



## Cumulative Median Student Loan Debt in Minnesota, 2016

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**About the Minnesota Office of Higher Education**

The Minnesota Office of Higher Education is a cabinet-level state agency providing students with financial aid programs and information to help them gain access to postsecondary education. The agency also serves as the state's clearinghouse for data, research and analysis on postsecondary enrollment, financial aid, finance and trends.

The Minnesota State Grant Program is the largest financial aid program administered by the Office of Higher Education, awarding up to \$190 million in need-based grants to Minnesota residents attending accredited institutions in Minnesota. The agency oversees tuition reciprocity programs, a student loan program, Minnesota's 529 College Savings Plan, licensing and early college awareness programs for youth.

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# Introduction

This report details the amount of student loans by institution type and award type (the type of postsecondary credential, e.g., a certificate or bachelor's degree), along with the percentage of graduates with loans for the 2011-12 to 2015-16 academic years. The Office surveyed degree-granting Minnesota institutions to obtain median cumulative student loan debt by type of certificate/degree.<sup>1</sup>

In this report, cumulative median student loan debt ("cumulative median debt") refers to the median amount of debt incurred by a student while attending a specific institution and pursuing a specific postsecondary credential. When aggregated across multiple institutions, the measure reported is the average cumulative median debt.<sup>2</sup> Cumulative median debt is only reported for students that completed a postsecondary credential at the given institution. The debt figures include debt from federal, state, and private sources that is known to the institutions. Debt incurred from previous institutions is not included. In addition, students with no debt are not included in the median. All institutions, public and private, asked to provide cumulative median debt information responded to OHE's data request. OHE thanks these institutions for their willingness to contribute to this report. Institution-level data can be found in the appendix.

## Main Findings and Implications

The data submitted by the institutions shows that student loan debt is trending in different directions based on award type. Since 2012, cumulative median debt has declined across all undergraduate awards, while over the same period, student loan debt has increased across all graduate awards. Other findings in the report include:

- Student debt amounts increased as the award type and the length of the program increased.
- Fewer students, across all award types, are borrowing to finance their postsecondary education.
- For associate and bachelor's degrees, students graduating from for-profit institutions typically have higher median student loan debt rates than students at public and private non-profit institutions.
- Minnesota's default rate continues to stay below the national default rate and lower than neighboring states.

States with high educational attainment also have lower default rates. The data collected shows positive trends in borrowing:

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<sup>1</sup> This report provides data on the weighted average of median debt amounts across institutions. The median is the value for which half of borrowers borrowed more and half borrowed less. Many reports on student debt report average debt at the campus level, rather than median debt. However, a small number of borrowers who borrow large amounts can result in higher average debt, even though the larger amounts are not typical for most borrowers. When aggregating across multiple institutions, the average cumulative median debt is used. This is the weighted (by number of borrowing graduates) average of the cumulative median debt across each institution.

<sup>2</sup> Each year institutions report median cumulative debt amount by award type to OHE. For each award type, OHE calculates a median cumulative debt. To generate this measure for each award type, OHE weights each institution's median cumulative debt amount by the number of graduates that took out student loans for that award at the institution. These weighted median cumulative debt amounts by award type are then averaged across all institutions.

- Cumulative median student loan debt amounts for recipients of undergraduate awards have declined across all sectors, while debt amounts for recipients of graduate awards increased across almost all sectors.
- The rate of borrowing among award recipients declined across all award types and almost all sectors.
- Currently, Minnesota has a cohort loan default rate of 8.9 percent, which is less than the national average of 11.5 percent.

This report underscores the need for students and their families to understand and plan for the total costs of postsecondary education before they enroll and apply the following effective strategies for minimizing debt:

- Reduce the need for student loans during college by earning postsecondary credit while still in high school.
- Find the best fit institutions, based on academic needs and career goals to ensure timely completion of programs for students and minimize the amount of loans taken out.
- Define realistic expectations of a career after college to designate an appropriate borrowing amount.
- Practice frugality across one's college experience by purchasing and reselling used textbooks, sticking to a weekly food budget, and finding roommates to live with.
- Pursue scholarships and grants (even beyond one's freshman year).

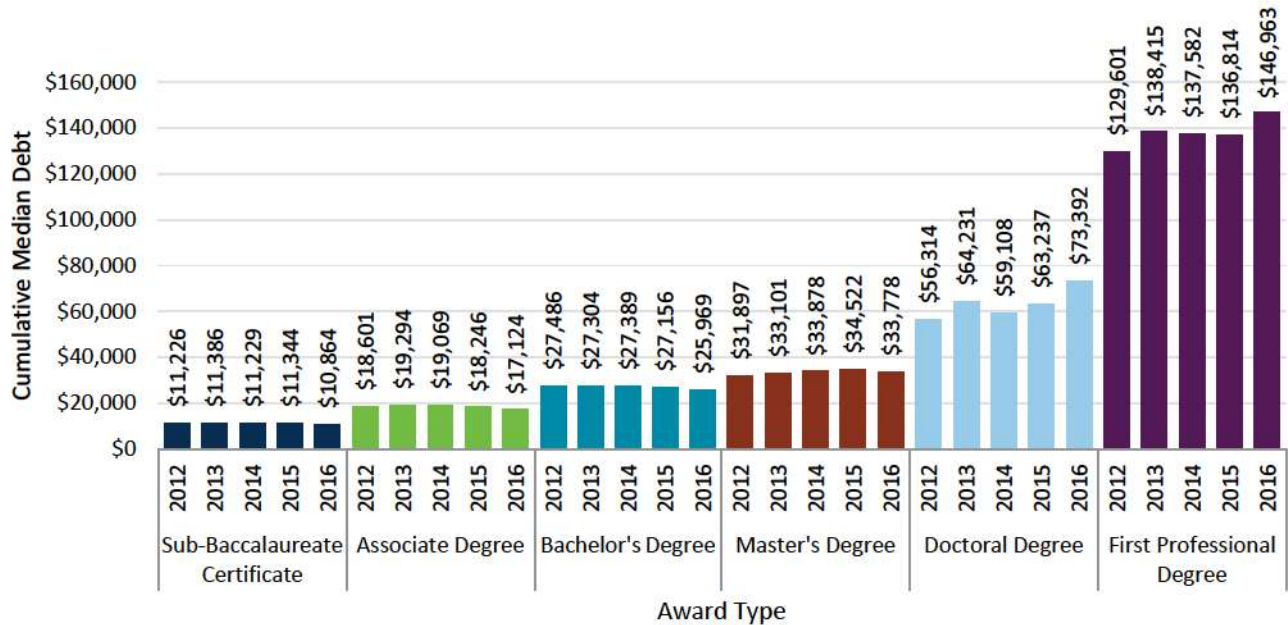
While loans help offset costs of attending college, students must borrow responsibly so they can repay them.

# Borrowing by Award Type, All Institutions

Student loans make college more affordable for many students. However, the rate of borrowing among graduates and amount borrowed varies by award, program length, and sector (Figure 1).

- Generally, amounts borrowed increase as the degree level and program length increases.
- Sub-baccalaureate certificate recipients borrowed a cumulative median of \$10,864 in 2016, a 4.2 percent decrease from 2015 (\$11,344).
- Associate degree recipients borrowed a cumulative median of \$17,124 in 2016, a 6.2 percent decrease from 2015 (\$18,246).
- Bachelor’s degree recipients borrowed a cumulative median of \$25,969 in 2016, a 4.4 percent decrease from 2015 (\$27,156).
- Master’s degree recipients borrowed a cumulative median of \$33,778 in 2016, a 2.2 percent decrease from 2015 (\$34,522).
- Doctoral degree recipients borrowed a cumulative median of \$73,392 in 2016, a 16.1 percent increase from 2015 (\$63,237).
- First professional degree recipients borrowed a cumulative median of \$146,963 in 2016, a 7.4 percent increase from 2015 (\$136,814).

Figure 1: Cumulative Median Debt Continues to Increase by Award Type in 2016

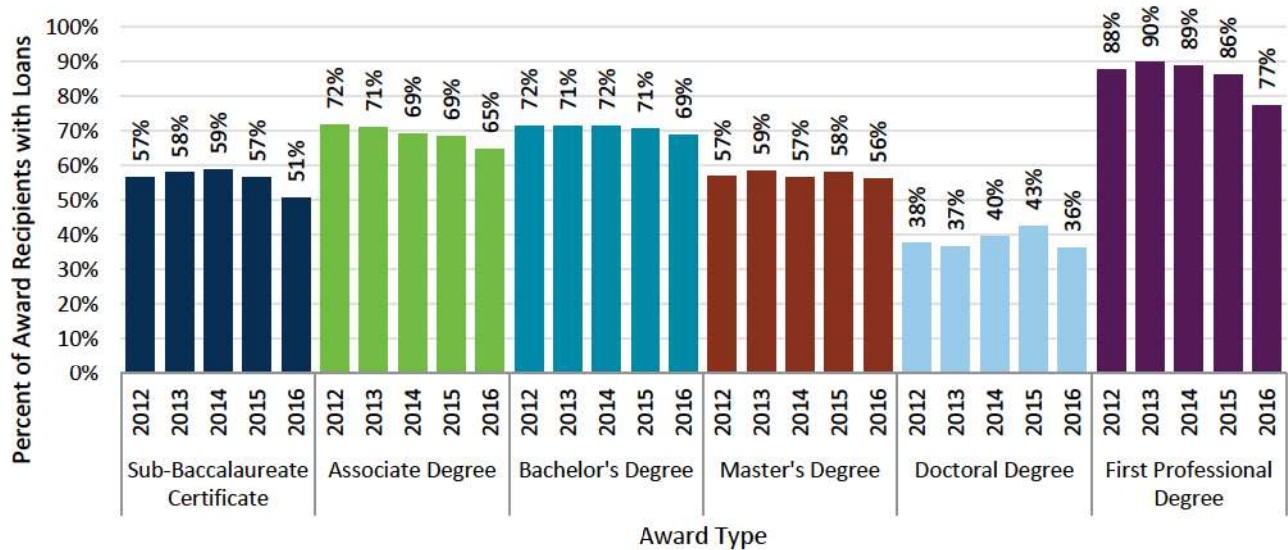


Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

In 2016, across all award types, fewer students borrowed to fund their college education compared to 2015 (see Figure 2):

- 51 percent of sub-baccalaureate certificate recipients (down from 57 percent in 2015).
- 65 percent of associate degree recipients (down from 69 percent in 2015).
- 69 percent of bachelor’s degree recipients (down from 71 percent in 2015).
- 56 percent of master’s degree recipients (down from 58 percent in 2015).
- 37 percent of doctoral degree recipients (down from 43 percent in 2015).
- 77 percent of first professional degree recipients (down from 86 percent in 2015).

