



# ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE



**Presentation Prepared for:**

**The Washington Higher Education  
Coordinating Board**

**December 15, 2005**



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# Overview of Presentation

- **About the Advisory Committee**
- **The Current Condition of Access and Persistence for Low- and Moderate-Income Students**
- **ACSFA HEA Reauthorization Recommendations**
  - **Partnership proposal**
  - **Simplification recommendations**



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# About the Advisory Committee

- **Independent:** Created by Congress in 1986
- **Purpose:** To advise Congress and the Secretary of Education on higher education and financial aid policy
- **Primary Goal:** To make recommendations that increase access and persistence for low- and moderate-income students

An independent committee created by Congress to advise on higher education and student aid policy



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# **The Current Condition of Access and Persistence**



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## The Current Condition of Access and Persistence

Postsecondary Enrollment Rates of 1992  
High School Graduates, by Family Income and  
Math Test Scores, at Four-year Public Colleges

TEST SCORES	Lowest Income Level	Highest Income Level
Lowest Scores	15%	27%
Middle Scores	33%	59%
Top Scores	68%	84%

Source: *Education Pays 2004*, pg. 30

Courtesy: Michael McPherson (2005)



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## The Current Condition of Access and Persistence

Distribution of First-time, Full-time Freshmen,  
by Income and Institutional Selectivity, Fall 1999

Selectivity of Institution	Lowest income (<\$20,000)	Highest income (>\$200,000)
2-yr public	39%	10%
2-yr private	3.7%	3.5%
Low-selective 4-yr	41.9%	35.4%
Medium-selective 4-yr	9.7%	25.6%
High-selective 4-yr	5.8%	25.5%

Source: McPherson and Schapiro, Handbook Essay

Courtesy: Michael McPherson (2005)



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## The Current Condition of Access and Persistence

Percentage of High School Graduates in 1992  
Earning a Bachelor's Degree or Higher by 2000

SES Quartile	Math Scores		
	High	Middle	Low
Highest	74%	51%	30%
Middle	47%	21%	7%
Lowest	29%	8%	3%

Source: NCES; Courtesy: The College Board



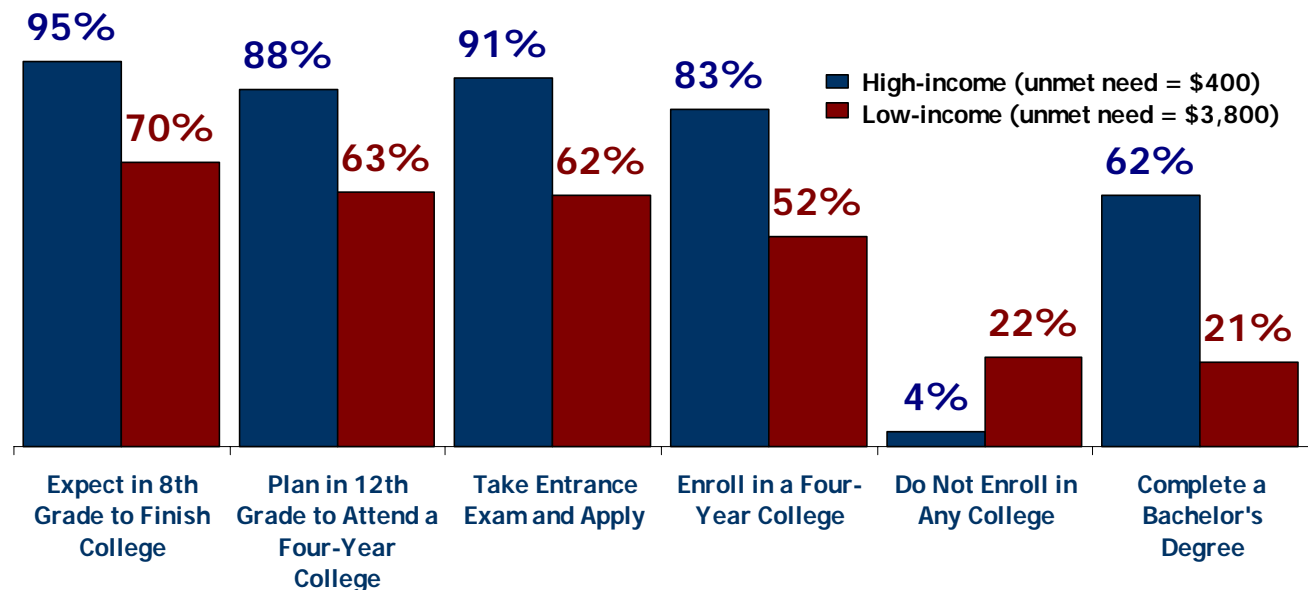
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# The Current Condition of Access and Persistence

