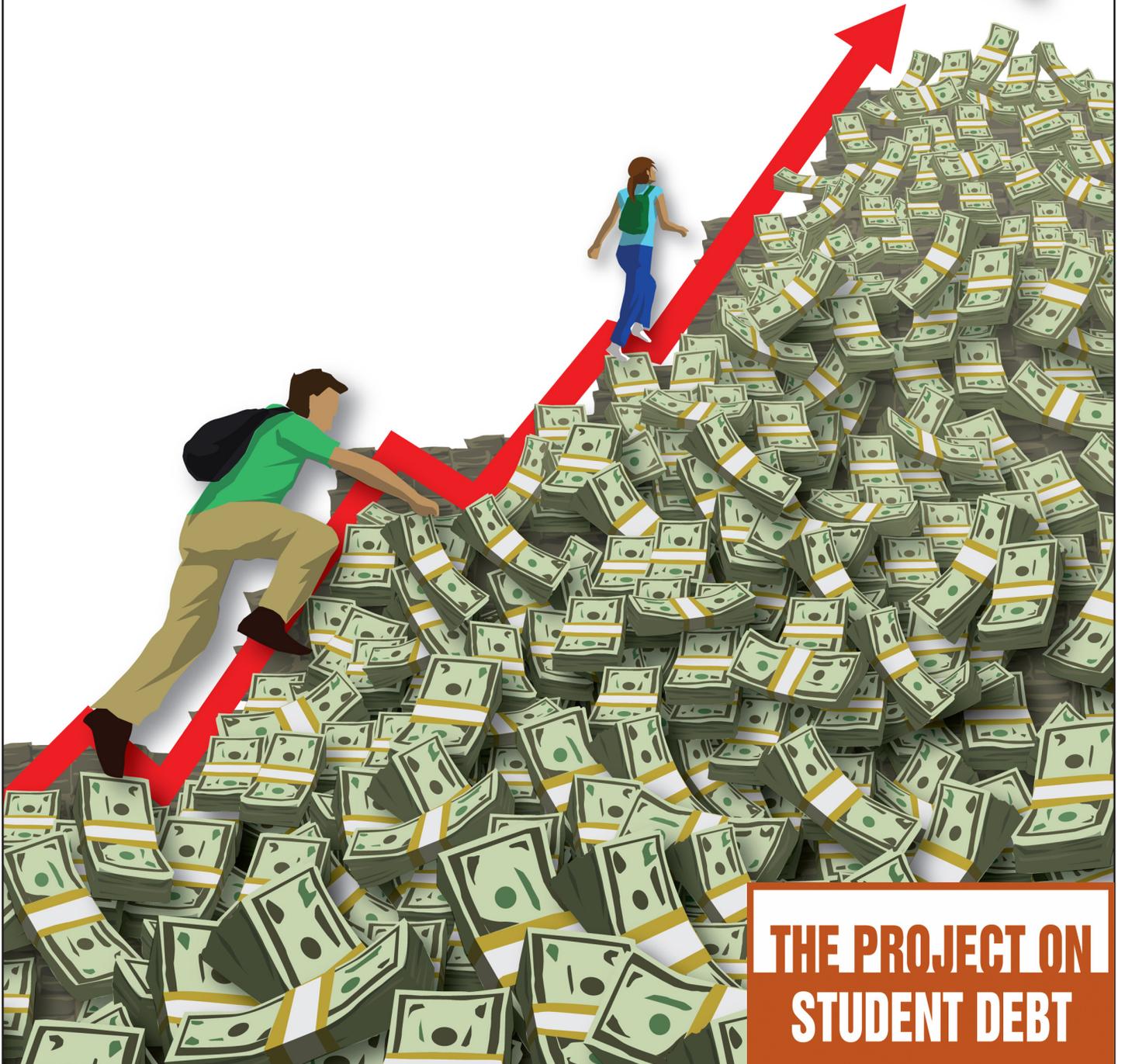


Student Debt and the Class of 2007

October 2008



**THE PROJECT ON
STUDENT DEBT**

In our third annual report on student debt trends, we find that student debt levels continue to rise overall, with considerable variation across states and colleges. The debt data used here is reported voluntarily by colleges for each graduating class.¹ See <http://projectonstudentdebt.org> for an interactive map of state-by-state averages and campus-by-campus data, including the average debt of graduating seniors, percentage of graduates with debt, tuition and fees, and the percentage of students receiving Pell Grants.²

Our analysis indicates that for colleges reporting data for both the class of 2006 and the class of 2007, the average debt of students graduating with loans rose from \$18,976 to \$20,098, a six percent increase. The increase was roughly the same for both public and private nonprofit four-year colleges. Average debt for the class of 2007 was \$18,482 at public colleges and \$23,065 at private colleges. Data limitations cause these averages to be lower than actual levels. We estimate that the actual average student loan debt level for the class of 2007 is nearly \$21,900: \$19,400 for borrowers at public universities and nearly \$25,700 for borrowers at private colleges.

