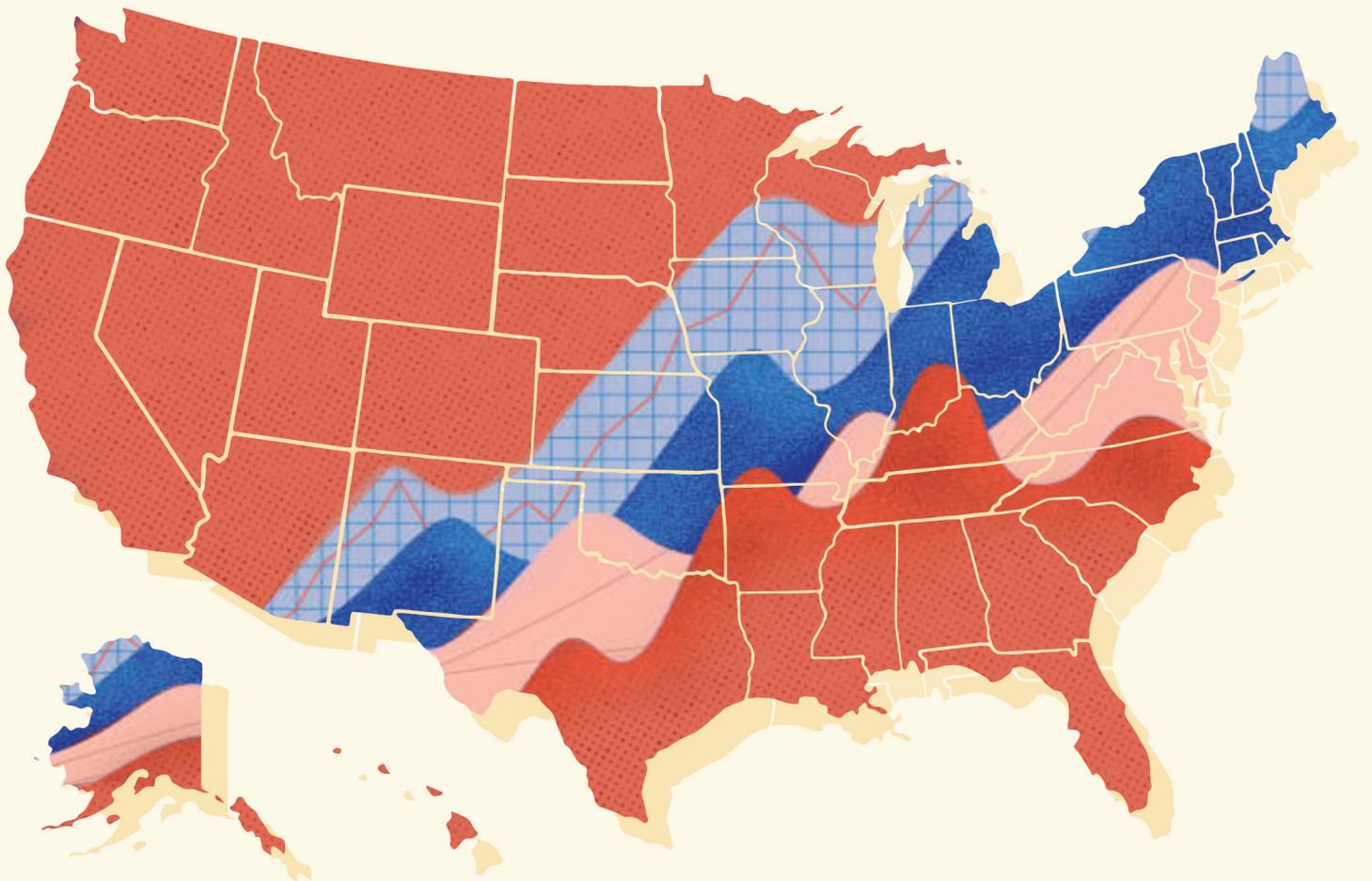

Student Debt

and the Class of 2019



15th Annual Report
October 2020

Acknowledgements

The Institute for College Access & Success is a trusted source of research, design, and advocacy for student-centered public policies that promote affordability, accountability, and equity in higher education. 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, visit ticas.org and follow us on Twitter at [@TICAS_org](https://twitter.com/TICAS_org).

Student Debt and the Class of 2019, our fifteenth annual report on debt at graduation, was researched and written by TICAS' J. Oliver Schak, Nancy Wong, Ana Fung, and Lindsay Ahlman. All of the college- and state-level debt data used for the report are available online at ticas.org/interactive-map/. The data are also available with additional information on more than 13,000 U.S. colleges at College-Insight.org, TICAS' higher education data site.

We are grateful to our foundation partners and individual donors whose support makes TICAS' work possible. Current foundation funding for our Project on Student Debt and other national research and policy work comes from the Bill & Melinda Gates Foundation, The Rosalinde and Arthur Gilbert Foundation, the Joyce Foundation, The Kresge Foundation, and Lumina Foundation. The views expressed in this paper are solely those of TICAS and do not necessarily reflect the views of our funders.

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LETTER FROM THE PRESIDENT

Dear Friends:

Over the last generation, there has been a sea change in how students and families pay for college. States have cut funding, colleges have raised tuition, and students have needed to borrow more – much more – to pay for college costs.

Every year since its founding in 2005, The Institute for College Access & Success has documented the rising tide of student debt. As shown in these pages, student debt has grown markedly over that time and remains near all-time highs for the Class of 2019.

Although growth in graduates' debt has flattened in the past few years, and declined very slightly this year, many recent borrowers struggle to repay their loans. Low-income students, Black and Latino students, students who do not complete their programs, and students who attend for-profit colleges are disproportionately likely to struggle to repay.

Thanks in part to our research and advocacy, more than 8 million students repay their loans as a share of their incomes, an option that was rare in 2005. Pell grants have grown by more than 20 percent per student after inflation. Strong accountability regimes have demonstrated that career programs can offer better value to their students. Most importantly, college affordability and student debt are now front and center on our national policy agenda, and our country is now debating substantial new investments in college affordability and equity.

Nonetheless, there is much more to do. More than a million students default on their student loans each year, and many more struggle to make their loan payments. The COVID-19 pandemic and the resulting job loss and state budget crises, if left unchecked, are likely to increase reliance on student debt and exacerbate struggles in repayment. The decisions state and federal policymakers make over the next year will have impacts on student debt that will affect the next 15 years.

Colleges and universities are among America's most important institutions for promoting upward mobility. We must recommit to making them affordable, without risky debts, in order to give all Americans an equal opportunity to earn a college degree and the access to a better life it brings.



James Kvaal
President

OVERVIEW AND KEY FINDINGS

Student Debt and the Class of 2019 is TICAS' fifteenth annual report on the student loan debt of recent graduates from four-year colleges, documenting changes and variation in student debt across states and colleges. Unless otherwise noted, the figures in this report are only for public and private nonprofit colleges because virtually no for-profit colleges report what their graduates owe.

Nationally, more than six in ten (62%) college seniors who graduated from public and nonprofit colleges in 2019 had student loan debt, down from the Class of 2018 (65%). Borrowers from the Class of 2019 owed an average of \$28,950, a 0.9 percent decline from the average of \$29,200 in 2018, continuing a trend of relatively flat student debt levels in recent years.

Looking through a longer lens, our fifteen-year analysis shows that graduates in the Class of 2019 left school with significantly more debt than did their 2004 counterparts. The average student debt at colleges in our sample grew by about 56 percent between 2004 and 2019, from \$18,550 to \$28,950, outpacing inflation which accumulated to 36 percent over the same period. Graduates were slightly less likely to leave college with student debt in 2019 than 2004 (62% of graduates compared to 65%).

State averages for debt at graduation in 2019 ranged from \$17,950 (Utah) to \$39,400 (New Hampshire), and new graduates' likelihood of having debt varied from 40 percent (Utah) to 75 percent (New Hampshire). In 21 states, average debt was more than \$30,000, and it was over \$35,000 in five states. Many of the same states appear at the high and low ends of the spectrum as in previous years. High-debt states remain concentrated in the Northeast and low-debt states are mainly in the West. Eight in ten high-debt states in 2019 saw debt loads increase at least twice the rate of inflation over the last 15 years. See page 16 for a complete state-by-state table for 2019, and page 20 for a complete 15-year table.

About 16 percent of the Class of 2019'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 there is broad consensus that students should exhaust federal loan eligibility before turning to other types of loans, recent federal data show that more than half of undergraduates who take out private loans have not used the maximum available in federal student loans.

The slowing and recent pause in student debt growth for college graduates is encouraging news. Increases in state spending and grant aid are both likely contributing factors, as well as broader economic improvements in the years prior to the COVID-19 pandemic. After years in which falling state funding was a driver of greater student debt, this progress shows the value of investments in higher education. However, the COVID-19 pandemic has already reshaped the higher education landscape in important ways and placed profound financial pressures on states, colleges, and students that could make college less affordable and increase reliance on student debt. The full implications of the public health crisis for higher education and student debt remain to be seen.

Nationally, more than six in ten (62%) graduating seniors had student loans. Their average debt was \$28,950, a very slight decline from the Class of 2018.

There remains a pressing need for federal and state policymakers to address the challenges of costs that exceed the ability of students and families to pay and the burdensome debt that can result. After considering grants and scholarships, bachelor's degree-seeking students at public colleges and universities still had almost \$9,750 of unmet need in 2016. And while bachelor's degree recipients are typically better positioned than other students to repay their loans, too many still struggle with their debt, and certain groups of graduates – including Black, low-income, and first-generation graduates and graduates from for-profit colleges – are more likely to default on their loans. Action is needed to address high rates of default and delinquency among students who leave college with debt but no degree.

This report includes federal policy recommendations to reduce debt burdens, given the challenges of the COVID-19 pandemic and beyond, including investing in students and public colleges, extending and expanding emergency student loan relief, and improving transparency and oversight. For more about these federal policy recommendations, see page 30. To learn more about what states and colleges can do, see page 27. To read our full policy recommendations for improving college affordability and reducing the burden of student debt, including the collection of more comprehensive college-level data, see TICAS' national student debt policy agenda, available online at <https://ticas.org/policy-agenda>.

About this Report and the Data We Used

Colleges are not required to report debt levels for their graduates, and the available college-level federal data do not include private loans. To estimate state averages, we used the most recent available figures voluntarily reported by colleges, including 52 percent of all public and nonprofit bachelor's degree-granting four-year colleges and representing 79 percent of graduates.¹ 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 currently available debt data, see page 25.

A companion interactive map with details for all 50 states and the District of Columbia is available at <https://ticas.org/interactive-map/>. Additional information on 15-years of college affordability and debt trends is also available at College-Insight.org.

