The Burden of Student Debt among Black Borrowers

Fenaba R. Addo, Ph.D.

Associate Professor of Public Policy

University of North Carolina- Chapel Hill

Institute for Research on Poverty

The Student Loan Crisis: Policy, Burden, and Borrower Well-Being

October 29, 2025

When leaving college:

10 years after leaving college:

Black students hold ***85%*** *more debt than Whites*

Source: NLSY-97; Author analyses (Houle and Addo 2019)

When leaving college:

Black students hold ***85%*** *more debt than Whites*

10 years after leaving college:

Black young adults hold ***170%*** *more debt than Whites*

Source: NLSY-97; Author analyses (Houle and Addo 2019)

When leaving college:

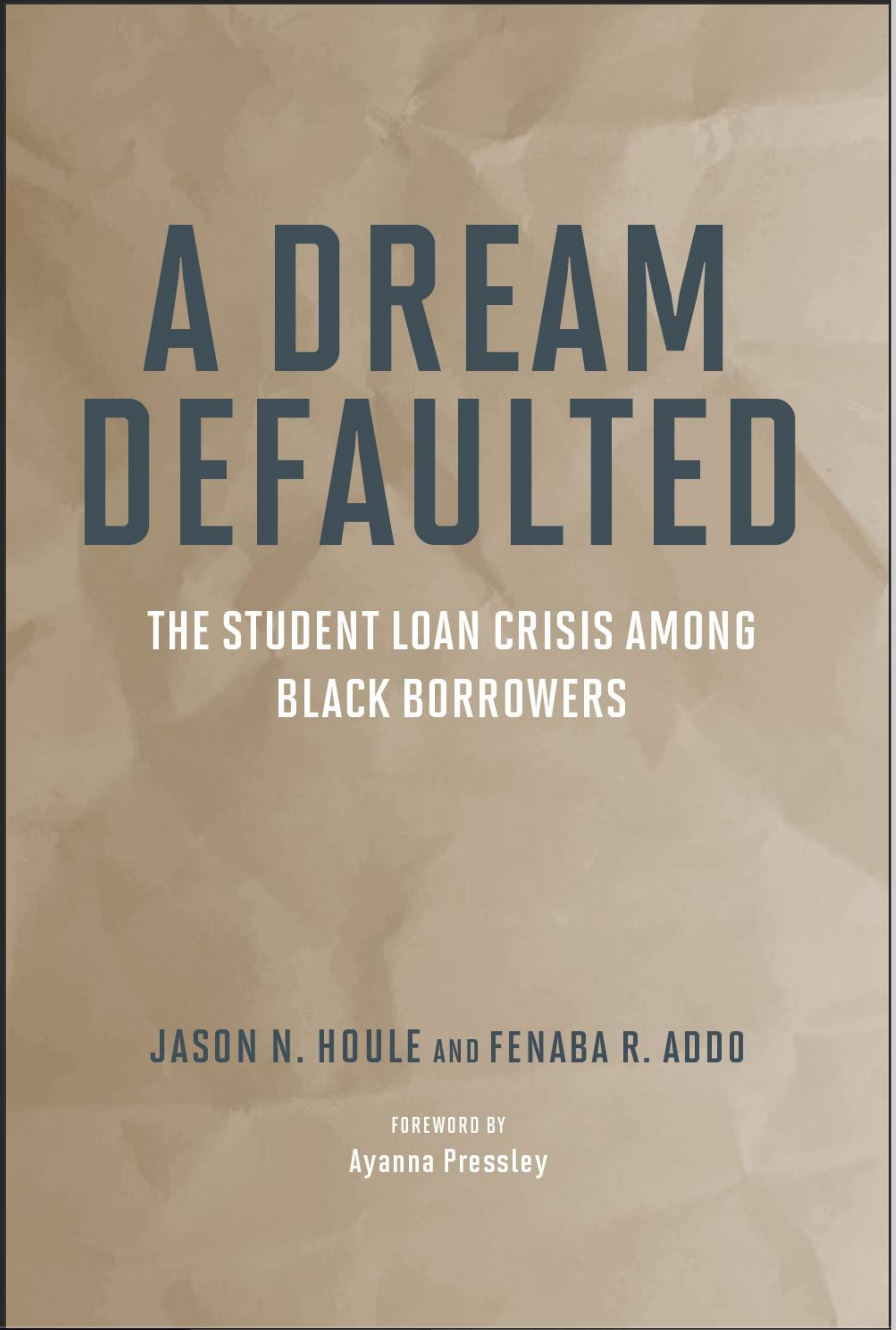
Black students hold ***85%*** *more debt than Whites*

10 years after leaving college:

Black young adults hold ***170%*** *more debt than Whites*

Black young adults owe **more** 10 years after college than the average White student did when they left college.

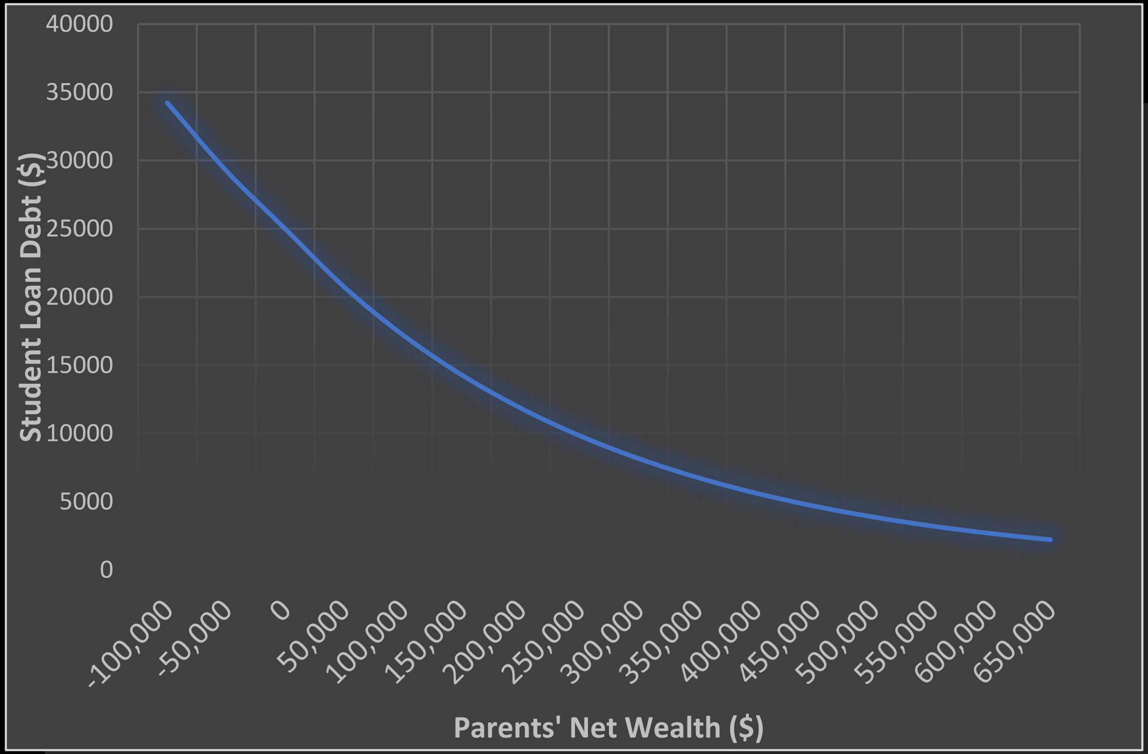
Source: NLSY-97; Author analyses (Houle and Addo 2019)



Houle, Jason N., and Fenaba R. Addo. *A dream defaulted: The student loan crisis among black borrowers*. Harvard Education Press, 2022.

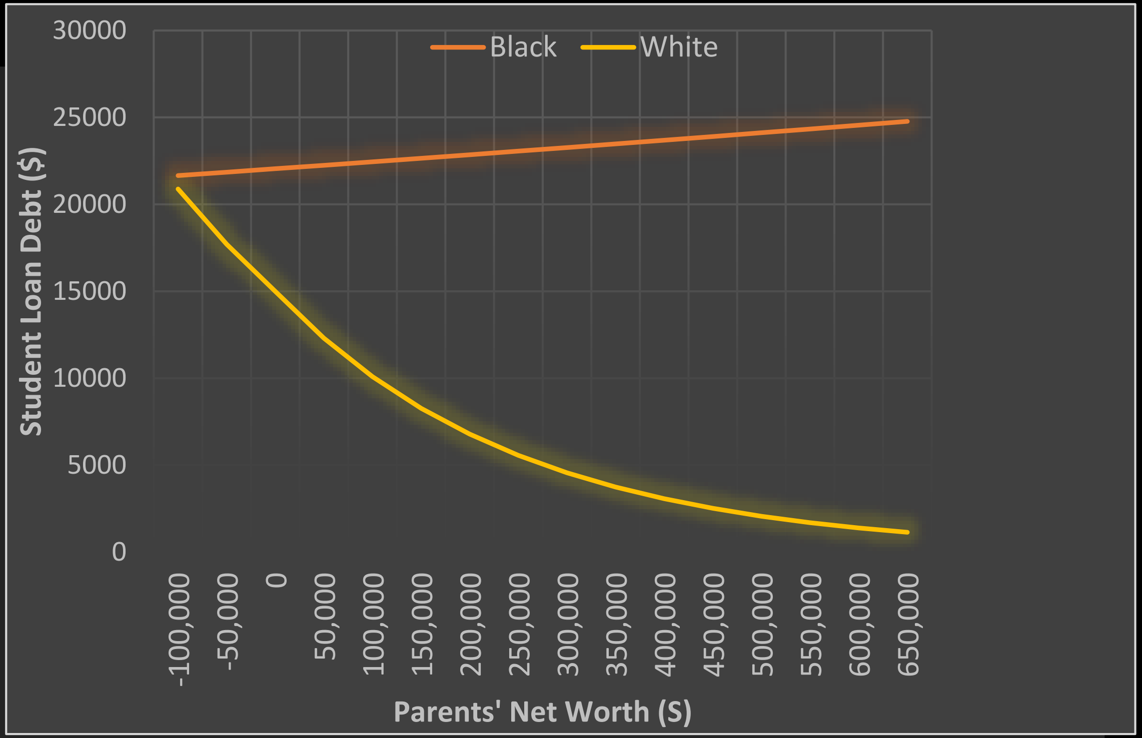
Off to College, Into the Red

Parental Wealth and Young Adult Student Loan Debt



Addo, F., J. Houle, and D. Simon. 2016. “Young, Black, and (Still) in the Red: Wealth, Race, and Student Loan Debt.” 2016. *Race and Social Problems* 8:64-76.

Parental Wealth and Young Adult Student Loan Debt, By Race of Young Adult



Addo, F., J. Houle, and D. Simon. 2016. "Young, Black, and (Still) in the Red: Wealth, Race, and Student Loan Debt." 2016. *Race and Social Problems* 8:64-76.

Relying on Family and Social Networks

"Mom and dad were just always there," he said. "But my aunt committed to what she called the *Aunt Scholarship.* She paid for my books every semester as long as I kept my GPA at a certain level. That was out of the kindness of her heart, which was a super-duper big help." Daniel, M, 22, graduate

"Freshman year, everybody helped in terms of extra money that I needed. [I was] still broke, but if I needed something, I could ask." Agnes, W, 32, graduate

The Intergenerational Cycle of Debt

"[During my college career] I took out like $20,000. And then the loans that my parents took out—I don't know the exact number, but I think it was closer to maybe $80 or $90,000." Alexandra, W, 28, graduate


The Hidden Costs of Debt Repayment

Self-blame and regret

"It's like on one hand, I should've done more education for myself. But then I feel like 'no, they kind of make you feel like it's okay.' So that financial literacy part is missing … [but] I kind of feel like I've been manipulated a bit.'" Naomi, 26, W, graduate

Jared, who accumulated approximately $30,000 in debt in college, said he had no choice but to borrow, but thought that others were less responsible. 31, M, graduate

Stress, psychological anguish, and a certainty of hopelessness

"like a dark cloud over my head" Lisa, 33, W, graduate

"Every time they send me an e-mail, I get a little nervous seeing the e-mail pop across my phone because, I feel like I never know what they want or I know that they could be asking for more money. Definitely stresses me out all the time." Virgil, 28, M, graduate

