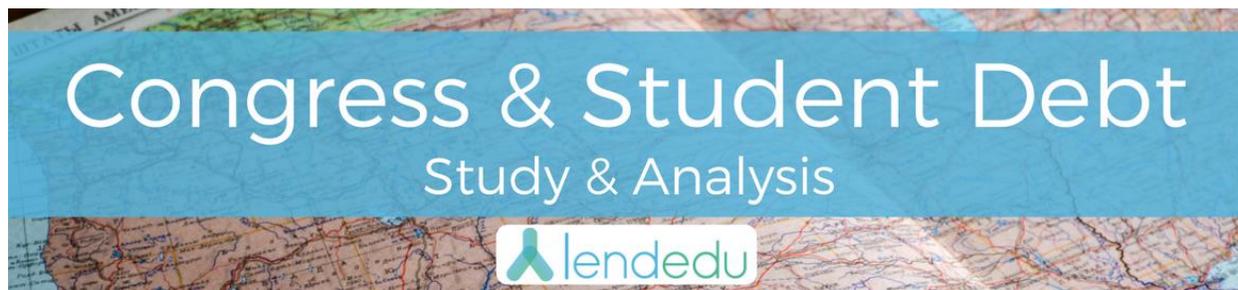


Congress & Student Debt - Study & Analysis



Does your congressman care about your student debt? According to our data, it may depend on your district, political affiliation, and more!

In the most recent election cycle, college affordability and student debt became a mainstream issue. Candidates on both sides of the aisle started talking about the \$1.3 trillion elephant in the room. In 2017, more than 44 million Americans are working to repay student debt. And, the average borrower is working to [repay more than \\$28,000 after graduation](#).

College affordability and student debt are complex issues that can't be solved overnight. Adding to this problem, these issues are subject to the well known bipartisan gridlock that characterizes American politics today.

This report is the largest that our team at LendEDU has ever produced. Over the last month, our team has been hard at work researching the views of all 535 congressmen from the U.S. Senate and House of Representatives.

Student debt isn't going anywhere anytime soon. We would love for you (and your congressman) to read our full report! We hope this report sparks more conversation among Americans and our nation's political leadership.

We were surprised to find that student loan borrowers from states with 2 Democratic senators had about 25% more student debt, on average, as compared to borrowers from states with 2 Republican senators. Despite this difference, we found that borrowers from Republican-held

states defaulted on their student loans about 55% more often than those from Democratic-held states. This is especially interesting considering that Republican senators support student loan and college affordability initiatives much less often than their Democratic counterparts. To learn more about this and our other findings, check out the Key Findings & Analysis section.

Key Findings & Analysis

With so much information about the senators and representatives and data related to student loan debt, we thought it would be interesting to see if there are any trends that may give insights into the student debt crisis our country currently faces.

For reference, there are 52 Republican senators, 46 Democratic senators, and 2 Independent senators. Furthermore, there are 241 Republican representatives and 194 Democratic representatives. This means the Republicans hold majority control of both the Senate and the House of Representatives – the first time this has happened since 1928.

When looking at the incumbency of senators, Republicans have held office for an average of 10.83 years while Democrats have held office for 9.52 years. Republican representatives, on the other hand, have held office for 7.79 years while Democratic representatives have held office for 10.77 years.

There are some key insights that we found within our data. They are as follows:

Average Number of Initiatives Supported

When looking at each senator and representative, we researched whether they supported 6 of the recent major student loan and college affordability initiatives or not. We thought it would be interesting to break down the average number that each senator and representative supported by party.

To do this analysis, we simply averaged out number of initiatives that senators and representatives supported from each major party. Senators and representatives with an incumbency of 0 or 1 years were not included in this analysis as they have not had ample time to make their initiatives on the subject known or have not voted on any related bills.

The following table shows the breakdown of average initiatives supported by senators from the Republican and Democratic parties.

	Low Rates	Pell Grants	Federal Refi	Forgiveness
Democratic	100%	85.37%	85.37%	36.59%
Republican	88.00%	18.00%	2.00%	6.00%
Total	93.55%	48.39%	39.78%	20.43%

As you can see from the table, many more Democratic senators supported the initiatives than the Republican senators. In fact, Democratic senators supported 4.07 of the 6 initiatives on average. This is much more than the Republican senators, who only supported 1.8 of the 6 initiatives on average. In total, senators supported 2.85 of the 6 initiative on average.

The following table shows the breakdown of average initiatives supported by representatives from the Republican and Democratic parties.

	Low Rates	Pell Grants	Federal Refi	Forgiveness
Democratic	99.40%	97.01%	97.01%	74.85%
Republican	79.25%	22.17%	2.36%	8.02%
Total	88.13%	55.15%	44.06%	37.47%

Similar to the senators, Democratic representatives supported more initiatives, on average, as compared to the Republican representatives. Democratic reps supported 4.77 of the 6, on average, while Republican reps only supported 1.71 of the 6. The average rep, regardless of party, supported 3.06 of the initiatives.

Why do Democrats support more of our higher education initiatives than Republicans?

Bipartisan divisions over college affordability explain the differences. A detailed analysis and explanation behind this can be found in the policies and legislation section near the end of this publication.

Of the 6 initiatives, 2 pertained to current issues with college affordability: low student loan interest rates and Pell Grant funding. On these two points, Republicans and Democrats generally agreed on keeping low interest rates in some way or another. When it came to Pell Grant funding, most Democrats supported the program as indispensable access to higher education to low-income individuals while many Republicans view it as costly and want to reduce funding.

Federal refinancing is a Democratic initiative that would reduce current federal student loan borrowers' interest rates to the current, lower rates and causes the government to get more involved with student loans. The Republicans would prefer to rely on the private market for refinancing. Forgiveness is another mostly Democratic initiative that many Republicans oppose for the general tax increases that would come along with it.

The final two initiatives, improving financial literacy and providing tax benefits, have support from both party lines, and many Republicans prefer these initiatives over refinancing and forgiveness.

Average Student Loan Debt Per Borrower & Default Rate by State Senators' Party

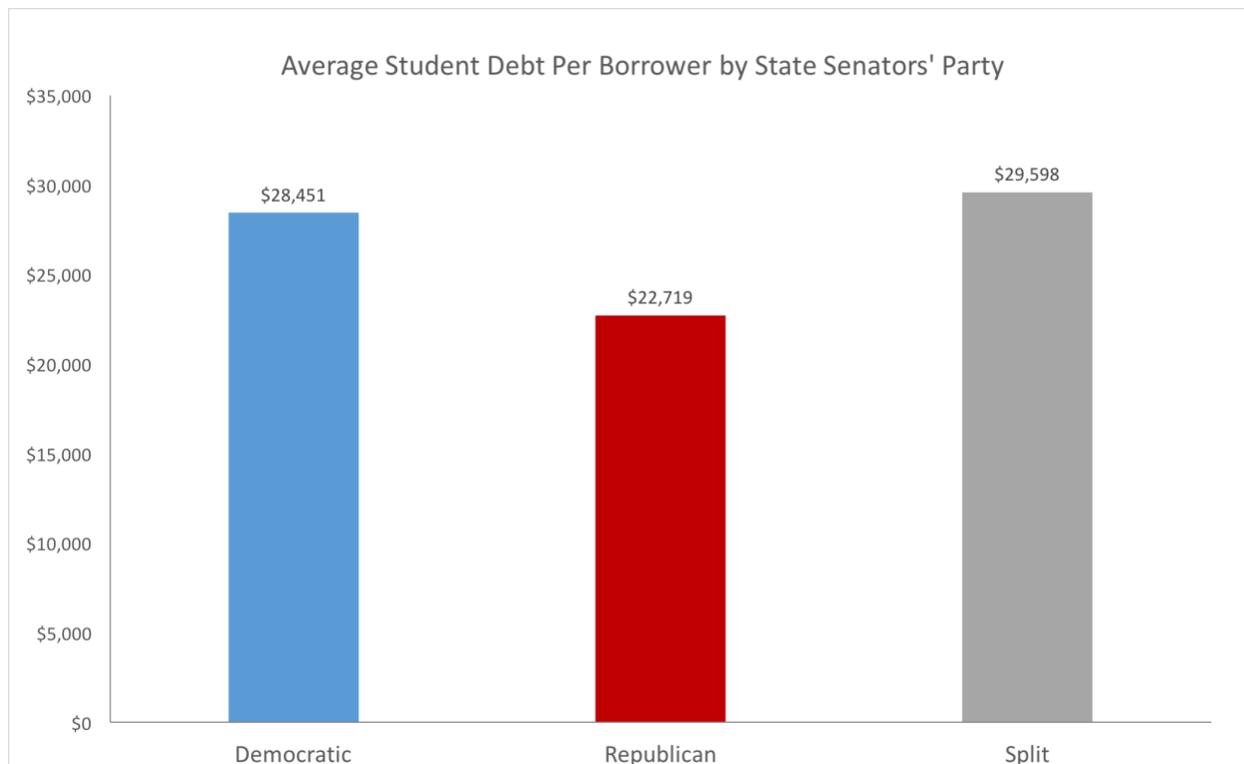
After seeing how the drastic differences in the number of initiatives supported by each party, we thought it would be interesting to see how states differed in terms of average student loan debt per borrower and default rate.

To do this, we broke down each state into one of three groups based on the parties of its senators:

- 1) 2 Democratic senators (Democratic)
- 2) 2 Republican senators (Republican)
- 3) 1 Republican senator & 1 Democratic senator (Split)

To form the groups, we weighted each school within the state based on the number of borrowers included in the average debt and default rate calculations.

The following graph shows the average student debt per borrower by state senators' party type.

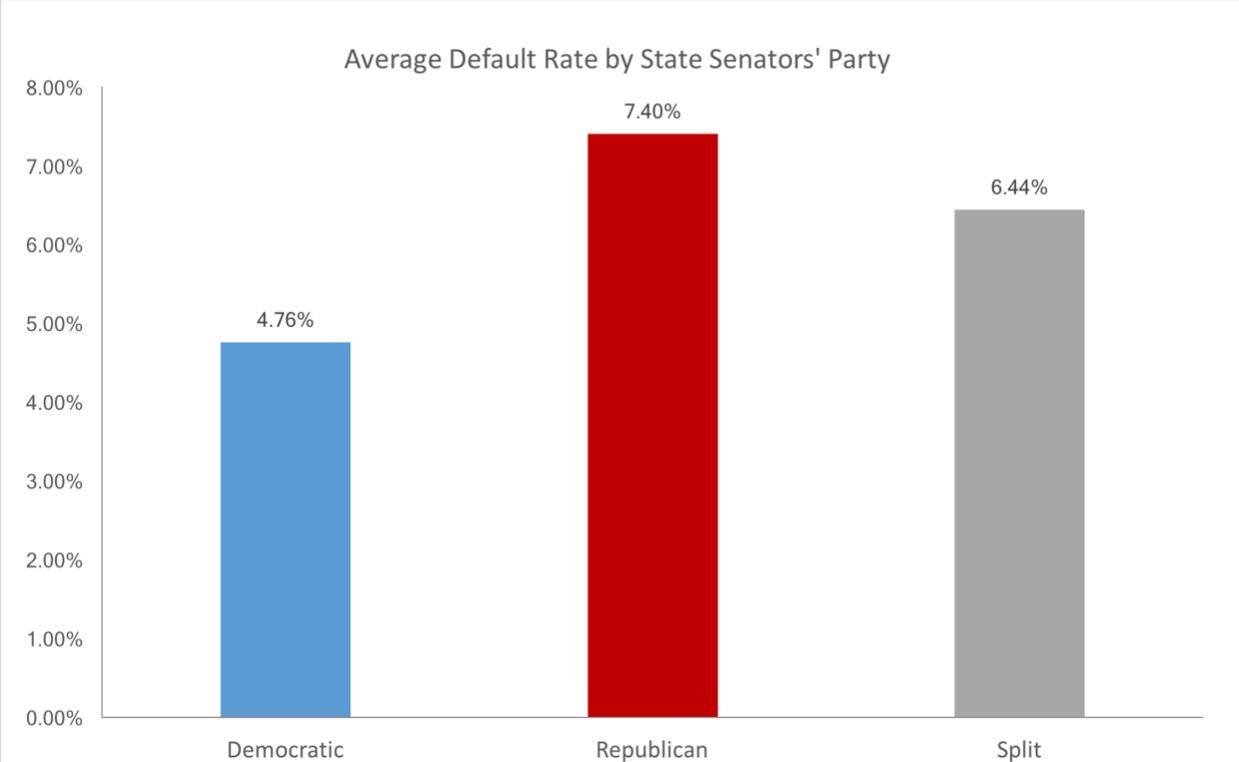


As you can see from the graph, borrowers from schools in states with 2 Republican senators have about 25.22% (\$5,732) less and 30.27% (\$6,879) less debt than borrowers from the Democratic and Split states, respectively.

So borrowers from Republican schools have less debt, but does this mean they are less likely to default on their debt?

Let's take a look.

The following graph shows the default rate by the state senators' party type.

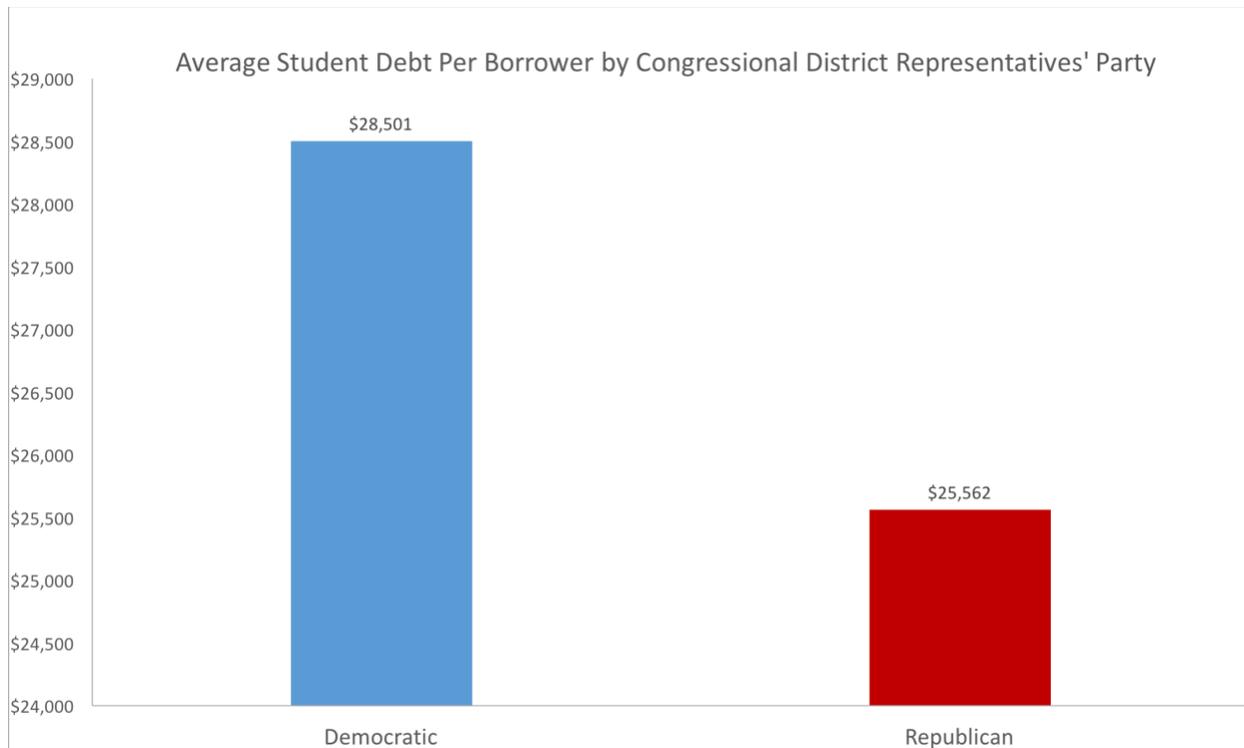


Surprisingly, despite having less debt, borrowers from schools in states with 2 Republican senators default on their student loans about 55.46% more often, or 1.55x, than those from states with 2 Democratic senators and 14.91% more often, or 1.15x, than borrowers from schools in Split states.

To see if this trend held true based on the party of representatives in Congressional Districts, we decided to do the same analysis.

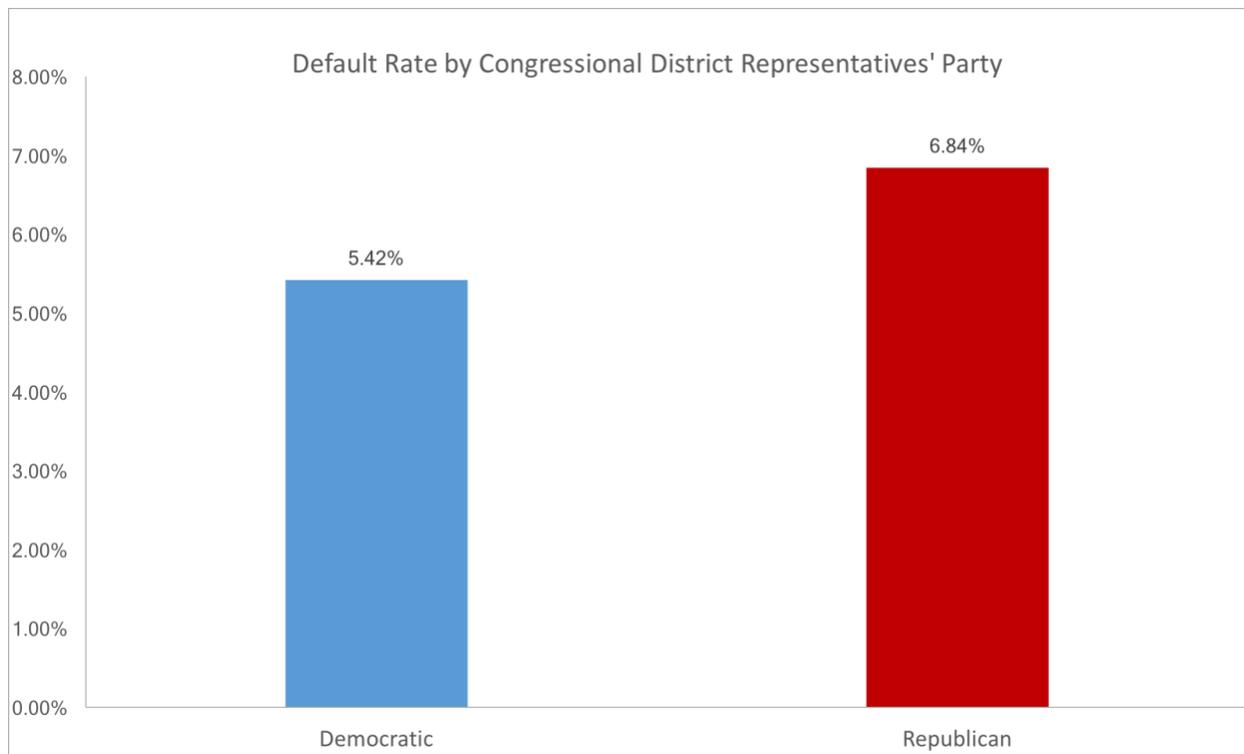
Average Student Loan Debt Per Borrower & Default Rate by Representative Party

