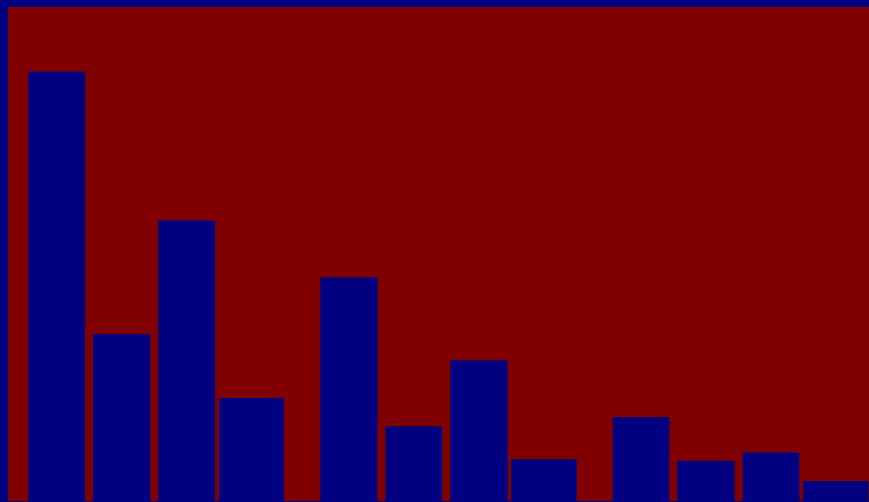


# **APPLY TO SUCCEED**

**ENSURING COMMUNITY COLLEGE STUDENTS  
BENEFIT FROM NEED-BASED FINANCIAL AID**



**A REPORT OF**

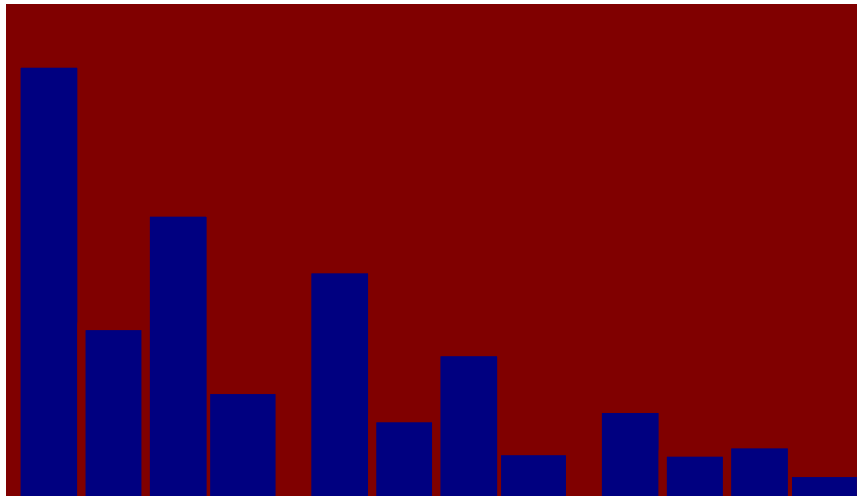
**THE ADVISORY COMMITTEE ON  
STUDENT FINANCIAL ASSISTANCE**

**SEPTEMBER 2008**



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BENEFIT FROM NEED-BASED FINANCIAL AID**



**A REPORT OF**

**THE ADVISORY COMMITTEE ON  
STUDENT FINANCIAL ASSISTANCE**

**SEPTEMBER 2008**



**ADVISING CONGRESS AND  
THE SECRETARY OF EDUCATION  
FOR OVER 20 YEARS**

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STUDENT FINANCIAL ASSISTANCE**

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**The Advisory Committee on Student Financial Assistance (Advisory Committee) is a Federal advisory committee chartered by Congress, operating under the Federal Advisory Committee Act (FACA); 5 U.S.C., App. 2). The Advisory Committee provides advice to the Secretary of the U.S. Department of Education on student financial aid policy. The findings and recommendations of the Advisory Committee do not represent the views of the Agency, and this document does not represent information approved or disseminated by the Department of Education.**



## EXECUTIVE SUMMARY

Our nation's global competitiveness depends on the rate of bachelor's degree attainment by high school graduates. Among multiple missions, community colleges have played a key role as a starting point for millions of students pursuing a bachelor's degree. Given recent shifts in college enrollment caused by record-high prices net of all grant aid at four-year colleges, ensuring that the pathway from community college to bachelor's degree completion remains viable for students with that aspiration is of paramount importance. However, for high school graduates from low- and moderate-income families today, the pathway is uncertain at best. While not the only factor, finances unquestionably undermine access and persistence.

**Failure to Apply.** Students must apply to succeed. That millions of community college students who appear to be eligible for need-based financial aid are not applying is a cause for concern. When full-time students intending to transfer to a four-year college were asked why they did not apply, many reasons were given, including:

- They thought they were not eligible for financial aid (39 percent).
- They had sufficient funds to pay for college expenses (35 percent).
- They found the financial aid application form too complex (6 percent).

Low- and moderate-income students who do not apply for student aid—regardless of the reasons—limit their financing options to a combination of work and loans. To avoid debt, a large share of community college students work an excessive number of hours, which reduces financial aid eligibility, lowers academic performance, and undermines persistence. For example, 28 percent of full-time dependent students with family income below \$10,000 work 30 hours or more per week. The percentage is even higher for their peers who are independent. Perhaps the most important reason for these students to apply is that financial aid might permit working fewer hours and improve persistence to degree completion.

**Congress Ups the Ante.** *The College Cost Reduction and Access Act (CCRAA)* passed by Congress last year should encourage community college students to apply for aid. For example, CCRAA reduced the penalty in federal need analysis on students who work, potentially increasing eligibility for millions of students. Prior to passage of the law, a dependent student whose parents earned \$25,000 and who worked 30 to 40 hours per week would typically only qualify for a small Pell Grant at best. In 2009-10, the same student will be eligible for a full Pell Grant. However, neither the benefits of CCRAA nor the importance of proper implementation is fully understood, as yet, by students or community colleges.

**Policy Implications.** To ensure that the pathway from community college to four-year college through bachelor's degree completion remains viable for low- and moderate-income students with that aspiration, four steps must be taken by the U.S. Department of Education, states, and community colleges:

- Communicate increased federal aid eligibility widely and effectively.
- Make applying for financial aid easy and a priority.
- Encourage students to moderate the number of hours worked.
- Improve the implementation of the auto-zero EFC.

Taking these steps will increase the bachelor's degree attainment rate of high school graduates who begin at community colleges and will serve to strengthen the nation's global competitiveness.





## **ACKNOWLEDGEMENTS**

The Advisory Committee is indebted to countless individuals for their invaluable contributions to the completion of this study and report.

We greatly appreciate the 45 community college financial aid administrators who participated in phone interviews to provide feedback on issues pertaining to student non-application for aid and to recent legislation that increases student aid eligibility. Included at the end of this report in Appendix A is a complete list of these individuals.

Multiple scholars, policymakers, and other leaders in the community college field provided us with guidance and support as we worked to shape the study. In particular, we wish to thank Thomas Bailey, Director of the Community College Research Center at Teachers College, Columbia University; David Baime, Vice President for Government Relations at the American Association of Community Colleges; Mark Kantrowitz, Publisher of FinAid; and John Lee, President of JBL Associates.

We would also like to thank Kay McClenney, Director of the Community College Survey of Student Engagement (CCSSE) and the Survey of Entering Student Engagement (SENSE) and Angela Oriano-Darnall, Assistant Director of SENSE. Kay and Angela worked with the Advisory Committee to include financial aid questions on the 2008 CCSSE that were used to inform the study.

In addition, we would like to thank former Advisory Committee staff members Michelle Asha Cooper and Jodut Hashmi for their contributions during their tenure at the Committee. Great appreciation also goes to Brent Evans for his contributions both during his tenure at the Committee and for his work as a consultant following his departure.



## TABLE OF CONTENTS

<b>Executive Summary</b> .....	<b>i</b>
<b>Acknowledgements</b> .....	<b>iii</b>
<b>Global Competitiveness and Community Colleges</b> .....	<b>1</b>
Global Competitiveness .....	1
The Community College Pathway to a Bachelor’s Degree .....	1
How We Conducted this Study .....	4
<b>Failure to Apply</b> .....	<b>7</b>
The Role of Financial Aid at Community Colleges .....	7
Explaining Failure to Apply .....	10
Losing Aid Eligibility Due to Work .....	16
A Lack of Institutional Data .....	18
The Need for an Information and Outreach Strategy .....	20
<b>Congress Ups the Ante</b> .....	<b>25</b>
Case Studies of CCRAA Changes .....	25
CCRAA Benefits Not Understood .....	28
Working Students to Benefit the Most .....	29
Implementation of the Auto-Zero EFC .....	32
Special Effort Needed to Communicate CCRAA Benefits .....	33
<b>Policy Implications</b> .....	<b>37</b>
Communicate Increased Federal Aid Eligibility Widely and Effectively .....	37
Make Applying for Financial Aid Easy and a Priority .....	38
Encourage Students to Moderate the Number of Hours Worked .....	39
Improve the Implementation of the Auto-Zero EFC .....	40
<b>Endnotes</b> .....	<b>41</b>
<b>References</b> .....	<b>43</b>
<b>Appendix A</b> .....	<b>47</b>
<b>Appendix B</b> .....	<b>51</b>
<b>Appendix C</b> .....	<b>53</b>
<b>Appendix D</b> .....	<b>55</b>



## GLOBAL COMPETITIVENESS AND COMMUNITY COLLEGES

The nation's community college system stands as an affordable point of entry to the pursuit of a four-year degree for nearly 7 million credit students each fall, many of whom are low- and moderate-income (AACC 2008). As a result, community colleges play an important role in bachelor's degree attainment, especially for the most economically vulnerable students. However, the community college pathway to a bachelor's degree is not as strong as that of students who begin at a four-year institution. Strengthening this pathway is a necessary means to improving America's ability to remain competitive in a global economy.

### Global Competitiveness

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The nation's global competitiveness depends on the rate of bachelor's degree attainment by high school graduates. The global economy is changing as other countries with rapidly developing economies have increased their stature and now display the potential to bypass America in terms of achievement, innovation, research, and development (OECD 2005). The congressionally requested 2005 report from the National Academies, *Rising Above the Gathering Storm: Energizing and Employing America for a Brighter Future*, indicated that America is losing its foothold in the global economy for many reasons, including levels of educational attainment, and that action must be taken in order for the United States to reverse this course (The National Academies 2005). More recently, the World Economic Forum in 2007 found that the United States ranked fifth in the world in the "Higher Education and Training" category. Within the list of fourteen factors that impact competitiveness, an inadequately educated workforce ranks in the top five (World Economic Forum 2007).

**Our global competitiveness depends on the rate of bachelor's degree attainment by high school graduates.**

This exemplifies the need for America to increase bachelor's degree production in order to compete at all levels in the global economy. In addition, over the next decade, more jobs within the United States will require a bachelor's degree (Bureau of Labor Statistics 2007). For the good, then, of both the nation's economy and its ability to compete in the global economy, steps must be taken to increase bachelor's degree production. As community college students make up approximately half of all undergraduate college students in America, the pathway from community college to a four-year institution and bachelor's degree completion must remain viable (AACC 2008).

**Community colleges play an increasingly critical role in bachelor's degree attainment.**

### The Community College Pathway to a Bachelor's Degree

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#### Shift in College Enrollment

In an attempt to seek a more affordable education, more students are beginning their postsecondary experience at community colleges, rather

than at four-year institutions. The average amount of tuition and fees at two-year institutions is \$2,361, about \$4,000 less than the average at public four-year institutions; however, these figures do not include room and board (College Board 2007). An examination of enrollment trends of college-qualified high school graduates between 1992 and 2004 shows a shift toward students beginning at two-year institutions rather than four-year institutions (**Table 1**):

- For low-income students, the percentage who enrolled in a four-year institution dropped 14 points between 1992 and 2004, from 54 to 40 percent. During that same time, enrollment in two-year institutions increased 10 percentage points, from 21 to 31 percent.<sup>1</sup>
- For moderate-income students, the percentage who enrolled in a four-year institution dropped 6 points, from 59 to 53 percent. During that same time, enrollment in two-year institutions increased 4 percentage points, from 24 to 28 percent.

**The shift toward community colleges and away from four-year colleges is most pronounced for low-income students.**

This trend is significant in terms of its impact on bachelor's degree attainment, indicating that the effectiveness of the community college pathway to a bachelor's degree is more important than ever before. It is also noteworthy that this shift is most pronounced for low-income college-qualified students.

### **Impact on Degree Attainment**

Unfortunately, the community college pathway to a bachelor's degree is not always attainable. Data described in the Advisory Committee's 2006 report, *Mortgaging Our Future*, reveal that college-qualified low- and moderate-income high school graduates from 1992 who began at a community college and planned to transfer to a four-year institution to complete a bachelor's degree attained this goal at significantly lower rates than their low- and moderate-income peers who began at a four-year institution (**Table 2**):

- Among low-income college-qualified high school graduates who began at a two-year institution in 1992 and planned to get a bachelor's degree, only 20 percent earned the degree by 2000, compared to 62 percent of their low-income peers who began at a four-year institution.
- Among moderate-income college-qualified high school graduates who began at a two-year institution in 1992 and planned to get a bachelor's degree, only 34 percent earned the degree by 2000, compared to 67 percent of their moderate-income peers who began at a four-year institution.

