

**AAUW Capitol Hill Lobby Corps**  
**The College Affordability for Working Students Act (H.R. 3378)**  
**October 25, 2007**

**I. SUMMARY**

**Message:** Many students today are juggling family, work, and education at the same time. Their drive is admirable, but the current system provides little to no support for their educational endeavors.

- With only 2.1 percent of Pell grants going to these less-than-half-time participants, the College Affordability for Working Students Act will provide much needed relief. This legislation will expand federal Stafford loans to less-than-half-time students at 100 test-sites, thus expanding opportunity for more students to obtain a college education.
- Please **cosponsor** the College Affordability for Working Students Act (H.R. 3378).

**II. BACKGROUND**

Since its founding in 1881, the American Association of University Women has been committed to making the dream of a higher education a reality for women. AAUW's 2007-09 Public Policy Program affirms our commitment to "a strong system of public education that promotes gender fairness, equity, and diversity...and advocates increased support for, and access to, higher education for women and other disadvantaged populations."<sup>1</sup> With changes in the workforce over the last 125 years, higher education is becoming less of a luxury and more of a necessity. By the year 2014, it is estimated that there will be 12 million new jobs where postsecondary education will most likely be necessary.<sup>2</sup> As the skill requirements of jobs continue to increase, so too should access to postsecondary education for all students.

About one in four Americans age 25 and older has a four-year college degree. Men are slightly more likely than women to have a college degree. A little more than half of both men and women age 25 and older have completed at least some college.<sup>3</sup> Among young adults ages 25 to 29, women are more likely to have a college education. Almost one-third (31 percent) of the women and one-fourth (26 percent) of the men in this age group have a college education.<sup>4</sup> White and Asian Americans are more likely than Hispanic and African Americans to have a college degree. African American women are slightly more likely than their male counterparts to have a college education. Among Hispanic Americans, the proportion of women and men with a college education is about the same.<sup>5</sup>

**The New Norm: Nontraditional Students**

Nontraditional students—students who are part-time, working, older, or parenting—face unique challenges as they seek to finance a college education. A 2002 report found that nearly 73 percent of undergraduates were considered "nontraditional," meaning they are older, they may work, or attend school part-time.<sup>6</sup> In light of the increasing number of nontraditional and parenting students—the majority of whom are women<sup>7</sup>—legislation must create programs that help these students enter college, stay in college, and earn a degree.

In contrast to traditional students, nontraditional students also face challenges as a result of the responsibilities which tax their time and financial resources. While early intervention and support programs currently exist for at-risk, traditionally-aged students, there are no stand-alone federal programs to assist nontraditional students, including pregnant and parenting students, in attending postsecondary education. AAUW believes funding for programs to provide guidance, mentoring, and support services for adults re-entering college—or who need assistance in finding a postsecondary program that fits their needs—should be established.

Many nontraditional students only have the opportunity to return to school one class at a time.<sup>8</sup> AAUW believes such students should have access to financial aid while ensuring that the integrity of the federal aid programs is maintained. While Pell grants are available to students who attend school less than part-time, most loan programs require students to be enrolled at either the part-time or full-time level. AAUW believes federal student loans should be available to all students willing to make a commitment to higher education, even if they have to chip away at the dream of a college degree one class at a time.

### **What are Stafford Loans?<sup>9</sup>**

Stafford Loans are a type of federal student loan available to college students, both undergraduate and graduate, in order to supplement personal and family resources, scholarships, grants (ex. Pell) and work-study. Federal student loans can cover school expenses, including tuition and fees, room and board, books and school supplies. Stafford Loans have no course-type requirements.

- **Subsidized-**  
Some Stafford Loans are **subsidized**. This means they are offered to students with a demonstrated financial need: generally a lower family income. For these loans, the federal government makes interest payments while the student is in college.
- **Unsubsidized-**  
Most eligible students can take out an **unsubsidized** Stafford Loan. These loans have no need-based requirements. Often the government does not pay the interest while a student is enrolled in school. Rather, the interest simply accrues until the student finishes being a student.
- **Eligibility-**  
To be eligible for a Stafford Loan a student must be enrolled at a school that offers federal loans, and must be currently enrolled for more than half-time. Students may be required to prove need to qualify for a subsidized loan.
- **Guaranteed-**  
Some Stafford Loans are offered by private organizations under accordance from the U.S. Department Education. If a student defaults on this type of Stafford Loan, the government is responsible as the guarantor.
- **Direct-**

Other Stafford Loans are paid directly from the government to the student. The government is essentially the guarantor as well as the lender on this type of loan.

\*A school decides whether to participate in the guaranteed or direct program. The loan is absolutely identical (dollar amount, interest rate) either way.

It is important to note that nearly all students enrolled over half-time, can receive at least one type of Stafford Loan (regardless of credit score or other financial issues).

### **Other Student Aid Legislation**

The College Cost Reduction and Access Act (signed into law)

- Increases Pell Grant awards to restore the grant's purchasing power;
- Subsidizes student loan interest rates by up to 50 percent;
- Caps loan repayment at 15 percent of an individual's discretionary income;
- Increases the income protection allowance, which increases the amount of money students can make before it counts against their financial aid package;
- Includes loan forgiveness plans for graduates who enter public service;
- Corrects some current lending practices.

Part-time Student Assistance Act

- Increases the earnings exempt from student aid need determinations;
- Provides for inflationary adjustments to such earnings exemptions;
- Revises and expands Child Care Access Means Parents in School (CCAMPIS) which provides grants to institutions of higher education for child care assistance for low-income students;
- Establishes a year-round Pell grant pilot program.

