



# Federal Student Loan Debt Relief for Oregon Students

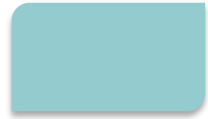
House Committee on Education

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# The Impact of Student Loan Forgiveness on Postsecondary Affordability in Oregon



The scope of the affordability challenge



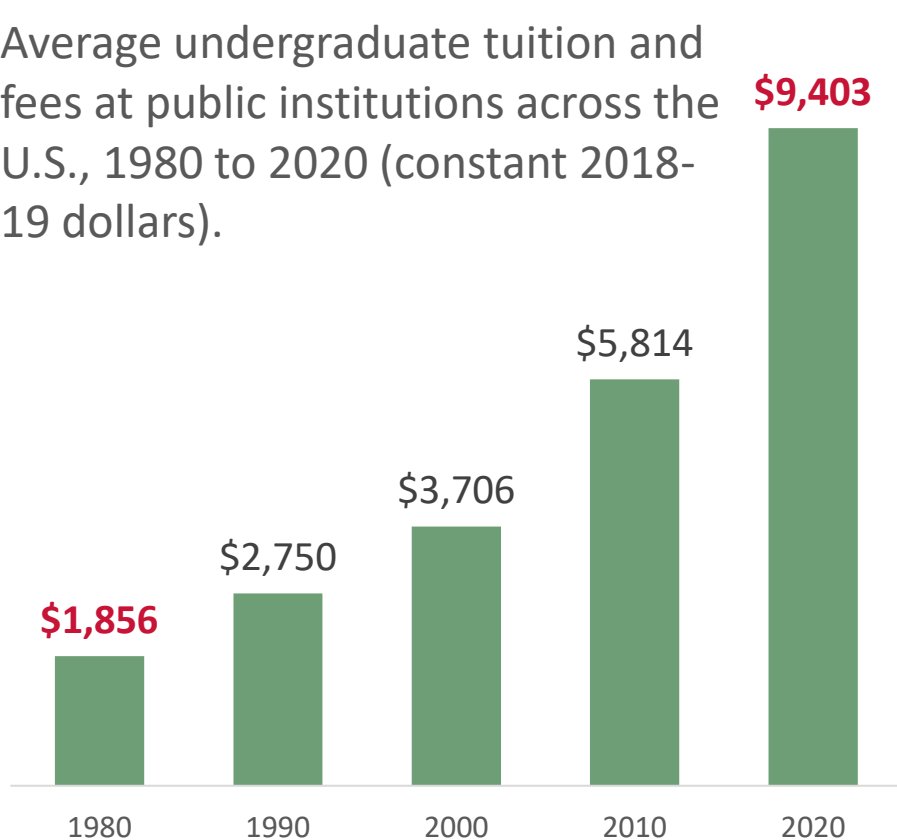
The role of loans



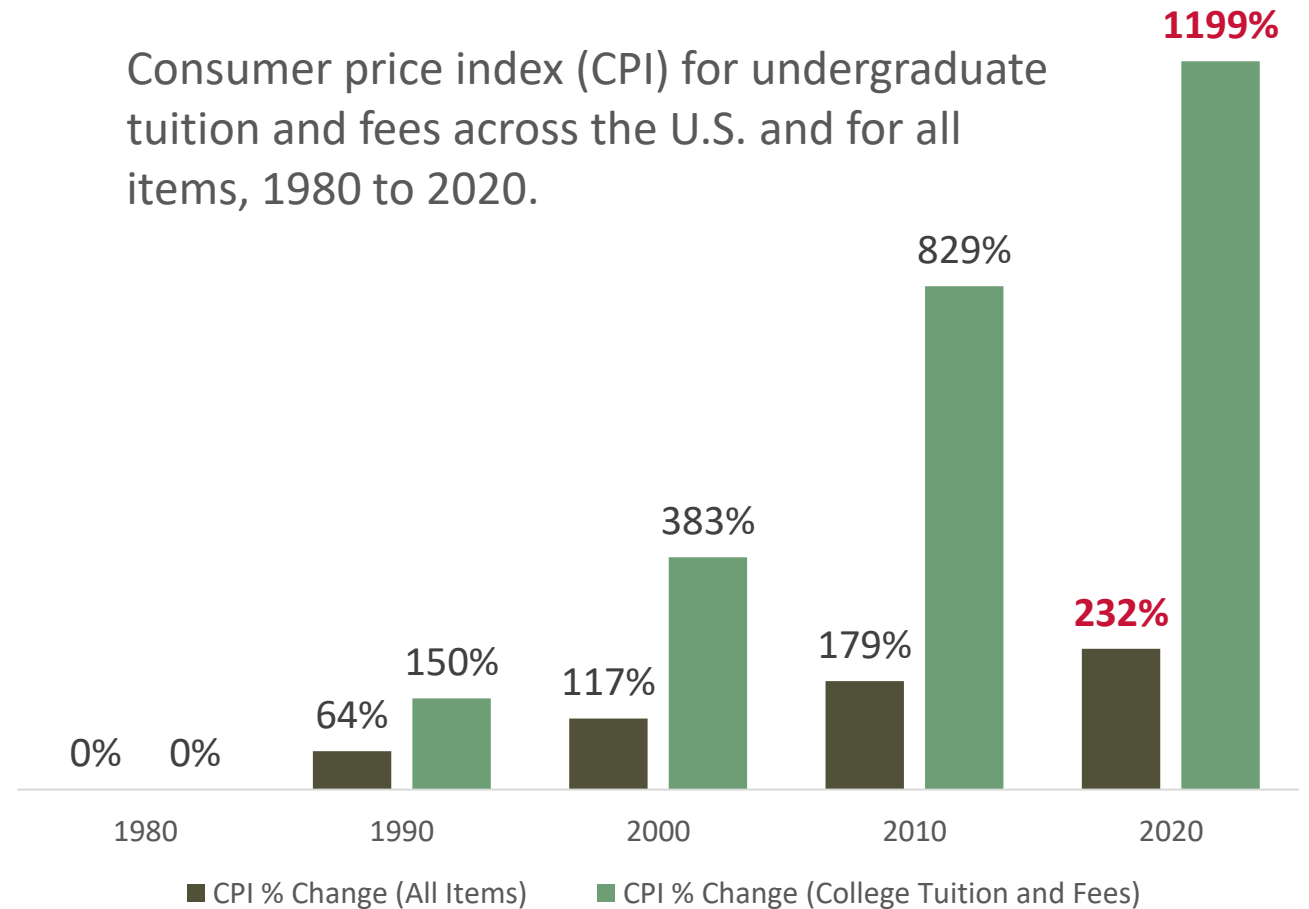
