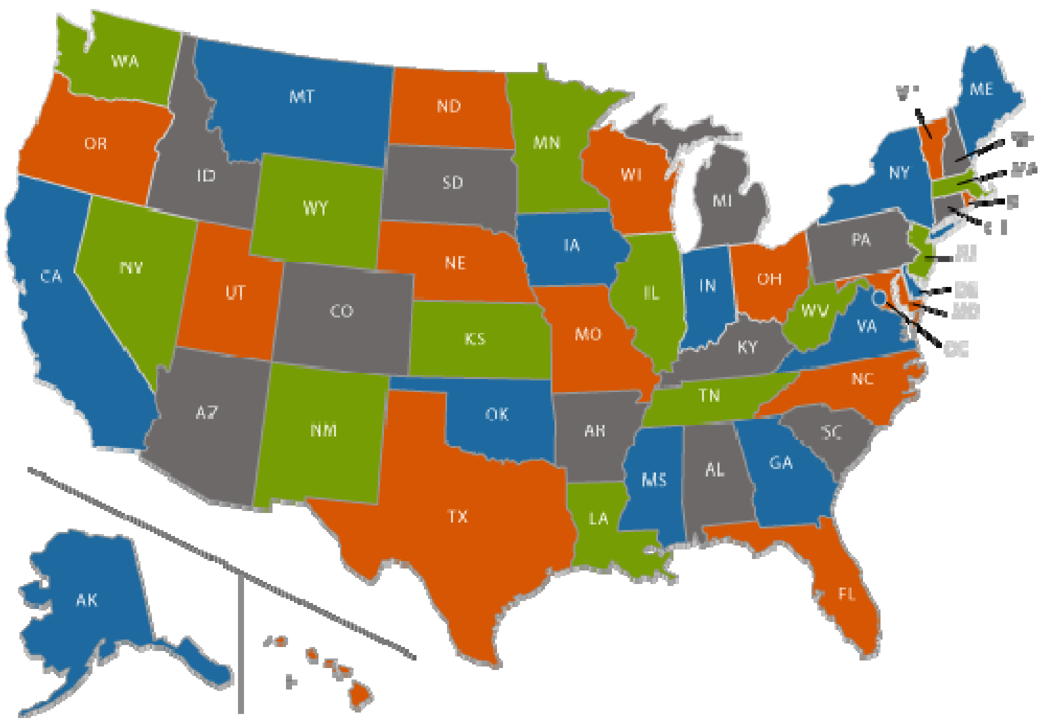
THE PROJECT ON STUDENT DEBT

Student Debt and the Class of 2006

September 2007



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Executive Summary

As a college degree has become a near prerequisite to enter the middle-class, student loans – taken out by five million people every year – are both a blessing and a curse. Families rely on student loans to cover the rising cost of tuition, books, and living expenses. But at the same time those loans can weigh down college graduates, making it difficult to achieve the financial security and rewarding career that they worked hard for.

Last year we published the first-ever analysis of student debt levels at the campus and statewide level, based on data reported by more than 1,400 four-year colleges and universities around the country. That report – cited in dozens of news articles and used to brief policymakers about the issue – brought new attention and clarity to a problem that had been little-studied previously.

Updating our report for the class of 2006, we have found significant changes at the national, state, and institutional levels. We also identified a new cause for concern: institutions representing more than four out of ten undergraduate students at four-year colleges have provided no student debt data or data that is implausible or incomplete. Reliable measures of student debt should be monitored closely by campus officials and by policy makers. The current level and quality of reporting is inadequate.

Key Findings

- There was an 8 percent increase in average student loan debt of graduating seniors between 2005 and 2006 at campuses reporting data for both years. In comparison, starting salary offers for graduating seniors rose roughly 4 percent in the same period.
- The average debt of the class of 2006 reported by institutions - $19,646 - is likely about $1,500 lower than the *actual* average, due to the limited number of campuses reporting, and deficiencies in the information available to college officials. This means that actual student debt levels are now roughly $21,100.
- Graduates from institutions in Washington, D.C. and New Hampshire face the highest debt levels, at $27,757 and $24,800, respectively. Hawaii graduates have the lowest debt, at $11,758. High-debt states are concentrated in New England and the Midwest.
- High debt is often connected with higher tuition and other expected factors, but there are many exceptions, and low tuition doesn’t guarantee proportionally low debt.

