



**VETERANS**  
EDUCATION SUCCESS

## INSIDE

Why Are Some Veterans Not Using Benefits

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Annual Borrowing and Cumulative Debt at Graduation

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Differences in Debt by Institutional Sector

# ANNUAL AND CUMULATIVE STUDENT LOAN DEBT AMONG VETERANS USING AND NOT USING GI BILL BENEFITS

OCTOBER 2019

## FACT SHEET

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## Annual and Cumulative Student Loan Debt Among Veterans Using and Not Using GI Bill Benefits

This Fact Sheet examines student loan borrowing in academic year 2015-16, comparing undergraduate veterans who received any GI Bill educational benefits (beneficiaries) to those who did not (nonbeneficiaries). In addition to their borrowing during that academic year, we also examined the cumulative student loan debt for the same two groups of student veteran borrowers who earned certificates, associate's, and bachelor's degrees in 2015-16.

Although our earlier [report](#) and [Issue Brief](#) analyzed U.S. Education Department (ED) survey data on veteran student loan debt, we have not previously examined borrowing for individuals using and not using GI Bill benefits. In analyzing ED data, we focused only on undergraduate veterans, excluding family members who may also be eligible to receive the GI Bill. In 2015-16, ED matched Social Security numbers of students with data from the Department of Veterans Affairs (VA) to identify veterans in its sample.

### Highlights

- According to ED survey data from 2015-16, similar proportions of undergraduate veterans are receiving (53%) or not receiving (47%) any GI Bill benefits.
- The difference in annual borrowing among undergraduate veterans using and not using GI Bill benefits in 2015-16 was \$200—smaller than might be expected given the high proportion of veterans not using GI Bill benefits.
- Similar proportions of undergraduate veterans using and not using GI Bill benefits did not borrow in 2015-16, 76% and 69% respectively.
- In contrast to undergraduate veterans, a much higher proportion of both veterans using and not using GI Bill benefits who graduated with any degree or certificate in 2015-16 had borrowed while pursuing their education. For example, 57% of beneficiaries and 73% of nonbeneficiaries who earned bachelor's degrees in 2015-16 had borrowed. The total amount borrowed over the course of their enrollment, however, was less than four times the annual borrowing rate.
- Running out of GI Bill benefits may be one factor contributing to the disparity between annual borrowing and cumulative debt at graduation.
- The largest sector-level disparity among student veteran beneficiaries and nonbeneficiaries in 2015-16 was at for-profit schools, where 32% percent of

beneficiaries borrowed, compared to 59% of nonbeneficiaries—a 27-percentage-point difference. At the associate's degree level, 45% of veteran beneficiaries at for-profit schools graduated with debt, compared to 91% of nonbeneficiaries, and nonbeneficiaries' debt load was roughly double that of beneficiaries'.

### Methodology

This analysis is based on data from the National Postsecondary Student Aid Study (NPSAS)—NPSAS:16. The survey is conducted every 4 years by ED's National Center for Education Statistics (NCES) and uses substantial administrative data. The goal of NPSAS, a comprehensive, nationally representative survey, is to determine how students finance their college education. The survey sample contains about 89,000 undergraduate students at more than 1,800 public, nonprofit, and for-profit postsecondary institutions. In addition to student interviews, NPSAS relies on data from institutional and government records.

NPSAS provides a snapshot of the extent to which students, including veterans, receive grants and take out loans in a given academic year. In prior surveys, veteran status was determined using the Free Application for Federal Student Aid and during interviews of survey participants. In 2015-16, NCES matched Social Security numbers of students with data from the Department of Veterans Affairs to identify veterans in its sample. Students who were on active duty during the 2015-16 academic year, but who were discharged prior to the end of the 2015-16 academic year, were included as veterans.

The survey collects data on any student loans—federal, state, institutional, or private. Fewer than 1 percent of veterans participate in state or institutional loan programs. Some colleges and universities have their own institutional loan programs, which may be funded through endowments, alumni, or corporate gifts. Private student loans are made by banks and other institutions. Our analysis focused on undergraduate student veterans. Such veterans are more likely to be first-time college students facing different challenges than veterans pursuing graduate degrees.

### Why Are Some Veterans Not Using Benefits?

Why is a significant proportion of veterans not using the GI Bill? There are several possible explanations, including

that they (1) didn't meet the eligibility requirements, such as a minimum number of months of service or didn't receive an honorable discharge; (2) had already exhausted the typical 36 months of benefits; (3) enrolled part-time or took too few courses; (4) relied on other student aid; and (5) enrolled in a low-cost community college to save the GI Bill for an advanced degree. In 2015-16, about 60% of veterans were enrolled in public institutions, and the majority attended relatively inexpensive community colleges.

