# Student Loan Debt Trends in the District of Columbia, 2008-2018

Regional and Community Analysis • Federal Reserve Bank of Richmond

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# Introduction

## Consumer Credit in the District of Columbia

In the report *Unequitable Growth & Concentrated Financial Vulnerability in the Nation's Capital: Consumer Credit Trends in the District of Columbia, 2007-2017*, it was shown that consumers in the District of Columbia's low- and moderate-income communities have increasing difficulty accessing and making full use of the credit economy. This report will focus on another part of the credit economy that was not covered in the earlier report: student loans.

## National Trends in Student Loan Debt

Over the past 10 years, the share of both older and younger Americans with student loan debt has increased.[1,2] Changes in student lending may have implications for economic growth, though the net effect is unclear. For example, while student debt is used to fund human capital accumulation, studies have found that increased student borrowing decreases one's likelihood of purchasing a home or starting a small business.[3]

Student loan debt in America is disproportionately distributed across income and racial groups. According to one study, students from middle-income families have a higher likelihood of accruing student loan debt than low- and high-income families.[4] Further, black college graduates owe on average $7,400 more than their white peers when they graduate, and student loan delinquencies tend to be concentrated in areas with high numbers of black and Latino borrowers.[5,6] Some evidence also suggests that black borrowers are more likely to have outstanding debt without a degree compared with their white counterparts.[7]

## Educational Attainment in D.C.

Student loan debt has particular relevance in the District of Columbia because the number of District residents who have attended college increased rapidly over the past decade. In particular, between 2008 and 2017, D.C. had a 45% increase in the number of residents with a bachelor's degree or higher, compared with a 22% population growth rate overall and a 3% decrease in the number of residents with a high school diploma or less (see Figure 1). This differs from the U.S., where during the same time the population with a bachelor's degree or higher increased by only 28%.

**Figure 1: Population Change by Educational Attainment in D.C. and U.S. Among Population Aged 25 and Older, 2008-2017**
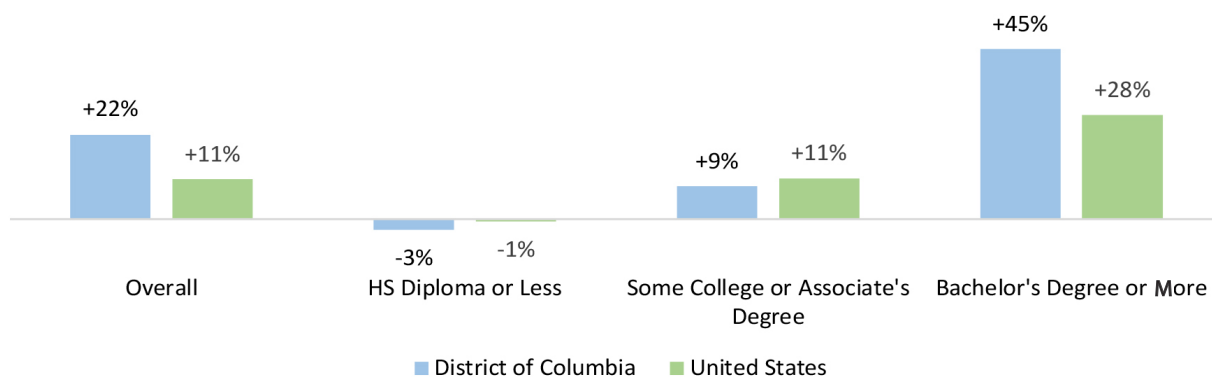


**Notes**: 2018 data not shown due to data availability; 'Some College' includes individuals who attended college but did not earn a degree and those with associate's degrees.
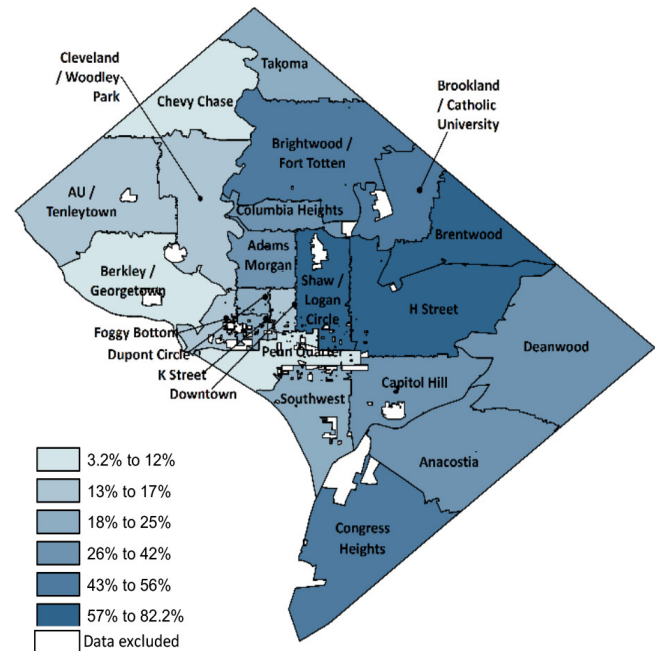
**Sources**: American Community Survey 1-Year Estimates, 2008 & 2017

Wealthier parts of the District have a larger share of residents with postsecondary education. Over 90% of adults aged 25 and older have at least a bachelor's degree in Penn Quarter, K Street, Cleveland/Woodley Park and Dupont Circle, compared with fewer than 20% of those living east of the Anacostia River (see Map 1). Although it is true that the number of residents with a bachelor's degree is growing in every part of the city, growth has been concentrated in certain moderate- and middle-income communities (see Map 2). Specifically, between 2011 and 2017, the number of residents with a bachelor's degree increased the most in Brentwood (+82%), H Street (+67%) and Shaw/Logan Circle (+66%). H Street and Shaw/Logan Circle also had two of the fastest rates of home value and income growth in D.C.[8]

