Access & Persistence

SPRING 2011

March Hearing Summary

Upcoming Report
The Bottom Line: Ensuring that Students and Parents Understand the Net Price of College

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ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE

MESSAGE FROM THE CHAIR

As I write this, students are making final decisions about whether or not to attend or to re-enroll in college this coming fall. While multiple factors impact this key decision, financing is the most significant for low- and moderate-income students. Many students are unaware that college list price differs significantly from net price, defined as the cost of attendance minus grant aid from all sources. To help students understand and compare college financing at multiple institutions, Congress has mandated that all colleges and universities post a net price calculator on their websites by this October. Of course, this mandate is not without complexity, and a double session of the Advisory Committee's spring hearing was devoted to hearing from the higher education community on the design and use of net price calculators.

The Committee's findings on net price calculators and financial aid award letters are in its soon to be released report, *The Bottom Line: Ensuring that Students and Parents Understand the Net Price of College*. At the spring hearing, two panels were convened: the first, a group of researchers and analysts, the second, knowledgeable practitioners. The conversation was lively, ranging from a discussion of the Department of Education's net price calculator template to the complexities of implementation and to the conceptual differences between net price calculators and financial aid award letters. From the conversation, a consensus for action emerged, which is discussed in brief in this issue of *Access & Persistence*, and in greater detail in the report itself.

In addition to the session on net price calculators, the Advisory Committee's spring hearing also brought together a panel of experts on nontraditional students. The panel discussed such issues as the definition of a nontraditional student, the barriers to access and persistence that such students face, and the role of federal policy in addressing those barriers. Testimony from this panel will inform the Advisory Committee's report on nontraditional students, to be released later this summer. A synopsis of the entire hearing can be found in this issue.

Throughout the spring hearing, panelists commented on the current uncertainty in Pell Grant appropriations. While the $5,550 Pell maximum has been maintained for the 2011-12 award year as part of the FY2011 budget compromise, the future funding level for Pell is unclear. And, although Congress has eliminated the year-round Pell award, legislators have postponed its elimination until after this summer, providing many students some refuge from the current uncertainty in federal student aid.

Committee staff will continue to monitor proposed legislation on the Pell Grant, which is crucial to the future success of students. Higher education panelists at the hearing were unified in their belief that reliable and consistent funding is critical in student enrollment and persistence efforts. As part of its congressional mandate, over the coming months the Committee will evaluate and analyze the availability of federal financial aid, including need-based grant aid, for low- and moderate-income students.

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

MARCH HEARING SUMMARY

On March 17, 2011, the Advisory Committee on Student Financial Assistance held a one-day hearing, open to the public, at the Four Points by Sheraton in Washington DC. The purpose of the hearing was to gather information related to one of the Committee's most recent congressional charges: to report annually on the adequacy of need-based grant aid for low- and moderate-income students, as well as their enrollment and persistence rates. In June 2010, the Advisory Committee delivered to Congress and the Secretary the first annual report on the condition of access and persistence, *The Rising Price of Inequality: How Inadequate Grant Aid Limits College Access and Persistence*, which examined the adequacy of need-based grant aid on bachelor's degree attainment for low- and moderate-income traditional students. The Committee plans to release two additional reports in this series this year: the first on net price calculators, and the second on barriers to access for nontraditional students.

The March 17 hearing consisted of three sessions: a panel discussion and roundtable on issues associated with the use and design of net price calculators, a structured panel discussion on the barriers to access faced by nontraditional students, and a public comment session. The content of these sessions is briefly described below. A complete summary of the hearing will be available soon. Please contact the Committee at ACSFA@ed.gov for more information.

Net Price Calculators: A Tool for Students and Families

A panel of distinguished researchers and policy analysts delivered testimony on the design and use of net price calculators, followed by a structured roundtable discussion among knowledgeable practitioners on the same subject. Panelists included distinguished practitioners in the fields of financial aid, enrollment management, and institutional research, as well as higher education and financial aid research and policy experts.

In the *Higher Education Opportunity Act* of 2008, Congress included two new requirements aimed at ensuring students and parents are provided with the data they need. To ensure broad availability of net price calculators, Congress directed the Department of Education to develop a template as guidance and required each institution to make its own version of a net price calculator available on its website by fall 2011. To minimize current confusion and complexity surrounding financial aid award letters, Congress also directed the Department to develop a model award letter for institutions to follow.

The purpose of this first session of the Committee's hearing was to assess the extent to which the intent of these two legislative charges and their associated regulations is likely to be met in practice. The following questions were asked of all panelists in order to provide structure for both the analysts' testimony and the practitioners' roundtable discussion.

1. **Student and Parent Needs**: What data do students and parents need about college expenses and financial aid, and when?

   - In middle school?
   - During the college search process and before applying for admission?
   - After admission to one or more colleges?

