DEEPER IN DEBT

WOMEN AND STUDENT LOANS

AAUW
empowering women since 1881

DEEPER IN DEBT

WOMEN AND STUDENT LOANS

AAUW

empowering women since 1881

Published by AAUW
1310 L St. NW, Suite 1000
Washington, DC 20005
www.aauw.org
connect@aauw.org
202.785.7700

Printed in the United States of America

First printing: May 2017

126-17

Contents

Foreword

Since 1881 the American Association of University Women has worked to ensure that women share fairly in the rewards of higher education in terms of social and economic mobility and equity, the creation and open exchange of transformational ideas, and citizen engagement and leadership. And AAUW's dream for women's equity in education has been realized: Women are succeeding in higher education—outnumbering men—and women's success in education is shrinking the gender pay gap and creating greater opportunities for women.

But in order for higher education to continue to serve as an engine for economic mobility, intellectual development, and cultural growth, it must remain accessible to all. Affordability is a necessary part of access to higher education, but higher education today is heavily financed by student loans. This report reveals that student loans are burdening women disproportionately. Time spent in college now sometimes means unmanageable student debt that drags down those seeking greater opportunity, especially low-income women, women of color, and women who drop out before completing a degree or credential. Students are at risk of having their college dreams turn into financial nightmares. This is why AAUW is advocating college affordability, debt-free aid for low-income students, and resources that help students at risk of dropping out to complete their college programs successfully.

I hope this report helps readers better understand the obstacles facing women who are entering and leaving college today. The potential of higher education to improve even more women's lives should not be impeded by debt.

Patricia Fae Ho
AAUW Board Chair

Acknowledgments

This report was written by AAUW Senior Researcher Kevin Miller, Ph.D. AAUW research interns Raina Nelson and Sarah Dice provided assistance with the literature review. AAUW Vice President of Art and Editorial Anne Elizabeth Powell and Senior Editor Kathryn Bibler commented on drafts of the report and edited the final version. AAUW Graphic Designer Morgan Wootten designed and produced the report and Senior Designer Allison VanKanegan designed and produced the charts and graphs.

For the comments and suggestions on an early draft of the report, AAUW thanks Tressie McMillan Cottom, Ph.D., an assistant professor of sociology at Virginia Commonwealth University; Sara Goldrick-Rab, Ph.D., a professor of higher education policy and sociology at Temple University; Nicholas Hillman, Ph.D., an associate professor of educational leadership and policy analysis at the University of Wisconsin-Madison; Mark Kantrowitz, the publisher and vice president of strategy for Cappex.com; and Persis Yu, J.D., the director of the National Consumer Law Center's Student Loan Borrower Assistance Project. We also thank Institute for College Access and Success staff members Diane Cheng, the associate research director; Debbie Cochrane, the vice president; and Jennifer Wang, J.D., the Washington, D.C., office director.

AAUW gratefully acknowledges the members of the Mooneen Lecce Giving Circle for their generous support of this report as well as our members and other supporters.

Executive Summary

Over the course of the past few decades student loans have become an increasingly common means of paying for a college education. Most students who complete a college program now take on student loans, and the amount of student debt that students assume has increased along with the price of attending college. At this time about 44 million borrowers in the United States hold about $1.3 trillion in outstanding student loans.

The scale of outstanding student loans and an increasing share of borrowers who fail to repay mean that many Americans have become aware of student debt as a challenge for society and for individual borrowers. But many do not think of student debt as a women's issue despite the fact that women represented 56 percent of those enrolled in American colleges and universities in fall 2016. This report reveals that they also take on larger student loans than do men. And because of the gender pay gap, they have less disposable income with which to repay their loans after graduating from college, so they require more time to pay back their student debt than do men. As a result, women hold nearly two-thirds of the outstanding student debt in the United States.

This report is intended to offer a broad overview of how student debt became a women's issue and in doing so change the conversation around student debt to include gender-based analysis and solutions. The analysis examines the experiences of women as a diverse population and presents statistics by race and ethnicity as well as other demographics. The report relies heavily on publicly available federal government survey data as well as published studies undertaken by academics and organizations researching the issue of student debt.

Chapter 1 examines the changing nature of higher education, focusing on women's gains in educational attainment, changes in how higher education is financed, and the implications of student debt. Understanding the origins of our system of higher education and the student debt upon which it relies is crucial to understanding how that system can be improved. Chapter 2 documents the scale of the student debt problem for society and for individuals, focusing on understanding the impact of gender and the debt accrued by women and men of different race/ethnicity groups. The individual consequences of student debt are explored in chapter 3, which addresses the difficulty experienced by women in repaying student loans, as well as the impact of student debt on subsequent financial decision making. Chapter 4 provides concluding findings and recommendations in the hope of changing the conversation around student debt to formulate solutions that address the struggles faced by women.

College students today are more diverse than ever. Once rarities who received but a small fraction of college degrees when AAUW was founded in 1881, women now earn 57 percent of bachelor's degrees from American colleges and universities. There have also been large increases in the representation of racial and ethnic minorities in college enrollment; between 1976 and 2014 the portion of enrolled college students who were not white more than doubled from 16 percent to 42 percent. However, this increased diversity within colleges and universities has occurred alongside the increased price of attendance. Though median household incomes in the United States have barely budged since 1976, the median price of college attendance has more than doubled since then. The gap between household incomes and the price of attendance is being filled by student loans, which are readily available to almost all college students but also difficult to discharge in bankruptcy, meaning they are risky investments for some of the students who rely on them to attend college.

As student loans have become commonplace few people have examined the role of gender in how much debt students take on. AAUW's analysis of federal government data has found that women are more likely to take on debt (44 percent of female undergraduates take on debt in a year compared to 39 percent of male undergraduates). On average women take on more debt than men at almost every degree level and type, from associate degrees to doctoral degrees and across institution types. On average across degree levels women in college take on initial student loan balances that are about 14 percent greater than men's in a given year. Upon completion of a bachelor's degree, women's average accrued student debt is about $1,500 greater than men's, and black women take on more student debt on average than do members of any other group.

Following graduation, women repay their loans more slowly than do men, in part because of the gender pay gap. Women working full time with college degrees make 26 percent less than their male counterparts, though the gap is somewhat smaller immediately after college (18 percent one year after graduation and 20 percent four years after graduation). Lower pay means less income to devote to debt repayment. In the time period between one and four years after graduation, men paid off an average of 38 percent of their outstanding debt, while women paid off 31 percent. The pace of repayment was particularly slow for black and Hispanic women, as well as for men in those groups. Difficulty repaying student loans is also reflected in default rates, which are higher for women than for men, and much higher for black and Hispanic borrowers than for white and Asian borrowers. Perhaps unsurprisingly, graduates who are still repaying loans four years after college are less likely than graduates without loan payments to be able to meet such essential expenses as rent or mortgage payments within the past year. Women—especially women of color—are most likely to experience difficulties, 34 percent of all women and 57 percent of black women who were repaying student loans reporting that they had been unable to meet essential expenses within the past year.

Though they enroll a relatively small portion of American college students, for-profit institutions disproportionately enroll women, people of color, low-income students, and members and former members of the U.S. military. For-profit institutions use advertising and high-pressure recruitment tactics to woo students and their student aid and loan money, but debt outcomes for students at these institutions are particularly dismal. Even after accounting for student demographics, for-profit institutions have low completion rates and high default rates—a matter of serious concern for student loan borrowers, researchers, and policymakers.

The struggles of college graduates with student debt can be significant, but students who leave college without completing their academic program are more than twice as likely as graduates to default on their student loans. While these borrowers may have amounts of debt that are small in absolute terms, their precarious economic position without a certificate or degree to improve their prospects in the labor market means that they may be unable to repay those loans: More than half of student debt defaults are on loan amounts of less than $10,000.

Because women—especially low-income women and women of color—are disproportionately endangered by student debt, we must embrace strategies that will help women if we are to begin to reduce the adverse impacts of student loans. Among other recommendations, AAUW advocates safeguarding and expanding Pell grants for low-income students, as well as providing nontraditional students with the resources they need—on-campus child care, for example—to complete college programs.

CHAPTER 1

How We Arrived Here

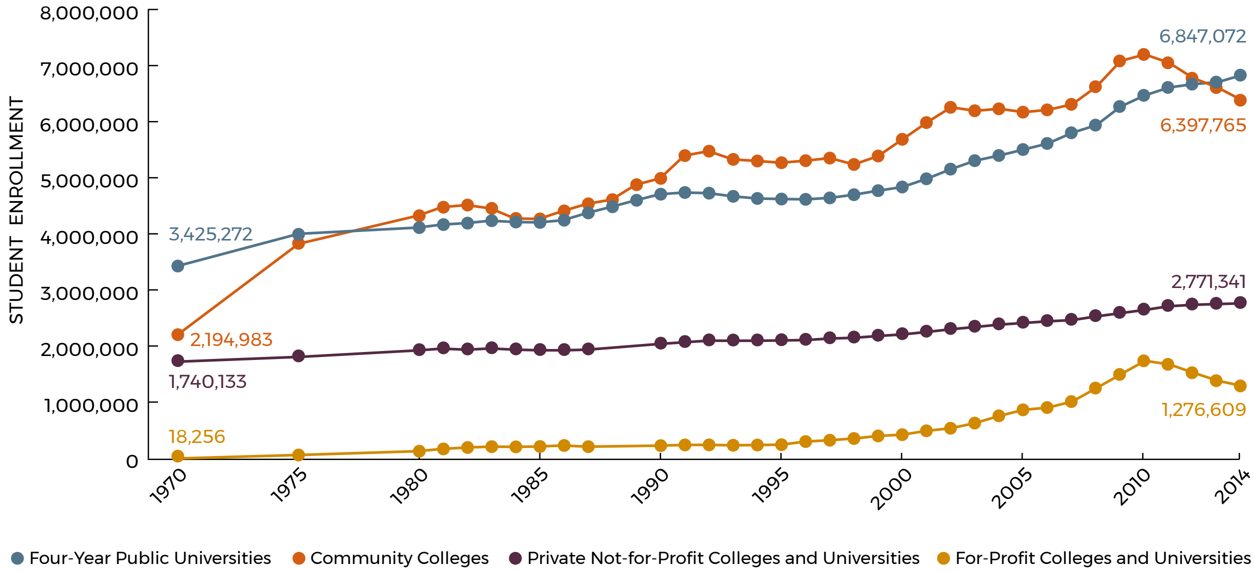
Today more than half of graduating U.S. college students have paid for some or all of their education by means of student loans. While student loans help students and their families finance college attendance, students are increasingly leaving college burdened with debt they will have difficulty repaying given their earnings and financial resources. The massive scale of debt with which American students are grappling is a recent but troublesome phenomenon. Never before have so many owed so much, and the implications of this situation are enormous.

Women's role in our nation's student debt crisis is an understudied piece of this well-documented problem. Women have become the majority on college campuses and as a consequence have amassed the lion's share of student debt. This report explores the issue of student debt through the lens of gender in an effort to better understand the problem and help craft effective public policy solutions.

The student debt crisis is shaped by several interconnected socioeconomic trends:

- The nature of higher education in the United States has changed drastically from its private, religious, and elite origins. American higher education is now predominantly public and secular and is seen by many as a—or *the*—pathway to stable, well-compensated jobs.
- A shift in workforce expectations as well as an immense change in the rights of and attitudes toward women and people of color in the United States have radically altered the postsecondary student body. Women are now the clear majority among graduates of postsecondary institutions, and enrolled postsecondary students are more racially and ethnically diverse than ever before.
- The price of attending college has grown far out of proportion with inflation or with the earnings of a typical American family, partly as a result of decreasing per-student investment in higher education by states.

Figure 1. Undergraduate Enrollment at U.S. Colleges and Universities by Type of Institution, 1970–2014



Source: U.S. Department of Education (2016a)
Note: U.S. Department of Education lacks data from 1971–74, 1976–79, and 1988–89.

Higher education in the United States—its purpose, financial structure, and role in society—has changed drastically over the last few centuries though much of that change took place during the 20th century. The first institutions of higher education were established in the 17th and 18th centuries, some before the founding of the United States. These private institutions were often affiliated with Christian denominations and served white male students from landowning families. Some of these institutions—Harvard University and Yale University, for example—remain among the most elite and well-regarded institutions in the United States. During the late 19th century a surge in philanthropy from wealthy families resulted in the creation of such new secular institutions as Stanford University and the University of Chicago. These private institutions are typically not for profit. Today both the older and newer private institutions tend to disproportionately serve students drawn from wealthy families, though they often offer significant financial aid to lower-income students. In recent decades these private universities have never enrolled more than 20 percent of American undergraduate students (see figure 1).

Public universities came to be established not long after the United States gained independence, the majority during the 19th century. In many cases the missions of these public universities were explicitly aimed at the public economic good, often with a focus on agriculture and engineering. State funding of these institutions has been substantial but has fluctuated with changes in state governments and state economies. Because education at public colleges and universities has typically been more affordable than at private institutions, it has been seen as an affordable gateway to specialized careers for students from a variety of backgrounds, and four-year public institutions enroll about 40 percent of U.S. postsecondary students—substantially more students than private not-for-profit institutions (see figure 1).

Community colleges were established in the early 20th century as junior colleges—providing a transition to four-year institutions—and by the 1960s these public community-based colleges were offering a variety of two-year degrees and certificates. Community colleges are low cost, particularly when compared to four-year public and private institutions, and they serve many low-income students. In one recent survey many community college students reported experiencing food insecurity and 14 percent had struggled with homelessness within the past year (Goldrick-Rab et al., 2017). Additionally, community colleges welcome students who may not be as well prepared as traditional students who enroll in four-year institutions and offer remedial education as well as nondegree vocational credential programs. Today community colleges enroll about 37 percent of U.S. undergraduates (see figure 1).

Private for-profit colleges, or proprietary colleges, have had a controversial history in the United States. Following World War II predatory or fraudulent educational institutions took advantage of the educational funds provided to veterans through the GI Bill, which resulted in regulations that restricted the sector (Whitman, 2017). Between 1980 and 2010—when the numbers of other types of higher education institutions increased only slightly—the number of for-profit colleges granting two-year degrees more than quadrupled from 147 to 664, and the number granting four-year degrees increased from 18 to 649, an increase of 3,500 percent (U.S. Department of Education, 2012). For-profit colleges offer a wide array of degrees, from certificates to doctorates, in an equally wide array of subjects. For-profit colleges often serve the same populations as community colleges—students who are less academically prepared and lower-income students—but they attract large numbers of students despite their higher price. For-profit schools employ recruiting staff who emphasize the ease of obtaining financial aid and the lack of traditional college entry requirements, and an undercover government investigation found that recruiters at for-profit institutions made deceptive statements to prospective students (U.S. Government Accountability Office, 2010). Aggressive marketing and recruiting have helped propel for-profit college enrollment to a peak of 1 in 10 American undergraduate students in 2010 though this proportion has since declined somewhat (see figure 1).

These major sectors of higher education in the United States—private not-for-profit institutions, public four-year universities, community colleges, and for-profit colleges—now coexist despite their varied origins and histories. They serve distinct populations, in part because of broader changes in higher education enrollment over the course of the 20th century that reflect the legal and social changes that greatly diversified higher education in the United States. But the overall growth trend of all four types of institution indicates that the demand for higher degrees continues to grow, largely because both employers and workers are more likely to perceive college credentials as a requirement.

Women were historically excluded from higher education in the United States because, the argument went, there was no need for a woman to hold a college degree. After all, if they would not be welcome in the professional workforce why invest the time and money? Once social and legal precepts relaxed and women began to join the student bodies of higher education institutions, a new argument arose: that a college education could be unhealthy for women, a myth dispelled in part by *Health Statistics of Women College Graduates*, the first research of AAUW's predecessor, The Association of Collegiate Alumnae (1885).

