

STATE RANKING OF PUBLIC HIGHER EDUCATION BASED ON STUDENT LOAN DEBT AND EARNINGS: 2022



by Andrew Gillen, Ph.D.

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Key Points

- We use new data from the U.S. Department of Education to rank each state on the student loan debt-to-earnings outcomes of their graduates.
- We provide separate rankings for associate, bachelor's, master's, professional, and doctoral degrees.
- There is huge variation in the riskiness of different credentials. Associate and bachelor's degrees are generally low risk, but professional degrees in many states are extremely risky.

State Ranking of Public Higher Education Based on Student Loan Debt and Earnings: 2022

Andrew Gillen, Ph.D.

The Texas Public Policy Foundation is pleased to release its third annual ranking of public higher education systems.

Changes from last year's report include the following:

- We simplified the rankings to be based solely on debt as a percent of earnings (last year's report included results for another test called gainful employment equivalent).
- We now include the percent of students graduating from programs without sufficient data.
- We added rankings by credential for associate, bachelor's, master's, professional, and doctoral degrees.

State Rankings

Our rankings compare states based on their recent graduates' student loan debt and post-graduation earnings. We use new U.S. Department of Education data that track the student loan debt and post-graduation earnings of recent college graduates to create a metric called Debt as a Percent of Earnings (DPE; [Gillen, 2022a](#)). DPE simply divides median student loan debt by median earnings. DPE is expressed as a percent, and the lower the value, the better. A program with a median student loan debt of \$25,000 and median earnings of \$25,000 would have a DPE of 100%, whereas if earnings increased to \$50,000, DPE would be 50%.

Financial aid experts use the rule of thumb that you should not take out more in student loan debt than your starting salary, which corresponds to a DPE value of 100%. Programs with a DPE less than 100% are lower risk financially because the typical graduate will be able to afford to repay their loans without undue difficulty. But programs with a DPE value above 100% are financially risky because the typical student will not be able to afford to repay their student loans.

Using this rule of thumb, we created an accountability system ([Gillen, 2022b](#)) where each college program received one of four ratings based on its DPE:

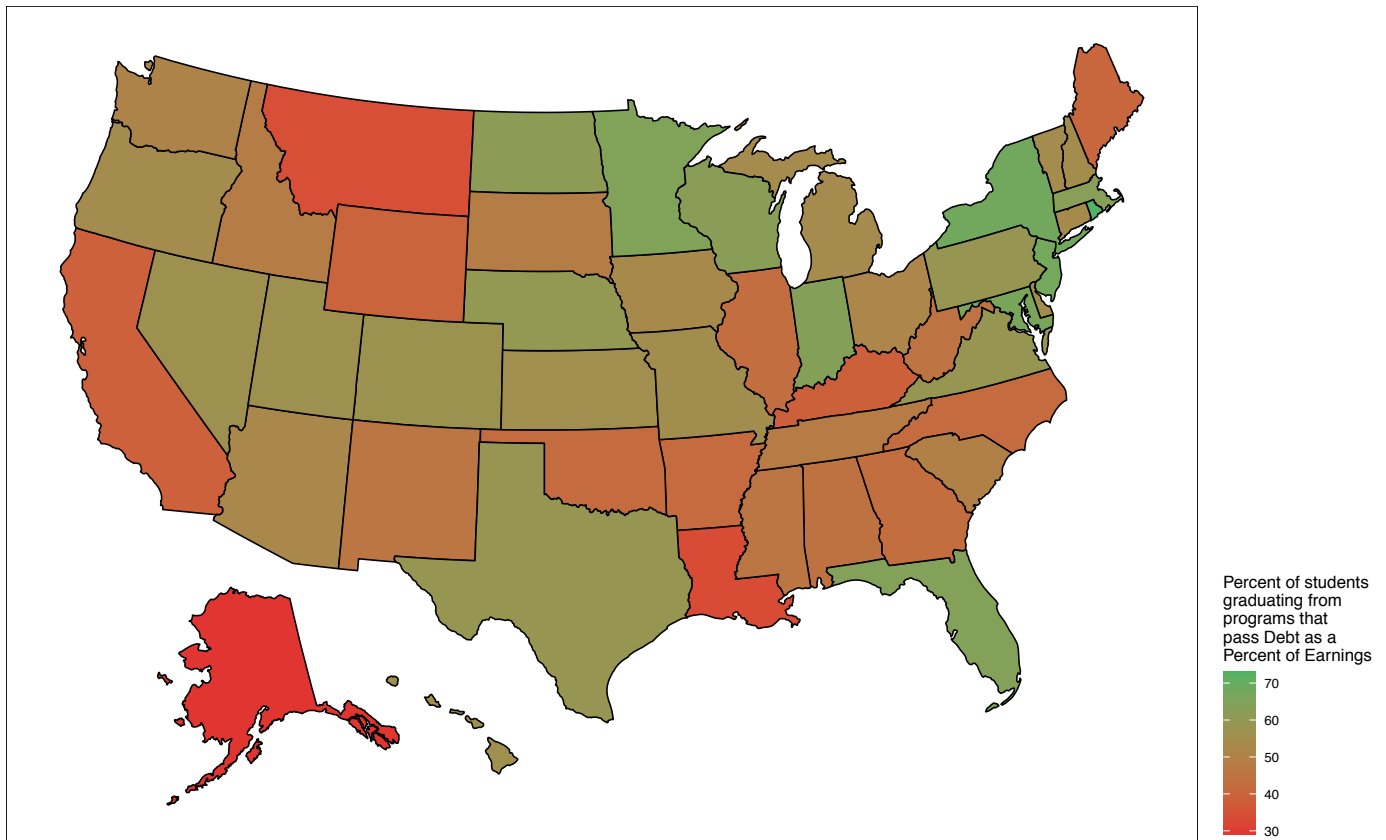
- **Reward** ($DPE \leq 75\%$). Most graduates have low student loan debt relative to earnings, and this program should therefore be rewarded with regulatory relief and/or performance bonuses.
- **Monitor** ($75\% < DPE \leq 100\%$). Many graduates have low student loan debt relative to earnings, but some may have excessive debt, so these programs should be monitored.
- **Sanction** ($100\% < DPE \leq 125\%$). Too many graduates of this program have excessive student loan debt, so the program should face heightened regulatory scrutiny and enrollment restrictions.
- **Sunset** ($DPE > 125\%$). Most graduates from this program have excessive student loan debt. The program should be phased out.

