

Repayment Rates: What IR Professionals Need to Know and Why It Matters

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Presentation Overview

- Policy background of repayment rates
- IHEP's report *Making Sense of Student Loan Outcomes*
- Ivy Tech Community College
- Stony Brook University

Why repayment rates?

- Increased policy attention:
 - Gainful Employment
 - Higher Education Affordability Act of 2014
 - Student Protection and Success Act of 2015
 - Other accountability proposals
 - College Scorecard
- Public attention to student debt
- CDR critiques

What is a repayment rate?

$$RR = \frac{\text{Borrowers or Dollars In Repayment}}{\text{Borrowers or Dollars Entering Repayment}}$$

“In repayment” typically defined as reducing loan principal by at least \$1.

Project Background

- Primer on repayment rates
- Institutional data analysis
- Expert convening
- Compiled recommendations: “Making Sense of Student Loan Outcomes”

Making Sense of Student Loan Outcomes

- Report makes 11 recommendations in four categories:
 - Principles for using repayment rates
 - Calculating repayment rates
 - Setting high and attainable performance standards for repayment rates
 - Recommendations for the Department of Education to make repayment data more usable

Making Sense of Student Loan Outcomes

- Three principles for using repayment rates:
 - Repayment rates are a **measure of student and taxpayer protection**, not a measure of academic quality.
 - Policymakers and institutions **should disaggregate** repayment rates.
 - Offices within institutions should **collaborate** with each other to use repayment rate data to better serve their students.

Making Sense of Student Loan Outcomes

- Three recommendations for setting high and attainable performance standards:
 - Successful repayment is **more than a \$1 reduction in principal**.
 - Policymakers should use repayment **rates to supplement, but not replace**, CDRs as an accountability measure.
 - Policymakers should **hold servicers accountable** for repayment rate performance.

Making Sense of Student Loan Outcomes

Table 7: Borrower-Based Repayment Rates by Institution for Income-Driven and Non-Income-Driven Repayment Plan Enrollees

Institution Type	Repayment Rates for Borrowers in IDR Plans	Repayment Rates for Borrowers in Non-IDR Plans
Public community college system	18%	36%
Public four-year HBCU	38%	53%
Public four-year non-HBCU	42%	78%
Private four-year	57%	91%

Source: IHEP analysis of participant institution data submission, October 2015.

Note: Historically Black Colleges and Universities (HBCU)

Making Sense of Student Loan Outcomes

- Recommendation for ED
 - The Office of Federal Student Aid should **improve student loan reports available** to the public and to institutions.
 - Need for complete student-level data.
 - Diminishes the ability of the institution to use and disaggregate these data to make meaningful campus change.

Moving Forward

- Continued policy attention:
 - Negotiated Rulemaking for Higher Education 2015-16
 - Risk-sharing
 - Higher Education Act Reauthorization
- Additional research



Stony Brook University

Stony Brook University

Braden J. Hosch
Asst. Vice President, Institutional
Research, Planning & Effectiveness



OVERVIEW

Institutional Profile

Findings and Analysis

Potential Institutional Uses

Implications



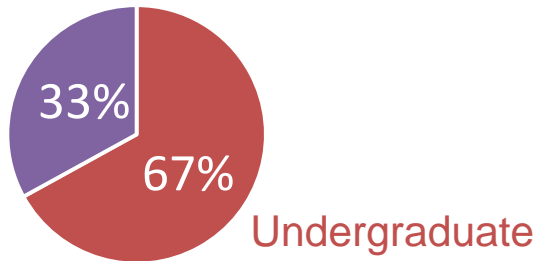
INSTITUTIONAL PROFILE

Students:

25,272

Fall headcount

Graduate



Institution:

Carnegie: Doctoral, Highest Research Activity

Public AAU

Undergraduate Profile

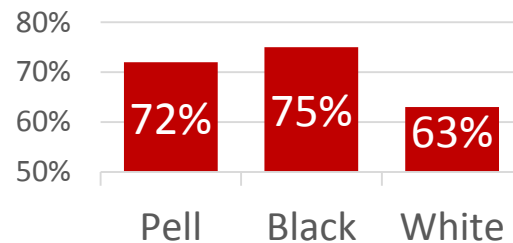
1253

avg. SAT



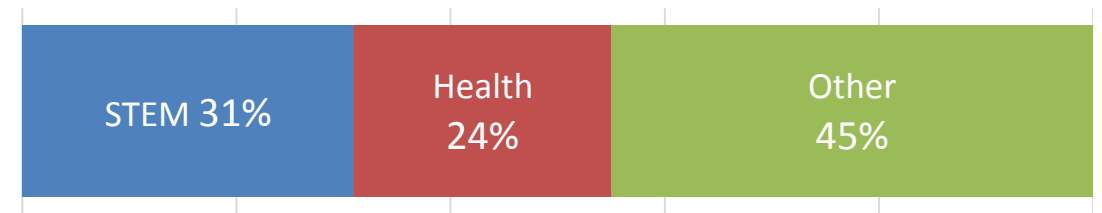
33% Pell Recipients

68% 6-yr grad rate



Program Profile

6,712 Completions 2014-15



Employees:

14,349, including hospital

2,617 faculty

Finance:

2.5 billion USD annual budget

220 million USD research exp.