While it is still generally true that college graduates earn much more than those with only a high school education, student debt is rising faster than starting salaries for new graduates. While average student debt at graduation rose by six percent between 2006 and 2007, earnings for 18- to 24-year-olds with bachelor's degrees rose only three percent.³

Student Debt by State – Highs and Lows

The statewide average debt levels for the class of 2007 vary greatly, but many of the same states appear at the high and low ends of the spectrum as have in previous years. The following tables show the states with the highest and lowest average debt levels:

| High Debt States | |
|----------------------|----------|
| Iowa | \$26,208 |
| New Hampshire | \$25,211 |
| Alaska | \$24,970 |
| Vermont | \$24,329 |
| Minnesota | \$24,169 |
| Pennsylvania | \$23,613 |
| Rhode Island | \$23,172 |
| Maine | \$22,948 |
| District of Columbia | \$22,654 |
| South Dakota | \$22,254 |

| Low Debt States | |
|-----------------|----------|
| Utah | \$13,266 |
| Hawaii | \$14,911 |
| New Mexico | \$15,784 |
| Wyoming | \$16,005 |
| Nevada | \$16,448 |
| Georgia | \$16,628 |
| North Carolina | \$16,888 |
| Kentucky | \$16,972 |
| California | \$17,215 |
| Maryland | \$17,243 |

New England states are disproportionately represented among the “high debt” states while those in the Far West region are disproportionately represented among the “low debt” states. This may be related to the fact that New England states tend to have more students than average attending private colleges, and higher than average tuition for both public and private

¹ While this self-reported data has certain limitations, there is no independently verified source for average debt at the campus level.

² The list of schools on the web site and the tuition and enrollment figures are from the U.S. Department of Education's Integrated Postsecondary Education Data System (IPEDS) data for 2006–07. The percentage of Pell Grant recipients in 2006–07 is from economicdiversity.org and is derived from U.S. Department of Education sources. All of the data, even the elements excluded from the state and national averages, are included in the campus data listed at http://projectonstudentdebt.org/state_by_state-data.php.

³ These figures are for people who worked full time year-round and for whom a bachelor's degree is their highest level of educational attainment. Source: U.S. Census Bureau, Current Population Survey, March 2008, Table PINC-04, http://pubdb3.census.gov/macro/032008/perinc/new04_001.htm and U.S. Census Bureau, Current Population Survey, March 2007, Table PINC-04, http://pubdb3.census.gov/macro/032007/perinc/new04_001.htm, accessed September 19, 2008.

colleges, while western states tend to have more students attending public colleges and lower than average tuition at public colleges.⁴

In general, private colleges have higher tuition than public ones, and higher average tuition at the state or college level is associated with higher average debt. However, there are many schools with high tuition and low debt and vice versa. Many factors influence average debt levels for a college, including student demographics, endowment resources available for financial aid, state policies, institutional financial aid packaging policies, and the cost of living in the local area.

The following tables show each state's average debt and proportion of students borrowing, with data for both 2006 and 2007 graduates, along with information about the amount of usable data actually available for each state.