**For low- and moderate-income high school graduates, the pathway from community college to bachelor's degree is uncertain at best.**

**TABLE 1: SHIFTS IN ENROLLMENT OF COLLEGE-QUALIFIED\* HIGH SCHOOL GRADUATES BETWEEN 1992 AND 2004**

Family Income	% Enrolled in 4-Year College		% Enrolled in 2-Year College		% Enrolled in Other College**		% Enrolled in No PSE	
	1992	2004	1992	2004	1992	2004	1992	2004
Low-Income	54	40	21	31	4	6	20	23
Moderate-Income	59	53	24	28	3	5	14	15
Middle-Income	68	66	23	22	2	4	6	9
High-Income	84	78	11	15	1	3	3	5

\* High School graduates who took at least Algebra II – the lower level of college qualification.

\*\* “Other College” includes for-profit, less than 4-year private, and less than 2-year public colleges.

Source: ACSFA 2008b. Enrollment percentages calculated using NELS:88 and ELS:02.

Between 1992 and 2004 enrollment patterns among college-qualified low-income students shifted away from four-year institutions. During this same time period, enrollment at two-year institutions among this population increased.

**TABLE 2: BACHELOR’S DEGREE ATTAINMENT RATES OF 1992 COLLEGE-QUALIFIED\* HIGH SCHOOL GRADUATES BY YEAR 2000**

Family Income	All Students	If Starting at a 4-Year College	If Starting at a 2-Year College**	BA Loss Rate If Starting at a 2-Year College**
Low-Income	43%	62%	20%	80%
Moderate-Income	50%	67%	34%	66%
Middle-Income	64%	78%	44%	56%
High-Income	80%	84%	53%	47%

\* High school graduates who took at least Algebra II – the lower level of college qualification.

\*\* Of students who started at a 2-year college and planned to transfer and attain a bachelor’s degree.

Source: ACSFA 2006. BA attainment and loss rates calculated using NCES national longitudinal data from NELS:88 and ELS:02.

Students who began at a two-year college, particularly low- and moderate-income students, attained a bachelor’s degree at a much lower rate than their peers who started at a four-year college, resulting in 80 percent and 66 percent bachelor’s degree loss rates, respectively.

These startling bachelor's degree loss rates for students who planned to obtain a bachelor's degree—80 percent for low-income college-qualified high school graduates who started at a community college, and 66 percent for their similarly qualified moderate-income peers, respectively—when weighted by population percentages yield a combined loss rate of 72 percent.<sup>2</sup> That is, of every 100 college-qualified high school graduates with family income below \$75,000 starting at a community college today and planning to attain a bachelor's degree, 72 are unlikely to earn a degree.

### **How We Conducted this Study**

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**Of every 100 college-qualified high school graduates with family income below \$75,000 starting at a 2-year college today, 72 are unlikely to earn a bachelor's degree.**

This study was part of the Advisory Committee's one-year Community College Initiative, which sought to improve the community college pathway to a bachelor's degree. The study was officially launched at the Advisory Committee's Community College Symposium in Washington DC in December 2007. With the awareness that many eligible students do not apply for financial aid at the community college level, a primary goal of the study was to examine how to encourage more of them to apply for aid. In addition, because the *College Cost Reduction and Access Act of 2007* (CCRAA) (P.L. 110-84) significantly increases student eligibility for federal financial aid, an additional goal was to determine how to ensure that students take advantage of these legislative changes.

**Literature Review.** A literature review was conducted pertaining to financial aid application at community colleges.

**Legislative Analysis.** An analysis was performed on the ways in which changes in CCRAA would impact low- and moderate-income students.

**Data Analysis.** Data were analyzed to determine effects on students by these changes, based on income and enrollment level, dependency status, and educational goals. Specific attention was paid to community college students who work and those who did not apply for financial aid.

The Advisory Committee also partnered with the Community College Survey of Student Engagement (CCSSE) to craft financial aid questions to be included in their 2008 survey.<sup>3</sup> The five financial aid questions sought to identify whether students were applying for aid, and if they were not applying, the reasons why. Following the survey, leaders of CCSSE shared the data with the Committee, and its findings have been incorporated into the report.

**Phone Interviews.** Phone interviews were conducted with 45 financial aid administrators at community colleges across the nation. The protocol for the phone interviews was based on preliminary findings, which were

**This study is part of the Advisory Committee's Community College Initiative, which seeks to improve the pathway to a bachelor's degree.**



sent to aid administrators in advance and discussed during the interview for the purpose of learning the experience of the aid administrator in relation to the issue. Administrators offered both suggestions on increasing the number of eligible students who apply for financial aid and ensuring that the legislative intent of CCRAA is carried out through the dissemination of information.

**Review.** Prior to its release, this report was sent to aid administrators who participated in the study as well as other community college leaders and experts for review.

**Preliminary Findings.** Two major preliminary findings, resulting from the literature review and legislative analysis, determined the course of this study:

- **Failure to Apply.** Many eligible students at community colleges are not applying for financial aid. The reasons are many and varied, but the relative importance of each is unknown. Furthermore, many students who initially appear eligible for federal grant aid are ultimately ineligible due to work. Data are not being collected systematically to identify the extent to which eligible students do not apply. A comprehensive strategy must be designed to identify eligible students and ensure that they apply for aid.
- **Congress Ups the Ante.** CCRAA increases financial aid eligibility for millions of students. Although these changes in federal law increase eligibility significantly, they are not fully understood by students or the higher education community. Low-income students who work may benefit most from CCRAA changes; however, these students are the least likely to take advantage of them. In addition, the manner in which the income threshold for the automatic zero expected family contribution (auto-zero EFC) is implemented may undermine legislative intent and must be examined. The legislative intent of CCRAA requires a special effort to reach and inform students who work of their increased grant aid eligibility. No coordinated effort has yet been made to inform students or institutions regarding the level or distribution of increased eligibility.

These two findings reveal the situation facing low- and moderate-income students at community colleges and point to the need to ensure that more students apply for aid and receive the benefits intended for them in recent legislation so that they are able to maximize their opportunity to succeed to bachelor's degree completion.

Phone interviews were held with 45 aid administrators to learn the experience of the administrators in relation to the preliminary findings.

There were two preliminary findings: that failure to apply is significant and that CCRAA changes will greatly benefit community college students.



## **FAILURE TO APPLY**

Applying for financial aid is essential to the academic success of low- and moderate-income community college students. Many bypass application and attempt to fund their education through work and, sometimes, loans. Unfortunately, many such students do not realize that taking advantage of available federal grant aid can be of significant financial benefit to them. Understanding both the role of financial aid at community colleges and student failure to apply for aid is key to identifying methods of encouraging more students to apply for and receive aid.

### **The Role of Financial Aid at Community Colleges** \_\_\_\_\_

#### **Financial Barriers at Community Colleges**

While tuition at community colleges is much lower than that of four-year institutions, many students still face significant financial barriers (Long and Riley 2007). Students are also facing a higher cost of living as transportation, food, and other commodity costs are on the rise (Bureau of Labor Statistics 2008). Considering that 29 percent of community college students have an income under \$20,000, educational costs can be a significant barrier for many students (Phillippe and Patton 2000).

#### **A Preference to Work Rather Than Borrow**

Students then must either work or borrow to cover the costs of their education. While there has been an increase in borrowing among community college students in recent years, many low-income and minority students are loan averse (AACC 2008; Price 2004). Work, then, remains the only option these students envision. And a substantial portion of community college students work a significant number of hours, many at or over 30 hours per week. This is an overarching trend for students of all dependency statuses and income levels.

However, this study is primarily focused on trends among low-income students. For example, among full-time community college students in the lowest income category of \$0-9,999, the percentage of students who work 30 hours a week or more includes 28 percent of dependent students, 30 percent of independent students with dependents, and 29 percent of independent students without dependents (**Table 3**). Most students in this income category, regardless of dependency status, would likely be eligible for a Pell Grant.<sup>4</sup>

Community college students seeking to transfer to a four-year institution, who are presumably on the path to a bachelor's degree, also work a significant amount. For example, the percentage of full-time students who seek to transfer to a four-year institution and who work 30 hours a week or

**Many students may not understand the impact of financial barriers on education, particularly in terms of working to pay for college.**

**Data indicate that many community college students are working a significant amount while also attending college full-time.**

**TABLE 3: DISTRIBUTION OF HOURS WORKED PER WEEK BY FULL-TIME STUDENTS AT COMMUNITY COLLEGES BY FAMILY INCOME\***

<b>Dependent Students</b>				
<b>Total Income</b>	<b>0 Hours/Week</b>	<b>1 – 19 Hours/Week</b>	<b>20 - 29 Hours/Week</b>	<b>30 or above Hours/Week</b>
<b>\$0 - \$9,999</b>	30%	22%	20%	<b>28%</b>
<b>\$10,000 - \$19,999</b>	29%	24%	22%	25%
<b>\$20,000 - \$29,999</b>	28%	18%	27%	27%
<b>\$30,000 - \$39,999</b>	22%	24%	30%	24%
<b>\$40,000 - \$49,999</b>	18%	19%	34%	28%
<b>\$50,000 and above</b>	19%	22%	31%	28%

<b>Independent Students with Dependents</b>				
<b>Total Income</b>	<b>0 Hours/Week</b>	<b>1 – 19 Hours/Week</b>	<b>20 - 29 Hours/Week</b>	<b>30 or above Hours/Week</b>
<b>\$0 - \$9,999</b>	31%	17%	23%	<b>30%</b>
<b>\$10,000 - \$19,999</b>	26%	14%	15%	45%
<b>\$20,000 - \$29,999</b>	33%	7%	11%	49%
<b>\$30,000 - \$39,999</b>	41%	13%	9%	37%
<b>\$40,000 - \$49,999</b>	38%	10%	13%	39%
<b>\$50,000 and above</b>	35%	15%	14%	36%

<b>Independent Students without Dependents</b>				
<b>Total Income</b>	<b>0 Hours/Week</b>	<b>1 – 19 Hours/Week</b>	<b>20 - 29 Hours/Week</b>	<b>30 or above Hours/Week</b>
<b>\$0 - \$9,999</b>	44%	16%	11%	<b>29%</b>
<b>\$10,000 - \$19,999</b>	18%	10%	19%	53%
<b>\$20,000 - \$29,999</b>	29%	10%	11%	50%
<b>\$30,000 - \$39,999</b>	21%	7%	26%	46%
<b>\$40,000 - \$49,999</b>	32%	3%	15%	50%
<b>\$50,000 and above</b>	35%	11%	19%	35%

\* Excludes Work Study

Source: 2003–04 National Postsecondary Student Aid Study (NPSAS:04)

Many community college students work while attending school full-time. While the trend of working varies among income groups and dependency statuses, this study is focused primarily on the trends among low-income students, many of whom work 30 or more hours each week. Independent students generally do work more hours than dependent students.

more includes 26 percent of dependent students, 37 percent of independent students without dependents, and 40 percent of independent students with dependents (NCES n.d.).<sup>5</sup> These data illustrate that many community college students are working a significant amount while attending school full-time.

### **Working Can Reduce Grant Aid**

The federal need analysis formula is structured such that students who work, including those who work to pay for college and living expenses, are penalized the following year based on the amount of their earnings. This reduction in aid eligibility is known as the “work penalty.” The income protection allowance (IPA) enables a portion of student income to be shielded from consideration as income in the federal need analysis formula; however, any amount above the IPA is, in effect, taxed at a rate of 50 percent in the EFC formula for dependent students and independents without dependents.<sup>6</sup> This often results in working students being ineligible for federal grant aid.

Reduced grant aid requires students to work more. Students who suffer from the “work penalty” become either less eligible or completely ineligible for grant aid. With less aid or no aid available, these students face higher educational costs. Since many low-income students do not want to borrow to cover additional costs, the result is that they must work even more hours in order to pay for their education.

### **Too Much Work Can Undermine Academic Achievement**

However, the more students work, the less time and energy they have to devote to their coursework. Studies have shown that working more than 15 or 20 hours per week has a negative impact on students’ academic achievement, as well as on persistence rates (Pascarella et al. 1998; NCES 1994).<sup>7</sup> Furthermore, in the 2008 CCSSE, 20 percent of community college students who worked full-time noted that it was very likely that they would have to withdraw from a class or the college altogether due to their work obligations (CCSSE 2008). Clearly, such high work levels can conflict with the educational goals and academic achievement of students.

### **The End Result of Too Much Work**

This “catch-22” in which students find themselves working to pay for school, becoming ineligible for grant aid due to work, and working more to compensate for lack of aid is a vicious cycle that can hinder students’ persistence and threaten their chances of degree completion. Because community colleges serve such a high percentage of low-income students, it is important that these students have the same opportunity to persist,

**The more students work, the less time and energy they can devote to coursework, which has a negative impact on academic achievement.**

**For millions of community college students, excessive work undermines both grant aid eligibility and persistence.**

transfer, and obtain a bachelor's degree as those students who begin at a four-year institution.

### **The Benefits of Need-Based Grant Aid**

Need-based grant aid, then, offers low- and moderate-income students the best means of reducing work and loan burden. Need-based aid is an essential resource that enables students to achieve academically, persist, transfer to a four-year institution, and complete a bachelor's degree. Students must be informed of the need to apply for aid and must be educated on the benefits of fully utilizing all available need-based aid in order to fulfill their educational goals.

**Need-based grant aid offers low- and moderate-income students the only means of reducing work/loan burden.**

### **Explaining Failure to Apply**

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Recent research suggests that there are many community college students who do not apply for federal financial aid. In fact, community college students fail to complete financial aid applications at a higher rate than those who attend four-year institutions. In the 2003-04 academic year, 55 percent of all students who attended community colleges either full- or part-time did not complete the FAFSA, while only 37 percent of students at four-year institutions did not complete it (King 2006).

More detailed analysis shows that, among full-time community college students during the 2003-04 academic year, approximately 38 percent did not apply for aid (NCES n.d.). Among full-time community college students seeking to transfer, nearly 40 percent did not apply for aid (NCES n.d.).<sup>8</sup> Understanding that community colleges serve so many missions, narrowing the scope to these specific populations provides a clearer picture of whether students who intend to transfer are taking advantage of available aid.