**Figure 2: The Rate of Borrowing among Graduates Decreased Across All Award Types in 2016**



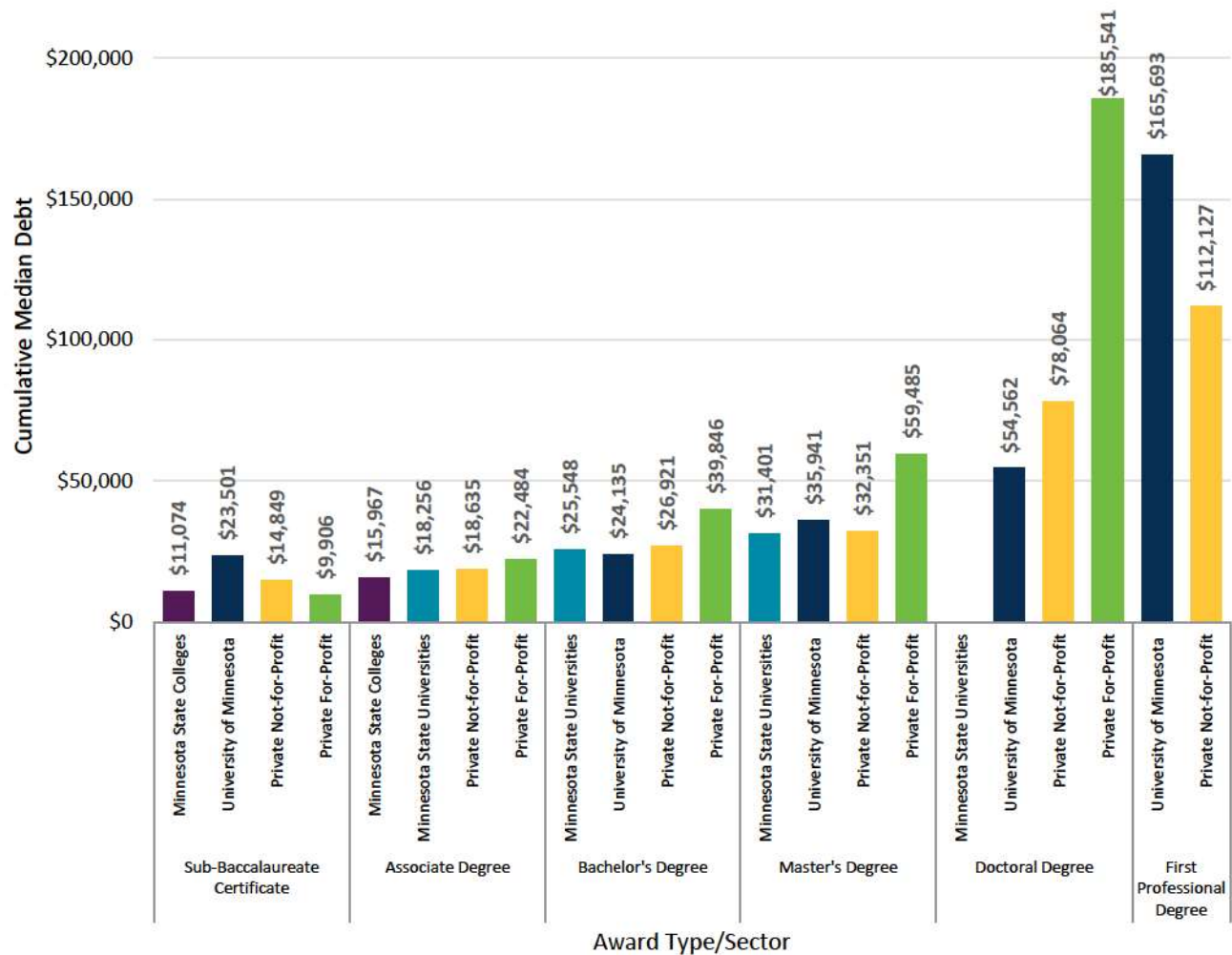
Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

In 2016, across award types, borrowing amounts also varied based on sector (Figure 3).

- Recipients of associate degrees borrowed the least amount at Minnesota State Colleges.
- Recipients of master’s degrees borrowed the least amount at Minnesota State Universities.
- Recipients of sub-baccalaureate certificates and first professional degrees borrowed the highest amount at the University of Minnesota.
- Recipients of sub-baccalaureate certificates, associate degrees, bachelor’s degree, doctoral degrees, and first professional degrees borrowed the second-highest amount at private not-for-profit institutions.
- Recipients of associate degrees, bachelor’s degrees, master’s degrees, and doctoral degrees borrowed the highest amount at private for-profit institutions.



Figure 3: Borrowing Amounts are Highest at For-Profit Institutions across Degree Types, 2016

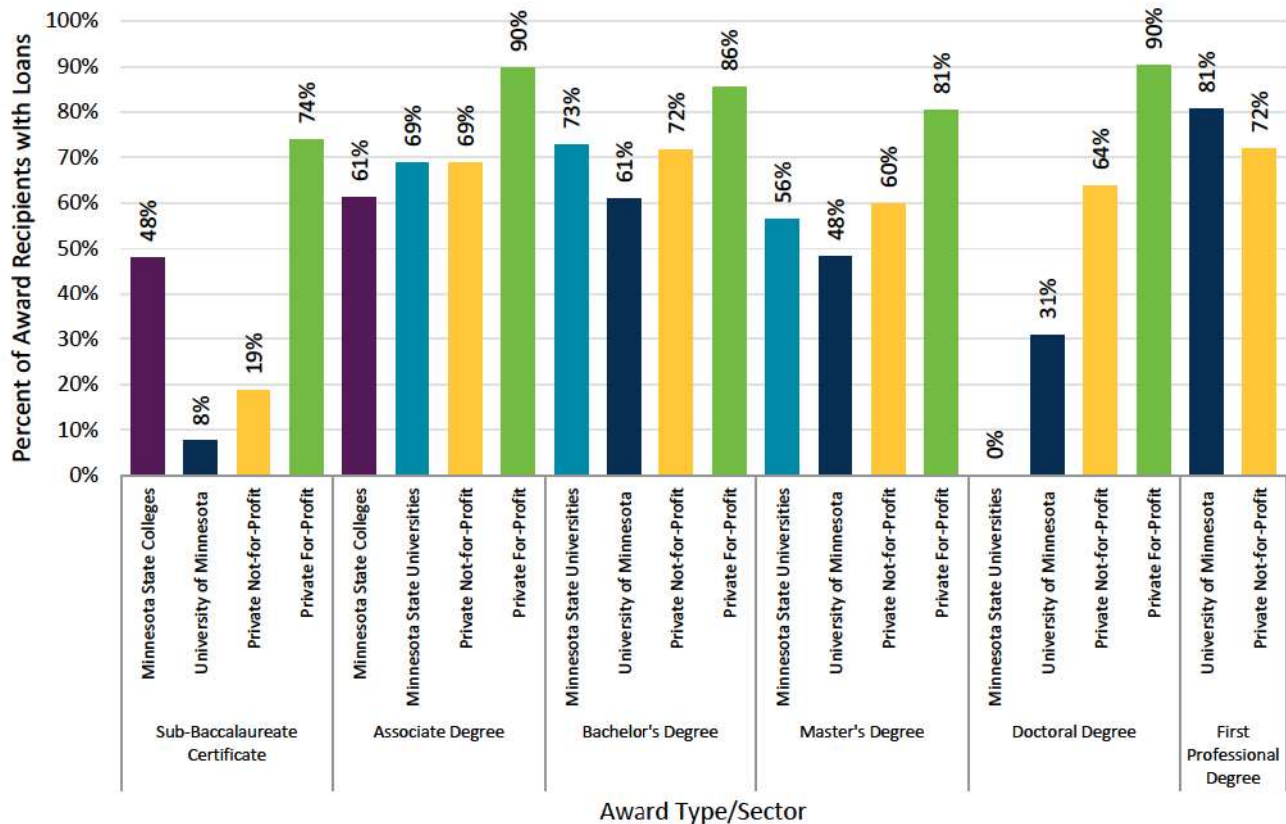


Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

Across award types, the rate of borrowing among graduates varied based on sector (Figure 4).

- Recipients of associate degrees at Minnesota State Colleges borrowed at the lowest rate.
- Recipients of associate degrees and bachelor’s degrees at Minnesota State Universities borrowed at the second-lowest rate.
- Recipients of sub-baccalaureate certificates, bachelor’s degrees, and master’s degrees at the University of Minnesota borrowed at the lowest rate.
- Recipients of bachelor’s degree, master’s degrees, doctoral degrees, and first professional degrees at private not-for-profit institutions borrowed at the second-highest rate.
- Recipients of all award types borrowed at the highest rate at private for-profit institutions.

Figure 4: Rate of Borrowing among Graduates is Highest at For-Profit Institutions, 2016

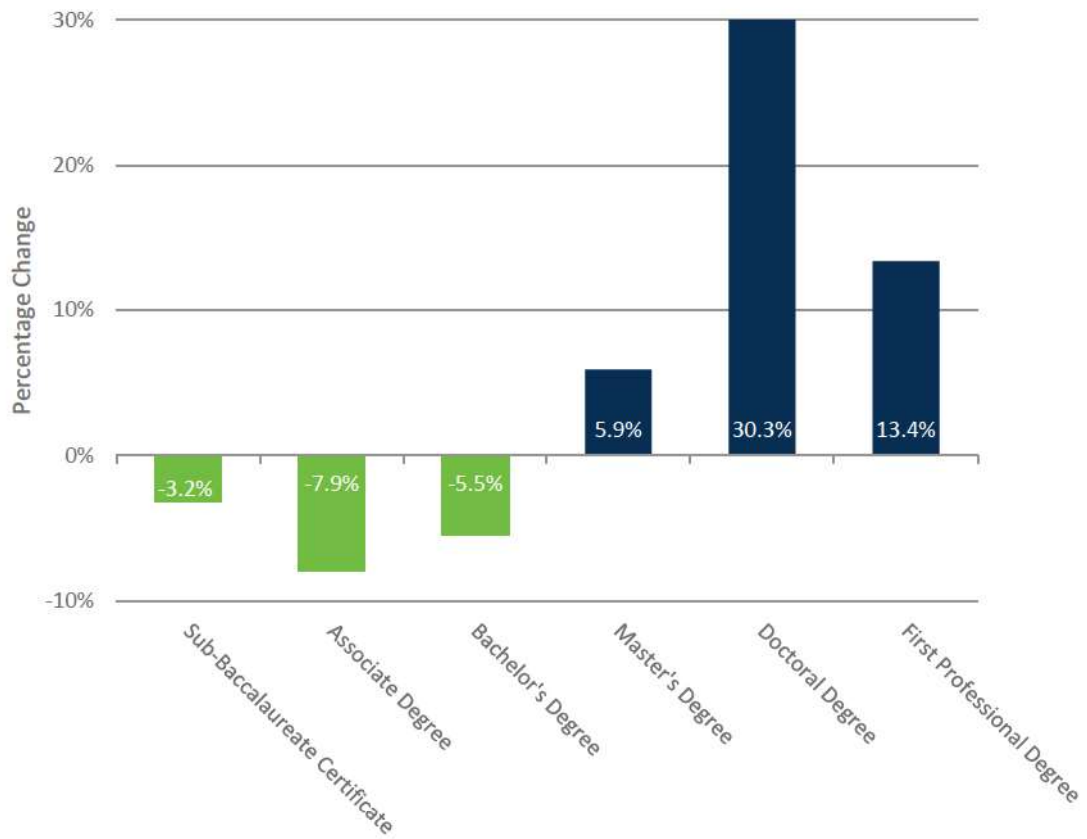


Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

Statewide over the past 5 years, borrowing amounts decreased for undergraduate awards and increased for graduate awards (Figure 5).

