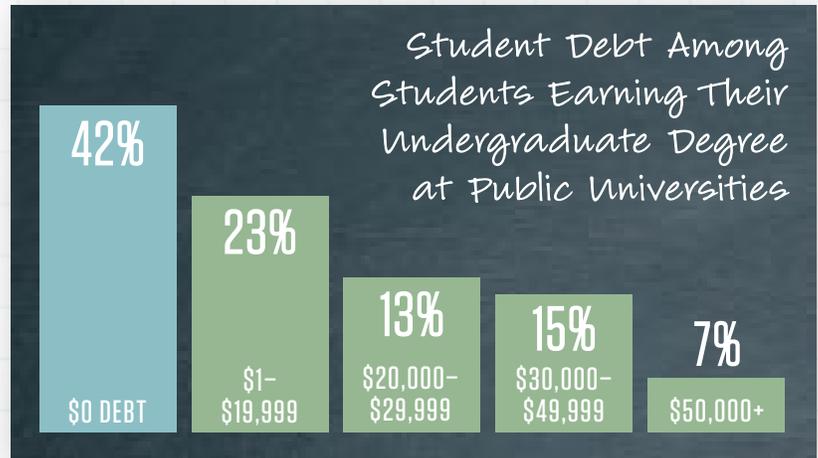


# What is the typical debt load for graduates of four-year public universities?

The vast majority of four-year public university graduates complete their undergraduate degree with a relatively modest and manageable amount of student debt. About 42 percent of students at four-year public universities finished their bachelor's degree without any debt and 78 percent graduated with less than \$30,000 in debt. Only 7 percent of public university graduates left with more than \$50,000. And those with over \$100,000 in debt are rarer still: they are anomalies representing less than half of 1 percent of all four-year public university undergraduates completing their degrees.<sup>1</sup>



## STUDENT DEBT IN PERSPECTIVE

Student loans help pay for tuition and fees, as well as room and board and other educational costs like textbooks. Among those who borrow, the average debt at graduation is \$25,500—or \$6,375 for each year of a four-year degree at a public university. Among all public university graduates, including those who didn't borrow, the average debt at graduation is \$16,300.<sup>1</sup> To put that amount of debt in perspective, consider that the average bachelor's degree holder earns about \$32,000 more per year than the average high school graduate.<sup>2</sup> Bachelor's degree holders make \$1 million in additional earnings over their lifetime.<sup>3</sup>

What's more, the share of student-loan borrowers' income going to debt payments has stayed about the same or even declined over the past two decades.<sup>4</sup> Although 36 percent

**+ \$32,000**

AVERAGE ANNUAL ADDITIONAL EARNINGS FOR BACHELOR'S DEGREE HOLDERS

Share of Public University Bachelor's Degree Recipients who Graduate with Six-figure Debt



of undergraduate students at public four-year universities graduate without any debt, a student graduating with the average amount of debt among borrowers would have a student debt payment of \$256 a month.<sup>5</sup> In recent years, most students with federal loans became eligible to enter an income-driven repayment plan for federal loans. Under such plans, students typically limit student-loan payments to 10 percent of their discretionary income. The average monthly payment was \$117 for borrowers from four-year public universities in income-driven repayment plans in 2011, the most recently available data.<sup>6</sup>

In recent years, some have claimed that student debt prevents graduates from becoming homeowners. But examining the data, the White House Council of Economic Advisors concluded that attending college makes individuals more, not less, likely to own a home. “By age 26, households with student debt are more likely to buy a house than those that did not attend college,” the White House report found. “By age 34, college attendees with and without student debt are equally likely to buy a home, and both much more likely than those without a college education.”<sup>6</sup>

## TOTAL STUDENT DEBT

Some have also raised concerns that the nation’s total student debt balance, which includes graduate student debt, now stands at \$1.3 trillion. It is true that total student debt has increased over the past two decades. Yet this increase is due in part to swelling enrollment at the nation’s universities. And although graduate students represent only 15 percent of post-secondary students, they hold an estimated 40 percent of current student loan balances.<sup>7</sup> Students in these programs take on more debt as they pursue a career in a field that pays significantly more. On average, workers with advanced degrees earn \$58,000 more annually than those with only a high school degree.<sup>2</sup>

1. U.S. Department of Education, National Center for Education Statistics, 2015–16 National Postsecondary Student Aid Study.

2. Trostel, Lumina Foundation, “It’s Not Just the Money,” 2015.

3. Abel and Deitz, “Do the Benefits of College Still Outweigh the Costs,” Current Issues in Economics and Finance, 2014.

4. Akers & Chingo, “Is a Student Debt Crisis on the Horizon?” 2014.

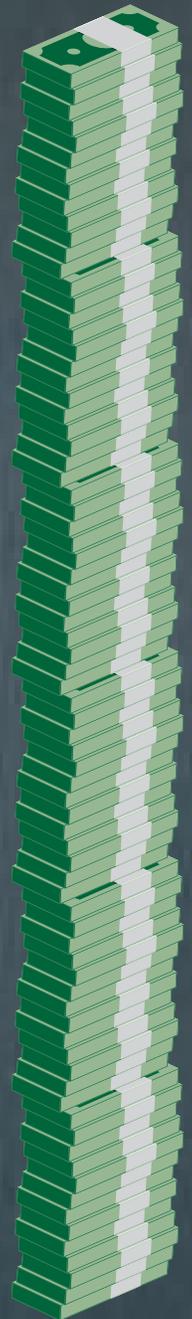
5. studentloans.gov, repayment estimator, \$25,500 in debt, interest rate of 3.8% (rate for direct federal loans in 2016 is 3.76%), repayment period 10 years.

6. White House Council of Economic Advisors, *Investing in Higher Education: Benefits, Challenges, and the State of Student Debt*, July 2016.

7. Delisle, “The Graduate Student Debt Review,” New American Foundation.

Investing in Public  
Higher Ed Pays off

AVERAGE ADDITIONAL  
LIFETIME EARNINGS FOR  
BACHELOR’S DEGREE HOLDERS  
\$1 million



AVERAGE DEBT  
AMONG BORROWERS  
WHO EARN THEIR  
BACHELOR’S  
DEGREE AT A PUBLIC  
UNIVERSITY

\$25,921

