Dēmos

Debt to Society

The Case for Bold, Equitable Student Loan Cancellation and Reform

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About Dēmos

Dēmos is a public policy organization working for an America where we all have an equal say in our democracy and an equal chance in our economy. Our name means "the people." It is the root word of democracy, and it reminds us that in America, the true source of our greatness is the diversity of our people. Our nation's highest challenge is to create a democracy that truly empowers people of all backgrounds, so that we all have a say in setting the policies that shape opportunity and provide for our common future. To help America meet that challenge, Dēmos is working to reduce political, economic and racial inequality, deploying original research, advocacy, litigation, and strategic communications to create the America the people deserve.

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Executive Summary

Americans believe that every qualified student—regardless of their color, gender, or financial situation—should be able to pursue their educational dreams, and that no one should face massive financial pain simply because they decided to get an education. Yet over the past several decades, state and federal policymakers have failed to adequately address the rising cost of college, respond to an increased demand for higher education, or ensure that students' families have adequate resources to save for the future or deal with unexpected financial emergencies. The result, a dramatic rise in student loan debt, has placed unacceptable risk on working-class families and people of color, and has animated debate over how we should recommit to the next generation of college students; whether we should guarantee affordable, tuition-free or debt-free college; and what level and types of investment are necessary to do so.

Our inability to address the rise in student debt is as counterproductive to our economy as it is unfair. Black families must take on more debt for the same degree as white students, and often need to gain several levels of education just to maintain a foothold in the middle class. The burden of student debt reaches deep into communities of color, and increasing evidence suggests that it is hampering the ability to build wealth in the ways Americans have traditionally done. Default and delinquency rates on student loans remain appallingly high. In fact, the percentage of student loans that are 90 or more days delinquent has remained essentially unchanged since 2012, even as unemployment has fallen and the economy has generally improved, and even as the federal government has created repayment plans that allow borrowers to lower their monthly payments in line with their income.

This experiment in debt-financed higher education has benefitted some, and been harmless for others, but has left a trail of financial wreckage for many. It is time for the federal government to seriously consider a comprehensive, equitable policy of student loan cancellation, rather than piecemeal solutions reined in by fear-mongering or phantom concerns about the federal budget.

The way we design student loan relief policies depends on how we view the problem. If one views the system as a failure based on faulty assumptions about the economy or the labor market, it follows that we could cancel all loan debt and finance it through progressive tax measures. On the other hand, if one believes the problem is large but mainly concentrated among a few groups (including borrowers of color, low-balance borrowers who did not complete a degree, graduates in low-wage professions), it is worth considering a set of more targeted, if still bold, solutions. For example, Senator Elizabeth Warren has introduced a policy of up to $50,000 in debt relief for those earning $100,000 and below, and a sliding scale of debt relief for those making up to $250,000.

There is a path toward relief that is race-forward and transformative, and a way to restructure the system such that anyone with debt would be considerably better off than they are under the current confusing, punitive regime. This report makes the case for strong action on student debt relief and discusses several policy options to make student loans less burdensome, more humane, and less complicated.

Selected Findings

It is extremely difficult for borrowers of color to pay off their loan debt. The typical white male borrower has paid off 44 percent of his loan balance 12 years after beginning college, while the typical black female borrower has seen her balance grow by an additional 13 percent. Over half of black male borrowers default on a loan within 12 years of beginning school.

Default is common among older students and borrowers. Nearly half of borrowers who began college between age 24-29 eventually defaulted on a loan. And 37 percent of borrowers who began college in their 30s or later defaulted on a loan, a rate nearly twice as high as students who enrolled at 18.

Education seems to pay off handsomely for white families while providing moderate benefits for families of color. Among households with a bachelor's degree, the typical white family is sitting on nearly $400,000 of net worth, compared to $68,000 for college-educated black households. White households with a high school education or below have substantially more wealth than black college-educated households.

Income-driven student loan repayment is a useful tool, but focusing solely on income as a way to measure financial health is problematic. Middle-income white households, for example, have 4 times the financial assets of black middle-income households, and nearly 9 times the financial assets of Latinx households. And among middle-income households that report having debt of any kind, less than 6 percent of white households report being 2 months late on a loan, compared to over 16 percent of black households and 10 percent of Latinx households.

Summary of Policy Options

Cancel All Debt for Some and Some Debt for All. The Federal Reserve Bank of New York estimates that 31 percent of borrowers with balances of $5,000 or less defaulted on a student loan within 5 years, compared to 20.4 percent of those borrowing between $25,000 - $50,000, and 17.2 percent of those borrowing more than $100,000. A major step in ending the student loan crisis would be to wipe away a portion of all borrowers' loan balance. This strategy would cancel the loan balances of all low-balance borrowers, who are most likely to struggle to repay their loans, and allow them to move on with their lives, while high-balance borrowers and those with graduate school debt would still see some relief.

Cancel All or Most Debt for Families Below a Certain Income. Previous research has indicated that, since college-going and college completion is more common among high-income households across the general population, cancelling every dollar of student loan debt would provide greater immediate benefits to upper-middle-class families. But it is also true that among those who make it to college or graduate school, African-American students are overrepresented among those with $50,000 or more, and $100,000 or more, in debt. Because targeted, or partial, loan forgiveness would still leave many struggling borrowers with substantial debt, another option would be to cancel all, or most, debt but combine it with a tax or surcharge on high-wealth families. Such a policy could also be income-capped. For example, Senator Elizabeth Warren (D-MA) has proposed a debt cancellation policy in which all borrowers making under $100,000 annually would receive up to $50,000 in debt cancellation, with partial forgiveness on a sliding scale for families earning between $100,000 and $250,000.

Forgive a Percentage of Student Loan Principal for Anyone Enrolled in a Means-Tested Public Benefit Program at Least 2 Years after Leaving College. There are obviously some whose investment in their education did not pay off, who must rely on public benefits in order to make ends meet. Among families receiving means-tested assistance (including Supplemental Nutrition Assistance Program (SNAP), housing assistance, Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), or Medicaid), 11.6 percent had a bachelor's degree or higher, and an additional 31.8 percent had at least some college. Families receiving public assistance deserve a shot to feed or house their families without having to worry about paying for an education that has not paid off for them. The government should offer partial or full cancellation of loans for families who have been enrolled in a means-tested benefit program for multiple years. For example, borrowers could receive 20 percent of their original loan principal forgiven for every 2 years they are enrolled in a social safety net program, and if they are enrolled for 5 years, their loan balances would be forgiven.

Make Student Loans Humane: Reform Bankruptcy Laws and Protect Social Security from Debt Collection. In many ways, student debt is a particularly sticky form of debt. Today, individuals seeking to discharge student loans in bankruptcy must satisfy an onerous and ill-defined "undue hardship" standard, effectively making it impossible to discharge loans in some cases and, in others, preventing struggling borrowers from even trying to discharge their debt. Similarly, borrowers with a defaulted loan can see up to 15 percent of their Social Security payment garnished, an outdated threshold that can throw seniors into poverty. Congress should reform and update the bankruptcy laws to ensure the ranks of student borrowers have a chance to achieve a fresh start, and update the law to exempt a far higher portion of Social Security payments from collection.

Improve Public Service Loan Forgiveness. Public Service Loan Forgiveness (PSLF) entices college graduates to enter government service, teaching, nursing, non-profit work, and other sectors. It provides relief for those who enter socially-valuable but modest-paying careers, and offers a lifeline to those with high debt balances. Eligibility for PSLF is relatively complex and opaque, and the Consumer Financial Protection Bureau has noted serious flaws in how loan servicers communicate to borrowers about the program. The design of PSLF also increases the risk of borrowers being stuck with little or nothing after expecting relief following a decade of loan payments. Congress should consider reforming the program to offer incremental forgiveness, in which borrowers see some principal forgiven for every 2 years of public service work, with greater rewards in years 8 to 10 of working in a qualifying profession.

Improve Loan Repayment. The current maze of loan repayment plans, as well as multiple ways to delay payments through forbearance and deferment, make repaying loans difficult for borrowers and increase the chance of servicer errors. One single income-driven plan should be designed in a such a way that borrowers make certain their basic family needs are met before needing to worry about student loans. One proposal, the Affordable Loans for Any Student Act of 2018, would do just that by making sure that income below 250 percent of the federal poverty level is exempt from monthly loan payments, with thresholds being phased out for high-income borrowers.

