Exhibit 1

Information/Action Item

Strategic Planning discussion and development

CALIFORNIA STUDENT AID COMMISSION MEETING
THURSDAY JUNE 19, 2014
TIME: 10:00 AM TO 4:00 PM

Call to Order and Roll Call

Public Comment

Chair's Report (Information)
Chairman John McDowell

Strategic Planning discussion and development (Information/Action)
Brad Morrison, Facilitator

1.1. Welcome (5 min.)

1.2. Agenda Overview (5 min.)

1.3. Review of progress made since the last planning meeting (15 min.)

1.4. Interview Discussion (35 min.)

BREAK (11:00-11:10 AM)

1.5. What is the status of financial aid in California? (50 min.)
1.5.a Where we have been
1.5.b Where we are today

LUNCH (12:00- 1:00 PM)

1.6. Where do we want to be? (90 min.)

BREAK (2:30- 2:40 PM)

1.7. The challenges we face (60 min.)

1.8. What actions do we want to take to get there? (20 min.)

Complete discussion and recess Commission meeting (~4:00 PM)

California Student Aid Commission

The following items were included in the Commission's meeting notice (dated June 9, 2014) and in the PEN Committee meeting notice (dated June 9, 2014). They are included below to provide you with approximate times of the meeting.

THURSDAY JUNE 19, 2014
TIME: 4:00 PM TO 5:00 PM

PERSONNEL, EVALUATION & NOMINATIONS (PEN) COMMITTEE MEETING

AGENDA

Call to Order and Roll Call

Public Comment

Chair's Report (10 min.)

Consent Calendar
- Approval of minutes of September 19-20, 2013, October 22, 2013 and November 19, 2013 (5 min.)

Consideration of hiring a retired annuitant to conduct a salary survey for the senior management team positions (10 min.)

New business to be considered at future Committee meetings (5 min.)

Adjourn

FRIDAY JUNE 20, 2014
TIME: 9:00 AM TO 11:00 AM

CALIFORNIA STUDENT AID COMMISSION MEETING

AGENDA

Call to Order and Roll Call

Public Comment

Presentation by the Honorable Kevin de León, California State Senate (45 min.)

Presentation of the 2014 Arthur S. Marmaduke Award (15 min.)

Consent Calendar, including
- Approval of minutes of April 10, 2014 and May 15, 2014 (5 min.)

Executive Director's Report, including (10 min.)
- Cal-SOAP Project Directors' Report

PEN Committee Report, including (15 min.)

- Consideration of hiring a retired annuitant to conduct a salary survey for the senior management team positions

Consideration of state and federal legislation and issues affecting Commission programs (10 min.)

Update on 2014-15 State Budget (10 min.)

New business to be considered at future Commission meetings (5 min.)

Adjourn Commission meeting

CALIFORNIA STUDENT AID COMMISSION
2013 Strategic Policy Framework
Approved by the Commission on November 16, 2012

1. **Broad Equitable Access:** ***Since postsecondary education benefits both individuals and society, California has a vital interest in making sure no Cal Grant-eligible student forgoes college because they cannot afford the cost. Therefore, the California Student Aid Commission will advocate in partnership with students for financial aid and support policy decisions about Cal Grants that ensure that college access is equitable, affordable and comprehensible to the broad span of the State's diverse student population.***

   Students who end their education at high school are at a financial disadvantage for the rest of their lives. This is a fact that has implications for California's future workforce and tax base. Investing in student access to college is a sound policy that benefits both students and society. In addition to making college access affordable and equitable, policies need to support the broad dissemination of information so students understand their options and can make informed choices.

2. **Education Quality Transparency:** ***As a major investor in higher education, California has high expectations for the quality of education that students receive. Therefore, policy decisions about Cal Grants should 1) focus on outcomes that reflect the capability of graduates to be productive members of society; 2) hold institutions accountable for their performance through incentives and disincentives; and 3) support the ability of students and families to make informed choices about education quality by providing accurate, transparent information.***

   A college education that leaves a graduate unprepared to succeed in life is of questionable value to both the individual and the State. While the quality of college programs is a matter for accreditation bodies, it is reasonable for the State to seek assurance that its investment in financial aid supports high-quality education opportunities and outcomes for students.

3. **Persistence and Completion:** ***Access to college is only the first step toward a better educated citizenry and workforce. Therefore, policy decisions about Cal Grants should reflect the need to help students persist and complete their education once they enroll in college.***

   State and federal studies demonstrate that financial aid is a critical factor in the ability of low-income students to persist and complete a college education. There is compelling evidence that students are able to enter, continue and complete college at much higher rates when they have access to sufficient financial aid – and to Cal Grants in particular. Studies have found that receiving a Cal Grant is significant in determining whether students enroll immediately after high school, re-enroll for a second year, stay at the same institution for four years, or remain enrolled somewhere for four years.

However, other state and federal studies have indicated persistence and completion happen at far lower rates for low-income students, who often drop out of college when they run out of money to pay fees or when they must devote time to jobs instead of studying. To ensure the State's investment is well utilized, decisions about financial aid should move beyond a focus on broad access to take into account the persistence and completion performance of students at institutions that participate in the Cal Grant program.

4. **CSAC Effectiveness:** ***To best respond to the growing need for financial aid, it is important for CSAC to operate programs effectively and efficiently. To support CSAC effectiveness, therefore, policy decisions about Cal Grants should be data-driven, sustainable, student-centric, based on feedback from stakeholders, and carefully considered to achieve CSAC goals and avoid unintended consequences.***

   As the Commission advocates for programs that will broaden access, ensure quality education and increase persistence/completion, it is important to understand the ripple effects that can occur when changes are made. Policy decisions should be considered holistically so that decisions in one area that benefit some students do not disadvantage other students unintentionally.

   The Commission has compiled a notable record for efficient administration of existing programs. Over the 12 years ending in 2011-12, the Cal Grant program has grown 206% while administrative overhead and staffing have been significantly reduced.

Action Plans: First Steps

Time Frame for Reaching Goals: July 2013 – December 2014					
Issue	***Who***	***What***	***When***	***Responsible CSAC Division***	***Status Update***
Student/Segment/ Partner Policy Collaboration	Chairman McDowell Executive Director Fuentes-Michel	Reach out to students, segments, Legislature, LAO, Administration and other policy bodies for input; propose plan for ongoing policy dialogue at Commission meetings	September meeting	• Executive Office	In January 2014, Chairman McDowell and Executive Director Fuentes-Michel met with the following policy makers: • Jamie Callahan, Governor's Office • Monica Henestroza, Assembly Speaker's Office • Gene Wong, Senate President pro Tem's Office • Judy Heiman, Legislative Analyst's Office • Chancellor Brice Harris, Community Colleges Participation at the following functions: • CASFAA Annual Conference (Dec 2013) • CCCSFAAA/CASFAA All Directors Meeting (Feb 2014) The following representatives provided feedback to the Commission at the September 19-20, 2013 meeting: • Judy Sakaki, Vice President of Student Affairs, UCOP • Ephraim Smith, Executive Vice Chancellor, CSU • Erik Skinner, Deputy Chancellor, CCCCO • Veronica Villalobos, Vice President of External Affairs, AICCU The following representatives provided

Time Frame for Reaching Goals: July 2013 – December 2014					
Issue	***Who***	***What***	***When***	***Responsible CSAC Division***	***Status Update***
					feedback to the Commission at the November 21-22, 2013 meeting: • Emily Kinner, Student Senate for California Community Colleges (SSCCC) • Vanessa Garcia, University of California Student Association (UCSA) • Devon Graves, California State Student Association (CSSA) • Mount St. Mary's College students • University of Southern California student • Melissa Moser, President of CASFAA • Margie Carrington, President of CCCSFAAA
Award Utilization Rates	Commissioner Beltran Executive Director Fuentes-Michel	Propose plan to Commission on improving award utilization rates/AB 540 data	September - November meetings	• Program Administration and Services Division • Information Technology Services Division	The Commission took the following action at its September meeting: For the current 2013-14 academic year, authorize staff to: 1. Take immediate steps to communicate with students more frequently and to assist campuses with updating their payment rosters. 2. Expand the enrollment data provided by community college campuses to the Commission to include the number of units, and this data will not be used to remove students. 3. Report back at the Commission's November 2013 meeting on the progress of the staff's actions to increase the Competitive Program utilization rates, including the number of paid awards and unused awards to date by campus.

Time Frame for Reaching Goals: July 2013 – December 2014					
Issue	***Who***	***What***	***When***	***Responsible CSAC Division***	***Status Update***
					For the 2014-15 academic year, authorize staff to: 4. Require all institutions with students who have Competitive awards to provide enrollment files to the Commission. **ITS Update as of 05-16-14:** ITSD is working with PASD on inclusion of enrollment files**.** Authorize staff to continue to work with its advisory committee to review and discuss the following options: 5. Require all students with Competitive awards to complete forms to indicate whether their awards will not be used during the year for which they are awarded. 6. Establish deadlines to withdraw awards and recycle them to the next group of students. 7. Establish priority within a single group of students with the same Competitive score, to allow available awards to be made to some, but not all, students within that group. 8. Gather more information on the current population of students awarded a Competitive Cal Grant to determine whether establishing new selection procedures and criteria would increase the utilization rate. 9. Explore the process by which payments

Time Frame for Reaching Goals: July 2013 – December 2014					
Issue	***Who***	***What***	***When***	***Responsible CSAC Division***	***Status Update***
					are deferred for new Competitive awards in future years. 10. Report back at the Commission's February 2014 meeting on the outcomes of staff's consultation with the advisory committee. 11. And other issues as they arise.
Award Utilization Rates	Janet McDuffie	Propose revisions to the Commission to CSAC reporting terminology to reflect award utilization rate issues	September meeting	• Administration and External Affairs Division • Program Administration and Services Division	At its September 19-20, 2013 meeting, the Commission approved the Strategic Policy & Planning Committee's recommendations for student- and process-related terminology.
Outreach: Enhance social media	Commissioners Shah and Siqueiros Patti Colston	Patti Colston to work with Commissioner Shah on a plan to improve social media tools; Commissioner Siqueiros sharing social media tips from the Campaign for College Opportunity; present a plan to the Commission	September meeting	• Executive Office • Information Technology Services Division	Strategic Policy, Media & Communications Division staff consulted with Commissioners Shah and Siqueiros on improvements to the Commission's social media strategy. Staff gave a presentation to the Student Impact Committee on September 19, 2013. **ITS Update as of 05-16-14:** ITSD is working with Patti Colston on improving CSAC's social media tools which includes CSAC's Website, Facebook and Twitter presence.
FAFSA completion	Janet McDuffie	Ed Trust West report; Janet McDuffie report on data; report on high school Champion program; include strategies to increase FAFSA completion	November meeting	• Administration and External Affairs Division	At the November 21-22, 2013 Commission meeting, the following made presentations on outreach and partnerships: • David Rattray, Los Angeles Chamber of Commerce • Julia Lopez, College Access Foundation of California • Arun Ramanathan and Orville Jackson,

Time Frame for Reaching Goals: July 2013 – December 2014					
Issue	***Who***	***What***	***When***	***Responsible CSAC Division***	***Status Update***
					Ed Trust-West 1. The Commission voted to move forward as expeditiously as possible to establish a cost recovery system and report back in January. 2. The Commission also referred to the Strategic Policy & Planning Committee the issue of finding a way to use funding from the College Access Foundation through a Memorandum of Understanding and establish relationships in a three- to five-year plan with the Los Angeles Chamber of Commerce, College Access Foundation and Education Trust-West so that the Commission can move forward deliberately and comprehensively to develop a relationship where the Commission can share data in a way that benefits the Commission's programs.
Define legislative priorities for advocacy	Strategic Policy and Planning Committee	Propose definitions for terms to clarify policy positions, including "neediest"; develop priorities and plan; bring to full Commission	By January	• Executive Office	At the recommendation of the Strategic Policy & Planning Committee, the Commission approved a statement of policy priorities on February 21, 2014.
Outreach: Improving student success through understanding of financial aid options	Catalina Mistler	Reach out to high school counselors/fin aid community about enhancing training to give students better understanding of options; this is	Prior to November training	• Program Administration and Services Division • Information Technology Services Division	**PASD Update:** 1. Added information to the High School Counselor Workshop trainings. 2. Updated the "Understanding My Cal Grant" fact sheet with information on attending part-time versus full-time.

Time Frame for Reaching Goals: July 2013 – December 2014					
Issue	***Who***	***What***	***When***	***Responsible CSAC Division***	***Status Update***
		Commissioner Scott's concept of supporting college completion by informing part-time students of their amounts of financial aid available to them if they were to attend full-time			**ITS Update as of 05-16-14:** ITSD continues to support PASD on mass communication and CSAC Website content.

Time Frame for Reaching Goals: 2015 and Beyond					
Issue	***Who***	***What***	***When***	***Responsible CSAC Division***	
Foundation	Commissioner Arzate Executive Director Fuentes-Michel	Begin exploration with presentation by current LA area foundation partners; report to Commission	September meeting	• Executive Office • Legal Office	At the September 20-21, 2013 Commission meeting, Commissioner Arzate provided an overview of his discussions with Commissioner Conley and Mr. Ed Emerson, Chief of the Strategic Policy, Media & Communications Division, regarding the creation of a fundraising foundation. The work group considered the following questions: • What is the current funding model now and what do other funding models look like? • Should the operating agreement with EdFund/ECMC be modified or should it expire? • How does this concept support the California Student Aid Commission's goals? • What are the possible funding categories?

