American Bridge

Trump Policy Brief: Cuts to Higher Education Programs

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TRUMP BUDGET: CUTS TO VITAL HIGHER EDUCATION PROGRAMS

President Trump's FY 2018 budget proposal included drastic cuts to several programs students rely on to finance higher education:

Trump proposed cuts to the Federal Supplemental Educational Opportunity Grant (SEOG) Program, which provides need-based aid to around 1.6 million low-income undergraduates each year. Most SEOG recipients come from households making less than $30,000 per year.

Trump proposed eliminating the Public Service Loan Forgiveness Program, designed to attract doctors, teachers, and other public sector workers to low-income, rural areas in exchange for less student debt. Rural and low-income areas already lack in public service workers.

Trump proposed eliminating federally-subsidized student loans that pay students' loan interest while they are in school. This could cause an individual borrower's total debt burden to increase by as much as $4,350. The proposal also comes at a time when Americans have officially borrowed more money than at the height of the 2008 housing bubble, and when parents and grandparents are struggling to pay back debt taken on on behalf of their children and grandchildren.

CUTS TO THE FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT PROGRAM

Trump's Budget Proposal Eliminated The Federal Supplemental Educational Opportunity Grant (SEOG) Program

TRUMP'S BUDGET PROPOSAL ELIMINATED THE FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT (SEOG) PROGRAM

Trump's Budget Proposed Eliminating The Federal Supplemental Educational Opportunity Grant (SEOG) Program. According to the White House Office of Management and Budget, "The Budget proposes to eliminate the Federal Supplemental Educational Opportunity Grant (SEOG) program, given the program is a less targeted way to deliver need-based grant aid than Pell Grants. Eliminating the program would also reduce complexity in Federal student aid." [White House Office of Management and Budget, 5/23/17]

Cutting SEOG Would Hurt Low-Income College Students

SEOG HAS PROVIDED NEED-BASED AID TO AROUND 1.6 MILLION LOW-INCOME UNDERGRADUATES ANNUALLY

SEOG Is A Federal Grant That Awards Undergraduates With $100-$4,000 Of Financial Assistance Depending On Financial Need. According to FSEOG, "The Federal Supplemental Educational Opportunity Grant (FSEOG) is a grant that is awarded to students in need of financial aid. It is a type of federal grant that is awarded college undergraduate program students and does not need to be repaid. A student awarded with the FSEOG is given anything between $100.00 and $4,000.00 per year depending on the gravity of the person's financial aid need." [FSEOG, accessed 5/30/17]

- **SEOG "Is Campus-Based And Sent Directly To The Financial Aid Office" And "Is Based On The Individual Need And Also On The School's Funds."** According to USA Today College, "The #TrumpBudget also proposes totally eliminating the Federal Supplemental Educational Opportunity Grant (FSEOG) program. FSEOGs supply $100-$4,000 a year for students with financial need, according to the U.S. Department of Education. This federal educational grant is different from others because it is campus-based and sent directly to the financial aid office, not to the student. Availability is based on the individual need and also on the school's funds." [USA Today College, 3/16/17]

Around 1.6 Million Students Receive SEOG Each Year. According to The Atlantic, "Although decreased funding for the Education Department will have repercussions for students and educators across the country, low-income students are particularly vulnerable. In addition to eliminating Supplemental Educational Opportunity Grants (SEOG), which offer need-based aid to around 1.6 million low-income undergraduates each year, the Trump administration wants to 'significantly' reduce Federal Work-Study." [The Atlantic, 3/16/17]

SEOG Had A Budget Of $732 Million And Helped "Give Up To $4,000 A Year To College Students Based On Financial Need." According to USA Today, "Federal Supplemental Educational Opportunity Grant program ($732 million): This financial aid program, known as SEOG, help give up to $4,000 a year to college students based on financial need. The Trump administration says it's a 'less well-targeted' program than Pell Grants." [USA Today, 3/16/17]

Most SEOG Recipients Come From Households Making Less Than $30,000 Per Year

A Study Showed That 71% Of SEOG Recipients Came From Families Making Less Than $30,000 Per Year. According to Inside Higher Ed, "New America, a Washington think tank, released an analysis early this morning that suggests the cuts to work-study and SEOG may help protect Pell spending, although the analysis suggested that Pell may still be vulnerable down the road. The analysis notes that the programs being proposed for cuts or elimination serve low-income students -- with evidence that work-study has a positive impact on graduation rates of the most needy students. 'SEOG recipients' income levels are comparable to Pell recipients. Seventy-one percent of dependent undergraduate recipients [are] from families making less than $30,000 per year, and 76 percent of independent recipients earn less than $20,000,' the analysis says." [Inside Higher Ed, 3/16/17]

