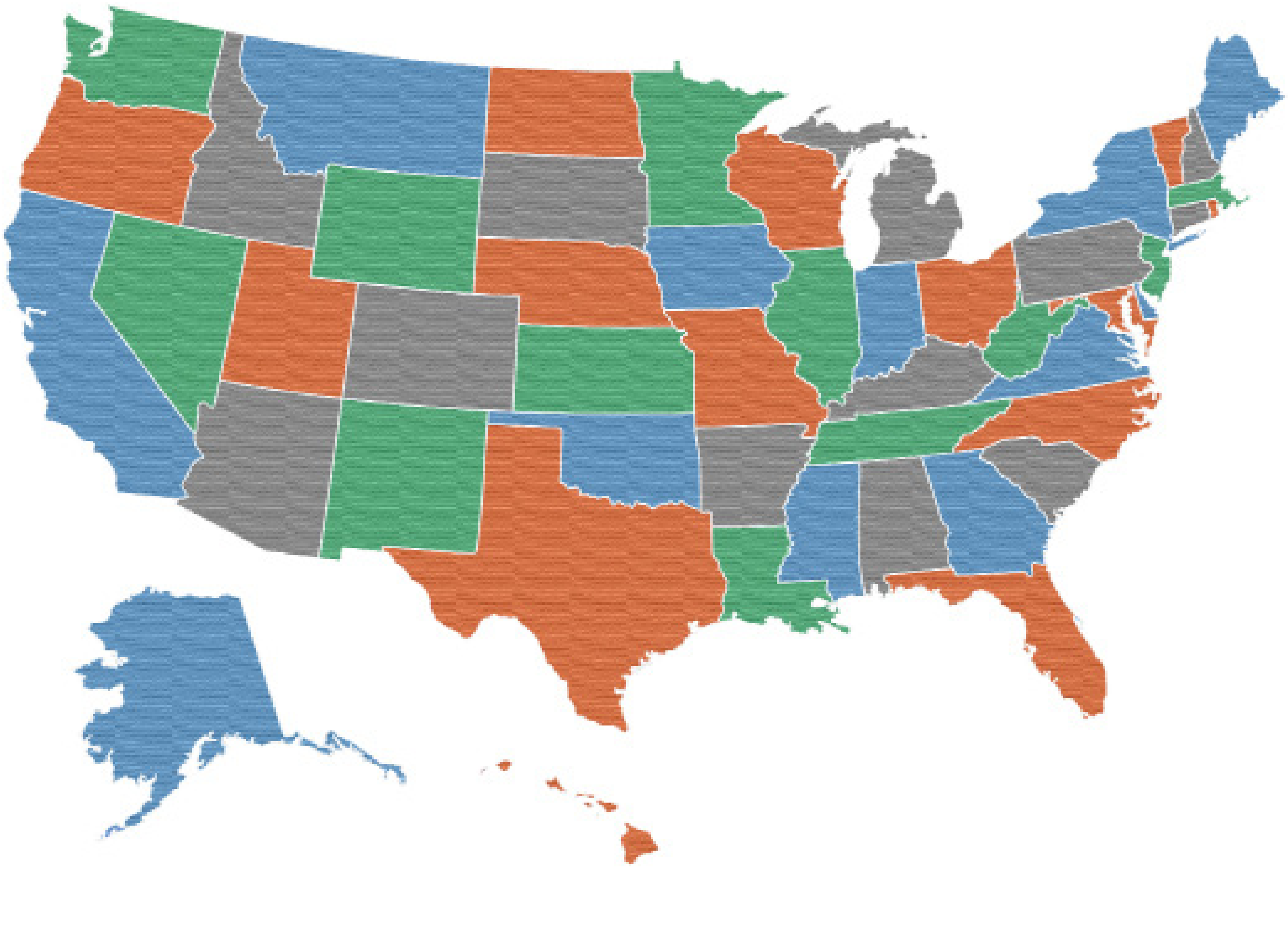
Student Debt and the Class of 2010

November 2011



THE PROJECT ON STUDENT DEBT

Student Debt and the Class of 2010 is our sixth annual report on the cumulative student loan debt of recent graduates from four-year public and private nonprofit colleges. Our analysis found that the debt levels of students who graduate with loans continued to rise, with considerable variation among states as well as among colleges.

We estimate that two-thirds of college seniors who graduated in 2010 had student loan debt, with an average of $25,250 for those with debt, up five percent from the previous year.[1] The five percent increase in average debt at the national level is similar to the average annual increase over the past few years.

State averages for debt at graduation from four-year colleges ranged widely in 2010, from $15,500 to $31,050. High-debt states are concentrated in the Northeast and Midwest, while low-debt states are mainly in the West. Average debt continues to vary even more at the campus level than at the state level, from $950 to $55,250. Colleges with higher costs tend to have higher average debt, but there are many examples of high-cost colleges with low average debt, and vice versa.

In the current economic climate, recent college graduates who borrowed for their education face particular challenges in paying back their student loans. The unemployment rate for young college graduates rose from 8.7 percent in 2009 to 9.1 percent in 2010, the highest annual rate on record. However, the unemployment rate for young college graduates continues to be much lower than that for young high school graduates. The average unemployment rate for 20- to 24-year-olds with only a high school education was 20.4% in 2010.[2]

Many factors influence student debt levels for each graduating class and the rate of increase over time, such as changes in college costs, family resources, and need-based grant aid. Most students in the Class of 2010 started college before the recent economic downturn, but the economy soured while they were still in school, widening the gap between rising college costs and what students and their parents could afford. State budget cuts led to sharp tuition increases at some public colleges, also increasing the need to borrow. On the other hand, federal grant aid increased while the Class of 2010 was in college, with an especially large increase in 2009-10. State and institutional grant aid also rose, with many colleges taking steps to increase or maintain need-based grant aid when the economy faltered, so that students could afford to stay in school.[3] These increases in grant aid may have helped mitigate the other factors, keeping student debt from growing faster than it has in recent years.

