

March 6, 2018

Honorable Lamar Alexander Honorable Patty Murray

Chair Ranking Member

Senate Committee on Health Senate Committee on Health, Education, Labor and Pensions Education, Labor and Pensions

United States Senate United States Senate

Dear Chairman Alexander and Ranking Member Murray:

On behalf of the National Urban League and its 90 local affiliates in urban communities across 37 states and the District of Columbia, we welcome the opportunity to respond to the request of the Committee for stakeholder input as you prepare for the reauthorization of the Higher Education Act (HEA) of 1965, the nation’s first civil rights law to address post-secondary learning, as amended. Our comments are derived from the National Urban League’s 100-plus years of expertise in policy and direct service delivery in urban communities across the country, which includes programs that serve children and youth.

The National Urban League’s work in education is guided by our 2025 empowerment goal of “ensuring every American child is prepared for college, work, and life.” Our principles for the HEA Reauthorization stem from this goal and include:

1. **Access.** Federal higher education law should address barriers in access to a post-secondary education caused by historic and present-day race-based exclusionary policies and practices, and promote meaningful access for historically underrepresented students.
2. **Affordability**. Federal student aid must make college affordable for low-income students, taking into account the totality of a family's economic status, full college costs, which includes child care, transportation and housing, and prioritize investments in grant aid first to reduce the disparate student loan debt burden placed on low-income, first-generation, and students of color in order to move them out of poverty.
3. **Completion**. Expand federal initiatives that provide culturally appropriate, wrap-around support services that help to promote college completion by addressing barriers to completion that cannot be met by grant aid alone.
4. **Accountability**. Higher education institutions that receive federal financial aid should be held accountable for the progress of their students based on the unique history, mission, and resources of the institution and the characteristics and demographics of their student body. Accountability systems in higher education must do no harm and prevent perverse incentives that would further disadvantage low-income and historically underrepresented students and the institutions that serve them.

These priorities are explained in further detail in the following pages.

**Access**

*Federal higher education law should address barriers in access to a post-secondary education caused by historic and present-day race-based exclusionary policies and practices and promote meaningful access for historically underrepresented students.*

Education has always been a great engine of social mobility. That is true now more than ever. When the Higher Education Act was signed into law in 1965, 70 percent of workers only needed a high school diploma, whereas now, 60 percent of jobs require some form of post-secondary degree or training.[[1]](#footnote-1) Today, median lifetime earnings for those with a bachelor’s degree are $2.3 million or 74 percent more than those with just a high school diploma.[[2]](#footnote-2)

Yet, large gaps in college enrollment and completion rates exist along racial and ethnic lines widely due to our nation’s legacy of racial bias and discrimination in federal education policies.

Despite overall gains nationally, gaps in college enrollment by race persist. In 2016, college enrollment for white students was 71 percent, which was a six percent increase from 2000.[[3]](#footnote-3) From 2000 to 2015, enrollment of black students went from 30.5 percent to 34.9 percent, and enrollment of Latino students went from 21.7 percent to 36.6 percent.[[4]](#footnote-4)

In 2044, we are expected to be a majority-minority nation where whites will make up less than half of the population. We already see how these demographic changes will impact classrooms. As of the 2014-2015 school year, and for the first time in history, our nation’s public schools are majority-minority, with the overall number of Latino, African-American, and Asian students in public K-12 classrooms surpassing the number of non-Latino whites.[[5]](#footnote-5) Given this seismic shift in demographics, we must be more intentional about increasing college enrollment and completion by promoting access and success to post-secondary education for historically underrepresented students. Our nation’s economic strength and moral authority depend on it.

*NATIONAL URBAN LEAGUE RECOMMENDATIONS:*

* Create partnerships between institutions of higher education and national and regional nonprofit intermediaries that offer historically underrepresented students college access and success programs in local communities. Services may include preparation for college coursework; mentoring; financial literacy; advisement regarding college admissions and financial aid; tools to navigate college life; and referrals for housing, transportation and childcare assistance.
* Make an early commitment to provide Pell Grants to low-income middle- and high school students to increase college readiness and entry.
* Increase funding for existing college access programs such as TRIO, GEAR UP, and HEP-CAMP.
* Reward and support institutions that enroll a high number of historically underrepresented students.
* Encourage higher education institutions to “ban the box” on college admission applications to promote the enrollment of formerly incarcerated people or people with criminal convictions.
* Increase consumer information and awareness about institutional outcomes before the 11th grade, such as disaggregated college graduation rates, average student debt levels, and the average time it takes to complete a degree in a student’s intended profession. Being aware of this information prior to the 11th grade enables students to make informed decisions and select institutions where they are most likely to graduate based on academic, financial and social fit.[[6]](#footnote-6)

