

2021–2025

# State Policy Agenda



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FOUNDATION

# Our focus is on helping states achieve racial justice and equity

By **Danette Howard** and **Scott Jenkins**

Progress is about partnerships—in racial justice and education as surely as anywhere else.

In Lumina’s case, as we embrace a national goal of ensuring that by 2025, 60 percent of working-age adults have a quality credential beyond high school, that means partnering with others and encouraging best practices across the country through our state policy agenda.

We understand that learning after high school is necessary for economic opportunity and social mobility, and we also know that systemic, structural barriers have led to unfair and unjust educational outcomes by race and ethnicity. Our equity-focused policy agenda seeks to address this issue. State leaders have an opportunity to identify and root out the laws, policies, and practices that have effectively denied students of color the higher levels of educational attainment they deserve.

Our efforts to assist them are part of a broad Lumina effort, our [equity-first framework](#). This is designed to help ensure that the economic and pandemic recovery mean progress for everyone—not simply a return to a “normal” that was never just or sufficient. As part of that effort, we’ve set aside \$15 million in a [Racial Justice and Equity Fund](#) to support social justice organizations and efforts. We also have developed research-based [communication tools](#) to help persuade people of the need for racial justice and equity.

This work is important because Black, Hispanic, Latino, and Native American people often are denied learning opportunities and the support they need to succeed. The attainment rate for post-high school learning among Hispanics remains at 25.5 percent, while the attainment of associate and bachelor's degrees among

working-age Americans has increased during the past five years to 44 percent. Among Black adults, 32 percent have college degrees, compared with 49 percent for white Americans. For both Hispanic and Black adults, disparities have diminished by less than one percentage point within five years—and they’ve grown in some states.

And these conditions did not occur by accident—they are the result of deliberate policies, practices, and beliefs that have built systemic barriers.

We see the results etched in the nation’s disturbing economic data: As noted by Columbia University law professor Susan Sturm, “the [median wealth](#) of White families is 20 times that of Black families and 18 times that of Latinx families. This economic inequality is [compounded](#) by structural racism documented in the criminal justice system, education, housing, and employment.”

Our response must be equally deliberate and even more committed until we afford people of color the opportunity to build the educational foundation that we know leads to economic stability and civic vitality.

## Lumina’s state policy agenda calls for:

- Robust and equitable state financing of the public colleges, universities, and training centers that serve the greatest numbers and highest percentages of students of color, students from families with low incomes, and working-age adults.
- Coherent, comprehensive student financial aid resources that serve those in the greatest financial need, especially students of color.

- Fair and consistent systems for assessing and validating people’s knowledge and skills that include pathways for adult learners of color to earn quality credentials.

We’ll know we’re getting there when an outcome—such as earning a college degree or short-term credential—cannot be predicted by a person’s race or ethnicity. And we’ll know when justice is achieved when policies, practices, and root causes of inequitable outcomes have been eliminated.

**Racial equity is achieved when an outcome—such as earning a college degree or short-term credential—cannot be predicted by a person’s race or ethnicity.**

Leaders in several states are seizing the opportunity of this moment. Lumina has worked with Colorado, Massachusetts, Oregon, Tennessee, and Virginia to focus resources and policies toward better serving students of color and students from low-income families. There’s still much work to do, but we applaud these initial efforts.

We call on other states to follow their lead. And we encourage them to review Lumina’s policy agenda. We believe it can help any state foster and support a fair and just higher education system—one that serves all students well.

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## Introduction

As the landscapes of work and economic opportunity change rapidly, the country's need for talent has never been greater. Many more people will need education and training after high school if the United States is to remain competitive economically and secure socially. That is why Lumina Foundation works toward an ambitious national goal: By 2025, at least 60 percent of working-age Americans must hold some credential of value beyond a high school diploma. Meeting this goal for educational attainment is an economic imperative for the nation and is essential in helping us confront the continued cycle of racial injustice that afflicts our nation.

