



# EQUITY-FOCUSED PRIORITIES FOR A REAUTHORIZED HIGHER EDUCATION ACT

The Higher Education Act (HEA) was signed into law in 1965 in the spirit of expanding opportunity so that no student would be denied a chance to participate in higher education due to finances or socioeconomic status. More than 50 years later, the research is clear: A college degree is the surest path to upward social mobility in our economy, with two-thirds of new jobs requiring some form of postsecondary education. Yet, there are glaring — and growing — gaps in who enters and completes college.

Since 1965, the U.S. has made substantial progress in college access. College-going rates have climbed for students from all economic and racial groups. Yet, despite this progress, *low-income students are just now enrolling in postsecondary education at rates their high-income peers did in the mid-1970s.*<sup>1</sup> And the low-income students and students of color who do enroll in college are *far less likely* than other students to enroll in institutions where most students graduate and *far more likely* to enroll in the institutions that graduate few of their students and create disproportionate debt.<sup>2</sup> Indeed, in every category of postsecondary education, low-income students and students of color are less likely than others to earn the degrees that they want and need, and far more likely to end up with debt and no degree.

This law needs to address growing economic inequality, a changing and innovative higher education landscape, and the central importance of a postsecondary education for competing in today's workforce and leading a thriving life. Achieving these aims will require tackling head on the inequities that have for far too long left low-income students and students of color underserved by the higher education system. This reauthorization of HEA is an opportunity to make our higher education system more equitable.

A reauthorized HEA must promote access, affordability, and completion for all students. To accomplish this, it must:

- Improve college affordability for low-income students, students of color, and other underserved populations.
- Align federal investments with campus performance on equitable access and student success.
- Invest in the development and scaling of evidence-based practices for improving outcomes.
- Ensure that institutions of higher education protect the safety and civil rights of all students.

**Ed Trust's recommendations for accomplishing these vital goals are detailed below.**

## ***Improve College Affordability for Low-Income Students, Students of Color, and Other Underserved Populations***

The Pell Grant program is the cornerstone of federal financial aid. [Created](#) in 1972 as the Basic Educational Opportunity Grant, the program now [benefits](#) over 7.5 million students and continues to serve as the primary federal effort to open the door to college for low-income students. Over one-third of White students, two-thirds of Black students, and half of Latino students rely on Pell Grants every year.<sup>3</sup> Pell Grant dollars are well-targeted to those in need: 83 percent of Pell recipients come from families with annual incomes at or below \$40,000, including 44 percent with annual family incomes at or below \$15,000.<sup>4</sup>

1. U.S. Department of Education, National Center for Education Statistics (2016). Digest of Education Statistics 2015. 2. Ed Trust analysis of IPEDS Fall enrollment, Fall 2014 (by race) and NCES National Postsecondary Student Aid Study (NPSAS:12), 2011-12 (by Pell recipient status). 3. Congressional Budget Office (CBO), January 2017 baseline projections for the Pell Grant program, <http://bit.ly/2mLy0nk>, Table 2; and Ed Trust calculation NPSAS:12 using PowerStats. 4. <https://www2.ed.gov/finaid/prof/resources/data/pell-2014-15/pell-eoy-2014-15.html>

However, the Pell Grant program's impact is shrinking as the maximum award has failed to keep pace with the rapidly rising cost of college. The purchasing power of the Pell Grant has dropped dramatically since the program's inception. In 1980, the maximum Pell Grant award [covered](#) 76 percent of the cost of attendance at a public university, while today, it covers just over 29 percent, the [lowest](#) portion in over 40 years. The purchasing power of Pell will further decrease with the expiration of automatic inflation adjustments at the end of the 2017-18 award year. If the maximum award continues to be frozen at its current level, the grant will [cover](#) just one-fifth of college costs in 10 years.