**Map 1: % of 25+ Population with Bachelor's+, 2017**
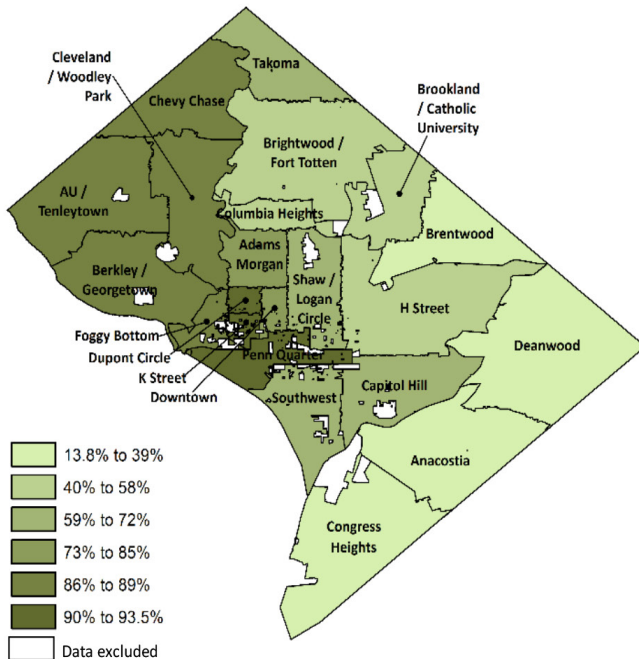
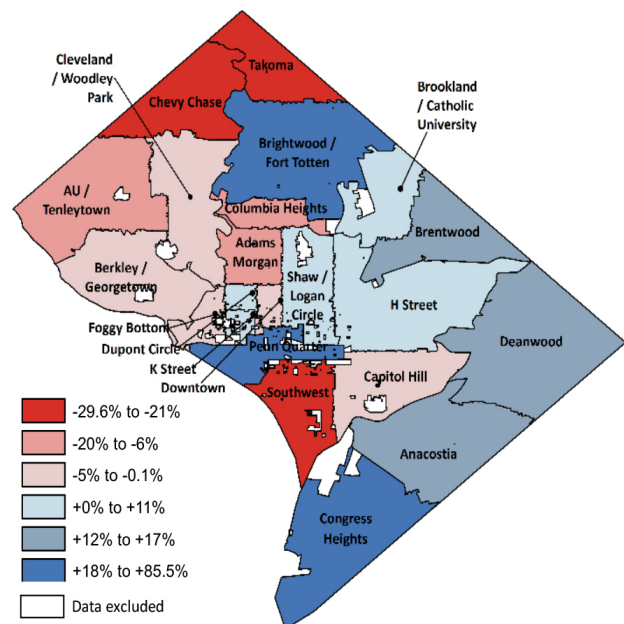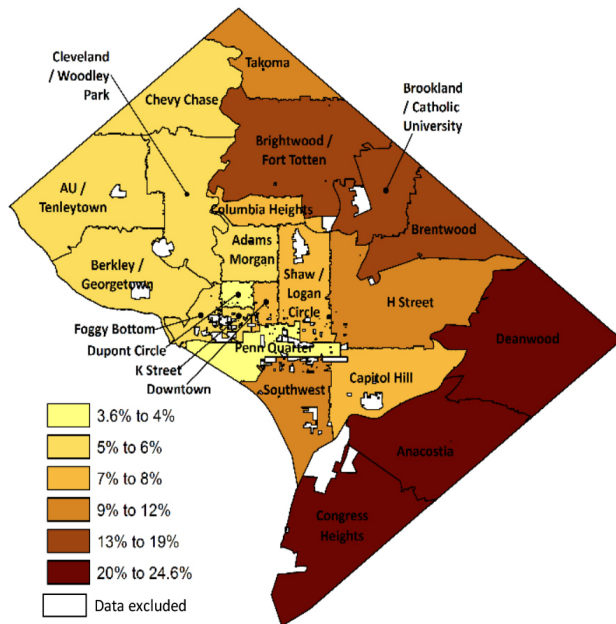**Map 2: % of 25+ Population with Bachelor's+, Change 2011-2017**



**Notes:** Estimates for 2008 to 2010 were not used in Map 2 due to data availability; blue shades in Map 2 indicate % increases between 2011 and 2017.
**Sources:** American Community Survey 5-Year Estimates, 2007-2011 & 2013-2017

The number of individuals who attended college but did not earn a degree has also been growing disproportionately across areas of the District. In Deanwood and Anacostia, 23% of adults (25 years and older) attended college but did not earn a degree, while the share was 25% in Congress Heights. Meanwhile, the share was only 5% in Dupont Circle (see Map 3). Congress Heights also has one of the fastest growth rates of these residents: Between 2011 and 2017, the number of adults with some college experience but no degree increased by 29% in Congress Heights, while the population of adults 25 and older only increased by 10% (see Map 4).

**Map 3: % of 25+ Population with Some College Education but No Degree, 2017**

**Map 4: % of 25+ Population with Some College Education but No Degree, Change 2011-2017**



Map 3 Legend:
- 3.6% to 4%
- 5% to 6%
- 7% to 8%
- 9% to 12%
- 13% to 19%
- 20% to 24.6%
- Data excluded

Map 4 Legend:
- -29.6% to -21%
- -20% to -6%
- -5% to -0.1%
- +0% to +11%
- +12% to +17%
- +18% to +85.5%
- Data excluded

**Notes:** Estimates for 2008 to 2010 were not used in Map 4 due to data availability; blue shades in Map 4 indicate % increases between 2011 and 2017, while red shades indicate decreases.

**Sources**: American Community Survey 5-Year Estimates, 2007-2011 & 2013-2017

## Student Loan Debt Trends in the District of Columbia

The remainder of the report will examine whether trends in educational attainment among District of Columbia residents align with different student loan outcomes between neighborhoods and borrower segments. Using data from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax (CCP) for adults aged 25 and older, this report will present data for five indicators of student loan debt followed by discussions that highlight notable findings. Together, the results reveal the following:

- A median student loan borrower in D.C. carries more debt than the median borrower in the U.S. overall.
- Although individuals in low- and moderate-income D.C. neighborhoods have the lowest median student loan debt loads in the District, their student loan debt is rising faster and comprises a greater share of overall debt than those in upper-income areas.
- D.C. consumers in low- and moderate-income areas are more likely to be delinquent on their account, as are those in neighborhoods with lower rates of postsecondary educational attainment.
- Nearly every delinquent student loan borrower has an Equifax Risk Score below 600. Meanwhile, the median student loan debt among borrowers with low credit scores is rising relative to the median student loan debt for borrowers with credit scores of 660 and higher.
- Student loan debt has increased fastest among D.C. residents aged 35 to 54, and these borrowers also have older student loan debt than other age groups.

