



# HOW BLACK WOMEN EXPERIENCE STUDENT DEBT

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THIS BRIEF IS THE FIRST IN A FOUR-PART SERIES using qualitative data from the National Black Student Debt Study. The forthcoming briefs will be released over the next few months and will cover income-driven repayment plans, the impact of student debt on mental health, and Parent PLUS loans. For a comprehensive report based on the study, please read "[Jim Crow Debt: How Black Borrowers Experience Student Loans.](#)"

*"I thought I would be able to do it. I thought genuinely I would be able to like, OK, I'm going to start a master's degree. OK. Ph.D. You're going to make more money. Right? It's like the American dream — you get educated [...], you're going to make money. And, therefore, you will be able to pay off the debt. There was never a moment while I was in school that I thought I was not going to be able to pay off the debt. Not one moment. It was only when I went into repayment that I saw the interest thing that I was like, 'There ain't no way in hell I'm going to ... .' There's no way, if I'm paying \$1,300 a month — and again, \$200 of it goes to the principal. I will be dead before that principal balance ever gets paid off."*

— JADE, WHO BORROWED \$225,000

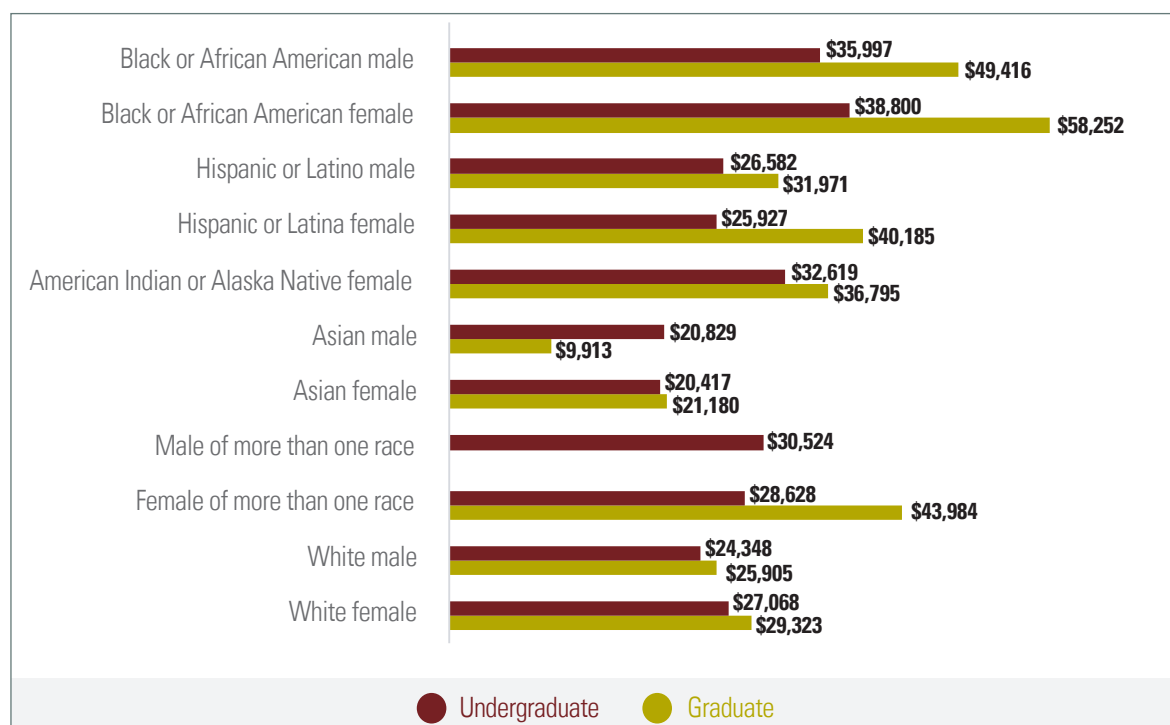
Forty-five million Americans collectively owe \$1.7 trillion in student loan debt. Women hold [nearly two-thirds of that debt](#), and because of the gender pay gap, are more likely than men to have trouble paying off their debt.<sup>1</sup> Black borrowers are the group most negatively affected by student loans, in large part because of systemic racism, the inequitable distribution of wealth, a stratified labor market, and rising college costs. Black women enroll in college at higher rates than Black men. But because they exist at the intersection of two marginalized identities and experience sexism and racism at the same time, they make less money and often need to borrow more to cover the cost of attendance, and struggle significantly with repayment.

