



How  
Institutions &  
Policies Keep  
Arkansans  
in Debt

## ABOUT THE SOUTHERN PARTNERSHIP TO REDUCE DEBT

Launched in 2017 by the Annie E. Casey Foundation, the Southern Partnership to Reduce Debt (SPRD) is a multi-year, multi-state effort to close the racial-ethnic wealth gap and bring financial security to households of color. The effort involves several national organizations including—the Aspen Institute, National Consumer Law Center, National League of Cities, Prosperity Now, and the Urban Institute —and more than 20 non-profit organizations working in seven southern states.

These partners are primarily focusing on four kinds of debt: high-cost loans (pay-day loans, auto loans); fines and fees; medical bills; and student loans.

Report commissioned by Arkansas Community Institute and compiled by Neil Sealy, Acadia Roher, and Wonder Lowe.

Special thanks to the community members who shared their stories for this report:

Marvin Benton  
Patrick Carruth  
Stacy Reed Carruth  
Kristina Cook  
Gary Kevin Gray  
Jonathan Hardwell

Klyrissa Hardwell  
Triege Hussey  
Synthia Jackson  
Redonia Harshaw  
Charlotte Love  
Ms. Murry

Magdelyn  
Ms. Riley  
Kacinda Sullivan  
Mr. Taylor  
Derrick Templeton  
Joycelyn Thomas  
Samella Wright

# TABLE OF CONTENTS

- ▶ **Introduction** ..... 3
- ▶ **Facing Debt in Pulaski County and Jefferson County** ..... 4
  - ▶ Student Loan Debt ..... 7
  - ▶ Medical Debt ..... 9
  - ▶ Criminalization of Poverty: Court Fines and Fees ..... 11
  - ▶ For Further Research ..... 12
- ▶ **Recommendations** ..... 13
  - ▶ Student Loan Debt ..... 13
  - ▶ Medical Debt ..... 14
  - ▶ Court Fines and Fees ..... 15
- ▶ **Appendix: Additional Survey Data** ..... 17



**CAN'T WIN FOR LOSING**

How Institutions & Policies  
Keep Arkansans In Debt

## INTRODUCTION

A recent study by the Urban Institute revealed that 33% of all Americans have debt in collections. That percentage is closer to 40% in Arkansas. The research shows that there are significant disparities along the fault lines of race and class, with low-income people of color bearing the greatest debt burden. In Arkansas, 36% of white households have debt in collections compared to 58% of black and brown households. The burden falls most heavily on people of color because of the stark differences in household income. The average income for white households in Arkansas is \$63,887, while black and brown households in Arkansas bring home an average of \$43,749 each year.<sup>1</sup>

Many district courts, hospitals, student loan servicers and other institutions make it difficult for people to make payment plans that are affordable and practical for low-income working families. In addition, many creditors charge high interest rates and lure unsuspecting or desperate people into bad deals. Good paying jobs are scarce, and those that do exist are often only attainable if job seekers first take out student loans to fund higher education or get auto loans to access reliable transportation.

Knowing these state and national level facts, the Arkansas Community Institute (ACI) wanted to drill down and find out more about the impact debt has on people living in Pulaski County and Jefferson County, where the organization does the majority of its work. ACI began working with organizations in seven states as part of the Southern Partnership to Reduce Debt sponsored by the Annie E. Casey Foundation in 2018. ACI developed a survey on household debt and administered it to people who use the organization's free tax filing sites in Little Rock (Pulaski County) and Pine Bluff (Jefferson County) and at local community events. The organization gathered 1,845 completed surveys. Respondents were predominantly black, low-income women. Eighteen respondents gave in-depth interviews about the impact that debt has had on their lives.

The following report presents the results from this non-random survey and offers recommendations for policy changes that can ease or eliminate the debt burden in three key areas: medical debt, student loans, and excessive court fines and fees.



**Magdelyn** would like to refinance her house, but more than \$105,000 in student loan debt from decades ago stands in her way. In tears, she says that she has been unable to find a good job with the degree she earned. She received a deluge of letters and harassing phone calls from Navient and collection agencies before working out a manageable payment plan. She wishes that someone would have worked with her to understand how such a large loan could impact her life. Magdelyn is one of millions of Americans unable to achieve financial well-being because of mounting debt.

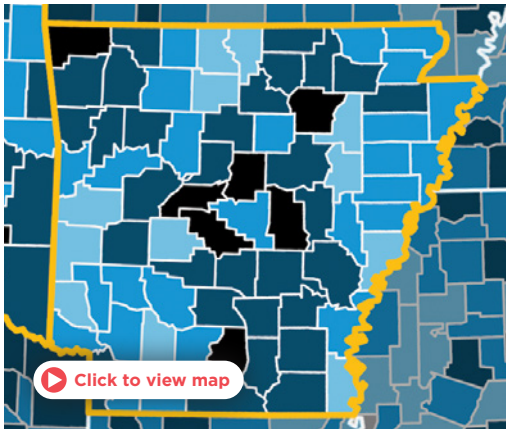
**“33% of all Americans have debt in collections. That percentage is closer to 40% in Arkansas.”**

<sup>1</sup> Urban Institute, “Debt in America: An Interactive Map,” <https://apps.urban.org/features/debt-interactive-map>.

