

Understanding Student Loan Debt

Average debt for students attending public colleges is declining

Attending college remains a good investment

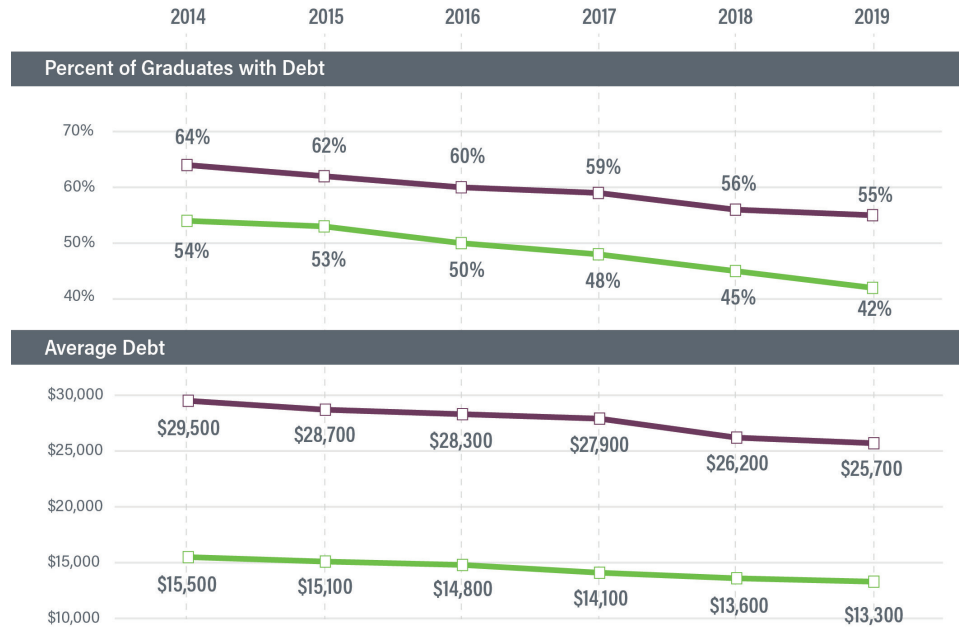
When adjusting for inflation, debt levels at two and four-year institutions have declined since 2014.

Less than one percent of associate-degree graduates accrued debt greater than \$30,000 and only 10 percent of bachelor's degree graduates accrued debt greater than \$40,000.

BACHELOR'S DEGREE
ASSOCIATE'S DEGREE

Source: Student Unit Record Data System (SURDS) data linked to Colorado Department of Labor and Employment Unemployment Insurance (UI) Wage Records.

Tables include inflation-adjusted numbers for students graduating with debt who were classified as resident students at the time of their graduation.



To compare, let's look at a similar cost investment: buying a car. Student loans and auto loans make up approximately the same amount of consumer debt, but the returns are dramatically different.

Consumer Debt Calculations: <https://www.newyorkfed.org/newsevents/news/research/2019/20190212>
Car Depreciation: <https://goodcalculators.com/car-depreciation-calculator/>
Degree Appreciation: Internal Calculations

Student Loan Debt

11 percent of total consumer debt

Average debt for a 4-year degree: **\$25,700**

Appreciates 8% every year for the first four years after graduation and 4% each year after

