

STUDENT DEBT

KNOW THE FACTS

Ninth Edition

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The Council of
Independent Colleges

The Issue

With student loan debt reaching approximately \$1.6 trillion,¹ many are concerned that student loans may be the next financial bubble to burst.

CARES Act funding and U.S. Department of Education actions led to historically low levels of delinquency in 2020-2021. However, there is concern that issues will balloon as soon as governmental action and support are removed, which could lead to a great deal of uncertainty around student loan debt.

What is the truth? This presentation presents the facts about college students' indebtedness, relying on the most recent data available.

1. Federal Reserve Bank of New York Consumer Credit Panel/Equifax, *Quarterly Report on Household Debt and Credit*, Q3 2021.

PERCEPTION

Many students owe more than \$100,000 when they graduate.

FACT

In 2021, only 7 *percent* of all borrowers owed \$100,000 or more in student debt. In fact, the majority (75 *percent*) owe less than \$40,000.¹

Obtaining a college degree on average adds \$1,000,000 to lifetime income.²

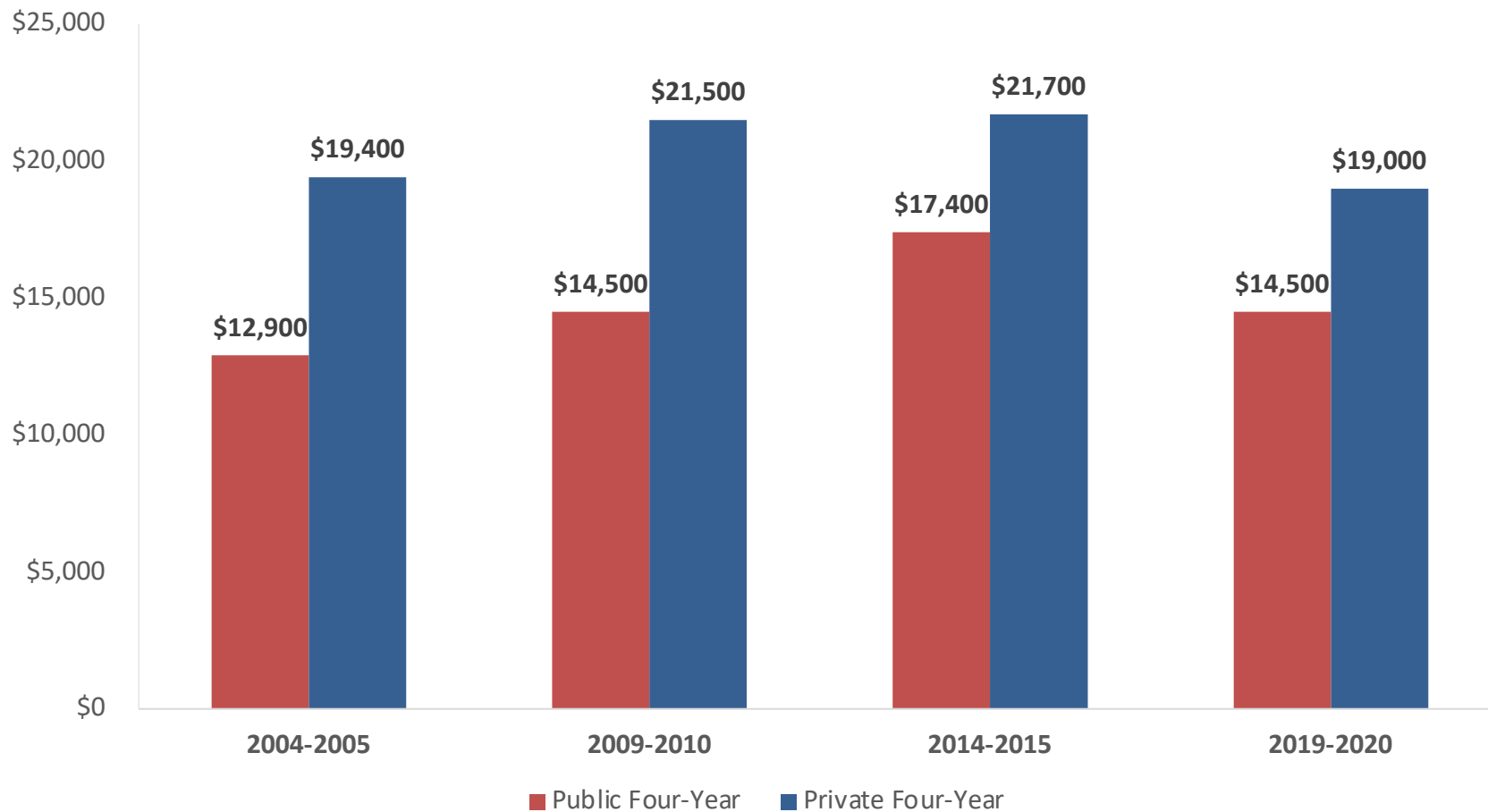
A private college graduate typically earns \$53,856³ in the first year after graduation.

1. The College Board, *Trends in Student Aid 2021*, p. 40.

2. Georgetown University Center on Education and the Workforce, *The College Payoff*, Executive Summary, p. 2.

3. NACE, *First Destinations for the Class of 2020*, p. 9.

Average Student Loan Debt per Bachelor's Degree Recipient



Source: The College Board, *Trends in Student Aid 2021*, p.43. All totals are expressed in 2020 dollars.

PERCEPTION

Because private colleges are so expensive, students had to borrow an unrealistic amount to enroll in one.

