THE INSTITUTE FOR COLLEGE
ACCESS & SUCCESS

2023 FEDERAL POLICY AGENDA

A college degree remains the strongest pathway to expanded opportunity and financial security, and our higher education system plays a key role in narrowing racial and economic inequities. But enrolling in college has become an increasingly risky proposition for too many students. Today, most students must borrow to cover their costs, and that debt investment may not pay off, especially if they don't complete a degree or if a low-quality program diminishes their post-college prospects.

Many institutions also lack the resources to provide the quality of instruction and holistic supports that we know help students complete a degree; only about 60% of all students who enroll in college graduate within six years. And federal programs that provide basic needs supports to people with low incomes restrict students from accessing critical resources, including food and child care assistance, which can prevent them from achieving self-sufficiency.

These trends are especially harmful for students of color, students from low-income backgrounds, first-generation students, and parenting students: such students are more likely to need to take out debt to enroll, less like to complete a degree, and more likely to default on their student debt, facing devastating consequences that can last for years.

Alarmingly, the pandemic worsened many of these pre-existing inequities. Community colleges have sustained a significant drop in applications and enrollment, especially among students of color, students from low-income backgrounds, and first-generation students — the very students for whom a degree can provide the most life-changing economic benefits.

For our higher education system to fulfill its promise, the federal government must provide more student aid, enable colleges to better support their students, perform stronger oversight of colleges, and better support students' basic needs. Policymakers must also deliver on promised reforms to the unwieldy and often punitive student loan repayment system before the repayment pause ends.

Below, we outline a comprehensive federal policy agenda to strengthen our nation's higher education system, reduce the burden of student debt, and close longstanding racial and economic equity gaps in college enrollment and completion rates.

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The Institute for College Access & Success (TICAS) is a nonprofit, nonpartisan organization advocating for student-centered public policies that promote affordability, accountability, and equity in higher education. Visit us at ticas.org and follow us on Twitter @ticas_org and on Instagram at @ticas_org.

MAKE COLLEGE MORE AFFORDABLE & ACCESSIBLE

- Double the maximum Pell Grant & strengthen the Pell Grant program
- Create a pathway to debt-free college

For decades, the federal government and states have underinvested in students and public institutions. Public colleges enroll more than three-quarters of undergraduate students, including 81% of students of color, yet state support has been declining for decades, and was battered during the Great Recession. Even pre-pandemic, state support had not returned to pre-Great Recession levels.

To cover the average cost of attending a four-year public college, students from families making $30,000 or less would need to spend nearly all their total income (93%). To cover the cost of a two-year college, these students would still need to spend nearly two-thirds of their total income.

Even after accounting for grant aid, too many students, particularly low-income students and students of color, struggle to cover college costs and have increasingly come to rely on loans — or choose not to enroll at all.

Double the Maximum Pell Grant & Strengthen the Pell Grant Program

The Pell Grant program is the federal government's foundational investment in college affordability. The program, which enjoys strong bipartisan support, helps nearly seven million low- and moderate-income students attend and complete college annually.

Pell Grants are especially critical for students of color, with nearly 60% of Black students, half of American Indian or Alaska Native students, and nearly half of Latinx students receiving a Pell Grant each year. There is clear evidence that need-based grant aid increases college enrollment and completion among low- and moderate-income students.

Pell Grants are also well targeted to students with very high financial need — 80% of Pell recipients come from families with annual incomes at or below $40,000, including 40% with annual family incomes at or below $15,000.

However, the share of college costs covered by the grant is at an all-time low. At its peak in 1975-76, the maximum Pell Grant covered more than three-quarters of the cost of attending a four-year public college. The 2023-24 maximum award amount covers just 26% of that cost.

Unsurprisingly, Pell Grant recipients continue to bear disproportionate student debt burdens. Pell Grant recipients today are more than twice as likely as other students to have student loans, and grant recipients who borrow graduate with over $4,500 more debt than their higher-income peers.

Pell Grants have long enjoyed bipartisan support. Now is the time to invest in our nation's neediest students and restore the grant's purchasing power.

We urge Congress to:

- ***Double the maximum Pell Grant*** so that it covers at least roughly half of the average cost of attending a four-year public college. Research suggests that the maximum Pell Grant needs to be roughly doubled to overcome current disparities in enrollment and completion by income.

