

Recommendations for Reauthorization of the Higher Education Act

Submitted by:

American Association for Higher Education
American Association of Colleges for Teacher Education
American Association of Colleges of Nursing
American Association of Colleges of Osteopathic Medicine
American Association of Community Colleges
American Association of State Colleges and Universities
American Association of University Professors
American College Personnel Association
American Council on Education
American Councils for International Education: ACTR/ACCELS
American Dental Education Association
American Indian Higher Education Consortium
American Library Association
Association for Institutional Research
Association of Advanced Rabbinical and Talmudic Schools
Association of American Colleges and Universities
Association of American Medical Colleges
Association of American Universities
Association of International Business Education and Research
Association of International Education Administrators
Association of Jesuit Colleges and Universities
Association of Research Libraries
Coalition of Higher Education Assistance Organizations
Consortium on Government Relations for Student Affairs
Council for Advancement and Support of Education
Council for Christian Colleges & Universities
Council for Higher Education Accreditation
Council for Opportunity in Education
Council of Directors, National Language Resource Centers
Council of Graduate Schools
Council of Independent Colleges
Council of National Resource Center Directors
EDUCAUSE
Hispanic Association of Colleges & Universities
NAFSA: Association of International Educators
National Association for College Admission Counseling
National Association of College and University Business Officers
National Association of Graduate-Professional Students
National Association of Independent Colleges and Universities
National Association of State Universities and Land-Grant Colleges
National Association of Student Financial Aid Administrators
National Association of Student Personnel Administrators

National Collegiate Athletic Association
National Council for Community and Education Partnerships
Society for College and University Planning
The College Board
The Forum on Education Abroad
United Negro College Foundation
University Continuing Education Association

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We appreciate the opportunity to provide the Department of Education with comments and suggestions regarding the reauthorization of the Higher Education Act (HEA). In soliciting the views of various stakeholders, the Department poses seven general questions regarding reauthorization. We have regrouped these questions into five themes that we believe encompass the breadth and spirit of the Department's questions. By organizing our responses around these themes, we hope to reduce redundancy and promote clarity in our comments. The five themes are:

- 1) Access and Choice in Higher Education – How can the federal government boost access to and choice in postsecondary education for underrepresented students?
- 2) Effectiveness, Efficiency and Integration of Programs – Can programs operate more effectively and efficiently, and with less administrative burden for students, institutions and the federal government? Can tax policy be better integrated with Title IV student aid?
- 3) Persistence – Can student persistence in higher education be improved through federal student aid programs?
- 4) Institutional Accountability – Are additional steps necessary to improve institutional accountability for student aid funds or for other purposes?
- 5) New Departures in Higher Education – Are changes in federal student aid programs necessary and desirable to achieve their original mission or to meet new needs that have emerged in recent years?

Access and Choice in Higher Education

Participation in higher education is a function of several things: understanding the value of higher education, having adequate information about appropriate educational programs, having the academic preparation to enroll and succeed in higher education, and having the financial resources necessary to participate. We believe that the Department of Education has an important role to play in all four areas.

The federal government can play a more substantial role in expanding understanding of the value of higher education, academic opportunities and financial aid for college. Specifically, we think that the federal government should launch a public information campaign similar to the Army's "Be All You Can Be" effort and the Marines' "Are Looking for a Few Good Men" campaign. Both have succeeded in helping to educate thousands of young men and women about the opportunities in military service. Likewise, the advertising campaign highlighting the incentives of the Montgomery G.I. Bill has helped raise the awareness of the educational benefits that can accrue through military service.

Research has demonstrated that having adequate financial resources is by far the single most important consideration taken into account when making the decision about attending college. According to a 2002 report from the Advisory Committee on Student Financial Assistance, over 400,000 college-qualified students will not attend a four-year college and nearly 170,000 won't attend college at all because of financial barriers. We believe that the federal government can and should take multiple steps to address this issue.

Double the Federal Pell Grant Maximum - First, we strongly urge the Department to support a firm commitment to doubling the appropriated Federal Pell Grant maximum award within a six-year time frame that coincides with the passage of the reauthorization legislation, and to conform the annual authorized maximums to this overarching goal.¹ Congress has taken significant steps over the last six years to increase the maximum Federal Pell Grant in the annual appropriations bills. Now with the expected demographic boom to be felt on college campuses over the next decade, we will have more college-ready students than ever before. We feel the next step is to significantly increase this fundamental grant for students. Because reauthorizations draw increased attention to the importance of key federal programs, we feel strongly that now is the time to double the funding of the maximum Federal Pell Grant. Similar campaigns have paved the way to measurable increases for the National Institutes of Health and the National Science Foundation. In real terms, the authorized maximum Federal Pell Grant had a higher value in the early 1980s than it does today. Given the real and symbolic importance of the Federal Pell Grant as an expression of the nation's commitment to equal educational opportunity, we ask that the Department make a commitment to doubling the appropriated maximum grant.

Permit Year-Round Study - Students increasingly want flexibility in their educational programs. For example, many students would like to complete their academic degree in less time than the standard two- or four-year program. Such a step reduces the amount of time that a student spends in school, reduces educational expenses, and makes better use of campus facilities (an important consideration in states facing significant increases in enrollments).

On the other hand, some students require additional time to fulfill degree completion requirements. For them, year-round attendance, we believe, would increase student persistence and graduation from college. Current regulations governing the Federal Pell Grant program assume that all students will enroll for just two semesters per calendar year. While the Department of Education has the authority to implement a "year-round" Federal Pell Grant, it has been reluctant to do so. **Therefore, we ask that**

¹ Several organizations – UNCF, NAFEO, HACU, USSA, NASFAA and The College Board – propose making the Federal Pell Grant program a full entitlement. The other associations signing this letter do not believe this step is achievable without the bipartisan support of Congress and the Administration. We encourage the Administration to take this bold step in its reauthorization proposal.

the Department work with Congress to allow students who wish to study year-round receive a Federal Pell Grant that enables them to do so.

Increase Support for the Federal Supplemental Educational Opportunity Grant - We seek to increase the percentage of grants in student aid packages for low-income students. We believe that the Federal Supplemental Educational Opportunity Grant (FSEOG) is especially important in this regard. The FSEOG provides grant assistance to students with exceptional financial need in addition to funds that they may have received under the Federal Pell Grant program. Conceptualized as the partner program to the Federal Pell Grant (originally the Basic Educational Opportunity Grant), FSEOG awards help the poorest Federal Pell Grant recipients. Institutions must provide at least 25 percent of all funds awarded, thereby increasing the impact of federal dollars. This federal-institutional partnership works well and could move closer to its original intent by raising the authorized funding level for FSEOG to \$1 billion. With additional federal funding, this important grant program could help low-income students pay for more of their college education with grants instead of loans.

Revitalize the Federal-State Student Aid Partnership - **As part of the effort to provide more grants, we encourage the Department to take steps to revitalize the federal-state partnership for providing student aid to financially needy students and families.** In recent years, many states have diverted scarce need-based student aid dollars to increase merit-based aid programs. A 2002 report by the Civil Rights Project found that states set aside 25 percent of all student aid funds for merit-based programs, compared to 11 percent in 1991. In addition, according to a report by the National Center for Public Policy and Higher Education, 17 states decreased spending on student grant aid in 2002-2003. While merit aid programs provide welcome assistance for some, studies find that these grants are awarded disproportionately to populations of students who have the highest college participation rates, and do little to lessen the financial barriers for the millions of low-income students.

