

Student Debt Cancellation - a Political Travesty.

Jim Huff - April 2022

Where is the outrage? Where are our leaders speaking out against this? Congresswoman Pramila Jayapal claims it is “racial justice,” “gender justice,” and “economic justice.” Within this article statistics from a reliable resource are presented, analyzed, and discussed to prove there will be no racial, gender, or economic justice in forgiving the \$1.74 trillion in outstanding Federal student loans. In fact it is quite the economic injustice for this action to be approved through executive order or other means.

The National Center for Education Statistics (NCES) reports the statistics for the 2015-2016 school year and is summarized in Table 1. In addition, the gender distribution has been included in Table 1 for discussing Congresswoman Jyapal’s second claim. It should be noted that the demographic Other, not Hispanic or Latino includes Two or more races, American Indian/Alaska Native, and Pacific Islander.

Table 1. NCES 2015-2016 Federal student loans by demographic, excluding parent loans.

| Demographic | Percent who borrowed (%) | Avg Amount Borrowed (\$) |
|---|--------------------------|--------------------------|
| White, not Hispanic or Latino | 67.7 | 29,900 |
| Black, not Hispanic or Latino | 86.3 | 39,500 |
| Hispanic or Latino of any race | 70.1 | 28,200 |
| Asian, not Hispanic or Latino | 43.9 | 26,500 |
| Other, not Hispanic or Latino | 71.3 | 31,000 |
| | | |
| Female | 71.1 | 31,700 |
| Male | 63.9 | 29,400 |
| Data source: NCES, 2020 As seen at https://nces.ed.gov/fastfacts/display.asp?id=900 | | |

The first thing to mention when looking at the table is the lack of basis for comparison. Presented are percentages of a demographic that borrowed money for college, not including the percent of parents who borrowed on their children’s behalf, not including the total allocation of Grants, Scholarships, and other non-loan assistance, and not including the total number of students per demographic for the school year.

Further research through NCES revealed the number of students for the 2016 school year broken down by demographic; “Of the 16.3 million undergraduate students in fall 2016, about 9.1 million were White, 3.2 million were Hispanic, 2.2 million were Black, 1.1 million were Asian, 596,000 were of Two or more races, 129,000 were American Indian/Alaska Native, and 47,000 were Pacific Islander,” (NCES, 2019). Combining the above two sources of information,

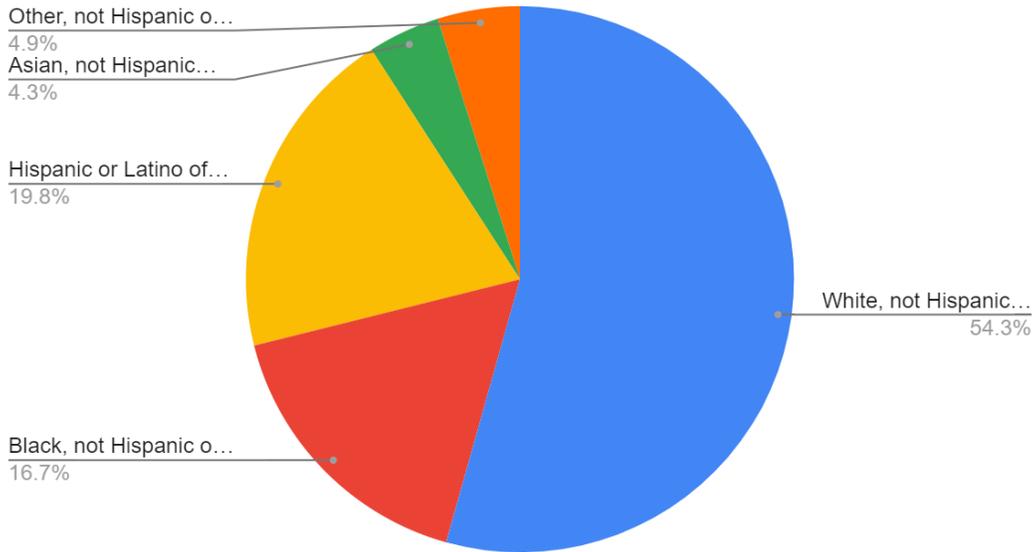
we can compute the number of students taking out federal loans per demographic as presented in Table 2.

Table 2. Student loans for 2015-2016 year by demographic.

| Demographic | Approximate # of borrowers | Total amount allocated (Billion \$) |
|--------------------------------|----------------------------|-------------------------------------|
| White, not Hispanic or Latino | 6,160,700 | 184.2 |
| Black, not Hispanic or Latino | 1,898,600 | 75.0 |
| Hispanic or Latino of any race | 2,243,200 | 63.3 |
| Asian, not Hispanic or Latino | 482,900 | 12.8 |
| Other, not Hispanic or Latino | 550,436 | 17.1 |
| | | |
| Female | 6,399,000 | 202.8 |
| Male | 4,664,700 | 137.1 |

From Table 2 one could assume student loan forgiveness largely favors White, not Hispanic or Latino students by nearly 2.5 times the amount of money compared to the next leading group of Black, not Hispanic or Latino students with loans. The same can be said for females receiving nearly 1.5 times the amount of money that males did. This information can be presented in a number of ways to establish biased positions; however, the next few figures will establish that the distribution of loans across the races and sexes is fairly equal and will not provide any justice based on demographics (Figures 1, 2, and 3).

