Higher Education

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College education has long been viewed as a path to financial security and to promoting a broadly engaged citizenry. But the increasing cost of higher education and concentration of wealth in the population—as well as the historical and ongoing deficiencies that result in a system that inadequately serves students from all backgrounds—have undermined higher education's role in providing opportunity for all who want it.

THE BIG IDEA: All Americans, regardless of background, should be able to attend a high-quality college or job training program without incurring crushing student debt.

TCF's 2021 Higher Education Policy Priorities

1. **Promote Racial and Economic Equity**
2. **Expand High-Quality Free and Debt-Free College Options**
3. **Achieve Fair Tuition Pricing**
4. **Establish a Job Training Guarantee**
5. **Provide Student Loan Relief during the Economic Recovery**
6. **Redesign Teacher Education to Diversify the P–12 Teaching Force**

1. Promote Racial and Economic Equity

As with our K–12 system, our nation's unequal and segregated higher education system stands as one of the starkest symbols of racial and economic inequality in America. Colleges and universities are economically and racially stratified, too frequently contributing to growing inequality rather than promoting upward mobility. The next administration and Congress should adopt two policies to remedy this, applied to colleges based on whether they meet certain equity benchmarks:[2]

- **Establish bonus aid for enrollment equity.** Federal policy should incentivize colleges to serve all Americans, not primarily wealthy and white students. To achieve this goal, public and nonprofit colleges that meet minimum equity benchmarks should earn a bonus amount of federal support equal to 15 percent of their Pell Grant funds.[3] In addition, if new funds become available through free college or federal–state partnership models, receiving those dollars should be conditioned on meeting these metrics. The minimum equity levels should consider race and income of domestic undergraduates, ensuring that the proportion of students from below the sixtieth percentile of the national family income distribution is no less than the proportion from above the sixtieth percentile, and that states close enrollment gaps over time so that the proportion of enrollment of Black, Latinx and Native American students meet state or local improvement benchmarks designed to move toward truly equal opportunities for all students, to be determined

The full report "The Century Foundation's Top Policy Priorities for 2021" can be found at https://tcf.org/content/report/century-foundations-top-policy-priorities-2021/

through a consultative process involving the secretary of education, states, and institutions.

- **Reform legacy and donor admissions.** Legacy admissions and admissions to donor families undermine access to higher education for low-income students and students of color. Any college that fails to meet equity benchmarks should be required to stop providing admissions preferences to donor families or to children of alumni in order to continue receiving federal aid.

While the Supreme Court has put limitations on the use of race in admissions by institutions, there is ample room within federal law to serve students of color better using federal funds in ways that go beyond current Title III and Title V support. To facilitate colleges working together to advance equity and to promote affordability, lawmakers should consider establishing a safe harbor under antitrust laws.

2. Expand High-Quality Free and Debt-Free College Options

States spend far less per student financing higher education than they did before the Great Recession, contributing to increasing costs for students. At the same time, enrolled students are increasingly likely to come from lower-income families, and a significant number face food or housing insecurity. Existing financial aid helps, but applying for it is complicated to navigate and it doesn't cover all of the unmet need facing students. As a result, some people never enroll in college at all, and many students leave with unmanageable debt. All of these challenges will be exacerbated by the COVID-19-fueled recession. To expand college access and affordability, the next administration should:

- **Create a pathway to debt-free college.** A free or debt-free college proposal financed by the federal government, with participation by states, would both limit costs for students and incent additional state spending in higher education. TCF proposes a plan that allows states to participate at increasingly generous different levels, starting with free community college tuition, and providing buy-in options covering unmet financial need for Pell recipients, providing free tuition at public four-year institutions, and covering unmet financial need for all students. The plan ensures a federal investment sufficient to encourage widespread participation by all states and to respond to economic recessions, such as the current one, by increasing federal support when unemployment rises. The plan also provides bonus matching payments for states that meet benchmarks on the way to closing funding disparities between community colleges and four-year institutions.

3. Achieve Fair Tuition Pricing

For too many students, tuition prices are much higher than the cost of actually providing the education. Determining the value of a program is extremely difficult, making traditional restraints on prices less effective and creating incentives for higher tuition especially when uncapped graduate level and parental loans are involved. An education sold at an inflated price wastes taxpayer and consumer dollars. To prevent this, Congress and the next administration should:

- **Establish tuition caps.** Prohibit colleges from charging federally aided students more than 50 percent above the cost of providing the instruction and student support. The cap on tuition (and required fees) would apply to each *division* of the college: any unit with distinct admissions or different tuition policies. Low tuition levels (those fully covered by a Pell Grant) would be exempt from the requirement.[4]

- **Prioritize outcomes for students.** Tuition caps should be combined with a holistic accountability system that ensures that the federal government prioritizes outcomes for students, not for investors or contractors. The Department of Education should monitor the market and penalize colleges for predatory marketing, holding them accountable for high standards of integrity. Colleges claiming nonprofit status must be monitored to ensure that they are operated and governed with education as the priority, without financial conflicts and without contractual arrangements that hand too much control over to for-profit entities. The secretary of education should restore the gainful employment rule, and Congress should close the 90–10 loopholes so that for-profit schools have at least a minimum level of market accountability.

