

Student Debt: Current Circumstances and Future Prospects

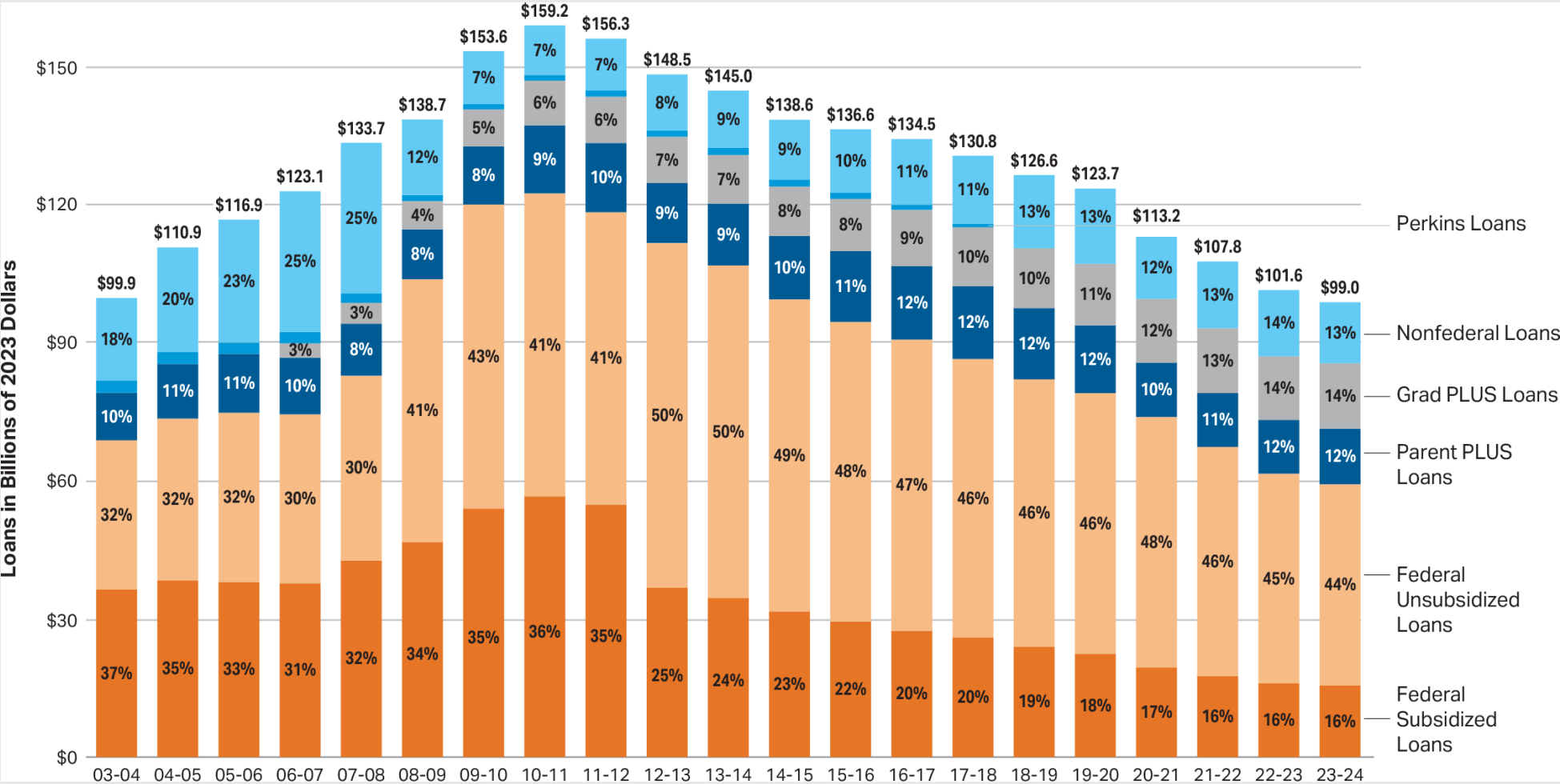
Sandy Baum
Urban Institute

SHEEO

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Total federal borrowing has been declining since 2010-11.

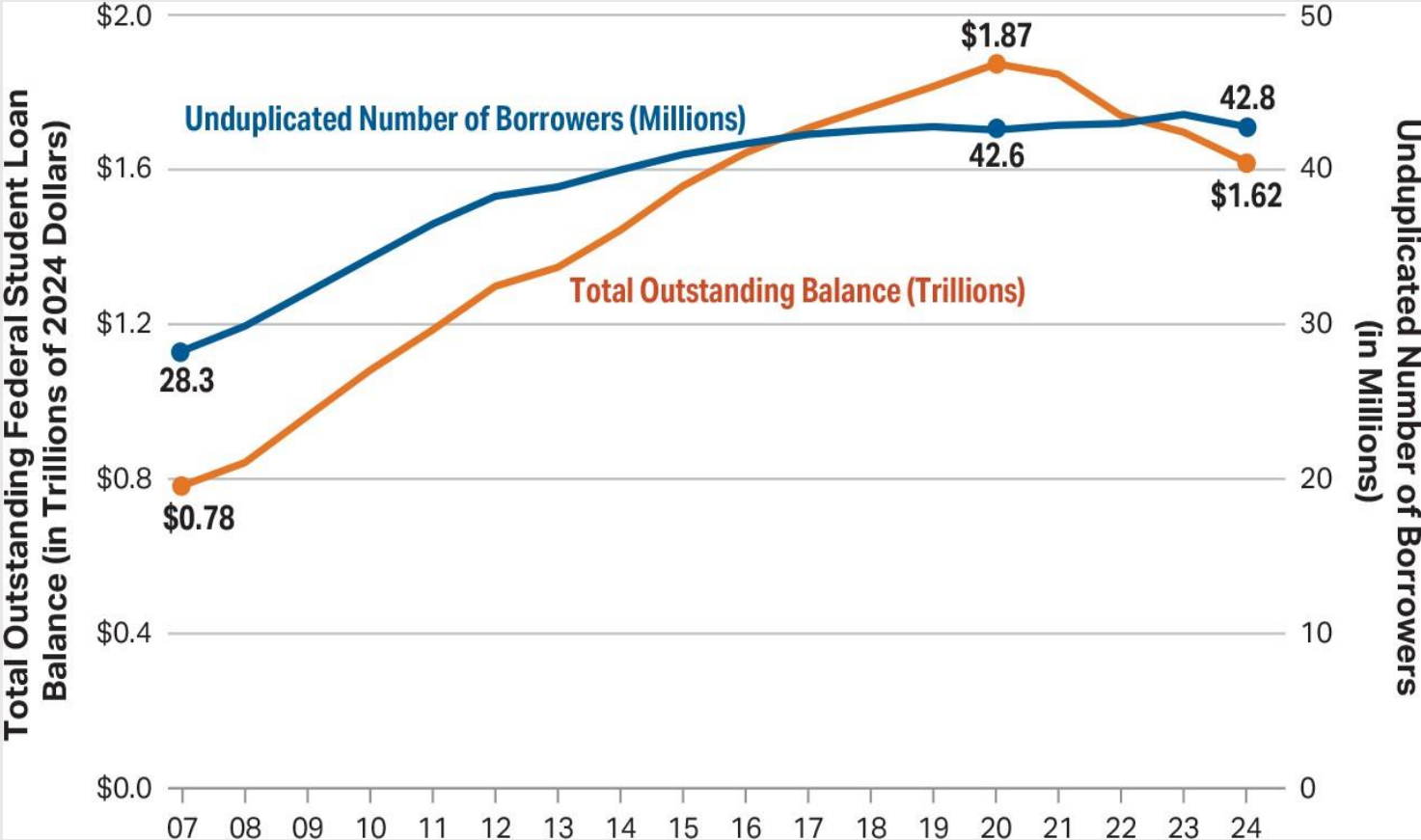
Total Federal and Nonfederal Loans in 2023 Dollars by Type of Loan, 2003-04 to 2023-24



College Board, Trends in College Pricing and Student Aid 2024, Figure SA-6.