Time Frame for Reaching Goals: 2015 and Beyond					
Issue	***Who***	***What***	***When***	***Responsible CSAC Division***	
					(i.e. scholarships, publications, staffing and advocacy in both Sacramento and Washington, DC) • What is the universe of beneficiaries of the California Student Aid Commission? Commissioner Arzate reported that the work group would next seek input from the following entities regarding their funding models, governance structure, marketing design, fundraising goals and methods, etc.: • California Community Colleges Board of Governors; • Los Angeles Chamber of Commerce; and • The Lumina Foundation. At its November 21-22, 2013 meeting, David Rattray, Senior Vice President of Education and Workforce Development at the Los Angeles Chamber of Commerce, recommended the following options for the Commission to consider: 1. Formalize an MOU between the LA Area Chamber Foundation and the Commission that clarifies in writing how the relationship works and how the funds are administered; 2. Create a 501(c)(3); or 3. Formalize an MOU with the LA Chamber, which will provide the Commission with a one- to two-year period of time to consider various options including the creation of an independent 501(c)(3) or some other partnership.

Time Frame for Reaching Goals: 2015 and Beyond					
Issue	***Who***	***What***	***When***	***Responsible CSAC Division***	
Cal Grant Structure	Commissioner Geiogue	Develop and propose a plan to the Commission for a Commission task force to conduct a comprehensive review of the Cal Grant program to determine how well it meets the needs of the low-income students it is intended to serve; task force to function consistent with the student/segment/ partner policy collaboration goal	November meeting	• Executive Office	In September 2013, the following segmental workgroups were established: • California Dream Act Advisory Committee • Competitive Cal Grant Program Advisory Committee • Middle Class Scholarship Advisory Committee
Technology	Commissioner Beltran Student Impact Committee Chris Edwards	Present an assessment of the Grant Delivery System at the June Commission meeting; next steps to be determined	June 2014 meeting	• Information Technology Division • Program Administration and Services Division	**ITS Update as of 05-16-14:** ITSD is preparing a presentation for June's Commission Meeting.
Student debt	Commissioner Anton - overall Commissioners Conley and Siqueiros on income-based repayment	Identify resources/presenters to provide info to the Commission on student debt, including possible institutional practices of manipulating federal cohort default	January 2014 meeting	• Executive Office	**CDR Manipulation** At the September 19, 2013 Strategic Policy & Planning Committee meeting, Ms. Debbie Cochrane, Research Director at The Institute for College Access & Success (TICAS), provided a brief update on the U.S. Department of Education's progress on addressing the issue of cohort default rate (CDR) manipulation. The Department had

Time Frame for Reaching Goals: 2015 and Beyond					
Issue	***Who***	***What***	***When***	***Responsible CSAC Division***	
		rates by steering students to private loans rather than using their full federal-loan eligibility; Increase student understanding of loan repayment options (income-dependent repayment); Enhance financial literacy for students and their families			announced it has a broad regulatory agenda that they would be implementing over the next few years; there would be two specific negotiated rule-making panels but CDR manipulation was not on either of them. On January 23, 2014, the Commission sent a letter to Secretary Arne Duncan regarding its concerns about CDR manipulation. **Steps to College Feria** On February 20, 2014, Mr. Carlos González Gutiérrez, Consul General of México in Sacramento, spoke to the Commission about the annual Steps to College: Dreams Taking Flight – Pasos a la Universidad. His presentation included an overview of the organizers and contributors; outreach and media efforts; workshop segments; comparative advantages of a partnership; and reasons for having the fair. Mr. Manuel "Manny" Hernandez, Chair of the education committee for Cien Amigos, commented on the partnership among the Mexican Consulate, the Commission and other community organizations. **Dream Act Outreach** At the February 20-21, 2014 meeting, the Commission heard from Mr. Jose Arreola, Outreach & Organizing Manager, and Mr. Rodrigo Dorador, Outreach Coordinator, for Educators for Fair Consideration (E4FC), a San Francisco-based nonprofit organization that advocates for undocumented youth in their pursuit of college, career and citizenship. Mr. Arreola and Mr. Dorado shared their experiences as undocumented immigrants

Time Frame for Reaching Goals: 2015 and Beyond					
Issue	***Who***	***What***	***When***	***Responsible CSAC Division***	
					and provided an overview of their organization's mission and achievements, as well as their outreach efforts made in collaboration with the Commission.

Cal Grant Program
Offered Awardees, Paid Recipients, and Disbursements by Segment
2001-02 through 2012-13
($ in millions)

		2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
California Community Colleges	Awardees	71,197	86,396	103,453	116,599	126,461	124,078	124,931	123,748	126,780	136,821	134,668	146,492
	Recipients	39,854	51,648	57,628	64,316	66,750	65,405	66,155	64,481	67,384	70,791	75,856	79,445
	Dollars	$46.1	$60.4	$66.9	$74.0	$76.2	$74.4	$75.1	$74.1	$78.2	$82.3	$87.2	$86.8
	Cal Grant A, B and C Tuition	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Cal Grant B Access	$43.9	$58.2	$64.8	$71.9	$74.1	$72.2	$72.8	$72.0	$76.1	$80.3	$85.3	$84.9
	Cal Grant C Books & Supplies	$2.2	$2.2	$2.1	$2.1	$2.1	$2.2	$2.3	$2.1	$2.1	$2.0	$1.9	$1.9
University of California	Awardees	42,262	43,048	45,497	47,685	50,230	51,090	53,090	55,869	59,079	65,609	65,346	71,213
	Recipients	37,732	38,058	40,021	42,035	43,680	45,020	46,566	49,195	52,052	55,406	57,185	60,299
	Dollars	$128.7	$139.0	$196.3	$235.2	$260.1	$264.1	$295.2	$338.7	$425.9	$561.8	$687.2	$718.9
	Cal Grant A, B and C Tuition	$103.3	$108.5	$160.9	$196.8	$220.6	$223.3	$253.4	$297.1	$386.6	$527.4	$662.8	$701.5
	Cal Grant B Access	$25.4	$30.5	$35.4	$38.4	$39.5	$40.8	$41.8	$41.6	$39.3	$34.4	$24.4	$17.4
	Cal Grant C Books & Supplies	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
California State University	Awardees	48,613	53,950	59,130	65,028	69,916	69,746	74,825	79,356	78,444	94,472	100,162	120,951
	Recipients	41,846	44,691	48,014	53,212	56,572	59,337	62,471	63,702	65,558	70,508	77,435	87,108
	Dollars	$78.1	$91.8	$123.6	$151.1	$166.0	$172.7	$192.9	$210.4	$263.2	$301.2	$393.0	$438.0
	Cal Grant A, B and C Tuition	$43.5	$49.2	$74.2	$95.8	$108.3	$112.7	$129.7	$145.8	$196.2	$228.3	$312.3	$352.0
	Cal Grant B Access	$34.6	$42.6	$49.4	$55.3	$57.7	$60.0	$63.2	$64.6	$67.0	$72.9	$80.7	$86.0
	Cal Grant C Books & Supplies	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Independent Colleges and Universities	Awardees	25,518	25,129	26,228	27,685	27,886	25,197	23,968	23,162	23,489	28,901	29,724	33,378
	Recipients	23,650	22,628	22,039	22,561	22,525	20,267	19,466	19,018	19,848	22,882	23,705	25,472
	Dollars	$186.6	$184.9	$184.8	$184.1	$177.0	$170.3	$164.6	$166.6	$179.2	$207.6	$217.3	$221.7
	Cal Grant A, B and C Tuition	$183.4	$180.0	$178.4	$176.9	$169.5	$162.9	$157.4	$159.7	$171.9	$199.0	$208.5	$213.0
	Cal Grant B Access	$3.1	$4.9	$6.3	$7.1	$7.4	$7.3	$7.1	$6.8	$7.2	$8.6	$8.7	$8.7
	Cal Grant C Books & Supplies	$0.1	$0.0	$0.1	$0.1	$0.1	$0.1	$0.1	$0.1	$0.1	$0.0	$0.1	$0.0
Private Career Colleges	Awardees	8,691	9,952	13,487	15,959	17,791	17,345	19,702	19,837	20,278	24,882	24,318	22,215
	Recipients	6,127	7,816	9,032	10,541	11,069	12,579	12,651	12,773	13,642	16,525	15,269	8,394
	Dollars	$45.2	$58.6	$68.1	$75.8	$78.5	$81.5	$85.6	$85.6	$94.0	$116.7	$107.5	$53.6
	Cal Grant A, B and C Tuition	$40.7	$51.6	$59.8	$65.7	$67.6	$70.6	$74.3	$75.9	$82.6	$101.8	$93.8	$47.0
	Cal Grant B Access	$3.2	$5.7	$7.1	$8.8	$9.7	$9.9	$10.3	$8.6	$10.0	$13.4	$12.5	$6.2
	Cal Grant C Books & Supplies	$1.3	$1.3	$1.2	$1.3	$1.2	$1.1	$1.0	$1.1	$1.4	$1.5	$1.2	$0.4
Total	**Awardees**	**196,281**	**218,475**	**247,795**	**272,956**	**292,284**	**287,456**	**296,516**	**301,972**	**308,070**	**350,685**	**354,218**	**394,249**
	Recipients	**149,209**	**164,841**	**176,734**	**192,665**	**200,596**	**202,608**	**207,309**	**209,169**	**218,484**	**236,112**	**249,450**	**260,718**
	Dollars	**$484.7**	**$534.7**	**$639.7**	**$720.3**	**$757.8**	**$763.0**	**$813.4**	**$875.4**	**$1,040.5**	**$1,269.6**	**$1,492.2**	**$1,519.0**
	Cal Grant A, B and C Tuition	**$370.9**	**$389.3**	**$473.4**	**$535.2**	**$566.1**	**$569.5**	**$614.8**	**$678.5**	**$837.3**	**$1,056.4**	**$1,277.3**	**$1,313.5**
	Cal Grant B Access	**$110.2**	**$141.9**	**$163.0**	**$181.6**	**$188.3**	**$190.1**	**$195.2**	**$193.6**	**$199.7**	**$209.6**	**$211.7**	**$203.1**
	Cal Grant C Books & Supplies	**$3.6**	**$3.5**	**$3.3**	**$3.5**	**$3.4**	**$3.4**	**$3.4**	**$3.3**	**$3.5**	**$3.6**	**$3.2**	**$2.4**

Legend: Awardees = New and renewal Cal Grant offered awardees
Recipients = New and renewal Cal Grant paid recipients
Dollars = Amount disbursed to Cal Grant paid recipients

Source: California Student Aid Commission, Administration and External Affairs Division

Exhibit 1.5.b.1

State	Primary Need-Based Grant Program			Need Based Aid			Nonneed-based aid			Subtotals			
	Undergraduate	Graduate	Uncategorized	Undergraduate	Graduate	Uncategorized	Undergraduate	Graduate	Uncategorized	Undergraduate	Graduate	Uncategorized	Total
Alabama	5.61	-	-	11.241	0.021	-	1.844	0.771	-	18.695	0.792	-	19.487
Alaska	2.829	-	-	-	-	-	2.996	-	-	5.825	-	-	5.825
Arizona	2.32	-	-	13.538	0.007	-	-	-	-	15.858	0.007	-	15.865
Arkansas	5.571	-	-	3.235	-	-	140.865	5.717	-	149.672	5.717	-	155.389
California	1,492.16	-	-	0.33	-	-	-	-	2.419	1,492.49	-	2.419	1,494.91
Colorado	69.009	-	-	0.091	5.244	-	0.365	-	-	69.465	5.244	-	74.709
Connecticut	4.322	-	-	47.447	0.442	-	0.31	-	-	52.079	0.442	-	52.521
Delaware	0.955	0.275	-	12.76	-	-	6.398	0.614	-	20.114	0.888	-	21.002
Florida	135.032	-	-	11.596	-	4.619	337.558	-	2	484.187	-	6.619	490.805
Georgia	-	-	-	-	-	-	561.02	-	-	561.02	-	-	561.02
Hawaii	0.285	-	-	3.489	-	-	-	-	-	3.774	-	-	3.774
Idaho	0.964	-	-	0.817	-	-	4.506	-	-	6.287	-	-	6.287
Illinois	411.605	-	-	0.075	0.05	-	15.884	3.637	-	427.563	3.687	-	431.251
Indiana	186.157	-	-	64.17	-	-	0.068	-	8.517	250.395	-	8.517	258.912
Iowa	47.072	-	-	5.335	-	-	5.195	-	-	57.602	-	-	57.602
Kansas	16.143	-	-	1.683	-	-	0.119	-	-	17.945	-	-	17.945
Kentucky	58.676	-	-	31.232	-	-	104.893	-	-	194.8	-	-	194.8
Louisiana	25.983	-	-	1	-	-	170.428	1.013	0.289	197.411	1.013	0.289	198.713
Maine	15.44	-	-	-	-	-	-	-	-	15.44	-	-	15.44
Maryland	52.926	-	-	32.801	2.358	-	4.084	-	0.851	89.812	2.358	0.851	93.021
Massachusetts	36.848	-	-	45.741	-	-	7.135	-	-	89.724	-	-	89.724
Michigan	23.766	-	-	63.533	-	-	1.01	-	-	88.309	-	-	88.309
Minnesota	142.725	-	-	7.427	0.138	-	0.073	0.014	0.813	150.226	0.152	0.813	151.191
Mississippi	3.153	-	-	0.746	-	-	19.01	0.034	-	22.91	0.034	-	22.944
Missouri	59.585	-	-	0.369	-	-	37.04	-	-	96.995	-	-	96.995
Montana	2.1	-	-	2.978	-	-	1.382	-	-	6.459	-	-	6.459
Nebraska	14.678	-	-	0.787	-	-	-	-	-	15.465	-	-	15.465
Nevada	27.725	6.078	-	-	-	-	22.862	-	-	50.587	6.078	-	56.665
New Hampshire	-	-	-	-	-	-	-	-	-	-	-	-	-
New Jersey	302.465	-	-	34.181	0.962	-	13.797	-	-	350.444	0.962	-	351.406
New Mexico	10.281	-	-	12.848	1.314	-	69.463	0.304	0.16	92.592	1.617	0.16	94.369
New York	920.1	-	-	12.299	-	-	30.989	1.163	-	963.388	1.163	-	964.551
North Carolina	181.077	-	-	86.558	0.475	-	59.635	-	-	327.271	0.475	-	327.745
North Dakota	9.425	-	-	-	-	-	4.016	-	-	13.441	-	-	13.441
Ohio	74.931	-	-	-	-	-	33.859	-	-	108.789	-	-	108.789
Oklahoma	18.68	-	-	63.02	-	-	10.966	0.026	0.08	92.666	0.026	0.08	92.772
Oregon	43.338	-	-	0.414	-	-	-	-	0.044	43.752	-	0.044	43.796
Pennsylvania	454.677	-	-	2.117	-	-	-	0.367	0.036	456.794	0.367	0.036	457.197
Puerto Rico	18.458	-	-	35.049	5.744	-	-	-	-	53.507	5.744	-	59.251
Rhode Island	12.609	-	-	-	-	-	-	-	-	12.609	-	-	12.609
South Carolina CHE	19.511	-	-	-	-	-	272.879	2.861	-	292.39	2.861	-	295.251
South Carolina TGC	32.33	-	-	-	-	-	-	-	-	32.33	-	-	32.33
South Dakota	-	-	-	-	-	-	4.104	-	-	4.104	-	-	4.104
Tennessee	43.827	-	-	37.703	-	-	285.309	-	-	366.839	-	-	366.839
Texas	286.382	-	-	324.395	48.221	-	-	-	-	610.777	48.221	-	658.997
Utah	2.991	-	-	-	-	-	5.696	0.89	-	8.687	0.89	-	9.578
Vermont	15.968	0.294	-	2.271	-	2.805	0.089	-	-	18.328	0.294	2.805	21.427
Virginia	79.766	-	-	66.662	0.541	-	59.494	17.737	-	205.922	18.279	-	224.201
Washington	266.575	-	-	23.97	0.004	-	2.747	-	-	293.292	0.004	-	293.296
Washington, DC	1.512	-	-	-	-	-	33.674	-	-	35.186	-	-	35.186
West Virginia	39.247	-	-	5.229	-	-	59.498	0.19	-	103.974	0.19	-	104.164
Wisconsin	103.703	-	-	7.831	-	0.763	3.068	-	-	114.603	-	0.763	115.366
Wyoming	-	-	-	-	-	15.487	-	-	-	-	-	15.487	15.487
Totals	5,781.49	6.647	-	1,076.97	65.522	23.674	2,394.33	35.339	15.209	9,252.79	107.508	38.883	9,399.18