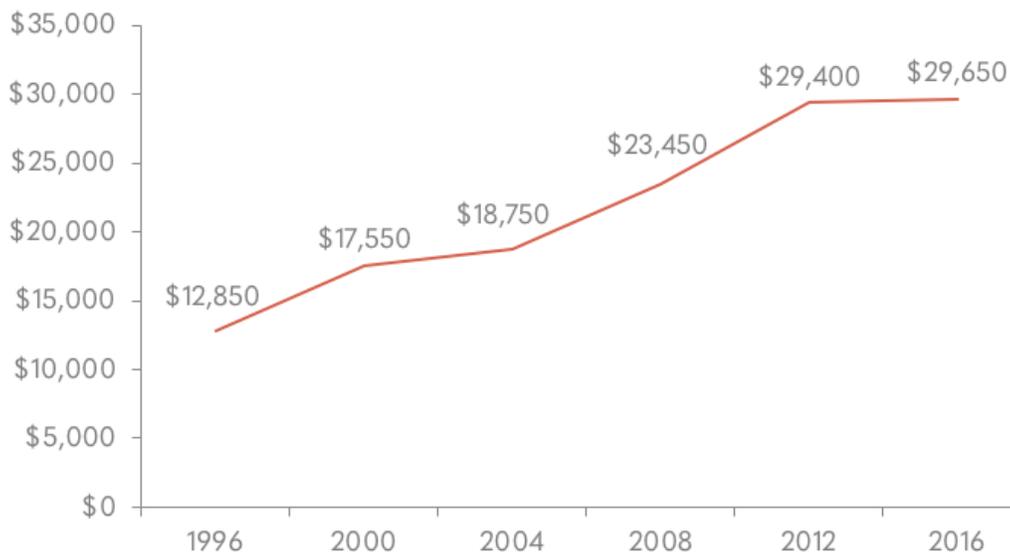
NATIONAL TRENDS IN STUDENT DEBT FOR COLLEGE GRADUATES: STATE FUNDING AND OTHER FACTORS

While this report focuses primarily on the data available for 2019 graduates, the best available data source for student debt trends is a nationally representative study conducted by the federal government every four years, most recently in 2016.² (For more on debt data sources, see the Methodology section.)

Between 1996 and 2012, federal data on bachelor's degree recipients show that the average debt of borrowers increased steadily, at an average of 4 percent per year.³ Much of this increase happened between 2004 to 2012 when average debt grew almost 58 percent from \$18,600 to \$29,400.

Between 2012 and 2016, that growth slowed substantially. College-reported data suggest that the slowdown in debt levels for college graduates has continued beyond 2016, with reported debt levels for public and nonprofit college graduates in 2019 slightly lower than the 2018 average (in current dollars).

AVERAGE DEBT OF GRADUATING SENIORS WHO BORROWED (CURRENT DOLLARS, ALL 4-YEAR COLLEGES)



Students borrow when their available resources, including savings, earnings, and grant and scholarship aid, do not meet the cost of attendance, which includes both tuition and fees, basic living expenses, as well as books and supplies. Several trends in higher education offer helpful context for the trends in student debt, including the slowing and recent pause in student debt growth for college graduates. These include enrollment trends, federal policy changes, levels of state investment in public colleges and universities that impact tuition costs, and broad economic trends.

Debt differs by type of institution, and institutional choices about how to spend resources can also make a difference. Debt loads are particularly large for college graduates of for-profit colleges, and average debt loads are higher in years when greater numbers of graduates attended for-profit colleges. For instance, the share of bachelor's degree recipients with debt who graduated from for-profit colleges increased from 1.5 percent in 2000 to 12.0 percent in 2012.⁴ (See page 23 on debt at for-profit colleges). The availability of institutional grant aid also affects

costs that students have to pay, influencing debt for students at public and nonprofit private four-year colleges. For example, the share of students receiving institutional grants and the average amount of awards both ticked up following the recession and helped limit growth in out-of-pocket costs.⁵

Federal policies governing the availability of loans can also influence borrowing trends. Increases in the availability of federal loans for students may have contributed to rising student debt during the 1990s,⁶ and more recent increases in federal loan limits likely had some upward effect on borrowing during the Great Recession.⁷ The federal Pell Grant also influences how much students pay and may potentially borrow. Modest yet steady increases in the Pell Grant since the recession helped the grant keep pace with inflation, though the purchasing power of the maximum grant covered just 28 percent of college costs in 2019-20.⁸

State support of public higher education plays an important role in tuition costs for the three-quarters of undergraduates who attend public institutions. A recent Federal Reserve Bank of New York staff report leveraged credit panel and National Student Clearinghouse data to estimate the impact of state appropriations on tuition and debt among students already enrolled in public college. Their analysis showed that cuts in state funding likely contributed to the increase in student debt over the past several decades, with declines in state funding leading to increases in both tuition and accumulated debt for four-year college students. The report found that a \$1,000 increase in state appropriations per student results, on average, in a decrease in in-state tuition of \$483 and a decrease in out-of-state tuition of \$713, at public four-year colleges.⁹ The same change in state appropriations also decreases the likelihood that students enrolled at four-year public colleges take out student loans, as well as how much college debt students owed by age 35.

2008-2012

State support for public colleges and universities has declined over time, falling sharply during the Great Recession at a time when rising enrollments further stretched limited state dollars. On a per-student basis, state spending fell by 24 percent between 2008 and 2012,¹⁰ while colleges raised tuition to make up some of the revenue lost from state budget cuts.¹¹

Those trends contributed to out-of-pocket college costs becoming increasingly burdensome for students at public colleges and universities between 2008 and 2012. Net costs (cost of attendance minus grants and scholarships) as a percentage of family income rose steeply for bachelor's degree-seeking students at public colleges, from 33 percent in 2008 to 40 percent in 2012.¹² Costs weighed even more heavily on lower-income families, with net costs as a share of income increasing 9 percentage points (69% to 78%) for students in the lowest income quartile.

2012-2019

By 2016, state spending on higher education had stabilized and partially rebounded from Great Recession lows, increasing by 18 percent (or about \$1,150 per student) over 2012 levels.¹³ While the stabilization of state spending likely

helped slow growth in tuition at public colleges, colleges continued to rely heavily on tuition as a source of revenue. The share of per-student funding coming from tuition remained over 60 percent at bachelor's degree-granting institutions.¹⁴ In 2019, per-student state funding levels remained below where they were prior to the Great Recession in 35 states—including 14 states that were 20 percent below funding before the Great Recession.¹⁵

The burden of college costs, as measured by net costs as a share of total family income, continued to rise from 2012 to 2016, though somewhat more slowly. Net costs as a percentage of family income increased for bachelor's degree-seeking students at public colleges from 40 percent in 2012 to 43 percent in 2016. Yet, after considering grants and scholarships, bachelor's degree-seeking students at public colleges still had almost \$9,750 of unmet need in 2016, compared to \$7,750 in 2012.¹⁶

An improved economy may also have allowed families to absorb more of the rising college costs without the same, steep increases in debt as in prior years. The job market stabilized, with the average unemployment during the four years the Class of 2019 attended college having fallen by almost half since the Great Recession.¹⁷ While disparities in wealth by race remain both alarming and persistent, families also built up more wealth and savings from 2013 to 2016, as median net worth increased from \$83,700 to \$97,300 (16%), with outsized gains for Black (29%) and Latino families (46%).¹⁸ Measures of total debt burden (including more than just student loans) also declined from 2010 to 2016 to their lowest levels in roughly two decades.¹⁹ Although these trends are based on the finances of all families—not college students specifically—they indicate the Class of 2019 may have entered college on a more solid financial footing than students just a few years earlier.

Looking Forward

The COVID-19 crisis raises serious concerns that affordability could worsen as colleges and students face growing strains from state funding cuts and unexpected expenses linked to the public health crisis. State revenue shortfalls from COVID-19's economic fallout are expected to total \$555 billion over state fiscal years 2020-2022 and could force colleges to either try to cut costs or shift more costs to students.²⁰ The potential for cuts are all the more troubling given that college funding never fully recovered from the Great Recession before the onset of the COVID-19 pandemic and ensuing recession. In fact, several of the colleges with particularly high growth in debt among their graduates over the last 15 years, mentioned on page 18, are now facing steep budget shortfalls.²¹ Students themselves are encountering personal and financial shocks from the health crisis and worsening economy that could increase the demand for borrowing among students who remain enrolled in college (see page 10).

Inequities in debt burden also persist, with lower income students and Black students more likely to have debt at graduation and have more of it to repay.²² Black graduates of the Class of 2016 had almost \$8,000 more in cumulative debt than white graduates, up from a gap of \$5,100 at the beginning of the Great Recession in 2008.²³ Making matters worse, two in five Black bachelor's degree graduates with debt have difficulty making federal loan payments—even in good economic times before the pandemic—and the disproportionate impact of

COVID-19 on Black communities suggests longstanding repayment struggles may bring even more dire consequences for the Class of 2019 and beyond (see page 14).

With last decade's slow, incomplete recovery in state higher education investments abruptly reversing course and the economy in another recession amid the COVID-19 pandemic, the persistent burden of student debt remains a pressing concern and students' struggles to afford college and repay student debt take on greater urgency. Over the past 15 years, the typical debt of graduates has grown faster than inflation both nationally and in virtually every state (see page 17). The average student debt within states has increased by an average by 68 percent over the past 15 years. College debt remains near its all time high and may continue to rise as the impact of the current recession is felt.

THE COVID-19 PANDEMIC AND COLLEGE AFFORDABILITY

Six months after the start of the COVID-19 pandemic, its full implications for higher education and student debt remain to be seen. However, the public health crisis has already reshaped the higher education landscape in important ways and placed profound financial pressures on states, colleges, and students that could make college less affordable and increase reliance on student debt.

COVID-19 had an immediate impact on state and local budgets, triggered by spikes in unemployment, decreases in tax revenue, and increased demand for state benefits and public health expenditures.²⁴ The Center on Budget and Policy Priorities estimates state budget shortfalls from COVID-19's economic fallout and lost revenue will total a cumulative \$555 billion over state fiscal years 2020-2022.²⁵ Even after subtracting emergency federal funding for states and rainy day funds, states are projected to have an expected shortfall of nearly \$400 billion on top of billions needed to offset revenue losses for local governments, tribes, and territories.²⁶ Without additional aid from the federal government, state leaders could rely on reductions in higher education funding to balance budgets with large deficits, as they did during the Great Recession.²⁷

Moreover, public and nonprofit colleges alike have experienced severe financial burdens that dwarf assistance provided so far by states and the federal government, including declines in enrollment, loss of revenue from room and board fees, and increased costs from shifting to virtual classrooms, payment of housing and dining refunds, and additional cleaning measures and student health services.²⁸ Some colleges have dipped into endowments, cut academic departments and student services, and furloughed employees to make up for shortfalls.²⁹ A sizable number of smaller, private colleges that cannot draw on endowments or increase revenue from students may close altogether.³⁰

Cost and revenue considerations, compounded by reductions in state funding, may lead public colleges and universities to pass more costs onto students and increase the need to take on more debt. To be sure, some colleges have frozen or even reduced tuition and fees in response to students and families who are

THE COVID-19 PANDEMIC AND COLLEGE AFFORDABILITY, CONT.

reluctant to pay full costs for an online education.³¹ However, it is too early to know how widespread or long-lasting these price reductions are, to what extent these discounts will benefit students in greatest need, or how they could impact the resources colleges have to support students.

While time will tell whether net costs increase for students, research is already clear that students themselves have faced intense personal and financial pressure during the COVID-19 crisis. A survey conducted by the HOPE Center for College, Community, and Justice found increased rates of basic needs insecurity among students, particularly among students who experienced a loss of jobs or wages, with Black students 19 percentage points more likely than white students to report basic needs insecurity.³² A separate Arizona State University study found that 13 percent of all students have delayed graduation due to COVID-19, with low-income students 55 percent likelier than their peers to have done so. Combined with a poor job market, this could widen gaps in post-graduate earnings and default rates between low- and high- income students.³³

Research further shows that student concerns about paying for college have deepened in light of COVID-19. In a study of undergraduate students from nine U.S. public research universities, the Student Experience in the Research University (SERU) Consortium found that first-generation college students were nearly twice as likely to be concerned about paying for the fall semester, with 59 percent expressing varying levels of concern about their ability to pay for the upcoming term, compared to 32 percent of their peers who are not the first in their family to attend college.³⁴ A large-scale survey of California undergraduates and rising high schoolers showed increased worries about paying for college and personal health: Undergraduates were 2.5 times more likely to express “a lot” of concern about paying tuition and fees when asked about attending college after the crisis, compared to their concerns about costs before the pandemic (62% after the pandemic vs. 25% before the pandemic).³⁵ Graduating high school seniors were over four times more likely to express “a lot” of concern about paying for tuition and fees, than they were before the pandemic (54% vs. 13%), and additionally expressed increased worries about housing and food costs (56% vs. 14%).³⁶

The impact of economic turmoil brought by the COVID-19 crisis on students and their families, as well as financial pressures on colleges to either downsize or pass additional costs onto students, will only make it more difficult for students with less resources to go to college and complete a degree. Students will have to make tough decisions on how to make up for lost income and pay for extra costs that could weigh heavily on them, as they progress toward a degree, and lead to increased borrowing, as happened during the last recession.³⁷ Without aggressive and swift action from the federal government to shore up the finances of public higher education and help students attend and afford college, the consequences of COVID-19 could mean even more debt and wider disparities for future graduating classes.

How Successfully Are Bachelor's Degree Recipients Repaying Their Loans?

Graduating with a four-year college degree is one of the most common ways students can improve their quality of life and achieve financial stability, and research shows that graduating more students of color and low-income students can help to address broader social and economic disparities.³⁸ Bachelor's degree graduates are typically better positioned than others to repay their debt, as the credential generally holds labor market value that facilitates student loan repayment.³⁹ Nationally, only 5 percent of bachelor's degree recipients who entered college in 2003-04 had defaulted on their federal student loans (the worst student loan outcome, triggered by at least 270 days of nonpayment) within 12 years of entering college, compared to 12 percent of associate's degree recipients, 29 percent of certificate completers, and 23 percent of noncompleters.⁴⁰

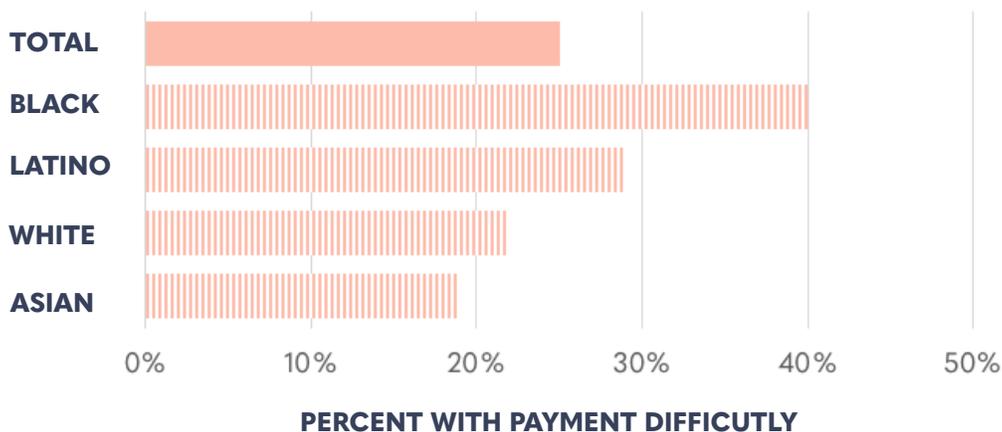
Even among those who do not default, certain groups of bachelor's degree recipients still struggle with their debt. Among students who graduated with a bachelor's degree in 2016, 40 percent of Black borrowers and 29 percent of Latino borrowers experienced difficulty making federal loan payments within one year after graduation (defined as missing payments or as securing temporary loan relief through deferments or forbearances) compared to 22 percent and 19 percent of white and Asian borrowers, respectively.⁴¹ Borrowers who had received Pell Grants, most of whom had family incomes under \$40,000, were more than twice as likely to have difficulty with payments (31% versus 14%) than those who had not received Pell Grants. First-generation bachelor's degree recipients saw similar disparities, being nine percentage points more likely than students whose parents had attended college to have difficulty with payment (30% versus 21%).⁴²

While delinquent and defaulting borrowers typically carry lower amounts of debt, compared to all other borrowers, average student debt levels among college graduates were higher for those who faced difficulty making federal loan payments (\$38,050) than for borrowers without difficulty (\$28,700). All major demographic groups had a similar pattern of higher debt among struggling borrowers. Black borrowers experiencing payment difficulty had \$42,250 in debt versus \$33,750 for Black borrowers without difficulty. Latino borrowers with difficulty had \$34,750 in debt versus \$25,450 for Latino borrowers without difficulty.⁴³

These data reflect outcomes for students who graduated in 2016 and faced repayment difficulty by 2017, years in which the economy was relatively strong and unemployment low. Information on student loan borrowers' outcomes during the public health crisis is limited, including for Class of 2019 graduates and beyond. However, the extent of student loan repayment difficulty among bachelor's degree recipients, even in good economic times, underscores the importance of the temporary help afforded to borrowers in light of COVID-19. The federal government has suspended student debt payments for roughly 33 million borrowers through the end of 2020, including halting collection on defaulted loans, in order to help borrowers cover necessities without needing to worry about delinquency and default.⁴⁴ Most borrowers (at least 88 percent) have zero dollar payments scheduled, delinquencies have been driven down to almost nothing, and default collections have stopped.⁴⁵

As critical as these efforts are, more remains to be done to help borrowers who are struggling with debt payments, in times of crisis and beyond. Most immediately, existing COVID-19-related provisions must be extended to last through the full length of the economic crisis and expanded to borrowers with all kinds of federal loans and those – including one in seven graduates in the Class of 2019 – who have private loan debt. For a full list of policy recommendations to help struggling borrowers, see page 30.

SHARE OF BORROWERS WHO EXPERIENCED DIFFICULTY MAKING FEDERAL LOAN PAYMENTS WITHIN 12 MONTHS AFTER GRADUATION*



* Sample includes 2015-16 bachelor's degree graduates with student debt and who did not enroll in graduate school within the 12 month period; A repayment difficulty is an economic hardship, federal loan deferment, three or more federal loan forbearances, or three or more federal loan delinquencies.

STUDENT DEBT OF BLACK BACHELOR'S DEGREE RECIPIENTS IN CONTEXT

Research is clear that Black students attend schools that have less financial resources and that provide less support throughout the education pipeline—disparities that contribute to more Black graduates leaving college with debt and having more of it to repay.⁴⁶ Among graduates in the class of 2016, 85 percent of Black borrowers graduated with an average of \$34,000 in student loan debt, higher borrowing rates and debt averages than for white, Latino, and Asian graduates.⁴⁷

However, job market disparities add on top of these challenges. Job market discrimination and wage gaps,⁴⁸ occupational segregation,⁴⁹ and gaping and persistent wealth inequality⁵⁰ negatively impact the financial stability of Black college graduates. One year after college, Black graduates are overrepresented in the lowest earning professions, with 20 percent working in administrative jobs that typically pay \$31,200 during the first year after college, compared to 12 percent of white graduates. They are also underrepresented in the highest earning professions, such as engineering (jobs that typically pay \$57,000 in the first year after college), with just 1 percent of Black graduates employed in the field compared to 6 percent of white graduates.⁵¹ These job market disparities are partially ascribed to differences in college majors among graduates, with 14 percent of Black graduates receiving a STEM degree compared to 22 percent of white graduates.⁵²

Making matters worse, racial wealth gaps between Black and white graduates that stem from injustices in broader society, such as discriminatory housing and lending practices,⁵³ mean that Black graduates have less cash to cushion against financial shocks and help with student debt payment. White adults with a bachelor's degree had over five times as much wealth as Black adults with a bachelor's degree in 2016.⁵⁴ Negative wealth was also commonplace among Black families, meaning they have more debt obligations than cash and assets.⁵⁵ Based on a separate data source from 2014, typical Black borrowers, ages 30-39, had negative wealth of almost \$11,000 compared to typical white borrowers who had roughly as much cash and assets as debt.⁵⁶

These disparities and struggles for borrowers during relatively good economic times—as was the case for Black bachelor's degree graduates in 2016—are even more concerning when considering that outcomes could worsen during a public health crisis and deep economic recession. Unemployment and underemployment have more than doubled since the start of the public health crisis,⁵⁷ and young Black college graduates have been more greatly impacted on the job market than their white peers.⁵⁸ Discrimination and inequities in healthcare also place people of color and low-income families at greater risk of experiencing negative economic and health consequences associated with COVID-19.⁵⁹ Increased risk of sickness, disruption of employment, and reduced economic opportunities could add to struggles for borrowers already having difficulty before the crisis and could create new struggles for yet more borrowers.

STUDENT DEBT BY STATE

Statewide average debt levels for the Class of 2019 range from \$17,950 (Utah) to \$39,400 (New Hampshire). Many of the same states appear at the high and low ends of the spectrum as in previous years.⁶⁰ The share of graduates with debt ranges from 40 percent to 74 percent.

The following tables show the states with the highest and lowest average debt levels for the Class of 2019. High-debt states continue to be concentrated in the Northeast, and low-debt states are primarily in the West.⁶¹

TABLE 1

HIGH-DEBT STATES	
New Hampshire	\$39,410
Pennsylvania	\$39,027
Connecticut	\$38,546
Rhode Island	\$37,614
Delaware	\$37,447
Maine	\$33,591
New Jersey	\$33,566
Massachusetts	\$33,256
North Dakota	\$32,745
District of Columbia	\$32,039

TABLE 2

LOW-DEBT STATES	
Utah	\$17,935
New Mexico	\$20,991
Nevada	\$21,254
California	\$21,485
Wyoming	\$23,444
Hawaii	\$23,577
Florida	\$24,629
Washington	\$24,645
Arizona	\$24,712
Louisiana	\$25,512

The following table shows each state's average debt and proportion of students with loans in the Class of 2019, along with information about the amount of usable data available for each state.⁶² 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/interactive-map/.

TABLE 3

PERCENTAGE OF GRADUATES WITH DEBT AND AVERAGE DEBT OF THOSE WITH LOANS, BY STATE							
State	Class of 2019				Institutions (BA-granting)		Graduates % at Schools with Usable Data
	Average Debt	Rank	% with Debt	Rank	Total	Usable	
Alabama	\$29,791	23	50%	36	32	15	75%
Alaska	\$25,925	40	48%	40	5	3	97%
Arizona	\$24,712	43	49%	39	16	7	83%
Arkansas	\$26,679	35	53%	34	24	8	58%
California	\$21,485	48	47%	44	145	66	82%
Colorado	\$26,562	37	50%	36	27	15	77%
Connecticut	\$38,546	3	56%	27	22	12	51%
Delaware	\$37,447	5	59%	18	6	1	60%
District of Columbia	\$32,039	10	46%	46	8	5	74%
Florida	\$24,629	45	48%	40	95	34	81%
Georgia	\$28,081	29	56%	27	56	32	88%
Hawaii	\$23,577	46	43%	50	9	3	68%
Idaho	\$25,942	39	60%	12	11	8	57%
Illinois	\$29,666	24	61%	11	74	41	82%
Indiana	\$28,112	28	59%	18	52	36	87%
Iowa	\$30,259	21	63%	10	35	20	61%
Kansas	\$26,788	34	60%	12	31	16	74%
Kentucky	\$28,482	27	58%	22	30	18	83%
Louisiana	\$25,512	42	48%	40	28	11	61%
Maine	\$33,591	6	67%	3	18	11	63%
Maryland	\$30,303	20	53%	34	33	15	67%
Massachusetts	\$33,256	8	55%	30	76	50	83%
Michigan	\$30,677	17	59%	18	53	30	90%
Minnesota	\$31,856	11	66%	5	39	26	86%
Mississippi	\$31,651	13	55%	30	16	6	71%
Missouri	\$28,740	26	57%	24	55	30	80%
Montana	\$27,265	32	57%	24	12	7	93%
Nebraska	\$26,026	38	57%	24	22	8	54%
Nevada	\$21,254	49	46%	46	10	2	87%
New Hampshire	\$39,410	1	74%	1	14	10	96%
New Jersey	\$33,566	7	64%	7	45	21	86%
New Mexico	\$20,991	50	45%	49	11	5	89%

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

State	Class of 2019				Institutions (BA-granting)		Graduates
	Average Debt	Rank	% with Debt	Rank	Total	Usable	% at Schools with Usable Data
New York	\$31,155	16	58%	22	181	83	64%
North Carolina	\$26,583	36	55%	30	61	30	84%
North Dakota	\$32,745	9	64%	7	14	5	54%
Ohio	\$29,886	22	60%	12	92	41	88%
Oklahoma	\$25,793	41	47%	44	28	13	84%
Oregon	\$27,542	30	54%	33	29	14	83%
Pennsylvania	\$39,027	2	65%	6	129	94	87%
Rhode Island	\$37,614	4	59%	18	11	8	83%
South Carolina	\$31,524	15	60%	12	35	17	70%
South Dakota	\$31,653	12	74%	1	13	6	76%
Tennessee	\$27,525	31	60%	12	45	22	69%
Texas	\$26,951	33	48%	40	98	52	84%
Utah	\$17,935	51	40%	51	16	8	55%
Vermont	\$30,566	19	60%	12	14	7	73%
Virginia	\$30,574	18	56%	27	47	33	96%
Washington	\$24,645	44	50%	36	52	17	91%
West Virginia	\$29,272	25	67%	3	21	14	79%
Wisconsin	\$31,550	14	64%	7	43	25	87%
Wyoming	\$23,444	47	46%	46	1	1	100%

Fifteen-Year Debt Trends by State: 2004 to 2019

Nationally, our analysis shows that graduates in the Class of 2019 are slightly less likely to leave college with student debt as their peers 15 years ago (62% of graduates compared to 65%), but those who borrowed left school in 2019 with a lot more debt. Over the last 15 years, debt held by bachelor's degree recipients has substantially increased at the national level. While growth in average debt loads leveled off over very recent years (see page 7), average debt loads over the 15-year period grew by about 56 percent (from \$18,550 in 2004 to \$28,950 in 2019), well outpacing inflation (36%). Changes in average debt over the 15-year period varied widely across states, with debt loads growing by twice the rate of inflation in 18 states. In contrast, inflation outpaced debt loads in only five states.⁶³

The available data for the Class of 2004 include colleges that consisted of 75 percent of all public and nonprofit private four-year college graduates in the U.S. that year. For the Class of 2019, the data include 79 percent of the year's graduates. However, not all of the same colleges provided data in each of these years, and changes in which schools choose to report can limit the meaning and usefulness of comparisons across years. To aid in interpreting the 15-year change figures provided in Table 4, we developed an indicator of "robustness," which should be taken into account before drawing conclusions about changing debt levels in any particular state.

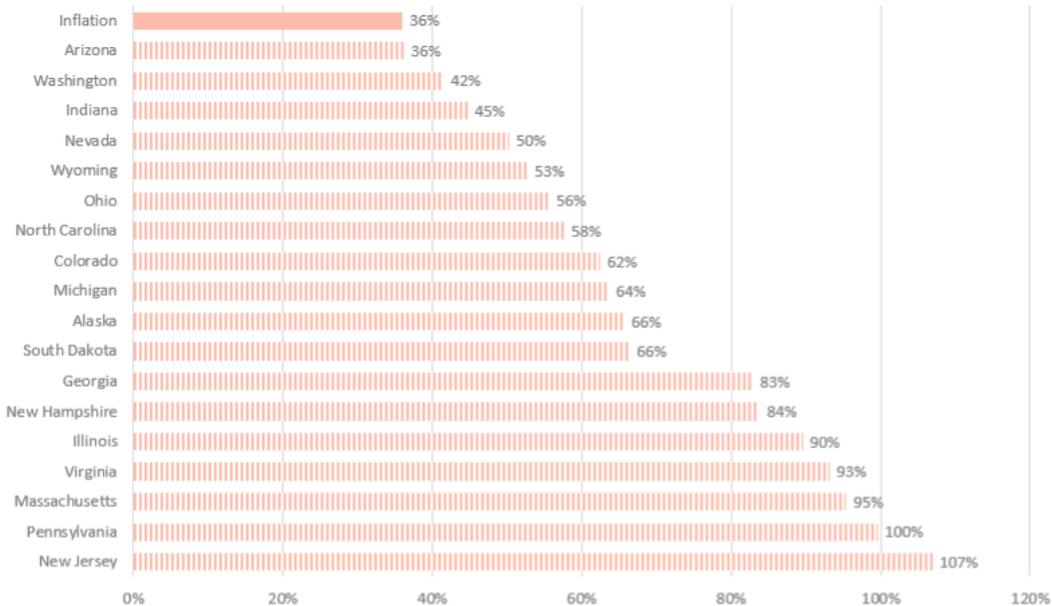
We categorized the robustness of the change in average debt at graduation by examining the share of each state's graduating class coming from colleges that reported student debt data for both the Class of 2004 and Class of 2019. We classify as "strong robustness" in which at least two-thirds of the graduating classes of 2004 and 2019 are captured in the data reported by colleges in each of those years. States where at least half but less than two-thirds of graduates come from colleges reporting in both years are classified as having "medium robustness." States where no more than half of graduates in both years come from colleges that reported data both years fall into "weak robustness"; for these weak robustness states, there may be reason to doubt whether the scale of the 15-year change reflects how student debt changed for all the states' graduates.

We explore below highlights from the 18 states meeting our standard for strong robustness, where we have the highest confidence that data reported by colleges reflect the direction and scale of actual trends. Graduates' average debt in seven of the eighteen (39%) high robustness states grew at a pace *more than twice the rate of inflation*. Four of these states (New Jersey, Pennsylvania, Massachusetts, and New Hampshire) rank among the top ten high-debt states for the Class of 2019. See Table 4 on page 20 for data on all 50 states and District of Columbia.

Among strong-robustness states, New Jersey graduates saw the biggest increase in student debt over the last 15 years. New Jersey's Class of 2004 graduates left school with an average of \$16,200 in debt, a level that gave the state the 35th highest average debt in the nation at that time. By 2019, average debt levels had increased three times faster than inflation, more than doubling to \$33,550 and giving the state the 7th highest average debt in the country.⁶⁴

In New Jersey, many of the universities with the largest graduating classes reported particularly steep increases in debt between the Class of 2004 and Class of 2019. In fact, nearly one-third of New Jersey's graduating class of 2019

15-YEAR CHANGE IN AVERAGE DEBT AMONG STATES WITH MOST ROBUST DATA REPORTING



PERCENT CHANGE FROM CLASS OF 2004 TO CLASS OF 2019

earned their bachelor's degree from one of six schools where debt has grown at least four and half times faster than inflation since 2004.⁶⁵ Graduates from Rutgers University, which had the largest graduating class in the state in both 2004 and 2019, saw debt increase from \$16,200 in 2004 to \$30,750 in 2019. Montclair State University, which had the second largest graduating class, saw typical debt loads nearly triple over the period, from \$16,700 to \$45,350. Rowan University graduates saw the largest jump, with their debt having grown more than seven times faster than inflation, from \$9,600 in 2004 to \$34,500 in 2019.⁶⁶

Over the last 15 years, graduates of Pennsylvania's four-year colleges and universities graduates who had borrowed left college with twice as much student debt in 2019 than graduates in 2004 (\$39,050 vs. \$19,550).⁶⁷ Graduates of Penn State University, who made up the highest share of the state's bachelor's degree recipients in both years, saw debt more than double, from \$18,600 to \$40,150. Graduates of Temple University were part of second largest graduating class in both years, and their debt increased by 65 percent from \$23,750 in 2004 to \$38,650 in 2019. Debt levels among graduates of Drexel University, which had the fourth largest graduating class in the state in 2019, more than tripled between 2004 and 2019, growing six times faster than inflation, from \$21,500 to \$72,900. Debt for Drexel's Class of 2019 is the highest reported by any college in the nation.⁶⁸

At the low end, Arizona graduates' debt levels grew in line with inflation,⁶⁹ increasing by 36 percent from \$18,150 in 2004 to \$24,700 in 2019.⁷⁰ Debt trends varied across the state's largest schools. Debt levels at Arizona State University-Main Campus (Tempe), which had the largest graduating class in Arizona for 2019, increased by 35 percent from \$17,500 to \$23,700. On the other hand, typical debt among graduates of the state's second largest university, University of Arizona grew much faster, at 1.8 times the rate of inflation, from \$16,000 in 2004 to \$26,400 in 2019. Similar to Arizona State University, the state's third largest university, Northern Arizona University experienced increased student debt less than the rate of inflation at 32 percent, from \$17,900 to \$23,560.⁷¹

TABLE 4

FIFTEEN-YEAR CHANGE IN AVERAGE DEBT, BY STATE										
State	Fifteen-Year Change, Average Debt		Average Debt				% with Debt		% of Graduates Represented in Usable Data	
	% change, 2004 to 2019	Robustness**	2019	2019 rank	2004	2004 rank	2019	2004	2019	2004
Alabama	65%	Medium	\$29,791	23	\$18,042	21	50%	57%	75%	71%
Alaska	66%	Strong	\$25,925	40	\$15,648	40	48%	48%	97%	99%
Arizona	36%	Strong	\$24,712	43	\$18,147	20	49%	48%	83%	86%
Arkansas	65%	Weak	\$26,679	35	\$16,210	36	53%	59%	58%	48%
California	34%	Medium	\$21,485	47	\$16,071	37	47%	49%	82%	60%
Colorado	62%	Strong	\$26,562	37	\$16,352	33	50%	53%	77%	85%
Connecticut	104%	Weak	\$38,546	3	\$18,906	15	56%	57%	51%	75%
Delaware	153%	Medium	\$37,447	5	\$14,780	44	59%	45%	60%	91%
District of Columbia	66%	Medium	\$32,039	10	\$19,357	10	46%	58%	74%	92%
Florida	30%	Medium	\$24,629	45	\$18,897	16	48%	51%	81%	62%
Georgia	83%	Strong	\$28,081	29	\$15,354	43	56%	53%	88%	87%
Hawaii	75%	Medium	\$23,577	46	\$13,509	47	43%	29%	68%	96%
Idaho	18%	Medium	\$25,942	39	\$22,033	3	60%	68%	57%	76%
Illinois	90%	Strong	\$29,666	24	\$15,650	39	61%	56%	82%	81%
Indiana	45%	Strong	\$28,112	28	\$19,425	8	59%	54%	87%	87%
Iowa	25%	Weak	\$30,259	21	\$24,204	1	63%	76%	61%	74%
Kansas	65%	Medium	\$26,788	34	\$16,266	34	60%	57%	74%	87%
Kentucky	100%	Weak	\$28,482	27	\$14,250	45	58%	52%	83%	63%
Louisiana	34%	Medium	\$25,512	42	\$18,993	14	48%	61%	61%	63%
Maine	73%	Medium	\$33,591	6	\$19,410	9	67%	64%	63%	95%
Maryland	141%	Medium	\$30,303	20	\$12,597	48	53%	52%	67%	84%
Massachusetts	95%	Strong	\$33,256	8	\$17,021	27	55%	60%	83%	77%
Michigan	64%	Strong	\$30,677	17	\$18,750	18	59%	58%	90%	80%
Minnesota	63%	Weak	\$31,856	11	\$19,580	6	66%	72%	86%	60%
Mississippi	104%	Weak	\$31,651	13	\$15,503	42	55%	60%	71%	65%
Missouri	85%	Medium	\$28,740	26	\$15,511	41	57%	59%	80%	78%
Montana	51%	Medium	\$27,265	32	\$18,019	22	57%	68%	93%	58%
Nebraska	50%	Medium	\$26,026	38	\$17,384	24	57%	62%	54%	74%
Nevada	50%	Strong	\$21,254	48	\$14,144	46	46%	46%	87%	99%
New Hampshire	84%	Strong	\$39,410	1	\$21,441	4	74%	65%	96%	89%
New Jersey	107%	Strong	\$33,566	7	\$16,223	35	64%	58%	86%	84%
New Mexico	*	Weak	\$20,991	49	*	*	45%	*	89%	14%

