

The Debt-Free College Act of 2018

Americans believe that we all benefit when we invest in our talent, that our country is better when everyone, regardless of their background, has a pathway toward affordable, quality higher education.¹ Unfortunately, too many students today are blocked from following their dreams, or building their financial futures, because of high college prices and burdensome loan debt. Gone are the days when most students could cobble together sufficient grant aid, work enough hours, or rely on modest family savings to fully fund their education, even at a public 2- or 4-year college. As states have failed to meet increased student demand with greater public investment, prices have skyrocketed at community colleges and public 4-year schools alike. Simultaneously, states and the federal government have failed to provide enough grant aid for low-income students to meet rising costs. The result has been college bills that, even after grants and scholarships, can equal nearly a year's worth of family income for the working class² and create the near-universal need to borrow for a degree from a public college or university—the institutions that educate 3 out of every 4 American students and workers.

Congress and States Must Address the College Affordability Crisis

High prices and the prospect of debt impacts our country's working-class students and students of color most acutely. Some students suppress their college aspirations for fear of taking on excess debt, while others

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drop out primarily due to the burden of tuition bills, the need to work while in school or take care of family, and other financial needs that do not disappear just because they are pursuing an education.³ Meanwhile, students of color—even those with a college degree—face far greater difficulty than white students repaying loans, and experience higher rates of default and loan balances that balloon well beyond the amount they originally took out.⁴

Nearly every state has room to improve in terms of its investment and commitment to making public 2- and 4-year college affordable.⁵ Simultaneously, investments in our nation's network of Historically Black Colleges and Universities, Tribal Colleges and Universities, and Hispanic Serving Institutions have not reflected the outsized role these institutions play in providing access and opportunities to students of color.

Students deserve a chance to build lifelong skills, retrain for a job, and pursue their dreams, regardless of their family's financial circumstances. It is essential for our economy and our democracy that we make the same commitment to this generation of students that previous generations enjoyed.

The *Debt-Free College Act of 2018* makes that necessary commitment. The bill, introduced by Sen. Brian Schatz (D-HI) and Rep. Mark Pocan (D-WI-2) would create a new federal-state partnership that re-funds our neglected system of public colleges and job training, while giving students the freedom and flexibility to follow their dreams without the specter of high tuition bills or burdensome loan debt. The bill prioritizes working-class families, extends the commitment to students at both public and private Minority Serving Institutions,

restores eligibility for federal financial aid for those with non-violent drug offenses, and gives Dreamers a chance to receive much-needed federal Pell Grant eligibility.

Original co-sponsors include Senators Gillibrand, Booker, Harris, Merkley, Warren, Brown, Blumenthal, & Baldwin and Representatives Chu, Clarke, Crowley, DeLauro, DeSaulnier, Ellison, Gomez, Grijalva, Holmes Norton, Huffman, Jackson-Lee, Khanna, Lee, Maloney, Moore, Napolitano, Nolan, Pallone, Pocan, Raskin, Takano, Watson-Coleman, and Welch.

A Federal-State Partnership for College without Debt

Per-student state appropriations for higher education have still not recovered from the Great Recession, and per-student funding for public colleges has generally declined over the past several decades.⁶ The *Debt-Free College Act* tackles this long-standing divestment of public colleges by introducing an ambitious state-federal partnership program that makes debt-free college a possibility for all students.

Under the Partnership, states would receive a one-to-one federal match to their higher education appropriations in exchange for a commitment to help students pay for the full costs of attendance without having to take on debt. States that participate in the Partnership would commit to maintaining funding for public 2- and 4-year colleges and providing need-based grants to cover students' cost of attendance that their families cannot afford, with the goal of advancing debt-free college for all in-state students within 5 years of joining the partnership. The Partnership also enables participating states to allocate a portion of their federal

grant (up to 10 percent) toward building capacity and improving educational quality, such as increasing class offerings, investing in student support services, and repairing campus infrastructure, all of which would benefit long-underfunded community colleges in particular.

Making an Inclusive, Equitable Investment in Students

The Partnership prioritizes working-class students by requiring states to first cover any unmet need for Pell Grant recipients. This is in keeping with the original intent of the Pell Grant, which was designed to cover the price of college and put low-income students on equal footing with their wealthier peers. Remaining funds can then be used to reduce or eliminate debt for other eligible students, as well as build capacity and increase educational quality.

Additionally, the Partnership also extends federal Pell grant eligibility to Deferred Action for Childhood Arrivals (DACA)-eligible students, or Dreamers, so that they can afford to attend college. And the bill would also end the inequitable practice of asking about drug-related convictions on the free application for federal student aid (FAFSA), a practice that has caused confusion and potentially kept many students of color from receiving Pell Grants or other aid to which they were eligible, or worse, not enrolling in higher education at all.⁷

The Partnership's commitment to debt-free college extends to public and private non-profit Minority Serving Institutions (MSIs), including Historically Black Colleges and Universities, Tribal Colleges and Universities and Hispanic Serving Institutions. While public MSIs

would effectively be covered under the partnership, the bill also acknowledges the role that private non-profit institutions play in supporting upward mobility for students of color. For such institutions that serve at least 35 percent low-income students (defined by eligibility to receive Pell Grants), the Partnership includes a grant program to reduce or eliminate the need to borrow for college.

A Critical Investment for Our Students' Future

At each point in America's history, investing in public colleges has proven to be wise, from the creation of land-grant colleges in the 19th century and community colleges in the 20th century, to the post-World War II GI Bill, which returned \$7 to our economy for every \$1 invested. The international Organisation for Economic Co-operation and Development estimates that the total net public gain of supporting public higher education ranges between \$75,000 and \$200,000 per student in the United States.⁸ Ending an era in which students drop out of higher education for no other reason than high prices and debt, in which affordable college only exists for the wealthy, and where the barrier of burdensome debt prevents people from engaging all facets of the American dream, is both necessary and achievable. A bold investment in public colleges like the *Debt-Free College Partnership Act* will allow students to once again work their way through school while helping rebuild an inclusive, dynamic middle class.

Endnotes

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4. Ben Miller, “New Federal Data Show a Student Loan Crisis for African American Borrowers,” Center for American Progress, October 16, 2017, <https://www.americanprogress.org/issues/education/news/2017/10/16/440711/new-federal-data-show-student-loan-crisis-african-american-borrowers/>; <https://www.brookings.edu/research/black-white-disparity-in-student-loan-debt-more-than-triples-after-graduation/>
5. Mark Huelsman, *Out of Reach? How a Shared Definition of College Affordability Exposes a Crisis for Low-Income Students*, Demos, 2016, <http://www.demos.org/publication/out-reach-how-shared-definition-college-affordability-exposes-crisis-low-income-students>
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8. OECD (2014), *Education at a Glance 2014*, Tables A7.4a and A7.4b, <http://www.oecd.org/edu/Education-at-a-Glance-2014.pdf>



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