SEOG Assistance Can Be The Difference Between Students Choosing To Attend College Or Forgoing The Opportunity

West Virginia Higher Education Policy Commission Senior Director Of Financial Aid Brian Weingart: Financial Aid Programs Like FSEOG "Might Be The Difference Between Those Students Going To College And Not Going To College." According to the Charleston Gazette-Mail, "President Donald Trump's budget proposal would cut funding for several federal programs that help low-income students pay for college, programs higher education leaders in West Virginia said are crucial to students' ability to pay for school. Trump's budget would cut the Department of Education's funding by $9.2 billion, or roughly 13.5 percent. These cuts rely on eliminating the Federal Supplemental Education Grant and reducing the Federal Work Study program, among other items. 'The problem is, those programs go to our neediest students,' said Brian Weingart, senior director of financial aid for the state's Higher Education Policy

Commission. 'It might be the difference in those students going to college and not going to college.'" [Charleston Gazette-Mail, 3/16/17]

SEOG Has Helped Students Realize Their Dreams Of Higher Education

SEOG HAS HELPED STUDENTS REALIZE THEIR DREAMS OF HIGHER EDUCATION

SEOG Helped Make It Possible For A Carnegie Mellon Student To Attend The University And Graduate With A Degree In Physics. According to the Pennsylvania Association of Student Financial Aid Administrators, "'As my senior year in high school was coming towards its conclusion, questions regarding whether attending a university would even be possible for me without assistance dominated my thoughts. However, I was able to receive maximum awards for the Pell Grant, SEOG, and the Perkins Loan, in addition to institutional aid. Without funding from the cited programs, I cannot perceive the opportunity to attend this university, never mind the exciting events that have presented themselves in the brief time I have been here.' - Carnegie Mellon University Physics Student, Class of 2015[.]" [PASFAA, accessed 5/30/17]

- **Carnegie Mellon University Student: Without Funding From SEOG, Pell Grants, And Perkins Loans I Could Not "Perceive The Opportunity To Attend This University."** According to the Pennsylvania Association of Student Financial Aid Administrators, "'As my senior year in high school was coming towards its conclusion, questions regarding whether attending a university would even be possible for me without assistance dominated my thoughts. However, I was able to receive maximum awards for the Pell Grant, SEOG, and the Perkins Loan, in addition to institutional aid. Without funding from the cited programs, I cannot perceive the opportunity to attend this university, never mind the exciting events that have presented themselves in the brief time I have been here.' - Carnegie Mellon University Physics Student, Class of 2015[.]" [PASFAA, accessed 5/30/17]

SEOG And Federal Work Study Were The Only Way Emily, A Childhood Leukemia Survivor With Significant Remaining Health Problems, Could Finish Her College Degree. According to the National College Access Network, "I have a student, Emily (name changed), who due to significant medical issues resulting from childhood leukemia has had to transfer schools and programs multiple times. She has essentially exhausted her federal student loan benefits and has about 10 percent left on her lifetime Pell Grant eligibility limit. Emily has 10 classes left to finish her bachelor's degree. Even at a state college, the cost is beyond what Emiily's Social Security Income can afford. She is in a wheelchair, as she can only stand for a few minutes at a time; her immune system is compromised and she gets sick often, sometimes requiring hospitalization, which precludes her from obtaining a job. Her hope is that she can finish her degree and get a job as an editor for math and science textbooks, essentially working from home. Eventually she would like to work in online publishing. Federal Work-Study and SEOG are the few financial aid programs that Emily might benefit from. The only way she can work is if she is on campus, as work-study jobs tend to have more flexibility than traditional jobs, and her hospitalizations would not be cause for firing. She still has one semester left of partial Pell eligibility, which also grants her SEOG eligibility. These, along with state funds, might allow her to finish her degree. Because she plans to work in an educational field, Emily's hope is to work for a non-profit and benefit from PSLF. As her medical condition is very expensive and limits her employment options, she needs PSLF in order to be financially secure." [National College Access Network, 5/25/17]