- Compared to 2012, the amount borrowed by sub-baccalaureate certificate recipients in 2016 decreased \$362 (3 percent).
- Compared to 2012, the amount borrowed by associate degree recipients in 2016 decreased \$1,477 (8 percent).
- Compared to 2012, the amount borrowed by bachelor's degree recipients in 2016 decreased \$1,517 (6 percent).
- Compared to 2012, the amount borrowed by master's degree recipients in 2016 increased \$1,881 (6 percent).
- Compared to 2012, the amount borrowed by doctoral degree recipients in 2016 increased \$17,078 (30 percent).
- Compared to 2012, the amount borrowed by first professional degree recipients in 2016 increased \$17,362 (13 percent).

Figure 5: Percent Change in Average Median Debt Compared to 2012



Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

## Sub-Baccalaureate Certificates

The U.S. Department of Education sets yearly and maximum borrowing limits for undergraduate dependent students that are lower than for independent students. Dependent students are allowed to borrow \$5,500 in their first year, followed by \$6,500 in their second year, and \$7,500 in their third and fourth years for a maximum of \$31,000 over their undergraduate career. Limits for independent students are \$9,500 in their first year, \$10,500 in their second year, and \$12,500 in their third and fourth years for a maximum of \$57,500 over their undergraduate career. The limits are the same for students seeking a sub-baccalaureate certificate, associate degree, or a bachelor's degree.

Students receiving sub-baccalaureate certificates in Minnesota primarily attended public two-year institutions or for-profit institutions. Certificates at the sub-baccalaureate level encompass programs such as truck driving, construction, cosmetology, massage therapy and culinary arts, among others. These programs generally take between nine and fifteen months to complete.

Among sub-baccalaureate certificate recipients, median debt decreased by 4 percent, from \$11,344 in 2015 to \$10,856, in 2016 across all sectors. Additionally, the percentage of graduates taking out student loans associated with this award type in 2016 (51 percent) declined by 6 percentage points from 2015 (57 percent). These declines did not hold across all sectors. In 2016, certificate recipients at:

- Minnesota State Colleges borrowed \$11,074, down 3.2 percent from 2015 (\$11,437), with 48 percent of graduates borrowing (down from 52 percent in 2015).
- The University of Minnesota borrowed \$23,501, up 6.7 percent from 2015 (\$22,035), with 8 percent of graduates borrowing (up from 7 percent in 2015).
- Private not-for-profit institutions borrowed \$14,849, up 22.2 percent from 2015 (\$12,148), with 19 percent of graduates borrowing (down from 29 percent in 2015).
- Private for-profit institutions borrowed \$9,606, down 10.1 percent from 2015 (\$11,014), with 74 percent of graduates borrowing (down from 81 percent in 2015).

## Loan Repayment

Depending on the award types and amounts of their loans, graduates may have several repayment options. Several factors determine their repayment amount, including:

- Total amount borrowed
- Interest rate(s)
- Interest accruing while in school or deferment
- Loan forgiveness options
- Loan term(s)
- Graduates' income

Potential repayment options for graduates include:

- **Standard repayment plan:** monthly payments made for up to 10 years.
- **Graduated repayment:** monthly payments made for up to 10 years (payments start low and increase every two years).
- **Pay as you earn:** monthly payments are limited to 10% of current discretionary income.
- **Income-based repayment:** monthly payments are generally equal to 15% of current discretionary income (10% if one is borrowing federal loans for the first time).
- **Income-contingent repayment:** monthly payments are the lesser of what one would pay on a 12-year standard repayment plan adjusted based on current income, OR 20% of current discretionary income.

Using the annual median wage (\$28,163) for a sub-baccalaureate certificate<sup>3</sup> holder two years after graduating during the 2013-14 academic year, OHE estimates a graduates monthly repayment amount across eligible repayment plans based on a 6.8 percent interest rate for federal unsubsidized loans, the most common type of loan. It is important to remember that the estimate does not include debt incurred at other institutions or for other degrees.

**Table 1: Loan Repayment Choices for Minnesota Sub-Baccalaureate Certificate Recipients  
(Annual Income of \$28,163)**

Repayment Plan	Original Borrowed Amount	Interest Paid	Total Repayment Amount	Repayment Term (In Months)	Gross Monthly Payment	Gross Percent of Monthly Income
Standard	\$10,864	\$4,139	\$15,003	120	\$125	5%
Graduated	\$10,864	\$5,280	\$16,144	120	\$72-\$216	3%-9%
Revised Pay As You Earn			Does Not Qualify			
Pay As You Earn			Does Not Qualify			
Income-Based Repayment			Does Not Qualify			
Income-Contingent Repayment			Does Not Qualify			

Source: U.S. Department of Education. <https://studentloans.gov/myDirectLoan/repaymentEstimator.action>

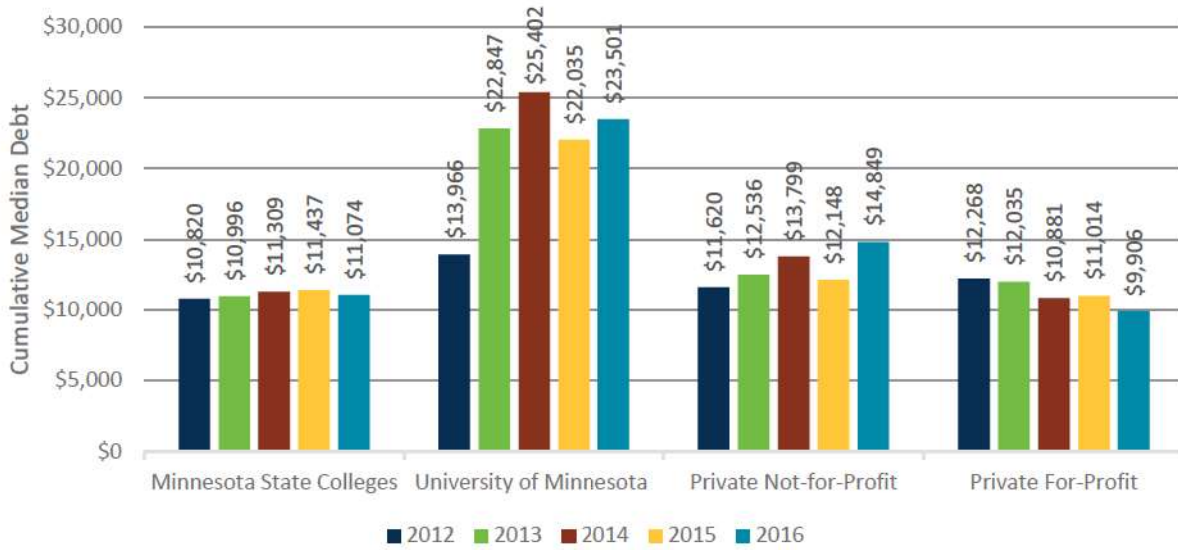
<sup>3</sup> Graduate Employment Outcomes Tool, Minnesota Department of Employment and Economic Development (DEED). <https://apps.deed.state.mn.us/lmi/etd/Results.aspx>.

Table 2: Cumulative Median Debt for Minnesota Sub-Baccalaureate Certificate Recipients, 2012-2016

Type of Institution	Year	Number of Award Recipients	Number of Recipients With Loans	Cumulative Median Student Loan Debt	Percent of Recipients with Loans
Minnesota State Colleges	2012	10,307	5,462	\$10,820	53%
	2013	10,090	5,402	\$10,996	54%
	2014	9,471	5,071	\$11,309	54%
	2015	8,974	4,660	\$11,437	52%
	2016	9,077	4,367	\$11,074	48%
University of Minnesota	2012	85	41	\$13,966	48%
	2013	95	38	\$22,847	40%
	2014	65	19	\$25,402	29%
	2015	274	18	\$22,035	7%
	2016	265	20	\$23,501	8%
Private Not-for-Profit	2012	523	78	\$11,620	15%
	2013	459	58	\$12,536	13%
	2014	708	149	\$13,799	21%
	2015	336	99	\$12,148	29%
	2016	558	104	\$14,849	19%
Private For-Profit	2012	2,437	1,991	\$12,268	82%
	2013	3,115	2,476	\$12,035	79%
	2014	3,805	3,030	\$10,881	80%
	2015	2,642	2,148	\$11,014	81%
	2016	2,241	1,658	\$9,606	74%
Minnesota Total - All Sectors	2012	13,352	7,572	\$11,226	57%
	2013	13,759	7,974	\$11,386	58%
	2014	14,049	8,269	\$11,229	59%
	2015	12,226	6,925	\$11,344	57%
	2016	12,141	6,149	\$10,864	51%
<b>Cumulative Percent Change for All Sectors</b>					
	5-Year	-9.07%	-18.79%	-3.23%	
	1-Year	-0.70%	-11.21%	-4.23%	

