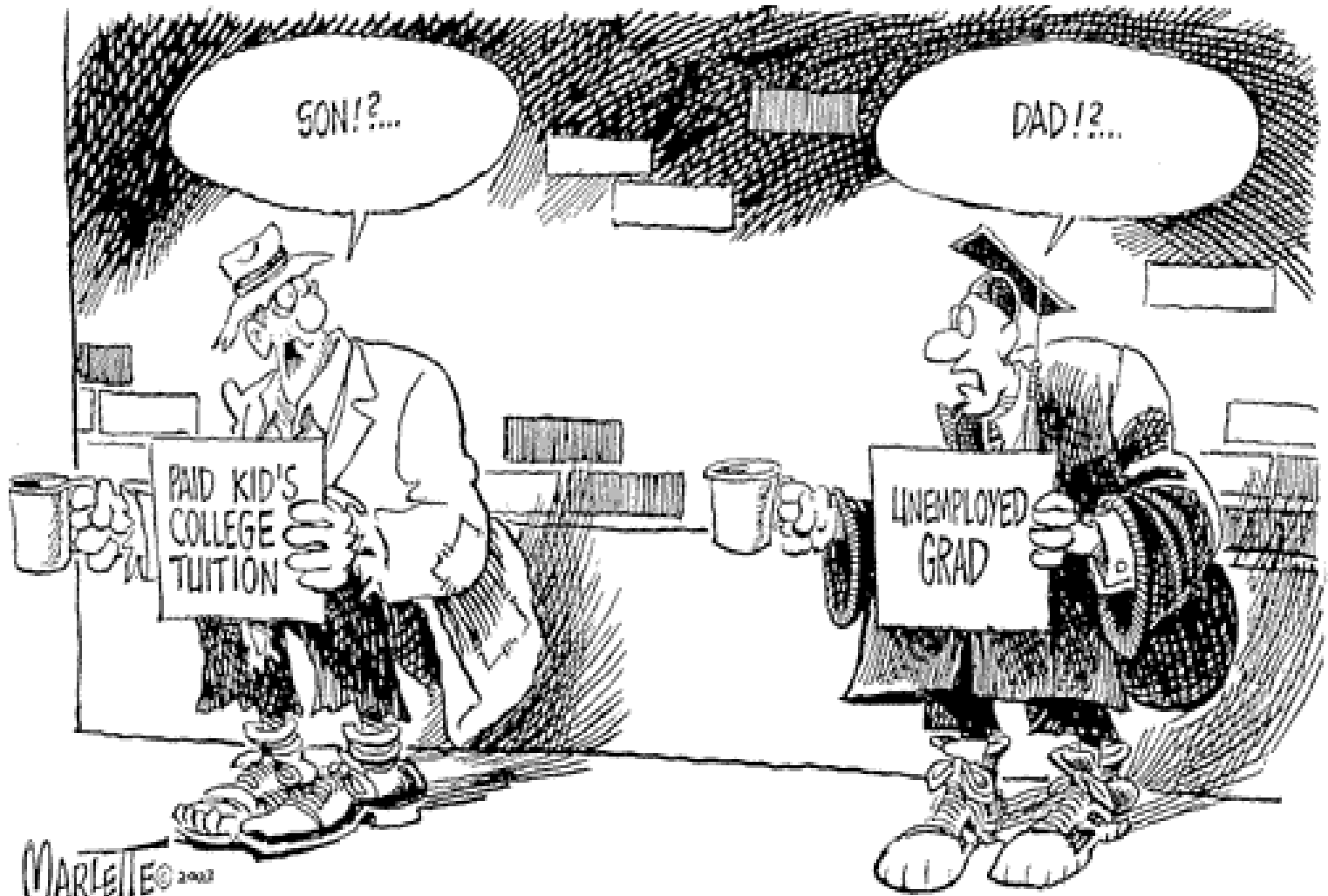


# Out of Debt: A Long-Term Look at Student Loan Repayment in Two Beginning Postsecondary Student Cohorts: 1995-96 and 2003-04

