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Federal Student Aid: Access and Completion

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Abstract[1]: Federal student aid has been essential in ensuring access to higher education, transforming lives, and strengthening U.S. economic competitiveness. Better policies can improve this critical investment. APLU staff recommends: including incentives for completion, moving beyond access alone while avoiding adverse selectivity; requiring advising and tracking of Title IV student progress; rewarding institutions themselves if they exceed a completion expectation of a student-risk-adjusted index for Title IV students; using a student-risk-adjusted index when determining institutional eligibly for Title IV money to tighten student cohort default rate and repayment rate criteria; and applying Satisfactory Academic Progress (SAP) criteria for students receiving veteran benefits as well as tax benefits. These ideas will be further developed and augmented as APLU further consults within the higher education community and engages in the public policy process.

BACKGROUND

Federal student aid is key to the national goal to increase the number of college graduates, which has been endorsed as a commitment in APLU and the American Association of State Colleges and Universities' (AASCU) Project Degree Completion, signed by nearly 500 college and university presidents. With reductions in state funding per student and sizable tuition increases, more students have needed and have been eligible for Pell grants. Total Pell grant expenditures were $12.8 billion in 2006-07, and have more than doubled since, reaching $35.7 billion in 2010-11. Student loan debt is estimated to have crossed the $1 trillion mark, attracting sharp public attention. Federal support for access to college is a force for upward social mobility that leads to greater economic prosperity for the nation, but the federal cost is rising. Despite the history and impact of Pell grants, federal student loan programs, GI Bill benefits and tax benefits, federal deficits will put every federal expense under close scrutiny in the new Congress. Moreover, negative publicity from abuses of federal student aid by both institutions and individual students could bring unwanted criticism in this fiscal climate. There is little hope that growth, assuming there is growth, in federal funding of the aid programs, as now structured, will meet the needs of the increasing number of student applicants.

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All of higher education must look closely at the alignment of federal aid policy with national goals and seek to enhance the effectiveness of federal student aid programs. These programs are critical for improved educational attainment, particularly among low-income and under-represented students. In this white paper and recognizing fiscal constraints, APLU staff present options to strengthen the aid programs and ensure they will remain one of the best national investments.

APLU is guided by the following principles as it considers policy options:

- **Access:** Limited financial means of families and students should not be a barrier for students who have the possibility of succeeding. Society as a whole benefits when the talents of its members are raised to their full potential through higher education.
- **Student progress:** Federal student aid should support and reward students who demonstrate the motivation, work ethic, and perseverance to make progress from wherever they start to reach meaningful learning milestones along a path to success. It should similarly support and reward institutions that successfully help their students reach those milestones by allowing those institutions to expand capacity to do so.
- **Completion:** Federal aid reform, over time, should increase the number of students completing a life and career-enhancing credential or degree. Incentives for completion, in addition to access, should be part of federal programs.
- **Efficient and effective use of aid dollars:** Programs should be designed to curtail abuse and concentrate dollars where they will have greatest impact on both access and educational accomplishment.
- **Responsible Risk-taking:** Federal student aid is explicitly intended to take risk to provide opportunity. Certainly some students will not benefit as hoped, but that is outweighed if many more are given and seize the opportunity to be educated for a better life.
- **Diverse students and institutions:** Higher education is a collective enterprise of diverse institutions serving students from different backgrounds who follow many different paths to completion. The "traditional" student is no longer typical for a large number of institutions; financial aid should accommodate student diversity.
- **Student-Institutional Partnership:** Progress toward a degree involves a partnership between a student and an institution. Both must do their parts for the desired progress to be made.

The policy options to be explored scrutinize the qualifications that make a student eligible for federal student aid and also those that make an institution eligible to receive federal aid dollars as payment from students. Refining eligibility criteria and design of rewards will create well-aligned incentives for both students and institutions and strengthen the partnership for student achievement.

Three key concepts animate APLU staff recommendations affecting eligibility and incentives; they are: achieving balanced admissions selectivity, adjusting for student risk in assessing institutional performance, and demanding satisfactory academic progress for continued student eligibility.

Achieving Balanced Admissions Selectivity

When access is a goal, promoting "selectivity" in college admissions is a double-edged sword. Competition, high admissions standards, including a set of required high school course, inspires many students to study more, work hard, and prepare for college-level work. When leading public universities adopt such standards, they help strengthen high school curricula and play an important role in their states. Universal pursuit of selectivity, however, can curtail access. Many indicators of institutional performance, such as college graduation rates, can be improved simply by turning away those students who have not already demonstrated academic proficiency, including many with untapped potential. A policy that incentivizes institutions only to raise numerical admissions standards will reduce access and deny many who should be given a chance to pursue education.

