

## Access & Persistence



## ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE



### MESSAGE FROM THE CHAIR

#### SUMMER 2006

College Textbook  
Cost Study Update

Simplifying Federal  
EFC Determination

The Impact of  
Financial Concerns  
on Enrollment

ACSFA September  
Hearing Update

Summary of  
FAFSA Processing  
Statistics

Member Profile:  
Clare Cotton

ACSFA  
Announcements

Policymakers have been paying more attention recently to the continuing income inequalities in college access and persistence that may serve to undermine our country's competitiveness in the world economy. A great deal of this attention can be traced back to findings in the Advisory Committee's 2002 report, *Empty Promises: The Myth of College Access in America*. This report, for the first time, quantified the impact of financial barriers—in the form of high work and loan burden—on the enrollment rates of college-qualified high school graduates from low- and moderate-income families. One is hard pressed these days to find a college access conference discussion or policy brief in Washington that does not mention key data from *Empty Promises*, primarily that over the current decade financial barriers will prevent 4.4 million college-qualified high school graduates from attending a four-year institution, and will prevent 2 million of them from attending any college at all.

*Empty Promises* was based on data from the Department of Education's longitudinal study in the 1990s (NELS:88/2000), which tracked a cohort of students from 8<sup>th</sup> grade in 1988 through 2000. The Department has recently launched a second longitudinal study (ELS:2002/2004) that will follow a cohort of students from 10<sup>th</sup> grade in 2002 through 2012. These important studies will allow us to take the next step beyond *Empty Promises*, and determine the extent to which financial barriers not only prevent college-qualified high school graduates from enrolling in higher education, but also hinder their ability to earn a bachelor's degree within eight years after high school graduation. Included in this issue of *Access & Persistence* on pages 4-5 is an examination of the Advisory Committee's recent analysis of the impact of financial barriers on the educational attainment of low- and moderate-income students using data from both NELS:88/2000 and ELS:2002/2004.

In addition, the Advisory Committee has also recently launched two critical studies. In May 2006, House Committee on Education and the Workforce Chairman Howard P. "Buck" McKeon (R-CA) and Representative David Wu (D-OR) asked the Advisory Committee to conduct a one-year study on college textbook costs and the impact of such costs on college affordability. And, as part of its Innovative Pathways Study, the Advisory Committee will examine the feasibility of radically simplifying the process of determining a student's expected family contribution. The Advisory Committee's hearing on September 19<sup>th</sup> in Washington DC is designed to discuss the Committee's recent analysis of the impact of financial barriers on college-qualified high school graduates and to begin to gather testimony on the two studies we will conduct over the next year. Detailed summaries of hearing testimony will be available in the Fall issue of *Access & Persistence*. ♦

## COLLEGE TEXTBOOK COST STUDY UPDATE

The Advisory Committee has begun its work on a congressionally requested study of the cost of college textbooks. House Committee on Education and the Workforce Chairman Howard P. “Buck” McKeon (R-CA) and Congressman David Wu (D-OR) asked the Advisory Committee to conduct this one-year study of textbook costs and the impact on students, and to make recommendations on making them more affordable. Advisory Committee Chair Mr. Clare Cotton said about the request, “The Advisory Committee welcomes the opportunity to assist members of Congress in their efforts to make higher education more affordable by calling attention to this important issue. I am honored that Chairman McKeon and Congressman Wu have asked the Advisory Committee to investigate the nature of this financial barrier for students and make recommendations that could potentially help to increase access to college.”

As the letter from Congress states, a primary objective will be to “continue to shed light on this issue so that consumers are aware” of the rising costs of textbooks. Recently, a growing amount of attention has been paid to escalating college textbook prices and how they compound overall financial barriers that hinder access to a college degree. The Advisory Committee will build off last year’s congressionally mandated U.S. Government Accountability Office (GAO) study that detailed increases in textbook prices over the last decade. The findings of the GAO report were included as a Sense of the House in the House Higher Education Act reauthorization bill (H.R. 609) that encouraged institutions, faculty, bookstores, and publishers to make efforts to reduce the cost of college textbooks for students. In its study, the Advisory Committee has been specifically asked to fulfill the following objectives:

- Investigate further the problem of rising textbook prices.
- Determine the impact of rising textbook prices on students’ ability to afford a postsecondary education.
- Make recommendations to Congress, the Secretary, and other stakeholders on what can be done to make textbooks more affordable.

