

Implications of Student Debt in the US and Multidimensional Solutions to Address It*

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Bio: The Student Debt Advocacy Group is a 1-year conjoint effort of students who came together to discuss issues of student debt in post-secondary and graduate institutions. Priscilla Auguste is the Chair of the Consortium of Universities for Global Health Trainee Advisory Program (CUGH TAC) and oversaw the overall project development efforts. Shangir Siddique, a medical student from the University of Texas Medical Branch in Galveston, also led the group by helping to provide oversight, guidance and feedback through the moderating of communications, organization, and facilitation of group efforts.

BACKGROUND

Student debt is a global concern. Pressure on universities to expand has decreased cost accountability and increased overall tuition for students (Greysen 2011). Second only to the United Kingdom, average graduate education tuition costs in the United States are greater than that of almost every other country, according to the Organization for Economic Co-operation and Development (Chisolm-Burns 2019; Sylvia 2019). Student loan debt has more than tripled in the United States since 2006, and in 2019, it reached over 1.6 trillion dollars (Student loan hero; Chisolm-Burns 2019). In 2017-2018, average debt per bachelor's degree recipients from public and private nonprofit four-year institutions was \$16,800 (Baum 2019). Because socioeconomic and racial disparities closely correlate with student debt, higher loan burdens often fall on students from low-income families (Dugger 2013). At-risk populations include ethnic minorities, students of lower socioeconomic status, and women, especially single mothers (Sylvia 2019). International students are also a vulnerable student population and face increased financial difficulties, such as decreased

scholarship opportunities or challenges in acquiring loans (Sherry 2009). Furthermore, overall skyrocketing debt may outpace the ability or willingness of lenders to extend credit (Greysen 2011).

Graduate students are especially affected by student debt after losing eligibility for federal loan subsidies and interest-free debt deferments in 2012 (Phillips 2016). Although the health sciences comprise 5% of total graduate level degrees, they disproportionately account for around 30% of the debt among graduate students (Student loan hero). These fields include – but are not limited to – medicine, pharmacy, dentistry, optometry, veterinary, physical therapy, and nursing. Total student debt for graduates of medicine and health sciences programs averaged \$161,772 in 2019 with many individual cases exceeding \$200,000 (Chisolm-Burns 2019; Ulbrich 2017; Phillips 2016). By 2015, 45% of medical students owed more than \$200,000 while other fields had debt-to-income ratios that broke 100% (Phillips 2016). Debt has become increasingly unmanageable for healthcare fields with lower earning potential, such as physical therapy (Pabian 2018). These large debt burdens unquestionably decrease the attractiveness of many healthcare career avenues and reduce student interest in pursuing these fields.

Student debt can have lasting effects on student health and finances. It is linked to increased depression, burnout, cynicism, emotional exhaustion, and callousness, which can lead to poor health outcomes and negative academic performance (Sylvia 2019, CB 2019, Ulbrich 2017, Phillips 2016, Rohlfing 2014; West 2011). Research has shown that the association between depression and debt was constant after adjustment for socioeconomic status (Walsemann 2015) and was more prominent for minorities like African and Hispanic Americans (Tran 2018). Debt decreases future net worth, wealth, and savings while increasing credit constraints and bankruptcy rates (Sylvia 2019, Chisolm-burns 2019, Gayardon 2018, Rutledge 2014). It also delays personal milestones such as getting married, starting a family, and buying a home (Sylvia 2019, Chisolm-burns 2019; Gayardon 2018, Rohlfing 2014). These negative health and financial effects may affect students' career choices. Greater debt is also linked to pursuit of higher paying specialties and lower probability of working in primary care, underserved areas, and entrepreneurial projects, all of which are crucial for global health work (Chisolm-burns 2019, Sylvia 2019, Gayardon 2018, Rolfing 2018, Phillips 2016). Cost also dissuades students of low socioeconomic status from applying to top-tier programs, which decreases program diversity. For example, more than half of US medical students come from the top quartile of family income. Because minority providers are more likely to practice in underserved communities, debt can indirectly reduce access to care for low socioeconomic areas by disabling these minorities from pursuing careers in healthcare (Chisolm-burns, Phillips 2014, Greysen 2011, Steinbrook 2008). Debt ultimately undermines the capacity and drive for pursuit of global

health by hurting mental health, depleting financial resources, and redirecting human capital away from communities in need.