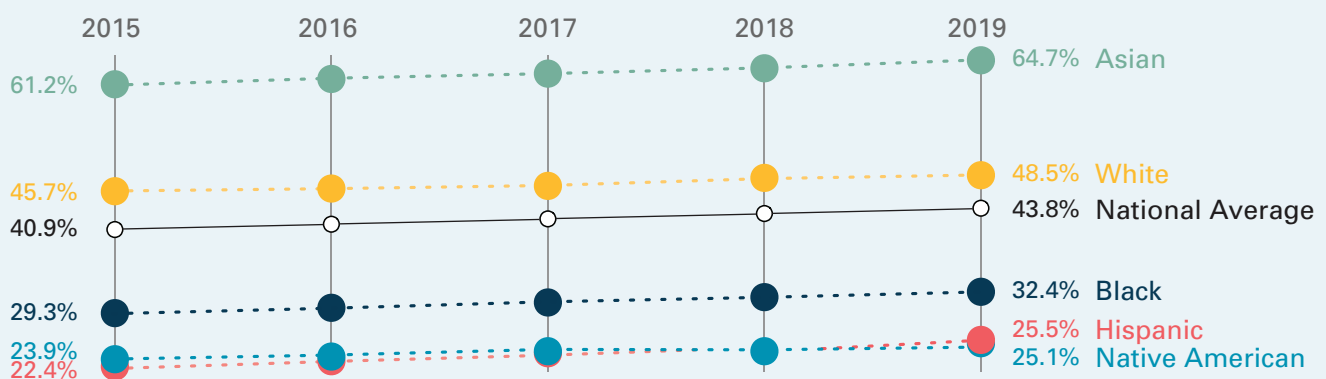
We have seen steady progress since Lumina set out to help more individuals complete formal learning after high school. Nearly every state has adopted robust attainment goals that promote efforts to achieve racial equity—a day when race and ethnicity no longer predict educational outcomes. Many states are changing laws and exploring policy solutions to increase attainment among people of color. These efforts have made a difference. In just over a decade, the proportion of working-age adults with at least an associate degree has increased by six percentage points to 44 percent. In addition, when short-term credentials such as certificates and industry-recognized

**To meet the national goal of 60 percent of adults with a college degree or other quality credential by 2025,** Lumina Foundation's work is necessarily aimed at helping Black, Hispanic, Latino, and Native American students succeed. Because we recognize that these groups face multiple, related forms of structural racism, our work also focuses on the intersection of race and ethnicity with income and immigration status and on working-age adults who lack social advantages. This policy agenda aims to address the needs of students of color and is likely to benefit people in other groups that have been ill served by state policy decisions.

## Disparities in educational attainment persist

Even as the nation makes progress, educational attainment remains unequal across racial and ethnic groups. In our society, where real opportunity depends on learning beyond high school, these persistent inequities harm us all as Americans.

Education beyond high school is key to increasing economic opportunity and social mobility. That’s why we know we must meet the 60 percent goal across race, ethnicity, income, and immigration status.



Values above do not include short-term credentials, only achievement of associate degrees and higher.

certifications are included, attainment stands at 52 percent. These gains have better positioned 12 million more Americans in the labor market. Through education and training, they are more resilient against economic downturns and have better quality of life as measured by income, civic participation, and well-being. However, attainment gains have not helped everyone equally. Pernicious flaws in our education systems—and in criminal justice, health care, and other systems that affect Americans’ lives—continue centuries of unequal and unjust opportunities and treatment for people of color, resulting in the disparate outcomes we see today.

Even as policymakers, advocates, college and university leaders, faculty and staff, and philanthropies intensify efforts to ensure education systems after high school serve everyone, these systems remain deeply flawed, producing unfair and unjust outcomes.

Despite our collective efforts, racial disparities remain and, in some cases, have widened. The racialized outcomes we see indicate these systems have been built in ways that exclude, rather than include, communities of color, people with low incomes, immigrants, working adults, and others who lack social



advantages.<sup>1</sup> These circumstances are unacceptable, and we believe policymakers must act now to confront—and eliminate—policies and practices that leave people behind.

The nation’s persistent disparities in educational outcomes strongly suggest that approaches which ignore racial barriers have done little to improve circumstances for Black, Hispanic, Latino,

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and Native American students.<sup>2</sup> By prioritizing policy choices that directly address structural racism in higher education, we can build a better-educated country while ensuring talent is represented fairly in the workforce—preparing the country for today’s and tomorrow’s challenges.

During the next several years, Lumina will work toward these objectives with policymakers, advocates, and other stakeholders. We will seek to undo policies that harm people of color and will explore policy solutions that bring us closer to racially just education and training systems.

State leaders have opportunities to identify and root out laws, regulations, and other policies that have long derailed educational attainment after high school for people of color. This state policy agenda calls on policymakers to focus on the following policy areas to address unfair and unjust outcomes, particularly among Black, Hispanic, Latino, and Native American people.

## Agenda overview

Lumina Foundation’s state policy agenda seeks to build a fairer, more racially just system supported by three pillars:

- Robust and equitable [state financing of the public colleges, universities, and training centers](#) that serve the greatest numbers and highest percentages of students of color, students from families with low incomes, and working-age adults.
- Coherent, comprehensive programs of [student financial aid](#) that serve those in the greatest financial need, especially among students of color.
- Fair and consistent systems for assessing and validating people’s knowledge and skills that create [inclusive pathways for adult students](#) of color to earn quality credentials.