- ***Permanently restore the grant's automatic annual inflation adjustments*** to provide predictable annual increases going forward and 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, there is an annual risk that the grant won't even keep pace with inflation.

- ***Make the Pell Grant program fully mandatory*** to protect the program and ensure predictability for recipients. The program functions like an entitlement, where every qualified student receives a grant, but largely relies on discretionary funding. Shifting to mandatory funding would eliminate the need for annual appropriations and provide for automatic adjustments in program funding based on changes in participation.

- ***Expand Pell Grant eligibility to undocumented students*** to enable Deferred Action for Childhood Arrivals (DACA) beneficiaries and Temporary Protected Status (TPS) beneficiaries to more easily pursue higher education opportunities. One-fifth of DACA recipients are enrolled in postsecondary education and another third of recipients are in high school and are considering options to further their education and their preparation for the workforce after they graduate.

- ***Address the burden of FAFSA verification on low-income students*****.** As federal agencies work to implement major changes to the FAFSA, we urge policymakers to also address the burdens and complexity of verification, which for over a quarter of FAFSA filers — most of whom are Pell-eligible — is the final step to receiving aid for which they are eligible. FAFSA verification has a disproportionately negative impact on students from low-income backgrounds, Black students, and Latinx students, unnecessarily delaying and even derailing access to the aid for which they qualify and that they need to enroll in — and complete — college.

- ***Eliminate the taxation of Pell Grants*****.** 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. Therefore, if students use their Pell Grants to cover fully their tuition, fees, and books, they will have no out-of-pocket qualified expenses for claiming the American Opportunity Tax Credit (AOTC). Meanwhile, if students claim the AOTC for tuition, fees, and books paid for out of pocket, and use their Pell Grants to cover remaining costs of attendance, then they may face a tax liability. By removing the threat of any tax liability associated with Pell Grants, this complicated, confusing interaction will no longer occur and more students — particularly those at low-tuition institutions such as community colleges — will be able to benefit from both Pell Grants and the AOTC, just as students attending higher-cost institutions already do.

Create a Pathway to Debt-Free College

Both the federal and state governments make large investments in higher education. State governments operate public colleges and universities, which collectively serve three-quarters of undergraduates, while the federal government provides financial aid directly to students through its voucher-like student aid programs, in addition to providing research funding and some other supports for colleges.

In the 2021-22 academic year, the federal government provided $234.6 billion in aid to undergraduate and graduate students in the form of federal grants, loans, tax credits, and federal work-study funds, while state and local governments spent $109.5 billion (excluding pandemic relief funds).

But there is no direct relationship between federal and state higher education investments. This disconnect impedes federal-state coordination to lower college costs, reduce reliance on debt, and improve institutional quality.

TICAS believes we must strive for a future where all students can earn a four-year degree at a public college without needing to take on debt. Covering tuition alone — and doing so only for community colleges, where other costs of attendance can be more burdensome than tuition itself — will not truly move the needle on affordability (or sufficiently increase completion rates). To do so, federal policymakers must fully address the "affordability gap" that remains after federal and state aid is applied toward the total cost of attending a public college.

To build this debt-free future for all students, the federal government and states must work together. Via such a partnership, the federal government should 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.

HELP MORE STUDENTS COMPLETE COLLEGE

While there has been a demonstrable increase in national high school graduation rates over the last two decades, millions of Americans leave college without completing a degree, and therefore don't realize the economic benefits that a degree confers. The national six-year college completion rate continues to stall at 62%, however, there are widespread disparities among students who begin at public two-year colleges, as well as Black, Latinx, and Native American students. Racial disparities in college completion are alarming, particularly when more than two-thirds of today's jobs require a postsecondary credential; COVID-19 has negatively impacted college enrollment.

Fortunately, there are many strategies for increasing college persistence and completion. One model has emerged that is backed by an increasingly robust body of evidence: comprehensive approaches to student success (CASS) programs. Seven CASS models — Bottom Line, CUNY ASAP | ACE, InsideTrack, NISS, One Million Degrees, Project QUEST, and Stay the Course — have been evaluated using randomized control trials, and, as a result, there is a strong body of evidence that shows CASS programs impact short-term outcomes, such as persistence, credit accumulation, and more, for students enrolled in both community colleges and four-year colleges. CASS programs provide academic, career, financial, and personal support to meet the holistic needs of students so they can successfully complete their college education.

