

SOUTH DAKOTA BOARD OF REGENTS

Academic and Student Affairs

AGENDA ITEM: 5 – I
DATE: December 11-12, 2019

SUBJECT

Graduate Debt Analyses

CONTROLLING STATUTE, RULE, OR POLICY

None

BACKGROUND / DISCUSSION

This briefing reviews two recent national reports on student debt. Attachment I presents data which recently were published by the Institute for College Access and Success (TICAS) on two major debt indicators for bachelor’s degree completers at four-year institutions in South Dakota and the nation. Attachment II provides a basic overview of federal student loan default rate data from the US Department of Education.

IMPACT AND RECOMMENDATION

This analysis provides a closer examination of student debt data used in the TICAS report.

ATTACHMENTS

Attachment I – Student Debt in South Dakota (Special Data Analysis)

Attachment II – Federal Student Loan Default Rates (Special Data Analysis)

INFORMATIONAL ITEM



*** Special Data Analysis ***

Student Debt in South Dakota

In September 2019, the Institute for College Access and Success (TICAS) issued a new annual report on the educational indebtedness of graduates from American four-year institutions.¹ TICAS data for the graduating class of 2018 indicate that 57 percent of students completing four-year degrees in the United States graduated with debt, with an average debt load of more than \$29,000 for those with loans.² For students graduating from South Dakota institutions in 2018, these figures were approximately 72 percent and \$32,000, respectively. South Dakota ranked higher (i.e., worse) than most other states on both measures. This analysis provides a closer examination of student debt data used in the TICAS report.

Analysis

It is important to note that the data used in the TICAS report reflect only a portion of all colleges and universities in the United States. TICAS uses unaudited student debt data voluntarily supplied by postsecondary institutions to *Peterson's Undergraduate Financial Aid and Undergraduate Database*. In addition, only public and private nonprofit four-year institutions granting bachelor's degrees are included in the TICAS analysis. In South Dakota, the most recent TICAS analysis included data for only five institutions: DSU, USD, Augustana University, Mount Marty College, and the University of Sioux Falls.³ With this caveat in mind, Table 1 depicts basic student debt data as presented in the most recent TICAS report:

Average debt of students with loans:	\$31,895
National rank:	11 th highest
Percent of graduates with debt:	72%
National rank:	2 nd highest

¹ The TICAS *Class of 2018* report is available at <https://ticas.org/wp-content/uploads/2019/09/classof2018.pdf>. The Institute for College Access and Success is an independent, nonpartisan, nonprofit organization that conducts policy analysis and advocacy work in higher education.

² Unless otherwise noted, figures include bachelor's degree completers at public or private nonprofit four-year institutions only.

³ Graduates from these institutions accounted for 40 percent of the state's total bachelor's degree recipients.

That South Dakota is depicted as having the second-highest rate of graduate debt in the nation is unsettling. Table 2 provides historical perspective on these measures, showing average debt load, debt rate, and respective state ranks, as summarized in each edition of the TICAS annual report.⁴ These data indicate that South Dakota persistently has been identified as a high-debt state. Not surprisingly, these unwelcome outcomes likely owe in part to the state’s historic lack of a robust need-based scholarship program.

Table 2
South Dakota Student Debt by Cohort

Cohort	Average Debt	National Rank	Percent with Debt	National Rank
2005	\$19,939	8	78	1
2006	\$21,446	11	83	1
2007	\$22,730	10	85	1
2008	\$22,636	17	83	1
2009	\$23,581	17	78	1
2010	\$23,171	25	75	1
2011	\$24,232	25	76	2
2012	\$25,121	28	78	1
2013	\$25,750	29	72	2
2014	\$26,023	31	69	6
2015	\$29,364	17	73	2
2016	\$31,362	7	75	2
2017	\$31,275	12	74	1
2018	\$31,895	11	72	2

Note: For both “rank” columns, high values are preferred to low values.