## State financing of public colleges, universities, and training centers

States express values and priorities through public budgets. Unfortunately, state budgets often create funding environments that systematically shortchange the colleges, universities, and workforce training centers that serve most Black, Hispanic, Latino, Native American, and adult students. In the budget-writing process, highly selective, research-intensive universities prevail year after year over less selective regional public universities, minority-serving institutions, and community colleges.

More selective institutions have become less representative of their state populations. Meanwhile researchers have found that broad-access community colleges and universities serving disproportionate numbers of students of color receive much less public funding than these selective research universities.<sup>3</sup> Between 1999 and 2019, state spending at community colleges and bachelor's-granting institutions was, on average, more than \$1,000 less per year for a Black, Hispanic, or Latino student than for a white student.<sup>4</sup>

**States can address systemic finance barriers facing institutions that mostly serve students of color by taking three related steps:**

- **Be fair:** Review and evaluate data describing how public funding is distributed across institutions and sectors within a state, uncovering the extent of funding inequities that favor institutions and sectors that serve much lower percentages of students who are Black, Hispanic, Latino, and Native American, as well as adults and those from low-income families. These analyses should be used, as warranted, to reverse inequities by reinvesting in broad-access institutions and others that support adults of color. When budget cuts are necessary, officials should avoid across-the-board cuts that perpetuate

or worsen funding disparities favoring wealthier institutions that serve mostly white students.

- **Be smart:** Design student-centered funding models that direct money to the colleges and universities that serve students of color to reach state attainment goals. These models should:
  - Address specific institutional missions and enrollment diversity by increasing funding for institutions that serve the highest percentages of students of color.
  - Provide incentives to increase enrollments and support the persistence and completion of students from student populations that are Black, Hispanic, Latino, and Native American, adults without credentials beyond a high school diploma, and students from low-income families in any quality program leading to degrees or other credentials.
  - Commit sufficient, recurring allocations of operating funding to ensure students of color and those from families with low incomes are supported and successful.
- **Be focused:** Integrate new funding models into strategic plans for talent investment and economic development. Such talent finance plans should spell out the responsibilities of the state, students, employers, and education and training providers, ensuring shared accountability for racially just student success and talent development. They also should make the best possible use of federal dollars, including stimulus money, human services funding, income supports, workforce and college resources, tax benefits, and infrastructure investments.

# Student financial aid

Across the country, students and their families face significant barriers in paying for education after high school. Nearly one-third of all college students come from families living at or below the federal poverty line, while 36 percent struggle with not knowing where their next meal will come from, and nearly 10 percent lack stable housing.<sup>5</sup> The increasing expense of college, coupled with the diminishing purchasing power of financial aid, keeps Black, Hispanic, Latino, and Native American students from securing the knowledge and skills required for economic mobility. In addition, students must navigate complicated application processes and regulations that often can hinder them.

State policymakers can take the following steps to address college affordability challenges:

- **Analyze data to prioritize high-need students.** Examining data by race and ethnicity, age, immigration status, enrollment status, and other characteristics can help policymakers understand which students are well served by the state's financial aid system and which have been left behind. Modifications should be made to prioritize those students who could most benefit from financial aid but are not served well by existing programs.
- **Increase state funding for need-based aid.** While most state aid programs have a component based on financial need, 23 states still have undergraduate financial aid programs based solely on academic performance. These merit-based programs often disproportionately exclude students of color from low-income families, older students returning to college, and other students with significant financial needs. Need-based financial aid should be prioritized and used to assist those who need help, especially those from racial, ethnic, and income groups that these programs have disproportionately left out.
- **Broaden eligibility for need-based programs.** Need-based financial aid programs should target money to people who need it most. Yet, some eligibility criteria can exclude part-time students, students who transfer between institutions, and older adults. Policymakers can help improve these programs by:
  - Removing restrictions related to a student's age, the time elapsed since high school graduation, and part-time enrollment, all of which can unfairly penalize adults.
  - Reassessing academic standards when they disproportionately harm students of color who may have received unequal and unfair access to educational resources.
  - Ending requirements that disqualify undocumented students from receiving in-state tuition rates and state financial aid.
- **Allow state aid to be used for short-term credentials.** Quality short-term credentials—those leading to higher pay, better jobs, new careers, and further education or training—are vital in preparing people for work in emerging and high-demand fields. These credentials also can serve as steps toward earning degrees over extended periods. Policymakers should ensure that people who pursue these pathways—a more racially diverse population than the students in more traditional academic programs—receive the support they need to finish by making these credentials eligible for state financial aid.
- **Cover costs beyond tuition.** Students also can remain in school, reduce their need to borrow, and increase the likelihood of earning their degrees or other credentials if they can use state financial aid to cover expenses beyond just tuition and fees, such as transportation, housing and food security, and child care.
- **Simplify and streamline programs, processes, and communication.** Complexity limits fair and just access to financial aid. To remedy these barriers, states should focus on demystifying the financial aid process, consolidating programs, and simplifying eligibility criteria. Using tax filings to automatically qualify people for financial aid and other means-tested benefits, exploring options for automatically renewing student aid, and packaging aid in ways that facilitate affordability also can help ensure that financial aid systems better serve today's students.

