Student Debt and College Affordability

This fact sheet was created in partnership with Demos, Young Invincibles, and Student Action.

Key Resources

- Fact sheet from Demos on the Debt Free College Act
- The Unaffordable Era: Demos’ state-by-state look at higher education investment and affordability
- When Congress Went to College: Comparing Tuition Then and Now at Our Elected Officials’ Alma MATers: A yearbook from Demos showing how much college prices have risen since Congressmembers went to school for the 115th congress.
- A Blueprint for College without Debt: Report from Demos including state by state breakdowns
- Consumer Financial Protection Bureau’s (CFPB) 2017 report on state-by-state student loan debt and complaints about abusive lending and collections practices from student borrowers

Key Statistics

Higher education is an economic necessity - not a luxury for the wealthy few. A college degree is more and more necessary to achieve even a basic level of economic security

- 99.1% of the 11.6 million jobs created during the economic recovery went to people with at least some postsecondary education.
- Since 1989, total employment grew by over 30 percent, but the number of jobs for people without a college education actually declined by 13 percent.
- Job security, wages and the number of jobs available for workers without a college education have plummeted over the last 30 years. Even after controlling for socioeconomic factors that impact college access, the Social Security Administration estimates that men with a bachelor’s degree earn $655,000 more in median lifetime earnings than high school graduates. Women with bachelor’s degrees earn $450,000 more in median lifetime earnings than high school graduates.

Tuition is skyrocketing and public investment is plummeting. Students and their families face crushing levels of student debt in order to access an education

- In the past 30 years, tuition has gone up by 310% at public universities and 243% at community colleges, far outpacing inflation.
- While in 1980, roughly 60% of university funding came from state governments, by 2015, state funding had fallen to an average of 12% of university budgets, with students and families paying an increasing share of expenses.
Rising costs are especially hurting low-income students. The Pell Grant, the grant designed to help low income students be able to access higher education, is dwindling. Forty years ago, it covered about 80% of all costs for students who qualified. Now, it barely covers 30% of costs.

**Student debt is a crushing burden for millions and it is not only harming individual students, it is holding back our economy**

- In 2018, America’s collective student loan debt surpassed $1.5 trillion, which keeps former students and their families from seeing the economic prosperity promised by their education.
- More than 44.7 million Americans have student loan debt and the amount of debt the average student carries is rising. Student loan balances have more than doubled in real terms since 2005. Average real student loan debt per capita for individuals ages 24 to 32 has risen from about $5,000 in 2005 to $10,000 in 2014.
- Student loan debt is driving down home ownership rates, especially for young people. One study found that a $1,000 increase in student loan debt causes a 1 to 2 percent drop in homeownership rates for borrowers in their late 20s or early 30s, threatening to undermine the long-term financial stability of an entire generation.
- Young adults who graduated college with student debt now have negative net wealth with a median net wealth of -$1,900, down from $9,000 in 2013.
- Student loan debt does not only impact young people. The number of people over 60 with student loan debt has quadrupled in the last decade.

**Students of color, low-income students and women are hurt most by the student debt and college affordability crisis**

- Students of color face a higher risk of defaulting on their loans, and struggle to find jobs to pay off these loans due to discrimination in hiring practices. First-generation college students also face much higher rates of default.
- Black borrowers are overrepresented among those who have large debt. Twelve years after beginning college, black borrowers make-up under 8% of those with no debt, but over a quarter (27.5%) of those who hold over $50,000.
- Debt and default among black college students is at crisis levels, and even a bachelor’s degree is no guarantee of security: black BA graduates default at five times the rate of white BA graduates (21 versus 4 percent), and are more likely to default than white dropouts.
- Even after financial aid, Black and Latino families dedicate 48 and 31 percent of their incomes to the cost of college, respectively, compared to only 24 percent for white families.
- Women owe two-thirds of the $1.48 trillion total student loan debt, and the burden of this debt will be intensified post graduation by the gender pay gap.
The promise of an education hasn't paid off for all students. Among families receiving means-tested assistance (including SNAP, housing assistance, TANF, Medicaid, or SSI), 11.6% had a bachelor’s degree or higher, and additional 31.8% had at least some college.

Students who attended for-profit colleges were at the highest risk of default and faced some of the highest levels of debt. Almost half (48%) of students who attended for-profit colleges defaulted within 12 years. That's four times the rate for students who attended public colleges. Women of color are disproportionately likely to attend for-profit colleges.

Higher education is even more inaccessible for undocumented students. Most undocumented students are forced to pay out of state tuition at public universities and are unable to qualify for federal student loans and most scholarships.

