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"Paying from the Grave"

Historically Black Colleges and Universities (HBCU) Alumni and the Burden of Student Loan Debt

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About the Center for Responsible Lending

The Center for Responsible Lending (CRL) is a non-partisan, nonprofit research and policy advocacy organization working to promote financial fairness and economic opportunity for all, end predatory lending, and close the racial wealth gap. CRL's expertise gives it trusted insight to evaluate the impact of financial products and policies on the wealth and economic stability of families of color, rural, women, military, low-wage, low-wealth, and early-career workers and communities. CRL is an affiliate of Self-Help, one of the nation's largest nonprofit community development financial institutions. We work in partnership with national and local consumer, faith, and civil rights organizations.

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Executive Summary

More than 44 million people in the United States—roughly one in six adults—collectively hold more than $1.6 trillion in federal student loan debt. Although many Americans are burdened by their student loan debt, borrowers who attended Historically Black Colleges and Universities (HBCUs) have been especially hard hit, due to the impacts of systemic racism on wealth accumulation for families and unequal resource distribution among institutions. Carrying student debt makes it difficult for many HBCU graduates to engage in wealth-building activities like purchasing a home or investing for retirement, breaking the promise of a college degree as an "equalizer."

Extensive research documents the disproportionate impact of student loan debt on Black borrowers, and this debt has been demonstrated to exacerbate the racial wealth gap. In 2021, CRL produced a research paper and documentary that illuminated the heavy debt burdens and financial struggles of Black graduates of HBCUs.[1] This report details additional insights regarding the experiences of HBCU graduates with different student loan repayment programs and student loan servicers. Additionally, this new research analyzes the impact of the payment pause on federal student loans on HBCU alumni's financial circumstances.

Key findings derived from focus group data, polling data, and publicly available data sources:

1. **Skyrocketing college costs and historic underfunding of HBCUs** force a disproportionate share of low-income and first-generation students to take on a huge student debt burden.
2. **Student debt limits career choices and complicates homeownership** for HBCU alumni, which contributes to the racial wealth gap.
3. **Student loan repayment program rules and unresponsive servicers** are unnecessarily confusing and challenging to navigate
4. **The pause on student loan payments has provided much-needed relief** to borrowers, and ending it will create additional challenges.

Detailed research results presented in this report are of direct relevance to federal and state policymakers. Findings from the research highlight the need to make college more affordable, reform repayment, and increase investment in our nation's HBCUs.

Background: The Legacy of HBCUs

HBCUs play a vital role as engines of upward mobility and economic impact, despite a history of systemic underfunding.

For decades, HBCUs have provided a pathway to postsecondary education and financial stability for millions. The majority of HBCUs were founded after the Civil War, at a time when predominantly white institutions (PWI) denied admission to Black Americans. Now, more than 100 HBCUs enroll nearly 280,000 students annually, increasing access to higher education and providing a supportive learning environment for students who typically have been underserved.[2] Representing only 3% of the nation's colleges and universities, HBCUs enroll 9% of all Black students and award 13% of all bachelor's degrees earned by Black students.[3] The education and opportunities students receive at HBCUs are transformative. In a national survey, compared to their Black peers at non-HBCUs, Black graduates of HBCUs reported higher levels of support, engagement, and belonging that resulted in greater economic and social well-being in their lives.[4] HBCUs play a vital role as engines of upward mobility and economic impact, despite a history of systemic underfunding.[5]

Inequitable state and federal funding, coupled with rising college costs, has meant that HBCUs have fewer financial resources to provide direct aid for students in need. In addition, due to the generational impacts of structural racism, many HBCU students and their families do not have the wealth or assets to pay for college out of pocket and must turn to loans to finance their education. As a result, these families disproportionately must incur debt to obtain access to postsecondary education.

Additionally, nearly two in five attendees at HBCUs are first-generation students, and 60% have a "$0 Expected Family Contribution," a measure of how much a student and their family can be expected to contribute toward college costs based on their assets and income.[6] About 70% of students at HBCUs receive a Pell grant—a need-based federal grant that does not need to be repaid—compared to just 32% of students at non-HBCUs. However, Pell grants only cover a fraction of students' expenses. While the costs of attending college have nearly tripled since 1980, maximum Pell grant amounts have remained around $6,500.[7] Consequently, HBCU graduates are more likely to use loans to pay for college and to borrow greater amounts than non-HBCU graduates. Taking on a large debt at an early age impacts lifetime earnings and generational wealth by delaying or preventing the opportunity to buy a home, start a business, or invest in retirement, thereby widening the racial wealth gap.