- **Emily's Heath Problems Forced Her To Transfer Schools And Programs Multiple Times, Exhausting Her Pell Eligibility.** According to the National College Access Network, "I have a student, Emily (name changed), who due to significant medical issues resulting from childhood leukemia has had to transfer schools and programs multiple times. She has essentially exhausted her federal student loan benefits and has about 10 percent left on her lifetime Pell Grant eligibility limit. Emily has 10 classes left to finish her bachelor's degree. Even at a state college, the cost is beyond what Emiily's Social Security Income can afford. She is in a wheelchair, as she can only stand for a few minutes at a time; her immune system is compromised and she gets sick often, sometimes requiring hospitalization, which precludes her from obtaining a job. Her hope is that she can finish her degree and get a job as an editor for math and science textbooks, essentially working from home. Eventually she would like to work in online publishing. Federal Work-Study and SEOG are the few financial aid programs that Emily might benefit from. The only way she can work is if she is on campus, as work-study jobs tend to have more flexibility than traditional jobs, and her hospitalizations would not be cause for firing. She still has one semester left of partial Pell eligibility, which also grants her SEOG eligibility. These, along with state funds, might allow her to finish her degree. Because she plans to work in an educational field, Emily's hope is to work for a non-profit and benefit from PSLF. As her medical condition is very expensive and limits her employment options, she needs PSLF in order to be financially secure." [National College Access Network, 5/25/17]

- **SEOG Could Help Emily Graduate College And Realize Her Dream Of Editing Math And Science Textbooks.** According to the National College Access Network, "I have a student, Emily (name changed), who due to significant medical issues resulting from childhood leukemia has had to transfer schools and programs multiple times. She has essentially exhausted her federal student loan benefits and has about 10 percent left on her lifetime Pell Grant eligibility limit. Emily has 10 classes left to finish her bachelor's degree. Even at a state college, the cost is beyond what Emiily's Social Security Income can afford. She is in a wheelchair, as she can only stand for a few minutes at a time; her immune system is compromised and she gets sick often, sometimes requiring hospitalization, which precludes her from obtaining a job. Her hope is that she can finish her degree and get a job as an editor for math and science textbooks, essentially working from home. Eventually she would like to work in online publishing. Federal Work-Study and SEOG are the few financial aid programs that Emily might benefit from. The only way she can work is if she is on campus, as work-study jobs tend to have more flexibility than traditional jobs, and her hospitalizations would not be cause for firing. She still has one semester left of partial Pell eligibility, which also grants her SEOG eligibility. These, along with state funds, might allow her to finish her degree. Because she plans to work in an educational field, Emily's hope is to work for a non-profit and benefit from PSLF. As her medical condition is very expensive and limits her employment options, she needs PSLF in order to be financially secure." [National College Access Network, 5/25/17]

CUTS TO THE PUBLIC SERVICE LOAN FORGIVENESS PROGRAM

Trump's Budget Proposal Eliminated The Public Service Loan Forgiveness Program, Destined To Harm Low-Income, Rural Areas

TRUMP'S BUDGET PROPOSED ELIMINATION OF THE PUBLIC SERVICE LOAN FORGIVENESS PROGRAM, EFFECTIVE JULY 2018

Trump's Budget Proposal Eliminated The Public Service Loan Forgiveness Program Effective July 1, 2018. According to the White House Office of Management and Budget, "To support this streamlined pathway to debt relief for undergraduate borrowers, and to generate savings that help put the Nation on a more sustainable fiscal path, the Budget eliminates the Public Service Loan Forgiveness program, establishes reforms to guarantee that all borrowers in IDR pay an equitable share of their income, and eliminates subsidized loans. These reforms will reduce inefficiencies in the student loan program and focus assistance on needy undergraduate student borrowers instead of high-income, high-balance graduate borrowers. All student loan proposals apply to loans originated on or after July 1, 2018, except those provided to borrowers to finish their current course of study." [White House Office of Management and Budget, 5/23/17]

THE PROGRAM WAS DESIGNED TO ATTRACT TEACHERS, DOCTORS, AND OTHER PUBLIC SECTOR WORKERS TO LOW-INCOME, RURAL AREAS IN EXCHANGE FOR LESS STUDENT DEBT

The Public Service Loan Forgiveness Program Was Launched In 2007 To Motivate University Graduates To Take Government And Teaching Jobs In Remote Rural Areas. According to The Associated Press, "The document also calls for eliminating the Public Service Loan Forgiveness program with the aim of saving $859 million. That program was launched in 2007 with the idea to motivate university graduates to take government and teaching jobs in remote rural areas. Under the program, the remainder of a student's debt is forgiven after he or she makes 120 qualifying payments, or typically after 10 years." [Associated Press, 5/23/17]

