

**Response to Senators Doug Jones, Elizabeth Warren, Kamala Harris, and Catherine Cortez Masto's
Student Borrowers of Color Solicitation Letter**

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The views expressed in this response are those of the author alone and do not necessarily represent those of the State Higher Education Executive Officers Association or its membership

Executive Summary

The racial patterns in college completion and educational attainment rates, debt burden, and loan repayment and default rates identified in the Senators' letter are symptoms of a centuries-old problem that includes and encompasses but also goes far beyond higher education. The root of the problem is our country's historic and pervasive institutionalized racism. Centuries of intentional and unintentional actions, policies, practices, customs, and patterns are manifested in the extreme racial disparities in wealth, educational attainment, health, and other critical indicators (including those identified in the Senators' letter).

A critical factor underlying the statistics highlighted in the Senators' letter is our stratified higher education system. For example, while access generally has increased, students of color are increasingly segregated into open-access institutions. This is exacerbated by the fact that even within our public sector, resources are inequitably distributed, with public research institutions receiving more per student in state appropriations than other public four-year schools and public two-year colleges. These differences in resources matter for student outcomes, including completions. Further, students of color are overrepresented and far more likely than their white-majority counterparts to enroll in for-profit institutions, where their likelihood of success is diminished, and debt loads are greater.

Within higher education, and education generally, there are a number highly interrelated policies and practices that have contributed to our inequitable and stratified system, including (among many other factors) K-12 and higher education funding practices that prioritize disproportionately white and wealthy schools and colleges; racist and race-based attitudes and stereotypes that burden and stress students of color; college and university recruitment practices that prioritize whiter and wealthier schools and neighborhoods; institution and state merit-based financial aid policies; the erosion of affirmative action; and the like.

In response to these issues and challenges the following suite of policy proposals is suggested:

Targeted Proposals:

- Improving data and research related to students of color
- Implementing outcomes-based funding for equity
- Increasing support for HBCUs and other MSIs
- Creating partnerships to prepare and place teachers of color

General Proposals:

- Creating a federal-state partnership for college affordability
- Developing funding adequacy formulas
- Creating a federal Title I-type program for higher education
- Expanding and reforming the Pell Grant program
- Reforming the federal student loan program
- Maintaining and increasing oversight of the for-profit sector
- Protecting and strengthening the triad

Introduction

Thank you for the opportunity to review and react to the [Senators' letter dated January 3, 2019](#), regarding racial disparities in student debt and broader challenges faced by students of color in college and career training.¹ I am thrilled that the Senators have identified this important area for consideration and action.²

The racial patterns in college completion and educational attainment rates, debt burden, and loan repayment and default rates identified in the Senators' letter are symptoms of a centuries-old problem that includes and encompasses but also goes far beyond higher education. The root of the problem is our country's historic and pervasive institutionalized racism. Centuries of intentional and unintentional actions, policies, practices, customs, and patterns are manifested in the extreme racial disparities in wealth, educational attainment, health, and other critical indicators (including those identified in the Senators' letter).

The causes and problems are historic, structural, and systemic. Therefore, I believe that to properly address and correct the racial disparities in postsecondary outcomes, systemic action is needed. Policies meant to go to the root of the problem would need to be targeted, bold, and comprehensive and go far beyond postsecondary education. Systemic policies that meet these criteria, and which go beyond higher education, may include a [federal 'baby bond' program](#) with ties to postsecondary education, [free high-quality preschool for all](#), [a revamped and more equitable approach to primary and secondary school funding](#), [guaranteed basic income](#), [some form of reparations](#), and [reforms to our criminal justice system](#).³ While I cannot necessarily speak to the efficacy of these specific proposals (such policies are beyond higher education and therefore outside my purview and expertise), I highlight them to emphasize that new and improved higher education policies can and will help; however, they will likely be insufficient to fully address the problems identified in the Senators' letter. I encourage the Senators

¹ Jones, D., Warrant, E., Harris, K., & Masto, C.C. (2018). *Student Borrow of Color Solicitation Letter*. The United States Senate.

<https://www.jones.senate.gov/imo/media/doc/Borrowers%20of%20Color%20Letter%20Jan%202019.pdf>

² The views expressed in this response are those of the author alone and do not necessarily represent those of the State Higher Education Executive Officers Association or its membership.

³ Long, H. (2018). There's a serious proposal to give babies born in the United States \$20,000 (or more). *The Washington Post*. https://www.washingtonpost.com/news/wonk/wp/2018/01/08/theres-a-serious-proposal-to-give-every-baby-born-in-america-20000-or-more/?utm_term=.ec4b74c3541e

Mongeau, L. (2016). What it will take to create quality preschool for all. *PBS New Hour*.

<https://www.pbs.org/newshour/education/what-it-will-take-to-create-quality-preschool-for-all>

Burnette II, D. (2018). Equity in K-12 Funding More Complex Than Just Dollars. *Education Week*

<https://www.edweek.org/ew/articles/2018/06/06/equity-in-k-12-funding-more-complex-than.html>

Heller, N. (2018). Who Really Stands to Win from Universal Basic Income? *The New Yorker*.

<https://www.newyorker.com/magazine/2018/07/09/who-really-stands-to-win-from-universal-basic-income>

Coates, T. (2014). The Case for Reparations. *The Atlantic*.

<https://www.theatlantic.com/magazine/archive/2014/06/the-case-for-reparations/361631/>

Kerby, S. (2012). *The Top 10 Most Startling Facts About People of Color and Criminal Justice in the United States*. Washington, DC: Center for American Progress.

<https://www.americanprogress.org/issues/race/news/2012/03/13/11351/the-top-10-most-startling-facts-about-people-of-color-and-criminal-justice-in-the-united-states/>

to seek out experts in these areas and beyond and consider additional bold actions that get at the root of the problem.

Given the specific focus of the Senators' letter and my professional expertise, I will focus the remainder of my response on identifying core issues that may help explain the outcomes identified in the Senators' letter (namely, a highly inequitable and stratified system of higher education), some factors that have led to our inequitable and stratified system, and close with a number of proposals that may help improve outcomes for students of color. The suite of policy proposals includes both targeted policy proposals that have race as a distinguishing factor and general proposals that address a larger share of students (generally lower-income) that will also help address the racial inequalities discussed previously.

Targeted Proposals:

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Higher Education Inequalities and Stratification

The Senators, in their letter, outline stark, compelling, and critical statistics regarding racial disparities in student debt and other postsecondary outcomes. The Senators note that “students of color are more likely to borrow, borrow in greater amounts, and are less likely to be able to pay down their debt than their white peers – even if they graduate.” They further highlight that degree attainment rates are significantly lower for students of color and that credential completion rates are also lower.⁴ A critical factor underlying these statistics is our stratified higher education system.

In their paper, *Separate and Unequal: How Higher Education Reinforces the Intergenerational Reproduction of White Racial Privilege* (2013), Anthony Carnevale and Jeff Strohl document how higher education is and has become increasingly stratified by race and class. While access generally has increased, students of color are increasingly segregated into open-access institutions. From 1995 to 2013, 82 percent of new white enrollments have gone to the 468 most selective colleges, while enrollments for Hispanics (72 percent) and African Americans (68 percent) have gone to two-year and four-year open-access schools. The authors highlight that whites are overrepresented at selective

⁴ Jones, D., Warrant, E., Harris, K., & Masto, C.C. (2018). *Student Borrow of Color Solicitation Letter*. The United State Senate.