The Destructive Consequences of Debt-Financed Higher Education

Americans agree that higher education should be available to anyone who wants to follow their dreams, retool their skills, or leverage their talent. This is a long-held notion that stands outside of party or ideology, and it is one that has animated a new debate over how we should recommit to the next generation of college students; whether we should guarantee affordable, tuition-free or debt-free college; and what level and types of investment are necessary to do so. And just as Americans believe that every qualified student—regardless of their color, gender, or financial background—should be able to continue their education in the best way they see fit, Americans also believe that no one should face massive financial pain simply because they decided to get an education.

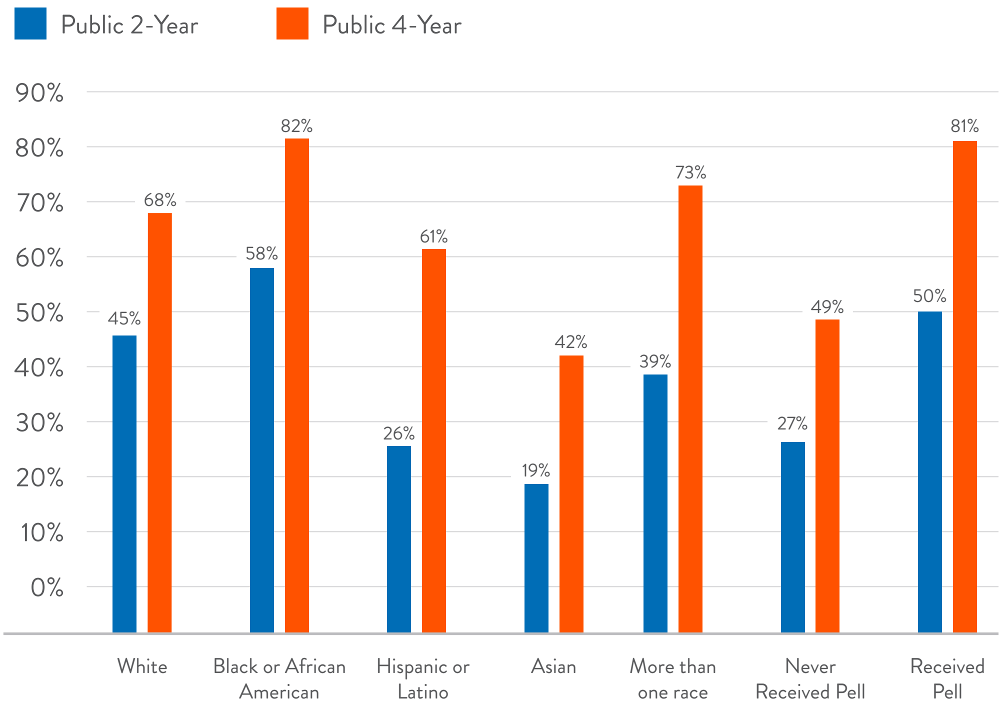
Yet, the way we finance higher education has placed a great deal of risk on the shoulders of students and families, and turned into a personal burden something that has often been thought of as a social good. Today, over 44 million student loan borrowers have more than $1.5 trillion in student loan debt. The sheer amount of debt is a sign that many people will go to great lengths to invest in their dreams or careers, and will pay tremendous sums for a degree that often acts as an insurance policy for achieving a middle-class life. But it is also a sign that we have failed on our commitment to invest in today's students in the same way we invested in previous generations.

Today, large percentages of students must take out loans to finance their education at a 2-year public college, and a majority must take out loans to finance their education at a 4-year public college, as **Figure 1** shows.

When it comes to non-profit 4-year colleges, the portion of students who graduate with debt is even higher. And the rate of students taking on debt soars for those who attend for-profit 4-year colleges, as presented in **Figure 2**.

FIGURE 1.

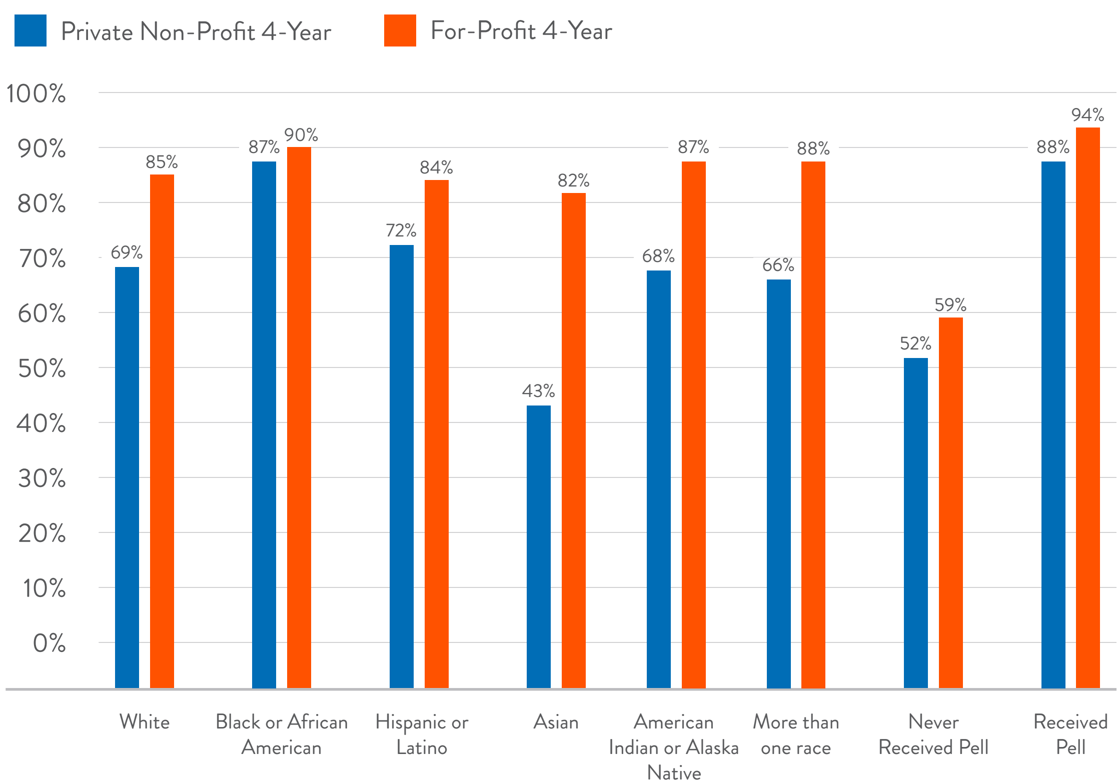
Percent of Public College Graduates with Debt, 2016



Dēmos Calculations from 2015-16 National Postsecondary Student Aid Study (NPSAS:16). Some data on American Indian, as well as Native Hawaiian/Other Pacific Islanders not available due to sample size

FIGURE 2.

Percent of Private College Graduates with Debt, 2016



Dēmos Calculations from 2015-16 National Postsecondary Student Aid Study (NPSAS:16). Some data on American Indian, as well as Native Hawaiian/Other Pacific Islanders not available due to sample size.

For decades—while state budgets for higher education have been slashed, while college prices have risen, while need-based grant or scholarship aid has not kept pace, and while wages for college-educated workers have stagnated or declined—policymakers in Washington and elsewhere have declared that the rise in student debt is not a problem, because loans are the only tool left that allows people to go to school who otherwise would not have the means. This argument, that student debt is either "good debt" or at least mostly harmless, is true for some. But for others, student debt is akin to a family taking out a mortgage on a house in a market where housing values are stagnant or declining, while being told that the debt is good because the family is not homeless.

This view reflects not only a particularly galling lack of imagination, but a vicious cost shift from the public to the individual precisely at a time when the share of students of color attending college has risen. As we have slowly made progress opening the college gates over the past 4 decades, black students are far more likely to borrow than white students and borrow in higher amounts even within the same institutional sector. Students of color are contending with an increasingly expensive higher education system against the backdrop of centuries in which black and brown people have been intentionally shut out of the ability to build wealth and pass it along to future generations. In other words, many students are not just borrowing against their future, but borrowing because of the past.

Today, students of color are presented with a choice: take on thousands of dollars in loans or give up investing in yourself and your skills. But for previous predominately white, predominately wealthy, generations of students, the alternative to student debt was not to avoid college; instead, we created a reality in which prices were low, grant aid was plentiful, and college (when it was not already tuition-free in some states or sectors) could be paid for with a summer job. To say that the alternative to student loans is for students to forego college is a tacit admission that we collectively refuse to maintain our historic levels of investment for the most diverse generation of students in American history.

