

Investments in Postsecondary Education and College Affordability in Build Back Better

By J Geiman

Workers today increasingly need postsecondary education to access consistent employment and livable wages, with an estimated **65 percent of jobs** requiring some form of postsecondary credential as of 2020. However, the cost of higher education prevents many individuals from reaping the full benefits of a degree, whether they are burdened by student loan debt for years after graduation or never complete their degree **due to financial difficulties**.

The financial barriers to higher education are particularly high for Black Americans, who on average carry **less than a quarter** of the familial wealth of their white peers, are more likely to take out **larger amounts** in student loans, and face **twice the rate** of unemployment even at higher levels of educational attainment. Stipulations on federal student aid that excluded undocumented immigrants—including those eligible for Deferred Action for Childhood Arrivals (DACA), Temporary Protected Status (TPS), and Deferred Enforced Departure (DED)—have historically created additional barriers for these populations.

The Center for Law and Social Policy (CLASP) applauds Congress and the Biden-Harris Administration for their commitment to improving economic security for all through the Build Back Better (BBB) framework and proposed investments in postsecondary education. The elimination of the proposal to provide two years of free community college is a major loss. However, the remaining higher education proposals included in the reconciliation package represent important progress toward improving college affordability and access, particularly for populations with low incomes, Black Americans, and immigrant students.

Here's what you need to know about higher education investments in Build Back Better:

1. Pell Grant increases - \$7.6 billion

The federal Pell Grant has provided support to students with demonstrated financial need for decades, since the program was created through amendments to the Higher Education Act (HEA) in 1972. However, the total award amount has stagnated while the cost of higher education has **continued to skyrocket** at both public and private institutions. When introduced, the Pell Grant covered over three-quarters of the average cost of in-state tuition at a public, four-year university; currently, it covers **less than a third**, leaving students with low incomes to rely on other forms of aid including student loans to cover remaining educational expenses and basic needs like food, housing, and transportation.

The Build Back Better framework would increase the maximum annual Pell Grant by \$550, from \$6,495 to \$7,045 as of the 2022-23 award year. Additional proposed funding through the Senate appropriations process could increase this number by another \$400, for a total maximum award amount of \$7,445 per year through 2029. While this is a modest increase, given the cost of tuition and inflation rates, it will provide much-needed support to

students with low incomes. The bill includes language that will automatically grant the maximum Pell Grant amount to any individual who has received means-tested federal benefits like the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) within the last 24 months, or whose parent, spouse, or dependent child has received these benefits during the same time frame.

The bill would also make Pell Grants fully non-taxable, even if used for living expenses. This makes it easier for people attending low-tuition schools to benefit from both Pell and the American Opportunity Tax Credit (AOTC). The bill additionally reinstates eligibility for the AOTC for students with previous drug-related felonies. This matches the **lifting of a 26-year ban** on incarcerated individuals receiving federal student aid enacted last December, which will make the newly increased Pell award available to those enrolled in qualifying prison education programs beginning in 2023. Furthermore, for the first time, the Pell Grant will be made available to undocumented students by expanding access to “Dreamers” or those eligible for DACA status. This will provide immediate assistance to the **more than 450,000** Dreamers currently enrolled in postsecondary education.

2. Retention and completion grants - \$500 million

In addition to financial barriers to postsecondary education, students who have been marginalized often face complex challenges while in school that interfere with their academic success and degree completion. While the traditional image of a college student is one who is able-bodied, middle- or upper-middle class, and a recent high school graduate without children or other dependents, the reality is quite different. **More than one in five** college students are parents, 43 percent of whom are single mothers. **More than half** of college students work full-time jobs while attending school. **One in five** undergraduate students reported having a disability. Additionally, **a growing percentage** of college students were living in poverty immediately prior to or during their studies, particularly at two-year public colleges. These students need additional financial, academic, and social support during their education to help cover basic needs for themselves and their dependents. These supports should include access to child care, accommodations for disabilities, connections to tutoring and other academic resources, and guidance to identify career pathways and workforce development opportunities.

Build Back Better addresses the changing needs of America’s college student population by investing \$500 million in grants designed to improve student retention and degree completion for students who are underserved and have been marginalized. These programs must rely on evidence-based practices that have been shown to improve retention and completion, including improving transfer pathways for students moving from two- to four-year programs, providing academic and career counseling, and offering case management services to help students apply for financial aid and means-tested benefit programs. Programs receiving the funding are expected to match an increasing percentage of program funds, up to 20 percent by the fourth year of the grant, and to demonstrate progress toward improving outcomes for underserved students as defined by the grant language. These grants will help ensure that people who have been marginalized are not only able to get into college and postsecondary programs, but that they have the necessary support to successfully complete their degree and secure employment in their desired field.

