



<https://educationdata.org/student-loan-debt-by-race>

## Student Loan Debt by Race

by Melanie Hanson

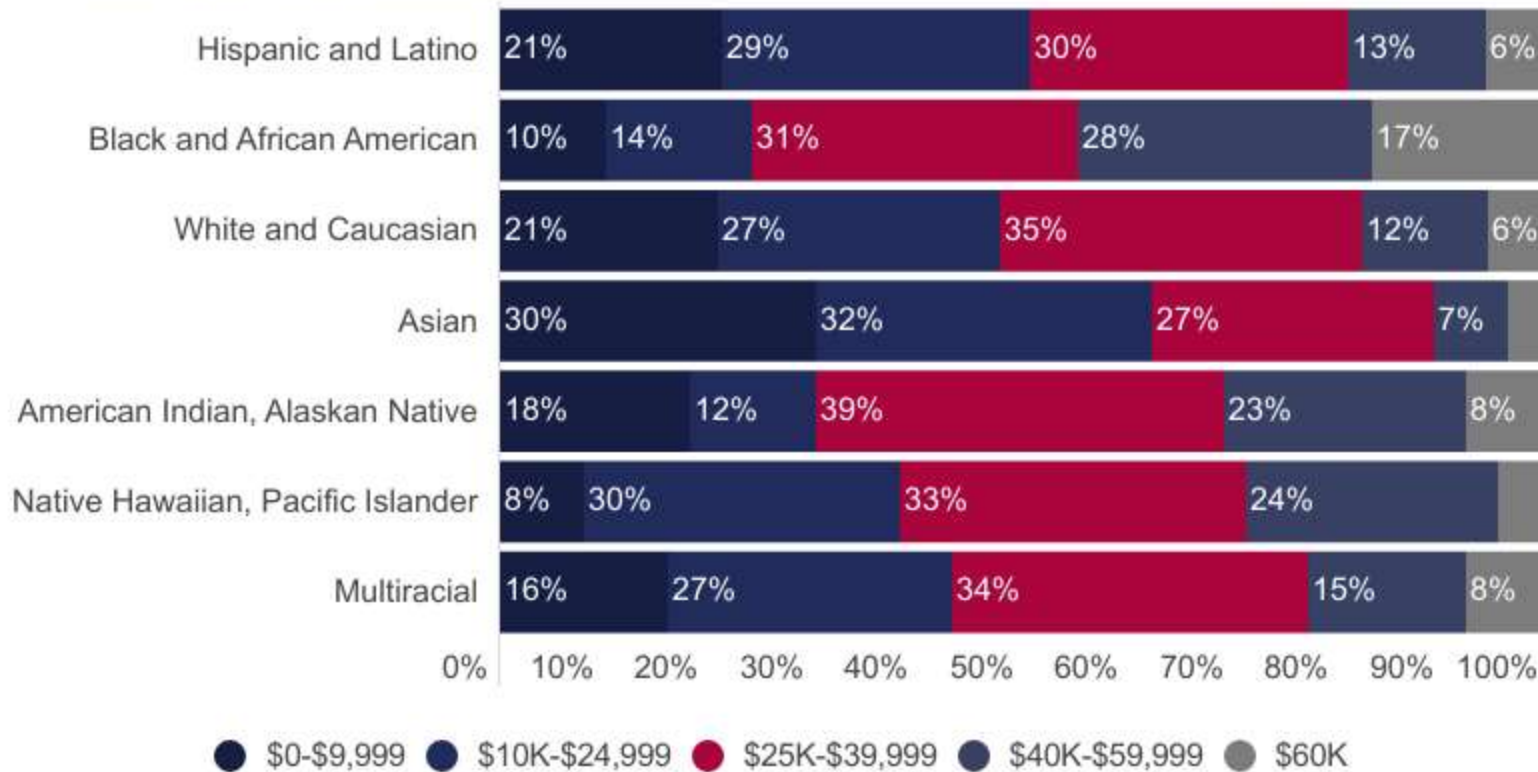
Last Updated: January 16, 2023

**Report Highlights.** Student loan debt statistics among racial and ethnic groups reflect dramatic differences in financial health, habits, and resource availability from one community to the next.