CAN'T WIN FOR LOSING

How Institutions & Policies  
Keep Arkansans In Debt

## FACING DEBT IN PULASKI COUNTY & JEFFERSON COUNTY

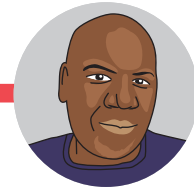


This interactive map from the Urban Institute shows the percent of people with medical debt in collections in Arkansas by county. [apps.urban.org/features/debt-interactive-map](https://apps.urban.org/features/debt-interactive-map)

According to the Urban Institute's interactive map, people of color in Pulaski County have double the amount of debt in collections (59%) as white people (30%). In Jefferson County, 54% of people of color have debt in collections compared to 40% of white people. There is a large income gap between racial groups in both counties. The average household income for white households in Pulaski County is \$90,795 compared to \$48,566 for households of color. In Jefferson County white household income is \$68,182 on average compared to \$40,149 for households of color. ACI found extraordinarily high rates of debt in collections among the majority black participants in the survey.

The Urban Institute's map demonstrates the stark racial disparities in income and debt. A recent study of court cases in Missouri showed that residents in black neighborhoods experience 40% more debt collection judgments than those in non-black neighborhoods.<sup>2</sup>

The above research provides ample evidence that debt has a much deeper negative impact on black households than it does on white households. Our research sought to put a human face to these statistics and create a space



**Derrick Templeton**, 46, currently owes the Little Rock District Court and the Pulaski County Court a combined \$1,695 in ticket fines and court fees for a traffic violation. The judge assigned to Mr. Templeton's case did not ask about his ability to pay the fines, but did offer community service and a payment plan.

Mr. Templeton chose to work off the fine by performing community service at Goodwill, but after his license was suspended for missing payments on his payment plan, he relied on the bus for transportation. He sometimes found that by the time the bus arrived at Goodwill there was not enough time to complete his hours. Eventually, he had to quit because the community service hours were interfering with his paid job across town that he could not afford to lose.

Continued on page 5

<sup>2</sup> Jessica LaVoice and Domonkos F. Vamossy, "Racial Disparities in Debt Collection," September 2019 <https://arxiv.org/pdf/1910.02570.pdf>



where people who are coping with debt can tell their stories. We hope that the information from the survey and the stories we gathered can help educate the broader community about the impact of debt and spur further discussion about solutions to the problems that household debt causes all Arkansans, especially those living in predominantly black communities. Of ACI's 1,845 survey respondents from Pulaski and Jefferson counties, 66% (1,210) said they had at least one kind of debt. The total amount of debt reported by these community members was over \$19 million. The four major types of debt were student loans (493 respondents), hospital bills (478), auto loans (362), and court fines and fees (190). Seventy percent (847) of those with debt said they were having problems making their payments. Forty-three percent (516) of respondents had debt in collections.

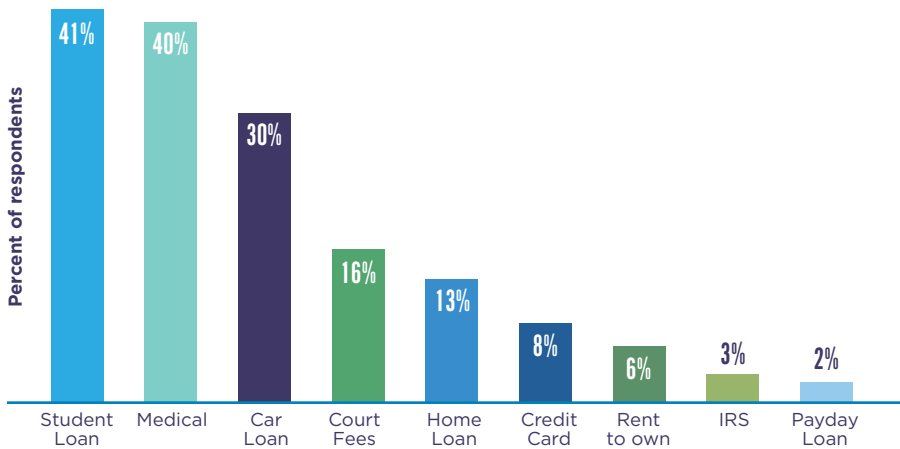
A majority of the people making under \$25,000 reported having debt in collections while a significant percentage of people (38% -45%) with incomes between \$25,000 and \$50,000 reported that their debt was in collections. The percentage of debt in collections decreased dramatically with each higher income bracket. Sixty-three percent of people with incomes below \$10,000 had debt in collections, compared to only nine percent of people with incomes higher than \$75,000.

Continued from page 4 ▲

Aside from his legal woes, Mr. Templeton has had trouble getting assistance with his rising medical debt due to recent health issues. He has gone without medicine and food in order to pay medical bills.

Until recently, Mr. Templeton was able to afford the court payment plan set up for him, but got behind. He received a letter stating that the full bill was due immediately. Because he could not pay, a warrant was issued for his arrest. He said, "Obviously, I did something to get a ticket, but make it easier for people like me to pay it back."

