Insights from Pew about Veterans’ Student Loan Debt
Agenda

• Why Pew Analyzed Veterans' Student Loan Debt
• Why Educators/Administrators Should Care
• How Much Veterans Typically Borrow
• Why Veterans Borrow Student Loans
• Key Takeaways
Looking to Solve this Mystery:

**Given the robust Post-9/11 GI Bill ...**

- Why did 29% of undergraduate student veterans borrow student loans?*
- Why did they take out larger loans than their non-veteran counterparts?
  - $8,334 median among undergrad, student veteran borrowers
  - $7,500 median among undergrad, independent non-veterans

*All figures on this slide are derived from the U.S. Dept. of Education's Natl. Post-Secondary Student Aid Study 2018.*
Nearly half of veteran borrowers owed more than $25,000

Why this matters:
- Student loans are significant source of financial stress for veterans
- Challenges of balancing work & school related to non-completion

Why do veterans borrow student loans?
- To cover education/training costs before, during, and after the military
- Many vets cannot – or choose not to – use their GI Bill benefits
- Some vets choose schools that cost more than the GI Bill max
- Many vets struggle with costs beyond tuition

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✓ Why Pew Analyzed Veterans’ Student Loan Debt
  • **Why Educators/Administrators Should Care**
  • How Much Veterans Typically Borrow
  • Why Veterans Borrow Student Loans
  • Key Takeaways
How did Veterans Describe their Student Loan Debt Burden?

- 9% “an overwhelming source of financial stress”
- 13% “a constant source of financial stress”
- 43% “an occasional source of financial stress”

30% of student veterans did not complete program at first school after discharge

Top 5 Reasons for not completing program at first school:

- Transferred to another school: 33%
- Left school to pursue other activities: 24%
- Could not balance work and school: 22%
- Difficulties with grades/performance/fitting in: 12%
- Was undecided or changed my field of study: 10%


Note: Respondents were asked to select all that apply.
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- Why Pew Analyzed Veterans’ Student Loan Debt
- Why Educators/Administrators Should Care
  - **How Much Veterans Typically Borrow**
  - Why Veterans Borrow Student Loans
  - Key Takeaways
One in Five Veterans had Student Loan Debt about Four Years after Discharge

Nearly Half of Veteran Student Loan Borrowers Owed More than $25K

20% of veterans had student loan debt ~4 years after discharge

<table>
<thead>
<tr>
<th>Student Loan Amount</th>
<th>~4 Years after Discharge*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $10,000</td>
<td>5.8%</td>
</tr>
<tr>
<td>$10,000 - $24,999</td>
<td>5.4%</td>
</tr>
<tr>
<td>$25,000 - $49,999</td>
<td>3.9%</td>
</tr>
<tr>
<td>$50,000 - $99,999</td>
<td>2.3%</td>
</tr>
<tr>
<td>$100,000 or more</td>
<td>1.1%</td>
</tr>
</tbody>
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✔ Why Pew Analyzed Veterans’ Student Loan Debt
✔ Why Educators/Administrators Should Care
✔ How Much Veterans Typically Borrow

• Why Veterans Borrow Student Loans
• Key Takeaways
Why Veterans Borrow Student Loans

Leading Hypotheses

1. Most vets with student loan debt borrow after discharge.
2. Some vets were unable to use Post-9/11 GI Bill benefits.
3. Many vets choose schools that cost more than the GI Bill max.
4. Many vets struggle with costs beyond tuition.
At what milestone did the largest percentage of veterans hold student loan debt?

**Milestones:**

- A. Upon entry into service.
- B. Upon discharge.
- C. Four years after discharge.
Percentage of Veterans with Student Loan Debt Similar Across Three Milestones

Upon Entry: 21%
At Discharge (2016): 16%
Nov 2020-Jan 2021: 20%

Nearly Half of Veterans who Borrowed Owed More than $25K Across Three Milestones

<table>
<thead>
<tr>
<th>Student Loan Amount</th>
<th>Upon Entry into Service</th>
<th>Upon Discharge (Fall 2016)</th>
<th>~4 Years after Discharge*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $10,000</td>
<td>6.0%</td>
<td>5.1%</td>
<td>5.8%</td>
</tr>
<tr>
<td>$10,000 - $24,999</td>
<td>6.1%</td>
<td>4.0%</td>
<td>5.4%</td>
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Why Veterans Borrow Student Loans

Leading Hypotheses
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Describe the GI Bill Experience

Veterans who borrowed ...  Veterans who did not borrow ...

