

# Student Loan Debt

## 2024 AFN Centering Economic Equity

### The Weight of Student Loan Debt

Student loan debt is now the second-highest consumer debt category after mortgages,[i] totaling over \$1.7 trillion with 43.2 million borrowers.[ii] In 2022, the median outstanding education debt was between \$20,000 and \$24,999 with just above 25% of student loan borrowers having less than \$10,000 in outstanding debt. Black borrowers and women were more likely to carry higher balances on student loan debt. Borrowers with lower levels of education were more likely to carry lower balances of student loan debt. Borrowers with less education or lower income were more likely to be behind on their student loan payments.[iii]

### The Burden Is Not Equally Distributed

**Undergraduate vs. Graduate:** While 29% of undergraduate students borrow federal loans, 20% of those with undergraduate degrees have outstanding student debt. While 66% of graduate students borrow federal loans, only 24% of postgraduate degree holders have outstanding student loans.[iv]

*“Centering race is critical to address longstanding racial inequities in higher education and to advancing a system that provides equitable opportunities for students from all walks of life to thrive before, during, and after college.” [v]*

**Race:** Student debt disproportionately burdens Black households. In 2019, Black households had nearly 8 times less wealth than white households.[vi] When students encounter difficulty affording college, they are less likely to graduate, leaving them with high levels of debt and lower earning potential.

Among bachelor’s degree holders, Black students are the most likely to borrow federal loans at 76.1%.[vii] Black college graduates owe an average of \$25,000 more in student loan debt than white college graduates, and 60% of still-indebted Black student loan borrowers do not have a savings account.[viii] Black Americans are the only borrowers who have student debt higher than their median annual income. [ix]

*“TICAS found that students who attended colleges serving greater shares of racially marginalized students earned less income 10 years after graduation than their peers from colleges with smaller shares of students of color. Even more alarming, at colleges serving the largest shares of Black students, borrowers owed more in student loans than they originally borrowed a decade after starting repayment.”[x]*

**For-Profit Colleges:** Students at for-profit institutions are more likely to borrow, incur higher debt loads, and be at risk of default. These colleges account for half of all student loan defaults, although they enroll only 10% of students.[xi] Students earned less; borrowers owed more in student loans; and completers were less likely to have an earnings premium compared to peers at public and non-profit colleges.[xii]

College completion is an important factor in making progress to pay down student debt; however, completers and non-completers at for-profit institutions owed more than they originally borrowed, especially for-profits serving the largest share of students of color.[xiii, xiv]

*“High-cost, low-return programs at for-profits disproportionately affect students of color, who often must borrow more due to wealth disparities, and then face wage discrimination upon graduation.”[xv]*

**Women & LGBTQ+:** 66% of all student loan debt belongs to women, and borrowers who identify as LGBTQ+ have an average of \$6,000 more in student loan debt. Compared to other women, Black women have the highest level of student debt following college graduation at \$29,051.[xvi]

## Student Loan Forgiveness

**A drop in the bucket:** More students benefited from forgiveness in 2023 than ever before, but the total dollar amount forgiven was less than 1% of the national outstanding balance. Just over 18% of eligible student borrowers applied for loan forgiveness in 2023.[xvii] Student loan debt forgiveness would immediately increase the wealth of Black Americans by up to 40%.[xviii]

**Biden’s 2025 Budget Proposal**[xix] would:

- eliminate origination fees on federal student loans;
- increase the maximum federal Pell Grant award by \$750;
- provide two years of subsidized tuition for students from families earning less than \$125K enrolled in four-year historically Black colleges and universities (HBCUs), Tribally-controlled colleges and universities (TCCUs), or minority-serving institutions (MSIs);
- invest in services for student loan borrowers; and
- reduce the costs of college by funding initiatives to support earning college credit in high school at no tuition.