Recommendations

To reduce the need to borrow and the risks of student debt:

- The federal government should continue to increase the value of the Pell Grant in order to reduce the need to borrow.
- The federal government should make sure that borrowers have fair and reasonable repayment options. At the time of this writing, President Bush is expected to sign a sweeping higher education finance bill that will create a new Income Based Repayment program. The government and institutions should do everything possible to encourage its use and smooth implementation.
- Colleges and universities should counsel students thoroughly about all of their financing options, including the realities of repaying loans after graduation, and the risks of private educational loans.
- Colleges and universities should focus their own grant dollars on students with financial need.
- States should focus their financial aid programs on need-based grants.

To improve the quality and coverage of the data:

- Colleges and universities should make a good-faith effort to calculate and report accurate annual debt figures.
- The publishers of college guides and rankings, and others who survey campuses, should more aggressively review data from schools and follow up on cases of repeated, inconsistent, or missing data.
- The federal government should require reporting of private loan data to the National Student Loan Data System so that colleges can better track borrowing trends at their campuses.
- The National Center for Education Statistics should collect data on cumulative student debt as part of its annual Integrated Postsecondary Education Data System data collection program.

An updated interactive map, all data as reported by institutions, and the full text of this report can be found at www.projectonstudentdebt.org. The site provides statewide 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.

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' loan debt. Three major organizations that conduct such surveys are Wintergreen Orchard House (used by *U.S. News and World Report*), Peterson's (publisher of its own college guides), and the College Board. To make the process easier for the campuses, these organizations use the same survey instrument, called the *Common Data Set*. Below are the questions they ask about student debt for the class of 2006.

> "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."[1]

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 used data from Peterson's with the Wintergreen data serving as a comparison.[2]

What data are included in the state averages?

Fewer than half of all four-year colleges, representing about 57 percent of all undergraduate students at four-year institutions in the U.S., provide usable debt data. Debt figures are self-reported voluntarily by campus officials, and are not audited or reviewed by any outside entity. We assume that the numbers provided by college officials are their best estimates. In order to compare state average debt between two years, we have excluded 589 campuses that failed to update the 2005 figures with new numbers in 2006. (The Peterson's questionnaire provides campuses with the prior year number already filled in. If the campus does nothing, the old numbers are repeated. It is highly unlikely that average debt figures would be identical from year to year.)

The state-by-state and national averages also do not include 71 campuses that provided data for only one of two years. The averages used in this report do not exactly match the state averages used in *Student Debt and the Class of 2005,* because the actual institutions included may be different. We eliminated one institution that reported inconsistent data (zero average debt but positive percentage with debt). For 11 campuses that reported a debt average but not the proportion of borrowers, we used the national average proportion of students borrowing for that year to produce the weighted state averages. The averages are weighted according to enrollment (full-time Fall term 2004) and the proportion of graduating seniors with debt.

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[1] This version of the questions is from the "Common Data Set 2006-2007" document published by the Common Data Set Initiative. This survey instrument added additional language to the instructions that was not in previous versions clarifying that institutions should exclude students who transferred in to the institution and money borrowed at other institutions.

[2] 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 © 2006, 2007 Peterson's, a Nelnet company. All rights reserved. The Institute also licensed data from Wintergreen Orchard House, which was used during our analyses for comparison. Wintergreen Orchard House uses the same survey data source used by *U.S. News and World Report* for its annual report on "America's Best Colleges." That data is copyrighted material under license to Wintergreen Orchard House, a division of Alloy Education, and which is reproduced in this publication by permission of Wintergreen Orchard House. Copyright © 2006, 2007 by Wintergreen Orchard House. All rights reserved."

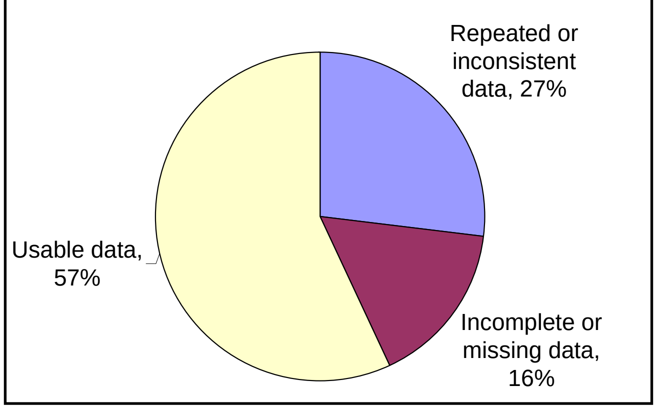
All of the data, even the cases not used for the state and national averages, are included in the campus data listed at projectonstudentdebt.org/state_by_state-data.php.