Total outstanding federal debt has declined since 2020, and the number of borrowers has leveled off.

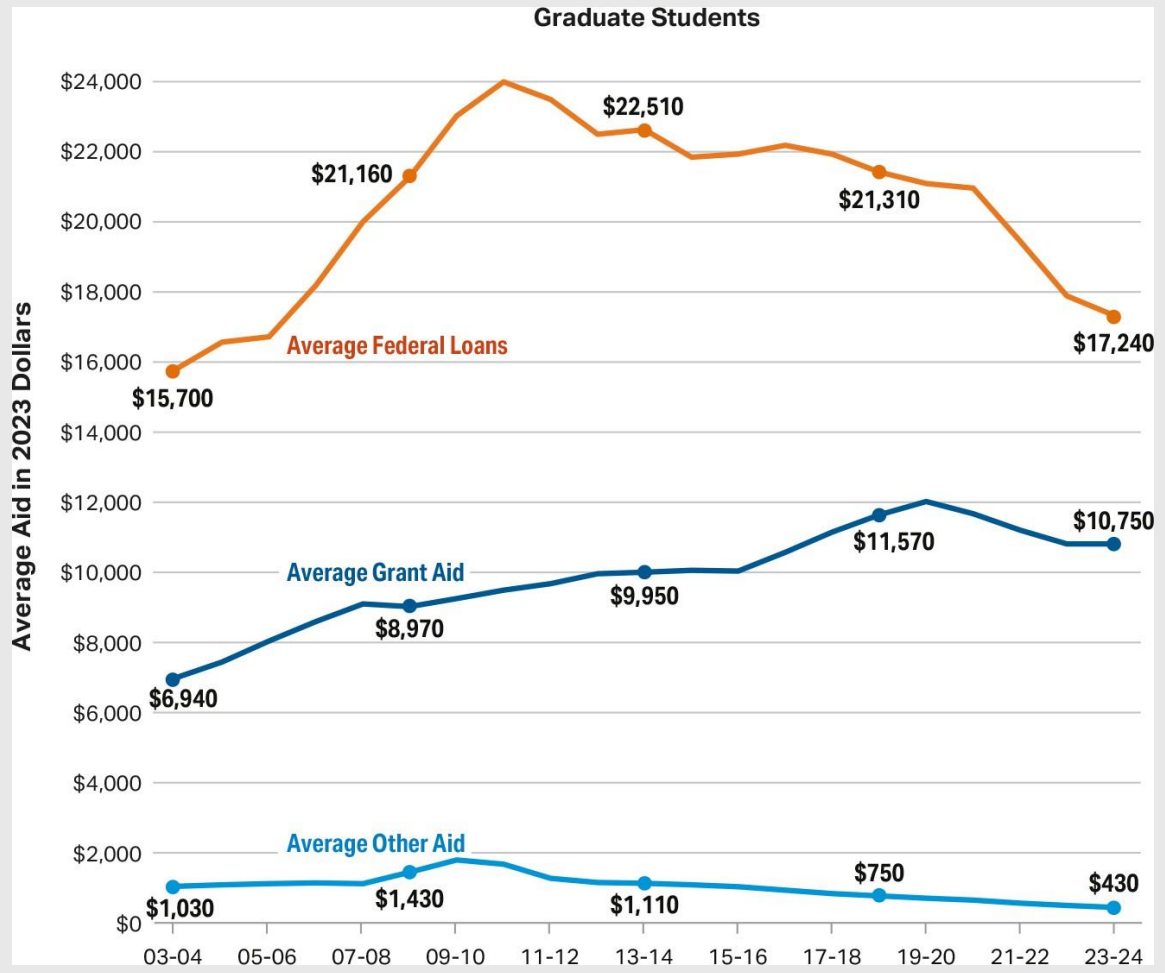
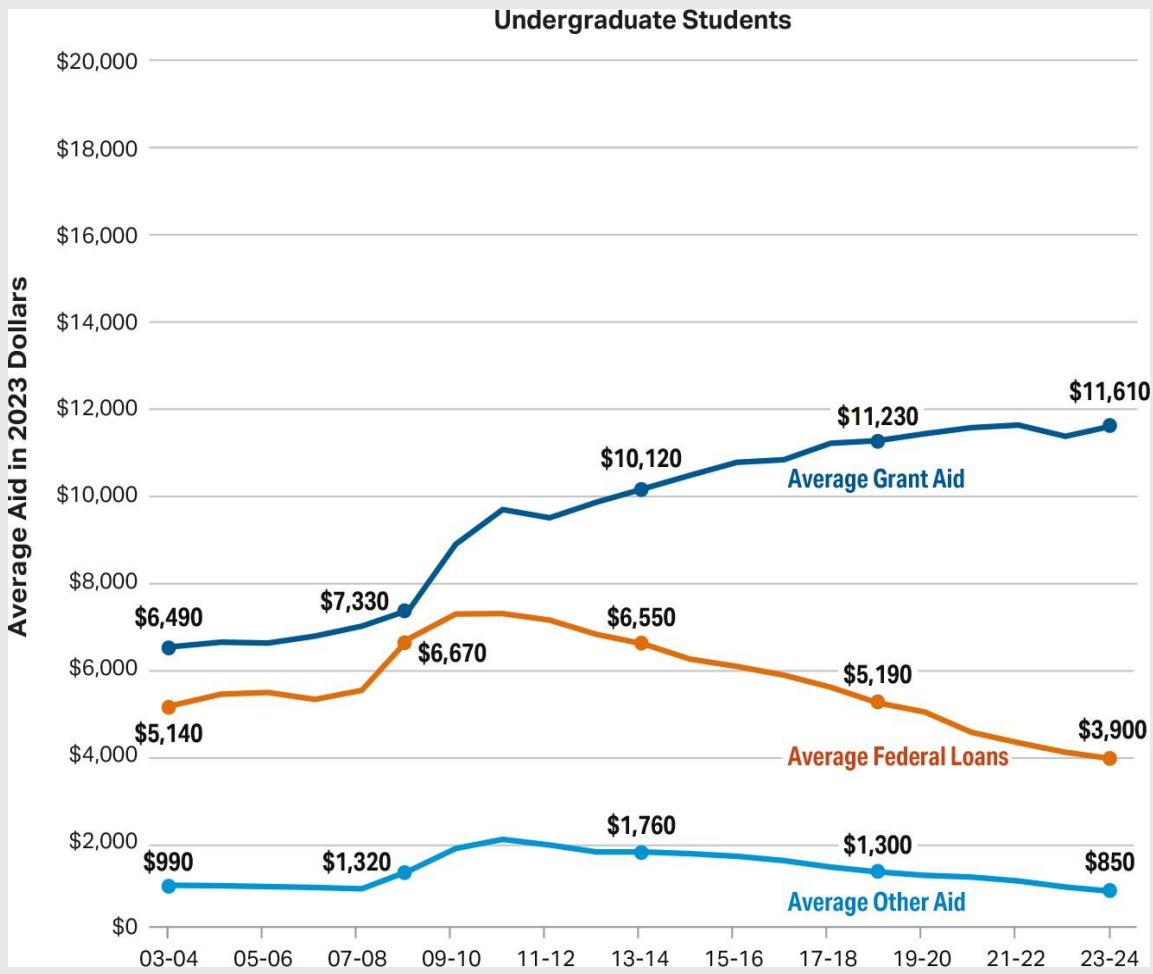
Total Outstanding Federal Student Loan Balance (in 2024 Dollars) and Borrowers, 2007 to 2024



College Board, Trends in College Pricing and Student Aid 2024, Figure SA-12.