In partnership with MDRC, the Wilson Sheehan Lab for Economic Opportunities at Notre Dame, and Results for America, TICAS has organized a community of practice with these seven CASS programs throughout the past year and a half, with the goal of understanding these programs' impact and common design elements, as well as what it would take to scale these approaches to meaningfully move the needle nationally on college completion among underserved students.

College degree holders continue to have better employment options and higher annual earnings than individuals without a college degree. Therefore, investing in CASS programs will yield socioeconomic returns for graduates, their families, and communities.

We recommend that Congress:

- ***Increase the Postsecondary Student Success Program funding*** to provide institutions funds needed to provide evidence-based comprehensive approaches to student success (CASS) to boost college graduation rates and close equity gaps nationwide.

- ***Strengthen investment in the Federal Supplemental Educational Opportunity Grant (FSEOG) program*** to improve college access and completion by removing additional financial barriers for all students. Black, Latinx, and Native American students and students from low-income backgrounds face financial barriers that disrupt their academic and career aspirations.

- ***Expand college access and completion programs, including TRIO, GEAR UP and Student Support Services, that provide first-generation college students and students from low-income backgrounds access to holistic supports to succeed in college.*** Limited access to academic tutoring, academic and career advisement, and financial challenges are cited as reasons students do not complete college. Expanding these programs can ensure that more students can access the resources available to successfully navigate college successfully.

REFORM THE STUDENT LOAN SYSTEM TO PROTECT BORROWERS

- Make income-driven repayment (IDR) work better for borrowers
- Ensure borrowers are protected when emergency federal student loan benefits end
- Reform the student loan default system
- Restore bankruptcy protections for student loan borrowers
- Reduce risky private loan borrowing & improve protections for private loan borrowers

Make Income-Driven Repayment (IDR) Work Better for Borrowers

Income-driven repayment (IDR) plans are a critical safety net for student loan borrowers. Borrowers enrolled in an IDR plan default at much lower rates than those in a non-IDR plan. However, despite significant improvements to program design and generosity over time, too many borrowers continue to struggle with repayment, even if they never default.

In January 2023, the Biden-Harris Administration published a proposal to improve IDR via a more generous REPAYE plan. We commend these efforts to make IDR more affordable and accessible — especially for low-income borrowers — and strongly support many of the proposed changes to REPAYE, including:

- Revising the formula for determining monthly payment amounts to make IDR payments more affordable for economically distressed borrowers;
- Preventing ballooning balances by restraining interest accumulation and ending all instances of interest capitalization for borrowers enrolled in IDR;
- Providing real and automatic relief after a reasonable number of payments;
- Ensuring that borrowers reliably receive automatic IDR forgiveness when they become eligible;
- Allowing borrowers in default to access IDR;
- Automatically enrolling struggling borrowers into IDR to prevent defaults; and
- Implementing the FUTURE Act to make IDR easier to access.

We also proposed several alternative design approaches that build on the administration's proposal to create an even fairer and simpler plan. Based on our analyses, we recommend that the Department:

- Further raise the income protection exclusion to ensure truly affordable monthly payments for all borrowers;
- Make the monthly payment formula the same for all borrowers, regardless of debt type;
- Shorten the repayment term to a maximum of 20 years for all borrowers;
- Make the maximum repayment terms simpler and more equitable by basing a borrower's maximum term solely on their original balance, tied to borrowing limits and accounting for the needs of independent students, rather than based on type of debt; and
- Provide additional safety nets for Parent PLUS borrowers.

In addition, policymakers should permanently end the taxation of all discharged student debt, including for borrowers in IDR. Discharged student debt is not a windfall of income, and the benefit of loan relief under IDR is severely undermined if discharged loan balances are treated as taxable income, immediately replacing one unaffordable debt with another.

Ensure Borrowers Are Protected When Emergency Federal Student Loan Benefits End

When emergency student federal loan benefits end, millions of borrowers will be transitioned back into repayment. The Education Department must make a robust plan to ensure borrowers will be protected during this transition, especially as this transition coincides with major shifts in the servicing system.

Throughout the remainder of the pause, the Department must provide borrowers with clear and actionable information and resources, including access to timely and accurate assistance and guidance from servicers and the Department.