FIFTEEN-YEAR CHANGE IN AVERAGE DEBT, BY STATE

State	Fifteen-Year Change, Average Debt		Average Debt				% with Debt		% of Graduates Represented in Usable Data	
	% change, 2004 to 2019	Robustness**	2019	2019 rank	2004	2004 rank	2019	2004	2019	2004
New York	65%	Weak	\$31,155	16	\$18,857	17	58%	62%	64%	65%
North Carolina	58%	Strong	\$26,583	36	\$16,863	30	55%	51%	84%	88%
North Dakota	46%	Weak	\$32,745	9	\$22,409	2	64%	73%	54%	81%
Ohio	56%	Strong	\$29,886	22	\$19,204	12	60%	62%	88%	80%
Oklahoma	52%	Medium	\$25,793	41	\$16,942	28	47%	55%	84%	76%
Oregon	60%	Medium	\$27,542	30	\$17,267	25	54%	63%	83%	70%
Pennsylvania	100%	Strong	\$39,027	2	\$19,556	7	65%	69%	87%	77%
Rhode Island	95%	Medium	\$37,614	4	\$19,327	11	59%	68%	83%	70%
South Carolina	88%	Medium	\$31,524	15	\$16,775	31	60%	55%	70%	74%
South Dakota	66%	Strong	\$31,653	12	\$19,023	13	74%	82%	76%	90%
Tennessee	63%	Weak	\$27,525	31	\$16,905	29	60%	41%	69%	68%
Texas	57%	Medium	\$26,951	33	\$17,202	26	48%	51%	84%	72%
Utah	45%	Weak	\$17,935	50	\$12,366	49	40%	43%	55%	86%
Vermont	48%	Medium	\$30,566	19	\$20,706	5	60%	56%	73%	73%
Virginia	93%	Strong	\$30,574	18	\$15,831	38	56%	57%	96%	97%
Washington	42%	Strong	\$24,645	44	\$17,415	23	50%	56%	91%	91%
West Virginia	60%	Medium	\$29,272	25	\$18,246	19	67%	69%	79%	85%
Wisconsin	91%	Medium	\$31,550	14	\$16,560	32	64%	60%	87%	77%
Wyoming	53%	Strong	\$23,444	47	\$15,352	44	46%	44%	100%	100%

* We did not calculate state averages when the usable cases covered less than 30% of bachelor's degree recipients in a given state's graduating class in a given year. For more details, see the Methodology section on page 35.

** We categorized the robustness of the change in average debt at graduation from the Class of 2004 to the Class of 2019 by examining what share of each graduating class came from colleges that reported student debt data in both years. For states where this share was at least two-thirds in both years, the robustness of the change over time was categorized as "strong;" where this share was at least half in both years but less than two-thirds in at least one of the two years, it was categorized as "medium;" and for the remaining states it was categorized as "weak."

*** Additional information on 15 years of college affordability and debt trends is also available at College-Insight.org.

STUDENT DEBT AT COLLEGES

Of the 2,040 public and nonprofit four-year colleges in the U.S. that granted bachelor's degrees in the most recent year, about half (1,062) reported figures for average debt, percent of graduates with debt, and number of borrowers for the Class of 2019.⁷²

There is enormous variation in debt across reporting colleges, with average debt figures (among those who borrow) as low as \$1,050 to as high as \$72,900 in the Class of 2019.⁷³ Because not all colleges report debt data, the actual ranges could be even wider. A total of 273 colleges reported average debt of more than \$35,000, and 288 colleges reported average debt of less than \$25,000. The share of students with loans also varies widely. The percent of graduates with debt ranges from 3 percent to 100 percent. Fifty-three colleges reported that at least 90 percent of their 2019 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 (e.g., healthcare and childcare). 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.

What students have to pay is called the net price, which is the full cost of attendance minus expected grants and scholarships. Colleges that appear financially out of reach based on sticker price may actually be more affordable than schools with lower sticker prices. 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.

See [College-Insight.org](https://collegeinsight.org) for more information on affordability and debt at U.S. colleges.

STUDENT DEBT AT FOR-PROFIT COLLEGES

For-profit colleges are not included in the state averages in this report because so few of these colleges report the relevant debt data. Only 12 of 454 for-profit, four-year, bachelor's degree-granting colleges (3% of colleges in this sector and 5% of bachelor's degrees awarded) chose to report the number of graduating students in the Class of 2019 with loans, the percent of graduates with debt, and those graduates' average debt. However, only about 5 percent of bachelor's degrees were awarded by for-profit colleges.* 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 35.)

Still, students at for-profit colleges are the most likely to graduate with high debt levels and struggle with repayment. The most recent nationally representative data on for-profit college students are for 2016 graduates, and they show that the vast majority of graduates from for-profit four-year colleges (83%) took out student loans. These students graduated with an average of \$39,900 in debt – 41 percent more than 2016 graduates from other types of four-year colleges.** Beyond the amounts they borrowed, students attending for-profit colleges are more likely to struggle with repayment than those attending other types of colleges. Even among bachelor's degree recipients, 30 percent of those who started at for-profit colleges defaulted on their federal student loans within 12 years of entering college, seven times the rate of those who started at public colleges (4%) and six times the rate of those who started at nonprofit colleges (5%).*** Because Black and Latino students attend for-profit colleges at disproportionate rates, poor outcomes in this sector may serve to worsen racial disparities rather than alleviate them.****

* Calculations by TICAS on completions data (2018-19) from U.S. Department of Education, Integrated Postsecondary Education Data System (IPEDS), <https://bit.ly.co/3iM2>. These figures refer to all for-profit four-year colleges that reported granting bachelor's degrees in 2018-19.

** Calculations by TICAS on data from U.S. Department of Education, National Postsecondary Student Aid Study 2015-16.

***Calculations by TICAS on data from the U.S. Department of Education's Beginning Postsecondary Students Longitudinal Study (BPS), which follows undergraduate students who enrolled in college for the first time in 2003-04 and tracks whether they defaulted on their federal student loans within 12 years of entering college. This analysis looks at the default rates for all entering students, not just borrowers, which reflect both students' varying likelihood of borrowing loans as well as borrowers' likelihood of defaulting. The differences are statistically significant, though the for-profit college student estimate has high relative standard errors due to small sample sizes.

**** Harvard Law Review, "For-Profit Schools' Predatory Practices and Students of Color: A Mission to Enroll Rather than Educate," July 30, 2018, <https://bit.ly.co/3iMH>; Tressie McMillan Cottom, "The Coded Language for For-Profits," *The Atlantic*, February 22, 2017, <https://bit.ly.co/3iMN>; The Center for Responsible Lending, 2014, *Do Students of Color Profit from For-Profit College? Poor Outcomes and High Debt Hamper Attendees' Futures*, <https://bit.ly.co/3iMQ>.

DATA ON DEBT AT GRADUATION

Although the U.S. Department of Education's National Postsecondary Student Aid Study (NPSAS) is the most comprehensive and reliable source of financial aid data at the national level, the survey is only conducted every four years, does not provide representative data for states, and provides no data for individual colleges. The most recent NPSAS survey includes data on federal and nonfederal student debt from 2016—three years prior to Class of 2019.⁷⁴ This report uses data from the Common Data Set (CDS), the only type of data currently available to gauge cumulative student debt, including both federal and nonfederal loans, for bachelor's degree recipients each year, and at the state- and college-level.

There are several reasons why the voluntarily reported, college-level debt data provide an incomplete picture of the debt carried by graduating seniors. Colleges awarding 79 percent of public and nonprofit college bachelor's degrees in academic year 2018-19 reported debt, since the colleges with the greatest number of graduates typically reported debt. However, nearly 1,000 of public and nonprofit private four-year colleges declined to report data needed to be included in this analysis, including 70 percent of colleges with no more than 2,000 undergraduates. Almost no for-profit colleges provided debt figures voluntarily. For more information on for-profit colleges, see previous section.

Since 2015, the U.S. Department of Education has published the median federal student loan debt of graduates, by school, through the College Scorecard consumer tool. The Department calculates these figures for all institutions receiving federal financial aid using data available through the National Student Loan Data System (NSLDS). In 2019, the Department added program-level federal debt figures to the College Scorecard.⁷⁵ The calculation and release of these data are significant steps toward comprehensive student debt data, in large part because they include typical debt levels for schools that choose not to report them voluntarily. The data also come from administrative records, rather than being self-reported by colleges, which reduces the potential for data errors.

However, these federal data also have several limitations. While they cover more schools, they also cover fewer types of student debt than are included in voluntarily reported data. Because private loans are not included in NSLDS, the Scorecard figures exclude nonfederal (private) loans. In some cases, the debt figures also represent a group of campuses, which can be misleading for students looking for information about their particular campus. Additionally, because these data are relatively newer, they are limited in their ability to shed light on trends over time. Finally, school-level data also 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.⁷⁶

While the program-level debt figures can be used to help correct for some of the school-level limitations, they also illustrate how substantially federal-only debt calculations understate debt loads. On average, for the ten states identified in this report as high debt, college-reported figures suggest that 33 percent of graduates' debt is nonfederal debt that would be excluded from Scorecard calculations, and our data show debt levels that are 34 percent higher than those derived using Scorecard data. Conversely, for the ten states identified in this report as low debt, college-reported figures suggest that just 13 percent of

graduates' debt is nonfederal debt, and our data show debt levels 12 percent higher than those derived using Scorecard data.

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 Scorecard data releases and improvements 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 33).

COMPARISON OF AVAILABLE ANNUAL DATA ON DEBT AT GRADUATION			
	This Report's Data	Federal College Scorecard Data	
		By School	By Program
Type of Debt	All student loan debt	Federal student loan debt only	
Type of Graduates	Bachelor's degree recipients	All undergraduate completers	All completers, disaggregated by program
How the Data Are Reported	Voluntarily self-reported	Calculated by the U.S. Department of Education	
What Data Are Reported	Average debt for borrowers; percent with debt; number with debt	Median debt for borrowers; number with debt	Average debt for borrowers; median debt for borrowers; number with debt
Coverage of Reporting Colleges	Most public and nonprofit four-year colleges; few others	All colleges offering federal aid and meet n-size requirements for privacy suppression	
Multi-campus Colleges	Reported as individual campuses	Campuses may be grouped together	
Trends over Time	Trends from 2004	Trends from 1998	Trends from 2017

PRIVATE (NONFEDERAL) LOANS

The burden of student debt is affected by not only the amount of debt students have, but also by the types of loans they take out. Nonfederal loans are one of the riskiest ways to pay for college. Carrying nonfederal loans can significantly affect borrowers' ability to repay what they owe because they do not guarantee the same consumer protections or repayment options as federal loans, and they typically have higher costs than federal loans.⁷⁷

College-reported data show that nonfederal loans comprise about 16 percent of loan dollars held by public and nonprofit four-year college graduates in the Class of 2019. Additionally, nationally representative data for 2016 graduates show that 14 percent of bachelor's degree recipients that year graduated with nonfederal loans, with average nonfederal loan debt of \$18,550.⁷⁸

The terms "private" and "nonfederal" are often used interchangeably to describe student loans outside of federal student loans. While some states and colleges have their own nonfederal loan programs for students, the majority of nonfederal loans are made by private banks and lenders. Private education loans from banks and lenders are no more a form of financial aid than a credit card. Regardless of whether they are fixed or variable, interest rates for these loans are typically highest for those who can least afford them. In September 2020, interest rates for undergraduate private education loans were as high as 12.45 percent, compared to a federal student loan interest rate of 2.75 percent.⁷⁹ Higher interest rates can also mean higher costs for at least one in ten borrowers who struggle to repay due to economic hardship, including disproportionate shares of Black, Latino, and low-income private student loan borrowers who struggle to repay (27%, 15%, and 23%, respectively).⁸⁰

While there is broad consensus that students should exhaust federal loan eligibility before turning to other types of loans, more than half (53%) of undergraduates who took out private loans in 2015-16 did not use the maximum available in federal student loans.⁸¹ In fact, 30 percent of private loan borrowers did not take out federal loans at all.