## Student Loan Debt Indicators Summary Table, 2018

| Indicator | Definition | U.S. Overall | D.C. Overall | D.C. Credit Score <600 | D.C. Credit Score 600+ | D.C. 25-34 yrs old | D.C. 35-54 yrs old | D.C. 55+ yrs old | D.C. Low/ Mod Income[10] | D.C. Mid/ Upper Income[11] |
|---|---|---|---|---|---|---|---|---|---|---|
| Student Loan Borrowers (2017)[9] | % of 25+ population w/ student loan debt | 16% | 23% | -- | -- | 35% | 24% | 7% | 32% | 12% |
| Student Loan % of Aggregate Debt | Portion of aggregate debt composed of student loans | 7% | 11% | 41% | 7% | 29% | 8% | 3% | 14% | 10% |
| Median Student Loan Balance | Median student loan debt among borrowers | $20.9K | $30.1K | $23.9K | $32.5K | $30.6K | $32.6K | $20.6K | $24.8K | $34.1K |
| Median Student Loan Account Age | Median age of student loan debt among borrowers | 7.1 years | 7.3 years | 7.2 years | 7.4 years | 6.7 years | 9.2 years | 8.2 years | 7.3 years | 7.3 years |
| Severely Delinquent Student Loan Borrowers | % of borrowers with student loan debt 90DPD+ | 17% | 16% | 50% | 0.3% | 15% | 15% | 20% | 25% | 10% |

**Source**: FRBNY Consumer Credit Panel/Equifax

## Student Loan Borrowers

**Student Loan Borrowers measures the portion of the population aged 25 years and older that has a nonzero student loan balance.**

Throughout the District of Columbia, the portion of adults aged 25 and older who have outstanding student loans increased from 19% in 2008 to 23% in 2017, at which point it was 7 percentage points higher than in the U.S. overall (see Figure 2). The portion of Americans overall with student loan debt also increased by 4 percentage points during this time. The proportion of adults in D.C. with student loan debt increased most rapidly among borrowers aged 35 to 54, while the portion of adults aged 25 to 34 with student debt decreased from 41% to 35%. As shown in Map 6, compared to population growth, the number of borrowers increased fastest in Takoma (10.1 times faster), Anacostia (9.5 times) and Congress Heights (7.9 times).
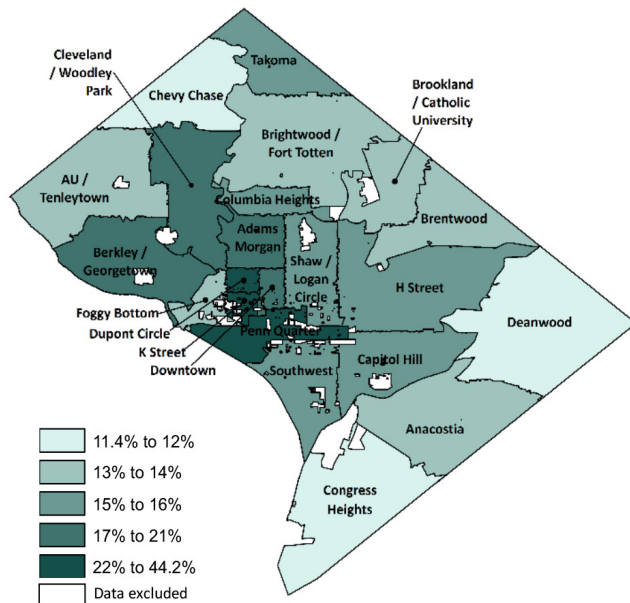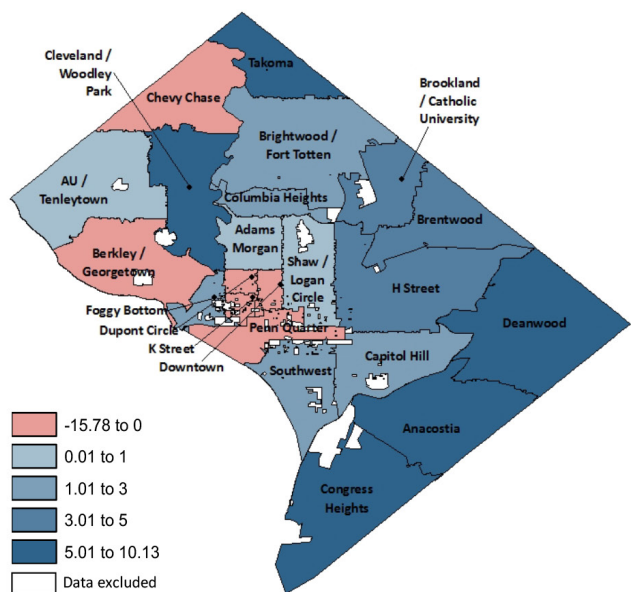
**Figure 2: D.C. Student Loan Borrowers, 2008-2017**
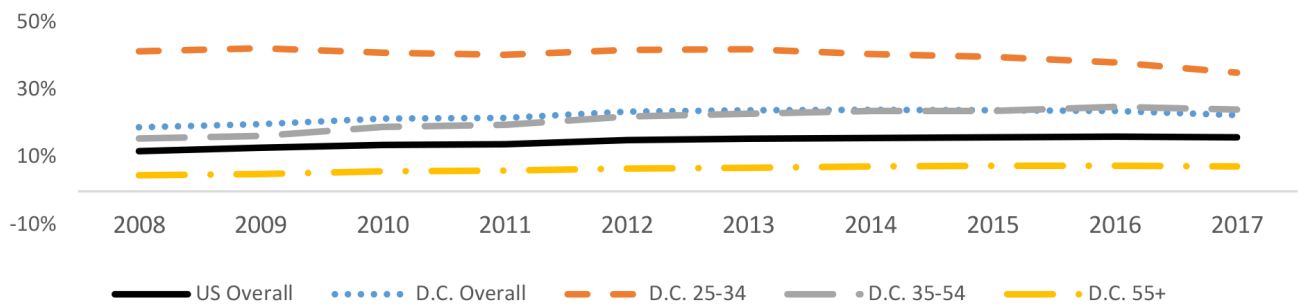


**Note:** 2018 data not shown because population and age estimates are unavailable at the time of publication.

**Sources:** FRBNY Consumer Credit Panel/Equifax; American Community Survey 1-Year Estimates, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017.

