ACKNOWLEDGEMENTS

The Institute for College Access & Success (TICAS) is an independent, nonprofit, nonpartisan organization working to make higher education more available and affordable for people of all backgrounds. Our Project on Student Debt increases public understanding of rising student debt and the implications for our families, economy, and society. To learn more about TICAS, see ticas.org and follow us on Twitter at @TICAS_org.

Student Debt and the Class of 2015, our eleventh annual report on debt at graduation, was researched and written by TICAS' Debbie Cochrane and Diane Cheng. The college- and state-level debt data used in the report are available online at ticas.org/posd/map-state-data. Special thanks to the entire TICAS staff, virtually all of whom contributed to the report's development and/or release.

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OVERVIEW AND KEY FINDINGS

Student Debt and the Class of 2015 is our eleventh annual report on the student loan debt of recent graduates from four-year colleges, documenting the rise in student loan debt and variation among states as well as 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 seven in 10 (68%) college seniors who graduated from public and private nonprofit colleges in 2015 had student loan debt, a similar share as in 2014. These borrowers owed an average of $30,100, up four percent from the 2014 average of $28,950. At the college level, average debt at graduation ranged from $3,000 to $53,000.

State averages for debt at graduation ranged from a low of $18,850 to a high of $36,100, and new graduates’ likelihood of having debt varied from 41 percent to 76 percent. In 12 states, average debt was more than $30,000. High-debt states remain concentrated in the Northeast and Midwest, and low-debt states are mainly in the West. See page 5 for a complete state-by-state table.

Almost one-fifth (19%) of the Class of 2015’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 most nonfederal loans are offered by banks, some states also have loan programs designed for college students. For more on state loan programs, see page 9.

ABOUT THIS REPORT AND THE DATA WE USED

Colleges are not required to report debt levels for their graduates, and available federal data do not provide the typical debt for bachelor’s degrees or include private loans. To estimate national and state averages, we used the most recent available figures, which were provided voluntarily by more than half of all public and nonprofit bachelor’s degree-granting four-year colleges. 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 types of currently available debt data, see page 7. For more about for-profit colleges, for which there are almost no similar data, see page 2.

This report includes policy recommendations to address rising student debt and reduce debt burdens, including collecting 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 recommendations, see page 11.

A companion interactive map with details for all 50 states, the District of Columbia, and more than 1,000 public and nonprofit four-year colleges is available at ticas.org/posd/map-state-data.
A NOTE ON STUDENT DEBT AT FOR-PROFIT COLLEGES

For-profit colleges are not included in the national or state averages, because so few of these colleges report the relevant debt data. Only 13 of 612 for-profit, four-year, bachelor’s degree-granting colleges (2% of colleges in this sector, 4% of bachelor’s degrees awarded) chose to report both the percentage of graduating students in the Class of 2015 with loans and the average debt of those students. 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 15.) About seven percent of bachelor’s degree recipients in 2014-15 were from for-profit colleges.*

However, for-profit colleges are where debt levels are most troubling. The most recent nationally representative data are for 2012 graduates, and they show that the vast majority from for-profit four-year colleges (88%) took out student loans. These students graduated with an average of $39,950 in debt—43 percent more than 2012 graduates from other types of four-year colleges.**

* Calculations by TICAS on 2014-15 completions from U.S. Department of Education, Integrated Postsecondary Education Data System (IPEDS), using the latest data available as of September 30, 2016. These figures refer to all for-profit four-year colleges that reported granting bachelor’s degrees in 2014-15.

** Calculations by TICAS on data from U.S. Department of Education, National Postsecondary Student Aid Study 2011-12.
Of the 2,010 public and nonprofit four-year colleges in the U.S. that granted bachelor’s degrees during the 2014-15 year, 1,116 – just 56 percent – reported figures for both average debt and percent with debt for the Class of 2015.

There is great variation in debt across reporting colleges, with average debt figures from $3,000 to $53,000 among the 1,055 colleges that had both usable data and at least 100 graduates in the Class of 2015.

At colleges that provided data, average debt at graduation ranged from $3,000 to $53,000.

Because not all colleges report debt data, the actual ranges could be even wider. At the high end, 200 colleges reported average debt of more than $35,000. The share of students with loans also varies widely. The percent of graduates with debt ranges from seven percent to 100 percent. Forty-three colleges reported that more than 90 percent of their 2015 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, and colleges that appear financially out of reach based on sticker price may actually be affordable because they offer significant grant aid.