**TYPES OF DEBT HELD BY RESPONDENTS**

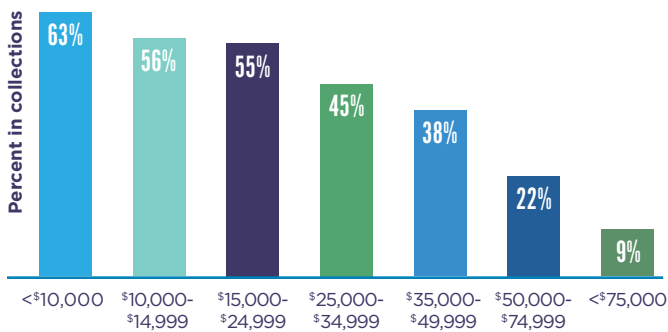


**“...residents in black neighborhoods experience 40% more debt collection judgments than those in non-black neighborhoods.”**

**CAN'T WIN FOR LOSING**

How Institutions & Policies  
Keep Arkansans In Debt

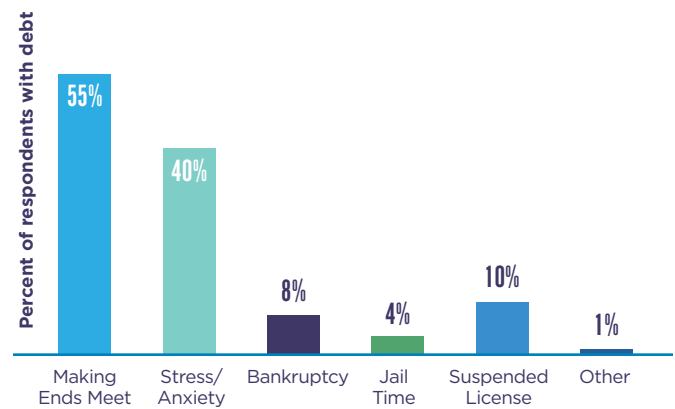
### % OF PEOPLE REPORTING DEBT IN EACH INCOME BRACKET WITH DEBT IN COLLECTIONS



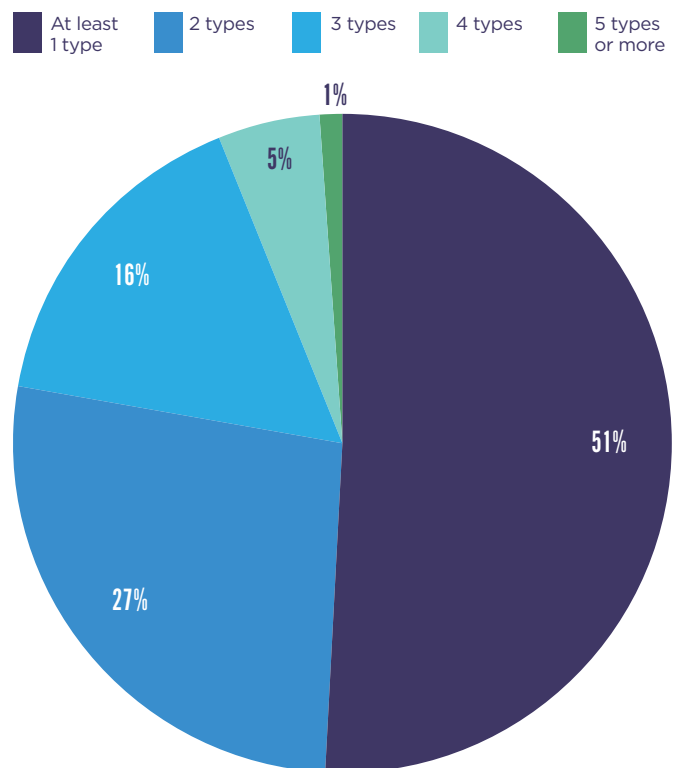
In addition to high-interest rates and harassing phone calls, having debt in collections negatively affects a person's credit score. A low credit score can be very difficult to repair, particularly for Arkansans making under \$25,000 a year. Beyond the obvious trouble of accessing loans, having a low credit score can also affect a person's job eligibility, access to safe housing, and ability to afford insurance.

Community members said that debt challenged their ability to make ends meet and increased stress and anxiety in their lives. Some people have faced legal consequences as a result of their debt issues, such as serving jail time, having their driver's license suspended, and filing for bankruptcy.

### PROBLEMS DEBT CAUSES FOR ARKANSANS



### RESPONDENTS WITH MULTIPLE TYPES OF DEBT



► Please see the appendix for demographic information.

CAN'T WIN FOR LOSING

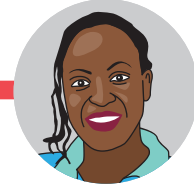
How Institutions & Policies  
Keep Arkansans In Debt

## STUDENT LOAN DEBT

A major contributor to the student loan crisis is the rising cost of higher education combined with stagnant wages for low- and middle-income people. Enrollment in for-profit, private institutions has grown in recent years. People like Samella are lured to these small business colleges and online degree programs like the University of Phoenix, Webster University, and Capella University with promises of immediate career advancement. However, student loan default rates are higher for people who have attended these institutions because the schools enroll higher rates of low-income people who rely on loans and grants, charge high rates for classes, and do not always provide the quality of education needed for job success.<sup>3</sup>

