

Two decades of debt: How has the profile of student loan borrowers changed from 1992 to 2012?

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Context

- Why is debt rising?
 - Enrollment growth
 - Shrinking family income
 - State divestment
 - Policy choices
- How do we measure debt?
 - Borrowing vs repaying
 - Annual vs cumulative
 - Graduates vs non-completers
 - NSLDS vs self-reports
- What do we know?
 - “Impacts” of debt are mixed
 - Enrollment patterns matter
 - Distribution of debt is unclear
- What don't we know?
 - Who borrows?
 - How much?
 - How has this changed over time?

Design

- Sample and measures
 - National Postsecondary Student Aid Study: 1992-2012
 - All undergraduates – public 2yr, public 4yr, non-profit 4yr, for-profit
 - Outcome: annual Federal Title IV loans excluding PLUS
 - Controls: sector, tuition, class level, gender, age, dependency, race, income
- Double hurdle regression
 - Participation stage: *did you borrow?*
 - Consumption stage: *how much did you borrow?*
 - Pooled with year interactions

Findings

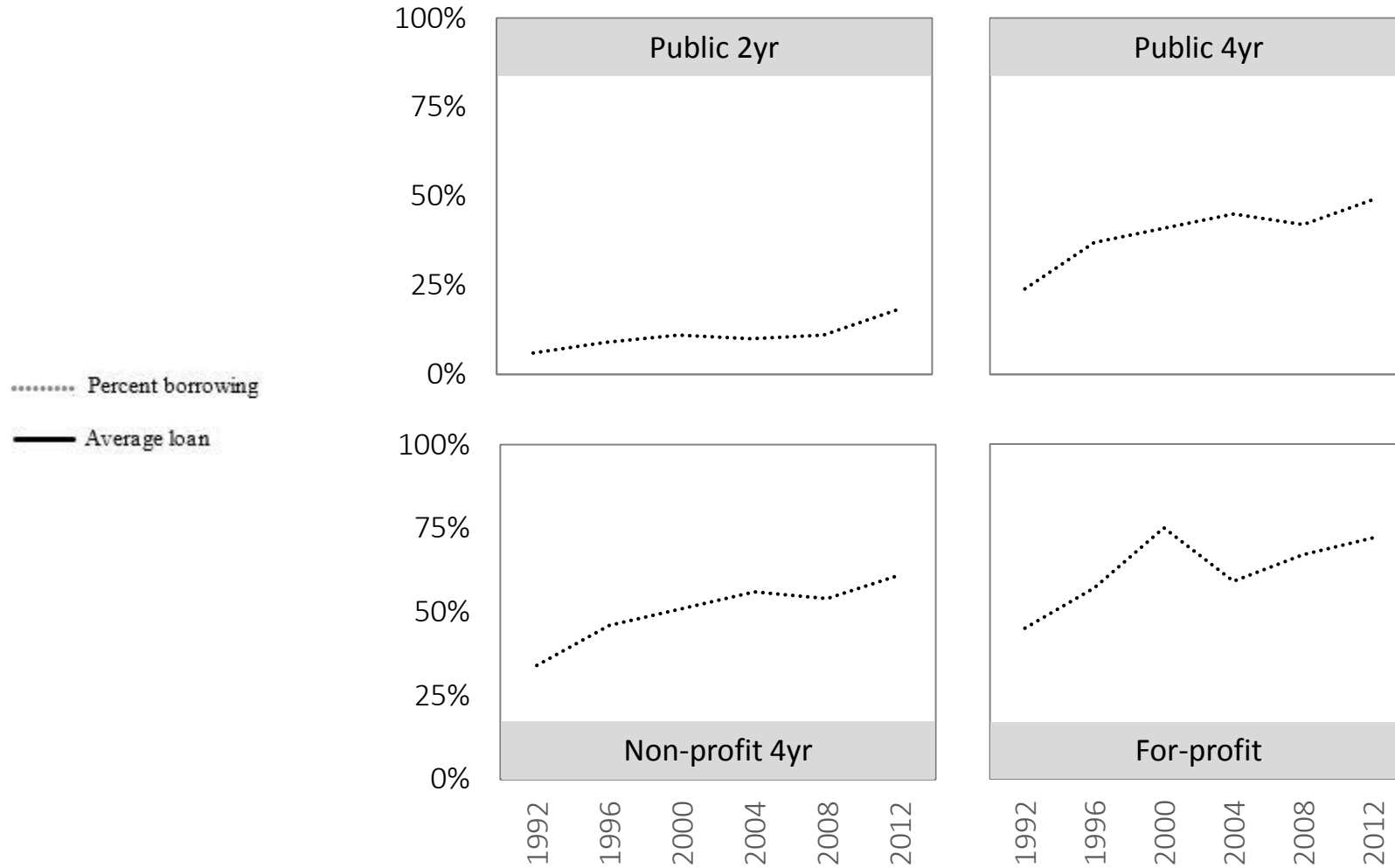
Less surprising

- Upperclassmen are more likely to borrow and borrow more
- Participation and consumption levels vary by sector
- Later waves are more likely to borrow and borrow more

More surprising

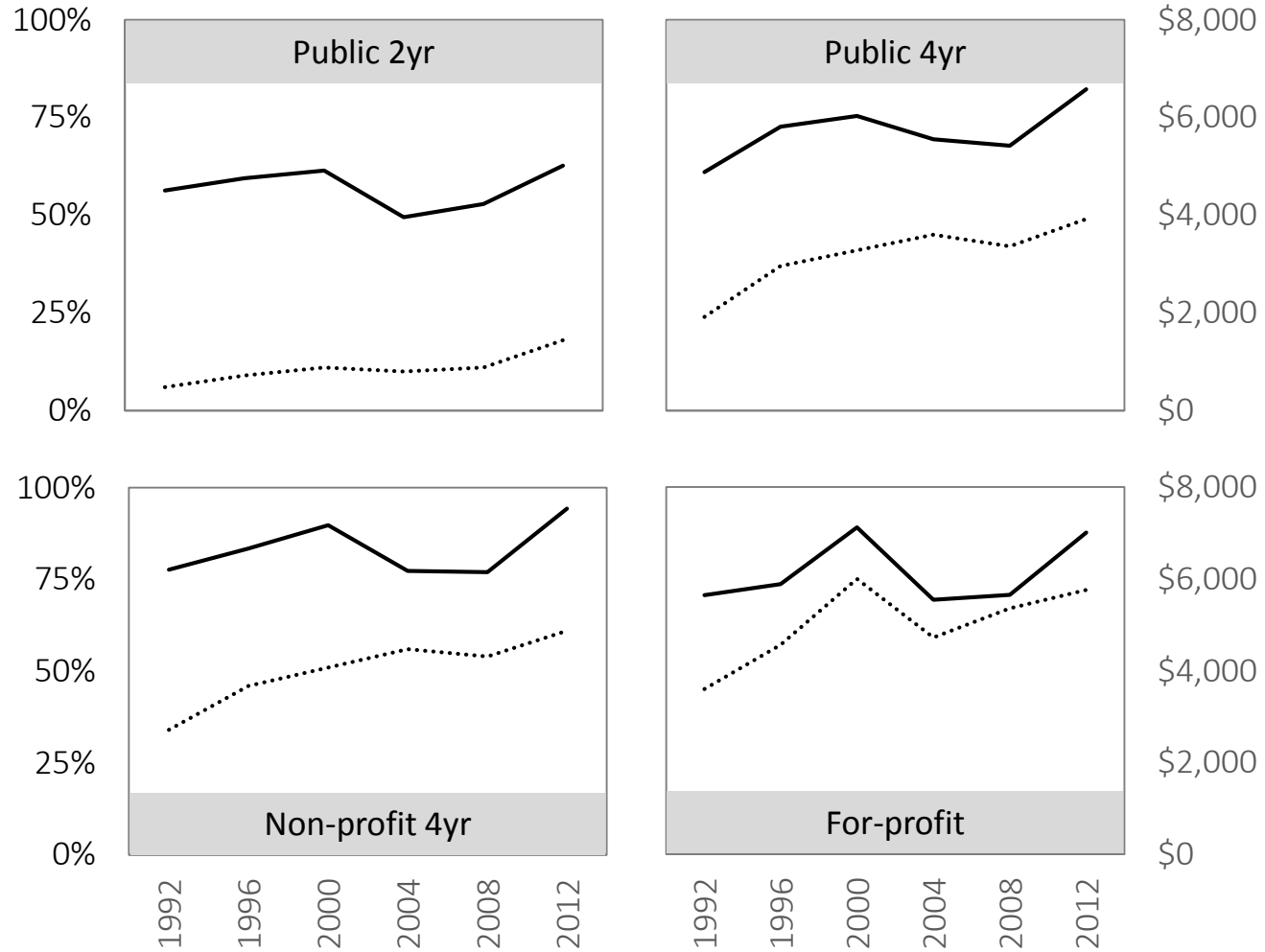
- Participation and consumption dip during 2000s
- Consumption is harder to predict than participation
- Black students (not “students of color”) are more likely to borrow and borrow more
- Shift towards upper-income borrowing

