

# Comparing Estimates of Student Loans Measured in the PSID-TAS with the National Postsecondary Student Aid Survey

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**Comparing estimates of student loans measured in the PSID – TAS  
with the National Postsecondary Student Aid Survey**

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The amount of debt held in the form of student loans has increased substantially, rising from roughly \$500 billion in 2006 to \$1.2 trillion in 2013, and now surpassing the amount of debt held in credit cards (Board of Governors, 2014). The accumulation of student loans might influence enrollment in higher education, career choices, and numerous other social and economic outcomes and decisions (Millett, 2003; Chambers, 1992; Rothstein & Rouse, 2011). Therefore, measuring student loans in national surveys is important because such data will allow researchers and policy analyst to assess the impact of such debt.

Over the last decade the Panel Study of Income Dynamics (PSID) has expanded its collection of data on student loans to facilitate research on this topic. The PSID is a national longitudinal survey of individuals and families. The study began in 1968 with surveys collecting data on roughly 18,000 individuals living in 5,000 families. These individuals and their descendants were interviewed annually through 1997 and every other year since 1997. These data have been used in over 3,500 scientific and policy publications, and research has demonstrated that the current sample is representative of the US population (McGonagle et al., 2012).

The PSID – Transition into Adulthood Study (TAS) was designed to improve available data on the lives of young adults by interviewing young adults in the PSID families. The PSID – TAS survey was conducted for the first time in 2005, with subsequent interviews held every other year since 2005. The survey includes, among other items, questions assessing the amount of student loans held by respondents. In this report we compare estimates of student loan debt reported in the PSID – TAS with the most commonly used data source on student loans: the National Postsecondary Student Aid Survey (NPSAS). The purpose is to demonstrate the usefulness of the PSID – TAS survey as an instrument for researchers interested in student loans.

We begin by describing the two data sources and then provide estimates of student loan debt in the two surveys. Since both surveys were conducted in 2007, we focus on estimates for that year while also presenting estimates from the PSID – TAS for 2009 and 2011.

## **DATA**

PSID-TAS. The Transition into Adulthood Study (TAS) is part of the PSID and a follow-on to the PSID Child Development Supplement (CDS). (See McGonagle and Sastry (2014) for a

detailed discussion of these two studies.) The launching of the TAS study was motivated by recognition that these years are marked by choices, changes, and transitions that have profound life-long consequences, but would be missed by the sample design of the PSID prior to 2005. To bridge this gap, the TAS study was initiated in 2005, when the oldest CDS respondents reached 18 to 20 years of age. The TAS study has subsequently been conducted in 2007, 2009, 2011, and 2013. (See the PSID – TAS user guide, PSID (2013), for details of the sample and questionnaire.) The TAS sample is nationally representative except for the fact that immigrants arriving after 1997 are not fully represented.

To be consistent with the sample available in the NPSAS, we restrict the sample to college students between ages 18-22 in 2007, 2009, and 2011. (The 2013 data have yet to be released.) The question used to select respondents into our analytic sample was the same each year: “Are you currently attending college?”

In 2007 there were 456 respondents between ages 18-22 attending college out of a total of 1,115 TAS respondents. In 2009 there were 477 out of 1,554 TAS respondents, and in 2011 there were 492 out of 1,907 TAS respondents.

The question to ascertain the amount of college loans differs slightly between 2007 and later years:

- 2007: (TA070911): About how much are the student loans?
- 2009: (TA090972): If you added up all of these loans, about how much would they amount to right now?
- 2011: (TA111114): If you added up all of these loans, about how much would they amount to right now?

In 2009 and 2011 there were also follow-up unfolding brackets to ascertain the value of the student loan if the respondent is uncertain:

- A. Would they amount to \$2,000 or more?
- [If response to question A is yes] Would they amount to \$5,000 or more?
- [If response to question A is no] Would they amount to \$1,000 or more?

Missing student loan amounts (n=10 in 2007; n=12 in 2009; n=5 in 2011) were imputed based on the overall mean of those with loans in 2007 and based on the mean within the bracketed amount for those with loans in 2009 and 2011. TAS sampling weights, which adjust for attrition, are used for all tabulations.

The NPSAS 2008. The National Postsecondary Student Aid Survey (NPSAS) was first implemented during the 1986-87 academic year to better understand, “how students and their families pay for postsecondary education.” The sample is drawn from a nationally representative sample of undergraduate, graduate and first-time professional students. The survey has been conducted for subsequent cohorts at irregular intervals since 1986-87.

