proportion of income automatically through the tax system. The repayment period would extend up to 30 years, or until the loan is paid off, whichever comes first. If students knew *before enrolling in college* that they could take a student loan without having to worry about crippling loan payments after graduation, student loans might be a much more effective tool for promoting access than they currently are.

IV. CONCLUSION

Federal student aid, particularly the Pell grant program, are at the foundation of our Nation's efforts to increase college enrollment and attainment. Given the stakes involved—for both students and taxpayers—it is essential that every dollar of student aid be used as effectively as possible. The reforms suggested above are research-based and have the potential to substantially improve the impact of Federal investments in postsecondary education. Thank you again for the opportunity to provide these comments to the committee. I look forward to your questions.

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The CHAIRMAN. Thank you very much.

Now we'll turn to Ms. Conklin. Please proceed.

**STATEMENT OF KRISTIN CONKLIN, FOUNDING PARTNER,
HCM STRATEGISTS, WASHINGTON, DC**

Ms. CONKLIN. Thank you, Chairman Harkin, Ranking Member Alexander, and members of the committee, for this opportunity to discuss how simplifying Federal aid can help more students access college and earn the credential they need. My name is Kristin Conklin. I am a Pell grant recipient and a first generation college graduate.

Because of the education I received, I am the first in my family to start a business and create jobs. I am here to share the work led by HCM Strategists, a public policy and advocacy consulting firm.

For millions of students, financial aid clears a path to the American Dream. If I can leave you with 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 dollars we invest in financial aid.

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 have four different grant programs and five different loan programs, each with different eligibility criteria, different lengths of time a student can receive funds, and different repayment terms.

The average student completing the FAFSA answers 61 questions. No wonder nearly 2 million students who are eligible for Federal financial aid never even apply. We can do better.

This January, HCM released the American Dream 2.0 report. The report is a product of a diverse coalition of leaders, including Mark Morial of the National Urban League; former Governor Mitch Daniels of Indiana; Robert Reischauer, former head of the Congressional Budget Office; President Eduardo Padron of Miami-Dade College; and my fellow witness, Kim Cook of NCAN.

The report received coverage from the *New York Times* and over 280 media outlets due to three overarching recommendations: No. 1, make the aid process simpler and more transparent; No. 2, spur innovations in higher education that can lower costs and better meet the needs of today's students; and, No. 3, ask institutions, students, and States to share in the responsibility for producing more graduates.

The technical panel of experts HCM led went a step further by offering specific recommendations needed to deliver on the coalition's recommendations. Its report, *Doing Better for More Students*, includes the most comprehensive modeling of options and impacts of any recent Federal financial aid report. Our principal recommendations: students, families, and taxpayers would be better served with one grant, one loan, and one tax benefit.

Through pilot testing over the last few years, we know it is possible to give students an instant notification of their award level with a simple smart phone app. But Congress will need to radically simplify the needs analysis in order to make this vision a reality.

We propose reducing needs analysis to four variables. First, if you receive Federal means-tested financial assistance, you are automatically eligible for a Federal financial award. Two other variables, adjusted gross family income and family size, would be retrieved from the IRS.

A final variable would apply to students with more complex financial situations. Information could be automatically retrieved from the IRS schedules that their family submits. According to the Urban-Brookings modeling HCM commissioned, these common-sense changes can save between \$37 billion and \$73 billion over 10 years.

We also call for a single loan program with higher annual aggregate and borrowing limits for students—for undergraduates, \$8,750 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 loan programs, we recommend shared responsibility for college completion. To get a maximum annual grant or loan, students should complete 30 credit hours or the

equivalent, enough to finish a bachelor's degree in 4 years or an associate's degree in 2 years. 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. Ninety-five percent of African-American parents and 97 percent of Hispanic parents agree. More than three in five voters think that streamlining is a good approach.

What can we expect from these changes? More students will see that college is possible. Under matching 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.

Lifting the 24 credit cap per year on financial aid will mean more students can progress faster and pay less tuition. 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 I look forward to your questions.

[The prepared statement of Ms. Conklin follows:]

PREPARED STATEMENT OF KRISTIN D. CONKLIN

SUMMARY

Kristin Conklin will address her work with The American Dream 2.0 Coalition and a technical panel HCM convened, which recommended ways to put student success at the center of Federal financial aid investments. Her testimony will call for one grant, one loan, and one tax benefit program, with new incentives to promote innovation and student success.

With over 60 questions on the FAFSA, four different grant programs and five different loan programs, as many as 2 million students never even apply for student aid. Conklin will testify to the following recommendations:

- **Create one grant, one loan, one tax benefit**—Simplify financial aid with a single Federal grant program and a single loan program. The current system has four different grant programs and five different loan programs—each with their own criteria, standards, lengths of time, and repayment terms. Consolidate all household-based tuition and fee tax credits and deductions into one Lifetime Learning Credit.

- **Promote shared responsibility for completion**—For students, this means making college more affordable by removing the 12-credit per term cap that currently is on maximum Federal aid awards and prevents lower-income students from completing their credentials on-time. For institutions, this means maintaining minimum levels of student access and success with a set of balanced metrics.

- **Fund demonstration programs**—The Federal Government should invest in demonstration programs that spur innovation and experimentation.

The American Dream 2.0 coalition included such diverse national leaders as Mark Morial of the National Urban League, Robert Reischauer, former director of the Congressional Budget Office and president of the Urban Institute, Eduardo Padron of Miami Dade College and Purdue University president Mitch Daniels, former Governor of Indiana.

HCM's technical panel report, *Doing Better for More Students*, includes the most comprehensive modeling of impacts and options of any financial aid report, led by technical panel member Dr. Kim Rueben of the Urban Institute. These reports, as well as others supported by grants from the Bill & Melinda Gates Foundation to 14 other organizations, can be found at americandream2-0.com.

Today, the economy places a premium on postsecondary credentials and the skills these degrees represent. By 2018, 45 percent of all jobs will require some type of

college degree. Unfortunately, nearly half of all students that start college fail to earn a degree within 6 years.

These changes will mean more students progress faster, requiring fewer total years of support—and will have a higher likelihood of completing a degree. Financial aid counselors will spend less time on regulatory compliance and more time helping students succeed, and savings can be found to continue support for the Pell grant for another decade.

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 10 years.

We also call for a single loan program with higher annual and aggregate borrowing limits that students receive: for undergraduates, \$8,750 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 4 years or an associate’s degree in 2. 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 vot-

ers. They found 84 percent of voters agree that earning a degree or credential is very important. Ninety-five percent of African-American parents and 97 percent of Hispanic parents agree. More than three in five 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.

6/16/11

HOW CAN FINANCIAL AID HELP MORE STUDENTS SUCCEED?

The infographic features a central circular image of three students: one holding a laptop, one with a graduation cap, and one with a book. Surrounding this central image are ten text boxes, each with a small icon and a description of a financial aid option:

- Extra money to help you get ready for college** (Icon: Money)
- Confidence that the college you choose to use your aid at has met certain minimal standards** (Icon: Building)
- Automatic eligibility for financial aid if you receive other kinds of federal support like free and reduced price lunch** (Icon: School)
- A financial aid application that pre-loads data for you** (Icon: Laptop)
- More money for enrolling in enough classes to graduate on-time** (Icon: Calendar)
- A simple tax credit to reimburse you for individual courses you may need in your career** (Icon: Dollar sign)
- An instant notification of the grants and loans you can expect** (Icon: Mail)
- Loans you can repay based on your income after graduation, which are forgiven after 25 years if not paid off** (Icon: Graduation cap)
- Clear reports with the information you need to make decisions about where to go to college** (Icon: Documents)
- Loans you can repay based on your income after graduation, which are forgiven after 25 years if not paid off** (Icon: Graduation cap)

Aligns with the call to action of American Dream 2.0
Details on how these options can help more students succeed at Doing Better for More Students

HCM
Higher Education Center for Mobility

DOING BETTER FOR MORE STUDENTS—ISSUE BRIEF

In July 2012, HCM convened a small group of financial aid, tax and higher education policy experts. The technical panel was charged with examining the overall financial aid system and developing innovative policy ideas that respond to the fiscal, economic and demographic realities the Nation faces today. This brief summarizes the results of their collaboration.

WHY DOES THIS MATTER?

The nation's financial aid system was built for a different age. In 1965, when the first significant Federal financial aid program began, 23 percent of Americans had a college degree. This attainment level was sufficient to support a vibrant middle class. That economy and those times are no more.

Today, the economy places a premium on postsecondary credentials and the skills these degrees represent. By 2018, 45 percent of all jobs will require some type of college degree, including certificates. Unfortunately, nearly half of all students start college but fail to earn any credential within 6 years; the outcomes are much worse for African-Americans and Hispanics.

The financial aid system—its collective \$226 billion in investment—needs to be seen as part of the solution for a nation that needs many more skilled graduates, a stronger middle class and greater opportunity.

In size and scope, student financial aid is more important than ever. Nearly half of all undergraduates receive a Pell grant. Revenues from Pell grants pay almost \$.20 on every \$1.00 received by a college or university in this country, ranging from 43 percent at 2-year public colleges to 7 percent at 4-year private colleges. If current trends continue with public colleges in several States, the percentage share that Federal financial aid pays of total operating costs soon will exceed what States pay.