Given the growing enrollment in and attention to for-profit colleges in recent years, it is important to note that this report reflects only graduates of public and private nonprofit four-year colleges because so few for-profit colleges report the necessary student debt data. However, based on national surveys conducted by the U.S. Department of Education, we know that on average, graduates of for-profit four-year colleges are much more likely to borrow student loans and borrow significantly more than their counterparts at public and private nonprofit colleges. For more information, see page 8.

A *companion interactive map* with details for all 50 states, the District of Columbia, and more than 1,000 public and private nonprofit four-year colleges is available at http://projectonstudentdebt.org/state_by_state-data.php.

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[1] These figures reflect the percentage of 2009-10 bachelor's degree recipients with student loan debt at public and private nonprofit four-year colleges and the average cumulative debt level for those with loans. See the *Where the Numbers Come From and How We Use Them* section for more information. All dollar figures in this report are given in current or nominal dollars, not adjusted for inflation. Adjusting for inflation, average cumulative debt increased four percent between 2008-09 and 2009-10.

[2] These annual unemployment figures are from unpublished data from the Current Population Survey (CPS), provided by the Bureau of Labor Statistics (BLS) in response to personal communications in August 2010 and April 2011. The figures apply to those in the civilian non-institutional population who are aged 20 to 24 and are actively seeking work. The unemployment rate measures the proportion of that population who are not working.

[3] For data on federal, state, and institutional grant aid to undergraduates over time, see College Board. 2011. *Trends in Student Aid 2011*. Table 2a. http://trends.collegeboard.org/student_aid/report_findings/indicator/301#f913. Accessed October 28, 2011.

Student Debt Highs and Lows, by State

The statewide average debt levels for the Class of 2010 vary widely among the states, but most of the same states appear at the high and low ends of the spectrum as in previous years.[4] We base state averages on the best available college-level data, which were reported voluntarily by 1,067 public and private nonprofit four-year colleges for the Class of 2010.[5] For more information on our methodology, see the *Where the Numbers Come From and How We Use Them* section.

The following tables show the states with the highest and lowest average debt levels for the Class of 2010.

High Debt States	
New Hampshire	$31,048
Maine	$29,983
Iowa	$29,598
Minnesota	$29,058
Pennsylvania	$28,599
Vermont	$28,391
Ohio	$27,713
Indiana	$27,001
Rhode Island	$26,340
New York	$26,271

Low Debt States	
Utah	$15,509
Hawaii	$15,550
New Mexico	$16,399
Nevada	$16,622
California	$18,113
Arizona	$18,454
Georgia	$18,888
Kentucky	$19,375
Tennessee	$19,957
Wyoming	$20,571

States in the Northeast and Midwest are disproportionately represented among the "high debt" states, while those in the West are disproportionately represented among the "low debt" states.[6] This may be related to the fact that a larger than average share of students in the Northeast and Midwest attend private nonprofit four-year colleges. In comparison, Western states have a larger share of students attending public four-year colleges.[7]

In general, private nonprofit colleges have higher costs than public ones, and higher average costs at the state or college level are associated with higher average debt. However, there are many colleges with high costs and low debt, and vice versa. Multiple factors influence average debt levels at a college, such as endowment resources available for financial aid, student demographics, state policies, institutional financial aid packaging policies, and the cost of living in the local area. For more about debt at the college level, see the *Student Debt at Colleges* section on page 4.

[4] 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, corrections 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, http://College-InSight.org.

[5] The institutional debt data used in this report are provided voluntarily by colleges in response to questions that are part of the Common Data Set (CDS), http:// www.commondataset.org. The Project on Student Debt's parent organization, the Institute for College Access & Success, licenses these data through an agreement with Peterson's, a publisher of college guides. The data are copyright 2011 Peterson's, a Nelnet company. All rights reserved.

[6] These regions are as defined in: U.S. Census Bureau. *Census regions and divisions with State FIPS Codes*. http://www.census.gov/geo/www/us_regdiv.pdf. Accessed October 14, 2011.

[7] Based on calculations by the Project on Student Debt on student charges and 12-month unduplicated undergraduate enrollment during the 2009-10 year from the U.S. Department of Education, Integrated Postsecondary Education Data System (IPEDS).

The following table shows each state's average debt and proportion of students borrowing for graduates in the Class of 2010, along with information about the amount of usable data actually available for each state.[8]