Data for NPSAS:08 are collected from multiple sources. Student records are collected directly from the post-secondary institutions. Student interviews were completed by student web-based interviews or via phone interview with trained interviewers. The National Student Loan Data System (NSLDS) provides student level records for Federal Loans and grants, including Pell.

Eligible institutions for the sampling frame include those that meet conditions required for federal Title IV aid, including at least one academic, occupational or vocational program of study lasting at least 3 months or 300 clock hours, and they must be in the United States, District of Columbia, or Puerto Rico, and not be a U.S. service academy. Six states - California, Georgia, Illinois, Minnesota, New York, and Texas – were oversampled to provide state-level representative data. Of the total institutional sample (n=1,960), approximately 99 percent (n=1,940) were eligible for the study. Of these, about 89 percent provided student enrollment lists necessary for the study.

The target population for the NPSAS:08 includes all eligible students enrolled at any time between July 1, 2007 and June 30, 2008 in either an academic program, an occupational or vocational program requiring at least 3 months, or 300 clock hours, for completion, or who were enrolled in at least one for credit course counting toward an academic degree. Students concurrently enrolled in high school program or enrolled solely in a GED program were ineligible.

The sampling frame for individual student records from within these institutions was based on student lists provided for the NPSAS:08. Equal probability stratified systematic sampling was employed to select students. For each student stratum, enrollment lists were sampled to provide equal probabilities. Potential baccalaureate recipients, those who earned or were expected to earn a BA between July 1, 2007 and June 30, 2008 were (over)sampled separately as they were used as in the follow-up 2009 and 2012 *Baccalaureate and Beyond* surveys.

Student lists were provided for the NPSAS:08 directly from sampled institutions. These data are student-level records, including: DOB, SSN, education level and grade, major and other person-level information. The Department of Education (ED) supplemented these data with records from the Current Population Survey (CPS), National Student Clearinghouse (NSC), ACT and the College Board (CB). Information about applications for federal student aid was taken from the Free Application for Federal Student Aid (FAFSA). In addition, student-level data on financial aid, including federal grants and student loans were taken from the National Student Loan Data System (NLSDS). These matches were complete for students with a valid application record in the federal NLSDS database.

Sampled students from within selected institutions were interviewed through either an online survey through a NPSAS designed website, or, should the student choose, a phone interview. Most interviewees were paid \$30 for their participation. Follow-up telephone calls were made to obtain surveys from who failed to complete their surveys.

To create a comparable cohort to the PSID sample, we restrict the full, initial NPSAS:08 sample of 127,701 to respondents ages 18-22, leaving an analysis sample of 62,879 student records. For student borrowing, the amount borrowed reported in NPSAS:08 is the higher of:

1. The student-reported amount (N8UGLN)
2. The NSLDS cumulative federal loan amount (FEDCUM) plus private loans borrowed in 2007-08 (PRIVLOAN)
3. Or the amount borrowed in 2007-08 from any source (TOTLOAN).

These totals *do not* include loans from family and friends or parent PLUS loans (PLUSCUM), as the latter are technically loans taken out by parents, who are co-signers and provide collateral.

To measure the amount students *owe*, the reported value is based on the higher of:

1. The student-reported amount (N8UGLN)
2. The National Student Loan Data System (NSLDS) cumulative federal loan amount outstanding (FEDOWE1) plus private loans borrowed in 2007-08 (PRIVLOAN),
3. Or the amount borrowed in 2007-08 from any source (TOTLOAN).

These, again, do not include parent PLUS loans or loans from family and friends, and include the cumulative capitalized interest owed for unsubsidized Stafford Loans if reporting is taken from the NLSDS. The student statistical analysis weight is used in all analyses.

## **ESTIMATES OF STUDENT LOAN DEBT**

We report PSID – TAS estimates for 2007, 2009, and 2011, but our focus is on 2007 because data for this wave were collected during a time frame comparable to NPSAS 2007 – 08. Table 1 reports the sociodemographic characteristics of the two samples as well as the prevalence and average amount of loans. The sociodemographic characteristics of the samples are similar. Both surveys estimate that slightly under half of the population is male. The racial/ethnic distributions demonstrate that roughly 2/3 of the student population are non-Hispanic white, 10% are non-Hispanic black, and about 13% are Hispanic. Very few students are married. The age distribution is slightly younger in the PSID – TAS than the NPSAS. Furthermore, a higher proportion of students are identified as part-time in the NPSAS. This difference is most likely due to different approaches to reporting full versus part-time in the two surveys.

