

50 Shades of Debt

Looking Beyond Average Borrowing Amounts to Understand Trends in Student Debt

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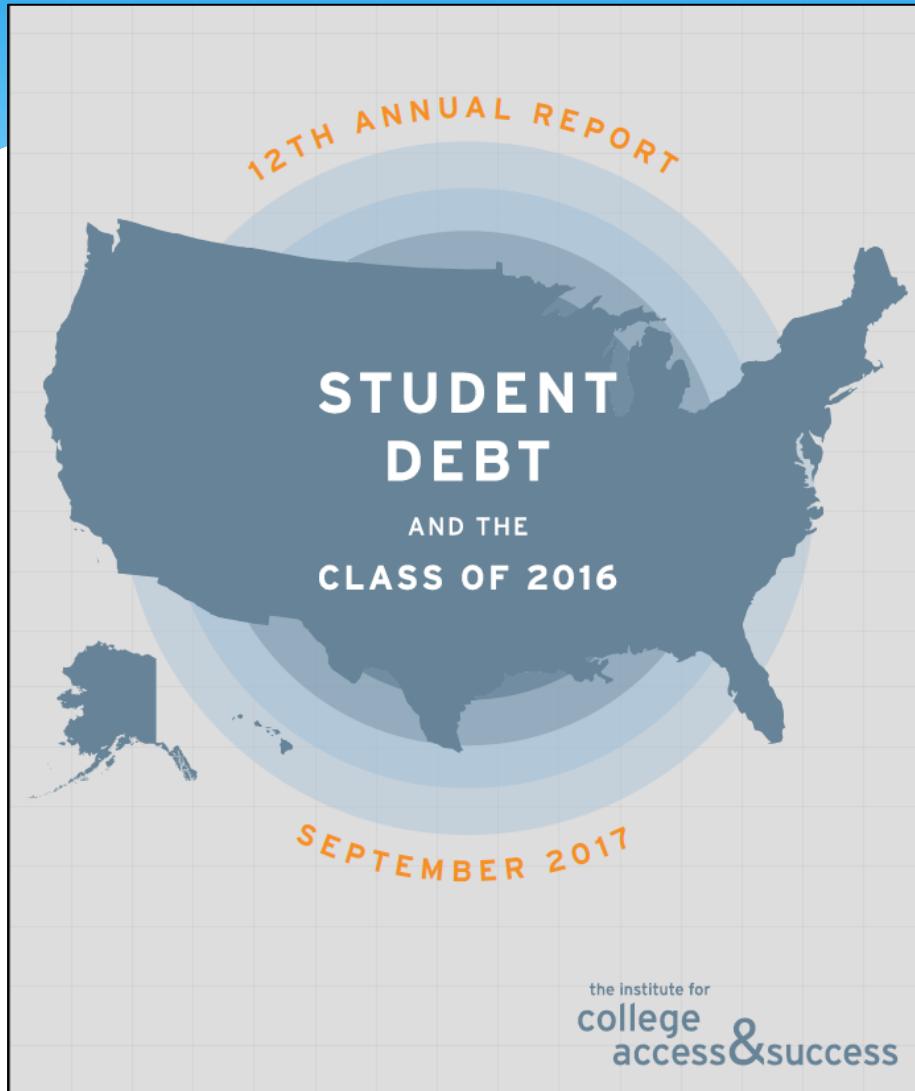
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The Institute for College Access & Success (TICAS)

- An independent, nonpartisan, nonprofit research and policy organization working to make higher education more available and affordable for people of all backgrounds
- Areas of focus include student debt (see [The Project on Student Debt](#) and [IBRinfo.org](#)), grant aid, tax benefits, FAFSA simplification, financial aid communication, college accountability, and data policy.

TICAS' Annual Report on Student Debt



- Cumulative debt for BA recipients at public and private nonprofit 4-year colleges, including both federal and nonfederal debt.
- Data are reported by colleges and we aggregate it up to the state level.
- Data licensed from Peterson's (college guide publisher).

