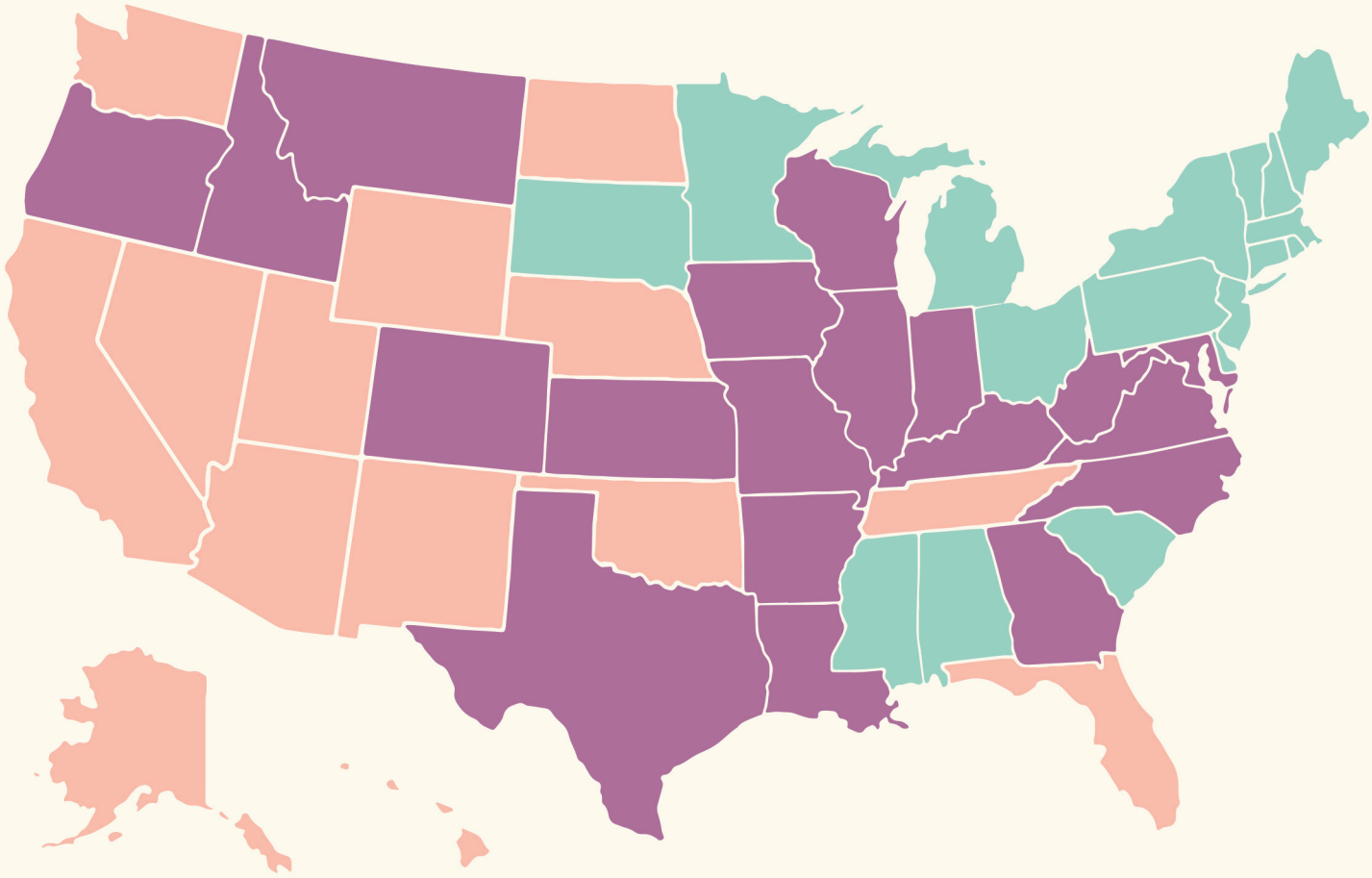
the institute for
college
access & success

Student Debt
and the Class of 2018



14th Annual Report
September 2019

Acknowledgements

The Institute for College Access & Success is a trusted source of research, design, and advocacy for student-centered public policies that promote affordability, accountability, and equity in higher education. To learn more about TICAS, visit ticas.org and follow us on Twitter at @TICAS_org.

Student Debt and the Class of 2018, our fourteenth annual report on debt at graduation, was researched and written by TICAS' Veronica Gonzalez, Lindsay Ahlman, and Ana Fung. Special thanks to the entire TICAS staff, virtually all of whom contributed to the report's development and release. All of the college- and state-level debt data used for the report are available online at https://ticas.org/interactive-map/. The data are also available with additional information on more than 12,000 U.S. colleges at College-Insight.org, TICAS' higher education data site.

We are grateful to our foundation partners and individual donors whose support makes TICAS' work possible. Current foundation funding for our Project on Student Debt and other national research and policy work comes from the Bill & Melinda Gates Foundation, Rosalinde and Arthur Gilbert Foundation, the Joyce Foundation, the Kresge Foundation, and Lumina Foundation. The views expressed in this paper are solely those of TICAS and do not necessarily reflect the views of our funders.

Table of Contents

Overview and Key Findings

Student Debt and the Class of 2018 is TICAS' fourteenth annual report on the student loan debt of recent graduates from four-year colleges, documenting changes and variation in student debt across states and colleges. Unless otherwise noted, the figures in this report are only for public and nonprofit colleges because virtually no for-profit colleges report what their graduates owe.

Nationally, about two in three (65%) college seniors who graduated from public and private nonprofit colleges in 2018 had student loan debt, the same share as the Class of 2017. Borrowers from the Class of 2018 owed an average of $29,200, a 2 percent increase from the average of $28,650 in 2017.

Nationally, about two in three (65%) graduating seniors had student loans. Their average debt was $29,200, a 2% increase from the Class of 2017.

State averages for debt at graduation ranged from $19,750 (Utah) to $38,650 (Connecticut), and new graduates' likelihood of having debt varied from 36 percent (Utah) to 76 percent (New Hampshire). In 21 states, average debt was more than $30,000. Many of the same states appear at the high and low ends of the spectrum as in previous years. High-debt states remain concentrated in the Northeast and low-debt states are mainly in the West. See page 11 for a complete state-by-state table. At the college level, average debt at graduation covers an enormous range, from $2,500 to $61,600.

About 17 percent of the Class of 2018's debt nationally was comprised of nonfederal loans, which provide fewer consumer protections and repayment options and are typically more costly than federal loans. While there is broad consensus that students should exhaust federal loan eligibility before turning to other types of loans, recent federal data show that more than half of undergraduates who take out private loans have not used the maximum available in federal student loans.

The slowed growth in student debt for more recent college graduates is encouraging news. Increases in state spending and grant aid are both likely contributing factors. After years in which falling state funding was a driver of greater student debt, this progress shows the value of investments in higher education. However, more research is needed to better understand these and other factors contributing to the slower growth, as well as whether they are likely to continue.

Moreover, college affordability continues to be an urgent concern. There remains a pressing need for federal and state policymakers to address the challenges of costs that exceed the ability of students and families to pay and the burdensome debt that can result. After considering grants and scholarships, undergraduates at four-year colleges still must pay almost $11,000 even after grant aid, with $6,600 still left to be covered after taking all loans into account. And while bachelor's degree recipients are typically better positioned than other students to repay their loans, too many still struggle with their debt, and certain groups of graduates – including Black, low-income, and first-generation graduates and graduates from for-profit colleges – are more likely to default on their loans. Steps to ensure college is affordable are also needed to address the debt burdens of students who are left with debt but no degree.

About this Report and the Data We Used

Colleges are not required to report debt levels for their graduates, and the available college-level federal data do not include private loans. To estimate state averages, we used the most recent available figures, which were provided voluntarily by about half of all public and nonprofit bachelor's degree-granting four-year colleges and represent over 70 percent of graduates.[1] The limitations of relying on voluntarily reported data underscore the need for federal collection of cumulative student debt data for all schools. For more about currently available debt data, see page 16.

This report includes federal policy recommendations to reduce debt burdens, including the collection of more comprehensive college-level data. Other recommendations focus on reducing the need to borrow, keeping loan payments manageable, improving consumer information, strengthening college accountability, and protecting private loan borrowers. For more about these federal policy recommendations, see page 21. To learn more about what states and colleges can do, see page 18.

A companion interactive map with details for all 50 states and the District of Columbia is available at https://ticas.org/interactive-map/.

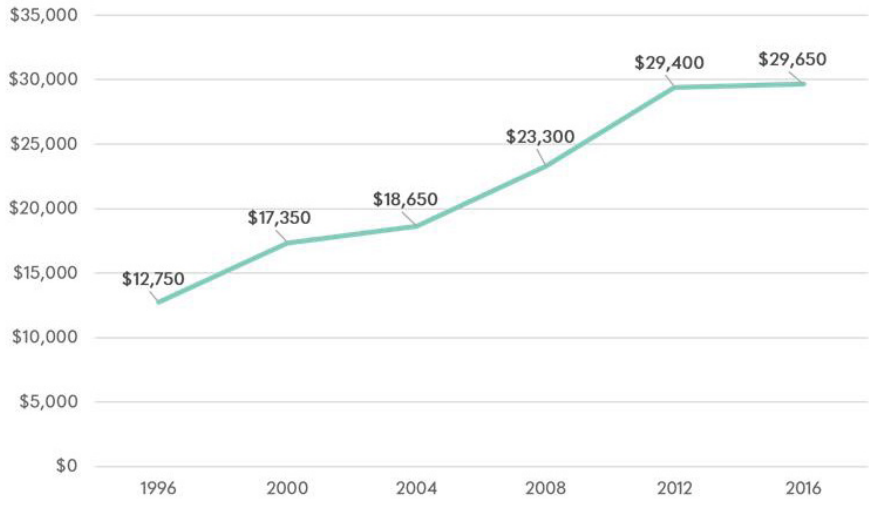
National Trends in Student Debt for College Graduates: State Funding and Other Factors

While this report focuses primarily on the data available for 2018 graduates, the best available data source for student debt trends is a nationally representative study conducted by the federal government every four years, most recently in 2016. (For more on debt data sources, see the Methodology section.)

