

The background of the slide features a large, faint, light-blue seal of the State of Oregon. The seal is circular and contains an eagle with spread wings at the top, a ship on the left, a plow and a sheaf of wheat on the right, and a banner at the bottom that reads "THE UNION". The words "STATE OF OREGON" are written around the top inner edge of the seal, and the year "1859" is at the bottom.

Student Loans in Oregon

Prepared for:
House Interim Committee on Education
September 23rd, 2022

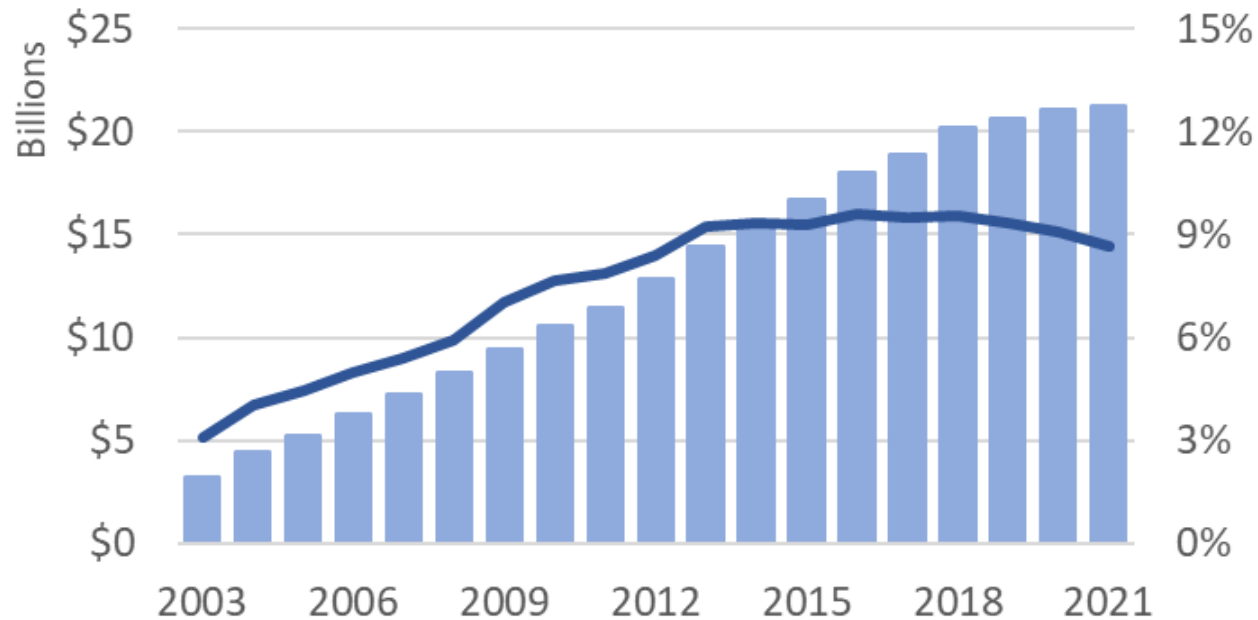
Mark McMullen
Oregon State Economist



Oregon's Student Debt Burden

Oregon Student Loan Debt

Debt amount, left axis | Share of Income, right axis



Source: BEA, Federal Reserve Bank of New York, Oregon Office of Economic Analysis