**Map 5: D.C. Student Loan Borrowers, 2017**



**Map 6: D.C. Student Loan Borrower Growth to 25+ Population Growth Ratio, 2008-2017**



**Notes:** ZIP codes with fewer than 50 files in data sample have been excluded from maps; 2018 data not shown because population and age estimates were unavailable at the time of publication; blue shades in Map 6 indicate increases between 2008 and 2017, while red shades indicate decreases.
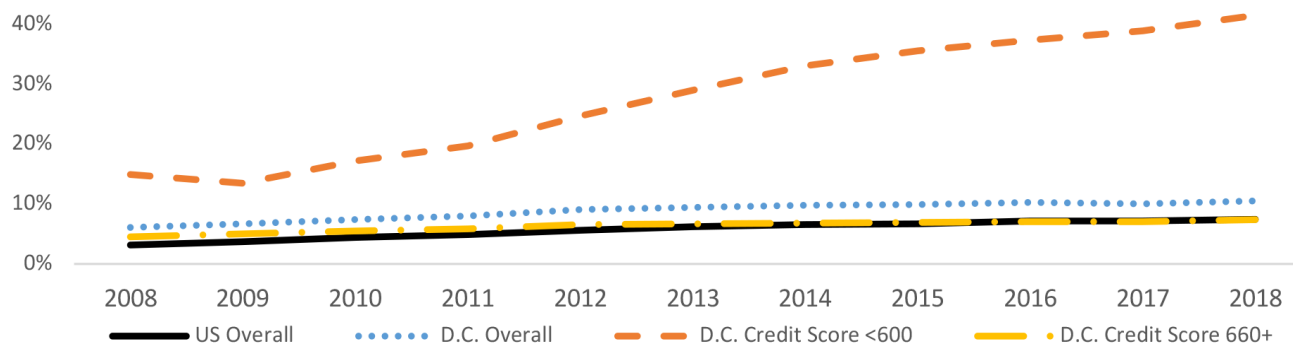
**Sources:** FRBNY Consumer Credit Panel/Equifax; American Community Survey 1-Year Estimates, 2017.

## Student Loan Percent of Aggregate Debt

**Student Loan Percent of Aggregate Debt** measures the portion of aggregate consumer debt that comprises student loan debt. Other debt includes mortgage, credit card, auto, home equity line of credit, consumer finance and retail loans.

In 2018, student loan debt totaled 11% of all consumer debt in D.C., a 5-percentage-point increase from 2008 (see Figure 3). Student loan debt was a larger share of debt for borrowers with credit scores below 600 than for borrowers with credit scores of 660 and above, comprising 41% and 7% of their debt, respectively. Student loans made up the highest portion of overall debt for consumers in Congress Heights (22%) and Anacostia (21%) in 2018, which were also the neighborhoods with the fastest growth in student borrowing over the preceding decade (see Maps 7 and 8).

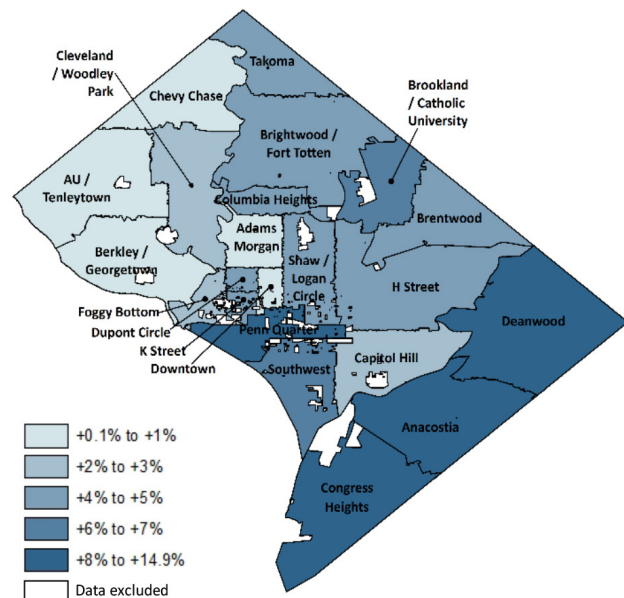**Figure 3: D.C. Student Loan % of Aggregate Debt, 2008-2018**



