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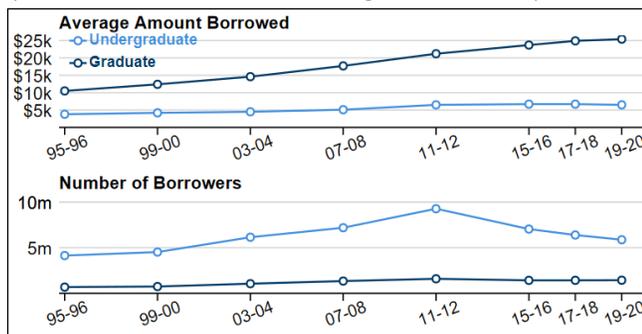
A Snapshot of Federal Student Loan Debt

After years of increasing, growth in the number of federal student loan borrowers, average annual amounts borrowed, and average cumulative debt owed appears to be moderating, and among some measures, even decreasing. Generally, though, more student loan dollars continue to be disbursed than are repaid, resulting in an expanding federal student loan portfolio. Nearly 43 million individuals—one in six adult Americans—have federal student loan debt, and the federal student loan portfolio now exceeds \$1.6 trillion.

Annual Borrowing

Title IV of the Higher Education Act of 1965 (HEA) authorizes the primary federal student loan programs. **Figure 1** shows that from academic year (AY) 1995-1996 to AY2011-2012, average annual Title IV loan amounts borrowed by undergraduate students increased from \$3,800 to \$6,500 (71%), while undergraduate borrower counts increased from 4.1 million to nearly 9.3 million (124%). From AY2011-2012 to AY2019-2020, average annual amounts borrowed stayed relatively flat at around \$6,500, while undergraduate borrower counts decreased to 5.9 million (-37%).

Figure 1. HEA Title IV Loans: Average Annual Amounts Borrowed and Numbers of Borrowers
(Estimates for AY1995-1996 through AY2019-2020)



Source: ED, National Postsecondary Student Aid Studies (NPSAS): 1996, 2000, 2004, 2008, 2012, 2016, 2018, and 2020.

Notes: Nominal dollars. Excludes Parent PLUS Loans. For 50 states and DC only. Data series begins with AY1995-1996.

For graduate students, from AY1995-1996 to AY2011-2012, average amounts annually borrowed increased from \$10,500 to \$21,200 (102%), while counts of graduate student borrowers increased from 688,000 to nearly 1.6 million (132%). Increased borrowing was due, in part, to graduate students becoming eligible for PLUS Loans in AY2007-2008. From AY2011-2012 to AY2019-2020, average amounts annually borrowed increased to \$25,400 (20%), and counts of borrowers fell to 1.4 million (-10%).

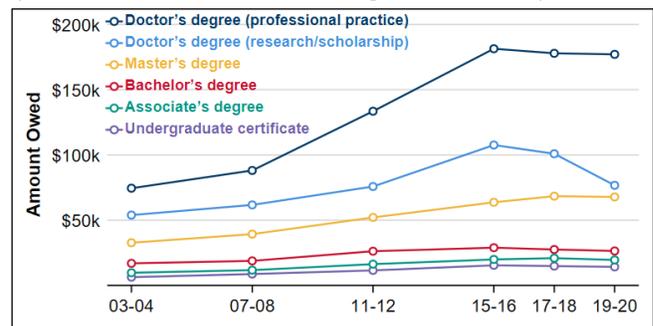
Graduate student borrowing continues to comprise a growing share of annual aggregate loan disbursements,

though it is increasing at a slower rate in more recent years. In AY2023-2024, 46% of Direct Loan program dollars disbursed went to graduate students, up from 43% in AY2019-2020 and 37% in AY2015-2016.

Cumulative Amounts Owed

Figure 2 shows estimates of average cumulative debt for program completers by degree type since AY2003-2004; detailed estimates are described below. Many students borrow over a period of several years and, while in school, interest may accrue on their loans.

Figure 2. Average Cumulative Amounts Owed on HEA Title IV Loans at Program Completion
(Estimates for AY2003-2004 through AY2019-2020)



Source: ED, NPSAS: 2004, 2008, 2012, 2016, 2018, and 2020.

Notes: Nominal dollars. Estimates of total amount owed (including capitalized interest) on Title IV loans for program completers. (Data series begins with AY2003-2004; identification in AY2019-2020 of program completers is not directly comparable to prior years.) Estimates for graduate degree programs also include undergraduate borrowing. Excludes Parent PLUS Loans. For 50 states and DC only.

Undergraduate certificate. In AY2003-2004, 50% (207,300) of undergraduate certificate recipients had Title IV loans and owed an average of \$6,300. In AY2019-2020, 57% (284,500) of certificate recipients had Title IV loans and owed an average of \$14,200.

Associate's degree. In AY2003-2004, 31% (329,700) of students who earned an associate's degree had Title IV loans and owed an average of \$9,700. In AY2019-2020, 33% (328,700) of associate's degree recipients had Title IV loans and owed an average of \$19,500.

Bachelor's degree. In AY2003-2004, 58% (980,000) of students who earned a bachelor's degree had Title IV loans and owed an average of \$16,900. In AY2019-2020, 55% (1.1 million) of students earning a bachelor's degree had Title IV loans and owed an average of \$26,400.

