

# THE VIRGINIA PLAN FOR HIGHER EDUCATION Update

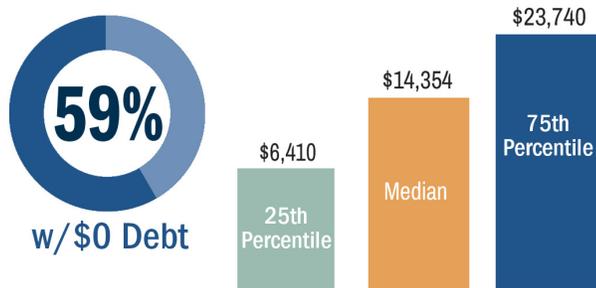
**Q:** What is the debt of a Virginia graduate?

**A:** Debt is rising overall, but remains at zero for many.

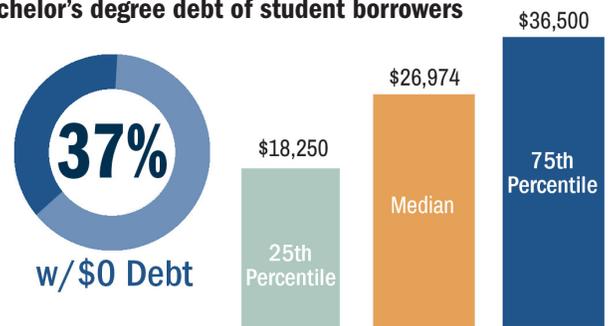
Similar to national trends, total debt and the number of borrowers in Virginia has increased steadily over the last 20 years. However, many students graduate with no debt at all. Of those who borrow, median debt in Virginia remains under \$15,000 for an associate degree and \$30,000 for a bachelor's.

## Debt of Virginia's 2015 graduates

### Associate degree debt of student borrowers



### Bachelor's degree debt of student borrowers



**DEBT COMPARED TO WAGES:** While the rise in debt in higher ed is a concern, investments can pay off. Graduates can expect to earn \$423,000 (associate degree) and \$964,000 (bachelor's degree) more over their lifetimes compared to individuals with only a high-school diploma.

**DEBT OF DROPOUTS:** Another area of concern is the number of students who accumulate debt but do not earn a credential. Approximately 3,600 Virginia students dropped out of college after the first year with debt averaging \$8,036 in 2013-14.

**REPAYMENT WITH COST OF LIVING:** A graduate living in Richmond with student

loans from earning a bachelor's degree at a four-year public institution would need annual income of approximately \$40,000-\$42,000 to support annual living expenses, including a student-loan payment.

**DEBT IMPACTS SPENDING:** Student debt reduces the amount of money available for other uses.

**DEFAULT RATES:** Virginia's default rates are lower than the national average - 9% compared to 11% nationally, according to the latest figures from the U.S. Education Department.

Sources: SCHEV staff analysis of debt; Georgetown Center on Education and Workforce; USED; Virginia Wizard ([www.vawizard.org](http://www.vawizard.org))

## Considerations

**ALIGN EARNINGS WITH DEBT:** Before taking on debt, students and families should have realistic expectations about future income.

**FOCUS ON COMPLETION:** Efforts to lower debt levels can include practices that increase completion rates and lower dropout rates and average time-to-degree.

**LOWER COSTS OF EDUCATION:** Efforts to lower debt and the cost of education such as supporting need-based student aid, using open-source textbooks, keeping tuition and fees low and promoting affordable-pathway programs that implement cost efficiencies.

**ABOUT THIS SERIES** A five-part series highlighting the Virginia Plan for Higher Education's Annual Report — a statewide plan for the Commonwealth to be the best-educated state by 2030. Learn more at [www.schev.edu/VaPlanReport](http://www.schev.edu/VaPlanReport)

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STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA