



Congressional Action Needed for College Students' Success & Economic Recovery

Students Have Solutions for Higher Ed Affordability and Equity

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Unaccounted costs beyond tuition are a barrier to students' college success that require policymakers' action. This is especially the case as we recover from the COVID-19 crisis. Indirect expenses such as course materials, food, housing, transportation, and health insurance are key for students' college success yet receive little attention and aid amidst rising costs.

The problem is two-fold. First, many college students are unfamiliar with indirect expenses crucial to our success *before* incurring them and do not have the financial resources to pay for them. This results in greater debt, basic-needs insecurity, unequal learning experiences, and unfinished degrees [disproportionately endured by students of color](#). Policymakers must address higher education's equity gap by first requiring that institutions provide complete information on their Cost of Attendance (COA), use a quality measure of indirect expense calculations, and communicate these costs clearly to students. Second, Congress should deepen investment in need-based aid programs that equalize access to a college degree for those from under-resourced backgrounds. This can be achieved by doubling the Pell Grant, extending eligibility to Dreamers, and updating the Federal Work-Study program to reach students with the greatest financial need.

Background

In major cities across the country, colleges publish indirect expense estimates for the same costs that [vary by over \\$8,000](#) within the same square miles. Further, in over 500 financial aid offers analyzed for clarity and transparency, more than [one-third did not include any cost information](#). These inaccurate estimates and lack of transparent costs prevent students from making informed financial decisions on one of the biggest investments of our lives with generations-long implications. For example, students from low-income backgrounds often don't pursue study abroad programs because of the undisclosed, unpredictable costs beyond tuition. Despite being a [significant opportunity for personal and professional development](#) in students' careers, those with the most financial need often must forgo core college experiences.

Strengthening existing federal need-based aid programs based on the actual, total cost of college will ensure that higher education is sustainably affordable for students nationwide. Pell supports over seven million college students to meet our costs, but the grant only covers about [twenty-five percent of the average](#) public four-year college compared to 80% when founded in the 1970s. Similarly, nearly [thirty-five percent of FWS funds](#) are provided to college students in the top two income quartiles instead to



students with demonstrated financial need. These federal aid programs need updates and investments that accurately account for the complete costs of college, especially indirect expenses that are derailing college degrees nationwide for students like us.

Recommendations

Require colleges to use a quality standard for calculation and communication of costs beyond tuition.

Students need clear and consistent communication to understand the indirect expenses we are expected to pay in college. To improve transparency, indirect expense terms should be consumer-tested with today's students and standardized so common components of COA are itemized to reflect specific costs beyond tuition. Equally, accurate calculations of these costs are vital for students to create a feasible financial plan. Estimates for indirect expenses are made without quality standards or clear guidance, [resulting in wildly variant amounts that are unclear, unhelpful and often misleading for students](#). Policymakers must require that colleges both accurately account for costs beyond the tuition bill, and clearly display indirect expenses on their out-facing communication, especially on websites and financial aid offers.

Mandate colleges with federal funding include itemized study abroad costs in COA for interested students.

A common selling point of college and requirement for degrees in the global marketplace is study abroad programs. However, the costs of studying abroad go beyond tuition and are often not conveyed to students until late in our college enrollment. This presents a financial hurdle many students from low-income backgrounds cannot overcome. The lack of cost transparency for academic programs like study abroad means students with financial need, disproportionately students of color, are left out of these critical opportunities. Congress can help close this equity gap by requiring all institutions that receive federal student aid to provide accurate and itemized COA estimates inclusive of indirect expenses for academic programs like study abroad.

Double the Pell Grant. The purpose of the Pell Grant is to pave a pathway to college affordability for students from under-resourced communities. In fact, Pell is the most powerful need-based program in Federal Student Aid because it covers both tuition (direct expenses) and costs beyond tuition (indirect expenses). But Pell has not kept pace with rising tuition costs and is often depleted before it can be used on indirect expenses for students with financial need. Now more than ever, students are facing unprecedented financial hardships from the COVID-19 pandemic. Policymakers must alleviate the constant financial hurdles of indirect expenses for students by doubling Pell.

Extend Federal Student Aid eligibility to Dreamers. Forty-five percent [of Dreamers](#), undocumented immigrants brought to the United States as children, often must "stop out" of college. Yet we return and persist at [thirty percentage points higher than the national average](#). Dreamers are committed to education and invested in this country. Our workforce comprises a [major portion of essential workers throughout the ongoing pandemic](#), and Dreamers paid [nearly \\$34 billion to the economy in taxes](#) in



2015. Yet, because of costs, it is not uncommon for undocumented students to remain in school for [7 to 10 years](#) to earn a bachelor's degree. Congress should support [Biden's FY22 proposed budget](#) to double funding for Pell and extend eligibility to DACA (Deferred Action for Childhood Arrival) students. But, Dreamers need and should receive equitable access to all federal aid in support of their success that serves our country. This is why Congress must extend all Federal Student Aid eligibility to Dreamer students.

Update and expand Federal Work Study to reach students with the greatest need. Federal Work Study (FWS) provides students with compensation to apply toward indirect expenses, making the program key for college affordability. However, the FWS program is long overdue for reinvestment and an equity update. The current formula allocates funds pending how long an institution has been enrolled in the FWS program versus the proportion of students with greatest financial need. This means newer colleges, Minority Serving Institutions, and those in the South and West [receive the least funding for FWS](#). Policymakers must invest in FWS to give low-income students urgently needed financial support and revise the formula to allocate funding to institutions based on the percentage of Pell grant recipients they enroll.

Call to Action

Higher education is a cornerstone of a thriving economy, and access to the right resources is crucial for college success. Students from low-income households come to college at a financial disadvantage and are unprepared for the complete costs beyond our tuition bill. Federal aid programs such as the Pell Grant and the Federal Work Study aim to provide a pathway to affordability, but no longer reach the skyrocketing costs of indirect expenses. Policymakers must take action now to ensure the right information and resources are provided if our nation's economy is to recover from the global pandemic. Congress must mandate colleges provide accurate estimates and transparent communication of costs and invest in programs to equalize higher ed access by doubling the Pell Grant, updating FWS and extending Federal Student Aid eligibility to Dreamers. Students hold the potential for our country's future; these are the solutions for our success.