Underutilization of Federal Benefits in Oregon: Programs and Strategies

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EXECUTIVE SUMMARY

Introduction

The social safety net is critical in Oregon. A big part of the assistance low-income Oregonians rely on comes from Federal programs. While many programs exist to help low-income Oregonians, many struggle to access them. These programs vary from healthcare, to income, to education support. The intent of these programs is to increase self-sufficiency, invest in children, and provide a safety net for poor people. This report focuses on identifying Federal programs that are underutilized in Oregon.

Programs Reviewed in this Report

- The Child Tax Credit (CTC) and the Child and Dependent Care Credit (CDCC) are both tax credits that aim to help families with children and disabled dependents. These programs are relatively underutilized because of lack of awareness.

- Earned Income Tax Credit (EITC) is one of the biggest programs to alleviate poverty in the country. In Oregon it is still underused. Underutilization of the EITC is largely due to restrictive eligibility standards and people not being aware that they are eligible for this credit.

- School Meal Programs feed low-income children breakfast, lunch, and afterschool meals and snacks. The barriers to accessibility include a lack of knowledge and participation on the part of the parents, and a lack of community enrollment statewide.

- The Federal Application for Student Aid (FAFSA) is an application meant to determine eligibility for aid for postsecondary students. Many describe the application as challenging. There is a prevalence of misinformation regarding eligibility for FAFSA.

- The Federal Student Loan Repayment Program (FSLRP) and Public Service Loan Forgiveness Program (PSLF) are both programs aimed to address repayment for student borrowers. The main access issue for these two programs is the lack of awareness that they exist. Many student borrowers who would benefit from enrolling in these programs do not do so.

- Social Security Disability Benefits refers to two programs examined in this paper. These are Social Security Disability (SSD) and Supplemental Security Income (SSI). Neither of these programs are retirement benefits. SSD is available to those who have accumulated a sufficient amount of work to qualify and have become disabled, typically elderly individuals, or those who have developed a disability. SSI disability benefits are available to low-income individuals who have either never worked or who haven’t earned enough work credits to qualify for SSD. It can sometimes be challenging to differentiate between the two programs as they both help people who are disabled, but their eligibility and funding is very different. Both programs are managed by the Social Security Administration, disability eligibility is determined in the same manner for both programs, there are distinct differences between the two. Both programs are notoriously difficult for disabled Oregonians to access.
Policy Recommendations

**CTC & CDCC**
- **Information at Child Birthing Facilities**
- **Information at Child-Care Facilities**

By targeting information related to tax credits to new parents or parents who pay for care for their children more individuals will have access to information. This access should increase those who file for these tax credits.

**EITC**
- **Expand eligibility for childless adults and non-custodial parents**
- **Target those approaching or at benefits cliff**
- **Increase awareness of need to file taxes to receive the EITC**

Building on the success of previous legislative and community outreach efforts could allow more individuals who are working and eligible for the EITC to take advantage of it and ease the financial burden of poverty as they try to stabilize their lives.

**School Meal Programs**
- **A combination of Direct Certification and an expansion of Community Enrollment**
- **Expanding programs similar to "Breakfast after the Bell"**

Community Enrollment is a program in which schools or districts receive money from the USDA based on a formula of SNAP and TANF eligible households in their district. Direct Certification is a program that coordinates information to automatically enroll students in School meal programs if they receive SNAP. A combination of these two programs will increase food access for both impoverished K-12 students in rural areas and K-12 students whose families receive SNAP benefits.

**FAFSA**
- **Target FAFSA enrollment to low-income and traditionally underserved students**
- **Simplify FAFSA through Congressional Action**

Students attending Community College, minority, low-income, and other non-traditional students are far less likely to complete the FAFSA. By creating an application that is simpler and more accessible, coupled with an outreach program that meets the needs of underserved populations, more students will be able to afford the education they need and deserve.

**FSLRP & PSLF**
- **Exit counseling for all borrowers**
- **Automatic enrollment through lenders**

By allowing student borrowers to have the information about loan repayment programs available front and center, individuals will be able to make more informed career and financial decisions to ease the burden of student debt. Counseling is already required by the FAFSA in order to take out student loans, this exit counseling could be built in by lenders as soon as loans are eligible for repayment. In addition, lenders could collect information about students related to these programs and automatically enroll them in order to determine the best and most financially appropriate repayment or loan forgiveness program.

**Supplemental Security Income and Social Security Disability Insurance**
- **Expand Simplified Access Pilot**
- **Create Social Security Navigators (modeled after ACA Navigators)**

The barriers surrounding Social Security utilization revolve around access. Applying the expedited application model and navigator model would help reduce unsuccessful applications and improve access to benefits for seniors, family members of deceased relatives, and people with disabilities.
Conclusion

Although each of these Federal programs has its specific nuances, increasing distribution of information and providing support for individuals can make all of these benefits more accessible for those who need them most. Oregon needs to take advantage of fully using federal funds to help our most vulnerable to improve health care, poverty, education, and social stability outcomes.
Underutilization of Federal Benefits in Oregon

Introduction

Poverty remains a painful reality for many Oregon families. According to the US Census, the poverty rate is 16.7% for individuals and families statewide. In 2014, 18.9% of all Oregon families with children under 18 years of age had income levels below the federal poverty level. The situation was much worse for female-headed families without husbands present but with children under 18. Almost 43% of these female-headed families had incomes that fell beneath the federal poverty level. Children born into low-income households have worse pre-natal health and poorer birth outcomes than children born higher-income households. These disparities persist throughout childhood and their entire lives.

