Access & Persistence

ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE

SPRING/SUMMER 2007

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MESSAGE FROM THE CHAIR

As we approach the reauthorization of the Higher Education Act once again, the price of college and the complexity in the student aid delivery system continue to be central to the discussions. Advisory Committee Vice Chair Dr. Claude O. Pressnell recently discussed these issues and their impact on low- and moderate-income students before the U.S. House Committee on Education and Labor, Subcommittee on Higher Education, Lifelong Learning, and Competitiveness. Dr. Pressnell presented data on financial barriers to higher education as outlined in previous Advisory Committee reports. He also highlighted the Committee's partnership proposal from *The Student Aid Gauntlet* (2005) as one practical strategy to increase need-based aid and expand the pool of college-qualified high school graduates over time.

The Advisory Committee examined the issue of complexity within the current delivery system in *The Student Aid Gauntlet* and offered ten recommendations that could simplify the process for students and families. Since this report, additional proposals for simplifying the student aid formula have been introduced. In response to these suggestions, the Advisory Committee has studied the extent to which the formula for determining the expected family contribution (EFC) for federal student aid programs can be simplified without significant adverse effects. Preliminary findings from that examination are highlighted in this issue of *Access & Persistence*.

Another pressing issue involves the affordability of college textbooks. In May 2006, Representative Howard P. "Buck" McKeon (R-CA), former chair of the U.S. House Education and Labor Committee, and Representative David Wu (D-OR) requested that the Advisory Committee examine this issue. The Advisory Committee's most recent report, *Turn the Page: Making College Textbooks More Affordable*, is the culmination of this year-long study. It highlights efforts by stakeholders to make college textbooks more affordable and offers short-term and long-term solutions that can be embraced by all stakeholders. The examples discussed in the report were gathered during regional hearings in Chicago, Illinois; Santa Clarita, California; and Portland, Oregon. This issue provides a summary of the California and Oregon regional hearings. A summary of the Illinois hearing can be found in the Winter 2007 edition.

Focal points of the Advisory Committee's June 5th hearing in Washington DC included the issue of college textbook affordability, legislative proposals to reduce complexity in the student aid delivery system, and the Committee's study of college access programs and their delivery of early financial aid information. Key stakeholders in the textbook affordability issue commented on the study's report. In addition, congressional staff discussed current legislative proposals for simplifying the student aid application and delivery processes. Over the coming months, the Advisory Committee will continue to track these and other issues related to student financial assistance. ◆

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

REGIONAL HEARING SUMMARIES

In a letter to the Advisory Committee dated May 26, 2006, U.S. House Committee on Education and Labor members Howard P. "Buck" McKeon (R-CA) and David Wu (D-OR) cited concerns about the rising cost of college textbooks compounding overall financial barriers that hinder access to a college degree, and requested that the Advisory Committee undertake a Study on the Affordability of College Textbooks. Recommendations on ways to make textbooks more affordable are part of the Advisory Committee's final report to Congress; *Turn the Page: Making College Textbooks More Affordable* was released in May 2007 and is available at www.ed.gov/ACSFA.

To hear from the public and the higher education community, the Advisory Committee held three one-day field hearings to gather information and commentary. The first field hearing was held in Chicago, Illinois on December 18, 2006; the second in Santa Clarita, California on March 5, 2007; and the third in Portland, Oregon on April 13, 2007. These field hearings brought together a diverse group of stakeholders, including students, faculty, postsecondary administrators, state higher education representatives, bookstore managers, publishers, technology specialists, and others. The Chicago hearing was summarized in the Winter 2007 edition of *Access & Persistence*.

Summaries of the Santa Clarita and Portland hearings follow. Each consisted of two sessions, the first a discussion of textbook affordability strategies, and the second an opportunity for public comment on the study.

Santa Clarita, California Field Hearing

Session One: Textbook Affordability

Prior to the panelists' testimony, Mr. Robert Cochran, Chief of Staff, Office of Representative Howard P. "Buck" McKeon, noted that Representative McKeon has long been concerned about the rising costs associated with obtaining a college degree, including both textbook and college tuition prices. Data on educational costs show that textbook prices are increasing faster than tuition and fees. The information on textbook prices gathered thus far by the Advisory Committee has indicated that educators and institutions are aware of the issue and thinking creatively to solve problems.