- Black and African American college graduates owe an average of **\$25,000** more in student loan debt than White college graduates.
- Four years after graduation, **48%** of Black students owe an average of **6% *more than they borrowed***.
- Black and African American student borrowers are the most likely to struggle financially due to student loan debt making monthly payments of **\$289**.
- **54%** of all student loan debt is held by White and Caucasian student borrowers.
- Asian college graduates are the fastest to repay their loan debt and the most likely to earn a salary that exceeds their student loan debt balance.

Related reports include [Student Loan Debt Statistics](#) | [Student Debt by Age](#) | [Student Debt by Sex & Gender](#) | [Economic Effects of Student Loan Debt](#) | [Student Loan Refinancing](#)

## Average Student Loan Debt One Year After Graduation by Race



Source: National Center for Education Statistics

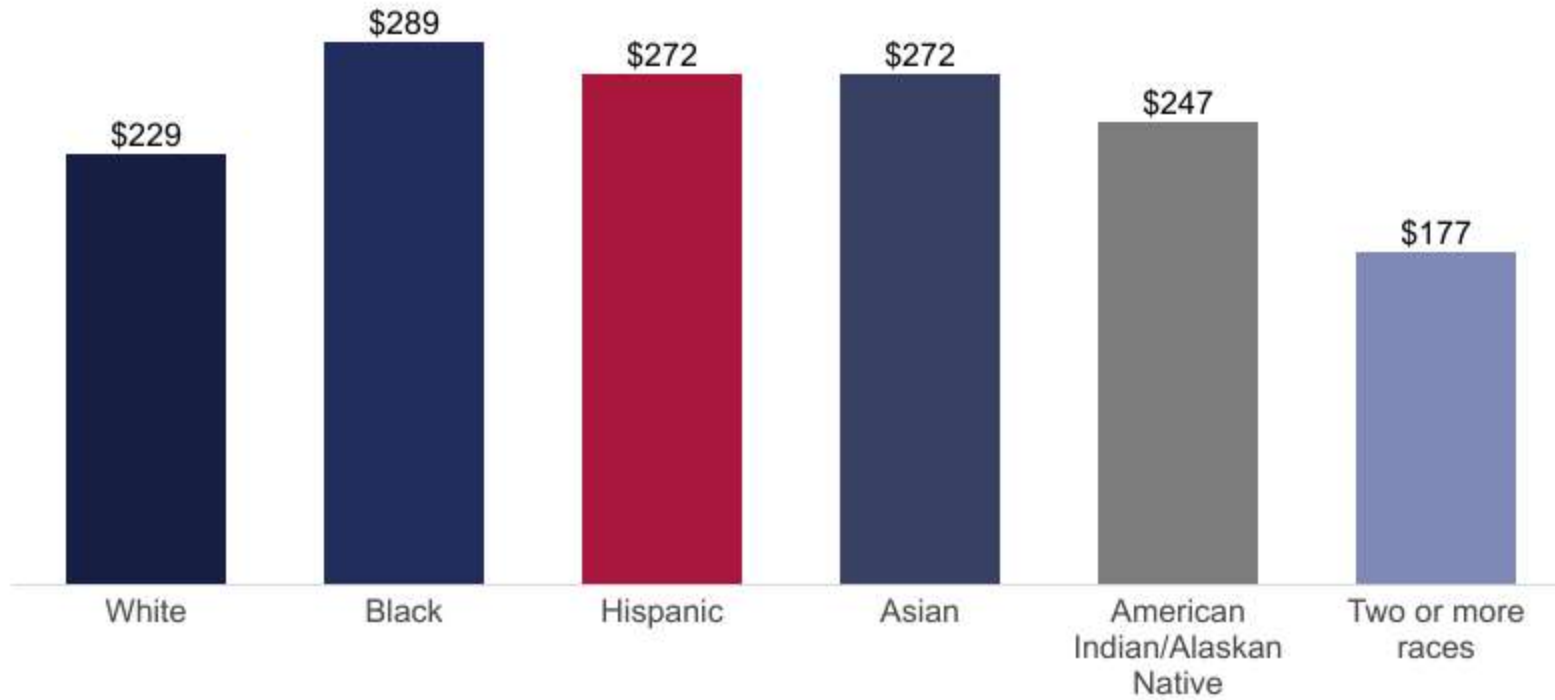
Scientists, economists, and sociologists agree that racial and ethnic variations in student loan debt and repayment are the result of socioeconomic factors, rather than physical or inborn characteristics. Charting trends in student debt across racial and/or ethnic lines helps define these socioeconomic factors. This information influences public policy, as well as financial and academic strategies.

