

Analyzing the Uncertainty of the Student Debt Crisis

Stephen Listisen, John Glenn College of Public Affairs, The Ohio State University



INTRODUCTION

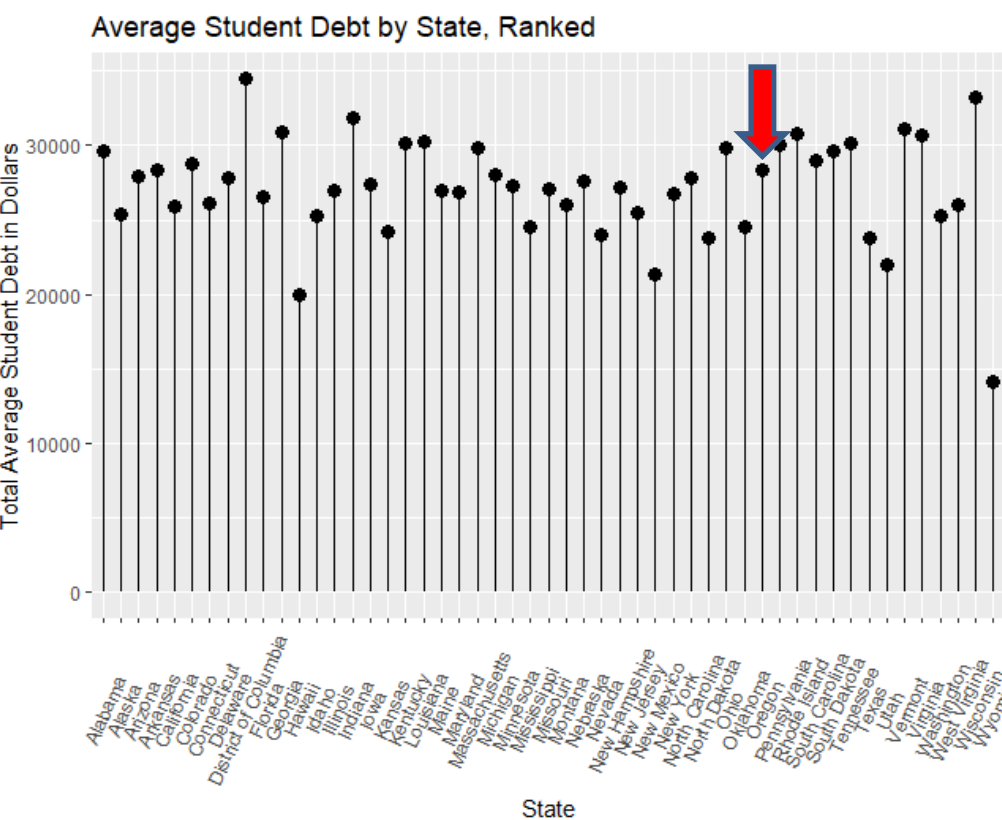
For decades in the United States, student debt has been a growing problem that has now evolved into a crisis, leaving policymakers in a search for solutions to the now-estimated \$1.5 trillion owed by more than 44 million Americans.

Before deciding how to remedy the student debt crisis, it is imperative to understand trends in student debt; more specifically, knowing how much debt individuals owe, the characteristics of individuals with student debt (like location) what kinds of institutions these individuals attend, and what types of degrees they seek.

College Scorecard² and Federal Student Aid³ Data published by the United States Department of Education provides data about federal loans debt, but does not include state or private loans. This means that all information published about student debt is somewhat incomplete and does not paint a full picture of the problem.

AIM

The purpose of this exploratory analysis was to get a clearer idea of what kind of data is available about student debt and loans, take a closer look at what data sources are currently being used to rank student debt by state, and understand trends in student debt and default rates by state, paying special attention to Ohio.