It is time to modernize the financial aid system and align it with today's economic and fiscal realities. The level of aid matters, but so does its design and delivery, according to research. Known barriers in how financial aid dollars are distributed hinder innovation and the expansion of more cost-effective approaches to a quality postsecondary education. A new survey of engaged voters confirms Americans are ready for reform and open to conversations about ways financial aid can serve more students, better.

Our Nation is Facing a Growing Crisis

- Forty-six percent of college students do not earn any credential within 6 years.
- Sixty-three percent of African-American students do not graduate within 6 years.
- Fifty-eight percent of Hispanic students do not graduate within 6 years.

A SIMPLER, MORE EFFECTIVE FEDERAL AID SYSTEM: ONE GRANT, ONE LOAN, ONE TAX BENEFIT

FIRST, simplify financial aid with a single Federal grant program and a single loan program accessed by means of a simpler application. A new grant program would consolidate Federal support into a grant designed to provide an open financial door to higher education and focus on applicants with genuine need. A simplified loan program, with universal income-based repayment, would be available for middle-income students who do not qualify for grants, as well as to supplement grant resources for low-income recipients.

For most students, application data for both the grant and loan program would be directly imported from Federal-income tax data, simplifying the process, making the total financial aid package and terms of repayment more transparent, and reducing opportunity for error or fraud.

One Grant Program

- Make the enduring commitment to affordable access with a simpler needs analysis and application process for all Federal financial aid. *Projected 10-Year Savings: between \$37 billion and \$73 billion.*¹
- Simplify the FAFSA, replacing much of the interface with a pre-filled interface so low-income students can qualify for the aid they need.
- Offer a simple look-up table based on income and family size so students can plan early and choose wisely.
- Eliminate Federal campus-based aid.

One Loan Program

- Streamlining the loan programs and reduce the complexity in loan terms and repayment rates. *Projected 10-Year Net Savings: \$39 billion.*
- Create common annual and aggregate loan limits for undergraduates and for graduates. Help mitigate price insensitivity by setting these levels at a midpoint between current levels for dependent and independent students.
- Use a market-based interest rate.
- Eliminate the subsidized loan program, which pays interest that accrues during school, and move that subsidy to a reformed income-contingent loan repayment that all students participate in.

¹This assumes current take up rates, we eliminate campus-based aid programs and it includes closing the current \$44 billion current projected shortfall. Our simplified formula saves \$37 billion even if we assume full take-up rate of eligible students.

SECOND, simplify Federal tax benefits for higher education. The single grant and loan program, as proposed, provides generous but better-targeted financial benefits to all students. Making these changes reduces significantly the need for the current tax benefits for college tuition and fees. Further, there is little evidence that tax credits and deductions have significantly affected higher education outcomes, but their effectiveness could improve if they were better targeted, better timed and better integrated into financial aid policy. A single Lifetime Learning Credit, available for education and including training that happens outside of a formal program (for example, an assessment for credit for prior learning or proficiency in a Massive Open Online Course, or MOOC), replaces the existing credits and deductions.

One Tax Benefit

- Consolidate all household-based tuition and fee tax credits and deductions into one Lifetime Learning Credit. *Projected 10-Year Net Savings: \$97 billion.*²
- Make any tax benefits permanent to better serve students and families.

THIRD, promote shared responsibility for completion. For students, this means making smart choices about schools to attend and upgrading the definition of satisfactory academic progress—or what is required to receive and keep a maximum award. Promoting intensive enrollment for all students improves the odds of completion and focuses the size and scope of the Federal aid investment in structured and accelerated pathways that can work better for students who juggle work, family and other commitments while attending school.

A set of balanced metrics can be used to create stronger eligibility criteria for institutions receiving Federal aid. An “Institutional Effectiveness Index” can integrate measures of access and equity, loan repayment and risk-adjusted completion rates. Institutions would not need to perform strongly on all components of the index to have a passing score. In fact, it would be unlikely that they could do well on all. But they also could not get by with weak performance in all or most components.

FOURTH, spend a portion of the Federal aid budget on demonstration programs that spur innovation and experimentation.

This could include pilot programs such as: (1) a “Pell-ready Grant Demonstration” in which students with family incomes within 250 percent of the poverty level who need remediation would receive a flat award, for use at either traditional or non-traditional providers, with incentives to both the student and institution for timely completion; (2) a “Competency-based Demonstration” that would support students and institutions pursuing competency-based (as opposed to seat-time- or credit-hour-based) models of higher education; (3) a “Performance Contract Demonstration” that would maintain Federal needs analysis and a guaranteed Federal student award, but give institutions discretion over how to allocate their Federal aid dollars in exchange for successfully graduating higher numbers of low-income students.

Incentives for On-time Completion

- Limit the number of credits *borrowers* can accumulate before aid eligibility ends.
- Provide incentives for students to make progress toward completion within 100 percent of the time.
- Increase the number of credits a student must take per semester or year to qualify for the maximum, full-time award. *Projected 10-Year Net Savings: \$39 billion.*³

OR

- Give students a \$7,000 maximum grant if they complete at least 27 credit hours in a 12-month academic year. *Projected 10-Year Net Cost: \$86 billion.*⁴
- Work to define a set of metrics that can be phased in over time to help determine institutional eligibility for Federal financial aid. A sample institutional Effectiveness Index could include:

²The technical panel proposes eliminating the AOTC and moving savings into an expanded grant program. For example, the savings from consolidating the tax credits could be used to expand the size of the maximum grant to \$7,000. If a tax credit aimed at undergraduate education is deemed essential, it should be non-refundable and be structured more like the Hope credit, which was replaced by the AOTC.

³This assumes using existing FAFSA aid system and that ¼ of students taking 12 credits will increase their courseload. The savings are higher and more targeted to lower income students if the simplified application is used.

⁴This assumes using existing FAFSA aid system and that ¼ of students taking 12 credits will increase their courseload. If the simplified application is used, the expanded grant will save about \$42 billion. Alternatively, it would cost \$11 billion if eligibility is expanded to 250 percent of poverty rate.

- a measure of access and equity;
- loan repayment; and
- input-adjusted completion rate.
- Eliminate Parent PLUS and Grad PLUS loans, which have no time or borrowing limit.

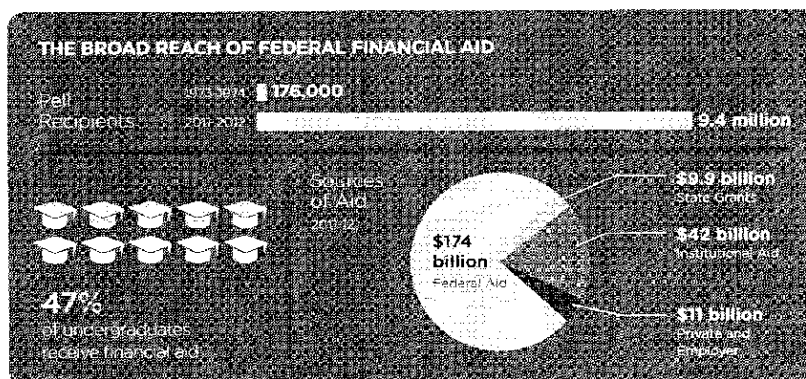
ENDING THE PARALYSIS: STATEMENT OF THE TECHNICAL PANEL

The time for policymakers to consider fundamental improvements to the Federal financial aid program is now. Forty-nine percent of engaged voters believe the higher education system needs major changes or a complete overhaul. When presented with arguments for and against providing financial aid based on completion, 73 percent of engaged voters surveyed believed this was a good idea.⁵

At the same time, statutory provisions that offer important benefits to borrowers and taxpayers will expire this year or shortly thereafter.⁶ Most of the program authorities provided by the Higher Education Act expire within 2 years.⁷ Policymakers must not let this opportunity pass.

Our knowledge of how financial aid works and how it affects higher education outcomes is imperfect, and the system as it stands has largely evolved based on politics, ideology and available budgets rather than evidence. The solutions we have outlined work from what imperfect information we have, while remaining open to continued improvement as our understanding advances. For that advance to occur, we support improvements in descriptive data collection about aid recipients and their results, as well as expanded experimentation with a portion of the Federal aid budget to increase the knowledge base that policymakers can draw upon in future reforms.

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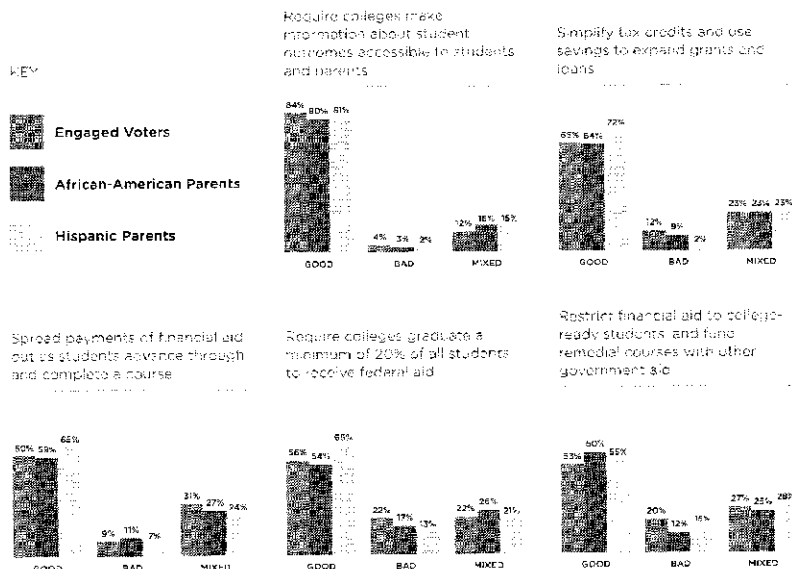


⁵Hart Research Associates in collaboration with HCM Strategists and contributing partner The Winston Group. 2013. *College Is Worth It*. <http://hcmstrategists.com/americanream2-0/report/FINALHartPublicOpinionResearch.pdf>.

