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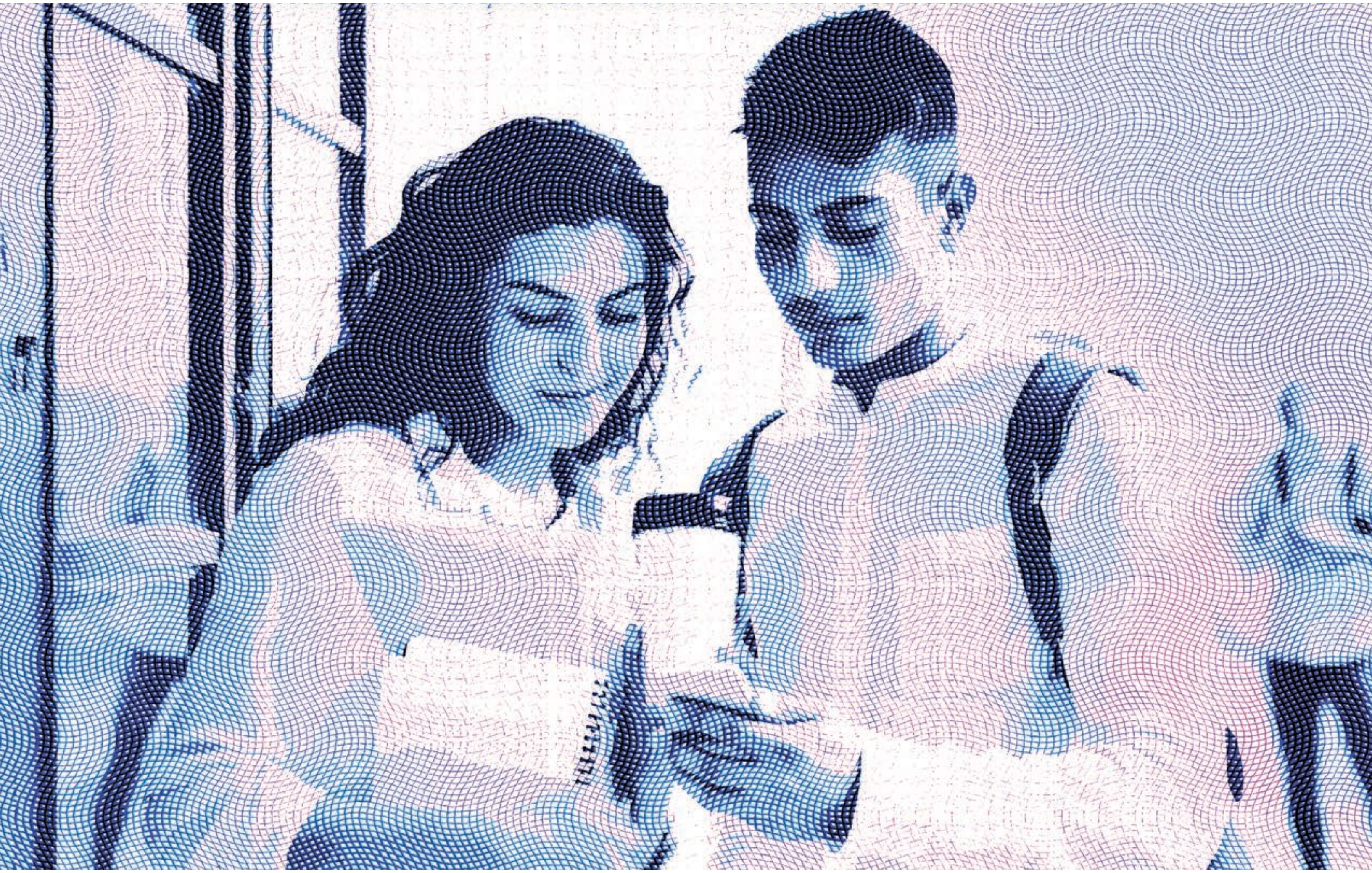

Equitable College Affordability Policies and Practices

How federal, state, and college leaders can make sure money is never an obstacle for talented Americans to attend college

Authored by Emmanuel Rodriguez and Laura Szabo-Kubitz
Series edited by Michele Siqueiros and Vikash Reddy, Ph.D.

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Preface

Over 50% of American students in our public schools are Latinx, Black, Asian American and Native Hawaiian and Pacific Islander (NHPI), and American Indian/Alaska Native (AIAN). Tapping into their talent and ensuring their access to a college education is essential to our future economic power and the success of our multi-racial democracy. Despite the historical exclusion and current underrepresentation of many Americans in our colleges and universities, in June 2023, the Supreme Court of the United States (SCOTUS) severely curtailed the use of race in higher education admissions, prohibiting the consideration of an applicant's racial status as part of that process.

Race-conscious admissions helped ensure America's colleges and universities were more diverse. Without it, there is a greater urgency for college leaders and policy makers to review current practices for equity, and to identify solutions that provide a fairer approach to preparing students for college, admitting them, and supporting their success. Towards that aim, the Campaign for College Opportunity is releasing a series of briefs, including this one, as part of our Affirming Equity, Ensuring Inclusion and Empowering Action initiative. The series will elevate practices that support the college preparation, admission, affordability, and success of Latinx, Black, Asian American and NHPI, and AIAN students, ensuring America does not return to an era of exclusion in higher education.

Purpose of this Brief

This brief examines how specific college affordability policies and practices at the federal, state, and institutional levels can be strengthened to close racial equity gaps in college affordability and completion and to support widespread diversity and representation in higher education. By increasing access to financial aid and shifting the way colleges and universities equitably award and disburse funds, we can leverage financial aid as a marketing, recruitment, enrollment, and retainment tool for both low-income and minoritized students, and to counteract the chilling effect of the SCOTUS decision curtailing the use of race-conscious admissions in higher education. Socio-economic status is not a perfect proxy for race, but affordability policies are a critical lever for equity, given that Latinx, Black, NHPI, and AIAN students receive multiple forms of grant aid at higher percentages than their white counterparts.[1] Nationally, while 32% of white students receive the federal Pell Grant - the U.S. Government's foundational investment in college affordability - which overwhelmingly serves students from families making no more than $40,000 annually, half of Latinx students, 60% of Black students, 39% of NHPI students and 45% of AIAN students do.[2]

The recommendations made in this paper will help close racial/ethnic and economic equity gaps in higher education without violating the SCOTUS decision. Most importantly, they commit to the value that all talented Americans, regardless of their wealth or income status, deserve the opportunity to successfully obtain a college education. Decisionmakers at all levels, including federal and state policymakers along with university and college leaders, should center the questions below when designing and implementing equitable, student-focused affordability policies that ensure all students can successfully earn a higher education degree without incurring burdensome debt, working excessive hours, or delaying graduation.

- What are the current financial challenges students are facing, and what are the equity implications?
- How does the college affordability policy address these challenges, and what is the desired impact?
- How can data and student stories illuminate equity gaps and points of concern?
- Who would be most impacted by this college affordability policy, and how? Has the proposed solution been vetted by the students who will be directly impacted, and what feedback have they shared? To what extent has their feedback been incorporated into revisions to the policy?
- What could be unintended consequences of this college affordability policy? Who might be excluded from benefiting, and how?
- What data needs to be collected to track whether a college affordability policy is closing equity gaps?