Percentage of Graduates with Debt and Average Debt of those with Loans, by State							
	Class of 2010				Institutions (BA-Granting)		Graduates
State	Average Debt	Rank	% with Debt	Rank	Total	Usable	% Represented in Usable Data
Alabama	$24,821	14	56%	29	33	16	68%
Alaska	$22,717	27	50%	40	4	4	100%
Arizona	$18,454	45	47%	45	11	6	99%
Arkansas	$21,408	35	57%	27	23	10	59%
California	$18,113	46	48%	43	127	73	85%
Colorado	$22,017	32	55%	33	22	16	86%
Connecticut	$25,360	13	61%	21	23	14	88%
Delaware	$21,500	34	50%	40	6	3	72%
District of Columbia	$24,191	17	54%	36	9	7	90%
Florida	$21,184	37	49%	42	75	29	85%
Georgia	$18,888	44	55%	33	53	30	85%
Hawaii	$15,550	49	38%	50	7	2	64%
Idaho	$24,178	18	66%	11	9	3	43%
Illinois	$23,885	20	62%	18	76	43	75%
Indiana	$27,001	8	62%	18	50	35	91%
Iowa	$29,598	3	72%	4	35	24	93%
Kansas	$22,280	29	57%	27	29	11	68%
Kentucky	$19,375	43	58%	25	32	23	96%
Louisiana	$24,548	16	48%	43	26	11	64%
Maine	$29,983	2	68%	7	19	10	74%
Maryland	$21,750	33	54%	36	34	17	67%
Massachusetts	$25,541	12	63%	16	81	48	75%
Michigan	$25,675	11	60%	23	58	32	87%
Minnesota	$29,058	4	71%	5	38	27	81%
Mississippi	$22,142	30	52%	39	17	6	70%
Missouri	$22,601	28	65%	14	54	22	70%
Montana	$22,768	26	65%	14	10	7	93%
Nebraska	$21,227	36	62%	18	24	11	58%
Nevada	$16,622	47	39%	49	8	3	94%
New Hampshire	$31,048	1	74%	2	16	9	76%
New Jersey	$23,792	21	66%	11	37	19	73%
New Mexico	$16,399	48	56%	29	10	4	40%

[8] In order for their data to be considered usable for calculating state averages, colleges had to report both the percent of graduating students with loans and their average debt, and report granting bachelor's degrees during the 2009-10 year. As shown in the table for North Dakota, we did not calculate state averages when the usable cases with student debt data cover less than 30% of the state's bachelor's degree recipients in the Class of 2010, or when the underlying data for that state showed a change of 30% or more in average debt from the previous year. Such large year-to-year swings likely reflect different institutions reporting each year, reporting errors, or changes in methodology by institutions reporting the data, rather than actual changes in debt levels.

Percentage of Graduates with Debt and Average Debt of those with Loans, by State							
	Class of 2010				Institutions (BA-ranting)		Graduates
State	Average Debt	Rank	% with Debt	Rank	Total	Usable	% Represented in Usable Data
New York	$26,271	10	61%	21	176	84	71%
North Carolina	$20,959	38	53%	38	59	33	70%
North Dakota	N/A	N/A	N/A	N/A	13	7	65%
Ohio	$27,713	7	68%	7	80	44	85%
Oklahoma	$20,708	40	56%	29	28	14	76%
Oregon	$23,967	19	63%	16	29	17	72%
Pennsylvania	$28,599	5	70%	6	126	77	79%
Rhode Island	$26,340	9	67%	9	10	6	71%
South Carolina	$23,623	23	55%	33	35	17	77%
South Dakota	$23,171	25	75%	1	13	7	76%
Tennessee	$19,957	42	46%	46	48	29	88%
Texas	$20,919	39	56%	29	90	47	73%
Utah	$15,509	50	44%	47	9	8	91%
Vermont	$28,391	6	66%	11	18	11	77%
Virginia	$23,327	24	58%	25	44	36	96%
Washington	$22,101	31	59%	24	30	16	53%
West Virginia	$23,678	22	73%	3	21	14	47%
Wisconsin	$24,627	15	67%	9	37	24	77%
Wyoming	$20,571	41	42%	48	1	1	100%

Student Debt at Colleges

Student debt levels can vary considerably among colleges due to a number of factors, including differences in tuition and fees, living expenses in the local area, the demographic makeup of the graduating class, the availability of need-based aid from colleges and states, and colleges' financial aid policies and practices. Even colleges with similar published prices can have very different debt levels.

Students and families often look at the published tuition and fees for a college as an indicator of affordability.[9] 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), and transportation and miscellaneous personal expenses. Many students receive grants and scholarships that offset some of these costs.[10] The "net price" (cost of attendance minus grants and scholarships) is the actual amount that students and their families have to cover from work, savings, or loans. For many students, colleges that appear financially out of reach may actually be affordable because they offer significant grant aid. Net price calculators, required on all college web sites since October 29, 2011, can help students and families look past "sticker price" and consider "net price" when assessing the affordability of particular colleges.[11]

[9] The College Board and Art & Science Group, LLC. 2010. *Students and Parents Making Judgments about College Costs Without Complete Information.* Student Poll Vol. 8, Issue 1. http://www.artsci.com/studentpoll/v8n1/. Accessed October 24, 2011.

[10] For example, the College Board reports that only "about one-third of full-time students pay for college without the assistance of grant aid". College Board. 2011. *Trends in College Pricing 2011*. p. 3. http://trends.collegeboard.org/downloads/College_Pricing_2011.pdf. Accessed October 31, 2011.

[11] See: The Institute for College Access & Success. 2011. *Adding It All Up: An Early Look at Net Price Calculators*. http://www.ticas.org/pub_view.php?idx=731.

At some selective private nonprofit colleges, the "net price" for low- and moderate-income students can be lower than at many public colleges due to financial aid packaging policies and considerable resources for need-based aid from endowments and fundraising. This in turn contributes to relatively low average debt at graduation. At some schools the small share of students with low and moderate incomes may also contribute to low student debt levels. For example, four colleges with no-loan or reduced-loan financial aid policies for low- and middle-income students are notable for charging over $30,000 for tuition and fees in 2009-10 but graduating bachelor's degree recipients with, on average, less than $10,000 in student loans. These schools are Pomona College, Princeton University, Williams College, and Yale University.[12]

Other factors can affect the way that colleges report the debt figures used in this analysis. There are differences in how colleges interpret the relevant survey questions and calculate their average debt figures, despite attempts to provide clear definitions and instructions.[13] There are also colleges that do not report these figures at all or fail to update them. Of the 1,923 public and private nonprofit four-year colleges in the U.S. that granted bachelor's degrees during the 2009-10 year, 1,067 – just 55 percent – reported figures for both average debt and percent with debt. Some colleges choose not to respond to the survey used to collect these data, or choose not to respond to the student debt questions.[14]

There is great variation from college to college, with average debt figures from $950 to $55,250 among the 1,067 colleges with usable data. At the high end, 98 colleges reported average debt of more than $35,000. The share of students with loans also varies widely. Among all colleges with usable data, the percentage of graduates with debt ranges from two to 100 percent. Seventy-three colleges reported more than 90 percent of the Class of 2010 graduating with debt.