Data Source, Definitions, and Coverage

For readers interested in the data source, term definitions, and data coverage, here are a few technical notes:

- The data used in this report are from the U.S. Department of Education's College Scorecard program-level data ([U.S. Department of Education, n.d.](#)), and the data definitions and descriptions are summarized from the technical report ([U.S. Department of Education, 2022](#)). The author is responsible for analysis, calculations, and all other information.
- Data are reported by program, which is a credential/major/college combination. For example, the bachelor's degree (the credential) in accounting (the major) at the University of Houston (the college) would be one program.
- In the most recent data release, there are over 300,000 college programs across the country. But some of these had no graduates or are located at branch campuses whose data are pooled with the parent campus. That leaves around 150,000 main campus programs with graduates.
- We included only programs at public institutions in U.S. states. We excluded professional medical degree programs since graduates typically enter an apprenticeship system known as residency.
- Programs with few graduates or few graduates with earnings or student loan debt have their data suppressed to protect student privacy.
 - There are approximately 24,000 programs with earnings data, accounting for 65% of all graduates and 88% of bachelor's degree graduates.
 - There are about 30,000 programs with student debt data, accounting for 70% of all graduates and 94% of bachelor's degree graduates.
 - There are about 20,000 programs with both earnings and student debt data, accounting for 60% of all graduates and 87% of bachelor's degree graduates.
- Data are collected by degrees awarded, not by unique students. This means that some (but not all) students who double majored appear twice in the data.
- Data are presented by cohorts consisting of two years of graduates (e.g., one cohort would be graduates from the 2016–17 or the 2017–18 academic years). Cohorts overlap (e.g., 2017–18 graduates will appear in two cohorts).
- Debt is the median cumulative amount borrowed by graduates through the Stafford or Graduate PLUS loan programs. It includes only loans taken out for the level of credential received at the institution the student graduated from (e.g., the debt for those who earned a master's degree does not include any of their undergraduate debt). It does not include any Parent PLUS or Perkins loans, nor does it include any accrued interest.
- Annual earnings are the median sum of wages, deferred compensation, and self-employment income. Earnings data cover all graduates who received federal financial aid but exclude those who died, those enrolled in postsecondary education, those who received a higher credential, and those who did not work during the measurement period.
- Unless otherwise noted, all values are adjusted for inflation using the Personal Consumption Expenditures price index and are presented in 2021 dollars.

Figure 1
State Public Higher Education Performance



Note. Data from *College Scorecard* (data set), U.S. Department of Education, n.d. (<https://collegescorecard.ed.gov/data/>) and author's calculations.

After each college program is assigned its performance rating, we then count the number of students graduating from programs within each performance rating in each state. **Figure 1** presents a map of which states have the highest share of their students graduating from a program that earns the highest rating (reward).

State rankings can be determined by sorting states by the share of their students graduating from programs that receive the highest performance rating (reward).

