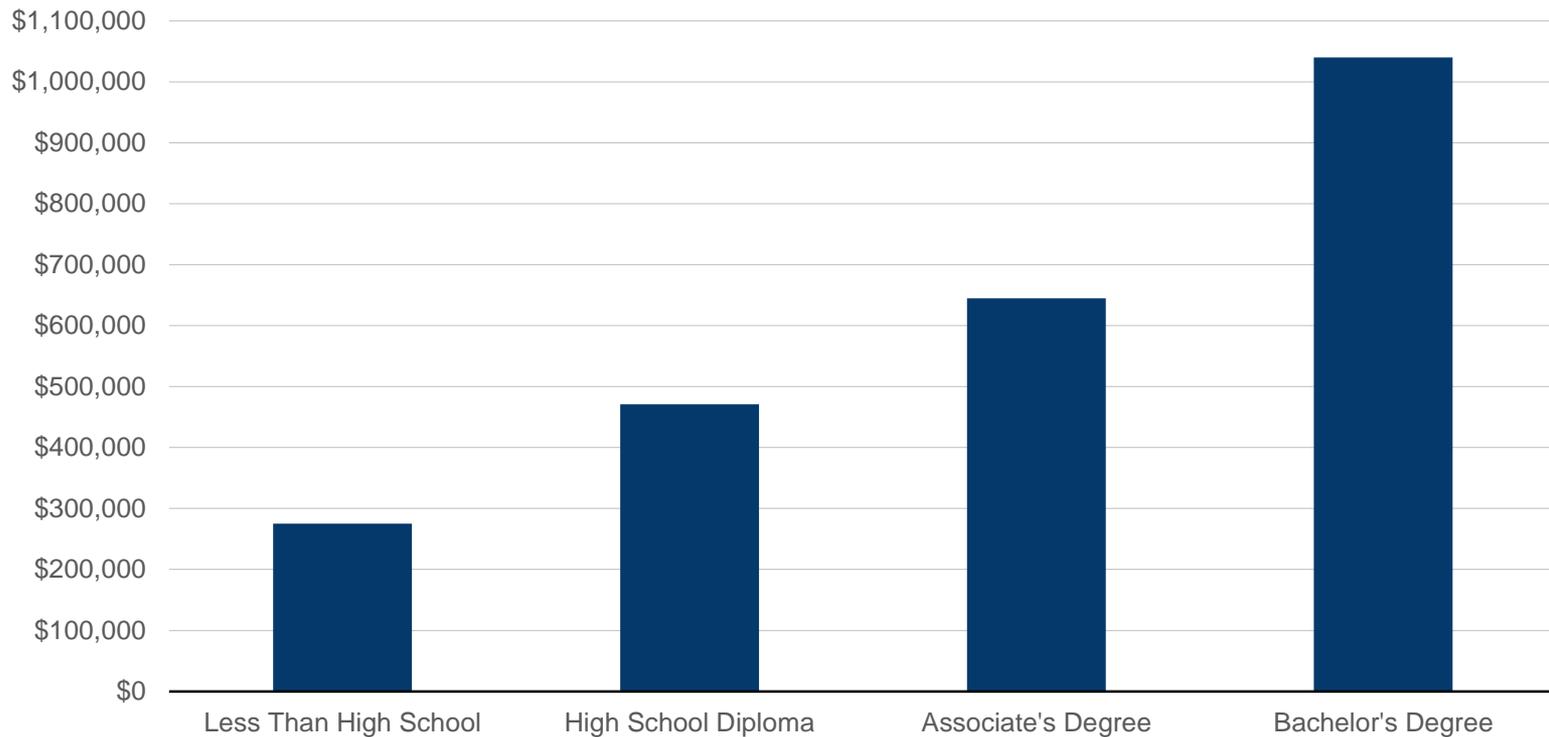


# Financing Higher Education with Student Loans

*Adam Looney, The Brookings Institution*

# A pathway to the middle class?

## Lifetime earnings by attainment



Source: March CPS 2007-2010.

# Or financial ruin?

**Forbes** Billionaires Innovation Leadershi

## Student Loan Debt Statistics In 2019: A \$1.5 Trillion Crisis

THE WALL STREET JOURNAL.

## Mike Meru Has \$1 Million in Student Loans. How Did That Happen?

Escalating tuition and easy credit have yielded a class of student-loan borrowers with spectacular debt they may never pay back