## Student Loan Debt by Race and Ethnicity

The fact that borrowers of certain races and ethnicities face exceptional obstacles in their quest for advanced education is universally accepted among academic financial specialists.

- Black and African American bachelor's degree holders have an average of \$52,000 in student loan debt.
- 45% of this debt is from student loans for graduate school.
- 40% of Black graduates have student loan debt from graduate school while 22% of White college graduates have graduate school debt.
- Over 50% of Black student borrowers report their net worth is less than they owe in student loan debt.
- At 52%, Asian student borrowers are the most likely to have a net worth that exceeds their student loan debt.
- Asian bachelor's degree holders are the most likely to have paid off their student loan debt.
- 59% of Asian student borrowers still have educational loan debt.
- 67% of Hispanic and Latino student borrowers have educational debt.
- 70% of White and Caucasian student borrowers have student loan debt.
- Four years after graduation, 48% of Black students owe an average of 12.5% more than they borrowed.
- After that same period, 83% of White students owe 12% less than they borrowed.

## Monthly Student Loan Payments by Race



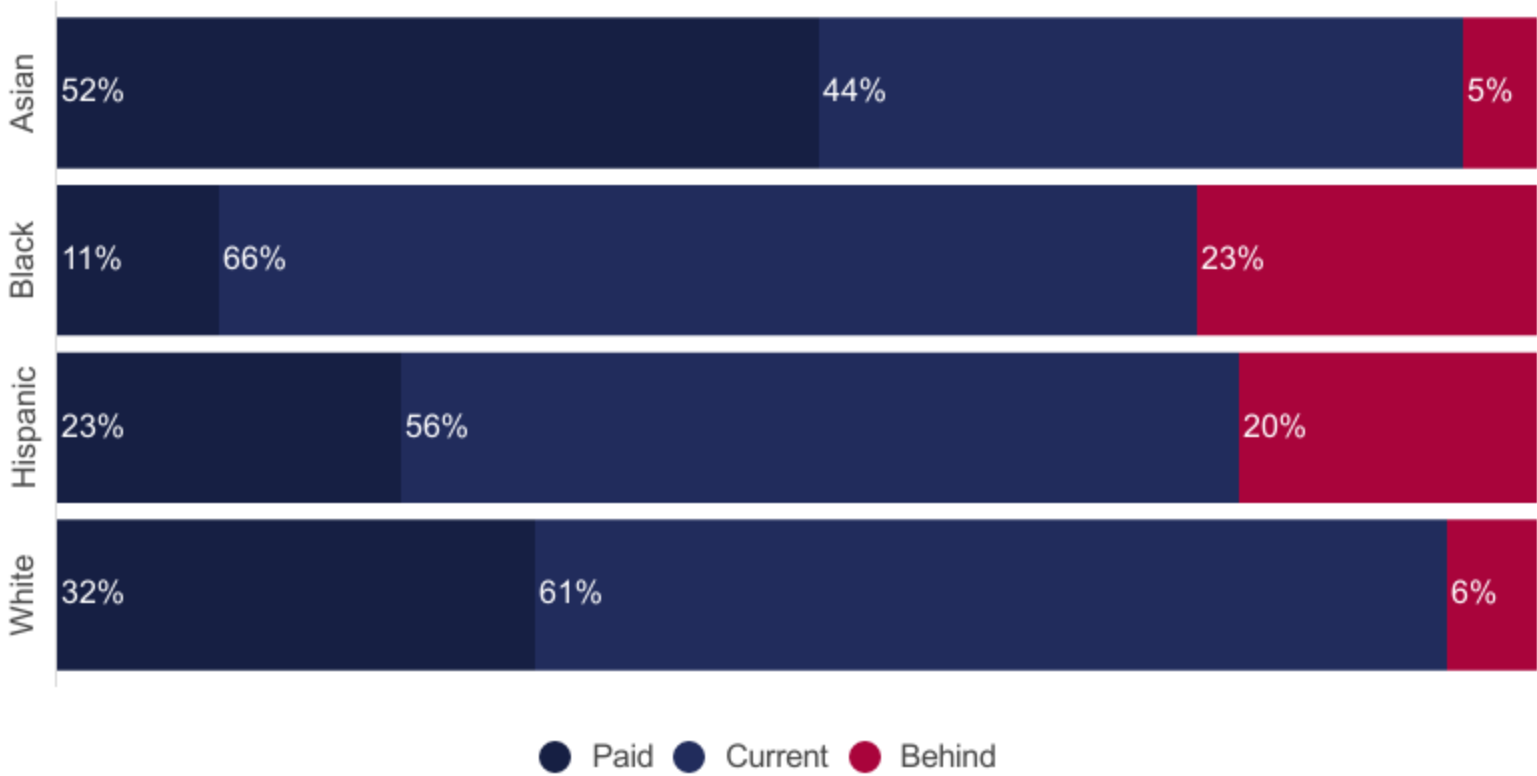
Source: National Center for Education Statistics

## **Student Loan Debt Payments by Race**

Student loan repayment plans typically establish a regular monthly payment. It may be based on a percentage of their income and/or the size of their remaining debt. Lower monthly payments mean a higher ultimate cost due to interest rates.

- American Indian and Alaska Native student borrowers owe the highest monthly payments.
- Black and African American student borrowers are the second-most likely to have monthly payments of \$350 or more.
- Native Hawaiians and Pacific Islanders are the most likely to have monthly payments of less than \$100.
- Native Hawaiians and Pacific Islanders are also the least likely to have payments of \$350 or more.
- Asian students pay low- and high-end rates in roughly equal proportions.
- The proportion of Asian students paying less than \$100 per month is about equal to the proportion of American Indians and Alaska Natives with payments in that range.

