STATE OF THE UNION

STUDENT DEBT

Susan Dynarski
Figure 1. Student loan defaults spiked among millennials.

Source: Looney and Yannelis tabulation of 4 percent sample of National Student Loan Data System. Note: Cohorts are defined by the fiscal year they entered repayment.
Great Recession

- Terrible labor market
  - More people want to go to college
    - Overflowing, under-resourced public colleges
      - Record enrollment at high-priced, low-return for-profit colleges
        - More financial distress and defaults on student loans
          - More borrowing by at-risk students
            - Higher tuition prices at public colleges
              - States reduce funding to public colleges

Figure 2. Nearly 1.5 million for-profit and community college students entered repayment in 2011, a tripling over a single decade.

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