Overall, 1452 of the 1887 four-year colleges in the U.S provided Peterson's with at least one year of data.[3] Of those, we eliminated 661 from our analysis for the reasons described above, leaving 791 usable campuses. Using a similar process on data from Wintergreen Orchard House yielded almost the same number of usable campuses. The biggest problems in that dataset are missing data and many cases where the average debt is reported as zero while the percentage of graduates with debt is positive.

Are the debt figures accurate?

Every four years, the federal government conducts a detailed random sample survey of students and colleges that examines in detail the financial situations of students and their families (the National Postsecondary Student Aid Survey, or NPSAS). This is the most accurate information available about student borrowing trends. The last such survey, in 2004, revealed average debt that exceeded the average reported to the college guide publishers that year by roughly $1,500. This gap likely remains, so we believe that the state and national averages reported here for 2005 and 2006 are lower than actual student debt levels. The reported average for 2006 is $19,646, but we estimate the actual average is closer to $21,146.

Less than two-thirds of four-year undergraduates are enrolled at institutions with reliable data.



This gap is caused by several problems. Campuses do not have full information about student borrowing (such as private student loan borrowing), and use different methods to answer the average debt question. Many other campuses are not included in the publishers' surveys, do not respond to the questions on student debt, or do not update their figures from year to year. Furthermore, the 2006 *Common Data Set* instructs campus officials to exclude transfer students from their debt calculations.

The institutions with incomplete or missing data enroll 16 percent of all four-year undergraduate students. Institutions with repeated or inconsistent data enroll another 27 percent of those students. The usable cases represent 57 percent of all four-year undergraduate students. The usable data that we used for this report represents the best available information on student indebtedness for the class of 2006.

More research is needed to better understand how campuses determine the answers to these questions. Campuses and the organizations who collect data need to work together to improve data accuracy and collection methods. More complete, precise data are needed to understand what drives student debt trends, and should be readily available to researchers, policymakers, and the public.

[3] The list of schools and other campus data (tuition, enrollment, and Pell grant recipients) are from economicdiversity.org and are derived from U.S. Department of Education sources.

Debt Levels Are Up

In 2006, the Project on Student Debt published the first analysis of student debt levels by state, using data about the class of 2005.[4] Institutions with reliable data reported that the class of 2006 has an average of $19,646 in student debt. This represents an 8 percent increase from the average debt of $18,259 for the class of 2005.

We estimate that the figures for both classes are about $1,500 lower than the actual average debt, meaning that the actual average debt level for the class of 2006 is above $21,100. Our analysis of the Salary Survey of the National Association of Colleges and Employers in September 2005 and September 2006, suggests that salary offers to graduating seniors rose roughly 4 percent in that same period.

For the class of 2005, we found that state debt levels varied widely and that cost of living, tuition levels, or school sector (public versus private), often don't predict debt levels. These findings still largely hold for the class of 2006. The lists of states with the highest and lowest debt levels also have not changed dramatically.

State Debt – Highs and Lows

As was true for the class of 2005, the statewide average debt levels for the class of 2006 vary greatly. The following tables show the states with the highest and lowest average debt levels:[5]

High Debt States

State	Average Debt
District of Columbia	$27,757
New Hampshire	$24,800
Vermont	$23,839
Connecticut	$23,469
Minnesota	$23,375
Iowa	$22,926
Maine	$22,877
Pennsylvania	$22,776
Indiana	$21,179
Michigan	$21,169

Low Debt States

State	Average Debt
Hawaii	$11,758
Utah	$12,807
Kentucky	$15,406
Wyoming	$16,855
Maryland	$16,872
California	$17,270
Delaware	$17,589
Kansas	$17,617
Illinois	$17,650
Oklahoma	$17,680

New England states appear to be disproportionately represented on the list of "high debt" states. This may be related to the fact that these states tend to have higher average tuition ($17,367 for New England versus $9,983 nationally). This, in turn, is related to the higher proportion of private schools in these states (81% for New England versus 66% nationally). In general, higher average tuition at the state or institution level is associated with higher average debt. However, there are many schools with high tuition and low debt and vice versa. More research is needed to determine the factors that drive student debt levels at the state level.

The following tables show the average debt and proportion borrowing for all states in both years, along with information about the amount of usable data actually available for each state.

[4] *Student Debt and the Class of 2005: Average Debt by State, Sector, and School*, The Project on Student Debt, August 2006.
[5] States where the data cover less than 30% of the college students in the state were excluded because these averages are heavily influenced by a few schools and not reflective of the schools across the state.