| Change in Average Debt of Graduates, by State – Class of 2006 to 2007 | | | | | | | | |
|---|---------------|------|---------------|------|----------|--------------|-------------|--|
| State | Class of 2007 | | Class of 2006 | | % Change | Institutions | | Students % Represented in Usable Data |
| | Average Debt | Rank | Average Debt | Rank | | Total | Usable Data | |
| Alabama | \$20,921 | 20 | \$18,758 | 26 | 12% | 31 | 23 | 74% |
| Alaska | \$24,970 | 3 | \$25,277 | 1 | -1% | 4 | 3 | 39% |
| Arizona | \$18,440 | 36 | \$17,846 | 34 | 3% | 16 | 8 | 96% |
| Arkansas | \$18,678 | 32 | \$18,213 | 29 | 3% | 22 | 13 | 65% |
| California | \$17,215 | 43 | \$16,948 | 42 | 2% | 123 | 80 | 80% |
| Colorado | \$18,916 | 30 | \$18,115 | 30 | 4% | 21 | 15 | 80% |
| Connecticut | \$22,215 | 11 | \$20,326 | 13 | 9% | 24 | 15 | 91% |
| Delaware | \$17,435 | 40 | \$17,435 | 37 | 0% | 6 | 4 | 87% |
| District of Columbia | \$22,654 | 9 | \$22,049 | 7 | 3% | 10 | 7 | 76% |
| Florida | \$20,243 | 22 | \$19,501 | 19 | 4% | 63 | 43 | 73% |
| Georgia | \$16,628 | 46 | \$15,683 | 48 | 6% | 49 | 38 | 78% |
| Hawaii | \$14,911 | 50 | \$14,038 | 50 | 6% | 8 | 5 | 94% |
| Idaho | \$22,000 | 13 | \$20,442 | 11 | 8% | 9 | 6 | 66% |
| Illinois | \$18,584 | 34 | \$17,898 | 33 | 4% | 78 | 55 | 90% |
| Indiana | \$21,283 | 17 | \$20,416 | 12 | 4% | 51 | 41 | 86% |
| Iowa | \$26,208 | 1 | \$24,769 | 2 | 6% | 35 | 31 | 97% |
| Kansas | \$18,509 | 35 | \$17,122 | 40 | 8% | 26 | 20 | 74% |
| Kentucky | \$16,972 | 44 | \$15,505 | 49 | 9% | 33 | 27 | 97% |
| Louisiana | \$20,271 | 21 | \$19,649 | 18 | 3% | 26 | 16 | 71% |
| Maine | \$22,948 | 8 | \$21,399 | 8 | 7% | 19 | 18 | 98% |
| Maryland | \$17,243 | 42 | \$16,472 | 46 | 5% | 35 | 21 | 81% |
| Massachusetts | \$21,090 | 19 | \$19,056 | 23 | 11% | 75 | 57 | 79% |
| Michigan | \$22,053 | 12 | \$19,863 | 16 | 11% | 59 | 35 | 88% |
| Minnesota | \$24,169 | 5 | \$22,777 | 4 | 6% | 38 | 30 | 73% |
| Mississippi | \$17,348 | 41 | \$16,722 | 44 | 4% | 19 | 15 | 66% |
| Missouri | \$18,928 | 29 | \$17,912 | 32 | 6% | 54 | 40 | 84% |
| Montana | \$17,869 | 39 | \$17,357 | 38 | 3% | 10 | 9 | 98% |

⁴ The regions are as defined on the “Use Map” feature of the IPEDS College Navigator web page, <http://nces.ed.gov/collegenavigator/>; accessed September 19, 2008.

Change in Average Debt of Graduates, by State – Class of 2006 to 2007

| State | Class of 2007 | | Class of 2006 | | % Change | Institutions | | Students % Represented in Usable Data |
|-----------------|-----------------|------|-----------------|------|-----------|--------------|-------------|--|
| | Average Debt | Rank | Average Debt | Rank | | Total | Usable Data | |
| Nebraska | \$19,326 | 25 | \$18,313 | 28 | 6% | 25 | 19 | 86% |
| Nevada | \$16,448 | 47 | \$16,709 | 45 | -2% | 6 | 3 | 73% |
| New Hampshire | \$25,211 | 2 | \$24,461 | 3 | 3% | 16 | 13 | 89% |
| New Jersey | \$21,217 | 18 | \$19,249 | 21 | 10% | 32 | 22 | 81% |
| New Mexico | \$15,784 | 49 | \$16,180 | 47 | -2% | 13 | 5 | 54% |
| New York | \$21,524 | 16 | \$19,470 | 20 | 11% | 171 | 96 | 77% |
| North Carolina | \$16,888 | 45 | \$16,992 | 41 | -1% | 59 | 44 | 76% |
| North Dakota | \$21,648 | 15 | \$20,695 | 10 | 5% | 11 | 6 | 51% |
| Ohio | \$21,952 | 14 | \$20,145 | 14 | 9% | 82 | 57 | 81% |
| Oklahoma | \$18,597 | 33 | \$17,486 | 36 | 6% | 28 | 18 | 69% |
| Oregon | \$19,849 | 24 | \$19,728 | 17 | 1% | 30 | 24 | 99% |
| Pennsylvania | \$23,613 | 6 | \$22,290 | 6 | 6% | 125 | 91 | 84% |
| Rhode Island | \$23,172 | 7 | \$20,098 | 15 | 15% | 11 | 7 | 74% |
| South Carolina | \$20,186 | 23 | \$18,960 | 24 | 6% | 36 | 27 | 70% |
| South Dakota | \$22,254 | 10 | \$20,926 | 9 | 6% | 13 | 9 | 85% |
| Tennessee | \$19,034 | 27 | \$18,907 | 25 | 1% | 46 | 39 | 88% |
| Texas | \$18,153 | 37 | \$17,489 | 35 | 4% | 90 | 63 | 76% |
| Utah | \$13,266 | 51 | \$12,296 | 51 | 8% | 9 | 5 | 69% |
| Vermont | \$24,329 | 4 | \$22,337 | 5 | 9% | 19 | 14 | 72% |
| Virginia | \$18,084 | 38 | \$17,207 | 39 | 5% | 43 | 40 | 98% |
| Washington | \$18,771 | 31 | \$17,954 | 31 | 5% | 25 | 20 | 81% |
| West Virginia | \$19,018 | 28 | \$19,100 | 22 | 0% | 20 | 14 | 48% |
| Wisconsin | \$19,241 | 26 | \$18,503 | 27 | 4% | 37 | 29 | 91% |
| Wyoming | \$16,005 | 48 | \$16,855 | 43 | -5% | 1 | 1 | 100% |
| National | \$20,098 | | \$18,976 | | 6% | 1892 | 1341 | 80% |