Blacks and other minorities were also excluded from universities initially—the first blacks graduated from college in the 1820s. Progress was slow for both women and racial minorities, although there were some exceptions. For instance from the time of its founding in 1833, Oberlin College opened its doors to all people—white and black, women and men—placing it far ahead of its time.

Before women and blacks gained legal access to the higher education institutions attended by white men, they attended segregated institutions. Many single sex women's colleges were founded in the mid to late 19th century, but before then institutions of higher learning for women existed in the form of teaching seminaries established in the 18th and early 19th centuries. As the name suggests, these institutions provided training for the only acceptable profession for a 19th-century woman: teaching. At the time, only unmarried women were permitted to become educators due to the strict social expectation that married women should remain at home to take care of their families. In 1836, Wesleyan College of Macon, Georgia, was established as the first college chartered exclusively for women. Many early women's colleges started as primary schools, academies (high schools), or seminaries and were later rechartered as women's colleges and universities. Some of the earliest schools to be rechartered as women's colleges were Mount Holyoke and Wheaton, formerly women's seminaries (Harwarth et al., 1997).

Prior to the emancipation of black people from chattel slavery there were very few integrated institutions of higher learning. However, with the help of primarily white northern religious organizations, a few historically black colleges and universities (HBCUs) were established. Cheyney and Lincoln universities were established in Pennsylvania—Cheyney in 1837 and Lincoln in 1854. Wilberforce University in Ohio was founded by the American Methodist Episcopal (AME) Church of Ohio, making it the very first historically black university owned and operated by black leaders. In 1865, Shaw University in North Carolina was the first historically black college or university to be established in the South. And in 1890, the passage of the Second Morrill Act required states with segregated education to establish separate land grants for black higher education. Today, the United States' 103 HBCUs still educate a disproportionate number of black students and professionals (Exkano, 2012).

There were also a number of historically black women's colleges and universities (HBWCUs). As their name suggests, HBWCUs were colleges designed to serve black women. The first of these schools was chartered in 1870 as Scotia Seminary and later rechartered as Scotia Women's College in 1916. The most famous HBWCU is Spelman College in Georgia, a prestigious liberal arts school. Many other HBWCUs have closed, become coeducational, lost accreditation, or merged with other schools. Currently, Scotia College and Spelman College are the only two remaining "true" HBWCUs in the United States (Harwarth et al., 1997).

The dramatic social changes that characterized the 20th century—world wars and a more global trade economy, the civil rights movement and women's liberation, and the advent of a postindustrial economy—exerted huge impacts on American higher education as well. Just as American women entered the workforce during World War II to substitute for the men deployed overseas—increasing many women's employment experiences and interest in work—the demographic shifts during and after World War II carried over into higher education. During the war colleges began enrolling women to compensate for lost male enrollment, but after the war the trend reversed: The GI Bill drove up male college enrollment, displacing many women from higher education during the postwar period (Nagowski, 2005).

In addition to world events, federal legislation contributed to the growing diversity of American postsecondary institutions. The passage of the Civil Rights Act of 1964, which outlawed discrimination on the basis of race and sex by federal and state governments, was a watershed moment for women and people of color in American society and had a tremendous impact on higher education. As the most comprehensive and far-reaching act of its kind in the United States, the Civil Rights Act made it illegal to deny black people access to public facilities and encouraged the integration of publically funded schools, and a last-minute addition extended those protections to women. Title IX of the Education Amendments of 1972 outlawed

Inequities Persist

AAUW has worked for women's educational equity since its founding. From the early 20th century through the 1960s AAUW determined which college graduates were eligible to become members on the basis of how their college or university answered a set of questions. This process was one strategy that AAUW used to ensure that colleges and universities were providing women with the opportunity to learn in an equitable environment and gain a high-quality education. These were the questions:

- Are all courses of study open to women?
- Are there women members of the board of trustees?
- How many women are there on the faculty with a rank higher than that of instructor?
- What is the relationship between the salaries given to women members of the faculty and those given to men of the same rank?

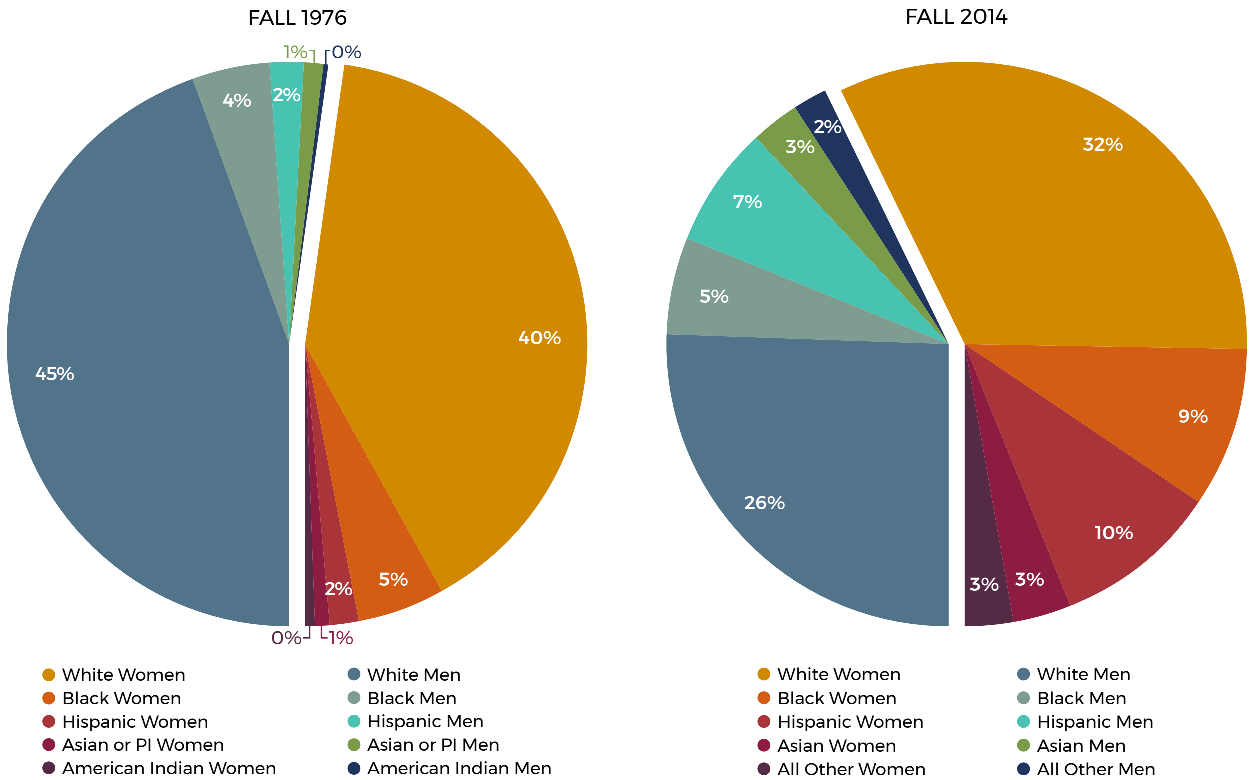
Though Title IX now legally requires colleges and universities to provide equal access to all programs regardless of gender, the last three questions touched on issues that remain relevant today. Women are still underrepresented on the boards of universities (Ehrenberg and Main, 2008); women are still more likely than men to be employed as instructors or lecturers and less likely to be tenure-track or tenured faculty (American Association of University Professors, 2015); and female professors still earn less than male professors of the same rank (Newman, 2014).

discrimination on the basis of sex in any federally funded educational activity or institution, and Title IX remains central to efforts to keep higher education safe and fair for people of all gender identities. As these legal and social reforms gained traction, women and people of color began seeking greater opportunities in education. If the doors of the academy were not immediately thrown open to all women and people of color, especially those from low-income families, those doors were at least finally unlocked.

The latter half of the 20th century saw dramatic gains in higher education for both women and people of color. During the 1949–50 school year women earned only 24 percent of bachelor's degrees, 29 percent of master's degrees, and 10 percent of doctoral degrees. These numbers changed drastically within a few decades. Fifty years later, in the 1999–2000 school year, women earned 57 percent of bachelor's degrees, 58 percent of master's degrees, and 45 percent of doctoral degrees, and those figures have since increased. Women began earning the majority of doctoral degrees in 2006, and now earn the majority of degrees at all levels: the associate level (as of 1978), the bachelor's level (as of 1982), and the master's level (as of 1987; U.S. Department of Education, 2016b). Women have also made substantial gains in earning law and medical degrees: In the 2013-14 school year women earned 47 percent of law degrees and 48 percent of medical degrees (U.S. Department of Education, 2016c).

Similar gains have been made by people of color and by women of color in particular. Women of all racial and ethnic groups are now more likely to earn

Figure 2. Fall 1976 and Fall 2014 Enrollment at U.S. Colleges and Universities by Gender and Race/Ethnicity



Source: U.S. Department of Education, 2016d
Note: In 1976, the U.S. Department of Education tracked students in five racial and ethnic categories: White, Black, Hispanic, Asian or Pacific Islander, and American Indian or Alaska Native. In 2014, it tracked students in seven categories: White, Black or African American, Hispanic, Asian, Native Hawaiian or Pacific Islander, American Indian or Alaska Native, and Two or More Races. For readability in Figure 2, AAUW has combined the last three categories in the 2014 data.

a bachelor's degree than are men in their racial and ethnic groups (U.S. Department of Education, 2016e). College campuses are more female and more racially and ethnically diverse than ever before. Between 1976 and 2014 female enrollment on college campuses increased from 48 percent to 57 percent and nonwhite enrollment increased from 16 percent to 42 percent (see figure 2).Though college enrollment increased across all demographics during that period, the rate of increase varied greatly. White male enrollment increased very slightly in relative terms—about 160,000 more white men were attending college in 2014 than in 1976, an increase of 3 percent. At the same time white women's enrollment increased by 2 million (a relative increase of 47 percent), Hispanic women's by 1.7 million (982 percent), black women's by 1.2 million (214 percent), and Asian women's by 550,000 (610 percent). Hispanic men, black men, and Asian men also saw triple-digit percentage increases.

Women in college are no longer referred to as "coeds," and higher education is now spoken of as an opportunity that should be available to all—though different institutions draw some groups over others. But at this

At this point a college education has become essential for most well-paying jobs, and while higher education is more accessible than ever and is seen as a prerequisite of economic opportunity, financing this education has become an issue of growing concern.

point a college education has become essential for most well-paying jobs, and while higher education is more accessible than ever and is seen as a prerequisite of economic opportunity, financing this education has become an issue of growing concern.

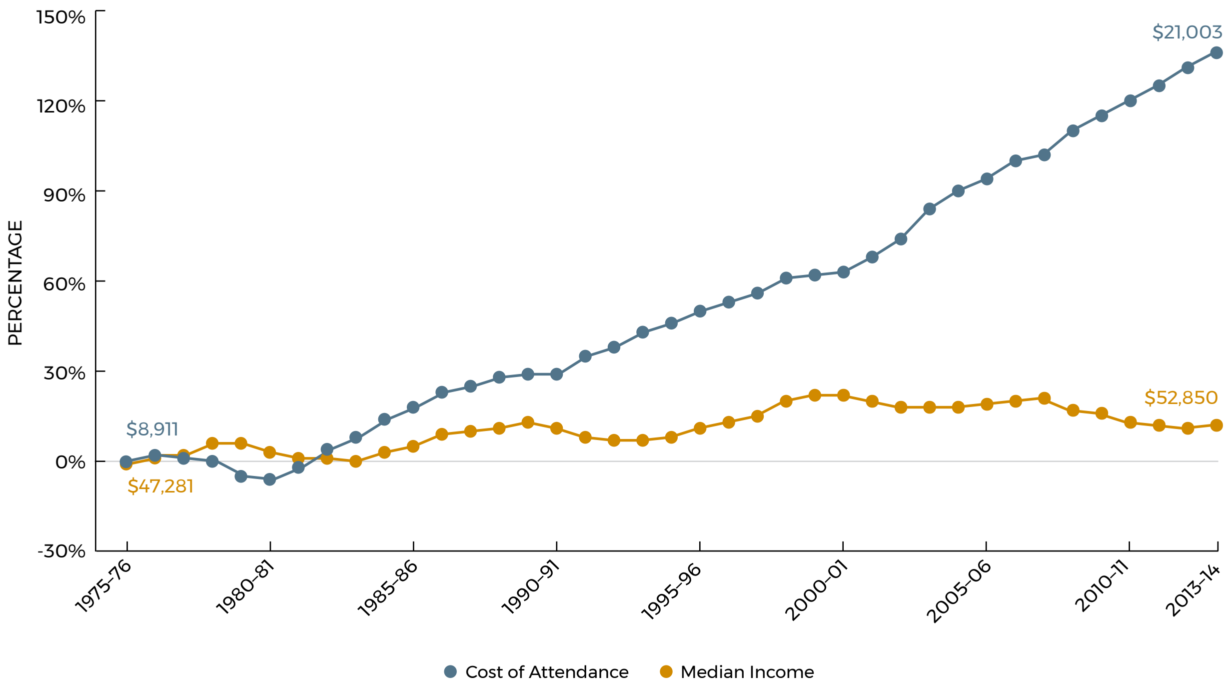
Following World War II the national resolve to remain scientifically competitive with the Soviet Union led to the establishment of the first federal student loan programs, which were designed to prepare greater numbers of engineers, scientists, and university professors. The Higher Education Act of 1965 established both need-based federal financial aid as well as the first student loans broadly available to college and university students regardless of field of study, institution of enrollment, or creditworthiness. Though there have always been some restrictions on the use of federal student loans, they quickly became a cornerstone of higher education finance and enrollment in the United States, enabling students from a variety of backgrounds to finance their higher education with loans.

Unfortunately for American students and their families, the price of postsecondary education has grown rapidly since student loans were first introduced, and as a consequence student loans have become a necessity for many students. The price of attending college more than doubled between 1976 and 2014—after controlling for inflation—while the typical American household's earnings have only slightly increased (see figure 3). In addition, Pell Grants—the primary source of federal grant aid for low-income students—have not kept pace with the increase in college expenses, now covering less than 30 percent of the cost of attending a four-year college (The Institute For College Access and Success, 2017). Students simply have not been able to earn enough to bridge the gap despite the record number of students who work while enrolled (Carnevale et al., 2015).

Why have costs increased so dramatically? The answer is complicated but has more to do with where funding is coming from than with how colleges and universities are allocating their budgets. In particular state funding of public colleges and universities has decreased significantly. Between 1975 and 1980 almost 60 percent of higher education was financed by state funds, tuition and other costs for students and their families making up about one-third of higher education funding. Thirty years later these proportions had almost flipped: In 2006 tuition and other costs to students and families made up 52 percent of higher education funding, and state funding had decreased to 35 percent by 2011 (Pell Institute, 2014). This trend has continued when considered on a per-student basis in almost every state; nationally, per-student higher education funding from states decreased 18 percent between 2008 and 2016 (Mitchell et al., 2016).

At this time most student loans are made by the federal government, though there are also a few different types of private student loans.

Figure 3. Relative Change in Price of College Attendance and Median Household Income, 1976–2014



Sources: U.S. Department of Education (2016f), U.S. Census Bureau (2016a)
Note: Cost of attendance and median income are both expressed in constant 2015 dollars, adjusted by the Consumer Price Index.

