

Examining Graduate Lending: Access vs. Private Lending

Report Key Takeaways

Cutting graduate lending would do more harm than good

- Lawmakers must consider negative unintended consequences before significantly changing or eliminating federal graduate loan programs.
- Graduate students are, by far, the best performing cohort of borrowers in the federal student loan portfolio.

Black graduate borrowers are the most vulnerable if graduate lending becomes privatized

- Black students rely more on federal student loans and would have more difficulty than their peers obtaining private student loans under traditional underwriting standards, thus limiting their educational opportunity.
- Black borrowers typically carry the highest loan balances and often struggle to repay their loans more than any other racial subgroup.

INSTITUTION TYPE	FIVE-YEAR DEFAULT RATE
FOR-PROFIT	47%
PUBLIC TWO-YEAR	38%
NONSELECTIVE FOUR-YEAR	27%
SELECTIVE FOUR-YEAR	18%
MOST SELECTIVE FOUR-YEAR	10%
GRADUATE-ONLY BORROWERS	5%

Private student loans are not an adequate replacement for current federal lending programs

- The fundamental purpose of the Higher Education Act is to provide access to higher education, particularly for those students that would otherwise be unable to afford it.
- Differing incentives, goals, and underwriting between private lenders and the federal government mean that the private lending market would fail to meet the needs of all Americans pursuing higher education, especially students from underserved communities.



Black graduates left school
WITH
\$10,200
MORE DEBT
than their white peers