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access & success

Student Debt

AND THE CLASS OF 2020

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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.

Student Debt and the Class of 2020, our sixteenth annual report on debt at graduation, was researched and written by TICAS' J. Oliver Schak, Nancy Wong, and Ana Fung. All of the college- and state-level debt data used for the report are available online at ticas.org/interactive-map/. Historical data are also available with additional information on more than 13,000 U.S. colleges at College-Insight.org, TICAS' higher education data site.

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OVERVIEW AND KEY FINDINGS

Student Debt and the Class of 2020 is TICAS' sixteenth 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.

State averages for debt at graduation in 2020 ranged from $18,350 (Utah) to $39,950 (New Hampshire), and new graduates' likelihood of having debt varied from 39 percent (Utah) to 73 percent (South Dakota). In 19 states, average debt was more than $30,000, and it was over $35,000 in six 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. See page 11 for a complete state-by-state table for 2020.

The private student loan market has increased rapidly in recent years from $92.6 billion in 2014 to $136.3 billion in 2021, and now comprises about eight percent of all undergraduate and graduate debt. While there is broad consensus that students should exhaust federal loan eligibility before turning to other types of loans, the most 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. Private debt also varies greatly across states and colleges. Among 2020 bachelor's degree graduates, the share of private loan borrowers exceeded 15 percent in ten states, and average private debt topped $40,000 in another ten states.

Available data on the impact of the COVID-19 pandemic on current students and borrowers suggest a cause for concern about college affordability and unaffordable debt burdens. The health crisis and its impacts on higher education have coincided with sharp declines in enrollment among Black, Indigenous, and People of Color (BIPOC) students and students from low-income backgrounds. And while historic levels of public investment in both federal safety nets and higher education specifically helped lessen the blunt of the economic impact of the pandemic for many, financial supports have not resolved persistent inequities that predated the crisis.[1] Prior to the emergency pause on most federal debt payments, too many students struggled with their debt, and certain students – including Black, low-income, and first-generation students and students who attended for-profit colleges – were more likely to default on their loans.[2]

This report includes federal policy recommendations to reduce debt burdens and manage repayment in the wake of COVID-19 and beyond. Some of these recommendations may be addressed by the Biden Administration, including through the negotiated rulemaking process the U.S. Department of Education currently has underway, others will require Congressional action. States and colleges can implement their own policies that would go a long way in reducing debt burdens and better supporting students.

Key Recommendations on Reducing Debt and Helping Borrowers:

- **Federal Policy.** When COVID-19 emergency federal benefits end in early 2022, many borrowers may still be facing pandemic-related economic hardship. The Education Department must make a robust plan to ensure borrowers will be protected during this transition, especially as this transition coincides with major shifts in the servicing system. Federal policymakers should ensure borrowers are protected when COVID-19 emergency benefits end, reform the student loan repayment system, fund public colleges sustainably and equitably, increase need-based aid, better protect private loan borrowers, tighten institutional accountability, and improve data infrastructure and transparency to shine a brighter light on student outcomes.
- **State policy.** Continued state investment and strong oversight, particularly to address educational quality and persistent equity gaps, is critical to make college more affordable and help more students graduate. State policymakers should allocate available state grant aid based on need, exempt forgiven amounts of federal student loans from state income tax, set institutional accountability standards for schools that receive state grant aid, develop or improve state-level longitudinal data systems, promote awareness of income-driven repayment plans, and require colleges within their state to adopt strategies to help reduce the burden of student debt.
- **Institutional practices.** Colleges should consider several options to increase college affordability and reduce student debt. These include protecting access to federal student loans, providing counseling for students seeking private loans, developing and providing supplemental counseling and information, and ensuring that net price calculators are easy to find, use, and compare.

For more about these federal policy recommendations, see page 27. To learn more about what states and colleges can do, see pages 29-30. 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 54 percent of all public and nonprofit bachelor's degree-granting four-year colleges, and representing 80 percent of graduates.[3] Throughout this report, student debt figures exclude for-profit institutions because few colleges in this sector voluntarily report data. 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 ticas.org/posd/map-state-data.

NOTE ABOUT STUDENT DEBT AVERAGES NATIONWIDE

This year's report does not include national figures for the share of the Class of 2020 with debt, or their average debt. The best available national average comes from a nationally representative federal study that is typically released every four years by the U.S. Department of Education (the National Postsecondary Student Aid Study, or NPSAS), which is based on a large, nationally representative sample of students. The next set of NPSAS data will cover students who graduated in the Class of 2020 – the same group of students covered in this report – but the data are not expected to be available in 2021.

NPSAS provides the most comprehensive and reliable national estimate because voluntarily reported college figures consistently understate student debt levels. In years when we can make a direct comparison to NPSAS data, the college-reported figures understate average student debt at the national level by as much as eight percent compared to NPSAS, and the share of students borrowing by as much as 13 percent. NPSAS data will also allow us to include borrowing and debt levels for for-profit college graduates, which is not possible with available college-level data because almost no for-profit colleges voluntarily report their data to other surveys.

Forthcoming NPSAS data will offer important insight into trends in debt levels for the Class of 2020, whose last semester in college coincided with the beginning of the COVID-19 pandemic. Additional years of data are needed to surface the impact of the COVID-19 pandemic on student debt levels among the most recent and future graduates, who will have been enrolled for at least a year during the health crisis before leaving school.

STUDENT DEBT TRENDS AND UNFOLDING IMPACTS OF COVID-19

After increasing at an average of four percent per year between 1996 and 2012, the average debt level among all bachelor's degree earners from public and non-profit institutions plateaued in 2016 at $29,650, just $250 more than in 2012. More recent data suggest that the average debt level continued to remain essentially flat from 2016 to 2019. The Class of 2019's average debt landed at $28,950, which was 0.9 percent below the 2018 average, and the 2018 debt level was only two percent higher than the 2017 average.

In 2020, the COVID-19 health pandemic suddenly, and profoundly, disrupted all aspects of students' lives. College students with children, like parents across the country, suddenly needed to navigate childcare and homeschooling, on top of their own work and school. Working college students, particularly women and those from minoritized communities, often faced either sudden unemployment, or increased health risks from low wage jobs deemed essential.[4] And the same financial vulnerabilities symptomatic of persistent racial wealth gaps, that may leave Black families with less resources to navigate emergency expenses and income shocks, afforded Black students fewer viable paths to continued enrollment.[5] Although emergency financial aid funds provided by the federal government and distributed by institutions — as well as the temporary expansion of previously existing supports — helped mitigate some of these disruptions, basic needs insecurity remained a major obstacle for too many students.[6]

Time, and new data, will tell the full impact of the COVID-19 health crisis on students' abilities to access and complete college, as well as their accompanying debt burdens. But early trends in enrollment signal concern that the crisis has exacerbated existing inequities in access to quality, affordable higher education. Across all sectors, fall 2020 enrollment declined from 2019 levels by three percent. Declines were concentrated in community colleges, where overall enrollment dropped by 13 percent, with even steeper declines among Black (-16%), Latina/o (-15%), and Indigenous community college students (-15%).[7] Similarly, fall 2020 enrollments among recent high school graduates were lower than for the fall 2019 term by 6.9 percent with declines concentrated among students from low-income and high poverty high schools, as well as high schools serving higher shares of Black and Latina/o students.[8] These declines came on the heels of drops in the numbers of high school seniors filing the FAFSA, the single gateway to receiving federal student aid and many sources of state and institutional aid.[9]

Fall 2020 also saw the lowest persistence rates among first-year college students since 2012, with community colleges experiencing the steepest decline across sectors.[10] Declines in FAFSA renewals for the 2020-21 academic year by the lowest-income students also suggested that many of the lowest resourced students were not able to maintain their enrollment.[11]

These drops in enrollment and persistence have coincided with more young adults, particularly high school graduates, entering the labor force at higher rates as opposed to enrolling in higher education.[12] Although this spike in employment has been accompanied by unusually strong real wage gains for young adults with less than a college degree,[13] the strong job market for these workers could start to wane after the pandemic, and those who were not able to stay in school during the pandemic could ultimately see their opportunities diminished over the long run.