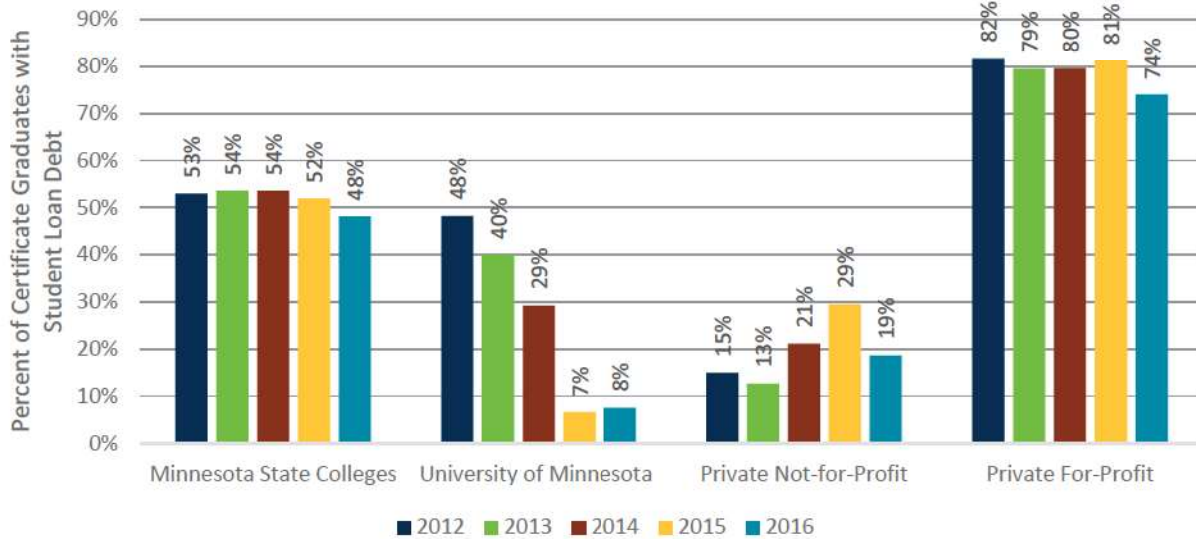
Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

**Figure 6: Debt Levels Remain Steady for Sub-Baccalaureate Certificate Recipients at Two-Year Colleges, 2016**



Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

**Figure 7: Fewer Certificate Recipients Borrowed Loans in 2016**



Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

## Associate Degrees

The majority of students receiving associate degrees attended two-year state colleges. Among associate degree recipients, cumulative median debt decreased by 6 percent, from \$18,246 in 2015 to \$17,124, in 2016 across all sectors. Additionally, the percentage of graduates taking out student loans associated with this award type (65 percent) declined by 4 percentage points from 2015 (69 percent). These declines held across all sectors except for one, Minnesota State Universities. In 2016, associate degree recipients at:

- Minnesota State Colleges borrowed \$15,967, down 0.9 percent from 2015 (\$16,106), with 61 percent of graduates borrowing (down from 64 percent in 2015).
- Minnesota State Universities borrowed \$18,256, up 4.7 percent from 2015 (\$17,433), with 69 percent of graduates borrowing (down from 77 percent in 2015).
- Private not-for-profit institutions borrowed \$18,635, down 31.9 percent from 2015 (\$27,366), with 69 percent of graduates borrowing (down from 82 percent in 2015).
- Private for-profit institutions borrowed \$22,484, down 12.8 percent from 2015 (\$25,773), with 90 percent of graduates borrowing (down from 91 percent in 2015).

## Loan Repayment

Using the annual median wage (\$28,913) for an associate degree holder two years after graduating during the 2013-14 academic year, the following repayment plans are available assuming the borrower owes \$17,124 in loans (the state average cumulative median). The estimates are based on a 6.8 percent interest rate for federal unsubsidized loans. It is important to remember that the estimate does not include debt incurred at other institutions or for other degrees.

**Table 3: Loan Repayment Choices for Minnesota Associate Degree Recipients (Annual Income of \$28,913)**

Repayment Plan	Original Borrowed Amount	Interest Paid	Total Repayment Amount	Repayment Term (In Months)	Gross Monthly Payment	Gross Percent of Monthly Income
Standard	\$17,124	\$6,524	\$23,648	120	\$197	8%
Graduated	\$17,124	\$8,322	\$25,446	120	\$114-\$341	5%-14%
Revised Pay As You Earn			Does Not Qualify			
Pay As You Earn			Does Not Qualify			
Income-Based Repayment	\$17,124	\$8,316	\$25,440	140	\$135-\$197	6%-8%
Income-Contingent Repayment			Does Not Qualify			

Source: U.S. Department of Education <https://studentloans.gov/myDirectLoan/repaymentEstimator.action>

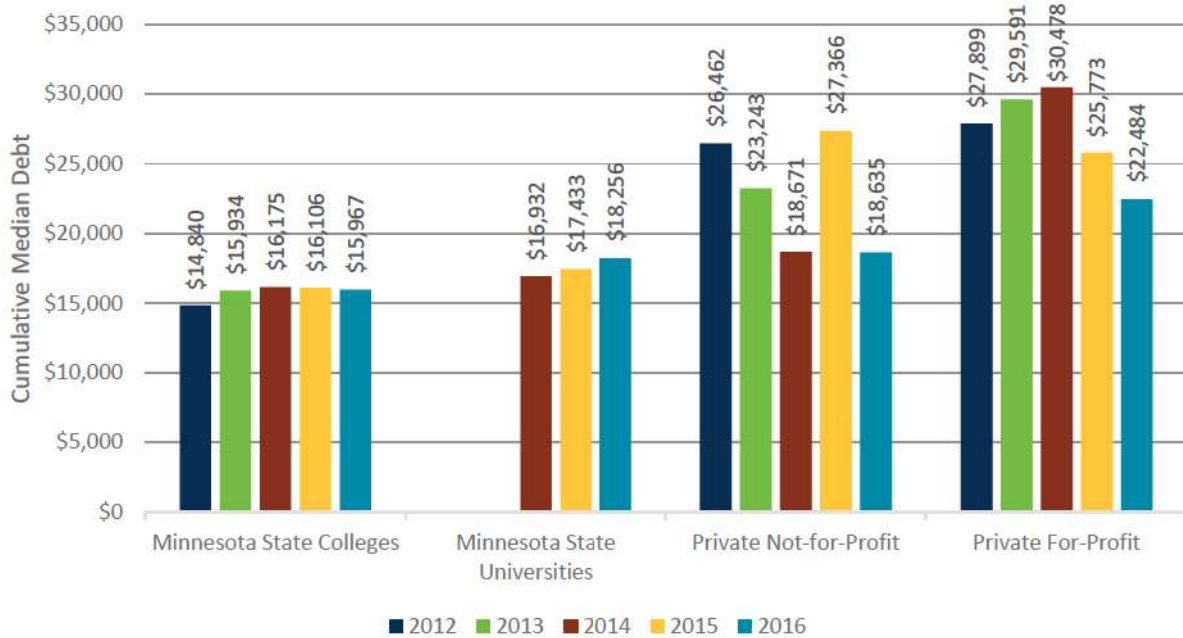


Table 4: Cumulative Median Debt for Minnesota Associate Degree Recipients, 2012-2016

Type of Institution	Year	Number of Award Recipients	Number of Recipients With Loans	Cumulative Median Student Loan Debt	Percent of Recipients with Loans
Minnesota State Colleges	2012	15,835	10,468	\$14,840	66%
	2013	15,991	10,561	\$15,934	66%
	2014	16,597	10,865	\$16,175	65%
	2015	15,875	10,184	\$16,106	64%
	2016	15,536	9,509	\$15,967	61%
Minnesota State Universities	2012	-	-	-	-
	2013	-	-	-	-
	2014	312	226	\$16,932	72%
	2015	482	372	\$17,433	77%
	2016	355	245	\$18,256	69%
Private Not-for-Profit	2012	312	243	\$26,462	78%
	2013	329	248	\$23,243	75%
	2014	654	426	\$18,671	65%
	2015	630	519	\$27,366	82%
	2016	725	500	\$18,635	69%
Private For-Profit	2012	4,388	4,029	\$27,899	92%
	2013	3,641	3,351	\$29,591	92%
	2014	3,090	2,813	\$30,478	91%
	2015	2,542	2,307	\$25,773	91%
	2016	2,073	1,859	\$22,484	90%
Minnesota Total - All Sectors	2012	20,535	14,740	\$18,601	72%
	2013	19,961	14,160	\$19,294	71%
	2014	20,653	14,330	\$19,069	69%
	2015	19,529	13,382	\$18,246	69%
	2016	18,689	12,113	\$17,124	65%
<b>Cumulative Percent Change for All Sectors</b>					
	5-Year	-8.99%	-17.82%	-7.94%	
	1-Year	-4.30%	-9.48%	-6.15%	

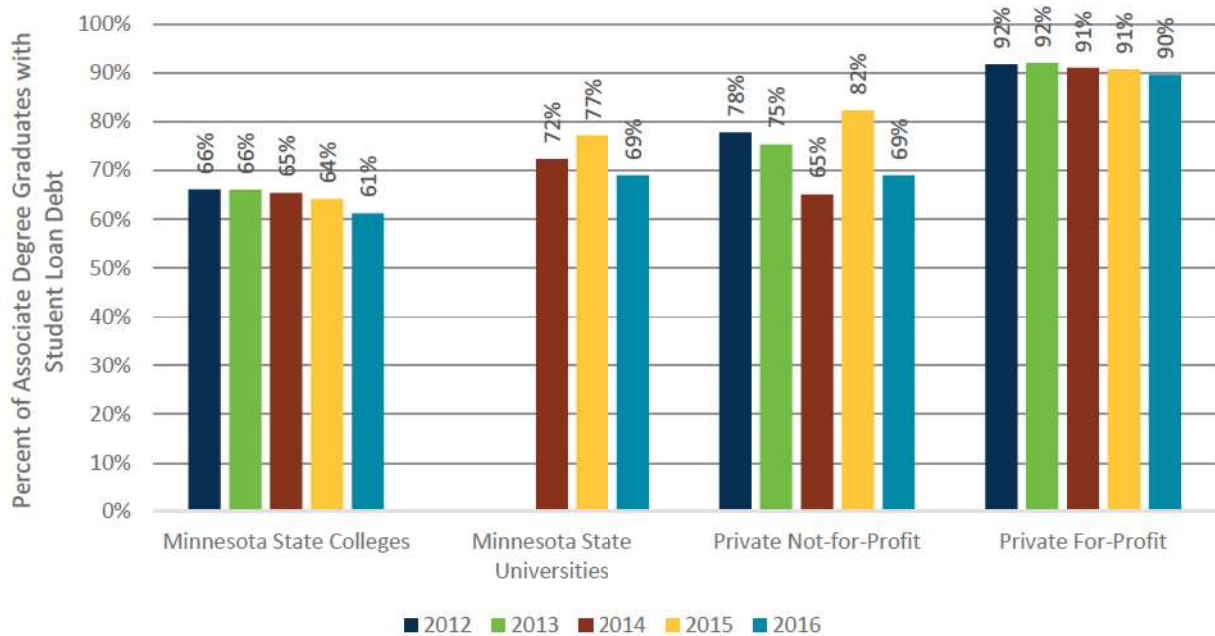
Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

**Figure 8: Associate Degree Borrowing Amounts Remain Lowest at Minnesota State Colleges, 2016**



Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

**Figure 9: Rates of Borrowing among Associate Degree Graduates Remain Lowest at Minnesota State Colleges, 2016**



Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

# Bachelor's Degrees

Most students attending public and private non-profit institutions in Minnesota are dependent students. Among bachelor's degree recipients, median cumulative debt decreased by 4 percent, from \$27,156 in 2015 to \$25,969, in 2016 across all sectors. Additionally, the proportion of graduates that borrowed (69 percent) declined by 2 percentage points from 2015 (71 percent). Declines were seen across all sectors except for one, Minnesota State Universities. In 2016, bachelor's degree recipients at:

- Minnesota State Universities borrowed \$25,548, up 0.2 percent from 2015 (\$25,496), with 73 percent of graduates borrowing (down from 74 percent in 2015).
- The University of Minnesota borrowed \$24,135, down 1.8 percent from 2015 (\$24,567), with 61 percent of graduates borrowing (down from 64 percent in 2015).
- Private not-for-profit institutions borrowed \$26,921, down 5.2 percent from 2015 (\$28,391), with 72 percent of graduates borrowing (down from 73 percent in 2015).
- Private for-profit institutions borrowed \$39,846, down 15.5 percent from 2015 (\$47,158), with 86 percent of graduates borrowing (the same as in 2015).

