

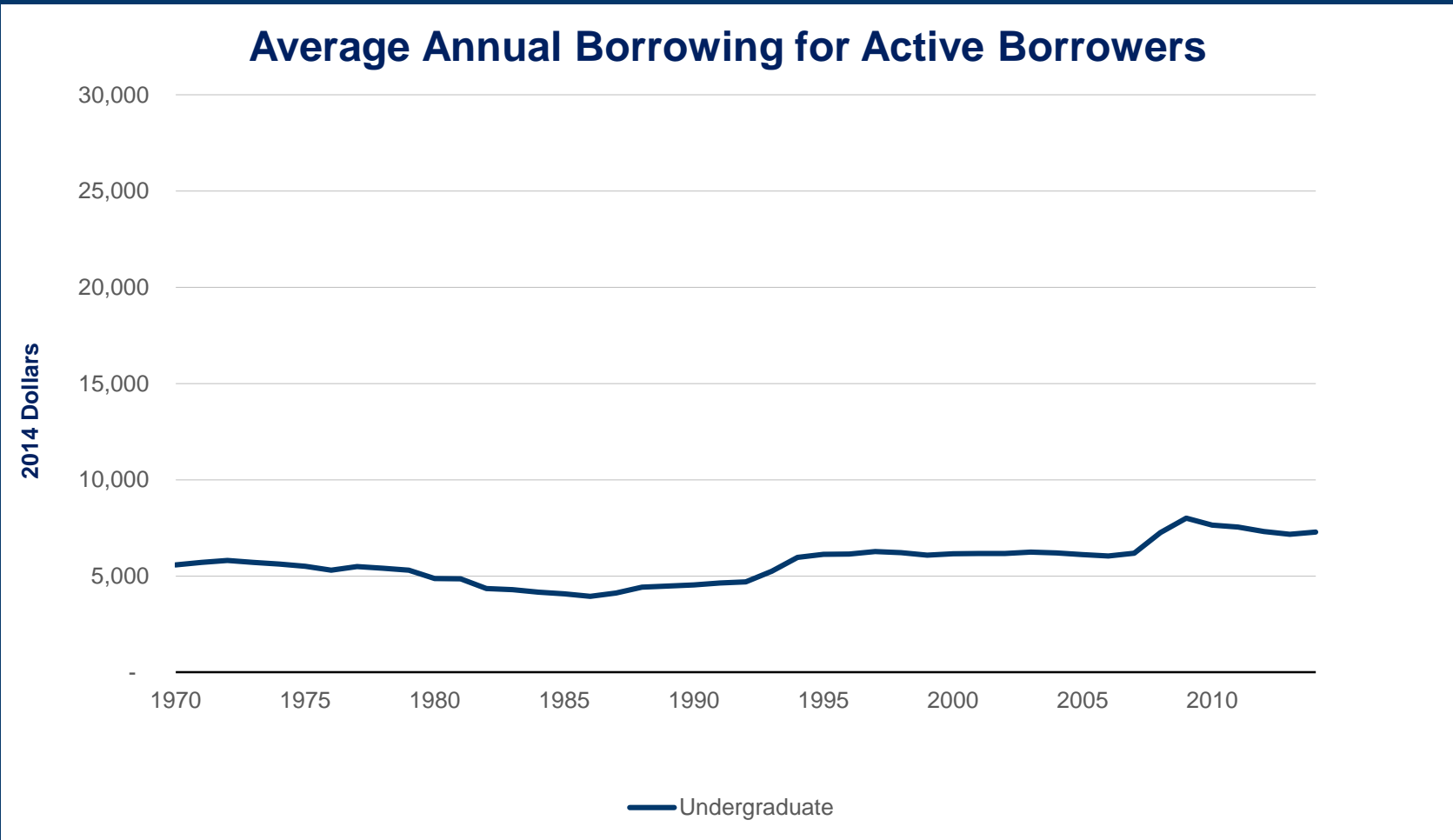
Loan burdens and defaults: Failure of the repayment system or failures in accountability?