Among individuals who are using VA education benefits, the Post-9/11 GI Bill remains the most popular choice. According to [our analysis](#) of VAs Annual Benefits Reports, about 80% of veterans and eligible family members were using the Post-9/11 GI Bill in fiscal year 2016 and the remainder were using one of the other five educational benefits programs, including the 1976 Vietnam GI Bill, which still had four beneficiaries enrolled.<sup>1</sup> The Post-9/11 GI Bill is the most generous of the six currently available benefit programs. It pays in-state tuition and fees at a public institution and up to a cap (currently about \$23,672) at nonprofit and for-profit institutions. In addition, beneficiaries receive living and book stipends. Since 2009, about [55% of benefit payments](#) have been for the living and book stipends.

### ***Slightly More than Half of Veterans Were Using Benefits***

In the 2015-16 academic year, 53% of undergraduate student veterans were receiving benefits from one of the GI Bill programs, compared to 47% who were not.<sup>2</sup> Similar proportions were using and not using benefits among those who graduated in 2015-16.

***Annual Borrowing.*** The extent to which borrowing differed between GI Bill beneficiaries and nonbeneficiaries was smaller than might be expected.

- Veterans using the GI Bill were slightly less likely to take out student loans in 2015-16 than nonbeneficiaries (see fig. 1). Even though 47% of undergraduate student veterans were not using GI Bill benefits in 2015-16, the proportion of nonbeneficiaries who took out any student loans—federal or nonfederal—was only 7 percentage points higher (31%) than that of veterans using benefits (24%). A robust proportion of veteran beneficiaries and nonbeneficiaries had no student loan debt, 76% and 69%, respectively.
- Veterans using and not using the GI Bill borrowed about the same amount. For the 24% of student veteran beneficiaries who did borrow, the average annual loan amount was about \$7,930, compared to

\$8,170 for the 31% of veteran borrowers not using benefits in 2015-16.

***Cumulative Debt at Graduation.*** In contrast to annual borrowing, a significantly higher proportion of both GI Bill beneficiaries and nonbeneficiaries who graduated in 2015-16 had cumulative student loan debt; but the data also demonstrate that the use of the GI Bill by beneficiaries reduced borrowing, compared to nonbeneficiaries for those who graduated with associate's degrees and certificates.

Among undergraduate student veterans who completed any degree or certificate in 2015-16, about 54% were GI Bill beneficiaries at the time of their graduation and 46% were not. A challenge in the data is that we don't know if a veteran *ever* received benefits while pursuing a degree. For example, a veteran may not have been able to complete a bachelor's degree with just 36 months of GI Bill benefits and had to borrow to graduate.<sup>3</sup>

Our [prior work](#) has shown that student veterans' persistence is high but that it may take them more than 6 years to earn a bachelor's degree or 3 years to earn an associate's degree. For example, 50% of veterans who earned bachelor's degrees in 2015-16 first enrolled in 2005 or earlier, compared to 36% of veterans who graduated with an associate's degree and 33% of those completing certificate programs.<sup>4</sup>

- In contrast to annual borrowing patterns for GI Bill beneficiaries and nonbeneficiaries, the proportion of undergraduate veterans with loans as well as the amount of their average debt when they graduated with a bachelor's degree was much higher—57% (\$24,960) and 73% (\$29,220), respectively (see fig. 2).<sup>5</sup> For associate's degree graduates, both cohorts had a smaller proportion of borrowers and lower cumulative debt than bachelor's degree completers (see fig. 3).

The higher proportion of student veteran graduates with any cumulative debt compared to annual borrowing in 2015-16 suggests that an underlying factor could be time-to-degree, which results in the exhaustion of benefits prior to completion. Another factor could be the 13% of veterans who attended more than one school before graduating in 2015-16. Earned credits can be lost when students transfer to another institution, forcing them to retake the same coursework and to take on more debt in order to graduate.

- GI Bill benefits made a bigger difference for veterans completing shorter degree programs. The average cumulative debt for those veteran beneficiaries who

borrowed while completing associate's degrees or certificates (49%) was \$12,400 and \$9,520, respectively. In contrast, the average cumulative debt of student veteran nonbeneficiaries was twice as high for those who completed associate's degrees (\$24,210) and not quite double for certificate program graduates (\$16,590). Overall, 55% and 73% of veterans not using benefits who graduated with associate's degrees and certificates, respectively, had debt.

### **Sector Differences**

We also examined differences across institutional sectors for undergraduate veteran beneficiaries and nonbeneficiaries. Compared to other sectors, veterans graduating from for-profit schools in 2015-16 were more likely to be using benefits.<sup>6</sup>

**Annual Borrowing.** With the exception of public 2-year institutions, the percentage of veterans using GI Bill benefits who borrowed in 2015-16 was 31-32% across all three sectors and the average amount borrowed ranged from \$8,310 at for-profit schools to \$8,780 at public 4-year institutions. Average annual borrowing for veteran beneficiaries was \$5,170 at public 2-year institutions where 10% of veterans using benefits took out student loans that year.

