



November 15, 2016

## Aligning Federal Supports and Program Delivery for College Access & Completion

Dear Colleagues:

Years of research show that completing higher education can provide significant benefits to society, and to students that last throughout their lives. A postsecondary credential or degree is among the surest ways to access the middle class and become financially self-sufficient. However, too many students fail to complete their education due to resource constraints. Even where supports are available, students may be unaware of the programs that could support them to college completion.

This federal interagency letter publishes the latest guidance and resources that clarify how existing provisions within federal programs can be better aligned for postsecondary access and completion. The federal government is committed to ensuring that these programs fulfill their promise of breaking down barriers to accessing the knowledge and skills people need to get a well-paying job, support a family, and contribute to the community. Increasing access to a degree beyond high school is critical to making this vision a reality. With your leadership, we can strengthen coordination among programs that can connect more people in our communities to postsecondary opportunities, and help them to succeed when they get there. We ask you to consult the items below, and identify ways that federal policies can be leveraged to improve the way your programs effectively serve our communities.

To ensure that no hard-working student is priced out of a high-quality college education, this Administration has doubled investments in federal financial aid through Pell Grants and tax credits; made student loans more affordable by keeping interest rates low and allowing borrowers to cap student loan payments at ten percent of their discretionary income; made accessing financial aid simpler and faster; provided students with information about college costs and outcomes to help them make better college choices; and promoted innovation, competition, and accountability to help bring down costs and improve college quality.

With your partnership, we have made real progress. Today, campuses are more diverse than ever as more students who are independent, older, first-generation, and working parents are enrolling in postsecondary education and training. More students are also graduating from college than ever, and student loan default, delinquency, and forbearance rates are on the decline. Yet, for too

many students and families, a high-quality college education still feels out of reach, signaling that there is still more work to do to eliminate barriers to college access and college completion. While more than 62 percent of senior high school students from high-income families have a bachelor's degree eight years after high school, just 18 percent from low-income families do.<sup>1</sup> Part of the problem is lack of awareness of available assistance. One in five undergraduate students did not apply for financial aid in 2011-12, including 30 percent of students in community colleges. When asked why they did not apply, most individuals responded that they either thought they could afford college without aid or they thought they were ineligible.<sup>2</sup> Even when they do obtain aid, low-income students are more likely to have a remaining financial need gap between aid received and the actual cost of attendance, which often leads these students to work more, study less, accumulate more debt, and, in some cases, drop out altogether. This trend is particularly troublesome because students who drop out are three times more likely to default on their loans as those who graduate, which can have further negative impacts on individual and family financial health in the future.

Part of the solution is ensuring that millions of people enrolled in the federal means-tested programs can easily access the available support and information about education and training opportunities and resources to gain the skills they need for the 21st century economy. Studies have shown that when benefits recipients engage in supported programs leading to a degree or credential, they are more likely to be employed and earn higher wages, ultimately curtailing their dependency on government benefits.<sup>3</sup> It is equally important to ensure that hard-working students can learn and thrive without major barriers, such as lack of access to food, housing, health care, or child care. There are existing provisions within means-tested benefits programs that could assist individuals engaged in workforce training or postsecondary education, but those who need them most are often unaware of their potential eligibility.<sup>4</sup> It is critical to ensure current means-tested benefits recipients access educational and training opportunities, and to connect eligible students with available federal supports and to partner with states to ensure these resources support their communities effectively. Thank you for your partnership in this important work.

---

<sup>1</sup> U.S. Department of Education, National Center for Education Statistics, Education Longitudinal Study of 2002 (ELS:2002), High School Seniors. [https://nces.ed.gov/datalab/index.aspx?ps\\_x=cckbgb4](https://nces.ed.gov/datalab/index.aspx?ps_x=cckbgb4)

<sup>2</sup> <http://nces.ed.gov/pubs2016/2016406.pdf>

<sup>3</sup> College Counts (2015) <http://www.collegecounts.us/results/>, Turner (2015) [http://econweb.umd.edu/~turner/Turner\\_CO.pdf](http://econweb.umd.edu/~turner/Turner_CO.pdf), Seattle Jobs Initiative (2014) [http://www.seattlejobsinitiative.com/wp-content/uploads/SJI\\_BFET\\_June2014.pdf](http://www.seattlejobsinitiative.com/wp-content/uploads/SJI_BFET_June2014.pdf)