Introduction

College Affordability: A Multi-Pronged Approach

The premise of public colleges is that all students have an equal opportunity to afford, attend, and succeed in higher education to achieve upward social and economic mobility. Unfortunately, this is not the case. Supporting a diverse student population in affording a high-quality college degree means comprehensively addressing and investing in the resources, strategies, and supports that directly impact low-income and minoritized students. This requires a multi-pronged approach that includes:

- ✓ Providing more direct need-based financial aid to students, including via the Pell Grant program.
- ✓ Creating a new federal-state funding partnership to restore state investment in higher education, lower net costs for students, improve institutional quality, and stabilize funding across economic cycles.
- ✓ Ensuring that every eligible student is applying for financial aid, and that the process is simple for students, families, high schools, and colleges.
- ✓ Working with colleges and universities to design and implement student-centered institutional policies and practices that maximize access to financial aid and other resources to meet the full needs of students and support their goal of graduation.

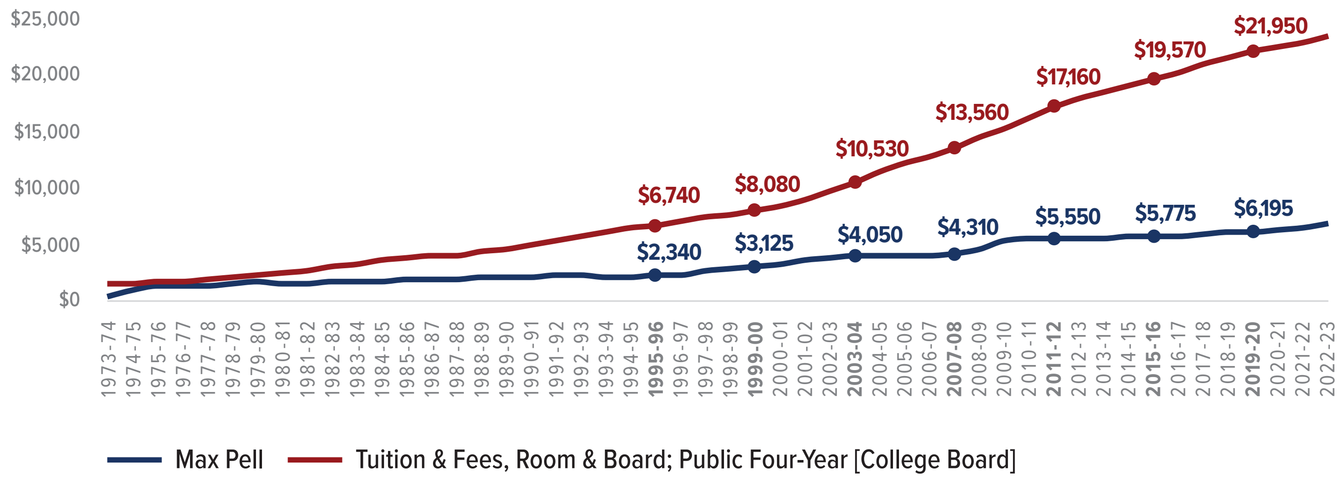
The Federal Landscape: Stopping the Cycle of State Disinvestment and Unaffordable College Debt

Public colleges enroll more than 75% of undergraduate students, including 81% of racially minoritized students, yet state support for these institutions and their students has lagged for decades and was battered during the Great Recession.[3,4] Despite over a decade of economic recovery and significant reinvestments across many states, state funding per student remains 6.4% lower, on average, than it was in 2001.[5] With less money coming from state governments, colleges and universities leaned more heavily on tuition as a source of revenue. At public colleges, net tuition revenue per student is 62.9% higher than it was in 2001.[6]

In addition to underfunding colleges and universities, state and federal grant aid has failed to keep up with students' rising costs. The federal Pell Grant program, which is especially critical for minoritized students, is in particular need of a funding infusion.[7] At its peak in 1975-76, the maximum Pell Grant covered more than 75% of the cost of attending a four-year public college. The current maximum award amount covers just 29% of that cost — the lowest percentage since the award's creation in 1972.[8]

In the 1970s, a Pell Grant could cover as much as 75% of the cost of attending a four-year institution. The current award amount covers just 29% of that cost.

Figure 1. Average Cost and Maximum Pell Grant at Public Four-Year Institutions.



Data Source: Calculations by TICAS using data from the College Board's Trends in College Pricing and Student Aid 2023, Table CP-2, and U.S. Department of Education Federal Pell Grant Program End of Year Reports.

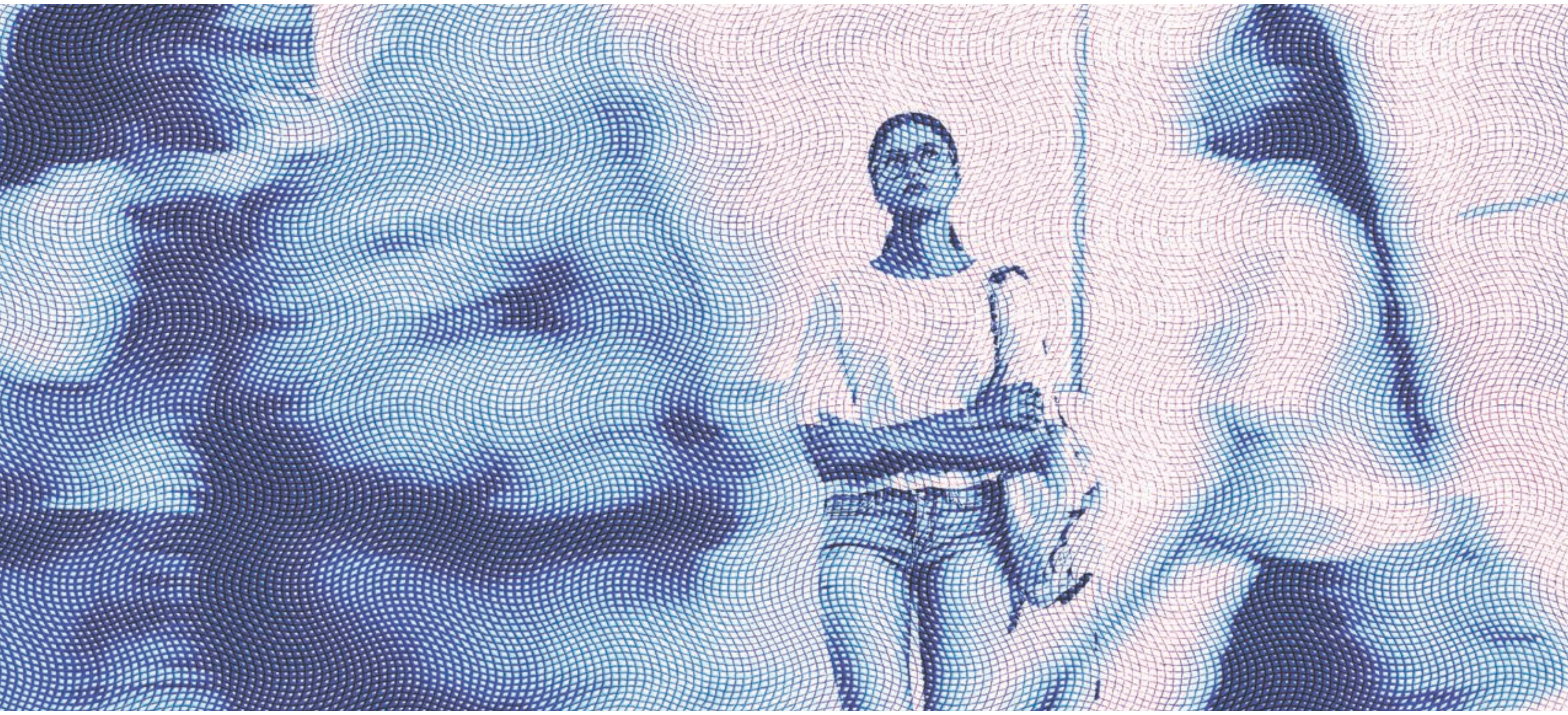
Students, particularly low-income students and minoritized students, struggle to cover total college costs, and, even after accounting for grant aid, have increasingly come to rely on loans to bridge the affordability gap.[9] Over the last two decades, debt held by bachelor's degree recipients has substantially increased at the national level. While growth in average debt loads has leveled off in very recent years, average debt loads for graduates of public and private nonprofit colleges over the period grew by about 56% between 2004 and 2019 (from $18,550 to $28,950), well outpacing inflation (36%).[10] Currently, individuals throughout the nation hold $1.59 trillion in private and federal student loan debt.[11] Millions struggle to repay their student loans, particularly if they did not complete a degree, with many facing hurdles that include accessing affordable repayment plans and falling into default.[12, 13]

The debt held by students who graduate with a bachelor's degree from a public college or university has more than doubled since the mid-1990s.