Impacts of the federal One-Time Student Loan Debt Relief Plan

# The Affordability Challenge: Tuition and fees have risen five-fold in the last four decades, and they are not the only cost driver

Average undergraduate tuition and fees at public institutions across the U.S., 1980 to 2020 (constant 2018-19 dollars).



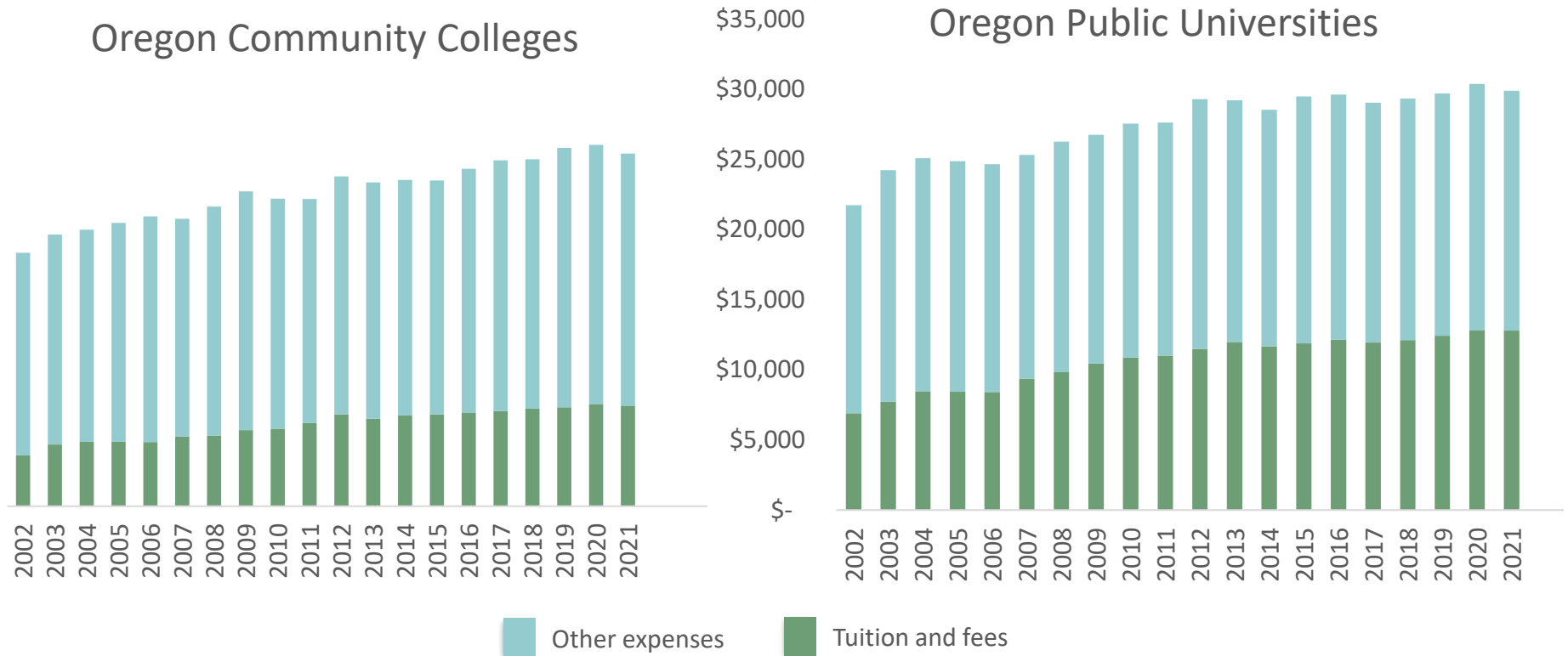
Consumer price index (CPI) for undergraduate tuition and fees across the U.S. and for all items, 1980 to 2020.



