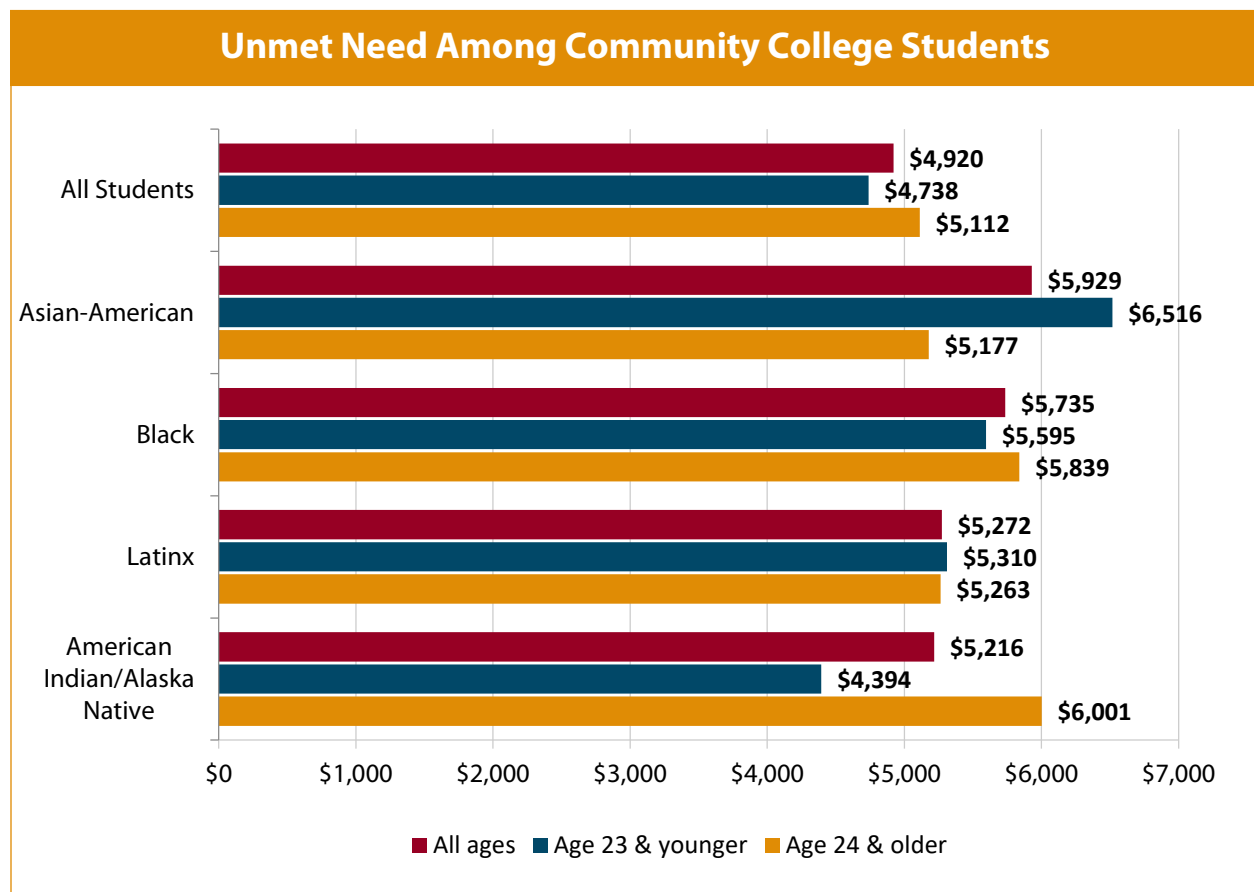


## Making College Affordable and Accessible

Postsecondary education has long been a vehicle for economic and social mobility because of its potential to improve lifetime earnings,<sup>1</sup> health and wellbeing, and civic participation. College costs, however, have skyrocketed largely due to state disinvestment following the Great Recession, placing college out of reach for millions of students.

