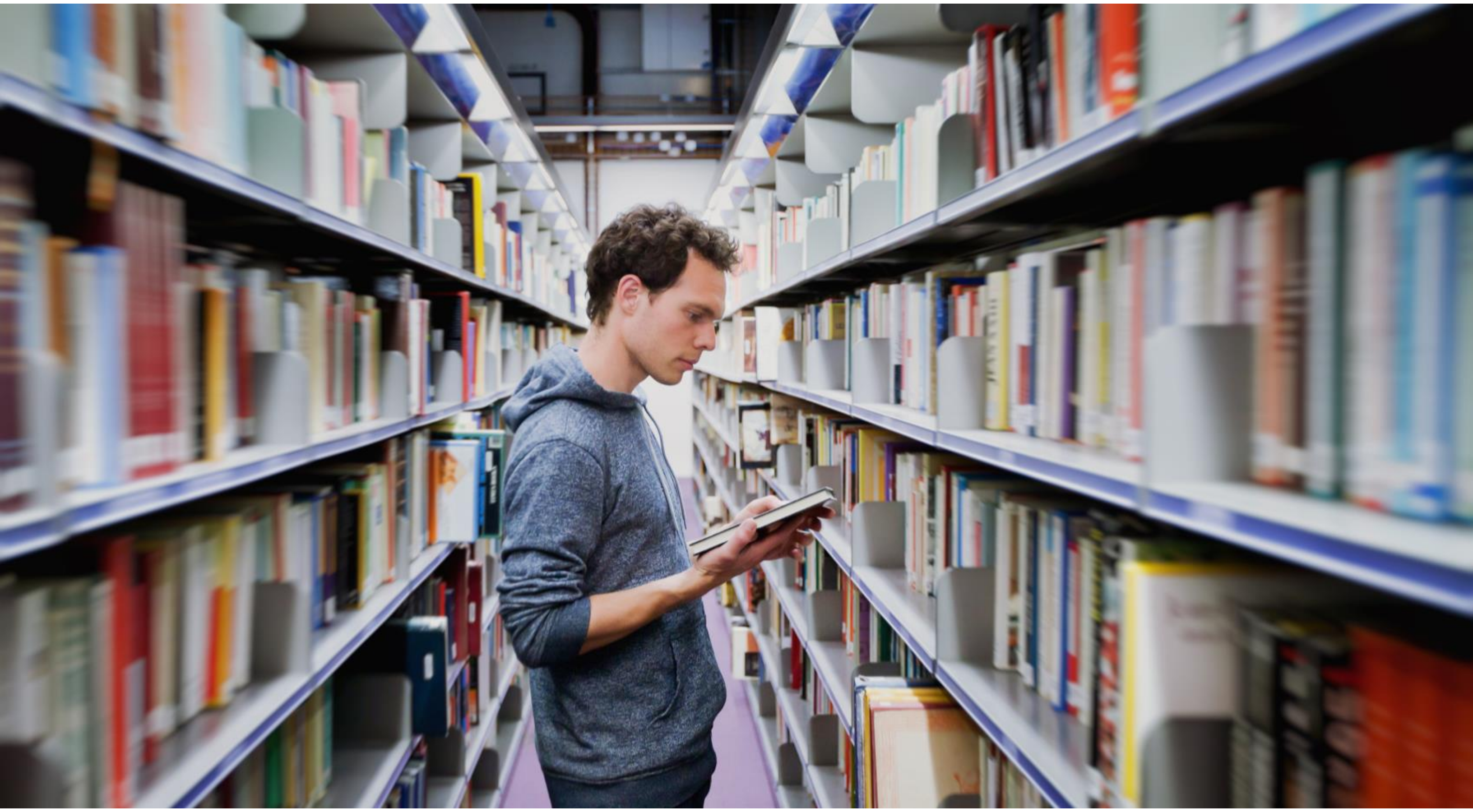
EDUCATION AND TRAINING



Student Debt

Who Borrows Most? What Lies Ahead?

Sandy Baum *Martha Johnson*

April 2015

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Acknowledgments

This report was funded by the Urban Institute. We are grateful to our funders, who make it possible for Urban to advance its mission. It is important to note that funders do not determine our research findings or the insights and recommendations of our experts.

Executive Summary

Recent discussions of student debt have focused on the rapidly growing aggregate amount outstanding, which now exceeds $1 trillion. Less attention goes to the reality that, over the decade from 2004 through 2014, the three years with the slowest rates of growth were 2012, 2013, and 2014.[1] Moreover, the number of borrowers has increased more rapidly than the average debt, as college enrollment has risen. The amount of debt individual students accrue is a more important indicator of students' well-being and the future of educational opportunity than the dramatic outstanding total.

The potential problems associated with any level of debt depend on the characteristics and circumstances of the borrowers. In particular, students who borrow large amounts to pursue lucrative careers like medicine and law are less likely to struggle than those who borrow relatively small amounts to train for occupations that are unlikely to provide the earnings required for a middle-class lifestyle or those who borrow money for programs they do not complete.

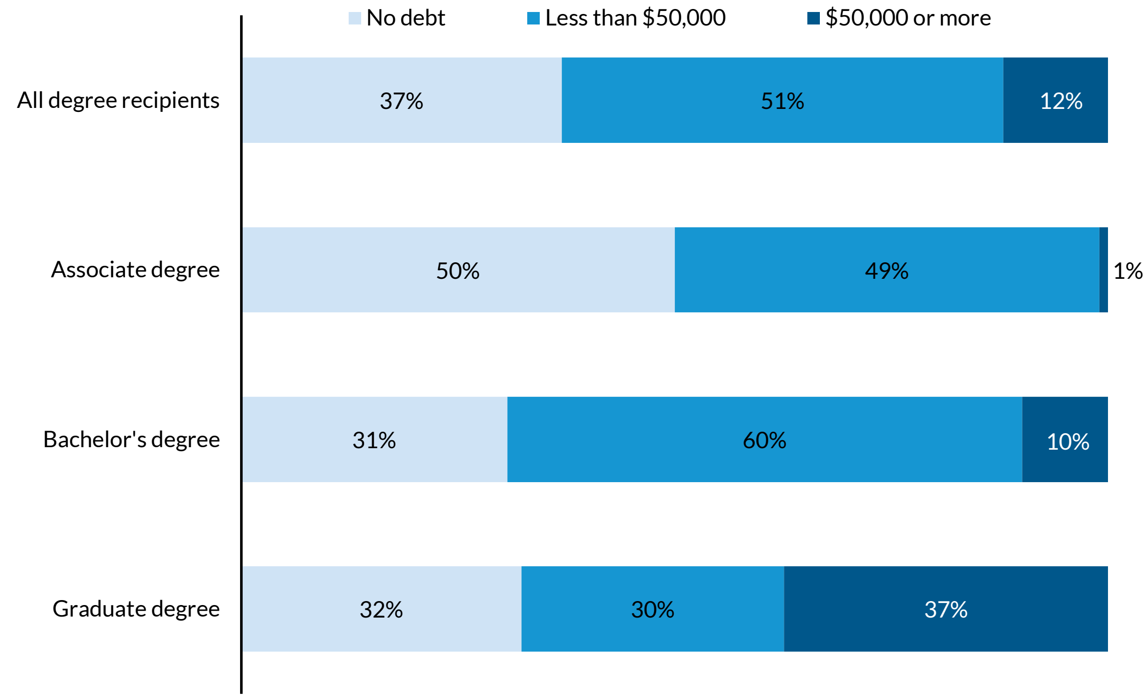
This report describes the rising levels of cumulative education debt among students with different levels of educational attainment and examines factors associated with high borrowing levels. The borrowers with the highest levels of debt tend to be among those who have pursued graduate study (figure ES.1). Those with professional practice degrees in law, medicine, and related professions account for a disproportionate number of borrowers with large debts. Among undergraduate borrowers, students enrolled in for-profit institutions, those who are independent of their parents, and those who stay in school for a longer time are more likely than others to accumulate large debts. Students from low-income families are not more likely than others to borrow large amounts, at least in part because they tend to stay in school for fewer years.

