TICAS 2024 FEDERAL POLICY AGENDA

THE INSTITUTE FOR COLLEGE
ACCESS & SUCCESS

2024 FEDERAL POLICY AGENDA

A college degree remains a strong investment for most Americans: college graduates tend to earn a substantial wage premium in the labor market and face significantly lower poverty and unemployment rates than those with no education beyond high school.

However, college costs remain high enough that most students cannot enroll without taking on debt. Why? For decades, state funding has declined for public colleges and universities—which enroll more than three-quarters of undergraduates nationwide—and colleges have turned to tuition and fees to make up the gap. Meanwhile, grant aid, including the federal Pell Grant, has not kept up with rising costs. Taken together, these trends mean that the average debt held by bachelor's degree recipients grew by about 56 percent over a 15-year period, well outpacing inflation.

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 percent of all students who enroll in college graduate within six years. Federal programs that provide basic needs supports to people with low incomes restrict students from accessing critical resources, such as food and child care assistance. Such restrictions can impede their ability to achieve self-sufficiency.

These trends are especially harmful for Black students. Because of the racial wealth gap—along with persistent employment and wage discrimination—Black students are more likely to need to borrow to pay for college and are more likely to default on their student debt, facing devastating consequences that can last for years.

The COVID-19 pandemic worsened many of these pre-existing inequities. Community colleges 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.

Ultimately, Congress must stop the debt pile-up and address the root causes of this crisis by lowering college costs and providing sufficient grant aid so that students do not need to take on unmanageable debt to earn a degree.

Below, we outline a comprehensive federal policy agenda to make college more affordable, hold colleges accountable for keeping costs down and providing a quality education, and ensure that student debt doesn't hold families back from prosperity.

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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 X @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 percent 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 percent). To cover the cost of a two-year college, these students would still need to spend nearly two-thirds (64 percent) 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 more than six million low- and moderate-income students attend and complete college annually.

Pell Grants are especially critical for students of color: 60 percent of Black students, half of Latinx students, 45 percent of American Indian or Alaska Native students, and nearly 40 percent of Native Hawaiian/Pacific Islander students rely on Pell Grants to attend and complete college. 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—88 percent of Pell recipients come from families with annual incomes at or below $40,000, including 46 percent 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 2024-25 maximum award amount covers just 26 percent 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 (68% vs. 32%). Nearly 7 out of 10 Pell Grant recipients who graduate from four-year colleges have student loans, and their average debt is $2,069 more than non-Pell graduates.

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:**

- **At least 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 at least 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.

- **Address the burden of FAFSA verification on low-income students.** As federal agencies continue implementing 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 provide operating funds to public colleges and universities—which collectively serve three-quarters of undergraduates—and fund student financial aid programs. Meanwhile, the federal government provides financial aid directly to students, in addition to providing research funding and other supports for colleges and universities.

In the 2022-23 academic year, the federal government provided $240.7 billion in financial aid to undergraduate and graduate students in the form of federal grants, loans, tax credits, and federal work-study funds. State and local governments spent $118.3 billion (excluding pandemic relief funds). In addition, states awarded $14.9 billion in student financial aid.

However, there is no direct relationship between federal and state higher education investments. This disconnect impedes federal-state coordination to lower college costs, reduce student reliance on debt, and improve institutional capacity to serve all students.

TICAS believes we must strive for a future where all students can earn up to a four-year degree at a public college without needing to take on debt. To build this debt-free future for all students, the federal government and states must work together. Through this funding—and in tandem with state investments—policymakers can reduce costs, with the goal of eliminating students' need to borrow to earn up to a four-year degree from any public institution.

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 two-year or four-year college.

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 (including community colleges, regional public universities, rural-serving institutions, Historically Black Colleges and Universities, Hispanic-Serving Institutions, Asian American and Native American Pacific Islander-Serving Institutions, and Tribal Colleges and Universities).

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 the national high school graduation rate over the last two decades, over 40 million Americans have some college and no degree, and therefore don't realize the economic benefits that a degree confers. Racial disparities in college completion are alarming, particularly when 72 percent of jobs in the U.S. will require postsecondary education and training by 2031. To strengthen the talent pool to fill these potential positions, TICAS calls for stronger investments to reconnect stopped-out students and strengthen access to student supports to improve overall attainment and completion rates.

