



Unequal Aid

Discriminatory Treatment of Gay and Transgender Applicants and Families Headed by Same-Sex Couples in the Higher Education Financial Aid Process

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Introduction and summary

Financial aid for higher education often represents the lifeline that allows students to acquire a postsecondary education in our country. Access to higher education is the gateway to economic prosperity for many Americans. Individuals with higher education have higher earnings than those who do not, and that holds true across race, ethnicity, and gender. Similarly, those with higher education degrees experience lower rates of unemployment and poverty, as well as have fewer health issues than those who do not or cannot attain a postsecondary education. And those with college degrees exhibit higher rates of civic engagement—they are more likely to vote, donate blood, and volunteer.¹

Society covets higher education for its citizens as well because it not only benefits students receiving that education but society as a whole. Higher education is the driving force behind a nation's competitiveness and ability to innovate in an increasingly technological and global economy. As a result, more educated societies tend to result in larger, more successful economies with higher standards of living.

But higher education requires a significant financial investment from potential students and their families. In 2008, the last year for which complete data are available, the annual cost to attend a four-year public college comprised 48 percent of a low-income family's income and 26 percent of a moderate-income family's income. Just 15 years prior, the cost comprised 41 percent of a low-income family's income and 22 percent of a moderate family's income.² Both public and private entities recognize the value inherent in a postsecondary education and acknowledge that access may prove difficult for some individuals in financial need given the ever-rising costs of attending college. Accordingly, financial aid programs provide students with loans, grants, scholarships, and other assistance that give individuals the opportunity to earn a college degree.

Students access aid from a variety of sources. The federal government provides more financial assistance for higher education than any other institution. In 2010 the Department of Education delivered more than \$134 billion in loans, grants,

and work-study funds to more than 14 million students attending more than 6,200 institutions. Additionally, state governments, public and private universities, and foundations provide billions of dollars in financial aid every year.³

Sixty-six percent of all undergraduate students received some type of financial aid during the 2007-08 school year and the average amount of aid received by those students was approximately \$9,100—\$6,600 of which came from federal sources.⁴ Consisting largely of federal assistance, financial aid packages can mean the difference between a college education and none at all.

Built into the application process for financial aid, however, are biases that impact families headed by same-sex couples and individuals that identify as gay or transgender.⁵ These biases result in the discriminatory misallocation of federal, state, and private dollars for higher education based on sexual orientation or gender identity—characteristics completely divorced from an applicant's actual need for financial aid.

For some, these biases result in less financial aid and in doing so, the system robs applicants otherwise deserving of financial aid simply on the basis of sexual orientation or gender identity. But for others, these biases actually result in more financial aid because they or someone in their family is gay or transgender. In either case, the system clearly distributes higher education financial aid in an inefficient and ineffective way that is unfair to students, families, and American taxpayers.

How does this happen? Well, in addition to the federal government, nearly all financial aid providers rely on the federal government's application for financial aid to determine a student's eligibility for financial assistance. Due to federal and state laws, however, this application cannot fully recognize families headed by a same-sex couple and often renders them invisible. The application may discriminate against children with same-sex parents by discounting one or both parents as a part of that child's application. Gay applicants themselves may not be able to include their spouses, children, or other dependents as part of their application. And homeless applicants who identify as gay or transgender also face unique obstacles in obtaining financial aid.

Because of the various impediments facing these applicants, the federal financial aid process will often deflate or inflate applicants' financial need and hence their total financial aid package based on factors completely irrelevant to financial need. And since most other financial aid depends on the application for federal aid, these distortions will trickle down throughout the entire financial aid application process, even outside of the federal government's support.

The rising cost of tuition combined with future reductions in financial aid do not portend well for individuals seeking a college education. Some gay and transgender applicants as well as children in families headed by same-sex couples will find it especially difficult to access equitable aid given the present biases and obstructions inherent in the financial aid application process.

All applicants for federal financial aid for higher education should have equal access to that aid based solely on financial need. Such an approach is fair, effective, and efficient for gay and transgender applicants receiving higher education financial aid as well as for taxpayers who pay for these critical programs to boost our nation's global competitiveness and economic prosperity. Until our policymakers take the necessary steps to level the playing field, however, gay and transgender individuals and their families will continue to receive distorted levels of financial aid, and taxpayers will continue to foot the bill when that inequitable access means students receive financial aid when they should not.

Federal and state lawmakers and officials in the Department of Education should address these issues head on. Lawmakers should repeal federal- and state-level laws that unfairly discriminate against gay and transgender individuals and families headed by same-sex couples. Officials within the Department of Education, as well as financial aid administrators at the more than 6,000 institutions receiving federal aid, should study this issue further and do what they can under existing law to reform the financial aid system to make the application process more uniform, clear, and expedient for gay and transgender applicants and their families.

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