

POSTSECONDARY
VALUE COMMISSION

ENSURING A MORE EQUITABLE FUTURE: EXPLORING AND MEASURING THE RELATIONSHIP BETWEEN FAMILY WEALTH, EDUCATION DEBT, AND WEALTH ACCUMULATION

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SUMMARY

The economic value students derive from postsecondary education relies on both earnings and wealth outcomes. And while sufficient earnings can create economic stability, wealth—which is the total value of assets (what one owns) minus total value of liabilities or debts (what one owes)—is key to the security necessary to withstand life’s financial shocks, including the health crises and job losses much of the nation is experiencing as a result of the coronavirus pandemic.^{i,ii} Postsecondary education has a direct impact on students’ ability to build wealth (e.g., housing or retirement savings, investments, businesses, and investment farms and real estate) through the earning power associated with credentials and through student loan debt, or negative wealth, that many students rely on to finance their education. Historic wealth inequality resulting from centuries of racist policies in the United States heightens the need to focus on wealth outcomes in the context of defining and measuring how institutions of higher education deliver—or fail to deliver—equitable value to Black, Latinx, Indigenous, underrepresented Asian American and Pacific Islander (AAPI), low-income, and female students.ⁱⁱⁱ

This paper explores the complex and cyclical relationship between family wealth, educational debt, and wealth accumulation, with a special focus on racial/ethnic disparities in student loan debt burdens and negative repayment outcomes such as default. It then discusses both the ideal dataset for fully understanding this relationship in the context of the Postsecondary Value Commission’s Value Framework as well as public data that are currently available and their limitations.

FROM FAMILY WEALTH TO EDUCATION DEBT

Familial wealth plays a role in the formation and accumulation of education debt for several reasons. First, college is an increasingly expensive investment, and as costs have risen, the financial share that families are required to pay has also increased. Therefore children from wealthier families are more likely to attend and complete their degree than children from families at the low end of the wealth distribution (Jackson & Reynolds, 2013). Second, it is very common in the United States for parents to provide financial transfers to their children for educational purposes. Greater familial wealth more easily enables these financial transfers (Taylor & Meschede, 2018). And third, racial/ethnic disparities in educational outcomes, including education debt, are rooted in racial/ethnic wealth inequality. Wealth has helped to establish and maintain a system of racial/ethnic status and hierarchy in the United States. It is also the case that recent trends in the widening of racial/ethnic wealth inequality largely mirror the rise in student loan debt and student debt racial/ethnic disparities (Seamster & Charron-Chénier, 2017).

i The term wealth is used to connote net worth, which is typically calculated as the total value of assets minus total liabilities or debt.

ii Assets typically include things like cash, investments, and real estate; liabilities typically include things like mortgage debt and student loan debt, although the particular components included in any specific measurement depend upon data availability.

iii For additional information on the variations in access, completion, and outcomes for AAPI students, please see Sidebox 1.1 in Postsecondary Value Commission. (2021a). Equitable value: promoting economic mobility and social justice through postsecondary education. <https://www.postsecondaryvalue.org/wp-content/uploads/2021/05/PVC-Final-Report-FINAL.pdf>

Studies on the relationship between family wealth and education debt fall into three main categories:

1. The relationship between the amount of household wealth and education debt;
2. The relationship between having targeted savings (or savings accounts) for education and education debt; and
3. The role of family transfers and education debt.

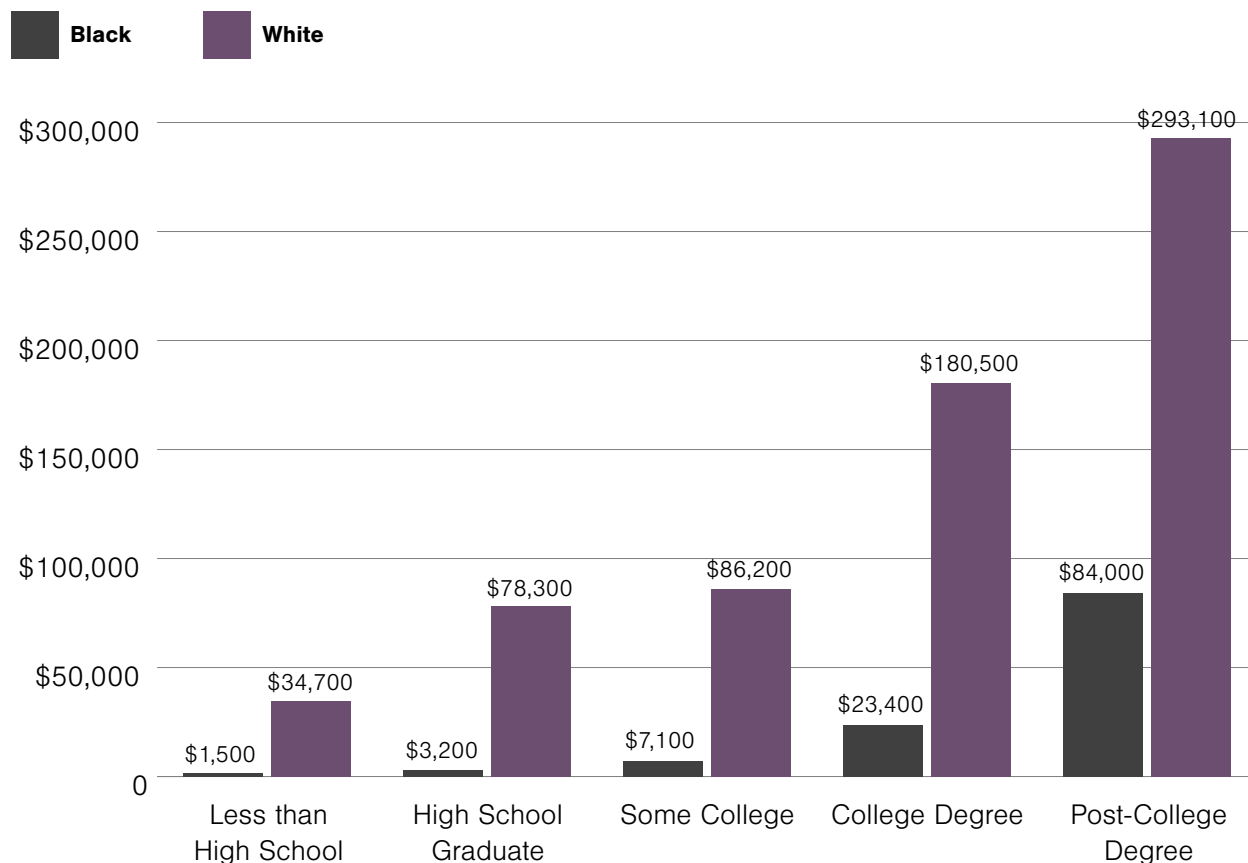
Household Wealth

Substantial inequities in household wealth mean that Black and Latinx families are at a marked disadvantage compared to White families. For example, among young adults born between 1980 and 1984 who ever attended a postsecondary institution, Black parents only composed 3.2 percent of the top wealth quintile, which was defined as holding at least \$191,000 (Addo, 2018).