Methodology

To better understand the impact of student debt on the lives of HBCU graduates, CRL commissioned a nationwide poll of federal student borrowers (July 2022) and conducted four virtual focus groups with 17 HBCU alumni (August 2022). This report summarizes findings from the poll, the focus groups, and publicly available datasets to answer four research questions about the student debt burdens of HBCU alumni:

1. **How has student debt impacted the financial prospects of HBCU alumni?**
2. **How have HBCU alumni engaged with different repayment programs and loan servicers?**
3. **How has student debt impacted borrowers' current and future financial goals and decision-making around their career?**
4. **In what ways has the payment pause enacted during the coronavirus pandemic affected HBCU alumni's financial circumstances?**

The poll, commissioned by CRL and conducted by Morning Consult between July 5–July 14, 2022, contained a national sample of 1,500 federal student loan borrowers, including 131 HBCU student borrowers. The poll asked respondents about the impact of student loan debt and the benefits of the federal student loan payment pause enacted during the pandemic. The surveys were conducted online. The data were weighted to approximate a target sample of federal student loan borrowers based on gender, age, race, and region using national representativeness from the most recent iterations of the Survey of Income and Program Participation and Survey of Consumer Finances. Results from the full survey have a margin of error of plus or minus three percentage points.

In August 2022, CRL commissioned a focus group vendor, Life of Scholar, to conduct four focus group sessions with 17 HBCU alumni. At the time of the study, three participants held less than $50,000 in federal student debt, 13 participants carried over $50,000 in student debt, and one participant had paid off their student loans. A detailed description of the population studied is available in Appendix 1.

Focus group participants were recruited through posts on social media (e.g., Facebook, LinkedIn, Twitter), email listservs for HBCU alumni, and word of mouth. After completing a brief survey, potential participants were screened for eligibility by a CRL researcher and invited to participate in a focus group if they received a bachelor's degree from an HBCU and graduated with at least $20,000 of federal student debt. Focus groups took place online and were facilitated, recorded, transcribed, and analyzed by a contracted researcher. A pseudonym was attributed to each focus group participant to maintain anonymity.

Lastly, CRL compared findings from the focus group and poll to research on postsecondary costs and student debt loads from two publicly available data sources: the most recent Beginning Postsecondary Students Survey (a nationally representative survey that collects data related to completion of postsecondary education programs) and the U.S. Department of Education's College Scorecard.

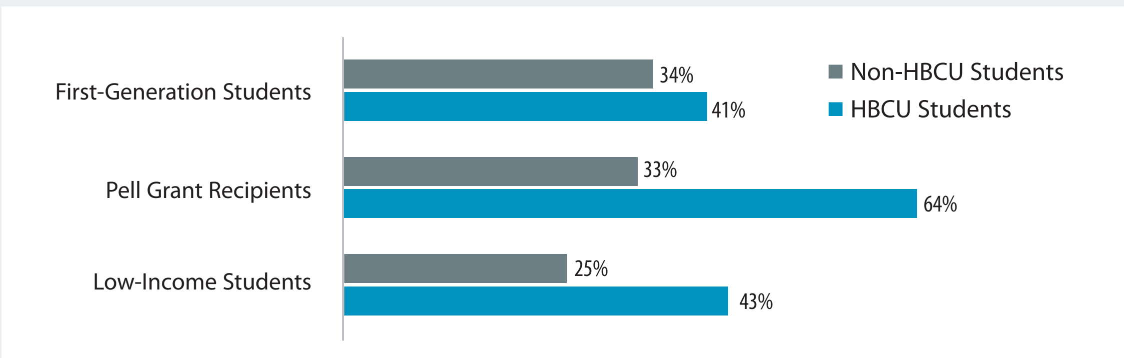
Findings

The experiences of HBCU alumni in our focus groups combined with results from a national poll and national datasets show how student debt produces post-graduation challenges for HBCU graduates that continue to impact both career choices and financial aspirations. Findings from the research highlight the need to make college more affordable, reform student loan repayment policies, and increase investment in our nation's HBCUs.

Finding 1: Skyrocketing college costs and historic underfunding of HBCUs lead a disproportionate share of low-income and first-generation students to take on huge student debt burdens.

As student loans become an increasingly necessary way to finance higher education, students at HBCUs have shouldered significant debt burdens that have hindered their economic mobility and opportunity. Within this population, low-income and first-generation students feel the weight even more prominently. Nearly two in five HBCU students are first-generation students,[8] and three in five students receive a federal Pell grant (grants awarded to undergraduate students who display exceptional financial need).[9] As the costs of attending college have increased, the purchasing power of Pell grants has declined. In 2019–2020, the average Pell grant was $4,491,[10] while the average tuition, fees, room, and board at a four-year institution was $29,436.[11] As a result, low-income students have little choice but to turn to additional borrowing to finance their education.[12]

Figure 1: HBCUs Serve a Higher Percentage of First-Generation and Low-Income Students than Non-HBCUs



Source: U.S Department of Education, 2012/2017 (BPS).