"[Jim Crow Debt: How Black Borrowers Experience Student Loans.](#)" a report published by The Education Trust in partnership with Jalil B. Mustafa, Ph.D., an assistant professor at Villanova University and co-founder of the Equity Research Cooperative, highlights the crisis of Black student debt and the experiences of Black borrowers.<sup>2</sup> The report is based on the National Black Student Debt Study, which was led by Mustafa and includes a survey of nearly 1,300 Black borrowers and in-depth interviews with 100 borrowers.<sup>3</sup> At participants' request, we replaced their names with pseudonyms. Using federal data and quotes from that study, this brief paints a picture of how Black women experience student debt and how the existing repayment system often fails them. In recognition of the unique challenges facing many Black female borrowers, The Education Trust is encouraging Congress and the Biden administration to cancel student debt, double the Pell Grant, and create federal-state partnerships to address affordability in a comprehensive way.

## BLACK WOMEN ARE BURDENED THE MOST BY THE HIGH COST OF COLLEGE

College costs have risen dramatically over the past several decades, as state funding for public colleges and universities has [declined](#).<sup>4</sup> In 1980, the average cost of a public four-year college — including tuition, fees, and room and board — was \$9,307 (in 2019-20 dollars). By the 2019-20 academic year, the average cost was [\\$25,593](#).<sup>5</sup> Financial aid [hasn't kept pace](#) with college costs, which are now unaffordable for most Americans. In 1980, the maximum Pell Grant, the nation's most important need-based grant, covered more than 50% of the full cost of a public four-year college; in the 2020-21 academic year, it covered [only 28%](#), driving many students to borrow to make up the difference.<sup>6</sup> The high cost of college is particularly burdensome for Black women, who because of structural racism and sexism, have [fewer financial resources](#) to pay for a higher education and little choice but to borrow higher amounts.<sup>7</sup> A year after completing a bachelor's degree, Black women hold more student debt than any other group — with an average of \$38,800 in federal undergraduate loans. Black female borrowers who attended graduate school hold an average of \$58,252 in graduate loans (see Figure 1).

**FIGURE 1: CUMULATIVE AMOUNT OF FEDERAL UNDERGRADUATE LOANS, INCLUDING PRINCIPAL AND INTEREST, 12 MONTHS AFTER BACHELOR'S DEGREE COMPLETION, AND CUMULATIVE FEDERAL GRADUATE LOAN AMOUNT OWED, INCLUDING PRINCIPAL AND INTEREST**



Source: Education Trust analysis of U.S. Department of Education, National Center for Education Statistics, National Postsecondary Student Aid Study: 2016 Graduate Students (NPSAS:GR) and Baccalaureate and Beyond: 2016/2017 (B&B).

Note: American Indian or Alaska Native males were not included because reporting standards were not met.

And yet, despite the enormous cost of going to college, Black women are still pursuing a higher education, because they can't afford not to: In order to achieve their academic and professional goals and improve the financial situation of their families, they need a degree (if not two or three). **As Belle, who borrowed \$171,000, noted:** *"How do you tell someone that they cannot reach for their dream or their highest potential because they can't afford it? You're going to do what you need to do to sit in that room and that class, even it means being burdened with the consequences of what you took out to get where you're at."*

