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MILLENNIALS AND GEN Z SUPPORT EQUAL TREATMENT IN STUDENT LOAN RELIEF

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President Joe Biden issued an executive order to cancel up to $20,000 of student loan debt for borrowers with incomes under a $125,000 threshold (single) and $250,000 (family). Polling over the summer suggested a slight majority of Americans support canceling up to $10,000 in debt. The total cost of the program has been estimated by Wharton to be 469 billion to over a trillion dollars. Some analyses indicate progressives are more inclined to support the executive order and it could help drive younger, progressive voters to the polls in November. Additionally, a discussion has emerged around who benefits most from debt relief.

An analysis by the Center for the Study of Capitalism at Wake Forest contributes to the discussion using data collected in August 2022 on millennials and Gen Z, people aged 18-41. Our data was collected by YouGov and is a demographically representative sample of 2,000. The margin of error for the poll is +/- 2.36%.

FOUR KEY FINDINGS:
1. Overall, 67% of millennials and Gen Z support student debt relief, and 81% of those supporting it said everyone should get the same treatment.
2. Among millennial loan holders (aged 26-41) with a family status and income level qualifying for loan relief, 27% of the sample have a family income between $80,000 and $250,000.
3. 37% of millennials and Gen Z reported receiving some form of parental support and 48% said they could not pay a basic bill because of inflation.
4. There are economic benefits to having more than a high school degree. Just 7% of millennials with a two-year degree or more reported both growing up in a family making less than $30,000 and currently having a family income under $30,000.

WHO SUPPORTS STUDENT LOAN RELIEF?
Millennials and Gen Z, no matter their education level or political party, largely support student loan relief. A strong majority of all groups stated that everyone should get the same treatment.
- 67% chose “yes” when asked, “Should the federal government forgive student loans if the college the student attended didn’t engage in fraud or coercion?”
- 48% of respondents who self-identify as republican (republican, slight republican, lean republican); 65% of respondents who self-identify as Independent; and 82% of respondents who self-identify as democrats (democrat, slight democrat, lean democrat) said the federal government should forgive student loans.
- 65% of people without any college support student debt forgiveness compared to 71% who have some college to advanced degrees.
- Of those who support loan relief, 81% say should everyone get the same treatment. Specifically, 84% of Whites, Blacks, and Asians and 77% of Hispanics wanted everyone to get the same treatment.

Most millennials and Gen Z who voted in the 2020 election do not have student loans. Surprisingly, 44% of millennials and Gen Z think the Federal government has too much power; however, most people who think this still supported student loan forgiveness.
- 71% of millennials and Gen Z reported having no student loans. Among millennials only, 28% reported having student loans.
- 32% of millennials and Gen Z who have student loans reported voting in 2020. While 69% of those who voted wanted student loan relief, 83% of those who wanted relief also thought everyone should be treated equally.
- When asked to rate the power of the Federal government, 15% said it has too little, 41% about right, and 44% too much. Of those who thought the federal government has too much power, 61% still support student loan relief.
WHO EXPECTS TO BENEFIT FROM STUDENT DEBT RELIEF?
We did not collect data on exact loan amounts or who holds Pell Grants (see the note below on recent analyses about the distribution of dollars). In our sample, races and ethnicities have loans at about the same rate. Among millennial loan holders with a family status and income level qualifying for loan relief, 27% of the sample have a family income between $80,000 and $250,000.
- Among loan holders, 33% claimed two more races; 32% other; 31% Black; 30% Hispanic; 29% White, and 20% Asian.
- 72% of loan holders owe less than $38,000.
- Among millennial loan holders with a family status and income level qualifying for loan relief:
  o 23% claimed a family income below $30,000
  o 19% claimed a family income between $31,000-$49,000
  o 30% claimed a family income between $50,000-$79,000
  o 19% claimed a family income between $80,000-$119,000
  o 8% claimed to be married and have a family income between $120,000-$250,000

STUDENT LOANS, INFLATION CONCERNS, AND ECONOMIC MOBILITY
Over a third of millennials and Gen Z rely on their families for financial support and 48% of them reported not being able to pay a basic bill because of the impact of inflation.
- 37% of millennials and Gen Z reported receiving some form of parental support (this could be anything from cash, to being on a cell phone plan, to healthcare, help with a mortgage or rent, etc.). Among those who said they receive help, 32% have loans and 68% have no loans.
- 48% of them also reported not being able to pay a basic bill because of inflation. Of those, the majority (38%) were people who reported having some college or less.

We found a slight correlation between having a higher amount of loans (over $38,000) and perceptions about entrepreneurship but having loans (in any amount) does not significantly impact getting married, buying a home, or having children.
- We asked millennials and Gen Z if they saw themselves as entrepreneurial. Individuals with loans over $38,000 saw themselves as less entrepreneurial (correlation = 0.08, p<0.001). This may support information from the Kauffman Foundation indicating that student loan payments affect the ability to start a business.
- There is a weak yet statistically significant relationship between loan amounts and marriage (r =0.05, p=0.01); there is no relationship between having loans and home ownership, and there is no relationship between having loans and having children.

For millennials, economic mobility is positive. Those who have more than a high school degree are much more likely to move up to higher income brackets than those who don’t.
- Using self-reported data on current family income and family income growing up, we found positive mobility (they reported making more than their parents) for 25% of the population and negative mobility for 13%. Positive mobility looked like this:
  o Men 25%  o Black 19%  o Hispanic 29%
  o Women 26%  o White 26%  o Asian 16%
- Additionally, there are economic benefits to having more than a high school degree. Among millennials who have less than a two-year degree, 32% reported both growing up in a family making less than $30,000 and currently having a family income under $30,000, compared to just 7% of those with a two-year degree or more.
Note on calculations regarding the distribution of loan relief.
Analysis by The Department of Education used by the Biden Administration estimates that “among borrowers who are no longer in school, nearly 90% of relief dollars will go to those earning less than $75,000 a year” and that 65% of borrowers who will have debt canceled are between the ages of 18 and 39. A second analysis by Wharton suggests that “about 75% of the benefit falls to households making $88,000 or less per year.” The third analysis by JPMorgan Chase Institute suggests households making over $76,000 would get nearly half of the total relief estimated at 549 billion dollars. Wharton and JPMorgan Chase Institute models are shown in the table below. JPMorgan Chase Institute researchers also looked at cancellation by race using several metrics. From the perspective of average debt canceled, the reductions would benefit Black borrowers on average, by $11,258; Hispanics on average by $9,516 and whites on average by $8,964.

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<thead>
<tr>
<th>Income Group</th>
<th>Wharton</th>
<th>JPMorgan Chase</th>
</tr>
</thead>
<tbody>
<tr>
<td>First quintile</td>
<td>14.32%</td>
<td>17%</td>
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<tr>
<td>&lt;$34,000</td>
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<tr>
<td>Second quintile</td>
<td>23.46%</td>
<td>15%</td>
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<td>$34,000-$52,000</td>
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<td>Middle quintile</td>
<td>36.02%</td>
<td>19%</td>
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<tr>
<td>$52,000-$76,000</td>
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<td></td>
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<tr>
<td>Fourth quintile</td>
<td>20.52%</td>
<td>23%</td>
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<tr>
<td>$76,000-$116,000</td>
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<tr>
<td>Fifth quintile</td>
<td>5.69%</td>
<td>25%</td>
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<tr>
<td>Over $116,000</td>
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