



How Do Education Students Pay for College?



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ABOUT AACTE: The American Association of Colleges for Teacher Education

AACTE is a national alliance of educator preparation programs dedicated to high-quality, evidence-based preparation that assures educators are profession-ready as they enter the classroom. Nearly 700 member institutions include public and private colleges and universities in every state, the District of Columbia, the Virgin Islands, and Guam. AACTE elevates education and educator preparation through research, professional practice, advocacy, and collaboration.

AACTE members are committed to meeting the needs of America’s schools for diverse, well-prepared teachers across a range of specialties. As AACTE looks to the future, this report documents significant challenges that all schools, colleges, and departments of education around the country will face as they prepare professionals for increasingly diverse and complex educational environments. It is part of AACTE’s 2020 Issue Brief Series, a set of analyses designed to assist deans and program chairs as they navigate and manage an ever-changing educator preparation landscape. AACTE’s goal as an association is to build a portfolio of programs, products, and services to help educator preparation leaders thrive in this dynamic environment, and this issue brief is an installment in that growing portfolio. Learn more at www.aacte.org.

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Executive Summary

There is a growing body of research suggesting that concerns about compensation generally—and about being able to repay student loans in particular—are dissuading college students from choosing teaching as a career. To help AACTE members better understand the financial pressures impacting education students, this issue brief takes a detailed look at how students pursuing a bachelor's degree in education pay for college, including the costs that they face and the financial sources that they tap to meet those expenses. Using a large, nationally representative study of college students in 2015-16, this issue brief disaggregates results by type of institution attended and by student race/ethnicity. To provide context, the report compares education students to all other bachelor's degree students.

The issue brief begins by detailing the expenses that education students face. The most significant findings include the following:

- As a result of students' choices regarding the institutions they attend and their patterns of attendance, the average tuition and fees and full student budget that education majors face before financial aid are each approximately \$3,000 lower than the averages for other students.
- Three out of four education students received some type of grant assistance in 2015-16, and the average amount they received from all sources exceeded \$9,300.
- Taking grants into account reduces the average tuition charge for all education students—including those who did and did not receive grant assistance—by about half, from \$11,753 to \$5,629. The average total student budget falls by 30 percent, from \$23,729 to \$16,572, after grants are taken into account.

The three main sources of student financing—parental support, borrowing, and student employment—are then described, revealing important disparities by student race/ethnicity:

- Reflecting differences in family income, students of color were less likely to receive parental support than White students. Twenty-three percent of Latinx students and 21 percent of African American students received no parental support, compared with 12 percent of White students. Conversely, about one-third of African American and Latinx students received \$5,000 or more in parental support, compared with nearly half of their White counterparts.
- By the time they are about to graduate, 76 percent of education students have taken out student loans, and the average amount they have borrowed is just short of \$28,000. African American students are the most likely to have borrowed at 91 percent and borrow the most, on average, of the three largest racial-ethnic sub-groups. Notably, the average amount that African American education students borrow is \$12,000 more than the average amount Latinx education students borrow. Latinx students appear to use part-time attendance as a means to reduce their educational costs and, as a result, their need to borrow.
- On the most commonly used student loan repayment plan, estimated payments on the average amount all education students have borrowed is equivalent to 9 percent of the average starting teacher salary. This is well in excess of the 7 percent threshold recommended by economists as affordable for borrowers at that income level. Only Latinx students had estimated loan payments for the average amount borrowed that fall within the 7 percent threshold.
- More than 60 percent of education students work while enrolled, with most working part-time. However, less than half of working education students report that their job is related to their field of study.

These findings reveal the financial challenges that future educators face and the financial disincentives to choosing teaching as a profession, especially for students of color. They should serve as a call to action to make education programs as affordable as possible while maintaining rigorous professional preparation, ideally by finding ways to maximize grant assistance and provide students with relevant paid work experience, such as residency programs that include stipends for clinical teaching experience. These findings pre-date the COVID-19 crisis by several years, but it is reasonable to assume that the challenges presented

in this report—and the need for financial support to future teachers—have only grown more acute due to the pandemic.

These findings also highlight the necessity of compensating educators fairly, in particular novice teachers who may be most burdened by student loan debt. Only by addressing both college affordability and teacher compensation can the United States hope to encourage diverse, talented young people to choose this vitally important profession.

The issue brief concludes with suggested implications for institutional practice. Because financial concerns loom large for many education students, schools, colleges, and departments of education may need to provide additional support services to help students navigate student aid programs and plan for their financial futures. Providing such support will not only assist current students, but also may bolster recruitment of students who are interested in teaching but may fear that they cannot afford to enter the profession.

Introduction

Recruiting diverse, profession-ready educators, and then retaining those hired, are major concerns of PK–12 schools around the country. Satisfying the need for teachers is a multi-faceted problem involving much more than degree production at schools, colleges, and departments of education. Nonetheless, bringing new entrants into the profession is an important piece of the teacher workforce puzzle. As AACTE has previously documented,¹ educator preparation programs are challenged to attract students to teaching, in large part because of students' concerns about teacher compensation, working conditions, and a seeming lack of respect for and prestige in the profession. A 2018 survey of prospective college students found that the top reasons students were not interested in teaching were concerns about pay (72 percent of respondents), job flexibility (41 percent), opportunities for career advancement (32 percent), and prestige or respect for the profession (30 percent).² Researchers and policy makers also have argued that students are dissuaded from teaching because the pay is inadequate relative to what they have spent—and borrowed—to go to college.³ College students of color—who are more likely to come from low-income families than their white counterparts—may be particularly impacted by such financial concerns, further contributing to the lack of diversity in the teaching profession.⁴

To understand more about what students majoring in education pay to attend college, this Issue Brief relies on data from the 2015-16 National Postsecondary Student Aid Study (NPSAS), a nationally representative study conducted every four years by the U.S. Department of Education. The NPSAS sample is large enough at the undergraduate level to permit an analysis of students majoring in education, and even allows for comparisons among education majors in the three largest racial/ethnic categories.⁵ It also facilitates comparing education majors to students in all other fields to provide a sense of the relative affordability of education as a field of study. Finally, it has the advantage of combining student surveys with administrative records, so financial information that students may struggle to report accurately—such as their parents' income or the exact amount they have borrowed—are drawn directly from federal and college financial aid records. Because the primary focus of this Issue Brief is initial teacher preparation, students pursuing bachelor's degrees are included in this study; 96 percent of undergraduate degrees in education are in programs that prepare students for teaching.⁶ All references to undergraduates include only students pursuing a bachelor's degree.



