The Impact and Distribution of Student Debt

SANDY BAUM, THE URBAN INSTITUTE
BROOKINGS, OCTOBER 2019
Borrowing is not just about tuition

Source: Baum and McPherson, “Free College Does Not Eliminate Student Debt,” Urban Wire, August 22, 2019/ Data from National Postsecondary Student Aid Study (NPSAS) 2016
Older students borrow more than younger students.

Debt of 2015-16 Bachelor’s Degree Recipients by Age

Source: NPSAS 2016
Black students borrow more than others.

Source: NPSAS 2016
6% of borrowers owe one-third of the outstanding debt.

Distribution of Borrowers and Debt by Outstanding Balance, 2018

Source: The College Board, Trends in Student Aid 2018, Figure 11., Data from U.S. Department of Education, Federal Student Aid Center, Federal Student Loan Portfolio.
Education debt is concentrated in the upper half of the income distribution.

Percentage of outstanding debt

<table>
<thead>
<tr>
<th>Quartile</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest quartile ($27,000 or less)</td>
<td>12%</td>
</tr>
<tr>
<td>Second quartile ($27,001-$52,000)</td>
<td>24%</td>
</tr>
<tr>
<td>Third quartile ($52,001-$97,000)</td>
<td>29%</td>
</tr>
<tr>
<td>Highest quartile (Above $97,000)</td>
<td>34%</td>
</tr>
</tbody>
</table>

Households with less education (and less income) account for a larger share of borrowers than of debt.

Source: Baum, Lee, and Tilsley (2019) “Which Households Hold the Most Student Debt?” Urban Wire. [https://www.urban.org/urban-wire/which-households-hold-most-student-debt](https://www.urban.org/urban-wire/which-households-hold-most-student-debt); Data from Survey of Consumer Finances 2016
Students who do not complete degrees or certificates—and those who attend for-profit institutions—are least likely to pay down their loans.

Federal Student Loan 5-Year Repayment Rates: Borrowers Entering Repayment in 2009-10 and 2010-11

Source: The College Board, Trends in Student Aid 2018, Figure 14A.