

Student Loan Debt Trends

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Student Loan Use Continues To Decline During Pandemic

In contrast to prior economic recessions, student loan use decreased during the COVID-19 pandemic (Figure 1). Total annual federal student loan borrowing declined [by \\$8 billion](#) in 2020-21, while it had previously increased by \$40 billion during the Great Recession. This shift can partially be explained by a change in student attendance patterns. Most large undergraduate student debt balances are concentrated among students who attended for-profit colleges (Figure 2). While student enrollment in for-profit colleges [surged](#) during the Great Recession, it declined nearly [10 percent](#) by fall 2021. Many colleges also limited the necessity of student loans by [offering tuition discounts](#) or [freezing tuition](#). Economic uncertainty may also have [caused families](#) to be more hesitant to take on debt during the pandemic, despite the [many benefits](#) of a college education. This is particularly true for groups that [historically](#) have had higher student loan debt. Policies that increase need-based student aid can further reduce student loans and encourage more people to attend college.

41 Percent Of Ohio Student Loan Debt Is Held By 10 Percent of Students

Conversations on student loan debt often neglect the fact that a small percentage of borrowers own most student loan debt (Figure 3). Student loan debt trends have also shifted from the [peak](#) of new borrowing in 2011. Institutional grants have surpassed [student loans](#) as the largest source of aid to undergraduates, particularly [at independent colleges](#).

Income-Driven Repayment Plans Support College Affordability

As national conversations unfold regarding student loan debt, income-driven repayment (IDR) plans could offer a [bipartisan solution](#). [New IDR](#) plans reduce both the percentage of income used for determining payments and the amount of time after which a loan is forgiven. Since 2011, the [percentage of students](#) in IDR plans doubled among undergraduate borrowers and tripled among graduate student borrowers. [Policies](#) that further expand the availability of IDR plans or change how debt balance is treated could further promote college affordability.

Figure 1: Average Student Aid By Source Since 2000

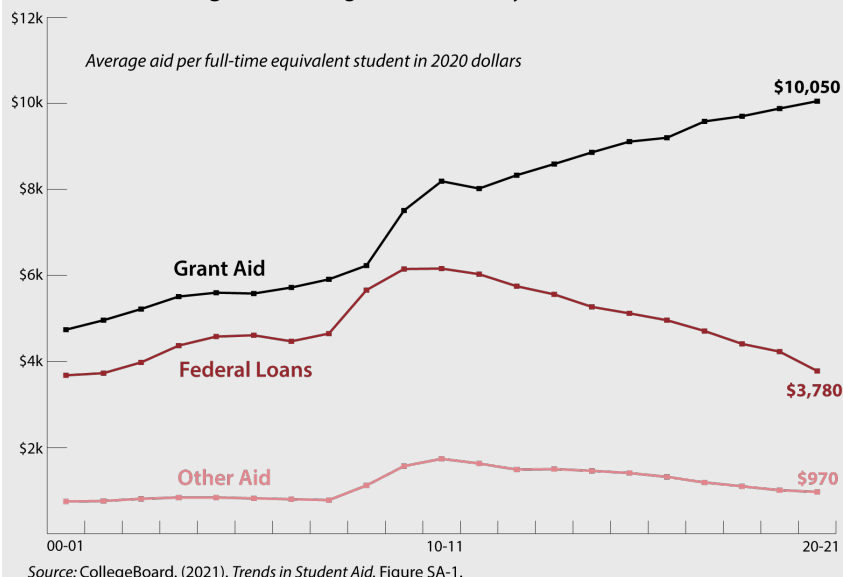


Figure 2: Distribution of Cumulative Debt by Sector

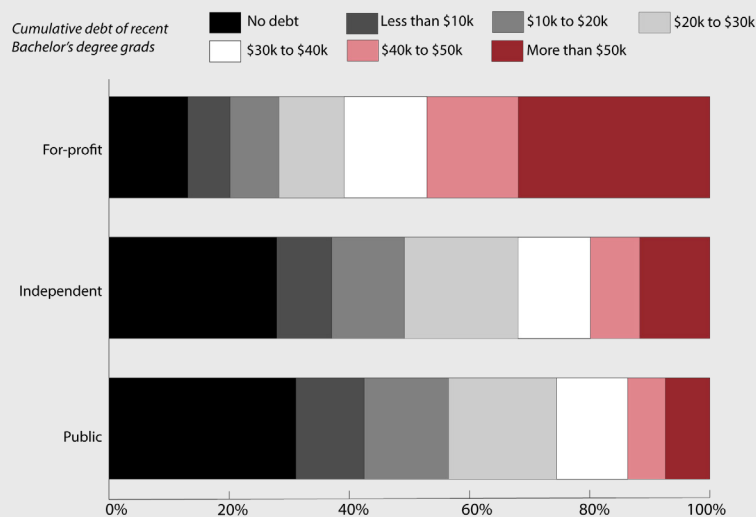


Figure 3: Amount of Debt Held by Borrowers in Ohio