Dr. Steven Boilard, Director of Higher Education, California Legislative Analyst's Office, discussed the California legislature's activities on textbook costs. The legislature is evaluating action in three areas: subsidizing textbook costs, providing information about costs, and creating incentives for institutions. In terms of subsidies, recently introduced bills have proposed textbook grant programs and adjustments to the living stipend for CalGrant B. Bills that would encourage release of information include various disclosure bills with similarities to a Connecticut statute. Another possible legislative option, as yet unexplored, would be creating incentives for institutions to keep textbook costs down by linking state-defined cost targets to student fee levels.

Mr. Hal Plotkin, President, Board of Trustees, Foothill-De Anza Community College District, spoke on the district's open educational resources (OER) policy, the first such policy created by a community college. The policy provides support to faculty who want to develop and use OER materials as a substitute for commercial textbooks. It was created not simply to bring down the price of educational materials, but to attempt to replace commercial textbooks with other free or less expensive educational products. The Advisory Committee can help by encouraging the use of OER.

Dr. Martha Kanter, Chancellor, Foothill-De Anza Community College District, described the components that comprise the Foothill-De Anza OER system. Colleges and universities nationwide are taking responsibility for leveraging different Internet resources to increase communal affordability and access to educational materials through OER; thus, a wide set of tools are available. Federal and state governments can help by assisting with quality assurance and articulation and transfer guidelines.

Mr. Robert C. Strong, General Manager, San Francisco State University (SFSU) Bookstore, and Lecturer, SFSU College of Business, provided his perspective on the cost of textbooks as both a bookstore manager and instructor. To approach the textbook cost issue, faculty can emphasize the importance of new edition purchase to students, or allow them to purchase older editions and adopt them for class use. Bookstores can reduce price by using a declining price model over edition life in the textbook buy-back process. To solve problems with costs for his own courses, Mr. Strong may have the bookstore carry both the new and most recent previous textbook editions, as well as use OER to develop materials.

Ms. Beth Asmus, Dean of Special Programs, Financial Aid Office, College of the Canyons, and President, California Community Colleges Student Financial Aid Association, made a presentation on the problems of textbook affordability within the California Community College system (CCC). The typical CCC student spends twice as much on books per semester as is allocated in the budget guidelines for student aid. Book grants, bookstore credit, and vouchers are available, as well as used book swaps. However, the cost of textbooks is still the number one reason cited by students when they do not complete courses, and, therefore, represents a major problem in terms of college affordability.

Mr. Thomas Scotty, Vice President, Sales and Operations, Bedford, Freeman, and Worth Publishing Group (BFW), spoke on the types of alternative textbooks, both print and electronic, that his company makes available to meet the needs of faculty and students. These offerings include various no-frills print editions, as well as subscription e-books, supplements, and online course management systems. BFW's alternative textbook offerings are comprehensive and bookstores cannot stock all items; thus, publishers must raise awareness of options directly with faculty and students.

Mr. Thomas Bauer, Director of Auxiliary Services, San Mateo County Community College District (SMCCCD), provided information on the bookstore management's activities to reduce textbook costs. Bookstore staff and management serve as a communications fulcrum among various stakeholders, including students, faculty, university administrators, and state agencies and legislators, ensuring such things as implementation of recommendations on costs, early submission of book orders, and the availability of used books. The bookstore has also been involved in fundraising for textbook scholarships and the development of a rental program.

Session Two: Public Comment

Mr. Leon Marzillier, President, District Academic Senate, Los Angeles Community College District, spoke on community college faculty concerns about textbooks. Many community college students drop classes or forgo textbook purchase because of cost. In response to this, some faculty design courses without textbooks, posting their own materials on the Web. However, community college courses that do not use textbooks are not always allocated credit during the transfer and articulation processes. These observations led the Academic Senate for California Community Colleges to adopt a resolution encouraging faculty to consider the cost of books and encouraging publishers to adopt cost sensitive business, production, and pricing policies.

Ms. Aimee Marie Munoz-Lopez, Chair, Textbook Affordability Committee, Associated Students of University of California, Davis (UCD), and Co-Coordinator of the Affordable Textbooks Campaign, California Public Interest Research Group (CALPIRG), provided a student perspective on textbook affordability. Research by CALPIRG shows that certain publishing practices—such as frequent new editions and bundling—inflate prices. Solutions to this within the UC system include rental programs, custom textbooks, and disclosure legislation; however, these are all temporary solutions. A long-term solution would be market-based and regulated by legislation.