The Administration's proposal to eliminate the Leveraging Educational Assistance Partnership Program (LEAP) is wrong. States must be active partners in helping to solve the access problem. The federal government can leverage substantial state aid for needy students to supplement the Federal Pell Grant program if the LEAP program is well designed and properly funded. To cut this program now, when state budgets are in crisis, implies to states that the federal government no longer expects them to help in this effort. It sends the wrong signal at the wrong time.

LEAP has prevented state after state from cutting its student aid grants. But for many states there is not enough money in the program to keep them at the student aid table. The Administration could take several bold steps to help reverse this trend. First, the program should receive at least \$200 million in the next budget cycle to reverse state aid cuts. Second, the Administration should use this program to reinvigorate its relationship with state governments, particularly as it relates to helping low-income children, who are the beneficiaries of the new K-12 school reform efforts, go to college. This is an

essential element of keeping the promise made to students who have responded to the new academic challenges presented to them and earned their way into college. Doing less breaks our nation's promise to these students.

Maintain TRIO and GEAR UP - Enhanced access to higher education also depends on the availability of high quality intervention and support services efforts such as TRIO and GEAR UP. These important and popular programs serve low-income and first-generation students. Needy students who receive high quality early intervention services are much more likely to enter higher education and persist than those who do not have the chance to participate.

Neither TRIO nor GEAR UP requires significant modification. Therefore, only minor changes in these programs – such as increasing the minimum grant levels to account for inflation and increasing the authorization levels for all programs – are necessary.

Create a Career Exploration Summer Enrichment Program for Low-Income Students - High school students need better information about career options and the skills and postsecondary education needed to pursue their career choices. **Therefore, we recommend authorization of a competitive grant program that would allow institutions of higher education to design and conduct summer enrichment programs for low-income high school students designed to acquaint them with the range of career options available and academic instruction that will help the students prepare for a postsecondary degree.** These programs should be available to all low-income students, although individuals participating in the GEAR UP or TRIO program should receive special consideration in the selection process.

Support the Extension of the Child Care Access Means Parents in School Program -We strongly support extension of the Child Care Access Means Parents in School program. □This program is designed primarily to assist those □students for whom college participation hinges on whether they can obtain child care. □In addition to providing basic child care □services, funds can be used to: provide before- and after-school services when it is necessary to enable Federal Pell Grant-eligible students to attend college; □develop curriculum for programs, faculty, and staff; and, provide other program enhancing measures. □At present, there are over 1,400 on-campus child care centers for the children of students. These centers estimate they are only able to meet 10 to 25 percent of the demand for services. Expanding access to on-campus child care will help increase access to postsecondary education for low-income students.

Expand the Efforts to Ensure Students with Disabilities Receive a Quality Education - In the 1998 reauthorization, Congress created a new program, "Demonstration Projects to Ensure Students with Disabilities Receive a Quality Education," to boost enrollment of disabled students. This modest program is designed to address low participation rates of students with disabilities through model demonstrations, technical assistance, and professional

development for faculty, staff and administrators. **In order to address the significant underrepresentation of students with disabilities in higher education, we strongly urge expansion of this program as part of the reauthorization.**

Create a Permanent Distance Education Program - Utilization of the World Wide Web and other technologies are important means of delivering academic coursework to a significant number of students who are pursuing a college education, particularly those who have time and geographic limitations. During the past several years, many schools that offer these programs have identified some statutory provisions enacted a decade ago to prevent fraud and abuse that have inhibited their efforts for expansion and improvement in distance education. The Higher Education Act should permit and support a carefully monitored expansion of programs that use innovative means to deliver education programs, while ensuring continued program integrity. To this end, we recommend that the Distance Education Demonstration Program authorized in Section 486 of the HEA become the prototype for a permanent program for non-traditional delivery of higher education.

The new program should permit existing demonstration sites to continue participating and allow the Secretary to select additional participants from among all Title IV eligible institutions that seek a waiver of certain "time and place" provisions currently in the law without the numerical limitations found in the demonstration program. However, as is now the case, institutions that participate would agree to a higher level of oversight by the Department of Education. The Department should be required to provide periodic statements to Congress about the impact and effectiveness of the program.

To be more specific, current law limits the amount of distance education and related courses that degree-granting institutions may offer while retaining Title IV eligibility. The 50 percent rule has generally worked well, but several high quality institutions are now near or above the 50 percent threshold. Consequently, we support continuing to give the Secretary of Education the right to waive this provision for colleges that have exceeded this limit or are about to exceed the limit.

We believe that this represents a balanced approach to distance education that will afford institutions the opportunity to be flexible and innovative in responding to student needs for non-traditional delivery mechanisms, while still preserving critical safeguards to maintain the integrity of the program, protect the federal fiscal interest, and retain public confidence in the quality of the enterprise.

Maintain Student Aid Administrator Discretion - Under current law, student aid administrators have limited discretion to adjust the expected family contribution for individuals who face unusual financial difficulties such as sudden job loss, medical emergencies, natural disasters or death of family members. Without the modest flexibility included in the discretion, college officials would have no way to adjust the financial aid awards for students facing

unexpected hardships. In addition, the *Free Application for Federal Student Aid (FAFSA)* form would have to be lengthened to anticipate various unusual circumstances, adding unnecessary complexity for the millions of families who wade through the form every year. **We ask that the Department not seek the elimination of this provision, and administer it in a manner consistent with the intent of the law.**

Retain both the FFEL and Direct Loan Programs - We encourage the Department to advocate for the retention of both the Federal Family Education Loans (FFEL) and William D. Ford Direct Loan programs and take no actions that would weaken either program. The advent of direct lending has resulted in dramatic improvements in the quality of service in the student loan program and these changes have resulted in better service for students and institutions. These improvements are attributable to the competition that has resulted in having two programs compete for business.

We urge the Department to act cautiously with respect to proposals to specify the terms and conditions in student loans that would have the effect of giving one program a competitive advantage over the other. Current law mandates that the central features – such as interest rate ceilings, a 10-year repayment plan, appropriate consumer protections, and deferment and cancellation provisions – are identical in both programs. However, we believe that the pursuit of completely identical programs is not in the interest of students or schools, and that both the FFEL and the Direct Loan programs should have the flexibility to design more generous terms for borrowers.

At the same time, we think the competitive balance within the FFEL program is essential and ask the Department to consider this issue whenever making changes. Widespread consolidation within the financial services industry has been a hallmark of the last decade and this has reduced the number of organizations who participate in the FFEL program. In considering changes to the FFEL program, we ask the Department to keep the maintenance and expansion of competition by lenders and other financial institutions as central goals.

Strengthen Federal Student Loan Provisions - Federal student loans are indispensable for low-income students seeking to finance higher education at four-year institutions. In 2002-03, the average total cost of attendance at four-year public colleges was nearly \$13,000. Students who receive a \$4,000 Federal Pell Grant and a \$750 FSEOG award (the average) and work 15 hours a week², making \$6.00/hour will still find themselves more than \$7,000 short. For these individuals, federal student loans are not an option, they are essential. If, as now

² Data from the 1999-2000 National Postsecondary Student Aid Survey show that almost half (46 percent) of all full-time students who work, worked 25 or more hours per week to help cover college costs, and that more than half of these students reported negative effects of working long hours on their academic progress. However, even in the example above, if the student worked 25 hours a week at the same wage she would still find herself short of funds.

seems likely, state budget cuts generate more tuition increases at public colleges in the coming years, federal student loans will become even more important.

Eliminate All Up-Front Fees - We strongly urge the federal government to eliminate all up-front fees on all federal student loans. The up-front fees were approved in 1981 as a “temporary” deficit reduction measure and, in the intervening years, have become an unfortunate and permanent feature of the student loan landscape. These fees are nothing more than a punitive tax on students and families who need financial aid to finance an education. They have long outlived their original justification and their elimination is overdue.