Adam Looney, The Brookings Institution

Why do so many students struggle with their debts?

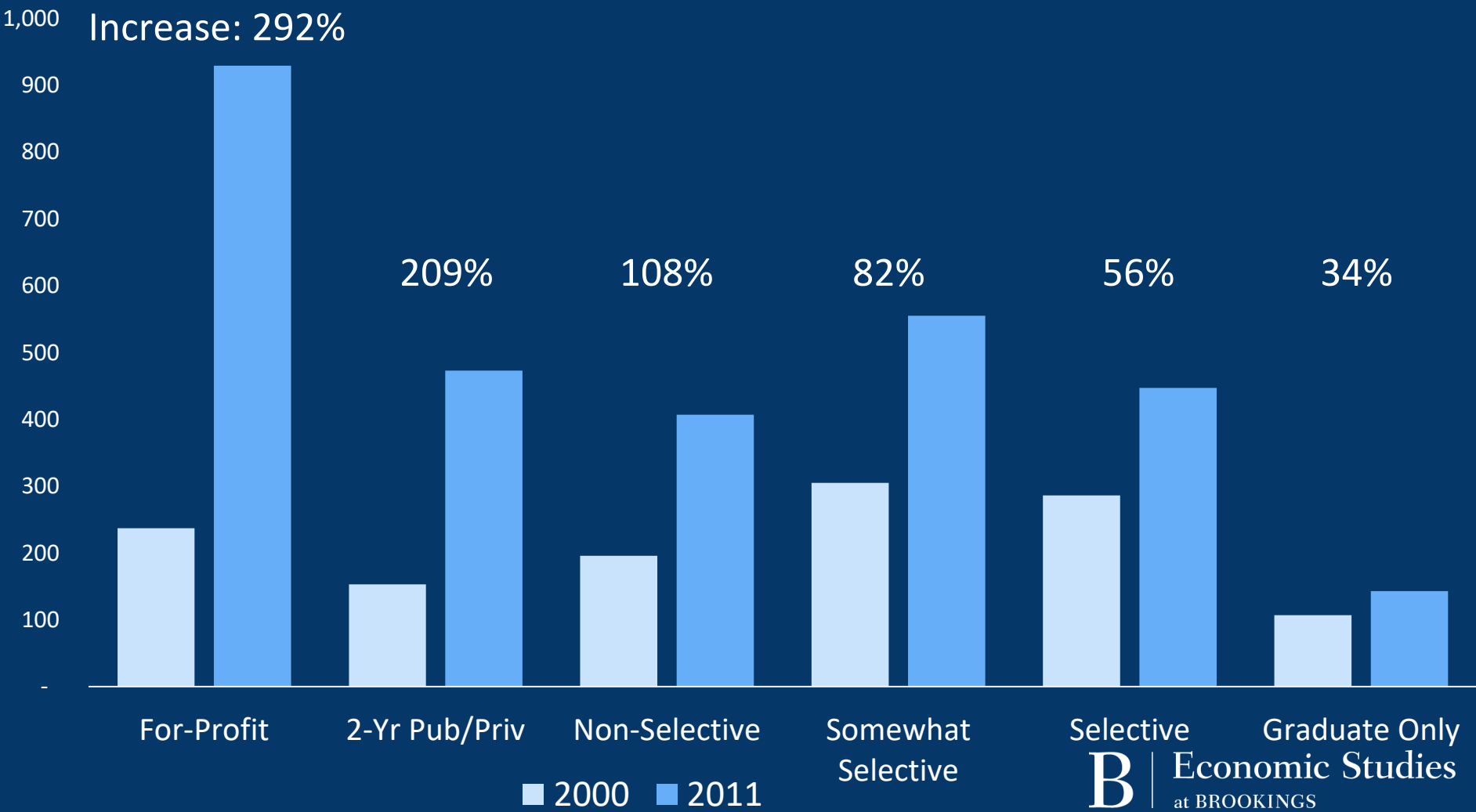
- **The federal government makes loans we know borrowers can't repay.**
 - Undergraduates to attend low-quality schools.
 - Graduate students at programs where costs far exceed post-enrollment earnings.
 - Parents without income or assets.

