

# College Board: US student loans are dropping, but cost of college is still rising

**Total student borrowing declined by 13 percent between 2010-11 and 2013-14, according to a new report from the College Board. It was the first decrease in nearly two decades.**



*By Stacy Teicher Khadaroo November 13, 2014 8:48 AM*

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College prices are still rising – but not as fast as they used to be. And the amount students are borrowing has taken a dramatic dip.

These headlines – from two annual reports released Thursday by the College Board – spell relief for countless American families.

“But we should take that good news with some caution,” said Sandy Baum, co-author of the reports and a college-finance expert at George Washington University, in a call with reporters.

College pricing is cyclical, and though things are getting back to normal as the economy recovers, Ms. Baum says, policymakers need to think long term if they want to buffer students from dramatic price spikes during the next economic downturn.

College prices still rose faster than the rate of inflation between 2013-14 and 2014-15, but the increases were less than the average annual increases of the past 5, 10, and 30 years.

Here are some key points from the report on college pricing:

- For in-state students at public four-year institutions, the average “sticker price” (published tuition and fees) in 2014-15 is \$9,139, up 2.9 percent since the year before.
- For public two-year college students, sticker price rose 3.3 percent, to \$3,347.
- For four-year private nonprofit college students, sticker price rose 3.7 percent, to \$31,231.

Keep in mind that most students don’t pay the full sticker price.

Net prices (full price of tuition and fees minus financial aid) at private nonprofits declined about 18 percent between 2007-08 and 2010-11 and then leveled off at about \$12,000. At public four-year schools, on the other hand, net prices average \$3,030, up from \$2,030 in 2009-10.

Also, the state you live in can play a big role in college prices. New Hampshire has the highest sticker price for four-year public institutions: \$14,712. Wyoming has the lowest: \$4,646. The amount of aid that states offer students varies widely, too.

Here are some key points from the report on financial aid and student debt:

- Total student borrowing (federal and nonfederal loans in inflation-adjusted dollars) declined by 13 percent between 2010-11 and 2013-14. It had risen 18 percent in the previous three years, and had been on the rise since at least the 1993-94 academic year.
- Average borrowing per student also declined – by 9 percent between 2010-11 and 2013-14.
- As a percentage of all student aid, loans declined from 47 percent in 2010-11 to 43 percent in 2013-14.
- In 2013-14, the average financial aid per full-time undergraduate student was \$14,180, including about \$8,080 in grants, \$4,840 in federal loans, and \$1,260 in education tax credits, deductions, and Federal Work-Study.

It's not exactly clear what accounts for the decline in borrowing, but there are some factors that have contributed, Baum says. For one, the total dollar figure is affected by the fact that enrollments are down somewhat, particularly at for-profit institutions, where prices and borrowing tend to be higher.

But per-student borrowing has declined, and in all sectors. More older students who had been borrowing to go back to school during the recession may now be opting to work instead, Baum suggests. It's also possible that traditional-age undergraduate students are more worried about the burdens of debt and are gravitating toward more-affordable schools.

Since the dip in borrowing is recent, it isn't yet reflected in a decline in the average amount owed by college graduates. Sixty percent of bachelor's degree recipients at four-year public and private nonprofit schools in 2012-13 graduated with debt, an average of \$27,300 each, an increase of 13 percent over five years.