**Data suggest that community college students fail to apply at a higher rate than students who attend other colleges.**

Given that community colleges serve a large population of low- and moderate-income students, the number of students who are not applying is alarming, as total costs are increasing, leaving many students with a high work/loan burden. Of greatest concern is the fact that many full-time, low-income students do not complete the FAFSA, even though they would be the most likely to benefit from doing so (**Table 4**).

**TABLE 4: DISTRIBUTION OF FULL-TIME COMMUNITY COLLEGE STUDENTS WHO DID NOT APPLY FOR FEDERAL FINANCIAL AID BY FAMILY INCOME**

Family Income	Dependent	Independent with Dependents	Independent without Dependents
\$0-9,999	29%	17%	29%
\$10,000-19,999	20%	12%	24%
\$20,000-29,999	17%	12%	42%
\$30,000-39,999	36%	21%	56%
\$40,000-49,999	44%	33%	45%
\$50,000 and above	57%	51%	68%

Source: 2003–04 National Postsecondary Student Aid Study (NPSAS:04)

**A large percentage of low-income students, who would likely be eligible for aid, are not applying.**

These figures are particularly pronounced when looking at students in the lowest income category of \$0-\$9,999, where nearly one-third of dependent students and independent students without dependents did not complete a FAFSA:

- Among dependent students in the lowest income category, 29 percent did not apply for aid.
- Among independent students with dependents in the lowest income category, 17 percent did not apply for aid.
- Among independent students without dependents in the lowest income category, 29 percent did not apply for aid.

Students in this lowest income category, regardless of dependency status, would likely be eligible to receive a Pell Grant.<sup>9</sup>

For those full-time students who want to transfer to a four-year institution, the percentages of those who do not apply are relatively similar. Approximately 28 percent of dependent students in the \$0-9,999 income band did not apply for financial aid, 24 percent of independent students without dependents did not, and 17 percent of independent students with dependents did not (NCES n.d.).<sup>10</sup>

There is a substantial portion of students within the lowest income category who do not apply for financial aid, yet have plans to transfer to a four-year institution. These students may be putting their educational

**A large percentage of community college students who appear to be eligible for financial aid are not applying.**

**There are full-time community college students who plan to transfer to a four-year institution but are not applying for aid.**

plans at risk by not applying because these are the students who would likely be eligible for and would benefit from receiving financial aid.

When community college financial aid administrators were asked as part of this study if they thought that many eligible students were not applying for financial aid, nearly all agreed. While their comments indicated that financial aid application numbers varied by region, socio-economic status, and tuition levels, the general opinion was that many students are not taking advantage of available funds. In some cases, this may be the result of a lack of personal interaction with aid administrators, or the result of failing to connect with an institution's available information on aid:

**Aid administrators agreed that many eligible students are likely not applying for financial aid.**

*We definitely know that many students are not applying. We are a community college district and, therefore, have suburban and urban campuses, and we struggle with the urban ones the most, as it is a challenge to reach students in the urban school districts. A lot of these students are ones we just don't end up having conversations with, so there are a lot of unknowns. We're looking much more aggressively at outreach efforts, but of course that takes a lot of staffing and resources.*

*Our student population is about 14,000, and only twenty percent of them apply for financial aid. I am not sure why that number is so low. We have a financial aid website, and I think you'd consider it ample, if not robust. It explains what financial aid is and how to apply for it. The problem is that disadvantaged students often do not use the Web. For example, we have found that our Hispanic population often has difficulty with the Web, and that is our growing population.*

Of the aid administrators who noted that they did not have a problem with eligible students not applying for aid, reasons given included that either the community college primarily served a higher percentage of middle-income students, or that the aid administrators had gone to great lengths to ensure that all eligible students were applying.

Overall, the numbers are clear and the responses from community college financial aid administrators corroborate the fact that many eligible students are not applying. But why is this the case, when financial aid could be instrumental to these students' educational experience?

### **Reasons for Non-Application**

Identifying the reasons why eligible students do not apply for financial aid is the first step toward understanding how to better target this group through outreach efforts that encourage application. Some insights into

**Aid administrators noted that financial aid application varied by region, socio-economic status, and tuition levels.**



this issue have been provided by survey data. For example, the 2008 CCSSE asked community college students a series of financial aid-related questions, including asking why students did not fill out a FAFSA. Also, as a part of the Beginning Postsecondary Students (BPS) survey, the U.S. Department of Education asked questions in the 1995-96 academic year that produced similar results.

The CCSSE data examined why community college students, both eligible and ineligible, did not apply for federal aid in the spring semester of 2008. Looking at the responses of both full-time students and, as a subset, full-time students who planned to transfer to a four-year institution illuminates how students who are using the community college pathway to achieve a bachelor's degree responded to this question. The results were identical for both groups (**Table 5**):

- The majority of the students cited either, “did not think I would qualify for financial aid,” or, “did not need financial aid,” as reasons for not applying.
- Only six percent of students cited that “the form was too complex.”<sup>11</sup>
- A significant portion of students indicated “other” as a reason.

The U.S. Department of Education's BPS Survey for the 1995-96 academic school year revealed similar findings. Likewise, this data included information from the same two groups of students who did not apply for financial aid: all full-time students and those full-time students who indicated they sought to transfer to a four-year institution.

The results for these two groups mirror each other, again indicating that student rationales for non-application do not vary with respect to their intent to transfer (**Table 6**):

- The majority of students cited either, “did not think I would qualify for financial aid,” or, “did not need financial aid,” as main reasons for non-application.
- Only 4 percent of students cited that “the form was too complex.”
- A significant portion of students marked “other” as a reason.

**Community college students do not apply for aid for reasons that are not entirely clear, but research is beginning to illuminate the issue.**

**Many community college students who appear to be eligible don't apply because they think they are not eligible.**

**TABLE 5: REASONS FULL-TIME COMMUNITY COLLEGE STUDENTS IN 2007-08 DID NOT APPLY FOR FEDERAL FINANCIAL AID**

Reason	All Students	Those Seeking to Transfer*
Did not think I would qualify for financial aid	39%	39%
Did not need financial aid	35%	35%
Form was too complex	6%	6%
Did not want to provide sensitive information	2%	2%
Other	18%	18%

\* This represents students with either a primary or secondary goal of transferring.

Source: 2008 CCSSE

In the 2007-08 academic year, the majority of full-time community college students and full-time community college students seeking to transfer indicated that they did not apply for aid because they either thought that they did not need it or did not qualify. A significant amount marked “other,” which indicates the need for further research on why community college students do not apply.

**TABLE 6: REASONS FULL-TIME COMMUNITY COLLEGE STUDENTS IN 1995-96 DID NOT APPLY FOR FEDERAL FINANCIAL AID**

Reason	All Students	Those Seeking to Transfer*
Did not think I would qualify for financial aid	18%	22%
Did not need financial aid	56%	52%
Form was too complex	4%	4%
Did not want to provide sensitive information	0%	0%
Other	21%	21%

\* This includes students who both expected to transfer to a four-year institution and those who expected to receive a degree and transfer to a four-year institution.

Source: 1995-96 Beginning Postsecondary Students (BPS: 96)

In the 1995-96 academic year the majority of full-time community college students and full-time community college students seeking to transfer indicated that they did not apply for aid because either they thought that they did not need it or did not qualify. A significant amount marked “other” as a reason for not applying.

The high percentages in the first two categories of both surveys indicates that among students who do not apply for financial aid, many do not recognize the important function of aid in increasing persistence and degree completion. This may suggest that students are simply not aware of the aid that would be available to them if they applied and so, do not realize the benefits. Even among students who noted that they did not apply because they could afford to pay, some may be working to pay for school and fail to realize that too much work can have a negative impact on both aid eligibility and persistence. Those who stated complexity of the application process as a reason may not know that aid administrators are able to assist them with this process. The high percentage that answered “other” in both surveys identifies a need for future research to determine what other barriers may be preventing students from applying. Overall, these survey results reveal the need to ensure that students are aware of their aid eligibility, the benefits of applying, and have the ability to successfully complete the aid application process.

**Many who appear to be eligible don't apply because they think they have enough money to pay their bills.**

Nearly all of the financial aid administrators in this study agreed that eligible students do not apply for financial aid for many and varied reasons, but could not assess the relative importance of those reasons to students. Administrators noted that, due to a lack of available concrete data, they could only provide anecdotes based on their experiences. However, many also expressed a desire to better quantify and understand the specific reasons for student non-application so that they might tailor their outreach programs and, ultimately, better serve their students.

The most common responses received from aid administrators that correlate with the above research were that students did not think they would be eligible for federal grant aid, or thought they could pay for tuition themselves. Interviews with aid administrators pointed to a lack of understanding about the existence and availability of need-based grant aid:

*A lot of students don't know that financial aid exists. They have a sort of cartoon version of affording college that they get from television and YouTube and friends. Financial aid doesn't seem relevant to community college students. Or it pertains to borrowing, and they're not going to take out loans, so they just put it out of their heads.*

*Some students, and even high school counselors, associate aid only with four-year institutions.*

*Students believe that if they receive aid at a community college, they will use up their allotted amount, and, therefore, not be able to receive aid when they transfer to a four-year institution.*

**Aid administrators agreed that eligible students do not apply for financial aid for reasons that are many and varied.**

*Students hear about deadlines for state aid and then think that if they miss the deadline they can no longer apply for any financial aid.*

Community college students have different enrollment patterns than those students who attend four-year institutions, where admissions processes take six or more months. Many community college students make spur-of-the-moment decisions to attend, and this makes it difficult to provide them with financial aid information at appropriate times:

*Community college students walk by the college on Friday and decide to enroll on Saturday, which is much different from a four-year institution. They are registering the same day they are paying. Sometimes we do not even know they are interested until the day they show up.*

Administrators also noted that if students are found to be ineligible for grant aid one year, they think they will not be eligible in subsequent years:

*Students may apply once and not be eligible, so they do not think they should apply again. They do not realize how eligibility can change from year to year. It is also a time-consuming process, and if students find out they are not eligible for aid, they become frustrated and discouraged. This is particularly the case with low-income students who are working.*

These illustrations exemplify that reasons for non-application are many and varied. They point to the need for further evaluation at both the institutional and national levels to better determine the underlying causes of students non-application. Once these reasons are more fully understood, stakeholders will be better poised to combat the various misperceptions about aid and act to increase application rates.

### **Losing Aid Eligibility Due to Work**

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Many low- and moderate-income community college students work to pay expenses related to their education and living needs. While working may appear both logical and necessary, it often has a negative effect on financial aid eligibility, in that many students literally work their way out of eligibility for federal grant aid. The case study below illustrates the impact that such work patterns have.

#### **Case Study: Sarah, the Working Dependent Student**

Sarah is a first-time dependent student in a single-parent household. Her mother has an annual adjusted gross income of

**If students submit an initial application and find that they are not eligible, they are unlikely to apply again in the future.**

**Many low- and moderate-income students lose financial aid eligibility due to income earned from work.**

\$30,500 and her assets total \$1,000. Sarah also works to pay for her schooling and to help support her mother. She earns an annual income of \$12,000, working roughly 35 hours per week for 50 weeks per year at a rate of \$8.50 per hour. At the current income protection allowance, Sarah would be required to contribute \$3,489 to her educational expenses. With her mother's expected contribution of \$1,299, Sarah's EFC is \$4,718, making her ineligible for a Pell Grant. Holding all other things constant, if a greater amount of Sarah's income were protected, she might be eligible to receive a Pell Grant.

Because aid calculations are based on prior year income, changes in work patterns from year to year greatly affect aid eligibility, yet many students are unaware of this. If working students submit an initial aid application and find they are ineligible for grant aid that particular year, they may not be likely to apply again.

The majority of financial aid administrators surveyed agreed with the statement that many students who might initially appear to be eligible for aid were found the following year to ineligible or only minimally eligible due the number of hours worked and the resulting income level. Aid administrators described their experiences with this issue in the following ways:

*Yes, working students are definitely penalized by the EFC formula. As many of our students are dependent but do not receive any support from their parents, they must work in order to support themselves. The following year the students receive less aid, requiring that they work even more hours.*

*In the case of the single or married independent student with no dependents, this is true. The federal formula treats these subgroups very harshly in the Pell formula. We do see many students in this category.*

*We've referred to them as our "working poor" here. They are too poor to afford college, but make too much money to qualify for grants.*

*Forty percent of our dependent students earn over \$10,000, which would have a significant impact on their aid eligibility.*

Those administrators who disagreed said that either their students were eligible for the auto-zero EFC, making the number of hours worked a moot point, or their students were from middle-income families who would not qualify for federal financial aid in the first place. They agreed,

**Many aid administrators agreed that many students lose their aid eligibility due to work.**

**Administrators agreed that community college students would rather work than take out loans.**

however, that students would rather work than take out loans, and that students were not aware of the negative correlation between working and academic persistence.

Aid administrators also noted that some students may have been advised by high school counselors to work to cover educational expenses, as some counselors do not realize that work can impact a student's eligibility for financial aid as well as persistence to degree.

**Administrators noted that some high school counselors encourage students to work.**

*If students do talk to a counselor, they may be encouraged to work, as the counselors do not realize that they are putting students in a self-defeating cycle of ineligibility by doing that, and that, academically, they're not likely to go full-time and go straight through. Students are encouraged to be tentative about the whole thing, instead of being advised, "Go full time, get the money, and see if you can handle it." They don't hear that.*

Ultimately, students may work to pay for school, living expenses, and/or to contribute to their family's income. Because the "catch 22" surrounding work and aid eligibility has a major impact on community college students, it is essential that these students are educated about the potential adverse effect that working can have on aid eligibility. This group of students, in particular, needs to understand the importance of applying for aid every year, regardless of prior ineligibility. Also, in cases where it is appropriate, aid administrators should be encouraged to make a professional judgment adjustment to create or increase aid eligibility for working students who have reduced their work load.