Thus, a reauthorized HEA must invest in the Pell Grant program by restoring the annual adjustment to the maximum award based on inflation. Additionally, HEA should shift program funds to the mandatory side of the budget and put the maximum award on a path to covering at least half of the cost of attendance at a public four-year institution over time. Such a change would begin to restore the purchasing power of the Pell Grant and eliminate the need for annual appropriations by providing for automatic adjustments in program funding based on changes in participation.

A reauthorized HEA should also repeal the ban on the use of Pell Grants by individuals who are incarcerated and undocumented immigrants brought to the United States as children, also known as Dreamers. These underserved populations are currently shut out of federal financial aid programs, severely limiting their access to higher education.

The evidence on the importance of providing higher education opportunities for individuals who are incarcerated is clear. [Research](#) shows that correctional education programs reduce the rate of recidivism by 43 percent, increase the rate of employment after release by 13 percent, and are [associated](#) with fewer violent incidents in participating prisons. These programs result in net savings to taxpayers and are significantly more cost efficient than just incarceration. They also represent an essential strategy for breaking the cycles of incarceration and poverty and helping formerly incarcerated individuals reintegrate into society.

But despite the significant and positive impacts of prison education programs, Congress instituted a ban on the use of federal Pell Grants by incarcerated students in the 1994 Violent Crime Control and Law Enforcement Act. The number of education programs in prisons subsequently [dropped](#) from over 350 in 1990 to only a dozen in 2005. The percentage of incarcerated individuals participating in postsecondary education programs also [dropped](#) from 14 percent in 1991 to 7 percent in 2004. Restoring Pell eligibility for incarcerated individuals would support the expansion of such programs and yield significant benefits for participating students and society as a whole, advancing justice while making our communities safer and saving taxpayers money. Further, before the ban, the percentage of Pell Grant recipients who were incarcerated was less than 1 percent of the entire Pell Grant population; thus, this policy change can have great social benefits that should not come at the expense of providing opportunities for other low-income students.

Dreamers also face significant challenges in pursuing higher education, but providing these students with greater supports yields tremendous dividends. [Recent research](#) from the National Bureau of Economic Research shows the Deferred Action for Childhood Arrivals (DACA) program had a significant impact on the behavior and education of undocumented youth: High school graduation rates increased by 15 percent and college attendance increased by 25 percent among women, suggesting that DACA raised aspirations for education above and beyond qualifying for legal status.

Unfortunately, structural policy barriers put college out of reach for far too many of these students. They are ineligible for federal financial aid, including the Pell Grant and Direct Loan programs, as well as the majority of state financial aid programs. The cost of college poses a particularly significant barrier given that undocumented immigrants have [average household incomes](#) 40 percent lower than either native born or legal immigrant families. Shutting undocumented immigrants out of postsecondary education greatly hinders their ability to contribute to the United States, the only home many of them have ever known.

**Ed Trust Recommendations:**

- Strengthen the Pell Grant program by restoring annual inflation adjustments, increasing the maximum award to cover at least half the cost of attendance at a public, four-year institution over time, and shifting to mandatory funding.
- Provide high-quality postsecondary education programs to individuals who are incarcerated and/or impacted by the criminal justice system by reinstating Pell Grant eligibility for incarcerated students; eliminate question 23 on the FAFSA (drug conviction question) and remove consideration of drug offenses from the financial aid process to ensure that no student is discouraged from applying for federal aid.
- Make Dreamers eligible for Pell Grants.

***Align Federal Investments With Campus Performance on Equitable Access & Success******Maintain and Strengthen Current Accountability Provisions***

Accountability provisions currently in place, including the 90/10 rule and gainful employment regulation — which aim to cap federal funding of for-profit colleges and hold career training programs accountable for providing labor market return on investment among graduates — represent important safeguards against the proliferation of unscrupulous institutions of higher education and low-quality postsecondary credentials.<sup>5</sup> History has shown that, given the chance, many predatory institutions will take advantage of the availability of federal grants and loans, leaving students worse off than when they started, i.e., with debt but no degree, or with a credential that has no market value. These existing accountability provisions must be maintained and strengthened.

