

EDUCATION

Resolution EDU-19-17

A RESOLUTION ON ADDRESSING OUR NATION'S STUDENT LOAN DEBT CRISIS

WHEREAS, student loan debt has reached crisis levels in the United States;

WHEREAS, the nation's borrowers now owe an astounding \$1.5 trillion in federal student loan debt;

WHEREAS, according to the Federal Reserve over 44 million Americans owe money for their educations, and the average four-year college graduate leaves school with over \$30,000 in debt;

WHEREAS, student loan borrowers are struggling to repay their loans, and the debt disproportionately affects communities of color;

WHEREAS, 13 percent of all borrowers are in collections on their student loan debt, and that figure increases to 18 percent for borrowers of color;

WHEREAS, for people of color, even a bachelor's degree is not a safeguard against crushing debt: Black bachelor's degree graduates' default at five times the rate of white bachelor's degree graduates and are more likely to default than whites who never finish a degree;

WHEREAS, women— and particularly Black women—are more likely to struggle with student loan debt;

WHEREAS, approximately 34 percent of all women and 57 percent of Black women who were repaying student loans reported that they had been unable to meet essential expenses within the past year;

WHEREAS, women graduate, on average, with \$2,700 more in student loan debt, and because they earn about 26 percent less, paying off their debt takes significantly longer, and Black women have the greatest average amount of student loan debt and face disproportionate income disparities in comparison to white women;

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WHEREAS, seventy-two percent of students attending historically black colleges and universities (HBCUs) received a Pell Grant, almost double the proportion of students who receive Pell Grants at non-HBCUs, yet the Pell grant's ability to meet rising college costs has decreased dramatically, creating challenges for low-income students to afford postsecondary education without going deep into debt;

WHEREAS, for-profit colleges are a major driver of student loan debt;

WHEREAS, for-profit, post-secondary institutions are more expensive than other schools, and borrowers are less likely to be able to repay their loans when they leave, which means that an inordinate number of low-income students and students of color are left with large loans that they cannot repay, and very little to no educational benefit in return;

WHEREAS, debt and default among Black students attending for-profit colleges is staggering, and the problem continues to grow, given that only 4 percent of white graduates who never attended a for-profit defaulted within 12 years of entry, compared to 67 percent of Black dropouts who ever attended a for-profit;

WHEREAS, the rate of homeownership, one of the most important ways to build wealth, has returned to fifty-year lows and student loan debt is a contributing factor;

WHEREAS, research from the National Association of Realtors has demonstrated that student loans are leading to serious delays in home purchases, with the average student loan borrower delaying the purchase of their first home by an average of seven years;

WHEREAS, student loan servicers are a critical link in determining whether people will have a pathway towards paying off their debt, or simply be continually rolled into one unaffordable payment after another;

WHEREAS, servicers have engaged in a range of abusive practices like misapplying student loan payments and placing borrowers into plans that simply delay the debt rather than repay it, which has caused student debt to balloon for individual borrowers, and thus contribute to the growing student loan crisis;

WHEREAS, the U.S. Department of Education has signaled that it is willing to make it easier for servicers of federal student loan debt to operate with less oversight and fewer protections for students, both by rolling back existing federal guidance and by seeking to thwart states' rights to protect students in their own states against student loan abuses;

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WHEREAS, the U.S. Department of Education has ended a years-long information sharing agreement with the Consumer Financial Protection Bureau and has signaled, via the Federal Register, that they no longer intend to routinely share information with other federal and state law enforcement agencies;

WHEREAS, the U.S. Department of Education has rolled back important protections for students at for-profit colleges and online programs, areas of significant concerns of unfair practices;

WHEREAS, the Department of Education, to the benefit for for-profit colleges, has proposed significantly doing away with or rescinding altogether existing rules such as Gainful Employment, which ensures students of for-profit colleges earn incomes that allow them to meet their living expenses, and Borrower Defense to Repayment, which seeks to redress harms caused by fraudulent for-profit schools;

WHEREAS, the U.S. Department of Education has also signaled their intent to re-negotiate the Distance Education rule, which requires state approval of online educational programs operating in that state.

WHEREAS, attorneys general in 30 states have affirmed the right of the states to oversee and enforce student loan laws, signing a letter that states, in part, “Given the states’ experience and history in protecting their residents from all manner of fraudulent and unfair conduct, they play an essential role in consumer protection in student loans and education. States are uniquely situated to hear of, understand, confront, and, ultimately, resolve the abuses their residents face in the consumer marketplace. Abuses in connection with schools or student loans are no different. As with other issues facing their citizens, state regulators bring a specialized focus to, and appreciation for, the daily challenges experienced by students and borrowers. Far from interfering with the Department and other federal efforts to rein in abuses, the record overwhelmingly demonstrates that state laws and state enforcement complement and amplify this important work;” and

WHEREAS, several states have already begun to take legislative and enforcement actions related to unfair and deceptive practices of student loan servicers and for-profit colleges.

THEREFORE BE IT RESOLVED, that the National Black Caucus of State Legislators (NBCSL) recognizes that student loan debt is a \$1.5 trillion crisis and that this crisis disproportionately affects people of color;

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BE IT FURTHER RESOLVED, that the NBCSL recognizes that the current student loan debt crisis will seriously affect the financial future of Black borrowers in our states, including their ability to buy homes, start businesses, and save for retirement;

BE IT FURTHER RESOLVED, that the NBCSL commits to working through state legislatures to support affirmative legislation addressing the student loan crisis, including reforms of for-profit colleges and student loan servicing;

BE IT FURTHER RESOLVED, that the NBCSL urges states to enact legislation aimed at preventing unfair and abusive practices by for-profit colleges which sink borrowers into debt but provide little educational benefit;

BE IT FURTHER RESOLVED, that the NBCSL urges states to enact legislation aimed at ensuring that students are treated fairly when trying to repay their debt, such as through legislation that sets standards for student loan servicers by banning unfair and deceptive practices as well as deliberate negligence or inaccuracy in loan servicing or reporting;

BE IT FURTHER RESOLVED, that the NBCSL affirms the position of state attorneys general, that states have the right to license and regulate the business of student lending and the servicers operating in their state;

BE IT FURTHER RESOLVED, that the NBCSL urges the Department of Education to recommit itself to borrowers and their families, instead of for-profit colleges and student loan servicers;

BE IT FURTHER RESOLVED, that the NBCSL urges the Department of Education to reinstate information sharing policies with other federal and state enforcement agencies;

BE IT FURTHER RESOLVED, that the NBCSL urges the federal government and the states to increase funding for low-income students to attend college, including increasing federal Pell Grants and investing more state and federal funds in HBCUs and other institutions serving low-income students;

BE IT FURTHER RESOLVED, that the NBCSL urges local, state, and federal governments to recognize the \$1.5 trillion dollars in outstanding student loan debt as a crisis, and to work across party lines to find a solution that will benefit America's student loan borrowers and their families; and

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BE IT FINALLY RESOLVED, that the NBCSL send a copy of this resolution to the President of the United States, the Vice President of the United States, members of Congress, and other federal and state government officials as appropriate.

SPONSOR: Senator Gladys A. Robinson, Ph. D. (NC)

Committee of Jurisdiction: Education Policy Committee

Certified by Committee Chair(s): Assemblymember Shirley Weber (CA) and Representative Harold Love (TN)

Ratified in Plenary Session: Ratification Date is November 30, 2018

Ratification is certified by: Representative Gregory W. Porter (IN), President