While the long-term economic impacts of COVID-19 continue to unfold, national survey data indicate that student loan borrowers have already been disproportionately negatively impacted. Analyses of national consumer surveys by the Federal Reserve Bank of Philadelphia show that student loan holders have experienced higher rates of job loss and more severe drops in income than their peers, regardless of income, age, gender, or race/ethnicity. These higher rates of financial disruption are furthermore reflected in borrowers' rates of reporting higher levels of concern for their own future financial stability.[14]

Even before the pandemic, too many student loan borrowers were struggling to repay their debt. Over a million students newly defaulted on their federal student loans in the 12 months preceding the national public health emergency.[15] In response, when the pandemic began in March 2020, federal policymakers rightly focused on immediate actions to reduce student loan repayment hardship. The U.S. Department of Education suspended monthly payments and interest accrual for almost all federal student loans, and halted collections on defaulted federal loans. Tens of millions of borrowers have benefited from this emergency forbearance status, which has resulted in historically low rates of student loan delinquency and default. Yet borrowers' ability to cover monthly payments once the emergency forbearance period ends on January 31, 2022 remains an urgent concern, particularly for those who were delinquent or in default before the pause started.

After two years of forbearance, borrowers will need guidance, support, and flexibility from the Department as they navigate back to payments. Moreover, despite flattening levels of student loan debt, the debt of recent graduating classes has remained near an all-time high, and the debt borrowers hold continues to make their lives financially perilous.[16] Given pre-existing economic disparities and vast racial disparities in wealth accumulation in our country, the students who suffer most from these disruptions tend to be Black, Latina/o, Indigenous, first-generation, and those from low-income backgrounds.

THE IMPACT OF THE COVID-19 PANDEMIC ON CALIFORNIA'S COLLEGE STUDENTS

Available survey data from California suggest that the pandemic's impact on college students' finances echoes broader national trends of inequitable impacts.[17] Nearly a quarter of California college students enrolled in spring 2020 reported in early 2021 that their expenses had gone down since the start of the pandemic, 43 percent saw some expenses go down and others go up, and another 19 percent saw only increased expenses.[18] Echoing national trends,[19] half of California students reported reduced income. Even higher rates of income loss (59%) were reported by California students who saw only increased expenses.[20] Increased financial strain was particularly common among Black students enrolled in California colleges at the start of the pandemic, with over three-quarters of those with increased expenses also seeing declines in income.[21]

Emergency financial aid funds provided by the federal government and distributed by institutions, and the temporary expansion of student access to SNAP benefits (i.e., public food assistance) were critical in allowing many students to cover basic needs and continue enrollment.[22] Yet the pervasive and inequitable experiences of basic needs insecurity that pre-dated the pandemic were exacerbated for many students: 55 and 52 percent of Black and Latina/o California college students reported increased indicators of food insecurity, compared to 41 percent of their White peers.[23] Half (49%) of Black students in California also reported missing a rent, mortgage, or utility payment since the pandemic's start, compared to 28 percent of their White peers.[24]

Financial constraints, including those that undermine the ability to cover basic needs, undercut students' ability to attend and complete college. There are clear indications that the pandemic has delayed, if not derailed, the education plans of many students. As of early 2021, six in ten California college students expected to receive their degree later than planned because of the pandemic, with even higher rates among community college students, and Filipino and Black students.[25]

The experience of California borrowers also mirrored national trends. California borrowers enrolled in March 2020 were nearly four times more likely than their non-borrowing peers to report having lost their housing (22% vs. 6%), three times more likely to report having difficulty paying for child or other dependent care (30% vs. 10%), and two times as likely to have missed a mortgage, rent, or utility payment (41% vs. 19%).[26] Borrowers who were enrolled in California colleges in March 2020 were more likely than their counterparts to have accrued new, riskier forms of debt over the course of the pandemic: one-third (33%) of the borrowers took out additional private loans — six times the rate for non-borrowers (5%).[27]

STUDENT DEBT BY STATE

Statewide average debt levels for the Class of 2020 ranged from $18,350 (Utah) to $39,950 (New Hampshire). Many of the same states appeared at the high and low ends of the spectrum as in previous years.[28] The share of graduates with debt ranged from 39 percent to 73 percent.

The following tables show the states with the highest and lowest average debt levels for the Class of 2020. High-debt states continue to be concentrated in the Northeast, and low-debt states are primarily in the West.[29]

TABLE 1

HIGH-DEBT STATES	
New Hampshire	$39,928
Delaware	$39,705
Pennsylvania	$39,375
Rhode Island	$36,791
Connecticut	$35,853
New Jersey	$35,117
Vermont	$34,866
Massachusetts	$33,457
District of Columbia	$32,966
Maine	$32,764

TABLE 2

LOW-DEBT STATES	
Utah	$18,344
New Mexico	$20,868
California	$21,125
Nevada	$21,357
Wyoming	$23,510
Washington	$23,993
Arizona	$24,298
Florida	$24,454
Hawaii	$24,926
Idaho	$24,983

The following table shows each state's average debt and proportion of students with loans in the Class of 2020, along with information about the amount of usable data available for each state.[30] A companion interactive map with details for all 50 states, the District of Columbia, and 1,100 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							
	Class of 2020				Institutions (BA-granting)		Graduates
State	Average Debt	Rank	% with Debt	Rank	Total	Usable	% at Schools with Usable Data
Alabama	$30,996	15	51%	38	31	16	76%
Alaska	$26,356	38	47%	42	6	3	97%
Arizona	$24,298	45	47%	42	14	5	81%
Arkansas	$27,319	32	54%	32	25	10	55%
California	$21,125	49	46%	46	148	64	82%
Colorado	$26,424	37	49%	40	26	16	79%
Connecticut	$35,853	5	57%	21	22	14	84%
Delaware	$39,705	2	60%	12	6	1	60%
District of Columbia	$32,966	9	46%	46	8	4	66%
Florida	$24,454	44	47%	42	94	37	84%
Georgia	$27,759	31	56%	25	57	32	88%
Hawaii	$24,926	43	45%	49	8	3	66%
Idaho	$24,983	42	58%	18	11	8	56%
Illinois	$28,552	27	57%	21	71	44	88%
Indiana	$28,521	28	57%	21	51	36	86%
Iowa	$29,560	24	60%	12	34	22	93%
Kansas	$26,002	41	60%	12	31	16	75%
Kentucky	$28,356	29	61%	11	30	21	92%
Louisiana	$26,284	39	53%	34	28	13	51%
Maine	$32,764	10	63%	8	19	13	85%
Maryland	$30,461	18	55%	28	32	16	67%
Massachusetts	$33,457	8	56%	25	78	50	87%
Michigan	$29,863	20	58%	18	54	26	71%
Minnesota	$32,012	13	64%	5	39	27	80%
Mississippi	$29,714	21	58%	18	16	7	78%
Missouri	$28,713	26	56%	25	55	35	92%
Montana	$27,114	33	55%	28	12	7	93%
Nebraska	$26,781	35	60%	12	21	11	59%
Nevada	$21,357	48	46%	46	10	2	86%
New Hampshire	$39,928	1	70%	2	14	9	35%
New Jersey	$35,117	6	63%	8	47	22	89%
New Mexico	$20,868	50	45%	49	11	5	89%

