

SOUTH DAKOTA BOARD OF REGENTS

Academic and Student Affairs
Consent

AGENDA ITEM: 5 – Z
DATE: December 9-10, 2020

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 was recently 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 October 2020, 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 2019 indicate that 55 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 2019, these figures were approximately 74 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 presented in the TICAS report.

Analysis

It is important to note that the data presented 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 six institutions: DSU, NSU, SDSU, USD, Augustana University, 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:	\$31,653
National rank:	12 th highest
Percent of graduates with debt:	74%
National rank:	1 st highest (<i>tied</i>)

¹ The TICAS *Class of 2019* report is available at <https://ticas.org/affordability-2/student-aid/student-debt-student-aid/student-debt-and-the-class-of-2019>. 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 76 percent of the state's total bachelor's degree recipients.

That South Dakota is depicted as having the 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
2019	\$31,653	12	74	1

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 2019 dollars.

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

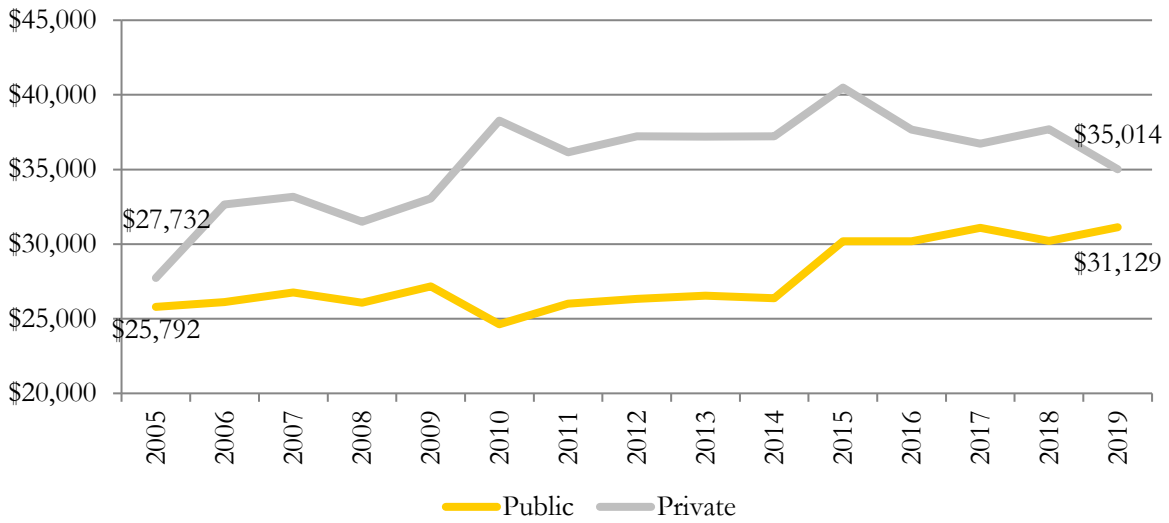
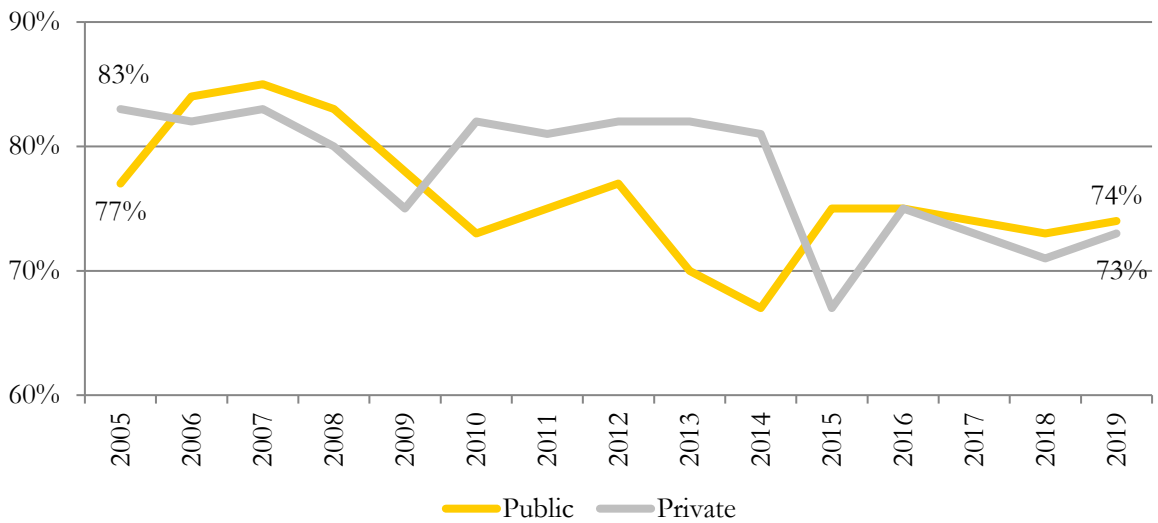