Change in Average Debt, by State—Class of 2005 to 2006

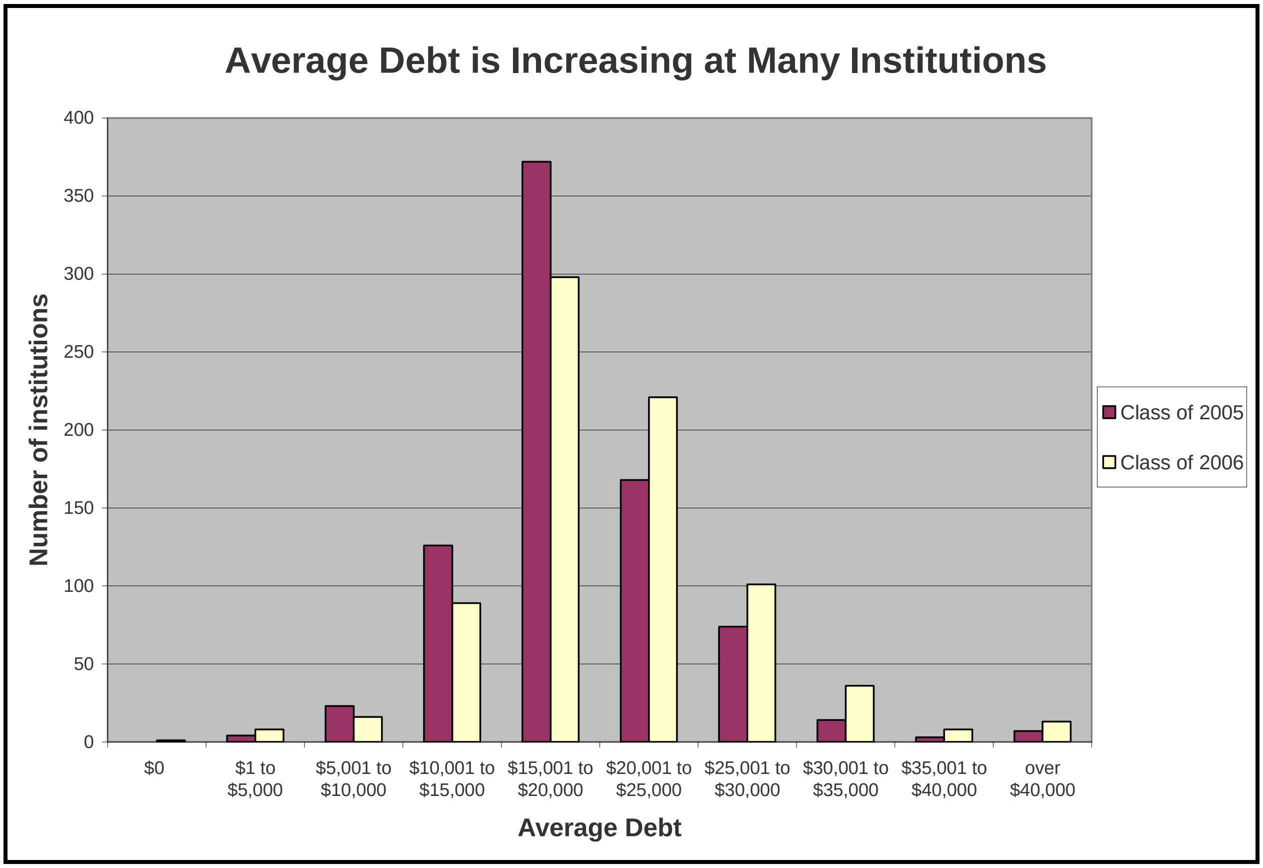
State	Institutions		Students	Class of 2005		Class of 2006		% Change
	Total	Usable Data	% Represented in Usable Data	Average Debt	Rank	Average Debt	Rank	
Alabama	33	9	51%	$19,426	15	$20,389	16	5%
Alaska	5	1	30%	$13,432	n/a	$24,656	n/a	n/a
Arizona	16	5	89%	$17,662	26	$18,026	33	2%
Arkansas	21	9	42%	$17,636	27	$19,256	24	9%
California	119	44	58%	$15,010	43	$17,270	41	15%
Colorado	24	9	49%	$16,028	38	$18,565	28	16%
Connecticut	26	8	51%	$21,402	5	$23,469	4	10%
Delaware	5	2	77%	$14,523	44	$17,589	40	21%
District of Columbia	10	3	47%	$25,402	1	$27,757	1	9%
Florida	60	21	55%	$18,604	20	$19,543	22	5%
Georgia	49	18	51%	$16,807	32	$17,753	36	6%
Hawaii	6	3	75%	$12,535	46	$11,758	46	-6%
Idaho	8	4	49%	$19,016	18	$20,696	13	9%
Illinois	76	34	72%	$16,668	35	$17,650	38	6%
Indiana	47	30	74%	$20,261	8	$21,179	9	5%
Iowa	36	19	60%	$21,477	4	$22,926	6	7%
Kansas	26	8	52%	$16,123	37	$17,617	39	9%
Kentucky	31	18	53%	$15,903	39	$15,406	44	-3%
Louisiana	26	7	56%	$17,266	28	$18,012	34	4%
Maine	20	12	78%	$21,900	3	$22,877	7	4%
Maryland	33	14	69%	$15,758	40	$16,872	42	7%
Massachusetts	75	36	57%	$17,721	25	$19,018	26	7%
Michigan	58	23	63%	$19,792	11	$21,169	10	7%
Minnesota	39	20	52%	$20,144	9	$23,375	5	16%