As of 2016, the median net worth of White households was \$171,000, compared with \$20,700 for Latinx households and \$17,600 for Black households (Dettling et al., 2017). This inequity has grown over time. The median net worth of households headed by college-educated Black and Latinx individuals fell between 1992 and 2013, with the largest growth in wealth disparity among college-educated Black and White Americans (Emmons & Noeth, 2015). Hamilton, Darity, Price, Sridharan, et al. (2015) show that median household wealth of Black households with a college degree (\$23,400) is lower than White households with less than a high school degree (\$34,700) (Figure 1).^{iv} Given the greater wealth status of many White households, they are less likely to need and accumulate significant amounts of student debt (Addo et al., 2016).

iv Similar analysis for Latinx households was not available.

Figure 1. Median Wealth by Education Level and Race (2011)



Note: Figure modified from Figure 2 in Hamilton, D., Darity, W., Jr., Price, A.E., Sridharan, V., & Tippett, R. (2015). *Umbrellas don't make it rain: Why studying and working hard isn't enough for Black Americans*. Oakland CA: Insight Center for Community Economic Development. Retrieved from: <https://socialequity.duke.edu/portfolio-item/umbrellas-dont-make-it-rain-why-studying-and-working-hard-isnt-enough-for-black-americans/>.

Data source: U.S. Census Bureau. (2011). *Survey of Income and Program Participation (SIPP)*. Retrieved from: <https://www.census.gov/programs-surveys/sipp.html>.

Targeted Education Savings

Wealth in the form of college savings decreases the need for students to borrow. For example, research on the role of targeted savings plans (e.g., children's savings accounts) for college finds a negative association with college debt. Young adults whose parents had savings accounts were 39 percent less likely to acquire debt, and those who did acquire debt held \$3,200 less debt than children whose parents did not have any savings accounts (Elliott et al., 2014). Not surprisingly, the amount that parents are able to save for college is positively associated with household income. About one-third of households with less than \$35,000 in total income reported saving for college, while almost all (91 percent) households making more than \$150,000 reported having college savings (Black & Huelsman, 2012).^v

^v More research is needed to explore these relationships given that this study had no information on the amount of parental savings nor data on the institutions attended, was restricted to four-year college graduates, and contained no racial analysis.

Family Wealth Transfers

The types of wealth families hold matters in terms of its usefulness in reducing student loan debt through wealth transfers. White parents at the top of the wealth distribution are more able to protect their adult children from student loan debt accumulation than Black parents (Addo et al., 2016) because Black parents at the high end of the Black wealth distribution are less able to transfer wealth to their children. This inability is due in part to the fact that Black parents have fewer liquid assets such as stocks, bonds, and savings, which can be passed down more easily to the next generation than other forms of wealth such as home equity or retirement accounts. Black parents also have less home equity and only one-half the financial assets of their White counterparts with similar levels of wealth (Addo, Houle, and Simon 2016).

Despite having fewer financial resources Black families are more likely to assist their children with higher education expenses (Nam et al., 2015). For example, one study found no difference in the wealth of college-educated Black households who gave educational transfers to their children (23.5 percent) compared to college-educated Black households who did not. In contrast, wealth differences between givers and non-givers from White households were significant. Wealthier White households were more likely to provide educational transfers compared to White households with fewer financial resources and the amount given were greater than Black families who gave. The median wealth of Black (giver/non-giver) households was also more than \$100,000 less than White non-giver households (Taylor & Meschede, 2018). Clearly, parental wealth is important both for paying college costs and reducing college debt (Nam et al., 2015).^{vi}

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FROM EDUCATION DEBT TO WEALTH ACCUMULATION

Across academic and policy sectors there is concern about the implications of rising levels of student debt in the United States. However, most students do not borrow large amounts. In 2020, 45 percent of outstanding federal education loan debt was held by only 10 percent of borrowers owing more than \$80,000, while the majority of borrowers (55 percent) held less than \$20,000 in student loan debt (College Board, 2020, Figure SA-10).^{vii}

The small percentage of borrowers who hold large amounts of debt tend to have completed degrees, accumulated additional debt from graduate study, and be higher income earners, making them likely to have the means to repay their loans (Fry, 2014). Repayment challenges are concentrated among low-debt borrowers, with default rates highest among those with the smallest debts (Scott-Clayton, 2018). Of greatest concern are borrowers who did not complete their degree because their employment prospects are much dimmer and therefore their debt represents a more significant burden. As a result, the national conversation has quickly shifted from one about a student loan *debt* crisis to a student loan *default* crisis (Scott-Clayton, 2018).

vi Parental in vivo wealth transfers may also help pay off children's accumulated debt. More research is needed to understand this important issue, including the frequency with which parents pay off student debt for their children and how it varies by race/ethnicity and socioeconomic status.

vii Six percent of borrowers had at least \$100,000 in student loan debt.

Clearly, student loan debt impacts the ability of students to accumulate wealth after leaving college and can depress the value they receive from their postsecondary education, especially if they experience negative repayment outcomes like default. The relationship between student loan debt, default, and wealth accumulation is therefore central to understanding the ways in which postsecondary education delivers value to students. And given the racial/ethnic disparities in loan debt accumulation and default rates, it also is central to determining whether institutions are delivering value equitably. The sections below explore the relationships between student loan debt and wealth accumulation and student loan default and wealth accumulation.

Student Loan Debt and Wealth Accumulation

The need to repay student loans impacts borrowers' ability to accumulate wealth. This is especially true since the time when savings begins is critical to wealth accumulation over a person's lifetime. If young adults are paying down debt when those without debt are purchasing homes or beginning to save for retirement, then it is highly unlikely that those with debt will be able to catch up or surpass their peers without debt. For instance, Hiltonsmith (2017) projected that \$53,000 in education debt translates to more than \$200,000 in lost lifetime net worth because borrowers accumulate less retirement savings and home equity.

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There is quite a bit of suggestive evidence that education debt is negatively associated with wealth accumulation. Households with student debt have less net worth than households without (Elliott & Nam, 2013; Zhan, Xiang, & Elliot, 2016). Furthermore, young adults with student loan debt—regardless of the amount—are less likely to own homes (Brown & Caldwell, 2013; Elliott et al., 2013; Houle & Berger, 2015; Letkiewicz & Heckman, 2018; Mezza et al., 2020) than non-borrowers, and homeowners with student debt are projected to have lower total wealth (Hiltonsmith, 2017) and less home equity (Elliott et al., 2013) compared to those without outstanding debt.