What students have to pay is called the net price, which is the full cost of attendance minus expected grants and scholarships. Students’ net price can be much lower than the sticker price, yet many are unaware of this distinction when comparing their options. 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.
Statewide average debt levels for the Class of 2015 range from $18,850 to $36,100, and many of the same states appear at the high and low ends of the spectrum as in previous years. The share of graduates with debt ranges from 41 percent to 76 percent. We base state averages on the best available college-level data, which were reported voluntarily to college guide publisher Peterson’s by 1,116 public and nonprofit four-year colleges for the Class of 2015. The data reported by colleges are not audited or confirmed by any outside entity. For more about the data and our methodology, please see the Methodology section on page 15.

The following tables show the states with the highest and lowest average debt levels for the Class of 2015. Similar to past years, high-debt states are located mainly in the Northeast and Midwest, with low-debt states primarily in the West.

**TABLE 1**

<table>
<thead>
<tr>
<th>HIGH-DEBT STATES</th>
<th>DEBT ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Hampshire</td>
<td>$36,101</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>$34,798</td>
</tr>
<tr>
<td>Connecticut</td>
<td>$34,773</td>
</tr>
<tr>
<td>Delaware</td>
<td>$33,849</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>$32,920</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$31,526</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>$31,466</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>$31,452</td>
</tr>
<tr>
<td>South Carolina</td>
<td>$30,564</td>
</tr>
<tr>
<td>Ohio</td>
<td>$30,239</td>
</tr>
</tbody>
</table>

**TABLE 2**

<table>
<thead>
<tr>
<th>LOW-DEBT STATES</th>
<th>DEBT ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utah</td>
<td>$18,873</td>
</tr>
<tr>
<td>New Mexico</td>
<td>$20,193</td>
</tr>
<tr>
<td>California</td>
<td>$22,191</td>
</tr>
<tr>
<td>Wyoming</td>
<td>$22,683</td>
</tr>
<tr>
<td>Florida</td>
<td>$23,379</td>
</tr>
<tr>
<td>Hawaii</td>
<td>$23,456</td>
</tr>
<tr>
<td>Nevada</td>
<td>$23,462</td>
</tr>
<tr>
<td>Arizona</td>
<td>$23,780</td>
</tr>
<tr>
<td>Washington</td>
<td>$24,600</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>$24,849</td>
</tr>
</tbody>
</table>

The table on the following page shows each state’s average debt and proportion of students with loans in the Class of 2015, along with information about the amount of usable data actually available for each state.
TABLE 3

