How Much Are Graduate and Professional Students Borrowing?

Graduate and professional borrowing is correlated with various factors, including degree program and expected income after graduation.

By Degree

- MBA
- MS
- Med
- MA
- MPA/MPP
- PhD
- MSW
- PharmD
- JD
- MD
- PsyD
- DDS/DMD

By Race

- Asian
- White
- Hispanic
- More than One Race
- Black

How Much Do Advanced Degree-Holders Earn?

Federal Government
State Government
Local Government
Private Not-For-Profit
Private For-Profit
3 Who is in the Public Sector?

Proportionally, people with graduate degrees are more likely to be in the public sector relative to those with only undergraduate degrees.

<table>
<thead>
<tr>
<th>Undergraduate Public Participation</th>
<th>Graduate Public Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Government</td>
<td>Federal Government</td>
</tr>
<tr>
<td>State Government</td>
<td>State Government</td>
</tr>
<tr>
<td>Local Government</td>
<td>Local Government</td>
</tr>
<tr>
<td>Private Non-Profit</td>
<td>Private Non-Profit</td>
</tr>
<tr>
<td>Private For-Profit</td>
<td>Private For-Profit</td>
</tr>
</tbody>
</table>

What kinds of occupations do they hold?

- **35%** are in education, training, and library occupations
- **12%** are in healthcare occupations
- **9%** are in community and social services occupations

5 Graduate and professional students who choose to give back by working in the lower-paid public sector have greater difficulty repaying student loans than those students who go to work in the private sector.

The average wage gap between the public and private sector for individuals with graduate degrees is about $17,000 per year for individuals aged 25–29. The gap grows over time, reaching over $53,000 per year for workers aged 55–59.

**And this adds up:** someone working from 25 to 59 will earn **$1,500,000 less than their private sector counterpart over the course of their career**!

4 PSLF helps close this wage gap and is affordable for the government.

Consider a graduate student who borrows $60,492 in Federal Student Loans at a 6.6% interest rate, starts repaying her loans at age 28, and earns the average salary for a public sector employee her age for the next 10 years.

If she enrolls in Income-Based Repayment immediately, and earns Public Service Loan Forgiveness after 10 years, she will have made $48,814 in payments—nearly as much as she initially borrowed! The federal government will forgive $38,039 in student loan debt—most of which is interest.

Data on sector of employment, occupations, and wages is from the 2017 American Community Survey (ACS) and data on borrowing levels is from the 2008, 2012, and 2016 National Postsecondary Student Aid Study (NPSAS). All National Postsecondary Student Aid Study values were generated by using National Center for Educational Statistics TrendStats.

All employment, occupation, and wage analysis in this factsheet excludes the following groups: self-employed in own not incorporated business, professional practice, or farm; self-employed in own incorporated business, professional practice or farm; working without pay in family business or farm; and unemployed and last worked 5 years ago or earlier or never worked. The data are additionally restricted to individuals aged 25–59 working 35 or more hours per week and 48 or more weeks per year and are weighted using ACS person weights.

All loan amount analysis is based on the outstanding loan amount of actively enrolled US citizen and resident alien graduate students in NPSAS and does not represent cumulative lifetime borrowing for individuals with graduate degrees. Furthermore, the loan amounts calculated do not include Parental PLUS Loans. The calculations include students who have $0 outstanding.

Figure 4 assumes that the borrower earns the average public service wages for employees with graduate degrees for her age starting at age 28 (calculated using the ACS under the assumptions above), she borrows the average amount for graduate student who have student loans (calculated from the 2016 NPSAS), all loans are unsubsidized, all loans have a 5% annual interest rate with monthly compounding, she is single with no dependents, and the poverty line is $12,490 (the 2019 Health and Human Services poverty line for single individual families). The simulation assumes the borrower is making all scheduled payments for a 20-year income-based repayment plan.