

Public-interest groups are calling on Education Dept. to track racial disparities in student lending

By **Danielle Douglas-Gabriel** September 15 at 12:38 PM

A coalition of 40 civil rights, legal-aid and public-interest groups is urging the Education Department to track and monitor the effect of student loans on people of color, who are shouldering the burden of education debt.

Education officials do not collect information on the race or ethnicity of borrowers. Racial disparities in who borrows and struggles with student loans have been documented through the use of surveys conducted every few years by the Federal Reserve or the Census Bureau. Although that information has helped economists, academics and analysts create a framework for discussion, many say the department has a role to play in identifying and addressing inequalities in student lending.

“Student loans should be a tool to level the playing field and eliminate some of the disparities in educational outcomes,” said Persis Yu, director of the student-loan, borrower-assistance project at the National Consumer Law Center, one of the groups involved in the coalition. “If we’re seeing a disparity in default rates, it’s worth asking the question of whether it’s doing that job adequately and whether the tools we use to collect are appropriate.”

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Although 43 million Americans across the racial and socioeconomic spectrum have nearly \$1.3 trillion in college loans, African Americans are far more likely to have student debt at all income levels. A joint study by Demos, a liberal think tank, and the Institute for Assets and Social Policy at Brandeis University found that 54 percent of African Americans ages 25 to 40 have student loans, compared with 39 percent of their white counterparts.

Black families, after decades of being shut out of traditional ladders of economic opportunity, have the least amount of resources to buffer against the risk of borrowing. The same is largely true for Hispanic families. And, as a result, African

Americans and Hispanics are disproportionately falling behind on student-loan payments, according to a study by the Washington Center for Equitable Growth, using credit bureau and Census Bureau data.

Advocacy groups say that these studies, while valuable, scratch at the surface. Education officials, they say, have access to far more granular data through the contractors employed to service student loans and collect on past-due accounts. Reducing delinquencies and defaults for African American and Hispanic borrowers may require targeted outreach.

In a recent letter sent to Education Secretary John B. King Jr., the coalition said the disparities in defaults disproportionately expose borrowers of color to having a portion of their wages, tax refunds or Social Security taken by the government. Defaulting on a loan can also be very expensive once unpaid interest and collect fees are added. If African Americans and Hispanics are bearing the brunt of these costs, then it may ultimately cost more for those communities to borrow, Yu said.

“If we are imposing these really harsh consequences, we should know what impact it’s having to different communities,” she said. “Having this kind of data would be really useful for trying to implement policies that are supposed to make education more accessible to people.”

Education Department spokeswoman Kelly Leon said the agency plans on responding to the coalition’s letter.

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Danielle Douglas-Gabriel covers the economics of education, writing about the financial lives of students from when they take out student debt through their experiences in the job market. Before that, she wrote about the banking industry. [!\[\]\(6059a5aa8b4ca7bb793408023d6c6e42_img.jpg\) Follow @DaniDougPost](#)

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