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## 3 Presentation Overview

1. Overview of NEW data
2. Description of students in data
3. Summary of different measures of default
4. Model description
5. Results

## 4 Data Overview – Original BPS Cohorts

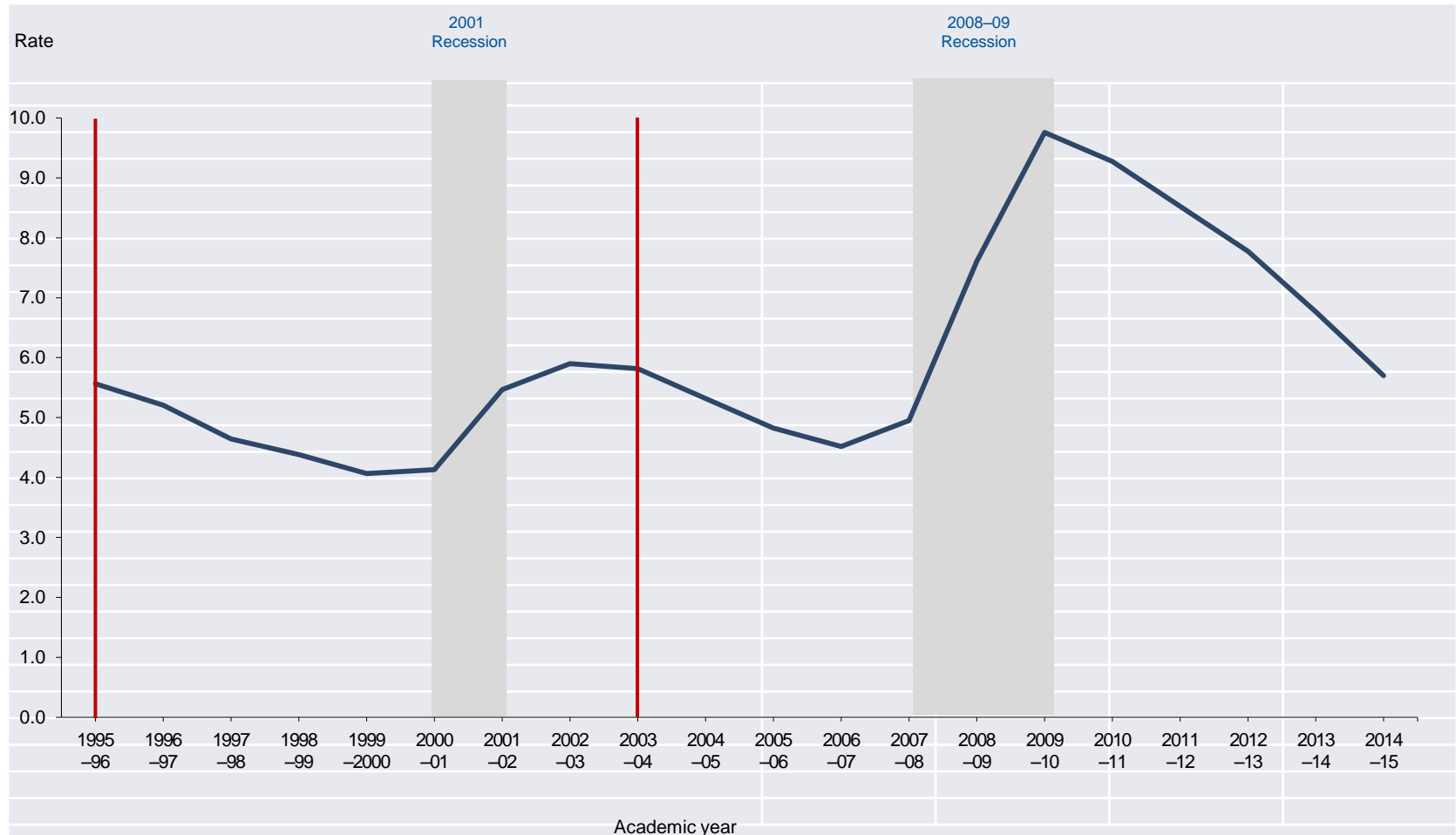
- Began with two BPS cohorts
  - BPS:96/01
  - BPS:04/09
- Nationally representative samples of first-time PSE students
- Students are interviewed over 6 years
- Includes information on:
  - Student/family characteristics
  - College experiences
  - Financial aid
  - Degree attainment
  - Post-college outcomes