The higher borrowing levels in the for-profit sector is likely due to both higher tuition costs and higher borrowing limits on Federal Stafford Loans for independent students. Most students attending for-profit institutions in Minnesota are independent. Recipients at for-profit institutions also borrowed a median cumulative of \$20,000 more for their degree compared to bachelor's recipients at other types of institutions. The percentage of graduates with loans averaged at least 12 percentage points higher at for-profit institutions as compared to the other sectors.

## Loan Repayment

Using the annual median wage (\$35,529) for a bachelor's degree holder two years after graduating during the 2013-14 academic year, the following repayment plans are available assuming the borrower owes \$25,969 in loans (the state average cumulative median). The estimates are based on a 6.8 percent interest rate for federal unsubsidized loans. It is important to remember that the estimate does not include debt incurred at other institutions or for other degrees.

**Table 5: Loan Repayment Choices for Minnesota Bachelor's Degree Recipients (Annual Income of \$35,529)**

Repayment Plan	Original Borrowed Amount	Interest Paid	Total Repayment Amount	Repayment Term (In Months)	Gross Monthly Payment	Gross Percent of Monthly Income
Standard	\$25,969	\$9,921	\$35,890	120	\$299	14%
Graduated	\$25,969	\$12,651	\$38,620	120	\$173-\$518	8%-24%
Revised Pay As You Earn			Does Not Qualify			
Pay As You Earn			Does Not Qualify			
Income-Based Repayment	\$25,969	\$12,225	\$38,194	137	\$218-\$299	10%-14%
Income-Contingent Repayment	Does Not Qualify					

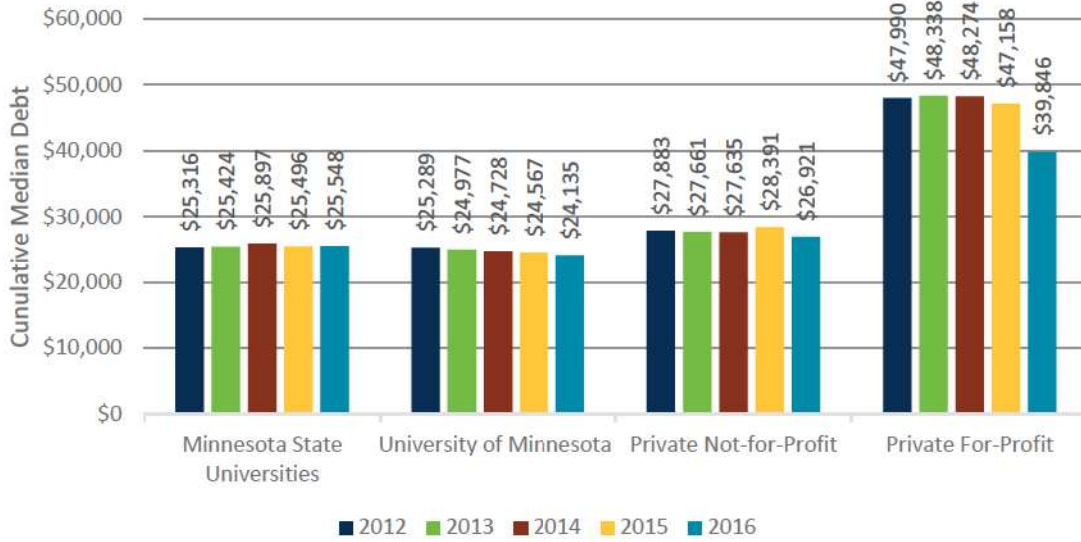
Source: U.S. Department of Education <https://studentloans.gov/myDirectLoan/repaymentEstimator.action>

Table 6: Cumulative Median Debt for Minnesota Bachelor's Degree Recipients, 2012-2016

Type of Institution	Year	Number of Award Recipients	Number of Recipients With Loans	Cumulative Median Student Loan Debt	Percent of Recipients with Loans
Minnesota State Universities	2012	10,891	7,900	\$25,316	73%
	2013	10,904	7,976	\$25,424	73%
	2014	10,615	7,820	\$25,897	74%
	2015	10,845	7,979	\$25,496	74%
	2016	10,786	7,855	\$25,548	73%
University of Minnesota	2012	9,994	6,607	\$25,289	66%
	2013	10,130	6,649	\$24,977	66%
	2014	10,200	6,631	\$24,728	65%
	2015	10,165	6,474	\$24,567	64%
	2016	10,149	6,190	\$24,135	61%
Private Not-for-Profit	2012	10,467	7,607	\$27,883	73%
	2013	10,650	7,719	\$27,661	72%
	2014	11,006	8,052	\$27,635	73%
	2015	10,986	7,968	\$28,391	73%
	2016	10,896	7,821	\$26,921	72%
Private For-Profit	2012	1,519	1,397	\$47,990	92%
	2013	1,472	1,317	\$48,338	89%
	2014	1,450	1,309	\$48,274	90%
	2015	1,168	1,008	\$47,158	86%
	2016	607	519	\$39,846	86%
Minnesota Total - All Sectors	2012	32,871	23,511	\$27,486	72%
	2013	33,156	23,661	\$27,304	71%
	2014	33,271	23,812	\$27,389	72%
	2015	33,164	23,429	\$27,156	71%
	2016	32,438	22,385	\$25,969	69%
<b>Cumulative Percent Change for All Sectors</b>					
	5-Year	-1.32%	-4.79%	-5.52%	
	1-Year	-2.19%	-4.46%	-4.37%	

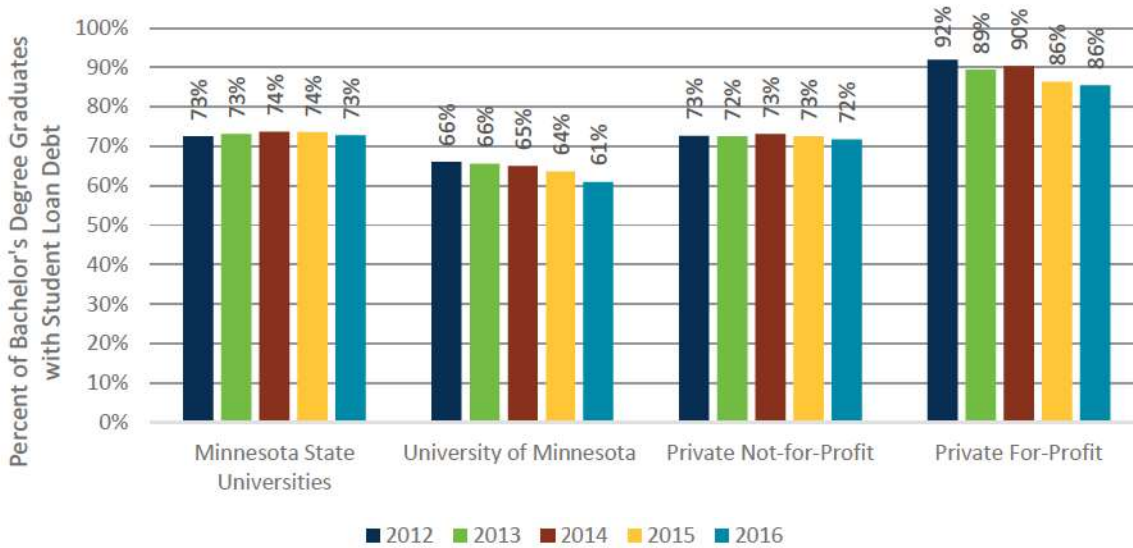
Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

**Figure 10: Cumulative Median Debt Amounts for Bachelor's Degree Recipients Remains Steady across All Sectors in 2016**



Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

**Figure 11: The Rate of Borrowing among Bachelor's Degree Graduates Remains the Lowest at the University of Minnesota in 2016**



Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

# Master's Degrees

Borrowing limits are higher for graduate students than for undergraduate students. Graduate students can take out \$8,500 per year in federal loans. The graduate debt amounts listed do not include debt students incurred as undergraduates. Among master's degree recipients, median debt decreased by 2 percent, from \$34,522 in 2015 to \$33,778, in 2016 across all sectors. Additionally, the percentage of graduates taking out student loans associated with this award type (56 percent) decreased by 2 percentage points from 2015 (58 percent). Trends in borrowing varied by sector. In 2016, master's degree recipients at:

- Minnesota State Universities borrowed \$31,401, up 10.7 percent from 2015 (\$28,377), with 56 percent of graduates borrowing (down from 60 percent in 2015).
- The University of Minnesota borrowed \$35,941, up 0.1 percent from 2015 (\$35,906), with 48 percent of graduates borrowing (down from 49 percent in 2015).
- Private not-for-profit institutions borrowed \$32,351, down 4.4 percent from 2015 (\$33,842), with 60 percent of graduates borrowing (down from 62 percent in 2015).
- Private for-profit institutions borrowed \$59,485, up 10.8 percent from 2015 (\$53,675), with 81 percent of graduates borrowing (up from 73 percent in 2015).

## Loan Repayment

Using the annual median wage (\$57,548) for a graduate degree holder two years after graduating during the 2013-14 academic year, the following repayment plans are available assuming the borrower owes \$33,778 in loans (the state average cumulative median). The estimates are based on a 6.8 percent interest rate for federal unsubsidized loans. It is important to remember that the estimate does not include debt incurred at other institutions or for other degrees.

