HOW DOES EFC IMPACT TODAY’S STUDENTS?

The EFC is designed to measure the capacity of students and their families to contribute to payment for college education. While the policy was created with traditional-age students in mind, many of today’s students have a very different path to higher education. Approximately 75 percent of college students today have at least one characteristic of a nontraditional student, such as being an independent student, having children, attending school part-time, or working full-time while in school. EFC contains different methodologies regarding income, savings and assets depending on whether a student is a dependent or independent student. For independent students, the formula methodology counts a greater percentage of their income, savings and assets as part of their total ability to contribute to their college education as well as provide for their family.

As a result, independent students appear to have higher family contributions, reducing their ability to receive a Pell grant or a subsidized student loan. This is especially difficult for today’s students who have dependents or a spouse and must also shoulder the costs associated with sustaining a family.

POLICY RECOMMENDATION: Modify EFC to better serve today’s students

Amend the EFC in the Higher Education Act to allow more accurate and generous exemptions for independent students and student parents. In addition, certain assets of independent students should not be included in EFC calculations, such as assets in 529 plans when students are also saving for their dependent’s college education. Lastly, today’s students should have the ability to easily appeal their EFC to have it reconsidered.

CHECK OUT OUR POLICY TOOLKIT FOR TODAY’S STUDENTS TO LEARN MORE.

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