



Fact Sheet: College Affordability

Key Statistics

- **Total debt is up:** outstanding student loan debt now exceeds \$1.3 trillion, including more than \$300 billion in private student loans — and exceeds total credit card debt. [Federal Reserve, [1/8/15](#)]
- **Yearly debt is up:** the federal student loan program disburses seven times more today than it did in 1982, increasing from \$6.2 billion each year in 1982 to \$105 billion in 2012. [CAP, [8/30/13](#)]
- **Average debt is up:** the average graduating college senior in the class of 2013 held \$28,400 in student loan debt. [TICAS, [11/13/14](#)]
- **Borrowing is up:** Seven in ten bachelor's degree recipients who graduated in 2013 had student loan debt. [TICAS, [11/13/14](#)]

1. The Rising Costs of Attending College

- **The cost of college is skyrocketing.** For the 2014-2015 school year, in-state tuition and fees at public four-year institutions averaged \$9,139, a 2.8% increase from the 2013-2014 school year. Adjusted for inflation, between 2000 and 2011, in-state tuition at public four-year colleges and universities increased 67% and out-of-state tuition increased by 47%, far faster than inflation or costs for gasoline, health care, and other consumer items. [College Board, [2014](#); Departments of Treasury and of Education, [12/12](#); NY Times, [3/12/12](#)]
- **Students are shouldering more of the college cost burden.** As a percent of revenue, tuition and fees at public four-year colleges and universities have doubled since 1987, while the portion funded by state and local governments has declined by 24%. State funding per student has also decreased from \$10,726 per student to \$8,655 per student since 1986. [Departments of Treasury and of Education, [12/12](#); NY Times, [5/12/12](#)]

2. Student Debt Is at Record Levels and Rising

- **Student loan debt has exploded.** Over the past decade, student debt has quadrupled from \$240 billion in 2003, to more than \$1.3 trillion today. More than 40 million Americans currently have student loan debt. Between 2003 and 2013, the number of 25-year-olds with student loan debt increased from 25% to 45%. In the 2011-2012 school year, 10% of college graduates had more than \$50,000 in student loan debt compared to only 1% in the 1999-2000 school year. If current borrowing patterns continue, it is estimated that student debt levels will reach \$2 trillion in 2025. [Brookings, [5/14](#); Demos, [8/13](#); NBER, [1/15](#)]
- **Americans are increasingly relying on debt to pay for college.** Seven of ten students who graduated in 2013 had student loan debt, with an average of \$28,400 owed. In 1993, less than half of graduates took out student loans. [TICAS, [11/13/14](#); NY Times, [5/12/12](#)]
- **Student borrowers are having a tough time keeping up with mounting debt.** In 2012, 17% of student loan borrowers were 90 or more days delinquent on their loans compared to less than 10% of borrowers in 2004.

- **Student loan debt will make it harder for graduates to get ahead.** As more students are burdened by increasing debt loads to pay for college, it will be more difficult for them to move forward in life and contribute to our economy.
 - As student debt has risen, household formation has declined. From 2007 to 2011, the number of Americans ages 25 to 34 living with their parents increased from 4.7 million to 6 million. A recent study found that every new household contributes an estimated \$145,000 in economic activity. [CAP, [4/10/13](#); CFPB, [5/13](#)]
 - The national homeownership rate recently reached an 18-year low, including among young people. From 2009-2011, only 9% of 29 to 34 year olds purchased their first home compared to 17% in 2001. [CAP, [4/10/13](#), [5/16/13](#), [11/21/13](#)]
 - From 2010 to 2013, the number of young people who owned part of a new business dropped from 6.1% to 3.6%, and over the past 10 years, businesses started by someone under 34 fell from 26.4% to 22.7%. [WSJ, [1/27/15](#)]
 - An estimated 62% of workers ages 30 to 39 will not have sufficient resources to retire. This number increased by 9% from 2007 to 2010, and is significantly higher than for older age groups. [CAP, [4/10/13](#)]

3. Importance of Higher Education in Today's Economy

- **A college degree improves job opportunities.** In February 2014, the unemployment rate for workers ages 25 and older with a bachelor's degree was 3.4%, compared to 6.4% for those with just a high school diploma, and 9.8% for workers who did not complete high school. [Federal Reserve Bank of St. Louis; [3/31/14](#)]
- **A college degree is critical for moving up the economic ladder.** College graduates from low-income families are five times more likely to leave the bottom quintile of income earners than non-college graduates. Without a college degree, a child from a family in the lowest quintile of income distribution has a 45% chance of remaining in that quintile as an adult and only a 5% chance of moving into the highest quintile of income distribution. [Hamilton Project, [6/13](#)]
- **A college degree increases lifetime earnings.** A college degree is the key to economic opportunity, providing substantially higher earnings for those with a degree than those without. A worker with a bachelor's degree will earn over 75% more during their lifetime than a worker with only a high school diploma. Workers with a bachelor's degree earn an average of \$2.3 million over their lifetime, compared with \$1.3 million for those with a high school diploma. [Georgetown University Center On Education and the Workforce, [8/5/11](#)]
- **College graduates will grow the American economy.** A college education not only improves the economic well-being for individuals and their families, but can grow the overall economy. A recent study found that the U.S. could add \$500 billion to the Gross Domestic Product over the next 15 years by increasing the number of workers with post-secondary education by 20 million. [Georgetown University Center On Education and the Workforce, [6/26/11](#)]
- **An educated workforce is essential to our nation's economic competitiveness.** American companies and businesses need a highly skilled workforce to compete in the global economy. However, while the U.S. has one of the highest percentages of adults ages 55 to 64 with a college degree out of 34 developed countries, among adults ages 25 to 34, the U.S. ranks 12th, with only 41% of young adults possessing a college degree. [US News, [4/22/14](#); OECD, [2014](#)]