Undergrads: little change in annual borrowing

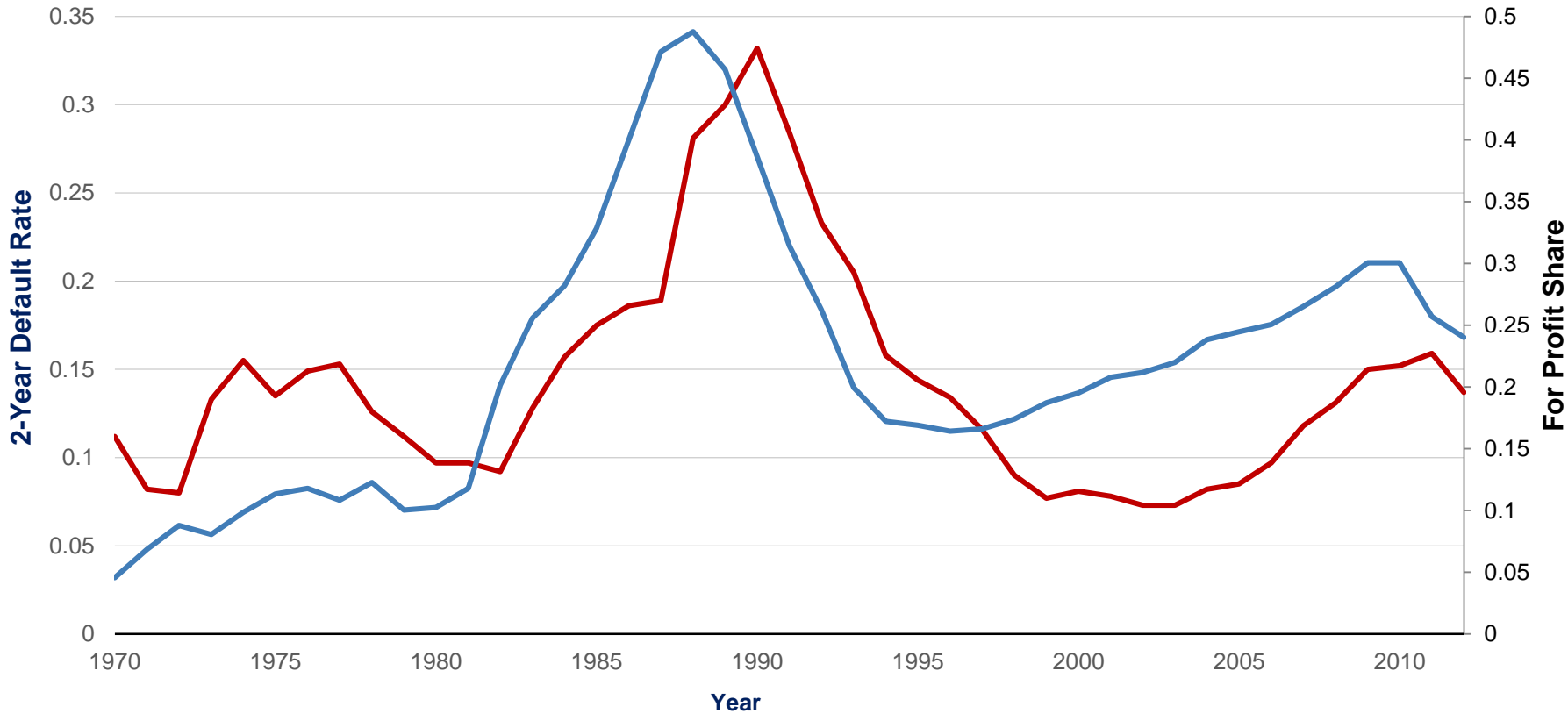


...big changes in where they go to school

Number of Borrowers Leaving School (thousands)



