

United States Senate

WASHINGTON, DC 20510

January 3, 2019

Dear Stakeholders:

We write to you and other experts to solicit your thoughts and ideas on how to address racial disparities in student debt and the broader challenges faced by students of color in college and career training.

Students of color encounter significant obstacles in higher education. Degree attainment rates are dramatically lower among African-American, Latino, Pacific Islander, and American Indian/Alaska Native students than white students.¹ Additionally, students of color are more likely to borrow, borrow in greater amounts, and are less likely to be able to pay down their debt than their white peers – even if they graduate.² This disproportionate debt burden can cause significant financial distress and affect their ability to build their path to the middle class, a key goal of the federal financial aid investment.

The consequences of student loan debt are particularly severe for those who do not complete and those who enroll in predatory, low-quality programs. For example, *over half* of Latino students do not complete college with a degree or certificate within six years despite entering college at higher rates than before and being the nation's third fastest growing racial or ethnic group.³ This is a rate that is nearly 18 percentage points higher than white students.⁴ Likewise, *nearly 60 percent* of African-American students enrolled in college do not complete within six years – a rate that is 26 percentage points higher than white students. Roughly 7 in 10 African-American students who did not complete cite student debt as a primary reason for not finishing school, compared to less than half of white students.⁵ Students who drop out with student debt are three times more likely to default on their student loans than students who graduate.⁶

Completion is critical – but it still does not fully insulate all borrowers from bad loan outcomes. African-American and Latino students still owe more than 100 percent of their loan balance after 12 years of college entry, even if they complete a degree. White students, meanwhile, owe anywhere between 47 to 70 percent of their loan balance depending on the credential they obtained.⁷ Even among bachelor's degree graduates, the African-American-white debt gap more than triples after graduation, due to differences in interest accrual, graduate school borrowing, and ongoing deeper issues related to labor market discrimination, racialized economic hardships, and familial wealth.⁸ In particular, African-American bachelor's degree graduates default at five times the rate of white bachelor's degree graduates, and are more likely to default than white college dropouts.⁹

Finally, we note that not all students of color are even represented in the data available today. The Southeast Asian community is often not included in these trends and analyses of students of color because educational outcomes are often obscured in a larger “Asian” category. Asians are our nation's fastest growing racial and ethnic group and are predicted to become the largest immigrant population in the country in 2055.¹⁰ We would expect similar educational and debt

trends because according to the Pew Research Center, 35 percent of Burmese Americans, 28.3 percent of Hmong Americans, 27.7 percent of Malaysian Americans, 19.1 percent of Cambodian Americans, 16.7 percent of Thai Americans, 14.9 percent of Laotian Americans, and 14.3 percent of Vietnamese Americans live below the poverty line compared to 15.1 percent nationally.¹¹ Coupled with the fact that over half of Laotian, Cambodian, Hmong, and Vietnamese Americans have not attended or completed college, college cost and aversion to debt should also play a large role in educational attainment gaps for the Southeast Asian American community.¹²

These outcomes are staggering and unacceptable. As members of Congress, we are committed to doing better for these students and ask for your assistance in defining specific proposals the federal government can take to address these disparities.

Given the complexity and high stakes of this issue, we ask you to share your expertise, insights, and proposals for protecting and empowering students of color, and student borrowers of color, and making higher education more equitable for all. We would appreciate if you shared your responses by February 15, 2019. Please contact rebecca_howard@jones.senate.gov.

Sincerely,



Doug Jones
United States Senator



Elizabeth Warren
United States Senator



Kamala D. Harris
United States Senator



Catherine Cortez Masto
United States Senator

¹ National Center for Education Statistics. Digest of Education Statistics 2017, Table 104.20. Percentage of persons 25 to 29 years old with selected levels of educational attainment, by race/ethnicity and sex: Selected years, 1920 through 2017. https://nces.ed.gov/programs/digest/d17/tables/dt17_104.20.asp?current=yes

² Woo, J.H., Bentz, A.H., Lew, S., Velez, E.D., & Smith, N. (2017). U.S. Department of Education. <https://nces.ed.gov/pubs2018/2018410.pdf>; Miller, B. (2017, October 16). Center for American Progress. <https://www.americanprogress.org/issues/education/news/2017/10/16/440711/new-federal-data-show-student-loan-crisis-african-american-borrowers/>

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- ³ U.S. Census. (2018). Midwest Home to Most of the Counties with Decreases in Median Age. Census Bureau Reports. <https://www.census.gov/newsroom/press-releases/2018/popest-characteristics.html>
- ⁴ Shapiro, D., Dundar, A., Huie, F., Wakhungu, P.K., Bhimdiwali, A. & Wilson, S. E. (2018, December). Completing College: A National View of Student Completion Rates – Fall 2012 Cohort (Signature Report No. 16). Herndon, VA: National Student Clearinghouse Research Center.
- ⁵ Johnson, A., Van Ostern, T., White, A. The student Debt Crisis. (2012). <https://cdn.americanprogress.org/wp-content/uploads/2012/10/WhiteStudentDebt-3.pdf>
- ⁶ U.S. Department of Education. (2015). Fact Sheet: Focusing Higher Education on Student Success. https://www.ed.gov/news/press-releases/fact-sheet-focusing-higher-education-student-success#_ftnref8
- ⁷ Miller, B. New Federal Data Show a Student Loan Crisis for African-American Borrowers. (2017). <https://www.americanprogress.org/issues/education-postsecondary/news/2017/10/16/440711/new-federal-data-show-student-loan-crisis-african-american-borrowers/>
- ⁸ Scott-Clayton, J. & Li, J. (2016, October 20). The Brookings Institute. <https://www.brookings.edu/research/black-white-disparity-in-student-loan-debt-more-than-triples-after-graduation/>; Houle, J. N., & Addo, F. R. (2018). Racial Disparities in Student Debt and the Reproduction of the Fragile African-American Middle Class. *Sociology of Race and Ethnicity*.
- ⁹ Scott-Clayton, J. (2018). The Looming Student Loan Default Crisis is Worse than We Thought. <https://www.brookings.edu/research/the-looming-student-loan-default-crisis-is-worse-than-we-thought/>
- ¹⁰ <http://www.pewresearch.org/fact-tank/2017/09/08/key-facts-about-asian-americans/>
- ¹¹ <http://www.pewresearch.org/topics/asian-americans/>
- ¹² The National Commission on Asian American and Pacific Islander Research in Education (CARE) and the Asian and Pacific Islander American Scholarship Fund (APIASF). *The Relevance of Asian Americans and Pacific Islanders in the College Completion Agenda* (2011). http://www.apiasf.org/research/2011_CARE_Report.pdf