

# **Recommendations for Reauthorization of the Higher Education Act**

Submitted by:

Alliance for International Educational and Cultural Exchange  
American Association for Higher Education  
American Association of Colleges for Teacher Education  
American Association of Colleges of Nursing  
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  
APPA: The Association of Higher Education Facilities Officers  
Association for Institutional Research  
Association of Advanced Rabbinical and Talmudic Schools  
Association of American Medical Colleges  
Association of American Universities  
Association of Catholic Colleges and Universities  
Association of Governing Boards of Universities and Colleges  
Association of International Education Administrators  
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 Graduate Schools  
Council of Independent Colleges  
EDUCAUSE  
NAFSA: Association of International Educators  
National Association for College Admission Counseling  
National Association for Equal Opportunity in Higher Education  
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  
National Council of Organizations of Less Commonly Taught Languages  
The College Board  
United Negro College Fund  
University Continuing Education Association

**May 28, 2003**

**We urge Congress to focus its energies in this reauthorization on increasing access to higher education for low- and middle-income students.** A number of recent reports on enrollment in higher education – most notably those of the Advisory Committee on Student Financial Assistance – have demonstrated that the lack of financial resources remains a serious burden for many low-income students and families. In considering possible changes to current federal policy, we encourage Congress to measure every proposal against a simple standard: Will the proposal enhance the federal role of assuring access and choice for low-income students pursuing a higher education without seriously weakening a proven system of success?

This document summarizes our reauthorization proposals. We are currently refining our ideas into legislative language. Some important issues that Congress will consider during reauthorization – such as need analysis, return of Title IV funds and loan consolidation – are not addressed in this paper. We will continue to work on these and other issues and will submit additional proposals and detailed recommendations in the coming months. We should also note that these recommendations are virtually identical to ones submitted in January to the House of Representatives and in February to the U.S. Department of Education.

All of the associations that have signed onto this statement generally support these recommendations. Many of the associations that have signed this letter will submit their own specific statements that will address some of these ideas in greater detail.

We have grouped our recommendations around the seven areas outlined in your April 15, 2003 letter:

- Access to postsecondary education;
- College costs and affordability;
- Accountability;
- Teacher training;
- Quality educational opportunities;
- Simplification of the student financial aid process; and
- Student academic preparation for postsecondary education.

## **EXPAND ACCESS TO HIGHER EDUCATION**

Low-income and minority students remain underrepresented in higher education in comparison to their more affluent peers. We believe that attacking this problem requires that all students and families have excellent information about the importance of higher education, that adequate amounts of student financial assistance – especially grant assistance – be provided to help overcome financial barriers, and that high-quality, early intervention, and support programs be available.

Grant assistance is especially important to improving access to higher education for low-income students and the Pell Grant program is America's most important way to accomplish that goal. Thanks to generous funding increases in recent years, the real (i.e. after inflation) value of the maximum Pell Grant increased 29 percent between 1990-1991 and 2002-2003. Unfortunately, however, the real maximum grant – even with the recent funding increases – remains substantially below the level that it achieved in

1980. When sufficient grant aid is not available, students face difficult choices: work an excessive number of hours, go further into debt or abandon college altogether.

Pell Grants, as well as most of the other federal student aid programs, are vouchers. Very little money goes directly to institutions of higher education. This benefits the academic and vocational needs of the students and empowers them to take these vital federal resources to the institution that best suits their needs.

We ask Congress to take a number of specific steps to boost the impact of the Pell Grant program.

**Double the Pell Grant Maximum** - First, we strongly urge Congress to make a firm commitment to doubling the appropriated 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.<sup>1</sup> Congress has taken significant steps over the last six years to increase the maximum Pell Grant in the annual appropriations bills. Now with the passage of No Child Left Behind and the demographic growth now being felt on college campuses, we will have more college-ready students than ever before. We feel the next step in this debate 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 ask Congress to double the funding of the maximum Pell Grant. We urge that this targeted doubling of the award levels be embraced as a campaign initiated by the authorizing committees, but taken to Congress as a whole. Similar campaigns have paved the way to measurable increases for the National Institutes of Health and the National Science Foundation. Given the real and symbolic importance of the Pell Grant as an expression of the nation's commitment to equal educational opportunity, we ask that Congress make a commitment to doubling the maximum grant.

