

Student loans help women more than men in reaching graduation

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Student loans provide more help to women than they do for men in encouraging graduation from college, a new nationwide study reveals.

Findings showed that, on average, taking out loans actually makes graduation more likely for all students. But at a certain point – which is about \$2,000 lower for men than for [women](#) – [debt](#) has diminishing returns and becomes less effective at boosting chances of graduation.

One reason loans help women more may be tied to [job prospects](#) for [college](#) dropouts – which are much better for men than for women.

"At least early in their careers, women suffer more than men if they don't have a college degree," said Rachel Dwyer, co-author of the study and associate professor of sociology at Ohio State University.

"Women will go deeper in debt to finance college because they need the degree more than men if they want to earn a good living. Men will drop out at lower levels of debt."

Dwyer conducted the study with Randy Hodson, professor of sociology at Ohio State University, and Laura McCloud, assistant professor of sociology at Pacific Lutheran University. Their results appear in the February 2013 issue of the journal *Gender & Society*.

Data for the study came from 3,676 young Americans who participated in the National Longitudinal Survey of Youth 1997. The NLSY97

interviewed people between the ages of 13 and 17 in 1997 and then talked to the same people each year up to 2010-2011. At that time, the young adults in this study were 25 to 31 years old.

The NLSY is conducted by Ohio State's Center for Human Resource Research for the U.S. Bureau of Labor Statistics.

For this study, the researchers examined student loans taken out each year the participants were enrolled in college, and how much they still owed overall on their loans.

Women were more likely to take out loans than men, with 40 percent of women and 34 percent of men taking out loans on average each year.

"Clearly, educational debt was part of the college experience for many students in the 2000s," Dwyer said.

While college debt was associated with higher rates of graduation, there came a point when adding more debt no longer increased the probability of graduation.

For men, debt started having diminishing returns on the probability of graduation at a lower level (\$12,711) than for women (\$14,682). This was true even after the researchers took into account many other factors that influence graduation rates, including parental household income, race and ethnicity, high school grade point average, whether the student were married or had children, whether they attended a private or public college, and other factors.

Further analysis by the researchers suggested that the different job prospects for men and women may play a big role in how much debt students are willing to carry to graduate.

Results showed that men who dropped out of college had earnings similar to male college graduates, at least early in their careers. But women who dropped out earned about \$6,500 a year less than women who graduated – even after taking into account a variety of demographic factors that influence income.

"Men may drop out at lower levels of debt than women because they have better job prospects than women do without a [college degree](#)," Dwyer said.

For example, some men can still receive good pay in the construction industry and, to a lesser extent, in manufacturing. Women have less access to these types of jobs.

Of course, most men who drop out may be making a short-sighted decision, Dwyer said. By midlife, college-graduate [men](#)'s salaries are on average \$20,000 higher than those who did not complete college.

In addition, many construction and manufacturing jobs favored by high school graduates are cyclical, subject to loss during recessions, and more easily moved overseas, she said.

Some people are surprised that this study, and others, finds that student loans actually make graduation more likely, Dwyer said. While loans help boost graduation chances, she noted that [graduation](#) is only the first step – young people must make sure they will be able to pay off the loans, an issue this study does not address.

Provided by The Ohio State University

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