

POLICY TOOLKIT: TODAY'S STUDENTS

REFORMS TO MAKE HIGHER LEARNING
MORE AFFORDABLE AND VALUABLE
FOR PARENTS, ADULTS, WORKERS, AND
ALL OF TODAY'S STUDENTS

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Technological, economic and demographic changes are happening at breakneck speed, continuously raising the stakes for our postsecondary system. But this is a challenge we can't shirk. The higher education sector is not only ready for these reforms, our students deserve them. Today's students need a new and revised higher education law that puts students and quality back at the center. It is time once again for the nation's policymakers to fundamentally rethink the way we organize, finance and support higher learning. Through bipartisan cooperation, a hard-nosed look at the research, and an unwavering focus on students, that goal is well within reach.

-Julie Peller, *Executive Director of Higher Learning Advocates*¹

Today's students are more diverse than any previous generation of college students: they're diverse in age, race, and income level. They're more mobile and may not live on campus. Most participate in the workforce, either full-time or part-time. Work and family responsibilities beyond the classroom—whether that is on-campus or online—often compete with the educational goals of today's students. Younger workers are changing jobs as many as four times by age 32, so lifelong learning and continuing education have quickly become the norm for most adults.

BY AGE 32, YOUNGER WORKERS ARE CHANGING JOBS AS MANY AS

4x



It's time to put the realities of these students at the center of federal higher education policy. But many existing federal postsecondary education and workforce policies date back to a time when most students went immediately from high school to a four-year university or a trade school upon graduation. Higher Learning Advocates developed the Policy Toolkit for Today's Students to help policymakers and leaders in higher education understand the growing disconnect between current federal policy and the needs of today's students and how federal policy can offer solutions.

Specifically, federal policy should encourage easier, more seamless transitions as today's students enroll and return to postsecondary education. Returning students and adult learners need updated federal policies in order to more easily access continuing education and learning opportunities and develop the necessary skills needed to succeed in the workforce.

Federal financial aid programs and policies—including Satisfactory Academic Progress rules, Pell Lifetime Eligibility Usage guidelines, and loan default regulations—must be redesigned to work better for today's students and their realities. This toolkit identifies critical barriers that exist to student success and proposes federal policy changes that will better serve all students of all backgrounds and walks of life.

¹ https://evollution.com/managing-institution/government_legislation/putting-todays-students-back-at-the-center-of-federal-policies/



UTILIZE MICRO-GRANTS TO INCREASE COLLEGE COMPLETION

Many students are enrolling in postsecondary education, but only 45 percent of students are completing their degree.¹ Some students drop out of college just a few credits shy of graduation because they are a few hundred dollars short of paying for college or related expenses. The University Innovation Alliance (UIA) found that as many as 4,000 Pell-eligible seniors are at risk of not completing their postsecondary degree or credential because they owe less than \$1,000 to an institution of higher education.²

WHAT ARE MICRO-GRANTS?

To reduce potential barriers to completion, some institutions, such as the University of North Carolina at Charlotte (UNC-Charlotte) and Georgia State University (GSU), began offering students with unmet financial need who are a few credits away from earning their degree a small grant—called a micro-grant—to help them earn their postsecondary degree or credential. Micro-grants have the potential to help today’s students—student parents, veterans, workers, part-time students—reach the finish line in their postsecondary journey.

HOW CAN MICRO-GRANTS IMPACT TODAY’S STUDENTS?

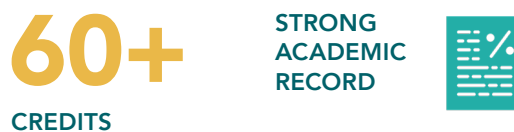
UNC-CHARLOTTE

At UNC-Charlotte, there were 670 students who dropped out of college for one or more term every semester.³ These students had earned 60 or more credits, were halfway to graduation, and had a strong academic record. Seventy-four percent of students said they dropped out due to finances and 57 percent dropped out because they needed to work more in order to afford college.⁴ Upon offering such students micro-grants, UNC-Charlotte found that 95 percent of recipients stayed on-track to graduation.⁵

UNC-CHARLOTTE



WHO ARE THESE STUDENTS?



CAUSES OF DROPOUT



WITH MICRO-GRANTS



¹ <https://www.thirdway.org/memo/new-data-further-cements-completion-crisis-in-higher-education>

² <http://www.theuia.org/blog/post/announcing-our-fourth-scale-project-last-mile-grants-support-college-completion>

³ <https://www.helixeducation.com/resources/blog/micro-grant-tina-mcentire/>

⁴ <https://www.helixeducation.com/resources/blog/micro-grant-tina-mcentire/>

⁵ <https://hechingerreport.org/for-students-teetering-on-the-edge-financially-micro-grants-help-them-finish-college/>



UTILIZE MICRO-GRANTS TO INCREASE COLLEGE COMPLETION

GEORGIA STATE UNIVERSITY

In 2016, more than 72 percent of students at Georgia State University had unmet financial need.⁶ Due to their Panther Retention grant program—a micro-grant that provides emergency funding to students who are on track for graduation with unmet financial need—nearly 2,000 students were able to continue their postsecondary education.⁷ Sixty-one percent of seniors who received the grant graduated within two semesters, and 82 percent were either still enrolled after one year or graduated.⁸ Over the past four years, the average grant awarded was \$900,⁹ with a maximum grant of \$2,000.¹⁰

POLICY RECOMMENDATION:

Expand access to micro-grants

To boost degree attainment for today's students, institutions should be permitted to provide micro-grants of \$2,000 or less to students who are at least three-quarters progressed through their program of study. Policymakers can look to existing programs such as Title III, Part A, or the Supplemental Educational Opportunity Grant (SEOG) program for existing resources that may be allocated toward micro-grants.