PERCENTAGE OF GRADUATES WITH DEBT AND AVERAGE DEBT OF THOSE WITH LOANS, BY STATE

<table>
<thead>
<tr>
<th>State</th>
<th>Average Debt</th>
<th>Class of 2015</th>
<th>Institutions (BA-granting)</th>
<th>Graduates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rank</td>
<td>% with Debt</td>
<td>Rank</td>
<td>Total</td>
</tr>
<tr>
<td>Alabama</td>
<td>$29,153</td>
<td>20</td>
<td>52%</td>
<td>44</td>
</tr>
<tr>
<td>Alaska</td>
<td>$26,171</td>
<td>36</td>
<td>55%</td>
<td>40</td>
</tr>
<tr>
<td>Arizona</td>
<td>$23,780</td>
<td>43</td>
<td>56%</td>
<td>36</td>
</tr>
<tr>
<td>Arkansas</td>
<td>$26,082</td>
<td>38</td>
<td>57%</td>
<td>34</td>
</tr>
<tr>
<td>California</td>
<td>$22,191</td>
<td>48</td>
<td>54%</td>
<td>42</td>
</tr>
<tr>
<td>Colorado</td>
<td>$25,840</td>
<td>39</td>
<td>56%</td>
<td>36</td>
</tr>
<tr>
<td>Connecticut</td>
<td>$34,773</td>
<td>3</td>
<td>64%</td>
<td>14</td>
</tr>
<tr>
<td>Delaware</td>
<td>$33,849</td>
<td>4</td>
<td>65%</td>
<td>13</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>$31,452</td>
<td>8</td>
<td>55%</td>
<td>40</td>
</tr>
<tr>
<td>Florida</td>
<td>$23,379</td>
<td>46</td>
<td>53%</td>
<td>43</td>
</tr>
<tr>
<td>Georgia</td>
<td>$27,754</td>
<td>24</td>
<td>61%</td>
<td>23</td>
</tr>
<tr>
<td>Hawaii</td>
<td>$23,456</td>
<td>45</td>
<td>50%</td>
<td>47</td>
</tr>
<tr>
<td>Idaho</td>
<td>$27,639</td>
<td>29</td>
<td>71%</td>
<td>3</td>
</tr>
<tr>
<td>Illinois</td>
<td>$29,305</td>
<td>19</td>
<td>66%</td>
<td>8</td>
</tr>
<tr>
<td>Indiana</td>
<td>$29,022</td>
<td>21</td>
<td>61%</td>
<td>23</td>
</tr>
<tr>
<td>Iowa</td>
<td>$29,547</td>
<td>15</td>
<td>66%</td>
<td>8</td>
</tr>
<tr>
<td>Kansas</td>
<td>$28,008</td>
<td>23</td>
<td>63%</td>
<td>17</td>
</tr>
<tr>
<td>Kentucky</td>
<td>$27,225</td>
<td>32</td>
<td>64%</td>
<td>14</td>
</tr>
<tr>
<td>Louisiana</td>
<td>$26,865</td>
<td>33</td>
<td>51%</td>
<td>46</td>
</tr>
<tr>
<td>Maine</td>
<td>$29,644</td>
<td>14</td>
<td>63%</td>
<td>17</td>
</tr>
<tr>
<td>Maryland</td>
<td>$27,672</td>
<td>28</td>
<td>56%</td>
<td>36</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>$31,466</td>
<td>7</td>
<td>66%</td>
<td>8</td>
</tr>
<tr>
<td>Michigan</td>
<td>$30,045</td>
<td>12</td>
<td>63%</td>
<td>17</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$31,526</td>
<td>6</td>
<td>70%</td>
<td>5</td>
</tr>
<tr>
<td>Mississippi</td>
<td>$29,942</td>
<td>13</td>
<td>62%</td>
<td>21</td>
</tr>
<tr>
<td>Missouri</td>
<td>$27,480</td>
<td>30</td>
<td>61%</td>
<td>23</td>
</tr>
<tr>
<td>Montana</td>
<td>$26,280</td>
<td>34</td>
<td>60%</td>
<td>27</td>
</tr>
<tr>
<td>Nebraska</td>
<td>$26,235</td>
<td>35</td>
<td>60%</td>
<td>27</td>
</tr>
<tr>
<td>Nevada</td>
<td>$23,462</td>
<td>44</td>
<td>47%</td>
<td>48</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>$36,101</td>
<td>1</td>
<td>76%</td>
<td>1</td>
</tr>
<tr>
<td>New Jersey</td>
<td>$30,104</td>
<td>11</td>
<td>66%</td>
<td>8</td>
</tr>
<tr>
<td>New Mexico</td>
<td>$20,193</td>
<td>49</td>
<td>58%</td>
<td>33</td>
</tr>
<tr>
<td>New York</td>
<td>$29,320</td>
<td>18</td>
<td>59%</td>
<td>31</td>
</tr>
<tr>
<td>North Carolina</td>
<td>$25,645</td>
<td>40</td>
<td>61%</td>
<td>23</td>
</tr>
<tr>
<td>North Dakota</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Ohio</td>
<td>$30,239</td>
<td>10</td>
<td>66%</td>
<td>8</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>$24,849</td>
<td>41</td>
<td>52%</td>
<td>44</td>
</tr>
<tr>
<td>Oregon</td>
<td>$27,697</td>
<td>27</td>
<td>63%</td>
<td>17</td>
</tr>
</tbody>
</table>
### Percentage of Graduates with Debt and Average Debt of Those with Loans, by State

