STUDENT DEBT: A CRITICAL CHALLENGE FACING PROFESSIONALS

As the U.S. economy has moved into the 21st century, higher education has become a requirement for many in order to start their careers and access the nearly ten million jobs in professional occupations that have been created since the great recession.\(^1\) While bachelor’s or graduate degrees were required for 21 percent of all jobs before the great recession in 2006, they are now required for 26 percent of all jobs in the United States and jobs requiring bachelor’s, master’s, doctoral or professional degrees are projected to continue growing faster than total employment.\(^2\)

But during this timeframe, the cost to attend private and public four-year colleges and universities has increased dramatically. During the 1997-1998 school year, average tuition and fees at 4-year colleges and universities (public or private) were $9,742 in 2018 dollars. Twenty years later, average tuition had increased to $15,924.\(^3\) At the same time, real median weekly earnings for college graduates only increased seven percent.\(^4\) This 63 percent increase in real cost reflects a trend in both public and private universities where costs have skyrocketed, leading a majority of undergraduate students to take out many thousands of dollars in loans per year to finance their educations. In the first quarter of 2019, the total outstanding student loan balance in the United States hit $1.49 trillion, a 120 percent increase in aggregate student debt in 10 years.\(^5\)

### Average Undergraduate Tuition and Fees, constant 2018 dollars\(^6\)

<table>
<thead>
<tr>
<th>Institution Type</th>
<th>2017-2018</th>
<th>2007-2008</th>
<th>1997-1998</th>
<th>% change over 10 years</th>
<th>% change over 20 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public, in-state, 4-year</td>
<td>$9,037</td>
<td>$6,966</td>
<td>$4,770</td>
<td>30%</td>
<td>89%</td>
</tr>
<tr>
<td>Private, 4-year</td>
<td>$30,731</td>
<td>$25,113</td>
<td>$20,471</td>
<td>22%</td>
<td>50%</td>
</tr>
<tr>
<td>Average, public and private, 4-year</td>
<td>$15,924</td>
<td>$13,426</td>
<td>$9,742</td>
<td>19%</td>
<td>63%</td>
</tr>
<tr>
<td>Public, 2-year (Community College)</td>
<td>$3,243</td>
<td>$2,413</td>
<td>$2,076</td>
<td>34%</td>
<td>56%</td>
</tr>
</tbody>
</table>

### Demographics of Student Loan Borrowers

Though student debt is a widespread problem in the United States and student loans make up the largest portion of non-housing consumer debt, it does not affect all demographic groups equally.

#### Gender

Women are now a growing majority of college graduates and made up 57 percent of the graduating class of 2018-2019.\(^7\) However, more women (68.2 percent) take out student loans to finance their undergraduate educations than men (62.6 percent) and their average undergraduate loan balance is slightly higher as well ($25,607 compared to $24,227).\(^8\)
But women are also less likely than men to have paid off or had their loans forgiven within 4 years of graduation. Of those who borrowed to finance their education in the class of 2008, 15.7 percent of men had their loans paid off or forgiven by 2012, while only 11.8 percent of women had done the same. And the pay gap multiplies this inequality, as women, on average, made 81.6 percent of what men made in 2018. Women had also defaulted on their loans at a higher rate than men (3.7 percent vs. 3.3 percent) and more women were deferring payments on their loans (19.1 percent vs. 14.4 percent). It is important to note, however, that women’s higher rate of deferment may in part be attributed to the higher percentage of women who enrolled in an additional degree program after graduation (46.6 percent vs. 39.4 percent).

Race

While the majority of bachelor’s degree graduates hold some level of student debt, their experiences can vary significantly depending on their race. More Black and Latino graduates took out loans to finance their undergraduate educations than white or Asian students, and Black students, on average, took out a higher amount. Black and Asian American graduates also had higher total student loan balances, which can be partially attributed to the fact that more Black and Asian American students pursued additional postgraduate education than white and Latino students (50.7 percent and 47.7 percent vs. 42.1 percent and 43 percent, respectively).

### Student Loan Statistics by Race, Class of 2008

<table>
<thead>
<tr>
<th>Race</th>
<th>Percent of new graduates who took out loans</th>
<th>Average amount borrowed for bachelor’s degree</th>
<th>Average total borrowed for all education, 4 years after bachelor’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>64.8 %</td>
<td>$25,073.58</td>
<td>$44,256.34</td>
</tr>
<tr>
<td>Black</td>
<td>79.7 %</td>
<td>$28,447.75</td>
<td>$58,486.78</td>
</tr>
<tr>
<td>Latino</td>
<td>67.7 %</td>
<td>$23,402.20</td>
<td>$44,674.54</td>
</tr>
<tr>
<td>Asian American</td>
<td>53.9 %</td>
<td>$20,931.06</td>
<td>$50,755.47</td>
</tr>
</tbody>
</table>

Additionally, Black and Latino graduates are more likely than other graduates to either be in default or otherwise deferring payments on loans, illustrating the greater challenges they face after graduation, including the racial wage gap.