Racial/ethnic inequities exacerbate these impacts of education debt on wealth accumulation. Compared to families with no education debt, indebted Black and Latinx young adults have lower household wealth (Zhan et al., 2016). Differences in education debt account for over 10 percent of wealth differences between Black and White households in young adulthood, and this disparity compounds with age (Houle & Addo, 2019). Even Black households at the upper ends of the wealth distribution are not immune from student loan accumulation and may carry more debt than their White counterparts, as other studies have shown (Addo et al., 2016).

The fact that Black borrowers are reaping fewer rewards from postsecondary education with higher costs will have significant implications for the fragility of the next generation of the Black middle class (Houle & Addo, 2018). While a college education remains one of the strongest predictors of financial security via stable employment, an essential pillar of middle-class status, Black Americans tend to view their middle-class attainment as temporary and stressful. This fragility is tied to student loan debt. Households with outstanding education debt are more likely to experience adverse financial outcomes compared to those without debt. For example, during the Great Recession, households

that held education debt were more likely to be late paying their bills, be denied credit (Bricker & Thompson, 2016), and declare bankruptcy (Gicheva & Thompson, 2015). Student loan borrowers also tend to have more types of consumer debt, greater debt burdens (e.g., greater debt-to-income ratios) (Fry, 2014), and are more likely to debt-finance a vehicle purchase (Li & Kurz, 2015). In all analyses, the magnitude of the effects was stronger for those who did not receive their degree, attesting to the financial precarity of populations with education debt and no degree.

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Student Loan Default and Wealth Accumulation

Critically important to the relationship between student debt, repayment outcomes, and wealth accumulation are the gaping disparities by race/ethnicity. Ten years post-graduation, Black borrowers still owe 51 percent of their initial loan debt, and 21 percent had some experience with nonpayment either through loan deferment or forbearance. These concerning outcomes outpace the outcomes for Latinx borrowers who owed 22 percent of their initial debt after 10 years (5 percent experienced nonpayment), and White borrowers who owed 16 percent (4 percent experienced nonpayment) (Lochner & Monge-Naranjo, 2014). Furthermore, Black borrowers tend to borrow more and hold the riskiest education debt, such as Parent PLUS, private, and unsubsidized loans (Dillon & Carey, 2009; Hamilton, Darity, Price, Shridharan, et al., 2015). They are also more likely to have enrolled in for-profit schools (Hamilton, McMillan Cottom, Darity, Aja, & Ash, 2015).

The most damaging student loan outcome is default, which has a ripple effect across a person's financial life. Default rates for Black borrowers (37.5 percent) far exceed those for White borrowers (12.4%) (Scott-Clayton, 2018). Black borrowers are also more likely to default on a greater share of their debt, suggesting that they experience issues with nonpayment earlier in the repayment period (Lochner & Monge-Naranjo, 2014). This greater likelihood of early default can result in harsher long-term financial consequences related to their inability to pay, such as accumulated interest on defaulted loans, or a mark on one's credit report making future borrowing more expensive.^{viii}

Although parental resources are negatively associated with default, they do not fully account for racial/ethnic differences in default rates. For example, Scott-Clayton (2018) is able to explain between 50-80 percent of the Black-White and Latinx-White gaps in default rates with family and student background characteristics (e.g. age, gender, parental socioeconomic status). Inequities in the labor market also contribute to disparities in loan outcomes. Black college graduates are more likely to be unemployed and underemployed (Jones & Schmitt, 2014), which is consistent with evidence that they are less likely to receive job offers or instead more likely to receive offers with lower pay than their White graduate counterparts (Gaddis, 2015). However, Scott-Clayton (2018) finds that 11 percent of the Black-White default gap remains unexplained after accounting for family background, educational attainment, and labor market factors.

viii For-profit borrowers default at twice the rate of public two-year borrowers (Scott-Clayton, 2018).

There are also concerning disparities in the type of default recovery options used by Black and White borrowers. Research indicates that more than 50 percent of borrowers ever in default are able to emerge from it, with no significant differences between Black and White borrowers receiving resolution from a default (Scott-Clayton, 2018). However, Black borrowers are more likely to use recovery options that can reinforce wealth inequities. For example, Scott-Clayton (2018) finds that White borrowers in default are more likely to use rehabilitation (32 percent), which can only be used once but removes the default from one's credit record or pay in full (34 percent). In contrast, Black borrowers are more likely to use consolidation (23 percent), which is the more common option if you have multiple loans but keeps the default on your credit report for 6 to 7 years. With a default on their credit report, Black borrowers may be unable to access credit or be required to pay more to borrow, exacerbating racial/ethnic gaps in wealth accumulation.

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HOW TO MEASURE WEALTH AND THE PREFERRED AND IDEAL DATASET(S)

The link between wealth (assets minus liabilities or debts) and postsecondary education highlights the need for researchers, institutional leaders, policymakers, and the public to be able to measure wealth, particularly in the context of how postsecondary education can deliver value more equitably. However, it is challenging to measure wealth using publicly available datasets, largely because total net worth, including savings, investments, businesses, investment farms, and real estate has historically not been available in most datasets. This section describes potential proxies for measuring wealth using the imperfect data that currently exist and then discusses data improvements that could allow for a more thorough examination of wealth as a postsecondary outcome.

Wealth Proxies: Making Do with Imperfect Data

There are a number of measures that have been used as proxies for wealth, including homeownership, parental education, and income.

- **Homeownership:** Since most Americans with positive net worth hold a significant share of their wealth in home equity (Wolff, 2016), homeownership—or parent's homeownership status—can be a decent proxy for household wealth (Lovenheim, 2011; Lovenheim & Reynolds, 2013; Pfeffer, 2018; Pfeffer & Killewald, 2018)
- **Parental education:** Because education and economic well-being are strongly correlated, parental education is also a common proxy for childhood socioeconomic status and a strong predictor of a child's educational attainment (Holmlund et al., 2011). Parental education is often available in panel datasets that interview youth or adolescents.

- **Income:** Earned income is often the only financial proxy available for wealth. This is problematic because while income may contribute to one's wealth, it is only one component of the household balance sheet. It is also the case that while income is positively correlated with wealth, the proportion of wealth that stems from income decreases at the higher ends of the distribution. For example, low-income households are more likely to have zero or negative wealth, indicating a strong correlation. At the upper end of the wealth distribution, income is often a very small percentage of a household's wealth portfolio. As a result, income is not a suitable proxy for wealth.

The usefulness of these proxies depends on the population being studied. For example, White families with advanced degrees tend to have high levels of wealth. In comparison, Black families with advanced degrees tend to have wealth levels that are either at or below the wealth levels of white families with high school degrees (Hamilton, Darity, Price, Shridharan, et al., 2015). Therefore, using only one proxy measure for wealth may distort the magnitude of the inequalities being studied. In the absence of parental wealth, the preferred proxy would be a combination of financial proxies (e.g. income) and homeownership status or home value.