PERCENTAGE OF GRADUATES WITH DEBT AND AVERAGE DEBT OF THOSE WITH LOANS, BY STATE							
	Class of 2020				Institutions (BA-granting)		Graduates
State	Average Debt	Rank	% with Debt	Rank	Total	Usable	% at Schools with Usable Data
New York	$30,951	16	54%	32	183	90	72%
North Carolina	$29,681	22	55%	28	62	35	87%
North Dakota	$31,939	14	66%	3	14	7	66%
Ohio	$30,605	17	59%	17	90	48	74%
Oklahoma	$27,876	30	50%	39	28	15	86%
Oregon	$26,504	36	53%	34	28	15	87%
Pennsylvania	$39,375	3	64%	5	120	84	83%
Rhode Island	$36,791	4	64%	5	12	8	88%
South Carolina	$32,635	11	60%	12	35	17	62%
South Dakota	$32,029	12	73%	1	13	7	79%
Tennessee	$26,852	34	53%	34	43	22	76%
Texas	$26,273	40	52%	37	101	52	86%
Utah	$18,344	51	39%	51	16	8	50%
Vermont	$34,866	7	57%	21	12	7	74%
Virginia	$29,616	23	55%	28	47	33	95%
Washington	$23,993	46	47%	42	54	15	80%
West Virginia	$29,208	25	66%	3	21	13	78%
Wisconsin	$30,270	19	63%	8	42	28	89%
Wyoming	$23,510	47	48%	41	1	1	100%

STUDENT DEBT BY SCHOOL TYPE

There is enormous variation in debt across reporting colleges, with average debt figures (among those who borrow) as low as $0 to as high as $83,800 in the Class of 2020.[31] Because not all colleges report debt data, the actual ranges could be even wider. Among 1,100 colleges reporting data, a total of 259 colleges reported average debt of more than $35,000, and 286 colleges reported average debt of less than $25,000. The share of students with loans also varies widely. Some colleges reported that all their graduates had borrowed debt, while others reported that none had debt. Thirty-nine colleges reported that greater than 90 percent of their 2020 graduates had debt, while 214 colleges reported less than 50 percent of their graduates with debt.

Student debt varies considerably among colleges due to several 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. Public colleges and universities are typically more affordable and graduate students with less debt, while students at for-profit colleges are the most likely to graduate with high debt levels and struggle with repayment. Graduates from private non-profit colleges typically leave with more debt than those from public colleges and universities, but debt at each school can vary widely depending on the generosity of their need-based financial aid and the economic backgrounds of the students they enroll.

Public colleges and universities

Public colleges and universities serve as critical access points into higher education. Public colleges educate over three-quarters of all students enrolled in higher education and 81 percent of students who identify as BIPOC.[32] To ensure educational access, public colleges receive significant support from federal, state, and local governments to help keep college costs low and affordable for many students. However, decades of state disinvestment in public higher education, paired with inequitable funding across institution types, has undermined states' ability to provide accessible and affordable higher education opportunities.[33] The effects of these cuts are not felt equally among students. Long-term disinvestment in public colleges and universities disproportionately harms BIPOC students, who bear the burden of increased attendance costs and inequitable funding patterns.

Despite continued long-term declines in state funding, remaining investments in public higher education have helped keep average debt lower at public colleges and universities than at private nonprofit and for-profit colleges. Among 436 public colleges reporting data, only 52 colleges (12%) reported greater than $35,000 in average debt and only two reported average debt of at least $45,000, while 165 colleges (38%) reported less than $25,000 in average debt. However, students borrowing some amount of student debt to pay for college at public institutions has become the norm rather than the exception. Three-quarters (75%) of public institutions reported that more than 50 percent of their graduates had debt, and 1 in 6 institutions (17%) reported that the share of graduates with debt exceeded 75 percent.

Private nonprofit colleges and universities

While public colleges and universities rely more on federal and state appropriations for funding, private nonprofit colleges are primarily funded through private endowments, private grants, and revenue generated from student expenses like tuition and fees. As a result, private nonprofit colleges and universities typically have a higher sticker price than public colleges and universities, after factoring in both tuition and non-tuition costs, such as books and supplies, housing, and food.

Most students receive grants and scholarships that offset college costs, and what students must pay is referred to as the net price — the sticker price minus grants and scholarships. At some of the most expensive, nonprofit schools 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. Conversely, some private institutions simply enroll relatively few students with low and moderate incomes. Because their higher income students often can afford to attend without borrowing much, they tend to graduate with lower debt levels.

As a result, average debt at private nonprofit colleges and universities can range widely, with borrowing and debt often being much lower at highly selective schools. Among 664 nonprofit colleges with usable data, 207 nonprofit colleges (31%) reported average debt of greater than $35,000 and 44 colleges (7%) reported average debt greater than $45,000, while 121 nonprofits (18%) reported average debt of less than $25,000. Two-hundred and twenty-nine nonprofit colleges (34%) reported that more than 75 percent of their 2020 graduates had debt, but 119 colleges (18%) reported less than 50 percent of their graduates with debt. Of the 105 public and private nonprofit colleges that reported less than 2 in 5 graduates having student debt, 77 were nonprofit colleges — most of which typically enrolled only a small share of students from low-income backgrounds.[34]

For-profit colleges and universities

For-profit colleges are not included in the state averages in this report because so few report the relevant debt data. (For more about voluntarily reported debt data, see page 31.) Only ten of 377 for-profit, four-year, bachelor's degree-granting colleges (3% of colleges in this sector and 0.3% of bachelor's degrees awarded) chose to report borrowing rates and debt levels of graduating students in the Class of 2020. However, only about 5 percent of bachelor's degrees were awarded by for-profit colleges.[35]

Unlike public and private nonprofit colleges, for-profit colleges operate like a business, where investors and owners have considerable say over how much tuition to charge students for their programs, and how to spend revenue within their organizations. These colleges rely heavily on federal financial aid with about 70 percent of their revenue coming from Pell Grants and student loans, and still more coming through GI bill benefits. They often cost students more than a public college that offers a similar degree,[36] yet they spend nearly five times less than public colleges on student instruction.[37]

Students who attend for-profit colleges are more likely to borrow student loans and struggle with repayment than those attending public or nonprofit 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%).[38] Because Black and Latina/o students attend for-profit colleges at disproportionate rates, poor outcomes in this sector may serve to worsen racial disparities rather than alleviate them.[39]

COLLEGE (UN)AFFORDABILITY FOR UNDOCUMENTED STUDENTS AND DACA RECIPIENTS

Since its inception in 2012, the implementation of Deferred Action for Childhood Arrivals (DACA), which protects certain individuals who entered the country as children from deportation and allows them legal benefits like applying for a driver's license, a social security number and a work permit, has reduced opportunity gaps for undocumented students.[40] Yet lack of access to reduced tuition and financial aid remains a challenge for most undocumented students, including DACA recipients and DACA-eligible students and even students with Temporary Protected Status. Without the ability to access federal financial aid, these students are left with fewer options to pay for their education, forcing too many of them to rely on costly private loans to attend college.[41]

In 2019, an estimated 427,000 undocumented students were enrolled in higher education, including a subset of 181,000 students who are DACA recipients or DACA-eligible students.[42] These students — who are disproportionately Latina/o or Asian — face unique college affordability challenges. Unlike other students, undocumented students cannot access federal financial aid, including Pell or other federal grants, scholarships, work-study, or loans. While DACA recipients generally have better access to educational opportunities than other undocumented students, they still cannot receive federal financial aid, and in most cases, must pay more to attend college than if they were treated the same as permanent legal residents and U.S. citizens.