Source: Veteran focus groups, The Pew Charitable Trusts (2019)
34% Said Borrowing Was Easier than Obtaining Post-9/11 GI Bill Benefits

Note: Respondents were asked to select all that apply.
What percentage of student veterans did **not** use the Post-9/11 GI Bill at the first school they attended after discharge?

<table>
<thead>
<tr>
<th>% of student vets who did not use the Post-9/11 GI Bill at first school after discharge:</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. 1% - 25%</td>
</tr>
<tr>
<td>B. 26% - 49%</td>
</tr>
<tr>
<td>B. 50% - 75%</td>
</tr>
<tr>
<td>C. More than 75%</td>
</tr>
</tbody>
</table>
25% of Student Veterans Did Not Use the Post-9/11 GI Bill at their First School after Discharge

Why some veterans did not use the Post-9/11 GI Bill at their first school …

Top 5 Reasons for not using the Post-9/11 GI Bill at first school:

- Saving for use later: 38%
- Used DoD Tuition Assistance: 20%
- Used other sources of financial aid (not from VA): 11%
- Passed benefits to dependents: 9%
- Ran out of Post-9/11 GI Bill benefits: 7%


Note: Respondents were asked to select all that apply.
Why some veterans used the Post-9/11 GI Bill just part of the time at their first school …

Top 5 Reasons for using the Post-9/11 GI Bill just part of the time at first school

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saving for use later</td>
<td>37%</td>
</tr>
<tr>
<td>Used DoD Tuition Assistance</td>
<td>19%</td>
</tr>
<tr>
<td>Ran out of Post-9/11 GI Bill benefits</td>
<td>18%</td>
</tr>
<tr>
<td>Used the Montgomery GI Bill</td>
<td>14%</td>
</tr>
<tr>
<td>Used other sources of financial aid (not from VA)</td>
<td>12%</td>
</tr>
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Note: Respondents were asked to select all that apply.
Why Veterans Borrow Student Loans

Leading Hypotheses

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Why Pew Compared Borrowing Among Veterans in Different Sectors

- Tuition/fees at many private institutions exceed Post-9/11 GI Bill max
  - $27,120 limit for 2023-2024 at private and foreign institutions
- Yellow Ribbon Program covers the gap at some private institutions
- For-profit schools in the spotlight:
  - Borrower defense lawsuits in wake of closures and bankruptcies
  - Deceptive practices involving student loans for veterans
## Sorting Veterans into Sectors
### A Complex Landscape

<table>
<thead>
<tr>
<th>Sector</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public 2-Year</td>
<td>Community Colleges</td>
</tr>
<tr>
<td>Public 4-Year</td>
<td>Penn State, UCLA, UT Austin, etc.</td>
</tr>
<tr>
<td>Nonprofit 4-Year</td>
<td>Private liberal arts colleges, Ivy League univs., etc.</td>
</tr>
<tr>
<td>For-profit 4-year</td>
<td>Univ. of Phoenix, Strayer Univ., etc.</td>
</tr>
<tr>
<td>All Other Sectors</td>
<td>Private 2-year schools, private &lt;2-year schools, Dept. of Defense</td>
</tr>
</tbody>
</table>
What type of school enrolled the highest percentage of undergraduate veterans during 2016-2020?

Higher Education Sectors:
A. For-profit 4-year schools (Univ of Phoenix, Strayer)
B. Nonprofit 4-year schools (pvt. liberal arts colleges, Ivy League)
C. Public 2-year schools (community colleges)
D. Public 4-year schools (Penn State, KU, UCLA)
E. All Other Sectors (for-profit 2-year schools, non-degree progs.)
Percentage of Veterans Who Ever Attended a Given Sector
Among Prior Enlisted Undergraduate Students (2016-2020)

Note: Percentages sum up to greater than 100% because 30% of undergraduate veterans attended more than one sector between 2016-2020.

Which of the following types of schools had the highest percentage of veterans taking out student loans?

Higher Education Sectors:

A. For-profit 4-year schools (Univ of Phoenix, Strayer)
B. Nonprofit 4-year schools (pvt. liberal arts colleges, Ivy League)
C. Public 2-year schools (community colleges)
D. Public 4-year schools (Penn State, KU, UCLA)
E. All Other Sectors (for-profit 2-year schools, non-degree progs.)
### Proportion of Borrowers Roughly Equal Across All Types of 4-year Institutions

Among Prior Enlisted Undergraduate Students (2016-2020)

<table>
<thead>
<tr>
<th>Type of Institution</th>
<th>Borrowers</th>
<th>Non-Borrowers</th>
</tr>
</thead>
<tbody>
<tr>
<td>For-profit 4-Year</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>Nonprofit 4-Year</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Public 4-Year</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>Public 2-Year</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Other Sectors</td>
<td>17%</td>
<td></td>
</tr>
</tbody>
</table>

At what type of school did undergraduate veterans borrow the highest median amount of student loans?