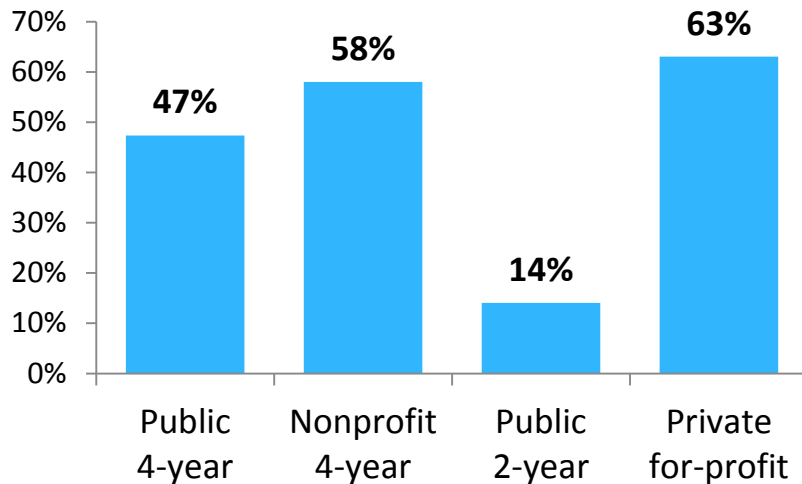
Beneath Average Debt, Wide Variation

Findings from *Student Debt and the Class of 2016*

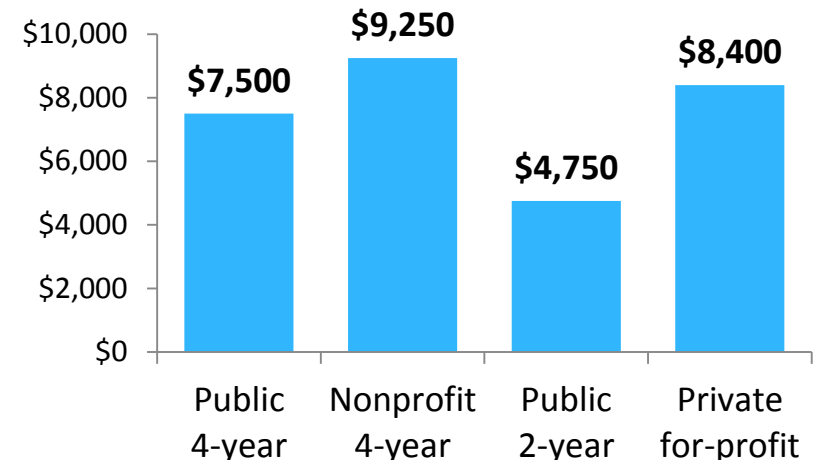
- **Enormous variation in debt levels across states and colleges**
 - State averages range from \$20,000 (Utah) to \$36,350 (New Hampshire)
 - College averages range from \$4,600 to \$59,100; likelihood of borrowing ranges from 6% to 98%.
- **Nonfederal loan borrowing is concentrated in particular states and types of colleges**
 - Of the 100 colleges where graduates borrow most in *private loans* (from banks/lenders), 85 are nonprofit 4-year colleges and 34 are located in PA.
 - Almost four out of five graduates with *state loan* debt attended schools in just four states (TX, MN, MA, and NJ) that awarded only 14% of BAs.