Modify Annual and Cumulative Loan Limits - Since reauthorization will govern borrowing authority through 2010, loan limits for students ought to be adjusted to recognize changes in the cost of living. Federal student loans offer better terms and conditions than any other source of loan capital. Loan limits have not been adjusted for a decade and considerable evidence suggests that students are borrowing increasing amounts of money from private sector loans. We recommend an increase in student loan limits to give borrowers more access to loans that carry the lowest possible interest rate and the best possible terms, such as the in-school interest exemption and deferments.

We believe that recalibrating the loans to recognize changes in the cost of living (i.e. inflation) since loan limits were last increased is a good benchmark.³ The Consumer Price Index (CPI) is expected to increase 35 percent between July 1, 1993 and July 1, 2005. In light of the CPI increase, one possible approach to increasing loan limits would be to raise the cumulative limit for dependent undergraduates in four-year programs to \$30,000 (30 percent). We support an increase of \$1,375 in borrowing for first year students to \$4,000.⁴ The remainder of the funds, \$26,000, would be available to students in the form of a line of credit with appropriate safeguards to ensure that students who take five years to complete do not use their full loan eligibility before their final year of study. Students in two-year degree programs would have a cumulative loan limit of just under \$13,000.

We also recommend increasing borrowing limits on the supplemental amounts of unsubsidized loans for eligible borrowers. We recommend increasing them for eligible students in the first and second year to \$5,500 and to \$7,000 for students in subsequent undergraduate years.

In addition, we would raise the cumulative loan limits for graduate and professional students to reflect increases in the cost of living since loan limits were last increased in 1992. We also recommend that the annual loan limit for graduate and professional students be eliminated and that a line of credit feature similar to that proposed for undergraduates be created. Additionally, to provide

³ Loan limits for first year students were last increased in 1986. The Higher Education Amendments of 1992 increased limits for all other borrowers.

⁴ Based on CPI from 1986, the loan limit would be \$4,205.

more flexibility and the best possible loan terms for graduate and professional students, we ask for clarification that borrowers who did not reach the cumulative loan limit as undergraduates can continue to carry forward and apply any unused amount to post-baccalaureate expenses.

Exploring Different Options on the Loan Limit Issue - The community's discussions about increasing loan limits were exceptionally difficult. Individual associations continue to hold strong views about whether there is a need to alter federal loan limits and, if so, by how much. For example, the American Association of Community Colleges (AACCC) does not favor any changes in loan limits at the present time. The American Association of State Colleges and Universities (AASCU) does not believe that increases in the cumulative loan limits are necessary, but believes that more flexible loan limits for first and second year students are necessary. In contrast, several other associations – including the United Negro College Fund (UNCF) and the National Association of Student Financial Aid Administrators (NASFAA) – have proposed in separate letters that loan limits be increased above the amounts reflected in this letter.

The range of views among the associations about increasing loan limits reflects differences in the borrowing characteristics and levels of need faced by students in varied educational settings. Current loan limits may well be adequate for students at community colleges and low-priced public colleges. In contrast, borrowers at other public institutions and private colleges with high levels of unmet need are likely to find existing loan limits too restrictive. The severe fiscal problems facing many states and the steep tuition increases some are generating – such as the 41 percent increase in tuition under consideration for the State University of New York – will complicate this issue even further.

No school wants its students to borrow a dime more than is necessary to finance their educations. On the other hand, all schools agree that students who must borrow should have access to loans that carry the most favorable terms and conditions. This invariably means that some students need additional access to federal student loans, especially Subsidized Stafford Loans, to avoid higher-rate, private, bank loans to which increasing numbers of students are turning.

The higher education community frequently has made the point that one-size federal regulations do not fit all with equal applicability. Perhaps the time has come to consider whether one-size loan limits serve equally well to afford all students access to college. An alternate approach might be to design loan limit provisions that recognize and differentiate between high and low levels of unmet need just as other student aid programs have linked award rules to the educational costs that a student has to pay. The higher education community plans to explore these and other options that may help meet the diverse needs of the nation's students.

Provide Borrowers with Better Information About Repayment - Financial experts generally believe that consumer loan repayments should not exceed 10 percent of a borrower's gross income so that loans can be repaid without excessive financial hardship. Unfortunately, some borrowers in the

federal student loan program exceed that ratio in the first few years after leaving school. This proportion appears to be growing and the increasing reliance on higher cost private sector loans to meet educational expenses is likely to exacerbate this problem. **Providing more and better information about student loan repayment to borrowers will help reduce delinquencies and student loan defaults.** In particular, we urge that older students, students from disadvantaged backgrounds, and those likely to enter low-salaried professions be given additional attention regarding their repayment options and strategies. We ask the Department to think about significant changes to student loan policy to address this issue.

A number of steps should be taken in this regard. For example, all borrowers should have access to income-contingent loan repayment regardless of whether or not they are in direct lending. In addition, all borrowers should have improved access to extended repayment, regardless of whether they have borrowed \$30,000 or more, as is currently required. Extending and increasing repayment options amplifies the need for timely and effective information and counseling. Many borrowers do not realize that if repayments do not cover the interest due on their loan, the amount not paid is added to the balance due. To address this, any borrower who enters forbearance or selects an extended repayment plan should receive a quarterly statement showing how much interest has accumulated on the loan since their last payment.

Most federal discussions of student loan repayment policy focus on avoiding defaults and, should default occur, collecting the money from defaulters. These are important goals and we would do nothing that undermines them. However, we believe that federal policy should put more attention on the management of debt, especially by those who become delinquent. Such efforts will help students better manage their debt and, ultimately, reduce the number of borrowers who default.

One way to provide additional information to borrowers is for the Department to make it clear that a critical role of guaranty agencies is to provide counseling and assistance to borrowers as soon as a loan becomes delinquent, making certain that borrowers understand available repayment options, and expediting the revision of repayment plans.

We recommend that the federal government remove the adverse incentives in the current law that pay guaranty agencies more money if a borrower defaults than if the borrower remains in good status. The key role of the guaranty agency should be to assist students and parents successfully complete loan repayment. We recommend the following steps to achieve this goal: strengthen the guaranty role in providing early and aggressive debt management/default prevention programs; increase the use of performance incentives linked to the borrower repayment; and retain and expand the Secretary's current authority to enter into Voluntary Flexible Agreements with guarantors and encourage the development of best practices.

Reformulate Loan Cancellation Programs - The time has come to take bold and creative steps to refocus federal loan cancellation programs to meet important national policy objectives. Federal loan cancellation policies should be guided by certain key criteria. First, loan cancellation provisions should promote employment in designated occupational shortage areas, and/or help encourage students who accept low salaried non-profit or government jobs. Second, loan cancellation provisions should be devised as effective debt management tools. Third, loan cancellation policies should be coordinated and rationalized across the Title IV programs. Fourth, once the loan cancellation parameters have been established in the HEA reauthorization, the Administration should advocate for a mandatory funding mechanism that guarantees the payment of the authorized borrower benefits.

Expand Teaching and Nursing Loan Cancellations - We support an expansion of student loan cancellation provisions for borrowers who enter and continue in teaching or nursing, provided the expansion meets the criteria listed in the above guidelines. We realize that cancellation provisions for other groups of borrowers also may be proposed and adopted as part of the reauthorization deliberations. *Should that happen, we strongly encourage the Department to support provisions that make cancellation terms and conditions consistent for all borrowers to prevent favoring one group over another.* Differences create inequities, and at the same time, greatly complicate the efforts to explain and execute program rules and regulations.

