Twitter Thread by Paul Goldsmith-Pinkham



Paul Goldsmith-Pinkham
@paulgp

My friend @itsafronomics wanted to know the breakdown of student debt by income, so I pulled data from the SCF.

Student debt is more concentrated amongst high earners, but disproportionately amongst Black borrowers. The plot below plots the average within Income Quartiles.
1/n

But those are the averages. What's the share that's above 10k? (This is the Biden current cutoff for debt forgiveness, so a useful benchmark).

For comparison, 20% of white Americans have student debt, and 31% of Black Americans.

Let's contrast that with say, above 20k. I was surprised at how high the share remains.

When we get to 50k of student debt, or more, we see it's only about 5% of the US, and around 8% of Black Americans. Strikingly, it's a huge share of high income Black Americans (this is a known fact in the education literature, I believe).

So what does this look like put together? Overall, we see a higher share of Americans with debt above 10k, and 20k. We would cover a decent amount with 10k, but miss Black Americans especially.

Across the income distribution, the people at high incomes who would benefit disproportionately appear to be Black.

This was a useful exercise for me, as I hadn't looked hard at the numbers. All this data is publicly available here: https://t.co/T9yUGzwiOv

A good point raised was regarding the share of the dollars that would go to black borrowers under the different cutoffs. Everything above is within group.

The following exercise says: if we forgave 10k, 20k, and 50k, what share of dollars goes to Black Americans?

It's worth noting that the share to Black Americans is far lower in the high income group, and that's because they're less represented there, even though they have higher levels of debt.

Here's the data and code if you wanted to play with it: https://t.co/KdZTVMzvmd