In contrast, the percentage of nonbeneficiaries who borrowed in 2015-16 was somewhat higher—38% and 40% at nonprofit and public 4-year institutions, respectively, and 14% at public 2-year colleges. The annual amount borrowed by nonbeneficiaries was slightly lower at public institutions and higher at nonprofit colleges, compared to veterans using benefits.

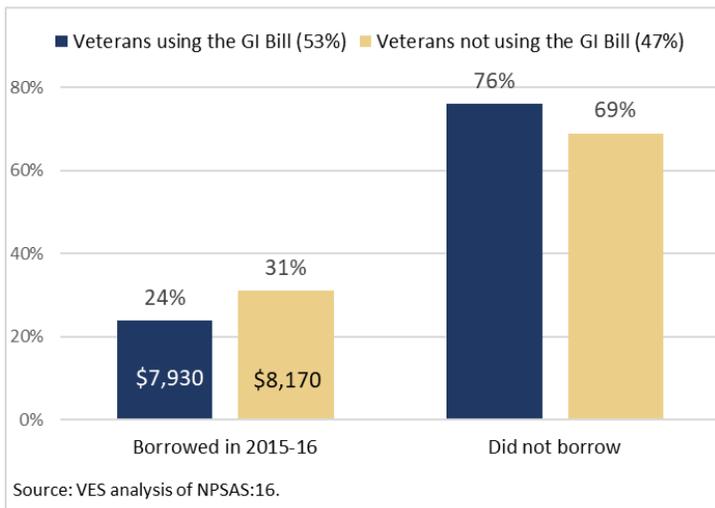
The largest sector-level disparity among student veteran beneficiaries and nonbeneficiaries in 2015-16 was at for-profit schools (not shown in figures). Thirty-two percent of beneficiaries who were enrolled at for-profit schools borrowed, compared to 59% of nonbeneficiaries—a 27-percentage-point difference. In contrast, the differences in the proportion who borrowed that were using or not using GI Bill benefits across the other sectors was much smaller, ranging from 4 percentage points at public 2-year institutions to 9 percentage points at public 4-year colleges or universities.

**Cumulative Debt.** Among student veteran beneficiaries who borrowed and earned a bachelor's degree in 2015-

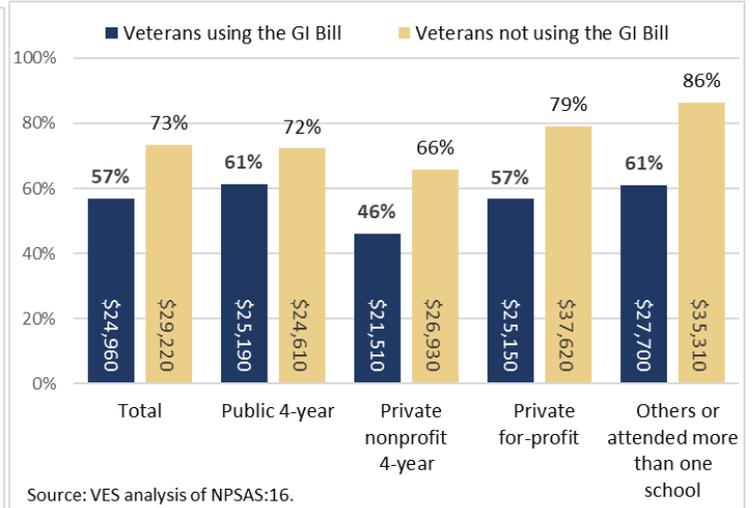
16, the average cumulative student loan debt was 33% lower at for-profit schools than for nonbeneficiaries. Thus, 57% of veteran beneficiaries who graduated from a for-profit school had an average of \$25,150 in student loan debt compared to 79% of their nonbeneficiary counterparts who had an average of \$37,620 in student loans when they graduated. At nonprofit institutions, the proportion of student veterans with cumulative loan debt who earned bachelor's degrees in 2015-16 was lower than at for-profit schools, as were the average debt levels—both for beneficiaries and nonbeneficiaries. However, a higher proportion of veterans using benefits at public 4-year institutions had borrowed (61%), compared to those who graduated from for-profit schools (57%) and their cumulative debt was somewhat higher (\$25,190) than for those who graduated from nonprofit institutions (\$21,510). Congress passed legislation in 2014 that required all public schools to charge veterans in-state tuition starting in July 2015. The data used in this analysis would have reflected the fact that some public institutions could have been charging veterans higher, out-of-state tuition, prior to that law's taking effect.