Some states offer tuition and financial aid options for DACA recipients and undocumented students, but most states do not offer them comprehensive supports to make college affordable.[43] According to the Higher Education Immigration Portal,[44] 16 states and the District of Columbia provide access to in-state tuition and some state financial aid or scholarships to undocumented students and DACA recipients, seven states limit access to in-state tuition and financial aid to DACA recipients, five states bar undocumented students and DACA recipients from accessing in-state tuition or financial aid, and three states prohibit the enrollment of undocumented students but may allow DACA recipients to enroll in school.

Among states that were early adopters of in-state tuition for (some) undocumented students, the likelihood of foreign-born non-citizens dropping out of high school declined eight percentage points and high school-to-college enrollment rates among Latina/o non-citizens improved as much as five-fold.[45] In states where undocumented students are eligible for in-state tuition, however, disparities in enrollment and completion at four-year colleges persist.[46] Financial pressures and restrictions on comprehensive state and federal financial aid play a role in why relatively few undocumented students graduate with bachelors' degrees, even if they are eligible for in-state tuition at public colleges and universities.

These unique challenges in affording college may also funnel DACA recipients toward nonfederal debt, particularly loans made by private banks and lenders.[47] Depending on the lender, DACA recipients can sometimes apply for loans available to either U.S. citizens or international students, but some lenders have created options aimed specifically at DACA and immigrant students.[48] Moreover, lenders will often require students to have a cosigner, who can serve as a back-stop on loan payments. This can be especially challenging for DACA students, and those with undocumented parents, because lenders typically require a U.S. citizen or permanent legal resident as a cosigner. Students may need to rely on extended family and friends to cosign their loans or they may need to borrow even riskier "personal" loans without any cosigner at all.[49] These pressures to borrow riskier private debt can harm undocumented students since these loans are typically costlier than federal debt. They can also perpetuate racial inequities, as BIPOC students and students from low-income backgrounds disproportionately struggle to repay private debt (see discussion on private student loans).

NONFEDERAL STUDENT DEBT

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. While federal loans account for more than 90 percent of outstanding education debt, there were over six million borrowers with nonfederal education loans in 2020.[50]

Nonfederal loans are made by entities other than the federal government — such as banks, credit unions, or state agencies — to cover the same types of educational costs that federal loans cover. While often referred to interchangeably as "private loans," the characteristics of loans made by private banks and lenders can differ from those offered by state agencies or colleges. [51] For this analysis, "private" loans will refer to those made by private banks and lenders, while "nonfederal" will refer to all student debt that is not administered by federal agencies, including private loans, as well as loans made by states and institutions. (See section about state and federal loans on page 24.)

Private loans — those made by banks and other private lenders — are one of the riskiest ways to pay for college. They typically cost more than federal loans and do not guarantee the same consumer protections or repayment options as federal loans. Regardless of whether they are fixed or variable, interest rates for these loans are typically highest for those who can least afford them. In 2019, the average fixed interest rate for a cosigned private loan was 10.2 percent, compared to federal student loan interest rates of 3.73 percent for undergraduates, and 5.28 percent and 6.28 percent for graduate students.[52] 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, Latina/o, and low-income private student loan borrowers who struggle to repay (27%, 15%, and 23%, respectively).[53]

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.[54] 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.[55] 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.

Additionally, colleges and lenders can require that students cosign their loans with someone they know who can make bridge payments if the student struggles financially. This helps borrowers keep up with loan payments and reduces risks of loan default for lenders, but this may also shift the burden to parents (or other family and friends) who cosign the loans. In recent years, the share of private debt that is cosigned has hovered near 90 percent — up from as low as 55 percent before the Great Recession.[56]

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.[57] 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.[58] 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.

Recent Trends in Private Borrowing

The best available data from industry surveys suggest that private student debt dipped temporarily during the Great Recession and then rebounded to an all-time high at the onset of the COVID-19 pandemic (see box about nonfederal student debt). The estimated total of private student debt among current and repaying students stood at $136.3 billion in March 2021 — a 47 percent increase from $92.6 billion in March 2014 (the earliest year reported).[59] Private loans now comprise nearly eight percent of all student debt.

This upward trend was fueled by growth in private debt among undergraduates. Among the 14 lenders that voluntarily reported data, and lent about 56 percent of all private student debt, undergraduate debt increased as a share of outstanding private debt from 82 percent in 2008 to 89 percent in 2021.[60]

Moreover, the origination of new private loans nearly doubled from academic year 2010-11 to 2018-19 ($5.4 billion vs. $10.1 billion).[61] Although new private lending to enrolled students ticked down slightly year-over-year during the early months of the pandemic, new lending remains not that far off from its all-time high, and the amount of private debt yet to be paid back by students has continued to edge upward.[62] Time will tell how the pandemic impacts the longer-term trends in private debt and its consequences for borrowers.

Given the recent increase in private student debt among undergraduates and its potentially harmful impact, this section takes a closer look at how private student debt for the Class of 2020 varies across the 50 states and the District of Columbia. We show that private debt is not evenly distributed across states and that this risker, costlier form of debt is much more common in some parts of the country than others.

NOTE ABOUT DATA ON NONFEDERAL STUDENT DEBT

Similar to overall debt figures, the year's report does not include national figures for nonfederal debt. While the section includes analysis on patterns in private debt based on a single-year snapshot of school-by-school data, the best available national averages on nonfederal student debt come from the U.S. Department of Education's NPSAS survey. Since the next set of NPSAS data for the Class of 2020 was not available for this report, we are waiting for the Department to publish a national average on nonfederal student debt, rather than estimating it based on data that schools voluntarily report.[63]

Data on "private" or "alternative" loans made by private banks and lenders are even more limited because NPSAS does not disaggregate the cumulative debt of graduates into more granular categories, such as private, state, and institutional loan types. National figures for average private debt must rely on voluntary reporting and (nongovernmental) industry analysis, which should be interpreted with caution.

The data used in this report also exclude some private (and other nonfederal) debt obligations that many students rely on to cover college costs, which are typically costlier and riskier than federal loans. Our data do not include credit card debt, fees owed to school operations (e.g., bookstore and library fees), personal loans from banks, or, most notably, Income Share Agreements (ISAs).