Mr. Don Newton, General Manager, City College of San Francisco (CCSF) Bookstores, made a presentation on efforts by CCSF and the Bay 10 Consortium to reduce textbook costs in two areas: changing bundling procedures and creating custom cover editions. The State of California's initiative AB 2477 requires bookstores to work with other stakeholders to review timelines, procedures, and bundling practices. Many colleges now use the CCSF book ordering form developed in response to AB 2477 to resolve questions when adopting bundles. The Bay 10 Consortium is attempting to combine book purchases for similar courses in order to create custom cover editions of textbooks at savings of 35 percent or more. Group ordering enables significant price negotiation.

Mr. Sean Wakely, President, Thomson Arts and Sciences, spoke on publishers' best practices to meet the needs of faculty and students for affordable instructional materials. Publishers have added content options and supplements in order to enhance teaching and learning, but are equally willing to offer a wide variety of lower cost options, such as no-frills editions and custom books.

Dr. Diana Watkins, Computer Networking Professor, College of the Canyons, described her experience teaching with online materials only, including tests, labs, and teaching supplements, a decision made by the computer department to increase relevancy, enable easy updating, and reduce costs. Internet access is included in the per unit fee for California community colleges, thereby reducing costs. Online materials are more relevant because books for computer courses are typically outdated after six months. The main challenge of using online materials is that courses take three times as long to develop and administer.

Portland, Oregon Field Hearing

Session One: Textbook Affordability

Prior to the panelists' testimony, Dr. Shawn Smallman, Vice Provost for Instruction and Dean of Undergraduate Studies at Portland State University (PSU), welcomed the Advisory Committee to the institution on behalf of the President of PSU.

Congressman David Wu then provided the keynote address. His office has heard more on the high cost of college textbooks from students in Oregon and around the country than on any other education issue. Rather than move directly to legislation as a means of addressing textbook costs, he and Representative Howard P. "Buck" McKeon asked the Advisory Committee to conduct the textbook study to further evaluate the issue. Any proposed solutions to the problem of textbook costs will need to respect academic freedom, the role of students, and the position of all stakeholders involved.

The first panelist was Dr. Michael Sonnleitner, Political Science Instructor and Textbook Taskforce Chair, Portland Community College (PCC), who spoke about PCC's taskforce, created in 2006. The textbook taskforce developed recommendations for the institution, faculty, and staff. These included assistance with obtaining copyright permission, use of tax credits, limitations on faculty royalties, lifting of reimportation bans, and rules concerning free sample copies.

Mr. Bryan Pearce, Chief Executive Officer, University Book Store, University of Washington (UW) explained how the University Book Store's organization as a corporate trust helps reduce textbook costs. The bookstore is able to set lower prices based on the expected annual profit it will generate from the sale of other merchandise. In addition, the bookstore offers a patronage rebate, need-based textbook scholarships, a giveaway program, and a free online exchange program. Mr. Pearce also discussed recent legislative efforts in the state of Washington to waive sales tax on textbooks and to establish disclosure legislation.

Mr. David Rosenfeld, Program Director, Student Public Interest Research Groups (Student PIRGs), spoke about the Make Textbooks Affordable Campaign, started in 2003, which involves research on high textbook costs, education of faculty and students, development of a national online textbook exchange site, and creation of sample legislation for states. Mr. Rosenfeld also addressed solutions involving technology: electronic materials that are high quality, provide open access, and are available in print versions hold the greatest potential for student satisfaction and cost reduction.

Mr. Ken Brown, President and CEO, Portland State University (PSU) Bookstore, described the bookstore, which attained nonprofit status in 2005. It uses money saved on taxes to reduce profit margins on textbooks and provide need-based textbook scholarships. In addition, the bookstore has a strong used textbook and buy-back program. Mr. Brown also discussed rental programs. The savings provided through rental programs are generated when faculty agree to use the same text for a longer period and when the institution agrees to receive less revenue from textbooks. These same objectives can be accomplished without a rental program by the bookstore working with faculty and administrators.

Dr. Mark R. Nelson, Digital Content Strategist, National Association of College Stores, discussed the role technology can play in making textbooks more affordable. For digital technology to be successful, copyright issues need to be addressed, as well as the digital divide among students, and issues pertaining to user abilities and expectations. In the short term, technological options are not likely to provide solutions due to high costs; however, in the long term, once standards are established and production and distribution processes are more efficient, technological options will be viable.