- **Federal student loans** are distributed and managed by the U.S. Department of Education. Students must complete the Free Application for Federal Student Aid (FAFSA) to be considered for and receive federal student loans. These include loans made directly to students as well as loans made to parents of undergraduates. The interest rates and repayment terms of federal loans are set by the government. Depending on the loan type, these rates and terms sometimes reflect subsidization by the government (for example, below-market-rate interest rates, deferred interest, and/or income-driven repayment options).

- **Private student loans** are lent by private financial entities. These loans are governed by federal law but are lent and managed privately. Private loans often have higher interest rates and more rigid repayment conditions than federal loans.
    - A small portion of loans are made directly by states and educational institutions; these loans are typically not subsidized and so share some characteristics of private loans.

Regardless of lender, one of the defining features of student loans is that their legal status is different from that of personal loans. Because most college students have little or no personal collateral or income with which to establish creditworthiness, a loan made to a college student would be so risky that few banks would consider making the loan without a cosigner—and in fact most private student loans are cosigned. In order to offset this risk to lenders, including the federal government, student loans are intentionally very difficult to discharge through bankruptcy. Though access to student loans enables students to acquire an education they could not otherwise afford, once taken on they must be repaid except under very particular circumstances.

In the United States federal loans make up by far the majority of student loans—in both quantity of loans and amount owed. Over the course of the past several decades nonfederal loans have made up as much as one-fourth of annual student loan distribution in any given year; in 2016 federal loans made up 90 percent of distributed student loans (College Board, 2016).

Federal loans have been made under a variety of federal programs that have come and gone within the past 50 years. Between 1965 and 1993 federal student loans assumed the form of loans made by authorized private lenders but guaranteed by the federal government—so-called "guaranteed loans." In 1993, the U.S. Department of Education began making loans directly to students and the parents of undergraduate students. These federal direct loans were issued alongside private guaranteed loans between 1993 and 2010. Since 2010 all new federal student loans have been made directly by the U.S. Department of Education. These direct loan programs remain in effect and make up most of the student loans taken out by American students. There are four major varieties of direct federal loans currently being distributed: Stafford direct unsubsidized loans, Stafford direct subsidized loans, PLUS loans (made to parents of undergraduates and directly to graduate students), and Perkins loans.

One of the distinguishing features of all federal student loans is that not only are the interest rates set by the government, but the repayment conditions are distinctive from those of private student loans and other forms of loans. The standard student loan repayment plan for federal student loans requires borrowers to pay the same amount each month over a span of 10 years. Because some borrowers find it difficult to repay their full loan amount in 10 years, the government offers two broad categories of assistance for struggling borrowers: income-driven repayment plans and student loan forgiveness, cancellation, or discharge.

Income-driven repayment plans typically cap the monthly payment expected of a borrower at a set percentage of their discretionary income. There are several income-driven repayment programs in existence. (For more on federal student loan repayment plans, see chapter 3.)

In addition to income-driven repayment plans that may make it easier for borrowers to meet their obligations, it is possible for borrowers to be released from their repayment obligations through federal student loan forgiveness, discharge, or cancellation. This debt relief can occur only under particular circumstances: death of the borrower (or student, for loans borrowed by a parent or guardian); total and permanent disability of the borrower; bankruptcy cases in which a borrower can prove to a court that repayment would cause undue hardship; when an institution closed before the borrower could complete their program; or for loans received under certain fraudulent circumstances. In addition to the less predictable circumstances above, public service loan forgiveness programs can eliminate some or all of the remaining federal student loans of borrowers who make regular loan payments while also teaching or working in public service.

Private loans are lent by a wide variety of banks and other financial institutions but are still governed by federal laws that distinguish student loans from personal loans. The interest rates on private student loans vary widely and are usually higher for those with lower incomes, and they are not eligible for income-driven repayment or for forgiveness, discharge, or cancellation under the conditions that apply to federal student loans. As a result, most financial aid and student loan experts and counselors recommend that students use private loans only as a last resort to cover expenses not covered by federal loans and other sources of aid.

Evidence suggests that private loans have indeed been used to meet a need unmet by other forms of aid or federal loans: In 2008, when the federal government increased the annual and lifetime limits on federal student loans, the proportion of distributed student loans from nonfederal sources dropped sharply the following year. Nonetheless, private loans made up 10 percent of loans distributed during the 2015–16 school year (College Board, 2016). Some students exceed federal limits and thus need to take on loans from private lenders. Other students may be unaware of federal student loan options and may approach private lenders first. In some cases students may be directed to private lenders despite the advantages of federal student loans.

Because private student loans are still governed as student loans, they cannot be discharged through bankruptcy unless the borrower can prove that repayment would cause undue hardship. An undue hardship decision requires going to court and arguing against legal representation of the lender in order to prove that repayment of the loans will render the borrower unable to maintain a basic standard of living and that there is no hope that the circumstance will change.

CHAPTER SUMMARY

The number of women enrolled in postsecondary institutions has increased dramatically within the past 50 years, and during that same period there has been a dramatic increase in the amount of student debt amassed by the students enrolled in college. That these two trends have arisen concurrently may or may not be a coincidence. Regardless of the causal connections, however, these trends mean that women have achieved equity in postsecondary attainment at the exact moment it became commonplace for college students to amass large amounts of debt.

CHAPTER 2

Who Borrows and How Much?

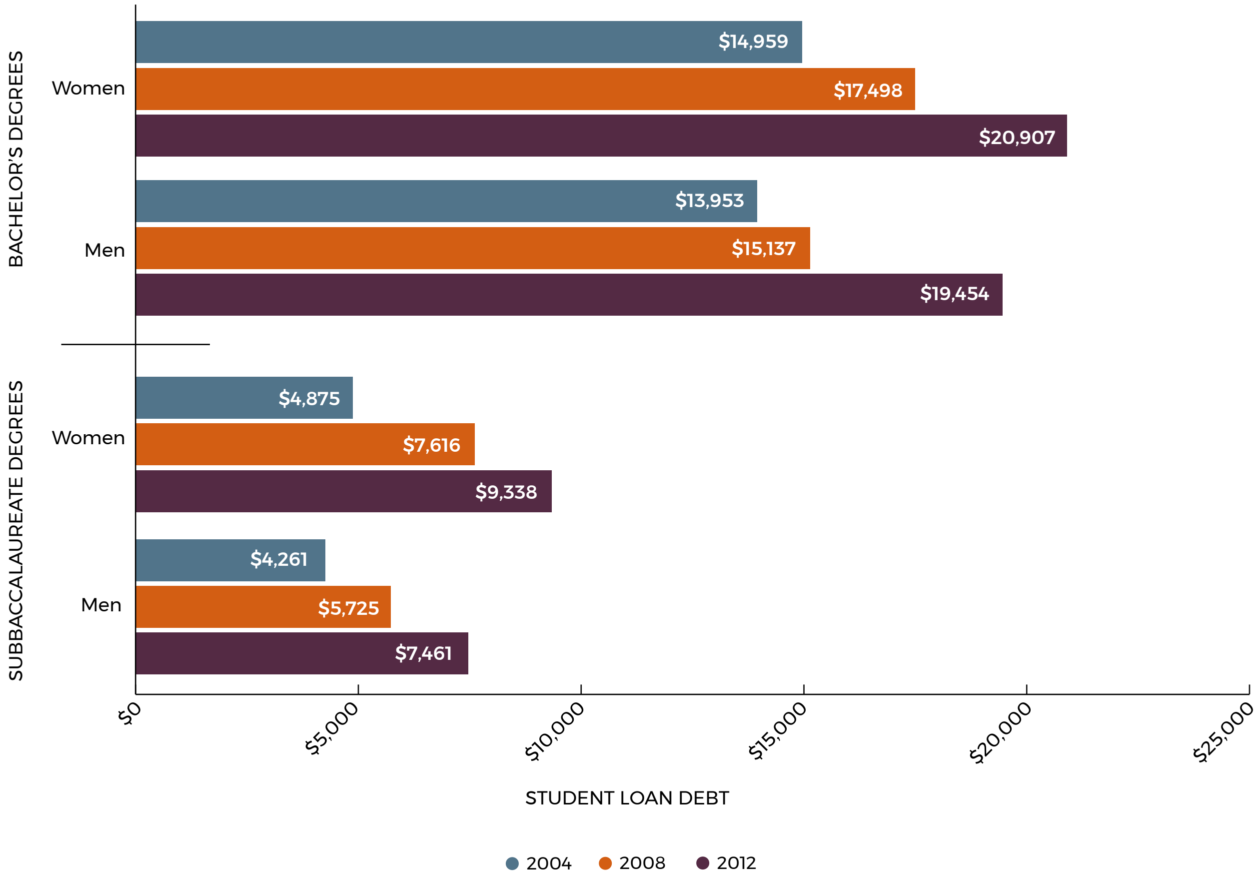
Student loans are now prominent features on the landscape of postsecondary education. Most students who enroll in college take out some amount of student loans to pay for their education, and student loans represent a major source of income for most postsecondary institutions.

Because student loans come in a variety of forms and from a variety of lenders—including both government and private lenders—there is no single definitive measure of total student loan debt in the United States. The College Board has estimated that annual distributions of student loans reached an all-time high of $124 billion during the 2010–11 academic year, which also saw an all-time high of 21 million students enrolled in postsecondary degree-granting institutions. In 2015–16, about $107 billion in student loans was distributed and about 20 million students were enrolled (College Board, 2016; U.S. Department of Education, 2016d).

Currently, student loans are being taken out far more quickly than they are being repaid, and thus the cumulative amount of student debt held by Americans has been continuously increasing. The number of Americans with student loans is also continuously increasing. The New York Federal Reserve estimates that the 44 million Americans with student loans held a total amount of student loan debt (both government and private) of $1.31 trillion in 2016. This amount is greater than that held by Americans as either credit card debt or automobile loan debt and is second only to home mortgages (Federal Reserve Bank of New York, 2016). This estimate probably understates the total amount of debt taken on to fund postsecondary education, however, because some students and families also take on credit card debt, home equity loans, or personal loans to help pay for expenses associated with college education (Board of Governors of the Federal Reserve System, 2016).

Students' individual financial circumstances while enrolled in college vary widely, however. Some students graduate from college without taking on any student loans whatsoever, many with only a small amount of

Figure 4. Cumulative Student Loan Debt at Completion of Undergraduate Degree or Certificate by Gender, 2004-2012



Source: AAUW analysis of U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, *National Postsecondary Student Aid Study* 2004, 2008, and 2012 data.
Note: values for 2004 and 2008 adjusted to 2012 dollars using the Consumer Price Index.

student loan debt, and others with a staggering amount of debt. Among students completing a degree in 2011–12, 31 percent of bachelor's degree students graduated free of debt as did 45 percent of students completing an associate degree or other undergraduate credential (U.S. Department of Education, 2013).[1] But that leaves most graduates—69 percent of bachelor's graduates and 55 percent of associate graduates—with at least some amount of student loan debt. And students who depart college with debt but without completing their programs face particular challenges.

[1] The National Postsecondary Student Aid Study (NPSAS) is the U.S. Department of Education data set with the highest level of detail about the financial situation, demographics, and enrollment patterns of postsecondary students in the United States. The 2011-12 NPSAS is the most recent version of the NPSAS that has been released as of the writing of this report. When not otherwise noted the source of statistics in this chapter is AAUW analysis of the 2011-12 NPSAS.

Among students who graduated with a bachelor's degree in 2011–12 the mean amount of debt was $20,300 (this average includes those who graduated with no debt); for those completing associate degrees or other subbaccalaureate credentials the average debt at graduation was $8,600.

These averages still mask a great deal of variability in debt at graduation. In 2011–12, 39 percent of students graduating with a bachelor's degree did so with more than $24,300 of student loan debt, 17 percent with more than $40,000 of student loan debt, and 3 percent with more than $70,000 of student loan debt. Even among students who were completing a subbaccalaureate credential or degree, 11 percent had more than $24,300 in debt.

The amount of student loan debt held by a typical college graduate has been steadily increasing over the past decade. The mean amount of debt held by bachelor's degree graduates in 2004 was $14,500 (in 2012 dollars), which is almost $6,000 less than the mean amount held by 2011–12 graduates. The same pattern is seen for students completing an associate degree or credential: Their mean debt in 2004 was $4,700, which is a little more than half the debt of students graduating in 2011–12 (see figure 4).

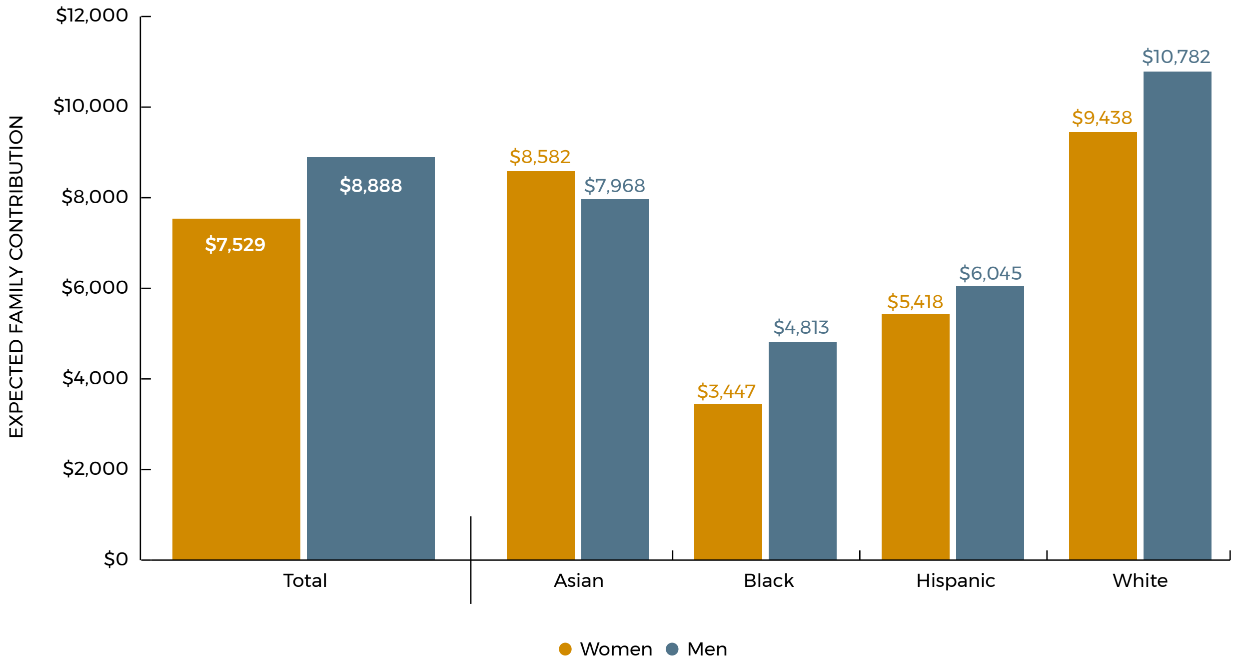
More recent data sources confirm that the typical student loan debt of a college graduate has remained high. The Institute for College Access and Success (2016) found that among students graduating with a bachelor's degree in 2015, 68 percent graduated with student loan debt and that among those students the average amount of student loan debt at graduation was $30,100 (or $20,500 when including those students who graduated with no debt on the average).

> "The resources available to students vary widely across demographics and the prices of attendance vary widely by institution, and the amount of debt that students accrue varies proportionately."

The students enrolling in college today vary a great deal in terms of their personal, family, and financial circumstances, as well as in their need for student loans. Against the price of attendance—tuition, fees, books and supplies, and room and board—students must weigh family income and savings, personal income and savings, and the availability and sufficiency of need-based or merit-based grants and scholarships. Most students must bridge the gap between the costs and resources readily available to them with student loans.

