



# POLICY AGENDA

EQUITY \* TRANSPARENCY \* SIMPLIFICATION

Higher education empowers students to transform their futures and enables success for society as a whole. While a college degree is the most powerful driver of economic mobility, attaining one is primarily determined by a student's family background and race rather than academic achievement. In 2015, estimated bachelor's degree attainment rates by age 24 were almost **5 times higher** for those in the highest income quartile than for the lowest income quartile. Furthermore, racial inequities persist even within the same income group, as white students are more likely to enroll in more selective, better-resourced colleges and also complete degrees at **higher rates** than Black students.

The opportunity gap continues to widen. **Higher education costs are rising** more than three times faster than inflation and eight times faster than wages, while need-based financial aid has not kept up. Today, college-intending students from low-income households **pay over 150 percent** of their families' earnings to get a degree. Unprecedented borrowing disproportionately burdens students from low-income backgrounds and students of color, and limits their lifelong earning potential. Black degree holders have **less wealth** than white adults who did not complete high school and Black students borrow at **higher rates and higher amounts** than white students. Our higher education system thus often exacerbates the generational wealth gap perpetuated by systemic racism. Individual students and the nation's economic strength depend upon equitable systems that help all students succeed.

**Our Perspective:** uAspire is a national nonprofit focused on college affordability. We advise 10,000 students annually to access financial aid and manage college costs, and we train thousands of counselors to do the same. Students are the primary consumers of higher education, so their expertise should drive policy changes. By keeping students at the center of systemic solutions, we advocate for financial aid policies that are equitable, efficient and effective.

**Policy Priorities:** Systems like the FAFSA, Pell Grants, and Federal Work-Study were created to alleviate unequal access to higher education. In practice however, these systems are cumbersome for administrators and unclear to students, making it difficult to equitably deliver aid where it is most needed. uAspire offers policy solutions to these problems, backed by our decades of experience with students nationwide. By simplifying the pathways to federal aid, making college costs transparent to students, and ensuring equitable distribution of resources, uAspire seeks to create more degrees with less debt. These student-centered policy priorities will help eliminate the inequity low-income students and students of color face when paying for college.

## EQUITY

- Strengthen the Pell Grant
- Create equitable access to Work-Study
- Expand aid to cover indirect expenses

## TRANSPARENCY

- Standardize financial aid terms
- Require aid offer formatting
- Mandate better loan counseling

## SIMPLIFICATION

- Streamline the FAFSA
- Reduce verification burden
- Increase access to public benefits

# EQUITY

As the purchasing power of need-based aid diminishes, students from low-income backgrounds and students of color are **more likely to carry the burden of loan debt and less likely to complete** their degrees. Public and community colleges, which serve a higher percentage of Pell recipients and Black and Latinx students, **receive fewer federal resources**, contributing to limited services and lower graduation rates. Protecting and bolstering the public investment in grant and work-based aid for students can help break the cycle of poverty and lead to increased degree completion, greater workforce outcomes, and a stronger economy.

## Strengthen the Pell Grant

The federal Pell Grant is intended to equalize higher education access by income, and is the primary aid program making college possible for roughly 7 million students each year. Students of color **overwhelmingly rely** on Pell Grants with two-thirds of Black students and half of Latinx students utilizing this aid every year. Yet today's Pell Grant covers **only a quarter** of the average cost of college, reduced from three-quarters in the 1970s. The Pell Grant's weakening purchasing power contributes to the widening degree gap in our country today since the federal needs analysis does not account for intergenerational wealth gaps and existing family debt burdens which disproportionately affect Black and Brown students. In order to ensure Pell meets its intended promise of equitable access to postsecondary degree completion, policymakers need to:

- double the Pell Grant to cover the majority of public school Cost of Attendance;
- reinstate Pell's automatic annual inflation index adjustment and protect the Pell surplus;
- ensure the negative Student Aid Index translates to additional aid dollars beyond standard Pell maximum for students with the greatest financial need;
- expand access to Pell Grants to students with protected status such as DACA/TPS; and
- return Pell lifetime eligibility to 7.5 years aligned to other federal aid policies.



**“The money I saved for my gap in financial aid has been used for indirect expenses and is not sufficient. I am constantly forced to choose whether I want to pursue education to its full capacity, or live with essential things I need to thrive.”**

*-College Junior, Pennsylvania*

## Create equitable access to Work-Study

Federal Work-Study (FWS) is essential to closing the need-based aid gap while incentivizing student behaviors shown to **increase degree completion**. Currently, 35 percent of FWS funds go to students in the top two income quartiles. While nationally 51 percent of Black and Latinx students enrolled in college attend community colleges, **only 2 percent of community college students receive Federal Work Study awards**. To improve the effectiveness and equitable distribution of FWS, Congress should increase work-study funding, increase access for more low-income students and students of color, and update the FWS formula to allocate funding to institutions based on the percentage of Pell Grant recipients and students of color they enroll, mainly community colleges and Minority Serving Institutions.

## Expand aid to cover indirect expenses

Based on [uAspire research](#), over 42 percent of students shared significant concern about covering costs beyond tuition required to complete their degree. Indirect expenses such as rent, food, books, and transportation are necessary college completion costs and authorized components of Cost of Attendance (COA). Uncovered expenses often force students to make untenable decisions between academics or basic needs. [Research shows](#) that 45 percent of students reported food insecurity in the past month and over half faced housing insecurity in the past year with students of color reporting significantly higher levels of food insecurity compared to white students. Federal and state policymakers must support students to meet the full costs of college by expanding grant aid to meet these non-billable costs, ensuring grants and scholarships covering indirect expenses are tax-free, and incentivising institutions to provide more affordable systematized solutions (such as open-resource course materials and reduced-cost transportation options).