In advance of the restart, the Department should, at minimum, clear debt discharge backlogs related to borrower defense, total and permanent disability, and Public Service Loan Forgiveness. The Department must also fully implement its "fresh start" program, through which borrowers who were in delinquency or default before the payment pause can re-enter repayment in good standing.

For those borrowers with remaining debt, the Department must implement key protections — including additional flexibilities — to protect borrowers from financial harm and ensure borrowers can easily access more affordable repayment options.

Reform the Student Loan Default System

Like the well-documented effects of traffic fines and court fees, the penalties resulting from federal student loan default plunge too many Americans deeper into financial instability, perpetuating rather than helping to resolve the vicious cycle of poverty. It is especially abhorrent that a government program intended to create equitable opportunities for all students instead perpetuates racial and economic gaps in financial stability and mobility.

Federal student loan default, defined as a borrower missing payments for at least 270 days, comes with severe consequences. The entire loan balance becomes immediately due, and borrowers face ongoing damage to their credit scores, along with a range of significant fees. The federal government also wields vast extra-judicial powers to collect student debt, including garnishing wages and seizing Social Security payments and tax refunds based on the Child Tax Credit (CTC) and the Earned Income Tax Credit (EITC).

By seizing these benefits, the federal government takes away critical financial lifelines that reduce poverty for millions of families. Ironically, borrowers in default are not even allowed to enroll in income-driven repayment plans, which seek to make monthly payments more affordable (as low as $0) and get borrowers back on track.

In addition, the federal government, states, and colleges too often impose a series of harsh penalties that are unrelated to collecting payments, including restricting access to further federal aid, withholding a student's academic transcripts, and suspending professional and even driver's licenses. These measures are not only punitive, they're also self-defeating: by undermining someone's ability to cover basic expenses, return to school, keep their job, or even drive a car, the student loan default system makes it harder for someone who is already struggling to secure their financial footing.

The vast majority of those who default on student loans have faced persistent economic and social vulnerability. As of 2017, 87% of those who defaulted within 12 years of enrolling in college had received a Pell Grant at some point, meaning that they had a household income of less than $40,000.

Those who were the first in their family to attend college are also more likely to default: nearly a quarter (23%) of first-generation students defaulted on their loans within 12 years, compared to 14% of non-first-generation students.

Students who started school but never completed a degree or credential are at particular risk of default, as they've taken on debt but received none of the associated economic benefits. These borrowers — who represent about half of all those who default — typically owe relatively small balances, with nearly two-thirds owing less than $10,000; more than one-third owe less than $5,000.

Black students in particular face persistent repayment distress. 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 more likely to struggle with repayment.

Alongside improvements to the repayment system to keep borrowers out of default, the federal government must reform the default system itself by:

- Protecting low-income borrowers from having their wages and benefits seized;
- Allowing those in default to access affordable repayment plans;
- Limiting collection fees;
- Prohibiting colleges from withholding transcripts;
- Prohibiting states from suspending, revoking, or denying licenses due to student loan default; and
- Allowing borrowers to restore their loans to good standing more than once.

Restore Bankruptcy Protections for Student Loan Borrowers

We appreciate the Biden-Harris Administration's efforts, announced in 2022, to implement an improved process for handling cases in which individuals seek to discharge their federal student loans in bankruptcy.

However, federal bankruptcy law treats federal student loans even more stringently than other forms of consumer debt, excluding both from discharge except in exceedingly rare cases of proven "undue hardship." To remove barriers to relief for borrowers who are truly unable to repay, policymakers should restore borrowers' ability to discharge student debt through bankruptcy. Policymakers should also implement a reasonable statute of limitations on the collection of federal student loans.

Reduce Risky Private Loan Borrowing & Improve Protections for Private Loan Borrowers

Private loans are one of the riskiest ways to finance a college education. They usually have variable interest rates and are typically much more expensive than fixed-rate federal student loans. Lower-income students usually receive the worst rates and terms, and private loans do not come with the same borrower protections and repayment options as federal loans. We recommend the changes below to reduce reliance on risky private loans and to enhance protections for borrowers who have such loans.