<sup>4</sup> CLASP (2016) <http://www.clasp.org/resources-and-publications/publication-1/Benefits-Access-for-College-Completion-Lessons-Learned.pdf> and Single Stop (2016) <http://www.singlestopusa.org/wp-content/uploads/2016/06/Hunger-and-Food-Insecurity-1.pdf>

Thomas J. Vilsack  
Secretary  
U.S. Department of Agriculture

John B. King, Jr.  
Secretary  
U.S. Department of Education

Sylvia M. Burwell  
Secretary  
U.S. Department of Health and Human Services

Julián Castro  
Secretary  
U.S. Department of Housing and Urban Development

Thomas E. Perez  
Secretary  
U.S. Department of Labor

Jacob J. Lew  
Secretary  
U.S. Department of the Treasury

## **Agency: United States Department of Agriculture (USDA)**

The Supplemental Nutrition Assistance Program (SNAP) provides a monthly allotment of benefits via an electronic debit card to eligible low income households so they can purchase nutritious food for their families. Currently, nearly 43.5 million people participate in SNAP. Most able-bodied individuals who enroll in an institution of higher education half-time or more are unable to receive SNAP benefits unless they meet an exemption, such as working 20 hours or more per week, taking care of a dependent household member under six years old, participating in a Federally or State-financed work study program, or are enrolled in an institution of higher education as part of the SNAP Employment and Training Program (SNAP E&T). SNAP benefits can be an important resource for students who are eligible. The following list outlines existing guidance regarding flexibilities States have in SNAP to help eligible students.

- [Guidance on States' Ability to Average Work Hours Across a Month](#)
  - Clarifies that to reduce the impact of work schedule variation, States can request waivers from the Food and Nutrition Service (FNS) to average hours of work across a month in determining whether a working student qualifies for SNAP.
  - Currently, 36 States have been approved for this waiver. FNS has issued proposed rules that would make this a State option without requiring a waiver.
- [Guidance on Students and SNAP E&T Exemptions](#)
  - Indicates that students attending at least half-time in an institution of higher education through the SNAP Employment and Training program are exempt from the student rule. Such students may attend half-time or more in a postsecondary program designed to improve their employability.
  - Additionally notes that under 7 CFR 273.5(b)(11)(iv), States have flexibility to make assessments as to whether a postsecondary career-oriented program is equivalent to a SNAP E&T program and is therefore an allowable exemption per the student rule.
  - Reminds that in December 2015, FNS issued a [letter to State Commissioners](#) urging them to incorporate job-driven elements into their SNAP E&T programs and expand these programs to serve more SNAP participants with skills-based training programs linked to employment.
- [Guidance on Use of State-Funded Work-Study as SNAP Income](#)
  - Clarifies that, in general, any State-funded work-study income, is considered "earned" income and may be applied when calculating the household's 20 percent earned income deduction.
  - Notes that States must exclude certain educational assistance payments that are used for relevant education expenses from household income for SNAP. These expenses are outlined in 7 CFR 273.9(c)(3)(ii)(C), including tuition, school fees, books, supplies, transportation, miscellaneous personal expenses other than

- normal living expenses, dependent care, and origination fees and insurance premiums on educational loans.
- Indicates that normal living expenses, such as room and board, are not excludable.
  - Exempts all federally funded work study income under 7 CFR 273.9(b)(1)(vi) and 7 CFR 273.9(c)(3)(ii)(A). These grants include Pell Grants, federal work study programs, work-study programs funded by the Bureau of Indian Affairs, and other programs authorized under Title IV of the Higher Education Act of 1965, as amended (HEA).
  - Allows states to exclude State-funded work-study by using the option to align SNAP income definitions to those used in Temporary Assistance for Needy Families (TANF). States may exempt State-funded work-study if they opt to align their calculation of State funded educational assistance with their State Medicaid rules per Section 5(d)(16) of the Food and Nutrition Act of 2008, as amended.
- [Encouraging SNAP Participants to Complete the Free Application for Federal Student Aid \(FAFSA®\)](#)
    - Explores how connecting SNAP participants who wish to pursue a postsecondary credential with available Federal financial aid may open a critical door to employment and self-sufficiency. In June of 2016, a joint letter of USDA and the Department of Education was issued to all State SNAP Agencies encouraging them to inform SNAP participants about potentially available Federal student aid.