FACT

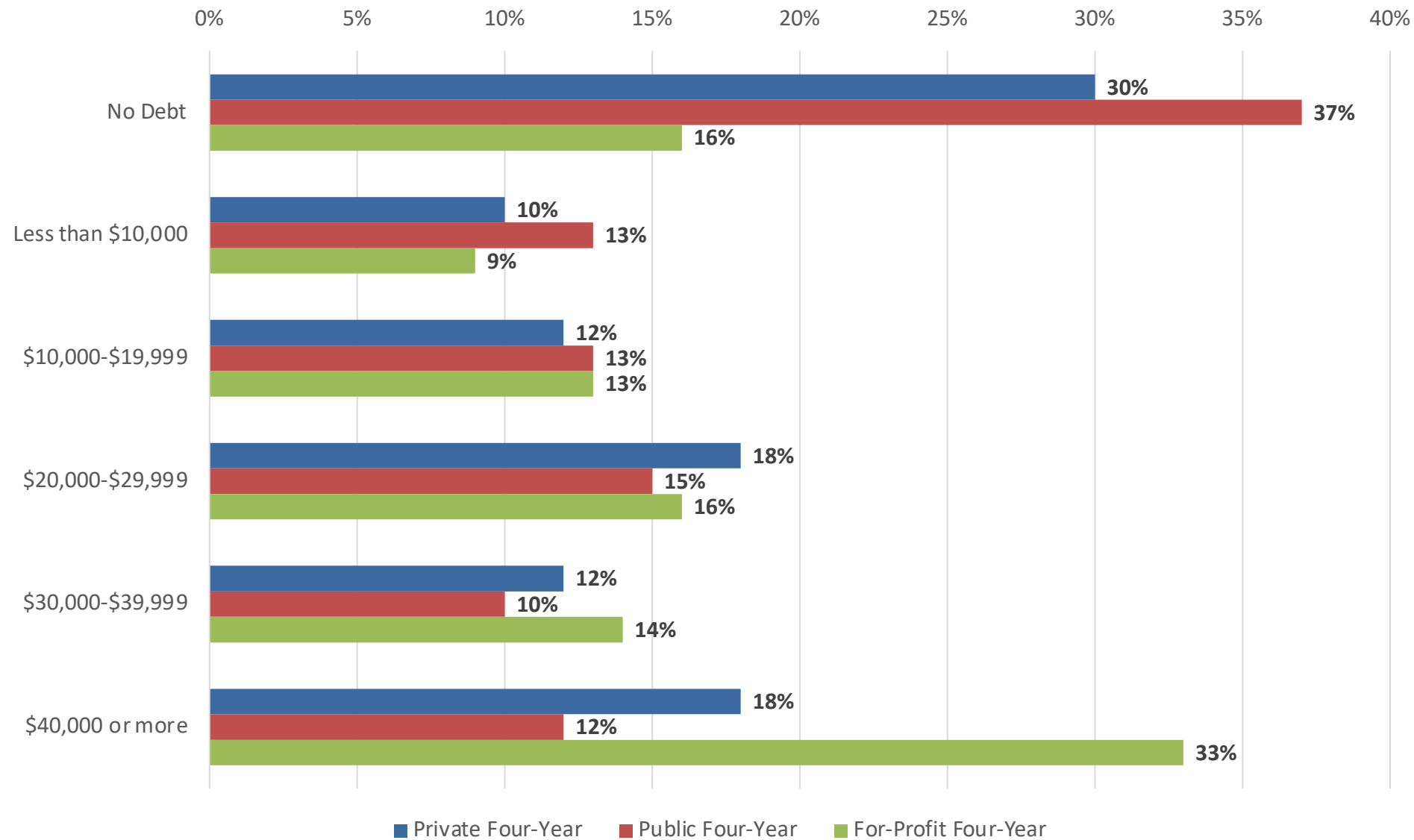
Nearly three out of ten students who recently graduated with a bachelor's degree from a four-year private college or university had no educational debt.

For those with debt, the difference between the average debt levels for graduates of public versus private institutions is \$4,500. Meanwhile, the average private college graduate's starting salary is larger by \$4,282.¹

Also, 65 percent of private college graduates in 2015–2016 completed their degrees within four years or less; the average time to degree for private college graduates was seven months faster than their peers at public institutions.²

1. The College Board, *Trends in Student Aid 2021*, p. 43; NACE, *First Destinations for the Class of 2020*, p. 9.
2. U.S. Department of Education, National Center for Education Statistics, *Baccalaureate and Beyond (B&B:16/17): A First Look at the Employment and Educational Experiences of College Graduates, 1 Year Later* (NCES 2019-241).

Distribution of Total Undergraduate Debt



Source: U.S. Department of Education, National Center for Education Statistics, 2015–16 National Postsecondary Student Aid Study (NPSAS:16).
Analysis by the Council of Independent Colleges.

PERCEPTION

Most student loans are used to pay for undergraduate study.

FACT

Graduate students, who make up about 16 percent of all postsecondary students, accounted for 47 percent of federal loans in 2020-2021 .¹

Since 2011-2012, the share of undergraduate students borrowing federal student loans has declined every year to a low of 26 percent in 2020-2021.²

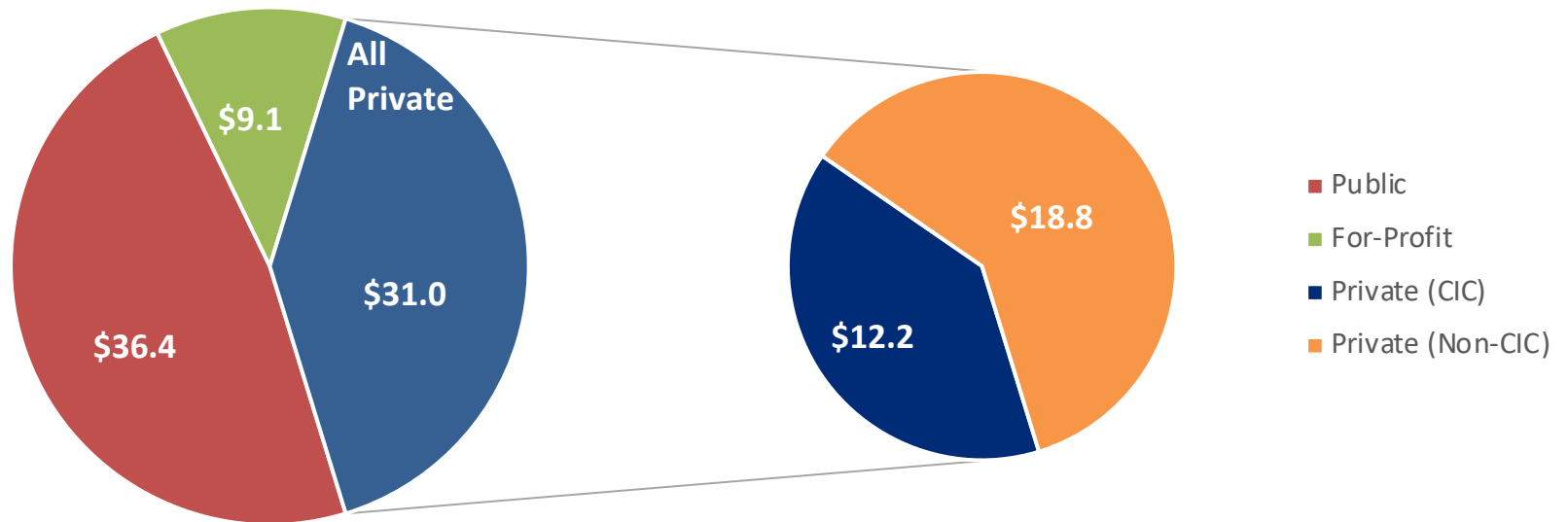
Only 15 percent of all federal undergraduate student loan disbursements in the 2019-2020 academic year were to students enrolled at CIC member colleges and universities.³