## 5 Data Overview – New Data

- Matched original students to NSLDS records
- New data includes:
  - Use of financial aid
  - Changes in loan statuses (consolidation, deferment, forbearance, IBR)
  - Progress through loan repayment
  - Loan default
- Data is current through June 2015
  - 12 years since the 04/09 cohort began PSE
  - 20 years since the 96/01 cohort began PSE

**No other data set exists that includes both rich student information AND a long time horizon of financial aid outcomes**

# 6 UNEMPLOYMENT: Annual average unemployment rate for labor force age 16 years or older: 1995–96 to 2014–15

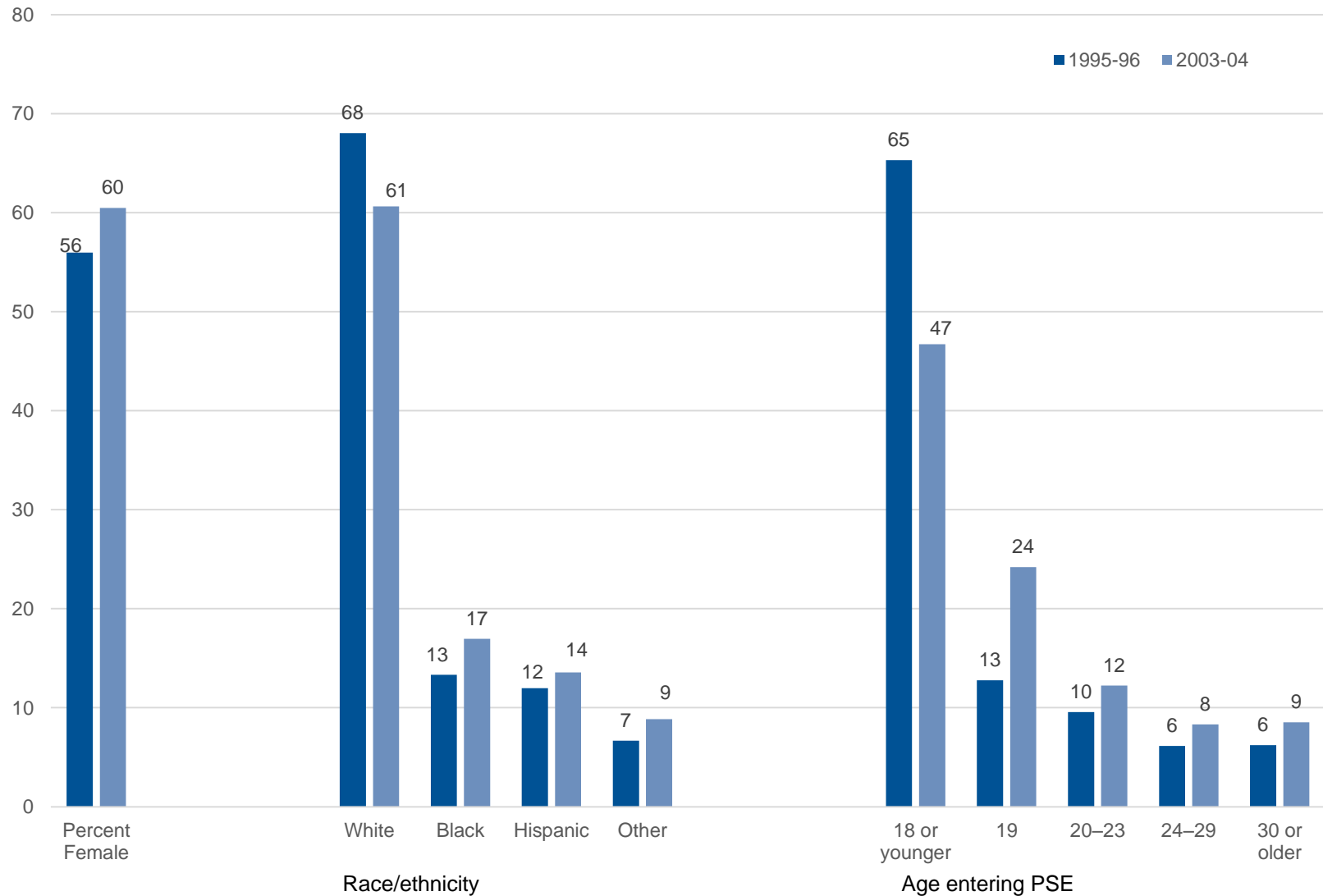


NOTE: Seasonally adjusted. Annual average by academic year.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics. Current Population Survey, Series Id: LNS14000000. Retrieved June 15, 2016, from <http://data.bls.gov/cgi-bin/surveymost?bls>.