GEORGIA STATE UNIVERSITY PANTHER RETENTION GRANT PROGRAM

61% OF GRANT RECIPIENTS GRADUATED WITHIN **2** SEMESTERS



82% STILL ENROLLED OR GRADUATED AFTER **1** YEAR



\$900 AVERAGE GRANT AWARDED



⁶ <https://success.gsu.edu/initiatives/panther-retention-grants/>

⁷ *ibid*

⁸ *ibid*

⁹ *ibid*

¹⁰ <https://www.insidehighered.com/news/2016/02/22/spread-emergency-aid-and-microgrants-show-strong-results>



ADDRESS FOOD INSECURITY FOR COLLEGE STUDENTS

According to some estimates, about 56 percent of community college students¹ and 11.2 percent of students at four-year institutions² experienced low or very low food security. According to the Wisconsin HOPE Lab, 36 percent of today's students reported not knowing where their next meal was coming from.³

56% of community college students

11.2% of students at four-year institutions

EXPERIENCED LOW OR VERY LOW FOOD SECURITY

WHAT IS SNAP?

The Supplemental Nutrition Assistance Program (SNAP) is a federal program that offers nutrition assistance to eligible low-income individuals and families; however, many students struggle to access these benefits. Eighteen percent of students are eligible for SNAP, yet only 3 percent of students actually receive benefits.⁴

HOW DOES SNAP IMPACT TODAY'S STUDENTS?

Students between the ages of 18-49 who are enrolled at an institution of higher education are eligible to receive SNAP benefits if they meet at least one of the following criteria:

- Under age 18 or age 50 or older;
- Parent caring for a child under age 6;
- Parent caring for a child 6-11 years old who is unable to obtain child care to attend school and work;
- Single parent caring for a child under 12 years old and enrolled full-time;
- Working for pay at least 20 hours per week;
- Receiving any work-study funds;
- Receiving TANF benefits;
- Unable to work because of a mental or physical disability; or
- Enrolled in certain programs aimed at employment.⁵

BUNKER HILL COMMUNITY COLLEGE

Some institutions are already addressing food insecurity with a focus on helping today's students complete their postsecondary education. For example, Bunker Hill Community College (BHCC) partnered with the Greater Boston Food Bank to open a food pantry to students experiencing food insecurity on their campus. Many BHCC students are low-income, first-generation students, and more than two-thirds of BHCC students are students of color.⁶ In 2015, about 825 students at BHCC received SNAP benefits, but school officials were still seeing gaps in eligibility and periods when benefits did not cover all needs.⁷

¹ http://younginvincibles.org/wp-content/uploads/2018/02/Rethinking_SNAP_benefits.pdf

² http://younginvincibles.org/wp-content/uploads/2018/02/Rethinking_SNAP_benefits.pdf

³ Goldrick-Rab, Sara and et al; Still Hungry and Homeless in College; Wisconsin Hope Lab Report. April 2018

⁴ Ibid.

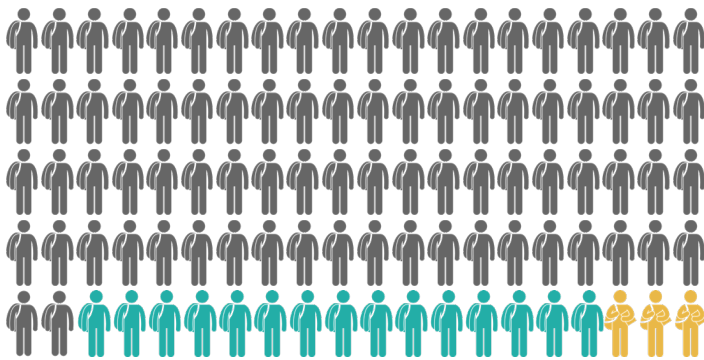
⁵ https://www.clasp.org/sites/default/files/public/resources-and-publications/publication-1/SNAP_College-Student-Eligibility.pdf

⁶ <https://commonwealthmagazine.org/economy/addressing-hunger-at-bunker-hill-cc/>

⁷ <https://commonwealthmagazine.org/economy/addressing-hunger-at-bunker-hill-cc/>



ADDRESS FOOD INSECURITY FOR COLLEGE STUDENTS



18% OF STUDENTS ARE ELIGIBLE FOR SNAP

3% OF STUDENTS ACTUALLY RECEIVE BENEFITS

POLICY RECOMMENDATION:

Streamline SNAP benefits for eligible students

Many of today's students balance work, parenting, and their education, and food insecurity should not be an additional barrier to completing a degree or credential. Without SNAP, many students would not be able to succeed in postsecondary education, and Congress should consider how to more seamlessly implement these benefits for eligible students who are in need.

Policymakers should consider expanding and streamlining SNAP benefits for students enrolled in postsecondary institutions in order to reduce food insecurity, and should create a more seamless connection between the Free Application for Federal Student Aid (FAFSA) and SNAP. If a student's Expected Family Contribution (EFC) on the FAFSA is zero, then the student should be notified that they may be eligible for SNAP benefits and provided information about enrolling in the SNAP program.



EXPAND ACCESS TO FOSTER OPEN EDUCATIONAL RESOURCES ADOPTION

The cost of traditional textbooks is a burden for today's students. At community colleges, textbook costs can account for up to 80 percent of the cost of attendance.¹ About 53 percent of community college students did not purchase or rent the required materials for a course on at least one occasion, and of those, 45 percent said they did so because they could not afford the materials.² Students typically spend \$1,240-\$1,440 on books and supplies per year.³ The prices of textbooks have increased by 88 percent between 2006 and 2016.⁴ About 48 percent of Pell Grant recipients and 52 percent of underrepresented minorities said that open educational resources significantly impacts their ability to afford college.⁵

WHAT IS OER?

Open educational resources (OER) are digital media, textbooks, and other materials that are available under an open license, meaning they are free and on an accessible platform that provides students, educators, and self-learners open access to these materials to help students succeed in postsecondary education.

HOW DOES OER IMPACT TODAY'S STUDENTS?

Open educational resources have the opportunity to help today's students save between \$66 and \$121 per course.⁶ Students can then use money saved for other postsecondary-related expenses, such as food, transportation, rent, and child care.

