



Fund Sueños (the Dream Fund)

Colorado Mountain College Launches Student Success Initiative to Help DREAMers Pay for College

Fact Sheet

Overview

- Colorado Mountain College is launching a first-of-its-kind philanthropic initiative, known as Fund Sueños, to provide access to higher education financing for undocumented students and others not eligible to receive federal financial aid, such as those enrolled in the Deferred Action for Childhood Arrivals (DACA) program.
- The new program will enable students to pay for college through income-share agreements, or ISAs, in which students pay no up-front tuition in exchange for a fixed percentage of income after graduation over a set period of time.

Income Share Agreements in Brief

- Income-share agreements (or ISAs) are a form of income-based payment that enable colleges, universities and accelerated training providers to share risk with students -- by aligning an institution's revenue with the employment outcomes of graduates.
- Research suggests that ISAs can reduce perceived -- and actual -- barriers to investment in education and training, including cultivation of college-going aspirations among low-income and historically underrepresented student populations.
- There is growing bipartisan support for the ISAs, as reflected in policy efforts in both the House and the Senate to create a legal structure for the model.
- Under the terms of a typical ISA, students pay reduced or no tuition up-front in exchange for a set percentage of their income after graduation. ISAs generally include:
 - Caps on both the total amount that can be paid (*e.g.*, 1.5x the amount of tuition deferred)
 - A fixed term, during which a student is expected to pay; and
 - Minimum salary thresholds, to ensure that students only make payments if they receive the economic benefit of education or training program.
- Unlike loans, ISAs do not require or involve:
 - Any principal balance to be repaid.
 - Any interest that accrues over time.
 - Any debt or repayment.

About the Fund

- Why launch this program?
 - A [body of research](#) suggests that the burden of student loan debt can suppress college-going aspiration among first-generation students and those from historically underrepresented groups.
 - Up to 40 percent of low-income students who are accepted to college [never matriculate](#), often due to concerns about college cost and debt.

- College affordability presents an [especially acute challenge](#) for DREAMers, who are not eligible to access federal grants or loans because of their undocumented status.
- This program provides previously inaccessible financial support to DACA students, and, we hope, will inspire the creation of new financial assistance options for tens of thousands of college students across the U.S.
- Why DREAMers?
 - Students with Deferred Action for Childhood Arrivals (DACA) status are provided with temporary work authorization and a Social Security number. As such, these individuals may work and pay taxes in the United States.
 - Colorado law (e.g., ASSET) permits non-citizen students to be classified as in-state students for tuition purposes.
 - While this provides some financial relief for DACA students, non-citizen students are not eligible for state or federal financial aid. As a result, the costs of college remain out of reach for most DACA students.
 - Also, most private financial institutions would not consider funding undocumented students due to the repayment risks and the highly volatile nature of federal immigration laws.
- Why ISAs?
 - ISAs present a more equitable financing mechanism than loans, especially for low-income and first-generation students, because they are based on the future potential of students, rather than the historic finances of their parents and families.
 - For students, ISAs help signal that we have a stake in their future success. If they don't succeed after college, neither do we.
 - By reducing the up-front cost of college, ISAs can help to encourage college-going aspiration among DREAMers.
 - Because ISAs adjust the amount owed based on income, they help to alleviate the burden of payment for individuals who earn less than expected.
 - Funding college cost through ISAs also creates greater simplicity and transparency for students, and avoids complexity associated with loans that can make it difficult for students and families to understand or anticipate college costs.
 - CMC has no control over what students in the program will study, the careers they pursue, or how much money they make after graduating.

Fund Details

- How does it work?
 - Eligible students who participate in the Fund Sueños program pay no up-front tuition, receiving \$3,000 per year to cover the full cost of tuition and fees at CMC.
 - In exchange, students agree to pay 4 percent of future earnings, over a maximum period of 60 months, after they graduate and secure a job making at least \$30,000 annually.
 - If students do not make at least \$30,000, they have no obligation to pay.
 - If they pay back into the program a total of the funds they have received, their payment term ends – even if it is before the end of the 60-month period.

- A pilot program is being run at Colorado Mountain College for the 2018-19 academic year through the CMC Foundation.
- Vemo Education, the technology company that has designed most major ISA programs around the country, helped to develop and implement the initial pilot of Fund Sueños.
- Who supports it?
 - CMC's program is 100 percent supported by philanthropic giving, provided by private donors via the CMC Foundation. It uses neither public nor investment funding, thus providing the college with significant flexibility to tailor the program to the needs of DACA students.
 - When students start paying back the funds they have used for college, that money then goes back into the fund for the next cohort of students, creating a sustainable "pay it forward" model. This is something that is important to both the pilot class of students and initial donors.

About Colorado Mountain College

Founded in 1965, Colorado Mountain College provides a diverse range of learning opportunities at its 11 campuses and learning locations sprinkled across Colorado's rural mountain resort communities, and online. Accredited by the Higher Learning Commission, CMC serves nearly 20,000 undergraduates and community members each year offering over 125 certificates and degrees. Recognized for its commitment to accessibility, excellence and workforce training relevant to Colorado's outdoor, tourism and knowledge-based economy, Colorado Mountain College is among the lowest-cost institutions in Colorado and has one of the most affordable bachelor's degrees in the country, according to the U.S. Department of Education. In 2018, it was named Top Adventure College by Elevation Outdoors Magazine. Learn more at www.coloradomtn.edu.

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