College financial aid offices can play an important role in reducing their students' reliance on private loans, but college practices vary widely.⁸² 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. A small but growing number of colleges also offer Income Share Agreements (ISAs) but data on these private education loan agreements are not available.⁸³

Today, private lenders typically look to schools to help certify students' eligibility for loans. While nearly all recently originated private loans have been certified by schools, certification rates have historically been much lower when market conditions are more favorable.⁸⁴ 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.⁸⁵ 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 counseling on page 30.)

WHAT COLLEGES AND STATES CAN DO

Alongside the federal government, colleges and states have key roles to play in reducing students' reliance on debt. The most effective long-term action states can take is to make the significant investments needed to support affordability. This includes allocating available aid on the basis of student financial need, increasing the amount of need-based aid available to meet students' cost of attendance, and maintaining or increasing per-student funding levels to reduce public colleges' cost of attendance. States should also ensure public colleges have the necessary resources to help students to stay on track and graduate; students who fail to complete are most likely to default and graduates typically require more than five years to complete.⁸⁶ More immediately, states and colleges must ensure that the COVID-19 crisis does not undermine access to existing financial aid.

Below are options that colleges and state policymakers should also consider to address college affordability and student debt. All of these options are preferable to creating new loan programs or allowing borrowers to refinance federal loans into state or private loans; such policy ideas very rarely help reduce the burden of student loan debt for those who most need the help, and can unintentionally steer students away from the valuable benefits and consumer protections that come with federal student loans.

Institutional Policy Ideas for Reducing Debt Burdens

- **Look at borrowing trends across types of students and types of debt.** 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, and our own research has shown how much the burden of debt varies by race.⁸⁷ Uncovering these trends on a college campus is the first step to addressing them.
- **Set some financial aid resources aside to help students with emergencies.** Students who face unexpected financial challenges throughout the academic year may need to take on unexpected debt, or, worse, stop out of college. Colleges that have grant aid available to specifically help students cover such emergencies – and take care to ensure that students know about it and are reasonably able to access it without additional burdens – can help students bridge a sudden financial gap.
- **Set clear, reasonable student budgets.** Colleges develop estimates of what it costs students to attend, and these estimates are used to determine the aid for which students are eligible. Research suggests that colleges frequently lowball student costs, which can lead to unexpected financial struggles, and additional debt if students' expectations about costs, and their plans for covering costs are out of line with reality.⁸⁸ Setting cost estimates transparently would better position students for success and help them avoid unexpected debt.

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- **Protect access to federal student loans.** For the students who need to borrow to attend and complete college, federal loans are the safest option available, providing all eligible students with equal access to credit with fixed interest rates, flexible repayment plans, and consumer protections not otherwise available. Without federal loans, students may turn to much riskier forms of credit, such as credit cards, payday loans, or private loans, or they may forgo college altogether, delay entry, or otherwise reduce their odds of success by attending part-time or working more hours than is advisable during school.
 - **Develop and provide supplemental counseling and information.** Federal student loan counseling tools are convenient and helpful, and improving more and more each year. However, borrowers may have a need for different kinds of information at different times and may benefit from repeated opportunities to learn about how much they can borrow, the importance of avoiding default, and the availability of different types of repayment options, including income-driven plans. Ideally, any additional informational interventions should be developed through consumer testing to ensure they are delivering information that is salient and actionable at meaningful times to support real-time decision-making. Additional counseling can be delivered effectively through embedding the service in existing processes, such as required orientation or college success classes or leveraging interactions with academic advisors and financial aid counselors to ask students if they are interested in receiving additional information related to student loans and following up as appropriate.
 - **Provide counseling for students seeking private loans.** Over half of students who take out private loans have not exhausted their federal loan eligibility.⁸⁹ Most private education loans are certified by the students' schools. The certification requests give colleges a timely opportunity to counsel students about the risks of private loans and alternative options to explore, including untapped grant aid or federal loans.
 - **Ensure that net price calculators are easy to find, use, and compare.** Since 2011, most colleges have been required to have net price calculators on their websites, to help prospective students get an early estimate of what any particular college will cost to attend. For some colleges, though, the utility of the calculators is undermined by how difficult they are to find and use, and because they can use out of date or inconsistent data.⁹⁰ Schools should ensure their net price calculators use the most recent data available, and promote the use of these tools, rather than deter it.⁹¹

State Policy Ideas for Reducing Debt Burdens

- **Invest more and equitably in higher education.** State investment plays an important role in college affordability. For years, state budget cuts have exacerbated rising public college costs, which have contributed to rising student debt. More recently, state investment has partially recovered, but

the COVID-19 crisis has jeopardized these gains. Colleges enrolling the most low-income students and students of color often receive the least funding from states. Continued state investment, particularly to address equity gaps, is critical to make college more affordable and help more students graduate.

- **Protect access to financial aid for students most affected by COVID-19.**

The onset of COVID-19 changed college campuses overnight, derailing many students' terms. The federal government acted swiftly to enact temporary, targeted financial aid provisions to ensure the crisis did not jeopardize students' access to aid, including extending the length of time students can receive aid if they had to withdraw due to the pandemic. States can enact similar provisions for state financial aid programs, as Minnesota and Michigan have already done.⁹²

- **Allocate available state grant aid based on need, not merit.** In 2017-18, 25 percent of state grant aid dollars were allocated to undergraduate students without regard to their financial circumstances.⁹³ 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.

- **Develop or improve state-level longitudinal data systems.** Policymakers should have access to the data to identify where affordability problems persist and develop solutions to address them, and students should have access to complete information about college cost, debt, and employment outcomes to facilitate informed decision-making about where to go to college and how to pay for it. To achieve these goals, states should establish secure, privacy protected data systems that link K-12 schools, postsecondary education (including public and private institutions), and workforce data.

- **Exempt forgiven amounts of federal student loans from state income tax.** When federal 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, turning an intended source of financial relief into a significant financial liability. As stakeholders work to address this at the federal level, state lawmakers can do their part by excluding forgiven federal student loan debt from calculations of state tax liability, as Pennsylvania and California do.⁹⁴

- **Set institutional accountability standards for schools that receive state grant aid.** State attorneys general in many states have been active in leading investigations that have caused some of the worst colleges to shut their doors. Even better than remedying these harms after the fact would be preventing them in the first place.⁹⁵ State policymakers play an especially key role in overseeing all colleges that they fund students to attend. In California, for example, colleges must meet student loan default rate and graduation rate standards in order to be eligible for state grant aid, if substantial shares of students borrow loans.⁹⁶ These standards direct students and state subsidies to schools where students' debt loads are more likely to be manageable.

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- **Promote 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.
 - **Require colleges within a state to adopt institutional strategies to help reduce the burden of student debt.** For instance, states could require that colleges provide private loan counseling or analyze and report on trends in student borrowing.

FEDERAL POLICY RECOMMENDATIONS TO REDUCE THE BURDEN OF STUDENT DEBT

Federal student loans are a critical resource and the safest financing option for the millions of students who need to borrow to enroll in and complete college each year. Yet burdens of student debt are not borne equally, and not just across state lines: low-income students, Black students, and students earning four-year degrees at for-profit colleges are more likely to borrow, to borrow more, and to default, than their peers.⁹⁷

Despite the importance of federal student loans, far too many borrowers were experiencing repayment distress even before the COVID-19 pandemic hit. One-quarter (25%) of all Direct Loan borrowers were either delinquent or in default at the end of 2019.⁹⁸ Over a million Direct Loan borrowers entered default in 2019 alone.⁹⁹

Now, battered by the pandemic, the American economy is in recession, and millions of families have lost their jobs or had their incomes dramatically reduced. To provide needed financial relief for student loan borrowers, the federal government granted an emergency, interest-free payment pause so that no monthly payments are due for most federal student loan borrowers, including halting collections of defaulted loans.

Congress should extend these emergency benefits for the duration of the economic crisis and expand them to cover all federal student loans (including older guaranteed and campus-based Perkins loans). Congress should also direct private lenders to provide additional emergency relief for their borrowers. Many private lenders have offered borrowers the option to suspend payments, but they are generally limited to three months in duration, require the borrower to request relief, and accrue interest.¹⁰⁰

This emergency payment relief for federal student loan borrowers is critical, but it is not sufficient to meet the needs of states, students, and colleges during this crisis. Public colleges, which enroll three-quarters of undergraduates,¹⁰¹ are bracing for significant state cuts.¹⁰² All colleges are preparing for potential drops in enrollment, ongoing COVID-19-related expenses, and other lost sources of revenue that are unique to this public health crisis. Of particular concern are colleges that already operate with inadequate funds, especially regional public

institutions and community colleges, which serve a disproportionate number of the nation's most vulnerable students.¹⁰³

These compounding forces put at risk the future of affordable, high-quality public higher education. If policymakers do not act quickly and decisively, COVID-19's blow to college affordability could last for years to come and surpass even the devastating impact of the Great Recession.

As detailed below, policymakers must quickly proceed down two parallel tracks: (1) providing immediate emergency relief and aid to shore up students and colleges and (2) making longer-term investments in college affordability to enable all students, regardless of background and economic resources, to attend and complete college in the wake of a historic pandemic and related economic fallout.¹⁰⁴

Invest in Students and Public Colleges

The most effective way to reduce student debt is to reduce college costs so that students and families can more easily cover them with savings, earnings, and grants, including through adequately funding public colleges so that an affordable, quality education is within reach for all who want to pursue it. Congress should:

- **Double the Maximum Pell Grant.** Pandemic related job loss and disruption mean that current and incoming students will be facing unprecedented struggles when starting the new academic year and, likely, for years to come. Many students will need significant additional support to pay for college. It is critical to boost the purchasing power of the Pell Grant to support the economy now and invest in long-term economic growth by closing persistent gaps in college attainment by income and race.

Need-based grants reduce low- and moderate-income students' need to borrow, yet Pell Grant recipients continue to bear disproportionate student debt burdens. This is in no small part because the Pell Grant currently covers the lowest share of the cost of college in over four decades.¹⁰⁵ More than 80 national organizations signed a recent letter urging Congress to double the maximum Pell Grant.¹⁰⁶

- **Fund Public Colleges Sustainably and Equitably.** A decades-long trend of state disinvestment has already led to a decline in states' ability to provide accessible and affordable higher education opportunities for their residents.¹⁰⁷ Even before the current economic downturn, state higher education funding had still not recovered from the effects of the Great Recession, and state and local budgets are now projecting huge reductions in revenue due COVID-19. Without federal intervention, states may once again make devastating cuts to higher education, which would mean diminished educational opportunities and increased difficulties in paying for college.¹⁰⁸

To reverse this trend and restore the promise of a public higher education for all students, we propose a renewed federal-state partnership that injects new federal funding into public colleges to increase educational quality and to reduce net costs, especially for low-income students and

underrepresented students of color. In exchange, states must maintain or increase their own investments in public higher education.