Glossary of Financial Aid Terms*

Dependency Status: For the purpose of awarding financial aid, students are classified as either financially dependent on or independent of their parents. Financial aid officers take parental capacity to pay into account when determining aid for dependent students. When awarding aid to independent students, only the student's ability to pay (and a spouse's ability to pay if applicable) is considered. Undergraduates who are age 23 or younger, are unmarried, do not have children, and are not military veterans are considered dependent. All other undergraduates and all graduate students are considered independent.

Expected Family Contribution (EFC): The EFC is the result of a standard formula indicating the amount parents and students are expected to contribute to educational costs.

Federal Work-Study Program: Federal Work-Study provides part-time jobs for students with financial need. The program encourages community service and work related to the student's course of study.

Pell Grant: This is the largest federal grant program, and provided grants of up to \$5,775 in 2015-16 to low-income students.

Student Budget: The budget is the college or university's charges for tuition, fees, and on-campus room and board (for on-campus residents), adjusted for student attendance status, plus an estimate for off-campus room and board (for commuter students), books and supplies, transportation, and other expenses. The budget is used in determining student need for financial aid using the formula $\text{Student Budget} - \text{EFC} = \text{Need}$.

Subsidized and Unsubsidized Federal Student Loans: Undergraduates who demonstrate need may borrow subsidized loans; the federal government pays the interest that accrues on these loans while the student is enrolled. The maximum cumulative amount that undergraduates may borrow in subsidized loans is \$23,000. All students may borrow unsubsidized loans; these loans are not based on need and interest charges begin to accrue as soon as the loan is disbursed. Dependent students may borrow up to \$31,000 in unsubsidized loans as undergraduates (less any subsidized loans received) and independent students may borrow up to \$57,500 as undergraduates (less any subsidized loans). Both subsidized and unsubsidized loans offer a low, fixed interest rate (4.53 percent for undergraduates in 2019-20).

TEACH Grant: The TEACH Grant provides awards of up to \$4,000 per year to high-achieving students who are planning to teach a high-need field in a low-income area.

**Terms also are defined as they are used in the text.*

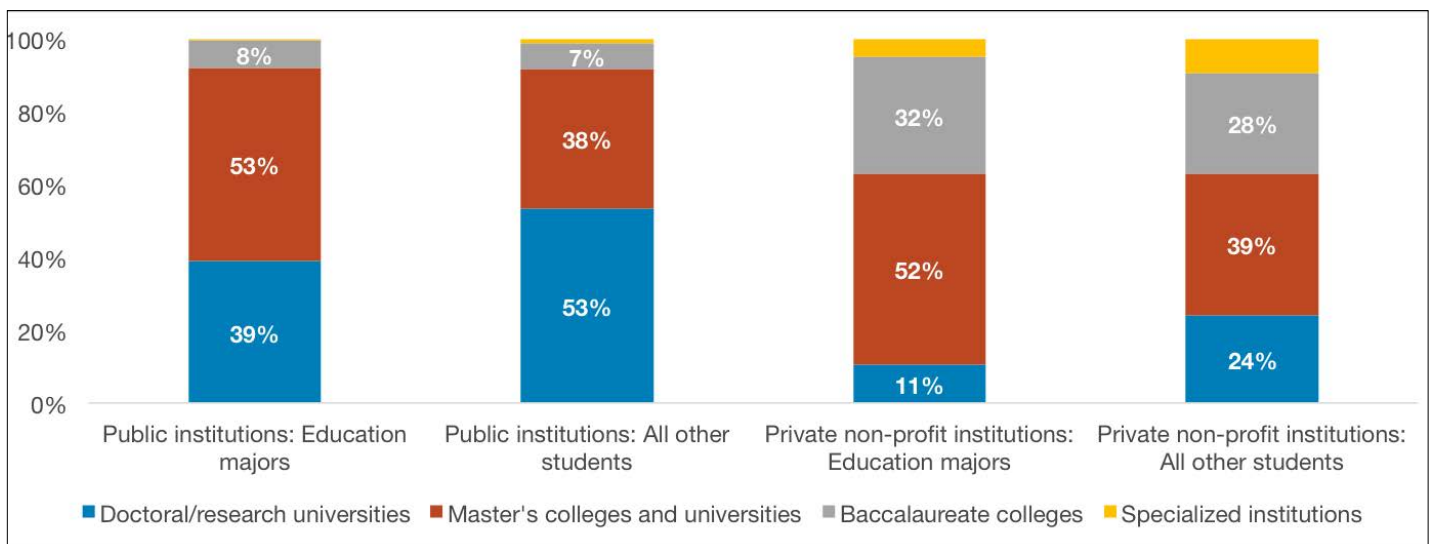
Student Expenses

Institution Type, Student Attendance Status, and Price

The choices students make about the type of institution they attend and whether to attend on a full- or part-time basis have a significant impact on the costs that they face, but not always in ways that one might expect. For example, attending part-time may make one ineligible for certain financial aid programs. It also will extend the length of time needed to complete one's degree, which may result in significant additional expenses and foregone income. Likewise, depending on the amount of grant aid an institution can provide, it may be less expensive to attend a private institution than a public one, especially if that public institution is outside one's home state and charges a significant premium for out-of-state students. This section reviews the institutions that education students choose, their attendance status, and the impact of those choices on the average prices that they face.

Education majors are more likely than other undergraduates to attend public institutions (62 percent versus 57 percent) and less likely to attend private for-profit institutions (2 percent versus 6 percent). Otherwise, the distribution of education students by these broad institutional categories is quite similar to all other bachelor's degree students. However, within both the public and private non-profit sectors, education majors are more likely to attend master's level colleges and universities than higher-priced doctoral/research universities (**Figure One**). Overall, more than half of education majors attend master's institutions. This pattern reflects the history of higher education; many master's level colleges and universities began as "normal schools" dedicated to the preparation of teachers and retain sizable educator preparation programs.

Figure One. Percentage Distribution of Education Majors and All Other Students, by Institution Type



Education majors are more likely than other bachelor's degree students to exclusively attend college full-time. In 2015-16, 63 percent of education students studied full-time for the full academic year, compared with 58 percent of all other bachelor's degree students. There was considerable variation among education students by race/ethnicity. Half of African American and Latinx students studied full-time for the entire academic year, compared with two-thirds of White students. Part-time attendance does, of course, reduce the amount that students must pay to attend college, but it also extends the amount of time it takes students to complete their degrees and increases the risk of dropping out of college. It also may limit students' eligibility for financial aid, as some aid programs pro-rate the awards of part-time students or may even limit funding to only full-time students.

