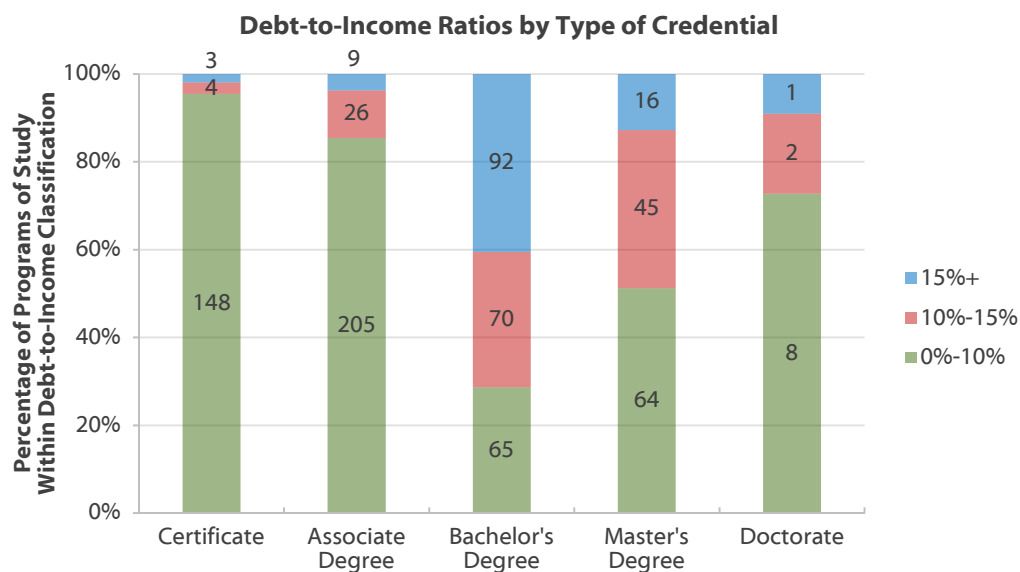


Most Programs of Study in Texas Report Graduates' Debt-to-Income Ratios Are Less Than Ten Percent



Debt-to-income ratios — comparisons of student loan debt to annual income — are becoming a more common metric to determine the potential financial burden borrowers may encounter after leaving school. Many experts recommend that annual student loan payments not exceed 15 percent of a borrower's annual income. Based on income within the first year of graduation, certificate holders are the most likely to have debt-to-income ratios under 10 percent, followed closely by associate degree graduates. Bachelor's degree graduates, who are typically enrolled in school for additional years, are the least likely to have ratios less than 10 percent.

Type of Credential	Median Annual Student Loan Payment	Median Annual After-Tax Income	Average Debt-to-Income Ratio
Certificate	\$1,082	\$23,896	5%
Associate Degree	\$1,209	\$23,372	5%
Bachelor's Degree	\$3,698	\$26,304	14%
Master's Degree	\$4,294	\$43,500	10%
Doctorate	\$3,621	\$69,836	5%
Overall	\$1,878	\$27,862	7%

Within the first year after graduation, annual incomes do not vary greatly by award type. However, holders of bachelor's or graduate degrees have student loan payments that are more than double that of their certificate and associate degree counterparts. This first-year snapshot does not necessarily reflect the long-term earning potential of these graduates. Many graduates — especially those who are entering the workforce for the first time — are unemployed or underemployed. The data shown above depict the financial circumstances experienced by many new graduates in Texas.

Sources: Public Institution Income: Texas Higher Education Coordinating Board, Gainful Employment – Placement Rate, 2012 (<http://www.txhighereddata.org/reports/performance/ctcasalf/gainful.cfm>); Public Institution Debt: Texas Higher Education Coordinating Board, Debt by Major by School, 2012 (unpublished, special request); For-profit Institution Data: U.S. Department of Education, 2012 Gainful Employment Downloadable Spreadsheet, (<http://studentaid.ed.gov/about/data-center/school/ge/data>).