The debt levels with which students leave school have grown rapidly over time, at least through 2013 (the latest year for which data are available).[2] This debt is a function of how much students borrow each year. Average annual borrowing per student has been declining since academic year (AY) 2010–11. If this trend continues, the cumulative debt of graduates will eventually start to decline.

FIGURE ES.1

Debt Is Higher among Graduates with Higher Degrees

Cumulative debt among degree recipients, 2012



Source: NCES, 2012.

Cumulative Debt Levels over Time

Because the most commonly discussed debt levels are those of bachelor's degree recipients, we first review borrowing patterns among four-year college graduates; we then turn to the debt levels of those who earn shorter-term associate degrees and of those who continue on to earn graduate degrees. In the section that addresses the characteristics of students who accumulate high levels of debt, we also note patterns among those who leave college without a degree.

Bachelor's Degree Recipients

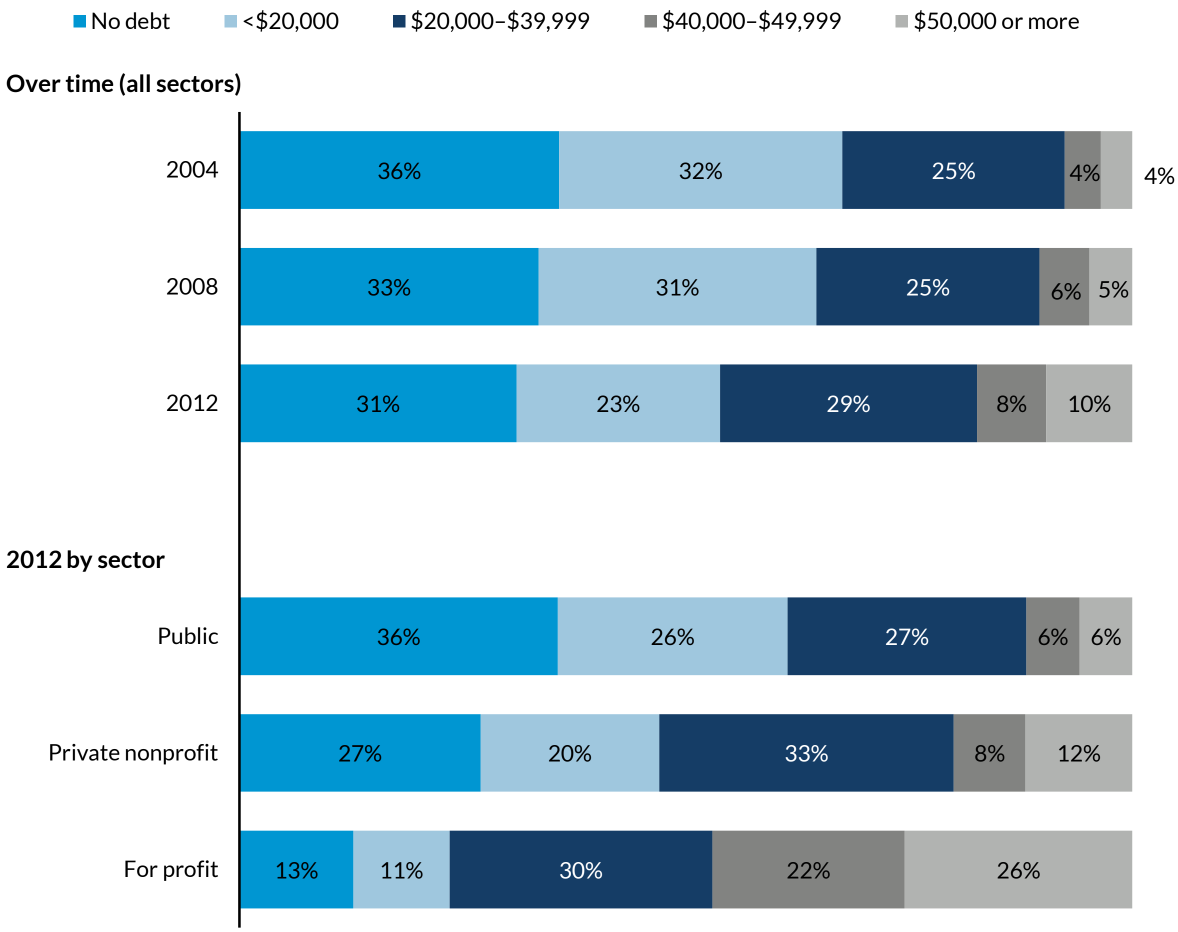
Although debts in excess of $50,000 remain relatively rare among bachelor's degree recipients, the frequency of this level of borrowing has grown substantially over the past decade. Only 4 percent of students who earned bachelor's degrees in 2004 had accumulated as much as $50,000 (in 2012 dollars) in debt (figure 1). By 2012, 10 percent of graduates had this much debt.

Debt levels vary considerably by the type of four-year institution from which students graduate. Three main sectors of higher education award bachelor's degrees: public, private nonprofit, and for profit. In 2012, 56 percent of the recipients of these degrees earned them in public colleges and universities—a decline from 63 percent in 2004. The percentage earning bachelor's degrees from private nonprofit institutions declined slightly, from 28 percent in 2004 to 26 percent in 2012. For-profit institutions charge higher prices than public institutions, and their students are disproportionately older and lower income. This sector grew from graduating 2 percent of bachelor's degree recipients in 2004 to graduating 9 percent in 2012. As figure 1 indicates, among bachelor's degree recipients in 2012, 6 percent of those who earned their degrees from public four-year colleges, 12 percent of those earning degrees from the private-nonprofit sector, and 26 percent of those from the for-profit sector borrowed $50,000 or more for undergraduate study. However, as reported in table A.1 in appendix A, borrowing has increased in all sectors.

FIGURE 1

High Debt Is Rare, but Becoming More Common among Bachelor's Degree Recipients

Distribution of debt for bachelor's degree recipients, 2012



Source: NCES, 2004, 2008, and 2012.

Note: Debt cutoffs are in 2012 dollars. Percentages by sector do not sum to 100 percent because some students earned their degrees outside of the three sectors listed or attended multiple institutions in 2012. Among the bachelor's degrees awarded in 2012, 56 percent were in the public sector, 26 percent were in the private-nonprofit sector, and 9 percent were in the for-profit sector.

