

Student Loan Debt Relief

OFFICE OF LEGISLATIVE RESEARCH &
OFFICE OF FISCAL ANALYSIS

JANUARY 27, 2022

Overview

- Scope of student loan debt
- COVID-19 and graduate employment rates
- Pre-pandemic loan relief programs
- COVID-19 emergency relief
- Current status of federal loan relief
- Cost/price trends

Scope of Student Loan Debt

- **In Connecticut --**
 - **\$19.3 billion held by 540,900 residents in 2020** (NY Fed.) – nearly the size of the General Fund budget
 - Average debt load: \$35,681 per person
 - 15% of CT population has student debt
 - Total debt up \$2.9 billion (18%) since 2016, even as number of borrowers slightly declined
 - **Average debt for undergrad. class of 2020: \$35,853** (TICAS)
 - 5th-highest among states
- **Nationally, \$1.75 trillion in student loan debt** (St. Louis Fed., Q3 of 2021)

COVID-19 and Graduate Employment Rates

- For 2020 Graduates:
 - 50.2% had full-time jobs with a traditional employer at six months after graduation, down from 55.3% in 2019 (National Association of Colleges and Employers, Dec. 2021)
 - Jan. 2020-Oct. 2020 saw the biggest decrease in graduate labor force participation since the Great Recession (Pew Research Center)
 - 31% of 2020 graduates were still unemployed in Fall 2021, up from 22% in 2019 (Pew Research Center)

COVID-19 and Graduate Employment Rates

Unemployment Rates for Graduates with a Bachelor's Degree

	Sep. 2019	Apr. 2020	Jun. 2020	Sep. 2020	Apr. 2021	Sep. 2021
Recent College Graduates (age 22 to 27)	4.1%	7.5%	13.3%	9.3%	6.3%	5.4%
College Graduates (age 22 to 65)	2.3%	8.5%	8%	5.4%	3.8%	2.9%

Source: U.S. Census Bureau and U.S. Bureau of Labor Statistics, Nov. 2021

Pre-Pandemic Loan Relief Programs

Federal

Title IV of the Higher Education Act (HEA) (P.L. 89-329, as amended)

- Deferment
- Forbearance

Income Driven Repayment (IDR) plans

Targeted loan forgiveness programs

State - CHESLA

Emergency Relief: HEROES ACT

Health and Economic Recovery Omnibus Emergency Solutions Act

- Expanded the payment pause and interest waiver from the CARES Act to include all federal education loans, including
 - FFELP loans not held by the USDE
 - Federal Perkins Loans
- Cancelled or wrote down up to \$10,000 in federal student loans
- Automatically placed borrowers on an administrative forbearance
- Set interest rates to zero

Emergency Relief: CARES Act

Coronavirus Aid, Relief, and Economic Security Act

- Temporarily paused payments and involuntary collections on federally held student loans
- Allocated approximately \$14 billion to the Office of Postsecondary Education as the Higher Education Emergency Relief Fund (HEERF)
 - Became the first round of HEERF Funding

Emergency Relief: HEERF

Higher Education Emergency Relief Fund

- Three rounds of funding (March 2020-March 2021), with third as largest
- Generally, about half of all funding distributed to institutions must be provided to students as grants
 - CT public institutions: \$200.6 million in student grant funds
- Logistics
 - *Not* allowed to automatically apply student funding to balances or debt
 - Students choose how to use
 - Institutions decide how to distribute among students

Current Status of Federal Loan Relief

Recurring Federal Loan Repayment Pause

- Executive Orders announced:
 - August 2020: extend pause until December 31, 2020
 - January 2021: extend pause until September 30, 2021
 - August 2021: extend pause until January 31, 2022
 - December 2021: extend pause until May 1, 2022
- Loan forgiveness and IDR program impact

