

STUDENT LOAN DEBT AMONG EDUCATORS:

A NATIONAL CRISIS

July 2021



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EXECUTIVE SUMMARY

This report presents the results of a 2020 NEA survey of educators working in pre-K–12 and higher education institutions regarding student loan debt. In line with research on student loan debt within the general population, we find that student loans play a significant role in the financial lives of many educators and have disproportionate impacts on specific subgroups.

General Findings

- Nearly half—45 percent—of educators have taken out a student loan to fund their own education, with the average total amount standing at \$55,800. Educators working in higher education were more likely to take out higher amounts of debt than their pre-K–12 counterparts.
- Over half of educators who have taken out a student loan to fund their own education still have a balance, with an average current debt amount of \$58,700 within this group. Fourteen percent of educators with unpaid student debt have a current balance of \$105,000 or higher.

Student Loan Debt among Young Educators

- Younger educators are more likely than older educators to have taken out student loans to help pay for their education. Sixty-five percent of educators ages 18–35 have taken out student loans compared to 27 percent of those 61 and older.
- Younger educators have, on average, taken out far more in student loans than older educators. More than two-fifths (42%) of educators ages 18–35 who have had student loans took out \$65,000 or more in loans compared to 13 percent of those 61 and up.
- More than a quarter of educators ages 18–35 with unpaid student loans report that paying off this debt has impacted their ability to buy a home, return to school, and/or start a family.

Student Loan Debt among More Experienced and Older Educators

- Four in ten educators (42%) with 11 years or more of experience who took out student loans have not fully paid them off. While nearly 40 percent of this group has a balance of less than \$25,000, 14 percent report having at least \$105,000 remaining to pay off, and the average current debt within this group was \$56,500.
- Over a quarter of educators ages 61 and up who took out student loans still have a balance, and within that group, almost four in 10 have \$45,000 or more left to pay off.
- Two-thirds of educators ages 61 and up with unpaid student loans report that paying down their debt has affected their ability to save for retirement. Even half of the youngest educators—those ages 18–35—said that this was a predicament for them.

Student Loan Debt among Educators of Color

- Black educators were significantly more likely than White or Latin(o/a/x), Hispanic, and Chican(o/a/x) educators to have taken out student loans. Over half (56%) of all Black educators have taken out student loans compared to 44 percent of White educators.
- Black educators took on significantly more debt than other racial/ethnic groups, with an average initial total of \$68,300 among those who took out loans, compared to \$54,300 for White educators and \$56,400 for Latin(o/a/x), Hispanic, and Chican(o/a/x) educators. Sixteen percent of Black educators who used student loans borrowed \$105,000 or more compared to 11 percent of White educators.
- Black educators with unpaid student loans also had the highest average current debt at \$71,600, over \$13,000 more than White educators and \$20,000 more than Latin(o/a/x), Hispanic, and Chican(o/a/x) educators. This high average is due in part to nearly one in five Black educators with unpaid debt carrying a current balance of at least \$105,000.

Impacts of Student Loan Debt on Educators' Financial Lives

- About three-fifths (59%) of educators with unpaid loans reported that the debt had a bearing on their ability to build up their emergency savings, and four in 10 said that paying off their student loans impacted their mental, emotional, and/or physical well-being.
- The COVID-19 pandemic affected educators' financial lives, with those with unpaid student loan debt reporting more struggles than those who have never had loans or have paid them off. Educators with unpaid student loan debt were most likely to report experiencing the following financial challenges since March 2020: paying off credit card balances (35%), making housing payments (28%), paying for medical expenses (28%), paying utility bills (27%), and buying food (26%).
- During the pandemic, educators with unpaid student loan debt were more likely to skip routine medical appointments (40%), avoid acute medical appointments (28%), and forgo filling a prescription (25%) than those educators who have either never had loans or have paid off their student loans.

The report concludes with a discussion of the implications of these findings for the educator workforce and recommendations of specific actions policymakers can take to help alleviate student loan debt burdens on our nation's educators.

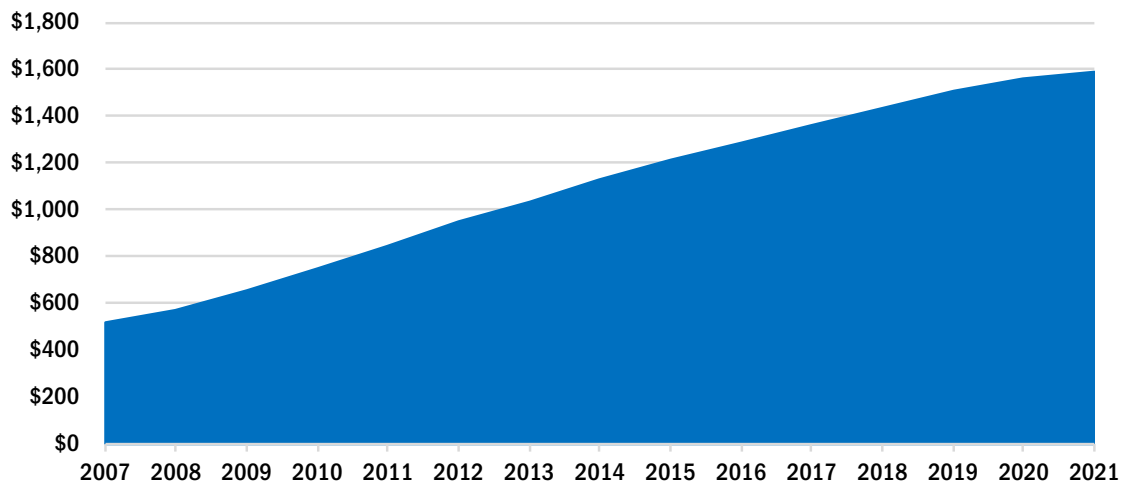
I. Introduction

The cost of higher education has exploded in recent years. The National Center for Education Statistics (NCES) notes that, after adjusting for inflation, the average total cost (tuition, fees, room, and board) of one year at a public institution increased 31 percent from 2007-08 to 2017-18, the most recent year for which it has published data. For private, non-profit institutions, the price of college increased 23 percent (U.S. Department of Education, 2019). According to NCES, one year at a public, four-year institution now costs, on average, over \$20,000, while a year at a private, non-profit institution is over \$40,000.

Not surprisingly, these rising prices have been accompanied by astronomical increases in student loan debt. In the second quarter of the 2021 fiscal year, 42.9 million Americans held \$1.59 trillion in outstanding federal student loan debt, up from 28.3 million people holding \$516 billion in debt in 2007 (U.S. Department of Education, 2021c). In other words, the amount of outstanding federal student loan debt has more than tripled in less than 15 years, as shown in Figure 1. It is important to note that these data do not include private loans, which are estimated to account for an additional \$138.6 billion in outstanding debt (Amir et al., 2020).

One might assume that this increase in aggregate student loan debt is due to more students attending college. However, undergraduate enrollment declined from 2010 to 2018 after steady increases from 2000 to 2010 (U.S. Department of Education, 2020f).¹ Despite fewer students attending college since 2010, during this time period the nation's collective student loan debt became greater than both its auto loan debt and credit card debt and is now second only to its home mortgage debt (Siripurapu and Speier, 2021).

Figure 1. **Federal student loan debt (in billions)** increased steadily from 2007 to 2021.



Source: U.S. Department of Education

What has this overall increase in the nation's student loan debt meant to individual borrowers? Both undergraduate and graduate students are taking on more debt to attend school (Baum and Steele, 2018; Institute for College Access & Success, 2020), with the Institute for College Access & Success noting that from 2004 to 2012, the average debt of graduating college seniors grew almost 58 percent from \$18,600 to \$29,400. Taking both undergraduate and graduate students into account, the average borrower now owes more than \$33,000, up 60 percent from a decade ago (Student Borrower Protection Center and the Credit Builders Alliance, 2020). Both increases far outpace inflation.

¹ Post-baccalaureate enrollment increased slightly from 2010 to 2018 (U.S. Department of Education, 2020e), but when combined with the lower registration among undergraduate students, overall enrollment in all postsecondary programs declined during this time period.

Some recent graduates quickly find that they are unable to keep up with their monthly payments. Among those who entered repayment on federal loans in FY 2017, 9.7 percent had defaulted by 2020, which means that they did not make payments for nine consecutive months (U.S. Department of Education, 2020d). Defaulting on a student loan results in borrowers having to pay significant penalty fees, damages their credit reports for years, and can even have implications for their employment, including suspension of driver's and professional licenses and, for military and federal government positions, denial of security clearances and promotions (The Pew Charitable Trusts, 2020).

While most borrowers will not default on their student loans, carrying a high debt balance has implications even for those who are able to manage their monthly payments. A 2020 study conducted by the Student Borrower Protection Center and the Credit Builders Alliance attempted to quantify the consequences of student borrowing. They concluded that a typical borrower (i.e., one with an average level of auto, mortgage, and credit card debt) with a high level of student debt stress (i.e., a student debt-to-income ratio of 10% or more) would pay nearly \$30,000 more on typical financial products, as compared to a similar consumer borrower with a lower student loan debt-to-income ratio.

While it is often challenging to look at how student loan debt affects individuals in specific occupations,² in this report, we use data from a 2020 National Education Association (NEA) survey of the nation's educators³ to provide a snapshot of how student loan debt impacts this workforce segment.

About the Data

The findings presented in this document are the result of a survey fielded by the National Education Association (NEA) in partnership with MSI International. This study was designed to look at the effects the COVID-19 pandemic had on educators' finances including employment, pay and benefits, and other financial hardships. The survey included questions about educators' student debt including their loan status, repayment type, payment difficulties, debt relief and loan forgiveness, and personal negative impacts of student loan debt.

The survey was fielded over a six-week period from Oct. 30 – Dec. 14, 2020. The respondents came from a sample of NEA members and two commercial panels (i.e., pre-recruited individuals

who agree to participate in surveys on a variety of topics) that included both NEA members and non-members. Between the two sources, there were 2,498 respondents. About half (1,309) were pre-K–12 certificated staff (teachers and specialized instructional support personnel (SISP), who are non-teaching certificated staff), followed by pre-K–12 education support professionals (ESPs) (508), higher education faculty (415), and higher education ESPs (266). All pre-K–12 participants work in public schools, and those results are weighted against the demographics of pre-K–12 public school educators. Higher education respondents work in both public and private institutions, with those data weighted against the demographics of national higher education employees.

The results of our analysis are sobering. We found that just under half (45%) of all educators have taken out a student loan at some point to pay for their own education.⁴ Within the different educator groups, pre-K–12 teachers and SISP were the most likely to have taken out student loans at 53 percent, followed

² Some analyses have parsed student loan data by undergraduate major (see Cominole et al., 2021) or general occupational category (see Board of Governors of the Federal Reserve System, 2020), and a few professional associations have conducted surveys to provide data for their members (see Nykiel, 2021 for an overview). However, we were unable to identify a comprehensive dataset that allowed for analyzing student loan debt data by current occupation.