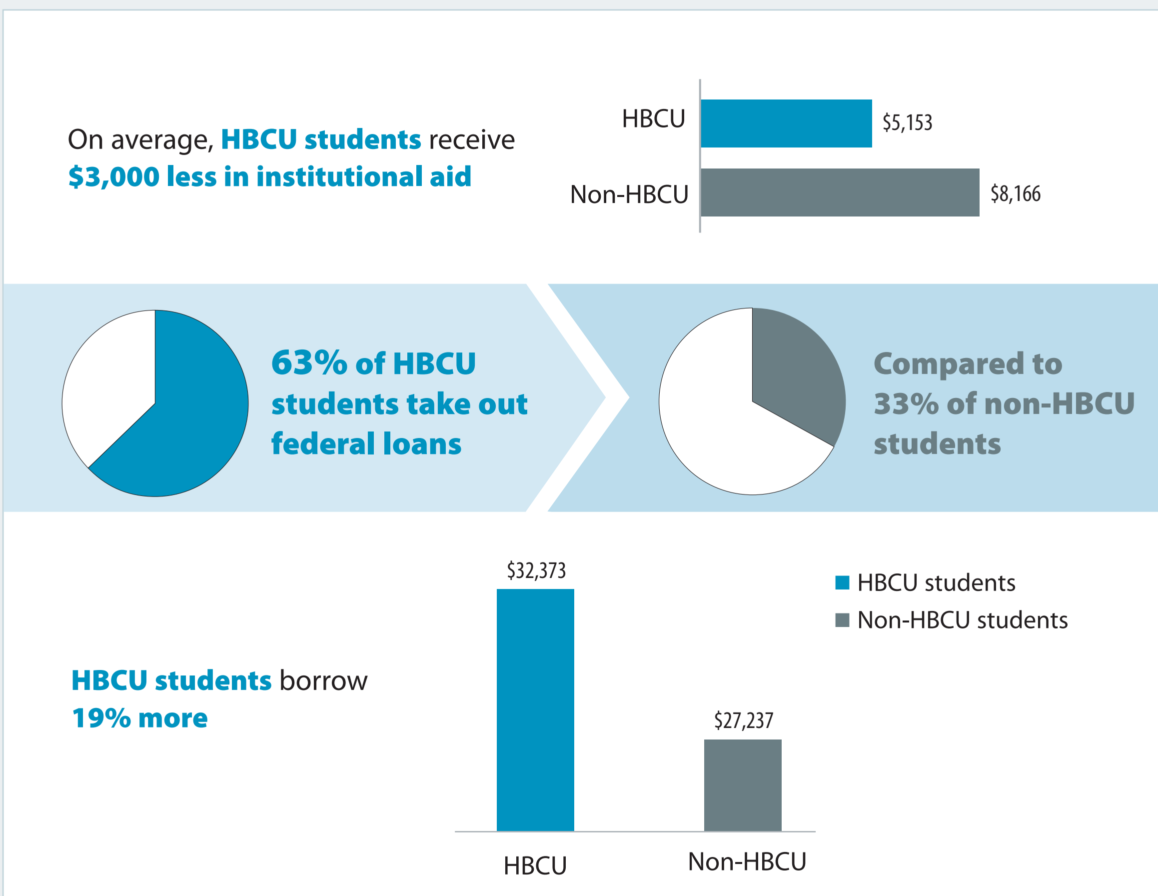
"Gabriella," 37, graduated in 2007 and currently owes between $100,000 and $200,000 in student loans. She described her thoughts about the rising cost of higher education and borrowers' student debt load:

". . . [A] lot of older folks are like, 'Oh, I didn't even pay attention to my student loans.' Because yeah, you came out with $7,000 worth of student loan debt. And so it wasn't that much. Many of us came out with six-figure debt. And so I wish that colleges would take more ownership over the ballooning cost of college and of graduate school."

Often, HBCUs have fewer financial resources to support students compared to other institutions, including less revenue from tuition and smaller endowments.[13] CRL analysis revealed that the top 10 non-HBCU endowments combined are 115 times larger than the top 10 HBCU endowments combined (see Appendix 2).[14] Consequently, students at HBCUs receive less institutional aid and are more likely to take out loans than their peers at non-HBCUs. HBCU students on average receive nearly $3,000 less in institutional aid than students at non-HBCUs.[15] When compared to non-HBCU students, a much higher proportion of undergraduate students at HBCUs took out federal student loans to pay for college, according to 2019 College Scorecard data (Figure 2).[16] HBCU graduates have an average debt load of $32,373 after graduation; this figure is 19% higher than peers at non-HBCUs.[17] Nationally, HBCU attendees and alumni collectively owe a record $40 billion dollars in student debt, which compromises their financial well-being and impacts their economic mobility.[18]

> CRL analysis revealed that the top 10 non-HBCU endowments combined are **115 times larger** than the top 10 HBCU endowments combined.