**Protect the Maximum Appropriated Award** - We believe that the Pell Grant program is fundamentally sound and does not need significant modification. However, the program's periodic shortfalls have created the misimpression among students and families that the grants might have to be reduced. **To address this problem, the HEA should be modified to protect the appropriated maximum award.** The statute should explicitly state that the annual maximum award level appropriated by Congress cannot be reduced *ex post facto* by the Department of Education. We will oppose any effort to give the Executive Branch the authority to reduce grants after the enactment of an appropriations bill. We do not believe that these critical student benefits should be subject to manipulation based on fluctuating estimates of the program's cost.

**Permit Year-Round Study** - Students increasingly want the flexibility in their educational programs to study year round. For example, many students would like to complete their academic degree in less time than the standard two- or four-year program because such a step reduces the amount of time that a student spends in

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<sup>1</sup> Several associations – United Negro College Fund, National Association for Equal Opportunity in Higher Education, Hispanic Association of Colleges and Universities, United States Student Association, and National Association of Student Financial Aid Administrators – propose making the 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.

school, and reduces educational expenses. States and schools believe that year round study makes better use of campus facilities (an important consideration in states facing significant increases in enrollments). In addition, some students require additional time to fulfill degree completion requirements and year round study would let them finish degree requirements more quickly. Year-round attendance, we believe, would increase student persistence and graduation from college. Current regulations governing the 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” Pell Grant, it has been reluctant to do so. **Therefore, we ask Congress to mandate that students who wish to study year round receive a Pell Grant that enables them to do so.**

**Increase Support for the Supplemental Educational Opportunity Grant** - We seek to increase the number of grant-rich student aid packages for low-income students. We believe that the Supplemental Educational Opportunity Grant (SEOG) is especially important in this regard. The SEOG provides grant assistance to students with exceptional financial need in addition to funds that they may have received under the Pell Grant program. Conceptualized as the partner program to the Pell, SEOG awards help the poorest Pell Grant recipients. The program works well and could move closer to its original intent by raising the authorized funding level to \$1.25 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 this effort to provide more grants, we encourage Congress to take steps to revitalize the federal-state partnership in providing student aid to financially needy students and families.** In recent years, many states have diverted scarce need-based student aid dollars to increasing merit-based aid programs. While such programs provide welcome assistance to those who receive them, they do little to help low-income individuals who do not qualify for them. To increase state grant support for low-income students, we recommend that Congress revitalize the Leveraging Educational Assistance Partnership (LEAP) program, which seeks to boost state spending on need-based student aid.

The federal-state partnership is key to ensuring access to higher education and providing additional grant dollars in a student’s aid package. With institutions of higher education absorbing widespread reductions because of the current fiscal stress of state budgets, Congress should look to reinforce the LEAP state grants by increasing the authorized funding level to \$200 million, and efforts should be made to ensure that the federal dollars go to serving more low-income students.

**Designate “Campus-Based” Programs as Institutional Partnerships** - **We ask that the “campus-based” aid programs be designated as “Institutional Partnership” programs to better communicate the three components that work together to make college possible: the federal investment, the institutional investment, and the state investment.** SEOG, Federal Work-Study and Perkins Loans are critical pieces of many students’ financial aid package, and institutions are a critical piece of making those packages work. Re-designating these programs as “Institutional Partnership” programs will reinforce the effort that institutions of higher education make to ensure that students have the financing they need to pay for college. Moreover, given the twenty

five percent matching requirement mandated by law, we believe the new label more aptly describes their function.

As mentioned, the SEOG program should be better funded to realize its original intent of providing additional grant funding to the neediest students.

The Federal Work-Study program has nearly reached its goal of serving one million students with over \$1 billion in federal investment. This program places students in jobs on campus, in the campus community, and in the private sector to help them pay for college.

The Perkins Loan program continues to provide an extremely low interest rate for student loans. Forgiveness options for work in law enforcement, teaching, and nursing have made this program more and more popular. (See page 7 for recommendations about the Perkins program.)