### Student Loan Repayment Status, 4 Years After Bachelor’s Degree

<table>
<thead>
<tr>
<th>Race</th>
<th>Did not borrow</th>
<th>Deferring payments on loans</th>
<th>Repaying loans</th>
<th>Loans are paid off or forgiven</th>
<th>Defaulted</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>29.3 %</td>
<td>12.2 %</td>
<td>46.7 %</td>
<td>9.8 %</td>
<td>1.9 %</td>
</tr>
<tr>
<td>Black</td>
<td>16.7 %</td>
<td>24.6 %</td>
<td>46.5 %</td>
<td>5.2 %</td>
<td>7.1 %</td>
</tr>
<tr>
<td>Latino</td>
<td>27.1 %</td>
<td>14.9 %</td>
<td>43.3 %</td>
<td>10.3 %</td>
<td>4.4 %</td>
</tr>
<tr>
<td>Asian American</td>
<td>38.2 %</td>
<td>11.2 %</td>
<td>30.5 %</td>
<td>18.6 %</td>
<td>1.5 %</td>
</tr>
</tbody>
</table>

**Occupational Differences**

Large differences exist between graduates in different occupations as well, largely due to the educational requirements of those professions. For example, information professionals, healthcare professionals, legal professionals, and postsecondary educators all carry above-average student loan balances, including loans for graduate school. In particular, legal and healthcare professionals have particularly high levels of student debt ($101,184 and $86,763, respectively).
Certain occupations also have high average salaries four years after graduation when compared to their average debt load. Engineers, computer and information system professionals, physical scientists and construction and mining professionals all had average salaries at least 2.5 times that of the average total debt load. In addition to legal and healthcare professionals who take out particularly high levels of debt, postsecondary educators, secretaries and administrative professionals, personal care professionals, life scientists and information professionals all have average salaries that are less than their average debt load, four years after graduating.  

