

January 2013

Repairing --- a Broken System

Fixing Federal Student Aid



ALLIANCE FOR
EXCELLENT EDUCATION

Introduction

For years, the Alliance for Excellent Education (Alliance) has worked to improve federal and national policy so that all students receive a high school education that prepares them for postsecondary learning and success in life. In part because of the Alliance's efforts, more students are earning high school diplomas each year, and, most important, most are ready for college and meaningful careers. Students who choose to pursue postsecondary education after graduation should have access to quality institutions of higher education (IHEs) that are as equally committed as students are to their individual success.

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Today, more than any other time in recent history, postsecondary attainment is critical for individuals, communities, and the nation as a whole. The United States's ability to maintain its international position as an economic powerhouse requires the country to have a highly educated and skilled workforce. The twenty-first century ushered in a technology-driven and globally connected era that requires individuals to possess deeper learning skills—the ability to work collaboratively; think critically and solve complex problems; and communicate effectively—that prepare them for

college, a meaningful career, and economic security. Absent these skills, many Americans will remain unemployed or underemployed, and the nation's economy will stagnate or decline. In fact, Anthony Carnevale of Georgetown University estimates that 2012 marks the year when more than 60 percent of all jobs require some form of postsecondary education; further, approximately 20 million new jobs now require a bachelor's degree or higher.¹ The federal student aid system must help the United States meet this increased demand for occupational "upskilling."

In a speech in 1965 to Southwest Texas State College after the signing of the Higher Education Act (HEA), President Lyndon Johnson said,

To thousands of young men and women, this act means the path of knowledge is open to all that have the determination to walk it. It means a way to deeper personal fulfillment, greater personal productivity, and increased personal reward... an incentive to stay in school.²

Since Johnson's time, the federal government has recognized the importance of the commitment to higher education, and has spent hundreds of billions of dollars providing students and their families with grants, loans, campus-based programs, and tax benefits to support postsecondary attendance. (For additional background, funding, and recipient information see the Alliance report *A System in Need of Repair: An Examination of Federal Student Aid for Postsecondary Education*.) These programs comprise a federal student aid system that is well intentioned but ultimately neither well coordinated nor purposefully focused on increasing college completion.

The Alliance recognizes and emphasizes the fundamental importance of both student and institutional support for ensuring successful completion.

This report outlines the Alliance's recommendations for transforming the student aid system into one that better supports students and IHEs and focuses on both access and completion. The Alliance takes a comprehensive approach to examining the federal student aid system. Alliance staff members reviewed all Title IV HEA programs, including the underlying need-analysis formula and administrative provisions, as well as the federal education tax credits and deductions. Through this comprehensive review, the Alliance determined which programs and provisions could leverage the student aid system to focus on access and completion of academic programs.

The Alliance recognizes and emphasizes the fundamental importance of both student and institutional support for ensuring successful completion. To that end, the Alliance seeks to infuse a higher degree of student and institutional accountability into the system, combined with an appropriate number of incentives to encourage completion and mitigate unintended consequences.

The Alliance's approach is based on its core belief that the return on the significant investment being made in K–12 education to prepare students for college and a career is only truly realized

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when students both enroll in and complete a postsecondary education program.

The Alliance proposes several policy and administrative changes to the student aid programs, which are organized as follows:

- 1** Create institutional supports and accountability.
- 2** Simplify the federal student aid system.
- 3** Focus student aid on the highest-need students.
- 4** Provide support for middle-class families.

Each of these proposals is discussed in detail below. However, it is important to note that there are numerous other issues and programs that affect student aid and college completion that are not discussed in this report. For example, the cost of attending college, the increasing amount of student loan debt, and financial literacy are all critically important and affect a student's ability to enroll in and complete college. There are also other federally supported postsecondary education programs, such as TRIO, GEAR-UP, and veterans' education benefits, that intersect with federal student aid programs and impact access to and completion of a postsecondary program. While not discussed in this report, these issues certainly warrant future examination.

The Alliance recommends that these payments be used to create two new competitive programs for IHEs.

Create Institutional Supports and Accountability

The Alliance firmly believes that student and institutional accountability are critical for focusing federal student aid on college completion. Students and IHEs should be partners who are invested in improving completion rates. The Alliance's approach focuses on creating new incentives for ensuring student success, promoting transparency, and increasing IHE accountability.

