

WORKFORCE AND EDUCATION TEAM

Team Leaders: Michael Marion, Drexel University, (916) 325-4600
michael.marion@drexel.edu

Gary King, SMUD, (916) 732-6207, gary.king@smud.org

Brian Bedford, Next-Ed, (916) 952-7889, bbedford@next-ed.org

Issue Contact: Marjorie Dickinson, UC Davis, (530) 752-2619
mmdickinson@ucdavis.edu

Nathan Dietrich, Sacramento State, (916) 278-3725
nathan.dietrich@csus.edu

HIGHER EDUCATION ACT REAUTHORIZATION PRIORITIES; SUPPORT FOR ROBUST FINANCIAL AID, ACCESSIBILITY & ACCOUNTABILITY

Requested Action:

The Sacramento Metropolitan Chamber of Commerce is committed to ensuring that students receive a cost-effective, high quality education and can make informed decisions about their options and higher education institutions are encouraged to improve outcomes with respect to graduation rates and time to degree. As Congress works to reauthorize the Higher Education Act, we recommend that it focus on affordability, accessibility and accountability. We encourage Congress to fund key financial aid programs at or above the President's FY17 budget request.

Background:

The Metro Chamber understands that a successful "pathway to prosperity" must include accessible and high-performing community colleges and universities. Our higher education recommendations are designed to expand opportunities for educational success by more effectively targeting federal aid dollars to where they will have the most positive effects, increase student aid benefits to help finance college costs, help students manage and repay their student loan debt, streamline federal rules and student aid policies and get at the goals of affordability, access, degree completion and accountability by improving the quality and meaningfulness of the data already collected, while developing a straightforward system that allows students and parents to rank institutions based on their own values and priorities.

Affordability

We believe that the Higher Education Act Reauthorization process should make college affordable for all students. In order to achieve that goal, we must:

- **Simplify loan repayment options.** We support consolidated loan repayment options, income-based repayment plans and fixed repayment plans. In addition, federal student loans should be serviced through a single portal for borrowers that would allow them to handle their obligations in a clear and comprehensive way.
- **Eliminate unnecessary fees.** Congress should eliminate loan origination fees, which represent an unnecessary surcharge on students utilizing in federal student loans.

Accessibility

Pell Grants and the Free Application for Federal Student Aid (FAFSA) are crucial for low-income students to have access to postsecondary education. Over 60,000 students in the Sacramento Region utilize the Pell Grant program each year and over 40% of undergraduate at each of our four year universities utilize the Pell Grant program. It is clear to the Metro Chamber that the Pell Grant program must be kept strong.

University	Percent of Undergraduates Receiving a Pell Grant	Average Pell Grant Award	Number of Undergraduates Receiving Pell Grants
Sacramento State	57%	\$4,138	15,818
UC Davis	43%	\$4,494	11,367
University of the Pacific	40%	\$4,476	1,546
Yuba Community College District	40%	\$3,601	3,384
Los Rios Community College District	31%	\$3,249	24,361
Sierra Community College	32%	\$3,584	5,918
Total Students			62,394

In order to keep college affordable and ensure students apply for financial aid, we should:

- **Strengthen Pell Grants and provide flexibility.** Pell Grants should continue to be adjusted for inflation. We support the restoration of year-round Pell Grants, which would help cover summer attendance. This will encourage timely degree completion, decrease student debt burden and allow students to enter the workforce more quickly. Additionally, we support President Obama’s proposal to incentivize degree completion by rewarding students with additional Pell Grant funds if they take over 15 units a semester.
- **Simplify FAFSA.** Support improvements to the federal needs analysis system, simplify the process for students and their families, and eliminate the need for costly

supplemental forms for state and institutional use. We support allowing the use of “prior-prior year” income tax data for the FAFSA. This allows students to complete their aid application and receive notification about financial aid packages earlier, which helps in their higher education decision-making. We also support making the FAFSA available in October, as opposed to January, as it allows students and families more time to prepare to complete the forms.