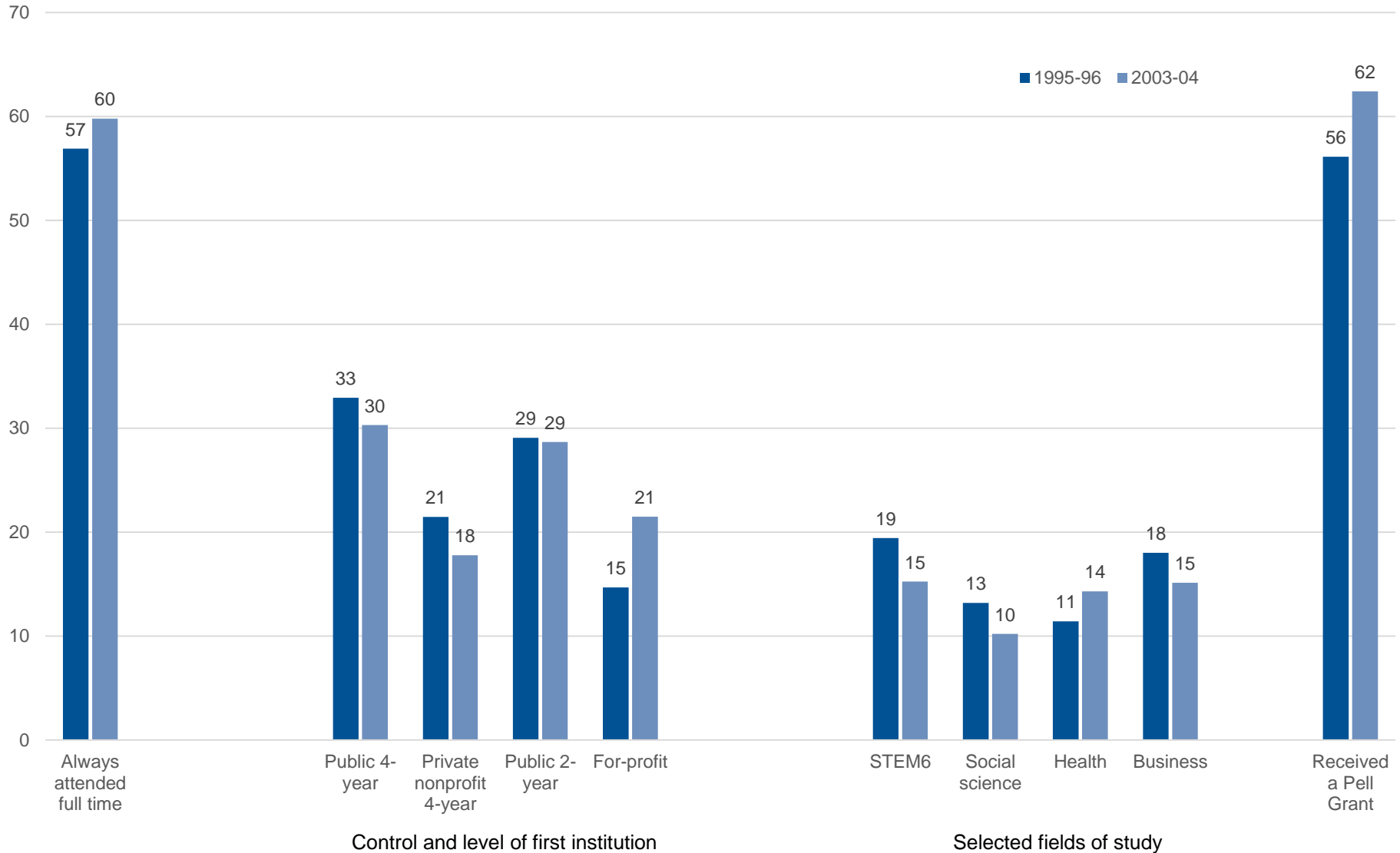
# 7 Comparison of Cohorts

Demographic differences between borrowers in BPS:96/01 and BPS:04/09 cohorts