Dr. Gerard L. Hanley, Executive Director, MERLOT, Senior Director, Academic Technology Services, California State University (CSU) Office of the Chancellor, described the goals of CSU's two major initiatives to help reduce textbook costs: to enhance learning and teaching processes through the use of technology, and to increase academic success. The first initiative is the Multimedia Educational Resource for Learning and Online Teaching (MERLOT), an online repository of digital content supported by an international cooperative. The second initiative is the CSU digital marketplace, a site that will connect faculty and students with traditional publishers and other types of content providers in one central electronic location. CSU is working with many partners and plans to make its digital marketplace available in pilot form by the fall of 2007.

Dr. Richard G. Baraniuk, Victor E. Cameron Professor, Electrical and Computer Engineering Department, Rice University, and the founder of Connexions, made a presentation on Connexions, an online repository of educational materials and information. These materials come in a range of forms, from digital learning objects to "born" digital content to full Web courses. Connexions also offers a print-on-demand service that prints and binds the content combination selected by users into a paperback or hardcover, full-color traditional textbook for an affordable price. In the month of March 2007, Connexions was used by over 600,000 people in 200 different countries.

Mr. Fred Beshears, Former Senior Strategist, Educational Technology Services, University of California (UC), Berkeley, explained his proposal for developing a cooperative among institutions to purchase electronic educational content from Open University (OU) in the United Kingdom. The content could be used for the 100 largest courses at an institution. If 1,000 institutions paid a $75,000 annual access fee, then a large school such as UC Berkeley could pass on savings to students in the form of a $3.25 course materials fee.

Session Two: Public Comment

Mr. Bart Stewart, Technology Specialist, Addison Wesley/ Benjamin Cummings, spoke on MyMathLab (MML), a series of online courses that correspond to Pearson textbooks and provide learning aids, assignments, and assessments. MML has effectively increased student success and retention. Mr. Stewart suggested that educational materials in the future will likely be more modularized, personalized, and accessible.

Mr. John Arle, Instructor, Biology Department, Phoenix College, and Faculty Mentor, A&P Wiley Faculty Networks, discussed the move in his courses from traditional textbooks to the sole use of electronic materials. Students still have the option to purchase print textbooks if they prefer, but the electronic materials are one-third the cost of traditional print materials.

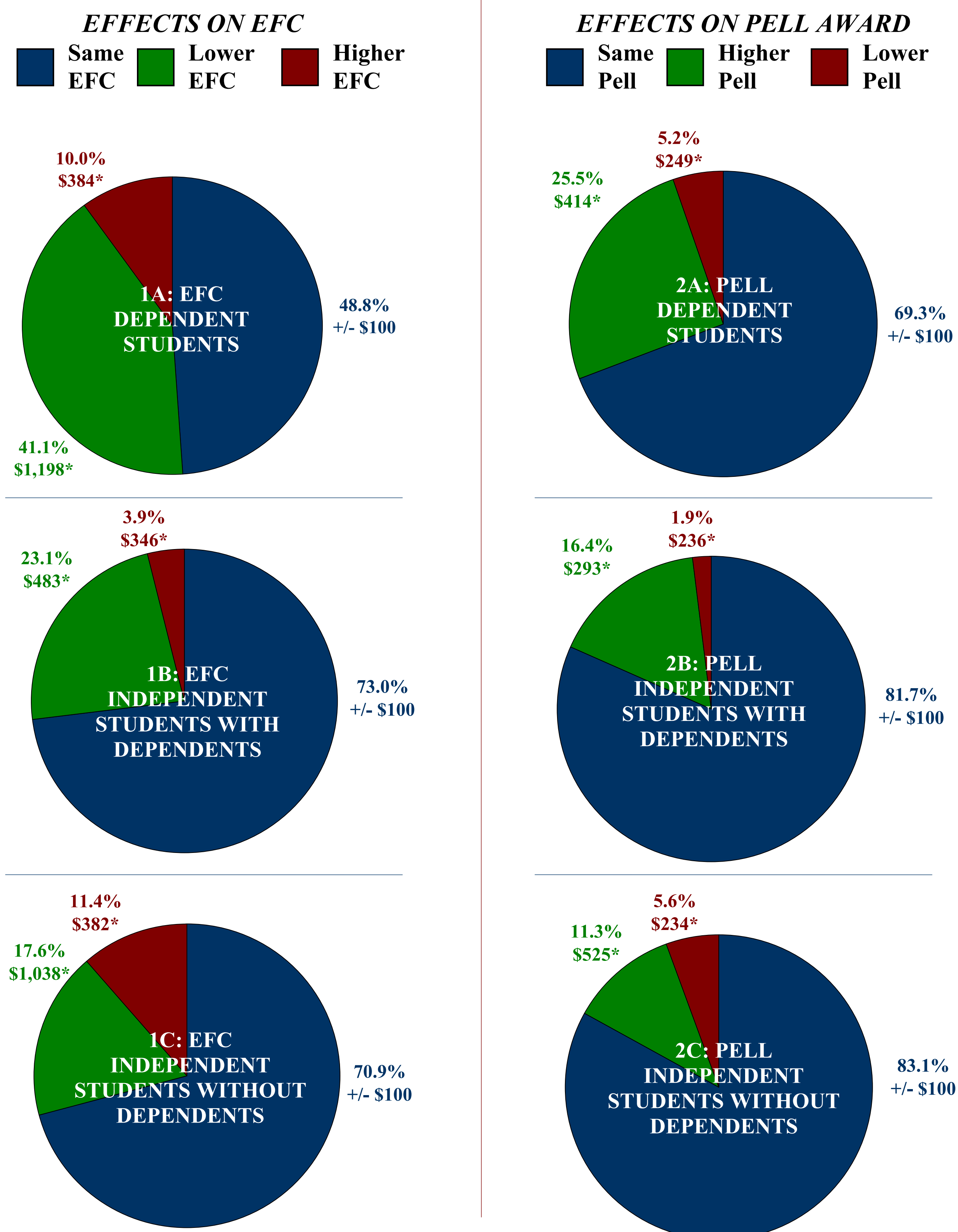
Ms. Jolene Willson, Campaign Coordinator, Make Textbooks Affordable Campaign, Oregon State Public Interest Research Group (OSPIRG), Portland State University (PSU), spoke on the textbook resolution recently accepted by the PSU faculty senate. It encouraged faculty to choose more affordable course materials, identify prices, turn textbook orders in on time, use the same textbook for three years, and make available low-cost materials options.

