



For Immediate Release
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New TG study confirms, expands previous findings on student loan default at Texas A&M University

ROUND ROCK, TEXAS – TG has published an update to its 2002 study of borrower characteristics and correlations to student loan default. Based on the original sample of 12,776 undergraduate student borrowers from Texas A&M University at College Station, the new study provides a more in-depth examination of the variables that relate to a borrower’s likelihood of successful student loan repayment.

The latest research confirms that a student’s success in college – as measured by grade point average, number of hours failed, and graduation status – can be a significant indicator of whether he or she will succeed in repaying student loans. Generally, the more academically successful the student borrower is, the less likely he or she is to default.

“TG has helped us define and isolate the issues that are the strongest indicators of potential for default,” said Arnold Trejo, assistant provost and executive director of student financial aid for Texas A&M University. “This information will not only help A&M maintain its historically low cohort default rate, it will help us target the students who need the most attention and ensure their success after college.”

The in-depth research methods used in the follow-up study were able to quantify that a number of background variables have significant relationships to default. A few of the new findings include the following:

- Borrowers who leave Texas A&M – College Station with a grade point average of 2.0 or less have a likelihood of default that is at least 10 percentage points higher than borrowers who leave school with GPAs of more than 3.0.
- Borrowers who do not receive in-person exit counseling have a probability of default that is eight percentage points higher than borrowers who do receive it.
- Texas A&M borrowers who are at least 34 years of age at the time of entering repayment on student loans have a probability of default that is 14 percentage points higher than borrowers who enter repayment when they are 21 or 22 years old.

“As we noted when the initial study was conducted, this is good news for the federal student loan programs,” said Matt Steiner, TG’s principal researcher for the study. “Since these programs operate on the assumption that students who finance their educations will be making worthwhile investments, it’s gratifying to confirm that this is the case, particularly when students succeed in their programs of study.”

The study is available in portable document format (PDF) from TG’s Web site at www.tgslc.org, under “TG Publications.”

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TG is a public, nonprofit corporation that helps create access to higher education for millions of families and students through its role as an administrator of the Federal Family Education Loan Program (FFELP). Its vision is to be the premier source of information, financing, and assistance to help all families and students realize their educational and career dreams. Additional information about TG can be found online at www.tgslc.org. This press release can be downloaded from www.tgslc.org/newsroom/.