

# Highlights

*Trends in Student Aid 2018* reveals a continuing decline in total annual education borrowing, which fell (in inflation-adjusted dollars) in 2017-18 for the seventh consecutive year. Federal education loans per full-time equivalent (FTE) undergraduate fell from a peak of \$5,830 (in 2017 dollars) in 2010-11 to \$4,510 in 2017-18. However, the average amount borrowed by graduate students increased for the third year in a row—to \$17,990. (Figure 1)

This report also documents some of the variation in student loan repayment patterns. Although 29% of federal borrowers in repayment are now in income-driven repayment plans, 17% of all borrowers are in default. (Figures 13A, 13B). About 11% of those who entered repayment in FY14 defaulted within three years (U.S. Department of Education). Just two-thirds of federal student loan borrowers who entered repayment in 2009-10 and 2010-11 after earning a degree or certificate—and less than half of those who left school without a credential—had paid down at least one dollar of their loan principal after five years. In addition to noncompleters, the problem is particularly severe for those who attended for-profit institutions and for independent students. (Figures 14A, 14B)

The focus on student debt sometimes obscures the importance of grant aid, which has grown much more rapidly for undergraduate than for graduate students in recent years. Between 2007-08 and 2012-13, grant aid from all sources grew rapidly. However, institutional grant aid—aid awarded by colleges and universities as a discount from published prices—is the only type of grant aid that increased significantly in the last five years.

## TYPES OF STUDENT AID

**In 2017-18, undergraduate students received an average of \$14,790 per FTE student in financial aid: \$8,970 in grants, \$4,510 in federal loans, \$1,240 in education tax credits and deductions, and \$70 in Federal Work-Study (FWS). (Figure 1, Table 3)**

- Graduate students received an average of \$27,230 per FTE student in financial aid: \$8,460 in grants, \$17,990 in federal loans, \$730 in tax credits and deductions, and \$50 in FWS. (Figure 1, Table 3)
- Grant aid per FTE undergraduate rose by 42% between 2007-08 and 2012-13, from \$5,560 (in 2017 dollars) to \$7,890, and by another 14% to \$8,970 by 2017-18. (Figure 1)
- Grant aid per graduate student rose by 10% (\$740 in 2017 dollars) between 2007-08 and 2012-13 and by another 6% (\$490) between 2012-13 and 2017-18. Federal loans per graduate student rose by 13% (\$2,110) over the first five years of the decade and fell by \$30 over the next five years. (Figure 1)
- Undergraduate and graduate students received \$241.3 billion in grants from all sources, FWS, federal loans, and federal tax credits and deductions in 2017-18. In addition, students borrowed about \$12 billion from nonfederal sources. (Table 1)
- Total federal grant aid increased by 88% in inflation-adjusted dollars between 2007-08 and 2017-18. Pell Grants increased

by 64%; veterans benefits, which rose by 282%, grew from 15% of federal grants in 2007-08 to 31% in 2017-18. (Table 1)

- Federal loans to undergraduates increased by 9% between 2007-08 and 2017-18, rising by 41% over the first five years, but declining by 23% between 2012-13 and 2017-18. (Figure 3)
- FWS and Federal Supplemental Educational Opportunity Grants (FSEOG) combined provided \$1.6 billion to undergraduate students in 2017-18—1% of the total aid. (Figure 3)

## SOURCES OF GRANT AID

**Between 2012-13 and 2017-18, institutional grant aid for undergraduate students increased by \$10.4 billion in 2017 dollars (27%), rising from 37% to 44% of total grants (and from 20% to 26% of total financial aid) to undergraduates. (Figure 3)**

- Colleges and universities increased their grant aid for undergraduate and graduate students by 24%, from \$48.4 billion (in 2017 dollars) in 2012-13 to \$60.0 billion in 2017-18. Over these five years, federal grant aid declined by 12%, and grant aid from states and from employers and other private sources rose by less than 10%. (Figure 5)
- In 2015-16, low-income students enrolled full time at private nonprofit four-year colleges and universities received 63% of their total grant aid from their institutions—an average of \$16,590 per student out of a total of \$26,220. (Figure 19)
- In 2015-16, full-time students received an average of \$7,300 in grant aid at public four-year institutions and \$4,680 at public two-year institutions. (Figure 18)
- State grant aid per FTE undergraduate student rose for the fifth consecutive year in 2016-17, to \$820—an increase of \$120 (17%) since 2011-12. State grant aid per student ranged from under \$200 in nine states to over \$1,000 in 13 states. (Figures 23A, 24A)

## PELL GRANTS

**Pell Grant expenditures rose from \$17.2 billion (in 2017 dollars) in 2007-08 to \$40.1 billion in 2010-11, but declined to \$28.2 billion by 2017-18. (Figure 20B)**

- The number of Pell Grant recipients fell in 2017-18 for the sixth consecutive year, but the 7.0 million recipients represented a 27% increase from 5.5 million in 2007-08. (Figure 20B)
- The number of undergraduate students rose by 290,000 between 2007-08 and 2017-18. The number of Pell Grant recipients increased by 1.5 million. The share of undergraduates receiving Pell Grants rose from 25% to 32% over the decade. (Figure 20A)
- The average Pell Grant per recipient was \$2,590 (in 2017 dollars) in 1997-98. It increased to \$3,110 in 2007-08, peaked at \$4,300 in 2010-11, and fell to \$4,010 in 2017-18. (Figure 21A)
- The maximum Pell Grant covered 60% of average public four-year tuition and fees and 17% at private nonprofit four-year institutions in 2018-19. (Figure 21B)