Mr. Brian Lynch, Chief Operating Officer, Railway Media, described an electronic reader called the Iliad to which content such as electronic books can be downloaded from the Internet and stored. The device has a wireless connection and storage for dozens of e-books. Mr. Lynch proposed that institutions implement this electronic reader through a pilot program.

Ms. Megan Driver, Board Chair, Oregon Student Association, Director of State Affairs Task Force, Associated Students of Oregon State University, described the financial burden textbooks place on Oregon students, who, nationwide, take out the highest percentage of loans to pay for college. State legislation SB 365 proposes to improve transparency regarding textbook costs. ◆

A more detailed summary of the hearing can be accessed on the Advisory Committee's website at www.ed.gov/ACSFA.

EXHIBIT 1: SUBSTITUTING AGI FOR TOTAL INCOME



* Median Change

FEASIBILITY OF FEDERAL EFC SIMPLIFICATION

Legislators hope to reduce the number of questions on the free application for federal student aid (FAFSA) by reducing the number of data elements required to determine the expected family contribution (EFC). The EFC or need analysis formula drives the distribution of Pell Grants and most other federal, state, and institutional aid. The Advisory Committee study explores the extent to which the EFC formula for federal student aid programs can be simplified without significant adverse effects for students. Redistribution—that is, lower, higher, or similar family contributions and Pell awards—is one possible outcome of reducing the number of data elements on the FAFSA. Thus, simplifying the FAFSA poses potential risks and benefits to students.

Description of Models

The study database was provided by the U.S. Department of Education and includes over 500,000 FAFSA filers from 2004-05. Several models exist that reduce the number of data elements in the formula, and the Advisory Committee is examining redistribution under three models for each of the three different dependency statuses (dependent, independent with dependents other than a spouse, and independent without dependents other than a spouse): Model 1 substitutes adjusted gross income (AGI) for total income[1] (eliminates FAFSA worksheets A, B, and C); Model 2 eliminates asset information[2]; and Model 3 substitutes AGI for total income and eliminates asset information.[3] Automatic-zero EFC applicants are included in these calculations although changes to the formula under each model do not affect their aid allocations. The auto-zero threshold in 2004-05 was $15,000.