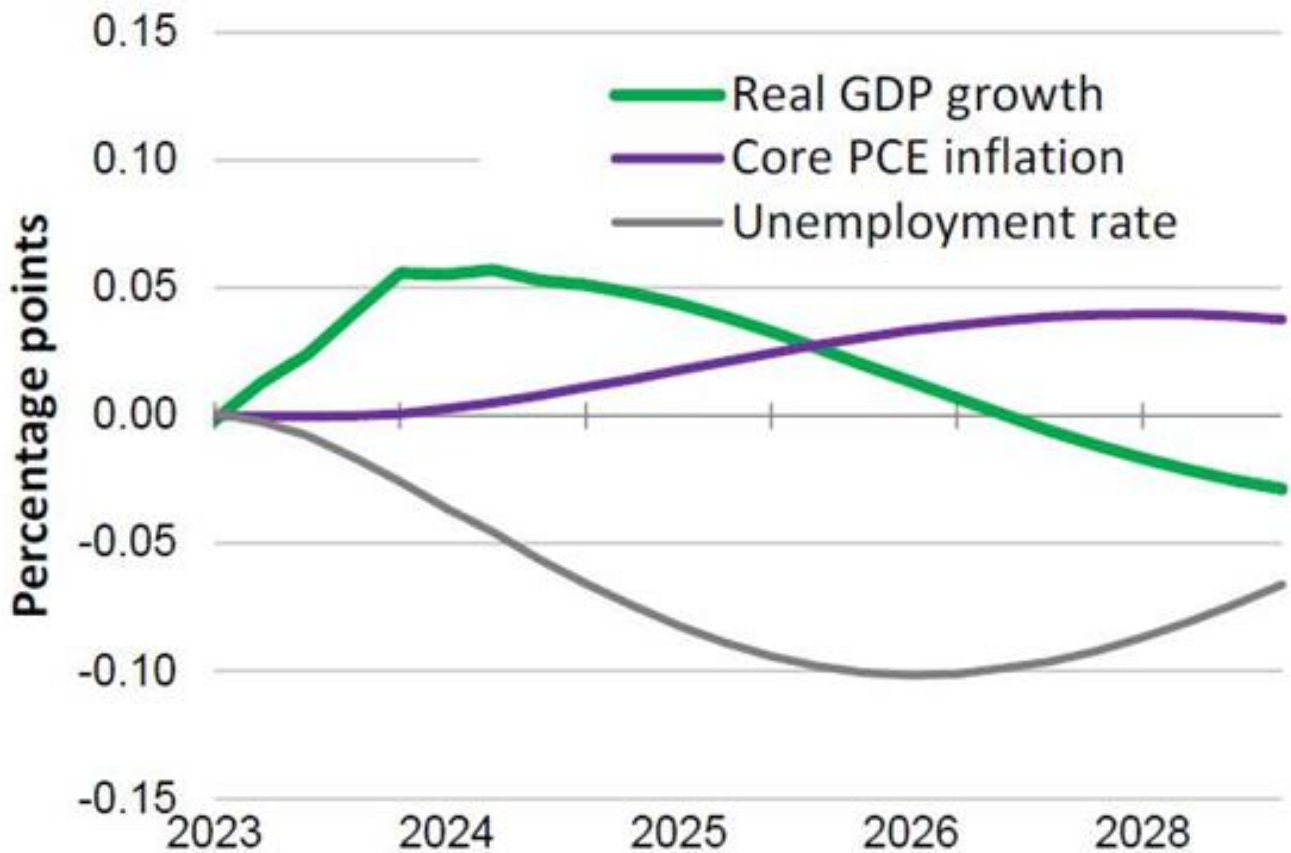
- Measured as a share of income, student debt has remained steady since Oregon emerged from the Great Recession
 - Strong income and job gains have supported borrowers' ability to pay
 - Flat/declining enrollments have led to less new debt entering the system
- Debt per student has been rising at roughly the rate of inflation over the past decade





Economic Impact of Forgiveness

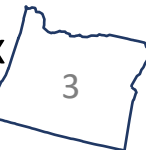
Macro impacts of Biden student loan forgiveness



Source: IHS Markit

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- White House: 499,000 Oregonians overall, 332,000 with Pell Grants
- Committee for a Responsible Federal Budget: \$525 billion cancelled nationwide (around \$7.1 billion or 3.3% of total debt in Oregon)
- Given the likelihood of legal challenges, only the extension of forbearance is currently included in the economic and revenue outlook
- According to our vendor, even the full program would only lead to small changes in the economic outlook
- The boost to consumer spending is estimated to result in increased output through 2026
- Longer term, increased government debt and higher interest rates are expected to weigh on growth
- With forgiven debt not taxable, Oregon's tax revenues would only be impacted indirectly through the federal interest deduction

