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Student Debt Weighs Down One-Fifth of U.S. Households

By Lisa Scherzer | The Exchange – Thu, Sep 27, 2012 11:43 AM EDT

A record number of American households carry student loan debt, while the average outstanding loan balance is the highest it's ever been, according to a [new report from the Pew Research Center](#). The Pew analysis found that about one out of five (19%) households, or around 22.3 million, were burdened with student debt in 2010. That figure is more than double the 9% it was in 1989, and it marks a big jump from 15% in 2007.



Here are some of the more alarming figures from the report:

- The average outstanding student loan balance rose from \$23,349 in 2007 to \$26,682 in 2010.
- Most debtor households had less than \$50,000 in outstanding student debt in 2010. But the share of households owing high amounts has climbed: In 2007, 10% of debtors owed more than \$54,238. By 2010, 10% of them owed more than \$61,894 (adjusted for inflation).
- Among households headed by someone younger than 35 years old, a record 40% owed student debt in 2010.

Student loan debt hit **\$904 billion** in the first quarter of 2012, a \$30 billion increase from the previous quarter, and up from \$241 billion a decade ago, according to the Federal Reserve Bank of New York's quarterly report on household debt. The Consumer Financial Protection Bureau puts total student loan debt above \$1 trillion. (Read more: [America's Student Loan Crisis: It's Not the Debt, It's the Lack of Jobs.](#))

One added twist in this report shows the groups impacted most by the debt increases are at opposite ends of the income spectrum — the poorest and wealthiest households. In 2010, the lowest fifth of households by income owed 13% of all outstanding student debt, up from 11% in 2007. For the richest fifth, that figure rose from 28% to 31% over the same period.

Another striking item from the report is that student debt is rising while households are reducing their other debts. Student debt rose from 3% of outstanding total debt owed by households in 2007 to 5% of all debts in 2010. Meanwhile, average household debt fell from \$105,297 in 2007 to \$100,720 in 2010, a 4.3% drop.

Driving the rise in outstanding student debt, says Richard Fry, a senior economist at Pew who authored the report, are several factors, the first of which is the sharp growth in college enrollment during the Great Recession.

- There were 18.2 million students enrolled in college in the fall of 2007, and 21 million in 2010 — a 15% increase, the report says.
- College students are increasingly borrowing to finance their education, and borrowing in greater amounts. In 2009-10, 51.1% of full-time, first-time undergraduate students had a student loan, an increase from the 43.5% of such students in 2006-07.
- The average public, four-year college graduate had accumulated \$22,000 (in 2010 dollars) in debt upon receiving a bachelor's degree in 2009-10, up from \$20,500 (in 2010 dollars) in 2006-07.

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