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Student Debt: Impact on Student Choices

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STUDENT DEBT
IMPACT ON STUDENT
CHOICES

Kelsey Cavanaugh

STUDENT LOANS: HOW IT HAS CHANGED

- 2nd largest portion of US Debt
- 2004-2014: average debt per student increase 56%
- Class of 2014: average of \$28,950
- Number of borrowers: 7.5 million



RESEARCH QUESTION

- How does student debt affect students' spending choices after college and how has it changed in the last decade?



THE IMPORTANCE OF THIS RESEARCH AND INTENDED AUDIENCE

- Default, Forbearance, Deferment
- Political Topic
- All students
- Policy makers
- Financial aid offices at colleges
- Administrators at colleges and universities



EXISTING RESEARCH

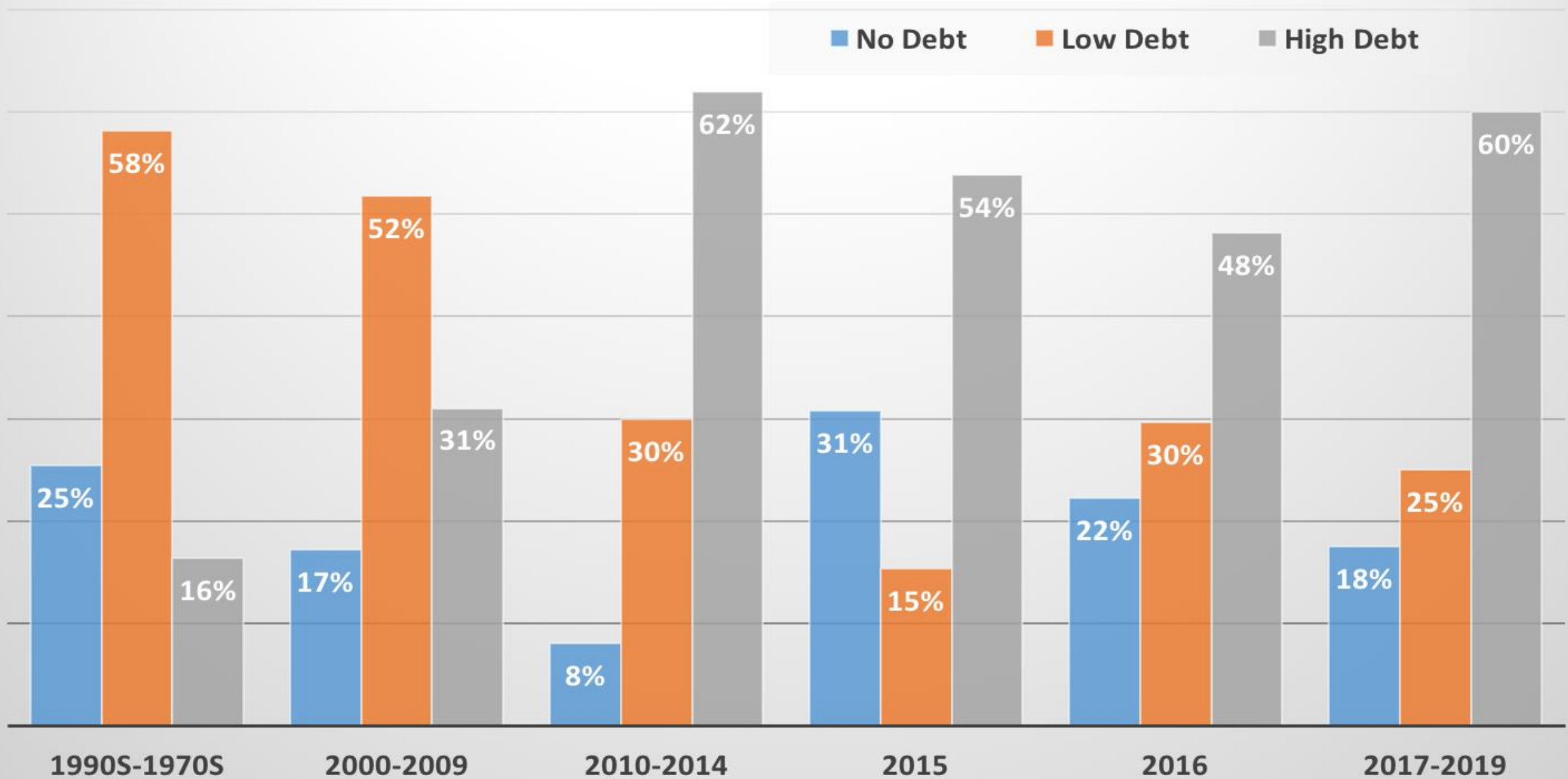
- *Student Debt and Economic Outcomes* by Daniel Cooper and J. Christina Wang
- *Life Delayed: The Impact of Student Debt on the Daily Lives of Young Americans* by American Student Assistance