**Source:** FRBNY Consumer Credit Panel/Equifax

**Map 7: D.C. Student Loan % of Aggregate Debt, 2018**
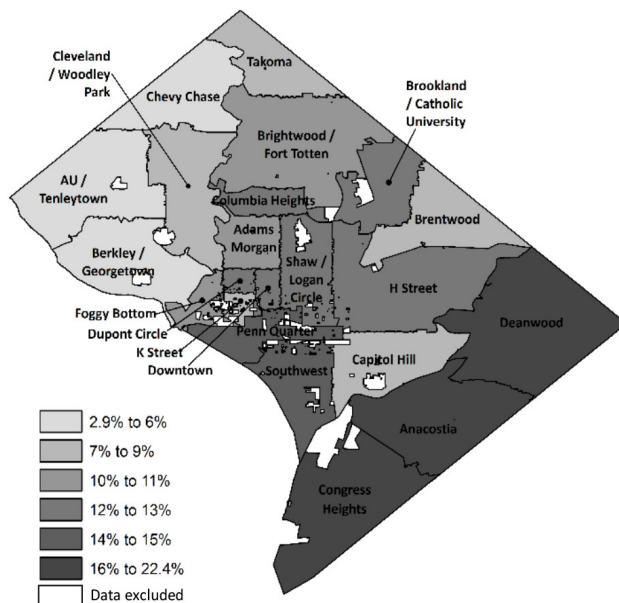


**Map 8: D.C. Student Loan % of Aggregate Debt, Change 2008-2018**



**Notes:** ZIP codes with fewer than 50 files in data sample have been excluded from maps; blue shades in Map 8 indicate % increases between 2008 and 2018.
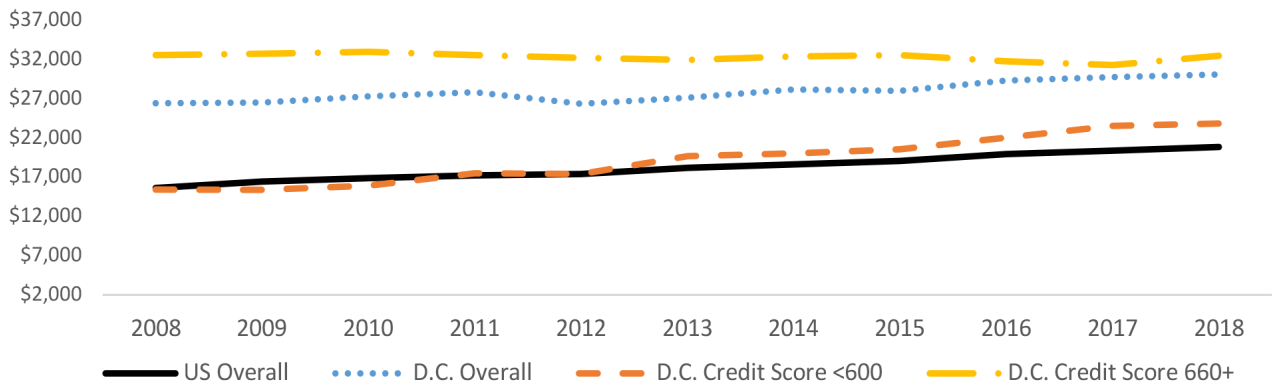**Source:** FRBNY Consumer Credit Panel/Equifax

## Median Student Loan Balance

In 2018, the median student loan balance for D.C. borrowers was $30,107, up 14% from 2008, and 44% higher than in the country overall (see Figure 4). The median student loan balance for borrowers with credit scores below 600 increased 55% between 2008 and 2018. Borrowers in Penn Quarter, Brookland/Catholic University and Deanwood experienced the largest increase in inflation-adjusted median student loan debt, rising 217%, 129% and 100%, respectively (see Map 10). Median student loan debt in areas to the east of the Anacostia River remain low compared with other parts of the District, but their median balances are increasing more rapidly than in the District overall (see Maps 9 and 10).
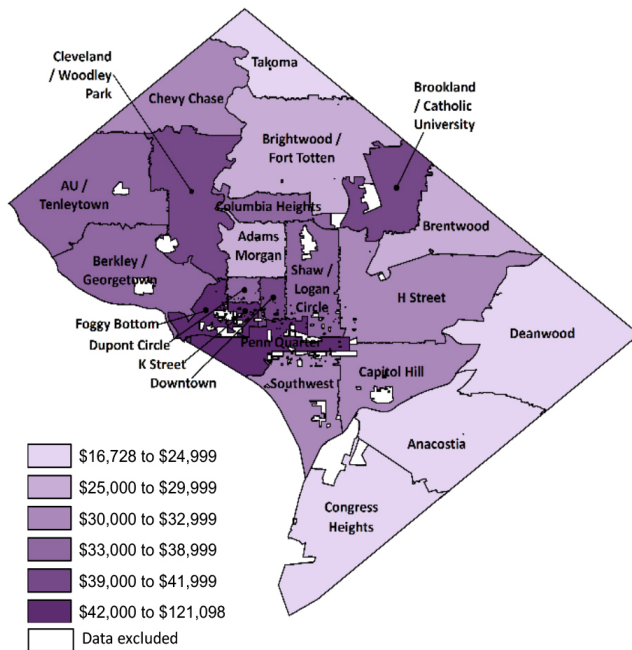
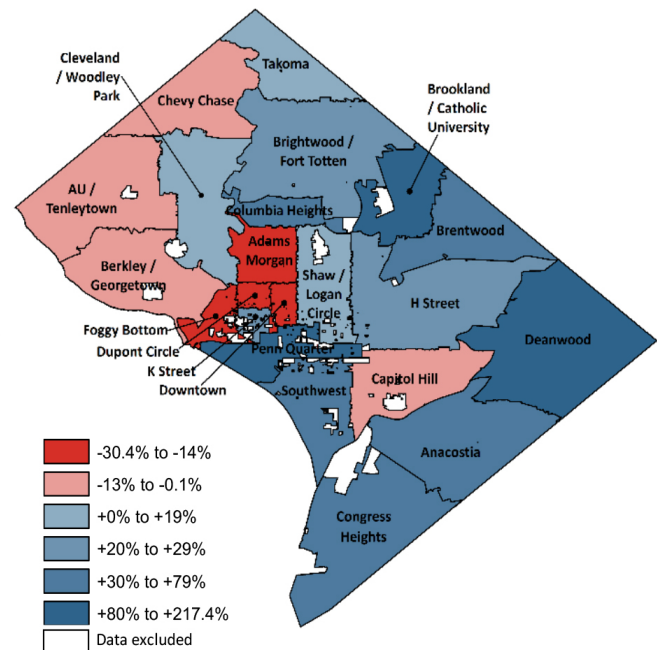**Figure 4: D.C. Median Student Loan Balance, 2008-2018**



**Note:** Vertical axis does not start at $0. Values adjusted to 2018 dollars.
**Source:** FRBNY Consumer Credit Panel/Equifax

**Map 9: D.C. Median Student Loan Balance, 2018**



$16,728 to $24,999
$25,000 to $29,999
$30,000 to $32,999
$33,000 to $38,999
$39,000 to $41,999
$42,000 to $121,098
Data excluded

**Map 10: D.C. Median Student Loan Balance, % Change 2008-2018**



-30.4% to -14%
-13% to -0.1%
+0% to +19%
+20% to +29%
+30% to +79%
+80% to +217.4%
Data excluded