Mississippi	19	6	43%	$16,919	31	$18,162	30	7%
Missouri	51	22	60%	$16,593	36	$18,635	27	12%
Montana	10	2	14%	$17,005	n/a	$17,209	n/a	n/a
Nebraska	24	9	44%	$18,524	22	$19,198	25	4%
Nevada	5	0	0%	n/a	n/a	n/a	n/a	n/a
New Hampshire	16	10	71%	$22,789	2	$24,800	2	9%
New Jersey	33	12	62%	$15,725	42	$20,142	18	28%
New Mexico	13	1	1%	$22,140	n/a	$28,770	n/a	n/a
New York	176	58	49%	$18,950	19	$21,092	12	11%
North Carolina	59	26	48%	$16,774	33	$17,760	35	6%
North Dakota	12	6	50%	$20,458	7	$20,644	14	1%
Ohio	89	37	60%	$19,393	16	$20,525	15	6%
Oklahoma	30	11	57%	$17,237	30	$17,680	37	3%
Oregon	28	13	62%	$19,200	17	$19,667	20	2%
Pennsylvania	125	60	58%	$21,026	6	$22,776	8	8%
Rhode Island	11	3	23%	$23,616	n/a	$21,577	n/a	n/a
South Carolina	35	12	49%	$18,573	21	$19,697	19	6%
South Dakota	15	7	78%	$19,829	10	$21,103	11	6%
Tennessee	46	24	69%	$19,701	13	$19,549	21	-1%
Texas	86	32	48%	$18,242	23	$18,334	29	1%
Utah	9	4	49%	$12,739	45	$12,807	45	1%
Vermont	18	10	56%	$19,660	14	$23,839	3	21%
Virginia	44	21	67%	$17,250	29	$18,039	32	5%
Washington	27	13	66%	$19,748	12	$18,040	31	-9%
West Virginia	21	12	62%	$15,738	41	$20,360	17	29%
Wisconsin	35	22	69%	$17,777	24	$19,536	23	10%
Wyoming	1	1	100%	$16,741	34	$16,855	43	1%
National	**1887**	**791**	**57%**	**$18,259**		**$19,646**		**8%**