Maintain and Modify the Federal Perkins Loan Program - The Federal Perkins Loan program remains an exceptionally valuable part of federal student aid programs and we encourage the Department to maintain it with three specific but important changes.⁵ First, student loan limits ought to be adjusted to account for changes in the cost of living. We recommend that loan limits be increased to a maximum of \$5,500 for undergraduate borrowers and \$10,000 for graduate/professional students. Consistent with this change, we believe that the undergraduate cumulative loan limit ought to rise to \$27,500 and the graduate/professional limit to \$67,500.

Second, as proposed for the other loan programs, we encourage the Department to explore ways to simplify, streamline and strengthen loan forgiveness provisions in the Federal Perkins Loan Program. Third, we urge the Department to support a requirement that consolidation lenders provide clear and comprehensible disclosures to Federal Perkins borrowers about the advantages and disadvantages of consolidating their loans, especially regarding any potential loss of Federal Perkins benefits that would result from consolidation.

⁵ UNCF favors terminating the Federal Capital Contribution for the Federal Perkins Loan program and appropriating future amounts to a new "Super Pell Grant" Program/FSEOG. Although no longer receiving FCC, institutions could continue to operate a completely deregulated, campus-based student loan, work or grant program for Title IV eligible students using their Federal Perkins Revolving Fund monies.

Facilitate Transfer of Credit Between Institutions but Do Not Establish a National Standard - According to the latest estimate from the Department of Education, 32 percent of all students will change colleges during their academic careers. As a result, a student's ability to transfer between institutions is an important dimension of access to postsecondary education. Because such a large number of students will transfer, colleges and universities have a significant interest in facilitating the process. Indeed, all accrediting agencies require colleges to have clearly defined and transparent policies regarding transfers so that individual students can understand the procedures and rules under which academic transcripts will be evaluated.

Nonetheless, as ever-larger numbers of students seek to transfer among an increasingly diverse set of institutions, some problems are inevitable. The transfer of academic credit from one program to another may involve dissimilar schools, different degree programs, different curricula, and even the recognition of non-traditional learning. Not surprisingly, assessing the details of an academic record compiled at one institution of higher education and determining its applicability at another institution is a complex, time-consuming and difficult process.

The decision to award or deny academic credit is central to the academic enterprise. Such decisions must be left in the hands of individual campus officials. Continuing efforts to facilitate the transfer of academic credit are underway and will continue. The American Association of Collegiate Registrars and Admissions Officers (AACRAO) has launched an effort to establish a centralized database of practices by receiving institutions and is currently developing a national system that will enable institutions to document their transfer policies in a single place that would be easily accessible to students. The American Association of Community Colleges (AACCC) and the American Association of State Colleges and Universities (AASCU) are currently engaged in a project, funded by the Lumina Foundation for Education, that deals directly with problems affecting access to the baccalaureate, particularly the transfer of academic credit. This project will provide significant information that will better inform policy makers and practitioners on the nature of transfer of credit issues. Outreach efforts include a comprehensive survey of public two- and four-year institutions, a national invitation conference in 2003, and a summary resource publication for expanded outreach designed to improve the development of policies and practices across the nation.

The number of students and the extent to which they experience difficulty in transferring from one school to another are unknown. There are only two statistically valid ways to document the nature and scope of any problems: surveying a representative sample of receiving institutions or surveying a representative sample of students from sending institutions. Any other approach is anecdotal.

While institutions of higher education are responsible for making changes in this area, there are several steps that the federal government can take to

facilitate efforts institutions are already making. **First, the National Academy of Science could be asked to undertake a methodologically sound and statistically valid study of this issue to identify strategies for making credit transfer work more efficiently, examine voluntary articulation agreements and suggest ways to expand them, and even provide model agreements for use by institutions.**

Several other steps by the federal government would be invaluable in expanding the transfer of academic credit. For example, the federal government should encourage the expansion of voluntary “articulation agreements” among institutions. These agreements establish clear ground rules for the transfer of academic credit between and among institutions. While popular and beneficial, such agreements are often limited by geography. This need not be the case. With funding from a Department of Education grant, the National Articulation and Transfer Network established a nationwide articulation agreement that links more than 100 high schools, community colleges, Historically Black Colleges and Universities (HBCUs) and Hispanic Serving Institutions (HSIs). The costs of establishing such agreements are high but the benefits are substantial.

To facilitate such efforts, we recommend the creation of a new competitive grant program to enable broad-based consortia to develop articulation agreements, with priority given to proposals that cross state boundaries and include multiple sectors of postsecondary education.

Effectiveness, Efficiency and Integration of Programs

The regulation of higher education has become increasingly complex and costly. In 1998, the National Commission on the Cost of Higher Education identified regulation as one of the five major-cost drivers facing colleges and universities. Unfortunately, later that same year when Congress passed the 1998 reauthorization, the regulatory requirements facing colleges and universities were increased significantly. Excessive and redundant government regulation increases the costs of running all enterprises, and higher education is no different. We believe that the Department can take important steps to improve the efficiency and effectiveness of higher education by encouraging Congress to streamline regulations in the Act that are excessively complex or expensive or that have long since stopped being useful.

We recognize that many of the most complex regulatory, disclosure and reporting requirements are the result of statutory language and are not solely attributable to the Department of Education. However, the Department is in an excellent position to help identify regulations that are no longer needed or suggest ways to improve and streamline existing reporting requirements. We believe that Congress would look favorably on such suggestions if the Department puts them forward. Such a step would reduce the administrative burden on the Department and would simplify the task facing colleges that must implement the requirements. Such improvements would improve the effectiveness and efficiency of federal programs.

We strongly encourage the Department to adopt a “zero-sum” policy toward reporting and disclosure requirements as part of its reauthorization recommendations. Included in this effort, we ask the Department to review the legislative recommendations we submitted to Congress in response to the FED.UP initiative. We believe that these goals fit well with Objective 5.3 of the Department’s strategic plan that calls for improvement in the efficiency of the Title IV aid process through streamlining requirements, reducing data burden and simplifying programs.

We ask the Department to examine provisions in the Higher Education Act that are not germane to the purposes of the Act. These kinds of requirements add unnecessary complexity to the student aid delivery process, generate confusion among applicants and add costs to the government. Two examples of such provisions are the drug convictions and Selective Service requirements. We believe that the inclusion of other mandates, whether meritorious or not, detract from the straightforward purpose of delivering financial assistance to needy student recipients. To the extent that confusion is engendered, as certainly has been the experience with the drug convictions question, students' academic careers are put at risk. If a student enters erroneous information as a result of misunderstanding the question, or fails to answer the questions on a paper application, his or her request for aid could be delayed or denied. **We urge the Department to take the lead in asking Congress to strike these provisions from the statute.**

Alter the Return of Title IV Funds Statutory Language - Federal law governing the return of Title IV funds includes some of the most challenging and complicated provisions affecting higher education for both students and institutions. Students have difficulty with the law because it often requires them to return large amounts of grant aid after they have begun their education and have already spent most of the funds they received. This problem is especially acute for low-income students attending low-cost institutions. Moreover, some institutions find the complexity of existing provisions overwhelming. Many institutions are uncertain about compliance and fear Department of Education program reviews may result in large fines. Other institutions view compliance as futile and have simply resigned themselves to paying the fines that they fear will be imposed if the auditors visit.

