

**To:** David Soo  
**From:** The Institute for College Access & Success  
**Date:** April 30, 2012  
**Re:** Suggestions for Promising and Practical Strategies to Increase Postsecondary Success, as requested in the Federal Register on Monday, January 30, 2012

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The Institute for College Access & Success (TICAS) is an independent research and policy organization located in Oakland, California that works to make college more available and affordable for people of all backgrounds. TICAS's main focus is on financial aid policy at both the national and California state levels, and our work includes identifying best practices in the financial aid application process, protecting federal and state grant aid programs, and advocating for the availability of federal loans for students who need to borrow.

TICAS focuses on financial aid because it is crucial to both college access *and* success.<sup>1</sup> Students who believe that financial aid is available are more likely to apply to college. How much financial aid they are offered influences which college they choose, and whether they attend full time or part time. Once enrolled, financial aid can help students limit their work hours, so they can spend enough time studying to pass their classes, stay in school, and make steady progress towards a degree.

As such, it is imperative that students learn about financial aid, receive guidance to successfully navigate the financial aid application process, and understand all of their financing options. To accomplish this, there are steps that both colleges and the U.S. Department of Education can take to help students learn about, apply for, and receive the financial aid they need to successfully complete their postsecondary goals.

Our comments draw from our research centered primarily on community colleges. Community colleges are the gateway to higher education for many underrepresented students throughout the nation, and the promising and practical strategies we describe can be implemented at all types of institutions. Unless

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<sup>1</sup> For instance, see: Bettinger, Eric. January 2004. *How Financial Aid Affects Persistence*. Available at: [http://www.nber.org/papers/w10242.pdf?new\\_window=1](http://www.nber.org/papers/w10242.pdf?new_window=1); Heller, Donald. August 2003. *Informing Public Policy: Financial Aid and Student Persistence*. Available at: <http://www.wiche.edu/info/publications/InformingPublicPolicy.pdf>; Long, Bridget Terry. April 2008. *What is Known about the Impact of Financial Aid? Implications for Policy*. Available at: <http://www.eric.ed.gov/PDFS/ED501555.pdf>;

otherwise cited, the research referenced below are those of TICAS: *Green Lights & Red Tape: Improving Access to Financial Aid at California's Community Colleges* (2007), *After the FAFSA: How Red Tape Can Prevent Eligible Students from Receiving Financial Aid* (2010), *Still Denied: How Community Colleges Shortchange Students by Not Offering Federal Loans* (2011), and *Making Loans Work* (with the California Community Colleges Student Financial Aid Administrators Association, forthcoming 2012).

### ***Help Students Understand that Aid is Available***

During the 2007-08 academic year, only 58% of community college students who were eligible for a Pell Grant applied for federal aid.<sup>2</sup> The lack of awareness about the availability of aid and a perception that the financial aid application process is too complex are frequently cited as reasons for the low rate of application.<sup>3</sup> Postsecondary institutions can support student success by helping students understand and apply for the financial aid for which they are eligible.

Our research has identified several practices, many of which are low- or no- cost, which colleges can implement to improve financial aid awareness and accessibility. They include:

- Opening the financial aid office during non-traditional school hours, such as evenings and weekends, for students who work or have families
- Making computers available for students who may not have their own
- Collaborating with faculty and other student services to get key information to students
- Offering services and materials in multiple languages
- Making more experienced staff available to answer students' questions

Importantly, awareness efforts can serve to dispel misperceptions about eligibility that contribute to financial aid underutilization. In a 2009 survey of California community college students, the vast majority (90%) of respondents did not understand at least one of the following basic financial aid facts:

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<sup>2</sup> The College Board and the American Association of Community Colleges. May 2010. *The Financial Aid Challenge: Successful Practices that Address the Underutilization of Financial Aid in Community Colleges*. Available at

[http://advocacy.collegeboard.org/sites/default/files/10b\\_1790\\_FAFSA\\_Exec\\_Report\\_WEB\\_100517.pdf](http://advocacy.collegeboard.org/sites/default/files/10b_1790_FAFSA_Exec_Report_WEB_100517.pdf).