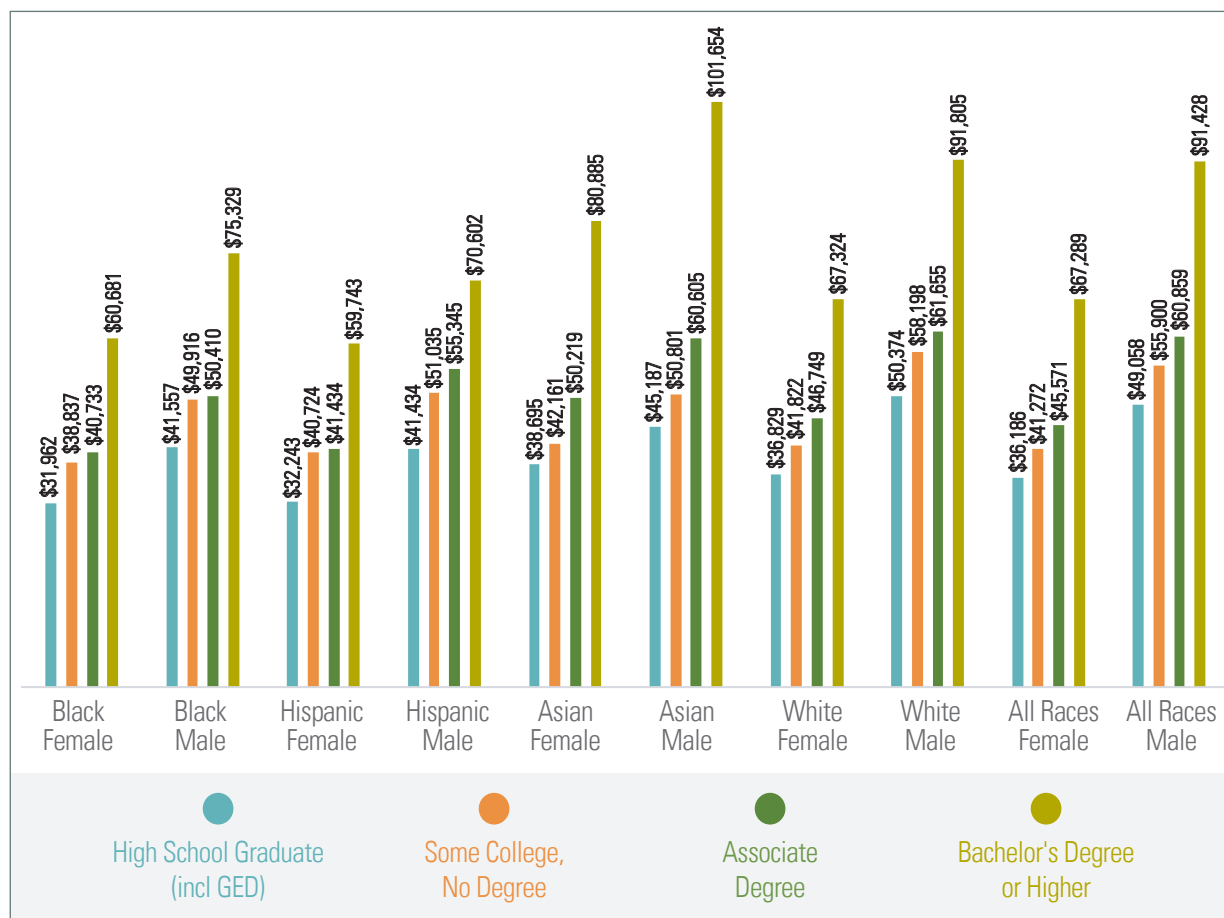
## FOR BLACK WOMEN, MORE DEBT DOES NOT EQUAL A HIGHER SALARY

The [gender and racial pay gaps](#) are well documented, and Black women experience them no matter their education level.<sup>9</sup> Gender wage gaps are widest among workers with at least a bachelor's degree. Among bachelor's degree holders across all fields of study, men make more than women.<sup>9</sup> But women of color face particularly acute pay disparities. Black women must obtain a bachelor's degree or higher to earn more than White men who have some college but *no* degree (see Figure 2). In other words, Black women need *additional* credentials to compete in the labor market, but they get a lower financial return on their college investment than men of all races and most women, except for Latinas with a bachelor's degree or higher, according to the data.<sup>10</sup> Black women ages 25-64 who hold a bachelor's degree or higher and work full time and year-round had [median earnings of \\$60,681](#) in 2020, compared to \$91,805 for White men, \$75,329 for Black men, and \$67,324 for White women (see Figure 2).<sup>11</sup>

The Black women who participated in the study noted that the amount of debt they incurred to meet the degree requirements for certain jobs was not proportional to the salaries of those jobs. What's more, many study participants said their jobs don't pay enough to cover their monthly student loan payments and living expenses. The data backs that up. According to a 2017 report by the American Association of University Women (AAUW), [57% of Black women](#) in repayment struggle to cover essential expenses like rent and food.<sup>12</sup> That's a higher proportion than any other group.

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**FIGURE 2: MEDIAN EARNINGS IN 2020 FOR FULL-TIME, YEAR-ROUND WORKERS AGES 25-64 BY EDUCATIONAL ATTAINMENT, RACE/ETHNICITY, AND GENDER**



Source: Education Trust analysis of U.S. Census Bureau, Current Population Survey, 2021 Annual Social and Economic Supplement (CPS ASEC).