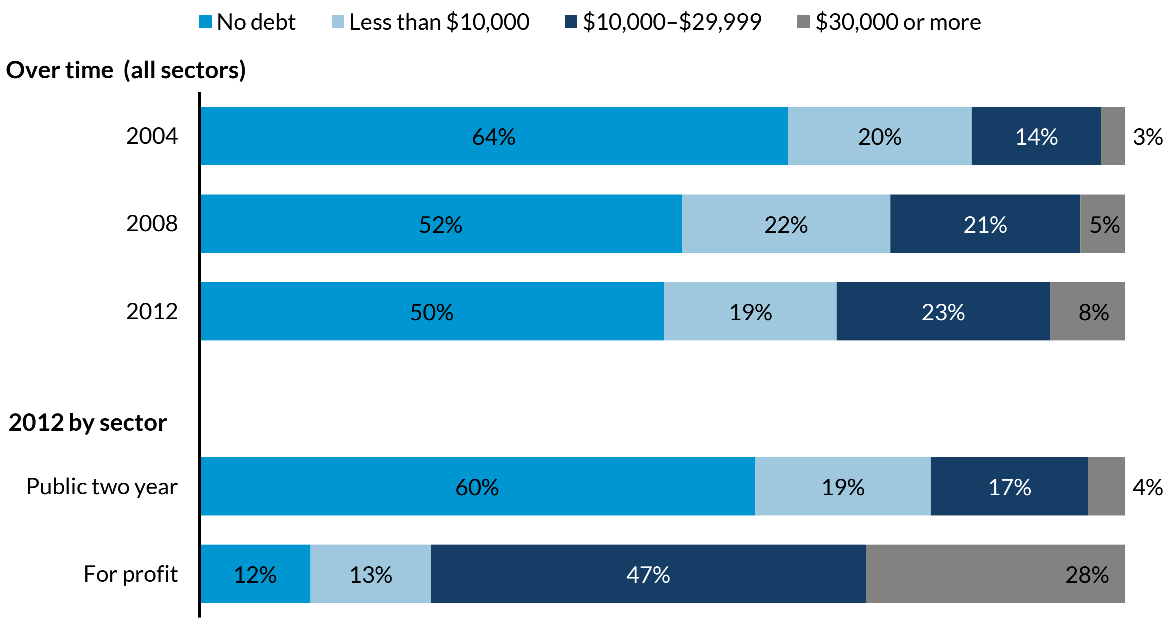
Associate Degree Recipients

Debt levels are considerably lower among associate degree recipients than among those completing bachelor's degrees, but the patterns across sectors are parallel (figure 2). In 2012, 68 percent of associate degree recipients graduated from public two-year colleges and 14 percent were from the for-profit sector. Overall, only 1 percent had accumulated $50,000 in debt (figure ES.1). Eight percent of these graduates had borrowed as much as $30,000, including 4 percent of public two-year college graduates and 28 percent of those from the for-profit sector (figure 2). Among 2004 associate degree recipients, only 2 percent from the public sector and 9 percent from for-profit institutions had as much as $30,000 in debt. (See table A.2 for more information on associate degree recipients' debt by sector and over time.)

FIGURE 2

Debt Levels of Associate Degree Recipients Have Also Increased over Time

Distribution of debt for associate degree recipients, 2012



Source: NCES, 2004, 2008, and 2012.
Note: Debt cutoffs are in 2012 dollars. Percentages by sector do not sum to 100 percent because four-year institutions awarded associate degrees to 9 percent of recipients in 2012 and 10 percent of the recipients had attended other types of institutions or multiple institutions in 2012. Among the associate degrees awarded in 2012, 68 percent were from public, two-year institutions and 14 percent were from for-profit institutions.

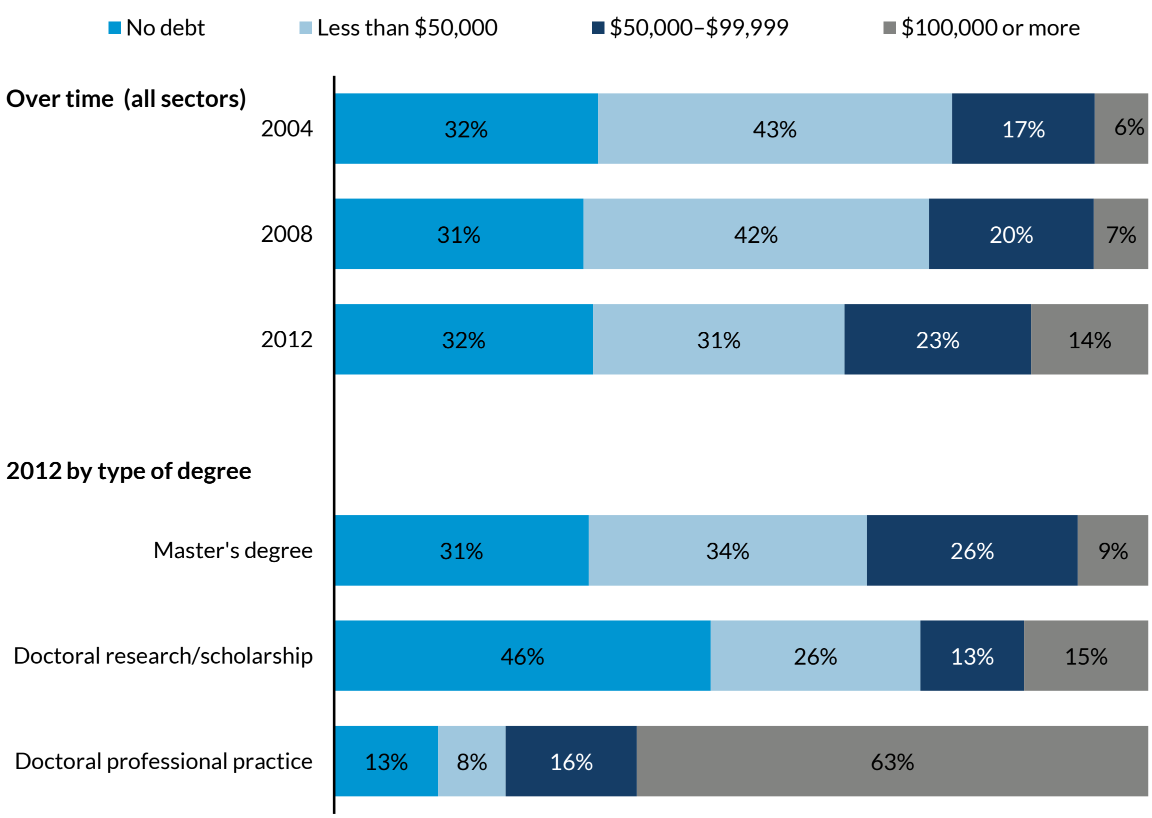
Graduate Students

High debt levels are much more common among graduate students than among those with fewer years of schooling (figure 3). In 2012, 74 percent of graduate degree recipients earned master's degrees, 8 percent earned research doctorates, and 10 percent earned professional-practice doctorates (which include chiropractic, dentistry, law, medicine, optometry, pharmacy, podiatry, and veterinary medicine). The data in figure 3 reveal that, in 2012, 37 percent of graduate-degree recipients had borrowed $50,000 or more, including 14 percent who had accumulated as much as $100,000 in debt for undergraduate and graduate studies combined. Only 9 percent of graduate degree recipients who earned master's degrees borrowed $100,000 or more, compared with 63 percent of those who earned doctoral degrees in professional practice. The percentage of both master's and professional practice degree recipients with high levels of debt grew rapidly between 2004 and 2012. However, the percentage earning graduate degrees without accumulating education debt remained 31–32 percent over these years. (See table A.3 for more information on graduate degree recipients' debt by sector and over time).

FIGURE 3

Graduate Degree Recipients Are Most Likely to Take on High Debt

Distribution of debt for graduate degree recipients, 2012



Source: NCES, 2004, 2008, and 2012.

Note: Debt cutoffs are in 2012 dollars. Percentages by type of degree do not sum to 100 percent because some students earned post-baccalaureate certificates. Among the graduate degrees awarded in 2012, 74 percent were masters' degrees, 8 percent were doctoral degrees in research and scholarship, and 10 percent were doctoral degrees in professional practice.

High Cumulative Debt

Although high debt levels are common among graduate students, cumulative debt as high as $50,000 is unusual among those earning undergraduate degrees (figure ES.1). As discussed below, those undergraduate degree recipients who do have this high level of debt disproportionately are in the for-profit sector, independent of their parents, or in school for more than four years.