Table One. Average Attendance-Adjusted Tuition and Fees and Total Student Budget for Education Majors and All Other Undergraduates, by Institution Type and Student Race/Ethnicity

	Tuition and Fees		Student Budget	
	Education Majors	All Other Students	Education Majors	All Other Students
Public	8,730	9,693	21,066	22,278
White	9,028	10,002	21,324	22,336
African American	8,937	8,476	22,914	21,541
Latinx	7,087	7,814	18,758	20,578
Private Non-profit	19,156	25,895	30,361	38,546
White	20,096	26,503	30,989	39,179
African American	16,037	19,345	26,521	31,376
Latinx	14,145	22,796	24,968	35,403
Private For-profit	8,748	12,788	19,586	22,374
White	9,263	12,191	20,927	20,968
African American	6,222	11,835	15,086	22,072
Latinx	12,582	13,534	24,505	23,962
All Institutions	\$11,753	\$14,700	\$23,729	\$27,105
White	12,550	15,326	24,387	27,584
African American	10,575	11,904	23,423	24,335
Latinx	8,782	12,125	20,262	24,664

As a result of students' choices regarding institutions and attendance patterns, the average tuition and fees and full student budget that education majors face before financial aid are each approximately \$3,000 lower than the averages for other students (**Table One**). The difference in average prices between all education students and other undergraduates range from approximately \$1,000 for tuition and fees at public institutions to approximately \$8,000 for the total student budget at private non-profit institutions. Across all institution types, White students have the highest average prices, reflecting their higher likelihood of full-time attendance, followed in most cases by African American and then Latinx students. In almost every case, education students face lower average prices than other students from the same racial/ethnic group attending the same broad type of institution.



Grants and Net Price

Three out of four education students received some type of grant assistance in 2015-16, and the average amount they received from all sources exceeded \$9,300 (**Table Two**). At public institutions, education students were more likely than other students to receive grants, but because they attended less expensive institutions and many grants are tied to institutional prices, they received somewhat less grant aid than other students on average. At private non-profit institutions, education students were slightly more likely than other students to receive grants, but the average amount they received was about \$2,500 less than other students due to the lower price of the institutions they attended. Education students at for-profit institutions were no more likely to receive grants than other students, and the average amount of grant assistance they received was about \$1,600 less than other students.

The average amounts of grant aid that education students received varied among the three broad institution types in ways that one would expect given common financial aid policies and practices. For example, private non-profit institutions typically award a considerable amount of institutionally-funded aid to defray their higher tuition charges, and this is reflected in the average grant amounts. At for-profit institutions, students often receive only federal student aid, and so average grant amounts for this sector are lower. Students at public institutions may receive aid from a variety of sources, but institutional aid is typically not as substantial as at private non-profit institutions.

Table Two. Percentage of Education Majors and All Other Students Receiving Grant Assistance and Average Amount Received, by Institution Type

	Received Grant Assistance	Average Amount Received
Public		
Education majors	74%	\$7,215
All other students	67%	\$7,855
Private Non-profit		
Education majors	83%	\$14,382
All other students	81%	\$16,956
Private For-profit		
Education majors	79%	\$3,741
All other students	80%	\$5,372
All Institutions		
Education majors	77%	\$9,321
All other students	72%	\$10,633

Table Three details the most common types of grant assistance education students received. It reveals that education students were most likely to receive institutional grants and federal Pell Grants (44 and 43 percent, respectively), followed by state grants (29 percent) and private/employer grants (19 percent). Federal TEACH grants, which provide support to high-achieving students who commit to teaching in a high-demand field at a high-need school, and veteran/military educational benefits each only serve 2 percent of education majors. The students most likely to receive Pell Grants, which are targeted to low-income students, attended for-profit institutions and were African American or Latinx. Students most likely to receive institutional grants attended private non-profit institutions. The largest average awards were institutional grants at private non-profit institutions (\$12,618) and veterans' and military educational benefits (\$14,140). Most grant programs provided an average of \$3,000 to \$4,000.

Taking grants into account reduces the average tuition charge for all education students—including those who did and did not receive grant assistance—by about half, from \$11,753 to \$5,629 (**Table Four**). The average student budget falls by 30 percent, from \$23,729 to \$16,572 after grants are taken into account. An important caveat is that the student budget is composed of colleges' actual charges for tuition and fees and for room and board (for on-campus residents) and colleges' estimates for many other elements of a typical student budget (books and supplies, off-campus room and board for commuter students, transportation, etc.). These estimates may differ significantly from students' actual living expenses, which will vary based on students' personal and family circumstances.

Table Three. Percentage of Education Majors Receiving Various Types of Grants, and Average Amounts Received, by Institution Type and Race/Ethnicity

	Federal			State	Institutional	Private/ Employer
	Pell	TEACH	Veterans/ Military			
	Percentage Receiving Grants (%)					
Institution Type						
Public	43	2	2	32	36	18
Private Non-profit	42	NA	NA	23	63	23
Private For-profit	65	NA	NA	NA	NA	NA
Race/Ethnicity						
White	35	2	2	28	47	21
African American	67	NA	NA	30	42	16
Latinx	59	NA	NA	33	29	12
All Students	43	2	2	29	44	19
	Average Grant Received (\$)					
Institution Type						
Public	4,113	3,327	14,571	3,285	4,843	3,414
Private Non-profit	3,884	3,178	12,758	4,152	12,618	4,976
Private For-profit	3,018	NA	NA	3,059	NA	4,166
Race/Ethnicity						
White	3,867	3,422	12,855	3,360	8,189	3,795
African American	3,964	NA	NA	3,622	6,455	3,005
Latinx	4,377	NA	NA	3,808	9,364	NA
All Students	3,997	3,271	14,140	3,481	7,980	3,952

NA: Sample size too small to produce a reliable estimate.