The decision to take on student debt can be a complicated one. Most American postsecondary students—70 percent—now work while enrolled, and these students must choose between working more hours (and thus earning more) or having more time to devote to their studies. The more students work while enrolled, the less likely they are to graduate, which means that taking out larger loans may be the "right" choice even if it means more debt later (Carnevale et al., 2015). In many cases students both work and take out loans: Among college students who were working while enrolled in 2011–12, 41 percent had also taken out loans that year.

Figure 5. Mean Undergraduate Expected Family Contribution (EFC) by Gender and Race, 2011–12



Source: AAUW analysis of U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, *National Postsecondary Student Aid Study* 2012 data.

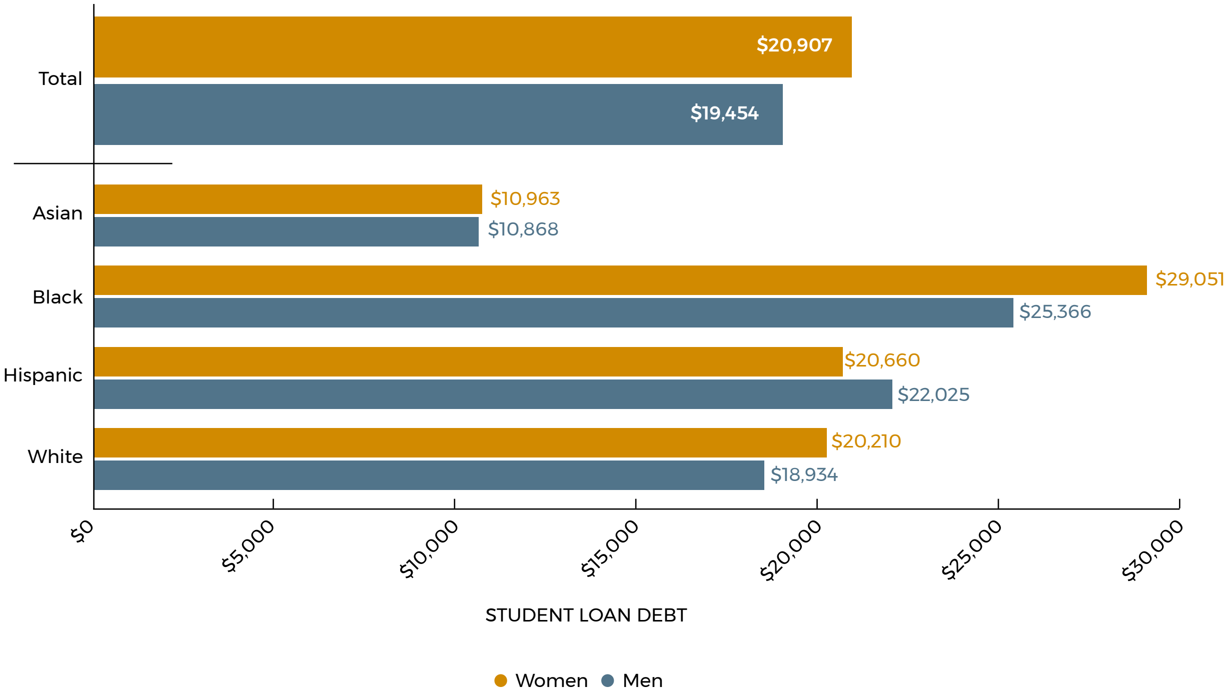
The resources available to students vary widely across demographics and the prices of attendance vary widely by institution, and the amount of debt that students accrue varies proportionately.

Women are the majority of students at both the undergraduate and graduate levels in the United States, and so we can easily conclude from the overall statistics that student debt is undoubtedly affecting women. But data show that women also take out somewhat larger loans than men, in part because this debt better enables them to complete their degree programs.

In a given year about 44 percent of women enrolled in undergraduate programs take out loans compared to 39 percent of men. Women enrolled in undergraduate programs take on an average of about $3,100 in student loans per year—about $400 more than the average man. By graduation the typical woman receiving a bachelor's degree in 2011-12 had an average of about $21,000 in student loans, $1,500 more than the typical man. Women have taken on more debt than men for more than a decade, and do so regardless of undergraduate degree level (see figure 4).

Why do women assume more debt than men? Men are somewhat more likely than women to attend more affordable public institutions; but even when women attend public institutions, they still take on more debt than do men at those institutions. Some of the answer is a gender pay gap while enrolled: Though men and women are about equally likely to work while enrolled as undergraduates, women who work while enrolled make about $1,500 less annually than men who work

Figure 6. Mean Cumulative Debt for Students Graduating with a Bachelor's Degree by Gender and Race, 2011–12



Source: AAUW analysis of U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, *National Postsecondary Student Aid Study* 2012 data.

while enrolled, a difference not fully explained by the number of hours worked.

Race and ethnicity have an even stronger association with income and wealth in the United States than does gender. White and Asian individuals have much higher average incomes than black and Hispanic individuals (AAUW, 2017). Differences in accrued wealth (for example, savings, investments, and home ownership) are even starker: The typical white family has 16 times the accrued wealth of the typical black family in the United States (Sullivan et al., 2015). It is unsurprising, therefore, that students and families of different races and ethnicities have very different levels of resources to contribute to the costs of postsecondary education.

Expected family contribution (EFC) is, simply put, the amount of money that the U.S. Department of Education believes that a student and/or family has available to pay for a student's postsecondary education in a year. Though it is an imperfect measure of a student or family's available financial resources, it exerts a large influence on the amount and types of student aid and loans available to postsecondary students. Unsurprisingly, the estimated resources available to students vary a great deal according to their gender and race. The average EFC for a white student is more than twice the average EFC for a black student—for example, white male students have an average EFC that is more than three times greater than that of black female students (see figure 5).

It is understandable, then, that gender as well as race and ethnicity are strongly associated with the amount of debt that students take on for postsecondary education. Overall, black college graduates must grapple with the highest average student loan debt of any racial or ethnic group. The typical black woman who graduated with a bachelor's degree in 2011-12 did so with about $29,000 in student loans while black men averaged $25,000 in student loans. Asian graduates had the lowest debt, averaging about $11,000 in debt at graduation (see figure 6).

The proportions of students who graduated with no debt or with a large amount of debt vary by race and gender in much the way one might anticipate based on the averages. Just over a third—34 percent—of black women who graduated with a bachelor's degree in 2011-12 did so with more than $40,000 in student debt compared to 16 percent of Hispanic women, 10 percent of white women, and 8 percent of Asian women. On the flip side just 12 percent of black women who graduated with a bachelor's degree did so with no student loan debt whatsoever. When considering either overall averages or the extremes, it is clear that black women constitute the group that takes on the greatest average amount of student loan debt.

Students enrolled in postsecondary institutions are more diverse than ever before and represent a variety of dimensions and features apart from gender and race/ethnicity. Many postsecondary students are now nontraditional in some way: parents of dependent children, especially single parents; students who are financially independent of their parents; veterans of military service; students who delay entering postsecondary institutions; part-time students; and students who work full time while enrolled. U.S. Department of Education data show that these nontraditional students are disproportionately women, people of color, and first-generation college students.

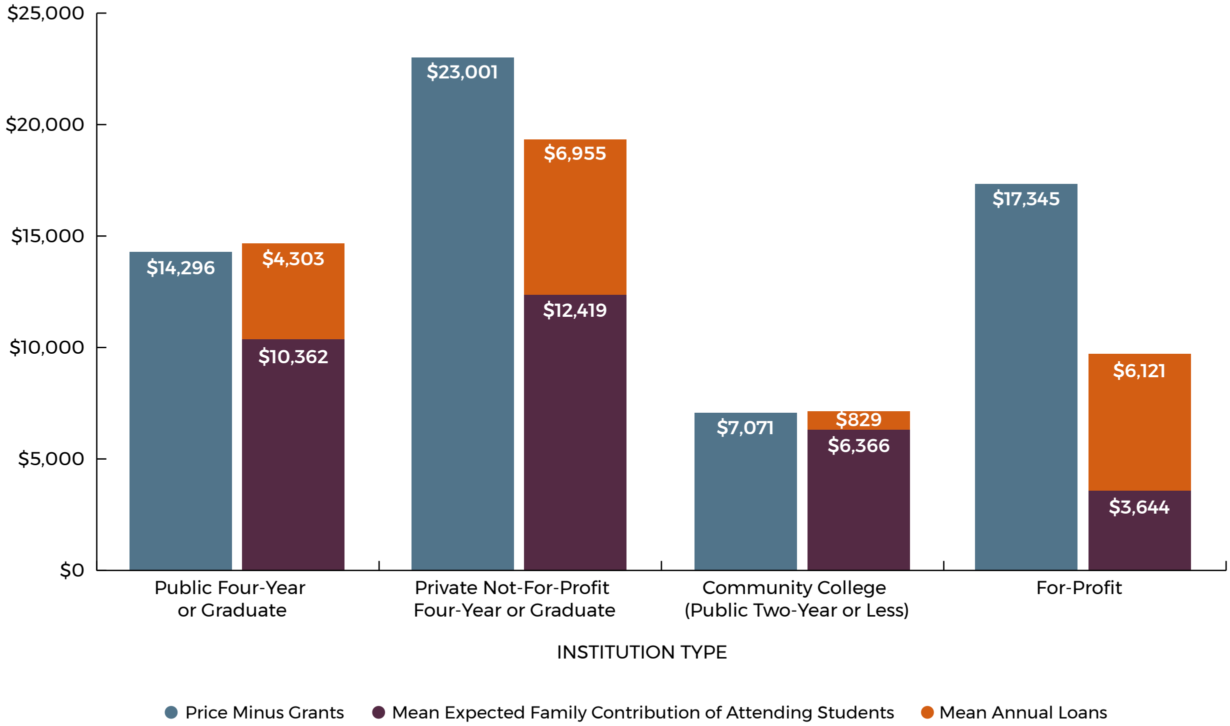
Students who are parents of dependent children, particularly single parents, now make up more than one quarter—26 percent—of degree-seeking postsecondary students in the United States. These students face particular challenges in their personal and family lives, including but not limited to the major problem of finding convenient, affordable care for their children while they work, attend classes, and study (Miller et al., 2011). Most student parents—69 percent—are low income, defined as at or below 200 percent of the federal poverty level. Additionally, most—54 percent—are single parents. A large majority of student parents are women (71 percent).

Student parents and other nontraditional students may face barriers to success and graduation while enrolled, including financial difficulties, the lack of a supportive social network, and greater logistical difficulties than traditional students. Among student parents attending community colleges, 63 percent are food insecure and 13 percent are homeless (Goldrick-Rab et al., 2017). Students with dependent children take on more student loans than students without dependent children ($26,600 versus $19,100 at bachelor's graduation), and are less likely to complete a bachelor's degree in a timely fashion (Knepper et al., 2002), placing student parents at risk of not only burdening themselves with a large amount of student debt, but possibly doing so without a degree to show for it.

Though family and individual income and wealth are major factors in how much students and their families can afford to pay toward postsecondary education, the other half of the equation is the size of the price tag attached to that education. And that price tag varies a great deal by institution. Some postsecondary institutions have provided free tuition for some or all students as a matter of principle, but the costs of attending elite private institutions place these institutions beyond the reach of most Americans.

Institutions also attract students from different demographics and backgrounds. The costs of attendance

Figure 7. Average Annual Price of Attendance Minus Grants, Average Expected Family Contribution, and Average Loans by Institution Type, 2011–12



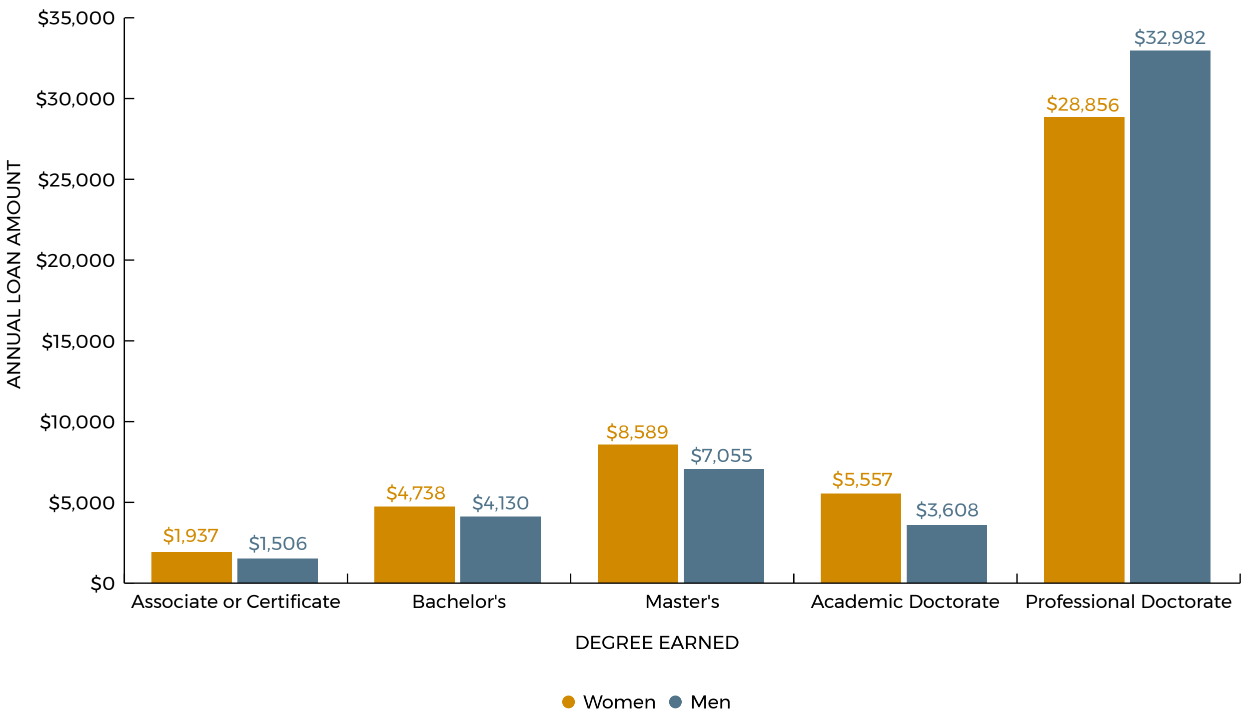
Source: AAUW analysis of U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, *National Postsecondary Student Aid Study* 2012 data.

at both private not-for-profit institutions and private for-profit institutions are higher than those of public institutions, but students attending private not-for-profit institutions are financially much better off on average than are students attending private for-profit institutions.

Figure 7 provides a useful summary of the average annual price of attendance for several major types of institution, as well as the resources possessed by their typical students and the typical annual loans taken out by students at those institutions. Private not-for-profit institutions are the most expensive category of institution but also enroll students of more affluent backgrounds. Both community colleges and for-profit colleges enroll low-income students—particularly for-profit colleges—but the price of for-profit colleges is much higher.

For-profit colleges enroll women, nonwhite students, nontraditional students, military and former military students, and low-income students at high rates despite the high price of attendance. They have accomplished this with extensive advertising and marketing, including what has been criticized as high-pressure, deceptive recruiting (McMillan Cottom, 2017; U.S. Government Accountability Office, 2010). Among for-profit college students 64 percent are women, 52 percent are nonwhite, 50 percent have dependent children, 51 percent work full time while enrolled, and 59 percent have an EFC of zero. The last statistic in particular suggests that

Figure 8. Average Annual Loans by Degree Level and Gender, 2011–12



Source: AAUW analysis of U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, *National Postsecondary Student Aid Survey* 2012 data.

most students attending for-profit colleges are almost entirely dependent on student aid and loans in order to finance their attendance. About 9 percent of students at for-profit colleges are current or former members of the U.S. military—more than double the rate at other types of institutions.