The Advisory Committee will report its findings and recommendations to Congress by May 2007.

### PRELIMINARY TIMELINE

<b>June through September 2006</b>	<ul style="list-style-type: none"> <li>• <b>Review all relevant research, policies, or efforts by states, institutions, organizations, and other stakeholders to address college textbook costs.</b></li> <li>• <b>Conduct an in-depth investigation into the nature of the problem of rising textbook costs.</b></li> <li>• <b>Identify the roles and responsibilities of the various stakeholders impacted by the cost of college textbooks.</b></li> <li>• <b>Consider these findings during the ACSFA Hearing on September 19<sup>th</sup>.</b></li> </ul>
<b>October 2006 - March 2007</b>	<ul style="list-style-type: none"> <li>• <b>Conduct a minimum of two field hearings in various states.</b></li> <li>• <b>Host an “e-hearing” on the ACSFA website.</b></li> </ul>
<b>May 2007 and beyond</b>	<ul style="list-style-type: none"> <li>• <b>Submit final report to House Committee on Education and the Workforce.</b></li> <li>• <b>Continue to provide technical assistance to Congress on issues and recommendations identified in the report.</b></li> </ul>

The primary objectives of the public hearings will be to determine the impact of the cost of college textbooks on postsecondary education affordability, ensure that the Committee hears from all stakeholders involved in this issue, and learn about practical solutions implemented recently by states and institutions. A more detailed study plan will be considered during the Committee’s hearing on September 19, 2006. Notification regarding regional hearings will be provided through a notice in the Federal Register. ♦

## CAN FEDERAL EFC DETERMINATION BE RADICALLY SIMPLIFIED?

The Advisory Committee's three-year Study of Innovative Pathways to Baccalaureate Degree Attainment (IP Study) will identify innovative programs and strategies that increase the likelihood that students from low- and moderate-income families attain a baccalaureate degree. Over the course of the IP study, the Committee will produce a series of reports that highlight creative and promising approaches to ensure that students who aspire to such a degree move through the access and persistence pipeline in an efficient, effective, and timely manner. These reports will be designed to encourage federal, state, and institutional policymakers to embrace the strategies that, over time, have the promise of narrowing income-related gaps in baccalaureate degree completion.

As part of the IP Study, the Advisory Committee will be assessing the feasibility of radical simplification of federal program eligibility determination, that is, simplification of the models used to determine the expected family contribution (EFC) of students applying for need-based student aid. Specifically, this analysis will use a random sample of more than 300,000 Pell Grant applicants (recipients) provided by the U.S. Department of Education to address the following questions:

- Why is federal EFC determination complex, is the complexity necessary, and what are the intended benefits of simplification?

- How specifically can applicant data be analyzed to assess the feasibility of radically simplifying the calculation of the federal EFC, thereby reducing the burden on students and families? How feasible is it to radically simplify EFC determination for different categories of students, such as dependent and independent students?
- How can potential adverse effects on program costs, redistribution of program benefits, program integrity, and overall delivery of federal, state, and institutional student aid be assessed?
- How might radical simplification be implemented so as to minimize those adverse effects?

