

Access & Persistence



ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE



MESSAGE FROM THE CHAIR

With the passing of Senator Edward Kennedy in August, Congress has lost a great champion of low- and moderate-income students. Throughout his 46 years of service, [Senator Kennedy](#) never lost sight of the necessity for every student with the dream of a college education to realize that dream, regardless of family income. The appointment of [Senator Tom Harkin](#) of Iowa to the chairmanship of the Senate Health, Education, Labor & Pensions (HELP) Committee will continue the legacy of Senator Kennedy. A senior senator, and a member of the HELP Committee for many years, Harkin brings a dedicated and nuanced intelligence to the policy issues with which that Committee is engaged. While Senator Harkin will put his own imprimatur on his tenure as chair, his compassion for the needs of low- and moderate-income students is evident through his signature legislative achievements that benefit the lives of disadvantaged populations in the United States, such as the Americans with Disabilities Act, efforts to improve rural health care, and commitment to increase the quality of education in America's public schools. The Advisory Committee congratulates Senator Harkin and will be pleased to provide the HELP Committee with information on college access and persistence, as well as technical assistance on federal student aid policy.

This issue of *Access & Persistence* presents additional findings from recent Advisory Committee research on college access and persistence for low- and moderate-income students, the result of analysis of National Center for Education Statistics databases. The article in this issue is a follow-on to "Importance of College Expenses & Financial Aid (Net Price)," which appeared in the summer issue. Both articles describe trends in the attitudes of families in 1992 and 2004 toward college expenses and financial aid, detailing, in particular, the increased level of importance that low- and moderate-income families are placing on net price. The current article quantifies the strong and inverse relationship between the level of importance the family places on net price, and the rates of applying to and enrolling in a four-year college. Among families who found net price to be very important, enrollment in four-year colleges has declined.

In addition to its current research on access and persistence, the Committee continues to make progress on the [Higher Education Regulations Study \(HERS\)](#). The enclosed article outlines the steps the Committee will take moving forward toward the next stage of regulatory review. The [Community Suggestions Website](#) continues to remain open to public comment regarding Title IV regulations that are duplicative, no longer necessary, inconsistent with other federal regulations, and/or overly burdensome.

Finally, this issue of AP includes an update on the legislative process related to H.R. 3221, the *Student Aid Financial Responsibility Act (SAFRA)*, as well as an overview of recent activity relative to the negotiated rulemaking process for the *Higher Education Opportunity Act*. Even with the holidays upon us, legislative and regulatory workloads in the nation's capital remain heavy. As always, the Advisory Committee stands ready to serve the needs of Congress and the Administration on higher education policy. ♦

FALL 2009

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the Importance
of Finances on
Enrollment Behavior

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

IMPACT OF THE IMPORTANCE OF COLLEGE EXPENSES AND FINANCIAL AID (NET PRICE) ON ENROLLMENT BEHAVIOR

The summer edition of *Access & Persistence* featured an index of the importance that students and parents placed on college expenses and financial aid. Students and parents rated each as very important, somewhat important, or not important: 2, 1, and 0, respectively. Families in which the student and parents rated both college expenses and financial aid as very important received an index of 8 ($2 + 2 + 2 + 2$), and those in which students and parents rated both as not important received an index of 0 ($0 + 0 + 0 + 0$).

Enrollment Impact

Tables 1 & 2 illustrate the relationship between the family index and enrollment behavior – testing, applying, and enrolling – for high school graduates in 1992 and 2004 who had taken at least Algebra II:

- **Testing.** In 1992, testing was largely unaffected by the degree of importance placed on college expenses and financial aid by students and parents. However, in 2004, 87% of students in families who rated college expenses and financial aid as very important tested, while 97% of their peers in families who rated both as not important did so.
- **Applying.** In 1992, only 57% of students in families who rated college expenses and financial aid as very important applied to a 4-year college, while 97% of their peers in families who rated both as not important did so – a 40 percentage point difference. In 2004, the difference was 24 percentage points: 66% vs. 90%.
- **Enrolling.** In 1992, 54% of students in families who rated college expenses and financial aid as very important enrolled in a 4-year college, while 92% of their peers in families who rated both as not important did so – a 38 percentage point difference. In 2004, the difference was even greater: 45 percentage points – 43% vs. 88%. In addition, there was a very large difference in the rate of enrollment in no postsecondary education at all: in 1992, 10% vs. 3%; in 2004, 16% vs. 1%.

Whether high school graduates in 1992 and 2004 took the steps toward attending a 4-year college was strongly and negatively related to the importance their families placed on finances.