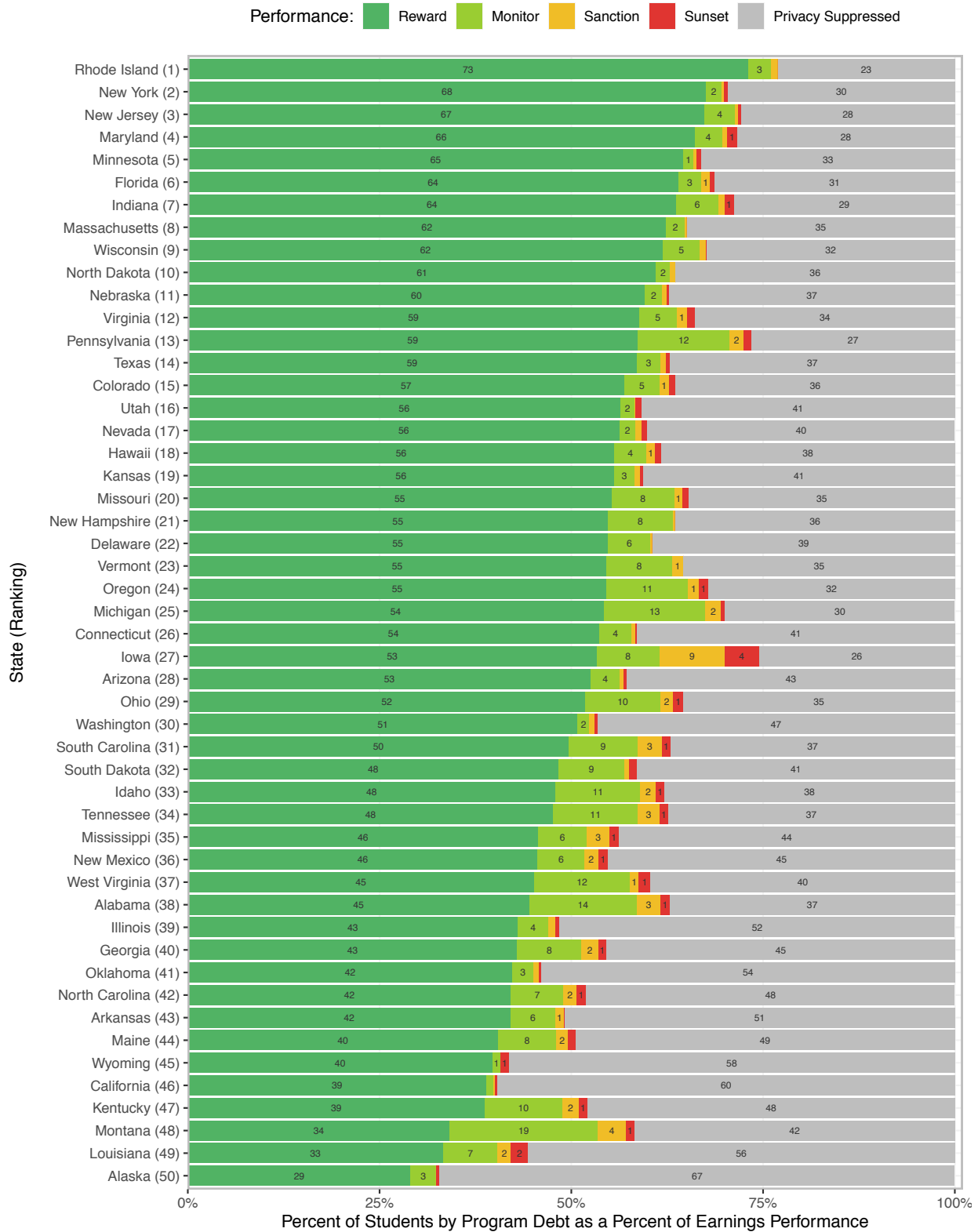
Figure 2 provides the state ranking of public higher education systems at all credential levels—from undergraduate certificates to doctoral degrees. College programs where few students borrow or where few students work after graduating have their debt and earnings data suppressed by the Department of Education to protect their privacy. The percent of students in this privacy-suppressed category varies enormously, from just 23% of graduates in Rhode Island to 67% in Alaska.

When all certificates and degrees and all graduates are included, Rhode Island earns the #1 spot. Among Rhode Island college graduates, 73% graduated from a program with the reward rating. No program earned the sunset rating, and 23% of programs had their data suppressed. Iowa is a noteworthy state in that it has a wide range of program performance, with 53% of students graduating from a program that earned the reward rating, 8% from programs that earned the monitor rating, 9% from programs that earned a sanction rating, 4% from programs that earned the sunset rating, and 26% from programs that had their data suppressed to protect student privacy.

While **Figure 2** combines all types of credentials, it can also be useful to look at rankings for specific credentials, as **Figures 3–7** do.