# Over the last 20 years in Oregon, the State's investment in postsecondary has cycled down and up, but the cost of attendance has risen 38%

The cost of attendance includes tuition & fees, room & board, books, transportation, and other expenses

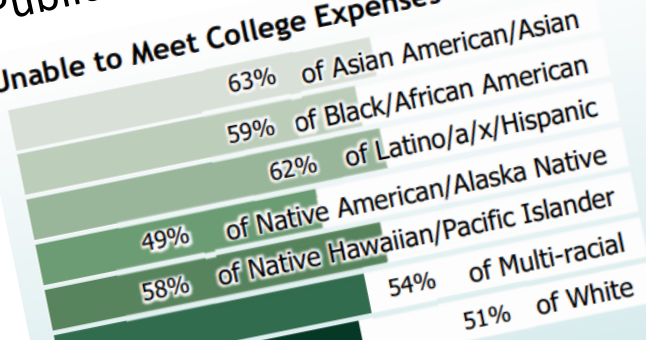
From 2002 to 2021—  
 Community college tuition & fees **↑ 97%**  
 other costs **↑ 25%**  
 Public university tuition & fees **↑ 86%**  
 other costs **↑ 15%**



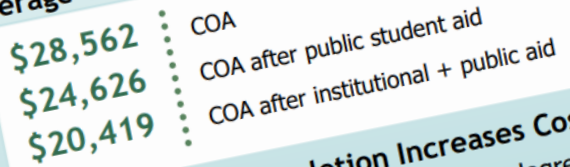
**The result:  
1 in 2 students  
cannot afford the  
cost of attendance at  
a public institution**

### Public University

#### Unable to Meet College Expenses with Expected Resources



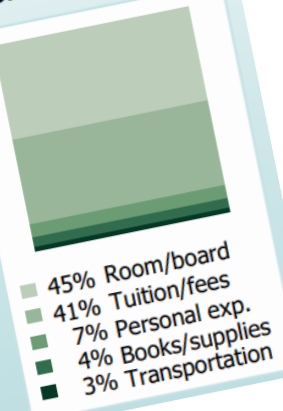
#### Average Cost of Attendance (COA)



**Longer Time to Completion Increases Cost**  
 Associate degree  
 Bachelor's degree

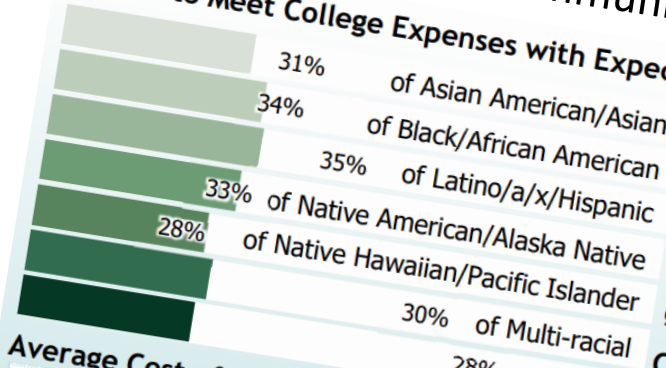
61% of 1st generation  
 49% of Non-1st generation

#### COA Components

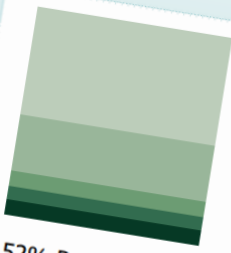


### Community College

#### Unable to Meet College Expenses with Expected Resources



#### COA Components



#### Completion Increases Cost

Associate degree  
 Bachelor's degree

34% of 1st generation  
 26% of Non-1st generation

...even after taking into account public grant aid, most institutional aid, the expected family contribution, and student earnings.

