Changing the Narrative

on Student Borrowers of Color

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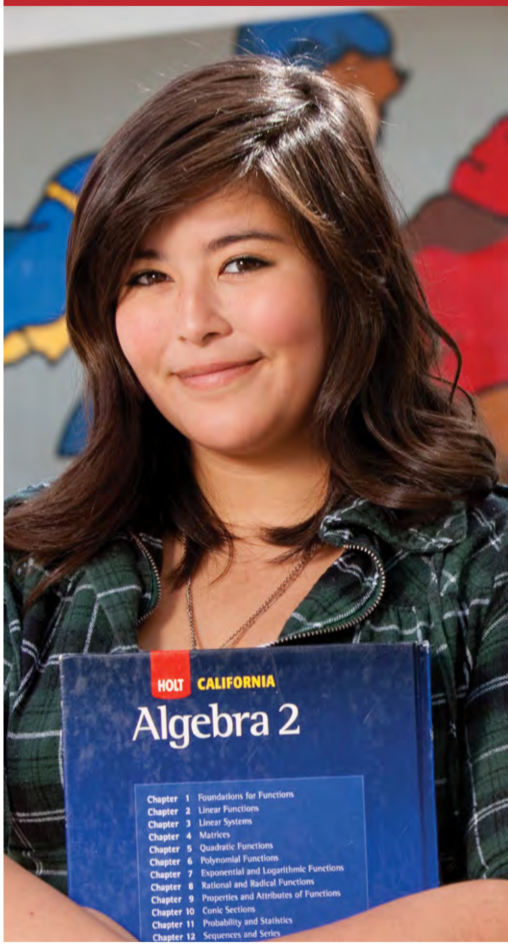

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INTRODUCTION

Stark differences by race and ethnicity exist in student borrowing trends—as anyone worth their salt in postsecondary education should know by now. Statistics about debt loads, repayment trends, default rates, and forgiveness opportunities routinely appear in research papers, policy briefs, talking points, and news reports. We should celebrate the increased visibility and elevated priority of these issues and disparities.

But real progress over time depends on setting up the right conversation and narrative. And so far, too much of the discussion has been framed in deficits, included too few voices of color, and been marked by monolithic characterizations that reveal deep systemic flaws—including ignorance of root causes and the failure to investigate differences among racial and ethnic groups.

To begin developing viable and enduring solutions for students of color, we must:

- View student borrowing as a complex, multifaceted challenge compounded by systemic racism.
- Focus on changing systems rather than blaming individual borrowers.
- Put Black, Hispanic, and Indigenous experts, leaders, and community members at the center of the discussion.
- Respect all racial and ethnic groups by carefully examining the differences among and within them.

Driven by these ideas and our commitment to put equity first, Lumina Foundation convened a working group on borrowers of color in 2019. Each member brought expertise and a unique perspective, expressed interest in working collaboratively across disciplines, and had a specific interest in student borrowing and equity. Importantly, most in the group represent Black, Hispanic, and Native communities themselves.

This collection of essays is the culmination of their efforts. Individually, these pieces shed light on specific topics and populations of students. Taken as a whole, we're convinced they can help the field move forward in a more equitable, student-centered way.

The collection has three parts:

- First, Fenaba Addo and Dominique Baker correct common myths about Black borrowers. The authors show how Black students and families face a different set of choices than others, and they urge the policy community to take the long view of affordability and accountability—one that acknowledges the fact that Black graduates face discrimination as they enter and continue in the workforce.
- Next, Denisa Gándara and Desiree Zerquera provide a fuller understanding of Hispanic and Latino students' experiences and their borrowing. Emphasizing the multidimensionality of this student population, the authors debunk simplistic debt-aversion narratives and describe how weakened social trust, enrollment decisions, and family-level financial decision-making better explain the behavior of these students.
- Finally, Christine Nelson, Amanda Tachine, and Jameson Lopez remind us that supporting Native American borrowers starts with honoring the treaties between the United States and Tribal Nations. They also cite the need for new data-inclusion approaches for Indigenous people, call for the elevation of Tribal Colleges and Universities, and seek to correct damaging narratives that mask Native students' struggles with affordability.

Along the way, author Joanna Darcus notes differences within the Asian American and Pacific Islander community, and Sarah Sattelmeyer points out the need to consider "family balance sheets" as a way to capture a fuller picture of student borrowing and repayment behaviors, especially in communities of color. The collection closes with a review of possible policy steps to address the issues raised by the working group members.

We hope these voices and perspectives can help establish a narrative centered on the dignity of students of color—one that meets our responsibility to understand these students and design solutions to meet their needs.

Black Borrowers:

Building from a Better Narrative

By Fenaba R. Addo, Ph.D., and Dominique J. Baker, Ph.D.

Black-white disparities in student debt have received a lot of attention. The facts are pretty stark. Black borrowers tend to borrow the most, have higher loan balances and the highest rates of default and delinquency while in repayment (Baker 2019). Parental wealth is negatively associated with debt accumulation for white student borrowers, and young adults who are white pay their debt quicker (Addo, Houle, and Simon 2016; Houle and Addo 2019). Similar to other forms of economic inequality throughout U.S. history, racialized student debt disparities reflect institutional systems and policies stemming from a higher education system that was never designed for Black students. In this section, we review the false narratives and disconnected solutions that underlie much of the discourse on Black students' reliance on student loans.

False Narratives

As Black scholars who have, for many years, been studying the student loan crisis and raising awareness of the disproportionate burden within Black communities, we are familiar with the common tropes the public holds despite the evidence proving otherwise. It is also completely unsurprising to us that most of these narratives point to dysfunctionality among Black students and their families. Deficit narratives have a clear purpose. They serve to individualize problems that require structural solutions, thus excusing policymakers and the general society for failing to seek equitable solutions. The most common misconceptions we hear include: (1) racial disparities reflect differences in financial literacy or access to financial education; (2) Black borrowers make poor choices, and (3) Black student borrowers are the new "welfare queens," borrowing too much and using funds frivolously, e.g., on spring break trips, expensive clothing, cars, etc.

In reality, there is little to no empirical support for many of these claims. In fact, the scant evidence that does exist either disputes or provides mixed support for these commonly held narratives. For example, Addo, Houle, and Simon (2016) find no evidence that racial differences in financial literacy affect disparities in Black-white student debt. The poor choices trope is commonly tied to arguments related to choice of academic major. There is mixed evidence that major choices vary significantly by race or ethnicity (Ma 2009); and, scholars have found that those differences vary—depending, in part, on a field's perceived racial climate and or degree of labor market discrimination (Dickson 2010; Hinrichs 2015). Finally, many students who borrow still struggle to cover the costs associated with college. Recent studies have highlighted the food and housing insecurity that many students face (Broton and Goldrick-Rab 2016). If students with few economic resources are accepted and then expected to forego college experiences or struggle financially, that indicates problems with the institution and larger structures in society, not with the students.

What we do know is that these tropes are rooted in anti-blackness, and that shows up in systems that drive disparities in education. Anti-blackness here draws on Dumas (2016)'s characterization of anti-blackness as the "cultural disregard and disgust for blackness," the view that Black people are somehow "unworthy of education." If you are not deemed worthy of occupying a space, then any consequences associated with that decision will be the fault of the individual. The fact that Black students and their families lack financial resources and therefore must struggle with loan debt during and after college is just another indication that the professed social mobility tied to a college education is predicated on the notion that they are in their financial position by their own doing. It ignores historical legacies of intergenerational inequality created by public policies that denied Black Americans wealth-building opportunities or extracted wealth from their communities.

Disconnected Solutions

With this understanding, it's clear that focusing on the decisions that Black students and their families make obscures the reality that Black students have choices that differ from those of some of their peers. Too often, the public and policymakers focus on changing students' decisions by giving them more information. This creates several issues, but we will focus, in turn, on two: 1.) increasing financial literacy despite systematically limited resources and options, and 2.) focusing on completion without a mechanism for addressing disparate repayment challenges.

Increasing Financial Literacy Despite Resource Constraints

Several policy recommendations focus on increasing the financial literacy of students to help them navigate their student loans. However, this solution does not solve the root issue. For example, if most students enroll at a college within 50 miles of their home (Hillman and Weichman 2016) and Black students are more likely to live in so-called "education deserts" (Dache-Gerbino 2018), then Black students have limited options. If the physically distant institutions are the ones most likely to provide additional scholarships and financial aid to Black students, then those students will have fewer viable financing options for college. This is true regardless of what we do to improve their financial literacy. As well, the institutions that most frequently recruit Black students, e.g., Historically Black Colleges and Universities, have long been—and remain—underfunded compared to peer institutions. Practically speaking, this means that the institutions likely to work hardest to create an equitable racial climate will also be those that have the fewest resources to provide grants or scholarships. None of this will change by providing more information to students.

The reality is that a college degree matters a lot for social mobility and economic security. Those rewards—and the financial risks associated with their pursuit—disproportionately affect Black Americans (Mangino 2012; Houle and Addo 2019; Jackson and Reynolds 2013). High rates of debt accumulation and repayment difficulty among Black borrowers indicate that many Black Americans lack the resources to pay for an increasingly expensive investment.

Because of longstanding policies that denied wealth building in Black communities—including residential segregation and discrimination in housing and credit markets (Rothstein 2017; Ards and Myers Jr 2001; Perry, Rothwell, and Harshbarger 2018)—Black students and their families are more likely to borrow for college even when their income matches that of other families (Chingos 2019). Also, among states (D. Baker et al., 2020) and postsecondary institutions (Doyle 2010; Griffith 2011, there has been a growing trend to provide financial aid based on merit, students' prior academic performance, rather than financial need. This trend is troubling, as evidence shows that Black students are less likely to receive merit-based aid (Griffith, 2011), likely due to structural inequities in the K-12 sector (Bowen et al., 2005).

Focusing on Completion Despite Repayment Challenges

Because evidence shows that students who graduate are significantly better able to repay student loans than those who do not (Deming 2017), one of the more popular policy solutions is to incentivize schools to help more students complete a credential. However, due to structural barriers such as labor market discrimination, Black college graduates continue to have higher rates of unemployment and under-employment (Jones and Schmitt 2014), and Black borrowers struggle to repay their loans even when they have earned a credential (Scott-Clayton 2018) and even when income-based repayment is available (Miller 2019).

Racial wealth inequality persists in this country. The median net wealth of all households in 2019 was $121,700. For white households it was $188,200, but for Black households it was just $24,100 (Bhutta et al., 2020). With greater wealth, students and their families can borrow less and pay off their debt quicker.