⁶Higher Education Opportunity Act of 2008 authorizes the programs for 5 years (P.L. 110-315).

⁷Some programs authorized through HEA can continue to receive funds and operate 1 additional year after authorities expire through the authorities provided in the General Education Provisions Act. 20 U.S.C. 1226a (P.L. 112-123).

REACTIONS TO SPECIFIC APPROACHES TO REFORMING FEDERAL AND STATE STUDENT FINANCIAL AID PROGRAMS



The new College Score Card can help students, colleges and the public make better, informed decisions. It can be improved if all institutions receiving Federal financial aid collect and publicly report for all students:

- enrollment data, including full-time and various measures of part-time and transfer;
- tuition prices and other costs of attendance;
- completion and graduate data, including student mobility-adjusted persistence rates, graduation rates that consider institutional mission, and time to degree by field of study; and
- financial and data from State, institutional and third-party sources.

HCM STRATEGISTS' EXPERT TECHNICAL PANEL⁸

Dr. Steven E. Brooks, North Carolina State Education Assistance Authority; Kevin Carey, New America Foundation; Kristin Conklin, HCM Strategists (chair); Jason Delisle, Federal Education Budget Project, New America Foundation; Dr. Tom Kane, Harvard University; Andrew Kelly, American Enterprise Institute; Daniel Madzellan, retired, U.S. Department of Education, Office of Postsecondary Education; and Dr. Kim Rueben, The Urban Institute and the Urban-Brookings Tax Policy Center.

The CHAIRMAN. Thank you all very much. Those were all very stimulating statements, and your entire statements were also very stimulating. We'll just start a round of 5-minute questions now.

I'll start with Dr. Long about the barriers that remain when it comes to accessing higher education. Again, as I've repeated—and you sort of helped if you touched on this—high achieving, low-income students are not enrolling at the same level as their high-income peers. Many of those who do enroll are under matching or attending institutions of lower quality.

⁸The work of this Technical Panel was supported by a grant from the Bill & Melinda Gates Foundation to HCM Strategists (HCM) and the analysis, advice and management of Lauren Davies, Terrell Halaska, Dr. Kim Hunter-Reed and Dr. Nate Johnson.

Also, none of you mentioned this, but isn't this also a problem with what we've revealed in our investigations on the for-profit schools, where they go out and get a lot of young people. It's easier to sign up. They can stay at home. They don't have to pay all the costs of going to a college. But the quality of the education they're getting is not very good, and many of them drop out.

So have you thought about this issue in terms of how we look at the for-profit sector out there of schools in terms of access and quality?

Ms. LONG. Absolutely. I think, as one of my other panelists said, it's very important that we do weed out the schools that are not serving students and not giving them a credential of value. I think there are concerns, not just with the for-profits, but with all institutions that when they present to students what financial aid they're able to receive, it's not clear. There's a lot of confusion about what's a grant and what's a loan and what they are responsible for paying back. So that is a concern, I think, for all institutions.

But something that we can learn that many of the for-profits have been doing in reaching out to low-income students is the fact that they do give assistance with things like the FAFSA. They will try to give early estimates on eligibility and invite students in, saying, "We will make it affordable, and we will help you over the barrier of filling out the form."

I think this is a much larger issue than just the for-profits. But it says that students do want training. They do want to be able to improve their opportunities through education if they receive assistance. Just like I talked about briefly with my own research, when we provided assistance with the form, we saw a huge increase in college access, and these were students who were persisting.

It's not that they were unable to succeed in college. They were not able to get over that barrier. And given the complexity of the process and the lack of clear information, it has very negative effects on where they're going and whether they're going at all.

The CHAIRMAN. To all of you, the president has proposed a college rating system initiative. Are you all familiar with that? Could you please provide your perspective on how that kind of increased transparency will help ensure access for students, very succinctly, if you could?

Dr. Long.

Ms. LONG. I think clear information about institutions that are not giving credentials of value, as well as when it would be inappropriate to take out large sums of money because of an institution or the area of study, is absolutely important. We need to send clear signals to help students make better choices and avoid bad choices.

The CHAIRMAN. Ms. Cook.

Ms. COOK. Yes. We were pleased to be part of the open forum on this very question yesterday. One of the things we brought up was this consumer level information and the need for students to answer some questions that are currently unanswerable, like what are the outcomes for Pell grant recipients. So we would encourage this system to look at the information that's available to students

and give them what's most relevant for outcomes, particularly, as well as looking at commitment to need-based aid for students.

The CHAIRMAN. Dr. Scott-Clayton.

Ms. SCOTT-CLAYTON. Yes. I think the idea of providing students with more information is excellent. But the logic of then taking that information and having the Federal Government combine it into a single rating, I think, is misguided, because the school that's best for one student is not necessarily the school that's best for another. It's hard for even experts to figure out how we should weight these different measures.

And, second, I would note that just providing the information is no guarantee that students are going to know where to find the Web site or know how to interpret it. So we really need to have some of the more proactive outreach and guidance services that are individualized and not assume that a single rating is going to work for all students.

The CHAIRMAN. Ms. Conklin.

Ms. CONKLIN. Mr. Chairman, thank you for the question. When I reflect back on the American Dream coalition, they endorsed the idea of transparency. At the same time, they regretted that the data we have is not sufficiently robust, measuring all students. So they called for better data, and then they called for testing before fully implementing an approach that would use metrics to award financial aid.

The technical panel went one step further. They actually proposed an institutional effectiveness index that would look at three metrics—maintenance of equity, loan repayment, and graduation rates—each of these were input adjusted. Again, they noted that the data weren't currently available, and they recommended this be phased in over many years, much like we phased in the cohort default rate.

The CHAIRMAN. Thank you all very much. My time has expired. Senator Alexander.

Senator ALEXANDER. Thanks, Mr. Chairman. I have a point of view on this, but it's not an ideological point of view. My experience is that sometimes a consensus develops out there, and the Congress, if it listens carefully, will sometimes stumble upon the consensus and actually do it. And I think I hear—well, let me see if I can go back to this.

Dr. Long, you were saying that with some help, the number of students who need financial aid the most going to college might increase by about 30 percent. Is that what you said?

Ms. LONG. We were dealing with very low-income students in Ohio and giving them—

Senator ALEXANDER. But is it 30 percent?

Ms. LONG. Yes, for the high school graduates that we served—

Senator ALEXANDER. And these are people who would be eligible for the Pell grant. Well, we have 9 million Pell grants, so that's 2 million or 3 million students. Is that right?

Ms. LONG. If we were to put it over the entire population, I don't know that the effect would be 30 percent for everyone. But for these very low-income students who were prepared for college, that was—

Senator ALEXANDER. Are we talking about hundreds of thousands of students?

Ms. LONG. Possibly, yes.

Senator ALEXANDER. So we're talking about a large number.

Ms. LONG. Also, out of that study, we realized we have students who are in college who are leaving money on the table.

Senator ALEXANDER. Well, let me keep going.

Ms. Cook, you said, if I understand you right, that if we just reverse it, and if a student could find out first how much money he or she could get, and then go to college, that would help a lot in terms of students.

Ms. COOK. It would certainly support decisionmaking about affordability.

Senator ALEXANDER. Typically, now, you get admitted, and then you go into some office, and they go through this procedure, and you fill this out and all that.

Ms. COOK. Yes.

Senator ALEXANDER. And there's a consensus about that, isn't there, among most of you? That's two things. So one is, with some help, a lot more students would go. And two is if we reverse that process—now, a third consensus I think I saw was that about all you need to know in a Pell grant is family income and family size. Is that correct? Do all four of you agree with that?

[NONVERBAL RESPONSE.]

Senator ALEXANDER. So then why do you need this? I mean, I think that's what you're telling us, that almost every one who qualifies for a Pell grant gets the full amount of \$5,645. Is that about right—most?

Ms. COOK. There are partial Pell grants, Senator, so it's indexed, yes.

Senator ALEXANDER. Right. But most people who are eligible for a Pell grant end up getting the whole amount, don't they?

Ms. COOK. I would have to get back to you on that.

Senator ALEXANDER. One of you wrote that in the *New York Times*.

Ms. COOK. Yes.

Senator ALEXANDER. That's not right.

Ms. SCOTT-CLAYTON. Many get the full amount, but I'm not sure it's most.

Senator ALEXANDER. Isn't the Pell grant worth about as much at Harvard as it is at Nashville's Auto Diesel College?

Ms. COOK. The total amount? Your eligibility is the same at whatever institution you may attend.

Senator ALEXANDER. But if the community college costs less, you can still get the money for room and board, and you end up getting about the same.

