



**THE PROJECT ON
STUDENT DEBT**

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New Study Finds Student Loan Debt Increased More Than Starting Salaries in 2006

The average student loan debt for graduating seniors was eight percent higher in 2006 than in 2005, while starting salaries only increased by four percent in the same period, according to a new report by the Project on Student Debt. The average student loan debt nationwide is \$19,646 for 2006 graduates, although the Project on Student Debt estimates that this reported number is likely \$1,500 lower than the actual average – over \$21,000 – because of flaws in the available data. The report, *Student Debt and the Class of 2006*, is based on data reported by four-year institutions for 2005 and 2006.

Graduates from institutions in Washington, DC and New Hampshire have the highest debt levels, \$27,575 and \$24,800, respectively. Recent graduates from Hawaii have the lowest average debt at \$11,758. High-debt states are concentrated most heavily in New England and the Midwest.

“This report documents the pinch that graduates are feeling,” said Robert Shireman, Executive Director of the Project on Student Debt. “Too many young people leave college saddled with heavy debt burdens and struggle to cover their loan payments on top of basic living expenses. Students need better options and counseling when they’re deciding how to pay for college.”

While enough information is available to recognize broad trends in student borrowing, institutions representing more than four out of ten undergraduate students at four-year colleges reported no student debt data or data that is implausible or incomplete. “Student debt is a growing national problem,” said Shireman. “It’s time for colleges and data collectors to treat it that way and provide more thorough, accurate information about student debt to the public.”

The report includes lists of high and low debt schools. Among public universities, the high debt institutions include Temple University in Pennsylvania, Alabama State University, and Virginia State University. Private institutions with high levels of debt for their 2006 graduates include New York University, Bethune-Cookman (a historically black university in Florida), and the University of New Haven (in Connecticut).

To reduce student debt burdens, the report’s authors recommend that:

- The federal government continue to increase the value of the Pell Grant to reduce the need to borrow.
- The federal government make sure that borrowers have fair and reasonable repayment options. President Bush is poised to sign a sweeping higher education finance bill that will create a new Income Based Repayment program. The government and institutions should do everything possible to encourage its use and smooth implementation.

- Colleges and universities counsel students thoroughly about all of their financing options, particularly the realities of repaying loans after graduation and the risks of private educational loans.
- States and institutions focus their grant aid on students with financial need.

Student Debt and the Class of 2006 includes data that represents 42 percent of all four-year institutions in the United States and 57 percent of the total student enrollment. Although several organizations that collect this data use the same questions allowing for comparison of data from year-to-year, fewer than half of U.S. four-year institutions provide useable data. Schools that do report data do so voluntarily and there is no outside review or audit of the information they provide.

To improve the quality and coverage of the data, the report's authors recommend that:

- Colleges and universities make a good-faith effort to calculate and report accurate annual debt figures.
- The publishers of college guides and rankings, and others who survey campuses more aggressively review data from schools and follow up on cases of repeated, inconsistent, or missing data.
- The federal government require reporting of private loan data to the National Student Loan Data System so that colleges can better track borrowing at their campuses.
- The National Center for Education Statistics collect data on cumulative student debt as part of its annual Integrated Postsecondary Education Data System data collection program.

Student Debt and the Class of 2006 is available online at www.projectonstudentdebt.org. It includes an interactive U.S. map which details the debt levels for every state and institution.

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