Dashed dreams in the transition to adulthood

- Delayed Milestones
- Career Reorientation and Sacrifices

Student Debt and the Reproduction of the Fragile Black Middle Class

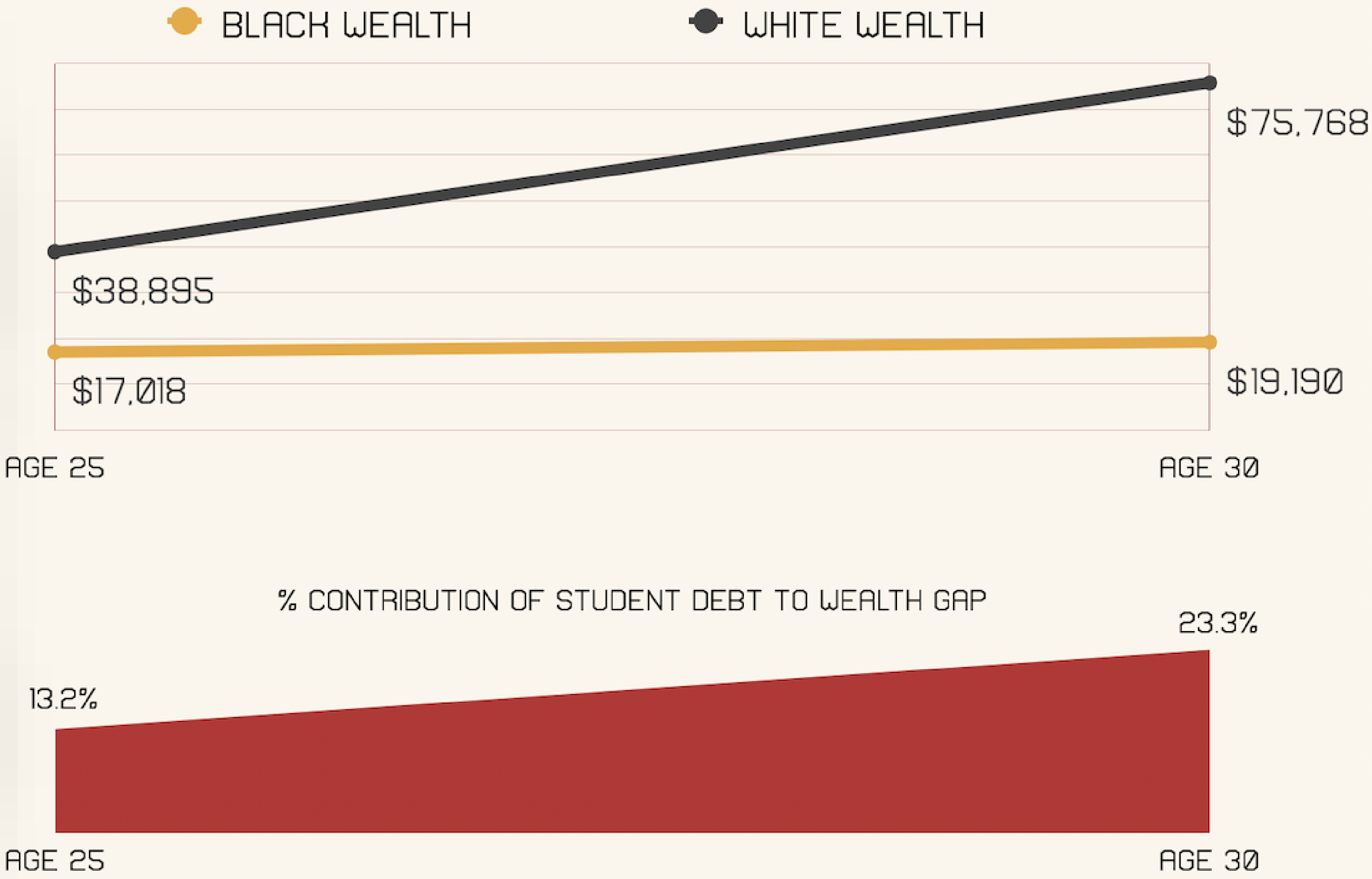
Planning for the future and falling short

"I mean, I would have more disposable income if I didn't have the debt. My net worth would be plus $17,000 right now if I didn't have the debt. So I mean, in the abstract sense, it has impacted it. And every month, every dollar that I put toward the debt is less money that I can save or invest in something else."

Yasmine, W, 32, graduate

EXPANDING WEALTH GAPS AND STUDENT DEBT

FROM AGE 25 TO 30



The Burden of Student Debt

- Many Black families use social capital, turning to extended family and community networks for financial support.
- College costs can be a burden on extended family, which can diminish wealth further as families help fund college education, often at great personal sacrifice.
- Student debt is associated psychological, relational, and economic strains, including stress, self-blame, delayed life milestones, and constrained career choices.

Call to Action

- Higher education must consistently be critically examined for its role in perpetuating racial and economic inequalities.
- Student debt isn’t just an individual burden but a societal mechanism reinforcing inequality.
- Empower borrowers by shifting the narrative from blame to systemic critique.
- Encourage a shift toward greater support to reduce financial burdens and ensure equitable access to higher education.

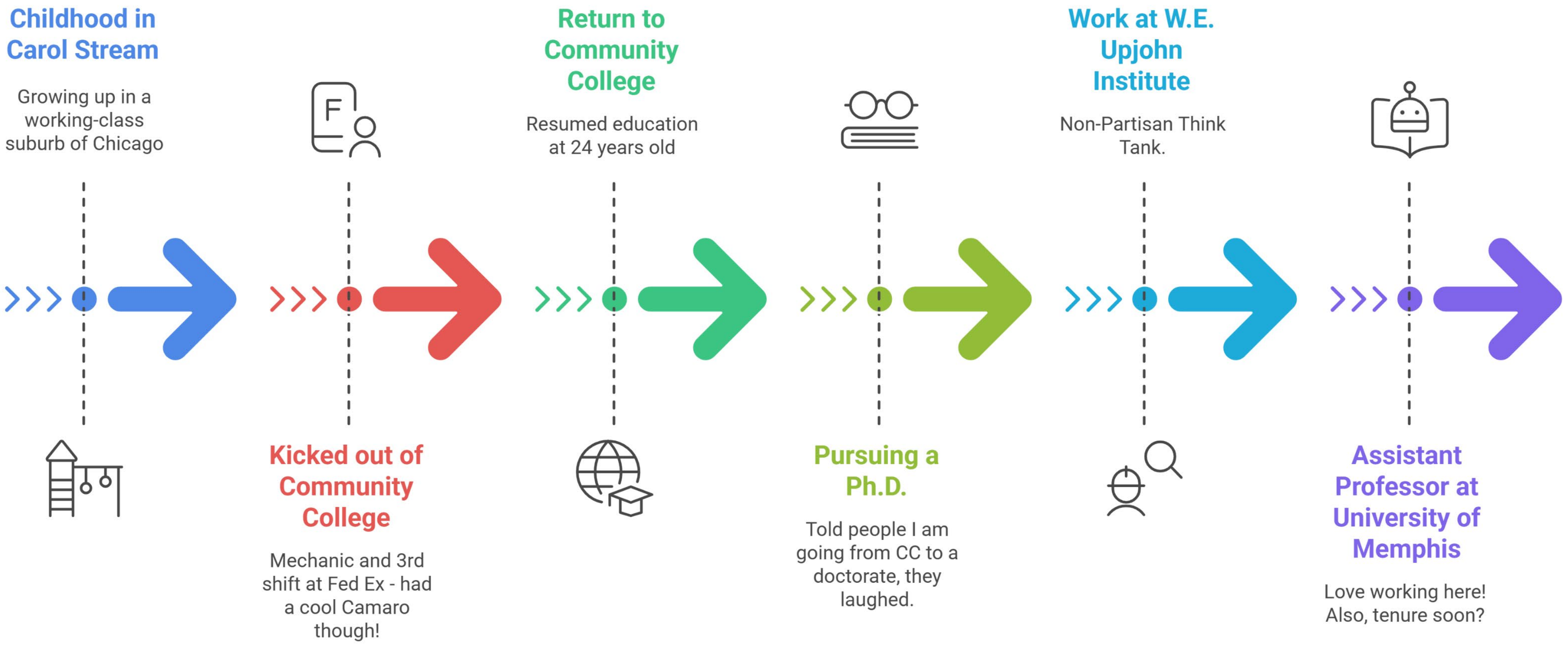
A DREAM DEFAULTED

THE STUDENT LOAN CRISIS AMONG BLACK BORROWERS

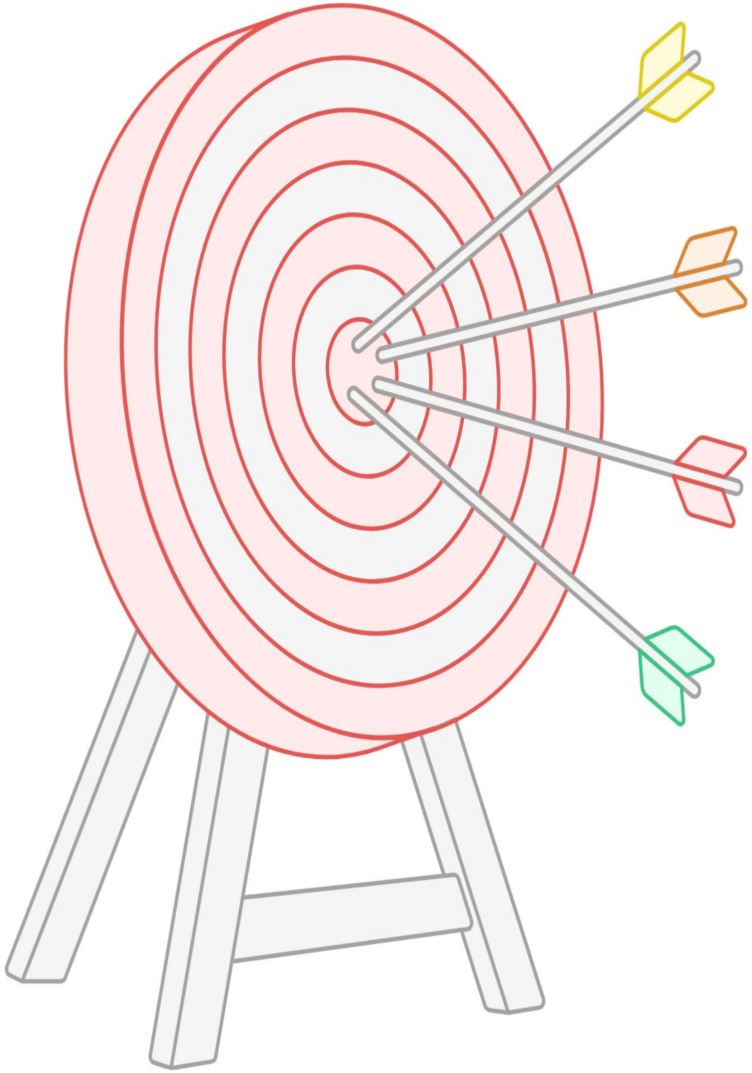
Balancing the Burden: Exploring the Impact of Student Loan Debt on Subjective Well-Being

Daniel A. Collier

Who Am I, Why Am I Talking To You?

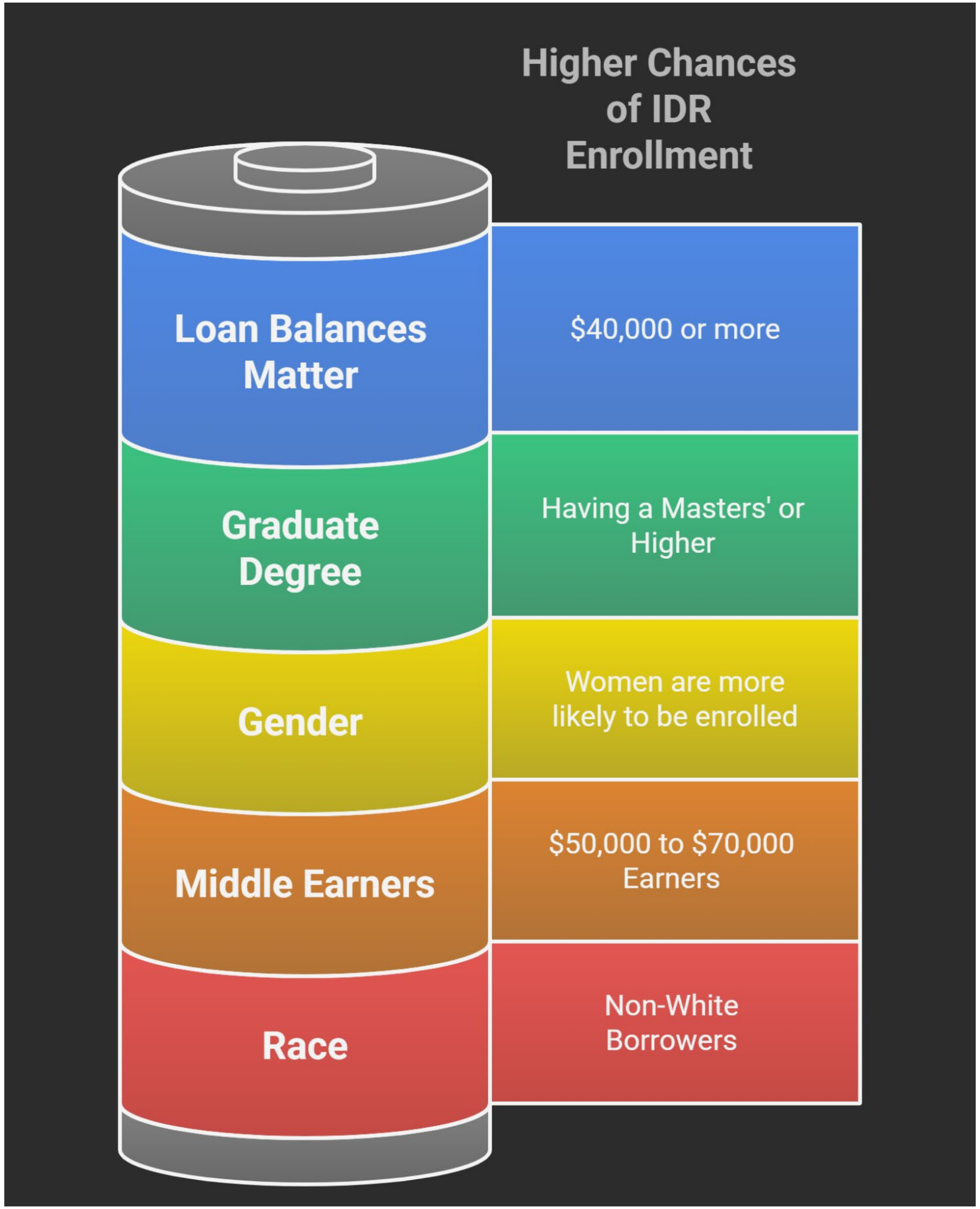


What are we talking about today?