Table 1. Average Cumulative Debt at Graduation with a Bachelor's Degree from Public 4-Year Institutions.

Award Year	Average Cumulative Debt at Graduation
1995-96	$11,305
1999-00	$16,216
2003-04	$16,892
2007-08	$20,455
2011-12	$25,710
2015-16	$26,859
2019-20	$27,470

Data Source: Calculations by TICAS using data from the U.S. Department of Education, National Postsecondary Student Aid Study, for 1996, 2000, 2004, 2008, 2012, 2016, and 2020.



Importantly, the burden of student loan debt and default are not borne equally. Black students, in particular, face persistent student loan repayment distress.[14] The effects of systemic racism and the resulting racial wealth gap, along with employment and wage discrimination, mean that Black students are more likely to borrow for college and to struggle with repayment.[15,16,17] Among students who completed a bachelor of arts degree in 2020, nearly 9 in 10 Black bachelor's degree recipients borrowed student loans, graduating with the highest average debt of $34,089.[18] At colleges serving the largest share of Black students, students owe more in student loans than they originally borrowed due to the inability to pay down even the accumulating interest.[19]

TICAS research on debt at graduation by race and ethnicity at California public universities has found that, similar to national trends, Black bachelor's degree recipients from the University of California (UC) and California State University (CSU) systems are the most likely among their peers to have taken out loans.[20] For example, in 2021-22, 63% of Black CSU graduates had borrowed loans to pay for their education compared to 38% of bachelor's degree recipients overall.[21]

Economic declines in recent years have only compounded Americans' financial struggles, including their ability to afford college:

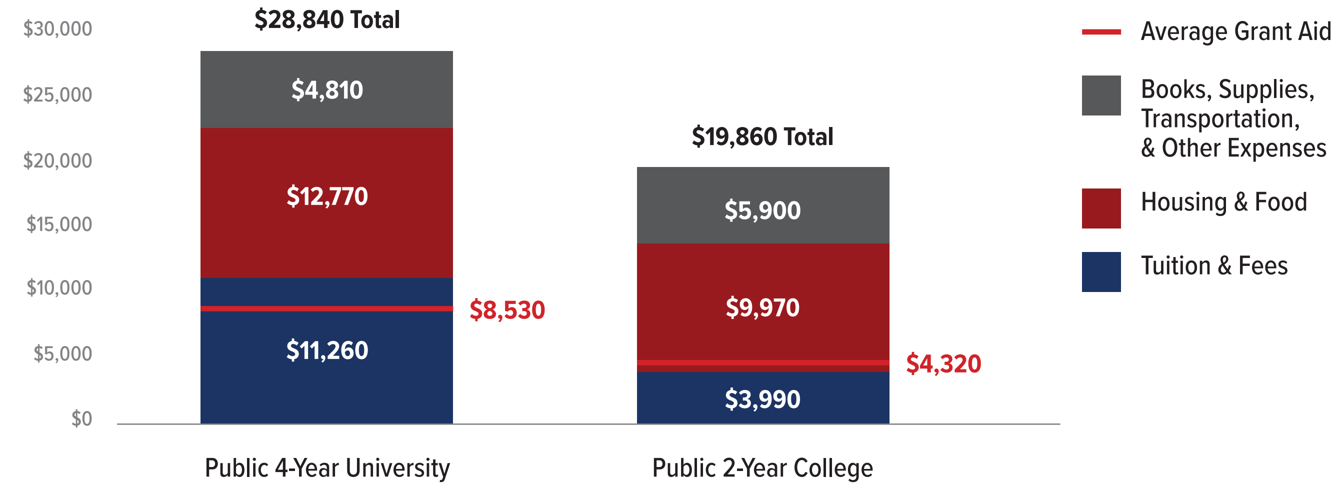
In response to the past two national economic downturns, Congress sent significant emergency funding to shore up state and college budgets. The American Recovery and Reinvestment Act of 2009,[22] which was passed during the Great Recession, included $100 billion in one-time funding for new and existing education programs. Over the course of the COVID-19 pandemic and the global economic recession it caused, Congress passed three emergency relief packages: the 2020 CARES Act[23] the 2020 Coronavirus Response and Relief Supplemental Appropriations Act[24] and the 2021 American Rescue Plan Act.[25] These bills included major funding for higher education, much of it sent directly to colleges and students. While this emergency relief was critical for higher education through both emergencies, it was stop gap, rather than a permanent and comprehensive solution.

By investing adequately in public higher education and pre-emptively addressing the volatility of state budget cycles, the federal government can partner with states to break the harmful decades-long trend of disinvestment and disruption.

Costs after Available Grant Aid Place the Greatest Burden on the Lowest Income Students

After accounting for inflation, tuition and fees at public four-year colleges and universities have more than doubled, and public two-year college tuition and fees have nearly doubled since the 1990-91 academic year.[26] Net prices have remained consistently high, with students facing substantial out-of-pocket costs after receiving grants. In 2023-24 first-time, full-time students at public two-year colleges needed to cover an estimated $9,640 in food and housing after grant aid, in addition to another $5,900 in allowances for books and supplies, transportation, and other personal expenses.[27] In the same school year, first-time, full-time, in-state students at public four-year colleges and universities needed to cover an estimated average of $15,500 in tuition and fees and housing and food after grant aid, in addition to $4,810 in allowances for books and supplies, transportation, and other personal expenses.[28]

Figure 2. Average Total Cost of Attendance and Average Grant Aid for First-Time Full-Time Students, AY 2023-24.



Data Source: Calculations by TICAS using data from the College Board's Trends in College Pricing and Student Aid 2023, Figures CP-8 and CP-9.

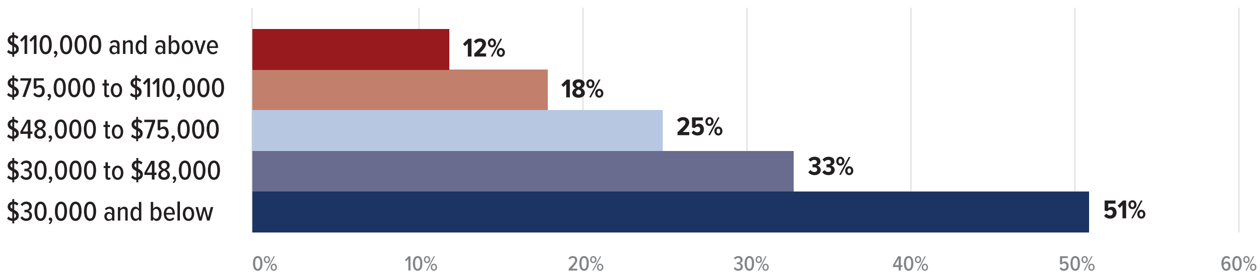
These growing costs for both tuition and fees and non-tuition expenses often put college out of reach for many Americans, especially for those from low-income backgrounds. Across the country, students--left to shoulder a substantial share of the total cost of college--must increasingly rely on student loans or work excessive hours to pay for school, or they must reduce their courseloads, or forgo college enrollment altogether, perpetuating gaps in college completion.[29]

Net Price in a High-Cost State

California is an example of where we have seen unmanageable net prices due to rising costs of living and insufficient grant aid to help pay those costs. There we find that as family income decreases, the share of income that must go towards covering students' net price increases, with the lowest income students facing the greatest financial burdens. Notably, students from families making $30,000 or less who attend the California Community Colleges and the CSU would need to contribute approximately half of their family income to cover remaining college expenses after available federal, state, and institutional grant aid. At the UC, students in this lowest income bracket need to put forward at least 30% of their family income to cover their net college costs.