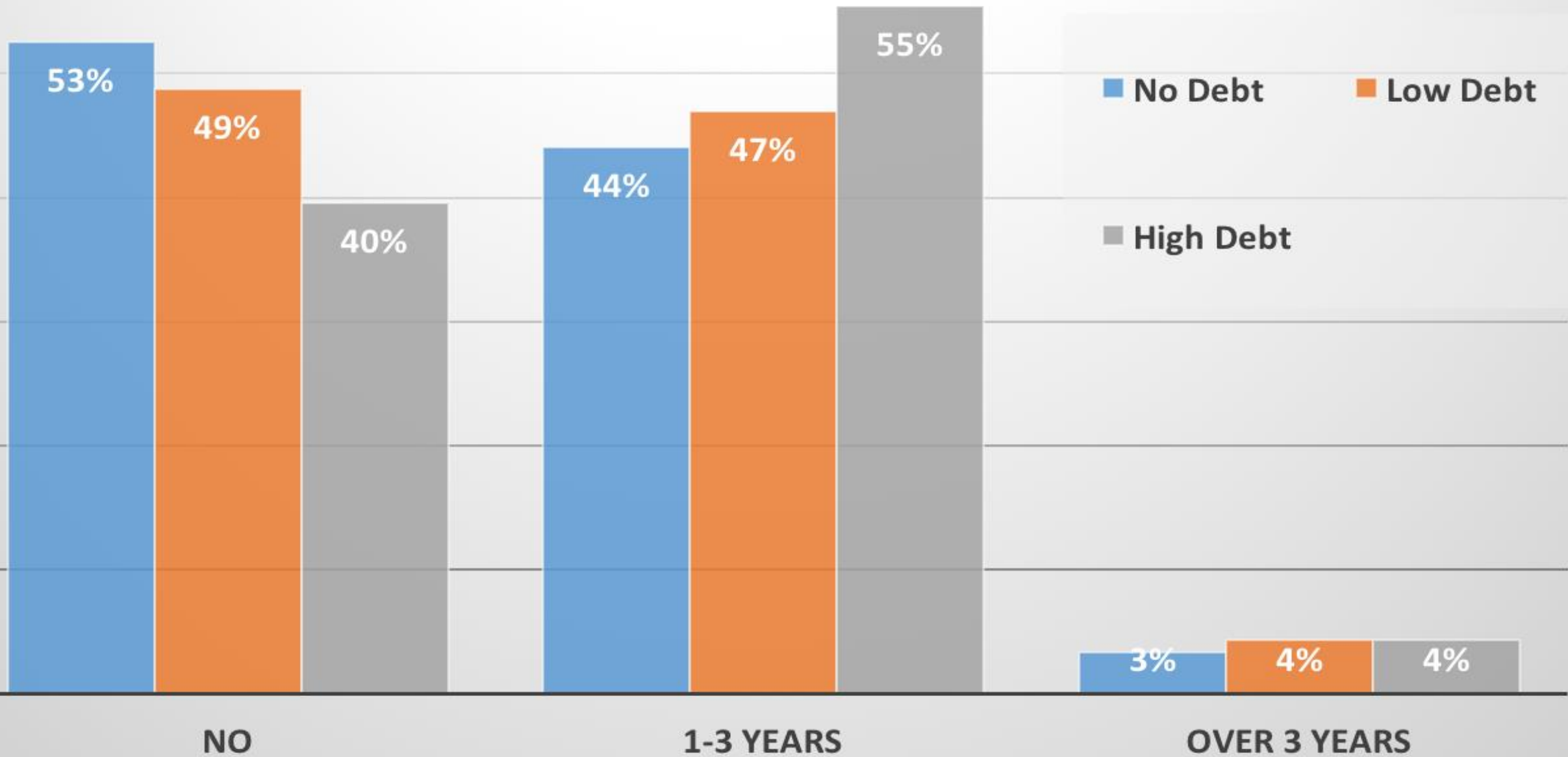
RESEARCH METHODOLOGY

- Current Students Survey
- Former Students and Graduates Survey
 - Loans Borrowed for 4-Year Undergrad College
 - Repayment Plans
 - Financial Assistance from Family
 - Living Situation Following Graduation
 - Financial Stress
- Responses: 130 Current CSB/SJU Students & 170 MN CPAs