Dr. Sandy Baum, professor of economics at Skidmore College and senior policy analyst for the College Board, will serve as a consultant to this project. Dr. Baum will present the initial conceptual design for the study at the Committee's hearing on September 19, 2006 in Washington DC. At the hearing, student aid experts, representing two- and four-year institutions and state agencies, will offer comments on the initial framework, which may lead to improvements and additions to the study design. Representatives from the U.S. Department of Education will also be consulted throughout the study. ♦

### **The Advisory Committee announces the release of its September 8, 2005 Symposium Report:**

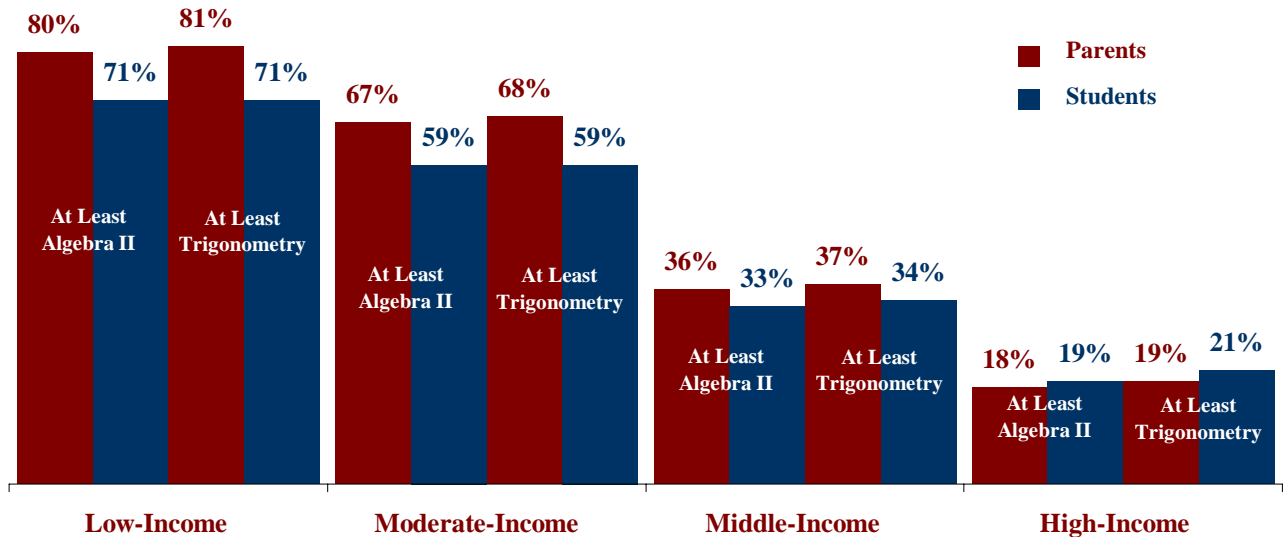
#### **REFLECTIONS ON COLLEGE ACCESS & PERSISTENCE: IN HONOR OF THE 40TH ANNIVERSARY OF THE HIGHER EDUCATION ACT**

**The report consists of papers generated by symposium participants Michael McPherson and Morton Shapiro, Laura Perna and Michelle Asha Cooper, Sandy Baum, and John Lee on a variety of issues related to access and persistence for low-income students. In addition, the keynote addresses of Juliet García and Senator Jack Reed are reprinted. Chair Clare Cotton and Vice Chair Judith Flink share observations on the key issues and concerns addressed by participants.**

**The report will be available by September 30, 2006 at [www.ed.gov/ACSEFA](http://www.ed.gov/ACSEFA).**

**FIGURE 1: CONCERNS ABOUT COLLEGE COSTS AND FINANCIAL AID AMONG 1992 COLLEGE-QUALIFIED HIGH SCHOOL GRADUATES AND THEIR PARENTS**

PERCENT "VERY CONCERNED"