Figure 2: Students at HBCUs Receive Less in Institutional Aid and Are More Likely to Take Out Loans than Their Peers at Non-HBCUs



Source: U.S. Department of Education, 2012/2017 (BPS) and CRL's calculations using 2019 College Scorecard data available at https://collegescorecard.ed.gov/data/.

Finding 2: Student debt limits career choices and complicates homeownership for HBCU alums, which contributes to the racial wealth gap

Student debt weighs heavily on HBCU alumni's decision-making related to their choices around career, as well as achieving homeownership and other life milestones. Due to the financial cost of their education, over half of HBCU graduates are likely to take a job outside of their field of study or a less desirable job, and more than one-third forego additional education or delay buying a home (Figure 3). Focus group participants described similar challenges when it came to career and homeownership.

Figure 3: The Financial Cost of Higher Education Restricts Professional and Wealth-Building Opportunities for HBCU Alumni

Results of Financial Cost of Undergraduate and Graduate Education	
	All HBCU Alumni
Took Job outside of Field of Study or a Less Desirable Job	60%
Took Job Instead of Enrolling in Additional Education	37%
Delayed Buying a Home	37%

Source: U.S. Department of Education, National Center for Education Statistics, Baccalaureate and Beyond: 2016/2017 (B&B).

The pressure of having to make payments on student loans meant several focus group participants accepted jobs outside of their field of study or area of interest, sought to increase their incomes through second jobs or additional credentialing, or felt stuck in their current career path.

Gabriella works as the Chief Operating Officer in a nonprofit education organization. She holds over $100,000 in student loan debt and has been in repayment for 12 years. She is enrolled in Public Service Loan Forgiveness (PSLF), a program that allows qualifying federal student loans to be forgiven after 120 qualifying payments while working for a qualifying public service employer. Gabriella described her passion for public service careers and expressed immense disappointment that PSLF has not lived up to its promises. She also shared that she does not feel she is able to leave the public service sector because doing so would disqualify her from forgiveness:

"I do feel even though I am passionate about the work that I do in nonprofit, I almost feel like I have to work in nonprofit in order to make sure that my student loans get paid off. So, my career choices are limited. And even when I look for other jobs, I'm always trying to make sure [that] they qualify for PSLF . . . . So I do kind of feel trapped in a sense to making specific types of professional decisions because of PSLF."

Student loan debt hinders homeownership by making it more difficult to save for a down payment, raising debt-to-income ratios, and negatively impacting credit scores—all critical components of mortgage lending. The homeownership rate for HBCU students is 16 percentage points lower than non-HBCU students.[19] While several focus group participants have purchased homes, carrying student debt made the process more challenging.

"Benjamin" graduated in 2018 and has been working in public service. He shared that his student loan debt is delaying his ability to purchase a home because he must first use his income to pay down those loans:

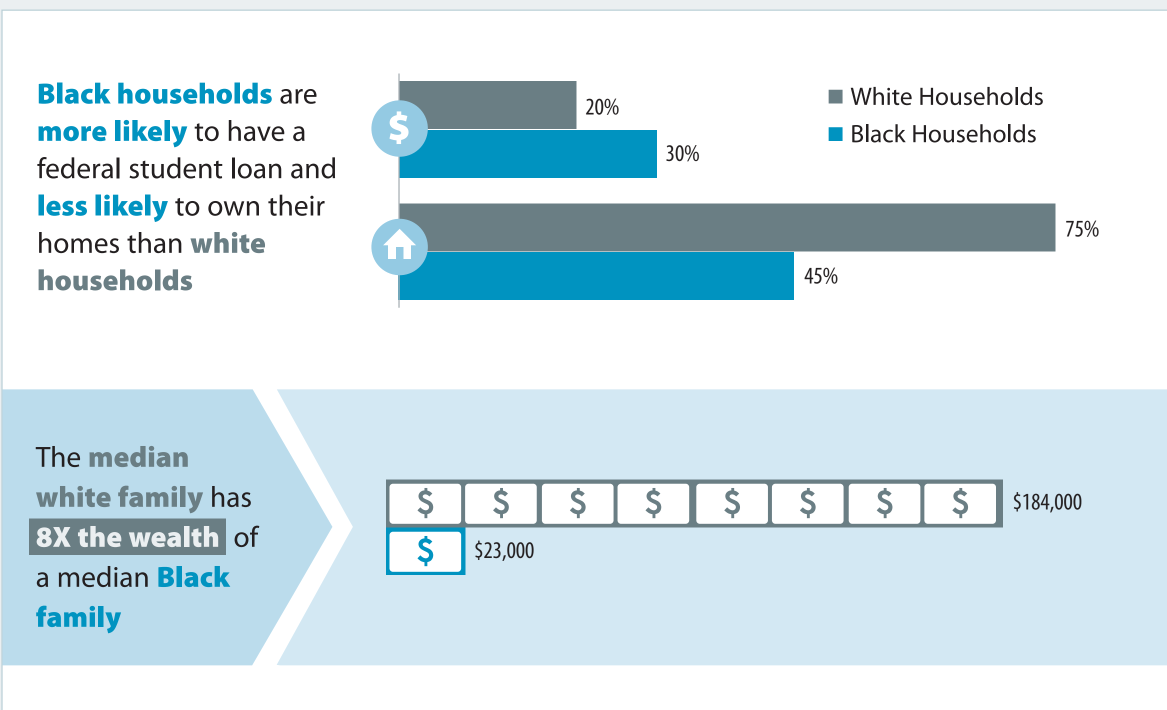
"It's still like a burden. I'm still uneasy about it, but we're working through it though. That's really how I feel. It is just a constant person in my ear saying, you have to pay these, or you won't be able to buy that house that you want. So those are my real worries when it comes to it."

"Breeana" earned a graduate degree in 2015 and was able to purchase a home in a rural area of North Carolina. However, she did not qualify for a United States Department of Agriculture (USDA) loan, which is a government-backed mortgage option available for low- to moderate-income home buyers in rural areas that does not require a minimum down payment. A USDA loan can be more affordable than private loans that are regulated and insured by the Federal Housing Administration (FHA):[20]

"It just brings to light the different things that you're eligible for when it's time to buy a house. The USDA, or whatever the loan is for when you're in rural [areas] where you can get the better loan versus the FHA loan, I wasn't qualified for it because my debt-to-income ratio was so high with my student loans."

When HBCU alumni must delay or forego purchasing a home, they miss out on the wealth-building benefits homeownership can offer, which reinforces existing racial inequities in assets and wealth. Homeownership is still out of reach for many Black households, whose homeownership rate in the second quarter of 2022 was 45.3%, as compared to 74.6% for white households.[21] The widening racial homeownership gap (Figure 4), coupled with the disproportionate burden of student debt on Black borrowers (Figure 4), contribute to the racial wealth gap. In 2019, the median white family had $184,000 in wealth, compared to just $23,000 for the median Black family.[22]

Figure 4: Student Loan Debt and the Homeownership Gap Contribute to the Racial Wealth Gap



Source: US Census Bureau, Current Population Survey/Housing Vacancy Survey, 2022 and Federal Reserve Survey of Consumer Finances, 2019.

Finding 3: Student loan repayment program rules and unresponsive servicers are unnecessarily confusing and challenging to navigate.

Upon graduating, HBCU borrowers are confronted with an array of repayment plans, options, and forgiveness programs. Federal Student Aid currently contracts with six servicers, each with their own websites, customer service representatives, and processing systems to serve as the primary points of contact for borrowers. Borrowers and servicers alike have reported confusion about the basic requirements of repayment plans and programs.[23] The complexity of the existing student debt repayment system, along with inconsistent and sometimes misleading communication from servicers, make it difficult for many borrowers to navigate repayment consistently and successfully.[24] Along with thousands of complaints submitted to the Consumer Finance Protection Bureau (CFPB), public enforcement and regulatory actions have uncovered mismanagement and servicing errors among student loan contractors that range from processing delays and lost paperwork to intentional misinformation and misconduct.[25] Furthermore, as the servicers who contract with the Department of Education change over time, borrowers' accounts may be transferred several times over the course of repayment; a process that has proven to be prone to mistakes, with crucial data lost—including payment history.[26]

> Gabriella discussed how she learned to advocate for herself when talking to servicers:
>
> *"And every time I talk to them [loan servicers], the first thing they want to ask you is what's your name? And what's your account number. And I'm like, 'Here's my name. Here's my account number. What's your name? And what's your employee ID?' And I would literally have to stay on top of what they told me. I could call the next day because maybe I forgot [to ask] a question, and I would get completely different information from a different person."*