Change in Percentage of Graduates with Debt, by State – Class of 2006 to 2007

| State | Class of 2007 | | Class of 2006 | | % Change | Institutions | | Students % Represented in Usable Data |
|----------------------|----------------------|------|----------------------|------|----------|--------------|-------------|--|
| | Percentage with Debt | Rank | Percentage with Debt | Rank | | Total | Usable Data | |
| Alabama | 61% | 23 | 58% | 32 | 5% | 31 | 23 | 74% |
| Alaska | 53% | 38 | 52% | 41 | 2% | 4 | 3 | 39% |
| Arizona | 48% | 46 | 49% | 45 | -2% | 16 | 8 | 96% |
| Arkansas | 54% | 37 | 54% | 37 | 0% | 22 | 13 | 65% |
| California | 45% | 47 | 47% | 46 | -4% | 123 | 80 | 80% |
| Colorado | 52% | 39 | 51% | 43 | 2% | 21 | 15 | 80% |
| Connecticut | 58% | 33 | 56% | 33 | 4% | 24 | 15 | 91% |
| Delaware | 50% | 43 | 50% | 44 | 0% | 6 | 4 | 87% |
| District of Columbia | 60% | 26 | 62% | 19 | -3% | 10 | 7 | 76% |
| Florida | 51% | 42 | 53% | 38 | -4% | 63 | 43 | 73% |
| Georgia | 49% | 44 | 51% | 42 | -4% | 49 | 38 | 78% |
| Hawaii | 34% | 51 | 32% | 51 | 6% | 8 | 5 | 94% |
| Idaho | 68% | 10 | 68% | 8 | 0% | 9 | 6 | 66% |
| Illinois | 56% | 35 | 56% | 35 | 0% | 78 | 55 | 90% |
| Indiana | 60% | 27 | 60% | 25 | 0% | 51 | 41 | 86% |
| Iowa | 73% | 4 | 74% | 2 | -1% | 35 | 31 | 97% |
| Kansas | 61% | 22 | 59% | 28 | 3% | 26 | 20 | 74% |
| Kentucky | 64% | 18 | 59% | 27 | 8% | 33 | 27 | 97% |
| Louisiana | 58% | 32 | 59% | 31 | -2% | 26 | 16 | 71% |
| Maine | 68% | 8 | 69% | 7 | -1% | 19 | 18 | 98% |
| Maryland | 55% | 36 | 56% | 34 | -2% | 35 | 21 | 81% |
| Massachusetts | 63% | 21 | 62% | 20 | 2% | 75 | 57 | 79% |
| Michigan | 60% | 25 | 59% | 30 | 2% | 59 | 35 | 88% |
| Minnesota | 72% | 5 | 72% | 4 | 0% | 38 | 30 | 73% |
| Mississippi | 60% | 24 | 64% | 16 | -6% | 19 | 15 | 66% |
| Missouri | 65% | 15 | 64% | 15 | 2% | 54 | 40 | 84% |
| Montana | 71% | 7 | 70% | 5 | 1% | 10 | 9 | 98% |
| Nebraska | 65% | 16 | 64% | 17 | 2% | 25 | 19 | 86% |
| Nevada | 40% | 50 | 41% | 49 | -2% | 6 | 3 | 73% |
| New Hampshire | 74% | 3 | 72% | 3 | 3% | 16 | 13 | 89% |
| New Jersey | 67% | 11 | 65% | 13 | 3% | 32 | 22 | 81% |
| New Mexico | 52% | 40 | 52% | 40 | 0% | 13 | 5 | 54% |
| New York | 63% | 20 | 64% | 18 | -2% | 171 | 96 | 77% |
| North Carolina | 59% | 30 | 60% | 26 | -2% | 59 | 44 | 76% |
| North Dakota | 75% | 2 | 66% | 12 | 14% | 11 | 6 | 51% |
| Ohio | 67% | 13 | 66% | 10 | 2% | 82 | 57 | 81% |
| Oklahoma | 52% | 41 | 53% | 39 | -2% | 28 | 18 | 69% |
| Oregon | 66% | 14 | 66% | 11 | 0% | 30 | 24 | 99% |
| Pennsylvania | 71% | 6 | 70% | 6 | 1% | 125 | 91 | 84% |
| Rhode Island | 67% | 12 | 60% | 23 | 12% | 11 | 7 | 74% |
| South Carolina | 59% | 29 | 60% | 22 | -2% | 36 | 27 | 70% |
| South Dakota | 81% | 1 | 80% | 1 | 1% | 13 | 9 | 85% |
| Tennessee | 44% | 48 | 42% | 48 | 5% | 46 | 39 | 88% |
| Texas | 57% | 34 | 55% | 36 | 4% | 90 | 63 | 76% |
| Utah | 42% | 49 | 33% | 50 | 27% | 9 | 5 | 69% |
| Vermont | 63% | 19 | 62% | 21 | 2% | 19 | 14 | 72% |