REPAYMENT RATES

Considerations

- Entering repayment FY11 and FY 12
- Undergraduates only
- Exclusion of FY15 deferments
- Federal loans, excluding Perkins, Parent PLUS, TEACH
- Loans paid through consolidation ≠ repayment
 - Added complexity because of graduate/other borrowing

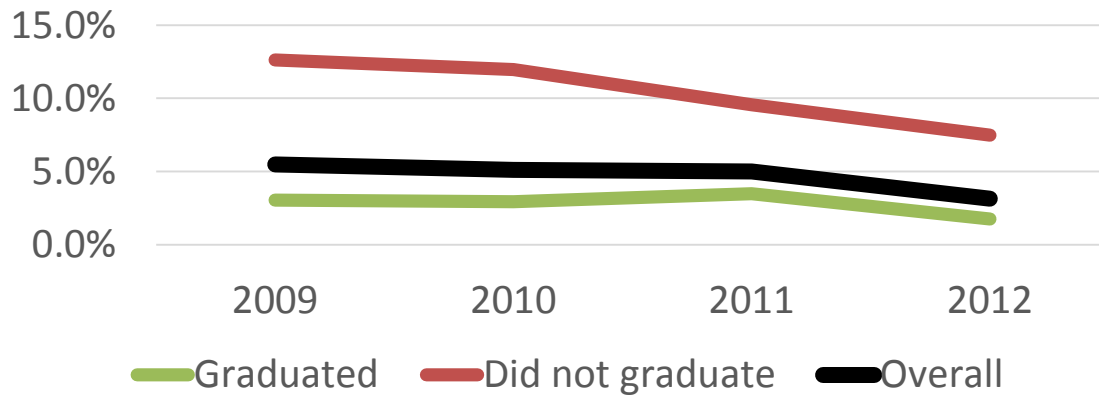
Profile

Borrowers (N)	5,251
Completed degrees	72%
Women	50%
UR minorities	
Pell grant recipients	

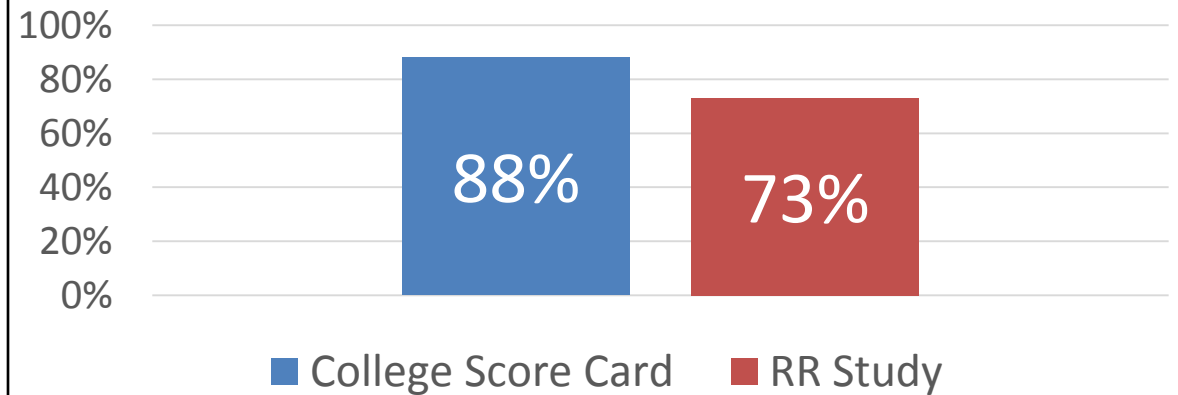


POST-GRADUATION DEBT METRICS

Cohort Default Rate



Repayment Rates



Average Debt

\$20,408

Federal loans

\$23,592

All loans

Common Data Set-Undergraduate Completers

Average Federal Borrowing

(excludes deferments & consolidations)

