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Black College Grads More Likely to Graduate With Debt

Black graduates have lower levels of well-being than other college graduates

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WASHINGTON, D.C. -- Half of 2000-2014 black college graduates in the U.S. report graduating with more than \$25,000 in undergraduate student loan debt. By comparison, 34% of recent white graduates report similar levels of debt, revealing a large borrowing gap between the races.

Undergraduate Student Loan Debt, by Race: 2000-2014 Graduates

Approximately how much money did you borrow in student loans to obtain your undergraduate degree?

	2000-2014
	%
BLACKS	
No loans	22
\$1-\$25,000	28
More than \$25,000	50
WHITES	
No loans	39
\$1-\$25,000	28
More than \$25,000	34
TOTAL	
No loans	37
\$1-\$25,000	28
More than \$25,000	35

Feb. 4- March 7, 2014

Figures adjusted for inflation in 2014 dollars

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In total, just over a fifth of recent black college graduates (22%) report leaving school with no debt, about half the rate among white college graduates (39%). About three in 10 recent black college graduates (28%) and the same percentage of whites say they borrowed up to \$25,000. Overall, 35% of 2000-2014 U.S. college graduates report graduating with more than \$25,000 in student debt, in inflation-adjusted dollars.

These results are based on the [inaugural Gallup-Purdue Index](#), a joint research effort with Purdue University and Lumina Foundation to study the relationship between the college experience and college graduates' lives. The

Gallup-Purdue Index is a comprehensive, nationally representative [study](#) of U.S. college graduates with Internet access, conducted Feb. 4-March 7, 2014. According to a 2013 Census Bureau report, 90% of college graduates in the U.S. have access to the Internet.

The student loan debt figures on which this analysis is based are reported by those responding to the survey and are adjusted for inflation to today's dollars. Figures only apply to undergraduate student loan debt. Gallup did not ask respondents about the current status of their student debt or how much of their loan they had repaid at the time of the interview.

Racial Borrowing Gap for Recent Grads Nearly as Wide as in Past

Mirroring the overall population of college graduates, black college graduates have increasingly relied on at least some student loans to finance their education. Less than half (48%) of blacks who graduated from college in the 1970s say they took on student loan debt to obtain their undergraduate degree, but this grew to 63% for graduates in the 1980s, 67% in the 1990s, and 78% for the 2000-2014 cohort.

While there has also been a concurrent rise in the amount of undergraduate debt for whites as well as blacks, the gap between white and black college graduates has remained roughly the same over the timespan, at nearly 20 percentage points. Recent black college graduates are 17 points more likely to have graduated with student loan debt than white college graduates, close to the differences that existed between white and black college graduates in the 1970s (20 points), 1980s (20 points), and 1990s (17 points).

Borrowing Gap Between the Races

Percentage of college graduates with student loan debt of any amount

	Whites	Blacks	Gap
	%	%	(pct. pts.)
2000-2014	61	78	-17
1990-1999	50	67	-17
1980-1989	43	63	-20
1970-1979	28	48	-20

Feb. 4-March 7, 2014

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Many black college graduates are "first-generation" college graduates -- meaning neither parent graduated from college with an undergraduate degree. Nearly three in five black college graduates (58%) report being first-generation graduates, whereas 44% of white graduates say the same.

First-Generation College Graduate, by Race and Time

% First generation (neither parent graduated from college)

	1970-1979	1980-1989	1990-1999	2000-2014	Total
	%	%	%	%	%
Whites	58	47	43	37	44
Blacks	77	68	59	48	58
Total	60	49	45	40	46

Feb. 4-March 7, 2014

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But college is fast becoming an expectation in many black families, with larger percentages of black college graduates saying they were *not* the first in their family to graduate college. Less than half of black college graduates say they are first-generation graduates (48%), down from 77% in the 1970s. Given the known relationship between a college education and increased earning power, it might seem puzzling that even as more blacks graduate college and come from college-educated families, the need for college tuition borrowing has not declined. In fact, borrowing has increased -- 78% of recent black college graduates report that they borrowed for their undergraduate education, compared with 49% of their 1970s counterparts.

On one hand, this dynamic is not exclusive to black college graduates. Recent white college graduates report borrowing at higher rates and levels than their 1970s antecedents, even though just over a third are first-generation graduates (37%). The cost of tuition has, on average, risen over time, and this has forced many households to take on college-related debt.

Then there is the larger issue of the income and wealth gap between the races that has failed to close, according to several studies. Indeed, a 2011 study by the Center on Education and the Workforce at Georgetown University showed that even when educational attainment is the same between whites and blacks, blacks consistently earn less. This could help create a vicious cycle for many black graduates whereby they are compelled by economic necessity to take out student debt when they attend college and then subsequently spend a substantial period of their professional life paying down this debt, minimizing the ability to save for a child's college education.

Less Than a Fifth of Recent Black College Graduates Thrive Financially

Previous Gallup-Purdue Index research looking at 1990-2014 college graduates reveals that the more student debt a graduate has, the [lower](#) his or her likelihood of thriving in four of the five elements of well-being -- purpose, financial, community, and physical.