The proportion of students estimated to have loans is somewhat higher in the NPSAS: 48.2% versus 37 – 44%. This higher rate is estimated across almost all social demographic groups, including age, gender, and race/ethnicity.

Conditional on having a loan, the average amount of loans held is fairly similar. For example, the NPSAS estimated loan balances \$12,709, while the 2007 PSID estimate is \$12,842.

Table 2 reports additional characteristics of the distribution of the amount of loans among those students who have loans. The 10th percentile in the NPSAS is \$2,625 while it is \$3,000 in all three waves of the PSID – TAS. The median is \$10,000 in the PSID – TAS and just under \$9,000 based on the NPSAS. At the top of the distribution, the 90th percentile is somewhat higher in the PSID – TAS than the NPSAS. For example, the 90th percentile is \$30,000 in the 2007 PSID - TAS and \$26,440 in the NPSAS.

## **SUMMARY**

The design of the PSID – TAS and the NPSAS are distinct. The NPSAS draws on multiple sources to estimate the amount of student loans held by currently enrolled students. The PSID – TAS relies on self-reported estimates of student loans by young adults. The estimates in the two sources are, in general, fairly similar, although some differences do exist. We believe that the PSID – TAS is a valuable resource to study the causes and consequences of student loan debt.

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Table 1. Prevalence and average amount of loans among students: PSID – TAS and NPSAS

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	Sample distribution: all college students				Percent of students with loans				Average amount of loans for those with loans			
	PSID – TAS		NPSAS		PSID – TAS		NPSAS		PSID – TAS		NPSAS	
	2007	2009	2011	2007-08	2007	2009	2011	2007-08	2007	2009	2011	2007-08
All					36.7	43.8	40.9	48.2	12,842	15,679	15,783	12,709
Gender												
Male	45.7	47.5	50.7	45.4	29.1	37.0	38.3	44.9	15,131	16,403	14,347	12,363
Female	54.3	52.5	49.3	54.6	43.0	49.9	43.5	50.9	11,542	15,194	17,081	12,963
Age												
18	27.3	21.8	29.3	17.6	23.9	37.3	33.3	42.6	7,327	6,838	9,434	7,459
19	19.5	23.0	20.3	24.5	33.7	31.8	44.9	44.7	10,114	11,052	13,068	9,877
20	24.7	24.3	20.9	22.1	49.5	42.0	43.1	47.8	15,537	16,818	16,008	12,882
21	14.2	17.2	19.3	19.6	40.8	48.3	41.2	52.4	14,033	20,333	22,425	15,438
22	14.3	13.8	10.1	16.2	38.6	71.5	49.2	55.0	15,383	21,280	22,182	17,252
Marital Status												
Not Married	98.3	98.3	97.6	97.2	36.9	43.8	40.3	48.2	12,908	15,470	15,886	12,731
Married	1.7	1.7	2.4	2.8	21.1	39.9	62.4	47.6	6,277	28,844	13,104	11,960
Student Status												
Full time student	87.2	88.8	86.9	73.8	38.4	45.5	42.9	53.4	13,052	15,480	16,032	13,427
Part time student	12.8	11.2	13.1	21.5	24.8	30.2	27.7	32.5	10,634	18,053	13,225	9,195
Equal FT/PT				4.7				38.4				
Ethnicity/Race												
Non-Hispanic White	65.7	68.6	68.3	65.0	37.8	43.7	40.1	48.5	13,063	16,859	17,605	13,301
Non-Hispanic Black	11.0	11.1	10.8	10.8	49.8	67.3	54.0	61.2	9,829	14,103	15,559	12,058
Non-Hispanic Other	6.4	5.3	7.8	10.3	30.8	27.9	44.5	39.7	16,539	12,057	10,611	12,188
Hispanic	17.0	15.1	13.1	13.9	25.8	32.3	31.8	43.0	13,692	11,911	8,424	10,672
Number of observations	456	477	492	62879								

Table 2. Distribution of amount of loans among students				
	PSID – TAS			NPSAS
	2007	2009	2011	2007-08
10th percentile	3,000	3,000	3,000	2,625
Median	10,000	10,000	10,000	8,695
Mean	12,842	15,679	15,784	12,709
90th percentile	30,000	37,000	36,000	27,000