\$10,346

Non-Completers

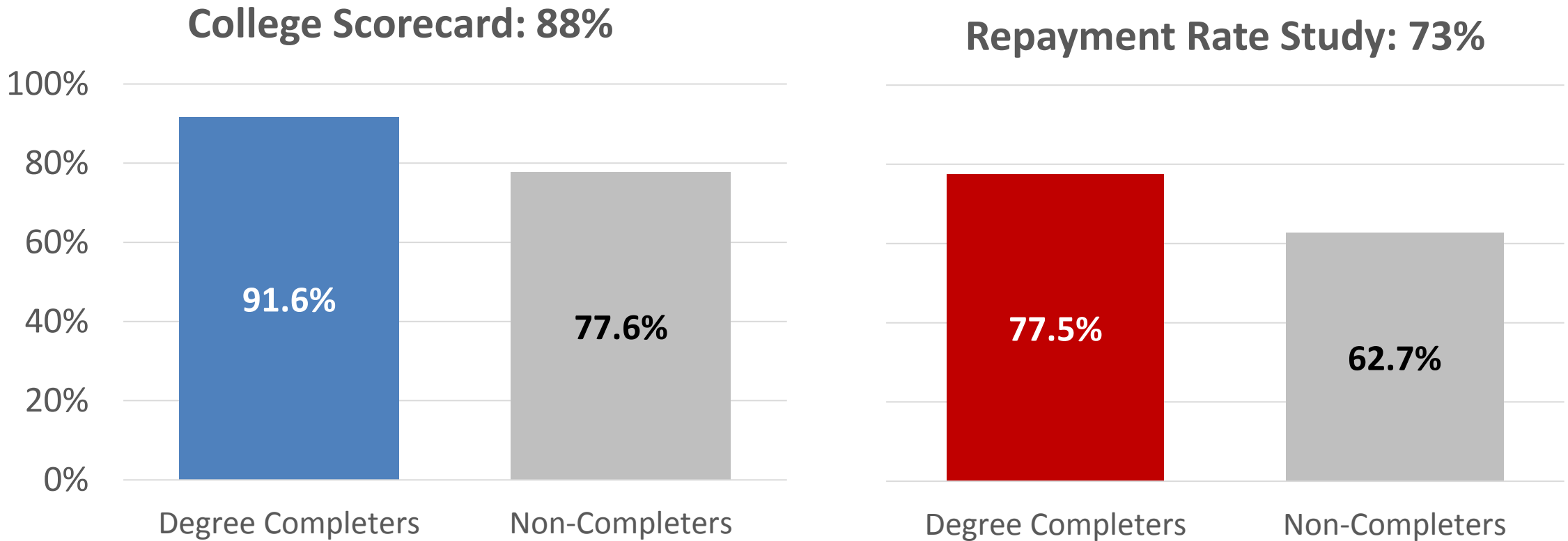
\$16,433

Completers

RR Study

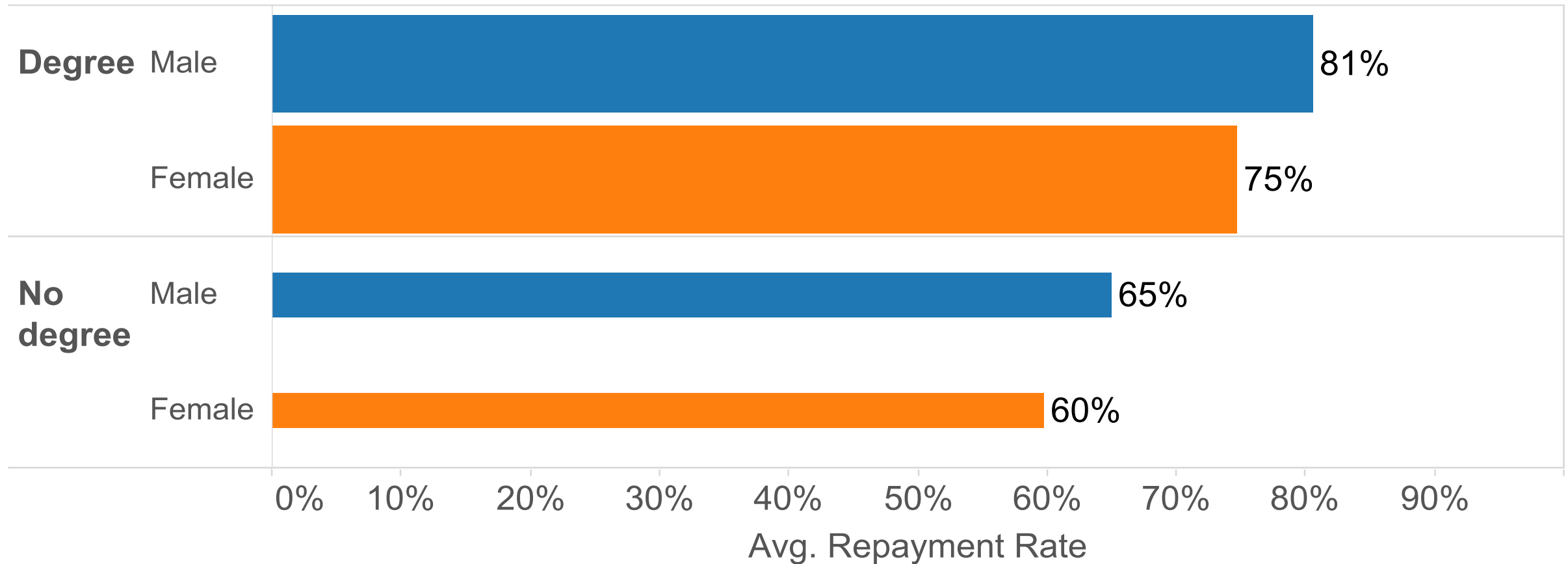


DEGREE COMPLETION ASSOCIATED WITH HIGHER REPAYMENT RATES



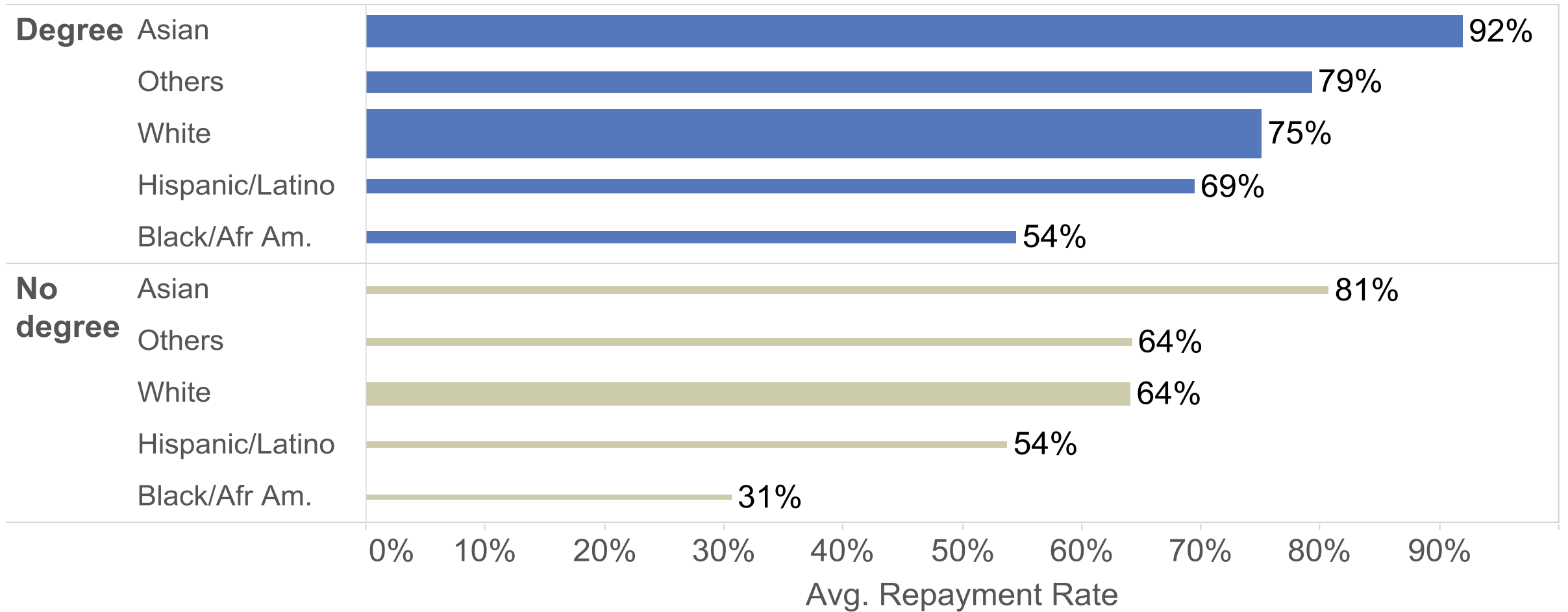


BORROWER BASED REPAYMENT RATE BY GENDER



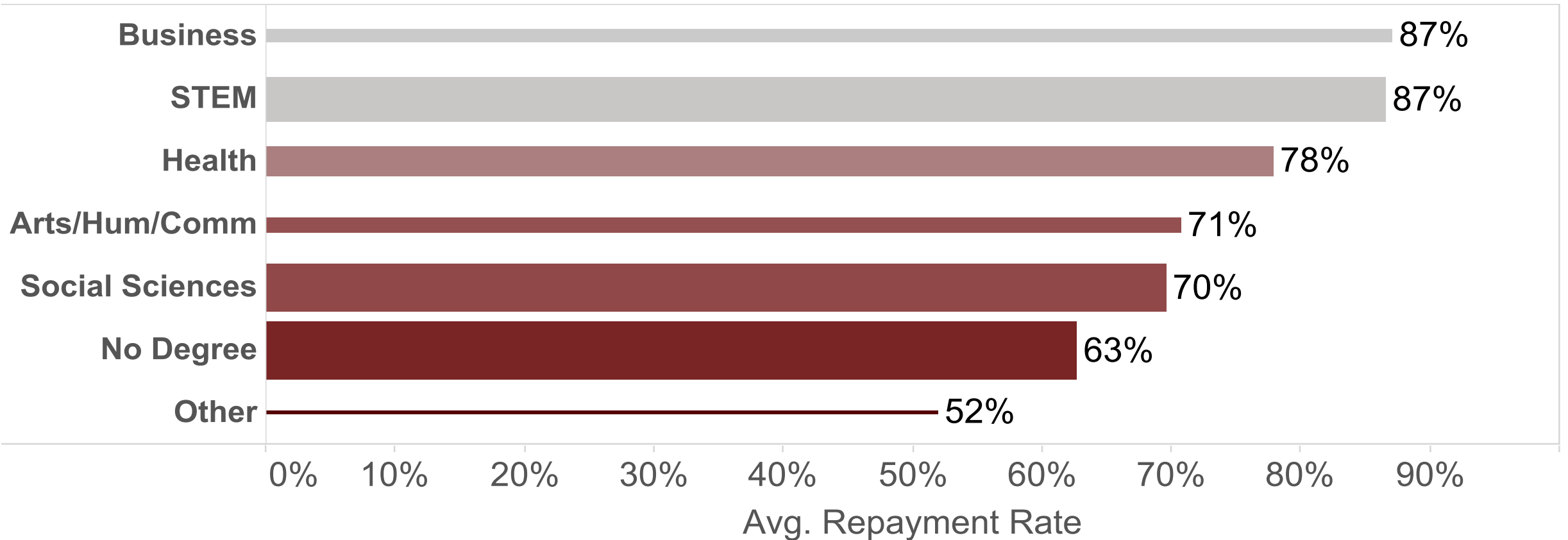


BORROWER BASED REPAYMENT RATE BY RACE/ETHNICITY



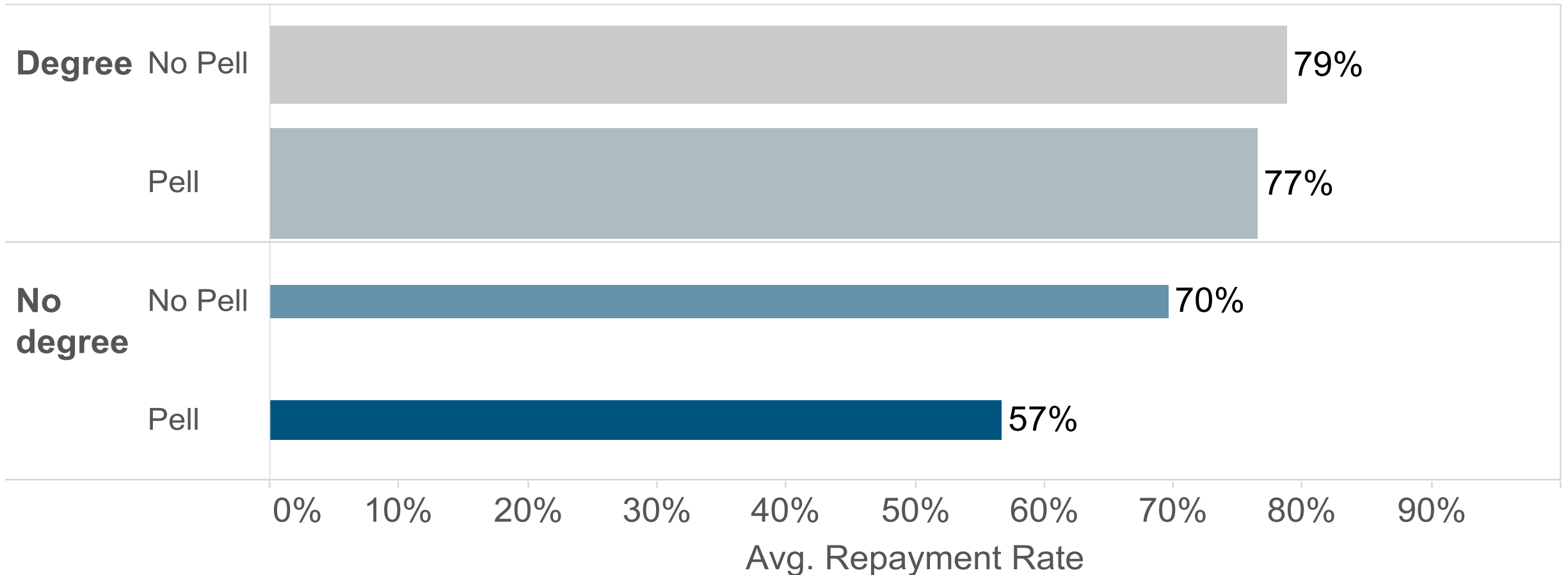


HIGHER REPAYMENT RATES ASSOCIATED WITH HIGHER PAYING FIELDS OF STUDY



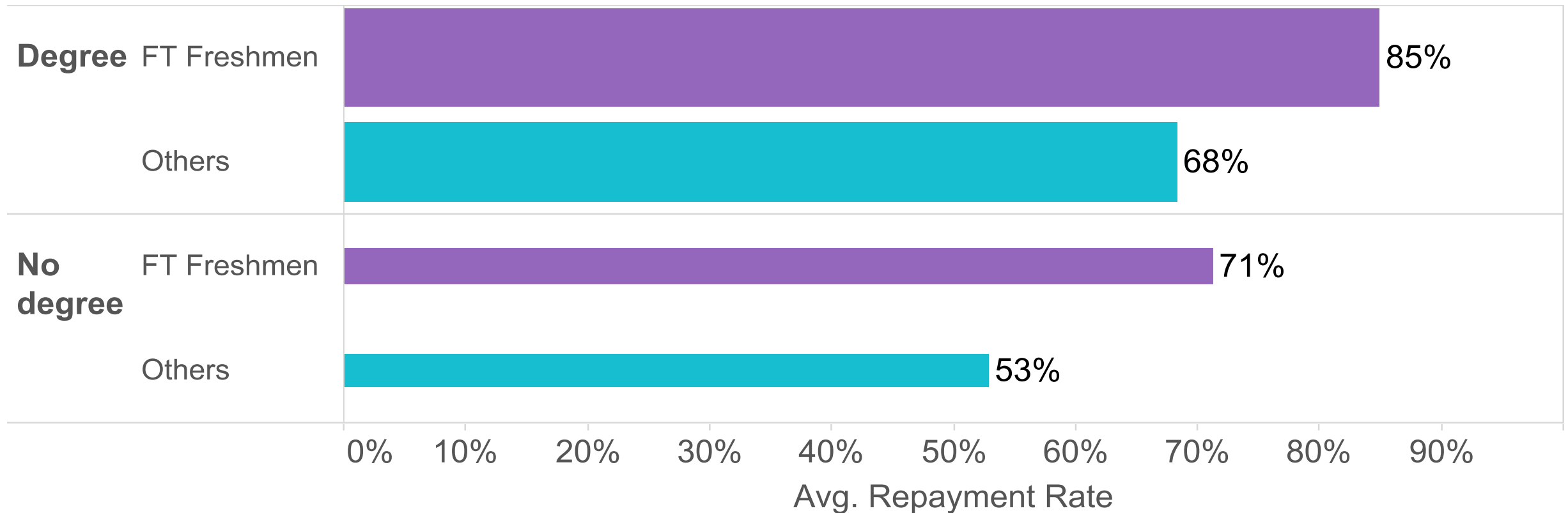


GAPS IN REPAYMENT RATES AMONG PELL GRANT RECIPIENTS OBSERVED AMONG NON-COMPLETERS





FT FRESHMAN ENTRANTS EXHIBITED HIGHER REPAYMENT RATES





POTENTIAL INSTITUTIONAL USES