Between 1996 and 2012, federal data on bachelor's degree recipients show that the average debt of borrowers increased steadily, at an average of 4 percent per year.[2]

Between 2012 and 2016, that growth slowed substantially. College-reported data suggest that the slowdown in debt levels for college graduates has continued beyond 2016, with reported debt levels for public and private nonprofit college graduates in 2018 just 2 percent higher than the 2017 average (in current dollars).

Average Debt of Graduating Seniors who Borrowed (Current Dollars, All 4-Year Colleges)



Several trends in higher education offer helpful context for both the growth in student debt loads as well as the slowdown in borrowing among more recent graduates.

Over three-quarters of undergraduates attend public institutions. For these students, one important factor in higher borrowing has been years of state budget cuts, which have led to higher college costs.

State support for public colleges and universities has declined over time and fell sharply during the Great Recession, when rising enrollments further stretched limited state dollars. On a per-student basis, state spending fell by 24 percent between 2008 and 2012.[3]

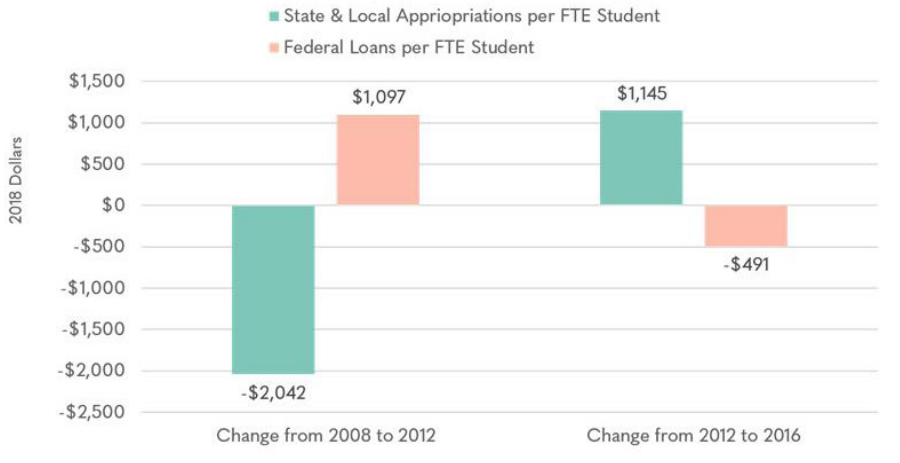
Colleges raised tuition to make up some of the revenue lost from state budget cuts. In 2008, 36 percent of per-student funding came from tuition, and by 2012, that share had grown to 47 percent.[4]

A number of factors influence the growth in annual borrowing, including policy changes and changing compositions of colleges and students. Further, while cumulative debt at graduation is a key metric for tracking debt burdens across comparable populations

over time, it is not possible to directly link state disinvestment and cumulative debt at graduation because the latter is also influenced by where and how available state and institutional resources are spent, across colleges and within them.

Nonetheless, annual borrowing and per-student state support data clearly show that per-student federal loan borrowing increased by over a third in years when state support decreased significantly. Between 2008 and 2012, when schools were relying more heavily on tuition, students began relying more heavily on student loans to help cover increased costs. Between 2008 and 2012, state and local appropriations per student fell by over $2,000, while the loans borrowed by an average student (including those not borrowing) rose by nearly $1,100 per student, from $3,000 in 2008 to $4,100 in 2012.[5]

Changes in Per-Student State Support and Borrowing at Public Colleges



By 2016, state spending on higher education stabilized and partially rebounded from Great Recession lows, increasing by 18 percent (or about $1,150 per student) over 2012 levels.[6] These increases likely helped slow growth in tuition at public colleges during this period, and per-student borrowing decreased by about $500 between 2012 and 2016.[7] At the same time, colleges continued to rely heavily on tuition. The share of per-student funding coming from tuition remained at 47 percent across all public colleges in 2016, and over 60 percent at bachelor's degree granting institutions.

Moreover, college funding has still not recovered from the Great Recession. Per-student state funding in 28 states was at least $1,000 lower in 2016 than in 2008.[8] Nationally, per-student federal loan borrowing was $600 higher.[9] More recently, per-student funding has remained level but still below pre-Recession levels.[10]

Beyond changes in state support, there are other factors that likely contributed to the slowdown in student debt levels among more recent college graduates in public colleges and beyond. Federal data show that undergraduates who attended public and nonprofit four-year colleges in 2015-16 were more likely to receive institutional grants than students in 2011-12 (38% vs. 31%) and received $1,000 more on average.[11] At private nonprofit colleges, more institutional funds were spent on financial aid, softening the impact of rising sticker prices. For every $100 in gross tuition and fees revenue they received, private nonprofit colleges were spending $4 more on financial aid in the form of grants, scholarships, and fellowships in 2015-16 than they were in 2011-12.[12] More recent data suggest these trends in have continued beyond 2016.[13]

Modest yet steady investments in the federal Pell Grant during this period also helped the grant keep pace with inflation and prevent an even more significant erosion of purchasing power. However, in 2015-16, the maximum grant still only covered 30 percent of college costs.[14] It covered just 28 percent in 2018.

Additionally, there were other borrowing trends during this time period that are worth consideration. The data in this report do not include loan amounts that parents have borrowed to help their children pay for college, but federal data show notable changes in parent borrowing for bachelor's degree recipients. Overall, the average parent loan increased between 2012 and 2016, though the share of parents borrowing loans has decreased.[15] Similarly, federal data show that the average private loan increased, while the share of graduates with private loan debt declined.[16] Some have suggested that the growth in parent debt relates to students hitting their federal loan limits.[17] However, it is hard to know with available data how much of a factor this is. It is also possible that federal loan limits played a role in the increase in institutional grant aid spending discussed above, as colleges sought ways to support students in lieu of turning to additional loans. More analysis is needed to understand each of these trends, their causes, who is affected, and how they relate to student debt burdens.

While the slowdown in the growth of student debt for recent bachelor's degree recipients is a welcome trend, the current, persistent burden of student debt remains a pressing concern, and students' struggles to afford college remain serious. After considering grants and scholarships, undergraduates at four-year colleges still had almost $11,000 of unmet need in 2015-16, with $6,600 still left uncovered after taking all loans into account.[18] As discussed above, tuition still makes up a higher share of total revenue at public colleges than before the recession, and state investment in higher education remains below pre-recession levels.[19] Inequities in debt burden also persist, with lower income students, and Black students in particular, more likely to have debt at graduation and have more of it to repay.[20] And while bachelor's degree recipients are typically better positioned than other students to repay their loans, certain groups of bachelor's degree recipients still struggle with their debt (see box to the right).

More must be done to reduce the burden of student loan debt, and ensure that vulnerable groups of students no longer disproportionately carry that burden. Additional investments from states and the federal government, well-targeted to students with financial need, are needed to reduce students' need to borrow. A federal-state partnership could inject new resources and mitigate the impact of recessions on college tuition and student loan debt. Substantial increases in the Pell Grant, as well as permanent restoration of the grant's prior automatic inflation adjustment also remain critical priorities. For more on how to reduce student debt burdens, see our federal policy recommendations on pages 21-25.

HOW SUCCESSFULLY ARE BACHELOR'S DEGREE RECIPIENTS REPAYING THEIR LOANS?

This report focuses on debt loads of students who earned a bachelor's degree, allowing for fair comparisons of the amount of debt needed across states and colleges to obtain a similar credential. However, these students are typically better positioned than others to repay their debt, as a bachelor's degree generally holds labor market value that facilitates student loan repayment.* Nationally, only 5 percent of bachelor's degree recipients who entered college in 2003-04 had defaulted on their federal student loans within 12 years of entering college, compared to 12 percent of associate's degree recipients, 29 percent of certificate completers, and 23 percent of noncompleters.**

While student loans prove to be a good investment for most college graduates, certain groups of bachelor's degree recipients still struggle with their debt. Black bachelor's degree recipients, those who received Pell Grants, those who were the first in their family to attend college, and those who attended for-profit colleges were more likely to default on their loans.

- More than one in five (21%) Black bachelor's degree recipients defaulted within 12 years of entering college, a much higher rate than their white (3%) and Hispanic or Latino (8%) peers.
- Bachelor's degree recipients who received Pell Grants, most of whom had family incomes of $40,000 or less, were more than five times as likely to default within 12 years as their higher income peers (11% versus 2%).
- First-generation bachelor's degree recipients were more than twice as likely to default than students whose parents had attended college (10% versus 4%).
- Three in 10 (30%) bachelor's degree recipients who started at for-profit colleges defaulted on their federal student loans within 12 years of entering college, seven times the rate of those who started at public colleges (4%) and six times the rate of those who started at nonprofit colleges (5%).***

* For example, young adults with only a high school diploma are almost three times as likely to be unemployed, and earn three-fifths as much, as those with at least a bachelor's degree. Calculations by TICAS on 2016 income data from the U.S. Census Bureau, Current Population Survey, 2017 Annual Social and Economic Supplement, Table PINC-04; and unpublished data from the Bureau of Labor Statistics, Current Population Survey, 2017 annual average for unemployment rates. Young adults are defined as persons aged 25 to 34.

** All figures in this section are calculations by TICAS on data from the U.S. Department of Education's Beginning Postsecondary Students Longitudinal Study (BPS), which follows undergraduate students who enrolled in college for the first time in 2003-04 and tracks whether they defaulted on their federal student loans within 12 years of entering college. This analysis looks at the default rates for all entering students, not just borrowers, which reflect both students' varying likelihood of borrowing loans as well as borrowers' likelihood of defaulting. For more information about students' repayment struggles by completion status, see TICAS. 2018. *Students at Greatest Risk of Loan Default*. https://ticas.org/wp-content/uploads/legacy-files/pub_files/students_at_the_greatest_risk_of_default.pdf.

*** These differences are statistically significant, though the for-profit college student estimate has high relative standard errors due to small sample sizes.