A small but growing number of colleges and states offer ISAs as alternatives to traditional forms of student debt, but data on these education loan agreements are not available.[64] ISAs are debts in which students agree to pay colleges, states, or private investors a percentage of their post-college earnings. ISAs typically function as private loans by another name and — like private loans — charge students well above the typical cost of federal loans, and offer few (if any) consumer protections.[65] Although income-driven repayment plans for federal loans are more transparent, have stronger borrower protections, and offer many of the same features as ISAs — making loan payments more manageable and basing them on a percentage of borrower income — ISAs have become increasingly common.[66] Unfortunately, the gaps in federal and state oversight, as well as the opaqueness and fragmentation of ISA markets, mean that there is currently no comprehensive data available on how many students rely on ISAs to pay for college, how much ISAs ultimately cost students, and to what extent ISA debt burdens adversely impact students.[67]

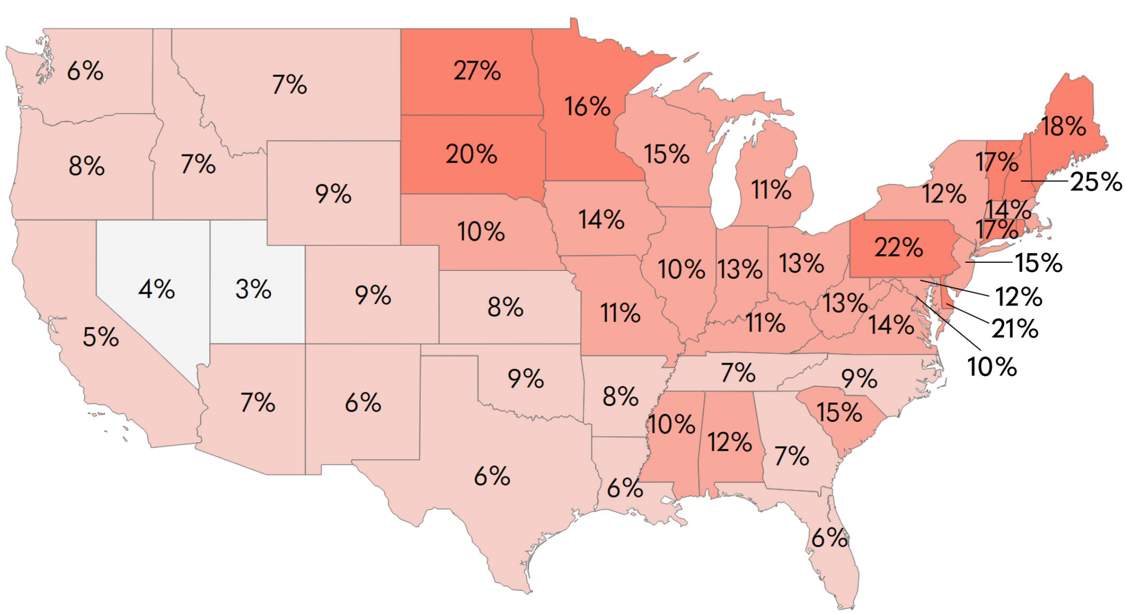
Private Student Debt for the Class of 2020

Students who attend nonprofit colleges and universities are more likely to graduate with private debt, and leave with higher debt amounts, as compared to those who attend public colleges and universities. For the Class of 2020, the share of graduates with private debt exceeded 15 percent at 245 out of 633 (39%) nonprofit institutions, compared to 89 out of 403 (22%) public institutions. The average private debt borrowed exceeded $50,000 at 92 (15%) nonprofit institutions, compared to only three (less than 1%) public institutions.

Aside from differences between public and nonprofit institutions, no clear patterns exist by student demographics or school type. Yet private debt is prevalent across a diverse cross-section of higher education. Over 15 percent of 2020 graduates left with private debt at 155 out of 378 (41%) religiously affiliated institutions,[68] 5 out of 23 (22%) Historically Black Colleges and Universities (HBCUs), and 9 out of 100 (9%) Hispanic-serving Institutions (HSIs). Average private debt exceeded $30,000 at 193 religiously affiliated institutions, five HBCUs, and 20 HSIs. However, data on private student loan borrowing at HBCUs and minority-serving institutions (MSIs) is particularly limited, with less than half (43%) of bachelor's degree recipients represented at HBCUs that reported private debt data, compared to nearly three-quarters (74%) of graduates at non-MSIs.

Turning to statewide data, private student loans are relatively more common in some states and regions than others. Among the 50 states and District of Columbia, the percentage of 2020 graduates with private loans ranged from three percent (Utah) to 27 percent (North Dakota). The number of graduates with private debt exceeded 15 percent in ten states, including six in the Northeast, three in the Midwest, and one border state in the South.[69] About half of all states (25), and every state in the West, had relatively little private loan borrowing, with fewer than 1 in ten graduates leaving with private student debt.

PERCENTAGE OF GRADUATES WITH PRIVATE DEBT, BY STATE



Statewide average private debt levels for the Class of 2020 ranged from $13,600 (New Mexico) to $51,750 (District of Columbia). Many of the states with higher average private debt also had high average overall debt amounts. Specifically, eight states were in the top ten for both average private and overall debt (including federal, private, state, and institutional debt).

The following tables show the states with the highest and lowest average private debt levels for the Class of 2020. Similar to the states with high average overall debt, those with high average private debt levels are concentrated in the Northeast, while states with lower average private debt are concentrated in the West.

TABLE 4

HIGH-DEBT STATES	
District of Columbia	$51,738
Delaware	$50,485
Connecticut	$47,021
Vermont	$45,305
New Hampshire	$45,005
Rhode Island	$44,576
Massachusetts	$42,748
Pennsylvania	$42,361
New York	$40,470
Alabama	$40,228

TABLE 5

LOW-DEBT STATES	
New Mexico	$13,558
Alaska	$15,125
Utah	$19,111
Idaho	$21,544
Nevada	$21,845
North Dakota	$22,322
South Dakota	$24,551
West Virginia	$24,563
Montana	$24,706
Missouri	$26,341

The following table shows each state's average private debt and proportion of students with private loans in the Class of 2020, along with information about the amount of usable data available for each state. The comprehensiveness of data coverage varied across states, with 25 out of 50 states and the District of Columbia having at least 80 percent of graduates represented in usable data, and Louisiana, New Hampshire, and the District of Columbia having less than 50 percent of graduates represented.

TABLE 6

PERCENTAGE OF GRADUATES WITH PRIVATE DEBT AND AVERAGE PRIVATE DEBT BY STATE							
	Class of 2020				Institutions (BA-granting)		Graduates
State	Average Private Debt	Rank	% with Private Debt	Rank	Total	Usable	% at Schools with Usable Data
Alabama	$40,228	10	12%	20	31	15	74%
Alaska	$15,125	50	4%	49	6	3	97%
Arizona	$33,085	19	7%	37	14	5	81%
Arkansas	$30,024	30	8%	34	25	10	55%
California	$26,693	39	5%	48	148	63	81%
Colorado	$33,257	18	9%	30	26	16	79%
Connecticut	$47,021	3	17%	8	22	12	75%
Delaware	$50,485	2	21%	4	6	1	60%
District of Columbia	$51,738	1	10%	26	8	3	33%
Florida	$30,232	28	6%	42	94	35	83%
Georgia	$28,993	33	7%	37	57	31	88%
Hawaii	$32,169	21	6%	42	8	3	66%
Idaho	$21,544	48	7%	37	11	8	56%
Illinois	$32,338	20	10%	26	71	42	87%
Indiana	$31,033	25	13%	17	51	35	86%
Iowa	$26,440	41	14%	14	34	22	93%
Kansas	$27,248	35	8%	34	31	13	56%
Kentucky	$29,377	32	11%	23	30	20	91%
Louisiana	$27,021	37	6%	42	28	11	43%
Maine	$31,584	22	18%	7	19	13	85%
Maryland	$39,983	11	12%	20	32	16	67%
Massachusetts	$42,748	7	14%	14	78	47	83%
Michigan	$29,745	31	11%	23	54	26	71%
Minnesota	$30,058	29	16%	10	39	24	73%
Mississippi	$33,437	17	10%	26	16	7	78%
Missouri	$26,341	42	11%	23	55	35	92%
Montana	$24,706	43	7%	37	12	7	93%
Nebraska	$30,536	27	10%	26	21	10	58%
Nevada	$21,845	47	4%	49	10	2	86%
New Hampshire	$45,005	5	25%	2	14	9	35%
New Jersey	$38,870	13	15%	11	47	21	89%
New Mexico	$13,558	51	6%	42	11	5	89%