Repayment Difficulties

High debt levels are not necessarily associated with repayment difficulties; borrowers with relatively small debts can struggle if they have low earnings, while those with high incomes can pay off large debts without undue hardship. Average debt among borrowers who default is lower than average debt among those in good standing. In the third quarter of 2014, 9 percent of the recipients of outstanding federal loans were in default; these borrowers held 5 percent of outstanding debt. Although the overall average outstanding debt was $22,550, the average debt of those in default was $14,380. (Federal Student Aid 2014)

Not completing a degree is a significant predictor of repayment difficulty and default, despite the relatively low debt levels of this group of borrowers (Gross et al. 2009). Those who do not complete degrees tend to have lower debt levels than college graduates, but they also have lower earnings. As table 1 indicates, among students who began their postsecondary studies in AY 2003–04, 51 percent had not completed a credential by 2009, including 15 percent who were still enrolled in a postsecondary institution. Noncompleters were under represented among those borrowing $10,000 or more, and over represented among nonborrowers and those borrowing $10,000 or less. For example, they constituted 15 percent of the students who accumulated more than $75,000 in debt and 59 percent of those who borrowed between $1 and $10,000.

Debt among noncompleters may be a cause for concern at any level, both because individuals without college degrees earn significantly less than those who have graduated, and because the absence of a credential may well reduce the motivation of borrowers to repay their loans.

TABLE 1

Most Undergraduate Borrowers with High Debt Hold Bachelor's Degrees, while Most with Low Debt Have Not Completed Postsecondary Credentials

Cumulative debt in 2009 by level of educational attainment AY2003–04 beginning postsecondary students

Cumulative debt (% of all beginning postsecondary students)	Level of Educational Attainment in 2009					Credential Attainment	
	Completed bachelor's degree	Completed associate degree	Completed certificate	No degree, still enrolled	No degree, left without return	Completed credential	No credential
Did not borrow (43%)	26%	9%	9%	14%	43%	44%	57%
$1 to $10,000 (25%)	15%	9%	17%	16%	43%	41%	59%
$10,001 to $20,000 (16%)	42%	10%	7%	17%	24%	59%	41%
$20,001 to $30,000 (8%)	53%	10%	3%	16%	18%	66%	34%
$30,001 to $50,000 (5%)	58%	11%	2%	15%	14%	71%	29%
$50,001 to $75,000 (1%)	65%	9%	1%	15%	10%	75%	25%
$75,001 or more (1%)	84%	1%	0%	10%	5%	85%	15%
Total	31%	9%	9%	15%	36%	49%	51%

Source: Hunt-White, 2009.

Who Borrows $50,000 or More?

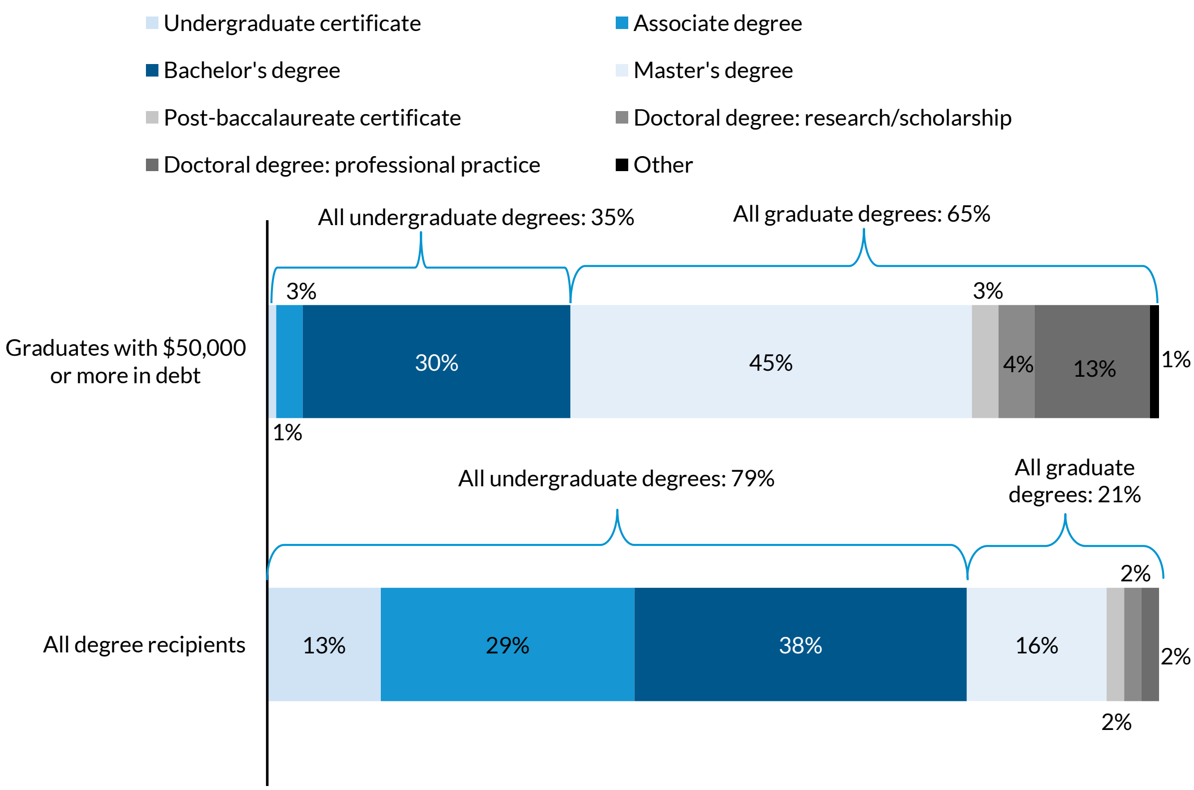
Graduate Students

Among the 5.8 million students who completed undergraduate or graduate degrees or certificates in 2012, 12 percent graduated with $50,000 or more in education debt (figure ES.1). As figure 4 indicates, although only 21 percent of the credentials awarded were graduate degrees, 65 percent of those with these high levels of debt were graduate students.

FIGURE 4

Graduate Students Are Overrepresented among Graduates with High Debt

Graduates with $50,000 or more in debt, 2012



Source: National Center for Education Statistics, National Postsecondary Student Aid Study 2012.
Note: Percentages may not sum to totals due to rounding.

Master’s degrees constituted 16 percent of the degrees awarded in 2012, but among those who graduated with at least $50,000 in debt, 45 percent had completed a master’s degree. Professional-practice doctoral degrees were only 2 percent of the degrees awarded, but accounted for 13 percent of the borrowers with debt of $50,000 or more. Breaking down the data reported in figure 4 by fields reveals that law accounted for 4 percent of graduate degrees awarded, but 8 percent of graduate students with debt of $50,000 or more. Medical and dental degrees were just 2 percent of graduate degrees awarded, but 5 percent of the graduate school high-debt category.

Not all of the graduate degrees associated with unusually high debt levels are in high-paying fields. Master’s degrees in education accounted for 19 percent of graduate degrees awarded in 2012 and for 17 percent of the graduate students with debt of $50,000 or more. Master’s degrees in scientific fields accounted for 23 percent of the graduate degrees and for 19 percent of the graduate students with debt of $50,000 or more.