4. Establish a Job Training Guarantee

Job training should lead to a good job. Today, however, adults who enroll in training programs with the hope of securing a job too often are disappointed. Demand for shorter pathways to credentials varies significantly by industry and geography, and while data is limited, existing evidence is mixed as to the return on training programs: some produce significant value, such as many registered apprenticeship programs, while some for-profit training programs may even result in a negative return on investment. At the same time, community colleges—the most common and most trustworthy supplier of these credentials—are often under-resourced. Congress and the next administration can improve America's job training by following these steps:

- **Establish a job training guarantee.** TCF proposes a job training guarantee that ensures that every low-paid or out-of-work individual who needs support for job training can receive it, fully funded, including tuition and non-tuition support—but only for programs that are actually connected to employers and jobs. This would mean funding for WIOA should be significantly increased to meet demand for workforce training and support at no cost to trainees, and investing in community college capacity, given that they are best-situated to provide in-demand programs at low-cost. It would also mean limiting program eligibility for new WIOA dollars to community colleges or job training programs where employers are willing to co-invest. If a training provider wants to charge more than a benchmarked price above community college tuition (for example, 110 percent or 125 percent of tuition) for a similar program and also receive federal dollars, they should only be able to do so if an employer pays for a significant portion of the cost.
- **Clarify and enforce workplace disparate impact policy** to prevent employers from using degree attainment to screen out applicants for jobs that do not actually require higher education credentials.

5. Provide Student Loan Relief during the Economic Recovery

There is an ongoing debate about whether to provide immediate, one-time universal loan cancellation or take a more targeted approach in the midst of the national pandemic and recession. However, even if some form of one-time forgiveness is adopted, there has been less discussion on how to build in ongoing loan relief beyond the immediate response, even though people impacted by the pandemic and recession—particularly those who enter the labor market now and in the next few years—will see years of lower incomes and employment rates. A long-term recovery plan should, at the very least, include student loan cancellation for people least likely to rebuild in the decade following the recession, concentrating the most benefits on those who won't see a wage return on their degree, and designing relief in a way that takes into account the disproportionate burden Black borrowers carry compared to the rest of the population. The next administration should:

- **Create a family budget recovery program.** The student loan relief program that would be focused on the economic recovery of families' balance sheets, providing annual, automatic (through matching to federal data sources on income) loan principal relief for people who have seen a below-average return on their higher education investment—those who are out of school and in households that earn less than 125 percent of the median high school graduate's household income, phasing out forgiveness amounts above that threshold. Starting the annual forgiveness at $5,000 would mean that, even without accounting for borrowers' monthly payments, about half of borrowers in low- and moderate-income households would see their loans wiped clean in the first four years; starting it at $10,000 would mean that even those earning income too low to make monthly payments would have their debt paid down in half that time.[5] Those amounts would be in addition to any one-time cancellation that may be adopted separately. For people with higher incomes or higher balances, the program could move forgiveness under the income-driven repayment plan earlier to ensure that someone doesn't sit on debt for decades that they will never repay.[6]

6. Redesign the Teacher Education Pipeline to Diversify the P–12 Teaching Force

Too often, America's BIPOC students do not see themselves in the faculty who teach at the P–12 schools they attend, and white students do not have teachers from other backgrounds. This has negative ramifications for all students. America needs to redesign its teacher education pipeline—including fully funding education programs and eliminating barriers to the teaching field—to ensure greater diversity of who is in the classroom. A diverse P–12 teaching force leads to better student outcomes, including higher graduation rates and college attainment for Black students. These outcomes would soon be felt throughout higher ed and the workforce. As part of this redesign plan, the next administration should:

- **Bring teacher pay to parity with professions** requiring the same level of education and training by transforming the Teacher and School Leader Incentive Program into a federal–state matched funds program. Black and Latinx teachers hold more federal student loan debt than their white peers, meaning the teacher pay gap can serve as a disincentive to pursue a career in teaching.

- **Expand federal programs under the Elementary and Secondary Education Act** Titles I and II and the Higher Education Act Title II to fully fund undergraduate education students and career-changers enrolled in graduate teacher training programs, and provide federal funding to expand the number of school districts that subsidize the undergraduate education of currently employed paraprofessionals and other staff.

- **Convene a national workgroup to study access to the credentials** required for career advancement and make recommendations to states on limiting the demand for education degrees from predatory for-profit colleges. Black pre-service teachers are more likely to have earned their credential at a for-profit college than their white peers, and attendance at a for-profit college is associated with higher, unmanageable student debt loads.
- **Expand federally supported residency programs,** based on the medical residency model, where teacher candidates undergo a full year of supervised clinical work in a school. This model has been linked to greater gender and racial diversity and higher retention in the profession.

- **Improve teacher licensure and career mobility** by implementing a nationwide professional development-centric certification process. Most states rely on standardized exams that have the documented effect of barring BIPOC teacher candidates from entering the teaching profession.

Notes

1. One possible approach to equity benchmarks would be to set the expectation that colleges enroll at least as many students from the bottom three quintiles as from the top two quintiles, a measure that is still unequal but recognizes the challenge of completely overcoming economic barriers. Using data from Opportunity Insights, we estimate that about half of colleges (49 percent) would currently meet that bar. At a more lenient level, with colleges enrolling up to twice as many students from the top two quintiles as the bottom three, the pass rate would be 80 percent. Lawmakers could establish more complex and nuanced measures, including combining race and wealth considerations, and could choose levels that become more stringent over time.

2. Some institutions have low FAFSA rates but great financial need. The proposal could be designed to take into account Pell grant equivalent population, or to provide schools with additional resources to help students complete a FAFSA.

3. The policy could include a safe harbor exempting any institution where per student instructional spending (only) was at least half of per-student tuition and fees, effectively accounting for the way existing data is reported: (1) colleges currently report spending and tuition revenue at the level of the whole institution, and (2) while instructional spending (and related overhead) is accounted for separately, student support is currently combined with recruiting and advertising.

4. Author's analysis of Survey of Household Economics and Decisionmaking, 2018.

5. The program could address other challenges in existing loan cancellation benefits by, for example, including providing automatic loan relief for students whose schools are fraudulent or suddenly closed, and fixing the tax treatment of loan forgiveness within the income-driven repayment program.