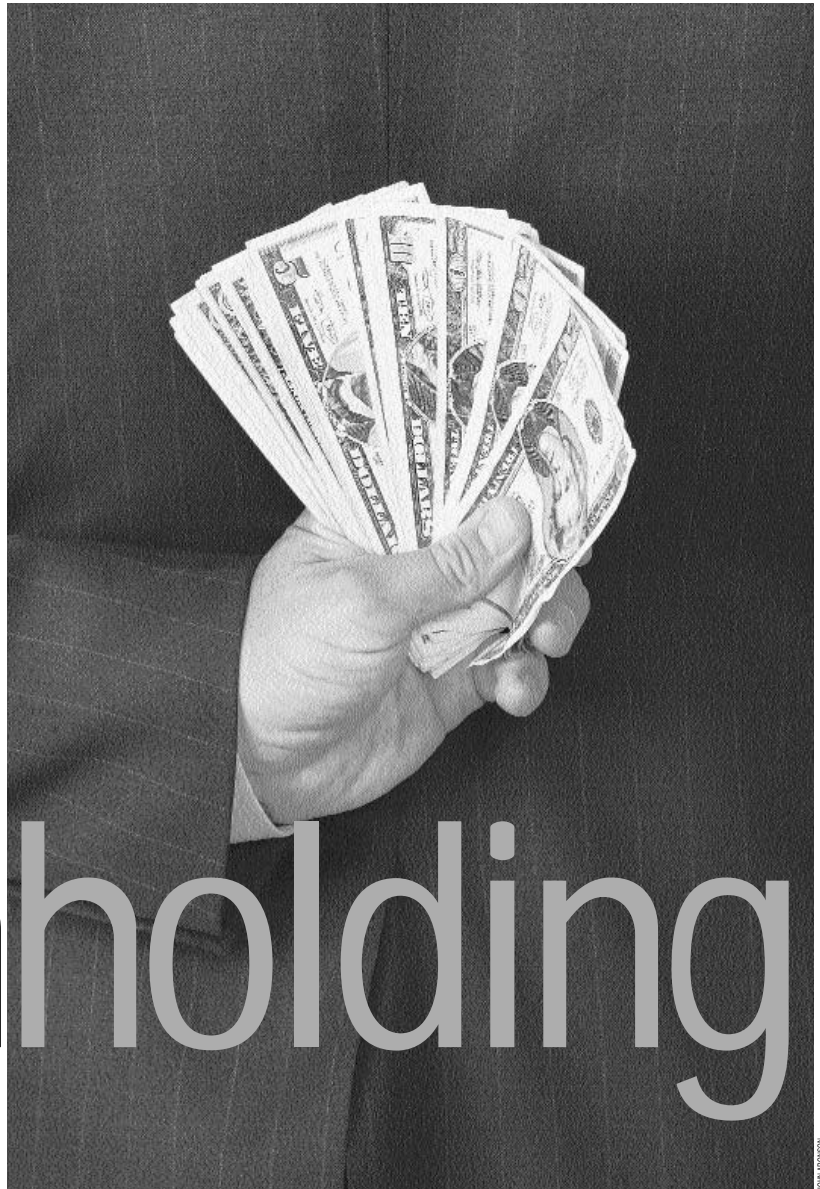


# FEDERAL Withholding

*With the Higher Education Act up for reauthorization, the fate of student aid and the future of colleges' regulatory independence is up in the air.*

BY KRISTINA LANE



**W**ASHINGTON — When Congress gets back to work this month, it'll have plenty on its plate, but all eyes and hopes in higher education will be pinned on the reauthorization of the legislative behemoth known as the Higher Education Act.

Though the renewal of the act itself isn't in doubt, educators are still waiting to see what the massive bill will contain. Will it give poor students more tuition help? Less? Will colleges find themselves scrambling to justify their costs and their graduation rates to government auditors?

Decisions about these and other far-reaching policy questions will all be decided during the next few months, and even education advocates who don't always see eye-to-eye are for once in unanimous accord: If community colleges want to make their voices and their needs heard on Capitol Hill, the time is now.

#### *Who's Doing What*

The 1965 Higher Education Act is reauthorized every six years. During reauthorization, both houses of Congress hold hearings in Washington, inviting educators, advocacy groups and other policy analysts to examine the law and offer suggestions about what

works, what doesn't and — perhaps most importantly — what programs need more money.

After the House and Senate draft legislation they can agree on, they send it to the president. Once the measure becomes law, the U.S. Department of Education is responsible for administering and enforcing it.