1. The College Board, *Trends in Student Aid 2021*, p. 39.

2. The College Board, *Trends in Student Aid 2021*, p. 40.

3. The College Board, *Trends in Student Aid 2021*, p. 39. Analysis by the Council of Independent Colleges

Total Student Loan Disbursements by Sector AY 2019-2020 (in billions)*



Only 15 percent of loans went to CIC students.

*Includes both undergraduate and graduate loan disbursements.

PERCEPTION

Student loans are so overwhelming that many borrowers default.

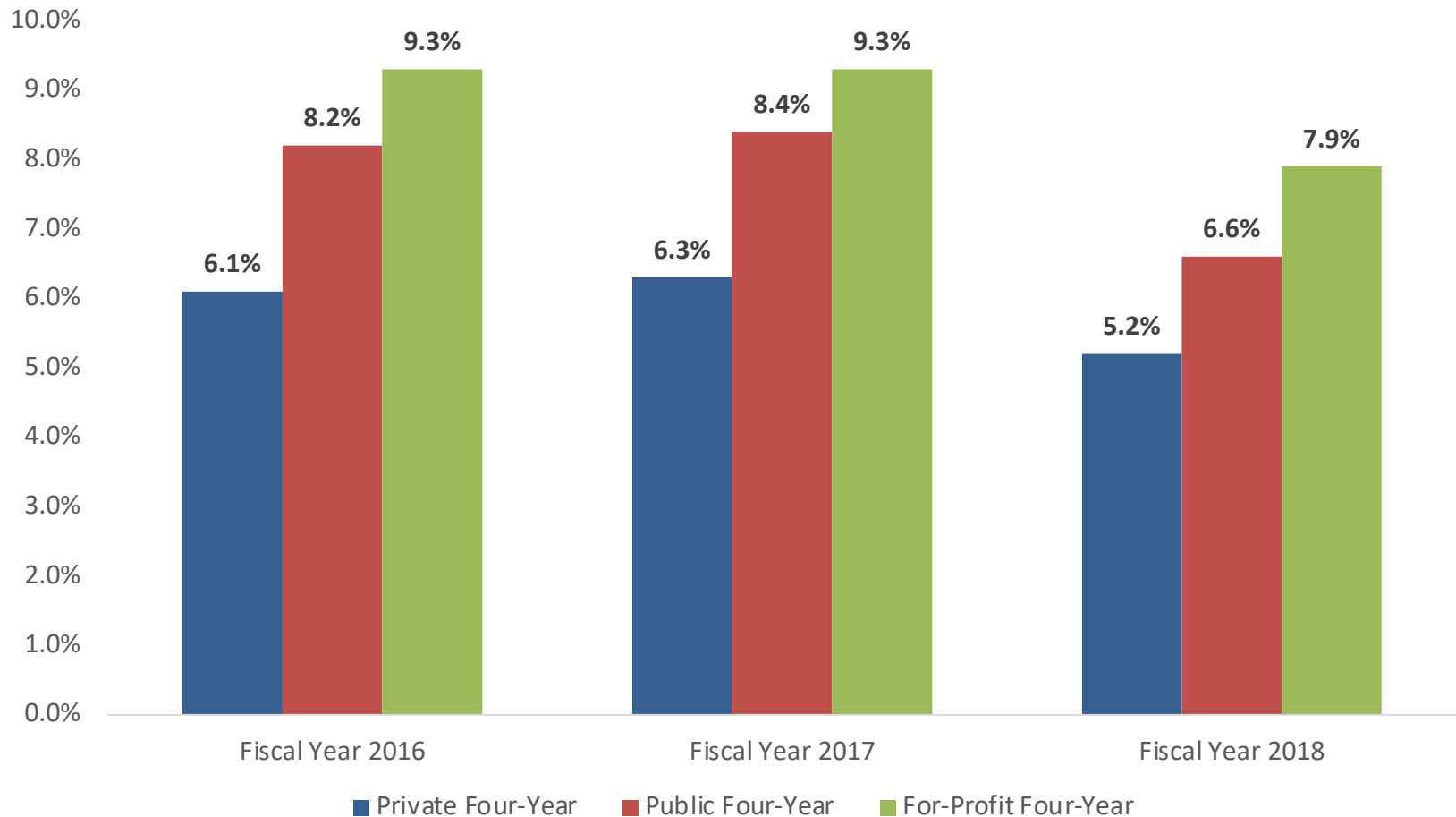
FACT

According to the most recent data, only 5.2 percent of private four-year college students defaulted on their loans compared with 7.9 percent of students at for-profit four-year institutions.¹

In reality, few students default on loans when enrolled in institutions granting at least a bachelor's degree. Institutions that do not grant at least a bachelors degree have default rates at 10.8 percent¹, on average.

1. U.S. Department of Education Office of Federal Student Aid Programs, *Comparison of FY 2018 Official National Cohort Default Rates to Prior Two Official Cohort Default Rates* (Calculated December 6, 2021).

