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Student Loan Debt Approaches \$1.8 Trillion

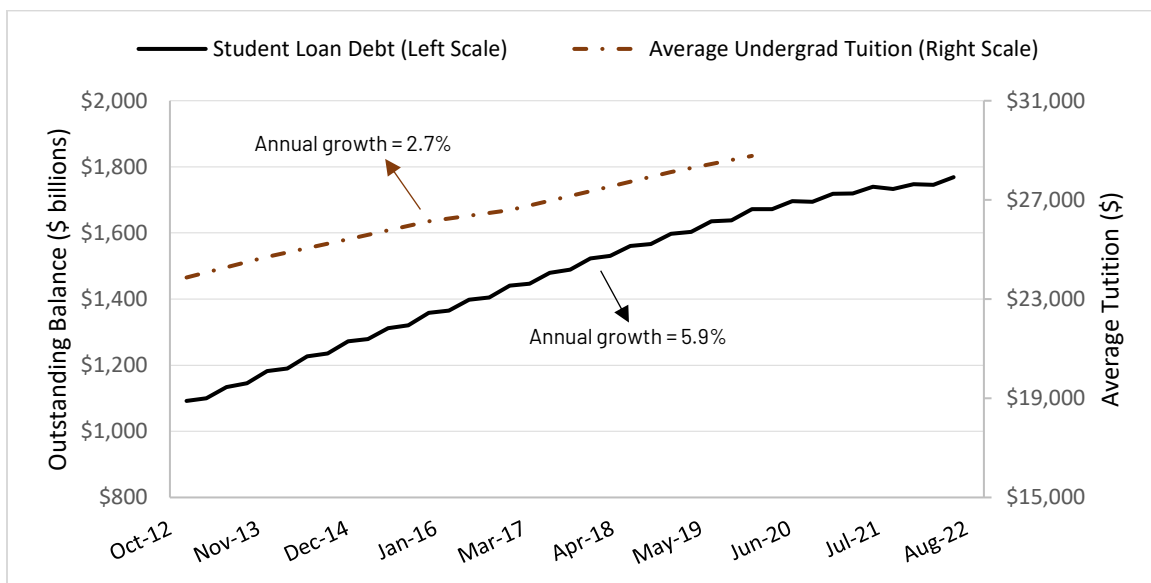
Roughly 37 million Americans have outstanding student loan debt. In August, the Biden-Harris administration announced a plan that would forgive up to \$20,000 of student loan debt. The plan, currently on pause, is facing multiple legal challenges and the Supreme Court is scheduled to hear the case soon. In the meantime, read this article for some interesting facts on student loan debt.

Outgrowing Tuition, Student Loan Debt Is Approaching \$1.8 Trillion

Today, outstanding student loan balance is approaching \$1.8 trillion—or \$37,787 per recipient.^{1,2}

Figure 1 illustrates the spectacular growth of student loan debt over the past ten years. In fact, outstanding student loan debt has outgrown the average undergraduate tuition by 3.2 percent per year for the period 2013-2020.³

Figure 1: *Student Loan Debt Has Grown Faster Than Tuition*



¹ Board of Governors of the Federal Reserve System (US), Student Loans Owned and Securitized [SLOAS], retrieved from FRED, *Federal Reserve Bank of St. Louis*; <<https://fred.stlouisfed.org/series/SLOAS>> (accessed Dec. 6, 2022).

² "Federal Student Aid Portfolio Summary." *Federal Student Aid - An office of the U.S. Department of Education*. <<https://studentaid.gov/data-center/student/portfolio>> (accessed Dec. 6, 2022).

³ Table 330.10. *National Center for Education Statistics*. <https://nces.ed.gov/programs/digest/d20/tables/dt20_330.10.asp> (accessed Dec. 7, 2022).

