

SOUTH DAKOTA BOARD OF REGENTS

Academic and Student Affairs

AGENDA ITEM: 6 – O

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SUBJECT: Federal Student Loan Default Rates Analysis

This briefing provides a basic overview of federal student loan default rate data from the US Department of Education.

INFORMATIONAL ITEM



*** Special Data Analysis ***

Federal Student Loan Default Rates

Each year, the US Department of Education (USDOE) releases data on federal student loan default rates. Three-year default rates refer to *the percentage of federal student loan borrowers entering repayment in a given fiscal year who default on their loans by the end of the second following fiscal year*. Across all institutional types, the FY2013 national cohort (those students entering repayment during FY2013) generated a three-year loan default rate of 11.2 percent, compared to a rate of 11.6 percent recorded by the FY2012 cohort.¹

The FY2013 three-year default rate for all South Dakota colleges and universities was 12.3 percent (up from 11.2 percent last year), ranking 34th lowest among all US states (MA was lowest, at 5.9 percent; NM was highest, at 19.0 percent). Over the last three years, South Dakota's public universities have tended to record default rates well below those of the state's private, proprietary, and technical institutions (see Table 1). Across these three cohorts, SDSU generated the lowest average default rate (4.3 percent), followed by SDSMT (4.9 percent), USD (6.0 percent), DSU (6.8 percent), BHSU (8.5 percent), and NSU (10.4 percent).

Table 1
Postsecondary Loan Default Rates (SD)
(Percentages)

Institution Type	2011	2012	2013	3-Year Avg.
Private	6.9	6.3	5.2	6.2
Proprietary	21.0	20.1	22.9	21.3
Regental	6.3	6.1	5.7	6.1
Technical	13.8	11.5	10.6	12.0
All Types	11.5	11.2	12.3	11.7

Table 2 shows additional default data in three-year average format. South Dakota's average default rate across the 2011-2013 cohorts was 11.7 percent; this was somewhat lower than the analogous national average of 12.1 percent. After segmenting these results by institutional type, it was found that the state's public institutions generated the lowest default rate across all sectors, ranking 7th lowest in the nation in this category.

Table 2
Postsecondary Loan Default Rates, 2011-2013 (Three-Year Averages)
(Percentages)

	All Types	Public	Private	Proprietary
South Dakota	11.7	7.6	6.2	21.3
United States	12.1	12.0	7.2	16.2
SD State Rank	25	7	23	50

¹ All figures presented in this report refer to fifty-state data only; institutions in the District of Columbia, US territories, and other outlying areas are excluded.