Change in Percentage of Graduates with Debt, by State – Class of 2006 to 2007

| State | Class of 2007 | | Class of 2006 | | % Change | Institutions | | Students |
|---------------|----------------------|------|----------------------|------|----------|--------------|-------------|----------|
| | Percentage with Debt | Rank | Percentage with Debt | Rank | | Total | Usable Data | |
| Virginia | 59% | 31 | 59% | 29 | 0% | 43 | 40 | 98% |
| Washington | 59% | 28 | 60% | 24 | -2% | 25 | 20 | 81% |
| West Virginia | 68% | 9 | 67% | 9 | 1% | 20 | 14 | 48% |
| Wisconsin | 64% | 17 | 64% | 14 | 0% | 37 | 29 | 91% |
| Wyoming | 49% | 45 | 44% | 47 | 11% | 1 | 1 | 100% |
| National | 59% | | 59% | | 0% | 1892 | 1341 | 80% |

Student Debt at Colleges

There are many factors that affect average debt as reported at the college level. There are differences in how colleges interpret the relevant survey questions and calculate their average debt figures, despite attempts to provide clear definitions. There are also many colleges that do not report these figures at all or fail to update them, reporting the same figure for multiple years in a row. Our analysis of the data and our conversations with college administrators suggest that the available campus-level data is not reliable enough to rank individual colleges with especially high or low debt levels. However, we have identified colleges whose reported debt levels fall into high or low ranges relative to the levels reported by all institutions. These lists are not meant to be comprehensive, but rather to illustrate the high and low ends of the spectrum.⁵

High Debt Colleges

The colleges in the following charts are notable for having very high average debt levels for the class of 2007. Public colleges and universities generally have significantly lower tuition and lower debt levels than private colleges and universities. Therefore, we list public and private colleges separately on these “high debt” lists. The private colleges listed have average debt of \$32,500 to \$42,000, while the public colleges listed have average debt of \$26,000 to \$32,000. Given the range of average debt in each sector, graduates of the schools on these lists have relatively high debt.⁶

High Debt Private Nonprofit Colleges and Universities (alphabetical by name)

| Institution Name | State |
|----------------------------------|-------|
| Arcadia University | PA |
| Assumption College | MA |
| Bethune Cookman College | FL |
| Bryant University | RI |
| Clarkson University | NY |
| Emerson College | MA |
| Franklin College | IN |
| Freed–Hardeman University | TN |
| Manhattan College | NY |
| Messiah College | PA |
| Milwaukee School of Engineering | WI |
| Monmouth University | NJ |
| Morningside College | IA |
| Mount Saint Mary College | NY |
| New York University | NY |
| Ohio Northern University | OH |
| Oral Roberts University | OK |
| Pepperdine University | CA |
| Quinnipiac University | CT |
| Saint Josephs College | ME |
| The College of Saint Scholastica | MN |
| University of Dubuque | IA |
| University of Hartford | CT |
| University of New England | ME |
| University of New Haven | CT |
| University of St. Thomas | MN |
| Worcester Polytechnic Institute | MA |
| Xavier University of Louisiana | LA |

⁵ For example, these lists do not include specialized schools such as art schools and aeronautical schools, schools with fewer than 1,000 students, and those where our investigation raised serious questions about the accuracy of the data.