Current practice

Future practice

Default prevention

Debt reduction

General financial literacy efforts

Efforts targeted to selected populations

Financial literacy in Financial Aid silo

Partnerships (academic / career advising, etc.)



IMPLICATIONS

Factors Related to Repayment

- Degree completion
- Demographics
- Field of study (earnings potential)
- Socioeconomics
- Personal approach to money management (?)

Institutional Considerations

- Prefer higher rates (federal w/o consolidation adjustment)
- Management of rates based on components of rates could have harmful side effects

Policy considerations

- Better measure of progress in debt retirement
- Not an institutional effectiveness metric
- Harmful side effects of managing rates



- Usefulness dependent on proper accounting of consolidated loans
- Consolidated loans inclusive of all institutions attended
- Never the same two days in a row
- Lots of lingo and codes
(Seriously, you will need to bring donuts for the Financial Aid staff!)

Ivy Tech Community College of Indiana

Rachel Dykstra Boon
Assistant Vice President for Student Success
May 2016



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College Scorecard

[< BACK TO SEARCH RESULTS](#)

[SHARE THIS SCHOOL](#)

Ivy Tech Community College

Indianapolis, IN
87,017 undergraduate students
ivytech.edu

 **2**
Year
  **Public**
 **City**
 **Large**



Average Annual Cost

Graduation Rate

Salary After Attending



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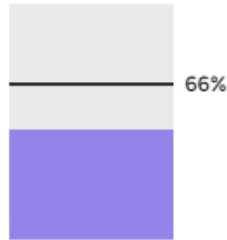
Costs



Financial Aid & Debt



Students Paying Down Their Debt



47%

↓ LOWER THAN AVERAGE

☐ National Average

Students Receiving Federal Loans



40%

At some schools where few students borrow federal loans, the typical undergraduate may leave school with \$0 in debt.

Typical Total Debt



\$14,000

For undergraduate borrowers who complete college

Typical Monthly Loan Payment



\$155/mo

Get Help Paying for College

Submit a free application for Federal Student Aid. You may be eligible to receive federal grants or loans.