Changes in which institutions are allowed to get federal loans drive student loan default rates

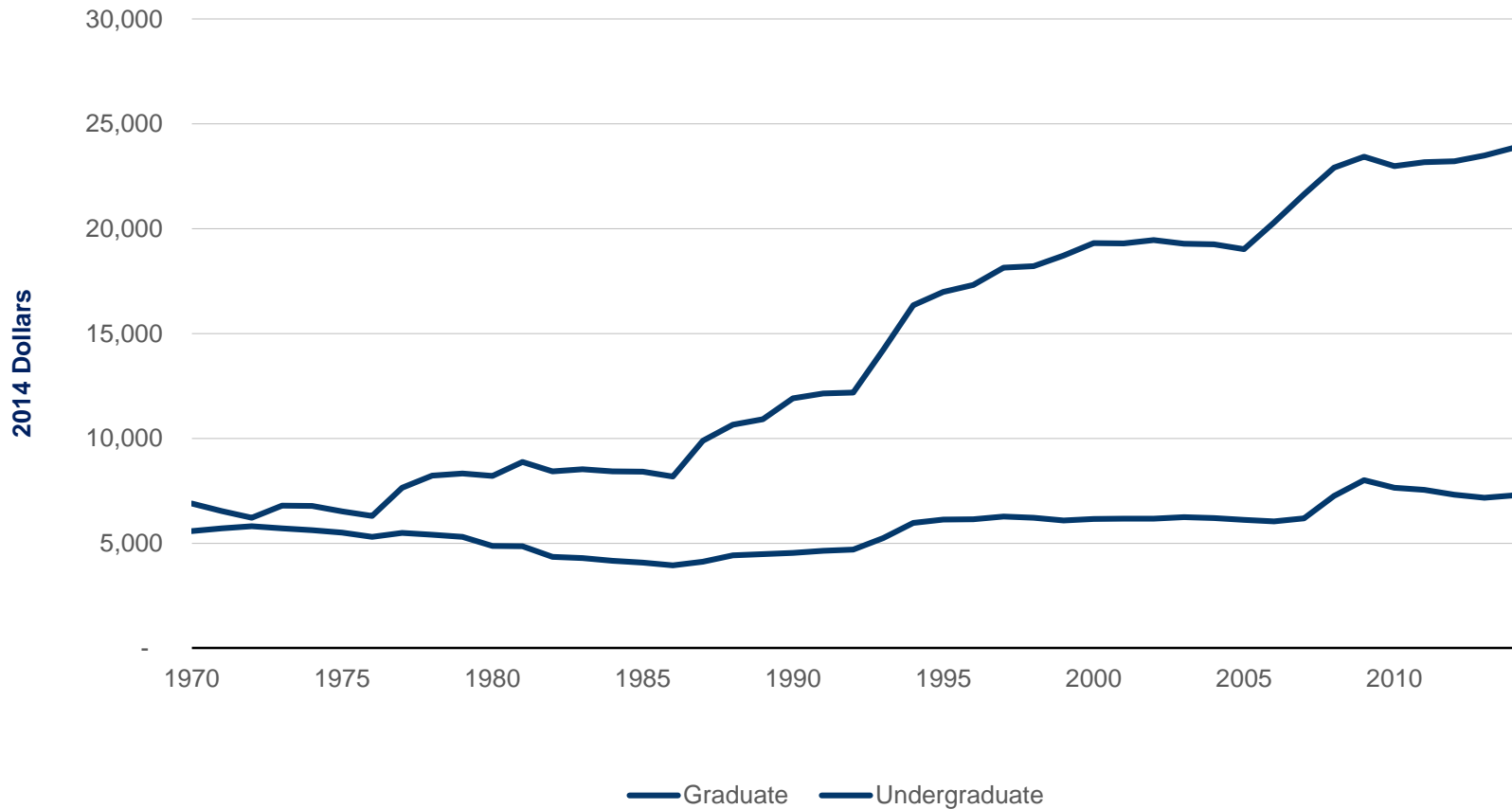


Source: Treasury tabulations of NSLDS