This disinvestment is a toxic combination in an era of stagnant wages, rising rent, and the increasing cost of child care and other necessities, and the result is that for millions of people, student loans are a crisis. Consider:

- One in 9 borrowers is at least 90 days late on a payment, and nearly 7.2 million Americans with federal loans are in default (failing to make a payment for 270 days).[1]

- Some estimates suggest that almost 4 in 10 borrowers who began college in 2004 will default on their loans by 2023.[2]
- Over 20 percent of black college graduates default, a rate 5 times as high as white bachelor's recipients, and a higher rate than white students who drop out of college with debt.
- Around 75 percent of African-American borrowers who drop out of for-profit schools eventually default on a student loan.[3]

Defaulting on a student loan puts someone at the mercy of often-aggressive loan collectors, can ruin credit and prevent them from getting an apartment or a job, and can wipe away a portion of paychecks, tax refunds, or Social Security payments. Some states have policies that rescind professional licenses for those with unpaid student loans, a counterproductive strategy that puts someone in dire financial straits with few ways to improve their financial future.[4]

New federal data for students who began college in 2003-04 show that black students as well as older students—an increasing portion of the college-going population—default on their loans at alarming rates. As **Figure 3** indicates, nearly half of borrowers who began college between age 24-29 eventually defaulted on a loan. And 37 percent of borrowers who began college in their 30s or later defaulted on a loan, a rate nearly twice as high as those students who enrolled at 18. Over half of black male borrowers default on a loan within 12 years of beginning school.

Even for those who do not face the worst-case scenario of default, student debt can be a serious hindrance. Many borrowers are dutifully making monthly payments on their loans but feel stymied from building wealth. The Federal Reserve estimates that student debt has contributed meaningfully to the decline in young adults owning homes,[5] while Dēmos and others have noted large differences in retirement savings between young debtors and non-debtors.[6] The current Federal Reserve chairman has expressed concerns that student debt could hamper long-term economic growth in ways that are not picked up in current data.[7]

White students who borrow for college have built-in advantages in repaying student loan debt, because they face less discrimination in the labor market and fewer current and historic barriers to wealth-building than students of color. Education, often considered the great equalizer, pays off handsomely for white families while leaving families of color only marginally better off economically. Even among households with a bachelor's degree or higher, the typical white family is sitting on nearly $400,000 of net worth, compared to $68,000 for college-educated black households. White households with a high school education or below have substantially more wealth than black college-educated households, as **Figure 4** illustrates.

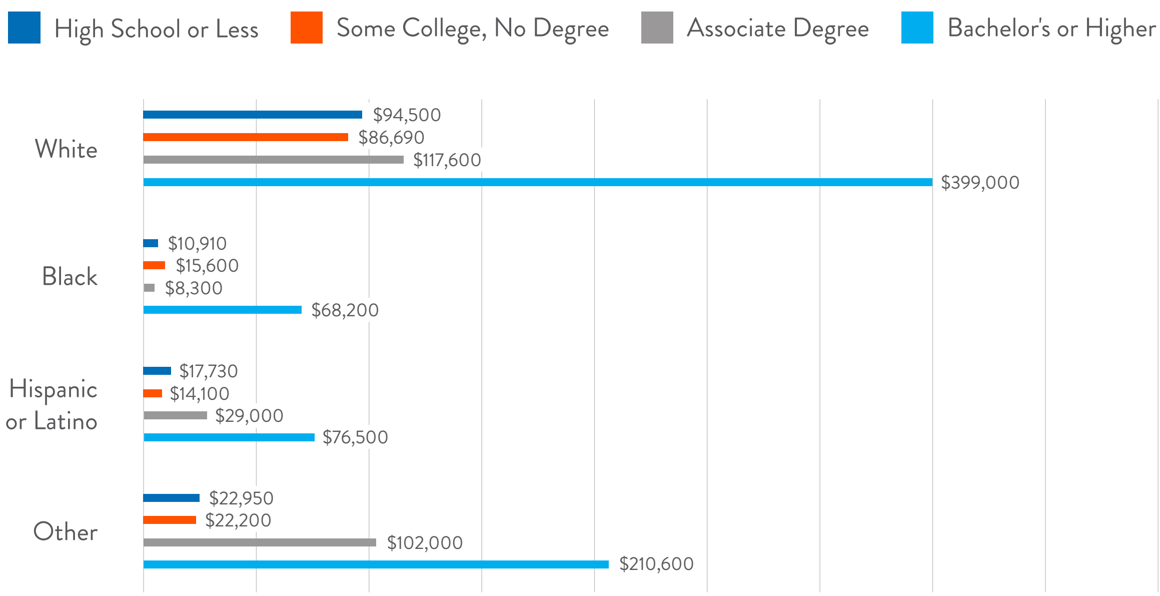
FIGURE 3.

Borrowers of Color and Older Students Experience Default at Alarming Rates

		Percent of borrowers who started college in 2003-04 and defaulted on a loan within 12 years
TOTAL		**28%**
Race/Ethnicity and Gender		
American Indian or Alaska Native	Male	N/A
	Female	45%
Asian	Male	N/A
	Female	12%
Black or African American	Male	55%
	Female	45%
Hispanic or Latino	Male	35%
	Female	35%
White	Male	21%
	Female	20%
More than one race	Male	43%
	Female	37%
Age When Entering College		
18 or younger		21%
19		24%
20-23		41%
24-29		48%
30 or older		37%

Source: Calculations from U.S. Department of Education, National Center for Education Statistics, 2003-04 Beginning Postsecondary Students Longitudinal Study, Second Follow-up (BPS:04/09). Data unavailable for Pacific Islander/Hawaiian borrowers or Asian male borrowers due to sample size or unstable estimates.

FIGURE 4.
Median Net Worth by Race and Education Level, 2016



Source: 2016 Survey of Consumer Finances.

Volumes have been written about the historic and modern causes of our unconscionable racial wealth gap, but undergraduate student debt may be making it worse. Consider: 41 percent of white college-educated families get an inheritance (or one-time gift) of $10,000 or more,[8] making debt an afterthought or wiped away with one stroke. Only 13 percent of black families can say the same. Meanwhile, black people are more likely to financially help older family members, preventing wealth accumulation and leaving them more financially vulnerable. Employers persist in discriminating against black workers in hiring,[9] in assigning more precarious employment prospects to black workers than to white workers,[10] and in requiring more education of black workers for the same job as white workers.[11]

With these added obstacles, and with a greater need to borrow in the first place, it is extremely difficult for borrowers of color to pay off their loan debt, as **Figure 5** shows. The typical white male borrower has paid off 44 percent of his loan balance 12 years after beginning college. The average black female, meanwhile, owes 13 percent more than she had originally borrowed for school due to expanding interest. In the same 12 years, white and Latino female borrowers pay off substantially lower portions of their loan balances, and students who enter college after age 19 have made almost no progress paying off their loans. The latter is particularly concerning, as adult students have a smaller time window to pay off loans, may be considering saving for a child's education, and are seemingly unable to shake their debt burden even as they enter their prime earning years.

FIGURE 5.

Borrowers of Color, Older Students, and Women are Unable to Make a Dent in Their Loan Balances

		Median Ratio of Original Balance Still Owed on Federal Loans, 12 Years after Beginning College
TOTAL		**80%**
Race/Ethnicity and Gender		
American Indian or Alaska Native	Male	N/A
	Female	98%
Asian	Male	45%
	Female	47%
Black or African American	Male	111%
	Female	113%
Hispanic or Latino	Male	79%
	Female	86%
White	Male	56%
	Female	72%
More than one race	Male	76%
	Female	80%
Age When Entering College		
18 or younger		74%
19		73%
20-23		95%
24-29		99%
30 or older		97%

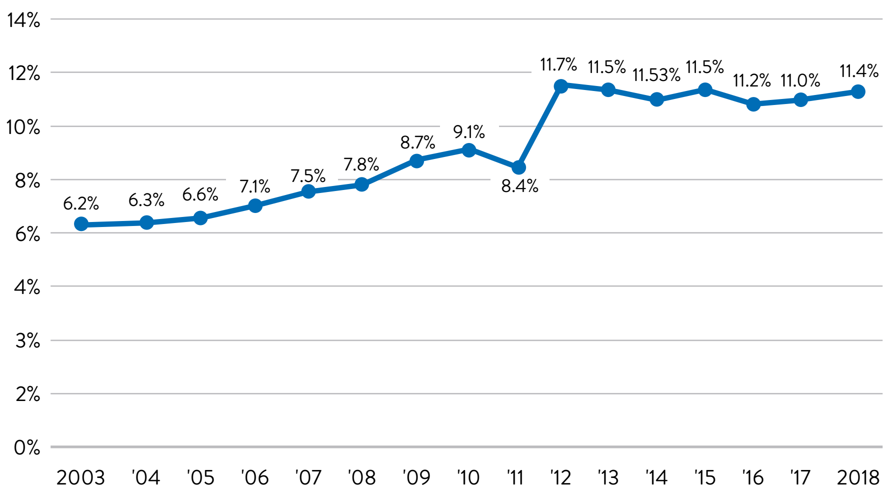
Source: Calculations from Source: U.S. Department of Education, National Center for Education Statistics, 2003-04 Beginning Postsecondary Students Longitudinal Study, Second Follow-up (BPS:04/09). Data unavailable for Pacific Islander/Hawaiian borrowers or American Indian or Asian male borrowers due to sample size or unstable estimates. Ratios include those who have fully paid off federal loans.