Student Debt by State

Statewide average debt levels for the Class of 2018 range from $19,750 (Utah) to $38,650 (Connecticut). Many of the same states appear at the high and low ends of the spectrum as in previous years.[21] The share of graduates with debt ranges from 36 percent to 76 percent.

The following tables show the states with the highest and lowest average debt levels for the Class of 2018. As in past years, high-debt states are concentrated in the Northeast, and low-debt states are primarily in the West.[22]

TABLE 1

HIGH-DEBT STATES	
Connecticut	$38,669
Pennsylvania	$37,061
New Hampshire	$36,776
Rhode Island	$36,036
New Jersey	$34,387
Delaware	$34,144
District of Columbia	$34,046
Maine	$32,676
Minnesota	$32,317
Michigan	$32,158

TABLE 2

LOW-DEBT STATES	
Utah	$19,728
New Mexico	$21,858
California	$22,585
Nevada	$22,600
Washington	$23,524
Hawaii	$24,162
Florida	$24,428
Wyoming	$24,474
Colorado	$24,888
Oklahoma	$25,221

The following table shows each state's average debt and proportion of students with loans in the Class of 2018, along with information about the amount of usable data available for each state.[23]

TABLE 3

PERCENTAGE OF GRADUATES WITH DEBT AND AVERAGE DEBT OF THOSE WITH LOANS, BY STATE							
	Class of 2018				Institutions (BA-granting)		Graduates
State	Average Debt	Rank	% with Debt	Rank	Total	Usable	% at Schools with Usable Data
Alabama	$29,469	23	51%	37	33	13	75%
Alaska	*	*	*	*	5	1	29%
Arizona	*	*	*	*	17	2	20%
Arkansas	$26,579	37	53%	35	23	8	53%
California	$22,585	46	49%	40	135	61	77%
Colorado	$24,888	40	52%	36	26	12	70%
Connecticut	$38,669	1	59%	17	23	12	58%
Delaware	$34,144	6	62%	13	5	1	58%
District of Columbia	$34,046	7	51%	37	8	5	78%
Florida	$24,428	42	44%	47	97	30	69%
Georgia	$28,824	27	57%	24	59	28	76%
Hawaii	$24,162	43	47%	44	9	3	66%
Idaho	$27,682	31	62%	13	11	6	61%
Illinois	$29,855	22	66%	4	74	37	67%
Indiana	$29,064	26	57%	24	49	29	84%
Iowa	$30,045	20	63%	10	34	23	93%
Kansas	$26,764	35	58%	20	30	7	60%
Kentucky	$28,435	29	64%	7	30	17	90%
Louisiana	$27,151	33	49%	40	28	9	53%
Maine	$32,676	8	61%	15	18	9	58%
Maryland	$29,178	25	55%	31	32	14	63%
Massachusetts	$31,882	12	57%	24	82	42	68%
Michigan	$32,158	10	59%	17	52	25	80%
Minnesota	$32,317	9	68%	3	39	23	78%
Mississippi	$30,117	19	58%	20	16	6	74%
Missouri	$29,224	24	58%	20	55	24	53%
Montana	$28,032	30	57%	24	11	6	85%
Nebraska	$26,422	38	55%	31	24	8	48%
Nevada	$22,600	45	51%	37	9	1	42%
New Hampshire	$36,776	3	76%	1	15	9	92%
New Jersey	$34,387	5	64%	7	42	19	83%
New Mexico	$21,858	47	49%	40	11	5	91%

PERCENTAGE OF GRADUATES WITH DEBT AND AVERAGE DEBT OF THOSE WITH LOANS, BY STATE							
	Class of 2018				Institutions (BA-granting)		Graduates
State	Average Debt	Rank	% with Debt	Rank	Total	Usable	% at Schools with Usable Data
New York	$31,127	15	59%	17	187	81	69%
North Carolina	$26,683	36	56%	29	62	26	81%
North Dakota	*	*	*	*	14	5	21%
Ohio	$30,323	18	60%	16	94	33	71%
Oklahoma	$25,221	39	47%	44	28	13	71%
Oregon	$28,628	28	55%	31	30	14	67%
Pennsylvania	$37,061	2	65%	5	129	83	79%
Rhode Island	$36,036	4	63%	10	11	8	82%
South Carolina	$30,838	16	58%	20	33	18	85%
South Dakota	$31,895	11	72%	2	13	5	40%
Tennessee	$26,838	34	55%	31	47	22	73%
Texas	$27,293	32	56%	29	97	47	67%
Utah	$19,728	48	36%	48	17	8	63%
Vermont	$31,431	14	63%	10	18	7	71%
Virginia	$30,363	17	57%	24	47	32	92%
Washington	$23,524	44	48%	43	46	17	93%
West Virginia	$30,014	21	65%	5	21	10	74%
Wisconsin	$31,705	13	64%	7	44	21	72%
Wyoming	$24,474	41	46%	46	2	1	100%

*We did not calculate state averages when the usable data covered less than 30% of bachelor's degree recipients in a given state for the Class of 2018. States may share rankings for percentage with debt. For more details, see the Methodology section on page 26.

Student Debt at Colleges

Of the 2,042 public and nonprofit four-year colleges in the U.S. that granted bachelor's degrees in the most recent year, about half (946) reported figures for average debt, percent of graduates with debt, and number of borrowers for the Class of 2018.[24]

There is enormous variation in debt across reporting colleges, with average debt figures as low as $2,500 to as high as $61,600 in the Class of 2018.[25] Because not all colleges report debt data, the actual ranges could be even wider. A total of 215 colleges reported average debt of more than $35,000, and 200 colleges reported average debt of less than $25,000. The share of students with loans also varies widely. The percent of graduates with debt ranges from 8 percent to 97 percent. Nineteen colleges reported that at least 90 percent of their 2018 graduates had debt.

Student debt varies considerably among colleges due to a number of factors, such as differences in tuition and fees, the availability of need-based aid from colleges and states, colleges' financial aid policies and practices, living expenses in the local area, the demographic makeup of the graduating class, the degree to which parents use Parent PLUS loans, and, at public colleges, the extent of out-of-state enrollment.

Students and families often look at the published tuition and fees for a college as an indicator of affordability. However, students attending college need to cover the full cost of attendance, which also includes the cost of books and supplies, living expenses (room and board), transportation, and miscellaneous personal expenses. Colleges' cost of attendance estimates are often referred to as the sticker price. Many students receive grants and scholarships that offset some of these costs.

What students have to pay is called the net price, which is the full cost of attendance minus expected grants and scholarships. Colleges that appear financially out of reach based on sticker price may actually be more affordable than schools with lower sticker prices. At some of the most expensive schools in the country, the net price for low- and moderate-income students can be lower than at many public colleges, because of financial aid packaging policies and considerable resources for need-based aid from endowments and fundraising. This in turn can contribute to relatively low average debt at graduation. Some schools enroll relatively few students with low and moderate incomes, which may also contribute to low student debt levels if their higher income students can afford to attend without borrowing much or at all.

STUDENT DEBT AT FOR-PROFIT COLLEGES

For-profit colleges are not included in the state averages in this report because so few of these colleges report the relevant debt data. Only six of 512 for-profit, four-year, bachelor's degree-granting colleges (1% of colleges in this sector and 3% of bachelor's degrees awarded) chose to report the number of graduating students in the Class of 2018 with loans, the percent of graduates with debt, and those graduates' average debt. For-profit colleges do not generally respond at all to the survey used to collect the data in this report or to other similar surveys. (For more about this survey, see page 26.) About 6 percent of bachelor's degrees are awarded by for-profit colleges.*

However, students at for-profit colleges are the most likely to graduate with high debt levels and struggle with repayment. The most recent nationally representative data on for-profit college students are for 2016 graduates, and they show that the vast majority of graduates from for-profit four-year colleges (83%) took out student loans. These students graduated with an average of $39,900 in debt – 41 percent more than 2016 graduates from other types of four-year colleges.** Beyond the amounts they borrowed, students attending for-profit colleges are more likely to struggle with repayment than those attending other types of colleges. Even among bachelor's degree recipients, 30 percent of those who started at for-profit colleges defaulted on their federal student loans within 12 years of entering college, seven times the rate of those who started at public colleges (4%) and six times the rate of those who started at nonprofit colleges (5%).***

* Calculations by TICAS on most recent completions data available (2016-17) from U.S. Department of Education, Integrated Postsecondary Education Data System (IPEDS). These figures refer to all for-profit four-year colleges that reported granting bachelor's degrees in 2016-17.

** Calculations by TICAS on data from U.S. Department of Education, National Postsecondary Student Aid Study 2015-16.

*** Calculations by TICAS on data from the U.S. Department of Education's Beginning Postsecondary Students Longitudinal Study (BPS), which follows undergraduate students who enrolled in college for the first time in 2003-04 and tracks whether they defaulted on their federal student loans within 12 years of entering college. This analysis looks at the default rates for all entering students, not just borrowers, which reflect both students' varying likelihood of borrowing loans as well as borrowers' likelihood of defaulting. The differences are statistically significant, though the for-profit college student estimate has high relative standard errors due to small sample sizes.

Data on Debt at Graduation

This report uses the only type of data currently available to gauge cumulative student debt for bachelor's degree recipients each year, including both federal and nonfederal loans. As noted elsewhere in this report, these data have significant limitations. There are several reasons why the voluntarily reported, college-level debt data provide an incomplete picture of the debt carried by graduating seniors. While schools awarding 72 percent of public and nonprofit college bachelor's degrees in academic year 2017-18 reported debt figures, over 1,000 declined to report data needed to be included in this analysis. And as noted earlier, almost no for-profit colleges provide debt figures voluntarily. For more information on data limitations, see the Methodology section on page 26. For more information on for-profit colleges, see the box to the left.