<https://www.jones.senate.gov/imo/media/doc/Borrowers%20of%20Color%20Letter%20Jan%202019.pdf>

colleges by 15 percentage points and that more than 30 percent of African Americans and Hispanics with a high school GPA higher than 3.5 go to community colleges compared to 22 percent of whites with the same GPA. Further, they document that the 82 most selective four-year colleges spent about \$28,000 per student annually on instruction, whereas open-access two- and four-year institutions spent about \$6,000 per full-time equivalent student (in 2013). These financial advantages contribute to higher graduation rates and better post-college outcomes for students from selective four-year institutions.⁵

These inequalities also exist specifically in our public higher education systems. In her paper, [*State Support for Higher Education: How Changing the Distribution of Funds Could Improve College Completion Rates*](#) (2016), Bridget Terry Long evaluates the unequal distribution of resources between different types of public institutions and between public institutions that serve different types of students. In her analysis, Long found that, while holding other factors constant, public research institutions received \$2,504 per full-time equivalent student more in state appropriations than other public four-year schools and \$5,227 more than public two-year colleges. She further showed that institutions that enroll the students who are best prepared academically to succeed and therefore may require the fewest resources, are receiving a disproportionate amount of state funding relative to institutions that enroll students who are less prepared academically.⁶

Research has shown that states with increased racial and ethnic diversity and eroding white majorities tend to spend less on subsidies to public higher education, meaning decreased state appropriations as well as less support for financial aid programs.⁷ This results in significant inequality across states and reduced opportunity in those states.

These differences in funding and institutional resources matter. [*Deming and Walters \(2017\)*](#) found that at appropriations-dependent institutions (community colleges and non-selective public four-year universities), an institution's financial resources had a substantial impact on degree completion. At community colleges, a 10 percent rise in spending increases associate degree completions by 10.6 percent and certificates by 23.2 percent (one year after the spending increase). For bachelor's degrees, a 10 percent rise in spending increases completions by between 4 and 5 percent (two to three years after the spending increase)^{8,9}

⁵ Carnevale, A. & Strohl, J. (2013). *Separate and Unequal: How Higher Education Reinforces the Intergenerational Reproduction of White Racial Privilege*. Georgetown University, Center on Education and the Workforce. <https://cew.georgetown.edu/cew-reports/separate-unequal/>

⁶ Long, B. T. (2016). *State Support for Higher Education: How Changing the Distribution of Funds Could Improve College Completion Rates*. The Miller Center. http://web1.millercenter.org/commissions/higher-ed/Long_No9.pdf

As discussed in Robert E. Anderson's February 6, 2018, testimony before the U.S. Senate Committee of Health, Education, Labor, & Pensions: http://www.sheeo.org/sites/default/files/Anderson5_testimony_20180206.pdf

⁷ Foster, J. M., & Fowles, J. (2018). Ethnic heterogeneity, group affinity, and state higher education spending. *Research in Higher Education*, 59(1), 1-28.

⁸ Deming, D. J., & Walters, C. R. (2017). The Impact of Price Caps and Spending Cuts on US Postsecondary Attainment (No. w23736). *National Bureau of Economic Research*. <http://www.nber.org/papers/w23736>

As discussed in Robert E. Anderson's February 6, 2018, testimony before the U.S. Senate Committee of Health, Education, Labor, & Pensions: http://www.sheeo.org/sites/default/files/Anderson5_testimony_20180206.pdf

⁹ For examples of how these additional resources can be used to create positive impact outcomes, see:

Scrivener, et al. (2015). Doubling graduation rates: Three-year effects of CUNY's Accelerated Study in Associate Programs (ASAP) for developmental education students. Washington, DC: MDRC.

Further, the stratification by race also matters at the individual level. Researchers have noted that students of color are more likely than white students to undermatch (where otherwise qualified students do not apply to or choose not to enroll in more selective institutions).¹⁰ This is important because the otherwise qualified students who undermatch into less selective institutions reduce their ultimate chances of success.¹¹ The reduction in their chances of success likely relates to the inequities funding and resources by institution type. The undermatch literature should serve as a call for additional support for broad-access colleges and universities.¹² The reasons for the increased probability of undermatch for students of color often have to do with racial bias in college counseling, lower expectations for students of color, sticker shock at the price of more selective institutions, information asymmetry, and other race- and income-based structural inequities.¹³

Further, institutional match is a complex topic, and more selective institutions are not always the right destination for individual students of color. Students of color may self-select into more diverse

Sommo, C. et al (2018). *Doubling Graduation Rates in a New State: Two-Year Findings from the ASAP Ohio Demonstration*. Washington, DC: MDRC.

¹⁰ Black, S. E., Cortes, K. E., & Lincove, J. A. (2015). Academic undermatching of high-achieving minority students: Evidence from race-neutral and holistic admissions policies. *American Economic Review*, 105(5), 604-10.

¹¹ Bowen, W. G., Chingos, M. M., & McPherson, M. S. (2009). *Crossing the finish line: Completing college at America's public universities*. Princeton University Press.

Elements of the undermatch concept and research have been critiqued and challenged. See for example: Bastedo, M. N., & Flaster, A. (2014). Conceptual and methodological problems in research on college undermatch. *Educational Researcher*, 43(2), 93-99.

¹² Deming, D. J., & Walters, C. R. (2017). The Impact of Price Caps and Spending Cuts on US Postsecondary Attainment (No. w23736). *National Bureau of Economic Research*. <http://www.nber.org/papers/w23736>

Long, B. T. (2016). *State Support for Higher Education: How Changing the Distribution of Funds Could Improve College Completion Rates*. The Miller Center. http://web1.millercenter.org/commissions/higher-ed/Long_No9.pdf

Carnevale, A. & Strohl, J. (2013). *Separate and Unequal: How Higher Education Reinforces the Intergenerational Reproduction of White Racial Privilege*. Georgetown University, Center on Education and the Workforce. <https://cew.georgetown.edu/cew-reports/separate-unequal/>

Kahlenberg, R. D., Shireman, R., Quick, K., & Habash, T. (2018). *Policy Strategies for pursuing adequate funding of community colleges*. NYC: The Century Foundation. <https://tcf.org/content/report/policy-strategies-pursuing-adequate-funding-community-colleges/?agreed=1>

¹³ Dillon, E. W., & Smith, J. A. (2013). *The determinants of mismatch between students and colleges* (No. w19286). National Bureau of Economic Research.

Kim, D. (2004). The effect of financial aid on students' college choice: Differences by racial groups. *Research in Higher Education*, 45(1), 43-70.

Belasco, A. S., & Trivette, M. J. (2015). Aiming low: Estimating the scope and predictors of postsecondary undermatch. *The Journal of Higher Education*, 86(2), 233-263.

Nieto, S. (2004). Racism, discrimination, and expectations of students' achievement. *Educational foundations: An anthology of critical readings*, 44-63.

Turner, C. S. V. (1994). Guests in someone else's house: Students of color. *The Review of Higher Education*, 17(4), 355-370.

Darling-Hammond, L. (2001, August). Inequality in teaching and schooling: How opportunity is rationed to students of color in America. In *The right thing to do, the smart thing to do: Enhancing diversity in health professions—Summary of the Symposium on diversity in health professions in honor of Herbert W. Nickens, MD* (pp. 208-233).

CLASP (2015). *Course, Counselor, and Teacher Gaps: Addressing the College Readiness Challenge in High-Poverty High Schools*. Washington, DC: Author.