This number is higher for university students than for community college students, but it is remarkably similar across many student groups.

# Loans fill the gap, but they erode the economic return of postsecondary, have long-term impacts, and drive-up inequality



“Most students in Oregon rely on student loans to help pay for their education. The average Oregon student loan borrower owes over **\$36,091** by the time they graduate.

Combined, Oregonians have more than **\$18.9 billion** dollars in student loan debt.”<sup>1</sup>

The average student borrower takes **20 years** to pay off their student loan debt. This limits and prolongs home ownership, having a family, & major purchases.<sup>2</sup>

Debt also reduces the chance that students will graduate from college, limiting their future earning power.<sup>3</sup>

Twenty years after starting college, White borrowers’ median student debt fell to **6 percent**, whereas the median Black borrower still owed **95 percent** of their loan.<sup>4</sup>

Sources: <sup>1</sup>Spotlight: Student Loan Debt - Oregon Department of Justice (state.or.us)

<sup>2</sup><https://www.forbes.com/advisor/student-loans/how-long-to-pay-off-student-loans/>

<sup>3</sup>Herzog, Serge. "Financial aid and college persistence: Do student loans help or hurt?." Research in Higher Education 59.3 (2018): 273-301; Franke, Ray. "Take it, or leave it? Analyzing how unsubsidized federal loans affect six-year degree attainment across income groups." Journal of Student Financial Aid 48.3 (2019): 2.

<sup>4</sup><https://heller.brandeis.edu/news/items/releases/2019/iasp-stalling-dreams-debt.html>

# Oregon students carry significant debt

## Community College

- **24%** have federal loans
- **\$13,081** average debt among all graduates (incl. those with \$0)

## Public University

- **42%** have federal loans
- **\$21,366** average debt among all graduates (incl. those with \$0)
- **\$30,064** average debt load among current students with loans

## Overall

- **31%** have federal loans
- **\$18,882** average debt among all graduates (incl. those with \$0)

**“With student debt numbers this large, it is easy to understand how student loans can easily turn into the obligation of a lifetime.”<sup>1</sup>**

# The federal government's One-Time Student Loan Debt Relief Plan will help

## Eligibility

- Individuals and married couples filing separately with annual incomes below \$125,000 in 2021 or 2020
- Married couples filing jointly and heads of household with annual incomes below \$250,000 in 2021 or 2020

## Benefit

- \$10,000 in debt relief if income-eligible
- \$20,000 in debt relief if income-eligible and had received a Pell Grant

## Eligible Loans

- Undergraduate and Graduate Direct Loans
- Parent PLUS and Grad PLUS Loans
- Federal Family Education Loans
- Consolidated Loans
- Perkins Loans
- Defaulted Loans

The Debt Relief Plan is in addition to the Fresh Start program of April 2022 that allows certain students who are in loan default to receive federal student aid again



