

## Student Debt

January 2022

AAUW advocates increased support for and access to affordable higher education for women, including alleviating the debt burden that disproportionately impacts borrowers of color and exacerbates the racial wealth gap.

Americans now hold over \$1.7 trillion in outstanding student loan debt. College attendance is at a record high—yet tuition costs have skyrocketed as household incomes have barely budged. Compounded by [state disinvestment](#) in higher education, rising tuition costs have forced more students to take on more debt: [68% of students](#) borrow money to pay for their undergraduate education.

Women take on greater debt than men to start, with Black women taking on the most substantial debt burden. Then, when women graduate, their debt repayment collides with the gender wage gap and racial wealth gap to make it harder for them to repay their loans. As a result, women often put off [saving for retirement](#), buying a home, or starting a business.

### AAUW in Action

All public policy actions take direction from the [AAUW Public Policy Priorities](#), voted on by members every two years. AAUW is a nonpartisan organization—but nonpartisan does not mean “non-political.” Since its first meeting in 1881, AAUW has been a catalyst for change. Together, through our coordinated and strategic advocacy, we’ve enacted invaluable legislation at the federal, state, and local levels. The 2021-2023 Public Policy Priorities directly identify the need for increased support for and access to affordable higher education for women, including alleviating the student debt burden.

The public policy team engages in many efforts on this key issue, including but not limited to:

- Working in coalition with other gender equity and education organizations, including the [Education Task Force](#) of the Leadership Conference on Civil and Human Rights and the [Higher Ed, Not Debt](#) campaign.
- Mobilizing AAUW advocates and members through targeted calls to action on important legislation and executive

action, like the Child Care Access Means Parents in Schools (CCAMPIS) Act and broad debt cancellation.

- Engaging directly with elected leaders and the public through calls, [letters](#) to political offices, and comments and testimony in hearings.
- Providing voter education resources on key equity issues to consider during elections and offering information on how elected officials have voted in the past (more about this and Get Out the Vote guides at the [AAUW Action Fund](#)).

### Women & Student Debt

Women make up just over half of students enrolled in all sectors of higher education, yet hold almost two-thirds of the country’s student debt: [\\$929 billion](#). Women who take out loans borrow an average of \$31,276—about 7% more than men—and many women of color borrow significantly more.

After taking on a disproportionate burden of student debt, most women then [graduate to a pay gap](#) and racial wealth gap that make it harder to repay their loans. Even before the pandemic, women who graduated with a bachelor’s degree expected to earn [only 81%](#) of what men are expected to earn. Women, especially Black and Latina women, thus pay off loans more slowly than most men—meaning women also pay more on their loans during repayment as interest accrues. Burdened by loan repayments which further squeeze their budgets, many women put off buying a home, getting married, and having kids.

For the more than two million undergraduate students who are [mothers](#), the gender wage gap and high costs of childcare can make keeping up with loan repayments while [supporting a family](#) even more difficult. The [1.7 million](#) undergraduates who are single mothers have higher levels of debt than other students, and student debt is especially high for Black student parents.

## Debt is a Racial Equity Issue

The student debt crisis both reflects and exacerbates the racial wealth gap in the United States. The typical white family in the U.S. has [eight times](#) the wealth of the typical Black family and five times that of the typical Latino or Hispanic family. These disparities are reflected in students' expected family contribution (EFC), the amount of money that the U.S. Department of Education believes a student and/or family has available to pay for a student's postsecondary education in a year. While about [30% of white students](#) had an EFC of \$0 in 2015-16, 58.2% of Black students and 47.6% of Latino students had an EFC of \$0 that year.

Having less family wealth to rely on means borrowing more to finance higher education. More than 70% of Black students go into debt for higher education, compared to 56% of white students. Black women take on the most substantial debt burden, graduating with an [average of \\$37,558](#) in student debt.

Students of color are also [significantly more likely](#) to attend for-profit colleges, where [rates of student debt](#) are disproportionately high. This debt is also more challenging to pay back—[nearly 40%](#) of students attending for-profit colleges are expected to default, or fail to make a payment, on their loans by 2030. In general, Black four-year college graduates default on loans [five times more often](#) than white graduates.

## Protecting and Expanding Pell Grants

The federal Pell Grant program provides need-based grants to undergraduate students pursuing higher education and serves as the foundation for federal financial aid eligibility. Pell Grants are critical to many low-income students' success in higher education—of the 6.9 million students who received Pell Grants in the 2019-20 academic year, [more than 80%](#) had annual family incomes of less than \$40,000.

Unfortunately, the program's purchasing power is the lowest it's been in decades. The maximum Pell Grant in 2020-21 covers only 29% of average tuition, fees, and room and board at public four-year institutions, and [only 12%](#) of those costs at private, nonprofit four-year institutions. AAUW supports efforts asking Congress to protect and expand Pell Grants for low-income students to ensure that aid covers a greater share of the total cost of college attendance.

## Responses to the Student Debt Crisis

AAUW supports policy solutions to help current debt-holders.

- The president should **enact broad, equitable student debt cancellation** for all borrowers via executive action. Debt cancellation must extend to all borrowers, without regard to income, default status, repayment plan, industry sector or institution attended, to ensure that the neediest borrowers, low-income and low-wealth individuals, are not inadvertently excluded.
- Congress should **streamline income-driven repayment plans** to make it easier for individuals to enroll and improve outcomes for women who are struggling to repay their loans.
- Policymakers must work to **eliminate the pay gap** by passing legislation, such as the [Paycheck Fairness Act](#), to close existing loopholes and assist women in paying off debt more quickly.

AAUW also calls for policies to support future borrowers:

- Congress must **protect and expand federal Pell Grants** for low-income students to reduce the amount of student loan debt they have to take on to complete a degree. The maximum Pell Grant should be doubled and indexed to inflation and eligibility expanded to include more families.
- Congress should **pass the Child Care Access Means Parents in Schools (CCAMPIS) Act**, which would provide vital support for the participation and success of low-income parents in postsecondary education through the provision of subsidized child care.
- States must **invest in public education** with a focus on lowering college tuition costs for low- and moderate-income students.

## Additional Resources

### [Two-Minute Activist: End the Student Debt Crisis](#)

American Association of University Women (AAUW)

### [Deeper in Debt](#)

American Association of University Women (AAUW)