The following graph shows the average student debt per borrower by representative party. It should be noted that there is no Split group in this case, as each congressional district only has 1 representative.



As the graph shows, the average debt for borrowers from congressional districts with Republican representatives is still about 11.50% (\$2,939) less than those from Democratic districts.

We then looked at the default rate of these districts. The following graph shows the average default rate by representative party.



As you can see, borrowers from districts with a Republican representative still defaulted on their loans about 26.20% more often, or 1.26x, than those from a district with a Democratic representative.

There may be numerous reasons why borrowers from states with Republican senators and/or districts with Republican representatives default on their loans at a higher rate despite having less debt, on average. Many states and districts have unique programs to help students manage paying for college or the debt that often comes along with attending college. Also, some areas have many more alternative schools – such as trade and specialty schools – that help students avoid excess debt.

Despite the countless reasons why borrowers from areas with Republican officials default more despite having less debt on average, it is interesting to note that these borrowers come from areas whose senators and representatives typically support less initiatives that are beneficial to students. College affordability is not a top priority for many of these senators and representatives, and their states **may be** suffering as a result.

College Affordability Issues & Legislation Explained

Over the last few years, college affordability and student loan debt have become major political issues in the United States. At LendEDU, we broke down these issues into six sub-issues: Interest Rate Legislation, Pell Grant Legislation, Federal Student Loan Refinancing Legislation, Student Loan Forgiveness Legislation, Legislation to Improve Financial Literacy, and Legislation Involving Tax Incentives.

Interest Rate Legislation

One of the most influential factors of the cost of higher education (aside from the actual cost of tuition) is student loan interest rates. Keeping interest rates low is especially important for both politicians and student borrowers. Student borrowers want a low interest rate to save money, and politicians want a low interest rate to improve college accessibility overall, leading to a more educated workforce.

In 2013, keeping interest rates low was a hot political debate. Starting with the government takeover of student loans in 2009-2010, interest rates on federal student loans were determined arbitrarily by Congress every year. This led to issues immediately. With Congress being notorious for gridlock, deciding an annual student loan interest rate was unfeasible from a political perspective. It took too long and was subject to bipartisan gridlock. Additionally, the system took heat as many accused the government of setting interest rates with federal profits in mind. In 2013, the interest rate was going to double under federal oversight which spurred a call for reform.

There were two sides to the argument, and they were represented by two bills: The *Bipartisan Student Loan Certainty Act of 2013* and the *Student Loan Relief Act of 2013*. The mostly Democratic-backed *Student Loan Relief Act of 2013* would have kept the old system of setting rates arbitrarily, but it would have prevented interest rates from doubling at the time.

The *Bipartisan Student Loan Certainty Act of 2013* (sometimes referred to as the *Smarter Solutions for Students Act*, the original House version of the bill), on the other hand, called for

reform. Instead of political decision, the federal student loan interest rate would be based on the private market, [like most private student loans](#), thus subject to annual fluctuation. At first, the Republican-backed bill met opposition, but it gained bipartisan support with compromise: a cap on the max interest rate and a fixed rate over the life of a loan. Not only would this reform have kept rates low in 2013, it also would have removed the political gamesmanship from affecting student loan interest rates. The bipartisan effort passed into law, and today, federal student loan rates are tied to the market.

While both bills would have kept interest rates low, the real issue had more to do with the system itself. The Republican initiative relied on the private market. The initial Democratic initiative was faith in the old system with reliance on political control. At the end of the day, the common objective was to implement the best system that kept interest rates low long term.

The list of cosponsors to the *Student Loan Relief Act of 2013* can be found [here](#), and the final voting record for the *Bipartisan Student Loan Certainty Act of 2013* can be found [here](#) for the House of Representatives and [here](#) for the Senate.

