



Bipartisan Policy Center

Task Force on Higher Education Financing and Student Outcomes

SUMMARY OF RECOMMENDATIONS

REFORMS TO IMPROVE ACCESS AND AFFORDABILITY

1. **Establish a \$5 billion annual matching grant to help states address unmet need and improve student outcomes.** This “federal-state partnership” would reward states based on measures of affordability, tax effort, and productivity. States would be required to use these grant funds to reduce unmet need or improve outcomes among low- and middle-income students.
2. **Increase mandatory Pell funding by \$9 billion per year, with expanded eligibility for middle-income households and capped at the fourth income quartile.** This would reduce unmet need for low- and middle-income students, making higher education more affordable and accessible.
3. **Restore Pell Grant eligibility for incarcerated students,** by lifting the ban implemented under the Violent Crime Control and Law Enforcement Act of 1994.
4. **Implement a new pilot study that extends Pell to cover short-term programs.** The study would test the effect of this change on institutional quality and behavior, and student outcomes.
5. **Retain the ability to benefit provision and direct the Department of Education to study its uptake and implementation.** This would enable more low-income students without a high school diploma to access federal financial aid.
6. **Provide borrowers with a single income-driven repayment (IDR) option that would not be subject to the standard repayment cap.** A single option would eliminate confusion about loan repayment terms and help to ensure that borrowers’ monthly payments reflect their ability to pay.
7. **Make income-driven repayment the default option for new borrowers and enable data sharing to verify income.** Automating much of the process would reduce burdensome paperwork and allow more students to utilize IDR.
8. **Restructure Public Service Loan Forgiveness (PSLF) to provide a flat monthly benefit of \$300 for up to five years.** This would give eligible borrowers an up-front, defined benefit. The current system offers blanket loan forgiveness, which provides a windfall to high-balance borrowers, who tend to have high incomes.

9. **Eliminate in-school interest subsidies on federal student loans.** Research suggests that these subsidies are ineffective at promoting access and completion. This policy change should be paired with a tantamount increase in need-based grant aid (such as the Pell expansion listed above).
10. **Rein in risky lending to parents and increase loan limits for low-income undergraduates.** Applying underwriting standards to Parent PLUS Loans would constrain parents from taking out unsustainable debt on behalf of their children. Simultaneously allowing low-income dependent students to access higher loan limits would help to preserve postsecondary access among students with financial need.
11. **Conduct a study to assess options for limiting Grad PLUS Loans.** This study would analyze the effects of capping Grad PLUS Loans on student access, as well as provide insight into the cost of degree production and the return on investment among various graduate programs.
12. **Conduct a study on the extent to which students are over-borrowing and under-borrowing.** This study would enhance the research base by developing definitions for and assessing the prevalence of these tendencies in the federal student loan system.
13. **Eliminate the American Opportunity Tax Credit, the Lifetime Learning Credit, and the student loan interest deduction,** given that these resources disproportionately flow to tax filers with higher incomes. Phasing out these tax expenditures would be sufficient to fund most of the increase in Pell funding and the federal-state partnership detailed above.
14. **Improve guidance from the Department of Education on developing cost of attendance calculations.** The cost of living estimates that institutions use can vary significantly even within the same county, which can lead to both over- and under-borrowing among students.
15. **Close the legal guardianship loophole to ensure that high-income families are not utilizing means-tested benefits for higher education.**
16. **Update the campus-based aid allocation formula to better target institutions that effectively serve large numbers of students with demonstrated financial need.** The current formula provides outsized resources to older, wealthier campuses, many of which enroll few low-income students. Allocations should instead be based on the share of the student population that is low income and how well an institution serves them.
17. **Limit Federal Work-Study allocations to undergraduate students,** thereby increasing resources for schools that disproportionately serve low-income undergraduates, such as community colleges.
18. **Direct the Department of Education to provide guidance to schools on how to allocate Supplemental Educational Opportunity Grant disbursements.** These guidelines would help to ensure that grant funds are used to serve students with the greatest financial need.
19. **Allow institutions to use Supplemental Educational Opportunity Grant funding for emergency child care and micro-grants.** This new flexibility could assist students in dealing with emergencies—for example, a car repair, medical problem, or change in child care arrangements—that might otherwise derail their path to graduation.
20. **Enable automatic data sharing between the Department of Education and the IRS,** which would substantially mitigate the burden of applying for financial aid as well as simplify the process for IDR enrollment. (Note that Congress recently passed legislation along these lines, though implementation is not yet underway.)
21. **Lay the groundwork for an eventual transition to a one-time Free Application for Federal Student Aid (FAFSA)** under which most students would only be required to complete the FAFSA once, before their initial enrollment. This would improve access and retention, especially among low-income students, who face barriers to annual FAFSA completion.