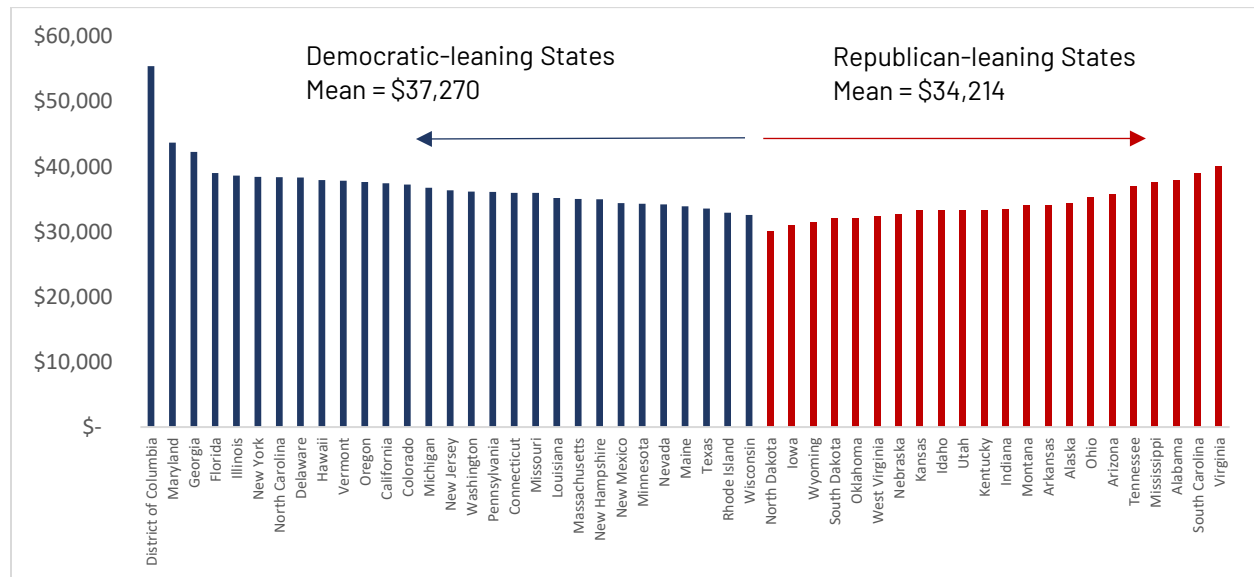
Repayment of Federal Student Loans Remains on Pause

In 2020, the U.S. Department of Education paused repayment of federal student loans as part of the broader government responses to the Covid-19 pandemic.⁴ The pause remains in effect. As of June 30, 2022, approximately \$1 trillion of federal student loans balance were placed in forbearance, with another \$107 billion in deferment. While recipients who wish to continue payment can opt out, in reality few do. Since Q3 2020, less than half a million, or about 1 percent of recipients have made payments in any quarter.

Republican and Democratic States Show Student Debt Parity—Unless You Are in D.C.

The White House’s proposed student loan debt relief plan was met with cheers in some states and jeers in others. **Figure 2** plots average loan balance by state of the borrower. Recipients with addresses in D.C. have the largest loans in the nation—with an average balance of \$55,461. Outside of D.C., recipients in Democratic-leaning states carry larger loan balance, on average, than those in Republic-leaning states, though the difference is only marginal.

Figure 2: Student Loan *Balance per by Borrower State*^{5, 6}



For additional inquiries, please contact info@vegaeconomics.com.

⁴ “Direct Loan Portfolio by Delinquency Status.” *Federal Student Aid – An office of the U.S. Department of Education*. <<https://studentaid.gov/data-center/student/portfolio>> (accessed Dec. 2020).

⁵ “Portfolio by Borrower Location.” *Federal Student Aid – An office of the U.S. Department of Education*. <<https://studentaid.gov/data-center/student/portfolio>> (accessed Dec. 2020).

⁶ “Party Affiliation by State.” *Pew Research Center*. <<https://www.pewresearch.org/religion/religious-landscape-study/compare/party-affiliation/by/state/>> (accessed Dec. 6, 2022). A state is considered Republican-leaning (Democratic-leaning) if the percentage for “Republican/lean Rep.” is larger (smaller) than the percentage for “Democrat/lean Dem.”.