These programs work well in their current form, but to further enhance these programs, the authorized funding levels for FY 2005 should be raised as follows:

- SEOG should be increased to \$1.25 billion
- Federal Work-Study should be increased to \$1.25 billion
- Perkins Loan Capital Contributions should be increased to \$300 million

**Retain both the FFEL and Direct Loan Programs** - Federal student loans are indispensable for low-income students to finance higher education at four-year schools. In 2002-2003, the average total cost of attendance at four-year public colleges was nearly \$13,000. Students who receive a \$4,000 Pell Grant and a \$750 SEOG award (the average), and work 15 hours per week<sup>2</sup>, making \$6.00/hour will still find themselves more than \$7,000 short. For them, federal student loans are not an option, they are essential. If, as now seems inevitable, state budget cuts generate more tuition increases at public colleges in the coming years, federal student loans will become even more important.

Perhaps the most salient feature of federal student loans is that they work. We encourage Congress to build on the success of this program in the coming reauthorization by taking a number of specific steps so that future generations of students will continue to benefit from federal student loans.

**We encourage Congress to retain 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 improved service for both students and institutions. These improvements are attributable to the competition that has resulted in having two programs compete for business. We ask the Committee to maintain both programs.

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<sup>2</sup> Data from the 1999-2000 National Postsecondary Student Aid Survey shows 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.

**We urge the Committee 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 Congress 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 that participate in the FFEL program. In considering changes to the FFEL program, we ask Congress to keep the maintenance and expansion of competition by lenders and other financial institutions as central goals.

**Modify Annual and Cumulative Loan Limits - 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 and, since loan limits have not been adjusted since 1992, considerable evidence suggests that students are borrowing increasing amounts of money from private sector loans. We favor a change 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 loan limits to recognize changes in the cost of living (i.e. inflation) since loan limits were last increased is a good benchmark.<sup>3</sup> The Consumer Price Index (CPI) is expected to have increased 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 recommend an increase (\$1,375) in borrowing for first-year students to \$4,000. 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 do not use their full loan eligibility before graduation. Students in two-year degree programs would have a cumulative loan limit of just under \$13,000.

We would also recommend modifying the borrowing limit of the additional unsubsidized loan amounts available to independent students to recognize changes in the cost of living. These would be the first changes in the loan limits in this program since it was established in 1992. More specifically, we recommend increasing loan limits in this part of the unsubsidized program for all eligible students in the first and second year to \$5,500 and in subsequent years to \$7,000 for students.

Finally, we recommend raising 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 recommend that the annual loan limit for graduate and

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<sup>3</sup> Loan limits for first-year students were last increased in 1986. If first year limits were adjusted for inflation, the maximum would be \$4,205.

professional students be eliminated and Congress create a line of credit feature similar to that proposed for undergraduates. Additionally, to provide more flexibility and the best possible loan terms for graduate and professional students, we recommend that borrowers who did not reach the cumulative loan limit as undergraduates continue to be allowed 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 (AACC) 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 the community letter.

The range of views among the associations about increasing loan limits reflects stark 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 the states and the steep tuition increases they are generating in some states – such as the 41 percent increase in tuition approved 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 education. 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 students need access to federal student loans, especially Subsidized Stafford Loans, and not the higher-rate, private, bank loans to which increasing numbers of students have to turn.

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 tied program eligibility to the institutional charges 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.

**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 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 schools are in the best position to make this decision. Schools that adopt lower limits in the federal student loan program would be required to disclose that information as part of their admission and financial aid materials. Institutions should also be allowed to opt out of the unsubsidized loan program for all borrowers if deemed appropriate.

**Maintain and Modify the Perkins Loan Program - The Perkins Loan Program remains an exceptionally valuable part of federal student aid programs and we encourage Congress to maintain it with three specific but important changes.<sup>4</sup>** 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 be reset to \$27,500 and the graduate/professional limit to \$67,500.