Annual Borrowing by Type of College

Share of Students Borrowing

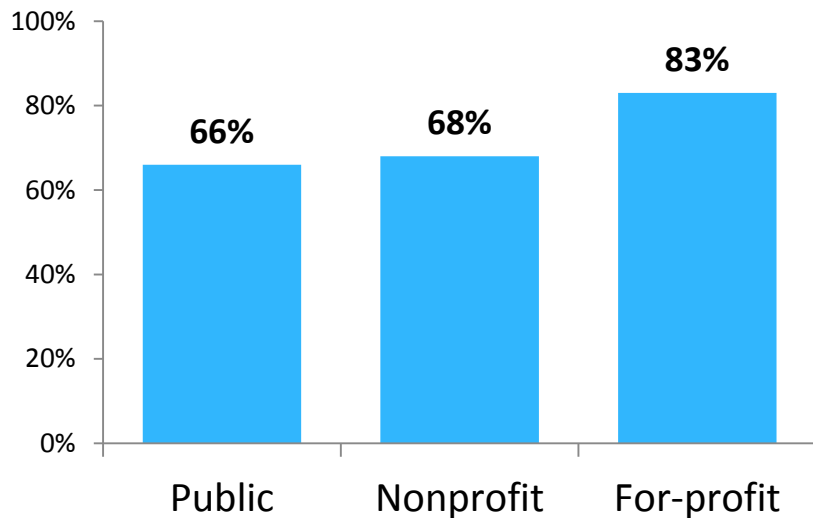


Average Amount Borrowed

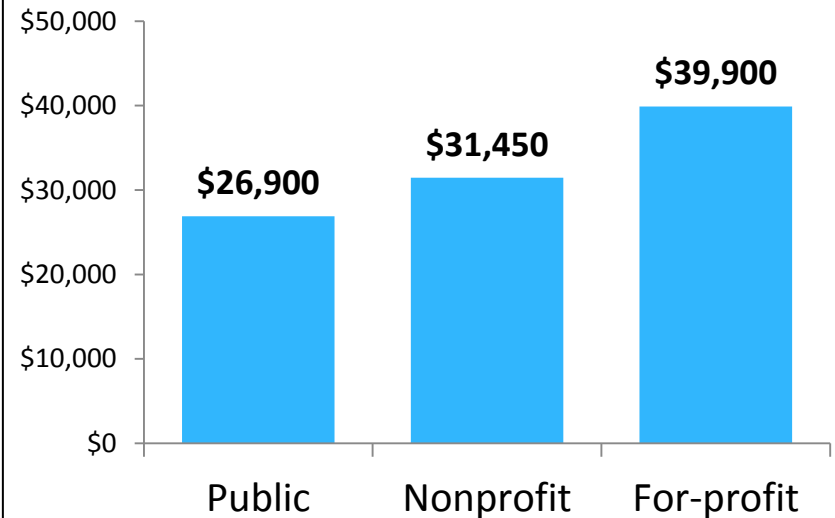


Cumulative Borrowing by College Type

Share of BA Recipients with Student Loan Debt (2016)



Average Debt for BA Recipients with Loans (2016)



College Cost Burdens Not Borne Equally

College Costs in Context: A State-by-State Look at College (Un)Affordability

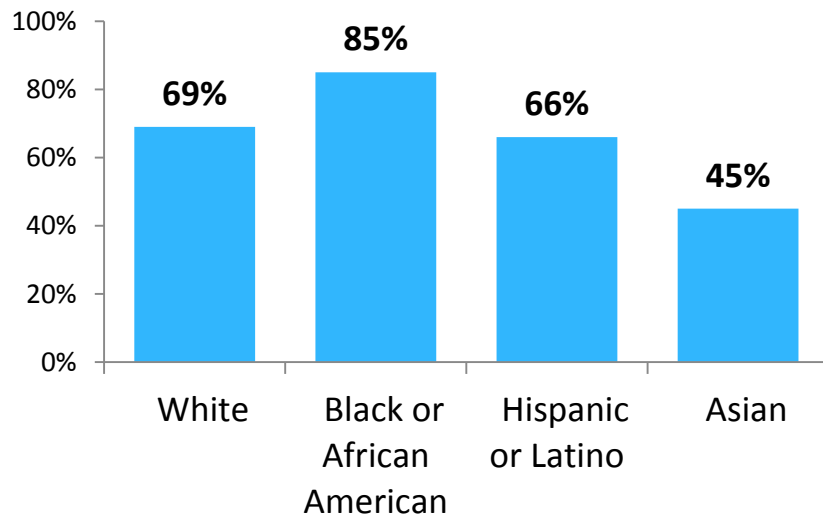
- **“Net price” at public 2-year and 4-year colleges for low-income students**
 - Net price = total cost of attendance minus grant and scholarship aid
 - Family incomes of \$30,000 or less
- **Key findings**
 - Low-income families have to spend 77% of their total income to cover the net price at a 4-year school and 50% of their total income for a 2-year school – more than double the burden for other income groups.
 - Wide variation by state
 - In 9 states and DC, the lowest income students would need to work more than 40 hours/week at minimum wage to cover the net price for a 4-year college, and more than 20 hours/week in all but one state (CA)