Trump's Budget Cut Would Impact Aspiring Teachers, Public Defenders, Social Workers, And Primary Care Doctors, Many Of Whom Worked In Low-Income Areas For Below-Average Pay, Despite Their Loans. According to CNN Money, "They chose careers as teachers, public defenders, social workers, and primary care doctors. Many work in low-income areas for below-average pay, despite their loans. Some have moved to different states and turned down higher-paying, private sector jobs to stay in the program. Now they're hoping it wasn't all for nothing. President Trump's proposed budget, released Tuesday, calls for eliminating the already-troubled program for new borrowers. The cut, which requires an act of Congress, would save $27.5 billion over 10 years if enacted." [CNN Money, 5/23/17]

- **National College Access Network Director Of Policy And Advocacy Carrie Warick: "The Elimination Of The Public-Service Loan-Forgiveness Program Would Make It More Difficult For Nonprofit Organizations To Recruit Qualified Staff Members."** According to The Chronicle Of Higher Education, "The elimination of the public-service loan-forgiveness program, [Carrie Warick, director of policy and advocacy at the National College Access Network] added, would make it more difficult for nonprofit organizations to recruit qualified staff members." [Chronicle Of Higher Education, 5/23/17]

Under The Program, Students Who Went On To Work In The Public Sector Could Have Their Debt Forgiven After Making 120 Qualifying Monthly Payments Or 10 Years' Worth Of Payments. According to The Washington Post, "Another change in the spending plan calls for the elimination of Public Service Loan Forgiveness, a program that wipes away federal student debt for people in the public sector after they have made 120 qualifying monthly payments, or 10 years' worth of payments. The program, enacted in 2007 under President George W. Bush, was designed to encourage college graduates to pursue careers as social workers, teachers, public defenders or doctors in rural areas." [Washington Post, 5/17/17]

RURAL AREAS ALREADY SUFFER A SHORTAGE OF DOCTORS AND TEACHERS

One-Fifth Of Americans Live In Rural Areas, But About One-Tenth Of Physicians Are In Rural Areas. According to The Atlantic, "There are about 6,000 federally designated areas with a shortage of primary care doctors in the U.S., and 4,000 with a shortage of dentists. Rural areas have about 68 primary care doctors per 100,000 people, compared with 84 in urban centers. Put another way, about a fifth of Americans live in rural areas, but barely a tenth of physicians practice there." [The Atlantic, 8/28/14]

National School Boards Association: "More Than 40 Percent Of All Small, Rural School Districts In The Country Have Serious Difficulties Filling Vacant Teaching Positions." According to the National School Boards Association, "More than 9 million students are enrolled in rural public elementary and secondary schools, according to the U.S. Department of Education, National Center for Education Statistics. And more than 40 percent of all small, rural school districts in the country have serious difficulties filling vacant teaching positions. The number of unfilled teaching positions in schools serving Indian Country, some of the smallest and most isolated areas, has doubled over the last 10 years." [National School Boards Association, accessed 2/28/17]

CUTS TO FEDERALLY-SUBSIDIZED STUDENT LOANS

Trump's Budget Proposal Eliminated Federally-Subsidized Student Loans That Pay Students' Loan Interest While They Are In School

TRUMP'S BUDGET WOULD ELIMINATE FEDERALLY SUBSIDIZED STUDENT LOANS, PUSHING NEARLY $40 MILLION IN COSTS ON NEW STUDENTS OVER THE NEXT DECADE

Trump's Budget Proposal Eliminated Federally Subsidized Loans To Pay Students' Loan Interest While They Were In School. According to The New York Times, "The Trump administration is proposing large cuts to the federal student loan program for low-income college students. The proposal eliminates federally subsidized loans, which pay students' loan interest while they are in school, saving $39 billion. The budget would also eliminate the public service loan forgiveness program for nurses, police officers and teachers." [New York Times, 5/23/17]

- **Federally Subsidized Loans Allow Qualifying Undergraduate Students To Borrow Up To $23,000 Over Four Years In College While The Government Paid The Interest.** According to The Associated Press, "In a budget document made public Monday night, the administration seeks to save just over $1 billion by doing away with the subsidized student loan program. For undergraduate students who qualify, the government pays the interest while they remain in college. Students can borrow up to $23,000 during their four years in college. The current interest rate is 3.76 percent." [Associated Press, 5/23/17]

