

“Social justice should be the underlying goal of all humanity.”

-Alan V. Lowenstein, Institute Founder



NEW JERSEY INSTITUTE
FOR SOCIAL JUSTICE

June 2, 2021

Board of Trustees

Douglas S. Eakeley, Esq.

Chair

Paulette Brown, Esq.

Vice Chair

Kenneth Y. Tanji

Treasurer

B. John Pendleton, Jr., Esq.

Secretary

Ryan P. Haygood, Esq.

President & CEO

Elise C. Boddie, Esq.

John J. Farmer, Jr., Esq.

Paul J. Fishman, Esq.

Michael D. Francis, Esq.

Jerome C. Harris, Jr.

Rev. Timothy Adkins-Jones

Sandra King

Robin A. Lenhardt, Esq.

John H. Lowenstein, Ph.D.

Diana DeJesus-Medina

James McQueeney

Patricia Nachtigal, Esq.

Darrell K. Terry, Sr.

Martin Vergara II

Nina Mitchell Wells, Esq.

Antoinette Ellis-Williams, Ph.D.

Gary M. Wingens, Esq.

Zulima V. Farber, Esq. (*Emerita*)

Roger A. Lowenstein, Esq. (*Emeritus*)

Theodore V. Wells, Jr., Esq. (*Emeritus*)

Founders

Alan V. and Amy Lowenstein*

Founding Board President

Nicholas deB. Katzenbach, Esq.*

Founding Board Vice President

Hon. Dickinson R. Debevoise*

*deceased

60 Park Place, Suite 511
Newark, NJ 07102-5504

ph. (973) 624-9400

fax (973) 624-0704

email: justice@njisj.org

www.njisj.org

do social justice.

Tiara Moultrie
Policy Associate
New Jersey Institute for Social Justice
60 Park Place, Suite 511
Newark, NJ 07102

The Honorable Mila Jasey
Chair, Assembly Higher Education Committee
511 Valley St.
Maplewood, NJ 07040

**TESTIMONY OF THE NEW JERSEY INSTITUTE FOR SOCIAL
JUSTICE IN SUPPORT OF A-5380**

Good morning Chairwoman Jasey, Vice-Chair Carter, and
Assemblymembers Giblin, Gove, Scharfenberger and Zwicker:

My name is Tiara Moultrie, and I am the Policy Associate at the New Jersey Institute for Social Justice (the “Institute”). On behalf of the Institute, I want to thank Chairwoman Jasey and the Assembly Higher Education Committee for the opportunity to testify before you today in support of A-5380, which requires institutions of higher education in New Jersey to provide certain data on student loan outcomes broken down by race, ethnicity, age, income, gender and first-generation status.

Established in 1999 by Alan V. and Amy Lowenstein, the Institute’s cutting-edge racial and social justice advocacy seeks to empower people of color by building reparative systems that create wealth, transform justice and harness democratic power – from the ground up – in New Jersey. I am the primary author of the Institute’s report *Freed from Debt: A Racial Justice Approach to Student Loan Reform in New Jersey* and lead our student loans advocacy.

The COVID-19 pandemic has created widespread economic uncertainty, leaving many New Jersey residents unsure of how they will make ends meet. This is especially true for communities of color, which were particularly devastated by the pandemic and already faced considerable economic challenges pre-pandemic. Unfortunately, our higher education and student

loan systems further reinforce existing economic disparities by increasingly relying on students and families to foot the bill for their educational costs. Now, as we emerge from this challenging time, we have the opportunity to rebuild more equitable systems.

Though they originally provided students a pathway to college completion and access to the long-term security that a post-secondary degree can provide, student loans have become an enormous weight on the backs of students and their families. Student loans are the second largest consumer debt in the nation and many borrowers are left vulnerable as they struggle to make full, on-time payments. As state-support for higher education has declined across the country, particularly in the wake of the Great Recession, we have allowed Black borrowers and other borrowers of color, as well as their families, to languish in a long-term cycle of insurmountable debt payments and default.

The national trends are clear – borrowers of color, particularly Black borrowers – are facing the greatest challenges from the student loan crisis. Here in New Jersey, the evidence points in the same direction, but insufficient data makes our understanding of disparities in student loan outcomes unclear. Yet, the evidence we have indicates cause for concern and a crucial need for this bill.

