



July 6, 2021

Shalanda Young, Acting Director
Office of Management and Budget
725 17th St. NW
Washington, D.C. 20503

RE: Comments on Methods and Leading Practices for Advancing Equity and Support for Underserved Communities Through Government [2021-09109]

To Whom It May Concern:

Thank you for the opportunity to comment on OMB's request for information on how federal agencies can assess agency policies and actions to better serve historically underserved communities. We applaud the Biden Administration for its commitment to equity. These comments are submitted on behalf of New America's higher education program, which works to make education after high school more accessible, affordable, student-centered, outcomes-focused, and equitable.

Higher education is vital to the promise of a just and prosperous America. We rely on colleges and universities to serve as engines of economic and social mobility, giving students the skills necessary to participate meaningfully in today's economy. But despite its centrality to economic and civic development, and the billions of dollars in annual public subsidies it receives, our higher education system is not delivering on its promises.

Worse is who is harmed when higher education fails. All too often, the students who stand to gain the most from a degree are the ones left behind by the system, including, but not limited to, low-income students, students with a disability, students of color, and students who are the first in their family to attend higher education. For example, currently, less than 15 percent of low-income students earn a degree from a four-year college or university even though more than 60 percent of wealthy students do.¹ Graduation rates for Pell Grant recipients are lower at every sector of four-year colleges compared to students who don't receive Pell Grants.² Black and Latinx adults are

¹ https://nces.ed.gov/programs/coe/indicator_tva.asp

² https://nces.ed.gov/programs/digest/d18/tables/dt18_326.27.asp?current=yes

only half as likely to receive a postsecondary degree compared to their white peers, which exacerbates existing racial income and wealth gaps.³ Black and low-income students borrow for higher education at a higher rate and borrow more when they do. Black students leave higher education with \$7,400 more on average than white students.⁴ Worse, that gap more than triples just four years after graduation to \$25,000. High debt loads, low-quality schools, and systemic racism in the labor market cause Black students to be more likely to default on their student loans within six years of graduating than their white peers.⁵

The federal government plays an important role in holding the higher education system accountable for improving student outcomes. Assessing how vulnerable students are served by the government’s policies and actions is a first step towards making higher education more equitable. Below we have outlined five areas—among many others—on which the government should focus.

1. Collect and disaggregate data by race, ethnicity, gender, LGBTQ, and low-income status in order to uncover existing inequities.

To properly understand how students from underrepresented and marginalized communities are being served, it is critical to have robust data. The federal government should collect these data where appropriate—and where collection wouldn’t negatively impact those communities or their privacy. For example, the omnibus bill passed by Congress in December 2020 requires the collection of race data on the Free Application for Federal Student Aid (FAFSA). Because these data have not been collected before, much of what we know about students and borrowers of color and their financial aid, including grants and loans, has been based on survey data. Of course, nationally-representative survey data can be incredibly informative, but having these data on all students will be a significant improvement to evaluating how students and borrowers of color interact with the financial aid system. Another example relates to gender. Transgender and non-binary students should be able to select their appropriate gender identity so that they are properly identified, which will also help the federal government to evaluate how federal policies are affecting them.

As mentioned, survey data are extremely important for answering many of the questions the government seeks to answer in order to better serve all Americans. The Biden Administration should ensure that low-incidence populations are oversampled to allow

3

<https://www.americanprogress.org/issues/education-postsecondary/reports/2018/05/23/451186/neglect-ed-college-race-gap-racial-disparities-among-college-completers/>

4

<https://www.brookings.edu/research/black-white-disparity-in-student-loan-debt-more-than-triples-after-graduation/>

5

<https://www.americanprogress.org/issues/education-postsecondary/reports/2019/12/02/477929/continuing-ed-student-loan-crisis-black-borrowers/>

analyses of those populations, and so that larger race/ethnicity categories can be disaggregated at a more granular level. For example, this would allow researchers to go beyond the “Asian and Pacific Islander” category and break it down into people with Chinese, Korean, Japanese, Indian, or other ancestries. Additionally, federal agencies should conduct focus groups with affected communities to ensure government outreach and surveys are culturally competent, interpreted as intended, and do not dissuade certain populations from participating in survey collections.

The Department of Education (Department) should also evaluate all of its data collection to ensure that it is capturing the appropriate information to understand how all students are being served. For example, the Department currently knows very little about which students in higher education were learning exclusively online before the pandemic, how they learned—or didn’t learn—during the pandemic, or how they will fare as the country emerges from the pandemic—including whether they’re still learning online. The Department should improve data collection by adding a distance education flag for the National Student Loan Data System (NSLDS) that can be retroactively used to evaluate how colleges and universities were serving all students during the pandemic. If the Department had these data, it could understand how vulnerable populations might have been affected by the shift to online instruction, which ones were more likely to withdraw or not re-enroll, and if institutions are keeping students enrolled in distance education after public health restrictions were lifted.