According to national data collected by The Institute for College Access and Success, 65% of college seniors graduating in 2018 had an average debt of \$29,200. Ninety percent of students graduating from for-profit institutions had an average debt of \$39,950. Over a 12-year period, 48% of students who graduate from for-profit colleges default on their loans compared to 12% of public college attendees and 15% of non-profit college attendees. The average student debt for Arkansas college graduates in 2017 was \$26,799.<sup>4</sup>

Student loan debt in the United States has exceeded \$1.5 trillion in 2019. Almost 45 million Americans owe money that they borrowed to attend school. The percentage of student loans that are delinquent for 90 days or more is 11.5%.<sup>5</sup> In 2018 around 11% of student loans in Arkansas were in default compared to 10.8% nationwide.<sup>6</sup> According to a report by the American Association of University Women (AAUW), women hold almost two-thirds of student debt. Women pay off their debt more slowly than their male counterparts in large part due to the gender gap in income. Thirty-four percent of women reported having difficulties paying back their loan compared to 24% of men.



Shortly after **Samella Wright** took out a \$10,000 loan to work toward an Associate Degree at Capital City Business College, the school closed down. For nearly 30 years, she thought the loan had been forgiven since the school closed and she was not able to finish her degree. But the debt has come back to haunt her. Samella recently enrolled in Shorter College and was unable to get a new student loan to pay for her classes. She was told she had defaulted on the previous loan and began receiving harassing calls from debt collectors several times a week. The stress has taken its toll and even forced her to take time off from her studies. So far, she has managed to pay for her classes out of pocket, but sometimes is forced to take a semester off in order to work and save up money.

<sup>3</sup> FiveThirtyEight, "To Ease the Student Debt Crisis, Hold Colleges Responsible," <https://fivethirtyeight.com/features/to-ease-the-student-debt-crisis-hold-colleges-responsible>.

<sup>4</sup> Student Loan Hero, "A Look at the Shocking Student Loan Debt Statistics for 2019," <https://studentloanhero.com/student-loan-debt-statistics>; The Institute for College Access and Success, Student Debt and the Class of 2018, <https://ticas.org/wp-content/uploads/2019/09/classof2018.pdf>; Aspen Institute, "Worse Off Than When They Enrolled: The Consequence of For-Profit Colleges for People of Color," <https://www.aspeninstitute.org/blog-posts/worse-off-than-when-they-enrolled-the-consequence-of-for-profit-colleges-for-people-of-color/>

<sup>5</sup> See above.

<sup>6</sup> Talk Business and Politics, "Arkansas student loan default rate slides to 11.2%, debt climbs to nearly \$11 billion," <https://talkbusiness.net/2018/10/arkansas-student-loan-default-rate-slides-to-11-2-debt-climbs-to-nearly-11-billion>.



CAN'T WIN FOR LOSING

How Institutions & Policies  
Keep Arkansans In Debt

There are also differences by race: 57% of black women struggle with student loan repayment compared to 30% of white women. Forty four percent of black men are struggling with student loan repayment compared to 22% of white men.<sup>7</sup> Over the last ten years, the number of people aged 60 or older who still have student loan debt has more than doubled. The number has also increased for people between ages 50 and 60. The promise that higher education leads to higher income has not delivered for millions of Americans. Debt that should have been paid off by middle age has now followed people into retirement.<sup>8</sup>

According to a report that was released this fall by the Arkansas Student Loan Authority, 359,900 Arkansans have \$11.5 billion in student loan debt. While Arkansas's default rate is higher than the national average, the percentage of Arkansans defaulting on student loans has fallen over the last seven years from 19% to 10.4%. The institutions with the highest default rates were smaller colleges and technical schools where the student body is majority low- to moderate-income and black. The school with the highest default rate is Arkansas Baptist College at 35.6%.<sup>9</sup>

---

**Synthia Jackson**, 55, was working on a business degree at Pulaski Technical College when her son was diagnosed with lupus. She is one of the thousands of Arkansans who owe on student loans but did not receive a degree. "When my son got sick, everything just slipped my mind! I am his only caretaker. My student loans are currently in default and I'm working to get them back on track," said Ms. Jackson. She owes \$41,000 in federal student loans.

Ms. Jackson has lost income and taken many days off from work to care for her son. She received harassing phone calls from creditors and was eventually able to arrange a payment of \$5 per month. She is currently looking for a second job to support her household and pay down her debt. "It is very stressful to be in debt," Ms. Jackson said. "Sometimes I have anxiety attacks because it seems like the phone calls won't stop."

---

<sup>7</sup> American Association of University Women, "Women's Student Debt Crisis in the United States," <https://www.aauw.org/research/deeper-in-debt>.

<sup>8</sup> NBC News, "These five charts show how bad the student loan debt situation is," <https://www.nbcnews.com/news/us-news/student-loan-statistics-2019-n997836>.

<sup>9</sup> Arkansas Student Loan Authority, Fall 2019 Student Loan Program Report.

**CAN'T WIN FOR LOSING**

How Institutions & Policies  
Keep Arkansans In Debt

## MEDICAL DEBT

The mother of an ACI board member became very ill a few years ago and was taken to the University of Arkansas for Medical Sciences (UAMS) hospital for care. She wrote a small check to the hospital that bounced. After her stay at the hospital she went to a rehabilitation center for further care. While she was going through rehab, the family received a warrant from the Sherwood Hot Check Court. After several weeks of negotiations with UAMS and the Sherwood Hot Check Court and the intervention of a member of the Arkansas State House of Representatives, the family was finally able to get the warrant removed and settle the debt.

