

## POLICY BRIEF

# Guaranteed Debt-Free College

By Charlisa Goodlet, Emanuel Nieves, and Jeremie Greer

*“While education is no silver bullet to ending inequality, it should nevertheless operate as a right, instead of a debt-riddled privilege.”*

– William Darity Jr., Mark Paul, and Darrick Hamilton. *An Economic Bill of Rights for the 21st Century. The American Prospect, 2018.*

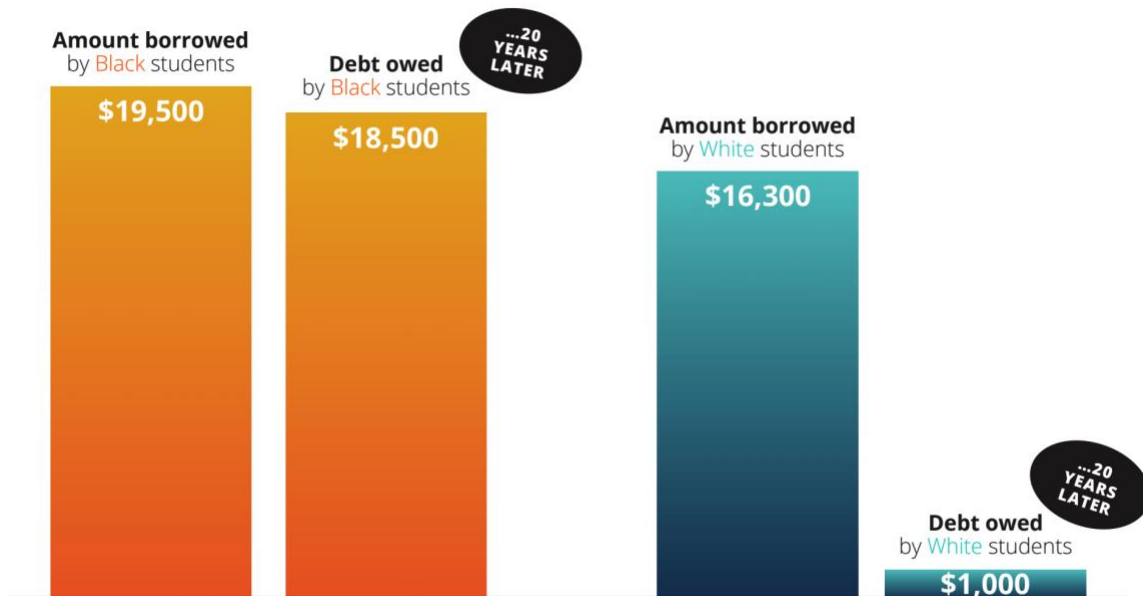
## The Problem

In America, a post-secondary education has become a necessary pillar for achieving economic mobility. However, because of [rising tuition](#), [crushing student-loan debt](#), [unequal returns on investment](#), and [financial predation](#), our current higher education system too often stalls the financial, educational, and professional dreams of people of color<sup>1</sup> and strips away any wealth that they may hold. As a result, this system feeds into the [Oppression Economy](#) where racism is profitable, thus perpetuating racial and economic inequality at practically every turn.

Over the past several decades, as student-loan debt in America has ballooned to over [\\$1.76 trillion](#), obtaining a higher education has become less attainable while educational debt has become crippling for many students of color and their families. For example, 20 years after starting college, the typical Black borrower still owes [95%](#) of their student-loan debt, compared with the typical white borrower who owes just [6% of their student loan debt](#).

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<sup>1</sup> Throughout this document, we use the terms “people of color,” “communities of color,” “workers of color,” and other similar phrases to refer to Black, Indigenous, Latine, Arab, Middle Eastern, Asian, and Pacific Islander people. We use these terms not to erase the experience of any group but to demonstrate the shared impact that systemic racism and white supremacy have had on us.