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

**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 under-representation of students with disabilities in higher education, we strongly urge Congress to expand this program as part of the reauthorization to increase access to higher education for students with disabilities.**

**Expand 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 childcare. Childcare centers that apply for funds under this program must demonstrate that the center serves the needs of low-income students enrolled at the institution. 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 2,000 on-campus childcare centers for the children of students

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<sup>4</sup> UNCF favors terminating the Federal Capital Contribution (FCC) for the Perkins Loan program and transferring those funds 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 Perkins Revolving Fund monies.

and only 425 of them receive some assistance under this program. Expanding access to on-campus childcare will help increase access to postsecondary education for low-income students.

## **COLLEGE COSTS AND AFFORDABILITY**

While the issues of access, funding, and cost are always with us and not just addressed during the reauthorization of the HEA, this time provides the shareholders an opportunity to examine the issues close up and make necessary changes to strengthen the legislation. It is imperative that the cost of higher education is the issue that everyone involved has a clear understanding.

College costs and prices have increased significantly in recent years, but it is important to remember that the vast majority of enrolled college students attend institutions at a very affordable price. Nearly 45 percent of enrolled students attend institutions where the tuition is less than \$4,000 per year. Nearly three quarters of the nation's college students attend schools charging less than \$10,000. Many of these students receive federal, state, and institutional aid, so their out-of-pocket expense for tuition is much less.

Dropping state appropriations, increasing labor costs, keeping up with scientific and technological advances, enhancing investments in institutional student aid programs, and maintaining compliance with federal, state and local regulations are the main factors driving the cost of a college education. The aim of the Higher Education Act is to make it possible for all academically qualified individuals to obtain a college education, regardless of their economic circumstances. More specifically, the twin goals of the federal role are to give students "access" to higher education and permit "choice" in the institution they attend. Congress can help achieve these goals by focusing on the following seven areas where a federal role exists in helping keep such an education affordable and possible for prospective students and their families:

- Reduce federal regulations;
- Improve terms and conditions of loans;
- Require better information about loan repayment;
- Increase the availability of loan cancellation programs;
- Improve tax and savings provisions that assist in funding a college education;
- Develop a higher education market basket within the Bureau of Labor Statistics; and
- Encourage the development and use of distance education.

The regulation of colleges and universities by the federal government has become increasingly complex and costly. In 1998, the National Commission on the Cost of Higher Education highlighted government regulation as one of the five major cost-drivers in higher education. But later that same year, the reauthorization of the HEA increased the regulatory burden facing colleges.

Regulations can easily take a heavy toll on campuses in the form of additional administrative personnel, increased staff development and training, paperwork, creation of computer systems and software to support record keeping requirements, and higher legal fees. As such they divert efforts away from the core academic mission

of the institution. Sometimes, externally imposed regulatory costs result in the reduction or delay of services. In other cases, increased costs are passed on to students in the form of tuition increases, additional user fees and other education-related charges.

The diversity of American higher education that is so beneficial for students and for our society means that the regulation of higher education is exceptionally complex. Policymakers must either craft specific regulations for each type of institution or rely on a “one-size fits all” approach that treats large and small, two-year and four-year, public and private, colleges and universities – and proprietary schools – in the same way. Traditionally, the federal government has relied on the latter approach. We believe this approach is increasingly inappropriate.

**Review FED UP Proposals for Regulatory Reform - We ask the Committee to carefully review the suggestions for regulatory relief that we submitted last year as part of the FED UP process.** Many of the proposals we submitted were excluded from the legislation that was considered in the House of Representatives and in Senate Bill 901 (the *Higher Education Technical Amendments Act of 2003*) because the ideas went beyond technical and conforming changes. We believe that the ideas we submitted last year have great merit and ask the Committee to reexamine these proposals. Adopting these proposals will – for the first time – reduce federal regulation of colleges and universities and increase flexibility in the delivery of educational services.

**In addition to adopting the FED UP recommendations we previously submitted, we ask the Committee to adopt a “zero-sum” approach to reporting and disclosure requirements in this reauthorization so that the total disclosure and regulatory burden on colleges does not increase as a result of this legislative cycle.** If a new or expanded regulatory requirement is proposed, we ask that an existing requirement be eliminated or revised. Ultimately we hope to see a reduction, streamlining, and simplification of the reports and disclosures institutions of higher education must make to qualify for participation in the Title IV student aid programs. We strongly urge the Committee to eliminate unnecessary regulations, and reduce and simplify reporting requirements.

