

**From:** AACC Office of Government Relations  
**Date sent:** 03/25/2016 12:03:29 pm  
**Subject:** AACC Washington Watch

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## Washington Watch AACC's Federal Policy Update



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March 25, 2016

The cherry blossoms are in full bloom in Washington, DC. Earlier this week, the House Appropriations subcommittee held a hearing on the U.S. Department of Education (ED) budget request for FY 2017 and the House Education and the Workforce Committee convened a hearing to discuss changes to the Family Educational Rights and Privacy Act (FERPA).

### **Reminder: AACC Federal Legislative Update Webinar**

[Register now](#) for a free legislative update webinar designed to provide you with a briefing on the most pressing federal policy issues for community colleges. The webinar will take place March 31 at 3:00 p.m. (ET).

### **Baldwin Introduces New College Promise Bill**

Sen. Tammy Baldwin (D-WI) introduced new legislation on March 15 that would authorize the America's College Promise initiative. The bill (S.2677), known as [In the Red Act of 2016](#), includes College Promise language from her earlier bill (S.1716) as well as new provisions. The legislation would allow the refinancing of student loans and would amend the tax code to offset the projected costs associated with the legislation.

### **More Students Using Income-Driven Repayment Plans**

In its [announcement](#) of the release of federal student aid-related [data](#) for the second quarter of academic year 2015–2016, ED revealed an increase in the enrollment in income-driven repayment plans and a concomitant decrease in both forbearance and deferment usage. The delinquency rate also has

declined. Other notable items are a decrease in the number of FAFSA submissions and declines in loan and grant disbursements. ED recovered more than \$2.2 billion in defaulted student loans during the quarter ending December 31, 2015.

### Looking for Answers to Student Financial Aid Questions?

On March 30, from 5:00 to 6:00 p.m. (ET), ED's Office of Federal Student Aid (FSA) will hold its #AskFAFSA Office Hours on Twitter, giving students and parents the opportunity to ask FSA experts questions related to federal financial aid.

### A More Complete Picture of Student Success

If you wanted to know what progress degree-seeking students made year-to-year, the latest National Student Clearinghouse (NSC) [Snapshot](#) features yearly success and progress rates for both full-time and part-time students over 6 years. NSC used the same outcome categories as the Student Achievement Measure (SAM) that many colleges and universities collect and report voluntarily: graduated from starting institution; transferred and graduated from other institution; enrolled at starting institution; transferred and enrolled at other institution; and not enrolled. At the end of 3 years, two thirds of both full-time and part-time students at 2-year public institutions had either completed a postsecondary credential or were still enrolled, though with different ratios. A higher percentage of full-time students had earned a credential (22.1%) than their part-time counterparts (11.9%) in this 3-year period. And as expected, a higher percentage of part-time than full-time students were still enrolled, 53.7% and 43.5%, respectively. The percentage of completers increased with each successive year.

### Compilation of President Obama's Proposals to Spur Student Success

ED's [College Completion Drives Student Success Fact Sheet](#) reiterates President Obama's goal of the United States being ranked number one in the world in adults with college credentials and lists a number of proposals aimed at reaching it. These include proposals aimed at students, such as Pell for Accelerated Completion (also known as year-round Pell) for full-time students (AACC supports year-round Pell for all students) and On-track Pell Bonus intended to incentivize students for on-time completion through an additional \$300 Pell grant for those who take 15 credits per term. Other proposals are targeted at institutions, such as an additional \$100 million in funds for the First in the World initiative; the HBCU and Minority-Serving Institutions Innovation for Completion Fund, a \$30 million program to help with capacity building in these institutions; and the College Opportunity and Graduation Bonus, the most ambitious proposal to spend nearly \$6 billion over the next decade to reward colleges that successfully enroll and graduate on time a substantial number of Pell Grant students. The fact sheet contains links to each of the aforementioned proposals as well as other resources.

### College Students Receive Passing Grade on How They Manage Their Finances

Findings from a recent Sallie Mae and Ipsos [national survey](#) of college students between the ages of 18 and 24 regarding money management are encouraging. According to the report, "the majority of American college students are handling their finances responsibly, and they are looking for opportunities to understand and improve their credit management." Specifically, the respondents self-report that they pay their bills on time (77%), save every month (55%), track their spending (56%), and do not over-spend (60%). Nearly two thirds (65%) reported having a paying job. Of those with a credit card, a majority say they use it to build up credit (59%), keep their average balance under \$500 (69%), and pay off their credit cards each month (63%). These "positive financial behaviors" notwithstanding, four out of five college students "are eager for more information and resources—from saving strategies to budgeting—to help them better manage their finances.

### Most Federal Financial Aid Reaches Intended Target

For years scholars and policymakers have debated the veracity of the Bennett hypothesis, which argues that federal aid serves as a subsidy for postsecondary institutions, allowing them to push up the price of tuition. This assertion is in stark contrast to the intent of federal aid, which is to make college more affordable. The latest to tackle this subject, two College of William and Mary professors of economics, wrote [a report](#) for the American Council on Education. On a positive note, the authors state that, "If the social goal of federal financial aid policy is to make higher education more affordable to many low-income families, there is ample evidence that it does so, despite the fact that some of this aid displaces grant aid the institutions might otherwise have given." Moreover, "there is also good evidence that federal aid programs can help persistence (reduce drop-out)." However, they point out "defects" that exist in the federal aid programs that should be addressed. The one-size-fits-all aspect of the aid

programs is seen as problematic because what may be the best program for a dependent 18 year old seeking a bachelor's degree may not be optimal for an older student pursuing a short-term certificate. They also say that the complexity and lack of transparency of the aid system creates barriers and limits its effectiveness, particularly the Pell Grant program.

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