Change in Percentage with Debt, by State—Class of 2005 to 2006

State	Institutions		Students	Class of 2005		Class of 2006		% Change
	Total	Usable Data	% Represented in Usable Data	Percent w/Debt	Rank	Percent w/Debt	Rank	
Alabama	33	9	51%	60%	17	56%	30	-4%
Alaska	5	1	30%	49%	n/a	52%	n/a	n/a%
Arizona	16	5	89%	52%	37	48%	40	-4%
Arkansas	21	9	42%	56%	28	56%	28	0%
California	119	44	58%	46%	41	47%	42	1%
Colorado	24	9	49%	52%	36	48%	41	-4%
Connecticut	26	8	51%	59%	18	58%	24	-2%
Delaware	5	2	77%	45%	44	48%	39	4%
District of Columbia	10	3	47%	49%	40	49%	38	0%
Florida	60	21	55%	49%	39	51%	37	1%
Georgia	49	18	51%	57%	25	56%	31	-2%
Hawaii	6	3	75%	34%	46	29%	46	-4%
Idaho	8	4	49%	67%	8	68%	7	1%
Illinois	76	34	72%	53%	35	52%	35	-1%
Indiana	47	30	74%	53%	34	58%	23	5%
Iowa	36	19	60%	70%	5	74%	2	3%
Kansas	26	8	52%	57%	26	57%	26	0%
Kentucky	31	18	53%	54%	32	63%	17	9%
Louisiana	26	7	56%	55%	30	52%	36	-3%
Maine	20	12	78%	71%	3	72%	3	1%
Maryland	33	14	69%	50%	38	53%	34	3%
Massachusetts	75	36	57%	59%	19	60%	20	0%
Michigan	58	23	63%	59%	20	60%	21	0%
Minnesota	39	20	52%	68%	7	72%	4	4%
Mississippi	19	6	43%	59%	21	62%	18	2%
Missouri	51	22	60%	59%	22	66%	12	7%
Montana	10	2	14%	71%	n/a	72%	n/a	n/a
Nebraska	24	9	44%	65%	12	64%	15	-1%
Nevada	5	0	0%	n/a	n/a	n/a	n/a	n/a
New Hampshire	16	10	71%	71%	4	71%	5	0%
New Jersey	33	12	62%	62%	15	65%	13	3%
New Mexico	13	1	1%	76%	n/a	81%	n/a	n/a
New York	176	58	49%	66%	11	66%	9	1%
North Carolina	59	26	48%	56%	29	55%	32	-1%
North Dakota	12	6	50%	75%	2	66%	11	-9%
Ohio	89	37	60%	64%	13	65%	14	1%
Oklahoma	30	11	57%	54%	33	55%	33	1%
Oregon	28	13	62%	66%	10	67%	8	0%
Pennsylvania	125	60	58%	70%	6	69%	6	0%
Rhode Island	11	3	23%	51%	n/a	52%	n/a	n/a
South Carolina	35	12	49%	56%	27	57%	25	1%
South Dakota	15	7	78%	82%	1	84%	1	2%
Tennessee	46	24	69%	46%	42	42%	44	-4%
Texas	86	32	48%	58%	24	56%	29	-2%
Utah	9	4	49%	43%	45	31%	45	-13%
Vermont	18	10	56%	66%	9	66%	10	0%
Virginia	44	21	67%	55%	31	56%	27	2%
Washington	27	13	66%	59%	23	59%	22	0%
West Virginia	21	12	62%	64%	14	61%	19	-3%
Wisconsin	35	22	69%	61%	16	64%	16	4%
Wyoming	1	1	100%	45%	43	44%	43	-1%
National	**1887**	**791**	**57%**	**58%**		**58%**		**0%**

Patterns of Debt at the Institution Level

Averages at the state and national level do not tell the full story of what is going on at the institutional level. In fact, it can be difficult to understand institutional debt trends without first-hand knowledge of a school's policies, culture, and environment. The following chart shows the number of institutions that fall into different ranges for average debt, and how the average is shifting upward at many schools. For most categories *under* $20,000, there are more schools in 2005 than in 2006. For all categories *above* $20,000, there are more schools in the recent year.



High Debt on Campuses

The following institutions are notable for very high average debt levels for the class of 2006, separated by whether the institution is private or public. Public colleges and universities generally have significantly lower tuition than private institutions, and therefore significantly lower debt levels. The reasons for these high debt levels may include tuition at these schools, 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 at a particular institution. In particular, several of the high-debt public institutions (Lincoln University, Alabama State University, and Virginia State University), are Historically Black Colleges or Universities which serve large numbers of low-income students with limited resources for financial aid. 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. More research is needed to understand the factors that affect debt levels at the institutional level:[6]

Some of the institutions listed below show large increases in debt levels between the 2005 to 2006 graduating classes. Our investigation of some of these cases indicates that changes in the campus's methodology for calculating the figures often accounts 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.