Approximate Distribution of Borrowers by Demographic



Within Figure 1 we have the distribution of total loan recipients by demographic. It is clear that White, not Hispanic or Latino makes up the majority of the people receiving loans, as would make sense since this demographic also makes up nearly 56% of all students for the year cited. In fact, the percent of borrowers by demographic matches within approximately 3% of the population of students by demographic for all except Black, not Hispanic or Latino, which received approximately 8% more loans proportionally than the proportion of students in that demographic. All-in-all, a close to equal comparison across the board. This is further demonstrated by Figures 2 and Figure 3, which provide the same conclusion in parallel analysis.

Total Funds Allocated by Demographic

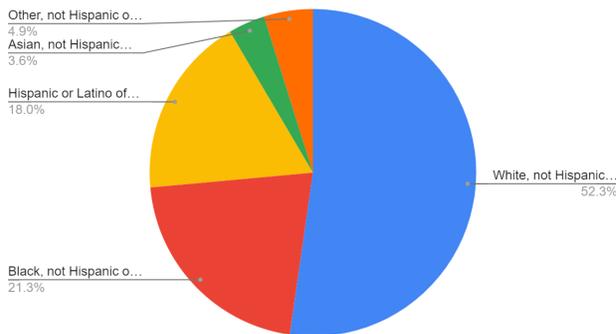


Figure 2. Allocations by Demographic.

Delta Distributed vs Proportion of Students with Federal Loans

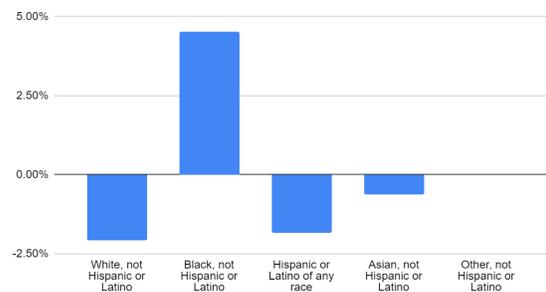


Figure 3. Δ Dist. vs Proportion

Reviewing the information provided in Tables 1 and 2 with respect to sex or gender, we follow nearly the same path as race. Uninformed percentages provided in Table 1, combined with the distribution of students across the two genders as shown in Table 2, provides the premature conclusion that Females will benefit at 1.5 times the rate of Males with Federal loan forgiveness. However, when compared to the distribution of Females and Males within the school population cited for the 2015-2016 school year, the conclusion remains nearly the same. Females received approximately 3.6% more in Federal loan distribution than men when compared to the population distribution. Certainly not gender justice, but possibly economic justice as we will evaluate next.

Economically, who would win from a Federal student loan forgiveness? Let's break it down with the current valuation of outstanding student loans somewhere around \$1.74 trillion and growing every day. According to the 2020 US Census, there are 258.3 million adults, age 18 or older, within the United States (Ogunwole et al., 2021). If we were to assume that this debt would fall evenly on all adults, the cost to forgive all Federally backed student loans is \$6740 per person or roughly \$13,500 per family. All to benefit a select number of people who have not fulfilled their obligations as stated when loans were acquired.

Do not let the words of Congresswoman Jayapal fool you. This is not for the greater good of America, or a justice for those once disparaged. This is simply to ease the burden select students, some of which are irresponsibly ignoring the debt they promised to pay, yet benefitted from the experience and education that debt provided. Those who chose not to go to college due to the high costs, who joined the military to offset it, those who took out private loans, or those who simply buckled down to pay back their loans are the ones economically disparaged with this proposal. It most certainly is an **economic injustice** to even consider forgiving the Federally backed student loans. This is a political gimmick by the Democratic Party to buy votes in the 2022 midterm elections which will further increase the already exorbitant inflation rate in America. Even if the bill isn't passed down directly to every American as a tax, the value of the dollar will continually diminish so that everyone feels the burden of this administration's spending.

An educated American is an effective American. Do your own research and form your own opinions to educate yourself on divisive topics rather than listen to any single political figure. Sacrifices must be made for the greater good of America; however, this is an unjust and politically biased sacrifice that should not be endured by the United States of America.

Sources:

Miller, Andrew M. (2022). Rep. Pramila Jayapal: Student debt cancellation is 'racial justice,' 'gender justice,' 'economic justice'. FoxBusiness.com. [https://www.foxbusiness.com/politics/rep-pramila-jayapal-student-debt-cancellation-is-racial-justice-gender-justice-economic-justice]

NCES - U.S. Department of Education, National Center for Education Statistics. (2019). Indicator 20: Undergraduate Enrollment. [https://nces.ed.gov/programs/raceindicators/indicator_reb.asp].

NCES - U.S. Department of Education, National Center for Education Statistics. (2020). One Year After a Bachelor's Degree: A Profile of 2015-16 Graduates (NCES 2020-341), Table 5.1.

Ogunwole, Stella U., Rabe, Megan A., Roberts, Andrew W., Caplan, Zoe. (2021). Population Under Age 18 Declined Last Decade. [https://www.census.gov/library/stories/2021/08/united-states-adult-population-grew-faster-than-nations-total-population-from-2010-to-2020.html].