

Item 9

Action Item

Consideration of a Federal Policy Agenda

Legislation, Audit and Budget Committee Chair Jamillah Moore and Commission Vice Chair Lande Ajose suggest consideration of the following federal actions as policy priorities:

EARLY FAFSA FILING:

Earlier, Easier Process for Federal Financial Aid: Beginning on October 1, 2016, students can apply for financial aid a few months after they and their parents file their 2015 tax returns with reliable information retrieved electronically from the IRS, rather than waiting until the next year's tax season to finalize their FAFSAs and to learn about their financial aid. Giving students and families the ability to submit their FAFSAs earlier and to use earlier income data, commonly referred to as "prior-prior" year, will have several important benefits:

Earlier information: Students and families will get a reliable understanding of their aid eligibility as early as the fall – the same time many high school students are searching for, applying to, and even selecting colleges.

Simpler applications: More students and families will be able to complete their FAFSAs using information retrieved electronically directly from the IRS a few months after they and their parents file their 2015 tax returns, reducing the number of applicants who need to estimate income or taxes paid, only to correct their application later.

More students receiving Pell Grants and other aid: Over the next several years, the simpler FAFSA filing process could encourage hundreds of thousands of additional students to apply for and claim the aid they are eligible for – and enroll in college.

Reduced burden on colleges: In recent years, colleges and universities have spent as many as 3 million total hours each year verifying FAFSA information, including income and other tax return data. These colleges and universities will be able to avoid much of the burden of verifying tax return information when students apply using data retrieved directly from the IRS.

100% FAFSA Completion: The National College Access Network's 400 college success programs, which serve over 2 million students, is committing to using the extra time created by early FAFSA filing for its counselors to reach 100 percent FAFSA completion among program participants. Earlier FAFSA availability will allow these programs to reallocate more than 500,000 hours of advising time to helping student's better match with colleges that can best support them through to completion.

PELL GRANT INCREASE:

Congress cleared legislation that will increase funding for Pell Grants.

California Student Aid Commission

Senate appropriators estimate the total maximum award will increase by \$140 to \$5,915 for lower-income students in need of financial assistance.

About 8.4 million college students will qualify for Pell Grants during the 2016-17 school year, an increase of more than 100,000.

PRESIDENT OBAMA'S NEW PROPOSALS FOR PELL GRANTS

On January 19, 2016, President Obama's Administration announced two new proposals to augment the Pell Grant Program and described them as follows:

Pell for Accelerated Completion would allow full-time students the opportunity to earn a third semester of Pell Grants in an academic year, enabling them to finish faster by taking additional courses year-round and better meeting the diverse needs of today's students. Many full-time students exhaust their annual Pell eligibility after just two semesters and, as a result, are unable to pay for summer courses and must wait until the beginning of the next academic year to continue their studies. This proposal will provide nearly 700,000 students next year who are making real progress toward on time graduation with an additional \$1,915 on average to help pay for college and complete their degrees faster.

On-Track Pell Bonus would create an incentive for students to stay on track or accelerate their progress towards a degree through an increase in the maximum Pell Grant award of \$300 for students who take 15 credits per semester in an academic year. The bonus would encourage students to take the credits needed to finish an associate degree in two years (60 credits) or a bachelor's degree in four years (120 credits). Finishing faster means more students will complete their education at a lower cost and likely with less student debt. This proposal would help an estimated 2.3 million students next year as they work to finish their degrees faster.

THE FLEXIBLE PELL GRANT FOR 21ST CENTURY STUDENTS ACT: HR 3180

Provides students the flexibility to draw Pell Grant funds at an accelerated pace in order to pay for additional courses within an award year.

Encourages students to complete degrees more quickly, leading to less debt and faster entry into the workforce.

Maintains maximum lifetime Pell Grant award eligible students can receive over the course of their education.

Assists students in making informed decisions about their academic progress by directing the Secretary of Education to provide an individualized federal financial aid status reports to each student annually.

STUDENT AID BILL OF RIGHTS

Provides strong consumer protections for student loan borrowers and specifies that:

Every student deserves access to a quality, affordable education at a college that's cutting costs and increasing learning.

Every student should be able to access the resources needed to pay for college.

California Student Aid Commission

Every borrower has the right to an affordable repayment plan.

And every borrower has the right to quality customer service, reliable information, and fair treatment, even if they struggle to repay their loans.

Responsible Person(s): Jamillah Moore, Committee Chair
Legislative, Audits and Budget Committee

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