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**Fudge, Beatty Introduce Examining Educational Redlining in Lending Act**

**WASHINGTON** – Today, Reps. Marcia L. Fudge (OH-11) and Joyce Beatty (OH-03) introduced the Examining Educational Redlining in Lending Act to help protect borrowers of color against discriminatory lending practices. The bill requires the Consumer Financial Protection Bureau (CFPB) to assess the use of educational data by consumer lenders in their underwriting processes, make the assessment publicly available, and submit a report to Congress on their findings and recommendations for addressing potential disparities.

According to a February [report](#) from the Student Borrower Protection Center, some financial service firms may be engaging in “educational redlining” by using data from an applicant’s educational background to assess creditworthiness for private student loans. The report raises serious concerns that some borrowers may unfairly face higher costs of lending because they attend or graduated from Historically Black Colleges and Universities (HBCUs), Hispanic-Serving Institutions (HSIs), and community colleges. More information is needed to ensure lenders are not using educational data to make credit determinations that may result in financial discrimination against borrowers of color.

“A borrower of color should never be unfairly penalized solely because they attended a school that predominantly serves minority communities – it is inherently discriminatory and it is not right,” said **Rep. Fudge**. “Addressing the underlying factors that worsen racial inequality and prevent marginalized communities from getting a fair shake is central to our nation’s reckoning on systemic racism. Racial and economic justice go hand in hand, which is why we must root out redlining and other forms of financial discrimination. The Examining Educational Redlining in Lending Act is the first step towards ensuring borrowers of color are treated fairly and equitably during the lending process.”

“I am joining forces with Congresswoman Fudge to introduce the Examining Educational Redlining in Lending Act to help protect consumers and root out potential discriminatory lending practices—because the Trump Administration has proven time and time again that they have no

desire to enforce fair lending laws in this country,” said **Rep. Beatty**. “Our bill would require the CFPB to assess the impact of new lending policies on minority borrowers and whether or not they comply with the Equal Credit Opportunity Act and other fair lending laws.”

"The use of education data in credit underwriting has the potential to repackage and perpetuate systemic racial bias, codifying long standing economic exclusion in the name of innovation," said **Kat Welbeck, Civil Rights Counsel at the Student Borrower Protection Center**. “Through the Educational Redlining Bill, Congresswoman Fudge is fighting to hold industry accountable for new technologies that may limit fair and equitable access to credit."

“The pursuit of higher education should be a ladder to greater opportunity, not drive students deeper into debt,” said **David Hinojosa, Director of the Educational Opportunities Project at the Lawyers’ Committee for Civil Rights**. “It is alarming and unacceptable that credit lenders are using education-related data to reinforce and deepen the racial wealth gap by offering worse loan terms to equally creditworthy Black and Latinx applicants based on racially skewed educational metrics. We must root out and reject racial discrimination in credit-access. We applaud the ‘Examining Educational Redlining in Lending Act’ as an important first step for providing greater transparency and for assessing necessary guardrails that ensure communities of color can meaningfully engage in the economy to lead dignified lives free from discrimination.”

Specifically, the Examining Educational Redlining in Lending Act:

- Directs CFPB to conduct an assessment within 180 days of enactment on the consumer financial industry’s use of educational data and underwriting processes that involve gathering data points and creating applicant profiles, including the use of automated or algorithmic processes, to determine a borrower’s creditworthiness;
- Directs CFPB to submit a report to the House Committee on Financial Services and Senate Committee on Banking, Housing and Urban Affairs within 60 days after the completion of the bill’s required assessment with details and recommendations on the assessment’s findings; and
- Directs the CFPB to make the assessment publicly available within 30 days after completion.

The Examining Educational Redlining in Lending Act is endorsed by the Lawyers' Committee for Civil Rights Under Law.

For the bill text of the End Educational Redlining Act, click [here](#).

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