Ms. LONG. Yes, Senator, you are correct. Wherever you attend, you get the same amount of Pell grant money.

Senator ALEXANDER. And then you do have this issue about assets. So if I'm a great grandson of a billionaire, and I'm no count, and there's a worry that I might get a Pell grant—didn't I read that some of you wrote that is not much of a problem to deal with?

Ms. CONKLIN. In our report, sir, we recommended that you do look at assets for people with complicated financial situations. But,

really, what you do is say, “Did you file an IRS schedule?” That’s a proxy for, “Yes, I have a complicated situation.” The IRS can automatically retrieve that. It’s not an extra 60 questions.

Senator ALEXANDER. So, basically, if you reverse the process and say, “We’ll tell you earlier how much money you can get, and then you can pick the college,” and if you help a student, particularly the lowest income students who we’re trying to help, and if you simplify all this process, a lot more students will go to college.

And then you have some pretty remarkable numbers, Ms. Conklin. The savings that you indicated with your one grant, one loan proposals—you’re talking about savings in the area of \$30 billion or something like that. And we only spend \$35 billion a year on Pell grants. So we’re talking about, just with these four or five simple ideas, if I’m hearing it right, pretty much of a consensus about ways to get a lot more students into college, particularly those who need the most help, and a way to save money so that we can pay for it.

I have one last question. I think we’re going to spend over the next few years about \$41 billion to maintain the interest subsidy for subsidized student loans.

Dr. Scott-Clayton, 80 percent of the students who have a subsidized loan also have an unsubsidized loan. So my question is would that \$41 billion be better spent adding to the amount of money available for Pell grants or lowering the interest rate for all students who qualify for student loans?

Ms. SCOTT-CLAYTON. I would suggest that there be no distinction between subsidized and unsubsidized loans, that those subsidies do nothing to support college access. They don’t make college any cheaper for students at the front end. They only affect loan repayments at the back end. So that’s not an effective use of those Federal dollars. Instead, that savings could be rolled over into supporting grants at the front end.

As far as the interest rate, there’s a proposal on the table by my colleague, Susan Dynarski, and Daniel Kreisman of the University of Michigan which provides a very compelling argument for how loan repayments could be reformed so that loans are really a tool for college access and not something that students see as a disincentive to enroll.

Senator ALEXANDER. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Alexander. I hope we’ll have another round.

I have listed here Senator Murray, Senator Bennet, Senator Murphy, Senator Casey, Senator Baldwin, Senator Franken.

STATEMENT OF SENATOR MURRAY

Senator MURRAY. Thank you very much, Mr. Chairman, and thank you to our panel for a really interesting discussion.

I wanted to ask you about a topic near and dear to my heart. Several years ago, I had a really outstanding student from Seattle Pacific University. Her name was Brandy Sincyr. She interned in my office. She didn’t have her own bed until she enrolled in college and lived on a campus. And I’m really concerned about our home-

less and foster youth and some of the barriers that they face to accessing financial aid and graduating from college.

These homeless and foster kids often struggle just to meet basic needs, like getting a bed or finding food. They really lack any parental care or adult support as they go through this process. But we all know higher education is the best hope for a better life.

Are any of you aware of any really good successful efforts to improve college access and retention of these kinds of vulnerable youth?

Ms. CONKLIN. Senator Murray, I can start with that. Thank you for your question and for your interest in this population. That's actually a population that's near and dear to the heart of me and my partners at HCM Strategists.

We support Greater Expectations, an initiative of the Virginia Community College system that identifies foster youth, helps them apply for financial aid, helps them enroll, and then provides them the guidance counseling they need so that they stay enrolled. They get the support they need while they're in school to help them try and complete a credential.

Programs like that really wrap full support services around a very needy population. It's so important that we support it personally. What I would say, though, is in this simplified needs analysis that I've proposed, she should have immediately been eligible for Federal aid. She shouldn't have had to fill out a single form to get an EFC, to wait until she applied, to wait to get a financial aid package. She should have known immediately that she was eligible for a maximum. We owe her that.

Senator MURRAY. Ms. Cook, did you want to respond?

Ms. COOK. Yes. I would add that this is obviously a population of great concern with completion rates hovering around 2 percent. We understand that and take that to heart.

Many of our programs do offer wrap-around social service type supports that could seem small—but not small to these students—that provide housing between semesters, helping them buy a bedspread for their dorm, or even driving them to campus to start the semester. So more and more of our programs realize there are basic needs that need to be met in addition to the financial aid navigation and more logistical pieces and are providing those wraparound services.

One that I would mention, in particular, is an NCAN member program in Syracuse, NY, called the On Point for College. I'd be happy to followup with more information about their services.

Senator MURRAY. Yes. I'd really like to hear about that.

I think this is a population that tends to get lost if we don't really focus on it. I know too many parents who are helping their kids fill out forms. These kids don't have a parent to help them fill out the form. So I'd love to hear more from any of you in followup.

I wanted to ask about summer Pell. Back in 2008, Congress established the summer Pell as a way to help increase completion. And, unfortunately, Congress eliminated that benefit a few years later because of the higher cost than was expected of that.

But that higher cost really said to me that it was needed and people were accessing it. I've heard from a lot of colleges in my State about students who are now failing to complete their pro-

gram because they work in the summer and those dynamics that they run into.

Ms. Conklin, actually, you recommended the 12 credit-per-term cap on Pell grants be removed. Under that proposal, would students have the flexibility to get aid for additional credits taken at any point during the year?

Ms. CONKLIN. Yes, ma'am, absolutely. They would have more aid for more credits earned and actually be able to use that grant throughout the year, a full year, 12-month calendar.

Senator MURRAY. Right. Does anybody else want to comment on that?

Dr. Scott-Clayton.

Ms. SCOTT-CLAYTON. Yes. I also have a proposal with my colleague, Sandy Baum, to do this as well. And it would enable students to take up to 45 credits per year, year-round. Just set the Pell amount on a per credit basis and let students decide.

As far as the summer Pell being more expensive than anticipated, we're going to be following that up to see what the effect of that was. Maybe it saved some money a few years down the line because those students were actually able to finish their programs faster.

Senator MURRAY. So you'll be getting that information back to us?

Ms. SCOTT-CLAYTON. It's ongoing research, so it's not going to be immediate.

Senator MURRAY. All right. Good.

I have one other quick question. I know the administration is trying to get some feedback now on their college rating system where colleges would be judged on the value that they provide. I have heard some concerns from my State that a rating system could harm institutions that serve a large percentage of disadvantaged students, like our community colleges.

Can anybody comment on how that rating system might affect those institutions?

Ms. LONG. I think one part of the rating system is going to have to take into account peer institutions with similar amounts of resources and student backgrounds to have some sense of what is possible, given there are multiple challenges those institutions are facing. We might also have a part of the rating system actually exemplify and highlight institutions that are able to serve low-income students and do well with them.

Senator MURRAY. But that rating system needs to reflect that value.

Ms. LONG. Yes.

Senator MURRAY. I am out of time, but I really appreciate it. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Bennet.

STATEMENT OF SENATOR BENNET

Senator BENNET. Thank you, Mr. Chairman. First, I'd like to say to the committee that we've had some experience along the lines of what Dr. Long has said. In Denver Public Schools, we created something called the Denver Scholarship Foundation, and we put

in every high school something called a Future Center, which was designed solely to provide young people with knowledge of other scholarships and to help them fill out the FAFSA form. And we've seen the 30 percent increase that you're talking about over the last several years, and it really has made a material difference.

Following up on what Senator Alexander was asking, given what you guys all said about the information that's required, do we even need a FAFSA form, do you think? I mean, could we get rid of it all together?

Ms. CONKLIN. Absolutely.

Senator BENNET. Is that the view of everybody on the panel?

Ms. SCOTT-CLAYTON. Yes.

Ms. COOK. Yes.

Ms. LONG. Pretty much.

Senator BENNET. Senator Alexander asked the question, but he didn't get an answer. So there's an answer. There's another consensus. And I think it would be a worthy project for this committee if we were able to actually get rid of that document.

Here's a second question for you about consensus. Ms. Conklin talked about one grant, one loan, one tax credit. Is that a shared view, too, or do others have a different opinion?

Ms. LONG. I agree.

Ms. COOK. We believe as long as the resources are all intact, that that doesn't take away from the total. We would agree with that. We would add one nuance that we should address, the tax credits, and look at the equity issues and how they serve low-income versus high-income students.

Ms. SCOTT-CLAYTON. Yes, I think if you could do it, that would be great.

Senator BENNET. So there's another great consensus—one loan, one grant, one tax credit, but redesigned for the 21st century. We had a panel a couple of weeks ago that was talking about how the delivery of higher education needed to change and how much innovation was required in the 21st century because it was designed deep in the last century, maybe even the century before that. And that's certainly true with respect to financial aid.

Dr. Scott-Clayton talked about the importance of acknowledging the fact, for instance, that people that are going to college actually would like to go year-round, and maybe our Federal aid program should recognize that. What other things should we think about if we got to a place where we had that simplification—one grant, one loan, one tax credit? What other kinds of things would we want to reflect?

We've heard about credit hours today, I think, lifting the cap. We've heard about summer, year-round school. What other kinds of flexibility would you like to see?

