



## **MEDIA RELEASE**

**For Immediate Release**

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### **PHEAA Urges Students to Plan Wisely to Avoid Loan Debt When Paying for College**

***Average student loan debt in PA now exceeds \$37,900 – Second Highest in the Nation***

**Harrisburg, PA (October 29, 2019)** – The Pennsylvania Higher Education Assistance Agency (PHEAA) is cautioning college-bound students to avoid relying on student loans to pay for postsecondary school whenever possible, as historic numbers of graduates are struggling to manage high levels of loan debt.

Nationally, 44 million student borrowers owe more than \$1.3 trillion in student loans, with more than 1 million of those borrowers struggling to repay \$100,000 or more in student loan debt.

Sixty-five percent of Pennsylvania college graduates carry some student loan debt, with an average debt load of more than \$37,900.

“Student loan debt in the Commonwealth continues to grow at an alarming rate,” said Representative Mike Peifer, PHEAA Board Chairman. “While borrowing money to cover the costs of college may seem unavoidable to many, unmanageable levels of loan debt can often be avoided simply by making informed choices during the college-planning process.”

“The first priority for any successful higher education funding plan is to become knowledgeable about the options and obligations you will have before, during, and after postsecondary school,” said Senator Wayne Fontana, PHEAA Board Vice Chairman. “This means working to minimize the total cost of attendance while first exhausting eligibility for gift aid, such as PA State Grants and scholarships.”

Grants, scholarships, and other forms of gift aid do not need to be repaid, unlike student loans.

PHEAA administers the PA State Grant Program, which provided awards to nearly 144,000 students in 2018-19, with a maximum award of \$4,123. Additionally, PHEAA has contributed \$1 billion from its business earnings over the last 10 years to directly supplement grant awards for students with financial need.

If gift aid and family savings are not sufficient and it becomes absolutely necessary to borrow money, students should first exhaust their eligibility for low-cost federal student loans, which also offer a variety of benefits during repayment that can make a borrower’s loan debt more manageable.

Only as a last resort should students consider a private student loan, which often come with higher interest rates and fewer borrower benefits during repayment.

To help students make smart college-funding decisions, PHEAA created MySmartBorrowing.org. The site is a free online tool that helps students understand how different career, school, and financial decisions can influence the cost of an education and their ability to repay student loans long after graduation.

(more)

MySmartBorrowing was recently updated with improved college and career projection data, including expected college costs for various majors at different schools and future employment opportunities and salary levels for different careers and geographic locations.

This data is used by the site's estimators to provide a personalized look at a student's potential cost of attendance at different schools, while highlighting salary expectations for a particular degree and their future employment prospects.

When borrowing to pay for higher education becomes necessary, PHEAA recommends these important tips:

- Research what you can expect to earn in your future career, find an affordable school, and borrow realistically.
- Before selecting a major, research the availability of job opportunities in your chosen field to gauge your employability - and your ability to repay student loans.
- Consider all types of financial aid carefully and understand the benefits and obligations of each.
- Before borrowing, learn about the many loan options available.
- Understand that inconsistent or untimely loan repayment could result in long-term consequences.

Students and families are encouraged to visit PHEAA on Facebook, at [facebook.com/pheaa.aid](https://facebook.com/pheaa.aid) and on Twitter at [twitter.com/PHEAAaid](https://twitter.com/PHEAAaid) where they can learn more about planning for higher education, including the funding process and reminders of upcoming financial aid application deadlines. Additionally, video tutorials explaining the student aid process and types of aid available can be found at [YouTube.com/PHEAAstudentAid](https://YouTube.com/PHEAAstudentAid).

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### **About PHEAA**

Created in 1963 by the Pennsylvania General Assembly, the Pennsylvania Higher Education Assistance Agency (PHEAA) has evolved into one of the nation's leading student aid organizations. Today PHEAA is a national provider of student financial services, serving millions of students and thousands of schools through its loan guaranty, loan servicing, financial aid processing, outreach, and other student aid programs.

PHEAA's earnings are used to support its public service mission and to pay its operating costs, including administration of the Pennsylvania State Grant and other state-funded student aid programs. As the only major federal loan servicer with a nonprofit public service mission, PHEAA devotes its energy and resources to help ease the financial burden of higher education for its primary stakeholders – Pennsylvania students and families.

PHEAA conducts its student loan servicing operations nationally as FedLoan Servicing and American Education Services (AES). PHEAA operates its digital technology division as Avereo.