Racial wealth disparities don't just affect debt, and they aren't limited to young adulthood. Black adults over 50 are more likely than their white peers to hold student loan debt (Trawinski, Montezemolo, and Williams 2019). This debt is often a combination of their own and that of family members. It is critical to include older adults when thinking about student debt as, when they struggle with repayment, the federal government may garnish their Social Security benefits to recoup payments.

Looking Ahead

Black students and their families, while being systematically denied the ability to build wealth, are also generally offered access to institutions that charge a higher price or provide less financial aid. Black graduates then enter labor markets, where they face wage discrimination, unequal employment opportunities, and less career advancement than their white counterparts, all of which complicates their ability to pay off that debt. Solutions applied during college can help, but they won't fix the broader issues that led to these debt disparities. A more productive approach to the student debt crisis among Black borrowers is one that helps provide financial resources to families who need to support their children without accumulating crippling levels of debt. It must also acknowledge that the struggles Black borrowers face with repayment reduce the financial gains associated with a college education. This weakens their already-fragile economic position and widens racial disparities in our society. ■

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Moving Beyond the 'Debt Aversion' Truism

By Denisa Gándara and Desiree Zerquera

Americans of Hispanic or Latino descent are often framed as being debt averse and lacking in knowledge, motivation, and purpose in pursuing higher education. This framing is incomplete and simplistic. Latinos attend college at high rates, and when they do, they often borrow at rates comparable to those among students from other racial/ethnic groups. This negative, persistent narrative about Latinos and higher education implies that Latinos are responsible for the challenges they face. This narrative not only contributes to the disservice of these students in higher education, it also ignores the grave implications of debt for this community, including high default rates. This section offers a fuller understanding of Latinos' experiences with student debt and the role of policy and practice in shaping those experiences. Our discussion is informed by the body of research that has examined student debt among Latinos—research that is typically overlooked in policy discussions.

Understanding Latinos and Student Debt

Latino students are often excluded from conversations about student debt. When they are included in those discussions, the conventional narrative tends to focus on "debt aversion" as "one of the most persistent truisms about students' financing of higher education" (Cunningham & Santiago, 2008, p. 8). While some older studies have highlighted lower rates of borrowing and debt among Latino students as compared to other groups (e.g., Burdman, 2005; Paulsen & St. John, 2002), research has shown a less consistent pattern over time.

A 2003-04 analysis of college student borrowing behaviors found that far lower portions of Latino students borrowed compared to their Black or white counterparts (Cunningham & Santiago, 2008). However, students enrolled less than a decade later reflected different trends. In 2011-2012, as compared to all students, similar proportions of Latino students enrolled in public institutions (63 percent), and greater proportions of Latino students at private nonprofit institutions (87 percent vs. 74 percent) borrowed to pay for college (Huelsman, 2015). A more recent study found that among baccalaureate graduates in 2015, more Latinos borrowed to pay for college than did whites or Asians (70.1, 67.7, and 43.9 percent, respectively) (Thomsen et al., 2020). These studies demonstrate greater reliance on borrowing among Latinos than previously documented.

Other studies have captured different perspectives on borrowing. One survey-based study compared borrowing attitudes across demographic groups, finding stronger aversion among Latinos as compared to whites (Boatman et al., 2017). Still other research has documented the significance of student loans for Latinos and their families (e.g., Barnard et al, 2018). These findings highlight the multidimensional nature of Latino student borrowing.

Borrowing among Latino College Students: Shifting the Narrative

The debt aversion narrative for Latinos ties well into deficit notions about Latino community relationships to education. Contrary to this enduring stereotype, Latinos care deeply about education (Medina et al., 2015; Moreno & Valencia, 2002; Unidos US, 2020; Valencia, 2002). Cultural depravity is a common explanation for Latino students' and families' reluctance to borrow. Researchers point to Latinos' comparative lack of financial literacy, a dearth of knowledge about college-going, and fewer connections to individuals who can inform the college process (Evans & Boatman, 2019; Muñiz & Rodriquez, 2004).

But, by countering this deficit approach, we can offer better explanations for Latinos' borrowing patterns. By understanding their negative experiences with educational institutions and the strategic choices these students and families make, we can forge policies and practices that better support them. Doing so can also point to the consequences of borrowing that are minimized by the debt aversion narrative.

Family-Level Financial Decision-making

For Latinos, financial decision-making often occurs at the family, rather than individual, level (McDonough et al., 2015; Unidos US, 2020; Venegas, 2007). Research has documented that Latinos often feel a sense of responsibility for the financial health of the entire family (Venegas, 2007). This includes considering how decisions will affect siblings' opportunities to attend college (McDonough et al., 2015). For many Latinos, debt is considered a family burden (McDonough et al., 2015), and these family-level considerations affect college choices and borrowing decisions (Unidos US, 2020).

Weakened Social Trust

Latinos largely have negative experiences with school counselors and teachers, governments, and financial institutions. These experiences weaken social trust and affect college-financing decisions (Dowd, 2008; Dowd et al., 2020; Linnehan et al., 2006; McDonough & Calderone, 2006; McDonough et al., 2015; Muniz et al., 2004). For instance, one study found that Latino parents received false information from some school counselors, perceived discrimination in schools, found college-related information to be inaccessible, and perceived the educational system to be unfair (McDonough et al., 2015). Broadly, research shows that limited or discriminatory experiences with financial institutions within families affect borrowing decisions for college (Caliber Associates, 2003; Dowd 2008; Rendón et al. 2012; Unidos US, 2020; Zerquera et al., 2017).