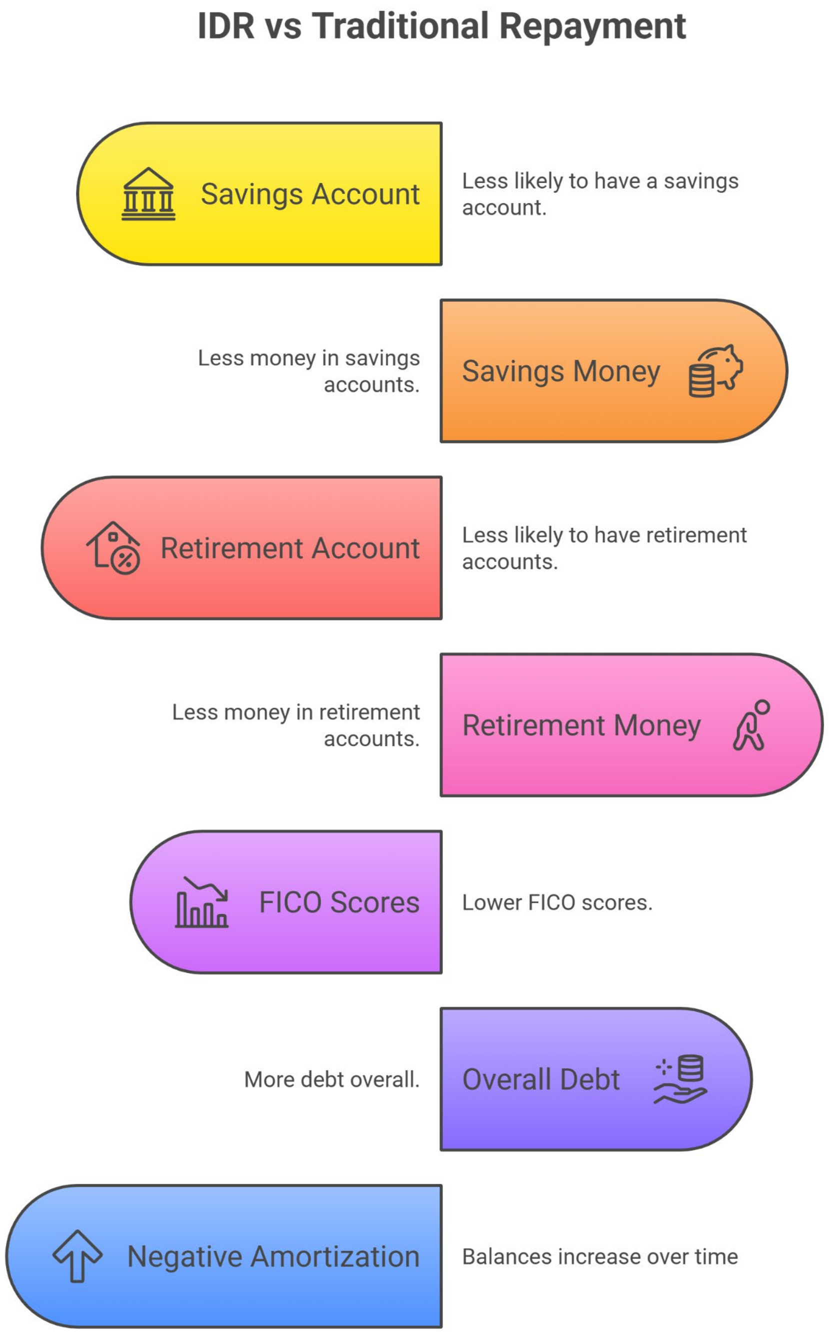


- **Student Loan Debt**
  Central issue of the research
- **Income Driven Repayment**
  Details on program participants
- **Public Service Loan Forgiveness**
  Focus on well-being and outcomes
- **Recent Survey Findings**
  Early insights into specific issues

Income Driven Repayment: Who are in these programs?

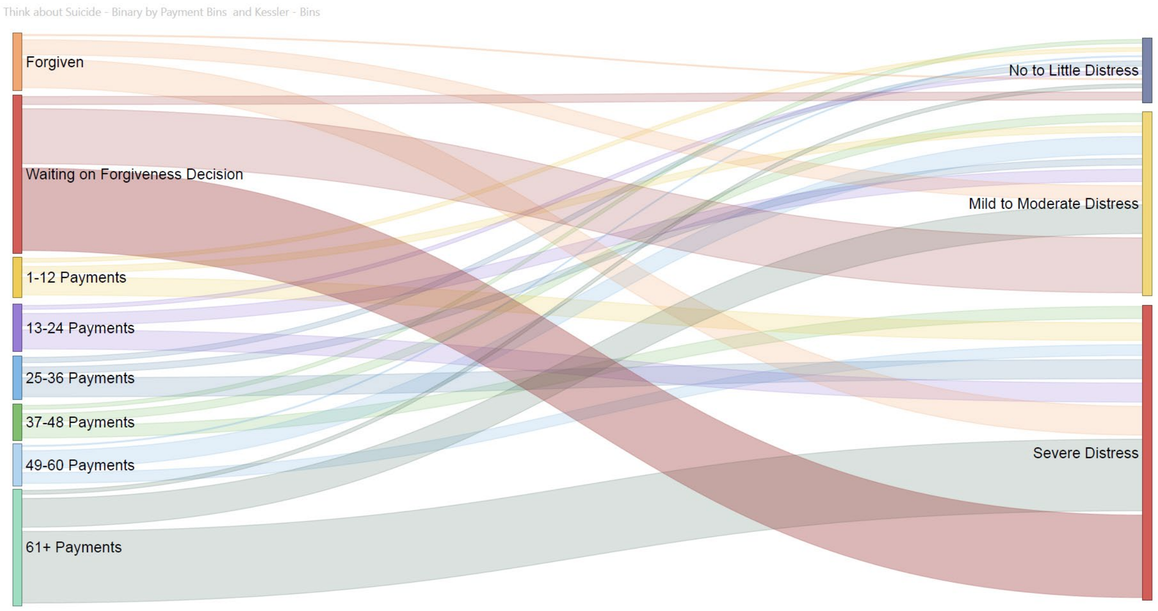


IDR v. Traditional Repayment Financial Outcomes



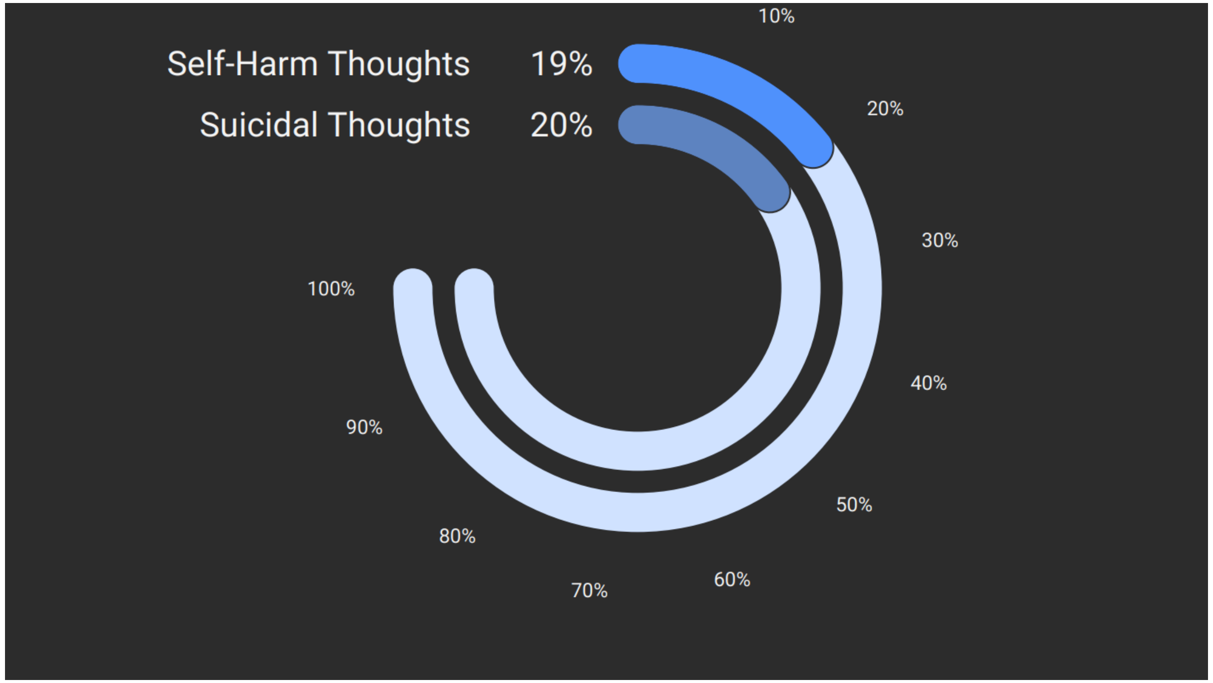
Public Service Loan Forgiveness: Wave 1 Findings (2021-2022)

