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CONTACTS: Shannon Serrato, 510-318-7915
Lisa Lederer, 202-371-1999
Cheryl Bond-Nelms, 202-371-1999

REPORT: Class of 2017 Four-Year Graduates' Average Student Debt Is $28,650

Disparities in student loan burdens and defaults need increased attention

Oakland, CA - New data show that the average student debt for college graduates continues to climb but at a slower pace, according to a report released today by The Institute for College Access & Success (TICAS). Nationally, about two in three (65 percent) college seniors who graduated from public and private nonprofit colleges in 2017 had student loan debt. These borrowers owed an average of $28,650, 1 percent higher than the 2016 average.

"While student loans can be an excellent investment, there is a crisis among the millions of students who struggle to repay their loans, and they are disproportionately students of color or from low-income families," said **James Kvaal**, TICAS president. "We need to invest more in student aid and in colleges to reduce students' need to borrow, and make their loans easier to repay."

The average debt held by four-year college graduates is an important benchmark for college affordability over time and across states because it measures debt levels for students at a comparable point in their academic careers. However, it does not tell the whole story on student debt. The burden of student debt is disproportionately borne by students of color, first-generation college students, and students from low-income families. For example, graduates from lower income families are five times as likely to default as their higher income peers, and 21 percent of Black college graduates defaulted within 12 years of entering college.

The reasons for the slower growth debt among four-year graduates in recent years are not yet known. The report discusses several recent trends that may have played a role. In recent years, states began reinvesting in higher education following the Great Recession and the federal government invested more resources in Pell Grants. Yet states' spending remains far below pre-recession levels, and the maximum Pell Grant currently covers just 28 percent of public college costs.

Wide Variation among States

Student Debt and the Class of 2017, TICAS' 13th annual report on debt at graduation, finds wide variations in debt levels across states as well as colleges. Average student debt at graduation in 2017 ranged from $18,850 in Utah to $38,500 in Connecticut, and new graduates' likelihood of having debt ranged from 38 percent in Utah to 74 percent in New Hampshire. High-debt states remain concentrated in the Northeast and low-debt states are mainly in the West.

HIGH-DEBT STATES	
Connecticut	$38,510
Pennsylvania	$36,854
Rhode Island	$36,250
New Hampshire	$34,415
Delaware	$34,144
New Jersey	$32,247
Massachusetts	$32,065
Alabama	$31,899
Minnesota	$31,734
Maine	$31,364

LOW-DEBT STATES	
Utah	$18,838
New Mexico	$21,237
Nevada	$22,064
Wyoming	$22,254
California	$22,785
Washington	$23,936
Arizona	$23,967
Florida	$24,041
Hawaii	$25,125
Tennessee	$25,252

Vulnerable Groups of Students Bearing Disproportionate Burden

"State and national averages mask important differences in who carries debt and whether they can repay it," said **Diane Cheng**, research director at TICAS and a coauthor of the report. "It's clear we need to do far more to protect the most vulnerable students. A college degree is a powerful tool for social mobility, but unaffordable student debt can hold borrowers back."

The report also highlights the need for increased efforts to ensure that vulnerable students are not being disproportionately burdened by debt. According to the report:

- More than eight in 10 Pell Grant recipients who earned bachelor's degrees had student debt, and their average debt was $4,500 more than their higher income peers. Most Pell Grant recipients have family incomes of $40,000 or less.
- Additionally, Pell Grant recipients with bachelor's degrees were more than five times as likely to default within 12 years as their higher income peers (11 percent versus 2 percent).
- More than one in five (21 percent) Black bachelor's degree recipients defaulted within 12 years of entering college, a much higher rate than their white (3 percent) and Hispanic (8 percent) peers.
- First-generation bachelor's degree recipients were more than twice as likely to default within 12 years than students whose parents had attended college (10 percent versus 4 percent).
- The report's data do not include for-profit colleges because too few of them report the necessary data, but borrowers who attended for-profit colleges face particular challenges with student loan repayment. For example, three in 10 (30 percent) bachelor's degree recipients 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 percent) and six times the rate of those who started at nonprofit colleges (5 percent).

Policy Recommendations

With far too many Americans continuing to shoulder burdensome student debt, the report puts forward a series of policy recommendations for the federal government, states, and colleges. Among those: the federal government should increase and strengthen Pell Grants and make new investments that supplement – not supplant – state funding for public higher education. States should shift merit-based aid to need-based aid, improve data systems, and adopt a Student Loan Borrower Bill of Rights. Colleges should examine debt data across demographics, set aside funds for student emergencies, and set clear, reasonable student budgets. Additional policy recommendations can be found in the full report.

NOTE: An 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 https://ticas.org/posd/map-state-data.

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