Incentives

Eligible IHEs currently receive payments of \$5 per Pell Grant recipient to "reimburse institutions for a share of the cost of administering the Pell Grant."³ In School Year (SY) 2012–13, these payments are estimated to be \$48 million.⁴ The Alliance recommends that these payments be used to create two new competitive programs for IHEs.

These funds should be used to help institutions provide support for students to (1) increase retention rates and (2) address remediation. Both of these competitive grants would require an institutional match. The grant amount would be based on the total amount of Pell Grant aid received by an institution as opposed to its number of recipients. This construct would reward IHEs that enroll large numbers of Pell Grant recipients as well as those serving recipients with the greatest need.

The first program should fund IHEs that demonstrate increased persistence rates for Pell Grant recipients who progress from second- and third-year to fourth-year undergraduate status or who transfer from two-year institutions to four-year institutions. Research suggests that there is no significant difference in the persistence rates of Pell Grant recipients and nonrecipients after three years.⁵ The presumption behind this recommendation is that if IHEs can help students persist beyond the second year of college, this would lead to increased completion and transfer rates.

The second program should fund IHEs that work with school districts or community colleges to address remediation issues or those that establish programs on their own to address remediation issues. This grant would provide incentives for IHEs to successfully establish programs using approaches that *do not* transfer the costs to the students in need of remediation. Forty percent of all Pell Grant recipients need remedial or developmental courses prior to taking college-level course work.⁶ Students are currently able to use federal student aid funds for remedial course work, but the credit hours are counted against the twelve-semester cap on Pell Grant eligibility, which results in less funding for these students to complete their degrees. There are numerous colleges that offer remedial course work using approaches that do not pass the costs on to the student, and other IHEs should be incentivized for investigating and implementing similar programs.⁷

Transparency

It is important for the public—including current and future students—to know how students are advancing in college. This information is vital for individuals who are making decisions about which institutions they want to apply to and enroll in. The Alliance recommends that institutions participating in the federal student aid programs be required to publicly report and provide local school districts and community colleges with information regarding persistence and graduation rates for student aid recipients versus the larger population. Increased information about persistence and graduation rates will better inform individuals and families and serve as a measure of public accountability.

Pell Grant recipients, including those with strong academic credentials, often enroll in college with at least one additional risk factor that impedes their ability to complete college. The Alliance recommends that institutions be required to provide clear, detailed, and easily accessible information on the availability of institutional student support services as well as those located in the surrounding community. Student support services, such as housing assistance, child care, and tutoring, are a critical component for retaining students, especially those with increased risk of dropping out, and institutions should make a concerted effort to help these students stay in school and finish their degree.

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Accountability

Institutions should be held accountable for their transfer and completion rates. As previously mentioned, the Alliance believes that both students and institutions should be held accountable for ensuring successful completion. The Alliance recommends that IHEs be required to

- ensure that student aid recipients are enrolled on at least a half-time basis;
- inquire about and report the reasons student aid recipients drop below half time or completely withdraw;
- maintain a withdrawal or dropout rate for all students that is at or below 33 percent; and
- maintain a graduation rate for Pell Grant recipients that is at or above the most recent rolling three-year average, based on institutional type (see Appendix 2 for details).

Participating institutions failing to meet these criteria would lose eligibility to participate in the federal student aid programs. These requirements are intended to provide additional information about the collegiate experiences of Pell Grant recipients and hold institutions accountable for those experiences.

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Simplify the Federal Student Aid System

Of the myriad words that could be used to describe the federal student aid system, the least likely to appear include “simple,” “clear,” “coherent,” and “understandable.” The complex and confusing Free Application for Federal Student Aid (FAFSA)—the gateway to applying for federal student assistance—is a web of questions that often results in numerous errors that require applicants to resubmit. During SY 2010–11, nearly 750,000 students submitted FAFSAs that were returned because of insufficient data, and then never resubmitted them. (For additional details regarding the FAFSA and system complexity see the Alliance report *A System in Need of Repair: An Examination of Federal Student Aid for Postsecondary Education*.)⁸ Research suggests that simple, transparent, well-understood processes for grant aid can have a significant and positive impact on college attendance for low-income students.⁹