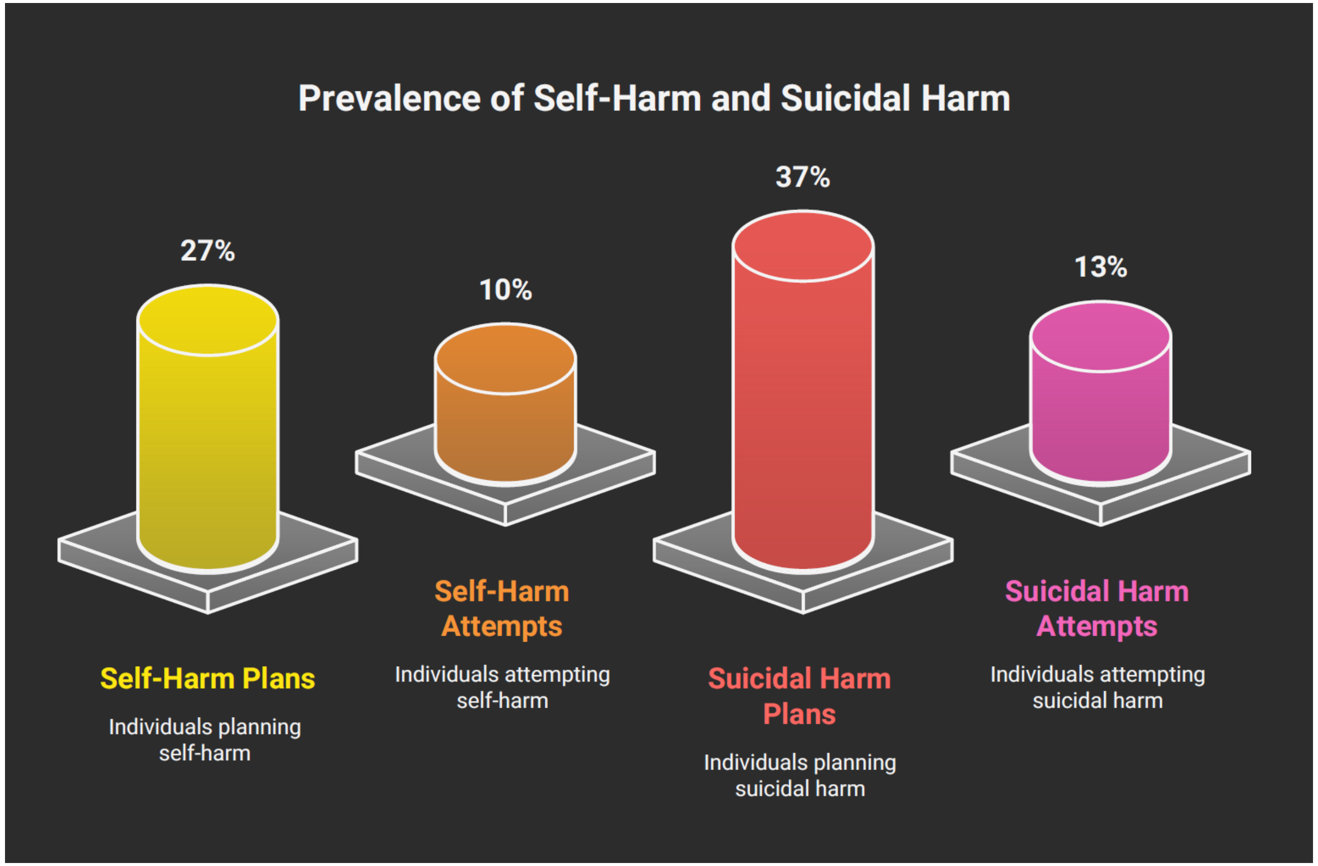
- Credit Scores:
  - Average FICO score was 705
    - "Good" category
    - Resumed payments are expected to lower scores further, underscoring forgiveness benefits.
- Homeownership
  - 63% of borrowers reported homeownership
    - 10% below the national rate for bachelor’s degree holders;
    - Median mortgage costs ($1,653) and rent ($1,400) are below national medians, contradicting stereotypes of extravagant living.
- Subjective Well-Being
  - Financial stress decreased significantly after forgiveness, but those with 13+ remaining payments experienced higher stress;
  - Long wait times heightened financial anxiety, especially among the WOFD group.
- Suicidal Ideation
  - 19% reported suicidal thoughts overall
    - 53% among WOFD borrowers, highlighting severe mental health impacts linked to PSLF delays and uncertainty.



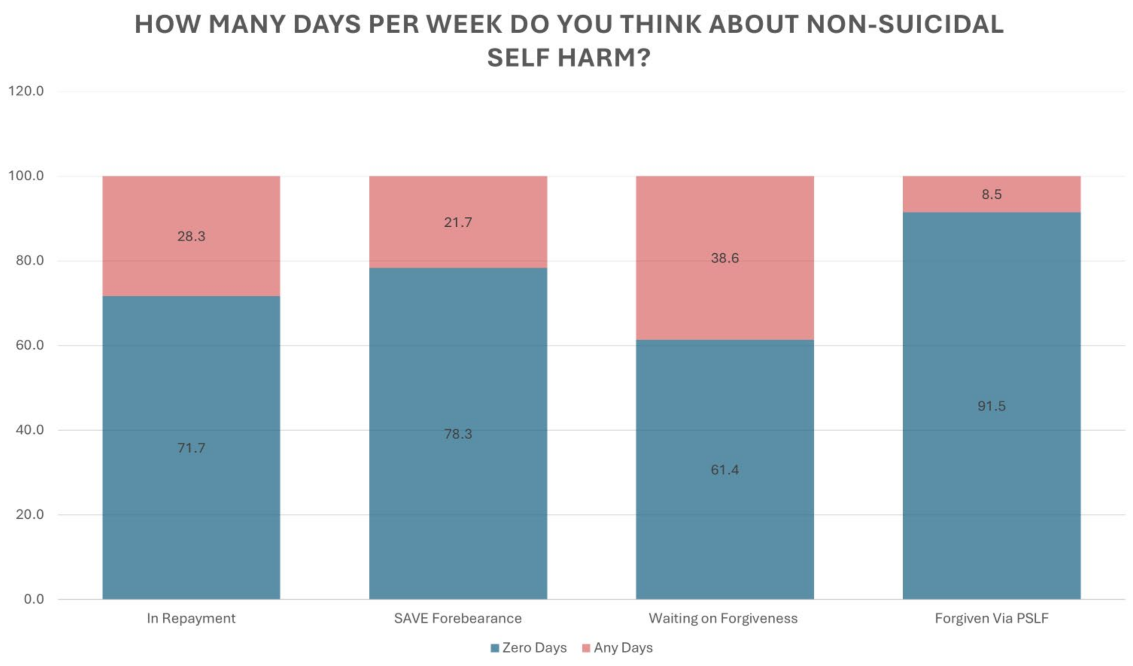
Public Service Loan Forgiveness: Subjective Well-Being

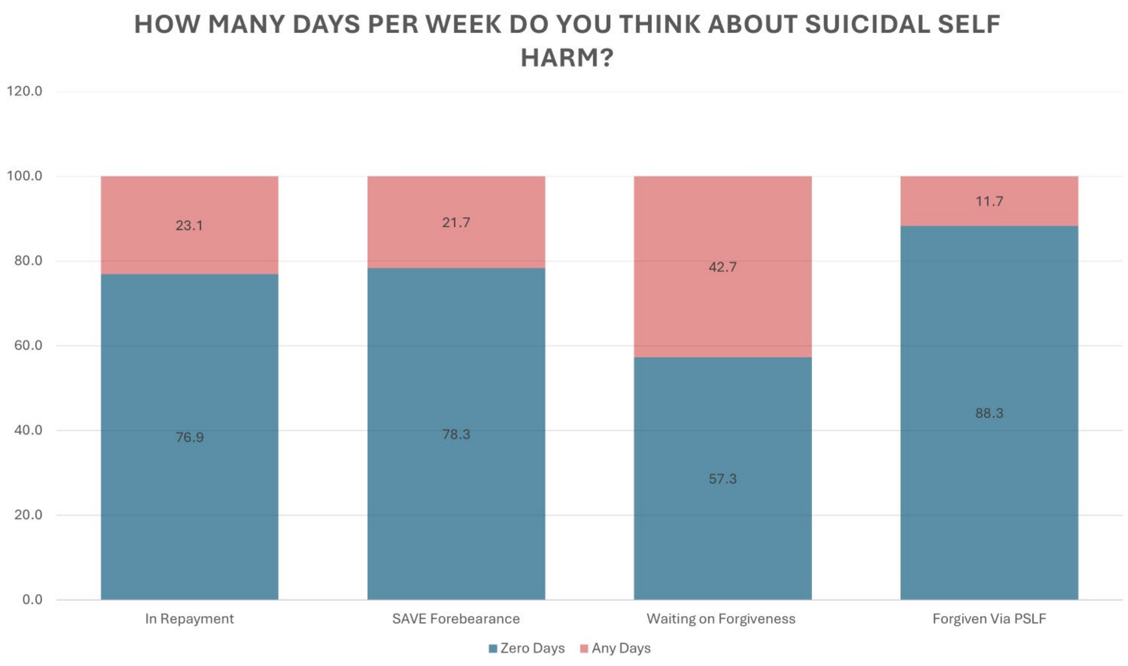
Wave 2: Early Data from 2025 – Self Harm and Suicidal Thoughts



