



Federal Reserve: U.S. Student Loan Debt Now \$1,704,874,000

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According to the Federal Reserve, total student loan debt in the third quarter of 2020 was \$1,704,874,000, which is double what it was in the third quarter of 2010 (\$845,804,000) -- an increase of 102%.

“This is one of the top economic issues impacting people,” Aaron Smith, co-founder of Savi, a public benefit corporation focused on helping borrowers navigate student debt, told CNBC.

“Student loan debt is now bigger than credit card debt,” he said. “It’s a huge challenge facing the country, and it’s something that really motivates people in terms of voting and in terms of getting the word out.”

According to StudentLoanPlanner.com, at the end of September 2020 the average federal student loan debt was \$36,520 and the delinquency rate on student loans was 6.5%. Approximately 42.9 million Americans have federal student loans.

The group also reported that the state with the highest average student loan debt is Maryland, \$42,669. The state with the lowest average student loan debt is North Dakota, \$29,232.

In Maryland, some 10.7% of the student borrowers owe more than \$100,000. In Georgia, 9.7% of the borrowers owe more than \$100,000 in student loans.

President-elect Joe Biden (D) has called for canceling at least \$10,000 of each borrower's student loan debt.

“Immediate \$10,000 forgiveness of student loans,” Biden said in November. “They’re having to make choices between paying their student loan and paying the rent. ... It should be done immediately.”

As reported by Forbes, “Senate Minority Leader Chuck Schumer (D-NY) and Sen. Elizabeth Warren (D-MA) have proposed that the president should cancel up to \$50,000 of student loans for every student loan borrower. Schumer and Warren want the president to bypass Congress and cancel student loans.”

"Federal loans constituted about 88% of total student loan volume in the 2018–19 school year," according to Cato Institute education scholar Neal McCluskey. "Let's be clear what they do: They give taxpayer money to students so the recipients can get a degree and vastly increase their lifetime earnings."

"Georgetown University's Center on Education and the Workforce has estimated that the typical person who ends their formal education with a bachelor's degree will earn about \$1 million more over their lifetime than someone topping out at a high school diploma," says McCluskey. "That's a big payoff, and there is no justification for making taxpayers eat associated debt, which for the 69% of 2018 graduates with debt was \$29,800 on average."

He continued, "The norm for student loan repayment should be consistent with basic — and frankly, obvious — fairness: you take out the loan, you repay it. In rare circumstances, that may not be possible, and we should consider tweaking such things as bankruptcy laws. But the fact that one should repay one's debts should not be the least bit controversial."