# Payment Status of Student Loans for Own Education



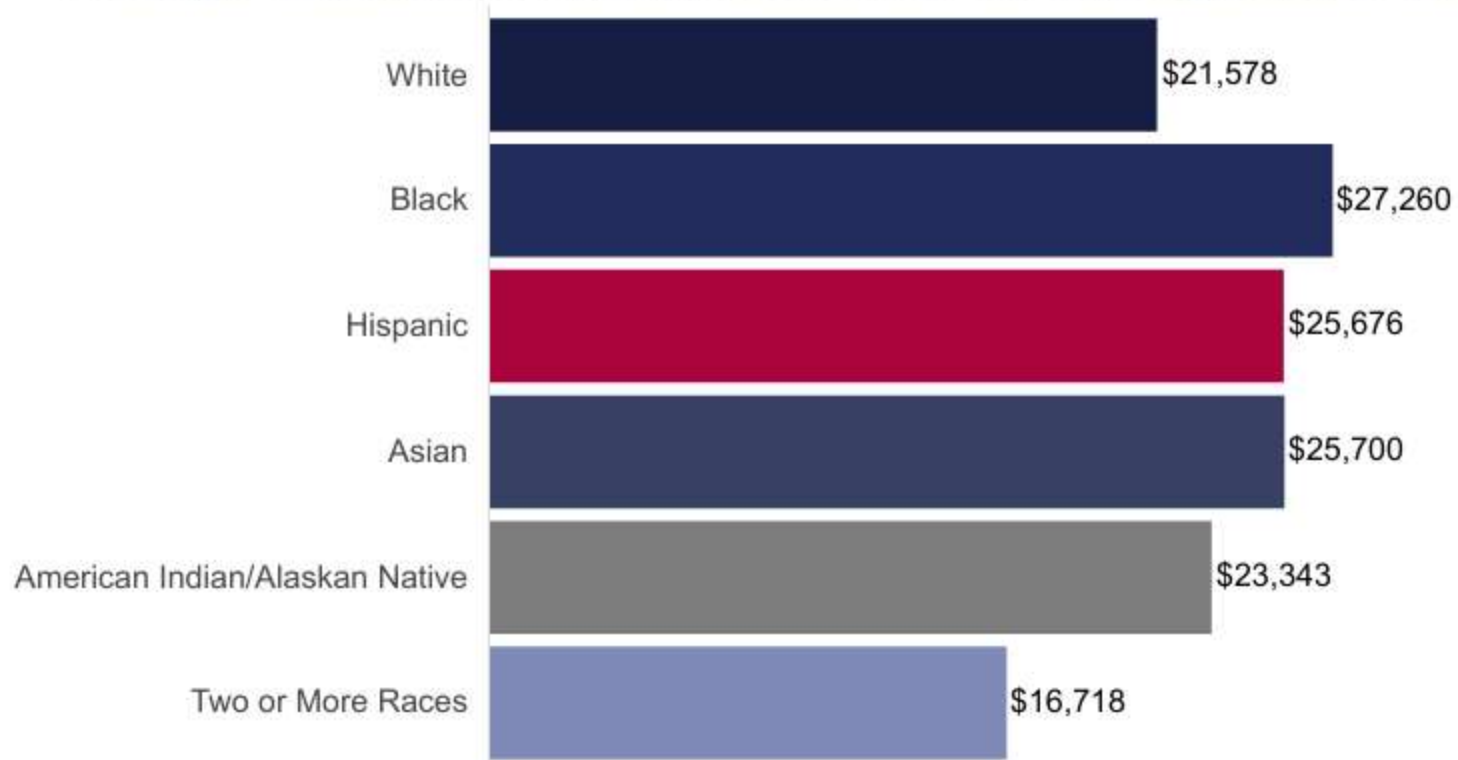
Source: Federal Reserve

## Student Loan Debt Impact by Race

Student loan debt may have a significant effect on an indebted borrower's financial decisions. Many student borrowers report that they've delayed life goals and milestones due to debt. Stress-related to educational debt may also hinder personal timelines.

- Hispanic and Latino borrowers were the most likely to delay getting married and having children due to student loan debt.
- 33% of Hispanic student borrowers say they put off getting married due to their student loan debt.
- 37% of Hispanic borrowers delayed having children due to debt.
- At 46%, Black student borrowers were the most likely to put off buying a home.
- At 43%, Black indebted student borrowers are also the most likely to report having to work more than they would prefer.
- In 2007/'08, Black bachelor's degree holders were the most likely among their indebted peers to describe their educational debt-related stress as "very high."
- Multiracial people reported the lowest amounts of stress.
- In 2012, multiracial people were the most likely to report high-stress levels.
- Multiracial people were also the most likely to call their stress levels "very low."
- 58% of Black borrowers do not believe student loans have advanced racial equality.
- 66% of Black borrowers report they regret having taken out student loans to fund their education.