Overview of Model 1 Preliminary Findings

Exhibit 1 shows that for all three dependency statuses, redistribution occurs when AGI is substituted for total income: more students have a lower EFC and higher Pell Grant than a higher EFC and lower Pell Grant. This means more students win by receiving more grant aid than lose by receiving less aid. For example, 41 percent of dependent students have a lower EFC and 11 percent have a higher EFC. The same pattern holds true for independent students, although the majority retain the same EFC and Pell Grants (73 percent and 82 percent for independents with dependents and 71 percent and 83 percent for independents without dependents).

It also appears that gains by students with lower EFC are higher than losses by those with higher EFC. As shown in Exhibit 1, for dependent students, the absolute value of the median change in EFC is three times greater for the lower EFC group ($1,198) than for the higher EFC group ($384). Although smaller in magnitude, the same holds true for Pell Grant redistribution. For example, the median change in Pell Grant award for dependent students with a higher Pell Grant is $414, while the median change for dependent students with a lower Pell Grant is $249.

In conclusion, the redistribution effects of Model 1 would reduce EFC and increase Pell Grant awards on average for all dependency statuses. In addition to simplifying the FAFSA, this change would benefit students financially. It would also necessitate increased funding of several financial aid programs to cover the increase in total aggregate financial need of all aid applicants. The Advisory Committee does not offer judgments on whether the observed effects of redistribution, simplification, and cost are acceptable. Instead, the study provides objective data for policymakers to use in making those decisions. In the upcoming months, the Advisory Committee will share additional findings of Model 1, as well as preliminary results from Models 2 and 3, with the financial aid and policy communities to determine the most promising approaches to EFC simplification. Moreover, additional phases of the study will determine the effects of using prior, prior year financial data to allocate aid and design a pilot study to assess the feasibility of using IRS data to pre-populate the FAFSA. ◆

[1] Removes 40 questions from the FAFSA for dependent students; 20 questions for independent students.

[2] Removes 6 questions from the FAFSA for dependent students; 3 questions for independent students.

[3] Removes 46 questions from the FAFSA for dependent students; 23 questions for independent students.

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MEET AN ADVISORY COMMITTEE MEMBER

Mr. Robert M. Shireman
President
The Institute for College Access & Success, Inc.

Robert M. Shireman was appointed by the Speaker of the House in January 2004 and reappointed in September 2006 to serve a term that expires in September 2009. He is the Founder and President of The Institute for College Access and Success, a nonprofit policy research organization that works to make higher education more available and affordable for people of all backgrounds. Best known for its Project on Student Debt and the EconomicDiversity.org database, the Institute also developed the launch version of the College Access Marketing website for the Pathways to College Network and is the ongoing sponsor of www.StudentLoanWatch.org and other projects. Mr. Shireman, one of the nation's leading experts on college access and financial aid, is also a visiting scholar at the University of California, Berkeley, Center for Studies in Higher Education. He has served as an advisor to the Aspen Institute, the Stuart Foundation, the Education Trust-West, and others, and has authored articles in the *New York Times*, the *Washington Post*, the *Los Angeles Times*, and the *Chronicle of Higher Education*. As a Senior Policy Advisor in the Clinton White House and, previously, as an aide to Senator Paul Simon, Mr. Shireman's accomplishments included helping to engineer reforms of college aid, to create the America Reads and GEAR UP programs, and to promote Hispanic education investments. Prior to founding the Institute in January 2003, he led the James Irvine Foundation's efforts to improve college access and success in California through campus diversity grants and advocacy efforts. Mr. Shireman holds a BA in economics from the University of California at Berkeley, and masters degrees from Harvard (education) and the University of San Francisco (public administration). ◆

ACSFA Announcements

Members and staff bid farewell to **Erin Renner**, who joined the Committee in 2005. Over the past year, Erin has ably served as Director of Government Relations. Erin accepted a position with the Office of Senator Edward M. Kennedy (D-MA), effective April 30, 2007.

Dr. Michelle Asha Cooper, Director of Policy Research, has been promoted to Deputy Director of the Advisory Committee. Committee members and staff and the higher education community offered congratulations to Michelle on her new position.

In June, **Mr. Allison Jones**, Assistant Vice Chancellor of Student Academic Support at California State University, was appointed by the Secretary of Education to the Advisory Committee to serve a term that expires in September 2008.

ACSFA is seeking to hire an **Assistant Director** and **Graduate Research Assistant** to work as part of a small multi-disciplinary team. For more information, please see the job description on our website.

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