— 2-Year Default Rate — For Profit Share

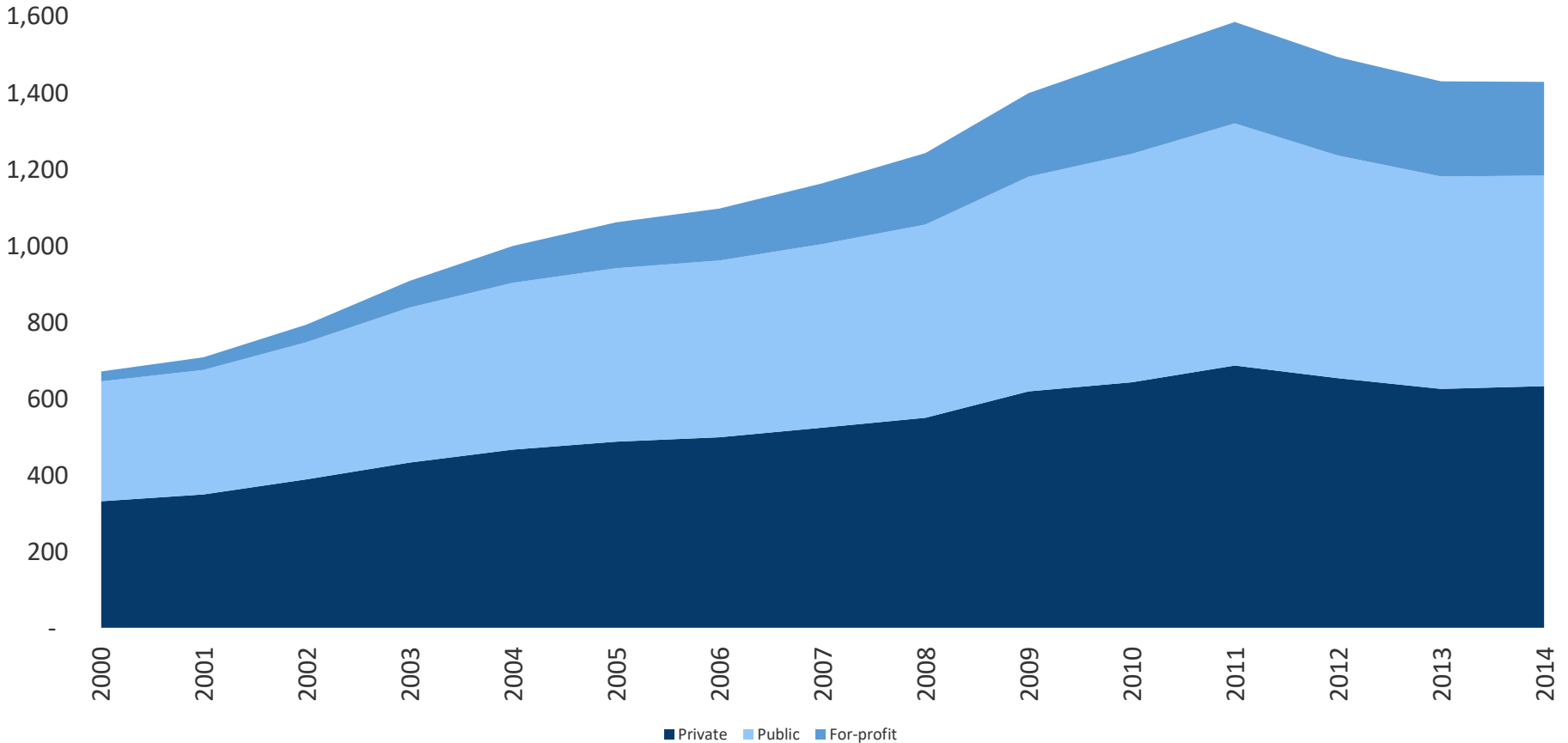
Graduate students: large increases in borrowing amounts...