**College Affordability**

F*ederal student aid must make college affordable for low-income students, taking into account the totality of a family's economic status, full college costs, which includes child care, transportation, food and housing, and prioritize investments in grant aid first to reduce the disparate student loan debt burden placed on low-income and students of color and move them out of poverty.*

Despite recent increases in state funding, overall state investments in higher education remain far below 2008 levels — $9 billion less, or 16 percent lower per student.[[7]](#footnote-7) As states slash funding, tuition continues to rise faster than inflation and family incomes, and federal student aid has not kept pace, making college less affordable to low-income students. The maximum Pell Grant today covers less than one-third of the average cost of college and represents less than one-fifth of all federal student aid.[[8]](#footnote-8) As a result, more students are picking up an ever-larger share of college costs. For example, the class of 2016 graduated with an average of $37,172 in student loan debt and the total amount of outstanding student loan debt was $1.3 trillion in 2017.[[9]](#footnote-9)

The student loan debt crisis is particularly acute for black student borrowers. According to a 2017 Department of Education report, nearly 50 percent of black borrowers defaulted, including 75 percent of those who dropped out of for-profit colleges.[[10]](#footnote-10) Black students are often forced to borrow more than their peers because of gross disparities in both family income and wealth.[[11]](#footnote-11) The reasons for high student loan default rates among black students are numerous: black students are more likely to take out student loans;[[12]](#footnote-12) black students are more likely to attend predatory for-profit colleges that don’t deliver on advertised academic or economic promises;[[13]](#footnote-13) and black students who do graduate face discrimination in the job market where the racial pay gap has widened over time.[[14]](#footnote-14) Congress must be intentional about addressing the student loan debt crisis among black borrowers in particular by creating opportunities for low-income families to build wealth.

Moreover, during the 2011-12 school year, almost 62 percent of black students and 50 percent of Latino student received a Pell Grant-- the federal cornerstone of aid to low-income students. Currently, the additional costs of college such as remedial courses, housing, food, and transportation are not covered by the Pell Grant and have become barriers to college affordability and completion for low-income and students of color, compounding our concerns about the black student debt crisis. In fact, 2016 data from the Center for American Progress estimates that students and families spend an average of $1.3 billion per year on remedial courses. This cost disproportionately affects low-income students and students of color with 56 percent of black and 45 percent of Latino students enrolling in remedial courses compared with 35 percent of their white peers.[[15]](#footnote-15) These students are also more likely to face unmet financial need, requiring work and loan assistance to pay their college expenses after receiving available grant aid.

*NATIONAL URBAN LEAGUE RECOMMENDATIONS:*

**Grant Aid**

* Double the maximum Pell Grant award and automatically adjust award for inflation each year.
* Allow the Pell Grant to cover the full range of costs to attend college outside of tuition, including child care, housing, food, and transportation.
* Restore Pell Grant eligibility for students taking courses year-round.
* Restore Pell Grant eligibility for incarcerated and formerly incarcerated individuals.
* Target Pell Grant aid to the neediest students by creating a “negative expected family contribution (EFC)” calculation in the need analysis to allow low-income students to document the full extent of their financial need.
* Restore Pell Grant eligibility for all borrowers who receive borrower defense discharges, false certification discharges, and any other discharges or cancellations based on school misconduct.
* Provide two-years of free college at a community college, Historically Black Colleges and Universities (HBCU), Predominantly Black Institute (PBI) or Minority Serving Institutions (MSI).

**Campus-based Aid**

* Preserve campus-based student aid programs including Supplemental Educational Opportunity Grants, Federal Work-Study, and Perkins Loans.
* Any new formula for campus based programs should be made available for public feedback to ensure no harm is done to campuses serving large shares of low-income and historically underrepresented students.

**Student Loans**

* Increase student loan affordability by lowering interest rates on parent and student loans.
* Allow borrowers to refinance high interest rate student loans to obtain lower rates.
* Repair, don’t repeal, Parent PLUS Loans with lower rates, mandated parent counseling, and a flexible income-based loan repayment option.
* Develop personalized entrance and exit loan counseling, giving students the opportunity to speak with a financial aid officer to determine the best ways to finance their education before entering a degree program and manage their debt after degree completion.

