



## State University System Student Debt

March 24, 2020

### HIGHLIGHTS

- ✓ **Tuition and fees** have remained **flat** since 2014-15
- ✓ 11,000 **fewer** students took out **loans** in 2018-19 as compared to 2017-18
- ✓ **Two-thirds** of students **did not take** out any **loans**
- ✓ Loan **default rate** for students is **2.7%**, a 6% point drop since 2012
- ✓ State and federal **aid** have **increased** over the past five years

### Introduction

While student loan debt continues to make national headlines, the Florida story is very different. Florida has held tuition and fees flat since 2014-2015 as compared to a 14% increase nationally. Additionally, state and federal financial aid has increased to historic highs, resulting in the average cost for a bachelor's degree in a Florida public institution now less than \$10,000. Increased financial aid and low tuition have resulted in fewer students taking out loans and lower loan default rates. The Board of Governors has prioritized low costs for the students, by including this metric in its performance based funding model. Additionally, U.S. News and World Report includes tuition and fees and average debt in its ranking for the best states for higher education.<sup>1</sup> Florida has been recognized as the number one state in the nation for higher education three years in a row.

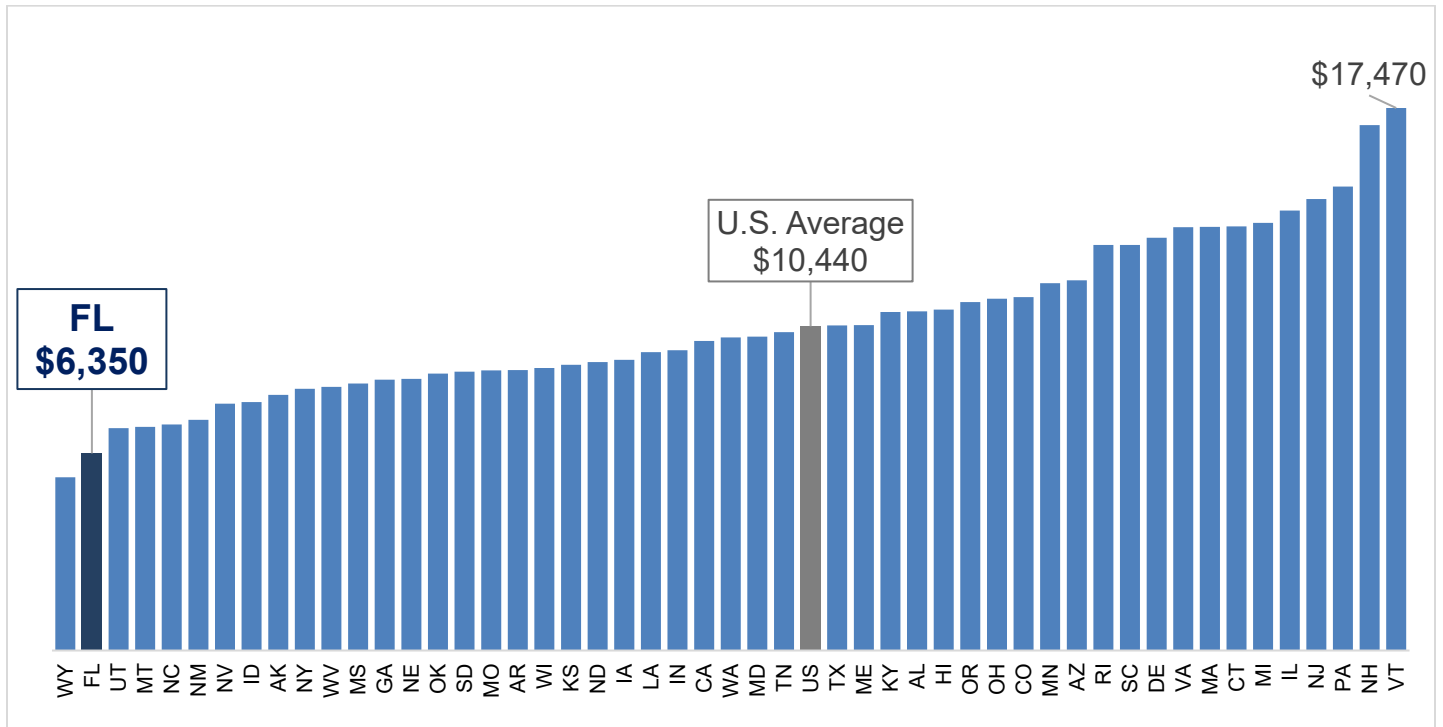
### Tuition and Fees

Tuition and fee costs for full-time students attending public four-year institutions vary by state. The average tuition and fees at the Florida four-year public institutions is \$6,350. The national average for tuition and fees at public four-year institutions is \$10,440. Exhibit 1 shows that for the 2019-2020 academic year, Florida has the second-lowest tuition and fees at public four-year institutions, trailing Wyoming, where the average cost is \$5,580. Vermont is the most expensive state, with the average cost to a student being \$17,470.

