



August 29, 2014

The Honorable Senator Tom Harkin
Chairman
Health, Education, Labor and Pensions Committee
U.S. Senate
Washington, D.C. 20510

Dear Senator Harkin,

Thank you for the opportunity to present comments regarding the reauthorization of the Higher Education Act (HEA). On behalf of Single Stop USA (Single Stop), we respectfully submit these recommendations for your consideration and exploration.

Single Stop is a national nonprofit organization dedicated to helping low-income families and individuals build economic security by coordinating access to resources such as free tax preparation, legal services, financial counseling, and public benefits. In 2009, we launched the Community College Initiative to increase completion rates of low-income community college students by addressing financial barriers facing these students. Single Stop sites are currently at 23 community colleges in 8 states (NY, NJ, CA, MA, LA, PA, MS and FL). Single Stop community college sites enable students to tap into existing unspent federal and local resources that can be used as a supplemental form of financial aid. Since the inception of the initiative, Single Stop has served nearly 140,000 students and secured \$260 million in additional resources—tax credits, health insurance, nutrition assistance and more—that students are using to pay for college.

Single Stop's experience speaks directly to Sen. Harkin's effort to address college affordability. Financial and related barriers are the number one reason why community college students stop out or drop out of college¹. In a 2013 national survey of community college students, 49% of students indicated that they were either "very likely" or "likely" to withdraw from a class or college due to a lack of finances; an additional 23% indicated they were "somewhat likely" to withdraw due to lack of finances². Furthermore, there is strong evidence that even small infusions of extra financial resources can make major impacts on student retention for low-income students, and these proven small-scale initiatives can be scaled by tapping into hundreds of millions of dollars of underutilized existing programs.³ A University of Wisconsin-Madison study found that students who were served by Single Stop and received public benefits drew down an average of \$5,400 per student per year from non-traditional

¹ Ryder, Ronald A. "Nontraditional Students: Perceived Barriers to Degree Completion." *College Student Affairs Journal* 13.2 (1994): 5-13.

² Community College Survey of Student Engagement – 2013 Cohort, http://www.ccsse.org/survey/reports/2013/standard_reports/ccsse_2013_coh_freqs_allstu.pdf

³ Richburg-Hayes, L., et al. "Rewarding persistence: Effects of a performance-based scholarship program for low-income parents." (2009). http://dev.mdrc.org/sites/default/files/rewarding_persistence_fr.pdf

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sources⁴, as compared to a maximum Federal Pell Grant of \$5,645—suggesting that colleges can nearly double the financial resources for students to stay in school simply by helping them access non-traditional resources such as tax credits and safety net resources. Not surprisingly, initial studies of Single Stop sites at the City University of New York found that receipt of Single Stop services was associated with a 14% to 17% increase in semester to semester retention. Single Stop’s experience strongly suggests that initiatives to help students address financial barriers can move the needle on college completion for low-income students.

Our recommendations have three primary goals:

1. To create a national demonstration program authorized by the Reauthorization of the Higher Education Opportunity Act that addresses student financial needs comprehensively.
2. To help more low-income, first-generation minority students enroll in and complete postsecondary programs by incorporating comprehensive financial support services system into existing programs, and
3. To protect vulnerable students at risk of dropping out by expanding upon current federal financial aid mechanisms, including increasing the income protection allowance (IPA) and allowing the calculated expected family contribution (EFC) to become negative when a student’s family income falls below the subsistence level as reflected by the IPA.

I. CREATE A DEMONSTRATION PROGRAM TO HELP COMMUNITY COLLEGE STUDENTS ACCESS COMPREHENSIVE FINANCIAL SUPPORTS

Recommendation 1: Amend the existing First in the World Program Competitive Grant program.

Issue: The significant momentum on community college campuses to address student financial needs calls for a national demonstration program authorized by the Higher Education Act. We recommend that the First in the World Competitive Grant program add a provision to include a new use of funds focused specifically on student services which are central to First in the World’s goal of increasing college completion.