While appreciating the role of leading universities in setting high admissions standards and academic expectations, we focus on policies that reward student progress from both student and institutional perspectives, not selectivity, *per se*, to strike the right balance. Absent uniformly better incoming student preparation, increased selectivity at every educational provider would result in more students being rejected and access being decreased. While nurturing the highest level of creative talent is very important, a critical educational challenge for the U.S. at this time is to raise degree and certificate attainment among populations with large numbers of first-generation college-goers and limited financial means.

Selectivity issues are highlighted because one of the strong arguments made against a focus on completion is that it will encourage selectivity and consequently limit access. The national goal of increasing the number of students attaining a degree or certificate will be best served by policies that reward institutions that can recognize potential and talent and know how to develop it, in whatever student pool that institution's mission and location has led it to attract. The emphasis must be on taking an eligible student, with whatever challenges that student may have had in the past, setting a well chosen and appropriate educational course, and tracking progress to ensure the student advances along that course with every federal aid dollar spent. Tracking and insisting on progress can work for the whole academic community.

Adjusting for Student Risk in Assessing Institutional Performance

Federal aid eligibility guidelines should acknowledge and offset the effects of the risk characteristics of the student population served. Institutions serving many students from disadvantaged backgrounds often feel they do not get the recognition they deserve. Metrics of success adopted when the majority of students were full-time and better-prepared "traditional" college students do not portray the contributions of these institutions accurately. For example, the federal four-year and six-year graduation rates count only the graduations of students who entered the institution as first-time full-time students, not students who have transferred from another institution or those who went only part-time, and the latter constitute an increasing fraction of the college population. (Recognizing this shortcoming, several associations are working to develop a "Student Achievement Measure" that will more accurately capture the true rates of success for students including those who change institutions during the course of their studies.)

Another measure of institutional performance is the student cohort default rate (CDR). As of 2013 the fraction of students who begin repaying federal loans and then go into default within a two-year window (the two-year student CDR) is a key test in determining institutional eligibility for Title IV funds. The test is remarkably lenient: an institution loses eligibility if the default rate exceeds 40 percent in one year, or is more than 30 percent for three successive years. In 2010, only five schools lost their eligibility out of almost 7,000 eligible institutions, while the average default rate rose to 8.9 percent, far below 40 percent. The question is why it should take three consecutive years of CDRs more than 30 percent to trigger loss of eligibility when the national average is only 8.9 percent. Moreover, some institutions have purposefully guided students into forbearance or deferment to lower their reported CDR and with some defaults going uncounted forever for eligibility purposes.

A common defense of such a high trigger level is that an institution that enrolls high-risk students might be expected to experience high default rates and should not be declared ineligible as a result. Considering the damage done to the life of a student who defaults, the institutions experiencing such high rates for good cause should be rare, but at this moment, any institution is allowed this latitude without being challenged. The trigger CDR should depend on the risk factors of the actual student cohort and adjusted downward from the present level in most instances. Institutions performing well below average for the population served should be scrutinized and declared ineligible when justified. The CDR calculation will move to a three-year rate in 2014, which is anticipated to improve identification of institutions artificially managing to keep their two-year default rates low. But this will not address the fundamental limitations of using fixed trigger levels without regard for the student population served.

A number of factors contribute to a student being characterized as high-risk: first-generation, part-time, working part- or full-time to support themselves or family members, single parent, low-income, and so forth. Once created, a calculated "student risk index" could be applied to a cohort of students for purposes such as rewarding schools for well-above-average performance, or for curtailing institutional eligibility for Title IV monies for well-below-average performance. Forming a statistically reliable indication of the relationships between risk factors, such as those cited above and the likelihood of students dropping out or completing a degree or certificate, is a major challenge. Risk factors also influence the probability of a student being able to repay a student loan. The task is similar to that of insurance companies in justifying premiums based on multiple characteristics of the applicant for insurance. Large-scale empirical studies of students' entering profiles and their outcomes at a large range of institutions must be undertaken as a first step toward developing such an index.