³ This report uses the term “educators” to refer to all non-administrative staff working in a pre-K–12 school system or higher education institution. This includes pre-K–12 teachers, higher education faculty, education support professionals (ESPs—classified staff such as paraeducators, transportation workers, and clerical staff), and specialized instructional support personnel (SISP—non-teaching certificated staff such as counselors, social workers, library media specialists, and speech language pathologists).

⁴ These data points reflect information on student loans taken out in the respondent's name to fund the respondent's own education. Respondents were asked separately about whether they had taken on debt or were helping to pay off loans on behalf of another family member.

by higher education faculty at 48 percent, and ESPs working at higher education institutions, a group that includes graduate teaching and research assistants,⁵ at 43 percent. Just over a quarter (29%) of ESPs working in pre-K–12 schools have taken out student loans.⁶

Within the 45 percent of all educators who have taken out a loan, the average total amount of student loans among educators was \$55,800, with 30 percent taking out \$65,000 or more (Figure 2).⁷ More than 1 in 10 educators (11%) took out \$105,000 or more in student loans. Educators working in higher education were more likely to take out higher amounts of debt than their pre-K–12 counterparts (Figure 3).

Figure 2. Thirty percent of educators who used student loans took on \$65,000 or more in debt to pay for their education.

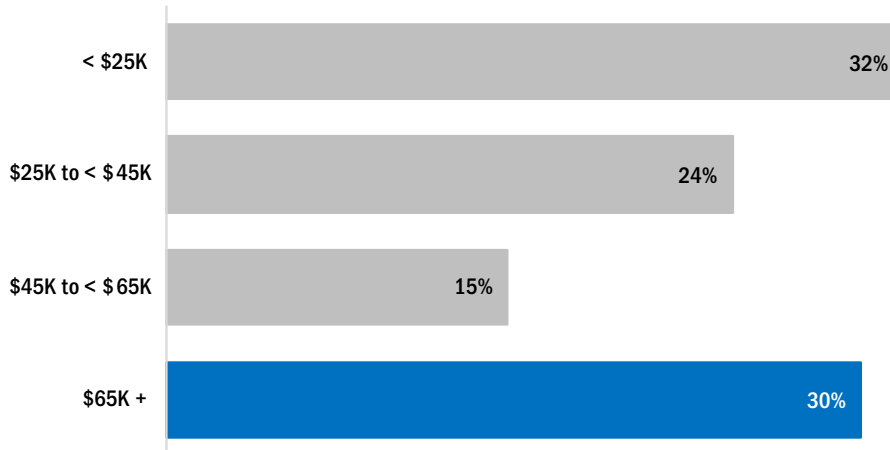
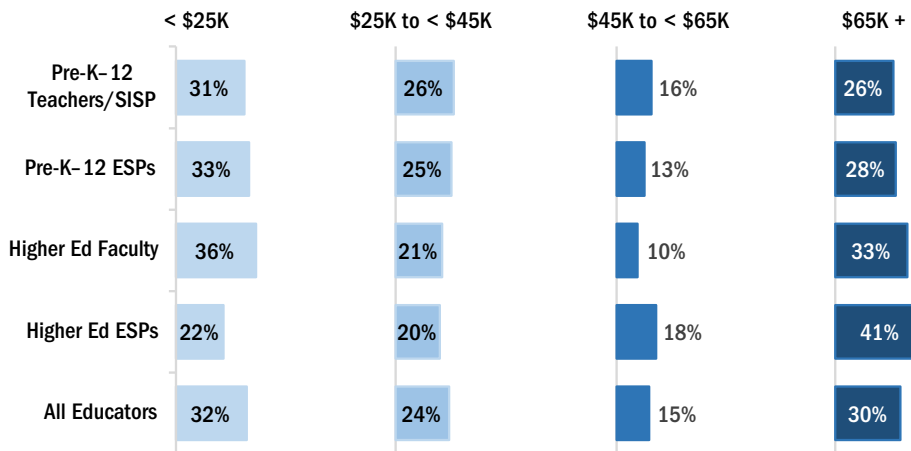


Figure 3. Higher education ESPs were more likely to take out higher total student loan amounts to pay for their education than other educator groups.



⁵ Within our sample of higher education ESPs, 16 percent self-identified as graduate assistants.

⁶ Education Support Professionals work in nine career families that vary in terms of whether a post-baccalaureate degree is required: clerical services, custodial and maintenance services, food services, health and student services, paraeducators, security services, skilled trades, technical services, and transportation services. In a 2017 survey, the NEA found that 77 percent of pre-K–12 ESP members and 95 percent of higher education ESP members have at least some postsecondary education.

⁷ Totals in some figures may not add up to 100% due to rounding.



Over half (53%) of the 45 percent of educators who have had a student loan at some point still have a balance (Figure 4), which means that a quarter (24%) of all educators are currently saddled with student loan debt. Among those who have not fully paid off their loans, the average current amount of debt is \$58,700. Among educators with unpaid loans, 32 percent still owe \$65,000 or more (Figure 5), and 14 percent owe \$105,000 or more. Nearly half of higher education faculty with unpaid loans reported current balances of \$65,000 or more, with between a quarter and a third of the other educator groups carrying this much debt (Figure 6). Interestingly, higher education faculty were the most likely educator group to have fully paid off their debt and the most likely to have more than \$65,000 in current debt, which is unsurprising given that these educators have undertaken more years of education but also earn higher salaries, on average, than other educators.

It is important to note that the current average amount of debt (\$58,700) is higher than the average total amount of debt that educators originally took out (\$55,800). This is due to two factors: Those who started with lower balances are more likely to pay off their loans quickly, and those with private or unsubsidized federal loans may find that they end up owing more than they started with due to compounded or capitalized interest.

Figure 4. With the exception of higher education faculty, a majority of educators across categories are still have unpaid loans.

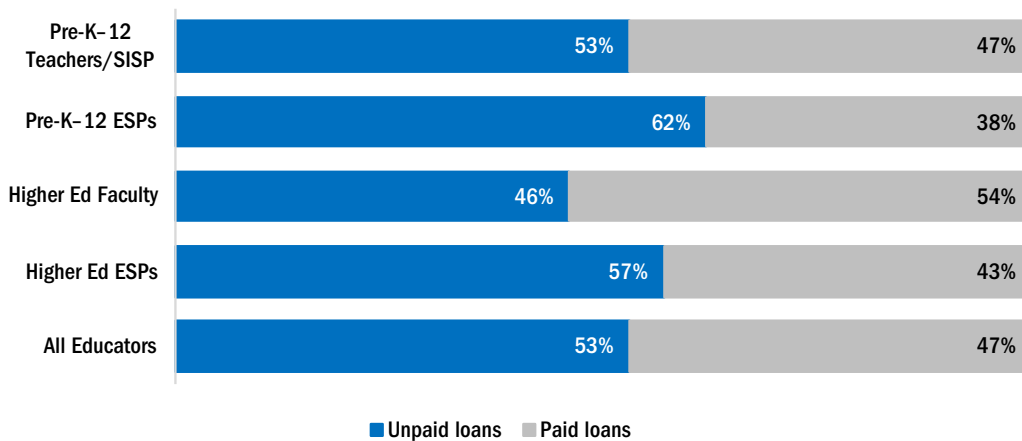


Figure 5. Among educators with current student loan debt, 32% still owe \$65,000 or more

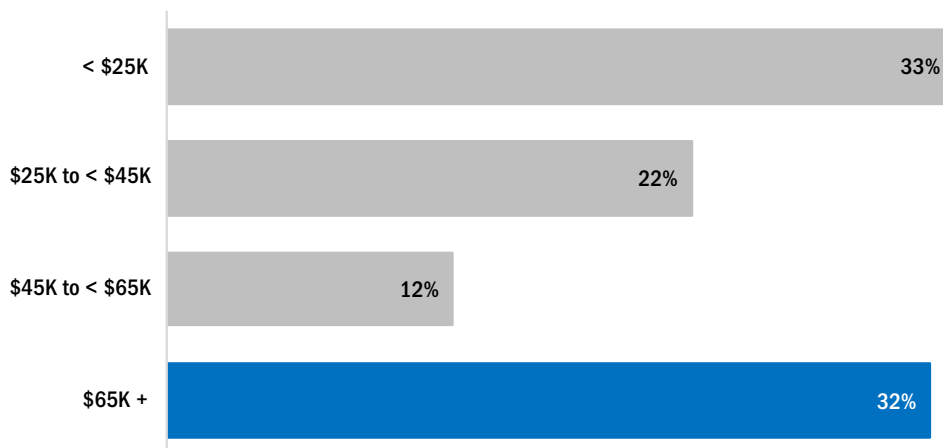
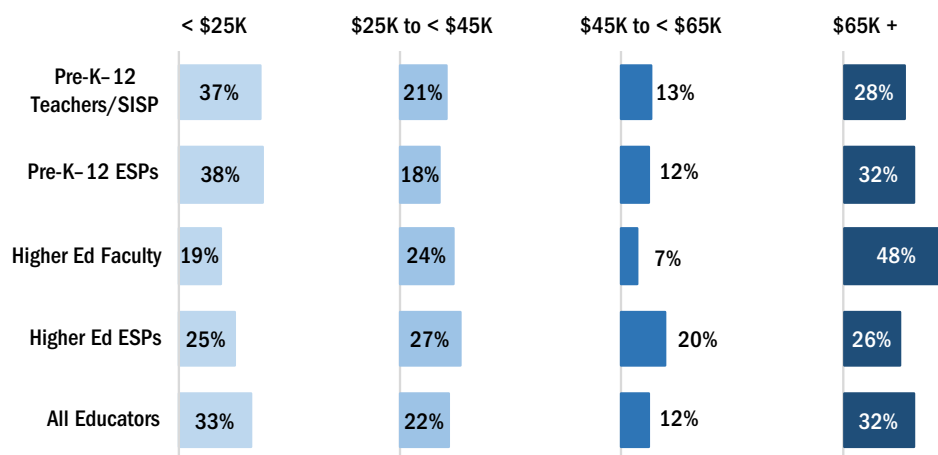


Figure 6. Among educators who still have student loan debt, higher education faculty are more likely than other educator groups to have high current loan balances.



In the remainder of this report, we take a closer look at how student loan debt has affected three groups: younger educators, more experienced and older educators, and educators of color. Throughout these sections, we discuss the economic dynamics that led the nation to this point. In the segment on younger educators, we look at the decades-long public divestment in higher education that resulted in significant cost-shifting from institutions to students and families. For more experienced and older educators, stagnant wages and increasing wage gaps—compared to other professions—have made it increasingly challenging to pay down debts. And, most importantly, structural and institutional racism is embedded throughout not only the student loan system but the nation’s entire economic structure.

We conclude with a section that illustrates the financial precariousness and stress that plagues educators with student loan debt. The COVID-19 pandemic provided a unique opportunity to explore the economic effects of a significant national economic shock. Using reports of how educators’ financial circumstances changed between the pre-pandemic and pandemic periods, we show that those with student loan debt were less able to weather this economic upheaval despite the federal government providing emergency relief to those with federal student loans.