That sharp earnings disparity does serious harm to Black women who are trying to pay off their debt. **That was true for a borrower who goes by Florence, whose income, even with a master's degree, was too low to make a dent in the more than \$239,000 she had borrowed:** *"I came out of my first master's program, and it was repayment time, and I only had a \$25,000 salary. How can I pay this much money in loans?"*

## THE RACIAL WEALTH GAP LEAVES BLACK WOMEN WITH FEW RESOURCES TO REPAY STUDENT DEBT

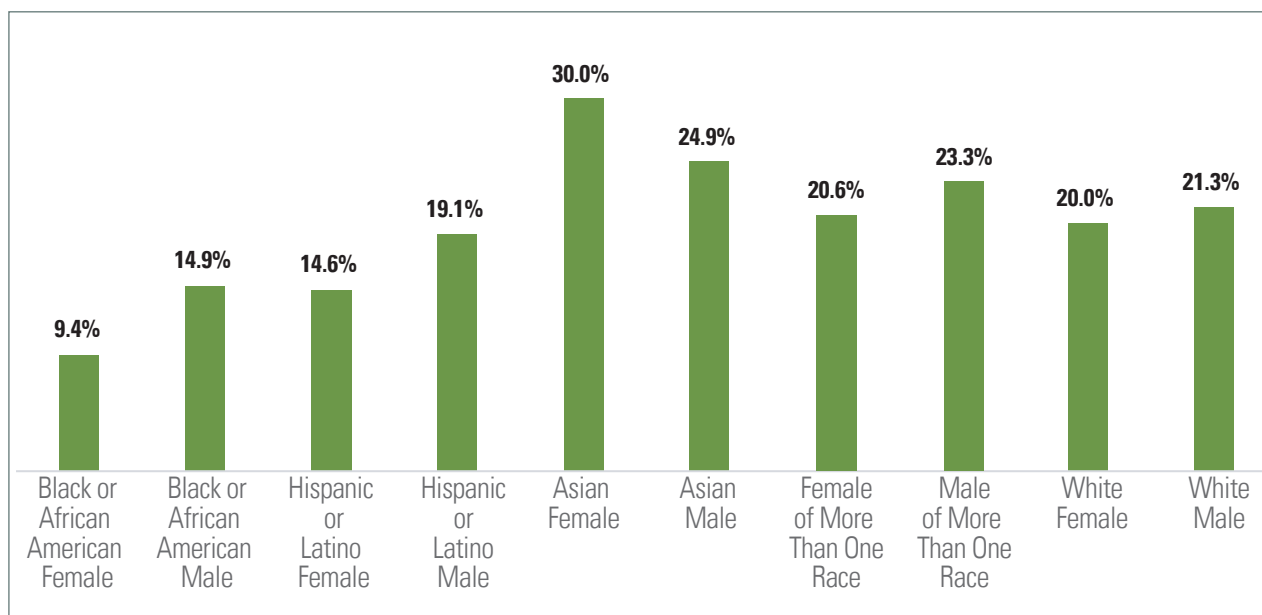
Black women's ability to repay student debt is not only hindered by lower wages, but by a lack of generational wealth. The racial wealth gap is larger than the wage gap and better captures the accumulated negative effects of [centuries of systemic racism](#), which includes but is not limited to slavery, Jim Crow laws, redlining, lending discrimination, and labor market and wage discrimination.<sup>13</sup>

In 2019, the median [Black household had just \\$24,100](#) in wealth compared to \$188,200 for the median White household.<sup>14</sup> For single Black women, wealth is nearly nonexistent. In 2019, the [median net worth of a single Black woman under 35](#) was only \$101, compared to \$22,640 for a single White man, \$6,470 for a single White woman, and \$1,550 for a single Black man.<sup>15</sup>