PERCENTAGE OF GRADUATES WITH PRIVATE DEBT AND AVERAGE PRIVATE DEBT BY STATE							
	Class of 2020				Institutions (BA-granting)		Graduates
State	Average Private Debt	Rank	% with Private Debt	Rank	Total	Usable	% at Schools with Usable Data
New York	$40,470	9	12%	20	183	81	65%
North Carolina	$34,015	16	9%	30	62	33	85%
North Dakota	$22,322	46	27%	1	14	7	66%
Ohio	$30,880	26	13%	17	90	43	73%
Oklahoma	$31,331	23	9%	30	28	13	77%
Oregon	$37,150	14	8%	34	28	15	87%
Pennsylvania	$42,361	8	22%	3	120	84	84%
Rhode Island	$44,576	6	20%	5	12	8	88%
South Carolina	$39,367	12	15%	11	35	17	62%
South Dakota	$24,551	45	20%	5	13	6	77%
Tennessee	$26,914	38	7%	37	43	22	76%
Texas	$27,221	36	6%	42	101	51	84%
Utah	$19,111	49	3%	51	16	8	50%
Vermont	$45,305	4	17%	8	12	7	74%
Virginia	$37,081	15	14%	14	47	30	94%
Washington	$31,237	24	6%	42	54	15	80%
West Virginia	$24,563	44	13%	17	21	12	74%
Wisconsin	$27,826	34	15%	11	42	27	88%
Wyoming	$26,615	40	9%	30	1	1	100%

Private Student Debt in States

We explore several illustrative examples of private student debt in states with comprehensive private debt data for the Class of 2020 (see methodology section). We found that in states with high average private debt, college costs tend to be substantially higher than national figures for both public and private nonprofit institutions, and that graduates are more likely to have attended private nonprofit institutions. Those states are also home to colleges with particularly high private debt amounts, which are often in the private nonprofit sector.

Among these states, Massachusetts had the highest average private debt amount of $42,750, and ranked in the top third of states in share of graduates with private loans (14%). Graduates at 12 out of 47 (26%) institutions with usable data had borrowed more than $50,000 in private loans, on average, and all of them are private nonprofits. About two-thirds (65%) of Massachusetts graduates graduated from nonprofit colleges, compared to only about one-third (30%) nationally. These schools typically cost more to attend than public institutions and may leave some students with higher debt burdens. Although students at four-year institutions in Massachusetts generally receive more grants per capita than their peers nationwide, they also face double the tuition and fees ($36,900 vs. $18,400), and over 50 percent more ($55,000 vs. $36,000) in total cost of attendance (i.e., sticker price).

Among the ten most populous states, Pennsylvania had the highest share of private student borrowing, with 22 percent of the Class of 2020 graduating with private loans, and those with private loans left with an average of $42,400 in private debt. Pennsylvania ranks only behind North Dakota and New Hampshire in the share of graduates borrowing private loans. Of the 84 institutions with usable data, 13 (15%) of them had average debt figures above $50,000, 12 (92%) of which were private nonprofit institutions. Although almost half of the state's graduates (47%) graduated from relatively expensive nonprofit colleges, Pennsylvania stands out for having much higher average private borrowing at its public colleges and universities compared to those across the nation ($42,450 vs. $30,800). Notably, Pennsylvania State University had an average private debt of $57,750, with 19 percent of its graduating class being private loan borrowers. Not only do students at public colleges in Pennsylvania receive fewer grants per capita than their peers nationwide, but they also face over 50 percent more in tuition and fees ($15,500 vs. $9,700), and over 20 percent more ($32,550 vs. $26,600) in total cost of attendance.

Turning to Iowa — a state with lower average debt — 14 percent of graduates borrowed some amount of private loans (ranked 14th highest), but the state's average private debt was $26,400, giving it the 11th lowest average private debt in the country. Fourteen out of the 22 (64%) colleges with usable data reported that more than 15 percent of their 2020 graduates borrowed any private loans. All of those institutions, except one, were nonprofits. No institution with usable data had more than $50,000 in average private debt. Most Iowa 2020 graduates (61%) attended public institutions that tend to be more affordable than those nationally, and that may temper private debt amounts in the state.[70] Iowa institutions also gave out higher grants per capita than did other institutions nationwide, which may also have helped students pay for college. However, some Iowa students may still face cost pressures, with public and nonprofit colleges charging 11 percent more in tuition and fees compared to the nation ($20,450 vs. $18,400), and five percent more in total cost of attendance ($34,300 vs. $36,000).

Georgia, like most states in the South and West, showed less private loan borrowing and lower private borrowing amounts than states in the Northeast and swaths of the Midwest. Georgia's average private debt was $29,000 and only seven percent of its 2020 graduates borrowed any private loans at all (ranking it in the bottom 20 states on both measures). One factor driving down average private debt in Georgia is that a larger share of the state's graduates attended less costly public institutions compared to graduates nationwide (79% vs. 70%).[71] That said, although private debt is lower in Georgia overall, private borrowing varies by institution, and graduates at a few schools reported higher than typical private debt amounts and borrowing percentages. Out of the 31 institutions with usable data, three (10%) had average private debt amounts above $50,000 and four (13%) had at least 15 percent of their graduates borrowing private loans. These colleges with higher private debt included Spelman College and Clark Atlanta University, which are both private HBCUs that primarily educate Black students.[72]

State and Institutional Student Loans

Although much less common than private debt, some financial aid offices encourage students to take out loans financed directly by the institution to help pay for college expenses. And some state agencies offer loans to eligible students — typically students from lower-income backgrounds who meet certain academic qualifications. Like private loans, state and institutional loans can sometimes be riskier and more costly, and they are not subject to the same safeguards and oversight as traditional federal student loans. At the same time, there is great variation in terms and conditions among these types of loans, and some state and institutional loans may not necessarily burden students any more than federal debt. For context, below are three widely used state loan programs.