Borrowing per student has also been declining.

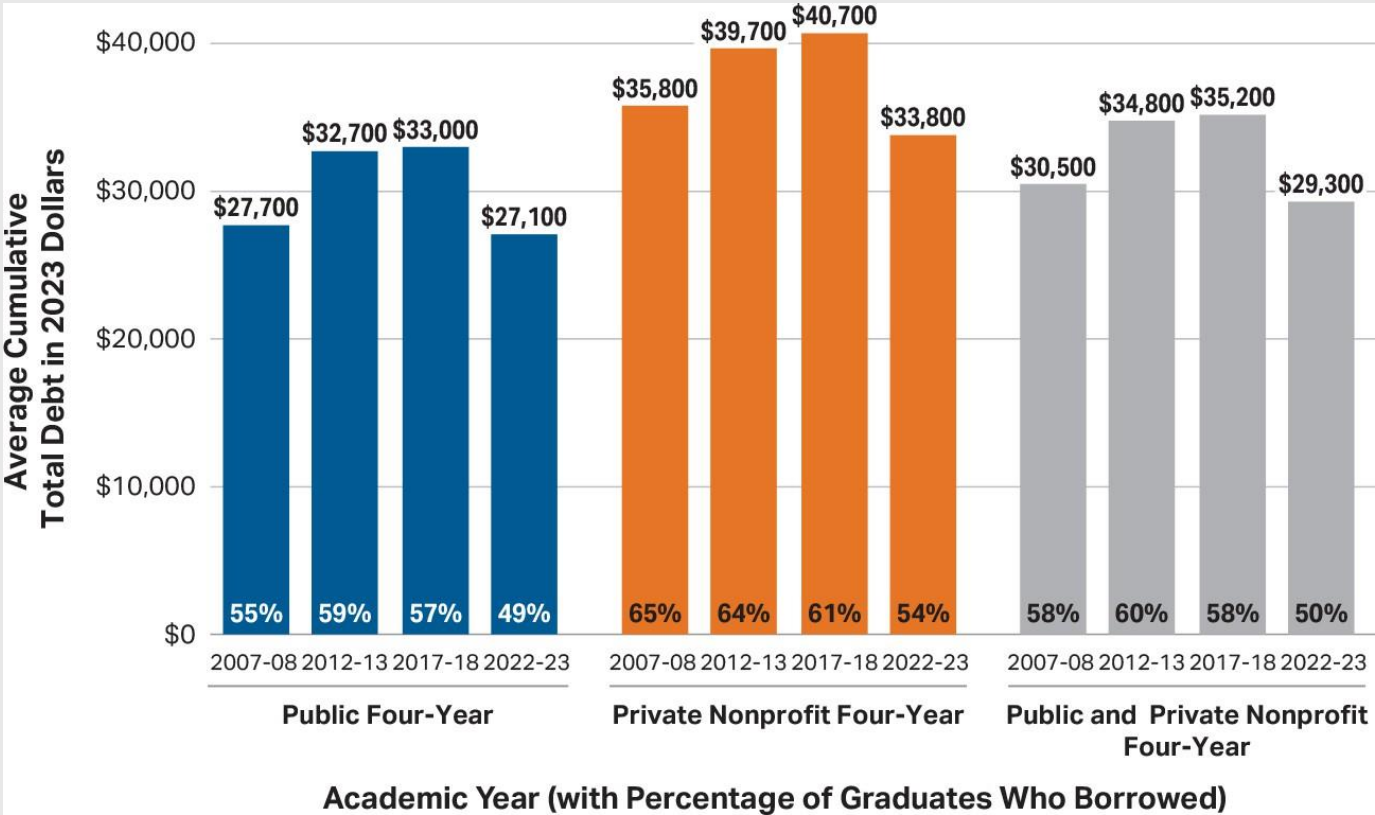
Average Aid per FTE U Student in 2023 Dollars, 2003-04 to 2023-24



College Board, Trends in College Pricing and Student Aid 2024, Figure SA-1.

The average total debt of bachelor's degree recipients who borrowed has declined substantially.

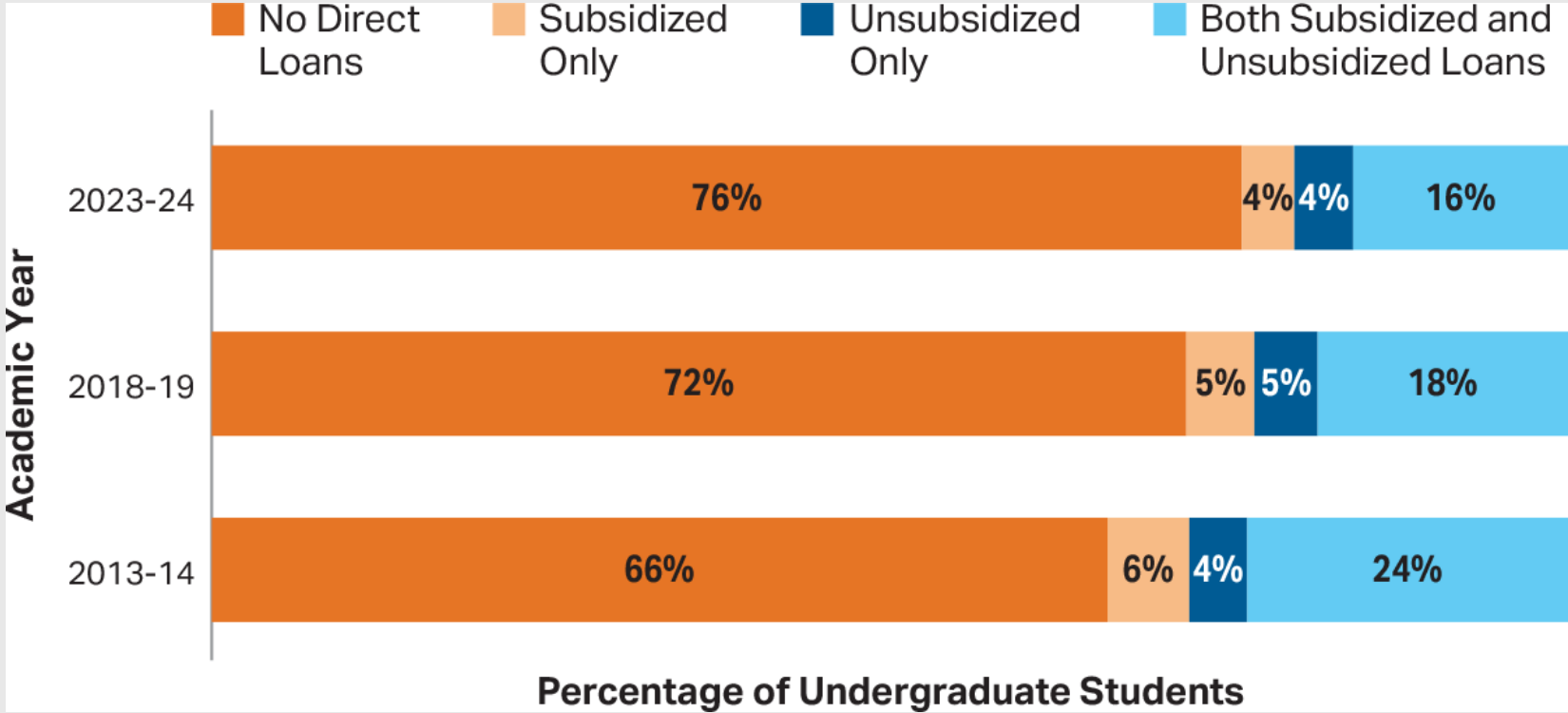
Average Cumulative Debt per Borrower in 2023 Dollars: Bachelor's Degree Recipients at Public and Private Nonprofit Four-Year Institutions, 2007-08 to 2022-23, Selected Years



College Board, Trends in College Pricing and Student Aid 2024, Figure SA-14A.