Our analysis suggests that the available campus-level data are not reliable enough to rank individual colleges with especially high or low debt levels. However, we have identified colleges with reported debt levels that fall into high or low ranges relative to the levels reported by all institutions. These lists illuminate the high and low ends of the spectrum for colleges reporting student debt data.[15]

For public and private nonprofit four-year colleges, campus-level data on student debt, enrollment, costs, and the percentage of students receiving Pell Grants are available through an interactive map at http://projectonstudentdebt.org/state_by_state-data.php. These and additional data related to affordability, diversity, and success are also available online at http://College-InSight.org, where users can compare data over several years and for states, sectors, individual colleges, and the nation as a whole.

[12] For more information about Financial Aid Pledges, please visit our website, http://www.projectonstudentdebt.org/pledges.

[13] The survey instructions and other information on our data source can be found in the *Where the Numbers Come From and How We Use Them* section.

[14] Differences in the identifiers used for colleges and the way campuses are grouped in different surveys also limit the number of colleges with usable data.

[15] These lists present the 20 colleges at the top and bottom of the spectrum in terms of the average debt of borrowers. Only colleges that reported both average debt and percent with debt for the Class of 2010 and had at least 100 bachelor's degree recipients in 2009-10 are included on these lists. We excluded colleges for which our analysis raised serious questions about the accuracy of the data, as well as colleges that informed us that they intend to correct their debt figures with Peterson's.

High Debt Colleges

The colleges on the following lists are notable for having very high average debt levels for the Class of 2010. Because public colleges generally have significantly lower costs and lower debt levels than private colleges, we list public and private colleges separately on these "high debt" lists. The high-debt public colleges listed here have average debt from $29,800 to $45,350. While some have high in-state tuition relative to other public colleges, the majority have in-state tuition and fees under $10,000.[16] The high-debt private nonprofit colleges listed here have average debt from $40,400 to $55,250. Tuition and fees at these colleges range from $11,300 to $38,750, with five of the 20 colleges charging less than the national average for this sector.[17]

A Note on For-Profit Colleges

Private for-profit colleges are not included in the lists of high- and low-debt colleges or in the state averages because so few of these colleges report the relevant debt data. Debt figures for the Class of 2010 are available for only five of the 471 private for-profit four- year colleges in the U.S. that awarded bachelor's degrees during the 2009-10 year, about the same low level of participation as the previous year. For-profit colleges do not generally respond at all to the Peterson's survey used to collect the data we use in this report. (For more about this survey see page 10.) The most recent nationally representative data show that almost all graduates from for-profit four-year colleges (96%) took out student loans, and they borrowed 45 percent more than graduates from other types of four-year colleges.*

* See Quick Facts about Student Debt (http://projectonstudentdebt.org/files/File/Debt_Facts_and_Sources.pdf) for more information.

High Debt Private Nonprofit Colleges and Universities (Alphabetical by Name)	
California Institute of the Arts	CA
Cleveland Institute of Art	OH
College for Creative Studies	MI
D'Youville College	NY
Eastern Nazarene College	MA
Florida Institute of Technology	FL
Kettering University	MI
Minneapolis College of Art and Design	MN
New York University	NY
Ohio Northern University	OH
Regent University	VA
Rivier College	NH
Rose-Hulman Institute of Technology	IN
Sacred Heart University	CT
Saint Joseph's College	PA
The College of Saint Scholastica	MN
University of Dubuque	IA
Wheelock College	MA
Woodbury University	CA
Widener University-Main Campus	PA

High Debt Public Colleges and Universities (Alphabetical by Name)	
Alabama A & M University	AL
Alabama State University	AL
Bowling Green State University-Main Campus	OH
Citadel Military College of South Carolina	SC
Coastal Carolina University	SC
Delaware State University	DE
Ferris State University	MI
Iowa State University	IA
Kentucky State University	KY
Maine Maritime Academy	ME
Massachusetts Maritime Academy	MA
Pennsylvania State University (multiple campuses)	PA
Plymouth State University	NH
Temple University	PA
The Richard Stockton College of New Jersey	NJ
University of Massachusetts-Dartmouth	MA
University of Minnesota-Duluth	MN
University of New Hampshire-Main Campus	NH
University of North Dakota	ND
University of Southern Maine	ME

[16] A high proportion of out-of-state students paying a much higher non-resident tuition may also be a factor for some public colleges on the high debt list. However, due to tuition compacts between states and other policy and data factors, it is difficult to tell how many students pay non-resident tuition at public colleges.

[17] The weighted average for tuition and fees at private nonprofit colleges is $26,666. Calculations by the Project on Student Debt on 2009-10 student charges from U.S. Department of Education, Integrated Postsecondary Education System (IPEDS).