The Ideal Dataset: Criteria for Selection

There are challenges with using publicly available datasets to measure wealth in the context of postsecondary value. Few education-related datasets include information on parental wealth or students' pre-college and post-college wealth accumulation. Non-education related datasets that typically have robust wealth data (e.g., the Survey of Consumer Finances) lack extensive postsecondary information. To assess the usability of datasets, I recommend using the following five criteria: 1) breadth and depth of wealth data, 2) scope of postsecondary data, 3) availability of parental wealth data, 4) a longitudinal study design, and 5) additional factors.

1. Breadth and Depth of Wealth Data

The ideal dataset should collect wealth data for both the family and respondent at multiple points in their lifetime. The ability to assess change over time in the wealth position of postsecondary attendees requires panel data, and more specifically that the respondent is interviewed or provides information about their financial status before entering college, during college, and after college. There is no specific, single point at which positive wealth can and should be assessed upon leaving school. Instead, it is important to track trends in wealth over time to assess whether those with a postsecondary credential are accumulating wealth at a faster rate or to a greater extent than those without the credential. Collecting wealth data over time—ideally every three to five years—will also allow researchers to assess additional metrics, such as how long it takes for a graduate to transition from negative to positive net worth or to double their wealth, or what assets they acquire and when these are acquired (e.g., when a person purchases a home).

2. Scope of Postsecondary Data

Postsecondary education in the United States is a highly complex system. Beyond basic institutional characteristics (four-year versus two-year colleges or public versus private universities), there are differences in whom they serve (e.g., Hispanic-Serving Institutions (HSIs), Historically Black Colleges and Universities (HBCUs), Tribal Colleges and Universities (TCUs), and Asian American and Native American Pacific Islander-Serving Institutions (AANAPISIs)), costs of attendance, institutional expenditures, program and degree offerings, and more. In order to understand heterogeneity in outcomes, it is important that a dataset contain comprehensive information on the postsecondary experience. This includes information on the individual's trajectory (e.g., enrollment status and degree attainment) and institutional characteristics like sector, tuition, and location (Webber, 2016; Webber & Ehrenberg, 2010). Similar to income, educational attainment measured by highest degree earned is ubiquitous throughout most surveys.

The ideal dataset would also include information on how students finance their education. This would include data on federal grants and loans from datasets such as Integrated Postsecondary Education Data System (IPEDS) and National Student Loan Data System (NSLDS) as well as self-reported data on campus-based assistance, like federal work-study jobs, and familial financial assistance. Finally, the dataset would capture information on the postsecondary experience, including as much as possible such as major, degree type, and enrollment status—like the data that are currently collected as part of the National Postsecondary Student Aid Study (NPSAS).

3. Availability of Parental Wealth Data

As noted above, the best measurement of wealth is family or parental wealth, largely because of the impact of intergenerational wealth on post-secondary outcomes (Conley, 1999; Jez, 2014). In the ideal dataset, parental wealth is assessed independently of the young adult's own wealth. Unfortunately, there are very few datasets that contain comprehensive parental wealth information, or even information about homeownership.

4. Longitudinal Panel Dataset

As referenced in criterion 1 (above), the ability to assess change over time in the wealth position of postsecondary attendees requires panel data. The frequency of data collection is also important. Longitudinal surveys that collected data with greater regularity over a larger span of time are preferred to panels that were collected infrequently for shorter periods.

5. Additional Factors

There are additional factors that should be considered in addition to the four criteria listed above. Given the vast inequalities in outcomes inherent in who enrolls in postsecondary education by race/ethnicity, gender, and generation status (Wilbur & Roscigno, 2016), an ideal dataset must include student demographic characteristics, including geographic information. Variability in geographic location of the respondent is an important demographic indicator since socioeconomic status is often tied to place (Lichter et al., 2012), and an even stronger correlation exists between social mobility and place of birth (Chetty et al., 2018).

Another critical factor is sample design. Surveys that sample select subpopulations (e.g., college graduates, older Americans, adult immigrants) can be informative and shed light on an understudied or more homogenous group. However, researchers should also be aware of the potential limitations regarding the generalizability of study results based on these data.

Assessing Publicly Available Datasets

Based on the five criteria outlined above, a number of publicly available datasets (Table 1) were characterized into three tiers (Appendix A). The top tier consists of recent panel studies that have family/parental wealth information prior to respondents' entering post-secondary schooling, follow and interview respondents at consistent intervals, and collect comprehensive wealth data across the early and young adulthood period. Mid-tier datasets have their individual strengths, but they also have severe limitations that either restrict the ability to observe changes in wealth and education over time or only allow analysis for a subset or select population. The low-tier datasets tend to have a distinct population focus, reducing the generalizability of the results. Please refer to Table 2 for a comparison of the datasets with the selection criteria.

Table 1. List of Available Data Sources on Wealth (US-based)

Dataset	Dataset Name	Cross-sectional/ Panel	Parental/Family Wealth info	Geographic Coverage	Survey years	Sample Design	College/ Institutional Info	Wealth Data Collection	Wealth measured at what level (individual/ household)	Student Loan Data: Self- reported or NSLDS/ Admin	Website
Top-Tier											
NLSY97	National Longitudinal Study 1997 Cohort	Panel	Parental Wealth available in 1997	National	Yearly from 1997-2011, 2013, 2015, 2017	Born 1980-1984; oversample of Black and Latinx	Yes; restricted data linked to IPEDS: Name and location of colleges and universities attended	First time respondent is independent, and at age 18, 20, 25, 30, and 25	Respondent and/or partner	Self-reported	https://www.nlsinfo.org/content/cohorts/nlsy97
PSID:TAS	Panel Study of Income Dynamics: Transition into Adulthood Supplement	Panel	Available from PSID starting in 1984	National	Biennial from 2005-2015, 2017	Children from the households of the PSID between the ages of 18 and 28	Yes; restricted data linked to IPEDS: Name and location of colleges and universities attended	Biennially between 2005-2017	Individual	Self-reported	https://psidonline.isr.umich.edu/Guide/Brochures/CDS.pdf
B&B	Baccalaureate and Beyond	Panel	Only parental education; the graduate students sample contains information on the parental wealth	National	Four cohorts: 1993/2003; 2000/2001; 2008/2012; 2016/2017	Bachelor degree recipients who were surveyed at the time of graduation, one year after graduation, four years after graduation, and ten years after graduation	Comprehensive	Every interview: Homeownership; vehicle ownership, have savings and total amount in savings	Respondent and/or partner	NSLDS; Self-reported	https://nces.ed.gov/surveys/b&b/
BPS	Beginning Postsecondary Students Longitudinal Study	Panel	Parental homeownership/ business in 2004/09; Parental Education	National	Four cohorts: 1990/1994; 1996/2001; 2004/2009; 2012/2017	Beginning students who were surveyed at the end of their first year, and then three and six years after first starting in postsecondary education.	Comprehensive	Every interview: Homeownership; vehicle ownership, have savings and total amount in savings	Respondent	NSLDS	https://nces.ed.gov/surveys/bps/