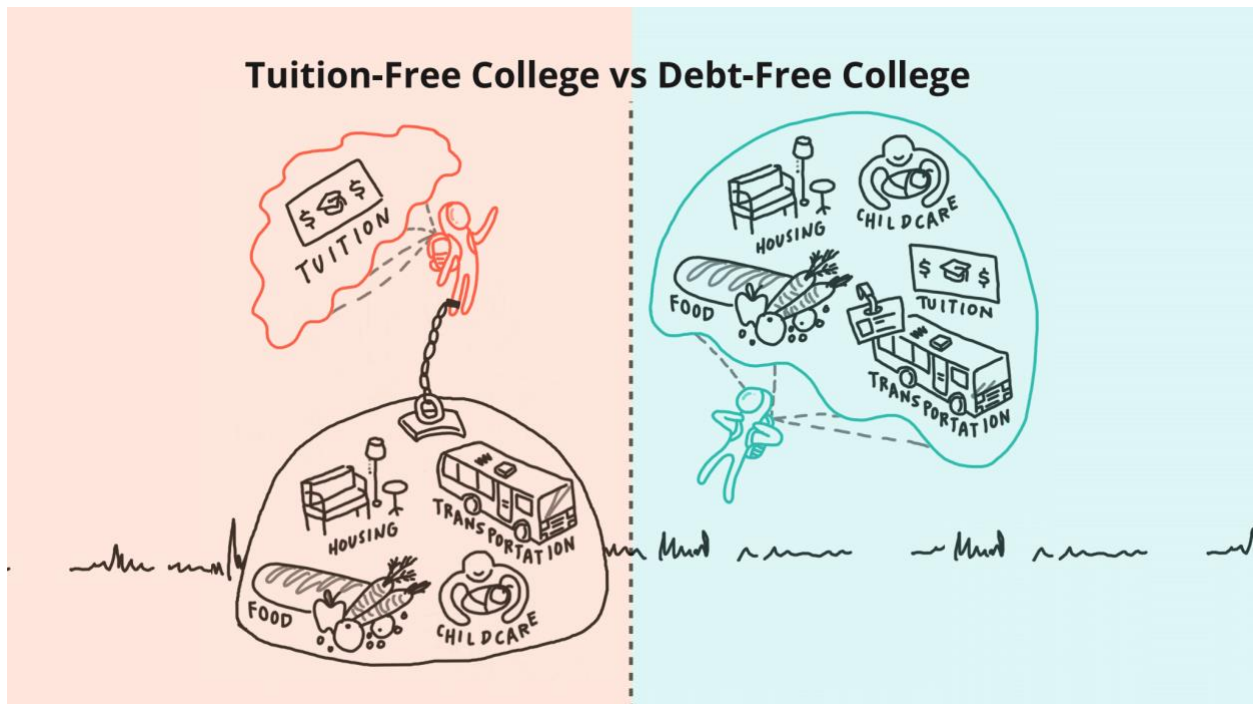
**Source:** Institute on Assets and Social Policy. "[Stalling Dreams: How Student Debt is Disrupting Life Chances and Widening the Racial Wealth Gap](#)," The Heller School for Social Policy and Management, Brandeis University. 2019.

These disparities can be attributed to a range of factors, including that [over half](#) of all Black students who have student-loan debt have no degree to show for it, and that [Black graduates generally](#)—and [Black women graduates specifically](#)—end up owing far more in student debt than white college graduates in the years following graduation. [Similar to the crisis faced by Black student borrowers](#), issues exist within the [Latine](#) community, where [12 years after entering college, Latine graduates continue to owe nearly 80% of their loans](#).

Ultimately, these disparities are not the product of individual decisions made by students of color, as some may argue; the truth is that our higher education system is plagued by systemic racism that prevents Black and Brown students from achieving economic mobility. If we are to create a [Liberation Economy](#) that serves the basic needs of people of color, where we find safety and security, and where we are valued, we must establish **guaranteed debt-free college** to ensure that all people of color can access higher education without taking on crippling debt.

## The Policy Solution and Potential Benefit to People of Color

Across the country, various [policies and programs](#) to address college affordability often rely on **tuition-free models**. Unfortunately, these models do not do enough to help students of color avoid taking on debt as these models fail to account for a range of other college-related expenses that impact our ability to go to and graduate from college (e.g., transportation, textbooks, food, childcare, housing).