Debt Mitigation Strategies via Enrollment Decisions

Latinos attempt to minimize debt through their enrollment decisions, including which institutions to attend. In some state contexts (Zerquera et al., 2018), Latino students are more likely to attend community colleges to save money—either by paying lower tuition or by staying closer to home (Kurlaender, 2006; Olivarez et al., 2020). Despite these perceived financial benefits, Latino students at community colleges are less likely to receive Pell Grants than those attending other institution types (Excelencia in Education, 2019), making it more difficult to pay for college. In addition, many community colleges opt out of the federal student loan system, making those options inaccessible.

Latino students also attend college part time at high rates; only 40 percent attend full time (Excelencia in Education, 2019), in part because they are more likely to work while enrolled (Dowd & Malcom, 2012). In fact, more than half of Latino students work at least 30 hours a week, and 32 percent work 40 hours or more (Excelencia in Education, 2019). Students choose to attend part time and work while in school in part to reduce their debt load (Cunningham & Santiago, 2008).

In the last decade, Latino students have increasingly attended for-profit institutions. Even though these institutions often charge higher tuition and fees, many offer flexible class schedules which make it easier to balance work and other responsibilities. However, much larger proportions of

Latinos at for-profits borrow—and they do so in far higher numbers than their peers at other types of institutions (The Leadership Conference Education Fund, 2019).

Diversity of the Latino Community

Finally, it is important to recognize the diversity within the Latino community and the multiple intersecting identities that can affect students' borrowing decisions. For instance, Latinos are diverse in terms of their nationality, racial phenotype, immigrant status, and experiences within the geographic regions they live in. These characteristics affect their educational experiences (Núñez et al., 2013; Haywood, 2017; Zerquera et al., 2020).

Latinos who are lower income and recent immigrants are less likely to borrow for college (Caliber Associates, 2003). Moreover, some Latino students face greater difficulty because the state classifies them as undocumented (Unidos US, 2020). These students may confront many barriers to college access, such as exclusion from certain institutions and ineligibility for many financial aid programs, including federal loans with more favorable terms. As such, these students may be missing from student debt studies, and their efforts to pay for their education—through private lending, employment, and other mechanisms—may go unrecognized.

It is important to account for the variation within the Latino community because doing so challenges the narrative that Latino students avoid borrowing because of inherent cultural deficiencies. Student debt fits into a broader system of inequity that has come to define the Latino experience in higher education. Policy plays a key role in shaping that experience.

Policy Limitations: Blaming Students for Structural Failures

Latino students are often neglected in policy conversations and literature related to student debt, even though they increasingly rely on student debt to pay for college and have some of the highest default rates (Chakrabarti et al., 2020; Larrimore et al., 2017). By focusing on individuals and their "debt aversion," we have generally neglected the structural barriers imposed on Latinos in their efforts to pay for education. In this article, we aim to paint a more complete picture of Latino students' postsecondary opportunities, pathways, and financing decisions. With fuller context in mind, policymakers can start to address the inadequate supports for Latino students.

Financial aid policies must be revised to account for Latino realities. Many financial aid programs at the institutional, local, state, and federal levels are tied to students' enrollment "intensity" or time to graduation. This approach is problematic for Latino student success since Latino students are more likely to enroll in college part time and thus take longer to complete their degrees. In addition, many financial aid programs exclude people classified as undocumented or with DACA status, the vast majority of whom are Latino. If these students do not choose to forgo college altogether, they may have to borrow from private sources, which tend to have less favorable terms (Reed, 2011), or work while in school in ways that impede their success. Moreover, many students attending community colleges lack access to federal student loans because some community colleges opt out of federal loan programs.

Policy has also failed to address weak social trust among Latinos, which is partly a function of negative and discriminatory experiences in schools, and with governments and financial institutions. By focusing on "debt aversion," policy has failed to improve information access for Latinos, address bias within schools and other organizations, and reduce administrative burdens (e.g., filling out the FAFSA). To improve trust, policy-makers should provide more clear and accessible information about the cost of college and financing options to students and families and work to minimize bias in financial institutions and schools. We also need a paradigm shift that acknowledges the Latino community's strengths and heterogeneity and addresses the systemic failures in supporting this community.

Dismantling Deficits, Centering Assets

Latino borrowing exists within a broader context of inequity that shapes the community's experiences with higher education, including substantially lower levels of wealth and wage discrimination. Dominant, deficit-based narratives inhibit our understanding of how Latino students pay for college and their place within the nation's student debt crisis. By framing students' personal choices within the "debt aversion" narrative, we have failed to adequately capture the barriers in funding systems that disproportionately affect Latinos' ability to pay for and complete their education. In perpetuating this simplistic narrative, we also fail to address the implications of debt on this population—including high default rates, limited job opportunities and wage gains, and low completion rates.