- **Low-Income Students Are Able To Have The Government Pay The Interest On Their Loans While They Were In School For Six Months After They Left And For Their First Deferment.** According to MarketWatch, "The budget proposes to eliminate a program that subsidizes borrowing for low-income students by having the government pay the interest on their loans while they're in school, for the first six months after they leave as well the first time they use what's known as a deferment to postpone payments on their loans." [MarketWatch, 5/23/17]

- **About 7 Million Students Per Year Received Subsidized Loans.** According to CNN Money, "More than 6.9 million borrowers received a subsidized loan this year, for a total of $22.6 billion. Next year, the Trump budget proposes shifting some money toward unsubsidized loans, which do accrue interest while you're in school." [CNN Money, 5/23/17]

Trump's Proposal Would Be The First Time That College Students With Stafford Loans No Longer Had The Interest On Those Loans Subsidized While In School. According to The Connecticut Mirror, "The Trump budget also would end a loan forgiveness program for college students who commit to working after graduation for at least 10 years in a public service job, such as a teacher or police officer. Also, for the first time, college students with Stafford loans would no longer have the interest on those loans subsidized while they are in school. The budget also would cut state grants for career and technical education by $166 million, and nearly halve funding for the roughly $1 billion federal work-study program." [Connecticut Mirror, 5/23/17]

The Subsidy Cut Would Amount To Nearly $40 Billion Over The Next Decade. According to the White House Office of Management and Budget, the budget would "Eliminate subsidized student loans," which would decrease the deficit by $1,052,000,000 in 2018 and by $38.873 billion over the next decade. [White House Office of Management and Budget, 5/23/17]

The Trump Budget's Student Loan Proposals Would Apply To New Loans As Of July 1, 2018, Except For Those Used By People Borrowing In Order To Finish Their Current Course Of Study. According to the White House Office of Management and Budget, "To support this streamlined pathway to debt relief for undergraduate borrowers, and to generate savings that help put the Nation on a more sustainable fiscal path, the Budget eliminates the Public Service Loan Forgiveness program, establishes reforms to guarantee that all borrowers in IDR pay an equitable share of their income, and eliminates subsidized loans. These reforms will reduce inefficiencies in the student loan program and focus assistance on needy undergraduate student borrowers instead of high-income, high-balance graduate borrowers. All student loan proposals apply to loans originated on or after July 1, 2018, except those provided to borrowers to finish their current course of study." [White House Office of Management and Budget, 5/23/17]

Eliminating Subsidized Loans Could Increase A Borrower's Total Debt Burden By As Much As $4,350

ELIMINATING SUBSIDIZED LOANS WOULD INCREASE A BORROWER'S DEBT BURDEN BY AS MUCH AS $4,350

A Student Who Borrowed The Maximum In Subsidized Federal Loans Would See Total Payments Increase By 15 Percent Over A 10-Year Repayment Period Without Subsidies, Amounting To $4,350 In Added Debt. According to Consumer Reports, "Some 6 million students per year receive subsidized loans. The interest deferral can make a big difference, especially for low-income students. According to an analysis by the nonprofit Institute for College Access & Success, for someone who borrowed the maximum in subsidized federal loans ($23,000), eliminating the subsidy would mean a 15 percent increase in total payments, or $4,350, over a 10-year repayment period." [Consumer Reports, 5/23/17]

- **Without The Subsidies, Students With Stafford Loans Would Have Extra Interest Tacked Onto The End Of The Loan Which They Would Be Required To Repay.** According to Business Insider, "Other changes in the Trump budget would cut out subsidies for low- and moderate-income students. With the subsidies, the government steps in and pays interest on the loans while a low- or moderate-income student is still in college or after college if there's a period when a borrower is temporarily not working. Without the subsidies, students with Stafford loans are freed from paying interest while in school, but the extra interest is tacked onto the end of the loan and must eventually be repaid." [Business Insider, 5/22/17]

Education Trust Governmental Affairs Director Kelly McManus: Moving Away From Subsidized Loans While Freezing The Pell Grant "Will Absolutely Make College More Expensive In The Long Run And Lead To More Debt For Low-Income Students." According to Diverse, "The implementation of Trump's education budget widens the already devastating gap between low-income, first-generation students aiming to progress and the upper middle class, said Kelly McManus, director of governmental affairs for The Education Trust. She added that freezing the Pell grant and moving away from subsidized loans 'will absolutely make college more expensive in the long run and lead to more debt for low-income students.'" [Diverse, 5/23/17]