## Average Cumulative Amount Borrowed for Undergraduate Study



Source: National Center for Education Statistics



## **Student Loans by Race and Ethnicity**

Logically, the initial amount borrowed has a tremendous impact on outstanding student loan debt as well as the amount a borrower ultimately pays. Most undergraduate students borrow less than \$10,000 in total.

- 40.2% of White undergraduate students use student loans to pay for school.
- 55% of student loans go to White students.
- 50.8% of Black students use student loans.
- 20% of loans go to Black students.
- 23% of Asian students use 4% of student loans.
- 0.3% of loans go to Pacific Islanders.
- Black students are the most likely to receive Federal loans.
- Asian students are least likely to receive Federal loans.
- White students are most likely to receive nonfederal loans.
- Pacific Islanders are the least likely to receive nonfederal loans.
- In the 2015-2016 academic year, Pacific Islanders received the largest average loan at \$12,820.
- That same year, White students received the second-largest average loan at \$12,350.
- American Indians and Alaskan Natives received the lowest average loan amount at \$9,400.
- 32% of Black and African American undergraduate student loan recipients borrow \$40,000-\$59,999, cumulatively.
- 62.5% of Asian student borrowers take out less than \$10,000 in loans to pay for college.

## **Student Loan Debt Forgiveness & Race**

Most research regarding student loan debt forgiveness and race focuses on the impact on Black borrowers (most likely because this demographic is the most likely among races to pay a disproportionate amount in student loan interest). While the elimination of loan payments allows households to reallocate those funds to investments, lawmakers disagree on how student loan debt forgiveness might impact racial wealth gaps in the long run.

- Student loan debt forgiveness would immediately increase the wealth of Black Americans by up to 40%.
- Black college attendees have a net worth that is \$8,500 less than their White peers.
- White bachelor's degree holders make between 19% (among women) and 30% (among men) more in median annual income than their Black counterparts.

- White households have a homeownership rate of 73% while 43% of Black households own their home.
- 60% of still-indebted Black student loan borrowers do not have a savings account.
- Among Black student borrowers on income-driven repayment plans, 71% do not have a savings account.

## Private Student Loans by Race

White Caucasian students are the most likely to use private loans and receive the highest amount of money on average.

- 73.2% of White students who use private loans borrow \$4,000 or more.
- Hispanic and Latino students are the second most likely to borrow high amounts from private sources.
- 69.4% of Hispanic and Latino students who use private loans borrow \$40,000 or more.
- 68.8% of Black and African American students who borrow from private organizations borrow \$40,000 or more.

## Source

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2. [National Center for Education Statistics \(NCES\), Digest of Education Statistics](#)
3. [U.S. Federal Reserve, Report on the Economic Well-Being of U.S. Households in 2016 – May 2017](#)
4. [NCES, Debt After College: Employment, Enrollment, and Student-Reported Stress and Outcomes](#)
5. [NCES, Baccalaureate and Beyond Longitudinal Study](#)
6. [ED, Fact Sheet: Black College Graduates and the Student Debt Gap](#)
7. [NCES, Baccalaureate and Beyond \(B&B:16/17\): A First Look at the Employment and Educational Experiences of College Graduates, 1 Year Later](#)
8. [New York Department of Consumer Affairs, Unequal Burden: Black Borrowers and the Student Loan Debt Crisis](#)
9. [Roosevelt Institute, How Canceling Student Debt Would Bolster the Economic Recovery and Reduce the Racial Wealth Gap](#)
10. [Student loans, the racial wealth divide, and why we need full student debt cancellation](#)
11. [Experts: Biden student loan forgiveness not enough for Black borrowers](#)
12. [Student loan debt has a lasting effect on Black borrowers, despite the latest freeze in payments | PBS NewsHour](#)
13. [Economic Well-Being of U.S. Households in 2020 – May 2021 – Student Loans](#)
14. [CMD Data Bank – FEDERAL RESERVE BANK of NEW YORK](#)