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.

  o 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]

  o 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]

  o 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]

  o 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]