Ms. LONG. I think part of the issue is the mismatch, not only in how education is delivered but the type of student that's there. A lot of our aid system is built on the idea of an 18-year-old who just graduated high school and is dependent on their parents, when the majority of our students are older. They may have dependents of their own.

We have veterans. We have students who are working full-time while they're in college, and the need analysis does not reflect that.

It assumes that the income that you have now is the income you're going to have while you're in college, while we would actually prefer for the student to focus and finish their credential as fast as possible.

Ms. CONKLIN. Senator Bennet, one of the ideas for innovation that our technical panel recommended was something called super waiver authority for States and systems. And here is where you could have significantly more waiver authority granted to States and systems that agree to a performance contract with the U.S. Department of Education, much more than they currently have under experimental sites authority.

It's really, frankly, the tool you'd need to build and deliver on the promise that Governor Haslam in Tennessee wants to be able to make to his citizens, that he made when he was mayor of Knoxville, which is if you grow up in our State and you're low-income, you can go to community college for free. But to be able to do that, you need to be able to package aid differently. And they'd like that flexibility to do it in exchange for maintaining access and success.

Senator BENNET. So help me understand what that looks like. Also, I think Dr. Scott-Clayton talked about changing the way repayment is done, or one of you talked about that, and I would assume that would be part of this, too.

In Denver, for example, when we created, through the generosity of a couple there, the Denver Scholarship Foundation, one of the things we said to students was in order to be eligible for our grant, we need to see you apply for two other scholarships, which leveraged huge amounts of money that was going untouched by the students in Denver until we had that incentive in there. So can you describe what that would look like?

Ms. CONKLIN. It's as you described. It's trying to get the State aid, institutional aid, and Federal aid working together to put together a full package for low-income students so they can go full-time and make that progress toward their credential. It's putting power in the hands of the institutional financial aid administrators who know the need of the students best and letting them make those decisions.

But it's actually harnessing the power of your investment in financial aid for R&D, because each of these States or systems that get granted super waiver authority should participate in a rigorous third-party evaluation so we can see what the impacts are of the choices they make, and are there lessons that we can then apply to the broader system.

Senator BENNET. Thank you, Mr. Chairman. My time is out. I'm just very, very grateful for your holding this hearing.

The CHAIRMAN. Thank you, Senator Bennet.
Senator Casey.

STATEMENT OF SENATOR CASEY

Senator CASEY. Thank you, Mr. Chairman. Thanks for having this hearing. We appreciate our witnesses' testimony and the expertise and experience they bring to bear on these difficult issues. I really wanted to focus on guidance and help along the way, and I'm looking first at Dr. Scott-Clayton.

In your testimony, I'm looking at Lesson 3 entitled "Students Need More Than Just Information, They Need Individualized Help." And you say in that part of your testimony, in a pertinent part, that, and I'm quoting, "They need assistance walking through the application process." And then you go on to say,

"Many high schools and colleges, particularly public institutions, are insufficiently staffed to provide such support with student to counselor ratios at public colleges as high as 1,500 to one."

We, unfortunately, had an example of that in Philadelphia, where at Central High School, because of cutbacks, they're down to about 2,400 students having access to just two guidance counselors. I just want to have you speak to that fundamental part of the process.

Ms. SCOTT-CLAYTON. Thank you. I think Dr. Long's research evidence on the importance of walking people through the FAFSA is one thing. But it's not just the complexity of the financial aid process. It's the whole process of choosing a school and getting through all of the requirements to apply to that school or program, not just financial aid.

I think there's a consensus that students need that additional kind of one-on-one personalized help, and there are a lot of organizations now that are trying to do that. But I think the question is—there are so many studies now demonstrating really shockingly large impacts of these very low-cost—some low-cost, some moderate-cost—interventions. And the question is how can we leverage the Federal financial aid system to scale up those low- and moderate-cost guidance and support services.

We have 9 million Pell recipients every year. We've got a lot of organizations doing work on the ground. But how can we help those organizations scale up to reach all Pell recipients and potential Pell recipients.

Senator CASEY. I was struck by, on the next page, where you say, "because these interventions are largely based on phone calls and/or text messages than relying upon in-person meetings." In other words, I guess some of the studies show very low cost per student positive impact, even with something as simple as a text message. Is that correct?

Ms. SCOTT-CLAYTON. That is true. There's a study of the so-called summer melt phenomenon, which is when college attending, college-qualified high school seniors have applied to college, they've applied for financial aid, they've been accepted, and they don't show up in the fall. There are interventions using text messages and phone calls over the summer to reach out and make sure students are following up and doing the things that they need to do.

There are other services that might be more intensive that would involve a one-on-one meeting. But I think the idea is that there are many complex Federal programs that have already recognized the need for this sort of guidance. Why are we just kind of dropping Pell students with just a voucher and saying that that's enough? They need more than that.

Senator CASEY. Dr. Long.

Ms. LONG. Yes, if I may. With simplification, if we made the form easier and families didn't have to supply that information, then all

the community-based organizations working in this area's job could be refunneled, retargeted on understanding, sorting through the information, making better choices rather than just getting over this form that we could easily replicate with existing data behind the scenes in a much easier way.

Simplification not only buys us students filling out the form, but also makes it much easier to provide assistance and counseling and help students to make better choices, because then college access organizations don't have to sit down with tax forms and spend all this time filling out 10 pages. They can spend it on much more personalized counseling.

Senator CASEY. Ms. Conklin, I know you said you were the first in your family to go to college. Do you have any personal insight into this or by way of your own research?

Ms. CONKLIN. You can see there's a fair amount of simpatico among my colleagues here. But there's a colleague of Dr. Scott-Clayton at Columbia, Kevin Dougherty, who has looked at States that have adopted outcomes-based funding that puts student success at the center of how the States spend their funding.

There's phenomenal and promising research out of Senator Alexander's State of Tennessee that, basically, we see the leadership, creativity, and innovation of faculty and provosts to organize graduation pathways and use data analytics to be able to provide the kind of counseling in college, not on the side, but part of the academic experience. And their graduation rates are climbing, but that's because 100 percent of the money Tennessee spends is focused on student success.

Senator CASEY. I'm out of time, but I'll submit a question for the record as to what the Federal Government might do to help. I realize it's not always the best way to go, to ask for a Federal solution. But if we can be helpful, we'll submit that question. Thank you.

The CHAIRMAN. Thank you, Senator Casey.
Senator Baldwin.

STATEMENT OF SENATOR BALDWIN

Senator BALDWIN. Thank you, Mr. Chairman and Ranking Member, for holding this hearing and all of you for your testimony. I want to focus in on the needs of nontraditional students.

As we turn to access issues, I think it's even more important that we're talking about how—older students, returning adult students, and those who are very focused on a trade or occupational certificate—these folks are faring in the system.

Ms. Conklin, you mentioned—and you have statistics in your report that you're sharing with the committee—that part-time students now make up 38 percent of enrollment in higher education, that only 15 percent of undergraduate students live on campus, that 3 in 10 undergraduates work full-time, and 1 out of 4 have children. So I think we all know how these nontraditional students have different needs in the system.

But I'm not sure that we're all clear on what in the current system may not be working and what should be improved for folks who are working full time and raising families and want to complete a certificate or a degree in higher education and be able to move ahead. I would love to hear all of our witnesses' thoughts on

two specific questions that I've heard a lot of at home from stakeholders in my State.

The first is the aid-ability of certain vocational or shorter term certificate programs. Just one quick example of how current regulations aren't working for nontraditional students is that students in short-term welding certificate programs, who might only be taking a few credit hours—aid is not available for them.

Those welding certificate programs certainly have—certainly that occupation is in very high demand in my heavily manufacturing State, and they're really able to help mid-career Wisconsinites gain access to better jobs. What are your thoughts on the lack of financial aid for students in these programs, and how can we address that problem?

Ms. LONG. I think the key issue here is going back to the first principle of why we have financial aid. We're trying to enable students to get education or training that is going to be valuable to them, not only in the labor force, but for the opportunities their families are going to have available to them.

So in the example that you just gave, it's rethinking how we define a credential or a set of courses or credits which may not be a full degree granting program. How can we support those kinds of investments that are valuable for the individual as well as for the public?

Senator BALDWIN. Any other comments?

Ms. CONKLIN. Senator Baldwin, thank you for the question. HCM has had the privilege to work with your very strong technical and community college system over this last year on your outcomes-based funding formula. We've seen firsthand some of the challenges they face as they try to help their nontraditional student population succeed.

A couple of thoughts. The first is with radical simplification, we're going to do away with terms that are very confusing to nontraditional students—expected family contribution. Even the distinction between independent and dependent students, as you just identified with your stats, isn't meaningful anymore—undergraduates, graduates. Trying to get the terms exactly the same between those is very important.

We do propose—and this would help very much the short-term training that you spoke about. Our one tax credit, basically, is modeled on the lifetime learning tax credit. So up to \$10,000 is what we propose of expenses for short-term training that could be used—it's a refundable credit—and it would be able to pay for such things as prior learning assessment for prior military service or work experience, for assessments if you've taken a move, and also for these short-term training programs. So that's one feature of our one credit proposal.

Ms. SCOTT-CLAYTON. I would just add on the guidance piece, if we think about older, independent students who are no longer connected to a high school, who may not have parents who can help them with this decision, they desperately need access to third-party, independent advice before they choose a program. And right now, we can see that for-profits are helping to fill that void. So in one of my proposals, this outreach and third-party guidance would be available to those students before they make their decision.