## TRANSPARENCY

uAspire sees firsthand the lack of information and transparency students confront when paying for college. Student decisions are only as good as the information available. Clarity around costs, financial obligations and loan responsibilities is crucial, including transparency of affordability data disaggregated by family income and race. The challenge for a more transparent and equitable financial aid process is three-fold. First, definitions need to be standardized and consistent. Second, financial aid communications must be written with a student audience in mind. Third, loan communications and counseling should better educate students about being borrowers and apply behavioral economics strategies to guide decision-making.



**“On the financial aid worksheet, it gives you, like, rough estimates, but those are never what you’re actually paying. Oh, you’re only gonna spend \$200 on books! Like, one book last semester cost me \$200.”** *-College Sophomore, California*

## Standardize financial aid terms

Financial aid terms vary greatly between colleges and even within individual college’s communications. In 2018 research analyzing financial aid offers, uAspire and New America [found 136 different terms for the federal unsubsidized loan](#), with 24 examples omitting the word “loan.” uAspire’s 2020 research on costs beyond tuition found [58 different terms for “indirect expenses”](#) posted on college websites. The federal government must create a federally-defined set of terms and definitions via consumer testing with students. “Net cost” should be consumer tested to assess whether this term effectively provides students with the clear and comparable consumer information they need. Colleges awarding federal and state aid must then be required to use the federally-defined terms and to clearly present college costs and financial aid in a standardized way across all student-facing communication.

## Require aid offer formatting

When choosing which college to attend, our research shows students are forced to decipher confusing financial aid offers that often omit key information. This is where the student debt crisis begins. Federal policymakers should set standard terms and requirements for financial aid offers and college websites, akin to other consumer information standardization such as credit card statements. State governments should adopt common financial aid offer formatting across their systems of higher education. uAspire advocates for five formatting principles necessary for financial aid offer transparency:

1. Include cost of attendance with itemized breakdowns of direct costs and indirect expenses in addition to posting this information on institution websites.
2. List grants/scholarships and loans separately.
3. Do not include Parent PLUS loans and work-study as line items in aid packages.
4. Calculate the amount the student will need to pay directly to the college.
5. Identify critical next steps with deadlines and specifics for completion.

## Mandate better loan counseling

Our advising experience shows that student loan borrowers do not often know what they owe. Current federal policy requiring the same 28 topics for entrance and exit loan counseling does not work for students. This is overwhelming, impersonal, and poorly timed as evidenced by a national survey where [28 percent of borrowers](#) indicated having no federal debt. Given that student loan debt disproportionately impacts students of color, in particular Black students regardless of income, loan counseling improvements must be in tandem with increases to need-based financial aid that mitigate dependence on loans. Specifically, uAspire advocates for loan counseling to be timely, customized to students' circumstances, and [require active loan acceptance via digital technology](#) to make loan awareness more effective. Additionally, the Department of Education should align the new Annual Student Loan Acknowledgment tool with improved online entrance and exit counseling.

# SIMPLIFICATION

Financial aid processes are needlessly complicated and create unnecessary barriers for those who need aid most. Economists attest that the FAFSA, the primary gateway to student aid, is [longer and more complicated](#) than the federal tax return. Students from low-income backgrounds are disproportionately tasked by the verification process to repeatedly prove their financial status to access aid and public benefits for basic needs. These processes can be improved through policies that streamline the FAFSA, reduce income verification burdens, and unlock needed benefits to students who qualify.



**“You have to go to class hungry and learn to control your belly. It’s like, okay, once I get home, I can eat.”**

*-College Freshman, New York*

## Streamline the FAFSA

The FAFSA is notoriously long and rife with redundancies, yet the [Consolidated Appropriations Act](#) promises systemic simplification to come. Without advice from trained professionals, students and families are currently left to decipher complicated FAFSA questions with serious penalties for incorrect answers. Streamlined data-sharing and needs analysis requests can ensure students' time is spent making informed decisions about postsecondary investment instead of navigating complex applications. Implementation of FAFSA simplification policies should:

- remove the requirement to provide a printed and signed signature page;
- eliminate duplicative questions and automate data-sharing of financial information available from the IRS; and
- provide maximum Pell Grants for recipients of means-tested benefits.

## Reduce verification burden

After submitting the FAFSA, low-income students often face arduous income verification requirements to prove their poverty and access aid. This verification process occurs [nearly twice](#) as often as tax audits and [rarely changes](#) Pell grant award amounts. Due to complications with verification, an estimated [25 percent of Pell-eligible students give up](#) on the financial aid process and fail to enroll. Policymakers should better balance the risk of improper payment for the gain of getting aid to the students it is designed to reach. To reduce the verification burden for students and financial aid offices policymakers should,

- ensure inter-agency data-sharing provided by the [FUTURE Act](#) eliminates redundant income verification requests of students;
- require institutions to use standard verification forms for one-time completion;
- create a documentation clearinghouse accessible by institutions and students alike, available in multiple languages including Spanish; and
- adjust the federal machine learning model to select to a significantly lower student verification rate of <5%.

## Increase access to public benefits

Federal and state means-tested benefits (eg. TANF, SNAP, WIC) are a potential source of aid for students struggling with unmet financial need. Such resources can [supplement student aid programs](#), providing short-term support so students can limit employment in order to focus on completing a degree. Currently, the processes to access benefits are complicated and disincentivize students who may qualify. [Housing and food insecurity continues to rise](#), with students of color disproportionately affected. These programs also exclude many students with varying residency statuses, particularly DACA recipients. To address this, uAspire advocates to:

- share interagency data to streamline benefits application and eligibility determination;
- require that colleges provide students with benefit program information, applications, and support services; and
- end restrictions limiting student access to public benefit programs, such as requiring recipients work at least half-time.