Extend and Expand Emergency Student Loan Relief

The monthly payment benefits provided by the CARES act were essential and will remain so throughout the duration of the economic and health crisis. Congress should extend and build on these benefits in the following ways:

- **Tie Emergency Monthly Payment Relief to a Clear Indicator.** Current emergency benefits for federal student loan borrowers are set to expire at the end of 2020. These benefits were implemented and extended due to the unprecedented impact of concurrent public health and economic crises. Rather than setting the benefits to end on an arbitrary date, lawmakers should tie the benefits to a clear indicator. For example, an extension may be justified if the national unemployment rate exceeds 8 percent, weekly unemployment insurance claims exceed the average rate for the three years prior to the pandemic by 50 percent or more, a national emergency declaration is still in place or a similar one has been declared, or GDP growth in the most recent quarter is negative.
- **Expand Emergency Payment Relief to All Student Loans.** Policymakers must also expand which loans are covered by emergency relief — commercial FFELP loans and campus-based Perkins loans, which account for nearly 11 percent of the federal loan portfolio (in dollar terms), are not currently covered.¹⁰⁹ There is no reason these borrowers should be left out of the relief provided to all other federal loan borrowers. Congress should also direct private lenders to provide additional relief (such as extended payment pauses or interest reductions) for private loan borrowers.
- **Create a Transition Plan for Borrowers Re-Entering Repayment.** Once the emergency benefits end, millions of borrowers will need to transition back into repayment. Past disaster-related forbearance for hurricanes and wildfires have contributed to jumps in delinquency and default after the forbearances ended, demonstrating the difficulty inherent in transitioning large groups of borrowers from non-payment to active repayment.¹¹⁰ To prevent this, borrowers should be given a six-month grace period from delinquency, default, and collections to allow servicers adequate time to successfully transition them back into repayment after the emergency benefits expire. Congress should also build on the borrower-communication requirements in the CARES Act by providing more explicit direction and resources to the Education Department to facilitate a smooth transition of borrowers back into repayment, including close oversight of contracted servicers, once the pause payment period ends.
- **Discharge Loans Connected to College Wrongdoing.** The Department of Education documented widespread false and misleading claims made by recruiters at Corinthian Colleges and ITT Technical Institute, two chains of for-profit colleges.¹¹¹ And yet, nearly four years after the Department reached these conclusions, more than 85,000 former students from these and other for-profit colleges are still waiting for help.¹¹² Congress should discharge the federal student loans of students who are covered by government findings of wrongdoing at colleges they attended. Addressing some of the outstanding issues regarding borrower defense claims

would serve as a small but important economic stimulus for some of the most vulnerable borrowers.

- **Provide Additional Loan Relief to Borrowers in Persistent Economic Distress.** Far too many borrowers have attempted college to improve their prospects only to be left stuck in the same — or worse — economic condition with unmanageable debts and facing the financial devastation of default. There are a number of steps Congress should take to provide relief to such borrowers, including restoring bankruptcy protections for both federal and private student debt and reinstating a statute of limitations on the collection of federal student loan debt by discharging all loans that have been in repayment for 30 years or longer.

Additionally, Income Driven Repayment plans are designed to ensure an affordable monthly payment and a light at the end of the tunnel, and they help millions of student loan borrowers manage their debt. However, significant improvements to these plans are necessary. In tandem with new investments to keep the costs of public colleges down and improvements to income-driven repayment, Congress should also explore tax-free cancellation of some or all outstanding debt of borrowers whose loans have clearly not paid off and are not on a trajectory to do so, in order to provide immediate and permanent relief for borrowers in persistent financial distress.

TICAS' detailed recommendations on how to make it easier for struggling borrowers to enroll in and remain in income driven repayment plans are available at <https://bit.ly/2I2MwU5>.

- **Require Private Lenders to Discharge Loans in the Event of Death or Severe Disability.** Congress should require private student lenders to discharge the loans of a borrower who dies or becomes totally and permanently disabled. Unlike federal student loans, there is no federal law requiring such discharges; some private lenders voluntarily provide these discharges under certain circumstances while others do not. This means that private student loan borrowers and their families are not protected in the event of death or severe disability, an inequity that takes on new urgency in a global pandemic.¹¹³

Improve Transparency and Oversight

The effects of COVID-19 will reverberate across higher education for years to come, and increased federal investment in students and colleges like the ones recommended above make it even more imperative that Congress have access to the data necessary to accurately assess student debt outcomes. Policymakers and advocates will specifically need better information to analyze the immediate and long-term impacts of the emergency pivot to online learning due to the increased risks it brings for low-quality educational programs and predatory recruitment.¹¹⁴ Congress should:

- **Improve Collection of Student Debt Data.** Our analysis underscores the imperative of including nonfederal loans in cumulative debt figures in order to ensure comprehensive data on debt balances and burdens.

Requiring colleges to report nonfederal loan data, at either the school level through the Integrated Postsecondary Education Data System (IPEDS) or at the student level via the National Student Loan Data System (NSLDS), would be the most expedient path to collecting nonfederal data. However, Congressional action requiring lenders to report the data directly to the federal government would improve data accuracy as well as reduce burden on institutions.

- **Increase Transparency and Oversight in Online Education.** Congress should require colleges to report on their emergency transition to online learning in 2020, including partnerships they entered with private companies, documenting how they maintained required regular and substantive interaction while online, and plans for transitioning students out of online education. Congress should also create in NSLDS a flag for online students (including a notation for those enrolled in online programs prior to March 2020) to track the movement of and outcomes for online students and programs. The Department of Education should expand existing IPEDS reporting requirements to capture distance education enrollment by the student's state. Congress should create a secret shopper program to monitor both student recruitment and online instruction practice.¹¹⁵

Strong college accountability is key to reducing the number of students left worse off by burdensome student debt. For more detailed recommendations on how to strengthen existing accountability mechanisms, including the cohort default rate and the 90-10 rule, see <https://bit.ly/3jtVzep>.

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.¹¹⁶

This section of the Common Data Set 2019-2020 was used to collect student debt data for the Class of 2019:

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

Include:

- * 2019 undergraduate class: all students who started at your institution as first-time students and received a bachelor's degree between July 1, 2018 and June 30, 2019.
- * 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 2019 undergraduate class who started at your institution as first-time students and received a bachelor's degree between July 1, 2018 and June 30, 2019. Exclude students who transferred into your institution. _____

H5. Number and percent of students in class (defined in H4 above) borrowing from federal, non-federal, and any loan sources, and the average (or mean) amount borrowed. NOTE: The "Average per-undergraduate-borrower cumulative principal borrowed," is designed to provide better information about student borrowing from federal and nonfederal (institutional, state, commercial) sources. The numbers, percentages, and averages for each row should be based only on the loan source specified for the particular row. For example, the federal loans average (row b) should only be the cumulative average of federal loans and the private loans average (row e) should only be the cumulative average of private loans.

Source/ Type of Loan	Number in the class (defined in H4 above) who borrowed from the types of loans specified in the first column	Percent of the class (defined above) who borrowed from the types of loans specified in the first column (nearest 1%)	Average per-undergraduate-borrower cumulative principal borrowed from the types of loans specified 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, the term “colleges” refers to public four-year and nonprofit four-year institutions of higher education that granted bachelor’s degrees during the 2018-19 year and are located in the 50 states plus the District of Columbia.

Estimating National Averages

The National Postsecondary Student Aid Study (NPSAS) is the most comprehensive and reliable source of financial aid data at the national level. NPSAS consistently shows higher shares with student debt than national estimates derived from data that some colleges voluntarily report to Peterson’s. For example, the most recent NPSAS showed a share with debt for the Class of 2016 that exceeded the share with debt based on Peterson’s data for the same year by about 8 percentage points.¹¹⁷ However, 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 and share with student debt upon graduation by using the change in the national figures from Peterson’s to update the most recent NPSAS figures.

The college-level data from Peterson’s show an increase in average debt of two percent between borrowers in the Class of 2016 and the Class of 2019, from \$28,700 to \$29,300. NPSAS data show that bachelor’s degree recipients at public and nonprofit four-year colleges who graduated with loans in the Class of 2016 had an average of \$28,350 in debt. Applying a two percent increase to \$28,350, we estimate that the actual student debt for the Class of 2019 is \$28,950.

NPSAS data also show that about two-thirds (67%) of bachelor’s degree recipients at public and nonprofit four-year colleges graduated with loans in the Class of 2016. The college-level data from Peterson’s show the percentage of bachelor’s degree recipients graduating with loans has decreased 4 percentage points from 59 percent in the Class of 2016 to 55 percent in the Class of 2019, a seven percent decline. Applying the seven percent decrease to the NPSAS figure, we estimate that more than six in 10 graduates (62%) of the Class of 2019 graduated with loans.

Additionally, NPSAS data show that 14 percent of student debt at graduation for the Class of 2016 consisted of nonfederal loans. The college-level data from Peterson’s show the share of student debt from nonfederal loans increased by 3 percentage points between Class of 2016 and Class of 2019, from 20 percent to 23 percent (or 15%). Applying this 15 percent increase in the share of debt from nonfederal loans to 14 percent, we estimate that 16 percent of the student debt at graduation for Class of 2019 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, underreport 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 23 for more about for-profit colleges.

What Data Are Included in the State Averages?

Our state-level figures are based on the 1,062 public and nonprofit four-year colleges that reported the number of graduating students in the Class of 2019 with loans, the percent of graduates with debt, and the average debt of those who borrowed, and reported in the Peterson's Undergraduate Financial Aid Survey that they awarded bachelor's degrees for the Class of 2019.¹¹⁸ These colleges represent 52 percent of all public and nonprofit four-year colleges that granted bachelor's degrees and 79 percent of all bachelor's degree recipients in these sectors in the most recent year.¹¹⁹ Nonprofit colleges compose 60 percent of the colleges with usable data, similar to their share of public and nonprofit four-year bachelor's degree-granting colleges combined (65%).

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 the number of graduating students in the Class of 2019 with loans, the percent of graduates with debt, and the average debt of those who borrowed, and reported in the Peterson's Undergraduate Financial Aid Survey that they awarded bachelor's degrees during the 2018-19 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 2019. We weight the state averages according to the number of borrowers reported in the Peterson's Undergraduate Financial Aid Survey.

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.

For our analysis of the 15-year change in student debt (on page 18), we calculated the state figures for the Class of 2004 using the same methodology used for the Class of 2019 and calculated the percentage change in average debt for each state over this 15-year period. The universe of schools which report debt figures changes each year, and differences in which colleges reported debt data for the

Class of 2004 versus the Class of 2019 can affect the state figures and the utility of comparing them. To convey this, we categorized the robustness of each state's 15-year comparison. We identified which colleges within each state reported debt data in both years and calculated the percentage of each graduating class represented by those colleges. For states where this share was at least two-thirds in both years, the robustness of the change over time was categorized as "strong;" where this share was at least half in both years but less than two-thirds in at least one of the two years, it was categorized as "medium;" and for the remaining states it was categorized as "weak."