<table>
<thead>
<tr>
<th>State</th>
<th>Average Debt</th>
<th>Rank</th>
<th>% with Debt</th>
<th>Rank</th>
<th>Total</th>
<th>Usable</th>
<th>% Represented in Usable Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pennsylvania</td>
<td>$34,798</td>
<td>2</td>
<td>71%</td>
<td>3</td>
<td>129</td>
<td>89</td>
<td>84%</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>$32,920</td>
<td>5</td>
<td>64%</td>
<td>14</td>
<td>11</td>
<td>8</td>
<td>81%</td>
</tr>
<tr>
<td>South Carolina</td>
<td>$30,564</td>
<td>9</td>
<td>60%</td>
<td>27</td>
<td>34</td>
<td>18</td>
<td>84%</td>
</tr>
<tr>
<td>South Dakota</td>
<td>$29,364</td>
<td>17</td>
<td>73%</td>
<td>2</td>
<td>13</td>
<td>6</td>
<td>59%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>$26,083</td>
<td>37</td>
<td>60%</td>
<td>27</td>
<td>49</td>
<td>28</td>
<td>90%</td>
</tr>
<tr>
<td>Texas</td>
<td>$27,324</td>
<td>31</td>
<td>56%</td>
<td>36</td>
<td>96</td>
<td>48</td>
<td>73%</td>
</tr>
<tr>
<td>Utah</td>
<td>$18,873</td>
<td>50</td>
<td>41%</td>
<td>50</td>
<td>17</td>
<td>8</td>
<td>73%</td>
</tr>
<tr>
<td>Vermont</td>
<td>$28,283</td>
<td>22</td>
<td>62%</td>
<td>21</td>
<td>18</td>
<td>9</td>
<td>72%</td>
</tr>
<tr>
<td>Virginia</td>
<td>$27,717</td>
<td>25</td>
<td>59%</td>
<td>31</td>
<td>47</td>
<td>35</td>
<td>95%</td>
</tr>
<tr>
<td>Washington</td>
<td>$24,600</td>
<td>42</td>
<td>57%</td>
<td>34</td>
<td>37</td>
<td>19</td>
<td>97%</td>
</tr>
<tr>
<td>West Virginia</td>
<td>$27,713</td>
<td>26</td>
<td>68%</td>
<td>7</td>
<td>20</td>
<td>12</td>
<td>84%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>$29,460</td>
<td>16</td>
<td>70%</td>
<td>5</td>
<td>38</td>
<td>26</td>
<td>88%</td>
</tr>
<tr>
<td>Wyoming</td>
<td>$22,683</td>
<td>47</td>
<td>46%</td>
<td>49</td>
<td>2</td>
<td>1</td>
<td>100%</td>
</tr>
</tbody>
</table>

* 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 2015, or when the underlying data for that state showed a state-level change of 30% or more in average debt from the previous year. For more details, see the Methodology section on page 15.
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 at the college, state, and national levels. However, as we note 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 82 percent of public and nonprofit college bachelor’s degrees in academic year 2014-15 reported debt figures, hundreds declined to report enough data 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 15. For more information on for-profit colleges, see page 2.

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 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. They 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. According to the Department, some schools are not yet accurately distinguishing between students who withdraw and those who graduate, when reporting to NSLDS. 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.

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 data release and updated Scorecard 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 12).

### TABLE 4

<table>
<thead>
<tr>
<th>COMPARISON OF AVAILABLE ANNUAL DATA ON DEBT AT GRADUATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>This Report’s Data</strong></td>
</tr>
<tr>
<td>Type of Debt Included</td>
</tr>
<tr>
<td>Type of Graduates</td>
</tr>
<tr>
<td>How the Data Are Reported</td>
</tr>
<tr>
<td>What Data Are Reported</td>
</tr>
<tr>
<td>Coverage of Reporting Colleges</td>
</tr>
<tr>
<td>Multi-campus colleges</td>
</tr>
</tbody>
</table>

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.
PRIVATE (NONFEDERAL) LOANS

Carrying nonfederal loans can significantly affect borrowers’ ability to repay what they owe because such loans typically have higher costs than federal loans and provide little, if any, relief for struggling borrowers. Debt figures reported by colleges suggest that almost one-fifth (19%) of 2015 graduates’ debt is comprised of nonfederal education loans, similar to recent years.

The terms “private” and “nonfederal” are often used interchangeably to describe student loans outside of federal student loans. The majority of nonfederal loans are made by private banks and lenders, though some states and colleges have their own private, nonfederal loan programs for students. Specific costs and terms of nonfederal loans vary, though none provide the same consumer protections and repayment options that come with federal loans. Experts agree that students should exhaust federal loan eligibility before turning to nonfederal loans. Colleges that recommend specific nonfederal lenders must provide a “preferred lender list” that helps students who must look beyond federal loans compare options. These lists must include more than one lender, disclose the borrower benefits that contributed to the lenders’ inclusion on the list, and make clear that students are not required to use one of the recommended lenders.

Because of changes to how the debt data used in this report are collected from individual colleges, it is possible to begin exploring the extent to which bachelor’s degree recipients hold each type of nonfederal loan. Collecting these data is an important step towards better and more comprehensive information about graduates’ loan debt. However, in this first year of their collection, the data are incomplete. Of the 1,116 colleges included in this report’s state averages, only 615 (55%) reported complete information about graduates’ nonfederal debt. Further, for some of these 615 schools, the data reported by type of debt are inconsistent, such as when the reported share of graduates with private loan debt differs substantially from the share calculated using the reported number of graduates with private loan debt.