- *Require school certification of private loans*: More than half (53%) of undergraduates who borrow private loans borrowed less than the annual maximum allowed for safer federal student loans. Unfortunately, many students who borrow private loans — and the family members who co-sign them — do not understand the difference between federal and private loans until it is too late. Requiring private lenders to confirm a borrower's eligibility with their school before disbursing the loan ensures the student is eligible for that loan.

- *Require private lenders to discharge loans in the event of death or severe disability*: Congress should require private student lenders to discharge the loans of a borrower who dies or becomes totally and permanently disabled. Unlike federal student loans, there is no federal law requiring such discharges; some private lenders voluntarily provide these discharges under certain circumstances while others do not. This means that private student loan borrowers and their families are not protected in the event of death or severe disability, an inequity that takes on new urgency in the wake of a global pandemic.

HOLD COLLEGES ACCOUNTABLE FOR PROVIDING A QUALITY EDUCATION

- Reinstate a strong gainful employment rule
- Implement the new borrower defense to repayment rule
- Support and protect the 90/10 loophole closure
- Strengthen policies to prevent waste, fraud, and abuse

Strong college accountability is key to reducing the number of students left worse off by burdensome student debt. Stronger policies, oversight, and enforcement are urgently needed to address high-cost, low-quality programs. They also rein in predatory practices used to prey on targeted students — especially Black and Latinx students, students from low-income backgrounds, first-generation students, and student veterans.

The for-profit college sector disproportionately relies on problematic and predatory practices. Borrowing rates, debt levels, and default rates are highest across for-profit colleges. The sector collectively enrolls only 8% of college students but accounts for nearly one-third of all student loan defaults. Researchers have shown for-profit institutions routinely engage in reverse redlining to target Black and Latinx students, as well as students from low-income communities.

Reinstate a Strong Gainful Employment Rule

The Biden-Harris Administration has made important progress toward restoring the gainful employment rule, which sets a baseline expectation for career education programs. Under the rule, career programs (as defined by the Higher Education Act) must demonstrate their completers are not burdened by student debt levels too high for them to reasonably repay.

Following a recent negotiated rulemaking process, the U.S. Department of Education is expected this year to release a new version of the gainful employment rule. Extensive public comments will inform further revisions to the proposed rule, which should be published in time to take effect in 2024. By rescinding the rule, the previous administration risked the loss of more than $6 billion in taxpayer funds over 10 years. The Biden-Harris Administration must seize the opportunity to restore this needed protection for students and taxpayer-funded financial aid programs, rather than leave them at systemic risk.

Implement the New Borrower Defense to Repayment Rule

This year, a new borrower defense to repayment rule will take effect — an essential protection for defrauded borrowers. The new rule, which underwent a negotiated rulemaking process and extensive public comment period, will bolster protections by banning required pre-dispute arbitration agreements, enabling state attorneys general and legal aid organizations to bring group claims, and clarifying the institutional practices that can serve as the basis for student loan discharges under borrower defense.

The rule also sets a timeline for resolution of claims and further empowers the Department to pursue recoupment of funds from institutions found to have perpetrated the kinds of practices that lead to student debt discharges. The administration must move forward to implement this rule with fidelity and communicate the expectations of the rule to institutions. Congress must resist efforts to weaken the borrower defense rule, which brings a welcome set of essential protections for defrauded borrowers, rather than the predatory institutions that defraud them.

Through a series of actions last year, the Education Department cleared hundreds of thousands of discharges that are leading to billions of dollars in long-delayed relief for borrowers whose institutions defrauded them or closed precipitously. The costs of these fraudulent actions only make clearer than ever the need for strong student and taxpayer protections.

Support and Protect the 90/10 Loophole Closure

Apart from Title IV funds, the Biden-Harris Administration's new regulations to implement a bipartisan congressional agreement closing the 90/10 loophole will strengthen protections for student veterans' educational benefits. The product of a consensus agreement that included representatives of the for-profit college sector, new rules will ensure predatory institutions no longer see student veterans as little more than dollar signs in uniform. Congress and the administration must protect the rule from any potential industry efforts to dilute its provisions. Congress should also go further and restore the 85/15 threshold expectation for for-profit schools' revenue sources.

