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#RealCollege Statement on the American Rescue Plan Act

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President Biden recently signed into law the [American Rescue Plan \(ARP\) Act](#). This financial relief package provides much-needed support for students, families, and higher education institutions. The bill provides nearly \$40 billion for colleges and universities, including over \$19 billion in emergency grant aid for students and almost \$3 billion for Historically Black Colleges and Universities and other Minority Serving Institutions.

The ARP provides support for #RealCollege students in several additional ways. It extends Supplemental Nutrition Assistance Program (SNAP) supports through September 2021. It also provides an additional \$1,400 in economic stimulus payments that include college students for the first time. The ARP expands the Child Tax Credit (CTC) to provide monthly benefits to millions of parents and parenting-students and provides further financial assistance for homeless and housing-insecure families.

Our [2021 Federal Policy Agenda](#) calls for systemic reforms to address intersecting racial and structural inequities, a threadbare safety net, and the perpetual underfunding of public higher education and Minority-Serving Institutions. Access to supports, as we see in the ARP, will [improve students' likelihood of completing a degree or credential](#). The Hope Center encourages the Biden-Harris Administration and Congress to continue to center students' humanity and reflect their experiences by modernizing social and higher education programs.

EXPANSION OF THE HIGHER EDUCATION EMERGENCY RELIEF FUND (HEERF)

The American Rescue Plan Act investment of \$39.8 billion for colleges and universities builds on prior investments. Together, the [CARES Act](#), the [Consolidated Appropriations Act](#), and the recent American Rescue Plan Act total almost \$78 billion to support higher education through the Higher Education Emergency Relief Fund (referred to as HEERF I, II, and III, respectively). These new funds will be disbursed under the same formula as the Consolidated Appropriations Act, allocating resources to institutions that enroll more part-time students [more equitably](#).

A [growing body of evidence](#) demonstrates that emergency aid is an effective and efficient tool to address students' basic needs if [administered well](#). Congress mandated that institutions designate a significant portion of HEERF funds to students in the form of emergency aid, underscoring the importance of giving students cash and trusting them to address their expenses. Colleges have been working to distribute aid to students, totaling about \$31 billion, during a pandemic without consistent [information on eligibility](#) or how to target students with the greatest need. These challenges have delayed aid distribution and forced many institutions to rely on student data from the Free Application for Federal Student Aid (FAFSA).

Critically, institutions are required to use a portion of the institutional (non-emergency grant) share of new allocations to implement evidence-based practices to mitigate COVID-19. This includes outreach to students regarding Professional Judgment (PJ), the ability to receive financial aid adjustments due to changes in economic circumstances such as unemployment, and supporting emergency aid distribution. Given the upheaval in financial cases caused by the pandemic giving students information that may increase their financial aid packages is a welcome addition to the rescue bill.

The bill also provides \$91 million for Student Aid Administration within the Department of Education. These funds are to prevent, prepare for, and respond to coronavirus, including direct outreach to students and borrowers about financial aid, economic impact payments, means-tested benefits, and tax benefits for which they may be eligible. These funds are crucial to helping students fill out the FAFSA, and more so now, given the [decline in FAFSA filings](#) over the past year. The number of students who may need to appeal because of a dramatic change in their financial circumstances has increased. Finally, the rescue plan treats any student loans forgiven or discharged from 2021 through 2025 as tax-free, helping the millions of borrowers struggling with debt through the pandemic and beyond.

ACCESS TO THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)

The ARP extends the 15% increase to monthly benefits under SNAP, previously scheduled to lapse on June 30th through September 30th. It also provides \$1.15 billion to states for SNAP administration and \$1 billion for grants for nutrition assistance programs in U.S. territories. This extension will help [millions of people](#) combat food insecurity. Research shows that [SNAP benefits](#) and [removing barriers to access](#) to those benefits are proven to reduce food insecurity, supporting student success.

While the increase to SNAP will benefit millions of people, eligibility barriers are pervasive for college students. Public support programs, including SNAP, the Temporary Assistance for Needy Families (TANF) program, and the Child Care Development Block Grant (CCDBG), are rife with restrictions on postsecondary attainment. These policy barriers, rooted in the “work first” trope, serve only to force people to choose between pursuing a college credential or subsisting in perpetuity on low-wage work, creating a poverty trap.

In an economy in which the vast majority of new jobs created require some form of postsecondary credential, we encourage Congress to remove the barriers students face in accessing basic needs support. Making permanent the SNAP student [exemptions](#) under the Consolidated Appropriations Act will help more students afford groceries.

EXPANDED STIMULUS CHECKS AND INCOME SUPPORT

The ARP provides a round of \$1,400 direct payments to individuals. Many students were excluded from previous economic stimulus payments. We applaud the decision to include direct payments to all students, regardless of dependent status. This [crucial improvement](#) will allow many college students, or their parents, to better address immediate financial needs or pay off debts incurred since the beginning of the pandemic.

The extension of stimulus payments is critical for students. Whether the student receives the credit or their parent if they are a dependent, the need is significant. The pandemic has devastated higher education. Colleges closed campuses, students lost jobs, and are facing food and housing insecurity. We only need to look at [recent enrollment data](#) to recognize the crisis students face enrolling or continuing a college credential.

The American Rescue Plan Act also extends [Federal unemployment assistance programs](#) established via the CARES Act. These programs, designed for workers who have been affected by the pandemic, were set to expire on March 14th, 2021. They were extended through September 6, 2021, and the total number of weeks of benefits available to individuals who could not return to work increased to 79 weeks from 50. This extension of unemployment benefits [is critical](#) for #RealCollege students and their families.