Pell Grant Legislation

The Pell Grant program is a widely celebrated and vetted system that increases college accessibility for low income student loans. Pell Grants are awarded on the basis of financial need, and it is often looked at as a doorway for students with lower income backgrounds. Funding for the program escalated after the *Student Aid & Fiscal Responsibility Act of 2009* (a.k.a. the government takeover of student loans) passed into law. While the program is extremely helpful, it is also a source of controversy that generates a bipartisan divide.

In contrast to the Federal loan program, the Pell program is all free aid, so none of it is paid back. Many Republicans refer to this as an entitlement program that exacerbates the fiscal crisis of the Federal Government. Many Democrats and good number of Republicans claim that the program creates a more well-rounded and modern workforce by increasing access to education overall.

The two sides of this issue are simple. The typical Republican argument claims the program is too expensive, and budget cuts are needed to reign in federal spending. The typical Democratic argument asserts that the program is indispensable, and more funding should be devoted to it.

The main opposition to the Pell Grant program comes from annual budget proposals. Attempts to cut funding to the Pell Grant program occur almost annually. On the other hand, there are plenty of bills in Congress that seek to increase, expand, and improve the Pell Grant program. Some legislative initiatives involving Pell Grants include the *Pell Grant Protection Act*, the *Year-Round Pell Grant Restoration Act*, the *Pell Grant Flexibility Act*, the *Pell Grant Accessibility Act*, the *21st Century Federal Pell Grant Plus Act*, the *In The Red Act*, the *College Cost Reduction Act*, and many more.

Federal Student Loan Refinancing Legislation

A popular initiative in Congress right now is federal student loan refinancing. Federal refinancing is viewed as a solution leading to lower student debt overall, thus improving college affordability. Under the current system, student borrowers have fixed interest rates on their loans, and there is no federal option for obtaining a lower interest rate on a federal student loan.

The sides to this issue are fairly simple. Many Democrats want to implement federal student loan refinancing to help save borrowers money; it would also bring about federal encroachment into the refinancing market. The chief opposition from the Republicans contends that the private market has better options than the Federal Government could provide, and a federal encroachment into the refinancing market is unnecessary and too expansive. Currently, [student loan refinancing](#) is offered by private banks and lenders. Only highly-qualified applicants can get the often-touted low interest rates, meaning student loan borrowers with high income and great credit.

At any rate, there have been several federal refinancing initiatives over the past several years. The most popular is Senator Warren's (D-MA) *Bank on Students Emergency Loan Refinancing Act* that would allow all borrowers to refinance to current, lower interest rates immediately. Here is a list of cosponsors from the [Senate bill](#) and the [House bill](#) for Warren's initiative. Other initiatives include the *Student Loan Refinancing Act*, the *Federal Student Loan Refinancing Act*, the *In The Red Act*, and more.

Student Loan Forgiveness Legislation

Student loan forgiveness is a widely popular, yet also widely despised, policy. It originally became prominent with the *College Cost Reduction and Access Act of 2007*. Many champion the policy as a way to open the door for a beleaguered generation by lowering student debt, but others contend that it is fiscally irresponsible and a burden to tax payers. This represents the main political division behind total student loan forgiveness, but overall student loan forgiveness is not so clear cut.

Student loan forgiveness initiatives vary throughout the years, and many different policies had support from politicians of both parties. To put it in perspective, many politicians who opposed the *College Cost Reduction and Access Act of 2007* may have supported a teacher loan forgiveness bill later on, so it is difficult to characterize party lines on forgiveness legislation like federal refinancing or interest rate legislation. In general, Republicans oppose loan forgiveness while many Democrats support it.

There are various different policies that stipulate some form of forgiveness. There are cases when a loan can be forgiven for making 20 years of payments under an income-driven repayment plan. Others involve forgiveness after a certain number of student loan payments while working in public service fields or for an under-served area, such as teaching at a school or nursing at a hospital in low-income areas. Some policies would simply allow private student loans to be discharged in cases of bankruptcy.

Some bills that cover student loan forgiveness in some way include the *College Cost Reduction and Access Act of 2007*, the *Student Loan Fairness Act*, the *Student Loan Forgiveness Act of 2012*, the *Student Loan Bankruptcy Act*, the *Private Student Loan Bankruptcy Fairness Act*, and others.

Legislation to Improve Financial Literacy

Many politicians claim that borrowers simply do not understand many aspects of student lending, the cost of college education, and the repayment process. In other words, the lack of financial literacy among student borrowers has become a point of concern for many, and some politicians view it as the reason behind high student loan debt. Many believe an improvement in overall financial literacy will lead to decreases in student defaults and better college accessibility.

