the institute for college access & success

THE PROJECT ON STUDENT DEBT

FOR IMMEDIATE RELEASE: 12/4/13

CONTACTS:	Shannon Gallegos	Gretchen Wright	Bill Swindell
	510/318-7915	202/371-1999	510/318-7902

Average Student Debt Climbing: $29,400 for Class of 2012

New report includes state-by-state and campus-by-campus debt levels

(Oakland, CA) – College graduates who borrowed for bachelor's degrees granted in 2012 had an average student loan debt of $29,400, according to a new report from the Project on Student Debt at The Institute for College Access & Success (TICAS). Seven in 10 college seniors (71%) who graduated last year had student loan debt. Even though the financial crisis caused a steep decline in private education lending while these borrowers were in school, one-fifth of their debt was in private loans, which are typically more costly and provide fewer consumer protections and repayment options than safer federal loans. From 2008 to 2012, average debt (federal and private loans combined) increased an average of six percent each year.

The report, *Student Debt and the Class of 2012*, includes lists of high- and low-debt states and colleges around the country and highlights significant differences among colleges and states. For example, new college graduates with loans owed almost twice as much on average in Delaware as in New Mexico, and in five states average debt was more than $30,000. The odds of having student loans also differed from state to state, with 2012 graduates nearly twice as likely to have debt in South Dakota as in Nevada. At the college level, the share of graduates with loans and their average debt covered an even wider range.

Federal surveys only collect the data needed to calculate national average debt for new graduates once every four years, including 2012. TICAS used newly available federal data for the national figures in this report, which are not directly comparable to prior figures from other data sources and cannot be broken down by state or college. In fact, colleges are not required to report their own graduates' debt. To estimate state-by-state averages and identify high- and low-debt schools, TICAS used figures provided voluntarily by more than half of all public and private nonprofit four-year colleges. For-profit colleges, which accounted for seven percent of 2012 bachelor's recipients, are not included in the state estimates or college lists because virtually none chose to share their data.

The findings come as unemployment remains high compared to before the financial crisis. In 2012, 7.7 percent of young college graduates were unemployed, and a broader measure capturing under-employment showed 18.3 percent were either unemployed, working fewer hours than they wanted, or had given up looking for a job. Still, young adults without college degrees face far worse job prospects: 17.9 percent of young high school graduates with no college were unemployed in 2012.

"Despite discouraging headlines, a college degree remains the best route to finding a job in this tight market. But students and families need to know that debt levels can vary widely from college to college," said TICAS president **Lauren Asher**. "If you need to borrow to get through school, federal student loans are the safest way to borrow. Whatever you earn, income-driven plans like Pay As You Earn can help keep federal loan payments manageable."

State highs and lows: State averages for borrowers' debt at graduation in 2012 ranged from $18,000 to $33,650. High-debt states remain concentrated in the Northeast and Midwest, with Delaware the highest. New Hampshire, Pennsylvania, Minnesota, and Rhode Island also had average debt over $30,000. Low-debt states were mainly in the West and South, with New Mexico the lowest. Other low-debt states include California, Arizona, Nevada, and Wyoming.

College highs and lows: At the campus level, average debt varied even more widely, ranging from $4,450 to $49,450, and the share of students graduating with loans ranged from 6 percent to 100 percent. Colleges with higher tuition tended to have higher average debt, but there are many examples of high-cost colleges with relatively low average debt, and vice versa.

The report notes that colleges that receive scrutiny for their voluntarily reported debt levels may be more likely to stop providing such data. For example, 20 percent of the schools on the list of high-debt public colleges in our 2011 report, and 30 percent of the schools on the list of low-debt colleges, chose not to report data in 2012. In comparison, overall only 10 percent of all the colleges that reported debt data for 2011 didn't report for 2012.

Need for better data: Even for those colleges that do report voluntarily, the college-level debt figures in the report may understate actual borrowing because they don't include transfer students or any private loans the college is unaware of. The report's state estimates are based on the available college-level data, so actual state averages may be higher as well.

The best national figures for public and nonprofit colleges combined show that 68 percent of their graduating seniors owed an average of $27,850 in student loans. These are lower than the overall national figures because they do not include for-profit college graduates, who are more likely to borrow and graduate with more debt.

The report contains several policy recommendations to help ease student debt burdens, including collecting better college-level data on debt at graduation and private student loan borrowing, as well as more comprehensive data on graduation rates.

"Right now, some colleges escape accountability by opting not to report their graduates' debt, while those who do report are stuck on an unequal playing field," said **Matthew Reed**, the report's primary author. "Students, researchers, and policymakers need and deserve better and more complete information."

This issue is especially crucial as President Obama has proposed developing ratings before the 2015 school year aimed at helping consumers compare colleges' value and encouraging institutions to improve. "The success of the President's proposal to rate colleges based on access, affordability, value, and student outcomes will depend on the quality of the data used in the ratings, underscoring the urgency of gathering better information," said TICAS research director **Debbie Cochrane**.

NOTE: For more information on state and college debt for the Class of 2012, see our 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.

# # #