The annual share of undergraduates borrowing has declined.

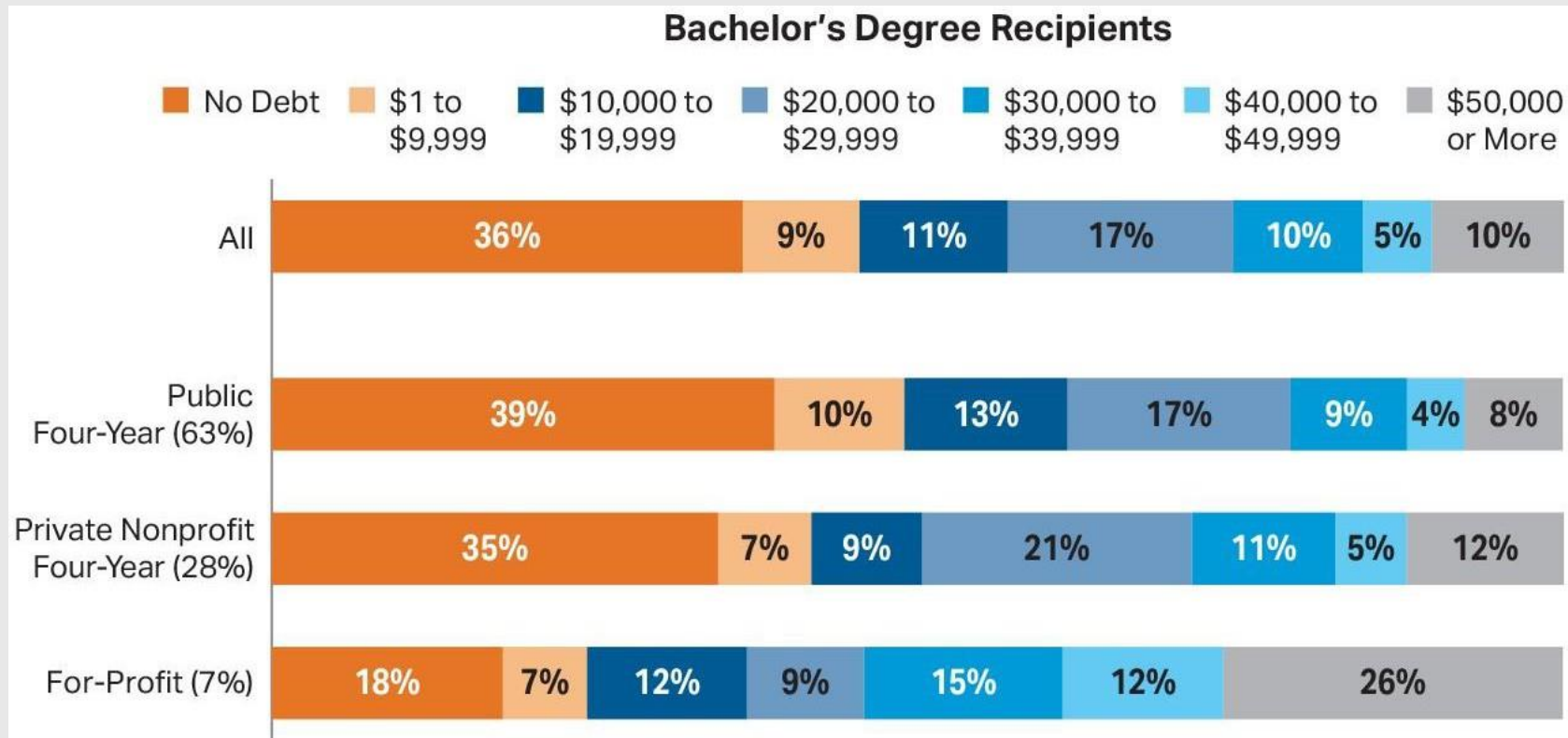
Percentage of Undergraduate Students Borrowing Federal Subsidized and Unsubsidized Student Loans, 2013-14, 2018-19, and 2023-24



College Board, Trends in College Pricing and Student Aid 2024, Figure SA-11.

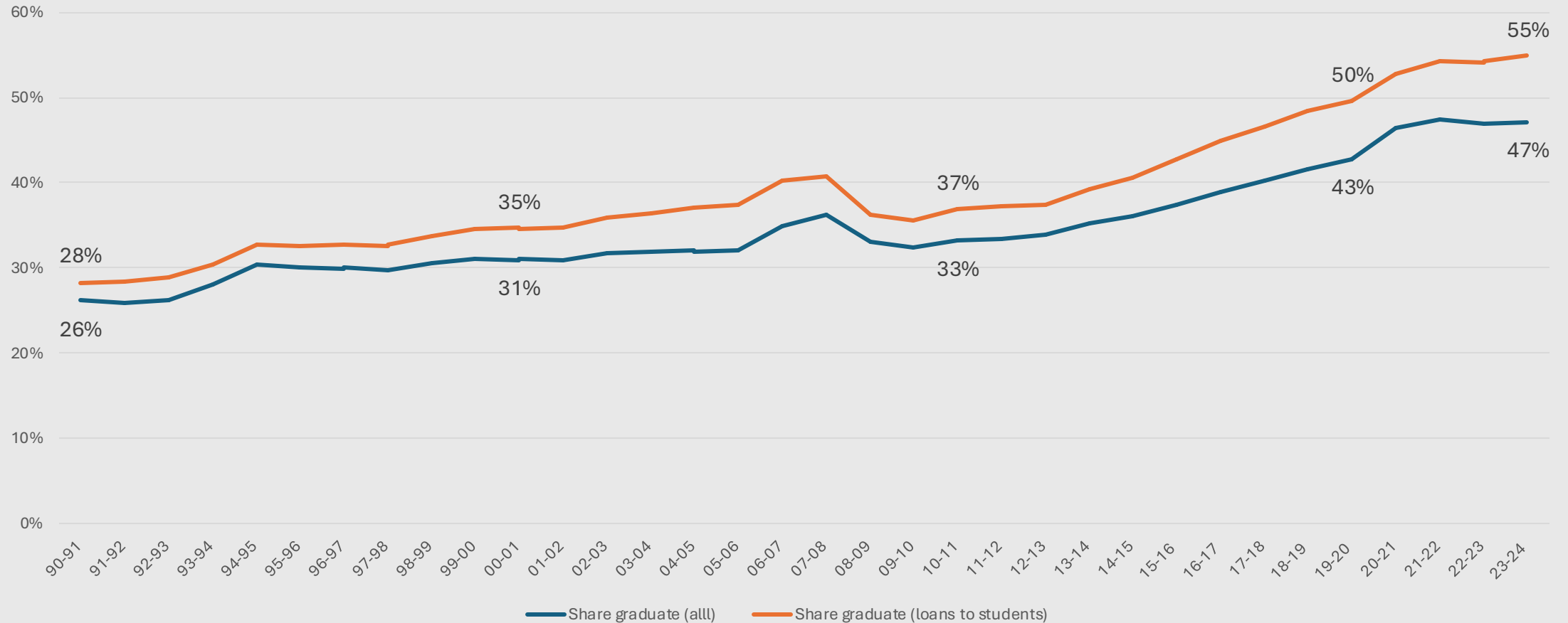
More than half of bachelor's degree recipients graduate with less than \$20,000 in debt.