High Debt at Private Non-Profit colleges and Universities

Institution	State	Average Debt 2005	Average Debt 2006
University of New England	ME	$37,507	$39,014
Saint Mary's College	IN	$24,617	$35,143
Manhattan College	NY	$15,715	$35,130
University of New Haven	CT	$30,399	$35,118
Milwaukee School of Engineering	WI	$31,808	$34,862
Saint Louis University, Main Campus	MO	$24,552	$34,539
New York University	NY	$29,480	$34,417
Worcester Polytechnic Institute	MA	$27,384	$34,409
Oral Roberts University	OK	$27,956	$32,978
Arcadia University	PA	$33,828	$32,875
Bethune Cookman College	FL	$25,880	$32,500
National University	CA	$23,432	$32,312
Walla Walla College	WA	$23,668	$32,283
University of The Incarnate Word	TX	$24,476	$31,681
The College of Saint Scholastica	MN	$29,942	$31,549
Nova Southeastern University	FL	$28,785	$31,368
Saint John Fisher College	NY	$25,833	$31,206
Hofstra University	NY	$20,500	$31,196
Quinnipiac University	CT	$25,794	$31,070
University of St Thomas	MN	$26,621	$31,065
Albright College	PA	$24,671	$30,992
Heidelberg College	OH	$26,125	$30,979
Freed-Hardeman University	TN	$22,792	$30,584
Saint Ambrose University	IA	$28,075	$30,541

High Debt at Public Colleges and Universities

Institution	State	Average Debt 2005	Average Debt 2006
Lincoln University	PA	$21,000	$28,858
Southern Polytechnic State University	GA	$12,706	$28,364
Virginia State University	VA	$19,200	$28,250
University of Pittsburgh, Bradford	PA	$19,313	$27,684

[6] These lists are not meant to be comprehensive, but rather to illustrate the high and low ends of the spectrum. We excluded specialized schools such as art schools, schools with fewer than 1000 students, and schools where there was a major discrepancy between the Peterson's and Wintergreen average debt figures from these lists.

Temple University	PA	$25,493	$27,355
Alabama State University	AL	$26,825	$26,903
Indiana University, East	IN	$24,729	$25,402
University of Alaska, Fairbanks	AK	$13,432	$24,656
Coastal Carolina University	SC	$20,923	$24,250

As we noted earlier, the Peterson's data include many implausible cases of schools with precisely the same level of debt in both 2005 and 2006 (because the survey instrument pre-prints the prior year of data). While several of those cases are high debt, we have excluded them because of the questions about the data. Also excluded are campuses whose debt figures differed substantially from the Wintergreen data set, and small and specialty colleges. All campuses are listed on our web site with the Peterson's debt data.

Low debt on campuses

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 institutions tends to enroll fewer students who need loans to pay for college and often give generous grant aid to lower income students. Two schools notable for having low debt levels despite relatively high tuition and modest endowments are Belmont University and Carson-Newman College. The following schools are notable for low debt levels for the class of 2006.

Low Debt Colleges and Universities[7]

Institution	State	Sector	Average Debt 2005	Average Debt 2006
Princeton University	NJ	Private	$4,370	$4,965
Southeastern Oklahoma State University	OK	Public	$6,124	$6,430
Berea College	KY	Private	$7,299	$7,638
Southern Utah University	UT	Public	$11,359	$9,223
Central Missouri State University	MO	Public	$9,632	$9,576
Harvard University	MA	Private	$8,769	$9,717
Mount Olive College	NC	Private	$8,901	$9,786
Williams College	MA	Private	$10,753	$9,943
Belmont University	TN	Private	$18,007	$10,200
Wellesley College	MA	Private	$11,821	$10,206
Carson-Newman College	TN	Private	$16,512	$10,870
University of Louisville	KY	Public	$15,128	$10,906
Utah State University	UT	Public	$12,430	$11,040
University of Hawaii, Hilo	HI	Public	$14,145	$11,206
The University of Texas, Tyler	TX	Public	$14,581	$11,286
Florida Gulf Coast University	FL	Public	$13,245	$11,332
Northwestern Oklahoma State University	OK	Public	$9,476	$11,478
Pittsburg State University	KS	Public	$10,742	$11,502

[7] Augusta State University reported the lowest debt of any institution for the class of 2006 ($3,191), but because the campus reported an average debt of $16,092 for 2005, we have excluded them from this list. Such a rapid and anomalous reported decrease likely indicates that one year's figure is due to a change in methodology rather than a major decrease in borrowing. Attempts to contact Augusta State University have not yielded a response at the time of this writing.

Amherst College	MA	Private	$12,109	$11,626
University of Hawaii, Manoa	HI	Public	$12,459	$11,748
Virginia Military Institute	VA	Public	$14,367	$11,754
James Madison University	VA	Public	$12,591	$11,932

A number of these colleges (including Princeton, Harvard, Williams, University of Louisville, and Amherst) have financial aid policies that are specifically intended to minimize student debt, especially for students from low and middle income backgrounds. A list of these efforts, at these and other institutions, can be found at http://projectonstudentdebt.org/pledges.