Average Annual Borrowing for Active Borrowers



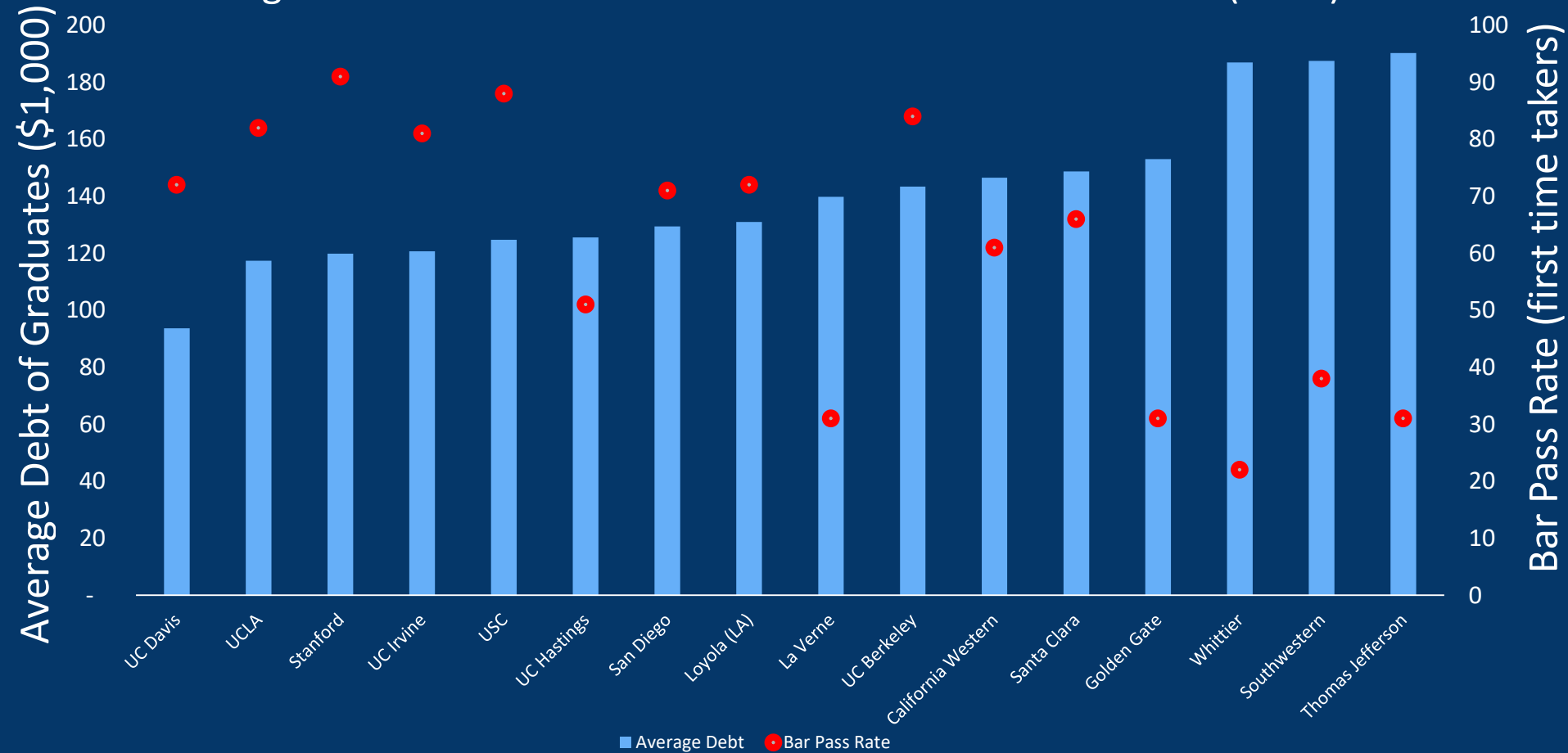
...and large changes in program of study