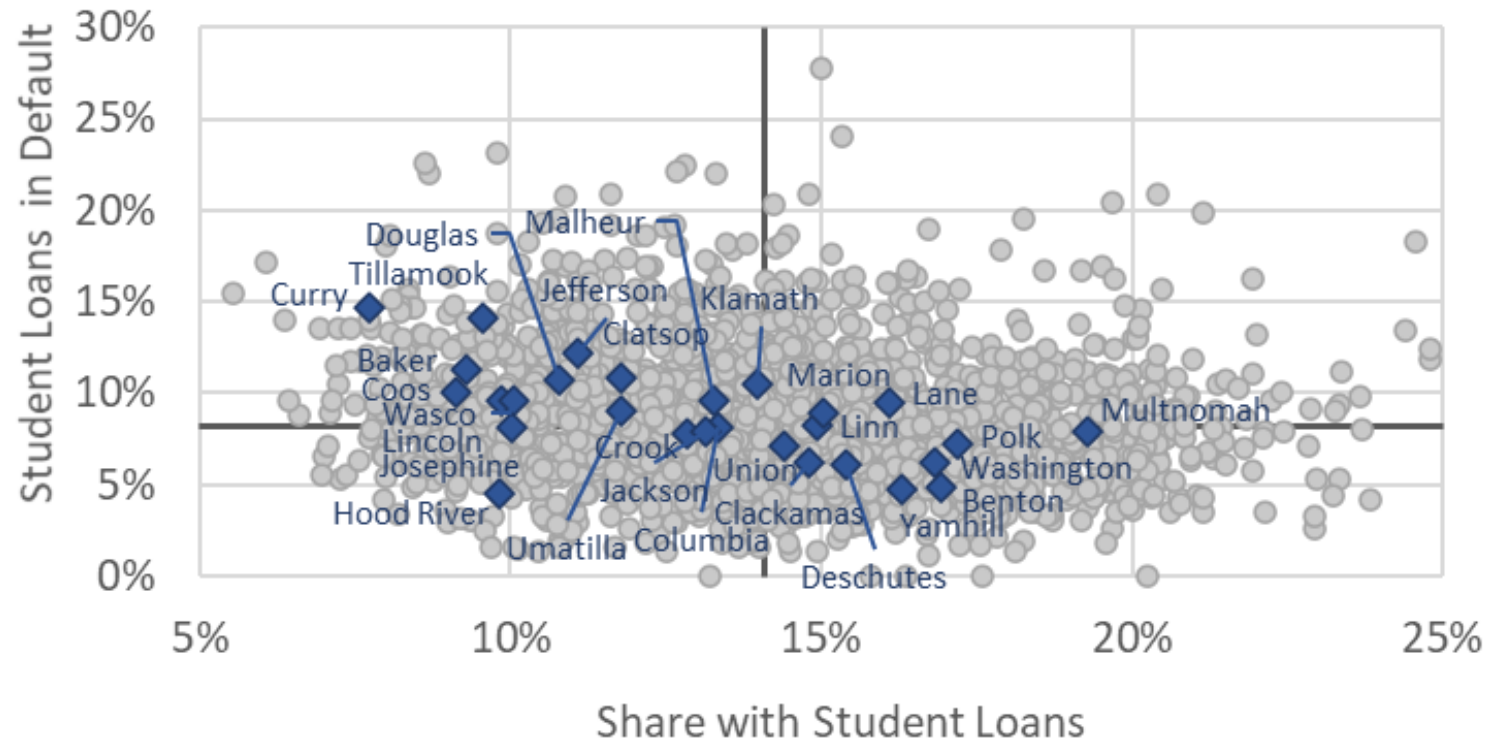




Student Debt Across Regions

Student Loan Debt in America

February 2022 for All Counties in U.S., **Oregon Counties**

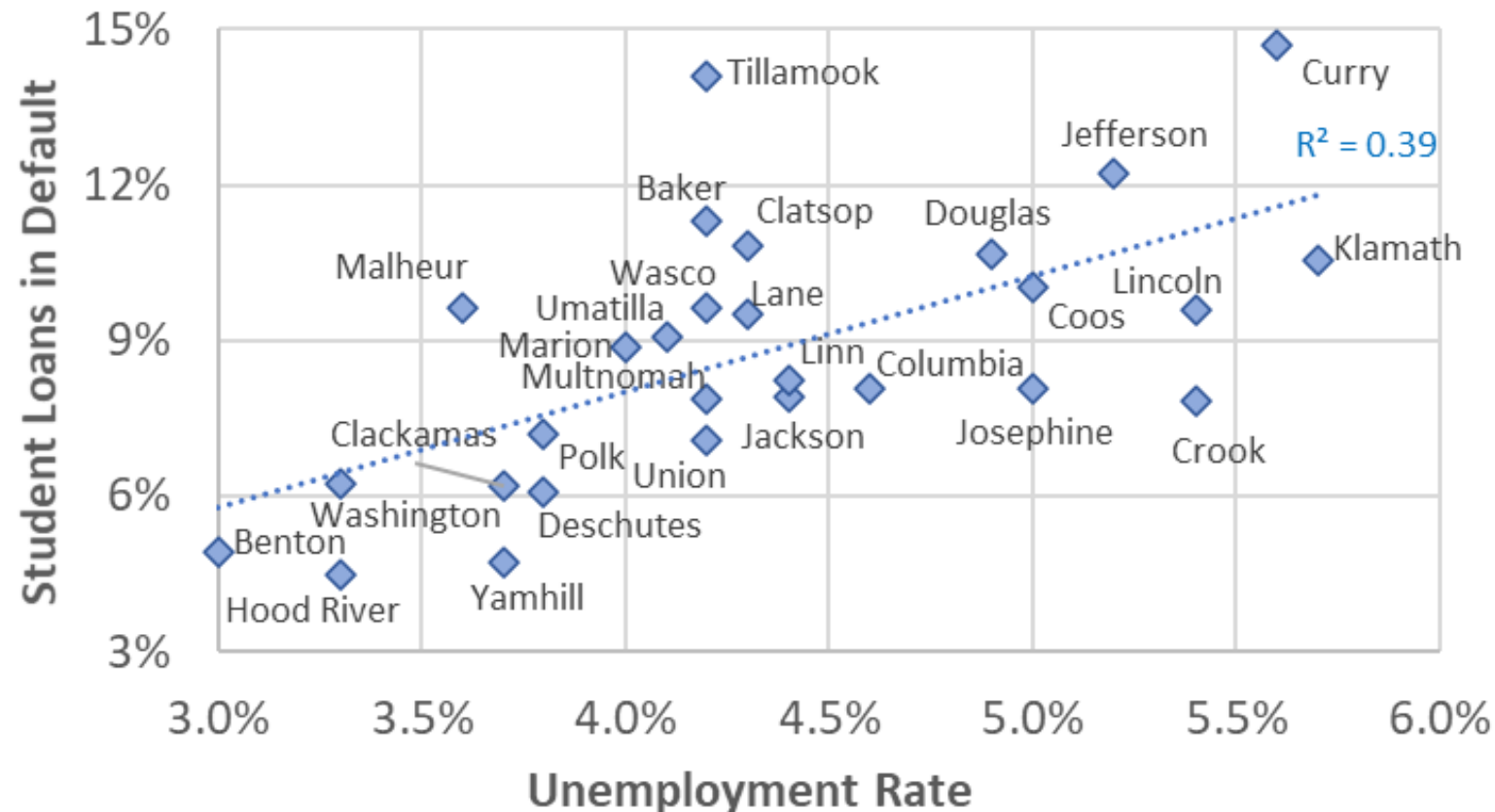


- Most of Oregon's counties fall in the middle of the pack in terms of the share of residents with student loans and the share of those loans in collections
- Largest outliers include Curry, Tillamook and Hood River counties
- Not surprisingly, there is a strong correlation between urban counties and the share of residents with student loans
- Student debt is largest in the counties surrounding the Portland metropolitan area, followed by those home to college towns