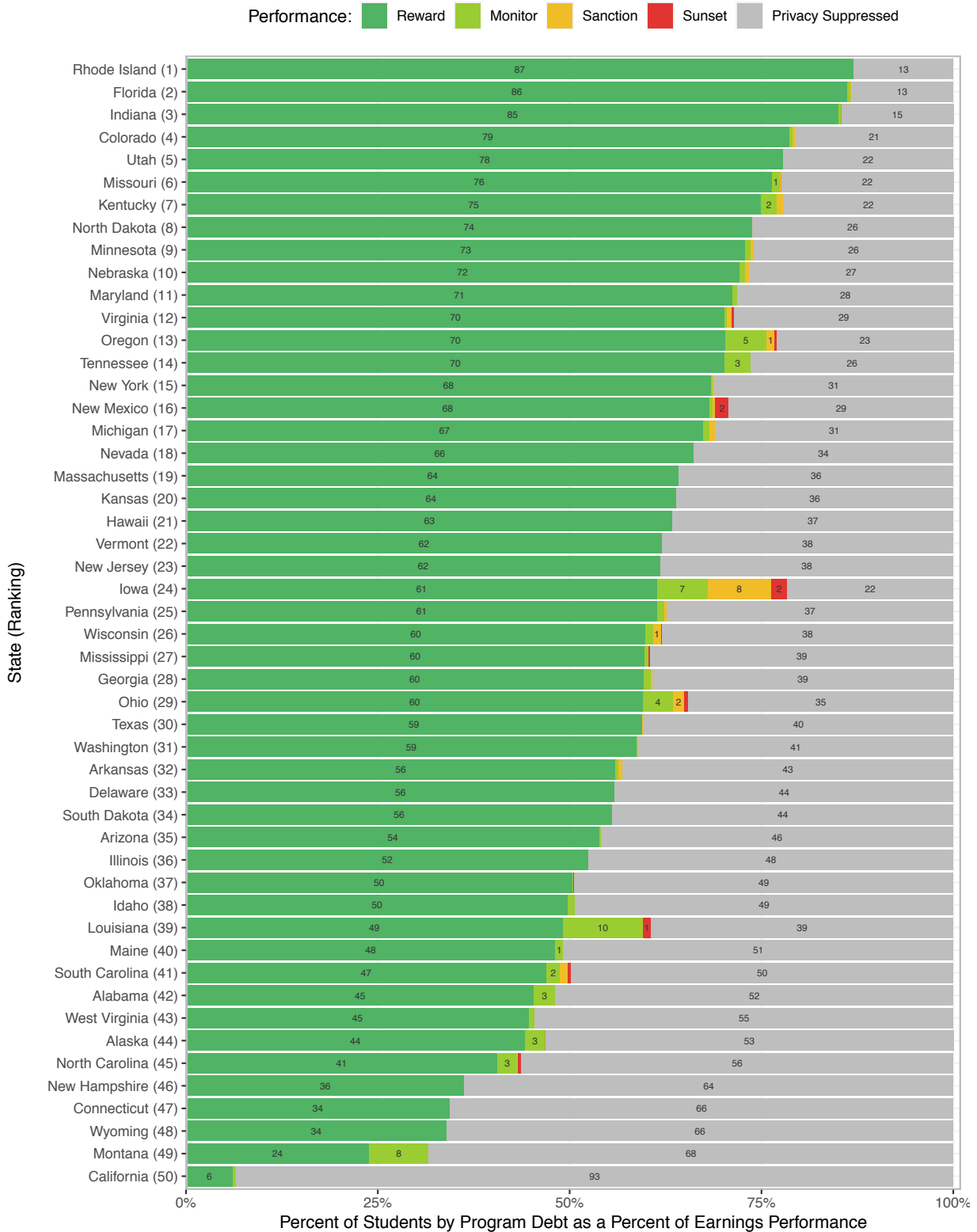
Figure 3 presents state rankings restricted to just associate degrees. The main takeaway from **Figure 3** is that associate degree programs are typically very safe financial

Figure 2
State Ranking of Public Higher Education Systems



Note. Data from College Scorecard (data set), U.S. Department of Education, n.d. (<https://collegescorecard.ed.gov/data/>) and author's calculations.

Figure 3
 State Ranking of Public Higher Education Systems: Associate Degree



Note. Data from *College Scorecard* (data set), U.S. Department of Education, n.d. (<https://collegescorecard.ed.gov/data/>) and author's calculations.

investments for students (assuming they graduate). The vast majority of associate degree graduates earn their degree from a program earning the highest rating. In terms of individual state performance, Rhode Island comes in first again, with 87% of associate degree graduates completing their degree from programs earning the reward rating. California comes in #50, with just 6% of associate degree graduates graduating from programs with the reward rating, though this is largely attributable to the fact that more than 93% of students graduated from a program with too few student loan borrowers, resulting in the program's data being suppressed to protect student privacy. This highlights a feature of the rankings that should be kept in mind. Since a state's ranking is based on the percent of its graduates who earn their degree from a high performing program, a state will move down in the rankings if more of their graduates earn a degree at poorly performing programs or if there is no data for their students. But there is a big difference between a state getting low ranking because we know that its graduates are earning degrees from poorly performing programs and a state getting a low ranking because we do not know the outcomes for their graduates.

While coming in the middle of the overall rankings, Iowa and New Mexico have the largest share of students graduating from programs with the worst (sunset) rating.