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Mid-Tier											
SCF	Survey of Consumer Finances	Cross-sectional	No; Parental Education available in 2016	National	Triennial between 1983-2016; Two Panels: 1. 1983 reinterviewed in 1986 and 1989 and 2. 2007 reinterviewed in 2009	US households; oversample of high net wealth households	Attainment Only	Every survey	Household	Self-reported, beginning in 1989	https://www.federalreserve.gov/econres/scfindex.htm
PSID	Panel Study of Income Dynamics	Panel	Parental education; Parental wealth for TAS begins in 1984	National	Yearly from 1968-2017	American families; oversample of low-income families, Immigrant families added in 1997 and 2017, Latinx families added in 1990 (dropped in 1996)	Yes; restricted data linked to IPEDS: Name and location of colleges and universities attended	1984, 1989, 1994, 1999, and biennially between 2001-2017	Family/ Household	Self-reported; 2013-2017	https://psidonline.isr.umich.edu/ ; https://psidonline.isr.umich.edu/data/sl/Education-PSID.pdf
NLSY79	National Longitudinal Study 1979 Cohort	Panel	Parental Income in 1979; Parental education	National	Yearly from 1979-1991, biennially from 1993-present	Born 1957-1964; oversample of Black, Latinx, and low-income (dropped in 1990) and military youth (dropped in 1984)	Yes; geocoded data on college location available in restricted data	Every year 1985-1990; 1992, 1994, 1996, 2000, 2004, 2008, 2012, 2016	Respondent and/or partner	Self-reported	https://www.nlsinfo.org/content/cohorts/nlsy79

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NLSY79-YA	National Longitudinal Study 1979 Cohort Children and Young Adults	Panel	Available from NLSY79	National	Biennial 1986-2016	Child: all children born to NLSY79 mothers; Young Adult: children reach age 15 (age 12 starting in 2016)	Yes; restricted data: Name and location of colleges and universities attended	2006-Present: value of homes, vehicles, and credit card debts	Respondent and/or partner	N/A	https://www.nlsinfo.org/content/cohorts/nlsy79-children
SIPP	Survey of Income and Program Participation	Rotating panel	Parental education	National	Started in 1983-2018; interviewed at least nine times at four-month intervals	Member of US households age 15 and over; oversample of households from areas with high poverty concentrations	Educational attainment of respondent	Every survey year	Respondent and Household	Self-reported	https://www.census.gov/sipp/
ADD Health	National Longitudinal Study of Adolescent to Adult Health	Panel	Parental income; financial insecurity	National	94-95, 1996, 01-02, 08-09, 16-18	7-12 grade adolescents in 1994-95; oversample of Black, Chinese, Cuban, and Puerto Rican students	Enrollment status and type of program/institution	2008	Household	No; not disaggregated	https://www.cpc.unc.edu/projects/addhealth

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Low-Tier											
SHED	Survey of Household Economics and Decisionmaking	Cross-sectional	No	National	Yearly 2013-2018	Adults ages 18 and older and oversample of individuals with a household income less than \$40,000 per year	Educational attainment of respondent and parents	No, except homeownership	N/A	Self-reported	https://www.federalreserve.gov/consumerscommunities/shed.htm
GSS	General Social Survey	Cross-sectional	No	National	Yearly from 1972-1994 except 1981, 1992; biennial from 1996-2018	Probability sample of US households	Yes	2006, 2014, 2018	Respondent	N/A	https://gss.norc.umd.edu/
CE	Consumer Expenditure Survey	Rotating panel	No	National	Yearly, 1980-2018	Nationwide household survey of noninstitutional population	Educational attainment of respondent	Yearly	Household	Self-reported; 2013, 2014, 2015, 2016, 2017	https://www.bls.gov/cex/
NPSAS	National Postsecondary Student Aid Study	Cross-sectional*	Parental education	Institution-level; state-level	1987, 1990, 1993, 1996, 2000, 2004, 2008, 2012, 2016	Nationally representative of students attending Title IV postsecondary institutions during an academic year	Comprehensive	Homeownership, loans, bank accounts	Individual	Yes	https://nces.ed.gov/surveys/npsas/
IPEDS	Integrated Postsecondary Education Data System	Cross-sectional	No	Institution-level	Yearly 2001-2018	Federally mandated data of all first-time full-time degree students who receive student loans at institutions that participate in federal Title IV programs	Comprehensive	N/A	N/A	NSLDS	https://nces.ed.gov/ipeds/

Table 1. List of Available Data Sources on Wealth (US-based)

Dataset	Dataset Name	Cross-sectional/ Panel	Parental/Family Wealth info	Geographic Coverage	Survey years	Sample Design	College/ Institutional Info	Wealth Data Collection	Wealth measured at what level (individual/ household)	Student Loan Data: Self- reported or NSLDS/ Admin	Website
NFCS	National Financial Capability Study	Cross-sectional	No	National and State-level	2009 2012, 2015, 2018	US adult population with oversamples of African-Americans, Hispanics, Asians, and adults with less than high school education	Institution-type asked of current enrollees	N/A	N/A	No debt amount questions	https://www.us-financialcapability.org/
NIS	New Immigrant Survey	Panel	Parental education and relative family income	National	2003-2004 and 2007-2009	Nationally representative sample of adult immigrants	Educational attainment, enrollment status	Assets and Debts	Household	No; not disaggregated	https://nis.princeton.edu/
NSHAP	National Social Life, Health, and Aging Project	Panel	no	National	2005-06 (W1), 2010-11 (W2), 2015-16 (W3)	Adults born between 1920 and 1947 aged 57 to 85 (W1,W2,W3); Adults born between 1948-1965 (W3)	educational attainment	Only total net wealth; not comprehensive	Household	no	https://www.norc.org/Research/Projects/Pages/national-social-life-health-and-aging-project.aspx
HRS	Health and Retirement Study	Panel	Parental homeownership status and relative financial status to respondents	National	Biennial 1992-2018	Over age 50, oversample of Black, Latinx, and residents of Florida (dropped in 1993)	Educational attainment of respondent, parents, siblings, and children	Every survey	Household	No; not disaggregated	https://hrs.isr.umich.edu/

Note: *Indicators used to categorize datasets as top, mid, and low-tier include: 1) breadth and depth of wealth information; 2) scope of post-secondary information; 3) availability of parental wealth information; 4) that the study is designed as a longitudinal panel dataset; and 5) additional factors.