Students from families making less than $30,000 per year spend more than half of their annual income on college expenses, even after accounting for available federal, state, and institutional grant aid.

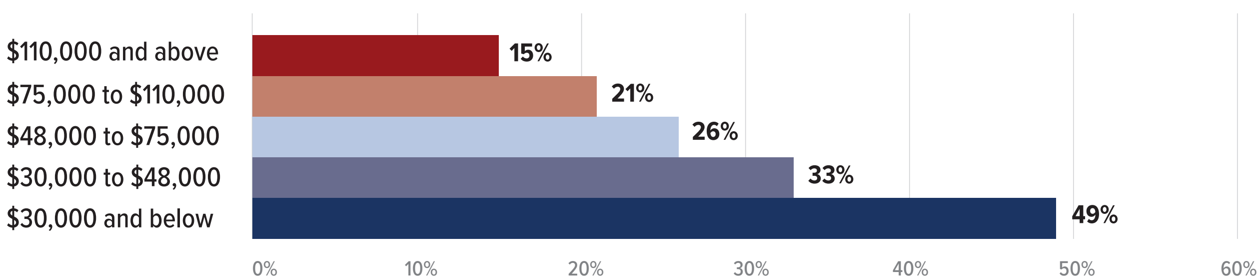
Figure 3. Share Of Annual Family Income Needed To Cover Average Net College Costs At the California Community Colleges, 2019-20.



Data Source: Bearing the Burdens of College Costs, The Institute for College Access and Success.

Families making less than $30,000 spend nearly half of their income on a CSU education for a family member, after grant aid is considered.

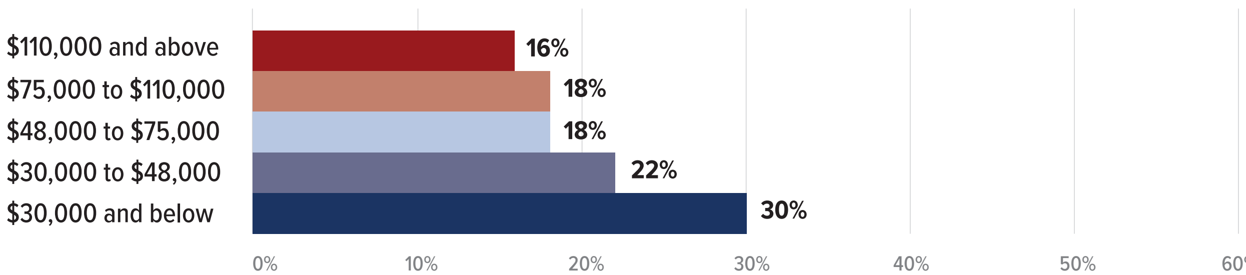
Figure 4. Share Of Annual Family Income Needed To Cover Average Net College Costs At CSU, 2019-20.



Data Source: Bearing the Burdens of College Costs, The Institute for College Access and Success.

Families earning less than $30,000 per year spend almost a third of their income covering the cost of a family member attending the UC. Families making over $177k spend 16% of their income to cover the costs of a UC education.

Figure 5. Share Of Annual Family Income Needed To Cover Average Net College Costs At UC, 2019-20.



Data Source: Bearing the Burdens of College Costs, The Institute for College Access and Success.

The Student Financial Aid cohort includes only first-time, full-time students. Calculations are based on the highest points of each income band set by IPEDS, e.g., calculations for the $30,000-$48,000 income range assume a family income of $48,000; families earning less than the highest point in each income range may have to direct a larger share of their annual income to cover the cost of college. The $110,000 and above income range uses $177,000 as the highest point. This was the maximum annual household income and asset amount to qualify for the California Middle Class Scholarship in 2019-20.

Bridging the Affordability Gap Impacts Student Success

Need-based financial aid, such as the federal Pell Grant, can expand college access and boost enrollment for eligible low- and moderate-income students.[30] Additionally, financial aid can reduce dropout rates and improve student outcomes by enabling students to work less and take more courses. If students do not have sufficient financial aid to bridge their college affordability gap, students may work excessive hours, which research shows can negatively impact academic success.[31] Working more than 15 hours per week is not recommended for students in college, yet many low-income students far exceed that number to cover net costs. A 2020 statewide analysis of net costs and their impact on low-income students at 27 public California colleges and universities found that the lowest income students would need to work more than 15 to 20 hours weekly to cover their net expenses.[32]

Federal Strategies to Strengthen Funding for Students, States, and Colleges

Expanding Access to an Affordable, High Quality Postsecondary Education to Create a Path to Debt-Free College Degrees

There is broad agreement on the need to make college more affordable, with a particular focus on how increased affordability can help close persistent gaps in degree attainment for low-income students and minoritized students — especially at community colleges, where the non-tuition costs of attendance can be the most burdensome.[33] In recent years, advocates and policymakers have looked toward two major federal avenues for change: **1) providing more direct, need-based aid to students via the Pell Grant program and 2) creating a new federal-state funding partnership to restore state investment in higher education, lower net costs for students, improve institutional quality, and stabilize funding across economic cycles.** While improving and increasing the Pell Grant program and creating a new federal-state partnership can sometimes be posited as competing priorities, we strongly believe the opposite: These investments must be made in tandem to ensure that all students, regardless of means, have the option to earn an affordable, high-quality degree. One without the other cannot address the full scope of the problem.

Strengthen Need-Based Federal Financial Aid

Providing need-based grant aid to help more than six million low-income students nationwide – the vast majority of whom have family incomes at or below $40,000 – cover college costs each year,[34] the Pell Grant program is a critical investment that the federal government must leverage when developing a more equitable affordability pathway for students.[35] Crucially, Pell Grants help students pay tuition and cover other expenses associated with attending college, such as housing, transportation, food, and books. The Pell Grant program is particularly crucial for minoritized students, with half of Latinx, 60% of Black, 39% of NHPI, and 45% of AIAN students receiving a Pell Grant in academic year 2019-20.[36] If we are to move the needle on affordability with federal investments and fulfill the promise of making college truly affordable and accessible for all eligible students, policymakers must invest in and strengthen this cornerstone program. These investments and improvements are needed in addition to a new federal-state funding partnership to stabilize and lower college costs, as described below. Even if tuition and fee costs are fully covered, low-income students often struggle to cover other costs of attendance, such as housing, transportation, food, and books, that remain a major roadblock to degree completion.[37] Specifically, the federal government should:

- ✓ **Invest in the Pell Grant and double the maximum award** to cover roughly half the cost of attending a four-year public college or university. During its peak in 1975-76, the Pell Grant award covered more than 75% of the average total cost of tuition, fees, and room and board at public four-year colleges.[38] During the 2019-20 academic year, the maximum Pell Grant award covered less than one-third of these costs.[39] Calls to double the maximum Pell Grant are not new, but they take on new urgency in the wake of the COVID-19 pandemic and subsequent recession.[40]

- ✓ **Restore automatic inflation adjustments** to the Pell Grant to ensure predictable annual increases going forward and to reduce future erosion of the grant's purchasing power. Pell Grant awards were tied to inflation from 2013 through the 2017-18 award year; without the automatic adjustment, grant awards will not keep pace with inflation.