Until these data are more complete and consistent, nationally representative data for 2012 graduates remain the best source of information about the extent of nonfederal debt among college graduates. Thirty percent of bachelor’s degree recipients that year graduated with nonfederal loans, with average nonfederal loan debt of $13,600. Nonfederal loans are most prevalent at for-profit colleges, with 41 percent of their seniors graduating with private loans in 2012.

LOANS FROM PRIVATE BANKS AND LENDERS

Private education loans from banks and lenders are no more a form of financial aid than a credit card. These loans typically have interest rates that, regardless of whether they are fixed or variable, are highest for those who can least afford them. In October 2016, interest rates for private education loans for undergraduates were as high as 13.74%, compared to a federal student loan interest rate of 3.76%.

There is broad consensus that students should exhaust federal loan eligibility before turning to other types of loans. Yet 47 percent of undergraduates who took out private loans in 2011-12 did not use the maximum available in federal student loans. College financial aid offices can play an important role in reducing their students’ reliance on private loans, but college practices vary widely. 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, but they are not required to do so. Instead, lender practices on school certification are based on...
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 loan market in 2007, almost
a third (31%) of private loans were made without college involvement. 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 14.)

STATE LOANS

Several states offer their own education loans, which have terms that vary widely. Although
some may expect state loans to have better terms than those from private banks and lenders,
their terms frequently have more in common with other private loans than with federal loans.

The newly reported data indicate that state loan borrowing is concentrated in particular states.
Two-thirds of the 2015 graduates with state loan debt went to college in just three states –
Texas, New Jersey, and Minnesota – which collectively represent just 11% of college graduates.
None of the three states’ loan programs offer protections similar to federal loans, and the fixed
interest rates available in these programs all exceed the 3.76% interest rate for federal student
loans. While experts agree that students should exhaust federal loan eligibility before turning
to nonfederal loans, the extent to which these programs urge borrowers to tap federal student
loans first varies.

• New Jersey: New Jersey’s state student loan program, NJCLASS, is the largest in the
country, with high costs, little flexibility when borrowers fall on hard times, and aggressive
collection tactics. The administering agency recommends borrowers take out life insurance
since the loans are not discharged at death. Called “predatory” by consumer experts,
the harsh terms of NJCLASS loans have recently attracted national media attention as
well as the interest of state lawmakers who are considering changes. Loans have a 3%
administration fee and come with fixed interest rates of up to 7.9%.

• Texas: For most of the last decade, Texas has had two state loan programs. The B-on-Time
loan program, created to provide an incentive for students to graduate in four years, was
criticized for high rates of default and low rates of forgiveness, and is being phased out.
The remaining College Access Loan program requires a cosigner and charges origination
fees up to 5% and interest rates of 4.5%.

• Minnesota: Minnesota offers SELF loans to students with cosigners at a fixed interest
rate of 6% and no origination fee. State lawmakers recently expanded the program to
allow borrowers with good credit and acceptable debt-to-income ratios to refinance
their loans, including federal loans, into state SELF loans. The Minnesota Office of Higher
Education urges borrowers to consider federal loans before SELF loans, and urges those
seeking to refinance federal loans to consider carefully a long list of federal loan benefits
that they forfeit by refinancing, including flexible repayment plans and the possibility of
forgiveness.
STATE POLICY IDEAS FOR REDUCING DEBT BURDENS

The best way for states to reduce students’ reliance on debt is to invest more in higher education, including providing need-based grants to help students cover costs without loans. There are also several other options that state policymakers concerned about college affordability and student debt can consider rather than creating their own state loan programs or developing programs for borrowers to refinance federal loans into state loans. Low- or no-cost options include:

- **Allocating available state grant aid based on need, not merit.** In 2014-15, 24 percent of state grant aid dollars were allocated to undergraduate students without regard to their financial circumstances. 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.

- **Improving transparency about college costs, aid, and debt by requiring colleges to clearly provide key information to students.** California colleges are required to disclose information about graduates’ debt loads, and to tell students about any untapped federal aid eligibility before certifying private loan requests, a model other states could follow. State policymakers can also require that colleges use the federal Shopping Sheet, developed by the U.S. Department of Education and Consumer Financial Protection Bureau, to make it easy to compare colleges’ aid offers.

- **Annually notifying students about their loan balance to help inform future borrowing choices.** Illinois and Nebraska currently require this of colleges. While care must be taken to ensure that letters do not serve to deter students from re-enrolling or from borrowing what they need, research suggests that reminding students of their loan balances encourages borrowers to seek more information or assistance from the college financial aid office, and may influence some students’ borrowing decisions.

- **Promoting 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.

