

Issue: PA - Education

## Talking Points: Student Loan Debt in Pennsylvania

Pennsylvania ranks *last in the nation* for higher education in a US News analysis based primarily on its high tuition and fees and the high student debt of its graduates.

The burden of student debt is a national crisis, but it's worse in PA than in most other states:

- In 2019, student debt in PA totaled \$68 billion.
- Average debt per borrower is \$35,510; only three states have higher average student debt.
- The percentage of PA borrowers in serious delinquency is 25%, versus 11% nationally.
- The number of Pennsylvanians borrowing for their grandchildren's education rose 57% from 2012 to 2017.

Pennsylvania's higher education funding is down by a third since 2008, resulting in tuition at state universities increasing 44% from \$5,358 per semester in 2008 to \$7,716 in 2019/2020.

Students and their families also use credit cards, home equity loans, or other loans to fund college:

### Form and amount of debt for education in the US in 2017

Form of Debt	Student Borrowing		Family Borrowing
	% Students with debt	Mean debt per student using	% Family members with debt
Student loan	93.7%	\$32,731	86.6%
Credit card	20.3%	\$6,814	22.4%
Home-equity loan	5.0%	\$38,650	13.2%
Other loan	3.6%	\$52,885	7.8%
Total		\$36,299	

Student loan holders spend approximately one fifth of their salary on loan repayment.

Debt among students at for-profit colleges is even higher: 88% of graduates have student loans; the average owed is \$39,950.

“Public Service Loan Forgiveness,” a program under the U.S. Department of Education, is supposed to forgive federal student loans for graduates working in public service fields (e.g., education, health care.) However, with a 99% rejection rate—often for technicalities—the program has been of little help. Embarrassingly, this program is largely administered by The Pennsylvania Higher Education Assistance Agency (PHEAA), a quasi-governmental agency formed by the PA legislature in 1963 that is now one of the nation's leading student financial aid organizations. PHEAA is now being sued by NY, MA, and CA, and a class action group for mishandling the program to the detriment of students.

Pennsylvania's almost completely ineffective efforts to address the student debt crisis include:

- “Keystone Scholars,” a very modest college savings program that seeks to help PA students by encouraging parents to save for college.
- More than a dozen student loan-related bills introduced in the PA legislature this term. All are languishing in committee.

The “Pennsylvania Promise Act” (HB244, SB111) would pay 100% of tuition for PA students with household income of \$110,000 or less who attend state universities or community colleges. For students with income less than \$48,000 room and board would also be included. This bill was referred to the House and Senate Education Committees in early 2019.

The complete report can be found at [Student Loan Debt in Pennsylvania \(tinyurl.com/PA-debt\)](http://StudentLoanDebtinPennsylvania.tinyurl.com/PA-debt).