Above amounts in millions of dollars. The amounts listed below are in actual dollars.

South Carolina CHE = Commission on Higher Education South Carolina TGC = South Carolina Tuition Grants Commission

New Mexico data are estimated.

Data for several states include program entirely or partially funded by student tuition revenue. These programs include:

GRANT		Student Amount	Percent of Program Total
Arizona	(AFAT) Arizona Financial Aid Trust	$10,681,500	78.90%
Nevada	Nevada Student Access Grants//Scholarships	$22,860,248	67.60%
Texas	Designated Tuition—Grants	$141,598,695	100.00%
Texas	Student Deposit Scholarships	$1,510,780	100.00%
Texas	Texas Public Education Grant	$136,006,135	100.00%
West Virginia	Higher Education Grant Program	$1,800,000	4.60%

NONGRANT		Student Amount	Percent of Program Total
Nevada	Student Access Work Study	$1,635,063	84.00%
Connecticut	Tuition Set Aside	$88,012,292	100.00%
West Virginia	Medical Student Loan	$1,379,420	100.00%

Data for several states include program entirely or partially funded by student tuition revenue. These programs include:

Obama Initiative on Student Debt

The Obama Administration continues to make college affordability a top priority, according to a recent report outlining the administration's past efforts to address the issue and upcoming executive actions to support federal student loan borrowers.

The report, released June 10 by the White House Domestic Policy Council and the Council of Economic Advisers, offers a brief overview of the state of higher education and student loan debt. Currently 71 percent of those who graduate with a bachelor's degree have loan debt, with an average debt amount of $29, 400, the report says. In early 2014, the student loan debt balance stood at $1 trillion, compared to $250 billion in 2003, making it the second largest debt category for household debt after mortgages.

Still, higher education "continues to be an excellent investment for most students," according to the report. In 2013, the median annual, full-time earning for bachelor's degree, or higher, recipients was $62,300, about $28,300 more than their peers with only a high school diploma.

"The high returns to a college education make student loan payments affordable for most borrowers," the report states. "Some borrowers, however, clearly struggle to make payments and this may be particularly concerning for students just starting their careers when earnings may be relatively low or when they are still looking for work."

The report summarizes Administration efforts to-date, including:

- Increasing the maximum Pell Grant award by more than $1,000 for an estimated 8.9 million students in 2013;
- Creating the $2,500 American Opportunity Tax Credit, which is expected to benefit 11.5 million families; and
- Promoting awareness of repayment options for borrowers, such as the Pay As You Earn plan and Income Based Repayment

According to the report, the president has "announced additional executive actions to help support federal student loan borrowers, especially vulnerable borrowers and those that may be at risk of future default on their loan obligations."

Among those actions is the proposed college ratings system, which is expected to be put into place for the 2015-16 academic year, as well as a directive to the Secretary of Education to allow federal student loan borrowers to cap their payments at 10 percent of their monthly income.

The Secretaries of Education and the Treasury will also be directed by Obama to work together on several initiatives, including:

- Renegotiating contracts with federal loan servicers to ensure better servicing for borrowers;
- Automatically reducing interest rates for eligible service-members to match the Service-member Civil Relief Act;

- Working with private companies to communicate information about repayment options during the tax filing process;
- Redoubling efforts to identify borrowers who may benefit from income-based repayment options; and
- Developing a pilot project to test the effectiveness of loan counseling resources, including the Department of Education's Financial Awareness Counseling Tool.

TAKING ACTION: HIGHER EDUCATION AND STUDENT DEBT

The Domestic Policy Council
&
The Council of Economic Advisers

June 2014

THE WHITE HOUSE
WASHINGTON

Embargoed for 6:00AM Tuesday June 10, 2014

Taking Action: Higher Education and Student Debt

"Higher education should not be a luxury. It is a necessity, an economic imperative that every family in America should be able to afford."

-President Barack Obama, August 22, 2013

I. Executive Summary

A postsecondary education is the single most important investment that Americans can make in their futures. Higher education results in higher earnings and a lower risk of unemployment, but for too many low- and middle-income families this essential rung on the ladder to opportunity and advancement is slipping out of reach. Over the past three decades, the average tuition at a public four-year college has more than tripled, while a typical family's income has barely budged. More students than ever are relying on loans to pay for college. Today, 71 percent of those earning a bachelor's degree graduate with debt, which averages $29,400. While most students are able to repay their loans, many feel burdened by debt, especially as they seek to start a family, buy a home, launch a business, or save for retirement.

The President and his administration have a long track record of taking steps to make college more affordable and accessible for families. And as part of his year of action to expand opportunity for all Americans, the President is committed to building on these efforts by using his pen and his phone to make student debt more affordable and more manageable to repay.

In response to growing accounts highlighting the challenges many American families face in managing their student loans, the President has called on the U.S. Senate to pass legislation to allow an estimated *25 million* student loan borrowers refinance outstanding student loans at lower interest rates. The table in Section V of this report provides the number of these borrowers in each state. A typical participating borrower would save *$2,000* over the life of his or her loan. Additionally, some economists are beginning to raise concerns over the possible macroeconomic impacts of rising student debt, including the growing number of defaults and missed payments.

Earlier this week, President Obama used the power of his pen to help millions more borrowers afford their loan payments. He signed a Presidential Memorandum directing the Secretary of Education to allow nearly *5 million* additional borrowers to cap their student loan payments at 10 percent of their income. The table in Section VI provides the number of these borrowers in each state. For example, a teacher earning about $39,000, with student loan debt of $26,500, would be able to reduce her payments by over $1,500 a year, compared to the standard repayment plan.

The Administration is also taking new steps to strengthen financial incentives for federal student loan contractors managed by the Department of Education to help borrowers repay their loans on-time, by lowering payments for servicers when loans enter delinquency or default, and increasing the value of borrowers' customer satisfaction when allocating loan volume. These changes will improve the way that servicers are compensated to better ensure high-quality servicing for student loan borrowers.

Since taking office, President Obama has made it a top priority to invest in college affordability, by increasing the maximum Pell Grant award for working and middle class families by more than $1000, creating the American Opportunity Tax Credit, enacting effective student loan reforms eliminating bank subsidies, and making college more affordable. Last summer he also announced

ambitious reforms to combat rising college costs and improve value for students and their families.

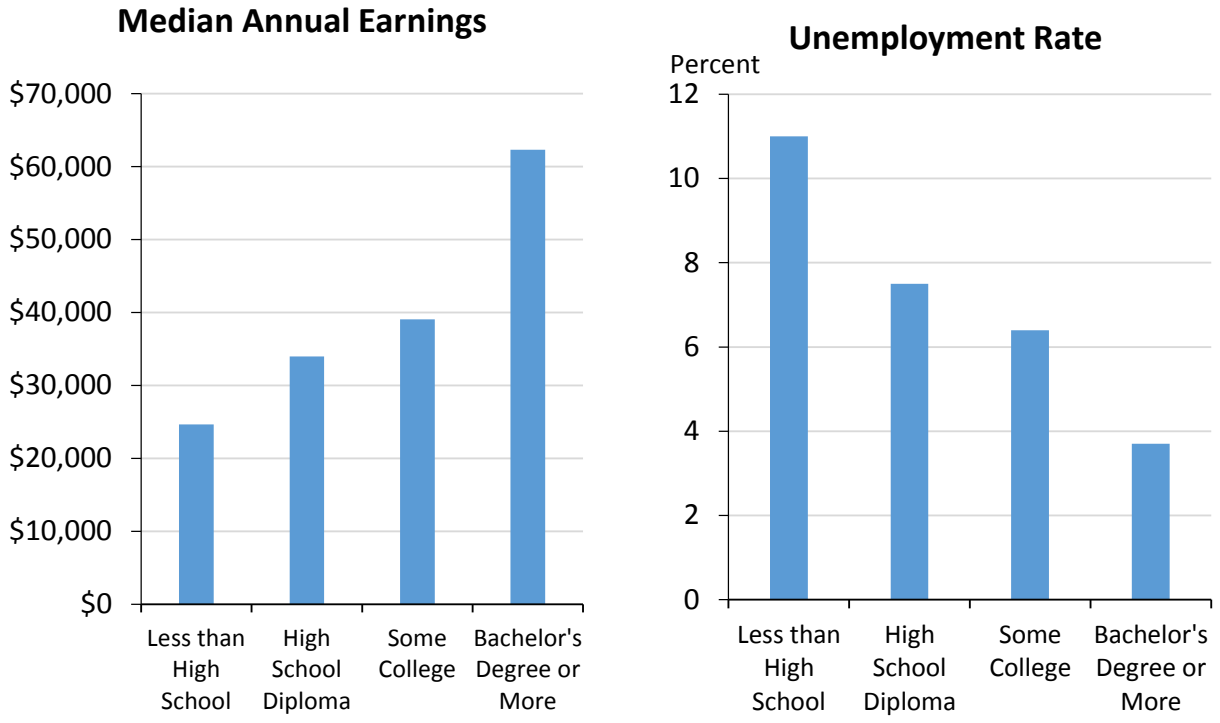
This report provides more detail on the changing landscape of higher education and student debt, including new information on how borrowers are affected in each state, and describes the actions the Administration has undertaken to make college affordable. For more information on the Administration's executive actions on student debt, visit: http://www.whitehouse.gov/making-college-affordable.

II. Student Loan Debt: The Changing Higher Education Landscape

A College Degree Is an Excellent Investment

College continues to be an excellent investment for most students. The median annual earnings among recipients of a Bachelor's degree or higher (age 25 and over) with full-time work was $62,300 in 2013, or $28,300 more than their counterparts with only a high school diploma (BLS 2014). College graduates also faced lower rates of unemployment than those with only a high school diploma, at 4 percent versus 8 percent (Figure 1). Adults with some college or a two-year degree were also better off, but the benefits were smaller: those employed full-time earned on average $39,000 annually, $5,200 more than their counterparts with only a high school diploma.

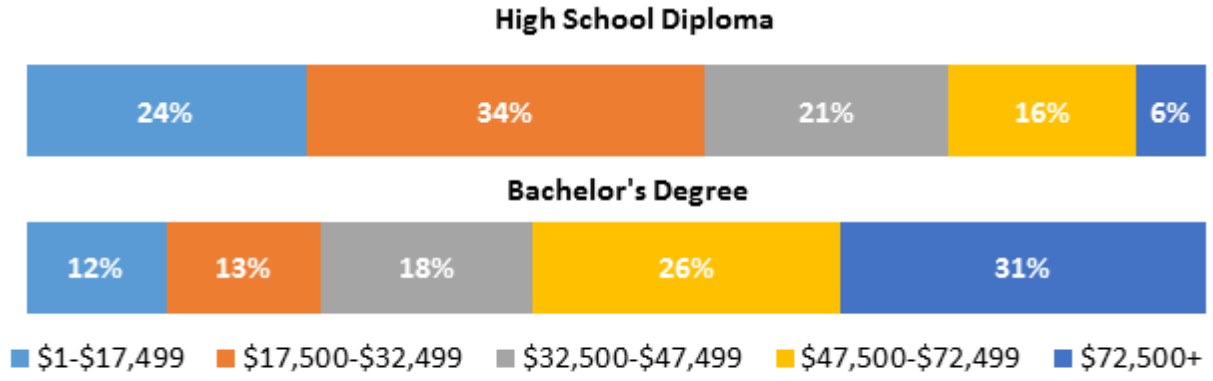
Figure 1. Earnings and Unemployment By Education Level, 2013.



Source: Current Population Survey, 2014.

While average returns on a college education are significant, a college education is not a guarantee of a high-paying job. Although workers with a bachelor's degree are far more likely to have greater earnings, a fraction have earnings levels more common among those with only a high school diploma (Figure 2). For example, 12 percent of workers age 35 to 44 with a bachelor's degree had earnings under $17,500, compared to 24 percent of workers with only a high school diploma. This minority of college graduates may have faced poor economic conditions, inability to find employment in one's area of study, or personal issues such as illness.