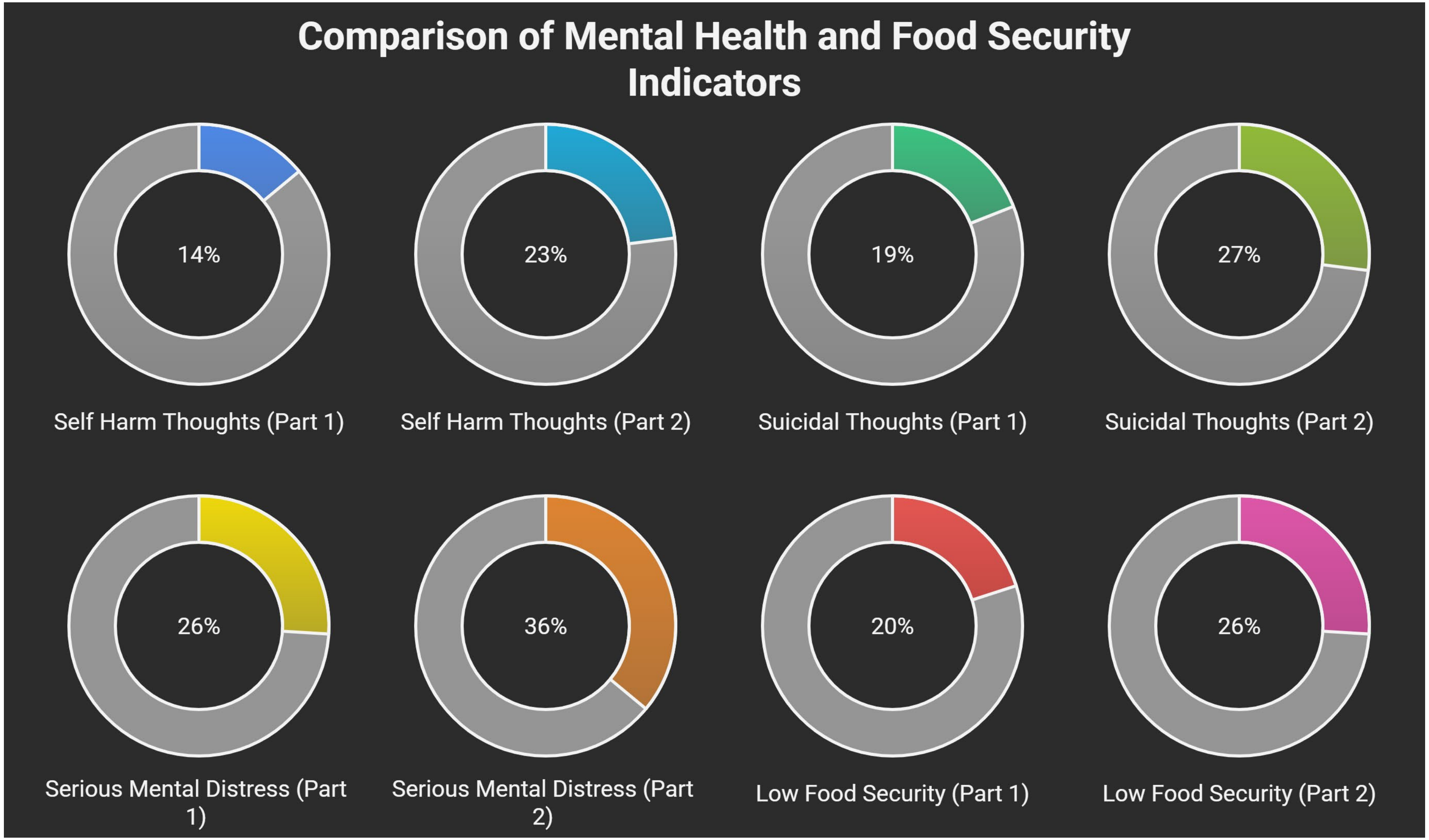


Wave 2: Early Data from 2025

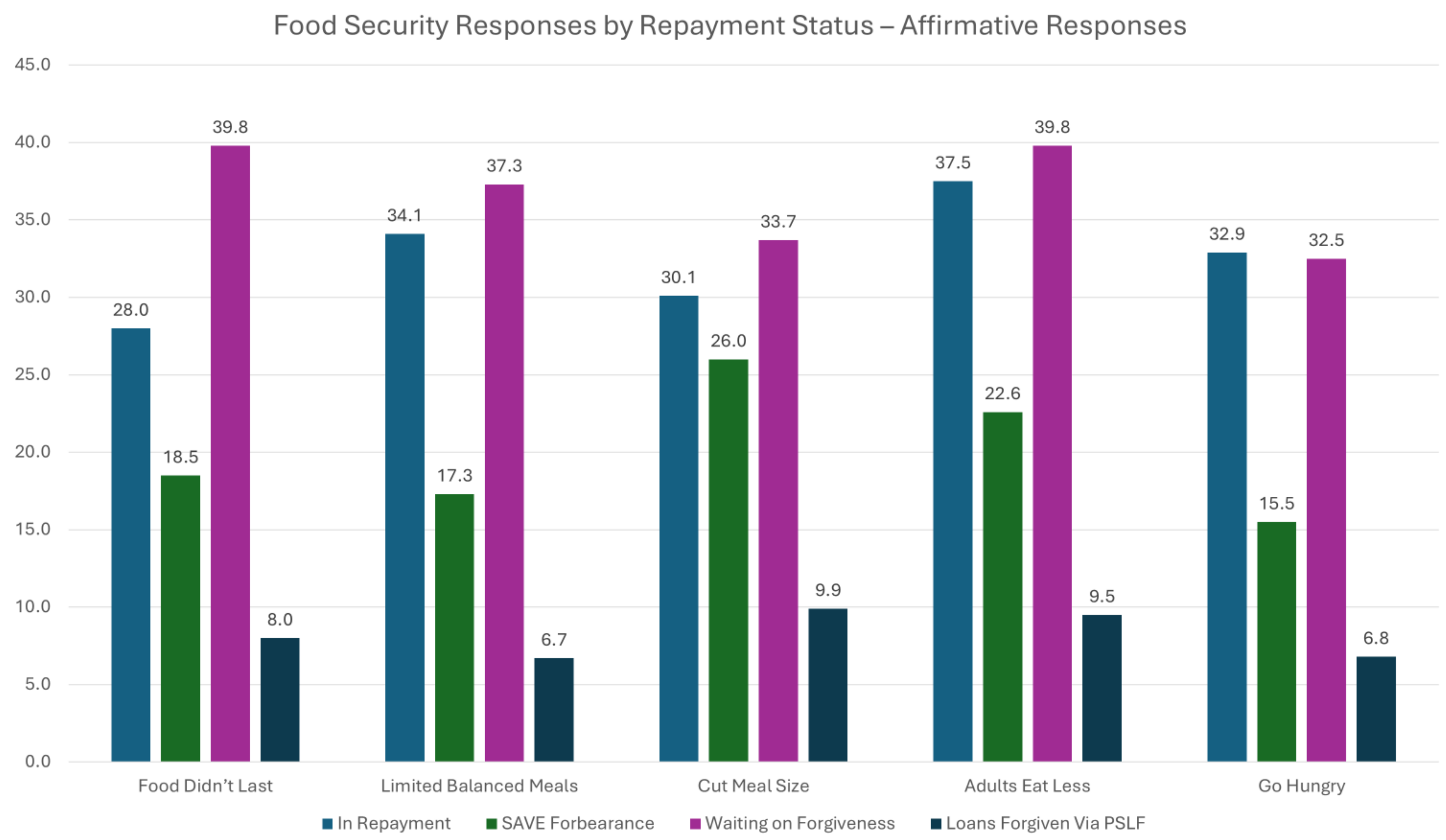




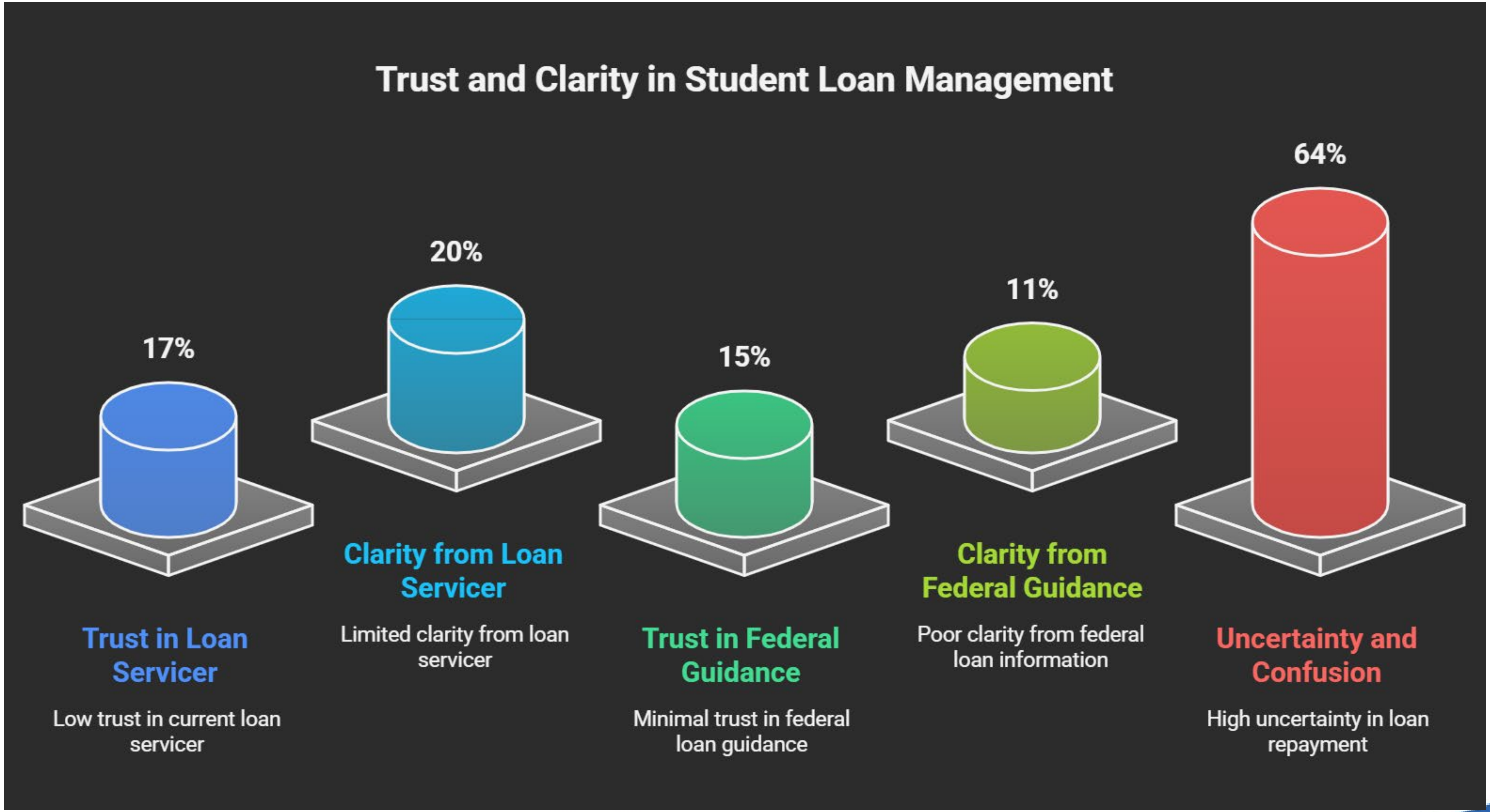
Most Recent Data Suggests Much Distress



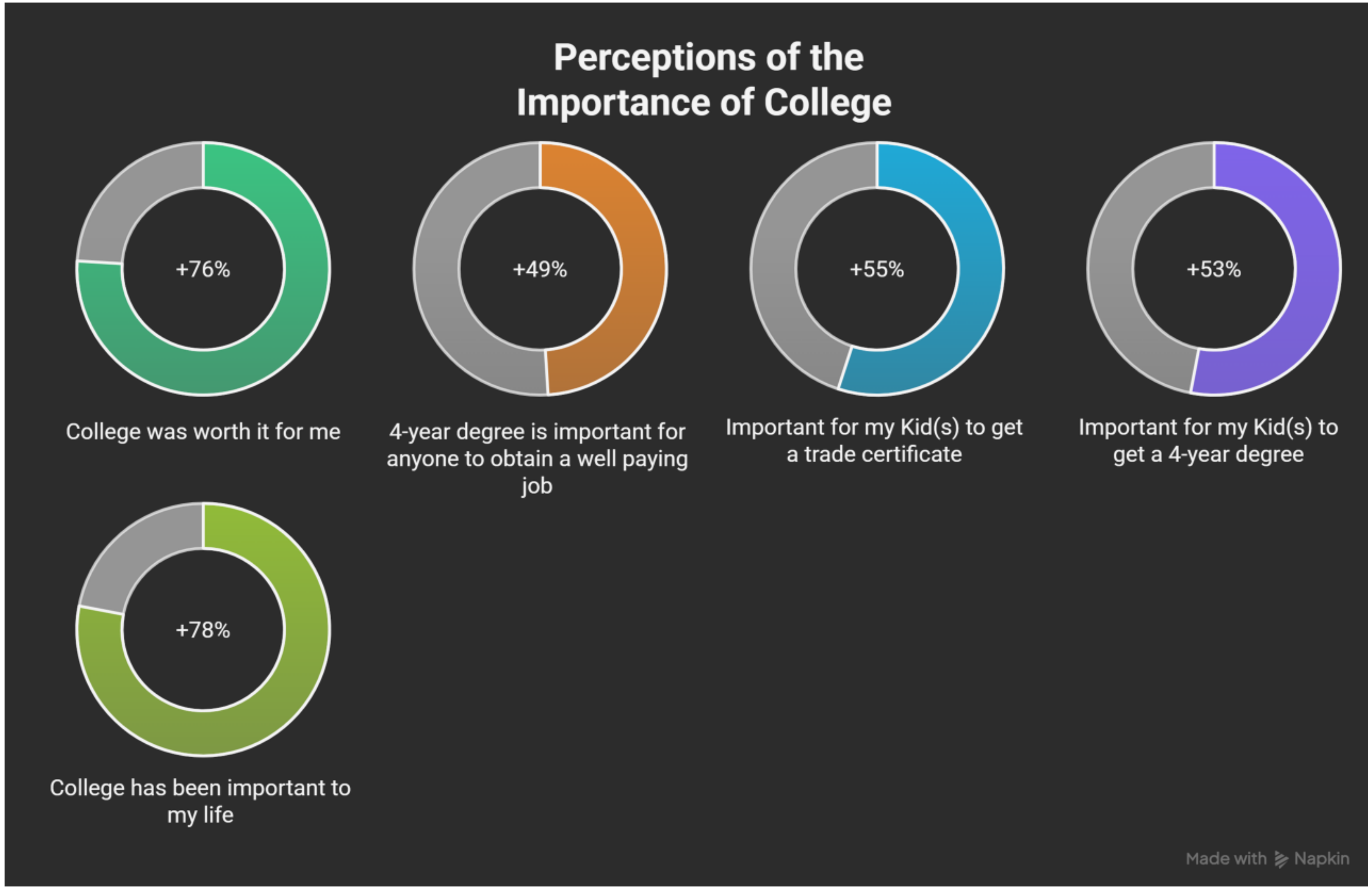
Food Security by Repayment Plan or Forgiveness



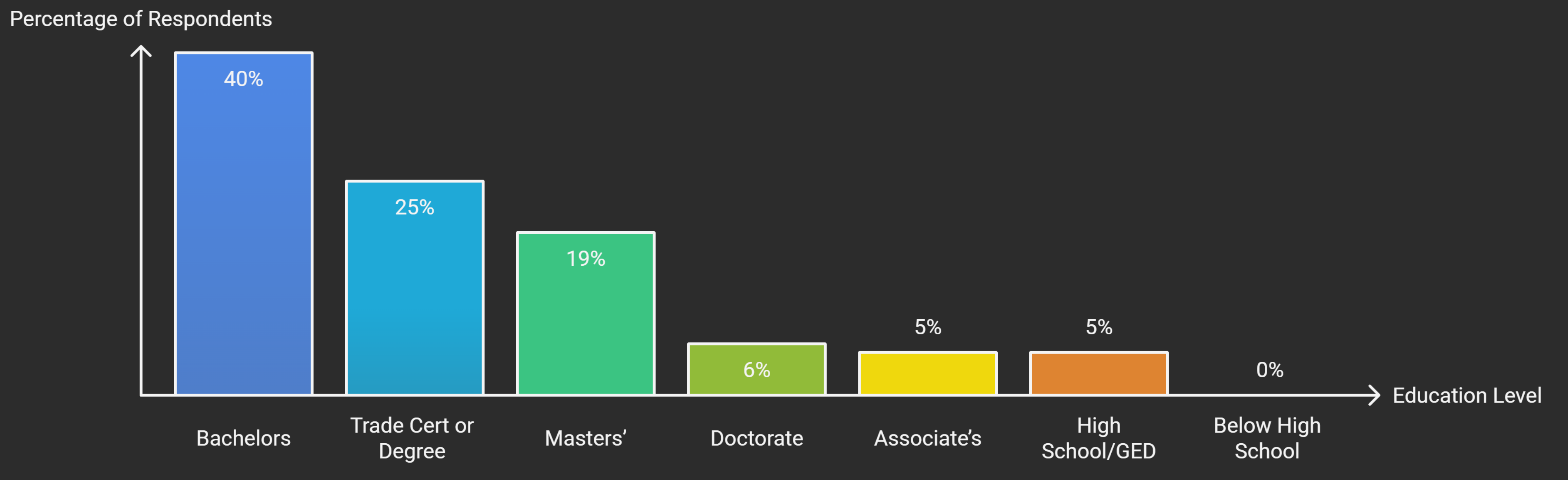
Wave 2: Early Data from 2025



Overall – College Is Important to these Borrowers



But What Level of College Is Important?