Our Current Loan Repayment Scheme Disadvantages Middle-Class Families of Color

As with loan defaults, loan delinquencies remain stubbornly high. Delinquency can be best thought of as "pre-default," a worrying situation in which borrowers miss a few months of loan repayment but have not yet faced the dire consequences that default can bring. It is disturbing, then, that the percentage of student loans that are 90 or more days delinquent has remained essentially unchanged since 2012, even as unemployment has fallen and the economy has generally improved. (See **Figure 6**.)

FIGURE 6.

Student Loan Delinquencies are Persistently High, Despite an Improving Economy



Source: Federal Reserve Bank of New York

It is also concerning that defaults and delinquencies are so high even after the federal government— under both the Bush and Obama administrations—created repayment plans that allow borrowers to lower their monthly payments in line with their income, known as Income-Driven Repayment (IDR). The idea behind IDR plans is that borrowers should never face loan payments that are out of line with their earnings, thus reducing the chance that someone will miss payments or default. In addition, IDR plans typically have a 20- or 25-year repayment window, after which loan balances are forgiven.

Indeed, a world without IDR would likely see even higher loan defaults and delinquencies. IDR is a sensible, bipartisan policy that can help keep monthly payments manageable, and Congress and the Department of Education should continue efforts to enroll more borrowers. But it is safe to say that, to date, these programs have not been the silver bullet that many had hoped. IDR's potential has almost certainly been stunted by its complexity. For one, the federal government has multiple income-driven plans, and borrowers must re-certify their income annually to keep payments aligned with their earnings. While some may know about income-driven plans and be able to navigate the process of enrolling in a plan and re-certifying, those borrowers whose income fluctuates throughout the year may still struggle to make payments. Second, loan servicers can provide poor information or customer service, or otherwise make it difficult for students who are attempting to enroll in or recertify their income for IDR plans.[12] Third, borrowers may be making low monthly payments and, as discussed above, see their balance grow considerably. This means they do not show up in default or delinquency figures but can live with the psychological burden that their debt is unpayable, that they will have to wait decades to be free of it, and that they cannot buy a home, save, or start a family.

An underrated reason why IDR is insufficient, though, is the fact that by definition, IDR is income-driven and assumes a world in which borrowers with similar incomes have similar financial wherewithal. This is not the case, as **Figure 7** shows. The typical white household earning between $24,000 and $120,000 annually,[i] for example, has 3 times the financial assets[ii] of black households, and over 6 times the financial assets of Latinx households in the same income range.

A manageable monthly payment for a household with greater assets may still be burdensome for a different household, as **Figure 8** illustrates. Indeed, according to the Department of Education's Repayment Estimator,[13] a borrower with a typical household income (around $50,000) and a typical student loan balance ($30,000, around the average for a bachelor's degree recipient), would owe $265 monthly under the Revised Pay As You Earn (REPAYE) plan, an IDR plan available to all federal loan borrowers. That $265 per month, or $3,180 per year, amounts to just over one-tenth of the typical middle-income white family's financial assets. But it represents over a third of the median financial assets for middle-class black households, and nearly three quarters of the typical middle-income Latinx household's financial wealth.

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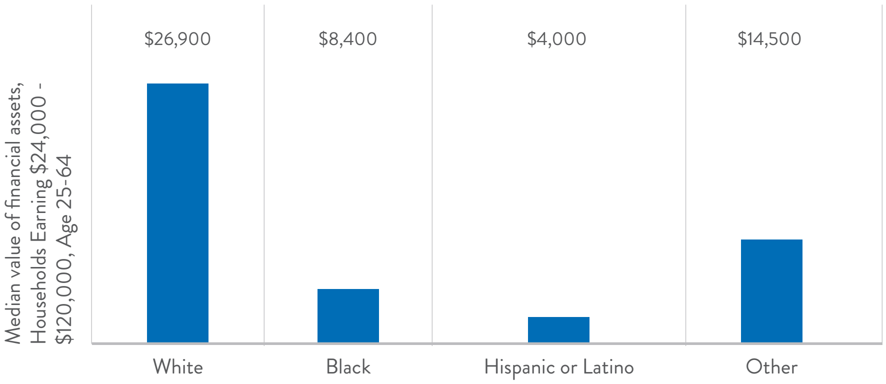
i. Calculations include households in which the head of household is between 25-64 years old. The income range corresponds roughly with parameters of those in the 2nd through 4th income quintiles in 2016 ($24,002 - $121,018), according to the U.S. Census Bureau, Table H-1.

ii. The Survey of Consumer Finances defines "financial assets" as all liquid assets including checking or savings accounts, certificates of deposit, directly-held pooled investment funds, stocks, bonds, quasi-liquid assets like retirement savings, savings bonds, and whole life insurance.

FIGURE 7.

Middle-Income White Households Have Substantially More Financial Assets



Source: 2016 Survey of Consumer Finances.

FIGURE 8.

Under Income-Driven Repayment Plans, Borrowers with Similar Incomes Face Very Different Loan Burdens

	Borrowers Earning $50,000			
Race	**Monthly Payment under Revised Pay As You Earn (REPAYE)**	**Annual Student Loan Payments**	**Median Financial Assets**	**Annual Loan Payments as Percent of Financial Assets**
White	$265	$3,180	$26,900	11.8%
Black			$8,400	37.9%
Latinx			$4,000	79.5%

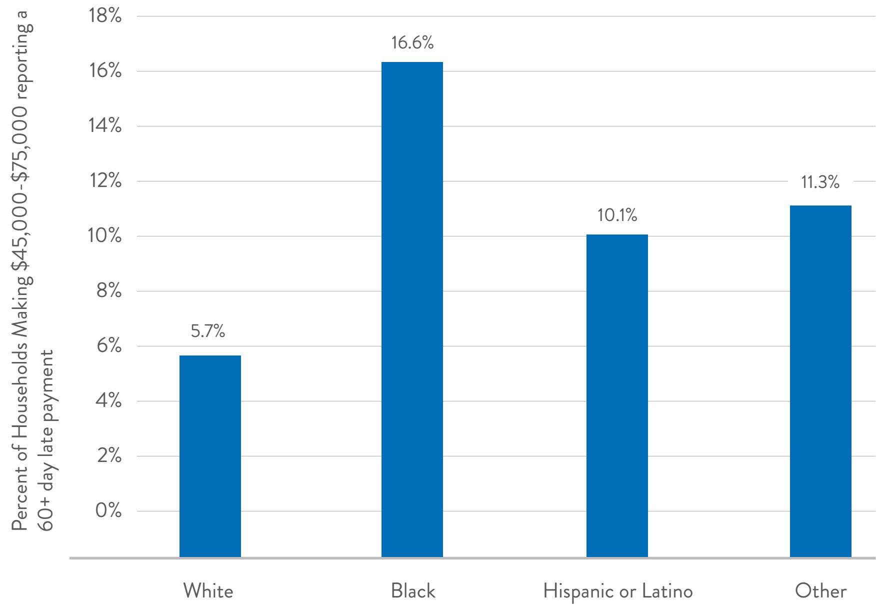
Calculations from the U.S. Department of Education's Repayment Estimator and the 2016 Survey of Consumer Finances. Middle Income Households defined as those roughly in the 2nd through 4th quintiles of income in 2016 (earning between $24,000 and $120,000)

Aligning loan repayment with income is helpful, but one can imagine the burden of annual student loan payments that make half, or more, what a family has in their total savings. It also gives insight into why families in the very middle of the income distribution have vastly different odds of reporting a debt payment at least 60 days late, as illustrated in **Figure 9**.[iii]

iii. This includes families who earned between $45,000 and $75,000 annually in 2016. This roughly corresponds with the 3rd income quintile in 2016 ($45,600 - $74,869), according to the U.S. Census Bureau, Table H-1.

FIGURE 9.

Middle-Income Families of Color are Far More Likely to Report a Late Debt Payment



Source: 2016 Survey of Consumer Finances.