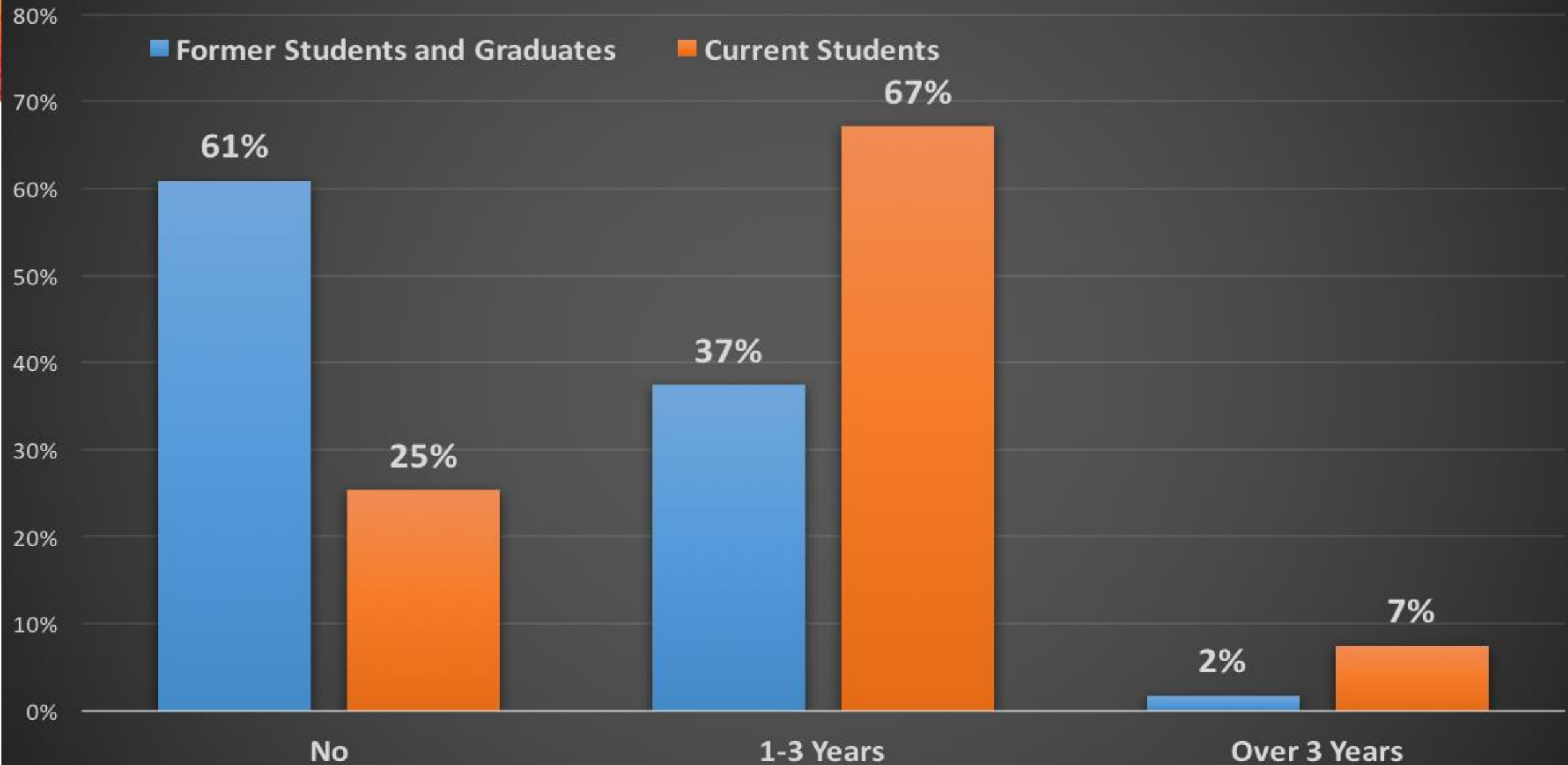
DEBT BY GRADUATION YEAR



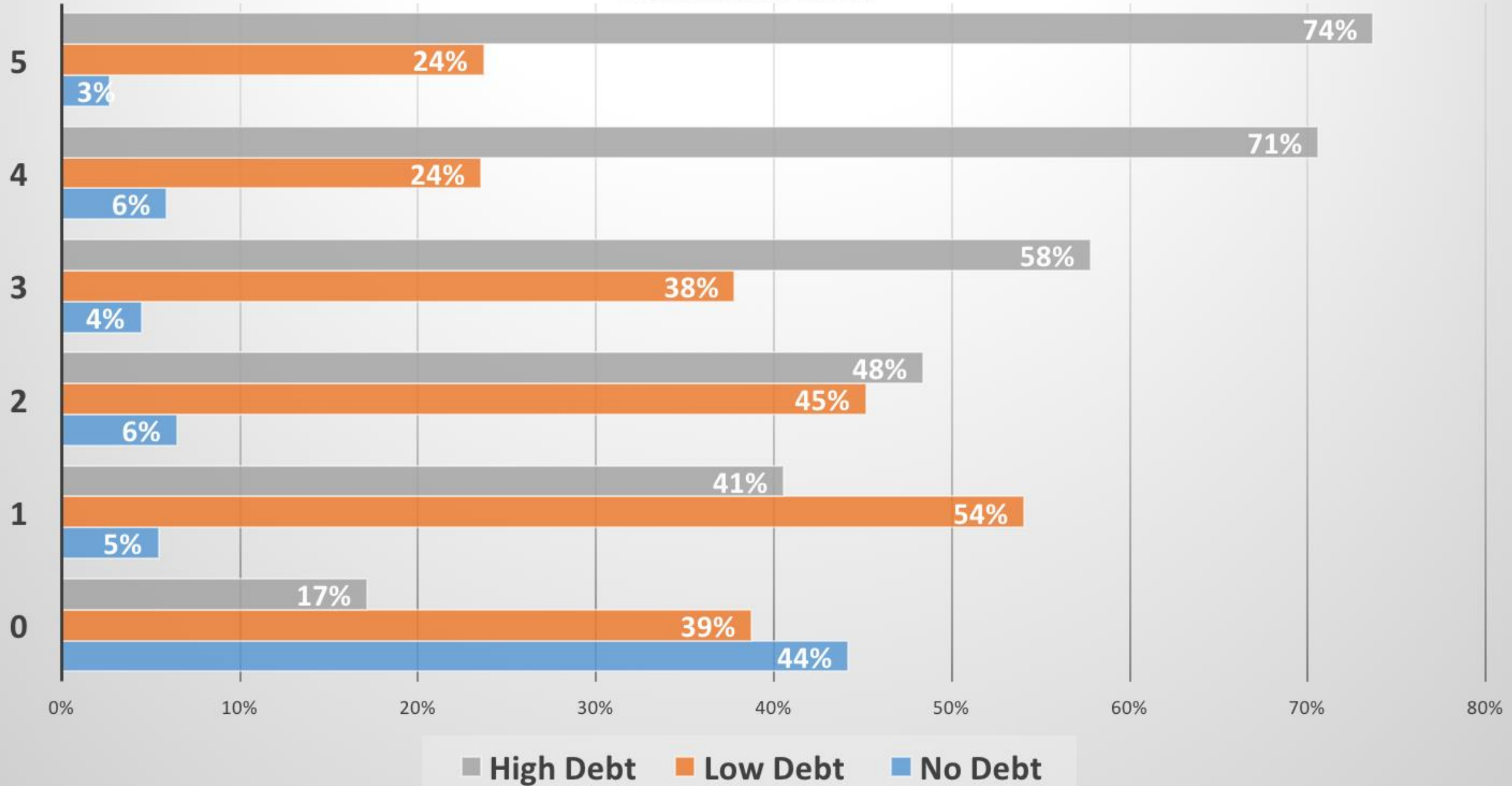
Living at Home After Graduation



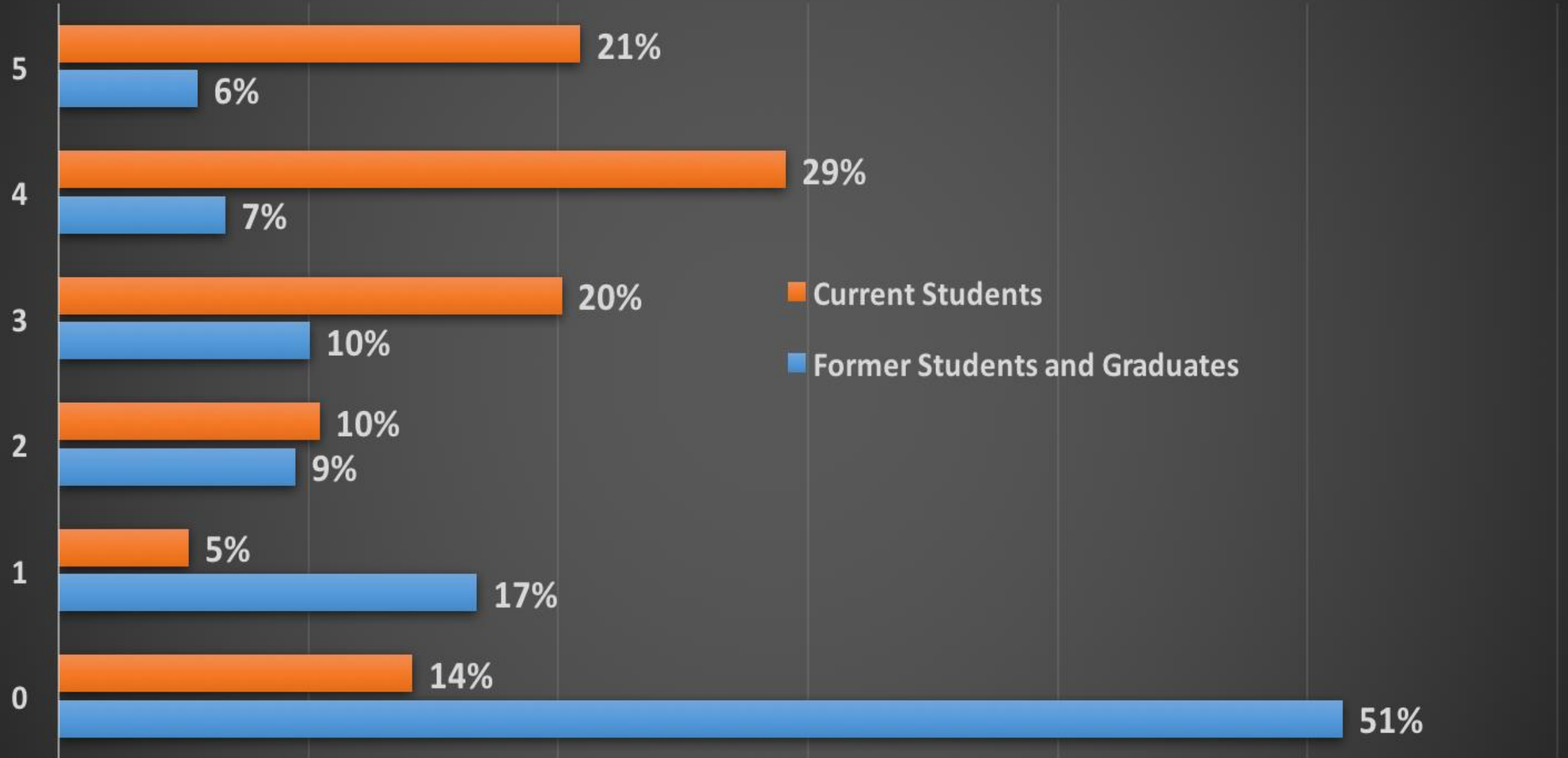
Living at Home After Graduation



Financial Stress

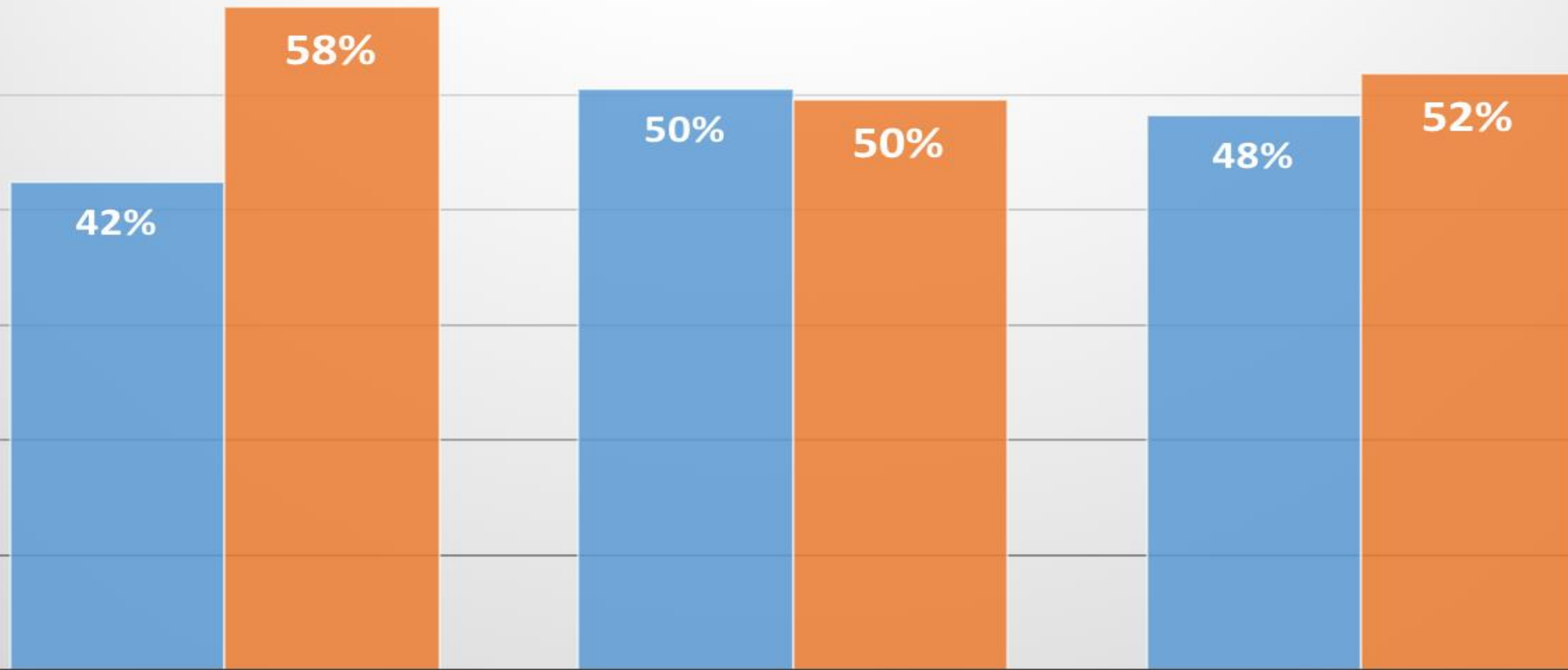


Financial Stress By Current and Former Students