The national six-year college completion rate continues to stall at 62 percent, and the average masks widespread disparities among students who begin at public two-year colleges, as well as Black, Latinx, and Native American students. 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, the National Institute for Student Success (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 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 funding for the Postsecondary Student Success Grant Program** to provide higher education institutions and systems with the funds they need to provide CASS programs to boost college graduation rates and close equity gaps for under-resourced and stopped-out students 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 and academic and career advisement are cited alongside financial challenges as reasons students do not complete college. Expanding these programs can ensure that more students can access the resources available to navigate college successfully.

REFORM THE STUDENT LOAN SYSTEM TO PROTECT BORROWERS

- Codify improvements to income-driven repayment (IDR)
- Permanently end the taxation of discharged student debt
- Reform the student loan default system
- Restore bankruptcy protections for student loan borrowers
- Reduce risky private loan borrowing and improve protections for private loan borrowers

Codify Improvements to Income-Driven Repayment (IDR)

The income-driven repayment (IDR) system is not just a set of federal student loan repayment plans—it's a critical social safety net. By adjusting borrowers' monthly payments to their income and family size over time, IDR creates more affordable payments and helps borrowers avoid the devastating consequences of default in times of financial hardship. Borrowers enrolled in an IDR plan default at much lower rates than those in non-IDR plans.

In 2023, the U.S. Department of Education (Education Department) began implementing a new IDR plan for federal student loans, called the SAVE Plan. The SAVE Plan, like all IDR plans, calculates a borrower's monthly payment amount based on their income and family size. The SAVE Plan replaced the REPAYE Plan. Borrowers started enrolling in the SAVE Plan in 2023. Some of the benefits of the plan were available from the start; others go into effect in July 2024.

Under the SAVE Plan, as a borrower earns more, they pay more. Many borrowers enrolled in IDR will repay their loans in full within the repayment window; however, IDR plans also discharge any debt that remains after 20-25 years of repayment (depending on the plan and whether debt was accumulated during the pursuit of undergraduate or graduate degrees).

The SAVE Plan makes key improvements to prior IDR plans. It better protects low-income borrowers from unaffordable payments, better protects borrowers from debt that doesn't pay off, and gives borrowers a light at the end of the tunnel so they are not stuck in repayment indefinitely.

Because the SAVE Plan was implemented via regulatory process, it is not reflected in statute. We strongly encourage lawmakers to codify the SAVE Plan, which:

- **Better protects borrowers from unaffordable monthly payments.**
  - > The SAVE Plan revises the formula for determining monthly payment amounts to make payments more affordable for all borrowers, especially those with low and moderate incomes, by increasing the amount of income protected from repayment from 150 to 225 percent of the federal poverty level for all borrowers.
  - > SAVE also lowers the percentage of discretionary income for borrowers with undergraduate loans. Borrowers with only undergraduate loans pay five percent of their discretionary income; borrowers with only graduate loans pay 10 percent of their discretionary income; borrowers with both types of loans pay between 5-10 percent, based upon a weighted average calculated from the share of their original loan balances borrowed for undergraduate versus graduate studies.
- **Prevents balances from ballooning due to interest charges.**
  - > The SAVE Plan provides a full interest subsidy for all loans for the entire time a borrower is enrolled. This is a key improvement over prior IDR options and is a targeted benefit that helps minimize the growth of loan balances for borrowers with low incomes relative to their debt.
- **Shortens the repayment term for borrowers with lower balances.**
  - > The SAVE Plan forgives loan balances after 10 years of payments for borrowers with original loan balances of $12,000 or less, with an additional one year of payments added for each additional $1,000 borrowed above that level, up to a maximum of 20 or 25 years (depending on whether the borrower has graduate loans).
- **Better protects borrowers from the harsh, punitive consequences of loan default.**
  - > The SAVE Plan helps keep borrowers out of default by automatically enrolling those who are at least 75 days behind on their payments into the IDR plan that provides them with the lowest monthly payment.
  - > As part of the same regulatory package, ED also started allowing borrowers in default to access the existing income-based repayment (IBR) plan; borrowers in default who provide income information that shows they would have had a $0 payment at the time of default will be automatically moved to good standing, allowing them to access the SAVE Plan. Borrowers in default were previously not able to access any IDR plans.