Beginning in 2015, in conjunction with the College Scorecard consumer tool, the U.S. Department of Education began publishing the median federal student loan debt of graduates by school. These figures, calculated by the Department using data available through the National Student Loan Data System (NSLDS), are a significant step in the right direction. Cumulative federal debt figures for all institutions receiving federal financial aid are included. This provides some data for schools that choose not to report them voluntarily, and the data come from administrative records rather than being self-reported by colleges. However, these federal data also have several limitations. They exclude private loans because private loans are not included in NSLDS. School-level data combine debt at graduation for all types of undergraduate credentials, from certificates to bachelor's degrees, making comparisons between colleges with different mixes of credential types misleading.[26] And in some cases, the debt figures represent a group of campuses rather than disaggregated data for each campus, which can be misleading for students looking for information about their particular campus. Finally, because these data are newly available, they are limited in their ability to shed light on trends over time.

The Department has recently made further progress by releasing preliminary program-level debt data, expected to be finalized this fall.[27] By disaggregating by both program type and level, as well as including both means and medians, the calculation and publication of these data reflect important steps. However, they also illustrate the limitations of calculating debt loads without including nonfederal debt. On average, for the ten states identified in this report as high debt, college-reported figures suggest that 31 percent of graduates' debt is nonfederal debt that would be excluded from Scorecard calculations, and our data show debt levels that are 33 percent higher than those derived using Scorecard data. Conversely, for the ten states identified in this report as low debt, college reported figures suggest that just 12 percent of graduates' debt is nonfederal debt, and our data show debt levels 12 percent higher than those derived using Scorecard data.

While the voluntarily reported data used in this report remain the best available for showing the variations in student debt across states and colleges, they also illustrate why more comprehensive and comparable data remain sorely needed. Students and families need better information about costs and student outcomes when making college choices. The Department's Scorecard data releases and improvements are notable and important steps forward, but further improvements in the collection and availability of student debt data remain both necessary and long overdue. (See our recommendations for better data on page 23).

TABLE 4

COMPARISON OF AVAILABLE ANNUAL DATA ON DEBT AT GRADUATION			
	This Report's Data	Federal College Scorecard Data	
		By School	By Program
Type of Debt	All student loan debt	Federal student loan debt only	
Type of Graduates	Bachelor's degree recipients	All undergraduate completers	All completers, disaggregated by program
How the Data Are Reported	Voluntarily self-reported	Calculated by the U.S. Department of Education	
What Data Are Reported	Average debt for borrowers; Percent with debt; Number with debt	Median debt for borrowers; Number with debt	Average debt for borrowers; median debt for borrowers; number with debt
Coverage of Reporting Colleges	Most public and nonprofit four-year colleges; few others	All colleges offering federal aid	
Multi-campus colleges	Reported as individual campuses	Campuses may be grouped together	

Private (Nonfederal) Loans

The burden of student debt is affected by not only the amount of debt students have, but also by the types of loans they took out. Nonfederal loans are one of the riskiest ways to pay for college. Carrying nonfederal loans can significantly affect borrowers' ability to repay what they owe because they don't guarantee the same consumer protections or repayment options as federal loans, and they furthermore typically have higher costs than federal.[28]

College-reported data show that nonfederal loans comprise about 17 percent of loan dollars held by public and nonprofit four-year college graduates in the Class of 2018. Additionally, nationally representative data for 2016 graduates show that 14 percent of bachelor's degree recipients that year graduated with nonfederal loans, with average nonfederal loan debt of $18,550.[29]

The terms "private" and "nonfederal" are often used interchangeably to describe student loans outside of federal student loans. While some states and colleges have their own nonfederal loan programs for students, the majority of nonfederal loans are made by private banks and lenders.

Private education loans from banks and lenders are no more a form of financial aid than a credit card. Regardless of whether they are fixed or variable, interest rates for these loans are typically highest for those who can least afford them. In September 2019, interest rates for undergraduate private education loans were as high as 13.99 percent, compared to a federal student loan interest rate of 4.53 percent.[30]

While there is broad consensus that students should exhaust federal loan eligibility before turning to other types of loans, more than half (53%) of undergraduates who took out private loans in 2015-16 did not use the maximum available in federal student loans.[31] In fact, 30 percent of private loan borrowers did not take out federal loans at all.

College financial aid offices can play an important role in reducing their students' reliance on private loans, but college practices vary widely.[32] Some colleges take care to inform students about their federal loan eligibility before certifying private loans, whereas others encourage private loan financing by including private loans in students' award packages.

Today, private lenders typically look to schools to help certify students' eligibility for loans. While nearly all recently originated private loans have been certified by schools, certification rates have historically been much lower when market conditions were more favorable.[33] An analysis by the Consumer Financial Protection Bureau (CFPB) and U.S. Department of Education found that at the height of the private loan market in 2007, almost a third (31%) of private loans were made without college involvement.[34] When colleges are unaware that their students are seeking or receiving private loans, they are unable to counsel students appropriately or report private loan usage accurately. (See our recommendation about private loan certification on page 25.)

What Colleges and States Can Do

Alongside the federal government, colleges and states have key roles to play in reducing students' reliance on debt. The most effective action states can take is to close the gap on investments needed to support affordability. This includes allocating available aid on the basis of student financial need, increasing the amount of need-based aid available to meet students' cost of attendance, and maintaining or increasing per-student funding levels to reduce public colleges' cost of attendance. States should also ensure public colleges have the necessary resources to help students to stay on track and graduate; students who fail to complete are most likely to default and graduates typically require more than five years to complete.[35] Meanwhile, the best way for colleges to facilitate affordability is to ensure that their financial aid resources are directed to meet students' unmet financial need.

Below are other options that colleges and state policymakers should consider to address college affordability and student debt. All of these options are preferable to creating new loan programs or allowing borrowers to refinance federal loans into state or private loans; such policy ideas very rarely help reduce the burden of student loan debt for those who most need the help, and can unintentionally steer students away from the valuable benefits and consumer protections that come with federal student loans.

Institutional Policy Ideas for Reducing Debt Burdens

- **Look at borrowing trends across types of students and types of debt.** The debt figures reported by colleges and used in this report are for all graduates, but debt burdens are not borne evenly across students. For example, the University of California consistently reports that lower income students are far more likely than those with higher incomes to graduate with debt, and our own research has shown how much the burden of debt varies by race.[36] Uncovering these trends on a college campus is the first step to addressing them.

- **Set some financial aid resources aside to help students with emergencies.** Students who face unexpected financial challenges throughout the academic year may need to take on unexpected debt, or worse, stop out of college. Colleges that have grant aid available to specifically help students cover such emergencies – and take care to ensure that students know about it and are reasonably able to access it without additional burdens – can help students bridge a sudden financial gap.

- **Set clear, reasonable student budgets.** Colleges develop estimates of what it costs students to attend, and these estimates are used to determine how much aid students are eligible for. Research suggests that colleges frequently lowball student costs, which can lead to unexpected financial struggles and additional debt if students' expectations about costs and their plans for covering costs are out of line with reality.[37] Setting cost estimates transparently would better position students for success and help them avoid unexpected debt.

- **Protect access to federal student loans.** For the students who need to borrow to attend and complete college, federal loans are the safest option available, providing all eligible students with equal access to credit with fixed interest rates, flexible repayment plans, and consumer protections not otherwise available. Without federal loans, students may turn to much riskier forms of credit, such as credit cards, payday loans, or private loans, or they may forgo college altogether, delay entry, or otherwise reduce their odds of success by attending

part-time or working more hours than is advisable during school.

- **Develop and provide supplemental counseling and information.** Federal student loan counseling tools are convenient and helpful, and improving more and more each year. However, borrowers may have a need for different kinds of information at different times, and may benefit from repeated opportunities to learn about how much they can borrow, the importance of avoiding default, and the availability of different types of repayment options, including income-driven plans. Ideally, any additional informational interventions should be developed through consumer testing to ensure they are delivering information that is salient and actionable at meaningful times to support real-time decision-making. Additional counseling can be delivered effectively through embedding the service in existing processes, such as required orientation or college success classes, or leveraging interactions with academic or financial aid counselors to ask students if they are interested in additional information relating to student loans and following up as appropriate.

- **Provide counseling for students seeking private loans.** Over half of students who take out private loans have not exhausted their federal loan eligibility.[38] Most private education loans are certified by the students' schools. The certification requests give colleges a timely opportunity to counsel students about the risks of private loans and alternative options to explore, including untapped grant aid or federal loans.

- **Ensure that net price calculators are easy to find, use, and compare.** Since 2011, most colleges have been required to have net price calculators on their websites, to help prospective students get an early estimate of what any particular college will cost to attend. For some colleges, though, the utility of the calculators is undermined by how difficult they are to find and use, and because they can use out of date or inconsistent data.[39] Schools should ensure their net price calculators use the most recent data available, and promote the use of these tools, rather than deter it.

State Policy Ideas for Reducing Debt Burdens

- **Invest More in Higher Education:** State investment plays an important role in college affordability. For years, state budget cuts have exacerbated rising public college costs, which have contributed to rising student debt. More recently, state investment has partially recovered. Continued state investment, particularly to address equity gaps, remains needed to make college more affordable and help more students graduate.

- **Allocate available state grant aid based on need, not merit.** In 2015-16, 24 percent of state grant aid dollars were allocated to undergraduate students without regard to their financial circumstances.[40] Students with greater financial need are more likely to need loans to cover college costs, and need-based state grant aid can help reduce students' need to borrow.

- **Develop and/or improve state-level longitudinal data systems.** To help ensure that policymakers have access to the data they need to identify where affordability problems persist and develop solutions to address them, and that

students have access to complete information about college cost, debt, and employment outcomes to facilitate informed decision-making about where to go to college and how to pay for it, states should establish secure, privacy protected data systems that link K-12 schools, postsecondary education, and workforce data. To make these data as robust and complete as possible, states should also work to include information from private and non-profit institutions in the data systems.