Robinson, K. J., & Roksa, J. (2016). Counselors, information, and high school college-going culture: Inequalities in the college application process. *Research in Higher Education*, 57(7), 845-868.

institutions and have other important factors driving their decision making (family obligations, work, etc.).¹⁴ For a thoughtful discussion of the undermatch concept and a critique, see [Bastedo and Flaster \(2014\)](#).¹⁵

The stratification is even starker and the implications far greater when enrollments and outcomes are compared across for-profit and nonprofit institutions. Students of color are overrepresented and far more likely to enroll in for-profit institutions than their white-majority counterparts. For example, for-profit credentials account for about 30 percent of total black and a quarter of total Hispanic credentials, while making up just 11 percent of total white credentials.¹⁶ This matters because loan burden among for-profit students is far greater, for-profit borrowers default at twice the rate of public two-year borrowers (52 versus 26 percent after 12 years), the rate of default among all for-profit entrants is nearly four times that of public two-year entrants (47 percent versus 13 percent), graduation rates are lower in the for-profit sector, and employment outcomes for graduates from for-profit colleges are worse.¹⁷ Likewise, within the for-profit sector, students of color, and in particular black students borrow far more than their white counterparts.¹⁸ For an in-depth discussion of the risks associated with for-profit higher education see Tressie McMillan Cottom's [Lower Ed](#).¹⁹

Causes

As indicated earlier, the roots of our segregated, stratified, and unequal higher education system lie within our country's historic and pervasive institutionalized racism. Centuries of intentional and unintentional racist, race-based, and racialized actions, policies, practices, customs, and patterns have combined to form a system that systematically disadvantages people of color. Within higher education, and education generally, some of the highly interrelated policies and practices that have contributed to

¹⁴ Farmer-Hinton, R. L. (2008). Social capital and college planning: Students of color using school networks for support and guidance. *Education and Urban Society*, 41(1), 127-157.

Hurtado, S., Inkelas, K. K., Briggs, C., & Rhee, B. S. (1997). Differences in college access and choice among racial/ethnic groups: Identifying continuing barriers. *Research in Higher Education*, 38(1), 43-75.

Teranishi, R. T., Ceja, M., Antonio, A. L., Allen, W. R., & McDonough, P. M. (2004). The college-choice process for Asian Pacific Americans: Ethnicity and socioeconomic class in context. *The Review of Higher Education*, 27(4), 527-551.

Perna, L. W. (2006). Studying college access and choice: A proposed conceptual model. In *Higher Education: Handbook of Theory and Research*: (pp. 99-157). Springer, Dordrecht.

Perna, L. W., & Titus, M. A. (2004). Understanding differences in the choice of college attended: The role of state public policies. *The Review of Higher Education*, 27(4), 501-525.

¹⁵ Bastedo, M. N., & Flaster, A. (2014). Conceptual and methodological problems in research on college undermatch. *Educational Researcher*, 43(2), 93-99.

¹⁶ Libassi, C.J. (2018). *The neglected college race gap: Racial disparities among college completers*. Washington, DC: Center for American Progress.

<https://cdn.americanprogress.org/content/uploads/2018/05/22135501/CollegeCompletions-Brief1.pdf>

¹⁷ Cellini, S. R., & Turner, N. (2016). *Gainfully employed? Assessing the employment and earnings of for-profit college students using administrative data* (No. w22287). National Bureau of Economic Research.

¹⁸ Scott-Clayton, J. (2018). The looming student loan default crisis is worse than we thought. *Evidence Speaks Reports*, Brookings Institution, 2(34), 1-10. <https://www.brookings.edu/wp-content/uploads/2018/01/scott-clayton-report.pdf>.

Smith, P. & Parrish, L. (2014). *Do students of color profit from for-profit college? Poor outcomes and high debt hamper attendees' future*. Washington, DC: Center for Responsible Lending.

<https://www.responsiblelending.org/student-loans/research-policy/CRL-For-Profit-Univ-FINAL.pdf>

¹⁹ Cottom, T. M. (2017). *Lower ed: The troubling rise of for-profit colleges in the new economy*. The New Press.

our inequitable and stratified system include: K-12 and higher education funding policies, practices, and formulas that reward and prioritize disproportionately white and wealthy schools and colleges;²⁰ lower expectations for students of color;²¹ disproportionately high rates and severity of disciplinary actions taken against students of color;²² fewer K-12 teachers of color and highly-qualified teachers in schools with large shares of students of color;²³ a relative lack of college counseling (and/or quality counseling) and support for students of color;²⁴ racist and race-based attitudes and stereotypes that burden and

²⁰ Carnevale, A. & Strohl, J. (2013). *Separate and Unequal: How Higher Education Reinforces the Intergenerational Reproduction of White Racial Privilege*. Georgetown University, Center on Education and the Workforce.

<https://cew.georgetown.edu/cew-reports/separate-unequal/>

Long, B. T. (2016). *State Support for Higher Education: How Changing the Distribution of Funds Could Improve College Completion Rates*. The Miller Center. http://web1.millercenter.org/commissions/higher-ed/Long_No9.pdf

Deming, D. J., & Walters, C. R. (2017). *The Impact of Price Caps and Spending Cuts on US Postsecondary Attainment (No. w23736)*. National Bureau of Economic Research. <http://www.nber.org/papers/w23736>

Jackson, C.K. (2018). *Does school spending matter. The new literature on the old question*.

https://works.bepress.com/c_kirabo_jackson/38/

Chingos, M.M. & Blagg, K. (2017). *Do poor kids get their fair share of school funding?* Washington, DC: Urban Institute. <https://apps.urban.org/features/school-funding-do-poor-kids-get-fair-share/>

McLendon, M. K., Mokher, C. G., & Doyle, W. (2009). 'Privileging' Public Research Universities: An Empirical Analysis of the Distribution of State Appropriations Across Research and Non-Research Universities. *Journal of Education Finance*, 372-401.

²¹ Nieto, S. (2004). Racism, discrimination, and expectations of students' achievement. *Educational foundations: An anthology of critical readings*, 44-63.

Turner, C. S. V. (1994). Guests in someone else's house: Students of color. *The Review of Higher Education*, 17(4), 355-370.

Solorzano, D. G., & Villalpando, O. (1998). Critical race theory, marginality, and the experience of students of color in higher education. *Sociology of education: Emerging perspectives*, 21.

Bromberg, M. & Theokas, C. (2013). *Shattering expectations series: Breaking the glass ceiling of achievement for low-income students and students of color*. Washington, DC: The Education Trust.

Gándara, P. C., & Contreras, F. (2009). *The Latino education crisis: The consequences of failed social policies*. Harvard University Press.

²² Fabelo, T., Thompson, M. D., Plotkin, M., Carmichael, D., Marchbanks, M. P., & Booth, E. A. (2011). Breaking schools' rules: A statewide study on how school discipline relates to students' success and juvenile justice involvement. *New York: Council of State Governments Justice Center*.

Townsend, B. L. (2000). The disproportionate discipline of African American learners: Reducing school suspensions and expulsions. *Exceptional children*, 66(3), 381-391.

Gándara, P. C., & Contreras, F. (2009). *The Latino education crisis: The consequences of failed social policies*. Harvard University Press.

²³ Carver-Thomas, D. (2018). *Diversifying the teaching profession: How to recruit and retain teachers of color*. Washington, DC: Learning Policy Institute.

CLASP (2015). *Course, Counselor, and Teacher Gaps: Addressing the College Readiness Challenge in High-Poverty High Schools*. Washington, DC: Author.

Darling-Hammond, L. (2001, August). Inequality in teaching and schooling: How opportunity is rationed to students of color in America. In *The right thing to do, the smart thing to do: Enhancing diversity in health professions—Summary of the Symposium on diversity in health professions in honor of Herbert W. Nickens, MD* (pp. 208-233).

²⁴ Darling-Hammond, L. (2001, August). Inequality in teaching and schooling: How opportunity is rationed to students of color in America. In *The right thing to do, the smart thing to do: Enhancing diversity in health professions—Summary of the Symposium on diversity in health professions in honor of Herbert W. Nickens, MD* (pp. 208-233).

stress students of color;²⁵ college and university recruitment practices that prioritize whiter and wealthier schools and neighborhoods;²⁶ institution and state merit-based financial aid policies;²⁷ the erosion of affirmative action;²⁸ and the like.