Creating a platform where students, educators, and self-learners can obtain free materials for educational advancement is a step toward increasing economic opportunity and reducing the skills gap. Educational materials are essential for student success, and institutions of higher

education should consider ways to provide these materials at no additional cost to students. Offering OER has the potential to reduce the financial burden that many of today's students encounter when having to purchase textbooks for a course, and has the ability to save students time and money while increasing college completion rates.

POLICY RECOMMENDATION:

Continue to support federal appropriations dedicated to expanding OER

Congress should boost appropriations for the Open Textbooks Pilot program at the Department of Education (ED) to help institutions develop and utilize open educational resources so students can better access educational materials needed to succeed in postsecondary education.

TODAY'S STUDENTS TYPICALLY SPEND

\$1,240-\$1,440

ON BOOKS AND SUPPLIES PER YEAR



¹ <https://www.achievingthedream.org/resource/17507/participant-experiences-and-financial-impacts-findings-from-year-2-of-achieving-the-dream-s-oer-degree-initiative>

² <https://www.achievingthedream.org/resource/17507/participant-experiences-and-financial-impacts-findings-from-year-2-of-achieving-the-dream-s-oer-degree-initiative>

³ <https://trends.collegeboard.org/college-pricing/figures-tables/average-estimated-undergraduate-budgets-2018-19>

⁴ <https://www.bls.gov/opub/ted/2016/college-tuition-and-fees-increase-63-percent-since-january-2006.htm>

⁵ <http://www.ccdaily.com/2018/10/oer-promotes-student-success/>

⁶ <http://www.ccdaily.com/2018/10/oer-promotes-student-success/>



INCENTIVIZE PARTNERSHIPS BETWEEN INSTITUTIONS AND LOCAL CHILD CARE PROVIDERS

Child care is a necessity for our nation's 4.8 million student parents.¹ But child care costs are high, and many student parents juggle multiple responsibilities that may prevent them from completing their degree or credential. About 40 percent of women at two-year colleges say they are likely or very likely to drop out of school due to their dependent care obligations.²

HOW DOES ACCESS TO CHILD CARE IMPACT TODAY'S STUDENT PARENTS?

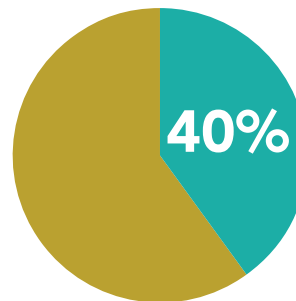
Child care expenses in 2018 averaged roughly \$9,000.³ In some states, the average costs of child care are higher than the average cost of tuition and fees at a public four-year institution. While child care costs have been rising, on-campus child care options have been declining.

The presence of on-campus child care at community colleges declined from 53 percent in 2004 to 46 percent in 2013; at public four-year institutions, on-campus child care facilities decreased from 54 to 51 percent from 2002 to 2013.⁴

HOW CAN COLLEGES PARTNER WITH LOCAL CHILD CARE PROVIDERS?

Institutions of higher education can partner with local child care providers to better serve student parents so they are able to continue to attend class and work toward completing their postsecondary degree or credential. Even on campuses where regularly-scheduled child care is offered, student parents may still face instances where emergency or drop-in child care is required to attend class. Institutions could establish formal relationships and guidelines for providing care through local child care providers for student parents who find themselves needing to access last-minute care that interferes with their learning. For example, Richland College⁵ and Portland State University⁶ both offer drop-in child care services to students when emergencies arise.

¹ https://iwpr.org/wp-content/uploads/wpallimport/files/iwpr-export/publications/C425_Child%20Care%20_Final.pdf



OF WOMEN AT TWO-YEAR COLLEGES ARE LIKELY TO DROP OUT OF SCHOOL DUE TO THEIR DEPENDENT CARE OBLIGATIONS

POLICY RECOMMENDATION:

Expand access to child care providers

Institutions of higher education should be allowed to set aside a portion of funds under the Supplemental Education Opportunity Grant (SEOG) program to form relationships to provide care for student parents through local child care providers. In addition, the Strengthening Institutions Program (SIP) should be amended to allow such partnerships with child care providers as an allowable use of funds.

\$9,000



AVERAGE CHILD CARE EXPENSES IN 2018

² <https://iwpr.org/publications/single-mothers-college-growing-enrollment-financial-challenges-benefits-attainment/>

³ https://cdn2.hubspot.net/hubfs/3957809/COCreport2018_1.pdf?__hstc=122076244.382dbe637dbe542a6c2b9f29efc39493.1546885541240.1546885541240.1546885541240.1&__hssc=122076244.1.1546885541241&__hsfp=806667876&hsCtaTracking=b4367fa6-f3b9-4e6c-acf4-b5d01d0dc570%7C94d3f065-e4fc-4250-a163-bafc3defaf20

⁴ https://iwpr.org/wp-content/uploads/wpallimport/files/iwpr-export/publications/C425_Child%20Care%20_Final.pdf

⁵ <https://womenemployed.org/sites/default/files/resources/LowIncomeSingleMothersatCommunityCollege2012.pdf>

⁶ <https://www.americanprogress.org/issues/education-postsecondary/news/2018/07/19/453783/imperative-support-single-mothers-college/>



CONTINUE TO EXPAND FUNDING FOR THE CHILD CARE ACCESS MEANS PARENTS IN SCHOOL (CCAMPIS) PROGRAM

CCAMPIS is a grant program that provides support for student parents through funding for campus-based child care programs primarily serving low-income students. At the University of Wisconsin-Madison, 85 percent of the student parents who participated in CCAMPIS between 2005-2011 graduated compared to 15 percent for all student parents.¹

WHAT IS CCAMPIS?

Institutions of higher education use CCAMPIS to establish and expand on-campus child care services, enabling student parents to focus more time on their postsecondary education and work toward degree completion. College completion rates among student parents is lower than for students without children.

About 52 percent of student parents drop out of postsecondary education without a degree or certificate in six years.²



HOW CAN CCAMPIS BETTER SERVE TODAY'S STUDENT PARENTS?

In 2001, funding for CCAMPIS peaked at \$25 million but declined significantly in 2003 to \$16 million where it remained relatively stable until FY 2017.³ In the FY 2018 budget, CCAMPIS funding increased 230 percent to \$50 million.