⁶ To limit the size of these lists, private colleges with debt between \$26,000 and \$32,500 are not included. There are no public institutions (apart from very small or very specialized schools) with average debt above \$32,000.

The reasons for high debt levels at public and private colleges may include high tuition, inadequate grant and scholarship programs for students with financial need, the cost of housing and other expenses in particular communities, or the demographic makeup of the graduating class. In particular, several of the high-debt public colleges are Historically Black Colleges and Universities (HBCUs), which have limited resources for financial aid and serve large numbers of low-income students.⁷ Differences in how campuses calculate and report these figures may also account for some schools having averages that are much higher than the national average.

Some of the colleges listed below show large increases in the debt levels between the 2006 and 2007 graduating classes. Changes in colleges' methodology for calculating the figures often account for such dramatic increases. For example, the older figure may have inadvertently excluded private loans from the totals, while the newer figure reflects a more complete analysis by the campus. However, some of the large increases may reflect actual changes in debt levels related to changes affecting the students or the college.

| High Debt Public Colleges and Universities (alphabetical by name) | |
|--|-------|
| Institution Name | State |
| Alabama State University | AL |
| Ferris State University | MI |
| Florida Agricultural and Mechanical University | FL |
| Grambling State University | LA |
| Iowa State University | IA |
| Lincoln University of Pennsylvania | PA |
| Miami University - Oxford | OH |
| New Jersey City University | NJ |
| Pennsylvania State University (systemwide) | PA |
| Temple University | PA |
| University of Alaska Fairbanks | AK |
| Virginia State University | VA |

Low Debt Colleges

The colleges in the following charts are notable for having low debt levels for the class of 2007. Some of the schools with low debt levels are low-tuition public schools. Others are highly selective national universities and liberal arts colleges with fairly large endowments. The latter group of colleges tends to enroll fewer students who need loans to pay for college and often give generous grant aid to lower income students. Three of these colleges (Princeton, Harvard, and Williams) have financial aid policies that are specifically intended to minimize student debt, especially for students from low- and middle-income backgrounds. A list of over 50 public and private colleges with similar policies can be found at <http://projectonstudentdebt.org/pledges>.

Berea College and the College of the Ozarks are “work colleges,” where students do not pay tuition, but are required to work to pay for their education. Many students at these colleges have financial need, so they may borrow to cover the cost of books and supplies, transportation, or other college-related expenses. This “low debt” list also includes four HBCUs.⁸ Several of the colleges on the “low debt” list reported very large decreases from the class of 2006 to the class of 2007. Such a rapid and anomalous reported decrease likely indicates a change in methodology rather than a major decrease in borrowing.

⁷ Xavier University of Louisiana, Bethune Cookman College, Florida Agricultural and Mechanical University, Grambling State University, Lincoln University of Pennsylvania, Virginia State University, and Alabama State University are HBCUs.

⁸ Florida Memorial University, Hampton University, University of Maryland-Eastern Shore, and Fayetteville State University are HBCUs.

| Low Debt Colleges and Universities | | |
|---|-------|---------|
| Institution Name | State | Sector |
| Augusta State University | GA | Public |
| Berea College | KY | Private |
| California State University - Bakersfield | CA | Public |
| California State University - Monterey Bay | CA | Public |
| Cameron University | OK | Public |
| Carthage College | WI | Private |
| College of the Ozarks | MO | Private |
| CUNY Hunter College | NY | Public |
| Dalton State College | GA | Public |
| East West College | IL | Private |
| Fayetteville State University | NC | Public |
| Ferrum College | VA | Private |
| Florida Gulf Coast University | FL | Public |
| Florida Memorial University | FL | Private |
| Hampton University | VA | Private |
| Harvard University | MA | Private |
| Houston Baptist University | TX | Private |
| Lamar University | TX | Public |
| Mars Hill College | NC | Private |
| New Mexico Institute of Mining and Technology | NM | Public |
| North Georgia College & State University | GA | Public |
| Princeton University | NJ | Private |
| Southeastern Oklahoma State University | OK | Public |
| Southern Utah University | UT | Public |
| Texas A & M International University | TX | Public |
| Texas A & M University – Kingsville | TX | Public |
| The University of Texas at El Paso | TX | Public |
| The University of Virginia’s College at Wise | VA | Public |
| University of Arkansas – Fort Smith | AR | Public |
| University of Maryland – Eastern Shore | MD | Public |
| Williams College | MA | Private |