2. **Financial Aid Award Letters**: What lessons can be drawn from the history and current status of financial aid award letters?

   - In practice, do financial aid award letters meet the needs of students and parents?
   - If not, what are the major shortcomings -- from a student and parent perspective?
   - What improvements can be made and are these improvements likely to be made?

FIGURE 1: HIGHLIGHTS OF THE PANEL DISCUSSION

"The content and form of the results of a net price calculator should match and be predictive of the final financial aid award letter and the actual cost to the family as much as possible."

Mark Kantrowitz, Publisher, FinAid.org and Fastweb.com

"In principle, the net price calculators can be helpful for many students, but they're unlikely to solve the information problems of the most vulnerable students, and those most at risk of making poor decisions about postsecondary education."

Sandy Baum, Independent Higher Education Policy Analyst

"In order to serve the needs of prospective students and their families, net price calculators must be easy to find, easy to use, present results that are easy to understand and compare, and protect students' personal information."

Diane Cheng, Research Associate, The Institute for College Access & Success

"The challenge with net price calculators is the trade-off between accuracy and simplicity."

Lucie Lapovsky, Principal, Lapovsky Consulting

"… the Department set out to develop a template … with the understanding that it was in the best interests of institutions to develop the most precise calculators, and ... that the universe of institutions that are subject to this requirement is very diverse."

Elise Miller, Program Director, Postsecondary Education, Institutional Studies and NCES, ED

"Everyone's talked about comparability, but it does no good to compare inaccurate data. So the important thing is that we as institutions make sure our calculators provide the best estimates possible."

Mary Sapp, Assistant VP of Planning, Institutional Research & Assessment, University of Miami

"I'm really hoping that some of our four-year colleagues eventually think about using this as a tool for transfer students ... Many of my transfer students never applied for financial aid at my institution … Now they're looking at the cost of a four-year school for the very first time. And that's eye-opening."

Melissa Gregory, Director of Student Financial Aid, Montgomery College (MD)

"Cost is a part of value; what we need to have our students understand is value … I don't think net price calculators, or even award letters, help us stress value and what students are going to get from that value."

Dan Davenport, Director of Student Financial Aid Services, University of Idaho

"We do believe there should be some relationship … but I see the net price calculator as a tool, whereas the financial aid award letter is what's really happening to that student and family."

Dan Mann, Director of Student Financial Aid, University of Illinois, Urbana-Champaign

"I don't think [net price calculators] can be improved through regulation. I think the community's going to have to come together and continue to discuss this issue, come up with best practices."

Youlonda Copeland-Morgan, Associate VP for Enrollment Management, Syracuse University

"I think we're headed down the wrong path. And I think that's what you've heard … how we present information often becomes the barrier and students withdraw from that."

Tom Babel, Vice President of Regulatory Affairs, DeVry Inc.

3. **Issues Associated with Net Price Calculators**: Will net price calculators provide students and parents the data needed to make informed decisions?

- How do net price calculators relate to financial aid award letters – in content and form?
- Will net price calculators likely suffer from the same shortcomings as do financial aid award letters?
- Are net price calculators likely to suffer from additional (unique) shortcomings?

4. **Integration and Standardization**: To what extent can financial aid award letters and net price calculators be standardized and integrated?

- In practice, how closely related are net price calculators and financial aid award letters likely to be?
- What steps might be taken to ensure that these two tools are standardized and integrated?
- Who should take the lead in doing so, and how should that process proceed?

See figure one for highlights from the discussion and information on the panelists.

Nontraditional Students: Barriers to Access & Persistence

A structured panel discussion took place among experts of the barriers to access and persistence faced by nontraditional students. Members of the panel included distinguished faculty members and researchers, higher education association leaders, and practitioners who exhibited a thorough understanding of these barriers.

By 2020, President Obama is committed to ensuring that the United States will once again have the highest proportion of college graduates in the world. However, a recent Brookings Institution report, *State of Metropolitan America*, presents significant evidence that bachelor's degree completion rates are falling nationally. In fact, the report notes that the bachelor's degree attainment rate of American 24- to 34-year-olds is now lower than that of 35- to 44-year-olds. Declining bachelor's degree attainment rates threaten America's overall global competitiveness and endanger the President's commitment; ensuring access to the growing number of nontraditional students will help to meet the President's education goal.

After completing *The Rising Price of Inequality* last year, a report on the challenge of degree attainment for traditional high school graduates, the Advisory Committee has now turned its attention to a report addressing the challenge of degree attainment for nontraditional students. Thus, to inform this new report, the purpose of the second session of the Advisory Committee hearing was to obtain a better understanding of the barriers to access and persistence that nontraditional students face today in order to determine steps that can be taken to help increase degree completion for this population. The following three issue areas were addressed by panelists to further this discussion.

1. **Background**: Who are nontraditional students?