Total Amount Borrowed for Undergraduate Study by 2019-20 Bachelor's Degree Completers



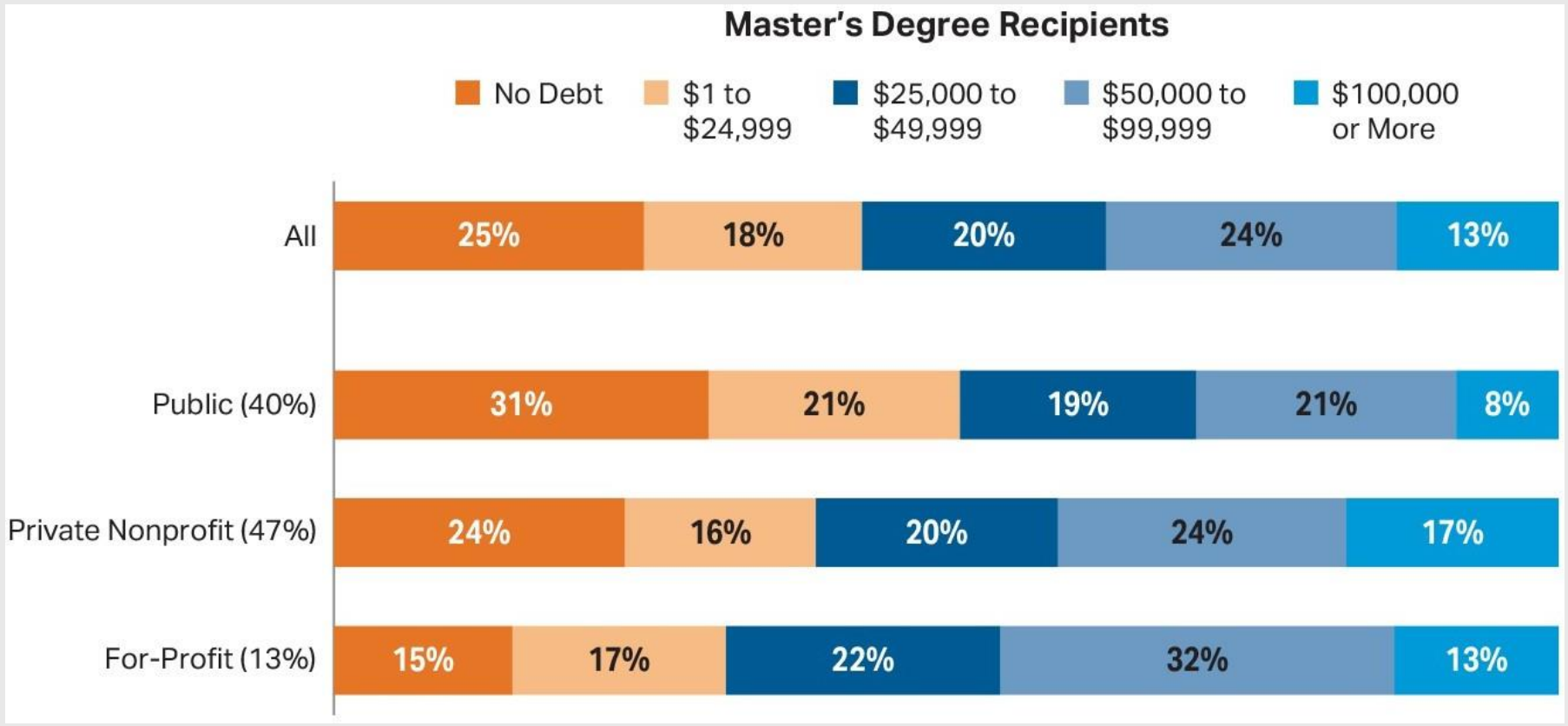
The share of federal student loans going to graduate students rose from 28% in 1990-91 to 55% in 2023-24.

Share of federal loans going to graduate students over time



Almost 40% of master's degree recipients borrowed more than \$50,000.

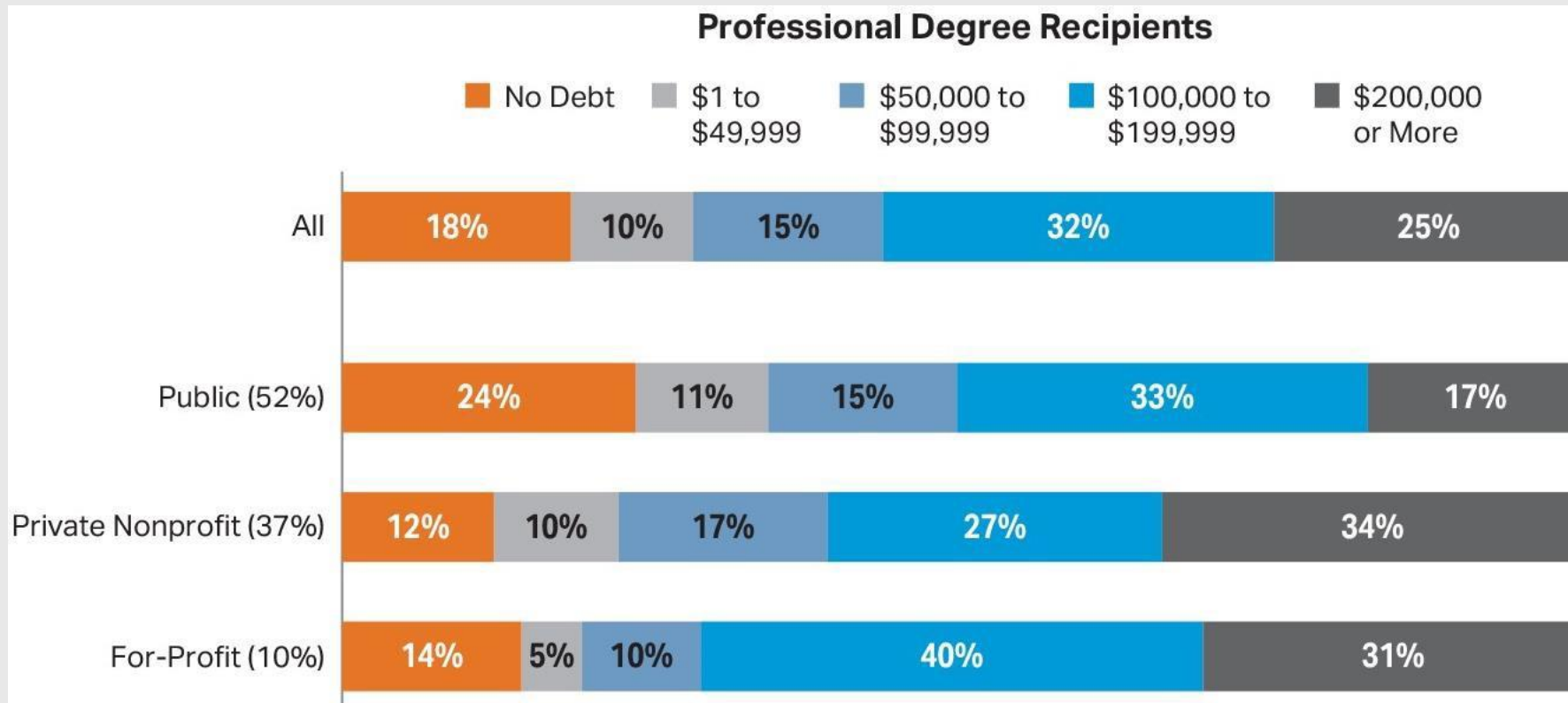
Total Amount Borrowed by 2019-20 Master's Degree Completers for Undergraduate and Graduate Study



College Board, Trends in College Pricing and Student Aid 2023, Figure SA-16.

