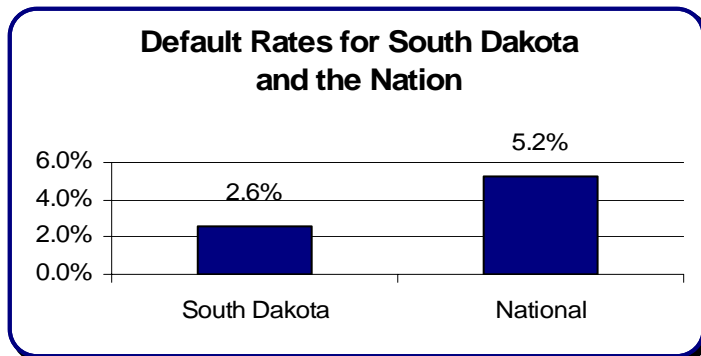


Synopsis: The default rate on federally backed college loans hit another all-time low in Fiscal Year 2002, according to the U.S. Department of Education. Nationally, 5.2 percent of college graduates who began making payments in FY02 defaulted on their debt, which was down from 5.4 percent the previous year. South Dakota's default rate of 2.6 percent is the 2nd lowest in the country.

South Dakota college students have the second lowest default rate on student loans in the country. The U.S. Department of Education announced this month that the nation's student loan default rate dropped to another all-time low of 5.2 percent in Fiscal Year 2002. South Dakota's default rate is even lower at 2.6 percent.

Of the 11,386 borrowers at 28 South Dakota postsecondary institutions who entered repayment in FY02 on their student loans, only 298 were in default, according to U.S. Education Department figures.

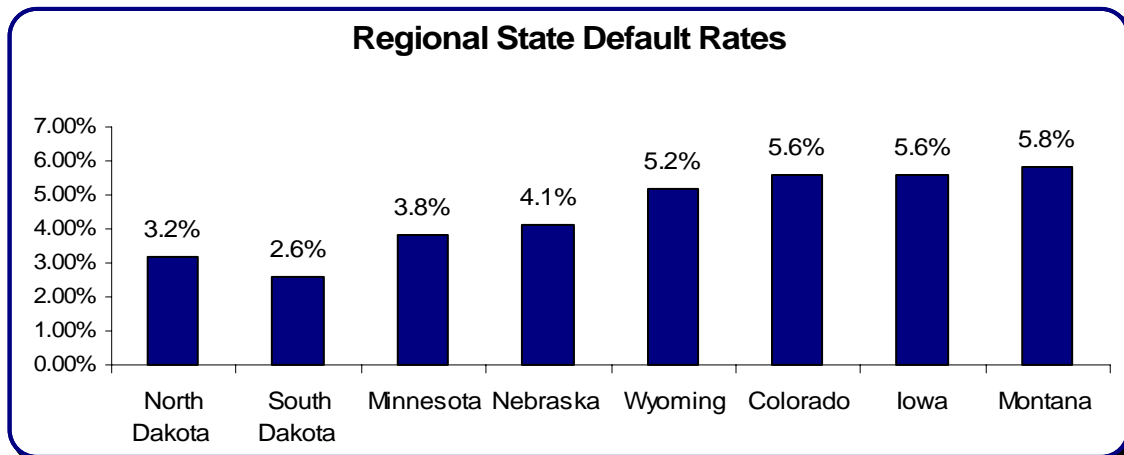
There was only one other state—Vermont—with a lower default rate than South Dakota's in FY02. The Vermont rate was 1.3 percent.



Source: FY 2002 Official CDR Summary Report

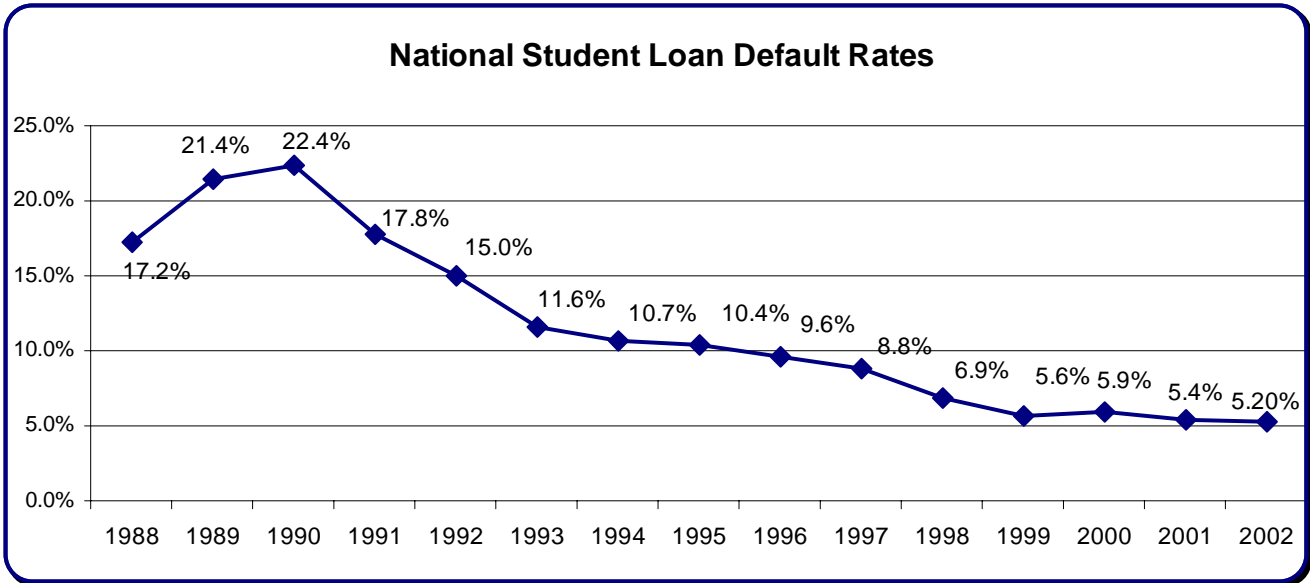
Impact of Defaulted Federal Student Loans