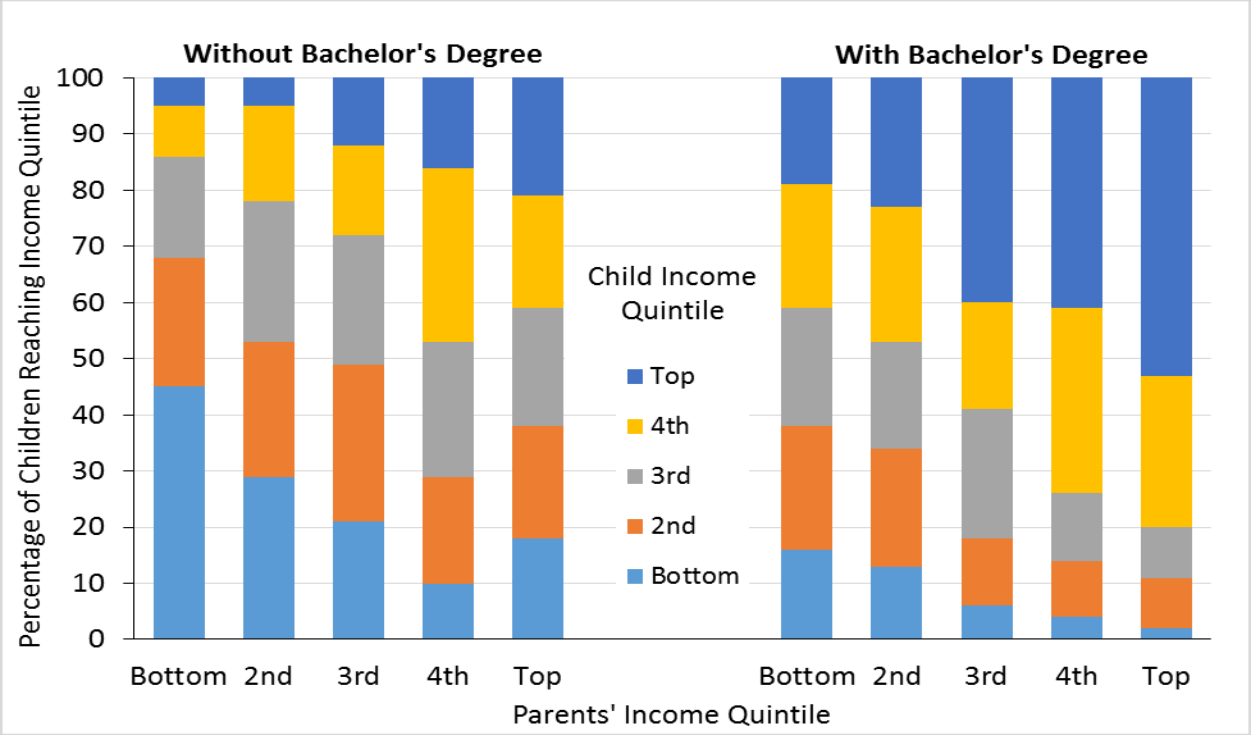
Figure 2. Earnings Distribution of Workers Ages 35 to 44 in 2011



Note: Percentages may not sum to 100 because of rounding.
Source: U.S. Census Bureau, 2014. Current Population Survey data releases.

Some studies also report other benefits associated with higher levels of education attainment beyond earnings. According to data from the College Board, college-educated adults are more likely than others to receive health insurance and pension benefits from their employers, and in general a college education leads to healthier lifestyles, reducing health care costs. Adults with higher levels of education tend to be more active citizens than others. Finally, data from both the College Board and the Brookings Institution indicate that a college education increases the chances that an adult will move up the socioeconomic ladder (Figure 3).

Figure 3. Economic Mobility by Income and Education Level

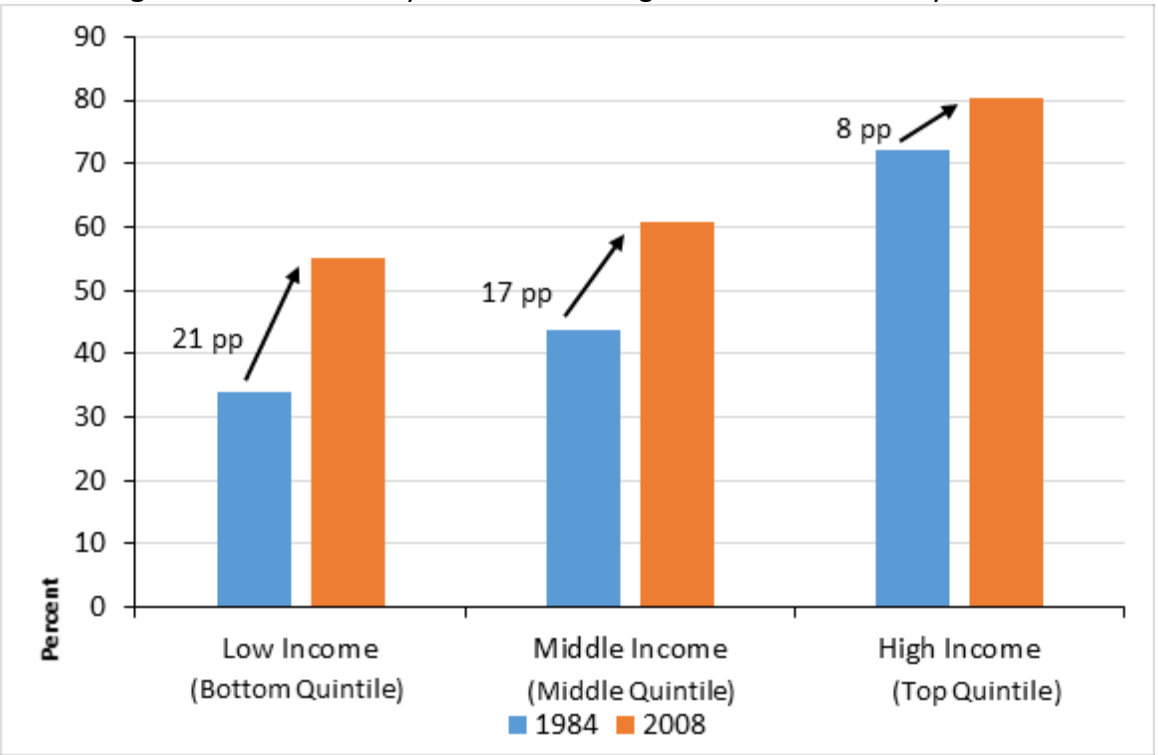


Source: Haskins et al, 2008.

Increased College Enrollment and Rising Student Loan Debt

As the value of a college degree grows, enrollment rates have also increased. Nearly two-thirds of high-school graduates enrolled in college in 2013, a six percent increase from 1995 (BLS 2014). Growth in enrollment was particularly rapid in years with poor labor market conditions due to the Great Recession. Although students from low-income families are less likely to enroll in college overall, they account for most of the increase in enrollment from 1984-2008, narrowing the college attendance gap (Figure 4). More than half of high-school graduates from families with the lowest 20 percent of income enrolled in college in 2008, a 21 percentage point increase from 1984 (College Board 2014a). This trend is providing greater opportunities for young Americans from all backgrounds, but some of that growth in enrollment—coupled with rising college costs—has fueled a greater uptake of students taking out education loans in order to finance their college education.

Figure 4. Postsecondary Enrollment of High School Graduates by Income



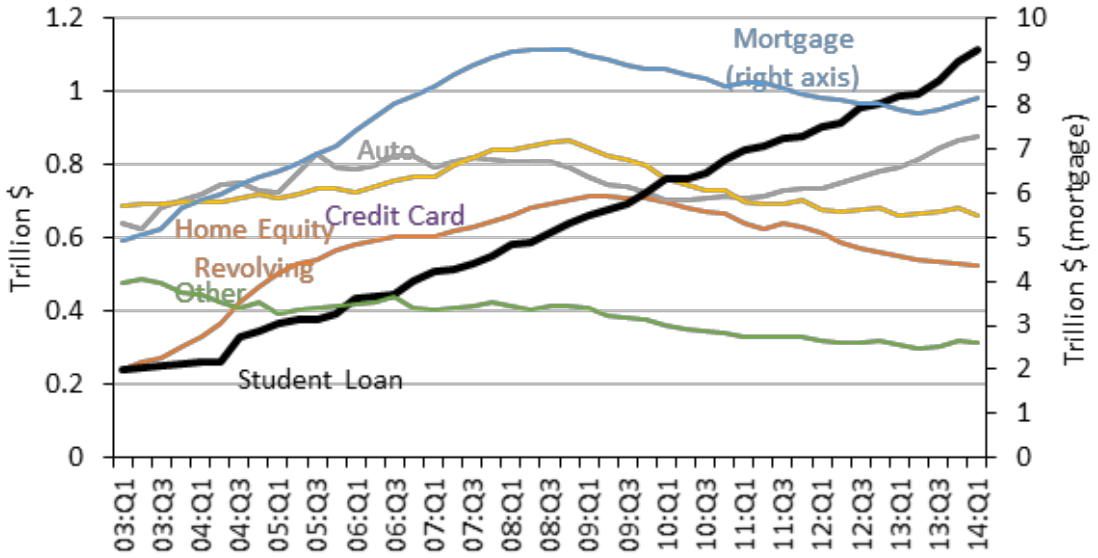
Source: National Center for Education Statistics, 2010.

The growth in enrollment has contributed to a rapid rise in the student loan debt balance, which stood at $1.1 trillion in early 2014 compared to $250 billion in 2003 (Figure 5). In fact, student loan debt is second only to mortgages among all categories of household debt. Rising tuition and fees have also driven some of this trend, with an 87 percent increase at public four-year colleges from 1999-2000 to 2012-2013 (College Board 2014b).

However, some of these increases in the price of college have been offset by grants, tax benefits, and other discounts, and debt per college graduate has increased at a much more modest rate

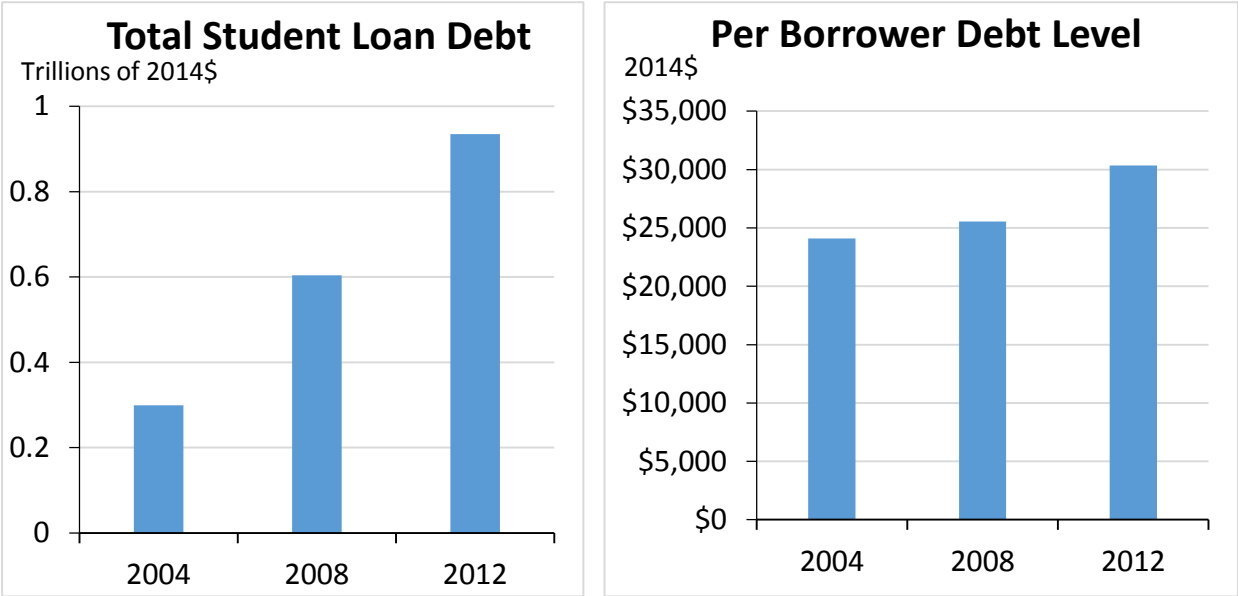
than total outstanding student debt (Figure 6). Goldman Sachs Research (2014) estimates that more than half of the increase in total amount of student loan debt since 1995 is due to increased enrollment and a greater share of students financing their education through loans. The trend towards more financing is driven in part by the increasing enrollment of students from low-income families.

Figure 5. Outstanding Debt By Type



Source: Federal Reserve Bank of New York, 2014.

Figure 6. Trends in Student Loan Debt



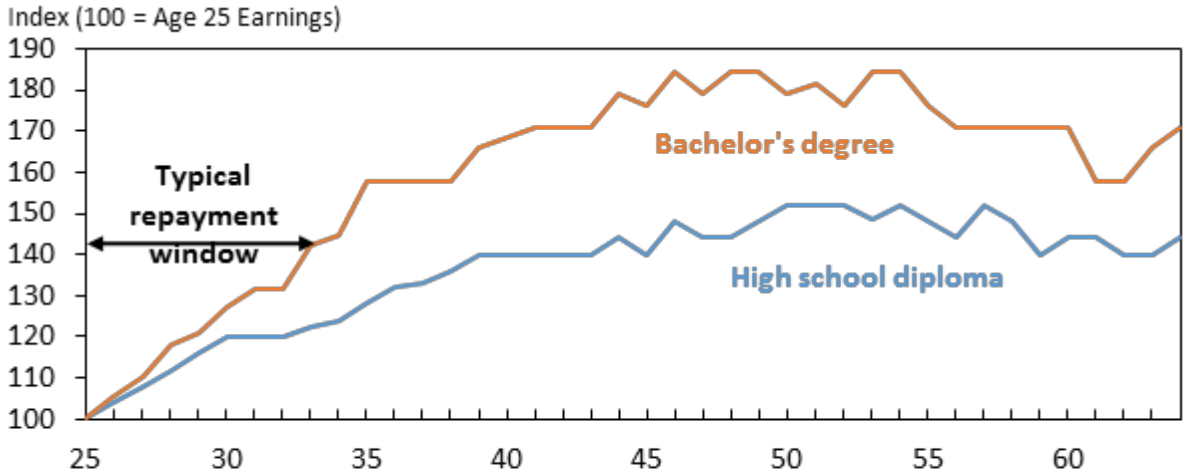
Note: Average debt level per borrower includes those receiving a bachelor's degree.
Source: Federal Reserve Bank of New York and NPSAS.