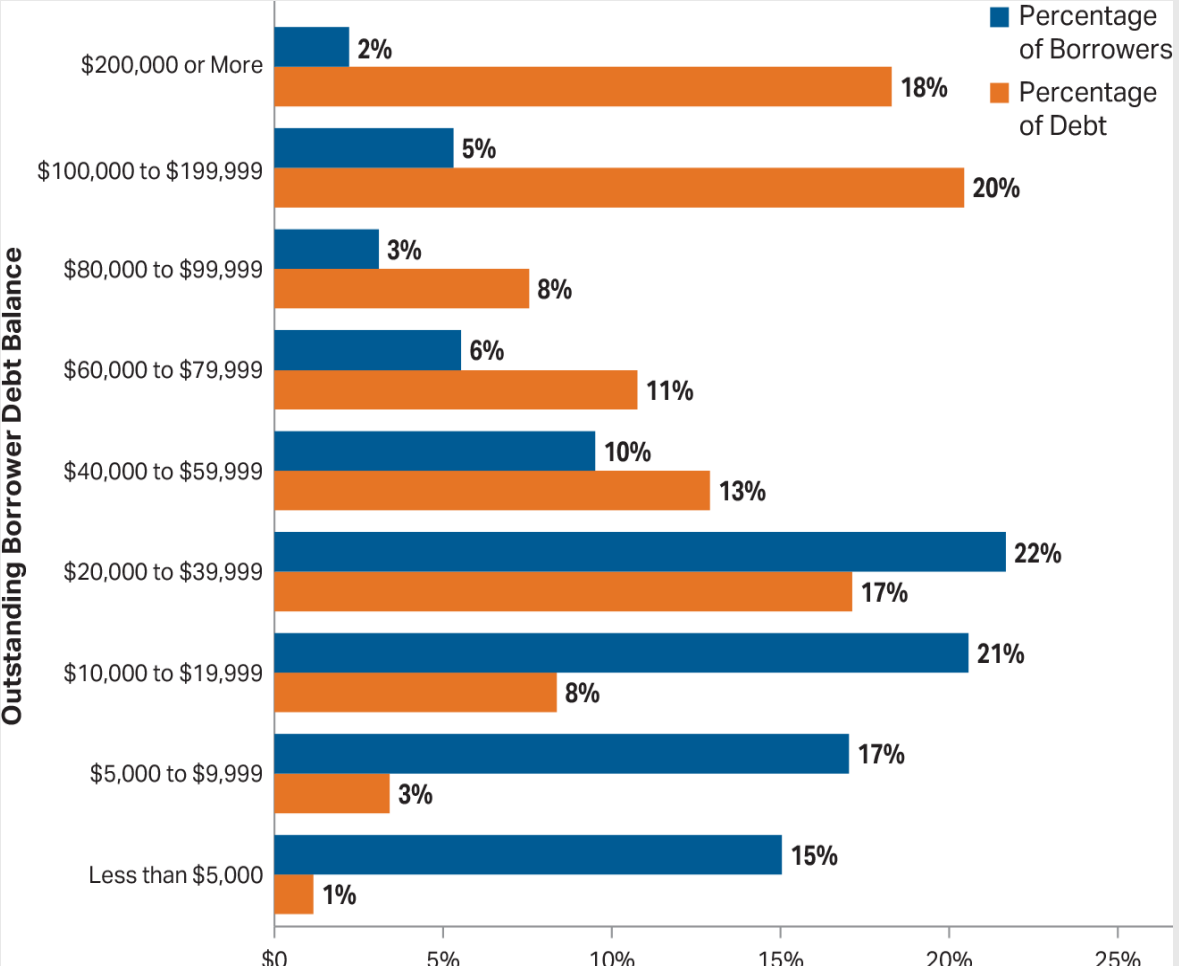
57% of professional degree recipients have more than \$100,000 in debt.

Distribution of 2019-20 Professional Degree Completers by Total Amount Borrowed for Undergraduate and Graduate Study



The 7% of borrowers who owe \$100,000 or more owe 38% of outstanding federal debt; the 32% who owe less than \$10,000 owe 4% of the debt.

Distribution of Borrowers and Debt by Outstanding Balance, Second Quarter of Fiscal Year 2024



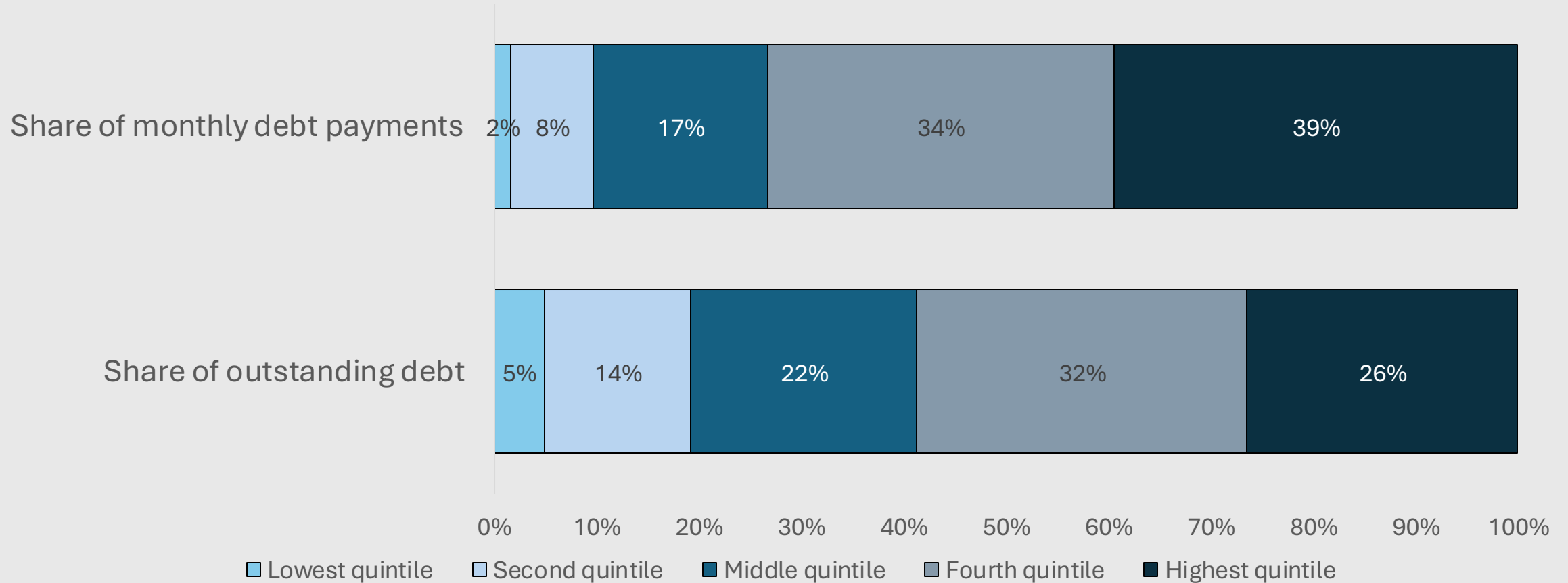
Federal Loan Balance by Debt Size, Second Quarter of Fiscal Year 2024