**BuzzFeed News**  
REPORTING TO YOU

## "I'm Doing Great": A Black Millennial On His \$100,000 Student Debt

Bloomberg Opinion

View

## The Financial Crisis Isn't Over for Students

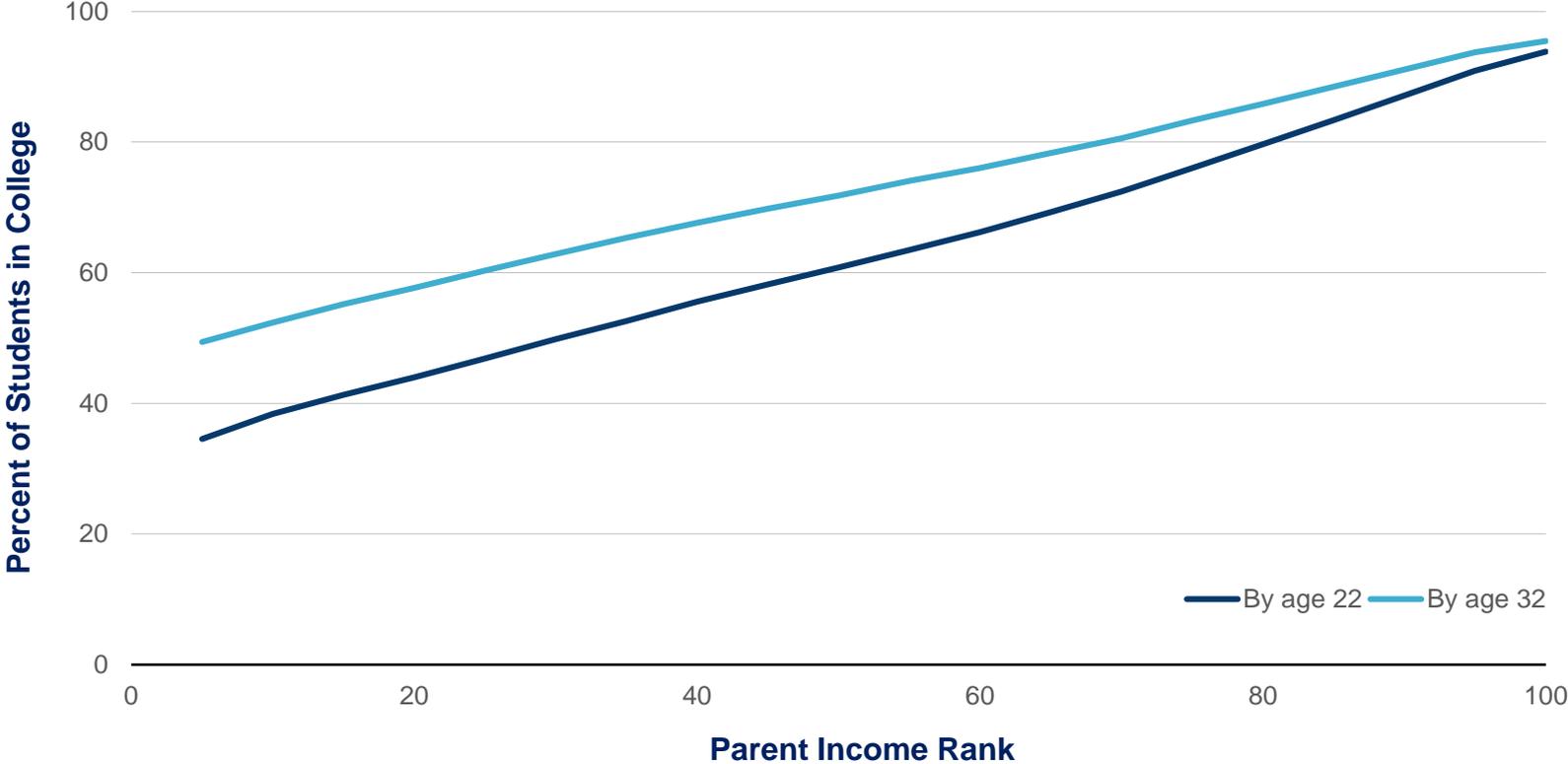
The Washington Post  
*Democracy Dies in Darkness*

Grade Point

## DeVos decries student-loan program as a 'looming crisis'

# Federal loans play a central role in access

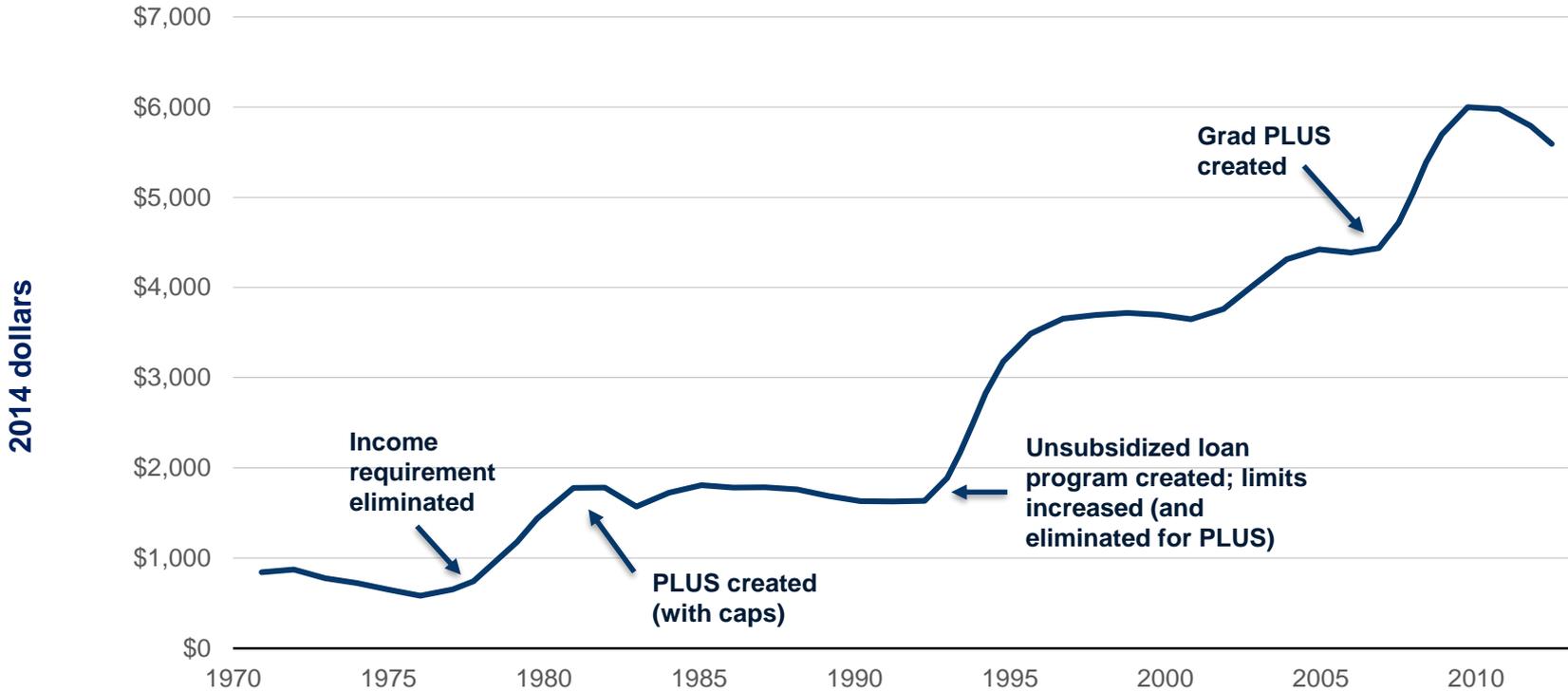
## College Attendance by Parent Income



Source: Mobility Report Cards (Chetty et al. 2017)