ENDNOTES

- ¹ 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.
- ² The U.S. Department of Education plans to release its next survey for the 2019-20 school year in 2021.
- ³ Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) 1996, 2000, 2004, 2008, 2012, and 2016. Figures reflect the average debt of bachelor's degree recipients from public, nonprofit, and for-profit four-year colleges. The average debt for 1996 includes loans from parents and relatives, while the other average debt figures for the following years do not.
- ⁴ Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) 1999-00, 2003-04, 2007-08, 2011-12, 2015-16.
- ⁵ Calculations by TICAS on financial aid data from the U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) 2011-12 and 2015-16. Institutional grants include need-based and non-need-based grant aid. This does not include state grants for California public institutions that are funded by state dollars and allocated by the institutions; calculations by TICAS using data from the National Association of College and University Business Officers (NACUBO); NACUBO, "Average Freshman Tuition Discount Rate Nears 50 Percent," April 30, 2018, <https://bit.ly/2xu6v59>, Figure 1.
- ⁶ Sandy Baum, *The Evolution of Student Debt in the U.S.: An Overview*, The Urban Institute and George Washington University, October 2013, <https://bitly.co/3g5m>; U.S. Department of Education, *Federal Student Aid Policy: A History and an Assessment*, October 1995, <https://bitly.co/3g5n>.
- ⁷ Sandra E. Black et al., *Taking It to the Limit: Effects of Increased Student Loan Availability on Attainment, Earnings, and Financial Well-Being*, NBER, August 2020, <https://bitly.co/3g5t>.
- ⁸ TICAS, "How to Secure and Strengthen Pell Grants to Increase College Access & Success," May 2020, <https://bitly.co/3g60>. College costs are defined here as average total in-state tuition, fees, and room and board costs at public four-year colleges.
- ⁹ Rajshri Chakrabarti, Nicole Gorton, and Michael F. Lovenheim, *State Investment in Higher Education: Effects on Human Capital Formation, Student Debt, and Long-Term Financial Outcomes of Students*, Federal Reserve Bank of New York, September 2020, <https://bitly.co/3g6n>.
- ¹⁰ Calculations by TICAS using data from State Higher Education Executive Officers Association (SHEEO), *State Higher Education Finance: FY 2018*, SHEF Interactive Data, Educational Appropriations per FTE (current dollars), 2019, <https://bitly.co/3g63>.
- ¹¹ State Higher Education Executive Officers Association (SHEEO), *State Higher Education Finance: FY 2018, 2019*, <https://bitly.co/3g66>, Figure 3; College Board, *Trends in College Pricing 2019*, November 2019, <https://bitly.co/3g69>.
- ¹² Calculations by TICAS using data from U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) 2007-08 and 2012-16.
- ¹³ Calculations by TICAS on data from State Higher Education Executive Officers Association, (SHEEO), *State Higher Education Finance: FY 2018*, SHEF Interactive Data. Educational Appropriations per FTE (2019 dollars), 2019, <https://bitly.co/3g63>.
- ¹⁴ TICAS, *Dire Disparities: Patterns of Racially Inequitable Funding and Student Success in Public Postsecondary Education*, August 2019, <https://bitly.co/3g6c>.
- ¹⁵ Calculations by TICAS using data from State Higher Education Executive Officers Association (SHEEO), *State Higher Education Finance: FY 2019*, SHEF Report Data, 2020, <https://bitly.co/3g6i>.
- ¹⁶ Calculations by TICAS using data from U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) 2011-12 and 2015-16.
- ¹⁷ Calculation by TICAS using data from the Federal Reserve Bank of St. Louis, "U-6 Unemployment Rate," accessed July 30, 2020, <https://bitly.co/3g6k>. The U-6 unemployment rate fell from 15.3 percent from July 2008 to June 2012 to 8.6 percent from July 2015 to June 2019.
- ¹⁸ Federal Reserve Board of Governors, *Changes in U.S. Family Finances from 2013 to 2016: Evidence from the Survey of Consumer Finances*, September 2017, <https://bitly.co/3g6m>, Table 2.
- ¹⁹ Federal Reserve Board of Governors, *Changes in U.S. Family Finances from 2013 to 2016: Evidence from the Survey of Consumer Finances*, September 2017, <https://bitly.co/3g6m>, Table 5.
- ²⁰ Elizabeth McNichol and Michael Leachman, *States Continue to Face Large Shortfalls Due to COVID-19 Effects*, Center on Budget Policy and Priorities (CBPP), July 2020, <https://bitly.co/3g6p>.
- ²¹ Jan Murphy, "Faculty Ranks at Pa. State Universities Could Shrink by Hundreds to Cut Costs," *Penn-Live Patriot News*, August 21, 2020, <https://bitly.co/3g6s>; Bill Shackner, "Penn State Cuts Budgets, Announces Furloughs Amid Financial Losses Caused by COVID-19," *Pittsburgh Post-Gazette*, April 27, 2020, <https://bitly.co/3g6v>; Madeline St. Amour, "Pandemic in N.J. 'Unlike Anything' Before," *Inside Higher Ed*, May 7, 2020, <https://bitly.co/3g6z>; Montclair University, "Montclair State University to Close NJ School of Conservation," May 15, 2020, <https://bitly.co/3g70>.
- ²² TICAS, "Quick Facts about Student Debt," April 2019, <https://bitly.co/3g71>.
- ²³ Calculations by TICAS using data from U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) 2015-16.
- ²⁴ Grant A. Driessen, *The Coronavirus Relief Fund (CARES Act, Title V): Background and State and Local Allocations*, Congressional Research Service, August 2020, <https://bitly.co/3g72>.
- ²⁵ Elizabeth McNichol and Michael Leachman, *States Continue to Face Large Shortfalls Due to COVID-19 Effects*, Center on Budget Policy and Priorities (CBPP), July 2020, <https://bitly.co/3g74>.
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- ²⁷ State Higher Education Executive Officers Association (SHEEO), *Issue Brief: Post-Recession Trends in Higher Education Revenues, 2020*, <https://bitly.co/3g78>; Columbia University, Community College Research Center (CCRC), "More Clues from the Great Recession: How Will COVID-19 Affect Community College Funding?" May 19, 2020, <https://bitly.co/3g7A>.
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³⁹ For example, young adults with only a high school diploma are almost three times as likely to be unemployed, and earn three-fifths as much, as those with at least a bachelor's degree. Calculations by TICAS using 2018 income data from the U.S. Census Bureau, Current Population Survey, 2019 Annual Social and Economic Supplement, Table PINC-04; and unpublished data from the Bureau of Labor Statistics, Current Population Survey, 2018 annual average for unemployment rates. Young adults are defined as persons aged 25 to 34.

⁴⁰ Although this report focuses on debt loads of students who earned a bachelor's degree, allowing for fair comparisons of the amount of debt needed across states and colleges to obtain a similar credential, this section includes data comparing default of bachelor's degree completers to other undergraduates. Figures are calculated by TICAS using data from the U.S. Department of Education's Beginning Postsecondary Students Longitudinal Study (BPS). BPS follows undergraduate students who enrolled in college for the first time in 2003-04 and tracks whether they defaulted on their federal student loans within 12 years of entering college. This analysis looks at the default rates for all entering students, not just borrowers, which reflect both students' varying likelihood of borrowing loans, as well as borrowers' likelihood of defaulting. For more information about students' repayment struggles by completion status, see TICAS, *Students at Greatest Risk of Loan Default*, 2018, <https://bitly.co/3g7w>.

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Baccalaureate & Beyond Longitudinal Study (B & B, 2016-17).

⁴² Figures are calculated by TICAS using data from the U.S. Department of Education's Baccalaureate & Beyond Longitudinal Study (B & B). B & B follows students who graduated with a bachelor's degree in 2015-16 and tracks employment and loan outcomes one year after graduation. All data using this source are based on graduates who borrowed any student loan to best align with data presented in the previous section about average amount of debt. Students enrolled in graduate school are excluded, unless otherwise noted. A repayment difficulty is an economic hardship federal loan deferment, three or more federal loan forbearances, or three or more federal loan delinquencies.

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⁶⁰ 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, revisions 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, <https://college-insight.org/>. Also, see the section about 15-year changes (from the Class of 2004 to the Class of 2019) in cumulative debt at graduation, starting on page 18.

⁶¹ These regions are defined in: U.S. Census Bureau, Census Regions and divisions with State FIPS Codes, December 5, 2019, https://www2.census.gov/geo/pdfs/maps-data/maps/reference/us_regdiv.pdf.

⁶² See "What Data are Included in the State Averages?" on page 37.

⁶³ Calculations by TICAS on data from the Peterson's Undergraduate Financial Aid Survey (2018-19) using NPSAS data adjustments.

⁶⁴ The share of the New Jersey's graduates leaving with debt also increased from 58 percent among the Class of 2004 to 62 percent among the Class of 2019.

⁶⁵ 32.9% (14,387 bachelor's degree graduates ÷ 43,735 total bachelor's degree graduates) – Numerator includes only colleges reporting data for both Class of 2004 and Class of 2019.

⁶⁶ From 2004 to 2019, the share of graduates who had debt stayed the same at Rutgers University (56%), increased at Montclair State (52% to 74%), and decreased at Rowan University (97% to 71%).

⁶⁷ Sixty-five percent of the Class of 2019 had debt, compared to 69% of the Class of 2004, in Pennsylvania.

⁶⁸ From 2004 to 2019, the share of graduates who had debt decreased at Penn State (70% to 52%), remained roughly the same at Temple University (72% to 71%), and increased at Drexel University (67% to 82%).

⁶⁹ Among all states, six increased at or less than the rate of inflation; and, five of the six states had medium or high robustness.

⁷⁰ In both 2004 and 2019, just under half of college graduates had accumulated debt in Arizona.

⁷¹ From 2004 to 2019, the share of graduates who had debt remained roughly the same at Arizona State and University of Arizona, but Northern Arizona University (50% to 57%).

⁷² Calculations by TICAS using data from the U.S. Department of Education, IPEDS institutional characteristics (2018-19) and from the Peterson's Undergraduate Financial Aid Survey (2018-19).

⁷³ Unless otherwise noted, only colleges that reported in the Peterson's Undergraduate Financial Aid Survey a nonzero average debt, a number with debt, a percent with debt for the Class of 2019, and at least 100 bachelor's degree recipients in 2018-19 are included in the data for student debt at individuals colleges in this report.

⁷⁴ The U.S. Department of Education plans to release its next survey for the 2019-20 school year in 2021. A forthcoming release of data from the National Postsecondary Study Aid Study's Administrative Collection (NPSAS:18-AC) will provide detailed information on financial aid and student debt based on a collection of administrative data from the Department's data systems and institutional student records, and may provide additional data at both the national and state level. However, as with the regular NPSAS conducted every four years, data will not include comprehensive college-level debt information. See U.S. Department of Education, <https://bit.ly.co/3g9i>.

⁷⁵ TICAS, "Takeaways from New Program-Level Data on the College Scorecard", December 5, 2019, <https://bit.ly.co/3g9x>.

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⁸⁰ Student Borrower Protection Center, *Private Student Lending*, April 2020, <https://bitly.co/3gA5>.

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⁸² TICAS, *Critical Choices: How Colleges Can Help Students and Families Make Better Decisions about Private Loans*, 2011, <https://bitly.co/3gA6>.

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⁸⁴ Elan Amir, Jared Teslow, and Christopher Borders, MeasureOne Private Student Loan Report Q1 2020, MeasureOne, June 1, 2020, <https://bitly.co/3gAE>.

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¹¹⁸ Peterson's Undergraduate Financial Aid and Undergraduate Databases, accessed September 2020, <https://bit.ly/co/3gAk>. Copyright 2020 Peterson's LLC. All rights reserved.

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most recent Peterson's Undergraduate Financial Aid survey, or responded to the survey, but did not report the number of graduating students in the Class of 2019 with loans, the percent of graduates with debt, and the average debt of those who borrowed for the Class of 2019.

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