Creating an equitable higher education system requires that we do more than help students of color afford the price of admission—it requires that our higher education system be centered around a **debt-free model** that fully supports them with both tuition and nontuition costs. Though making the transition from tuition free to debt free would not address the [persistent disparities students of color face in the workforce after college](#), it would help to level the playing field so that higher education better serves as a pathway for achieving economic mobility for communities of color.

Drawing and building from ideas put forward by policymakers, advocates, community organizers, and other proven and emerging leaders of color, the solutions elevated and articulated in this brief aim to end the debt sentence for future generations. At the

same time, considering that a debt-free higher education model would address student loan debt held by current and previous students and their families, the policies detailed in this brief also aim to eliminate this burden for existing borrowers. By addressing both past and future borrowers, we aim to ensure that all people of color have access to higher education and are valued and compensated appropriately.

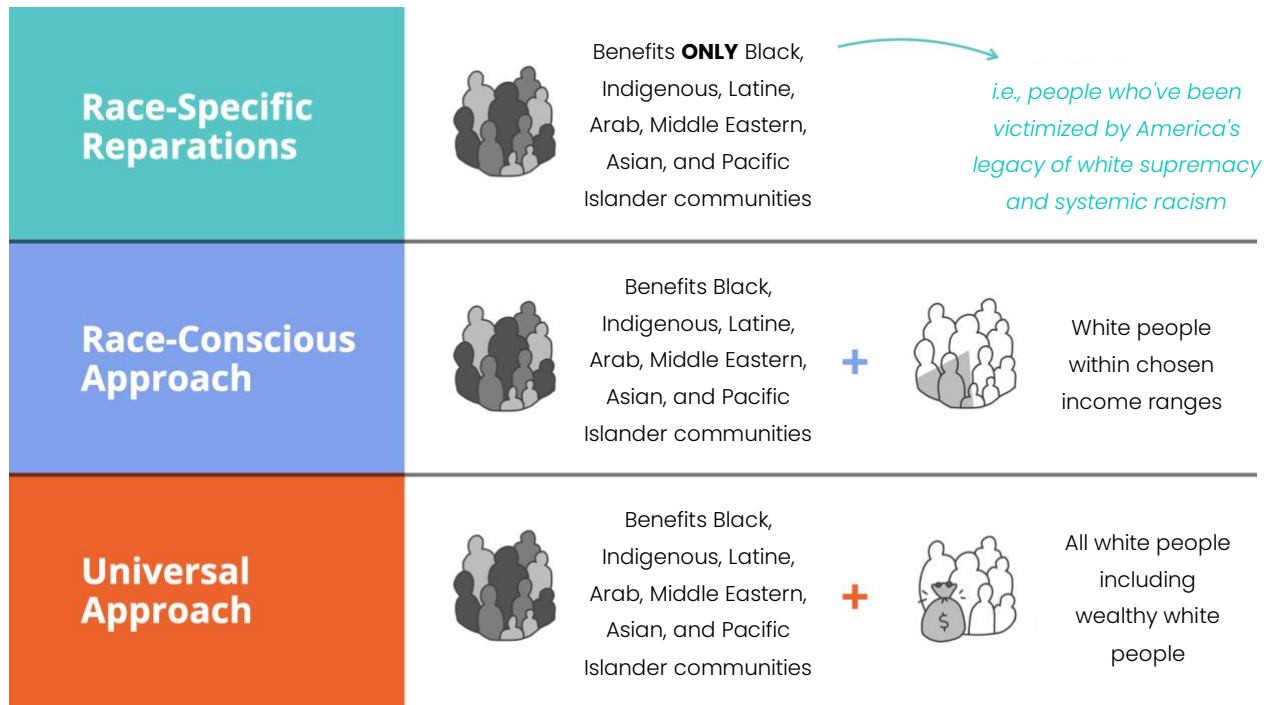
## **Moving Toward Liberation: Guaranteed Debt-Free College Policy Design**

Creating a higher education system where future generations of students are not forced to take on crushing debt *and* where prior generations are not forced to carry a life-long debt sentence requires careful considerations, not only from a technical perspective but also from an equity perspective. For example, the policies outlined below could be implemented as **race-specific reparations**, meaning that they are offered exclusively to people of color—Black, Indigenous, Latine, Arab, Middle Eastern, Asian, and Pacific Islander communities—who have been victimized by America’s legacy of white supremacy and systemic racism. Policies could also be implemented through a **race-conscious approach** that uses income as a proxy to target support to those with the least resources,<sup>2</sup> or they could be implemented through a **universal approach**, meaning that supports are broadly available to all.