Numerous federal and state programs and benefits are available to help low-income families in Oregon. While some Oregon families take advantage of federal resources and programs, many available federal funds are left un-accessed and unused by Oregon families.

With the inability of its low-income families to access and use available federal funds, Oregon loses critical resources. Oregon state and local government programs as well as resources from nonprofit organizations are left to fill in the gaps of the missing federal dollars.

There are several key barriers that lead to the underutilization of federal resources in Oregon. These include: challenging application forms and procedures; a lack of staff dedicated to assist individuals in navigating the program process; complex and conflicting eligibility standards and requirements between programs; inconvenience; and a lack of knowledge about the program’s existence. These challenges often compound each other, aggravating an already difficult challenge for families trying to access needed and critical resources. This report reviews six key federal resource programs that especially support and help low-income Oregon families.

Federal programs provide support throughout the life of a working family. This report focuses on six federal programs and organizes them in a general chronological order of childbirth through post-education. At the birth of their children, low-income families may take advantage of the Child Tax Credit (CTC), the Child and Dependent Care Credit (CDCC), and the Earned Income Tax Credits (EITC). When low-income children become school aged, they can be enrolled in School Meal Programs before, during, and after school. Then, when children become college aged, the Federal Application for Student Aid (FAFSA), Federal Student Loan Repayment Programs (FSLRP), and the Public Service Loan Forgiveness Programs (PSLF) become investments in their financial stability in the future. Additionally, the Social Security Disability Insurance (SSDI) and Social Security Income (SSI) programs provide support to individuals with severe disabilities and their families.

The report results demonstrate the dependence low-income Oregon families have on the six federal programs and the challenges families face when attempting to access federal resources. The barriers to access are often structural in that they are embedded in the procedures and structure of the program. Based on its analysis, the report presents a series of reforms and support activities that Oregon state agencies and nonprofits could adopt to improve family access for each program.

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1 US Census, 2014
2 US Census, 2014
3 Berger & Font, 2015
Investigation Strategic Approach

These six federal programs and strategies were selected based on community guidance and feedback from a variety of people who work on alleviating poverty in Oregon. This guidance was not provided in a formal or in any strict methodological sense, but rather as an anecdotal foundation for this report. This report reviewed the available literature and data to recommend a set of legislative suggestions based on promising practices in existence in other parts of the country.

In all of these programs federal funding is not in the form of a block grant. Rather, funding is tied to the individual’s specific condition, or the condition of the school the individual attends. For some of these programs, Oregon would actually receive financial incentives with increased participation. This means there are sometimes matching dollars available from the federal government if participation rates go over a certain percentage.

While this is not an exhaustive report, it is based on the limited and inaccessible information about program usage rates and benefits allotted. There are 2,303 federal benefits programs in the US. In addition to challenges in identifying and finding the total number of programs, the data regarding specific state usage is limited or unavailable, which prevents the development of valid data and cost driven programs and strategies. In addition to the policy recommendations, an effort to facilitate the collection of data across state and federal departments would likely make this undertaking less challenging in the future.

In addition to generating increased funding and improved quality of life for Oregonians, an increased effort on the part of the state to access federal funds has other benefits. Involvement in the application process gives state agencies an opportunity to more closely measure and monitor process performance and response. This added level of evaluation can improve practices in the state. The Oregon experience can then become a positive example for other states in the country.

Program Description Format

The results of the evaluation of key federal programs are presented below. The summaries of each program begin with a description of the program and its eligibility requirements. Where possible, the descriptions then review existing Oregon actions and programs that support or complement the federal program. The text then presents recommendations for improvements to program access. A table displays alternative service levels and approaches to improve program access under different levels of funding and commitment. The report identifies a best practice for enhancing program access when available and applicable to the Oregon context.

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4 OMB, 2015
**Child and Dependent Care Credit & Child Tax Credits**

The Child Tax Credit (CTC) is a federal benefit program for working families meant to help with the cost of raising children. Qualifying families can receive up to a $1,000 credit on income taxes per child below age 17 at the end of the tax year. This credit is available to all families regardless of income level. While the Child Tax Credit is similar to the federal Earned Income Tax Credit (EITC) in that it goes up with earnings, the first $3,000 of a household's gross income does not count towards determining the CTC.\(^5\)

Eligible families receive a refund of 15% of their gross earnings above $3,000, up to the credit's full $1,000-per-child value. This would mean that a qualifying individual with two children earning approximately $14,000 would receive a refund of $1,650 (15% of $11,000).\(^6\) The benefits of this tax credit can't be understated. When calculating a variety of factors from infancy, receipt of tax credits has been linked with less maternal stress, more prenatal care, and overall improvement of infant health.\(^7\) Those children in households who receive the tax credit do better in various measures than children in households who do not. They have higher chances of high school graduation and college attendance.\(^8\) The Child and Dependent Care Credit (CDCC) is a second federal tax credit that offsets costs of care for dependents and children for families. In order to qualify for the tax credit, the child or children receiving care must be under age 13, and the family must have a spouse who is unable to care for themselves due to disability under specific conditions.\(^9\)

While the policy rationale behind CDCC and CTC is that tax rebates increase the income generating potential of families with children and disposable income of households, these benefits are still underused.\(^10\) This is especially true in Oregon, where a lack familiarity about these tax benefits contributes to their underutilization.