Though students attending private for-profit institutions take on average annual debt that is comparable to the debt taken on by students attending more prestigious private not-for-profit institutions, research suggests that graduates of for-profit institutions benefit less from their education than do comparable students in comparable programs at much more affordable community college programs (Cellini & Turner, 2016). The very different backgrounds and educational outcomes for students attending these different types of institutions have effects that become apparent after they depart those institutions, with or without degrees, and their debt enters repayment (see chapter 3).

Women are more likely to enroll in and graduate from postbaccalaureate programs than are men, though women's equity at the highest levels came relatively late: Women began receiving at least 50 percent of doctoral degrees only in 2006 (see chapter 1). Educational debt is extremely high in some graduate programs. Thirteen percent of medical school graduates have more than $300,000 in total student debt when they complete their MD, and the debt of many law school graduates is also measured in hundreds of thousands of dollars (*U.S. News & World Report*, 2017).

The gender and race differences in average undergraduate debt are mirrored for students enrolled in master's programs and academic doctoral programs (for example, PhD programs), though men enrolled in professional doctoral programs (for example, JD and MD programs) take on somewhat higher levels of debt than do women. Figure 8 shows the average annual debt for men and women by degree level; professional doctoral programs are the only exception to the general rule that women take on more debt than men. On average across all degree levels, weighted for enrollment, women in the United States took on approximately 14 percent more student loan debt than did men in the 2011–12 academic year.

Students who complete degrees with extremely high levels of student debt—for example, many MD and JD students—believe with good reason that their jobs and careers following graduation will pay well enough that their student debt will not be crippling. Some will indeed have careers that are sufficiently compensated to make repaying large loans feasible without hardship while others may rely on family members to assist them. Nonetheless, some may end up with debt that will be all but unpayable, possibly due to such circumstances beyond their control as disability; in these circumstances, federal income-driven repayment plans and relief options may be crucial.

> "Students who begin but do not complete a degree program face a "worst of both worlds" outcome, because they may have substantial amounts of debt but lack a degree that would help them secure higher-paying jobs."

Huge student debt balances are dramatic but affect only a small portion of students apart from those receiving professional doctorates. An issue that affects a larger number of people is the financial well-being of students who take out loans but do not complete an academic program.

Most students begin taking out loans as soon as they enroll in a college or university, but a large number of students do not complete their degrees. On average only 60 percent of full-time students beginning a four-year degree complete that degree within six years, and only 31 percent of students who begin degree programs at two-year institutions complete their programs within three years (Ginder et al., 2015). Completion rates are also far from perfect at the graduate level—only 66 percent of master's students in STEM fields complete a degree within 4 years and 57 percent of doctoral students complete their degrees within 10 years (Council of Graduate Schools, 2013; Okahana et al., 2016).

Students who begin but do not complete a degree program face a "worst of both worlds" outcome, because they may have substantial amounts of debt but lack a degree that would help them secure higher-paying jobs. Why do students drop out? The reasons are complex—and beyond the scope of this report—but undergraduate noncompletion rates are higher for students who delay entering college after high school, those with dependent children (especially single parents), and students working full time while enrolled (Knepper et al., 2002). These more nontraditional students are particularly at risk of leaving college without a degree but with debt, and students of color are more likely to be nontraditional (Ginder et al., 2015).

Men are also more likely to drop out than are women. In a study of longitudinal data tracking young adults in the early 2000s researchers found that men were both more likely to drop out and to drop out before taking on as much debt as women. The researchers attributed this gender difference, at least in part, to substantial gender differences in the employment outcomes of college dropouts: Women who dropped out of college realized significantly lower earnings than those who graduated while male dropouts saw no significant difference. The researchers found that one reason why college completion is more important to women's incomes is gender occupational segregation. Women who drop out of college are more likely to be employed in lower-paid service or clerical fields, while men who drop out are more likely to work in the higher-paid fields of manufacturing, construction, and transportation (Dwyer et al., 2013). This gender occupational segregation and divergence in incomes among those without college degrees is one factor in explaining why women are more likely to enroll in college and complete a college degree: There are fewer good jobs available to women without a college degree.

CHAPTER SUMMARY

College degrees have been a pathway to greater economic and personal independence for decades—especially for women—and remain so. However, as we have noted, acquiring those degrees results in more debt for women than for men and is not without risk. And though women with college degrees are paid much better than women without them, they are still paid about 25 percent less than men with college degrees (AAUW, 2017). The gender pay gap for college graduates is one major factor that contributes to a substantial loan repayment gap between men and women following graduation.

CHAPTER 3

The Long Road Out of Debt

Many students graduating from college are relieved to have completed school—and to have finished paying for it. But those who took out student loans—the majority—must begin the process of paying off their student debt. Most federal student loans made to undergraduates stipulate only a six-month postgraduate grace period after which either repayment or deferral must begin; private student loans, on the other hand, may not stipulate a grace period at all.

The timing, process, and difficulty of repayment vary depending on the circumstances. Borrowers who took out student loans while enrolled, but who left college without a credential or degree, may find that their earnings potential is the same as it was when they enrolled but that they now have an additional bill to pay. Graduates entering the professional workforce will find that their ability to repay quickly or easily will depend on the size of their debt, their new salaries, and their other expenses. Borrowers who enroll in another academic program may usually defer repayment of their existing loans until after they leave that program, but most of those loans will accrue interest. Borrowers who are unable to make payments on their student loans may find themselves in default, with serious consequences.

The standard repayment plan for federal student loans consists of monthly payments of a fixed amount for 10 years; about half of borrowers currently repaying their loans are repaying on a standard 10-year plan (U.S. Department of Education, 2017). Some borrowers may be able to pay off their loans more quickly than that while others are unable to make the full payment amount in order to be free of student debt within 10 years. For borrowers who may not be able to fully pay off their loans right away the federal government offers a variety of repayment plans that are less rigid than the standard 10-year plan. These federal student loan repayment plans include:

- Graduated repayment whereby a borrower's monthly payments are smaller at first but increase in size over 10–30 years, used by 12 percent of currently repaying borrowers;

Figure 9. Rate of Repayment, All Borrowers Who Graduated with a Bachelor's in 2007–08

	Average Debt Owed: 2009	Average Debt Owed: 2012	Percent of 2009 Debt Paid Off in 3 Years	Percent of 2009 Debt Paid Off Annually
Women	$25,256	$17,458	31%	10%
Men	$23,628	$14,581	38%	13%
Asian women	$18,791	$7,563	60%	20%
Asian men	$15,832	$7,417	53%	18%
Black women	$28,570	$25,091	12%	4%
Black men	$27,267	$30,634	**	**
Hispanic women	$23,942	$19,593	18%	6%
Hispanic men	$22,514	$17,077	24%	8%
White women	$25,187	$16,855	33%	11%
White men	$24,079	$13,862	42%	14%

**Black men in this sample reported an increase in debt owed rather than a decrease.
Source: AAUW analysis of U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, *Baccalaureate and Beyond Longitudinal Study* 2008/12 data
Note: data include borrowers who graduated with a bachelor's degree in 2007-08 and had not enrolled in another degree program or non-degree classwork as of 2012.

- Extended repayment plans whereby borrowers with large loans can take up to 30 years to repay, used by 9 percent of currently repaying borrowers; and

- A variety of income-driven plans, which cap payments at a percentage of a borrower's discretionary income for 20–25 years, used by 26 percent of currently repaying borrowers. (U.S. Department of Education, 2017)

Borrowers of federal student loans are hypothetically able to pay at a rate that matches their income and life circumstances, a flexibility that may make the difference between debt that is manageable and debt that is not. The repayment conditions of private student loans are often less flexible. Most student loan borrowers eventually repay their loans. But available data on student loan borrowers reveal clear patterns in the rate at which different groups of borrowers are able to repay their loans. Unless otherwise noted analyses in this chapter are based on the U.S. Department of Education's *Baccalaureate and Beyond Longitudinal Study* 2008/12 dataset in which students graduating with a bachelor's degree in the 2007-08 school year were interviewed during their final year of school and again in 2009 and 2012 (U.S. Department of Education, 2015).

Women—especially black and Latina women—pay off student loans more slowly than most men. This means that in addition to taking on larger initial loans (see chapter 2), women also pay more on their loans during repayment as interest accrues. Among graduates who completed a bachelor's degree in 2007-08, who did not return for additional classes or degrees, and who were interviewed in 2009 and 2012, men paid off their debt more quickly than did women in terms of both absolute

How Much Debt Is Too Much?

Financing attendance at an expensive college primarily with student loans can mean hundreds of thousands of dollars in debt as can earning more than one degree. Most students borrow much less than that, but even smaller loans can become a burden if a student's income is low or other expenses are high.

What constitutes excessive debt? One standard of excessive debt is facing payments that exceed 10 percent of gross income. Total debt owed should be less than one's annual income (Kantrowitz, 2015), but borrowers with higher salaries can afford to allocate a larger portion of their incomes to debt repayment. And if taking out additional loans helps students complete their degrees, that additional debt may be worth it. For these reasons and others, some experts have recommended against moves to place caps on the size of federal student loans that are stricter than those already in place (Akers, 2014).

Regardless of the exact rule of thumb used to assess whether debt is excessive or manageable, women's larger initial student loans and lower incomes following graduation mean that they are more likely to have excessive or unmanageable debt. In its 2012 report *Graduating to a Pay Gap* AAUW estimated that 53 percent of women and 39 percent of men with a bachelor's degree had a high student debt burden one year after graduation.

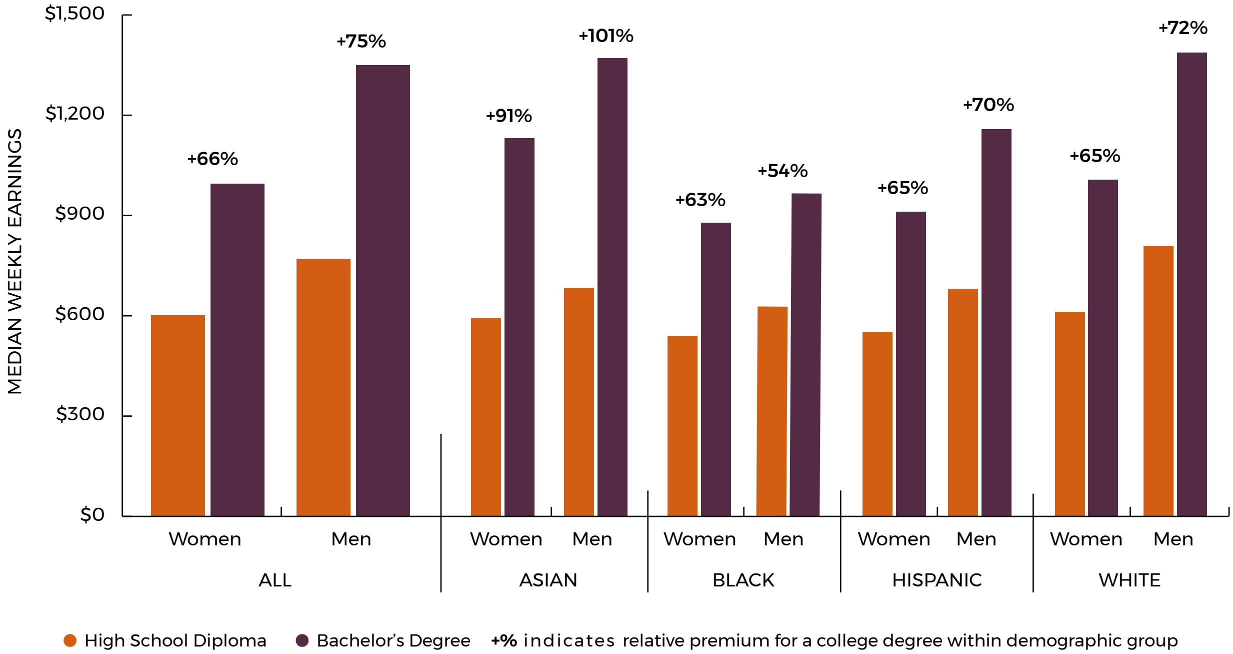
amount of debt and portion of debt balance. Between 2009 and 2012 men paid about 38 percent of their student debt balance while women paid about 31 percent of theirs. AAUW estimates that at these different rates women take about 1.9 years longer than men to repay their undergraduate student loans (see figure 9).[1]

Women and men of different races and ethnicities pay off their student loans at different rates, black and Hispanic borrowers repaying more slowly than their white and Asian counterparts. Black women and Hispanic women paid off only about 12 percent and 18 percent of their debt in that three-year period, respectively, compared to 33 percent and 60 percent of white and Asian women (see figure 9). Black men who graduated in the 2007–08 school year actually saw their student loan balances increase rather than decrease between 2009 and 2012, suggesting that black men may experience particular difficulty repaying their loans.[2]

These statistics indicate that borrowers may have very different experiences repaying their loans. Some borrowers manage to repay promptly while others struggle to reduce the balance owed in the years following graduation, or even fail to pay and end up in default. For students who do not graduate the situation is likely to become even more problematic.

[1] The *Baccalaureate and Beyond Longitudinal Study* 2008/2012 dataset allows for detailed analysis of student financial aid and student loan data by gender and race/ethnicity but is limited to students who graduated with a bachelor's degree.
[2] Limiting these analyses to graduates who were working full time in both 2009 and 2012 did not change the overall pattern of results. The gap in repayment rate between men and women was actually larger when considering only graduates who worked full time in both 2009 and 2012.

Figure 10. Median Weekly Full-Time Earnings of Bachelor's Degree Holders, 2016, by Race, Gender, and Education Level



Source: U.S. Census Bureau (2016b).
Note: Based on earnings of wage and salary workers age 25 and older. Bachelor's degree includes only workers who have a bachelor's degree but no advanced degree.
Note: In-figure text indicates the relative premium for a college degree within that demographic group; e.g. the median weekly earnings of white men with a college degree are 72% larger than those of white men with only a high school diploma.