Among middle-income households that report having debt of any kind, less than 6 percent of white households report being 2 months late on a loan, compared to over 16 percent of black households and 10 percent of Latinx households. This indicates that as we continue to look for ways to make student loans more manageable, looking at income alone is less likely to put everyone on a level playing field.

An Equity-Focused Debt Relief Agenda

Over the past few years, there has been a robust conversation about alleviating the burden of student debt—either by taking steps to make college tuition-free or by guaranteeing that no one needs to take on debt at public 2- or 4-year colleges. Reinvesting in today's students is a vital national project, but we also must create an agenda that helps already-struggling borrowers and provides relief to as many of these 44 million borrowers as we can.

There is now a serious national conversation around simply cancelling all student loan debt, with evidence to suggest that doing so would be a far better use of resources than policies like large tax cuts aimed at high-income households.[14] We should take seriously the potential benefits of mass debt cancellation on things like homebuying or retirement savings. Indeed, new research suggests that cancelling the student loan debt of struggling borrowers has positive effects on income, mobility in the labor market, and chances of returning to school.[15]

But it is equally valid to think of debt relief as a corrective for decades of policy that has been built on an incorrect diagnosis of what ailed American workers. In particular, increasing student debt has been justified on a few flimsy notions. The first is that America suffered from a so-called "skills gap" or "skills mismatch." This theory, prominent in the Great Recession, claimed that good jobs were plentiful for Americans if only they committed to gaining more skills or content expertise. Recent research convincingly debunks the idea that American workers simply didn't have the right skills, but rather that employers became pickier and demanded more education for the same jobs (particularly during periods of high unemployment),[16] and that employer power, rather than a lack of skills or talent among workers, has been suppressing wages.[17]

Similarly, justifications for the status quo hinge on the fact that earnings for college-educated workers are higher than for those who do not go to college. But often, discussion of the so-called "college wage premium" omits the fact that college graduate wages have not been rising. Rather, the gap between college- and non-college educated workers is due almost entirely to the fact that wages for those without college have declined steeply.[18] Thus, an education financed by student debt is not making life better for workers; rather, it is a necessary evil that prevents life from getting worse.

This is an important discussion to have, because the way we design student loan relief policies depends on how we view the problem. If one views the system as a moral failure based on faulty assumptions, it follows that we could cancel all loan debt and find progressive ways to finance it. On the other hand, if one believes the problem is large but mainly concentrated among a few groups (including borrowers of color, low-balance borrowers who did not complete a degree, graduates in low-wage professions), it is worth considering a set of more targeted solutions. Regardless, there is a path toward debt relief that is bold yet equitable, and a way to transform the system such that anyone with debt is considerably better off than they are under the current confusing, punitive regime. As policymakers and candidates push for promising solutions to make college affordable, it is imperative that we correct the mistakes and policy failures of the previous generation. Below are some policy options that aim to do so.

Policy 1. Cancel All Debt for Some and Some Debt for All

Student loans work differently from some other forms of consumer debt, in that the borrowers most likely to default on a student loan tend to be those with lower balances. The Federal Reserve Bank of New York estimates that 31 percent of borrowers with balances of $5,000 or less defaulted on a student loan within 5 years, compared to 20.4 percent those borrowing between $25,000 - $50,000, and 17.2 percent of those borrowing more than $100,000.[19] Given that dependent undergraduate students are only entitled to a total of $31,000 in federal student loans, and independent undergraduates are limited to $57,500 in total federal borrowing, those taking on 6-figure debts are more likely to have gone onto graduate-level education programs. The high default rates of low-balance borrowers, on the other hand, almost certainly reflects that those most likely to struggle are students who take on some debt for college but do not complete a degree.

To be sure, the fact that 17.2 percent of high-balance borrowers experience default should be of grave concern to policymakers and should suggest that the loan crisis will not be solved by simply improving college completion rates. High-balance borrowers, even those who have completed graduate school, are vulnerable because of their student debt. For example, around half of all black students pursuing doctoral study are enrolled in for-profit colleges, with an average debt of over $128,000.[20] Previous research shows that for-profit graduate school borrowing is a key contributor to a widening debt gap by race,[21] and for-profit institutions have far higher rates of loan distress and default than other institutions.[22] Further, completion and loan debt are not mutually exclusive—students cite high costs and debt as a reason for not completing a degree in the first place.

A major step in ending the student loan crisis would be to wipe away a portion of all borrowers' loan balance. This strategy would cancel the loan balances of all low-balance borrowers, who are most likely to struggle, and allow them to move on with their lives. High-balance borrowers would see some relief: An average bachelor's recipient would see around a third of their student loans cancelled, and community college graduates—a population that until recently rarely had to borrow—could see over half of their debt cancelled immediately.

Such a student loan jubilee would change the lives of millions of people, as **Figure 10** illustrates, all while eliminating a serious financial hardship—the threat of default—from those most likely to struggle. For example, forgiving $5,000 of everyone's balance would eliminate the student debt for 8.5 million borrowers, nearly 1 in 5 of all student debtors, while also providing some benefit to all 44 million student-loan borrowers. Forgiving $10,000 of everyone's debt would wipe out the debt of over 16 million borrowers, a third of the total borrowing population. Forgiving $20,000 would give total relief to over half of all borrowers, with over three-quarters of borrowers seeing at least half of their balance wiped away.

FIGURE 10.

Forgiving Some Debt for All, and All Debt for Some, Would Help Millions

Student Debt Jubilee Amount	Number of Federal Borrowers Seeing Loans Completely Cancelled	Percent of Federal Borrowers Seeing Loans Completely Cancelled	Number of Federal Borrowers with at Least Half of Their Loans Cancelled	Percent of Federal Borrowers with at Least Half of Loans Cancelled	Total Loan Dollars Cancelled
$5,000	8.5 million	18.8%	16.1 million	35.5%	$206 billion
$10,000	16.1 million	35.5%	25.4 million	56.1%	$370 billion
$20,000	25.4 million	56.1%	34.9 million	77.0%	$612 billion

Calculations from Federal Student Aid Data Center, Federal Student Loan Portfolio, 2018 Q4.

This policy, particularly if paired with a new guarantee that all students have a pathway to higher education free of debt, would return us to a system that once existed, in which student debt was a much smaller piece of the economy and was taken on as a choice rather than a necessity. The universality of such a guarantee would not carry the complexity of a means-tested relief program, and as it would benefit borrowers of all income levels, could create durable political support. Borrowers who do not see balances completely forgiven would still have the benefit of paying less interest over the life of their loan. And unlike other universal programs,[iv] such a targeted-universalist student loan benefit for all borrowers would disproportionately help low-income and working-class borrowers, particularly those who dropped out of college.

There are implementation hurdles to consider with partial forgiveness, but none are particularly complex. For federal student loans, the Department of Education could either work with loan servicers to cancel loan balances or simply implement the program itself by contacting all borrowers about their rebate using the National Student Loan Data System. If borrowers have more than one type of federal loan, servicers could be instructed to automatically forgive loans with the highest interest rate first, with borrowers being given the option to opt into a different loan being forgiven if they so chose.

It could also conceivably be implemented at tax time, since currently borrowers receive a 1098-E form from their lender or loan servicer that allows them the option of deducting student loan interest. Implementing a student loan jubilee at tax time would allow low-income borrowers to boost the amount they may already be receiving through the Earned Income Tax Credit, Child Tax Credit, or other tax incentive. Doing so would require a simple change to the 1098-E form that requires lenders to report both principal and interest (rather than interest alone), similar to the 1098 form for mortgage interest.

WHO IT HELPS This policy helps all borrowers, particularly undergraduate borrowers, community college graduates, and those with low balances and high likelihood of default.

iv. For example, there is some debate as to the progressivity of some tuition-free college programs, because most are designed only to cover any tuition that is not already covered by need-based grant aid. Since low-income students can have tuition already completely covered by Pell Grants, they do not see much, if any, new financial benefits, while students who do not receive need-based grant aid have *tuition* wiped away. But since low-income students still face high non-tuition costs, particularly relative to their income, and a much greater need to borrow, some have called for more targeted aid that could cover a large portion of their non-tuition costs, before creating programs that subsidize tuition costs for higher-income students.

Policy 2. Cancel Most or All Student Debt, Funded Through a Wealth Tax

On its own, cancelling every dollar of student loan debt would provide greater immediate benefits to high-income, highly-educated individuals. Previous research by Dēmos and the Institute on Assets and Social Policy shows that a policy of student loan cancellation should be taken seriously, but should be done surgically if we do not want to exacerbate the racial wealth gap.[23] Our research found that forgiving all student debt would provide greater benefit to white households, but a policy that forgives debt among families making below $50,000 would narrow the racial wealth gap. While students of color borrow more often and must borrow more for the same degree as white students, white students are still more likely to have gone to and graduated from college or graduate school; they may have high graduate school loan balances even as they also have high incomes and family wealth.

