The Issue

With student loan debt reaching approximately $1.4 trillion, critics are concerned that student loans may be the next financial bubble to burst. They cite students with loans of more than $100,000 and ballooning loan default rates. They contend that borrowing for higher education may not be worth the financial risks, especially for students who attend private institutions. Some even argue that students should not incur debt to attend college.

What is the truth? This presentation examines a number of myths about college students’ indebtedness and sets the facts straight with the most recent data available.
MYTH

Many students owe more than $100,000 when they graduate.

FACT

In 2014, only 4 percent of all borrowers owed $100,000 or more in student debt.

The average debt level of bachelor’s degree recipients at private colleges and universities is $19,900—less than the price of a modest automobile and less than 2010–2011. Meanwhile, debt at public institutions continues to rise.

Average Total Student Loan Debt per Bachelor's Degree Recipient

Source: The College Board, *Trends in Student Aid* 2017. All totals are expressed in 2016 dollars.
MYTH
High levels of student debt make private colleges unaffordable.

FACT
One quarter of students who graduated with a bachelor’s degree from a four-year private college or university did not have any educational debt.

For those with debt, the difference between the average debt levels for graduates of public versus private institutions is only $4,100.

Council of Independent Colleges, November 2017
Distribution of Total Undergraduate Debt

No Debt
- Public 4-Year: 12%
- Private 4-Year: 26%
- For-Profit 4-Year: 13%

Less than $10,000
- Public 4-Year: 6%
- Private 4-Year: 9%
- For-Profit 4-Year: 14%

$10,000 to $19,999
- Public 4-Year: 11%
- Private 4-Year: 13%
- For-Profit 4-Year: 16%

$20,000 to $29,999
- Public 4-Year: 13%
- Private 4-Year: 20%
- For-Profit 4-Year: 19%

$30,000 to $39,999
- Public 4-Year: 16%
- Private 4-Year: 13%
- For-Profit 4-Year: 16%

$40,000 or more
- Public 4-Year: 10%
- Private 4-Year: 20%
- For-Profit 4-Year: 35%

**MYTH**

The problem with high levels of debt is even worse because students don’t pay back their loans.

**FACT**

Students who attended private colleges are less likely to default on their student loans than those who attended for-profit and public institutions.

In the most recent year, only 6.5 percent of private college students defaulted on their loans, less than half the rate of students at for-profit institutions.
**MYTH**

Only wealthy families can afford to send their children to private colleges.

**FACT**

Private colleges enroll students of all financial backgrounds. In fact, private nondoctoral colleges enroll a larger proportion of low-income students than do public institutions.

Council of Independent Colleges, November 2017
Student Enrollment by Family Income Level at Four-Year Institutions in 2012

**MYTH**

It is very difficult to receive financial aid at private colleges.

**FACT**

More of the students enrolled at private colleges receive financial aid than do students at public institutions.

Students enrolled at private colleges are almost twice as likely to receive grants from their college as are students enrolled at public institutions.
MYTH

Students at public institutions receive more financial aid than do students at private colleges and universities.

FACT

Students receive more financial aid at private colleges. They receive over three times ($17,088 versus $5,476) the amount of institutional aid as do students at public institutions and over five times ($17,088 versus $3,104) as much as students at for-profit institutions.

Private colleges give students nearly six times as much institutional grant aid as does the federal government.

Council of Independent Colleges, November 2017
Average Amount of Financial Aid

<table>
<thead>
<tr>
<th>Category</th>
<th>Public 4-Year</th>
<th>Private 4-Year</th>
<th>For-Profit 4-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Financial Aid</td>
<td>$20,558</td>
<td>$19,458</td>
<td>$33,796</td>
</tr>
<tr>
<td>Institutional Grants</td>
<td>$5,476</td>
<td>$3,104</td>
<td>$17,088</td>
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<tr>
<td>Federal Grants</td>
<td>$4,629</td>
<td>$4,788</td>
<td>$4,661</td>
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<tr>
<td>Student Loans</td>
<td>$6,701</td>
<td>$8,128</td>
<td>$8,648</td>
</tr>
</tbody>
</table>

Notes: Percentages are for first-time, full-time undergraduates in aid programs during academic year 2013–2014. “Total Financial Aid” category includes aid listed as well as state and local grants. Analysis by the Council of Independent Colleges.
Independent Colleges Give Students More than Six Times as Much Grant Aid as Does the Federal Government

Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System, Finance component, various years. Data represents grant aid awarded to students at Title IV, degree-granting, U.S. private nonprofit, four-year institutions. Analysis by the National Association of Independent Colleges and Universities.

Private Colleges: Fact File
**MYTH**

All students enrolled at private colleges pay the same high tuition (irrespective of family income).

**FACT**

On average, the actual amount students pay at private colleges is less than 60 percent of the total cost of tuition.

Students with lower family incomes pay a much lower percentage of the total costs.

Council of Independent Colleges, November 2017
Average Net Price as a Percentage of the Total Costs by Family Income

Other Factors to Consider

• Over the past decade, tuition and fees at public institutions have increased twice as fast as at private colleges.

• The graduation rates at private colleges are higher than those at public and for-profit institutions, even for low-income students.

• Students at private colleges graduate much sooner (about ten months earlier) than do their peers at public institutions and 48 months earlier than students at for-profit institutions—which means fewer years of paying tuition and a quicker start at earning a salary.
Change In Inflation-Adjusted Published Tuition
1987-1988 to 2017-2018

Four-Year, Five-Year, and Six-Year Graduation Rates by Institutional Type

Six-Year Bachelor’s Degree Completion Rates for Students Who Receive Pell Grants

- **All Institutions**: 51%
- **Public 4-Year**: 48%
- **Private 4-Year**: 58%

Time to Degree by Institutional Type

Median Time to Degree
Public 4-Year: 55 months
Private 4-Year: 45 months
For-Profit 4-Year: 103 months

Source: U.S. Department of Education, National Center for Education Statistics, 2008–09 Baccalaureate and Beyond Longitudinal Study (B&B:08/09): First Look. Notes: Percentages are for 2007–2008 first-time bachelor’s degree recipients; time to degree is calculated by number of months from enrollment in postsecondary education to degree attainment for first-time bachelor’s degree recipients.
For additional information about these facts and others that describe the quality and affordability of independent colleges, please see:

www.cic.edu/MakingtheCase

For questions, please contact:

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