Three-Year Student Loan Cohort Default Rates (2014–2016)



Source: U.S. Department of Education Office of Federal Student Aid Programs, *Comparison of FY 2016 Official National Cohort Default Rates to Prior Two Official Cohort Default Rates* (Calculated August 4, 2019). Note: Default rates are for four-year institution attendees.

PERCEPTION

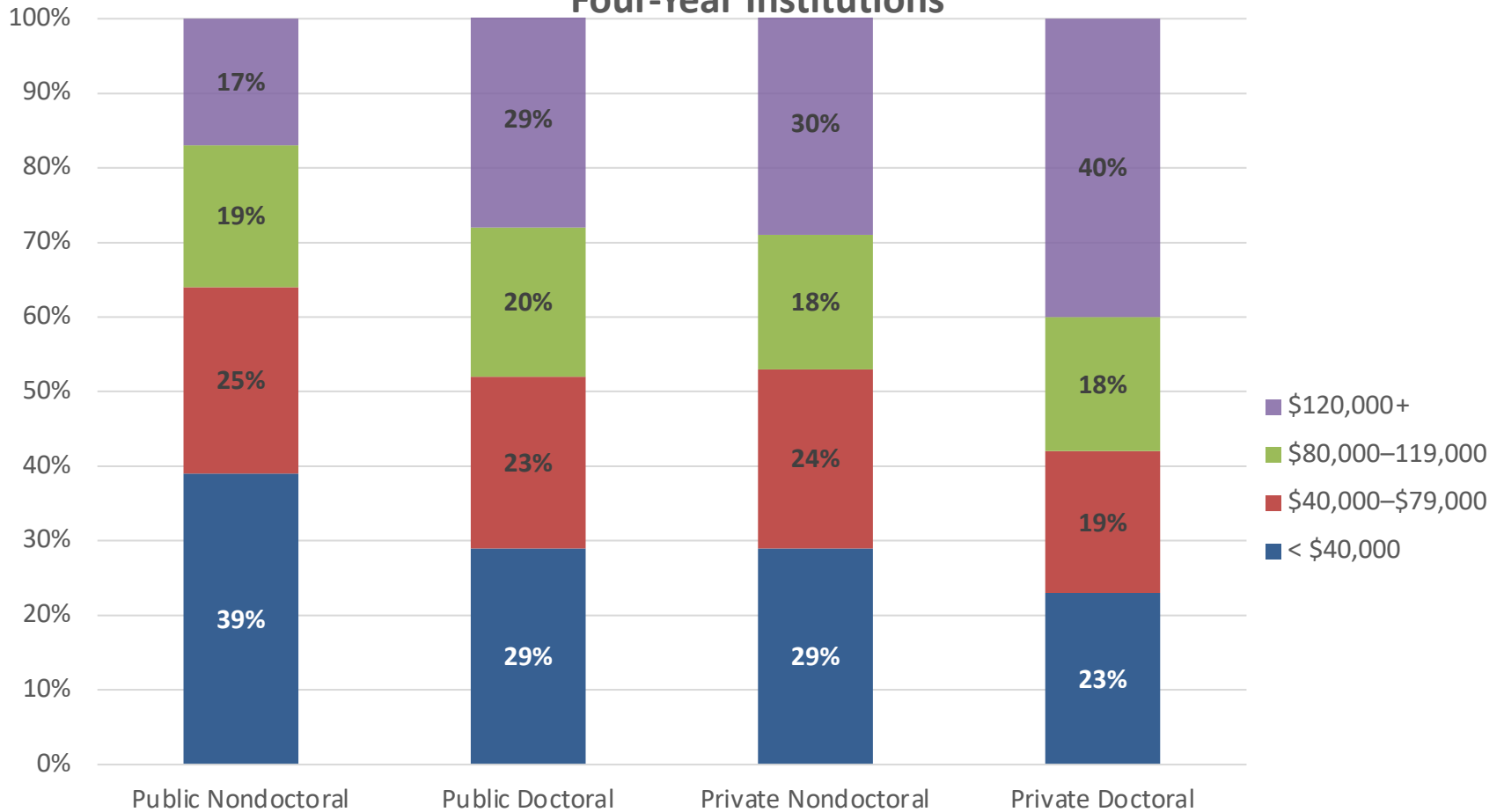
Private colleges
cost too much for
all but the
wealthiest families.

FACT

Private colleges enroll
students of all financial
backgrounds. And 29
percent of
undergraduates at
private nondoctoral
institutions are from
families whose incomes
were less than \$40,000.¹

1. Source: U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS), 2016. Calculation by the Council of Independent Colleges.

Student Enrollment by Family Income Level at Four-Year Institutions



Source: U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS), 2016. Calculation by the Council of Independent Colleges.