Findings



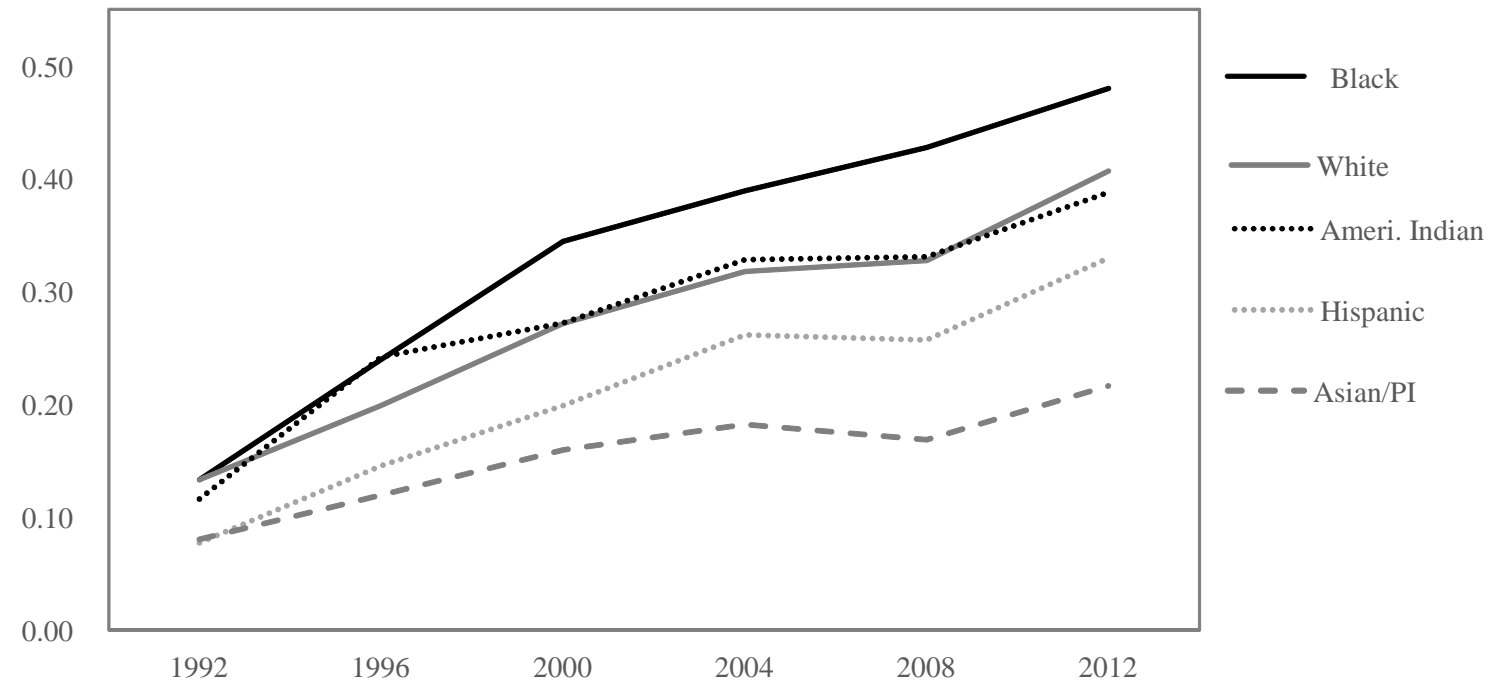
Findings

..... Percent borrowing
— Average loan

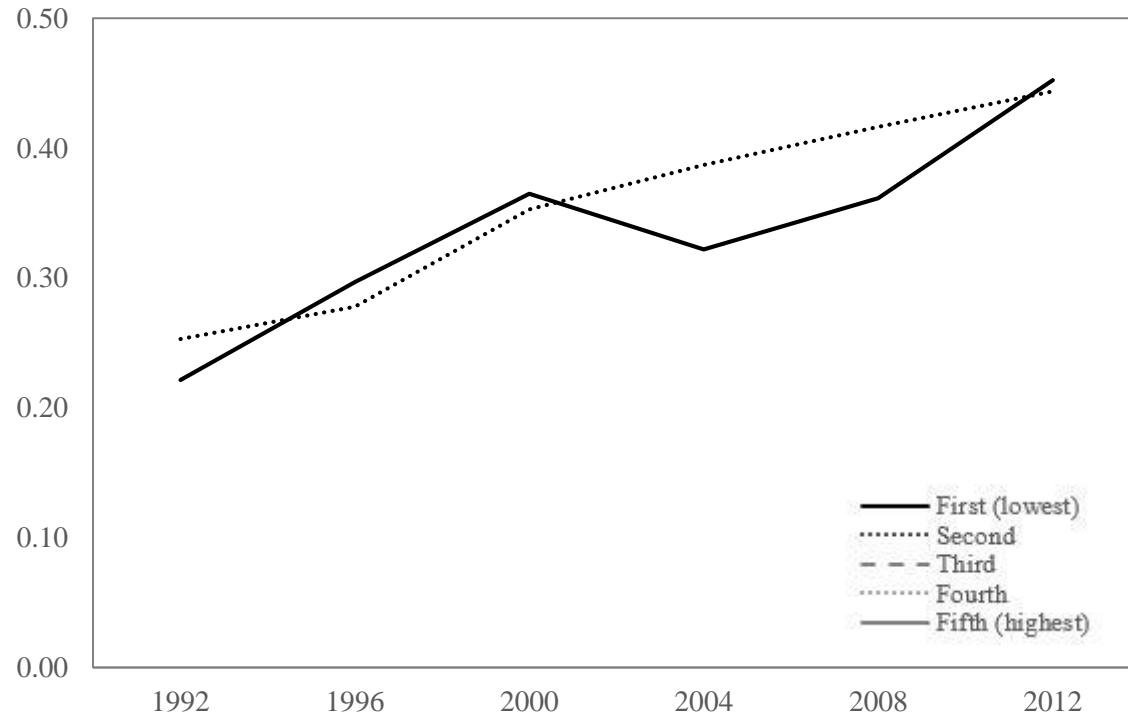


Findings

- Q1: Who borrows?
- In 1992, race/ethnicity was not a predictor of participation
- By 2000, this all changed and race became statistically significant
- Gaps in participation are widening over time