Table Four. Average Net Tuition and Net Student Budget Less Grants for Education Majors, by Institution Type

Institution Type and Student Race/Ethnicity	Average Tuition and Fees	Average Net Tuition and Fees	Average Student Budget	Average Net Student Budget
Public	8,730	4,532	21,066	15,699
White	9,028	5,019	21,324	16,513
African American	8,937	4,193	22,914	16,481
Latinx	7,087	2,702	18,758	12,374
Private Non-profit	19,156	8,218	30,361	18,652
White	20,096	8,508	30,989	18,620
African American	16,037	5,634	26,521	15,697
Latinx	14,145	6,021	24,968	15,710
Private For-profit	8,748	5,837	19,586	16,465
White	9,263	5,869	20,927	17,278
African American	6,222	NA	15,086	13,319
Latinx	12,582	NA	24,505	20,804
All Institutions	\$11,753	\$5,629	\$23,729	\$16,572
White	12,550	6,145	24,387	17,198
African American	10,575	4,571	23,423	16,127
Latinx	8,782	3,552	20,262	13,255

There was considerable variation in average net prices by institution type and by student race/ethnicity. Private non-profit institutions, which award considerable grant assistance, have the most significant difference between sticker and net price. After grant aid is taken into account, the average net student budget at these

institutions is roughly \$2,000 more than the average at for-profit institutions and \$3,000 more than the average at public institutions. In general, variation in net price by race/ethnicity followed the pattern one would expect given students' choice of institution, attendance status, and grant eligibility. At public institutions, Latinx education students faced the lowest average net prices, followed by African American students and White students. Average net prices were roughly equivalent for African American and Latinx students at private non-profit institutions. Surprisingly, Latinx students had a considerably higher average net student budget at for-profit institutions than either African American or White students. However, the estimates for for-profit institutions are based on a comparatively small sample and should be interpreted with caution.

As shown in **Table Four**, average tuition for all education students across all institution types was \$5,629 after grant aid is taken into account; the average total student budget after grants for all education students was \$16,572. How did education students meet these costs? There are several potential answers, and many students rely on a mix of financing sources. The remainder of this issue brief will review these main sources of college financing:

- Parental support
- Borrowing
- Student Employment

Financing Sources

Parental Support

For many students, support from parents is a significant source of funds to pay for college. The financial aid system assumes that parents with adequate means will contribute to their child's education if the child is aged 23 or younger, is unmarried, does not have children, and is not a military veteran. Students who do not meet those criteria are considered independent; only the student's financial and personal circumstances are considered in determining financial aid eligibility. Financial aid officers calculate aid awards assuming an "expected family contribution" (EFC) from parents of dependent students. The EFC is derived from a standard formula that takes into account a variety of personal and financial factors, such as family size, income, and assets.⁷

In truth, the situation is often far more complex. Dependent and independent students at a range of income levels receive—and do not receive—assistance from their parents. Some parents provide their children more than the expected family contribution, and some provide less. Further, it can be difficult for students or even parents to fully account for what they spend, since some of it may not involve a direct transfer of funds. For example, parents may pay to keep their child on their auto or health insurance coverage. This is a significant benefit to the student, but does not involve the parent putting funds into the student's bank account. Despite these complexities, it is worth considering what education students say about the support they receive from their parents, with the proviso that the amounts are approximate.

As shown in **Figure Two**, education students are divided evenly between those who report receiving no parental support in 2015-16, those who received less than \$5,000, and those who received \$5,000 or more. As one would expect, there was sizable variation by student dependency status. Eighty-six percent of dependent students received parental support, with the largest group (45 percent) receiving \$5,000 or more. Thirty percent of independent students received parental support, with the largest group (17 percent), receiving less than \$5,000. Sixty-five percent of education students are dependent, which is comparable to all other bachelor's degree students; the remaining 35 percent of education students are independent.

Among dependent education students, there was considerable variation in parental support by student race/ethnicity (**Figure Three**). Twenty-three percent of Latinx students and 21 percent of African American students received no parental support, compared with 12 percent of White students. Conversely, about one-third of African American and Latinx students received \$5,000 or more in parental support, compared with nearly half of their White counterparts.

Figure Two. Distribution of Education Students by Parental Support Received and Dependency Status

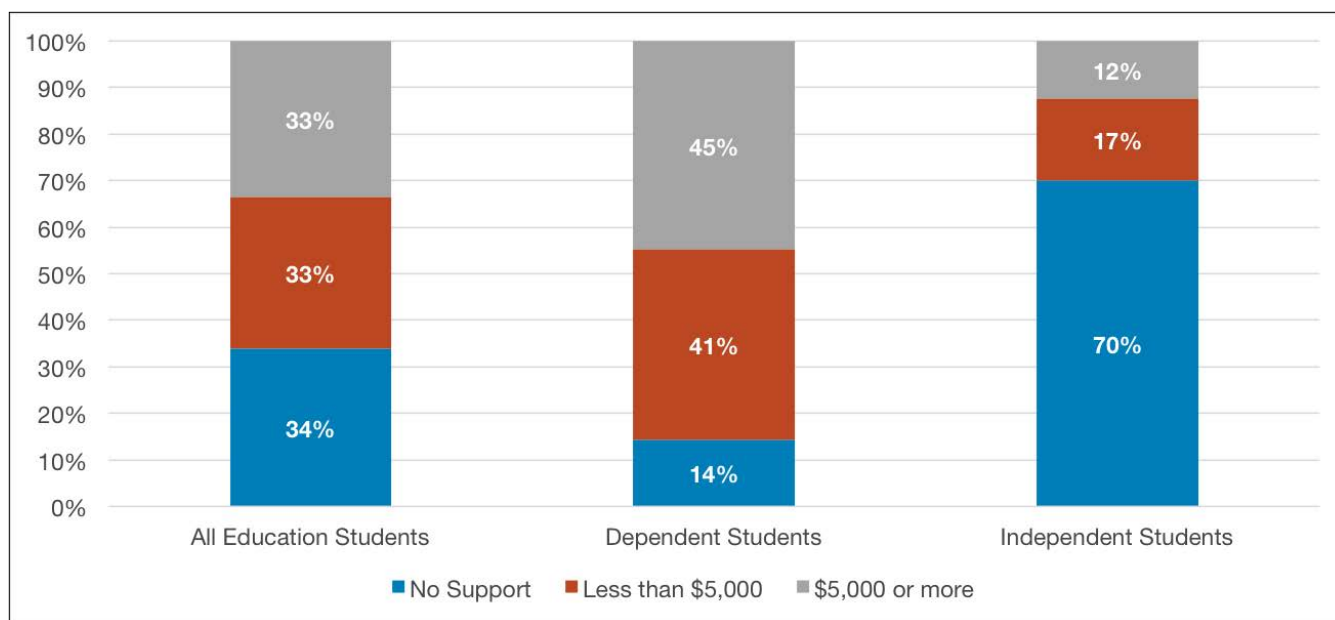
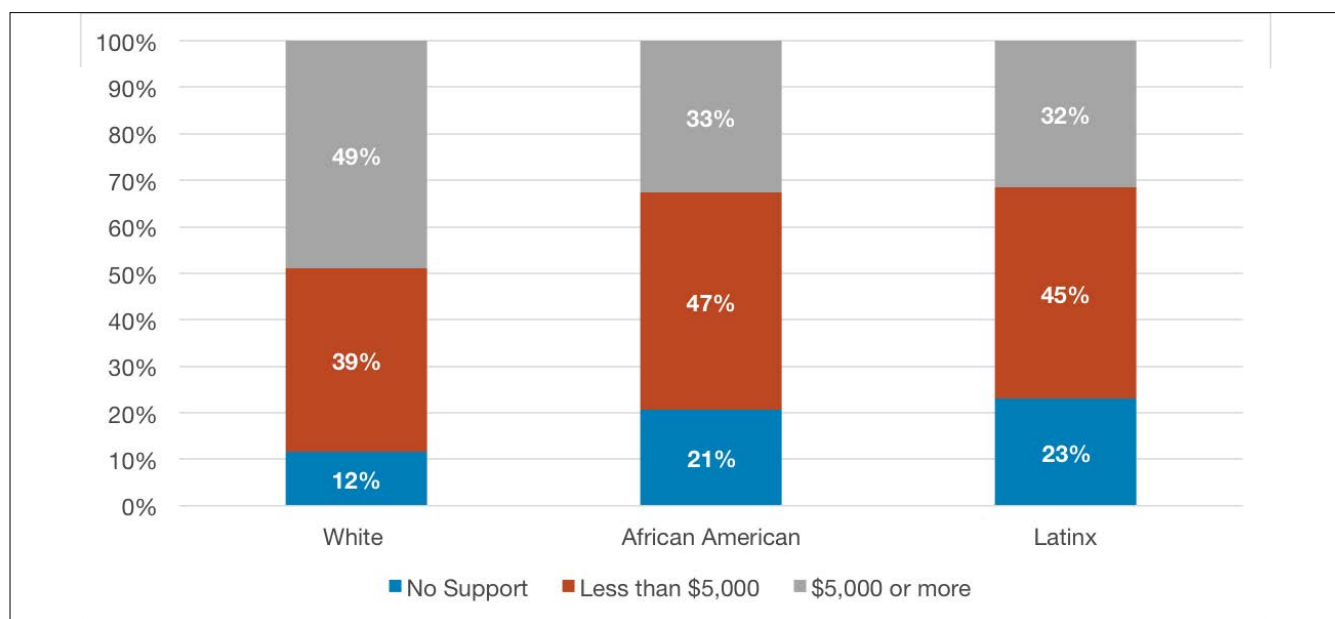