Borrowing by Pell Grant Receipt

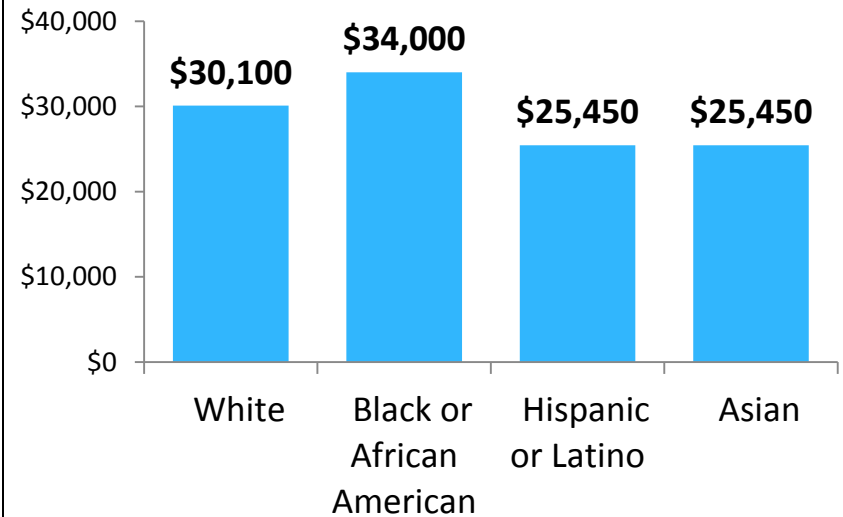
- Pell Grant recipients are twice as likely to borrow (57% vs. 27%)
- More than 8 in 10 Pell Grant recipients who graduate from four-year colleges have student loans, and their average debt is \$4,500 more than their higher income peers.

Cumulative Borrowing by Race/Ethnicity

Share of BA Recipients with Student Loan Debt (2016)



Average Debt for BA Recipients with Loans (2016)



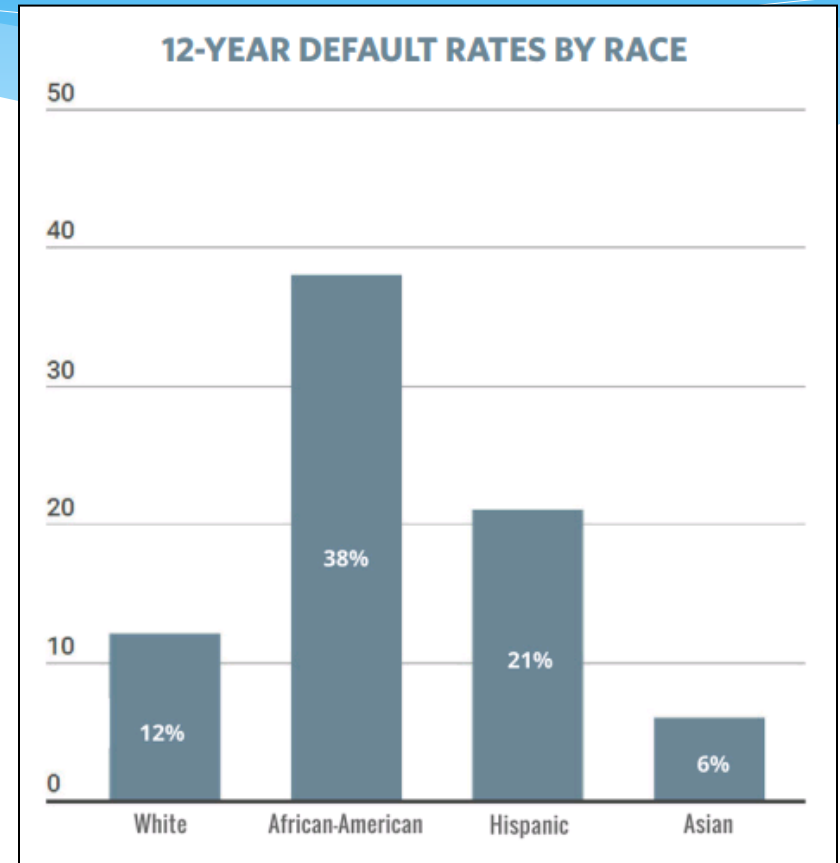
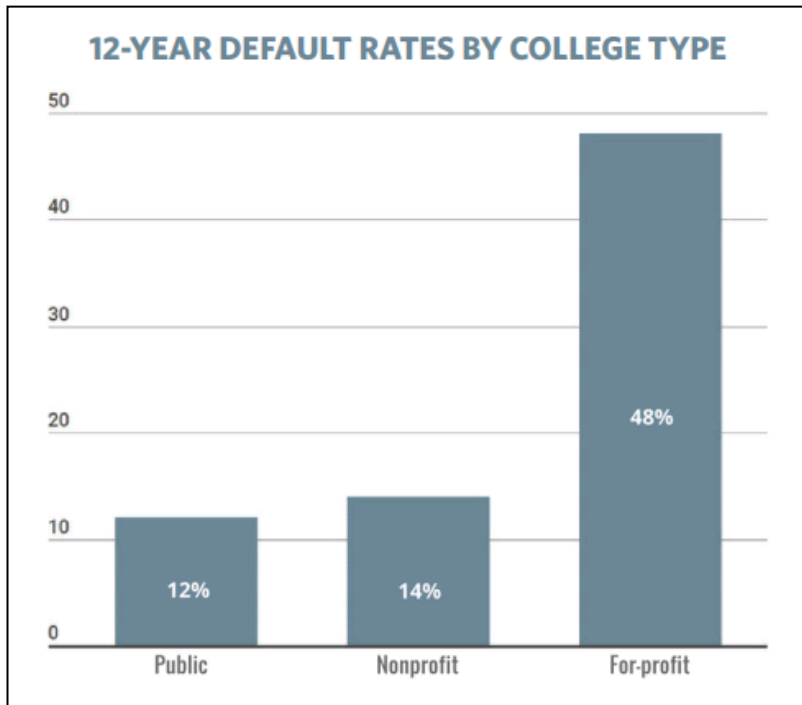
Student Loan Repayment Outcomes