2. **The Barriers**: What are the barriers to access and persistence for nontraditional students?

3. **Federal Policy**: What federal policy proposals have been introduced to address the barriers that face nontraditional students, and what steps can the federal government take to alleviate those barriers?

See figure two for highlights from the discussion and information on the panelists.

FIGURE 2:
HIGHLIGHTS OF THE PANEL DISCUSSION

"[Adult learners] represent people with highly complex lives that don't center on the university."

Carol Kasworm, W. Dallas Herring Professor, North Carolina State University

"I think we have a problem with framing. To call a group that may represent 70 or 85 percent of students nowadays, nontraditional, just doesn't make sense any longer."

Laura Perna, Professor, University of Pennsylvania, Graduate School of Education

"[Our barriers] looked at five major areas: data, academic affairs, student services, financing and financial aid, and communications."

Demarée Michelau, Director of Policy Analysis, Western Interstate Commission for Higher Education

"Right now, the biggest challenge is the logistical data limitations. We can come up with conceptual measurements [of success], but implementing them and collecting the information is difficult."

Bryan Cook, Director of the Center for Policy Analysis, American Council on Education

"Anyone that can be said to be nontraditional can be found on a community college campus. These colleges wonder who the traditional students are."

Melissa Gregory, Director of Student Financial Aid, Montgomery College (MD)

"One of the issues is with the financial aid structure ... With nontraditional students, who may have struggles early on, to avail themselves of the same amount of financial aid as traditional students, they must be successful." (Discussing the limits on non-term and non-standard term programming)

Tom Babel, Vice President of Regulatory Affairs, DeVry Inc.

Public Comment

The session was devoted to public comment on all topics covered at the hearing. Five minutes were allotted to those who requested, in advance, an opportunity to speak on one of the topics addressed by the hearing. Several speakers commented on the challenges facing nontraditional students, including low-income adults, homeless youth, foster care youth, and low- and moderate-income women. These included Ms. Vickie Choitz, Senior Policy Analyst, Center for Law and Social Policy; Ms. Barbara Duffield, Policy Director, National Association for the Education of Homeless Children and Youth; Dr. John Emerson, Advisor, Postsecondary Education and Training, Casey Family Programs; and Ms. Anne Hedgepeth, Government Relations Coordinator, American Association of University Women. Among suggestions for improving access were the following: support the summer Pell Grant, fund the Student Success pilot program, support the Department's proposed gainful employment regulations, and raise the age of eligibility for homeless youth. Panelists also suggested developing data information systems on foster care students, maintaining funding for the part-time Pell Grant, and raising the income protection allowance for nontraditional students.

Mr. Bill Smith of Student Aid Services, Inc., offered comments on net price calculators, noting that emerging best practices include Spanish translation, modifications that allow transfer students to use the calculators, the ability to personalize estimates for different student populations, the use of multi-track calculators for middle and high school students, and the use of email to encourage dialogue between students and financial aid offices. ◆

UPCOMING REPORT: *THE BOTTOM LINE*

In making decisions about college, it is essential that students and parents focus on net price – the dollar amount that must be paid after subtracting financial assistance from cost of attendance. Throughout the college decision making process – from considering whether college is a financial possibility, to choosing which college to attend, to assessing whether to continue once enrolled – net price, rather than list price, is of singular importance. In recognition of the significance of net price for families, the Advisory Committee will soon release a new report to Congress and the Secretary of Education entitled, *The Bottom Line: Ensuring that Students and Parents Understand the Net Price of College*.

In the *Higher Education Opportunity Act* of 2008, Congress included a new requirement on net price calculators aimed at ensuring that students and parents are provided with the data they need to make sound decisions. To ensure broad availability of net price calculators, Congress directed the Department of Education to develop a template as guidance, and required each institution to make its own version available on its website by fall 2011.

A net price calculator is one of two financial aid tools designed to provide students and parents with accurate and timely information about the net price of a particular college, or type of college. A well designed calculator can provide an early estimate of cost of attendance and financial aid long before application for admission. A second tool – a financial aid award letter – provides a list of the financial aid an admitted student will receive, once enrolled. While used at different points in the decision making process, these tools are often closely related from a student and parent perspective: the closer a net price calculator approximates the dollar amounts that are likely to appear in the financial aid award letter, issued once the student has applied and been admitted, the more useful it can be in the decision making process.

On March 17, 2011, the Advisory Committee held its spring hearing in Washington DC and devoted two panels to a discussion of issues associated with net price calculators and financial aid award letters, a discussion that served as the basis for *The Bottom Line*. The first panel included researchers and analysts; the second panel included practitioners. After providing background, the report presents a transcript of those two panels and highlights notable passages, articulating the following points of consensus that emerged from the panel discussions:

- Students and parents need accurate and timely information about both college expenses and financial aid from middle school through college enrollment and persistence.
- The current status of financial aid award letters – in particular, the lack of comparability from institution to institution – provides a cautionary tale for the future of net price calculators.
- While net price calculators have the potential to be useful tools for students and parents, they are likely to suffer from several limitations that warrant further examination.
- It would be wise for the higher education community to explore these issues further and develop voluntary guidelines for net price calculators, for the benefit of students and parents.