A reauthorized HEA should build on existing requirements by increasing the 90/10 rule's threshold for non-federal funds from 10 percent to 15 percent and including military education benefits in the federal side of the calculation. This change would help further prevent for-profit colleges from relying on federal funds as their overwhelming source of revenue and remove the current law's perverse incentives for aggressively recruiting veterans, service members, and their families. The gainful employment regulation should also be codified and strengthened to ensure that postsecondary programs provide real benefits to students, rather than conferring worthless credentials and saddling students with debt they can't repay.

**Ed Trust Recommendations:**

- Strengthen the 90/10 rule to 85/15 and close loopholes related to military education benefits.
- Codify and strengthen gainful employment regulations.

***Create Pressure and Provide Support for the Entire Higher Education System to Improve Equitable Access and Success***

In addition to maintaining and strengthening the accountability provisions currently in place, a reauthorized HEA must create pressure and provide support for the entire higher education system to improve, especially for the low-income students and students of color who are most likely to be underserved by today's system.

A reauthorized HEA should include a new system that helps poorly performing institutions improve, holds them accountable when they fail to do so, pushes selective institutions to enroll more low-income students, and rewards institutions that enroll and graduate large shares of Pell-eligible students. The federal government invests heavily in need-based financial aid programs and has a substantial interest in ensuring that institutions enroll, serve, and graduate the beneficiaries of these programs. Federal support for higher education, whether in the form of preferential tax status or Title IV aid, can and should be leveraged to ensure that participating institutions serve all students well.

5. <https://www.brookings.edu/blog/brown-center-chalkboard/2017/01/11/how-much-do-for-profit-colleges-rely-on-federal-funds/>; Comparison of for profits and community college repayment and outcomes, <https://ticas.org/blog/three-ways-scorecard-data-show-difference-between-profit-and-community-colleges>; For profits students earn less than they did prior to enrolling (negative return on investment), <http://www.nber.org/papers/w22287>; Loan repayment rates by sector, [https://trends.collegeboard.org/sites/default/files/2017-trends-student-aid\\_0.pdf](https://trends.collegeboard.org/sites/default/files/2017-trends-student-aid_0.pdf)

Research shows that the strongest predictor of loan default is whether a student completes college.<sup>6</sup> Thus, any federal efforts to improve higher education must go beyond issues of cost and focus on improving completion. But we have also seen<sup>7</sup> that existing state completion-focused policies that use financial incentives to hold campuses more responsible for student outcomes have pushed schools to become more selective<sup>8</sup> and keep out those students — typically low-income students and students of color — who are perceived as more “risky.” There needs to be a simultaneous focus on increasing equitable access and completion, ensuring that schools enroll, serve, and graduate the students who have been historically disadvantaged in higher education.

Many existing and proposed accountability measures focus on applying an immediate penalty through the blunt instrument of an artificial threshold or threatening (but rarely enforcing) the “death penalty” of rescinding an institution’s Title IV eligibility. Instead of a blunt, one-size-fits-all accountability system that relies on a single metric, like cohort default rate or loan repayment, an effective accountability system would provide underperforming and underfunded institutions the time, resources, and support they need to improve, and then enforce meaningful penalties for those institutions that fail to move the needle. Additionally, there needs to be pressure for selective institutions to enroll more Pell Grant recipients and rewards for institutions that are enrolling and graduating large shares of Pell students.

#### Ed Trust Recommendations:

- Establish minimum standards for institutions on enrolling historically underserved students (i.e. low-income students and students of color);
- Establish minimum standards for institutions on student performance, experiences, and outcomes using measures such as retention, transfer, graduation and job placement, especially for historically underserved students (i.e. low-income students and students of color);
- Provide rewards for institutions making continual growth toward reaching ambitious access and success goals and within a reasonable timeline;
- Sustain and increase investments in historically under-resourced institutions to support the implementation of evidence-based strategies that improve completion especially for historically underserved students; and
- Enforce meaningful consequences for underperforming institutions that, after getting needed resources, time and support, fail to meet to meet minimum enrollment and performance standards.