Financial Assistance From Family

■ Yes ■ No

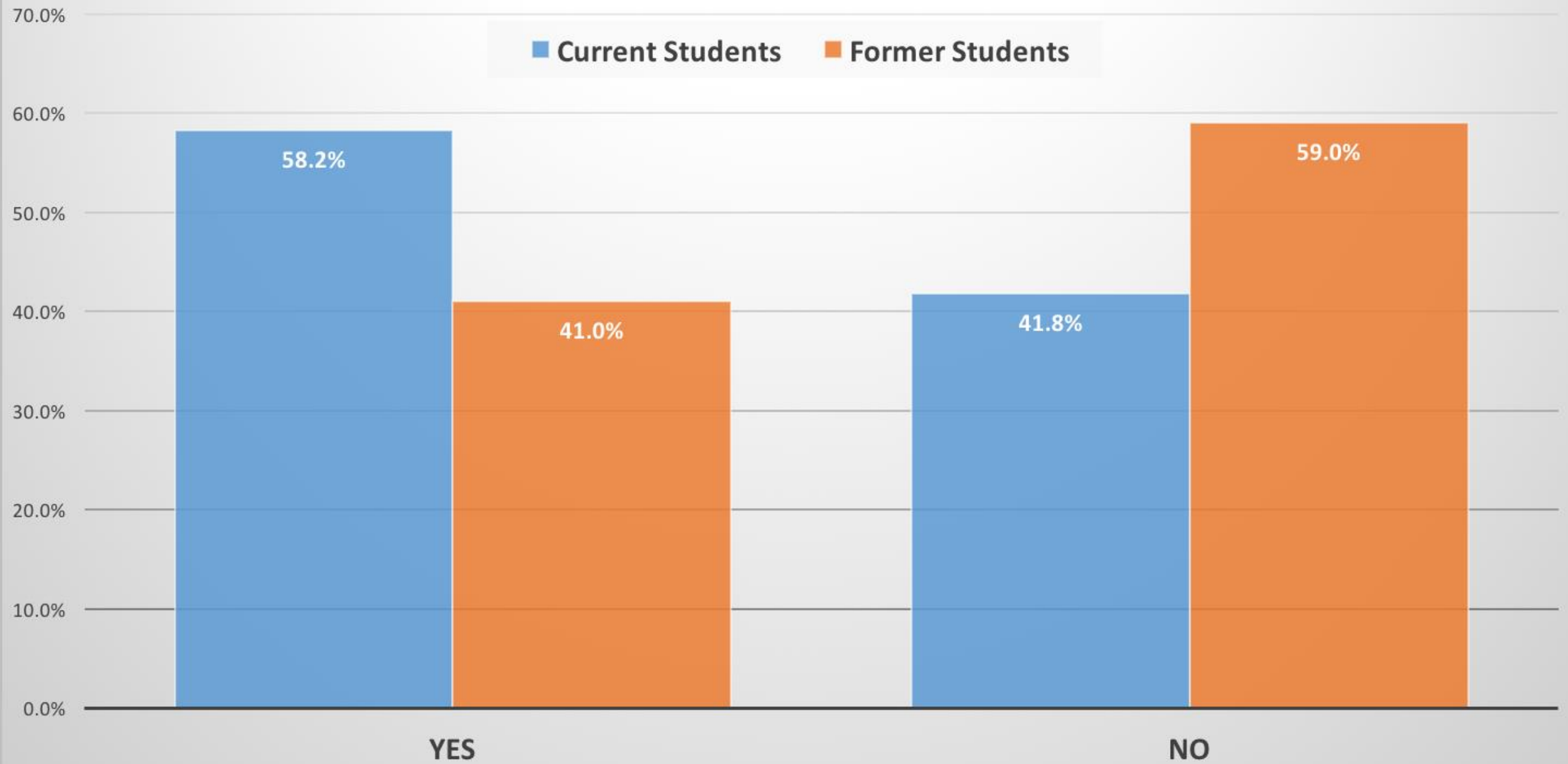


NO DEBT

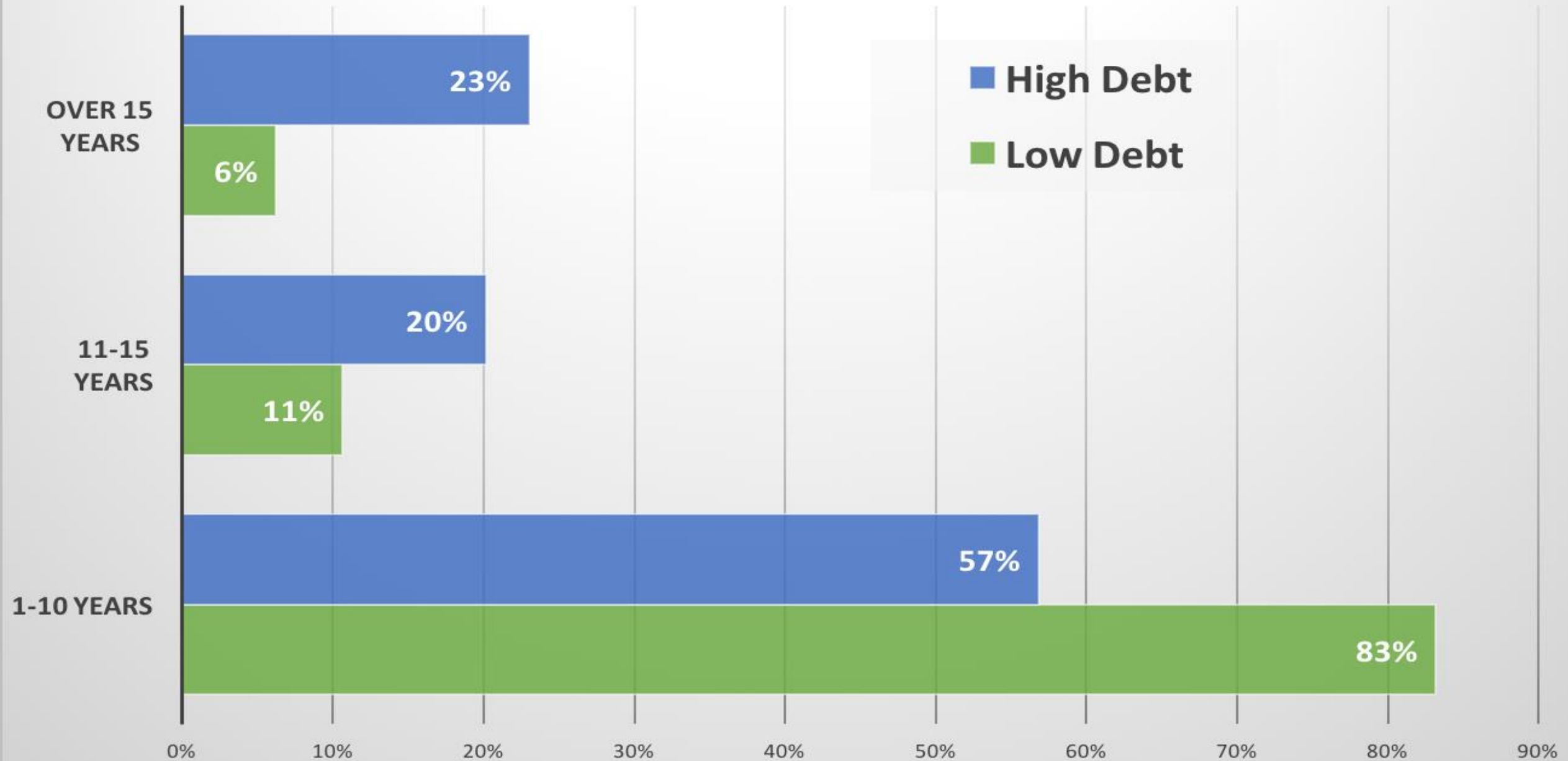
LOW DEBT

HIGH DEBT

Parental Assistance



Repayment Periods



Car/Home Purchases

■ No ■ 1-3 Years ■ Over 3 Years



COMMENTS: FORMER STUDENTS

- I have 4 children and cannot afford to help any of them with their college tuition. I know that my college experience at their age did not cause me to doubt for a moment that I could get married and buy a house. That is clearly different now, as I see in each of their experiences



COMMENTS: FORMER STUDENTS

- Student loans are in investment. You can afford to make the investment if it is going to have a return. If the education does not lead to career and certain level of salary you must decide if the loan is worth it

COMMENTS: CURRENT STUDENTS

- Going into teaching, I know I will start out around \$40,000. Teaching is my passion and I want to make differences in my students lives, but the pay combined with my student loans may hinder my happiness.

COMMENTS: CURRENT STUDENTS

- Student loans have allowed me to do great things but I dread the day I graduate because I will be 95,000 dollars in debt. I feel like I am halting my life.

CONCLUSIONS

- Student Debt Influence:
 - Delay establishing their own residence
 - Financial stress
 - career choices, overall college experience, financial strain on a student's family
- Student Debt today:
 - Higher debt levels
 - More financial stress
 - More students living at home following graduation
 - Longer repayment plans



FURTHER RESEARCH

- Demographics
- Financial literacy of college students
- Link Correlation to Causation
- Real Time Estimate of Student Debt



THANK YOU

Questions?