

Affordability

College is not affordable for many Latino students. They often adjust their attendance patterns to leverage financial aid insufficient to their needs. Additionally, recent economic challenges have disproportionately impacted Latinos' incomes, making it harder to afford a postsecondary education. Policymakers should simplify for students the navigation of financial aid systems and provide additional funding to programs that support Latino student success.

How can policy help Latinos afford a degree?

1. **Reduce unmet financial need to pay for college by including basic needs in financial aid calculations.**

The cost of attending an institution of higher education includes more than just the price of tuition and fees, especially for post-traditional students (who are low-income, often attending part-time, caring for dependents while enrolled, and/or transferring institutions).¹ For example, over half of Latina students are also caring for dependent children, and a majority of Latino adults work more than 30 hours per week and are more likely to enroll part-time to make college more affordable.²

Data show that Latino students have unmet basic needs that are not covered through current financial aid, creating a barrier to college access, retention, and completion. For example, 25 percent of Latino students report experiencing food insecurity, and approximately eight percent report experiencing homelessness.³ Additionally, Latino students list "transportation issues" as a reason for leaving their college program at a rate that is 19 percent higher than non-Latinos.⁴ Providing basic needs and security to Latino, and all students, is crucial to their learning and success.

Latino students face a large gap in unmet need (Unmet Need = Cost of Attendance (COA) - Expected Family Contribution (EFC) - Grants and Scholarships). On average, after grants and scholarships, Latino students still have \$6,352 in unmet need, compared to their White peers, whose full cost of attendance is covered.⁵ These are high out-of-pocket expenses, particularly for Latino students whose average family income is significantly lower (\$65,221) than White students (\$129,431).⁶ Additionally, these financial barriers are most evident for low-income students, as they would need to contribute nearly 150 percent of their household income to cover the cost of attending college full-time, even after grants and scholarships.⁷ Even further, Latino students are less likely to accept federal loans than other racial groups (except Asians) to pay for college. Thus, federal grants and scholarships should cover this unmet need so that college is affordable for Latino students.

America's economy depends on an educated workforce, and Latinos' labor force participation over the next decade is expected to increase. Thus, the education of Latinos is critical for the U.S. to meet its workforce demands. However, if college continues to be unaffordable, students will not attend. To ensure a skilled workforce, we must make college affordable for Latino, and all, students.

2. **Double the Pell Grant and make it a fully mandatory program.**

Latinos are already active participants in the Pell Grant program, and doubling the amount can make postsecondary education more affordable for them. *Excelencia's* research using federal data has found that Latinos are more likely to receive a Pell Grant (49%) compared to state aid (30%), federal loans (29%), or institutional aid (23%).⁸ Latinos receive a larger average Pell Grant than their peers (\$4,246 vs. \$4,120 for all).⁹ At institutions in *Excelencia's* President's for Latino Student Success ([P4LSS](#)) network and [Seal of Excelencia](#) certified institutions, students are more likely to receive Pell Grants (40% and 42%, respectively) compared to 36 percent nationally.¹⁰

The current maximum Pell Grant award is far from enough to cover the full cost of college. When the Pell Grant was first established, the maximum amount covered the majority of a student's cost of attendance.^{11,12} Today, the maximum (\$7,395) only covers about a quarter of college costs; Latinos

receive, on average, 69 percent of the maximum amount, leaving them with steep costs to cover.^{13,14} Additionally, Pell Grants are currently subject to annual renewals of funding from Congress (discretionary) instead of guaranteed annual funding, like Social Security (mandatory). Making the Pell Grant a fully mandatory program guarantees students receive their funds.

