

CENTRAL WASHINGTON UNIVERSITY

EASTERN WASHINGTON UNIVERSITY

THE EVERGREEN STATE COLLEGE

UNIVERSITY OF WASHINGTON

WASHINGTON STATE UNIVERSITY

WESTERN WASHINGTON UNIVERSITY



WASHINGTON STATE

Council of Presidents

Student Loan Debt

House College & Workforce
Development Committee

Paul Francis, Executive Director

September 2019

Introduction

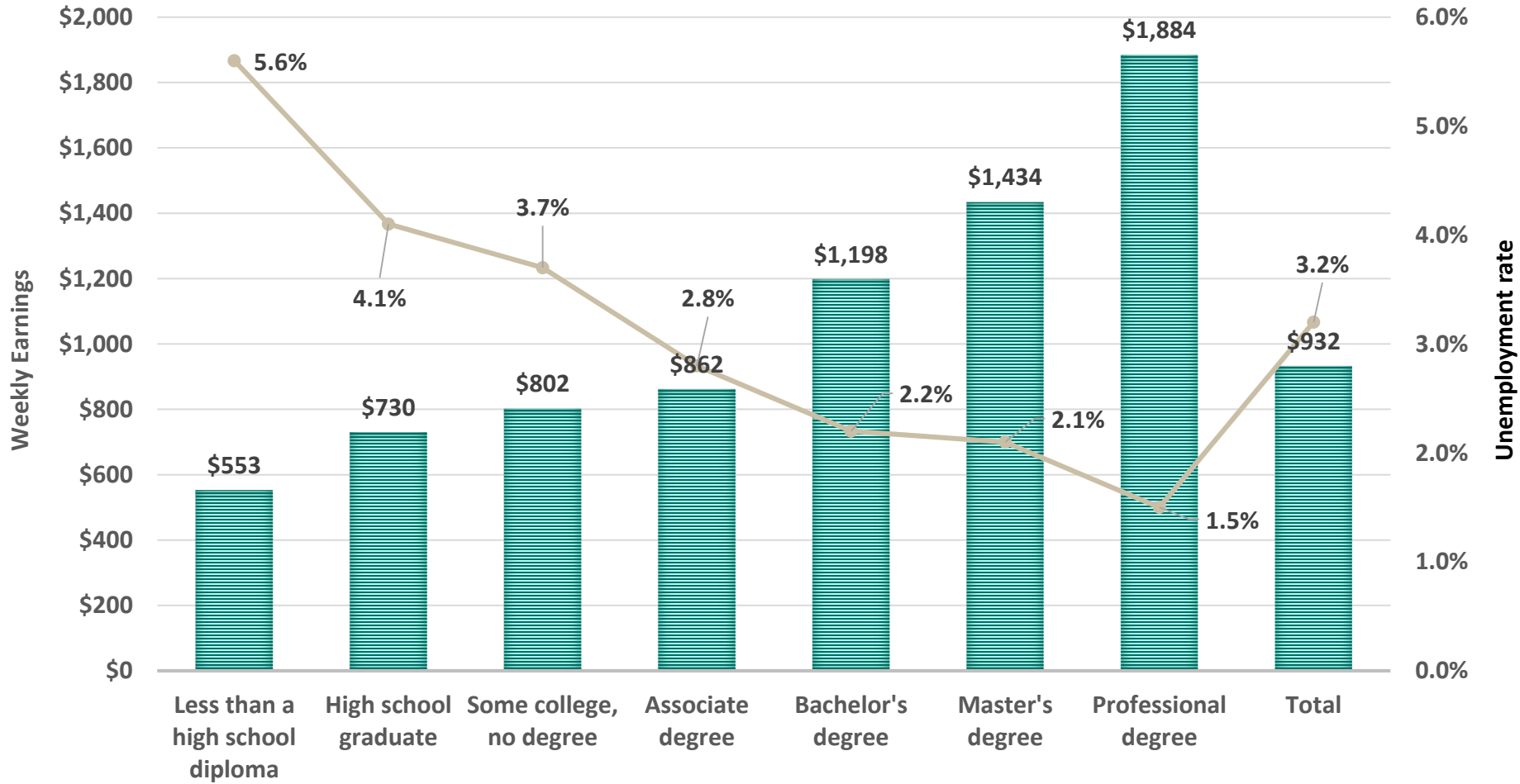
- **Student debt load is impacted by a number of key factors:**
 - Tuition policy/state funding
 - Type of institution attended
 - Level of degree obtained
 - Availability of gift aid
 - Family resources
- **Focus today will be on undergraduate students**
- **There are numerous trends and nuances underlying the data**
- **Students across all income levels borrow to finance their education**
- **There are real students behind each of these numbers and policies**