- **Exempt forgiven amounts of federal student loans from state income tax.** When federal student loan debt is forgiven after 20 or 25 years of payments in an income-driven repayment plan, the amount forgiven is currently treated as income by the IRS, turning an intended source of financial relief into a significant financial liability. As stakeholders work to address this at the federal level, state lawmakers can do their part by excluding forgiven federal student loan debt from calculations of state tax liability, as Pennsylvania and California do.[41]

- **Set institutional accountability standards for schools that receive state grant aid.** State attorneys general in many states have been active in leading investigations that have caused some of the worst colleges to shut their doors. Even better than remedying these harms after the fact would be preventing them in the first place.[42] State policymakers play an especially key role in overseeing all colleges that they fund students to attend. In California, for example, all colleges where a substantial share of students borrow loans must meet student loan default rate and graduation rate standards in order to be eligible for state grant aid.[43] These standards direct students and state subsidies to schools where students' debt loads are more likely to be manageable.

- **Promote awareness of income-driven repayment plans.** Most student loan debt is federal loan debt and can be repaid based on the borrower's income, rather than the amount of debt they owe, which can help struggling borrowers stay on track and avoid default. Income-driven repayment plans also provide a light at the end of the tunnel by forgiving remaining debt, if there is any, after 20 or 25 years of payments. State policymakers can help get the word out about these income-driven plans through local outreach efforts and other channels of communication.

- **Require colleges within a state to adopt institutional strategies to help reduce the burden of student debt.** For instance, states could require that colleges provide private loan counseling or analyze and report on trends in student borrowing.

Federal Policy Recommendations to Reduce the Burden of Student Debt

Federal student loans are a critical resource for the millions of students who need to borrow to enroll in and complete college each year, and provide the safest and most affordable borrowing option. However, far too many borrowers are experiencing repayment distress– a quarter (24%) of all Direct Loan borrowers were either delinquent or in default at the end of 2018,[44] and over a million Direct Loan borrowers entered default in 2018 alone.[45] Furthermore, the burdens of student debt are not borne equally: low-income students, Black students, and students earning four-year degrees at for-profit colleges are more likely to borrow, and to borrow more, than their peers.[46] They are also more likely to default.[47]

Meanwhile, many borrowers are successfully repaying their loans but at the cost of delayed homeownership and less ability to save for retirement. Still others remain in good standing on their loans but see the amount that they owe continue to grow because their income-based payments are smaller than their accruing interest.

Below are federal policy recommendations to make college more affordable and reduce the burden of student debt, including:

- Increasing and strengthening Pell Grants
- Establishing a new federal-state partnership to fund public higher education
- Ensuring federal loan payments are manageable and fair
- Improving collection of and access to data about colleges and debt
- Improving accountability for colleges that receive federal funding
- Reducing reliance on risky private debt
- Enhancing the targeting of federal education tax benefits

These and other recommendations are further detailed in TICAS' national student debt policy agenda, available online at https://ticas.org/policy-agenda/.

Reduce College Costs and the Need to Borrow

The most effective way to reduce student debt is to reduce college costs so that students and families can more easily cover them with savings, earnings, and grants.

- **Strengthen Pell Grants.** Need-based grants reduce low- and moderate-income students' need to borrow, yet Pell Grant recipients continue to bear disproportionate student debt burdens. This is in no small part because the Pell Grant currently covers the lowest share of the cost of college in the program's history.[48] We recommend that Congress work toward doubling the maximum federal Pell Grant to restore its purchasing power and close economic gaps. Congress should permanently reinstate its prior automatic annual inflation adjustment in order to maintain the grant's value going forward.[49]

- **Establishing a New Federal-State Partnership to Fund Public Colleges.** Public colleges enroll more than three-quarters (76%) of undergraduates.[50] However, state disinvestment in public higher education — paired with inequitable funding across institution types — has led to a decline in states' ability to provide accessible and affordable higher education opportunities for their residents.[51] To reverse this trend and restore the promise of a public higher education for all students, we propose a renewed federal-state partnership that injects new federal funding into public colleges, focused on reducing net costs especially for low-income students and underrepresented students of color. In exchange, states must maintain or increase their own investments in public higher education.

Make Loan Repayment Simple, Manageable, and Fair

Income-driven repayment (IDR) plans provide a critical safeguard for borrowers but can be confusing for borrowers to navigate. Current delinquency and default rates suggest more borrowers who could benefit from IDR are not enrolled.

- **Simplify and improve income-driven repayment (IDR).** There are five similar IDR plans, causing unnecessary complexity and confusion.[52] To simplify and improve student loan repayment as well as reduce delinquency and default, we recommend streamlining these five plans into a single, improved plan that works better for both students and taxpayers. This single IDR plan, paired with the option of a fixed payment plan, would let any borrower choose the assurance of payments capped at 10 percent of income and provide tax-free forgiveness of remaining debt, if any, after 20 years of payments. The plan would also better target benefits to those who need them most and prevent borrowers with high incomes and high debt from receiving loan forgiveness when they could have afforded to pay more.[53]

- **Make it easier for borrowers to keep making payments based on income.** Rather than having to proactively submit new income information every year, borrowers should be able to give permission for the Department of Education to automatically access their required tax information. This change will help borrowers maintain more affordable payments and stay on top of their loans, as well as shrink paperwork and burden for both borrowers and loan servicers. The Departments of Treasury and Education reached an agreement to do this, but progress has stalled despite strong bipartisan support for the change in the White House, the House, and the Senate, including bipartisan legislation that would require it.[54]

- **Improve student loan servicing.** Improving the federal student loan servicing system will significantly improve borrowers' repayment experiences and outcomes. As the Department continues developing its new servicing platform (NextGen), the Department must ensure that the new system is transparent to borrowers, that contractors' incentives are aligned with borrower success, and that contractors are subject to strong oversight. As has been jointly recommended by the Consumer Financial Protection Bureau (CFPB) and the Departments of Education and Treasury — and separately by the Government Accountability Office — a federal servicing system must prioritize borrowers' interests and ensure all borrowers have easy access to high-quality information and excellent customer service.[55] We also support the restoration of a data-sharing partnership between the Education Department and the CFPB to facilitate appropriate oversight of the federal loan program.

- **Restore bankruptcy protections for student loan borrowers.** Bankruptcy provides a crucial protection for Americans facing severe financial hardship. The bankruptcy reform legislation passed in 2005 sets a high bar for granting relief, which helps ensure that consumers who receive relief are truly unable to pay. Yet federal bankruptcy law treats private education loans and federal student loans even more stringently than other forms of consumer debt, excluding both from discharge except in exceedingly rare cases of proven "undue hardship." To remove barriers to relief for borrowers who are truly unable to repay, we support bipartisan support to restore borrowers' ability to discharge student debt through bankruptcy.[56]

Improve Data and Consumer Information Tools Needed to Support Informed Decision-Making

Comprehensive data on student debt and outcomes remain too far out of reach for students and families, as well as schools, states and federal policymakers.

- **Bring the postsecondary data system into the 21st century.** The creation of a student level data network with strong protocols for maintaining student privacy and protecting data security is key to increasing the comprehensiveness and comparability of postsecondary data. We have joined over 165 organizations, including business leaders, schools, student advocates and civil rights, in supporting the bipartisan, bicameral College Transparency Act to repeal the 2008 ban on a federal student level data network and implement holistic reform of postsecondary data infrastructure.[57] Without such reform, important measures of student success and their relationship to student debt, including at key disaggregates by race/ethnicity, will remain out of reach of both students and policymakers, and public data will continue to fall short of reflecting all students.
- **Collect private student loan data.** Our analysis underscores the imperative of including nonfederal loans in cumulative debt figures in order to ensure comprehensive data on debt balances and burdens. Requiring colleges to report nonfederal loan data, at either the school level through IPEDS or at the student level via NSLDS, would be the most expedient path to collecting nonfederal data. However, Congressional action requiring the federal government to collect the data directly from lenders via the Department of Education or the Consumer Financial Protection Bureau- ideally, but not necessarily as part of a federal student level data network - would improve data accuracy as well as reduce burden on institutions.

- **Improve Consumer Information.** Students need more reliably accessible, timely, accurate, and comparable information to make informed decisions about where to go to school and how to pay for it. We recommend further improvements to and promotion of the following existing consumer tools:

    - ***College Scorecard:*** The College Scorecard is an interactive online tool that provides consumer friendly information on the chances of completing, borrowing, or ending up with high debt and/or low earnings at a specific school. The Department has made important progress on including additional program-level data that increases the usefulness of that information.[58] Unfortunately, it has also removed key contextual information that enabled users to interpret the information the Scorecard provides. The Department should immediately restore the threshold earnings rate metric to the College Scorecard and work to improve on that metric by calculating and publishing threshold earnings rates at the program level, in addition to the school level. The Department should also restore the display of national medians to College Scorecard data. The tool would be further improved by including a schools' graduation rate for Pell Grant recipients and by enhancing the interactivity of the sorting tools to allow users to compare colleges by degree level, selectivity, and location. Additionally, cumulative debt figures should allow for the calculation and comparison of state-level figures and include both federal and private loan debt as soon as they are collected and available.

- ***Net Price Calculators:*** Nearly all colleges are required to have a net price calculator on their website to provide an individualized estimate of how much the college would cost a particular student, well before they have to decide where to apply. TICAS and others' research has found that many of these calculators are hard to find, use, and compare.[59] Bipartisan, bicameral legislation has been introduced to make needed improvements to the design and accessibility of existing net price calculators. The legislation also authorizes the creation of a central portal that would let students quickly and easily get comparable net price estimates for multiple colleges without having to enter information multiple times in different places.[60]

- ***Financial Aid Offer Communications:*** Students should be able to count on receiving clear and comparable information about how much college will cost them, regardless of the schools they are considering. Knowing how much they will need to save, earn, or borrow to cover remaining costs after grant aid is also key to being able to find the right financial fit, avoid surprise costs, and plan accordingly. Yet, research from TICAS and others shows too many aid offer communications fall far short of clearly and consistently providing key information on college cost and financial aid.[61] Bipartisan, bicameral legislation has been introduced to require all colleges receiving federal aid to use consistent financial aid terminology in a standardized format developed through robust consumer testing involving a broad range of stakeholders, including students and schools.[62]

- ***Loan Counseling:*** By law, all federal student loan borrowers must complete entrance and exit counseling. However, there remains significant potential as well as bipartisan support for enhancing federal student loan counseling to ensure that students receive more clear, timely, and actionable information on borrowing options and obligations.[63] We support empowering schools to require annual counseling in order to more consistently provide students with information related to their previous and future borrowing decisions without deterring or restricting access to loans that students need to attend and succeed in college. We also encourage the Department to continue evaluating and improving its online tools, including by consistently providing definitions of key terms, and more clearly explaining how to select or change a repayment plan.