# Federal policy: Make loans cheap and broadly available

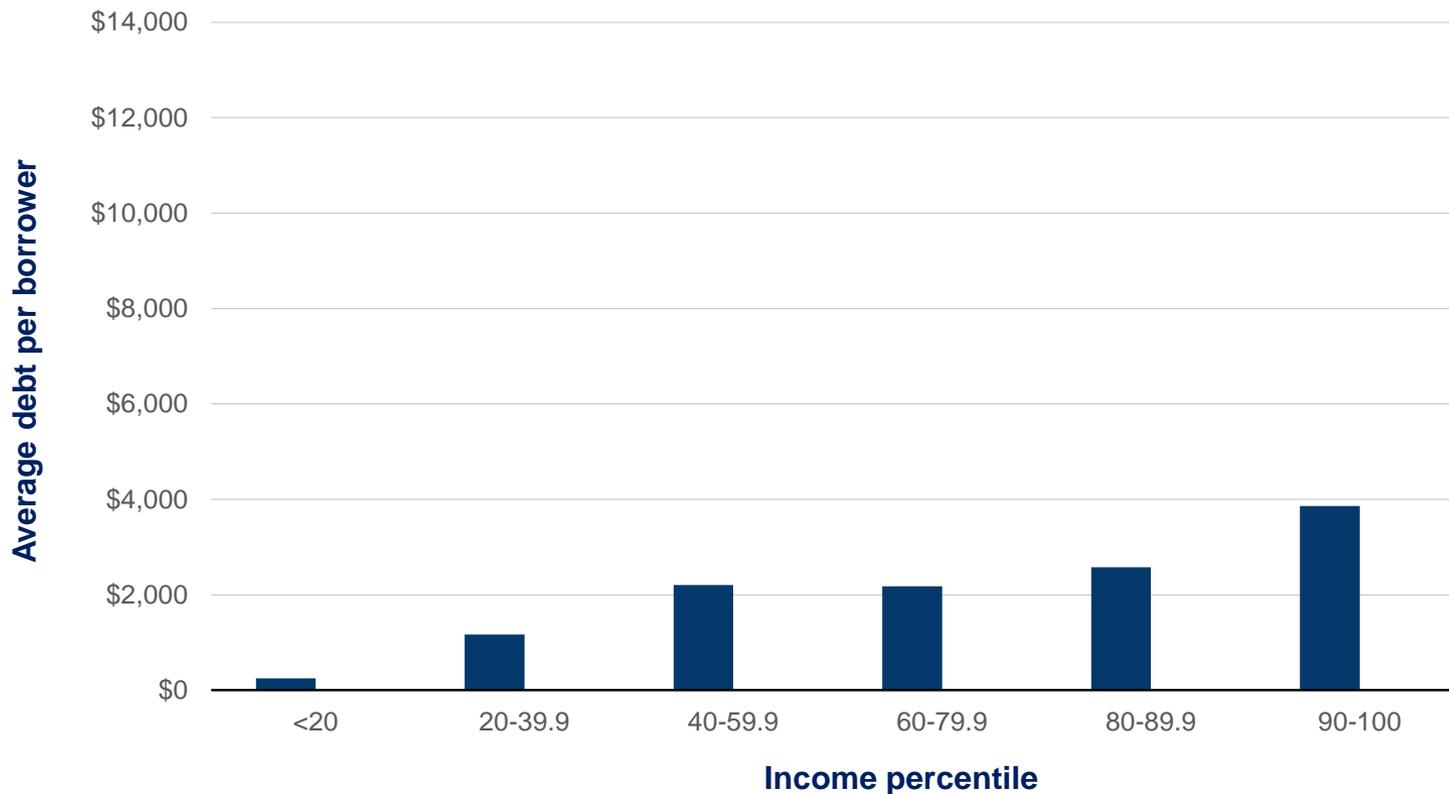
## Loan volume per full-time student



Source: Akers and Chingos (2016)