Obtaining a higher education does not erase that gap. In fact, the median Black household headed by a person with a bachelor’s degree has [less wealth](#) than the median White household headed by a person *without* a high school diploma.<sup>16</sup> According to an analysis of data from the 2013 Panel Study of Income Dynamics (PSID), conducted by researchers at the Samuel DuBois Cook Center on Social Equity and the Insight Center for Community Economic Development, the median wealth of a single Black woman without a bachelor’s degree was [\\$500 versus \\$8,000](#) for a single White woman without a bachelor’s degree. A college-educated, single Black woman had \$3,000 *less* in median wealth than a single White woman *without* a bachelor’s degree (\$5,000 versus \$8,000 respectively), and \$30,000 less than a single White woman with a bachelor’s degree in 2013 (\$5,000 versus \$35,000 respectively).<sup>17</sup> Even more shocking, the median net worth of a married Black woman with a bachelor’s degree was [\\$45,000](#) compared to \$260,000 for a married, college-educated White woman. And wide disparities persist. It’s no wonder Black women take on high amounts of student debt and have a harder time repaying it.<sup>18</sup>

Because Black families have less wealth and lower earnings, Black borrowers — and Black women in particular — are less likely to receive financial support from family or friends to help cover the cost of college or student debt (see Figure 3).

**FIGURE 3: RECEIVED HELP FROM FAMILY OR FRIENDS IN PAST 12 MONTHS TO PAY FOR LOANS**



Source: Education Trust Analysis of U.S. Department of Education, National Center for Education Statistics, *Baccalaureate and Beyond: 2016/2017 (B&B)*.

Note: American Indian or Alaska Native females and males and Pacific Islander/Hawaiian females and males were not included because reporting standards were not met or the standard error represented more than 50% of the estimate.

## MANY BLACK WOMEN ARE STUDENT PARENTS

Not only do structural barriers make it harder for many Black women to repay their student loans, but Black women are more likely to be student parents. According to the Institute for Women's Policy Research, [40% of Black women in college are parents](#) — a higher proportion than any other group.<sup>19</sup> The added costs of raising a child, the high cost of child care, and the financial insecurity faced by many student parents can [lead them to borrow more](#) for college.<sup>20</sup> Student parents [borrow more than non-parents](#), and mothers, particularly single mothers, borrow the most.<sup>21</sup> [Black student parents borrow more](#) than any other racial or ethnic group.<sup>22</sup>

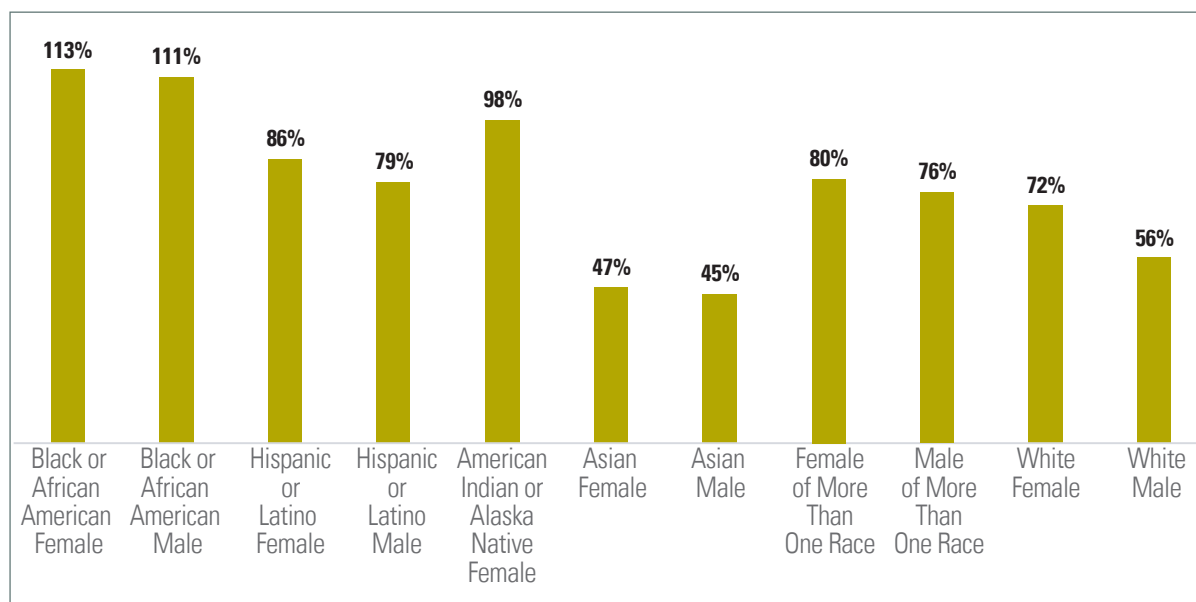
Not surprisingly, the associated expense of raising children can make debt repayment more difficult. Children are [expensive](#).<sup>23</sup> Nationally, the average cost of base-quality center-based care is \$15,900 for infants, \$13,200 for toddlers, and \$10,700 for preschool-age children. High-quality child care is even more expensive.<sup>24</sup> Child care is unaffordable for many Black parents. Sixty-nine percent of Black working parents experience [unaffordable child care](#) — meaning they pay more than the federal benchmark (7% of family income) for child care — compared to 60% of White parents.<sup>25</sup>