Strengthen College Accountability

Strong college accountability is key to reducing the number of students left worse off by burdensome student debt. It is imperative that Congress maintain existing accountability mechanisms, many of which Congress adopted with bipartisan support and have proven successful over the course of decades. These critical protections include the cohort default rate and the 90-10 rule, both of which can and should be further strengthened.

The repeal of the gainful employment rule, which had proved a successful tool to lower costs and improve the quality of career programs, will have a detrimental impact on students as well as cost taxpayers an estimated $6.2 billion over ten years. The borrower defense rule finalized in 2019 would hold schools responsible for just 1 percent of loans made on the basis of colleges' misconduct, eliminating meaningful incentives to treat

their students fairly.[64] Removing these guardrails puts students and taxpayers at greater risk of unaffordable debt, higher rates of defaults, and wasted time and money.

Reduce Risky Private Loan Borrowing

There is bipartisan support for ensuring that students take out federal loans before turning to riskier private loans to pay for school.[65] Private education loans are one of the riskiest ways to pay for college. Unlike federal loans, they typically have variable interest rates and lack the important borrower protections and repayment options that come with federal loans. Private loans for students are also generally more costly than federal loans, and lower income students usually receive the worst private loan rates and terms. Yet more than half of undergraduates who borrow private loans could have borrowed more in safer federal loans.[66]

We recommend a number of changes to reduce unnecessary reliance on private loans and to enhance protections for private loan borrowers, including: requiring school certification of private loans; restoring fair bankruptcy treatment for private loan borrowers; and encouraging community colleges to participate in the federal loan program. For example, California now requires colleges to clearly indicate if they do not offer federal loans, disclose the average federal and private loan debt of their graduates, and inform students of any untapped federal aid eligibility before certifying any private loan.[67] Federal legislation from the 115th Congress would require school certification of private loans and other consumer protections.[68]

Simplify and Better Target Higher Education Tax Benefits

There is bipartisan agreement that higher education tax benefits are overly complex, and their benefits are poorly timed and regressive. We recommend streamlining existing education tax benefits by improving the American Opportunity Tax Credit (AOTC) and eliminating benefits that are less effective or targeted, such as the Tuition and Fees Deduction and Lifetime Learning Credit.[69] We also recommend eliminating the taxation of Pell Grants, which is an unnecessary complexity that keeps many students from accessing tax benefits for which they are eligible. Additionally, we recommend eliminating the taxation of forgiven federal student loan debt, regardless of the reason. Currently, loan balances discharged after 10 years of payments under the Public Service Loan Forgiveness program (PSLF) or due to death or permanent disability are not taxable income. However, balances discharged after 20 or 25 years of responsible payments in an income-driven repayment (IDR) plan are.[70] This disparate tax treatment is inequitable and confusing, and it creates a potentially large and unaffordable tax liability that disproportionally affects persistently low-income borrowers.

Methodology: Where the Numbers Come From and How We Use Them

Several organizations conduct annual surveys of colleges that include questions about student loan debt, including *U.S. News & World Report*, Peterson's (publisher of its own college guides), and the College Board. To make the process easier for colleges, these organizations use questions from a shared survey instrument, called the Common Data Set. Despite the name "Common Data Set," there is no actual repository or "set" of data. Each surveyor conducts, follows up, and reviews the results of its own survey independently. For this analysis, we licensed and used the data from Peterson's.[71]

This section of the Common Data Set 2018-2019 was used to collect student debt data for the Class of 2018:

Note: These are the graduates and loan types to include and exclude in order to fill out CDS H4 and H5.

Include:

* 2018 undergraduate class: all students who started at your institution as first-time students and received a bachelor's degree between July 1, 2017 and June 30, 2018.
* only loans made to students who borrowed while enrolled at your institution.
* co-signed loans.

Exclude:

* students who transferred in.
* money borrowed at other institutions.
* parent loans.
* students who did not graduate or who graduated with another degree or certificate (but no bachelor's degree).

H4. Provide the number of students in the 2018 undergraduate class who started at your institution as first-time students and received a bachelor's degree between July 1, 2017 and June 30, 2018. Exclude students who transferred into your institution. _____

H5. Number and percent of students in class (defined in H4 above) borrowing from federal, non-federal, and any loan sources, and the average (or mean) amount borrowed. NOTE: The "Average per-undergraduate-borrower cumulative principal borrowed," is designed to provide better information about student borrowing from federal and nonfederal (institutional, state, commercial) sources. The numbers, percentages, and averages for each row should be based only on the loan source specified for the particular row. For example, the federal loans average (row b) should only be the cumulative average of federal loans and the private loans average (row e) should only be the cumulative average of private loans.

Source/ Type of Loan	Number in the class (defined in H4 above) who borrowed from the types of loans specified in the first column	Percent of the class (defined above) who borrowed from the types of loans specified in the first column (nearest 1%)	Average per-undergraduate-borrower cumulative principal borrowed from the types of loans specified in the first column (nearest $1)
a) Any loan program: Federal Perkins, Federal Stafford Subsidized and Unsubsidized, institutional, state, private loans that your institution is aware of, etc. Include both Federal Direct Student Loans and Federal Family Education Loans.		%	$
b) Federal loan programs: Federal Perkins, Federal Stafford Subsidized and Unsubsidized. Include both Federal Direct Student Loans and Federal Family Education Loans.		%	$
c) Institutional loan programs.		%	$
d) State loan programs.		%	$
e) Private alternative loans made by a bank or lender.		%	$

We calculated per capita overall debt — the average debt across all graduates whether they borrowed or not — by multiplying the percent with debt by the average debt; per capita federal debt by multiplying the percent with federal debt by the average federal debt; and per capita nonfederal debt by subtracting per capita federal debt from per capita debt. The proportion of debt that is nonfederal is calculated as the per capita nonfederal debt divided by the per capita debt.

Except where otherwise noted, the term "colleges" refers to public four-year and nonprofit four-year institutions of higher education that granted bachelor's degrees during the 2017-18 year and are located in the 50 states plus the District of Columbia.

Estimating National Averages

The National Postsecondary Student Aid Study (NPSAS) is the most comprehensive and reliable source of financial aid data at the national level. NPSAS consistently shows higher shares with student debt than national estimates derived from data that some colleges voluntarily report to Peterson's. For example, the most recent NPSAS showed a share with debt for the Class of 2016 that exceeded the share with debt based on Peterson's data for the same year by about 8 percentage points.[72] However, NPSAS is only conducted by the U.S. Department of Education every four years, does not provide representative data for all states, and provides no data for individual colleges. Therefore, in years when NPSAS is not conducted, we estimate the national average and share with student debt upon graduation by using the change in the national figures from Peterson's to update the most recent NPSAS figures.

The college-level data from Peterson's show an increase in average debt of 3 percent between borrowers in the Class of 2016 and the Class of 2018, from $28,700 to $29,450. NPSAS data show that bachelor's degree recipients at public and nonprofit four-year colleges who graduated with loans in the Class of 2016 had an average of $28,350 in debt. Applying a 3 percent increase to $28,350, we estimate that the actual student debt for the Class of 2018 is $29,200.

NPSAS data also show that about two-thirds (67%) of bachelor's degree recipients at public and nonprofit four-year colleges graduated with loans in the Class of 2016. The college-level data from Peterson's show the percentage of bachelor's degree recipients graduating with loans has decreased 2 percentage points from 59 percent in the Class of 2016 to 57 percent (or 3%) in the Class of 2018. Therefore, we estimate that almost two-thirds of graduates (65%) of the Class of 2018 graduated with loans.

Additionally, NPSAS data show that 14 percent of student debt at graduation for the Class of 2016 consisted of nonfederal loans. The college-level data from Peterson's show the share of student debt from nonfederal loans increased by 4 percentage points between Class of 2016 and Class of 2018, from 20 percent to 24 percent (or 20%). Applying this 20 percent increase in the share of debt from nonfederal loans to 14 percent, we estimate that 17 percent of the student debt at graduation for Class of 2018 consisted of nonfederal loans.

Data Limitations

There are several reasons why CDS data (such as the college-level data from Peterson's) provide an incomplete picture of the debt levels of graduating seniors. Although the CDS questions ask colleges to report cumulative debt from both federal and private loans, colleges may not be aware of all the private loans their students carry. The CDS questions also instruct colleges to exclude transfer students and the debt those students carried in. In addition, because the survey is voluntary and not audited, colleges may actually have a disincentive for honest and full reporting. Colleges that accurately calculate and report each year's debt figures rightfully complain that other colleges may have students with higher average debt but fail to update their figures, under-report actual debt levels, or never report figures at all. Additionally, very few for-profit colleges report debt data through CDS, and national data show that borrowing levels at for-profit colleges are, on average, much higher than borrowing levels at other types of colleges. See page 14 for more about for-profit colleges.

Despite the limitations of the CDS data, they are the only data available that show average cumulative student debt levels for bachelor's degree recipients, including both federal and private loans, every year and at the college level. While far from perfect, CDS data are still useful for illustrating the variations in student debt across states and colleges.

What Data Are Included in the State Averages?

Our state-level figures are based on the 946 public and nonprofit four-year colleges that reported the number of graduating students in the Class of 2018 with loans, the percent of graduates with debt, and the average debt of those who borrowed, and reported in the Peterson's Undergraduate Financial Aid Survey that they awarded bachelor's degrees for the Class of 2018.[73] These colleges represent 46 percent of all public and nonprofit four-year colleges that granted bachelor's degrees and 72 percent of all bachelor's degree recipients in these sectors in the most recent year.[74] Nonprofit colleges compose 59 percent of the colleges with usable data, similar to the share they make up of public and nonprofit four-year bachelor's degree-granting colleges combined (66%).