Figures 1 and 2 (next page) provide debt trends for two institutional sectors in South Dakota: public four-year institutions and private (nonprofit) four-year institutions.⁵ It can be seen that – even after adjusting for inflation – the state’s public four-year sector has seen a pattern of increasing student debt loads over time. This sector also has supplanted the private nonprofit sector as the higher (of these two sectors) with respect to “percent with debt” rates.

Note that data for public four-year institutions in South Dakota were not reported by TICAS in 2015-16 due to insufficient data. To maintain chart continuity, 2014-15 values are carried forward to 2015-16 in all four graphs shown below.

⁴ TICAS cautions against comparing year-to-year figures directly, as institutional comparison groups or methodological technicalities may change from year to year. Figures are presented here simply to highlight the state’s relative performance in each of TICAS’s annual reports. Average debt figures shown in Table 2 are not adjusted for inflation.

⁵ All data presented in the following charts were generated from queries of the TICAS data system, accessible at <http://college-insight.org/#explore/go>. All average debt values shown in the following graphs are displayed in constant 2018 dollars.

Figure 1
Average Debt by Cohort, South Dakota (Inflation-Adjusted)

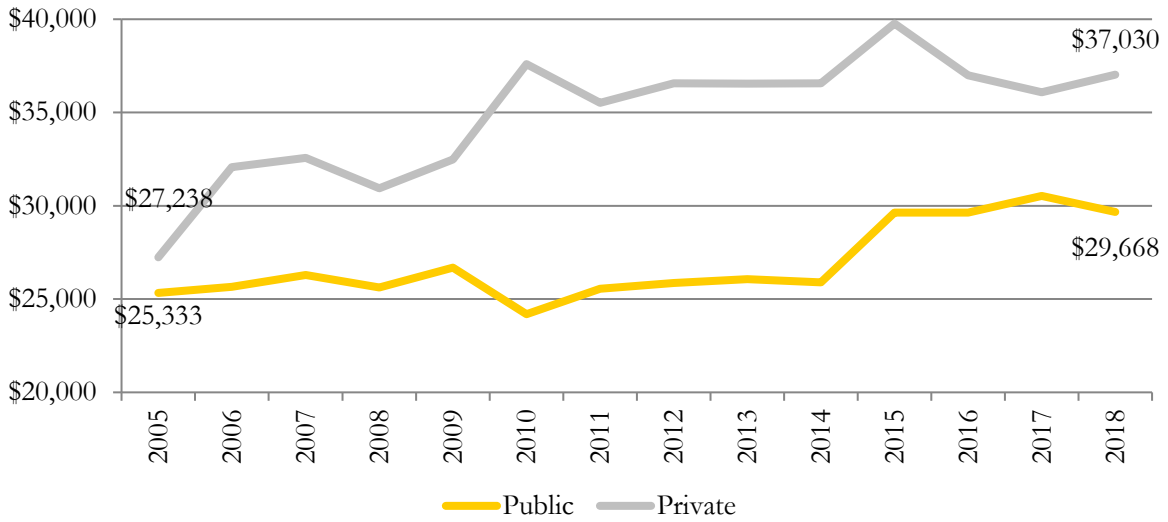
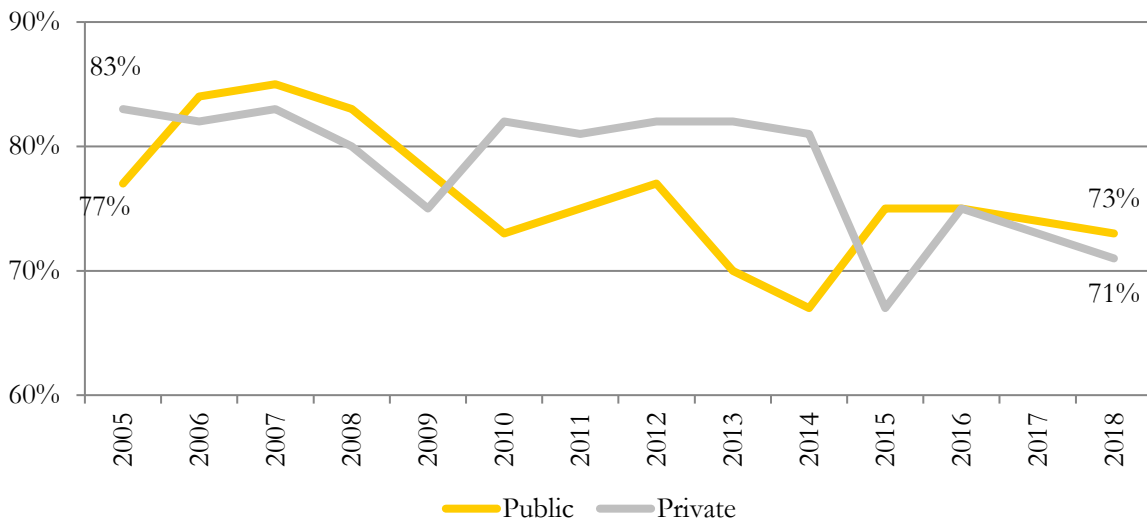