**Recommendation**

For CTC and CDCC the policy options all involve providing information regarding the programs. One policy option is to provide information, either through non-profits or tax preparers, at birthing centers and hospitals. Providing information at birthing centers and hospitals is especially significant considering the healthcare impacts these tax credits have on families. Another option is to provide information at all child care facilities. Providing information at child care facilities could significantly increase access to information for families who are otherwise unaware that the expenses they have may be tax deductible. Another potential solution would be a statewide media campaign to promote the advantages of using child care credits. This campaign would be aimed at business owners and families to raise awareness about these tax incentives.\(^11\)

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\(^5\) CBPP, 2016  
\(^6\) CBPP, 2016  
\(^7\) CBPP, 2016  
\(^8\) CBPP, 2016  
\(^9\) IRS 2016  
\(^10\) Gong, & Breunig 2015  
\(^11\) Guge & Emerson, 2010
<table>
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<td>Complies with the law</td>
<td>Low sustainability; systems currently in place are inaccessible</td>
<td>Expensive relative to results</td>
<td>Feasible</td>
<td>Negative value; individuals who qualify for benefits do not have access to them</td>
</tr>
<tr>
<td>Information at Child Birthing Facilities</td>
<td>Complies with the Law</td>
<td>Sustainable</td>
<td>Low cost</td>
<td>Politically feasible</td>
<td>Would increase access to resources for families with children</td>
</tr>
<tr>
<td>Information at Child-care Facilities</td>
<td>Would require administrative rule or agency directive, potentially legislation</td>
<td>Sustainable</td>
<td>Low cost</td>
<td>Politically feasible</td>
<td>Would increase access to resources for families with children and disabled family members</td>
</tr>
<tr>
<td>Statewide Awareness Campaign</td>
<td>Complies with the law</td>
<td>Low sustainability; Would potentially be a saturation of data</td>
<td>High Cost; Depending on media for awareness campaign. Especially during election</td>
<td>Feasible</td>
<td>Medium value; Would increase awareness but may not be able to convey necessary information</td>
</tr>
</tbody>
</table>
The Earned Income Tax Credit (EITC) is a Federal tax benefit for working families with low to moderate income. Every year the EITC helps more Americans out of poverty than any program other than Social Security. The White House Council on Economic Advisers estimates that the EITC generates $75 billion a year and helps 28 million families. In addition, individual states have their own EITC programs that work in tandem with the federal program.12

Since its creation in 1975, the EITC has grown into the largest federally funded, means-tested cash assistance program in the US.13 EITC represents a substantial contribution to the annual income of many working-poor families. The size of the payments is significant enough to reduce poverty in many families.14 Previous research also suggests that receiving a significant sum of cash may directly benefit low-income families’ housing situations. Giving those who are unstably housed a lump-sum payment like the EITC can prevent eviction and housing-debt, alleviating many barriers to family stability.15

EITC is an especially effective tool for eviction prevention. Considering the social and economic impacts evictions have on poverty, the EITC’s benefits are far reaching.16 The reason this is the case is because the EITC is typically large enough for individuals to use to cover moving expenses and deposits. This also is received during spring, which is a period of time where children and families are more likely to make residential moves.17 Considering Oregon’s problem with housing vacancies, affordable housing, and homelessness, utilizing the EITC program in Oregon is important.

Oregon Action and Programs

Oregon passed HB 4110 in February 2016 and provided an important step in increasing the EITC for families with small children. The bill increased the state’s funding for matching the Federal EITC from 8% to 11%. This bill affected approximately 58,000 medium and low-income families in Oregon. The passage of HB 4110 was a huge victory for Oregon working families. It increased the amount of funds Oregonians had access to when applying for the EITC. However, in 2015 Oregon had ranked last nationally in the claiming of the EITC, leaving $124 million in unclaimed credits.18 It is possible that the increased funds produced an increase in EITC utilization, but the new ranking is unknown.19 According to the Governor’s budget, there will be an increase of $170 million in EITC credits in 2017. This underscores the importance of increasing the accessibility for EITC after the passage of HB 4110, as there is still a significant portion of the Oregon and national population which is not claiming the tax credit.

Recommendation

A large reason why people do not apply for the EITC is because they do not feel that they need to file for a Federal Tax return because of their low income. The Federal EITC could be expanded to include individuals without dependents, or non-custodial parents who are not currently able to claim a substantial portion of the EITC. However, this would require an act of Congress. Because of the way the federal tax code is

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12 Shaefer & Edin, 2013
13 Moffitt, 2003
14 Warren, 2016
15 Warren, 2015
16 Tach & Halpern-Meekin, 2014
17 Warren, 2016
18 OCPP, 2015
19 OCPP, 2015
written, individuals without dependents have very limited resources when it comes to current poverty reduction programs. Many prominent political figures including Speaker Paul Ryan have proposed expanding eligibility and the amounts to address this left out group.\footnote{Warren, 2016}

When people receive means tested benefits and begin to make more money, they approach what is called the “benefits cliff”. This is a period in which they are no longer eligible for assistance, but need additional support to achieve self-sufficiency. A possible policy consideration is tailoring the EITC to address individuals at the benefits cliff. This could be done by targeting the EITC to meet income eligibility requirements for those who are transitioning off of federal assistance but still not achieving self-sufficiency standards. This change would lend much needed support to families who are trying to transition from poverty to stability. While the income level for the benefits cliff varies by family size and program, it would be somewhere around 200\% of the Federal Poverty Level, where many benefits like SNAP, Medicaid and TANF drop off. To give a concrete example, the dollar amount a family of three can earn before losing a substantial amount of benefits is $33,280 per year.\footnote{Kasperkevic, 2014} Going over this income threshold without additional support substantially reduces the chances of many families to achieve self-sufficiency.