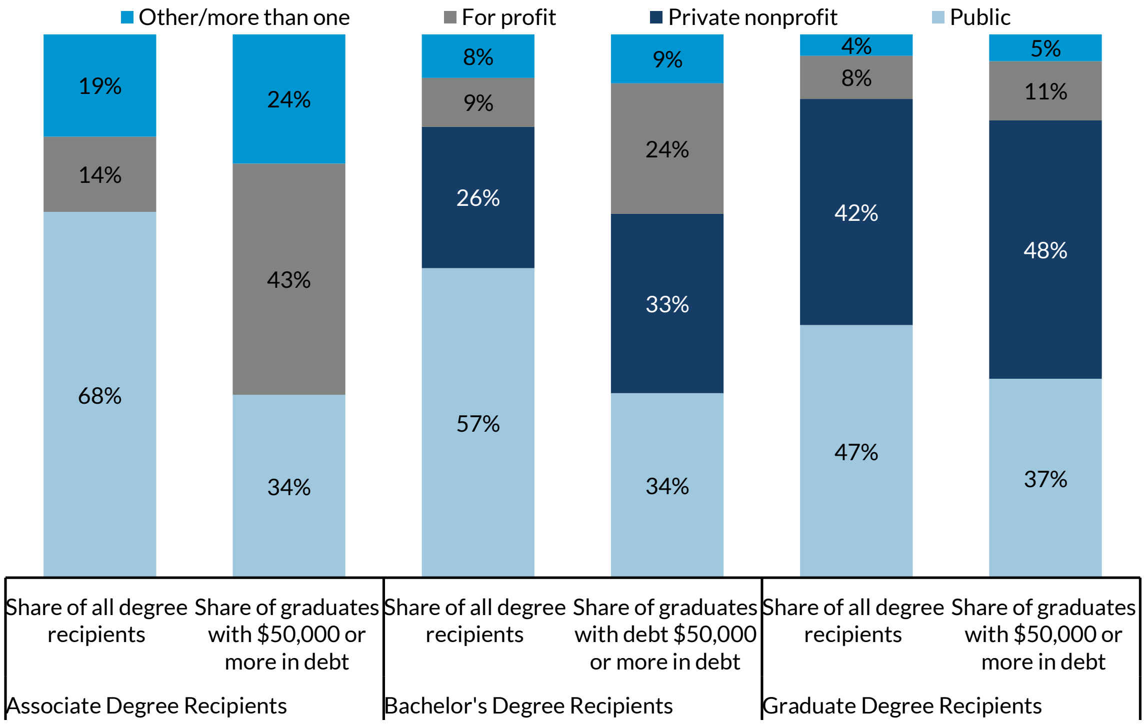
Type of Institution and Degree Level

Tuition and fee levels, institutional aid policies, and the demographics of the student body all contribute to differences in the amounts borrowed by students who earn their degrees at different types of institutions (figure 5). The level of degree and the number of years students spend in school dominate the sector in generating high levels of debt, but there are notable differences within degree categories.

FIGURE 5

Graduates from For-Profit Institutions Are Overrepresented among Those with High Debt

Distribution of graduates with high debt, 2012



Source: NCES, 2012.

Note: Among the 2012 for-profit institution graduates with debt equal to or greater than $50,000, 1 percent earned associate degrees, 10 percent earned bachelor's degrees, and 37 percent earned graduate degrees.

Public two-year colleges produced 68 percent of associate degrees in 2012, but as figure 5 reports, only 34 percent of the associate degree recipients with debt as high as $50,000 were from this sector. High-debt borrowers came disproportionately from the for-profit sector, which produced 14 percent of associate degrees and 43 percent of those with debt of $50,000 or more.

The pattern for the for-profit sector is similar for bachelor's degree recipients. The for-profit sector produced 9 percent of the 2012 bachelor's degrees, but 24 percent of the bachelor's degree recipients who borrowed as much as $50,000. Graduates of private nonprofit four-year colleges and universities were also disproportionately likely to have accumulated this much debt, but the imbalance in this sector was smaller than in the for-profit sector. The differences across sectors are much smaller among graduate students, but the pattern is the same. (See table A.5 for more information on degree recipients by sector).

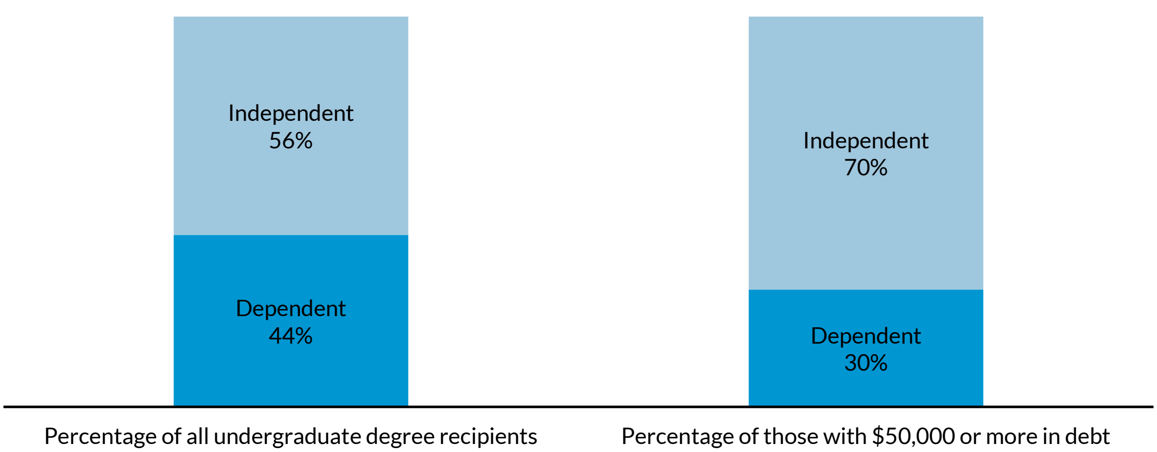
Undergraduates: Dependency Status

Although the most common image of the student over-burdened by loans is a 22-year old working in a coffee shop, high debt levels are far more common among older, "independent" students. Undergraduates are considered independent of their parents for financial aid purposes if they are age 24 or older. Younger students are classified as independent if they are married, have dependents of their own, are veterans, or are orphans, wards of the court, foster children, homeless, or emancipated minors. Independent undergraduates are disproportionately likely to accumulate high levels of debt. Though this group made up 56 percent of those who received undergraduate degrees in 2012, 70 percent of those who borrowed $50,000 or more were independent students (figure 6). As table 2 indicates, though only 7 percent of independent graduates accrued this much debt, the percentage among dependent undergraduates was just 4 percent. This difference is particularly notable because independent students are more likely to earn shorter-term degrees. Only 38 percent of their degrees were bachelor's degrees, compared with 61 percent for dependent undergraduates.

FIGURE 6

Independent Undergraduates Are Disproportionately Likely to Accumulate High Debt

Dependency status and debt among undergraduate degree recipients, 2012



Source: NCES, 2012.

TABLE 2

Independent Undergraduates Are More Likely to Accumulate High Debt

Undergraduate debt patterns among degree recipients, 2012

Dependency status	**Share with $50,000 or more in debt**	**Types of Undergraduate Degrees**			**Share of all undergraduate degree recipients with $50,000 or more in debt**	**Share of all undergraduate degree recipients**
		Certificate	Associate	Bachelor's		
Dependent	4%	10%	30%	61%	30%	44%
Independent	7%	21%	41%	38%	70%	56%

Source: NCES, 2012.