Proposed Legislative Language: *Title VII. Sec. 702. Part F. First in the World Competitive Grant Program.* Sec.702 of the discussion draft is amended to read as follows:

To add language to Sec. 786(5) adding a new priority to First in the World ‘developing innovative student services approaches that address financial barriers to college completion such as but not limited to access to comprehensive financial supports including tax credits and federal, local and state benefits programs, financial literacy, workforce development and legal services.’

⁴ Goldrick-Rab, S., et al., *Clearing a path to a brighter future: Addressing barriers to community college access and success.* (2013). <http://kresge.org/sites/default/files/White-paper-barriers-to-community-college%20access-success.pdf>

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Recommendation 2: We suggest amending Title VIII of HEA to authorize funding for a demonstration program to provide grants on a competitive basis to institutions of higher education for the purpose of implementing innovative student services approaches that address financial barriers to college completion. The grant would fund a package of innovative services deemed Student Success Centers including but not limited to:

- (1) Volunteer Income Tax Assistance (VITA) to help students access educational and other tax credits
- (2) Benefits enrollment coordination activities relating to the enrollment and identification of individuals into state, local and federal benefits programs
- (3) Legal services
- (4) Financial literacy and counseling
- (5) Connections to local community services including job training, food pantries, housing counselors, domestic violence programs.

The Student Success Centers grant program would fund colleges to operate such programs within their financial aid or student services department. The success center grants would encourage colleges to develop sustainable models for coordinated access to financial supports including training staff to provide benefits counseling and case management services, utilize service learning and other coursework to scale counseling programs, and use on-line screening and resource referral tools to connect students to existing resources. These three to five year demonstration grants would include a required evaluation component on the impact of these services on student retention.

II. COMPREHENSIVE STUDENT SUPPORT SERVICES

Recommendation 3: Include comprehensive financial student support services language under authorized activities for existing federally funded student support services.

Issue: Nontraditional students who are Hispanic, African American, Asian American, or students who attend American Indian Tribally Controlled Colleges, Native American-Serving Nontribal Institutions, Hispanic-Serving Institutions, Predominately Black Institutions or Native Hawaiian-Speaking Institutions make up the largest percentage of community college students who drop out of college due to financial difficulties. Expanding the definition of financial student support services will strengthen existing federal efforts to assist minority students and low-income students.

Proposed Legislative Language:

Sec. 501 of the Higher Education Opportunity Act (Public Law 110-315) Hispanic Serving Institutions is amended to read as follows:

To add language to Sec. 501: "Providing education, counseling services, or financial information designed to improve the financial literacy and economic literacy of students or the students' families, especially with regard to student indebtedness and student assistance programs under title IV" with –

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‘Providing education, counseling services, or financial information designed to improve the financial literacy and economic literacy of students or the students’ families, especially with regard to student indebtedness and student assistance programs under title IV. Such counseling services can include connecting students to existing federal and local financial support programs including but not limited to tax credits, health and human services benefits programs, job training and legal services.’

Similar language can be added to

Title III Sec. 303 (2)(G) American Indian Tribally Controlled Colleges and Universities.

Title III Sec. 304. Alaska Native and Native Hawaiian Speaking Institutions.

Title III Sec. 318 (d). Predominately Black Institutions.

Title III Sec. 319(c)(H). Native American-Serving, Nontribal Institutions.

Title III Sec. 320(c)(H). Asian American and Native American Pacific Islander-Serving Institutions

Recommendation 4: Include comprehensive financial supports language for Student Support Services (part of TRIO) that encourage institutions to develop innovative strategies to connect low-income college students with existing federal, state and local financial supports including tax credits, health and human services benefits programs, job training and legal services. Adding these services as approved activities will help nontraditional students who are juggling work, family and school to persist and graduate.