<sup>3</sup> The American Association of Community Colleges. May 2010. "AACC Welcomes Increased Focus on Financial Aid Access: New Report Highlights Steps to Help Students Apply, Succeed." Available at [http://www.aacc.nche.edu/newsevents/pressreleases/Documents/pr05192010\\_cbstatement.pdf](http://www.aacc.nche.edu/newsevents/pressreleases/Documents/pr05192010_cbstatement.pdf).

(1) students do not have to attend full time to get financial aid, (2) taking more credits can increase one's financial aid award, and (3) financial aid can be used to pay for living expenses.<sup>4</sup>

### ***Help Students Complete the Application Process***

For many applicants, filling out the FAFSA is simply the first of many steps they need to take before receiving financial aid. Students' initial applications may be rejected for missing information, or require corrections, or be flagged as needing information to be verified by the college. Our research has found that many students who apply and are eligible for aid do not make it through all of these steps. Of more than 59,000 community college students who applied for federal aid across thirteen California community colleges, we found that one-third of those with a Pell-eligible EFC did not receive a Pell Grant. Applicants selected for verification were less likely to receive grants than those not selected for verification. Given that very few (2%) students who completed verification lost Pell eligibility, the difference in grant receipt rates may have more to do with the additional steps required of those selected rather than identification of errors.

Our research highlights several practices that colleges can employ to help students get through the application process and receive the aid that will help them succeed:

- Consider carefully the addition of requirements above those required by federal or state regulations. For example, checking drivers' licenses or requiring students to certify awareness of financial aid terms before they can receive aid may put up unnecessary hurdles that do more harm than good.
- Avoiding unnecessary verification can help both students and colleges. The Department of Education flags applicants it believes may be error prone, and colleges are required to check others' applications if they believe further errors may exist. Verifying applicants beyond these categories – or those for which there is no clear reason for concerns – is not an efficient use of time. Avoiding it saves the college time and resources and removes red tape for students.
- Colleges should review communications from a student-centered perspective, such as editing letters and emails so that they share information in plain language, provide encouragement, and

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<sup>4</sup> CalPIRG. October 2009. *Working Too Hard to Make the Grade: How Fewer Work Hours and More Financial Aid Can Help California Community College Students Succeed*. Available at <http://www.uspirg.org/sites/pirg/files/reports/workingtoohard.pdf>.

offer assistance to guide students through what can be an overwhelming and intimidating application process.

### ***Help Students Understand their Options***

Receiving financial aid can help students make choices about not just whether to go to college, but *how* to go. Specifically, financial aid can open up possibilities – like attending full time or cutting back on work hours to make room for studying – that students might not have considered and that would greatly increase their odds of success.<sup>5</sup> This is particularly true for community colleges, where it is widely accepted many students do and will attend school part time or juggle classes around a full-time work schedule.

It is important that students understand the tradeoffs posed by the financing options available to them, but it is unclear whether they do – or even whether anyone is trying to help them do so. Here are some of the messages that colleges can impart to students:

- ***Enrolling full time not only helps students reach their goals faster, but also increases the chance that they will ever reach their goal.*** Full-time attendance is one of the greatest predictors of academic success, and financial aid may enable students to limit their work hours and increase the number of units they take. Research on California community college students found that those who attended full time for the majority of semesters had completion rates four times as high as those who did not.<sup>6</sup> Financial aid administrators can help part-time students by explaining that their eligibility for aid may increase if they enroll in more units. Moreover, working many hours per week can cut into students' eligibility and resulting aid package.
- ***Student loans can play an important role in covering college costs, and a modest federal loan may enable students to attend full time.*** For students who need to borrow to cover college costs, federal student loans are the safest and most affordable option. Unlike much riskier forms of financing like credit cards and private loans, federal loans carry important consumer protections and benefits including fixed interest rates, Income-Based Repayment, and Public Service Loan

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<sup>5</sup> Research shows that working between one and fourteen hours per week has a positive effect on academic persistence. Working 15 or more hours per week negatively affects rates of college success. King, Jacqueline E. 2002. *Crucial Choices: How Students' Financial Decisions Affect Their Academic Success*. Available at [http://www.acenet.edu/bookstore/pdf/2002\\_crucial\\_choices.pdf](http://www.acenet.edu/bookstore/pdf/2002_crucial_choices.pdf).