II. Student Loan Debt among Young Educators

As shown above, student loan debt has exploded in recent years, with students taking out ever-larger loans to fund their undergraduate and graduate studies. This is not due to today’s students being less financially responsible than previous generations. Rather, steady declines in higher education funding have resulted in students and families bearing a greater proportion of educational costs. Between 2008 and 2018, inflation-adjusted state funding for higher education declined in 41 states, with states spending, on average, 13 percent less per student at the end of that decade than they did at the start (Mitchell et al., 2019). In six states—Alabama, Arizona, Louisiana, Mississippi, Oklahoma, and Pennsylvania—per-student funding for higher education fell by more than 30 percent during this time period.

Higher education institutions have adjusted to these funding cuts by applying two strategies. One tactic involves reducing what they offer students. For example, prior to the COVID-19 pandemic, many colleges and universities were cutting academic and student support programs, instituting hiring freezes, putting off facility maintenance, and engaging in a variety of other cost-saving tactics; such measures have become even more common—even drastic—in the wake of the pandemic’s widespread economic and societal impacts (Gardner, 2021; Yuen, 2020).

The other way that colleges and universities have made up for lost revenue is by increasing tuition (Mitchell et al., 2019). We noted at the start of this report that the average total cost (tuition, fees, room, and board) of one year at a public⁸ institution increased 31 percent from 2007-08 to 2017-18 (U.S. Department of Education, 2019). The Center for Budget and Policy Priorities further spells out that in seven states—Alabama, Arizona, California, Colorado, Florida, Georgia, and Hawaii—published tuition increased by more than 60 percent in this time period, while in Louisiana tuition more than doubled (Mitchell et al., 2019).

As a result of reductions in government funding and increases in tuition, the student share of higher education revenue (i.e., the proportion of the total revenue coming from tuition) climbed from 29.1 percent in 2001 to a high of 47.5 percent in 2013, followed by a slight decline to 44 percent in 2020 (State Higher Education Executive Officers Association, 2021). In half of the states, tuition and fees now provide more than half of all higher education revenue, and in seven states, the student share for four-year institutions is over 75 percent.

In line with this cost-shifting from government funds to individual students, an analysis by the National College Attainment Network (NCAN) showed that public institutions are increasingly out of reach for many students. The percent of public, four-year institutions that NCAN classified as affordable⁹ declined from 31 percent in 2014-15 to 23 percent in 2018-19. While community colleges remain more accessible, there has been a decline in affordability for them as well, from 49 percent in 2014-15 to 41 percent in 2018-19 (NCAN, 2021).

Thus, postsecondary students are reliant on ever-higher amounts of financial aid to pay for their schooling. Fortunately, the average loan per undergraduate student, after controlling for inflation, has leveled off since its high during the Great Recession, and the average grant amount increased (U.S. Department of Education, 2021b). Yet most of the increase in grants was due to larger institutional grants from private, non-profit institutions, which only about 20 percent of students attend. The key federal grant program—the Pell Grant—has not kept up with rising costs and now covers less than a third of tuition, fees, and room and board at a public, four-year institution, a decline in value of 11 percent from 20 years ago (Mitchell et al., 2019; National Association of Student Financial Aid Administrators, 2019). And for those who pursue graduate degrees, the average loan per graduate student continued to increase after the Great Recession even after controlling for inflation (U.S. Department of Education, 2020c).

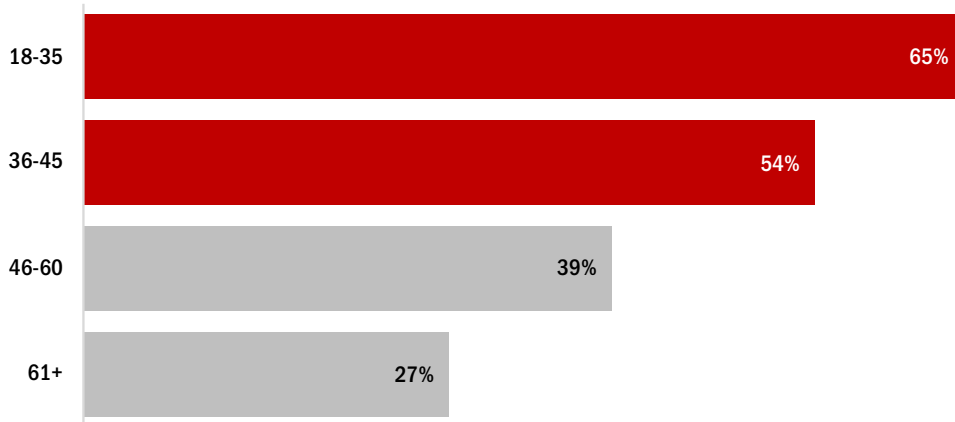
How have these trends affected our nation’s educators? Not surprisingly, younger educators are far more likely to have taken out student loans than older educators. Two-thirds (65%) of educators ages 18–35¹⁰ and over half of those 36–45 have taken out a student loan to finance their own education compared to 27 percent of educators ages 61 and up (Figure 7).

⁸ We focus on public higher education institutions as the majority of students (74%) attend these colleges and universities rather than non-profit or for-profit, private institutions (U.S. Department of Education, 2021b).

⁹ NCAN categorizes an institution as affordable if the total price for an in-state student plus \$300 for emergency expenses does not exceed the combined total of that institution’s average federal, state, and institutional grant award, average federal loan disbursement, the expected family contribution of the average Pell Grant recipient, an average Federal Work Study award, and the contribution of summer wages.

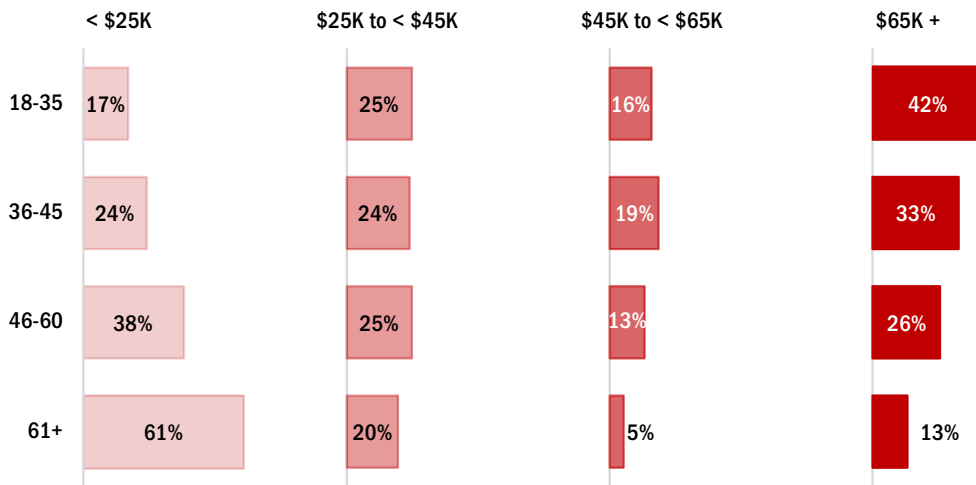
¹⁰ While a majority of educators are at least 21 years old, a small proportion is younger, particularly within ESP career families. We thus use 18–35 as the youngest age category in this report.

Figure 7. **Younger educators** are more likely than older educators to have taken out student loans to help pay for their education.



Younger educators are also much more likely than their older colleagues to have taken on high levels of student loan debt. Among the oldest educators—those who are age 61 and up—a majority, 61 percent, of those who used student loans took out less than \$25,000 (Figure 8). In contrast, nearly half (42%) of educators ages 18-35 took out at least \$65,000 in student loans. As we have discussed above, these differences are not simply due to inflation-driven increases in the cost of postsecondary education.

Figure 8. Younger educators are the most likely to have taken out large student loans.



NEA Member: My student loans are the size of a mortgage.

Maggie Gannon
Second-grade teacher, Virginia

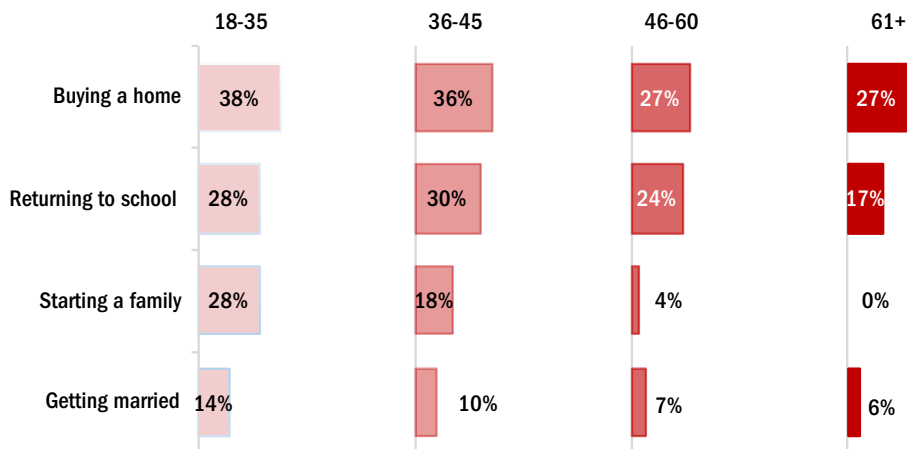
I try not to think about it! The total amount of debt for both [undergrad and graduate degrees from in-state, public colleges] is almost \$200,000. It's really awful. Really awful. I re-apply every year for Public Service Loan Forgiveness, but the website is confusing and I don't know how much is eligible for forgiveness. If I could get it, I'd definitely be a lot less stressed—and it would take about \$400 off my monthly bills. Honestly, I want to buy a house, but my student loans are the size of a mortgage. My car is a 2014 Honda and my plan is for it to run forever. People ask me: If I had to do it over again, would I do the same thing? Teaching is my passion! I love it. I can't imagine myself doing anything else. Sometimes, when it's crazy stressful, the debt is overwhelming but I really don't think there is anything else I was meant to be doing.



Along with higher levels of debt, today's newest educators are often faced with low starting salaries. In 2019-20, the average starting salary was \$41,163, and only 13 percent of districts offered a salary of \$50,000 or more. Nearly half (48%) of districts—employing almost 30 percent of teachers—offered a starting salary below \$40,000 (National Education Association, 2021a).

It is therefore unsurprising that our survey found that only 18 percent of the youngest educators and 39 percent of those ages 36–45 have fully paid off their student loan debt. Given this and the high debt loads they had to begin with, it is predictable that younger educators were more likely than their older colleagues to report that student loans impacted some major life decisions. More than a third of educators 45 and younger say that their loans affected their ability to buy a home compared to about a quarter of older educators (Figure 9). Similar age effects were also found in terms of educators' decisions about returning to school, starting a family, and getting married.

Figure 9. Younger educators with unpaid loans are more likely than their older colleagues to report that paying off student loan debt impacted major life decisions.



The financial struggle of younger educators does little to alleviate the pre-K–12 teacher shortage in the United States. The number of undergraduates enrolling in teacher education programs declined by more than a third between 2010 and 2017, while teacher preparation program completions decreased by 28 percent in the same time period (Partelow, 2019). It is likely that some of this troubling trend is due to student loan debt: Research shows that a college student’s debt burdens influence their decision to pursue certain careers; each additional \$10,000 in student debt reduces the likelihood of choosing a career in education by nearly 6 percentage points (Rothstein and Rouse, 2011).