Strengthen Policies to Prevent Waste, Fraud, and Abuse

In the 118th Congress, lawmakers should further strengthen protections for students and taxpayer-funded financial aid programs. In addition to restoring the 85/15 threshold, Congress should enact provisions to:

- Establish a secret shopper program to identify institutions engaging in aggressive, misleading, and predatory practices;
- Establish a federal interagency task force tracking deception, fraudulent, and predatory practices across the for-profit college sector;
- Launch a complaint tracking system for students to report grievances; and
- Increase civil penalties for institutions and their contractors that violate Title IV requirements, including misrepresentations.

The Education Department should also rescind guidance that enables online program managers to effectively engage in incentive-based compensation to drive up enrollment with little to no regard for program quality.

For information on the broad coalition of student, consumer, civil rights, veterans, and college access organizations working to better protect students and taxpayers, visit ProtectStudentsandTaxpayers.org.

SUPPORT STUDENTS' BASIC NEEDS

- Strengthen student eligibility for the Supplemental Nutrition Assistance Program (SNAP)
- Strengthen postsecondary access through the Temporary Assistance for Needy Families (TANF) program
- Expand student access to affordable child care through the Child Care & Development Fund (CCDF)
- Address additional students basic needs supports

Many federal programs that could improve student success explicitly restrict access to those enrolled in postsecondary education. Instead, safety net and workforce development programs restrict postsecondary education and prioritize "employment and training activities" that both Republican and Democratic administrations have found to lack demonstrable effects. These confounding rules create a poverty trap for individuals and families that stymies economic growth and contradicts evidence that a postsecondary credential is one of the most reliable mechanisms to improve employability.

About Student Basic Needs Insecurity

In the simplest terms, "basic needs insecurity" refers to a student's inability to afford their non-academic expenses, such as food and housing, that contribute to less successful postsecondary outcomes. People with low incomes now enroll in college at rates higher than their middle-income peers because they know the value of a college credential. However, they do so with fewer resources, which results in higher levels of unmet need and basic needs insecurity, making it harder for them to persist in school and complete a degree or credential.

College students' needs have changed drastically over time, but our perceptions and policies have not evolved accordingly. Students who work, attend school less than half-time, and other "non-traditional" characteristics now make up 75% of students, and the vast majority work full time. But historical and systemic racism and deficit-based narratives about people of color have contributed to an emphasis on work over education in our current system of low-income support programs.

The U.S. safety net is comprised of means-tested (proof of need) programs that provide people with low incomes access to basic supports. Because we have created separate caste systems of who should be a "student" versus who should "work first," we have created a poverty trap that relegates people to low-wage work to the detriment of our nation. As a result, we have created separate systems of resources grounded in notions of deservingness that reward the traditional path to higher education and makes "student basic needs" more acceptable than "low-income supports."

Removing Postsecondary Restrictions Aligns Federal Investments & Reflects Evidence-Based Approaches

Students' basic needs have gained increasing attention as the demand for postsecondary credentials has grown. Research shows that over 95% of jobs created after the Great Recession went to those with education beyond high school. Similarly, the U.S. Bureau of Labor and Statistics is now predicting that occupations requiring a postsecondary credential will grow faster than average. As a result, the challenges students face has garnered increasing consideration and investment.

There is significant research that indicates what does and doesn't work to improve people's economic mobility. A college credential leads to better employment and increased earnings, while federal programs that provide "employment and training services." Restrictions on postsecondary education, such as in the TANF program, leave people with low incomes with few options. Research shows they end up in jobs with low pay, unpredictable schedules, and without health or retirement benefits, leaving them unable to cover their expenses. Improving employment without raising income, unsurprisingly, does not result in positive outcomes for families or children.

We must align our federal investments to reflect the needs of our nation's residents and our future economy by ensuring that programs and policies designed to improve "employability" do not omit one of the best paths to economic security. Many federal programs could provide basic needs supports for students but explicitly restrict access to those enrolled in postsecondary education. These policy choices force people to forgo education that could improve their economic mobility. To address this, the federal government should ensure employment and training programs include credentials, certificates, and degrees at institutions of higher education and that states are held accountable for achieving improved connections to higher education.

Strengthen Student Eligibility for the Supplemental Nutrition Assistance Program (SNAP)

The Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps) is the nation's largest food assistance program. SNAP provides a modest benefit to ensure people with low incomes, or those experiencing temporary financial hardship, can afford their most basic need for food. SNAP is considered highly effective as an economic stabilizer and beneficial due to its economic multiplier effect. Receipt of SNAP is also associated with lower health care costs and improved health outcomes, as well as better educational outcomes for children.