- **Consumer test tools.** We encourage Congress to require consumer testing on tools such as the Net Price Calculator, Shopping Sheet and College Scorecard to determine if information is being presented in a way that is understandable to students and families. These tools must be easily accessible in order to help students and families make informed decisions. In order to provide a comprehensive measure of student success, we support the use of the Student Achievement Measures (SAM) on these still evolving tools.
- **Support the Federal Perkins Loan Program:** We applaud Congress for keeping the Federal Perkins Loan Program alive in a limited fashion for the next two years while the reauthorization bill is drafted. For the last decade there has been no financial contribution from the federal government to the program. The Federal Perkins Loan Program demonstrates strong institutional buy-in and accountability and provides important support to very needy students.

FY17 Budget Request for Federal Financial Aid Programs: We encourage Congress to fund student financial aid programs at a level that allows each student to reach their full potential.

- Support increase in the maximum Pell Grant to \$5,935 and index for inflation
- Fund Federal Supplemental Educational Opportunity Grant (SEOG) program at (or above) \$757 million in FY17
- Fund the College Work-Study Program at (or above) \$990 million in FY17

Minority Serving Institutions: The Sacramento Region’s diverse student population and institutions of higher education benefit greatly from capacity building programs and grants that help improve the degree completion gap between unrepresented minorities and other students. We support maintaining strong federal funding for the U.S. Department of Education’s competitive grant programs that assist Hispanic and Asian American and Native American Pacific Islander-serving institutions in the FY17 appropriations bill.

Accountability

California already is a leader in accountability, but more could be done by the federal government to strengthen institutional outcomes and transparency. For example, removing administrative rules that have no impact on the targeting of aid to low-income students. Additionally, institutions that have long histories of successfully and efficiently administering federal aid to students might be relieved of rules that are not necessary, given their excellent records of academic success and loan repayment, while other institutions

that have less favorable completion and default rates might be subject to enhanced oversight to protect the integrity of the federal aid programs.

The federal government can learn from a number of efforts underway in California. The California Community College system has implemented an accountability system called the Student Success Scorecard. The scorecard represents an unprecedented level of transparency and accountability on student progress and success metrics. The data available in this scorecard tells how well colleges are doing in remedial instruction, job training programs, retention of students and graduation and completion rates.

In 2008, the California State University (CSU) Board of Trustees adopted Access to Excellence as a new strategic plan for the CSU. The plan included system-level indicators with metrics, as well as a number of campus initiatives that are underway. At the system level, eight commitments served as the themes necessary to move the strategic plan forward, which include: Reducing Existing Achievement Gaps; Expanding Student Outreach; and Enhancing Student Opportunities for "Active Learning."

The University of California (UC) system publishes a comprehensive accountability report which includes internal and external comparisons on a variety of educational outcomes. It includes over 100 individual indicators across 14 chapters, assessing progress in areas like undergraduate success, financial aid, diversity, research and finance.

In addition, our region's private colleges and universities, which provide a variety of full-time and part-time educational options for both traditional college-age students and for working professionals, each provides a set of accountability indicators measuring student success.

The federal government should be doing more to ensure that institutions are continually working to improve student outcomes. They should:

- **Strengthen institutional eligibility for Title IV aid.** In 2012, the California state legislature required that in order to be eligible for Cal Grants institutions must have a credit default rate less than 15.5% and a graduation rate of greater than 30%. The current test for institutional eligibility to receive federal Title IV funds is remarkably lenient with an institutional only losing eligibility if the cohort default rate exceeds 30% for three consecutive years. With the increase of income-based repayment options, the cohort default rate is an insufficient metric for institutional accountability and quality outcomes. We recommend that institutional performance should be evaluated on a limited set of accurate performance metrics such as student progress and completion, cohort loan repayment rates and post-collegiate outcomes such as employment and advanced education.
- **Review Task Force on Federal Regulation of Higher Education recommendations.** In February 2015, this Congressionally directed Task Force concluded its work. In their final report, the Task Force laid out a number of key observations and suggestions

SUTTER HEALTH presents

Capitol-to-Capitol



SACRAMENTO, CA to WASHINGTON D.C.

APRIL 9-13, 2016

about how federal administrative burdens could be reduced, while improving accountability. We encourage congressional and executive branch leaders to review the final report and implement many of its suggestions.

For additional information, please contact Chris Worden, Vice President of Public Policy

cworden@metrochamber.org | (916) 321-9115

www.metrochamber.org