



STUDENT LOAN FORGIVENESS POSITION STATEMENT

Background

Education has the power to shape a person's long-term job success, create financial stability, and contribute to their communities. However, education has over time become too expensive for many students and their families and has increased the need to incur debt to finance their education. A degree does not eliminate the income gap between workers by gender or race. The disproportionate amount of debt Black students finance for their education reinforces the racial wealth gap. Black and Hispanic students and women are overrepresented in programs with the highest debt-to-earnings ratios. The student debt crisis magnifies economic inequality for women and other racial and ethnic groups and its impact when their households, communities, and broader economy are financially insecure.

Impact of Student Loan Debt and Challenges of the Black Community

The rising cost of higher education has outpaced inflation. Pell grants that were initially intended to cover 80% of the cost to attend a public, four-year college/university covers only 30% of the cost today. (whitehouse.gov. August 2022) Forty-three million Americans are holding \$1.7 trillion in some form of student loan debt as of the fourth quarter of 2022. Although this debt includes Americans of all demographics, the impact of existing disparities has been highlighted regarding Black, non-Hispanic families who owe the most in student loans and experience risks of higher rates of default. In addition, the National Center for Educational Statistics reports Black students to have an average of \$52,000 of student loan debt and owe an average of \$25,000 more than white college graduates. Nearly one-third of borrowers could not complete their degree because of cost and have debt but no degree. (Department of Education, 2021)

Student loan debt affects career and life decisions and impacts both short-term and long-term financial stability. Student debt outcomes pace borrowers of color and their communities at a greater disadvantage in terms of accumulating wealth and further exacerbates the racial wealth gap. Student loan debt could likely reduce or eliminate the financial stability that a college degree is traditionally seen as providing.

Federal courts blocked President Biden's Student Loan Forgiveness Initiative that was intended to cancel \$10,000 or \$20,000 federal student loan debt for upward of 40 million borrowers. Arguments were presented to the US Supreme Court in February 2023 and await a decision by June 2023.

The National Coalition of 100 Black Women, Inc. affirms that no one policy or initiative will solve the student debt crisis, and diverse solutions from a wide range of stakeholders can assist in addressing the problem.

NCBW advocates for the reduction or elimination of student loan debt.

NCBW supports public policy and education initiatives to ensure loan forgiveness becomes a priority for state and federal policymakers.

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