

## Background for counselors and families: Student debt

Winter 2015

*At our 17 private nonprofit colleges and universities . . .*

### **Debt levels for our graduates are similar to the levels at public universities**

The share of students at our private nonprofit colleges who are borrowing (72%) is comparable to MnSCU state universities (74%) and the U of M (65%).

And as for the amount borrowed, that is also comparable. The median debt of \$27,600 for graduates from our private nonprofit colleges is similar to the median debt of \$25,900 for graduates from MnSCU state universities and \$24,700 for graduates from the U of M. (This may be a surprise, given the larger initial list prices for a private nonprofit college education. But average grants for first-year students of \$19,500 greatly reduce our families' actual costs.)

### **Debt can be manageable**

Graduates' incomes can keep loan payments manageable. The monthly loan payment expected for the median level of student debt for those earning a bachelors' degree in Minnesota is \$208 per month. And the average earnings of graduates from Minnesota's private nonprofit colleges are \$44,400.

### **1 out of 4 graduates from private nonprofit colleges have no debt**

The most recent data show that 28% of graduates from our institutions have not borrowed for college.

### **Financial aid offices encourage families to be well informed**

Prospective students and their parents are encouraged to meet with our colleges' financial aid counselors regarding borrowing — to ensure they're well aware of the choices they're making.

### **For those borrowing, median debt levels have dropped over three years**

The most recent data from 2014 show that the median debt level for graduates from our nonprofit colleges who borrowed was \$27,600. The median was \$28,300 in 2013 and \$28,100 in 2012.

## **Default rates at our private nonprofits are low**

Default rates are an indicator of whether students are able to repay their loans. The most recent three-year default rate for graduates of our 17 private nonprofit colleges (4.1%) was far lower than the national rate for all college students (13.7%). It is also lower than the national average for other nonprofit colleges. Looking within Minnesota, our graduates' default rate is also far lower than the rate graduates of MnSCU two-year colleges (17.8%) and for-profits (13.4%), lower than the rate for MnSCU state universities (6.4%) and very close to the rate for the U of M (4.0%).

### *The statewide picture . . .*

## **Debt levels vary greatly by institution type and level of degree**

Debt levels are far greater for those with graduate and professional degrees than for bachelor's degrees. And students who had attended for-profit institutions are more likely to have taken out loans and at larger amounts than those at public or nonprofit institutions.

## **Default rates are lower in Minnesota than what is typical nationally**

Minnesota students' default rates are below the national average.

## **Graduates can get help with loan repayment**

The federal government makes income-based repayment an option for anyone with federal loans; this program limits payments based on enrolled graduates' incomes. Other important tools include refinancing and debt forgiveness, which is often tied to working in specific fields or communities.

## **Graduates' incomes continue to make debt repayment manageable**

Looking at borrowing over time, we know that monthly payment responsibility has stayed about the same for the last two decades nationally. The median borrower has consistently spent three to four percent of her monthly income on student loan payments since 1992. Increases in the average lifetime incomes of college-educated Americans have more than kept pace with increases in debt loads.

## **For undergraduates, finishing in four years reduces debt levels**

The four-year graduation rate at Minnesota's private nonprofit colleges (65%) is higher than at the MnSCU state universities (23%), the U of M (47%), and our neighboring

state's public universities. The better odds of graduating in four years matters — in terms of students starting to be able to earn an income and end their borrowing. One national study found that students who spend two more years at college hold nearly 70% more debt compared to those who graduate on time.

Sources:

"Cumulative Student Loan Debt in MN 2012-14," Minnesota Office of Higher Education, 2015  
Minnesota Department of Employment and Economic Development, Graduate Employment Outcomes data tool  
"Is a Student Loan Crisis on the Horizon?" Brookings Institute, June 2014  
"Four Year Myth," Complete College America, 2014

**For more on the value of Minnesota's private nonprofit colleges:**

visit [www.mnprivatecolleges.org/our-value](http://www.mnprivatecolleges.org/our-value)

**For more on how grants and scholarships make our colleges affordable:**

visit [www.mnprivatecolleges.org/how-pay](http://www.mnprivatecolleges.org/how-pay)

**For more on each of our colleges and universities:**

visit [www.mnprivatecolleges.org/our-colleges](http://www.mnprivatecolleges.org/our-colleges)

**For details about financial aid and admission:**

contact our institutions' [financial aid](#) or [admission](#) offices

## Minnesota's Private Colleges | Excellence within reach

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Augsburg College  
Bethany Lutheran College  
Bethel University  
Carleton College  
College of Saint Benedict  
The College of St. Scholastica

Concordia College, Moorhead  
Concordia University, St. Paul  
Gustavus Adolphus College  
Hamline University  
Macalester College  
Minneapolis College of Art and Design

Saint John's University  
Saint Mary's University of Minnesota  
St. Catherine University  
St. Olaf College  
University of St. Thomas