Future changes in college costs are unlikely to lessen the debt burden. Recent trends have been compounded at many public institutions of higher education as they face declines in state appropriations, a historically large part of public higher education financing. In almost all states — including those that are now making modest increases in their higher education budgets — higher education funding remains well below pre-recession levels. Compared with the 2007-08 school year, when the recession hit, and adjusted for inflation, thirty-seven states have cut funding per student by more than 20 percent, nine states have cut funding per student by more than one-third, and per-student spending in Arizona, Louisiana, and South Carolina is down by more than 40 percent since the start of the recession. (Source: Center for Budget and Policy Priorities, 2014)

The Affordability of Student Loan Debt

The high returns to a college education make student loan payments affordable for most borrowers. Some borrowers, however, clearly struggle to make payments and this may be particularly concerning for students just starting their careers when earnings may be relatively low or when they are still looking for work. College graduates experience the greatest earnings benefits later in their careers (Figure 7). For example, bachelor's degree recipients experience a 27 percent earnings increase from age 25 to age 30, compared to a 20 percent increase for high school graduates. This difference is much larger at age 45, a 76 percent increase for bachelor's degree recipients compared to a 40 percent increase for high school graduates. The typical repayment period of a student loan occurs during the earliest years despite the fact that the benefits accrue later. Coupled with the general uncertainty in labor market outcomes for individuals at any education level, paying back student debt relatively soon after college can be a challenge.

Figure 7. Median Earnings by Age and Education

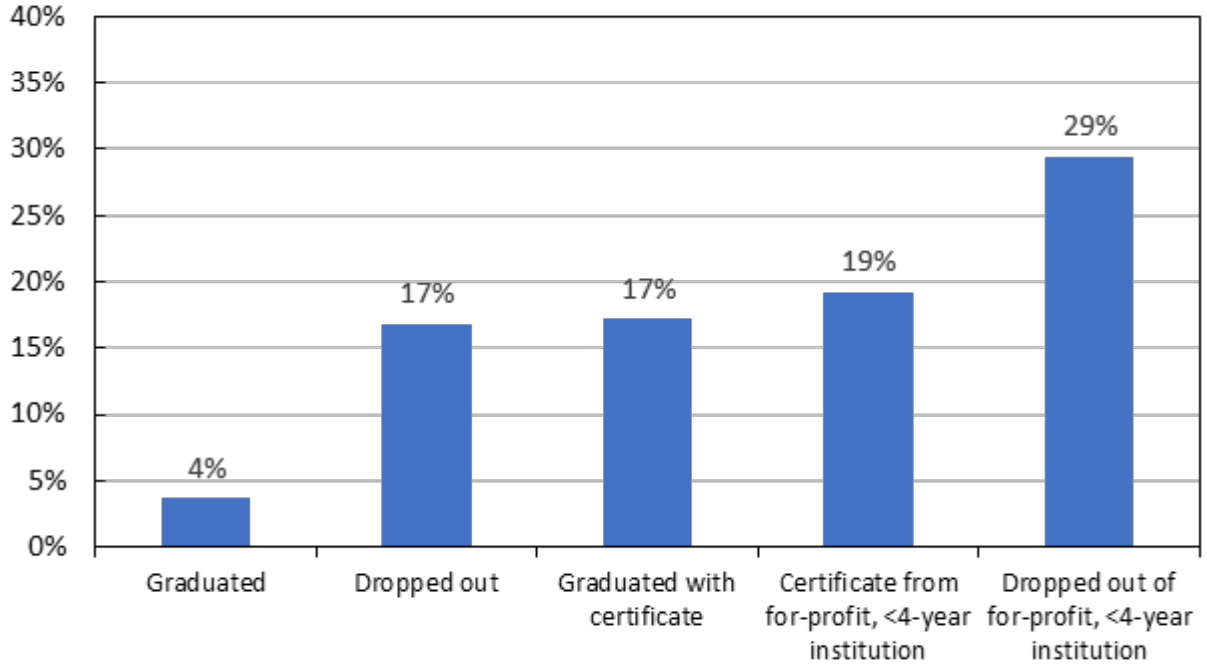


Source: American Community Survey (2012) and CEA calculations

Note: Reported earnings are for full-time, full-year workers.

College remains an excellent investment overall. However, taking on the debt needed to complete a degree can create challenges for some students, especially for borrowers who start school but do not end up completing a degree or credential. Ten percent of borrowers entering repayment in 2012 defaulted on a loan within two years, up from 5 percent of 2003 graduates (Department of Education 2014). Borrowers who drop out of college are more likely to default than those who do not, 17 percent versus 4 percent (Figure 8), highlighting the importance of completing a degree or program. According to data from the Department of Education, large number of defaults are actually small balance loans – with approximately 1.7 million defaulted borrowers owing $4,000 or less on their loans, many of whom may not have completed their education. These individuals are unlikely to reap the full benefits of the educational program, and some may have left their programs due to another barrier to higher earnings, such as an illness or family emergency. Earnings after graduation also vary across majors (Carnevale et al 2011), and major choice has also been linked to default rate (Steiner and Teszler 2003), although choosing a major with high average earnings does not guarantee favorable outcomes for all students. Furthermore, prospective students may not have reliable information about earnings potential when selecting a major or a program (Long 2010), and economic conditions specific to a given field of study may change before a student enters the labor market.

Figure 8. Percentage of Borrowers Who Defaulted on Their Loans, By College Outcome



Source: Beginning Postsecondary Students, 2004/2009

For borrowers who do default on their loans the consequences can be severe including a damaged credit rating, tax refund offset, or garnished wages. Credit ratings are a key determinant of one's ability to purchase or rent a home, open a bank account, or finance a vehicle—all important ingredients for launching a career successfully. Moreover, these blemishes on credit reports are occurring during a time when employers are increasingly relying on credit scores in the hiring process, meaning that missing payments or defaulting on student loans can impact a student's ability to pay the loans back.

Student debt burdens may have adverse effects beyond default. High monthly payments on student loans may hamper students' ability to pay other debts or cause other financial hardship. Those with more student loan debt had a higher incidence of default on credit card loans during the Great Recession (Ionescu and Ionescu 2014), and greater student loan debt deters student borrowers from enrolling in some types of graduate programs (Zhang 2013). Furthermore, the fear of large amounts of debt may discourage prospective students from investing in higher education despite its potential benefits.

III. Taking Action on College Affordability and Addressing the Student Loan Debt Challenge

Investing in Student Financial Aid

Recognizing the critical importance of a college education to our nation's economic prosperity over the past several years, the Obama Administration has worked towards the goal that all Americans have the opportunity to pursue a college education, keeping college affordable and making sure student debt is manageable for American families. Key investments in student financial aid and education tax benefits, including through increased investments such as raising the maximum Pell Grant award by nearly $1,000 and creating the $2,500 American Opportunity Tax Credit (AOTC), have contributed to stabilizing costs for many students and families and helping to expand college opportunity. The number of Pell grant recipients increased from 6.2 million students in 2008 to 8.9 million students in 2013, and 11.5 million families are expected to now benefit from the AOTC. The Administration also worked with Congress to keep interest rates sustainably low on federal student loans that benefited almost 10 million borrowers last year.

Increasing Transparency to Help Students and Families Make Investments

The Administration has created new tools and resources like the College Scorecard that provides information to help students and families search for and select a college utilizing key indicators of affordability and value; and the Financial Aid Shopping Sheet to help families make sound college financing decisions by easily comparing financial aid awards from different colleges before deciding where to enroll. More than 2,066 institutions representing 8.6 million college students have now voluntarily adopted the Financial Aid Shopping Sheet to help provide comparable information to families.

Creating Better Options for Borrowers: The President's Pay As You Earn Plan

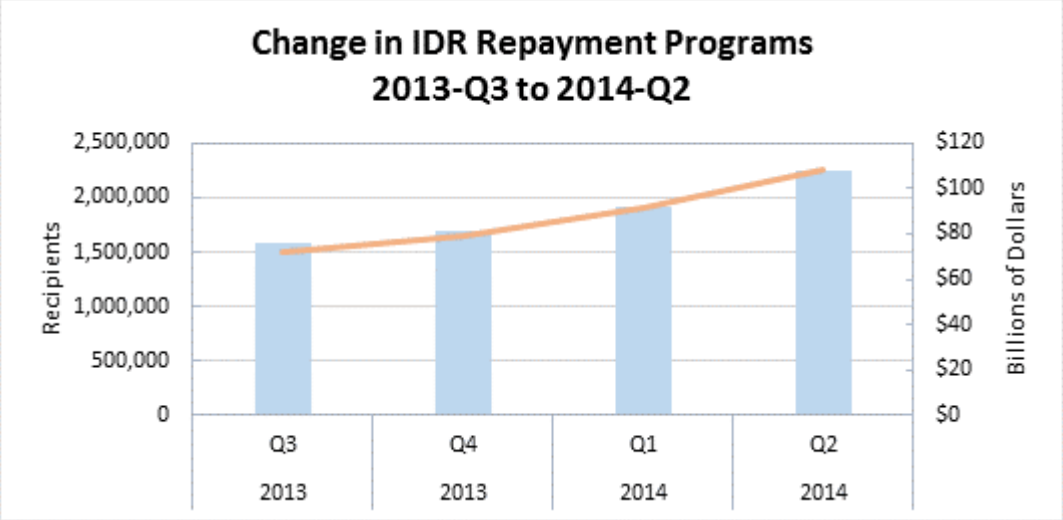
The Administration has also taken many steps to tackle student debt directly. Due to legislation signed in 2010 and regulations adopted in 2012, the Administration created flexible repayment options for federal student loan borrowers by providing them the opportunity to cap their federal student loan payments at 10 percent of their income, allowing millions of current and future borrowers to more easily manage their debt obligation. These income-driven repayment plans, like the President's Pay As You Earn plan, can be effective tools to help individuals manage their debt and avoid the consequences of defaulting on a Federal student loan, especially for borrowers whose college investment has yet to deliver its full benefit. While not all federal student loan borrowers are currently able to cap their loan payments at 10 percent of their income, most students taking out loans today would benefit from the Administration's actions since 2009 to expand access to these plans.

Promoting Greater Awareness of Repayment Options for Borrowers

The Administration has also promoted greater awareness about the repayment options available to borrowers, and while far too many struggling borrowers are still unaware of the options available to them to help responsibly manage their debt, recent outreach efforts by the Department of Education, and the Department of Treasury's work in partnership with private sector tax preparers, have contributed to greater numbers of student borrowers enrolling in

income-driven plans. As illustrated by Figure 9, the utilization of income-driven plans has increased more than 40 percent since starting these awareness campaigns last year.

Figure 9. Participation in Income Driven Repayment (IDR) Programs, by Number of Recipients and Loan Dollars



Source: U.S. Department of Education, Office of Federal Student Aid. Federal Direct Loans only.
Note: Income Driven Repayment Plans include the following plans: the Income-Based Repayment, Income-Contingent Repayment, and Pay As You Earn.

In addition to expanding options for borrowers and generating greater awareness of income-driven repayment plans, the Administration has continued to improve customer service for federal student loan borrowers. Borrowers can more easily access the student financial aid information they need and manage their debt during student loan repayment due to the creation of performance-based student loan contracts, streamlined application processes, and new and upgraded tools and resources.

Providing Better Tools and Resources for Federal Student Loan Borrowers

Since 2012, the Administration has created a streamlined online application process for income-driven repayment plans that allows student loan borrowers with federally held loans to import their IRS tax return income data directly into the application. And through Treasury's new Financial Empowerment Innovation Fund, the Administration will award a number of contracts this year to support research, demonstrations, and evaluations of innovative financial services and products, such as cutting edge tools that help students and families navigate financial decision-making around post-secondary education, financial aid, and repaying student loans. The Administration also launched integrated online and mobile resources for current and former students to use in learning about Federal student aid, including better interactive calculators that allow student loan borrowers to compare various options to cap monthly payments based on income; created a new Financial Awareness Counseling Tool (FACT) with customized loan information to help students make better higher education financial decisions, including understanding their loan debt and its impact on their everyday lives; and strengthened required student loan exit counseling to enable borrowers to choose a repayment plan that meets their

needs before leaving school and during a time at which they are reminded of their repayment obligations.

Making College More Affordable

As a part of the President's plan to make college more affordable that was announced last August, the Administration is also working to develop a new system of college ratings to be published for the 2015-16 academic year. The new ratings system will show which colleges provide the best value, incentivizing all colleges to improve their value and serve students from disadvantaged backgrounds. The Administration has also taken steps to promote innovation and competition in higher education by launching a new $75 million First in the World innovation fund aimed at seeding and evaluating promising practices that can offer breakthroughs on cost, quality, and better outcomes for students, and funding $450 million in Department of Labor grants to community colleges to promote accelerated degree paths and credentials that would drive more high-quality and affordable options for adult workers and students. The Administration also invited new proposals from colleges to identify possible regulatory waivers to create "experimental sites" that promote high-quality, low-cost innovations in higher education, making it easier for students to get financial aid based on how much they learn, rather than the amount of time they spend in class.