Enrollment in 4-Year vs. 2-Year Colleges

In both 1992 and 2004, the *choice* between enrolling in a 4-year college or a 2-year college appears to have also been affected by the importance families placed on college expenses and financial aid:

- In 1992, among families who rated college expenses and financial aid as very important, 54% of students enrolled in a 4-year college and 34% in a 2-year college. Among their peers who rated both as not important, the split was 92% and 4%, respectively.
- In 2004, among families who rated college expenses and financial aid as very important, 43% of students enrolled in a 4-year college and 36% in a 2-year college. Among their peers who rated both as not important, the split was 88% and 11%, respectively.

Whether high school graduates in 1992 and 2004 enrolled in a 4-year college or a 2-year college was strongly related to the importance their families placed on finances. The more important college expenses and financial aid were to the family, the more likely the student was to enroll in a 2-year college. ♦

TABLE 1: IMPACT OF THE IMPORTANCE OF COLLEGE EXPENSES AND FINANCIAL AID (NET PRICE) ON ENROLLMENT BEHAVIOR

**1992 High School Graduates
At Least Algebra II**

Level of Importance		Percent Who:		Percent Who Enrolled within Two Years in:			
		Took SAT/ACT	Applied to a 4-Year College	4-Year College	2-Year College	Other College	No PSE
Very Important  Not Important	8	90	57	54	34	2	10
	7	94	75	67	22	2	10
	6	94	80	78	17	1	4
	5	91	80	82	14	2	3
	4	92	78	75	17	3	5
	3	88	84	82	14	3	2
	2	90	89	87	11	0	2
	1	93	93	92	3	2	3
	0	90	97	92	4	2	3

TABLE 2: IMPACT OF THE IMPORTANCE OF COLLEGE EXPENSES AND FINANCIAL AID (NET PRICE) ON ENROLLMENT BEHAVIOR

**2004 High School Graduates
At Least Algebra II**

Level of Importance		Percent Who:		Percent Who Enrolled within Two Years in:			
		Took SAT/ACT	Applied to a 4-Year College	4-Year College	2-Year College	Other College	No PSE
Very Important  Not Important	8	87	66	43	36	5	16
	7	90	74	52	32	3	13
	6	91	78	60	25	4	11
	5	92	80	63	26	3	8
	4	91	79	67	21	3	9
	3	93	83	70	20	3	6
	2	92	87	74	18	3	5
	1	96	92	88	8	2	1
	0	97	90	88	11	0	1

*Data are from NCES' *National Education Longitudinal Study* (NELS) and *Education Longitudinal Study* (ELS)

HERS PROGRESS & NEXT STEPS

The Advisory Committee on Student Financial Assistance will move beyond Title IV regulations and begin to examine the impact of *all* federal regulations within the *Higher Education Act* as a second phase of the congressionally mandated *Higher Education Regulations Study* (HERS). In the interest of providing Congress with an inclusive and complete analysis of higher education regulations, the entire higher education community is strongly encouraged to provide the Committee with specific examples, suggestions, and/or comments, regarding regulations that are duplicative, no longer necessary, or inconsistent with other federal requirements. Specifically, the Advisory Committee seeks to quantify the level of burden placed on institutions by such regulations.

Since April 2009, the Committee has made significant progress on HERS. Through the support of the higher education community, the Committee has identified a preliminary set of burdensome Title IV-related regulations, and it will continue to further analyze and quantify the burden of the regulations so identified. The following lists key points of progress relative to the study:

- Convened a review panel to provide recommendations with respect to streamlining Title IV regulations on April 9, 2009 in Washington DC. The review panel discussed the development of the public comment website, an outreach strategy, and the scope of the study.
- Established the [Higher Education Regulations Study Website](#), devoted to collecting information on regulations from the higher education community.
- NASFAA, NACUBO, AAU, and the Texas Guaranteed Student Loan Corporation submitted comments and analysis on burdensome regulations.
- Review panelists organized conference calls with financial aid administrators, state grant agency representatives, and institutional researchers to discuss the impact of burdensome regulations and reporting requirements.
- The website received more than 90 comments, and initial analysis has established a preliminary set of burdensome regulations.

In spring 2010, the Advisory Committee will hold a meeting, during which a session will be devoted to interested parties who may submit testimony on burdensome regulations affecting higher education. Specific information about the meeting and how to participate will be available at a later date. The Committee will also establish a second regulatory review panel to aid with the study's final recommendations. The Advisory Committee is required to provide a comprehensive report to Congress no later than November 2011, two years after the negotiated rulemaking process for the *Higher Education Opportunity Act* is complete. ♦

The Advisory Committee encourages on-going contributions from the public and associations on regulations that are burdensome and that may require regulatory streamlining. Members of the community may contact the Advisory Committee staff directly by telephone (202-219-2099) or via the Committee's public comment [webpage](#).