Trump's Cutback To Student Loan Aid Came Just As The Student Debt Crisis Hit A New Landmark

TRUMP'S RELEASED HIS BUDGET JUST AFTER AMERICANS HAD OFFICIALLY BORROWED MORE MONEY THAN AT THE HEIGHT OF THE 2008 HOUSING BUBBLE

May 2017: "Americans Have Now Borrowed More Money Than They Had At The Height Of The Credit Bubble In 2008, Just As The Global Financial System Began To Collapse." According to The New York Times, "It took nearly a decade, but debt has made a comeback. Americans have now borrowed more money than they had at the height of the credit bubble in 2008, just as the global financial system began to collapse. The Federal Reserve Bank of New York said Wednesday that total household debt in the United States had reached a new peak — $12.7 trillion — in the first three months of the year, another milestone in the long, slow recovery of the nation's economy." [New York Times, 5/17/17]

New York Times: "One Of The Major Factors Behind The Latest Debt Binge Has Been Student Loans, A Mounting Burden" Which Raised Fear That Ballooning Debt Could Prompt "A New Wave Of Defaults, Much Like The One That Accompanied The Mortgage Meltdown A Decade Ago." According to The New York Times, "One of the major factors behind the latest debt binge has been student loans, a mounting burden that can stifle economic growth by preventing Americans from buying homes or spending on big-ticket consumer items. The fear is that ballooning debt from student loans — and from auto loans and credit cards — could put many Americans back into a hole, prompting a new wave of defaults, much like the one that accompanied the mortgage meltdown a decade ago." [New York Times, 5/17/17]

As Mortgage Debt Fell As A Percentage Of Household Debt, Student Loan Debt Doubled, Rising From 5% In 2008 To 11% Today. According to The New York Times, "The fear is that ballooning debt from student loans — and from auto loans and credit cards — could put many Americans back into a hole, prompting a new wave of defaults, much like the one that accompanied the mortgage meltdown a decade ago. […] And households today are borrowing differently than they did nine years ago. Student loan debt, driven by soaring tuition costs, now makes up 11 percent of total household debt, up from 5 percent in the third quarter of 2008. By comparison, mortgage debt is 68 percent of total debt, down from 73 percent during the same period. The household debt figures are not adjusted for inflation." [New York Times, 5/17/17]

Student Borrowers Owed More Than Twice What Was Owed In 2008 With $1.3 Trillion In Debt. According to The New York Times, "Student borrowers today owe $1.3 trillion, more than double the $611 billion owed nearly nine years ago. About one in 10 student borrowers is behind on repaying the loans, the highest delinquency rate of any type of loan tracked by the New York Fed's quarterly household debt report." [New York Times, 5/17/17]

2016 Was The 18th Consecutive Year In Which Total U.S. Student Debt Increased. According to Bloomberg, "Total U.S. student debt hit a record $1.31 trillion last year, the 18th consecutive year Americans' education debt rose, according to the Federal Reserve Bank of New York." [Bloomberg, 2/17/17]

44 Million People Carried An Average Debt Of $34,000, With About $90 Billion Per Year In Interest Alone. According to an opinion by StudentLoanJustice.org founder Alan Collinge in The Hill, "By the end of next year, the country will pass the $2 trillion mark. This debt is strapped to 44 million people in the country, who carry an average debt of $34,000. Interest alone on this amount is about $90 billion per year." [Alan Collinge – The Hill, 3/1/17]

Student Loan Debt Surpassed Credit Card Debt In 2010 And Auto Loan Debt In 2011. According to TIME, "For example, student loan debt exceeded credit card debt in 2010 and auto loans in 2011, and it passed the $1 trillion mark in 2012. But these milestones don't tell us much about the impact of all that debt on the students who must borrow to pay for a college education." [TIME, 1/11/16]

A BORROWER DEFAULTS ON A FEDERAL STUDENT LOAN EVERY 28 SECONDS

New York Post: "Every 28 Seconds, Another American Borrower Defaults On A Federal Student Loan." According to The New York Post, "Every 28 seconds, another American borrower defaults on a federal student loan. Today, nearly 20 percent of the 44 million people burdened by $1.4 trillion in student debt are in default." [New York Post, 1/28/17]

New York Fed's Quarterly Household Debt Report: About One In 10 Student Borrowers Was Behind On Repaying The Loans, The Highest Delinquency Rate Of Any Type. According to The New York Times, "Student borrowers today owe $1.3 trillion, more than double the $611 billion owed nearly nine years ago. About one in 10 student borrowers is behind on repaying the loans, the highest delinquency rate of any type of loan tracked by the New York Fed's quarterly household debt report." [New York Times, 5/17/17]