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# Inclusive pathways for adult students

Earning a quality credential supports economic revitalization and improves individuals' lives. As states invest in short-term credential programs to upskill and reskill adults, they should ensure those credentials lead to higher pay, better jobs, new careers, and further education or training. Too often, short-term credentials are disconnected, not recognized for credit when adults return for more education or training.

To maximize public investments and save students time and money, states should build more inclusive pathways to ensure that students can apply existing knowledge to earn credentials. Processes and procedures for awarding credit for prior learning—especially knowledge and skills gained in short-term credential programs, on the job, or in the military—are often inconsistent. Few states ensure the learning that students can demonstrate when they enroll in college will actually count toward degree requirements.<sup>6</sup> States can help ensure that colleges do not make arbitrary and inconsistent decisions about accepting and applying the previously earned credit toward degrees or other credentials.

Inconsistent and confusing practices for awarding credits disadvantage all students, especially those more likely to attend regional public universities, minority-serving institutions, and community colleges. These students are disproportionately Black, Hispanic, and Latino, come from families with low incomes, are the first in their families to attend college, or are adults. While the policies that govern the recognition of learning and credit transfer are often institutionally based, states have a critical role to play in supporting inclusive pathways.

States should consider the following policies and practices:

- **Adopt and implement quality credential criteria.** These criteria<sup>7</sup> enable better use of resources from workforce

development agencies. States can consistently apply them to determine how certifications and other credentials might fit within academic degree pathways.

- **Validate and accept quality learning.** Require public colleges and universities to apply relevant credits earned from other in-state public institutions toward their programs.
- **Align financial incentives.** Build incentives for learning recognition into education funding to encourage colleges and universities to enable more students to earn credentials while accumulating fewer unnecessary credits.
  - Align state financial aid programs to ensure that students in quality programs have access to need-based financial aid.
  - Reward institutions that embed short-term credentials in academic pathways that have economic value and lead to further learning.
  - Provide additional funding opportunities for students who enroll in short-term credentials that are part of educational and career pathways.
- **Ensure proper oversight.**
  - Use state systems to collect course-level data and data about short-term credential programs, disaggregated by race and ethnicity and reported annually, to hold institutions accountable for how they award transfer credit.
  - Create a centralized and widely publicized appeals process that allows students to contest the denial of transfer credit.

## Lumina Strategy Labs can help

Lumina Foundation created Strategy Labs to help leaders across the country share research and data and network with peers. Through Strategy Labs, you can request support from Lumina and our state policy partners, including expert and peer consulting, nonpartisan, evidence-based research and advice, convening and facilitation support, and technical assistance funding. For information, visit <http://strategylabs.luminafoundation.org/>.



## Endnotes

<sup>1</sup> Research from the Racial Equity Institute shows that racial disparities persist in every system across the country, without exception (including child welfare, health, juvenile justice, and economic development) and that controlling for socio-economic status does not eliminate the effect of race (Measuring Racial Equity: A Groundwater Approach, 2021)

<sup>2</sup> In referring to some communities of color, Lumina Foundation uses the terms Black, Hispanic, Latino, and Native American. We acknowledge the complex history behind some of these terms and recognize that individuals within these communities may identify differently.

<sup>3</sup> 'Segregation Forever'? (2020), from the Education Trust; [How Higher Education Funding Shortchanges Community Colleges](#) (2015), from the Century Foundation; [Dire Disparities](#) (2019), from

the Institute for College Access and Success; and [Gaps in College Spending Shortchange Students of Color](#) (2018), from the Center for American Progress.

<sup>4</sup> See [Why Rich Colleges Get Richer & Poor Colleges Get Poorer: The Case for Equity-Based Funding in Higher Education](#) (2020) by Nick Hillman, Ph.D., for Third Way.

<sup>5</sup> <https://www.luminafoundation.org/campaign/todays-student/>

<sup>6</sup> See <https://alcpolicytoolkit.com/> from Research for Action; and [The Transfer Reset: Rethinking Equitable Policy for Today's Students](#) (2021) from the Tackling Transfer Advisory Board.

<sup>7</sup> See [Expanding Opportunities: Defining Quality Non-degree Credentials for States](#) (2019) National Skills Coalition.