Potential Solutions

Given the number and severity of the potential causes of the challenges identified in the Senators' letter, a variety of potential solutions ought to be considered. Here I provide a number of proposals that may help improve outcomes for students of color.

The suite of policy proposals includes both targeted policy proposals that have race as a distinguishing factor and general proposals that address a larger share of students (generally lower-income) that will also help address the racial inequalities discussed previously. Income is not an adequate proxy for race; nevertheless, racial disparities in income and wealth make income-based strategies critically important in addressing the problems highlighted by the Senators. To help address the current and historic racial inequalities apparent in our U.S. higher education system, our finance models must be designed and focused on the promotion of access, equity, and completion for all students. In our current systems, they are often not. Therefore, in the general proposals category, a number of the options aim at lowering the price of going to college and driving resources to the institutions that serve large shares of our underrepresented students.

CLASP (2015). *Course, Counselor, and Teacher Gaps: Addressing the College Readiness Challenge in High-Poverty High Schools*. Washington, DC. Author.

Woods, C. S., & Domina, T. (2014). The School Counselor Caseload and the High School-to-College Pipeline. *Teachers College Record*, 116(10), n10.

Robinson, K. J., & Roksa, J. (2016). Counselors, information, and high school college-going culture: Inequalities in the college application process. *Research in Higher Education*, 57(7), 845-868.

²⁵ Turner, C. S. V. (1994). Guests in someone else's house: Students of color. *The Review of Higher Education*, 17(4), 355-370.

Solorzano, D. G., & Villalpando, O. (1998). Critical race theory, marginality, and the experience of students of color in higher education. *Sociology of education: Emerging perspectives*, 21.

Primm, A. B. (2018). College students of color: Confronting the complexities of diversity, culture, and mental health. *Higher Education Today*. Washington, DC: American Council on Education.

<https://www.higheredtoday.org/2018/04/02/college-students-color-confronting-complexities-diversity-culture-mental-health/>

²⁶ Jaquette, O. & Salazar, K. (2018). Colleges recruit at richer, whiter high schools. *The New York Times*.

<https://www.nytimes.com/interactive/2018/04/13/opinion/college-recruitment-rich-white.html>

²⁷ Merit aid refers to scholarships awarded based on academic achievement rather than financial need. Research has shown that these dollars tend to flow to wealthier and whiter students: Long, B. T., & Riley, E. (2007). Financial aid: A broken bridge to college access?. *Harvard Educational Review*, 77(1), 39-63.

²⁸ American Council on Education (2018). *Brief of amici curiae American Council on Education and 36 other higher education organizations in opposition to plaintiff's motion for summary judgment and in support of defendant's motion for summary judgment*. In the United States District Court for the District of Massachusetts Boston Division. https://www.aaup.org/sites/default/files/Amicus-Brief-Harvard-v-Students-Fair-Admissions_0.pdf

Shafer, L. (2018). The Case for Affirmative Action: As the federal stance on affirmative action changes, a look at what the policy has accomplished, and why it's still relevant today. *Usable Knowledge*. Harvard Graduate School of Education. <https://www.gse.harvard.edu/news/uk/18/07/case-affirmative-action>

There are many additional options that the Senators may want to consider and what is provided below does not address all of the problems and causes outlined earlier in this response. Instead, I have attempted to identify areas where I have some expertise and experience. The locus of intervention varies by proposal; however, for each, I list some potential federal actions.

Targeted Proposals

Improving Data and Research Related to Students of Color

The first step to addressing a problem is being aware of it. Policymakers at all levels need to be aware of the data and outcomes for students of color. This requires intentional action and high-quality student-level data systems. Policymakers need to collect, analyze, and report data disaggregated by race. Lawmakers ought to ask for and incentivize research addressing the causes of and solutions to the problems identified in the Senators' letter. The data, reports, and research need to be publicized and distributed to decisionmakers. Policymakers then need to use the data, analysis, and research to make explicit equity goals, plans, and policies.²⁹

Federal Action: 1) Implement a federal student-level data system, including data on student race/ethnicity and income; 2) ensure that federal data and reports include outcomes by race/ethnicity; 3) ensure that federal research and federally funded research explore ways to improve equity in higher education; 4) disaggregate data by racial/ethnic groups within the Asian community and collect finer grained data on Native American students, especially in regard to tribal affiliation; 5) provide financial support in the form of grants to states to further develop and use their student-level data systems to collect, report, and analyze data on race/ethnicity and outcomes for students of color; and 6) through the Institute of Education Sciences, provide research grant funding to specifically address the problems identified in the Senators' letter.

Outcomes-Based Funding for Equity

A spate of recent research has raised a number of red flags regarding traditional state outcomes-based funding (OBF) and equity, including minority serving institutions potentially receiving decreased funding relative to non-MSIs,³⁰ a reduction in Pell Grant revenue (fewer Pell students being enrolled),³¹ an increase in institutional selectivity and declining admissions rates;³² declines in enrollments of students

²⁹ Excellent resources for this type of work include:

<https://postsecondarydata.sheeo.org/>

<http://www.ihep.org/postsecddata/resources-reports/national-postsecondary-data-infrastructure>

<https://cue.usc.edu/tools/>

<https://edtrust.org/our-resources/data-tools/>

³⁰ Hillman, N., & Corral, D. (2017). The Equity Implications of Paying for Performance in Higher Education. *American Behavioral Scientist*, 61(14), 1757-1772.

Li, A. Y., Gándara, D., & Assalone, A. (2018). Equity or Disparity: Do Performance Funding Policies Disadvantage 2-Year Minority-Serving Institutions? *Community College Review*, 46(3), 288-315.

³¹ Kelchen, R., & Stedrak, L. J. (2016). Does Performance-Based Funding Affect Colleges' Financial Priorities? *Journal of Education Finance*, 41(3), 302-321.

³² Umbricht, M. R., Fernandez, F., & Ortagus, J. C. (2017). An examination of the (un)intended consequences of performance funding in higher education. *Educational Policy*, 31(5), 643-673.

Birdsall, C. (2018). Performance Management in Public Higher Education: Unintended Consequences and the Implications of Organizational Diversity. *Public Performance & Management Review*, 1-27.

color;³³ significant increases in tuition;³⁴ and high-resource institutions being more likely to benefit from performance funding and low-resource institutions being more likely to see their funding decline.³⁵

However, newer OBF models that include equity indicators within the OBF formula have been shown, in the literature, to produce some positive outcomes. Equity indicators include incentives for the outcomes associated with students of color and other targeted populations. These can include weights, bonuses, or specific metrics. There is some evidence that the use of equity indicators can have positive impacts. This is particularly true for the enrollment and completion of low-income students. Across the studies, equity premiums appear to lead to positive outcomes for low-income students. Studies have found mixed results for outcomes associated with students of color.³⁶ Additionally, equity indicators and other short-term (or milestone) metrics (e.g., developmental education and course completion) can benefit particular institutions such as minority serving community colleges.³⁷ Finally, states that included both income- and race-based premiums have better equity outcomes.³⁸ Ideas for how to design equity-focused OBF programs can be found on Research for Action's [OBF for Equity Toolkit site](#).³⁹

Federal Action: 1) Encourage states to include equity premiums in their OBF programs (if they use OBF); 2) include a requirement that if a state uses an OBF program, they must include equity premiums if they are to participate in the federal-state partnership and/or the higher education Title I-type program described below; and 3) include equity indicators in any federal accountability program.