Another option is to offer a statewide awareness campaign in addition to the existing efforts that have been made to increase awareness of the EITC. This effort should engage partners in the business community that prepare taxes of the state’s intent to maximize EITC usage. Additional resources for volunteer or sliding scale tax-preparers are a significant need as well. This is because many people who would qualify from the EITC do not have the means to access qualified tax professionals. This is a significant obstacle that could be mitigated by creating incentives for tax preparers to volunteer.
## Policy Options Matrix: EITC

<table>
<thead>
<tr>
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<td>Low sustainability; systems currently in place are inaccessible</td>
<td>Expensive relative to results</td>
<td>Feasible</td>
<td>Negative value; individuals who qualify for benefits do not have access to them</td>
</tr>
<tr>
<td><strong>Expand eligibility for childless adults</strong></td>
<td>Would require Congressional action</td>
<td>Sustainable</td>
<td>No direct cost to the State</td>
<td>Medium Political feasibility; Bipartisan support despite Congressional gridlock</td>
<td>Would address population which is left out of poverty alleviation efforts</td>
</tr>
<tr>
<td><strong>Tailor program to help those reaching benefits cliff</strong></td>
<td>Would require Congressional action</td>
<td>Sustainable</td>
<td>No direct cost for the State</td>
<td>Medium Political feasibility; Bipartisan support despite Congressional gridlock</td>
<td>Would help families who are struggling to be self-sufficient</td>
</tr>
<tr>
<td><strong>Statewide Awareness Campaign</strong></td>
<td>Complies with the law</td>
<td>Low sustainability; Would potentially be a saturation of data</td>
<td>Medium Cost; Depending on media for awareness campaign. Especially during election</td>
<td>Feasible</td>
<td>Medium value; Would increase awareness but may not be able to convey necessary information</td>
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School Meal Programs

The United States Department of Agriculture (USDA) provides several programs that give free or reduced cost lunch to public & non-profit private schools and residential child care facilities. These are: The Free and Reduced Lunch Program (F&RP); National School Lunch Program (NSLP); and School Breakfast Program (SBP). Schools and facilities can also be reimbursed for snacks served to children up to age 18 in afterschool programs. These programs are managed through the USDA’s Food and Nutrition Service (FNS). These programs subsidize or reimburse schools with low income students when they provide food to low-income students.

In Oregon, 51% of students are eligible for Free and Reduced Price Meals. Oregon receives nearly $111 million out of the national budget school meal programs of $11.6 billion. Louisiana is similar to Oregon in population size, and has a much higher school meal program participation rate. Comparing the two states is useful, as Louisiana invests far less in its welfare infrastructure than Oregon does but achieves better results. Oregon invests more money, and has lower rates of school meal program participation. Louisiana has had successes based on streamlining their delivery of their meal programs, although they are under-resourced.

As of March 2016, Oregon has the 6th highest rate of participation in the country for the Supplemental Nutrition Help Program (SNAP, formerly known as Food Stamps). This program serves as a placeholder in the absence of data surrounding students who are left out of school meal programs, but eligible for school meal benefits. This is because individuals who qualify for SNAP that have children also qualify for School Meal Programs. Approximately 739,514 individuals are on SNAP in the state of Oregon. Despite its relative popularity, and increasing budget, it is significantly underused.

One of the greatest advantages of these benefits is that children who take part in school meal programs have higher access to nutritious food than nonparticipants. In addition, these programs help with

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Percent of Public Elementary and Secondary School Students Eligible for Free or Reduced-Price Meals

<table>
<thead>
<tr>
<th>Similarly Sized States By Ranking</th>
<th>Percentage of Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut (45)</td>
<td>35.1</td>
</tr>
<tr>
<td>Iowa (38)</td>
<td>40</td>
</tr>
<tr>
<td>Oregon (16)</td>
<td>51.9</td>
</tr>
<tr>
<td>Kentucky (12)</td>
<td>54</td>
</tr>
<tr>
<td>Oklahoma (5)</td>
<td>61.1</td>
</tr>
<tr>
<td>Louisiana (3)</td>
<td>67.1</td>
</tr>
</tbody>
</table>

Source: US Department of Education, 2014

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22 USDA FNS 2013
23 Cho & Guthrie 2016
24 USDE, 2014
25 Champagne, et. al 2016
26 Champagne, et. al 2016
27 FRAC 2016
student attendance and learning outcomes.\(^29\) Oregon ranks 23rd in the country in SBP participation, with only 51% of eligible students participating. There are approximately $9 million in additional Federal funding if 70% of students take part in the SBP program.\(^30\) If schools and facilities serve lunches and breakfast that meet Federal requirements, they must also meet the Federal definition of accessibility for low-income children. Through the authorization of the Healthy and Hunger-Free Kids Act of 2010, many schools were able to enroll in what is called “Community enrollment” in which entire schools or districts can receive reimbursements from the USDA based on a formula of SNAP and TANF eligible households in their district.\(^31\) This community enrollment can be great for many densely-populated districts and schools with concentrated poverty, but may be difficult for rural areas with high levels of income inequality. In addition, this program only applies to the National School Lunch Program and therefore does not include breakfast or other meal plans.