We know that New Jersey’s Black borrowers and other borrowers of color have the greatest financial need for higher education and are much less likely to have intergenerational wealth to pay for college and to pay off student loans. New Jersey has one of the largest racial wealth gaps in the country wherein white individuals have a median net worth of \$106,210 compared to just \$179 for Black and Latina/Latino individuals.¹ These stark differences in wealth translate into enormous racial disparities among students in the impacts of student loans. Evidence suggests that borrowers in communities of color nationally and here in our state are struggling substantially more to pay back loans after leaving school. For example, our state’s communities of color are facing higher student loan default rates than our predominately white communities;² in Essex County, where the Institute is based, communities made up mostly of white residents have just 4% of student loan holders in default compared to the 21% default rate in communities of color.³

These troubling patterns exist in the context of increasing tuition rates, leaving low-wealth and low-income students struggling to pay for higher education. New Jersey has the fourth highest in-state tuition rates for public four-year institutions in the country, with average tuition at four-year public schools in the Garden State increasing nearly 20 percent between 2008-2018.⁴

The ability to receive a college education without a decades-long debt burden should be accessible to all. Yet, the current system routinely leaves students saddled with debt; today, over 1.2 million Garden State residents have federal student loan debt⁵ and in 2019, 8.5% of borrowers in the state were behind in payment or in default.⁶ If we want to change these trends and ensure that our higher education finance policy is not placing an undue burden on our most economically vulnerable populations, we must have adequate data on our higher education and student loan programs by race and ethnicity and other demographic factors. Thus, more New Jersey-specific demographic data is necessary to understand the student loan crisis in our state and to develop targeted and appropriate policy solutions. Better data is crucial for the state to

address the disparate impacts of our higher education financing decisions and to remedy inequities in the existing system. A-5380 will do just that by helping us to better understand the financial disparities that arise from our higher education system in New Jersey.

In order to ensure future students are free from debt and able to access high-quality, affordable education, we must move forward with purpose and supported by the best information available. The data provided by this bill will be an important tool for underscoring the challenges borrowers face in repayment, while potentially helping to illuminate where the greatest financial vulnerabilities and disparities lie among our students in New Jersey. By increasing transparency in our understanding of the role of higher education financing on the financial well-being of student loan borrowers, this bill has the potential to help the state craft improved policy to meet the needs of the most vulnerable New Jersey students.

In addition to helping to inform policy decisions, A-5380 will increase transparency, putting power in the hands of students and families as they make important decisions about post-secondary education. Students will be able to make more informed choices based on outcomes for students from similar backgrounds across the state. The data collected as outlined in A-5380 is crucial for helping our state to better meet the needs of our higher education students, particularly students of color and those facing the greatest burdens from the growing student loan crisis.

We thank you for considering this bill and urge you to vote in favor.

Thank you.

¹ LAURA SULLIVAN., N.J. INST. FOR SOC. JUST., BLACK AND BROWN IN NEW JERSEY: THE GARDEN STATE'S SHAMEFUL RACIAL WEALTH GAP (2020), bit.ly/NJISJWealthGap.

² Share of Student Loan Holders with Student Loan Debt in Default, Urban Inst.: Debt in America, https://apps.urban.org/features/debt-interactive-map/?type=student&variable=perc_stud_debt_collect_STUD&state=34 (last visited Jun. 1, 2021) (on interactive map, click on New Jersey; relevant data will appear in box to the left of the map).

³ *Id.* (Hover over Essex County; data will appear just as above interactive map).

⁴ MOULTRIE ET AL, N.J. INST. FOR SOC. JUST., FREED FROM DEBT: A RACIAL JUSTICE APPROACH TO STUDENT LOAN REFORM IN NEW JERSEY 7 (2020) https://d3n8a8pro7vhmx.cloudfront.net/njisj/pages/689/attachments/original/1593521244/Freed_From_Debt_Report.pdf?1593521244.

⁵ U.S. DEPT. OF ED. Federal Student Loan Portfolio: Portfolio by Location [Federal Student Loan Portfolio | Federal Student Aid](#) (last accessed Jun. 1, 2021).

⁶ MOULTRIE *supra* note 4.