Figure 4 presents the rankings restricted to just bachelor's degree programs. Bachelor's degree programs are still generally financially safe investments (again assuming the student graduates), but less so than associate degrees. For instance, there is generally a much larger share of students graduating from programs that earned the monitor rating. Sanction and sunset ratings are also notably more common at the bachelor's degree level, though thankfully still rare.

In terms of individual state performance, Arizona comes in #1, with 90% of bachelor's degree graduates graduating from a program earning the reward rating. Only 4% of students graduated from a privacy-suppressed program. Alaska comes in #50, with only 41% of bachelor's degree graduates graduating from a program with the highest rating, though like California for associate degrees, this is largely attributable to the fact that 51% of students graduated from a program whose data was suppressed to protect privacy.

Figure 5 presents the rankings restricted to just master's degree programs. The share of graduates from programs with privacy suppression increased markedly, as did the share of programs earning the sanction or sunset rating.

Maryland secures the #1 spot, with 61% of students graduating from a program that earns the reward rating. Iowa and Vermont stand out as underperformers in master's degrees. In Iowa, 18% of students graduated from a program that earned the worst rating (sunset), triple the share in any other state. Vermont is the only state where not a single master's degree program earned the reward rating.

Figure 6 presents the rankings restricted to just professional degree programs. The main takeaway is that professional degrees are extremely risky investments in many states. The share of students graduating from programs with the sunset rating is far higher for professional degrees than the previous degrees examined. In many states, around half of students earn degrees from programs with the sunset rating.

In terms of individual state performance, Rhode Island is back on top, earning the #1 spot. Along with North Dakota and Mississippi, it is one of the few states that did not have a single professional degree program earn the sunset rating. Five states did not have a single professional degree program whose data was not privacy-suppressed. Maine and Utah stand out as having every program with data earn the sunset rating. In 34 states, not a single professional degree program earned the highest performance rating.

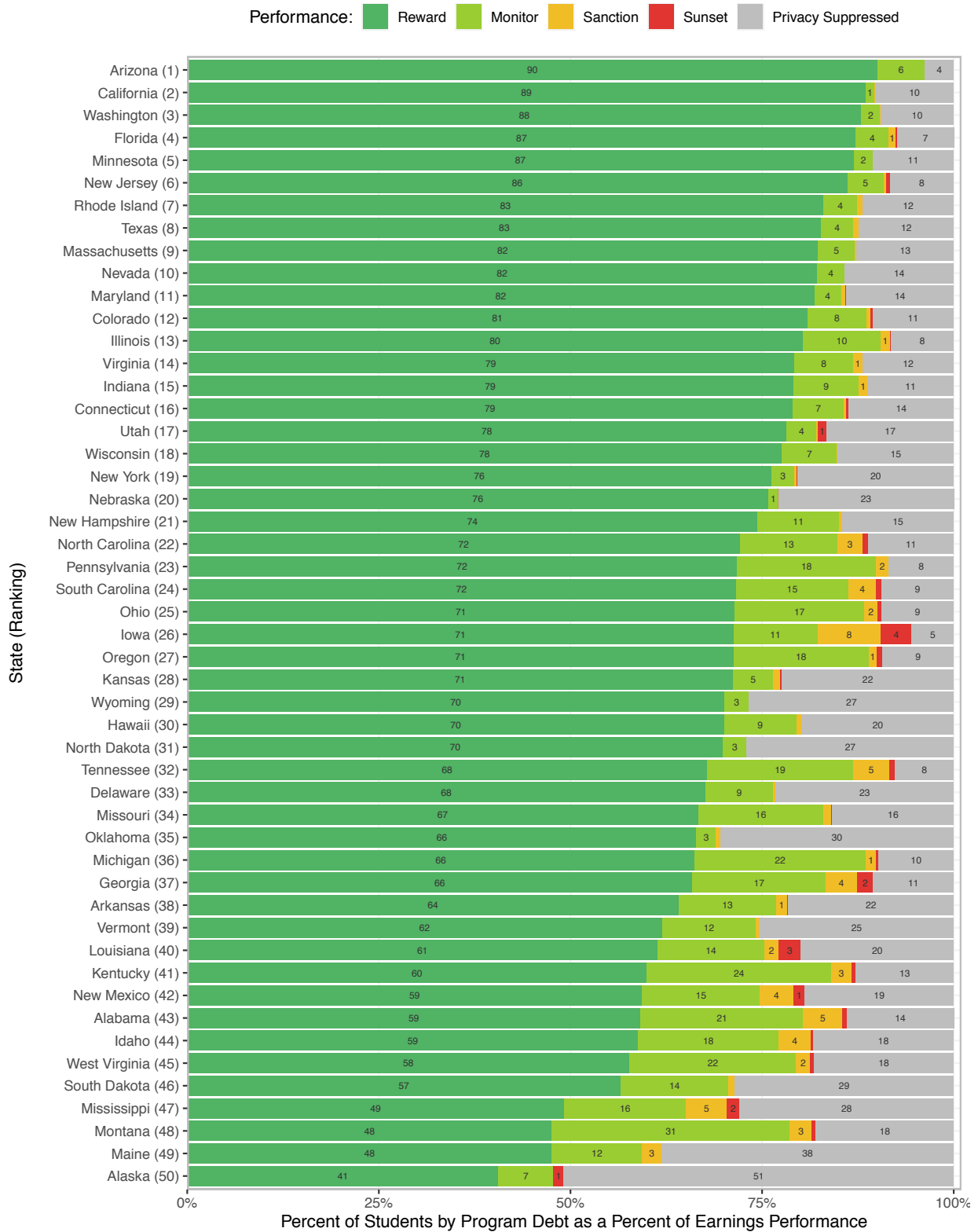
Figure 7 presents the rankings restricted to just doctoral degree programs. The biggest takeaway is that the vast majority of data is privacy suppressed for doctoral degrees. Missouri, the state with the most data available still only has data for 28% of doctoral graduates.