More Students Get More Aid

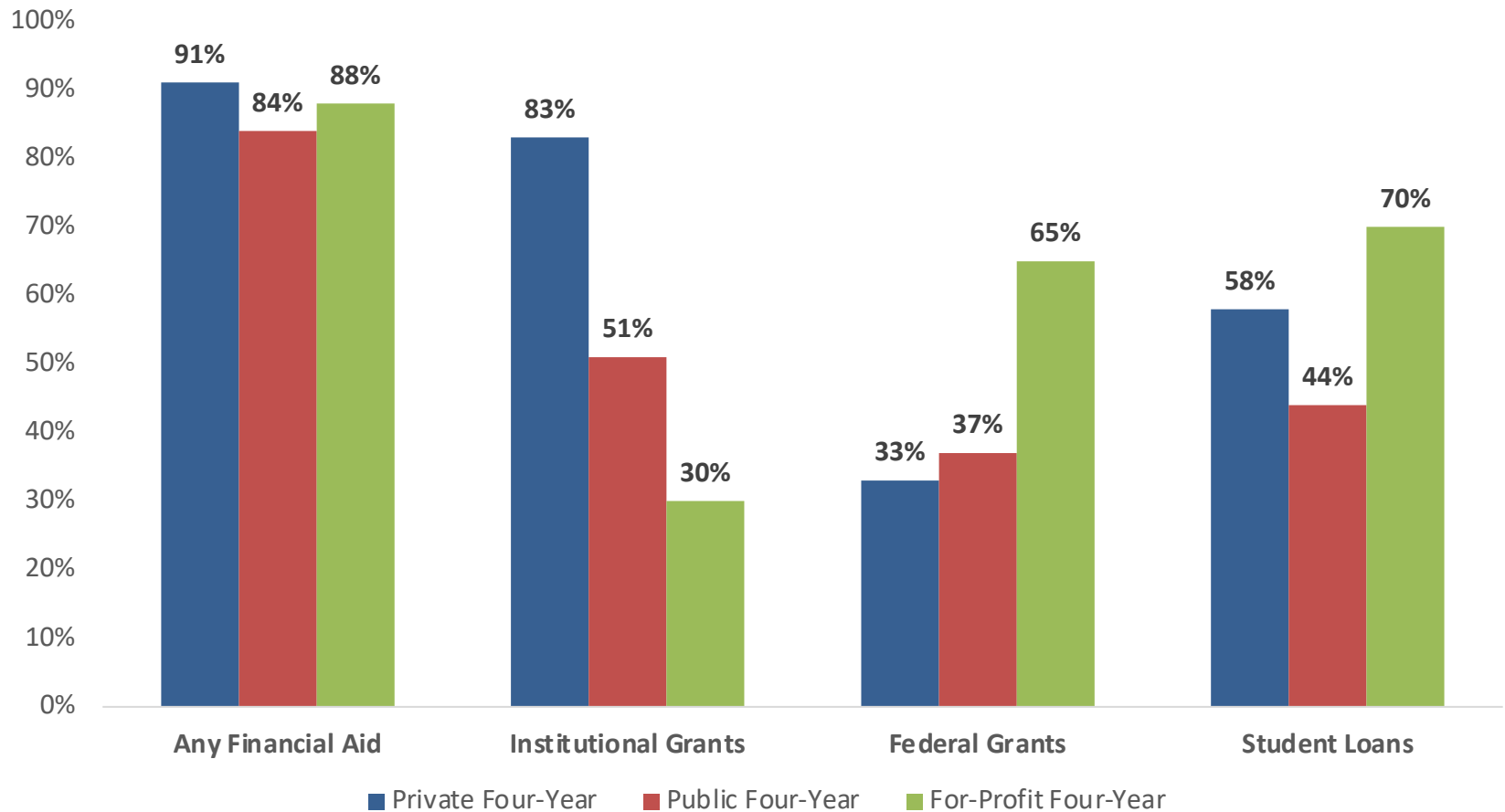
FACT

Eighty-three percent of students enrolled at private colleges receive scholarships or grants from their college.

FACT

Students at private colleges receive MORE grant aid than those at public universities: \$22,135 compared with \$6,311.

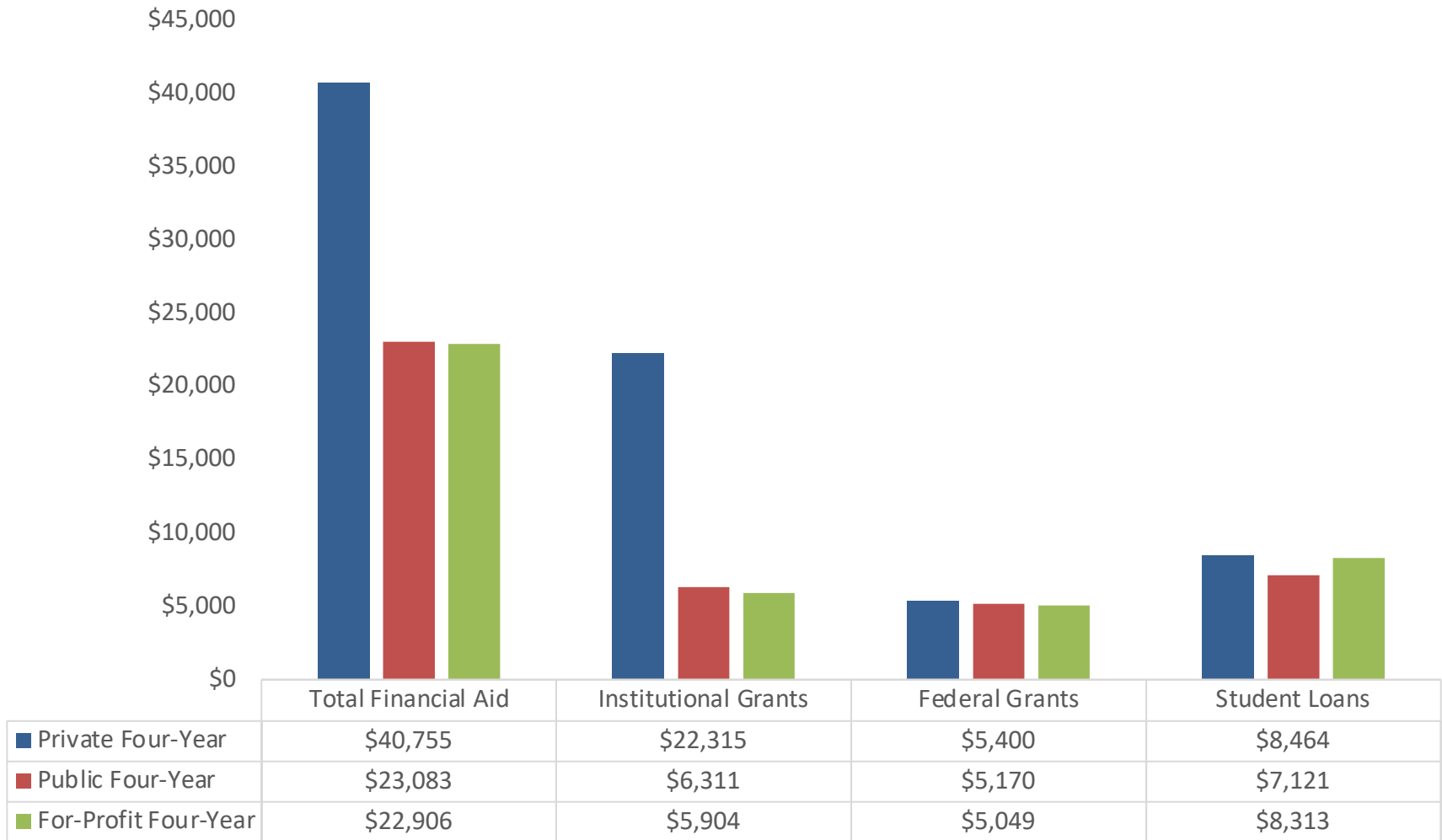
Percentage of Undergraduates Receiving Financial Aid by Sector in 2018–2019



Source: U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics 2020*, Table 331.20.