**Renew Expired Provisions and Evaluate Others to Reduce Paperwork - In particular, we ask Congress to renew two expired provisions relating to the disbursement of student loans.** The two provisions that allowed waivers of these requirements, the 30-day delay for first-time borrowers and multiple disbursements for single term loans, recently expired and should be permanently extended in reauthorization.

We also ask Congress to **eliminate or revise non-germane student eligibility provisions and to simplify the death and disability discharge provisions in the student loan program.** As an example of non-germane student eligibility provisions, consider the problems associated with implementation of the drug convictions provision. This provision has generated tremendous confusion, and the current interpretation of the law prevents aid from going to students who were convicted on a minor drug charge years ago. Yet, even with the confusion and the lack of a time limit on convictions, roughly 11,000 students out of 10.5 million FAFSA applicants have been found ineligible for student aid (one-tenth of one percent) this year. We believe that the

low number of people whose aid eligibility is affected by this provision illustrates that it could be eliminated without significant impact.

In addition, death and disability provisions in the student loan program are needlessly complex and cause additional stress to families and borrowers dealing with difficult situations. After an extensive exchange of documents and telephone calls, one mother finally sent her son's ashes to Sallie Mae to prove he was dead because of the absurdity of the current requirements of the regulation.

**Develop a Clear and Understandable Campus Crime Law** - In addition, we encourage Congress to reconsider the extraordinarily detailed requirements of the **Jeanne Cleary Campus Security Law**. Even the Department of Education has trouble interpreting the law and the agency has been known to give colleges incorrect advice. We believe that the primary problem lies with the complexity of the underlying statute, not the Department of Education. We ask Congress to make certain this law focuses on clear, unambiguous requirements and simplified reporting requirements. The goal should be a law that provides students and the public with solid, accurate information about reports of campus crime without the complexity and confusion that makes compliance with the existing law so difficult.

**Remove Obsolete Reporting Requirements** - We believe there are a number of obsolete disclosure and reporting requirements that could be eliminated without any adverse impact. 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 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. Such requirements ought to be eliminated.

**Terminate the Authorization of All Unfunded Programs** - To simplify the Higher Education Act (HEA), we recommend terminating the authorization of all programs that have not been funded in any year since the last reauthorization. This action is regrettable since it means that several initiatives approved by the authorizing committees will never be funded. However, taking this step will help streamline the Act.

**Allow Adequate Comment Time on Proposed Regulations** - We ask Congress to require that the Department of Education allow at least 45 days for comments on any proposed regulation as recommended in the House Conference Report on the Higher Education Technical Amendments Act of 2000. In the past, the Department of Education has frequently given institutions of higher education 30 days or less to respond to proposed regulations (issued as an NPRM). This is not sufficient time to enable colleges to assess the likely impact of the regulations and submit comments, especially when the 30 days falls during periods when colleges are not in session. It would be desirable for the Department of Education to allow adequate time for comment without a legal mandate. Unfortunately, the complexity of decision making within federal agencies often means that the time allowed for public comments on

pending regulations gets truncated. After decades of experience, we believe that only a statutory provision will ensure that campuses will always have adequate time to prepare and submit comments.

**Eliminate All Up-Front Fees for Borrowers** - 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.

**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 Senate 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 and Congress 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 reformulate federal loan cancellation programs to meet important national policy objectives. A reformulation of 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 nonprofit, or government jobs. Second, loan cancellation provisions should be devised in a manner that borrowers can use effectively as a debt management tool. 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, Congress must establish 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 teach or enter 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 Congress to make the 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 program rules and regulations to borrowers.

**Loan Cancellation Should be Mandatory** - **Most importantly, any student loan cancellation provision must be made a mandatory expenditure.** The designation of the federal student loan programs (with the exception of the Perkins Loan Program) as a “mandatory” budget expenditure is the *sine qua non* to ensure that the programs work. Without the ironclad guarantee that the federal government will meet its obligations as prescribed in the law, students, parents, lenders, guaranty agencies, and others, would have little confidence on which to base their participation in the program. Because loan cancellation programs alter the terms of the promissory note contracts that students sign when they take out their loans, these programs should enjoy the same mandatory budget expenditure designation as the loan programs they modify. Supporting cancellations with discretionary appropriations raises the very real possibility that some students who meet the eligibility criteria – and who make a career decision because of it – could fail to receive it if the appropriation does not materialize. Moreover, private sector lenders own most federal student loans and they will insist on prompt payment for cancelled loans. If money to pay this benefit does not exist or exists in insufficient amounts, borrowers may suffer.

