



## Fund Sueños

### Providing Sustainable Access to College for Undocumented Students: Income Sharing Agreements (ISAs)

**Background:** Students with Deferred Action for Childhood Arrivals (DACA) status are provided with temporary work authorization and an official Social Security Number. As such, these individuals may work in the United States. Moreover, 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 DACA and other students who don't qualify for federal aid.

**Opportunity:** In 2017, VEMO, a start-up corporation based in Washington D.C., created an alternative to traditional student loans entitled "Income Sharing Agreements" or ISAs. These loan alternatives allow students to enter into cost sharing arrangements with a college. In these arrangements, students promise a percentage of future earnings in return for college funding. At CMC, once a student reaches a salary of \$30,000 or greater, the ISA student agrees to pay 4% of future earnings to repay the costs for their college education. Importantly, these programs need not use public funding and are therefore a lawful source of funds for DACA students. Repaid loans provide fund future ISAs for cyclical support of students.

Sample Analysis:	No College	College (Elem Ed BA)	College (Nursing AAS)
Salary:	\$24,960	\$45,000	\$65,000
ISA Loan:	\$0	\$12,000 (\$3000/year)	\$9000 (\$3000/year)
Repay/Year (4%)	-	\$1,800 (4% of earnings)	\$2,600/year (4% of earnings)
Net Earnings	\$24,960	\$43,200	\$62,400

**CMC's Plan: "Fund Sueños" ("Fund Dreams").** While ISA plans have been implemented at a number of colleges and universities in the U.S., including Purdue University and several private institutions, no college or university has yet implemented an ISA option for DACA/Undocumented students. In light of the impasse on immigration reform in D.C., it is highly unlikely that a Congress will address the issue in the foreseeable future.

With nearly 300 undocumented students enrolled, CMC proposes the creation of an ISA option for undocumented students and others not eligible to receive financial aid, the first such known program in the nation. Such a program would provide support for hundreds of DACA students every year, and also, we hope, inspire the creation of financial aid alternatives for tens of thousands of college students across the United States.

**Financials:** Most ISA programs operate like banks: they lend to individuals using a single financial corpus. Most of the ISA programs in the U.S. are funded by way of institutional (college) funding. While Colorado does provide undocumented students in-state tuition status, state funds cannot be used to provide need-based financial aid to undocumented students. And, most private financial institutions do not consider funding undocumented students due to the repayment risks and the highly volatile nature of federal immigration laws.

CMC is proposing to fund its ISA program for work-eligible, undocumented students and others not eligible to receive federal financial aid with private, philanthropic funds, which is permissible under state law. These funds would be received by the Colorado Mountain College Foundation. Lending and repayment services would be administered by the 3<sup>rd</sup> party, VEMO.

In its pilot phase CMC would offer students the opportunity to receive an ISA of up to \$3000 per year. CMC's tuition, at only \$80-\$120/credit hour (within CMC's nine-county service district) or \$180-\$220/credit in-state, earns rankings as one of the most affordable bachelor degree programs in the country. For this reason access to \$3000 per year initially via an ISA plan would fully cover tuition at CMC and significantly impact a student's ability to earn a degree from Colorado Mountain College, and the likelihood of earning a living wage in a highly-valued industry.

The college estimates that 50-100 students will consider an ISA, resulting in about \$150,000-\$300,000 per year of support provided via ISA plans, funded through gifts to Fund Sueños via the CMC Foundation. Over time, these funds would be replenished at a rate of 3%-5% per year. Eventually, the college would need a corpus of \$7M-10M to fund all students, at scale, in a perpetual fund.

**Fund Sueños Pilot Program Goal: \$1 million corpus**  
**Fund Sueños Students Served: 50-100 with \$3000/year grant**

**To donate or for further questions contact:**

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**Tax deductible gifts for Fund Sueños can be made via:**  
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