Note: Percentages for first-time, full-time undergraduates during academic year 2018–2019. “Any Financial Aid” category includes aid listed as well as state and local grants.

Average Amount of Financial Aid



Source: U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics 2020*, Table 331.20. Amounts are in 2019-2020 constant dollars. "Total Financial Aid" category includes aid listed as well as state and local grants. Analysis by the Council of Independent Colleges.

PERCEPTION

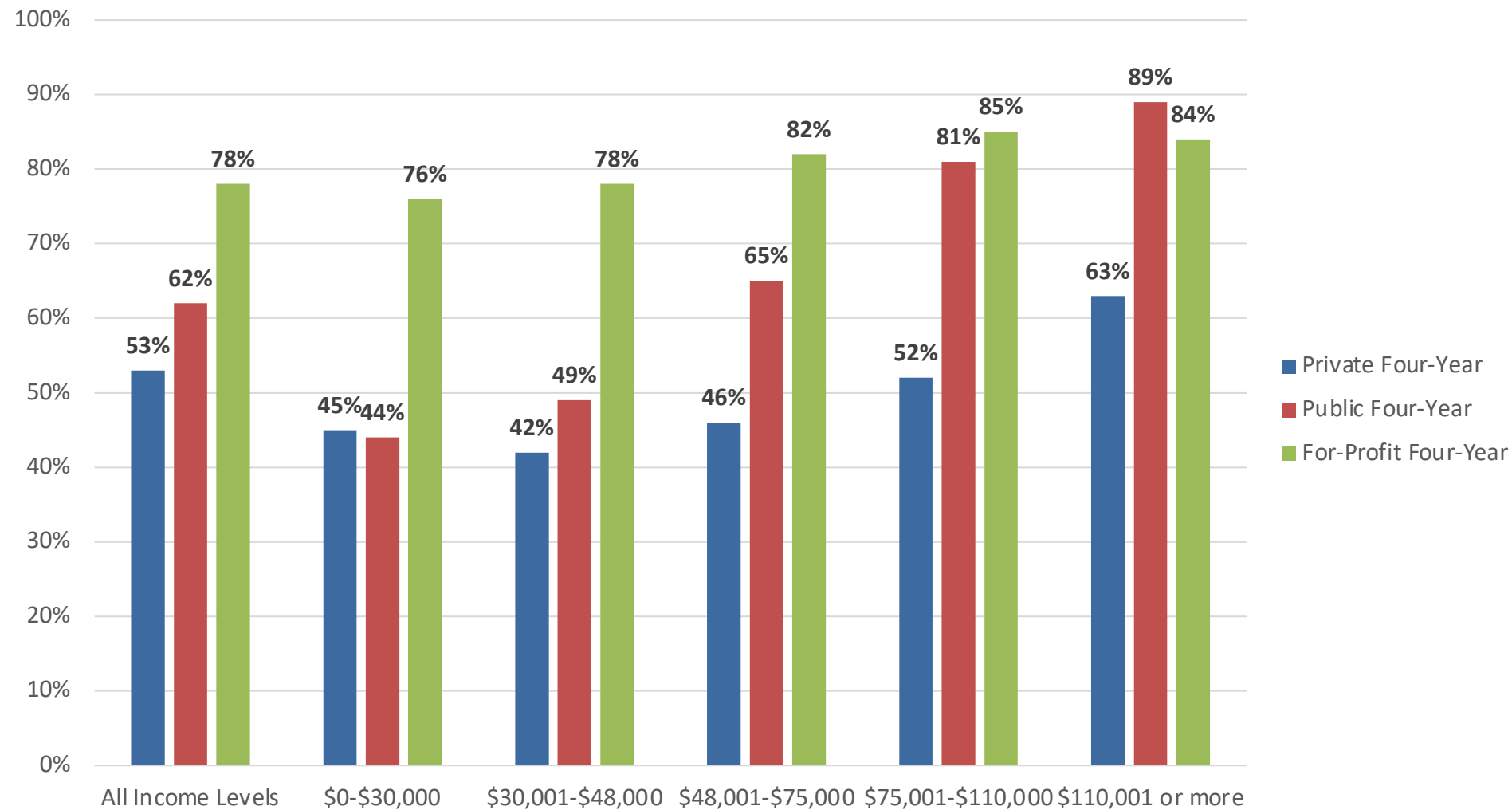
All students enrolled at private colleges pay the tuition price listed on the website.

FACT

On average, the actual amount students pay at private colleges is less than 60 percent of the published tuition price.

Students with lower family incomes pay a much lower percentage of the total costs.