The U.S. Department of Education releases official cohort default rates once a year. The FY02 rates are the most recent default rates available. Defaulted federal student loans cost taxpayers money and harm students. Students with defaulted loans also may face income tax offsets, wage garnishment, legal action, and collection costs and interest.



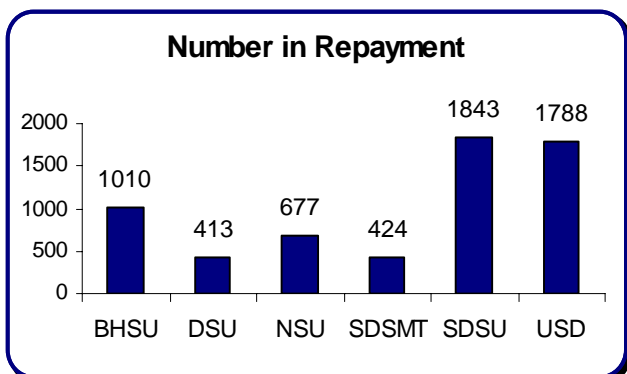
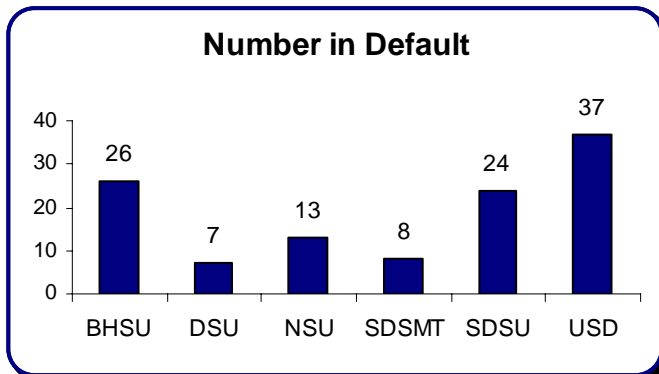
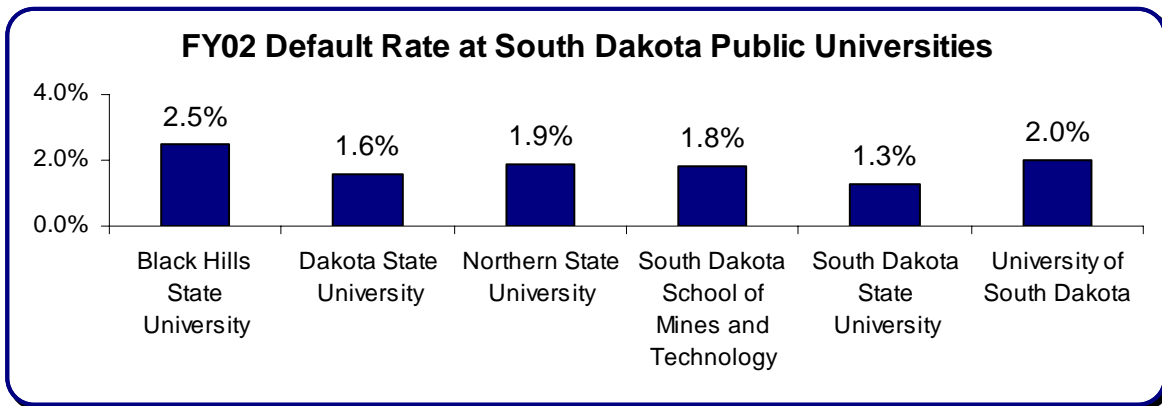
Source: FY 2002 Official CDR Summary Report

The federal default rate peaked nationally at 22.4 percent in 1990, prior to federal legislation aimed at curtailing student loan abuses. Federal officials attribute the drop in defaults to low interest rates and strong program management.



Default Rate of South Dakota's Public Universities

South Dakota's default rate covers public, private, and proprietary institutions. The table below shows default rate information for the six public universities in the South Dakota Board of Regents' system.



Source: Department of Education Official Cohort Default Rate

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