# STUDENT DEBT AND THE CLASS OF **2011**

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the institute for college access & success

THE PROJECT ON STUDENT DEBT

# ACKNOWLEDGEMENTS

The Project on Student Debt is an initiative of The Institute for College Access & Success (TICAS), an independent, nonprofit organization working to make higher education more available and affordable for people of all backgrounds. For more about TICAS, see ticas.org.

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# STUDENT DEBT AND THE CLASS OF **2011**

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## OVERVIEW

Student Debt and the Class of 2011 is our seventh annual report on the cumulative student loan debt of recent graduates from four-year public and private nonprofit colleges. Our analysis found that the debt levels of students who graduate with loans continued to rise, with considerable variation among states as well as among colleges.

We estimate that two-thirds (66%) of college seniors who graduated in 2011 had student loan debt, with an average of $26,600 for those with loans.[1] The five percent increase in average debt at the national level is similar to the average annual increase over the past few years. Also similar to previous years, about one-fifth of graduates' debt is comprised of private loans.

State averages for debt at graduation from four-year colleges ranged widely in 2011, from $17,250 to $32,450. Graduates' likelihood of having debt, and their average debt load, also varied widely by college.

High-debt states remain concentrated in the Northeast and Midwest, with low-debt states mainly in the West and South. Average debt continues to vary even more at the campus level than at the state level, from $3,000 to $55,250. Colleges with higher costs tend to have higher average debt, but there are many examples of high-cost colleges with low average debt, and vice versa.

*We estimate that two-thirds of college seniors who graduated in 2011 had student loan debt, with an average of $26,600 for those with loans.*

Recent college graduates have entered an enormously difficult job market, which poses particular challenges for those who need to begin paying back student loans. The unemployment rate for young college graduates in 2011 remained high at 8.8 percent, a slight decrease from 2010, which saw the highest annual rate on record for this group (9.1%).[2] In addition, many more young graduates were considered underemployed. Among those who wanted to be working full time, as many as 19.1 percent were either working part time or had given up looking for work.[3] Further, 37.8 percent of working young graduates had jobs that did not require a college degree, depressing their wages.[4]

However, even in these tough times, research continues to show strong economic returns on investments in college degrees. Four-year college graduates are experiencing far less unemployment and earning higher salaries than their counterparts with only

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[1] These figures reflect the percentage of 2010-11 bachelor's degree recipients with student loan debt at public and private nonprofit four-year colleges and the average cumulative debt level for those with loans. See *Appendix A* for more information. All dollar figures in this report are given in current or nominal dollars, not adjusted for inflation.

[2] These annual unemployment figures are from unpublished data from the Current Population Survey, provided by the Bureau of Labor Statistics (BLS) in response to personal communications in January 2012. The figures apply to those in the civilian non-institutional population who are aged 20 to 24 and are actively seeking work. The unemployment rate measures the proportion of that population who are not working.

[3] Economic Policy Institute analysis of Current Population Survey microdata. Underemployment figures are slightly different from the annual unemployment figures cited, as they include graduates aged 21-24 and measure underemployment between April 2011 and March 2012. Economic Policy Institute. 2012. *Class of 2012: Labor Market for Young Graduates Remains Grim.* http://www.epi.org/publication/bp340-labor-market-young-graduates/. Accessed September 20, 2012.

[4] In 2007, this figure was 31.1 percent. Economic Policy Institute. 2012. *Class of 2012: Labor Market for Young Graduates Remains Grim. http://www.epi.org/publication/bp340-labor-market-young-graduates/. Accessed September 20, 2012.*

a high school education.[5] For instance, the unemployment rate for young high school graduates was 19.1 percent in 2011, more than double the rate for young college graduates.[6]

When student borrowers face unexpectedly low earnings, income-based repayment programs can help. Designed to keep loan payments manageable at any level of income, income-based repayment has been available to federal student loan borrowers since 2009.

Many factors influence student debt levels for each graduating class and the rate of increase over time, such as changes in college costs, family resources, and need-based grant aid. Most students in the Class of 2011 started college before the recent economic downturn, but the economy soured while they were in school, widening the gap between rising college costs and what students and their parents could afford. State budget cuts led to sharp tuition increases at some public colleges, increasing the need to borrow. On the other hand, federal need-based grant aid increased while the Class of 2011 was in college, with an especially large Pell Grant increase in 2009-10.[7] State and institutional grant aid also rose, with many colleges taking steps to increase or maintain need-based grant aid when the economy faltered, so that students could afford to stay in school.[8] These increases in grant aid may have helped contain the need to borrow.

*Many factors influence student debt levels for each graduating class, and the rate of increase over time, such as changes in college costs, family resources, and need-based grant aid.*

Given the growing enrollment in and attention to for-profit colleges in recent years, it is important to note that this report reflects only graduates of public and private nonprofit four-year colleges. This is because so few for-profit colleges choose to report the necessary student debt data. However, based on national surveys conducted periodically by the U.S. Department of Education, we know that on average, graduates of for-profit four-year colleges are much more likely to borrow student loans and borrow significantly more than their counterparts at public and private nonprofit colleges. (For more information, see page 13.) The limitations of relying on voluntarily reported data underscore the need for federal collection of student debt data from all schools.

A companion interactive map with details for all 50 states, the District of Columbia, and more than 1,000 public and private nonprofit four-year colleges is available at projectonstudentdebt.org/state_by_state-data.php.

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[5] For example, see Carnevale, Anthony, Tamara Jayasundera, and Ban Cheah. 2012. *The College Advantage: Weathering the Economic Storm*. Georgetown Public Policy Institute's Center on Education and the Workforce. Study website: http://cew.georgetown.edu/collegeadvantage/.

[6] Unpublished data from the Current Population Survey, provided by the Bureau of Labor Statistics (BLS) in response to personal communications in January 2012. The figures apply to those in the civilian non-institutional population who are high school graduates with no college, are aged 20 to 24, and are actively seeking work.

[7] The maximum Pell Grant in 2009-10 was $5,350, up from $4,731 in 2008-09. Federal Pell Grants provide need-based financial aid to full- and part-time students. Most recipients have family incomes below $40,000. Students must complete the Free Application for Federal Student Aid (FAFSA) to receive a Pell Grant, and can apply at any time during the school year.

[8] For data on federal, state, and institutional grant aid to undergraduates over time, see College Board. 2011. *Trends in Student Aid 2011*. Table 2a. http://trends.collegeboard.org/student_aid/report_findings/indicator/301#f913. Accessed October 3, 2012.

## STUDENT DEBT BY STATE

The statewide average debt levels for the Class of 2011 vary widely among the states, but most of the same states appear at the high and low ends of the spectrum as in previous years.[9] We base state averages on the best available college-level data, which were reported voluntarily by 1,057 public and private nonprofit four-year colleges for the Class of 2011.

The following tables show the states with the highest and lowest average debt levels for the Class of 2011.

As in past years, high-debt states are mainly in the Northeast and Midwest, with low-debt states mainly in the West and South.

### TABLE 1

| HIGH-DEBT STATES | |
|---|---|
| New Hampshire | $32,440 |
| Pennsylvania | $29,959 |
| Minnesota | $29,793 |
| Rhode Island | $29,097 |
| Connecticut | $28,783 |
| Iowa | $28,753 |
| Ohio | $28,683 |
| Vermont | $28,273 |
| District of Columbia | $28,241 |
| New Jersey | $27,610 |

### TABLE 2

| LOW-DEBT STATES | |
|---|---|
| Utah | $17,227 |
| Hawaii | $17,447 |
| California | $18,879 |
| Arizona | $19,950 |
| Nevada | $19,954 |
| Tennessee | $20,703 |
| North Carolina | $20,800 |
| Oklahoma | $20,897 |
| Texas | $22,140 |
| Washington | $22,244 |

In general, private nonprofit colleges have higher costs than public ones, and higher average costs at the state or college level are associated with higher average debt. However, there are many colleges with high costs and low debt, and vice versa. Multiple factors influence average college debt levels, such as endowment resources available for financial aid, student demographics, state policies, institutional financial aid packaging policies, and the cost of living in the local area. For more about debt at the college level, please see *Student Debt at Colleges* on page 8.