Table 2. Wealth Data Sources and Ideal Dataset Criteria

Dataset Name	Criteria of Postsecondary Wealth Data					
	(1)	(2)	(3)	(4)	(5) Additional Factors	
	Comprehensive Wealth Data	Extensive Post-Secondary Data	Family Wealth	Longitudinal dataset	Demographic data	Unrestricted Sample Design*
Top-Tier						
National Longitudinal Study 1997 Cohort	✓	✓	✓	✓	✓	✓
Panel Study of Income Dynamics: Transition into Adulthood Supplement	✓	✓	✓	✓	✓	✓
Mid-Tier						
Baccalaureate and Beyond	✓	✓		✓	✓	
Beginning Postsecondary Students Longitudinal Study	✓	✓		✓	✓	
Survey of Consumer Finances	✓				✓	✓
Panel Study of Income Dynamics	✓	✓		✓	✓	✓
National Longitudinal Study 1979 Cohort	✓	✓		✓	✓	✓
National Longitudinal Study 1979 Cohort Children and Young Adults	✓	✓	✓	✓	✓	
Survey of Income and Program Participation	✓			✓	✓	✓
National Longitudinal Study of Adolescent to Adult Health				✓	✓	✓
Lower-Tier						
Survey of Household Economics and Decisionmaking					✓	✓
General Social Survey					✓	✓
Consumer Expenditure Survey				✓	✓	✓
National Postsecondary Student Aid Study		✓			✓	✓
Integrated Postsecondary Education Data System		✓			✓	✓
National Financial Capability Study					✓	✓
New Immigrant Survey	✓			✓	✓	
National Social Life, Health, and Aging Project				✓	✓	
Health and Retirement Study	✓		✓	✓	✓	

*Sample design isn't restricted to a specific subpopulation, with the exception of birth cohort studies.

While the Postsecondary Value Commission's Value Framework focuses on institution- and program-level outcomes, most of the datasets that include wealth data are based on sample studies that are not designed for institution-level analyses. Sidebox 1 discusses potential options for unearthing institution-level wealth data from administrative datasets that are not currently publicly available, but the remainder of this section explores and assesses the usefulness of sample studies in furthering our understanding of the interrelationship between postsecondary education and wealth.

Sidebox 1. Datasets to measure wealth at the institutional level

The ability to conduct empirical analyses on the relationship between postsecondary value and wealth at the institutional level requires access to the appropriate datasets. Listed below are datasets that provide institution-level data with comprehensive student loan information. Many are missing the other ideal characteristics such as parental wealth indicators or proxies or the ability to follow individual students over time.

One potential avenue for conducting the type of analysis required would be to merge institutional datasets or surveys, such as those described below, with administrative or proprietary datasets, such as IRS tax filings, property tax data, or bank or credit report data on household balance sheets. Merging different data sources in this way would combine postsecondary educational data, including institution attended and student loan amounts, with asset or homeownership data, allowing for more robust analysis of how individual institutions impart value by way of wealth accumulation.

While this information increases the quality of wealth data, data-use protocols must prioritize protecting individuals to avoid unintended consequences related to such an endeavor. Most notably, strict rules must ensure that data are used for research purposes only and that mismatches between an individual's self-reported financial state and what private institutions or government agencies have on record do not subject individuals to penalties or audits, which could be particularly harmful for low-wealth households.

College Scorecard

U.S. Department of Education's (ED's) College Scorecard contains student loan data and downloadable versions at the institution-level and by field of study. The dataset has information on median debt and federal loan repayment rates and can be disaggregated by family income, Pell status, gender, and degree completion. The data dictionary includes separate worksheets with institution-level and field of study dictionaries as well as cohort maps that describe the timing aspects of each data element. The institutional data are available for 1996-97 and 2017-18.

Integrated Postsecondary Education Data System (IPEDS)

IPEDS gathers information from every college, university, and technical and vocational institution that participates in the federal student financial aid programs. The Higher Education Act of 1965, as amended, requires that institutions that participate in federal student aid programs report data on enrollments, program completions, graduation rates, faculty and staff, finances, institutional prices, and student financial aid. IPEDS data are submitted at the aggregated-level from postsecondary institutions and do not have student-level information. Data have been reported annually since 2000.

National Student Loan Data System (NSLDS)

NSLDS is the U.S. ED's central database for student aid. NSLDS receives data from schools, guaranty agencies, the Direct Loan program, and other ED programs. NSLDS Student Access provides a centralized, integrated view of Title IV loans and grants so that recipients of Title IV Aid can access and inquire about their Title IV loans and/or grant data. Annual datasets are available from the 1999-2000 and 2006-07, and they release loan volume reports quarterly.

Federal Student Aid Data Center

The Federal Student Aid Data Center is the primary source for information relating to the federal financial assistance programs. Data categories include student aid data, school data, federal family education loan program lender and guaranty agency reports, and business information resources.

Central Processing System (CPS)

CPS is an automated data system operated by the Office of Federal Student Aid at ED that computes student eligibility for federal student aid, using data submitted through the Free Application for Federal Student Aid (FAFSA). CPS holds student-level data on students and their families' net worth, including savings, investments, businesses, and investment farms and real estate. Access to CPS data is strictly controlled and is used only to calculate and verify financial aid eligibility. This could be a valuable source—especially now that Congress has added a question to the simplified FAFSA to capture data on race/ethnicity (Consolidated Appropriations Act, 2021)—if ED provided summary or aggregate statistics to protect individual privacy concerns.

**Full citations for each of the datasets are available in the Reference list.*

The preferred datasets for measuring wealth in the context of postsecondary value include the Panel Study of Income Dynamics: Transition into Adulthood Supplement (PSID:TAS) and National Longitudinal Study 1997 Cohort (NLSY97), followed by the Beginning Postsecondary Students (BPS) and Baccalaureate and Beyond (B&B). PSID:TAS and NLSY97, both of which are non-education based datasets, are the most preferred because they are recent panel studies that have family/parental wealth information from before the respondent enters postsecondary schooling.^{ix} They also follow and interview respondents at consistent intervals and collect comprehensive wealth data across the early and young adulthood period. Wealth data are collected at the household level.^x Both surveys also include gender, race, and ethnicity, as well as citizenship status. Even if respondents are not asked directly whether they are the first in their family to attend college, this information can be obtained from the parent's education status. Finally, both collect information on the respondent's state of residence.

Given the intergenerational linkage to the original PSID, the potential for multiple waves of familial wealth information in the PSID:TAS is noteworthy; in particular, information on parental and grandparental wealth across generations (Pfeffer & Killewald, 2018). This is notable since intergenerational wealth plays a significant role in postsecondary education but is not available in many datasets. In contrast, the NLSY97 collected parental wealth information only in 1997—the first survey year.