OVER A DECADE, THE NUMBER OF STUDENT LOAN DEBTORS OVER 65 INCREASED BY 385% AND THE AMOUNT OF DEBT TAKEN ON INCREASED TEN-FOLD

From 2005 To 2015, Debtors 25-49 Increased By 62%, But The Number Of Debtors 50-64 Increased By 119% And 65+ Debtors Increased By 385%. According to the U.S. Government Accountability Office, "Fewer older Americans hold student loan debt, but the rate of increase in the number of older borrowers and the amount of their debt has far outpaced younger borrowers. According to Education data for fiscal year 2015, there were about 37.4 million borrowers under age 50 compared to about 6.3 million borrowers age 50 to 64 and 870,000 borrowers age 65 and older. Since fiscal year 2005, these figures represented an increase in the number of borrowers in the age 50 to 64 and 65 and older groups of 119 percent and 385 percent, respectively. In comparison, the growth rate for borrowers age 25 to 49 was 62 percent over this time period." [U.S. Government Accountability Office, December 2016]

While Federal Student Loan Debt Held By Borrowers Ages 50-64 Increased More Than 300%, For Borrowers 65+, The Increase Was About Ten-Fold Increase. According to the U.S. Government Accountability Office, "Fewer older Americans hold student loan debt, but the rate of increase in the number of older borrowers and the amount of their debt has far outpaced younger borrowers. […] The corresponding increase in the amount of federal student loan debt held by borrowers age 50 to 64 was from about $43 billion to $183 billion over this decade, more than a three-fold increase. Among borrowers age 65 and older, the increase in the amount of federal student loan debt was even larger— it grew from more than

$2 billion in fiscal year 2005 to almost $22 billion in fiscal year 2015, about a ten-fold increase. The loans on which older borrowers have defaulted may have either been for their own education or for their children's education through Education's Direct PLUS Loan program." [U.S. Government Accountability Office, December 2016]

The Student Debt Crisis Was "The Main Driver" Behind Major Increases In Debt For Seniors

Politico: "Debt Held By Borrowers Between The Ages Of 50 And 80 Has Increased By About 60 Percent Over The Last 12 Years." According to Politico, "Economists at the New York Federal Reserve released a new analysis Wednesday morning showing that older Americans held significantly more debt last year than in 2003. This 'graying of American debt' might not be that surprising, except that it has largely come from one source we don't associate with older people: Student loans. Debt held by borrowers between the ages of 50 and 80 has increased by about 60 percent over the last 12 years, with student loan debt more than doubling. This isn't normally the student-loan problem we think of: The focus on student debt has largely centered on young borrowers, who too often end up with high loan payments and no degree. In their new report, the Fed economists used data on consumer credit and found that total debt balance has increased significantly for older Americans in the past 12 years." [Politico, 2/25/16]

- **Politico: The Student Debt Crisis Was "The Main Driver" Behind Major Increases In Debt For Seniors.** According to Politico, "Some of that is due to the aging of the population—more old people means cumulative debt totals for the elderly will be higher. But they also found major increases in debt for seniors even after accounting for the aging population. The student debt crisis is the main driver behind this trend. Over the past 12 years, mortgage debt, home equity lines of credit, auto debt and credit card debt have stayed relatively flat for most elderly borrowers. But student debt has increased substantially[.]" [Politico, 2/25/16]

Parents Jeopardized Their Retirements To Send Their Kids To College, Paradoxically Positioning Them To Have To Rely On Their Kids To Finance Their Retirements

Thirteen Percent Of U.S. Parents Around Age 50 Reported That They Were Paying Off College Loans On Behalf Of Their Children. According to the University of South Carolina, "Thirteen percent of U.S. parents around age 50 reported in a national survey that they were paying off college loans on behalf of their children, according to the study. Over the course of the National Longitudinal Survey of Youth utilized by the researchers, an increasing number of parents of children ages 17 and older reported that they were repaying their children's college debt." [University of South Carolina, 12/21/16]

The Average Parent Borrowed $21,000 In Student Loans For Their Children's Education, With High-Income Parents Repaying An Estimated $30,000 In College Debt On Their Child's Behalf. According to the University of South Carolina, "More parents are taking on their children's college debt – a trend that could signal trouble for families down the road, researchers say. […] The average debt was around $21,000. High-income parents repay an estimated $30,000 in college debt on their child's behalf." [University of South Carolina, 12/21/16]