## Key Findings from *Empty Promises*

FIGURE 12: THE FULL ACCESS PIPELINE  
College-Qualified High School Graduates



High unmet need has a significant sequential and cumulative impact on college-qualified low-income high school graduates throughout the Access Pipeline.

Source: Calculated from data in U.S. Department of Education, NCES (1997) and (2002)





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## The Current Condition of Access and Persistence Work/Loan Burden and Net Price

**TABLE 2: STUDENT WORK/LOAN BURDEN AND FAMILY NET PRICE  
FACING DEPENDENT STUDENTS AT 4-YEAR PUBLIC COLLEGES**

Parents' Income	Cost of Attendance	Expected Family Contribution	Total Grants	Student Work/Loan Burden*	Family Net Price**
\$0-9,999	\$15,054	\$ 221	\$5,966	\$8,867	\$9,088
\$10,000-19,999	\$14,191	\$ 655	\$5,841	\$7,695	\$8,350
\$20,000-29,999	\$14,538	\$ 1,542	\$5,300	\$7,696	\$9,238
\$30,000-39,999	\$14,638	\$ 3,016	\$3,697	\$7,925	\$10,941
\$40,000-49,999	\$14,721	\$ 4,869	\$2,531	\$7,321	\$12,190

Source: Thomas Mortenson, NCES, NPSAS 2004 data

\* Cost of attendance minus expected family contribution minus total grants

\*\* Cost of attendance minus total grants

**Net price or work-loan burden at four-year public colleges is rising steadily for students from low- and moderate-income families**



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## The Current Condition of Access and Persistence Work/Loan Burden and Net Price

In its publication, "What Every Student Should Know About Federal Aid," the American Council on Education (ACE) illustrates that the financial aid package of the lowest income resident students at a state university can now include over \$10,000 in annual work-loan burden: \$2,300 in work and nearly \$8,000 in loans per year.

TABLE 1: FINANCIAL AID PACKAGE  
State University, Resident Student

Cost of Attendance	\$17,279
EFC	– \$260
Financial Need	\$17,019
Federal Pell Grant	\$3,800
State Need-based Grant	\$2,000
Federal SEOG	\$1,000
Federal Work-Study	\$2,300
Federal Direct Subsidized Loan	\$2,625
Federal Perkins Loan	\$2,500
Federal PLUS Loan (recommended)	\$2,760
Total Aid	\$16,985
Unmet Need	\$ 34

Source: American Council on Education

Courtesy: National Association of Student Financial Aid Administrators



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## The Current Condition of Access and Persistence Enrollment Patterns by Income

**TABLE 2: ENROLLMENT PATTERNS OF  
COLLEGE -QUALIFIED 1992 HIGH SCHOOL GRADUATES, BY 1994**

Family Income in 1988	Type of First Institution by 1994		
	4-Year	Less Than 4Year	None
Less than \$20,000	<b>57.2%</b>	20.7%	<b>22.1%</b>
\$20,000 - \$34,999	59.6%	25.7%	14.7%
\$35,000 - \$49,999	65.7%	23.7%	10.6%
\$50,000 and above	<b>78.6%</b>	16.9%	<b>4.5%</b>