3. Incentivize FAFSA completion to increase access to financial aid.

Policies like mandatory FAFSA completion have demonstrated positive impacts for Latino students. In Texas, early evidence indicated that the mandatory policy led to increases (62% to 73%) in FAFSA applications during the 2021-22 school year across the board, with students living in poverty and Latino students seeing the largest increases.¹⁵ This is particularly impactful for the Latino community since they make up 40 percent of the Texas population.¹⁶ With the same statewide percentage of Latinos (40%), California, which implemented mandatory FAFSA completion in 2021, ranks among the highest in FAFSA completion (65%). Louisiana, where six percent of the population is Latino, was the first state to implement such a requirement. The state effectively closed the gap in FAFSA completion between "low-income" and "high-income" school districts – with disparate districts now having nearly equal completion rates.^{17,18}

In recent years, there has been a push by states to increase FAFSA completion so more students receive financial aid. A notable policy to address this is "Mandatory FAFSA" which looks different in various states. For example, Texas passed a new performance-based funding policy that offers a financial incentive to schools to maximize FAFSA completion. California mandates that school districts, charter schools, and county offices of education require high school seniors to complete the FAFSA, or parents and students over age 18 can complete an opt-out form.¹⁹ Lastly, until recently, Louisiana required high school seniors either complete the FAFSA in order to graduate or submit an opt-out waiver.²⁰

The rising cost of college has become a significant concern for many students to access higher education. For many Latino students, the cost of attending college poses a major barrier to continuing their education. Financial aid is crucial as Latinos' average family income is significantly lower than most racial/ethnic groups. Latino students' average family income (\$65,221) is lower than Whites' (\$129,431), all students' (\$104,479), and Asians' (\$104,184).²¹

In addition, many first-generation and low-income students are impacted by limited access to information about funding. Latinos are more likely to be first-generation college students (51%) than other racial/ethnic groups.²² This presents a challenge to navigating the financial aid process. In fact, 34 percent of Latino students did not complete the Free Application for Federal Student Aid (FAFSA) because they or their family did not have enough information about how to complete it, compared to 18 percent of White students.²³ FAFSA is an important step to receive financial assistance. However, each year, many students who are eligible for aid do not complete the FAFSA, leaving on average \$2,297 in federal and institutional grant aid unused.²⁴ Incentivizing states to mandate FAFSA completion could increase federal aid for Latino, and all, students.

4. *Revise the Federal Work-Study distribution formula to more strategically support students with high financial need, reduce administrative burdens to program participation, and increase funding for the program.*

As students prepare for a continually changing workforce, the Federal Work-Study (FWS) program can help Latino students access experiential learning opportunities, like internships. It also supports students' ability to access on-campus resources, which can increase retention and completion. However, Latinos access to the program is limited because of its set-up, but addressing the formula, administrative burdens, and increasing funding can improve access.

First, Federal Work-Study is allocated based on a formula that prioritizes an institution's previous participation in the program, a disadvantage for the institutions where Latinos enroll. The formula's Base Guarantee ensures institutions in the program in 1999 receive the same amount each year. Over half (51%) of FWS recipients are at private four-year institutions.²⁵ Fewer funds are distributed to institutions that have a higher concentration of low-income and Latino students, such as community colleges. Currently, only four percent of Latinos receive Federal Work-Study aid.²⁶

Second, administrative hurdles to FWS participation can make it difficult for the institutions where Latinos enroll to participate. Colleges must match the amount they receive—or apply for a waiver—and cover the administrative costs of the program.²⁷

Third, funding levels for FWS have remained stagnant over the last decade, despite increased student enrollment, particularly among Latino students. Currently, about \$2,340 is allocated per FWS participant.²⁸ Without additional funding, the institutions where Latinos enroll are unable to access FWS, limiting Latinos' participation.

¹ Excelencia in Education. (2013) *Using a Latino Lens to Reimagine Aid Design and Delivery*. Washington, D.C.: Excelencia in Education. <https://www.edexcelencia.org/media/150>

² Excelencia in Education. (April 2024). *Latinos in Higher Education: 2024 Compilation of Fast Facts*. Washington, D.C: Excelencia in Education. <https://www.edexcelencia.org/research/publications/latinos-higher-education-2024-compilation-fast-facts>

³ U.S. Department of Education, National Center for Education Statistics, 2019-20 National Postsecondary Student Aid Study (NPSAS:20).