Federal, state, and institutional policies have further contributed to the growing problem of student debt. Though federal student loans were first made available in 1965, the Bankruptcy Reform Act and its revisions in 1998 eliminated student loans from being discharged after the first payment. The following were also removed from student loans: Statute of Limitations on Collections, Truth in Lending Act, Fair Debt Collection Practices Act, the right to federally refinance, and adherence to state usury laws. Missed payments on federal loans could also result in wage garnishment without a court order, suspension of state professional licenses, garnishment of social security/disability income, and withholding IRS tax refunds (Mills 2015). On a state level, budget cuts to higher education are the main reasons for increased tuition (Chisolm-burns 2019, Ulbrich 2017). On an institutional level, being need-blind at public institutions raises the amount of borrowing by accepting lower socioeconomic students, whereas meeting-full-need is negatively related to student debt at private institutions (Monks 2014). Although policies like the American Recovery and Reinvestment Act of 2009 and the Patient Protection and Affordable Care Act (PPACA) of 2010 have increased funding for some loan forgiveness programs, student debt continues to rise unchecked.

Given the disproportionalities between the unbridled student debt of healthcare professionals and the markedly underfinanced fields of global, public, and community health, there is a significant disparity in global access to healthcare and meeting the needs of the underserved. Without incentive, or even a possibility of attaining personal financial stability in these fields, this disparity will only continue to increase if the worsening problem of student debt is not acutely addressed.

SOLUTIONS

Existing Loan, Loan Repayment, or Loan Forgiveness Options

1. National Health Service Corps Loan Repayment
2. Public Service Loan Forgiveness Program
3. Indian Health Service Loan Repayment
4. Students to Service Loan Repayment Program
5. Nurse Corp Loan Repayment
6. Health Resources and Services Administration (HRSA) Loan Repayment
 - a. Health Professions Student Loans
 - b. Scholarships for Disadvantaged Student
 - c. Loans for Disadvantaged Students

- d. Nursing Student Loans
- e. Nurse Faculty Loan Program

Federal Level

1. Expand federal loan-forgiveness programs in exchange for public service (Greysen 2011)
2. Strengthen Pell Grants by doubling the maximum grant amount and reinstate its automatic annual inflation adjustment (The Institute for College Access and Success, i.e. TICAS)
3. Establish federal-state partnerships to reduce costs for low-income & minority students (TICAS)
4. Consolidate the 5 income-driven/based repayment (IBR) plans into one with a fixed payment option. Borrowers can choose the assurance of payments capped at 10 percent of income and provide tax-free forgiveness of remaining debt, if any, after 20 years of payments (TICAS)
5. Since the efficacy of IBRs have been questioned, income-share agreements (ISA) are another option. One proposal suggests providing an ISA with a single \$50,000 credit line, no interest, a monthly payment of 5% or less of income, and a total repayment value capped at 1.75 times the borrowed amount for a maximum term of 25 years (Delisle 2019).
6. Maintain existing college accountability mechanisms like the Cohort Default Rate, the 90-10 rule, and the Gainful Employment Rule (TICAS)
7. Reduce reliance on risky private loans by requiring private loan certification, restoring fair bankruptcy treatment, and pushing community college participation in federal loan program (TICAS)
8. Enhance federal education tax benefits by improving the American Opportunity Tax Credit (AOTC) and eliminating the Tuition and Fees Deduction, Lifetime Learning Credit, Pell Grants taxation, and forgiven federal student loan debt taxation (TICAS)

State Level

1. Expand state loan-forgiveness programs in exchange for public service (Greysen 2011)
2. Match institutional grant aid with state grant aid (Monks 2014)
3. Fund public colleges based on performance and affordability metrics (Obama Proposal 2013) (Monks 2014)
4. Increase need-based grants compared to merit based grants (TICAS)
5. Exempt forgiven amounts of federal student loans from state income tax (TICAS)
6. Set institutional accountability standards for schools that receive state grant aid (TICAS)

Institutional Level

1. Provide university-sponsored loan assistance repayment programs (Powell 2016)
2. Replace financial aid loans with scholarships and grants (CB 2019, Powell 2016)
3. Decrease course load to graduate sooner (i.e. 3 instead of 4 years) (Greysen 2011)
4. Provide work opportunities (tutoring, care coordination, patient ed.) (Greysen 2011)
5. Provide regular finance courses to teach about budgeting, saving, loans, and repayment topics with regular reinforcement over the years (Chisolm-burns 2019, Ulbrich 2017, TICAS)
6. Provide full-tuition scholarships (i.e. New York University) (Chisolm-burns 2019)
7. Decrease tuition in return for service in select fields or geographic areas (Chisolm-Burns 2019, Powell 2016, Greysen 2011)
8. Decrease tuition by digitizing content, streamlining operations and employees, and increasing the roles of nonacademic ambulatory clinical settings and nonphysician clinical educators (Greysen 2011)
9. Cap tuition and fees at current rates or guarantee one rate for a class through graduation (Greysen 2011)
10. Create emergency fund for students (TICAS)

Individual Level

1. Minimize personal expenses by budgeting, sharing supplies, carpooling, and having roommates (Ulbrich 2017).
2. Families, especially disadvantaged ones, can use Children's Savings Accounts (CSAs) to have their deposits matched – on a ratio ranging from 1:1 to 5:1 – by public or philanthropic dollars for educational goals (Elliot 2014).

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