

# College Students' Borrowing Hits An All-Time High

by LARRY ABRAMSON



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College students who graduated in 2010 carried 5 percent more debt than in the previous year, according to new data. In this photo from last December, a student fills out an application for a chance to win a scholarship worth \$30,000, at a Cash for College event organized by the California Student Aid Commission.

student was \$25,250.

The figures are gathered from more than 1,000 colleges and do not include for-profit schools, where enrollment has been climbing, and where loan levels tend to be much higher.

Now, you might expect the most expensive schools to have the highest levels of debt. Asher says that's not necessarily the case.

"Even colleges with the same sticker prices and similar student bodies can have very different shares of students with debt," she says, "and very different average debt for those who borrow."

So, a low-cost, public school like Alabama A&M produces graduates with an average debt of more than \$31,000. The school says that it's simply a result of shrinking state support for the historically black college.

Meanwhile, the sticker price for Williams College, in Massachusetts, is around \$55,000 a year. But students there only borrow around \$8,000 on average. Spokesman Jim Kolesar says that's a result of a \$1.7 billion endowment. It's also part of the school's commitment to admit everyone who qualifies, regardless of need.

Kolesar says "the vast majority of the way the debt need is met is through grants." Only families making around \$75,000 a year or more are expected to take out loans.

## Overwhelmed By The Numbers

If these numbers are a little overwhelming to you, you are not alone. Families and students get

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Students are borrowing more money to pay for college than ever before. New data show that students who graduated in 2010 carried 5 percent more debt than in the previous year. And education debt is expected to grow in the coming years, as students struggle to pay higher tuition costs.

Last week, we learned that [college tuition costs](#) went up around 5 percent. This week, the [Project on Student Debt](#) reports that student debt went up by about the same amount.

## Average Debt Tops \$25,000

Lauren Asher tracks loan amounts for the student debt project, a California nonprofit. She says that in 2010, the debt of the average

confused by the aid process. Sometimes, they choose schools that end up costing them more than they expect, and that leads to more debt. The federal government is trying to clear up the confusion.

Raj Date of the new Consumer Financial Protection Bureau says his agency is teaming up with the Department of Education to clarify confusing terms in financial aid offers.

"You might have a loan that is called an institutional loan," he says. "In another school, the same loan might be called a private loan. But it's describing the same thing."

The hope is that the information will help students avoid a lifetime of debt that cannot be discharged in bankruptcy. The White House is also expanding programs that limit how much of their income students must pay.

Date says that it's all part of an effort to police the huge amount of debt held by students, which is now in the trillion-dollar range. "Student lending is bigger than the credit card business," he says. "It is bigger than the auto finance business."

## An Uncertain Future

One big question: Will these numbers continue to grow? Lauren Asher says the numbers for the class of 2010 could have been worse. But, she says, "there were substantial increases in grant aid for students, particularly the federal Pell Grant."

Budget hawks in Congress have given every sign that students cannot expect more increases in the future. That could make substantial debt the norm for more and more students.

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**Peter Melzer** • a year ago

The reason for the steady increase in tuition is that even at not-for-profit institutions in this country education is understood as a business that is supposed to cover its cost. You may be surprised, however, that most of what you see on campus is not paid from your