### **A Lack of Institutional Data**

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Although financial aid administrators are aware that many students are not taking advantage of available funds, they are often unsure how to identify such students. Nearly all administrators in this study agreed that data are not being collected systematically to analyze the extent to which eligible students are not applying for financial aid. Reasons for a lack of data collection on this topic include:

*We don't have the staffing to collect the data on why exactly students are not applying. My population is 5,400, and, besides myself, I have three staff people. So we're swamped as it is.*

*We do quite a bit of data collection, and we do have surveys. But how do you really know and what information do you gather, to try to find a student who did not apply for aid? There is no easy way to do that. Also, I just do not think that anyone has thought to ask that question.*

**Both students and those who advise them need to understand the potential adverse effects of working on eligibility to receive financial aid.**

Financial aid offices in community colleges are often under-staffed and under-resourced (Brock et al. 2007). Adequate funding is an issue, as community colleges are funded at much lower levels than four-year institutions (Mullin and Honeyman 2007). However, despite these limitations, some institutions are making use of existing resources to help them identify students who are not applying for financial aid.

Some administrators mentioned that they utilize Institutional Student Information Record (ISIR) data to target students who do not apply for aid. The ISIR data is provided by the U.S. Department of Education and summarizes students' FAFSA information (Federal Student Aid n.d.). One administrator shared a technique for using the ISIR as a way to identify students who did not submit a FAFSA:

*We matched the ISIR database with the enrollment data to see who enrolled but did not apply. If they were enrolled in at least one credit unit, we put them on a list and we called them. We did it in November and we did it again in March. And we still had students in March who were full-time students and fully Pell Grant eligible and they never completed the process. And I can't figure out why . . . is it because they didn't know how much they could get? Our Pell Grants went up 14 percent last year, and part of that was because of the phone calls we made. When we have the time to do it, we will. But it gets back to the administrative capacity issue. When we're deluged with students who cannot navigate the complex process by themselves, it is kind of labor intensive.*

Using the ISIR database is an excellent example of utilizing systems currently in place. Though this process may be time-intensive, it has the potential to impact the receipt of financial aid for many students.

During phone interviews held for this study, other aid administrators began to consider new ways to collect data using existing resources. For example, one administrator shared the following idea:

*Our college does student surveys every year that are campus-wide. The surveys cover a sampling of students, about 1,000 to 2,000. Perhaps we could include some financial aid questions in this survey in the future to get a better idea of why students are not applying.*

Administrators also expressed that collecting data on current students alone was not sufficient. They noted that community colleges would greatly benefit from collaborative data collection efforts with area high schools. One administrator described the following way to carry out this type of collaborative effort:

**Many community colleges lack institutional research staff and proper information technology systems to gather data.**

**Despite limitations and disadvantages, some institutions are making use of existing data collection resources.**

*I'll give you my perfect model. Every high school would make an income grid of all the students attending their school. Then we would have a better perspective on who should be applying. And you cannot just go only by low-income high schools or by low-income neighborhoods. We have tried that before, and it is not fair. There are a lot of high schools with a mix of different students.*

**To successfully reach students who are eligible for aid, key stakeholders at every level must make strategic outreach efforts.**

Having access to enhanced data on financial aid application rates and non-applicants would provide institutions with the information to create targeted and effective institutional outreach efforts. While multiple limitations may exist, this type of data collection is a critical step in the process of ensuring that eligible students apply for aid. Examples shared by aid administrators of the use of existing resources to better identify students who do not apply can serve as a model for other institutions.

### **The Need for an Information and Outreach Strategy**

To successfully reach students who are eligible for federal grant aid, key stakeholders at every level, from the federal government to the institutions themselves, must make strategic outreach efforts. Information provides students with the knowledge, tools, and confidence needed to fill out the FAFSA, breaking down complexity and making the process manageable. An informed student is better situated to complete the FAFSA and understand the process than a student who has not received information (ACSFA 2008a).<sup>12</sup>

### **Current Efforts to Increase Aid Application**

**Aid administrators shared efforts they are engaged in to encourage more students to apply for financial aid.**

All administrators who participated in this study noted they are making concerted efforts to encourage more students to apply for aid. Types of outreach included announcements sent through email and the use of posters and LCD screens around campus. Many institutions also spend significant time resources coordinating financial aid workshops, mounting information campaigns, making presentations to community organizations, and cross-training admissions and financial aid staff.

Direct contact with students to inform them of available aid and to assist them with the application process was noted as an essential element in encouraging students to apply. One administrator described how he uses such one-on-one support, as well as links financial aid applications with other campus programs in order to increase student applications:

*I made it my sole purpose here to get students to apply for aid. We practically forced students to apply. We fed applications to them,*



*we hand-carried them through the process. We made it our goal to ensure that we would get applications in the hands of almost every single student on campus. We will not process an institutional scholarship until students apply for aid. We also will not let students get any job on campus until they apply for aid. Basically, you could not do anything without applying for financial aid. In addition, we sent out postcards about application twice a year and also sent automated information. There are computers in our office to enable students to apply right away, and that way there is staff there to help them if they have any questions.*

Other efforts pertain to targeting groups and disseminating information in ways that are visible and understandable to students. Several administrators shared specific programs:

*We have done a College Connection Program, where we are actually going out into the high schools and trying to get all the seniors to apply for financial aid. We have been doing this for several years and now we have totally encompassed all of the high schools in our service area. Now the state is using our institution as a model to try to do this statewide.*

*Materials about financial aid are often not written to be easily understood by a person who has never attended a college. So we have checked the “readability” of our financial aid website and are making improvements to enable students to understand it more easily. We want to ensure that we don’t miss our target audience.*

*We put posters around campus to encourage students to apply for aid. They included things like a picture of a cow that asked, “Do you need some MOOO-la?” Another showed a duck that asked, “How do you plan to cover your BILL?” Another had pictures of dollar bills and told the student to file their FAFSA as soon as they completed their federal tax return. Another showed a deer saying, “Don't miss out on big BUCKS.” They were all silly, but seemed to catch students’ attention.*

Examples of outreach being done at the state level include the State of Nevada’s College Access Challenge Grant Program,<sup>13</sup> which funds the launch of information campaigns that create a “college-going culture” for low-income students beginning as early as the third grade. These grant funds also train high school counselors on methods to prepare students for college (Nevada System of Higher Education 2008). In 2006, the Texas Education Agency enabled funding to create the Texas Counselors’ Network. Part of this network’s efforts include educating high school counselors about changes to financial aid programs and connecting

**One institution connects applying for aid to as many other efforts as possible to ensure that students complete the application process.**

**At the state level, Nevada is using its Challenge Grant to launch an information campaign and train high school counselors.**

community college aid administrators with high school counselors to help high school students fill out a FAFSA (Texas Counselors' Network n.d.). In addition, California has provided extra funding in recent years for additional community college financial aid staffing and for a state-wide media campaign on the availability of financial aid for community college students (I Can Afford College n.d.; ACSFA 2008c).

States are sharing these successful awareness campaigns with one another in an organized forum and should continue to do so.<sup>14</sup> This exchange of ideas and best practices provides a key resource that states and institutions can use to further ensure that students are informed about financial aid and encouraged to apply.

**More outreach is needed to encourage students to apply for aid so that they have the best opportunity to persist and succeed.**

These efforts, from information campaigns to providing one-on-one support for students to working in local high schools are evidence that multiple forms of targeted outreach are required to effectively increase aid application rates. While this is not new information and many institutions and states are engaged in multiple forms of outreach, more action is needed on this front in order to give community college students the best opportunity to persist and succeed.

### **Suggested Ways to Promote Information Awareness**

All administrators offered suggestions to improve information and outreach to encourage aid application. With the understanding that financial aid information can make a positive difference for students, aid administrators proposed a variety of ideas for comprehensive information strategies. Several stressed the importance of utilizing technology to reach students, such as making better use of email and social networking sites such as Facebook and MySpace. Other suggestions focused on improving processes, such as further simplification of the FAFSA and state-wide financial aid days devoted to understanding the application. Process-improvement efforts are critical, as students are often caught up in particular steps of the application. The strategy of both simplification and financial aid days is to lift the burden from the student, making the task of applying for aid less daunting.

**Aid administrators proposed a variety of ideas for a comprehensive information strategy.**

One of the most common suggestions made was that community colleges should collaborate more extensively with high schools. More specifically, many administrators feel that high school is the best time and place to reach traditional students and disseminate information. Several administrators believe that high schools should strongly encourage students to fill out the FAFSA:

*High schools should do more of a push because they are the ones who know more about socioeconomic status. Everyone should be told to apply!*

*I know in the Chicago Public Schools they really push aid application at the high school level, and they get a 70 percent completion rate. At the state level, they could have a similar campaign with high schools. However, a limitation is that it would only reach traditional students.*

*I deeply believe that financial aid, access, and college choice – the only way it will work is to bring it into the mainstream curriculum from freshman through senior years.*

Building relationships with local high schools will prove fruitful for the information dissemination process because high school counselors are the direct link to future students. Not only do they have access to students, they also have an understanding of student goals, behaviors, and reservations. If community colleges can collaborate with high schools on financial aid outreach efforts, they may reach a wider pool of students. In the long run, this may also create more prepared students.

The suggestions summarized above show the potential to increase community college student aid application, and some suggested efforts should receive more attention. Outreach efforts have become essential to the purposes of increasing application, as recent legislation has made great strides with increasing student aid eligibility. These statutory changes require significant information outreach efforts in order to have a much needed impact on community college students.

**Suggestions  
of ways to increase  
community college  
student aid application  
rates should receive  
more attention.**



## CONGRESS UPS THE ANTE

*The College Cost Reduction and Access Act of 2007 (CCRAA)* was signed into law by the President on September 27, 2007, making application for financial aid even more important. This legislation not only simplifies the financial aid application process in several ways, it also increases federal grant eligibility and the amount of aid that is awarded. Two key components of the law that achieve this end are increases made to the auto-zero EFC and the IPA. Other changes, such as removing the tuition sensitivity provision and expanding the definition of the independent student, will have a positive effect on community college students. Case studies illustrating benefits to students follow these descriptions.

### Case Studies of CCRAA Changes

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The auto-zero EFC is a simplified need analysis formula used by the U.S. Department of Education for low- and moderate-income students. Prior to CCRAA, students with family incomes of \$20,000 or less who were either eligible for a federal means-tested program or eligible to file a 1040A or 1040EZ tax form were those who qualified for an auto-zero EFC, meaning that such students would receive a maximum Pell Grant. CCRAA raises the threshold of the auto-zero EFC from \$20,000 to \$30,000 and indexes this amount to the Consumer Price Index (CPI) so that the amount will increase as CPI increases. This will significantly expand the number of low-income students now eligible for full federal grant aid.

**Two key components of CCRAA that increase federal eligibility are increases to the auto-zero EFC and the income protection allowance.**

### Case Study #1: Rachel and the Auto-Zero EFC

#### **Before CCRAA Changes:**

Rachel is a dependent student living in Colorado whose parents' income is \$29,000. They filed a 1040A federal income tax return. Rachel also works significantly to supplement her family's income, earning \$12,000. Neither she nor her parents have any assets. During the 2008-09 school year, Rachel's EFC, including her contribution and that of her parents, is \$4,069, meaning that she will not be eligible to receive a Pell Grant.

#### **After CCRAA Changes:**

Under changes in CCRAA for the 2009-10 school year, the auto-zero EFC income threshold will increase to \$30,000. Because Rachel's parents still make under \$30,000 and are eligible to file a 1040A, Rachel will then qualify for an auto-zero EFC despite her own personal income of \$12,000. Her EFC will fall to \$0, making her eligible for the maximum Pell Grant, which is expected to be approximately \$4,731 in 2009-10. Because the increase in the auto-zero EFC is now pegged to the CPI, even if the income of Rachel's family increases slightly each year, she is still likely to

**The income threshold of the auto-zero EFC has been raised from \$20,000 to \$30,000 and indexed to the Consumer Price Index.**

receive a Pell grant of several thousand dollars. This change will, in effect, allow Rachel to go from \$0 to over \$5,000 in Pell Grant funds by 2012-13, if appropriated levels remain the same.

In addition, CCRAA increased the IPA to reduce the effect of the “work penalty” and enable more working students to remain eligible for financial aid. These changes will make annual increases to the IPA in order to double current IPA levels for dependent students by 2012-13, and increase current IPA levels by 50 percent for independent students.

**As a result of CCRAA, the IPA is raised for both dependent students and independent students with and without dependents.**

### **Case Study #2: Juan and the Income Protection Allowance**

#### **Before CCRAA Changes:**

Juan is married, with no children or other dependents. He lives with his wife in Texas, where they both work. He is the only one attending college, where the total cost of attendance is \$7,000. Together, Juan and his wife make \$26,000, but he is not eligible to file a 1040A or 1040EZ. For the 2008-09 school year, Juan will have an EFC of \$4,816, which makes him ineligible to receive a Pell Grant.