A counter-deficit narrative highlights the importance of addressing student debt for this community to support their social mobility and economic prosperity. This counter narrative, which compels us to look inward and challenges our understanding of Latino student experiences, also forces us to re-examine existing systems and forge new approaches and solutions that reflect the reality of Latino students as they pursue higher education. ■

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Borrowing and Repayment: A Household Finances Perspective

By Sarah Sattelmeyer

Note: This essay was excerpted from a piece published in December 2020 by the Pew Charitable Trusts. The full article is available at the Pew website.

With the significant financial challenges that millions of Americans are facing today—in particular, households of color—there is increasing awareness of the struggles that many borrowers have experienced repaying their student loans, even before the COVID-19 pandemic.

This report lays out the context for borrowing, repayment, and credentialing return disparities, but it's important that we take a more holistic look at household financial security, and its relationship to race. Current income-driven repayment (IDR) policies base monthly payments on income and family size and are more affordable for many, but delinquency and costly defaults remains higher for Black borrowers particularly despite the availability of IDR. Because monthly payments in IDR plans are set at a certain percentage of "discretionary income"—borrowers' disposable resources after they pay for essential expenses such as housing and groceries—student loan payments might represent a larger portion of household income for borrowers of color. Research shows that these families often pay more for goods and services, among other economic factors described below.

Although Hispanic and Black households have been hit particularly hard by the pandemic, a historic lack of "slack" in family budgets—caused by a number of factors, including discrimination in the labor market, in the housing market, and in our systems of education and justice—has long threatened financial security in these communities. And these factors, in turn, have an impact on which borrowers are well positioned to repay and who faces challenges. For example:

- Wages have largely stagnated for years. At the same time, Black workers across the board have historically been paid less than their white peers. In addition to this wage gap, there is also a significant racial wealth gap.
- Even before the pandemic, monthly and yearly income volatility was common among low-income households and households of color (especially Black households), making it difficult to budget and plan for even regular expenses such as student loans.
- Low-income households spend more of their paychecks on core needs such as housing and child care, leaving less money for unexpected, or even regular, expenses. For example, rent increases have outpaced income growth in recent decades, a time when fewer people of color than White households have owned homes. And low-income families can face higher costs for goods and services—such as higher interest rates for loans—than higher-income families.

These disparities put added stress on households of color when they experience financial shocks—such as car trouble, a broken appliance, or a lost job—which affect people of all ages and races and on every rung of the income ladder. And because family wealth is intergenerational, White households are more likely to receive mobility-enhancing and wealth-building transfers, such as money from relatives to pay for college tuition or a down payment on a house.

But balance sheets alone can't paint a complete picture of whether households are financially secure; family, community, and societal trends matter as well. For example:

- A growing share of Americans live in a multigenerational household, a situation more common in communities of color. Although growing racial and ethnic diversity in America is a contributing factor, this rise is also being driven by older adults moving in with their children, meaning that an increasing number of people have caregiving responsibilities. Even beyond sharing resources within a household, Black families are significantly more likely than white households to provide financial assistance to friends and family.
- Place also matters: Historically, a majority of Black children have lived in high-poverty neighborhoods, which increases their risk of falling down the economic ladder as adults. This helps explain why, even among high-income households, fewer Black families live in highly resourced K-12 school districts.

Although this list of factors is not exhaustive, it highlights the importance of a holistic consideration of families' finances when assessing whether they are equipped to meet their student debt obligations.

Student loan-related policy reform alone cannot close the racial wealth gap or ensure financial security for families of color. It cannot by itself remedy the causes of, or outcomes from, systemic inequality and discrimination. But if policymakers do not fully understand and address the broader context surrounding family financial health, they cannot design appropriate and effective higher education solutions, consider who should be involved in developing those interventions, or ensure that higher education provides opportunities to those who have not historically had a seat at the table.

Native Borrowers:

Recognize It's Our Land, and Honor the Treaties

By Christine A. Nelson, Amanda R. Tachine, and Jameson D. Lopez

Your Institution is on Native Land

Prior to the establishment of the United States, Native peoples cared for, protected, and cherished every stretch of land. Native Nations continually hold the United States accountable for the 370 treaties signed between 1778-1871 (NCAI, 2019). Treaties are the "supreme law of the land," which requires the federal government—in perpetuity—to provide health care, education, housing, and economic/agricultural assistance in exchange for the land occupied and protected by Tribal communities since time immemorial. The federal government has never fulfilled these obligations.

While the U.S. continues to materially benefit from Indigenous lands, the first peoples of this land (Native students) struggle to afford college and contribute to efforts to build the Native nations. Today, there are 574 sovereign Native nations. Each represents a diversity of Tribal citizens who seek (or hope to seek) higher education opportunities (Brayboy, et al., 2012). Yet, gaining access to higher education is challenging because of the dramatic increase in college costs. In this policy brief, we assert a land-based argument on how higher education policy and practice can address issues of access, college affordability, and equity for Native peoples. Simply put: Honor the treaties.

Land Grab: Colleges and Universities Benefit from Indigenous Lands

The land that all universities and colleges now occupy is Native land. Many higher education institutions fail to critically consider or address the connections between land, treaties, and dispossession that influence systemic barriers facing Native students.