Figure Three. Distribution of Dependent Education Students by Parental Support and Race/Ethnicity



The disparity in parental support makes sense in the context of family income. **Figure Four** displays the distribution of dependent education students based on the income quartiles of all dependent undergraduates. Only 9 percent of dependent White education students fall into the lowest income quartile for all dependent undergraduates (a family income of less than \$27,900), compared with 36 percent of dependent African American students and 41 percent of dependent Latinx students. Conversely, 36 percent of dependent White education students are in the highest income quartile (more than \$113,500), compared to 5 and 9 percent of their African American and Latinx peers, respectively.

Figure Four. Distribution of Dependent Education Students by Income Quartile and Race/Ethnicity

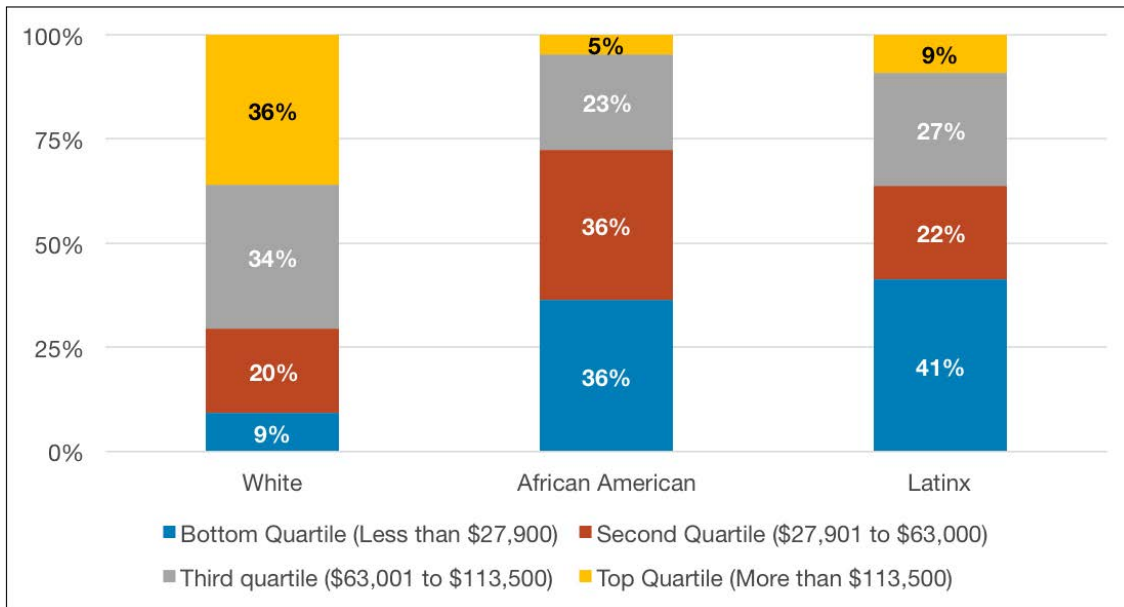
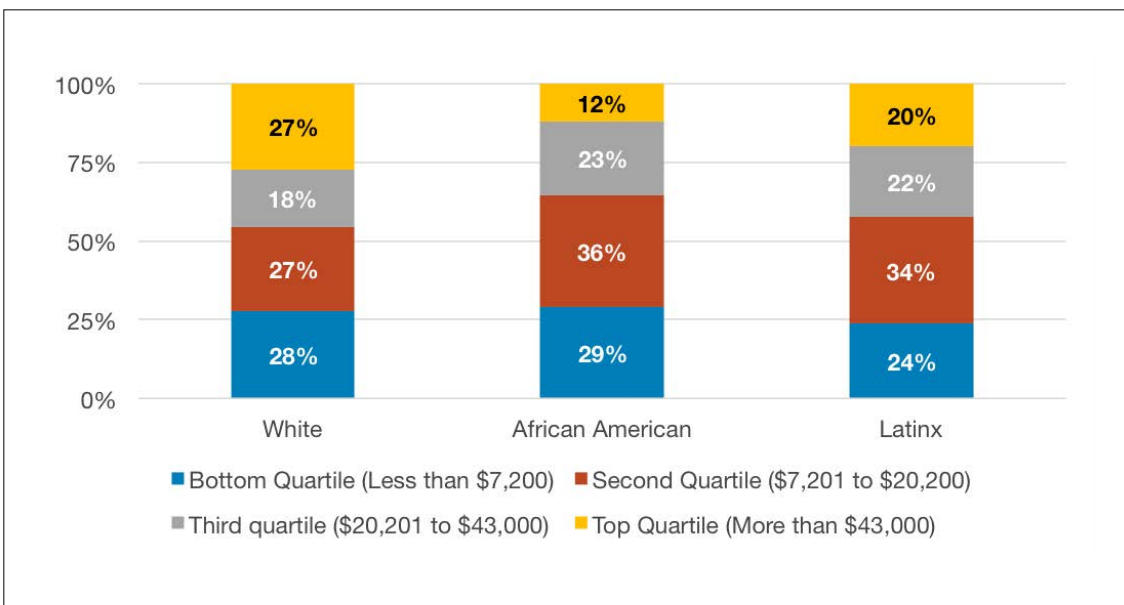