Legislative Language: *Title IV – Part A. Student Assistance.*

Section 403 of the Higher Education Opportunity Act (Public Law 110-315) (HEOA) is amended to read as follows:

To add to language in Sec. 403(b)(6): “connections to education or counseling services designed to improve the financial literacy and economic literacy of students or the students’ parents, including financial planning for postsecondary education with –

‘connections to education or counseling services designed to improve the financial literacy and economic literacy of students or the students’ parents, including financial planning for postsecondary education and by providing a comprehensive financial student support system that connects low-income students with existing federal and local financial support programs including tax credits, health and human services benefits programs, job training and legal services.’

III. FURTHER USE THE FINANCIAL AID SYSTEM TO ADDRESS COLLEGE AFFORDABILITY

Recommendation 5: Allow the calculated expected family contribution (EFC) to become negative when a student’s family income falls below the subsistence level so that real financial need is represented accurately, and provide additional Pell aid to the neediest students to meet the cost of attendance, up to a cap of \$750.

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Issue: We recommend using the negative EFC concept to differentiate the neediest students among those with zero EFC so that aid can better reflect real student need.

Recommendation 6: Include in mandatory financial aid award letters an institution-specific list of on-campus and off-campus resources and services such as free tax preparation, enrollment in public benefits, legal services and financial counseling that help students succeed in college.

Issue: Many students are not aware of all the financial resources that are available to them. It is in institutions' interest to help students locate the resources to help them stay in school. A simple one line inclusion in each student's financial aid award letter encouraging the student to access other resources they may be eligible for is a start. In addition, the HEA could require each college to come up with a "college affordability support checklist" for low-income students. The plan should list local off-campus support agencies such as Career Centers under the Workforce Innovation and Opportunity Act as well as on campus resources. As part of this requirement, the Department would encourage campuses to develop on-campus resources including IRS-certified Volunteer Income Tax Assistance (VITA) sites or trained financial aid/student services staff who can provide application assistance for federal benefits. Colleges will be given flexibility on how to distribute this plan to students, but all should be required to distribute this information to independent students with a zero EFC who are most likely to be eligible for other programs.

Proposed Legislative Language: *Title I. Sec. 103. Mandatory financial aid award letter.*

Sec. 103 of the discussion draft is amended to read as follows:

To add language to Sec. 124(a): "Notwithstanding any other provision of law, each institution of higher education that participates in any program under title IV shall use the financial aid award letter developed under section 483B in providing written or electronic financial aid offers to students enrolled in, or accepted for enrollment in, the institution" with –

'Notwithstanding any other provision of law, each institution of higher education that participates in any program under title IV shall use the financial aid award letter developed under section 483B in providing written or electronic financial aid offers as well as an institution-specific list of resources and services located on and off campus that provide tax preparation services, access to public benefits, and financial and legal counseling to students enrolled in, or accepted for enrollment in, the institution.'

AGREEMENTS WITH THE DISCUSSION DRAFT

Agreement 1: Title IV. Part E. Sections 471-474. Single Stop strongly agrees with increasing the Income Protection Allowance (IPA) and linking it with the Consumer Price Index, so that students are not penalized for having an income while attending college. Increasing the IPA will help working students receive greater amounts of financial aid, including Pell Grants.

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Agreement 2: Title IV. Part E. Section 475. Single Stop strongly supports the simplification of federal student aid forms and requests by including the second preceding tax year “prior-prior year” when determining financial aid. Currently, there is a lack of coordination between tax filing periods and financial aid deadlines, leaving many students unable to complete the FAFSA for the next college enrollment period. The ability to use prior-prior year will allow college students greater flexibility in applying for financial aid and simplify the application process.

IV. CONCLUSION

Our recommendations to tap into the country’s underutilized resources designed to help low-income individuals and families have the potential to help thousands of low-income college students attain the credentials they need to lift themselves out of poverty. The reforms and recommendations we envision do not require the allocation of significant new funds but reimagine the use of existing dollars to increase our nation’s college completion rate and bolster the earning potential of our workforce.

Thank you again for your efforts to reauthorize the HEA. We would be delighted to provide any additional information, and look forward to continuing work with you on this critical issue. Please do not hesitate to contact me at astettner@singlestopusa.org if you have any questions about our recommendations or our work.

Sincerely,

Andrew Stettner
Chief Program Officer