<table>
<thead>
<tr>
<th>Student Loan Repayment Status, 4 Years After Bachelor’s Degree (Selected Occupations)</th>
<th>Did not borrow</th>
<th>Deferring payments on loans</th>
<th>Repaying loans</th>
<th>Loans are paid off or forgiven</th>
<th>Defaulted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artists and designers</td>
<td>37.9 %</td>
<td>5.2 %</td>
<td>42.7 %</td>
<td>11 %</td>
<td>3.2 %</td>
</tr>
<tr>
<td>Business managers</td>
<td>33.9 %</td>
<td>8.9 %</td>
<td>46.8 %</td>
<td>8.6 %</td>
<td>1.9 %</td>
</tr>
<tr>
<td>Business occupations (non-management)</td>
<td>32.3 %</td>
<td>11 %</td>
<td>43.6 %</td>
<td>11.7 %</td>
<td>1.5 %</td>
</tr>
<tr>
<td>Communication professionals</td>
<td>38.4 %</td>
<td>5.4 %</td>
<td>41.8 %</td>
<td>10.8 %</td>
<td>3.6 %</td>
</tr>
<tr>
<td>Computer/information systems occupations</td>
<td>31.5 %</td>
<td>9.5 %</td>
<td>42.4 %</td>
<td>15.5 %</td>
<td>1.1 %</td>
</tr>
<tr>
<td>Engineering technicians</td>
<td>30.5 %</td>
<td>10 %</td>
<td>35.3 %</td>
<td>20.1 %</td>
<td>‡</td>
</tr>
<tr>
<td>Engineers</td>
<td>32.3 %</td>
<td>5.3 %</td>
<td>41.6 %</td>
<td>19.4 %</td>
<td>1.3 %</td>
</tr>
<tr>
<td>Healthcare professionals (non-nurses)</td>
<td>22.4 %</td>
<td>9.8 %</td>
<td>57.6 %</td>
<td>8.4 %</td>
<td>1.8 %</td>
</tr>
<tr>
<td>Information professionals</td>
<td>17.4 %</td>
<td>17.3 %</td>
<td>59.7 %</td>
<td>3.3 %</td>
<td>‡</td>
</tr>
<tr>
<td>Legal professionals</td>
<td>9.3 %</td>
<td>6.6 %</td>
<td>70.8 %</td>
<td>12.9 %</td>
<td>‡</td>
</tr>
<tr>
<td>Life scientists</td>
<td>20.6 %</td>
<td>25.7 %</td>
<td>46.1 %</td>
<td>7.2 %</td>
<td>‡</td>
</tr>
<tr>
<td>Math-related occupations</td>
<td>19.8 %</td>
<td>5.8 %</td>
<td>65.7 %</td>
<td>8.6 %</td>
<td>‡</td>
</tr>
<tr>
<td>Nurses</td>
<td>22.2 %</td>
<td>12.7 %</td>
<td>53.2 %</td>
<td>9.8%</td>
<td>2 %</td>
</tr>
<tr>
<td>Other educators</td>
<td>21.4 %</td>
<td>23 %</td>
<td>46 %</td>
<td>6.1 %</td>
<td>3.5 %</td>
</tr>
<tr>
<td>Physical scientists</td>
<td>34.5 %</td>
<td>9.3 %</td>
<td>35.1 %</td>
<td>20 %</td>
<td>‡</td>
</tr>
<tr>
<td>PK-12 educators</td>
<td>26.2 %</td>
<td>14.5 %</td>
<td>48.6 %</td>
<td>7.6 %</td>
<td>3.1 %</td>
</tr>
<tr>
<td>Postsecondary educators</td>
<td>39.2 %</td>
<td>28.7 %</td>
<td>24.4 %</td>
<td>5.1 %</td>
<td>2.5 %</td>
</tr>
<tr>
<td>Sales occupations</td>
<td>29 %</td>
<td>14.3 %</td>
<td>45.9 %</td>
<td>7.6 %</td>
<td>3.1 %</td>
</tr>
<tr>
<td>Secretaries and administrative assistants</td>
<td>22.2 %</td>
<td>25.6 %</td>
<td>44.5 %</td>
<td>2.4 %</td>
<td>5.3 %</td>
</tr>
<tr>
<td>Social scientists</td>
<td>29.9 %</td>
<td>16.1 %</td>
<td>36.7 %</td>
<td>13.1 %</td>
<td>4.2 %</td>
</tr>
<tr>
<td>Social service professionals</td>
<td>18.7 %</td>
<td>17.8 %</td>
<td>51.4 %</td>
<td>8.6 %</td>
<td>3.5 %</td>
</tr>
</tbody>
</table>

‡ Indicates a small sample size and poor data quality for selected variables
The Impact of High Levels of Student Debt

Job Selection and Satisfaction

High levels of debt can shift the way new graduates think about the job market and job satisfaction. Those with higher levels of debt are more likely to prioritize higher wages over job satisfaction and are more likely to start searching for new jobs while employed.\textsuperscript{16} Data about job satisfaction points to higher levels of dissatisfaction among borrowers with more than $30,000 in undergraduate loans (41 percent unsatisfied or slightly unsatisfied) when compared to all undergraduate borrowers (38 percent) and those without undergraduate loans (30 percent).\textsuperscript{17}

While student loan assistance is a top priority for young adult job seekers (third behind health insurance and paid time off), only eight percent of employers report offering any type of aid to employees who are paying back loans.\textsuperscript{18}

Delaying Financial Goals

With total student debt balances topping $1.5 trillion, many Americans have been delayed from reaching milestones that could help them build financial stability. In a recent survey of Americans with student loan debt, 34 percent said they have delayed building emergency savings, 29 percent have delayed saving for retirement, and 27 percent are putting off payments on other forms of debt, including credit card debt. Additionally, 23 percent of borrowers said they were delaying buying a house, 10 percent said they were delaying having children, and nine percent said they were delaying marriage.\textsuperscript{19}

The Government’s Failure to Protect Borrowers

The vast majority (92\%) of student debt is held in the form of federal student loans.\textsuperscript{20} These loans are funded by the Department of Education, but the responsibility for billing and collection is contracted out to private companies known as loan servicers. Loan servicers manage accounts, process monthly payments, manage repayment programs, and are the primary customer service contact for borrowers. But instead of helping borrowers, many report that these companies often make it harder for them to pay back their loans.