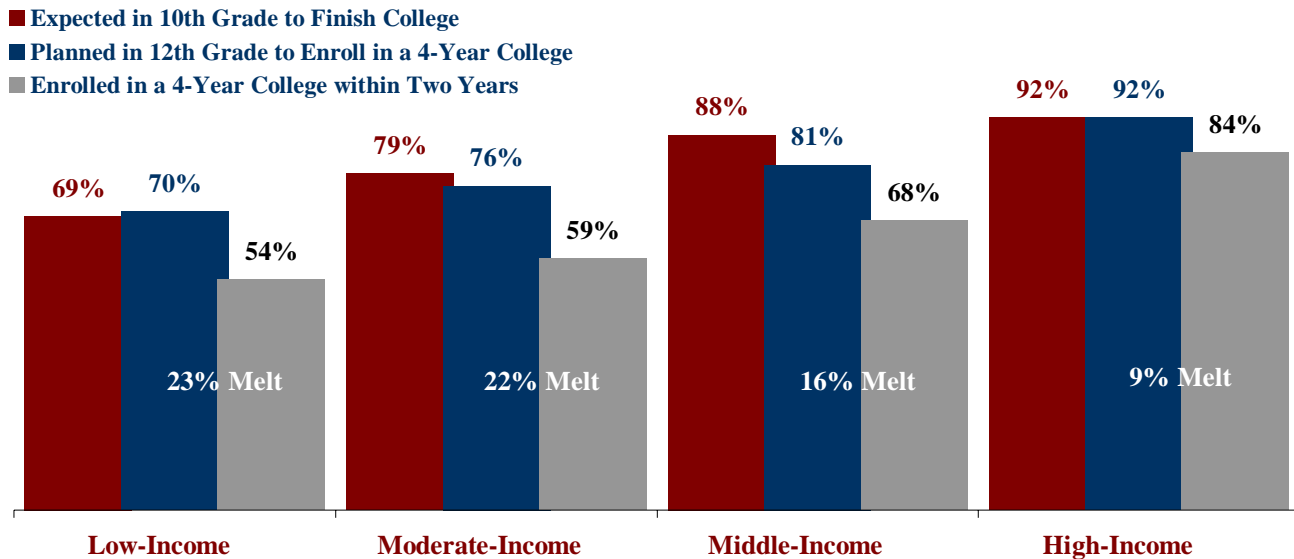


At two levels of academic preparation, college-qualified high school graduates and their parents from low- and moderate-income families in 1992 were much more concerned about college costs and the availability of financial aid than their middle and high income peers. These financial concerns often intervene between students' expectations and plans to enroll in a 4-year college and the level and timing of their actual enrollment in college.

Source: National Education Longitudinal Study of 1988/2000.

**FIGURE 2: EXPECTATIONS, PLANS, AND 4-YEAR COLLEGE ENROLLMENT OF 1992 COLLEGE-QUALIFIED HIGH SCHOOL GRADUATES**

AT LEAST ALGEBRA II



Expectations and plans rise as family income increases. The majority of college-qualified high school graduates expect in 10th grade to finish college and plan in 12<sup>th</sup> grade to attend a 4-year college. However, 12th grade plans melt into lower enrollment levels, especially among those from low- and moderate-income families.

Source: National Education Longitudinal Study of 1988/2000.

## IMPACT OF FINANCIAL CONCERNS ON FOUR-YEAR COLLEGE ENROLLMENT

Numerous factors determine whether a student will be successful in college. Students may simply be underprepared for higher education and require significant courses in remediation, lack the information they need to fully understand the variety of postsecondary opportunities available to them, or experience difficulty navigating the college and financial aid application processes. However, for a specific group of students, there is one predominant factor in the inability to succeed in the pursuit of higher education—financial barriers.

### Influence of Net Price Financial Concerns

Record level net prices at public four-year colleges throughout the 1990s likely had a direct impact on students' and families' concerns about college costs and the availability of financial aid. Net price represents the student's expected family contribution to college plus the amount of work or borrowing either the student or the family must take on to meet college costs. Thus, net price is the same as the total family *work and loan burden*. From 1990 to 2000, net price for low- and moderate-income students at four-year public colleges and universities increased from \$5,240 to \$7,500 and \$6,416 to \$8,958.

Because these net prices remained high throughout the decade, despite increases in student aid, they probably had a significant impact on students' and families' perceptions of college affordability. As Figure 1 shows, using two different college-qualification indices (e.g., "at least Algebra II," and "at least Trigonometry"), low- and moderate-income high school graduates and their parents were more likely than upper income students to be "very concerned" about college costs and financial aid:

- Among parents, at least 80 percent of low-income parents reported being "very concerned" about college costs and aid, while less than 20 percent of high-income parents voiced such concerns.
- Among students, 71 percent of low-income students were "very concerned" about colleges costs and aid, compared to nearly 20 percent of high-income students.