- **Exempting forgiven amounts of federal student loans from state income tax.** When 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, and can turn a would-be source of financial relief into a significant financial liability. Federal legislation has been introduced to prevent this by excluding forgiven amounts from federal income tax liability. State lawmakers can do their part by excluding it from calculations of state tax liability, as Pennsylvania does.

Importantly, 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. Similarly, states may find certain groups of borrowers, including students who do not graduate or those attending particular colleges or programs, struggle to repay their debt more than others. Uncovering these trends will help state policymakers develop and target appropriate solutions.
For students who need to borrow to enroll in and complete college, federal student loans are the safest and most affordable option. Yet rising borrowing levels raise serious concerns, both for individuals and the broader economy. A record high 8.1 million federal student loan borrowers are mired in default, which carries long-lasting, devastating financial consequences. For students not in default, high student loan debt, risky private loans, and even low debt, when paired with low earnings, can hold borrowers back from starting a family, buying a home, saving for retirement, starting a business, or saving for their own children’s education.

Below are federal policy recommendations to reduce the burden of student debt by making borrowing less necessary; keeping payments manageable for those with loans; helping students and families make informed choices about college and borrowing; holding colleges more accountable for student outcomes; and reducing reliance on risky private loans. These and other recommendations are detailed in our national student debt policy agenda, available online at ticas.org/initiative/student-debt-policy-agenda.

### REDUCE THE NEED TO BORROW

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

- **Increase Pell Grants.** We recommend doubling the maximum federal Pell Grant to restore its purchasing power, and indexing it to inflation to maintain its value going forward. Need-based grants reduce low- and moderate-income students’ need for loans, yet the Pell Grant currently covers the lowest share of the cost of college in more than 40 years.\(^26\)

- **Promote State Investment.** We recommend making a significant new federal investment contingent on states’ investing in public higher education. About three-quarters (76%) of undergraduates attend public colleges,\(^27\) where, even after significant recovery, average state funding per student remains 18 percent lower than before the recession.\(^28\) Congress should create a new federal/state partnership aimed at maintaining or lowering the net price of public college for low- and moderate-income students. By including a strong maintenance of effort provision, Congress can ensure that new federal dollars sent to states do not supplant state and other forms of higher education funding and financial aid. A number of recent proposals for “debt-free” or “free” college provide models for such a partnership.\(^29\)

### HELP KEEP LOAN PAYMENTS MANAGEABLE

There are now several income-driven repayment plans for federal student loans.\(^30\) These plans cap monthly payments based on the borrower’s income and family size, and provide a light at the end of the tunnel by discharging remaining debt—if any—after 20 or 25 years of payments, depending on the plan. Streamlining and improving these repayment plans will help borrowers keep their loan payments manageable and avoid delinquency and default.

- **Simplify and Improve Income-Driven Repayment.** We recommend streamlining multiple income-driven plans into a single, improved plan. It would let any borrower choose the assurance of payments capped at 10 percent of income and forgiveness after 20 years of payments, while better targeting benefits to those who need them most.\(^31\)
• **Make it Easier for Borrowers to Keep Making Payments Based on Income.** Rather than having to proactively submit new income information every year or get bumped to a non-income-based payment, borrowers should be able to give permission for the Department of Education (the Department) to automatically access their required tax information. There is bipartisan support for this approach, which was available to borrowers until a few years ago.32

• **Improve Student Loan Servicing.** Many struggling federal student loan borrowers who would benefit from income-driven plans are not yet enrolled, and the Department’s own data show that the majority of enrolled borrowers missed their annual income recertification deadline.33 This raises serious questions about the effectiveness of communications from federal loan servicers. Experimental pilots conducted by the Department have helped identify ways that servicer communications can be improved.34 We urge the adoption of consistent, enforceable servicing standards for all student loans, as jointly recommended by the Consumer Financial Protection Bureau and Departments of Education and Treasury.35 We also strongly support prompt implementation of the Education Department’s July 2016 policy direction on the servicing of all federal student loans to create a more transparent and accountable system that provides high-quality servicing and promotes continuous improvement.36

HELP STUDENTS AND FAMILIES MAKE INFORMED CHOICES

To make wise decisions about where to go to college and how to pay for it, students and families need clear, timely, accurate, and comparable information about costs, financial aid, and typical outcomes. This year’s move to simplify the aid application process by using the tax data available when students typically apply to college is a big step forward.37 This change, which we have long called for, now enables students to complete the FAFSA earlier and more easily, and to find out how much federal aid they are eligible for before they have to decide where to apply. The Department’s College Scorecard also highlights new data on individual colleges’ costs and student outcomes.38 However, key data on student debt are still not available, and it is still too difficult for students and parents to get comparable estimates of how much colleges may cost them or compare aid offers from different colleges.

