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# Debt-Free College: Principles for Prioritizing Low-Income Students

**CLASP**  
Policy solutions that work for low-income people

Rosa M. García | February 2019

Since the recession of 2008, skyrocketing college costs and state disinvestment in postsecondary education have forced millions of students to take on significant student loan debt. This \$1.5 trillion of debt has made it more difficult for student borrowers to pursue additional schooling, purchase a home, start a family, or save for retirement—leading to greater wealth inequality, particularly in communities of color.<sup>1</sup>

Student debt weighs heavily on borrowers of color and their families. Black students, who are more likely to borrow than their peers,<sup>2</sup> struggle to repay their loans, even after completing a bachelor's degree.<sup>3</sup> Many students of color—including 31 percent of Latinx students<sup>4</sup>—also accumulate educational debt but never get a degree, making it harder to improve their economic and social mobility.<sup>5</sup>

These alarming trends have spurred policymakers to begin reinvesting in postsecondary pathways<sup>6</sup> and expanding debt-free college initiatives and policies at the local and state level that address unmet need.<sup>7</sup> For example, states and local communities have created College Promise programs. These programs are making the first two years of community college—at a minimum—as universal, free, and accessible as public high school for hundreds of thousands of low-income students.<sup>8</sup>

In recent years, Members of Congress have introduced legislation calling for federal-state partnerships to increase federal and state investments in public higher education. In exchange for federal investments in debt-free college, states must commit to reinvesting in public colleges and universities and work to offer an associate or bachelor's degree “debt-free.” As Congress considers debt-free college proposals, it must create federal-state partnerships that cover the full cost of attendance for

low-income students and design them using an anti-poverty, racial equity lens. This would require addressing the unique challenges of low-income, historically underrepresented students, undocumented students, and adult learners in postsecondary education. Moreover, these partnerships must require states and institutions to improve student outcomes and connect low-income students of color to high-wage, high-demand jobs.

This brief identifies key principles and recommendations for federal and state policymakers to ensure that low-income students, students of color, and undocumented immigrant students can access and complete a postsecondary credential without incurring debt. These principles are based on CLASP's expertise and policy research focused on today's low-income students—youth and adults who face enormous challenges in accessing affordable postsecondary pathways that support their success in school and beyond.

CLASP believes any state or federal debt-free college proposals must embrace these principles:

- **Prioritize low-income students through eligibility criteria**
- **Cover the full cost of an associate or bachelor's degree**
- **Reinvest in postsecondary pathways for low-income students**
- **Close equity gaps**
- **Advance state equity plans**
- **Connect low-income students to work-based learning**

## Prioritize Low-Income Students through Eligibility Criteria

Student eligibility criteria must ensure that today's students—youth and adults who may not fit the profile of a “traditional” college student—are not left behind. Federal, state, and local policies should adopt criteria that allow low-income students and students of color to fully participate in debt-free college programs. This includes targeting students who are:

- Part-time students
- First-generation college attenders
- Returning to college
- Adult learners, including underprepared and low-income students above the age of 24.
- Parenting
- Opportunity Youth
- Undocumented immigrant youth
- Foster and homeless youth
- Returning citizens

### Federal and State Policy Recommendations

- ✓ Prioritize Pell recipients, low-income students, students of color, undocumented immigrant youth, and other student populations with the greatest unmet need.
- ✓ Incentivize model programs, without age restrictions, for adult students who may take longer to complete a postsecondary credential.
- ✓ Encourage institutions to adopt drop-out recovery strategies to assist low-income students in

returning to college and completing their degree. Target Pell Grant recipients and other low-income students who have student loan debt.

- ✓ Discourage merit-based programs that penalize students and impose higher grade point averages and enrollment intensity criteria than what is required to maintain eligibility for federal student aid.<sup>9</sup>

## Cover the Full Cost of An Associate or Bachelor's Degree

Low-income students, students of color, immigrant youth, and adult students must have the option of earning an associate degree and transferring to a four-year college or completing their bachelor's at a four-year public institution, a Historically Black College or University (HBCU), or Minority-Serving Institution (MSI) without incurring student loan debt.

### Federal and State Policy Recommendations

- ✓ Create federal-state partnerships that provide grants to states, Indian tribes, HBCUs, and MSIs to offer low-income students an associate or bachelor's degree for free.
- ✓ Cover the full cost of an associate degree at a public community, tribal, or technical college and give low-income students the option of transferring to a four-year public institution, HBCU, or MSI free of debt.
- ✓ Account for the full cost of tuition, fees, and basic living expenses such as housing, child care, transportation, food, and textbooks.
- ✓ Incentivize Adult Promise initiatives leading to associate and bachelor's degrees to meet students' unique needs, in addition to allowing adult students to participate in existing debt-free college programs.
- ✓ Encourage institutions to promote dual-enrollment programs for low-income students and stackable credentials.
- ✓ Encourage institutions to connect eligible students to public benefits such as Medicaid and the Supplemental Nutrition Assistance Program (SNAP).

## Reinvest in Postsecondary Pathways for Low-Income Students

Federal-state partnerships must require states to reinvest in postsecondary education, including state financial aid, and guarantee that low-income students and students of color will graduate without student debt. They must also adopt policies to reduce college costs and scale up their investments in debt-free college programs.