LEGISLATIVE UPDATE: SAFRA

Over the past several months, Congress has been considering a piece of student aid legislation that could potentially overhaul the current student lending system. The pending legislation is grounded in President Obama's budget proposal—the core of which would end the bank-based Federal Family Education Loan Program (FFELP) and use much of the estimated \$87 billion savings for need-based grant and other college access-related programs.

On September 17, 2009, the House of Representatives passed the [*Student Aid and Fiscal Responsibility Act*](#) (SAFRA; H.R. 3221) by a vote of 253-171. The bill's key provision would eliminate the FFELP by shifting all federal student lending to the William D. Ford Federal Direct Loan Program (FDLP), a program in which loans are originated and backed directly by the government. All of the projected \$87 billion savings would come from the monies currently used to subsidize FFELP bank-based lending. These savings would then be redistributed in the following general allocations:

- \$40 billion to increase the maximum [Pell Grant](#). The grant would increase by the Consumer Price Index plus one percentage point, beginning in 2010.
- \$10 billion for community college infrastructure, and transfer and degree completion programs.
- \$3 billion (over five years) for the College Access and Completion Fund. This fund will encourage collaboration among the federal government, states, and institutions to improve college access and competition, particularly among groups of students who are traditionally under-represented in higher education.
- Increase the current Perkins Loan from \$1 billion to \$6 billion, and also re-structure the allocation formula to include more institutions than the program currently serves.
- \$2.5 billion for Historically Black Colleges and Universities and Hispanic-Serving Institutions.

In addition, SAFRA calls for further simplification of the Free Application for Federal Student Aid (FAFSA) by eliminating several asset-related questions and imposing an asset cap of \$150,000 for all forms of need-based aid. SAFRA would also return \$10 billion to the U.S. Treasury to be put toward deficit reduction.

Though a Senate version was originally expected in October, the Senate has yet to release their bill due to the ongoing debate over healthcare reform. Once the student aid legislation is taken up, the Senate Health, Education, Labor & Pensions (HELP) Committee and full Senate must approve the bill. Differences between the House and Senate versions will then be negotiated in conference, to be followed by final votes by both chambers.

For more information about SAFRA, please view the [House Education and Labor Committee summary](#). ♦

HEOA NEGOTIATED RULEMAKING PROCESS

The U.S. Department of Education published final regulations based on statutory changes to the *Higher Education Act* from the *Higher Education Opportunity Act of 2008* (HEOA). The resulting regulations apply to student aid, campus crime, and other programs affecting higher education. Notable regulatory modifications include guidelines for a year-round Pell Grant, increased reporting requirements around campus safety, and the establishment of requirements governing illegal file sharing. Also significant, the Department [published final rules](#) clarifying changes made to student loan programs under HEOA. These included adjusting how student loan default rates are calculated, requiring colleges to disclose significantly more information about their relationships with lenders, and expanding loan cancellation programs. All final rules issued can be found in the *Federal Register*.

In November, the Department began the latest round of negotiated rulemaking, which involves reviewing program integrity regulations. Negotiators and Department representatives agreed to discuss the following subjects during this period of negotiated rulemaking:

- Definition of High School Diploma for the Purpose of Establishing Institutional Eligibility to Participate in the Title IV Programs, and Student Eligibility to Receive Title IV Aid
- Ability to Benefit
- Misrepresentation of Information to Students and Prospective Students
- Incentive Compensation
- State Authorization as a Component of Institutional Eligibility
- Employment in a Recognized Occupation
- Definition of a Credit Hour
- Agreements Between Institutions of Higher Education
- Verification of Information Included on Student Aid Applications
- Satisfactory Academic Progress
- Retaking Coursework
- Return of Title IV Funds: Term-based Programs with Modules or Compressed Courses
- Return of Title IV Funds: Taking Attendance
- Disbursements of Title IV Funds

Three sessions are being held on these topics, each in Washington DC: the first session began on November 2 and ended November 6, 2009. The second session will start on December 7 and end on December 11, 2009, and the third session will take place from January 25 to January 29, 2010. The schedule for these negotiations has been developed to yield final regulations by the November 1, 2010 statutory deadline for publishing Title IV HEA student financial assistance final regulations.