In June 2013, President Obama also signed an executive order creating the President's Advisory Council on Financial Capability for Young Americans (PACFCYA) to encourage building the financial capability of young people at an early stage in schools, families, communities, the workplace, and through use of technology. PACFCYA formed a working group focused on higher education that will work closely with university leaders and higher education experts and recommend ways to take action to improve higher education decision making and outcomes.

New Actions to Make Student Loans More Affordable

Each of the above actions further strengthened support available to help students and families better manage their debt, but there is still more to do. That is why the President announced additional executive actions to help support federal student loan borrowers, especially vulnerable borrowers and those that may be at risk of future default on their loan obligations.

Capping Student Loan Payments at 10 Percent of Income for More Students

The President will direct the Secretary of Education to ensure that student loans remain affordable for all who borrowed federal direct loans as students by allowing them cap their payments at 10 percent of their monthly incomes. No existing repayment options will be affected, and the new repayment proposal will also aim to include new features to target the plan to struggling borrowers. The Department will begin the process to amend its regulations this fall with a goal of making the new plan available to borrowers by December 2015.

This executive action is expected to help up to 5 million borrowers who may be struggling with student loans today. For students who need to borrow to finance college, PAYE provides an important assurance that student loan debt will remain manageable. Because the PAYE plan is

based in part on a borrower's income after leaving school, it shares with students the risk of taking on debt to invest in higher education.

Many student loan borrowers are working and trying to responsibly make their monthly payments, but are nonetheless struggling with burdensome debt. For example, a 2009 graduate earning about $39,000 a year as a fourth year teacher, with student loan debt of $26,500, would have his or her initial monthly payments reduced by $126 under the President's Pay As You Earn plan compared with monthly payments under the standard repayment plan and would see a reduction in annual loan payments of over $1,500.

Doing All We Can to Help Students Repay their Loans

The President will also direct the Secretaries of Education and the Treasury to work together to do all they can to help borrowers manage their student loan debts. Specifically, the Departments will:

1) **Strengthen Incentives for Loan Contractors to Serve Students Well**. The Department of Education administers the federal student loan program through performance-based contracts with private companies awarded through a competitive process. Rather than specifying every step of the servicing process, as was done in the guaranteed loan program that ended in 2010, these contracts provide companies with incentives to find new and innovative ways to best serve students and taxpayers and to ensure that borrowers are repaying their loans. The Department announced that it will renegotiate its contracts with federal loan servicers to strengthen financial incentives to help borrowers repay their loans on time, lower payments for servicers when loans enter delinquency or default, and increase the value of borrowers' customer satisfaction when allocating new loan volume. These changes will improve the way that servicers are compensated to better ensure high-quality servicing for student loan borrowers.

2) **Ensure Active-Duty Military Get the Relief They Are Entitled to.** The Servicemember Civil Relief Act requires all lenders to cap interest rates on student loans – including federal student loans -- at 6 percent for eligible servicemembers. The Department of Education already directs its loan servicers to match their student borrower portfolios against the Department of Defense's database to identify eligible active-duty servicemembers. Now, the Department of Education will reduce those interest rates automatically for those eligible without the need for additional paperwork. It will also provide additional guidance to Federal Family Education Loan program servicers to provide for a similar streamlined process.

3) **Work with the Private Sector to Promote Awareness of Repayment Options.** The Secretary of the Treasury and the Secretary of Education will work with Intuit, Inc. and H&R Block, two of the U.S.'s largest tax preparation firms, to communicate information about federal student loan repayment options with millions of borrowers during the tax filing process — a time when people are thinking about their finances. The Administration is continuing its partnership with Intuit through its TurboTax product, which serves

around 28 million tax filers. The Administration will also form a new partnership with H&R Block, serving approximately 15 million tax filers through its 11,000 retail locations and 7 million more through its digital tax products. Partnerships like these will give us the opportunity to provide information about federal student loan repayment, building upon our work during the most recent tax season by exploring different messages and the timing of information to best help borrowers in evaluating their federal loan repayment options.

In addition, the Administration will work with Intuit to explore ways to communicate with federal student loan borrowers through Intuit's free personal financial management product, Mint.com. Mint is used by 15 million people for financial management and advice, and partnering with Mint provides the opportunity to communicate with these users about income-driven repayment options. Mint includes the capability to provide personalized information about federal loan repayment options, based upon the information that a user has already provided to Mint.

4) **Use Innovative Communication Strategies to Help Vulnerable Borrowers.** Too many borrowers are still unaware of the flexible repayment options currently available to them, especially when they run into difficulties in managing their payments. The Department of Education is redoubling its efforts to identify borrowers who may be struggling to repay and provide them with timely information about options to help them avoid or get out of default. Last year, the Department's efforts led to more than 124,000 borrowers enrolling in an income-driven repayment plan like Income-Based Repayment or the Pay As You Earn plan. Moving forward, the Department of Education will test new ways to reach 2.5 million borrowers with the greatest risk of encountering payment difficulty, such as borrowers who have left college without completing their education, missed their first loan payment, or defaulted on low balance loans, and get them back on track with their loan payments. The Department will also evaluate these strategies to identify which can be used on a larger scale and which are the most effective.

5) **Promote Stronger Collaborations to Improve Information for Students and Families.** All student borrowers are required to receive loan counseling when they first borrow federal student loans and when they leave school, but little is known about the effectiveness of these programs. Working with student debt researchers and student advocates, the Department of Education and the Department of Treasury will also develop and launch a pilot project to test the effectiveness of loan counseling resources, including the Department of Education's Financial Awareness Counseling Tool. The lessons learned will be considered for future actions by the Department and shared with outside partners like the National Association of Student Financial Aid Administrators to improve loan counseling activities at colleges and universities throughout the country. Another way to reach student borrowers is by working with professional associations to provide customized information about repayment options. Today, the Administration is announcing its commitment to work with the American Federation of Teachers, National Education Association, American Association of Colleges of Nursing, American Association

of Nurse Practitioners, American Nurses Association, American Association of Physician Assistants, Business Forward, City Year, National Association of Social Workers, Physician Assistants Education Association, SEIU and the YMCA of the USA to provide comprehensive information about repayment options and federal student aid resources that are available to their members. Moving forward, the Administration will continue to engage organizations, institutions of higher education, and others to ensure that all borrowers have access to the resources and information they need to responsibly manage the repayment of their student loans.

Reducing Indebtedness and Promoting College Affordability by Helping Students and Families Access Education Tax Benefits

In addition to helping borrowers manage their student loan debt, the Department of Education and the Department of Treasury will also work together to educate students, families, financial aid administrators, and tax preparers to ensure that all students and families understand what education tax benefits they are eligible for and receive the benefits for which they qualify. In 2009, the President created the American Opportunity Tax Credit (AOTC), which provides up to $2,500 to help pay for each year of college. But the process of claiming education tax credits like the AOTC can be complex for many students, including for the 9 million students who receive Pell Grants, and hundreds of millions of dollars of education credits go unclaimed each year. To help address this complexity, the Department of Treasury will release a fact sheet clarifying how Pell Grant recipients may claim the AOTC.

IV. Snapshot: Current State-By-State Student Debt

State	Total Number of Federal Student Loan Borrowers	Total Outstanding Federal Student Loan Debt *(in thousands)*
Alabama	575,000	$15,155,514
Alaska	66,000	$1,474,105
Arizona	896,000	$21,364,364
Arkansas	357,000	$8,281,905
California	4,036,000	$103,422,087
Colorado	761,000	$19,583,486
Connecticut	508,000	$11,724,735
Delaware	129,000	$2,912,181
District of Columbia	131,000	$4,997,770
Florida	2,334,000	$61,761,711
Georgia	1,352,000	$39,325,631
Hawaii	129,000	$3,073,287
Idaho	217,000	$4,916,154
Illinois	1,795,000	$47,195,889
Indiana	985,000	$23,484,927
Iowa	522,000	$12,278,244
Kansas	453,000	$10,811,977
Kentucky	588,000	$13,417,245
Louisiana	618,000	$15,525,291
Maine	202,000	$4,387,506
Maryland	776,000	$21,710,281
Massachusetts	980,000	$24,214,544
Michigan	1,529,000	$39,329,986
Minnesota	879,000	$20,319,614
Mississippi	412,000	$10,460,363
Missouri	909,000	$23,265,146
Montana	139,000	$3,065,639
Nebraska	285,000	$6,630,636
Nevada	262,000	$6,218,418
New Hampshire	209,000	$4,763,495
New Jersey	1,172,000	$28,452,337
New Mexico	240,000	$5,552,558
New York	2,825,000	$73,198,472
North Carolina	1,056,000	$26,622,674
North Dakota	110,000	$2,395,522
Ohio	1,993,000	$47,831,064

State	Total Number of Federal Student Loan Borrowers	Total Outstanding Federal Student Loan Debt (in thousands)
Oklahoma	509,000	$11,824,237
Oregon	561,000	$14,715,958
Pennsylvania	2,065,000	$50,476,342
Puerto Rico	332,000	$5,986,832
Rhode Island	160,000	$3,477,388
South Carolina	604,000	$16,236,614
South Dakota	135,000	$3,021,525
Tennessee	793,000	$20,258,649
Texas	3,075,000	$71,225,914
Utah	303,000	$6,544,036
Vermont	99,000	$2,504,799
Virginia	1,002,000	$26,648,975
Washington	771,000	$18,275,602
West Virginia	242,000	$5,686,231
Wisconsin	812,000	$18,215,798
Wyoming	59,000	$1,216,884
Other*	93,000	$2,782,869

Source: U.S. Department of Education, 2014.

V. Snapshot: Federal Student Loan Borrowers Estimated to Benefit from Loan Refinancing By State (Senate Bill 2432)

State	Number of Borrowers	State	Number of Borrowers
Alabama	343,000	**Montana**	81,000
Alaska	42,000	**Nebraska**	172,000
Arizona	484,000	**Nevada**	154,000
Arkansas	209,000	**New Hampshire**	129,000
California	2,328,000	**New Jersey**	742,000
Colorado	462,000	**New Mexico**	134,000
Connecticut	309,000	**New York**	1,581,000
Delaware	69,000	**North Carolina**	678,000
D.C.	62,000	**North Dakota**	63,000
Florida	1,375,000	**Ohio**	1,182,000
Georgia	871,000	**Oklahoma**	269,000
Hawaii	78,000	**Oregon**	334,000
Idaho	134,000	**Pennsylvania**	1,223,000
Illinois	1,095,000	**Puerto Rico**	150,000
Indiana	611,000	**Rhode Island**	88,000
Iowa	311,000	**South Carolina**	390,000
Kansas	262,000	**South Dakota**	81,000
Kentucky	359,000	**Tennessee**	483,000
Louisiana	330,000	**Texas**	1,828,000
Maine	122,000	**Utah**	190,000
Maryland	481,000	**Vermont**	58,000
Massachusetts	581,000	**Virginia**	629,000
Michigan	963,000	**Washington**	451,000
Minnesota	561,000	**West Virginia**	135,000
Mississippi	246,000	**Wisconsin**	515,000
Missouri	523,000	**Wyoming**	32,000
Other*	46,000	**Total**	25,029,000

Source: U.S. Department of Education Estimates, June 2014.

Notes: Other* includes U.S. territories other than Puerto Rico and foreign countries where the eligible citizen resided, or where the eligible institution is located. State by state estimates are based on where the borrower resided when he or she last received a loan or, in a small number of cases, where the borrower last attended college.

VI. Snapshot: The President's New Pay As You Earn Proposal

Additional Borrowers Estimated to Benefit from the President's Pay As You Earn Proposal			
State	**Additional Borrowers**	**State**	**Additional Borrowers**
Alabama	69,731	**Montana**	18,857
Alaska	7,758	**Nebraska**	35,292
Arizona	94,976	**Nevada**	28,859
Arkansas	42,764	**New Hampshire**	22,189
California	423,536	**New Jersey**	94,458
Colorado	110,098	**New Mexico**	27,608
Connecticut	41,833	**New York**	318,874
Delaware	10,838	**North Carolina**	145,606
District of Columbia	25,692	**North Dakota**	10,999
Florida	318,526	**Ohio**	256,126
Georgia	183,001	**Oklahoma**	52,704
Hawaii	13,243	**Oregon**	88,700
Idaho	34,062	**Pennsylvania**	193,590
Illinois	212,418	**Puerto Rico**	15,909
Indiana	114,151	**Rhode Island**	14,336
Iowa	57,473	**South Carolina**	80,764
Kansas	47,144	**South Dakota**	16,601
Kentucky	77,593	**Tennessee**	103,736
Louisiana	56,376	**Texas**	318,476
Maine	25,174	**Utah**	35,892
Maryland	84,817	**Vermont**	12,966
Massachusetts	102,531	**Virginia**	124,650
Michigan	192,891	**Washington**	101,045
Minnesota	111,667	**West Virginia**	29,757
Mississippi	43,530	**Wisconsin**	100,763
Missouri	110,264	**Wyoming**	6,081

Source: U.S. Department of Education Estimates, 2014.

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Sacramento Bee

Viewpoints: Innovative new courses can turn around our community colleges

By Gary K. Hart
Special to The Bee
By Gary K. Hart
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California community colleges are hemorrhaging students at the front door. More than 70 percent of students who take an initial academic assessment are deemed "unprepared for college" and required to take as many as four semesters of remedial math and/or English courses.

Sadly, most of these students drop out without ever transferring to a four-year college or earning a two-year degree. This is a terrible waste of state resources and, more importantly, a tragic outcome for students desiring a college education and better employment opportunities.

Why such a high failure rate? Too often remedial courses are a repeat of high school classes involving tedious drills and low standards that already haven't worked for students. Poorly prepared students become bored and discouraged, especially since they earn no college credits during their multiple semesters of remedial work.

In response to this dysfunctional situation, a number of community college faculty members created the California Acceleration Project to help underprepared entering students. Project faculty are developing innovative courses that look very different from a typical remedial English or math class. Instead of filling in the blanks in grammar workbooks, students are writing essays about the ethics of controversial psychology experiments. Instead of word problems about two trains traveling toward each other, they're analyzing real-life data from pregnant women to identify factors correlated with low birth weights.