Figure Five. Distribution of Independent Education Students by Income Quartile and Race/Ethnicity



Income disparities also exist among independent education students, but they are not as dramatic (**Figure Five**). Similar percentages of independent White, African American and Latinx education students fall into the lowest income quartile (less than \$7,200), but independent White students are more likely to fall into the highest income quartile (more than \$43,000). It is worth noting that it is challenging to understand the true financial status of independent students by looking only at their income from one year. Independent students who are well-off may appear low-income temporarily because they have either cut back or eliminated employment while they are students. The lower income quartiles likely contain both students who are truly disadvantaged and students who have experienced a temporary drop in income while they are enrolled.

Borrowing

Education students are more likely to borrow than other bachelor's degree students, but borrow slightly less on average than their counterparts in other academic programs. As shown in **Table Five**, 60 percent of education students borrowed in 2015-16, compared with 56 percent of other students; education students' average loan amount of \$7,930 was roughly \$400 less than the average amount borrowed by other students. This pattern generally holds across institution types and student racial/ethnic groups.

Table Five. Annual Borrowing of Education and All Other Students by Institution Type and Race/Ethnicity

	Education Students		All Other Students	
	%	Avg.	%	Avg.
Institution Type				
Public	58%	7,303	53%	7,640
Private Non-profit	66%	9,289	59%	9,451
Private For-profit	61%	7,499	67%	9,651
Race/Ethnicity				
White	60%	8,115	55%	8,695
African American	78%	8,125	70%	8,127
Latinx	52%	6,626	54%	7,610
All Students	60%	\$7,930	56%	\$8,374

The most notable distinction among education students in annual borrowing behavior is by race/ethnicity. Despite being least likely to receive parental support, Latinx education students are less likely to take out student loans and borrow less, on average, than either their White or African American peers. This pattern holds true for education majors and other students. Of course, an important question is, how are these students affording college? Part-time attendance is clearly a strategy for many Latinx students. In 2015-16, 41 percent of Latinx education students attended part-time, compared with 24 percent of African American students and 19 percent of White students.⁸ Latinx students limit the amount they borrow, at least in part, by attending part-time. Unfortunately, part-time attendance is associated with lower rates of degree completion, so this may be a counter-productive strategy for some students.

In contrast, African American students may be borrowing more than they can reasonably afford to repay as teachers. Seventy-eight percent of African American education students borrowed in 2015-16, and their average loans amount was \$8,125, the highest of the three racial/ethnic groups examined. Twenty-nine percent of African American education students borrowed the maximum amount of federal student loans for which they were eligible. Whether a student is borrowing in excess or dropping to part-time status in order to avoid borrowing, individual counseling is important to ensure that students have carefully considered the academic and financial implications of their decisions.

In addition to the amount that students borrow, another important factor is the type of loans students receive. There are two main types of federal student loans for undergraduates. Undergraduates who demonstrate need can borrow subsidized loans; the federal government pays the interest that accrues on these loans while the student is enrolled. The maximum cumulative amount that undergraduates can borrow in subsidized loans is \$23,000. All students can borrow unsubsidized loans; these loans are not based on need and interest begins to accrue as soon as the loan is disbursed. Dependent students can borrow up to \$31,000

in unsubsidized loans as undergraduates (less any subsidized loans received) and independent students can borrow up to \$57,500 as undergraduates (less any subsidized loans). Both subsidized and unsubsidized loans offer a below-market, fixed interest rate (4.53 percent for undergraduates in 2019-20). The federal student loan program offers a variety of repayment options, and there are loan forgiveness programs for teachers and others who go into public service occupations. However, those programs have been the subject of considerable concern as borrowers have found it difficult to claim benefits.⁹

Table Six. Percentage of Education Majors Borrowing Federal and Private Loans, and Average Amounts Borrowed, by Institution Type and Race/Ethnicity

	Federal Subsidized		Federal Unsubsidized		Private	
	%	Avg.	%	Avg.	%	Avg.
Institution Type						
Public	46%	3,852	44%	4,023	6%	8,973
Private Non-profit	54%	4,035	56%	3,931	13%	12,045
Private For-profit	55%	3,529	56%	4,056	4%	NA
Race/Ethnicity						
White	46%	3,910	49%	3,991	9%	10,837
African American	73%	3,977	65%	3,935	6%	NA
Latinx	48%	3,707	34%	3,578	6%	NA
All Students	49%	\$3,899	48%	\$3,993	8%	\$10,401

NA: Sample size too small to yield a reliable estimate.

repayment. Generally, it is preferable for students to exhaust their eligibility for federal loans before turning to private loans. Traditionally, private student loans were used by graduate students entering high-paying professions such as law and medicine, but these loans are now marketed to undergraduates and graduate students in less lucrative fields as well. As shown in **Table Six**, only 8 percent of all education students borrowed private loans in 2015-16, but the average amount they borrowed was in excess of \$10,000. While the proportion of education students borrowing these loans is small, the amount these students are borrowing is nonetheless troubling given teacher salaries in many locations.

By the time they are about to graduate, 76 percent of education students have received student loans, and the average amount they have borrowed is just short of \$28,000 (**Table Seven**). Education students are more likely to have borrowed than other undergraduates, 68 percent of whom have taken out loans by the time they are ready to graduate, but they borrow about \$2,000 less on average. The patterns of cumulative borrowing generally mirror those seen for annual borrowing. African American students are the most likely to have borrowed at 91 percent and borrow the most, on average, of the three largest racial-ethnic sub-groups. Notably,

Table Seven. Cumulative Borrowing of Graduating Education and Other Students by Institution Type and Race/Ethnicity

	Education Students		All Other Students	
	%	Avg.	%	Avg.
Institution Type				
Public	74%	26,445	66%	26,832
Private Non-profit	81%	28,627	68%	31,613
Private For-profit	81%	42,946	86%	40,512
Race/Ethnicity				
White	74%	29,247	69%	30,154
African American	91%	31,337	85%	34,112
Latinx	81%	18,930	66%	25,805
All Students	76%	\$27,984	68%	\$29,772

the average amount that African American education students borrow is \$12,000 more than the average amount Latinx education students borrow. Latinx education students borrow considerably less than other Latinx undergraduates, averaging almost \$7,000 less in cumulative borrowing. Finally, education students graduating from for-profit institutions borrow the largest amount, averaging almost \$43,000, more than \$14,000 more than the average debt of private non-profit institution graduates and more than \$16,000 more than the average debt of public institution graduates.

