

EXECUTIVE SUMMARY

The student debt crisis has left millions of borrowers across the country struggling to pay off their loans. This crisis has been intensified by the current COVID-19 pandemic, which has exposed the cracks of structural racism in our society's foundation. Those cracks are causing earthquakes in Black and other communities of color.

Even before the COVID-19 pandemic and its economic fallout, Black students were more likely to take on student loans, borrow in larger amounts, and default on their loans than their white peers. While student loans once served as a resource to help students achieve economic mobility, they have, even more in this moment, become an immense financial weight that entraps Black students and other students of color in a cycle of insurmountable debt. In the current public health crisis, it is imperative that New Jersey does not further shift the burden of student loan debt to already cash-strapped students.

New Jersey has among the highest student debt levels in the nation, leading to especially arduous debt loads for students in one of the most expensive states in the nation. The state has the third highest cost of attendance in the nation for in-state, full-time students at \$26,070 per year. And, New Jersey is one of the top five states for student loan debt levels, with the average graduate leaving school with \$34,387 in loans.

Freed from Debt: A Racial Justice Approach to Student Loan Reform in New Jersey, a report by the New Jersey Institute for Social Justice, aims to chart the path forward for students in the Garden State, with a particular eye toward supporting Black and other students of color who were already bearing the disproportionate brunt of student loans before the pandemic began.

- First, it examines the national student loan crisis, both generally and for Black students in particular.
- Second, it brings this analysis to the state level, highlighting the impact of student loan debt on New Jersey borrowers with a focus on the disproportionate harm of the system on borrowers of color.
- Last, the report introduces four policy proposals aimed at finally freeing New Jersey students from the burden of student loans, with a pronounced emphasis on doing so for its Black and other students of color.

To ensure that current borrowers and future students in New Jersey are truly freed from debt and that our higher education system is an engine of mobility and prosperity, particularly for Black students and other students of color, as we recover from the economic impacts of the pandemic, **New Jersey should take the following steps:**

1. Forgive student loan debt for borrowers with NJCLASS loans, the loan program administered by the state
2. Make public higher education tuition-free for all its students and provide support for non-tuition costs
3. Establish a New Jersey Baby Bond program
4. Expand collection of data on student loan debt by race and ethnicity

Freed from Debt: A Racial Justice Approach to Student Loan Reform in New Jersey sets forth a new trajectory in which students – particularly Black students and other students of color who have been disproportionately harmed by student loans – can reach for their dreams without signing up for a decades-long debt burden.