### Influence of Concerns on Enrollment

Concerns about college costs and the availability of financial aid coupled with rising net prices could have had a ripple effect on the enrollment patterns of college-qualified high school graduates.

- Of the majority of low- and moderate-income students who completed at least Algebra II, 69 percent and 79 percent, respectively, expected in the 10<sup>th</sup> grade to finish college (Figure 2).
- Similar percentages of these students also planned in the 12<sup>th</sup> grade to enroll in a four-year institution, 70 percent and 76 percent, respectively (Figure 2).

These percentages rise with family income. Eighty-eight percent of middle-income college-qualified students and 92 percent of high-income students expected in the 10<sup>th</sup> grade to finish college, and 81 percent and 92 percent, respectively, planned in the 12<sup>th</sup> grade to enroll in a four-year institution.

Even though the large majority of low- and moderate-income students expected and planned to attain a bachelor's degree, fewer of them actually enrolled in a four-year college within two years of high school graduation. In fact, a drop or "melt" in actual college enrollment occurred in the percentage of low- and moderate-income college-qualified high school graduates with stated 12<sup>th</sup> grade plans. The melt between plans and enrollment for low- and moderate-income students was over 20 percent, compared to a 9 percent melt for high-income students.

This decline between expectations/plans and enrollment suggests that record level net prices faced by low- and moderate-income students at four-year public colleges in the 1990s influenced student's college *plans* and the level and timing of their actual enrollment.

Over the next year, the Advisory Committee on Student Financial Assistance, with the input of respected researchers, will continue to examine the relationship between net price and concerns about college costs and financial aid on college-related behaviors, such as the development of college expectations and plans, immediate enrollment, and degree completion. ♦



## ACSFA FALL HEARING

The Advisory Committee on Student Financial Assistance has planned a public hearing on Tuesday, September 19, 2006, from approximately 9:00 a.m. to 4:30 p.m. at the Washington Court Hotel in Washington DC. The hearing is devoted to three topics: the Committee’s new report on financial barriers, the congressionally requested college textbook cost study, and a study of the feasibility of simplifying expected family contribution (EFC) determination, which is part of our ongoing Innovative Pathways Study. The preliminary agenda is as follows.