Consistent with those findings, recent black college graduates, with their significant probability of carrying more than \$25,000 in debt, also show lower rates of well-being compared with all other recent college graduates, particularly in the area of financial well-being. Fewer than one in five 2000-2014 black college graduates (17%) are classified as thriving in the area of financial well-being, compared with 31% of 2000-2014 white college graduates and 29% of all college graduates during this time period.

Recent black college graduates also trail in purpose wellbeing -- defined as liking what you do each day and being motivated to achieve your goals. About a third of recent black college graduates (34%) are thriving in this area, compared with 43% of recent white graduates. In community well-being -- liking where you live, feeling safe, and having pride in your community -- recent black college graduates are again less likely to be thriving compared with

whites, by a gap of 12 percentage points.

Well-Being Among College Graduates, by Race and Time

% Thriving

	Purpose	Social	Financial	Community	Physical
	%	%	%	%	%
2000-2014					
Whites	43	45	31	39	28
Blacks	34	44	17	27	25
All graduates	42	45	29	38	28
1990-1999					
Whites	50	44	41	45	34
Blacks	42	40	33	41	28
All graduates	50	44	40	45	33
1980-1989					
Whites	53	46	44	48	38
Blacks	45	56	40	36	30
All graduates	53	48	44	47	38
1970-1979					
Whites	62	53	53	52	41
Blacks	64	52	42	48	37
All graduates	62	53	53	53	41
Total (all years)					
Whites	50	46	40	45	34
Blacks	41	46	28	35	28
All graduates	49	47	38	44	33

Feb. 4-March 7, 2014

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These well-being disparities are apparent to some degree among graduates of earlier eras, particularly in the element of financial well-being. Black college graduates of every decade are less likely to be thriving financially than white graduates in the same decade. For 1980s and 1990s graduates, as well as more recent graduates, there is also a sharp gulf between the races in purpose well-being, with whites more likely to be thriving. Discrepancies in physical well-being are witnessed for every cohort studied.

This is not to suggest that these lower levels of well-being can be explained solely by the fact that black college graduates borrow at higher rates than other graduates do. Many variables may contribute to these observed differences in well-being between these two similarly educated groups -- including, but not limited to, the income gap between the races as well as discrimination against black Americans. But these findings are significant in that

they reveal well-being differences between the races even among college graduates, a segment of the population that has achieved the same propitious milestone in life -- namely, a college degree.

Bottom Line

Even as an increasing percentage of black Americans graduate from college -- often, the first in their family to do so -- they remain more likely to need to borrow to finance their undergraduate education, and the borrowing gap between the races has stayed, in percentage-point terms, about as wide for 2000-2014 graduates as in earlier decades. Over half of recent black college graduates acquired more than \$25,000 of student debt -- a concerning statistic, given previous Gallup findings showing a link between large undergraduate student loan debt and [lower](#) well-being.

Survey Methods

Results for the Gallup-Purdue Index are based on Web surveys conducted Feb. 4- March 7, 2014, with a random sample of 29,560 respondents with a bachelor's degree or higher, aged 18 and older, with Internet access, living in all 50 U.S. states and the District of Columbia.

The Gallup-Purdue Index sample was compiled from two sources: the Gallup Panel and the Gallup Daily tracking survey.

The Gallup Panel is a proprietary, probability-based longitudinal panel of U.S. adults who are selected using random-digit-dial (RDD) and address-based sampling methods. The Gallup Panel is not an opt-in panel. The Gallup Panel includes 60,000 individuals. Panel members can be surveyed by phone, mail, or Web. Gallup Panel members with a college degree and with access to the Internet were invited to take the Gallup-Purdue Index survey online.

The Gallup Daily tracking survey sample includes national adults with a minimum quota of 50% cellphone respondents and 50% landline respondents, with additional minimum quotas by time zone within region. Landline and cellular telephone numbers are selected using RDD methods. Landline respondents are chosen at random within each household on the basis of which member had the most recent birthday. Gallup Daily tracking respondents with a college degree, who agreed to future recontact, were invited to take the Gallup-Purdue Index survey online.

Gallup-Purdue Index interviews are conducted via the Web, in English only. Samples are weighted to correct for unequal selection probability and nonresponse. The data are weighted to match national demographics of gender, age, race, Hispanic ethnicity, education, and region. Demographic weighting targets are based on the most recent Current Population Survey figures for the aged 18 and older U.S. population with a bachelor's degree or higher.

All reported margins of sampling error include the computed design effects for weighting.

For results based on the total sample of 1990-2014 college graduates, the margin of sampling error is ± 1 percentage point at the 95% confidence level.

For results based on the total sample of 23,942 1970-2014 college graduates, the margin of sampling error is ± 1 percentage point at the 95% confidence level.

In addition to sampling error, question wording and practical difficulties in conducting surveys can introduce error or bias into the findings of public opinion polls.

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