To better serve today's students, the Child Care Access Means Parents in School (CCAMPIS) grant must continue to grow to better support our nearly 5 million college students with dependent children, especially low-income student parents.

UNIVERSITY OF WISCONSIN-MADISON

CCAMPIS PARTICIPANTS ALL STUDENT PARENTS



POLICY RECOMMENDATION:

Continue to support CCAMPIS

In order to provide child care support to only two percent of student parents with children ages 0-5 who are eligible for the Pell grant, CCAMPIS funding would need to reach \$150 million annually.⁴ CCAMPIS funding must continue to increase to best serve today's student parents.



¹ <https://www.nasfaa.org/uploads/documents/LHHSCCAMPISLetterfinal.pdf>

² <https://www.nasfaa.org/uploads/documents/LHHSCCAMPISLetterfinal.pdf>

³ <https://www2.ed.gov/programs/campisp/funding.html>

⁴ <https://www.insidehighered.com/news/2018/04/06/congress-puts-more-focus-student-parents-new-funding>



CONTINUE TO FUND THE CHILD CARE AND DEVELOPMENT BLOCK GRANT (CCDBG) TO SUPPORT STUDENT PARENTS

Low-income parents, including student parents, benefit from the CCDBG and its Child Care Development Fund (CCDF)—a CCDBG funding stream specifically allocated for child care.

WHAT ARE CCDBG AND CCDF?

CCDBG is a federal program that authorizes the CCDF to provide block grants to bolster states' efforts to provide child care services for low-income parents who work, train for work, attend school, or whose children receive or need protective services.¹

HOW CAN CCDBG AND CCDF HELP TODAY'S STUDENT PARENTS?

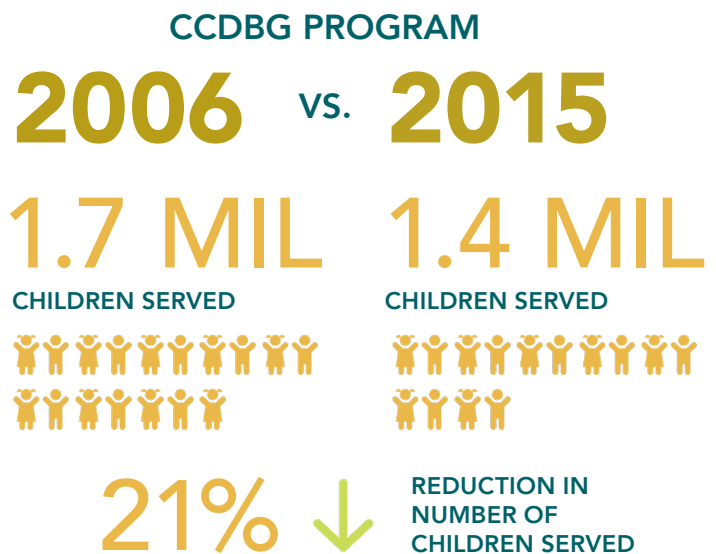
CCDBG and CCDF are essential efforts contributing to helping low-income families and student parents achieve academic and workforce success by providing them with low-cost and easy-to-access child care. Unfortunately, a large share of eligible children from low-income families do not receive child care assistance, and the number of children served by CCDBG continues to decline.

The average number of children served each year under the CCDBG program hovered around 1.8 million between 1999 and 2007. Since then, the number of children served under the program has declined significantly.² Approximately 373,000 fewer children received CCDBG-funded child care in 2015 than in 2006, representing a 21 percent reduction in the average monthly number of children served.³ Support for providers has declined as well; between 2006 and 2015, the number of child care providers receiving CCDBG funds declined by 52 percent.⁴

POLICY RECOMMENDATION:

Continue to support CCDBG and CCDF

We must continue to invest in programs like CCDBG and CCDF in order to ensure low-income parents, including student parents and individuals from underserved populations, are able to access and complete postsecondary education. Continuing to fund CCDBG appropriately will allow states to provide child care services to the neediest families and student parents and provide low-income working families the opportunity for socioeconomic mobility and postsecondary success.



¹ <https://www2.ed.gov/about/offices/list/oii/nonpublic/childcare.html>

² <https://www.clasp.org/sites/default/files/public/resources-and-publications/publication-1/CCDBG-Participation-2015.pdf>

³ <https://www.clasp.org/sites/default/files/publications/2017/08/CCDBG-Reauth-Guide-Updated.pdf>

⁴ <https://www.clasp.org/sites/default/files/publications/2017/08/CCDBG-Reauth-Guide-Updated.pdf>



ENHANCE THE CHILD AND DEPENDENT CARE TAX CREDIT TO ALLOW ADULTS TO FURTHER THEIR EDUCATION

Twenty-four percent of today's students are parents, and their dependents can require the same care as those of employed parents.⁵ Whether a parent is working or furthering their education, the costs associated with care for dependent children can strain family budgets and have impacts on student success.

WHAT IS THE CHILD AND DEPENDENT CARE TAX CREDIT?

The Child and Dependent Care Tax Credit is a nonrefundable tax credit available to offset employment-related expenses of a taxpayer for the care of a qualifying dependent—including a dependent child under the age of 13, a dependent who is physically or mentally incapable of caring for themselves, or a spouse who is physically or mentally incapable of caring for themselves. Eligible expenses include physical care of the qualifying dependent and household costs—such as meals and cleaning.

HOW CAN THE CHILD AND DEPENDENT CARE TAX CREDIT BE IMPROVED TO BENEFIT TODAY'S STUDENTS?

The Child and Dependent Care Tax Credit was created to allow an individual with a qualifying dependent to maintain gainful employment while simultaneously providing care for their qualifying dependent. In practice, this means individuals with children or other qualifying dependents can claim the credit for expenses such as daycare or household costs they incur to care for their dependents while working.

