

# EDUCATION

## Resolution EDU-20-28

### A RESOLUTION ON FAIR TREATMENT OF STUDENT DEBT

WHEREAS, the National Black Caucus of State Legislators seeks to educate and empower its members as they consider questions of public policy which impact, directly or indirectly, the “general welfare” of African American constituents within their respective jurisdictions;

WHEREAS, over 45 million people in the United States collectively owe more than \$1.5 trillion in student loan debt, making it the second highest form of consumer debt, behind only home mortgages and higher than credit card debt and auto loan debt;

WHEREAS, recent federal data demonstrates that college completion is a necessary but insufficient solution to inequality challenges, and according to the Center for American Progress analysis, our federal student loan system provides African American borrowers only a 50-50 shot for successfully completing college;

WHEREAS, in 2016 the Urban Institute found that 42% of African American families have student debt compared with 34% of similar white families;

WHEREAS, the average debt for African American bachelor’s degree recipients was \$34,000 compared to just \$30,000 for White bachelor’s recipients, and just under \$25,000 for Hispanic and Asian bachelor’s degree recipients with student loans;

WHEREAS, African American students who complete a bachelor’s degree are more likely to struggle to repay their loans, and among those who entered college in 2003, 12 years later the typical African American borrower who completed a bachelor’s degree owed 114% of what they originally borrowed, compared to 47% for white graduates who borrowed for their education, and 49% of African American students who borrowed for their undergraduate education defaulted on a federal student loan, representing the highest default of all borrowers;

WHEREAS, the burden of student debt is compounded by existing and intersecting inequalities, women working full time with college degrees make 26% less than their male counterparts;

WHEREAS, women overall, and especially African American women are more likely to struggle with student loan debt and face even greater income disparity, 57% of Black women who were repaying loans reported that they were unable to meet essential expenses in the last year;

WHEREAS, the rate of homeownership, one of the most important ways to build wealth, has returned to fifty-year lows and the African American homeownership rate in 2019 is as low as it was when the Fair Housing Act was passed in 1968;

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

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

WHEREAS, without strong federal and state guidelines servicers have engaged in a range of abusive practices that include misapplying student loan payments in ways which maximize fees to the servicer and placing borrowers into plans that delay the debt rather than repay it;

WHEREAS, the U.S. Department of Education has recently 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' right to protect students in their own states against student loan abuses; and

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

THEREFORE BE IT RESOLVED, that National Black Caucus of State Legislators (NBCSL) urge the United States Congress to recognize outstanding student debt as a crisis that endangers not only the well-being of African Americans, but the nation at large, and to work to find enact legislation that will ease the burden of student on current student loan borrowers;

BE IT FURTHER RESOLVED, the NBCSL will urge its members to enact legislation in their respective states aimed at ensuring that students are treated fairly by student loan servicers when trying to repay their debt, and that such legislation should set standards for student loan servicers and end unfair and deceptive practices;

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

BE IT FURTHER RESOLVED, the NBCSL will urge its members to fully fund public higher education in their respective states, ensuring that the highest quality education is both affordable and accessible to students who wish to pursue it, and that such funding should prioritize addressing and resolving historic inequalities that have denied African Americans full access to higher education;

BE IT FURTHER RESOLVED, the NBCSL will urge its members to use their power to ease and develop innovative solutions for student debt held by states, either by state agencies that serve as guarantors for Federal Family Education Loans or student loans that are solely issued by the states; and

BE IT FINALLY RESOLVED, that a copy of this resolution be transmitted to the President of the United States, the Vice President of the United States, members of the United States House of Representatives and the United States Senate, and other federal and state government officials and agencies as appropriate.

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**SPONSOR: Senator Ronald L. Rice (NJ)**

**Committee of Jurisdiction: Education Policy Committee**

**Certified by Committee Co-Chairs: Representative Rufus Straughter (MS) and Representative Sheryl Williams-Stapleton (NM)**

**Ratified in Plenary Session: Ratification Date is December 6, 2019**

**Ratification is certified by: Representative Gilda Cobb-Hunter (SC), President**