Debt Size	Total Balance (in Trillions)	Number of Borrowers (in Millions)	Average Balance
\$200,000 or More	\$0.30	1.0	\$297,000
\$100,000 to \$199,999	\$0.33	2.4	\$138,300
\$80,000 to \$99,999	\$0.12	1.4	\$87,600
\$60,000 to \$79,999	\$0.17	2.5	\$69,900
\$40,000 to \$59,999	\$0.21	4.3	\$48,700
\$20,000 to \$39,999	\$0.28	9.8	\$28,400
\$10,000 to \$19,999	\$0.14	9.3	\$14,600
\$5,000 to \$9,999	\$0.06	7.7	\$7,200
Less than \$5,000	\$0.02	6.8	\$2,800
Total	\$1.62	45.2	\$35,900

College Board, Trends in College Pricing and Student Aid 2024, Figure SA-10.

Education debt is concentrated in the upper half of the income distribution.

Distribution of monthly payments and outstanding debt by household income quintiles, 2019.

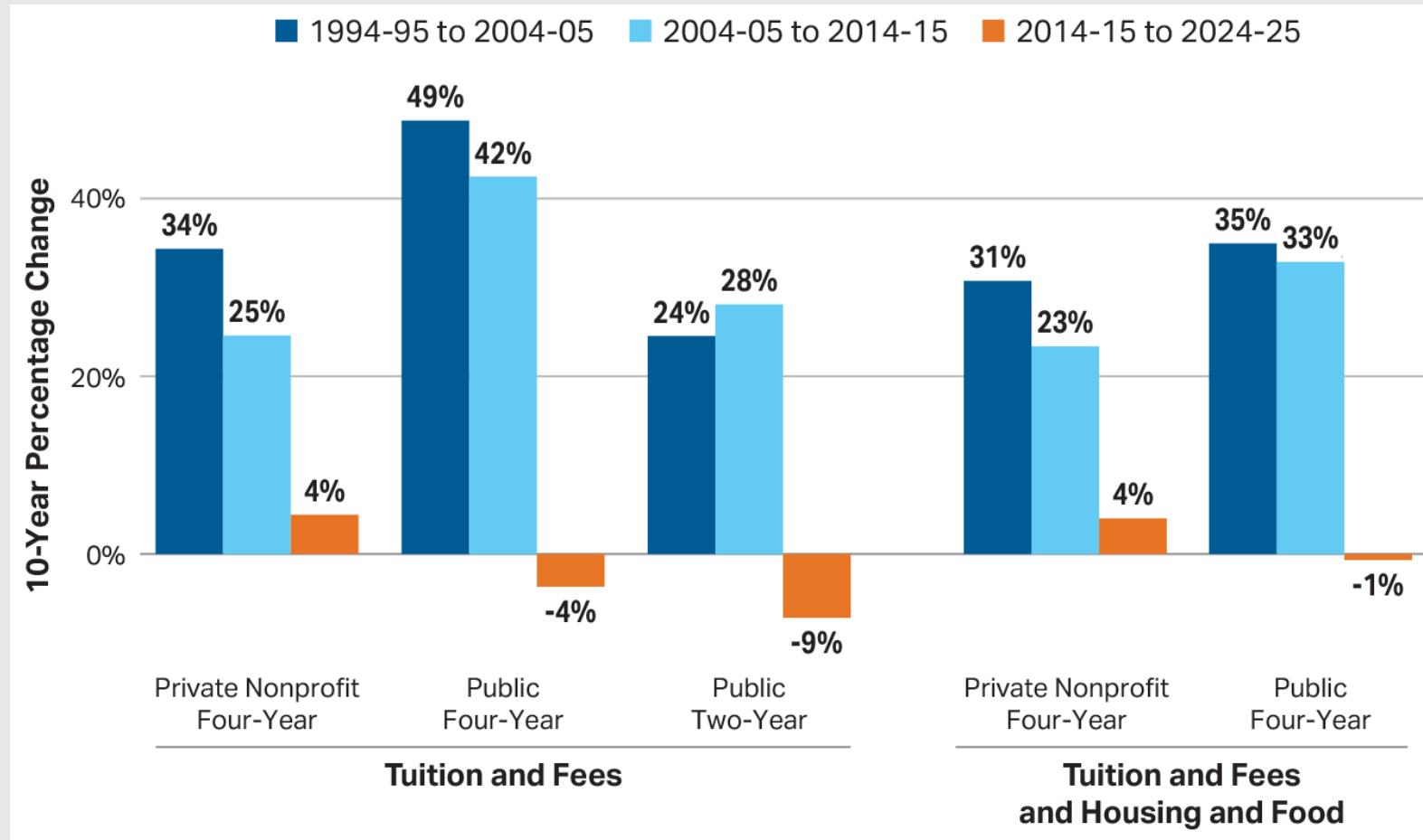


Notes: Households ages 25 and older.

Source: Baum and Looney (2020) "Who owes the most in student loans? New data from the Fed?" *Brookings*..

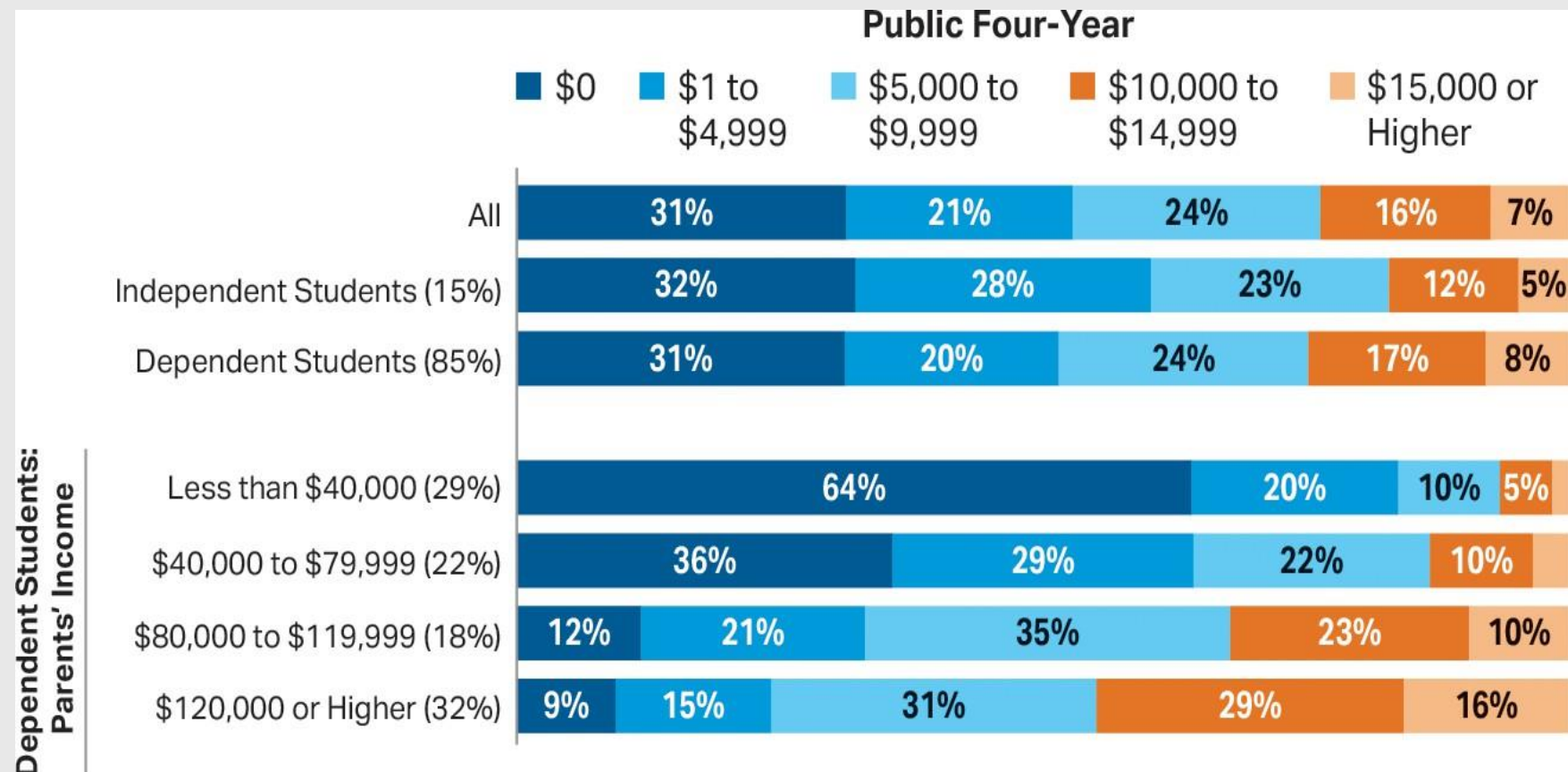
Tuition and fees have stabilized in recent years.