### **Agency: U.S. Department of Education (ED)**

The Federal Student Aid (FSA) programs authorized under Title IV of the Higher Education Act of 1965, as amended (HEA), provide grants, loans and work-study funds from the federal government to eligible students enrolled in college or career education programs. FSA informs students and families about the availability of the federal student aid programs, the process for applying for and receiving aid from those programs, and their options for finding a postsecondary education program that will serve them well; maintains the Free Application for Federal Student Aid (FAFSA®) and processes approximately 22 million FAFSA submissions each year; and offers free assistance to students, parents, and borrowers throughout the entire financial aid process. ED has worked to ensure that low-income and vulnerable students have the resources needed to understand how to apply for financial aid, repay their loans, and make informed decisions for their educational futures.

- [Changes to Title IV Eligibility for Students Without a Valid High School Diploma Who are Enrolled in Eligible Career Pathway Programs](#)
  - Provides guidance on the “Ability to Benefit” (ATB) provision in the HEA. In December 2014, the law was changed to allow a student who does not have a high school diploma (or its recognized equivalent), or who did not complete a

secondary school education in a homeschool setting, to be eligible for Title IV financial aid through one of the ATB alternatives, but only if the student is enrolled in an “eligible career pathway program.” This letter clarifies what qualifies as an “eligible program” and provides links for schools that have questions or need technical assistance.

- [Foster Care Transition Tool Kit](#)
  - Supports foster youth in pursuing college and career opportunities. The toolkit includes tips and resources intended to help foster youth access and navigate social, emotional, educational, and skills barriers as they transition into adulthood. Schools, colleges, state agencies, and others are encouraged to make this resource available to their foster youth populations.
- [Homeless Youth Fact Sheet](#)
  - Assists students who are unaccompanied homeless youth with completing the FAFSA, obtaining a homeless youth determination, and linking to additional resources for homeless youth.
- [Updated Non-Regulatory Guidance on the Education for Homeless Children and Youths program](#)
  - Clarifies the implementation of statutory requirements that require designated public school district homeless liaisons to inform all unaccompanied homeless youth identified by the district of their eligibility for independent student status on the FAFSA and clarify that liaisons can write letters of determination needed by unaccompanied homeless youth to qualify for this status through age 23.
  - Recommends a range of tips and strategies for supporting all homeless secondary-age youth in completing high school and accessing postsecondary education (see Sections O, P, and Q).

#### **Agency: U.S. Department of Health and Human Services (HHS)**

Health and Human Services is responsible for the Temporary Assistance for Needy Families program, a block grant that is designed to provide assistance to low-income families and improve employment and other child and family outcomes. HHS also administers the Child Care and Development Fund, which provides child care assistance to low-income parents, including those enrolled in educational and training programs. In addition, HHS administers the Head Start program, which provides high-quality comprehensive early learning to low-income children birth to age 5 and their families.