- More than 1 million Direct Loan borrowers default each year.
- A record high 8.7 million federal loan borrowers are currently in default.
- Nearly a quarter (23%) of Direct Loan borrowers are over 30 days delinquent or in default.

Calculations by TICAS on data from the U.S. Department of Education, Federal Student Aid Data Center, <https://studentaid.ed.gov/sa/data-center>. These figures reflect outstanding student loans in the Direct Loan and FFEL portfolios as of December 31, 2017.

Students at Greatest Risk of Default

For-profit college students, black students, Pell Grant recipients, and first-generation students are more likely to default

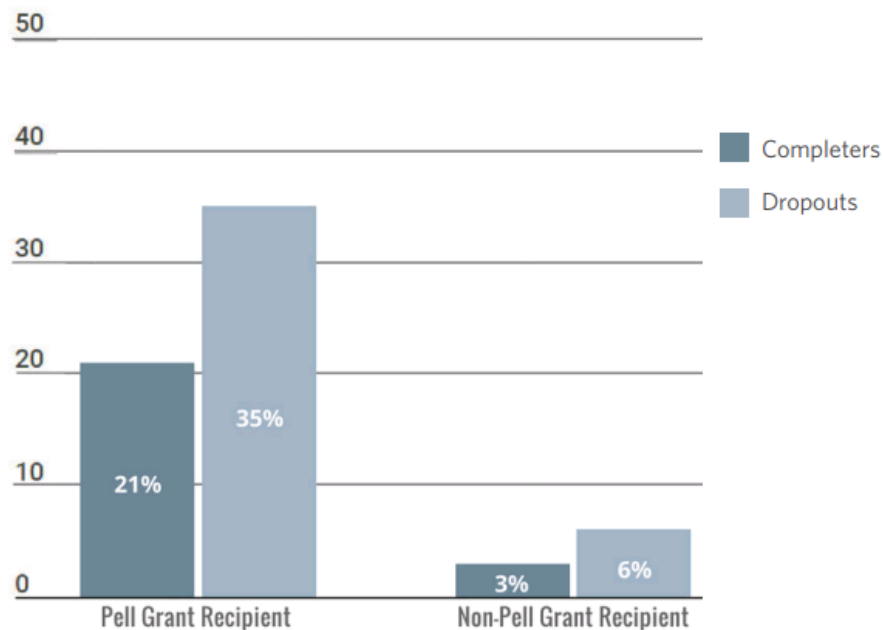


TICAS. 2018. *Students at Greatest Risk of Loan Default*. <https://bit.ly/2rb8doK>. Figures based on analysis of the U.S. Department of Education's Beginning Postsecondary Students Longitudinal Study (BPS) and track whether first-time undergraduates in 2003-04 defaulted on their federal loans within 12 years of entering college.