## The Long-Term Cost of Student Loans

Student debt affects borrowers’ decisions on where to live, their type of work, starting a family, purchasing a home, or beginning a business.[xx] Paying down student loan debt, however, is not insurmountable for all borrowers. **Efforts are needed to regulate for-profit institutions, support students in completing degrees, promote income-contingent loan repayment options, and address challenges faced by students of color.** [xxi]

Paths forward exist through **financing higher education** with less debt and more grants, scholarships and savings.[xxii] **Comprehensive Approaches to Student Success (CASS) programs** — such as childcare, coaching, scholarships, and emergency aid — alongside **academic and career advising** have also been shown to improve student outcomes and credit accumulation, which has impacts on completion and earnings. [xxiii]

## Endnotes

[i] <https://educationdata.org/student-loan-debt-statistics>

[ii] <https://educationdata.org/student-loan-debt-statistics>

[iii] <https://www.federalreserve.gov/publications/2023-economic-well-being-of-us-households-in-2022-higher-ed-student-loans.htm>

[iv] <https://educationdata.org/student-loan-debt-statistics>

[v] <https://ticas.org/racial-equity-agenda/for-profits-remain-a-risky-investment-for-black-students-and-the-proposed-gainful-employment-rule-can-help/>

[vi] [https://ticas.org/wp-content/uploads/2023/01/Shifting-Narratives\\_Centering-Race-in-Defining-and-Measuring-College-Value.pdf](https://ticas.org/wp-content/uploads/2023/01/Shifting-Narratives_Centering-Race-in-Defining-and-Measuring-College-Value.pdf)

[vii] [https://ticas.org/wp-content/uploads/2023/01/Shifting-Narratives\\_Centering-Race-in-Defining-and-Measuring-College-Value.pdf](https://ticas.org/wp-content/uploads/2023/01/Shifting-Narratives_Centering-Race-in-Defining-and-Measuring-College-Value.pdf)

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

[ix] <https://educationdata.org/student-loan-debt-by-income-level>

[x] <https://ticas.org/wp-content/uploads/2023/09/REM-Sector-Fact-Sheet-Technical-Document.pdf>

[xi] <https://ticas.org/racial-equity-agenda/for-profits-remain-a-risky-investment-for-black-students-and-the-proposed-gainful-employment-rule-can-help/>

[xii] <https://ticas.org/racial-equity-agenda/race-and-economic-mobility-rem-college-value-for-students-of-color-across-sectors/>

[xiii] [https://www.nasfaa.org/uploads/documents/College\\_Completion\\_Crisis\\_Fuels\\_Student\\_Debt\\_Crisis.pdf](https://www.nasfaa.org/uploads/documents/College_Completion_Crisis_Fuels_Student_Debt_Crisis.pdf)

[xiv] <https://ticas.org/racial-equity-agenda/race-and-economic-mobility-rem-college-value-for-students-of-color-across-sectors/>

[xv] <https://ticas.org/racial-equity-agenda/for-profits-remain-a-risky-investment-for-black-students-and-the-proposed-gainful-employment-rule-can-help/>

[xvi] <https://educationdata.org/student-loan-debt-by-gender>

[xvii] <https://educationdata.org/student-loan-forgiveness-statistics>

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

[xix] [https://www.nasfaa.org/news-item/33072/Biden\\_s\\_2025\\_Budget\\_Proposal\\_Would\\_Boost\\_Pell\\_Eliminate\\_Student\\_Loan\\_Origination\\_Fees](https://www.nasfaa.org/news-item/33072/Biden_s_2025_Budget_Proposal_Would_Boost_Pell_Eliminate_Student_Loan_Origination_Fees)

[xx] <https://naacp.org/articles/student-debt-fact-sheet>

[xxi] <https://www.brookings.edu/articles/the-looming-student-loan-default-crisis-is-worse-than-we-thought/>

[xxii] [https://www.washingtonpost.com/opinions/black-college-graduates-are-losing-wealth-heres-what-can-help/2017/04/12/cd83ba64-1ba4-11e7-9887-1a5314b56a08\\_story.html](https://www.washingtonpost.com/opinions/black-college-graduates-are-losing-wealth-heres-what-can-help/2017/04/12/cd83ba64-1ba4-11e7-9887-1a5314b56a08_story.html)

[xxiii] <https://ticas.org/our-work/college-completion-2/comprehensive-approaches-to-student-success-programs-nationwide-by-state-and-institution/>