3. Funding for HBCUs, TCUs, and MSIs - \$9.1 billion

Minority-Serving Institutions (MSIs), such as Historically Black Colleges and Universities (HBCUs) and Tribal Colleges and Universities (TCUs), are critical to providing quality education and support services to students with low incomes, first-generation students, and students from communities of color. Tuition at these institutions is **more affordable**, on average, and high percentages of students at MSIs are eligible for multiple forms of student aid. MSIs are also more effective than non-MSIs at improving graduates’ economic mobility. Across all types, four-year MSIs propelled **three times as many students** from the lowest to the highest income quintile as did four-

year non-MSIs. Furthermore, MSIs are more cost-effective, operating with **fewer resources** and lower expenditures yet achieving better outcomes for students with low incomes and from communities of color. In efforts to improve postsecondary success and economic mobility among populations that have been historically marginalized, HBCUs and other MSIs have the potential for an outsized return on investment.

Institutional Grants - \$6 billion

The Biden-Harris Administration’s proposals in Build Back Better set aside historic levels of support for MSIs. A broad investment in institutional aid provides \$6 billion to increase mandatory appropriations to HBCUs, TCUs, and other MSIs to improve student services, reduce the cost of attendance—including through need-based aid to students with low income—and expand science, technology, engineering, and mathematics (STEM) programs in which minority students are **particularly underrepresented**. These funds will help expand the educational opportunities and relieve the financial burden of attending postsecondary education for the **more than 4.8 million students** currently enrolled at MSIs.

Teacher Preparation Programs - \$112 million

In addition to institutional grants, the Build Back Better framework provides \$112 million for the Augustus F. Hawkins Centers of Excellence Program, which offers grants to support teacher preparation programs at HBCUs and other MSIs. Introduced in 2007, the program is designed to address the **representation gap** between K-12 educators and their students by funding MSIs to develop and reform teacher preparation programs. Studies have shown that minority students who have teachers that share their racial background have **improved educational outcomes** including more positive attitudes toward education, higher rates of college aspiration, lower high school dropout rates, and better academic performance. However, Black and Hispanic teachers **make up only 8 and 9 percent** of the educational workforce, respectively, while Black and Hispanic students combined make up more than a quarter of the student body and non-white students make up **more than half**.

Increased funding for the Hawkins Program will help HBCUs and MSIs develop the quality of their teacher preparation programs and improve access to these programs for students with low incomes through the provision of need-based scholarships. Funding for the Hawkins program comes in addition to a range of other carve-outs for teacher preparation, including for “Grow Your Own” programs that address teacher shortages in high-need subjects and districts; high-quality teacher residency programs; principal preparation programs; and teacher preparation programs for teachers of students with disabilities and teachers of Native American languages.

Research and Development Infrastructure Competitive Grant Program - \$3 billion

Build Back Better allocates an additional \$3 billion for a competitive grant program intended to improve the research capacity and infrastructure at HBCUs, TCUs, and other MSIs. This program will support these institutions in hiring faculty and staff, supporting student researchers, making improvements to laboratories and other research facilities, and conducting research programs in a range of disciplines. Investing in institutional research can help ensure faculty have access to the latest developments in their field, provide opportunities for students to be involved in experiential learning through undergraduate research, and elevate institutions’ public reputation.

4. Career and Technical Education - \$700 million

Postsecondary education is not limited to an academic degree from a two- or four-year institution. Career and technical education (CTE) represents a path to a range of well-paying careers including those in automotive technology, construction, electrical installation and repair, and other skilled trades. In addition to paying competitive wages, these career fields are in high demand: the **shortage of construction workers**, among other trade jobs, predates the COVID-19 pandemic and is only expected to grow as more workers reach retirement age. The Build Back Better framework provides \$700 million over a six-year period to help address this gap in the labor market and prepare new workers to enter the skilled trades. This includes \$600 million for state grants under the Carl D. Perkins Career and Technical Education Act of 2006—which supports the development of rigorous, high-quality CTE programs—and \$100 million for innovation and modernization grants designed to ensure CTE programs prepare students for the modern workforce.

These investments are critical to help make college and postsecondary education more affordable for people from communities with low income, support success among students who have been marginalized, and address gaps in our national workforce—yet work remains to be done. Notably absent from the latest text of the Build Back Better framework is the proposal to provide two years of free community college, which would have lowered the financial barriers to postsecondary education for millions and **boosted GDP by \$170 billion per year**. The increase to the Pell Grant is a win, particularly for the hundreds of thousands of undocumented students who will be able to access the award for the first time. However, even the increased total falls far short of matching the purchasing power from when the Pell Grant program began nearly 50 years ago. Moreover, the Pell increase does not provide for automatic adjustments based on inflation—meaning even as the dollar amount remains the same, the value of the award may continue to decline as inflation rises. The reinstatement no later than 2023 of Pell eligibility for currently incarcerated students opens new opportunities for those impacted by our prison system; yet prison education programs remain **limited** and difficult to evaluate at best, and **predatory** at worst. Finally, to truly resolve the student debt crisis we need widespread debt cancellation in addition to investments in college affordability.

We thank Congress and the Biden-Harris Administration for the progress they have made through Build Back Better, while recognizing that the fight is not over to make postsecondary education and training truly accessible and affordable for all.