The Alliance recommends that the U.S. Congress act to create a simplified FAFSA that relies solely on adjusted gross income (AGI), dependency status, and family size to assess need, as opposed to the numerous income and asset questions that exist in the current application. Previous congressional and administrative efforts have largely focused on reducing the number of questions an applicant is required to complete, rather than determining the most critical elements for assessing student need. Relying on these three elements to determine need is sufficient for 95 percent of all Pell Grant recipients who have reported AGI at or below 250 percent of the poverty index.¹⁰ Recognizing that many families have complicated financial situations for which the more detailed FAFSA would identify financial need, the Alliance recommends that the longer application be maintained but not required for all families. In its current state, the FAFSA is

an obstacle for many low- and moderate-income students to apply for assistance and, in some instances, attend college.

The numerous data elements contained in the FAFSA are used in a complex formula, known as need analysis, to determine a student’s expected family contribution (EFC). The EFC is the amount of money that a family is expected to contribute toward postsecondary education expenses. In calculating the EFC, consideration is given to available income and, for some families, available assets, living expenses, retirement needs, and federal and state tax liabilities. Once the EFC is determined, an individual student can determine his or her Pell Grant award by subtracting their individual EFC from the maximum Pell Grant award; it is not possible for students and their families to determine grant and loan amounts for other federal or state aid programs on their own.

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The Alliance recommends creating a publicly available look-up table that provides Pell Grant award amounts based on AGI, family size, and dependency status.

Widely considered the bedrock of the student aid system, Pell Grants provide base aid for low- and moderate-income undergraduate students. Other forms of federal, state, and institutional aid are then added to comprise a student's total aid package. Because Pell Grants are critically important for supporting the highest-need students, the award amount should be readily available and all guesswork eliminated.

The Alliance recommends creating a publicly available look-up table that provides Pell Grant award amounts based on AGI, family size, and dependency status. The Rethinking Student Aid Study Group previously introduced this proposal.¹¹ Under this system, the maximum Pell Grant award for any given year would be provided to any student whose AGI was at or below 150 percent of the poverty index. Minimum Pell Grant awards would be capped at 250 percent of the poverty index. These AGI-based determinations would more narrowly and effectively focus Pell Grant dollars on the lowest-income population and restore the program to its original intent. Further, this approach eliminates

the guesswork that comes with waiting until the FAFSA has been completed and the EFC produced to determine award size. This system would make the process clearer for students and their families and help them financially prepare for post-secondary education (see Appendix 1 for the Alliance's proposed look-up table).

Limiting Pell Grant eligibility to those with AGIs between 150 and 250 percent of the poverty index would reduce the number of recipients by approximately 6 percent (or 570,000 students) compared with current law. Further, the estimated 3 percent of Pell Grant aid currently received by students with a family AGI higher than 250 percent could be redirected to recipients with greater need. The Alliance recommends that the Pell Grant aid awarded to students with a family AGI higher than 250 percent of the poverty index be redirected to students with a family AGI at or below 150 percent of the poverty index. It is estimated that the redirected amount of Pell Grant aid could support an increase in the award of recipients who are at or below 150 percent of the poverty index by approximately \$125 each.

The Alliance recommends that the Pell Grant aid awarded to students with a family AGI higher than 250 percent of the poverty index be redirected to students with a family AGI at or below 150 percent of the poverty index.

The Alliance recommends that all federal student aid be limited to students who are enrolled in an institution of higher education on at least a half-time basis.

Focus Student Aid on the Highest-Need Students

Federal student aid programs provide funding for high-need students who would otherwise be unable to attend college. While access to postsecondary education for these students is both important and necessary, completing a degree or certificate remains a constant challenge for many students, including Pell Grant recipients. A recent report from the U.S. Treasury and Education Departments asserts, “Higher education is important for intergenerational mobility. Without a degree, children born to a parent in the bottom income quintile have a 45 percent chance of remaining there as adults. With a degree, they have less than a 20 percent chance of staying in the bottom quintile of income distribution.”¹² College completion is one of the greatest tools for ending the cycle of poverty.