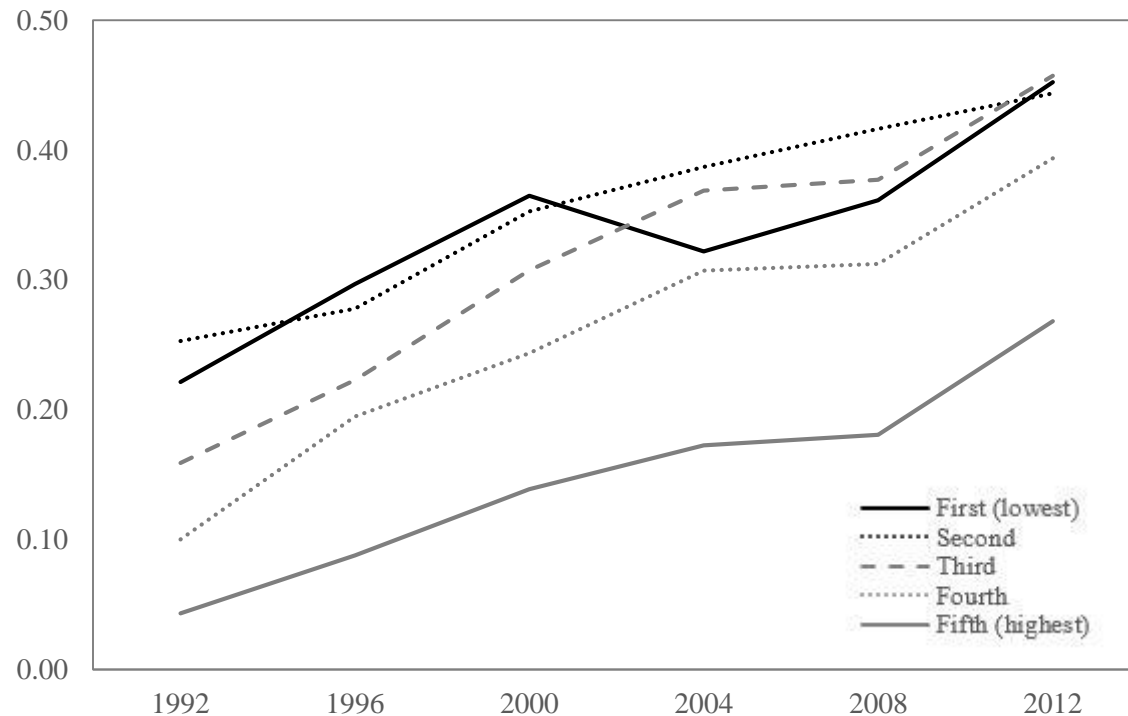


Findings



- Q1: Who borrows?
- Lowest two income groups no longer most likely to borrow
- Top three income groups increased faster than bottom two
- Shift towards upper-income borrowers over time