We believe that compliance ought to be straightforward: no institution should have to “hope” that it is doing what the law requires. **We encourage the Department of Education to work with the higher education community and Congress to address the multitude of issues involved with the return of Title IV funds and devise a solution that is both fair to students and straightforward to administer. These goals are not mutually exclusive and we believe that careful collaboration among students, institutions and the federal government is essential to resolve this complex, technical issue. We recommend that such discussions begin with a careful review of the return of Title IV provisions recommended by the National Association of Student Financial Aid Administrators.**

Improve Participation in Negotiated Rulemaking - Public involvement in the negotiated rulemaking process required by Section 492 of the Act is essential to the development of quality regulations to implement the Title IV, Student Assistance programs. While some may view the negotiated rulemaking process as more cumbersome than the traditional regulation development procedure, the community believes the process has brought **knowledgeable, experienced and representative advice and counsel to the regulatory process and has facilitated the development of creative solutions that satisfy the needs and concerns of the various stakeholders.**

Unfortunately, the most recent negotiation appears to have breached both the letter and spirit of the “neg-reg” process because the Department did not select negotiators from individuals nominated by the constituencies they represented. This resulted in a significant “breakdown” in the negotiation process, as well as in the communication to and among the various constituencies – which is critical to the success of the process.

In particular, we recommend that the Secretary be required to select negotiators and alternates from individuals nominated by groups that have recognized legitimacy as the designated representative of major stakeholders, sectors and constituencies in the higher education community. Moreover, groups with significant policy differences should not be forced into “coalitions,” nor should the Secretary assign the representative or spokesperson for any group without the consent of that group.

Negotiators should have a demonstrated capacity to communicate to the constituency they represent throughout the negotiated rulemaking process to ensure that a variety of views from “beyond the beltway” are represented. Finally, prior to the onset of the actual negotiations, **we suggest that the Secretary, or his representatives, in consultation with the non-federal negotiators, consider proposals for the addition or deletion of topics for negotiation; and that the Secretary include topics proposed by the non-federal negotiators in the final agenda for the negotiations.**

Develop a Clear and Understandable Campus Crime Law - Colleges and universities and the Department of Education know how complex and confusing the campus crime legislation has become. We share the same goal: providing clear, unambiguous information to students about campus crime to permit them to make informed decisions about their safety on campus. Unfortunately, the law has become so saddled with specific requirements that the Department of Education spends an inordinate amount of time trying to apply a highly detailed statute to very different schools. We believe that by working together we can find ways to streamline and rationalize the reporting requirements without in any way undermining the goal of the law.

Remove Obsolete Reporting Requirements - While some reporting requirements are important, but would benefit from clarification, others are

simply obsolete and could be eliminated with little difficulty. For example, Section 485 (e)(7) calls on the Secretary to develop a methodology to calculate graduation requirements for student athletes via the National Junior College Athletic Association, a step that has never been taken. Another illustration is Section 117, which requires colleges and universities to report any foreign gifts they receive to the Department of Education. This data is publicly available in the annual reports prepared by every college and university and is carefully monitored for public institutions by state governments. The Department of Education reports that it never gets public requests for this information. We encourage the Department to scour the HEA and identify requirements that could be killed without harming the public interest.

Retain both Definitions of an Institution of Higher Education - The Higher Education Act has, since 1972, included two different definitions of an institution of higher education. The first, section 101, is a narrow definition that, in general, includes traditional public and private two and four year colleges and universities. The second definition, Section 102, is broader and adds proprietary schools, postsecondary vocational schools and, in some limited cases, even foreign schools to the narrower definition.

An individual attending any school that meets the broader (Section 102) definition is eligible to receive federal student aid. This means that a student has the flexibility and freedom to enroll at any institution of postsecondary education. In the eyes of the federal government, a short-term proprietary school and a leading research university are equally valid choices.

The narrower definition (Section 101) is based on the assumption that public and non-profit institutions of higher education are "assets irrevocably dedicated to the public interest." Only schools that met this narrower definition were eligible for funding for such non-Title IV programs as Aid to Historically Black Colleges, Hispanic Serving Institutions (HSIs), Graduate Assistance in Areas of National Need (GAANN) and Foreign Language Assistance.

We believe that the current bifurcated definition has worked well and do not believe that it causes any confusion. The many differences between traditional colleges and universities and short-term proprietary schools and the lack of controversy about the definitions suggest there is no reason to revise current law on this point. **Therefore, we recommend that both definitions of higher education currently in the law be maintained.**

Preserve the Effectiveness of the Performance Based Organization - We urge the Department to refrain from proposing any structural or functional changes that would undermine the existence or effectiveness of the **Performance Based Organization (PBO)**. We believe that the creation of the PBO in the 1998 Amendments to the Higher Education Act was one of the landmark achievements of that legislation. In its brief existence, the PBO has accomplished a great deal to put the management and delivery of federal student aid on a more solid footing. It has begun to create the kind of smooth and seamless system that provides aid to students on a timely basis, consolidate and

upgrade the stovepipe systems that frustrated interactions between the Department and aid administrators, and make use of state of the art technologies and business practices that ease the interface between the Department and its college and corporate partners. We would strongly resist any attempt to reverse these accomplishments.

Let Schools Adopt Lower Loan Limits for Broad Categories of Students - Not all students need higher loan limits and not all schools believe their students should borrow more than is currently permitted. **To minimize unnecessary borrowing we recommend letting schools set lower loan limits for entire groups of students, provided that such limits are not set on the basis of age, race, sex or disability.** Some schools with low tuition may, for example, want to preclude first-year students from borrowing as much as the maximum specified in the law. Because they have a detailed knowledge of their student body, we believe that school officials are in the best position to make this decision. If the change is implemented schools that adopt lower limits in the federal student loan program should be required to disclose that information as part of their admission and financial aid materials.

Strengthen Institutional Assistance Programs - The federal government has an essential role to play in providing direct assistance to specific types of postsecondary institutions. Although the various institutional aid programs have slightly different rationales, they share the common thread of complementing the federal government's role in providing student financial assistance to individuals with demonstrated need. The importance of Title III-A, Strengthening Institutions, is often underrecognized and its funding has languished. Unfortunately, the population of low-income students served by these institutions has grown in number and in need, and the resources of these schools have been stretched razor thin. Title III-A, Section 316, Strengthening Tribal Colleges and Universities, recognizes the vital role of these institutions in providing access to quality higher education programs that are specifically designed to focus on the unmet needs of American Indian students and communities - in some of the most impoverished and underserved areas of the country. Title III-B, Aid to Historically Black Colleges and Universities (HBCUs), recognizes the unique role that these institutions have played in helping to overcome deep-seeded racial discrimination and providing educational opportunity where none has been available. Title V of the HEA provides assistance to Hispanic Serving Institutions (HSIs), which have an important role to play serving the particular, pressing needs of a large and growing body of students. **We urge the Department to propose the extension of these and other critical institutional aid programs.**

Give Colleges More Flexibility to Meet Federal Requirements Regarding Community Service - Encouraging civic engagement and community service is a central objective of higher education and many colleges have extensive community service programs. According to the Department of Education, over five million college students – roughly one-third of all enrolled students – volunteered over one billion hours of service in 1999. The numerous examples of institutions whose academic and service missions are interwoven

range from specific institutions, such as Brigham Young University and the University of Notre Dame, to entire categories of institutions such as work colleges, Historically Black Colleges and Universities (HBCUs) and Jesuit Colleges and Universities. Indeed, at the nation's land grant universities – which were made possible by the federal government nearly 150 years ago – public service is a central part of institutional mission. To better understand the breadth and depth of community service activities at all colleges and universities, we encourage the Department to consult the “Campus Cares” web site at www.campuscares.org.

National and community service also is a goal of great interest to many policy makers. However, focusing federal community service efforts for higher education on the work-study program is misguided. There are 15 million students in higher education in this country. Only about one million of these students are in the work-study program. If Congress wants to encourage more community service activities on campus, it should target all students – rich and poor – through greater support of the National and Community Service Act, which is awaiting reauthorization. We strongly encourage the Department of Education and Congress to place particular emphasis on the higher education portion of the Learn and Serve program – an effective, but severely underfunded effort that encourages campus-wide community service activities for all college students regardless of income.