The Child and Dependent Care Tax Credit should be enhanced to extend the same tax benefits to individuals who care for a qualifying dependent and are enrolled in postsecondary education. This change would help students with dependent children afford the high cost of child care, which is almost as much as public college tuition in many parts of the United States, so they can further their education.

STUDENT
PARENTS
24%



POLICY RECOMMENDATION:

Amend tax credit to benefit student parents

Allow an individual with a qualifying dependent under the Child and Dependent Care Tax Credit to claim the tax credit for expenses while the taxpayer is attending postsecondary education, in addition to employment-related expenses.

⁵ <https://www.luminafoundation.org/files/resources/todays-student-infographic-2.pdf>



IMPROVE FAFSA INCOME VERIFICATION FOR TODAY'S STUDENTS

In 2017, 19.1 million students filled out the Free Application for Federal Student Aid (FAFSA), the form that the federal government requires in order for students to receive federal student aid.¹ However, some students must overcome an additional barrier before receiving aid: income verification. About 30 percent of all FAFSA filers are selected for the verification process. This requires some new and returning students to submit additional information to colleges regarding their income or other items, which the institution's financial aid office verifies for accuracy.

Institutions are required to verify at least 30 percent of the federal student aid applications selected by the central processing system,² and students selected for verification must complete the process before they can receive federal financial aid.³ Experts have questioned the impact of verification on the percentage of students that are ultimately prevented from accessing aid, which could be as high as 22 percent of those selected.⁴

WHY DOES ED REQUIRE INCOME VERIFICATION FOR SOME STUDENTS?

The verification process aims to reduce fraud by ensuring that student aid is only going to students who are eligible and in the appropriate amounts. The selection process is based on "risk models" that the U.S. Department of Education (ED) uses to determine which applications to flag and what information to verify. ED does not publicly share its selection formula, which often changes from year to year. However, attributes such as family size and number of dependents in college are among the characteristics that trigger income verification.⁵

HOW DOES INCOME VERIFICATION IMPACT TODAY'S STUDENTS?

A disproportionate amount of low-income students who complete the FAFSA—one out of two—are selected for verification, which may serve as a barrier to receiving federal financial aid.⁶

Of the 1.8 million low-income high school seniors graduating each year, 968,000 will submit a FAFSA and 50 percent of them will be selected for income verification.⁷



1 OUT OF 2

LOW-INCOME STUDENTS WHO COMPLETE THE FAFSA ARE SELECTED FOR VERIFICATION

In the 2015-2016 academic year, failure to complete the verification process kept one in five Pell-eligible students from receiving the Pell Grant.⁸

Oftentimes, low-income and Pell-eligible students are unfamiliar with the documentation required by their school, or even unaware that they must

¹ <https://www2.ed.gov/about/reports/annual/2017report/fsa-report.pdf>

² <https://ifap.ed.gov/sfahandbooks/attachments/0203AVGCh3new.pdf>

³ <https://financialaid.appstate.edu/forms/verification-process>

⁴ <http://www.collegeaccess.org/BlogItem?dg=d6aa53e665a14c46a4f32a6f64614482>

⁵ <https://www.chronicle.com/article/How-the-Federal-Aid-Process/242012>

⁶ <http://www.collegeaccess.org/SD04242018Article3?q=verification>

⁷ <http://collegeaccess.org/SD05292018Article3?q=FAFSA%20income%20verification>

⁸ <http://www.collegeaccess.org/SD04242018Article3?q=verification>



IMPROVE FAFSA INCOME VERIFICATION FOR TODAY'S STUDENTS

complete the income verification process. This dynamic results in fewer low income students enrolling and receiving federal student aid for which they may be eligible.

The verification process varies for each student: one student may only need to submit two extra forms, while another student may need to provide six additional forms. Because there are no standardized verification forms, some students who apply to multiple institutions have to complete multiple income verification forms for each institution to which they applied.

Specifically, ED should improve the connection between the FAFSA and the IRS in supplying tax return information that can be used to verify students' financial information. Prior-prior year tax returns, in particular, allow for students to submit already-verified tax information, therefore eliminating the need for students to submit un-verified estimates. The IRS-DRT automatically fills in parts of the FAFSA from a students' IRS data, further eliminating the need for students to reference a personal copy of their tax return to complete the FAFSA. Therefore, students who complete the FAFSA using the IRS Data Retrieval Tool (IRS-DRT) should not be eligible to be selected for verification.

ED should also lower the verification threshold from 30 percent to 15 percent to reduce the burden on today's students and better focus on the highest-risk forms.

POLICY RECOMMENDATION:

Streamline FAFSA verification

The FAFSA verification process should not be another hurdle that today's students must overcome in order to access and complete their postsecondary education. In order to simplify the FAFSA process and break down barriers for today's students—especially low-income and Pell-eligible students— income verification should be improved.

IN 2015-2016



FAILURE TO COMPLETE THE INCOME VERIFICATION PROCESS KEPT ONE IN FIVE PELL-ELIGIBLE STUDENTS FROM RECEIVING THE PELL GRANT



MAKE FEDERAL STUDENT AID CALCULATIONS WORK FOR TODAY'S STUDENTS

HOW DOES A STUDENT'S AMOUNT OF FEDERAL STUDENT AID GET CALCULATED?

The Higher Education Act (HEA) includes a formula that is used to calculate the expected family contribution (EFC), or how much a student or his or her family can expect to contribute to the cost of attending college. The student's EFC directly impacts whether they are eligible for a Pell Grant, how much aid they may be awarded, and whether an undergraduate student may be eligible for a subsidized student loan.

The formula used to determine a student's EFC includes many factors, from taxable wages and other income, assets, and benefits (such as unemployment or Social Security). Family size and the number of family members attending college during the application year also factor into the formula. The calculation treats students differently if they are dependent on their parents financially or a financially-independent student. It's important to note that many of today's students have a spouse or children who qualify as dependents.

49%
**FINANCIALLY
INDEPENDENT
STUDENTS**



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.

HOW CAN EFC BE IMPROVED FOR TODAY'S STUDENTS

Students who face the costs of raising a family and may have existing debt from previous postsecondary experiences or other forms of consumer debt are disadvantaged by the current EFC. The EFC should be modified to better take the economic realities of today's independent students into account.

