Life Delayed: The Impact of Student Debt on the Daily Lives of Young Americans

AICUM Symposium
October 3, 2013
Agenda

• Background – What prompted us to do this survey?

• Survey Results – What did they say?

• Additional Observations – What else did they say?

• AICUM Schools – What are our schools doing to combat this issue?
Background
# Background

<table>
<thead>
<tr>
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<th>1985</th>
<th>2013</th>
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<tbody>
<tr>
<td>Average in-state tuition at a four-year public institution</td>
<td>$1,318(^1)</td>
<td>$8,655(^2)</td>
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<tr>
<td>Average tuition at a four-year private institution</td>
<td>$6,121(^1)</td>
<td>$29,056(^2)</td>
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<tr>
<td>Outstanding student loan debt</td>
<td>$35 billion(^3)</td>
<td>$1.1 trillion(^4)</td>
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</tbody>
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2. College Board Advocacy & Policy Center, 2013
3. The Institute of College Access and Success, Project on Student Debt, 2012
4.
Research Question

How does student debt affect the daily lives of young Americans?
The Survey

Open invitation survey of young professionals nationwide

1,000 surveys emailed and 259 responses

Survey open from May 14, 2013 – May 31, 2013

No incentive to participate
Demographics of Survey Group

**Age**

- 18 to 24: 14%
- 25 to 30: 54%
- 31 to 35: 22%
- 36 to 40: 9%
- 41+: 1%

**Highest Level of Education**

- Some College: 3%
- 2-year College Degree: 1%
- 4-year College Degree: 43%
- Master’s Degree: 38%
- Some Advanced Graduate Work: 10%
- Doctoral Degree: 2%
- Professional Degree (JD, MD): 4%

**Annual Salary**

- under $25,000: 15%
- $25,000-$39,999: 21%
- $40,000-$49,999: 20%
- $50,000-$59,999: 18%
- $60,000-$69,999: 4%
- $70,000-$79,999: 10%
- $80,000-$89,999: 3%
- $90,000-$99,999: 3%
- $100,000+: 3%
- Prefer not to answer: 2%
Student Loans

Do you have student loans?

- Yes: 93%
- No: 7%

Student loan type?

- Federal and private: 48%
- Federal only: 45%
- Private only: 3%
- Not sure: 4%
Survey Results
The Impact

- 27% found it difficult to buy daily necessities.
- 30% stated their student loan debt was the deciding factor, or had considerable impact, on the choice of career field.
- 29% indicated that they have put off marriage.
- 43% said that student debt has delayed their decision to start a family.
- 63% said student debt impacted their ability or decision to make larger purchases such as a car.
- 75% indicated their student debt impacted their ability or decision to purchase a home.
- 73% said they have put off saving for retirement or other investments.

Student Debt
Impact on Career Choice

How much did your student loan debt impact your career choice?

- Minimal impact: 24%
- No impact: 29%
- Neutral: 17%
- Considerable impact: 26%
- The deciding factor: 4%

How much did your student loan debt impact your choice of public vs. private career field?

- Minimal impact: 16%
- No impact: 39%
- Neutral: 20%
- Considerable impact: 19%
- The deciding factor: 6%

How much did your student loan debt impact your choice to take a job outside desired career field?

- Neutral: 14%
- No impact: 39%
- Considerable impact: 23%
- The deciding factor: 11%

How much did your student loan debt impact your decision to take a less interesting job for the pay in order to pay loans?

- Minimal impact: 14%
- No impact: 37%
- Neutral: 15%
- Considerable impact: 23%
- The deciding factor: 11%

How much did your student loan debt impact your decision to stay in a job longer than desired in order to pay loans?

- Minimal impact: 13%
- No impact: 27%
- Neutral: 14%
- Considerable impact: 26%
- The deciding factor: 20%

How much did your student loan debt impact your ability to start a small business?