The program integrity rulemaking committee will not negotiate or discuss student loan program integrity issues because the Department anticipates convening additional negotiated rulemaking committees following the completion of pending legislative action related to student loans. As per the Advisory Committee's congressional charge, Committee staff will continue to monitor all sessions and other developments related to the negotiated rulemaking process for HEOA through completion and implementation. ♦

CAPS UPDATE: POLICY RESEARCH GROUP

When Congress reauthorized the Advisory Committee in August 2008, it mandated an annual report through the year 2014 on the adequacy of grant aid, enrollment, and persistence for low- and moderate-income students. The Committee is fulfilling this mandate through the [*Condition of Access & Persistence Study \(CAPS\)*](#). The first annual report, due in late 2009, utilizes national data to address these questions. This inaugural study will provide a baseline picture of the condition of access and persistence for low- and moderate-income students and will serve as a measure for the remaining reports.

Several National Center for Education Statistics (NCES) databases have met the data gathering needs for the first annual report. These NCES data are valuable because, together, they provide a nationally representative sample of students as they move through the educational pipeline. The Advisory Committee has drawn from the National Educational Longitudinal Study (NELS), the Education Longitudinal Study (ELS), the Beginning Postsecondary Students Study (BPS), the National Postsecondary Study Aid Survey (NSPAS), and the Integrated Postsecondary Education Data System (IPEDS).

The Committee has already started to consider the scope of the second annual report to Congress, due in 2010. This report will focus on the implications of the current economic downturn on access and persistence for low- and moderate-income students. Preliminary anecdotal evidence suggests that access to four-year institutions has been negatively impacted by the current state of the economy, resulting in increases in community college enrollment. However, the NCES databases used for the first report have issued data reads only through 2006, with the exception of a limited 2008 data read from the spring of 2008, all of which precede the economic crisis of the fall of 2008. Thus, there are currently no new comprehensive national data that can assist with this report.

To address this issue, Committee staff have convened a policy research group, composed of experts in the field of college access and persistence, to provide information on and assistance with the implications of the economic downturn. The policy research group includes:

Dr. Eric Bettinger, *Stanford University*

Dr. Alberto Cabrera, *University of Maryland*

Dr. Stephen DesJardins, *University of Michigan*

Dr. Alicia Dowd, *University of Southern California*

Dr. Ron Ehrenberg, *Cornell University*

Dr. Don Heller, *The Pennsylvania State University*

Dr. John Lee, *JBL Associates*

Dr. Bridget Long, *Harvard University*

Dr. Laura Perna, *University of Pennsylvania*

Together, this group will assist Committee staff with evaluating relevant data and literature that shed light on the impact of the current economic climate on enrollment and persistence for low- and moderate-income students. ♦

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Mr. Guida was appointed to the Advisory Committee by the Speaker of the House in 2008 to serve a term that expires in September 2011. He currently serves as Senior Vice President of Strategic Development and Regulatory Affairs at Education Management Corporation (EDMC). Mr. Guida directs accreditation and regulatory support for EDMC's 93 campus locations for all six regional higher education accreditation agencies, two national higher education accrediting agencies, multiple specialized accrediting agencies, and more than two dozen states and Canadian provinces. EDMC educational institutions include The Art Institutes, Argosy University, Brown Mackie Colleges, South University and the Western State University College of Law. Recently, Mr. Guida was re-elected to the board of the Career Colleges Association where he co-chairs its Federal Affairs Committee. He earned a JD from the University of Cincinnati College of Law, holds a BS in accounting from the University of Dayton, and has passed the CPA licensure examination in Pennsylvania. ♦

In the coming weeks,
the Advisory Committee
expects the appointment
of several new members
to fill existing vacancies.

ACSFA Announcements

Early in 2010, the Advisory Committee will hold a **public meeting and hearing** devoted to the condition of access and persistence for low- and moderate-income students and the reduction of the burden of regulations affecting higher education. More details will be available soon.

Ms. Megan McClean, formerly Assistant Director, has been promoted to Director of Government Relations for the Advisory Committee.

The [Community Suggestions Website](#) remains active. The Advisory Committee continues to seek public comment to help identify higher education regulations that are duplicative, no longer necessary, inconsistent with other federal regulations, and/or overly burdensome. The Committee will use this information to provide a comprehensive report to Congress and the Secretary of Education.

For more information on the [regulations study](#), contact **Brent Madoo**, Assistant Director, at 202-219-2196 or brent.madoo@ed.gov.

Inquiries regarding the [Condition of Access and Persistence Study](#) may be directed to **Wendell Hall**, Associate Director, at 202-219-2230 or wendell.hall@ed.gov.

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