While establishing risk indexes poses major data challenges, the refinement in accuracy and setting of appropriate expectations based on the statistical predictors for an institution's student population warrant the effort. The present approach is one-size-fits-all, and that one size is far too loose. Extensive access to data will be necessary, but the analysis itself is well within present capabilities of "big data" processing. Appendix 5 discusses the considerations for generating a student risk index for a cohort at an institution.

A student-risk index could adjust indicators in several areas, such as in a "risk-adjusted expected retention rate," for example. While no risk-adjustment methodology will be without flaws, the key purpose is to achieve a balance: institutions that do well educating their student population can be recognized and affirmed and institutions that do poorly can be identified and not be allowed to use the risk-factors of their populations as a cover for fundamentally poor performance.

Insisting on Satisfactory Academic Progress (SAP) for Continued Student Eligibility

Federal aid should support students on a positive educational trajectory, and academic progress is the responsibility of the student/institutional partnership. There must be a mechanism for assessing a student's progress in the institutional environment. One criterion for continued student Title IV eligibility is "satisfactory academic progress" (SAP) as defined by the institution in accordance with the framework established by federal regulations. The federal guidelines were strengthened by the U.S. Department of Education on July 1, 2011. Students must be on track to graduate in 150 percent of the nominal time required by the degree sought, and criteria for SAP for Title IV students must be at least as demanding as for regular students.

There must be more extensive use of SAP and, concomitantly, more active oversight of SAP. An institution collecting Pell grant and student loan payments has a financial incentive to be generous in its interpretations of SAP, though this incentive is probably not a factor for most institutions. In any case countervailing forces must hold this incentive in check and ensure the essential credibility and reliability of the SAP declarations. For example, the credibility of SAP can be reinforced through scrutiny in accreditation, with an independent outside body reviewing a sampling of the student records and the corresponding SAP reports. SAP also could be confirmed through statistical analyses of data. Using outcomes analysis, one can ask whether the degree and certificate completion rates and later employment and loan default rates of groups of students are statistically consistent with the previous SAP declarations at the institutions they attended. In any event, assuming SAP reliability will be ensured, a SAP test should be incorporated into several policy ideas.

Policy Recommendations for Title IV Pell Grants and Loans, Military Benefits, and Tax Benefits

These APLU staff policy recommendations are guided by the principles described above. They are a work in progress and subject to further investigation and modification. This white paper does not address all the subtleties and complexities involved in their potential implementation.

Redefine Institutional Eligibility for Pell Grants and Student Loans:

- Use the student cohort repayment rate in conjunction with the new three-year student-cohort default rate (CDR) criteria to trigger loss of institutional eligibility for student loans. (The three-year criteria will come into place under the law in September 2014.)
- Tighten and adjust the thresholds triggering loss of eligibility according to the institution's student-risk index and for economic conditions.

Discussion: Some institutions have actively "managed" their two-year CDR to artificially lower the CDR and avoid losing institutional eligibility. Two variables, the two-year CDR and the actual repayment rate, together compose a more accurate indicator of former students' financial stress and are used to define triggers for loss of institutional eligibility.

The CDR alone does not necessarily give reliable information on the financial circumstances of an institution's former students. Students who have left college and would normally be expected to begin repaying student loans do not have to do so if they are granted deferments or are given forbearance by the lender. Institutions have been able to delay the declaration of default by guiding students into deferment or forbearance. If defaults can be delayed long enough, the students' postponed defaults do not count in the institution's calculated default rate. In 2014, the window for tracking defaults will be increased to three years, making it harder to postpone an impending default until it is out of the window of scrutiny. Nonetheless, similar tactics, though somewhat more difficult to implement, probably will be adapted to the new three-year default window.

Default rates are one indicator of whether students are finding employment and earning the income needed to pay off student loans. If students' programs of study and advising have led to suitable career paths after leaving college, the CDR in theory should be low. From a private lender's perspective, the default rate is a critical variable, because default is the precursor to a write-off of some part of the loan and at least the loss of collection expenses. The damage default does to the borrower also has to be fully weighed. Under present law, students in default might be in serious financial jeopardy for the rest of their lives because student debt cannot be discharged even in bankruptcy.

As a pertinent aside, in 2005, the law was changed to make private student loans difficult to discharge in bankruptcy, which changed the balance of financial risks implied by the loan contract between lender and borrower. Since then, there has been a shift back to direct loan programs, which carry provisions for income-based-repayment and eventual forgiveness. In this fiscal environment, the rationale for the 2005 law may no longer be the same. Students might not be attuned to the consequences of private loans. Formal bankruptcy could in fact be an appropriate avenue for adjudicating the situation of a student with a new private loan who is unable to repay it. The 2005 law should be reviewed.