Figure 2
Percent with Debt by Cohort, South Dakota



Figures 3 and 4 provide historical data for public four-year institutions in other states.⁶ Figure 3 indicates not only that South Dakota’s most recent average debt figure exceeds those of most neighboring states, but also that South Dakota’s debt figure continues to trend upward, counter to most neighboring states. Similarly, Figure 4 shows that graduate debt is far more prevalent in South Dakota than in any other state in the region, both now and in the past. All in all, both charts signal points of competitive disadvantage for South Dakota in comparison with regional neighbors.

⁶ Some values for North Dakota are not shown due to a lack of reported data.

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

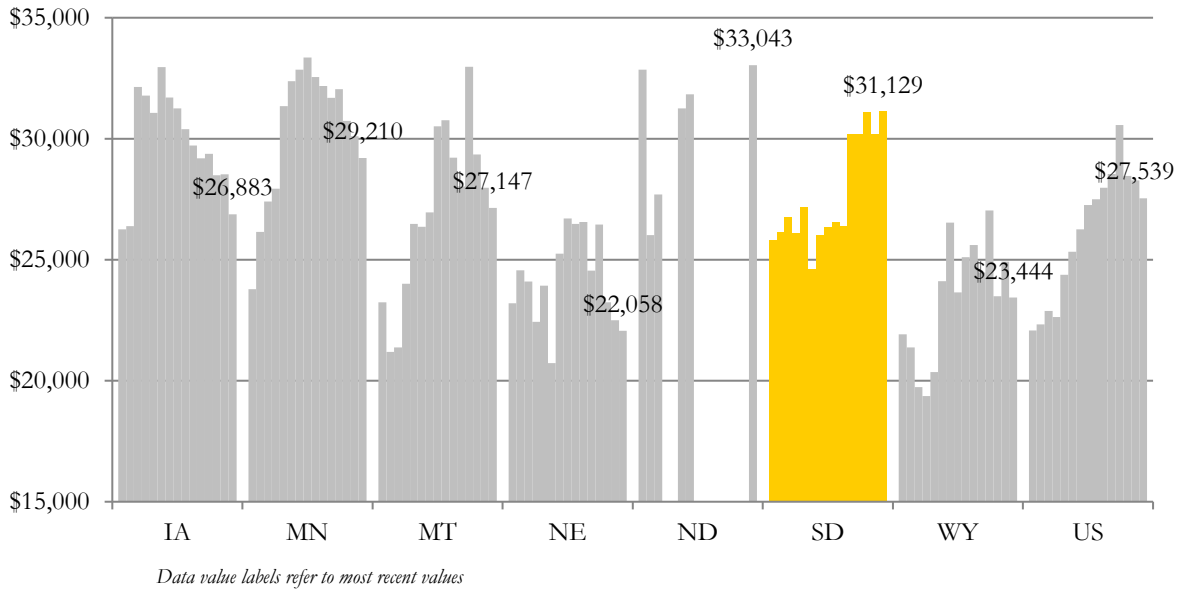
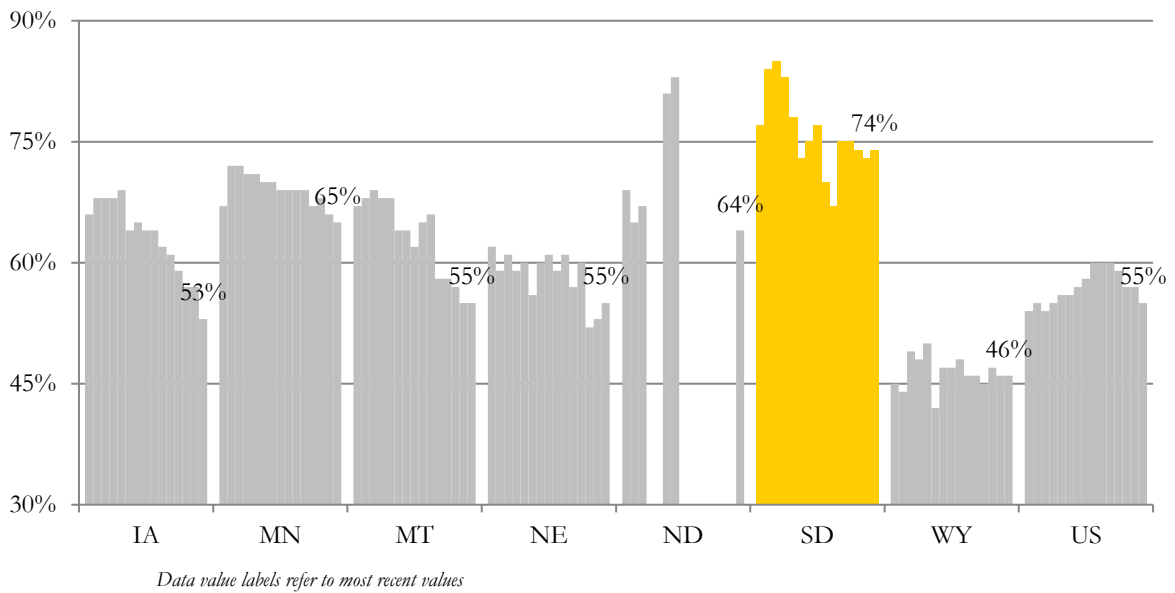


Figure 4
Percent with Debt by Cohort, Public Four-Year Institutions





*** 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 FY2017 national cohort (those students entering repayment during FY2017) generated a three-year loan default rate of 9.3 percent, compared to a rate of 9.5 percent recorded by the FY2016 cohort.⁷

The FY2017 three-year default rate for all South Dakota colleges and universities was 9.7 percent (down from 10.5 percent last year), ranking 27th lowest among all US states (MA was lowest, at 5.8 percent; MS was highest, at 15.2 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 (4.4 percent), USD (5.0 percent), DSU (7.0 percent), NSU (7.8 percent), and BHSU (8.6 percent).

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

Institution Type	2015	2016	2017	3-Year Avg.
Private	5.3	4.2	4.8	4.8
Proprietary	23.3	19.7	19.0	20.7
Regental	6.1	5.4	5.2	5.6
Technical	11.6	9.3	8.9	9.9
All Types	12.7	10.5	9.7	11.0

Table 2 shows additional default data in three-year average format. South Dakota's average default rate across the 2015-2017 cohorts was 11.0 percent; this was somewhat higher than the analogous national average of 9.6 percent. But 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, 2015-2017 Three-Year Averages
(Percentages)

	All Types	Public	Private	Proprietary
South Dakota	11.0	6.7	4.8	20.7
United States	9.6	9.7	6.7	13.1
SD State Rank	37 th	4 th	15 th	48 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.