Low Debt Colleges

The colleges on the following list are notable for having low debt levels for the Class of 2010, with reported average debt between $950 and $8,700. Some of these colleges are low-tuition public colleges, but a few have tuition and fees over $10,000. Some are highly selective national universities and liberal arts colleges with fairly large endowments, which tend to enroll fewer students who need loans to pay for college and often give generous grant aid to lower income students. Berea College and the College of the Ozarks are "work colleges," where all students work instead of paying tuition. However, students at these colleges may still need to borrow to cover the rest of the cost of attendance. (See page 4 for a discussion of the full cost of attendance.)

Low Debt Colleges and Universities (Alphabetical by Name)		
Augusta State University	GA	Public
Berea College	KY	Private nonprofit
California State University-Bakersfield	CA	Public
Cameron University	OK	Public
College of the Ozarks	MO	Private nonprofit
Coppin State University	MD	Public
CUNY College of Staten Island	NY	Public
CUNY Hunter College	NY	Public
Elizabeth City State University	NC	Public
Governors State University	IL	Public
Kennesaw State University	GA	Public
Lamar University	TX	Public
Mount Carmel College of Nursing	OH	Private nonprofit
Princeton University	NJ	Private nonprofit
Texas Southern University	TX	Public
The Baptist College of Florida	FL	Private nonprofit
University of Alaska Southeast	AK	Public
University of Houston-Clear Lake	TX	Public
Western New Mexico University	NM	Public
Williams College	MA	Private nonprofit

Private (Non-federal) Loans

Private student loans are one of the riskiest ways to pay for college. The majority of these non-federal loans are made to students by private banks and lenders.[18] No more a form of financial aid than a credit card, private student loans typically have uncapped variable interest rates that are highest for those who can least afford them. Even when fixed rates are offered, private loans lack the basic consumer protections and flexible repayment options of federal student loans, such as unemployment deferment, income-based repayment, and loan forgiveness programs. The most recent available national data indicate that 33 percent of bachelor's degree recipients graduated with private loans, with an average private loan amount of $12,550.[19] However, there is great variation in private loan borrowing among different types of institutions. Students graduating from private for-profit colleges are the most likely to have taken out private loans, with 64 percent of their seniors graduating with private loans.[20]

Although private loans are not reported separately in the data used for this report, colleges are asked about both federal loan borrowing *and* overall borrowing. These figures suggest that at least 22 percent of all student debt for the Class of 2010 at public and private nonprofit four-year colleges was composed of private loans.[21] However, the proportion of this debt that is from private loans varies greatly across individual colleges. The composition of student debt can significantly affect borrowers' ability to repay their loans, as private loans typically have much higher costs and provide little, if any, relief for struggling borrowers.

At some colleges with high borrowing rates and high average debt, a large proportion of their graduates' debt comes from private loans, but this is not always the case. For example, seven of the 40 colleges noted earlier for high debt have more than 50 percent of that debt from private loans and are included on the list on the right.[22] However, at four of the 40 colleges on the high-debt list, less than 20 percent of student debt is from private loans.

The four-year colleges on the following list (see page 9) are notable for both high overall borrowing *and* a high share of debt from private loans. At these schools, the majority of the Class of 2010 borrowed, those who borrowed had average debt above the national average, and the majority of the debt was composed of private loans.[23]

[18] Some states and colleges offer non-federal student loans as well. While some state and college loan programs may have certain features that are similar to or rival federal student loans, such as relatively low fixed interested rates, the fact that the loan comes from a state agency or directly from the college does not guarantee its affordability or consumer friendliness.
[19] Calculations by the Project on Student Debt on data from the 2008 National Postsecondary Student Aid Study (NPSAS). Figures reflect the cumulative private (non-federal) loan debt of bachelor's degree recipients who were U.S. citizens or permanent residents and graduated from a public, private nonprofit, or private for-profit four-year postsecondary institution during the 2007-08 academic year.
[20] *Ibid*.
[21] Note that the data used here and throughout this report includes only student loans and does not include federal Parent PLUS loans, which parents of dependent undergraduates can use to cover any college costs not already covered by other aid.
[22] Three other colleges noted earlier for high debt may have more than 50 percent of that debt from private loans, but they are excluded from the list in this section because our analysis raised questions about the reliability of the data.
[23] This list includes the 14 colleges where more than 50% of graduating seniors had student loans, the average debt for those with loans was greater than the national average of $25,250, and the proportion of debt from non-federal loans was greater than 50%. Only colleges that reported the average debt, percent with debt, average federal debt and percent with federal debt for the Class of 2010 and had at least 100 bachelor's degree recipients in 2009-10 are included on these lists. We excluded colleges for which our analysis raised serious questions about the accuracy of the data, as well as colleges that informed us that they intend to correct their debt figures with Peterson's.

Colleges and Universities with High Debt and a Majority of the Debt from Private Loans (Alphabetical by Name)		
Anna Maria College	MA	Private nonprofit
California Institute of the Arts	CA	Private nonprofit
Eastern Nazarene College	MA	Private nonprofit
Grove City College*	PA	Private nonprofit
Kettering University	MI	Private nonprofit
Occidental College	CA	Private nonprofit
Ohio Northern University	OH	Private nonprofit
Rensselaer Polytechnic Institute	NY	Private nonprofit
Rivier College	NH	Private nonprofit
Rose-Hulman Institute of Technology	IN	Private nonprofit
Saint Anselm College	NH	Private nonprofit
Saint Joseph's University	PA	Private nonprofit
Saint Mary-of-the-Woods College	IN	Private nonprofit
University of Alaska Fairbanks	AK	Public
*Grove City College does not participate in federal aid programs, so students who need to borrow only have private loan options.		