Of the 1,051 survey respondents with debt, 478 reported having medical debt. Arkansas's uninsured are disproportionately people of color (15% uninsured) compared to only 8% of uninsured white people. Even people with comprehensive health insurance policies may incur debt if they are treated by a doctor, clinic or hospital that is out of the insurance policy's network of providers either because of an emergency or a referral from their in-network provider. Patients are often unaware or not informed of the cost of the out-of-network bills.

According to the Consumer Financial Protection Bureau (CFPB), medical debt is the top reason that consumers are contacted by debt collectors.<sup>10</sup> Studies have shown that medical debt is a major cause of bankruptcies.<sup>11</sup> Medical debt is not just a problem for people who are uninsured, but also affects people whose health insurance policy has a high deductible or limited coverage.

In 2013, Arkansas became one of only a few Southern states to adopt the Medicaid expansion authorized under the Affordable Care Act (ACA) that was made optional by a Supreme Court ruling the year before. The Medicaid expansion cut Arkansas's uninsured rate by half. Shortly after he took office, Governor Asa Hutchinson renamed the expansion program Arkansas Works. In 2018, the state received a waiver from the federal government to add a work requirement to the program requiring enrollees to report work activities online. From March through December 2018 more than 18,000 people lost their health coverage, "about 1 in 4 of those to whom the [work] requirement applied."<sup>12</sup>

<sup>10</sup> Consumer Financial Protection Bureau, "Consumer Experiences with Debt Collection: Findings from the CFPB's Survey of Consumer Views on Debt," [https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701\\_cfpb\\_Debt-Collection-Survey-Report.pdf](https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701_cfpb_Debt-Collection-Survey-Report.pdf).

<sup>11</sup> American Public Health Association, "Medical Bankruptcy: Still Common Despite the Affordable Care Act," <https://ajph.aphapublications.org/doi/10.2105/AJPH.2018.304901>.

<sup>12</sup> Arkansas Times, "Arkansas a 'cautionary tale' for states considering Medicaid work requirements, health advocates say," <https://www.arktimes.com/ArkansasBlog/archives/2019/01/10/arkansas-a-cautionary-tale-for-states-considering-medicaid-work-requirements-health-advocates-say>.



When **Ms. Murry** got sick in April 2018 and was rushed to the hospital, she had no idea what would unfold. Ms. Murry spent four days at Jefferson Regional Medical Center (JRMC) and was diagnosed with diabetes. She received a bill for over \$14,000 as soon as she returned home. She was not informed of any financial assistance programs to help her pay the bill. Ms. Murry said, "At the time I was making \$9.10 an hour and did not have any medical coverage on my job." She had given up on health insurance after bringing her pay stubs to the Arkansas Department of Human Services three different times as part of the Medicaid application process. Ms. Murry said, "They denied me three times for the same thing: no income information. So I gave up."

Continued on page 10

The work requirement was overturned in federal court in March 2019 and is currently being appealed by the state and the Trump Administration. In addition to those people cut off by the work requirement, many more people have lost coverage due to problems in dealing with the Department of Human Services (DHS). Problems include lost paperwork and staff that are difficult to reach.<sup>13</sup> In December 2016, enrollment in Arkansas Works numbered more than 330,000. At the end of May 2019, enrollment was 249,025 – a drop of more than 80,000 people.<sup>14</sup>

The ACA created rules that govern how non-profit hospitals handle financial assistance, billing, and collections, including how much they are allowed to charge certain patients for care. All non-profit hospitals must have free care policies, clear guidelines for these policies, and make these policies known to their patients and to the public. ACA regulations require hospitals to wait 120 days before taking “extraordinary actions,” such as selling the debt to a third party or reporting negative information to a credit bureau to collect on a bill.<sup>15</sup>

Over the last year, volunteers with ACI called four local non-profit hospitals to enquire about getting help paying a hospital bill. They then conducted in-person visits to see if free care policies were posted. They found that in many cases employees were not aware of the free care policies and did not know where to refer people for help. Information at the hospital was not posted or physically available.<sup>16</sup>

Continued from page 9 ▲

Ms. Murry called to make a payment on the hospital bill and ask for help. “JRM lowered the bill, but I still couldn’t afford it,” she said. The debt was sent to a collection agency where the amount she owes continues to grow. She still does not have insurance and pays for her insulin, needles, and doctor’s visits out of pocket. In order to get continuing medical care, Ms. Murry said there are costs she is not always able to cover, “like the phone bill, getting the grass cut or tithes at church. Sometimes I have to stretch things out like getting food.” Like so many of the survey respondents, she was horrified by the cost of medical care and is now facing serious financial consequences while managing her illness. She said, “If you’re sick you can’t work two jobs to afford coverage because you’re sick. They need to drop the cost!”

<sup>13</sup> For more detail, read the interview with Lajoy Person in The Nation article about the Arkansas work requirement: <https://www.thenation.com/article/arkansas-medicaid-work-requirement-healthcare>

<sup>14</sup> Arkansas Department of Human Services, “Monthly Enrollment and Expenditures Report: Calendar Year 2019,” [https://humanservices.arkansas.gov/images/uploads/newsroom/Monthly\\_Enrollment\\_and\\_Expenditure\\_Report\\_20190617.pdf](https://humanservices.arkansas.gov/images/uploads/newsroom/Monthly_Enrollment_and_Expenditure_Report_20190617.pdf).