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.



ALLOW RETURNING STUDENTS TO RESET THEIR SATISFACTORY ACADEMIC PROGRESS (SAP)

Thirty-seven percent of today's students are older than 25, and there are more than 31 million adults with some college, but no degree.¹ Many of these students dropped- or stopped-out of school following a poor academic performance or not completing enough credits. Despite the demand for postsecondary education among adults seeking pathways to career and economic success, many will face an obstacle to re-enrolling and receiving student aid through a federal requirement called Satisfactory Academic Progress (SAP).

WHAT IS SAP?

SAP is a requirement set by institutions that establishes the criteria a student must meet in order to remain eligible for federal student aid, such as Pell Grants and loans. Typically, to meet SAP requirements, students must meet a minimum grade point average (GPA), or its equivalent, and complete a minimum number of credits or courses.

While institutions are responsible for setting SAP requirements, federal statute lays out the following guidelines for institutions to use:

- Qualitative standard: 2.0 GPA or equivalent by the end of second academic year;
- Quantitative standard: Minimum percentage of work successfully completed; or
- Maximum timeframe: Cannot exceed 150% of published length of undergraduate program in credits.

Most institutions use cumulative 2.0 GPA and 2/3 ratio of credits attempted vs. completed.²

HOW DOES SAP IMPACT TODAY'S STUDENTS?

If a student fails to meet SAP requirements, regardless of whether they've been continually enrolled or haven't been enrolled for a number of years, they cannot use federal student aid to cover the cost of their education. If a student has previously failed to meet SAP, they may be able to regain eligibility for federal student aid, but will likely need additional academic and financial aid counseling. A

student in this situation may have to first cover their college costs out-of-pocket.³ This inability to access federal aid can create a huge barrier for students seeking to continue their postsecondary education.

HOW CAN SAP BE IMPROVED TO BETTER SERVE TODAY'S STUDENTS?

Today's students may return to postsecondary education for a wide variety of reasons: their job or career requires additional skills or credentials; they are returning after taking a break to raise children; or they are finally going back to complete their degree after getting employment or saving enough money to pay for college. Regardless of reason, these students should be afforded a "reset" of SAP requirements after a certain period of time so they can once again access federal student aid to continue to work toward a degree or other credential and contribute to the workforce.

POLICY RECOMMENDATION:

Create a SAP reset

SAP should be reset for students who have not been enrolled in any postsecondary education in the prior five years. To remain eligible after such a reset, students should be required to prospectively maintain a 2.0 GPA and complete 2/3 of credits attempted.

¹ <https://www.luminafoundation.org/files/resources/todays-student-infographic-2.pdf>

² <https://capseecenter.org/wp-content/uploads/2017/04/Schudde-CAPSEE-breakout-2B-040617.pdf>

³ <https://www.edvisors.com/fafsa/eligibility/satisfactory-academic-progress/>



EXPAND PELL GRANT ELIGIBILITY FOR SHORT-TERM PROGRAMS

Federal policy should count all forms of high-quality postsecondary learning, whether it takes place on campus, online, on a job site, on a military deployment or on other new and emerging platforms.

WHAT IS THE PELL GRANT?

The Pell Grant program is a federal means-tested program that offers postsecondary aid in the form of a grant to be used for tuition, fees, and related expenses. Operated by the U.S. Department of Education's (ED) Office of Financial Student Aid (FSA), the Pell Grant program is available on a sliding scale to individuals based on financial need, cost of attendance, and part- or full-time status.

HOW DOES THE PELL GRANT IMPACT TODAY'S STUDENTS?

The Pell Grant assists today's students with accessing and obtaining a high-quality postsecondary degree or credential. Research shows that individuals with postsecondary degrees or credentials earn approximately \$1 million more over their lifetimes compared to their peers with only a high school diploma.¹ Students with some college, but no degree earn nearly one-quarter of a million dollars over their lifetime compared to students with only a high school diploma.²

The current requirements to use Pell Grants prevents many of today's students from obtaining postsecondary education. Currently, the Pell Grant can only be used for programs that are 600 hours in length.³ Expanding Pell eligibility to high-quality, short-term programs would enable a broader range of students, including parents and working adults, to access high-value skills training programs that enable them to advance their careers and reskill for positions in new industries.

POLICY RECOMMENDATION:

Allow students to use Pell Grant for high-quality short-term programs

The Higher Education Act should be amended to allow today's students to use the Pell Grant for high-quality short-term programs that are more than 300 hours and lead to an industry-recognized postsecondary credential. Broadening the postsecondary education system to recognize all forms of high-quality postsecondary learning will allow more students to pursue higher learning and complete their postsecondary degree or credential.

EARNING POWER

INDIVIDUALS WITH:

POSTSECONDARY DEGREES OR CREDENTIALS EARN

\$1 MILLION MORE 

SOME COLLEGE EARN

\$250,000 MORE 

COMPARED TO THEIR PEERS WITH ONLY A HIGH SCHOOL DIPLOMA

¹ Carnevale, Anthony P. "The Economic Value of College Majors Executive Summary 2015." Georgetown University Center on Education and the Workforce, McCourt School of Public Policy (2015): 1-44.

² <https://cew.georgetown.edu/wp-content/uploads/2014/11/collegepayoff-complete.pdf>

³ <https://higherlearningadvocates.org/2017/12/11/unpacking-prosper-act/>



ALLOW FOR A PELL LIFETIME ELIGIBILITY USAGE (LEU) RESET FOR ADULT STUDENTS

One-third of today's students receive a Pell Grant, a form of federal student aid used for postsecondary tuition, fees, and related expenses.¹ A student is eligible for a Pell Grant on a sliding scale based on financial need, cost of attendance, and part- or full-time enrollment status.

WHAT IS PELL LEU?

Federal law limits the amount of Pell Grant funds students can receive over their lifetime to the equivalent of six academic years (12 semesters) of Pell Grant funding—also known as your Pell Lifetime Eligibility Usage (LEU).