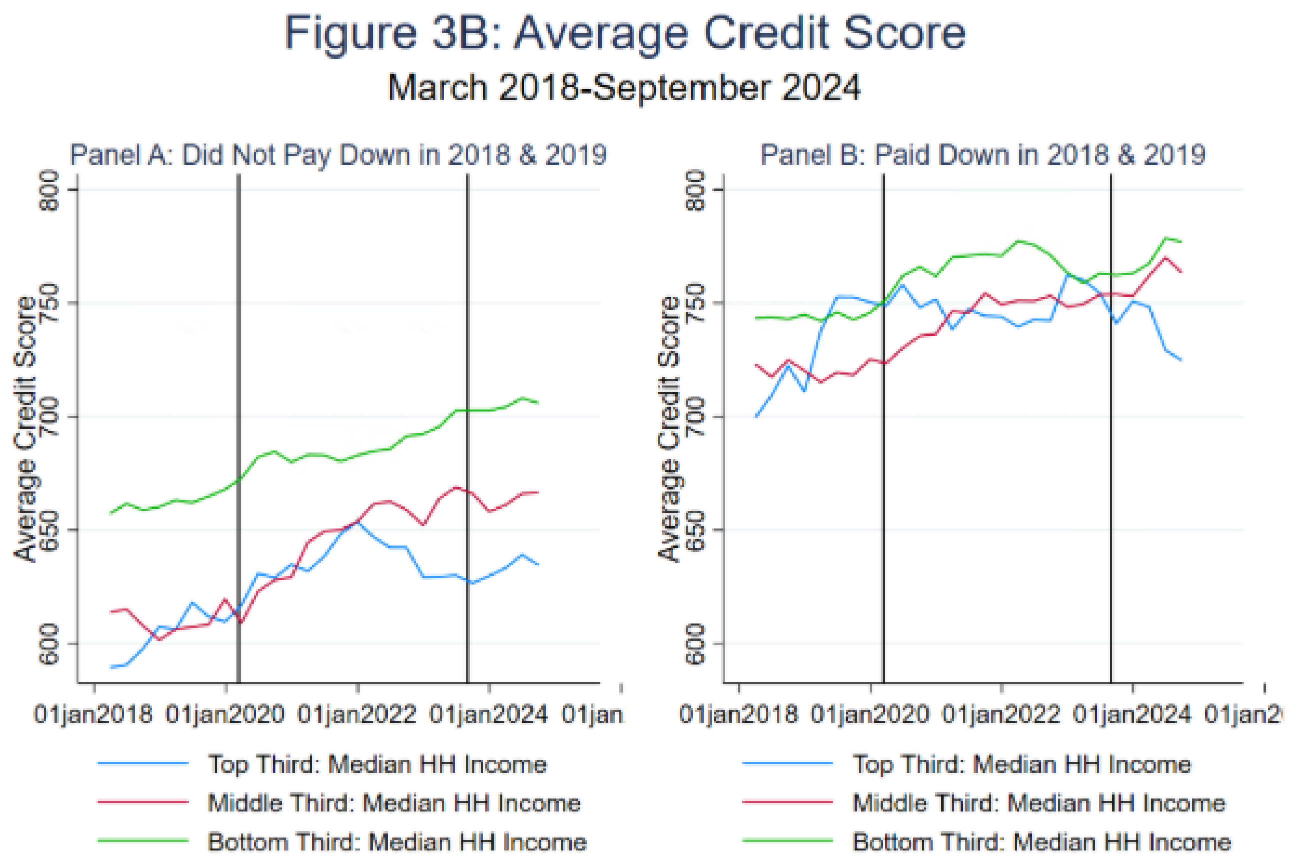
Reported Minimum Level of Education Needed for Other Family Members' Financial Security

Too much data, not enough time to talk

- Check out my website: Balancing Acts
    - Calls for new participants!
    - Read papers from Wave 1!
        - Pause and Effect
        - Dub Thee, The Forgiven
        - Hard to Concentrate
    - Listen to quotes from Borrowers, NLP
        - Neville Suicidal Ideation - https://padlet.com/dcllier6/balancing-acts-narratives-from-student-loan-borrowers-in-pub-b7cjaisc4o7xx5vk/wish/lkDVaK1Bb9jVZPp9
        - Carrie C. Personal Relationships and Family Planning - https://padlet.com/dcllier6/balancing-acts-narratives-from-student-loan-borrowers-in-pub-b7cjaisc4o7xx5vk/wish/j40PQDnPrbVDWvXB

Limited Knowledge, Hard Times are Coming

- We still do not know A LOT about borrowers
  - Data are limited
    - Fed Data locked down and limited public info
    - Credit Panel Data has limited variables
      - Proxies for race, SES advantages, IDR/Traditional Repayment
- Recessionary Trends
  - Unemployment is up, hiring is down
  - Weakening Dollar
  - Higher cost of goods higher
  - Housing slowdowns
  - Uneven federal economic policy generating uncertainty
- Likely we see increased economic pain
  - Increased financial and health-related concerns



*21.2% of person-quarter observations were not matched to ACS data and are excluded from the figure.

THE BARRIERS TO ACCESSING STATE FINANCIAL AID

Dominique J. Baker
University of Delaware

October 29, 2025

WEBINAR TITLE

Student Loan Crisis: Policy, Burden, and Borrower Well-Being

WEBINAR TITLE

Student Loan Crisis: Policy, Burden, and Borrower Well-Being

PAPER

Everett, A., Rosinger, K., Baker, D. J., Kim, H. J., Kelchen, R., & Ortagus, J. C. (2024). Tennessee's burden: How students apply for state financial aid within one southern state. *Research in Higher Education*, *65*(8), 1826-1852.

STATE FINANCIAL AID

Obtaining and using financial aid is a complex process

STATE FINANCIAL AID

Obtaining and using financial aid is a complex process

We typically focus on the federal financial aid but it is just as complex to gain access to state aid

STATE FINANCIAL AID

Obtaining and using financial aid is a complex process

We typically focus on the federal financial aid but it is just as complex to gain access to state aid

- $14.9 billion in FY2024
- 80% of that went to public institutions

STATE FINANCIAL AID

Obtaining and using financial aid is a complex process

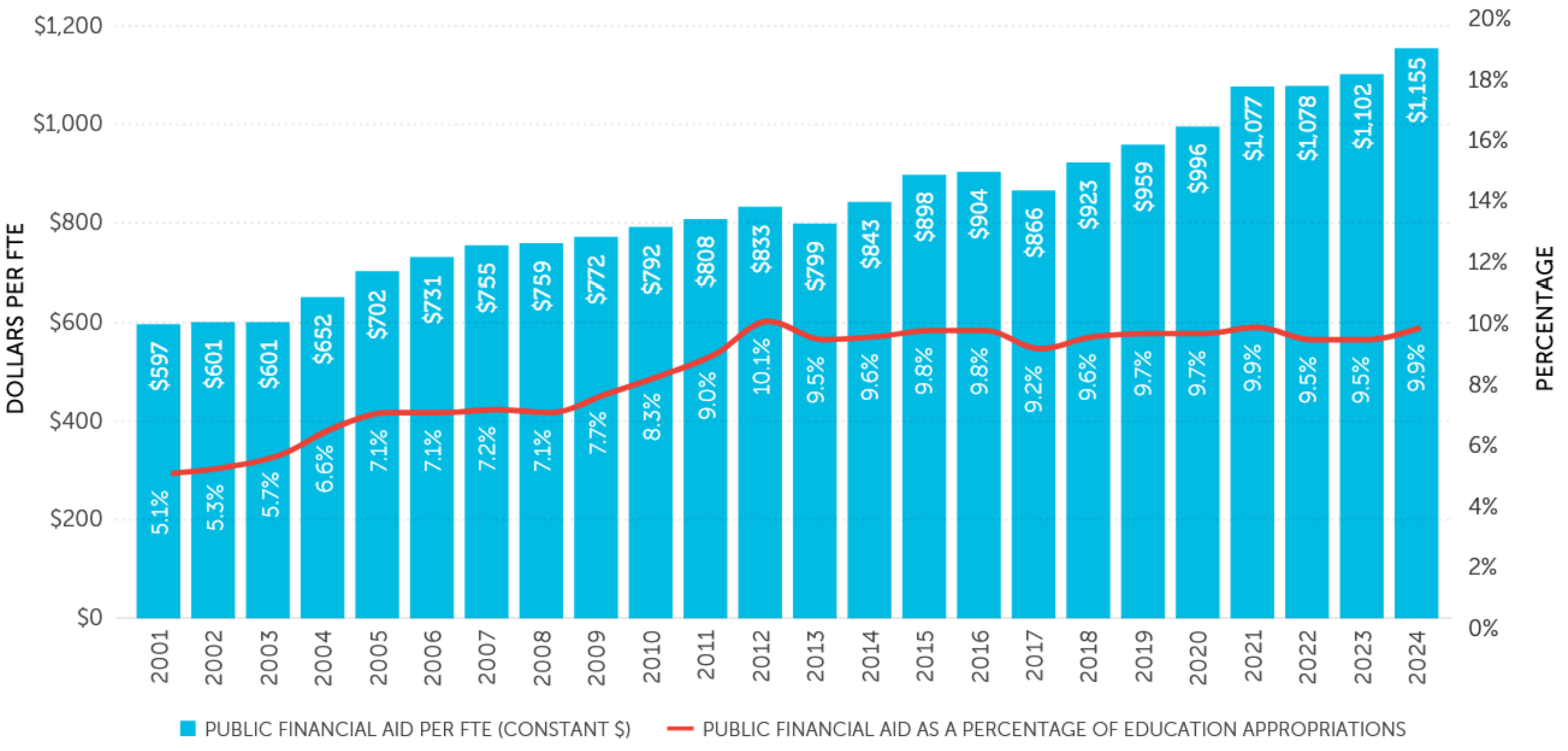
We typically focus on the federal financial aid but it is just as complex to gain access to state aid

There is no one size fits all either

STATE FINANCIAL AID: SHEEO FY2024

FIGURE 2.5

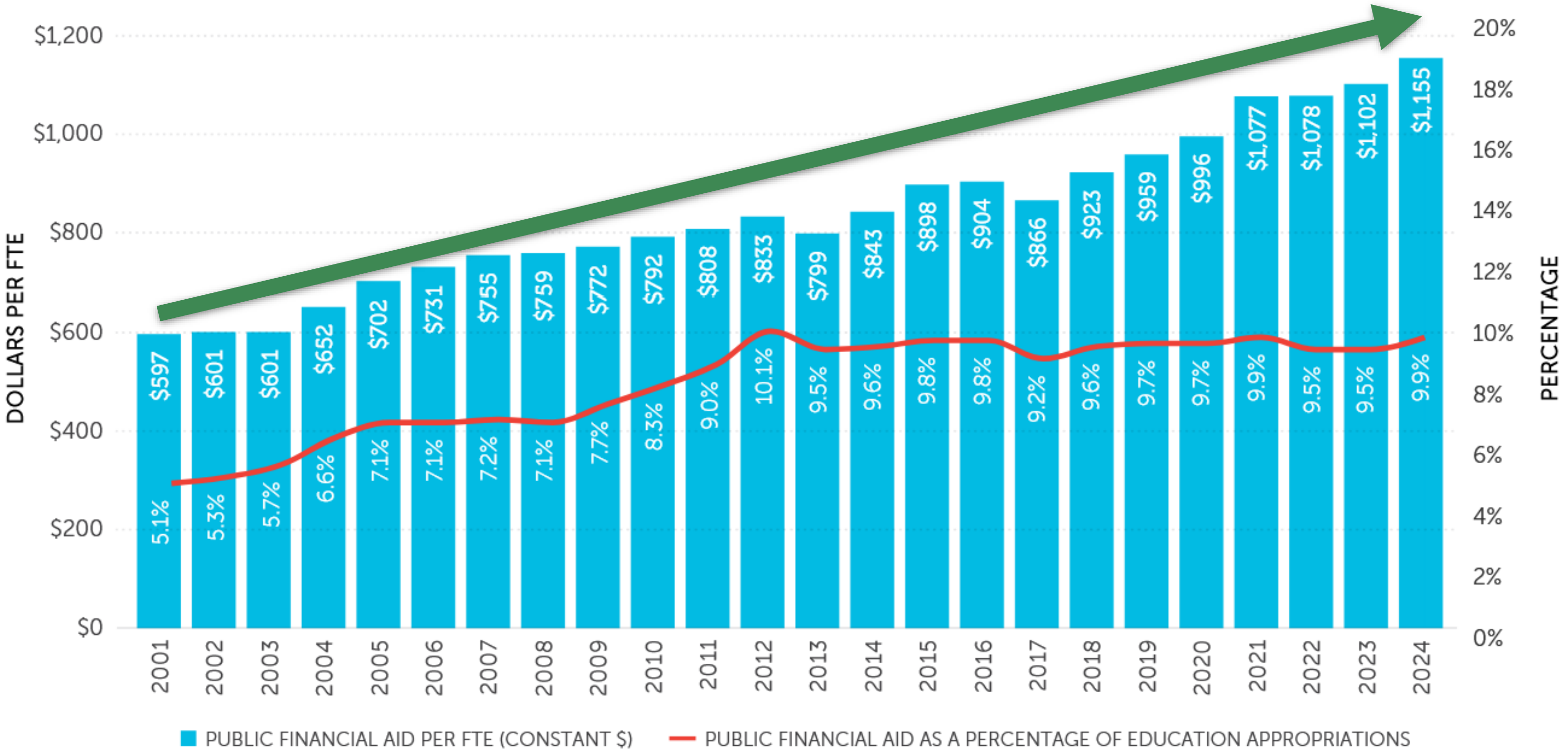
PUBLIC HIGHER EDUCATION STATE FINANCIAL AID PER FTE AND AS A PERCENTAGE OF EDUCATION APPROPRIATIONS, U.S., FY 2001-2024 (CONSTANT DOLLARS)