Incentivizing Persistence

The Alliance believes that federal student aid should focus on both access and completion, which requires changes to the system. Currently, students are eligible for Pell Grants as long as they are enrolled in a degree or certificate program. Under current law, eligibility does not depend on the number of credit hours for which students are enrolled. However, prior to 1986, recipients had to be enrolled at least half time, and between 1986 and 1992, students could only attend less than half time if they were the neediest of all Pell Grant recipients—those with a zero EFC (that is, the family was not expected to contribute anything to their cost of education).

In spite of the shift in the law, research shows that adult students—most Pell Grant recipients are adult students—who enroll less than half time rarely complete the degree or certificate they initially sought.¹³ Because of this unlikelihood of completion, the Alliance recommends that all federal student aid be limited to students who are enrolled in an institution of higher education on at least a half-time basis. The Alliance acknowledges that many students who enroll less than half time are often juggling work, family, and school, among other commitments. And research suggests that these same factors decrease the probability of completing a degree or certificate.¹⁴

Offering Pell Grants to only those enrolled on a half-time basis or more would affect an estimated 430,000 recipients who currently are enrolled less than half time, and who combined received approximately \$580 million in Pell Grant aid last year. The Alliance believes that this recommendation, combined with others in this report, will incentivize many Pell Grant recipients who were previously enrolled less than half time to take more credits in order to achieve half-time status.

Assuming that this would lead to changes in behavior and enrollment patterns resulting in more recipients enrolling half time or more, approximately \$375 million of the \$580 million would be available to increase the maximum Pell Grant award for all recipients. Further, due to the interactive affect of this recommendation combined

with limiting Pell Grant funds to those at or below 250 percent of the poverty index, an additional \$160 million could be used to increase the maximum Pell Grant award, for a total of \$535 million in increased Pell Grant aid.

As a corollary to the previous recommendation, the Alliance recommends that students who fail to complete their sought-after degree or certificate or who drop below half-time attendance for more than one year have their Pell Grant reverted to a loan. The end goal of attending an IHE is to finish and attain a credential. Students who fail to complete their sought-after degrees or certificates often find themselves with loan debt that they cannot repay and no degree to help attain higher earnings.

The Alliance recommends that students who fail to complete their sought-after degree or certificate or who drop below half-time attendance for more than one year have their Pell Grant reverted to a loan.

The Alliance recommends extending the appeals process for legitimate extenuating circumstances that might cause a student to drop below half time or withdraw for more than a year.

Federal, state, and local governments do not realize the returns on their student aid investments when students do not earn a degree or certificate. These entities also miss the opportunity to collect more revenue in the form of taxes from individuals with higher levels of education. A 2010 report by the American Institutes for Research estimates that states spend \$1.3 billion and the federal government spends an additional \$300 million each year on students who drop out of postsecondary education after their first year.¹⁵ Failing to complete an academic program nearly guarantees that a student will be relegated to a lower-paying position, which decreases the chance of re-enrolling and earning a degree. Students and IHEs must work together to ensure success, which requires mutual accountability. (The parallel recommendation for IHEs is discussed in the “Create Institutional Supports and Accountability” section earlier in this report.)

Adhering to this recommendation would likely result in savings due to some students changing their enrollment status for more than one year, but the Alliance has not yet produced an estimated savings for this provision. This specific recommendation is included to incentivize students and IHEs to work together to ensure that students remain enrolled and persist toward earning a degree or certificate. In an ideal world, this provision would not result in any savings.

Challenging life circumstances occur for students regularly, and therefore the Alliance recommends extending the appeals process for legitimate extenuating circumstances that might cause a student to drop below half time or withdraw for more than a year. Variable enrollment patterns generally indicate a change in an individual's circumstances, which suggests that a student might be in need of additional support or assistance. During these times, it is imperative that someone from the IHE in which the student is enrolled speak with the student to identify the problem, determine if assistance is needed, and advise the student of available resources and outlets for support. This provision of the recommendation is intended to signal the IHE that a student might need help.