⁴ Sablosky, K., Dorrance, J., Agans, R. (September 2020). *Debt, Doubt, and Dreams: Understanding the Latino College Completion Gap*. Washington, D.C.: UnidosUS.

⁵ Institute for Higher Education Policy (August 2023). IHEP Analysis of the National Postsecondary Student Aid Study, 2019-2020. Washington, D.C.: IHEP.

⁶ Excelencia in Education. (April 2024). *Latinos in Higher Education: 2024 Compilation of Fast Facts*. Washington, D.C: Excelencia in Education. <https://www.edexcelencia.org/research/publications/latinos-higher-education-2024-compilation-fast-facts>

⁷ Institute for Higher Education Policy (August 2023). IHEP Analysis of the National Postsecondary Student Aid Study, 2019-2020. Washington, D.C.: IHEP.

⁸ Excelencia in Education. (April 2024). *Latinos in Higher Education: 2024 Compilation of Fast Facts*. Washington, D.C: Excelencia in Education. <https://www.edexcelencia.org/research/publications/latinos-higher-education-2024-compilation-fast-facts>

⁹ *Ibid.*

¹⁰ Excelencia in Education. (April 2024). Presidents for Latino Student Success Network and Seal-Certified 2024 Profile. Washington, DC.

¹¹ Excelencia in Education analysis of Congressional Research Service, *Federal Pell Grant Program of the Higher Education Act: Primer*.

¹² Excelencia in Education analysis of U.S. Department of Education National Center for Education Statistics, 1976–1977, *Institutional Characteristics of Colleges and Universities*.

¹³ Excelencia in Education analysis of U.S. Department of Education, National Center for Education Statistics, 2019-20 National Postsecondary Student Aid Study and Federal Student Aid.

¹⁴ Excelencia in Education analysis of U.S. Department of Education, 2019-2020 Federal Pell Grant Payment and Disbursement Schedules

¹⁵ Kim Won, Sie. (April 2023). *How a Mandatory FAFSA Completion Policy in Texas Could Improve College Access*. Urban Institute.

¹⁶ Excelencia in Education Analysis using the U.S. Department of Education, National Center for Education Statistics (NCES), Integrated Postsecondary Education Data System (IPEDS), 2021 Fall Enrollment, Graduation Rates Survey and Institutional Characteristics Survey.

¹⁷ *Ibid.*

¹⁸ Universal FAFSA Completion With Supports. (n.d.) *National College Attainment Network*. 2023.

¹⁹ Legislative Counsel Bureau. AB 469 Pupil instruction: financial aid applications. (2021-2022). <https://legiscan.com/CA/text/AB469/id/2436165>

²⁰ Granville, Peter. (July 2020). Should states make the FAFSA mandatory?. The Century Foundation.

²¹ Excelencia in Education. (April 2024). *Latinos in Higher Education: 2024 Compilation of Fast Facts*. Washington, D.C: Excelencia in Education. <https://www.edexcelencia.org/research/publications/latinos-higher-education-2024-compilation-fast-facts>

²² *Ibid.*

²³ Bahr, S., Sparks, D., & Hoyer, K. M. (December 2018). *Why Didn't Students Complete a Free Application for Federal Student Aid (FAFSA)? A Detailed Look*. National Center for Education Statistics.

²⁴ Granville, Peter. (July 2020). Should states make the FAFSA mandatory?. The Century Foundation.

²⁵ National Association of Student Financial Aid Administrators. (September 2023). *National Student Aid Profile: Overview of 2023 Federal Programs*. Washington, DC: National Association of Student Financial Aid Administrators.

²⁶ *Ibid.*

²⁷ Siqueiros, Michelle. (September 2020). *Expanding Federal Work-Study Opportunities for California Community College Students*. Los Angeles, CA.

²⁸ Scott-Clayton, Judith. (July 2021). *Participation in Federal Work-Study*. Community College Research Center: Teachers College, Columbia University.