**Authorize a Professional Public Advertising Campaign About the Availability of Higher Education** – Research has consistently demonstrated that Americans badly overestimate the price of a college education and underestimate the amount of financial assistance that is available to help them meet college costs. Low-income and minority students and their families are especially likely to misjudge the price of higher education and the availability of financial aid. Inaccurate information leads to uninformed decisions. In the case of higher education, it leads some individuals to write-off higher education because they “know” that it is unaffordable.

The best way to address this issue is through a large-scale, professional public advertising campaign that highlights the value of higher education, the availability of student financial aid, and provides a source for obtaining additional information. We recommend that Congress authorize the Department of Education to undertake such a campaign.

Public education campaigns are an effective way to close knowledge gaps, shift public opinion, and influence behaviors. Importantly, these campaigns typically include research to establish baseline understandings of what the public knows about a given subject. These baseline findings allow for subsequent research to measure the impact of a campaign and the ways in which it has achieved its stated goals.

In recent years, the federal government has provided funding for public information campaigns on issues as diverse as poison control and science education. The poison control campaign was used to introduce the first national, toll-free hotline for poison centers and to call attention to the important resources available at poison centers. Calls to the hotline have steadily increased since the launch of the campaign in January 2002 and now exceed 100,000 per month.

A public information effort about higher education would not be exceptionally expensive or unique. But we think it essential that it be done professionally in order to maximize its effectiveness. It should be designed after extensive consultation with current and potential students, families, community organizations, and colleges and universities. Finally, the statute should specify that the campaign should be focused purely on the goal of increasing information and awareness about student aid, and should be prohibited from disseminating subjective or partisan content.

**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 Congress 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 Congress to revise 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. By equalizing this treatment, Congress could address one important aspect of affordability.

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 Congress to repeal the taxation of scholarships and fellowships.

**Develop a Higher Education Market Basket** – In the 1998 amendments to the HEA, Congress directed the Bureau of Labor Statistics and the Commissioner of Education Statistics to develop a market basket for higher education that identifies items that comprise the cost of higher education. A report on this issue was required by September 30, 2002, and was never issued. Such information would be of great

assistance to public understanding and market information regarding cost drivers in higher education.

**Create a Permanent Distance Education Program** - 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 that 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. HEA 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 should allow the Secretary to select additional participants from among all Title IV eligible institutions that seek a waiver of certain existing “time and place” provisions currently in the law without the numerical limitations currently found in the demonstration program. However, as is currently the case, institutions that participate would agree to a higher level of oversight by the Department of Education. Congress should require the Department to provide periodic statements about the impact and effectiveness of the program.

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.

**Update Technical and Definitional Terms** - In addition, we believe that Congress also needs to update the technical and definitional terms used in the HEA that address the issue of distance education, especially those in Section 102(a) and Section 484(l). Since these sections of the HEA were drafted, the world of educational delivery has been transformed, and the revised statute should reflect these changes.

## **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 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.

We believe it is 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 Congress 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 compiled much of the voluminous information that is currently available from states, accrediting

agencies, and private organizations, especially as it relates to higher education outcomes, and can make that information available to Committee members and staff.

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.

**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) has built a web site for its members that will allow these private, nonprofit 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 Senate to provide specific ideas consistent with this proposal.

## TEACHER TRAINING

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 the primarily entity responsible for preparing new teachers and for upgrading the skills and knowledge of those already in the classroom.

More 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 the nation's source of 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 that 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.

**Reevaluate Title II Funding Mechanisms** - Given the centrality of teacher preparation programs at colleges and universities to the supply and quality of the nation's teachers, we believe Congress 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) meet 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 Congress to revisit 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.