Washington Graduates Have 6th Lowest Student Loan Debt

- A 2019 report by LendEDU ranked Washington 6th best among all 50 states for average student loan debt:

Rank	State	Average Student Loan Debt Per Borrower Over 4 Years	Proportion of 2018 Graduates with Student Loan Debt
1	Utah	\$19,742	36%
2	New Mexico	\$22,115	52%
3	Alaska	\$22,155	38%
4	California	\$22,530	49%
5	Nevada	\$22,600	51%
6	Washington	\$23,671	50%
49	New Hampshire	\$36,754	76%
50	Connecticut	\$38,776	57%

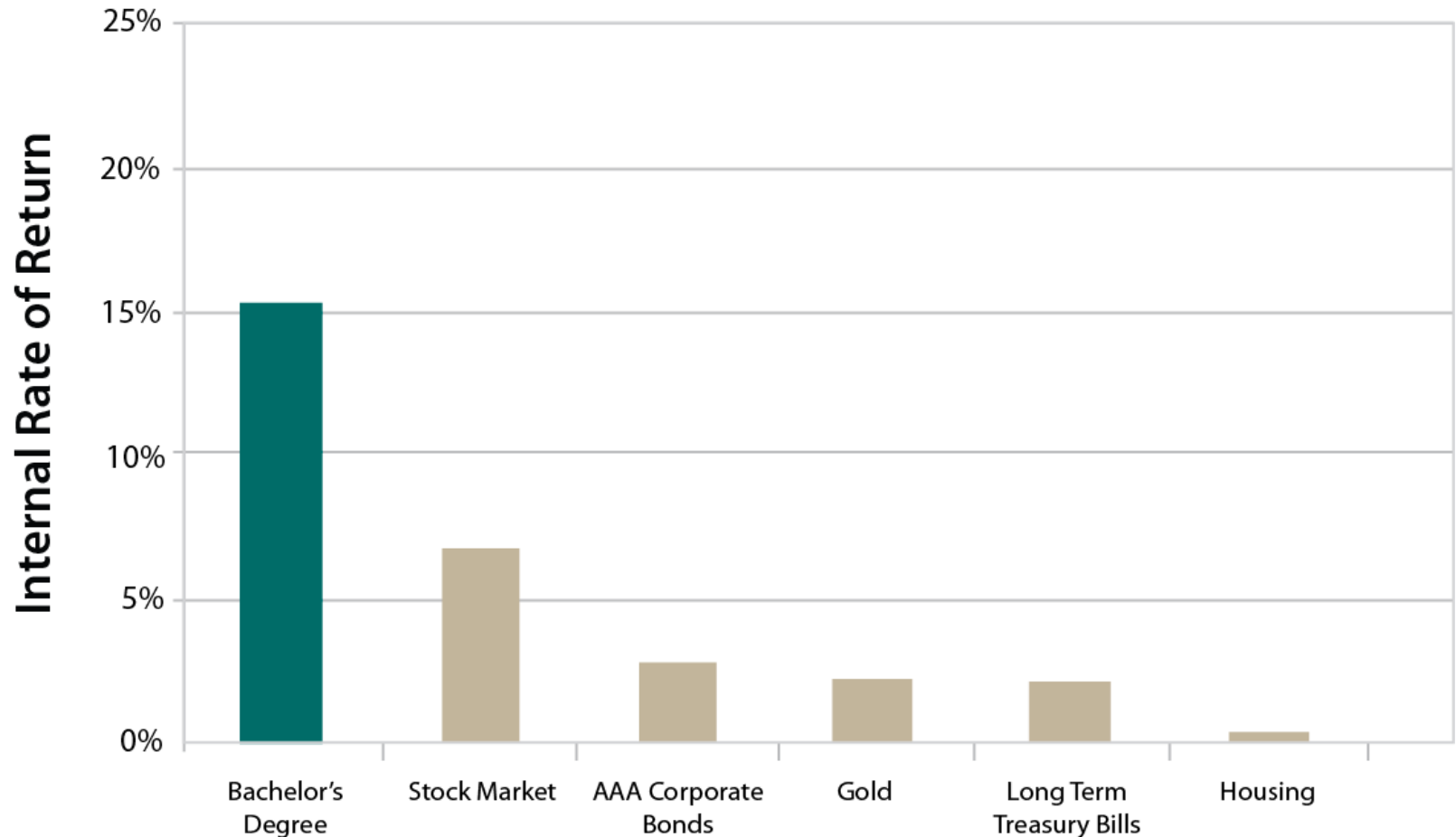
Education Pays



Note: Data are for persons age 25 and over

Source: Elka Torpey, "Education Pays," Career Outlook, U.S. Bureau of Labor Statistics

College Compared to Alternative Investments



Note: Asset returns are geometric averages since 1950. Source: Author's calculations of IRR, values adjusted for inflation using the CPI-U; March Current Population Survey (CPS) 2007-2010 averages; National Mining Association; National Center for Education Statistics; Robert Shiller online data, Long Term Treasury Bills have 10 year maturities after 1953; Federal Reserve Bank of St. Louis.

Student Loan Debt Facts

- 48% of the Class of 2017 graduated from a Washington baccalaureate degree-granting institution with no student loan debt
- Average undergraduate student loan debt in WA was \$23,936
- Most of Washington's public four-year institutions are in the top 200 lowest student public institutions for debt
- Cumulatively the three year student loan default rate for graduates from Washington's public four-year institutions is 4.7%; compared to the national average of 11.5%
- 40% of student loan balances in 2013 were less than \$10,000; 69% were less than \$24,999 and 4% were over \$100,000
- Cumulative debt of bachelor's degree recipients in 2012:
 - 46% had less than \$10,000 at public four-year institutions