Younger educators have been hit harder by student loan debt than previous generations due to dynamics beyond their control, which has implications for recruiting and retaining new teachers and other educators. However, they are not the only educator demographic bearing the financial realities of our nation’s higher education system. In the next section, we explore how student loan debt continues to affect educators throughout their careers.

III. Student Loan Debt among More Experienced and Older Educators

High student loan debt can burden educators for the duration of their careers. Pre-K–12 average teacher salaries have been stagnant since the Great Recession, with only a 0.9-percent increase since 2012 after adjusting for inflation (National Education Association, 2021b). While the national average teacher salary was \$64,133 in the 2019-20 school year, that number is driven by higher average salaries in populous states in the Northeast and on the West Coast. In three states—Florida, Mississippi, and South Dakota—the average teacher salary is less than \$50,000, and it is between \$50,000 and \$55,000 in 18 states.

Pre-K–12 teachers also experience less salary growth over the course of their careers than many occupations, with mid- and late-career teachers in some states earning salaries that are low enough to qualify for multiple government-support programs (Boser and Straus, 2014). In 20 percent of districts, the top of the teacher pay scale is less than \$60,000 (National Education Association, 2021a).

As a result of these salary dynamics, the wage gap between pre-K–12 teachers and other professionals with similar levels of education and experience—known as the “teacher pay penalty”—has grown significantly since the mid-1990s (Allegretto and Mishel, 2020). In 1996, teachers earned 6 percent less than other college-educated workers with similar experience and other characteristics; by 2019, the “penalty” had grown to 19.2 percent.¹¹ To put it another way, teachers make about 81 cents for every dollar that comparable professionals earn.

While most educator salary research has focused on pre-K–12 teachers, ESPs and higher education faculty also face challenges in this area. ESPs working at least 30 hours a week in pre-K–12 schools earned an average of \$32,627 in 2019-20, while their counterparts in higher education institutions earned \$45,307.¹² However, ESPs are more likely than other educators to be working in part-time positions — defined here as less than 30 hours a week — with about 20 percent of pre-K-12 ESPs and 35 percent of those in higher education doing so. These positions often pay considerably less than full-time wages.

Similarly, looking only at salary averages in higher education conceals the full picture. Salaries among tenure-track and tenured faculty, particularly those who have risen in the ranks, are in line with other workers with doctoral degrees. The median annual salary for all workers with a Ph.D. is \$98,185 (U.S. Bureau of Labor Statistics, 2020), while assistant professors at four-year, public institutions earn an average salary of \$75,000 and full professors earn \$115,000 (Clery, 2021).

However, most new positions at colleges and universities are off the tenure track (Carey, 2020), with contingent faculty making up 29 percent of full-time faculty and 70 percent of all faculty (American Association of University Professors, 2017; Clery, 2021). Full-time contingent faculty positions pay on average

¹¹ The teacher penalty persists even when benefits such as pensions and health insurance are included. The Economic Policy Institute estimates that the “teacher total compensation penalty” was 10.2 percent in 2019—19.2 percent offset by a 9-percent benefits advantage. This penalty grew 7.5 percentage points from 1993 to 2019.

¹² Data on ESP salaries and hours worked are from NEA analyses of American Community Survey data.

\$61,000 regardless of experience, \$14,000 per year less than assistant professorships (Clery, 2021), and contingent faculty without full-time positions routinely make less than \$4,000 per course (*The Chronicle of Higher Education*, n.d.). Full-time faculty at public, two-year colleges also fare poorly—earning an average of \$58,000 across all levels of experience. In contrast, the average salary for workers with a bachelor’s degree is over \$65,000 (U.S. Bureau of Labor Statistics, 2020).

Thus, educators who took out student loans to finance their educations are at a disadvantage compared to many of their peers in terms of earning sufficient wages to pay down their debt. While the federal government created the Public Service Loan Forgiveness (PSLF) program to clear the student debt of educators and other public service workers after 10 or more years of service, 98 percent of applications are rejected (U.S. Department of Education, 2021d). In addition, some loan servicers have engaged in deceptive practices that have prevented eligible individuals from applying for and receiving forgiveness (Consumer Financial Protection Bureau, 2021). In part due to this policy failure, four in ten educators with 11 years or more of experience (42%) who took out student loans still have a balance (Figure 10). While nearly 40 percent of the experienced educator group with unpaid loans has a balance of less than \$25,000, 29 percent report having at least \$65,000 remaining to pay off (Figure 11). Fourteen percent have at least \$105,000 left, and the average current debt within this group is \$56,500.

Figure 10. Four in 10 educators with 11+ years of experience who took out student loans still have not fully paid them off.

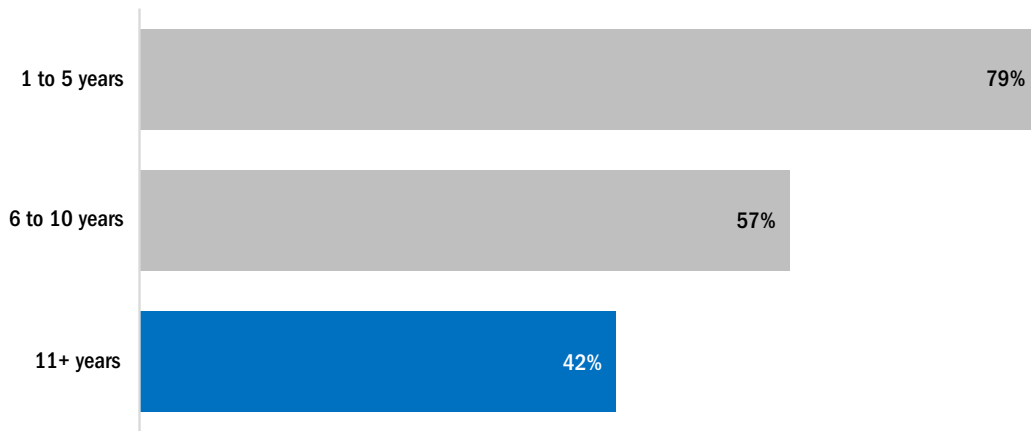
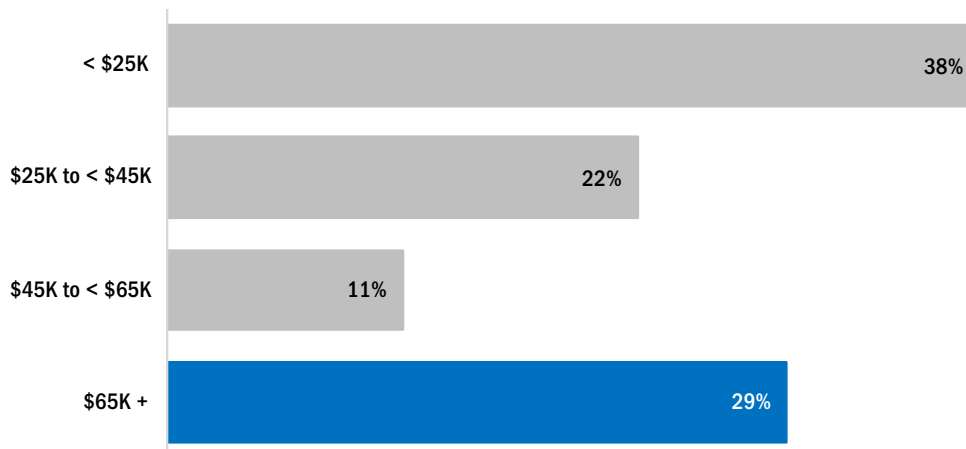


Figure 11. Among educators with unpaid debt and 11+ years of experience, 29 percent still have at least \$65,000 remaining to pay off.



Of course, many educators with 11 or more years of experience are still relatively young—many are in their 30s. What about educators who are closer to retirement? As it turns out, older educators have not been immune from troubling nationwide trends. The number of Americans ages 60 and up with student loan debt—either to finance their own education or on behalf of a spouse or child—quadrupled between 2005 and 2015, and the average amount owed within this demographic nearly doubled from \$12,100 to \$23,500 (Consumer Financial Protection Bureau, 2017).

Our survey focused on loans taken out to fund an educator’s own education, not about loans taken out on behalf of another family member.¹³ However, our findings support the idea that older Americans are not necessarily free of student loan debt. Over a quarter of educators age 61 and up who took out student loans still have a balance (Figure 12); within that group, over three in 10 have \$45,000 or more left to pay off (Figure 13).¹⁴

Figure 12. Over one-quarter of educators age 61 and up who took out student loans still have not fully paid them off.

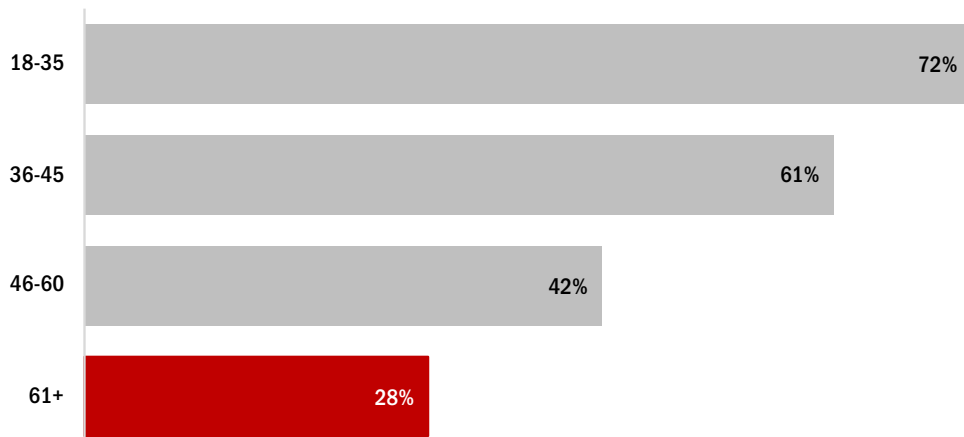
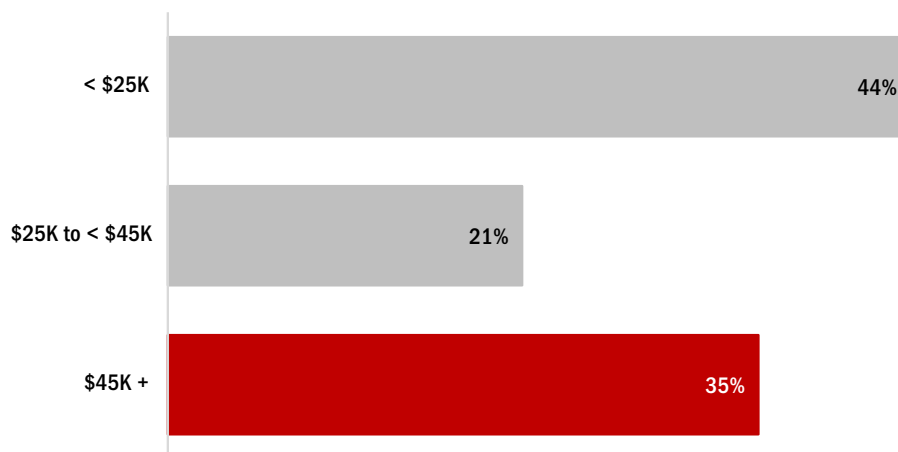


Figure 13. Among educators age 61 and up with unpaid loans, more than a third still have at least \$45,000 remaining to pay off.



