THIRD WAY

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What Can $20 Billion Buy in Higher Education?

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In the 2021 academic year, $20 billion in taxpayer dollars were allocated to accredited colleges that graduated less than *half* of their bachelor's degree-seeking students. [1] That's $20 billion flowing from the federal government to institutions of higher education that leave at least one in two students degreeless and with student debt they'll struggle to repay. That amount of funding could go a long way toward improving students' ability to attend college, stay enrolled, and get across the finish line to graduation.

When we talk about federal funding in the billions, it can sound like monopoly money. With that much money, someone could buy the Dallas Cowboys, the New York Yankees, *and* the Boston Celtics. [2] Or they could buy all 336 million Americans 40 Costco hot dog and drink combos *each*. [3] But if those taxpayer dollars were directed to improving college affordability, student outcomes, and institutional infrastructure, what could $20 billion buy in higher education? Below are five scenarios that demonstrate how far $20 billion can go in federal investments for higher education.

2,000 Awards to Help Students Across the Finish Line to Graduation

The national average college completion rate is only 62%—and has barely budged in recent years. [4] A $20 billion investment in the Department of Education's Postsecondary Student Success Grant (PSSG) program could support 2,000 new awards—at double the amount of the current average grant—to help students get across the finish line to graduation. The PSSG program equips institutions with funding to implement evidence-based practices to boost students' retention, transfer, and completion rates. Since the program's 2022 launch, 15 grantees have received PSSG funding, and the average award for the 2023 grantees was $5 million. [5] If we doubled the award amount to $10 million per grant, $20 billion would fund 2,000 PSSG grants to help institutions make significant strides in graduating their students and improve students' return on their tuition investment.

700 Grants to Transform Minority-Serving Institutions' Infrastructure

$20 billion could provide 700 transformational research grants for minority-serving institutions (MSIs) through the Research and Development Infrastructure (RDI) program. RDI funding provides MSIs with grants to improve their capacity to conduct advanced research. [6] Funding can be used in a variety of ways: to improve physical facilities, hire and retain faculty, update research infrastructure, invest in graduate programs, and create campus research centers, for example. [7] Many MSIs need infrastructure improvements and replacements, including backlogs of buildings in need of repairs or replacement at almost half of Hispanic-Serving Institutions. [8] The Biden Administration dedicated $48 million to 11 institutions through the RDI program in 2023 at an average grant value of $4.4 million. [9] With an additional $20 billion, the Department of Education could fund grants of more than $25 million for all MSIs—about 700 total. The additional funding would be game-changing in improving and sustaining MSIs' infrastructure, research efforts, and learning opportunities for students.

A $3,000 Pell Grant Boost to Promote College Affordability

Pell Grants deliver around $30 billion in annual aid for students with high financial need. [10] But even at the current maximum award of $7,395, the grant covers less than a third of the cost to attend a four-year public college.[11] An additional $20 billion would mark a 77% increase in funding dedicated to the Pell Grant, which would help the grant keep up with inflation and the rising costs of college. If distributed equally across the six million current recipients, each Pell student would be equipped with an additional $3,000 to help them afford their college education.[12] This would also make a dent in doubling the maximum Pell Grant to help the highest need students afford college. Doubling Pell would cost more than $66 billion a year, more than twice current funding levels.[13] An additional $20 billion would help get program funding to more than three-quarters of the way there.

$20 Million Grants to Fund Campus-Based Child Care at Every Community College

Almost a quarter of undergraduate students are student parents, and many struggle to find high-quality, affordable child care near school.[14] The Child Care Access Means Parents in School (CCAMPIS) program aims to remedy that by funding campus-based child care programs for low-income student parents.[15] Last year, the Department of Education awarded 264 grants at an average award amount of $317,000 per campus.[16] But even as CCAMPIS has been funded at higher levels, the four-year grants are capped at $500,000 total, and the program only reaches a fraction of the five million student parents in the country.[17] By eliminating the grant maximum and allocating $20 billion across the 921 public community colleges in the nation, each school could receive more than $20 million over four years. That's $5 million a year to empower low-income student parents to pursue and finish their degrees with access to convenient, quality child care.

400 Grants to Support Low-Income Students' Postsecondary Success

The Strengthening Institutions Program (SIP) supplies grants to under-resourced institutions that enroll high proportions of students receiving need-based financial aid to build institutional capacity and better serve low-income students.[18] Grantees can use funds to purchase laboratory equipment, fund financial literacy courses, secure better internet quality, offer tutoring programs, and more.[19] Last year, $127 million was allocated to SIP projects across 301 institutions at an average of about $400,000 per award.[20] A $20 billion commitment to SIP could guarantee increased, long-term funding for every SIP-eligible institution. This year, there are 1,385 institutions eligible to apply for and receive SIP funding.[21] $20 billion could equip every eligible institution with more than $14 million for projects to establish the academic, institutional, and fiscal stability to support low-income students.

Conclusion

The Department of Education does not have access to unlimited federal funds—every dollar counts. Policymakers make tradeoffs about how to best support students and institutions with limited funding, and it is valuable to consider how those dollars are spent and if they could be used more efficiently. Through targeted, evidence-based solutions, $20 billion could transform college affordability, student success, and institutional infrastructure—or continue to prop up schools that fail to get most of their students through to a degree.

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