According to Alexa Marrero, press secretary for the House Committee on Education and the Workforce, which is overseeing reauthorization, the House has held 10 hearings so far, and plans to finish its work on the bill by the end of year. The chairman of the committee, Rep. John A. Boehner, R-Ohio, and one of the subcommittee chairmen, Rep. Howard "Buck" McKeon, R-Calif., are two of the key players.

The Committee on Health, Education, Labor and Pensions in the Senate will probably do most of its work on the legislation in 2004, Marrero said, after which the two houses will meet in a conference committee to draft the final measure they send to President Bush.

Marrero said it's important to remember that in terms of funding, the reauthorizing committees don't control how much money a program ultimately gets; that's up to the appropriations committees.

"Appropriators could go below suggested funding;

it happens all the time. They are forced to appropriate whatever money is available," she said. "It's not a regular occurrence that an appropriation would be the same as an authorization level — it's often lower."

There are 13 appropriations bills that are generally debated and passed each fall. Money for higher education is earmarked in the Labor, Health and Human Services and Education bill.

**It's All About Access**

As reauthorization takes shape on Capitol Hill, most agree that the ultimate goal is to increase access to higher education for disadvantaged students, particularly those from low-income families. The soaring cost of higher education is barring these students from pursuing college degrees, officials say, and the federal government should do something about it.

"Despite billions of dollars we've put into student-aid programs, low-income students still remain underrepresented in schools compared to middle- and upper-income students," said Chris Simmons, assistant director of government relations at the American Council on Education.

Simmons said community colleges are vital to these discussions on access, because they enroll a majority of the low-income students and can speak knowledgeably of their plight.

According to a report by the Advisory Committee on Student Financial Assistance, an independent group commissioned by Congress to study financial aid, 168,000 low- and moderate-income high-school graduates who qualified for some form of postsecondary education couldn't afford to attend any college in 2002. Financial constraints kept another 406,000 students from attending a four-year college. The report, "Empty Promises: The Myth of College Access in America," also predicts that in the first decade of the 21st century, 2 million college-qualified students from low- and moderate-income families won't be able to afford any college at all. By the end of the decade, the report says, a four-year college degree will be priced out of range for 4.4 million students.

**"There is enough research and documentation to support the notion that everyone in this country should have entitlement to at least a K-14 education."**

— DR. PHILIP DAY,  
CHANCELLOR,  
CITY COLLEGE OF SAN FRANCISCO

"On average, annual unmet need for low-income families has reached \$3,200 at two-year public colleges, \$3,800 at public four-year public colleges, and \$6,200 at four-year private colleges, which strongly discourages many high-school graduates from enrolling and persisting to degree completion," according to the report.

**More or Less**

So what can be done to brighten such a bleak forecast?

For starters, education officials say, the government must boost student-aid funds, specifically Pell Grants. The maximum Pell Grant award is currently \$4,050,

though the authorized level is \$5,100, and about 4.4 million students currently receive the grants. In 2000-2001, 32 percent of all Pell recipients were enrolled at community colleges, according to a report by the Institute for Higher Education Policy, "Reauthorizing the Higher Education Act: Issues and Options."

Pell's purchasing power has diminished markedly since the 1970s, so it covers much less of a student's education costs than it once did. In 1976-1977, according to the IHEP report, the Pell Grant covered 94 percent of the average annual price of attending a two-year public institution, 72 percent of the average annual price of attending a public four-year institution and 35 percent of the average annual price of attending a private four-year institution. But today the Pell Grant covers only 68 percent of the average annual price of attending a two-year public institution, 34 percent of the average annual price of attending a public four-year institution and 13 percent of the average annual price of attending a private four-year institution.

To increase the Pell's purchasing power, most education officials say the maximum award amount should be raised.

