

HOW CONGRESS CAN DRIVE POSTSECONDARY ACCESS AND COMPLETION

Equity gaps remain in postsecondary education, with students from low-income backgrounds **only half as likely** to complete a postsecondary certificate or degree by age 26 as high-income students. Moreover, students of color and those who are the first in their family to attend college experience disproportionately lower rates of postsecondary success.

These gaps exist because of structural inequities in our higher education system, and closing them is a compelling national priority with a tremendous potential payoff. Why? Because Americans from the lowest-income backgrounds who obtain a college degree are **five times more likely** than their peers to rise from poverty.

At the National College Attainment Network, we represent hundreds of nonprofits, schools, and colleges around the country that help millions of students beat the odds and complete postsecondary education. With the right pre-college advising, financial aid, and mentoring, students of color and students from low-income backgrounds succeed at higher rates, whether through a two-year or four-year degree or high-quality certificate program.

NCAN members know that students who apply for and receive federal student aid are more likely to succeed in higher education. To fully close the attainment gap between students from low-income families and their upper-income peers, we need equitable, practical solutions to make higher education more affordable. Congress can ensure more students benefit from federal student aid, in turn bolstering the economy, by focusing on NCAN's key policy priorities:

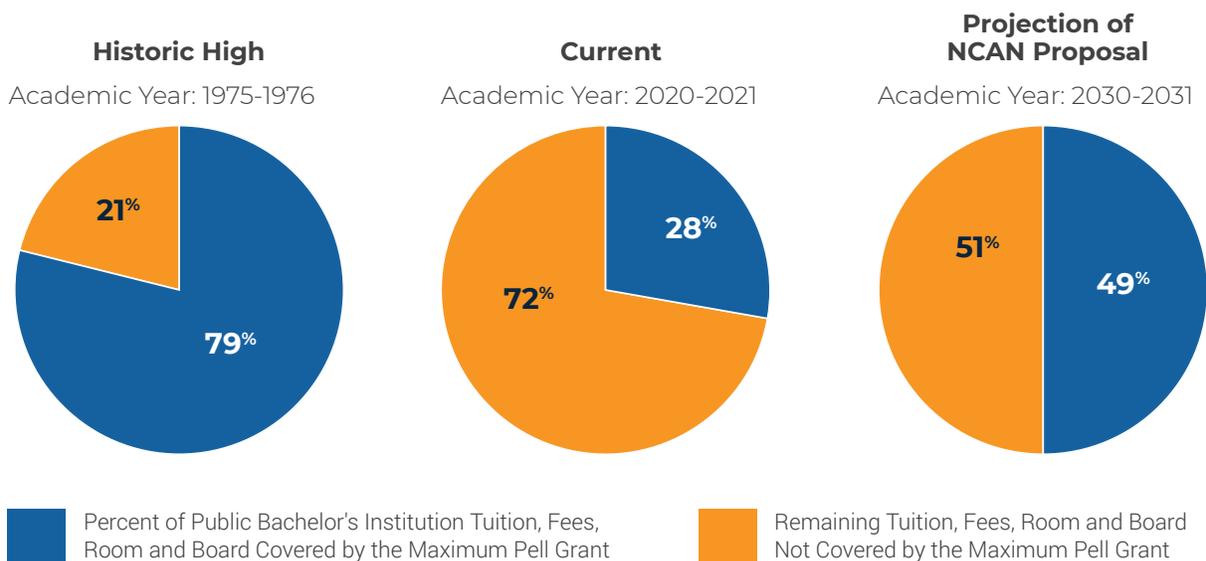
1. MAKING COLLEGE AFFORDABLE FOR STUDENTS FROM LOW-INCOME BACKGROUNDS.
2. SIMPLIFYING FINANCIAL AID PROCESSES TO INCREASE ACCESS TO FEDERAL STUDENT AID.

HOW TO MAKE COLLEGE AFFORDABLE FOR STUDENTS FROM LOW-INCOME BACKGROUNDS

Restore the Purchasing Power of the Pell Grant

- **Return the purchasing power of the Pell Grant to 50% of the cost of attendance by 2030.** At its peak in the 1970s, the maximum Pell award covered more than three-fourths of the average cost of attendance at a public four-year university. Today, it covers less than 30%. NCAN's long-term investment proposal calls for a return to a Pell Grant that covers 50% of the cost of attendance for a public four-year university. Congress could meet this goal by increasing the maximum Pell award by 9% for each of the next 10 years, which would approximately double the Pell Grant over the next decade.
- **Index the Pell Grant to the rate of inflation.** Once Pell Grants cover 50% of the cost of a four-year public education, Congress should reinstate the provision that indexed the program to the rate of inflation. Doing so would guarantee a baseline annual increase and, in turn, prevent Pell's purchasing power from dwindling over time.
- **Consider quality in any expansion of Pell-eligible programs.** If Pell eligibility is expanded to cover short-term credentials, the programs must be a part of a pathway to degree completion, lead to an industry-recognized credential, and meet employability and earnings metrics. Students should also receive counseling about the impact of short-term programs on lifetime eligibility limits.