According to the Center on Budget and Policy Priorities, the annual published tuition at four-year public colleges has risen by \$2,651, or 36 percent, since the 2008 school year.<sup>2</sup> Although most states have begun reinvesting in postsecondary education,<sup>3</sup> millions of low-income students, particularly students of color, continue to struggle to afford a postsecondary education.<sup>4</sup>

Forty years ago, the maximum Pell Grant award covered three-quarters of the cost of college. Today, the maximum award (\$6,195) covers less than 30 percent of the cost of attending a four-year public institution.<sup>5</sup> Low-income students must also cover the cost of basic living expenses such as housing, food, transportation, child care and textbooks. The chart below breaks down unmet need—the gap between what college costs and the money students have to pay for college—by race and ethnicity.<sup>6</sup>



On community college campuses, a large percentage of low-income students cannot afford food, housing, and textbooks—basic living expenses that make it possible to succeed in school. In a 2015 survey of more than 4,000 students at 10 community colleges, half reported struggling with food and/or housing insecurity.<sup>7</sup> The U.S. Bureau of Labor Statistics reports that consumer prices for college textbooks have increased 88 percent since January 2006.<sup>8</sup>

Increased college costs and basic living expenses have forced low-income students to pay a larger share of their incomes and borrow more money for postsecondary credentials,<sup>9</sup> creating greater income and wealth inequality for families of color. Notably, the Urban Institute found that the share of families of color with student loan debt has increased in the past several decades.<sup>10</sup>

Wealth and income inequality have risen since 1963, with the income of the highest-earning families increasing roughly 90 percent from 1963 to 2016, and the income of the lowest-earning families increasing just under 10 percent.<sup>11</sup> Disparities by race and ethnicity have also widened. In 2016, white family wealth was seven times greater than Black family wealth and five times greater than Hispanic family wealth.<sup>12</sup>

Given these realities, Congress must take bold steps to increase access and affordability for students of color and low-income students as it considers reauthorizing the Higher Education Act (HEA). Doing so would help to mitigate intergenerational poverty and disparities in income and wealth.

## CLASP Principles for College Access and Affordability

- Protect and increase investments in federal financial aid programs that provide grant aid to low-income students and make college more affordable and accessible.
- Support federal programs and policies that promote pathways out of poverty for low-income students, including students of color, student parents, returning citizens and incarcerated adults, adult learners, independent students, Dreamers, and young adults who have experienced disconnection from school and work.
- Support financial aid eligibility policies that respond to the needs of low-income students attending college part-time and less than half-time and give them ample time to earn their degrees.

## Recommendations

**Simplify the FAFSA.** Reduce the number of questions on the Free Application for Federal Student Aid (FAFSA) to streamline the application process for low-income students. Increase the income eligibility for automatic zero expected family contribution (EFC), so that more low-income students can skip most of the questions on the FAFSA and qualify for a maximum Federal Pell Grant. Increase outreach efforts to low-income and first-generation college students to encourage them to apply for federal student aid.

**Create a federal-state partnership that offers low-income students an associate or a bachelor's degree debt-free.**<sup>13</sup> Federal-state partnerships must provide incentives to states and institutions to offer debt-free college to low-income students and to reinvest in state financial aid programs targeting low-income students. Federal-state partnerships must also cover the full-cost of a college degree, including tuition, fees, and basic living expenses such as housing, child care, textbooks, food, and transportation.

**Double the maximum Pell Grant award.** Congress must increase the Pell Grant award's purchasing power to make college more affordable and accessible for low-income students and students of color.

**Automatically adjust the Pell Grant award for inflation.** Congress must indefinitely extend statutory increases to the Pell Grant award that are tied to the Consumer Price Index.

**Protect the Federal Supplemental Educational Opportunity Grant (SEOG) and better support students with greatest financial need.** Redesign the allocation formula to better serve low-income students by distributing funds based on the proportion of Pell-eligible students at institutions. Give institutions flexibility to use SEOG funds for emergency aid to provide temporary relief for students who might not otherwise complete their course of study.

**Harmonize Pell Grant requirements to align with satisfactory academic requirements.** All students are required to maintain Satisfactory Academic Progress (SAP) for financial aid eligibility. SAP guidelines allow for student aid up to 150 percent of program length, but students enrolled full time in 12 credits per semester would reach their lifetime limit (6 years) prior to completing their program (at 7.5 years). This is because taking 12 credits instead of 15 can add a year to a 4-year degree program. The lifetime cap should be increased to align with the 150 percent limit.

**Reduce the “work penalty.”** Independent students who work while attending school spend an average of 33 hours per week at their job. To avoid penalizing independent students who must work while enrolled, the Income Protection Allowance should be increased to 150 percent of the federal poverty level.

**Preserve aid eligibility for half-time and less-than-half-time students.** Strong evidence shows that students who enroll less than half time do so temporarily and because of factors beyond their control. Grants during periods of lower enrollment intensity help students maintain momentum and avoid dropping out entirely. Aid eligibility should be preserved for students who mix their enrollment over the course of their college program, including when they attend less than half time.