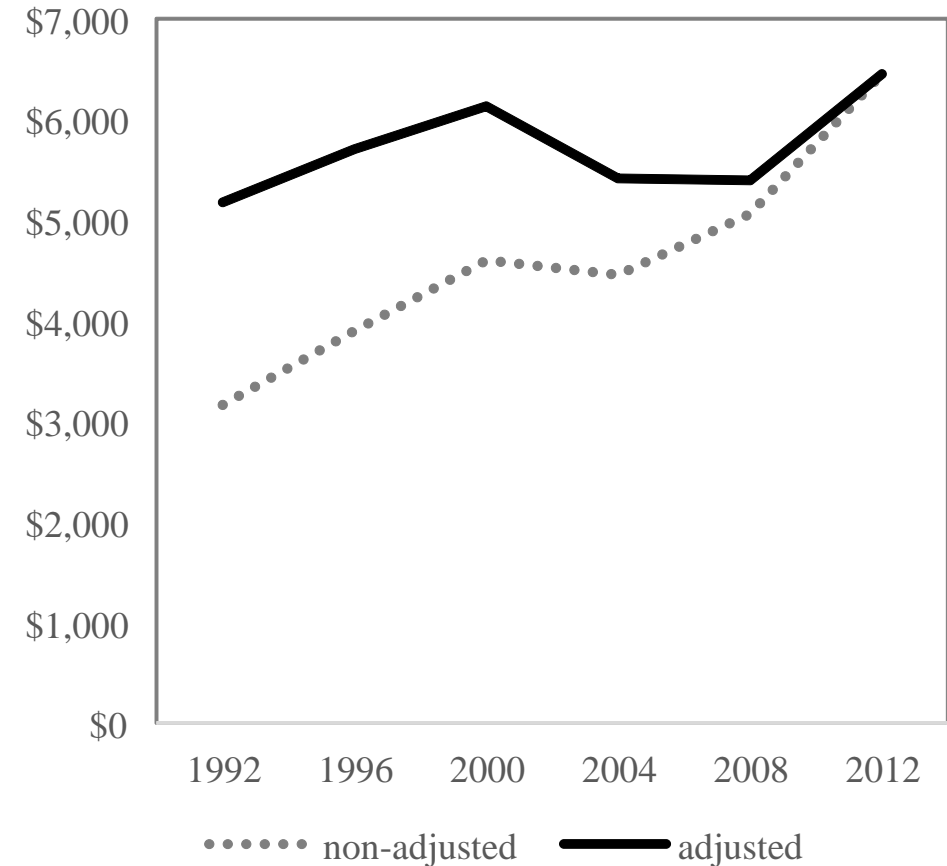
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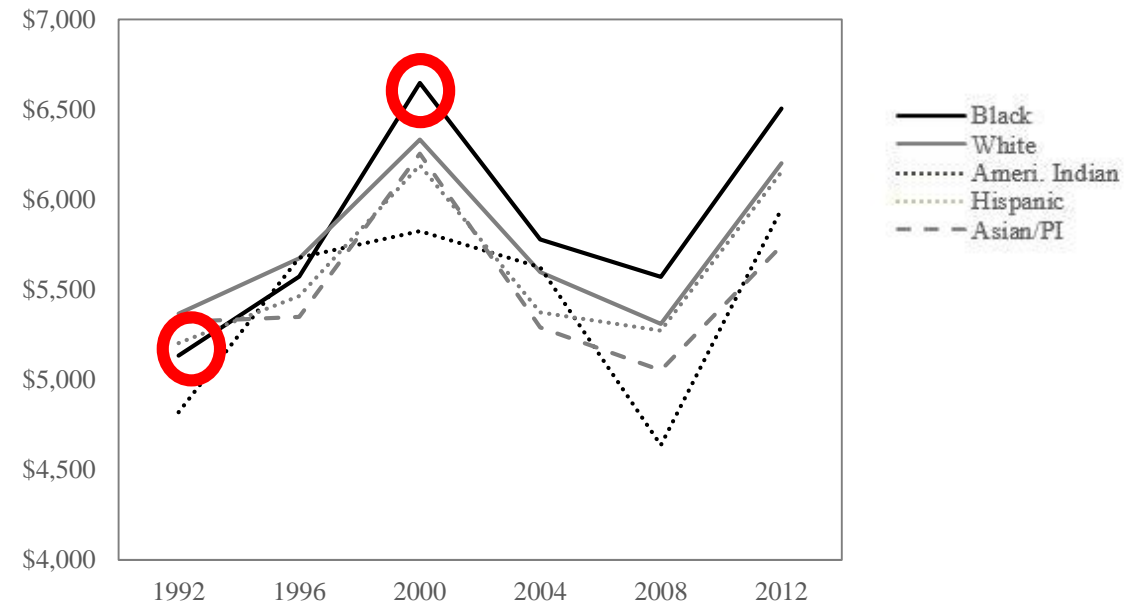
Findings

- Q2: How much do students borrow annually?
- Average debt over time
 - Doubled if we don't adjust
 - Rose by 25% increase if we do
- Or about 1.25% annual growth



Findings

- Q2: How much do students borrow?
- Black students borrowed less than white students prior to 2000.
- Other racial/ethnic differences not statistically significant



Findings

- Q2: How much do students borrow?
- Income differences are not statistically different
- Until 2012, when highest income students began to borrow significantly more than lower income students



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Next Steps

- Aiming for parsimony, but maybe impossible here
- Building toward a typology of borrowers
- Primarily focusing on analysis at this point in time
 - Pooled vs. just using 2012 and 1992 (or 2016 and 1996)
 - Cumulative debt versus annual debt
 - Focus on subsamples
 - By sector
 - By level
 - By dependency
 - By loan type