• **Better Data.** Better data on student loan debt are still urgently needed. For example, the total debt at graduation – including both federal and private loans – is still not available for every college, nor is the debt for each type of credential offered by a given school. We recommend that the Department immediately collect these data from colleges via the Integrated Postsecondary Education Data System (IPEDS).

• **Consumer Information.** With easy-to-understand, comparable information, students and families could better identify colleges that provide the best value and fit. We recommend further improvements to and promotion of these consumer tools:
  
  • **College Scorecard**: The College Scorecard is an interactive online tool intended to help consumers quickly and easily understand the chances of completing, borrowing, or ending up with high debt at any particular school. However, some of the Scorecard’s information about student debt, while improved, remains insufficient. Cumulative debt figures should be disaggregated by type of credential completed, and allow for state-level figures to be calculated and compared. Cumulative debt figures should also 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 he or she has to decide where to apply. Our research has found that many of these calculators are hard to find, use, and compare. Bipartisan legislation has been introduced to address these issues, including authorizing the creation of a central portal that would let students quickly and easily get comparable net price estimates for multiple colleges at once.

• **Shopping Sheet**: The Shopping Sheet is a voluntary standard format for college financial aid offers, designed to make it easy for students to understand and compare the real cost of attending the colleges where they have been accepted. More than 3,000 colleges now use the Shopping Sheet, but most schools still do not use it at all or use it only for some students. Students should be able to count on clear and comparable financial aid offers no matter where they apply. Bipartisan legislation has been introduced to require all colleges receiving federal aid to use a similar standardized award letter format.

• **Loan Counseling**: By law, all federal student loan borrowers are required to receive entrance and exit counseling. The Department’s current online counseling, used by thousands of colleges, should more effectively deliver information to help students make well-informed borrowing decisions, complete college, and repay their loans. We support the Department’s commitment to rigorously test annual loan counseling through the experimental sites program. We also encourage the Department to continue to evaluate and improve its online tools, including better integrating income-driven repayment plan options in exit counseling.

### STRENGTHEN COLLEGE ACCOUNTABILITY

While students are held accountable for studying and making progress toward a credential, there are few consequences for schools that fail to graduate large shares of students or consistently leave students with debts they cannot repay. We support more closely tying a college’s eligibility for federal funding to the risk students take by enrolling and the risk taxpayers take by subsidizing it, and rewarding schools that serve students well.

• **Risk Sharing and Rewards**. Replace today’s all-or-nothing school eligibility for federal aid with a graduated system that provides schools with greater incentive to improve student outcomes and rewards schools that serve low-income students well.

• **Enforce Policies that Complement Risk Sharing**. A risk-sharing system should be seen as one component of college accountability, supplementing other federal accountability measures that serve different purposes, such as the gainful employment regulation.

• **End Eligibility for the Worst Performers**. Establish a threshold below which performance is unacceptable and results in the school losing eligibility for federal aid (as is done currently using cohort default rates).
REDUCE RISKY PRIVATE LOAN BORROWING

Private education loans are one of the worst ways to pay for college. They are riskier than federal student loans because 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 almost half of undergraduates who borrow private loans could have borrowed more in safer federal loans.

- **Protect private student loan borrowers.** We recommend a number of changes to reduce unnecessary reliance on private loans and 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. Recently introduced federal legislation would require school certification of private loans and other consumer protections.
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. The college-level student debt data in this report include all revisions submitted to Peterson’s through September 26, 2016.

This section of the Common Data Set 2015-2016 was used to collect student debt data for the Class of 2015:

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

**Include:**

- 2015 undergraduate class: all students who started at your institution as first-time students and received a bachelor’s degree between July 1, 2014 and June 30, 2015.
- 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 2015 undergraduate class who started at your institution as first-time students and received a bachelor’s degree between July 1, 2014 and June 30, 2015. Exclude students who transferred into your institution. _______

**H5.** Number and percent of students in class (defined in H4 above) borrowing from federal, nonfederal, and any loan sources, and the average (or mean) amount borrowed.

| Loan Program | Number in the class (defined in H4 above) who borrowed | Percent of the class (defined above) who borrowed (nearest 1%) | Average per-undergraduate-borrower cumulative principal borrowed, of those 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, in this report the term “colleges” refers to public four-year and nonprofit four-year institutions of higher education that granted bachelor’s degrees during the 2014-15 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 2012 that exceeded the average based on Peterson’s data for the same year by about $1,950.\(^5\) 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 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 eight percent between borrowers in the Class of 2012 and the Class of 2015, from $25,900 to $27,950. NPSAS data show that bachelor’s degree recipients at public and nonprofit four-year colleges who graduated with loans in the Class of 2012 had an average of $27,850 in debt. Applying an eight percent increase to $27,850, we estimate that the actual student debt for the Class of 2015 is $30,100.