[9] 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, corrections to the underlying data submitted by colleges, and changes in methodology. To compare state averages over time based on the current data and methodology, please visit College InSight, http://College-InSight.org.

The following table shows each state's average debt and proportion of students with loans in the Class of 2011, along with information about the amount of usable data actually available for each state.[10]

**TABLE 3**

| PERCENTAGE OF GRADUATES WITH DEBT AND AVERAGE DEBT OF THOSE WITH LOANS, BY STATE | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Class of 2011 | | | | Institutions (BA-granting) | | Graduates |
| State | Average Debt | Rank | % with Debt | Rank | Total | Usable | % Represented in Usable Data |
| Alabama | $25,192 | 22 | 54% | 33 | 33 | 16 | 67% |
| Alaska | * | * | * | * | 5 | 4 | 100% |
| Arizona | $19,950 | 45 | 49% | 43 | 12 | 4 | 97% |
| Arkansas | $23,048 | 34 | 56% | 29 | 22 | 10 | 60% |
| California | $18,879 | 46 | 51% | 41 | 126 | 70 | 79% |
| Colorado | $22,283 | 38 | 54% | 33 | 22 | 13 | 70% |
| Connecticut | $28,783 | 5 | 64% | 15 | 22 | 15 | 84% |
| Delaware | * | * | * | * | 6 | 2 | 70% |
| District of Columbia | $28,241 | 9 | 52% | 40 | 9 | 6 | 84% |
| Florida | $23,054 | 33 | 51% | 41 | 78 | 29 | 84% |
| Georgia | $22,443 | 36 | 58% | 28 | 56 | 30 | 85% |
| Hawaii | $17,447 | 47 | 38% | 48 | 8 | 1 | 53% |
| Idaho | $24,134 | 26 | 66% | 11 | 9 | 4 | 59% |
| Illinois | $26,470 | 15 | 64% | 15 | 76 | 45 | 80% |
| Indiana | $27,500 | 11 | 63% | 20 | 49 | 37 | 95% |
| Iowa | $28,753 | 6 | 72% | 4 | 34 | 23 | 88% |
| Kansas | $23,321 | 31 | 64% | 15 | 29 | 10 | 68% |
| Kentucky | $22,287 | 37 | 60% | 25 | 31 | 22 | 95% |
| Louisiana | $22,455 | 35 | 46% | 45 | 26 | 11 | 64% |
| Maine | $26,046 | 18 | 71% | 5 | 19 | 10 | 70% |
| Maryland | $24,002 | 28 | 55% | 32 | 35 | 19 | 75% |
| Massachusetts | $27,181 | 14 | 65% | 12 | 81 | 44 | 73% |
| Michigan | $27,451 | 12 | 62% | 24 | 57 | 30 | 87% |
| Minnesota | $29,793 | 3 | 71% | 5 | 38 | 25 | 83% |
| Mississippi | $23,537 | 29 | 54% | 33 | 17 | 9 | 78% |
| Missouri | $23,229 | 32 | 65% | 12 | 54 | 30 | 78% |
| Montana | $24,113 | 27 | 65% | 12 | 10 | 8 | 96% |

[10] See *What Data Are Included in the State Averages?* on page 7.

## TABLE 3 (CONTINUED)

| PERCENTAGE OF GRADUATES WITH DEBT AND AVERAGE DEBT OF THOSE WITH LOANS, BY STATE | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Class of 2011 | | | | Institutions (BA-granting) | | Graduates |
| State | Average Debt | Rank | % with Debt | Rank | Total | Usable | % Represented in Usable Data |
| Nebraska | $24,287 | 24 | 63% | 20 | 24 | 8 | 56% |
| Nevada | $19,954 | 44 | 44% | 47 | 9 | 3 | 93% |
| New Hampshire | $32,440 | 1 | 75% | 3 | 16 | 10 | 79% |
| New Jersey | $27,610 | 10 | 64% | 15 | 35 | 22 | 83% |
| New Mexico | * | * | * | * | 10 | 4 | 7% |
| New York | $25,851 | 19 | 60% | 25 | 171 | 79 | 69% |
| North Carolina | $20,800 | 42 | 54% | 33 | 59 | 35 | 82% |
| North Dakota | $27,425 | 13 | 83% | 1 | 13 | 7 | 65% |
| Ohio | $28,683 | 7 | 68% | 9 | 79 | 45 | 86% |
| Oklahoma | $20,897 | 41 | 53% | 38 | 29 | 14 | 79% |
| Oregon | $25,497 | 21 | 63% | 20 | 29 | 14 | 69% |
| Pennsylvania | $29,959 | 2 | 70% | 7 | 127 | 82 | 84% |
| Rhode Island | $29,097 | 4 | 69% | 8 | 10 | 7 | 78% |
| South Carolina | $25,662 | 20 | 54% | 33 | 34 | 13 | 73% |
| South Dakota | $24,232 | 25 | 76% | 2 | 13 | 6 | 72% |
| Tennessee | $20,703 | 43 | 53% | 38 | 46 | 26 | 82% |
| Texas | $22,140 | 40 | 56% | 29 | 90 | 46 | 71% |
| Utah | $17,227 | 48 | 45% | 46 | 9 | 7 | 90% |
| Vermont | $28,273 | 8 | 63% | 20 | 18 | 12 | 78% |
| Virginia | $24,717 | 23 | 59% | 27 | 45 | 32 | 91% |
| Washington | $22,244 | 39 | 56% | 29 | 33 | 17 | 93% |
| West Virginia | $26,227 | 17 | 64% | 15 | 21 | 14 | 90% |
| Wisconsin | $26,238 | 16 | 67% | 10 | 37 | 26 | 83% |
| Wyoming | $23,341 | 30 | 47% | 44 | 1 | 1 | 100% |

* 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 2011 or when the underlying data for that state showed a change of 30 percent or more in average debt from the previous year. For more details, see sidebar on the next page.

## WHAT DATA ARE INCLUDED IN THE STATE AVERAGES?

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 (CDS). 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.[11] For more detail on the data and our methodology, please see *Appendix A*.

The state averages are calculated using data voluntarily reported by campus officials at 1,057 colleges, which are not audited or reviewed by any outside entity. For their data to be considered usable for calculating state averages, colleges had to report both the percentage of graduating students with loans and their average debt, and report that they awarded bachelor's degrees during the 2010-11 year. As shown in Table 3, for Alaska, Delaware, and New Mexico, 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 2011 or when the underlying data for that state showed a change of 30 percent or more in average debt from the previous year. Such large year-to-year swings likely reflect different institutions reporting each year, reporting errors, or changes in methodology by institutions reporting the data, rather than actual changes in debt levels. We weight the state averages according to the size of the graduating class (number of bachelor's degree recipients during the 2010-11 year) and the proportion of graduating seniors with debt.

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, corrections to the underlying data submitted by colleges, and changes in methodology.

[11] Peterson's Undergraduate Financial Aid and Undergraduate Databases, copyright 2012 Peterson's, a Nelnet company. All rights reserved.

## STUDENT DEBT AT COLLEGES

Student debt levels can vary considerably among colleges due to a number of factors, including differences in tuition and fees, living expenses in the local area, the demographic makeup of the graduating class, the availability of need-based aid from colleges and states, and colleges' financial aid policies and practices. Even colleges with similar published prices can have very different debt levels. For example, Indiana University of Pennsylvania has relatively high average debt, while Clarion University of Pennsylvania has relatively low average debt. Both are public four-year colleges with tuition and fees of about $7,500, and about two-fifths of their undergraduates come from low-income households.