It is important to note that many low-income students enter college with various risk factors, such as being first in their family to pursue postsecondary education, being a parent, having poor academic preparation, and working full time. In spite of these factors, however, many persist through high school, enroll in college, and earn a degree or certificate. The Alliance believes that all low-income students who have successfully navigated the complex secondary and/or postsecondary education terrain and demonstrated above-average performance should receive additional Pell Grant funds. Specifically, the Alliance recommends that Pell Grant recipients who attend a four-year IHE should receive an additional \$1,000 if they either demonstrated a rigorous course-taking pattern in high school or, once enrolled at an IHE, maintained a 3.0 (out of 4.0)

cumulative grade-point average within the past five years.

The current \$5,550 maximum Pell Grant award is estimated to cover only 64 percent of tuition and fees and 31 percent of tuition, fees, and room and board at a public four-year IHE.¹⁶ The maximum Pell Grant award covers significantly less of these costs—19 percent and 14 percent, respectively—at a private four-year IHE.¹⁷ The increased add-on would likely incentivize preparing for college while in high school and encourage those students already in college to persist. Research shows that even students who are well prepared for postsecondary education often do not complete college due to financial challenges, making increased aid for these students necessary.¹⁸

The add-on would likely increase expenditures by approximately \$900 million, and would increase the annual Pell Grant awards of an estimated 1.2 million recipients. The add-on would be available for up to the equivalent of five years.

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Targeting Federal Aid

As previously mentioned, the sheer number of federal student aid programs and the unique eligibility requirements tied to each are viewed by many as daunting and contribute to many students not applying or failing to complete the aid application process. In an effort to reduce the number of programs, eliminate numerous questions on the FAFSA, and provide more funding for Pell Grants, the Alliance recommends eliminating the in-school loan subsidy for undergraduate students and eliminating both the Perkins Loan and the Supplemental Education Opportunity Grant (SEOG) program.

There is no research demonstrating that offering in-school loan subsidies affects an individual's decision to enroll in college, persist, or complete. Further, the majority of the questions on the FAFSA are used to identify need for student aid, including eligibility for the in-school loan subsidy. Eliminating the in-school loan subsidy simplifies the FAFSA by making most of the questions irrelevant. Approximately \$4 billion would be saved annually by eliminating the in-school subsidy,¹⁹ all of which could be redirected to the Pell Grant program, much like what occurred when the U.S. Congress eliminated the in-school subsidy for graduate students.²⁰

The savings from eliminating the in-school subsidy should be used in part to increase the maximum Pell Grant award and to pay for the \$1,000 add-on. These two changes combined would cost approximately \$3.5 billion, but both would provide additional support for low-income students and decrease the probability of dropping out due to financial challenges.

The Perkins Loan program and the SEOG program are relatively small and are not available at all IHEs, which means that not all high-need students have access to these funds. The limited availability of these programs justifies eliminating them and repurposing their funds in a way that would better serve more students in the federal student aid system. Funds from the Perkins Loan program (\$970 million in new loans in SY 2010–11)²¹ and the SEOG program (\$758 million in total for SY 2010–11)²² should instead be used to provide increased funding for Pell Grants and for the institutional incentive programs previously described.

The Alliance recommends eliminating the in-school loan subsidy for undergraduate students and eliminating both the Perkins Loan and the Supplemental Education Opportunity Grant program.

The Alliance recommends merging the AOTC and the Lifetime Learning Credit (LLC) into one tax credit for individuals earning \$60,000 or less annually and families earning \$120,000 or less annually.

Provide Support for Middle-Class Families

Much of the discussion about the federal aid system revolves around the Pell Grant program, which focuses on increasing access to postsecondary education for low- and moderate-income students. However, there are other parts of the system that aim to make higher education affordable for students from middle-income families. As states continue to shift funds away from IHEs and college costs keep rising, the issue of affordability remains a constant challenge.

The Obama administration and the two prior administrations introduced and subsequently modified postsecondary education tax credits and deductions as a means of providing support for middle-class families. There are various federal tax credits and deductions that serve relatively similar purposes that make it difficult for filers to know which credits and deductions are most optimal for their individual circumstances. Additionally, the income eligibility threshold for the American Opportunity Tax Credit (AOTC) has specifically expanded eligibility to families who would likely be able to pay for college expenses without federal assistance. Tax credits and deductions are estimated to result in a loss of approximately \$70 billion in federal revenue.²³ With the nation's

debt already massive and continuing to grow, and its need to have a better-educated citizenry, the nation's education and spending policies must be more efficiently and strategically used.

