Reconciling the Rhetoric and Reality of Student Loan Debt

Elizabeth Akers
Brookings Mountain West

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The Rhetoric and Reality of Student Debt

Elizabeth Akers
Brookings Institution
Trends in Published Tuition and Fees, 1964-2013 (2010 Dollars)

Published Tuition and Fees (2010 Dollars)

Source: Digest of Education Statistics 2013, Table 330.10
Trends in Debt over Time, 1989-2013

Source: Akers and Chingos (2014), Survey of Consumer Finances
Notes: Based on households age 20-40 with education debt.
Distribution of Debt, 2010 and 2013

Source: Akers and Chingos (2014), Survey of Consumer Finances
Notes: Based on households age 20-40 with education debt. All amounts are in 2010 dollars.
Average Debt by Educational Attainment, 1989-2013

Source: Akers and Chingos (2014), Survey of Consumer Finances
Notes: Based on households age 20-40 with education debt. All amounts are in 2010 dollars.
Borrowing and Wage Income, 1992-2013

Source: Akers and Chingos (2014), Survey of Consumer Finances

Notes: Based on households age 20-40 with education debt. All amounts are in 2013 dollars.
Monthly Payment-to-Income Ratios, 1992-2013

Source: Akers and Chingos (2014), Survey of Consumer Finances
Notes: Based on households age 20-40 with education debt, wage income of at least $1,000, and that were making positive monthly payments.
Incidence of High Payment-to-Income Ratios, 1992-2013

Source: Akers and Chingos (2014), Survey of Consumer Finances
Notes: Based on households age 20-40 with education debt, wage income of at least $1,000, and that were making positive monthly payments.
Homeownership Rates of Young Households by Education Debt

Source: Akers (2014), Survey of Consumer Finances
Note: Based on households age 28-32
Survey Respondent Estimates Relative to Actual Values, Selective Public University

<table>
<thead>
<tr>
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<th>Responds &quot;I don't know&quot;</th>
<th>Underestimates</th>
<th>Correctly Estimates</th>
<th>Overestimates</th>
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</thead>
<tbody>
<tr>
<td>Net tuition, fees,</td>
<td>7%</td>
<td>25%</td>
<td>52%</td>
<td>17%</td>
</tr>
<tr>
<td>room, and board</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount of debt</td>
<td>16%</td>
<td>19%</td>
<td>38%</td>
<td>28%</td>
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</table>

Percent of Respondents

Source: Authors' calculations using single-institution survey data.
Respondent Estimates of Debt Relative to Actual Values, U.S. Students

<table>
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<tr>
<th>Error Tolerance</th>
<th>Underestimates</th>
<th>Correctly Estimates</th>
<th>Overestimates</th>
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<tbody>
<tr>
<td>Within $500</td>
<td>50%</td>
<td>26%</td>
<td>24%</td>
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<td>Within $1,000</td>
<td>47%</td>
<td>30%</td>
<td>23%</td>
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<tr>
<td>Within 10%</td>
<td>51%</td>
<td>24%</td>
<td>25%</td>
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<tr>
<td>Within 15%</td>
<td>49%</td>
<td>28%</td>
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<tr>
<td>Within 20%</td>
<td>47%</td>
<td>30%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Source: Authors' calculations using NPSAS.