Income-driven repayment (IDR) plans are meant to provide relief to low-income borrowers who can't afford standard repayment. Under these plans, a borrower's monthly student loan payment is based on their monthly income and family size. While IDR plans may offer lower payments and eventual forgiveness for many borrowers with lower incomes, it can be difficult to enroll and remain in these plans. As of June 2021, only 157 IDR loans had been approved for forgiveness, although nearly 7,700 were potentially eligible. The US Government Accountability Office also found that the Department of Education and its servicers did not provide information about the requirements for receiving IDR forgiveness, nor did they provide updates on the number of qualifying payments that had been made, unless borrowers specifically requested them.[27] In some cases, borrowers in distress aren't made aware of IDR plans and are driven towards costlier options such as forbearance, which increase profits for loan servicers, while offering no path to cancellation for borrowers.[28]

Similar issues have plagued the PSLF program, an alternative to forgiveness under an IDR plan. PSLF is for graduates who work for the government, and those in qualifying professions may include teachers, firefighters, first responders, nurses, military servicemembers, other public service workers, and certain positions at some nonprofit organizations. The program allows qualifying student loans to be forgiven after 120 qualifying payments if an individual is employed in a qualifying profession. Although the Department of Education has recently acknowledged issues with PSLF and proposed reforms, only 2% of forms submitted between November 2020 and July 2022 under the existing program have met requirements.[29] In our focus group sessions, several HBCU alumni currently working in, or with experience in, public service shared their disillusionment with the PSLF program. These participants felt that student loan servicing errors greatly contribute to PSLF's longstanding failures.

Borrower Story: "Caroline"

Attended HBCU in NC

AGE:
35

OCCUPATION:
Campaign Manager for Marketing Firm

HIGHEST LEVEL OF EDUCATION:
Master's Degree

CURRENT FEDERAL STUDENT LOAN DEBT:
$50,000–$100,000

TYPES OF REPAYMENT PLANS:
Income-Based Repayment Plan (IBR), Public Service Loan Forgiveness (PSLF)

TIME IN REPAYMENT:
11 years

Utilized multiple sources to fund her education:
"While in undergrad I did work study. My parents did a Parent PLUS loan. I also had to do some federal loans. I had some Pell Grants and some scholarships in there. For graduate school, I had a graduate assistantship that covered all of my tuition. So really grad school was free. It was just undergrad. . . ."

Account has been transferred to different servicers throughout repayment: "I'd say probably about five or six times. I've seen it change. And each time, you can't really. . . . Once they pause on that one and move over into the new company, your old records, you can't access. And then all of a sudden, this is your new balance that carried over—why does it seem higher? Are y'all just chucking money on to here? And then it's so many loans on there it's maybe 10. And I'm like, 'How did I have 10 separate loans?'"

Challenges with PSLF motivated career change: "I'm not even going to keep my hopes on going into public service or nonprofit anymore because it's not going to pay me enough. . . . And right now I was just so discouraged that I said I can't do it. And so that's what landed me in private sector, so I could make a decent amount of money that would cover student loans, my bills, and whatever else. But that's the real reason. This was the reason why I said I'm not doing public service anymore."

Finding 4: The pause on student loan payments has provided much-needed relief to borrowers, and ending it will create additional challenges.

To provide relief during the COVID-19 pandemic, the federal government first paused student loan payments in March 2020. The pause has been extended six times, most recently by President Biden until January 2023. Instead of needing to dedicate finances to repaying student debt bills during the payment pause, federal student loan borrowers had more financial freedom. Thanks to the payment pause, HBCU borrowers had on average an additional $310 in their bank accounts monthly.[30] The Morning Consult poll that CRL commissioned found that the payment pause helped borrowers pay for daily living expenses and pay down other debts.[31] Eighty-five percent of HBCU students were able to take at least one positive, wealth-promoting financial choice due to the payment pause. For example, one-third of HBCU alumni were able to start or build emergency savings. About the same percentage also reported being able to pay down or pay off other debts, including credit cards or personal loans. In addition, one-fifth started a new business. Focus group respondents echoed these findings. They reported that the payment pause provided an opportunity to build savings, pay down debts, and pursue dreams previously deferred due to student debt. Not only did participants' finances improve, but most also reported a significant improvement to their mental health.

Eighty-five percent of HBCU students were able to take at least one positive, wealth-promoting financial choice due to the payment pause.

Gabriella was able to save money and pay down other debts thanks to the student loan payment pause:

"The last 26 months or so that we've been on this pause, I did not realize how much I would be able to save, pay off other debts because I don't have to put that money towards student loans. So I have zero credit card debt as a result of not having to pay the student loans. I owe no man nothing. And it's just the federal government piece that I still owe."

