In Repayment
The crush of student loans

Over the past 20 years, student loan debt among Americans has more than doubled. As of this writing, some 4.35 million people in the United States collectively owe more than $1.7 trillion on money borrowed to finance their education. The increase in student debt since 2004 has outpaced all other types of household debt and is behind only mortgage payments as the largest household budget item. More and more people have begun to question whether higher education is worth the cost—an expense once unquestioningly viewed by many as a solid investment in their future. And the burden is heaviest on people of color, with Black women owing more than any other group a year after earning an undergraduate degree. Many colleges and universities are implementing policies and exploring other ways to lower costs for students, including offering no-loan policies, no-tuition programs, and standardized financial aid information. The federal government has also taken action to assist borrowers. But there’s more work to be done. Here’s a look at some of the numbers.

Up and up
Over the past 17 years, student loan debt in the US has risen by $1.3 trillion, or about 270%.

The cost of tuition
Today’s adults carry a larger load of student debt than adults in the past. In 2019, households owed almost four times as much as they did in 1989, even when factoring in

A major expense
More Americans are taking on loans to go to college, with student debt increasing faster than other household debt since 2004. In 2010, student debt surpassed car loan and credit card debt. It is now the second-largest type of household debt, behind mortgages.

The mental toll
The burden isn’t just financial: high levels of student debt have been linked to an increased incidence among borrowers of anxiety, depression, and problematic drinking, as well as suicidal thoughts.
Graduate-degree earners hold more than half of US student debt.

92% of all student debt is owed to the federal government, and 8% is owed to private lenders.

The price of doing business

Experts point to rising administrative costs as one factor affecting tuition prices. Between 2015 and 2020, at public four-year colleges, spending on student instruction dropped 1.7%, while noninstructional expenses rose 6.6%. Other research has shown that at colleges and universities with the highest executive compensation, student debt rates are significantly higher than at other campuses.

$1,254,063–$2,509,687
Salary range of the 10 highest-paid public college and university presidents

$2,443,890–$8,435,657
Salary range of the 10 highest-paid private college and university presidents

$9,000,000–$11,407,000
Salary range of the 10 highest-paid college and university football coaches

Who are the borrowers?

Students at for-profit institutions, Black borrowers, and women hold the most federal student loan debt, with Black students enrolling in for-profits more frequently than other groups.

![Pie chart showing the distribution of student loan debt by borrower type.]

Did you know?

→ Not everyone with student loans has earned a degree. 19% of American adults have student loans, but only 65% of borrowers over age 26 have earned a bachelor’s degree or higher. Of those who did not complete a degree, 45% defaulted on a loan within 12 years, compared to 8% of borrowers with a bachelor’s.

→ Not all people paying off student loans are young adults. 20% of Americans with student debt are over 50. While some are paying off their own educational loans, 5% of adults took out loans to pay for a grandchild’s education.

![Bar chart showing average student debt by borrower type.]

Source: US Census Bureau, Housing Vacancy Survey, March 2021

Steps in the right direction

“No-loan” policies. Some colleges and universities are tackling the problem of student debt by getting rid of loans. These institutions will meet 100% of an undergraduate’s financial aid needs with grants rather than loans. (Students may still need to pay the expected family contribution and other fees, such as costs for books.) Institutions that have eliminated loans have seen a jump in the number of admissions applications and a more diverse applicant pool.

Standardized financial aid information. As of October 2023, 359 colleges and universities had committed to making financial aid offers clearer, standardized, and more accurate. The effort came out of the College Cost Transparency Initiative, which involved ten higher education associations working to make it easier for families and students to understand what they might owe and to compare costs of different institutions.

Lack of buying power

Research indicates that student loan debt hurts the economy, including restricting small business growth and reducing retirement savings. It may also cause borrowers to delay getting married and starting families. Young adults with loans may also put off buying a home. From 2005 to 2014, the overall rate of homeownership fell by 4 percentage points—but the rate of homeownership for adults ages 25 to 34 decreased by almost 9 percentage points.

“It’s normalized in this country that you go to college, you’re expected to pay loans forever. I want folks to be able to buy homes, invest in their local economy, and not look at higher education as a lifetime of debt.”

—US Secretary of Education Miguel Cardona in Business Insider

In the news

After a pandemic-related pause of more than three years, student loan repayments began again in October 2023. Days later, the Biden administration announced student debt forgiveness for 126,000 borrowers: $53,000 through the Public Service Loan Forgiveness programs (including teachers and those in law enforcement); 51,000 who have been in income-driven repayment plans for more than 20 years; and 22,000 who have a disability.