¹³ We asked educators with federal student loans if they were also helping a spouse and/or a child/dependent pay off student loan debt. Sixty-two percent of educators reported helping a spouse make student loan payments, and 56 percent provide this support to a child or other dependent. However, we did not ask this question of educators who did not take out student loans to fund their own educations or of those who only took out private or PLUS loans.

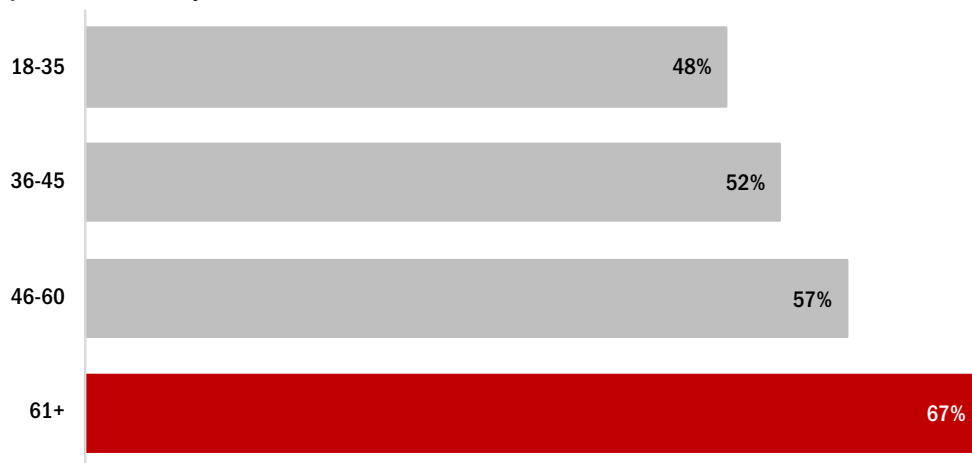
¹⁴ Due to small sample sizes, we do not provide more extensive breakdowns for current loan balances for this demographic.

Student loan debt leaves older borrowers in a precarious situation as they approach retirement. The Consumer Financial Protection Bureau (CFPB) found Americans ages 50 to 59 still paying off their student loans have saved less for retirement than those who have paid their loans off (CFPB, 2017). The slope becomes even slipperier as borrowers age—those 60 and older are more likely to default on their student loans than their younger counterparts, and those in default may find their Social Security benefits offset – i.e., reduced – as a result. Between 2002 and 2015, the frequency of these offsets jumped 407 percent among 50- to 64-year-olds and 540 percent for those 65 and older (CFPB, 2017; Edleson, 2018). The CFPB also determined that Americans with a student loan balance are more likely to skip necessary medical care.

The retirement situation for educators is more complex than in many professions. Most educators working in public pre-K–12 schools, and many of those in higher education, have access to pensions or other retirement benefits. However, public employees were excluded from the original Social Security Act, with Congress later providing states with the option to extend Social Security to specified employees. Currently, only 33 states provide this access to teachers, with another five states leaving the decision up to districts, and 13 states and the District of Columbia have opted out of Social Security for teachers (National Center for Education Statistics, n.d.). Furthermore, educators who work both in positions that are covered by Social Security and in those that are not may find their Social Security benefits reduced (National Education Association, 2020).

Thus, while educator pensions typically provide a solid financial foundation (Morrissey, 2017), educators are not immune from having to save for retirement. In our survey, we find that student loan debt poses a notable challenge in this area. Two-thirds of educators age 61 and up with unpaid loans report that paying down their debt has affected their ability to save for retirement (Figure 14). Nearly half of the youngest educators—those ages 18–35—said that this was difficult for them.

Figure 14. Two-thirds of older educators with unpaid loans report that paying off their student loan debt has impacted their ability to save for retirement.



Our survey shows that student loan debt affects educators throughout their careers and into retirement. This situation is likely to become even worse in the future given the higher debt loads taken on by today's younger educators. Next, we look at educators of color, who, due to the omnipresent effects of centuries of institutional racism, bear the effects of student loan debt to a greater degree than their White colleagues.

NEA Member: A year into my retirement, I still owe \$20,000.

Pat Giarrusso

Retired teacher, Rhode Island

I had a career in the textile business, making and selling clothing. But when my daughter went to school, I realized how much I love being in the school environment. I first became a teacher's assistant. I was working with a student with autism, and I fell in love with the field, so then I found a master's program and got the degree in two years. I taught middle-school students with emotional and behavioral challenges, and I absolutely loved it! Over the years, I've tried several times to get [debt] forgiveness, but I've been denied every time and I don't know why. I feel like I did everything I was supposed to do. I taught special education for 18 years and I still owe \$20,000—a year into my retirement. It's a worry. It's a headache. Any kind of debt affects your life, and it limits what I can do.



IV. Student Loan Debt among Educators of Color

Concerns about the rapid increase of student loan debt burden are exacerbated among many students of color, as their quest for higher education and subsequent upward mobility is hampered by the compound effect of institutional racism across multiple sectors of society, including finances, housing and employment. As a result, earning a college education is not as financially beneficial for some students of color as it is for their White counterparts.

Institutional racism, defined as institutions, policies, and practices that—either intentionally or unintentionally—create and perpetuate advantages for specific groups at the expense of other groups, permeates every sector of society (National Education Association, 2017). The cumulative effect of these policies and practices contributes greatly to the inequities in outcomes that specific race and ethnic groups experience in housing, education, health, and criminal justice (Blessett and Littleton, 2017). Our survey findings are consistent with previous research that focuses on student loan debt among people of color in terms of the amount of debt taken, the amount of debt outstanding, and post-borrowing outcomes. However, to clearly understand those results we must view them in context. For this reason, we examine the role of institutional racism in student loan debt before, during, and after college attendance. Specifically, we focus on the racial/ethnic wealth gaps that prompt the need for student loans to attend college, and the predatory and discriminatory loan practices that students of color disproportionately encounter when securing loans for college.

According to a recent report, the student loan debt crisis is exacerbated for students of color—particularly Black students (Joint Economic Committee, 2021). Discriminatory practices in employment, pay, and housing have hampered the wealth-building capacity of Black families for generations and are significant factors in the current borrowing practices among Black students (Addo et al., 2016). Compared to White students, a smaller proportion of Black students receive cash contributions from their parents to support their education (58% vs. 72%). Of those Black students who receive parental contributions, the amount is about one-third of the average parental contribution for White students (\$4,200 vs. \$12,000). This difference in cash contributions is attributed to differences in the liquidity of wealth between these groups (Mishory et al., 2019).

As a result of this wealth gap, Black students have \$25,000 more in student loan debt, on average, than White students four years after graduating (Scott-Clayton and Li, 2016). This difference is statistically significant even after controlling for family income, pointing to the importance of wealth liquidity. Notably, Black parents are more likely than parents in other racial/ethnic groups to borrow money to support their children’s educations, reinforcing the idea that Black families prioritize their children’s education but lack the wealth necessary to make substantial financial contributions (Hamilton and Darity, 2017; Student Borrower Protection Center, 2020a).

Compounding the need to take out more in student loans, data suggest that many lenders with access to borrower data charge students attending historically Black colleges and universities (HBCUs) and Minority Serving Institutions (MSIs) more (approximately \$3,500 and \$1,700 more, respectively) than students attending predominately White institutions (Student Borrower Protection Center, 2020b). Community college attendees—who are more likely to be students of color—experience similar treatment, sometimes being charged 10 percent more to borrow funds for school than four-year college students.

Turning to NEA’s data on educators, our findings support existing research that finds racial/ethnic differences in borrowing practices and outcomes. Black educators were significantly more likely than White or Latin(o/a/x), Hispanic, and Chican(o/a/x) educators¹⁵ to have taken out student loans. Over half (56%) of all Black educators have taken out student loans compared to 44 percent of White educators (Figure 15).

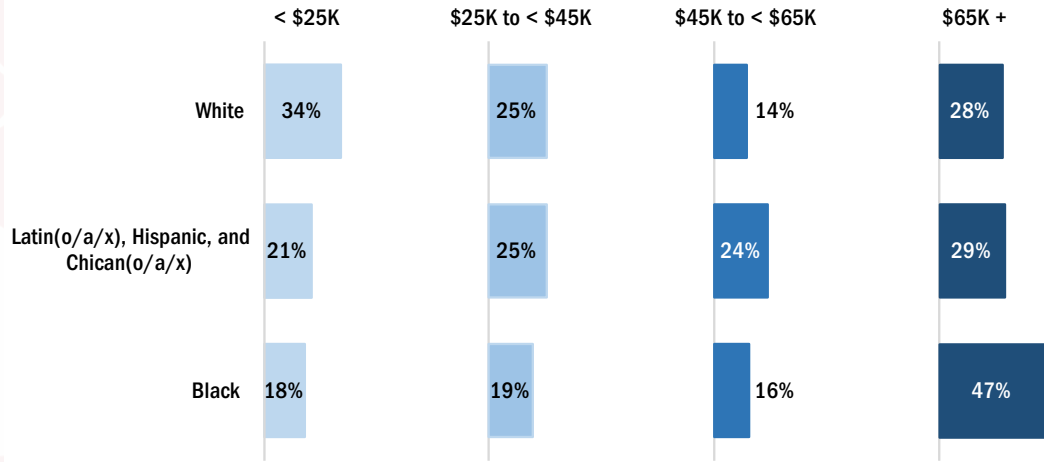
Figure 15. Black educators were more likely to have taken out student loans than Latin(o/a/x), Hispanic, Chican(o/a/x), and White educators.



Black educators took on significantly more debt than other racial/ethnic groups, with an average of \$68,300, compared to \$54,300 for White educators and \$56,400 for Latin(o/a/x), Hispanic, and Chican(o/a/x) educators. Nearly half (47%) of Black educators with student loans borrowed \$65,000 or more, compared to 28 percent of White educators (Figure 16). Moreover, sixteen percent of Black educators borrowed \$105,000 or more compared to 11 percent of White educators.

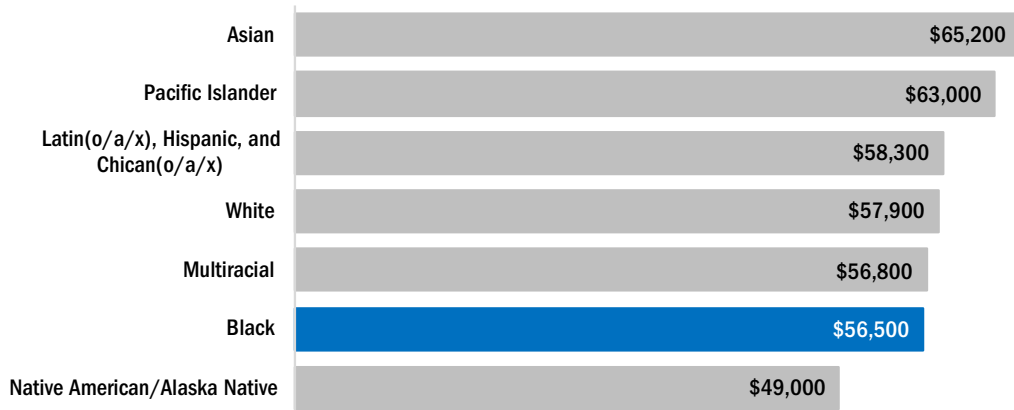
¹⁵ Our sample size did not allow us to break out results for racial/ethnic groups other than Black and Latin(o/a/x), Hispanic, and Chican(o/a/x).