- No: 53%
- Yes: 47%
Impact on Purchasing Power

Have student loans impacted your ability to purchase daily necessities?
- Yes: 27%
- No: 73%

Have student loans impacted your ability to purchase a car?
- Yes: 63%
- No: 37%

Have student loans impacted your ability to take a vacation?
- Yes: 69%
- No: 31%
Impact on Life and Family Choices

Have student loans impacted your decision to delay adding to a family?

- Yes: 22%
- No: 78%
Impact on Living Choice

My student loan debt played a role in my decision to live with roommates:
- Not at all applicable: 42%
- Somewhat applicable: 14%
- Strongly applicable: 29%
- Neutral: 15%

Did your student loan debt factor into your decision of which state you would live in after leaving school?
- No: 64%
- Yes: 28%
- Unsure: 8%

Did you intentionally move to a low cost of living state?
- Yes: 31%
- No: 69%
College Experience

“My college experience

- was valuable and left me better off, despite the debt I incurred: 69%
- wasn’t worth it and has left me worse off than if I hadn’t attended college, because of the debt I incurred: 9%
- has had little impact on my life for the better or worse: 3%
- Other: 20%
Education Decisions

Would you have made the same college decision?

- No: 30%
- Unsure: 24%
- Yes: 46%

Has your student loan debt impacted your decision to further your education?

- Yes: 58%
- No: 42%
Student Loan Responsibility

Who do you feel is responsible for your student loan debt?

- I am, I took on the debt in the first place: 91%
- The school(s) I attended: 32%
- The student loan lender(s): 23%
- The student loan servicer(s): 18%
- Other: 19%

“Other”

A number of respondents said their parents were responsible for their debt:
- “for signing me up for loans without me knowing”
- “I didn’t know what I didn’t know” about borrowing and the impact it would have on my adult life.”

A number said the responsibility sits with state and federal government entities:
- “Banks are able to borrow money at less than 1% interest but students are paying ten times that amount.”

And a few said their high school should have helped more:
- “My high school guidance counselor (sic) encouraged me to pursue any school regardless of finances, I took her advice.”
- “High school students should receive better and extensive education on taking student loan debt, choosing cheap colleges, and choosing careers that offer a big financial return on investment.”
Additional Observations
“My college experience…”

“was valuable, however it is NOT worth the amount of debt I have.”

“was valuable but I could have probably gotten the same value going to a cheaper college.”

“was transformative, but I’m not sure it was worth the expensive price tag.”

“was great and opened up opportunities for me. However, student loan debt has made my life challenging after, especially to pursue a career in the field I want to. I get by every month, but it is tough.”

“was valuable to my personal fulfillment, but I wish I had a job in the field.”

“was valuable and left me better off, but the debt is seriously holding me back significantly.”
Additional Observations

I only took out the amount I NEEDED, so I feel like I walked away with much less debt than many do, but it was a joyous day when I made that last payment!

I would not have taken more than the bare minimum if I knew what I know now.

My poor, poor generation.

It’s sad and disheartening that I have a negative reaction to my college experience due to the financial impact it has had on my post-graduate life.

This is the only debt I have ever had. I am very responsible with my finances in every other aspect of my life, but the fear of this debt is crushing.

Student loans will control how you are able to live your life.
Additional Observations

Student debt weighs on every decision I make, from food shopping, to where I choose to live, how I spend my free time, to what clothes I wear, and ultimately, what career I choose.

Upon graduation you realize that you can’t really begin the life you imagined having after college.

My parents also took out a loan to help pay for my schooling. I wish I could help them pay off the loan but I am not in the financial position to do that. Without their willingness to take out a parent loan, my own student loans would have been much higher. Student loan debt has impacted my whole family.

My debt is minimal. It is scary to think about the way debt has impacted many of my friends and loved ones.
AICUM Schools
What AICUM Schools Are Doing

- Campus Conversations and Partnerships
- Steering Committee and/or Task Force
- Student and Alumni Surveys
- Campus-Based Programs
- Peer-to-Peer Programming
- Communication Opportunities and Strategy

AICUM Schools
Questions?

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