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. Many students receive grants and scholarships that offset some of these costs, and colleges that appear financially out of reach based on sticker price may actually be affordable because they offer significant grant aid.

*Among all colleges with usable data, the percentage of graduates with debt ranges from 12% to 100%. Sixty-four colleges reported more than 90% of their class of 2011 graduating with debt.*

Net price calculators, required on almost all college websites since October 2011, enable consumers to look past sticker price and get an early, individualized estimate of what a specific college might cost them. Net price is the full cost of attendance minus expected grants and scholarships, and it can be much lower than the sticker price. In a recent poll, the majority of students surveyed ruled out colleges based on sticker price alone.[12]

At some selective private nonprofit colleges, 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 contributes to relatively low average debt at graduation. At some schools, enrolling a small share of students with low and moderate incomes may also contribute to low student debt levels.

Other factors can affect the way colleges report the debt figures used in this analysis. There are differences in how colleges interpret the relevant survey questions and calculate their average debt figures, despite attempts to provide clear definitions and instructions.[13] There are also colleges that do not report these figures at all or fail to update them. Of the 1,922 public and private nonprofit four-year colleges in the U.S.

[12] The College Board and Art & Science Group, LLC. 2012. *A Majority of Students Rule Out Colleges Based on Sticker Price: Students Do Not Take into Account Their Likely Financial Aid Award and Its Impact on Net Cost.* Student Poll Vol. 9, Issue 1. http://www.artsci.com/studentpoll/v9n1/index.html.

[13] The survey instructions and other information on our data source can be found in *Appendix A.*

that granted bachelor's degrees during the 2010-11 year, 1,057 – just 55 percent – reported figures for both average debt and percent with debt. Some colleges choose not to respond to the survey used to collect these data, or choose not to respond to the student debt questions.[14]

There is great variation from college to college, with average debt figures from $3,000 to $55,250 among the 1,057 colleges with usable data. At the high end, 114 colleges reported average debt of more than $35,000. The share of students with loans also varies widely. Among all colleges with usable data, the percentage of graduates with debt ranges from 12 percent to 100 percent. Sixty-four colleges reported more than 90 percent of their Class of 2011 graduating with debt.

*Colleges reported average debt figures from $3,000 to $55,250 among the 1,057 colleges with usable data.*

The available campus-level data are not comprehensive or reliable enough to rank individual colleges with especially high or low debt levels. However, we have identified colleges with reported debt levels that fall into high or low ranges relative to the levels reported by all institutions. These lists illuminate the high and low ends of the spectrum for colleges reporting student debt data.[15]

For public and private nonprofit four-year colleges, campus-level data on student debt, enrollment, costs, and the percentage of students receiving Pell Grants[16] are available through an interactive map at projectonstudentdebt.org/state_by_state-data.php. These and additional data related to affordability, diversity, and success are also available online at College-InSight.org, where users can compare data over several years and for states, sectors, individual colleges, and the nation as a whole.

[14] Differences in the identifiers used for colleges and the way campuses are grouped in different surveys also limit the number of colleges with usable data.

[15] These lists present 20 public colleges and 20 private nonprofit colleges at the top of the spectrum and 20 public or private nonprofit colleges at the bottom of the spectrum in terms of the average debt of borrowers. Only colleges that reported both average debt and percent with debt for the Class of 2011 and had at least 100 bachelor's degree recipients in 2010-11 are included on these lists. We excluded colleges for which our analysis raised serious questions about the accuracy of the data, as well as colleges that informed us that they intend to correct their debt figures with Peterson's.

[16] The share of enrolled undergraduates who receive Pell Grants is a common marker of economic diversity at colleges.

## HIGH-DEBT COLLEGES

The colleges on the following lists are notable for having very high average debt levels for the Class of 2011. Because public colleges generally have significantly lower costs and lower debt levels than private colleges, we list public and private colleges separately on these high-debt lists. The high-debt public colleges listed here have average debt ranging from $31,750 to $45,100. While some have high in-state tuition relative to other public colleges, the majority have in-state tuition and fees under $10,000.[17] The high-debt private nonprofit colleges listed here have average debt ranging from $40,600 to $46,700. Tuition and fees at these colleges range from $16,550 to $38,450, with seven of the 20 colleges charging less than the national average for this sector.[18]

### TABLE 4

| HIGH-DEBT PUBLIC COLLEGES (ALPHABETICAL BY NAME) | |
|---|---|
| Alabama A & M University | AL |
| Albany State University | GA |
| Bowling Green State University-Main Campus | OH |
| Delaware State University | DE |
| Ferris State University | MI |
| Indiana University of Pennsylvania-Main Campus | PA |
| Kentucky State University | KY |
| Maine Maritime Academy | ME |
| Michigan Technological University | MI |
| Morgan State University | MD |
| Pennsylvania State University (mult. campuses) | PA |
| Rowan University | NJ |
| Southern Illinois University Carbondale | IL |
| Temple University | PA |
| The College of New Jersey | NJ |
| The Richard Stockton College of New Jersey | NJ |
| University of Alaska Fairbanks | AK |
| University of New Hampshire-Main Campus | NH |
| University of North Alabama | AL |
| University of North Dakota | ND |

### TABLE 5

| HIGH-DEBT PRIVATE NONPROFIT COLLEGES (ALPHABETICAL BY NAME) | |
|---|---|
| College of Mount St. Joseph | OH |
| Curry College | MA |
| Dominican University of California | CA |
| Franklin Pierce University | NH |
| Green Mountain College | VT |
| Johnson C Smith University | NC |
| La Salle University | PA |
| La Sierra University | CA |
| Lawrence Technological University | MI |
| Minneapolis College of Art and Design | MN |
| New England College | NH |
| Nova Southeastern University | FL |
| Robert Morris University | PA |
| Rose-Hulman Institute of Technology | IN |
| Sacred Heart University | CT |
| Salve Regina University | RI |
| The College of Saint Scholastica | MN |
| University of New Haven | CT |
| Wheelock College | MA |
| Widener University-Main Campus | PA |

[17] In-state tuition and fees at the public colleges listed ranges from $4,600 to $15,250. A high proportion of out-of-state students paying a much higher non-resident tuition may also be a factor for some public colleges on the high-debt list.

[18] The weighted average for tuition and fees at private nonprofit colleges is $28,007. Calculations by the Project on Student Debt on 2010-11 student charges from U.S. Department of Education, Integrated Postsecondary Education System (IPEDS).

## WHERE ARE THEY NOW?

Because the U.S. Department of Education does not collect data on student debt at graduation from individual colleges, our annual analyses are based on data that colleges report voluntarily. The universe of colleges represented in our analysis this year includes a little over half (55%) of all public and nonprofit four-year colleges, accounting for about four out of five (79%) bachelor degrees awarded in 2010-11.

This universe changes each year as colleges choose whether or not to report the necessary data. For instance, 12 percent of all colleges included in our "Class of 2010" analysis failed to report debt data for their 2011 graduates. However, colleges that received particular attention as a result of their data may be more likely to stop reporting. Most notably, 25 percent of nonprofit colleges on the "Class of 2010" high-debt list and 20 percent of all colleges on the "Class of 2010" low-debt list did not report for 2011.

While we cannot say why colleges that voluntarily reported debt data in the past chose to stop reporting, it underscores the limitations of voluntarily reported data and the need for the Education Department to collect this data for all colleges.

