

TOGETHER WE CAN

The Shared Fiscal Responsibility of Higher Education in the U.S.

National Association of Independent College and Universities — November 2007

| | Before College | During College | After College |
|---|---|--|---|
| Families/ Students | <ul style="list-style-type: none"> - Prepare academically - Take college prep courses/seek academic rigor - Graduate from high school - Work as possible + take a summer job or related internship - Make disciplined contributions to tax-advantaged savings plans according to family income and size - Practice responsible citizenship and vote | <ul style="list-style-type: none"> - Stay in school and do well in challenging courses - Work as possible + take a summer job or related internship - Pay expected family contribution - Practice responsible borrowing/acquire financial literacy - Practice responsible citizenship and vote | <ul style="list-style-type: none"> - Repay loans - Volunteer including to assist pre-college students - Begin long-term savings program - Undertake lifelong learning/consider graduate work - Become an active alum - Practice responsible citizenship and vote |
| Colleges | <ul style="list-style-type: none"> - Assist with college-prep programs for at-risk students - Make college financing and consumer choice information readily available to all prospective students - Invite student groups to visit - Participate in broader conversations about barriers to college | <ul style="list-style-type: none"> - Increase aid to students with demonstrated need - Provide support services to at-risk students - Provide meaningful loan counseling and financial literacy - Support non-traditional learners - Increase persistence and sustain competitive graduation rates - Continue to innovate and update educational programs - Seek efficiencies to contain cost - Set prices in a manner that promotes transparency, access and choice | <ul style="list-style-type: none"> - Assist alumni with job placement, career counseling, etc. - Conduct periodic surveys of alumni and employers - Assist alumni in volunteer activities with at-risk students - Encourage graduates to reinvest in college through donations - Encourage lifelong learning |
| Federal Government | <ul style="list-style-type: none"> - Provide savings incentives to families, including 529 plans and other savings incentives - Provide incentive grants to states for holistic early-intervention pre-college programs - Provide incentives to address workforce shortage areas including teachers - Inform families of available support | <ul style="list-style-type: none"> - Provide tuition tax relief to low- and middle-income families - Ensure fair and progressive needs analysis for aid programs - Sustain need-based grants to students to ensure access and choice - Provide incentives for need-based grants from states - Provide incentives for need-based grants and work-study by institutions - Provide and encourage equitable loan programs for essential college costs at reasonable cost of capital - Promote competition in loan program to ensure greatest student benefits - Support non-traditional learners - Ensure fair, appropriate accountability for use of federal funds | <ul style="list-style-type: none"> - Offer income-contingent repayment options to give recent grads a chance to "get on their feet" - Provide non-taxable loan forgiveness for borrowers who have paid an adequate percent of income over a number of years - Provide non-taxable targeted loan forgiveness for high-demand fields - Provide tax deductions on student loan interest - Provide federal support for research and graduate education - Provide charitable giving incentives for need-based grants |
| State Government | <ul style="list-style-type: none"> - Provide early-intervention programs for at-risk students - Ensure college-prep courses are available to all high school students - Provide incentives for students to graduate and to go to college - Encourage college savings and financial literacy | <ul style="list-style-type: none"> - Provide grants to all eligible students to promote college choice and access - Maintain competitive marketplace for institutions through rational fee, financial aid and funding mechanisms - Provide incentive grants for institutions to help low-income and first-generation students succeed and persist toward baccalaureate degrees - Support non-traditional learners - Ensure fair, appropriate accountability for use of state funds | <ul style="list-style-type: none"> - Coordinate state and federal tax policies - Provide incentives for charitable giving - Provide targeted tax-free loan forgiveness in key areas |
| Philanthropy, Corporate and Foundation Charities | <ul style="list-style-type: none"> - Partner with local schools - Support pre-college intervention strategies - Support need-based aid for students - Coach donor prospects on higher ed needs | <ul style="list-style-type: none"> - Support need-based aid for students - Support student internships, global experiences and other external experiences - Support efforts to enhance persistence (mentoring, etc.) - Support non-traditional learners (day care, etc.) - Partner on innovative programs to address future workforce needs | <ul style="list-style-type: none"> - Provide incentives to increase alumni giving - Support continuing education - Encourage employee volunteer efforts to work with at-risk students |

Solving the Access Problem, Together

Americans have always believed in equal opportunity. Nowhere is that belief better realized than through national efforts to ensure that capable, hard-working students are not denied access to a college education because of a lack of financial resources, or because of inadequate academic preparation. Since the advent of the GI Bill, our nation has made substantive progress toward opening the doors of American higher education to all. Through a complex network of federal, state, philanthropic and college-based student aid programs, millions of students have become the first in their families to complete college. These investments have benefited all Americans, through the birth of a robust knowledge-based economy that, despite growing competition from abroad, remains unparalleled in human history.

But we still have a distance to go. A report by the Advisory Committee on Student Financial Assistance estimates that in the current decade between 4.3 million to 10.3 million bachelor's degrees will be lost due to financial barriers. No one entity—government, private philanthropy, or the colleges themselves -- can fill this gap. But by working together and designing complementary systems of aid, education and outreach, we can fulfill the promise of educational opportunity for people of all backgrounds. We call on all parties to recommit to our respective responsibilities in helping make college possible. Each party can begin by boosting their traditional efforts while also considering new approaches.

During the upcoming election year, we challenge our national candidates to begin a conversation to identify the appropriate levels of responsibility for government, families, and colleges. To jumpstart that conversation, we offer a matrix of ideas and current programs. In particular, we highlight four policy areas for candidates for federal office to consider.

Sustain the Federal Commitment to the Proven Student Aid Programs

The current network of student aid programs owes its strength to the longstanding commitment of policy makers from all political parties. Since the inception of the Pell Grant and federal student loan programs, the college-going rate for low-income students has increased

dramatically. Through supplemental federal incentive programs such as Leveraging Educational Assistance Partnership (LEAP) grants, Federal Work-Study, Supplemental Educational Opportunity Grants and Perkins Loans (formerly NDSL), a unique public-private partnership has been built among the federal government, states and colleges to leverage additional resources for students. National candidates must first and foremost pledge to support these programs to ensure that this successful legacy of opportunity is continued for future generations of Americans.

Provide Incentives for Families to Save

Research shows that current participants in state college savings fund programs include very few low and moderate income families. We recommend that the federal government consider establishing an Investing In College Account (ICA), to encourage low-and moderate-income families to start saving for their children's college education early on - before 5 years of age. A variety of models should be debated, including federal "down payments" or matching funds to encourage families of moderate means to invest in these plans.

Encourage States to Increase Investment in Student Aid

The federal government should provide additional matching funds to states that increase their annual appropriations for all need-based financial aid programs for three years in a row. The amount of a state's incentive grant would be determined through a formula based on the proportional amount of grant aid appropriated by each qualifying state.

Ensure Continued Access and Choice on Student Loans

Our nation's higher education system (colleges, students and families) is overly dependent on loan capital. The federal government has a key role to play in continuing to examine and restructure the student loan marketplace. It must continue to realign subsidies and risks to be consistent with national policy objectives for the future, and must ensure the availability of timely access to loan capital which is reasonably priced with reasonable repayment terms.