The Alliance recommends merging the AOTC and the Lifetime Learning Credit (LLC) into one tax credit for individuals earning \$60,000 or less annually and families earning \$120,000 or less annually. This approach would simplify the current tax credits and create a benefit purposefully directed toward the middle class. In order to provide an additional incentive for students to complete their academic programs, this tax credit would be available to individuals (or their families, in the case of dependent students) who enroll in an eligible IHE on a full-time basis for at least one semester per year.

The current tax credits and deductions do not allow for expenses beyond tuition and fees for purposes of claiming the credit. However, other expenses, such as room and board, books, transportation, and health insurance, are real expenses that are considered part of the cost of attendance (COA). The Alliance recommends that the new tax credit allow a portion of the COA, controlling for institutional type,

to be factored into the revised tax credit as well as other education tax deductions. The new tax credit should continue to be partially refundable for tax filers without enough tax liability to take full advantage of the credit; a refundable credit allows a tax filer to receive a refund if the tax credit exceeds the amount of taxes the individual filer is required to pay. This provision is similar to the AOTC.

Unifying the tax credits and allowing a portion of expenses for the COA would increase supports for middle-class families and simplify the system, thereby making it easier for families to predict their benefit.

The Alliance recommends that the new tax credit allow a portion of the COA, controlling for institutional type, to be factored into the revised tax credit as well as other education tax deductions.

Nearly half of all individuals who start college do not earn a degree or certificate, thereby failing to realize the full human and economic potential of the nation's investment in both K–12 and higher education.

Conclusion

This report outlines the Alliance for Excellent Education's recommendations for changing the federal student aid system to focus more purposefully on student access to and completion of postsecondary education. These recommendations to incentivize institutional accountability and supports for students, simplify the student aid system, assist the highest-need students, and help the middle class could truly transform the system into one that serves students and their families better.

The Alliance, along with several other respected policy, advocacy, and research organizations, is releasing these recommendations to improve the federal student aid system by focusing on completion. As a result of the efforts being undertaken, policymakers now have access to dozens of reform proposals and are positioned to deliberate these recommendations and determine how best to proceed.

Nearly half of all individuals who start college do not earn a degree or certificate, thereby failing to realize the full human and economic potential of the nation's investment in both K–12 and higher education. Although the Alliance may not agree with all of its organizational colleagues' proposals, it encourages policymakers to take the best of the collective reforms and forge them into a system that works in tandem to benefit students and their families, as well as communities across the country, individual states, and the nation. The imperative that the individual parts of the student aid system work together to support access and completion cannot be achieved if piecemeal changes continue to be attempted. The time for a system arranged solely around access has passed; the time for a system that delivers a return on investment in the form of student completion is now. The Alliance urges policymakers not to delay in implementing such a federal financial aid system.

These recommendations to incentivize institutional accountability and supports for students, simplify the student aid system, assist the highest-need students, and help the middle class could truly transform the system into one that serves students and their families better.

Appendix 2

Measuring Institutional Accountability Rates

Two institutional accountability measures monitoring outcomes for Pell Grant recipients recommended by the Alliance include maintaining

- a withdrawal or dropout rate that is at or below 33 percent, and
- a graduation rate for Pell Grant recipients that is at or above the most recent rolling three-year average, based on institutional type.

The Alliance recognizes that there are a number of data sources from which to derive these rates but makes no specific recommendation about which should be employed. Potential sources of these data are from the National Student Clearinghouse, which is widely recognized as a reputable source for information on student enrollment and persistence, and the National Center for Education Statistics Integrated Postsecondary Education Data System (IPEDS). The Alliance also makes no specific recommendation about how graduation rates are calculated. The NCAA Graduation Success Rate (GSR) or a rolling three-year average of four-, five-, or six-year institutional graduation rates are examples of potentially suitable methodologies.

The specifics of how these accountability measures are calculated, or from what sources, are important but outside the scope of this report. What is critical and within the scope of this report is the principle that institutions have a responsibility to the students that they admit and to the federal government for the funds it distributes and should be held accountable for seeing students through to completion of a degree or certificate.