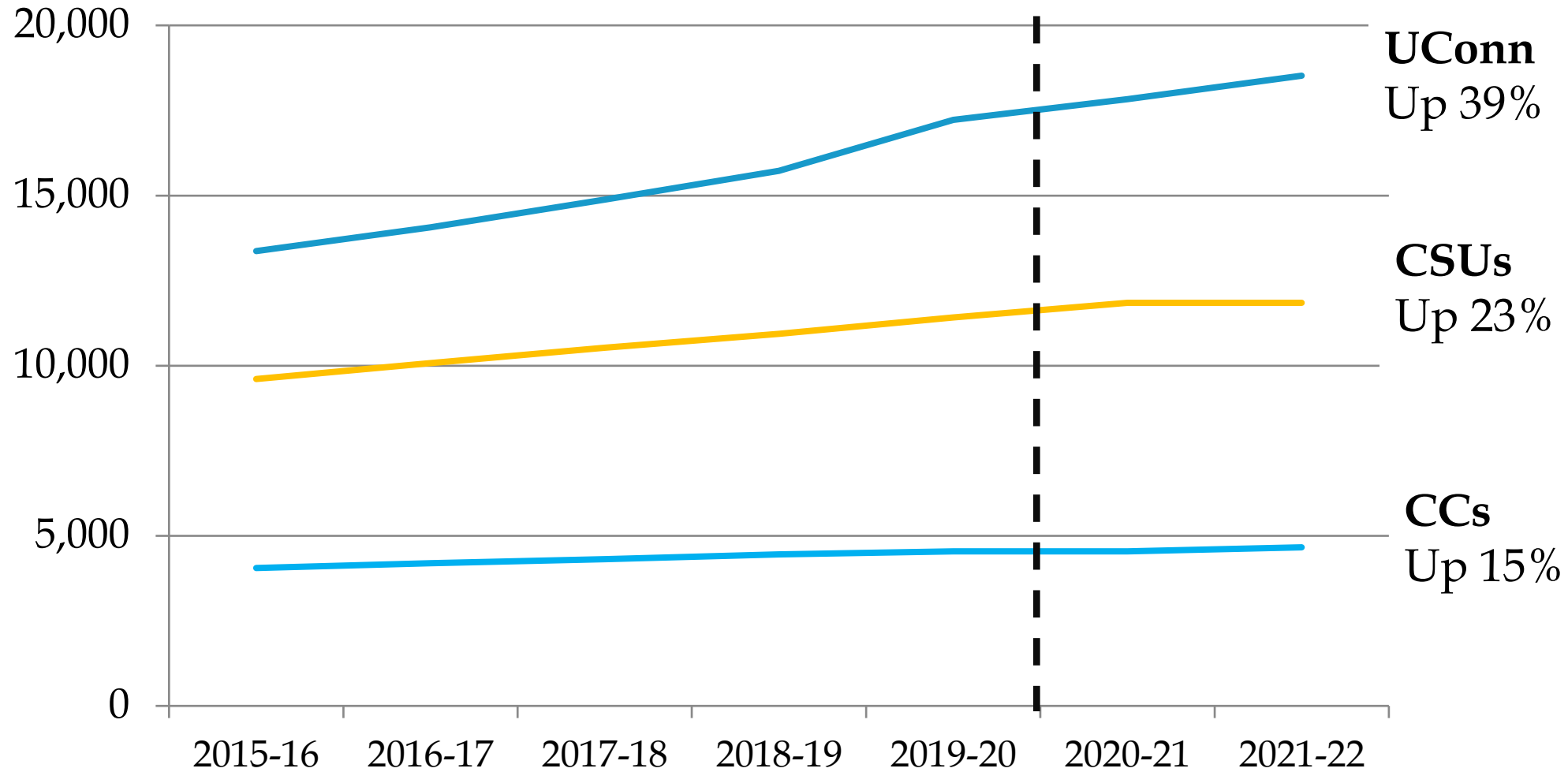
Cost/Price Trends

- Higher costs/prices could be associated with higher loan burdens
- Multiple metrics
 - List prices
 - Net prices
 - Costs: Higher ed inflation (HEPI)

Cost/Price Trends: List Prices

- List prices: Tuition, fees, room, board

Constituent Unit In-State Tuition and Fees, Academic Years 2015-16 Through 2021-22



Cost/Price Trends: Net Prices

- Net price: Actual cost to students, to be paid with money/loans

Costs

(Tuition + Fees +
housing + food +
supplies)

-

Grants and Scholarships

Cost/Price Trends: Net Prices

Average for first-time, full-time in-state undergraduate students from families with income \$0-30k, and who received federal financial aid:

Institution	2015-16	2019-20	% Change
Gateway C.C.	\$5,204	\$6,938	33%
Central CSU	\$13,002	\$12,292	(5%)
UConn-Storrs	\$11,626	\$14,069	21%

Note: Net price calculation includes costs of housing and food, even for community college students.

Cost/Price Trends: Cost Inflation

- Costs for institutions could be one driver of prices
- Have grown ~1.5-3% annually in recent years (Commonfund's HEPI)

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