**Recommendation**

Because many low-income families receive SNAP and the eligibility criteria for school lunch programs are very similar, one option is to coordinate information in school districts with the Department of Human Services to enroll qualifying students automatically if their families receive SNAP. This process is called “Direct Certification”\(^32\) and is done statewide. Oregon currently has the 4th lowest rate of Direct Certification in the country. Only 76% of direct school aged participants are enrolled in school meals programs through direct certification.\(^33\) In 2014, out of the 222,000 students eligible for SNAP and Direct Certification in Oregon, only about 149,000 were certified for Free and Reduced Lunch.

By standardizing and streamlining a more efficient system of Direct Certification for the state, a higher enrollment number of students in the School Meal Program can be achieved. Improvements in other states have been done by automating the process and receiving grants from the USDA to do so. The state could invest matching funds to improve Direct Certification and expand it to other school meal programs in addition to the Free and Reduced Lunch Program.

In addition to improving the rate for Direct Certification, Oregon could standardize and expand its Community Enrollment throughout districts. Community Enrollment is the practice of enrolling an entire school or district in a meal program if a certain percentage of the school’s population meets the federal poverty threshold. Standardizing Community Enrollment would help to make enrollment in school meal programs universal. Ultimately, the best course of action would be a combination of the two policies in order to maximize school’s enrollment in places not eligible for expanded community enrollment guidelines.

**Promising Practice:**

Partners for a Hunger Free Oregon championed a bill HB 2846, which provides schools with 15 minutes of instructional time to provide breakfast for children in the classroom. This legislation was called “Breakfast after the Bell” and provided a program in Oregon which has already been implemented in Colorado, Massachusetts, and Washington.\(^34\)

\(^{29}\) Anzman-Frasca, et al. 2015

\(^{30}\) FRAC, 2015

\(^{31}\) FRAC, 2010

\(^{32}\) Levin, et al., 2014

\(^{33}\) Moore, et al., 2014

\(^{34}\) Oregon House Committee on Education, 2015
## Policy Options Matrix: School Meal Programs

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</tr>
<tr>
<td>Improve and automate Direct Certification Process</td>
<td>Would require new legislation</td>
<td>Sustainable and increase Federal compliance</td>
<td>Low cost</td>
<td>Feasible</td>
<td>Increase in access to school lunches in places without community enrollment</td>
</tr>
<tr>
<td>Expand Community Enrollment</td>
<td>Would require new legislation</td>
<td>Sustainable</td>
<td>Low cost</td>
<td>Feasible</td>
<td>Would assist families in rural communities with high-income inequality</td>
</tr>
<tr>
<td>Combination</td>
<td>Would require new legislation</td>
<td>Sustainable</td>
<td>Medium cost</td>
<td>Feasible</td>
<td>Would meet both needs</td>
</tr>
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</table>
Higher Education Support: Free Application for Federal Student Aid (FAFSA)

The purpose of the Free Application for Federal Student Aid (FAFSA) is to determine if students qualify to receive federal financial aid for post-secondary education. The FAFSA determines eligibility for Federal Pell Grants, Stafford Loans, and Work-Study aid. Additionally, states and private funders also use information from the FAFSA to allocate resources from financial aid programs. They use FAFSA information to allocate and award institutional financial aid to their students. If institutions do not have accurate information, it becomes more challenging to divide and determine the appropriate aid.

According to the National Center for Education Statistics, the average per year award for a full-time student is $12,740. In 2014, 48% of Oregon high-school graduates did not file the FAFSA. That year, approximately $33 million in Pell Grant funding went unclaimed in the state.

Oregon tried to address some of the issues with a program called Oregon’s Promise. This program provides additional support to community college students if they file for the FAFSA, as well as meet grade, enrollment and residency requirements. In the Fall term of 2016 about 6,000 students throughout the state enrolled through Oregon Promise. Only about 10,000 students qualified for the program statewide. This targets a very narrow portion of the student population in the state. According to the Higher Education Coordinating Commission, in 2016 there were 66,075 students enrolled in public 4 year universities in Oregon. There were 307,503 students enrolled in Community Colleges across the State.

A recent study showed that low and moderate-income students who attend community college and would qualify for need-based financial aid are 28% less likely to file the FAFSA compared to their peers in other academic institutions. This makes them the least likely group to file for Federal financial aid help. The barriers surrounding completion of the FAFSA involve accessibility, procedural knowledge, and ease of submitting the application.

Over the last 10 years, various studies by researchers and policy makers have shown how challenges in the financial aid application process deter students from qualifying for the aid for that they are eligible. As a result, it also deters these students from enrolling or continuing college. This demonstrates how crucial filing this application is. It is an important step in helping to get financial help for students who want to enroll in or complete college.

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34 McKinney & Novak, 2015
36 Simmons & Helhoski, 2016
37 Theen, 2016
38 HECC, 2016
39 HECC, 2016
40 McKinney & Novak, 2015
41 Albert & Christopher, 2010
42 Castileman & Page, 2015
Every year, millions of college students miss out on the opportunity to receive financial aid because they do not file a FAFSA. One study estimated that between 2007 and 2008, about 8.4 million undergraduate students in the US did not file the FAFSA. Many students think that they should not file a FAFSA because they will not qualify for aid. The other major reasons for not filing a FAFSA were that students thought they could afford college without aid; they missed the filing deadline; or concerns about divulging their own or their parent’s information. In some rare cases, students do not submit their FAFSA because they receive financial assistance through their employer or academic institutions and thus do not need the assistance.