# 8 Comparison of cohorts, cont.

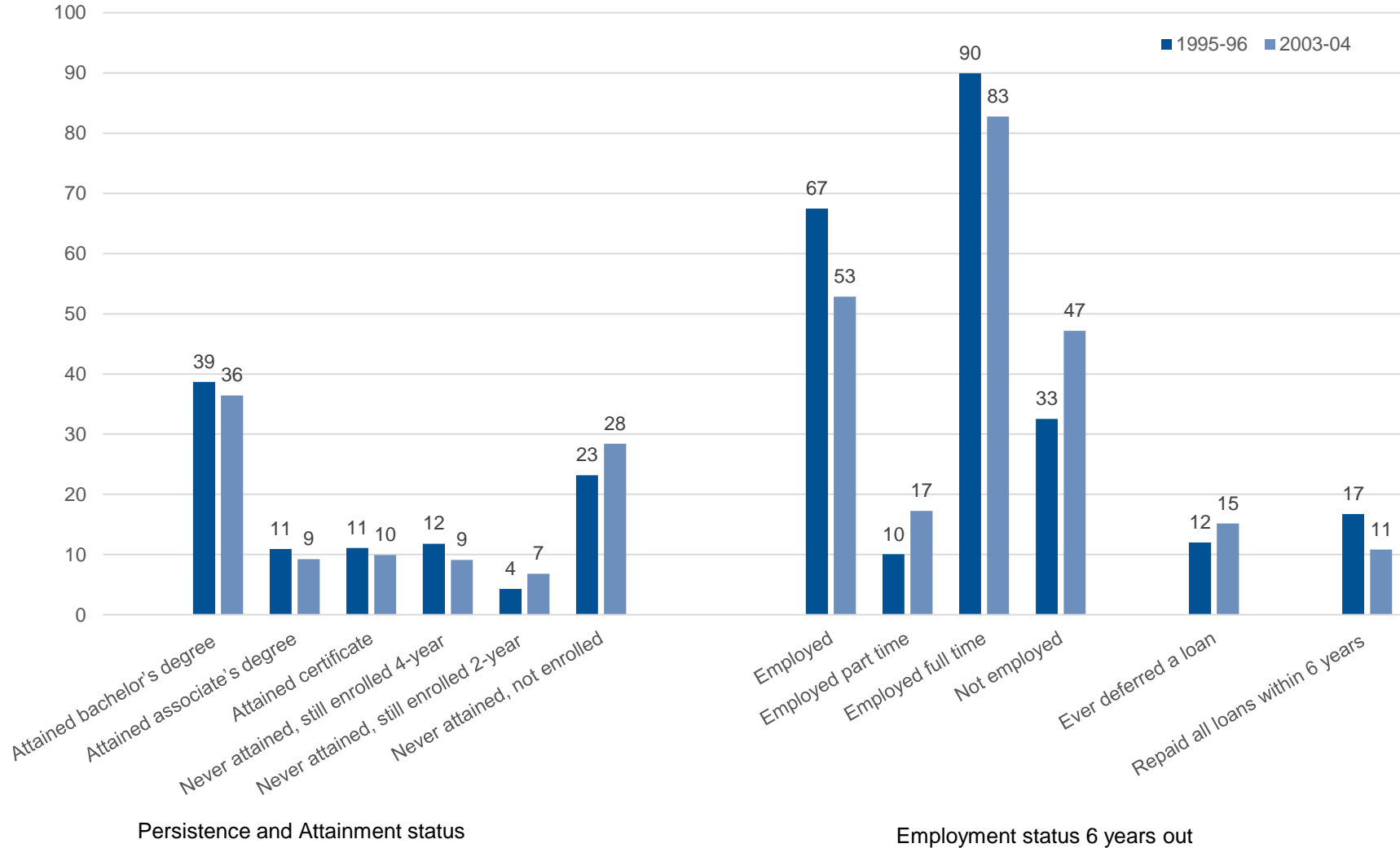
Enrollment differences between borrowers in BPS:96/01 and BPS:04/09 cohorts