**Table 7: Loan Repayment Choices for Minnesota Master's Degree Recipients (Annual Income of \$57,548)**

Repayment Plan	Original Borrowed Amount	Interest Paid	Total Repayment Amount	Repayment Term (In Months)	Gross Monthly Payment	Gross Percent of Monthly Income
Standard	\$33,778	\$12,868	\$46,646	120	\$389	8%
Graduated	\$33,778	\$16,416	\$50,194	120	\$224-\$673	5%-14%
Extended Fixed	\$33,778	\$36,555	\$70,333	300	\$234	5%
Extended Graduated	\$33,778	\$42,405	\$76,183	300	\$191-\$335	4%-7%
Revised Pay As You Earn			Does Not Qualify			
Pay As You Earn			Does Not Qualify			
Income-Based Repayment			Does Not Qualify			
Income-Contingent Repayment			Does Not Qualify			

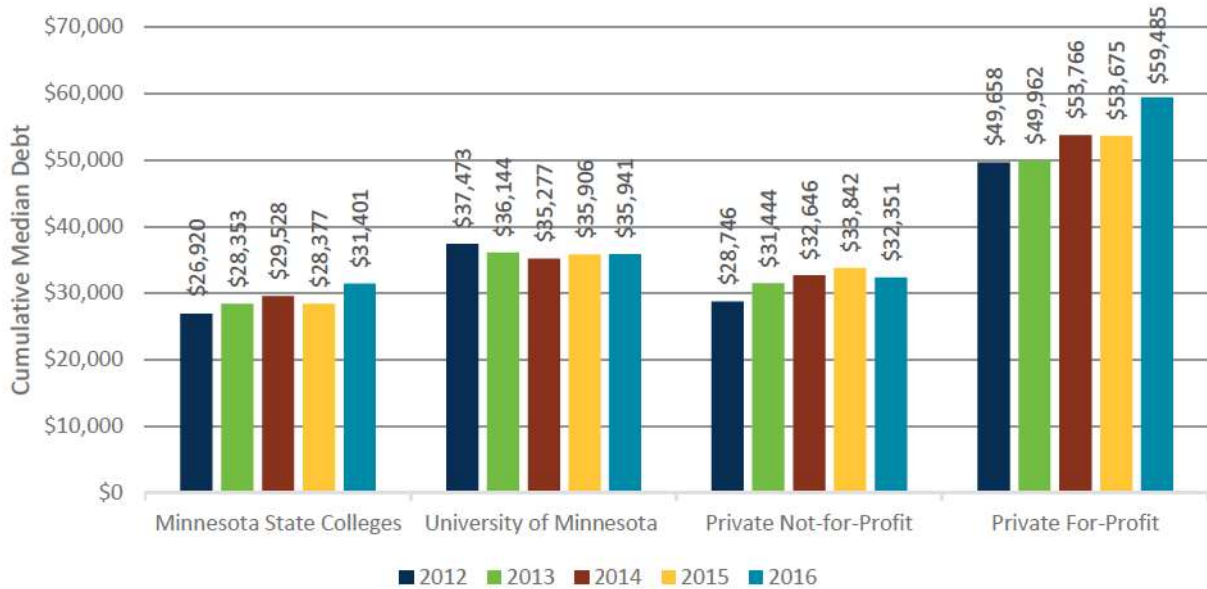
Source: U.S. Department of Education <https://studentloans.gov/myDirectLoan/repaymentEstimator.action>

Table 8: Cumulative Median Debt for Minnesota Master's Degree Recipients, 2012-2016

Type of Institution	Year	Number of Award Recipients	Number of Award Recipients With Loans	Cumulative Median Student Loan Debt	Percent of Award Recipients with Loans
Minnesota State Universities	2012	1,737	1,046	\$26,920	60%
	2013	1,780	1,118	\$28,353	63%
	2014	1,751	1,083	\$29,528	62%
	2015	1,677	1,002	\$28,377	60%
	2016	1,840	1,038	\$31,401	56%
University of Minnesota	2012	3,549	1,812	\$37,473	51%
	2013	3,338	1,793	\$36,144	54%
	2014	3,398	1,656	\$35,277	49%
	2015	3,472	1,694	\$35,906	49%
	2016	3,272	1,579	\$35,941	48%
Private Not-for-Profit	2012	5,507	3,233	\$28,746	59%
	2013	5,235	3,112	\$31,444	59%
	2014	5,348	3,157	\$32,646	59%
	2015	5,441	3,377	\$33,842	62%
	2016	5,948	3,564	\$32,351	60%
Private For-Profit	2012	448	298	\$49,658	67%
	2013	435	297	\$49,962	68%
	2014	477	316	\$53,766	66%
	2015	438	319	\$53,675	73%
	2016	200	161	\$59,485	81%
Minnesota Total - All Sectors	2012	11,241	6,389	\$31,897	57%
	2013	10,788	6,320	\$33,101	59%
	2014	10,974	6,212	\$33,878	57%
	2015	11,028	6,392	\$34,522	58%
	2016	11,260	6,342	\$33,778	56%
<b>Cumulative Percent Change for All Sectors</b>					
	5-Year	0.17%	-0.74%	5.90%	
	1-Year	2.10%	-0.78%	-2.16%	

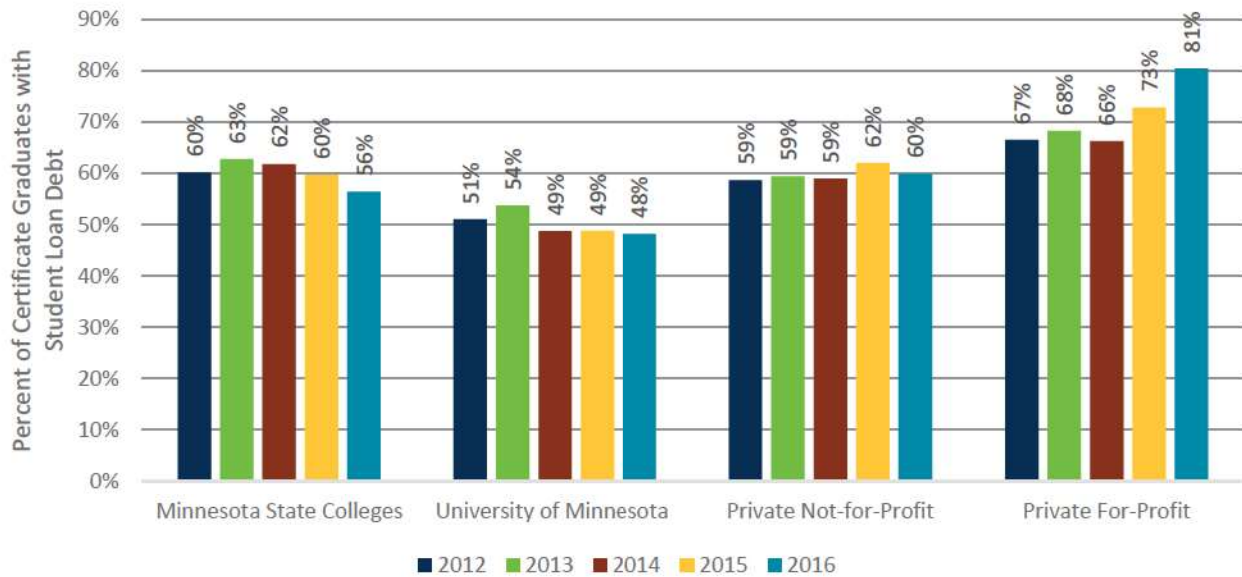
Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

**Figure 12: Cumulative Median Debt Levels for Master's Degree Graduates Continue to Increase at For-Profit Institutions in 2016**



Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

**Figure 13: The Rate of Borrowing among Graduates for Master's Degrees Remains the Lowest at the University of Minnesota in 2016**



Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016



# Doctoral Degrees

In 2016, doctoral degree graduates borrowed at different rates, based on the type of institution they attended. Graduate students can take out \$8,500 per year in federal loans. Among doctoral degree recipients, cumulative median debt increased by 16 percent, from \$63,237 in 2015 to \$73,392, in 2016 across all sectors. Additionally, the percentage of graduates taking out student loans associated with this award type (37 percent) decreased by 6 percentage points from 2015 (43 percent). Trends in borrowing varied by sector. In 2016, doctoral degree recipients at:

- The University of Minnesota borrowed \$54,562, up 21.9 percent from 2015 (\$44,760), with 31 percent of graduates borrowing (down from 35 percent 2015).
- Private not-for-profit institutions borrowed \$78,064, up 11.8 percent from 2015 (\$69,799), with 64 percent of graduates borrowing (the same as in 2015).
- Private for-profit institutions borrowed \$185,541, up 9.6 percent from 2015 (\$169,262), with 90 percent of graduates borrowing (the same as in 2015).

## Loan Repayment

Using the annual median wage (\$57,548) for a graduate degree holder two years after graduating during the 2013-14 academic year, the following repayment plans are available assuming the borrower owes \$73,392 in loans (the state median). The estimates are based on a 6.8 percent interest rate for federal unsubsidized loans. It is important to remember that the estimate does not include debt incurred at other institutions or for other degrees.

**Table 9: Loan Repayment Choices for Minnesota Doctoral Degree Recipients**

Repayment Plan	Original Borrowed Amount	Interest Paid	Total Repayment Amount	Repayment Term (In Months)	Gross Monthly Payment	Gross Percent of Monthly Income
Standard	\$73,392	\$27,960	\$101,352	120	\$845	18%
Graduated	\$73,392	\$35,668	\$109,060	120	\$487-\$1,462	10%-30%
Extended Fixed	\$73,392	\$79,426	\$152,818	300	\$509	11%
Extended Graduated	\$73,392	\$92,137	\$165,529	300	\$416-\$728	9%-15%
Revised Pay As You Earn			Does Not Qualify			
Pay As You Earn			Does Not Qualify			
Income-Based Repayment	\$73,392	\$46,609	\$120,001	170	\$416-\$728	9%-15%
Income-Contingent Repayment			Does Not Qualify			