<sup>15</sup> Community Catalyst, “What Does the Affordable Care Act Say about Hospital Bills?” <https://www.communitycatalyst.org/resources/publications/document/CC-ACAHospitalBillsReport-F.pdf>.

<sup>16</sup> A detailed report of the ACI research on four non-profit hospitals will be released in fall 2019.

CAN'T WIN FOR LOSING

How Institutions & Policies  
Keep Arkansans In Debt

## CRIMINALIZATION OF POVERTY: COURT FINES AND FEES

Arkansas made national headlines in 2016 when stories surfaced about the Sherwood Hot Check Court running a debtor's prison that kept low income Arkansans behind bars for their inability to pay court fines and fees. In one case, a woman bounced a check for \$28.93, which then ballooned to thousands of dollars in court costs and led to her incarceration on a regular basis over the course of several years.<sup>17</sup>

Arkansas has the sad distinction of being the only state with a criminal eviction statute and no implied warranty of habitability for rental property. A tenant can be brought to court, fined and sometimes jailed for non-payment of rent while the landlord has no obligation to maintain the rental unit at basic health and safety standards. Renters still have to pay the rent and are bound to the lease even if a rent house or apartment has serious issues.

In the early 2000s, Wilma Young and other black tenants at Park Crest Apartments in Sherwood were being harassed by their property manager. One night, Sherwood police came to Ms. Young's apartment and took her to jail for non-payment of rent, which had been one day late several months prior. The district court had an outstanding warrant for her arrest. Ms. Young and another tenant eventually prevailed after filing a fair housing complaint against the apartment owners.

Court and legal debt sometimes results from other debts a person incurred and struggled to pay, or can exacerbate financial woes of people already saddled with predatory loans and expensive bills.<sup>18</sup> The story to the right illustrates how people burdened with multiple kinds of debt can end up in complicated and dangerous situations that make them vulnerable to being caught up in the criminal justice system and incurring even more debt through fines and fees.



**Triegie Hussey, 53**, lives in Little Rock with her grandchildren, all of whom survive on her disability and social security check. In addition to \$10,000 worth of medical debt and a suspended license that she cannot afford to reinstate, Mrs. Hussey owes over \$2,500 in court fees and fines to the Sherwood district court because of a \$59 dental bill she failed to pay in the late 1990s. "I'm trying to pay, but with very little income there's no way I can continue to pay. If I'm late, the interest adds up. I get a certain amount per month just to live and after that I have no funds left." The interest rate on the money Mrs. Hussey owes to the courts is ten percent.

Mrs. Hussey sometimes has to go without food or medicine for herself or her grandchildren in order to pay the bills. When we met with her, she had just left an assistance agency to ask for help with her electric

Continued on page 12 ▼

<sup>17</sup> Democracy NOW! "The Criminalization of Poverty: Woman Describes Fines & Arrests After \$1.07 Check Bounces," [https://www.democracynow.org/2016/9/2/the\\_criminalization\\_of\\_poverty\\_woman\\_describes](https://www.democracynow.org/2016/9/2/the_criminalization_of_poverty_woman_describes).

<sup>18</sup> Lynn Foster, *The Hands of the State: The Failure to Vacate Statute and Residential Tenants' Rights in Arkansas*, 36 U. Ark. Little Rock L. Rev. 1 (2013)

Earlier this year the Lawyers' Committee for Civil Rights under the Law released a report on how the excessive fines and fees for misdemeanor offenses contribute to poverty and mass incarceration in Arkansas. In the report the authors state: "In Arkansas thousands have been jailed, often repeatedly, for weeks and even months at a time simply because they are poor and cannot afford to pay court costs, fines and fees.. They face numerous collateral consequences in addition to loss of freedom.... loss of employment, homelessness and....lost custody of their children....". The report goes on to say: "In addition to arrest and incarceration for nonpayment of fines and fees, thousands of Arkansans have had their driver's licenses suspended, even though the underlying offenses had nothing to do with driving. This consequence is particularly devastating in a mostly rural state like Arkansas, with limited access to public transportation."<sup>19</sup>

## FOR FURTHER RESEARCH

This report has a limited scope because the ACI survey primarily captured the experience of low-income, black residents living in Pulaski County and Jefferson County. Additional research should be done on the unique debt challenges faced by immigrants and the growing Hispanic community in Arkansas. More research also needs to be done on the high rates of debt that Arkansans have in collections and the practices of collection agencies. Additionally, while auto loans were one of the highest categories of debt for survey respondents, future study is needed to understand the impact of predatory auto loans on Arkansans. Finally, ACI would like to expand the scope of future surveys beyond Pulaski and Jefferson counties to get a more complete picture of debt across the state.

Continued from page 11 ▲

bill and said she was also late on her rent. "Everyday living has been hard on me, living off this monthly check that I receive," she said. "I'm just trying to make it day to day. I expect them to come by the house and take me to jail sooner or later." Mrs. Hussey was jailed once already because of her debts and has had her checks garnished for part of what was owed.

