

Who Is Borrowing for College?

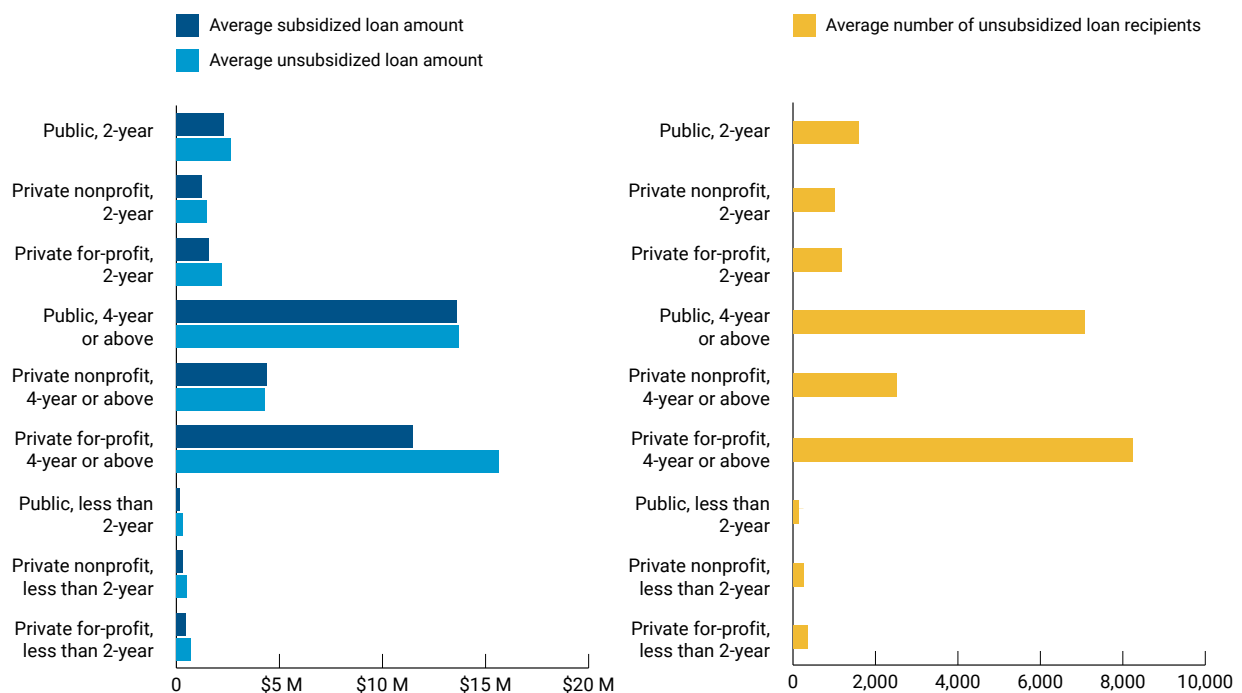
MAY 2022

Though loan payments are paused for many federal student loan borrowers, loan debt remains top of mind for many students and their families. All institution types are carefully monitoring their students' borrowing to determine if students are taking on more than they can repay. Federal data from 2019 show that undergraduate student borrowing patterns are similar across sectors, a promising indicator that higher education as a whole is trying to minimize undergraduate student loan debt. Graduate student borrowing data, however, offer a note of caution for some institutions.

Undergraduate student loan borrowing

The number of borrowers and total amounts disbursed are proportional across sectors, indicating that students overall may be borrowing about the same amount for the same degree types across all types of institutions. The number of borrowers and total amount borrowed for undergraduates at private nonprofit institutions is markedly less, though this is to be expected given their smaller enrollments.

Figure 1: Undergraduate Loan Disbursements



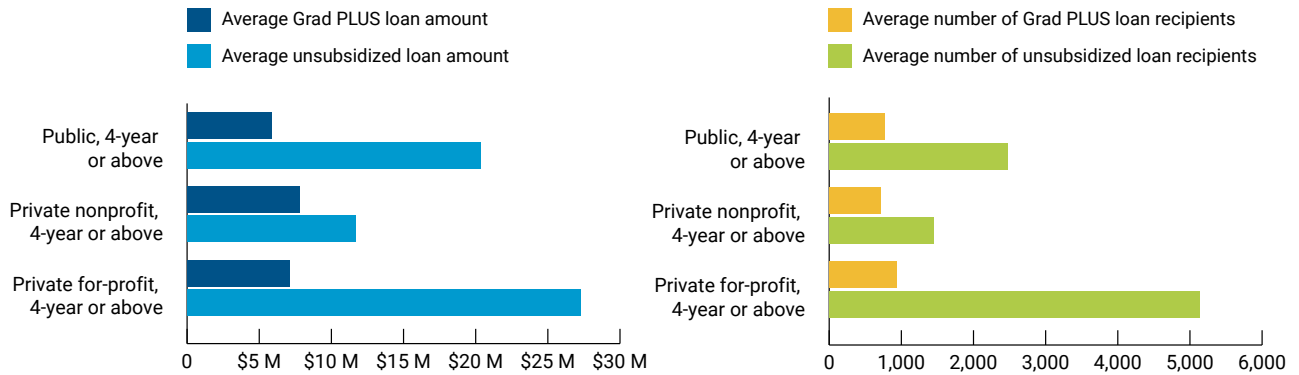
Source: Calculations based on data from Federal Student Aid, "2019–2020 Award Year Direct Loan Volume by School, Quarter 4," *Title IV Program Volume Report* (Washington, DC: U.S. Department of Education, 2022); College Scorecard Institutional Data, 2018–19 (Washington, DC: U.S. Department of Education, 2022).



Graduate student loan borrowing

Unlike undergraduate borrowing, total amounts borrowed for graduate loans are higher than expected at public four-year institutions, especially in the unsubsidized loan program. While there are far fewer graduate borrowers than undergraduate borrowers on average, the total amount that institutions disburse to graduate students is far greater.

Figure 2: Graduate Loan Disbursements



Source: Calculations based on data from Federal Student Aid, "2019–2020 Award Year Direct Loan Volume by School, Quarter 4," *Title IV Program Volume Report* (Washington, DC: U.S. Department of Education, 2022); College Scorecard Institutional Data, 2018–19 (Washington, DC: U.S. Department of Education, 2022).



Policy connections

Since the federal government allows graduate students to borrow up to the total cost of attendance, many graduate programs at all institution types have seen rapid growth in student debt. This is in part due to increased enrollment, but is also the result of increased reliance on student loans to pay for graduate school. Institutions cannot limit student borrowing from federal loan programs, but they can review program-level data and average graduates' earnings in the Department of Education's College Scorecard to determine which graduate programs may have excessive levels of borrowing and debt. Research shows that some informational interventions, such as debt letters or enhanced counseling services, effectively change students' borrowing behavior.