- [TANF Information Memorandum on the Use of Career Pathways](#)
  - Provides information on how state and tribal TANF agencies can incorporate career pathways opportunities, including how they can count toward the agency's work participation rate requirement.
  - Shares examples of TANF agencies that have partnered with community colleges and other stakeholders to provide TANF recipients the education, training, and support they need to obtain careers in high-demand fields.
  - Discusses the portfolio of research and evaluation efforts underway at the Administration for Children and Families to build the evidence base around career pathways approaches for low-income individuals.
- [Supporting Postsecondary Completion for TANF Recipients through Work-Study Programs](#)
  - Provides information and examples of how TANF agencies can support postsecondary completion for TANF recipients through funding work-study programs.
- [Policy Statement on Early Childhood Career Pathways](#)
  - Highlights the importance of building a progression of professional development and educational opportunities for the early childhood workforce, making it understandable to all stakeholders as a key strategy to expanding high-quality early childhood education for all children from birth.
  - Raises awareness about the specific need for career pathways that support and develop the specialized competencies and skills of early childhood educators and program directors.
  - Provides state and local recommendations for developing and implementing career pathways to support the professional learning, practice, and compensation of early childhood educators and program directors.
- [Resources Through the Child Care and Development Fund](#)
  - Provides funding to States, Territories, and Tribes to help families pay for child care, including families that are in school or enrolled in job training programs, and to increase the quality of child care.
  - Provides guidance to States, Tribes, and Territories, including through regulations and technical assistance, to help serve families effectively and to promote the professional development of the early childhood workforce.
  - Through the reauthorized child care law, makes significant advancements that will help all families on the program by defining health and safety requirements for child care providers, outlining family-friendly eligibility policies, raising the quality of child care services, and ensuring parents and the general public have transparent information about the child care choices available to them.
  - Supports the professional progression or pathway of child care teachers from preservice through ongoing professional development.

## **Agency: U.S. Department of Housing and Urban Development (HUD)**

HUD administers rental assistance programs for low-income individuals and families meeting certain eligibility requirements, through its network of local public housing agencies and private owners. The Section 8 Project-Based Rental Assistance program and the Section 8 Housing Choice Voucher program are two of HUD's largest rental assistance programs.

- The Project-Based Rental Assistance program, administered by the Office of Housing, provides rental assistance (or subsidy) on behalf of eligible tenants residing in privately owned multifamily rental developments. The rental assistance is attached to the assisted unit in the project. If a tenant moves out of the assisted unit, the assistance stays with the housing unit. The amount of rental assistance paid to the owner is the difference between what a household can afford (typically based on paying 30 percent of a household's monthly adjusted income) and the approved contract rent/utilities for the unit.
- The Housing Choice Voucher program, administered by the Office of Public and Indian Housing, is the federal government's major program for assisting low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects.

Students aged 18–24 who are enrolled in postsecondary education are restricted from being assisted in Section 8 project-based rental assistance and housing choice voucher programs unless they meet one of the criteria in the Section 8 student rule outlined in *Federal Register* notice Vol. 81, No. 183. Students meeting the Department of Education's definition of "independent student" meet one of these outlined criteria.

- [HUD recently updated guidance on the Section 8 Student Rule for Housing Choice Vouchers and Project-Based Rental Assistance](#) to clarify the definition of Independent Student and the verification process for vulnerable youth populations.
  - Aligns the definition of independent student with the College Costs Reduction and Access Act of 2007, which includes the following vulnerable populations: unaccompanied homeless youth/youth at risk-of homelessness, former foster youth, and youth who are emancipated minors or in legal guardianships.
  - Clarifies what documentation is needed to verify independent student status among the vulnerable youth populations listed above, ensuring that lack of documentation does not serve as a barrier to accessing resources.
- The Section 8 Student Rule does not apply to students over the age of 18 who are residing with their parent and being assisted as part of a household by [project-based rental assistance](#) or [housing choice vouchers](#). Existing guidance for these students:

- States that full-time students over the age of 18 living with their parent/guardian in housing supported by Housing Choice Voucher and Project-Based Rental Assistance under the Section 8 program are considered dependents.
- Caps dependent students' counted [income contribution at \\$480 annually and the family receives a \\$480 dependent credit](#) toward the calculation of their monthly rent contribution.
- States that a student living with their parent/guardian in housing supported by Section 8 drops below full time student status they are no longer counted as a dependent, meaning their full income is counted towards the family's annual income, and the family no longer receives a dependent credit towards the calculation of their monthly rent contribution.
- [ROSS for Education](#)
  - Through a competitive grant process, HUD will support public housing authorities to help low-income families and young people apply for federal aid for college and other postsecondary educational opportunities. Two million dollars in grants will allow public housing authorities to deploy education navigators to provide individualized assistance to youth and their families in FAFSA® completion, financial literacy, and college readiness, postsecondary program applications, and post-acceptance assistance.
- [Addressing Housing Insecurity and Living Costs in Higher Education: A Guidebook for Colleges and Universities](#)
  - HUD's Office of Policy Development and Research and the Wisconsin HOPE Lab have coauthored this guidebook to assist institutions of higher education as they consider, evaluate, implement, and scale up programs and policies to support students' learning, persistence, and completion. Drawing on examples from institutions nationwide, this guidebook describes strategies that colleges and universities can implement in order to support students facing housing insecurity and challenges covering other living costs, such as food and childcare.