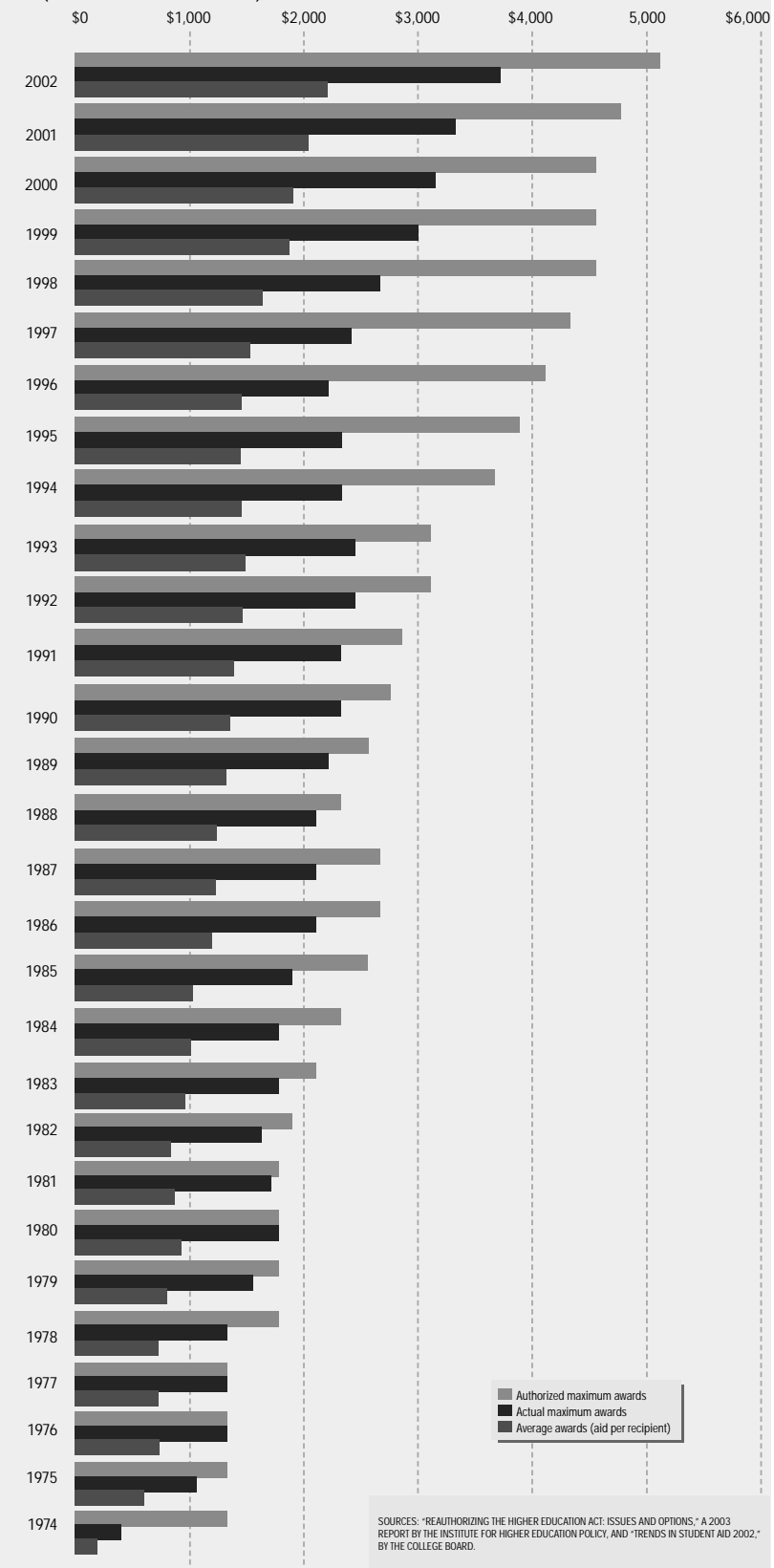
A coalition of more than 40 higher-education groups, including ACE and the American Association of Community Colleges, has suggested doubling the maximum appropriated Pell Grant within six years. The groups recently submitted a proposal to Congress that says inadequate grant assistance forces students to either skip college, go deeper into debt with more loans or work more while they're studying.

But Rep. McKeon said it's unlikely Pell will even be funded at the currently authorized level of \$5,100. He said it's more important to offer more people a chance to participate in Pell than it is to offer a higher award to each Pell recipient.

"We've put more money into Pell even though we kept the award

**What Is vs. What Could Be**

Authorized, Actual and Average Pell Grant Awards for the academic years ending in 1974-2002 (All amounts in current dollars)



SOURCES: "REAUTHORIZING THE HIGHER EDUCATION ACT: ISSUES AND OPTIONS," A 2003 REPORT BY THE INSTITUTE FOR HIGHER EDUCATION POLICY, AND "TRENDS IN STUDENT AID 2002," BY THE COLLEGE BOARD.



level the same — it gave a lot more people (the) opportunity to go to school. We see that as the federal role. ... We want to help as many people as possible," he said.

Meanwhile, some say Congress should make Pell an entitlement, guaranteeing students the funds and eliminating the need for constant debate on the topic.

ACE supports that suggestion, but Simmons concedes it's unlikely to happen, given the expense of funding federal imperatives such as homeland security and anti-terrorism efforts abroad.