Where the Numbers Come From

The data we use in this report are also used by the publishers of college guides and rankings. Several organizations conduct annual surveys of colleges that include questions about graduates’ student loan debt. Four major organizations that conduct such surveys are *U.S. News and World Report*, Peterson’s (publisher of its own college guides), Wintergreen Orchard House, and the College Board. To make the process easier for the campuses, these organizations use questions from a shared survey instrument, called the Common Data Set. Below are the questions they ask about student debt for the class of 2007.

“H4. Provide the percentage of the class . . . who borrowed at any time through any loan programs (institutional, state, Federal Perkins, Federal Stafford Subsidized and Unsubsidized, private loans

that were certified by your institution, etc.; exclude parent loans). Include both Federal Direct Student Loans and Federal Family Education Loans.

“H5. Report the average per-borrower cumulative undergraduate indebtedness of those in line H4.”⁹

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 survey independently. For this analysis we licensed and used the data from Peterson’s.¹⁰ We looked at colleges that reported debt data for the class of 2006 and the class of 2007. In this report the term “colleges” refers to public and private nonprofit institutions of higher education that grant bachelors degrees and are located in the 50 states plus the District of Columbia.

What Data are Included in the State Averages?

The state averages are based on 1341 campuses that provide average debt data for both the class of 2006 and the class of 2007.¹¹ This represents about 71 percent of all four-year bachelors-granting colleges, covering about 80 percent of all undergraduate students at four-year public and private nonprofit colleges in the United States.¹² Debt figures are estimates, which are reported voluntarily by campus officials and are not audited or reviewed by any outside entity. We weight the averages according to enrollment (full-time undergraduates, Fall term 2006) and the proportion of graduating seniors with debt.¹³

Included in the 1341 campuses are 493 that show the same average debt figure for both years. Several of these cases can be found on the “high debt” and “low debt” lists above. In some cases, the same figure has been reported for several years in a row. In the Peterson’s dataset, there are over 100 schools that have reported the same average debt figure at least five times. There is even one school (Holy Family University) that has reported the same average debt figure for all 11 years during which this data has been collected. It is highly unlikely that actual average debt figures at a campus would be identical from year to year. In some cases, this number remains as the default when a college does not respond to the survey in the most recent year. In other cases, the college does respond to the survey, but leaves the prior year’s figure in place for this question. Peterson’s practice of pre-filling the survey with the previous year’s figures may contribute to this phenomenon. We included these “repeaters” in order to provide the most comprehensive report on student debt possible, covering the greatest number of students. This makes the state and national figures somewhat more comparable from year to year. However, since student debt levels generally rise from year to year, reporting the same figure from a previous year usually underestimates the true debt level. Therefore, including the “repeaters” biases downward both the state and national averages, and the reported percentage change from one year to the next.

⁹ This version of the questions is from the “Common Data Set 2007–2008” document published by the Common Data Set Initiative. The instructions clarify that institutions should exclude students who transferred in to the institution and money borrowed at other institutions.

¹⁰ The Institute for College Access & Success, Inc., the sponsor of the Project on Student Debt and economicdiversity.org, has licensed the debt data through an agreement with Peterson’s. The data are copyright © 2007, 2008 Peterson’s, a Nelnet company. All rights reserved.

¹¹ One campus is excluded for having inconsistent data for the class of 2006 – Flagler College (in Florida) lists zero as the percentage with debt but a non-zero figure (\$15,535) as the average debt of those with debt.

¹² There are 1892 public and private nonprofit four-year colleges that granted bachelors degrees in 2006–07 in the 50 states plus DC included in the federal Integrated Postsecondary Education Data System (IPEDS) for the Fall 2006, with a total fall full-time undergraduate enrollment of 6,412,445. The 1341 colleges included in our calculations have a total fall full-time undergraduate enrollment of 5,159,466. Of the 1892 public and private nonprofit four-year colleges that granted bachelors degrees in 2006–07, 121 were not found in the Peterson’s dataset, either because they were not surveyed or the IPEDS campus code number was missing or incorrect in the Peterson’s dataset. Another 430 institutions were in the Peterson’s dataset, but did not report data for both 2006 and 2007.