If students miss a deadline for FAFSA completion, they could be ineligible for institutional aid that they otherwise would have received. March 1 is the priority filing deadline in many states, yet only 46% of high-school seniors submit their FAFSAs by this date. Of even greater concern, only 33% of black students and 37% of low-income students file their FAFSAs before the deadline.

Some have described the experience of filling out the FAFSA as “torturous and perplexing”. The issues with FAFSA application simplification are several. First, of the obvious barriers is the perceived cost the simplification process. The more questions that are asked, the more accurate the information becomes. The rationale for collecting more information is that there would be less fraud committed and thus less government waste. Reducing the amount of information collected in the FAFSA would make it easier for families who are trying to get financial aid. The potential drawback is that doing so could result in increasing instances of fraudulent aid disbursed by the Federal government. This would include intentional and unintentional fraudulent disbursements. These concerns do not have any substantiated data to verify them. Second, reducing the length of the FAFSA or simplifying it would not cover sufficient information and therefore require states to ask for an additional form for other state based or public aid programs. There is, again, no evidence to substantiate these concerns. Families who want to take advantage of FAFSA for nefarious or fraudulent purposes may already do so.

Research suggests that fraud can be reduced by implementing a series of steps, including: simplifying forms; using personal language; prompting honesty; telling people what others are doing; and rewarding good behavior. FAFSA simplification and reform would not be simple. Some proposed reforms require Congressional approval, and increased interagency collaboration between the US Department of

Education (USDE) and the Internal Revenue Service (IRS). Opponents of revisions to the FAFSA believe that requiring less information would limit the USDE from determining eligibility and amount of aid.\textsuperscript{52} However, the current process disproportionately affects low-income and minority communities. Low-income families find the FAFSA application intimidating and complex.\textsuperscript{53}

\textbf{Recommendation}

While simplification of the overall FAFSA application may be the ideal solution, there are workarounds available. This could be done through information campaigns, navigators or through including curriculum on financial aid education as a prerequisite to enrollment for students. There are currently FAFSA preparers who are authorized by the Department of Education. These operate similarly to tax preparers in that you can pay for service in having them assist you. These services are not easily accessible for low-income families, so it may be possible to expand these tax preparer services to non-profits through state funding.

Despite its current challenges, Oregon became one of four states to increase its total FAFSA completion numbers nationally. In 2016, Oregon had an 8.8% increase in its overall applications completed, the highest change in percentage nationally. This success is largely due to the efforts from the existing program known as FAFSA Plus+ through the Office of Student Access and Completion in the Higher Education Coordinating Commission. Expanding this program’s funding, partnerships and scope may lead to even higher levels of participation in the FAFSA process.

\textbf{Promising Practice:}

A pilot project in Buffalo, New York geared its FAFSA application to minority and low-income students by creating help with the enrollment process. This led to an 61% increase in FAFSA enrollment in the schools where the project was enacted. This was both because of a reduction in filing errors and an increase in the submission and completion of the application. Efforts to remind students of deadlines, and to dispel misinformation may also lead to a decrease of incomplete applications.\textsuperscript{50}

\textsuperscript{52} Blumenslyk, & Supiano 2015
\textsuperscript{53} Gose, 2014
### Policy Options Matrix: FAFSA

<table>
<thead>
<tr>
<th>Options</th>
<th>Compliance with Law</th>
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<th>Administrative/Political Feasibility</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Status Quo</strong></td>
<td>Complies with the law</td>
<td>Low sustainability; systems currently in place are inaccessible</td>
<td>Expensive relative to results</td>
<td>Feasible</td>
<td>Negative value; individuals who qualify for benefits do not have access to them</td>
</tr>
<tr>
<td><strong>Targeted Outreach to Underrepresented Students</strong></td>
<td>Complies with law</td>
<td>Medium; Would require funds for sustained outreach efforts</td>
<td>Medium; Would cost depending on scope of targeting</td>
<td>Medium feasibility; Depends on strength of advocacy</td>
<td>High Value; Would reduce historical barriers and help increase aid</td>
</tr>
<tr>
<td><strong>Simplify Forms and Process</strong></td>
<td>Would require Congressional action</td>
<td>Sustainable; would increase access to education</td>
<td>Relatively low costs; Removing information would save administrative costs related to time</td>
<td>Medium feasibility; Mixed political will to reform and simplify FAFSA</td>
<td>Would allow more individuals</td>
</tr>
<tr>
<td><strong>Statewide Awareness Campaign</strong></td>
<td>Complies with the law</td>
<td>Low sustainability; Would potentially be a saturation of data</td>
<td>High Cost; Depending on media for awareness campaign. Especially during election</td>
<td>Feasible</td>
<td>Medium value; Would increase awareness but may not be able to convey necessary information</td>
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</table>
Federal Student Loan Repayment Programs & Public Service Loan Forgiveness

After the Great Recession, 7 million student borrowers defaulted on their federal student loans.\textsuperscript{54} There is an estimated $1 trillion in national student debt.\textsuperscript{55} Debt makes it challenging for people in poverty to move towards stability. Some economists believe it also decreases their disposable income and depresses the overall economy.\textsuperscript{56} Postsecondary student loan balances have steadily increased over the last 20 years.\textsuperscript{57} As a result, there has been a drastic increase in student loan defaults. These burdens are significantly higher for students in poverty.\textsuperscript{58} In 2008, 19% of low-income students in for-profit colleges defaulted on their student loans.\textsuperscript{59}

Many borrowers are unaware that as of 2007, Federal Student Loan Repayment Programs (FSLRPs) are options to reduce their monthly student loan payments.\textsuperscript{60} The US Department of Education administers the Public Service Loan Forgiveness (PSLF) Program, created by the College Cost Reduction and Access Act of 2007.