### Federal and State Policy Recommendations

- ✓ Require states to have a dedicated funding stream for debt-free college that prioritizes low-income students.
- ✓ Encourage a first-dollar funding model<sup>10</sup> to ensure that state investments in debt-free college cover the cost of tuition and fees for low-income students, so that they can use their federal Pell Grant and other grant aid toward basic living expenses and other college costs.
- ✓ Make college accessible and affordable for undocumented immigrant students.<sup>11</sup>
- ✓ Deem for-profit colleges and for-profit institutions that have converted to non-profit entities ineligible from participating in federal and state debt-free college initiatives.

## Close Equity Gaps

Federal and state policies must close equity gaps and promote student success, particularly among low-income students of color and immigrants. HBCUs and MSIs have been historically underfunded, even though they serve as engines for economic and social mobility by educating large concentrations of low-income students, students of color, first-generation college students, and immigrants.<sup>12</sup>

### Federal and State Policy Recommendations

- ✓ Authorize a federal debt-free college grant program for HBCUs, Hispanic-Serving Institutions (HSIs), Predominantly Black Institutions (PBIs), Tribal Colleges and Universities (TCUs), Alaska Native and Native Hawaiian-serving Institutions (ANNHIs), Native American-serving Nontribal Institutions (NASNTIs), and Asian American and Native American Pacific Islander Serving Institutions (AANAPISIs) to strengthen their capacity to educate low-income students and students of color in federal-state partnerships.
- ✓ Promote healthier campus climates, free of harassment and violence. Provide culturally responsive academic advising and mental health services. Support cultural and community centers to help students of color succeed in college. Improve institutional monitoring and responses to hate crimes and related incidents based on a low-income student's race, ethnicity, gender, national origin, sexual orientation, religion, disability, or immigration status.
- ✓ Expand seamless pathways between two-year and four-year institutions and the workforce to help low-income students succeed. Programs that do this include guided pathways, career pathways, and Associate Degree for Transfer approaches.<sup>13</sup>
- ✓ Increase low-income students' access to high-quality child care on college campuses and through state child care assistance programs.
- ✓ Encourage institutions to provide academic counseling, along with mental health and legal services for immigrant students—particularly for undocumented youth and Temporary Protected Status (TPS) holders.
- ✓ Adopt state tuition equity polices and offer state-funded financial aid to immigrant youth who arrived in the United States as children.
- ✓ Allow undocumented immigrant youth to obtain professional and occupational licenses.
- ✓ Allow undocumented students to participate in debt-free college initiatives.

## Advance State Equity Plans

Federal-state partnerships must require states to develop equity plans or to incorporate a racial equity focus into their higher education strategic plans. State equity plans can help to advance the participation of low-income students of color, immigrants, and adult learners in debt-free college initiatives.

### Federal and State Policy Recommendations

- ✓ Require states to publish annual equity scorecards for public two-year and four-year institutions to monitor progress.
- ✓ Increase the participation, persistence, and completion of low-income students, students of color, immigrants, adult learners, and parenting students in debt-free college initiatives.
- ✓ Reduce college costs and student loan debt.

- ✓ Help prepare and connect students to family-sustaining jobs and careers.
- ✓ Support best practices and the innovation of local College Promise initiatives.
- ✓ Connect low-income students to public benefits for which they qualify.

## Connect Low-Income Students to Work-Based Learning

Low-income students of color face obstacles in securing high-wage, high-demand career opportunities in their communities, even when they have acquired a postsecondary credential. Historically, people of color have been locked out of job opportunities due to discriminatory hiring.<sup>14</sup> Robust career counseling and work-based learning opportunities, however, can help low-income students develop the skills and expand the social capital they need to succeed in the workforce.

### Federal and State Policy Recommendations

- ✓ Encourage states to scale up paid work-based learning opportunities for low-income students and connect them to employers, internships, fellowships, and other opportunities in their field of study and in their communities.
- ✓ Encourage institutions to provide comprehensive career counseling and employment services to help current students and recent graduates get family-sustaining jobs in their communities.
- ✓ Eliminate requirements for living in-state after graduation since some low-income students and students of color may obtain employment outside of the state.<sup>15</sup>
- ✓ Eliminate employment requirements after graduation that may convert a student's aid into a loan and require low-income students to repay their aid.<sup>16</sup>
- ✓ Revise the Federal Work-Study (FWS) formula to better serve low-income students.
- ✓ Increase funding for FWS and encourage institutions to identify new and creative ways to expand work-based learning opportunities for low-income students in their field of study.

## Conclusion

Given the rising costs of pursuing a postsecondary education and the growing student loan debt crisis, Congress and states should adopt policies and debt-free college initiatives that make it possible for low-income students and students of color to acquire an associate or bachelor's degree at no individual cost. This requires designing debt-free programs through an anti-poverty, racial equity lens and placing low-income students and students of color at the center of debt-free college policy conversations at the federal, state, and local level. Policymakers must ensure that low-income students and students of color receive the greatest benefit from these debt-free college initiatives. This will help low-income students move along pathways out of poverty and reduce racial wealth inequalities that have widened since the Great Recession.

## Endnotes

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