The repayment rate is another variable correlated with successful employment. Former students stop repaying their loan debts long before they are declared in default, and excessively low repayment rates in a student cohort are a precursor to later defaults. The repayment rate can be made less susceptible to the manipulations that have been observed with default rates with appropriate precautions (e.g., barring former students from taking new loans to repay existing debts).

Our proposal is to establish a loss or reduction of institutional eligibility if either a student cohort's repayment rate falls below a critical threshold or the three-year CDR goes above a defined threshold. Low repayment rates, as well as high CDRs, should provoke close scrutiny of the institution and potential loss of institutional eligibility for Title IV funds.

Whether repayment rates or default rates, or both, are used as triggers of loss of institutional eligibility, two adjustments have to be made. First, the trigger levels must be a function of the student-risk index for the cohort population. The expected CDR at an institution at any time is the sum of the rates for the subgroups within the cohort, and with statistical studies to calibrate the expected levels of repayment and default, the trigger levels can vary to reflect the reality of the risk of the pool. An institution would lose eligibility only if its student-risk-adjusted default rate is higher than a risk-calibrated trigger level. The present fixed trigger levels effectively are the extreme-risk case, and they are applied to every institution regardless of the actual population. Second, depending on the state of the economy, graduates might find it comparatively easy or hard to find a first job due primarily to the state of the economy and not solely as a function of the quality and standing of the degree or certificate received. The trigger levels on repayment and default rates should be adjusted to reflect such economic cyclic effects. No doubt it would be a substantial effort to put this multi-variable system in place and to administer it, but given the size of the government's loan portfolio and Pell expenditures, there is a crying need for more responsive and sophisticated oversight.

- Allow "intermediate sanctions" when an accreditation or U.S. Department of Education review finds serious institutional deficiencies, partially restricting the Title IV funding the institution can received relative to its previous "baseline" levels.

Discussion: Current policy makes accreditation an "all or nothing" proposition. An accrediting agency might detect serious problems, but the agency has to decide if the problems are so serious as to warrant stripping eligibility. The consequences are potentially so severe (e.g., tantamount to the closure of the college) that accreditors rarely exercise the option, preferring instead to issue letters of deficiency to the college and to require return visits. Indeed, the possibility of losing eligibility has prompted political interventions in a number of instances, even when an outside observer would readily see the gravity of the problems. An intermediate sanction would be potent, decidedly threatening the revenue stream of the institution, but it could be applied at a level that is not dire. Correspondingly, the accrediting agencies could feel empowered to use an intermediate sanction when the agency determined it was justified, and accreditation would become a stronger force for maintenance and improvement of quality.

To illustrate, if accreditors judge the quality of education at an institution to be below a reasonable standard or the U.S. Department of Education's eligibility criteria are not fully met, the accrediting agency or the Department would have the option of partially curtailing the Title IV eligibility of the institution by restricting the number of Title IV participating students the institution could enroll to some fraction (e.g., 95%) of a previous two-year average. Current students would be allowed to continue if prudent, so as not to damage the student status of current students. Current students would be given notice of the finding of deficiency, allowing them to consider transfer to another institution, as would also prospective students. New Title IV enrollments would be cut back noticeably and the composition of the incoming class and transfer group could be altered markedly as a result. Once the deficiency is remedied, the intermediate sanction would be removed.

- Place primary responsibility for pursuing fraud and consumer abuses clearly with the U.S. Department of Education, and systematize the reviews necessary to curtail fraud.

Discussion: Accreditors are often now seen as the parties with primary responsibility to detect fraud and abuse, but they are not in a position and lack the full legal authorities and/or to undertake the work. For example, the U.S. Department of Education has the powers of subpoena to compel discovery of documents that might reveal fraud in federal student aid programs, and it should have the necessary staffing to systematically root out fraudulent practices.

Connect Aid to Degree Progress:

- Reward institutions themselves with aid for demonstrated superior performance in student completion rates relative to the student-risk profile of those enrolled.

