

Making College More Affordable for Low-Income Students

Introduction

Postsecondary education has long been a vehicle for economic mobility. It has the potential to significantly improve earnings, health and wellbeing, and civic participation. However, college costs have skyrocketed because of state disinvestment following the Great Recession.

According to the Center on Budget and Policy Priorities, tuition increased more than 34 percent between 2008 and 2015. And state spending on higher education remains well below pre-recession levels.¹ As a result, millions of low-income students, particularly students of color, are struggling to afford postsecondary education.² Forty years ago, the maximum Pell Grant award covered three-quarters of the cost. Today, the maximum award (\$5,920) covers only 29 percent of the total cost of attending a four-year public institution. This forces low-income students to pay and borrow more money.³ The chart below breaks down unmet need—the gap between what college costs and the money students have—by race and ethnicity.

Unmet Need of Students of Color in Community College⁴

Race/Ethnicity	Percent Receiving Pell Grants	Percent with Unmet Need	Average Unmet Need
Total	38%	68%	\$4,011
Black or African American	57%	82%	\$5,045
Hispanic or Latino	41%	75%	\$4,214
Asian	30%	73%	\$5,036
American Indian or Alaska Native	45%	75%	\$4,180
Native Hawaiian/Other Pacific Islander	36%	81%	\$5,436
White	31%	61%	\$3,517
More than one race	44%	70%	\$4,303

On community college campuses, a large percentage of low-income students cannot afford food, housing, and textbooks—basic needs that make it possible to succeed in school. In a 2015 survey of more than 4,000 undergraduates at 10 community colleges, half reported struggling with food and/or housing insecurity.⁵ Additionally, the U.S. Bureau of Labor Statistics reports that consumer prices for college textbooks have increased 88 percent since January 2006.⁶ Given these realities, it is imperative that Congress prioritize the needs of low-income students as it considers reauthorizing the Higher Education Act (HEA).

CLASP Principles for College 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 help low-income students move along pathways out of poverty, 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.
- Build federal-state partnerships that give incentives to states and institutions to reduce college costs and reinvest in state financial aid programs targeting low-income students.
- Support financial aid eligibility policies that respond to the needs of low-income students attending college part-time and less than half-time as well as give them ample time to earn their degrees.

Double the maximum Pell grant award

Now more than ever, Congress must increase the purchasing power of the Pell grant award 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. This provision is currently set to end in 2018. In real terms, CBO has estimates that allowing the increase to expire would reduce the average Pell grant by 12 percent over the 10-year period ending in academic year 2023-2024.

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.

Simplify the FAFSA

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 Free Application for Federal Student Aid (FAFSA).

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 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

There is strong evidence 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 neediest students would be eligible for additional Pell grant aid 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 adding public benefits as an authorized activity for Title III and Title V institutions, the TRIO program, FIPSE, and CCAMPIS. We also recommend expanding the HEA's experimental site on the impact of benefits receipt on college persistence and completion rates.

Revise the federal work-study formula and align work placements with fields of study

The 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 these students for aid. The Work-Study program should be targeted at providing meaningful, industry-relevant employment in a student's field of study. This includes eliminating the 25 percent cap on private-sector employment.

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. CLASP supports the Affordable College Textbook (H.R. 3840 & S. 1864).

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 in order to prevent delinquency and/or default.

Endnotes

¹ Michael Mitchell, Michael Leachman, and Kathleen Masterson, *A Lost Decade in Higher Education Funding State Cuts Have Driven Up Tuition and Reduced Quality*, Center on Budget and Policy Priorities, August 23, 2017.

<https://www.cbpp.org/research/state-budget-and-tax/a-lost-decade-in-higher-education-funding>

² Lauren Walizer, *Barriers to Success: High Unmet Financial Need Continues to Endanger Higher Education Opportunities for Low-Income Students*, CLASP, June 2015.

<https://www.clasp.org/sites/default/files/publications/2017/04/Barriers-to-Success-High-Unmet-Financial-Need-Continues-to-Endanger-Higher-Education-Opportunities.pdf>

³ 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>

⁴ Katherine Saunders, *Barriers to Success: Unmet Financial Need for Low-Income Students of Color in Community College*, CLASP, 2015. <https://www.clasp.org/sites/default/files/public/resources-and-publications/publication-1/Barriers-to-Success-Unmet-Financial-Need-for-Low-Income-Students-of-Color.pdf>

⁵ Sara Goldrick-Rab, Katharine Broton, and Danielle Eisenberg, "Hungry to Learn: Addressing Food & Housing Insecurity Among Undergraduates," Wisconsin HOPE Lab, 2015.

http://wihopelab.com/publications/Wisconsin_hope_lab_hungry_to_learn.pdf

⁶ Bureau of Labor Statistics, U.S. Department of Labor, *The Economics Daily, College tuition and fees increase 63 percent since January 2006*, August, 2016. <https://www.bls.gov/opub/ted/2016/college-tuition-and-fees-increase-63-percent-since-january-2006.htm>