Dr. Thomas Wolanin, a senior associate at IHEP and the author of institute's reauthorization report, agrees that making Pell an entitlement would be optimal, but he's equally pessimistic about the likelihood of that coming to pass.

"Ideally, the best-case scenario would be to increase Pell Grant funding and make the Pell Grant program an entitlement," Wolanin said. "But I think there's no realistic chance it will happen this time."

Dr. Philip Day, chancellor of the City College of San Francisco, said he'd like to see Pell become an entitlement and grant about \$7,500 to each recipient.

"I really do believe the Pell Grant should be turned into a basic entitlement — that's always been my position," he said. "There is enough research and documentation to support the notion that everyone in this country should have entitlement to at least a K-14 education."

But others, including McKeon, don't think that's such a good idea.

"Social Security and Medicare are entitlements, and they keep growing by so much that a smaller and smaller share of budget has any kind of discretion to it. And I don't see that as the solution," McKeon said.

Dr. Matthew Spalding, director of the Center for American Studies at the Heritage Foundation, a conservative think tank, agreed.

"I don't think Pell should become an entitlement. I think the government should be accountable. There's a definite role for it to play," he said. "But I think to speak about it (Pell) in terms of a broad entitlement, which brings legal rights and responsibilities, it's much more problematic."

**Paying Up Front ...**

In addition to bumping up Pell funding, some say the money should be doled out differently.

One idea gaining momentum is "frontloading," which means giving larger Pell awards to first- and second-year students. It can be accomplished in a number of ways. Some have suggested reserving Pell funds solely for first- and second-year students, instead providing students with more loans in their third and fourth years. Others say Pell money should be available to all students, but that most of it should go to first- and second-year students.

According to the IHEP report, there are both

benefits and drawbacks to frontloading. It would help accomplish Pell's original mission, the report says, which was to provide the neediest students with two years of free higher education. The report

also says frontloading would help increase persistence rates, because most students who drop out of college do so within the first two years, often fearing high levels of debt.

On the other hand, it would be difficult to predict how many students would drop out if faced with having to borrow loans to obtain their bachelor's degrees, according to the report. And, the report says, frontloading could encourage students to attend shorter programs.

Dr. Bryan Fitzgerald, staff director at the Advisory Committee on Student Financial Assistance, said frontloading could be a boon for community colleges.

"It may benefit students at community colleges, but may reduce the rate at which they transfer to four-year schools and get bachelor's degrees," Fitzgerald said. "Frontloading may look a little less favorable when that dimension is taken into account."

But Day said he doesn't think frontloading would stop students from pursuing bachelor's degrees.

"If we can retain students and get them through what is the equivalent of their junior year of college, the probability that they'll get a bachelor's degree is significantly higher than when they are college freshmen," he said. "If they have to take a loan in their junior year, then it's fine because they'll get a job after graduation and earn much more than they would've earned with an associate's degree, and their ability to pay it back will be greatly enhanced."

**... And Being Held Back**

Other Pell policies that are particularly unfair to community-college students need to be eliminated, according to some college officials.

One of those policies, tuition sensitivity, was established in the 1992 reauthorization and stipulates that all eligible students can receive a Pell Grant of \$2,700; any amount higher than that must be determined by the amount of tuition and fees a student pays. So students attending the cheapest institutions sometimes don't get the full award.

Linda Michalowski, interim vice chancellor for student services at the California Community Colleges Chancellor's Office, said she is urging Congress to repeal tuition sensitivity, which mostly affects only community-college students.

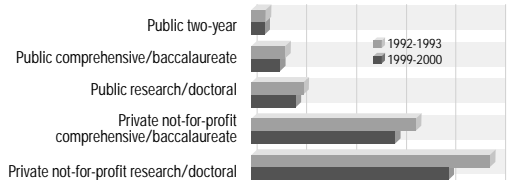
Michalowski said with California's recent community-college fee increase, from \$11 per unit to \$18 per unit, students will only qualify for a Pell maximum of \$3,938, \$112 less than the maximum award. For California students to qualify for the full award, the colleges would have to raise fees to \$26 per unit, she said.

Another policy, the so-called "work penalty," bars

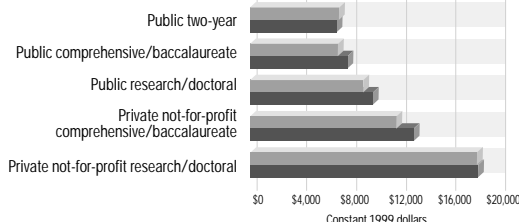
**Footing The Bill**

Costs of tuition and attendance, by institution type.