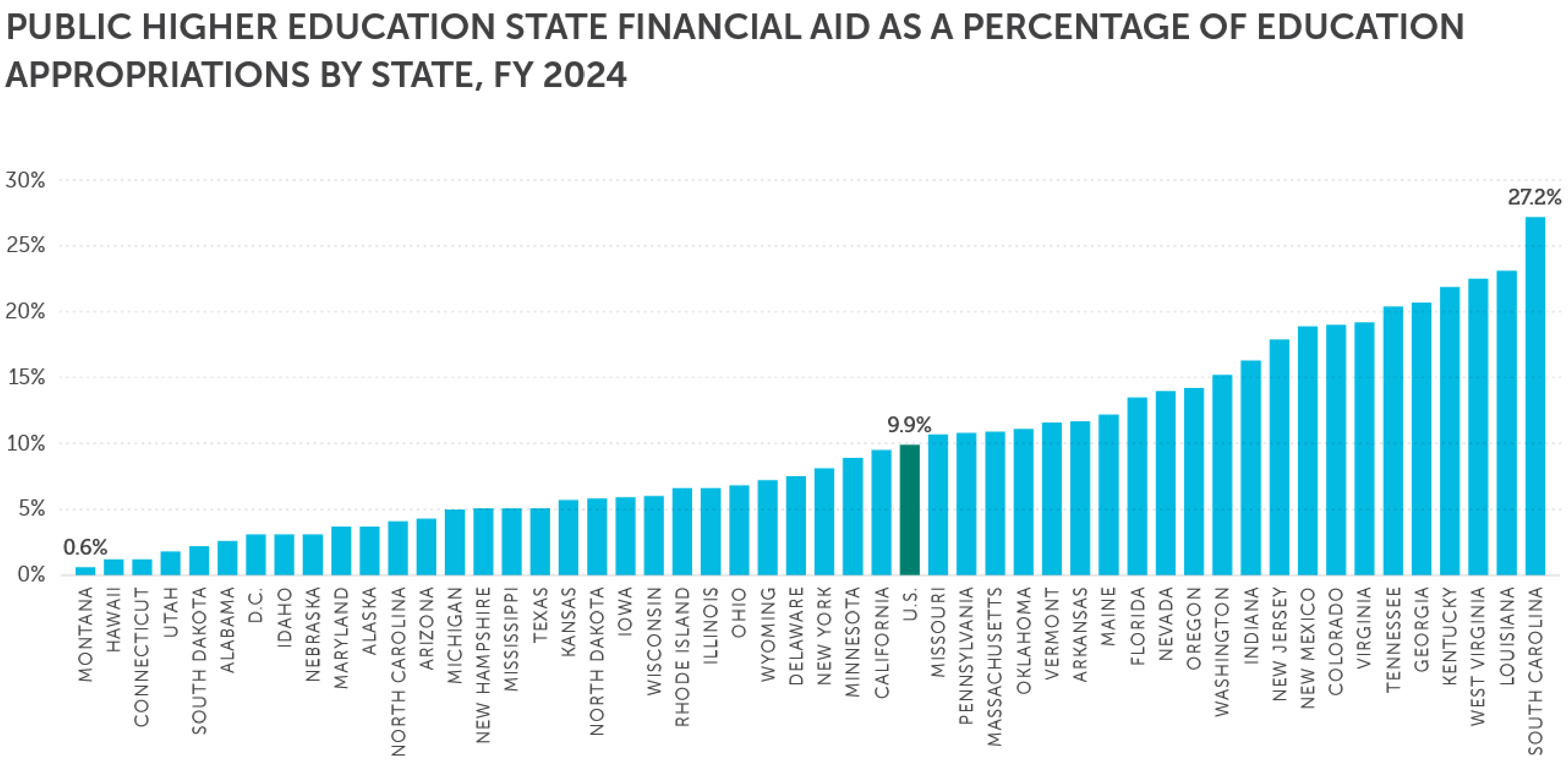
STATE FINANCIAL AID: SHEEO FY2024

FIGURE 2.5

PUBLIC HIGHER EDUCATION STATE FINANCIAL AID PER FTE AND AS A PERCENTAGE OF EDUCATION APPROPRIATIONS, U.S., FY 2001-2024 (CONSTANT DOLLARS)

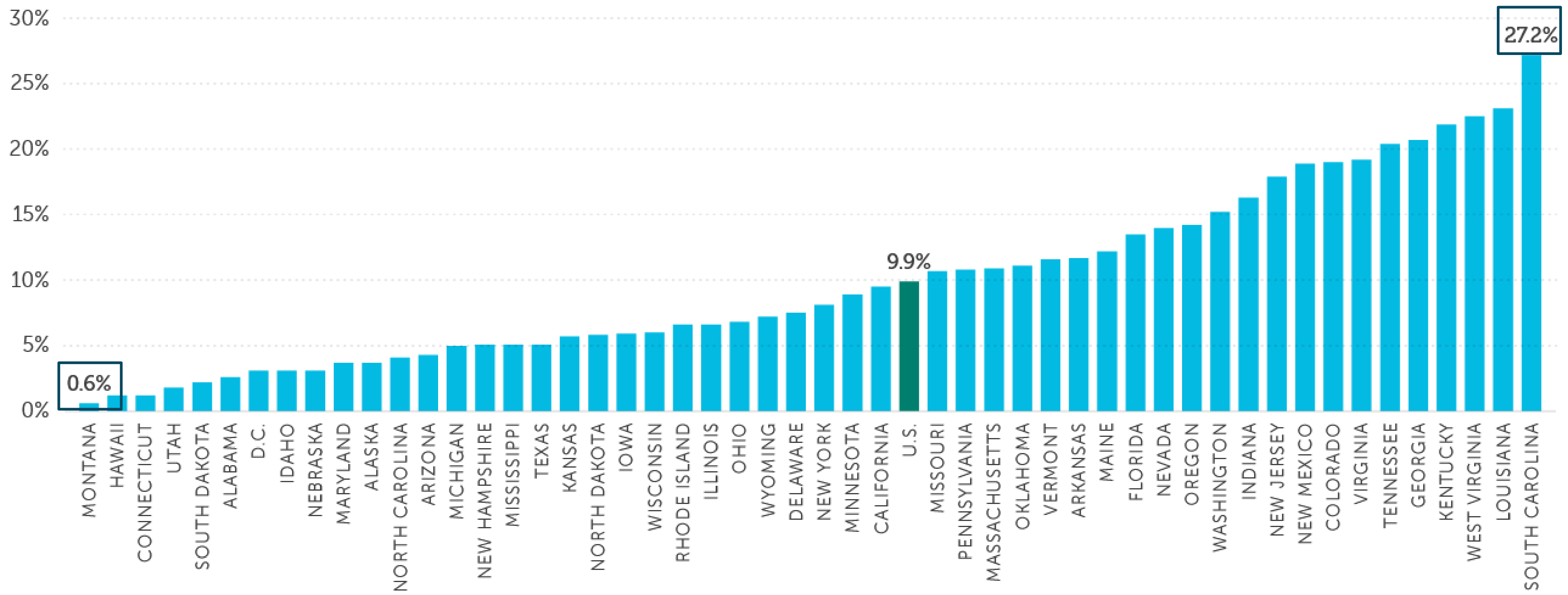


WIDE VARIATION ACROSS STATES

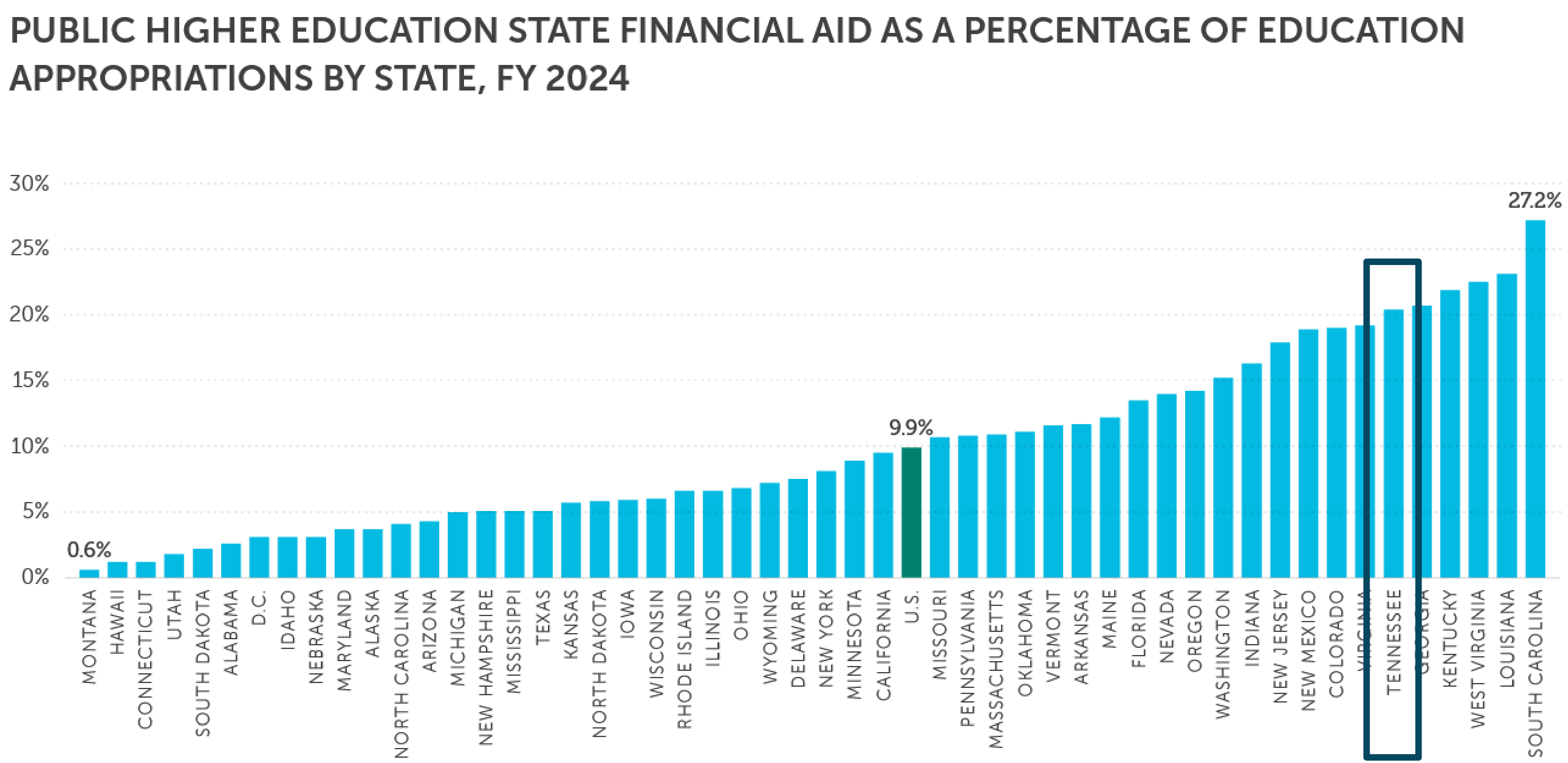


WIDE VARIATION ACROSS STATES

PUBLIC HIGHER EDUCATION STATE FINANCIAL AID AS A PERCENTAGE OF EDUCATION APPROPRIATIONS BY STATE, FY 2024



WIDE VARIATION ACROSS STATES



ADMINISTRATIVE BURDEN

Frictions individuals experience in accessing public programs

ADMINISTRATIVE BURDEN

Frictions individuals experience in accessing public programs

- Learning costs
- Compliance costs
- Psychological costs

ADMINISTRATIVE BURDEN

Frictions individuals experience in accessing public programs

Typically have a stronger effect on people with less time, money, and power

ANALYSIS

Focusing on Tennessee

Examined state legislation and aid documents for 23 Tennessee aid programs from FY 2011 – 2024

Focused on 27 program features drawing on a typology from prior research

PROGRAM FEATURES

Program requirements

Application logistics

Documentation requirements

Enrollment logistics

PROGRAM FEATURES

Program requirements (e.g., FAFSA, incarceration restriction)

