NCLC and ACLU File Lawsuit against U.S. Department of Education Over Failure to Disclose Debt Collection Practice Data

Concerns That Practices May Disproportionately Harm Borrowers of Color

Links to Complaint and Exhibits (see Exhibit 1 for initial FOIA request) are available at the end of this press release
FOR IMMEDIATE RELEASE: MARCH 30, 2016; Contacts

BOSTON — The National Consumer Law Center (NCLC), American Civil Liberties Union, and ACLU of Massachusetts filed a lawsuit today against the U.S. Department of Education seeking details about the agency's debt collection policies and their potential impact on borrowers of color.

NCLC and the ACLU filed the Freedom of Information Act (FOIA) lawsuit in U.S. District Court in Boston charging the agency failed to fully disclose critical information related to the Education Department's oversight of the private companies collecting on federal student loans.

"Given the draconian nature of the government's tools for collecting defaulted student loans, it is vital that those tools are not wielded in a racially discriminatory way," said Persis Yu, director of National Consumer Law Center's Student Loan Borrower Assistance Project.

It has been nearly a year since the groups submitted a FOIA request seeking data related to those agency debt collection practices and any policies for measuring the impact on borrowers of color.

Despite numerous studies showing racial disparities in student debt, the Office of Federal Student Aid says it has no protocols for examining collections by race. Further, in lieu of disclosing requested information concerning the private collection agencies, the agency provided heavily redacted materials. The redactions prevent any meaningful understanding of current agency policies, although NCLC analysis shows that previous versions of these policies actually provided private debt collectors with financial incentives to violate borrowers' rights.

"The Department of Education is acting like it has something to hide. The public has a right to know how a taxpayer-funded agency handles debt collection to ensure it is done in a fair and nondiscriminatory way," said Rachel Goodman, staff attorney with the ACLU's Racial Justice Program. "And if taxpayer dollars are being handed over to private debt collectors, we need to know about their practices too. We expect transparency."

Student debt burdens more than 40 million Americans, but it hits communities of color especially hard. Black and Latino adults are nearly twice as likely as their white peers to hold student debt. Because students of color disproportionately rely on student loans, they are likely to be disproportionately impacted by private debt collectors' tactics.

"Who gets assessed additional fees, has their wages garnished or has their debts offset during the collections process are important questions that must be answered. We should not allow the Education Department's lack of monitoring to exacerbate existing racial disparities," said Rahsaan Hall, director of the Racial Justice Program for the ACLU of Massachusetts.

Related Links

Complaint: https://nclc-old.ogosense.net/images/pdf/litigation/aclu/FiledComplaint3-30-16.pdf

Exhibit 1 (FOIA request):
https://nclc-old.ogosense.net/images/pdf/litigation/aclu/FiledExhibit1toComplaint.pdf

Exhibit 2: https://nclc-old.ogosense.net/images/pdf/litigation/aclu/FiledExhibit2toComplaint.pdf

Exhibit 3: https://nclc-old.ogosense.net/images/pdf/litigation/aclu/FiledExhibit3toComplaint.pdf

Exhibit 4: https://nclc-old.ogosense.net/images/pdf/litigation/aclu/FiledExhibit4toComplaint.pdf

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Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training. https://nclc-old.ogosense.net

NCLC's Student Loan Borrower Assistance Project provides information about student loan rights and responsibilities for borrowers and advocates. We also seek to increase public understanding of student lending issues and to identify policy solutions to promote access to education, lessen student debt burdens, and make loan repayment more manageable. http://www.studentloanborrowerassistance.org

For nearly 100 years, the ACLU has been our nation's guardian of liberty, working in courts, legislatures, and communities to defend and preserve the individual rights and liberties that the Constitution and the laws of the United States guarantee everyone in this country. https://www.aclu.org/

The ACLU of Massachusetts, with over 20,000 supporters across the Commonwealth, is a state affiliate of the national American Civil Liberties Union. We defend the principles enshrined in the Massachusetts Declaration of Rights as well as the U.S. Constitution, and we fight racial discrimination and work for racial justice nationwide. https://aclum.org

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