## DISTRIBUTION OF STUDENT AID

**In 2016-17, 49% of Pell Grant recipients were dependent students. Seventy-three percent of this group came from families with incomes below \$40,000. (Figure 22B)**

- In 2016-17, 20% of Pell Grant recipients were over the age of 30. (Figure 22A)
- The share of the savings from education tax credits and deductions going to households with adjusted gross income (AGI) below \$25,000 rose from 14% in 2006 to 22% in 2016. The share going to those with AGI over \$100,000 rose from 1% to 24%. (Figure 26A)
- In 1981-82 and before, virtually all state grant aid was based on students' financial circumstances. The share that was need-based declined gradually to a low of 71% in 2010-11. From 2013-14 through 2016-17, 76% of state grant aid was need-based. (Figure 23A)
- In 2016-17, half of the states considered students' financial circumstances in allocating at least 95% of their state grant aid. Fifteen states considered students' financial circumstances when awarding less than half of their state grant aid. (Figure 23B)
- In 2015-16, private nonprofit four-year institutions with tuition and fees of \$45,000 or higher awarded, on average, about two and a half times as much grant aid to dependent students from families with incomes below \$35,000 as to those from families with incomes of \$120,000 or higher (\$33,260 vs. \$12,840). At institutions with tuition and fees of less than \$25,000, students from families with incomes of \$70,000 or higher received more institutional grant aid, on average, than those from families with lower incomes. (Figure 25A)
- In 2015-16, public doctoral universities distributed 62% of their institutional grant aid without regard to students' financial need; at public master's universities, it was 71%. (Figure 25B)

## STUDENT BORROWING

**In 2017-18, annual education borrowing declined for the seventh consecutive year. Students and parents borrowed \$105.5 billion, down from \$127.7 billion (in 2017 dollars) in 2010-11. (Figure 6)**

- Federal loans per FTE undergraduate student declined in 2017-18 for the seventh consecutive year—from \$5,830 (in 2017 dollars) in 2010-11 to \$4,510 in 2017-18. (Figure 1)
- Federal loans per FTE graduate student declined from a peak of \$19,180 in 2010-11 to \$17,340 in 2014-15, before rising to \$17,990 in 2017-18. (Figure 1)
- The share of federal loans going to graduate students increased from 32% to 40% between 2002-03 and 2017-18. The percentage of FTE postsecondary students who were graduate students increased from 13% to 14% over these 15 years. (Figure 9A)
- In 2017-18, 29% of undergraduates borrowed an average of \$6,570 in subsidized and unsubsidized Direct Loans, a decline from 37% borrowing an average of \$6,790 in 2012-13; in 2007-08, 30% of undergraduates borrowed an average of \$6,360. (Figures 9B, 12)

- The number of parents borrowing PLUS Loans in 2017-18 was 12% of the number of undergraduates taking subsidized and unsubsidized Direct Loans, but the average parent loan was \$16,450, 2.5 times as much as the average undergraduate student loan. (Figure 9B)
- Borrowing through the Grad PLUS program rose by 27% (\$2.2 billion in 2017 dollars) between 2012-13 and 2017-18. (Figure 6)
- Nonfederal education loans fell from about \$26 billion (in 2017 dollars) in 2007-08 to \$9 billion from 2009-10 through 2011-12, and rose to about \$12 billion in 2017-18. (Figure 6)

## STUDENT DEBT

**As of March 2018, 52% of the outstanding federal education loan debt was held by the 14% of borrowers owing \$60,000 or more; 56% of borrowers with outstanding debt owed less than \$20,000. (Figure 11)**

- The share of 2015-16 bachelor's degree recipients who borrowed \$50,000 or more for their undergraduate studies ranged from 7% of those who earned their degrees at public institutions to 32% of those who graduated from for-profit institutions. Overall, 11% borrowed this much. (Figure 16)
- In 2015-16, 5% of master's degree recipients, 20% of doctoral degree recipients, and 50% of professional degree recipients borrowed \$100,000 or more to fund their graduate school study. (Figure 17)
- In 2016-17, the 59% of bachelor's degree recipients from public and private nonprofit institutions who borrowed graduated with an average of \$28,500 in debt. (Figure 15)
- Average debt among public four-year college graduate borrowers rose by 16% (\$3,700 in 2017 dollars) between 2006-07 and 2011-12 and by 3% (\$700) between 2011-12 and 2016-17. Among private nonprofit bachelor's degree recipients, the increases were 6% (\$1,700) between 2006-07 and 2011-12 and 3% (\$900) between 2011-12 and 2016-17. (Figure 15)
- In 2015-16, parents of 9% of dependent undergraduate students borrowed through the Parent PLUS program. (Figure 10A)
- The share of undergraduate students taking private student loans fell from 14% in 2007-08 to 6% in both 2011-12 and 2015-16. (Figure 10B)
- Sixty-seven percent of federal student loan borrowers who entered repayment in 2009-10 and 2010-11 after earning a degree or certificate had paid down at least one dollar of their loan principal after five years. This repayment rate was 41% for noncompleters. (Figure 14A)
- After seven years, 41% of borrowers from for-profit institutions had reduced their loan balances by at least one dollar. This repayment rate was lower than the one-year repayment rates in all other sectors. (Figure 14B)