### ACSFA FALL 2006 PUBLIC HEARING REGISTRATION INFORMATION AND PRELIMINARY AGENDA

SESSION DESCRIPTION	PANELISTS
<p style="text-align: center;"><b>I</b></p> <p style="text-align: center;"><b>Financial Barriers Report</b></p> <p>This session will publicly launch the Committee’s new report on the impact of financial barriers on college enrollment and degree attainment, an update to <i>Empty Promises</i> (2002), and consider the implications for America’s long-term economic competitiveness and future policies.</p>	<p>Ms. Sarita Brown, President, <i>Excelencia</i> in Education, Inc.            Dr. William “Brit” Kirwan, Chancellor, University System of Maryland            Dr. A. Dallas Martin, Jr., President, National Association of Student Financial Aid Administrators (NASFAA)            Dr. Arnold Mitchem, President, Council for Opportunity in Education (COE)            Dr. David Warren, President, National Association of Independent Colleges and Universities (NAICU)</p>
<p style="text-align: center;"><b>II</b></p> <p style="text-align: center;"><b>College Textbook Cost Study</b></p> <p>This panel will consider the plan and design for the one-year study on the cost of college textbooks requested by the House Committee on Education and the Workforce Chairman Howard P. “Buck” McKeon (R-CA) and Congressman David Wu (D-OR).</p>	<p>Dr. James V. Koch (Presenter), Professor of Economics and President Emeritus, Department of Economics, Old Dominion University            Mr. Richard Hershman, Director of Government Relations, National Association of College Stores            Ms. Valerie F. Lewis, Commissioner of Higher Education, Connecticut Department of Higher Education            Ms. Debra Prescott, Senior Analyst, U.S. Government Accountability Office (GAO)            Mr. David Rosenfeld, Campus Program Director, Student Public Interest Research Groups (PIRG) Campus Program            Ms. Patricia Scott Schroeder, President and Chief Executive Officer, Association of American Publishers (AAP)</p> <p>Congressional Staff are also participants in the panel discussion.</p>
<p style="text-align: center;"><b>III</b></p> <p style="text-align: center;"><b>Feasibility of Radically Simplifying Federal EFC Determination Study</b></p> <p>The panel will discuss the design to determine the extent to which the calculation of the EFC for federal programs can be radically simplified without adverse effects on program costs, integrity, or delivery.</p>	<p>Dr. Sandy Baum (Presenter), Senior Policy Analyst, The College Board            Dr. Steven E. Brooks, Executive Director, North Carolina State Education Assistance Authority            Mr. Joe Paul Case, Director of Financial Aid, Amherst College            Mr. George Chin, Director of Student Financial Assistance, City University of New York (CUNY)            Ms. Laurie Wolf, Executive Dean, Student Services, Des Moines Area Community College</p>
<p style="text-align: center;"><b>IV</b></p> <p style="text-align: center;"><b>Roundtable Discussion and Public Comment</b></p>	<p>This session will be devoted to a roundtable discussion of all topics covered among Committee members, panelists, and members of the public who wish to provide comment.</p>

## UPDATE ON FAFSA PROCESSING STATISTICS

According to the U.S. Department of Education's Office of Federal Student Aid (FSA), more students than ever are successfully filing the Free Application for Federal Student Aid (FAFSA) online. In fact, processing statistics for January 1, 2006 through July 2, 2006 indicate a 9 percent increase in the number of electronic applications (8.5 million vs. 7.8 million), compared to the same time period during the previous processing cycle (2005-06).

Type of Application	Number Processed		Percent Change
	Current Year to Date	Previous Year to Date	
Electronic	8,558,398	7,855,074	8.95%
Paper	534,661	1,090,053	-50.96%
<b>Total</b>	<b>9,093,009</b>	<b>8,945,127</b>	<b>1.65%</b>

Source: US Department of Education, Office of Federal Student Aid (FSA).

\* The 2006/07 FAFSA Processing Cycle is an 18-month cycle from January 1, 2006 – June 30, 2007.

\*\*“Electronic Other” refers to systems specific to individual institutions.

\*\*\*“EZ” is a specific software package used at a small number of schools.

Below are FAFSA processing statistics for the 6-month processing cycle of the current academic year (2006-07).

As of July 2, 2006, the following data had been tallied:

- Over **9 million** students have submitted the FAFSA for academic year 2006-07.
- **Ninety-four percent** (over 8.5 million students) of the filers submitted the FAFSA electronically. The share of students who submitted the electronic FAFSA **increased by 9 percent** from this time in 2005.
- The percentage of students filing the paper FAFSA decreased from slightly over **1 million to 534,000, a decrease of 51 percent** from the previous year.

These data show that electronic transmission is quickly becoming the preferred mode for FAFSA submissions. Even for low- and moderate-income students, the number of electronic submissions has increased dramatically in recent years. Due to the dramatic increase in online applications, FSA has decided that beginning in the 2006-07 academic year, renewal FAFSAs will only be processed electronically, as paper renewal applications have been phased out.

Because of the rapid increase in online FAFSA filing, the Advisory Committee recommended to Congress that improvements be made to the current financial aid application system, which include maximizing the use of skip logic and smart technology to tailor online applications to a student's state of residence, phasing out the full paper FAFSA over a period of five years, and moving all students to FAFSA on the Web. However, this phase-out must be done in a manner sensitive to the needs of low-income students and the realities of the digital divide. Although the digital divide is closing, low- and moderate-income students are still more likely than their higher income peers to file the paper FAFSA. To minimize the adverse effects of a paperless aid system, the Advisory Committee recommended creating and maintaining a paper EZ FAFSA for low-income students. Tailoring online applications as well as implementing and field-testing an EZ FAFSA has broad congressional support and is currently included in both pending House and Senate Higher Education Act reauthorization bills.

