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## Low-Income Latino Students Less Likely to Take on Student Debt, Attend College: Report

Low income Latino students are less likely to take on student loan debt, but that's only because they're less likely to attend or complete college. Barriers to higher education make it less likely that Latino students will begin college or take out loans, or easily repay loans when they're acquired.

The Institute on Assets and Social Policy (IASP) develop an analysis, "[Less Debt, More Equity: Lowering Student Debt While Closing the Black-White Wealth Gap](#)," which assesses the effect of public policy on the wealth gap that exists between white and Black households. Wealth inequity has surged over the past several decades, resulting in 1 percent of households controlling 42 percent of U.S. wealth. Also, nearly 50 percent of wealth accumulated over the past three decades has gone directly to pockets of the top 0.1.

Meanwhile, the wealth belonging to the bottom 90 percent of U.S. household continues to lessen. People of color, who are historically disenfranchised and overrepresented in the bottom 90 percent, are growing in numbers. In a matter of short decades, the U.S. will be a "minority majority" nation, which will continue to be affected by preexisting wealth divide. Today, the average white family owns \$13 for every \$1 held by the average black household and white households own \$10 for every \$1 held by the average U.S. Latino household.

Exclusion from traditional avenues of wealth building (housing, education and banking) and historical injustices are at the root of racial wealth inequality, helping to create a legacy of poverty. While higher education has long been viewed as a cure to inequality, the education system is damaged as well. From enrollment to completion, students of color are met with racial and class disparities.

According to the report, black students tend to take on more debt when attaining postsecondary degrees. They, like other students of color, are more likely to borrow money to attend college, which deepens wealth inequalities. With that said, patterns of student debt differ for black and Latinos students. The report focuses specifically on the black-white wealth gap because of historic roots of inequality and student debt's contribution to wealth disparities, but also acknowledges how inequality influences the experiences of other communities of color in the U.S.

Loan debt and barriers to education impact Latinos differently than black and white households. The data revealed that Latinos attend and graduate from college at lower rates than whites and blacks. Consequently, lower rates of college attendance likely contribute to Latino households owning less student loan debt than blacks and whites. Also, evidence suggests that Latino students are more opposed to taking on student loan debt. Interestingly, Latino students are less likely than blacks and whites to take on debt at public institutions, but they're more likely to take on debt at private for-profit institutions, where they're more likely to depart before completion.

The Latino-white wealth gap could be attributed to differences in education

attainment. Latinos households have lower college completion rates and lower levels of household wealth. The report suggests that universal debt reduction policies targeted at borrowers making \$50,000 and below would only benefit Latinos moderately; instead white families would have greatly benefit. However, reduction policy targeted at those making \$25,000 or less would reduce the racial wealth gap for median and low-wealth Latino households. Latinos in the lowest wealth bracket tend to face a number of barriers when seeking higher education, which reduces the likelihood that they will start college or take out loans. Thus, eliminating some cost challenges should spur enrollment.

The report listed that a number of policies that could make a sizable difference in the lives of students of color. They believe debt-free public higher education should be guaranteed for low-income and middle-class students. Institutional accountability and debt forgiveness should be provided for students attending low-quality institutions. There should be incremental debt forgiveness for students locked into public, low-wage professionals. Also, student loans should be discharged in bankruptcy like other forms of consumer debt.