Of course, the tradeoff between these choices is that only people of color will directly benefit from a race-specific reparations approach, while in a race-conscious approach, a large percentage of people of color will benefit; however, many white people who fall within the chosen income targets will benefit as well. In a universal approach, the tradeoff may be that many wealthy white households and wealthy households of color may also benefit from the policy, making it perhaps the least equitable response to the student-debt challenges we face in the Oppression Economy.

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<sup>2</sup> Ideally, using wealth as a proxy to target support would better serve to uplift communities of color. Unfortunately, as of today, governments—both at the federal and state level—have not developed reliable and consistent methods to value assets and track wealth over time as they have for income.



Ultimately, as policymakers, advocates, and organizers consider policies to support the creation of a Liberation Economy, such as those listed below, they must also deeply consider the tradeoffs involved in applying race-specific, race-conscious, and universal approaches.

### **Guarantee Debt-Free Education for All Students Attending Public Colleges and Private Minority-Serving Institutions**

Collectively, the overarching goal of the policies detailed below are aimed at fundamentally reimagining our higher education system by ensuring all students attending public colleges and universities and private minority-serving institutions (MSIs) receive a debt-free education. While this can be accomplished in a number of ways, below we offer a non-exhaustive list of the actions that the U.S. Congress or state legislatures can and should take to make this vision a reality.

- **Double the Pell Grant to further help students avoid taking on debt:** To better support students under our current system, Congress should take a race-conscious approach by [doubling the maximum annual Pell Grant](#) award (e.g., from

\$7,395 to \$14,790 in award year 2023–24). As designed, the Pell Grant is income-targeted and covers a [large percentage](#) of students of color, who tend to have lower incomes than white borrowers. However, between [1976](#) and [2023](#), the Pell Grant’s purchasing power [effectively decreased by about 63%](#), leading the program to now cover just [30% of the cost of attending a public four-year college](#), compared to the [80%](#) it covered nearly five decades ago.

The move to double the Pell Grant, which could be done in concert with many of the actions listed below, would help provide a greater subsidy to low-income students of color to cover the true cost of college attendance. Specifically, doubling the maximum Pell Grant award would increase the average annual awards received by students of color by [over \\$2,000, further expanding](#) critical support that the Pell Grant program currently provides to these students. Such an increase would significantly help students enrolled at HBCUs, where [75% of undergraduate students currently use Pell Grants to pay for their college costs](#).

Rather than increasing the size of the Pell Grant gradually, as Senator Mazie Hirono (HI) proposed in her [Pell Grant Preservation and Expansion Act of 2021](#),<sup>3</sup> we believe that doubling the Pell Grant should happen immediately. This urgency is rooted in the fact that Black and Brown students, who are hardest hit by student-loan debt, cannot afford to wait years for additional support.

- **Make it easier for students to cover non-tuition costs with their Pell Grants:** To build on the movement to [double the Pell Grant](#), Congress should also pass the [Tax-Free Pell Grant Act](#), which would exempt any Pell Grant funds used for nontuition expenses from being considered taxable income (qualified tuition expenses are already exempt). Doing so would help students cover a range of other nontuition expenses that can impact their ability to attend and graduate from college without facing a surprise tax bill. This exemption would also move us

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<sup>3</sup> The Pell Grant Preservation and Expansion Act of 2021 also proposed to extend Pell Grant access to DREAMers, or young undocumented immigrants who were brought to the U.S. as children; reinstate Pell Grant eligibility to 18 semesters (up from the current 16 semesters); and provide an additional award of \$1,400 to students and families who receive a federal benefit such as Supplemental Nutrition Assistance Program (SNAP) and Medicaid.

in the direction of ensuring that students of color can avoid taking on unnecessary debt to further their education.

