Major gaps in student-loan borrowing persist between black and white college students.

BY JANIE BOSCHMA AND BRIAN MCGILL
Black College Graduates Leave With Diplomas and Debt—a Lot of Debt

From the Gallup-Purdue Index, which measures the relationship between the college experience and graduates' lives.

Half of all black graduates reported taking on at least $25,000 or more to complete their undergraduate degrees between 2000 and 2014, compared to 34 percent of white graduates. That borrowing gap is a reflection of other socioeconomic disparities, says Cecilia Rouse, dean of the Woodrow Wilson School at Princeton University and an economics professor specializing in the economics of labor and tion.

“Half of all black graduates reported taking on at least $25,000 or more to complete their undergraduate degrees between 2000 and 2014, compared to 34 percent of white graduates. That borrowing gap is a reflection of other socioeconomic disparities, says Cecilia Rouse, dean of the Woodrow Wilson School at Princeton University and an economics professor specializing in the economics of labor and tion.”

The average black household in the United States has less than one-tenth the accumulated wealth of the average white household. And rather than shrinking, that gulf is widening. Researchers at Brandeis University estimate that the wealth gap between blacks and whites has tripled over the past 25 years. So while the percentage of black and white high school graduates enrolling in college is now almost identical, black college students have far fewer resources to pay for that education.

More than three-quarters of black college graduates say they took out loans between 2000 and 2014, while 60 percent of white college graduates did so. Only one in five black graduates reported no student loans, about half as many as white graduates.

Given how long it can take to pay off student loans, Gallup researchers call debt levels a “concerning statistic” for the overall well-being of college graduates.

The main concern for Elizabeth Baylor, associate director for postsecondary education at the Center for American Progress, is the impact this has on delaying economic empowerment. "If the debt burden is too high," she says, "students from low- and moderate-income households, who are more likely to be black, have less ability to save for a down payment on a home or start a business.”

"Given how long it can take to pay off student loans, Gallup researchers call debt levels a “concerning statistic” for the overall well-being of college graduates.”

"The main concern for Elizabeth Baylor, associate director for postsecondary education at the Center for American Progress, is the impact this has on delaying economic empowerment. "If the debt burden is too high," she says, "students from low- and moderate-income households, who are more likely to be black, have less ability to save for a down payment on a home or start a business.”
families will have trouble making the economic gains that we all know a college degree offers."

The affordability is especially a concern, Baylor says, given the growing proportion of minority students in college and within the diversifying U.S. population.

"Students of color are increasingly a larger part of our higher education system," Baylor says, "so as state investment in public colleges retreated in the past decade, it's important to make sure that those schools remain affordable to students of color who are a big share of our public colleges."

Rouse points out that student loans do play an important role for students of color, many of whom come from low-income families, in allowing them to pursue higher education and ultimately, social mobility. "Education remains a very solid investment for students in terms reasing their earning capacity and future labor-market outcomes," she says. It's therefore no surprise that so many do borrow, given disparities that persist in wealth.

"What matters more, Rouse adds, is whether students understand and are aware of the repayment options available to them, especially adjusted for income levels and circumstances."

But Rouse does expect students to become "savvier borrowers."

"The Department of Education is getting much more aggressive in the kinds of counseling students need to have before they take out loans," she says, "so they also understand their options after they have taken out a loan."

The Gallup-Purdue Index tallied how many college graduates took out student loans—and how much they borrowed—to complete their degrees, but it does not report the type of loan or how much of that debt is currently outstanding.