NPSAS data also show that about two-thirds (68%) of bachelor’s degree recipients at public and nonprofit four-year colleges graduated with loans in the Class of 2012. The college-level data from Peterson’s show the percentage of bachelor’s degree recipients graduating with loans to be the same in the Class of 2012 and the Class of 2015 (60%). Therefore, we estimate that almost seven in ten graduates (68%) of the Class of 2015 graduated with loans.

NPSAS data show that 21 percent of student debt at graduation for the Class of 2012 consisted of nonfederal loans. The college-level data from Peterson’s show the share of student debt from nonfederal loans decreased by two percentage points between Class of 2012 and Class of 2015, from 18 percent to 16 percent (or 11%). Applying this 11 percent decrease in the share of debt from nonfederal loans to 21 percent, we estimate that 19 percent of the student debt at graduation for Class of 2015 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 2 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 1,116 colleges that reported both the percentage of graduating students with loans and their average debt for the Class of 2015, and reported that they awarded bachelor’s degrees for the Class of 2015 in the Integrated Postsecondary Education Data System (IPEDS), a set of federal surveys on higher education.51 These colleges represent 56 percent of all public and nonprofit four-year colleges that granted bachelor’s degrees and 82 percent of all bachelor’s degree recipients in these sectors in 2014-15.52 Nonprofit colleges compose 61 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 (67%).

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 both the percentage of graduating students with loans and their average debt, and report that they awarded bachelor’s degrees during the 2014-15 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 2015 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 2014-15 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, revisions to the underlying data submitted by colleges, and changes in methodology.

The average private loan debt of those who have such debt. Recent data available that show the share of graduates with private loans and National Postsecondary Student Aid Study (NPSAS) 2012. These are the most and changes in methodology. Report data each year, revisions to the underlying data submitted by colleges, and changes in methodology.


See What Data are Included in the State Averages? on page 17.


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.

Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) 2012. These are the most recent data available that show the share of graduates with private loans and the average private loan debt of those who have such debt.

Ibid.

For example, Wells Fargo advertised fixed rates up to 13.74% for the Wells Fargo Student Loan for Career and Community Colleges: https://wellsfargo.com/terms/TodaysRates. Accessed October 12, 2016.

Calculations by TICAS on data from the U.S. Department of Education, NPSAS 2012. The term “private loans” is defined here to mean bank and lender-originated loans only.


41 For more information, see: U.S. Department of Education. Financial Aid Shopping Sheet. http://www2.ed.gov/policy/highered/guid/aid-offer/index.html. As of August 24, 2016, 3,244 schools were using the Shopping Sheet, 44% of which used it only for students who are veterans. See Institutions that have adopted the Shopping Sheet. http://bit.ly/2cwEF9, accessed September 21, 2016. Just 25% of all active Title IV institutions in 2015-2016 used the shopping sheet for all their students.


43 For more information, see TICAS’ Risk Sharing and Rewards Publications and Resources page: http://ticas.org/risk-sharing-and-rewards-publications-and-resources.

44 For more information on the gainful employment regulation, see http://bit.ly/2cuMiMi, and on proposals to strengthen oversight of career education programs through stronger enforcement and rules, see http://ProtectStudentsandTaxpayers.org.


49 Peterson’s Undergraduate Financial Aid and Undergraduate Databases, copyright 2016 Peterson’s, a Nelnet company. All rights reserved.

50 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 October 17, 2014. 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 2012 did not provide representative samples for any states. In previous years, NPSAS provided representative samples for a handful of states.


52 Out of the 2,381 public four-year and nonprofit four-year colleges in the federal Integrated Postsecondary Education Data System (IPEDS) for 2014-15, 2,010 granted bachelor’s degrees during the 2014-15 year, with 1,763,943 bachelor’s degree recipients in the Class of 2015. Of these 2,010 colleges, 1,116 colleges are included in our state averages, with a total of 1,442,018 bachelor’s degree recipients in the Class of 2015. The remaining 894 colleges could not be matched to a specific entry in the Peterson’s dataset, did not respond to the most recent Peterson’s Undergraduate Financial Aid survey, or responded to the survey, but did not report figures for both the percentage of graduating students with loans and their average debt for the Class of 2015.