Average Net Price as a Percentage of Total Costs by Family Income



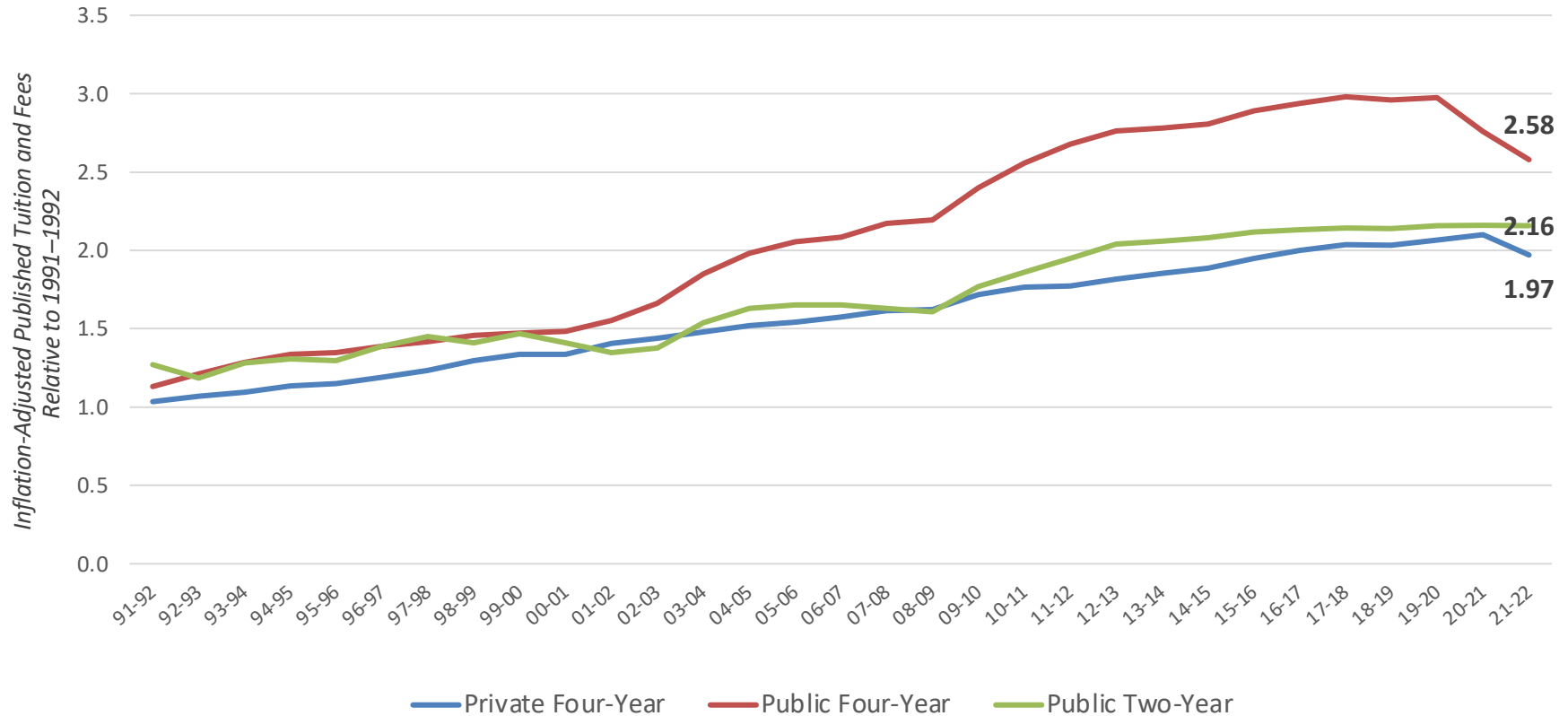
Source: U.S. Department of Education, *Digest of Education Statistics 2020*, Table 331.30, academic year 2019–2020; 2019–2020 constant dollars are represented. Note: Aid consists of federal Title IV grants and other federal, state, local, or institutional sources. Analysis by the Council of Independent Colleges.

Other Factors to Consider

- Over the past ten years, tuition at private colleges has risen more slowly than at public universities.¹
- The graduation rates at private colleges are higher than those at public and for-profit institutions overall and for low-income students as well as first-generation students.
- Students at private colleges graduate much sooner (about seven months earlier) than do their peers at public institutions—which means fewer years of paying tuition and a quicker start at earning a salary.

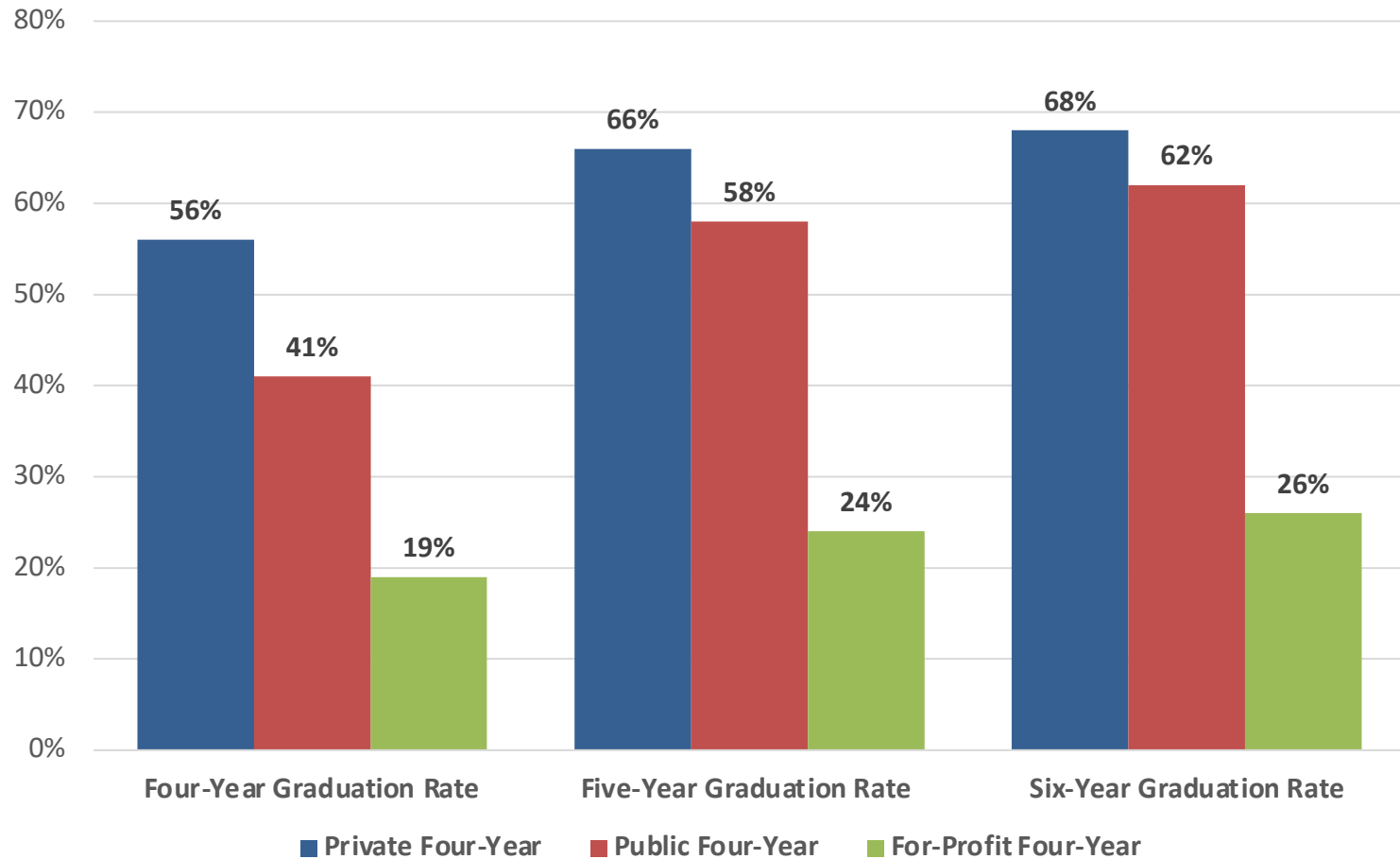
1. Source: The College Board, *Trends in College Pricing 2021*, Figure CP-3.