START MY APPLICATION

14 ppt gap with published College Scorecard data



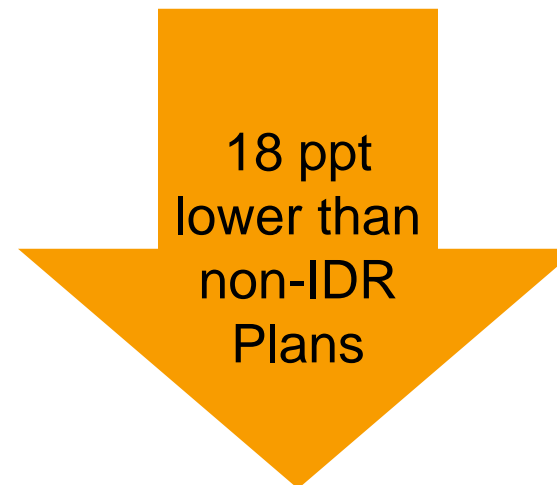
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Borrower-based Repayment Comparisons

Credential Completers

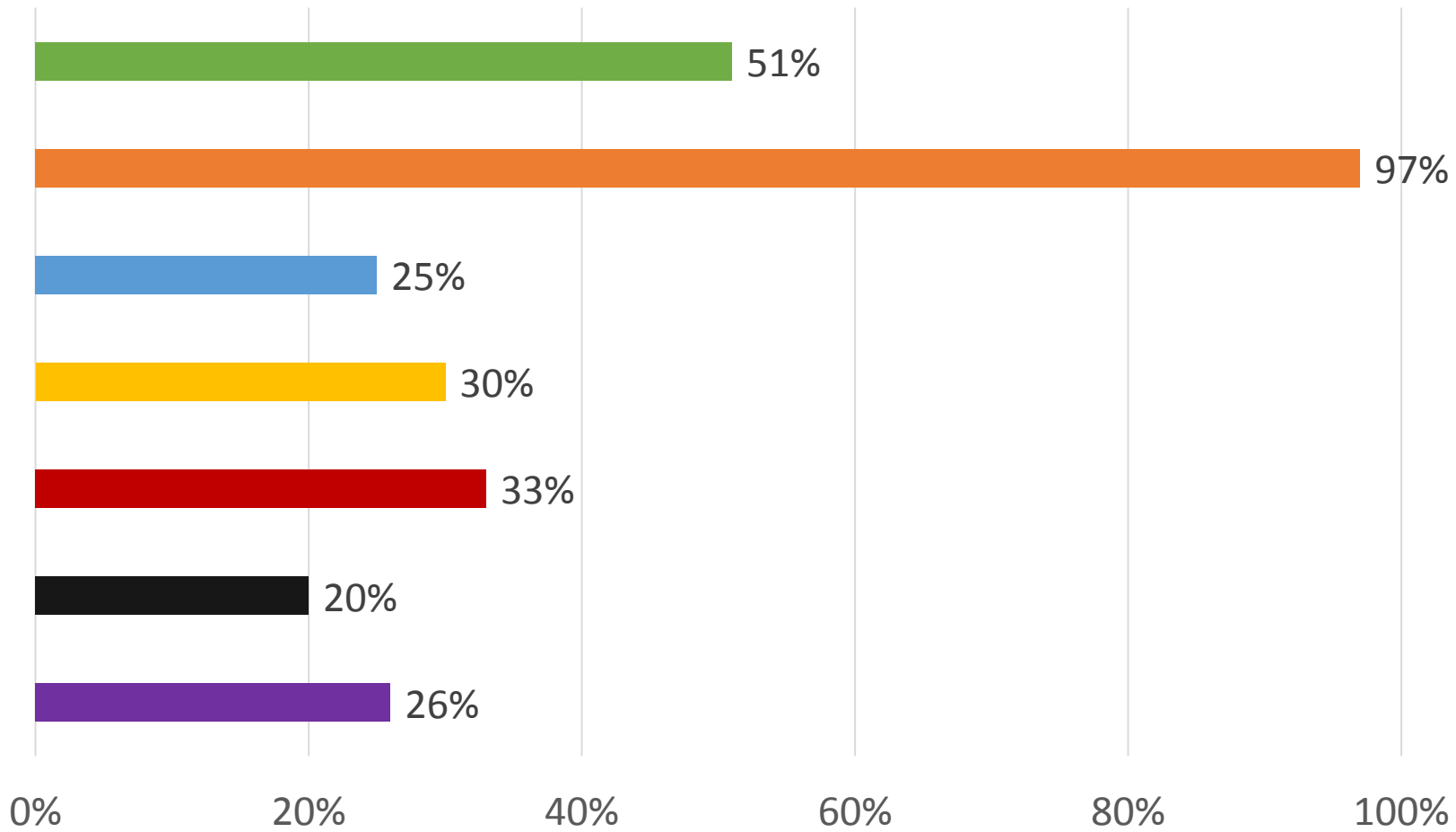


Income-Driven
Repayment Plan



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Repayment Rates by Loan Servicer*