**Lisa, who owes \$115,000, described her experience as a parent in repayment like this:** *“I was, I think, 22, on my third kid, barely had money to feed them [...] and pay bills. And then [the loan servicer] kept sending letters, and I was just like, ‘I can’t pay them. [...] I don’t know what they want from me. I don’t have the money.’ And then I had moved, so I guess they had sent these court papers to a different address. And then, next thing I know, my job was like, ‘Hey, we’re garnishing [your paycheck] for this money.’”*

## BLACK WOMEN ARE STRUGGLING TO MANAGE REPAYMENT

Thanks to lower earnings, a lack of wealth, and other structural inequalities, many Black female study participants said they struggle to make monthly payments and are deeply concerned that they will never be able to pay off their student debt. Unfortunately, the statistics bear that out. Few Black women make significant progress in repaying their debt. Twelve years after starting college, Black women owe 13% more than they borrowed compared to White men, who, by then, have paid off 44% of their debt (see Figure 4).<sup>26</sup>

**FIGURE 4: RATIO OF AMOUNT OWED TO AMOUNT BORROWED FOR FEDERAL LOANS  
12 YEARS AFTER STARTING COLLEGE**



Source: Ed Trust analysis of U.S. Department of Education, National Center for Education Statistics, *Beginning Postsecondary Students: 2004/2009 (BPS)*.

Note: American Indian or Alaska Native males and Pacific Islander/Hawaiian males and females were not included because reporting standards were not met.

Most of the Black women in the study had used forbearance or deferment to postpone payments; some had defaulted when they lacked the means to pay. For federal student loans, default occurs after a borrower misses payments for nine months. Forty-five percent of Black women who began college in 2003-04 defaulted on their loans 12 years after starting school.<sup>27</sup> Default ruins a person's credit and can limit their ability to buy or rent a home or a car, or even get a job. Once a person is in default, the federal government may [garnish their wages](#) and Social Security benefits and withhold their tax refunds.<sup>28</sup>

**Maisha, who borrowed \$10,000 while pursuing a bachelor's degree she did not complete, described how defaulting negatively affected her credit:** *"Once it affect[ed] the credit score, it affected the types of jobs I could apply for. It affected a lot of different avenues for me. I definitely couldn't ask for another loan [...]. I couldn't [get] a car loan. I would have to pay for a car that was probably 20 years old and on its last legs, but then I would have to come out of pocket for that, so I was mostly tethered to the jobs that were around my bus line or around the BART [Bay Area Rapid Transit] line, so that I could go anywhere I needed to go [and] back and forth to work on my bus pass."*

## HOW FEDERAL POLICYMAKERS CAN END THE STUDENT DEBT CRISIS FOR BLACK WOMEN

The student debt crisis among Black women is the result of failed and intentionally racist policies.<sup>29</sup> Policymakers must act. The Biden administration and Congress should take the following actions to end the student debt crisis and make college affordable for future students:

1. More than 80% of the participants in the “[Jim Crow Debt](#)” study think the federal government should cancel all student debt.<sup>30</sup> The Education Trust supports canceling at least \$50,000 of federal student debt and opposes limiting eligibility for cancellation by income, loan type, or degree level (e.g., undergraduate versus graduate degree).
2. In the absence of total broad-based debt cancellation, the Biden administration should make significant improvements to income-driven repayment (IDR) plans to make monthly payments more affordable, reduce negative amortization, and shorten the time to forgiveness.
3. To make college affordable, Congress should double the Pell Grant and create federal-state partnerships to make public college debt free.

Addressing this crisis is an important step toward improving racial equity in higher education. Additionally, research has shown that canceling student debt would help [reduce the racial wealth gap](#)<sup>31</sup> and inequality, which have grown in recent years and hurt individuals, the American economy, and our society.

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