By Middle Age, Half Of Adults Only Had $12,000 Or Less Saved For Retirement– About Half The Amount Of The Average Parent Paid For Their Children's Student Loan Debt. According to the University of South Carolina, "Studies have shown that by middle age, half of adults have saved only $12,000 or less for retirement – that's about half the amount of the average student loan debt. Taking on their children's college debt could hinder their efforts to build their nest egg." [University of South Carolina, 12/21/16]

- **$171 Million Of The Federal Government's $4.5 Billion In Defaulted Student Loan Collections Came From Seniors' Social Security Checks, Amounting To About 15 Percent Of Their Benefit Payment That Was Withheld.** According to the U.S. Government Accountability Office, "Older borrowers (age 50 and older) who default on federal student loans and must repay that debt with a portion of their Social Security benefits often have held their loans for decades and had about 15 percent of their benefit payment withheld. This withholding is called an offset. […] In fiscal year 2015, Education collected about $4.5 billion on defaulted student loan debt, of which about $171 million—less than 10 percent—was collected through Social Security offsets. More than one-third of older borrowers remained in default 5 years after becoming subject to offset, and some saw their loan balances increase over time despite offsets." [U.S. Government Accountability Office, 12/19/16]

- **Almost A Quarter Million People Over 65 Had Parent PLUS Loans— Several Thousand People Had Money Taken Out Of Their Social Security Checks To Pay Them Back And More Than A Quarter Of Elderly Debtors Defaulted.** According to CNBC, "In 2016, more than 3.3 million borrowers held $74.5 billion in parent PLUS loans used to pay for their children's education, according to the U.S. Department of Education. […] The College Board found that annual parent PLUS loan volume has increased nearly fivefold over the past decade. As long as parents do not have poor credit, they can borrow as much as they need in parent PLUS loans to cover their children's tuition, room, board and books minus the financial aid the student receives. […] The burden of parent PLUS loans can carry over to retirement. In 2015, more than 210,000 people age 65 and older had parent PLUS loans, more than a quarter of those borrowers had defaulted, and more than 7,300 people had money taken out of their Social Security checks to pay back their parent PLUS loans, according to a recent report from the U.S. Government Accountability Office. Parent PLUS loans, which levy an origination fee of more than 4.7 percent, have higher interest rates than other student loans." [CNBC, 12/27/16]

USC Assistant Professor Jennifer Ailshire: While Parents Took On Debt To Give Their Kids An Advantage, In The End, "Adults In Their 20s And 30s May Wonder If They Will Have To Finance Their Parents' Retirement" Because Of Their Sacrifice. According to the University of South Carolina, "'Parents may choose to take on debt for their kids' college education because they want their kids to start out in life with opportunities rather than debt,' [USC Leonard Davis School of Gerontology assistant professor Jennifer]Ailshire said. 'But with increasing longevity and lack of retirement savings, adults in their 20s and 30s may wonder if they will have to finance their parents' retirement.'" [University of South Carolina, 12/21/16]

The Hardest-Hit Parents Were Those More Likely To Face Other Financial Challenges

Among The Most Likely Debtors Were Black Parents With One Or Two Children. According to the University of South Carolina, "Among the parents paying off the most college debt for their children, 15 percent were black, 17 percent had two children 17 or older, 16 percent had an associate's degree, 17 percent had a bachelor's degree, 17 percent earned $64,000-$119,000 a year, and 20 percent earned more than $120,000 a year. About 21 percent have net worth of $276,000 to $788,999. […] Likely debtors were parents who were black, had one or two children, and lived in the Northeast or north central states." [University of South Carolina, 12/21/16]

USC Assistant Professor Jennifer Ailshire: "There Is A Disproportionate Impact Here. We Should Be Concerned About The Parents Who Are Black Or Who Have More Kids Who Are More Likely To Cope With Greater Financial Challenges Throughout Their Lives Than High-Income Parents." According to the University of South Carolina, "'We have known that more parents were borrowing and paying loans on their childrens behalf, but until we conducted this study, we did not know who these parents were,' [USC Leonard Davis School of Gerontology assistant professor Jennifer] Ailshire said. 'There is a disproportionate impact here. We should be concerned about the parents who are black or who have more kids who are more likely to cope with greater financial challenges throughout their lives than high-income parents.'" [University of South Carolina, 12/21/16]