- **Provide direct cash assistance to students in need:** Additionally, considering that structurally marginalized students often need support navigating their financial needs throughout their time in college, the federal government should reauthorize and make permanent the [Higher Education Emergency Relief Fund](#) (HEERF) created during the COVID-19 pandemic. In doing so, Congress should expand the eligibility period for a permanently authorized HEERF to help students over the course of their first four years of higher education, similar to the [American Opportunity Tax Credit](#).

In acknowledging the systemic racism that has prevented students of color from attending and graduating college, a direct cash assistance program like this could be designed as race-specific reparations, serving to bridge financial gaps and economic barriers uniquely faced by students of color. For example, based on their self-reported need and their official [expected family contribution](#) status, each applicant of color could be made eligible to receive up to \$2,000 in support for each of their four eligible academic years from a renewed HEERF program. To ensure these funds reach students of color in need, the disbursement of these direct cash payments could be passed through campus offices that focus on underserved students.

- **Reform higher education grant funding rules and boost funding for HBCUs to better compete against larger institutions and serve students of color:** Congress should build on the efforts by [previous](#) and [current](#) presidential administrations to better support and further strengthen the country's HBCUs by taking another step toward race-specific reparations. Specifically, Congress should provide more mandatory and discretionary funding for these institutions, including dedicated institutional and student support funding. Additionally, considering that federal law [groups all MSIs under one large, uniform umbrella](#)—which leaves [smaller MSIs to compete against larger institutions](#), including state university systems—Congress should also [tweak grant funding rules](#) to ensure that HBCUs and MSIs are fairly



competing for institutional and research funding with similarly sized, mission-driven institutions.

To further level the playing field for HBCUs and the students they serve, Congress should also meaningfully work to close the sizable and long-standing endowment gap between HBCUs and non-HBCUs. Specifically, Congress should make a [\\$40 billion investment](#) to substantially increase the size of these schools' endowments, which have long lagged behind other institutions due to historical discrimination, disparities in state funding, and [decreasing federal support](#). Such an investment would allow HBCUs to better serve students and families of color by both reducing their need to borrow to obtain an education and eliminating the student debt held by these families. Considering that HBCUs provide access to higher education for structurally marginalized students, such an investment would allow these institutions to provide an array of reparative support to their students. This may include but is not limited to minimizing the cost of tuition and fees, reducing the overall cost of attendance for students, reducing the need to borrow to obtain an education, and eliminating student debt held by students and families of color.

- **Make two- and four-year public colleges and universities and private MSIs tuition-free:** Finally, building on [proposals](#) from the Biden Administration and other [proposals](#) in Congress to meaningfully reduce the cost of obtaining a higher education, Congress should move to subsidize the full cost of tuition at all public colleges and universities, and all private historically black colleges and universities (HBCUs) and MSIs. Further, to the extent possible, states should also move to increase public funding for MSIs and HBCUs.

While a universal approach here would absolutely benefit wealthier students, Congress could decide to target the subsidy to families earning under a certain amount (as separate proposals from President Biden and from U.S. Representative Pramila Jayapal (WA-07) and U.S. Senator Bernie Sanders (VT) suggest), thus ensuring that support goes to students who have the greatest need. Ultimately, guaranteeing debt-free education for all would elevate our higher education system to be on par with our K-12 system as being a true public good. More



importantly, making higher education tuition free—especially at MSIs and HBCUs, [which do a tremendous job of serving Black students](#)—would help to further ensure that students of color are not saddled with debilitating life-long debt.