There aren't really sides to this issue like the 2013 interest rate debate or Pell Grant funding. Just about all politicians would support improvements in financial literacy; however, there is still some divisiveness. Some politicians (who are mostly Republicans) believe that improving financial literacy is the primary solution to reducing student loan debt, but others believe it is only supplementary to other solutions such as federal refinancing.

Financial literacy legislation is varied. Some bills sought to increase transparency of and access to information such as college tuition, graduation rates, and default rates. Other efforts pushed for access to financial counseling. Such bills included the *TUITION Act*, the *Strengthening Transparency in Higher Education Act*, the *Students Right to Know Before You Go Act*, the *Student Loan Sunshine Act*, the *Fairness in Student Lending Act*, and the *Empowering Students Through Enhanced Financial Counseling Act*.

Legislation Involving Tax Incentives

Many congressmen and congresswomen want to alter tax policies for expenses such as student loan payments and college expenses. Here is the line of thinking. With better tax benefits, student borrowers should be able to afford college more easily by saving money on college expenses and student loan payments.

Like improving financial literacy, providing tax benefits to student debtors isn't really controversial. The only controversy stems from whether this can be viewed as the primary solution or a supplementary solution to college affordability. Many Republicans think that tax breaks should be the predominant form of relief. Many Democrats champion better tax breaks, but they primarily support other measures like federal refinancing and forgiveness.

Politicians have introduced legislation pursuing better tax benefits in several ways. Some ways involve providing tax incentives to employers who contribute to the student loan payments of their employees. Other ways include tax credits on interest paid throughout the year or a tax break on forgiven loans in special cases. Here are a few relevant tax policies: The Student Loan Tax Relief Act, the Student Loan Tax Debt Relief Act, the Student Loan Employment Benefits Act, the Andrew P. Carpenter Tax Act, and the Student Loan Interest Deduction Act.

Methodology

Finding Basic Senator and Representative Information

[Ballotpedia](#), an authoritative political database, provided all information pertaining to a politician's name, political party, incumbency, state (senators), congressional district (representatives), his or her end of term date, and professional background. Official photos were found on the official government office website of each congressman or congresswoman. Official photos that were not found on an office website were pulled from the Senator's/Representative's Ballotpedia profile page which were in most cases the official government photo itself.

Finding Student Loan Debt, Student Loan Default, Portion of Students with Debt, and Total

To calculate the student loan and enrollment information for each state and congressional district, two data sources were used. Only public and private 4-year colleges and universities were included. For-profit schools were excluded from this study.

First, to calculate Average Student Debt Per Borrower, Proportion of Grads with Student Debt, and Total College Enrollment, we used Peterson's dataset for the Class of 2015 – the most recent dataset released. Peterson's gathers data by surveying the financial aid offices of colleges and universities throughout the nation.

We only included data on the colleges and universities that reported average debt per graduate, proportion of graduates with student loan debt, number of bachelor degree recipients in the Class of 2015, number of student loan borrowers from the Class of 2015. In addition, we only aggregated and analyzed the data for 4-year public and private non-profits.

At the state and district levels, we assigned weights to the individual colleges within a particular state or district. We calculated the average student loan debt per borrower at the state/district level by weighting the reported average student loan debt at each college by the number of student loan borrowers at each particular institution. We calculated the proportion of student loan borrowers by weighting the reported proportion of student loan borrowers at each college by the number of bachelor degree recipients at each particular institution.

The data was provided on a voluntary basis at the college level by college officials to Peterson's. LendEDU did not audit the accuracy of the college level data. Therefore, the state/district level data may not be completely accurate. It does not make sense to directly compare and contrast state/district level data to prior state/district level data as revisions in methodology and the underlying data are possible.

The universities and colleges included in this study are limited to the following university function types: Four-Year Colleges, Comprehensive Higher Education Institutions, and Universities.

The universities and colleges included in this study are limited to the following main institution control types: Public State Controlled, Public State-Related, Private Nonprofit, and Private Religious

Please note, that the school level *Average Student Debt Per Borrower* is the cumulative principal borrowed through any loan programs for the last graduating undergraduate class (all students who started at the institution as first-time students and received a bachelor's degree)–Federal Perkins, Federal Stafford Subsidized and Unsubsidized, institutional, state, private loans that the institution is aware of, etc. Includes both Federal Direct Student Loans and Federal Family Education Loans. Includes only loans (including co-signed loans) made to students who borrowed while enrolled at the institution. Excludes students who transferred in and money borrowed at other institutions, students who did not graduate or who graduated with another degree or certificate but no bachelor's degree, as well as parent loans.

To calculate the Student Loan Default Rate, we used the Department of Education's [Official Cohort Default Rates for Schools](#) for borrowers whose federal student loans went into repayment in 2013. This is the most recent default rate data released by the government. To determine the average default rate for each congressional district and state, we normalized by the number of borrowers at each school. Only schools who were in the Peterson's dataset were included.