**Financial Aid System Simplification**

* Allow low-income students to establish financial aid eligibility for more than one year.
* Streamline the FAFSA process to allow recipients of means-tested programs to receive a full Pell Grant award, allowing them to know their eligibility in advance and removing the requirement that they answer financial questions.
* Reduce the "work penalty" by shielding more earnings from the federal needs-analysis formula.

**Borrower Protection**

* Restore financial aid eligibility for students defrauded by for-profit institutions.
* Preserve the Borrower Defense rule released during the Obama administration which protects borrowers against fraud and deceptive lending practices.

**Data Transparency**

* Collect national data on completion, repayment and default rates by race and ethnicity of borrowers to identify gaps.

**Completion**

*Expand initiatives that provide culturally appropriate, wrap-around support services that help to promote college completion by addressing barriers to completion that cannot be met by grant aid alone.*

Despite the increase in college completion rates, many low-income students and students of color continue to persist and graduate at much lower rates than their peers. Nationally, over two-thirds of all Asian and white students complete college within six years compared to less than half of all black and Latino students. Among students who started in four-year public institutions, black (45.9 percent) and Latino (55 percent) students had the lowest six-year completion rate compared to Asian students (67.2 percent) and white students (71.7 percent). Nationally, 62.4 percent of students finished a degree or certificate within six years.[[16]](#footnote-16)

Today, higher education policy caters to students who enroll in four-year colleges right after high school, attend school full time, and are financially dependent.[[17]](#footnote-17) Yet today's typical college student is older, attends college part-time and is balancing work and family with their pursuit of post-secondary education. Research also shows that within the black undergraduate student population, 65 percent are financially independent with most identifying as employees first.[[18]](#footnote-18)

Data also show persistent deficiencies in preparation for college coursework which sets low-income and students of color even further behind. Nearly two-thirds, or 56 percent, of all African American undergraduates take at least one remedial course compared to fifty percent of white undergraduate students.[[19]](#footnote-19) These courses do not count toward degree completion, although students use scarce earnings and grant aid to pay for them.

Evidence shows that when institutions provide personalized supports for underserved students such as learning communities, referrals for social safety-net programs, career advising and financial counseling, that they can increase student retention and completion rates.[[20]](#footnote-20) This personalized approach to higher education is modeled by many HBCUs and MSIs and should be replicated across all college campuses to increase persistence and completion for historically underrepresented students.

HBCUs disproportionately enroll low-income, first-generation and academically underprepared college students. More than 75 percent of students at HBCUs rely on Pell Grants and nearly 13 percent rely on PLUS Loans to meet their college expenses. Yet, HBCUs have 1/8 of the average size of endowments than historically white colleges and universities.[[21]](#footnote-21) We must do more to support and invest in institutions that are serving high concentrations of low-income and historically underrepresented students.

Institutions of higher education must also be safe, welcoming and inclusive environments for all students of diverse backgrounds to learn and grow. The Southern Poverty Law Center, which tracks hate crimes nationwide, documented 330 hate-related incidents on college campuses between Nov. 9, 2016 and March 31, 2017.[[22]](#footnote-22) Racially charged incidents make students of color feel threatened, unsafe and unwelcomed. Coupled with the lack of diversity among students and faculty of color on predominantly white college campuses, many students of color experience feelings of isolation and social marginalization. Institutions of higher education should make diversity and inclusion a high priority of their administration and institutionalize their efforts as part of a campus-wide university culture.

*NATIONAL URBAN LEAGUE RECOMMENDATIONS:*

* Develop incentives for institutions to partner with national non-profit intermediaries to provide support and wrap-around services to low-income and historically underrepresented students.
* Provide incentives to states’ higher education systems to design and implement policies and practices that encourage institutions to offer personalized services, such as intrusive advising— particularly for historically underrepresented students—to help students identify and overcome barriers to success.
* Incentivize best practices in states and institutions that promote racial equity, diversity and inclusion on college campuses by offering clear and guided pathways, culturally competent support, hiring and retaining faculty and staff of color, and developing plans to close racial equity gaps and support student success for all.
* Invest in Historically Black Colleges and Universities by:
  + Extending and modernizing Title III, Part B, of the Strengthening HBCUs program.
  + Establishing a new HBCU Innovation Fund at $250 million annually to enable HBCUs to experiment, pilot, evaluate and scale innovative practices for student success.
  + Extending the Hawkins program to train more highly qualified minority teachers.
* Allow institutional funds to be used for the following activities and target services for low-income and students of color:
  + Use data to develop early warning alert systems to identify students at-risk of dropping out and create a targeted, personalized approach to advising and retaining identified students.
  + Develop personalized learning opportunities and innovative instruction to help retain students and move them rapidly thorough core courses.
  + Provide financial support to low-income and students of color for curricula-related and academic-enhancing travel, e.g., for qualifying business and finance students to participate in class trips to Wall Street, and for foreign policy students to participate in discipline-related travel*.*
  + Expand summer college enrichment programs for low-income students.