Appendix 1

Sample Pell Grant Look-up Table for Dependent Students (\$5,500 Maximum Grant, Family of Four)

Poverty Index Level	Annual Income ²⁴	Pell Grant Award
<150%	<\$34,575	\$5,500
150%	\$34,575	\$5,238
155%	\$35,728	\$4,976
160%	\$36,880	\$4,714
165%	\$38,033	\$4,452
170%	\$39,185	\$4,190
175%	\$40,338	\$3,928
180%	\$41,490	\$3,666
185%	\$42,643	\$3,404
190%	\$43,795	\$3,142
195%	\$44,948	\$2,880
200%	\$46,100	\$2,618
205%	\$47,253	\$2,356
210%	\$48,405	\$2,094
215%	\$49,558	\$1,832
220%	\$50,710	\$1,570
225%	\$51,863	\$1,308
230%	\$53,015	\$1,046
235%	\$54,168	\$784
240%	\$55,320	\$522
245%	\$56,473	\$260
250%	\$57,625	\$0

Endnotes

¹ A. Carnevale, "Higher Education and Jobs," in *Forum Futures 2009* (Cambridge, MA: Forum for the Future of Higher Education, 2009).

² See http://www.lbjlib.utexas.edu/johnson/lbjforkids/edu_whca370-text.shtm (accessed December 14, 2012).

³ See <http://www2.ed.gov/about/overview/budget/budget13/justifications/p-sfa.pdf> (accessed November 15, 2012).

⁴ Ibid.

⁵ C. C. Wei and L. Horn, *Persistence and Attainment of Beginning Students with Pell Grants* (NCES 2002-169) (Washington, DC: National Center for Education Statistics, U.S. Department of Education, 2002).

⁶ Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Student Aid Study, 2007–08. NPSAS respondents were asked, "Since you completed high school, have you taken remedial or developmental courses to improve your basic skills, such as in mathematics, reading, writing, or studying?"

⁷ National Conference of State Legislatures, "Improving College Completion Reforming Remedial Education," <http://www.ncsl.org/issues-research/educ/improving-college-completion-reforming-remedial.aspx> (accessed November 20, 2012).

⁸ U.S. Department of Education, Office of Postsecondary Education, *2010–2011 Federal Pell Grant Program End-of-Year Report* (Washington, DC: Author, 2011).

⁹ S. Dynarski and J. Scott-Clayton, "College Grants on a Postcard: A Proposal for Simple and Predictable Federal Student Aid," Hamilton Project Discussion Paper 2007-01; KSG Faculty Research Working Paper Series RWP07-014, March 2007, cited in <http://professionals.collegeboard.com/profdownload/rethinking-stu-aid-fulfilling-commitment-recommendations.pdf> (accessed November 8, 2012); also cited by U.S. Department of Education, Secretary of Education's Commission on the Future of Higher Education, *A Test of Leadership: Charting the Future*

of U.S. Higher Education, 2006, <http://www2.ed.gov/about/bdscomm/list/hiedfuture/reports/final-report.pdf> (accessed November 8, 2012).

¹⁰ Fastweb.com, "Profile of Pell Grant Recipients: Quick Reference Guide," <http://www.finaid.org/educators/ProfileofPellGrantRecipients.pdf> (accessed December 7, 2012).

¹¹ See <http://professionals.collegeboard.com/profdownload/rethinking-stu-aid-fulfilling-commitment-recommendations.pdf> (accessed December 5, 2012).

¹² See http://www.treasury.gov/press-center/press-releases/Documents/The_Economics_of_Higher_Education_REPORT_CLEAN.pdf (accessed December 13, 2012).

¹³ United States General Accounting Office, "Federal Student Aid: Expanding Eligibility for Less Than Half-time Students Could Increase Program Costs, But Benefits Uncertain" (Washington, DC: Author, September 2003).

¹⁴ L. Horn, *Confronting the Odds: Students at Risk and the Pipeline to Higher Education* (NCES 98-094) (Washington, DC: U.S. Department of Education, National Center for Education Statistics, 1997), <http://nces.ed.gov/ipeds/data/ipedspubs98/98094.pdf> (accessed December 13, 2012);

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