Ten-Year Percentage Change in Inflation-Adjusted Published by Decade, 1994-95 to 2024-25



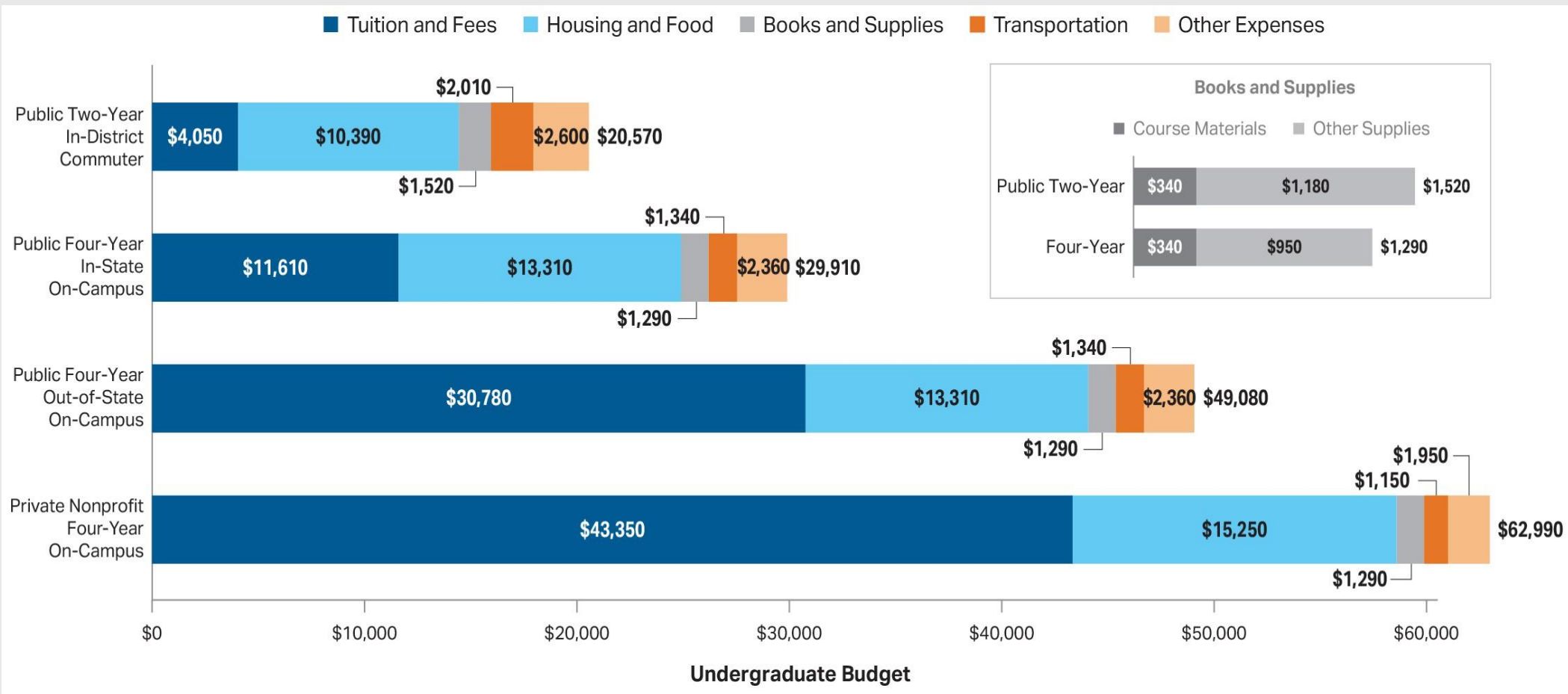
Almost 1/3 of full-time public 4-year college students, and 2/3 of those from low-income families, pay no tuition and fees.

Distribution of Full-Time In-State Undergraduate Students at Public Four-Year Institutions by Net Tuition and Fees, 2019-20



Tuition & fees are 20% of the average total budget for public 2-year students and 39% for in-state public 4-year students.

Average Student Budgets, 2023-24



College Board, Trends in College Pricing and Student Aid 2024, Figure CP-1

Student debt is a significant problems for some borrowers.

- 13% of borrowers are in default.
- Some groups borrow much more than others.

Debt of 2019-20 bachelor's degree recipients

Total debt	All	For-profit	Black	Dependent	Independent
<\$10,000	45%	25%	20%	50%	39%
\$50,000 +	10%	26%	17%	8%	17%

repayment plans.

- SAVE plan with lower monthly payments, more debt forgiveness unlikely to survive
- Payments would be based on income above 225% of poverty instead of 150%
- Share of this income required for UG would fall from 10% to 5%
- Government would forgive all interest not covered by payments each month.
- Forgiveness after 10 years if debt <\$12,000. Add a year for each \$1,000.
- Automatic use of IRS data for application / verification
- Borrowers 75 days late with payment automatically enrolled in IDR plan
- About 70% of borrowers would have some debt forgiven (Urban Institute research).

Improving IDR could solve a lot of problems without costing so much or creating so much debt forgiveness.

- Automatic enrollment
- Payroll deductions
- Time to forgiveness depending on amount borrowed.
- Limit graduate borrowing for IDR

Targeted forgiveness differs from broad forgiveness

- Students who were victims of fraud or closed schools
- Students with permanent disabilities
- PSLF problems, IDR problems
- Proposed: up to \$20,000 of interest; borrowers in repayment for a long time, those who would be eligible if they were in IDR.
- Poor parents with PLUS loans?
- Students with very low debts and very low incomes

Limiting future debt

State governments:

- Better funding of public higher education.
- More equitable allocation of state funding

Federal government:

- Larger Pell Grants
- Limits on PLUS loans

State and federal governments:

- Stronger accountability for institutions.