At Mrs. Hussey's original court date, she begged the judge to sentence her to community service or offer an alternative to fines and fees, knowing she had no extra money to spare due to her fixed income. The judge refused. "I can't come up with anything and he's not offering anything else. I'm tired of living like this. It really has an effect on the family. Putting me in jail isn't going to pay the fine or solve the problem. I want to take care of this in a way that I can afford to. I'm willing to do community service or whatever I can do. I don't like having anything like this hanging over me."

<sup>19</sup> "Too Poor To Pay: How Arkansas's Offender-Funded Justice System Drive Poverty & Mass Incarceration", February 2019 Myesha Braden, Leah Watson, Talia Gilbert, and Janos Enos, Lawyers' Committee for Civil Rights under the Law

# RECOMMENDATIONS

## STUDENT LOAN DEBT

Senators Elizabeth Warren and Bernie Sanders have both introduced bills that would forgive student loan debt and provide for free college education. The Student Loan Debt Relief Act would cancel loan debt completely for 75% of those who owe student loans and provide partial relief for another 20%. The bill would also offer free tuition at two- and four-year public colleges. Senator Sanders' plan, the Student Debt Cancellation Act, would forgive all of the \$1.5 trillion in student loan debt and also provide for free tuition at public colleges. Both bills would provide badly needed relief to low- and middle-income households and make higher education more accessible to millions of Americans.

Many other reforms are needed at the federal level that include allowing borrowers to discharge student loan debt through bankruptcy and overhauling the student loan system so that it is better regulated and has more consumer protections. With the number of student loan borrowers over the age of sixty on the rise, loan servicers should not be allowed to garnish Social Security benefits.

At least 20 states, including Arkansas, have taken some steps towards providing free tuition at state colleges. However, many of the programs are very limited. Arkansas has the ArFuture Grant, which is limited to two years and is available to students pursuing a STEM or high demand degree.<sup>20</sup> According to the Arkansas Division of Higher Education, only 243 students received this grant in 2018. Of those 243 people, 37 were black, 15 Latinx and 151 white. It is also only offered on a first-come, first-served basis. A list of states with some sort of free tuition program can be found on the Nerdwallet website.<sup>21</sup> The State of Washington recently adopted a program that provides free tuition for in-state students.<sup>22</sup>

The State of Arkansas should invest in its people by making it more affordable to attend colleges and universities in the state by:

- Offering free tuition without restrictions for all students who want to attend a public two-year college.
- Committing to a policy of debt-free education for the state's students with a variety of programs that can reduce or eliminate debt owed by students in public colleges and universities.
- In partnership with colleges and universities, developing programs that address barriers faced by low- to moderate-income students such as food and housing costs, child care, transportation, and paying for books.
- Re-evaluating and changing the criteria for eligibility for the Arkansas Academic Challenge Program to ensure that low-income and minority students have the opportunity to receive the scholarship. Base the amount of the award on income rather than number of years completed in college so that students who are in the most need receive the most help.

<sup>20</sup> Arkansas Future Grant (ArFuture), <https://scholarships.adhe.edu/scholarships/detail/arfutures>.

<sup>21</sup> Anna Helhoski, "States with Free College Programs," <https://www.nerdwallet.com/blog/loans/student-loans/tuition-free-college>

<sup>22</sup> Valerie Strauss, "Free college? Actually, some states are already offering it to students," <https://www.washingtonpost.com/education/2019/07/30/free-college-actually-some-states-are-already-offering-it-students>

Local businesses and state and local government can provide help to future students and people with student loan debt by:

- Offering tuition assistance as an employee benefit.
- Offering financial assistance in student loan repayment as an employee benefit.
- Following the example of some Arkansas cities and setting up local partnerships to offer scholarships for higher education.

Colleges and universities can help students by:

- Offering financial counseling to student applicants and in-coming students.
- Establishing hardship funds to assist low- to moderate-income students with expenses they cannot pay without borrowing additional funds.
- Institute grant aid and tuition waivers for low- to moderate-income students.

## MEDICAL DEBT

The future of the American health care system is once again front and center in the Presidential debates and will be a top issue for voters in the 2020 general election. The passage of the Affordable Care Act in 2010 helped open minds to the possibility of a system where everyone can access affordable, quality health care. Universal health coverage for everyone in the United States would eliminate a major cause of debt for households. Health care should be comprehensive, affordable, accessible and of good quality for all.

Some burdens of medical debt can be removed by legislation at the state level by:

- Removing the work requirement and red tape for Arkansas Works. Restoring funding for outreach and enrollment. Giving each local DHS office the funding and authority to determine eligibility, resolve problems, and enroll people in Arkansas Works.
- Improving the quality of Medicaid coverage for seniors, people with disabilities and children instead of cutting vital services.
- Passing state laws to regulate and expand hospital-based financial assistance programs and provide protections for patients from abusive medical debt collection practices.<sup>23</sup>
- Enact comprehensive legislation to protect consumers from surprise (outof network) medical bills.