# Student loans went from being rare and modest...

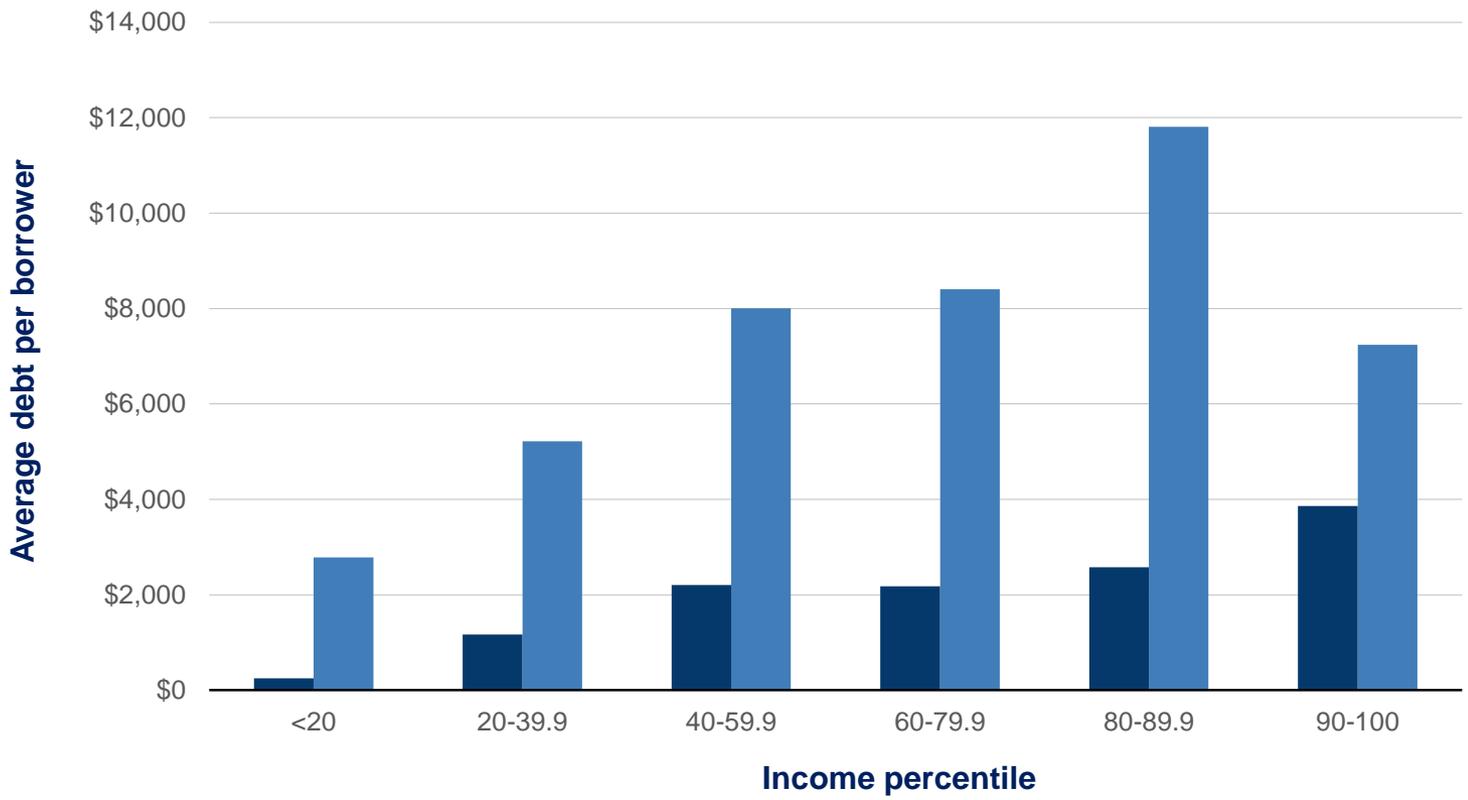
## Student debt per household in 2001



Source: Survey of Consumer Finances 2001

# ...to widespread and significant

## Student debt per household