SNAP already has stringent eligibility requirements that target people with low incomes. Everyone who applies for SNAP must meet income, citizenship status, and household composition criteria. The criteria differ slightly for households with an elderly or disabled member. SNAP participants must be under monthly gross and net income limits, based on household size. SNAP also has two different sets of work requirements.

Despite these already stringent criteria, SNAP imposes additional redundant restrictions on postsecondary student eligibility that harm employability and reduce self-sufficiency. These outdated and reductive policies discourage education and promote "work first," despite research that shows work requirements *do not* reduce poverty or substantively improve employment outcomes. The Government Accountability Office (GAO) cited the complexity of the SNAP student rules as the largest issue. Piecemeal fixes to student exemptions are not sufficient. To produce the greatest likelihood of connecting SNAP participants to education and connecting students to SNAP, the student restrictions should be eliminated, including the half-time enrollment requirement.

Congress should amend the Food and Nutrition Act (FNA) to include postsecondary credentials at an institution of higher education in the definition of an "Employment and Training" programs and eliminate the student exemption section to ensure education can be combined with work to meet work requirement and time limit exemptions.

Strengthen Postsecondary Access Through the Temporary Assistance for Needy Families (TANF) Program

The Temporary Assistance for Needy Families (TANF) program is intended to provide basic cash assistance for very low-income families. TANF is beneficial because studies show that children in low-income households who receive income support have better long-term outcomes in school, earn more as adults, and report having better health.

However, TANF has not worked to improve the well-being or economic mobility of families. The TANF-to-poverty ratio (TPR) shows how TANF is failing families. This metric measures how many families living in poverty who may be eligible actually receive TANF cash assistance. In 1996, TANF reached 68 of every 100 families in poverty; in 2020, that number stood at 21 of every 100 families in poverty.

TANF explicitly restricts postsecondary activities to a federal limit of 12 months. Research shows that nationwide, welfare reform significantly decreased the probability of college enrollment for adult women by at least 20 percent. It also reduced participation in full-time vocational and education training programs and these effects were far worse for moms of color. Participants who attempt to pair work with postsecondary education face additional requirements. While some states have found creative ways to support postsecondary students with low incomes others misuse TANF funds to divert resources to middle- and upper-income households.

Congress should remove time limit and activity restrictions and explicitly include postsecondary credentials as a countable work activity in the TANF program. Congress should also require states to coordinate with higher education institutions to improve access and completion for TANF participants.

Expand Student Access to Affordable Child Care Through the Child Care & Development Fund (CCDF)

The Child Care and Development Fund (CCDF) was created to provide child care subsidies to families with low incomes through federal-state partnerships. Due to insufficient funding, the program only serves a small share of eligible children nationally, forcing states to ration limited resources. CCDF allows states considerable flexibility on the design of the state child care programs under federal parameters, including who is eligible for assistance.

Though states may support and encourage postsecondary education in their child care subsidy programs, many do not. A study by the Urban Institute of states' rules in child care programs revealed that even when postsecondary activities are permitted, they often come with additional requirements that limit access. A follow up study concluded that even when eligible, the implementation of program eligibility for education and training is not a priority and is undermined by workforce development targets.

Lack of access to affordable child care is one of the most pervasive barriers students with children face. Complex rules in child care assistance programs and state choices to prioritize work make it difficult for parents to manage unpredictable work and school schedules that hinders their pursuit of postsecondary education, despite the return on investment.

Congress should increase child care funding to ensure families with low incomes can access subsidies. They should also revise program language to explicitly support and encourage postsecondary programs and mandate coordination with higher education institutions to improve the economic security of families with low incomes.

Additional Basic Needs Priorities

TICAS will also assess and support the following policies that could meet student basic needs and increase educational attainment:

- Increase investments in the Child Care Access Means Parents in School (CCAMPIS) program;
- Assess federal and state rules and eligibility criteria to improve student access and reduce housing insecurity;
- Assess the effectiveness of tax credits, such as the Work Opportunity Tax Credit, in supporting economic mobility;
- Ensure students have access to affordable health care and mental health supports; and
- Increase funding for the federal work-study program and revise the allocation formula to make the program more accessible and equitable.

