



Student Loan Debt

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What's Student Loan Debt?

Millions within the US have debt amounting to around \$1.6 trillion including federal and private loans

- Shared between a total of 43.5 billion people

Federal Reserve reports that people under 30 are likely to have more debt

- although at least $\frac{1}{4}$ of the debt is by 50<



What has made this become a major issue lately?

→ Higher college tuition

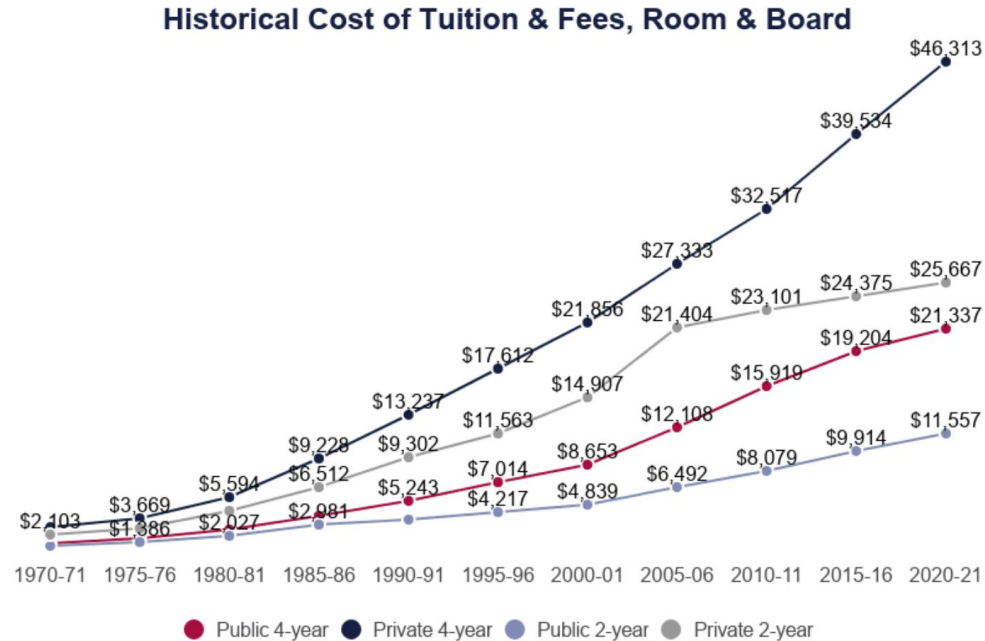
→ Inflation not matching the steep increases

→ Buying / Selling loan debt has become a more lucrative business

Effects of Inflation

In 1968–1969 school year it cost \$1,545 for a 4-year public institution

- Adjusted for inflation this would have been a cost of \$13,554

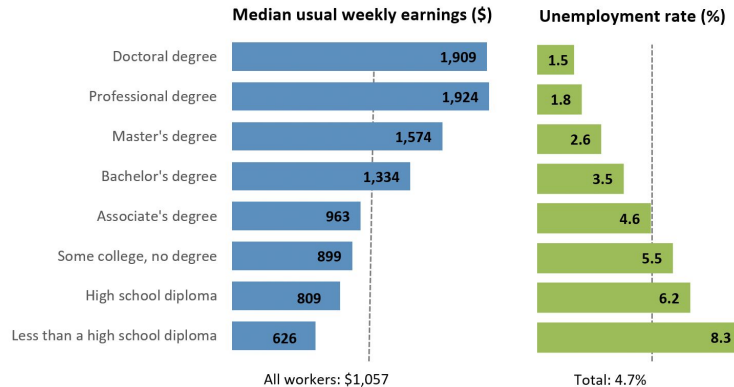


Why should we care?

People with a college diploma earn about \$27,000 more than non-degree holders annually, so getting a degree is somewhat necessary to afford today's living expenses.

- In 2020-21 the college board found that 51% of students from a 4-year institution avg more than \$21,000 per person with debt
- For private institutions, 53% of students had \$22,000 with debt

Earnings and unemployment rates by educational attainment, 2021



Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.
Source: U.S. Bureau of Labor Statistics, Current Population Survey.

What can be done to solve this problem?

01 **1965 Higher Education Act**

Developed to increase lending amount for colleges/ universities so more people would be able to afford higher education cost.

- Ultimately made it so the funding wasn't solely coming from the federal govt. called for more involvement from private lending institutions

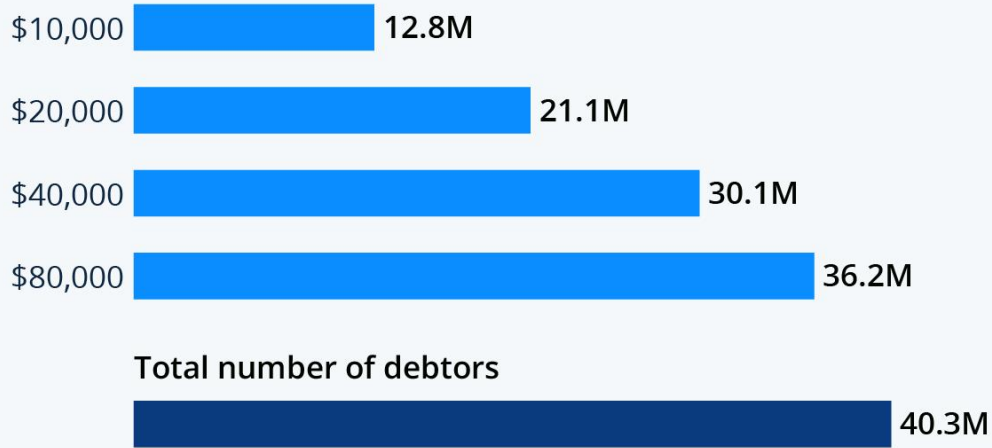
02 **Student Loan Forgiveness Program**

The Biden Administration has been trying to implement a relief program that would absolve up to \$10,000 worth of federal debt, another \$10,000 for pell grant recipients

- Highly contested by many states since its proposal, is still currently stalled from operation

How Many Would Student Loan Forgiveness Reach?

Number of U.S. debtors completely freed from federal student loans if debt of the following amounts was forgiven



As of fiscal year 2022. Direct loans only
(total direct, FFEL & Perkins loans borrowers: 43.5M)

Source: Enterprise Data Warehouse via Federal Student Aid/
Department of Education



Sources

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