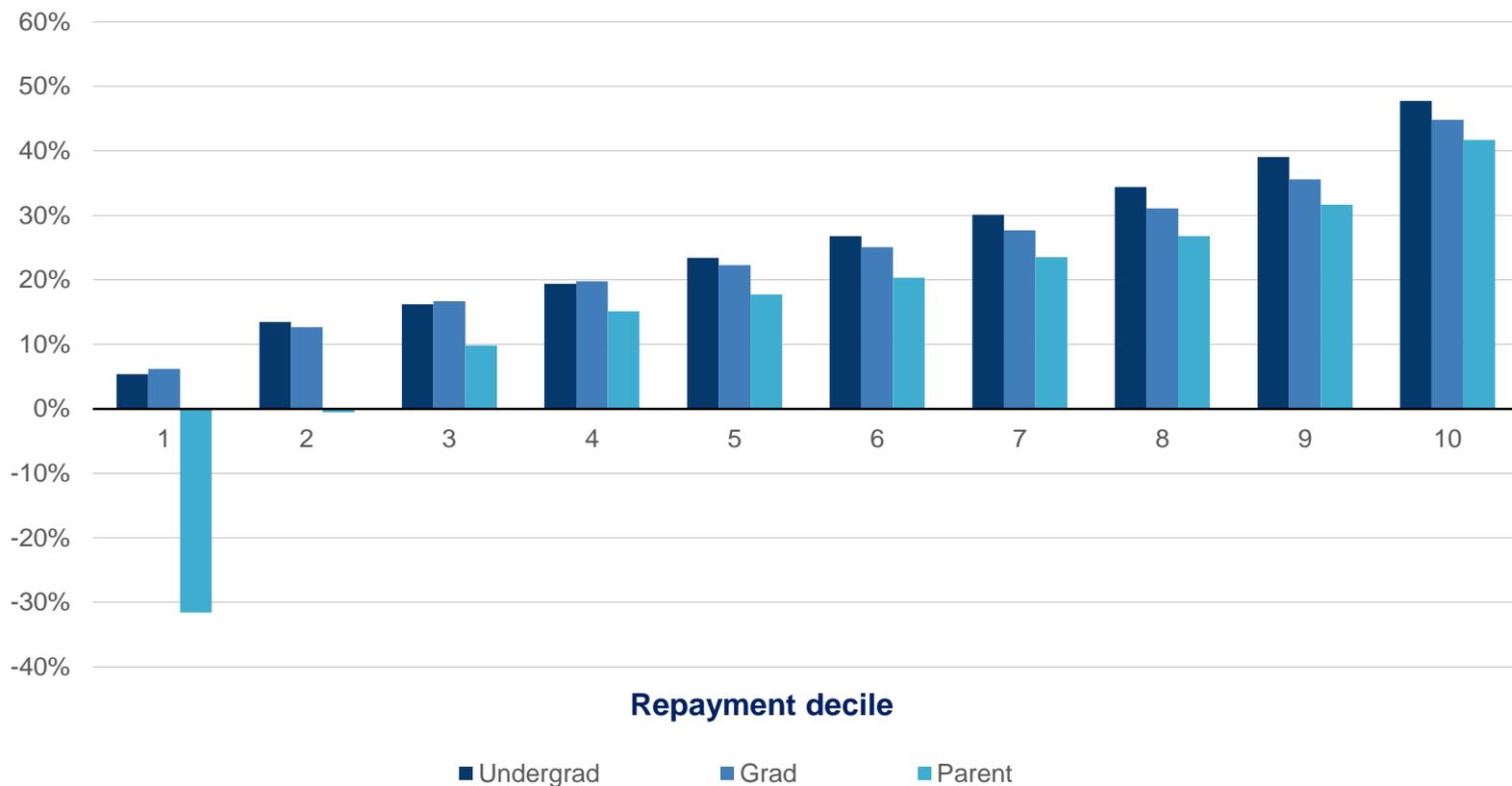


Source: Survey of Consumer Finances 2001, 2016

■ 2001 ■ 2016

# We make loans we know can't be repaid

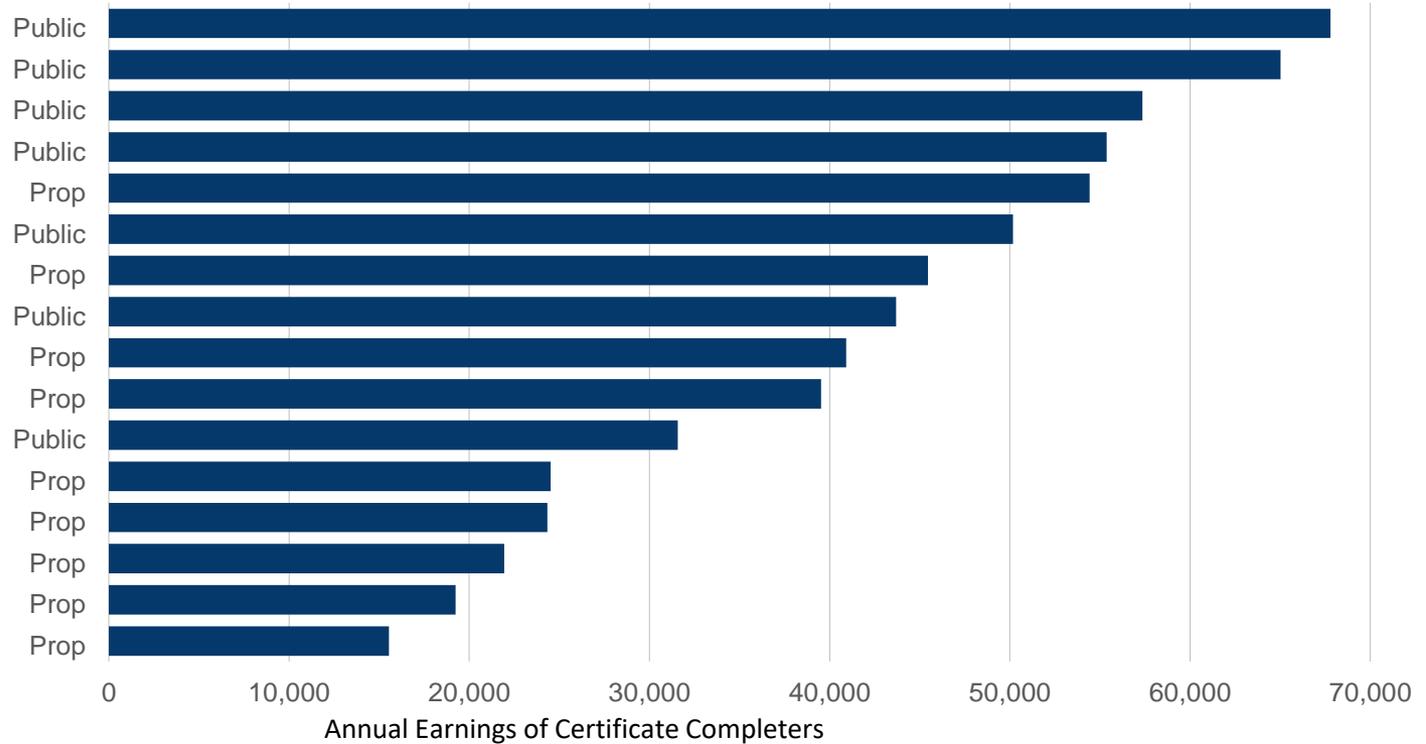
## Five-Year Repayment Rates by Repayment Decile (2009)