Unfortunately, combining community service and federal need-based financial aid is not always a simple undertaking. Current law (and therefore regulation) is highly specific – to the point that it directs the assignment of individual students to particular types of community service programs. Such specificity dramatically increases the cost of such mandates without necessarily enhancing efforts to increase community service.

We support the continued availability of community service placements in the work-study program at the current level and encourage the Department to propose steps to facilitate this. We believe that community service ought to count toward any federal standard regardless of where it is done, including on campus. In addition, a significant number of community service organizations decline to accept work-study students because of liability concerns. This reduces the number of available community service placements and we ask the Department to consider ways to address this issue.

Finally, to increase the availability of community service placements we support an increase in the amount of money that can be used for Job Location and Development (JLD) programs from 10 percent or \$50,000 of the school's work study allocation to 15 percent or \$75,000. The JLD programs help students find off-campus and community service jobs related to their career goals. The amount of money that can be used for these programs has not been increased since 1992. In the intervening decade, a large spike in the number of work-study participants has increased the need for these programs at the same time that inflation has eroded the value of the federal funds that may be used for them.

Leave the "90-10" Rule as Written - Congress approved what was then known as the "85-15" rule in 1992 as part of a multi-faceted effort to safeguard the Title IV programs from fraud and abuse. The provision was meant to ensure that a short-term for-profit school participating in federal student aid programs could pass a "market test" by getting at least a minor share of its revenue from non-federal sources before the school was judged "eligible" to participate in the federal student aid programs. The rule has continually been revised and weakened in the last decade -- most notably, the amount a school has to raise from non-federal sources was reduced to 10 percent. The law has been changed enough. Further changes will render it essentially meaningless. Nor do we believe that this provision should be relocated to another part of the Act -- schools that cannot clearly and convincingly demonstrate that they can pass a very modest market test should not be judged eligible to participate in the federal student aid programs in the first place.

Reconsider the Javits and GAANN Financial Need Calculation - We urge that the Department consider a provision originally included in the higher education community's FED UP recommendations, modifying the requirement that applicants to GAANN and Javits demonstrate financial need as determined by Title IV, Part F. While we support efforts to ensure that only those students in need receive federal support, the reality is that nearly all GAANN and Javits students, as full-time, independent graduate students, demonstrate need. The formal FAFSA process ends up being a bureaucratic tangle that creates too much paperwork and unnecessary delays in processing applications. We therefore recommend elimination of the reference to Title IV, Part F as a requirement for GAANN and Javits, and restoration of the provision

used prior to the 1998 reauthorization that required institutions to determine that individual students have financial need.

Reevaluate Title II Funding Mechanisms - Given the importance of teacher preparation programs at colleges and universities to the supply and quality of the nation's teachers, we believe the Department should consider whether the current array of programs in Title II of the HEA, especially the "Partnership Grants" (Section 203) and "Teacher Recruitment Grants" (Section 204) meets the nation's needs. At present, these programs prevent colleges or universities from using Title II funds to strengthen and revitalize their teacher preparation programs. **We believe this is a serious deficiency in the law, and we urge the Department to study and recommend revision of this limitation in reauthorization.** Addressing this issue also will entail making changes to the current Title II formula, which makes less than half of the appropriated funds available to partnerships between local education agencies and institutions of higher education. We believe a greater percentage of the overall funding should be made available for strengthening teacher preparation programs.

Revisit the Requirements of Section 207 - As part of the 1998 reauthorization, Congress adopted a provision intended to measure the performance of graduates of teacher education programs on state licensure examinations. Unfortunately, the requirements of Section 207 failed to yield

useful evaluations of the institutional effectiveness of these teacher education programs. The issue is not that colleges are reluctant or unwilling to provide the data. To the contrary, most institutions are pleased to share the data because they show that 90 percent of college graduates who take a teacher licensure examination pass the test. But because states have very different teacher testing practices, it is impossible to design a federal measure that will work equally well for all states as the current regulation seeks. We believe that each state must be allowed to develop a plan that works well in light of the teacher preparation procedures in the state.

Equalize the Treatment of College Savings Plans - Under the current federal need analysis system, the funds families have in various college savings vehicles (such as 529 plans, Coverdell ESAs and traditional IRAs) are treated very differently. For example, if a family uses a 529 tuition prepayment plan to pay for college, the funds in the plan are treated as a "resource" resulting in a dollar for dollar reduction in the student's aid package. If a family chooses to save in a 529 savings plan, the funds are treated as parental savings, yielding an average assessment rate of six percent. And, if the family has put its funds in a Coverdell ESA or a traditional IRA, the assets are not considered at all when assessing the family's ability to pay for college.

Having such a variety of treatments is both unfair and unintended. Even more unfortunate, promoters of plans that are treated more favorably in the need analysis system have tried to use this disparate treatment as a tool to market their plans to families. The disparity in the treatment of the plans is unintended and largely the result of the fact that the current need analysis system was created in 1992, before most types of plans existed. To correct this disparity, we recommend that all funds in college savings plans be treated under the same formula currently used to assess the value of traditional savings accounts. Such an approach would bring both equity and consistency to the need analysis system.

We also recommend that the Department address an additional disparity that exists among the savings plans. Funds in Coverdell ESAs and 529 plans can be shifted among siblings without penalty. To prevent fund marketers from encouraging families to transfer funds to younger siblings to avoid reporting them on the FAFSA, we recommend that families report the assets in all dependent children's plans. The total could then be divided by the number of children, so that only the share of the child going to college is considered.

Revise Hope Scholarship Eligibility to Better Serve Low-Income Students - The Hope Scholarship tax credit can only be claimed for tuition and related expenses – it does not cover a wide array of non-tuition costs such as room and board, books, and equipment that represent the majority of expenses for many students, particularly community college students. **We urge the Department to propose revising Hope eligibility to allow students to claim the credit for required fees, books, supplies and equipment.** We also support altering the calculation of the Hope credit so low-income students who receive support from two key federal student aid programs – Federal Pell Grants and

Federal Supplemental Educational Opportunity Grants – do not, as under current law, have their Hope tax credit eligibility reduced by these amounts. The current provisions prevent most low-income students, those who need help the most, from qualifying for the Hope Scholarship.

Support More Favorable Tax Treatment of Scholarship and Fellowship Grants - Currently, amounts received as a scholarship or fellowship grant are excluded from gross income under Section 117 of the Internal Revenue Code and are not subject to tax if the recipient is a candidate for a degree at a primary, secondary, or postsecondary educational institution and the funds are used for the payment of tuition and required fees, books, supplies, and equipment. However, amounts used for living expenses, including room and board, are not excludable from income and are therefore subject to tax.

Other forms of educational assistance, such as amounts withdrawn from Coverdell ESAs and withdrawals from a qualified tuition program under Section 529, provide favorable tax treatment for qualified higher education expenses, which include limited living expenses, such as room and board.

This uneven treatment imposes an additional tax on certain students based on the form of education assistance received. In addition, this treatment creates unneeded complexity and administrative burdens on schools and students and undermines the policy and goals of student aid. Therefore, we urge the Department to recommend, as part of its reauthorization package, the repeal of the taxation of scholarships and fellowships.

Persistence

Assess the Factors that Promote Student Persistence - Unlike K-12 education, where attendance is compulsory, the goal is the same, and the time frame is prescribed, students who enroll in higher education employ different paths toward completion. Some students will seek a traditional bachelor's or associate degree, some want a technical certificate, some want an advanced or professional degree, still others will seek nothing more than a few courses taken for vocational purposes. All colleges and universities work to ensure that their students can achieve their goals in a timely fashion.