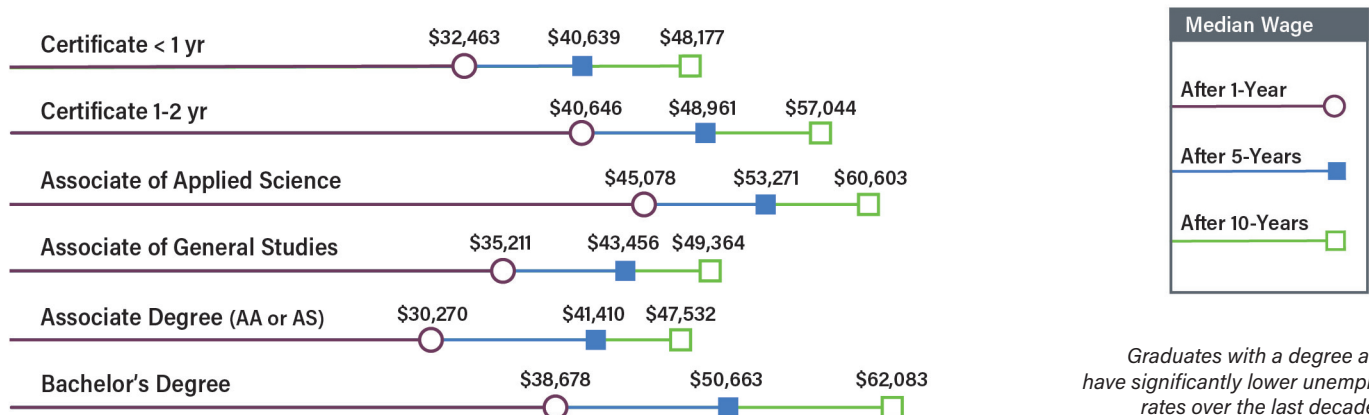
Auto Loan Debt

9 percent of total consumer debt

Average debt: **\$31,100** for a new car **\$19,600** for a used car

Depreciates 15% per year

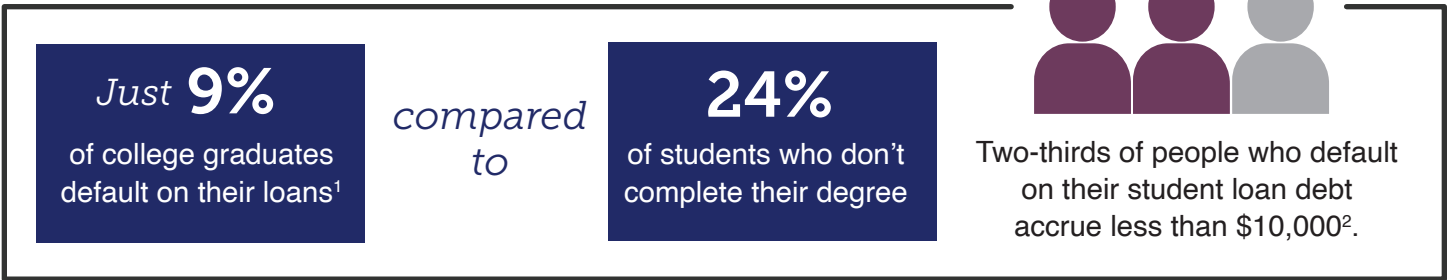
Median Wage Outcomes for Graduates Over 10 years



Graduates with a degree also have significantly lower unemployment rates over the last decade.

How to make the most of student loans

Although taking on debt seems daunting, it's a tool to make college affordable— as long as students finish what they start:



There are also several programs that can help reduce graduates' debt burden once they begin working:

Income Driven Repayment

These plans make payments manageable by basing them on a borrower's ability to pay. Graduates pay lower amounts over a longer period and may qualify for loan forgiveness at the end of the loan term (*typically after 15 to 25 years*).

Student Loan Forgiveness

The federal government allows teachers in high needs areas and individuals who work in public service for more than 10 years to have their student loans forgiven after a shorter time frame if they meet the program requirements.

Colorado holds loan servicers accountable

In 2019, Governor Jared Polis signed SB19-002, [Regulate Student Education Loan Services](#), which creates a new student loan ombudsperson in the Colorado Attorney General's office and provides other important protections for student loan borrowers.

Why does the average debt seem less than what's often reported nationally?

These data reflect undergraduate debt taken on by students attending Colorado public institutions. Debt accrued while attending graduate school, private schools, for-profit educational institutions or out-of-state institutions generates higher averages as reported in other sources.

¹ <https://research.collegeboard.org/pdf/trends-student-aid-2016-full-report.pdf>, p4.

² <https://research.collegeboard.org/pdf/trends-student-aid-2019-full-report.pdf>, p.18.

For More Information



Colorado Department of Higher Education
<https://higher.ed.colorado.gov/>

The Roadmap to Containing College Costs and Making College Affordable:
<https://higher.ed.colorado.gov/Publications/Reports/Roadmap-to-Containing-College-Costs-and-Making-College-Affordable.pdf>

Colorado Rises: Advancing Education and Talent Development
<http://masterplan.highered.colorado.gov/>

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