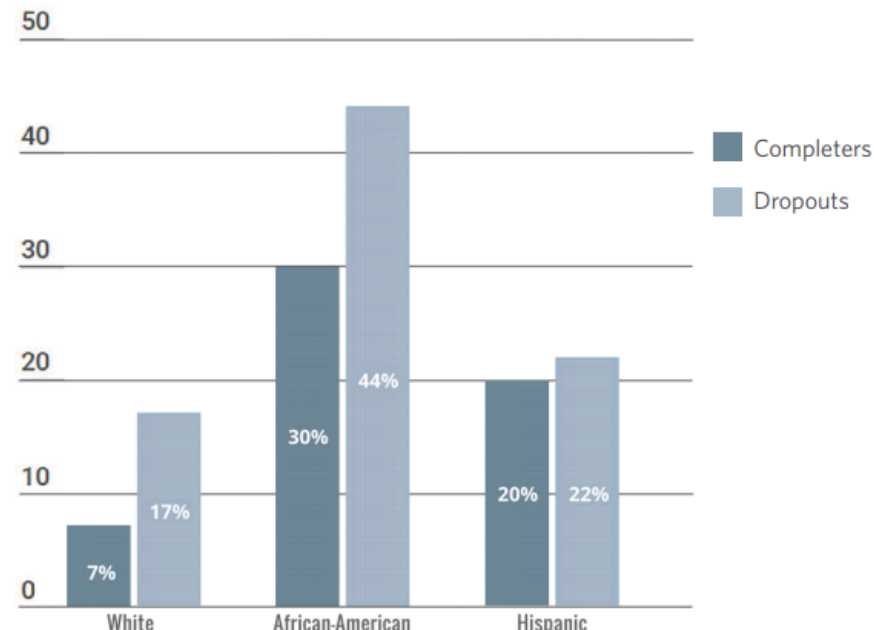
Students at Greatest Risk of Default

Completion matters, but it doesn't adequately protect vulnerable students from default

12-YEAR DEFAULT RATES BY COMPLETION AND PELL GRANT RECEIPT



12-YEAR DEFAULT RATES BY COMPLETION STATUS AND RACE

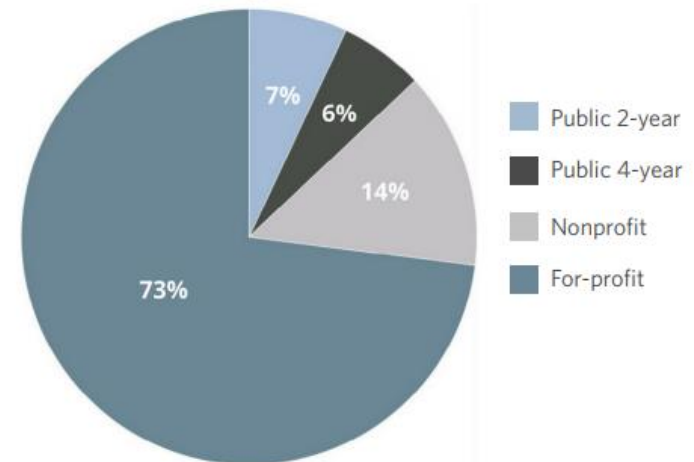


Colleges Where Most Borrow, Few Repay

Widespread growth of loan balances during repayment may indicate a serious problem at a college

- At one in five colleges (21%, or 781 colleges), most students borrow and few can repay.
- At half (50%) of all for-profit colleges, most students borrow and few can repay, compared to fewer than 10% of all public and nonprofit colleges

COLLEGES WHERE MOST BORROW AND FEW CAN REPAY, BY SCHOOL TYPE



TICAS. 2018. *Colleges Where Most Students Borrow and Few Repay*. <https://bit.ly/2L344fu>. Figures based on analysis of data from College Scorecard where more than 50% of undergraduates borrowed federal loans in 2014-15 and fewer than 50% of undergraduate Stafford loan borrowers who entered repayment in FY 2008 and FY 2009 had paid down at least \$1 in principal, seven years into repayment.