<sup>23</sup>For more recommendations on state policies concerning hospital and medical debt go to: [https://www.nclc.org/images/pdf/debt\\_collection/fact-sheets/fact-sheet-med-debt-state-reform.pdf](https://www.nclc.org/images/pdf/debt_collection/fact-sheets/fact-sheet-med-debt-state-reform.pdf) and <https://www.nclc.org/images/pdf/medical-debt/model-medical-debt-protection-act-082017.pdf>

Hospitals can lessen the burden of medical debt by:

- Ensuring that information about hospital-based assistance is prominently displayed at all points of patient contact and that employees are trained to tell patients about the program and help them apply.
- Improving the quality of hospital-based assistance so that more people are covered, including those with health insurance.
- Collecting debts in-house instead of sending unpaid patient bills to debt collection agencies.
- Holding checks with insufficient funds for collection instead of sending them to check collection agencies or district courts.
- Helping people enroll in Arkansas Works and other programs.

For more information on how to reform medical debt laws, the National Consumer Law Center (NCLC) has prepared a model state act that can be found at: <http://bit.ly/NCLCMedDebtLaw>.

The NCLC also has a Medical Debt Fact Sheet at: <http://bit.ly/MedDebtFactSheet>.

Community Catalyst has a wealth of information on hospital debt at: <https://www.communitycatalyst.org/initiatives-and-issues/issues/medical-debt>.

## COURT FINES AND FEES

The court system, state legislature, and local governments can each play a role in ending the criminalization of poverty in Arkansas. We should reform laws that create unaffordable fines and fees and address the conditions that cause local district courts to rely on them as revenue to fund basic operating costs. State and local tax dollars should provide the revenue to run the justice system and revenue from fines and other fees should be limited. All courts should have a clear method for determining a person's ability to pay a fine or fee and should offer alternatives such as community service or programs that can address underlying issues that may have caused a person to break the law. No person should ever be jailed because they cannot pay a fine or fee.

In the next two years, we call on our legislators and court administrators to enact the following reforms:

- No suspension of driver licenses for failure to appear or failure to pay a fine.
- A clear and statewide method for determining a person's ability to pay a fine or fee such as bench cards for each district judge outlining procedures to determining ability to pay.
- Court administrators should monitor district courts to ensure that judges are adequately assessing a person's ability to pay.



In addition, the Arkansas legislature should repeal the criminal eviction statute and pass a comprehensive Implied Warranty of Habitability law that has protections for renters and basic health and safety standards for all rental property in the state.

Local governments and district courts can also help Arkansans by:

- Developing constructive alternatives to harsh fine and fee collection practices such as low-cost payment plans, financial counseling, and meaningful community service.
- Reassessing the amounts of fines and fees to make them proportional to the actual impact or harm of the offense on the community and to a person's ability to pay.
- Ending the reliance on court fines and fees to fund local courts and governments. Our cities, towns, counties and district courts should rely on state and local taxes to operate.

For more information about Arkansas court fines and fees and about recommendations for reforms, we recommend the following reports:

“Too Poor To Pay: How Arkansas’s Offender-Funded Justice System Drives Poverty and Mass Incarceration”, February 2019, Lawyers Committee for Civil Rights Under the Law<sup>24</sup>

“Criminal Justice Debt in the South: A Primer for the Southern Partnership to Reduce Debt”, Abby Shafroth, National Consumer Law Center, December 2018<sup>25</sup>

<sup>24</sup> Lawyers’ Committee for Civil Rights Under Law, “Civil Rights Group Releases Report Alleging Focus on Revenue-Generation by Arkansas’s Criminal Justice System Increases Poverty and Mass Incarceration,” <https://lawyerscommittee.org/civil-rights-group-releases-report-alleging-focus-on-revenue-generation-by-arkansas-criminal-justice-system-increases-poverty-and-mass-incarceration>.

<sup>25</sup> National Consumer Law Center, “Criminal Justice Debt in the South: A Primer for the Southern Partnership to Reduce Debt,” <https://www.nclc.org/images/pdf/criminal-justice/white-paper-criminal-justice-debt-in-the-south-dec2018.pdf>.

**CAN'T WIN FOR LOSING**

How Institutions & Policies  
Keep Arkansans In Debt

## APPENDIX: SURVEY DATA

The Arkansas Community Institute surveyed 1,845 Little Rock and Pine Bluff residents in 2018 to dig deeper into the debt burden of poor and working-class people in Central Arkansas.

About two-thirds of the 1,845 survey respondents lived in households with an income of less than \$25,000 a year. Only 43 respondents had a household income of over \$75,000. Eighty-eight percent of people surveyed were black, eight percent were white, and two percent were Hispanic. The vast majority of survey participants were women (70%).

### DEMOGRAPHICS

Black	1584	88%
White	139	8%
Hispanic	36	2%
Asian	11	1%
Other	33	2%
<hr/>		
Female	1207	70%
Male	517	30%

Income	Number of respondents	Percentage of respondents	# with debt	% with debt	# in collections	% in collections
<10,000	428	27%	280	65%	175	63%
10,000-14,999	209	13%	139	67%	78	56%
15,000-24,999	323	21%	206	64%	113	55%
25,000-34,999	287	18%	183	64%	82	45%
35,000-49,999	189	12%	128	68%	49	38%
50,000-74,999	91	6%	72	79%	16	22%
< 75,000	43	3%	33	77%	3	9%



A complete report on the data is available by calling the Arkansas Community Institute at (501) 376-7151 or emailing: [nsealy@arkansascomm.org](mailto:nsealy@arkansascomm.org).



[arkansascomm.org](http://arkansascomm.org)