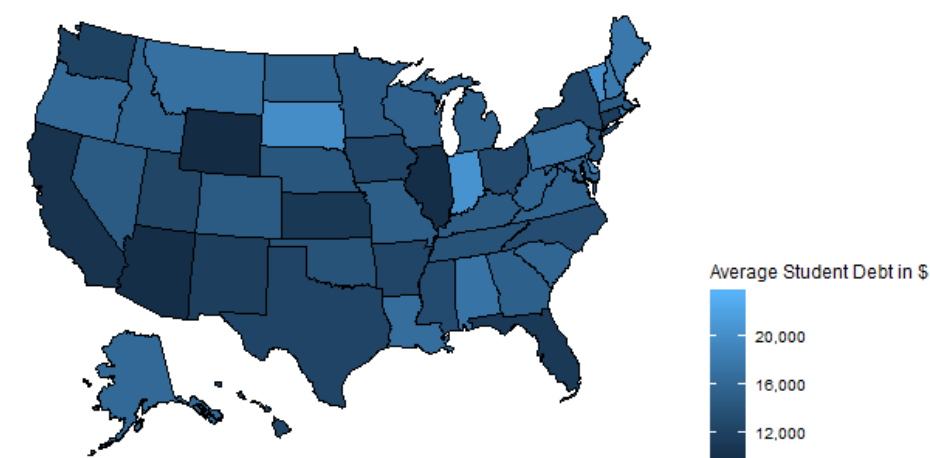
The chart shown above ranks the fifty states and Washington, D.C. by average student debt. Ohio ranks 39 out of 51 when looking at states with the most overall average student debt; the average Ohio student has \$29,871 in student debt.

METHODS

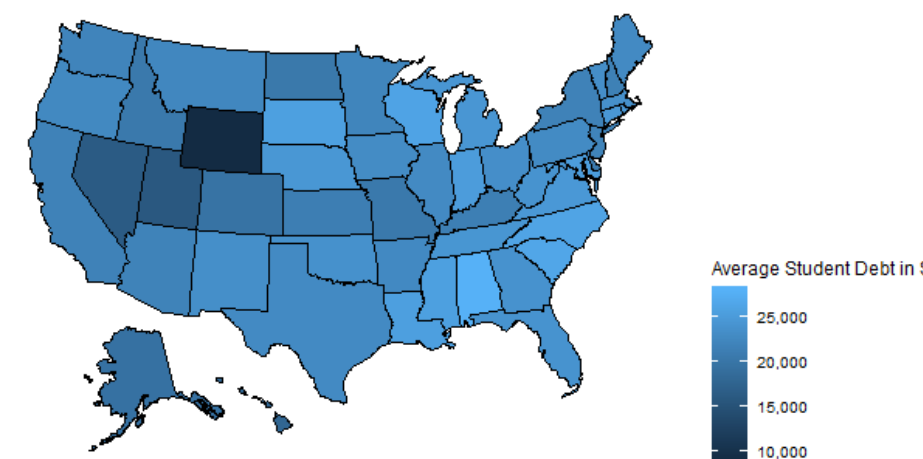
The statistical programming language R was used to read, clean, manipulate, and visualize two datasets: College Scorecard Data and Federal Student Aid Data, both published by the United States Department of Education. Both datasets are published to give individuals a transparent look at financial outcomes of students by college in the United States. College Scorecard Data from 2016-17 was used, while Federal Student Aid Data about default rates from the years 2013-15 was used; both are the most recently published datasets on the topics. The Data was filtered to only include institutions that grant associate, bachelor, and graduate degrees in the fifty states and Washington, D.C.

Average Student Debt by Control of Institution (2016-17)

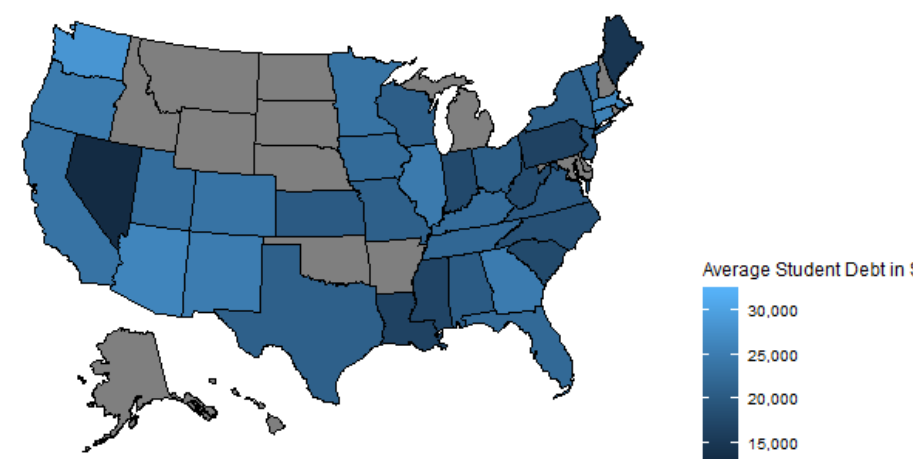
Average of Median Student Debt for Graduates of Public Institutions