Family Income Levels

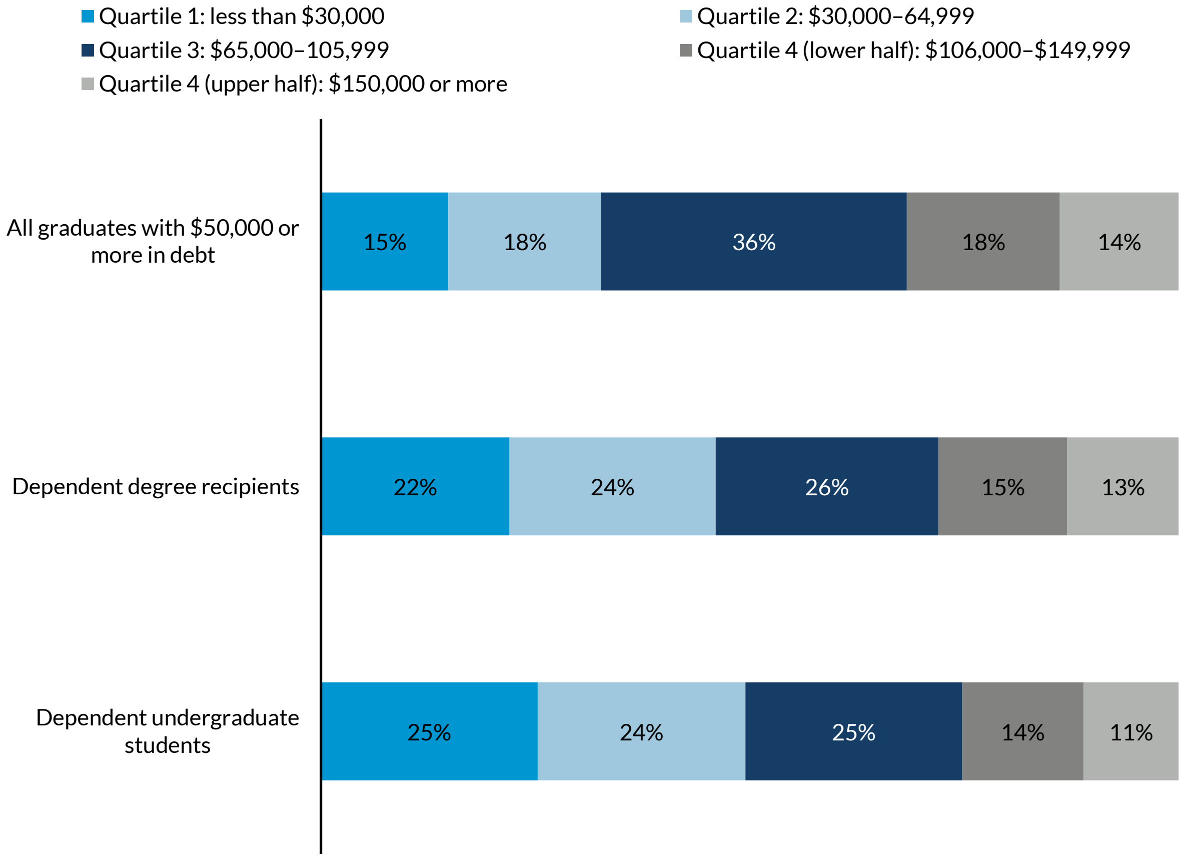
Dependent students can be differentiated according to their parents' income levels. It is of particular concern if those from lower-income backgrounds accumulate large amounts of education debt. In fact, as the data in figure 7 reveal, about one-third of the 2012 graduates with high student debts came from families with incomes below $65,000 a year—approximately the lower half the income distribution of all dependent undergraduate students. Another third of the undergraduates who completed their degrees having borrowed $50,000 or more were from the third income quartile, with parent incomes between $65,000 and $106,000, and a third were from the top quartile of the income distribution—including 14 percent whose parents had incomes of $150,000 or higher.[3]

One reason students from lower-income families are underrepresented among graduates with high cumulative debt is that these students are more likely to have earned certificates or associate degrees, which can be completed in fewer years; the percentage earning bachelor's degrees increases with family income (table A.5 in appendix A).[4]

FIGURE 7

Students from Lower-Income Families Are Underrepresented among Undergraduates with High Debt

Dependent undergraduates' borrowing patterns, by family income 2012



Source: NCES, 2012.
Note: Income categories represent quartiles of all undergraduate students, with the upper quartile split into two groups. The distribution of degree recipients differs because higher income students are more likely to complete degrees.

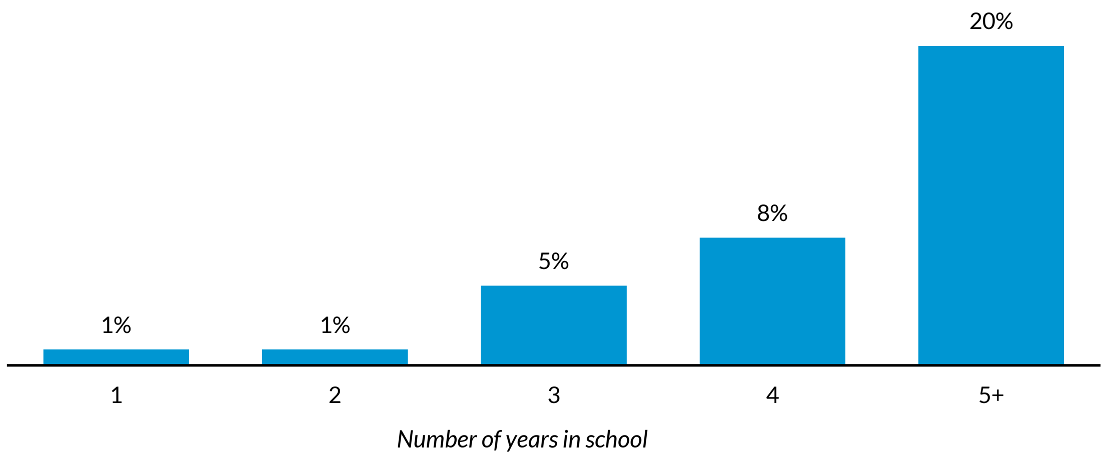
Years in School

Time to degree is a central factor influencing how much students borrow. Bachelor's degree recipients are more likely to accumulate large amounts of debt than those who earn certificates and associate degrees, and those who continue for graduate degrees are most likely to borrow at high levels. Similarly, students who take longer to earn their bachelor's degrees are more likely to borrow heavily. These students pay more tuition and have to cover their living expenses for a longer period of time. As figure 8 indicates, only 8 percent of undergraduates who spent four years in college to earn their degrees borrowed $50,000 or more, but 20 percent of those who stayed in school for five or more years borrowed this much. (Table 3 shows the distribution of graduates by years in school.)

FIGURE 8

The Share of Graduates with High Debt Increases with Years Spent in School

Share of undergraduate degree recipients with $50,000 or more in debt, 2012



Source: NCES, 2012.

TABLE 3

The Majority of Students Who Graduate with as Much as $50,000 in Debt Spent Four or Five Years in College

Undergraduate degree recipients' borrowing patterns, 2012

	Years in school				
	1	**2**	**3**	**4**	**5 or more**
Share of graduates	19%	29%	7%	38%	8%
Share of all graduates with $50,000 or more in debt	4%	8%	6%	53%	29%
Share who graduated with $50,000 or more in debt	1%	1%	5%	8%	20%

Source: NCES, 2012.
Note: Years of study are measured by year of student loan qualification in the sample of students who completed undergraduate degrees or certificates in 2012.