Discussion: Pell and student loan aid are voucher programs that travel with the students to their institutions. Institutions receive payments based on enrollment alone, largely detached from any measures of quality or student success. Most institutions are deeply interested in their students graduating and admit students who they feel have a reasonable opportunity to graduate. However, the current system does in fact provide an incentive to enroll students but not incentives for graduation. Institutional programs effective in increasing rates of completion usually incur extra costs, e.g., upper-division education costs may be greater than lower-division. Moreover, systems to track student progress and alert faculty or counselors when a student's performance shows signs of possible failure or withdrawal require investment, as do the personnel involved in timely interventions. While support systems add expenses, the incremental costs per student might be small compared to the impact on success rates and the eventual societal and individual benefits that come from success. Students would benefit from rewarding institutions for superior performance in moving students toward completion and thus compensate for those extra costs; in effect, federal aid programs should pay noticeably more for success than for lackluster or poor performance.

Accurately targeting such rewards is a major challenge. Many straightforward approaches would create perverse incentives and unintended consequences. For example, paying a cash reward to an institution for every student it awards a degree incentivizes only the last school attended, not those that contributed along the student's entire path. It also incentivizes quantity to the potential detriment of quality.

Again, the measure of "superior performance in completion" must be calibrated according to the student-risk profile of the population served. Superior performance should be judged relative to national norms for institutions serving similar groups of students and cross-checked against student loan repayment, cohort default rates, and available employment or graduate study data.

Assuming superior performance for past students can be determined, the reward should inspire continued efforts with new students. We propose to add a *per capita* premium to Pell grants for students currently attending an institution with superior performance as attested by past student cohorts. This might take the form of, for example, a 10 percent increase in the Pell grant amount relative to baseline that would go to the institution, allowing it to pay for the extra support services, advising, or curricular innovations that promoted superior student completion and success.

- Require institutions to advise and create a feasible path to a degree for each Title IV student. Ensure academic progress is linked to student eligibility for grant and loan aid by requiring institutions to report academic progress in a standardized format that validates a degree/certificate plan and allows for quick assessment of student progress toward completion. These should be broadly stated requirements and the law should specify that U.S. Department of Education regulations are not to detail how it will be fulfilled. An institution's fulfillment of this requirement would be verified as part of the accrediting process.

Discussion: Lack of effective advising is a frequent, though not universal, weakness in the partnership between a student and an educational institution. Good advising takes time and effort, and it does not reap immediate externally visible rewards. But there is ample evidence that meaningful personalized advising, combined with close tracking of student performance and timely interventions to keep a student from going off track, makes a big difference, particularly for first-generation students. Institutions should be required to provide evidence in the accrediting process that Title IV funded students have received individual advice, namely, that an advisor has worked with the student to lay out a complete tableau and schedule of courses that if followed will lead the student to complete an intended degree. This advising should produce a feasible path to a degree, and this plan should be on file for every Title IV student.

Certainly, a student's circumstances and interests may change, requiring the tentative course plan on file to be modified. Nonetheless, working with the student to develop such a plan puts on the table many critical issues for both the student and the institution: what is the student's intended area of emphasis and likely major; when will the necessary courses be available; what are the bottlenecks and sequences that have to be included with adequate lead time; what happens if the institution cancels a course offering foreseen or if the student fails a class? There should be flexibility in how the plan is developed and expressed. Some institutions have software systems to aid in advising and tracking and no doubt more will adopt such systems. It is valuable to have a consistent format for reporting academic progress, and progress might be more easily gauged relative to the "feasible path" plan on file.

- Create a national system of career education, broadly interpreted, using Web technology to introduce incoming students to possible careers and life directions, and relating these to multiple educational paths. The intention is to help students think actively about their futures and make timely choices, focusing their aid-supported study on paths and courses that lead to degree or certificate completion. At the same time, institutions would of course be able to better understand the courses necessary for students to meet their career objectives.

Discussion: A common complaint from industry leaders is that there are millions of jobs unfilled for lack of qualified workers, while at the same time national unemployment levels are unacceptably high. In truth, students often choose colleges and majors with little understanding of the careers that will be open to them upon completion. First-generation students often do not have the benefit of family or college-educated adult advice and the choices of those students would frequently be better informed with access to career education. In the past, high-school guidance counselors were a primary source of basic career education. They might recommend colleges compatible with a student's career objectives. But with reduced high school staff, this counseling has been stretched thin in many high schools.

Internet technology can be employed to help fill this gap. Interactive learning systems could be developed to explain to students what careers are available and what working in a particular career might entail. For example, YouTube-style videos might show what a medical technician does and demonstrate some the skills required. A national system might provide information on labor markets for different careers, what starting salaries are, and where in the country the job openings will be found.