22. **Rename the “Expected Family Contribution” to better reflect its function as an index of need**, rather than a set figure for what a family will be expected to pay for college.
23. **Create a more seamless connection between the FAFSA and the Supplemental Nutrition Assistance Program**, which would help more students get the information they need to apply for assistance and potentially reduce food insecurity among students.

REFORMS TO IMPROVE OUTCOMES AND INCREASE INSTITUTIONAL ACCOUNTABILITY

24. **Invest \$400 million annually to boost capacity at Minority-Serving Institutions, MSIs, as well as low-resource institutions in other sectors that enroll a high proportion of low-income students.** These formula-based funds would be allocated directly to institutions and could only be used for evidence-based interventions that boost outcomes among low-income students.
25. **Conduct an independent, national study to re-evaluate current allocation formulas for supporting Minority-Serving Institutions, MSIs**, to help ensure that resources are well targeted and delivered effectively.
26. **Strengthen and broaden the metric used to disallow institutional eligibility for federal aid.** Current federal accountability levers are insufficient at removing the worst-performers from the system and should be reformed to include measures such as program-level loan repayment, completion, earnings among graduates, and outcomes for low-income students.
27. **Require institutions participating in the federal loan program to pay a premium tied to student loan outcomes.** This would reduce risks for students and taxpayers and hold every institution increasingly accountable for poor loan outcomes among students, with the goal of incentivizing continuous improvement throughout the higher education system.
28. **Provide additional Pell dollars to students who attend institutions that successfully serve large numbers of low-income students**, with the goal of creating positive incentives for improvement among institutions and encouraging additional enrollment at schools that have proven effective at promoting social mobility and generating a strong return on investment.
29. **Direct the Department of Education to study how best to provide real-time and forward-looking data in financial responsibility scores**, with the goal of more accurately assessing the financial health of institutions and thereby identifying colleges at risk of closure.
30. **Set letters of credit for institutions with low financial responsibility scores using an objective process** that considers the costs of teach-out plans and loan discharge. Institutions at risk of closure must currently file a letter of credit with the Department of Education, but the process is opaque.
31. **Require every institution to develop and maintain a robust, funded teach-out plan** that provides students with clear options to continue their education in a timely manner in the event of school closure.
32. **Direct the Department of Education to create templates to inform schools on the development of student-centric teach-out plans.**
33. **Reduce regulatory burdens to incentivize teach-out acquisitions.** This would streamline the teach-out process and encourage participation by interested parties, thereby helping to ensure that affected students can complete their programs with minimal disruption.

REFORMS TO IMPROVE DATA AND INFORMATION FOR STUDENTS

34. **Provide additional outcomes data at the student level**, specifically around earnings and employment outcomes disaggregated by demographic characteristics, which would aid decision-making for students and better inform public policy.
35. **Increase comparability across existing Integrated Postsecondary Education Data System (IPEDS) surveys.** The two IPEDS surveys on outcome measures and graduation rates should synchronize their reporting periods, which would improve the usefulness of the data for policymakers and researchers.
36. **Reform the “student services” metric to better reflect student-centered spending.** Currently, some institutions categorize spending on marketing and recruitment as “student services,” which makes it impossible to gauge what institutions allocate towards promoting student success versus activities designed to attract additional revenues.
37. **Require institutions to report spending on marketing and recruitment separately.** This information would provide valuable insight into institutional priorities and their use of taxpayer dollars.
38. **Tighten survey data definitions.** It is important to ensure that institutions are reporting spending to IPEDS in a uniform manner that makes the data useful and comparable.
39. **Direct the Government Accountability Office to conduct an audit of IPEDS,** which would establish a baseline for data quality and allow policymakers to assess whether any recurring audits are necessary.
40. **Increase student awareness of data resources,** such as existing tools meant to inform student decision-making, by encouraging the Department of Education to develop additional outreach strategies and enhance its work with stakeholders.
41. **Use an evidence-based approach to reform loan counseling,** given that the current online platform is ineffective and provides students with impersonal and irrelevant information.
42. **Simplify and personalize the Plain Language Disclosure Form** that is provided to federal student loan recipients. The current form is dense and lacks the personalization necessary to adequately inform student decision-making.
43. **Require schools that accept federal aid to standardize financial aid offers.** A consumer-tested template with standardized terminology for financial aid offers would reduce confusion and make it easier for students and families to evaluate and compare aid packages across institutions.
44. **Change the name “award letter” to “financial aid offer,”** which would more accurately convey to prospective students the diverse financing options described therein.
45. **Require the Department of Education to regularly notify students of their uptake of federal aid relative to cumulative limits.** This information would give students a more complete and up-to-date picture of their financing options.