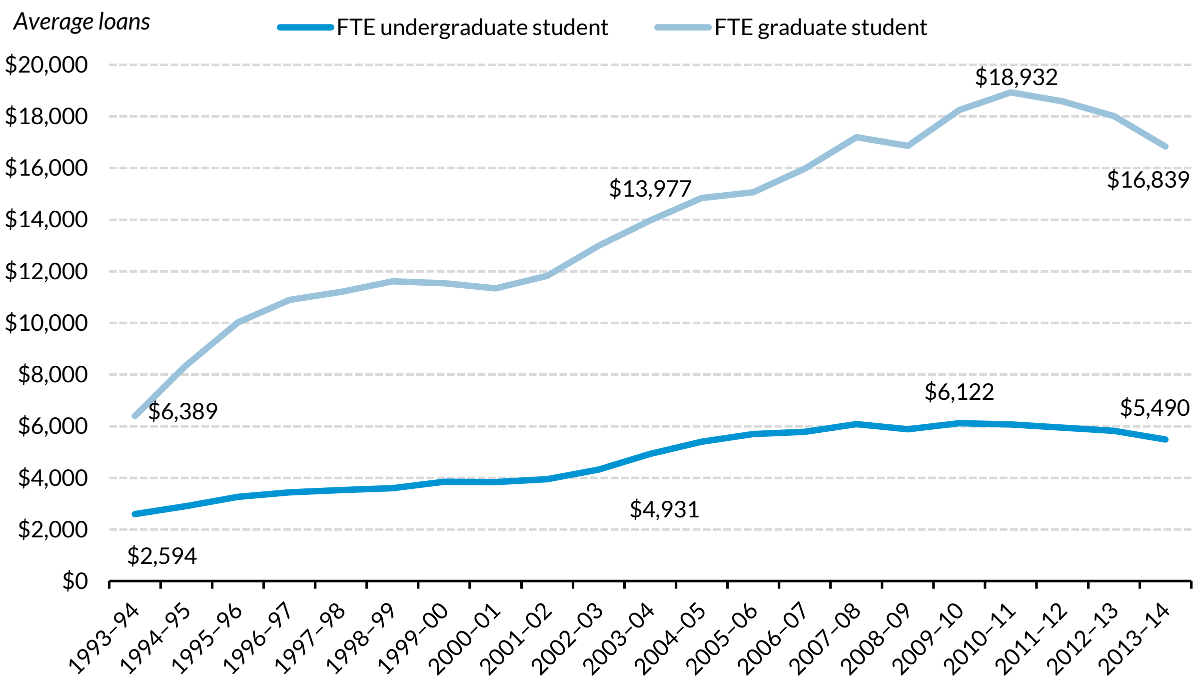
Annual Borrowing

The cumulative debt levels of individual students are the result of multiple years of borrowing. Not surprisingly, increases over time in annual education borrowing are behind the increases in cumulative debt levels. But, as shown in figure 9 (and detailed in tables 4 and 5), annual borrowing peaked in AY 2010–11 and has been declining since.[5]

FIGURE 9

After Increasing Rapidly over Time, Average Annual Borrowing Peaked in AY 2010-11

Annual borrowing per full-time equivalent student from AY 1993–94 to 2013–14 (in 2013 dollars)



Source: College Board, 2014.
Note: Data for AY 2013–14 are preliminary and may be revised upward. FTE = full-time equivalent student.

TABLE 4

Annual per Student Borrowing Was Lower in AY 2013–14 Than Five Years Earlier

Annual total borrowing and borrowing per full-time equivalent student (in 2013 dollars)

	Undergraduates			Graduate Students		
Academic year	Loans per FTE student	Millions of FTE students	Total loans (in billions)	Loans per FTE student	Millions of FTE students	Total loans (in billions)
1993–94	$2,594	8.9	$23.0	$6,389	1.3	$8.3
1998–99	$3,601	9.2	$33.1	$11,620	1.4	$16.0
2003–04	$4,931	10.9	$53.5	$13,977	1.7	$23.3
2008–09	$5,888	12.3	$72.4	$16,865	1.9	$32.2
2009–10	$6,122	13.3	$81.3	$18,253	2.0	$36.6
2010–11	$6,075	13.7	$83.0	$18,932	2.1	$39.1
2011–12	$5,941	13.6	$80.8	$18,589	2.1	$38.5
2012–13	$5,824	13.3	$77.5	$18,015	2.1	$37.2
2013–14	$5,490	13.0	$71.4	$16,839	2.1	$34.5

Source: College Board, 2014.
Note: Full-time equivalent (FTE) student enrollments count three part-time students as equivalent to one full-time student. Loan amounts include both federal and nonfederal loans.

Without more information about *who* is borrowing less and *why,* it is difficult to predict the impact of the decline in annual education borrowing on the cumulative debt levels with which students leave college. For example, the patterns will differ depending on whether it is those with high debt levels or low debt levels who have reduced their borrowing, whether the recent decline in enrollment in the for-profit sector or law schools accounts for much of the change, and what the trends in number of years of postsecondary study will be.

That said, the downward trend in annual borrowing is notable. Among undergraduate students, the average amount borrowed increased rapidly between AY 1993–94 and AY 1998–99 and again between AY 1998–99 and AY 2003–04. Both the dollar increase and the percentage increase were smaller between AY 2003–04 and AY 2008–09, and average borrowing was lower in AY 2013–14 than it had been five years earlier. Average borrowing among graduate students also grew fastest at the beginning of the 20-year period documented in table 4. It has declined in each year since AY 2010–11.

Many students who borrowed in the peak years of AY 2007–08 to AY 2011–12 are still in school—and will be for a number of years to come. The decline in borrowing over the past three years could be an aberration that will be reversed in the next few years. But it is also possible that education debt levels will stabilize or even decline, allowing for a more dispassionate discussion of the appropriate way to finance postsecondary education in the United States.

TABLE 5

Annual per Student Borrowing Grew More Rapidly between 1993–94 and 2003–04 Than in More Recent Years

Five-year percentage and dollar changes (in 2013 dollars)

	Undergraduates			Graduates		
Academic year	**Loans per FTE student**	**Millions of FTE students**	**Total loans (in billions)**	**Loans per FTE student**	**Millions of FTE students**	**Total loans (in billions)**
Percent changes						
1993–94 to 1998–99	39%	3%	44%	82%	6%	93%
1998–99 to 2003–04	37%	18%	62%	20%	21%	46%
2003–04 to 2008–09	19%	13%	35%	21%	15%	38%
2008–09 to 2013–14	-7%	6%	-1%	0%	8%	7%
Dollar changes						
1993–94 to 1998–99	$1,008		$10.0	$5,232		$7.7
1998–99 to 2003–04	$1,329		$20.5	$2,356		$7.3
2003–04 to 2008–09	$958		$18.8	$2,889		$8.9
2008–09 to 2013–14	-$399		-$1.0	-$26		$2.4

Source: College Board, 2014.
Note: Full-time equivalent (FTE) student enrollments count three part-time students as equivalent to one full-time student. Loan amounts include both federal and nonfederal loans.

Appendix

TABLE A.1

Cumulative Debt of Bachelor's Degree Recipients

2004, 2008, and 2012, in 2012 dollars

Academic year (share of all bachelor's degrees)	No debt	Less than $10,000	$10,000 to $19,999	$20,000 to $29,999	$30,000 to $39,999	$40,000 to $49,999	$50,000 or more
All bachelor's degrees							
2004	36%	14%	18%	17%	8%	4%	4%
2008	33%	13%	18%	16%	9%	6%	5%
2012	31%	10%	13%	17%	12%	8%	10%
Public four-year institutions							
2004 (63%)	39%	15%	19%	15%	7%	3%	2%
2008 (60%)	37%	15%	18%	15%	7%	4%	3%
2012 (56%)	36%	12%	14%	17%	10%	6%	6%
Private nonprofit four-year institutions							
2004 (28%)	29%	12%	16%	22%	10%	5%	6%
2008 (27%)	28%	9%	18%	18%	10%	8%	9%
2012 (26%)	27%	8%	12%	19%	14%	8%	12%
For-profit institutions							
2004 (2%)	15%	5%	14%	28%	15%	13%	10%
2008 (4%)	11%	5%	9%	24%	26%	14%	10%
2012 (9%)	13%	4%	7%	14%	16%	22%	26%

Source: NCES, 2004, 2008, and 2012.
Notes: Includes both federal and nonfederal borrowing. Debt cutoffs are in 2012 dollars. Percentages by sector do not sum to 100 percent because some students attended more than one institution during their final year of study or earned their degrees outside of the three sectors listed.

TABLE A.2

Cumulative Debt of Associate Degree Recipients

2004, 2008, and 2012, in 2012 dollars

Academic year (share of all associate degrees)	No debt	Less than $10,000	$10,000 to $19,999	$20,000 to $29,999	$30,000 to $39,999	$40,000 to $49,999	$50,000 or more
Total							
2004	64%	20%	9%	5%	2%	1%	0%
2008	52%	22%	14%	7%	3%	1%	1%
2012	50%	19%	14%	9%	4%	3%	1%
Public two-year institutions							
2004 (79%)	71%	19%	6%	2%	1%	1%	0%
2008 (71%)	62%	23%	10%	3%	1%	1%	0%
2012 (68%)	60%	19%	12%	5%	2%	1%	1%
For-profit institutions							
2004 (6%)	10%	19%	32%	30%	7%	2%	0%
2008 (13%)	7%	20%	33%	22%	12%	5%	1%
2012 (14%)	12%	13%	20%	27%	15%	9%	4%

Source: NCES, 2004, 2008, and 2012.
Notes: Includes both federal and nonfederal borrowing. Debt cutoffs are in 2012 dollars. Percentages by sector do not sum to 100 percent because some students attended more than one institution during their final year of study or earned their degrees outside of the two sectors listed.