- Georgia offers undergraduates student loans up to $8,000 per year at one percent interest, but students from low- and moderate- income backgrounds are not guaranteed approval and must be selected through a random lottery in which students with higher test scores and grades are given priority. The program also requires students to pay a monthly $10 "Keep In Touch Payment" after first disbursement, even while students are enrolled in school and may have limited financial resources. [73]

- Massachusetts offers undergraduates loans of up to $4,000 per year that have similar terms and eligibility requirements as federal loans. These loans are in some ways even more favorable to borrowers than federal loans, with many of the same borrower protections, in addition to zero interest payments and fees. The downside of these loans is their coverage — only full-time students who are permanent residents of Massachusetts are eligible.[74]

- Texas offers undergraduates and graduate students loans up to $10,000 per year, but statewide funds are limited, and students are selected based on a combination of financial need and academic achievement. Moreover, Texas charges an interest rate of four percent a year and full payment is typically due one to four years after graduation — a much shorter timeline than federal loans.[75]

The terms and eligibility for institutional loans vary even more widely than other loan types. They can include loans with higher interest rates and fees compared to federal debt, as well as loans with interest rates that are zero, or below federal rates. In some cases, institutional loans are underwritten by donors and alumni who specify eligibility requirements, as well as terms and conditions of repayment. For example, Dordt University in Iowa, where 52 percent of students graduated with institutional debt in 2020, offers two types of institutional loans. Heritage 21 Loans are offered to students who are enrolled full-time and demonstrate financial need, regardless of citizenship. Students can borrow as much as $4,000, and the college reduces interest rates (7% to 3%) on these loans as students make progress towards graduation.[76] As the second type of institutional debt at Dordt University, McElroy Loans are exactly like the Heritage 21 Loans, except they are funded by the McElroy Foundation.[77]

Our student debt data show that both state and institutional loans are much less common than private student loans. For the Class of 2019 — the last year with national estimates based on college-by-college reporting — total reported state and institutional loan volume accounted for less than three percent of all student debt. However, these types of debt play a much larger role in some states and colleges. Among the

19 institutions where the percentage of 2020 graduates with state loans exceeded ten percent, 16 are located in Georgia, Massachusetts, or Texas, and 15 are nonprofit colleges. Fifty-seven institutions reported over ten percent of graduates with institutional loans. These colleges with higher shares of graduates with institutional loans were spread across 28 states, but 50 (88%) of them were nonprofits. State debt amounts can be higher at some colleges, while institutional debt amounts are typically more modest. Among 2020 graduates, 66 colleges reported average state debt over $25,000, while only six colleges reported average institutional debt of at least the same level.

DATA ON DEBT AT GRADUATION

Although the NPSAS study 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 — four years prior to the Class of 2020.[78] The NPSAS survey that will reflect data for the Class of 2020 will not be available until at least 2022.

In addition to the traditional NPSAS study conducted every four years, the Department also releases a collection of administrative data every four years, between the traditional NPSAS studies. The most recent of these publications is the 2017-18 NPSAS, Administrative Collection (NPSAS:18-AC), which includes national estimates of student financial aid and state-level estimates for undergraduate students in 30 states.[79] The complete NPSAS:18-AC data for the Class of 2020 are also not yet available.

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. Unlike the NPSAS studies, it provides figures on student debt for all 50 states and the District of Columbia.

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 80 percent of public and nonprofit college bachelor's degrees in academic year 2019-20 reported debt. However, of the 2,031 public and nonprofit four-year colleges that granted bachelor's degrees in 2019-20, a little more than half (1,100) reported figures for average debt, percent of graduates with debt, and number of borrowers for the Class of 2020.[80] Almost no for-profit colleges provided debt figures voluntarily. For more information on for-profit colleges, see discussion on page 14.

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.[81] 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 self-reporting, which reduces the potential for data errors.

These federal data also have several limitations, however. While they cover more schools, they also cover fewer types of student debt than are included in voluntarily reported data. Private loans are not included in NSLDS; therefore, the Scorecard figures also exclude nonfederal (private) loans. In some cases, the debt figures represent a group of campuses, which can be misleading for students looking for information about a particular campus. Additionally, the data are newer, so 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.[82]

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 28 percent of graduates' debt is nonfederal debt that would be excluded from Scorecard calculations, and our data show debt levels that are 41 percent higher than those derived using Scorecard data. Conversely, for the ten states identified in this report as low debt, college-reported figures are roughly equal to the Scorecard debt levels for bachelor's degree graduates at public and nonprofit colleges.[83]

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 discussion of recommendations in the next section).

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

POLICY RECOMMENDATIONS

To reduce reliance on student debt — as well as reduce the burden of debt for existing borrowers — federal, state, and college policymakers and leaders should adopt key recommendations like those detailed below to increase investment in public colleges and universities and need-based grant aid, reduce reliance on private education loans, and strengthen accountability, oversight, and transparency for postsecondary institutions and programs.

Federal Policy Recommendations

When COVID-19 emergency federal benefits end in early 2022, many borrowers may still be facing pandemic-related economic hardship. Others will continue to bear the brunt of preexisting educational and economic inequities that disproportionately impact the ability of BIPOC students and students from low-income backgrounds to manage their student debt. The Department must make a robust plan to ensure borrowers will be protected during this transition, especially as this transition coincides with major shifts in the servicing system.[84]

Some of these recommendations may be addressed by the Administration, including through the negotiated rulemaking process the Department currently has underway, others will require Congressional action.

- **Ensure Borrowers Are Protected When COVID-19 Emergency Benefits End.** Once emergency student federal loan benefits end, millions of borrowers will be transitioned back into repayment. The Department must make a robust plan to ensure borrowers will be protected during this transition, especially as this transition coincides with major shifts in the servicing system. Throughout the remainder of the pause, the Department must provide borrowers with clear and actionable information and resources, including access to timely and accurate assistance and guidance from servicers and the Department. In advance of the restart, the Department should, at minimum, clear debt discharge backlogs related to borrower defense, total and permanent disability, and public service loan forgiveness. The Department should also use its authority to give borrowers who were in default a fresh start. For those borrowers with remaining debt, the Department must implement key protections — including additional flexibilities — to protect borrowers from financial harm, and ensure borrowers can easily access more affordable repayment options.
- **Reform the Student Loan Repayment System.** Policymakers must make administrative and statutory reforms to the federal student loan repayment system to better protect borrowers from unaffordable payments, keep borrowers out of default, and provide a reliable light at the end of the tunnel for debt that does not pay off. As part of this effort, policymakers should create an improved income-driven repayment plan that is easy to access, ensures more affordable monthly payments, prevents ballooning balances, and guarantees automatic, tax-free forgiveness after a reasonable number of payments. Policymakers must also reform the student loan default and collections system to give borrowers a fresh start and ensure the consequences of default are not punitive or self-defeating.

- **Fund Public Colleges Sustainably and Equitably**. A decades-long trend of declining state investment has hampered states' ability to provide accessible and affordable higher education opportunities for their residents. We propose a federal-state partnership that restores and maintains funding for public colleges, and that prioritizes closing racial and economic gaps in access to affordable, high-quality colleges and universities.
- **Increase Need-Based Aid**. The Pell Grant currently covers the lowest share of the cost of college in over four decades. Congress should double the maximum Pell Grant to help students from low- and middle-income backgrounds cover college costs — including costs beyond tuition — without taking out crushing amounts of student debt. Congress should also unlock the door to opportunity by expanding Pell Grant eligibility to students with DACA and Temporary Protected Status, and by making all Pell dollars tax-free to eliminate an unnecessary bureaucratic and financial hurdle that keeps low- and middle-income students from accessing the American Opportunity Tax Credit (AOTC).
- **Better Protect Private Loan Borrowers**. Congress must strengthen protections for students who borrow private student debt. Critical safeguards include requiring school certification for students seeking private loans, so that schools can counsel students to take out federal loans before turning to riskier forms of debt, and requiring private lenders to discharge loans in the event of death or severe disability. Students and taxpayers would also benefit from improved transparency and oversight of private student lenders, including a federal data collection on private student debt.
- **Tighten Institutional Accountability.** Congress and the Department should strengthen existing accountability mechanisms, and reinvigorate policies to protect students and prevent waste, fraud, and abuse of federal student loan programs. Policymakers should reinstate previously effective tools, such as the Gainful Employment and Borrower Defense to Repayment rules, that can help protect students from the harmful consequences of attending costly, low-quality institutions and programs.
- **Improve Transparency and Oversight.** Congress should bring the postsecondary data system into the 21st century and pass the College Transparency Act (CTA). The CTA would address the gaps in the current system by creating a new, privacy-protected federal student-level data network to ensure that consumers have clear, comparable, and transparent data on institution and program-level outcomes. Until CTA is passed, the Department can also expand existing collections to provide immediate improvement in data availability. Policymakers should further improve postsecondary data and consumer information tools by improving the College Scorecard, reforming financial aid offer communications, requiring enhanced federal loan counseling, and improving net price calculators.