#### **After CCRAA Changes:**

CCRAA will extend Juan’s IPA from \$9,970 to \$14,960 by 2012-13. All things being equal, at the 2012-13 IPA level, Juan’s EFC will drop to \$2,321, making him eligible to receive \$2,381 in Pell Grant funds.<sup>15</sup>

The legislation also raised the maximum Pell Grant award. Prior to the law’s enactment, the maximum award for the Pell Grant was \$4,050.<sup>16</sup> Assuming that Pell appropriations remained, at minimum, constant from the 2007-08 academic year forward, CCRAA would increase the Pell Grant initially to \$4,800 and to \$5,400 by 2012-13. However, Pell appropriations dropped slightly for the 2008-09 academic year, making the first increase \$4,731, slightly lower than original projections. Nonetheless, the increase established by CCRAA will likely help to stabilize grant amounts over time.<sup>17</sup>

**Depending on appropriations levels, CCRAA would raise the Pell Grant maximum to \$5,400 by 2012-13.**

Prior to the enactment of CCRAA, the Higher Education Act contained a provision known as tuition sensitivity that prohibited students from receiving a maximum Pell Grant if the tuition at their institution fell below certain levels. This provision only affected students at low-cost community colleges by limiting the amount of Pell Grant they were eligible to receive. CCRAA removed the tuition sensitivity provision so that students at institutions with low tuition can benefit from the full Pell Grant, providing them with additional funds for living expenses.

### **Case Study #3: Don and Tuition Sensitivity**

#### **Before CCRAA Changes:**

Don is an independent student with dependents other than a spouse who attends a community college full-time. Although his tuition is only \$500 annually, his total cost of attendance is \$8,000. Don's EFC is \$0, but he is not eligible for the maximum Pell Grant because in the 2006-07 award year, tuition sensitivity reduced the Pell Grant amount for students attending colleges with tuition below \$805. As a result, he receives \$3,908 in Pell Grant funds.

#### **After CCRAA Changes:**

Since tuition sensitivity was removed during the 2007-08 school year and subsequent school years due to CCRAA, Don was able to receive the maximum Pell award starting in 2007-08, which was \$4,310.

In addition, CCRAA expanded the definition of the independent student. The new definition will now include orphans, students in foster care, wards of the court over age 12, emancipated minors, minors in legal guardianship, and homeless youth. These categories of students would previously have been counted as dependent even though they were not likely receiving financial support from parents or providers. The broadened definition will increase their aid eligibility levels.

### **Case Study #4: Jennifer and the Independent Student Definition**

#### **Before CCRAA Changes:**

Jennifer is an unmarried, 17-year-old woman living on her own in Virginia with no children or dependents. Her income is \$10,000. She is estranged from her parents, whose income is \$60,000, and was granted the status of an emancipated minor by a Virginia court. Before the enactment of CCRAA, her 2008-09 status would have been dependent unless a financial aid professional applied a dependency override using professional judgment. Her dependent status would require her to report her parents' income information on the FAFSA, resulting in an EFC of \$9,285 and no Pell Grant.

#### **After CCRAA Changes:**

As of the 2009-10 school year, Jennifer's dependency status will be considered independent without dependents because she is an emancipated minor. This change allows her to rely solely on her own financial information, and exclude her parents' information. Her EFC will be \$0, which makes her eligible for a full Pell Grant.

**CCRAA also removes the tuition sensitivity provision so that students at low-tuition institutions can benefit from the full Pell award.**

**CCRAA expanded the definition of the independent student to include orphans, students in foster care, emancipated minors, homeless youth, and others.**

Other key changes resulting from CCRAA include extending from 12 to 24 months the period during which a student can qualify for a federal means-tested program and maintain eligibility for the Simplified Needs Test (SNT) qualification, adding dislocated workers to the list of those who qualify for the SNT, and allowing a professional judgment determination regarding dependency status made at one institution to stand at subsequent institutions the student attends. In addition to the legislative changes outlined above, low- and moderate-income students who meet additional criteria for the ACG and SMART grants, or for the newly created TEACH grants, may be eligible for even more grant aid.<sup>18</sup>

**Other key changes include extending the eligibility period for the SNT and expanding the definition of the independent student.**

### **CCRAA Benefits Not Understood**

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It has been found that, in general, many students lack a full understanding of financial aid offerings and eligibility requirements (ACSFA 2008a). Expecting students, then, to independently be aware of and understand how recent federal legislative changes affect their financial aid eligibility is not realistic. While the higher education community is generally aware of the new law, some within the higher education and access community may not understand the full implications of these changes. Some important aspects of the law may be overlooked, as full implementation of CCRAA is occurring simultaneously with implementation of student loan changes and programs such as the TEACH Grant. These changes may divert attention from aspects of the bill pertaining to need analysis and increased eligibility.

Of the community college financial aid administrators who participated in this study, most agreed that recent changes in federal law are not fully understood by students. However, it was felt that aid administrators, in general, understand the major components of the law, as they receive information from multiple sources, such as state agencies, professional organizations, and the U.S. Department of Education via regional representative, Dear Colleague letters, or webinars. One aid administrator made mention of unique training that ensured that administrators and high school counselors were informed of CCRAA changes:

*We have a partnership with our state financial aid association whereby we discuss federal financial aid changes with high school counselors and college financial aid administrators so as to maximize the potential that students receive this information.*

Other administrators expressed concerns related to competing demands on aid administrators:

*A lot of financial aid administrators might miss a lot of the nuances of the legislation or get confused by all of the changes.*

**The benefits of CCRAA are not fully understood by students and by some in the higher education community.**



Several aid administrators felt it unnecessary for students to understand CCRAA changes. Some said that as long as students are told to apply every year, that is all they need to know. Others thought that students do not care about these changes. One administrator explained:

*The issue is still more fundamental than communicating the nature of the legislative changes. We need to communicate access and availability, more so than changes. Students who have never applied or have come from a culture where people haven't taken advantage of college aid don't care what the changes are because they don't know what the previous landscape was.*

Other administrators described the information overload that results in an era of significant technologic advances in communications infrastructure. Students today are tech-savvy, but participate in so many information interfaces that sifting and prioritizing information can pose significant hurdles to the dissemination of critically important issues:

*We are in a society now that is in communication overload. It's almost as though you have to give students information in bite-sized pieces – postcards or brochures.*

*Somehow you have to get a simple message to low-income students that there's even more benefit now in applying for financial aid.*

The bottom line is that students likely do not understand how they will be impacted by CCRAA changes and that, due to other demands on their time, aid administrators may not be focused on all of the important aspects of the law. Prior to CCRAA changes taking effect, aid administrators need to be reminded of the significance of these changes, and students need to be informed in a clear and simple way that there is great benefit in applying for aid.

### **Working Students to Benefit the Most**

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As case studies in the previous section demonstrate, increases in aid eligibility through CCRAA can provide the funds necessary to enable students to reduce the number of hours they work and increase a focus on education, thus positively impacting rates of persistence and degree completion (McSwain and Davis 2007). Low-income students who work may benefit most from CCRAA changes as a result of increases to the IPA. Students who were previously ineligible may see their EFC significantly reduced.

**Communicating CCRAA changes to students is difficult due to competing demands on aid administrators.**

**CCRAA eligibility changes can provide funds that enable students to reduce hours worked and increase focus on education.**

**TABLE 7: INCOME PROTECTION ALLOWANCES BEFORE AND AFTER THE COLLEGE COST REDUCTION AND ACCESS ACT OF 2007**

Academic Year	Dependent Students*	Independents without Dependents - Single, separated or married students where both are enrolled in college	Independents without Dependents - Married students where only one is enrolled in college	
<b>Before CCRAA</b>	2007-08	\$3,000	\$6,050	\$9,700
	2008-09	\$3,080	\$6,220	\$9,970
<b>After CCRAA</b>	2009-10	\$3,750	\$7,000	\$11,220
	2010-11	\$4,500	\$7,780	\$12,460
	2011-12	\$5,250	\$8,550	\$13,710
	2012-13	\$6,000	\$9,330	\$14,960

\* IPA increases for dependent students apply only to the student's, rather than the parents' income.

Source: *The College Cost Reduction and Access Act of 2007* (P.L. 110-84); Federal Register Vol. 71, pg. 30899; Federal Register Document Vol. 72, pg. 30568.

Note: Yearly IPA increases for independent students with dependents vary according to family size and the number of family members in college.

**The increase in the IPA levels resulting from CCRAA will begin in the 2009-10 academic year and will impact all students of all dependency statuses. The increase is more substantial than in years past, and, following the 2009-10 academic year, it will increase at a fixed annual rate through the 2012-13 academic school year. These IPA increases have the potential to tremendously impact the aid eligibility for low-income working community college students.**

Beginning in the 2009-10 academic year, increases in IPA amounts for all dependency statuses will be greater than increases in recent prior years. Following the 2009-10 academic year, the IPA will increase at fixed rates through the 2012-13 academic year, resulting in **(Table 7)**:

- an annual increase of \$750 per year for dependent students.
- an annual increase of \$780 per year for independent students without dependents who are single, separated, or married and both enrolled in college.
- an annual increase of \$1,250 per year for independent students without dependents who are married with one enrolled in college.

IPA yearly increases for independent students with dependents vary according to family size and number of family members in college and so are not included in the table.

Unfortunately, the students who have opportunity to benefit from these changes may be the least likely to take advantage of them. The reason for this is two-fold. First, because tuition at community colleges is more affordable than that at four-year institutions, working students might not apply for student aid. They might believe they can use earnings to pay tuition and related expenses without realizing that aid helps to defray these costs, allowing them to work fewer hours and dedicate more time to studies. Alternately, they may assume that working makes them ineligible for federal grant aid. Second, returning students who had previously applied for financial aid, but were ineligible, may not be inclined to reapply in subsequent years, especially if they are not aware of recent changes that make them eligible.

Most community college financial aid administrators agreed with the finding that low-income students who work may benefit the most from CCRAA changes, but are the least likely to take advantage of them. Administrators agreed that raising the IPA will definitely help students:

*The increase to the IPA in and of itself is a huge victory!*

While a few thought that the changes to the IPA may not go far enough to help all working students, others felt that the changes would have a significant impact on students, as long as they knew to take advantage of them. Some administrators noted that it is difficult to get working students to reapply if they were not eligible previously:

*Those working students who tried before and were ineligible and could now be eligible, I would agree that they're not likely to try*

**Working students may benefit most; however, these students are least likely to apply, often believing that working makes them ineligible.**

**Administrators agreed that the higher IPA would help students, but expressed a variety of concerns about implementation issues.**

*again, but how to reach them, I don't know. It would have to be some type of publicity campaign . . . which isn't a half bad idea.*

In addition to enrolled working students, a segment of the general, employed population may be interested in receiving a postsecondary education, but may envision it as financially beyond reach. This might include individuals who had begun a college education, but dropped out due to financial barriers. If this group learned that financial aid is available to them, they may be more likely to enroll in college.

**The development of information and outreach strategies is critical to encouraging application by students who were previously ineligible.**

Changes in CCRAA that increase aid eligibility and reduce the need to work can provide much-needed relief for those students who work long hours. It is critical that information and outreach strategies be developed to encourage previously ineligible students to reapply, to advise the general public of beneficial changes, and make attempts to encourage re-enrollment and reapplication for students who have dropped or stopped out. Otherwise, students will be leaving money on the table.

### **Implementation of the Auto-Zero EFC**

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Although legislative changes are intended to increase student eligibility, one aspect of determining eligibility has been shown to pose a problem for students and needs to be reexamined: the manner in which the income threshold for the auto-zero EFC is implemented. Eligibility for receiving an auto-zero EFC is determined by two main factors: the first factor is based on either the student's or parents' adjusted gross or earned income.<sup>19</sup> The second is based on a set of additional measures to verify need.

The second factor in determining auto-zero EFC eligibility pertains to the federal government's mandate to ensure that a student or family within the auto-zero EFC income range is actually in need of the aid. There are two measures that can be used to determine low-income status: either the tax form filed (the 1040A or 1040EZ) or qualification for one of the approved federal means-tested benefit programs (The Institute for College Access and Success 2006). Even if a student or the student's parents choose to file the 1040 tax form, but are eligible to file the 1040A or 1040EZ, they will still qualify for the auto-zero EFC as the eligibility to file one of these tax forms indicates the absence of assets other than income. Qualification for an approved federal means-tested benefit program predetermines the individual's income level and need for assistance.<sup>20</sup>

**The manner in which the auto-zero EFC is implemented may unintentionally undermine its legislative intent.**

While the use of federal means-tested benefit programs as a measure of low-income status is usually effective because applicants are aware of their participation, the use of the tax form as a measure is not. The reason lies in the possibility that some tax filers may use the 1040 form even though they are eligible to file a 1040A or 1040EZ, failing to recognize

their eligibility to file the shorter form. This introduces confusion into the system, potentially causing students to provide incorrect information on the FAFSA that might result in an inaccurate determination of ineligibility for an auto-zero EFC.<sup>21</sup> Such confusion might undermine FAFSA simplification efforts.

Conversations with community college financial aid administrators reinforced the need to revisit the statutory language regarding the new auto-zero eligibility requirements. Nearly all agreed that the manner in which the income threshold for an auto-zero EFC is implemented may undermine legislative intent and must be re-examined. The majority of administrators stated that many students use commercial tax preparers, who file the 1040 long form regardless of client eligibility for one of the shorter tax forms. These students, then, do not know whether they were eligible to file the shorter form.

*Many students go to tax preparers and often times the preparer will fill out the 1040 because it generates more money for them. We try to catch the students here in our quality control process. Our staff is very good about it, and we have caught many students who filed a 1040 but were eligible for a 1040A.*

*This isn't an effective measure. This is very often misunderstood by students.*

*This needs to be cleared up on the FAFSA. A lot of students just leave it blank.*

The general consensus is that student confusion surrounding these FAFSA questions is resulting in eligible students not qualifying for the auto-zero EFC. Changing questions on the FAFSA, however, requires a change in the law and congressional action. Further examination is needed to determine how to reduce this confusion and ensure that students who are eligible for an auto-zero EFC are able to qualify.

