

Macro Roundup Article

Headline: [PLUS or Minus? The Effect of Graduate School Loans on Access, Attainment, and Prices](#)

Article Link: https://lesleyjturner.com/GradPLUS_Feb2023.pdf

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Tweet: New research shows that a major increase in federal student loan funding that started in 2006 had the effect of dramatically increasing tuition without improving either inclusion or the future earnings of graduates. @JeffDenning @Econ_Sandy @AEI

Summary: In 2006, the federal government essentially uncapped student borrowing for graduate programs with the introduction of the Graduate PLUS loan program. We find that access to additional federal loans increased previously constrained students' borrowing and shifted the composition of their loans from private to federal debt. However, the increase in borrowing limits had no effect on graduate student enrollment or the racial and gender composition of entering graduate students. We find little evidence of short or longer-run effects on the human capital accumulation of students who were or would have been constrained by federal borrowing limits in the absence of Grad PLUS, even though cumulative debt significantly increased for these students when they gained access to Grad PLUS loans. This suggests that access to additional liquidity did not constrain graduate student borrowers' human capital investments prior to the implementation of Grad PLUS. We also find little evidence of an impact on later earnings, consistent with no change in human capital accumulation. Where we do see effects is on program prices. Grad PLUS-driven increases in federal student loans significantly increased program prices.

Primary Topic: Education

Topics: Academic paper, Database, Education, Weekly

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Featured Image

Link: <https://www.edwardconard.com/wp-content/uploads/2023/04/Total-Grad-Debt.png>