**"CLASS OF 2010" HIGH- AND LOW-DEBT COLLEGES THAT FAILED TO REPORT DEBT DATA FOR CLASS OF 2011**

| College | Category | State | Status |
|---|---|---|---|
| California Institute of the Arts | High-Debt - Nonprofit | CA | Did not respond to the survey |
| College for Creative Studies | High-Debt - Nonprofit | MI | Did not report average debt |
| Eastern Nazarene College | High-Debt - Nonprofit | MA | Did not report any debt data |
| Kettering University | High-Debt - Nonprofit | MI | Did not report any debt data |
| Rivier College | High-Debt - Nonprofit | NH | Did not respond to the survey |
| Massachusetts Maritime Academy | High-Debt - Public | MA | Did not respond to the survey |
| CUNY College of Staten Island | Low-Debt - Public | NY | Did not report average debt |
| Coppin State University | Low-Debt - Public | MD | Did not respond to the survey |
| Governors State University | Low-Debt - Public | IL | Did not report any debt data |
| Lamar University | Low-Debt - Public | TX | Did not respond to the survey |

## LOW-DEBT COLLEGES

*Most of the low-debt colleges are neither highly selective nor work colleges, and many enroll high proportions of low-income students.*

The colleges on the following list are notable for having low-debt levels for the Class of 2011, with reported average debt between $3,000 and $9,750, despite a much wider cost range. Of the 20 colleges listed, 10 are public and 10 are private nonprofit. Tuition and fees for the low-debt public colleges ranges from $2,500 to $7,700. The low-debt private nonprofit colleges have tuition and fees ranging from $900 to $41,450, with most (6 of 10) above $24,000.

Some of the nonprofit low-debt colleges are highly selective national universities and liberal arts colleges with fairly large endowments, which tend to enroll fewer students who need loans to pay for college and often give generous grant aid to lower income students. Berea College and the College of the Ozarks are "work colleges," where all students work instead of paying tuition, though students at these colleges may still need to borrow to cover the rest of the cost of attendance. Most students at these two colleges are low-income. (See page 8 for a discussion of the full cost of attendance.) However, most of the low-debt colleges are neither highly selective nor work colleges, and many enroll high proportions of low-income students.[19]

**TABLE 6**

| LOW-DEBT COLLEGES (ALPHABETICAL BY NAME) | | |
|---|---|---|
| Augusta State University | GA | Public |
| Berea College | KY | Private nonprofit |
| California State University-Bakersfield | CA | Public |
| California State University-Sacramento | CA | Public |
| Clarion University of Pennsylvania | PA | Public |
| College of Saint Elizabeth | NJ | Private nonprofit |
| College of the Ozarks | MO | Private nonprofit |
| CUNY Hunter College | NY | Public |
| CUNY York College | NY | Public |
| Dalton State College | GA | Public |
| Elizabeth City State University | NC | Public |
| Ferrum College | VA | Private nonprofit |
| Lane College | TN | Private nonprofit |
| Mount Carmel College of Nursing | OH | Private nonprofit |
| Pomona College | CA | Private nonprofit |
| Princeton University | NJ | Private nonprofit |
| University of Houston-Clear Lake | TX | Public |
| University of Maine at Fort Kent | ME | Public |
| Williams College | MA | Private nonprofit |
| Yale University | CT | Private nonprofit |

[19] The majority (11 of 20) of the low-debt colleges have more than 30 percent of their undergraduates receiving Pell Grants, a marker of low-income status.

## A NOTE ON STUDENT DEBT AT FOR-PROFIT COLLEGES

For-profit colleges are not included in the lists of high- and low-debt colleges or in the state averages, because so few of these colleges report the relevant debt data. Only nine for-profit colleges chose to report debt figures for the Class of 2011: less than two percent of the for-profit four-year colleges in the U.S. that awarded bachelor's degrees during the 2010-11 year. For-profit colleges do not generally respond to the voluntary Peterson's survey used to collect the data we use in this report. (For more about this survey, see Appendix A.) About seven percent of bachelor's degrees awarded in 2010-11 were from for-profit colleges.*

The most recent nationally representative data show that almost all graduates from for-profit four-year colleges (96%) took out student loans, and they borrowed 45 percent more than graduates from other types of four-year colleges.**

* Calculations by the Project on Student Debt on 2010-11 completions from U.S. Department of Education, Integrated Postsecondary Education System (IPEDS).

** See Quick Facts about Student Debt (http://projectonstudentdebt.org/files/File/Debt_Facts_and_Sources.pdf) for more information.

## PRIVATE (NON-FEDERAL) LOANS

*At some colleges with high average debt, a large proportion of their graduates' debt comes from private loans, but that is not always the case.*

Private student loans are one of the riskiest ways to pay for college. The majority of these non-federal loans are made to students by private banks and lenders.[20] No more a form of financial aid than a credit card, private student loans typically have interest rates that, regardless of whether they're fixed or variable, are highest for those who can least afford them. Private loans lack the basic consumer protections and flexible repayment options of federal loans, such as unemployment deferment, income-based repayment, and loan forgiveness programs. The most recent available national data indicate that 33 percent of bachelor's degree recipients graduated with private loans, with an average private loan amount of $12,550.[21] However, there is great variation in private loan borrowing among different types of institutions. Private loans are most prevalent at for-profit colleges, where 64 percent of graduating seniors have private loan debt.[22]

Although private loans are not reported separately in the data used for this report, colleges are asked about both federal loan borrowing and overall borrowing. These figures suggest that an estimated one-fifth of all student debt for the Class of 2011 at public and private nonprofit four-year colleges was composed of private loans.[23] However, the proportion of this debt that is from private loans varies widely from college to college. The composition of student debt can significantly affect borrowers' ability to repay their loans, as private loans typically have much higher costs and provide little, if any, relief for struggling borrowers.

At some colleges with high average debt, a large proportion of their graduates' debt comes from private loans, but this is not always the case. Of the high-debt colleges listed on page 10, the share of graduates' debt that was from private loans ranged from zero to 73 percent. For the majority of the 40 high-debt colleges – nine public and 17 nonprofit – more than one-third of the Class of 2011's debt came from private loans.

While there is broad consensus that private student loans should be used only as a last resort, the majority of undergraduates who take out risky private loans have not used the maximum available in safer federal student loans.[24] College financial aid offices can

[20] Some states and colleges offer non-federal student loans as well. While some state and college loan programs may have certain features that are similar to federal student loans, such as relatively low fixed interested rates, the fact that the loan comes from a state agency or directly from the college does not guarantee its affordability or consumer friendliness.

[21] Calculations by the Project on Student Debt on data from the 2008 National Postsecondary Student Aid Study (NPSAS). Figures reflect the cumulative private (non-federal) loan debt of bachelor's degree recipients who were U.S. citizens or permanent residents and graduated from a public, private nonprofit, or private for-profit four-year postsecondary institution during the 2007-08 academic year.

[22] Ibid.

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

[24] Consumer Financial Protection Bureau and U.S. Department of Education. August 29, 2012. *Private Student Loans*. http://files.consumerfinance.gov/f/201207_cfpb_Reports_Private-Student-Loans.pdf Accessed October 2, 2012. Also, Project on Student Debt. 2011. *Private Loans: Facts and Trends*. http://projectonstudentdebt.org/files/pub/private_loan_facts_trends.pdf. In these analyses, the term "private student loan" refers only to non-federal loans from banks and lenders.

and should play a significant role in reducing their students' reliance on private loans by counseling students, particularly those who have untapped federal loan eligibility, when they apply for them.[25] However, college practices vary widely, with some colleges not only bypassing such counseling opportunities but even including private loans in the initial financial aid package, giving the school's tacit approval of this risky form of financing. Such differences in college policies and practices can be an important factor in the differences in private loan usage, even among otherwise similar colleges.

*The private loans included in this analysis are only the ones colleges are aware of and voluntarily report.*

Importantly, the private loans included in this analysis are only those that the colleges are aware of and voluntarily report. While private loan amounts are supposed to be limited to students' net college costs, lenders are not required to go through college financial aid offices to determine what students' net college costs actually are. While most lenders currently ask colleges to confirm the borrower's enrollment and costs before making a private loan, this is not required by law and depends on decisions by lenders in response to market conditions.