Since cancelling every dollar of loan debt would provide no benefit to those who did not go to college at all, white families would disproportionately benefit. But it is also true that of those who make it to college or graduate school, black students are overrepresented among students with $50,000 or more in debt. Black students made up around 14 percent of all students entering college, but constitute more than 27 percent of those with $50,000 in debt, and nearly 22 percent of those with over $100,000. **Figure 11** shows the overrepresentation of black students in the ranks of those with large student loan debts.

FIGURE 11.

Black Students are Overrepresented Among Those with Large Debts 12 Years after Starting College

	White	Black or African American	Hispanic or Latino	Asian
Percentage of all students beginning college in 2004	61.5%	13.8%	14.9%	4.7%
12 Years after beginning college				
Percentage of those with no debt	67.8%	7.9%	14.4%	5.4%
Percentage of borrowers with over $50,000 in debt	53%	27.5%	9.4%	4.0%
Percentage of borrowers with over $100,000 in debt	56.5%	21.8%	8.9%	7.2%

Source: U.S. Department of Education, National Center for Education Statistics, 2003-04 Beginning Postsecondary Students Longitudinal Study, Second Follow-up (BPS:04/09). Data for American Indian, Native Hawaiian, and other students not available due to standard error and sample size issues.

Thus, there is a population of black borrowers who would still have sizeable debt even if the federal government chose a targeted option of forgiving a portion of everyone's debt, or if forgiveness options only focused on undergraduate debt. And certainly, one could design policy in a few ways to prevent student debt cancellation from growing the wealth gap. One way would be to target forgiveness among low-income and low-wealth households. Another would be to cancel all debt but combine it with a tax or surcharge on high-wealth families.

For example, Senator Elizabeth Warren (D-MA) has proposed a debt cancellation policy in which all borrowers making under $100,000 annually would receive up to $50,000 in debt cancellation, with partial forgiveness on a sliding scale for families earning between $100,000 and $250,000.[24] Economists and experts on the racial wealth gap Tom Shapiro, Raphaël Charron-Chénier, Louise Seamster, and Laura Sullivan estimate that such a plan would wipe away all debt for three-quarters of borrowing households, including 80 and 83 percent of black and Latinx households, and would narrow the racial wealth gap.[25] Senator Warren has also proposed a new tax on extremely wealthy households that includes a 2 percent rate on fortunes worth more than $50 million and a 3 percent rate on fortunes worth $1 billion. Economists Emmanuel Saez and Gabriel Zucman estimate that such a tax would raise $2.75 trillion over 10 years, enough to eliminate all student loan debt nearly twice over.[26]

The advantage of such a policy lies in its relative simplicity, and it is closest in line with the notion that our student debt system has been a moral failing. Instead of borrowers proving their income or following up with loan servicers to ensure that the right amount was forgiven from their loans, it would essentially be a reset button on our system of higher education finance, and would require fewer levels of bureaucracy. It could be easily communicated to anyone with student debt and paid for in a way that claws back some of the benefit to those at the very top.

WHO IT HELPS This policy helps nearly all borrowers, and would particularly help borrowers of color with high undergraduate and graduate school balances.

Policy 3. Forgive a Percentage of Student Loan Principal for Anyone Enrolled in a Means-Tested Public Benefit Program at Least 2 Years After Leaving College

The federal student loan program is predicated on the notion that college has many individual benefits, which make fronting the cost for students a good investment for both the borrower and the government. And indeed, those who have gone to college have much lower likelihood of participating in social safety net programs that help low-income families.[27] In fact, advocates of greater investment in higher education often argue that more college-educated households will result in lower spending on public services like SNAP and TANF, since higher education is correlated with higher incomes and greater likelihood of employment.

But there are obviously some whose investment in themselves did not pay off, who must rely on public benefits in order to make ends meet. Among families receiving means-tested assistance (including SNAP, housing assistance, TANF, Medicaid, or SSI), 11.6 percent had a bachelor's degree or higher, and an additional 31.8 percent had at least some college.[28] No doubt, many of these families have student loans, whether they started but did not complete college, attended an institution or program that provided little value, or faced weak employment opportunities due to macroeconomic trends entirely out of their control.

Families receiving public assistance deserve a shot to feed or house their families without having to worry about paying for an education that has not paid off for them. What sense is there in asking these families to carry with them a student loan burden that further distresses their finances and may end in a default or ruin their credit?

Indeed, our financial aid system is designed to ensure that those receiving public assistance have their unmet financial need covered. Those filling out the FAFSA in order to receive federal financial aid are determined to have an Expected Family Contribution (EFC) of zero if anyone in their household received SSI, SNAP, TANF, Free and Reduced Price School Lunch, or the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) in the previous year. In other words, we expect that families receiving public assistance do not have the resources to save or pay for college. Obviously, many of these families end up with loans anyway, a sign that we are not providing nearly enough aid to working-class students on the front end. We should forgive loans on the back end for families that meet these same criteria.

Currently, borrowers can apply for an economic hardship deferment and postpone student loan payments for up to 3 years (though they must reapply every 6 months) while they are enrolled in a means-tested public benefit program. And while interest does not accrue on certain loans such as Direct Subsidized Loans, delaying payments under deferment can often mean borrowers see their balances balloon at the exact point they are struggling financially.

The government should go further and offer partial or full cancellation of loans for families who have been enrolled in a means-tested benefit program for multiple years. For example, borrowers could receive 20 percent of their original loan principal forgiven for every 2 years they are enrolled in a social safety net program, and if they are enrolled for 5 years, loan balances could be forgiven. It would, by definition, be a policy targeted at struggling households, and could have the added benefit of ensuring families who are entitled to public assistance stay continuously enrolled for as long as they are eligible.

While many of these borrowers could have incomes low enough to make low (even $0) monthly payments under an income-driven repayment plan, or qualify for a deferment or forbearance, a forgiveness policy would allow borrowers to actually see balances decrease, rather than watching them more than double over a several-year period. Independent of debt cancellation, the Department of Education could do more to require servicers to make an effort to enroll all borrowers receiving benefits from any social safety net program in a repayment plan, like IDR, that is most beneficial for them.

Cancelling debt for borrowers who use means-tested programs would also provide many people with a fresh start. Currently, borrowers who have a bad experience with higher education (particularly those who end up with unpayable debt) may feel disinclined to return to school later, whether to retool skills, learn a trade, or follow a new academic path. Some students cite going into further debt as a reason for not returning to school,[29] suggesting that cancelling some borrowers' debts would help them achieve their dreams.

The implementation of such a policy is crucial to its effectiveness. Families eligible for public assistance must navigate a maze of eligibility requirements and an often-unfriendly bureaucracy. In addition, some states are far stingier with eligibility requirements for public assistance, leaving potential beneficiaries with a lower chance of having their loans forgiven. The policy's effectiveness would hinge on coordination between the Department of Education, loan servicers, and state agencies that administer various assistance programs, and there should be protections embedded in any loan cancellation policy to ensure that borrowers in states with restrictive social safety nets or punitive eligibility requirements for programs like TANF, Medicaid, or the Children's Health Insurance Program (CHIP) could still conceivably benefit.

WHO IT HELPS This policy would be targeted at low-income borrowers who are eligible for public assistance, regardless of their debt amount, and would provide long-term capacity to build wealth for those who graduate or leave school during economic downturns.

Policy 4. Make Student Loans Humane: Reform Bankruptcy Laws and Protect Social Security from Debt Collection

In many ways, student debt is a particularly sticky form of debt. But it was not always this way. Prior to 1976, struggling borrowers could use the bankruptcy process to relieve their student debts, whether private or federal, just like any other unpayable debt. But Congress made a series of changes to the bankruptcy code in the 1970s and again in 2005, resulting in student debt being treated far less favorably than other forms of debt.[30] At both times, Congress solved for phantom concerns that students would borrow for college and then declare bankruptcy soon thereafter, with years to rebuild their credit. There was no compelling evidence that this was occurring prior to the changes in the 1970s, nor again in 2005 when Congress and the Bush administration made private loans far more difficult to discharge.[31]

Today, individuals seeking to discharge student loans must satisfy an onerous and ill-defined "undue hardship" standard, effectively making it impossible to discharge loans in some cases and, in others, preventing struggling borrowers from even trying to discharge their debt. In fact, a 2012 study found that 99.9 percent of all bankruptcy filers with student loans do not even attempt to discharge them, such is the perceived difficulty in doing so.[32] As student loans have become a much larger part of many families' lives, some bankruptcy judges have begun to intervene and consider cancelling crippling debts. But there is no good reason why student loans are treated differently in bankruptcy, and Congress should work quickly to change the laws.