**Large differences exist in college enrollment rates  
among college-qualified high school graduates by family income**



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## The Current Condition of Access and Persistence Bachelor's Degree Attainment by Income

**TABLE 3: BACHELOR'S DEGREE ATTAINMENT RATES OF COLLEGE-QUALIFIED 1992 HIGH SCHOOL GRADUATES, BY 2000**

Family Income In 1988	Percent Earning Bachelor's Degrees By 2000		
	All Students	Students Whose Parents Did Not Attend College	Students Whose Parents Did Attend College
Less than \$20,000	<b>38.4%</b>	32.9%	<b>41.1%</b>
\$20,000 - \$34,999	46.1%	38.2%	48.7%
\$35,000 - \$49,999	55.5%	43.9%	59.9%
\$50,000 and above	<b>71.4%</b>	60.5%	<b>73.7%</b>

Source: NELS:88/2000. Analysis by JBL Associates

**Large differences exist in bachelor's degree attainment rates among college-qualified high school graduates by family income**

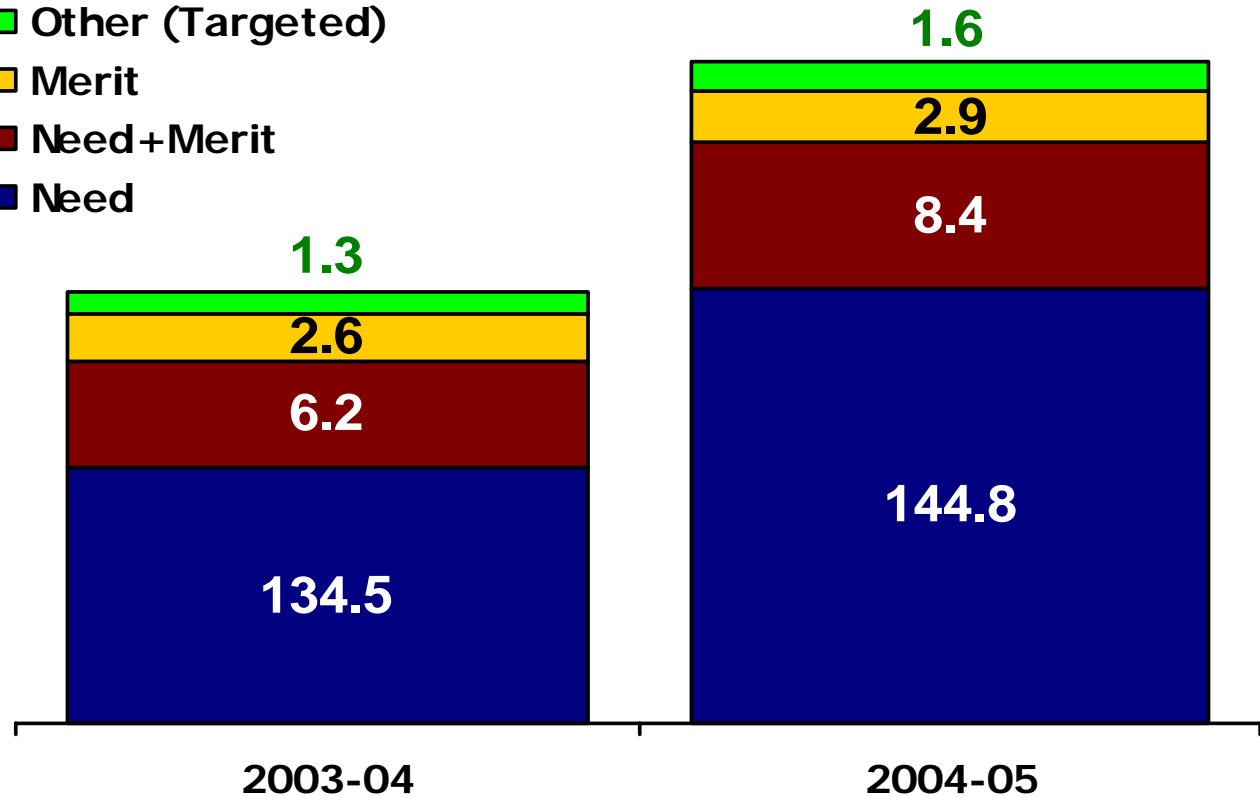


ACSFA



## WASHINGTON GRANT AID (in Millions)

- Other (Targeted)
- Merit
- Need+Merit
- Need



Source: Higher Education Coordinating Board



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## The Current Condition of Access and Persistence

### STUDENT WORK/LOAN BURDEN AND FAMILY NET PRICE FACING DEPENDENT STUDENTS AT FOUR-YEAR PUBLIC COLLEGES IN ILLINOIS, 2003-2004

Parents' Income	Cost of Attendance	Expected Family Contribution	Total Grants	Student Work/Loan Burden	Family Net Price
\$0 – 19,999	\$14,829	\$834	\$7,597	\$6,398	\$7,232
\$20,000 – 39,999	\$15,015	\$2,630	\$6,244	\$6,141	\$8,771

Source: Thomas Mortenson, NCES, NPSAS 2004 data

\* Cost of attendance minus expected family contribution minus total grants

\*\* Cost of attendance minus total grants



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## The Current Condition of Access and Persistence

### Percentage of Family Income Required to Pay for College at Public 4-year Colleges (2004)

<b>National Ranking (#1 = Best) All income levels</b>	<b>Lowest Income Quintile</b>	<b>Highest Income Quintile</b>
Idaho (#3) 21.5%	46.4%	12.3%
National Average 28.5%	68.6%	13.7%
Illinois (#36) 29.9%	72.3%	9.1%
Washington (#37) 31.2%	75.8%	14.8%
Montana (#38) 31.2%	71.6%	16.2%
Oregon (#46) 33.8%	79.5%	16.8%

Source: *Measuring Up: the State-by-State Report Card* (2004)



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# **ACSFA HEA Recommendations**





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# ACSFA HEA Recommendations

- **ACSFA's role in HEA Reauthorization:**
