Cracking Architecture Student Loan Debt: A Call for Meaningful Leadership

Problem

Architecture student debt constitutes one of the singularly greatest barriers to entry into the architectural profession. In a time when there is such focus on diversity and equity, the lack of attention to this issue on the part of its prime organization is concerning. Without question, examining admissions barriers and enhanced recruitment of more diverse student populations are essential. However, such efforts will prove to be a false promise unless emerging professionals have more realistic entry platforms to join the profession without starting in tremendous debt and necessitating other career choices. The American Institute of Architects stands in a unique position to reset the bar and chart a more equitable course by identifying strategies, providing direct resources, facilitating programs, and fostering key governmental relationships that would result in tangible reductions in architecture student debt.

Background & Analysis

When the next economic downturn occurs, as it will and as it has, specifically the 1998 tech stock crash, the recession of 2008, and the 2020 pandemic, the profession could lose an entire generation of young architecture professionals primarily because of architecture student loan debt. Because they cannot financially justify their chosen career which could result in:

- Taking their talents, skills, visions and ideals elsewhere to obtain greater financial security.
- The economic stability of architecture firms could be in question.
- The gap could be filled from outside of the profession, allowing inroads for poorly prepared computer draftspersons or unlicensed providers.

Firm principals are reporting anecdotally that young professionals tend not to talk openly about student debt. Numerous articles have discussed the issue over the past decade and a 2014 "Archinect" feature titled, *"The State of Debt & The Price of Architecture,"* acknowledged that "For whatever reason, the culture of today's architecture community in the U. S. often places a taboo over frankly discussing debt." This taboo could cripple the profession, affecting efforts to diversify and become more inclusive directly, in ways from which it may not be able to recover.

The Economics of Architectural Education

A five-year Bachelor of Architecture and post-graduate degree is easily twenty-five to thirty-five percent (25% to 35%) more expensive than a standard four-year Bachelor of Science or Bachelor of Arts degree. The additional cost and expense are attributed to the additional year(s) of tuition, room and board, the software, tools and supplies needed, and the specialty training expenses to prepare and execute the architecture coursework, a possible hinderance to schooling in itself.[1] This is confirmed by a recent poll done by the American Institute of Architecture Students (AIAS) showing that in the U. S., architecture student graduates had an average undergraduate student debt of $40,000 while the average undergraduate student debt is slightly less than $30,000.

According to the website, CNBC Make It, in 2018, the national percentage of debt for undergraduates was sixty-nine percent (69%).[2] And according to the 2018 National Architectural Accrediting Board Annual Report on Architecture Education, the number of architecture undergraduates for the year was 2,464 meaning over 1,700 individuals, more than two-thirds, had some level of debt upon graduation. Using $40,000 as an averaged debt for an architecture graduate, the total indebtness for 2018, may be as much as $68 million - a staggering amount for just one year! [3]

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[1] https://www.architectmagazine.com/aia-architect/aiaknowledge/loan-me-a-dime-x-250-000_o
[2] https://www.cnbc.com/2019/05/20/how-much-the-average-student-loan-borrower-owes-when-they-graduate.html
[3] https://archinect.com/features/article/112509888/the-state-of-debt-and-the-price-of-architecture

Forty percent (40%) of the total student debt is attributed to graduate and professional degrees, which many young architecture professionals have invested in,[4] and according to AIA Knowledge Net (06/2016) a Masters of Architecture can increase student debt between $40,000 and $100,000 while the median architectural intern salary for someone just out of school was $42,000.[5] Meaning that someone may think twice about entering the architecture profession with such an imbalance of debt to salary.

There is no lack of will as previous efforts to tackle this issue have been made. From 2014-16, the AIA worked hard in conjunction with AIAS to sponsor a bipartisan National Design Services Act. In addition to legislative advocacy, there have been efforts to track debt from an economic impact standpoint on the repayment side.

In a recent January 26, 2020 Los Angeles Times' article, *"Students Borrowing Less but Owe More,"* "New loans are down since peaking in 2012, but debt load keeps rising because repayments are slow…The growth in U. S. student loan debt… rose to $1.5 trillion…(representing over 40 million people). The costs of young Americans saddled with onerous debt burdens are well chronicled: declining home ownership rates, dwindling small-business creation, delaying marriage and having children." Although not impossible, bankruptcy is not the answer since unlike medical debt, student loan debt cannot be forgiven.[6]

Ultimately, while it is important to collaborate with others in lobbying for change and hope that others might assist in address architecture student debt, it does not relieve the Institute from an obligation in concert with its mission to promote the health and wellness of the profession, to be a direct actor and generate tangible, effective solutions to the fundamental "crisis" in our own backyard.

The American Institute of Architects must recognize the importance of this issue, become a leading voice for positive change, elevate the need to reduce debt through meaningful action, and establish real frameworks and pathways to do so from within.

Planning for Action

What can the American Institute of Architects do to support young architecture professionals and their families who may be significantly impacted by the burden of student loan debt?