Average of Median Student Debt for Graduates of Private, Non-Profit Institutions

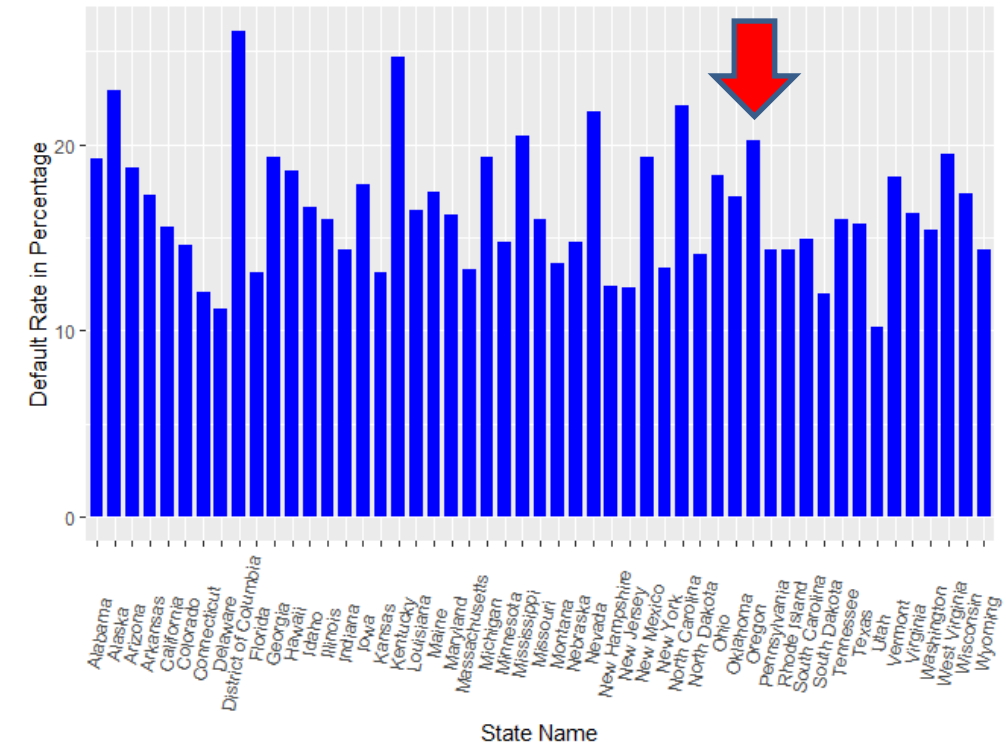


Average of Median Student Debt for Graduates of Private, For-Profit Institutions

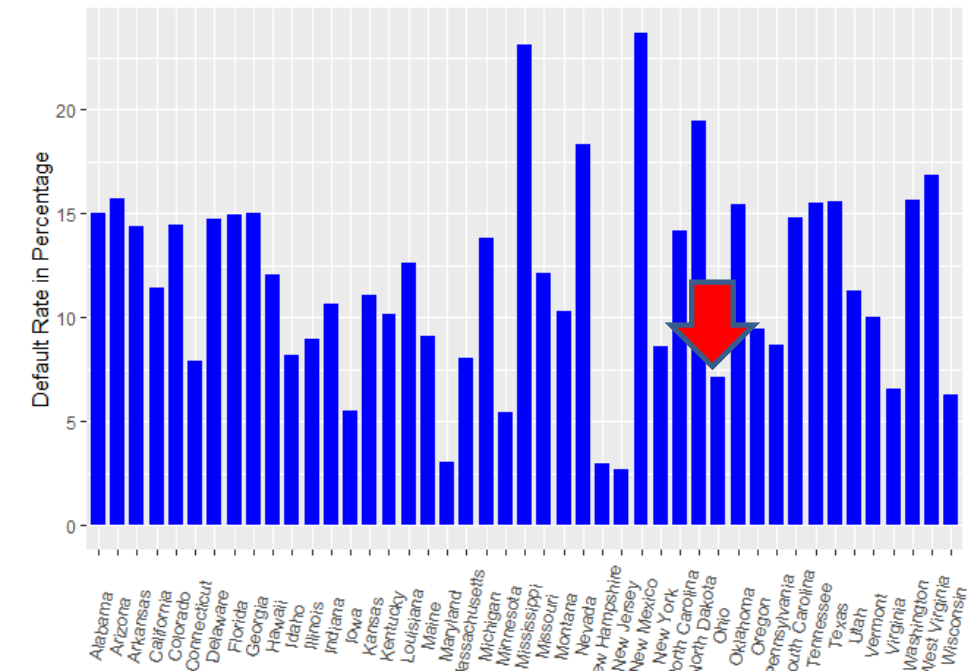


Average Default Rate by Program Length (2013-15)

