

April 30, 2019

Testimony Before Joint Committee on Higher Education on S.744/H.1221, “An Act to Guarantee Debt-Free Public Higher Education”

Chairs Gobi and Roy, Vice Chairs Comerford and Arciero, and members of the Joint Committee on Higher Education:

My name is Jeremy Thompson. I’m a Senior Policy Analyst with the Massachusetts Budget and Policy Center. MassBudget is an independent, non-partisan research nonprofit focusing on policy solutions that improve the lives of low- and middle-income people in Massachusetts.

College affordability has reached crisis levels across the country, including here in Massachusetts, where per-student state funding for public higher education fell 32 percent from Fiscal Year (FY) 2001 through FY 2018.¹ Large increases in tuition and fees have followed these funding cuts², as have the debt burdens that students and their families bear in order to afford these costs.³

S.744 and H.1221, “An Act to Guarantee Debt-Free Public Higher Education,” would add Massachusetts to the growing list of states and cities that have responded to the college affordability crisis by creating tuition-free or debt-free higher education programs. In most places these are known as “College Promise” programs.

Today I want to talk about a paper I published recently, which looks at how to design a debt-free higher education program with a focus on economic and racial equity.⁴ Making policy always involves choices, so the question here is: **how do choices made in designing a debt-free higher education program affect access and affordability for students from less wealthy families, students of color, and immigrant students?** The paper covers 10 policy design choices that affect equity. Here I’ll focus on a few of the most important.

Funding amount

The reason we talk about guaranteeing “debt-free” higher education and not merely “tuition-free” higher education is that the costs of attending college go way beyond just tuition and fees. These costs include housing, food, child care, transportation, and even wages forgone to spend more time studying. In fact, for most Massachusetts undergraduates, tuition and fees makes up less than half the total cost of attending public college or university.⁵

Programs that help students cover tuition and fees as well as these other costs are called “first-dollar” programs. They cover the *full amount* of tuition and fees, and let students use Federal Pell grants and other sources of aid to meet daily living expenses.

So-called “last dollar” programs, on the other hand, require students and their families to exhaust all Pell and other grant aid first, and then only fill in the gap to cover tuition and fees. They don’t address the costs of living that make up more than half of a typical public undergraduate’s budget.

“First-dollar” funding offers the greatest benefit to students from less wealthy families.

Age

Some College Promise programs restrict eligibility to recent high-school graduates.⁶

Students from less wealthy families may have had a harder time affording college right out of high school. Or maybe they didn’t feel prepared because they didn’t have the privilege of going to well-resourced K-12 schools in an affluent school district. College graduates earn significantly more than people without degrees, so helping adult students access higher education could help reduce any disadvantage they face relative to their college-educated peers.

Furthermore, undergraduates of color are far more likely than White students to be 25 and older⁷, as are immigrant undergraduates relative to those born in the United States.⁸

Besides being broadly more equitable to students of color and immigrant students, a debt-free guarantee could help all adult students avoid having to attend for-profit institutions. In recent years, the predatory practices of several for-profit higher education institutions have been the subject of law enforcement and regulatory crackdowns both in Massachusetts and nationally. The percentage of Massachusetts undergraduates 25 and older attending for-profit institutions tripled from 2001 to 2017.⁹

Full-time or part-time enrollment

Some College Promise programs restrict eligibility to students who attend full-time.¹⁰ But there are plenty of students who simply can’t do so.

Students may attend college part-time because they have to work, raise children, or both. Among part-time undergraduates in Massachusetts, 36 percent have children at home and 36 percent work full-time. About one-third of Massachusetts part-time undergraduates are parents who are working or looking for work.¹¹

Furthermore, part-time undergraduates in Massachusetts are much more likely to be low-income than full-time undergraduates. And Black/African-American and Hispanic/Latinx undergraduates in Massachusetts are more likely than White undergraduates to attend school part-time.

Guaranteeing funding for both full-time and part-time students would make the program more equitable for workers and parents, for lower-income students, and for students of color.

Income

Some College Promise programs have income eligibility limits. While income caps can appear to have the effect of targeting aid where most needed, they can also have a number of other more harmful effects, including racially inequitable ones. First, income caps, as their name suggests, look at income – *not wealth*. This matters because even among families with similar incomes, the racial wealth gap is large.

In 2016, the typical middle-income White family had a net worth more than triple the typical middle-income Hispanic/Latinx family, and four times the typical middle-income Black/African-American family.¹² So among students made ineligible for a funding guarantee by income caps, White students will still be far more likely to access their families’ wealth to pay for college than students of color.

Imposing an income cap could also have the effect of creating an expectation that our public higher education system is primarily for students from families with fewer resources. Guaranteeing a debt-free college education to *everyone* who is admitted, regardless of income, would send a message that we consider higher education a right – just as we do for K-12 education. This makes sense given that a majority of projected job growth in Massachusetts is in occupations requiring a college education.¹³

Students from families with fewer resources would still be eligible for other forms of need-based aid.

There are plenty of choices to be made when it comes to designing a transformative policy like debt-free higher education. I hope this research helps you keep economic and racial equity at the center of your considerations as the committee undertakes this important work in the months ahead.

Thank you for hearing my testimony today.

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¹ Jeremy Thompson, Massachusetts Budget and Policy Center, March 1, 2018, “Educated and Encumbered: Student Debt Rising with Higher Education Funding Falling in Massachusetts”

[http://www.massbudget.org/report_window.php?loc=Educated-and-Encumbered.html#chart5]

² Thompson [http://www.massbudget.org/report_window.php?loc=Educated-and-Encumbered.html#chart6]

³ Thompson [http://www.massbudget.org/report_window.php?loc=Educated-and-Encumbered.html#chart13]

⁴ Jeremy Thompson, Massachusetts Budget and Policy Center, March 21, 2019, “A Promise of Equity: Designing a Debt-Free Higher Education Program That Works for Everyone”

[http://massbudget.org/report_window.php?loc=Promise-of-Equity.html]

⁵ MassBudget analysis of data from U.S. Department of Education, Integrated Postsecondary Education Data System (IPEDS)

⁶ Tiffany Jones and Katie Berger, The Education Trust, 2018, “A Promise Fulfilled: A Framework for Equitable Free College Programs,” pp. 5-6. [[<https://edtrust.org/resource/a-promise-fulfilled/>]] Of the 15 active programs listed, three allow adults and returning students to participate. Of the 16 more recent proposals listed, nine do so.

⁷ MassBudget analysis of U.S. Census, 2013-2017 American Community Survey Public Use Microdata Sample (ACS PUMS)

⁸ MassBudget analysis of U.S. Census, 2013-2017 ACS PUMS

⁹ MassBudget analysis of IPEDS data

¹⁰ Jones and Berger, p. 8

¹¹ MassBudget analysis of data from Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles, and J. Robert Warren. Integrated Public Use Microdata Series, Current Population Survey: Version 6.0 [dataset]. Minneapolis, MN: IPUMS, 2018. “Full-time” is 35 hours or more per week.

¹² Rakesh Kochhar and Anthony Cilluffo, Pew Research Center, November 1, 2017, “How wealth inequality has changed in the U.S. since the Great Recession, by race, ethnicity and income”

[<http://www.pewresearch.org/fact-tank/2017/11/01/how-wealth-inequality-has-changed-in-the-u-s-since-the-great-recession-by-race-ethnicity-and-income>]

¹³ MassBudget analysis of Long-Term Occupation Projections from Massachusetts Executive Office of Labor and Workforce Development [http://lmi2.detma.org/Lmi/Occupation_Projection.asp?Area=01000025long]