

PROGRESSIVE POLICIES ARE GOOD FOR THE ECONOMY: CANCEL STUDENT DEBT

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During the Great Recession, our government learned the hard way that we should spend more—not less—in times of crisis. The response to the Great Recession was too small and ended too soon, especially for the Black and brown families that never recovered, and our economy was made less resilient as a result. The government can boost our economy right now by helping struggling families and investing in all of us. Investing in people will benefit everyone, with new jobs, higher wages, and a stronger economy overall. One way to support communities is by canceling student debt.

Over [44 million people](#) in the U.S. are entangled in the student debt crisis, with student debt now totaling [\\$1.67 trillion](#). Student debt is weighing down millions of people across the country, especially [people of color](#), [young adults](#), and [women](#). And while education has often been touted as the “Great Equalizer,” higher education costs have skyrocketed while [wages and incomes have stagnated](#), and low family wealth and discrimination in the job market mean that Black college graduates have more debt, are [more likely](#) to face financial crises after graduation, and [earn less and face higher unemployment](#) than white workers with college degrees.

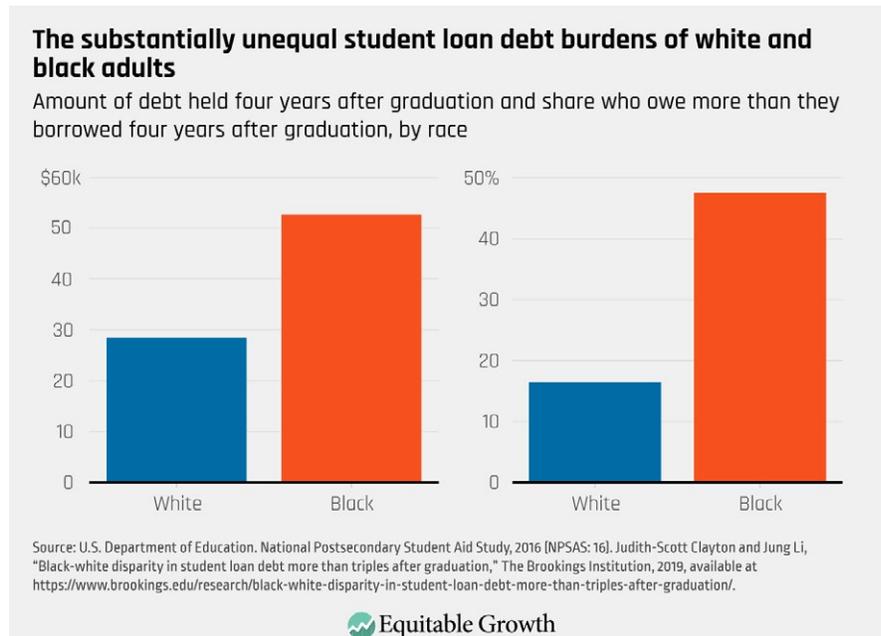
Canceling student debt could boost GDP by [more than \\$1 trillion](#) over the next ten years, create almost [1.5 million jobs](#) annually, [build wealth for Black and Latinx families](#), and provide [economic relief](#) to the millions of families who struggle to cover basic costs, especially during COVID-19.

Student debt cancellation is good for children, families, and the economy:

- **Canceling student debt will generate jobs and increase GDP:** Research finds that student debt cancellation could increase annual GDP by an average of [\\$86 billion to \\$108 billion](#) and create up to [1.5 million jobs](#) annually after the first few years of cancellation, as recipients of debt cancellation are able to invest in themselves and spend in their local economies.
- **Eliminating student debt will lower unemployment:** Researchers find that canceling student debt would reduce the average unemployment rate by [0.22 to 0.36 percentage points](#) over a decade.
- **Student debt cancellation reduces debt among Black and Latinx households and increases Black wealth:** Research finds that policies should cancel up to \$75,000 in student debt and doing so would provide complete debt relief for nearly [90 percent](#) of Latinx households and around [80 percent](#) of Black households, freeing up income to circulate back into local economies or for families to build wealth. The [study](#) also finds that canceling student debt can build Black wealth quickly. Using 2016 data, the researchers estimated canceling \$50,000 in student debt would instantly increase Black wealth by [40 percent](#). However, due to student debt levels rising rapidly, researchers have updated their estimates showing that canceling \$50,000 now would only increase Black wealth by [34 percent](#), highlighting how important it is to cancel up to \$75,000 to match the rapid increases in debt accumulation.
- **Student debt cancellation has positive spillover effects for small businesses and household economic security:** Research finds that student debt has a [negative impact](#) on small business formation and prevents other investments like [purchasing a home](#), often considered an important step for economic security.

Here's who will benefit from canceling student debt:

- **Canceling student debt is a racial justice issue:** [90 percent](#) of Black students take on debt, and [72 percent](#) of Latinx students take on debt, compared to [66 percent](#) of white students. Black people have a harder time paying off student loans than white people because, among other factors, [they make less](#) than their white counterparts upon graduation. Between 2000 and 2018, the Black-white wage gap for young adults with four-year degrees rose by [57 percent](#). Research also shows that 12 years after starting college, the average [Black borrower owes more than they borrowed](#) while the average white borrower has paid off [35 percent](#) of their debt, and the situation is only getting worse. Black students are also more likely to be [targeted by predatory, for-profit institutions](#), taking on high levels of debt [without gaining the economic benefits](#). Average student debt also almost tripled for Black households in the [12 years surrounding the Great Recession](#).



- **Black women hold a disproportionate amount of student debt:** Women hold [two-thirds](#) of outstanding student debt, or \$929 billion. Yet all of this schooling has not redressed the [gender pay gap](#), which burdens women throughout their lives and makes it harder for them to repay their loans. Furthermore, Black women graduate with [more debt](#) than other women and are faced with the compounded gender and racial wage gap, or the "[double gap](#)," making it even more difficult to repay student loans. 12 years after beginning college, the average Black woman will have seen her debt grow by [13 percent](#).
- **Borrowers without a college degree need relief:** [40 percent](#) of people who have student debt did not get a degree. Many of these borrowers are students of color, first-generation students, and low-income students. Additionally, results from a September 2020 Pew survey found that the largest group of adults [reporting job losses or reduced wages](#) due to COVID-19 were households with an adult with some college education but no degree. Canceling student debt is a quick way to provide targeted relief now.