- ✓ **Fund Pell Grants entirely through mandatory spending** to protect the longevity of the program. The program functions like an entitlement, but largely relies on discretionary funding. This can eliminate the need for annual appropriations and provide automatic funding adjustments based on changes in participation.

- ✓ **Expand Pell Grant eligibility to undocumented students.** Aside from the equity imperative, this also has an economic upside since it enables beneficiaries of Deferred Action for Childhood Arrivals (DACA) and Temporary Protected Status (TPS) to pursue higher education opportunities more easily and to upskill some of the nation's workforce.

- ✓ **Eliminate the taxation on Pell Grants when used to cover any non-tuition costs.**[41] Currently, Pell Grants are not taxed as income if they are used to pay for required tuition, fees, books, supplies, or equipment, but they are taxed as income if they are used to pay for transportation, food, housing, or other eligible costs of attendance.

Renew the Promise of Public Higher Education by Advancing a Path to Debt-Free College

States and the federal government collectively spend hundreds of billions of dollars per year supporting higher education. However, while state systems rely heavily on federal aid, they share no official direct relationship in funding college. This disconnect impedes federal-state coordination to lower college costs, reduce reliance on debt, and improve institutional quality.[42]

To truly disrupt our debt-financed system approach to funding higher education and the inequitable burdens that student debt poses by race and income, we must strive for a future where all students can earn a four-year degree at public colleges and universities without needing to take on debt. To build this debt-free future for all students, policymakers need to not only increase existing need-based grant aid but also work with states to make new, sustainable, and equitable investments in public institutions to reduce costs.

State disinvestment in public colleges is a major driver of rising tuition and spiking student debt. Higher education has long served as a balance wheel for state budgets, as states facing tough budget decisions can cut funding and pass the costs on to students and families.[43] Compounding this issue are ongoing funding disparities among public institutions, with schools that primarily serve low-income students and minoritized students facing chronic underfunding.[44]

The federal government and states must work together to send new funding to states to equip them to make sustainable and equitable investments in public institutions, with a focus on historically underfunded institutions, such as community colleges, regional public universities, Historically Black Colleges and Universities, and Minority-Serving Institutions. Through this funding — and in tandem with state investments — policymakers can reduce costs, with the goal of eliminating students' need to borrow to earn a four-year degree from any public institution.

A well-designed partnership must be just that: a partnership. Each state has its own higher education ecosystem, and a one-size-fits-all approach will not work. By accounting for the wide variation across states and taking a cooperative design approach, federal lawmakers can build a system that has a higher likelihood of uptake and more enthusiastic long-term buy-in from state policymakers.

While creating a new federal-state funding partnership is a heavier lift than doubling the Pell Grant — it would require Congress to design and fund a new program, with all the complications inherent in launching a major new federal initiative — it is no less important. There are many ways to design a federal-state funding partnership, and such a program is at the crux of proposals calling for free or debt-free college.[45] A successful federal-state partnership must be designed with the express purpose of enabling states to reinvest in public institutions, to maintain investment across economic cycles, and to provide more equitable funding across public institutions.[46] A federal-state partnership is also an unprecedented opportunity for the federal government to incentivize, equip, and support states and institutions to reduce costs, improve educational quality, and increase completion rates.[47,48]

Taken together, a new federal-state funding partnership must include guiding policy principles that will work to:

- ✓ **Provide an affordability guarantee to students and families**, ensuring all students, especially low-income students, many of whom are racially minoritized students, have the financial resources they need to cover their college costs (including expenses beyond tuition) without taking on too much debt.
- ✓ **Increase and stabilize government funding for public higher education by incentivizing** states to increase investments in public higher education and to maintain state funding across economic cycles.
- ✓ **Increase resource equity across public institutions of higher education.** This would provide public colleges and universities—especially those that serve many low-income students and racially minoritized students—with the funding they need to provide both a high-quality education and sufficient student supports.

State Strategies to Increase Financial Aid Application Completion

The completion of the Free Application for Federal Student Aid (FAFSA) is the portal to multiple forms of financial assistance, and longstanding barriers for students and families trying to complete it exacerbate inequities in college enrollment and affordability.

Each year, the U.S. Department of Education's Office of Federal Student Aid (FSA) provides students who file the FAFSA with approximately $112 billion in federal grants, work-study employment, and loans to help pay for college or career credential programs.[49] And each year, millions of eligible students do not complete the FAFSA for a variety of reasons that range from the complexity of the process to being unaware that it exists.[50] As a result, they are forgoing financial aid award opportunities that would reduce the financial burden of attending college. In 2021, only an estimated 53% of graduating high school seniors nationwide completed the FAFSA by June 30, the official deadline.[51] Research has shown that in most states, students attending high-poverty school districts are less likely to complete the FAFSA, compared to their counterparts in wealthier school districts.[52]

Over the past few years, states, cities, and school districts around the country have been increasing FAFSA completion rates through numerous mechanisms, including universal FAFSA completion policies, FAFSA and student-data sharing agreements with high school counselors and administrators, FAFSA completion challenges, and other FAFSA completion support programs. While none of the mechanisms alone is enough to solve students' financial challenges, they all play a role in fostering a college-going culture and in making college more affordable for all students.

Universal FAFSA Completion Policy

For far too long, completing a FAFSA was not owned by any educational system. It was to be done while a student is in high school, but the benefit would come in college, putting the application in limbo between secondary and postsecondary education. A statewide completion policy is a critical step in shifting completion of the FAFSA from a voluntary activity toward a normalized and expected activity. Louisiana was the first state to implement FAFSA completion as a high school graduation requirement, beginning with the high school class of 2018.[53] The Louisiana Department of Education implemented the Financial Aid Access policy, which requires students to complete one of four tasks to graduate from high school: 1) submit a FAFSA, 2) complete the state financial aid application, 3) submit an opt-out form, or 4) receive a waiver from their school system.[54] This new policy contributed to Louisiana's 26% year-over-year increase in FAFSA completion.[55] States like Texas and Alabama recently adopted FAFSA completion policies that also led to increases in their students' FAFSA completion rates. Texas, for example, saw a 26% year-over-year increase, with 51% of high school seniors completing a FAFSA in 2022.[56]

Families should not have to hope that their students' high school counselors or teachers will identify FAFSA completion as critical and help; instead, FAFSA completion should become an institutionalized activity. If crafted equitably, a policy change of this kind can advance socioeconomic and racial equity and bring students and families the support they need to attain critical financial aid. Some key factors to consider in designing this type of policy change are: 1) which students should be required to complete the FAFSA, 2) how will policymakers craft the opt-out provisions, and 3) what kind of support system for FAFSA completion is in place.

While most states with FAFSA completion policies have made completion a high school graduation requirement, an alternative is to shift the onus from the students to the schools, and to provide schools with resources to support implementation. Regardless of how it is structured, a FAFSA completion requirement should not hold back a high school student from graduating. The intent is not to create a barrier but rather a new default of action and a touchpoint for sharing key information with students and their families. Opt-out policies should be easy to understand, exercise, and be included in any FAFSA completion policy. Additionally, a mandate without support will not produce the desired results and could perpetuate preexisting K-12 funding and support inequities. A state should plan to build out an ecosystem of support that assists students and high schools in meeting this FAFSA completion requirement and includes funding for personnel, outreach and support, trainings, data sharing, and completion incentives. Such a plan can go a long way in connecting students with the financial aid they need to succeed. The importance of universal financial aid completion is discussed at greater length in the brief, Advancing Equity Through Universal Financial Aid Application, a companion brief in the Affirming Equity, Ensuring Inclusion, and Empowering Action series.