These programs will reduce payments for students based on their annual gross income and will sometimes reduce or freeze their interest rates. These programs are meant to serve as a cushion for students who may have careers that have a steep learning or pay curve, and that do not give borrowers high salaries immediately after graduating. In addition to these programs, there is additional assistance available for Public Employees. For instance, the Public Service Loan Forgiveness Program (PSLF) allows those who work full time for public entities to make 120 qualifying payments to have their loans forgiven. These payments must be on time, and the exact amount of the payment billed in order to count towards the 120 payments.\textsuperscript{61} An estimated 25% of the national labor force is working in “public service” as defined by Congress.\textsuperscript{62} This definition includes: law enforcement; educators; homecare and public health workers; non-profit employees; and government employees in State, Local, Federal or Tribal governments.\textsuperscript{63} In Oregon, there are 129,000 non-profit employees, and 159,000 state and local employees.\textsuperscript{64} This could mean a huge portion of current and future student borrowers in Oregon would be eligible for relief at the end of their qualifying payments. The Consumer Financial Protection Bureau suggests an assessment on whether loan repayment benefits for public service can be simplified.\textsuperscript{65}

Recommendation

Eligibility for the Loan Repayment Assistance Programs and the Public Service Loan Forgiveness is based on income determinations. While the Federal government contracts with various lenders to administer these programs, the programs themselves have very stringent federal regulations. Enrollment in these programs is relatively straightforward. The biggest deterrent to students enrolling in this benefit is a lack of awareness and information about the programs.

A potential policy solution to this lack of awareness and information would be automatic enrollment. While this solution is potentially costly, it would also be very effective. The automatic enrollment could require

\textsuperscript{54} Dynarski, 2015
\textsuperscript{55} Brown et. al. 2015
\textsuperscript{56} Gabler, 2016
\textsuperscript{57} Choi, 2011
\textsuperscript{58} Choi, 2011
\textsuperscript{59} Choi, 2011
\textsuperscript{60} CFPB, 2013
\textsuperscript{61} Lang, 2015
\textsuperscript{62} CFPB, 2013
\textsuperscript{63} USDE, 2015
\textsuperscript{64} Salamon, 2012
\textsuperscript{65} CFPB, 2013
borrowers to inform lenders when they are employed at a qualifying public service job, or that their income is below a certain amount. The lender could then automatically enroll individuals, while allowing people to opt out of the repayment programs. This check-in with the lender would allow screening for eligibility on income based repayment programs.

Automatically enrolling borrowers could save them significant amounts of money in interests, payments, and in debt forgiven. Another potential solution would be requiring loan repayment exit counseling at graduation. Academic institutions, or the Department of Education, could require that students complete a brief repayment instruction modules prior to graduation or repayment. There are already requirements for students to take these sorts of informational modules on FAFSA, but these are required for them to understand the terms of their loans, not their repayment options. Another option is to have a Statewide Awareness Campaign to provide information to student borrowers to learn about their options. This campaign would be also targeted towards individuals who meet the Federal government’s definition of “public servants” or to the government agencies or non-profits that employ them.
<table>
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<tr>
<td>Status Quo</td>
<td>Complies with the law</td>
<td>Low sustainability; systems currently in place are inaccessible</td>
<td>Expensive relative to results</td>
<td>Feasible</td>
<td>Negative value; individuals who qualify for benefits do not have access to them</td>
</tr>
<tr>
<td>Automatic Enrollment</td>
<td>Would require new legislation to give students the option to opt out of auto enrollment</td>
<td>High Sustainability</td>
<td>Very low costs beyond initial upfront costs</td>
<td>Medium Feasibility</td>
<td>Would provide debt relief to large portions of borrowers</td>
</tr>
<tr>
<td>Exit Counseling</td>
<td>Complies with the law</td>
<td>Medium Sustainability; Would require additional resources for schools</td>
<td>Reasonably low cost</td>
<td>Politically feasible</td>
<td>Would help students understand programs available to them</td>
</tr>
<tr>
<td>Statewide Awareness Campaign</td>
<td>Complies with the law</td>
<td>Low sustainability; Would potentially be a saturation of data</td>
<td>High Cost; Depending on media for awareness campaign. Especially during election</td>
<td>Feasible</td>
<td>Medium value; Would increase awareness but may not be able to convey necessary information</td>
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Social Security Disability Insurance (SSDI) and Social Security Income (SSI)

Social Security Benefits are a central part of the American safety net. Last year, 24% of the US Federal budget paid for Social Security retirement and disability programs. While Social Security programs in general provide retirement and survivors benefits to a large contingency of the US population, Social Security Disability benefits are still underused. Social Security disability programs helped 10.8 million disabled retirees, workers and their eligible dependents in December 2015. Despite these large numbers these benefits remain inaccessible to many households.