Students also embark on their postsecondary education journeys with varying degrees of preparation and readiness for college. Many of them have been poorly served by their K-12 educational experiences and need a great deal of help in college to overcome their skill gaps and build a base of understanding that will permit them to succeed in college. Some have never been taught how to study, how to conduct research, and how to organize their time. Others come to college unaware of the wide range of career and academic choices available to them, and midway through their coursework, they may develop a passion for an entirely different field of study. Still others change their academic or career goals while in school. Given all of these factors, colleges and universities have a remarkable track record of moving students successfully and steadily through the academic process. The time it takes to earn a baccalaureate degree has not changed appreciably from 1972 to the present.

Increasing persistence in postsecondary education depends first and foremost on a clear understanding of the factors that cause students to leave postsecondary education once they have enrolled. Understanding why students drop out or stop out – and whether a "drop out" is, in fact, a "stop out" – will permit policy makers to develop strategies to increase the likelihood that students will complete their educational goals. Without rigorous analytical evidence, however, intervention efforts are little more than hunches and have only a modest chance of making a difference.

Fortunately, some analytical evidence is already available to help craft appropriate strategies. A series of longitudinal studies by the National Center for Education Statistics (NCES) at the Department of Education followed a sample of students throughout their postsecondary education careers and provided valuable information. For example, one NCES study (2001) concluded that first-generation college students are particularly at risk of leaving school without completing their academic program. However, the study concluded that

rigorous coursework in high school substantially narrows the gap in postsecondary education outcomes between first generation students and their counterparts whose parents attended college. This study confirms the wisdom and efficacy of well designed, targeted early intervention programs in concert with the strenuous efforts underway to promote high standards for all students.

A second NCES study (1998) concluded that "traditional" students, that is to say, those who enter college immediately after high school and attend full time, often in a residential setting, are much likelier to complete college than "non-traditional" students, that is, those who attend school part time, work full time, are older and have financial and family obligations.

Supplementing the NCES findings, other studies have assessed the factors associated with the failure to persist in postsecondary education by surveying students who have left school without a credential. There have been several such studies, and they bring significant information to bear on the issue of persistence as well. Students who have dropped out of college frequently cite the lack of financial resources as the most important consideration. Other reasons include: family responsibilities, time constraints, illness and career/work obligations.

In short, the evidence suggests first and foremost that adequate financial resources are absolutely crucial to persistence in postsecondary education. Thus, the most effective way for the federal government to improve student persistence is to make certain that financially needy students have the resources they need to enroll and remain in postsecondary education. This means that adequate financial support in each year of college attendance through Federal Pell Grants and campus-based aid programs is vitally important.

Moreover, all students need high quality academic preparation if they are to succeed in college. The particular difficulties facing first-generation students suggest that high quality, early intervention and student support programs – such as those provided by TRIO and GEAR UP – are crucial to the persistence of this group of college students. We also believe that the public information campaign we have recommended would be an important additional means to provide to these students, as well as non-traditional students, the information needed to enter postsecondary education.

Continued research about persistence and completion is also needed. The NCES should undertake more extensive longitudinal studies to assess the factors associated with persistence and completion of educational goals.

Institutional Accountability

Colleges and universities are highly accountable and heavily regulated organizations. Institutions of higher education are subject to a multitude of evaluation mechanisms to ensure institutional quality appropriate to their

missions. All universities and colleges are responsible to accrediting organizations for the soundness of the full scope of their operations – from student achievement to fiscal stability to the physical plant. As corporate entities, colleges and universities are subject to oversight by government agencies concerning issues of land use, environmental protections, public safety, and employment practices. As institutions of higher education, they are directly accountable to states through their licensure or approval process. In addition, public colleges are accountable to the state and, in many cases, local government where they are located. Finally, all institutions in the federal student aid programs are accountable to the Department of Education with respect to fiscal stability, administrative capability and the proper expenditure of federal funds.

These specific accountability requirements for colleges and universities do not fall neatly into three distinct categories marked “federal,” “state,” and “local.” Accountability requirements are intermingled and overlap considerably. Indeed, a public college can easily have multiple graduation rates because the state methodologies for calculating graduation rates may not be consistent with the federal definition.

Within this context, the academic quality of colleges and universities has been determined in terms of the diverse missions of institutions and under conditions of competition among similar institutions. Ensuring academic quality has historically been the responsibility of individual institutions and their governing boards and accrediting organizations. **This decentralized approach to academic quality is a principle that should be upheld. In practice, it has worked well for 50 years and we strongly urge that it be retained.**

This decentralized approach to academic accountability permits educational programs and student outcomes to be analyzed and evaluated in terms of the specific mission and goals of each institution rather than on a “one size fits all” template. This institution-by-institution approach helps preserve the diversity that provides America's 15 million students with an unrivaled array among the more than 4,000 degree granting schools participating in the Title IV programs. If short-term proprietary schools are included, the complexity of America's postsecondary enterprise – and the opportunities for students – increases exponentially.

We will oppose any “bright line” persistence or completion rate standard that an institution must meet in order to maintain Title IV eligibility or other funding. Such an approach is fundamentally ill conceived, because it ignores the obvious and enormous variety of America's 3,400 not-for-profit colleges and universities. These institutions offer a diverse menu of programs and serve huge numbers of students with different interests, needs and levels of preparation. Therefore, it is simply impossible to subject all of these colleges and universities to a common outcomes metric. Even at the much more limited state level, two- and four-year public institutions are generally not evaluated through the same set of criteria. Furthermore, there is enormous variation in the type of information that is useful and relevant to describe the programs at different types of institutions – for example, the attainment of skills certificates, which are

a common program outcome at community colleges, may be entirely irrelevant at a four-year liberal arts college. We urge the Department to keep these and related factors in mind as it considers policies to foster greater "accountability" in higher education.

Information about Performance - We believe that easily accessible information about academic programs and outcomes, provided that this can be presented in a way that recognizes the missions of individual schools, is essential for the public to make informed judgments about the institution most appropriate to a prospective student's academic goals. Moreover, we believe that such information should build on existing accountability activities and not impose new costly, complex, or unworkable systems. We recognize that information can become too voluminous and complicated to be useful for students and families.

Much of this information is already available. NCES already collects extensive data from postsecondary institutions, and makes much of it available on its College Opportunities On-Line (COOL) web site. We have begun an effort to compile the voluminous information that is currently available from states, accrediting agencies, and private organizations, especially as it relates to higher education outcomes.

We believe that the information from private sector publishers provides useful augmentation to the data collected and made available by NCES. Publications such as *Barron's*, *Peterson's*, and the *College Board Handbook* all compile and publish extensive information about colleges and universities. The information they publish includes enrollment and persistence, SAT and ACT policies, admissions policies for first year and transfer students, academic offerings and policies, student life, annual expenses, financial aid, instructional faculty and class size, and degrees conferred. Thanks to the Common Data Set Initiative, a collaborative effort by the guidebook publishers and higher education institutions, colleges and universities use standard definitions and data items, including definitions for data already reported to NCES, in reporting data to guidebook publishers. This reduces the reporting burden on colleges.

Further, work is now underway to create web sites that would contain information about institutional performance and student outcomes. The National Association of Independent Colleges and Universities (NAICU) already is building a web site for its members that will allow these private, non-profit institutions to document a variety of accountability information.

Accrediting organizations already focus a great deal of attention on accountability for student learning in relation to an institution's mission, and the emphasis given to these issues has increased significantly in recent years. **In the context of the current federal role, the Secretary's recognition process can reinforce this important development by assuring that recognition criteria remain focused on the accreditors' responsibility for assuring academic quality and student learning in relation to institutional mission rather than their capacity to address issues far removed from academic concerns (such as**

student loan defaults). We would be pleased to work with the Secretary's advisory committee and Congress to provide specific ideas consistent with this proposal.