One of the U.S. government's most aggressive acquisitions of Native lands was primarily facilitated by the Morrill Act in 1862. Under this act, the U.S. government created higher education policy that further dispossessed Native peoples under the guise of creating "public" lands for the "public good" (Lee & Ahtone, 2020; Nash, 2019). The Morrill Act disregarded the fact that Native peoples had occupied "public" lands since time immemorial, and it ignored the treaties that safeguarded the well-being of Native peoples. While the act specifically names land grant institutions, they are not the only colleges and universities that benefit from Native dispossession. Stein (2017) notes that many non-land-grant institutions also benefited from the dispossession of Native land and have not disavowed land grabbing. In fact, the histories of these institutions are complicated, requiring an institution-specific investigation. Ultimately, all university and college campuses benefit from being on Native land, though Native student presence is often negligible—even nonexistent—there.

Understanding How Native Students Finance Higher Education

In 2009, 205,900 Native students were enrolled in degree-granting four-year institutions. However, by 2016 the enrollment dropped to 129,000—the lowest enrollment since 2000 (de Brey et al., 2019). Decreased Native undergraduate enrollment at the intersection of college affordability reveals systemic challenges Native students face when trying to access and complete a college degree. In 2015-2016, 87 percent of Native full-time undergraduate students received some form of grant aid to pay for college, and 38 percent received a student loan (de Brey et al., 2019). Among their peers, Native students were among the most likely to receive grant aid (behind Black students, at 88 percent) but among the least likely to obtain student loans (which was true of 31 percent of Latino students).

For Native students who graduate with a four-year degree, 76 percent borrow to pay for college, averaging $26,380 in student loan debt (Espinosa et al., 2019). Researchers have not explored the long-term impacts of student debt among Native students. What is known across the general population is the burden of student debt lessens overall financial security and hampers one's ability to make financial investments such as purchasing a home or increasing savings (Velez et al., 2017). More research on the implications of Native student debt is needed to inform policy and practice in ways that can improve college affordability for these students.

We Are Still Here: Data Inclusion

The displacement and erasure of Indigenous people contributes to tensions caused by "invisibility" (Brayboy, 2004)—in media, school curriculum, even in data. Exclusion of Native student data directly affects how federal, state, and local policies view and (mis)treat Native students. Statistical limitations create an invisibility phenomenon, an asterisk signifying insufficient—or no—evidence, thus diminishing the possibility of finding solutions to support Natives in higher education. Even if federal data sets had few statistical limitations in Native student samples, these data sets are arguably inconsistent, irrelevant, and lack rigor (Rainie et al., 2017). For one, data sets often lack culturally relevant variables and a basic understanding of how to sample from

Native communities (Lopez & Marley, 2018). Research methods should go beyond including Native data points. Researchers should consider asserting Indigenous data sovereignty, meaning each Native Nation should own, collect, and apply its respective data.

Not Savages: Disinvest in Damaging Myths

The flip side of invisibility is hypervisibility, proliferated by damaging myths that influence conversations and (in)actions related to college affordability for Native students. These myths are rooted in dominance, portraying Natives as having inferior intelligence to white people (Hill et al., 2010). Natives are thereby considered "savages" who lack the civilized wherewithal to care for the land (Carney, 1999).

Reclaiming Native Truth (2018) found the most persistent and toxic narrative among the general public to be that Native peoples receive government benefits and are "getting rich off of casinos." Emerging from these perspectives is the commonly held misconception that Native students go to college for free. (Nelson & Tachine, 2018).

Notably absent from these college affordability conversations, however, are the falsehoods, and facts about the interconnected relationship of Indigenous land, treaty rights, universities, and Native presence. While universities continue to benefit materially (in perpetuity) from Indigenous lands, Native students are struggling to enroll and persist in college. We must disinvest in damaging myths.

Honor the Treaties by Making College Affordable: Policy Implications

State and federal policymakers often fail to understand how the history of land displacement, the perpetual dearth of data on Native students, and persistent, harmful myths affect college affordability and borrowing among Native students. Native student enrollment in higher education has yet to recover since the Great Recession of 2008 (de Brey et al., 2019). We believe the following policy recommendations can help reverse that trend by improving college access and affordability for Native students.

More than Tuition: Housing and Basic Needs

Eliminating tuition and fees can lessen the financial burden and improve college access for Native students. However, relying solely on tuition-free models is ineffective. Tuition and fees are only part of the formula used to determine the cost of attendance and student need. Also, tuition- and fee-free education won't change the longstanding racist structural systems that disproportionately harm Native students. Long-ignored treaties have had a multigenerational negative impact on Native wealth, hampering college access and persistence among Native students. Higher education institutions can better support Native students by providing free housing, increasing emergency aid and supplemental funding, allocating infrastructure funds to expand broadband access, investing in technology support and curriculum development, and ensuring that students have access to culturally sustaining support systems.

Data Inclusion: Race- and Tribe-Specific Data

Accurate, reliable, and accessible data (quantitative and qualitative) is needed at federal, state, institutional, and Tribal levels—data that speaks to the racial and political identity of Native peoples. Moreover, "data warriors" should lead Native-related research, individuals who advocate for Native peoples, Native organizations, and Tribal Nations (Kukutai et al., 2020). Data warriors make Native peoples central in the data. They encourage policies that help identify the data variables most helpful in understanding the unique lived experiences of Native peoples. Policy must be implemented to build data infrastructure among and between Tribal Nations and Native organizations, as these partnerships improve the relevance and quality of data.