2. Improve data sharing and larger partnerships among agencies to ensure that students enrolled in higher education and individuals with student loans are able to benefit from social safety net and related programs.

In many instances, the barriers and burdens of applying for and using social safety net programs inhibit those who need them the most from accessing them. By implementing data sharing agreements across certain agencies, the government could better assess which current and potential students and student loan borrowers access certain programs and the barriers they face that might prevent them from using the benefits for which they qualify. Programs ripe for evaluation include the new Emergency Broadband Benefit (EBB) program and the expanded Supplemental Nutrition Assistance Program (SNAP) benefits, among others.⁶ The government should use these data and partnerships to proactively identify students and borrowers who might be eligible for benefits but aren’t enrolled and notify these individuals about their potential eligibility. The federal government should also

6

<https://www.newamerica.org/education-policy/edcentral/spending-deal-supports-broadband-access-college-students/>; See also: <https://www.newamerica.org/education-policy/edcentral/snap-extension-congress-offered-relief-food-insecure-students/>

evaluate how its agencies could form partnerships with state entities to identify individuals potentially eligible for federal aid programs.

The Administration should also assess the eligibility requirements of safety net programs to ensure that they are available for those who need them, including those who might not otherwise be eligible (see recommendation #5 for example).

Finally, and as a potential promising example of data sharing, the Department and the Internal Revenue Service (IRS) should effectively and expediently implement the FUTURE Act. This legislation, passed in late 2019, directs the Department and the IRS to share student and student loan borrower data to streamline the process through which students apply for aid, borrowers enroll in income-driven repayment (IDR) plans, and totally and permanently disabled borrowers receive student loan relief. As part of its implementation efforts, the Department should provide multiple opportunities for borrowers to consent to having their data shared (with the Department from the IRS) throughout the life of their loans and should separate this consent from enrollment into an IDR plan.⁷ This would allow the Department and servicers to proactively identify borrowers who might be eligible for lower or \$0 IDR payments but who are not enrolled and also facilitate the process of auto-enrolling borrowers into IDR plans when they are delinquent on their loans. In addition, the Department should expand the options for alternative documentation of income (for enrollment in IDR plans) to include proof of receipt of other means-tested programs.⁸

3. Evaluate the various ways in which federal agencies conduct outreach or otherwise engage with underserved populations.

Federal agencies should evaluate how they engage with different constituencies and how their engagement impacts underserved communities. For example, the Department of Education is required by the Higher Education Act (HEA) to use negotiated rulemaking when regulating issues related to Title IV programs (i.e. federal student grants and loans). The process is meant to be consensus-based, bringing together all of the parties that will be affected by the regulation to form a balanced committee to negotiate the rule. However, balance has not been achieved historically, often at the expense of students and taxpayers. Instead of bringing all of the critical stakeholders to the table, schools and accreditors have

7

<https://www.brookings.edu/research/three-ways-the-biden-administration-can-help-families-and-student-loan-borrowers-affected-by-the-pandemic/>

8

<https://www.brookings.edu/research/three-ways-the-biden-administration-can-help-families-and-student-loan-borrowers-affected-by-the-pandemic/>

dominated the makeup of the committee, marginalizing student and consumer protection voices.

The Department of Education should evaluate its past negotiated rulemaking committees to assess how representative they have been of students and borrowers and their interests, particularly those from marginalized backgrounds. The Department has the opportunity to change that and to ensure that voices focused on equity and representing students, borrowers, other consumers, and states (including authorizers and attorneys general) are given equal or greater weight at the table. We must stop thinking of industry as the primary stakeholder. Additionally, future panels should understand and represent the diversity of America and today's students and borrowers, including women, students of color, low-income students, students with disabilities, first-generation college students, veteran students, LGBTQ students, student parents, and more. Any regulation that is made will likely have disparate effects across these communities, and those effects should be considered.