The college-level debt figures used to calculate state averages are estimates, which, as noted above, are reported voluntarily by college officials and are not audited. For their data to be considered usable for calculating state averages, colleges had to report the number of graduating students in the Class of 2018 with loans, the percent of graduates with debt, and the average debt of those who borrowed, and reported in the Peterson's Undergraduate Financial Aid Survey that they awarded bachelor's degrees during the 2017-18 year. We did not calculate state averages when the usable cases with student debt data covered less than 30 percent of bachelor's degree recipients in the Class of 2018. We weight the state averages according to the number of borrowers reported in the Peterson's Undergraduate Financial Aid Survey.

The state averages and rankings in this report are not directly comparable to averages in previous years' reports due to changes in which colleges in each state report data each year, revisions to the underlying data submitted by colleges, and changes in methodology.

Endnotes

[1] Note that the data used here and throughout this report include only student loans and do not include federal Parent PLUS loans, which parents of dependent undergraduates can use to cover any college costs not already covered by other aid.

[2] Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) 1996, 2000, 2004, 2008, 2012, and 2016. Figures reflect the average debt of bachelor's degree recipients from public, nonprofit, and for-profit four-year colleges. The average debt for 1996 includes loans from parents and relatives, while the other average debt figures for the following years do not.

[3] Calculations by TICAS on data from State Higher Education Executive Officers Association. 2019. State Higher Education Finance: FY 2018. Boulder, CO. SHEF Interactive Data. Educational Appropriations per FTE (current dollars). https://tabsoft.co/2kwwDKb.

[4] State Higher Education Executive Officers Association. 2019. State Higher Education Finance: FY 2018. Boulder, CO. Figure 3. https://sheeo.org/wp-content/uploads/2019/04/Fig3.jpg.

[5] TICAS Calculations on data from State Higher Education Executive Officers Association. 2019. State Higher Education Finance: FY 2018. Boulder, CO. SHEF Interactive Data, Educational Appropriations per FTE; and on data from the U.S. Department of Education, Federal Student Aid Center, Title IV Program Volume by School, Loan Volume Reports, Award Year Cumulative Activity through Q4. Federal loans include Direct Loans and Federal Family Education Loans (FFEL) disbursed to undergraduates and graduates by public colleges. Parent PLUS loans are not included. All figures are in 2018 dollars.

[6] Calculations by TICAS on data from State Higher Education Executive Officers Association. 2019. State Higher Education Finance: FY 2018. Boulder, CO. SHEF Interactive Data. Educational Appropriations per FTE (2018 dollars), https://tabsoft.co/2kwwDKb.

[7] TICAS Calculations on data from the U.S. Department of Education, Federal Student Aid Center, Title IV Program Volume by School, Loan Volume Reports, Award Year Cumulative Activity through Q4. Federal loans include Direct Loans and Federal Family Education Loans (FFEL) disbursed to undergraduates and graduates by public colleges. Parent PLUS loans are not included. 2018 dollars.

[8] Calculations by TICAS on data from State Higher Education Executive Officers Association. 2019. State Higher Education Finance: FY 2018. Boulder, CO. SHEF Interactive Data. Educational Appropriations per FTE (2018 dollars). https://tabsoft.co/2kwwDKb.

[9] TICAS Calculations on data from the U.S. Department of Education, Federal Student Aid Center, Title IV Program Volume by School, Loan Volume Reports, Award Year Cumulative Activity through Q4. Federal loans include Direct Loans and Federal Family Education Loans (FFEL) disbursed to undergraduates and graduates by public colleges. Parent PLUS loans are not included. 2018 dollars.

[10] Mitchell, Michael, Michael Leachman, Kathleen Masterson, and Samantha Waxman. October, 2018. *Unkept Promises: State Cuts to Higher Education Threaten Access and Equity*. Center on Budget and Policy Priorities. http://bit.ly/2YXbiYb.

[11] Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) 2011-12 and 2015-16. Institutional grants include need-based and non-need-based grant aid. This does not include state grants for California public institutions that are funded by state dollars and allocated by the institutions.

[12] Calculations by TICAS using data from the National Association of College and University Business Officers (NACUBO). Press Release. April 30, 2018. "Average Freshman Tuition Discount Rate Nears 50 Percent." https://bit.ly/2xu6v59. Figure 1.

[13] National Association of College and University Business Officers (NACUBO). Press Release. May 9, 2019. "Private Colleges Now Use Nearly Half of Tuition Revenue For Financial Aid." http://bit.ly/2UoGRty.

[14] College costs are defined here as average total in-state tuition, fees, room, and board costs at public four-year colleges. Calculations by TICAS on data from the College Board, 2017, Trends in College Pricing 2017, Table 2, http://bit.ly/2E2AbLD, and U.S. Department of Education data on the maximum Pell Grant.

[15] Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) 2011-12 and 2015-16. Figures reflect cumulative borrowing for parents of bachelor's degree recipients who were considered dependent for the purposes of awarding financial aid; only parents of dependent students are eligible to borrow federal Parent PLUS loans. Between 2012 and 2016, the average Parent PLUS loan for parents of bachelor's degree recipients from four-year institutions increased by $8,350, while the share of parents borrowing parent loans decreased from 21 percent to 19 percent.

[16] Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Study Aid Study (NPSAS) 2011-12 and 2015-16. Figures reflect cumulative nonfederal loan borrowing for bachelor's degree recipients. The cumulative nonfederal loan amount for bachelor's degree recipients increased by $4,800 from 2012 to 2016, while the share of graduates with nonfederal loan debt declined from 30 percent to 14 percent.

[17] Kantrowitz, Mark. June 29, 2018. "Growth in student loan debt at graduation slows as borrowers hit loan limits." http://bit.ly/2LaOMHT.

[18] Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Study Aid Study (NPSAS) 2015-16. Calculations subtract the expected family contribution (EFC) and all grants from the full cost of attendance, then also subtract loans and work-study.

[19] State Higher Education Executive Officers Association. 2019. State Higher Education Finance: FY 2018. Boulder, CO. http://bit.ly/2JHTTyX.

[20] The Institute for College Access & Success. 2019. *Quick Facts about Student Debt*. http://bit.ly/1lxjskr.

[21] The state averages and rankings in this report are not directly comparable to those in previous years' reports due to changes in which colleges in each state report data each year, revisions to the underlying data submitted by colleges, and changes in methodology.

[22] These regions are as defined in: U.S. Census Bureau. *Census regions and divisions with State FIPS Codes*. http://www2.census.gov/geo/pdfs/maps-data/maps/reference/us_regdiv.pdf. Accessed September 10, 2018.

[23] See *What Data are Included in the State Averages?* on page 28.

[24] Calculations by TICAS on the most recent Completions data (2016-17) from the U.S. Department of Education, Integrated Postsecondary Education Data System (IPEDS) and from the Peterson's Undergraduate Financial Aid Survey (2017-18).

[25] Unless otherwise noted, only colleges that reported in the Peterson's Undergraduate Financial Aid Survey a nonzero average debt, a number with debt, a percent with debt for the Class of 2018, and at least 100 bachelor's degree recipients in 2017-18 are included in the data for student debt at individuals colleges in this report.

[26] U.S. Department of Education. 2019. *Data Documentation for College Scorecard (Version: August 2019)*. https://collegescorecard.ed.gov/assets/FullDataDocumentation.pdf. Accessed August 30, 2019.

[27] U.S. Department of Education. 2019. Data Documentation Preliminary Loan Debt Data by Field of Study. http://bit.ly/2lQM7IU. Accessed August 30, 2019.

[28] U.S. Department of Education. "Federal Versus Private Loans." https://studentaid.ed.gov/sa/types/loans/federal-vs-private. For more on the difficulties borrowers face in repaying private loans, see Consumer Financial Protection Bureau (CFPB). 2015. *Annual Report of the CFPB Student Loan Ombudsman*. http://bit.ly/1joybQj.

[29] Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) 2015-16. These are the most recent data available that show the share of graduates with nonfederal loans and the average nonfederal loan debt of those who borrowed.

[30] For example, Wells Fargo advertised fixed rates up to 13.99 percent for the Wells Fargo Student Loan for Career and Community Colleges: https://wfefs.wellsfargo.com/terms/TodaysRates. Accessed August 25, 2019.

[31] TICAS analysis using the U.S. Department of Education's National Postsecondary Student Aid Study (NPSAS). Calculations include undergradautes who borrowed private loans (bank- or lender-originated) in 2015-16. A borrower's annual federal Stafford Loan eligibility depends on citizenship status, attendance intensity, class level, dependency status, cumulative borrowing, and college costs after financial aid. Categories may not add up to totals due to rounding.

[32] TICAS. 2011. *Critical Choices: How Colleges Can Help Students and Families Make Better Decisions about Private Loans.* https://ticas.org/content/pub/critical-choices.

[33] MeasureOne. 2019. *MeasureOne Private Student Loan Report Q1 2019.* http://bit.ly/2Zlv6PL.

[34] Consumer Financial Protection Bureau and U.S. Department of Education. 2012. *Private Student Loans.* http://bit.ly/2zuXRVn. "Private loans" refer here to nonfederal loans from banks and lenders made to undergraduates only.

[35] National Student Clearinghouse Research Center. 2016. *Time to Degree: A National View of the Time Enrolled and Elapsed for Associate and Bachelor's Degree Earners.* http://bit.ly/2wQommp. See also, TICAS. April 2018. *Students at Greatest Risk of Loan Default.* http://bit.ly/2MUPzPq.

[36] University of California. 2018. *Accountability Report 2018.* Indicator 2.3.3: Student loan debt burden of graduating seniors by parent income, Universitywide, 1999-2000 to 2016-17. https://bit.ly/2oYYMIo. See also, TICAS. Blog post. April 30, 2018. "New TICAS Fact Sheets Explore Student Loan Repayment Struggles." http://bit.ly/2oNcBto.