### **Special Effort Needed to Communicate CCRAA Benefits**

CCRAA passed with the clear legislative intent to both simplify the student aid process and provide greater access to college for low- and moderate-income students. Several important provisions are directed to ameliorate the situation of students who feel they must work to cover college expenses. However, in order for the legislative intent of CCRAA to be met, students must be informed of their new or increased federal grant eligibility and encouraged to apply for aid regardless of prior ineligibility.

**Potential confusion over tax filing status is common among low-income populations, and this may undermine legislative intent.**

**A special effort is needed to inform students that they may be newly eligible for aid or eligible for increased amounts of aid.**

The implementation schedule of CCRAA provides lead time for the development of an outreach strategy. While the Act was signed into law in September 2007, implementation of provisions occurs over a staggered timeline. For instance, some provisions, such as the elimination of tuition sensitivity, went into immediate effect. Others, including increases to the Pell Grant and implementation of the TEACH Grant took effect during the summer of 2008 or at the beginning of the 2008-09 award year.

However, many key provisions of CCRAA pertaining to the federal need analysis formula do not take effect until the start of the 2009-10 award year. These provisions may affect the greatest number of students and require the greatest effort in terms of information dissemination. They include the increase to the auto-zero EFC and IPA, changes to the definition of an independent student, and changes to the length of time allowed to qualify for the SNT, as well as the addition of dislocated workers to the definition of those eligible for the SNT (NASFAA 2008).

### **Coordinated Efforts are not Underway to Inform Students of Changes**

Most aid administrators agreed that no coordinated efforts were underway to inform students or institutions about the level or distribution of increased eligibility resulting from CCRAA. Although many aid administrators agreed that a coordinated effort to inform students and institutions on these topics was important, they also recognized that attempting such an effort on the part of institutions presents difficulties:

*There is no time for a coordinated effort. Offices are just trying to keep their heads above water by dealing with the daily grind. A national marketing campaign that is well-timed could help take the burden of informing students off of the community colleges.*

Many of the student aid administrators agreed that to achieve the legislative intent of CCRAA, a special effort must be made to reach and inform students who work of their increased eligibility. Many stressed the need to reach out to currently enrolled students through a variety of measures, such as email.

*We can send mass emails to students to tell them that they may be newly eligible and to encourage them to apply.*

Administrators also called for a federal effort to educate students on changes in eligibility. Some provided ideas as to how both the federal and state governments could coordinate efforts:

*When they're filing the ISIR, ED has email addresses and is sending them the results anyway. Additional communication could*

**The implementation schedule of CCRAA provides lead time for the development of an outreach strategy.**

**Efforts are not yet underway to inform students of their increased aid eligibility and ensure that they apply.**

*be sent to them along with results. Depending on the results of that ISIR, would it not also be appropriate to send them information about federal law changes and how it could affect their financial aid eligibility?*

*The federal government should send information about aid any place where federal money goes to low-income citizens. States should be encouraged to do the same thing.*

Some administrators believe it is also important to reach the general population so as to capture any would-be students previously uncertain they could afford to attend. The eligibility of such students may have increased under CCRAA:

*I can reach the students who are in school. It's the students who have dropped out or never started that are the problem. I know of students who were eligible for only small grants and had to fund most of their education through loans and decided that they didn't want to do that. So we lost most of that population. Such an effort might also be particularly useful for those in industry-related jobs who have been laid off.*

*Television commercials could be used to reach the general population. Or you could send information to people along with their tax returns.*

A coordinated effort at the federal and/or state level to inform institutions and students about the impact of CCRAA changes could result in an increase of support and resources to financial aid administrators to inform students, as well as the ability to reach students directly. As described in previous sections, often students need to receive information from multiple sources and through multiple contexts in order to be made aware of its relative importance.

**A coordinated effort to inform institutions and students about CCRAA changes would be beneficial to all stakeholders.**





## POLICY IMPLICATIONS

Data analysis and findings from interviews conducted for this report indicate that all stakeholders, including the federal government, states, and institutions, must act to ensure that community college students are able to completely benefit from CCRAA by taking advantage of available financial aid. Doing so will provide students with a better opportunity to persist to degree completion. The four primary actions that need to be taken include:

- Communicate increased federal aid eligibility widely and effectively.
- Make applying for financial aid easy and a priority.
- Encourage students to moderate the number of hours worked.
- Improve implementation of the auto-zero EFC.

Within each of these four areas there are a variety of ways in which stakeholders can positively impact students and, subsequently, achieve the legislative intent of CCRAA.

### **Communicate Increased Federal Aid Eligibility Widely and Effectively**

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Financial aid administrators have indicated that they are aware of changes to student aid eligibility resulting from CCRAA; however, due to timing and circumstances, some aspects of the law have received more attention than others. Careful attention should be paid to reaching student groups who are most likely newly eligible for federal grant aid: students with family income under \$30,000 and working students. Information provided to students should be a simple message that students may be eligible for increased aid and should apply. In addition, all students should be told to apply annually for aid regardless of perceived eligibility or prior ineligibility.

**Communicate CCRAA eligibility changes to administrators.** Aid administrators have been focused on multiple statutory changes to student financial aid, which include not only CCRAA changes, but also changes to the student loan systems. The U.S. Department of Education should ensure that aid administrators remain aware of CCRAA changes by reinforcing information at critical junctures prior to implementation of increases to the auto-zero EFC and the IPA, and changes to the independent student definition. The Department can use existing modes of communication, such as webinars, written notifications, and training to reinforce CCRAA changes as they are implemented. State financial aid agencies can also work to this end.

**Take advantage of existing outreach efforts to inform students.** Students may not need to be informed about specific changes in CCRAA, but would certainly benefit from a simple message that they may be newly

**Communicate increased federal aid eligibility widely and effectively.**

**Communication should focus on increased eligibility, state-led efforts, and identifying newly eligible students who are not applying.**

eligible for aid or eligible for additional aid. Therefore, existing outreach programs are an effective medium to communicate this message to students. The eligibility message can be easily integrated into large-scale outreach at the state level or localized outreach at the institutional level. Large-scale outreach projects that encourage students to apply for aid are currently underway in several states, such as California, Nevada, and Texas. To fully utilize local outreach at the institutional level, this message can be integrated with various programs that already provide information to low-income students and the general population, such as college access programs, student support services, and community financial aid presentations.

**Make applying for financial aid easy and a priority.**

### **Make Applying for Financial Aid Easy and a Priority** \_\_\_\_\_

Students must be encouraged to apply for financial aid on an annual basis, regardless of prior eligibility because federal grant eligibility can change from year to year. Many institutions are already taking this step, but certain groups of students are likely to benefit from CCRAA changes and should be the focus of information outreach efforts: those previously ineligible for federal grant aid due to work or prior dependency status; those who began, but did not complete the application process; and others, such as adult students and low-income students in general.

**Make use of current communication efforts to encourage aid application.** For instance, at the federal level, the U.S. Department of Education sends a reminder email to all students who have previously applied for aid regarding the need to submit a renewal FAFSA. The Department could modify this email to include a statement that actively encourages annual reapplication regardless of prior eligibility status. States and institutions can use their websites and relevant social networking sites to encourage students to apply for aid. Institutions can also find ways to integrate this message into official campus mailings, emails, and notifications that pertain to related topics, such as admissions, registration, and student affairs.

**Making application easier should include coordination of effort with high schools, as well as data collection efforts.**

**Foster collaboration between community colleges and high schools to ensure that students complete the FAFSA.** States are well-positioned to assist with such efforts because they can bridge the gap between secondary schools and community colleges. States can offer resources to help support and extend outreach efforts into area high schools by community colleges. Joint goals must be formulated as well. For example, states can add “increasing FAFSA application rates” as one of the activities under existing state grant programs and projects. States can also provide incentives for high school students to attend financial aid workshops presented by community colleges. Finally, states can extend additional administrative help to both community colleges and high

schools seeking to provide more outreach to students, as there is often a great need for additional staffing in both community college financial aid offices and in high school guidance counseling offices.

**Use available data collection efforts to assess non-application rates and reasons.** While more robust national data collection is needed at the federal level to address this problem, institutions can better assess the extent to which their students are not applying for aid. For instance, institutions can match their enrollment information with ISIR data to see which students enrolled but did not apply for aid. The next step is to learn why they did not apply. Since the reasons for non-application may vary by region, socio-economic status, and cultural background, it is important for each institution to develop additional mechanisms for data collection. Institutions might survey students or create focus groups to better understand root causes for non-application. Some institutions are already engaged in annual surveys, but need to include questions about financial aid application. Finally, CCSSE stands as a resource for community colleges. Community colleges that already participate in CCSSE can analyze existing data available to them.

**Make  
aid application  
easy and accessible  
for students.**

**Make aid application easy and accessibility.** Institutions can take additional steps to make aid application and re-application an easy and seamless process. In terms of promoting accessibility, institutions can provide computer access for students in financial aid offices, as well as bring financial aid services into those parts of the campus most heavily trafficked by students at peak times. In addition, institutions can offer individualized assistance with the FAFSA to groups of students most at risk for non-application.

### **Encourage Students to Moderate the Number of Hours Worked**

Although many students work to pay for college and associated living expenses, they need to be aware of the negative impact that work can have on both eligibility for federal financial aid and on persistence and degree completion. Many students need to be advised of options other than work, such as federal grants and loans. This type of information outreach can occur both prior to enrollment and once a student is enrolled.

**Encourage students  
to moderate the  
number of hours  
worked.**

**Educate high school counselors on the inverse correlation between work and persistence, and work and federal grant eligibility.** High school counselors sometimes advise low-income students to work and attend school part-time, in an attempt to encourage loan-averse students to attend college. States can disseminate information to educate high school counselors within state secondary systems on the negative effect that too much work can have on persistence and degree completion rates. Information should include details about how working impacts eligibility

for federal grant aid and how recent CCRAA changes ameliorate the “work penalty” embedded in the IPA.

**Inform students directly about the negative effect of too much work on persistence and degree completion.** Institutions can encourage students through personal advising and information campaigns to work a moderate amount in order to receive additional aid and improve the likelihood of persisting to degree completion. Such information could be shared through direct counseling, campus email, mailings, or posted information, as well as through other student service offices. States can also invest more in providing increased staffing for financial aid offices so that institutions can be fully equipped to provide direct counseling to students about their work levels. Additionally, aid administrators should be encouraged to make a professional judgment adjustment, when appropriate, to create aid eligibility for working students who have reduced their workload.

**Improve the implementation of the auto-zero EFC.**

### **Improve the Implementation of the Auto-Zero EFC**

It has been suggested that many students who should qualify for the auto-zero EFC are not being counted as eligible due to confusion surrounding the process. This issue requires further investigation at the federal level.

**Investigate student confusion over auto-zero EFC eligibility questions on the FAFSA.** The U.S. Department of Education should conduct a study to examine the extent to which students are inaccurately responding to certain questions on the FAFSA regarding use of tax forms. In particular, the Department should determine whether students understand and appropriately respond to the question that asks, “If you did not file a 1040A or EZ, were you eligible to file a 1040A or EZ?” Such an analysis will enable the Department to assess whether that question should be modified or changed, as well as determine the number of eligible students affected by the wording and approach. Concerns have been raised that these FAFSA questions present an access barrier to low-income students.

**Taking all of these steps will help ensure that students are able to fully benefit from aid increases made in CCRAA.**

By taking all of the steps outlined above, the U.S. Department of Education, states, and community colleges will help guarantee that the legislative intent of CCRAA is carried out and that newly eligible students are able to fully benefit from recently enacted federal grant aid increases. Emphasizing application, re-application, and eligibility changes will certainly strengthen the community college pathway to a bachelor’s degree, as will encouraging students to moderate the number of hours worked and improving the implementation of the auto-zero EFC. Such efforts will enable more students to attain a four-year degree. This, in turn, will boost the number of America’s highly skilled workers and, thereby, lift our nation’s standing in the global economy.

## ENDNOTES

<sup>1</sup> The chart below lists the income bands from *Mortgaging Our Future* that were used in Table 2. Family income for the 1992 cohort was based on 1991 income; income for the 2004 cohort was based on 2003 income, using the Consumer Price Index (CPI) to adjust the 1991 income bands for inflation. Because ELS data for the 2004 cohort were not collected in a manner that allowed such an update, the final column displays the income bands used to closely approximate inflated 1991 income bands.

	1991	2003-inflation	2003
Low-income	Under \$25,000	Under \$33,750	Under \$35,000
Moderate-income (Low-Middle)	\$25,000-\$49,999	\$33,750-\$67,499	\$35,000-\$74,999
Middle-income (High-Middle)	\$50,000-\$74,999	\$67,500-\$101,249	\$75,000-\$99,999
High-income	\$75,000 and over	\$101,250 and over	\$100,000 +

<sup>2</sup> Among the 2004 cohort of high school graduates, 31 percent were from low-income families and 42 percent from moderate-income families.

<sup>3</sup> The 2008 CCSSE was administered to 177,678 students across 42 states, Nova Scotia, and the Marshall Islands. The 316 participating colleges included urban, suburban, and rural campuses that varied by both size and structure (i.e. single campus, multi-campus, and multi-college systems).

<sup>4</sup> The analysis of Table 3 focuses on hours worked by the lowest income students of all dependency statuses. However, income distribution does vary with dependency status. For an example of variation among dependency statuses, see Table A in Appendix B.

<sup>5</sup> Calculations were based on NPSAS (2004) data, which examined the number of hours worked per week by dependency status, and were filtered for full-time students in two-year public institutions intending to transfer to a four-year institution. The data do not include students who participated in the federal work study program, as such students must apply for aid in order to participate. Since this report draws correlations between work status and aid application, it would not be useful to include this group of students in the data set. Therefore, there are many working students, many of whom are low-income, who are not accounted for in this table.

<sup>6</sup> For independent students with dependents other than a spouse, any income above the IPA levels is effectively taxed at a progressive rate between 22 and 47 percent.