FAFSA Data Sharing

Collecting, sharing, and utilizing statewide data plays a key role in ensuring all potential college students apply for the financial aid that can support their enrollment and success in higher education. In 2012, Iowa, for example, built out its State Longitudinal Data System, which links data systems from K-12, community colleges, public universities, and the Iowa College Student Aid Commission, with the goal of better understanding and supporting student success.[57] A bright spot strategy that Iowa has utilized for increasing FAFSA completion is providing up-to-date and accurate student-level data directly to high school counselors and administrators.[58] This information sharing allows school-level counselors and administrators to streamline and consolidate their efforts to support students who have not completed a FAFSA, to provide students and families with accurate information about the FAFSA, and, ultimately, to encourage more students to complete and submit the application.[59]

FAFSA Completion Challenges

Tennessee is another state that has recognized the importance of increasing FAFSA completion rates. Its primary campaign is the TN FAFSA Challenge, hosted by the Tennessee Higher Education Commission/Tennessee Student Assistance Corporation (THEC/TSAC), which celebrates the work being done by local school personnel to increase FAFSA completion rates.[60] High schools are recognized at the end of the FAFSA application season with banners, media recognition, and trophies for leading in FAFSA completion — both overall and in year-to-year growth. Schools are also able to track their progress using data visualization tools and then use that information to better target their FAFSA completion activities.[61]

Building Out State Support Programs

California has built out key financial aid awareness programs that aim to supplement the work being done at the local level. The California Student Opportunity and Access Program (Cal-SOAP) was established in 1978 and operates 16 regional consortia throughout the state.[62] The goal of the Cal-SOAP consortia is to improve the flow of information about postsecondary education and financial aid to students and their families while improving college success among low-income, first-generation, and other historically underserved populations in high school through academic support programs.

Another statewide program is Cash for College, which provides free workshops across California for students and families to receive help completing a FAFSA, California Dream Act Application for eligible undocumented students, or the California Chafee Grant for Foster Youth Application, which provides additional financial aid to former and current foster youth.[63] Additionally, the California Student Aid Commission has created the Statewide Cash for College Train the Trainer workshops to educate and prepare other entities, including high schools, community colleges, universities, and community groups, to host financial aid application completion events.[64]

Institutional Policies and Practices to Support Equitable Access to Financial Resources

In addition to policies set at the state and federal levels, institutions of higher education can proactively take steps to strengthen college affordability and close equity gaps. These steps include designing and implementing student-centered policies and practices, utilizing data and financial aid tools to help students receive and retain financial aid, awarding institutional aid based on financial need, and strengthening partnerships across student services, including basic needs centers and financial aid offices. These approaches require varying degrees of capacity to implement; while some may benefit from additional staffing and funding, others can be administered with little to no additional resources.

- ✓ **Use student feedback and data to serve the specific needs of minoritized students.** Direct feedback from students and campus-specific data play crucial roles in identifying the policies that best support — and do not continue to harm — historically underserved students, including those who are Latinx, Black, Asian American and NHPI, and AIAN. Surveys, focus groups, and interviews that reach a diverse range of participants are essential in developing equitable, student-centered policies. When colleges identify that they serve many working students or student parents, for example, and respond by opening student services offices, including financial aid and academic counseling, during non-traditional hours when students may be more likely to visit, such as evenings or weekends, they help more students access the critical resources that support their success.

Colleges can also utilize data collected by student services' offices or through partnering with campus institutional research offices to understand student body demographics and share critical resources. For example, identifying and then providing educational materials in the languages most commonly spoken by students and their families can go far in ensuring they have accurate information and understand how to apply for financial aid and access other support.[65]

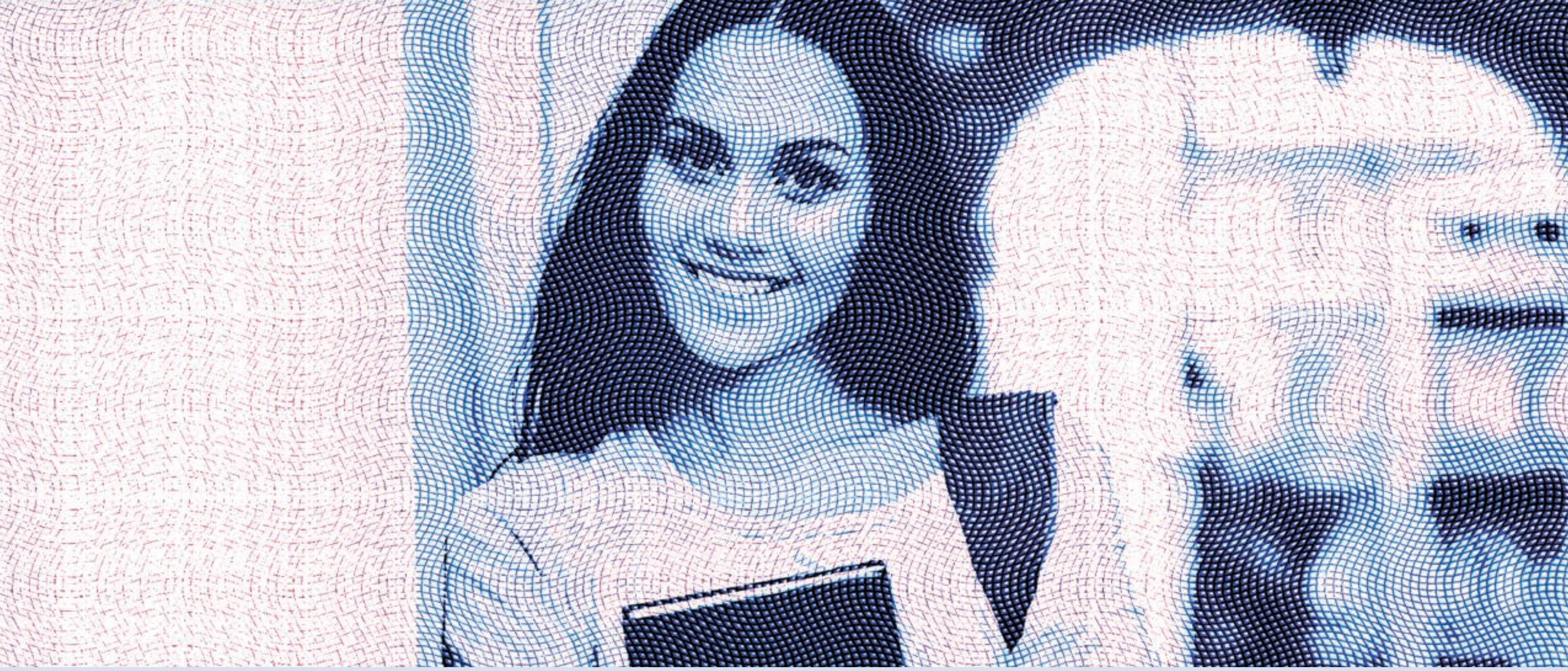
Additionally, colleges can make use of data to identify how policies and practices are impacting different populations, with a focus on Latinx, Black, underrepresented Asian American and NHPI, and AIAN students, and address burdens that fall disproportionately on any particular group of students. For example, colleges and universities have a range of processes for how student parents can request that dependent care expenses be included in their student budgets — and covered by available financial aid. Federal law does not specify what documentation a student must provide to be eligible for a dependent care FSA spending allowance, other than documenting expenses for their dependents in a "reasonable way," which can include an interview with or written statement from the student.[66] However, when schools require non-federally mandated documentation, such as a birth certificate, they can create barriers to accessing critical resources for students and minoritized students, in particular. With one-third of Black, 30% of NHPI, 29% of AIAN, and 21% of Latinx college students raising children,[67] ensuring the process is easy to navigate for dependent care expenses to be included in student budgets is critical. Moreover, analyzing how many and which students make these requests — and the share of students who are approved — can shed light on the extent to which financial aid processes like this one are easy or challenging to navigate.