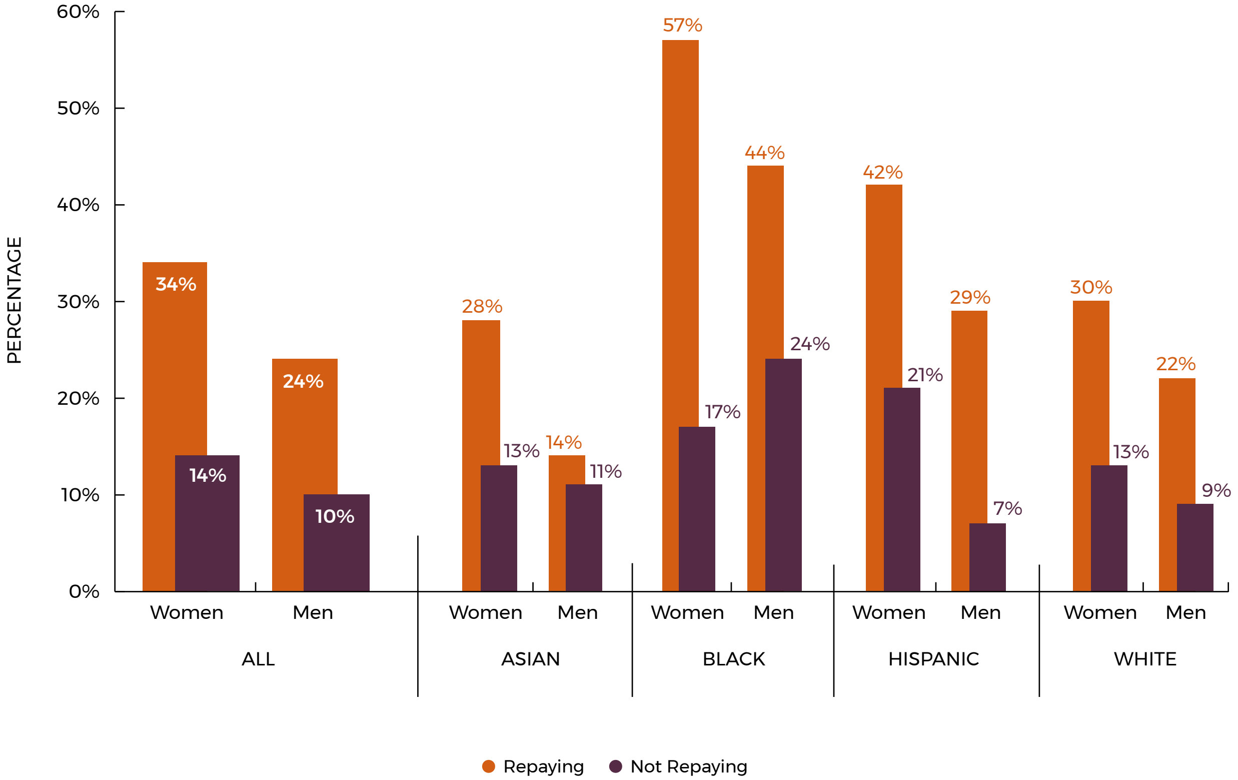
The simple explanation for the difference is that students with access to more money can pay off their loans more quickly. Family members may help some borrowers pay off their loans, but personal earnings are a major factor in the ability of borrowers to repay, and women are paid less than men—even those with a college degree.

Gender and race gaps in pay can explain much of the differences in how quickly college graduates can repay their student loans. Women in the United States who worked full time in 2015 earned 20 percent less than men who worked full time; across races and ethnicities women earned less than men in their own racial or ethnic category, and black and Hispanic women earned much less than white men (AAUW, 2017).

Both black and Hispanic men and women earn significantly less than white and Asian workers on average. Sadly, a college degree does not erase gender and race gaps in pay: Women with a bachelor's degree who worked full time in 2016 earned 26 percent less than men with a bachelor's degree who worked full time, or $354 less per week (see figure 10).

The gender pay gap exists even among recent college graduates just entering the postcollege workforce. One year after college graduation women with bachelor's degrees who work full time earn 18 percent less than their male counterparts. Four years after college graduation that gap expands to 20 percent. When one accounts statistically for the effects on earnings of college major, hours worked, occupation, region, and other

Figure 11. Percent of College Graduates Experiencing Financial Difficulties by Race, Gender, and Loan Repayment Status



Source: AAUW analysis of U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, *Baccalaureate and Beyond Longitudinal Study* 2008/12 data.
Note: "Not repaying" includes students who never had loans or had completed paying them off. "Repaying" includes only those students who were making payments, not those in deferral or default.
Note: "Financial difficulty" means that at some time in the past year, the respondent was unable to meet all essential expenses.

measurable factors, the gender pay gap for new college graduates is smaller but still significant, suggesting that gender bias is a factor in the gender pay gap (Corbett & Hill, 2012). Gender pay discrimination is part of the story in explaining the gender pay gap, and with it the fact that women repay their student loans over longer periods of time than do men.

Lower incomes and longer repayment schedules following college are more than a simple inconvenience for women. Student loan debt, which women hold in larger amounts and for longer periods of time than men, impacts women's well-being and financial security. The combination of lower income and greater debt also places women at risk of default, which can have severe financial consequences and make it much more difficult for borrowers to repay their debt.

The circumstances of those who leave college vary greatly: living alone, with roommates, or with family; working full time, working part time, unemployed, or enrolled in another degree program; single, married, with children, or without children. And so student debt repayment can mean anything from manageably small monthly bills and a debt that is repaid quickly to a burden that makes it difficult for borrowers to pay other bills or pursue their personal goals. Income-driven repayment options take a borrower's circumstances into account and can ease some of the burden. But regardless of repayment plan, some borrowers face serious financial difficulties after college.

One way to encapsulate the financial experience of college graduates is to look at whether or not they have experienced financial difficulty—an inability to meet all essential expenses such as mortgage payments or rent, utility bills, or important medical care—within the past year. As might be anticipated, a graduate's likelihood of experiencing financial difficulty four years after graduation varies substantially by race, but also by gender and whether or not the graduate is still making payments toward student loans. Thirty-four percent of women interviewed in 2012 who were repaying student loans experienced financial difficulties within the past year compared to 24 percent of men (see figure 11). Black women repaying student loans encountered particular difficulty: Four years after graduation 57 percent of black women college graduates paying off their student loans were unable to meet all of their essential expenses at some point in the past year compared to only 17 percent of black women college graduates who were not making student debt payments.

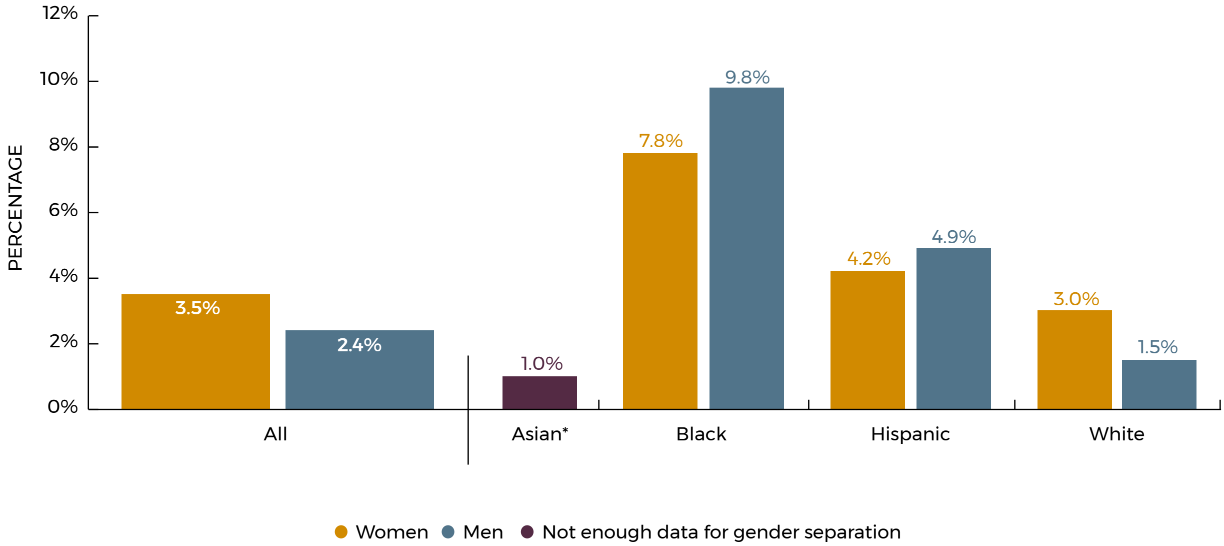
Unsurprisingly, struggling to repay student loans exacts a toll. Among college graduates interviewed four years after graduation 45 percent of women reported high or very high stress levels connected to their student loan debt compared to 34 percent of men. In every racial and ethnic group women reported greater stress about repayment than men in the same group, black women reporting the highest level of stress about repayment of any group. The pressure of student debt repayment can mean that borrowers make different life and career decisions as well. Four years after graduation, women with bachelor's degrees who had not pursued postbaccalaureate education were more likely than men to report that their education costs had influenced them to delay buying a house, and to take a less desirable job or a job outside of their field. Among graduates working full time who had not pursued an additional degree, women were less likely than men to be contributing to a retirement plan or account. Clearly, the experiences of women shortly after college graduation are colored by their financial circumstances: A gender pay gap means a longer road out of deeper debt.

“Clearly, the experiences of women shortly after college graduation are colored by their financial circumstances: A gender pay gap means a longer road out of deeper debt.”

Student loans are designed to be more difficult to discharge through bankruptcy than personal loans, and borrowers who find themselves unable to repay their loans cannot simply walk away from their debt. Whether the inability to pay is the result of personal circumstances, unemployment or underemployment, or health problems, if a borrower repeatedly fails to make student loan payments the loan eventually enters default.

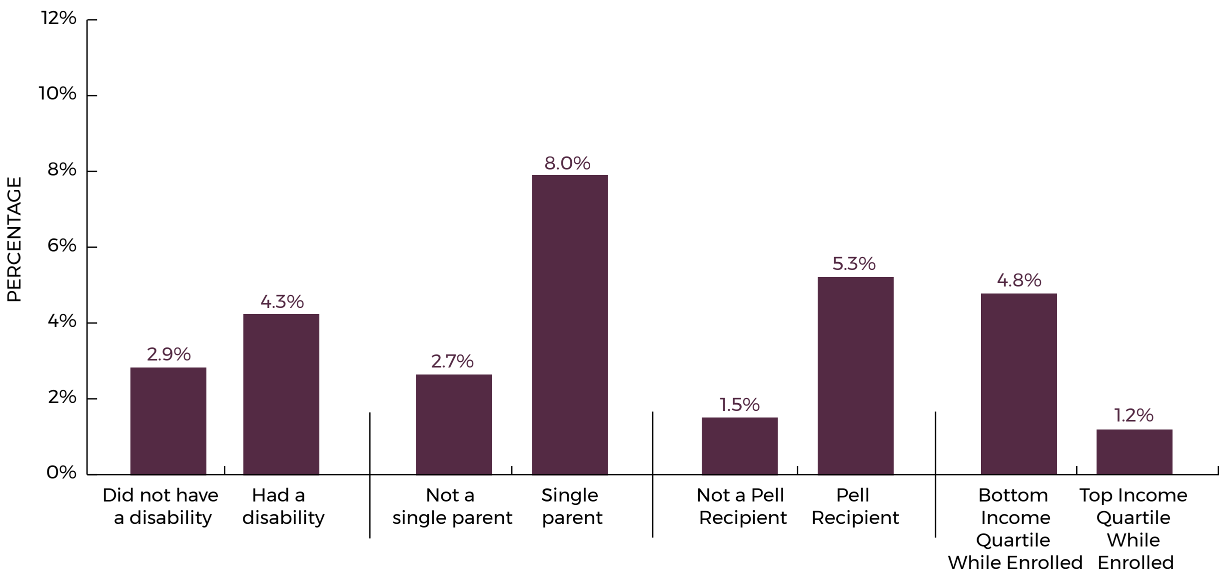
When a borrower's loan enters default, the lender—the federal government or a private lender—suspends the repayment plan and declares the total of the loan and interest to be due immediately. The borrower then becomes ineligible for any future student financial aid. The personal financial consequences of default can be severe. The amount owed is sent to collections and the

Figure 12. Percent of College Graduates in Loan Default 4 Years after College, by Race and Gender



*The sample size for Asian graduates in default was inadequate to allow for a gender breakdown within that category.
Source: AAUW analysis of U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, *Baccalaureate and Beyond Longitudinal Study* 2008/12 data.

Figure 13. Percent of College Graduates in Loan Default 4 Years after College, by Disability Status, Single Parent Status, Pell Grant Status, and Income Quartile



Source: AAUW analysis of U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, *Baccalaureate and Beyond Longitudinal Study* 2008/12 data.

personal credit rating of the borrower will be negatively affected. But bankruptcy will not automatically eliminate student loan debt. Additionally, the federal government may require a borrower's employer to garnish paychecks against federal student loans in default, and the Internal Revenue Service may withhold the tax refunds of a borrower in default on federal student loans.

Nor is student loan debt and default a problem only for young people. Enrollment in undergraduate institutions for the first time at a nontraditional age, additional degrees, and parent loans all result in student loan debt for Americans who are well past traditional college student age. In total, Americans aged 50 or older owe 18 percent of outstanding student debt, and Americans over age 60 owe 5 percent of outstanding student debt, and some of these older borrowers default. In 2015, 115,000 Americans over the age of 50 were having a portion of their Social Security benefits withheld by the U.S. Department of Education after defaulting on federal student loans (U.S. Government Accountability Office, 2016).

The rate of student loan defaults reached its height in 2010 alongside record-high postsecondary enrollments in the United States. Of borrowers entering repayment that year 15 percent defaulted within three years, a statistic known as the cohort default rate.[3] Among students leaving college in 2013—the most recent year for which the U.S. Department of Education reported data—the cohort default rate was 11 percent. This rate, though a decrease from the past few years, still represents almost 600,000 borrowers entering default (U.S. Department of Education, 2016g).

Rates of default are higher for students who do not complete their program: In a study of students entering repayment in 2011, the two-year default rate for graduates was 9 percent but the rate for those who leave college without completing their program was 24 percent (College Board, 2015a). Most borrowers who default owe less than $10,000, and the default rate is lowest among borrowers with the largest debts (College Board, 2015b). It is not the students who take on the most debt who are the most likely to default; it is those students who drop out, many of whom were not enrolled long enough to take on an extremely large amount of debt, who are the most likely to default.

Many of the datasets used to study student loan default do not include such individual-level demographic data as gender and race, but the *Baccalaureate and Beyond Longitudinal Study* does. The 2007–08 cohort provides some information on how default varies by race and gender, as well as other demographic features.[4] Among bachelor's degree graduates who did not enroll in another degree program following graduation women are more likely to default than men (3.5 percent versus 2.4 percent), though the gender difference in the default rate is not as large as the differences by race and ethnicity (see figure 12). Findings are similar when data include students who did enroll in an additional degree program. Students with disabilities, students who were single parents when graduating from college, and

[3] Researchers and government agencies calculate a cohort default rate as the portion of a cohort of students who have defaulted within a set period of time after entering repayment. The U.S. Department of Education currently favors reporting a three-year cohort default rate, but two-year cohort default rates and other rates have been used in some studies and publications. Thus not all cohort default rates are directly comparable.

[4] One major limitation of the *Baccalaureate and Beyond* study is that it is limited to students who graduated with a bachelor's degree. It therefore excludes those who did not complete a degree and those who completed a subbaccalaureate credential or degree, which accounts in part for the overall default rate reported in the *Baccalaureate and Beyond* for those who did not pursue an additional degree after graduation (3.0 percent) being substantially lower than the rate reported by the U.S. Department of Education for all borrowers entering repayment that year (11.7 percent). In addition to the limitations of the sample, the *Baccalaureate and Beyond* default rate represents students who were in default at the time of the survey, whereas the cohort default rates more commonly reported elsewhere include the proportion of students who were in default at any time during the three-year period, hence the much larger number.

students who received need-based federal Pell grants were all more likely to be in default four years after graduation (see figure 13).

Borrowers are much less likely to default if they or their families had high incomes when they were enrolled in college; borrowers with family or personal incomes in the top quartile during college were one-fourth as likely to default as borrowers whose incomes were in the bottom quartile (see figure 13). This may reflect a combination of better labor market outcomes for those from higher-income backgrounds, but also the availability of family assistance should a borrower fall behind on repayment. Researchers have found that race and ethnicity, raising dependent children while enrolled, and low income all have distinct, independent effects on the likelihood of default by student loan borrowers (Hillman, 2014).