Table Eight. Average Loan Payment as a Percentage of Average Starting Teacher Salary, 2015-16 Graduates

	Annual Payment	Payment as % of Average Starting Salary
Institution Type		
Public	3,330	9%
Private Non-profit	3,320	9%
Private For-profit	5,727	15%
Race/Ethnicity		
White	3,519	9%
African American	4,044	10%
Latinx	2,735	7%
All Education Students	\$3,469	9%

To provide a general sense of the affordability of new teachers' student loans, **Table Eight** displays the estimated annual payment for the average amount graduating education students owed in 2015-16, including principal and any accrued interest, as well as that amount as a percentage of the average starting teacher salary of \$38,701 in 2016-17.¹⁰ These estimates are based on several assumptions:

- Students borrowed only federal student loans.
- The interest rate on these loans was equivalent to the average rate in effect for federal subsidized and un-subsidized loans from 2012-13 to 2015-16.
- Borrowers repay their loans using the 10-year, fixed repayment plan that is the default option for federal student loan borrowers.
- Borrowers have income equivalent to the average starting salary for teachers in 2016-17.

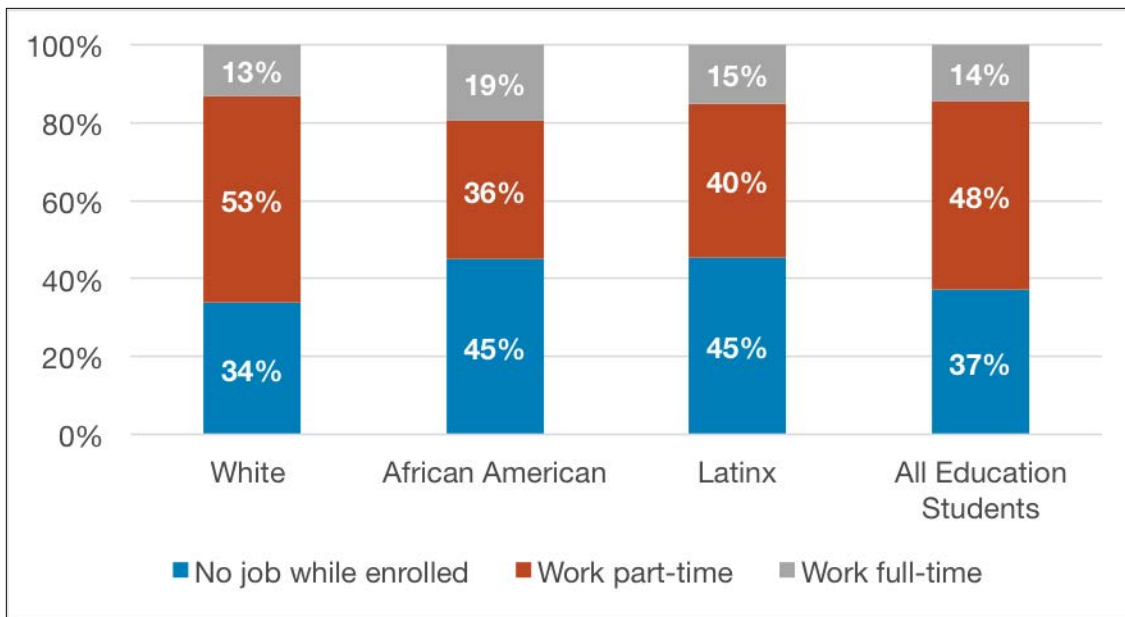
Based on these assumptions, annual payments on the average amount that graduating education students owed on their federal loans is equivalent to 9 percent of the average starting salary for teachers.

Is this amount affordable? This is the next question. Economists Sandy Baum and Saul Schwartz did a careful analysis of loan affordability and derived a set of income-based benchmarks for manageable student debt.¹¹ They determined that individuals with income at roughly 75 percent of the median for all full-time U.S. workers aged 25 and older—which in 2017 was very close to the average starting salary for teachers—should generally find student loan debt manageable until it exceeds 7 percent of their income. Given that benchmark, the average amount that teachers borrowed in 2015-16 would be unmanageable for all groups except Latinx graduates, assuming that they earned the average starting salary for teachers. Teachers would have to earn roughly the national median income for full-time workers—\$50,983 in 2017—to comfortably manage repaying the average amount graduating education students borrowed. Of course, some students will have support from a spouse or parents to pay back their loans, will earn more than the average starting salary, and will have borrowed less than the average amount. Nonetheless, this finding is troubling for the prospect of encouraging more students generally—and more students of color in particular—to choose teaching as their profession.

Student Employment

The final piece of the financial puzzle for many education students is employment. As shown in **Figure Six**, 63 percent of all education students work while they are enrolled and most of these students are employed part-time. When asked to characterize themselves as either “students who work” or “employees who study,” more than 80 percent of working education students choose “student” as their primary occupation. There are some notable differences by race and ethnicity. Despite receiving far more parental support than either African American or Latinx students, White education students are most likely to work. They are, however, least likely to work full-time of the three major racial/ethnic groups.

Figure Six. Employment of Education Students While Enrolled



Ideally, a student’s job should be related to their academic interests. Less than half (43 percent) of working education students report that their job is related to their major, suggesting that there is room to further expand relevant employment options for education students. One option for doing so is through the Federal Work-Study program. Only 8 percent of education students had a work-study job in 2015-16 (including 6 percent of students at public institutions and 14 percent of students at private non-profit institutions), but there is a pilot program underway to allow these funds to be used to compensate education students for their clinical placements. If this pilot results in a permanent change to this program, it could become a significant source of funding for meaningful work experience.