[37] Wisconsin HOPE Lab. 2015. *Information, Accountability, and College Costs: The Need for Standardized Living Cost Calculations in Higher Education.*

[38] Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) 2016.

[39] Perna, Laura, Jeremy Wright-Kim, and Nathan Jiang. March 2019. *Questioning the Calculations: Are Colleges Complying with Federal and Ethical Mandates for Providing Students with Estimated Costs?* The Alliance for Higher Education and Democracy (Penn AHEAD) at the University of Pennsylvania Graduate School of Education. http://bit.ly/34fzTeC; For more on TICAS' research and resources on net price calculators, visit http://bit.ly/32gJQGY.

[40] National Association of State Student Grant and Aid Programs (NASSGAP). 2017. *47th Annual Survey Report on State-Sponsored Student Financial Aid: 2015-16 Academic Year.* http://bit.ly/2lQMzH6.

[41] Pennsylvania Department of Revenue. 2014. *Pennsylvania Personal Income Tax Guide*. http://bit.ly/2ehbSyt. See also, 2017 California Revenue and Tax Code Section 17132.11. http://bit.ly/CmBvMF.

[42] For more ideas on how states can hold colleges accountable, see: TICAS & The Century Foundation (TCF). 2017. *For-Profit Postsecondary Education: Encouraging Innovation While Preventing Abuses: A 2018 Toolkit for State Policymakers.* http://bit.ly/BIqf7B.

[43] See California Education Code 69432.7. http://bit.ly/2vQoG2L.

[44] Calculations by TICAS using data from the U.S. Department of Education, Federal Student Aid Data Center, "Portfolio by Delinquency Status (DL, FFEL, ED-Held FFEL, ED-Owned)," https://bit.ly/2IDdpKW, "Direct Loan and Federal Family Education Loan Portfolio by Loan Status," https://bit.ly/1O6zgrW, and "Federal Student Aid Portfolio Summary" https://bit.ly/2hvfiOd. Accessed May 13, 2019. Figures represent Direct Loan borrowers whose loans are more than 30 days delinquent, including those whose loans have gone into default. Recipient counts are based at the loan level. As a result, recipients may be counted multiple times across varying loan statuses.

[45] Calculations by TICAS using data from the U.S. Department of Education, Federal Student Aid Data Center, "Direct Loans Entering Default," https://bit.ly/2Rs7lbK. Accessed May 5, 2019. Figures represent the number of Direct Loan borrowers whose loans entered default from January 1, 2018 through December 31, 2018. Borrowers who entered default during multiple quarters in the same 12-month period are counted more than once.

[46] TICAS. April 2019. *Quick Facts about Student Debt.* https://bit.ly/2WqxMQ5.

[47] TICAS. April 2018. *Students at Greatest Risk of Loan Default.* https://bit.ly/2rb8doK.

[48] TICAS. October 2018. *How to Secure and Strengthen Pell Grants to Increase College Access and Success.* https://ticas.org/wp-content/uploads/legacy-files/pub_files/pell_recs_one_pager.pdf.

[49] College costs defined here as average total in-state tuition, fees, room & board costs at public four-year colleges. Calculations by TICAS on data from the College Board, *Trends in College Pricing 2018*, Table 2, http://bit.ly/2HynAAu, and U.S. Department of Education data on the maximum Pell Grant.

[50] Calculations by TICAS on 12-month enrollment data for 2016-17 from the U.S. Department of Education, Integrated Postsecondary Education Data System (IPEDS). Includes enrollment in the 50 states and D.C.

[51] TICAS. 2019. *Dire Disparities: Patterns of Racially Inequitable Funding and Student Success in Public Postsecondary Education.* http://bit.ly/2L0ozvx; Michael Mitchell, et. al. "Unkept Promises: State Cuts to Higher Education Threaten Access and Equity." 2018. http://bit.ly/2YXbiYb.

[52] TICAS. 2015. *Summary of Income-Driven Repayment Plans.* http://bit.ly/2cwFk0g.

[53] For more information, see TICAS. 2017. *Make It Simple, Keep It Fair: A Proposal to Streamline and Improve Income-Driven Repayment of Federal Student Loans.* http://bit.ly/2x3jeMW.

[54] TICAS. "A Popular Student Loan Fix Has Been Stalled for Years. It's Time to Act." 2019. http://bit.ly/2zugybI.

[55] United States Department of the Treasury, United States Department of Education & Consumer Financial Protection Bureau. 2015. Joint Statement of Principles on Student Loan Servicing. http://bit.ly/2HAPuvN; GAO. July 27, 2018. Federal Student Loans: Further Actions Needed to Implement Recommendations on Oversight of Loan Servicers. http://bit.ly/2lP9Nxm.

[56] Senator Durbin et. al. Press Release. May 9, 2019. "Durbin, Warren, Nadler, Katko Introduce Bill Making Bankruptcy Relief Available For Student Loan Borrowers." http://bit.ly/2RLjFnK.

[57] Institute for Higher Education Policy. April 1, 2019. "PostsecData Collaborative and National Skills Coalition Support the Reintroduction of the College Transparency Act." http://bit.ly/2Z0FuBT.

[58] Kreighbaum, Andrew. May 22, 2019. "Beefing Up the College Scorecard." Inside Higher Ed. http://bit.ly/2NHTDSC.

[59] TICAS. 2012. *Adding it all up 2012: Are college net price calculators easy to find, use, and compare?* http://bit.ly/2ZB7mAP; Perna, Laura, Jeremy Wright-Kim, and Nathan Jiang. March 2019. *Questioning the Calculations: Are Colleges Complying with Federal and Ethical Mandates for Providing Students with Estimated Costs?* The Alliance for Higher Education and Democracy (Penn AHEAD) at the University of Pennsylvania Graduate School of Education. http://bit.ly/34fzTeC.

[60] Cummings, Elijah. March 27, 2019. "Cummings, Guthrie Introduce Legislation to Make College Costs More Transparent." http://bit.ly/2Zr12ga.

[61] TICAS. December 2017. *Cost in Translation: House Financial Aid Award Letters Fall Short.* http://bit.ly/328AnI8; Stephen Burd, Rachel Fishman, Laura Keane, Julie Habbert, Ben Barrett, Kim Dancy, Sophie Nguyen, and Brendan Williams. June 5, 2018. *Decoding the Cost of College: The Case for Transparent Financial Aid Award Letters.* New America and uAspire. http://bit.ly/2Lbwt3S.

[62] Grassley, Chuck. March 27, 2019. "Grassley, Smith, Ernst Introduce Bipartisan Bills to Help Students Understand Cost of College, Make Cost Comparisons Easier." http://bit.ly/2UjZhvb.

[63] Grassley, Chuck. March 27, 2019. "Grassley, Smith, Ernst Introduce Bipartisan Bills to Help Students Understand Cost of College, Make Cost Comparisons Easier." http://bit.ly/2UjZhvb. Bonamici, Suzanne. April 8, 2019. "Bonamici, Guthrie Reintroduce Empowering Students through Enhanced Financial Counseling Act." https://bit.ly/2WsUSpn.

[64] TICAS. September 3, 2019. "Defrauded Students Left Holding the Bag Under Final "Borrower Defense" Rule." https://bit.ly/2kgyOkW.

[65] Bonamici, Suzanne. April 8, 2019. "Bonamici, Guthrie Reintroduce Empowering Students through Enhanced Financial Counseling Act." https://bit.ly/2WsUSpn.

[66] TICAS. *Private Student Loans: Facts and Trends.* 2019. http://bit.ly/2LnpKnA.

[67] California Assembly Bill No. 721 (2015-16 reg. session). Chaptered October 8, 2015. http://bit.ly/2wr60Yq.

[68] Senator Durbin et al. Press Release. July 18, 2019. "Durbin & Senators Introduce Bill To Prevent Unnecessary Private Student Loan Debt And Improve Transparency." http://bit.ly/2lMwhz9.

[69] TICAS. July 17, 2017. *Recommendations to Senator Hatch on reforming federal education tax benefits.* http://bit.ly/2y12inU.

[70] TICAS. April 12, 2018. Tax penalty hits student loan borrowers in income-driven repayment plans for the first time. http://bit.ly/2ZCGA7f.

[71] Peterson's Undergraduate Financial Aid and Undergraduate Databases, copyright 2019 Peterson's LLC. All rights reserved.

[72] Calculations by TICAS on data from Peterson's and from U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS), http://nces.ed.gov/surveys/npsas/, accessed August 2018. NPSAS uses multiple sources (student-level data obtained by colleges, the National Student Loan Data System, and student surveys), allowing it to better account for all types of loans and avoid errors. The survey is also based on a representative sample of all college students and includes transfer students. Prior NPSAS survey years also showed average debt that exceeded the calculation of average debt based on Peterson's data, but this is no longer the case for the Class of 2016.

[73] Peterson's Undergraduate Financial Aid and Undergraduate Databases, copyright 2019 Peterson's LLC. All rights reserved.

[74] Out of the 2,411 public four-year and nonprofit four-year colleges in the federal Integrated Postsecondary Education Data System (IPEDS) for 2016-17, 2,042 reported in IPEDS or the Peterson's Undergraduate Financial Aid Survey that they granted bachelor's degrees during the most year (2016-17 IPEDS Completion data, 2017-18 for Peterson's), with 1,843,872 bachelor's degree recipients (IPEDS) in the Class of 2018. Of these 2,042 colleges, 946 colleges are included in our state averages, with a total of 1,328,387 bachelor's degree recipients (IPEDS). The remaining 1,096 colleges could not be matched to a specific entry in the Peterson's dataset, reported no bachelor's degree recipients to IPEDS in 2016-17 (most recent IPEDS Completions year), did not respond to the most recent Peterson's Undergraduate Financial Aid survey, or responded to the survey, but did not report the number of graduating students in the Class of 2018 with loans, the percent of graduates with debt, and the average debt of those who borrowed for the Class of 2018.

the institute for
college
access & success

www.ticas.org

1212 Broadway, Suite 1100
Oakland, CA 94612
510.318.7900

110 Maryland Ave, NE, Suite 201
Washington, DC 20002
202.223.6060