Figure 2
Percent with Debt by Cohort, South Dakota



Figures 3 and 4 provide historical data from public four-year institutions in other states.⁶ Figure 3 indicates that South Dakota now stands as the highest-debt state among all regional neighbors. Similarly, Figure 4 is suggestive of a continued high rate of debt among South Dakota graduates in comparison with graduates from neighboring states.

⁶ Values for North Dakota are not shown due to a lack of reported data in recent years.

Figure 3
Average Debt by Cohort, Public Four-Year Institutions (Inflation-Adjusted)

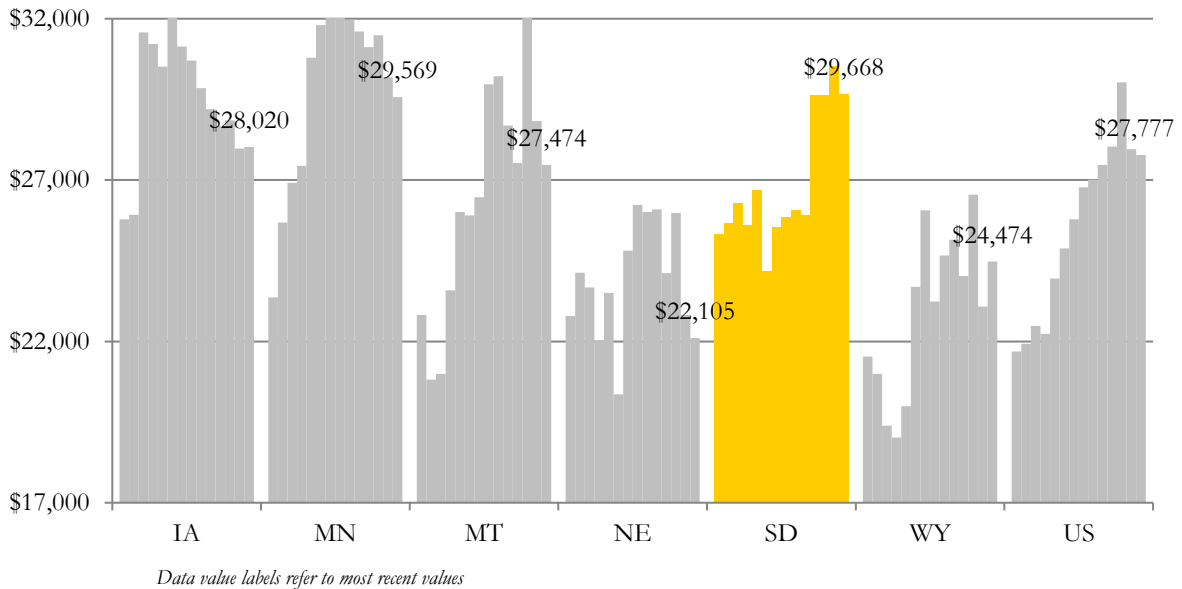
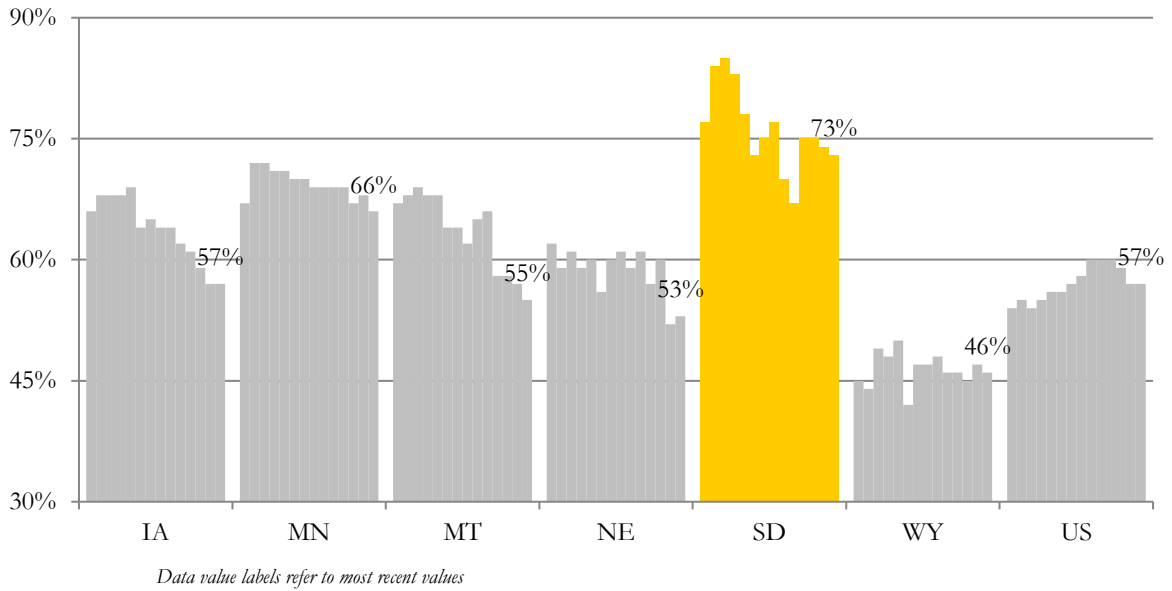


