



EXECUTIVE SUMMARY

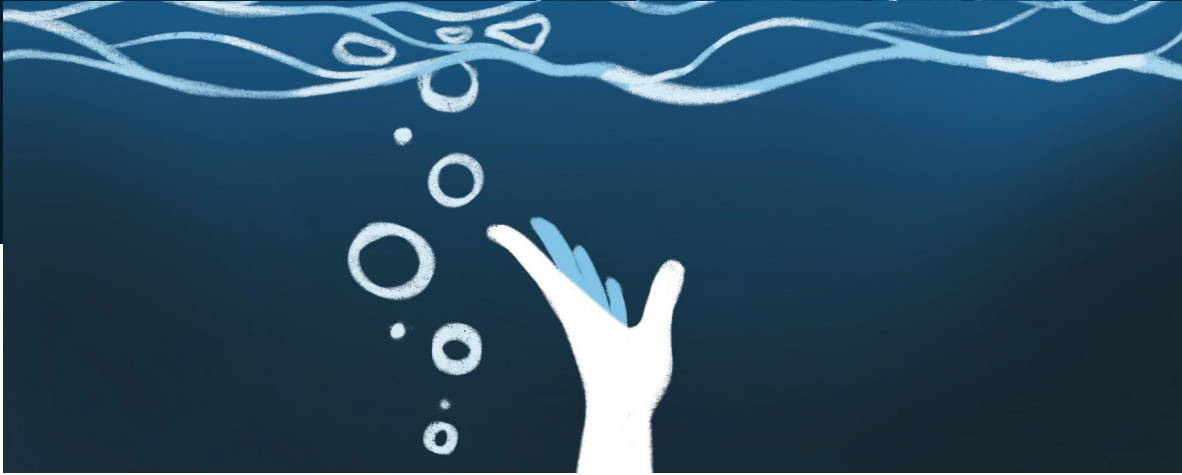
DROWNING IN DEBT:

Student loans weigh down
borrowers

*Borrowers without a bachelor's degree,
women, Black borrowers, and LatinX
borrowers are the most affected*



wgu labs



EXECUTIVE SUMMARY

The student loan system is broken and borrowers, particularly those without a bachelor's degree, women, Black individuals, and LatinX individuals, need better solutions.

In 2023 student loan debt in the U.S. [totaled \\$1.76 trillion, nearly doubling in the last 12 years](#). Though college degrees remain a means to achieving greater earning potential (1,2), median income has not kept pace with rising tuition [costs](#), requiring students to take [higher student loans](#) and take longer to pay them off. These greater amounts of student loan debt have forced borrowers to put on pause many key [financial](#) and [personal](#) milestones, and have taken a toll on their [health](#) and [well-being](#). In turn, the perceived value of a college education has [fallen](#).

This crisis of student loan debt has a broad impact but has disproportionately impacted those who have [been least able to capitalize on higher education](#). Among those most impacted by student debt are those who [hold debt but haven't earned a bachelor's degree, women, African American and/or Black individuals¹, and Hispanic and/or LatinX individuals²](#).

The student loan repayment pause brought much needed relief to [individual borrowers](#) and allowed them to refocus on other financial priorities, boosting the [economy](#). But with its end in October 2023, borrowers were forced to grapple with this added financial responsibility. As of

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- 1 In the course of this report, we will refer to African American and/or Black individuals as Black individuals in order to allow for easy access to our language and highlight our findings.
 - 2 In the course of our report, we will also refer to Hispanic and/or LatinX individuals as LatinX individuals to once again retain clarity in our language and focus on our findings.

December 2023, the Department of Education reported that [40% of borrowers](#) with payments due in October had not yet made payments on their student loans.

Last summer WGU Labs and Savi partnered, with the assistance of Gallup, to survey a nationally representative sample of 3,056 student loan borrowers aged 21 to 50. Our goal was to gauge their readiness for repayment and to capture their experience as borrowers, particularly the impact borrowing has had on their key personal, financial, and educational milestones.