Support for HBCUs and other MSIs

One of the most direct ways federal lawmakers can positively impact students of color is through their support of historically black colleges and universities (HBCUs) and other minority serving institutions (MSIs). These institutions serve a large share of students of color. HBCUs, in particular, have a historic and unique mission to serve as access points and engines of opportunity and mobility. They also serve unique cultural purposes within our country and their communities. On average, the outcomes for

³³ Birdsall, C. (2018). Performance Management in Public Higher Education: Unintended Consequences and the Implications of Organizational Diversity. *Public Performance & Management Review*, 1-27.

³⁴ Hu, X., & Villarreal, P. (2018). Public Tuition on the Rise: Estimating the Effects of Louisiana's Performance-Based Funding Policy on Institutional Tuition Levels. *Research in Higher Education*, 1-34.

³⁵ Hagood, L. P. (2017). *The financial benefits and burdens of performance funding* (Doctoral dissertation, University of Georgia). <https://athenaeum.libs.uga.edu/handle/10724/37779>

Birdsall, C. (2018). Performance Management in Public Higher Education: Unintended Consequences and the Implications of Organizational Diversity. *Public Performance & Management Review*, 1-27.

³⁶ Gándara, D., & Rutherford, A. (2018). Mitigating unintended impacts? The effects of premiums for underserved populations in performance-funding policies for higher education. *Research in Higher Education*, 59(6), 681-703.

Hillman, N. & Crespín-Trujillo (2018). State accountability policies: Can performance funding be equitable? In G. Orfield & N. Hillman (Eds). *Accountability and Opportunity in Higher Education: The Civil Rights Dimension*. Harvard Education Press.

Kelchen, R. (2018). Do performance-based funding policies affect underrepresented student enrollment? *The Journal of Higher Education*, 1-26.

³⁷ Li, A. Y., Gándara, D., & Assalone, A. (2018). Equity or Disparity: Do Performance Funding Policies Disadvantage 2-Year Minority-Serving Institutions? *Community College Review*, 46(3), 288-315.

Kelchen, R. (2018). Do performance-based funding policies affect underrepresented student enrollment?. *The Journal of Higher Education*, 1-26.

³⁸ Gándara, D., & Rutherford, A. (2018). Mitigating unintended impacts? The effects of premiums for underserved populations in performance-funding policies for higher education. *Research in Higher Education*, 59(6), 681-703.

³⁹ <https://www.obfequitytoolkit.org/>

students of color who attend MSIs are better than similar students who do not attend MSIs. These include graduation and completion rates, labor market outcomes, and return on investment, among other outcomes.⁴⁰

As noted earlier, increased financial resources at our colleges and universities can have large positive impacts on student completions.⁴¹ Additional federal investment in MSIs would likely produce positive dividends and help address the problems identified in the Senators' letter.

Federal Action: Increase federal financial support for MSIs including: HBCUs, tribal colleges, Hispanic-serving institutions, Alaska Native-serving institutions, Native Hawaiian-serving institutions, predominantly Black institutions, Asian American and Native American Pacific Islander-serving institutions, and Native American-serving nontribal institutions.

Partnerships to Prepare and Place Teachers of Color

Having teachers of color in preK-12 classrooms is critically important for students of color and their short- and long-term success, including attending and succeeding in college. Currently, only 2 percent of educators are black males.⁴² Having a same-race teacher has been linked to students of color performing better on standardized tests and having more favorable teacher perceptions, reductions in the probability that they drop out of high school, and increased aspirations to attend a four-year college.⁴³ Cooperative action is needed to recruit students of color into teacher preparation programs and to place and retain them as teachers. Doing so will likely increase the numbers of students of color attending college and who are better able to succeed. One project meant to increase the number of black male teachers that includes partnerships with high schools, HBCUs, and state higher education agencies is [SHEEO's Project Pipeline Repair](#).⁴⁴ Such a collaborative approach may serve as a model for future work in this area.

⁴⁰ Espinosa, L. L., Turk, J. M., & Taylor, M. (2017). *Pulling Back the Curtain: Enrollment and Outcomes at Minority Serving Institutions*. Washington, DC: American Council on Education.

Espinosa, L., Kelchen, R., & Taylor, M. (2018). *Minority Serving Institutions as Engines of Upward Mobility*. Washington, DC: American Council on Education.

Gasman, M., Samayoa, A. C., & Nettles, M. (2017). Investing in Student Success: Examining the Return on Investment for Minority-Serving Institutions. *ETS Research Report Series, 2017*(1), 1-66.

Park, T. J., Flores, S. M., & Ryan, C. J. (2018). Labor Market Returns for Graduates of Hispanic-Serving Institutions. *Research in Higher Education, 59*(1), 29-53.

Flores, S. M., & Park, T. J. (2013). Race, ethnicity, and college success: Examining the continued significance of the minority-serving institution. *Educational Researcher, 42*(3), 115-128.

Flores, S. M., & Park, T. J. (2015). The effect of enrolling in a minority-serving institution for Black and Hispanic students in Texas. *Research in Higher Education, 56*(3), 247-276.

⁴¹ Deming, D. J., & Walters, C. R. (2017). *The Impact of Price Caps and Spending Cuts on U.S. Postsecondary Attainment* (No. w23736). National Bureau of Economic Research. <http://www.nber.org/papers/w23736>

⁴² Whitfield, C. T. (2019). Only two percent of teachers are black men, yet research confirms they matter: Teachers explore why so few are in schools. *The Undefeated*. <https://theundefeated.com/features/only-two-percent-of-teachers-are-black-men-yet-research-confirms-they-matter/>

⁴³ Dee, T. S. (2004). Teachers, race, and student achievement in a randomized experiment. *Review of Economics and Statistics, 86*(1), 195-210.

Gershenson, S., Hart, C., Hyman, J., Lindsay, C., & Papageorge, N. W. (2018). *The long-run impacts of same-race teachers* (No. w25254). National Bureau of Economic Research.

⁴⁴ <http://www.sheeo.org/projects/ppr>

Federal Action: Provide grant funding for projects meant to increase the number of teachers of color in preK-12 schools.

General Proposals

Federal-State Partnership for College Affordability

Because higher education costs are so high and the gap between what many students can pay and what institutions charge is so large, the burden of making college affordable must be shared. The State Higher Education Executive Officers Association (SHEEO) has [proposed](#) a measure of affordability and a federal-state partnership that would ultimately make college affordable for lower-income students.⁴⁵ SHEEO proposes a forward-looking measure of college affordability where students devote no more than 10 percent of their discretionary income toward student loan repayment. The federal-state partnership proposal built on existing financial aid allocations from all sources in each state. Via a federal-state matching framework, it was designed to encourage states (in part, through federal matching dollars) to target additional funding to need-based financial aid programs, reduce general student cost (reducing/limiting tuition and other costs), and to specifically reduce net price for students from lower-income families. To achieve this affordability threshold, it could cost an additional \$34 billion per year in state and federal support for higher education. On average, if federal matching funds were secured, states would need to increase total educational appropriations 5 percent each year for four years to meet the SHEEO affordability threshold. A combination of increased need-based financial aid and increased appropriations to institutions would be needed to meet the affordability threshold. For a compelling, in-depth, and well researched discussion of the need for such an effort see Sara Goldrick-Rab's [Paying the Price \(2016\)](#).⁴⁶

Federal Action: Federal lawmakers design a federal matching program that provides federal matching dollars for new state investments meant to lower the cost for students to attend public higher education, particularly for lower-income students.