#### *Improve Higher Education Data*

Before disaggregation of data was required in our K-12 system, we knew anecdotally that schools were not educating all groups of students well. But we did not know just how significant the inequities were, and we didn’t know which schools were making progress and which weren’t. Unfortunately, we are largely in the same place now in higher education. As with the K-12 system, if we look only at overall averages, we sweep the opportunity and achievement gaps that exist for low-income students, students of color, and other underserved populations under the rug. During the process of reauthorizing the Elementary and Secondary Education Act, Congress agreed that the opportunities and outcomes for different groups of students had to matter. The same agreement must continue in a reauthorized HEA.

In addition to being necessary for identifying inequities, postsecondary data are essential for families and students exploring college options. College is one of the most important and expensive investments an individual will make, but students currently lack the data necessary to help them make informed decisions about what program or institution can best help them achieve their goals. Students need information on how they are likely to fare in terms of federal student loan repayment rates and workforce outcomes at various institutions, and students, families, and taxpayers all deserve to know what they can expect in return for their investments.

Finally, high-quality data are a prerequisite to responsible policymaking and a fundamental necessity for constructing effective accountability and oversight systems. Data provide lawmakers and advocates the information they need to evaluate institutions, compare programs of study, and design improvement efforts and reforms. In order to hold institutions accountable for the success of all students, federal data must be disaggregated by race and income; include part-time, returning, and transfer students; and track a range of outcomes, including persistence, transfer, completion, loan repayment, employment, and earnings. Student-level data can be further used to analyze the impact of various experiences and characteristics on postsecondary outcomes, providing institutions with a powerful tool for identifying and helping students at-risk of dropping out and improving programs that serve students poorly.

The federal higher education data system has come under widespread criticism both for the burden it places on institutions and for its failure to capture a truly representative population of students. Existing data collections remain significantly hampered by the ban on student-unit level data, which was enacted as part of the 2008 reauthorization of the Higher Education Act. For example, the federal government currently only collects post-college outcome data on federal student aid recipients, leaving out a substantial portion of students who may very well experience significantly different levels of success in the workforce. Existing federal data sources are also in silos within various departments, placing unnecessary and duplicative reporting burdens on institutions and missing a tremendous opportunity to make data that are already being collected significantly more useful and comprehensive.

Non-federal data sources are an insufficient substitute for a national dataset, as state-level data systems are inherently limited in their capacity to track students across state lines, and institutional surveys of graduates regarding their post-college outcomes suffer from low response rates. Only a national level data collection can ensure that postsecondary data are reliable, consistent, and usable for policymakers, students, and advocates. A reauthorized HEA should therefore strike the ban on the creation of a student unit record system and create a student level data network, linking existing federal data sources to accurately evaluate student outcomes.

#### **Ed Trust Recommendations:**

- Overturn the ban on creating a student unit record system.
- Create a student level data network that includes data disaggregated by race and income.
- Ensure privacy and security for sensitive student information such as citizenship status, discipline records, and criminal history.
- Improve IPEDS and NSLDS so that data on critical measures of student success are disaggregated by race and income.

#### ***Invest in the Development and Scaling of Evidence-Based Practices for Improving Student Success***

Research from The Education Trust has consistently shown that, with dedicated and intentional effort, institutions can close access and completion gaps between low-income and students of color and their peers and improve outcomes for all students.

Researchers and practitioners have identified a number of promising strategies for increasing completion rates and closing achievement gaps between historically underrepresented students and their peers. These include comprehensive wraparound support programs like CUNY's Accelerated Study in Associate Programs (ASAP), which provides counseling and advising, financial assistance through direct aid as well as free metro cards and textbooks, structured pathways, and employment support. CUNY ASAP dramatically improved graduation rates — 40 percent of participants earned a degree during a three-year study period compared to 22 percent of comparable students in a control group — and the model has been replicated in New York, California, and Ohio.