Master's degree. In AY2003-2004, 55% (323,800) of students who earned a master's degree had Title IV loans and owed an average cumulative total of \$32,700. In

AY2019-2020, 51% (358,500) of master's degree recipients had Title IV loans and owed an average of \$67,800.

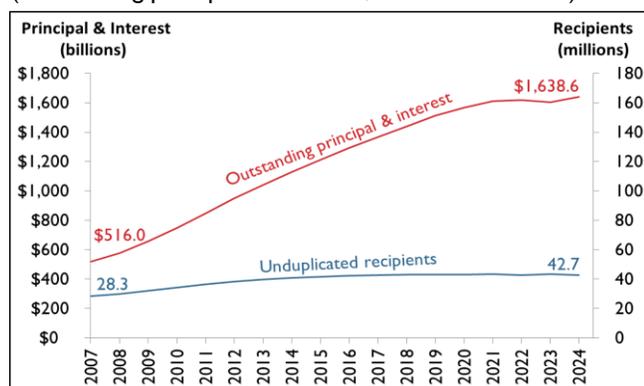
Doctor's degree (research/scholarship). In AY2003-2004, 44% (40,500) of students who earned a doctoral degree in research or scholarship fields (e.g., Ph.D.) had Title IV loans and owed an average of \$53,900. In AY2019-2020, 30% (40,700) had loans and owed an average of \$76,700, representing a sharp decline from AY2015-2016.

Doctor's degree (professional practice). In AY2003-2004, 81% (75,400) of students who earned a professional practice doctoral degree (e.g., M.D., J.D.) had Title IV loans and owed an average of \$74,500. In AY2019-2020, 72% (87,700) had loans and owed an average of \$177,100.

Student Loan Debt in the Aggregate

Over the past 17 years, the federal portfolio of outstanding Title IV loans increased from \$516 billion in loans made on behalf of 28.3 million students, to \$1.6 trillion in loans made on behalf of 42.7 million students. (See **Figure 3**.)

Figure 3. HEA Title IV Student Loan Portfolio
(Outstanding principal and interest, FY2007 to FY2024)



Source: ED, National Student Loan Data System (NSLDS).

Notes: Nominal dollars. Data available beginning in 2007. The loan recipient is the student on whose behalf a loan to a student or a parent is made.

Federal Student Loan Debt Policy Issues

Congress could consider a number of policy issues related to student loan debt in the context of its oversight of the federal student loan programs, as part of reauthorization of the HEA, or as stand-alone legislation.

Loan Limits and Availability

Under current law, annual and aggregate loan limits for Direct Subsidized Loans and Direct Unsubsidized Loans constrain the amounts that undergraduate and graduate students may borrow. However, graduate students and the parents of undergraduate dependent students may use Direct PLUS Loans to borrow up to a student's annual cost of attendance (COA), less other aid received. There is no specific limit on aggregate PLUS Loan borrowing.

To what extent should annual and aggregate limits cap the amount of student loan debt incurred by individuals? Should students and their families be able to use federal student loans to finance any amounts that they are expected

to contribute from their own income or assets toward college expenses, based on federal student aid rules?

Loan Repayment Terms and Conditions

Borrowers may choose from among an array of options when structuring loan repayment. A standard 10-year repayment plan requires 120 equal payments of principal and interest spread over 10 years. Income-driven repayment (IDR) plans cap monthly payment amounts at a share of discretionary income (e.g., 10%, 15%), may extend the repayment period up to 20 or 25 years, and forgive any unpaid principal and interest that remains after that period. Under IDR plans, a borrower's required monthly payment can be less than the interest that accrues, which may result in an increasing outstanding loan balance over time. Other repayment plans are also available to borrowers. Borrowers may also pay off their existing loans with a new Direct Consolidation Loan that, depending on the loan balance, may have a new repayment period of up to 30 years.

Should the current mix of repayment plans be altered or streamlined? If so, how should various repayment plan alternatives balance competing aims such as keeping monthly payments affordable, facilitating the payment of principal and interest, and limiting costs to the government? To what extent should repayment plan options account for differences between undergraduate and graduate students or differences in borrowers' economic circumstances?

Loan Forgiveness and Cancellation

An array of loan forgiveness and cancellation benefits exist; however, rules for determining borrower eligibility vary considerably. Several Biden Administration policies expanded opportunities for borrowers to achieve forgiveness benefits more quickly. How should the potential advantages of granting debt relief be weighed against concerns about its cost to the government? How does the prospect of relief from the obligation to repay some portion of their debts influence students' higher education and career choices and the amount of debt they are willing to incur?

Debt and Societal Well-Being

How do the benefits of an education financed with federal student loans and the burden of loan repayment interact and affect borrowers' opportunities, well-being, and choices concerning careers, family formation, home ownership, savings, and wealth accumulation? How should the responsibility for funding or financing the costs of a college education be distributed among the individual, the higher education sector, and different levels of government?

Sustainability of the Federal Loan Portfolio

The federal student loan portfolio continues to grow as new loans are disbursed at a faster rate than existing loans are repaid. What are the long-term implications of the federal government overseeing and administering a growing and increasingly complex loan portfolio? How does federal administration of student loan programs and the use of nonfederal loan servicers impact borrowers' ability to realize existing benefits and other forms of relief?

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