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<sup>1</sup> "Higher Education Rankings." Retrieved March 5, 2020, from <https://www.usnews.com/news/best-states/rankings/education/higher-education>

**Exhibit 1: Average Tuition and Fees at Public Four-Year Institutions by State: 2019-20**



Source: College Board Trends in College Pricing

**Annual Cost of Attendance**

The cost of attending college includes more than just tuition and fees. Students also need to pay for textbooks and instructional materials, transportation, housing, food, and other personal expenses. Florida residents living on campus pay an annual price of approximately \$22,700 in direct and indirect costs to attend a Florida public university on a full-time basis. The cost is comprised of \$6,100 for tuition and fees, \$10,700 for room and board, \$1,200 for books and supplies, and \$4,700 for other expenses (e.g., transportation, computer/cell phone, clothing/laundry, and student health insurance). Exhibit 2 shows the Florida resident undergraduate cost of attendance during 2019-2020. The national average for four-year public in-state cost of attendance is \$26,590 and for private institutions is \$53,980, making Florida’s cost of attendance more affordable.

**Exhibit 2: Florida Resident Undergraduate Cost of Attendance, System Estimate: 2019-20**

EXPENSE	AMOUNT	PERCENT
BOOKS & SUPPLIES	\$1,200	5%
TRANSPORTATION	\$1,700	8%
OTHER EXPENSES	\$3,000	13%
TUITION & FEES	\$6,100	27%
ROOM & BOARD	\$10,700	47%
<b>TOTAL</b>	<b>\$22,700</b>	<b>100%</b>

Source: Board Office of Data Analytics analysis of State University System cost of attendance data.

**Student Debt Trends**

While the total number of undergraduate students attending SUS institutions has increased by more than 8,000 students over the past five years, fewer students are taking out loans. As shown by Exhibit 3, while resident undergraduate enrollment has grown, 11,000 fewer students took out loans in 2018-2019, and overall, two-thirds of students did not take out any loans. For students who have secured loans, the average loan amount has remained stable between \$7,100 and \$7,300 annually.

**Exhibit 3: Florida Resident Undergraduate Debt Trends: 2018-19**

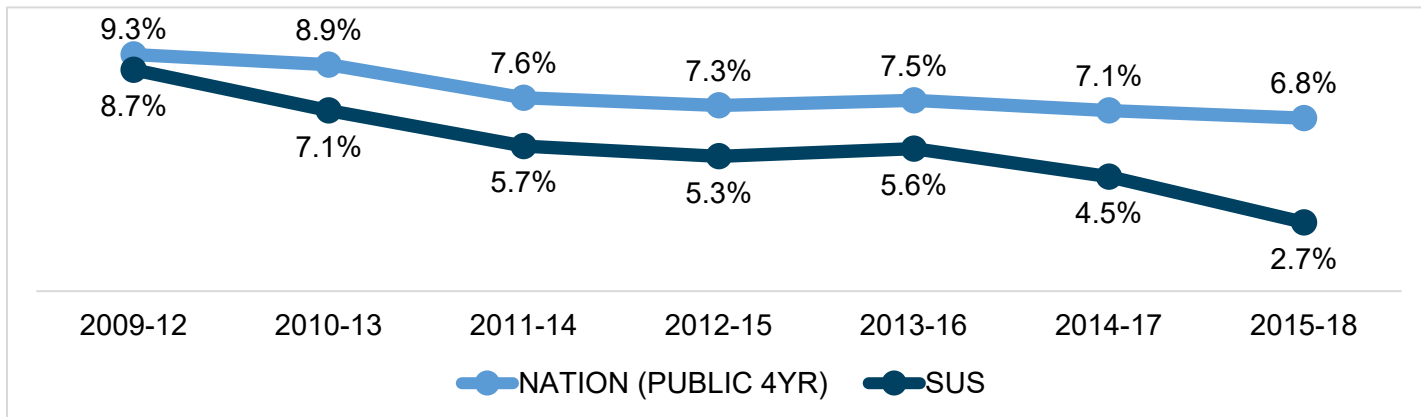
Academic Years	Total Students	Students with Loans	Students without Loans	Percent without Loans	Total Annual Loans	Avg. Loans: Student with Loans	Avg. Loans: All Students
<b>2014-15</b>	284,565	119,892	164,673	58%	\$883.5M	\$7,370	\$3,100
<b>2015-16</b>	287,808	117,083	170,725	59%	\$852.4M	\$7,280	\$2,960
<b>2016-17</b>	289,194	113,789	175,405	61%	\$835.1M	\$7,340	\$2,890
<b>2017-18</b>	291,099	106,923	184,176	63%	\$776.1M	\$7,260	\$2,670
<b>2018-19</b>	<b>292,735</b>	<b>97,265</b>	<b>195,470</b>	<b>67%</b>	<b>\$695.0M</b>	<b>\$7,140</b>	<b>\$2,370</b>