Implement student-centered policies that support access to and retention of financial aid

After students learn about financial aid, they must apply for it, but the process may not be complete once they have submitted their applications. Additional verification, professional judgment, and Satisfactory Academic Progress (SAP) policies all impact whether and how much financial aid students receive and can have substantial equity implications.

- ✓ **End unnecessary and biased verification practices.** After submitting their financial aid application, some students must provide additional information about themselves and their finances. The federal government flags about one-quarter of FAFSA applicants to verify specific information, such as adjusted gross income, income tax paid, and family size; institutions must also verify any student FAFSA information that they have reason to believe is incorrect.[68,69] Some colleges and universities, however, go a step further and create institutional policies that introduce unnecessary barriers to financial aid receipt and college affordability by requiring more students to verify more information than is federally required, even when incorrect information is not suspected.[70] Glendale Community College in California, for example, has eliminated its previous longstanding institutional practice of verifying all students who met the criteria to be independent on the FAFSA for any reason other than age after its data analyses found that Latinx and Black students were disproportionately selected, yet hardly any of them saw a change to their Pell award amounts.[71]

  Research shows that students who receive Pell Grants — the vast majority from families with annual incomes no greater than $40,000 — are strikingly more likely to be subjected to verification than their peers with higher incomes.[72] During the 2019-20 application cycle, over



40% of applicants with expected family contributions (EFCs) within the Pell Grant-eligible range were selected for verification —more than twice the rate of non-Pell Grant eligible students.[73] With 60% of Black, half of Latinx, 45% of AIAN, and 39% of NHPI students relying on Pell Grants to attend and complete college, it follows that the burden of verification would fall more heavily on the shoulders of minoritized students.[74] In fact, data has revealed that students from Black- and Latinx- majority communities are, respectively, 1.8 and 1.4 times more likely to be selected for verification than their peers from white-majority communities.[75]

Moreover, about seven percent of students selected for verification do not receive subsidized aid as a result, yet few students' financial aid packages change after completion of the verification process. This indicates that some students who are flagged for verification are unable to navigate the often-complicated process of obtaining and providing additional documentation.[76,77,78,79] Due to their dependence on financial aid to afford college, some may cut back on enrollment or drop out altogether — further exacerbating equity gaps in college completion. Financial aid offices can help ensure that students do not face unnecessary roadblocks to financial aid access and college completion by not imposing verification requirements beyond what is federally directed.

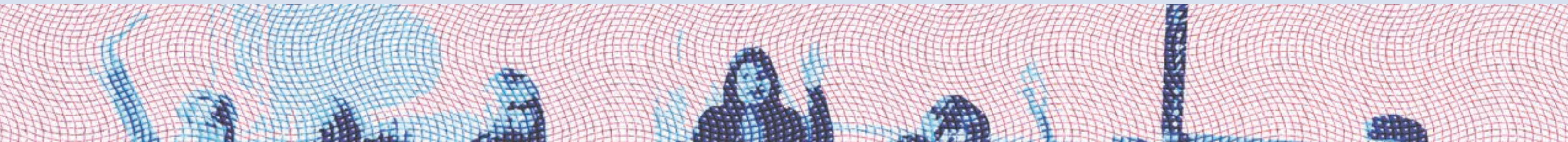
✓ **Expand use of Professional Judgment.** Financial aid administrators at postsecondary institutions can utilize an important tool known as Professional Judgment (PJ) on a documented, case-by-case basis to help support students facing special or unusual circumstances.[80] Using this authority granted by the U.S. Department of Education, financial aid administrators can, for example, permit younger students estranged from their families for safety reasons not to provide parental information on their financial aid applications. They may also use PJ to adjust student budgets to account for dependent care or disability-related services, or to adjust income information on financial aid applications that may no longer be valid (e. g., a decrease in wages or unemployment). This helps ensures that financial aid packages are reflective of students' current circumstances.[81] And it may be especially important for students from minoritized communities that have been particularly hard-hit by the COVID-19 pandemic.[82]

Equally as important as exercising PJ authority is that students are aware of the tool and that campus financial aid administrators and other student services professionals ensure that the PJ process is equitable and straightforward. A 2020 National Association of Student Financial Aid Administrators (NASFAA) survey administered during the onset of the COVID-19 pandemic found less than half of all respondents were reaching out to students proactively to inform them about the PJ process, with just 35% of community college respondents doing so.[83] This is particularly concerning given that, nationally, more than one in three Latinx, Black, Asian American and NHPI, and AIAN students attend public two-year institutions.[84]

Moreover, while colleges must document any adjustments in a student's file and follow the procedures they have put in place, colleges have discretion in determining what specifically their procedures are and what circumstances are allowable.[85] By not introducing overly burdensome documentation (a documented interview between the student and the financial aid administrator is acceptable) or overly defining which special circumstances count as grounds for the use of PJ, as well as ensuring that staff across student services' offices are aware of and share with students the process and timeline to file a PJ appeal, institutions can promote equity while supporting students' successful navigation of the PJ process.[86]

While institutions are not required to publicly release information on professional judgment requests,[87] the NASFAA survey also found notable increases in professional judgment requests overall, indicating growing numbers of students facing financial challenges. The same survey also found that that only 37% of respondents were "reviewing PJ policies for potential bias (for instance, allowing some expenses to increase cost of attendance but not others, and how that might disproportionately impact certain students)."[88] We support The Education Trust's call for institutions to collect and make public data on professional judgment requests and decisions, disaggregated by race and ethnicity, and provide and mandate continuous education and training on racial justice and equity issues, so practitioners can ensure policies equitably support students' needs and experiences.[89]

✓ **Implement fair and transparent Satisfactory Academic Progress policies.** Once students receive financial aid, they must meet certain academic standards, also known as Satisfactory Academic Progress (or SAP), to continue receiving it. While there are minimum federal standards, such as completing an academic program within 150% of its published time frame and maintaining a minimum grade point average, institutions have flexibility in how they set their SAP policies. As discussed in their work exploring the impact of SAP standards and policies on financial aid receipt at California Community Colleges, John Burton Advocates for Youth (JBAY) notes that federal financial aid regulations do not require a 2.0 GPA for each term, but instead institutions can implement an escalating GPA standard whereby a student has achieved a minimum 2.0 GPA by the end of their program.[90] In their scan of SAP policies across colleges and universities in California, JBAY found several instances where institutional policies went beyond what is federally required, such as evaluating SAP based on both cumulative and individual term measures, imposing limits on the number of times a student may request an appeal or creating appeal deadlines, and creating strict limitations on appeal circumstances.[91]



Troublingly, JBAY also found that SAP policies can have a disproportionately negative impact on minoritized students. For example, Black and AIAN California community college students who received a Pell Grant in their first year of attendance were more than twice as likely (34% and 32%, respectively) as white students (15%) to lose access to financial aid because they did not meet SAP standards, making it much more difficult for them to afford to continue their enrollment.[92] Their research also found that Pell Grant recipients who do not make SAP are significantly more likely (58%) to disenroll from college after their first year than those who do make SAP (18%), and there is additional evidence that falling just below SAP standards may lead to bigger disenrollment effects for Pell Grant recipients compared to those who did not receive one.[93] The negative impacts of SAP policies do not end at disenrollment and may follow students for many years; evidence from one study found that students who barely failed a performance standard experience lower earnings years later than those who just barely met the standard.[94]