We also encourage policymakers to track and evaluate the effects of the SAVE Plan, and to provide additional protections to borrowers with low incomes and to Parent PLUS borrowers.

Permanently End the Taxation of Discharged Student Debt

We encourage policymakers to extend a temporary measure—which expires at the end of 2025—to prevent the taxation of discharged student debt.

Currently, the Internal Revenue Service does not consider as taxable income loan balances discharged after 10 years of payments under the Public Service Loan Forgiveness program or because of the death or permanent disability of the borrower. In March 2021, Congress passed a law to temporarily eliminate the taxation on all forgiven student debt, regardless of the reason. This provision extends through the end of 2025.

We urge lawmakers to make this exemption permanent for all types of forgiven student debt. 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.

Bipartisan legislation to eliminate the taxation of debt forgiven under IDR has been introduced in the past and supported by a broad constituency of colleges, student loan lenders, financial aid officers, and student advocates.

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.

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 percent of those who defaulted within 12 years of enrolling in college had received a Pell Grant at some point, meaning they likely entered college with 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 percent 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 and 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; only some private lenders voluntarily provide these discharges under certain circumstances. This means that private student loan borrowers and their families are not protected in the event of death or severe disability.

HOLD COLLEGES ACCOUNTABLE FOR PROVIDING A QUALITY EDUCATION

- Ensure full implementation of student protections
- Secure needed improvements to strengthen institutional and program quality
- Strengthen oversight and enforcement

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

Ensure Full Implementation of Student Protections

The Biden-Harris Administration has made important progress to strengthen student protections, including a new gainful employment rule, financial value transparency framework, borrower defense rule, and implementing the bipartisan congressional agreement to close the

90/10 loophole. In the coming year, these and other regulatory advances will face challenges both in court and in Congress.

With these much-needed regulations either now in place or taking effect in 2024, we will focus on ensuring they are implemented fully to maximize their effectiveness. When implemented, they should give current and prospective students greater confidence that their postsecondary programs will provide high-quality experiences that set them up for success in their careers and lives. We will focus especially on ensuring equity considerations remain centered in implementation, including for incarcerated students affected by new prison education program regulations.

Secure Needed Improvements to Strengthen Institutional and Program Quality

As we continue our work to ensure new regulations have maximum impact to protect students and Title IV financial aid programs, we will also engage in the regulatory process to strengthen institutional and program quality. This engagement will include efforts to improve accreditation, state authorization, distance education, and other key regulations. In addition, we will advocate for the Education Department to rescind guidance that is now more than a decade old that leaves students vulnerable to incentive-based, potentially predatory recruitment by third-party service providers to institutions of higher education.

We will also continue to advocate for more assertive use by the Education Department of program participation agreements (PPAs) that open the door to Title IV dollars. PPAs can and should be used as proactive quality assurance tools.

Strengthen Oversight and Enforcement

In addition to proactive tools including PPAs, we will advocate for strong enforcement by the Office of Federal Student Aid (FSA) of federal laws and regulations designed to protect the interests of student borrowers. The enforcement division’s secret shopper program should deter predatory actions, as well as waste, fraud, and abuse of Title IV programs. As part of this work, we will continue advocating for timelier, broader action to relieve defrauded borrowers of their debts.

Online program managers (OPMs) have spread across sectors of higher education, but their growth has not necessarily been paired with a commensurate concern for ensuring academic quality. We will advocate for more direct oversight of OPMs. This oversight should begin with the Education Department deepening its understanding of the prevalence of OPMs through online program enrollment data collection. Oversight should extend to the nature of contracts between OPMs and partner institutions to serve as a watchdog for students’ interests in these agreements.

To overcome current capacity constraints at the Education Department, we urge members of Congress to allocate sufficient resources to fund a robust set of enforcement and oversight activities at FSA.

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.

ENSURE PUBLIC BENEFIT PROGRAMS SUPPORT POSTSECONDARY EDUCATION

- Modernize the Supplemental Nutrition Assistance Program (SNAP) to improve the connections to postsecondary education
- Revise Temporary Assistance for Needy Families (TANF) programs to promote educational access
- Invest in more funding and improved connections to postsecondary education through the Child Care & Development Fund (CCDF)
- Address additional basic needs supports

People with lower incomes now enroll in higher education at rates higher than their middle-income peers yet experience less successful outcomes. The challenges people with lower incomes face accessing and completing college credentials continue to garner attention as demand for workers with more education rises. It will become increasingly important to address the non-tuition costs of education and rethink policies and programs to ensure people can complete a degree or credential.