TABLE A.3

Cumulative Debt of Graduate Degree Recipients

2004, 2008, and 2012, in 2012 dollars

Academic year (share of all graduate degrees)	No debt	Less than $25,000	$25,000 to $49,999	$50,000 to $74,999	$75,000 to $99,999	$100,000 to $124,999	$125,000 to $149,999	$150,000 or more
All graduate degrees								
2004	32%	23%	20%	11%	6%	3%	3%	1%
2008	31%	25%	18%	12%	8%	3%	2%	2%
2012	32%	15%	15%	14%	9%	5%	3%	6%
Doctoral degree research/scholarship								
2004 (11%)	42%	19%	11%	8%	6%	7%	4%	1%
2008 (12%)	44%	17%	11%	9%	9%	4%	2%	4%
2012 (8%)	46%	17%	9%	7%	6%	5%	5%	6%
Doctoral degree professional practice								
2004 (11%)	13%	6%	12%	11%	14%	12%	14%	4%
2008 (8%)	12%	10%	8%	17%	13%	11%	11%	16%
2012 (10%)	13%	4%	4%	9%	8%	13%	8%	42%
Master's degree								
2004 (71%)	33%	26%	22%	12%	5%	1%	1%	0%
2008 (75%)	31%	26%	20%	13%	8%	2%	1%	0%
2012 (74%)	31%	17%	18%	16%	10%	4%	2%	2%

Source: NCES, 2004, 2008, and 2012.
Notes: Includes both federal and nonfederal borrowing for undergraduate and graduate study. Debt cutoffs are in 2012 dollars. Types of degrees by year do not sum to 100 percent because some students attended more than one institution during their final year of study or did not earn one of the three types of graduate credentials listed.

TABLE A.4

Distribution of All Degrees and of Degrees of Graduates with $50,000 or More in Debt

2012

Degree	Share of all graduates with $50,000 or more in debt[a]	Share of all degrees
Undergraduate certificate	1%	13%
Associate	3%	29%
Bachelor's	30%	38%
Total undergraduate	35%	79%
Master's	45%	16%
Post-baccalaureate certificate	3%	2%
Doctorate- research/scholarship	4%	2%
Doctorate- professional practice	13%	2%
Other	1%	0%
Total graduate	65%	21%
Total	100%	100%

Source: National Center for Education Statistics, National Postsecondary Student Aid Study 2012.

Note: Percentages may not sum to totals due to rounding.

[a] Twelve percent of all borrowers have debt greater than or equal to $50,000.

TABLE A.5

Distribution of All Degrees and of Degrees of Graduates with $50,000 or More in Debt

2012

Type of degree and sector	Share of all graduates with $50,000 or more in debt	Share of all degree recipients	Share of high debtors/share of degrees
Associate degree[a]			
Public two year	34%	68%	0.50
For profit	43%	14%	3.17
Other/more than one	24%	19%	1.26
Total	100%	100%	
Bachelor's degree[b]			
Public four year	34%	57%	0.59
Private nonprofit	33%	26%	1.28
For profit	24%	9%	2.65
Other/more than one	9%	8%	1.17
Total	100%	100%	
Graduate degree[c]			
Public four year	37%	47%	0.78
Private nonprofit	48%	42%	1.14
For profit	11%	8%	1.37
Other/more than one	5%	4%	1.37
Total	100%	100%	

Source: NCES, 2012.

Note: Percentages may not sum to totals due to rounding.

[a] One percent of all associate-degree borrowers have $50,000 or more in debt.

[b] Ten percent of all bachelor's-degree borrowers have $50,000 or more in debt.

[c] Thirty-seven percent of all graduate-degree borrowers have $50,000 or more in debt.

TABLE A.6

Dependent Undergraduates

Borrowing patterns, 2012

	Dependent Students' Parents' Income					
	Less than $30,000	$30,000 to 64,999	$65,000 to 105,999	$106,00 to $149,999	$150,000 or more	Total
Dependent undergraduate students	25%	24%	25%	14%	11%	100%
Dependent degree recipients	22%	24%	26%	15%	13%	100%
All graduates with $50,000 or more in debt	15%	18%	36%	18%	14%	100%
Share of graduates with $50,000 or more in debt	4%	4%	7%	6%	6%	
Share earning bachelor's degrees	45%	55%	63%	73%	79%	

Source: NCES, 2012.

Note: Income categories represent quartiles of all undergraduate students, with the upper quartile split into two groups. The distribution of degree recipients differs because higher income students are more likely to complete degrees.

Notes

1. Federal Reserve Bank of New York, "Household Debt and Credit Report," last modified November 2014, accessed March 26, 2015, http://www.newyorkfed.org/microeconomics/hhdc.html#/2014/q3.
2. Throughout the rest of the report, we refer to the academic year of graduation (e.g. academic year 2003–04) by the year of the second semester (e.g. 2004), when most students graduate.
3. In addition to the student loans reported in this brief, parents of dependent students may borrow to help pay for their children's education. In AY 2011–12, the parents of 9 percent of dependent undergraduates took federal PLUS loans. This included 6 percent of those from the lowest income quartile, 9 percent from the second quartile, and 11 percent of those from the third and highest income quartiles. The average amount parents borrowed increased with income, ranging from $8,245 in the lowest income group to $15,374 in the highest income group (NCES 2012).
4. Among 2012 dependent undergraduate degree recipients who borrowed, 53 percent from the lowest income quartile borrowed for just one or two years, compared with 41 percent to 43 percent of those with incomes above that level. Though 38 percent of all dependent undergraduate degree recipients with loans borrowed for four years or more, 31 percent of those from the lowest income quartile borrowed for so many years (2012).
5. Overall and among graduate students, average annual borrowing peaked in AY 2010-11, while among undergraduates, it peaked in AY 2009-10.

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Errata

Changes were made to this report in July 2015. These changes implement a correction to the percentage distributions of cumulative debt of degree recipients in 2004 and 2008 reported in appendix tables A.1 through A.3 and corresponding figures 1 through 3.

About the Authors

Sandy Baum is a senior fellow in the Income and Benefits Policy Center at the Urban Institute, a research professor at the George Washington University Graduate School of Education and Human Development, and professor emerita of economics at Skidmore College. She has written and spoken extensively on college access, college pricing, student aid policy, student debt, affordability, and other aspects of higher education finance.

Baum has cowritten the College Board's annual publications *Trends in Student Aid* and *Trends in College Pricing* since 2002. She also is a coauthor of *Education Pays: The Benefits of Higher Education for Individuals and Society*. She chaired the College Board's Rethinking Student Aid study group, which issued comprehensive proposals for reform of the federal student aid system in 2008, and the Rethinking Pell Grants study group, which issued recommendations in April 2013. She chaired a Brookings Institution study group that issued its report, *Beyond Need and Merit: Strengthening State Grant Programs*, in May 2012, and she is a member of the Board of the National Student Clearinghouse.

Baum earned her BA in sociology at Bryn Mawr College, where she is currently a member of the board of trustees, and her PhD in economics at Columbia University.

Martha Johnson is a research assistant in the Income and Benefits Policy Center at the Urban Institute, where she supports policy analyses and program evaluations relating to education and the social safety net. Johnson assists with the center's work using the transfer income model, TRIM3, which enables state and national policy analyses at the person level. She has also worked on place-based projects relating to the DC minimum wage, absenteeism in DC preschools, and homelessness in New York City. In these projects, she has collaborated with the Center on Labor, Human Services, and Population and the Metropolitan Housing and Communities Policy Center.

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