Figure 16. Black educators have, on average, taken out more in student loans than White, and Latin(o/a/x), Hispanic, and Chican(o/a/x) educators.



Turning to the repayment period, educators of color continue to confront unique challenges. At the start of the previous section on more experienced and older educators, we describe the “teacher pay penalty,” which leaves pre-K–12 teachers with much lower salaries than other professionals with similar levels of education and experience. Black and Native American/Alaska Native pre-K–12 teachers must deal with an additional pay penalty—one between them and their educator colleagues of other racial/ethnic backgrounds. Specifically, in the 2017-18 academic year, Black teachers had lower salaries than nearly all other racial/ethnic groups, while Native American/Alaska Native teachers earned the least (Figure 17) (U.S. Department of Education, 2021). Furthermore, teachers of color—and particularly Black teachers—are more likely to be unemployed than White teachers (Lindsay, 2017).

Figure 17. In the 2017-18 academic year, the average base salary for Black teachers was lower than nearly every other racial/ethnic group.

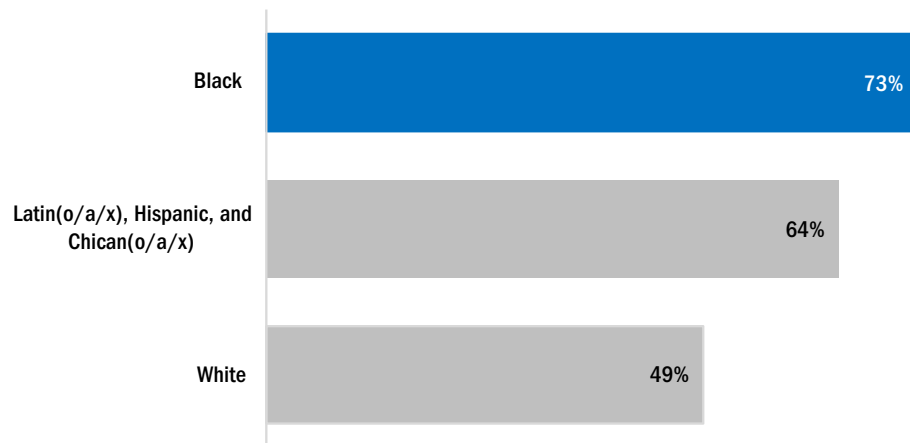


Source: U.S. Department of Education

A similar pay gap exists within higher education, with Black, Latin(o/a/x), Hispanic, and Chican(o/a/x) faculty earning over \$10,000 less, on average, than their White colleagues¹⁶ (Li and Koedel, 2017). Faculty at HBCUs earn \$18,000 less, on average, than their peers at non-HBCUs (Clery, 2021).

Given that Black educators take out more in student loans, are offered loans with less-favorable terms, and earn less, it makes sense that in our survey, Black educators were significantly more likely to still be carrying student loan debt than White educators—73 percent compared to 49 percent (Figure 18). Latin(o/a/x), Hispanic, and Chican(o/a/x) educators were also more likely than their White colleagues to still be paying down their debt at 64 percent.

Figure 18. Black educators who took out student loans were more likely than Latin(o/a/x), Hispanic, Chican(o/a/x), and White educators to have not fully paid off their debt.



Black educators also had the highest average current debt at \$71,600, over \$13,000 more than White educators and \$20,000 more than Latin(o/a/x), Hispanic, and Chican(o/a/x) educators (Figure 19). This is due in part to the fact that nearly one in five Black educators carry a current balance of at least \$105,000 (Figure 20). While a third of White educators owe \$25,000 or less, only 17 percent of Black educators are in this group. In contrast, Black educators are overrepresented, compared to White educators, in all categories of current student debt of \$65,000 or more.

¹⁶ This gap is largely explained by differences in academic field, experience, and research productivity. However, one also needs to take into account the increased teaching and service burdens often placed on faculty of color, which take time and attention away from research productivity (June 2015; Social Sciences Feminist Network Research Interest Group, 2017).

Figure 19. Black educators with unpaid loans have a higher average current student loan debt than White, and Latin(o/a/x), Hispanic, and Chican(o/a/x) educators.

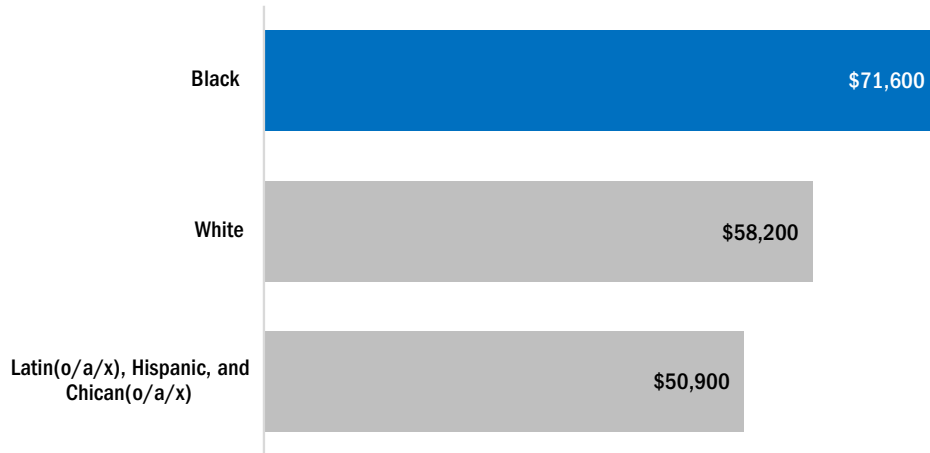
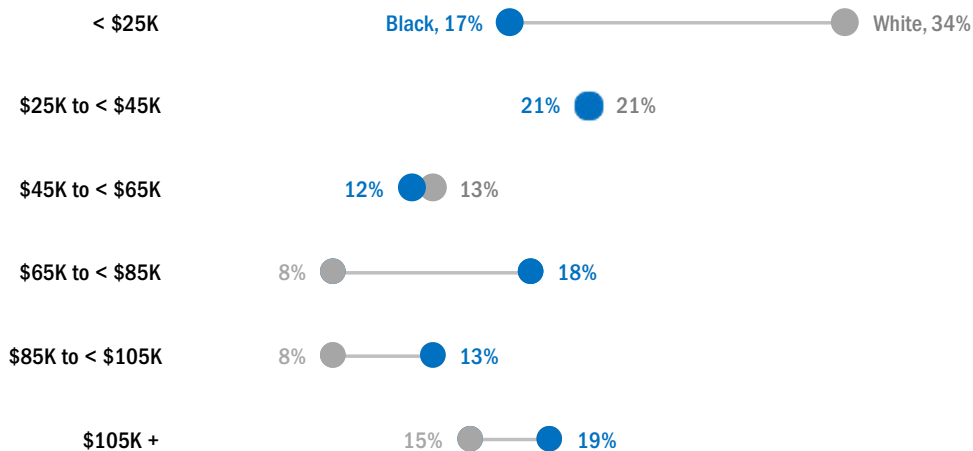


Figure 20. Black educators with unpaid loans are more likely to have high current loan balances than White educators.



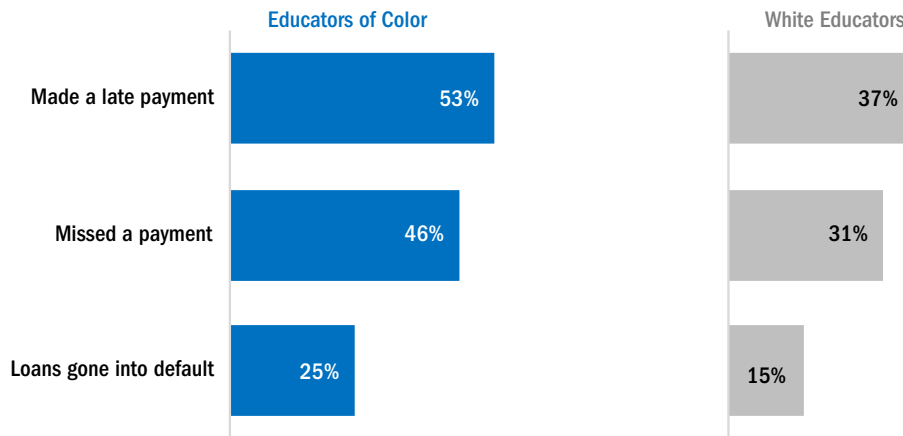
For many borrowers of color, particularly Black borrowers, these crushing student loan burdens prove to be too much. Black students are more likely than White students to default on their student loans within four years of graduation (7.6% vs. 2.4%). This relationship exists even after controlling for income, as Black students from high-income families are more than six times as likely to default on their student loans as White families with similar incomes (Jones and Nichols, 2020).

A U.S. Department of Education study of students who started in the 2003-04 school year found that within 12 years, nearly half of Black borrowers had defaulted on their loans (Miller, 2017). Moreover, the average Black borrower owed more than their original balance—113 percent of their original balance. In contrast, Latin(o/a/x), Hispanic, and Chican(o/a/x) borrowers owed an average of 83 percent of their original balance after 12 years, and White borrowers owed 65 percent.

We find similar levels of financial distress among educators of color; they are more likely than White educators to have made late payments, missed payments, or gone into default on their loans. More than half of educators of color surveyed (53%) have made at least one late payment, compared to 37 percent of White educators (Figure 21). In addition, nearly half of educators of color (46%) missed a loan payment, compared to 31 percent

of White educators. And approximately one-quarter of educators of color reported that their loans went into default, compared to 15 percent of White educators. As discussed at the start of this report, going into default on a student loan can have significant, long-term effects on a person's financial health and security.

Figure 21. Educators of color with unpaid loans are more likely than White educators to have made a late payment, missed a payment, or gone into default.



The disproportionate burden of student loan debt on educators of color has widespread implications that go well beyond the financial burdens on individual educators. There are longstanding concerns about the racial and ethnic diversity of educators, as there is a gap between the percentage of teachers of color, compared to the percentage of students of color (Partelow et al., 2017). Just over 20 percent of pre-K–12 public school teachers are educators of color compared to 53 percent of students (U.S. Department of Education, 2020a).

Similar trends are seen among faculty and staff in U.S. colleges and universities (Bichsel et al., 2020; Davis and Fry, 2019). Within higher education, educators of color comprise 24 percent of faculty, in stark contrast to the student population at most institutions, which ranges from 27 percent students of color at private, nonprofit, four-year colleges and universities to 67 percent at private, for-profit, two-year institutions (U.S. Department of Education, 2020b).