I. AIA National Action Strategies

Student debt is a hugely complex issue that requires careful study, design thinking, and a multivalent approach. Simply posturing or asking others to solve it will not do. Truly effective ideas and interventions will necessitate a well-considered comprehensive action plan involving direct Institute involvement, continuous committed advocacy, internal and external collaborations, strategic partnering, key alliances, and the development of solutions operative at the national, regional/state and local levels. If diversity and inclusion are to have any meaning within our profession, AIA National can absolutely lead by recognizing the urgency for immediate action to support those who need assistance to stay in the profession. Key modes of action to consider might be:

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[4] https://www.newamerica.org/education-policy/edcentral/numbers-changes-graduate-student-debt-over-time/
[5] https://network.aia.org/blogs/cindy-schwartz/2016/06/20/how-does-the-ndsa-work
[6] https://www.studentloanborrowerassistance.org/bankruptcy/

1. **National Brainstorming Task Force**: Create a National Task Force filled with an AIA National Board liaison, elected official's representatives, economic analysts, lending institution members, financing specialists, money management professionals, and architecture student representatives (from AIAS, Young Architects, and other Emerging Professional groups, National Organization of Minority Architects (NOMA), Asian American Architects and Engineers Association (AAa/e), etc.) and task this body with identifying resources and policies for reducing architecture student debt both politically and monetarily with doable outcomes, timelines and resources.

2. **Resource Counseling Center:** Train and fund an AIA National Staff member who can establish and oversee an on-going Resource Counseling Center where young architecture professionals can easily explore and be counseled on student loan reduction and repayment options.

3. **Repayment Programs:** Develop and circulate income-driven repayment firm-based strategies and encourage individual firms to participate in a recognition program wherein these firms are listed in the AIA directory as offering these options to new hires. Such strategies might include:

    a) Income-Based Repayment (IBR) — monthly payments are ten to fifteen percent (10-15%) of discretionary income with a repayment term of 20-25 years, depending on when borrowed.
    b) Income-Contingent Repayment (ICR) — monthly payments are twenty percent (20%) of discretionary income or what the payment would be on a 12-year plan, depending on which is less, with a repayment term of 25 years.
    c) Pay as You Earn (PAYE) — monthly payments are ten percent (10%) of the discretionary income with a repayment term of 20 years.
    d) Revised Pay as You Earn (REPAYE) — monthly payments are ten percent (10%) of the discretionary income with a repayment term of 20-25 years, depending on whether the loans are from an undergraduate or a graduate program.

4. **Loan Reduction or Forgiveness Programs:** Explore how the Institute might support loan forgiveness for under-served populations under a type of Public Service Loan Forgiveness (PSLF) program framework.

5. **Lender Partnerships:** Study in conjunction with lenders to determine alternatives and expanded student loan re-financing options or special diversity and lower-income focused programs for architecture students in debt.

II. <u>AIA National Membership-oriented Strategies</u>

AIA firms and membership should be part of the solution since the economic health of the profession as a whole depends on an inclusive future that has a constant diverse and well-prepared pipeline of aspiring architecture professionals. Strategies might include to:

1. **Member Donations:** At time of annual dues renewal, advocate for voluntary participation and create an option on membership renewal forms to make a $10 donation to student debt relief.

2. **Firm Incentives:** Convene survey groups to identify ways to incentivize firms to assist with repayment as a way to attract women and minorities, and more specifically people of color, to ensure diversity in the workplace especially in leadership positions.

III. AIA Advocacy Leadership Strategies

A concerted advocacy effort is required to politically address this issue at all levels of the AIA.

1. **Continuous Budgeted Lobbying:** Put real traction into continuing efforts on the National Design Services Act (NDSA).

2. **Regional Advocacy Support:** Support regional or state components that have developed an advocacy group or platform with mentoring or counseling regarding legislative efforts to reduce student expenses.

AIA National: Architects Foundation Strategies

The (National) Architects Foundation has already initiated a small Student Loan Relief Program, but more can be done to bring the issue to the forefront and to increase its impact. This effort can be infused with more tools and resources to:

1. **Matching Grants Program:** Encourage others to first initiate grants by creating a "conditioned" matching grants program. National funding could only be provided on a matching basis initiated by others so that these programs can start at and be administered at the local level to address diverse local needs.

2. **Awareness Campaign:** Work with Foundation leadership at National and the Regional/State levels where they exist to generate an effective awareness campaign for participation in its Student Loan Relief Program efforts.

3. **Development of Debt Relief Programs:** Provide a center of knowledge and resources to assist state and local components with the development of student loan debt relief programs.

Conclusion: A Call for Meaningful Leadership

Several ideas above already exist in some infancy form. What is lacking is a well-coordinated, comprehensive and broad-based approach that is structured within a committed form of action both within the profession and in partnership externally. The Institute can make a real difference. It alone has the capacity to reach partners, forge alliances, develop knowledge and resources, and human resources throughout its membership network to make this happen. There is an urgency now. If unaddressed or under-addressed, the future of a real diverse and inclusive workforce is at stake. Let us acknowledge that the Institute has the capacity, knowledge base, and creativity to forge meaningful change. And let us have a leadership platform that moves beyond good intentions and moves into meaningful action.

Respectfully submitted,

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