<sup>7</sup> Research has also shown that a moderate amount of work, up to 15 hours per week, can have a positive affect on student achievement and persistence (NCES 1994).

<sup>8</sup> Calculations were based on NPSAS (2004) data, which examined the percentage of full-time community college students, and full-time community college students seeking to transfer, who did not apply for federal financial aid.

<sup>9</sup> Similar to the examination of hours worked, the analysis of Table 4 also focuses on only the lowest income students who did not apply for financial aid by dependency status. However, income distribution does vary with dependency status. For an example of the variation among dependency statuses, see Table A in Appendix B.

<sup>10</sup> Calculations were based on NPSAS (2004) data, which examined the percentage of students within each income category who did not apply for financial aid. These data were filtered for full-time students in two-year public institutions intending to transfer to a four-year institution.

<sup>11</sup> CCSSE did not collect income data on students. If such data were available, the percentage of low-income students who cited complexity of the form as a reason may exceed the listed percent.

<sup>12</sup> Research has shown that students do respond positively to financial aid information. For example, the University of Chicago's Consortium on Chicago School Research examined the importance of financial aid information and

found that for students in the Chicago Public School system, those who completed a FAFSA were 50 percent more likely to enroll in an institution than those who did not. Importantly, many of the students who applied for financial aid attended a high school with a “college-going culture,” meaning that the teachers and administration had expectations that students would go to college, and the necessary programs to support that goal. In these schools, counselors and teachers assisted students with applying for the FAFSA PIN, filling out the form, and obtaining information about specific aid programs and important deadlines (CCSR 2008).

<sup>13</sup> The College Access Challenge Grant Program is a product of CCRAA and is to be used to help states prepare students and families for postsecondary education.

<sup>14</sup> For example, [www.collegeaccessmarketing.org](http://www.collegeaccessmarketing.org) is an effort to share ideas and resources across all levels to increase the college access of underserved students. This effort is being carried out through the collaboration of the Pathways to College Network, Go Alliance, and NASFAA.

<sup>15</sup> This example is based on the appropriated Pell remaining at the same level as in the 2008-09 school year. Appropriated Pell levels, not the "actual" Pell levels that include CCRAA increases, are used to determine eligibility for the grant.

<sup>16</sup> Although CCRAA sought to increase the maximum Pell award by adding additional money to the grant, the maximum Pell award each year is determined through the appropriations process. Therefore, CCRAA adds money to Pell Grant appropriations each year.

<sup>17</sup> The recent reauthorization of the Higher Education Act, known as the *Higher Education Opportunity Act* (P.L.110-315), has authorized further increases to Pell, raising the maximum award to \$6,000 in 2009-10 and to \$8,000 by 2014-15.

<sup>18</sup> This report only focuses on certain aspects of CCRAA. The bill contains other features that will benefit students, such as improvements to student loan terms and loan repayment options.

<sup>19</sup> Which income type is used depends on whether the student or parents filed taxes. Also, for dependent students, the parents' income is used; for independent students, the student's income is used.

<sup>20</sup> Approved federal means-tested benefit programs include food stamps, WIC, free or reduced lunch, TANF, and supplemental security income.

<sup>21</sup> This is question number 78 on the 2008-09 FAFSA.

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**APPENDIX A:  
COMMUNITY COLLEGE FINANCIAL AID ADMINISTRATORS  
PHONE INTERVIEWS**

**Lee Andes**

Assistant Director for Financial Aid  
State Council of Higher Education,  
for Virginia

**Beth Asmus**

Dean of Special Programs  
College of the Canyons, CA

**Gail Baksh-Jarrett**

Senior Director, Student Enrollment &  
Financial Services  
LaGuardia Community College, NY

**Kathy Bassham**

Director of Financial Aid  
Weatherford College, TX

**Anita Baugh**

Director of Financial Aid &  
Institutional Research  
St. Cloud Technical College, MN

**Terry Bazan**

Director of Financial Aid  
Austin Community College, TX

**David Bodwell**

Director of Financial Aid  
Palm Beach Community College, FL

**Rod Boettcher**

Director of Student Aid  
Mount Hood Community College, OR

**Tim Bonnell**

SFA Programs Coordinator  
California Community Colleges  
Systems Office, CA

**Debra Bouabidi**

Director of Financial Aid  
Rockland Community College, NY

**Cindy Butler**

District Director of Student Financial  
Aid  
Metropolitan Community College, MO

**Cindy Castillo**

Director of Financial Aid &  
Scholarships  
De Anza Community College, CA

**Nancy Davis**

Financial Aid Administrator  
San Bernardino Valley College, CA

**Earl Dowling**

Director of Scholarships and  
Financial Assistance  
Harper College, IL

**Don Duzik**

Financial Aid Director  
Western Iowa Tech Community College,  
IA

**Leanne Frech**

Student Services Coordinator  
Harrisburg Area Community College,  
PA

**Enrique Garcia**

Assistant Dean, Financial Aid Office  
Del Mar College, TX

**Mary Gill**

Higher Education Consultant  
Former SFA Programs Coordinator  
California Community Colleges  
Chancellor's Office, CA

**Lisa Gonzales-Hensgen**

Financial Aid Director  
El Paso County Community College, TX

**Heidi Granger**

Director of Financial Aid  
College of the Desert, CA

**Melissa Gregory**

Director of Financial Aid  
Montgomery College, MD

**Cynthia Grunden**

Director of Financial Aid  
Truman College—City Colleges of  
Chicago, IL

**Brad Hardison**

Financial Aid Director  
Santa Barbara City College, CA

**Richard Heath**

Director of Financial Aid  
Anne Arundel Community College, MD

**Sue Hebert**

Director of Financial Aid  
Bay de Noc Community College, MI

**Monty Hickman**

Associate Director for Financial Services  
North Carolina Community Colleges,  
NC

**Patricia Hurley**

Financial Aid Administrator  
Glendale Community College, CA

**Lisa Koretoff**

Director of Financial Aid  
Guilford Technical Community College,  
NC

**Cindy Lewis**

Director of Financial Aid  
Edison Community College, FL

**Doug Lukasik**

Director of Financial Aid  
Broome Community College, NY

**Marcia McConnell**

Director of Financial Aid  
St. Petersburg College, FL

**Brian McGarvey**

Director of Financial Aid  
Schenectady County Community  
College, NY

**Michael McGraw**

Director of Financial Aid  
Tompkins Cortland Community College,  
NY

**Catalina Mistler**

Chief, Program Administration &  
Services Division  
California Student Aid Commission, CA

**Lois Mulbrook**

Financial Aid Director  
Hawkeye Community College, IA

**Carol Mowbray**

Senior Higher Education Solutions  
Manager, Vangent, Inc. Education  
Services, VA  
(previous Director of Student Financial  
Aid and Support Services, Northern  
Virginia Community College)

**Kris Shear**  
Financial Aid Administrator  
Santa Rosa Jr. College, CA

**Elizabeth Solazzo**  
Director of Financial Aid  
Alomance Community College, NC

**Bill Spiers**  
Director of Financial Aid  
Tallahassee Community College, FL

**Jerome St. Croix**  
Director, Student Financial Services  
Monroe Community College, NY

**Earl Tretheway**  
Assistant Dean of Students &  
Director of Financial Aid  
Columbia Greene Community College,  
NY

**Stephen White**  
Director of Financial Aid  
Nashville State Technical Community  
College, TN

**Laurie Wolf**  
Executive Dean of Student Services  
Des Moines Community College, IA

**Sharon Wurm**  
Director of Financial Aid  
Nevada System of Higher Education

**Karen Yerby**  
Associate Director  
Student Development Services  
North Carolina Community Colleges



**APPENDIX B:  
INCOME DISTRIBUTION OF AID APPLICANTS BY DEPENDENCY STATUS**

<b>TABLE A: CUMULATIVE INCOME DISTRIBUTION OF TITLE IV APPLICANTS AND PELL-ELIGIBLE APPLICANTS BY DEPENDENCY STATUS</b>						
Income	Title IV Applicants			Pell-Eligible Applicants		
	Dependent	Independent without Dependents	Independent with Dependents	Dependent	Independent without Dependents	Independent with Dependents
Under \$6,000	4%	29%	15%	10%	49%	18%
Under 9,000	7%	40%	22%	15%	67%	26%
Under 15,000	12%	56%	35%	27%	93%	41%
Under 20,000	17%	67%	47%	39%	98%	55%
Under 30,000	30%	82%	67%	66%	100%	78%
Under 40,000	40%	90%	80%	85%		93%
Under 50,000	49%	93%	86%	95%		98%
Under 60,000	57%	96%	91%	99%		
\$60,001 and above	100%	100%	100%	100%		100%

Source: 2006-2007 Pell Grant End-of-Year Report

Family income distribution varies considerably by dependency status for both Title IV applicants and Pell-eligible students.

- For example, while only 17 percent of dependent Title IV applicants are from families with an income of \$20,000 or less, 67 percent of their peers who are independent without dependents and 47 percent of independents with dependents are in this income range.
- This translates into similar variations in Pell-eligible applicants. While only 27 percent of dependent Pell-eligible applicants are from families with income of \$15,000 or less, 93 percent of their peers who are independent without dependents and 41 percent of independents with dependents are in this income range.





**APPENDIX C:  
ADVISORY COMMITTEE MEMBERS AND STAFF  
ADVISORY COMMITTEE MEMBERS**

**CLASS OF 2007 (I.E., TERM EXPIRED SEPTEMBER 30, 2007)**

**Ms. Norine Fuller**

Executive Director

The Fashion Institute of Design and Merchandising

(U.S. House of Representatives appointee, service began 12/04/01; reappointed 10/8/04)

**CLASS OF 2008 (I.E., TERM EXPIRES SEPTEMBER 30, 2008)**

**Ms. Judith N. Flink (*Chairperson*)**

Executive Director of University Student Financial Services

The University of Illinois

(U.S. House of Representatives appointee, service began 11/02/99; reappointed 11/2/02 and 11/02/05)

**Dr. Claude O. Pressnell, Jr. (*Vice Chairperson*)**

President

Tennessee Independent Colleges and Universities Association (TICUA)

(United States Senate appointee, service began 5/20/03; reappointed 9/12/05)

**CLASS OF 2009 (I.E., TERM EXPIRES SEPTEMBER 30, 2009)**

**Mr. René A. Drouin**

President and CEO

New Hampshire Higher Education Assistance Foundation

(United States Senate appointee, service began 10/02/03; reappointed 7/20/06)

**Mr. Darryl A. Marshall**

Director, Student Financial Aid

Florida State University

(Secretary of Education appointee, service began 10/01/03; reappointed 9/19/06)

**Mr. Juan C. O'Connell**

Student Member

(Secretary of Education appointee, service began 2/28/07)

**Mr. Robert M. Shireman**

Founder and President

The Institute for College Access & Success, Inc.

(U.S. House of Representatives appointee, service began 1/21/04; reappointed 9/28/06)

**CLASS OF 2010 (I.E., TERM EXPIRES SEPTEMBER 30, 2010)**

**Mr. Clare M. Cotton**

President (retired)

Association of Independent Colleges and Universities of Massachusetts

(United States Senate appointee, service began 11/12/02; reappointed 7/21/04 and 10/22/07)

**Mr. Scott Andrew Giles**

Vice President for Policy, Research, and Planning

and Assistant to the Board of Directors

Vermont Student Assistance Corporation

(Secretary of Education appointee, service began 9/24/07)

**Mr. Joseph A. Russo**

Director, Student Financial Strategies

Office of Student Financial Services

University of Notre Dame

(Secretary of Education appointee, service began 10/9/07)

**CLASS OF 2011 (I.E., TERM EXPIRES SEPTEMBER 30, 2011)**

**Mr. Allison G. Jones**

Assistant Vice Chancellor of Academic Affairs

Student Academic Support

The California State University

(Secretary of Education appointee, service began 06/07; reappointed 7/28/08)

**ADVISORY COMMITTEE STAFF**

**William J. Goggin**

Executive Director

**Zakiya Smith**

Director of Government Relations

**Megan McClean**

Assistant Director

**Tracy Jones**

Senior Administrative Officer

**Julie Johnson**

Director of Programs

**Jeneva Stone**

Senior Writer

## **APPENDIX D: AUTHORIZING LEGISLATION**

The Advisory Committee was established by an act of Congress in 1986. Section 491 of the Higher Education Act as amended contains the Committee's Congressional mandate. A copy of this section as it appears in the law follows:

### **SEC. 491. ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE.**

**(a) ESTABLISHMENT AND PURPOSE.**--(1) There is established in the Department an independent Advisory Committee on Student Financial Assistance (hereafter in this section referred to as the "Advisory Committee") which shall provide advice and counsel to the authorizing committees and to the Secretary on student financial aid matters. (2) The purpose of the Advisory Committee is-- (A) to provide extensive knowledge and understanding of the Federal, State, and institutional programs of postsecondary student assistance; (B) to provide technical expertise with regard to systems of needs analysis and application forms; (C) to make recommendations that will result in the maintenance of access to post-secondary education for low- and middle-income students; (D) to provide knowledge and understanding of early intervention programs and to make recommendations that will result in early awareness by low- and moderate-income students and families— (i) of their eligibility for assistance under this title (ii) to the extent practicable, of their eligibility for other forms of State and institutional need-based student assistance; (E) to make recommendations that will expand and improve partnerships among the Federal Government, States, institutions of higher education, and private entities to increase the awareness and the total amount of need-based student assistance available to low- and moderate-income students; and (F) to collect information on Federal regulations, and on the impact of Federal regulations on student financial assistance and on the cost of receiving a postsecondary education, and to make recommendations to help streamline the regulations of higher education from all sectors.