The Bottom Line concludes that while it is understandable that the design and use of net price calculators and financial aid award letters might vary somewhat across colleges (given significant differences in institutional mission and operations), further alignment of components, definitions, and output appears possible. Given the near unanimous agreement among the hearing's panelists that neither further legislation nor regulation is the answer, a broad coalition of representatives from the higher education and policy making community should be formed to standardize and integrate these two financial aid tools.

The Advisory Committee plans to conduct a thorough evaluation of net price calculators later this fall, after their full implementation. An assessment of financial aid award letters will also be included. ◆

HERS UPDATE: SURVEY PROCESS & METHOD

The *Higher Education Opportunity Act* of 2008 charged the Advisory Committee with conducting a review and analysis of regulations affecting higher education to determine the extent to which regulations are overly burdensome and in need of streamlining, improvement, or elimination. A final report on the *Higher Education Regulations Study* is due to Congress and the Secretary of Education later this year.

To achieve this mandate, the Committee designed an anonymous, confidential, web-based survey instrument in order to collect campus attitudes and perceptions of regulatory burden and the regulatory development process. The survey is hosted and administered by an independent private contractor. The instrument was developed with the input of numerous members of the higher education community, including members of the Advisory Committee's second regulations review panel. In total, 21 campus officials representing 14 institutions field-tested the survey. All the field testers felt strongly that the survey instrument was well constructed and comprehensively addressed the issues and concerns of administrators and executives on the current attitudes and perceptions regarding the regulations and the way forward for future regulatory reform efforts.

The final version of the survey instrument consists of two separate and distinct tracks: one for senior executives on campus and the other for campus administrators dealing with the regulations under the *Higher Education Act*.

- **Senior Executives**. The questions for senior executives address broad issues related to the regulatory development process, the levels of regulatory burden affecting colleges and universities, alternative approaches to the current system, and preferred ways for continuing efforts to reduce regulatory burden on higher education institutions.

- **Campus Administrators**. The questions for campus administrators focus on rating the level of burden for a set of individual regulations already identified by the higher education community as burdensome. Administrators are also asked to provide their input on the regulatory development process and preferred ways to move forward on future efforts to reduce regulatory burden.

Prior to the end of the survey, all respondents will have the opportunity to register as a volunteer for follow-up phone and in-person interviews. Information from the follow-up interviews will be used to augment and provide further insight into the survey's results. Results from the survey and the interviews will be incorporated into the Committee's final report to Congress and the Secretary of Education.

The Advisory Committee staff met with several associations to request assistance in raising awareness of the survey and disseminating it to all institutions nationwide. The associations demonstrated strong support for the study and full cooperation for its dissemination among their respective members.

For further information on the study or the survey, or to volunteer to be interviewed for the study, please contact Anthony Jones, Director of the Higher Education Regulations Study, at Anthony.Jones@ed.gov. ◆

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MEET A MEMBER

Kathleen Hoyer
Student Member
University of Maryland

Ms. Kathleen Hoyer was appointed by the Secretary of Education in 2009 to serve a term that expires in September 2013. Ms. Hoyer is the Advisory Committee's student member, and she was awarded a master's degree in education policy studies from the University of Maryland, College Park, on May 19, 2011. She is currently pursuing her doctoral degree in the same field at College Park. Her research interests focus on the creation and implementation of federal education policy, especially with respect to both the interaction of federal policy with state- and district-level policy and the impact of federal policy on students from historically marginalized populations. In 2009, she served as a legislative fellow in the office of Maryland State Delegate Anne Kaiser, chair of the Education Subcommittee in Maryland's House of Delegates. Ms. Hoyer received her bachelor's degree in philosophy from the University of Notre Dame. ◆

ACSFA Announcements

The Committee welcomes its two newest members: **Ms. Deborah Stanley**, Director of Financial Aid, Bowie State University, and **Ms. Sharon Wurm**, Director of Financial Aid, Scholarships, Student Employment and Veterans Services, Truckee Meadows Community College.

The Advisory Committee will soon release the second of its series of congressionally mandated annual reports on the adequacy of need-based grant aid for low- and moderate-income students. *The Bottom Line: Ensuring that Students and Parents Understand the Net Price of College*, a report on the design and use of net price calculators, will be available in PDF on the Committee's website within the next few weeks. The first report in this series, *The Rising Price of Inequality: How Inadequate Need-Based Grant Aid Limits College Access and Persistence*, was released in June 2010.

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