While there is broad consensus that private student loans should be used only as a last resort, the majority of undergraduates who take out risky private loans have not used the maximum available in safer federal student loans.[24] Our recent report, *Critical Choices: How Colleges Can Help Students and Families Make Better Decisions about Private Loans,* shows that college financial aid offices can and should play a significant role in reducing their students' reliance on private loans.[25] Drawing on interviews with financial aid administrators at more than 20 colleges of varied types, sizes, and locations, we found both promising and problematic practices. The most promising practices involve some form of counseling for students when they apply for private loans, particularly those who have untapped federal loan eligibility. Such counseling helps address widespread misunderstandings about federal and private student loans and the differences between them.[26] At schools that tracked their policy's impact, about half of students contacted changed their borrowing plans. The problematic college practices identified in the report involve bypassing such counseling opportunities or including private loans in the initial financial aid package, giving the school's tacit approval of this risky form of financing. These types of differences in college policies and practices can be an important factor in the differences in private loan usage, even among otherwise similar colleges.

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[24] Project on Student Debt. 2011. *Private Loans: Facts and Trends*. http://projectonstudentdebt.org/files/pub/private_loan_facts_trends.pdf. In this analysis, the term "private student loan" refers to non-federal loans from banks and lenders.

[25] Project on Student Debt. 2011. *Critical Choices: How Colleges Can Help Students and Families Make Better Decisions about Private Loans*. http://projectonstudentdebt.org/pub_view.php?idx=766.

[26] Barnard College, Mount Holyoke College, Grinnell College, San Diego State University, Colorado State University, Loyola University New Orleans, the University of California-Berkeley, Syracuse University, and Stanford University are all noted in the report for promising practices involving counseling for private loan applicants.

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.[27] Below is the section of the Common Data Set 2010-11 used to collect student debt data for the Class of 2010:

Note: These are the graduates and loan types to include and exclude in order to fill out CDS H4, H4a, H5 and H5a.

Include:

* 2010 undergraduate class who graduated between July 1, 2009 and June 30, 2010 who started at your institution as first-time students and received a bachelor's degree between July 1, 2009 and June 30, 2010.
* only loans made to students who borrowed while enrolled at your institution.
* co-signed loans.

Exclude:

* those who transferred in.
* money borrowed at other institutions.

H4. Provide the percentage of the class (defined above) who borrowed at any time through any loan programs (institutional, state, Federal Perkins, Federal Stafford Subsidized and Unsubsidized, private loans that were certified by your institution, etc.; exclude parent loans). Include both Federal Direct Student Loans and Federal Family Education Loans.

________%

H4a. Provide the percentage of the class (defined above) who borrowed at any time through federal loan programs--Federal Perkins, Federal Stafford Subsidized and Unsubsidized. Include both Federal Direct Student Loans and Federal Family Education Loans. NOTE: exclude all institutional, state, private alternative loans and parent loans. _____%

H5. Report the average per-undergraduate-borrower cumulative principal borrowed of those in line H4. $____________

H5a. Report the average per-undergraduate-borrower cumulative principal borrowed, of those in H4a, through federal loan programs--Federal Perkins, Federal Stafford Subsidized and Unsubsidized. Include both Federal Direct Student Loans and Federal Family Education Loans. These are listed in line H4a. NOTE: exclude all institutional, state, private alternative loans and exclude parent loans.$ _______________[28]

We calculated per capita debt—the average debt across all graduates whether they borrowed or not—by multiplying the percent with debt (H4) by the average debt (H5); per capita federal debt by multiplying the percent with federal debt (H4a) by the average federal debt (H5a); and per capita non-federal debt by subtracting per capita federal debt from per capita debt. The proportion of debt that is non-federal is calculated as the per capita non-federal debt divided by the per capita debt.

[27] Peterson's Undergraduate Financial Aid and Undergraduate Databases, copyright 2011 Peterson's, a Nelnet company. All rights reserved.
[28] Common Data Set Initiative. *Common Data Set 2010-11*. http://www.commondataset.org. Accessed October 28, 2011..

Our state-level figures and the lists of high- and low-debt colleges are based on the 1,067 colleges that answered both overall debt questions (H4 and H5 in the above CDS excerpt) for the Class of 2010, and reported granting bachelor's degrees in the Integrated Postsecondary Education Data System (IPEDS), a set of federal surveys on higher education. These colleges represent 55 percent of all public and private nonprofit four-year colleges that granted bachelor's degrees and 78 percent of all bachelor's degree recipients in these sectors in 2009-10.[29] Around two-thirds (63%) are private nonprofit colleges, which is similar to the ratio found among all colleges.

In this report, the term "colleges" refers to public four-year and private nonprofit four-year institutions of higher education that granted bachelor's degrees during the 2009-10 year and are located in the 50 states plus the District of Columbia.

Estimating National Averages

The most comprehensive and reliable source of financial aid data at the national level, the National Postsecondary Student Aid Study (NPSAS), consistently shows higher student debt than national estimates derived from data that some colleges voluntarily report to Peterson's. For example, the most recent NPSAS showed average debt for the Class of 2008 that exceeded the average based on Peterson's data for the same year by about $1,550. 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.[30] Therefore, in years when NPSAS is not conducted, we estimate the national average student debt upon graduation by using the change in the national average from Peterson's to update the most recent NPSAS figure. The college-level data from Peterson's show an increase in average debt of eleven percent over two years between borrowers in the Class of 2008 and the Class of 2010, from $21,200 to $23,600. NPSAS data show that bachelor's degree recipients at public and private nonprofit four-year colleges who graduated with loans in the Class of 2008 had an average of $22,750 in debt. Applying an eleven percent increase to $22,750, we estimate that the actual student debt for the Class of 2010 is $25,250.