¹³ For 36 campuses that reported a debt average but not the proportion of borrowers for at least one of the two years, we used the national average proportion of students borrowing for that year to produce the weighted state averages.

In some cases, the Class of 2006 state averages in this report differ from the averages we reported last year for that same class. There are several explanations for these differences. First, we updated the enrollment figures used to weight the averages to those from Fall 2006. Second, the list of actual colleges included is different: we started with the universe of schools listed in IPEDS that granted bachelors degrees in 2006–07 rather than those in our Economic Diversity of Colleges database. Also, the list of colleges that reported average debt figures to Peterson’s for the classes of 2006 and 2007 differs slightly from the list of those that reported data for the classes of 2005 and 2006. Finally, in last year’s report, we excluded those colleges that reported the same average debt figure for the two years reported, while we included such colleges this year. These changes reflect our intention to use the most recent available data for enrollment, tuition, and Pell Grants as well as student debt and to include the most comprehensive set of colleges possible.

Recommendations to Improve Student Debt Data

Increasing the number of colleges that report newly calculated average debt figures each year would increase the accuracy and usefulness of this data. Colleges that do a good job calculating and reporting each year’s debt figures rightfully complain that other colleges may have debt that is just as high or higher, but those colleges may fail to update their figures, report figures that do not include all student debt, or never report figures at all. The lack of outside auditing of cases of missing or questionable data creates a disincentive for honest and full reporting.

Despite the limitations of this data, we continue to use it to illustrate the variations in student debt levels across states and colleges. This is the only data that shows cumulative student debt levels every year and at the college level. Given the importance of this issue, the federal government should change its data-collection and dissemination practices to ensure that reliable data on student debt across states and institutions is available every year.

The Higher Education Opportunity Act of 2008 (HEOA), passed by Congress and signed into law earlier this year includes new requirements for the disclosure of financial aid data by colleges and information about student loans by lenders. These new requirements have re-opened discussion about the financial aid and loan data collected from institutions and lenders by the federal government. This presents an opportunity to include questions about student debt in the Integrated Postsecondary Education Data System (IPEDS)—the government’s annual survey of colleges. Further, it presents an opportunity for the government to consider requiring the reporting of non-federal private student loans in the National Student Loan Data System (NSLDS). This would complement the data available from the National Postsecondary Student Aid Study (NPSAS) every four years.¹⁴ Colleges, researchers, and policymakers rely on data from these sources to understand the dynamics of student borrowing. Since the government data is required by law and carefully reviewed, this would result in much better student debt data for policymakers and researchers.

How Different Are the “Real” Debt Figures?

Every four years, the federal government conducts a national study of financial aid, NPSAS, mentioned above. NPSAS provides the most accurate information available about student borrowing trends. The last such survey, covering the academic year 2003–04, revealed average debt that exceeded the average reported to the college guide publishers that year by roughly \$1,800. This gap likely remains, so we believe that the state and national averages reported here for 2006 and 2007 are lower than actual student debt levels. Assuming that the gap has remained at about \$1,800 over the last three years, the reported average for 2007 is \$20,098, but we estimate the actual average is closer to \$21,900.¹⁵

¹⁴ NPSAS is based on a nationally representative sample of college students and provides very good data on student debt levels at the national and sector level. It is also possible to study factors that influence student borrowing at the student level using this sample. However, NPSAS is only conducted every four years and does not provide figures for most states or any colleges.

¹⁵ New NPSAS results, including data that will allow us to derive average student debt levels for the class of 2008, are expected from the U.S. Department of Education in February 2009. New data on student debt for the class of 2008 from Peterson’s and other Common Data Set publishers will be available starting in the summer of 2009.

This gap is caused by several issues. Colleges do not have full information about student borrowing (such as private student loan borrowing), and use different methods to answer the average debt question. Some colleges do not respond to the questions on student debt, or do not update their figures from year to year. Furthermore, the current Common Data Set instructs campus officials to exclude transfer students who graduate from their colleges and the debt those students carried in from other colleges. NPSAS uses student-level data obtained from colleges, the National Student Loan Data System, and student surveys. By using student-level data, NPSAS avoids errors that may be introduced as colleges calculate institution-level averages. Since the survey is based on a representative sample of all college students, it includes students who transferred from one college to another before graduating. Since it uses multiple sources, almost all private loans are accounted for, and errors in one source can be checked against other sources.

Colleges and the organizations that collect institution-level data need to work together to improve data accuracy and collection methods, and to make more complete, precise data available to researchers, policymakers, and the public.

THE PROJECT ON STUDENT DEBT

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