Foster Tribal Sovereignty and Coalition Building

Leveraging treaty obligations to improve college affordability can have generational impacts on the well-being of Tribal Nations. Policy that invests in tribal sovereignty—including funding Tribal College and Universities (TCUs) to meet federal allocations outlined in the Tribally Controlled Colleges and Universities Assistance Act of 1978 (TCCUAA)—fosters meaningful consultation and collaboration with Tribal Nations and TCUs (Nelson & Frye, 2016). Policy should also support coalition building across different populations. Many Native students have more than a Tribal affiliation; they have ethnic and cultural orientations to other communities that have been historically marginalized. Coalition building strategically positions policy to address the expansive needs of diverse and overlapping identity groups.

Conclusion

For generations, colleges benefited (and continue to benefit) from Native land dispossession. Unfulfilled treaty obligations and the wealth accumulated through higher education policy, including the Morrill Act, have further restricted college degree attainment among Native peoples. Higher education policies and practices must address systemic barriers, including the lack of data and the persistence of false, harmful public perceptions of Native peoples at the federal, state, and institutional levels.

Honoring the treaties means making college affordable. To do that, higher education policies and practices must be forged and implemented in meaningful coalitions with Tribal Nations and other racial/ethnic groups. These policies must also assert data sovereignty and provide holistic student support. Through such efforts, we can ensure that the first peoples of this land have better access to affordable higher education and ultimately contribute to Native Nations. ■

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Equity and Visibility for Asian American and Pacific Islander Students

By Joanna Darcus

Although this report focuses more squarely on Black, Hispanic, and Native American borrowers as a part of our commitment to racial equity, it is important to acknowledge and address the breadth and variety of experiences of Asian Americans in higher education. Despite encompassing a multitude of cultural and linguistic groups, Asian American and Pacific Islander (AAPI) communities are often reduced to a monolithic "model minority" myth. In a great disservice to their diversity, the myth elides significant disparities between different AAPI cultural and linguistic groups of various national and geographic origins, as well as between AAPI and non-AAPI groups. These nuances must be accounted for in any narrative or policy decision that seeks to address inequities.

In the aggregate, data may well show strong outcomes for AAPI students. While it is appropriate to identify and applaud those outcomes, data collection and disaggregation remain essential. As is the case with Native American students and other groups, small sample sizes can pose challenges for disaggregation. In some ways, small numbers are a telling symptom of the underlying inequities, and that itself is useful information.

When disaggregated data is available, however, the disparities are all the more apparent. For instance, Cambodian, Hmong, Laotian, and Vietnamese students are more likely to come from lower-income families, are underrepresented in higher education, and are less likely to hold a bachelor's degree than aggregate data about AAPI students would indicate.

Analysis of 2015-16 data from the U.S. Department of Education found that Asian American students had some of the highest levels of unmet financial need. But more disaggregated data and research are needed to tell the story of their experiences with student debt. Without such steps, we cannot understand and properly address the challenges these students face. For these reasons, AAPI voices and experiences should also be centered in conversations about equity in higher education and student debt.

More information on AAPI students is available from the Southeast Asia Resource Action Center, Asian Americans Advancing Justice, and the Institute for Higher Education Policy.

CONCLUSION

Forging a Racially Just Path Forward

The human suffering and economic devastation brought on by the coronavirus pandemic, and the deeply pervasive racial injustices that have been laid bare by it, place us at a critical juncture for how we both reckon and progress as a society. With the inauguration of a new president and an emerging strategy for a post-pandemic recovery comes an opportunity to act with intention on issues of racial justice.

In postsecondary education this will mean pursuing a vision of a system that is both accessible and affordable, yields meaningful and financially secure outcomes for the most marginalized, and helps eliminate outcome stratification by putting racial equity first. That starts by centering the real voices, needs, and narratives of Black, Hispanic, and Native American communities and student borrowers as laid out in this report. We hope this collection can help with that goal.

Federal student loan repayment was paused without interest penalties or accrual as part COVID-19 relief measures passed by the federal government, but this is only a temporary reprieve. Amid the myriad policy discussions that are unfolding, it's time for a policy paradigm shift and more nuanced conversations about borrowers of color. A return to the status quo is not the justice these communities seek or deserve. Informed by the essays in this collection, we offer five areas where policy can start.

Five Recommendations to Begin a Policy Shift

1. Affordability as Restorative and Reparative Policy

College affordability continues to be one of higher education's greatest challenges and lies at the heart of inequities related to student loan debt. Affordability proposals and models such as free college, promise programs, and merit-based scholarship programs have limitations, and meager evidence shows that they are transformative for students of color. We must stop blaming students for structural failures. By focusing on individual choices or "debt aversion narratives," we have generally neglected the structural barriers imposed on students.

Affordability policies can help restore communities whose members have endured historical mistreatment and discrimination through policy and policy implementation (e.g., redlining in housing, displacement and removal of Indigenous peoples that fueled the Morrill Land-Grant Act of 1862, and inequitable access to education benefits of the Serviceman's Readjustment Act of 1944 among Black veterans). Affordability proposals—free college, doubling Pell grants, and other such ideas—must account for the dramatic rise in the full cost of college, including basic needs beyond tuition and fees and supports such as child care, to fully address the unmet need that drives reliance on student loans. Federal subsidies for students from low-income households should be prioritized, and these subsidies must be structured to reduce the risk of students dropping or stopping out.