THESE DATA REVEALED FOUR FINDINGS:

1. FORTY-THREE PERCENT OF BORROWERS STRUGGLE TO REPAY THEIR LOANS

Struggle repaying student loans is all too common. Of all borrowers, 43% reported struggling with student loans before the payment pause (being behind on payments, in forbearance or deferment, or in default). Struggle was particularly high among Black and LatinX borrowers, borrowers without a bachelor's degree, and women .

In addition, over 10% of all survey respondents reported being in default, with respondents without a bachelor's degree and Black respondents significantly more likely to be in default. Of the respondents in default, borrowers without a bachelor's degree were also less likely to report taking steps to get out of default.

2. STRUGGLE REPAYING LOANS LEADS TO REGRET, STRESS, AND HOPELESSNESS

Struggle goes hand in hand with higher levels of regret about taking out loans, stress about loan repayment, a sense of hopelessness when it comes to paying off loans, and a perception that their education was not worth the financial cost.

Almost one-quarter of all borrowers reported regret, over 40% experienced stress, 20% reported hopelessness, and less than 40% said their education was worth the financial cost.

Women, Black and LatinX borrowers, and those without a bachelor's degree experienced

higher levels of regret, stress, and hopelessness, and perceived less worth in their education.

3. STUDENT LOANS PREVENT FINANCIAL MILESTONES AND THE ACCUMULATION OF FINANCIAL ASSETS

Student loans are delaying important financial milestones for borrowers, like saving for retirement, buying a home or car, and moving out of their parents' house, as well as the accumulation of financial assets, like a savings, investment, and retirement account, emergency fund, insurance, and home that contribute to financial security and wealth building.

Respondents with at least a bachelor's who took out student loans had significantly fewer financial assets than respondents with at least a bachelor's who never took out student loans.

4. STUDENT LOANS DELAY PERSONAL MILESTONES LIKE MARRIAGE, CHILDREN, AND FURTHER EDUCATION

Student loans delay personal milestones for many borrowers but not as much as they delay financial milestones.

Borrowers with at least a bachelor's degree and men reported higher levels of delay.

When asked about pursuing further education, borrowers showed a disparity between thinking that they needed more education and actually planning to pursue further education. Borrowers without a bachelor's reported a greater need to pursue further education, and Black borrowers, LatinX borrowers, and men reported that they were actually planning on pursuing further education.



WE CONCLUDE WITH TWO CALLS TO ACTION.

These findings point to the deep and broad impact the student loan crisis is having on millions of Americans' lives and prosperity. Recent efforts to forgive debt and create new and more manageable repayment programs are welcome but still fall short. We conclude with two calls to action to boost existing federal efforts.

1. EDUCATE BORROWERS ON REPAYMENT

Borrowers need better information on and support with loan repayment options, especially borrowers without a bachelor's degree.

This responsibility must be shared by higher education institutions, borrower advocates, and even employers, who play an important role in establishing their employees' long term financial wealth through their employee benefit programs.

2. EXPAND EMPLOYER STUDENT LOAN BENEFITS

Supporting employees with their student loan debt can benefit employers and reduce voluntary turnover expenses. Federal programs allow employers to do more than educate their employees on student loan repayment. Federal policies give employers a tax incentive to assist with their employee's loan repayment, and public sector and non-profit employers can certify their employees as eligible for loan forgiveness. Soon employers will be able to accept their employees' student loan payments as the match payment for their retirement account, allowing borrowers to build retirement by paying back their student loan.

However, we found that few employers, particularly those with low wage workforces, offer debt repayment. In addition, [record-keeping issues](#) by the Department of Education lead to many eligible employees in the non-profit and public sector not qualifying for federal loan forgiveness plans.

Policy leaders need to push for streamlining the public sector eligibility process and do a better job to make the case to employers to offer these programs. Employers need to educate themselves about the number of their employees who are struggling with loans and educate their employees about existing repayment and forgiveness programs. Employers also need to understand how supporting their employees with loan repayment is good for employees as well as their organization's productivity, and performance.

The student loan crisis we face, however, demands nothing short of a systemic, wide-ranging reform to both provide support to current borrowers and mitigate the impact of college degree costs on future students. [Policy leaders, student advocates, and higher education institutions need to pursue bold solutions that can radically change the landscape of current student loan debt and higher education.](#)