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YAHOO! NEWS

AP Associated Press

2 of 3 college grads go into debt

By DEVLIN BARRETT, Associated Press Writer 1 hour, 24 minutes ago

Nearly two of every three undergraduate students are going into debt to go to college, owing an average of more than \$19,000, most often to the government.

Among a dozen states sampled, New York students averaged the largest loans, while those in Oregon and Minnesota were most likely to have borrowed.

About 65 percent of students who graduated in the 2003-2004 school year did so after getting student loans, according to the Department of Education's National Center for Education Statistics.

For students who took out loans, the average debt was \$19,202. Of that sum, \$17,022 came through federal loan programs.

The agency focused on 12 large, medium, and mid-sized states, but did not compile enough data from the other 38 states to create reliable statewide averages.

The figures show:

- New York had the highest average loan amount, \$20,838. Georgia and Minnesota followed. Of the dozen states studied, those with the smallest loan average were Nebraska, Delaware and California.
- In Oregon and Minnesota, three of every four undergraduates got loans. Officials in both states said that was due to budget cuts.

State dollars "are covering less and less of the cost of higher education, and we've had several years of double-digit tuition increases," said Melinda Voss, spokeswoman for the Minnesota state college and university system.

Jacqueline King, an analyst at the American Council on Education, said she was surprised by the figures for Georgia, which has a college scholarship program designed to make higher education more affordable.

King said she believed the government's figures for federal student loan amounts are statistically reliable because they are based purely on government records, while the total debt amount is based on students' understanding of their future obligations.

The overall amount of student loan debt soared in the mid-1990s but has been relatively flat in recent years. King said she expects it to rise again after Congress voted to increase the limits on student borrowing from the federal government.

According to the College Board, private lending for student loans has exploded in the last decade, jumping from \$1.3 billion in 1993-1994 to \$10.6 billion in 2003-2004. Government lending for that year was \$56.8 billion.

The biggest change, though, may be in the cost to take out government loans.

A general trend of historically low interest rates is ending, and the new government loans will have a fixed rate of 6.8 percent. If rates keep rising, students with the old variable rate loans could end up paying as much as 8.25 percent.

Figures for the 12 states:

- California: 56.4 percent of undergraduates taking out student loans, \$17,266 average total loans, \$15,259 average federal loans.

Connecticut: 62.4 percent, \$17,990 average total loans, \$17,143 federal loans.

Delaware: 56.1 percent \$16,473 total, \$12,946 federal.

Georgia: 65.4 percent, \$20,767 total, \$18,505 federal.

Illinois: 63.2 percent, \$18,788 total, \$16,594 federal.

Indiana: 61.1 percent. \$19,112 total, \$17,566 federal.

Minnesota: 76.3 percent, \$20,312 total, \$16,406 federal.

Nebraska: 71.8 percent, \$16,200 total, \$15,373 federal.

New York: 67.2 percent, \$20,838 total, \$17,603 federal.

Oregon: 76.5 percent, \$17,772 total, \$16,641 federal.

Tennessee: 70.9 percent, \$19,949 total. \$17,852 federal.

Texas: 64 per cent, \$18,508 total, \$16,624 federal.

All states: 65.6 percent, \$19,202 total, \$17,022 federal.

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Source: Department of Education's National Center for Education Statistics. The agency chose 12 states ranging of varying size to compile the figures, but did not gather enough state-specific data to create averages for the other 38 states.

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On the Net:

National Center for Education Statistics: <http://nces.ed.gov/>

American Council on Education: <http://acenet.edu>

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