Different types of institutions produce very different rates of default when their students enter repayment. For-profit institutions have been identified by many researchers and the federal government as enrolling a disproportionate number of borrowers who default within two years of leaving college: Over the past three years the three-year cohort default rate for proprietary institutions has been between 15 percent and 19 percent (U.S. Department of Education, 2016h). Because the vast majority of students at for-profit institutions—85 percent of students enrolled at for-profit institutions in 2011-12—take out student loans, this produces a large number of borrowers who default relative to the number of students enrolled at for-profit colleges. The rise of enrollment at these institutions, particularly by nontraditional students, was responsible for much of the recent surge in student loan defaults (Looney & Yannelis, 2015). And as noted in previous chapters these institutions disproportionately enroll women, students of color, and low-income students using high-pressure recruitment techniques.

But default occurs among borrowers who attend all types of institutions, including public and private four-year schools as well as community colleges. Over the past three years community colleges have also had a high rate of default—cohort default rates between 18 percent and 21 percent (U.S. Department of Education, 2016h). However, less than half (37 percent) of community college students took out loans in 2011–12, so the number of community college borrowers who default is much less disproportionate compared to enrollment than is the case at for-profit institutions.

Both for-profit institutions and community colleges disproportionately enroll nontraditional students and students with fewer resources: first-generation college students, racial and ethnic minority students, students who work full time, students with dependent children, and low-income students. However, for-profit colleges and community colleges have different missions and utilize different approaches in their enrollment of these students. In particular, for-profit colleges may focus on enrolling students and place less emphasis on student completion or job placement because they have an obligation to their stockholders to produce profit. Indeed even when accounting for student demographics and other factors, for-profits have particularly high default rates relative to other types of institutions (Hillman, 2014). If they wish to improve student outcomes, institutions serving nontraditional students may need to offer additional resources and support to improve the likelihood that students will complete their programs and thus be less likely to default.

Once a borrower has defaulted on federal loans it is possible to rehabilitate those loans by agreeing in writing to meet certain repayment conditions that may include a rate of repayment based on income. Borrowers in default may also be able to consolidate their loans. However, rehabilitation after default does not erase all of the negative effects of student loan default, so avoiding default in the first place is preferable.

As noted in chapter 1, it is possible, though difficult, to permanently cancel or discharge student loans under adverse circumstances. The process is different for federal and private loans, but there is a pathway to relief for both types of student loans. Relief from federal student loans can be achieved in such cases as permanent disability, cases in which students have been victims of fraud, and other dire circumstances (see chapter 1). With respect to private loans, the borrower may be required to convincingly prove to a court, in argument against the lender's counsel, that it will never be possible to repay one's loans without undue hardship. Some private student loan agreements also stipulate that debt can be cancelled or discharged in cases of permanent disability.[5]

Though some students regret attending college and borrowing in order to do so, most who complete their degrees do not. Among bachelor's graduates interviewed four years after graduation, 72 percent said their education was well worth the cost. Women are just as likely as men to say that their education was worth the cost—73 percent versus 72 percent say so—despite larger loans, slower repayment, greater impacts on their life choices, and greater risk of default.

CHAPTER SUMMARY

Despite the financial risks and difficulties that now accompany earning a college degree, women are still enrolling and graduating at higher rates than men, and borrowing and repaying larger loans than men. That women continue to do so speaks to a dedication to education as a pathway to opportunity, but our system of higher education should not be a source of major financial risk for vulnerable students. We can do better.

[5] Ironically, discharge or cancellation of student loans may count as taxable income, leading to a situation in which borrowers unable to repay student loans receive relief on their loans and then instead owe tax bills for a substantial portion of the amount previously owed on the loans.

CHAPTER 4

Conclusions and Recommendations

Women are disproportionately affected by student loans only in part because they make up the majority of college students. In this chapter we offer some concluding thoughts: an estimate of the extent to which student debt is a women's issue; an answer to the question of whether college is worth it; and recommendations for improving our postsecondary education system to reduce the negative impacts of student debt.

Because most college and university students are women—56 percent as of fall 2016—we would expect women to have taken on much of the $1.31 trillion in student loan debt held by Americans. But as we have noted, on average women take on slightly more debt than men, a pattern that holds across demographic groups and institutions.

By comparing overall enrollment by degree level (U.S. Department of Education, 2016d) and gender (Okahana et al., 2016) and the typical annual debt by degree level and gender (see figures 4 and 8), AAUW estimates that women enrolled in postsecondary education borrow about 14 percent more than do men (see chapter 2). As a result, about 60 percent of initial loans made directly to students are made to women.

However, there is another factor to consider in this calculation: Men also pay back their loans more quickly than do women, a result in part of the gender pay gap. Women with college degrees earn 26 percent less than men in comparable jobs (among all full-time year-round workers; AAUW, 2017). On the basis of data regarding actual student loan repayment (U.S. Department of Education, 2015), AAUW estimates that it takes the typical female college graduate about 21 percent longer (or 1.9 years longer) to pay back her student loans than it takes the typical male college graduate (see chapter 3). As a result, women retain their debt longer than do men.

Given women's higher enrollment, their larger initial loans, and their slower rate of repayment, we estimate that 64 percent of student loan debt is held by women. When gauged against the total $1.31 trillion in outstanding student debt estimated by the New York Federal Reserve as of the end of 2016, we estimate that women hold $833 billion in student debt while men hold $477 billion.

This 64 percent estimate may be slightly conservative, however, because it may not completely account for the greater accrual of interest by women during longer-duration repayment. It also does not account for the fact that female students who leave college before completing a degree take on more debt before doing so than do men although men are more likely to drop out (see chapter 2 regarding students who do not complete degrees). The estimate also does not consider the gender balance in PLUS loans taken out by parents for which no data are available; however, 56 percent of parents living with children in the United States are women, so more women may take on PLUS loans than men (U.S. Census Bureau, 2016c).

Just as this estimate does not account separately for the debt repayment experiences of college students who do not complete a program, this report as a whole provides only limited information about student loan borrowers who do not complete college. This incomplete picture unfortunately reflects the general paucity of data on students who leave college: their experiences during and after college, their reasons for leaving college, and their ability to repay accumulated student debt.

Though we made an effort to examine the student debt experiences of students regardless of degree program or outcome, this report focuses on the experiences of students while enrolled in and following completion of bachelor's degree programs. Once again this is due in part to the fact that data on bachelor's degree students are richer and more readily available than data and studies on students at other degree levels. Despite the fact that community colleges enroll almost two in five American undergraduates, and the fact that more Americans than ever are pursuing postgraduate education, the experiences and finances of both subbaccalaureate and postbaccalaureate students are not as well studied or as well publicized. The *Baccalaureate and Beyond* surveys conducted by the U.S. Department of Education do not have counterparts at the subbaccalaureate or postbaccalaureate level.

For a deeper understanding of how students move through the higher education system and the challenges they face in paying for their education, more data are needed. Data that allow for analyzing and understanding the experiences of students across gender, race, ethnicity, income, age, and other factors are crucial in helping us understand how well the higher education system in the United States is serving different populations.

“Given women's higher enrollment, their larger initial loans, and their slower rate of repayment, we estimate that 64 percent of student loan debt is held by women. When gauged against the total $1.31 trillion in outstanding student debt estimated by the New York Federal Reserve as of the end of 2016, we estimate that women hold $833 billion in student debt while men hold $477 billion.”

The question that implicitly underlies much of the topic of student debt is, is college worth it? Are the costs of college, especially considering the difficulties of repaying student debt, worthwhile? The answer depends on individual circumstances and outcomes. But the data make clear that, at least on average, a college degree is associated with much higher earnings and lower unemployment for individuals—and with positive outcomes for society.

As we can see in figure 10, a college degree is reliably associated with higher earnings regardless of gender or race, but gender and race also have their own effects on pay. The average lifetime earnings of someone with a bachelor's degree over a lifetime is about $2.3 million, compared to $1.3 million for someone with a high school diploma; but the size of that payoff may vary depending on field of study, individual circumstances, and prejudices associated with gender and race (Carnevale et al., 2011). And although new college graduates are less likely to be employed than more experienced college graduates, they still fare better than workers without a college degree (Carnevale and Cheah, 2015).

Evidence suggests that the benefits of college extend beyond paychecks. A college degree opens doors to jobs of higher status as well as higher quality: jobs in better working conditions, with more regular schedules, or with better benefits. In addition to higher wages, economic stability, home ownership, and even general health and well-being are linked to attaining a college degree. A college degree also increases the likelihood that an individual will vote in political elections. Additionally, college graduates are typically more in favor of civil liberties and are less hostile to minorities than those without college degrees (Hout, 2012). The benefits of a college education also extend beyond the individuals who earn degrees. College graduates pay more in taxes and rely less on social services over their lifetime than their non-college-educated peers (Trostel, 2010). And access to higher education for the disadvantaged increases the chances that their children will also eventually enroll in college (Attewell and Levin, 2009).

> “Most Americans still believe that education is important both in itself and in the expanded opportunities it provides. But expectations around who should pay for a higher education have changed.”

Most Americans still believe that education is important both in itself and in the expanded opportunities it provides. But expectations around who should pay for a higher education have changed. While tuition rates have increased dramatically, state and federal support for public colleges has stagnated. This shift in costs to students has been particularly difficult on women, people with lower incomes, and people with disabilities (Elliot, 2014).

Long known as “the great equalizer,” a college education has indeed been a ticket to greater financial stability for students from lower-income backgrounds, especially at midtier public institutions (Chetty et al., 2017). However, rising college costs and student loan debt have placed the value of higher education in the United States in doubt, especially for those who have the most to gain from a college degree. And even while the economy pushes workers to obtain credentials and degrees in order to qualify for good jobs, top colleges have become more selective, leaving for-profit and open access colleges more common options for many students (McMillan Cottom, 2017). More black and Hispanic students, in particular, are enrolling at less prestigious colleges than white students, which means they are taking on student debt without gaining all of the economic benefits (Carnevale and Strohl, 2013).

We can do better. Below we make recommendations for public policy changes to improve college affordability and the student loan system, especially for low-income students. We also make recommendations for institutions regarding how to improve student outcomes, and we provide a list of resources and organizations that readers may find helpful.

PUBLIC POLICY RECOMMENDATIONS

There are clear steps that policymakers can take to support students and reduce or eliminate the need for debt to finance college. These steps can take place on the local, state, or federal level. Policy efforts to enable students to finish college free of debt have real potential to benefit women, but to exert any significant impact those policies must take into consideration the total cost of college and seek to encourage state investment in higher education. Ultimately, policymakers must also continue to focus on students who need aid the most, strengthening long-standing and critically important financial aid programs and ensuring that the system works for women.

Protect Pell grants and ensure that they work for all students.

Need-based grant aid helps alleviate the amount of debt students must assume to attend college. The federal Pell Grant Program is critical to many students' success in higher education. Congress must ensure that the maximum Pell Grant is maintained and increased as the program's purchasing power is at the lowest it's been in decades. In addition, AAUW encourages Congress to move Pell grants entirely to a mandatory funding system to ensure that students can rely on the program as they plan for college and that it is not subject to annual funding disagreements in Congress. Finally, to address the specific needs of nontraditional students, AAUW encourages changes in the Pell Grant Program to allow students to access more than one grant in a school year and to increase the income protection allowance, which determines how much aid working students qualify for.

Support repayment approaches that reflect borrowers' realities.

AAUW and other advocates work to close the gender pay gap and even the playing field for women workers, but we also know that income-driven repayment (IDR) plans are crucial for women in particular to manage their debt since these plans allow struggling borrowers to customize loan repayments to reflect their economic circumstances. While recent efforts by the U.S. Department of Education ensure that most borrowers have access to an IDR option, the myriad programs can be confusing for borrowers to navigate and there are different terms depending on when a borrower took out a loan. Streamlining the IDR programs and making it easier for borrowers to enroll would continue to improve outcomes for women who are struggling to repay their loans.

In addition to making repayment more manageable for borrowers, AAUW encourages Congress to make refinancing possible for both federal and private student loans. Borrowers should be able to refinance student loans the same way they can refinance other financial instruments. AAUW also supports provisions to make private student loans dischargeable in bankruptcy: While we hope that such programs as IDR plans and refinancing can help borrowers avoid bankruptcy, the ability to discharge private student debt in this worst-case scenario is imperative.

Address additional costs students face beyond tuition.

Often lost in the conversation about affordable higher education are the other costs incurred by students during their time in school. For example, many students today are also parenting while enrolled in college and

State Government Action on Student Debt

As individuals across the U.S. struggle to pay off their student debt, some states are taking action. While comprehensive approaches are favored, a variety of stand-alone legislative ideas can get the ball rolling for states interested in supporting student borrowers.

"Promise" programs to guarantee a free community college education are proliferating across the country. Tennessee enacted its program in 2014 and Oregon followed suit in 2015. The Tennessee Promise covers tuition and fees for two years at a community college or college of applied technology, and is paid for through excess lottery reserve funds, which are being used to create a sustainable endowment. The Oregon Promise covers most tuition for recent Oregon high school graduates or GED recipients and is funded through appropriations by the legislature. While these programs share a common goal, the Oregon plan includes crucial elements to help ensure that the neediest students are receiving the support they require to succeed: funding for nontuition expenses and increased need-based grant aid.

as this report explains may take on additional loans that students without dependent children do not need. The costs of child care put it out of reach for many student parents, making affordable on-campus child care a necessary and effective resource. Our one federal program to support this type of affordability, the Child Care Access Means Parents in School (CCAMPIS), should be reauthorized and fully funded to continue to support parenting students as they pursue higher education.

Fight to eliminate the pay gap.

The pay gap plays a major role in the student debt burden of women. That's why it's critical for lawmakers to commit to ending gender-based pay discrimination.

Close loopholes in the existing law. Congress should update the Equal Pay Act to close existing loopholes, including deterring discrimination by strengthening penalties for equal pay violations and prohibiting retaliation against workers who inquire about employers' wage practices or disclose their own wages. This would improve incentives for employers to follow the law, empower women to negotiate for equal pay, and strengthen federal outreach and enforcement efforts.

Discard salary history as a determinant of future pay. Several cities and states, including Philadelphia and Massachusetts, have passed legislation or are considering passing legislation that prohibits employers from using a prospective employee's salary history to determine pay. Discarding this practice would mean that prior discrimination would not follow an employee from job to job, and salaries would be determined by job qualifications and market pay scales.

Improve data collection and transparency.

As it stands, one of our primary federal data sources on higher education does not adequately represent some students and schools. First, the Integrated Postsecondary Education Data System (IPEDS) reports graduation rates or completion rates only for full-time first-time degree or certificate-seeking students who begin in the fall. This excludes many students. Second, students who complete their associate degrees or certificates before transferring to a four-year institution are counted as graduates, but are not included as a transfer student in the IPEDS data. Given the realities of how today's students pursue their educations, this oversight simply makes no sense.

The National Student Clearinghouse has improved data collection around transfer rates but does not disaggregate the information by gender or race and ethnicity. Without corrections to these data problems we may see a more negative or overly positive picture of a community college than is true, rendering that data less useful for all stakeholders. AAUW supports efforts to tackle some of these issues by ending the prohibition on a student unit record.

In 2015, Connecticut passed the Student Loan Bill of Rights aimed at helping bring more transparency and support to the borrowing process. The law creates the position of Student Loan Ombudsman—paid for by fees on loan servicers—to provide assistance to borrowers. The ombudsman will establish an educational course for student loan borrowers that must include key loan terms, documentation requirements, monthly payment obligations, income-based repayment options, loan forgiveness, and disclosure requirements. Additionally, the law requires loan servicers to be licensed by the state department of banking and to follow basic consumer protections.

"Students dropping out of college with debt is a much worse scenario than graduating with debt—these students are much more likely to default on their loans—and thus supporting students who are at risk of failing to complete their academic program is critical to managing student debt."

