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Black College Grads Owe Nearly Twice as Much Student Debt as Whites Four Years Out

The findings suggest the past decade's surge in student debt is affecting blacks far more than any other racial group [ENLARGE](#)

A new paper suggests the past decade's surge in student debt is affecting blacks far more than any other racial group. *PHOTO: JOSE LUIS MAGANA/ASSOCIATED PRESS*



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Blacks owe nearly twice as much student debt as whites four years after graduating college—and they are three times more likely to default.

Those findings, contained in [a new paper](#) from the **Brookings Institution**, suggest the past decade's surge in student debt is affecting blacks far more than any other racial group. The debt rise largely reflects higher enrollment among blacks in college and graduate school, which typically leads to better careers and an earnings boost. But it also threatens to increase wealth inequality as blacks carry higher balances while persistently earning less than whites in the workplace.

Other research shows that while black college graduates fare far better than blacks without college, they still fare worse than white peers. The average unemployment rate for black college graduates last year stood at 4.1%, nearly double the 2.4% jobless rate among white college grads,

the Economic Policy Institute [found](#). The national unemployment rate, across all races and education levels, averaged 5.3%.

And in 2013, the typical black household headed by someone with a college degree earned \$52,147, compared with \$94,351 among white college-educated households, according to [research released last year](#) by the **Federal Reserve Bank of St. Louis**.

The Brookings paper used data from the **Education Department** and the **Census Bureau** to track two groups—1993 and 2008 college grads—and how much debt they owed four years after graduation. Student debt surged across all races when comparing the 2008 class to the 1993 class. But the biggest increase, by far, occurred among African-Americans, leaving huge racial disparities today.

Blacks who graduated college in 2008 owed an average \$52,726 in student debt as of 2012. Whites owed \$28,006. Asians owed a bit less than whites while Hispanics owed slightly more. (One caveat: The figures include those who didn't borrow anything. Blacks are much more likely to take out student debt in the first place than whites. When excluding nonborrowers, the white-black gap shrinks.)

Meanwhile, 7.6% African-American borrowers from the 2008 class had defaulted on their loans by 2012, compared with 2.4% of whites.

“I was shocked when I saw these numbers,” said **Judith Scott-Clayton**, an associate professor at **Columbia University's Teachers College** who co-wrote the study. “We've been hashing them for months trying to see, ‘Are we missing something?’” She pointed out that other researchers have documented racial disparities in student debt upon graduation, but that this is the first time research has shown gaps postgraduation.

Why do black grads owe so much more than whites four years out? Ms. Scott-Clayton and her co-author, Columbia research associate **Jing Li**, point to several reasons.

Blacks owe more starting out because they come from families with less wealth and savings than whites. Upon graduation, blacks in 2008 owed an average \$23,400 in student debt, versus \$16,000 for whites.

That \$7,400 gap more than triples four years later. The biggest reason: Graduate school. Black college grads are much more likely than whites to attend grad school within four years, they borrow more to do so.

Nearly half of black graduates, 47%, from 2008 enrolled in grad school within four years, compared with 38% of whites. Fifteen years earlier, blacks were only slightly more likely to go to grad school than whites. The development is generally positive, the authors write: African-Americans with graduate degrees earn far more than those with bachelor's degrees or less.

But the authors point to one concern: Blacks are far more likely to have attended a for-profit school than whites.

Ms. Scott-Clayton said the government lacks data to study the outcomes of those who attended for-profit graduate schools. But she pointed to problems more broadly in the sector, such as low graduation rates and earnings, as signs that attending for-profit schools carry big risks.