



POLICY AGENDA

SIMPLIFICATION * TRANSPARENCY * EQUITY

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 rather than academic achievement. 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 (58 percent vs. 12 percent) in 2015.¹ Furthermore, white students receive degrees at significantly higher rates than Black or Latinx students.²

The opportunity gap continues to widen. Higher education costs are rising more than three times faster than inflation and eight times faster than wages,³ 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.⁴ Unprecedented borrowing disproportionately burdens students from low-income backgrounds and students of color, and limits their lifelong earning potential. Our higher education system thus often exacerbates rather than break the cycle of poverty. 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 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.

SIMPLIFICATION

- Shorten the FAFSA
- Streamline verification
- Increase access to public benefits

TRANSPARENCY

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

EQUITY

- Restore and strengthen the Pell Grant
- Create equitable access to Work-Study
- Expand aid to cover indirect expenses

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.⁵ 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 practical solutions to shorten the FAFSA, streamline income verification, and unlock needed benefits to students who qualify.

Shorten the FAFSA

The FAFSA is notoriously long and rife with redundancies.⁶ Without advice from trained professionals, students and families are left to decipher complicated questions with serious penalties for incorrect answers. Practitioner time is spent helping students navigate bureaucracy rather than helping them make informed decisions about postsecondary investment. To solve this problem, the FAFSA process can be simplified by:

- expanding the eligibility and use of the IRS Data Retrieval Tool (DRT);
- eliminating duplicative questions for financial data available from the IRS; and
- automating maximum Pell Grants for recipients of means-tested benefits.



“I kept filling out the verification form and it’s not telling me what I did wrong. I think I did about 20 of them. So I finally went there, and they tell me, oh, you still need to do this and this.” -College Freshman, Philadelphia, PA

Streamline verification

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.⁷ Due to complications with verification, an estimated 25 percent of Pell-eligible students give up on the financial aid process and fail to enroll.⁸ Policymakers should better balance the risk of improper payment for the gain of getting aid to the students it is designed to reach. To make the verification process more equitable, it should be streamlined by:

- leveraging existing data-sharing among government agencies to eliminate redundant requests for income verification;
- requiring institutions to use standard verification forms for one-time completion; and
- creating a documentation clearinghouse accessible by institutions and students alike.

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.⁹ Currently, the processes to access benefits are complicated and disincentivize students who may qualify. To address this, uAspire advocates for:

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

TRANSPARENCY

uAspire sees firsthand the lack of information and transparency students confront when paying for college. When facing such a large financial decision, clarity around costs, financial aid obligations and loan responsibilities is crucial. Students' decisions can only be as good as the information available. The challenge 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 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, Merced, CA*

Standardize financial aid terms

Financial aid terms vary greatly between colleges and from one phase of the financial aid process to another. In our 2017 research, we found 67 different ways to name a Parent PLUS Loan and 136 different terms for the federal unsubsidized loan, with 24 examples omitting the word “loan.”¹⁰ Colleges awarding federal and state aid must be required to use a federally-defined set of terms and definitions that clearly present aid in a standardized way across all student-facing communication throughout the financial aid cycle.

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 based upon consumer testing, akin to other consumer 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.
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 entrance and exit loan counseling does not work for students. Today, federal policy requires the same 28 topics at the beginning and end of borrowing. This is overwhelming, impersonal, and poorly timed as evidenced by a national survey where 28 percent of borrowers indicated having no federal debt.¹¹ uAspire advocates for more frequent and better quality loan counseling by requiring that the Department of Education update its online counseling tool to be timely, customized to students' circumstances, and interactive via digital technology in order to make loan counseling more effective.¹² This will help increase students' debt awareness, inform their decisions, and build financial capabilities to successfully meet their loan obligations.



“Cost goes up and aid doesn’t. The gap increases every year and is really frustrating. Is there a way to keep costs the same each year?” -College Junior, Philadelphia, PA

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.¹³ 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.¹⁴ 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.

Restore and 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. Yet today's Pell Grant covers only a quarter of the average cost of college, reduced from two-thirds in the 1970s.¹⁵ The Pell Grant's weakening purchasing power contributes to the widening degree gap in our country today. Action by policymakers is needed to ensure Pell meets its intended promise of equitable access to postsecondary degree completion. This can be achieved by:

- restoring the purchasing power of Pell to cover at least 50 percent of average public school costs via increased investment and federal-state partnership incentivization;
- reinstating Pell's automatic annual inflation index adjustment; and
- returning Pell lifetime eligibility to 7.5 years aligned to other federal aid policies.

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.¹⁶ Currently, 35 percent of Work Study funds go to students in the top two income quartiles. To improve the effectiveness of FWS, Congress should increase funding for this source of aid, make it available to more low- and moderate-income students, and update the FWS formula to allocate funding to institutions based on the percentage of Pell Grant recipients they enroll.

Expand aid to cover indirect expenses

Across the country, uAspire students report stress caused by the expenses they face beyond tuition and fees. College cannot be completed without meeting indirect expenses such as rent, food, books, transportation, and childcare, all of which are authorized components of Cost of Attendance (COA). These expenses often force students to make untenable decisions between academics or basic needs: 36 percent of students report food insecurity and more than a third report housing insecurity.¹⁷ Federal and state policymakers can support students to meet the full costs of college by expanding aid to meet non-billable costs (such as housing, food, and childcare) and incentivizing institutions to provide more affordable systematized solutions (such as course materials and transportation options).



“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 City, NY

ENDNOTES

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