Colleges Where Most Borrow, Few Repay

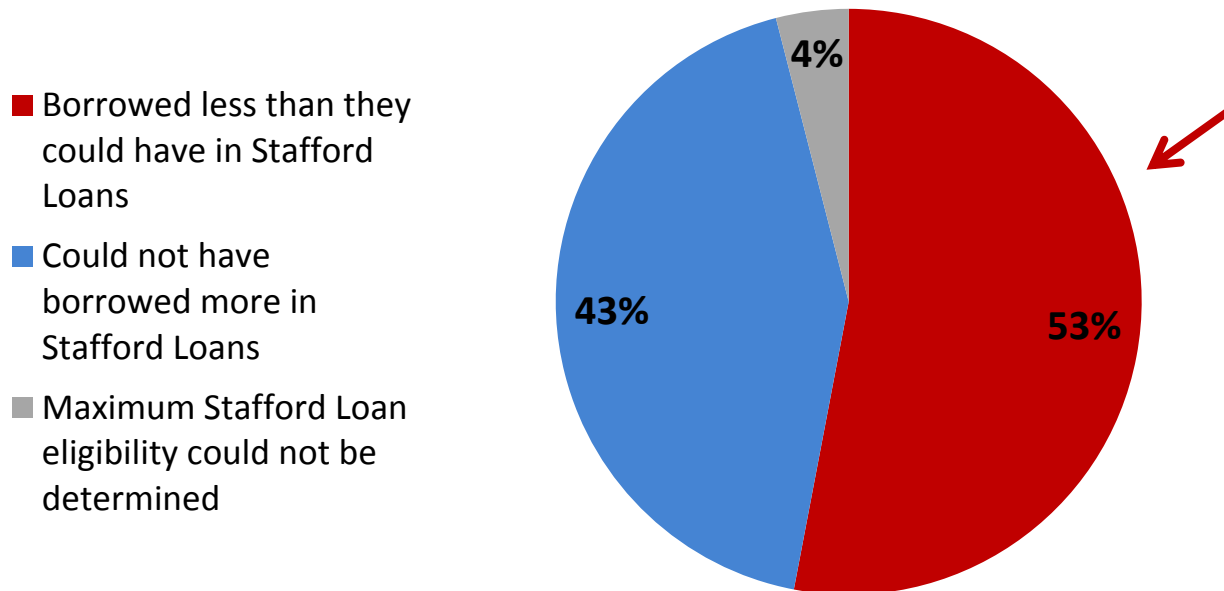
What types of students attend them?

- First-generation students, Pell Grant recipients, and African-American students are more likely to enroll at colleges where most borrow and few can repay.
 - 52% of students at these schools are first-generation (vs 40% at other colleges)
 - 64% are Pell Grant recipients (compared to 36% at other colleges)
 - 36% are Black/African American (compared to 11% at other colleges)
- *However*, most Pell Grant recipients and African-American students attend colleges with better repayment outcomes.

Private Loan Borrowing

Many could have borrowed more in safer federal loans

Private Loan Borrowers by Stafford Loan Usage (2016)



- 11% didn't apply for federal aid
- 19% completed FAFSA, but didn't borrow a Stafford Loan
- 22% borrowed Stafford Loans, but less than they could have

Calculations by TICAS using data from the U.S. Department of Education's National Postsecondary Student Aid Study (NPSAS), 2015-16. Individual borrowers' Stafford Loan eligibility depends on class level, dependency status, and college costs after financial aid.

For more information about TICAS' work on student debt issues, visit

<http://projectonstudentdebt.org/>

- Fact sheets on student debt and financial aid:
http://projectonstudentdebt.org/fact_sheets.vp.html
- Resource page on private student loans:
<http://projectonstudentdebt.org/privateloans.vp.html>
- Resource page on cohort default rates:
http://projectonstudentdebt.org/CDR_resources.vp.html