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Less Debt, More Equity: Lowering Student Debt While Closing the Black-White Wealth Gap

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A progressive student debt reduction policy would dramatically reduce the racial wealth gap among low-wealth households, a report from **Demos** finds. Using the Racial Wealth Audit, a framework developed by the **Institute on Assets and Social Policy** to assess the impact of public policy on the wealth gap between white and black households, the report, **Less Debt, More Equity: Lowering Student Debt While Closing the Black-White Wealth Gap** (22 pages, PDF), found that 35.9 percent of households headed by African-Americans under the age of 40 with incomes of \$50,000 or less had student debt, compared with 15.5 percent among their white counterparts. And despite the expectation that a college education will lead to higher earnings, nearly 16 percent of young black households earning \$25,000 or

less have student debt, compared to fewer than 6 percent of white households. According to the report, eliminating student debt among those making \$50,000 or less would reduce the black-white wealth disparity by nearly 37 percent among households in the lowest income quartile, while doing so for those making \$25,000 or less would reduce the gap by more than 50 percent.

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ORGANIZATION: **DEMOS; INSTITUTE ON ASSETS AND SOCIAL POLICY**
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