Application logistics

Documentation requirements

Enrollment logistics

PROGRAM FEATURES

Program requirements

Application logistics (e.g., essays, recommendations, first-come first-serve)

Documentation requirements

Enrollment logistics

PROGRAM FEATURES

Program requirements

Application logistics

Documentation requirements (e.g., promissory note requirements)

Enrollment logistics

PROGRAM FEATURES

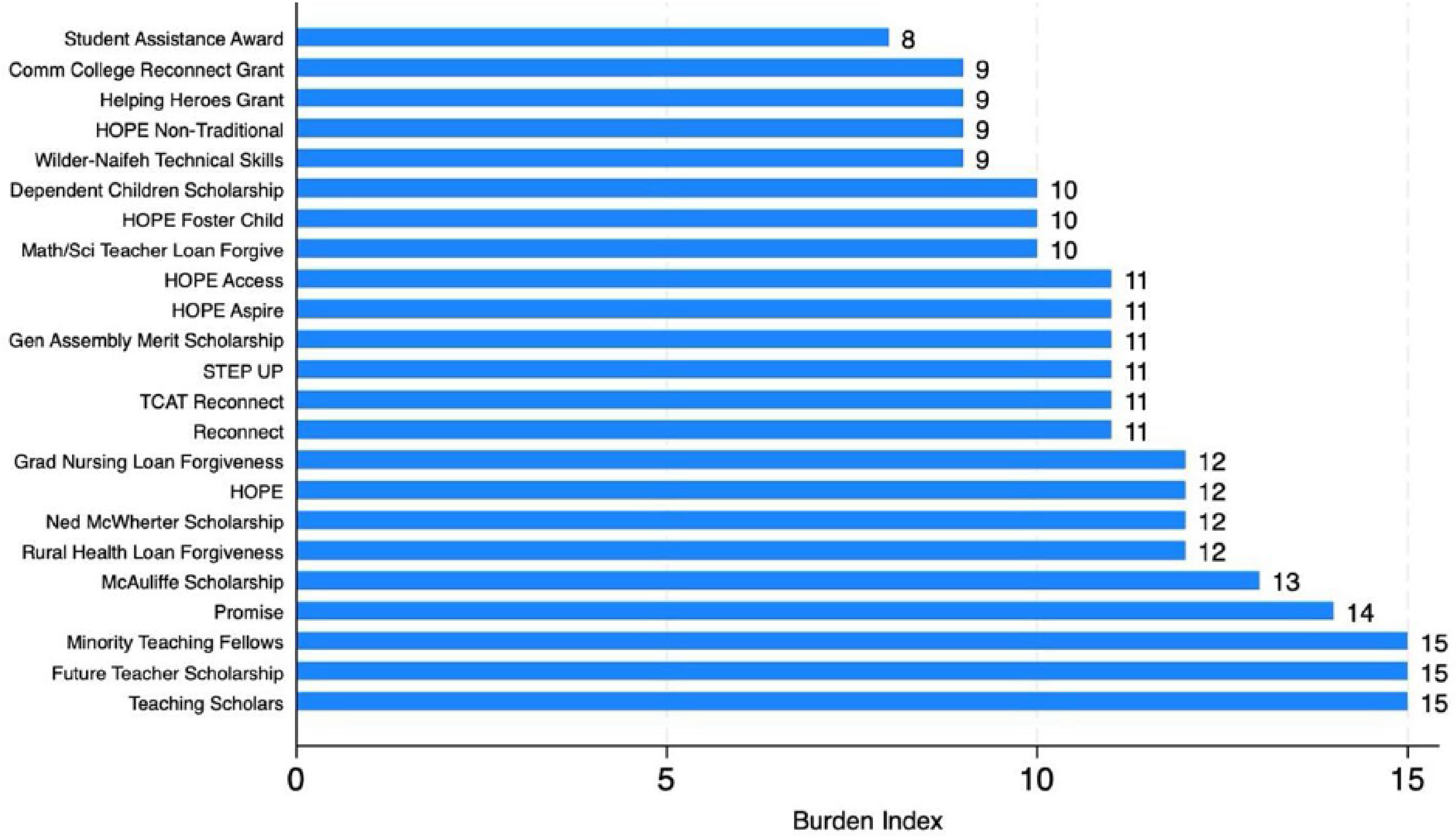
Program requirements

Application logistics

Documentation requirements

Enrollment logistics (e.g., full-time enrollment, field-of-study restriction)

VARIATION ACROSS PROGRAMS



STEADY OVER TIME

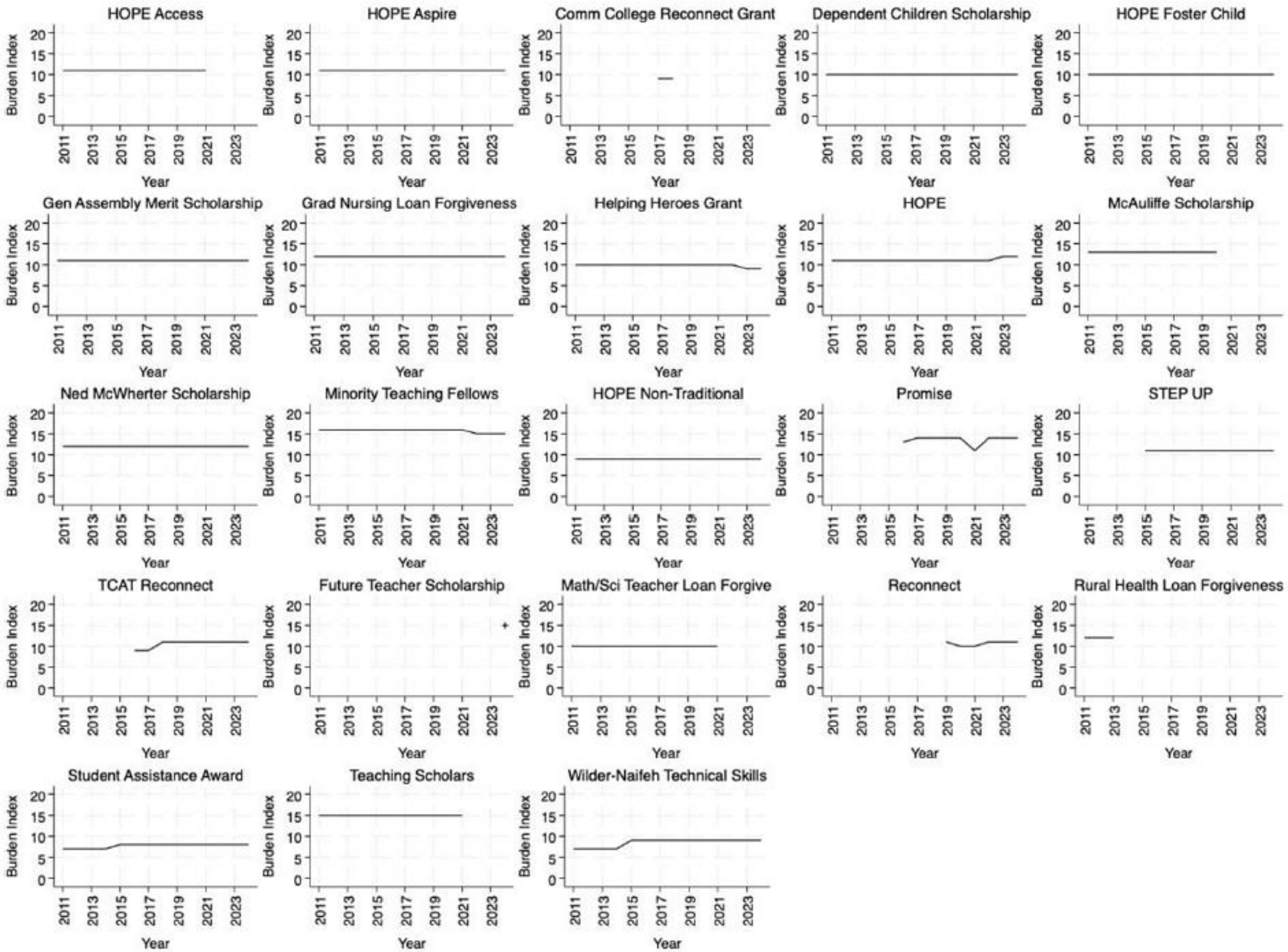


Fig. 2 Administrative burdens in state aid programs in Tennessee, 2011–2024

STEADY OVER TIME: 14 PROGRAMS

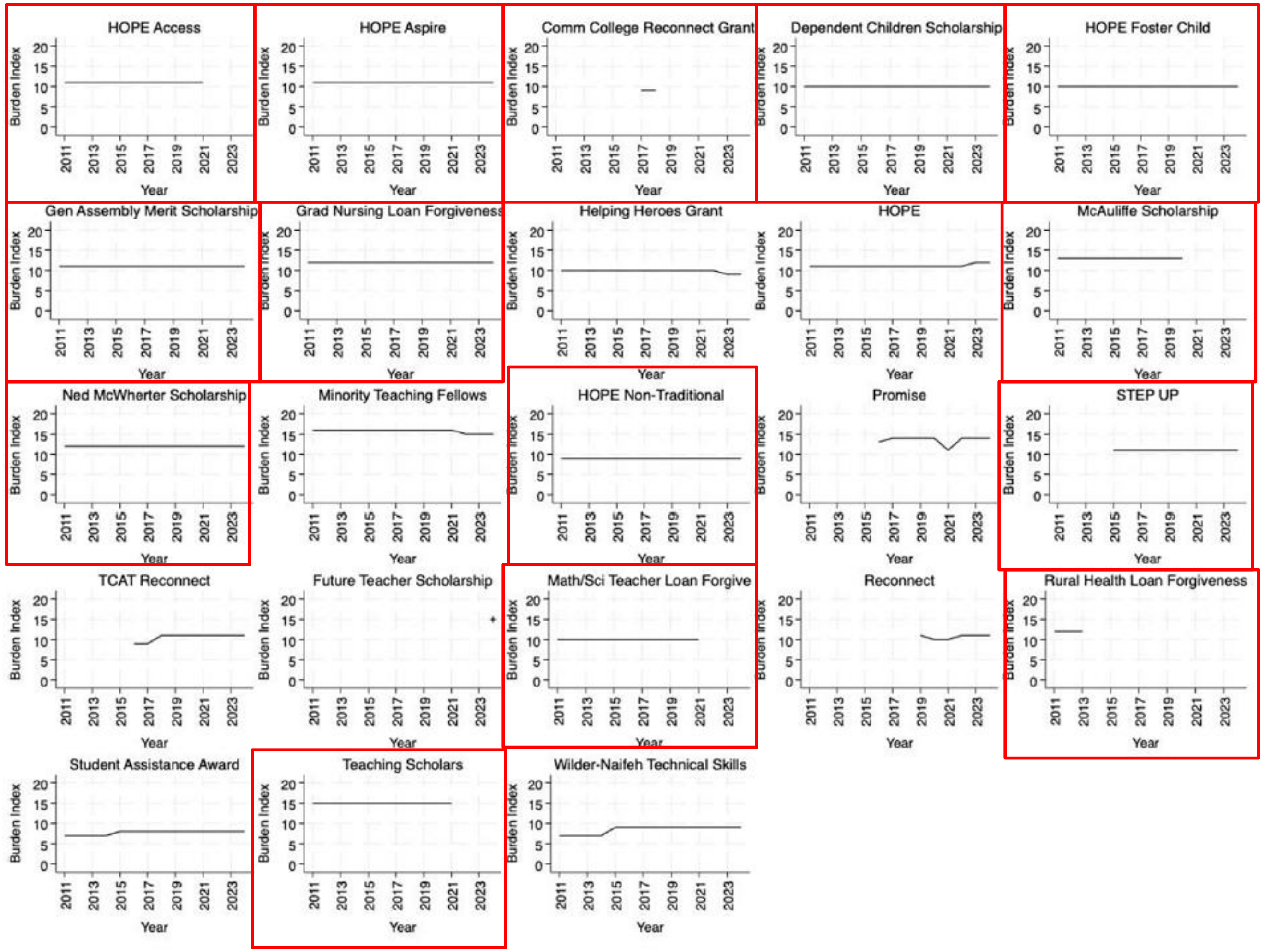


Fig. 2 Administrative burdens in state aid programs in Tennessee, 2011–2024

OVERALL FINDINGS

Financial aid targeting racially minoritized students had the highest amount of burden

Financial aid targeting technical and community colleges had, on average, the lowest amount of burden

RECOMMENDATIONS

It is not enough to "have" a program, it is just as important to understand the hoops students must jump through in order to gain access to the funds

Given that the requirements for access to state financial aid rarely become easier, it's important to think carefully about eligibility policies at their inception

Critical to understand how students and their families apply for and maintain access to state financial aid