  - Provide **technical assistance** to House and Senate staff across a broad range of student aid issues.
  
- **ACSFA made two recommendations:**
  - To create a new **access and persistence partnership**; and
  - To **simplify student aid** delivery, forms, and processes from middle school through degree completion.



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# ACSFA HEA Recommendations

## ACSFA Partnership Proposal

### ➤ **Delivered to Congress May 2003**

**Recommendation:** Create an access and persistence partnership between the federal government, states, colleges, and private philanthropic groups.

#### **Purpose:**

- Implement a comprehensive strategy effectively aimed at all of the factors that affect access and persistence.
- Improve integration and coordination among existing programs.

**Objective:** Provide low-income students with:

- Adequate grant aid to reduce work-loan burden
- Early assurances of financial aid to four-year institutions
- Incentives to increase participation in early intervention programs



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## ACSFA HEA Recommendations

ACSFA  
PARTNERSHIP  
PROPOSAL



GRANTS FOR  
ACCESS AND  
PERSISTENCE  
(GAP)

- GAP was originally included in Senator Reed's (RI) ACCESS Act (S. 1029) in May of 2005
  - Co-sponsors: Senators **Patty Murray (D-WA)**, Edward Kennedy (D-MA), and Susan Collins (R-ME)
- GAP is currently included in the Senate HEA bill (S. 1614)
- GAP replaces Special LEAP



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# Grants for Access and Persistence

## **OBJECTIVES** *(As written in S.1614):*

"To **expand college access and increase college persistence** by making allotments to States to enable the States to:

- **Expand and enhance partnerships** with institutions of higher education, early information and intervention, mentoring, or outreach programs, private corporations, philanthropic organizations, and other interested parties;
- **Provide coordination and cohesion among Federal, State, and local governmental and private efforts** that provide financial assistance to help low-income students attend an institution of higher education;
- **Provide need-based grants** for access and persistence to eligible low-income students;
- **Provide early notification** to low-income students of the students' eligibility for financial aid; and
- **Encourage increased participation** in early information and intervention, mentoring, or outreach programs."