To read our full federal 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.

State Policy Recommendations

Continued state investment and strong oversight, particularly to address educational quality and persistent equity gaps, is critical to make college more affordable and help more students graduate.

- **Allocate Available State Grant Aid Based on Need, Not Merit.** In 2018-19, 26 percent of state grant aid dollars were allocated to undergraduate students without regard to their financial circumstances.[85] 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.
- **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.
- **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. 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 to be eligible for state grant aid, if substantial shares of students borrow loans. These standards direct students and state subsidies to schools where students' debt loads are more likely to be manageable.
- **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 information from K-12 schools, postsecondary education (including public and private institutions), and the workforce.
- **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 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 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.

Institutional Policy Recommendations

In addition to federal and state policy improvements, below are options that colleges should consider to increase college affordability and reduce student debt.

- **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.

- **Provide Counseling for Students Seeking Private Loans.** Over half of students who take out private loans have not exhausted their federal loan eligibility. 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.

- **Develop and Provide Supplemental Counseling and Information.** Federal student loan counseling tools are convenient and helpful, and improving each year. However, borrowers may have a need for distinct kinds of information at various times and may benefit from repeated opportunities to learn about borrowing amounts, default, and repayment. Additional counseling can be delivered effectively through existing processes, such as required orientation, college success classes, or leveraging interactions with academic advisors and financial aid counselors.

- **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 a 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. Schools should ensure their net price calculators use the most recent data available, and promote the use of these tools, rather than deter it.

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 from Peterson's Undergraduate Financial Aid Survey.[86]

This section of the Common Data Set 2020-2021 was used to collect student debt data for the Class of 2020:

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

Include:

* 2020 undergraduate class: all students who started at your institution as first-time students and received a bachelor's degree between July 1, 2019 and June 30, 2020.
* 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 2020 undergraduate class who started at your institution as first-time students and received a bachelor's degree between July 1, 2019 and June 30, 2020. 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 2019-20 year and are located in the 50 states plus the District of Columbia.

Data Limitations

There are several reasons why the Common Data Set 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 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 14 for more about for-profit colleges.

What Data Are Included in the State Averages?

Our state-level figures are based on the 1,100 public and nonprofit four-year colleges that reported the number of graduating students in the Class of 2020 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 2020.[87] These colleges represent 54 percent of all public and nonprofit four-year colleges that granted bachelor's degrees and 80 percent of all bachelor's degree recipients in these sectors in the most recent year.[88] Nonprofit colleges compose 61 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 2020 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 2019-20 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 2020. 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.

What Data Are Included in State Averages on Private Student Debt?

Similar to our state averages, our private debt figures are based on the 1,049 public and nonprofit four-year colleges that reported the number of graduating students in the Class of 2020 with private loans, the percent of graduates with private debt, and the average private 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 2020.[89]

The private debt figures used to calculate private 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 on private student debt, colleges had to report the number of graduating students in the Class of 2020 with private loans, the percent of graduates with private debt, and the average private debt of those who borrowed, and reported in the Peterson's Undergraduate Financial Aid Survey that they awarded bachelor's degrees during the 2019-20 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 2020. We weight the state averages according to the number of private borrowers reported in the Peterson's Undergraduate Financial Aid Survey.

For the state-by-state discussion on pages 19-23, states with comprehensive private debt data for the Class of 2020 have usable data at 50 percent or more of their institutions, with at least 20 usable institutions and more than 80 percent of graduates represented at those institutions. Out of the 12 states that match these criteria, we chose four to use as illustrative examples to explore patterns in private student debt within states.

ENDNOTES

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[2] TICAS. October 2020. *Student Debt of the Class of 2019*. https://bityl.co/95O3.

[3] 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.

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[7] Calculations by TICAS using fall enrollment data (2019 and 2020) from the U.S. Department of Education's Integrated Postsecondary Education Data System (IPEDS).

[8] Drops in first-time enrollment among recent high school graduates were also particularly acute at community colleges, where declines among Black, Latina/o, Hawaiian or Pacific Islander, and American Indian or Alaska Native students were roughly double those for White and Asian students. See National Student Clearinghouse. March 2021. *High School Benchmarks: COVID-19 Special Update & Correction*. https://bityl.co/8wMW.

[9] Lower rates of FAFSA filings were concentrated in high schools serving high shares students from low-income backgrounds, and those where Black and Latina/o students make up at least 40 percent of the student body. Looking toward fall 2021, similar lower FAFSA filing rates as of the end of the summer of 2020 suggest continued cause for concern that students who rely on financial aid to meet college costs are delaying college enrollment. See National College Attainment Network. July 2021. "FAFSA Completion Declines Nearly 5%; Nation Loses 270K FAFSAs Since 2019." https://bityl.co/8wMf.

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[23] TICAS. April 2021. *The Impact of COVID-19 on California's College Students*. https://bityl.co/8wFE.

[24] Ibid.

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[27] Ibid.

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[29] These regions are defined in U.S. Census Bureau's Census Regions and divisions with State FIPS Codes. See https://bityl.co/8wNP.

[30] See "What Data are Included in the State Averages?" on page 32.

[31] Based on data from Peterson's Undergraduate Financial Aid Survey (2019-20). Unless otherwise noted, only colleges that reported in the Peterson's Undergraduate Financial Aid Survey an average debt figure, a number with debt, and a percent with debt for the Class of 2020 are included in the data for student debt at individual colleges in this report.

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[34] While 82 percent of these colleges have Pell enrollments of 25 percent or lower, there are some notable exceptions. For instance, close to 90 percent of students at Berea College receive Pell grants.

[35] Calculations by TICAS on completions data (2019-20) from the U.S. Department of Education's Integrated Postsecondary Education Data System (IPEDS). These figures refer to all for-profit four-year colleges that reported granting bachelor's degrees in 2019-20.

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defaulting. The differences are statistically significant, though the for-profit college student estimate has high relative standard errors due to small sample sizes.

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[64] ISAs are a type of private loan where rather than based on principle plus interest, borrowers pay a set amount of their income for a set number of years once they leave school. Data on ISA debt are not available. However, ISAs act like private loans and can charge students well above the typical cost of federal loans and offer few (if any) consumer protections. The data featured in this report do not include ISAs. Roosevelt Institute. January 10, 2019. "Income Share Agreements: A Student Debt Promise Falling Short Of Reality." https://bityl.co/3gAA; Student Borrower Protection Center (SBPC). July 2020. *Credit by Any Other Name: How Federal Consumer Law Governs Income Share Agreements*. https://bityl.co/3gAC.

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[69] Delaware has traditionally been considered a southern state by demographers.

[70] The average in-state tuition and fees at public four-year institutions in Iowa is $9,392 vs. $9,694 nationally, and the average total cost of attendance for living on-campus in Iowa is $23,052 vs. $26,619 nationally.

[71] The larger fraction of students attending relatively less expensive colleges may in part compensate for students in Georgia receiving fewer grants per capita than students do nationally.

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