Defining Support for a Higher Education Initiative

Throughout the study, there are references to "Higher Education Initiatives" which were defined as "Supports Low Student Loan Interest Rates," "Supports Pell Grants," "Supports

Federal Student Loan Refinancing,” “Supports Student Loan Forgiveness,” “Supports Improving Financial Literacy,” and “Supports Tax Benefits.”

These six initiatives were determined to be especially prevalent after researching congressional activity and policies related to higher education over the past 15 years. They were all determined to affect student loan debt, college affordability, and college accessibility (see College Affordability Issues & Legislation section).

If a politician was found to support an initiative, they were given a check mark. If a politician does not have a check mark, it means that not enough information could be found to justify his or her support for an initiative. Keep in mind, the lack of a check mark does not explicitly signify any politicians’ opposition to or lack of support for an initiative; it only means that the required information was not found in congressional records or on the politician’s government office website.

During research of a senator’s or representative’s stance on an initiative, information was gathered either directly from the politician’s government office website or from the official government [Congressional database](#). Any third party sources were hyperlinked in-text directly.

Determining Support for Low Interest rates

First, the Congressional voting record on the *Bipartisan Student Loan Certainty Act of 2013* was used (both [Senate](#) and [House of Representatives](#)). If a representative/senator voted in favor of the bill, they received a check mark for the initiative. If a congressman or congresswoman cosponsored the *Student Loan Relief Act of 2013*, he or she received a check mark for the initiative. Lastly, if support for low rates was explicitly mentioned on a politician’s government office website, he or she was given a check mark for supporting the initiative along with an in-text hyperlink to the reference.

Determining Support for Pell Grants

A check mark was earned for supporting Pell Grants under two different scenarios. First, if support for the program was explicitly mentioned on an office website, that senator or representative received a check mark. A website mention was also hyperlinked in the text description. Second, any senator or representative who cosponsored a bill improving or

expanding Pell Grants was given a check mark. These bills included the *Pell Grant Protection Act*, the *Year-Round Pell Grant Restoration Act*, the *Pell Grant Flexibility Act*, the *Pell Grant Accessibility Act*, the *21st Century Federal Pell grant Plus Act*, and the *In The Red Act* (note: the *College Cost Reduction and Access Act of 2007* was not taken into account; it was deemed too broad to warrant explicit support for Pell Grants.).

Determining Support for Federal Student Loan Refinancing

If a congressman or congresswoman specifically mentioned support for federal refinancing on their website, he or she received a check mark for supporting federal student loan refinancing; additionally, this mention was hyperlinked in the text description. If a congressman or congresswoman cosponsored a bill that stipulated federal refinancing, then he or she received a check mark. Such bills included the *Bank on Students Emergency Loan Refinancing Act*, the *Federal Student Loan Refinancing Act*, and the *In The Red Act*.

Determining Support for Student Loan Forgiveness

If a congressman or congresswoman specifically mentioned support for student loan forgiveness on his or her website, he or she received a check mark for supporting federal student loan refinancing. Additionally, this mention was hyperlinked in the text description. A congressman or congresswoman received a check mark for cosponsoring a bill that stipulated some form of student loan forgiveness/discharge. Such bills included the *Student Loan Fairness Act*, the *Student Loan Forgiveness Act of 2012*, the *Student Loan Bankruptcy Act*, the *Private Student Loan Bankruptcy Fairness Act*, and various other bills involving teacher loan forgiveness, nurse loan forgiveness, etc. (note: The *College Cost Reduction and Access Act of 2007* was not taken into account; it was deemed too broad to warrant explicit support for student loan forgiveness.).

Determining Support for Improving Financial Literacy

Politicians received a check mark for explicitly mentioning on their website a need to improve financial literacy through student counseling, greater transparency, or better access to information. If a senator or representative cosponsored a related bill, they received a check mark. Such bills included the *TUITION Act*, the *Strengthening Transparency in Higher Education*

Act, the Students Right to Know Before You Go Act, the Student Loan Sunshine Act, the Fairness in Student Lending Act, and the Empowering Students Through Enhanced Financial Counseling Act.

Determining Support for Tax Benefits

When a congressman or congresswoman specifically mentioned on his or her website support for student tax benefits, he or she received a check mark. Additionally, the specific mention was hyperlinked in the text description. If a politician cosponsored a bill that stipulated a relevant tax benefit to student loan borrowers, they received a check mark. Such bills included the *Student Loan Tax Relief Act*, the *Student Loan Tax Debt Relief Act*, the *Student Loan Employment Benefits Act*, the *Andrew P. Carpenter Tax Act*, and the *Student Loan Interest Deduction Act*.