

# Debt-Free Higher Education and Training

## Design Principles for Affordable College and Career Preparation

SEPTEMBER 2018 – THE CENTURY FOUNDATION HIGHER EDUCATION TEAM

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Over the past few decades, the burden on families of paying for college has grown dramatically. States cover a smaller share of costs—state appropriations for public colleges per student fell by more than 30 percent from 1988 to 2013<sup>1</sup>—while demand has risen and the cost of providing education has increased as well. More college students than ever are now low- and middle-income,<sup>2</sup> resulting in a college-going population that needs more support to be able to access and afford college. While some states have launched new initiatives to address affordability—for example, nineteen states now have “free college” programs—too many state aid programs leave behind low- and moderate-income families.<sup>3</sup> Cost can be an even greater barrier for adult learners; more than half of today’s students do not have family support, and one-quarter are parents.<sup>4</sup> Congress can reverse this trend by working with states to provide a pathway to debt-free college for public colleges. A federal affordability plan should:

### Create new options for college and career credentials without debt

*Provide debt-free pathways by directing dollars to cover the costs of attendance that students and families would otherwise pay with loans.*

+ Full costs: Tuition makes up only 40 percent of the total cost of college: rent, food, books, child care, and transportation create additional significant financial burdens;<sup>5</sup> affordability efforts must consider those full costs.

+ Free tuition: A fully debt-free model would embed a free tuition pathway for as many as two-thirds of American families while subsidizing the full costs for all students and families.

+ Paying fair share: Expect the wealthy to pay their fair share by tying subsidies to “unmet financial need”—costs that go beyond a reasonable expected family contribution.

+ Work component: Include a work study component for students to pay their share toward the total cost of attendance.

### Build sustainable federal–state partnerships

*Reward states for smart investments while responding to state budget needs during tough economic times.*

+ Emphasize unmet need: The federal investment should include offering to match a percentage of what states spend on students’ “unmet need”; this effort can still cover free tuition for a lot of students, and it structures the match to incentivize spending on students who need it the most. Standardize calculations of cost of attendance when determining the federal share to encourage states to keep cost inflation down.

+ Give states choice: Let states buy in where they choose by allowing states to pick their affordability benchmarks above a baseline standard.

+ Fit the federal share to the state: Ensure Congress chips in at a level that makes meeting affordability benchmarks feasible for states by providing a higher match rate for states with less wealth, and set match rate high enough to incentivize participation.

+ Guarantee recession protection: Structure program to automatically adjust to a higher match during recessions, when states receive less tax revenue but face higher demand.<sup>6</sup>

+ Incentivize broad access: Ensure that the program encourages states to offer access broadly, especially to low and moderate income students, rather than restricting enrollment.

## Double down on community colleges

*Community colleges, which provide both critical job training and apprentice programs and are a pathway to both associate's and bachelor's degrees for millions of low-income students, get the short end of the stick: states spend 2.5 times as much on*

*flagships as community colleges.<sup>7</sup> New investments should send resources to community colleges and career and technical education, and expand support for work based learning.*

+ Support community colleges: A new affordability focus should prioritize more equitable state spending and low- or no-cost options for low- and moderate-income students.

+ Encourage technical training: College opportunity should not be limited to bachelor's degrees and transfers; options for students should include job-focused training, which can be an effective way of expanding enrollment.

+ Facilitate transfer: Design programs to ensure that students in technical and associate degree programs have bridges into bachelor's degree options.

+ Subsidize skill building: Ensure that students also pay their share and get on-the-job skills through a scaled-up federal work study program.

## Notes

<sup>1</sup> Bridget Terry Long, "State Support for Higher Education," The Miller Center, [http://web1.millercenter.org/commissions/higher-ed/Long\\_No9.pdf](http://web1.millercenter.org/commissions/higher-ed/Long_No9.pdf). Specifically, this measure references spending per full-time equivalent student.

<sup>2</sup> Drew DeSilver, "College enrollment among low-income students still trails richer groups," Pew Research, January 15, 2014, <http://www.pewresearch.org/fact-tank/2014/01/15/college-enrollment-among-low-income-students-still-trails-richer-groups/>.

<sup>3</sup> Jen Mishory, "The Future of Statewide Promise Programs," The Century Foundation, March 6, 2018, <https://tcf.org/content/report/future-statewide-college-promise-programs/>.

<sup>4</sup> Wayne Taliaferro and Amy Ellen Duke-Benfield, "Redesigning State Financial Aid to Better Serve Adult Nontraditional Students," CLASP, September 2016, <https://www.clasp.org/sites/default/files/public/resources-and-publications/publication-1/Redesigning-State-Financial-Aid-to-Better-Serve-Nontraditional-Adult-Students.pdf>.

<sup>5</sup> "Trends in College Pricing 2017," The College Board, <https://trends.collegeboard.org/college-pricing/figures-tables/average-estimated-undergraduate-budgets-2017-18>.

<sup>6</sup> See e.g. Nicholas Johnson, "Laboratories of Underfunding State Financing for Antipoverty Efforts after the Recession," The Urban Institute, April 2010, <https://www.urban.org/sites/default/files/publication/28511/412066-Laboratories-of-Underfunding-State-Financing-for-Antipoverty-Efforts-after-the-Recession.PDF>.

<sup>7</sup> Bridget Terry Long, The Miller Center, "State Support for Higher Education," [http://web1.millercenter.org/commissions/higher-ed/Long\\_No9.pdf](http://web1.millercenter.org/commissions/higher-ed/Long_No9.pdf).