### **Agency: U.S. Department of Labor (DOL)**

The Federal-State Unemployment Insurance Program (UI) provides temporary financial assistance to eligible workers who are unemployed due to lack of suitable work (as determined under state law), and who meet other state-specific eligibility requirements. Each state administers its unemployment insurance program within guidelines established by Federal law. In all but a few states, benefit funding is based solely on a tax imposed on employers. Eligibility for unemployment insurance, benefit amounts, and the length of time benefits are available are all determined by state law. Program participants may receive benefits while completing a state approved training program.

- [Training and Employment Guidance Letter: Supporting Unemployment Insurance Beneficiaries Seeking Postsecondary Education or Training](#)
  - Highlights new Workforce Innovation and Opportunity Act/Wagner-Peyser language that encourages referral of UI claimants to education and training opportunities for college completion.
  - Identifies online tools and resources for front-line staff in the national network of one-stop centers. These centers, also known as American Job Centers, provide an array of employment, education, and training services to jobseekers, workers, and businesses.
  - Reminds the system about Pell Grants and the flexibilities related to how UI is considered on FAFSA applications.
  - Encourages states to consider “approved training” policies that allow for those who need longer term training and may be likely to exhaust.

#### **Agency: U.S. Department of the Treasury**

Through the IRS, Treasury administers tax credit programs including the American Opportunity Tax Credit (AOTC). The AOTC helps millions of families lower the cost of higher education by providing a tax credit for tuition, fees, and course materials. Eligible tax filers can get a maximum annual credit of \$2,500 per eligible student for up to four years. If the AOTC is more than the amount of taxes owed, up to 40 percent of the otherwise allowable credit (up to \$1000) may be refunded. In addition, Treasury, through the Financial Literacy and Education Commission works to “improve the financial literacy and education of persons in the United States through development of a national strategy to promote financial literacy and education.”

- [Fact Sheet: Interaction of Pell Grants and Tax Credits: Students May Be Foregoing Tax Benefits by Mistake](#) and [Education Credits: Questions and Answers](#)
  - Provides information for colleges and universities, tax preparers, software providers, and other stakeholders to help students and their families claim education-related tax benefits. Because of complex rules and a lack of awareness of their options, many students fail to maximize the tax benefits they deserve, missing out on critical financial support as they work to achieve a postsecondary education.
  - Treasury maintains updated questions and answers to the most common questions taxpayers ask about Education Credits – the AOTC and the Lifetime Learning Credit.
- [Opportunities to Improve the Financial Capability and Financial Well-being of Postsecondary Students](#)
  - Updates stakeholders on opportunities to improve the financial capability and financial well-being of postsecondary students. This report was prepared by the Financial Literacy and Education Commission and describes the state of financial

education among postsecondary students. The report describes current efforts to enhance financial education in a number of institutions with regards to student understanding of financial aid and financial education topics. The report describes issues facing postsecondary students regarding financial education and federal government policies and resources to address them. Further, this report identifies programs that promote or enhance financial literacy for students, including those that involve partnerships between nonprofit organizations. The report concludes with recommendations for how institutions of higher education can better equip students to make critical financial decisions.

## **Conclusion**

Accessing and completing postsecondary education is one of the surest ways low-income individuals and their children can break the cycle of poverty, become financially self-sufficient, and achieve a better quality of life. With your assistance and leadership, we can strengthen coordination among the programs mentioned above, and we can use existing and new guidance to ensure more of the individuals we serve can access postsecondary opportunities and help them succeed once they do. This will not only help these individuals and their families, but will ensure that our country has a well-educated workforce. Thank you for your partnership in this important work.