While the CCRAA and the Part-time Student Assistance Act have stipulations that might impact Stafford Loans for those who are already eligible, the College Affordability for Working Students Act would make less than half-time students eligible for Stafford Loans.

### III. TALKING POINTS

- Currently, to be eligible for the Stafford loan program a student must attend classes on at least a half-time basis. This restriction makes over 2.6 million students ineligible. These students are attending college on a less than half-time basis, including many adult students balancing family and work demands with an education.
- According to the Departments of Education's National Center for Education Statistics, 14 percent of college students are enrolled less than half-time. There are many students who could benefit from an expand program based on this bill's demonstration program.
- By the year 2014, it is estimated that there will be 12 million new jobs where postsecondary education will most likely be necessary.<sup>10</sup> College education is a necessary part of today's workforce.
- In 2003-2004 only 2.1% Pell Grants went to less than half-time students. This is because all Pell Grants have a need-based stipulation and many less than half-time students have incomes that exceed the maximum level because they are working. This bill will provide less than half-time students with the aid they need to afford college.

### WHAT THIS BILL WOULD ACCOMPLISH

1. The College Affordability for Working Students Act will create a demonstration program that will last four years. This program will be enacted at 100 institutions and will provide direct and guaranteed Stafford loans to less-than-half-time students. The bill does not specify where the 100 test-sites will ultimately be. This decision is left to the Department of Education which administers the loan program.
2. Students will be able to collect loans for up to 6 terms.
3. Students will be permitted to defer repayment of loans for up to six months after the student ceases to be a student. This is identical to the deferment period for full-time students.
4. This bill will also require a report to be created and submitted to Congress by the Secretary of Education that will explain the efficacy of the program.

#### IV. STATUS

Rep Brian Baird [WA-3] (introduced 8/3/2007) 18 Cosponsors.  
Referred to House Subcommittee on Higher Education, Lifelong Learning, and Competitiveness  
on 9/19/2007

[Rep Berkley, Shelley](#) [NV-1] - 10/18/2007      [Rep Bishop, Sanford D., Jr.](#) [GA-2] - 10/9/2007  
[Rep Carson, Julia](#) [IN-7] - 9/25/2007      [Rep Clay, Wm. Lacy](#) [MO-1] - 10/15/2007  
[Rep Cohen, Steve](#) [TN-9] - 9/25/2007      [Rep Filner, Bob](#) [CA-51] - 10/15/2007  
[Rep Green, Al](#) [TX-9] - 10/18/2007      [Rep Green, Gene](#) [TX-29] - 9/17/2007  
[Rep Hastings, Alcee L.](#) [FL-23] - 10/15/2007      [Rep Lee, Barbara](#) [CA-9] - 10/9/2007  
[Rep McGovern, James P.](#) [MA-3] - 10/9/2007      [Rep McNerney, Jerry](#) [CA-11] - 10/15/2007  
[Rep Miller, Brad](#) [NC-13] - 10/15/2007      [Rep Sanchez, Linda T.](#) [CA-39] - 9/17/2007  
[Rep Sires, Albio](#) [NJ-13] - 10/18/2007      [Rep Smith, Adam](#) [WA-9] - 9/17/2007  
[Rep Space, Zachary T.](#) [OH-18] - 9/17/2007      [Rep Van Hollen, Chris](#) [MD-8] - 10/15/2007

#### V. TARGETS:

Dem Ed and Labor Committee Members  
Cosponsors of Part-time Student Assistance  
Select Republicans

#### VI. WHO TO ASK FOR: Education LA

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<sup>1</sup> 2007 – 09 AAUW Public Policy Program (approved July 2007).

<sup>2</sup> Bureau of Labor Statistics. Occupational Projections and Training Data, 2006-07 Edition.  
<http://www.bls.gov/emp/optd/optd001.pdf> Accessed December 15, 2006.

<sup>3</sup> U.S. Census Bureau. *Educational Attainment in the United States: 2003*. Current Population Reports P20-550, 2–3. 2004. Accessed Nov. 8, 2004, from <http://www.census.gov/prod/2004pubs/p20-550.pdf>.

<sup>4</sup> U.S. Census Bureau. *Educational Attainment in the United States: 2003*, Current Population Reports P20-550, 3. 2004. Accessed Nov. 8, 2004, from <http://www.census.gov/prod/2004pubs/p20-550.pdf>.

<sup>5</sup> U.S. Census Bureau, *Statistical Abstract of the United States*, Table No. 228, 153. 2003. Accessed Nov. 9, 2004, from <http://www.census.gov/prod/www/statistical-abstract-03.html>.

<sup>6</sup> U.S. Department of Education. National Center for Education Statistics. “Special Analysis 2002: Nontraditional Undergraduates.” 2002. <http://nces.ed.gov/programs/coe/2002/analyses/nontraditional/> Accessed December 21, 2005.

<sup>7</sup> Kerka, Sandra. “Financial Aid for Lifelong Learning.” *ERIC Digest* No. 224. 2003.

<sup>8</sup> Most students attend less than half-time temporarily, and aid to those students may increase their ability to complete a degree program. “Initiative to Aid Illinois Adult Learners.” 2001. Springfield, IL.

<sup>9</sup> US Department of Education. Student Aid on the Web.

<http://www.studentaid.ed.gov/PORTALSWebApp/students/english/studentloans.jsp>. Accessed October 24, 2007.

<sup>10</sup> Bureau of Labor Statistics. Occupational Projections and Training Data, 2006-07 Edition.  
<http://www.bls.gov/emp/optd/optd001.pdf> Accessed December 15, 2006.