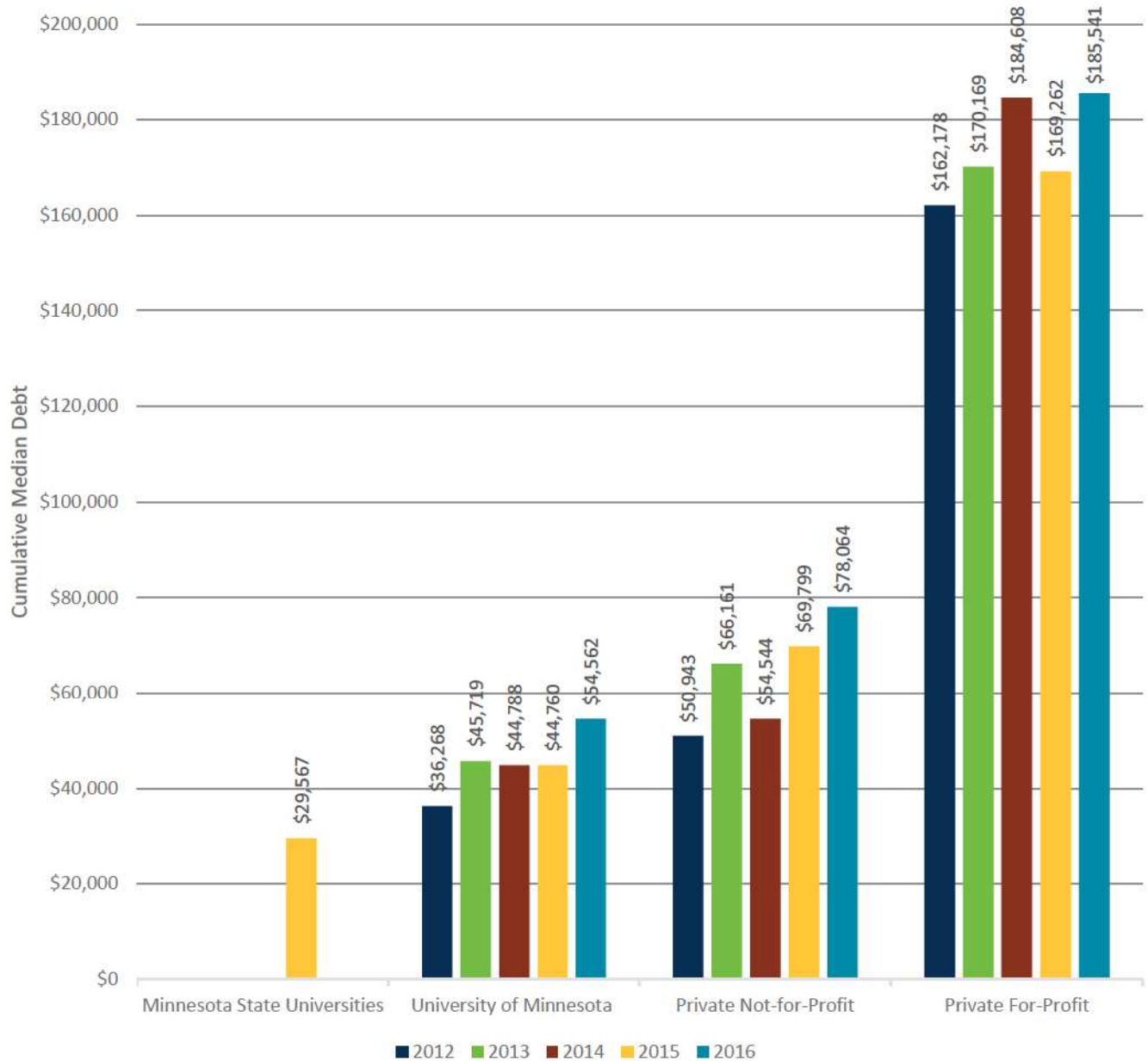
Source: U.S. Department of Education <https://studentloans.gov/myDirectLoan/repaymentEstimator.action>

Table 10: Cumulative Median Debt for Minnesota Doctoral Degree Recipients, 2012-2016

Type of Institution	Year	Number of Award Recipients	Number of Award Recipients With Loans	Cumulative Median Student Loan Debt	Percent of Award Recipients with Loans
Minnesota State Universities	2012	---	---	---	---
	2013	---	---	---	---
	2014	22	---	---	0%
	2015	21	12	\$29,567	57%
	2016	28	---	---	0%
University of Minnesota	2012	882	287	\$36,268	33%
	2013	975	316	\$45,719	32%
	2014	962	352	\$44,788	37%
	2015	903	317	\$44,760	35%
	2016	984	304	\$54,562	31%
Private Not-for-Profit	2012	167	72	\$50,943	43%
	2013	157	67	\$66,161	43%
	2014	159	78	\$54,544	49%
	2015	179	114	\$69,799	64%
	2016	152	97	\$78,064	64%
Private For-Profit	2012	61	58	\$162,178	95%
	2013	60	54	\$170,169	90%
	2014	47	43	\$184,608	91%
	2015	58	52	\$169,262	90%
	2016	52	47	\$185,541	90%
Minnesota Total - All Sectors	2012	1,110	417	\$56,314	38%
	2013	1,192	437	\$64,231	37%
	2014	1,190	473	\$59,108	40%
	2015	1,161	495	\$63,237	43%
	2016	1,216	448	\$73,392	37%
<b>Cumulative Percent Change for All Sectors</b>					
	5-Year	9.55%	7.43%	30.33%	
	1-Year	4.74%	-9.49%	16.06%	

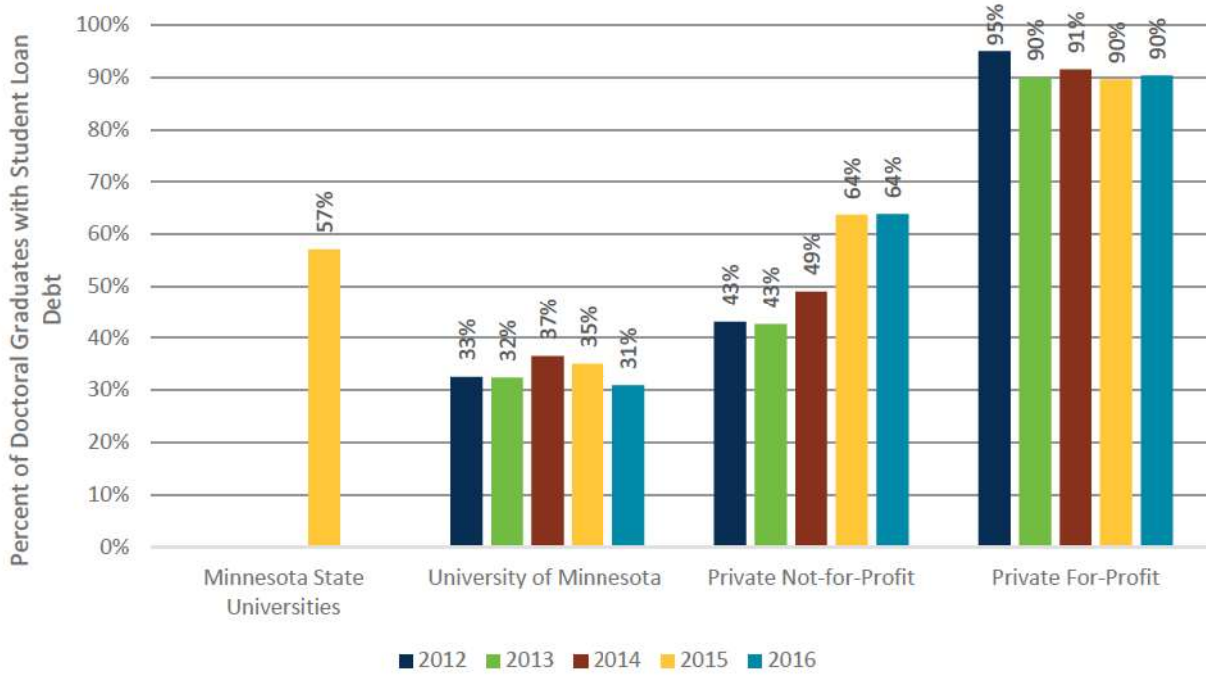
Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

**Figure 14: Cumulative Median Debt Amounts for Doctorate Recipients at For-Profit Institutions Continue to Outpace All Other Sectors in 2016**



Data Suppressed in 2014 and 2016 for Minnesota State Universities  
 Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

**Figure 15: Nine Out of Every Ten Doctorate Recipients at For-Profit Institutions Hold Student Debt**



*Data Suppressed in 2014 and 2016 for Minnesota State Universities*  
 Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

# First Professional Degrees

First professional degrees include veterinary, medical, dental, and pharmacy programs, as well as degrees in the field of legal studies. While debt levels and the percentage of graduates with debt are both high, the pay and eventual career prospects for the majority of the graduates with these degrees, particularly in medical fields, are quite good. Graduate students can take out \$8,500 per year in federal loans. Among first professional degree recipients, median debt increased by 6 percent, from \$136,814 in 2015 to \$146,963, in 2016 across all sectors, while the percentage of graduates taking out student loans associated with this award type (77 percent) decreased by 9 percentage points from 2015 (86 percent). Trends in borrowing varied by sector. In 2016, first professional degree recipients at:

- The University of Minnesota borrowed \$165,693, up 8.6 percent from 2015 (\$152,551), with 81 percent of graduates borrowing (down from 84 percent in 2015).
- Private not-for-profit institutions borrowed \$112,127, down 5.2 percent from 2015 (\$118,228), with 72 percent of graduates borrowing (down from 89 percent in 2015).

## Loan Repayment

Using the annual median wage (\$57,548) for a graduate degree holder two years after graduating during the 2013-14 academic year, the following repayment plans are available assuming the borrower owes \$146,963 in loans (the state average cumulative median). The estimates are based on a 6.8 percent interest rate for federal unsubsidized loans. It is important to remember that the estimate does not include debt incurred at other institutions or for other degrees.

**Table 11: Loan Repayment Choices for Minnesota First Professional Degree Recipients**

Repayment Plan	Original Borrowed Amount	Interest Paid	Total Repayment Amount	Repayment Term (In Months)	Gross Monthly Payment	Gross Percent of Monthly Income
Standard	\$146,963	\$55,988	\$202,951	120	\$1,691	35%
Graduated	\$146,963	\$71,424	\$218,387	120	\$976-\$2,927	20%-61%
Extended Fixed	\$146,963	\$159,046	\$306,009	300	\$1,020	21%
Extended Graduated	\$146,963	\$184,498	\$331,461	300	\$833-\$1,457	17%-30%
Revised Pay As You Earn	Does Not Qualify					
Pay As You Earn	Does Not Qualify					
Income-Based Repayment	\$146,963	\$168,997	\$315,960	300	\$493-\$1,691	10%-35%
Income-Contingent Repayment	Does Not Qualify					