Funding Adequacy

Within higher education, the question of what it costs to successfully educate and graduate students has not been properly answered. Nevertheless, we know that resources matter.⁴⁷ Likewise, different students need different resources and levels of support.⁴⁸ Focusing on the public institutions that enroll relatively large shares of students of color (who also often happen to be lower-income students), our

⁴⁵ Tandberg, D.A., Laderman, S., & Carlson, A. (2017). *A Federal-State Partnership for True College Affordability*. Boulder, CO: SHEEO. <http://www.sheeo.org/resources/publications/federal-state-partnership-true-college-affordability>

⁴⁶ Goldrick-Rab, S. (2016). *Paying the price: College costs, financial aid, and the betrayal of the American dream*. University of Chicago Press.

⁴⁷ Deming, D. J., & Walters, C. R. (2017). *The Impact of Price Caps and Spending Cuts on U.S. Postsecondary Attainment (No. w23736)*. National Bureau of Economic Research. <http://www.nber.org/papers/w23736>

⁴⁸ Swail, W. S. (2003). *Retaining Minority Students in Higher Education: A Framework for Success*. ASHE-ERIC Higher Education Report. Jossey-Bass Higher and Adult Education Series. San Francisco, CA: Jossey-Bass.

Museus, S. D. (2014). The culturally engaging campus environments (CECE) model: A new theory of success among racially diverse college student populations. In *Higher education: Handbook of theory and research* (pp. 189-227). Springer, Dordrecht.

Smith, D. G. (2015). *Diversity's promise for higher education: Making it work*. JHU Press.

approaches to institutional funding have resulted in inequitable institutional resources.⁴⁹ For example, Black students make up roughly 6 percent of public research university enrollments and 15 percent of public two-year college enrollments yet research universities have significantly higher per student resources.⁵⁰ New approaches are needed that drive additional resources to the public institutions that serve larger shares of students of color and lower-income students. The central argument for an adequacy approach to funding education institutions is that these students need more, not less, support than students from advantaged backgrounds, and our funding formula should account for that fact. Our current systems for funding public higher education advantage research universities, other high resourced institutions, those with political clout, and those that serve predominantly white and wealthier students and more out-of-state students.⁵¹ Reforming the funding system in order to drive governmental support to the institutions serving the types of students who have not been served as well by our current system would pay significant dividends.⁵² ⁵³ Such formulas have been implemented in K-

⁴⁹ Carnevale, A. & Strohl, J. (2013). *Separate and Unequal: How Higher Education Reinforces the Intergenerational Reproduction of White Racial Privilege*. Georgetown University, Center on Education and the Workforce.

<https://cew.georgetown.edu/cew-reports/separate-unequal/>

Long, B. T. (2016). State Support for Higher Education: How Changing the Distribution of Funds Could Improve College Completion Rates. The Miller Center. http://web1.millercenter.org/commissions/higher-ed/Long_No9.pdf

⁵⁰ Digest of Education Statistics (2017).

Carnevale, A. & Strohl, J. (2013). *Separate and Unequal: How Higher Education Reinforces the Intergenerational Reproduction of White Racial Privilege*. Georgetown University, Center on Education and the Workforce.

<https://cew.georgetown.edu/cew-reports/separate-unequal/>

Long, B. T. (2016). State Support for Higher Education: How Changing the Distribution of Funds Could Improve College Completion Rates. The Miller Center. http://web1.millercenter.org/commissions/higher-ed/Long_No9.pdf

⁵¹ McLendon, M. K., Mokher, C. G., & Doyle, W. (2009). 'Privileging' Public Research Universities: An Empirical Analysis of the Distribution of State Appropriations Across Research and Non-Research Universities. *Journal of Education Finance*, 372-401.

Hagood, L. P. (2017). *The financial benefits and burdens of performance funding* (Doctoral dissertation, University of Georgia). <https://athenaeum.libs.uga.edu/handle/10724/37779>

Hillman, N., & Corral, D. (2017). The Equity Implications of Paying for Performance in Higher Education. *American Behavioral Scientist*, 61(14), 1757-1772.

Birdsall, C. (2018). Performance Management in Public Higher Education: Unintended Consequences and the Implications of Organizational Diversity. *Public Performance & Management Review*, 1-27.

Carnevale, A. & Strohl, J. (2013). *Separate and Unequal: How Higher Education Reinforces the Intergenerational Reproduction of White Racial Privilege*. Georgetown University, Center on Education and the Workforce.

<https://cew.georgetown.edu/cew-reports/separate-unequal/>

Long, B. T. (2016). *State Support for Higher Education: How Changing the Distribution of Funds Could Improve College Completion Rates*. The Miller Center. http://web1.millercenter.org/commissions/higher-ed/Long_No9.pdf

Jaquette, O. (2017). *State University No More: Out-of-State Enrollment and the Growing Exclusion of High-Achieving, Low-Income Students at Public Flagship Universities*. Jack Kent Cooke Foundation

<https://www.jkcf.org/research/state-university-no-more-out-of-state-enrollment-and-the-growing-exclusion-of-high-achieving-low-income-students-at-public-flagship-universities/>

⁵² Long, B. T. (2016). *State Support for Higher Education: How Changing the Distribution of Funds Could Improve College Completion Rates*. The Miller Center. http://web1.millercenter.org/commissions/higher-ed/Long_No9.pdf

Kahlenberg, R. D., Shireman, R., Quick, K., & Habash, T. (2018). *Policy Strategies for pursuing adequate funding of community colleges*. NYC: The Century Foundation. <https://tcf.org/content/report/policy-strategies-pursuing-adequate-funding-community-colleges/?agreed=1>

⁵³ Scrivener, et al. (2015). Doubling graduation rates: Three-year effects of CUNY's Accelerated Study in Associate Programs (ASAP) for developmental education students. Washington, DC: MDRC.

12 education and several studies have documented positive impacts.⁵⁴ The Century Foundation recently published a [report](#) meant to set a foundation, framework, and strategy for the development of adequacy funding models for community colleges. Included in their recommendations are: using K-12 funding models to inform community college adequacy formulas, using outcome-based funding and the free community college movement as building blocks, and learning from what other countries have pursued.⁵⁵

As noted earlier, increased financial resources at community colleges and non-selective public four-year universities can have large positive impacts on student completions. Such resources used properly can dramatically increase outcomes for students.⁵⁶ Likewise, state funding of higher education has been linked to tuition rates. For every \$1,000 per student cut in state appropriations, over time, the average student has paid \$257 more in tuition. Since 2008, the pass-through rate has been 41.2 percent.⁵⁷ Increasing government support to the institutions serving large shares of students of color would help make quality higher education affordable for those students.

Federal Action: 1) Federal lawmakers provide funding for the development of adequacy funding formula for public higher education and/or 2) Federal lawmakers make the adoption of approved adequacy funding formula a requirement for participation in the federal-state partnership described above.

Federal Title I-Type Program for Higher Education

The federal Title I program provides federal funds to schools with high percentages of low-income students. These funds pay for extra educational services to help low-income students succeed regardless of income or other factors. While there are some mixed outcomes and findings related to the federal K-12 Title I program, at least two recent multistate studies using sophisticated, quasi-experimental research designs have found positive impacts related to Title I funding, including improved graduation

Sommo, C. et al (2018). *Doubling Graduation Rates in a New State: Two-Year Findings from the ASAP Ohio Demonstration*. Washington, DC: MDRC.

⁵⁴ Card, D., & Payne, A. A. (2002). School finance reform, the distribution of school spending, and the distribution of student test scores. *Journal of Public Economics*, 83(1), 49-82.

Clark, M. A. (2003). Education reform, redistribution, and student achievement: Evidence from the Kentucky Education Reform Act. (Doctoral dissertation). *Princeton University*.

Guryan, J. (2001). *Does money matter? Regression-discontinuity estimates from education finance reform in Massachusetts* (No. w8269). National Bureau of Economic Research.