**Notes:** ZIP codes with fewer than 50 files in data sample have been excluded from maps; values adjusted to 2018 dollars; blue shades in Map 10 indicate % increases between 2008 and 2018, while red shades indicate decreases.
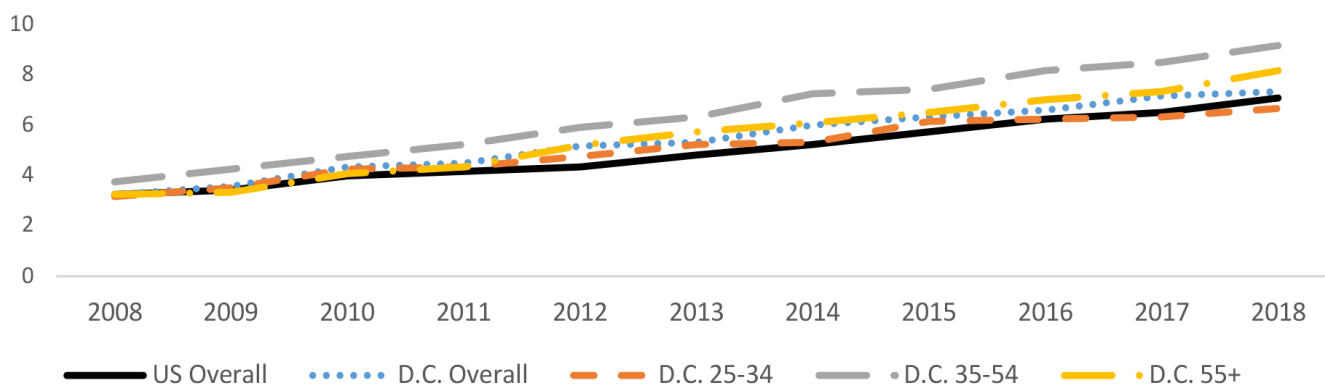**Source:** FRBNY Consumer Credit Panel/Equifax

## *Median Student Loan Account Age*

**Median Student Loan Account Age** indicates the midpoint age of consumers' individual student loan lines of credit. Consumers can have multiple student loan accounts, and each are counted individually in this calculation.
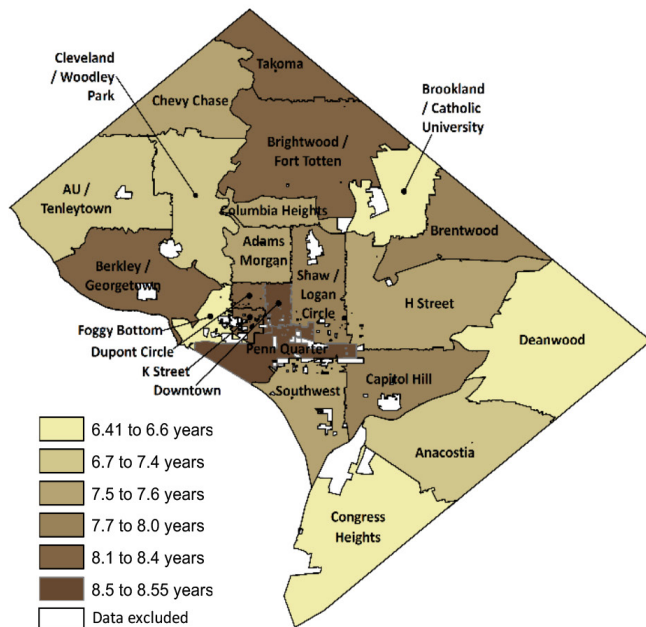
Between 2008 and 2018, the median account age of student loans in D.C. more than doubled, from 3.3 years to 7.3 years (see Figure 5). Consumers aged 35 to 54 had a median account age of 9.2 years in 2018, compared with 8.2 years for those aged 55 and older. The median account age is highest in Penn Quarter (8.55 years) and Shaw/Logan Circle (8.5 years) and lowest in Foggy Bottom (6.41 years) (see Map 11).

**Figure 5: D.C. Median Student Loan Account Age (Years), 2008-2018**
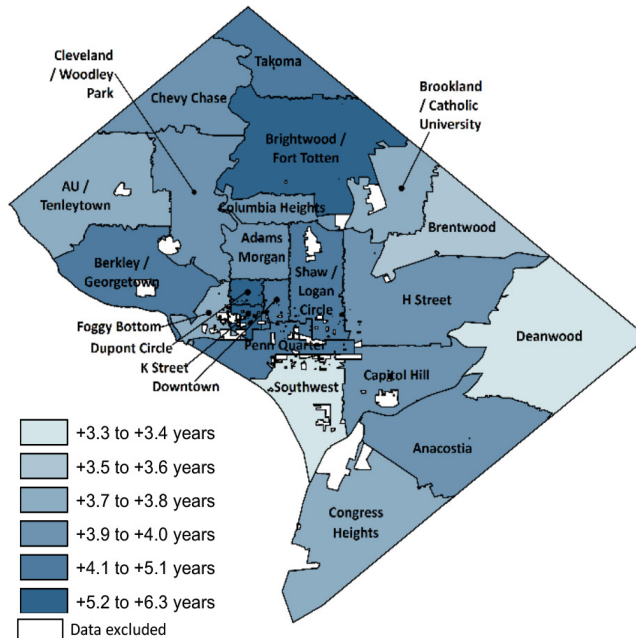


**Source:** FRBNY Consumer Credit Panel/Equifax

**Map 11: D.C. Median Student Loan Account Age, 2018**



6.41 to 6.6 years
6.7 to 7.4 years
7.5 to 7.6 years
7.7 to 8.0 years
8.1 to 8.4 years
8.5 to 8.55 years
Data excluded

**Map 12: D.C. Median Student Loan Account Age, Change 2008-2018**



+3.3 to +3.4 years
+3.5 to +3.6 years
+3.7 to +3.8 years
+3.9 to +4.0 years
+4.1 to +5.1 years
+5.2 to +6.3 years
Data excluded

**Notes:** ZIP codes with fewer than 50 files in data sample have been excluded from maps; blue shades in Map 12 indicate increases between 2008 and 2018.
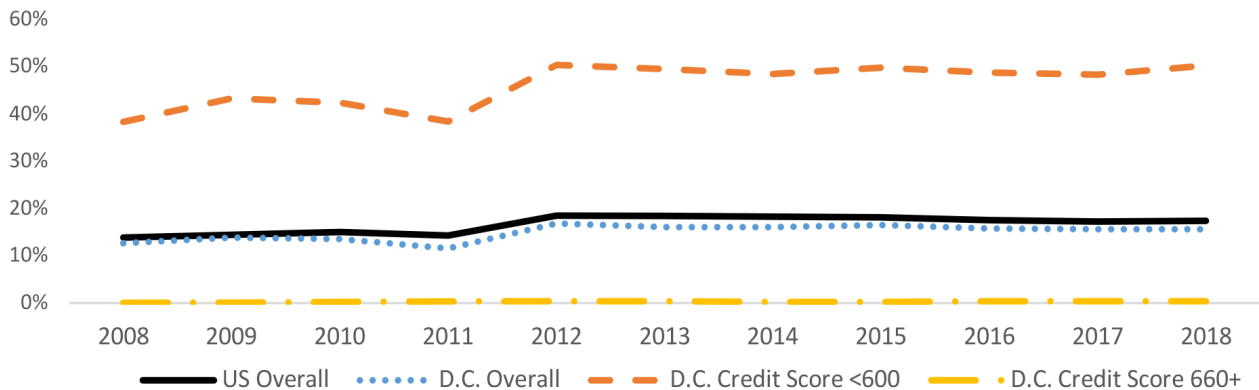**Source:** FRBNY Consumer Credit Panel/Equifax