This representation gap is compounded by higher turnover rates among teachers of color (Carver-Thomas, 2018; Umbach, 2006). In her comprehensive look at recruitment and retention of pre-K–12 teachers of color, Desiree Carver-Thomas of the Learning Policy Institute proposes that student loan debt plays a key role in the diversity of the teacher pipeline, citing research that shows student loan burdens shape decisions about college majors—including students being more wary of lower-paying occupations such as teaching. Students of color are more likely to report that loans limited their choice of educational institutions, Latin(o/a/x), Hispanic, and Chican(o/a/x) students feel more limited in their options due to loans, and Black students are more likely to change their careers due to the hefty loans they are carrying (Carver-Thomas, 2018).

Ensuring a diverse educator workforce is important beyond simple representation. Carver-Thomas' review of the literature on the benefits of teacher diversity summarizes evidence that teachers of color improve the academic performance, graduation rates, attendance, suspension rates, and college aspirations of students of color (Carver-Thomas, 2018). Both students of color and White students report having positive perceptions of their teachers of color, including feeling cared for and academically challenged, and teachers of color often receive higher ratings than White teachers from students of all backgrounds—including White students. On a grand scale, having more interactions with individuals of other racial/ethnic backgrounds makes children less likely to hold implicit racial biases as adults.

Carver-Thomas also cites higher education studies that conclude that underrepresented students of color are more likely to pass and earn higher grades when taught by underrepresented faculty of color (Carver-Thomas, 2018). Other research has found that faculty of color use more varied teaching practices and interact more frequently with students (Umbach, 2006) and that faculty of color have perceptions about campus diversity, equity, and inclusion that differ in fundamental ways from their White colleagues (Mathews et al., 2020).

In other words, tackling the issue of disproportionate student loan debt among educators of color promises to have effects that extend well beyond the financial health of individual educators into student success and our nation's ability to achieve racial and social justice. In the final section of this report, we explore how student loan debt leaves many educators at risk of financial disaster, particularly in the face of unexpected economic shocks.

NEA Member: My student debt is still in the six figures.

James Stewart
High school science teacher, Maryland

Originally, I started off in environmental science. I had visions of myself out there on boats, doing marine research. When I decided to become a teacher, my mother looked at me and said, what?! That first year was rough—but once I got through it, I said to myself, ‘what can I do to be a better teacher?’ My student debt from my doctorate [in education leadership] is still in the six figures. I don’t have regrets about my career choice or my education, but I do wish I had known more about what I was getting into, that I had a better understanding of these loans before I got started. Last summer I joined an NEA webinar, took some notes, and said, ‘okay, this can work.’ With NEA’s help, I’ve started the process for federal loan forgiveness.



V. Impacts of Student Loan Debt on Educators’ Financial Lives

Many Americans live on the edge financially. In its report on the economic well-being of U.S. households in 2020, the Board of Governors of the Federal Reserve System (the Fed) reports that 35 percent of households would be unable to cover a \$400 emergency expense using cash or an equivalent, with 12 percent saying they would not be able to cover that cost at all.¹⁷ This figure varies by level of education—households with more education were considerably more likely to be able to afford this expense than those with less—and by race and ethnicity, with a gap of about 30 percentage points between Asian and White households on the high end and Latin(o/a/x), Hispanic, and Chican(o/a/x), and Black households on the low end.

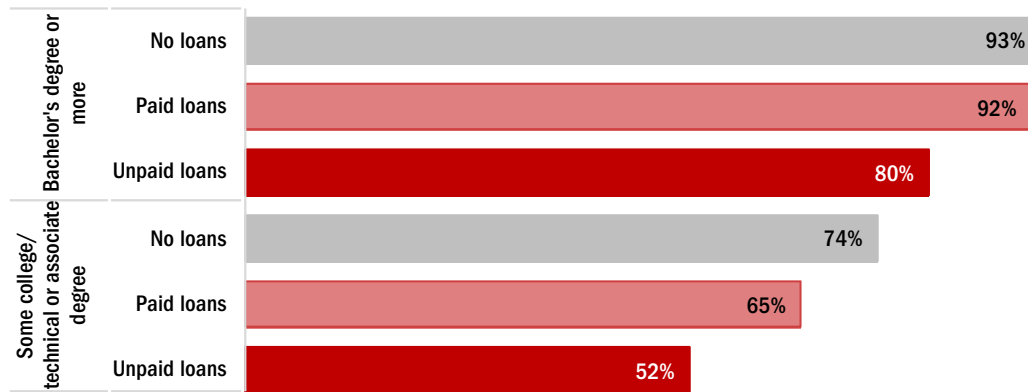
Financial well-being is also linked to student loan debt. Using a set of five questions developed by the Consumer Financial Protection Bureau, the Fed was able to measure the extent to which past and current student loan debt is associated with avoiding substantial economic hardship.¹⁸ The results reveal two relationships. On the one hand, those with a bachelor’s degree or higher were much more likely than individuals with less education to report that they had a basic level of financial well-being; research shows that at this level of well-being, people are unlikely to encounter an inability to afford food, medical care, housing, or utilities (the Fed, 2021).

¹⁷ The other 23 percent would take out a loan, sell something, borrow the money from family/friends, or use a credit card and pay down the expense over time.

¹⁸ The study has respondents first answer three questions regarding how well the following statements describe them or their

There was a clear association between student loan debt and financial well-being as well. Individuals who were still paying down their student loans were much less likely to report financial well-being in both education categories—to the point where the level of well-being among those with a bachelor’s degree and student loan debt was only slightly higher than for those with some college or a technical or associate degree without student loan debt. Among those with a current student loan balance, 20 percent with a bachelor’s degree or higher and 48 percent of those with less education are at risk of significant economic hardship (Figure 22) (the Fed, 2021).

Figure 22. Individuals with unpaid student loans, particularly those with less than a bachelor's degree, were less likely than those with paid loans or no loans to report that they had a basic level of financial well-being.

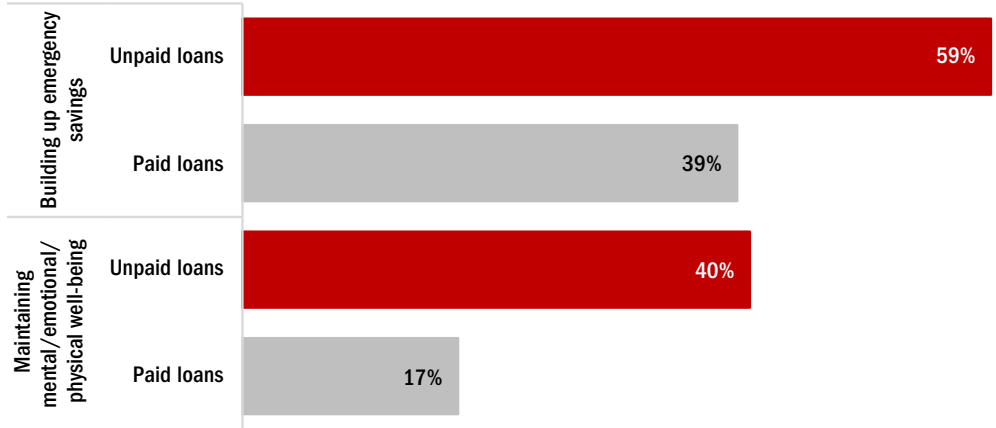


Source: Board of Governors of the Federal Reserve System

Turning to educators, we see similar dynamics in terms of the relationship between student loan debt and both financial and non-financial well-being. Educators with a current balance on their student loans were 20 percentage points more likely than those who had paid off their loans to report that their loans had affected their ability to build up emergency savings (Figure 23). An even wider gap exists in terms of non-financial well-being, with four in 10 educators reporting that paying off their student loans impacted their mental, emotional, and/or physical well-being compared to 17 percent of those who had paid off their loans.

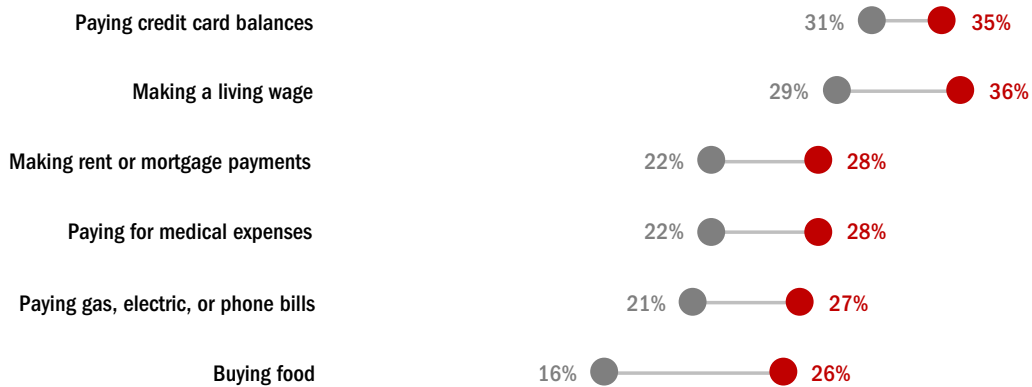
situation: “because of my money situation, I feel like I will never have the things I want in life;” “I am just getting by financially;” and “I am concerned that the money I have or will save won’t last.” Next, the respondents are asked how often each of these statements apply to them: “I have money left over at the end of the month” and “My finances control my life.” Responses to these items are combined into a scale that goes from 0 to 100, with a score of 50 or below indicating “a high likelihood of material hardship, such as the inability to afford food, medical treatment, housing, or utilities” (the Fed, 2021).

Figure 23. Educators with **unpaid loans** are more likely than those with **paid loans** to report that paying off their student loans has impacted their ability to build up emergency savings and maintain their own well-being.



The timing of our survey also allowed us to look at how student loan debt factors into educators’ financial security during an unexpected economic shock. We asked educators about whether they had a variety of financial difficulties in the year prior to the pandemic (“between March 2019 and February 2020”) and since the start of the pandemic in March 2020. As expected, the pandemic made it more challenging for educators with current student loan debt to pay for basic needs. The largest jump was in buying food, with the segment of educators reporting this as a challenge jumping from 16 to 26 percent (Figure 24). The most-reported difficulties—both prior to and during the pandemic—were paying credit card bills and making a living wage, with about a third of educators with unpaid debt stating that they encountered one or both challenges.

Figure 24. Educators with unpaid student loans were more likely to experience specific financial difficulties **during the pandemic** than in the year prior to the pandemic.



How do these jumps compare to educators who have never had student loans or those who have paid this debt off? Our data show that those who had paid off their debt looked very similar to those who had never had student loans, while educators who are carrying student loan burdens were more likely to report having all six of these financial difficulties. Moreover, the gaps between those with unpaid loans and the no loans/paid loans group grew during the pandemic. While in most cases these gaps grew by only a few percentage points, when it came to buying food, the difference was more notable: The gap between

educators with debt and those who have never had a student loan grew from eight percentage points prior to the pandemic to 15 percentage points during it (Figure 25a). In line with this troubling trend, the percentage of educators with student loan debt who participated in free groceries or meal programs more than doubled from six percent pre-pandemic to 14 percent during the pandemic.

Figures 25a-f. Educators with **unpaid loans** were more likely to report financial difficulties than educators with **no loans** and **those who have paid off their loans** prior to, and even more so during, the pandemic.