MINIMUM WAGE

[Seventy percent](#) of full-time students are employed, and students with low incomes are more likely to be employed full-time while attending school. Increasing the minimum wage is [a college completion issue](#); an increase in the federal minimum wage means students can take on fewer jobs and even work fewer hours to better focus on completing their degree.

The consequences of persistently low wages have had disastrous implications for #RealCollege students, [most of whom work while in school](#). Unfortunately, too many policymakers have been operating under dated assumptions that students today can work their way through school with a part-time job. Research indicates that [working more hours may harm student success](#). Even when jobs are available and do not conflict with classes, a part-time minimum wage job [does nothing](#) to help students afford college and cover basic expenses.

The federal minimum wage has remained unchanged at \$7.25 per hour since 2009, and efforts to increase the minimum wage in this round of economic relief were unsuccessful. While the version of the relief bill passed through the House increased the federal minimum wage for employees from \$7.25 per hour to \$15 per hour by 2025, the measure did not meet the criteria required for inclusion in the Senate budget reconciliation process.

We urge Congress to increase the minimum wage immediately, which would help millions of working #RealCollege students stay in school, focus on their studies, and pay for the rising price of college and basic needs.

CHILD TAX CREDIT EXPANSION AND CHILDCARE RELIEF

Today, at least one-in-five students are parenting a child while enrolled, and basic needs insecurity is [exceptionally high for parenting students](#). According to our 2019 #RealCollege Survey, over half of parenting students reported facing recent food insecurity. Over two-thirds faced housing insecurity in the previous year, while one-in-six experienced homelessness. The ARP makes several landmark investments in families with children that will reduce poverty. Significant improvements were made to the CTC and a

\$15 billion investment in the CCDBG program, including an additional \$24 billion for a stabilization fund for eligible child care providers. When more parents can meet their basic needs and access [child care](#), they are more likely to attempt or stay enrolled in college to improve their economic mobility.

The ARP makes significant essential changes to the CTC. The changes include an increase in the credit amount, full refundability, extension to dependents ages 17, and monthly payments of the CTC to eligible families. Currently, the CTC is [only partially refundable](#). Full refundability allows taxpayers, even if they do not owe taxes for that year, to receive the total amount back as a refund if the amount of their credit is more than the amount of taxes due. The change to full refundability for the 2021 tax year will help more families access the credit. Under the current structure, many do not benefit from the CTC, especially [Black and Latinx](#) families. The CTC changes will help more families, significantly [reducing child poverty](#) and improving the [equitable distribution](#) of this tax credit.

The American Rescue Plan increases the CTC amount from the current \$2,000 per child to \$3,600 for children age 5 and younger and \$3,000 for children ages 6 to 17, which was previously limited to dependents up to age 16. Many families may receive the benefit monthly, up to \$300 a month per child from July through the end of 2021. These additional supports [will be a lifeline](#) to parenting students that will help them better meet expenses as they occur, rather than waiting until tax time the following year. It also ensures that students and families facing unexpected expenses have a slightly larger cushion, potentially preventing them from dropping out or discontinuing their education.

While this benefit will expire at the end of the year, we urge Congress to extend this benefit beyond 2021 and make it permanent.

INCREASED HOUSING SUPPORT

The relief bill includes \$21.55 billion for emergency housing assistance. The funds may be used for rental assistance for those experiencing financial hardship, homelessness, or housing instability. The ARP allocates \$5 billion in emergency housing vouchers to help people experiencing or at risk of homelessness, \$750 million for Native American and tribal housing needs, and \$100 million for rural housing needs.

During the spring of 2020, at the outset of the pandemic, [15% of four-year students and 11% of two-year students](#) experienced homelessness due to the pandemic. Addressing housing insecurity is fundamental to ensuring students stay enrolled. We urge housing administrators at every government level to ensure these funds reach #RealCollege students and encourage a portion of rental relief to be targeted to those who are pursuing a postsecondary credential.

SUPPORT FOR HEALTHCARE

The American Rescue Plan Act provides \$34 billion to help Americans who buy insurance on the Affordable Care Act's exchanges and caps health insurance payments for all Americans to 8.5% of household income through the end of 2022. The plan also allows individuals eligible for COBRA insurance coverage to maintain

their employer-sponsored coverage without having to pay a portion of the premiums through September 30, 2021.

LOOKING FORWARD

The American Rescue Plan Act is an important step not only for #RealCollege students but for all Americans struggling to make ends meet. Millions of lives have been lost, and millions more are suffering due to the pandemic. As we look to a post-pandemic future, we must recognize that effects of the pandemic were exacerbated by failures that existed long before COVID-19. The pandemic only further exposed [systemic racism](#) and a petrified system of programs and structures that have failed to evolve. Higher education is [no exception](#). Our nation's postsecondary system has struggled to adapt to the students it is serving. The policies and practices that have governed higher education for decades no longer reflect most students needs, nor the realities of combining work and caregiving responsibilities with college attendance.

While this law makes significant investments, the work is far from over. We urge Congress and the Administration to build on this plan and expand programs set to expire after the COVID-19 pandemic. We believe it is time for federal and state policy to reimagine what it means to support #RealCollege Students. The stark racial and wealth inequalities that have only become worse during the pandemic require a new approach to higher education that embraces #RealCollege students. Our [2021 federal policy agenda](#) lays out a way to do just that. Expanding access to nutrition, childcare, housing, and other programs and better aligning them with higher education pursuit are vital. Finally, we must fulfill our nation's promise of economic opportunity by adequately funding institutions that serve #RealCollege students and ensuring they have enough financial support to complete their education.