

News Release

THE FEDERAL RESERVE BANK of KANSAS CITY

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KANSAS CITY FED RESEARCH EXAMINES STUDENT LOAN DEBT

Over the last decade, student loan debt in the United States has grown at a rapid pace. Along with this growth in debt, default rates on student loans have also increased. But while individual student loan borrowers face a number of challenges, a new research paper from the Federal Reserve Bank of Kansas City concludes growth in debt and default rates has not resulted in a substantial burden for society as a whole at this time.

In the paper, "[Student Loans: Overview and Issues](#)," authors Kelly D. Edmiston, Lara Brooks and Steven Shepelwich of the Kansas City Fed's Community Affairs Department provide a detailed overview of the student loan market, present new statistics that highlight student loan burdens and delinquency rates and discuss current concerns surrounding student loan debt and its fiscal impact.

Student loan debt has increased dramatically from about \$364 billion in 2005 to \$904 billion at the beginning of 2012, but this growth is largely the result of an increase in the number of borrowers, the authors find. While this has posed burdens on individual borrowers, the authors' analysis suggests the fiscal impact is still limited. Additionally, their research supports the idea that the value of a college education—which leads to higher incomes and greater financial stability—outweighs the costs.

As the regional headquarters of the nation's central bank, the Federal Reserve Bank of Kansas City and its branches in Denver, Oklahoma City and Omaha serve the seven states of the Tenth Federal Reserve District: Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico and western Missouri.

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