The extent of educational information is often limited in non-education-based datasets to only educational attainment and current enrollment status. Rarely is there information related to the institutions attended or enrollment spells. However, both the NLSY97 and PSID:TAS have linked their datasets to IPEDS, so the restricted datasets allow users to know the identity and location of schools attended.

Information on financial aid and student loan debt is increasingly important for understanding the postsecondary experiences of young adults, including persistence to degree completion (Jackson & Reynolds, 2013; Marx & Turner, 2019). Both PSID:TAS and NLSY97 collect data on outstanding federal and private student loan debt, but it is all self-reported.^{xi} Many surveys tend to lump all debts together, which assumes individuals consider and treat all consumer debts the same. Fortunately, both PSID:TAS and NLSY97 disaggregate debt by type, separating outstanding student loan debt from credit card and other outstanding non-mortgage debts.

The BPS and B&B, two U.S. Department of Education surveys, are also valuable for examining wealth accumulation within a postsecondary context, although they have more limitations than NLSY97 and PSID:TAS. They are both longitudinal and are linked to the NSLDS, which contains the administrative records on Title IV loan and grant programs.^{xii} Private loan debt is available in the B&B study but is self-reported during the interview phase.

ix The PSID:TAS follows children from the original PSID households (panel study started in 1968) interviewing them between the ages of 18 and 28. Respondents were interviewed every other year between 2005 and 2015 and 2017. The NLSY97, a cohort study of young adults born between 1980 and 1984, interviewed respondents between 1997 and 2011, and again in 2013, 2015, and 2017.

x PSID:TAS collects wealth data every survey year. The NLSY97 contains extensive asset modules that are fielded every five years when respondents reach age 20, 25, 30, and 35.

xi Brown et al. (2011) find borrower self-reports of education debt tend to match credit report data.

xii These include the William D. Ford Direct Loan (Direct Loan) and the Federal Family Education Loan (FFEL) Programs, but excludes Campus-Based Programs (Federal Supplemental Educational Opportunity Grants, Perkins Loans, and Federal Work-Study).

Of the two most recent cohorts of the BPS (2004/2009 and 2012/2017), only the 2004/2009 survey has information on parental homeownership. Information related to the respondent's own wealth status—which is limited to home and vehicle ownership, outstanding credit card debts, and mortgage and car loans—are collected at each survey wave for both cohorts. The B&B survey contains four cohorts. The two most recent waves have no information on parental wealth or financial status and no information about the respondent's socioeconomic status growing up. Although it is a rich dataset when it comes to collecting information on the respondent's financial status post-college, the sample is limited to young adults who completed bachelor's degrees, precluding any analysis of non-completers or students who earned only sub-BA credentials.

CONCLUSION

The relationship between postsecondary education and wealth is complex, has been shaped by centuries of racist policies and practices, and is essential for understanding whether and how institutions are delivering equitable value. For example, there is an urgent need for a more robust understanding of the ways in which student loan debt—negative wealth—impacts the postsecondary experiences and outcomes of Black students, in particular, and their ability to build wealth after leaving college.

Two things are necessary to more fully incorporate measures of wealth in a framework for measuring the value of postsecondary education: 1) better data that meet the five criteria outlined above and 2) more research on the nuances and complexities of the relationships between wealth and postsecondary education. As discussed in detail above, currently available datasets like the PSID:TAS and NLSY79 can shed light on the ways in which wealth impacts postsecondary education and how postsecondary education impacts wealth. However, we will not have a full picture of this relationship until there are datasets that collect wealth data for the family and student at multiple points over time; that capture robust postsecondary information, including institution attended and how students finance their education; and that can be disaggregated by key student demographic characteristics.

To the extent possible with currently available data, and as more robust data become available, more research is also needed to evaluate these relationships and point to interventions that institutions and policymakers can champion to create a more just postsecondary education system and society. For example, further research should pursue a deeper understanding of how parental wealth influences debt repayment processes, why Black college graduates struggle with repayment, and the degree of racial/ethnic differences in the financial outcomes of education loan debt. Additionally, further research is needed on how the college degree to labor market transition impacts student loan debt repayment and why it varies so significantly by race/ethnicity.

In the long-term, there is also a need to diversify the researcher pool both racially and ethnically and with regards to academic discipline. The dearth of studies in the area of student debt and wealth that have examined racial and ethnic differences reflects homogeneity in interests and centering of the White student borrower as the universal experience. The expertise of Black, Latinx, and Indigenous researchers and experiences of Black, Latinx, and Indigenous students must be emphasized to fully pursue and implement an agenda that promotes equitable postsecondary value.

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APPENDIX: DATASET DESCRIPTIONS

Top-Tier Postsecondary Wealth Datasets

National Longitudinal Study 1997 Cohort (NLSY97)

The NLSY97 Cohort is a longitudinal project that follows the lives of a sample of American youth born between 1980-84; 8,984 respondents were ages 12-17 when first interviewed in 1997. This ongoing cohort has been surveyed 18 times to date and is now interviewed biennially. Data are now available from Round 1 (1997-98) to Round 18 (2017-18).

Panel Study of Income Dynamics: Transition into Adulthood Supplement (PSID:TAS)

TAS began in 2005 to follow children from the original PSID Child Development Study cohort (0-12 yrs in 1997) into young adulthood, collecting six waves of data through 2015. The study was relaunched in 2017 and will now follow all PSID sample children who are entering early adulthood, and who comprise the future focal sample members of Core PSID. TAS-2017 has been collected and TAS-2019 will be collected after the Main PSID Interview in 2019.

Baccalaureate and Beyond Longitudinal Study (B&B)

B&B examines students' education and work experiences after they complete a bachelor's degree, with a special emphasis on the experiences of new elementary and secondary teachers. Respondents are followed for ten years. B&B draws its cohorts from the National Postsecondary Student Aid Study (NPSAS), which collects data from large, nationally representative samples of postsecondary students and institutions to examine how students pay for postsecondary education. B&B samples are representative of graduating seniors in all majors. The first B&B cohort (about 11,000 students) was drawn from the 1993 NPSAS and followed up with by survey in 1994, 1997, and 2003. The second B&B cohort (about 10,000 students) was drawn from the 2000 NPSAS and followed up with in 2001. The third B&B cohort was drawn from the 2008 NPSAS sample. This group of approximately 19,000 sample members was followed up with in 2009 and 2012. The students will be interviewed again in 2018. A new B&B cohort was drawn from the 2016 NPSAS and will be followed up with 1, 4, and 10 years later.