Figure 25a. Buying food

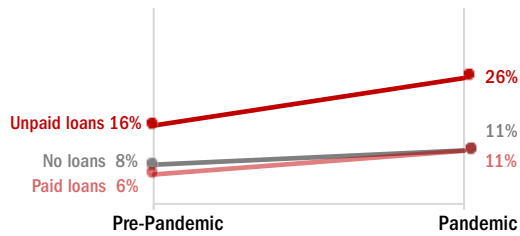


Figure 25b. Making a living wage

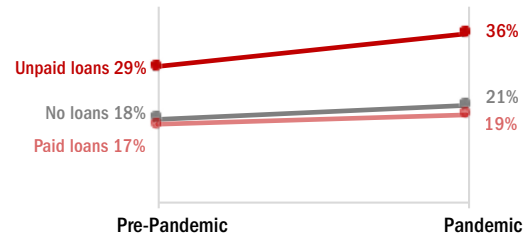


Figure 25c. Paying for medical expenses

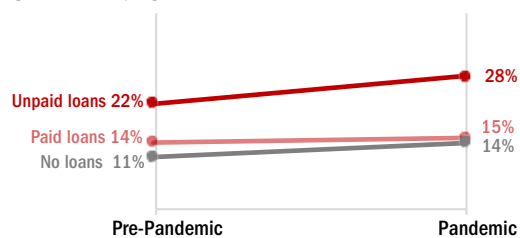


Figure 25d. Making rent or mortgage payments

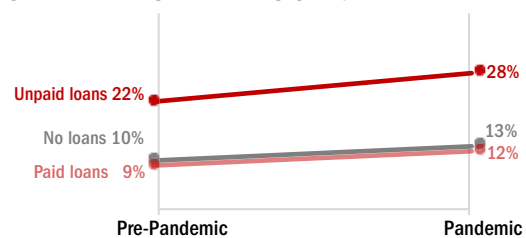


Figure 25e. Paying gas, electric, or phone bills

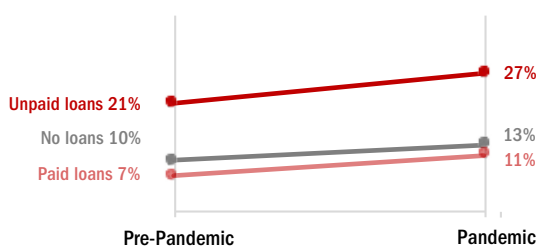
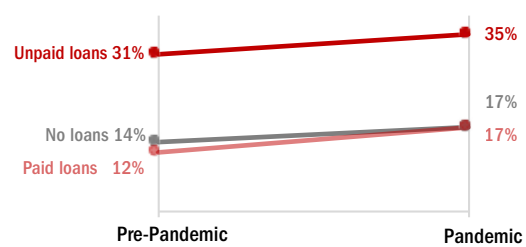
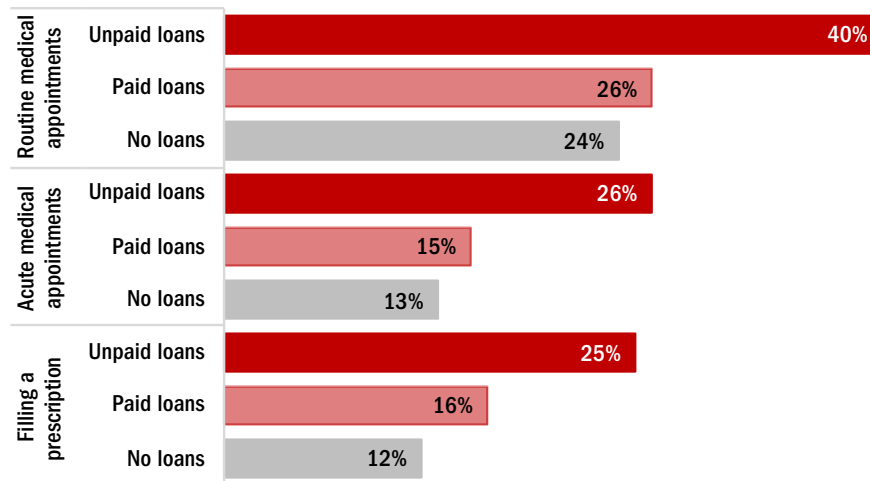


Figure 25f. Paying credit card balances



Educators with current student loan debt were also more likely than those without debt to sacrifice health care during the pandemic due to other financial priorities. Routine medical appointments were dropped by notable percentages of both groups, although 40 percent of educators who had not paid off their loans did so, compared to only a quarter of those without debt (Figure 26). Smaller gaps were present in terms of skipping acute medical appointments and not filling prescriptions, with about a quarter of educators with debt making these sacrifices compared to 16 percent or less of other educators.

Figure 26. Educators with **unpaid loans** were more likely than those with **paid loans** or **no loans** to report skipping medical necessities during the pandemic due to other financial priorities.



Our data demonstrate that, like members of the general public, educators who are carrying student loan debt are more likely to be in a financially precarious position than their peers who have never had or who have paid off their student loans. The COVID-19 pandemic provided a unique circumstance to see how that precariousness would play out during a real-life economic crisis. As one would expect, educators still carrying student loan debt not only had more financial difficulties prior to the pandemic than those without debt, but those challenges increased to a greater degree due to the economic upheaval brought by COVID-19.

VI. Conclusion

This report makes a compelling case that student loan debt plays a significant role in the lives of America’s educators—not only pre-K–12 teachers but also education support professionals and those working in higher education. No segment of educators is immune from the burden of student loan debt—not young educators, not older and more experienced educators, and certainly not educators of color.

With this crisis, however, comes opportunity. The Biden Administration and Congress can deliver justice and ease the financial burden of generations of educators devoted to their careers in public service by doing the following:

- 1) Enacting broad-based, federal student debt cancellation for all borrowers, regardless the type of loan or when the borrower took out the loan.** Cancelling \$50,000 of student loan debt would fully remove that burden from more than half of the educators currently carrying it and substantially reduce it for the remainder. This cancellation would serve as a recognition that today’s astronomically high student loan debts are the result not of financial irresponsibility but rather of policy choices that reduced funding for higher education institutions and shifted costs to students.
- 2) Cancelling student debt for educators and public service workers who have served a decade or more, delivering the original promise of Public Service Loan Forgiveness (PSLF).** The PSLF program was designed to recognize and reward people who chose a life of public service. Yet PSLF has failed by every measure to live up to its promise, with 98 percent of those applying being rejected (U.S. Department of Education, 2021d), and loan servicers engaging in deceptive practices that deter and undermine eligible borrowers (Consumer Financial Protection Bureau, 2021). While advocacy organizations, including the NEA, have stepped in to help borrowers navigate this broken system, only the federal government has the power to immediately provide experienced educators with the debt relief they are due. The federal government must uphold its commitment to public service workers who have given 10 or more years of service and remove barriers based on loan type, loan status, or repayment plan.

These actions clearly would place individual educators on more solid financial footing. This, in turn, is likely to have benefits for students and the nation. Financially secure educators are less likely to leave their positions—and more stable staffing is linked to higher student achievement and lower costs for districts (Darling-Hammond et al., 2017). Moreover, recruitment and retention is an even greater issue for educators of color—who, as we have shown, also disproportionately carry the burden of student loan debt. While student loan debt relief is not sufficient on its own to fully secure a stable educator workforce that reflects the diversity of today’s students, it is a step that must be taken if the nation is to achieve that goal.

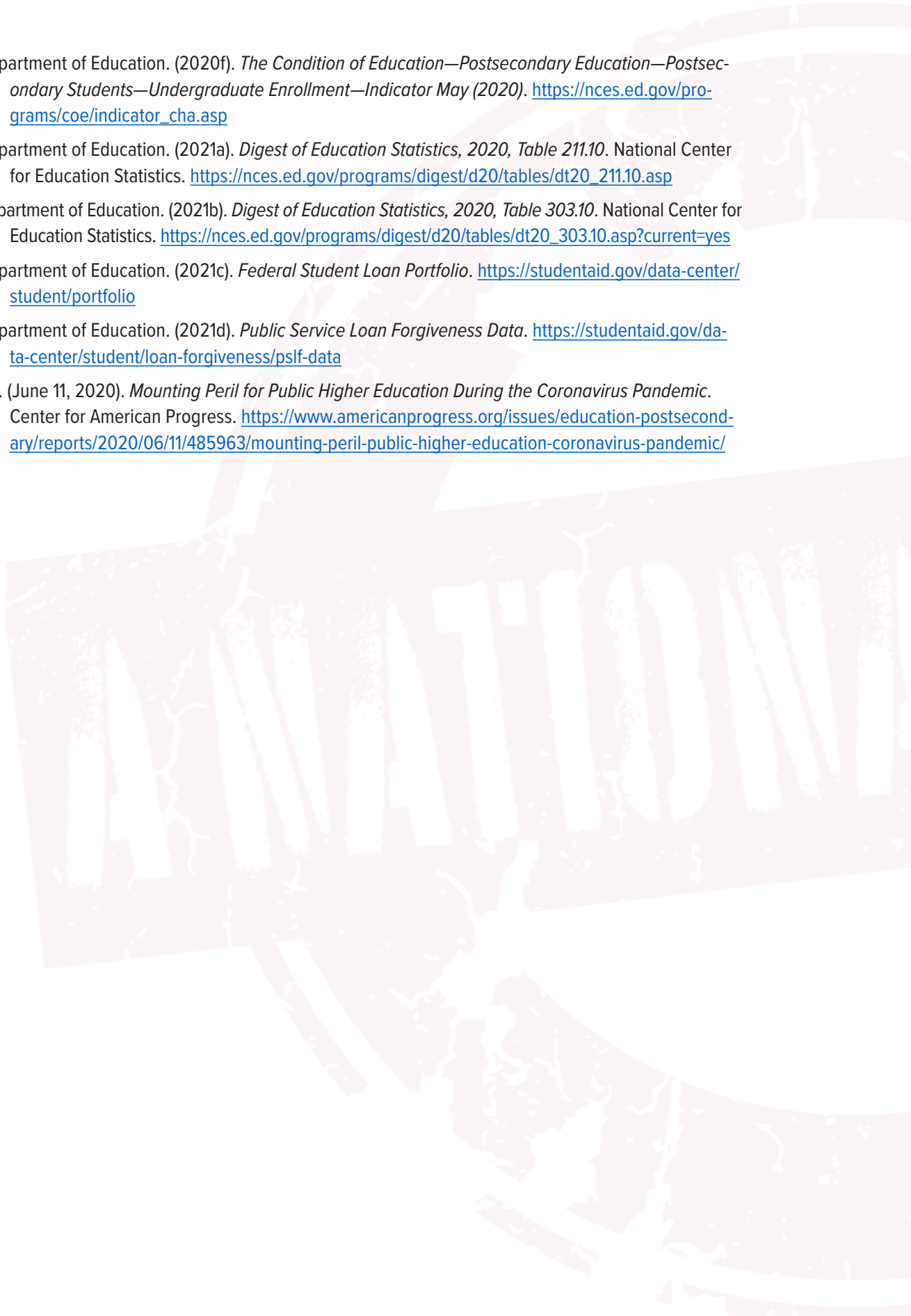
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