Conclusion

These rankings use U.S. Department of Education data to compare public higher education outcomes across states. States where college graduates have high salaries relative to their student loan debt earn a higher ranking. These rankings can be of interest to the public, including students considering enrolling in colleges in different states.

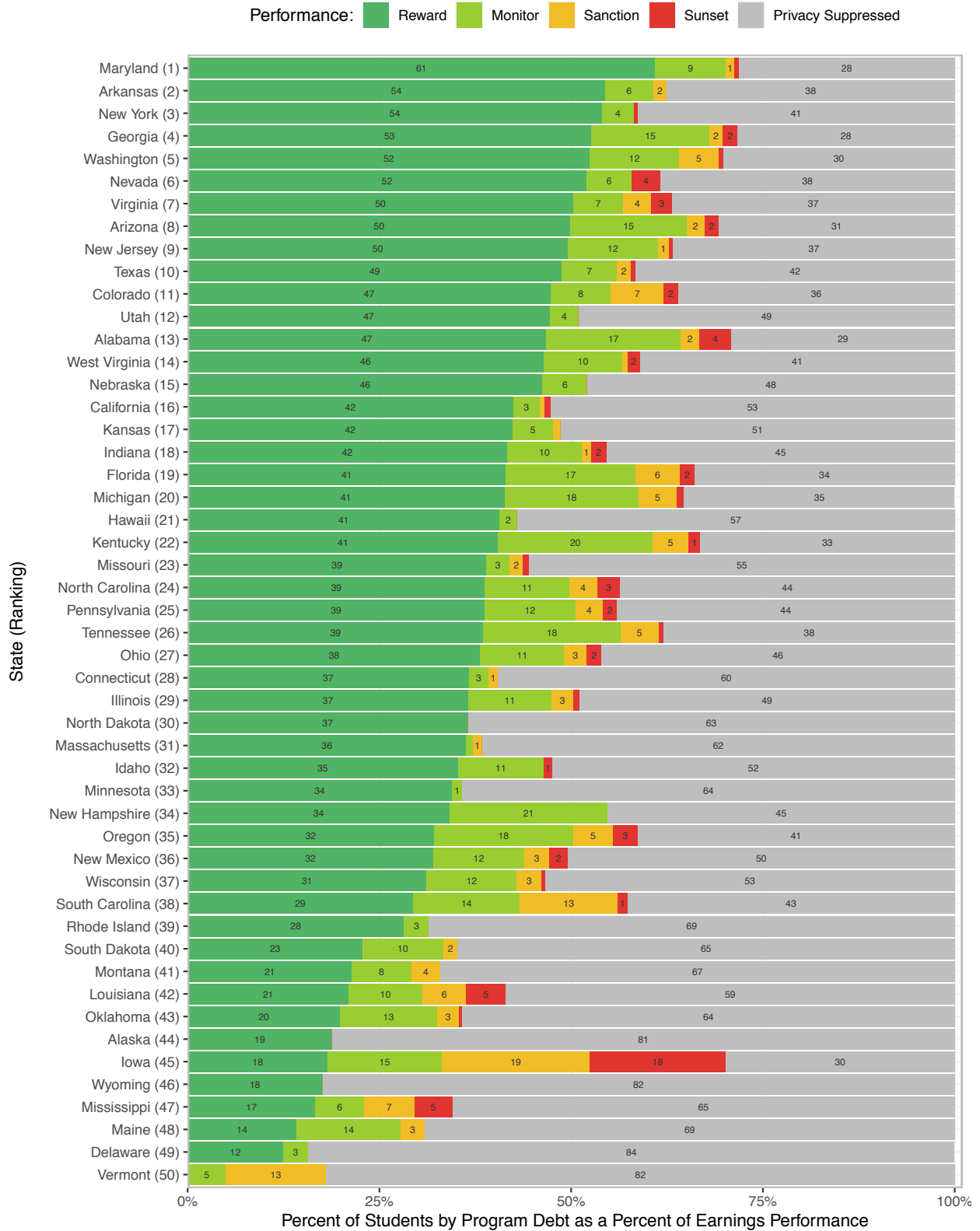
But the rankings will be most useful to state policymakers because they identify potential problems as well as promising places to look for solutions. For example, only 59% of bachelor's degree students earn their degree from a program with the highest rating. For neighboring Arizona, the figure is 90%. Thus, the rankings can alert New Mexico policymakers to both the problem (too few students graduating from highly rated programs) as well as where to look for potential solutions (neighboring Arizona). ★