**Create New Incentives to Encourage the Best Teachers** - In addition, **new incentives to attract and retain students seeking to enter the teaching profession, especially in geographic (e.g., urban and rural) and special education shortage areas, and among minority educators, must be put in place.** Additional scholarship assistance, loan forgiveness and other creative incentives should be enacted by Congress to attract and retain quality teachers in the profession.

**Revisit the Requirements of Section 207** - As noted above, the higher education community strongly supports efforts to ensure that all teachers achieve full certification and meet the highest standards of professional practice. Unfortunately, the requirements of Section 207 fail to yield useful evaluations of the institutional effectiveness of the teacher preparation education programs. Moreover, because state practices regarding teacher preparation and certification vary considerably and because Section 207 is directed toward capturing a single factor (pass rates on licensure examinations) the data does not yield valid comparisons of one program versus another. States that require students to pass an examination before they enter a teacher preparation program cannot fairly be compared to states that require students to take multiple examinations at the conclusion of their education. **The higher education community is prepared to work with Congress throughout the upcoming reauthorization to address these concerns.**

## **PROMOTE QUALITY EDUCATIONAL OPPORTUNITIES**

**Facilitate Transfer of Credit Between Institutions** - 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, making 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 change schools, colleges and universities have a significant interest in facilitating the transfer 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 (AACC) 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: by surveying a representative sample of receiving institutions or by surveying a representative sample of students from sending institutions. Any other approach is anecdotal.

**National Academy of Science Study** - 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 should 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 provide model agreements for use by institutions.**

**Encourage Voluntary Articulation Agreements** - 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 (HBCU) and Hispanic Serving Institutions (HSI). 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.

**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 under recognized 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-seated 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 Congress to support the extension of these and other critical institutional aid programs.**

**Continue to Support International Education Programs in the Department of Education** - The September 11, 2001 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.

More specifically, Title VI of the HEA contains three parts that authorize 10 currently funded programs: Part A focuses on increasing knowledge and expertise in foreign languages, world areas and global issues; Part B provides support to expand international business education and enhance U.S. leadership in the global economy; Part C builds international education capacity at minority-serving institutions and provides an opportunity for the best students at these schools to receive training and participate in internships that lead to international careers.

**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.**<sup>5</sup> 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 as follows: For FY 2005, we recommend \$120 million for Part A; \$20 million for Part B-Section 612; \$10 million for Part B-Section 613, and \$10 million for Part C. In all cases, we suggest the out-year authorizations of such sums. In addition to fine tuning amendments, new language is recommended to underscore the importance of outreach to K-12 by the National Resource Centers; reinstate Foreign Language and Area Studies fellowships for undergraduate students; provide undergraduate education abroad opportunities for foreign language and cultural study; pilot institutional capacity building programs at minority institutions through collaboration between Part C-IIPP and other Title VI partners; and provide Department of Education discretionary funding for evaluation, national outreach, and information dissemination.

We also recommend enhancing international education elements of Title VII-B, Fund for the Improvement of Postsecondary Education (FIPSE), including placing emphasis on international partnerships among postsecondary institutions and innovative programs that improve the international dimension of postsecondary education.

Finally, we recommend incorporating the concept of international and foreign language education into Title II, Teacher Quality Enhancement Grants for States and Partnerships. The key recommendations include incorporating “international and foreign languages” into the title's purposes statement and the Partnership Grants program for teacher preparation.

**Enhance the GAANN and Javits Programs** – Graduate and professional education programs in the United States are respected and emulated worldwide. They attract and educate the best and brightest domestic and international students. Our unique system of combining graduate education with teaching and research strengthens the American education system, while producing highly educated individuals who will become the next generation's leaders in education, government, medicine, and industries vital to our nation's economy, security, and society.

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

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<sup>5</sup> On January 24-25, 2003, a conference was held at Duke University involving campus leaders in international education. Out of this conference, more detailed Title VI reauthorization recommendations emerged and are being submitted for consideration under separate cover by the Coalition for International Education.

competitively awards portable fellowships to top graduate students pursuing a doctorate degree in the arts, humanities or social sciences or a Master of Fine Arts.

Adequate numbers of fellowships and adequate 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 that Congress 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 to maintain our leadership position in the world economy.