IMPROVE POSTSECONDARY DATA & CONSUMER INFORMATION TOOLS

- Create a federal student-level data network
- Improve & promote tools to help students make informed college financing decisions

Create a Federal Student-Level Data Network

The creation of a student level data network with strong protocols for maintaining student privacy and protecting data security is key to increasing the comprehensiveness and comparability of postsecondary data.

We have joined over 150 organizations, including business leaders, schools, student advocates, and civil rights organizations, in supporting the bipartisan, bicameral *College Transparency Act* to repeal the 2008 ban on a federal student level data network and implement holistic reform of postsecondary data infrastructure while protecting privacy and prioritizing data security.

Without such reform, important measures of student success and their relationship to student debt, including at key disaggregates by race/ethnicity, will remain out of reach of both students and policymakers, and public data will continue to fall short of reflecting all students.

Improve & Promote Tools to Help Students Make Informed College Decisions

Improve Financial Aid Offer Communications*:* According to a recent GAO report, 91% of colleges either do not include or understate the net price — the actual amount a student needs to pay — in their aid offers. An estimated 41% of colleges do not include a net price, while an estimated 50% of colleges understate the net price. More than half (55%) of colleges do not itemize key direct and indirect costs, including tuition, fees, housing, and transportation costs, in their financial aid offers, while nearly one-third (29%) do not itemize any costs in their aid offers, leaving students without even basic information on tuition and fees.

The GAO report came after years of research documenting a glaring lack of transparency in financial aid offer communications (often misleadingly called "financial aid award letters").

Congress must make the following common-sense reforms to ensure that colleges provide students with clear, transparent, and comparable information about college costs and the financial aid options available to cover them.

- Require colleges and universities that participate in federal financial aid programs to use a uniform financial aid offer form, and to provide one to every student who applies for federal financial aid.

- Establish basic minimums of information that follow the best practices enumerated in the GAO report, including: the full cost of attendance; a student's net price, or the real amount they actually need to pay to enroll; listing grant aid, federal loans, and work-study aid under their own headings and making it clear which types of aid do and do not need to be repaid; resources for calculating the costs of repaying student loans; and key disclosures related to private loans and parent loans, treatment of scholarships, and next steps for accepting and declining aid.

- Require the U.S. Department of Education to work with colleges and universities from different institutional sectors, consumer groups, students, veterans, financial aid administrators, and counselors to develop standard definitions of various financial aid terms for use in the uniform financial aid offer forms and across financial aid communications from the institution.

- Require the Education Department to establish a process to consumer test the uniform financial aid offer form and use the results from the consumer testing in the final development of the form.

***Improve the College Scorecard**:* The College Scorecard is an interactive online tool that provides consumer friendly information on the chances of completing, borrowing, or ending up with high debt and/or low earnings at a specific school. The Education Department has made important progress on including additional program-level data that increases the usefulness of that information. Unfortunately, it has also removed key contextual information that helped users interpret the information the Scorecard provides.

- The Department should immediately restore the threshold earnings rate metric to the College Scorecard and work to improve on that metric by calculating and publishing threshold earnings rates at the program level, in addition to the school level. The Department should also restore the display of national medians to College Scorecard data.

- The tool would be further improved by including a schools' graduation rate for Pell Grant recipients and by enhancing the interactivity of the sorting tools to allow users to compare colleges by degree level, selectivity, and location.

- Cumulative debt figures should allow for the calculation and comparison of state-level figures and include both federal and private loan debt as soon as they are collected and available.

***Strengthen Net Price Calculators**:* Nearly all colleges are required to have a net price calculator on their website to provide an individualized estimate of how much the college would cost a particular student, well before they must decide where to apply. TICAS and others' research has found that many of these calculators are hard to find, use, and compare.

Policymakers must improve the design and accessibility of existing net price calculators; we also support the creation of a central portal that would let students quickly and easily get comparable net price estimates for multiple colleges without having to enter information multiple times in different places.

***Improve Loan Counseling**:* By law, all federal student loan borrowers must complete entrance and exit counseling. However, there remains significant potential as well as bipartisan support for enhancing federal student loan counseling to ensure that students receive clearer, timely, and actionable information on borrowing options and obligations.

We support empowering schools to require annual counseling in order to more consistently provide students with information related to their previous and future borrowing decisions without deterring or restricting access to loans that students need to attend and succeed in college.