An analysis by the Consumer Financial Protection Bureau (CFPB) and U.S. Department of Education found that, at the height of the private student loan market in 2007, almost a third (31%) of private loans were made without the colleges' involvement. In 2011, after the contraction of the private loan market, only five percent of private loans were made without contacting the college.[26] When colleges are unaware that their students are receiving private loans, they are unable to counsel students appropriately or report private loan usage accurately.

[25] Project on Student Debt. 2011. *Critical Choices: How Colleges Can Help Students and Families Make Better Decisions about Private Loans.* http://projectonstudentdebt.org/pub_view.php?idx=766.

[26] Consumer Financial Protection Bureau and U.S. Department of Education. August 29, 2012. *Private Student Loans.* http://files.consumerfinance.gov/f/201207_cfpb_Reports_Private-Student-Loans.pdf Accessed October 2, 2012.

## RECOMMENDATIONS TO ADDRESS RISING STUDENT DEBT

Student debt is widely understood to be a serious and growing problem in the United States. Concerns over debt keep too many people from attending or completing college. Graduating with high debt, particularly if it includes private loan debt, can limit career options and make it difficult to save for a home, a family, retirement, or one's own children's education. We have developed a national policy agenda to reduce the risks and burden of student debt (*Appendix A*). The agenda includes common-sense policies to help students make more informed choices about where to go to college and how to pay for it, how to borrow wisely and reduce the need to borrow, and how to keep loan payments manageable. We highlight several recommendations in particular.

*Students and families need meaningful, reliable, and comparable information about individual colleges at every stage in the process, to help them make wise decisions about where to go and how to pay for it.*

- **Improve and promote tools to help students make wise decisions about their education, costs, and debt.** Research has shown that how and where one enrolls have a big impact on the likelihood of completing a degree or certificate, leaving with heavy debt, and being able to pay it off. Students and families need meaningful, reliable, and comparable information about individual colleges at every stage in the process, to help them make wise decisions about where to go and how to pay for it. This includes at least three simple tools, all of which are the result of recent federal efforts to improve consumer information about colleges:
  - **College scorecard** – a new one-page form that should help students quickly and easily understand their chances of completing, borrowing, ending up with high debt, and defaulting at a particular college.[27]
  - **Net price calculator** – an online tool on virtually every college's website that gives prospective students an early, individualized estimate of how much it would actually cost them to attend that school.[28]
  - **Shopping sheet** – a new model format for college financial aid offers that makes it easy for students and families to understand and compare the real cost of attending the different colleges to which they have been accepted. More than 300 institutions enrolling 10 percent of all undergraduates have agreed to use the Shopping Sheet in school year 2013-14, and bipartisan legislation (S. 3244) has been introduced to require all colleges receiving federal aid to use a similar standardized format.[29]

[27] See: The White House. 2012. College Scorecard. http://www.whitehouse.gov/issues/education/higher-education/college-score-card. Accessed October 11, 2012.

[28] See: The Institute for College Access & Success. 2012. *Adding It All Up 2012: Are College Net Price Calculators Easy to Find, Use, and Compare?* http://ticas.org/files/pub/Adding_It_All_Up_2012.pdf.

[29] Ibid.

- **Collect data on debt at graduation for each college and other key data.** When deciding whether and where to go to college, students want to know their chance of graduating and their chance of graduating with debt, particularly high debt and/or risky private loan debt. This information should be included on the new College Scorecard, but the U.S. Department of Education does not currently collect college-level information about debt at graduation. What the Department does collect at the college level is annual federal loan borrowing for all undergraduates (how much a college's students borrow in a given year), and annual federal and private loan borrowing just for first-time, full-time undergraduates. Similarly, the Department only collects college graduation rates for first-time, full-time students, greatly limiting their utility.

  For each college that receives federal funding, students, colleges, and policy makers would all benefit from knowing the average student debt at graduation and the average annual private loan borrowing for all students. With minor enhancements to its annual survey of colleges, the Department could collect these data right away. Ultimately, the best way to provide accurate and comprehensive data while minimizing the reporting burden for colleges is for the Department to collect it directly from lenders, using the system through which lenders currently report on every federal loan they hold. This would enable all borrowers to see all their loans, federal and private, in one place and receive loan counseling based on their total student debt, one of the key recommendations in the recent joint report to Congress by the Department and the CFPB.[30] We urge the CFPB and the Department to work together to improve the collection of private loan data from lenders and provide more accessible and comprehensive loan information to borrowers.

*For each college that receives federal funding, students, colleges, and policy makers would benefit from knowing the average student debt at graduation and the average annual private loan borrowing for all students.*

- **Reduce the need to borrow.** Financial aid policy should ensure that students from all backgrounds can get a college education without crushing debt or excessive outside work that reduces the odds of completing a degree or certificate. Truly supporting college access and success requires more need-based grant aid and tax credits that help limit how much students need to borrow and work while in school.
  - **Pell Grants** – More than nine million Americans depend on Pell Grants to go to and complete college. Even after increasing the maximum Pell Grant by more than $800 since 2008 to the current $5,550, it still covers the smallest share of college costs in the history of the program. Our nation simply cannot achieve the goal of leading the world in college completions by 2020 without investing in Pell Grants and shielding them from further federal budget cuts.[31]

[30] Consumer Financial Protection Bureau and U.S. Department of Education. August 29, 2012. *Private Student Loans.* http://files.consumerfinance.gov/f/201207_cfpb_Reports_Private-Student-Loans.pdf Accessed October 2, 2012.

[31] See: The Institute for College Access & Success. 2012. *Pell Grant Publications and Resources*. http://ticas.org/pellgrant_resources.vp.html.

- **American Opportunity Tax Credit (AOTC)** – The AOTC helped more than nine million Americans pay for college last year by providing a partially refundable credit of up to $2,500 per year for tuition, fees, books, and supplies. However, the AOTC is set to expire at the end of this year, raising the cost of college and increasing the need to borrow for millions of students and families. The credit should be improved and made permanent so that low- and middle-income families can rely on the promise of up to $10,000 in tax relief for four years of college.[32]

*The majority of undergraduates who take out private student loans could have borrowed more in safer federal loans.*

- **Curb unnecessary risky private loan borrowing.** Experts agree that students should borrow as much as they can in federal loans before considering a risky private loan. However, based on the most recent data available, the majority of undergraduates who took out private student loans could have borrowed more in safer federal loans. Currently, nearly all lenders ask schools to "certify" their private loans (i.e., confirm that the student is eligible to borrow the requested amount), but lenders are not required to do so. In addition, many schools do not take the opportunity to counsel students on safer options before certifying private loans. Students, schools, and lenders, as well as the CFPB and the Department, have all endorsed requiring school certification of private loans, including notifying the student of any remaining federal aid eligibility before the loan is certified.[33] We urge the Bureau to require this and also support the Know Before You Owe Act of 2012 (S. 2280) to require it. In addition, the Department should immediately encourage colleges to take common-sense steps to prevent unnecessary private loan borrowing.[34]

- **Improve and promote awareness of federal loan repayment options.** The federal student loan default rate is now the highest it has been in 14 years, [35] and according to economists with the Federal Reserve Bank of New York, more than five million student loan borrowers have at least one loan past due. [36] These figures underscore the need for improved loan counseling both before and while borrowers are in repayment to help them enroll in new affordable repayment plans before they default.

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[32] See: U.S. Internal Revenue Service. 2011. American Opportunity Tax Credit. http://www.irs.gov/uac/American-Opportunity-Tax-Credit. Accessed October 11, 2012.

[33] Consumer Financial Protection Bureau and U.S. Department of Education. August 29, 2012. *Private Student Loans*. http://files.consumerfinance.gov/f/201207_cfpb_Reports_Private-Student-Loans.pdf. Accessed October 2, 2012.

[34] The Project on Student Debt. 2011. *Critical Choices: How Colleges Can Help Students and Families Make Better Decisions about Private Loans*. http://projectonstudentdebt.org/pub_view.php?idx=766.