 - 33% had less at private, nonprofit four-year institutions
 - 16% at for-profit four-year institutions.

Recent State Actions to Address Student Loan Debt

- **2015: Reduction in resident undergraduate tuition (SB 5954)**
 - At the public four- and two-year institutions.
- **2018: Student Opportunity, Assistance, and Relief Act (HB 1169)**
 - Repealed all provisions that allow an agency to suspend a professional license due to student loan default, if reported by a lending agency, except for escrow agents.
- **2018: Student loan bill of rights (SB 6029)**
 - Created a student loan advocate position at WSAC.
- **2019: Full funding for the Washington College Grant (HB 2158)**
- **2019: Creation of the Washington Student Loan Refinancing Program (HB 2158)**
 - Requires WSAC to contract with up to 5 financial institutions to refinance student loans. The financial institutions have two options to assist them in refinancing student loans: an interest rate buy down incentive or a loan loss reserve coverage.

Institutional Efforts

- Institutional aid
- Emergency loans
- Financial literacy resources
- Tax preparation assistance
- Payment plans
- Publications on how students can manage their educational expenses effectively, including materials on how to create a budget, loan repayment options, scholarship and grant opportunities
- Implementation of SB 5022:
 - Requires institutions to provide enrolled students who have applied for financial aid with notification regarding their student loans as well as consumer information about loans and loan repayment and forgiveness programs by July 1, 2018
 - Notifications must include information available resources
 - Requires COP and other higher ed and state agencies to report on implementation by December 1, 2019 and biennially thereafter until December 2025





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