Source: FSA

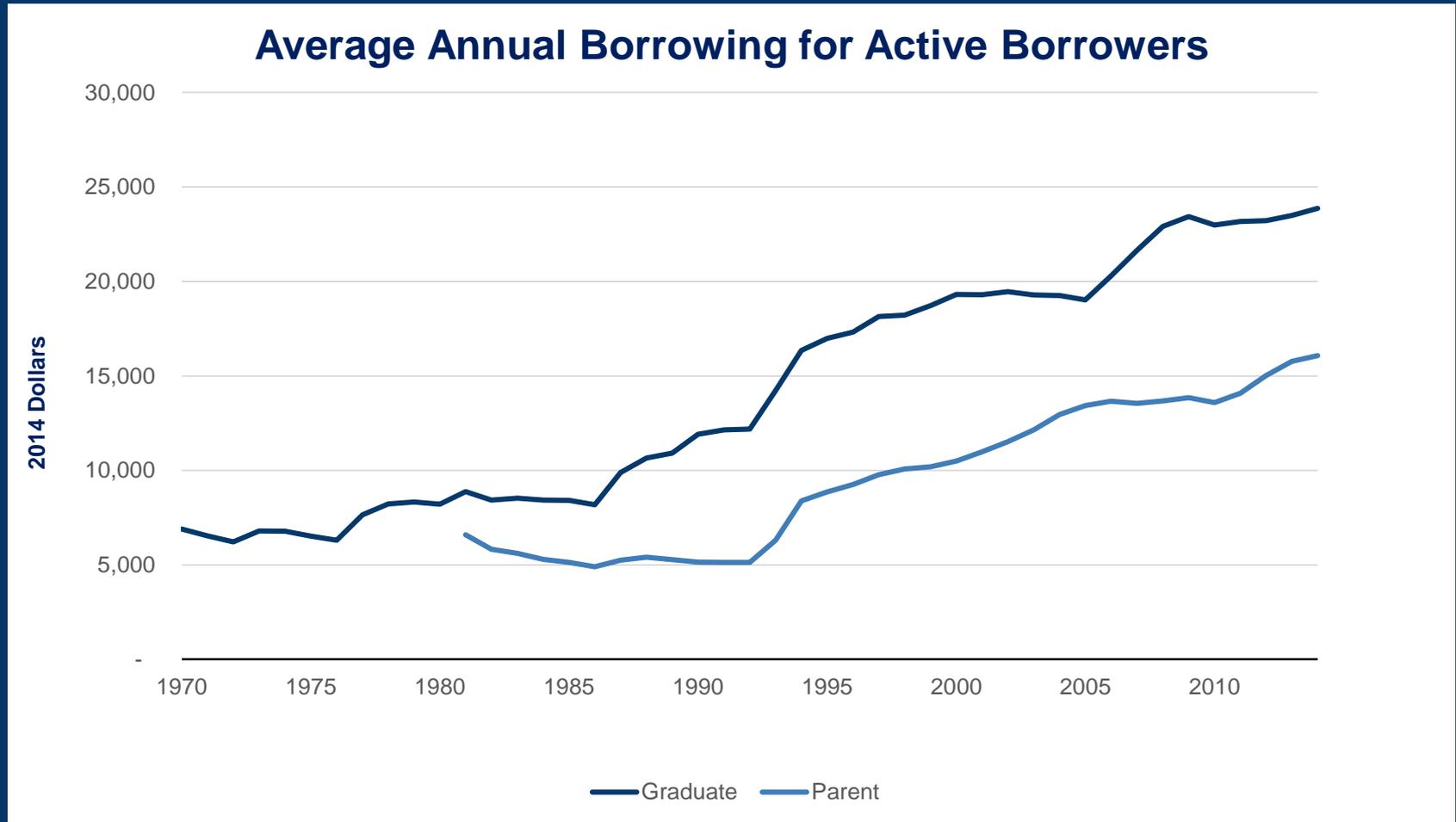
# We make loans to low-quality schools

Earnings: Certificate in Radiologic Technology

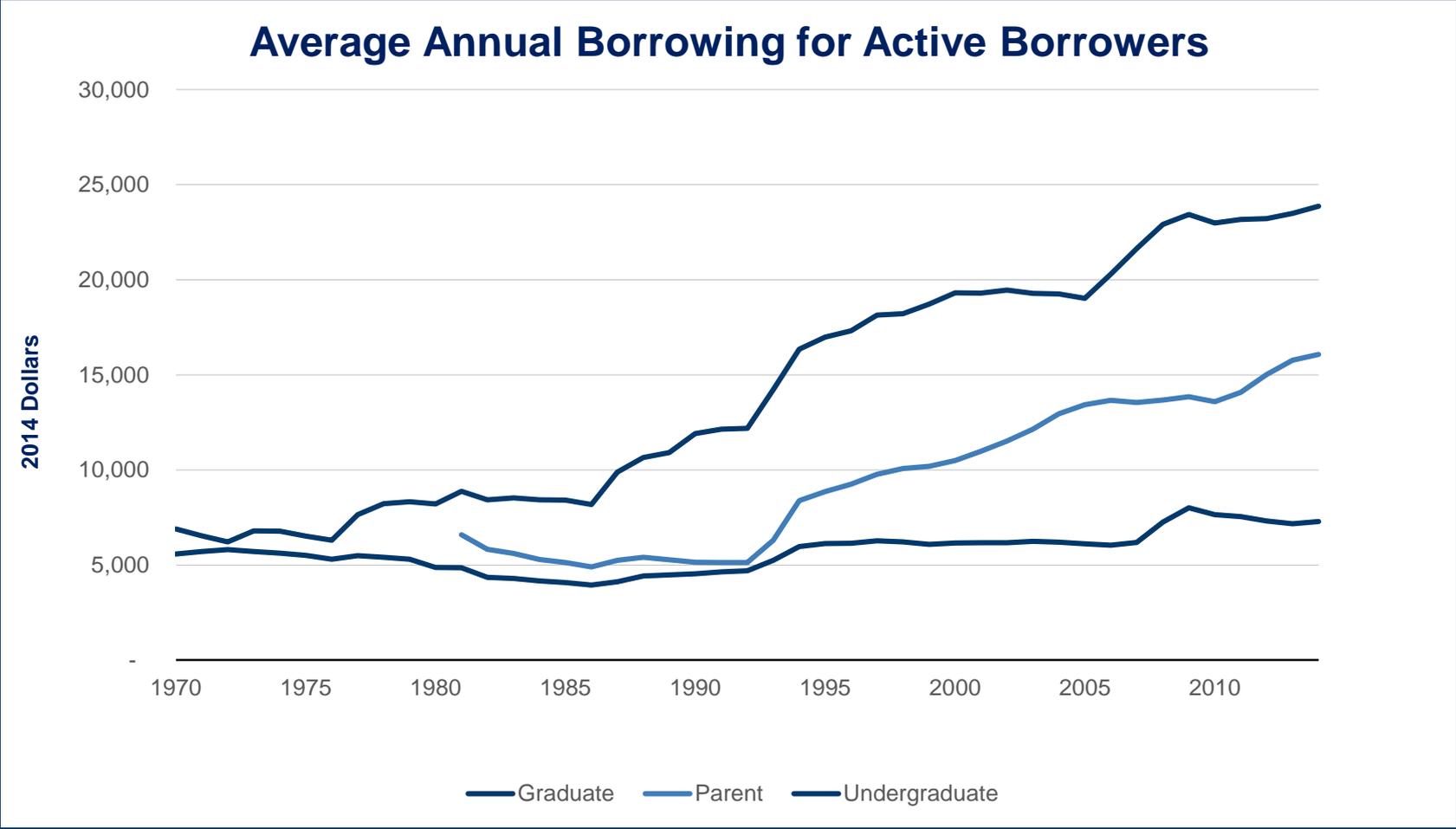


Source: Department of Education Gainful Employment Data (2011). CIP Code: 510911.