Figure 4
State Ranking of Public Higher Education Systems: Bachelor's Degree



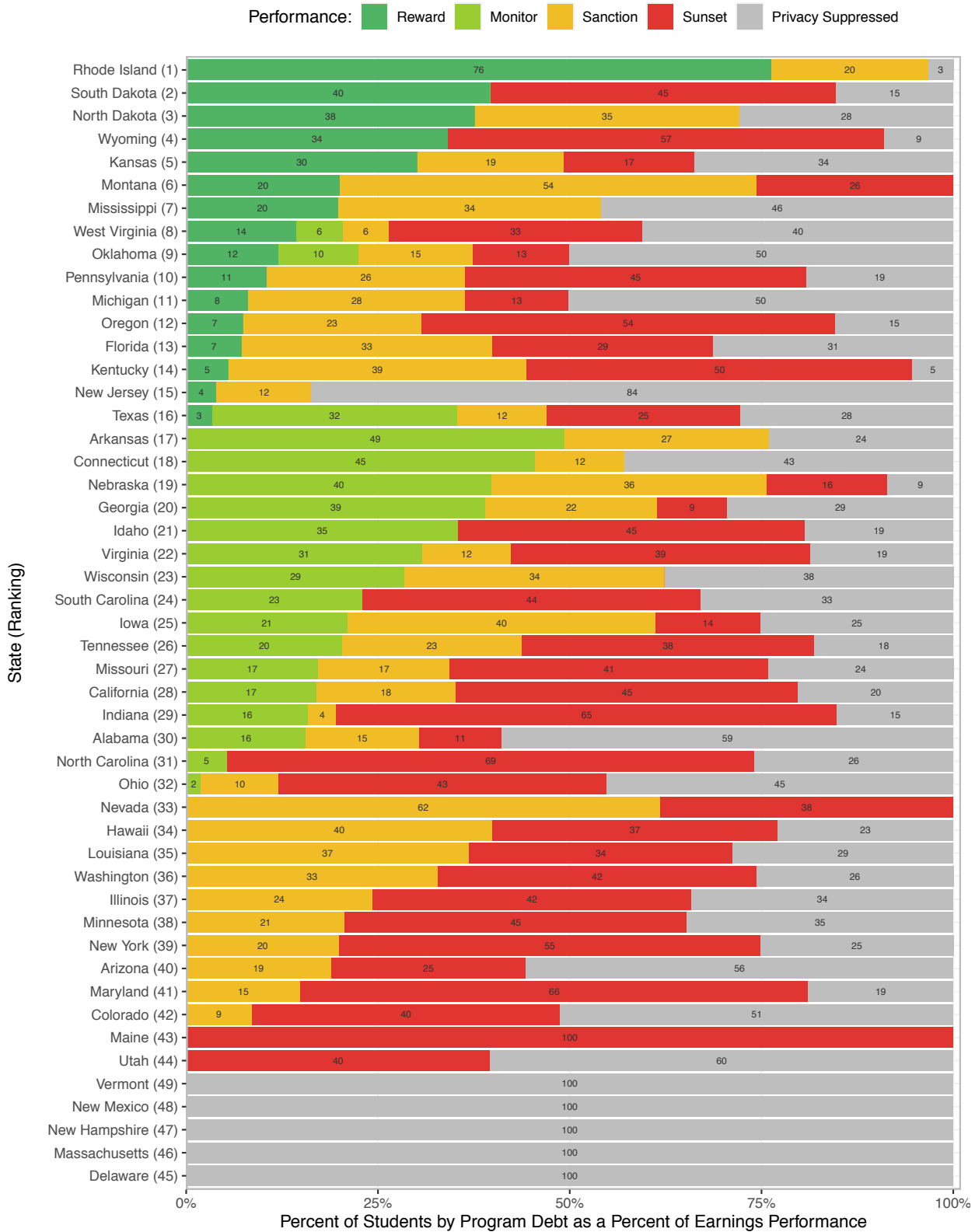
Note. Data from *College Scorecard* (data set), U.S. Department of Education, n.d. (<https://collegescorecard.ed.gov/data/>) and author's calculations.