Ms. COOK. Senator, I would just briefly add that this is a good example of where we see an intersection among different areas of Federal policy that really are impacting college enrollment. So we need to look at the convergence of workforce issues and other acts that are similar but with the new economy really coming together and becoming more interrelated.

Senator BALDWIN. I see I'm out of time. Thanks.

The CHAIRMAN. Thank you very much, Senator Baldwin.
Senator Franken.

STATEMENT OF SENATOR FRANKEN

Senator FRANKEN. Thank you, Mr. Chairman, for this very important hearing.

I apologize that I wasn't here for your testimony. I've had two other committee hearings—one was a meeting—to be at. And there's so much to talk about here.

Dr. Long, I read your testimony. You talk about going through the process of financial aid, and you talk about the early process and understanding the FAFSA application, et cetera, and that's very, very important. You note that the challenges do not end with the completion of FAFSA and college applications, and you go on to talk about how difficult it is for families to make apples to apples comparisons.

You just talked when I was here a little earlier about the confusion between what's a grant and what's a loan. I have a piece of legislation called Understanding the True Cost of College Act. It's bipartisan with Senator Grassley and Senator Rubio on it.

All it is saying is that there should be a uniform financial aid letter where they use the same terminology. They use the same terms so that a subsidized Stafford loan is called a subsidized Stafford loan and not called an SS8107 so that you actually know the difference between a loan and a grant so that you can read that.

I've gotten reaction, not just from parents, but from counselors. So how important do you think this is? Why do you think this is important, or do you think it is? And anyone else can chime in.

Ms. LONG. I absolutely believe it is important. Thank you, Senator. It is confusing when you get those letters. Just as an anecdote, my babysitter got her financial aid letter, didn't understand it, and brought it to me. I've been studying these issues for over a decade, and I couldn't decipher what was a grant and what was a loan. That's problematic, and it's not just Federal aid. It's also State aid programs.

Senator FRANKEN. And you're Dr. Long.

Ms. LONG. I am. But I also knew to make some phone calls and start asking some really hard questions. But you can imagine that a first generation college student sees this as confusing and doesn't feel empowered to try to find out this information. It should be much more simple.

It should be a standardized letter that is very clear about Federal, State, and institutional aid—what is a grant and what is a loan. And then perhaps the institution could use the bottom part of the letter to customize according to their particular institution. But we do have to have understanding. Otherwise, we can have the

best programs in the world, but if no one understands them, they're not going to be effective.

Senator FRANKEN. Yes.

Ms. COOK. Senator, we were pleased to sign on as a supporter of that legislation and fully support any efforts in this financial aid shopping sheet or uniform financial aid award letter. Students really need to be able to understand what the offers are, (a), so that they can make their affordability decisions, and, (b), as they might compare different colleges and decide which one is most affordable to them.

Senator FRANKEN. Well, I think it's a very simple, straightforward thing to do, to just make a uniform letter. I like maybe what you're saying, Dr. Long, that they can customize part of the letter at the end or something, but just so they're using the same terms.

When you're hearing from college counselors and guidance counselors at high schools, saying, "Please do this," can you imagine the parents having to go through—OK. Thank you. I got that.

Also, I think it's really important that we have—you were talking about personally walking through students on FAFSA and on other stuff. That's why guidance counselors are so important. And when you have a school that has one counselor for every 800 kids, that's not fair to those kids, and those happen to be those schools where they probably need it the most.

Because of my time, I'm just going to ask an open-ended question so it won't sound like I ate up the time. It'll sound like you ate up the time, because that will be what happened.

[Laughter.]

But say we were to construct something like a competitive grant program to States—Ms. Conklin, you talked about Tennessee—States that are trying to design better outcomes. That's the focus. The focus is better outcomes in terms of kids getting into postsecondary education, making it as productive as possible. The best outcomes is what you were talking about.

If you were to design a competitive grant program where States would have to apply for it and say, "This is what we're going to do," what would be the criteria that you would look for if you were going to write a—let's say someone who was—I don't know—a member of the Senate wanted to write a piece of legislation saying,

"We're going to do this, and we're going to have some Federal funding for States, and they're going to compete to get this funding to create a program to make better outcomes in their State,"

like Tennessee is doing. How would you design that?

Ms. CONKLIN. Thank you, Senator Franken.

Senator FRANKEN. And this is for everyone, and take your time.

[Laughter.]

Mr. Chairman, I apologize.

Ms. CONKLIN. Mr. Chairman, is that all right?

The CHAIRMAN. Yes.

Ms. CONKLIN. Thank you.

Senator, what I would say is that I commend that you're talking about putting student access to success at the center of the Federal financial aid policies. I think you can use your existing investments

in Pell to accomplish what you're doing. I don't think you need to create a whole new grant program. I think it's about flexibility within the current Pell program, accompanied by performance metrics and rigorous evaluation.

We lay out what that would look like in our technical report, sir, and I'll followup with the exact pages with some ideas.

But it's modeled on some of the work that's happened in the U.K., where they've done some performance contracting, something akin to social impact bonds. But, again, the idea is don't create a brand new program. Use your existing Pell authority, but create really kind of almost super waivers.

Ms. COOK. Senator, I'm happy to followup with more detail. But I would ask that that program, obviously, have a commitment to need-based aid that some States do not right now. That would be a core piece for me.

Ms. LONG. I agree with my co-panelists.

Senator FRANKEN. Thank you.

The CHAIRMAN. That didn't take as long as I thought.

Senator FRANKEN. Thank you for your indulgence, Mr. Chairman.

The CHAIRMAN. If we have time, I'd like to go to another round if we might.

Ms. Cook, in your written testimony, you stated that in order to provide guidance to students about what school to choose and how to look at schools—you have a whole list of things here. You say students do not know the following: how many part-time students graduate, how many Pell grant students graduate, how many adult students graduate, how many military students graduate, do students who transfer from another school eventually graduate, do students get a job after they graduate.

I don't know if that is a comprehensive list or if you are just suggesting that as part of it. But, again, the administration has come out with a sort of suggested college rating kind of system. Have you looked at that, and how does that correspond with what you are suggesting?

Ms. COOK. We certainly have, Mr. Chairman. In fact, we testified to that yesterday at the Department of Education forum on the rating system. Unfortunately, that list that I presented in my testimony is not exhaustive. They were just the top questions that our members identified as issues of concern, as students really struggle to say, "How does a student like me—what is my likelihood of succeeding at this college," which is the ultimate reason that we go to college, "so we need some more instruction and some more information disaggregated for students like me."

Unfortunately, many on that list are not even collected right now. It's not even a question of we have the data, and we're not making it available, and a rating system could. We're really calling for reinvention of the data that's relevant to students in this decisionmaking.

The CHAIRMAN. I guess what I'm concerned about is that as we do away with FAFSA and get it down to one page, now we're going to have a whole new form of information about college, a whole laundry list of things a student or a family would have to look at to decide whether or not they should go to a certain college. I'm

just wondering, again, if we are overloading a system here where students and their families would just be confused.

Ms. COOK. Mr. Chairman, I don't believe they would be confused. I think it would be much appreciated. I think we know from our experiences that college choice matters. Where a student chooses to attend can have wide-ranging results and completion rates for very similar institutions with the same resources, the same enrollments, and the same profile of students. We think it's very important that students and their families, as well as older independent students, know what the outcomes are at those colleges before they enroll.

The CHAIRMAN. Again, I want to ask this question also. You pointed out, I think—one of you pointed out that only 15 percent of present students are first-time, full-time students. Is that right, 15 percent?

Ms. COOK. Fifteen percent are full-time residing on campus. About 50 percent are first-time, full-time.

The CHAIRMAN. Fifteen percent of students are living on campus. About 50 percent are full-time. I don't know how many people really know that data.

But I'm just wondering—you talk about these new students that are older. They come in later on. That begs the question: Is that because they didn't get access to college right away when they graduated from high school? They weren't informed? They didn't have the proper support system? So, therefore, they went out, got a job, got married, and now, later on, they realize that their horizons are limited because they didn't go to college, and now they're applying to college.

Should we fix our access system to correspond more to the reality that a lot of the students today are older? Maybe they dropped out of college, or maybe they took a correspondence course or something like that, and they want to get back in. Or do we put more emphasis on just making sure that those students who are in secondary school now have access to a college education when they get out of high school so that we don't have this present situation later on?

Ms. COOK. I understand. Briefly—and I'd like to yield some time to my co-panelists—ideally, the answer would be both. But right now, I think the most efficient way is to catch those students when we have them in secondary school so that they make that immediate transition.

Ms. SCOTT-CLAYTON. I would say that both of those are absolutely essential priorities for Federal student aid. However, one suggestion for simplification would be that Pell eligibility could be fixed for younger students around the time that they turn 17 based on their family income. That amount could just be fixed for a period of 5 or 6 years so that if they don't enroll immediately, they know that that aid is still there, and we still have a good measure of who is low-income and who is not. So students can know, even if they delay for a year, that they can come back and that aid is still there for them.

Ms. LONG. And, Mr. Chairman, if I could interject, I think we do want to change the emphasis from getting over a form and filling out 10 pages to an emphasis on looking at actual information to make choices. We are always going to have older students who are

going to decide they need additional training and maybe they weren't ready at 18.

