Trends in College Prices, Financial Aid, Student Debt & Payoff

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Trends in Higher Education

Trends in Student Aid and Trends in College Pricing provide the latest data and information on trends over time in student aid, tuition, and other expenses associated with attending college.

Trends in College Pricing
Download the full report, data or presentation for Trends in College Pricing 2016:
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Trends in Student Aid
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Education Pays
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Other Trends Publications
- Trends in Community Colleges: Enrollment, Prices, Student Debt, and Completion (April 2018)
- How Students and Parents Pay for College (March 2018)
- Trends in Tuition and Fees, Enrollment, and State Appropriations for Higher Education by State (July 2018)
- Trends in Public Higher Education: Enrollment, Prices, Student Aid, Revenues, and Expenditures (May 2018)
- Trends in Community College Education: Enrollment, Prices, Student Aid, and Debt (May 2018)
OVERVIEW

- Highlights from the 2016 *Education Pays* report
- Education pays, why the skeptics?
  - Rising college prices
  - Rising student debt
  - Variation in outcomes
- Q&A and discussion
Highlights from *Education Pays 2016*
Part 1: The Distribution of the Benefits: Who Participates and Succeeds in Higher Education?

- Enrollment
- Completion and Attainment

Part 2: Individual and Societal Benefits of Higher Education

- Earnings
- Other Economic Benefits
- Health Benefits
- Other Individual and Societal Benefits
Part 2: Individual and Societal Benefits of Higher Education

- Earnings
- Other Economic Benefits
- Health Benefits
- Other Individual and Societal Benefits
Individuals with higher levels of education pay more in taxes and have higher earnings

Median Earnings and Tax Payments by Education Level, Full-Time Year-Round Workers Age 25 and Older, 2015

- Professional Degree (2%): $26,300 Estimated Taxes, $82,400 After-Tax Income, Total $109,900
- Doctoral Degree (2%): $25,600 Estimated Taxes, $74,500 After-Tax Income, Total $100,100
- Master's Degree (11%): $18,400 Estimated Taxes, $56,800 After-Tax Income, Total $75,200
- Bachelor's Degree (25%): $14,500 Estimated Taxes, $46,500 After-Tax Income, Total $61,400
- Associate Degree (11%): $10,100 Estimated Taxes, $35,900 After-Tax Income, Total $46,000
- Some College, No Degree (18%): $9,900 Estimated Taxes, $32,600 After-Tax Income, Total $41,700
- High School Diploma (26%): $7,600 Estimated Taxes, $29,200 After-Tax Income, Total $36,800
- Less than a High School Diploma (7%): $5,200 Estimated Taxes, $22,000 After-Tax Income, Total $27,200
The employment and labor force participation rates are higher for individuals with higher levels of education.
Civilian Population Age 35 to 44: Percentage Employed, Unemployed, and Not in Labor Force, Over Time

- **2010**: right after the Great Recession ended
- **Unemployment Rate** = 
  - % unemployed
  - (% unemployed + % employed)

The unemployment rate is lower among individuals with higher levels of education

Unemployment Rates of Individuals Age 25 and Older, by Education Level, 1995 to 2015

SOURCE: The College Board, Education Pays 2016, Figure 2.12A
The benefits of education vary by individual characteristics
Unemployment Rates of Individuals Age 25 and Older, by Race/Ethnicity and Education Level, 2015

SOURCE: The College Board, Education Pays 2016, Figure 2.12C
Individuals with more education are less likely to rely on public assistance

Percentage of Individuals Age 25 and Older Living in Households Receiving Public Assistance, 2015

SOURCE: The College Board, *Education Pays 2016*, Figure 2.17
Education is associated with higher levels of civic participation

Voting Rates Among U.S. Citizens During Presidential Elections, by Education Level, 1964 to 2012

SOURCE: The College Board, *Education Pays 2016*, Figure 2.23B
Sticker Prices, Financial Aid, and Net Prices
Sticker prices are rising while family income remains stagnant.

Published Tuition and Fees and Family Income Relative to 1986-87, 1986-87 to 2016-17 (1986-87 = 1.0), Inflation-Adjusted.

SOURCE: The College Board, Trends in College Pricing 2016, Figure 5; U.S. Census Bureau, Historical Family Income Table F-3.
Sticker prices vary by state
Average 2016-17 In-State Tuition and Fees by State
Public Four-Year Institutions

SOURCE: The College Board, Trends in College Pricing 2016, Figure 7
The generosity of state grant aid varies by state
Average 2015-16 State Grant Aid per FTE UG Student, by State

SOURCE: The College Board, Trends in Student Aid 2016, Figure 22A
Grant aid per FTE is increasing, while federal loans per FTE continue to decline
Average Aid per Full-Time Equivalent (FTE) Student, in 2015 Dollars

SOURCE: The College Board, Trends in Student Aid 2016, Figure 1
Net prices are slowly rising
Average Published and Net Prices in 2016 Dollars,
Full-Time In-State Undergraduate Students, 1996-97 to 2016-17

In 2009-10 and 2010-11, Sticker TF price sharply, but net TF because of:
1) dramatic increase in Pell,
2) implementation of the American Opportunity Tax Credit

SOURCE: The College Board, Trends in College Pricing 2016, Figure 10
Net prices are slowly rising
Average Published and Net Prices in 2016 Dollars, Full-Time Undergraduate Students, 1996-97 to 2016-17

Private Nonprofit Four-Year Institutions

In the private nonprofit sector, institutional grant aid plays a major role in keeping net price down

SOURCE: The College Board, Trends in College Pricing 2016, Figure 11
• The data show that there are many benefits to receiving a college degree

• But with…
  • Both sticker and net prices increasing
  • Family income remaining stagnant