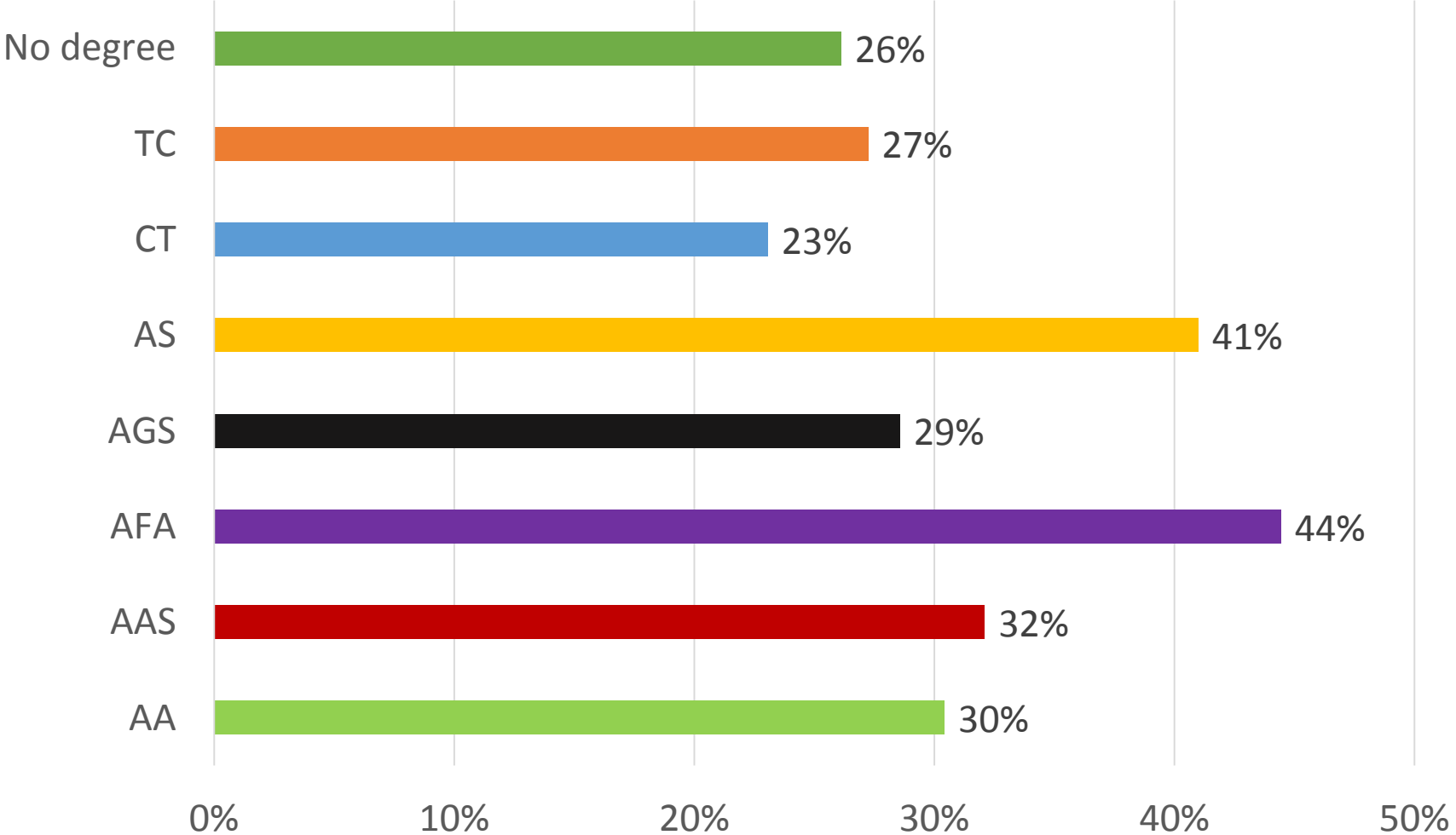


*Showing only those servicing more than 1000 borrowers



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Repayment Rates by Degree Type



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Decisions to Make in Using Repayment Rates

*College Scorecard or own analysis of
NSLDS records?*



Both



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Decisions to Make in Using Repayment Rates

Who should be on the cross-functional team assessing and acting on the repayment rate information?

Institutional Research, Financial
Aid, President, Provost, and
Student Affairs



Decisions to Make in Using Repayment Rates

*Which disaggregations are meaningful?
Which are operationally useful?*

Varies by institution



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Caveats for Working with the Data

- Usefulness dependent on proper accounting of consolidated loans
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Thank you!

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- Amanda Janice: ajanice@ihep.org