**Maintain the full-time enrollment standard of 12 credits per term.** Nearly one-quarter of students who are enrolled full time are considered to be an employee enrolled in school (as opposed to a student who is working to meet expenses). For this reason, it is necessary to maintain the full-time enrollment standard of 12 credits per term.

**Target Pell Grant aid.** Create a “negative expected family contribution (EFC)” calculation in the need analysis so that low-income students can document the full extent of their financial need. Under this proposal, the students with the greatest financial need would be eligible for additional Pell Grant aid of up to \$750 to meet their cost of attendance.

**Give low-income students access to comprehensive financial supports.** Students should be connected to comprehensive financial supports, including public benefits, which can sustain them in the short term while they work toward degrees and family-sustaining jobs. We recommend connecting low-income students to public benefits through federal programs such as the Child Care Means Parents in School Program (CCAMPIS) and Titles III and V of HEA. These comprehensive financial supports can help to improve college persistence and completion for low-income students.

**Increase funding for Federal Work-Study (FWS) and revise the FWS formula and align work placements with fields of study.** The FWS allocation formula should be redesigned to better serve low-income students by distributing funds based on the proportion of Pell-eligible students at institutions as well as prioritizing them for aid. The Work-Study program should be targeted at providing meaningful, work-based learning opportunities and other industry-relevant employment in a student’s field of study.

**Support affordable college textbooks.** College textbooks can significantly increase college costs, particularly for low-income students. HEA can incentivize and encourage institutions of higher education, particularly open-access institutions, to increase the use of affordable college textbooks and digital materials.

**Simplify loan repayment plan options.** Student loan borrowers should have simpler, more transparent repayment with two options: standard repayment and an income-driven repayment (IDR) plan modeled after the Pay As You Earn plan. Borrowers should be automatically enrolled in the IDR plan to protect against delinquency and/or default.

**Strengthen Public Service Loan Forgiveness (PSLF).** Ensure that the Department of Education and loan servicers provide accurate and timely information to borrowers about PSLF eligibility. Hold loan servicers accountable for accurately counting loan payments for borrowers. If properly administered, PSLF could help improve the economic security of low-income students, students of color, women<sup>14</sup> and others who are dedicated to public service and may earn less over their lifetimes.

## Endnotes

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<sup>2</sup> Michael Mitchell, Michael Leachman, Kathleen Masterson, and Samantha Waxman, *Unkept Promises: State Cuts to Higher Education Threaten Access and Equity*, October 4, 2018. <https://www.cbpp.org/research/state-budget-and-tax/unkept-promises-state-cuts-to-higher-education-threaten-access-and>.

<sup>3</sup> Center for the Study of Education Policy and State Higher Education Executive Officers (SHEEO), Illinois State University, *Grapevine Survey: FY 2018-19*, January, 2019. <https://education.illinoisstate.edu/grapevine/>.

<sup>4</sup> Lauren Walizer, *When Financial Aid Falls Short: New Data Reveal Students Face Thousands in Unmet Need*, December 10, 2018. Center for Law and Social Policy. <https://www.clasp.org/publications/report/brief/when-financial-aid-falls-short-new-data-reveal-students-face-thousands>.

<sup>5</sup> The Institute for College Access and Success, *Pell Grants Keep College Affordable for Millions of Americans: One Pager*, July 23, 2018. <https://ticas.org/content/pub/pell-grants-help-keep-college-affordable-millions-americans>

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<sup>8</sup> Bureau of Labor Statistics, U.S. Department of Labor, *The Economics Daily, College tuition and fees increase 63 percent since January 2006*, on the Internet at <https://www.bls.gov/opub/ted/2016/college-tuition-and-fees-increase-63-percent-since-january-2006.htm> (visited December 21, 2017).

<sup>9</sup> Spiros Protopsaltis and Sharon Parrot, *Pell Grants—a Key Tool for Expanding College Access and Economic Opportunity—Need Strengthening, Not Cuts*, July 2017. <https://www.cbpp.org/sites/default/files/atoms/files/7-27-17bud.pdf>.

<sup>10</sup> Urban Institute, *"Nine Charts About Wealth Inequality in America,"* Updated October, 2017, <http://apps.urban.org/features/wealth-inequality-charts/>.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> Rosa M. García, *CLASP Debt-free College Principles*, February 2019, Center for Law and Social Policy.

<sup>14</sup> Kevin Miller, *Deeper in Debt: Women and Student Loans*, May 2017. American Association of University Women (AAUW), Women's Student Loan Debt Crisis, <https://www.aauw.org/research/deeper-in-debt/>.