[35] U.S. Department of Education. Federal Student Aid. *Graph of National Student Loan Default Rates*. http://www2.ed.gov/offices/OSFAP/defaultmanagement/defaultrates.html. Accessed October 11, 2012.

[36] Federal Reserve Bank of New York. 2012. Grading Student Loans. http://libertystreeteconomics.newyorkfed.org/2012/03/grading-student-loans.html. Accessed October 11, 2012.

- **Income-Based Repayment (IBR).** Available for federal student loans since July 2009, IBR caps monthly payments at a manageable share of income and forgives any debt remaining after up to 25 years of payments, or as few as 10 years of payments for those working for public or nonprofit employers. By September 2012, more than 900,000 borrowers had lowered their monthly payments by enrolling in IBR,[37] but many more could benefit if they were aware of it. The Administration has taken steps to improve and promote awareness of IBR, but much more needs to be done to help borrowers take advantage of their full range of repayment options.

  *Much more needs to be done to help borrowers take advantage of their full range of repayment options.*

- **Student loan counseling.** Current federal law and regulations require entrance and exit counseling for any student who receives a federal loan, but the timing and content of the counseling needs to be improved and individualized to better help students borrow wisely, complete college, and repay their loans. For example, currently, entrance loan counseling can occur after the student signs the promissory note committing to the loan, as long as the counseling is conducted before the first loan disbursement. This is "owe and then know," not "know before you owe."

- **Protect students and taxpayers from unscrupulous schools that consistently leave students worse off than when they enrolled.** Both students and taxpayers need better protection from waste, fraud, and abuse. Fraud and abuse are of particular concern in the for-profit college sector, which has low completion rates, the highest student debt levels, and the highest federal student loan default rates.[38] Thirty state attorneys general are currently investigating for-profit colleges for potential fraud.[39] According to the Education Department's Inspector General, 70 percent of her office's criminal investigations involve for-profit colleges, even though the sector enrolls only about 10 percent of college students.[40] For-profit colleges account for one-quarter of all federal loans and grant spending, and for nearly half of all federal student loan defaults. For information on what more can be done, see ProtectStudentsandTaxpayers.org.

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[37] Martin, Andrew. September 8, 2012. Debt Collectors Cashing In on Student Loans. *The New York Times.* http://www.nytimes.com/2012/09/09/business/once-a-student-now-dogged-by-collection-agencies.html?pagewanted=all. Accessed October 11, 2012.

[38] U.S. Senate. 2011. *Testimony of Pauline Abernathy, Vice President, The Institute for College Access & Success, before the Senate Committee on Health, Education, Labor, and Pensions, hearing on "Drowning in Debt: Financial Outcomes of Students at For-Profit Colleges", June 7, 2011.* http://www.help.senate.gov/imo/media/doc/Abernathy.pdf. Accessed October 6, 2012.

[39] For more information on the investigation, see Nelson, Libby A.. 2012. *Inside Higher Ed*. "$2.5M Settlement Over 'GIBill.com.' http://www.insidehighered.com/news/2012/06/28/attorneys-general-announce-settlement-profit-college-marketer.

[40] U.S. Senate. 2010. *Statement of Kathleen S. Tighe, Inspector General, U.S. Department of Education, Before the Committee on Health, Education, Labor and Pensions, United States Senate, June 24, 2010.* http://www.help.senate.gov/imo/media/doc/Tighe.pdf. Accessed October 11, 2012.

## APPENDIX A:
## 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.[41] Below is the section of the Common Data Set 2011-12 used to collect student debt data for the Class of 2011.

**Note:** These are the graduates and loan types to include and exclude in order to fill out CDS H4, H4a, H5, and H5a.

Include:

* 2011 undergraduate class who graduated between July 1, 2010 and June 30, 2011 who started at your institution as first-time students and received a bachelor's degree between July 1, 2010 and June 30, 2011.
* only loans made to students who borrowed while enrolled at your institution.
* co-signed loans.

Exclude:

* those who transferred in.
* money borrowed at other institutions.

H4. Provide the percentage of the class (defined above) who borrowed at any time through any loan programs (institutional, state, Federal Perkins, Federal Stafford Subsidized and Unsubsidized, private loans that were certified by your institution, etc.; exclude parent loans). Include both Federal Direct Student Loans and Federal Family Education Loans. ____________%

H4a. Provide the percentage of the class (defined above) who borrowed at any time through federal loan programs—Federal Perkins, Federal Stafford Subsidized and Unsubsidized. Include both Federal Direct Student Loans and Federal Family Education Loans. NOTE: exclude all institutional, state, private alternative loans and parent loans. ____________%

H5. Report the average per-undergraduate-borrower cumulative principal borrowed of those in line H4. $____________

H5a. Report the average per-undergraduate-borrower cumulative principal borrowed, of those in H4a, through federal loan programs—Federal Perkins, Federal Stafford Subsidized and Unsubsidized. Include both Federal Direct Student Loans and Federal Family Education Loans. These are listed in line H4a. NOTE: exclude all institutional, state, private alternative loans and exclude parent loans. $____________[42]

We calculated per capita debt — the average debt across all graduates whether they borrowed or not — by multiplying the percent with debt (H4) by the average debt (H5); per capita federal debt by multiplying the percent with federal debt (H4a) by the average federal debt (H5a); and per capita non-federal debt by subtracting per capita federal debt from per capita debt. The proportion of debt that is non-federal is calculated as the per capita non-federal debt divided by the per capita debt.

[41] Peterson's Undergraduate Financial Aid and Undergraduate Databases, copyright 2011 Peterson's, a Nelnet company. All rights reserved.

[42] Common Data Set Initiative. *Common Data Set* 2011-12. http://www.commondataset.org. Accessed February 22, 2012.

Our state-level figures and the lists of high- and low-debt colleges are based on the 1,057 colleges that answered both overall debt questions (H4 and H5 in the above CDS excerpt) for the Class of 2011, and reported that they awarded bachelor's degrees for the Class of 2011 in the Integrated Postsecondary Education Data System (IPEDS), a set of federal surveys on higher education. These colleges represent 55 percent of all public and private nonprofit four-year colleges that granted bachelor's degrees and 79 percent of all bachelor's degree recipients in these sectors in 2010-11.[43] Around two-thirds (62%) are private nonprofit colleges, which is similar to the ratio found among all colleges.

In this report, the term "colleges" refers to public four-year and private nonprofit four-year institutions of higher education that granted bachelor's degrees during the 2010-11 year and are located in the 50 states plus the District of Columbia.

## ESTIMATING NATIONAL AVERAGES

The most comprehensive and reliable source of financial aid data at the national level, the National Postsecondary Student Aid Study (NPSAS), consistently shows higher student debt than national estimates derived from data that some colleges voluntarily report to Peterson's. For example, the most recent NPSAS showed average debt for the Class of 2008 that exceeded the average based on Peterson's data for the same year by about $1,550. 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.[44] Therefore, in years when NPSAS is not conducted, we estimate the national average student debt upon graduation by using the change in the national average from Peterson's to update the most recent NPSAS figure.

The college-level data from Peterson's show an increase in average debt of seventeen percent over three years between borrowers in the Class of 2008 and the Class of 2011, from $21,150 to $24,850. NPSAS data show that bachelor's degree recipients at public and private nonprofit four-year colleges who graduated with loans in the Class of 2008 had an average of $22,750 in debt. Applying a seventeen percent increase to $22,750, we estimate that the actual student debt for the Class of 2011 is $26,600.

NPSAS data also show that about two-thirds (65%) of bachelor's degree recipients at public and private nonprofit four-year colleges graduated with loans in the Class of 2008. The CDS data show the percentage of bachelor's degree recipients graduating with loans between the Class of 2008 and the Class of 2011 increased by two percent (or one percentage point, from 58%to 59%). Applying this increase in the share of graduates borrowing to 65 percent, we estimate that two-thirds (66%) of the Class of 2011 graduated with loans.