These programs are managed by the Social Security Administration (SSA). There are two types of Social Security benefits provided to disabled people. These are Social Security Disability (SSD or SSDI), and Supplemental Security Income (SSI). A person eligible for SSD is someone who has contributed Social Security tax from employment for sufficiently long (usually about 10 years). This person can choose when and how to claim their Social Security retirement and disability benefits depending age and disability status. Age 62 (known as the Early Retirement Age) is the earliest that an eligible person can file a claim. Many eligible retirees are also considered disabled. To qualify for SSD, they must pay into the system, reach retirement age, and meet the definition of disabled. In contrast, SSI pays based on need regardless of whether individuals have met the qualifying quarters. The application process for both SSD and SSI is often long and challenging.

Although not all disabled individuals qualify for Social Security benefits, there is a potential for improvement of access. As of May 2016, the average Social Security Disability payment was $1,022.75 per month. Accessibility of the application and the rigor of the approval process is a big barrier for elderly and

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66 Shaefer & Edin 2013
67 Street & Desai 2016; Lindner, 2016
disabled people. If applications are made more accessible, more people qualify. If Oregon committed to doubling its current rate of enrollment in SSDI, disabled Oregonians could collectively earn an additional $77,709,814 more per month.

Social Security benefits represent at least half of income for 65% of beneficiaries. Therefore, reforms of the application and approval process can have significant consequences for a large part of elderly and disabled people in the US. In Oregon, especially, there is a large segment of disabled adults who do not receive Disability benefits (See Figure 1). These benefits can both help to offset part of the more costs of living associated with being disabled, and assist with self-sufficiency. The Social Security application process is challenging for all, but especially for disabled and elderly applicants.

Recommendation

The barriers involved in the application process for Social Security Disability benefits are substantial. This can be even more significant for individuals who have low levels of education and financial literacy. Research has identified various points of improvement within the application process including eliminating the necessity for individuals to apply separately for financial help and subsidized medical coverage. Additionally, reforming whether individuals should pursue Medicaid disability determinations (which is a different process than determining disability for SSI and SSDI), and streamlining the paper application process could greatly improve the current rates of approvals. Considerations of race and gender should also be prioritized as there are significant disparities in the rates of enrollment and approval for minority and women applicants.

Promising Practice:

Many pilot programs, including one conducted by Central City Concern, aim to facilitate the process of SSI. According to the organization their pilot project has a 90% rate of award. They have facilitated the process of providing assistance to over 1,000 homeless individuals in accessing SSI, with a significantly reduced turnaround time. This pilot model could be implemented across the state to improve utilization of this Federal benefit program.

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70 Blancato, 2015
71 Brown, 2016
72 Gettens, & Adams 2016
73 Caplinger, 2014
### Policy Options Matrix: Social Security Disability

<table>
<thead>
<tr>
<th>Options</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Status Quo</strong></td>
<td>Complies with the law</td>
<td>Low sustainability; systems currently in place are inaccessible</td>
<td>Costly for the state; large numbers of eligible applicants do not receive benefits that could enter the State economy</td>
<td>Feasible</td>
<td>Negative value; individuals who qualify for benefits do not have access to them</td>
</tr>
<tr>
<td><strong>Navigators</strong></td>
<td>Would require additional funding and would require passage of new legislation</td>
<td>Medium sustainability; depending on costs and scope of navigation</td>
<td>Low cost; depending on if navigators are contracted or government employees</td>
<td>Feasible; a similar system exists for healthcare and is positively viewed. In addition, there is serious concern about inaccessibility</td>
<td>Positive value; would increase the number of applicants able to access benefits</td>
</tr>
<tr>
<td><strong>Expand Simplified Access Pilot</strong></td>
<td>Complies with the law</td>
<td>Sustainable; Would require 3rd party, non-profit or private support</td>
<td>Low cost; would be more expensive up front potentially but would reduce administrative costs long term</td>
<td>Feasible; The only drawbacks would be due to concerns about abuse and fraud</td>
<td>Positive; Would improve access to applicants</td>
</tr>
<tr>
<td><strong>Simplify Process</strong></td>
<td>Would require Congressional action</td>
<td>Potentially unsustainable; An increase the number of enrollees nationwide. Potentially straining the system</td>
<td>Potentially Costly</td>
<td>Low feasibility; considering Congressional gridlock and few efforts to reform Social Security</td>
<td>Positive; Would significantly better access to applicants</td>
</tr>
</tbody>
</table>
Conclusion

As the report recognized in the Introduction, poverty is a significant issue for many Oregon families. Six key federal programs provide substantial financial resources and response to hunger. However, there is a significant amount of federal money left un-accessed and not used by Oregon residents. This is a loss of resources to the state and community. The lost federal resources result in additional and unnecessary pressure placed on state funds, state agencies and community nonprofits.

There are simple and actionable steps that can be taken to increase access to benefit programs that Oregon can take to significantly improve the lives of people who are struggling. Although each of these programs is nuanced in the reasons why they are underutilized, a specific pattern of inaccurate information, inaccessibility, and complexity result in a lack of use among needy individuals and families. The state can adopt various policies to ensure that more Oregonians have access, but many of the policy prescriptions proposed require an act of Congress in order to reform the programs. A combination of improved practices and policies will result in more accessible government services to those who need it most.
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