# 9 Comparison of cohorts, cont.

Outcome differences between borrowers in BPS:96/01 and BPS:04/09 cohorts



# 10 Comparison of federal student loan default rates published by the U.S. Department of Education as of 2015

	Default rate	Year	Rate	Unit	Rate denominator	Rate numerator	Loan types
ED default rates	3-year cohort default rate	FY 2013	11.3%	Borrowers	Borrowers who entered repayment in a year	Borrowers who were in default by 3 years later	Stafford
	Budget lifetime default rate	FY 2011	18.4%	Dollars	New loan dollars originating in a year	Loan dollars that are projected to default 20 years after repayment	Stafford
	Cumulative lifetime default rate	FY 2011	10.2%	Loans	Loans entering repayment in a year	Loans that entered repayment in a year and defaulted by 4 years later	All federal loans
BPS default rates	6-year default rate for BPS:96/01		9.8%	Borrowers	Borrowers who began PSE in 1995–96	Borrowers in the cohort who defaulted on a loan 6 years after starting school	All federal loans
	6-year default rate for BPS:04/09		11.3%	Borrowers	Borrowers who began PSE in 2003–04	Borrowers in the cohort who defaulted on a loan 6 years after starting school	All federal loans

**Our goal is to investigate factors associated with two important outcomes, for two cohorts of students, over three time horizons**

- Investigate two outcomes:
  - Loan repayment completion w/o default
  - Loan default
- For two cohorts:
  - First time students in 1996
  - First time students in 2004
- Over three time horizons
  - 6 years since beginning PSE
  - 12 years since beginning PSE
  - 20 years since beginning PSE

# 12 Analysis Covariates

We control for:

- Institution characteristics:
  - Control and level
  - Selectivity
  - Number of institutions attended
- Attainment and persistence
- College experiences:
  - Attendance intensity
  - Major
  - GPA
  - Cumulative amount borrowed
  - Borrowed for graduate school
  - Number of years borrowed
  - Received a Pell Grant
- Post-college outcomes
  - Work intensity
  - Annual salary
  - Consolidated loans
  - Number of deferments for economic hardship
  - Number of forbearances
- Student/family characteristics:
  - Age
  - Sex
  - Race/ethnicity
  - Parental education
  - Family income

# 13 Results – Loan Repayment Completion without Default

- Associated with more loan repayment completion:
  - GPA
  - BA attainment (& AA & certificate in later cohort)
- Associated with less loan repayment completion
  - Amount borrowed & number of years borrowed
  - Deferments & forbearances
- Not associated with loan repayment completion
  - Institutional characteristics, especially in later cohort
  - Major
  - Receiving a Pell Grant
  - Salary after exiting PSE

# 14 Results – Loan Default

- Associated with more defaults
  - Attending a for-profit (for the later cohort)
  - Receiving a Pell Grant
- Associated with fewer defaults
  - GPA
  - Attainment of any credential
  - Salary after exiting PSE
- Not associated with default
  - Major
  - Amount borrowed
  - Deferments and forbearances

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