INCREASING PELL BY 9% ANNUALLY WILL REVERSE THE GROWING COLLEGE AFFORDABILITY GAP



Create a Federal-State Higher Education Partnership to Mitigate the Rising Cost of College

- **Incent state investment in college affordability.** Many states have not recovered from the reductions to higher education investment that took place during the Great Recession. The federal government should create a partnership that incentivizes states to maintain or even increase their investment in need-based aid and their public higher education systems. Read more: bit.ly/FedStateTICAS.
- **Design a partnership to complement Pell Grant investment.** This partnership should be designed so that additional Pell Grant dollars are decreasing the cost of college to the student, not offsetting increases in the cost of attendance paid to the institution.

Support All Postsecondary Students in Need of Federal Student Aid

- **Allow Dreamers to apply for financial aid.** Allow qualifying Deferred Action for Childhood Arrivals (DACA) or Temporary Protected Status (TPS) recipients or those meeting similar requirements to be eligible for federal student aid.

- **Remove prohibition on drug offenders.** All individuals who have paid their debt to society should be permitted to receive federal student aid if otherwise eligible. Yet, individuals prosecuted for drug-related crimes while receiving federal student aid are deemed ineligible for future aid even after completing their sentence.

Improve and Expand the Impact of the Federal Work-Study (FWS) Program

- **Prioritize FWS to students who need it most.** According to the Congressional Budget Office, 35% of FWS dollars were awarded to students in the top two income quartiles in 2016, an inequity rooted in outdated policy allocating funds to institutions based on their longevity in the program. To better target aid to students from low-income backgrounds, Congress should adjust the FWS funding formula to allocate dollars to institutions based on the percentage of Pell Grant recipients at the school, as outlined by New America and partners (bit.ly/FWSformula).
- **Expand FWS to serve more students.** Approximately 700,000 students benefit from FWS each year, which is less than 10% of the 7.1 million students who receive a Pell Grant. Because students who participate in FWS are more likely to complete college, Congress should increase the program's funding so more students from low-income backgrounds can benefit.



Photos by Kevin Kopanski Photo/College Now Greater Cleveland

HOW TO SIMPLIFY FINANCIAL AID PROCESSES TO INCREASE ACCESS TO FEDERAL STUDENT AID

Congress should build on the foundation of the Free Application for Federal Student Aid (FAFSA) improvements contained in the FUTURE Act by eliminating unnecessary questions, fast-tracking eligibility for full Pell Grants to students who receive means-tested benefits, and decreasing the audit-like verification process.

Streamline the FAFSA

- **Expedite the process for the neediest students.** The government should award automatic full Pell Grants to students who receive most means-tested federal benefits (from programs such as Temporary Assistance for Needy Families or the Supplemental Nutrition Assistance Program) without asking students to resubmit income data they have already provided to qualify for those benefits. This automation would both improve the process and allow for early awareness messaging to these students.
- **Decrease the verification burden.** Roughly half of all FAFSA filers eligible for a Pell Grant are selected for verification, an audit-like process. By comparison, the IRS audits less than 1% of tax filers with an adjusted gross income of up to \$500,000. An estimated 28% of Pell-eligible applicants abandon the aid process after being flagged for verification, making it much less likely that they will enroll in college. The increased data sharing mentioned above should alleviate this burden while maintaining the integrity of the process, and Congress should use oversight to ensure the percentage of Pell-eligible students flagged for verification is as low as possible while efficiently controlling for improper payments.
- **Eliminate unnecessary questions.** The current FAFSA poses more than 100 questions to prospective college students. One-quarter of these questions are applicable to less than 1% of all filers. While the data sharing made possible by the FUTURE Act will autofill a few of these questions, other questions could and should be removed. Learn more at ncan.org/FixFAFSA.

- **Adjust the asset protection allowance.** Due to the long overdue reauthorization of the Higher Education Act, the asset protection allowance is severely outdated. The median age of parents of traditional college-age students is 48. The asset protection allowance for this age parent in 2009-10 was \$52,400 and has dropped to \$6,000 for 2020-21. This represents a nearly 90% reduction. The result is that families with even minimal savings are expected to contribute these limited dollars to higher education rather than maintaining an emergency fund.

Standardize Financial Aid Offers

- **Require a written offer that uses standardized terms.** Higher education institutions should make financial aid offers to all accepted students who complete the FAFSA. The offers should contain the standardized and student-friendly terms recommended in the report from New America and uAspire available here: bit.ly/AidOffers.
- **Include the amount owed.** A financial aid offer should not only include grants and loans, but also the estimated cost of attendance, net cost to the student, and a total amount due upfront on the bill. Often, students do not actually receive a bill until after committing to an institution. This means students have to decipher what they owe by subtracting the aid offered from the cost of attendance.