Fact Sheet: LGBT Discrimination in Higher Education Financial Aid
Assistance Should Be Allocated on Need, Not Sexual Orientation

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What you need to know:

• Through the Free Application for Federal Student Aid, or FAFSA, the federal government provides more financial aid for higher education than any other institution. But because of discriminatory laws the FAFSA treats families headed by two mothers or two fathers differently than families headed by a mother and a father.

• This treatment distributes higher education financial aid in ways that sometimes hurt and sometimes help families headed by same-sex couples. Either way, this means that financial aid is often allocated based on sexual orientation when it should be based solely on financial need.

• Transgender applicants can encounter roadblocks with the FAFSA due to selective service issues, and possibly with data mismatch with their name and gender markers. Both of these issues can result in the delay or the rejection of their application.

• Gay and transgender youth with unsupportive and hostile families also encounter barriers throughout the application process that hinder their chances of receiving a college education.

• Lawmakers and the Department of Education should take the necessary steps to level the playing field and make the application process more fair and efficient for students, families, and American taxpayers.

The higher education financial aid landscape

• The Free Application for Federal Student Aid, or FAFSA, is the gateway to accessing the financial resources that give millions of students every year the opportunity to receive a college education.
• The federal government awards more financial aid than any other provider. 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 and private entities also provide aid to students in need of financial assistance, and most use the FAFSA to determine eligibility for aid programs.

The FAFSA discriminates against families headed by same-sex couples

• The Defense of Marriage Act, or DOMA, the federal law that defines marriage as the union between one man and one woman, prohibits the Department of Education from recognizing any form of same-sex relationships, including marriage, domestic partnerships, or civil unions.

• Children with two legally recognized same-sex parents therefore are not able to fully include both of their parents as part of their application for financial aid. Instead, the FAFSA considers same-sex parents in the same way they do divorced or separated parents. Applicants are also not able to include same-sex spouses as part of their application.

• Sometimes families with two mothers or two fathers will receive less aid than a similar family with a mother and a father. But other times, families with gay parents will ironically benefit from this discriminatory treatment and receive more aid than they would have otherwise received.

A case study: Isabel and Allison

• Isabel and Allison are a legally married couple who have three children and whose household income amounts to $65,000—$40,000 from Allison’s earnings and $25,000 from Isabel’s earnings.

In some instances Isabel and Allison will counterintuitively benefit from DOMA’s restrictive definition of marriage:

• If one of their children, Samuel, applies for higher education financial aid, the FAFSA will only consider one parent’s income and assets. In the eyes of the FAFSA, this will artificially increase Samuel’s need for aid and will result in more financial aid for his college expenses.

• If Allison decides to return to school, the FAFSA will not include her spouse as part of her application since she is also a woman. Allison’s household income is now $25,000
less (Isabel’s excluded income) than their family’s actual household income, demonstrating a higher need for aid and resulting in more money based on sexual orientation, and not on financial need.

But in other instances, the application process will rob Isabel and Allison’s family of much-needed financial assistance:

• If Isabel decides to return to school the FAFSA will not only discount her spouse but also her three children as part of her household size since she does not contribute to more than 50 percent of their income. So instead of her actual household size of five, the FAFSA will likely determine she lives alone, masking the family’s need for financial aid and resulting in a diminished financial aid package, if she receives one at all.

• If Isabel and Allison are under the age of 24 the FAFSA may consider them “dependents” and require them to report their parent’s income and assets should either apply for financial aid. This will significantly reduce the amount of money they receive for their college expenses or may result in an outright refusal of aid even though different-sex couples are automatically considered independent if they are married.

In short, the financial aid process is either arbitrarily rewarding a substantial portion of federal taxpayer dollars to families headed by same-sex couples or we are denying these families the same access to aid as families headed by different-sex parents. Both of these scenarios are inefficient, unfair, and unacceptable.

Hindrances for transgender students: Selective Service and data mismatch

• Transgender students may run into two obstacles that may prevent them from submitting an application on time, if at all, or result in a rejected FAFSA:

  – **Selective Service**—Financial aid administrators may incorrectly delay a transgender man’s application for aid because he is not registered for the Selective Service—a means by which the U.S. government maintains information on those potentially subject to military conscription—when in fact he is not required to register since he was not born male.

  – **Data mismatch**—Transgender students may have their application rejected if their name or gender does not match other government records, namely their Social Security records.

• While there are ways to avoid the delay and rejection of an application for financial aid, the process is complicated and unavoidable for many transgender applicants.
Gay and transgender youth with hostile families

- Many young gay and transgender applicants encounter roadblocks to submitting a complete FAFSA when unaccepting, hostile, or even abusive parents refuse to provide their financial information:
  - Gay and transgender homeless youth are often estranged from abusive parents, and they are unable to acquire their parent’s financial information or signature to complete a FAFSA.
  - Parents will often refuse to sign their child’s FAFSA unless he or she enters “reparative” therapies that seek to alter or “change” a child’s sexual orientation or gender identity.
  - Parents may financially cut off a gay or transgender child who comes out in college, but financial institutions will often fail to recognize the significant change in the student’s financial circumstance.

- While the FAFSA recognizes the obstacles facing these students by allowing them to submit an incomplete application, there is no guarantee that their financial aid institution will acknowledge students’ circumstances, leaving many stuck on the street or in hostile home environments.

Summary and recommendations

- The higher education financial aid system for gay and transgender applicants is broken. Federal, state, and private entities are arbitrarily distributing financial aid based on sexual orientation rather than their actual financial need. What’s more, transgender individuals as well as gay and transgender youth from hostile or abandoned families encounter obstacles that may prevent them from submitting an application on time, if at all.

Federal and state lawmakers should…

- Repeal DOMA so that financial aid providers can allocate aid based on financial need and not on sexual orientation
- Ensure same-sex couples have the right to adopt children so the FAFSA can fully recognize all families
- Streamline the name- and gender-changing identification process for transgender individuals to avoid delay and rejection of aid applications
- Address gay and transgender youth homelessness through comprehensive legislation

The Department of Education should…

- Study these issues in detail and do what is in its power to recognize gay and transgender individuals and families
- Reform the system so that gay and transgender applicants can more easily submit an application without delay or rejection
- Issue comprehensive guidelines to the more than 6,000 institutions that disburse federal aid to students that address the issues facing gay and transgender applicants and remove existing roadblocks for these applicants
- Update training regimens, policy manuals, and agency directives to educate staff about these issues
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