Source: Board Office of Data Analytics analysis of State University System Database (SUDS) data.

**Loan Default Rate Trend**

Borrowing for college costs enables students to enroll full-time while working towards a degree in their area of interest. When comparing the graduating classes of 2012 and 2018, the loan default rate for public four-year institutions nationally declined by 2.5%, while the rate for SUS institutions decreased by 6% (Exhibit 4). The most recent graduating class had a default rate of 2.7%, much lower than the national average of 6.8%.

**Exhibit 4: National and SUS Student Default Rate**



Source: Board Office of Data Analytics analysis of U.S. Department of Education official cohort default rates.

**Why has Student Debt Declined?**

There are several explanations for the decline in student debt in the SUS.

- Tuition and fees in the SUS have remained flat since 2014-2015. Nationally, there has been a 14% increase in tuition and fees during the same timeframe.
- Student financial aid has increased since 2014-2015.
  - Federal, state, and institutional grant funding have increased by 29% in the last five years (see Exhibit 5). Grants are a form of financial aid most often awarded to a student based on financial need that the student does not have to repay. The most significant increases in grant aid resulted from the federal Pell grants, increasing \$73.1 million, and the Florida Student Assistance Grant Program (FSAG) increasing \$73.4 million since 2014-2015.
  - State and institutional scholarships available to students have also increased since 2014-2015 (see Exhibit 6). In contrast to grant aid, scholarships are typically merit-based and have specific eligibility requirements. Students are not required to repay scholarships; however, most scholarships have academic qualifications such as maintaining a certain GPA for initial and renewal awards. The most significant increase was from the Florida Bright Futures Scholarship funds with the Florida Academic Scholarship (FAS) program increasing by \$211 million, and the Florida Medallion Scholarship (FMS) program rising by \$23 million in the last five years.
- State and federal dollars are now available to support attendance during the summer terms. In the past, funding for summer attendance was limited to loans. In 2014-2015, approximately 66% of summer aid was in the form of student loans. Currently, only about one-third of students borrow to fund summer school attendance.

**Exhibit 5: Federal, State, & Institution Grant Funding**

Actual Year	Plan Year	Pell (Federal)	Institution	FSAG (State)	Other	Total
2014-15	2016	\$431.1M	\$111.9M	\$48.4M	\$30.4M	\$621.8M
2015-16	2017	\$429.3M	\$123.6M	\$49.0M	\$31.1M	\$633.1M
2016-17	2018	\$423.1M	\$132.3M	\$51.1M	\$33.3M	\$639.8M
2017-18	2019	\$460.2M	\$123.4M	\$121.3M	\$41.8M	\$746.8M
2018-19	2020	\$504.2M	\$137.4M	\$121.8M	\$37.1M	\$800.5M
5-YR CHANGE (\$)	--	\$73.1M	\$25.5M	\$73.4M	\$6.7M	\$178.7M
5-YR CHANGE (%)	--	17%	23%	152%	22%	29%

Source: Board Office of Data Analytics analysis of State University System Database (SUDS) data.

**Exhibit 6: State & Institutional Scholarships**

Actual Year	Plan Year	Bright Futures (FAS)	Bright Futures (FMS)	Institutional	Other	Total
2014-15	2016	\$89.9M	\$116.0M	\$92.3M	\$47.7M	\$345.9M
2015-16	2017	\$89.3M	\$96.4M	\$98.4M	\$55.1M	\$339.3M
2016-17	2018	\$91.1M	\$78.6M	\$112.6M	\$59.5M	\$341.8M
2017-18	2019	\$229.5M	\$68.8M	\$108.6M	\$60.8M	\$467.7M
2018-19	2020	\$301.4M	\$139.3M	\$108.9M	\$66.1M	\$615.7M
5-YR CHANGE (\$)	--	\$211.5M	\$23.3M	\$16.6M	\$18.4M	\$269.8M
5-YR CHANGE (%)	--	235%	20%	18%	39%	78%

Source: Board Office of Data Analytics analysis of State University System Database (SUDS) data.