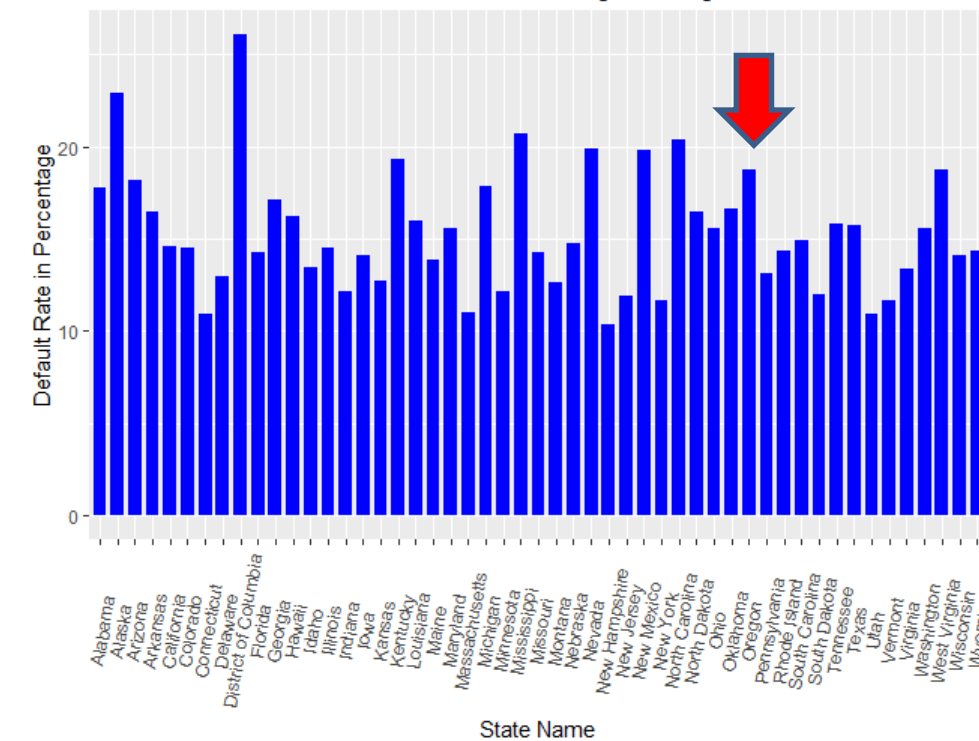
Default Rates for Students in Associate Degree Programs from 2013 - 2015



Default Rates for Students in Bachelor Degree Programs from 2013 - 2015



Default Rates for Students in Graduate Degree Programs from 2013 - 2015



RESULTS

In looking at the differences in median student debt by control of the institution, Ohio ranks:

- 16th out of 51 for debt held by graduates of public college
- 30th out of 51 for debt held by graduates of private, non-profit colleges
- 15th of the 36 states that have private, proprietary colleges

Graduates of private, proprietary institutions tend to have the most student debt, followed by graduates of private, for-profit institutions, and graduates of public colleges tend to have the least student debt.

When examining average default rates by program length, Ohio ranks:

- 38th of 51 for students who attended programs for associate degrees
- 8th of the 45 states reporting data for students who attended bachelor degree programs
- 31st of 51 for students who attended graduate degree programs

Associate degree programs have alarmingly high average default rates across the board, more than most bachelor and graduate degree programs.

CONCLUSIONS

While neither dataset gives an entirely accurate picture of student debt in the United States, it is important to examine the available federal data on student debt and default rates. Ohio specifically shows strength in lower-than-average federal student debt for graduates of public colleges and default rates for students who attended bachelor degree programs. The following recommendations represent suggestions to better understanding and alleviating the student debt crisis in the United States:

- Encourage institutions to collect more comprehensive financial data about students, including private loan information
- Increase/maintain state financial aid, like the Ohio College Opportunity Grants (OCOG)
- Further financial subsidization of community colleges and associate degree education

BIBLIOGRAPHY

1. Friedman, Z. (2019, June 03). Student Loan Debt Statistics In 2019: A \$1.5 Trillion Crisis.
2. College Scorecard Data, United States Department of Education.
3. Federal Student Aid Data, United States Department of Education.

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