■ Tuition Minus Federal Grants



■ Price of Attendance Minus All Grants and Loans



Note: Data are for full-time, full-year undergraduates.

SOURCE: THE INSTITUTE OF HIGHER EDUCATION POLICY AND THE NATIONAL CENTER FOR EDUCATION STATISTICS AT THE U.S. DEPARTMENT OF EDUCATION. "WHAT STUDENTS PAY FOR COLLEGE: CHANGES IN NET PRICE OF COLLEGE ATTENDANCE BETWEEN 1992-1993 AND 1999-2000"

some community-college students who work from getting a full Pell award.

The Advisory Committee on Student Financial Assistance's Fitzgerald said the committee wants to see the work penalty done away with because it's detrimental to working students.

Michalowski said ending the work penalty is one of her major concerns.

"Seventy to 80 percent of our students work, many 30 hours a week. They can work minimally and be knocked out of qualifying for a Pell, even though their income doesn't give them enough to be a successful student," Michalowski said.

**Whose Job Is It, Anyway?**

Aside from the Pell Grant, the other HEA issue of concern for community colleges — and for all of higher education — is accountability. Specifically, educators are worried that federal funding for colleges, like funding for K-12 schools under President Bush's No Child Left Behind Act, could be withheld if colleges don't meet graduation-rate or other performance goals.

Some officials say the federal government shouldn't impose regulations on colleges — particularly on community colleges, as students don't always enroll at two-year colleges with the goal of graduating with an associate's degree.

ACE's Simmons said while higher education lacks a process for ensuring quality, it would be hard to impose across-the-board regulations, because there are so many different institutions and different ways to gauge student success.

Thomas Wolanin of IHEP agreed that federal rules would be a stretch, especially because they don't have much public support.

"I don't think the public thinks higher education is of low quality and we therefore need to impose accountability measures. Everyone is clamoring to get here (to the United States). ... Six hundred thousand people from abroad come here to get into higher education," Wolanin said.

Philip Day at CCSF said he opposes federal regulation because community colleges already answer to regional accrediting bodies.

"The community colleges have never been gunshy on the issue of accountability and performance. We all go through in a six- or a 10-year cycle a very, very rigorous evaluation by our peers to ensure that we are doing the job we say we do. That's called regional accreditation," he said.

A similar procedure at the federal level would be superfluous, Day said.

**"Colleges should be pushed to improve their performances, and people should be able to judge them. But people should have a sophisticated understanding of what performance is."**

— DR. TOM BAILEY,  
DIRECTOR OF THE COMMUNITY COLLEGE  
RESEARCH CENTER AT COLUMBIA UNIVERSITY

"Regional accreditation is focusing more on outcomes than process. It is really providing a major push in moving all colleges in that direction, so I don't think we need the federal government to come in with an overkill response," he said.

Others say accountability isn't necessarily a bad thing, depending on what it entails.

Dr. Tom Bailey, director of the Community College Research Center at Columbia University, said it's unrealistic to think accountability won't be part of the HEA review. And he said he believes accountability itself isn't such a bad idea, so long as it accounts for how different community colleges are from other institutions.

"I think that's an important discussion and I think community colleges should be very much involved with that discussion," he said. "Colleges should be pushed to improve their performances, and people should be able to judge them. But people should have a sophisticated understanding of what performance is."

Like it or not, nearly everyone who's studied the issue agrees that some form of accountability requirements will probably be enacted as part of the reauthorization.

Given the soaring costs of higher education, Wolanin said lawmakers could make affordability part of that accountability. In fact, Rep. McKeon is working on just such an initiative.

McKeon said he'll officially unveil his set of affordability proposals, known as "The Affordability in Higher Education Act," as part of HEA's review. One of the reforms would require higher-education institutions to report the annual costs of attendance to the Education Department. If costs surpass a certain level (twice the cost of living, as defined by the Consumer Price Index), the schools will be required to explain why, and how they plan to hold costs down in the future. If a school doesn't cut back costs within a certain amount of time, it would face penalties. As a last resort, the government could cut the school from federal student-aid programs.

McKeon said schools must also do their part to keep costs down, and not put the whole burden on the government.

"In the time I've been chair of (sub)committee we've almost doubled it (overall Pell funding), \$7 billion to about \$12 billion. We increased the (individual) award from \$2,000 to \$4,050. ... But if we don't get some reforms and people don't start doing their part to make things more affordable ... we can't keep looking to the federal government," he said. ▲

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