NPSAS data also show that about two-thirds (65%) of bachelor's degree recipients at public and private nonprofit four-year colleges graduated with loans in the Class of 2008. The CDS data show no increase in the overall percentage of bachelor's degree recipients graduating with loans between the Class of 2008 and the Class of 2010. Therefore, we estimate that two-thirds of the Class of 2010 graduated with loans.

Data Limitations

There are several reasons why CDS data 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 (non-federal) student 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, since 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, under-report 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 6 for more about for-profit colleges.

[29] Out of the 2,287 public four-year and private nonprofit four-year colleges in the federal Integrated Postsecondary Education Data System (IPEDS) for 2009-10, 1,923 granted bachelor's degrees during the 2009-10 year, with 1,554,686 bachelor's degree recipients in the Class of 2010. The 1,067 colleges included in our calculations have a total of 1,215,503 bachelor's degree recipients in the Class of 2010. Of the 1,923 colleges in IPEDS that awarded bachelor's degrees, 512 were not found in the Peterson's dataset, because the IPEDS institution identifier was missing or incorrect in the Peterson's dataset. Another 344 institutions were in the Peterson's dataset, but did not report figures for both overall debt questions for the Class of 2010.

[30] NPSAS uses multiple sources (student-level data obtained by colleges, the National Student Loan Data System, and student surveys), allowing it to better account for all types of loans and avoid errors. The survey is also based on a representative sample of all college students and includes transfer students. NPSAS 2008 provided representative samples for only six states: California, Georgia, Illinois, Minnesota, New York, and Texas.

Despite the limitations of the CDS data, they are the only data available that show cumulative student debt levels for bachelor's degree recipients every year and at the college level. While far from perfect, CDS data are still useful for illustrating the variations in student debt across states and colleges.

What Data are Included in the State Averages?

The state averages are calculated from data reported by the 1,067 colleges described above. These campus-level debt figures are estimates, which, as noted above, are reported voluntarily by campus officials and are not audited or reviewed by any outside entity. In order for their data to be considered usable for calculating state averages, colleges had to report both the percent of graduating students with loans and their average debt, and report granting bachelor's degrees during the 2009-10 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 2010 or when the underlying data for that state showed a change of 30 percent or more in average debt from the previous year. Such large year-to-year swings likely reflect different institutions reporting each year, reporting errors, or changes in methodology by institutions reporting the data, rather than actual changes in debt levels. We weight the state averages according to the size of the graduating class (number of bachelor's degree recipients during the 2009-10 year) and the proportion of graduating seniors with debt.

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, corrections to the underlying data submitted by colleges, and changes in methodology. College InSight (at http://College-InSight.org) includes averages for states, sectors, and other groupings of colleges, covering eight academic years. However, we recommend using caution when generating year-to-year comparisons for aggregates with the student debt data or other data taken from CDS. The underlying cohort of colleges reporting data for a particular topic or variable may not be representative of the grouping as a whole, the list of colleges reporting data within each grouping may change from year to year, and colleges may even change sectors.

Recommendations to Reduce the Burden of Student Debt

Student debt is widely understood to be a serious and growing problem in the United States. Too many qualified young people are deterred from college by the presumed or actual cost, and two-thirds of those who graduate from four-year colleges have student loan debt. Graduating with substantial debt, especially in tough economic times, can limit career options and make it difficult to save for a home, a family, retirement, or their own children's educations. To help reduce the burden of student debt, we recommend the following two changes in particular.

- **Increase access to need-based student aid.** Colleges, states, and the federal government all need to maintain and/or increase need-based aid programs to enable low- and moderate-income students to attend and complete college without being saddled with heavy debt. Federal Pell Grants are the cornerstone of need-based aid packages and help over nine million students per year afford college.[31] Pell Grant recipients are already more likely to borrow than other students. The most recent available data show that 86 percent of Pell recipients who graduated from public and nonprofit four-year colleges had debt, compared to 51 percent of non-Pell recipients.[32] Research studies show that need-based grant aid increases college enrollment among low- and moderate-income students and reduces their likelihood of dropping out.[33]

[31] U.S. Department of Education. 2011. *Student Financial Assistance Fiscal Year 2012 Budget Request*. http://www2.ed.gov/about/overview/budget/budget12/justifications/index.html. Accessed October 23, 2011.

[32] Calculations by the Project on Student Debt on data from the 2008 National Postsecondary Student Aid Study (NPSAS). Figures reflect borrowing by students who received bachelor's degrees from public and nonprofit four-year colleges in 2007-08.

[33] See: Bettinger, Eric. 2004. *How Financial Aid Affects Persistence*. National Bureau of Economic Research Working Paper 10242. Kane, Thomas J.. 2003. *A Quasi-Experimental Estimate of the Impact of Financial Aid on College-Going*.National Bureau of Economic Research Working Paper 9703. Leslie, Larry L. and Paul T. Brinkman. 1988. *The Economic Value of Higher Education*. Washington: American Council on Education, cited in Heller, Donald E.. 1997. Student Price Response in Higher Education: An Update to Leslie and Brinkman. *The Journal of Higher Education* 68 (6): 624-659. Seftor, Neil S. and Sarah E. Turner. 2002. Back to School: Federal Student Aid Policy and Adult College Enrollment. *The Journal of Human Resources* 37 (2): 336-352.