Because it is difficult for people to provide an accurate accounting of their total income, particularly if they are paid on an hourly basis, NPSAS does not ask students to report their total income from jobs held while enrolled. Instead, the survey asks students to report the number of hours they typically worked and their hourly pay rate. Students who reported working part-time spent an average of 19 hours per week on the job and had an average hourly pay rate of \$10.67. NPSAS did not ask students to report the number of weeks that they worked, but if one assumes that the most students would have worked is 50 weeks during the year, maximum total income before taxes would be \$10,271 at 19 hours per week and \$10.67 per hour. Of course, students may have earned more than that by working full-time during the summer or other periods when they were not enrolled in classes. Students working full-time reported spending an average of 42 hours per week at work and an average hourly pay rate of \$13.25. Based on these averages and a 52-week year (assuming that full-time workers receive paid vacation), maximum total pre-tax earnings would be \$28,752. These figures

provide at least an indication of the amount that student employment may contribute to college financing. While student earnings certainly play an important role, they clearly do not enable most students to avoid borrowing or, in many cases, to reduce the amount they borrow to a more manageable level.

Summary

Despite choosing institutions that are less expensive than their peers in other fields and receiving a substantial amount of grant assistance, undergraduate education students face educational expenses after grants averaging in excess of \$16,000. Some receive substantial assistance from their parents, but most independent students and many dependent students of color do not receive any parental support. Students from different race/ethnic groups tend to make differing choices about how to finance their education. Latinx students are more likely to attend part-time in order to reduce the amount they must borrow, while African American students have the highest level of reliance on loans. Both strategies have disadvantages: part-time attendance reduces the likelihood of degree completion and borrowing unmanageable amounts can lead to significant financial problems after graduation.

These data reveal the financial challenges that future educators face and the financial disincentives to choosing teaching as a profession, especially for students of color. They should serve as a call to action to make education programs as affordable as possible while maintaining rigorous professional preparation, ideally by finding ways to maximize grant assistance and provide students with relevant paid work experience, such as residency programs that include stipends for clinical teaching experience. These findings pre-date the COVID-19 crisis by several years, but it is reasonable to assume that the challenges presented in this report—and the need for financial support to future teachers—have only grown more acute due to the pandemic.

These findings also highlight the necessity of compensating educators fairly, in particular novice teachers who may be most burdened by student loan debt, and of strengthening federal programs that support teachers. AACTE strongly recommends the federal government strengthen and expand loan forgiveness programs for educators. The Public Service Loan Forgiveness program (Title IV Section 455M) of the Higher Education Act and the Stafford Loan Forgiveness Program for Teachers (Title IV Section 428J and 460 of the Higher Education Act) are critical components in the financial planning of candidates for educator preparation programs. In addition, the federal government should consider funding the Loan Forgiveness Program for Service in Areas of National Need (Title IV Section 428K of the Higher Education Act). Finally, the TEACH grant program, which provides scholarships for candidates preparing to be teachers in high need fields, should be strengthened by doubling the amount of the stipend, as it has not been adjusted in a decade, and interest accrual should only begin at the time the recipient can no longer complete their service obligation. Only by addressing both college affordability and teacher compensation can the United States hope to encourage diverse, talented young people to choose this vitally important profession.

Implications for Institutional Practice

As candidates move through their educator preparation programs, colleges, schools, and departments of education can assist them in managing financial aid and student loan debt. The following recommendations are offered to spur discussion about potential activities:

- As occurs in medical and law schools, schools, colleges, and departments of education can incorporate financial literacy education, counseling, and debt management programs into the student support services they offer.
- A strong relationship between a school, college, or department of education and the institution's financial aid office can ensure that teacher candidates are made aware of all the financial aid programs for which they may be eligible and that financial aid staff understand and are sensitive to the particular needs and concerns of education students.
- Student support services should include assistance in determining which federal student loan repayment plans are eligible for the federal Public Service Loan Forgiveness program and education about the requirements borrowers must meet in order to be eligible for loan forgiveness.
- For TEACH grant recipients, student counseling should include review of annual reporting requirements, as well as education on how to work with the TEACH grant servicer (currently FedLoan) to prevent erroneous conversion of grants to loans. Some institutions currently administering TEACH grants also offer students support in securing employment in a qualifying high-need school.
- Given that many institutions, and even some states, are moving to requiring a full year of clinical practice for teacher candidates, often in the model of a residency program, consideration should be given to not only supporting the student via a stipend but also to other potential necessities, such as childcare and transportation to and from the schools in which candidates are serving.

Such support of and direct engagement with teacher candidates about navigating college costs and student loan debt can become a foundation for the recruitment and preparation of a diverse, profession-ready educator workforce.

Endnotes

¹ See *Colleges of Education: A National Portrait* (2018) and *Degree Trends in High-Demand Teaching Specialties: 2009-10 to 2016-17* (2019). Both are available free to AACTE members at <https://aacte.org/resources/research-reports-and-briefs/colleges-of-education-a-national-portfolio>.

² Croft, M., Guffy, G., Vitale, D. *Encouraging More High School Students to Consider Teaching*. (2018). Iowa City, IA: ACT. Retrieved from <https://www.act.org/content/dam/act/unsecured/documents/pdfs/Encouraging-More-HS-Students-to-Consider-Teaching.pdf>.

³ See, for example, Fiddiman, B., Campbell, C., and Partelow, L. *Student Debt: An Overlooked Barrier to Increasing Teacher Diversity*. (2019). Washington, DC: Center for American Progress.

⁴ *Colleges of Education: A National Portrait* documented that students of color are well represented in other helping professions not known for high pay, such as social work and law enforcement, suggesting that other factors may be at play as well.

⁵ These categories are White, African American, and Latinx. Sample size is insufficient to examine education students who identify with other racial/ethnic groups.

⁶ See *Colleges of Education: A National Portrait*, Table 3.1.

⁷ When awarding federal and most state financial aid, colleges use an EFC formula defined in federal statute. When awarding their own funds, colleges often use a more detailed formula that takes into account a broader array of parental assets and other factors.

⁸ Twenty-four percent of African American education students attended full-time, but for only part of an academic year, in 2015-16. As a result, their rate of full-time/full year attendance was not appreciably different from Latinx education students.

⁹ See, for example, CNBC (September 5, 2019). "This change to public service loan forgiveness has yet to be implemented successfully to meet the needs of the professions it was designed to serve."

¹⁰ The source for average starting teacher salary is National Education Association, State Teacher Benchmark Data 2017-18, available at <http://www.nea.org/assets/docs/2017-2018%20Teacher%20Benchmark%20Data.pdf>.

¹¹ Sandy Baum and Saul Schwartz (2005). How Much Debt is Too Much? Defining Benchmarks for Manageable Student Debt. Available at https://www.cgsnet.org/ckfinder/userfiles/files/How_Much_Debt_is_Too_Much.pdf.

