Welcome & Introduction
Outstanding education debt continues to increase—but more slowly.

More than 40% of federal student loans now go to graduate students.

Graduate Share of Federal Borrowing

Source: *Trends in Student Aid 2019*, The College Board.
Loans per undergraduate student are declining; loans per graduate student are not.

- Average Aid per FTE Student in 2018 Dollars, 1998-99 to 2018-19

Source: *Trends in Student Aid 2019, Figure 1, The College Board.*
Total annual borrowing has declined for 8 consecutive years.

- Total Federal and Nonfederal Loans by Type of Loan, 1998-99 to 2018-19 in 2018 Dollars

Source: Trends in Student Aid 2019, Figure 6, The College Board.
Average debt levels for private nonprofit college graduates have leveled off.

- Average Cumulative Debt Levels in 2018 Dollars: Bachelor’s Degree Recipients at Private Nonprofit Four-Year Institutions, 2002-03 to 2017-18, Selected Years

Source: *Trends in Student Aid 2019*, Figure 14, The College Board.
The share of students taking private loans is higher at private nonprofit four-year institutions than in other sectors.

- Share of Undergraduate Students with Private Loans, 1999-00 to 2015-16

### Average Private Loans Among Borrowers (2016 Dollars)

<table>
<thead>
<tr>
<th></th>
<th>1999-00</th>
<th>2003-04</th>
<th>2007-08</th>
<th>2011-12</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>$7,000</td>
<td>$7,500</td>
<td>$7,000</td>
<td>$6,100</td>
<td>$8,700</td>
</tr>
<tr>
<td>Public Four-Year</td>
<td>$5,400</td>
<td>$6,800</td>
<td>$6,700</td>
<td>$5,700</td>
<td>$7,800</td>
</tr>
<tr>
<td>Private Nonprofit Four-Year</td>
<td>$8,400</td>
<td>$10,000</td>
<td>$10,100</td>
<td>$8,200</td>
<td>$12,400</td>
</tr>
<tr>
<td>Public Two-Year</td>
<td>$5,500</td>
<td>$4,100</td>
<td>$3,800</td>
<td>$3,300</td>
<td>$4,100</td>
</tr>
<tr>
<td>For-Profit</td>
<td>$8,400</td>
<td>$7,000</td>
<td>$6,600</td>
<td>$6,300</td>
<td>$8,100</td>
</tr>
</tbody>
</table>

Source: *Trends in Student Aid 2018*, Figure 10B, The College Board.
The share of parents of private nonprofit college students taking PLUS loans has increased over time.

- Share of Dependent Undergraduates with Parent PLUS Loans, 1999-00 to 2015-16

### Average Parent PLUS Loans Among Borrowers (2016 Dollars)

<table>
<thead>
<tr>
<th></th>
<th>1999-00</th>
<th>2003-04</th>
<th>2007-08</th>
<th>2011-12</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>$9,800</td>
<td>$11,300</td>
<td>$11,700</td>
<td>$12,700</td>
<td>$14,000</td>
</tr>
<tr>
<td>Public Four-Year</td>
<td>$8,600</td>
<td>$9,800</td>
<td>$10,500</td>
<td>$11,700</td>
<td>$12,800</td>
</tr>
<tr>
<td>Private Nonprofit Four-Year</td>
<td>$12,100</td>
<td>$14,300</td>
<td>$15,300</td>
<td>$15,500</td>
<td>$17,500</td>
</tr>
<tr>
<td>Public Two-Year</td>
<td>—</td>
<td>$6,900</td>
<td>$5,100</td>
<td>$9,100</td>
<td>$7,700</td>
</tr>
<tr>
<td>For-Profit</td>
<td>$8,200</td>
<td>$11,000</td>
<td>$9,900</td>
<td>$11,900</td>
<td>$12,600</td>
</tr>
</tbody>
</table>

Source: *Trends in Student Aid 2018*, Figure 10A, The College Board.
The share of parent borrowing does not increase with income, but higher-income parents who borrow, borrow more than others.

• The PLUS Loans of Parents of 2015-16 Graduates of Private Nonprofit Institutions, by Income

Note: 2% of private nonprofit college parents borrow $40,000 or more.

Source: Trends in Student Aid 2019, Figure 17, The College Board.
The 1/3 of borrowers owing less than $10,000 hold 5% of outstanding student debt.

The 7% of borrowers owing $100,000 or more hold 1/3 of outstanding debt.

- Distribution of Borrowers and Debt by Outstanding Balance, Second Quarter of FY2019

Source: Trends in Student Aid 2019, Figure 10, The College Board.
Education debt is concentrated in the upper half of the income distribution.

Notes: Households age 25 and older.
Source: Baum, Lee, and Tilsley (2019) “Which Households Hold the Most Student Debt?” Urban Wire. [https://www.urban.org/urban-wire/which-households-hold-most-student-debt](https://www.urban.org/urban-wire/which-households-hold-most-student-debt); Data from Survey of Consumer Finances 2016
Half of the dollars and 30% of the borrowers in repayment are in income-based repayment plans.