- **Require school certification of private loans:** Organizations representing lenders, financial aid administrators, colleges, and students support requiring lenders to obtain school certification of private loans — often referred to as "mandatory school certification" — and see it as a critical tool for ensuring that students who borrow use safer federal loans first. [34] Such certification would require that lenders confirm with the college that a borrower is enrolled, eligible to borrow the requested amount, and that the college has informed the student of any untapped federal loan eligibility before disbursing a private loan. Some colleges already counsel students about options for covering college costs when the college learns a student has applied for a private loan. Mandatory school certification would expand the reach of these practices by ensuring that colleges are aware of all applications for private loans.[35] The federal Consumer Financial Protection Bureau (CFPB) should require school certification of private loans, a common-sense step to protect student borrowers.[36] The current system of borrower "self-certification" is insufficient and ineffective.[37] A recent survey of financial aid administrators found that many would prefer mandatory school certification to self-certification.[38]

Recommendations to Improve Student Debt Data

It is important for students, policymakers, and the public to have timely and accurate information on student debt at the college level to inform decision making and hold colleges accountable for their policies and practices. There is currently no comprehensive or externally verified source of data on student debt at the college level that is available on an annual basis. As discussed above, the Common Data Set (CDS) is the only source for college-level cumulative student debt, but the data are far from perfect. Although the federal government has taken a number of steps to fill in the gaps, more action is needed to ensure that reliable data on student debt across states and colleges are available every year.

A few important changes would greatly improve the available data and understanding of the student debt issues:

- **Expand federal collection of student debt data:** Students, colleges and policy makers would all benefit from expanded federal collection of student debt data, particularly cumulative debt at graduation and the annual usage of private loans by all undergraduates. Currently, the federal government only collects annual, college-level private loan data for first-time, full-time students, greatly limiting its utility. With more comprehensive federal data on student loan borrowing, prospective students would be able to compare average debt at graduation across all colleges. With the inclusion of all federal and private loans in one federal database, student borrowers would be able to see all their loans, federal and private, in one place and receive counseling based on their total student debt. Colleges would be able to assess their students' usage of federal and private loans and craft policies to better encourage the use of federal loans first.

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[34] See December 10, 2009 letter signed by 25 organizations, including TICAS, in support of mandatory certification (http://projectonstudentdebt.org/pub_view.php?idx=534), and May 7, 2010 letter signed by lenders and others urging inclusion of mandatory school certification in the Senate financial reform bill (http://insidehighered.com/content/download/347825/4312983/version/1/file/NASFAASchoolCert.pdf, accessed October 14, 2011).

[35] For more about college's private loan counseling practices, see: Project on Student Debt. 2011. *Critical Choices: How Colleges Can Help Students and Families Make Better Decisions about Private Loans*. http://projectonstudentdebt.org/pub_view.php?idx=766.

[36] See: *Dodd-Frank Wall Street Reform and Consumer Protection Act*, Pub. L. No. 111-203, 124 Stat. 1376 (2010). http://www.gpo.gov/fdsys/pkg/PLAW-111publ203/pdf/PLAW-111publ203.pdf. Accessed October 14, 2011. and Project on Student Debt. 2010. *Big Wins for Students in Final Financial Reform Bill*. http://projectonstudentdebt.org/files/pub/TICAS_Conference_STA.pdf.

[37] Self-certification requires the lender to collect a form from the loan applicant with the student's cost of attendance, estimated financial assistance, and the difference between those two amounts. As currently implemented, self-certification does not require any notification to the college, so college officials may not have the opportunity to check that the cost of attendance and estimated financial assistance figures are accurate or to counsel the student about other options. The relevant regulations can be found at 12 CFR 226.48(e), 34 CFR 601.11(d) and 34 CFR 668.14(b)(29).

[38] Student Lending Analytics. 2010. *Improving the Self-Certification Process For Private Student Loans*. Student Lending Analytics Blog. http://studentlendinganalytics.typepad.com/student_lending_analytics/2010/10/improving-the-private-student-loan-self-certification-process.html. Accessed October 23, 2011.

Comprehensive annual data on private loan usage and cumulative debt at graduation would provide policy makers with a more accurate picture of borrowing patterns across different states, types of colleges, and types of students.

We urge the Department of Education to make the minor enhancements to its annual survey of colleges necessary to collect these data right away. We also urge the Department to make the necessary changes to its database of student loans to improve the publicly available data about student debt at the college level, which is ultimately the best way to provide accurate and comprehensive data while minimizing the reporting burden for colleges.[39] In addition, we urge the CFPB to work with the Department to improve the collection of private loan data from lenders.

- **Publish loan repayment rates and debt-to-income ratios:** The Department of Education should publish program-level loan repayment rates and debt-to-income ratios for programs required by law to prepare students for gainful employment. New federal regulations require colleges to provide the Department with the data necessary to calculate these debt measures and to disclose these rates to consumers once the calculations are final.[40] The Department should publish these data annually to help students, parents, researchers and policymakers make informed comparisons between programs.

[39] For details on these and other ways to improve federal financial aid data, see National Postsecondary Education Cooperative. *Suggestions for Improvements to the Collection and Dissemination of Federal Financial Aid Data*. U.S. Department of Education. Forthcoming, November 2011. http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2012834.

[40] See: 34 CFR 668.6, 75 FR 66948, Program Integrity Issues. *Federal Register*. October 29, 2010. http://www.federalregister.gov/articles/2010/10/29/2010-26531/program-integrity-issues#p-1737. And 34 CFR 668.7(g)6) , 76 FR 34452, Program Integrity: Gainful Employment-Debt Measures. *Federal Register*. June 13, 2011, http://www.federalregister.gov/articles/2011/06/13/2011-13905/program-integrity-gainful-employment-debt-measures#p-691.

THE PROJECT ON STUDENT DEBT

The Project on Student Debt is an initiative of The Institute for College Access & Success, an independent, nonprofit organization working to make higher education more available and affordable for people of all backgrounds. For more about the Institute, see http://www.ticas.org.

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