HOW DOES PELL LEU IMPACT TODAY'S STUDENTS?

Today's students are more diverse in age, race, and income and have different experiences and financial realities than students of the past. Twenty-four percent of students are parents.² Forty percent attend school part-time,³ and sixty-four percent work while in college.⁴ For some of today's students, the credits, credential or degree they earned within the time allotted by the Pell LEU no longer holds enough value in the workforce. Many of these students need to obtain new credentials, very often without the ability to access Pell, in order to learn new skills or retrain for a new industry if their previous job has been displaced.



33% OF STUDENTS RECEIVE A PELL GRANT

HOW CAN PELL LEU BE IMPROVED TO BENEFIT TODAY'S STUDENTS?

In today's workforce, lifelong learning and periodic upskilling has become the norm, as many adults will have to change jobs as many as seven times over a lifetime. To strengthen lifelong learning as a tool for promoting workforce participation, Pell LEU requirements should be reset after a period of time for students who otherwise would be eligible to receive a Pell Grant and require education in addition to their existing degree or credential. This change would benefit today's students by allowing them to receive the retraining, upskilling, or additional education needed to be successful in our 21st century economy and achieve upward mobility.

POLICY RECOMMENDATION:

Create a Pell LEU reset

Pell LEU should be reset for students who have reached the maximum amount of the Pell Grants, already hold a degree or credential, and have been employed in the workforce for the majority of the past ten years. A student who receives a Pell LEU reset will only remain eligible for Pell Grants for a maximum of four additional semesters' worth of credits.

16 ¹ <https://trends.collegeboard.org/student-aid/figures-tables/undergraduate-enrollment-and-percentage-receiving-pell-grants-over-time>

² <https://www.luminafoundation.org/files/resources/today-s-student.pdf>

³ https://study.com/articles/College_Enrollment_Up_Graduation_Down.html

⁴ <https://www.luminafoundation.org/files/resources/today-s-student.pdf#student.pdf>



REDUCE THE COMPLEXITY OF INCOME-DRIVEN REPAYMENT (IDR) PLANS

The number of borrowers enrolled in IDR plans has increased 16 percent from September 2016 to September 2017. In the fourth quarter of 2018, the number of Direct Loan and Federal Family Education Loan borrowers enrolled in IDR plans is 7.2 million, compared to 10.83 million in standard repayment.¹

WHAT IS IDR?

A standard repayment plan is where a borrower's monthly payment is a fixed amount and payments are made for up to ten years. Unlike standard repayment under income-driven repayment (IDR) plans, a borrower's monthly student loan payment is based on a portion of their income. There are currently five IDR plans (Income-Based Repayment "new" & "old" [IBR]; Income-Contingent Repayment [ICR]; Revised Pay As You Earn [REPAYE]; and Pay As You Earn [PAYE]) all with different eligibility requirements.

HOW DOES IDR IMPACT TODAY'S STUDENTS?

Federal student loan borrowers are automatically enrolled in standard repayment, yet many borrowers enrolled in standard repayment cannot afford to repay their student loans. Such borrowers can opt-in to income-driven repayment plans. Borrowers enrolled in income-driven repayment plans are less likely to default than borrowers in a standard repayment plan.² About 8 percent of borrowers enrolled in IDR defaulted within two years of entering repayment, compared to 19 percent of borrowers enrolled in standard repayment.³

¹ <https://studentaid.ed.gov/sa/about/data-center/student/portfolio>

² https://www.urban.org/sites/default/files/publication/84211/2000928-beyond-the-standard-repayment-plan-smaller-student-loan-payments-and-short-term-outcomes_3.pdf

³ https://www.urban.org/sites/default/files/publication/84211/2000928-beyond-the-standard-repayment-plan-smaller-student-loan-payments-and-short-term-outcomes_3.pdf

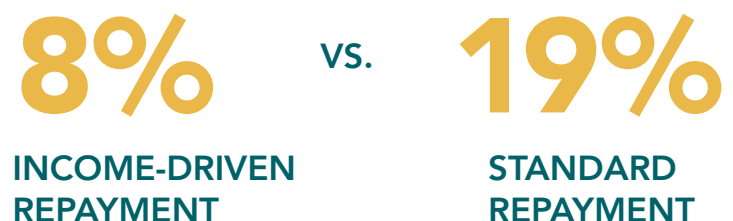
POLICY RECOMMENDATION:

Auto-enroll student borrowers into IDR

To better serve the needs of today's students, borrowers should continue to be provided the option upfront to choose between IDR or the standard repayment plan. If a borrower does not choose a repayment plan, then they should be enrolled into IDR with the option to opt-in to standard repayment at anytime.

Further, policymakers should require that delinquent borrowers be auto-enrolled into IDR.

BORROWERS WHO DEFAULTED WITHIN TWO YEARS





REDUCE THE COMPLEXITY OF INCOME-DRIVEN REPAYMENT (IDR) PLANS

WHAT IS IDR RE-CERTIFICATION?

To remain in income-driven repayment, borrowers must provide their income information annually to their federal student loan servicer.

HOW DOES IDR RE-CERTIFICATION IMPACT TODAY'S STUDENTS?

Borrowers who fail to re-certify are kicked out of their IDR plan and placed into standard repayment, where their monthly payment amount can be significantly higher. Nearly 60 percent of borrowers fail to recertify their IDR plan on time resulting in some borrowers defaulting on their federal student loans.¹ About 18 percent of borrowers who failed to re-certify their IDR plan enter into a hardship related forbearance or deferment.²

NEARLY

60%

OF BORROWERS FAIL TO RECERTIFY THEIR IDR PLAN

OF THOSE BORROWERS

ABOUT

18%

ENTER INTO HARDSHIP RELATED FORBEARANCE OR DEFERMENT

POLICY RECOMMENDATION:

Streamline IDR re-certification

To ensure borrowers remain in IDR, the federal government should consider eliminating the need for borrowers to re-certify their income annually by creating a streamlined process between the U.S. Department of Education (ED) and the Internal Revenue Service (IRS). This would facilitate a multiyear authorization process to reduce the amount of paperwork for the borrower and allow for a streamlined process between ED and the IRS to automatically share borrowers' income information.³