**Higher Education Sectors:**

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
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<tbody>
<tr>
<td>A. For-profit 4-year schools (Univ of Phoenix, Strayer)</td>
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Median Student Loan Borrowing Highest at For-Profit 4-Year Institutions
Among Prior Enlisted Undergraduate Students (2016-2020)

Over Half of Student Loan Dollars Borrowed by Veterans at Public Institutions
Total Student Loan Borrowing Among Undergraduate Veterans, 2016-2020


Total Amount Borrowed: $77.2 Million (2016-2020)

Sector Analysis – Key Takeaways

- Borrowing at for-profit institutions is an important part of the story
  - Median borrowing highest among vets at for-profit schools

- Yet borrowing at public institutions is also a significant factor
  - The flow of loan money roughly reflected attendance patterns

Why Veterans Borrow Student Loans

Leading Hypotheses

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2. Some vets were unable to use Post-9/11 GI Bill benefits.
3. Many vets choose schools that cost more than the GI Bill max.
4. Many vets struggle with costs beyond tuition.
Characteristics of undergrad student veterans reveal that ...

- Most are over the age of 24
- Most rent ... but one-third have mortgages
- About two-thirds have dependents
- Most work while enrolled

Most Undergrad Veterans Are Over the Age of 24

Age Distribution Among Undergrad Student Veterans (2020)

- Ages 18-24: 38%
- Ages 25-29: 29%
- Ages 30-34: 12%
- Ages 35-39: 10%
- Ages 40+: 10%

Most Undergrad Vets Rent but ...

One-Third Hold Mortgages

- 46% Paying Rent
- 33% Paying Mortgage
- 11% No Rent or Mortgage
- 9% Changed Status

About 2 out of 3 Undergrad Vets Have Spouse and/or Dependent(s)

% Undergrad Vets With Dependents (2016-2020)

- Had Spouse &/or Dependent(s) 10%
- No Spouse or Dependents 65%
- Changed Status 25%

So … It’s Not Surprising that Most Undergrad Vets Work While Enrolled

% Undergrad Vets that Worked While Enrolled (2016-2020)

- 71% Worked While Enrolled
- 29% Did Not Work While Enrolled

Most Undergrad Vets Choose Online or Hybrid Modes of Learning

% Undergrad Vets by Learning Modality (2016-2020)

- Mix of In-Person & Online: 50%
- Fully Online: 28%
- Fully In-Person: 22%

Audience Poll!

What was the main expense veterans covered with their student loan funds?

Expense Categories:
A. Education expenses (e.g., tuition, fees, & books).
B. Living expenses (e.g., housing, child care, & transportation).
Expenses that Student Veterans Covered with Student Loans

- **42%** Educational expenses
- **58%** Living expenses
  - 5% Other
  - 3% Financial support for dependents
  - 3% Paying off debt
  - 8% Transportation
  - 17% Groceries and child care
  - **21%** Housing costs*

* Categories do not add up to 100% due to rounding.
GI Bill’s Monthly Housing Allowance Fell Short for Many ...

About 1 in 4 student veterans eligible for the full MHA reported that it covered *about half* or *less than half* of their housing expenses.

<table>
<thead>
<tr>
<th></th>
<th>All 37%</th>
<th>Most, but not all 26%</th>
<th>More than half 13%</th>
<th>About half 12%</th>
<th>Less than half 12%</th>
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MHA Covered Smaller Portion of Housing Expenses for Undergrad Vets with Spouse and/or Dependent(s)

Percentage of undergrad veterans* who reported MHA covered about half or less than half of housing costs:

- No Spouse or Dependents: 18%
- With Spouse &/or Dependent(s): 40%

*Among those eligible for full MHA benefit.
MHA’s Coverage of Housing Costs

Avg. Student Loan Debt Accumulated by Veterans during 2016-2020

Lower coverage of housing expenses linked with higher student loan debt

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• Key Takeaways
Recap of Key Takeaways

- Nearly half of veteran borrowers owed more than $25,000

Why this matters:
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- Challenges of balancing work & school related to non-completion

Why do veterans borrow student loans?
- To cover education/training costs **before, during, and after** the military
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A Thank You to our Partner
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