Figure 5
 State Ranking of Public Higher Education Systems: Master's Degree



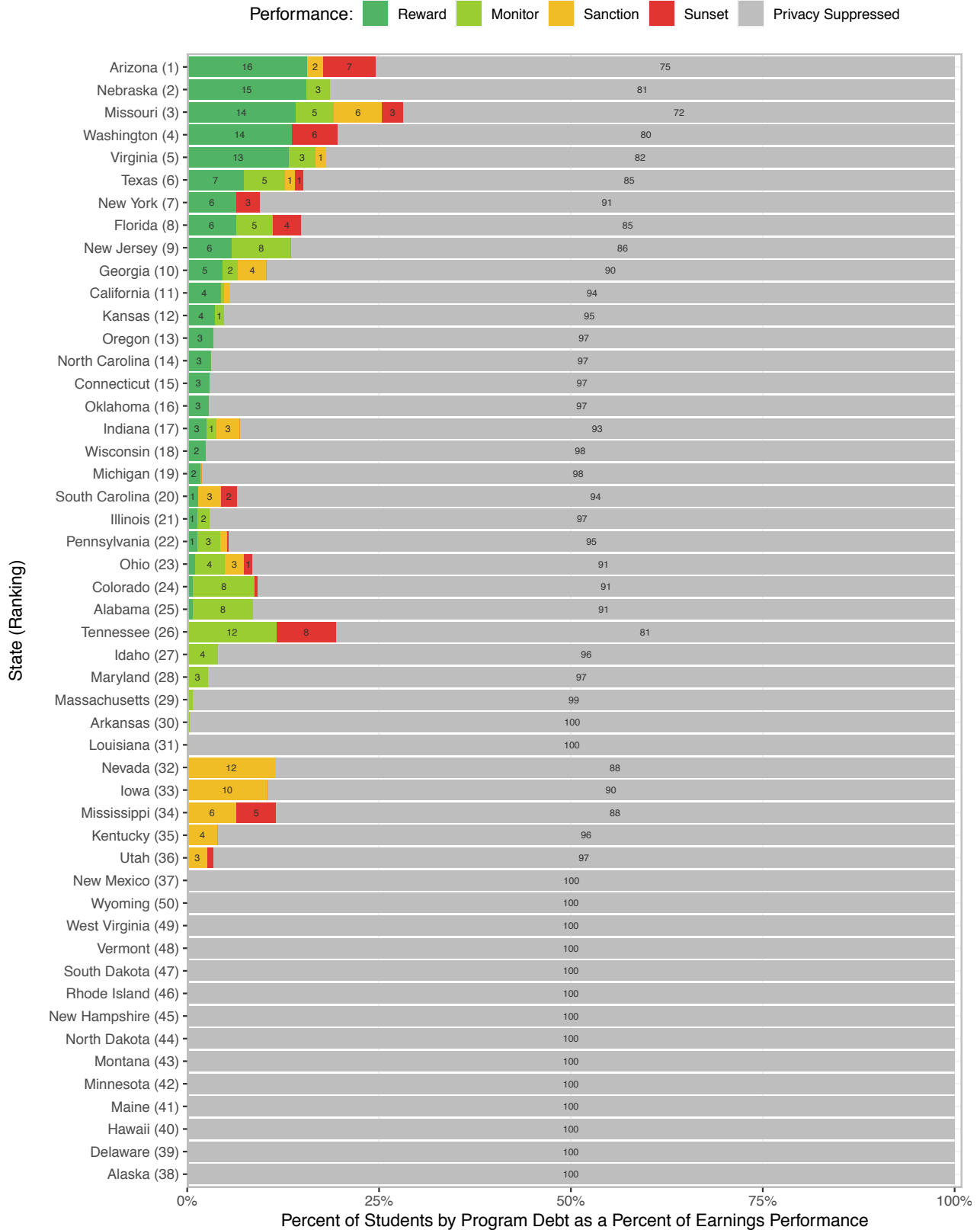
Note. Data from College Scorecard (data set), U.S. Department of Education, n.d. (<https://collegescorecard.ed.gov/data/>) and author's calculations.

Figure 6
 State Ranking of Public Higher Education Systems: Professional Degree



Note. Data from College Scorecard (data set), U.S. Department of Education, n.d. (<https://collegescorecard.ed.gov/data/>) and author's calculations.

Figure 7
 State Ranking of Public Higher Education Systems: Doctoral Degree



Note. Data from College Scorecard (data set), U.S. Department of Education, n.d. (<https://collegescorecard.ed.gov/data/>) and author's calculations.

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ABOUT THE AUTHOR



Andrew Gillen, Ph.D., is a senior policy analyst at the Texas Public Policy Foundation and an adjunct professor of economics at Johns Hopkins University. Dr. Gillen's recent work has focused on how to reform federal financial aid, how state disinvestment is a myth, and how post-college earnings and debt should be used to inform student choice and government accountability.

Prior to joining the Foundation, Dr. Gillen spent over a decade at nonprofit and philanthropic organizations researching and trying to improve higher education. He was a program officer for the Charles Koch Foundation and served in research roles for American Institutes for Research, Education Sector; the American Council of Trustees and Alumni; and the Center for College Affordability and Productivity. He was also on the U.S. Department of Education's Advisory

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Andrew has a PhD in economics from Florida State University and a BBA (business) degree from Ohio University.

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