Hyman, J. (2017). Does money matter in the long run? Effects of school spending on educational attainment. *Working Paper*: <https://www.aeaweb.org/articles?id=10.1257/pol.20150249>

Jackson, C.K. (2018). *Does school spending matter. The new literature on an old question*. https://works.bepress.com/c_kirabo_jackson/38/

⁵⁵ Kahlenberg, R. D., Shireman, R., Quick, K., & Habash, T. (2018). *Policy Strategies for pursuing adequate funding of community colleges*. NYC: The Century Foundation. <https://tcf.org/content/report/policy-strategies-pursuing-adequate-funding-community-colleges/?agreed=1>

⁵⁶ Deming, D. J., & Walters, C. R. (2017). *The Impact of Price Caps and Spending Cuts on U.S. Postsecondary Attainment* (No. w23736). National Bureau of Economic Research. <http://www.nber.org/papers/w23736>

Scrivener, et al. (2015). Doubling graduation rates: Three-year effects of CUNY's Accelerated Study in Associate Programs (ASAP) for developmental education students. Washington, DC: MDRC.

Sommo, C. et al (2018). *Doubling Graduation Rates in a New State: Two-Year Findings from the ASAP Ohio Demonstration*. Washington, DC: MDRC.

⁵⁷ Webber, D. A. (2017). State divestment and tuition at public institutions. *Economics of Education Review*, 60, 1-4.

rates and a reduction in dropouts.⁵⁸ A Title I-type program could be designed for higher education. Third Way has proposed a [potential design of such a program](#) that would include three different levels of grants that vary based on the number and percentage of Pell students a college enrolls, with potential bonuses for successful campuses.⁵⁹ Similar to the current K-12 Title I program, a requirement that federal dollars [supplement rather than supplant](#) state and local funding would be important. While not specifically focused on students of color (at least not as currently proposed), such provisions could be included, and if not, the inequalities in income and wealth based on race make a Title I-type program for higher education a potential effective mechanism for addressing such inequalities.

Again, as noted earlier, increased financial resources at community colleges and non-selective public four-year universities can have large positive impacts on student outcomes.⁶⁰ Likewise, additional resources are likely to reduce costs to students.⁶¹

Federal Action: Design and implement a Title I-type program for higher education that would provide grants through state higher education agencies to colleges and universities that serve large shares/numbers of lower-income students.

Pell Grants

Recent research using sophisticated methods have tied the Pell Grant to many positive outcomes, including completions, retention, graduation rates, earnings, academic progress, transfer, full-time enrollment, and the like.⁶² Additional federal support for the Pell Grant would help alleviate the cost

⁵⁸ Cascio, E.U., Gordon, N., & Reber, S. (2013). Local Responses to Federal Grants: Evidence from the Introduction of Title I in the South. *American Economic Journal: Economic Policy*, 5 (3):126–159.

Johnson, R.C. (2015). Follow the Money: School Spending from Title I to Adult Earnings. *RSF: The Russell Sage Foundation Journal of the Social Sciences*, 1(3):50.

⁵⁹ <https://www.thirdway.org/memo/creating-a-title-i-for-higher-ed>

⁶⁰ Deming, D. J., & Walters, C. R. (2017). *The Impact of Price Caps and Spending Cuts on U.S. Postsecondary Attainment (No. w23736)*. National Bureau of Economic Research. <http://www.nber.org/papers/w23736>

Scrivener, et al. (2015). Doubling graduation rates: Three-year effects of CUNY's Accelerated Study in Associate Programs (ASAP) for developmental education students. Washington, DC: MDRC.

Sommo, C. et al (2018). *Doubling Graduation Rates in a New State: Two-Year Findings from the ASAP Ohio Demonstration*. Washington, DC: MDRC.

⁶¹ Webber, D. A. (2017). State divestment and tuition at public institutions. *Economics of Education Review*, 60, 1-4.

⁶² Denning, J. T., Marx, B. M., & Turner, L. J. (2017). *ProPelled: The effects of grants on graduation, earnings, and welfare*. Cambridge, MA: National Bureau of Economic Research. <https://www.nber.org/papers/w23860>

Seftor, N. & Turner, S. (2002). Back to school: Federal student aid policy and adult college enrollment. *The Journal of Human Resources*, 37(2). 336-351. http://www.jstor.org/stable/3069650?seq=1#page_scan_tab_contents

Alon, S. (2011). Who benefits most from financial aid? The heterogeneous effect of need-based grants on students' college persistence. *Social Science Quarterly*, 92(3). 807-829.

http://people.socsci.tau.ac.il/mu/salon/files/2011/11/ssq_sep2011_final.pdf

Woo, J. (2009). *The impact of Pell Grants on academic outcomes for low-income California community college students*. MPR Associates: p. 3. <http://files.eric.ed.gov/fulltext/ED537848.pdf>

Bettinger, E. (2004). How financial aid affects persistence. National Bureau of Economic Research, *Working Paper No. 10242*. p. 31. <http://www.nber.org/papers/w10242.pdf>

Chen, R., & DesJardins, S. L. (2010). Investigating the impact of financial aid on student dropout risks: Racial and ethnic differences. *The Journal of Higher Education*, 81(2), 179-208.

<http://www.tandfonline.com/doi/abs/10.1080/00221546.2010.11779048?journalCode=uhej20>

burden for students of color, decrease their loan amounts, and increase their chances for success. Likewise, protecting the summer Pell would likewise continue to improve outcomes and reduce loan burdens.⁶³ Further, Pell Grants for prisoners would increase access and opportunity and help address the racial inequalities built into the U.S. corrections system. Some ideas for reforming the Pell Grant program have been suggested.⁶⁴ One of the most comprehensive works on Pell Grant reforms that I am aware was conducted by [The College Board](#). They suggest such reforms as having two different Pell Grant programs, one for younger students and one for older adult students; adjustments to how Pell eligibility is determined; connecting the Pell to tailored student guidance and support services; simplified eligibility and application processes; and built-in incentives for student progress and completion, among other recommendations.⁶⁵

Federal Action: 1) Increase funding for the Pell Grant program; 2) maintain the summer Pell and make it permanent; 3) make Pell Grants available to incarcerated students; and 4) explore ways to make the Pell Grant even more effective.

Federal Student Loan Reforms

The availability of federal student loans provides a critical college financing option that has allowed millions of students to access higher education who would not have otherwise. Borrowing has been linked to increased access and some better student outcomes.⁶⁶ However, too much debt can cause students to alter their post-college decisions and plans, lead to significantly lower standards of living,

Park, R.S.E. & Scott-Clayton, J. (2017). *The impact of Pell Grant eligibility on community college students' financial aid packages, labor supply, and academic outcomes*. Center for Analysis of Postsecondary Education and Employment. <http://ccrc.tc.columbia.edu/media/k2/attachments/impact-pell-grant-eligibility-community-college-students.pdf>

Denning, J. T. (2017). *Born under a lucky star: Financial aid, college completion, labor supply, and credit constraints (Working paper 17-267)*. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research. http://research.upjohn.org/cgi/viewcontent.cgi?article=1285&context=up_workingpapers

Franke, R. (2014). *Toward the education nation? Revisiting the impact of financial aid, college experience, and institutional context on baccalaureate degree attainment for low income students*. Prepared for Presentation at the Annual Meeting of the American Educational Research Association (AERA), Philadelphia, PA, (April 3-7). <http://www.aera.net/Newsroom/Recent-AERA-Research/Toward-the-Education-Nation-Revisiting-the-Impact-of-Financial-Aid-College-Experience-and-Institutional-Context-on-Baccalaureate-Degree-Attainment-for-Low-Income-Students>

⁶³ Liu, V. Y. T. (2017). Is School out for the Summer? The Impact of Year-Round Pell Grants on Academic and Employment Outcomes of Community College Students. *CCRC Working Paper No. 95*. Community College Research Center, Teachers College, Columbia University.