"Kendall" was able to pursue a previously unattainable dream of starting her own nonprofit:

". . . Right before it [the pandemic] started, I had decided I'm going to start this nonprofit. So, I ended up moving back to my hometown, and because I was living with my family, I was able to save a lot, and I was working for a contracted business that was doing research and outreach for the pandemic specifically. So, I was getting this extra contracted check on top of the check that I was getting from my employment. And so I was able to save a lot."

The pause on student debt payment had a positive impact on "Janika's" mental health:

"I definitely felt like a big weight was lifted off of me. I was able to breathe and really focus on my health, because during the pandemic I lost some family members. So just focusing on life and mental health and the health of my body really took my main focus. So to worry about that and not finances was really the main thing for me."

Although data point to the benefits of the payment pause, a recent poll that CRL commissioned found that most borrowers do not feel ready to resume payments in 2023.[32] Three out of five HBCU borrowers reported that they would face difficulty if they were required to begin to resume paying their student loans when the moratorium expires. This poll also found that before the payment pause, more than one-third of HBCU borrowers have struggled to make a student loan payment, and roughly a quarter reported being unable to afford basic necessities (food, gas, or clothing) due to the cost of their student loans. Additionally, the poll showed that over one-third of HBCU borrowers had their wages, income tax refund, or social security payment taken away to pay for federal student loans. In line with these findings, focus group participants indicated that they could not see a light at the end of the tunnel.

Although data point to the benefits of the payment pause, a recent poll that CRL commissioned found that most borrowers do not feel ready to resume payments in 2023. Three out of five HBCU borrowers reported that they would face difficulty if they were required to begin to resume paying their student loans when the moratorium expires.

Deandra, who graduated in 2014, shared that her student loan debt journey seemed never-ending and that there is no foreseeable way out. Her phrase "Paying them from the grave" encapsulates the pessimism Deandra and many other HBCU alumni have about their student loan debt.

"Yeah. I'm currently paying on my student loans, but I'm literally. . . . It's not making a significant impact. Oh, [will they] be paid off by next year? No, it'll probably [be] 2099. I'll probably pay them from the grave."

Her phrase "Paying them from the grave" encapsulates the pessimism Deandra and many other HBCU alumni have about their student loan debt.

Student loan borrowers benefited from the payment pause, and the most recent payment pause extension will give them some time to plan for the restart. However, without holistic reforms to the higher education system, borrowers are likely to continue to be saddled with huge amounts of student loan debt and struggle with repayment.

Policy Recommendations

As the quantitative and qualitative findings in this report emphasize, the effects of student debt on HBCU alumni are crushing and cause financial and psychological distress for individuals and for communities. The stories shared in focus groups, paired with existing research and historical context, illuminate the ways in which structural racism has impacted wealth accumulation and resource distribution among Black communities and institutions, making it necessary for many HBCU attendees to take out large loans just to pay for college. More than ever, policymakers and administrators need to make comprehensive changes to student aid policies, as well as more meaningful investments in higher education to allow HBCU students to fully leverage the benefits of higher education without the burden of unmanageable student debt.

In September 2022, using the authority Congress granted the Department of Education, President Biden announced that up to $10,000 in outstanding federal student loans will be forgiven for low and middle-income borrowers. Pell grant recipients will have up to $20,000 forgiven. Eligible for this relief are borrowers who are single and earn less than $125,000, and married couples and heads of household who make less than $250,000 a year. The Biden administration also proposed a rule to create a new IDR plan aimed at substantially reducing monthly payments for low and middle-income borrowers.[33]

President Biden's historical student loan relief plan will benefit millions of federal student loan borrowers, including HBCU borrowers. According to the Department of Education, approximately 40 million borrowers are eligible for this student loan relief plan, and nearly 20 million borrowers could see their entire balance completely forgiven.[34] Though this initiative is a step in the right direction, additional debt relief and consumer protections for federal and private student loan borrowers are needed at the state and federal levels.

Recommendation 1: Waive State Tax on Student Loan Cancellation

Cancelled debt—one-time relief offered to eligible borrowers through December 31, 2023—will be temporarily excluded from income by the Internal Revenue Service (IRS). This will allow borrowers to access relief without incurring federal tax liability. However, borrowers in some states will face state tax liability for one-time debt relief.[35] CRL urges states that will treat cancelled debt as income to act either administratively or legislatively to exclude cancelled debt from the state calculation of income, and urges Congress and all state legislatures to take action to exclude cancelled debt from income beyond 2025.