**(b) INDEPENDENCE OF ADVISORY COMMITTEE.**--In the exercise of its functions, powers, and duties, the Advisory Committee shall be independent of the Secretary and the other offices and officers of the Department. Notwithstanding Department of Education policies and regulations, the Advisory Committee shall exert independent control of its budget allocations, expenditures and staffing levels, personnel decisions and processes, procurements, and other administrative and management functions. The Advisory Committee's administration and management shall be subject to the usual and customary Federal audit procedures. Reports, publications, and other documents of the Advisory Committee, including such reports, publications, and documents in electronic form, shall not be subject to review by the Secretary. Notwithstanding Department of Education policies and regulations, the Advisory Committee shall exert independent control of its budget allocations and expenditures, personnel decisions and processes, procurements, and other administrative and management functions. The Advisory Committee's administration and management shall be subject to the usual and customary Federal audit procedures. The recommendations of the Committee shall not be subject to review or approval by any officer in the executive branch, but may be submitted to the Secretary for comment prior to submission to the authorizing committees in accordance with subsection (f).

The Secretary's authority to terminate advisory committees of the Department pursuant to section 448(b) of the General Education Provisions Act ceased to be effective on June 23, 1983.

**(c) MEMBERSHIP.**--(1) The Advisory Committee shall consist of 11 members appointed as follows: (A) Four members shall be appointed by the President pro tempore of the Senate, of whom two members shall be appointed from recommendations by the Majority Leader of the Senate, and two members shall be appointed from recommendations by the Minority Leader of the Senate. (B) Four members shall be appointed by the Speaker of the House of Representatives, of whom two members shall be appointed from recommendations by the Majority Leader of the House of Representatives, and two members shall be appointed from recommendations by the Minority Leader of the House of Representatives. (C) Three members shall be appointed by the Secretary, of whom at least one member shall be a student. (2) Each member of the Advisory Committee, with the exception of the student member, shall be appointed on the basis of technical qualifications, professional experience, and demonstrated knowledge in the fields of higher education, student financial aid, financing post-secondary education, and the operations and financing of student loan guarantee agencies. (3) The appointment of a member under subparagraph (A) or (B) of paragraph (1) shall be effective upon publication of such appointment in the Congressional Record.

**(d) FUNCTIONS OF THE COMMITTEE.**--The Advisory Committee shall--(1) develop, review, and comment annually upon the system of needs analysis established under part F of this title; (2) monitor, apprise, and evaluate the effectiveness of student aid delivery and recommend improvements; (3) recommend data collection needs and student information requirements which would improve access and choice for eligible students under this title and assist the Department of Education in improving the delivery of student aid; (4) assess the impact of legislative and administrative policy proposals; (5) review and comment upon, prior to promulgation, all regulations affecting programs under this title, including proposed regulations; (6) recommend to the authorizing committees and to the Secretary such studies, surveys, and analyses of student financial assistance programs, policies, and practices, including the special needs of low-income, disadvantaged, and nontraditional students, and the means by which the needs may be met; (7) review and comment upon standards by which financial need is measured in determining eligibility for Federal student assistance programs; (8) appraise the adequacies and deficiencies of current student financial aid information resources and services and evaluate the effectiveness of current student aid information programs; (9) provide an annual report to the authorizing committees that provides analyses and policy recommendations regarding— (A) the adequacy of need-based grant aid for low- and moderate-income students; and (B) the postsecondary enrollment and graduation rates of low- and moderate-income students; (10) develop and maintain an information clearinghouse to help students of higher education understand the regulatory impact of the Federal Government on institutions of higher education from all sectors, in order to raise awareness of institutional legal obligations and provide information to improve compliance with, and to reduce the duplication and inefficiency of, Federal regulations; and (11) make special efforts to advise Members of Congress and such Members' staff of the findings and recommendations made pursuant to this paragraph.

**(e) OPERATIONS OF THE COMMITTEE.**--(1) Each member of the Advisory Committee shall be appointed for a term of 4 years, except that, of the members first appointed-- (A) 4 shall

be appointed for a term of 1 year; (B) 4 shall be appointed for a term of 2 years; and (C) 3 shall be appointed for a term of 3 years, as designated at the time of appointment by the Secretary. (2) Any member appointed to fill a vacancy occurring prior to the expiration of the term of a predecessor shall be appointed only for the remainder of such term. A member of the Advisory Committee serving on the date of enactment of the Higher Education Amendments and College Opportunity Act of 2008 shall be permitted to serve the duration of the member's term, regardless of whether that member was previously appointed to more than one term. (3) No officers or full-time employees of the Federal Government shall serve as members of the Advisory Committee. (4) The Advisory Committee shall elect a Chairman and a Vice Chairman from among its members. (5) Six members of the Advisory Committee shall constitute a quorum. (6) The Advisory Committee shall meet at the call of the Chairman or a majority of its members.

**(f) SUBMISSION TO DEPARTMENT FOR COMMENT.**--The Advisory Committee may submit its proposed recommendations to the Department of Education for comment for a period not to exceed 30 days in each instance.

**(g) COMPENSATION AND EXPENSES.**-- Members of the Advisory Committee may each receive reimbursement for travel expenses incident to attending Advisory Committee meetings, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

**(h) PERSONNEL AND RESOURCES.**--(1) The Advisory Committee may appoint such personnel as may be necessary by the Chairman without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but no individual so appointed shall be paid in excess of the rate authorized for GS-18 of the General Schedule. The Advisory Committee may appoint not more than 1 full-time equivalent, nonpermanent, consultant without regard to the provisions of title 5, United States Code. The Advisory Committee shall not be required by the Secretary to reduce personnel to meet agency personnel reduction goals. (2) In carrying out its duties under the Act, the Advisory Committee shall consult with other Federal agencies, representatives of State and local governments, and private organizations to the extent feasible. (3)(A) The Advisory Committee is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this section and each such department, bureau, agency, board, commission, office, independent establishment, or instrumentality is authorized and directed, to the extent permitted by law, to furnish such information, suggestions, estimates, and statistics directly to the Advisory Committee, upon request made by the Chairman. (B) The Advisory Committee may enter into contracts for the acquisition of information, suggestions, estimates, and statistics for the purpose of this section. (4) The Advisory Committee is authorized to obtain the services of experts and consultants without regard to section 3109 of title 5, United States Code and to set pay in accordance with such section. (5) The head of each Federal agency shall, to the extent not prohibited by law, cooperate with the Advisory Committee in carrying out this section. (6) The Advisory

Committee is authorized to utilize, with their consent, the services, personnel, information, and facilities of other Federal, State, local, and private agencies with or without reimbursement.

**(i) AVAILABILITY OF FUNDS.**--In each fiscal year not less than \$800,000, shall be available from the amount appropriated for each such fiscal year from salaries and expenses of the Department for the costs of carrying out the provisions of this section.

**(j) SPECIAL ANALYSES AND ACTIVITIES.**--The Advisory Committee shall-- (1) monitor and evaluate the modernization of student financial aid systems and delivery processes and simplifications, including recommendations for improvement; (2) assess the adequacy of current methods for disseminating information about programs under this title and recommend improvements, as appropriate, regarding early needs assessment and information for first-year secondary school students; (3) assess and make recommendations concerning the feasibility and degree of use of appropriate technology in the application for, and delivery and management of, financial assistance under this title, as well as policies that promote use of such technology to reduce cost and enhance service and program integrity, including electronic application and reapplication, just-in-time delivery of funds, reporting of disbursements and reconciliation; (4) conduct a review and analysis of regulations in accordance with subsection (l); and (5) conduct a study in accordance with subsection (m).

**(k) TERM OF THE COMMITTEE.**--Notwithstanding the sunset and charter provisions of the Federal Advisory Committee Act (5 U.S.C. App. I) or any other statute or regulation, the Advisory Committee shall be authorized until October 1, 2014.

**(l) REVIEW AND ANALYSIS OF REGULATIONS.** --(1) RECOMMENDATIONS.—The Advisory Committee shall make recommendations to the Secretary and the authorizing committees for consideration of future legislative action regarding redundant or outdated regulations consistent with the Secretary’s requirements under section 498B. (2) REVIEW AND ANALYSIS OF REGULATIONS.— (A) REVIEW OF CURRENT REGULATIONS.—To meet the requirements of subsection (d)(10), the Advisory Committee shall conduct a review and analysis of the regulations issued by Federal agencies that are in effect at the time of the review and that apply to the operations or activities of institutions of higher education from all sectors. The review and analysis may include a determination of whether the regulation is duplicative, is no longer necessary, is inconsistent with other Federal requirements, or is overly burdensome. In conducting the review, the Advisory Committee shall pay specific attention to evaluating ways in which regulations under this title affecting institutions of higher education (other than institutions described in section 102(a)(1)(C)), that have received in each of the two most recent award years prior to the date of enactment of Higher Education Amendments and College Opportunity Act of 2008 less than \$200,000 in funds through this title, may be improved, streamlined, or eliminated.(B) REVIEW AND COLLECTION OF FUTURE REGULATIONS.—The Advisory Committee shall— (i) monitor all Federal regulations, including notices of proposed rulemaking, for their impact or potential impact on higher education; and (ii) provide a succinct description of each regulation or proposed regulation that is generally relevant to institutions of higher education from all sectors. (C) MAINTENANCE OF PUBLIC WEBSITE.—The Advisory Committee shall develop and maintain an easy to use, searchable, and regularly updated website that—(i) provides information collected in subparagraph (B); (ii) provides an area for the experts

and members of the public to provide recommendations for ways in which the regulations may be streamlined; and (iii) publishes the study conducted by the National Research Council of the National Academy of Sciences under section 1106 of the Higher Education Amendments and College Opportunity Act of 2008. (3) CONSULTATION.— (A) IN GENERAL.—In carrying out the review, analysis, and development of the website required under paragraph (2), the Advisory Committee shall consult with the Secretary, other Federal agencies, relevant representatives of institutions of higher education, individuals who have expertise and experience with Federal regulations, and the review panels described in subparagraph (B). (B) REVIEW PANELS.—The Advisory Committee shall convene not less than two review panels of representatives of the groups involved in higher education, including individuals involved in student financial assistance programs under this title, who have experience and expertise in the regulations issued by the Federal Government that affect all sectors of higher education, in order to review the regulations and to provide recommendations to the Advisory Committee with respect to the review and analysis under paragraph (2). The panels shall be made up of experts in areas such as the operations of the financial assistance programs, the institutional eligibility requirements for the financial assistance programs, regulations not directly related to the operations or the institutional eligibility requirements of the financial assistance programs, and regulations for dissemination of information to students about the financial assistance programs. (4) PERIODIC UPDATES TO THE AUTHORIZING COMMITTEES.—The Advisory Committee shall— (A) submit, not later than two years after the completion of the negotiated rulemaking process required under section 492 resulting from the amendments to this Act made by the Higher Education Amendments and College Opportunity Act of 2008, a report to the authorizing committees and the Secretary detailing the review panels’ findings and recommendations with respect to the review of regulations; and (B) provide periodic updates to the authorizing committees regarding— (i) the impact of all Federal regulations on all sectors of higher education; and (ii) suggestions provided through the website for streamlining or eliminating duplicative regulations. (5) ADDITIONAL SUPPORT.—The Secretary and the Inspector General of the Department shall provide such assistance and resources to the Advisory Committee as the Secretary and Inspector General determine are necessary to conduct the review and analysis required by this subsection.

**(m) STUDY OF INNOVATIVE PATHWAYS TO BACCALAUREATE DEGREE ATTAINMENT.** --(1) STUDY REQUIRED.—The Advisory Committee shall conduct a study of the feasibility of increasing baccalaureate degree attainment rates by reducing the costs and financial barriers to attaining a baccalaureate degree through innovative programs. (2) SCOPE OF STUDY.—The Advisory Committee shall examine new and existing programs that promote baccalaureate degree attainment through innovative ways, such as dual or concurrent enrollment programs, changes made to the Federal Pell Grant program, simplification of the needs analysis process, compressed or modular scheduling, articulation agreements, and programs that allow two-year institutions of higher education to offer baccalaureate degrees. (3) REQUIRED ASPECTS OF THE STUDY.—In performing the study described in this subsection, the Advisory Committee shall examine the following aspects of such innovative programs: (A) The impact of such programs on baccalaureate attainment rates. (B) The degree to which a student’s total cost of attaining a baccalaureate degree can be reduced by such programs. (C) The ways in which low- and moderate-income students can be specifically targeted by such programs. (D) The ways in which nontraditional students can be specifically targeted by such programs. (E)

The cost-effectiveness for the Federal Government, States, and institutions of higher education to implement such programs. (4) CONSULTATION.— (A) IN GENERAL.—In performing the study described in this subsection, the Advisory Committee shall consult with a broad range of interested parties in higher education, including parents, students, appropriate representatives of secondary schools and institutions of higher education, appropriate State administrators, administrators of dual or concurrent enrollment programs, and appropriate Department officials. (B) CONSULTATION WITH THE AUTHORIZING COMMITTEES.—The Advisory Committee shall consult on a regular basis with the authorizing committees in carrying out the study required by this subsection. (5) REPORTS TO AUTHORIZING COMMITTEES.— (A) INTERIM REPORT.—The Advisory Committee shall prepare and submit to the authorizing committees and the Secretary an interim report, not later than one year after the date of enactment of the Higher Education Amendments and College Opportunity Act of 2008, describing the progress made in conducting the study required by this subsection and any preliminary findings on the topics identified under paragraph (2). (B) FINAL REPORT.—The Advisory Committee shall, not later than three years after the date of enactment of the Higher Education Amendments and College Opportunity Act of 2008, prepare and submit to the authorizing committees and the Secretary a final report on the study, including recommendations for legislative, regulatory, and administrative changes based on findings related to the topics identified under paragraph (2).