

## **Savings, Student Loan Debt, and Gainful Employment**

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The U.S. Department of Education recently released regulations that require certain career college programs to do a better job of preparing students for gainful employment or risk losing access to federal student aid. Using the 2010 Survey of Consumer Finances this study identifies the gainfully employed by calculating their Debt-to-Actual Earnings (DTAE) ratio – one of the measures proposed by the recent policy. The regression models are estimated to examine how borrowers' socio-demographics, spending and saving habits, and loan characteristics correlate with gainful employment. Results indicate that gainfully employed individuals are more likely to be females, have desirable saving and spending habits (spending less than discretionary income), have fewer loans, are married, better educated, and live in larger households. Further research is needed to estimate causal impact of education on gainful employment.

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