<sup>6</sup> Shulock, Nancy and Colleen Moore. February 2007. *Rules of the Game: How State Policy Impedes Completion in the California Community Colleges*. Available at: [http://www.csus.edu/ihelp/PDFs/R\\_Rules\\_of\\_the\\_Game\\_02-07.pdf](http://www.csus.edu/ihelp/PDFs/R_Rules_of_the_Game_02-07.pdf).

Forgiveness. And unlike working excessive hours and cutting back on classes, federal loans may allow students to afford college without hurting or slowing down their academic success.

However, the 2009 survey of California community college students referenced earlier revealed that the majority of respondents were reluctant to borrow to help pay for their education, and nearly half (46%) said they would rather do without books or drop a class rather than take out a loan if they did not have the money to buy textbooks.<sup>7</sup> These are the very students who need to understand that they have financing options – and that their choices influence their likelihood of success.

- Even though federal loans are an entitlement, colleges must choose to offer them to their students. Unfortunately, community colleges in particular have been pulling out of participating in the federal loan program. As of the 2010-11 academic year, nine percent (or over one million) of community college students throughout the nation attended schools that did not offer federal loans, with African-American and Native-American students disproportionately affected. **College decisions to stop offering federal loans are at odds with efforts to increase student success.**
- ***The financial aid office can help students figure out the options available to them.*** Directing students to the financial aid office to answer questions not only helps students get accurate information, but it can also help flag for colleges those students for whom the use of professional judgment may be appropriate. For example, the prior year's income of a student who was recently laid off may not accurately reflect her current resources, and she may greatly benefit from a larger aid award. Professional judgment can allow a student to stay enrolled and progress towards her degree, rather than cut back on courses or even drop out.

## **How the U.S. Department of Education Can Help**

There are also steps that the U.S. Department of Education can take to help students get the financial aid for which they are eligible.

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<sup>7</sup> CalPIRG, October 2009. *Working Too Hard to Make the Grade: How Fewer Work Hours and More Financial Aid Can Help California Community College Students Succeed*. Available at <http://www.uspirg.org/sites/pirg/files/reports/workingtoohard.pdf>.

- Continuing to improve the use of the IRS Data Retrieval Tool (DRT) for aid application will further simplify the FAFSA process for all applicants. Currently, some FAFSA filers are struggling to use the DRT because of the quick turnaround needed between completing their taxes and completing the FAFSA. And aid applicants who do not file taxes are not able to use the tool at all, for reasons also related to the timing of W2 and 1099 data availability. Using the previous year's income data instead, which the Secretary is already authorized to do, would fix both of these problems.
- The Department of Education can also promote the Participation Rate Index challenge and appeal to ease unnecessary concerns about sanctions due to high cohort default rates (CDRs) at schools with low borrowing rates. These concerns are often at the root of college decisions to stop offering federal loans, and our research has found that community colleges are pulling out of the program without understanding the challenges and appeals available to them.
- Finally, continued and increased promotion of Income-Based Repayment, which is an important but underutilized tool to help students manage their debt, will help ease students' and colleges' concerns about borrowing federal loans.

Thank you for the opportunity to share promising and practical strategies to increase postsecondary success. If you have any questions, please do not hesitate to contact Debbie Cochrane or Laura Szabo-Kubitz at (510) 318-7900.

**KEYWORDS:**

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Student Services