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.

SUBJECTS: CHILDREN / YOUTH; EDUCATION; HUMAN SERVICES
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