A campus official at Belmont University attributed their sharp decrease in average debt to annual tuition increases and growth in enrollment which enabled them to spend more resources on merit- and need-based financial aid programs.

Berea College is a "work college," where students are charged no tuition, but are required to work at least 10 hours per week at the school. Berea's students have financial need, so they may borrow to cover the cost of books and supplies, transportation, or other related expenses.

As we noted earlier, the Peterson's data include many implausible cases of schools with precisely the same level of debt in both 2005 and 2006 (because the survey instrument pre-prints the prior year of data). While several of those cases are low debt, we have excluded them because of the questions about the data. Also excluded are campuses whose debt figures differed substantially from the Wintergreen data set, and small and specialty colleges. All campuses are listed on our web site with the Peterson's debt data.

Conclusion

Student debt can pose serious obstacles, both before and after a student goes to college. The prospect of student debt can prompt students to compromise on college choice, drop out, or forego higher education altogether. After graduation, a high debt burden relative to income can keep college graduates from the financial and professional opportunities that their education was supposed to provide. The Project on Student Debt is committed to reducing the risks and burdens of student debt in order to promote opportunity, financial security, and improve our nation's economic competitiveness.

Reducing Student Debt

Need-based grants are the foundation of any policy to ensure that all students can attend college without taking on a lifetime of debt. Colleges and universities, states, and the federal government all need to focus existing financial aid programs on need-based aid, and communicate those policies to disadvantaged families. Institutional programs that focus on keeping debt levels down already exist at a growing number of colleges and universities large and small, public and private. We describe and discuss them in the Financial Aid Pledges section of the Project on Student Debt's web site. More programs like these, as well as more state-funded need-based grant programs, need to be established and expanded. By restoring the buying power of the Pell grant, the federal government would make it possible for more institutions to make low-debt pledges to incoming students.

Colleges and universities have a responsibility to provide financial counseling to students to ensure that they get the grant aid that they are eligible for and they exhaust lower-cost government loan sources before taking on riskier private loans. The Project on Student Debt has developed a Private Loan Policy

Agenda with further recommendations for institutions and the federal government to make sure consumers have the information and protections that they deserve. Consumers Union also released a set of recommendations in the recent report, *Helping Families Finance College: Improved Consumer Disclosures and Counseling*

Finally, to ensure that student debt doesn't end up hurting college graduates more than it helps, the federal government needs to ensure that student loan payments will be fair and manageable. At the time of this writing, President Bush is expected to sign a bill which includes a new Income Based Repayment program for all federal loans made to students. Lenders, the Department of Education, and institutions all have a responsibility to ensure that program is implemented smoothly, and made easily known and available to the people who need it.

Improving Available Data

Reducing the burdens of student debt requires a thorough, research-based understanding of the scope of the problem. Currently, the data used in this study is the best information available. (The National Postsecondary Student Aid Survey gives a more accurate picture of individual borrowing trends, but it is conducted once every four years, it provides only limited state-level information, and it does not provide campus-level information.) However, as documented in this report, the utility of this data is limited because there is so much information that is missing or unreliable.

Although colleges and universities may not have all the information they need to make accurate calculations of student debts, they can and should make an effort to report their best estimates each year. College officials should not skip over these questions on the surveys or allow old data to be published as new data. Institutions should publish their *Common Data Set* (CDS) responses on their websites. Many schools already do this, and recently a group of liberal arts colleges committed to doing so in an attempt to undercut the monopoly that publishers of college guides and rankings have on so much institutional data.[8] When publishing or updating their responses, they can simultaneously send that information to the CDS survey organizations to ensure that data is consistent.

Companies that provide student information and financial aid software systems to colleges and universities should work with the institutions to ensure that they are able to collect accurate data and compile the reports necessary to answer questions about cumulative student debt.

Organizations who survey colleges and universities should delay asking questions about student debt until the time in the academic year when institutions have this data available. If initial surveys must be completed before this data is available, the survey organizations can provide institutions with both incentives and simple ways to update these figures. They also need to take responsibility for following up on repeated, missing or inconsistent data.

Lenders and universities are not currently required to report private educational loans in the National Student Loan Data system (NSLDS). By requiring this, the federal government can give institutions and researchers the tools they need to more accurately track student debt levels. The federal government should also collect this data independently as part of its Integrated Postsecondary Education Data System (IPEDS) program. This would ensure that this important information is in a public government dataset in addition to the proprietary CDS datasets.

[8] "President's Statement on College Rankings," September 7, 2007, https://cms.amherst.edu/news/statements/node/21784/.

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