Bannister, K., & Kramer, D. (2015). *The impact of the year-round Pell Grant on summer credit hour completion: A quasi-experimental case study at Hillsborough Community College*. Gainesville, FL: University of Florida, College of Education.

⁶⁴ See, for example: Dynarski, S., & Scott-Clayton, J. (2013). Financial Aid Policy: Lessons from Research. *Financial Aid Policy: Lessons from Research*, 23(1). Retrieved from <https://pdfs.semanticscholar.org/e83b/84f833cdffb9b1807076f8700b0a174147d7.pdf>

⁶⁵ Baum, S., Bailey, T., Bettinger, E., Dynarski, S., Hauptman, A., Holzer, H., ... & Rosenbaum, J. (2013). Rethinking Pell Grants. *College Board Advocacy and Policy Center*. <https://secure-media.collegeboard.org/digitalServices/pdf/advocacy/policycenter/advocacy-rethinking-pell-grants-report.pdf>

⁶⁶ Marx, B. M., & Turner, L. J. (2019). The Benefits of Borrowing. *Education Next*, 19(1).

lower net-worth, poor credit scores, default, and other negative outcomes.⁶⁷ This is particularly the case for borrowers of color. Currently, the federal student loan program is too complex, and various options for borrowers are not well known or understood. Simplifying the federal student loan program and making it more progressive would benefit all borrowers, including borrowers of color.

A number of proposals have been published to improve the federal student loan program. The proposals by [TICAS](#) and the [Urban Institute](#) make compelling cases for improvement to the student loan system.⁶⁸ Based on their research and recommendations, I believe that reducing the loan repayment options to the Income-Driven Repayment (IDR) program and the traditional repayment program and streamlining the repayment process would be the best course. The IDR program should be reduced to a single and improved option. Likewise, providing for some form of forgiveness at the end of the repayment period and simplified forbearance would also be necessary. For details on these options, please see the proposals by TICAS and the Urban Institute. Finally, increased protections are needed for borrowers, particularly regarding student loan servicers. This will require better and stricter oversight from the U.S. Department of Education, including better monitoring and documentation of communications between servicers and borrowers; ensuring clear, sufficient, and consistent guidance from the USDE to loan servicers; improved tracking of borrower complaints; better evaluation of servicers; and use of contractual and statutory authorities to hold servicers accountable and to correct problems.⁶⁹

Federal Action: 1) Make IDR and the traditional repayment program the only repayment options; 2) simplify and improve the IDR; 3) provide for some form of forgiveness for borrowers who are ultimately unable to repay their debt; 4) simplify the forbearance process; and 5) require better and stricter oversight of student loan servicers from the U.S. Department of Education.

⁶⁷ Velez, E., Cominole, M., & Bentz, A. (2019). Debt burden after college: the effect of student loan debt on graduates' employment, additional schooling, family formation, and home ownership. *Education Economics*, 27(2), 186-206.

Elliott, W., & Nam, I. (2013). Is student debt jeopardizing the short-term financial health of U.S. households?. *Federal Reserve Bank of St. Louis Review*, 95.

Walsemann, K. M., Gee, G. C., & Gentile, D. (2015). Sick of our loans: Student borrowing and the mental health of young adults in the United States. *Social Science & Medicine*, 124, 85-93.

Scott-Clayton, J. (2018). The looming student loan default crisis is worse than we thought. *Evidence Speaks Reports, Brookings Institution*, 2(34), 1-10. <https://www.brookings.edu/wp-content/uploads/2018/01/scott-clayton-report.pdf>

Noval, A. (2018). *Despite the economic recovery, student debtors' 'monster in the closet' has only worsened*. CNBC: <https://www.cnn.com/2018/09/21/the-student-loan-bubble.html>

⁶⁸ Baum, S., & Johnson, M. C. (2016). *Strengthening federal student aid: Reforming the student loan repayment system*. Washington, DC: Urban Institute. <https://www.urban.org/research/publication/strengthening-federal-student-aid-reforming-student-loan-repayment-system>

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⁶⁹ U.S. Government Accountability Office (2018). *Federal Student Loans: Further Actions Needed to Implement Recommendations on Oversight of Loan Servicers*. Author. <https://www.gao.gov/products/GAO-18-587R>

USDE Office of the Inspector General (2019). *Federal student aid: Actions needed to mitigate the risk of servicer noncompliance with requirements for servicing federally held student loans*. Author.

Maintain and Increase Oversight of the For-Profit Sector

The outcomes for students of color and, in particular, black students, in the profit sector⁷⁰ necessitate increased scrutiny and oversight of the sector and the primary accreditors of the for-profit institutions. Recent efforts to roll back restrictions and sanctions for for-profit colleges have made abuses more likely.⁷¹ A renewed effort to monitor and hold the sector accountable for failures and abuses is necessary.⁷²

Federal Action: 1) Protect and maintain current oversight and regulatory tools, including the enforcement and expansion of the gainful employment rule; 2) enforce with fidelity current requirements for national accreditors; 3) review and approve new student fraud claims against for-profit colleges in a fair and efficient manner; and 4) consider returning the 90/10 rule to the original 85/15 requirement.⁷³

Protect and Strengthen the Triad

The U.S. higher education system relies on the program integrity triad of the federal government, accreditors, and state governments. This was specified in the original Higher Education Act and each subsequent reauthorization. Recent regulatory proposals from the U.S. Department of Education would weaken the triad. It is critical that state-authorization and accreditation be preserved and improved and communication and data sharing among the members of the triad be improved.⁷⁴ Given the serious challenges for students of color outlined in the Senators' letter, ensuring that we have a functional program integrity triad and consumer protections is critical.

Federal Action: 1) Protect the roles of the accreditors and the states in the triad, using revisions to the Higher Education Act, if necessary; 2) annually convene the members of the triad for professional development, coordination, and information and data sharing; 3) develop and provide a data sharing mechanism for members of the triad.

⁷⁰ Libassi, C.J. (2018). *The neglected college race gap: Racial disparities among college completers*. Washington, DC: Center for American Progress.

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<https://www.responsiblelending.org/student-loans/research-policy/CRL-For-Profit-Univ-FINAL.pdf>

⁷¹ <https://www.politico.com/story/2017/08/31/devos-trump-forprofit-college-education-242193>
<https://mic.com/articles/189386/the-department-of-education-is-scaling-back-its-oversight-of-for-profit-colleges-heres-how-to-protect-yourself#.Kb7xGjjvo>

⁷² For an in-depth discussion of the risks associated with for-profit higher education see: Cottom, T. M. (2017). *Lower ed: The troubling rise of for-profit colleges in the new economy*. The New Press.

⁷³ Looney, A. & Lee, V. (2019). *Does the 90/10 rule unfairly target proprietary institutions or under-resourced schools?* Washington, DC: Brookings. <https://www.brookings.edu/research/does-the-90-10-rule-unfairly-target-proprietary-institutions-or-under-resourced-schools/>

⁷⁴ Anderson, R.E. (2019). *State and Federal Cooperation Can Improve Higher Education Quality*. Washington, DC: Higher Learning Advocates. <https://higherlearningadvocates.org/2019/01/31/state-and-federal-cooperation-can-improve-higher-education-quality/?platform=hootsuite>

Conclusion

In order to address and correct the racial disparities in student debt and other postsecondary outcomes outlined in the Senators' letter direct and decisive action will be needed. I hope that the research and ideas presented in my response will be helpful in motivating and informing such action. I am happy to respond to any questions, provide additional information and clarification, and to provide any additional assistance.