the institute for college access & success

CELEBRATING 10 YEARS

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Student Loan Debt Averages $28,950 for Class of 2014

Debt Levels Rose More than Twice as Fast as Inflation Over Last Decade

New report includes state and college debt levels for 2014 grads, 10-year state trends

Student debt is still rising for new graduates, according to a report released today by the Project on Student Debt at The Institute for College Access & Success (TICAS). At public and nonprofit colleges in 2014, seven in 10 graduating seniors (69%) had student loans. Their average debt was $28,950: up two percent compared to the Class of 2013. About one-sixth of 2014 graduates' debt (17%) was in private loans, which are typically more costly and provide far fewer consumer protections and repayment options than federal student loans. Because hardly any for-profit colleges voluntarily report their graduates' average debt, the report's new debt figures are for public and nonprofit colleges, which award the vast majority of four-year degrees (94%).

Student Debt and the Class of 2014 is TICAS' tenth annual report on debt at graduation. Using the most recent available data, it finds wide variations in debt levels across states as well as colleges. For the first time, it also includes an analysis of how graduates' debt changed over the last decade. Nationally, average debt for new bachelor's degree recipients rose at more than double the rate of inflation from 2004 to 2014, but in some states it grew even faster.

"Borrowers are graduating with a lot more debt than they did 10 years ago, and the Class of 2014's average debt is the highest yet," said TICAS president **Lauren Asher**. "Student debt has rightly become a major policy issue. Students and families need better information and better policies to make college more affordable and debt less burdensome."

Class of 2014: Debt Varies Widely by State and College. State averages for debt at graduation in 2014 ranged from $18,900 to $33,800, and new graduates' likelihood of having debt ranged from 46 percent to 76 percent. In six 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.

HIGH-DEBT STATES	
Delaware	$33,808
New Hampshire	$33,410
Pennsylvania	$33,264
Rhode Island	$31,841
Minnesota	$31,579
Maine	$30,908
Connecticut	$29,750
Iowa	$29,732
Michigan	$29,450
Alabama	$29,425

LOW-DEBT STATES	
Utah	$18,921
New Mexico	$18,969
Nevada	$20,211
California	$21,382
Arizona	$22,609
Louisiana	$23,025
Oklahoma	$23,430
Wyoming	$23,708
Hawaii	$24,554
Washington	$24,804

Average debt at the *college* level varies even more, from a low of $4,750 to a high of $60,750 for the Class of 2014, and the share graduating with loans ranges from two percent to 100 percent. While colleges with higher sticker prices tend to have higher average debt, there are high-cost colleges with low average debt, and vice versa.

(continued)

Ten-Year Trends: 2004-2014. At the national level, 2014 graduates were a little more likely to have student debt than their peers in 2004 (69% of graduates compared to 65%), and those who borrowed left school with a lot more debt. The average debt at graduation rose 56 percent, from $18,550 to $28,950, more than double the rate of inflation (25%) over this 10-year period.

In the majority of states, the average debt of new graduates with loans rose two to three times faster than inflation over the decade. In five states debt rose even faster–at more than triple the inflation rate, while in four other states the increase was at or below inflation. Because not all colleges report graduates' debt levels each year, the report indicates the "robustness" of state-level 10-year changes.

Degrees, Jobs, and Loan Repayment. The 2014 unemployment rate for young college graduates was 7.2 percent: a decline from the prior few years but still far higher than what was typical for more than a decade before the recession. However, the unemployment rate for new college graduates remains less than half the rate for young high school graduates (14.7%).

This report focuses on how much new graduates owe, but not all students graduate and many of them also have loans. At the high-debt colleges listed in the report, graduation rates range from 16 to 86 percent; at the low-debt colleges, graduation rates range from 22 to 97 percent. Our analysis of available federal data for these schools found that their graduates are much more likely to be paying down their loans than those who do not graduate.

"Despite rising debt levels, a college degree is still the best path to a job and decent pay," said **Debbie Cochrane**, report coauthor and TICAS research director. "For students who don't graduate, loans are much harder to repay. Even a small amount of debt can be burdensome if you have limited job options."

Income-driven repayment plans have been widely available for federal student loan borrowers since 2009. These plans cap payments based on the borrower's income and family size and forgive any remaining debt after 20 or 25 years of payments. Enrollment is increasing, but given the growing number of borrowers in default, many more could benefit.

Policy Recommendations: Improve Debt Data and Reduce Debt Burdens. This report uses the best available data on debt at graduation, but they have significant limitations. Because colleges are not required to report debt levels for their graduates, only some do, and the quality of reported data varies.

For the Class of 2014, 56% of public and nonprofit bachelor's degree-granting colleges provided data, representing 81% of graduates in these sectors and 77% of bachelor's degree recipients in all sectors. For-profit colleges could not be included in the analysis because so few report their graduates' debt loads, but other data consistently show students in this sector are the most likely to borrow and have the highest debt levels. The problems with voluntarily reported data underscore the need for federal collection of data on debt at graduation by degree level for all schools, including both federal and private loans.

"Even colleges that do report voluntarily may understate what their graduates owe because the data they're asked to provide excludes transfer students, and there may be private loans the school doesn't know about," said **Matthew Reed**, report coauthor and TICAS program director. "Because our state averages are based on what colleges report, actual state averages may be higher than they look."

Other policy recommendations focus on ways to reduce the need to borrow, help keep loan payments manageable, improve consumer information, strengthen college accountability, and reduce risky private loan borrowing. While the specific recommendations are focused on federal policy, there are also ways that state policy can help. For instance, a new California law requires colleges to disclose graduates' debt levels, and to inform students about untapped federal aid eligibility before certifying private loans.

NOTE: 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 http://ticas.org/posd/map-state-data-2015.

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An independent, nonprofit organization, The Institute for College Access & Success (TICAS) works to make higher education more available and affordable for people of all backgrounds. Our Project on Student Debt works to increase public understanding of rising student debt and the implications for our families, economy, and society. For more information see www.ticas.org or follow us on Twitter and Facebook.