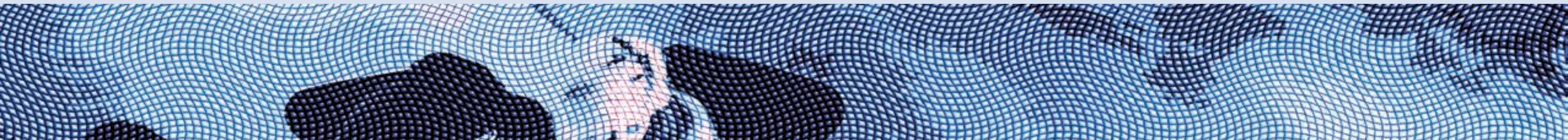
It is critical that institutions not only create SAP polices that are no more stringent than what is federally required, they must also establish appeals processes that are fair, transparent, and easy to understand and navigate.[95] Notably, advocates in California successfully advanced state legislation (AB 789, Statutes of 2023) which implements more equity-centered SAP policies at colleges throughout the state by setting federal requirements as a ceiling that institutions cannot exceed and expanding the range of extenuating circumstances for appeals, thereby better supporting students in retaining critical financial aid funding and strengthening college affordability from enrollment through graduation.[96]

Convert Non-Need-Based and Merit-Based Institutional Financial Aid to Need-Based Grants

Colleges can also use institutional financial aid to help close the affordability gap between total college costs and available federal and state resources. Nationally, colleges and universities provide over $20 billion in institutional aid to students.[97] As a strategy to attract students, institutions may offer merit aid regardless of whether a student has financial need, effectively displacing dollars that could be used to support low-income student enrollment. In fact, a significant and increasing amount of institutional aid is disbursed based on criteria other than financial need.[98] This has disproportionate effects on college affordability by race and income; while 48% of college students nationwide are white, 57% of recipients of institutional non-need-based and merit-based aid are white. In contrast, 13 and 21% of college students are Black and

Latinx, but receive 11 and 16%, respectively, of non-need-based and merit-based institutional aid.[99] With the majority of Latinx, Black, NHPI, and AIAN students coming from families that make no more than $40,000 annually,[100] institutions of higher education should go further in supporting college affordability and closing equity gaps by awarding all institutional aid based on financial need.

✓ **Strengthen partnerships across campus student services.** Better on-campus coordination to provide support to students can maximize access to resources that students need to succeed, from financial aid to public benefits. As detailed in a recent assessment by JBAY in the state of California, campus financial aid offices and basic needs centers can work together in multiple ways to better support students.[101] For example, financial aid offices can identify students who are likely eligible for CalFresh (also known as the federal Supplemental Nutrition Assistance Program (SNAP)), such as those with Cal Grants or Work Study eligibility, and provide other student services offices like basic needs centers with contact information so they can proactively reach out to those students about how to access public benefits. Other supportive practices include policies that allow financial aid offices to rely on current financial



or household status information provided by the basic needs staff to approve and process professional judgment requests without requiring additional confirmation or documentation from the student, and training staff across offices to support students in filing for appeals when their circumstances change.[102]

By reevaluating existing policies and practices that may create unnecessary barriers for students, exploring opportunities for cross-college collaboration to increase student awareness and access to financial aid and other resources, and integrating student feedback and other data collection methods into the development and implementation of school policies and practices, institutions of higher education can ensure students are informed, have support in completing their applications for aid, and can access the resources they need to afford and complete a higher education degree.[103]

Increasing College Affordability through Equitable Policies and Practices

Actions the Federal Government Can Take

- ☐ Invest in need-based financial aid:
  - Double the maximum Pell Grant award so it covers at least half the average cost of attending a public four-year college or university
  - Restore an automatic annual inflation adjustment and reduce future erosion of the Pell Grant's purchasing power
  - Fund Pell Grants entirely through mandatory spending to protect the program from uncertainty across federal budget cycles
  - Expand Pell Grant eligibility to undocumented students
  - Eliminate the taxation of Pell Grants when used to cover any non-tuition costs.
- ☐ Develop a new federal-state funding partnership to create a path to debt-free college degrees, starting with Pell Grant-eligible students:
  - Provide an affordability guarantee to students and families
  - Increase and stabilize government funding for public higher education
  - Increase resource equity across public colleges and universities

Actions State Governments Can Take

- ☐ Pass a statewide policy that mandates FAFSA completion along with an opt-out provision
- ☐ Build or strengthen a statewide longitudinal data system that can provide up-to-date and accurate student-level data on FAFSA completions directly to high school counselors and administrators
- ☐ Support statewide FAFSA completion challenges that incentivize schools to support students in applying for financial aid
- ☐ Create and invest in statewide programs that support students and families in completing and submitting the FAFSA

Actions Institutions of Higher Education Can Take

- ☐ Design student-centered policies and practices informed by student data and feedback, such as adjusted hours of operation, materials made available in multiple languages, and support with navigating financial aid and other resources
- ☐ Utilize existing tools to support students' access to and retention of financial aid, including:
  - Ending unnecessary and biased verification practices
  - Expanded use of professional judgment to support students' individual circumstances
  - Fair and transparent Satisfactory Academic Progress policies and appeals processes
- ☐ Convert non-need-based and merit-based institutional financial aid to need-based grants
- ☐ Strengthen partnerships across student services, including basic needs centers and financial aid offices

Conclusion

College affordability is central to supporting higher education access and success. Given the persistent inequities in college completion for minoritized students and the disproportionate burden they face from student loan debt, it is critical that federal, state, and institutional policies and practices are designed to best support the least resourced and most underrepresented students. **As discussed in this brief, strengthening need-based financial aid, including by at least doubling the federal Pell Grant and creating a new federal-state funding partnership, enacting interventions that increase FAFSA completion rates at the state level, and implementing student-centered and need-based institutional aid and support practices are all critical strategies to ensure students receive the resources they need to earn high-quality postsecondary degrees.**

Establishing equity-centered college affordability policies that ensure minoritized students can successfully earn a higher education degree—and do so without incurring burdensome debt, working excessive hours, or delaying graduation—requires policymakers to ask critical questions as they develop and refine student-focused solutions. It is imperative that decisionmakers at all levels, including federal, state, system, and institutional, consider and deliberate with those most impacted by problems and their proposed solutions, develop clear and shared understandings of desired goals and impacts of solutions, and think through potential unintended consequences. Data and student stories should be used to inform solutions, as well as track the success of policies intended to address and close equity gaps.

Our current higher education system and financial aid policies too often exacerbate racial inequities in who can earn and benefit from a degree. This year's Supreme Court of the United States ruling to strip away the practice of race-conscious college admissions is the latest in a series of devastating setbacks in our nation's commitment to racial equity. The decision makes it more pressing than ever for policymakers and leaders of institutions and systems of higher education to affirm the value of racial diversity and finally close persistent gaps in college access and completion by reducing the burdensome costs and barriers faced by students and families navigating an unfair and unaffordable system.

To read TICAS' full federal policy recommendations for improving college affordability and reducing the burden of student debt, see TICAS' federal policy agenda, available at https://ticas.org/policy-agenda.

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LOS ANGELES OFFICE
1149 S. Hill Street, Ste. 925
Los Angeles, CA 90015
Tel: (213) 744-9434
Fax: (877) 207-3560

SACRAMENTO OFFICE
1512 14th Street
Sacramento, CA 95814
Tel: (916) 443-1681
Fax: (916) 443-1682

WASHINGTON, D.C. OFFICE
1016 16th Street NW, Suite 100
Washington, D.C. 20036
Tel: (202) 293-2828