Making these improvements to the current system will eliminate remaining complexity in the FAFSA application process and remove a barrier to access for low-income students. ♦

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members and staff

#### COMMITTEE MEMBERS

**Clare M. Cotton, Chairperson**  
President Emeritus,  
Association of Independent Colleges  
and Universities of Massachusetts

**Judith N. Flink, Vice Chairperson**  
Executive Director,  
University Student Financial Services  
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National Education Loan Network  
(NELnet)

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Access & Success, Inc.

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**Lan Gao**  
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Director of Government Relations

**Jeneva E. Stone**  
Senior Writer

## MEET AN ADVISORY COMMITTEE MEMBER



### **Mr. Clare M. Cotton** **Chairman, ACSFA** **President Emeritus, Association of** **Independent Colleges and Universities**

Mr. Clare M. Cotton was appointed by the United States Senate in 2002 and reappointed in July 2004. Mr. Cotton was elected chairman of the Advisory Committee in 2003. Under his able leadership, the Advisory Committee has made significant recommendations to Congress and the Secretary related to college access and persistence, many of which have been passed in legislation and implemented. In 2005, Mr. Cotton retired as president of the Association of Independent Colleges and Universities of Massachusetts (AICUM), a position he had held since 1987. In addition, he has served as chair of the National Association of Independent Colleges and University State Executives, and as a director of the National Association of Independent Colleges and Universities. In 1997, he was a U.S. Senate appointee to the 11-member National Commission on the Cost of Higher Education. From 1977 to 1987, Mr. Cotton served as president of the Boston-Fenway Program, Inc. and, in that decade, working with the City of Boston and the Boston Police Department, laid the foundation for the development of Community Policing in Boston. He received his undergraduate degree from Randolph-Macon College and his master's degree from the University of North Carolina where he was a graduate instructor in the Department of Philosophy. Mr. Cotton has received honorary doctorate degrees and distinguished service awards from Randolph-Macon College, Northeastern University, Wentworth Institute of Technology, Mount Ida College, and Becker College, among others. ♦

#### ACSFA Announcements

- Members and staff bid farewell to two staff members. **Nicole Barry** joined the Committee in 2003, and over the last year ably served as deputy director. Nicole has received a full two-year scholarship to the MBA program at the Kellogg School of Management at Northwestern University in Evanston IL. Also, **Shelaine Jackson** joined the staff in 2002 as an office assistant and will depart on September 14 to pursue other career opportunities.
- **Ms. Julie Johnson** and **Mr. Brent Evans** joined the ACSFA staff as assistant directors, and **Ms. Lan Gao** as a graduate assistant. Julie received her BA from Azusa Pacific University, and her EdM from Harvard University in June 2006. Brent received his BA from the University of Virginia, and his EdM from Harvard University in June 2006. Lan is a PhD candidate at the University of Maryland.
- U.S. Senate President Pro Tempore reappointed **Mr. René Drouin** on July 20, 2006 to serve a three-year term.

The Advisory Committee on Student Financial Assistance (Advisory Committee) is a Federal advisory committee chartered by Congress, operating under the Federal Advisory Committee Act (FACA); 5 U.S.C., App.2). The Advisory Committee provides advice to the Secretary of the U.S. Department of Education on student financial aid policy. The findings and recommendations of the Advisory Committee do not represent the views of the Agency, and this document does not represent information approved or disseminated by the Department of Education.

ACSFA, 80 F Street NW, Suite 413, Washington DC 20202-7582  
Tel: 202/219-2099 Fax: 202/219-3032 Email: ACSFA@ed.gov  
Please visit our web site: [www.ed.gov/ACSFA](http://www.ed.gov/ACSFA)