Although sample sizes were too small to report data on veterans' completing associate's degrees and certificate programs at public and nonprofit institutions in 2015-16, the differences between beneficiaries and nonbeneficiaries at for-profit schools were striking (see fig. 3 and 4). For example, 45% of veteran beneficiaries earning associate's degrees at for-profit schools graduated with an average of \$15,960 in debt, compared to 91% of nonbeneficiaries who graduated with an average of \$31,170 in student loan debt. Although the average debt of veteran beneficiaries (\$10,370) and nonbeneficiaries (\$14,610) who earned certificates at for-profit schools was lower than for those who graduated with associate's degrees, the proportion of beneficiaries who borrowed was higher— 63% compared to 45%. Lower average borrowing is likely due to the shorter time-frame for certificate-programs.

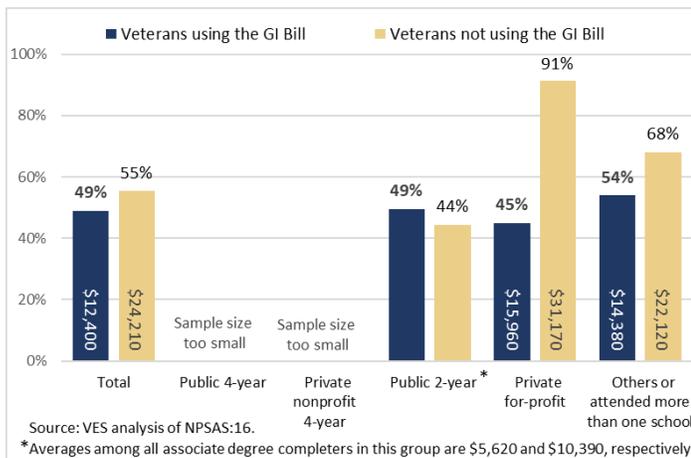
**Figure 1: Undergraduate Student Veterans Who Took Out Any Student Loans in 2015-16**



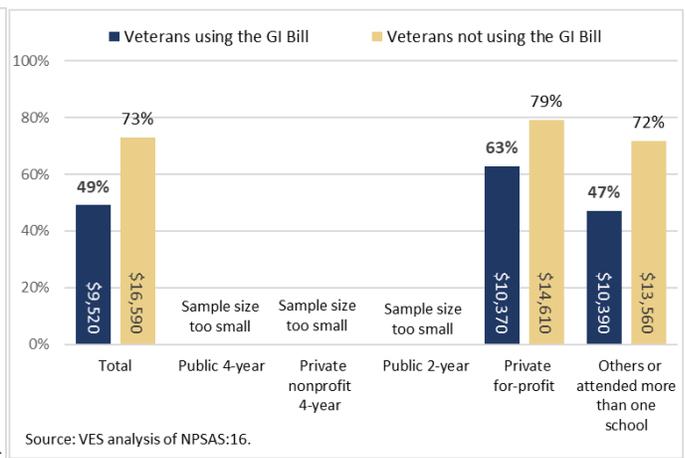
**Figure 2: Cumulative Student Loan Debt of Veteran Borrowers Who Earned Bachelor's Degrees in 2015-16, Beneficiaries and Nonbeneficiaries**



**Figure 3: Cumulative Student Loan Debt of Veteran Borrowers Who Earned Associate's Degrees in 2015-16, Beneficiaries and Nonbeneficiaries**



**Figure 4: Cumulative Student Loan Debt of Veteran Borrowers Who Earned Certificates in 2015-16, Beneficiaries and Nonbeneficiaries**



<sup>1</sup>Surviving spouses and children of servicemembers killed on active duty after September 10, 2001, are eligible to receive the Post-9/11 GI bill under Chapter 35, the Survivors and Dependents Educational Assistance Program. About [3,600](#) did so in fiscal year 2018.

<sup>2</sup> While this report covers all veterans enrolled in undergraduate studies, it is noteworthy that among first-year, mostly full-time and recently enrolled veterans there is a much greater difference between those receiving and not receiving GI Bill benefits. About 12% of first-year, mostly full-time and recently enrolled veterans received benefits in the 2015-16 academic year, compared with 40% of this same group who did not receive benefits.

<sup>3</sup>Thirty-six months of benefits are the equivalent of 4 years of school—4, 9-month semesters—the nominal time to earn a bachelor's degree. Nationally, about [42 percent](#) of first-time, full-time students earn a bachelor's degree within 4 years.

<sup>4</sup>See p. 13 of hyperlinked report.

<sup>5</sup>The data indicate only whether veterans were using benefits during the academic year in which they graduated.

<sup>6</sup>Our analysis is based on the sector where the veteran was enrolled in 2015-16. Veterans who attended more than one institution in 2015-16 were reported separately in Figures 2 through 4.