¹ <https://www2.ed.gov/policy/highered/reg/hearulemaking/2015/payee2-recertification.pdf>

² <https://www2.ed.gov/policy/highered/reg/hearulemaking/2015/payee2-recertification.pdf>

³ <https://www.americanprogress.org/issues/education-postsecondary/news/2016/08/31/143150/annual-paperwork-should-not-stand-in-the-way-of-affordable-student-loan-payments/>



PROVIDE STUDENTS WITH LOAN DEFAULT WITH A SECOND CHANCE TO REPAIR THEIR CREDIT

Students should have a second chance to restore their credit and rehabilitate their defaulted loans. Almost half of all students (47 percent) use federal student loans to attend an undergraduate postsecondary education program. The average federal student loan amount for those students is roughly \$7,000, while the average cumulative loan for students pursuing a traditional degree in their fourth year is approximately \$26,600.¹

HOW DOES STUDENT LOAN DEFAULT AFFECT TODAY'S STUDENTS?

Among borrowers in the 2003–04 cohort, 45 percent of those who had never attained a credential and were not enrolled in 2009 had defaulted on a loan within 12 years. Among those who attained undergraduate certificates, the rate of defaulting within 12 years was 44 percent; for associate's degree recipients, it was 22 percent; and for bachelor's degree recipients, it was 8 percent.²



ACCORDING TO THE FEDERAL STUDENT AID OFFICE OF THE DEPARTMENT OF EDUCATION, STUDENT LOAN DEFAULT CAN HAVE SEVERE CONSEQUENCES³:

- The entire unpaid balance of your loan and any interest you owe becomes immediately due (this is called "acceleration").
- You can no longer receive deferment or forbearance, and you lose eligibility for other benefits, such as the ability to choose a repayment plan.
- You will lose eligibility for additional federal student aid.
- The default will be reported to credit bureaus, damaging your credit rating and affecting your ability to buy a car or house or to get a credit card.
- Your tax refunds and federal benefit payments may be withheld and applied toward repayment of your defaulted loan (this is called "Treasury offset").
- Your wages will be garnished. This means your employer may be required to withhold a portion of your pay and send it to your loan holder to repay your defaulted loan.
- Your loan holder can take you to court.
- You may not be able to purchase or sell assets such as real estate.
- You may be charged court costs, collection fees, attorney's fees, and other costs associated with the collection process.



PROVIDE STUDENTS WITH LOAN DEFAULT A SECOND CHANCE TO REPAIR THEIR CREDIT

- It may take years to reestablish a good credit record.
- Your school may withhold your academic transcript until your defaulted student loan is satisfied. The academic transcript is the property of the school, and it is the school's decision—not the U.S. Department of Education's or your loan holder's—whether to release the transcript to you.

WHAT DOES "REHABBING" A DEFAULTED LOAN MEAN?

If a borrower has a federal student loan, they can work with their loan holder to rehabilitate a defaulted student loan and bring their loan back into repayment status. Rehabilitation usually requires nine on-time monthly payments during a consecutive ten-month period. The loan holder sets the payment amounts, which are equal to 15 percent of the borrower's monthly discretionary income. If that amount is not affordable for the borrower, they can work with the loan holder to reach an agreement on an alternative amount. After successfully repaying nine installments at an agreed-upon amount over ten consecutive months, the loan will no longer be in default. Currently, students are afforded one opportunity to rehabilitate a federal student loan in default.

HOW CAN POLICIES ON REHABBING STUDENT LOANS BETTER SERVE TODAY'S STUDENTS?

Today's students should have the opportunity to rehabilitate their federal student loans twice. Many borrowers who default are individuals who never obtained a degree or credential and fell into financial hardship more than once. These students should have the opportunity to rehabilitate their federal student loans two times throughout the life of the loan. In addition, incurring student loan debt and defaulting at a young age can impact a student's ability to borrow a federal student loan for their rest of their life, and borrowers who want to return to postsecondary education shouldn't be hindered by doing so because of default as the result of financial hardship. Borrowers who make bad

financial decisions at a younger age should have an opportunity to restore their loan to good standing later in life, not just a single time at the same young age they made financial mistakes.

POLICY RECOMMENDATION:

Allow borrowers to rehab defaulted loans twice

Borrowers who have defaulted on a federal student loan should be allowed to rehabilitate such loan twice, under the same process and terms already set forth in statute.

¹ https://nces.ed.gov/programs/coe/indicator_cub.asp

² <https://nces.ed.gov/pubs2018/2018410.pdf>

³ <https://studentaid.ed.gov/sa/repay-loans/default#consequences>

1
2
3

TODAY'S STUDENTS BY THE NUMBERS

WHAT CHALLENGES DO TODAY'S STUDENTS FACE?

37%

OLDER THAN 25



64%

WORK WHILE
IN COLLEGE



24%

PARENTING



49%

FINANCIALLY
INDEPENDENT



31%

AT OR BELOW

FEDERAL
POVERTY
LINE

13%

LIVE ON CAMPUS



40%

PART-TIME



57%

ATTEND



STUDENT ENROLLMENT
INCREASES 1996-2010:

↑ 11% WHITE

↑ 240% HISPANIC

↑ 72% BLACK

EMERGENCY COSTS



Early data from the University Innovation Alliance (UIA), a coalition of eleven public research universities, shows that about **4,000 Pell-eligible college seniors**, who are in good academic standing, are at risk of being dropped from their classes or not allowed to graduate because **less than \$1,000 is owed to their institutions.**¹

VETERAN-STATUS

4% OF UNDERGRADS ARE VETERANS



but they face unique challenges, such as applying competencies learned in military service to civilian careers and academics.

COMPLETION

38%



OF STUDENTS with additional financial, work, and family obligations **leave school in their first year**²



**IT'S TIME TO
CHANGE THE FOCUS
OF FEDERAL POLICY
FROM 'HIGHER
EDUCATION' TO
'HIGHER LEARNING.'**