4. Assess the complexity of the student loan default system and identify where people struggle to exit.

Student loan borrowers in default are more likely to be from underserved communities and least able to afford the severe consequences of default, which include garnishment of wages, tax returns, and federal benefits and damage of credit scores. For example, a White House report—among other research—showed that non-completers were nearly three times more likely to default on their loans than those who completed their degree programs, even though they had smaller balances, often as a result of spending less time in school.⁹ These borrowers lack the increased earning power and economic security that comes with earning a college credential. In addition, as mentioned above, Black borrowers—even those with college degrees—are also more likely to default on their loans than their white peers.¹⁰

In addition to having severe financial consequences, the student loan default system is complex and confusing for borrowers. There are multiple paths to exit, each with different fees and processes, and some paths can only be used once. By assessing how default works in practice for different types of borrowers—and where those borrowers struggle to exit and return to good standing on their loans—the government can identify how this system is exacerbating existing inequities and creating additional financial challenges for families already struggling to repay their loans. This examination could also help identify borrowers who might be eligible for a student loan discharge, such as those with total and permanent disabilities.

⁹ https://obamawhitehouse.archives.gov/sites/default/files/page/files/20160718_cea_student_debt.pdf

¹⁰ <https://www.brookings.edu/research/the-looming-student-loan-default-crisis-is-worse-than-we-thought/>

5. Re-assess the federal poverty thresholds, and then raise them.

The federal poverty thresholds—issued annually by the Census Bureau following OMB’s Statistical Policy Directive 14—are the basis for poverty guidelines, required under law and used by the federal government to determine students’, borrowers’, and their families’ eligibility for a number of social safety net programs.¹¹ These include SNAP, Medicaid, Head Start, and more.

The thresholds are based on family budgets from more than 50 years ago. Advocates and researchers have long called for raising and/or reforming this “outdated and flawed poverty measure” because it fails to consider the realities families face today, including not accounting for geographic differences, housing, transportation, child care, or medical costs.¹² Others have shown how this measure hasn’t kept up with changes in family income over time.¹³ We urge the federal government to evaluate these thresholds, raise them, and ensure that they account for the full financial picture of a household and adequately help struggling American families access the aid programs they need.

Importantly, adjusting the thresholds will provide support to many of those accessing higher education who are in need. Today’s students are diverse: Approximately a third of students are at or below the *current* federal poverty level, a quarter of students are raising children of their own, and half are supporting themselves financially.¹⁴ These students face a number of challenges. Last year, 46 percent of students in a survey New America conducted with Third Way reported being worried about being able to purchase necessities like food and housing in the next few weeks to a month.¹⁵ Data from the Federal Reserve showed that 31 percent of those who decided to not enroll in higher education cited child care responsibilities as a result of the pandemic.¹⁶ A report from the Department of Education confirms the same struggle for enrolled students, as 22 percent of undergraduates reported having trouble finding safe and stable child care.¹⁷ But these were also problems before the pandemic.

¹¹

<https://www.census.gov/topics/income-poverty/poverty/about/history-of-the-poverty-measure/omb-stat-policy-14.html>

¹²

<https://www.americanprogress.org/issues/poverty/news/2020/03/05/481314/poverty-line-matters-isnt-capturing-everyone/>

¹³ <https://tcf.org/content/report/defining-economic-deprivation-need-reset-poverty-line/>

¹⁴ <https://higherlearningadvocates.org/policy/todays-students/>

¹⁵

<https://www.newamerica.org/education-policy/edcentral/snap-extension-congress-offered-relief-food-insecure-students/>

¹⁶

<https://www.federalreserve.gov/publications/2021-economic-well-being-of-us-households-in-2020-education.htm>

¹⁷ <https://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2021456>

Raising the threshold would also provide assistance for those with student loans. In addition to accessing the safety net programs already mentioned, this measure is used to calculate payments for student borrowers enrolled in IDR plans. Those plans base the required monthly payment amounts on a percentage of “discretionary income,” which is defined as the income above 150 percent of the federal poverty guidelines. Thus, ensuring that the poverty guideline accurately reflects the financial situation of borrowers is critical to providing sufficient relief and affordable student loan payments.

We thank the Administration for the opportunity to highlight some of the ways the federal government can ensure that its higher education-related programs better assist and support historically underserved students and student loan borrowers and applaud its dedication to making the federal government work better for all Americans. We are available to discuss these comments in greater detail if you have questions or concerns (contact information below). We look forward to continuing to engage the Administration on ways to strengthen equity across the higher education system to ensure colleges and the federal student loan system serve students and borrowers well.

Sincerely,

Amy Laitinen
Director
Higher Education Program, New America
laitinen@newamerica.org

Wesley Whistle
Senior Advisor for Policy & Strategy
Higher Education Program, New America
whistle@newamerica.org

Sarah Sattelmeyer
Project Director for Education, Opportunity, and Mobility
Higher Education Program, New America
sattelmeyer@newamerica.org