# We make uncapped loans to parents and grads

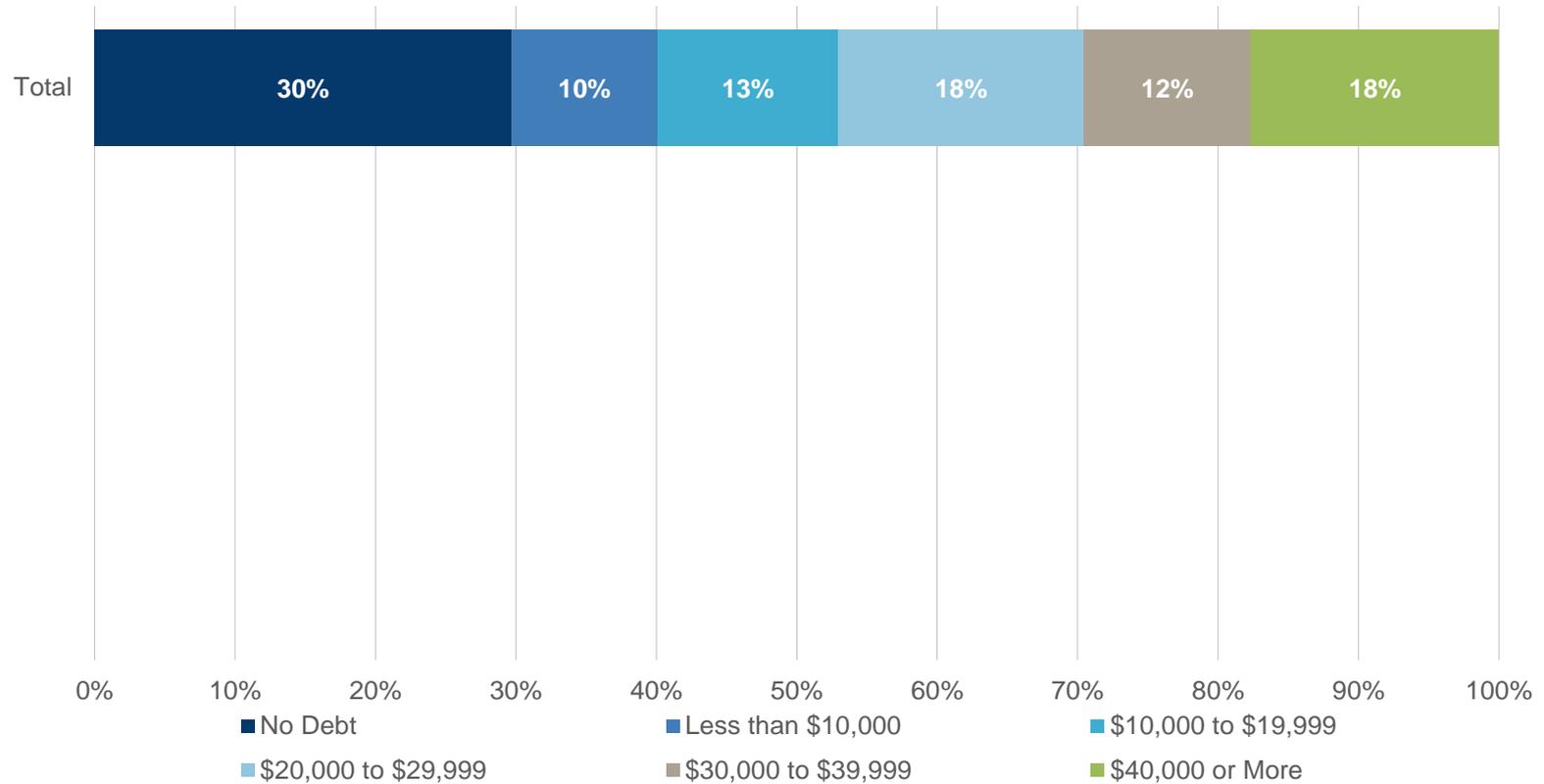


# But most undergraduates borrow modestly



# Most undergrads graduate with little or no debt

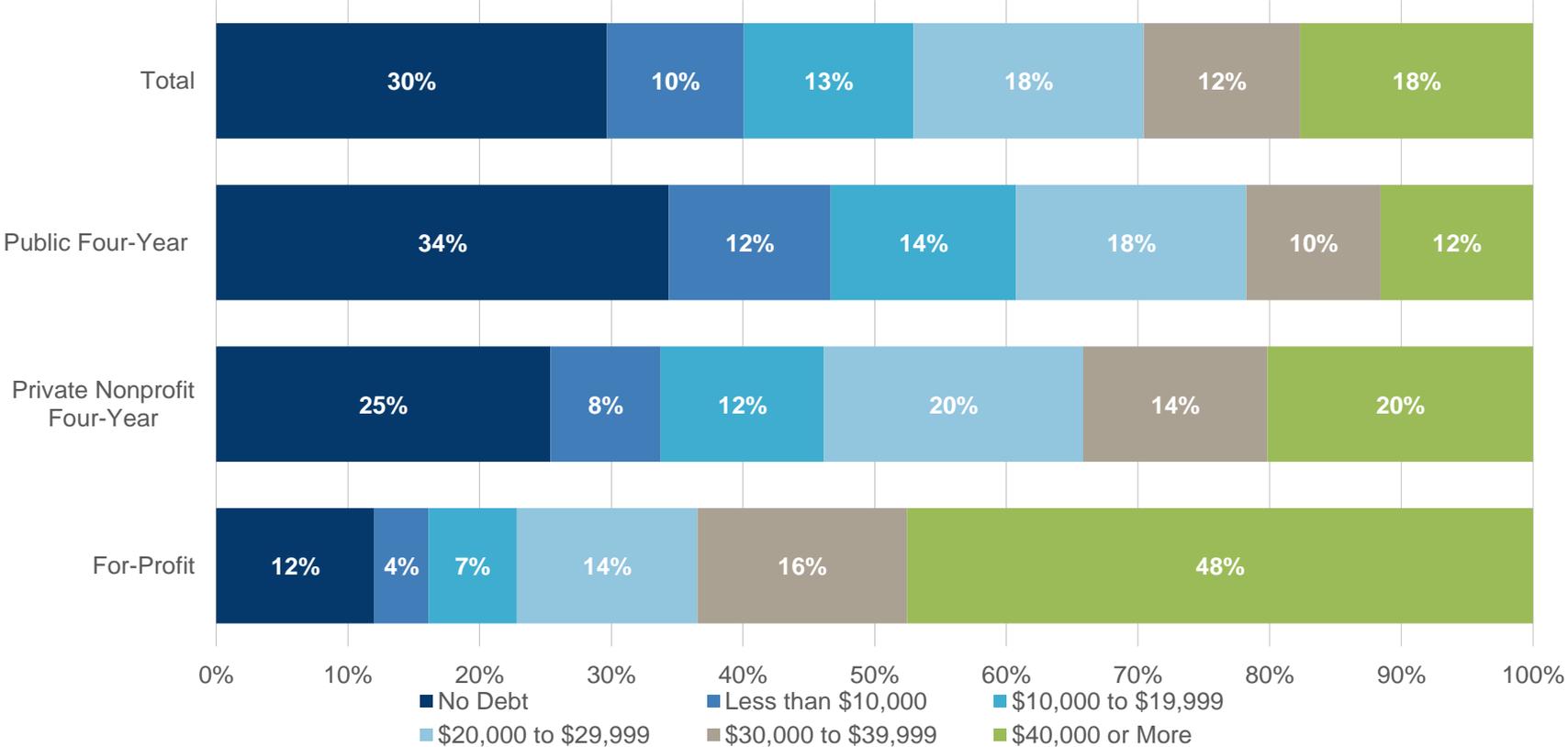
## Cumulative Debt of Bachelor's Degree Recipients, 2011-2012