Income and household size as a proxy for ability to pay is a limited measure. It's important to take a more holistic look at household wealth and assets based on the deeper racial context laid out in this report. Doing so will help identify the policies that contribute to racially disparate outcomes and determine what targeted reforms are needed to address the inequality.

2. Invest in Institutions that Serve Students of Color

Federal and state policy must invest in colleges and universities that serve large numbers of students of color. The chronic under-funding of higher education's engines of mobility—Historically Black Colleges and Universities (HBCUs), Tribal Colleges and Universities (TCUs), other Minority-Serving Institutions (MSIs) and community colleges—directly and indirectly drives student outcomes by race. Starkly, spending in postsecondary education per white student continues to eclipse spending on students of color, with underspending at public institutions and low state investment in higher education as the main contributors to this disparity. Institutional appropriations to MSIs, community colleges, and open-access institutions remain critically important to increasing attainment and improving other key student outcomes. We must know and understand the needs of today's students and be responsive to the rapidly changing technological and workforce environments they face, including the diversity of providers that they may encounter on the way to a credential.

3. Student Debt Forgiveness, Racial Equity, and Completion

Policymakers and advocates have been actively discussing student debt forgiveness policies, with proposed options ranging from forgiving $10,000 per borrower, to $50,000 per borrower, to forgiving all student debt. Any such policy would have clear implications for racial equity in student outcomes, including completion. Most students who default on their loans—two-thirds of defaulters—owe less than $10,000 (Baum, 2016). Twenty-four percent of borrowers who have not completed a postsecondary credential defaulted on their loans, compared to 9 percent of borrowers who completed (Baum, 2016).

Outstanding institutional debt also serves as a barrier to completion and is not addressed by solutions targeted at federal loans. Students who leave an institution with unpaid bills cannot re-enroll until the debt is paid, a story that is especially common among students of color, adult learners, and lower-income students. Roughly 6.6 million students are unable to use earned academic credits because their transcripts are being held as collateral by their former institutions (Karon, Ward, Hill, and Kurzweil, 2020). Nearly all institutions use this tactic as a tool for debt collection, and the majority do so for relatively small fees—sometimes less than $25 (Karon et al., 2020). Resolving students' outstanding institutional debts has direct impacts on students' ability to return to higher education and complete a credential.

The research is also clear: Holding all other variables constant, race and ethnicity still play a significant role in the amount of debt students of color take on and their ability to repay the debt. Loan debt affects not only the student; families and communities of color are also weighed down by the costs of college. One recent study, for example, found that 98 percent of Native women borrowers were unable to decrease the principal of their loans (Huelsman, 2019). The burden of high student loans clouds the future of these individuals by limiting their ability to contribute economically to their families and Tribal nations. The redress of racial disparity in the public benefits of higher education should be the primary outcome of any debt-forgiveness policy being considered.

4. Reforming Repayment to Better Support Borrowers of Color

Short of reducing reliance on student loans to improve affordability, accounting for a more accurate capture of household wealth and finances in the design of repayment policies may bolster more equitable outcomes and reduce disparate burdens. Delinquency and default rates by race, even with the availability of income-driven repayment plans, not only signal a systemic flaw, they also fuel deficit narratives and shortsighted solutions.

Policymakers should also examine servicing practices and interest rates that impede borrowers from taking advantage of helpful repayment options and paying down balances within a reasonable period. Strengthening recourse protections is also critical for borrowers who are struggling in repayment due to financial hardships, poor labor market returns, and institutional fraud—all of which disproportionately affect borrowers of color. Likewise, policymakers should enhance federal data capacity to support all of these efforts (Welbak, 2020; Mishory, Huelsman, and Kahn, 2019).

5. A Racially Just Economic Recovery

The economic recovery effort should focus on the needs of communities of color to make sustained progress in addressing disparate outcomes by race in educational attainment and economic prosperity. The recession brought about by the COVID-19 public health crisis has been deemed "the most unequal in modern U.S. history," with the economy's most vulnerable—including Black, Hispanic, and women employees—being hit hardest and showing slower signs of recovery. For example, all of the 140,000 jobs lost in December 2020 belonged to women, most of them Black and Latina workers in the education, hospitality, and retail industries.

Yet, at every stage of educational and economic perseverance, the espoused individual benefits of higher education have failed to yield adequate financial returns in the labor market. This has caused a heightened level of economic volatility among people of color, fueling skepticism about the value of higher education. The disparate burden of student loan debt on Black women is a prime example of this disconnect (Davis et al., 2020). Economic recovery programs that aim to enhance job skills and improve social mobility must be designed with a clear understanding of how borrowing affects those who are meant to benefit from such programs—especially Black, Hispanic, and Native people.

Looking Ahead

Given the pervasive racial/ethnic differences in student borrowing trends, policy debates and solutions must be structured to serve the borrowers who most rely on loans to pursue education beyond high school. We must focus on changing systems, not blaming borrowers. This work reflects Lumina's commitment to racial equity and justice. We hope readers will adopt the racial equity lens applied in each of these essays and design solutions rooted in the dignity of students of color. We are indebted to the members of our Borrowers of Color Working Group for their contributions to this volume, and we urge others to regularly consult experts of color in their racial equity efforts.

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