- The mid-sized metropolitan areas of Salem and Bend are above average as well



Regional Opportunities Matter

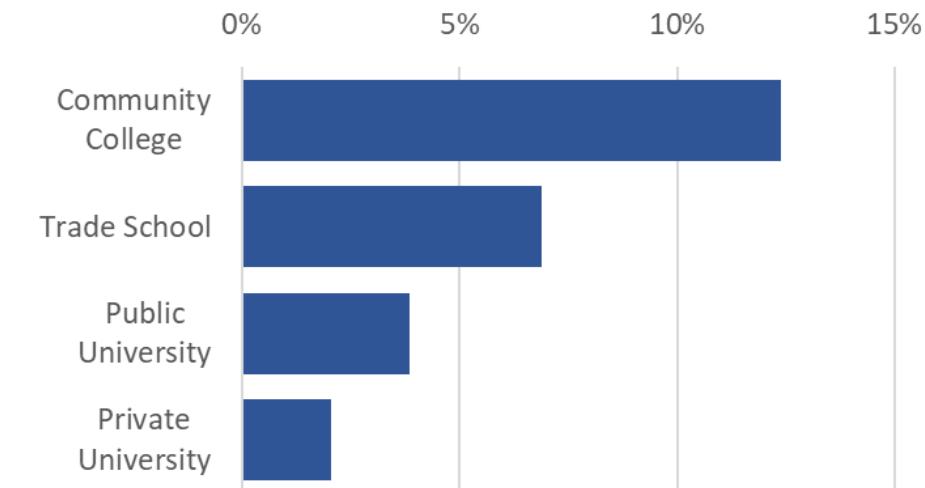
Oregon Distressed Student Loans by County



- Even in good times, student loan default rates are closely tied to regional job opportunities

Oregon Student Loan Default Rates

Federal Fiscal Year 2018, by type of Oregon-based institution



Source: U.S. Dept of Education, Oregon Office of Economic Analysis

Source: BLS, Urban Institute, Oregon Office of Economic Analysis



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