Change in Inflation-Adjusted Published Tuition 1991–1992 to 2021–2022



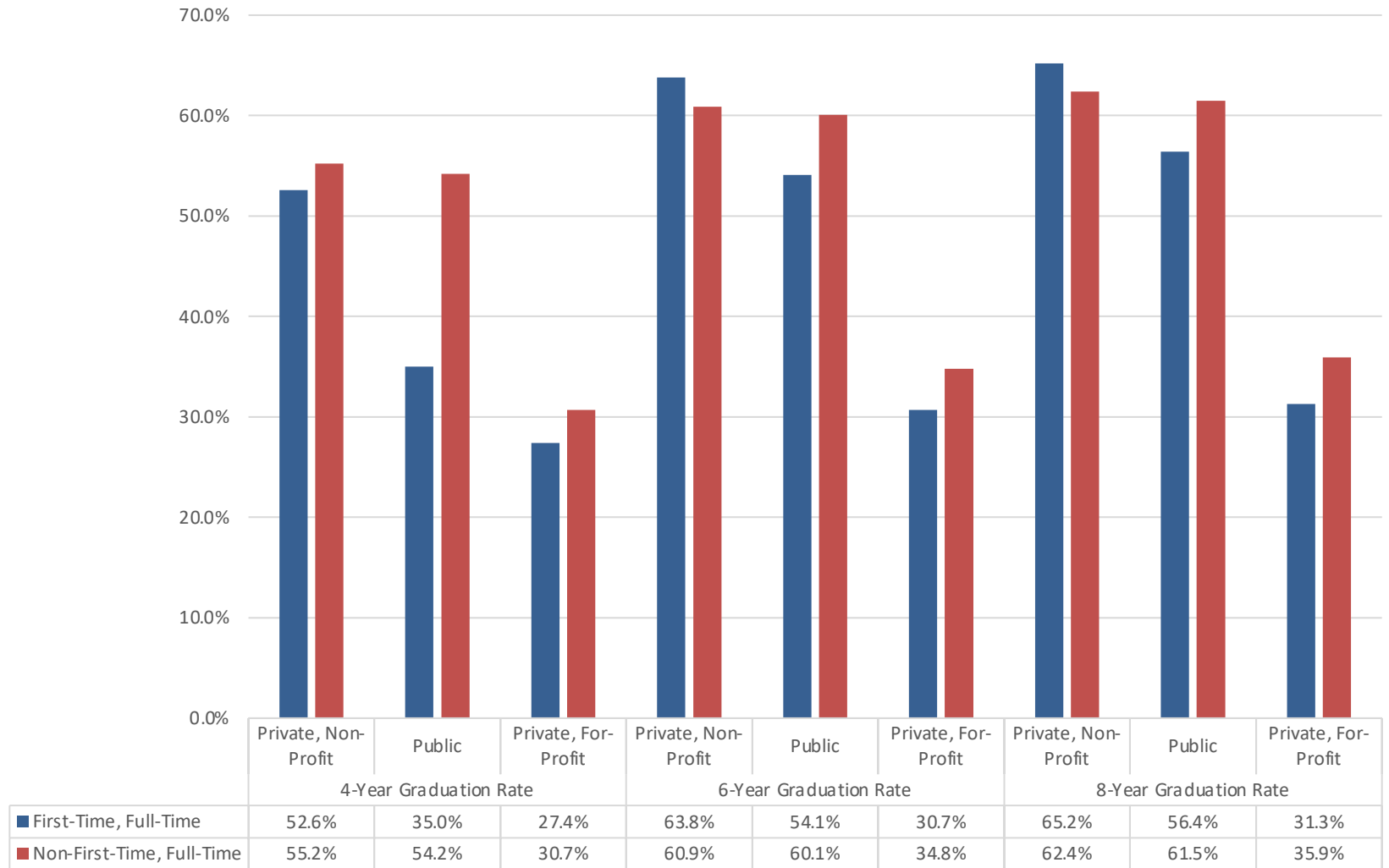
Source: The College Board, *Trends in College Pricing 2021*. Note: Values for published tuition and fees by sector, adjusted for inflation, as a percentage of 1991–1992 published prices. For example, a value of 2.58 indicates that the tuition and fee price in the public four-year sector in 2021–2022 is 2.58 times as high as it was in 1991–1992, after adjusting for increases in the Consumer Price Index. Average tuition and fee prices reflect in-district charges for public two-year institutions and in-state charges for public four-year institutions.

Four-Year, Five-Year and Six-Year Graduation Rates by Institutional Type



Source: U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics 2020*, Table 326.10. Note: Percentages are for entering cohort of 2013.

Graduation Rates by Enrollment Status, 2011 Cohort



Source: U.S. Department of Education, *Digest of Education Statistics 2020*, Table 326.27. Presentation by Council of Independent Colleges.

Completion rates at private, nonprofit institutions outpace all other institution types, especially for-profits. While this is often discussed in terms of first-time, full-time students, the same trends are true for transfer students. As institutions look to improve finances and enrollments, students who stopped-out will play a key role and can clearly be successful, especially at CIC-type institutions. The importance of understanding and investing in the needs of *all* students to ensure their success is truer than ever before across higher education.



The Council of Independent Colleges

For additional information about these facts and others that describe the quality and affordability of independent colleges, please see:

www.cic.edu/resources-research/charts-data

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