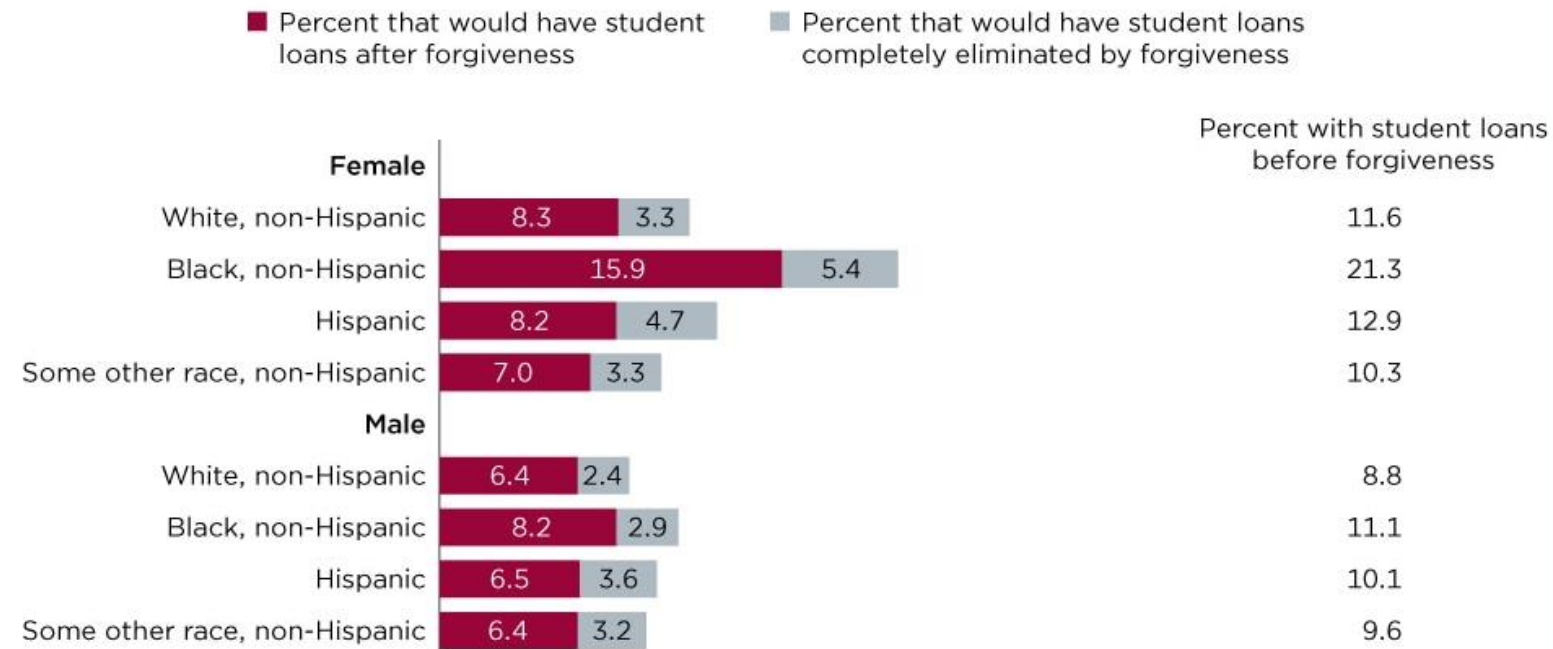
# We anticipate this program will help half a million Oregonians

Nearly 500,000 Oregonians are eligible to have student loans forgiven (federal government)

- **168,000** Oregonians qualify for \$10,000 of relief
- A further **332,000** qualify for \$20,000 of relief

# The Plan will be particularly beneficial for those who earned associate degrees, some persons of color, and women

## Share With Student Debt Before and After Proposed Debt Forgiveness by Race and Sex: 2020



Notes: Adults age 18 or older with at least a high school degree who are currently not enrolled in any school.  
Source: U.S. Census Bureau, 2021 Survey of Income and Program Participation Public Data.

The U.S. Census estimates that **29%** of debt holders will have their entire debt eliminated

- Persons identifying as Latino/a/x/Hispanic would have the biggest declines in debt-holding
- Those with associate degrees tend to have less debt
- Women hold 2/3 of all student debt

The Plan is an acknowledgment of the size of the debt problem, but it will not prevent future debt. What else can Oregon do?

**POP 101: Oregon Tribal Student Grant**

POP 101 will provide ongoing funding for the Oregon Tribal Student Grant so that the program extends beyond one year. Renewal of the program supports equity and access, affordability, and student support goals.

**Cost: \$40.245M GF**

**POP 102: Oregon Opportunity Grant and Promise Expansion**

The Oregon Opportunity Grant Expansion increases access and affordability by increasing base funding to expand current awards, providing tiered awards based on need and sector costs, and making targeted awards to students near completion.

The Promise Expansion removes accelerated learning discount, removes GPA requirements, and allows the award to be used at any eligible Oregon postsecondary institution, including four-year colleges and universities.

**Cost: \$729.4M GF, \$50M LF**

**POPs 103, 104, 105**

**POP 103: ASPIRE/FAFSA**

Expand college readiness program. Establish competitive ASPIRE grants to support underserved communities. Work with partners to increase FAFSA completion. **\$6.66M GF**

**POP 104: Child Care Grant**

Increase number of student parents served. **\$4.2M GF**

**POP 105: Oregon National Guard Education Grants**

SB 101 (2021) changed grants from “last dollar” to “first dollar,” and OMD is proposing expansion to spouses and dependents. **\$4.08M GF**