Figure 4
Percent with Debt by Cohort, Public Four-Year Institutions





*** 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 FY2016 national cohort (those students entering repayment during FY2016) generated a three-year loan default rate of 9.6 percent, compared to a rate of 10.1 percent recorded by the FY2015 cohort.⁷

The FY2016 three-year default rate for all South Dakota colleges and universities was 10.5 percent (down from 12.7 percent last year), ranking 34th lowest among all US states (MA was lowest, at 5.7 percent; NV was highest, at 18.6 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, SDSMT generated the lowest average default rate (4.2 percent), followed by SDSU (4.6 percent), USD (5.1 percent), DSU (7.0 percent), BHSU (8.7 percent), and NSU (8.8 percent).

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

Institution Type	2014	2015	2016	3-Year Avg.
Private	6.5	5.3	4.2	5.4
Proprietary	23.7	23.3	19.7	22.2
Regental	6.1	6.1	5.4	5.9
Technical	13.4	11.6	9.3	11.4
All Types	13.4	12.7	10.5	12.2

Table 2 shows additional default data in three-year average format. South Dakota's average default rate across the 2014-2016 cohorts was 12.2 percent; this was somewhat higher than the analogous national average of 10.2 percent. After segmenting these results by institutional type, it can be seen that the state's public institutions generated the lowest default rate across all sectors, ranking 4th lowest in the nation in this category.

Table 2
Postsecondary Loan Default Rates, 2014-2016 Three-Year Averages
(Percentages)

	All Types	Public	Private	Proprietary
South Dakota	12.2	7.3	5.4	22.2
United States	10.2	10.4	6.9	13.6
SD State Rank	40 th	4 th	18 th	49 th

⁷ 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.