## **Eliminate For-Profit Schools and Establish Strict Oversight of Schools Converting to Nonprofit Status**

- **Bar for-profit schools and universities from receiving federal financing:** Too often, for-profit colleges and universities—which are more expensive and ineffective than traditional, public higher education schools—predominantly prey on Black, Latine, and low-income students. Antithetical to where our higher education system needs to move toward, these institutions drive students to enroll in high-debt programs with the sole purpose of [exploiting](#) and extracting as much financial resources from students as possible. To this point, [for-profit schools are responsible for 50% of student-loan defaults, despite only enrolling 10% of U.S. college students](#). If we are going to create a fairer, more equitable higher education system for all, we must remove for-profit institutions from the equation altogether and instead help communities of color attend institutions that create stronger long-term outcomes for the students they serve.

As a racially conscious policy, barring for-profit institutions from receiving federal financing will ensure that the future of our higher education system is based on equity, access, and fairness for all and serves the best interests of students of color specifically and the public good at large.

- **Provide stringent oversight of for-profit schools that convert to nonprofit status and of schools that provide online education services:** In addition to barring for-profit schools from receiving federal student aid dollars, the federal government must also take steps to prevent for-profit institutions from circumventing the law. For example, [converting from a for-profit to tax-exempt nonprofit](#) is one of the many loopholes used by for-profit schools to continue perpetuating their underhanded methods. By establishing stricter rules on when and how for-profit colleges can convert their operations, the federal government can further protect

students of color from falling victim to the behavior and actions of predatory for-profit institutions seeking to re-brand themselves.

At the same time, considering the concerning rise of [online program managers](#)—which are for-profit companies that partner with colleges and universities to run their online program often at exorbitant costs—the federal government should establish rules to curb the costs of these inflationary programs. Additionally, the federal government should require all institutions to reveal which for-profit companies they use to provide online education.

### **Cancel All Student-Loan Debt**

- **Eliminate all forms of existing federal and private student-loan debt:** While the aforementioned policies would lead us in the direction of guaranteeing a debt-free college education to all future generations, the foundation for a Liberation Economy demands we address the current [\\$1.76 trillion](#) student-debt crisis that has weighed down generations of students and their families.<sup>4</sup> To this end, Congress should put forward legislation to completely wipe away this massive debt burden shared by millions of students and their families. At the same time, despite the Supreme Court blocking President Biden’s student-debt relief program, the administration should continue to use and seek clear legislative and regulatory authority it has through the Public Student Loan Forgiveness program, Income-Driven Repayment (IDR) plans, the Higher Education Act of 1965 and other measures to completely eliminate or significantly reduce student debt loan balances.

Finally, alongside student-debt cancellation, Congress and other appropriate federal agencies must direct all credit bureaus to permanently remove delinquency reports and collections for past and current student loans. Working in tandem with debt-free college proposals, eliminating student debt would allow us

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<sup>4</sup> Though the federal government is best positioned to address the existing student-debt crisis, colleges and universities can, if they choose to do so, begin addressing this issue now through funding made available through the federal emergency HEERF program, which allows for funding to be used to cancel student debt and/or reduce the balances due by students.

to create a higher education system that truly serves and supports all students of color.

## The Road Ahead to Liberation

Creating debt-free college will require structural policy change. But not all policies will dismantle the [Oppression Economy](#) and build toward a [Liberation Economy](#), nor will they come to fruition on their own. As a national movement-support organization building the power of people of color to totally transform the economy, we believe that those closest to the problems are best suited to develop, shape, and advance the solutions that will get us to where we need to go.

This brief, [which is part of an ongoing series of resources](#), aims to provide organizers with bold policy platforms and policy design frameworks that can be used to guide conversations with their communities and policymakers about how policy can be shaped to advance racial justice. We invite you to use and refine the information in this brief in whatever ways are most helpful for your work and your community. We also invite you to further develop this idea with [Liberation in a Generation](#).

To build a [Liberation Economy](#) in one generation, we must ensure that advocates, community organizers, residents, and other proven and emerging leaders of color are empowered and at the center of the work to create an economy where all people of color can truly prosper.

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Liberation in a Generation is a national movement support organization building the power of people of color to totally transform the economy—who controls it, how it works, and most importantly, for whom. We bring together advocates, community organizers, economists, and other proven and emerging leaders of color across the country to build a Liberation Economy, within one generation.

[www.liberationinageneration.org](http://www.liberationinageneration.org)