The key principles underlying their strategy are a curriculum redesign that emphasizes challenging, relevant materials and that allows students to complete college-level English and math requirements within one academic year; teaching strategies that emphasize small group work, activities that develop positive student attitudes, and targeted support for foundational math and English skills; and professional development for all participating faculty.

And the results? A just-completed study by the research and planning group for California Community Colleges shows remarkable success among participating campuses: Students' odds of completing college-level English more than *doubled* and their odds of completing college math were more than *four times* higher than regular remedial students.

The findings are not that surprising. They reinforce studies at Columbia University's Community College Research Center that found significantly better outcomes for students in similar accelerated English programs in Maryland, Colorado and California. Columbia's research in California zeroed in on Chabot College in the East Bay, which has offered accelerated English for close to two decades. Investigators could follow student progress over an extended period of time, and the results at Chabot were as impressive as those documented in the recent California community colleges study.

In addition, the Carnegie Foundation for the Advancement of Teaching has developed an accelerated math program called Statway that is similar to the California Acceleration Project and that has also yielded dramatic gains in student completion. American River College in Sacramento has been a California leader in the Statway program, and participating students and faculty are very enthusiastic.

In light of all these promising results, why isn't accelerated remediation offered at *all* California's community colleges? Why are most students still stuck in the traditional system and dropping out at high rates? There are some modest retooling costs that are necessary, but the major problem seems to be inertia and a failure of imagination.

Another factor may be in play. Two years ago the Legislature adopted and Gov. Jerry Brown signed into law with great fanfare the California Community College Student Success Act, which includes important initiatives such as campus-by-campus student progress scorecards, a more consistent assessment system, and new funding structures for services such as student orientation and counseling. They are all important reforms, yet curricular redesign and a focus on effective teaching strategies were absent.

I believe until the heart of the education process is addressed (what is taught and how it is taught), our community college reforms will fall short, and large numbers of students who deserve a chance to work hard and earn a degree will continue to be casualties of a dysfunctional system.

The state needs to provide resources for colleges to retool remedial curricula, set meaningful goals for increasing completion among underprepared students, and hold campuses accountable for meeting those goals. We need to move beyond pilot projects and ensure that effective, accelerated remediation is available to all students, not just the lucky few. We owe it to aspiring students as well as Californians who deserve a better use of their tax dollars.

Gary K. Hart, a former California state senator, is a board member of the Campaign for College Opportunity.

Stanford University Research Project:

CSAC staff has been meeting with Stanford University ("Stanford") researchers to formalize a Memorandum of Understanding ("MOU") between CSAC and Stanford on a research project to study the causal impacts of Cal Grant receipt on students' academic and employment outcomes. In particular, the researchers are interested in access and school choice, enrollment, persistence, and completion outcomes for Cal Grant recipients as compared to non-Cal Grant recipients. They are also interested in whether Cal Grant receipt influences future employment and earnings.

The MOU is currently being reviewed by Stanford's legal counsel and staff anticipates that the MOU will be executed sometime in July. In the meantime, staff is working with the researchers to identify the specific cohorts of students to be included in the research and the data fields necessary for the project.

The Stanford MOU will require two additional MOUs. The first will be with the National Student Clearinghouse (NSC) for student completion data. Initial discussions with the NSC have occurred and it is currently the intention of the parties to have an MOU in place with NSC following the execution of the Stanford MOU. One additional MOU may be necessary between CSAC and another state or federal entity to obtain the needed employment data. This MOU is likely to take much longer.

The Hechinger Report

July 30, 2013

States offer students an incentive to graduate: money

By Jon Marcus

WASHINGTON — Every year states hand out more than $11 billion in financial aid to college students with no certainty as to whether they'll ever graduate.

Many states don't track the money. They simply hand it over and hope for the best, as one educational consultant put it.

It's a "one-sided partnership," according to Stan Jones, the president of the advocacy organization Complete College America. "The states provide the funds, but the expectations states have of students are really pretty low."

In Indiana, for instance, only around 40 percent of aid recipients will earn their four-year degrees in even six years, state figures show. That's lower than the state average for all students. And while 75 percent may be certain they're on schedule, only half will end up taking the minimum number of credits they need, per semester, to get through.

But things in the Hoosier State and several others are about to change, as states begin to demand something in exchange for their investments: higher graduation rates.

Starting next year, Indiana students will be required not only to start but also to finish 24 credits annually for their aid to be renewed. They'll be rewarded with up to an additional $600 a year in aid at public colleges and universities and $1,100 more at private ones if they complete 30 credits or more. The idea is to put them on track to graduate within four years.

"We want to make sure we're getting the best bang for the buck," said Mary Jane Michalak, Indiana's associate commissioner of student financial aid. "Right now our students aren't succeeding, and we believe this keeps them on target and shows them how to get to the goal."

Of course, there's always been one powerful incentive for students to finish school: In most states, their eligibility for financial aid expires after the equivalent of four years of study. But to a typical college student, four years can seem very distant. And when the aid dries up, the experts say, some are forced to resort to loans or other ways to pay, and many more drop out.

"It's the difference between immediate versus distant incentives," said Nate Johnson, a senior consultant at HCM Strategists, a Washington firm that states often hire to review their education policies. "The fact that I'm going to run out of aid in four years is a lot less pressing than the fact that I need to pay my rent right now."

Paradoxically, many state financial-aid programs pay for a maximum of 24 credit hours annually – 12 per semester – which isn't enough for a student to reach the 120 credits typically needed to earn a bachelor's degree in four years. Thirty percent of full-time students at four-year universities and 72 percent at community colleges take even fewer than that and quickly fall behind, Complete College America reports.

"It's absolutely backward," Johnson said. "We've created a system where we cap (financial aid) at 12 credits (per semester), and the result is students taking a really, really long time to graduate, if they graduate at all."

Early results in the few states that have started to require that financial-aid recipients take 15 credits a semester, or 30 per year, show that these and other new conditions have begun to nudge success rates higher.
That's been the case in West Virginia, where about half the students who get state financial aid now are required to take 30 credits annually, said Brian Weingart, the senior director of financial aid for the state's Higher Education Policy Commission. The proportion of these aid recipients who graduate within six years has increased to 70 percent, compared with the average for all students in West Virginia of less than 48 percent.

"The pendulum is swinging from access to success and getting these students a credential, or else there isn't much to show for the money you're investing," Weingart said.

Early results from similar pilot programs in Louisiana, Ohio and New Mexico show that connecting financial aid with meeting certain benchmarks has increased the number of credits earned and the proportion of students who stay in school.

Higher grades also resulted in Louisiana, where the aid was tied, in part, to academic performance. Tennessee gives preference for financial aid to recipients who return from one year to the next. California, Arizona and Florida are testing ideas like these.

In Indiana, more than two-thirds of financial-aid recipients say they'll take 30 credits per year once it's a condition of getting the money.

"We shouldn't view financial aid simply as an entitlement," said Richard Freeland, the commissioner of higher education in Massachusetts, which is trying the idea of giving some state grant recipients more money the more courses they take, up to an additional $2,000 a year. "I believe that it is reasonable to think of financial aid to some degree as a social contract between the state and the student. The state is saying we are investing in you because not only is it important to you, but it is important to the state."

Graduating on time not only produces more degree holders in states that are struggling to find qualified employees for high-skill jobs, but it also saves students money. Indiana estimates that each additional year in school costs a student $50,000 in lost wages and additional tuition and fees for which financial aid typically has run out.

There have been similar proposals to tie federal financial aid to graduation rates by forgiving federal student loans for low-income students who graduate within four years, rewarding students with larger grant amounts for taking at least 30 credits per year and requiring students who drop out to pay back the government for any grant money they received.

Nationally, less than 58 percent of students at four-year universities and colleges graduate within six years, and 14.3 percent at two-year colleges within three, according to Complete College America.

Two-thirds of voters whom Hart Research Associates surveyed last fall for HCM Strategists said the highest priority for overhauling the financial-aid system should be to increase the number of recipients who graduate.

Some critics worry that pushing students this way might make things worse, not better. They say that students who already are struggling in school might fail if they're forced to take more credits, or might switch to the easiest possible majors. At many public universities and colleges, which have suffered years of budget cuts, required courses may be full or unavailable when students need them.

"You want them to finish, but there's also something to be said for having them learn something," said Rodney Andrews, an assistant economics professor at the University of Texas at Dallas who has studied state financial-aid programs.

The federal Advisory Committee on Student Financial Assistance said last month that attaching strings to financial aid in order to increase graduation rates is "likely to further undermine the four-year college enrollment, persistence and completion of qualified low-income high school graduates, particularly minority students."

But two states, California and Colorado, are doing exactly that: using their financial aid money to make institutions graduate more students.

In California, students no longer can use state financial aid to go to universities or colleges that have low graduation and high student-loan default rates. In Colorado, campuses will get more state financial-aid money for students who stay on track to finish their degrees. Colorado also is considering adding a stick to that carrot: cutting financial-aid allocations to campuses that take too long to graduate their lowest-income students.

"There's got to be accountability," said Darryl Greer, who focuses on higher education at the William J. Hughes Center for Public Policy at Stockton College of New Jersey. "And who should we hold accountable? The institutions."

http://www.ncsl.org/research/education/higher-education-legislation-in-2013635247670.aspx#7

National Conference of State Legislatures

Higher Education Legislation in 2013

Dustin Weeden 1/8/2014

States increased funding for higher education by an average of 5 percent in 2013 making the appropriations process one of the year's most significant legislative trends. After several years of budget deficits or minimal revenue growth, state legislators in 43 states took advantage of strong tax revenues in 2013 to increase funding for higher education institutions. This increased state support combined with tuition freezes by institutions in 13 states led to the lowest average tuition increase since the early 1980s. Even with a small break in tuition increases, college affordability and student loan debt remained a primary concern of students and their families and a top legislative priority. Other legislative trends in 2013 included the success of veterans, in-state tuition for undocumented students, online learning, workforce development, transfer and articulation, and performance funding.

Student Loans and Affordability

The total amount of student loan debt in the United States recently crossed the $1 trillion threshold to become the second largest category of household debt in the country behind home mortgages. Mounting concern over student loan debt coupled with perennial concerns about the affordability of college led state policymakers to take several actions in 2013. Connecticut, New Jersey and Texas passed legislation to improve the quality of financial aid information available and the financial literacy of students. New Mexico, Texas and Wyoming passed legislation to create loan repayment programs that will assist teachers who meet certain requirements. Texas also passed legislation to offer students fixed tuition rates for four years at certain institutions while Oregon passed legislation to study offering fixed tuition rates at all four-year institutions. Colorado and Virginia passed legislation that will make saving for college easier by allowing residents to directly deposit income tax refunds into college savings accounts. Finally, Arizona and Indiana passed legislation to allow state entities to become direct lenders of student loans.

State	Legislation
Arizona	House Bill 2489: Allows a corporation to issue bonds and refund bonds to finance student loans under certain circumstances.
Colorado	Senate Bill 206: Allows individual taxpayers to directly deposit state income tax refunds in a college savings account administered by CollegeInvest.
Connecticut	House Bill 5500: Requires each institution of higher education (including for-profit institutions) licensed to operate in the state to provide uniform financial aid information to every prospective student who has been accepted for admission to the institution. The information will be provided before each institution's enrollment deadline in order for students to make informed decisions regarding enrollment.

Indiana	Senate Bill 532: Permits the Indiana Secondary Market for Education Loans Inc. to become a direct lender of postsecondary education loans for purposes of attending both Indiana and non-Indiana postsecondary educational institutions.
New Jersey	Assembly Bill 1083: Requires the Higher Education Student Assistance Authority (HESAA) to develop a student loan repayment information document, post the document on its website, and annually distribute the document to school districts that include grades 9 through 12 and to nonpublic high schools.
New Mexico	House Bill 53: Establishes the Teacher Loan Repayment Fund to offer loan repayment award grants to eligible teachers in designated high-risk teacher positions.
Oregon	House Bill 3472: Directs the Higher Education Coordinating Commission to study whether public universities can implement a tuition freeze that will guarantee incoming undergraduate students pay the same tuition rate for four years. The bill also directs the commission to study the feasibility of creating a pilot program that would allow students to pay a percent of income for a specified number of years rather than paying tuition while enrolled at a public institution.
Texas	House Bill 29: Requires the governing boards of general academic teaching institutions to offer entering undergraduates, including transfer students, the opportunity to participate in a fixed tuition price plan that will last for at least 12 consecutive semesters, subject to restrictions and qualifications. Students must accept the plan at initial enrollment.
Texas	House Bill 680: Establishes the Student Loan Default Prevention and Financial Literacy pilot program to improve student loan default rates and to improve financial aid literacy among postsecondary students. The pilot program will be administered at selected postsecondary educational institutions to ensure that students of those institutions are informed consumers with regard to all aspects of student financial aid.
Texas	Senate Bill 1720: Establishes the Math and Science Scholars Loan Repayment Program to assist in the repayment of student loans for eligible persons who agree to teach mathematics or science for a specified period in school districts that receive federal funding under Title I of the Elementary and Secondary Education Act.
Virginia	Senate Bill 1220: Permits taxpayers to deposit all or any part of an income tax refund into their state college savings plan accounts.
Wyoming	House Bill 163: Establishes the Wyoming Adjunct Professor Loan Repayment Program to provide assistance to public school teachers in attaining necessary qualifications to provide instruction in concurrent enrollment programs.

Support for Veterans and Current Service Members

As a growing number of veterans enter postsecondary insitutions, states enacted several policies to promote the success of this student group. Arkansas, California, Illinois, Indiana and Virginia all enacted bills that provide tuition relief through waivers, grants or resident tuition rates. Missouri, New Hampshire, Rhode Island, South Carolina, Utah and Virginia all passed bills that will enable veterans to receive college credit for military training or service. Additionally, New

Jersey, Rhode Island, Washington, and West Virginia passed bills to provide programs and services that promote the successful transition of veterans in the classroom.