[43] Out of the 2,2,92 public four-year and private nonprofit four-year colleges in the federal Integrated Postsecondary Education Data System (IPEDS) for 2010-11, 1,922 granted bachelor's degrees during the 2010-11 year, with 1,601,082 bachelor's degree recipients in the Class of 2011. The 1,057 colleges included in our calculations have a total of 1,271,133 bachelor's degree recipients in the Class of 2011. Of the 1,922 colleges in IPEDS that awarded bachelor's degrees, 547 were not found in the Peterson's dataset, because the IPEDS institution identifier was missing or incorrect in the Peterson's dataset. Another 318 institutions were in the Peterson's dataset, but did not report figures for both overall debt questions for the Class of 2011.

[44] 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. NPSAS 2008 provided representative samples for only six states: California, Georgia, Illinois, Minnesota, New York, and Texas.

## DATA LIMITATIONS

There are several reasons why CDS data 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 (non-federal) student 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 13 for more about for-profit colleges.

Despite the limitations of the CDS data, they are the only data available that show cumulative student debt levels for bachelor's degree recipients 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 STATE AVERAGES

The state averages are calculated from data reported by the 1,057 colleges described previously. These campus-level debt figures are estimates, which, as noted above, are reported voluntarily by campus officials and are not audited. For their data to be considered usable for calculating state averages, colleges had to report both the percent of graduating students with loans and their average debt, and report that they awarded bachelor's degrees during the 2010-11 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 2011 or when the underlying data for that state showed a change of 30 percent or more in average debt from the previous year. Such large year-to-year swings likely reflect different institutions reporting each year, reporting errors, or changes in methodology by institutions reporting the data, rather than actual changes in debt levels. We weight the state averages according to the size of the graduating class (number of bachelor's degree recipients during the 2010-11 year) and the proportion of graduating seniors with debt.

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, corrections to the underlying data submitted by colleges, and changes in methodology. College InSight (at College-InSight.org) includes averages for states, sectors, and other groupings of colleges, covering eight academic years. However, we recommend using caution when generating year-to-year comparisons for aggregates with the student debt data or other data taken from CDS. The underlying cohort of colleges reporting data for a particular topic or variable may not be representative of the grouping as a whole, the list of colleges reporting data within each grouping may change from year to year, and colleges may even change sectors.

## APPENDIX B:
## THE INSTITUTE FOR COLLEGE ACCESS & SUCCESS' NATIONAL POLICY AGENDA TO REDUCE THE BURDEN OF STUDENT DEBT

Since launching the Project on Student Debt in 2005, The Institute for College Access & Success (TICAS) has worked to reduce the risks and burdens of student debt. We have helped simplify the financial aid application process, create the Income-Based Repayment program that keeps federal loan payments manageable, and strengthen Pell Grants, which reduce the need to borrow. But there is much more work to be done. The following are our current priorities.

### INCREASE ACCESS TO NEED-BASED STUDENT AID

Financial aid policy should ensure that students from all backgrounds can get a college education without taking on crushing debt or excessive outside work that reduces the odds of completing a degree or certificate. Truly supporting college access and success requires more need-based grant aid and tax incentives that help limit how much students need to borrow and work while in school, and a financial aid process that is a gateway rather than an obstacle.

**Strengthen and preserve Pell Grants**

A strong economy requires a well-educated populace, and federal Pell Grants help more than nine million students a year pursue higher education or training. At the same time, hundreds of thousands of academically qualified young people miss out on a college education, as do many adults who could benefit from postsecondary training, due to cost concerns. Grants based on financial need reduce the amount that low- and moderate-income students need to borrow and encourage them to attend and finish college. Strengthening and fully funding Pell Grants must be a top priority. Our nation cannot achieve the goal of leading the world in college completions by 2020 without investing in Pell Grants and shielding them from federal budget cuts.

**Further simplify the federal financial aid application process**

The complexity of the federal financial aid application process discourages many students from applying for or receiving the aid they need to attend and complete college. Nationally, an estimated 2.3 million students were eligible for a Pell grant but did not complete the Free Application for Federal Student Aid (FAFSA) in 2007-08. The current Administration has implemented significant changes to simplify the FAFSA, including our core proposal to let applicants electronically transfer their IRS data to the FAFSA. While this has already streamlined the aid application process for millions of students and their families, many others are unable to benefit. All aid applicants should be able to electronically transfer key income data from their tax forms. This could be achieved by allowing applicants to use the most recent available tax data and by enabling the transfer of data from W-2 and 1099 forms. Other policy and institutional changes would reduce the heavy paperwork and bureaucracy typical of the aid verification process, which can keep eligible students from getting the aid they need and unduly burdens financial aid offices.

**Improve and make permanent the American Opportunity Tax Credit (AOTC)**

The American Opportunity Tax Credit (AOTC) helped more than nine-million Americans pay for college last year. The AOTC provides a credit of up to $2,500 per year for tuition, fees, books, and supplies. Unlike other higher education tax benefits, it is partially refundable, so students and families with low-incomes can benefit. However, without congressional action, it will expire at the end of 2012. It should be made permanent so that families can rely on the promise of up to $10,000 in tax relief for four years of college. In addition, Congress should correct a flaw that keeps more than one million students with substantial financial need – primarily at community colleges – from qualifying for the AOTC.

## HELP MORE AMERICANS COMPLETE MEANINGFUL CREDENTIALS AT A REASONABLE COST

Student aid – whether federal, state, or institutional – should support both access and success. You can't finish college if you don't start. But research has shown that how and where one enrolls can have a big impact on the likelihood of completing a degree or certificate, carrying a lot of student debt, and being able to pay it off. Policymakers and college leaders need to do more to ensure that more students complete a meaningful college degree or certificate at a reasonable cost. More must also be done to protect the higher education investments of students and taxpayers from waste, fraud, and abuse.

**Improve and promote tools to help students make wise choices about costs and debt**

How and where students go to college can play a major role in their likelihood of completing a degree or certificate, leaving school with heavy debt, and being able to pay off their loans. To help them make wise choices about where to enroll and how to pay for it, students and families need more meaningful, reliable, and comparable information about individual colleges at every stage of the decision-making process. Policymakers also need more and better data to hold schools accountable for student outcomes.

It is far too hard for consumers to tell what a given school might cost them before they apply, or to compare the real value of financial aid offers before choosing where to attend. All students and families should have easy access to clear, consistent, and timely information about costs and outcomes for all colleges, so they can make crucial comparisons at key decision points. That is why we support the improvement and promotion of three important tools, which are the result of recent federal efforts to provide more and better consumer information about colleges.

- **College Scorecard.** For students and families first starting to consider colleges, the Administration is developing a one-page form to help them compare typical costs and student outcomes at any college that participates in federal student aid programs. This "College Scorecard " is expected to be available by the end of 2012. It should help consumers quickly and easily understand the chances of completing, borrowing, ending up

with high debt, and defaulting at a particular school. However, for this tool to provide the most useful information, the federal government must collect better college-level data on student borrowing and completion.

• **Net Price Calculator.** To help students and families better gauge how much a particular college would cost them and where to apply, all colleges are now required by federal law to post online "net price calculators." These calculators provide individualized estimates of net price: the full cost of attendance minus grants and scholarships. This is a major step forward if implemented as Congress intended. Unfortunately, our research has found that many of these calculators are buried on college websites, have dozens of complicated questions, or generate estimates that are confusing, misleading, or unnecessarily out-of-date. We have identified specific steps that the U.S. Department of Education and colleges must take to ensure that net price calculators are easy for consumers to find, use, and compare.