This is particularly crucial now. After falling during the Great Recession, total household debt has eclipsed its pre-recession peak.[33]

But now, student debt is a much larger portion of household debt than it once was, and for many households it is the largest or most meaningful debt that they have. But as mentioned above, delinquency and default remain high, meaning many borrowers are unable to pay off their loans. For some, bankruptcy may be the best route toward financial stability. But our system is currently designed in a way that to discharge debt in this way they would also have to rack up unpayable housing, medical, or credit card debt before feeling as though they could begin the bankruptcy process.

Similarly, borrowers who receive benefits like Social Security should never be thrown into poverty because they cannot pay a student loan they may have taken out decades ago. Indeed, the bedrock of Social Security is that it keeps older Americans in particular out of poverty. But currently, borrowers with a defaulted loan can see up to 15% of their Social Security payment garnished (also known as an "offset"). In 1996, Congress passed the Debt Collection Improvement Act, which ensured that someone's Social Security could not be reduced below $750 a month (or $9,000 a year). Unfortunately, that number has not been updated since the late 1990s, while the cost of living and the amount of money needed to stay out of poverty has obviously increased substantially since then. The result is that older Americans are increasingly being thrown into poverty by having their Social Security checks taken away to pay for student loans. The Government Accountability Office found that in 2015, 114,000 borrowers over 50 had Social Security benefits withheld to repay student loan debt, 4 times the number of borrowers that had benefits offset in 2002.[34]

Congress should, at a minimum, update the law to exempt a far higher portion of Social Security payments from collection, perhaps up to 150% of the federal poverty level—around $18,000 for a family of 1 and $24,000 for a family of 2. This is not without precedent; currently, debt collectors cannot take veterans benefits, black lung benefits, or SSI benefits in order to pay off a student loan.[35] Ending the miserable practice of garnishing many older and disabled Americans' only source of income is a no-brainer.

WHO IT HELPS These policies help troubled borrowers regardless of debt balance, as well as older borrowers with debt.

Policy 5. Improve Public Service Loan Forgiveness

In 2007, Congress created the Public Service Loan Forgiveness (PSLF) program, in order to entice college graduates to enter government service, teaching, nursing, non-profit work, and other sectors, and to provide relief for those who enter socially-valuable but modest-paying careers. The program, created with bipartisan support, offers a potential lifeline for those with high debts by guaranteeing that any loans left over after 10 years of monthly payments (or 120 payments in total) and qualifying service are forgiven.

Unfortunately, the implementation of PSLF is off to a rocky start, with the vast majority of applicants being denied in the first year that borrowers were eligible to see relief.[36] Eligibility for PSLF is relatively complex—borrowers must have Direct Federal Loans and be enrolled in an income-driven repayment plan, in addition to making on-time payments and certifying with their employers over a 10-year period. Additionally, the Consumer Financial Protection Bureau has found that loan servicers were failing to tell borrowers about the program, or whether they might qualify, or enrolling borrowers in an incorrect repayment plan even after they had shown interest in PSLF.[37]

The design of PSLF also increases the risk of borrowers being stuck with little or nothing after expecting relief following a decade of loan payments. Since the benefit of PSLF is all-or-nothing—borrowers must make 120 payments to be eligible—the marginal cost of losing or leaving a job after 8 or 9 years is exceedingly high. Workers who take on slightly lower balances and pay off their loans over a shorter time period also receive no benefit.

These are important factors to consider, as public-sector jobs in particular were decimated in the aftermath of the Great Recession; a repeat of that could leave many public-sector workers who have student debt with no relief even as they work many years in public service. There are racial equity implications to this as well. Nearly 1 in 5 black workers works in a government job, and more work in the non-profit sector. But public sector jobs were slashed during the Great Recession, and odds of losing their government job rose much faster for black workers than for white government workers.[38] [39]

Thus, PSLF could be redesigned in a way that provides forgiveness incrementally, perhaps every 2 years of public service work. There is precedent for this. Under the Perkins Loan Program,[40] a campus-based aid program that effectively ended in 2017, borrowers could appeal for forgiveness[v] if they worked as a qualifying teacher, nurse, police officer, firefighter, public defender, or in several other professions. Borrowers in most cases were

v. Perkins loans, like other campus-based aid, were federal loans distributed through schools. Borrowers apply to their individual school for loan forgiveness based on the criteria laid out under the program.

entitled to full forgiveness after 5 years of qualifying service, but crucially could receive partial forgiveness: 15 percent of the original principal loan amount for each of the first and second years; 20 percent of the original principal loan amount for each of the third and fourth years; and 30 percent of the original principal loan amount for the fifth year.

PSLF could be redesigned in a similar way. It could even provide greater forgiveness in years 8-10 of public service, to continue the incentive of working a full decade in a socially valuable profession. But for, say, undergraduates who enter teaching or nursing for a handful of years, there should be some partial reward for doing so. This structure would also provide a benefit to mid-career professionals who may not work in public service immediately after college or graduate school.

WHO IT HELPS This policy is targeted at public-minded undergraduate borrowers who may pay off their loans in 10 years or fewer, and other borrowers who may want to spend fewer than 10 years in public service professions.

Policy 6. Improve Loan Repayment

As mentioned, a new debt relief agenda must focus on the debt itself and not just focus on improving the way debt is repaid each month, particularly if we are to reduce the impact of student debt on racial wealth inequality. That said, the current maze of repayment plans, with multiple ways to delay payments through forbearance and deferment, make repaying loans difficult for borrowers and increase the chance of servicer errors.

After the introduction of the first modern income-driven repayment plan in 1994, Congress and 2 administrations have added 4 new income-driven options for borrowers, in 2007, 2010, 2014, and 2015. Mostly this was out of necessity to expand eligibility to new borrowers. For some plans, borrowers needed to prove at least a partial financial hardship,[vi] while others were only eligible if they had taken on specific types of loans in a specific time period.

vi. There are two ways Partial Financial Hardship is calculated. For Pay As You Earn (2010), hardship is determined if annual amount due under a 10-year Standard Repayment Plan exceeds 10 percent of the difference between a borrower's adjusted gross income and 150 percent of the poverty line. For IBR, hardship is determined if the annual amount due under a 10-year Standard Repayment Plan exceeds 15 percent of the difference between adjusted gross income and 150 percent of the poverty line.

The result, though, is that there are now 8 different repayment plans for federal student loans, all with differing eligibility criteria.[41] Some, such as the 10-year standard plan, Graduated Repayment Plan, or Extended Repayment Plan, do not have forgiveness but have differing timeframes or payment schedules. Each income-driven plan has key differences as well. For example, the Income-Based Repayment (IBR) plan created in 2014 allows borrowers to make monthly payments no higher than 10 percent of discretionary income and any remaining balance is forgiven after 20 years, but borrowers do not have to make payments any higher than they would under a 10-year standard plan. For Revised Pay As You Earn (REPAYE), the monthly payment structure is the same, but the forgiveness timeline changes to 25 years for those paying any graduate school loans, and monthly payments are not capped.

This is undoubtedly confusing to borrowers and the general public, not to mention those students whose worries about debt may prevent them from going to college altogether. Republicans[42] and Democrats[43] have both advocated a far simpler loan repayment system that reduces the number of repayment plans to 2: a standard, 10-year payment plan, and one easy-to-understand income-driven plan.

One single income-driven plan should be designed in a such a way that borrowers make certain their basic family needs are met before needing to worry about student loans. One proposal, the Affordable Loans for Any Student Act of 2018, would do that by making sure that income below 250 percent of the federal poverty level is exempt from monthly loan payments, with thresholds being phased out for high-income borrowers. This proposal, or one like it, would make it so a married family with one child would not have to worry about any loan payments until their income was slightly over $53,000.[44] Working- and middle-class families, in other words, would get a leg up in paying for basic needs, the rising cost of living, and child care, and potentially save for a child's education. For those who would like to pay off debt more quickly, the 10-year plan would still be available, and borrowers could also pay off debt if they receive a windfall, should they choose to do so.