But also realizing those high school seniors—if you are a low-income student right now, looking at the figures for a first-time student may not capture your potential experience. You would want to see how this institution serves low-income students, Pell recipients, other kinds of profiles. So we need to broaden what information is being reported, because even for many of our 18-year-olds, they don't see the kinds of data and outcome that might be helpful to help them make their decisions.

The CHAIRMAN. Thank you.

Do you have something to add, Ms. Conklin?

Ms. CONKLIN. Senator Harkin, maybe this again goes back to my personal experience being a Pell grant recipient. But what we do at the Federal level in investing in a need-based grant that's portable is beautiful and works.

So we've suggested ways to simplify how you apply for it and how you're eligible for it. And we're proposing some real flexibility so that providers can change and respond to today's student. I don't know if the grant itself needs to change. It's that we want our providers to adapt.

We want them to be doing more competency-based education for adults that rewards their military service and their work experience, that let's them do self-paced learning, even at home after the kids have gone to bed. We need to have more flexibility on that and encourage that kind of innovation.

The CHAIRMAN. Thank you all.

Senator Alexander.

Senator ALEXANDER. Well, I want to thank the chairman for really assembling some folks who know what they're talking about. I think this is very, very helpful to us as we look at this.

To make sure that I understand this, we're really talking about two different decisions here. The first decision is how much money can I get, and the second decision is where do I spend it in college. Isn't that right?

And the four of you are saying that the way our system is set up, it's backward, and that there are a number of things we can do to make students eligible earlier, to know how much they've got in their pocket, and then they can choose a college. So we don't want to get mixed up, I don't think, with all these issues about what a college has to tell you, because that doesn't necessarily have anything to do with how much money I've got to spend, because I can spend it at the Diesel College, or I can spend it at Harvard, or I can spend it at the University of Minnesota or Tennessee.

So the question is: How much money can I get? How much are you going to give me, and how much can I borrow? We operate here, when we operate, by consensus. And we've done a pretty good job of that on this committee. I'm going to ask you in a letter following this if you will take the testimony that you've given today and that you've written and answer two questions. And I'm not looking for a long thing. I'm really looking for a short list.

One is to identify the items about which you think there is a consensus about the changes that need to be made in Federal student aid. That's one. And then the second question is: Are there any

things that you think ought to be done about which there's not a consensus? There may be some things that you think are right that others think are wrong, and I think we'd like to know both.

But the four of you have such a broad background and view of Federal student aid that if you can identify the four or five things about which there is a consensus, I think that would be very helpful to us here, because that might mean we could find one. It'll come from Senator Harkin and I, that's the way it'll come.

You've suggested such things as reverse the process so we know before, first, how much money and, second, before we are admitted to college. You've suggested that there may be a consensus that all we need to know from most students may be family income and the size of the family for a grant. You seem to suggest that maybe one grant, one loan, one tax credit might save a lot of money.

You seem to suggest that allowing students to spend their money for 15 hours rather than just 12 makes sense. At the University of Tennessee, for example, in order to follow the new State requirement that it's outcome-based, in other words, you need to graduate in 4 years instead of going every football season, which is what some people like to do, the University of Tennessee at Knoxville is saying you're going to pay for 15 hours even if you take 12. That's their way of getting you through in 4 years or 5 years.

Well, if that's the case, then our Federal aid ought to reflect that State decision to try to encourage outcomes. We've had testimony that—the summer Pell grant—Senator Clinton and I worked on that. We all did, and it went away.

But that doesn't make any sense not to let the Pell grant be available year-round, because that would save money. It's been testified that Dartmouth saves \$10 million a year just by requiring its undergraduate students to go one full summer. And we all know that if university facilities were used more, that could save other dollars, maybe not Federal dollars. So there is another example of that.

And then the other area I want to go into is—and I'll go back to Ms. Conklin—I want to make sure I understand the size of the savings that you're talking about. You're talking about a lot of money if we make these changes. We started out talking about if we help students with the process, a lot more students would go, so that raises the question of how we pay for it.

But you're talking about \$37 billion to \$73 billion over 10 years from one change, \$38 billion from a single loan program, \$39 billion for another change. There's \$41 billion that we spend on subsidizing student loans that if we didn't spend it on that, we could use it for something else, like reducing interest rates or Pell grants.

Am I exaggerating the size of the savings here, Ms. Conklin, or—I mean, we spend only \$35 billion a year on Pell grants. You're talking about savings that, cumulatively, might add up to, the way I read it, \$80 billion to \$100 billion over 10 years. Am I misreading this?

Ms. CONKLIN. Those are estimates prepared for us by Urban-Brookings and the New America Foundation. The New America Foundation's loan estimates, for instance, are derived from CBO. So we have a relative amount of confidence in those estimates.

What we do is we lay out in our table a number of ways to reinvest, as Congress would choose.

We suggest that there's a larger Pell max for students who take more credits. We suggest higher loan limits for undergraduates and graduates who pay into a program where the subsidies are on the back end. By and large, the most savings are derived, indeed, sir, on the tax side. But simplifying the tax benefits is a source of significant savings.

Senator ALEXANDER. Well, thank you. So you'll be getting a letter, which I hope isn't an imposition. And—to reiterate, Mr. Chairman—what I'm thinking is that question one will be to just list—you don't have to explain them all—the areas about which you think there is a consensus about reforming Federal student aid. And question two is: Are there any other things you think ought to be done, in your view, but about which there may not be a consensus?

Then I guess we can come to the decision ourselves about whether we still need this kind of form, or whether we can start from scratch and create a different system and do a better job of achieving our shared objective.

Thank you.

The CHAIRMAN. Fair enough. Again, on the full-time Pell, I know we went through this a couple of years ago, 3 years ago, or something like that.

Senator ALEXANDER. More than that.

The CHAIRMAN. It was just a couple of years ago. And the fact is, under our unique scoring system by the Congressional Budget Office, cutting out summer Pell saved us a lot of money. I've been trying to get it back in, but it costs money, and we don't have that in our budget. So that's a problem we face.

Senator ALEXANDER. Well, she's suggesting lots of ways to find some money.

Ms. CONKLIN. We found you some money, sir.

The CHAIRMAN. If you know how to get around CBO scoring, please let me know, because it's been very frustrating for me.

Senator Franken.

Senator FRANKEN. I want to throw out a question about the role of community and technical colleges in college affordability. It seems to me that I've noticed that in this country, we have something of a skills gap. That's a term of art for, basically, jobs that could be filled like that if there was someone with the right skills. And the estimates are about 3.5 million jobs.

I've seen partnerships between businesses and community and technical colleges to train people—sometimes it's a credential—and train people up for these jobs and fulfill a number of needs. And then I've seen these businesses take someone who has just got a credential course—not just, but has gotten a credential course—to start to work for them, and they're really good, so they send them back to get their associate's degree.

And then they're really good, and they come back to work, and they send them back to the University of Minnesota to get their bachelor's degree while they're working. And at the end of the whole thing, they've got a couple of degrees, they've got a good paying job, and they have no college debt.

That seems to me like it could be an important piece of addressing a number of things. No. 1, it gets people jobs. And No. 2, it gets American businesses, especially manufacturing, IT, healthcare—it fills the skills gap. It gets them skilled employees that they need in order to compete and compete globally. So it feels like it's kind of a win-win-win situation, and I just want to hear any thoughts about where the role of community and technical colleges—what role that plays in college affordability.

There seems to be a bias among some parents in this country that a 2-year education is a ceiling, whereas in other nations, it's more seen as a platform that you're going to be getting continuous education during your 40 or 50 years in the workforce anyway. Technology is accelerating so fast that the idea that you won't be having to go back to school or that you'll be doing the same sort of task for the next 50 years of your career is kind of a silly notion.

Do you have thoughts on the role of community and technical colleges toward college affordability?

Ms. SCOTT-CLAYTON. I will jump in on that. They're absolutely essential. You're right. And a lot of people have no idea how affordable they really are. The average price of a community and technical college, after accounting for grants, is negative, meaning that, on average, students pay nothing for a college education at one of these institutions. They get money back to be able to help pay for books and supplies and other expenses.

On the other hand, I think it's also important to note that these institutions are struggling with resource constraints right now. And I think the partnerships that you talk about with local businesses are a great way to help expand the capacity of these institutions. But it's also kind of a sign that they really are supply constrained, and those partnerships are likely to spring up in fields where there is kind of an obvious return to that industry in the local area.

But it may work less well for industries where there's a great social payoff but not as high of a private payoff. Nursing programs in many places face huge waiting lists for students to be able to get access to those programs, even though we know—

Senator FRANKEN. Healthcare is an area where this is also the case. There is a skills gap.

Ms. SCOTT-CLAYTON. So I think it's a critical piece, and we need to help those institutions be able to expand their capacity.

Ms. LONG. I also very much agree that these are important institutions and students would benefit from them. Not to repeat what my co-panelist said, I think an issue is for older adults who might really benefit from these programs, they don't know that they exist. There is an information problem here, and they don't have high school guidance counselors they can go to.

So doing more to produce the information and highlight what's available through these institutions—this is oftentimes why we see students going to for-profits who have commercials and marketing and everything everywhere. But these technical institutions don't necessarily have the resources to do that.