Beginning Postsecondary Students Longitudinal Study (BPS)

Each cycle of BPS follows a cohort of students who are enrolled in their first year of postsecondary education and follows them for six years. BPS draws its cohorts from the National Postsecondary Student Aid Study (NPSAS). Cohort members of the most recent completed BPS study, BPS:12/17, were initially surveyed at the end of their first academic year (2011-12) and then received invitations to participate in follow-up surveys at the end of their third (2013-14) and sixth (2016-17) years after entry into postsecondary education. The final BPS:12/17 dataset contains information on approximately 22,500 students. Prior cohorts include BPS:90/94 (around 8,000 students),

BPS:96/2001 (around 12,000 students), and BPS:04/09 (around 16,700 students). For the BPS:04/09 and BPS:12/17 cohorts, postsecondary transcripts were also collected to provide an additional resource for analysis of students' academic experiences. The current cohort, BPS:20/22, began their postsecondary education in the 2019-20 academic year. They will be invited to complete surveys in 2020, 2022, and 2025.

Mid-Tier Postsecondary Wealth Datasets

Survey of Consumer Finances (SCF)

SCF is a triennial cross-sectional survey of U.S. families. The survey data include information on families' balance sheets, pensions, income, and demographic characteristics. The survey has contained a panel element over two periods. Respondents to the 1983 survey were re-interviewed in 1986 and 1989. Respondents to the 2007 survey were re-interviewed in 2009.

Panel Study of Income Dynamics (PSID)

PSID gathers data on the family as a whole and on individuals residing within the family. Information was collected annually from 1968-1997 and biennially after 1997, with the main goal of identifying what causes family income to rise above or fall below the poverty line.

The panel consists of the original 1968 sample, the 1997 and 2017 refresher sample of post-1968 and post-1997 immigrants, and births and marriages in existing families.

National Longitudinal Study 1979 Cohort (NLSY79)

The NLSY79 Cohort is a longitudinal project that follows the lives of a sample of American youth born between 1957-64. The cohort originally included 12,686 respondents ages 14-22 when first interviewed in 1979; after two subsamples were dropped, 9,964 respondents remain in the eligible samples. Data are now available from Round 1 (1979 survey year) to Round 27 (2016 survey year).

National Longitudinal Study 1979 Cohort Children and Young Adults (NLSY9 C&YA)

The NLSY79 Child and Young Adult cohort is a longitudinal project that follows the biological children of the women in the NLSY79. As of 2016, more than 10,000 children have been interviewed in at least one survey round. To date, a total of 11,530 children have been identified as born to interviewed NLSY79 mothers. Data are now available from 1986 to 2016, representing 16 survey rounds for the child sample and 12 for young adults in that time span.

Survey of Income and Program Participation (SIPP)

SIPP, initiated in 1983, is a longitudinal, multi-panel survey primarily of adults in households in the United States, interviewed at least nine times at four-month intervals and followed over the life of the panel.

National Longitudinal Study of Adolescent to Adult Health (Add Health)

The National Longitudinal Study of Adolescent to Adult Health (Add Health) is a longitudinal study of a nationally representative sample of adolescents in grades 7-12 in the United States during the 1994-95 school year. The Add Health cohort has been followed into young adulthood with four in-home interviews, the most recent in 2008, when the sample was aged 24-32. Add Health re-interviewed cohort members in a Wave V follow-up from 2016-2018 to collect social, environmental, behavioral, and biological data with which to track the emergence of chronic disease as the cohort moves through their fourth decade of life.

Low-Tier Postsecondary Wealth Datasets

Survey of Household Economics and Decisionmaking (SHED)

Since 2013, the Federal Reserve Board has conducted SHED, which measures the economic well-being of U.S. households and identifies potential risks to their finances. The survey includes modules on a range of topics of current relevance to financial well-being including credit access and behaviors, savings, retirement, economic fragility, and education and student loans.

General Social Survey (GSS)

GSS, conducted annually between 1972 and 1994 (except for 1979, 1981, and 1992) and biennially thereafter by the National Opinion Research Center at the University of Chicago, collects information from the general public on a wide variety of subjects, including attitudes toward social issues, religion, education, jobs and the economy, government and other institutions, politics, and policy issues.

Consumer Expenditure Survey (CES)

The series consists of two separate surveys: (1) a quarterly Interview Survey in which each consumer unit in the sample is interviewed every three months over a 15-month period, and (2) a Diary Survey completed by the sample consumer units for two consecutive one-week periods. The unit of analysis for CES is the consumer unit, consisting of all members of a particular housing unit who are related by blood, marriage, adoption, or some other legal arrangement.

National Postsecondary Student Aid Study (NPSAS)

NPSAS is a study of financial aid that NCES has conducted since 1987. The study collects comprehensive data about how students and their families pay for postsecondary education and also serves as the foundation and base year cohort for BPS and B&B studies.

Integrated Postsecondary Education Data System (IPEDS)

IPEDS gathers information from every college, university, and technical and vocational institution that participates in the federal student financial aid programs. The Higher Education Act of 1965, as amended, requires that institutions that participate in federal student aid programs report data on enrollments, program completions, graduation rates, faculty and staff, finances, institutional prices, and student financial aid. IPEDS data are submitted at the aggregated-level from postsecondary institutions and do not have student-level information.

National Financial Capability Study

The overarching research objectives of the National Financial Capability Study were to benchmark key indicators of financial capability and evaluate how these indicators vary with underlying demographic, behavioral, attitudinal and financial literacy characteristics.

New Immigrant Survey (NIS)

NIS is a multi-cohort prospective-retrospective panel study of new legal immigrants to the United States. The first full cohort (NIS-2003-1) sampled immigrants in the period May-November 2003. The baseline survey was conducted from June 2003 to June 2004. A survey pilot project (NIS-P) was carried out in 1996 to inform the fielding and design of the full NIS. The follow-up interview (NIS-2003-2) was conducted from June 2007 to December 2009.

National Social Life, Health, and Aging Project (NSHAP)

NSHAP is a longitudinal, population-based study of health and social factors, aiming to understand the well-being of older, community-dwelling Americans.

Health and Retirement Study (HRS)

The HRS is a longitudinal panel study that surveys a representative sample of approximately 20,000 people in America. The HRS aims to provide multidisciplinary data that researchers can use to address important questions about the challenges and opportunities of aging. The HRS includes the “original” HRS and the Asset and Health Dynamics Among the Oldest-Old (AHEAD) study. These studies were merged in 1998 and now represent the United States population over age 50. Two new cohorts were added in 1998: the Children of the Depression (born 1924-1930) and the War Babies (1942-1947). A fourth cohort, the Early Baby Boomers (1948-1953), was added in 2004; a fifth cohort, the Mid Baby Boomers (1954-1959), was added in 2010; and in 2016, the Late Baby Boomers cohort (1960-1965) became the sixth.

NOTES:

**Most descriptions include language taken directly from the survey’s main website.*

***Full citations for each of the datasets are available in the Reference list.*