Other approaches to increasing completion that have shown promising results include emergency aid and micro-grant programs; programs that connect low-income students to federal and state assistance programs, child care, food pantries, and other support services; simplified and progressive financial aid policies, such as “no loan” guarantees and guaranteed tuition rates; programs that utilize predictive analytics to identify students at risk of dropping out, target interventions, and evaluate the impact of support programs; interventions that target students nearing completion and those who drop out with no degree; and efforts to reform remediation and developmental education, including through the use of co-requisite remediation and the adoption of alternatives to placement exams.

A reauthorized HEA should invest in institutions as they work to identify, implement, evaluate, and scale practices that improve completion, particularly for the students who are most at risk of dropping out, including low-income students and students of color. Congress should target these funds to institutions that enroll high proportions of historically underserved students and have the greatest need.

Congress should use the following guidelines to ensure investments focus on improving outcomes for underserved students:

#### *Content*

- Programs should strive to provide comprehensive services, such as academic counseling and mentoring, and help to cover non-tuition costs of attendance, such as transportation, books, food, and housing, for historically underserved students.
- Programs should incentivize states and institutions to re-evaluate practices (e.g., remediation approaches), policies (e.g., credit accumulation requirements), and charges (e.g., transcript fees); identify the impact on low-income students and students of color; and strive to adopt reforms and remove unnecessary barriers to enrollment and completion for such students.

#### *Structure*

- Investments should support the development, evaluation, and scaling of promising practices.
- The list of completion strategies worthy of testing in the development phase should be expansive and include promising strategies that haven’t yet been tested rigorously or on a large scale.
- Only programs with clear evidence of effectiveness should be eligible for grants to scale.
- Grants should be for at least 150 percent of program length to ensure campuses are able to see the interventions through the life-cycle of a student and to generate more meaningful and replicable results.

#### *Evaluation*

- Program outcomes including impacts on retention and completion should be rigorously evaluated including, where appropriate, through randomized control trials.
- Evaluation results should be disaggregated by race and income.

#### *Targeting*

- Investments should target institutions that enroll high proportions of historically disadvantaged students and have the greatest need.
- Grants should be tiered by sector and institution type to ensure under-resourced institutions are able to compete.
- Institutions should have access to the technical assistance, and support with technology and human capital, needed for scaling existing promising practices at low-resourced campuses.

**Ed Trust Recommendations:**

- Fund efforts to help campuses identify, implement, scale up, and evaluate programs that improve completion for the students who are most at risk of dropping out, including low-income students and students of color.
- Target these funds to the institutions that serve high proportions of historically disadvantaged students and have the greatest need.

***Ensure That Institutions of Higher Education Protect the Safety and Civil Rights of All Students***

Ensuring that every student has equal access to a quality education is essential to our nation's future and the fulfillment of the American dream. Sadly, far too many students — especially those who historically have been underserved — still do not have that equal access, and far too many struggle to feel safe and supported to be who they are in school and on college campuses. When the government fails to enforce federal civil rights laws, it effectively increases the risk that historically marginalized communities may be exposed to harmful discrimination, blocking them from full participation in school, college, the workforce, and broader society.

In reauthorizing HEA, lawmakers must do everything they can to ensure that all students have access to a safe, supportive, and inclusive learning environment and that no student is subject to discrimination on the basis of race, country of origin, religion, immigration status, sex, disability, sexual orientation, or gender identity. Congress should protect the safety and civil rights of all students by supporting colleges in preventing and responding to incidents of sexual assault, hazing, and racism on campus; upholding protections for students with disabilities granted under the Americans with Disabilities Act; and enacting strong nondiscrimination requirements to defend the rights of lesbian, gay, bisexual, transgender, and queer students.

**Ed Trust Recommendations:**

- Support colleges in preventing and responding to incidents of sexual assault, hazing, and racism on campus.
- Uphold protections for students with disabilities.
- Enact strong nondiscrimination requirements to defend the rights of LGBTQ students.