State	Legislation
Arkansas	House Bill 2106: Amends tuition waivers for national guard soldiers and airmen to allow institutions to waive 100% of tuition.
California	Senate Bill 290: Exempts eligible veteran students from paying nonresident tuition at California Community Colleges and California State University campuses if the student files an affidavit stating specified information about residency and uses the exemption within a specified time period of being discharged.
Illinois	Senate Bill 2229: Beginning with the 2013-2014 academic year, any person who has served more than 10 years in the Illinois National Guard will be awarded an additional grant to the public university or community college of his or her choice, consisting of an exemption from tuition and fees for not more than the equivalent of an additional two years of full-time enrollment, including summer terms.
Indiana	Senate Bill 207: Honorably discharged veterans who enroll at public institutions within 12 months after the date of discharge from the armed forces are eligible for the resident tuition rate for undergraduate courses.
Missouri	Senate Bill 106: Requires all public postsecondary institutions award veterans educational credits for courses that are part of the student's military training or service.
Missouri	Senate Bill 117: Provides that any individual who is in the process of separating from any branch of the military forces of the United States with an honorable discharge or a general discharge shall have resident status for purposes of admission and in-state tuition at any approved public two- or four-year institution. To be eligible for student resident status under this section, students must demonstrate presence and declare residency.
New Hampshire	House Bill 519: Requires that the Division of Higher Education in the Department of Education develop and adopt a policy on academic credit for a student's military occupation, military training, coursework, and experience, and to consult with institutions of higher education in implementing the policy.
New Jersey	Senate Bill 1961: Establishes the Veterans Higher Education Commission to study and make recommendations on how to best facilitate the successful transition of veterans into the higher education community by examining policies and programs that will increase the percentage of veterans earning postsecondary certificates and degrees, and that successfully transition veterans enrolled in institutions of higher education back to civilian life through services such as specialized counseling and career services.
Rhode Island	Senate Bill 638: Requires that public higher education institutions adopt a policy and promulgate regulations to award educational credits to veterans for courses that were part of the student's military training.

Rhode Island	House Bill 5856: Establishes veteran-friendly educational programs for all state institutions in order to allow service personnel returning from a combat tour to achieve educational attainment in an accelerated manner. The bill requires the State Board of Education ensure enrolled students are awarded education credits based upon their military training or service.
South Carolina	Senate Bill 417: Enacts the Military Service Occupation, Education, and Credentialing Act that allows public, post-secondary institutions to award educational credit to an honorably discharged member of the Armed Forces for a course that is part of his or her military training or service, subject to certain conditions.
Utah	House Bill 254: Requires colleges and universities within the state higher education system to award credit for certain military service training and experience as recommended by a postsecondary accreditation agency or association designated by the State Board of Regents.
Virginia	House Bill 195: Requires the governing boards of each public higher education institution implement policies to award academic credit for educational experience gained from military service.
Virginia	Senate Bill 1242: Makes veterans residing within Virginia eligible for in-state tuition charges.
Washington	Senate Bill 5343: Provides that a member of the State National Guard or any other military service component who is a student at a postsecondary institution and misses any specified educational related events as a result of that service is entitled to make up those events without prejudice to the final course grade or evaluation.
West Virginia	House Bill 2491: Establishes a uniform course completion policy for higher education students performing certain military service. The goal of this policy is to ensure that enrolled students who are called to military duty are afforded a fair and efficient procedure of withdrawing from classes, or completing course work.

In-State Tuition for Undocumented Students

Colorado, Minnesota, New Jersey, and Oregon passed legislation that allows undocumented students to pay in-state tuition rates. Seventeen states now have provisions allowing for in-state tuition rates for undocumented students.

State	Legislation
Colorado	Senate Bill 33: Permits in-state tuition for undocumented students who have attended a Colorado high school for three years and graduated from a Colorado high school or received their GED in the state. Student must sign affidavit to seek legalization upon eligibility.
Minnesota	House Bill 875: Permits in-state tuition for undocumented students. Requires students to have attended a Minnesota high school for three years or more and have graduated from a Minnesota high school or equivalent. Must also provide affidavit stating student will apply for legal residence when eligible.

New Jersey	Assembly Bill 4225: Allows students, including students without lawful immigration status, to pay in-state tuition at public institutions of higher education if the following criteria are met: attended a high school in New Jersey for three years or more; graduated from a New Jersey high school or attained the equivalent of a high school diploma; registers as an entering student or is currently enrolled in a public institution of higher education not earlier than the fall semester of the 2013-2014 academic year; and files an affidavit with the institution of higher education stating that the student has filed an application to legalize his or her immigration status or will file an application as soon as the student is eligible to do so.
Oregon	House Bill 2787: Provides that the State Board of Higher Education shall exempt a student who is not a citizen or a lawful permanent resident of the United States from paying nonresident tuition and fees for enrollment in a public university if the student, among other requirements, attended an elementary or a secondary school in this state and has the intention to become a citizen or a lawful permanent resident.

Workforce Development

Recognizing the need for a well-educated workforce in the modern economy, several states passed legislation in 2013 to improve the human capital of residents. Colorado, Maine and Texas focused on improving career and technical education. Indiana passed a bill to develop the state's workforce by improving information and coordination. Tennessee created a program that allows participants to combine occupational training with academic credit to earn postsecondary credentials. Texas passed a bill to study workforce needs and determine if any regions would benefit from community colleges granting baccalaureate degrees. Nebraska and New Jersey made financial assistance available for internships and basic skills training respectively.

State	Legislation
Colorado	House Bill 1005: Directs the State Board for Community Colleges and Occupational Education to implement a pilot program of 20 career and technical education certificate programs that combine basic education in information and math literacy with career and technical education. The bill allows a community college, local district junior college, area vocational school or local adult education program to offer the certificate programs.
Indiana	House Bill 1002: Establishes the state career council to increase the cohesion among participants in the state's education, job skills development, and career training system. The bill also establishes the workforce intelligence system as a statewide longitudinal data system that contains educational and workforce information.
Maine	Senate Bill 506: Establishes a collaborative of publicly supported educational institutions in the state to implement a program that enables career and technical education students to earn college credits while attending high school.
Nebraska	Legislative Bill 476: Makes changes to the job training cash fund to allow businesses to apply for grants to hire student interns.

New Jersey	Senate Bill 873: Establishes the Supplemental Workforce Fund for Basic Skills to provide funding for basic skills training. The fund will be used to provide basic skills training for qualified displaced, disadvantaged and employed workers, and for other individuals with learning disabilities or otherwise in need of vocational rehabilitation services, and a grant to the State Community College Consortium.
Tennessee	House Bill 566: Requires the Higher Education Commission, in consultation with the department of labor and any other entity the commission deems appropriate, to produce an annual report regarding state workforce need projections and credential production.
Tennessee	House Bill 1276: Creates the Labor Education Alignment Program to provide students at technology centers and community colleges the opportunity to combine occupational training in a high-skill or high-technology industry with academic credit and to apply that combined work and academic experience toward acquiring a postsecondary credential.
Texas	Senate Bill 414: Directs the Texas Higher Education Coordinating Board to conduct a study of regional workforce needs in this state to determine the regions that would benefit from certain public junior colleges offering baccalaureate degree programs to address regional workforce needs.
Texas	Senate Bill 441: Establishes the State Fast Start Program, which is a career and technical education program designated to help students earn postsecondary certificates and degrees and enter into the workforce quickly. The Texas Workforce Commission, in partnership with the Texas Higher Education Coordinating Board, will identify and develop methods to support competency-based, rapid-deployment education delivery models for use by public junior colleges, public state colleges and public technical institutes. The models must be designed to assist students in maximizing academic or workforce education program credit from public junior colleges, public state colleges, and public technical institutes to expedite the entry of those students into the workforce.

Transfer and Articulation

California, Indiana, North Carolina and Oregon all passed legislation in 2013 designed to improve transfer pathways for students from community colleges to four-year institutions.

State	Legislation
California	Senate Bill 440: Requires community colleges to create an associate degree for transfers in every major and area of emphasis offered by that college for any approved transfer model curriculum. Requires California State University campuses to accept transfer model curriculum-aligned associate degrees for transfer in every major or concentration offered by the University.
Indiana	Senate Bill 182: Replaces articulation agreements related to the transfer of credits between state institutions with the development of a common curriculum and common standards for the transfer of associate degree credits leading to a baccalaureate degree. The courses in the core transfer library must draw from the liberal arts in technical, professional and occupational fields.

Maryland	Senate Bill 740: Represents a broad effort to improve degree attainment among Maryland residents. This bill establishes a statewide transfer agreement where students are able to transfer 60 credit hours earned toward an associate's degree to any four-year institution for credit toward a bachelor's degree. In addition, the bill establishes a reverse transfer agreement where at least 30 credit hours earned toward a bachelor's degree at a four-year institution are transferable toward an associate's degree at Maryland community colleges.
North Carolina	House Bill 903: Requires all constituent institutions of the University of North Carolina to fully adhere to the comprehensive articulation agreement with the North Carolina community college system regarding the transfer of courses and academic credits between the two systems and the admission of transfer students. The bill also directs the University of North Carolina and the North Carolina community college system to report biannually regarding the agreement to the joint legislative education oversight committee.
Oregon	House Bill 2970: Directs the Higher Education Coordinating Commission to develop standards related to requirements for associate transfer degree in specific areas of study, including business and engineering. The commission is directed to develop processes to minimize the number of credit hours that students who have earned an associate transfer degree would need to complete prior to receiving baccalaureate degrees.
Oregon	House Bill 2979: Directs the Higher Education Coordinating Commission to convene a work group that will examine and recommend adoption of strategies to facilitate student transfers between public colleges and universities in Oregon. Specifically directs the work group to study how to establish common course numbering system for lower-division undergraduate courses in Oregon public colleges and universities.

Online Learning

Online learning has been around for many years in various forms, but current state budget constraints combined with innovations such as Massive Open Online Courses (MOOCs) have renewed interest in the role technology will play in postsecondary education. In California, students enrolled at a California State University (CSU) are now able to take online courses offered by other CSU institutions. In Florida, the Board of Education and Board of Governors are charged with developing rules to enable high schools students to earn academic credit for online courses including MOOCs.

State	Legislation
California	Assembly Bill 386: Under this bill, students enrolled at a California State University (CSU) campus will have the opportunity to enroll in online courses available at other CSU campuses. As long as space is available, any student enrolled at a CSU campus who meets specified requirements can enroll in an online course offered by another CSU campus without formal admission and without payment of additional tuition or fees.

Florida	House Bill 7029: Beginning in the 2015-2016 school year, the State Board of Education and the Board of Governors shall adopt rules that enable students to earn academic credit for online courses, including massive open online courses, prior to initial enrollment at a postsecondary institution. The rules of the State Board of Education and rules of the Board of Governors must include procedures for credential evaluation and the award of credit, including, but not limited to, recommendations for credit by the American Council on Education; equivalency and alignment of coursework with appropriate courses; course descriptions; type and amount of credit that may be awarded; and transfer of credit.

Performance Funding

In an effort to align state goals with those of postsecondary institutions, a growing number of states have begun allocating some amount of higher education funding based on the outcomes produced by institutions. In 2013, Maine, Massachusetts, Mississippi, North Carolina and North Dakota joined 17 other states in allocating a portion of higher education funding based on how well institutions performed on specific metrics. In addition, Arizona and South Dakota approved changes to existing performance funding systems.

State	Legislation
Arizona	The fiscal year 2014 appropriations bill included a note stating that beginning in FY 2015 all state allocations above the base funding amount will be allocated according to the performance funding formula developed by the Board of Regents. This is a change from the previous two fiscal years when $5 million was allocated each year according to the performance funding formula.
Maine	In 2013, the Maine University system began transitioning to a new performance funding system. Five percent of the system's base funding will be allocated according to the performance funding formula this year. This amount will increase 5% each year until 30% of base funding is awarded according to on the performance formula. Metrics of the performance formula include: • Degrees awarded—additional points awarded for community college transfer students and adults over age 30 earning degrees • Degrees in STEM, Allied Health and other high priority fields • Number of research grants and contracts received during the year • Dollar value of research grants and contracts received during the year • Number of degrees awarded per $100,000 of net tuition and fee revenues and State Education and General appropriations scaled by matriculated FTE.
Massachusetts	Massachusetts allocated $20 million in new money for community colleges based on performance in 2013. In future years, 50% of base funding is expected to be awarded based on performance metrics such as: • Number of certificate and associate completions • Number of transfer students • Number of students achieving 30 credits

	• Number of students completing first full math and English courses • Graduation rates
Mississippi	In 2013, Mississippi began allocating 10% of base funding for four-year institutions based on the following metrics: • Degrees awarded • Number of students with an ACT score of 19 or lower who successfully complete first college-level English or math course • Number of students who complete 30 credit hours • Number of students who complete 60 credit hours • Includes research expenditures, technology transfer/ entrepreneurship data and patents/licenses—research universities only • Number of undergraduate degrees awarded per 100 FTE • Number of graduate degrees awarded per 100 FTE • Number of degrees awarded per $100,000 in revenue
North Carolina	North Carolina allocated $24 million in new money for community colleges based on how well institutions met goals for each of the following measures: • First year progression • Licensure and certification passing rate • Developmental student success rate in college-level English courses • Developmental student success rate in college-level math courses • Curriculum completion • College transfer performance • Basic skills student progress • GED diploma passing rate
North Dakota	Senate Bill 2200: Establishes a new funding formula for postsecondary institutions that allocates state funds primarily on the number of students who complete courses rather than the number of students enrolled in courses at the beginning of a term.
South Dakota	Senate Bill 5: Defines the public purpose and goals of postsecondary education in South Dakota and creates the Council on Higher Education Policy Goals, Performance, and Accountability. The Council is responsible for developing metrics to measure progress toward achieving the stated goals and developing a performance funding formula.