## *Severely Delinquent Student Loan Borrowers*

**Severely Delinquent Student Loan Borrowers measures the portion of borrowers aged 25 years and older who have student loan debt that is at least 90 days past due.**

In 2018, 16% of student loan borrowers in D.C. had debt that was at least 90 days past due (see Figure 6). Nearly all of these borrowers had credit scores below 600: Half of all borrowers with credit scores below 600 were delinquent in 2018 compared with only 0.3% of those with credit scores of 660 and above. Congress Heights (35%) and Deanwood (31%) had the highest 2018 delinquency rates, while Anacostia (+8%) and Brookland/Catholic University (+7%) had the most rapid delinquency rate increases between 2008 and 2018 (see Maps 13 and 14).

**Figure 6: D.C. Severely Delinquent Student Loan Borrowers, 2008-2018**



**Source:** FRBNY Consumer Credit Panel/Equifax
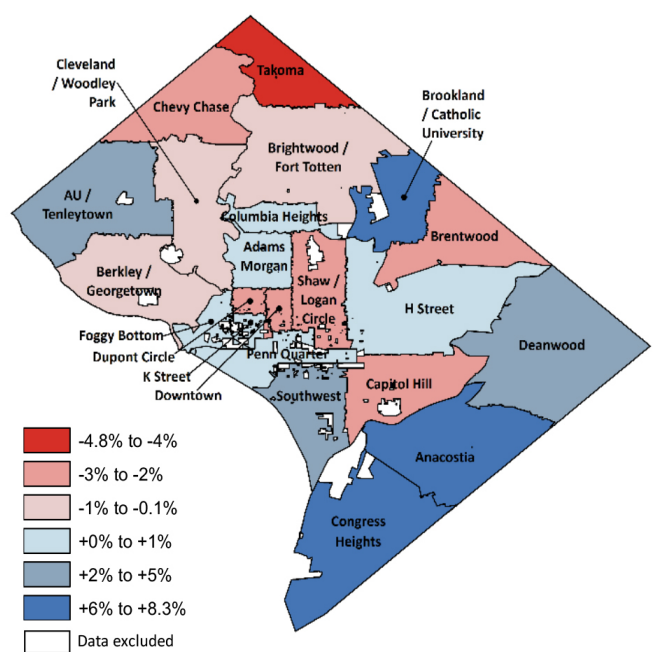
**Map 13: D.C. Severely Delinquent Student Loan Borrowers, 2018**
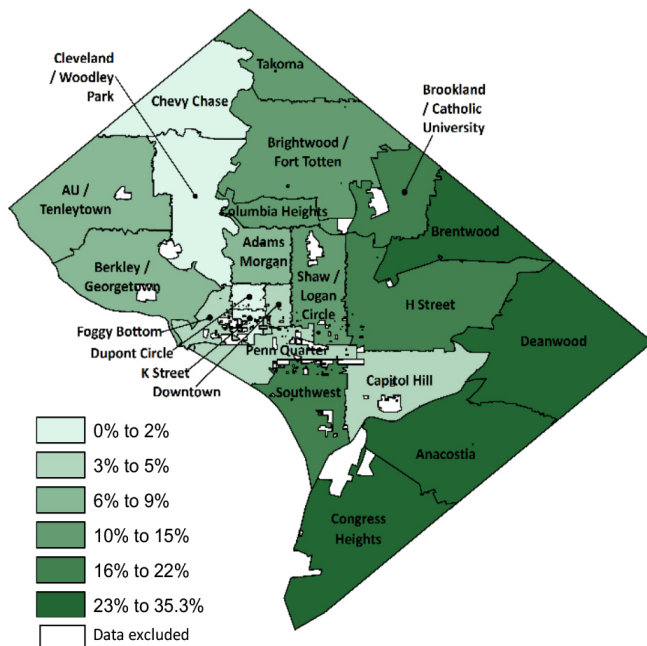


**Map 14: D.C. Severely Delinquent Student Loan Borrowers, Change 2008-2018**



**Notes:** ZIP codes with fewer than 50 files in data sample have been excluded from maps; blue shades in Map 14 indicate % increases between 2008 and 2018, while red shades indicate decreases.
**Source:** FRBNY Consumer Credit Panel/Equifax

## *Conclusion*

Student loan debt has increased in the District of Columbia in the last decade. Both the increase in student borrowing and the increased rate of delinquency have been concentrated among those who live in low- or moderate-income areas.

Importantly, the neighborhoods that have some of the largest increases in delinquency rates are also those with the largest increases in adults who start but do not finish college. Specifically, in Congress Heights, which has the highest portion in D.C. of adults over 25 who attended college but did not graduate, the rate of severely delinquent debt is highest (35%) and rising most quickly. Further, student loan debt makes up the largest share of resident debt (22%) in Congress Heights out of all ZIP codes in D.C. Other communities to the east of the Anacostia River, including Deanwood and Anacostia, also have high rates of college noncompleters and rising delinquency compared with the District overall.

Still, even though consumers in the neighborhoods to the east of the Anacostia River are more likely to be delinquent than those to the west, there are still large populations of struggling student loan borrowers in more prosperous communities. H Street, for example, has the third-largest population of severely delinquent student loan borrowers out of all ZIP codes (2,320), even though the vast majority of borrowers in the area are current on their accounts.

Finally, student loan debt has increased fastest among D.C. residents aged 35 to 54, and these borrowers also have older debt than other age groups. While the portion of those aged 25 to 54 with student loans decreased between 2008 and 2018, the portion of adults aged 35 to 54 with outstanding debt increased 8 percentage points over this time, to where nearly one-in-four adults in this age group had outstanding student loan debt in 2018.