But I think we also have to be much more proactive in reaching out to potential adult students where they work, where they live, rather than expecting if we build a Web site, they're going to come

to us and figure this out. Going out into communities and in our work, working with the FAFSA, we met families as they were trying to get their taxes done, and many of them weren't expecting that they were going to get their financial aid done and were so glad that this happened to be convenient and where they were working rather than a come-to-us model.

Senator FRANKEN. And we still have a long-term unemployment problem. So many of those adults that we're talking about could actually find a way into a job if they knew that a community and technical college could provide that path.

Ms. CONKLIN. Senator Franken, I can applaud community college system leadership that are actually trying to make community college an even more affordable path than what we've described today. We believe community colleges are essential to rebuilding America's middle class. The president of Ivy Tech Community College in Indiana has a phenomenal 1-year, competency-based, accelerated degree so you can get your associate's degree and save 50 percent on your education. That innovation in competency-based education is to be complimented.

North Carolina is reaching into the high schools and flipping it, doing the same thing. In high school, take one more year and we'll give you an associate's degree. And that community college system's partnerships with the high schools on early college high schools is really bearing fruit in terms of reducing achievement gaps, again, cutting the price of college in half.

Senator FRANKEN. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Franken.

I don't mean to carry this on any longer, but, Dr. Scott-Clayton, you just said some things that my mind rebels at, and that is that there's a negative cost of going to a local community college. You know, things cost money.

I guess what that leads me to ask is how do we get students more aware of the cost? We've sort of weaved around that issue here today. But how do we make them more aware of the cost of this? I mean, all of you—how do we make them more aware, the students and their families?

Ms. SCOTT-CLAYTON. I think it needs to be individualized, personalized, one-on-one guidance. The statistics are out there.

The CHAIRMAN. That costs money.

Ms. SCOTT-CLAYTON. It does, but it doesn't need to cost a lot. Again, simplifying the system would help a great deal.

The CHAIRMAN. Well, we can simplify the system. I think there's great consensus on that. But I'm not certain that really gives them an awareness of the cost. This simplifies the system for them: getting money, the loans, the grants—things like that. But what's the cost going to be in that college?

Ms. LONG. If I could interject, in my project where we were helping families fill out the FAFSA, we had a separate part where we were reaching out to students who were just sophomores and juniors in high school. We took the information that they had on their tax form and didn't ask any additional questions.

We were able to come up with an estimate of how much they were eligible to receive in a Pell grant, in a State grant, as well

as putting information on there of four likely colleges and what they actually cost, and once you subtract aid, what the net price would be.

Anecdotally, we heard that students were running into their guidance counselors' offices with these letters, saying, "What do I have to do to get this money? What academic courses do I need to take? How do I prepare?"

Now, information alone is not enough. But that was a first important step in increasing awareness and having them understand that Ohio State doesn't cost \$50,000. The local community college, particularly after you have a Pell grant, has a cost of zero. You just need to academically prepare and get ready to go to that institution. So there are lots of things we can do with existing information to come up with these estimates and send them out to families.

Ms. SCOTT-CLAYTON. To put some specific numbers on the cost, if we thought about reaching out to all new Pell recipients—a one-time cost per Pell recipient. If we spend \$500 per student, which would be a pretty significant amount compared to the cost of some of these interventions that have been experimented with, that would be less than a couple of billion dollars a year.

Ms. COOK. I would add that if we are able to move on one of our consensus points about earlier notification, that would be a great opportunity to weave in some of these examples and scenarios and net price calculators so students know—

The CHAIRMAN. How much earlier? You're talking about secondary school, right?

Ms. COOK. I'm talking about telling students, for example, high school students in the spring of their junior year, that they were eligible for a Pell grant. And then the further piece in that eligibility notice could also outline what that Pell grant can do for them at local institutions for cost.

The CHAIRMAN. Thank you.

Senator ALEXANDER. I know what you're thinking. But we're part of the problem, because what happens is everybody goes out on a political stump and says, "You can't afford to go to college, and you've borrowed too much money." Everybody thinks that's true, and for most students, it's not true. I mean, you can afford to go to college, and most students have not borrowed too much money.

There are some students who do borrow too much money, and we have to address that, and we will at another hearing. But I think we've perpetuated this fiction that you can't afford to go to college when, in fact, you can. I think that by changing and simplifying the system, maybe the major value of it would be to change that fiction so that people don't think it's too hard and too expensive to go to college, at least for the first 2 years of college.

I mean, you can go to the University of Tennessee for \$8,000 a year if you get a Hope—you know, for tuition. I can go into all the figures, but it doesn't cost you that much to go there, if you need help from the various forms of aid that are available.

It also seems to me, Mr. Chairman, that one way to change this fiction would be to replace it with a fiction that says to American students that community college is free. And I think Ms. Conklin or any of you can talk to this.

But isn't it a fact that with some flexibility—let's just take the State of Tennessee, where I know we've had communities who get together, like in northeastern Tennessee, and they've said to all their high school graduates, "If you can qualify to go to the community college, and if you have an income problem, forget it. We'll take care of it."

They're saying to them, "You can afford to go to community college." It costs them \$100,000 a year. The businesses chip in that amount of money when they add it to the Hope Grant that's available, the Pell grant that's available, and they're not even counting loans that are available.

So wouldn't it be true that a State like Tennessee—Governor Haslam could, with some flexibility in the Pell grant program, pretty easily be able to say to all Tennessee high school graduates, "If you're short of money, community college for you is free."

Ms. CONKLIN. I believe that's the case, sir, in at least half of the States. Some of the States that have not invested well enough in their public community colleges—they might have to actually kick in some State need-based aid to cover that difference. But I do believe—

Senator ALEXANDER. Probably not very much, given the amount of the budget.

Ms. CONKLIN. No, sir.

Senator ALEXANDER. And just saying that—

Ms. CONKLIN. Is powerful.

Senator ALEXANDER [continuing]. To students is powerful. You may think this anecdote is not appropriate, but it happened. I mean, Dolly Parton told all the students who graduated from Sevier County High School, where she went, which is in the mountains up near where I live, that if they graduated, she'd pay for college.

The graduation rate doubled, just because students knew that, and they thought—I think the real reason was because she said so, it was important to them to do. And then the money made it possible for them to do.

I think turning the fiction around by simplifying it and maybe even working with States to encourage the idea of free community college, if you need for it to be free, would do a lot to increase the number of low-income students who go to college. And it would also make it possible for States like Tennessee, where they've completely, Mr. Chairman, turned around the idea that—and I really made a mistake when I was Governor, because we said there were too many students in college who need remedial help, so we're not going to give you any credit for that and made them get remedial help outside college.

They've turned that around now and said, "You can come on in, but we're going to give you a lot of extra help, and you have to graduate sooner. You have to graduate on time." So they're experimenting with different ways to get people through quicker. They're saving money, and they're making dramatic increases in the number of students that are graduating in 4 or 5 years in a short period of time.

So I'd like to turn this fiction around. I think we're part of the problem, because we're always running around saying, "You can't

afford to go to college,” when, in fact, if we give you accurate information about it, you could.

The CHAIRMAN. To followup on what you said, Senator Alexander, we keep saying that college debt has now exceeded credit card debt, and that just scares a lot of students. They say, “Oh, my gosh. I can’t afford to do that.”

Senator ALEXANDER. Well, I think we’re going to have a hearing on that, aren’t we, in a little while?

The CHAIRMAN. Yes.

Senator ALEXANDER. But part of that is for most students, they don’t have an unreasonable amount of debt, given the value of their education. For some students, they do. And then there’s probably some changes we can make, such as allowing colleges and community colleges—and I’d be real interested at some future point in your comment on this—to have a little bit of say about how much a student can borrow.

Right now, if a student goes in and asks for too much money, they have to give it to them, and some students don’t spend that wisely. I mean, if you’re 19 years old, and you can get whatever you want, I’m not surprised at that. And make colleges have a little skin in the game in some cases. That’s another interesting hearing we’ll have at a later time.

The CHAIRMAN. I think you’ll find a lot of compatibility on that issue here.

Any last things that any of you want to offer or say that didn’t come up that you think you want to make a point on before I close it down?

Ms. CONKLIN. I just want to bring you back to the point that animated such a diverse coalition of students—civil rights leaders, college presidents, foundation presidents, Governors, business leaders. They organized around the statistic that 46 percent of the students who start some postsecondary education today never have a certificate, a credential, or a degree 6 years later.

For African-Americans, that’s 58 percent, and for Latinos, that’s 63 percent. So two-thirds of our Latinos who start have nothing to show for it 6 years later. That’s why we want to put success at the center of our access commitment in our financial aid. I’d feel remiss to not put that statistic out right in front of us before we close.

The CHAIRMAN. Anything else?

I thank each of our witnesses for being here and sharing your knowledge and views. Increasing access to college and improving the effectiveness of the financial aid system is of particular importance, as you can see, to this committee as we begin our work on reauthorizing the Higher Education Act.

I thank all my colleagues for being here. I especially want to thank Senator Alexander and his staff for their partnership on setting up this hearing and others. I request that the record remain open for 10 days for members to submit statements and additional questions for the record.

The committee will stand adjourned. Thank you very much.
[Whereupon, at 11:50 a.m., the hearing was adjourned.]

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