• Students and families are increasingly questioning the financial returns to their investment
Student Debt

- **Annual federal loan borrowing**
  - The total amount students borrow in any given year
    - $96 billion in 2015-16

- **Outstanding student debt**
  - All outstanding student debt that was borrowed at any point in time in the past
    - $1.3 trillion as of 2016 Q4

- **Average cumulative student debt**
  - Average cumulative debt when student leaves college
    - 61% of 2014-15 bachelor’s degree recipients from public 4-year and private nonprofit 4-year averaged $28,100 in cumulative debt per borrower
    - Those leaving undergrad studies before earning a degree tend to have lower debt
    - Graduate students borrow more
Student borrowing varies across institutional sector

Distribution of 2011-12 Bachelor’s Degree Recipients by Sector and Cumulative Debt

<table>
<thead>
<tr>
<th>Sector</th>
<th>No Debt</th>
<th>Less than $10,000</th>
<th>$10,000 to $19,999</th>
<th>$20,000 to $29,999</th>
<th>$30,000 to $39,999</th>
<th>$40,000 or More</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>30%</td>
<td>10%</td>
<td>13%</td>
<td>18%</td>
<td>12%</td>
<td>18%</td>
</tr>
<tr>
<td>Public Four-Year</td>
<td>34%</td>
<td>12%</td>
<td>14%</td>
<td>18%</td>
<td>10%</td>
<td>12%</td>
</tr>
<tr>
<td>Private Nonprofit Four-Year</td>
<td>25%</td>
<td>8%</td>
<td>12%</td>
<td>20%</td>
<td>14%</td>
<td>20%</td>
</tr>
<tr>
<td>For-Profit</td>
<td>12%</td>
<td>4%</td>
<td>7%</td>
<td>14%</td>
<td>16%</td>
<td>48%</td>
</tr>
</tbody>
</table>

SOURCE: The College Board, Trends in Student Aid 2014, Figure 14A
Variation in college enrollment rates
Variation in college completion rates
Variation in economic outcomes
College enrollment rates have increased and especially among black and Hispanic students

Postsecondary Enrollment Rates by Race/Ethnicity:
Recent High School Graduates

<table>
<thead>
<tr>
<th></th>
<th>Asian</th>
<th>Black</th>
<th>Hispanic</th>
<th>White</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>83%</td>
<td>53%</td>
<td>55%</td>
<td>64%</td>
</tr>
<tr>
<td>2015</td>
<td>83%</td>
<td>61%</td>
<td>65%</td>
<td>69%</td>
</tr>
<tr>
<td>20-year percentage point change</td>
<td>0</td>
<td>+8</td>
<td>+10</td>
<td>+5</td>
</tr>
</tbody>
</table>

SOURCE: NCES, Digest of Education Statistics 2016, Table 302.20
Educational attainment varies by race/ethnicity and gender

Percentage of 25- to 29-Year-Olds with at Least a Bachelor’s Degree by Race/Ethnicity and Gender, 1995 to 2015

SOURCE: The College Board, Education Pays 2016, Figure 1.6
College completion rates vary by institution type

Six-Year Completion Rate by Starting Institution Type
Fall 2010 Cohort

Completion Rate:
% of Students Who Completed:
• a certificate
• associate degree or
• bachelor’s degree

SOURCE: National Student Clearinghouse, Signature Report 12, Figure 12
By age 34, the average bachelor’s degree holder will have recouped college costs

Estimated Cumulative Full-Time Earnings (in 2014 Dollars) Net of Forgone Earnings and Payment for Tuition and Fees and Books and Supplies, by Education Level

SOURCE: The College Board, *Education Pays 2016*, Figure 2.2A
Earnings vary within each level of educational attainment

Earnings Distribution of Full-Time Year-Round Workers Ages 35 to 44, by Education Level, 2015

<table>
<thead>
<tr>
<th>Education Level</th>
<th>&lt; $19,999</th>
<th>$20,000 to $39,999</th>
<th>$40,000 to $59,999</th>
<th>$60,000 to $79,999</th>
<th>$80,000 to $99,999</th>
<th>$100,000 and over</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced Degree (17%)</td>
<td>1%</td>
<td>7%</td>
<td>21%</td>
<td>20%</td>
<td>13%</td>
<td>38%</td>
</tr>
<tr>
<td>Bachelor’s Degree (25%)</td>
<td>2%</td>
<td>16%</td>
<td>25%</td>
<td>19%</td>
<td>13%</td>
<td>25%</td>
</tr>
<tr>
<td>Associate Degree (11%)</td>
<td>6%</td>
<td>30%</td>
<td>30%</td>
<td>19%</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Some College, No Degree (16%)</td>
<td>7%</td>
<td>36%</td>
<td>29%</td>
<td>15%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>High School Diploma (23%)</td>
<td>12%</td>
<td>41%</td>
<td>26%</td>
<td>11%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Less than a High School Diploma (8%)</td>
<td>26%</td>
<td>50%</td>
<td>15%</td>
<td>6%</td>
<td>2%</td>
<td></td>
</tr>
</tbody>
</table>

SOURCE: The College Board, *Education Pays 2016*, Figure 2.3
Young adults with a college degree are much more likely to move up the socioeconomic ladder than those with only a high school diploma

Employment Income Quartile in 2011 by Parents’ Income and Student’s Education Level, High School Sophomores of 2002

SOURCE: The College Board, *Education Pays 2016*, Figure 2.15
Earnings vary across college majors


SOURCE: The College Board, *Education Pays 2016*, Figure 2.9
Summary

• Education provides personal and social benefits over the lifetime

• More people have been questioning the value of a college education because of:
  • Rising college prices
  • Rising student debt
  • Variation in outcomes

• Discussion
Thank You!

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