**Accountability**

*Higher education institutions that receive federal financial aid should be held accountable for the progress of their students based on the unique history, mission, and resources of the institution and the characteristics and demographics of their student body. Accountability systems in higher education must do no harm and prevent perverse incentives that would further disadvantage low-income and historically underrepresented students and the institutions that serve them.*

When it comes to accountability, our K-12 public education system has moved to an outcomes-based performance model. While some states have developed higher education accountability systems that align financial incentives to outcomes-based measures such as graduation rates and job placement, it is too early to determine the impact of outcomes-based funding policies; and therefore, too premature to include any in federal higher education law. Furthermore, only 20 states include race in their outcomes-based performance policies, and only eight of those 20 make it a core component of their funding formula, which ignores this country’s legacy of racism and discrimination in education policy.[[23]](#footnote-23) This approach runs the risk of incentivizing institutions to become even more selective and refuse to educate students of color, rolling back decades of progress in raising college enrollment and completion rates among our students. To achieve equity, higher education policy must intentionally focus on creating opportunities that will close the racial gap in college achievement by targeting supports and improvements for low-income and historically underrepresented students.

In fact, low-income students and students of color are more likely than their white peers to attend institutions with the least amount of resources needed to serve them. Today, HBCUs, PBIs, and MSIs graduate the overwhelming majority of low-income black undergraduate students.[[24]](#footnote-24) These institutions are often under resourced, but continue to accept large majorities of Pell Grant students and students with academic challenges. If implemented without care, it is possible that many of the accountability proposals before Congress could leave these institutions with fewer resources or unfairly punished. Any system that does not intentionally focus supports for students of color and the institutions that serve them will create unintended consequences for those students who need it the most and will reinforce the disparities we see today.

We encourage the members of the committee to engage in robust conversations with institutions of higher education that are producing positive results for students of color and low-income students including Georgia State University, which currently graduates more black students each year than any other U.S. college; or institutions like Florida State University which currently graduates black men at three times the rate of institutions with similar racial and economic demographics.

At the same time, we recognize that the percentage black students attending for-profit institutions is greater than that attending public and non-profit institutions; in the 2011-12 school year, 26 percent of students enrolled in for-profit schools were black compared to 16 percent overall. At the four-year level, black enrollment at for-profit schools was nearly double that of public and non-profit schools (27 percent and. 13 percent, respectively).[[25]](#footnote-25) We are concerned about the disproportionate loan default rate among black borrowers who drop out of for-profit institutions and support strict accountability measures against fraud and deceptive lending practices.

We believe that the foundation of any accountability system is accurate, actionable data. For higher education and federal financial aid to serve more people better, we believe that the federal government needs to collect and annually report robust and reliable performance metrics of access, completion, costs and labor market outcomes.It also can encourage colleges to post these data on their institutional websites, again to better inform student choices.

*NATIONAL URBAN LEAGUE RECOMMENDATIONS:*

* Provide additional resources to public and private non-profit institutions serving large shares of low-income students to invest in research-based practices that have been proven to increase completion rates.
* Accountability systems must take into consideration the unique missions and rich traditions of HBCUs, Hispanic Serving Institutions (HSI), PBIs, and MSIs, along with their role in minority communities and expertise in advocating, servicing and leading the teaching profession among underserved populations.
* Establish a mechanism that allows high performing institutions to share best practices with institutions that struggle to graduate students of color.
* Preserve the Gainful Employment rule released during the Obama administration.
* Disaggregate student outcomes data by race and ethnicity.

We thank the committee for the opportunity to provide recommendations for the forthcoming reauthorization of the Higher Education Act. We look forward to a continued partnership that prioritizes the needs of the nation’s low-income and historically underrepresented groups. Please contact Susie Saavedra, Senior Director of Policy and Legislative Affairs at the National Urban League at [ssaavedra@nul.org](mailto:ssaavedra@nul.org) with questions or for more information.

Sincerely,



Marc H. Morial

President and CEO

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