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# Grants for Access and Persistence

## DESIGNED FOR DIVERSITY

- **GAP was designed with the knowledge that states vary greatly across the following dimensions:**
  - Size of state grant program
  - Number and types of institutions of higher education
  - Type of governance structure
  - Level of involvement in early outreach
  - Level of Philanthropic/Foundation support
  - Strength of Economy/Industry

***GAP is designed to work in any state, as an incentive for developing new college access programs or to coordinate existing ones in high-activity states.***



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# Grants for Access and Persistence

## *Washington is a high-activity state*

- Comparatively large state need-based grant program
- High number of institutions
- Strong State Agency
  - Washington Higher Education Coordinating Board
- Strong early outreach efforts
  - Washington GEAR UP
  - NELA Center for Student Success
  - Washington State Achievers Program
- Strong Foundation Support
  - Washington Education Foundation
  - Bill and Melinda Gates Foundation
- Strong Economy



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# Grants for Access and Persistence

## THE PARTNERS

1. The **State Agency**
2. At least **1 public and 1 private institution of higher education** in the state (if applicable);
3. A new or existing **early information and intervention, mentoring, or outreach program** in the state; and
4. At least **1 philanthropic organization** located in the state **OR 1 private corporation** located in, or that does business in, the state

*In combination with the federal share of the matching funds, resources (monetary or in-kind) are pooled together from these partners to provide participating low-income students with supplemental grant aid that reduces their unmet need and work/loan burden.*



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# Grants for Access and Persistence

## THE ROLE OF STATE AGENCIES

- Manage and coordinate the partnership and apply for the grant
- Provide early information about GAP grants, other financial aid and early outreach programs to eligible students in the state
- Maintain levels of state need-based grant aid from year to year

*States have flexibility to tailor the partnerships in ways that meet each state's individual needs*

**State Agency in Washington:**

**The Washington Higher Education Coordinating Board**





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# Grants for Access and Persistence

## THE ROLE OF INSTITUTIONS

- Recruit and admit qualified GAP-grant students
- Provide additional grant aid as arranged with State Agency
- Provide support services to enrolled GAP students
- Assist the state in identifying and providing information to GAP-eligible students
- May provide funding for/provide directly: early information, intervention, mentoring or outreach services

### Examples of Institutions in Washington:

**University of Washington and Washington State Systems, 20+ Private Institutions, 30+ Community/Technical Colleges, etc.**



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# Grants for Access and Persistence

## THE ROLE OF EARLY INFORMATION AND INTERVENTION, MENTORING, OR OUTREACH PROGRAMS

- Assist State Agency in providing early notification of eligibility for financial aid
- Provide direct services, support, and information to participating students
  - Academic preparation
  - Information about college and financial aid
  - Encouragement and support on the road to college

### Examples of Early Outreach Programs in Washington:

**Washington GEAR UP**

**Washington State Achievers Program (WSAP)**

**NELA Center for Student Success**



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# Grants for Access and Persistence

## THE ROLE OF PHILANTHROPIC GROUPS/ PRIVATE CORPORATIONS

- Provide cash or in-kind\* support for
  - Student GAP grants OR
  - Services for students (early outreach, information, mentoring)

*\*"In-kind" support is defined as a non-cash award that has monetary value, such as books, room and board, transportation passes, etc.*

### Examples of Private Entities in Washington:

Washington Education Foundation

Microsoft Corporation

Amazon.com



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# Grants for Access and Persistence