College students' needs have changed drastically over time, but our perceptions and policies have not evolved accordingly. According to the 2019-20 National Postsecondary Student Aid Study (NPSAS), students who work full-time, attend school less than half-time, and have other "non-traditional" characteristics now represent the majority (74%) of students.

There is also a population of people who do not enroll in college for primarily financial reasons, with about 42 percent naming college affordability as the reason and 36 percent saying they need to work to help support their family. These groups likely overlap with the over 14 million adults who received SNAP who have a high school diploma or equivalent with no degree but may benefit from postsecondary enrollment. While they may have access to financial aid, it is insufficient to allow them to both work and be successful in school.

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. Therefore, it is critical to the strength of our workforce and to families that federal programs that support basic needs treat enrollment in postsecondary education programs as equal to work to enable people to improve their employability—and, critically, to do so sooner.

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

A college credential remains one of the most reliable pathways to improving economic security and narrowing racial and economic inequities. Research shows that by 2031, the percentage of all jobs requiring some form of postsecondary education is expected to increase to 72 percent, with 42 percent requiring at least a bachelor's degree. Similarly, almost every state has set education attainment goals to increase the number of residents with a postsecondary credential.

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, yet federal programs that provide "employment and training services" often lead people into "low wage" work that does nothing to improve their financial stability. 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: a college credential or degree. Many federal programs could provide basic needs supports for people with low incomes but explicitly restrict access to those seeking to improve their economic situation with postsecondary education. These policy choices force people to forgo education that could improve their economic mobility.

To address this, the federal government should ensure that programs that provide support for people with low incomes prioritize their access to education beyond high school. This means ensuring that credentials, certificates, and degrees at institutions of higher education are included in the federal definition of "employment and training programs" to improve access and completion and strengthen the connections between public programs and higher education. These changes would better align with definitions in the Workforce Innovation & Opportunity Act (WIOA) and the Carl D. Perkins Career & Technical Education Improvement Act (Perkins Act) and better support states' ability to maximize investments across federal programs.

Improve Postsecondary Access in 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.

Everyone who applies for SNAP must meet stringent income, citizenship, and household criteria to receive benefits. SNAP recipients are also subject to work requirements unless they qualify for an exemption. SNAP has different eligibility rules depending on enrollment intensity in an institution of higher education. These rules restrict education and prioritize low-wage work or even unpaid volunteering.

These outdated and reductive policies promote "work first," despite research that shows work requirements *do not* reduce poverty or substantively improve employment outcomes. Further, the Government Accountability Office (GAO) found that the complexity of the student rules significantly inhibited the effectiveness of the program for college students.

We urge Congress to:

- **Amend the Food and Nutrition Act (Farm Bill)** to include postsecondary credentials at an institution of higher education in the definition of "Employment and Training" programs; and

- **Eliminate the student exemptions section through legislation such as the EATS Act** to ensure postsecondary education can be combined with work to meet work requirements and time limit exemptions.

Improve 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 improved 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 are actual recipients of 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. In 2022, only 5.1 percent of TANF participants nationally were engaged in "vocational education". 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.

We urge Congress to treat postsecondary education equal to work for all activity and participation requirements and remove time limits and activity restrictions and ensure states are clear that postsecondary credentials are a countable work activity in the TANF program.

Improve Access to Postsecondary Education Through the Child Care and 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 imposed by states 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 state workforce development targets.

Lack of access to affordable child care is one of the most pervasive barriers that 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 hinder their pursuit of postsecondary education, despite the return on investment.

We urge Congress to:

- **Increase child care funding** to ensure families with low incomes can access subsidies; and

- **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 and 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 to support 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 key disaggregates by race/ethnicity, will remain out of reach of both students and policymakers.

Improve and Promote Tools to Help Students Make Informed College Decisions

Improve Financial Aid Offer Communications: According to a recent GAO report, 91 percent 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 percent of colleges do not include a net price, while an estimated 50 percent 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 and a student's net price, or the real amount they need to pay to enroll.

- Require the Education Department 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.

We urge the Education Department to build on its progress to include more and better data to help students and researchers.

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 clear, 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.