Accreditation works well, but we are aware that maintaining the *status quo* will not be enough to sustain public trust. Accrediting organizations have successfully undertaken significant reforms in the past 10 years. For example, in making judgments about quality, accrediting agencies now pay more attention to student learning outcomes and distance education than previously. In addition, accreditors routinely provide more information about the results of accreditation to students and the public. They are committed to continuing this work, especially their efforts to strengthen and streamline accountability for student learning.

New Departures in Higher Education

Historically, the reauthorization of the Higher Education Act has provided an opportunity to review all parts of the Act and identify areas where new federal initiatives are necessary and desirable. The rapid changes in the ability to store and transmit information, the complex and tense international situation, and the nation's urgent need to improve elementary and secondary education all have implications for higher education and we suggest that these issues ought to be investigated in detail as part of reauthorization.

We strongly urge the Department to consider expanding or establishing initiatives in the following areas.

Increase Support for International Education - The September 11th terrorist attacks, coupled with the global transformations of the last decade, underscored the growing importance for Americans to have deep and widespread knowledge about other countries and cultures, as well as proficiency in speaking their languages. The HEA has long authorized international education and foreign language programs. These programs are designed to make certain that the nation has high-level expertise in foreign languages, area studies, and international business to meet national strategic requirements and enhance the international dimension of education at all levels.

We believe that Title VI should retain its exclusive focus on international and foreign language education to underscore the growing importance of international education to the nation's security and global leadership. More specifically, we would leave existing Title VI programs intact with some fine-tuning and additional authorized activities to better address new national needs and increase the authorization levels in Title VI for existing programs. In addition, we will consider and submit new initiatives for Title VI, and perhaps in other HEA programs, to better address the broader issue of enhancing international and foreign language education throughout the educational pipeline.

Enhance the GAANN and Javits Programs - The Department of Education plays an integral role in the support of domestic students pursuing graduate degrees. Unlike graduate education programs in other federal agencies, the Department's programs provide support for the entire range of academic disciplines, including the sciences, arts, social sciences and the humanities. The Department administers two graduate programs: (1) Graduate Assistance in Areas of National Need (GAANN) and (2) Jacob K. Javits Fellowships. GAANN provides fellowships to students of superior academic ability in academic departments at universities that offer a course of study that leads to a doctoral degree in an area of national need designated by the Secretary of Education. The Javits Program competitively awards portable fellowships to top graduate students pursuing a doctorate or a Master of Fine Arts degree in the arts, humanities and social sciences.

Adequate numbers of fellowships and stipend levels are important to sustain the vitality and effectiveness of GAANN and Javits. Appropriations for these programs have not kept pace with inflation or their authorized funding levels for more than a decade.

We recommend the Department use this opportunity to strengthen the nation's commitment to graduate education by authorizing increased funding for GAANN and Javits. Specifically, we recommend that sufficient funding be authorized to support at least an annual total of 1,200 GAANN fellowships, including 400 new awards and an annual total of 400 Javits fellowships, including 100 new awards. We believe this level of investment would reinvigorate GAANN and Javits at a time when our nation must have the intellectual capability to respond to increased national security threats and maintain our leadership position in the world economy.

Strengthen the Graduate and Professional School Pipeline - America has not had a targeted program in the Higher Education Act designed to increase the numbers of minorities earning doctoral and terminal master's degrees since the elimination of the Patricia Roberts Harris Fellowship Program. The continued underrepresentation of minorities with doctorates is particularly problematic in the higher education professoriate where an increasing number of minorities entering degree programs find themselves in academic environments with few persons of color to serve as instructors, role models, mentors and advisors. The small number of minorities entering the higher education professoriate is further complicated by the increasing debt levels incurred by students while they earn initial and advanced degrees – a factor which is exacerbated by the modest entry level salaries paid to new faculty members. To address this need, **we propose a new minority fellowship program, the Patsy T. Mink Fellowship Program**, with an award equal to the other Title VII graduate programs and keyed to the level of the National Science Foundation (NSF) fellowships for students who plan to enter the higher education professoriate. **We further recommend the addition of a graduate fellowship component to the TRIO Ronald E. McNair Post-baccalaureate Achievement program.** The goal of the McNair program is to increase the attainment of doctoral degrees by college students who are low-income, first generation and underrepresented in graduate education. The

McNair program awards grants to institutions of higher education for projects designed to prepare participants for doctoral studies through involvement in research and other scholarly activities. While McNair helps to prepare students for doctoral study, the program provides no financial aid for these students at the graduate level. McNair students frequently cite the lack of financial resources as a key reason for not pursuing graduate education. Adding a graduate fellowship component to McNair will help students overcome this obstacle and safeguard the nation's investment in McNair students.

Increasing the Supply and Strengthening the Quality of Elementary and Secondary School Teachers - An adequate supply of highly qualified teachers for the nation's elementary and secondary schools is an issue of the highest priority for America's future economic, civic and social growth. While many factors influence the supply of available teachers in the United States, colleges and universities are primarily responsible for preparing new teachers and upgrading the skills and knowledge of those already in the classroom.

Specifically, colleges and universities must ensure that new teachers have a broad and deep knowledge of subject matter and understand effective teaching methods. In addition, higher education institutions must make certain that professionals in other occupations who wish to become teachers have access to programs that make it possible for them to enter the classroom as fully certified professionals. Finally, colleges and universities must continue their important role of providing research-based knowledge about teaching and learning.

Alternative routes to certification have become and will remain an established part of the educational landscape and many high quality programs are located at colleges and universities. Nonetheless, these programs produce less than a quarter of all new teachers who enter the classroom. By themselves, these programs will never produce all of the new teachers the nation needs.

Regardless of whether they become teachers by taking a "traditional" or "nontraditional" path to the profession, it is important that all teachers, meet the same, established state standards. To accomplish this, we encourage a re-evaluation of Title II funding mechanisms, the creation of new incentives to encourage the best teachers and a re-examination of the requirements of Section 207 to obtain more useful evaluations of institutional effectiveness of teacher education preparation programs.

Improve the Application of Technology in Higher Education - In order to enable institutions of higher education to keep pace with rapid technological developments, meet the nation's pressing workforce needs, and respond to dramatic student demographic changes, we urge expanded funding for technology within the HEA. As colleges and universities respond to the nation's needs and challenges today, they have begun to re-examine their assumptions about the way faculty teach, students learn, and knowledge is acquired and retained. Many innovative changes are being implemented through the use of advanced technologies. Several recent studies have demonstrated that academic instruction and coursework at all levels of education often benefit from the

incorporation of technology into curriculum design and delivery, both in the classroom and through distance learning.

However, the efficiencies and increased productivity from the often-enormous investments in infrastructure have sometimes fallen short of what might have been anticipated. The full benefit of technology in the educational process is realized only by enhancing the technology skills of faculty and students, ensuring adequate system support, and providing the funds necessary to build a new academic framework around this new resource.

We encourage the creation of a new title in the HEA devoted exclusively to the support of technology within institutions of higher education - We recommend that this new title authorize \$50 million for the creation of a competitive grant program in support of: 1) adaptations of technology to the curriculum; 2) faculty development in the effective use of technology; 3) increasing the technological skills of K-12 teachers; and 4) planning for campus technology systems development. This program is to provide seed money to institutions and is not intended to support operations or maintenance of programs over time. We recommend that all Title IV eligible institutions under Section 101(a) be eligible to compete for these grants with a special effort to meet the needs of institutions enrolling a high percentage of low-income students. We look forward to working with the Department in the development of this new program authorization.