Number of graduate borrowers by sector

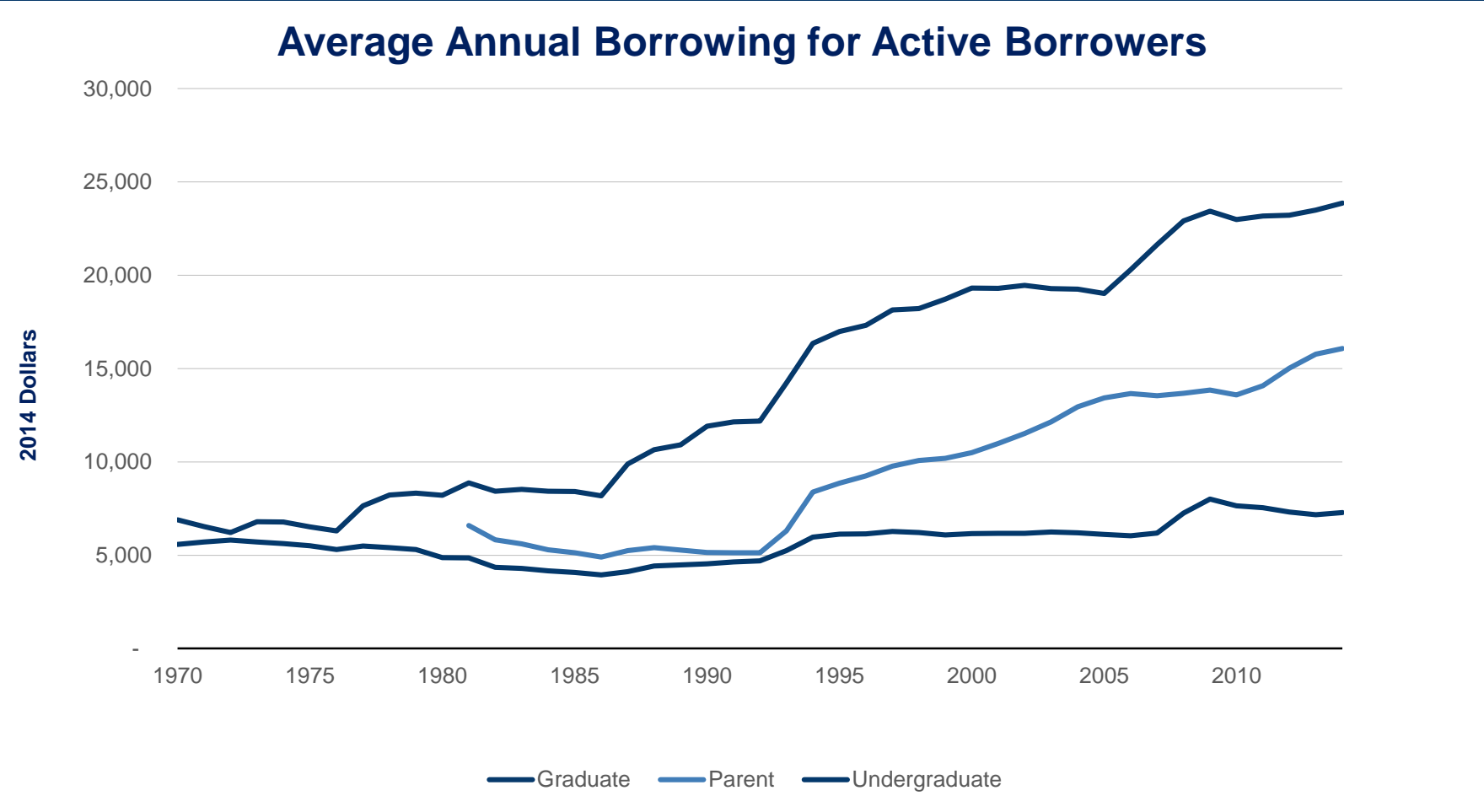


That incremental lending financed some poor investments

Average Debt versus Bar Pass Rate at California Law Schools (2017)