## Summary Statistics, 2018

| | Student Loan Borrowers (2017)[12] | Student Loan % of Agg. Debt | Median Student Loan Balance | Median Student Loan Account Age | Severely Delinquent Student Loan Borrowers |
|---|---|---|---|---|---|
| **United States** | 16% | 7% | $20,860 | 7.1 years | 17% |
| **District of Columbia** | 23% | 11% | $30,107 | 7.3 years | 16% |
| **20001 (Shaw/Logan Circle)** | 17% | 13% | $33,156 | 7.8 years | 10% |
| **20002 (H Street)** | 16% | 13% | $32,313 | 7.5 years | 16% |
| **20003 (Capitol Hill)** | 16% | 10% | $30,313 | 7.8 years | 6% |
| **20004 (Penn Quarter)** | 25% | 14% | $121,098 | 8.6 years | 6% |
| **20005 (Downtown)** | 22% | 13% | $40,040 | 8.5 years | 4% |
| **20006 (K Street)** | 44% | 7% | $62,857 | 8.1 years | 0% |
| **20007 (Berkley/Georgetown)** | 18% | 5% | $38,505 | 8.5 years | 8% |
| **20008 (Cleveland/Woodley Park)** | 21% | 9% | $41,353 | 7.4 years | 2% |
| **20009 (Adams Morgan)** | 22% | 11% | $29,762 | 7.5 years | 7% |
| **20010 (Columbia Heights)** | 15% | 13% | $36,946 | 7.5 years | 12% |
| **20011 (Brightwood/Fort Totten)** | 14% | 10% | $28,147 | 8.5 years | 15% |
| **20012 (Takoma)** | 15% | 9% | $24,354 | 8.4 years | 14% |
| **20015 (Chevy Chase)** | 13% | 3% | $30,525 | 7.5 years | 1% |
| **20016 (AU/Tenleytown)** | 13% | 4% | $35,436 | 7.4 years | 6% |
| **20017 (Brookland/Catholic University)** | 15% | 14% | $40,458 | 6.7 years | 18% |
| **20018 (Brentwood)** | 13% | 10% | $29,598 | 7.9 years | 23% |
| **20019 (Deanwood)** | 11% | 17% | $23,336 | 6.7 years | 31% |
| **20020 (Anacostia)** | 14% | 21% | $22,140 | 7.4 years | 31% |
| **20024 (Southwest)** | 16% | 15% | $30,059 | 7.5 years | 18% |
| **20032 (Congress Heights)** | 12% | 22% | $16,728 | 6.7 years | 35% |
| **20036 (Dupont Circle)** | 24% | 13% | $37,933 | 8.5 years | 2% |
| **20037 (Foggy Bottom)** | 14% | 11% | $47,057 | 6.4 years | 6% |

**Source:** FRBNY Consumer Credit Panel/Equifax

## About the Data

The consumer credit data in this report originate from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax (CCP). In this panel, the credit bureau Equifax provides quarterly credit report data for a unique, 5% nationally representative sample of individuals in the United States with a Social Security number and credit report. All data are anonymous, but each file contains information on the consumer's census tract, ZIP code and age. All values utilized are for the fourth quarter of the given year.[13]

The CCP provides data for consumers as young as 18 years old. However, this report does not include that data due to concerns about its reliability. Specifically, other Fed researchers observed sudden, unexplained and large increases throughout the panel in the sample of consumers 18 to 24 years old. To reconcile these sample concerns, the dataset only includes debt information for consumers aged 25 or older.

Demographic and socioeconomic data originate from the U.S. Census Bureau's 1-year and 5-year American Community Survey (ACS) estimates. "Low-income" ZIP codes are defined as those that have incomes below 50% of the citywide median and includes 20019, 20020, 20032 and 20006. "Moderate-income" ZIP codes are those that have incomes between 50% and 80% of the citywide median and include 20011, 20017 and 20018. "Middle-income" ZIP codes are those that have incomes between 80% and 120% of the citywide median and include 20036, 20012, 20037, 20008, 20005, 20001, 20002, 20010, 20024 and 20009. "High-income" ZIP codes are those that have incomes above 120% of the citywide median and include 20003, 20004, 20007, 20016 and 20015.

## About the Author

Samuel Storey was a senior research analyst in the Regional and Community Analysis unit at the Federal Reserve Bank of Richmond, Baltimore Branch through December 2019. He now serves as the Director of Economic Development at the Downtown Partnership of Baltimore.

## Acknowledgements

## Endnotes

1   "Student Loan Data and Demographics," Center for Microeconomic Data, Federal Reserve Bank of New York.

2   "S0101: Age and Sex," 2007-2017 American Community Survey 1-Year Estimates, U.S. Census Bureau's American Community Survey Office.

3   Jason Houle and Lawrence Berger, "Is Student Loan Debt Discouraging Home Buying Among Young Adults?" CFPB Monitor (June 2014).

4   Jason N. Houle, "Disparities in Debt: Parents' Socioeconomic Resources and Young Adult Student Loan Debt," Sociology of Education (2013).

5   Judith Scott-Clayton and Jing Li, "Black-white disparity in student loan debt more than triples after graduation," Brooking Institute, Evidence Speaks Reports (Oct 2016).

6   Mark Huelsman, "The Debt Divide: The Racial and Class Bias Behind the 'New Normal' of Student Borrowing," Demos (2017).

7   Kavya Vaghul and Marshall Steinbaum, "How the student debt crisis affects African Americans and Latinos," Washington Center for Equitable Growth (Feb 2016).

8   Samuel Storey, "Unequitable Growth & Concentrated Financial Vulnerability in the Nation's Capital: Consumer Credit Trends in the District of Columbia, 2007-2017," Federal Reserve Bank of Richmond (June 2019).

9   2018 data not shown due to unavailability of 2018 American Community Survey data at the time of publishing.

10  See "About the Data" for definitions of low-, moderate-, middle- and upper-income ZIP codes.

11  Ibid.

12  2018 data not shown due to unavailability of 2018 American Community Survey data at the time of publishing.

13  For more information about the Consumer Credit Panel, see the Federal Reserve Bank of New York Staff Report 479, "An Introduction to the FRBNY Consumer Credit Panel," (Nov 2010) https://www.newyorkfed.org/research/staff_reports/sr479.html.