**We urge Congress to simplify this program by modifying the requirement that applicants to GAANN and Javits demonstrate financial need as determined by Title IV, Part F and allow institutions to determine need on campus.** While we fully 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, end up demonstrating need. The formal FASFA process ends up being a bureaucratic tangle that creates excessive paperwork and unnecessary delays in processing applications. We therefore recommend Congress eliminate the reference to Title IV, Part F, as a requirement for GAANN and Javits, and restore the provision used prior to the 1998 reauthorization that required institutions to determine that individual students have financial need before an award. This would not eliminate the requirement that students have need, but rather shift responsibility for determining it.

**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 Congress to expand 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 Congress to create 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 Congress in the development of this new program authorization.

## **SIMPLIFY THE STUDENT FINANCIAL AID PROCESS**

**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 such a provision, college officials would have no way to adjust the financial aid awards for students facing unexpected hardships. In addition, the *Free Application For Student Aid (FAFSA)* 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. Therefore, we strongly oppose any provisions that would eliminate or reduce student aid administrator discretion.

**Support Efforts to Augment Community Service Activities** - We support the continued availability of community service placements in the work-study program at the current level and encourage Congress to take several 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 Congress to consider ways to address this issue.

**We encourage Congress to 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 and Jesuit Colleges and Universities. Indeed, at the nation's land grant universities public service is a central part of the institutional mission. To better understand the breadth and depth of community service activities at all colleges and universities, we encourage the Committee to consult the "Campus Cares" web site at [www.campuscares.org](http://www.campuscares.org).

National and community service also is a goal of great interest to many policy makers in its own right. However, focusing federal efforts to increase service opportunities for higher education on the work-study program is misguided. 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 for the National and Community Service Act, which is awaiting reauthorization. We strongly encourage 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.

Finally, to increase the availability of community service placements we encourage Congress to increase 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 career goals. The amount of money that can be used for these programs has not been increased since 1992. In the intervening decade, a 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.

**Do Not Undermine the Performance Based Organization - We urge Congress to refrain from making 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. The PBO has accomplished a great deal in its brief existence 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, to consolidate and upgrade the stovepipe systems that frustrated interactions between the Department and aid administrators, and to 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.

**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. Indeed, the negotiated rulemaking process has brought **knowledgeable, experienced and representative advice and counsel to the regulatory process.** Unfortunately, the most recent negotiation appears to have breached the letter and spirit of the “neg-reg” process because the Department did not select negotiators from among individuals nominated by the constituencies they were assigned to represent and attempted to assign individuals to represent constituencies for which they could not speak. 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. We urge Congress to correct this problem.

In particular, we recommend that the Secretary be required to select negotiators and alternates from among 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.

## **PROMOTE STUDENT ACADEMIC PREPARATION**

**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. Students who receive high quality early intervention services are much more likely to enter higher education and to persist than those who do not have the chance to participate.

Both the TRIO and GEAR UP programs work well and neither 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.

The higher education community has been unable to reach consensus on one important matter involving the TRIO and GEAR UP programs. Several associations believe that GEAR UP should be merged into the TRIO program to improve service delivery and enhance administrative efficiency. However, other associations think such a step would undermine the unique nature of GEAR UP and would diminish the nature and level of services. The majority of associations who have signed this letter have not taken a position on this matter. The organizations that have taken a position will communicate their views directly to the Committee.

**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 Congress authorize 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.** Individuals participating in the GEAR UP or TRIO program would receive special consideration in the selection process.

**Authorize a New Program for Minorities Seeking to Join the Professoriate** - America has not had a targeted program in the HEA designed to increase the numbers of minorities earning doctoral and terminal masters degrees since the elimination of the Patricia Roberts Harris Fellowship Program. The continued under representation of

minorities with doctorates is particularly problematic in higher education – where the 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 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 usually 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.

**Create a Graduate Fellowship Component for the TRIO McNair Program - We further recommend Congress add 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 help safeguard the nation's investment in McNair students.

**Assess the Factors that Promote Student Persistence** - Unlike K-12 education, where attendance is compulsory, the educational 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.

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 ensure that all students are prepared to attend college.

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.