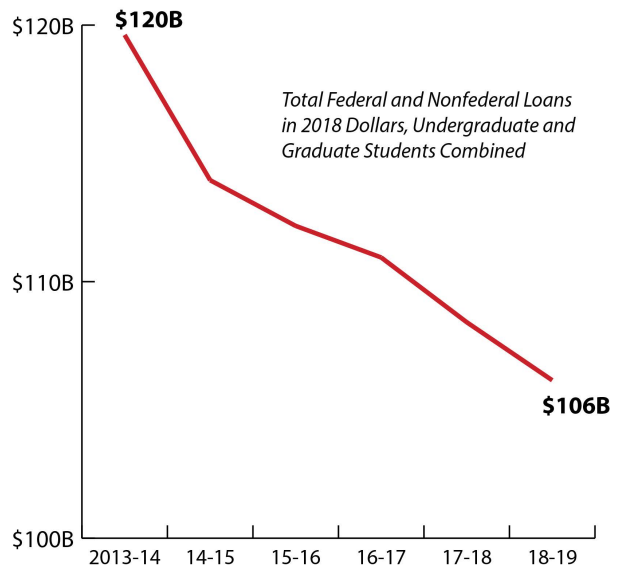


The Truth About: Student Loan Debt

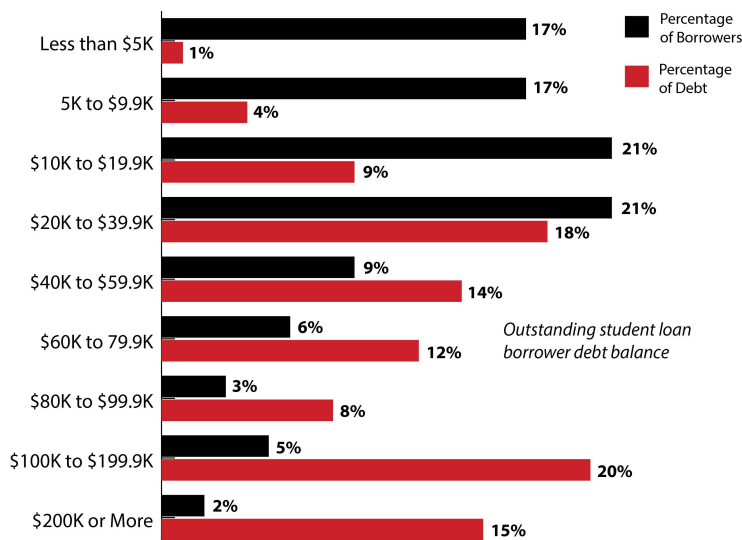


Student Loan Utilization is Trending Down

The total volume of federal and nonfederal student loans has declined by 11 percent over the last five years. The decline has come after a **decade** of rapid growth in borrowing patterns of undergraduate and graduate students. The reasons for this decline are varied but include **more students working through college** and general **societal views** on taking educational debt.



Note: Labels are rounded to the nearest billion
Source: "Trends in Student Aid 2019," Table 1, College Board



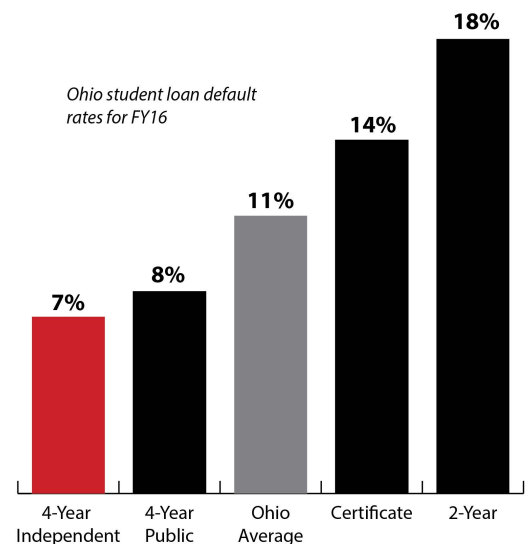
Source: "Trends in Student Aid 2019," Figure 10, The College Board

10% of Borrowers Hold 43% of the Total Debt

Average student loan debt is not insightful because **student loan debt is highly stratified**. One-third of borrowers owe less than \$10,000, accounting for only five percent of the total outstanding federal student loan debt. At the other end of the spectrum, only seven percent of borrowers owe \$100,000 or more but account for 35 percent of the total. A large majority of these individuals have or will hold an M.D., J.D., M.B.A., or D.D.S. Policymakers should be aware of these nuances as they evaluate public policy.

Independent Colleges Lead in Loan Repayment

In Ohio, independent colleges and universities have the lowest default rates while certificate and two-year programs have the **highest default rates**. Student loan default rates are a good proxy for employment because if you can pay your student loans, you are most likely making a sustainable wage. Additionally, borrowers with graduate and professional degrees have the **lowest default rates**, despite accounting for the vast majority of student loan debt; the average loan balance in default is **less than \$10,000**.



Source: U.S. Department of Education (2019)