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Community College Students Denied Access to Federal Loans *African-American and Native American Students Are Most Affected*

At least one million community college students, one in 10 nationally, do not have access to federal student loans – the safest, most affordable way to borrow for college. A new issue brief from the Project on Student Debt finds that almost a quarter of all community colleges do not participate in the federal loan programs, thereby forcing needy students to resort to riskier, more expensive options such as private student loans and credit cards.

According to [*Denied: Community College Students Lack Access to Affordable Loans*](#), in 13 states, more than 10 percent of community college students do not have access to federal loans. In eight states (Georgia, Alabama, North Carolina, Louisiana, Montana, Virginia, Tennessee, and Utah) more than 20 percent cannot get a federal loan. The report also found significant disparities in loan access between different racial and ethnic groups. Nationally, one in five African-American and Native American – compared to one in 10 White community college students – attend schools that do not participate in the federal loan programs. In two states (Utah and Illinois), Latino community college students are significantly less likely to have access to federal loans than their White counterparts. ([Click here](#) for enrollment and loan participation data for all community colleges in the US.)

Financial aid administrators frequently cite a fear of high default rates – which could potentially jeopardize a school’s ability to distribute any type of federal aid – as a reason to block access to federal loans. However, the Project’s analysis suggests that those fears are unwarranted. Sanctions for high default rates are rare and avoidable. Hundreds of colleges that serve large numbers of low-income students keep default rates low by providing financial counseling and advice to students, and by helping borrowers in repayment use deferrals and affordable repayment options.

“In the current credit climate, access to federal student loans is more important than ever,” said Robert Shireman, executive director of the Project on Student Debt. “It makes no sense for a community college to force low-income students to choose between taking out an expensive private loan or dropping out of school. The colleges that are denying students access to federal loans should reconsider that decision. Local communities should demand that their students have access to the same safe and affordable borrowing options as students at other colleges.”

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The Project on Student Debt works to increase public understanding of the changing role of student debt and its implications for our families, economy and society. Recognizing that loans play a critical role in making college possible, the Project’s goal is to identify cost-effective solutions that expand educational opportunity, protect family financial security, and advance economic competitiveness. The Project on Student Debt is managed by the Institute for College Access & Success, a nonprofit, nonpartisan organization working to make higher education more available and affordable for people of all backgrounds. For more information see www.projectonstudentdebt.org and www.ticas.org.