RECOMMENDATIONS FOR INSTITUTIONS

Provide accurate financial aid information and guidance.

Researchers have found that students are often unsure whether they have loans or how much they owe (Andruska et al., 2014; Akers & Chingos, 2014). Institutional student aid offices should work to keep students informed about their student aid, both when they first apply for aid or request information about aid and as they continue to borrow. The objective is not to dissuade students from borrowing if loans are needed but to keep them informed about their debt and how to manage it after they leave college.

In addition to providing accurate information, college administrators can work to guide students toward the best resources available, with a mind toward avoiding unnecessary debt. Students should be guided toward federal, state, and institutional grants rather than loans, and when students do take on loans they should not be directed to private lenders until federal aid has been exhausted.

Support nontraditional students.

Students dropping out of college with debt is a much worse scenario than graduating with debt—these students are much more likely to default on their loans—and thus supporting students who are at risk of failing to complete their academic program is critical to managing student debt. Nontraditional students—older students, students who work full time, and students with dependent children—face particular difficulty in completing their degree programs. These students may have preferences that differ from those of traditional students: for instance, class schedules and requirements that accommodate those who may prefer evening or weekend classes. Nontraditional students are also usually not as well prepared as traditional students, and remedial classes mean a delay in completing progress toward a degree. Institutions should have a strategy for moving students through remedial education and into the classes required for graduation.

Students with dependent children make up about 26 percent of undergraduate students, and 71 percent of these student parents are women. These students benefit greatly from services that are oriented to their particular needs, notably child care. Child care located on campus at low or no cost for students can make the difference between completing a degree in a timely fashion and dropping out or taking out even larger loans to help pay for child care. Schools that do not have a child care center on campus can provide other services: resource and referral agencies, vouchers, or library babysitting while a student is studying can help students with children balance their child care needs with their education needs (Miller et al., 2011).

Low-income students—including students with dependent children and other nontraditional students—often cite financial difficulties as one of the main reasons they struggle to remain enrolled and complete their degree programs. Many community college students are food insecure, and some are homeless (Goldrick-Rab et al., 2017). Students struggling to make ends meet can benefit from institutional assistance in accessing government support, local resources, and institutional programs. Single Stop USA works on community college campuses to help students access the federal and state benefits for which they are eligible. The College and University Food Bank Alliance supports existing and new food banks on college campuses. Institutional leadership and administrators can work to either provide these kinds of services directly or partner with other organizations, making college campuses places where low-income students are furnished with the resources they need to succeed.

> “Low-income students—including students with dependent children and other nontraditional students—often cite financial difficulties as one of the main reasons they struggle to remain enrolled and complete their degree programs.”

Prepare students for successful careers.

Postsecondary institutions enroll varied student bodies and are guided by somewhat different philosophies, but even the most “ivory tower” among them must recognize that most students expect to enter the workforce after college if they are not already working full time. The preparation of college students for postcollege life should include career counseling and resources. AAUW’s Start Smart is one example of a program that helps prepare college students for their careers by training them in salary negotiation. Because salary history follows workers across jobs, even a relatively small increase in women’s first professional salary can mean an easier time paying off student loans and substantial improvements to earnings over the course of a career, helping to close the gender pay gap.

References

Association of Collegiate Alumnae. (1885). *Health statistics of women college graduates*. Boston: Massachusetts Bureau of Statistics of Labor.

AAUW. (2017). *The simple truth about the gender pay gap*. Washington, DC: Author.

Akers, B. (2015). *How much is too much? Evidence on financial well-being and student loan debt*. Washington, DC: American Enterprise Institute.

Akers, B., & Chingos, M. M. (2014). *Are college students borrowing blindly?* Washington, DC: Brookings Institution.

American Association of Medical Colleges. (2014). Medical student education: Debt, costs, and loan repayment fact card. Retrieved from members.aamc.org/eweb/upload/2014%20DFC_%20vertical.pdf

American Association of University Professors. (2015). Table 12. Distribution of faculty by rank, gender, category, and affiliation, 2014–15. *Academe*. Washington, DC: Author.

Andruska, E. A., Hogarth, J. M., Needles Fletcher, C., Forbes, G. R., & Wohlgemuth, D. R. (2014). Do you know what you owe? Students' understanding of their student loans. J*ournal of Student Financial Aid 44*(2), 125–48.

Attewell, P., Lavin, D. E., Domina, T., & Levey, T. (2009). *Passing the torch: Does higher education for the disadvantaged pay off across the generations?* New York: Russell Sage Foundation.

Board of Governors of the Federal Reserve System. (2016). *Report on the economic well-being of U.S. households in 2015*. Washington, DC: The Federal Reserve Board.

Carnevale, A., & Cheah, B. (2015). *From hard times to better times: College majors, unemployment, and earnings*. Washington, DC: Center on Education and the Workforce.

Carnevale, A., Rose, S. J., & Cheah, B. (2011). *The college payoff: Education, occupations, lifetime earnings*. Washington, DC: Center on Education and the Workforce.

Carnevale, A., Smith, N., Melton, M., & Price, E. W. (2015). *Learning while earning: The new normal*. Washington, DC: Center on Education and the Workforce.

Carnevale, A., & Strohl, J. (2013). *Separate & unequal: How higher education reinforces the intergenerational reproduction of white racial privilege*. Washington, DC: Center on Education and the Workforce.

Cellini, S. R., & Turner, N. (2016). *Gainfully employed? Assessing the employment and earnings of for-profit college students using administrative data*. Cambridge: National Bureau of Economic Research.

Chetty, R., Friedman, J., Saez, E., Turner, N., & Yagan, D. (2017). *Mobility report cards: The role of colleges in intergenerational mobility*. Equality of Opportunity Project.

Cochrane, D., & Cheng, D. (2016). *Student debt and the class of 2015*. Oakland: The Institute of College Access and Success.

College Board. (2015a). Two-year default rates by sector and completion status. Retrieved from trends.collegeboard.org/student-aid/figures-tables/two-year-default-rates-sector-and-completion-status

College Board. (2015b). Share of defaulters and three-year default rates by loan balance. Retrieved from trends.collegeboard.org/student-aid/figures-tables/share-defaulters-and-three-year-default-rates-loan-balance

College Board. (2016). *Trends in student aid*. New York: Author.

Corbett, C., & Hill, C. (2012). *Graduating to a pay gap: The earnings of women and men one year after college graduation*. Washington, DC: AAUW.

Council of Graduate Schools. (2013). Master's completion project. Washington, DC. Retrieved from cgsnet.org/masters-completion-project

Dwyer, R. E., Hodson, R., & McCloud, L. (2013). Gender, debt, and dropping out of college. *Gender & Society 27*(1), 30–55.

Ehrenberg, R. G., & Main, J. (2008). *Females on academic boards of trustees: Slow but steady progress*. Ithaca: Cornell Higher Education Research Institute.

Elliot, W. (2014). Student loans: Are we getting our money's worth? *Change: The Magazine of Higher Learning 46*(4), 26–33.

Exkano, J. (2012). Toward an African cosmology: Reframing how we think about historically black colleges and universities. *Journal of Black Studies 44*(1), 63–80.

Federal Reserve Bank of New York. (2016). *Household debt and credit report*. Retrieved from www.newyorkfed.org/microeconomics/hhdc.html

Fry, R. (2014). *Young Adults, Student Debt and Economic Well-Being*. Pew Research Center. Retrieved from www.pewsocialtrends.org/2014/05/14/young-adults-student-debt-and-economic-well-being

Ginder, S. A., Kelly-Reid, J. E., & Mann, F. B. (2015). *Graduation rates for selected cohorts, 2006–11; Student financial aid, academic year 2013–14; and Admissions in postsecondary institutions, fall 2014: First look (provisional data)*. Washington, DC: National Center for Education Statistics.

Goldrick-Rab, S., Richardson, J., & Hernandez, A. (2017). *Hungry and homeless in college: Results from national study of basic needs insecurity in higher education*. Washington, DC: Association of Community College Trustees.

Harwarth, I., DeBra, E., & Maline, M. (1997). *Women's colleges in the United States: History, issues, and challenges*. Washington, DC: U.S. Department of Education National Institute on Postsecondary Education, Libraries, and Lifelong Learning.

Hillman, N. W. (2014). College on credit: A multilevel analysis of student loan default. *Review of Higher Education 37*(2), 169–95.

Hout, M. (2012). Social and economic returns to college education in the United States. *Annual Review of Sociology 38*, 379–400.

Institute for College Access and Success. (2014). *Data show no evidence of "over-borrowing" at community colleges: Colleges don't need more authority to limit student aid options*. Washington, DC: Author.

Institute for College Access and Success. (2016). *Student debt and the class of 2015: 11th annual report*. Washington, DC: Author.

Institute for College Access and Success. (2017). *Pell grants help keep college affordable*. Washington, DC: Author.

Kantrowitz, M. (2015). *Who graduates with excessive student loan debt?* Student Aid Policy. Retrieved from www.studentaidpolicy.com/excessive-debt/Excessive-Debt-at-Graduation.pdf

Knepper, P., Berkner, L., He, S., & Forrest Cataldi, E. (2002). *Descriptive summary of 1995–96 beginning postsecondary students: Six years later*. Washington, DC: National Center for Education Statistics.

Lochner, L. J., & Monge-Naranjo, A. (2014). *Default and repayment among baccalaureate degree earners*. Cambridge: The National Bureau of Economic Research.

Looney, A., & Yannelis, C. (2015). *A crisis in student loans? How changes in the characteristics of borrowers and in the institutions they attend contributed to rising loan defaults*. Washington, DC: The Brookings Institution.

McMillan Cottom, T. (2017). *Lower ed: The troubling rise of for-profit colleges in the new economy*. New York: The New Press.

Miller, K., Gault, B., & Thorman, A. (2011). *Improving child care access to promote postsecondary success among low-income parents*. Washington, DC: The Institute for Women's Policy Research.

Mitchell, M., Leachman, M., & Masterson, K. (2016). *Funding down, tuition up: State cuts to higher education threaten quality and affordability at public colleges*. Washington, DC: Center on Budget and Policy Priorities.

Nagowski, M. (2005). *Inopportunity of gender: The GI bill and the higher education of the American female, 1939–54*. Ithaca: Cornell University.

Newman, J. (2014). There is a gender pay gap in academe, but it may not be the gap that matters. *The Chronicle of Higher Education*. Retrieved from www.chronicle.com/blogs/data/2014/04/11/there-is-a-gender-pay-gap-in-academe-but-it-may-not-be-the-gap-that-matters

Okahana, H., Feaster, K., & Allum, J. (2016). *Graduate enrollment and degrees: 2005 to 2015*. Washington, DC: Council of Graduate Schools.

Pell Institute for the Study of Opportunity in Higher Education. (2014). State investment and disinvestment in higher education FY1961 to FY2014. *Postsecondary Education Opportunity 260*, 1–7.

Sullivan, L., Meshede, T., Dietrich, L., Shapiro, T., Traub, A., Ruetschlin, C., & Draut, T. (2015). *The racial wealth gap: Why policy matters*. Washington, DC: Demos.

Trostel, P. (2010). The fiscal impacts of college attainment. *Research in Higher Education 51*(3), 220–47.

U.S. Census Bureau. (2016a). *Current population survey, 2016 annual social economic supplement*. Table H-6. Regions-by median and mean income. Retrieved from www.census.gov/data/tables/time-series/demo/income-poverty/historical-income-households.html

U.S. Census Bureau. (2016b). *Current population survey*, reported in U.S. Department of Labor, U.S. Bureau of Labor Statistics, *2016 usual weekly earnings summary*, Economic News Release USDL-17-0105. Table 9. Retrieved from www.bls.gov/news.release/pdf/wkyeng.pdf

U.S. Census Bureau. (2016c). *Current population survey, 2016 annual social economic supplement*. Parents with coresident children under 18, by living arrangement, sex, and selected characteristics: 2016. Retrieved from www.census.gov/hhes/families/data/cps2016A.html

U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics. (2012). Number of educational institutions, by level and control of institution: Selected years, 1980–81 through 2010–11. *Digest of Education Statistics*. Retrieved from nces.ed.gov/programs/digest/d12/tables/dt12_005.asp

U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics. (2013). *National postsecondary student aid study 2011–12*. Data analysis system available from nces.ed.gov/datalab

U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics. (2015). *Baccalaureate and beyond longitudinal study 2008/12*. Data analysis system available from nces.ed.gov/datalab

U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics. (2016a). Total undergraduate fall enrollment in degree-granting postsecondary institutions, by attendance status, sex of student, and control and level of institution: Selected years, 1970 through 2025. *Digest of Education Statistics*. Retrieved from nces.ed.gov/programs/digest/d15/tables/dt15_303.70.asp

U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics. (2016b). Degrees conferred by postsecondary institutions, by level of degree and sex of student: Selected years, 1869–70 through 2025–26. *Digest of Education Statistics*. Retrieved from nces.ed.gov/programs/digest/d15/tables/dt15_318.10.asp?current=yes

U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics. (2016c). Degrees conferred by postsecondary institutions in selected professional fields, by sex of student, control of institution, and field of study. *Digest of Education Statistics*. Retrieved from nces.ed.gov/programs/digest/d15/tables/dt15_324.50.asp

U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics. (2016d). Total fall enrollment in degree-granting postsecondary institutions, by level of enrollment, sex, attendance status, and race/ethnicity of student: Selected years, 1976 through 2014. *Digest of Education Statistics*. Retrieved from nces.ed.gov/programs/digest/d15/tables/dt15_306.10.asp

U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics. (2016e). Bachelor's degrees conferred by postsecondary institutions, by race and sex of student: Selected years, 1976–77 through 2014–15. *Digest of Education Statistics*. Retrieved from nces.ed.gov/programs/digest/d16/tables/dt16_322.20.asp?current=yes

U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics. (2016f). Average undergraduate tuition and fees and room and board rates charged for full-time students in degree-granting postsecondary institutions, by level and control of institution: 1963–64 through 2014–15. *Digest of Education Statistics*. Retrieved from nces.ed.gov/programs/digest/d15/tables/dt15_330.10.asp

U.S. Department of Education. (2016g). *National student loan cohort default rate declines steadily*. Retrieved from www.ed.gov/news/press-releases/national-student-loan-cohort-default-rate-declines-steadily

U.S. Department of Education, Federal Student Aid. (2016h). *Comparison of FY 2013 official national cohort default rates to prior two official cohort default rates*. Retrieved from www2.ed.gov/offices/OSFAP/defaultmanagement/schooltyperates.pdf

U.S. Department of Education, National Student Loan Data System. (2017). Table: Direct loan portfolio by repayment plan. Retrieved from studentaid.ed.gov/sa/sites/default/files/fsawg/datacenter/library/DLPortfoliobyRepaymentPlan.xls

U.S. Government Accountability Office. (2010). *Undercover testing finds colleges encouraged fraud and engaged in deceptive and questionable marketing practices*. Washington, DC: Author.

U.S. Government Accountability Office. (2016). *Social security offsets: Improvements to program design could better assist older student loan borrowers with obtaining permitted relief*. Washington, DC: Author.

U.S. News & World Report. (2017). *Which law school graduates have the most debt?* U.S. News & World Report Education. Retrieved from www.usnews.com/best-graduate-schools/top-law-schools/grad-debt-rankings

Whitman, D. (2017). *The Reagan administration's campaign to rein in predatory for-profit colleges*. New York: The Century Foundation.

AAUW
empowering women since 1881

1310 L St. NW, Suite 1000
Washington, DC 20005
202.785.7700
connect@aauw.org
www.aauw.org