Once a student has a better sense of the range of career of possible interest to him or her, the student will be in a better position to choose an institution that offers programs and degrees pertaining to those career interests, and the institutions correspondingly would have a more accurate portrait of the student's intentions and how they match the offerings at that institution.

Put Conditions on Veterans/Military Benefits:

- Require evidence of SAP for continued exercise of the benefit. Institutions would need to confirm SAP to the student and the appropriate government agency.
- Strengthen institutional eligibility requirements under State Approving Agencies.

Discussion: As discussed in Appendix 3, educational benefits provided to active military service personnel by the Department of Defense (DoD) and to military veterans by the Veterans Administration (VA) are substantially different in character and standing from the Title IV programs. They are generally considered entitlements earned by military service. Unfortunately, multiple press reports suggest some providers have been targeting veterans to capture their benefits with little regard to the quality of the educational experience obtained. At the end of 2012, the DoD issued a Memorandum of Understanding intended to curtail the obvious abuses.

There is a hazardous decoupling occurring in the present system, which can be illustrated by the "Post 9/11 GI Bill." The veteran has earned the three-year benefit and has up to 15 years to use it. The money for tuition is paid to the institution, whereas the living expense is paid to the veteran. Depending on location and institution, perhaps half the cost to the government is a direct benefit to the individual (the living expense), the other half is payment to the institution. If the requirements for academic performance and quality of learning are minimal, this creates potentially perverse incentives. Mere attendance is enough to gain a living expense benefit for the veteran.

The focus on educational content will be strengthened by insisting on satisfactory academic progress as a condition for continued exercise of the benefit.

- Including veterans benefits in the "90/10 Rule" limiting the federal percentage of an institution's revenue, not just Title IV funding.

Discussion: The exclusion of the military benefits from the calculation is obviously a weakening of the 10 percent requirement and a misrepresentation of the actual federal funding involved. Military benefits are unquestionably federal expenditures, though they come from another part of the federal budget. This straightforward and logical interpretation of the 90/10 Rule is of course controversial among some institutions.

Tax Credits and Deductions:

- Target the benefit more accurately so they are an incentive for those who might not otherwise pursue higher education.
- Assuming the benefits are more targeted, simplify the deductions and credits so taxpayers will be able to take advantage of them following more easily understood instructions.
- Introduce a SAP requirement for the student to receive the tax benefit, in which students would ask institutions to issue them a confirmation of SAP and check off that they held one in filing for the tax benefit.

Discussion: Tax credits and deductions provide federally supported financial incentives for families and individuals to spend for education (see Appendix 4). The effectiveness and distribution of the benefits of these programs were discussed in a U.S. General Accountability Office report [May 2012] "Improved Tax Information Could Help Families Pay for College." As encapsulated in the title, a major finding was, "Tax filers do not always select tax expenditures that maximize their potential tax benefits, possibly because filers are unaware of their eligibility for the tax credit or deduction or are confused about their use." This suggests that the benefits flow unevenly, whatever level of forgone federal tax revenue attributable to the educational tax credits and deductions. One can conjecture that more knowledgeable tax filers capture the benefit; if so, the distribution of the actual benefit may not favor those who need it most. The entire tax credit and deduction framework should be studied with an eye to simplification, adjustment to better target incentives, and provision of more easily understood information to taxpayers.

Public opinion polls show the education tax credit and deduction programs enjoy strong public support. The recent deal to avert the "fiscal cliff" extended the American Opportunity Tax Credit for another five years. Thus there is probably little political appetite at this moment to re-examine tax credits and deductions comprehensively.

Given the magnitude of the forgone revenue for the federal government, there should be a clear message reinforcing diligence in the academic work for which a credit or deduction is being claimed. A SAP condition should be met. The tax filer would have to obtain and retain a declaration of satisfactory academic progress from the institution attended for the student for whom the expense is claimed. The declaration of SAP would be requested annually by the tax filer and issued by the institution attended. The SAP declaration validating the deduction or credit would be subject to audit by the IRS, as is documentation supporting many other tax benefits. Providing the SAP declarations would add some additional burden on the educational institutions, but they are already required for Title IV program students.

CONCLUSION

These federal student aid programs touch huge numbers of people and have long histories. Implementing even modest reforms will involve a sustained effort. They are so important to raising the level of education of the U.S. population and to economic productivity that there should be no hesitation to undertake to improve them. APLU is committed to working with other organizations to advance sensible reforms.