Recommendation 2: Restore Limitations on Collections

Federal and private student loans should have basic consumer protection standards. Guardrails should include a statute of limitations, preventing the seizure of Earned Income Tax Credit and Social Security benefits, limitations on the amount that can be seized, and limits on how long creditors can involuntarily collect debt. Policymakers should also reestablish bankruptcy protection rights for all student loan borrowers, rights that were unfairly stripped from borrowers in the 1970s.[36]

Recommendation 3: Hold Student Loan Servicers Accountable

Student loan servicers do not always provide the necessary support borrowers need to navigate an overly complex student loan repayment process. In fact, some focus group participants reported they had never heard of IDR plans until they became severely delinquent, and several borrowers reported they had caught several servicing errors related to their loans. CRL urges policymakers to continue to implement reforms to ensure that student loan servicers treat borrowers fairly.[37]

Recommendation 4: Provide Student Debt Relief by Investing in HBCUs

In 2021, the top 10 HBCU endowments ranged from $82 million to $795 million, while the top 10 non-HBCU endowments ranged from $17 billion to $51 billion. On behalf of thousands of HBCU students, CRL urges federal and state governments to address the institutional funding disparities and lack of family wealth that leave HBCU graduates with significantly higher student loan debt burdens than their white peers. A recent poll that CRL conducted shows strong public support for such a proposal, with more than 70% of Americans saying federal and state lawmakers must increase HBCU per-student funding to match the level at predominantly white institutions (PWIs).

Recommendation 5: Double Pell Grant to Restore Promise of Higher Education

In 1975, a Pell grant covered 79% of college costs, whereas in 2017 it covered only 29%.

The Pell Grant is the cornerstone of the federal student aid program. However, the Pell Grant program is not keeping up with inflation and skyrocketing college costs.[38] In 1975, a Pell grant covered 79% of college costs, whereas in 2017 it covered only 29%.[39] Considering that inflation in August 2022 reached 8.3%, the highest level in four decades, more students will need additional assistance to pay for college.[40] For higher education to fulfill its promise, the federal government must double the maximum Pell grant, which is the primary source of financial aid for HBCU students.

Appendices

Appendix 1: Focus Group Participants' Characteristics

Gender	
Male	1
Female	16
Amount of federal student loan debt owed	
$10,000–$50,000	3
$50,000–$100,000	8
$100,000–$200,000	4
More than $200,000	1
None—My debt is fully paid off.	1
Type of repayment plan	
Income-Based Repayment Plan (IBR)	10
Income-Contingent Repayment Plan (ICR)	1
Public Service Loan Forgiveness (PSLF)	5
Standard/Traditional Repayment Plan	1
Years in Repayment	**N**
5 years or fewer	4
6–10 years	7
11 or more	5
Finished payment	1
Housing Tenure	
No—I rent my home and do not currently own any homes.	4
Other—I do not own or make payments toward my current residence.	2
Yes—I own the home that I primarily reside in.	11
Employment Status	N
Current Student (Part Time)	1
Employed by Business/Organization (Full Time)	12
Employed by Business/Organization (Full Time); Self-Employed, including passive income (Full Time)	1
Employed by Business/Organization (Full Time); Current Student (Part Time)	1
Employed by Business/Organization (Part Time); Current Student (Full Time)	1
Gig Worker (Full Time); Seeking Work; Current Student (Full Time)	1

Appendix 2: Top 10 Endowments for HBCUs and Non-HBCUs, 2021

Rank	HBCU	FY21 Total Endowment Market Value	Non-HBCU	FY21 Total Endowment Market Value
1	Howard University	$795,202,994	Harvard University	$51,900,662,000
2	Spelman College	$530,398,912	University of Texas System	$42,906,846,620
3	Hampton University	$379,992,219	Yale University	$42,282,900,000
4	Morehouse College	$278,073,237	Stanford University	$37,800,000,000
5	Meharry Medical College	$186,942,930	The Trustees of Princeton University	$37,697,508,820
6	North Carolina A&T State University and Foundation	$157,335,511	Massachusetts Institute of Technology	$27,527,204,000
7	Florida Agricultural and Mechanical University	$118,997,187	Trustees of the University of Pennsylvania	$20,523,545,850
8	Morgan State University Foundation Inc.	$97,782,860	University of Notre Dame	$18,074,543,000
9	Tennessee State University Foundation	$91,120,428	The Texas A&M University System & Related Foundations	$18,028,266,790
10	The Foundation for the University of the Virgin Islands Inc.	$82,863,491	University of Michigan	$17,022,682,730

Source: 2021 TIAA-NACUBO Endowment Study.

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Center for Responsible Lending

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The Center for Responsible Lending (CRL) is a non-partisan, nonprofit research and policy advocacy organization working to promote financial fairness and economic opportunity for all, end predatory lending, and close the racial wealth gap. CRL's expertise gives it trusted insight to evaluate the impact of financial products and policies on the wealth and economic stability of Asian, Black, Latino, rural, military, low-wage, low-wealth, and early-career workers and communities.

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