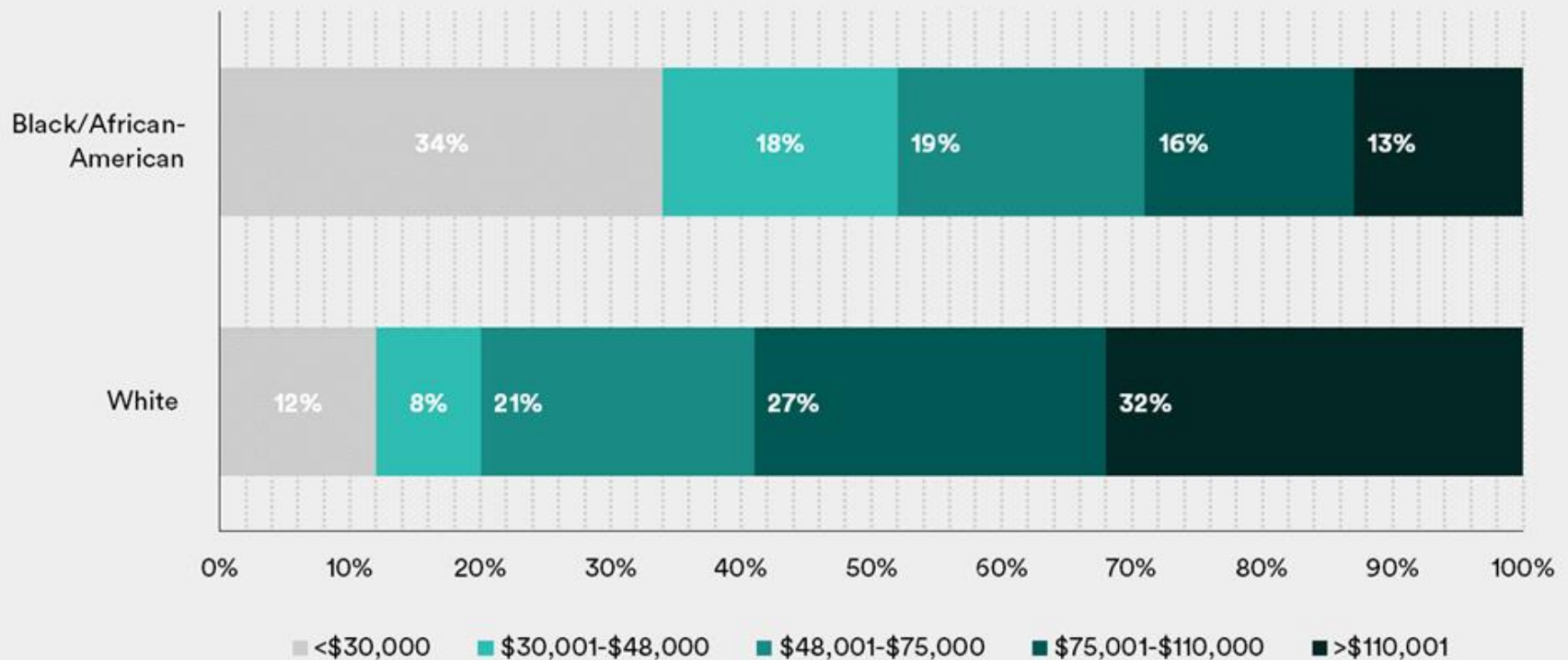


Parent loans issued is larger amounts



And irrespective of ability to pay, with harsh consequences for those who can't.

Figure 5 | Share of PLUS Loan Borrowers by Race and AGI



Source: New America analysis of U.S. Department of Education NPSAS 12 data