Others have called for a system of automatic income-driven repayment for all borrowers that uses payroll withholding for student loans, which would in theory allow borrowers' payments to rise and fall with each paycheck (or drop to zero if a borrower loses his or her job), rather than needing to re-certify each year. This plan may create more problems than it solves. For one, currently borrowers' payments are calculated based on adjusted gross income, which can come from wages from a single job, or earnings from multiple jobs, or unearned income. For workers in the "gig economy," calculating monthly loan payments may be more difficult than meets the eye. Second, others have noted that automatic payroll withholding of student loans effectively prioritizes student debt over basic needs, putting it on par with income tax withholding. This plan could lead to a situation in which borrowers with unforeseen financial circumstances have fewer resources than they otherwise would have, and reduces the choice of borrowers to delay a student loan payment if they truly need to do so. Third, there may be privacy concerns with sharing the amount of debt with employers. Given that employers in many states can still deny workers a job based on credit history,[45] providing them with information about how much debt a job applicant holds is a questionable idea at best.

WHO IT HELPS This policy helps poor and middle-class borrowers who struggle to navigate complex loan repayment systems.

Conclusion: Voters, regardless of class, race, or education level, agree that we need bold solutions on student debt relief.

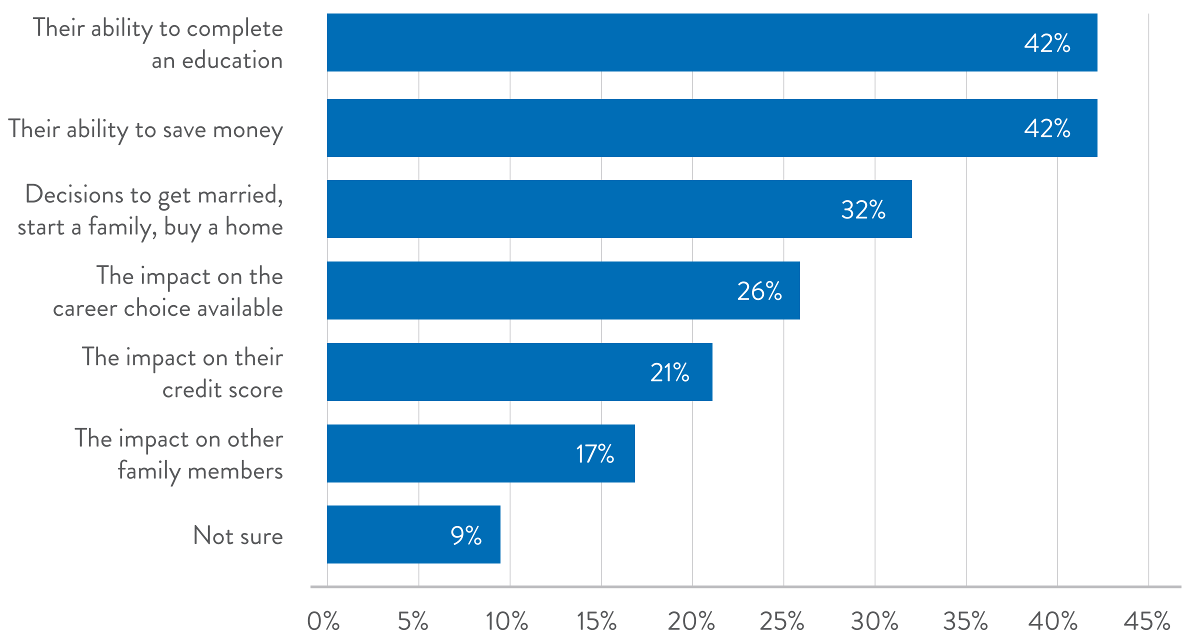
Some of the policies outlined above are conceived to work together. After all, forgiving some debt for all borrowers does not preclude Congress from changing bankruptcy laws, protecting Social Security, or making loan repayment simpler for those who still have debt. In addition, policies like loan forgiveness for those enrolled in social safety net programs could help those with a lot of debt, who may not see it all wiped away from a policy that forgives $10,000 for each borrower. Whatever the policy design, though, it is clear that voters are concerned that student debt is holding people back from realizing their full potential.

In early 2018, Dēmos and Lake Research Partners released the results of a series of polling and focus groups around college affordability and debt. When asked about debt from attending public college, voters cite the ability to save money and the ability to complete an education more often than other concerns, as **Figure 12** shows. This encapsulates the problem of our debt-for-diploma system: People understand that debt can scare someone away from going to or finishing college, and can prevent them from moving on with their life after school.

Indeed, most voters actually favor a far more aggressive set of debt relief policies than we currently have on the books. When asked how we should treat existing debt if college were to be made debt-free, voters of all backgrounds overwhelmingly supported a policy of ending all student debt within 5 or 10 years, with a 5-year timeline being the preferred cancellation timeline. Debt cancellation, paired with debt-free college, was particularly popular among young voters and those making under $50,000 per year. It is wildly popular even for non-college educated voters; 83 percent of white non-college respondents—the population often mistakenly used as a stand-in for the entire American working class—supported debt cancellation, for example. (See **Figure 13**.)

FIGURE 12.

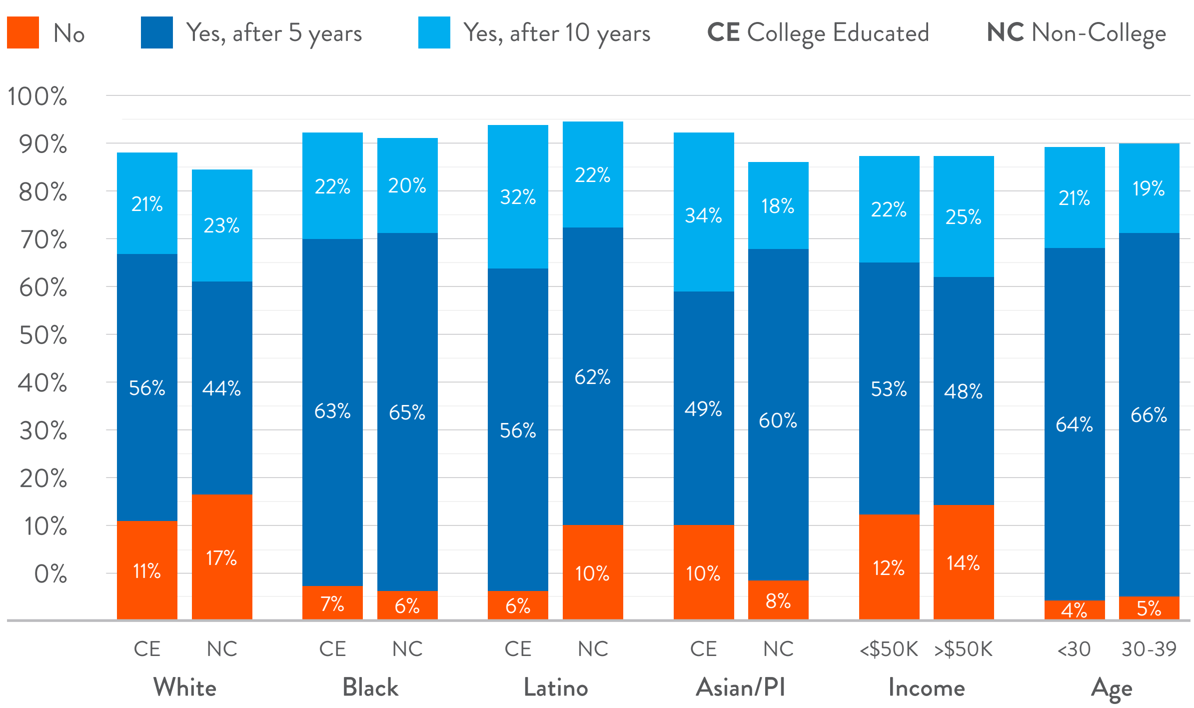
Which of the following impacts concerns you the most when you think about someone with debt from public 2- and 4- year colleges?
(Adults citing the largest or 2nd largest)



Dēmos and Lake Research Partners, 2018

FIGURE 13.

If College is Made Debt-Free, Should Student Debt of Past Students be Ended?



This tells us that as we push for a bold college affordability agenda that corrects the mistakes of the past, we mustn't forget that those mistakes have manifested themselves among millions of student loan borrowers. Student debt has exploded due to disinvestment, insufficient grant aid, and minimal accountability for predatory college programs. It has been excused while wages have stagnated for college graduates and declined steeply for those with no college. Families now find themselves in an untenable situation in which a college education is more important than ever, but attending college requires greater risk and individual burden than at any time in our recent history. By and large, Americans have done what they could to follow their dreams or chart new career paths. Those who have taken on burdensome loans to do so should be given a chance to move on with their lives, to start families and businesses, and to contribute to the economy without being shackled by debt that our system never intended them to take on.

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