Current loan forgiveness programs are woefully inadequate and borrowers face abusive collectors, trouble refinancing and student loan debt is uniquely difficult to discharge even when borrowers hit tough times

- Over 1,173,420 students have tried to certify for the public service loan forgiveness program and nearly 20,000 have submitted applications for loan forgiveness after paying their student loans for ten years yet only 55 students had been granted loan forgiveness by the end of last year.
- Student loan debt is incredibly difficult to discharge. Unlike virtually every other kind of debt, there is no statute of limitations on collections for student loan debt and the debt cannot be discharged in bankruptcy. Borrowers who default on federal student loans can have their wages or even their social security checks garnished.
- Student loan debt has become a big business as Wall Street hedge funds and ruthless investors rake in huge profits off of students’ crushing burden of debt. Wall Street investors have raked in billions in the $200 billion student loan asset backed securities market, while students faced predatory collection and abusive practices.

Student Borrower Stories from Young Invincibles

Published Stories in Media:

- Make Higher Education Affordable For Students Like Me by Ariel Tomlinson
  - Ariel is YI young advocate in Denver, Colorado.

- Nearly half of New York’s young adults owe on a student loan
  - Michael has roughly $130,000 in a combination of federal and private student loan debt from his master’s degree in urban planning. The high cost of college forced him to take out loans and bury himself in student debt.
Published Quotes appear in YI’s Higher Ed. New Year’s Resolutions blog post and Student Voices blog post:

- “Affordability was an important factor in my decision to attend community college instead of going directly to a four-year college after high school. I chose to transfer to MSU Denver after completing community college because it’s one of the most affordable schools in Denver. By all means, I wanted to avoid student debt and be set up for success. Fortunately, I have had mentors in my life that have guided me and shared opportunities with me – I recognize not all young adults have the same luck. I think affordability issues and guidance throughout college need to be addressed to help struggling young adults have a chance at being successful while in school.” – Josephine Martinez, a Marketing and Non-Profit Studies Student at the Metropolitan State University of Denver
  - Josephine also shared her story in a MarketWatch article where she discussed how watching her brother rack up student debt paralyzed her and made her not apply to four year colleges and rather attend community college first.

- “Pursuing a master’s degree in public service management was necessary for me to increase my job opportunities and employability after being laid off and going months without a new job. Though my master’s helped me land a job in public service, I have accumulated more than $100,000 in student debt. While I don’t regret going back to school to increase my job opportunities, I wish there would have been better financing options to pay for school and relieve the grueling stress associated with the costs.” – Le’Loni English, Public Service Management Graduate from DePaul University (IL)
  - Le’Loni shared her story of racking up student debt to pay for the expensive cost of graduate school with MarketWatch.

- “It’s been tough navigating the higher education system, especially dealing with financial aid to help cover my tuition and college-related expenses. Affording college was somewhat easier when I was in community college but now I’m trying to figure out how I’ll pay back the over $39,000 I owe in student debt for continuing my education at a four-year institution. I’m excited to graduate soon with my bachelor’s degree but feel tremendously uneasy about the student debt I have accumulated. Student debt is a growing national problem and our lawmakers need to respond fast.” – Yasmine Tweedy, Kinesiology Student at Cal State University, Dominguez Hills
“Attending a university with an annual sticker price of more than $60,000 is not easy to manage, especially if you do not want to take out both private and public loans, which is what I had to do. With the recent failure of Congress to reauthorize the Federal Perkins Loan Program, I find my financial aid award decreasing each year. This fall, college affordability will definitely be on my mind when I cast my vote.” – Lujain Al-Khawi, a Biomedical and Electrical Engineering Student at the George Washington University

“Paying college tuition is not easy. On top of that, the cost of attendance can add a few more thousand dollars to one’s final bill. The high cost of textbooks, parking, and other class expenses makes it much harder for students that are already struggling to get by.” – Sara Ifteiha, an International Relations Student at the University of Texas at Austin

“In high school, I did not get the guidance and information necessary to make an informed decision about a four-year college. My counselors did not help me understand the different options available nor help paint a clear picture about college. The help I got was very basic so I did not feel confident pursuing a four-year college after high school. The financial risk of a four-year college was also a big factor in having me pursue a certificate at a community college instead. If I would have received more information about the college process and better guidance throughout, I might have attended a four-year college.” – Isaiah Jiron, a student at the Community College of Denver

“Earning my bachelor’s degree at a public university as my state drastically cut college funding was one of the toughest moments in my life. It was extremely difficult to find scholarship opportunities from my university as my campus finance office repeatedly cited lack of funding. I was forced to take out public loans to compensate for my state’s lack of financial support. As I pursue a master’s degree in occupational therapy, I’m hesitant to take out more loans to finance my education, but I might have to so I can accomplish my goals. My vote this fall will support candidates that seek to implement smart affordability solutions for people like me.” – Marissa Epps, an Occupational Therapy Masters Student at Chicago State University

“My parents rooted in me the importance of pursuing a higher education at a young age. I have worked hard since to make sure I can attain a proper education by working full-time and part-time jobs while also attending community college full-time. I’m excited to continue pursuing a higher education degree as I will transfer to a four-year college to finish my bachelor’s degree, but I’m concerned about the process of paying for a four-year college.” – Oscar Sanchez, community college student in Chicago, Illinois.