• **Shopping Sheet.** After they have applied and been admitted, students must be able to understand and compare their actual net price and options for covering it before deciding where to enroll. The "Shopping Sheet" is a voluntary model format for college financial aid offers. Jointly developed by the U.S. Department of Education and Consumer Financial Protection Bureau (CFPB), this new tool makes it easy for students and families to understand and compare the real cost of attendance – at schools that choose to use it. Three hundred institutions enrolling 10 percent of all undergraduates have agreed to use the Shopping Sheet in school year 2013-14, and we support bipartisan legislation introduced in 2012 (S. 3244) to require all colleges receiving federal aid to use a similar standardized format. Both approaches reflect the consensus we have helped build on key elements that must be included in any aid offer, such as the full cost of attendance, net price, and clear distinctions between grants and loans.

**Increase community college participation in the federal student loan program**

More than one million community college students in the nation can't get a federal loan if they need one, because their school does not participate in the federal loan program. While many community college students can avoid borrowing, those who need to borrow to stay and succeed in school should have access to the safest, most affordable option: federal student loans. Without access to federal loans, students may turn to risky and expensive private student loans or credit cards, or they may drop out, work excessive hours, or take fewer classes – choices that reduce their odds of earning a degree or certificate. Federal and state policies should encourage community colleges to participate in the federal loan program and highlight practical ways community colleges can help students make informed borrowing decisions.

**Strengthen policies to protect students and taxpayers from waste, fraud and abuse**

Federal policies need to protect taxpayers and students from waste, fraud, and abuse in federal student aid programs. Fraud and abuse are of particular concern in the for-profit college sector, which has low completion rates, the highest student debt levels, and the highest federal student loan default rates. Thirty state attorneys general are jointly investigating for-profit colleges for potential fraud. According to the U.S. Education Department's Inspector General, 70 percent of her office's criminal investigations involve for-profit colleges, even though the sector enrolls only about 10 percent of college students. Students who attend for-profit colleges account for about one-quarter of all federal loans and grant spending, and for nearly half of all student loan defaults. As we testified at Senate hearings in 2010 and 2011, stronger policies, oversight, and enforcement are urgently needed to prevent unscrupulous for-profit colleges from wasting taxpayer dollars and preying on vulnerable students and our nation's veterans. TICAS is part of a broad coalition of student, consumer, civil rights, veterans, and college access organizations working on this issue. For more information, visit ProtectStudentsandTaxpayers.org.

## STRENGTHEN CONSUMER PROTECTIONS FOR PRIVATE STUDENT LOAN BORROWERS

Private student loans are a much riskier way to pay for college than federal student loans. Interest rates on private loans are usually variable, like a credit card, and over the life of the loan will typically be much higher than the fixed rates on federal student loans. Lower income students often receive the worst rates and terms, and private loans do not have the important borrower protections and repayment options that come with federal loans. The federal government, lenders, and colleges all need to make changes to prevent students from unnecessarily taking out risky private loans, to ensure that consumers have all the information they need to make wise borrowing decisions, and to stop deceptive and predatory private lending practices. See the Project's publications and resources related to private loans.

**Protect borrowers from unfair and deceptive private loan practices**

In 2010, Congress and the Administration enacted legislation establishing a new Consumer Financial Protection Bureau (CFPB) with the sole mission of protecting consumers in the financial marketplace. The CFPB also has authority over all private student lending. Its Private Education Loan Ombudsman is providing students and their families, for the first time, with a place to turn for help with their private student loans. The agency is working to provide consumers with the tools they need to make informed decisions about student loans, respond to questions and take complaints, and investigate deceptive or predatory lending practices. We continue to work with a broad national coalition to ensure that the CFPB is doing everything it can to protect student borrowers and their families.

**Prevent unnecessary private loan borrowing by requiring school certification of private loans**

The majority of undergraduates who borrow private student loans could have borrowed more in federal student loans before turning to the riskier private market. Unfortunately, many students who borrow private loans – and the parents who co-sign these loans – don't understand the difference between federal and private loans until it is too late. Requiring private lenders to confirm a borrower's eligibility with his or her school before disbursing the loan ensures the student is eligible for that loan. It also gives the school a chance to help the student make an informed borrowing decision. Students, schools, and lenders, as well as the CFPB and the Department of Education, have all endorsed requiring "school certification" of private loans, including notifying the student of any remaining federal aid eligibility before the loan is certified. We have urged the CFPB to require such certification for all private loans, and we support legislation introduced in 2012 (S. 2280) that would do so as well.

**Improve reporting and data collection about private loans**

For each college that receives federal funding, students, colleges, and policy makers would all benefit from knowing the average student debt at graduation and the average annual private loan borrowing for all students. With minor enhancements to its annual survey of colleges, the Department of Education could collect these data right away. Ultimately, the best way to provide accurate and comprehensive data while minimizing the reporting burden for colleges is for the Department to collect the data directly from lenders, using the system through which lenders currently report on every federal loan they hold. This would enable all borrowers to see all their loans, federal and private, in one place and receive loan counseling based on their total student debt, one of the key recommendations in the recent joint report to Congress by the Department and the CFPB. We urge the CFPB and the Department to work together to improve the collection of private loan data from lenders and provide more accessible and comprehensive loan information to borrowers.

**Treat private student loans like other consumer debt in bankruptcy**

Unlike credit cards and other consumer loans, private student loans are nearly impossible to discharge in bankruptcy. Repayment demands can essentially extend forever, leaving even the most destitute borrowers with no way out. We testified at the first Congressional hearing on this topic in 2009 and are part of a broad coalition that supports legislation in both the House and Senate to address the problem.

## IMPROVE AND PROMOTE AWARENESS OF FEDERAL LOAN REPAYMENT OPTIONS

The federal student loan default rate is now the highest it has been in 14 years, and according to economists with the Federal Reserve Bank of New York, more than five million student loan borrowers have at least one loan past due. These figures underscore the need for greater awareness of and improvements to federal loan repayment options than can help borrowers keep their payments manageable and stay out of default.

**Help more borrowers learn about and use income-based repayment options for federal loans**

In 2009, an important new repayment plan became available to all federal student loan borrowers. Based on a policy framework developed by our Project on Student Debt, Income-Based Repayment (IBR) caps student loan payments at a manageable share of income and forgives any remaining debt after up to 25 years. (Borrowers who work in the public or nonprofit sector can have any remaining debt forgiven after as few as 10 years of income-based payments through the Public Service Loan Forgiveness program.) By September 2012, more than one-million borrowers had enrolled in IBR and lowered their monthly payments. However, many more borrowers could benefit if they were aware of IBR. The Administration has taken steps to improve and promote awareness of IBR, but much more needs to be done to help borrowers take advantage of their full range of repayment options. New borrowers beginning in 2014 and some recent students will be eligible for additional repayment relief, including a lower monthly payment cap and loan forgiveness after 20 rather than 25 years of responsible payments.

**Prevent the taxation of loan balances forgiven through income-based repayment plans**

Current law requires that loan amounts forgiven after 20 or 25 years of income-based payments be taxed as income, creating a tax liability that most qualifying borrowers will be unable to afford. Bipartisan legislation introduced in the 111th Congress (H.R. 2492) would fix this problem and ensure true loan forgiveness for responsible borrowers. The bill was cosponsored by 47 Members of Congress from both sides of aisle and was endorsed by more than 20 organizations and the Administration. We look forward to this proposal being reintroduced and enacted.

**Improve student loan counseling**

Current federal law and regulations require entrance and exit counseling for any student who receives a federal loan, but the timing and content of the counseling need to be improved and individualized to better help students borrow wisely, complete college, and repay their loans. For example, currently, entrance counseling can occur after the student signs the promissory note committing to the loan, as long as the counseling is conducted before the first loan disbursement. In addition, exit counseling is not required to include the specific amount that the borrower owes. With common-sense improvements and more research on what works, student loan counseling can better help students make wise borrowing decisions, select an appropriate repayment plan, and avoid default.

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THE PROJECT ON
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