- Distribution of Outstanding Federal Direct Loan Dollars and Borrowers by Repayment Plans

Source: *Trends in Student Aid 2019*, Figure 12A, The College Board.
Default rates are about three times as high for non-completers as for completers.

- Two-Year Student Loan Default Rates by Degree Completion Status, 1995-96 to 2011-12

Source: Trends in Student Aid 2015, Figure 14A, The College Board.
Public and private nonprofit four-year college borrowers are more successful than others at paying down their loan principal.


Source: Trends in Student Aid 2019, Figure 13A, The College Board.
The differences in repayment rates by sector are smaller among those who complete their programs.

- Federal Student Loan Five-Year Repayment Rates Sector and Completion: Borrowers Entering Repayment
- in 2006-07 Through 2011-12

Source: Trends in Student Aid 2019, Figure 13B, The College Board.
Debt levels at private nonprofit four-year institutions are more similar to those at public than for-profit institutions.

- Distribution of 2015-16 Bachelor’s Degree Recipients by Cumulative Amount Borrowed for Undergraduate Study

**Bachelor’s Degree Recipients**

<table>
<thead>
<tr>
<th></th>
<th>No Debt</th>
<th>$1 to $9,999</th>
<th>$10,000 to $19,999</th>
<th>$20,000 to $29,999</th>
<th>$30,000 to $39,999</th>
<th>$40,000 to $49,999</th>
<th>$50,000 or More</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>29%</td>
<td>11%</td>
<td>13%</td>
<td>17%</td>
<td>12%</td>
<td>8%</td>
<td>11%</td>
</tr>
<tr>
<td>Public Four-Year</td>
<td>31%</td>
<td>11%</td>
<td>14%</td>
<td>18%</td>
<td>12%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>(60%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Nonprofit</td>
<td>28%</td>
<td>9%</td>
<td>12%</td>
<td>19%</td>
<td>12%</td>
<td>8%</td>
<td>12%</td>
</tr>
<tr>
<td>Four-Year (27%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For-Profit (9%)</td>
<td>13%</td>
<td>7%</td>
<td>8%</td>
<td>11%</td>
<td>14%</td>
<td>15%</td>
<td>32%</td>
</tr>
</tbody>
</table>

Source: *Trends in Student Aid 2018*, Figure 16, The College Board.
Borrowing patterns differ significantly across racial and ethnic groups.

- Cumulative Debt of 2015-16 Bachelor’s Degree Recipients by Race/Ethnicity

![Bar chart showing cumulative debt by race/ethnicity](chart.png)

Source: *Trends in Student Aid 2019*, Figure 16, The College Board.
A quarter of 2015-16 private nonprofit master’s degree recipients borrowed $50,000 or more.

- Distribution of 2015-16 Master’s Degree Recipients by Cumulative Amount Borrowed for Graduate Study

Source: *Trends in Student Aid 2018*, Figure 17, The College Board.
More than one-third of 2015-16 private nonprofit doctoral degree recipients borrowed $50,000 or more.

- Distribution of 2015-16 Doctoral Degree Recipients by Cumulative Amount Borrowed for Graduate Study

<table>
<thead>
<tr>
<th>Doctoral Degree Recipients</th>
<th>No Debt</th>
<th>$1 to $49,999</th>
<th>$50,000 to $99,999</th>
<th>$100,000 to $149,999</th>
<th>$150,000 or More</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>42%</td>
<td>21%</td>
<td>16%</td>
<td>13%</td>
<td>7%</td>
</tr>
<tr>
<td>Public (52%)</td>
<td>55%</td>
<td>19%</td>
<td>14%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Private Nonprofit (32%)</td>
<td>35%</td>
<td>30%</td>
<td>18%</td>
<td>11%</td>
<td>6%</td>
</tr>
<tr>
<td>For-Profit (16%)</td>
<td>15%</td>
<td>13%</td>
<td>21%</td>
<td>38%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: Trends in Student Aid 2018, Figure 17, The College Board.
More than half of 2015-16 private nonprofit professional degree recipients borrowed $100,000 or more.

- Distribution of 2015-16 Advanced Degree Recipients by Cumulative Amount Borrowed for Graduate Study

Source: *Trends in Student Aid 2018*, Figure 17, The College Board.
What should Public Policy do?

• Focus on targeted solutions.
• Protect vulnerable borrowers.
• Minimize future debt
• Don’t forgive all student debt!
  ○ 1/3 of debt held by households in the top quarter of the income distribution
  ○ Forgiving all outstanding debt could pay for 20 years of free public college tuition or 50 years of Pell Grants at current levels.
• Focus on:
  ○ Non-completers
  ○ For-profit institutions
  ○ Black students
What can Institutions do?

• Focus on student success
• Rein in costs and moderate prices—understanding that living expenses account for a significant share of student borrowing
• Reduce time to degree
• Increase need-based student aid
• Strengthen advising about both academic and finances