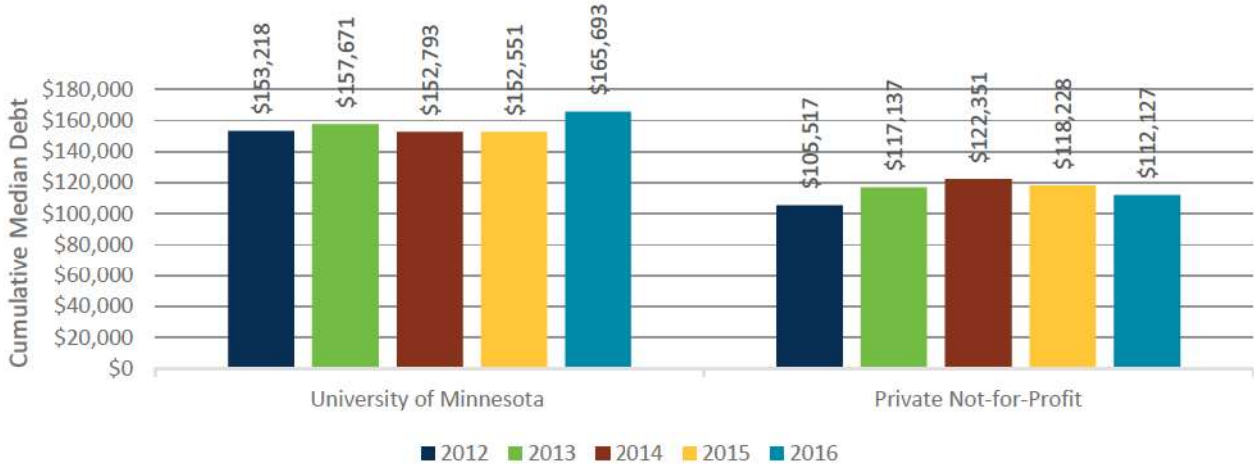
Source: U.S. Department of Education <https://studentloans.gov/myDirectLoan/repaymentEstimator.action>

Table 12: Cumulative Median Debt for Minnesota First Professional Degree Recipients, 2012-2016

Type of Institution	Year	Number of Award Recipients	Number of Award Recipients With Loans	Cumulative Median Student Loan Debt	Percent of Award Recipients with Loans
University of Minnesota	2012	801	723	\$153,218	90%
	2013	864	789	\$157,671	91%
	2014	834	732	\$152,793	88%
	2015	862	724	\$152,551	84%
	2016	839	677	\$165,693	81%
Private Not-for-Profit	2012	832	709	\$105,517	85%
	2013	809	714	\$117,137	88%
	2014	815	731	\$122,351	90%
	2015	689	613	\$118,228	89%
	2016	505	364	\$112,127	72%
Minnesota Total - All Sectors	2012	1,633	1,432	\$129,601	88%
	2013	1,673	1,503	\$138,415	90%
	2014	1,649	1,463	\$137,582	89%
	2015	1,551	1,337	\$136,814	86%
	2016	1,344	1,041	\$146,963	77%
<b>Cumulative Percent Change for All Sectors</b>					
	5-Year	2.45%	4.96%	13.40%	
	1-Year	-13.35%	-22.14%	7.42%	

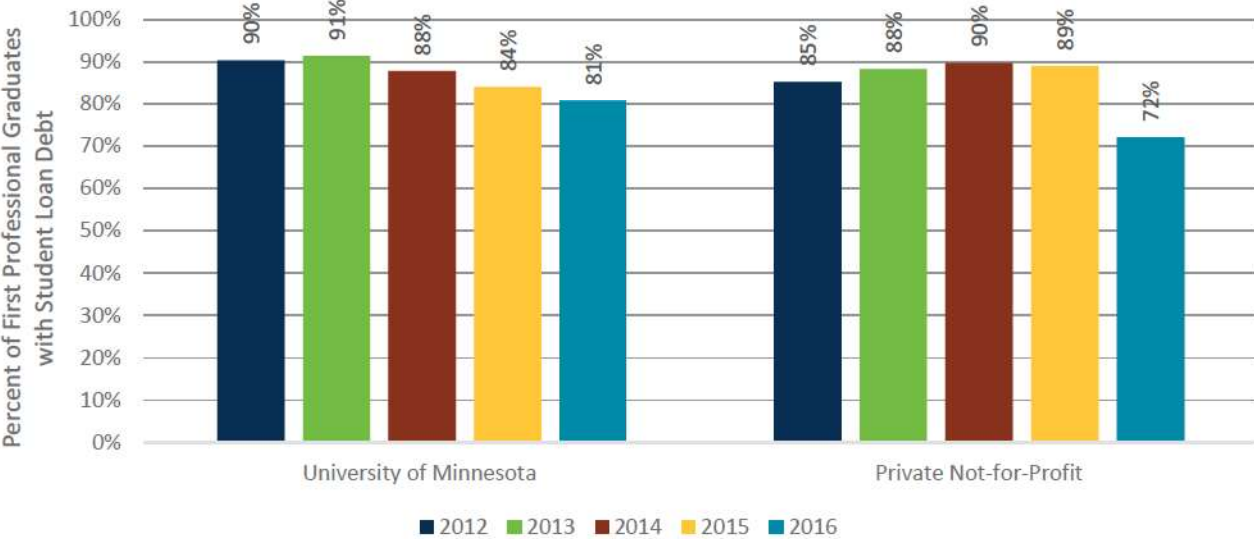
Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

**Figure 16: Cumulative Median Debt Levels for First Professional Degree Graduates Continue to Stay Higher at the University of Minnesota in 2016**



Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

**Figure 17: The Rate of Borrowing among Graduates for First Professional Degrees Declined in Both Sectors, 2016**

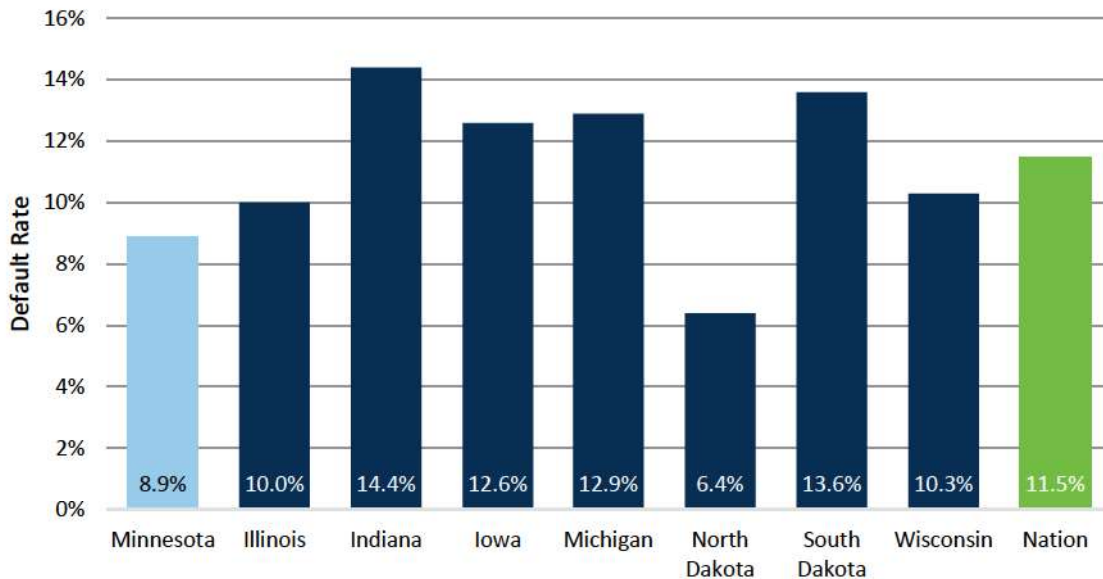


Source: Minnesota Office of Higher Education, Cumulative Median Debt Survey, 2016

## Default Rates

Student loan default rates measure whether students are able to repay their loans. While Minnesota students are more likely to borrow -and borrow more- when compared to national averages, Minnesota's student loan default rates are lower when compared to peer states and the nation. The default rates highlighted here are for federal student loans and represent former students who defaulted on their loans between 2014-2016 (within three years of leaving school). (Figure 18)

Figure 18: Three-Year Cohort Default Rates, Minnesota and Surrounding States, 2014



Source: US Department of Education 2014 Official Cohort Default Rates

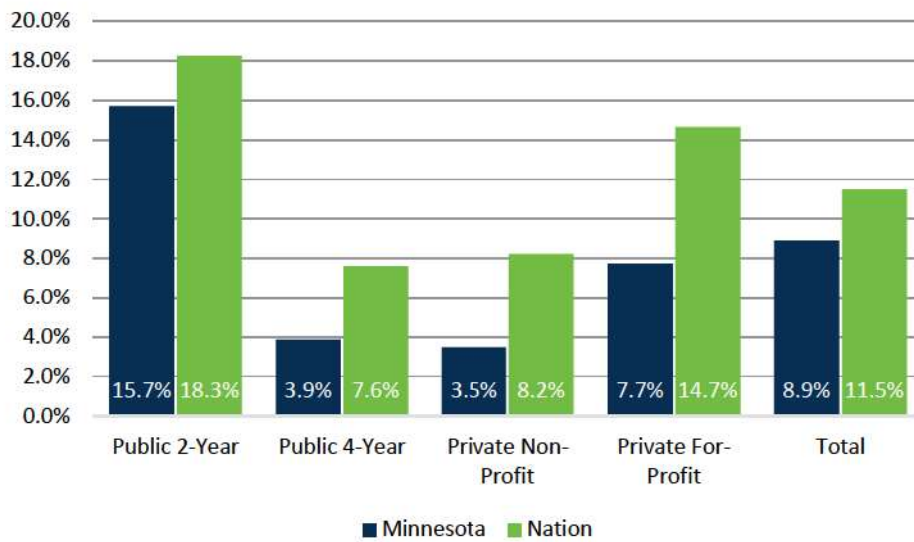
Default rates in Minnesota were consistently lower than the national rate when compared across different sectors, based on 2014 3-year default rates. (Figure 19) Additionally, among surrounding states:<sup>4</sup>

- Minnesota has the second-lowest default rate overall.
- Minnesota has the third-lowest default rate at public 2-year colleges.
- Minnesota has the second-lowest default rate at public 4-year universities.
- Minnesota has the lowest default rate at private not-for-profit institutions.
- Minnesota has the lowest default rate at private for-profit institutions.

<sup>4</sup> Surrounding states include Illinois, Indiana, Iowa, Michigan, North Dakota, South Dakota, and Wisconsin.



Figure 19: Three-Year Cohort Default Rates by Sector, 2014



Source: US Department of Education 2014 Official Cohort Default Rates

One explanation for Minnesota’s low default rate is its high level of educational attainment. Minnesota ranks sixth in the country in the percentage of adults aged 25 years or older who have at least an associate degree. Those who complete their postsecondary education are more likely to find employment, higher wages, and be in a better position to pay off their student loans. Correlatively, those who do not complete their education are less likely to find employment, with high wages, and be in a position to pay their loans back. Figure 20 displays each state according to its 2013 3-year default rate and its percentage of adults aged 25 years or older that have at least an associate degree. States in the green quadrant have high attainment rates and low default rates; States in the red quadrant have low attainment rates and high default rates.

**Figure 20: States with Higher Educational Attainment Have Lower Default Rates**



Source: US Department of Education 2014 Official Cohort Default Rates and US Census Bureau 2015 American Community Survey (5-Year Estimates)



2017