In 2015, the Consumer Financial Protection Bureau (CFPB), the Department of Education, and the Department of the Treasury launched an investigation of student loan servicing practices. More than 30,000 borrowers responded to a solicitation of public comments, detailing servicer practices that did not serve the best interests of borrowers. This included discouraging borrowers from enrolling in alternative repayment plans (such as income-driven repayment), poor customer service, and inaccurate payment processing.\textsuperscript{21}

But despite the comprehensive list of reforms proposed in the CFPB report, federal policy has not changed significantly and loan servicers continue to poorly serve borrowers. A 2019 report from the Department of Education Inspector General found that not only were loan servicers not following the rules governing the federal student loan program, but the Department of Education was not holding them responsible for noncompliance. The Department of Education’s lack of enforcement has allowed all nine loan servicing companies to profit while failing to provide adequate services for borrowers and has not provided any incentive for these companies to change their practices.\textsuperscript{22}

And though the Department of Education has programs to help professionals pay back their loans if they chose to work in certain fields, these programs are failing to help the vast majority of prospective beneficiaries. The Public Service Loan Forgiveness program (PSLF), created in 2007, promises to forgive
the remaining balance on all federal student loans after you work for 10 years for federal, state, or local
Governments or qualified 501(c)3 organizations and make 120 regular payments on your loans. But when
the first cohort of borrowers applied for loan forgiveness in 2018, less than one percent of them were
approved by the Department of Education (96 out of 28,000 applications). While the exact cause of the
denials is not certain because the government has not released detailed data about the applicants, it is clear
that the advice that loan servicers are giving borrowers is either insufficient, inaccurate, or both.

How Unions Are Addressing the Student Debt Crisis

As student loan assistance has become a top priority for young adult job seekers, unions are also
responding to the growing debt crisis by advocating for change, educating and engaging their
membership, and bargaining for employer-provided relief.

Advocating for Change

Partly because of the high rates of student debt among their membership and partly because of their
members’ role in the education system, the American Federation of Teachers (AFT) has taken an active
role in legal and legislative advocacy to help student loan borrowers, especially those eligible for Public
Service Loan Forgiveness (PSLF).

In 2018, AFT organized a class-action lawsuit against Navient, alleging that the student loan servicer
misled borrowers in order to prevent their potential enrollment in PSLF, boosting their profits. The
lawsuit further alleges that Navient staff are given financial incentives in order to keep calls with
borrowers short. As of September 2019, the case was still pending.

AFT filed another major lawsuit in 2019 against the Department of Education, following up on the
allegations from the 2018 lawsuit and alleging that Secretary of Education Betsy DeVos failed to
adequately follow the regulations governing PSLF and allowed loan servicers under contract with her
department to mislead and lie to borrowers, effectively denying them a chance at loan forgiveness.

AFT, as well as many other unions, have endorsed legislative solutions proposed by Senators Bernie
Sanders (I-VT), Elizabeth Warren (D-MA), and others.

Educating Union Members

Unions have also been playing an important role in educating their members about the resources available
to them as student loan borrowers. Multiple unions in the arts and entertainment industries, such as SAG-
AFTRA and Actors’ Equity, have held workshops on managing student debt, with an eye to the unique
circumstances their members face as creative professionals. AFT’s student debt clinics emphasize the
importance of PSLF and give tips to members for enrolling in the program and eventually receiving debt
forgiveness. AFT also sponsors ForgiveMyStudentDebt.org in order to share information about PSLF
with the broader community of public service professionals.

Bargaining for Repayment Assistance

While many union contracts contain provisions ensuring employers help pay for additional education that
professionals may be required or encouraged to pursue, a new demand by some unions is to make loan
repayment assistance available to employees who already completed either their undergraduate or
graduate degrees. For example, OPEIU Local 8 members who work at the Northwest Justice Project (a
legal aid organization) negotiated for loan repayment assistance for staff attorneys who make under a
certain salary threshold. Members of AFT at Natchaug Hospital in Connecticut negotiated for up to
$3,000 of student loan repayment assistance for registered nurses in their second and third years of service. And in the federal sector, some bargaining units of the American Federation of Government Employees and International Federation of Professional and Technical Engineers have enshrined the Office of Personnel Management’s student loan repayment program into their collective bargaining agreements in order to create a role for the union to ensure the program is applied fairly.

Looking to the Future

Without large-scale federal legislation, the student debt crisis in the United States is not likely to go away anytime soon. Professionals will continue to need accurate advice and guidance with regard to their student loans, and union professionals will likely look to their unions for assistance. **Unions looking for resources on how to bargain for student loan repayment assistance and other ways to assist members with their student debt can contact DPE.**

For more information on professional and technical workers, check DPE’s website: [www.dpeaflcio.org](http://www.dpeaflcio.org).

---

6 National Center for Education Statistics.
Ibid.
Ibid.
Ibid.
Ibid.
Ibid.