Source: NCES, National Postsecondary Student Aid Study, 2012.

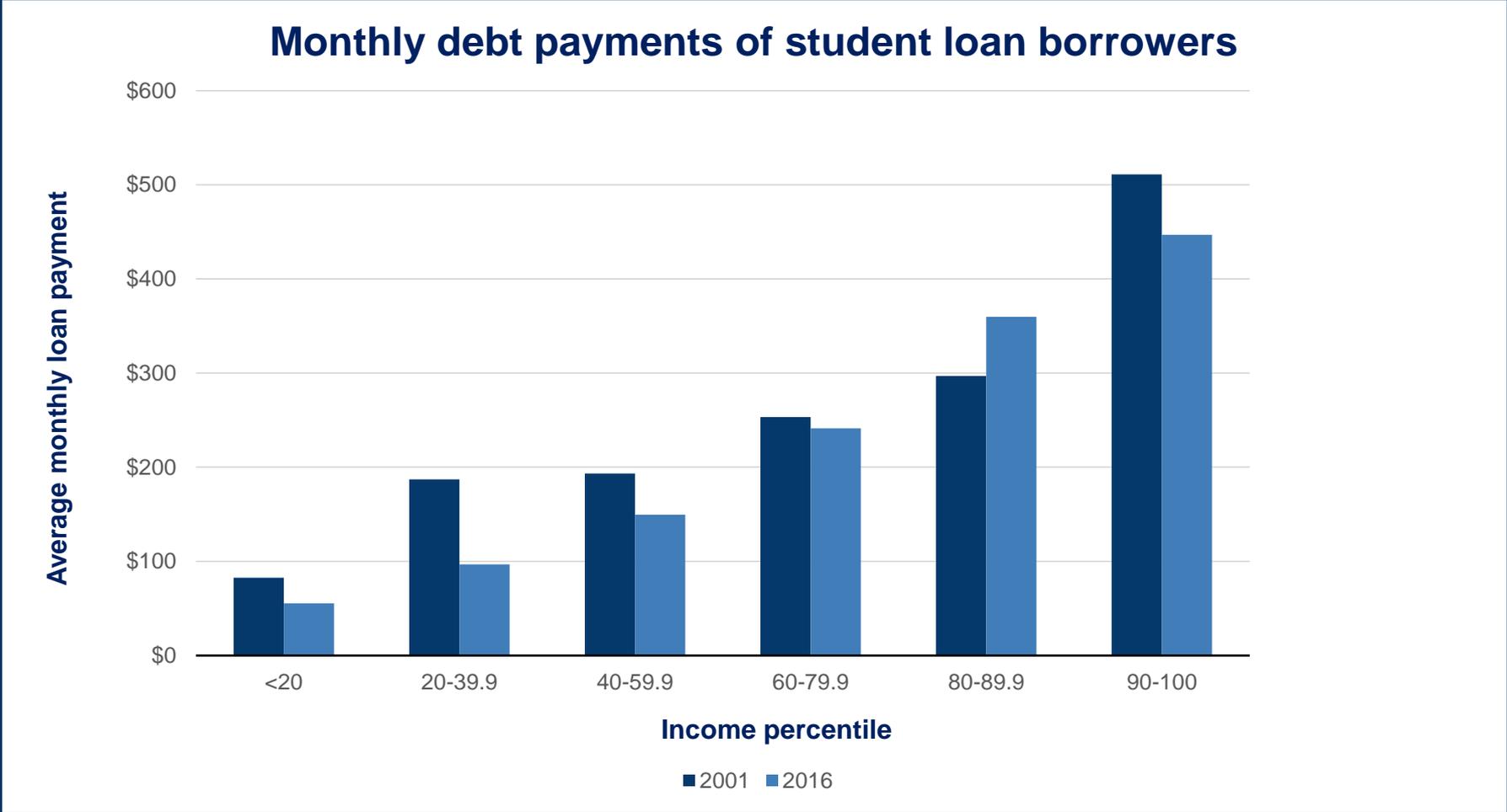
# Especially at public and private non-profits

## Cumulative Debt of Bachelor's Degree Recipients, 2011-2012



Source: NCES, National Postsecondary Student Aid Study, 2012.

# Income-based plans now offer substantial relief



# It's a system worth saving

- **Only lend when borrowers are expected to repay**
- **Restore accountability**
- **Reinstate loan limits**
- **Assess parent's ability to pay**
- **Encourage state reinvestment**
- **Expand income-based repayment**

