

Research Project

CTEC 228
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The problem



One significant issue with student loan debt is its long-term impact on individuals' financial well-being and economic mobility. As students graduate with increasing amounts of debt, they often face challenges in achieving major life milestones such as buying a home, starting a family, or saving for retirement. High levels of student loan debt can also limit career choices, forcing individuals to prioritize higher-paying jobs over positions that align with their passions or societal needs. Moreover, the burden of student loan debt disproportionately affects marginalized communities, exacerbating existing inequalities in access to education and economic opportunities. Additionally, the complexity of the student loan system, including variable interest rates, repayment plans, and forgiveness programs, can lead to confusion and financial strain for borrowers.

Problem statement and statistical questions

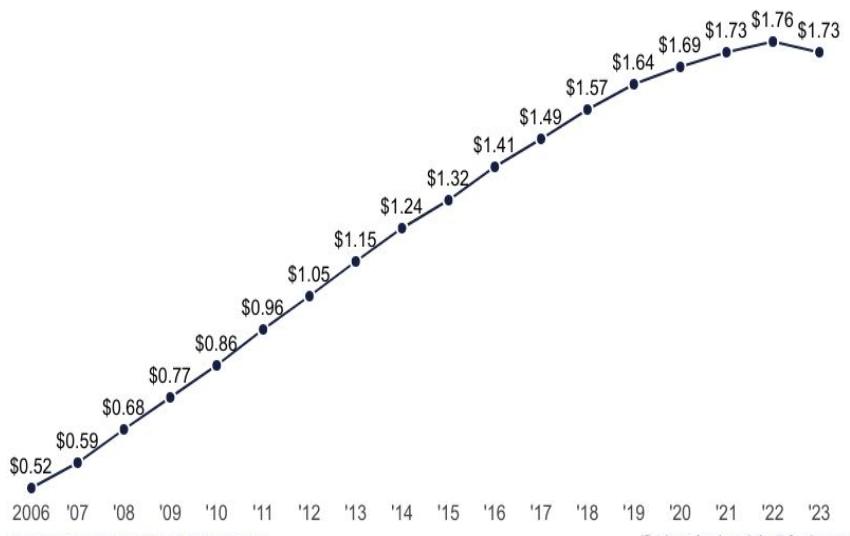
The exponential rise in student debt has become a significant societal concern, as it not only burdens individual graduates but also poses potential macroeconomic risks. Despite various initiatives and policies aimed at alleviating this burden, student debt continues to escalate, impacting the financial stability and well-being of individuals and the broader economy.

Statistical question #1: What are the trends in student debt accumulation over the past decade, and how do these trends vary across different demographic groups (such as age, gender, ethnicity, and educational status)?

Statistical question #2: What is the average amount of student loan debt per borrower in a given population, and how does this average vary across different educational levels, such as undergraduate, graduate, and professional degrees?

17 year trend in Student debt crisis

Historic Total* National Student Loan Debt
(in trillions)

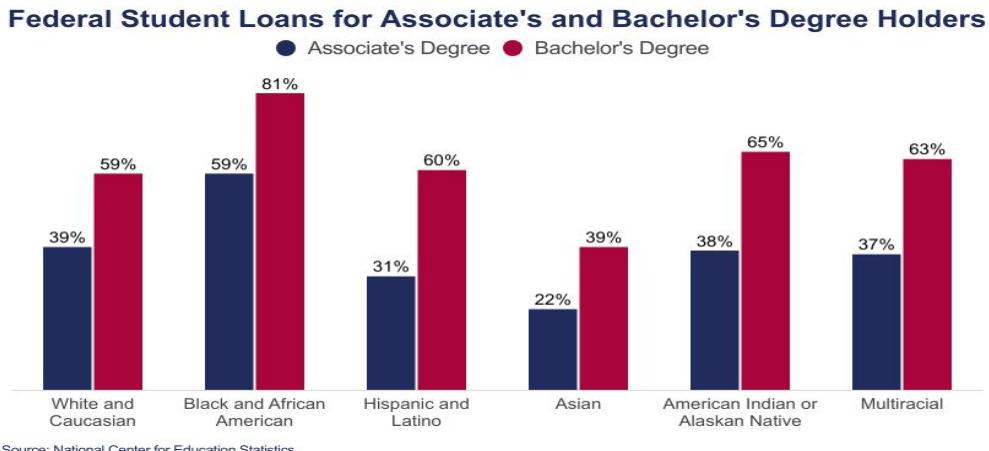


Education Data Initiative source: U.S. Federal Reserve

*Totals as of each year's fourth fiscal quarter.

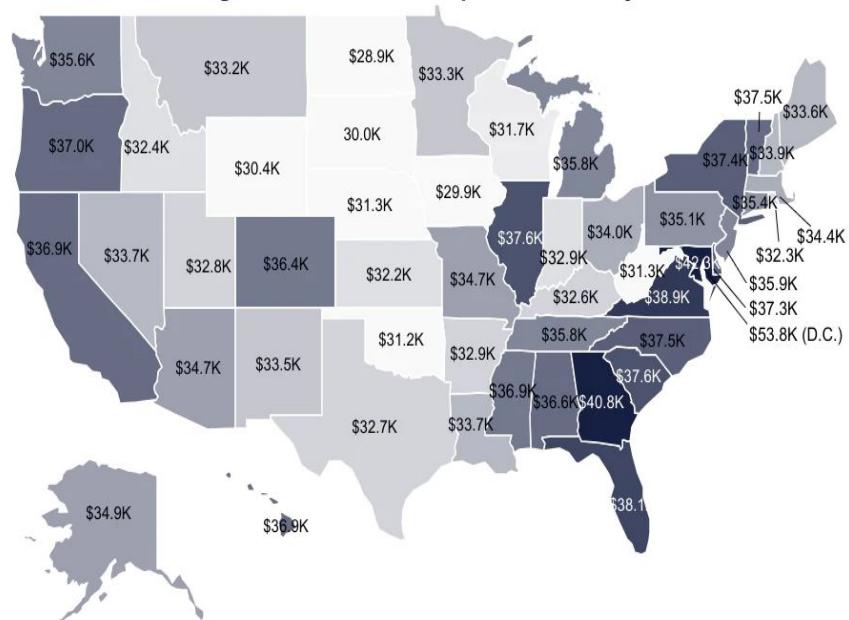
Age and Race

- Among bachelor's degree holders, black students are the most likely to borrow federal loans at 76.1%.
- 34% of adults aged 18 to 29 years report having student loan debt
- The average 62-year-old federal borrower owes \$41,780 in federal educational debt, including Parent PLUS loans.
- Borrowers between the ages of 25 and 34 years have an average debt of \$32,950.



Student debt by state

Average Student Loan Debt per Borrower by State



Source: U.S. Department of Education Office of Federal Student Aid

Student loan debt by educational attainment

- Among those with an associate's degree as their highest level of education, \$19,270 is the average federal student loan debt.
- Bachelor's degree holders have an average federal student loan debt is \$26,190.
- The average graduate degree holder owes up to \$106,850 in cumulative federal student loan debt.

Conclusion

Student debt affects everybody but statistics show that certain races are affected by it more. There is no age restriction when it comes to debt and people ranging all the way to age 70 have to deal with the crisis as well.

References

Hanson, Melanie. "Student Loan Debt Statistics"
EducationData.org, March 3, 2024,
<https://educationdata.org/student-loan-debt-statistics>