## IF GAP PASSES, WASHINGTON HECB WOULD NEED TO TAKE THE FOLLOWING STEPS TO BEGIN PARTICIPATING IN GAP:

- **Identify possible partners (new or existing)**
  - Early outreach/mentoring programs
  - Institutions
  - Private philanthropic groups
  - Private corporations
- **Identify the contributions that each partner can make**
  - Identifying and notifying GAP-eligible students
  - Student support services
  - Cash or in-kind contributions
- **Draft plan for implementing GAP activities**
- **Apply to Department of Education**
- **Implement GAP with first cohort of junior high school students**



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# Grants for Access and Persistence

## WASHINGTON STUDENTS WOULD BE ELIGIBLE TO RECEIVE A GAP GRANT IF THEY:

- Are “**low-income**,” meaning they qualify for:
  - A Zero Expected Family Contribution (EFC), or
  - Free or reduced-price lunch, or
  - The state maximum undergraduate award;
- Are currently, or have in the past, **participated in an early information and intervention, mentoring, or outreach program**;
- Graduate from a Washington high school;
- Have enrolled, or will enroll, at an institution of higher education that is in Washington, and
- Have submitted a FAFSA



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# Grants for Access and Persistence

## HOW IS GAP DIFFERENT THAN SPECIAL LEAP (SLEAP)?

### SPECIAL LEAP MATCHING FORMULA:



### GAP MATCHING FORMULA:



*For partnerships with a number of institutions whose combined full-time enrollment represents **LESS than a majority** of all FTE students in the State*

*For partnerships with a number of institutions whose combined full-time enrollment represents **a majority** of all FTE students in the State*



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# Grants for Access and Persistence

## POTENTIAL CONCERNS

- **GAP is not currently in the House HEA reauthorization bill**
- **There are no new federal \$\$\$ at this time**
  - Weak federal incentive for states to develop partnerships and implement new GAP activities
- **No Administrative Cost Allowance for states to cover the cost of implementing new GAP activities, such as:**
  - Provide early notification of GAP grant eligibility to eligible students as early as middle school
  - Track participating students to degree completion



# ACSFA



## ACSFA HEA Recommendations

- ***The Student Aid Gauntlet Report***
  - One-year study from Congress
  - Ten recommendations to simplify the application process and specific aspects of need analysis
- **Examples of Key Recommendations:**
  - Create a comprehensive system of early financial aid information
  - Simplify the paper FAFSA
  - Simplify and streamline FAFSA on the Web





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# ACSFA HEA Recommendations

## RECOMMENDATION: CREATE A COMPREHENSIVE SYSTEM OF EARLY FINANCIAL AID INFORMATION

- Implemented by **the Secretary**
- Provide **age-appropriate**, early financial aid information to low-income middle school students, high school students, their parents, and adult learners that includes:
  - Notification to families who participate in **federal means-tested benefit programs** of their potential eligibility for a maximum Pell Grant
  - A national financial aid **public awareness campaign**
  - **Early estimates** of financial aid eligibility
  - **A pilot program** with states and institutions to determine how to provide early estimates of state and institutional aid and improve the SAR



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# ACSFA HEA Recommendations

## EXHIBIT 2: ACSFA RECOMMENDATIONS IN HEA REAUTHORIZATION

RECOMMENDATION	Senate Bill	House Bill (H.R. 609)
1. Create a System of Early Financial Aid Information	●	◐
2. Make Federal Need Analysis Transparent, Consistent, and Fair	◐	◐
3. Expand Existing Simplification to More Students	●	◐
4. Allow All Students to Apply for Financial Aid Earlier	◐	◐
5. Make the FAFSA Relevant and Understandable	◐	◐
6. Create a Simpler Paper Form for Low-Income Students	●	●
7. Phase Out the Full Paper Form and Increase Use of Technology	●	◐
8. Simplify and Streamline FAFSA on the Web	●	●
9. Simplify the Verification Process		
10. Create a National Access and Persistence Partnership	●	



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# HEA Reauthorization Update



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# Questions



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