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February 12, 2013

CONTACTS:  
[Shannon Gallegos](tel:510-318-7915), 510-318-7915  
[Gretchen Wright](tel:202-371-1999), 202-371-1999

## **TICAS Recommends Big Changes to Pell Grants, Student Loans, Tax Benefits** **New report outlines evidence-based reforms to increase college affordability and completion, align incentives for colleges with better outcomes for students**

The Institute for College Access & Success (TICAS) today issued a white paper calling for major changes to the way federal student aid is applied for, allocated, delivered, and communicated, as well as to how colleges are held accountable for the taxpayer funding they receive.

Federal grants, loans, and tax benefits help millions of students and families pay for college every year. TICAS' in-depth analysis of available data and recent research found strong evidence that financial aid can and does increase college enrollment and completion. It also identified many aspects of current federal policy that must change to narrow persistent and growing income gaps in enrollment and outcomes. [\*Aligning the Means and the Ends: How to Improve Federal Student Aid and Increase College Access & Success\*](#) was developed with support from the Bill & Melinda Gates Foundation's Reimagining Aid Design and Delivery project.

“When it works as it should, financial aid enables all students willing to study hard to go to college and get a quality credential without burdensome debt,” said TICAS president Lauren Asher. “Federal aid can and must do more to keep college within reach for all students and families.”

The paper includes **more than two dozen specific recommendations** for ensuring college access and supporting student success. TICAS calls for bold yet practical changes to reduce complexity, improve timing, target resources to those with greater financial need, reduce fraud, and strengthen incentives for colleges to serve low- and moderate-income students well. These reforms address problems throughout the aid process, from pre-application through repayment. Major recommendations include:

- Dramatically simplify the federal aid application process by using data available from the IRS when students typically apply to college.
- Align incentives by rewarding colleges that serve low-income students well with additional funding and flexibility to innovate, while scaling sanctions to reflect the degree of risk schools pose to students and taxpayers.
- Double the maximum Pell Grant to close the growing income gaps in enrollment and completion, which persist even for students with similar levels of academic preparation.

- Offer one undergraduate student loan with no fees, a low in-school interest rate, and a fixed rate in repayment that is never too much higher than the interest rate on loans being offered to current students.
- Streamline overlapping income-based loan repayment programs into one improved plan that assures borrowers of manageable payments and forgiveness after 20 years.
- Eliminate higher education tax benefits, which are badly timed and poorly targeted, and use the savings for Pell Grants and incentives for states and colleges. If tax benefits are retained, streamline them into an improved American Opportunity Tax Credit that provides more help for low- and moderate-income students.
- Create and promote tools – from early aid estimates based on tax returns to standardized award letters – that give students and families clear, concise, and timely information about aid, costs, and outcomes to inform their decisions about where to apply and how to pay for college.

“The question is not whether we have the resources to get far more students to and through college, or whether we know what will make a difference,” said TICAS vice president Pauline Abernathy. “It is whether we have the will to make the changes and investments needed to keep college within reach.”

Some of the recommendations in *Aligning the Means and the Ends* will cost little or nothing. Others will require additional investments, and the paper includes options that would more than cover those costs. Many of those options enjoy bipartisan support and have been endorsed by a broad range of organizations and experts. The paper also includes a set of guiding principles for ensuring that policy reforms advance rather than undermine college access and success.

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*An independent, nonprofit organization, The Institute for College Access & Success (TICAS) works to make higher education more available and affordable for people of all backgrounds. Our Project on Student Debt works to increase public understanding of rising student debt and the implications for our families, economy, and society. For more information see [www.ticas.org](http://www.ticas.org) and [www.projectonstudentdebt.org](http://www.projectonstudentdebt.org) or follow us on Twitter at [www.twitter.com/TICAS\\_org](https://www.twitter.com/TICAS_org).*