



For Immediate Release

Contact: Kristin Boyer
(512) 219-4990
(800) 252-9743, ext. 4990
kristin.boyer@tgslc.org

TG study examines student loan default at the University of South Florida

ROUND ROCK, TEXAS – TG has published a new study on student loan default behavior. Based on a sample of 17,036 undergraduate student borrowers from the University of South Florida (USF), the study provides an in-depth examination of the variables that relate to a borrower’s likelihood of successful student loan repayment.

The latest research confirms TG’s earlier findings at Texas A&M University that a student’s success in college – as measured by graduation status, number of hours failed, and grade point average – can be a significant indicator of whether he or she will succeed in repaying student loans.

“By identifying USF students who are most likely to default, TG’s study allows us to strategically direct efforts and effectively target resources toward at-risk students for intervention,” said Leonard Gude, director of financial aid for USF.

The USF undergraduate borrowers in the study had an overall default rate of 4.5 percent, and the findings reflect a change relative to this average. In-depth research methods used in the study revealed that a number of variables have significant relationships to default. A few of the significant findings include the following:

- Graduation is a key indicator of a student’s likelihood of successful student loan repayment. USF borrowers who graduate are three percentage points less likely to default than those who do not graduate.
- Tracking the number of hours a student fails can provide an early alert to problems that may lead to an increased likelihood of student loan default. USF borrowers’ likelihood of default gains four percentage points when they fail between two and nine course hours, and increases nine percentage points when 10 or more hours are failed.
- Success in college coursework correlates to a student’s ability to repay his or her loans successfully. In fact, USF students who have a grade point average (GPA) of less than 2.0 have a risk of default that is three percentage points higher than students who have a GPA between 3.0 and 4.0.

“We feel that the study provides USF with performance measures – especially number of hours failed and GPA – that can serve as an early warning of potential repayment difficulties,” said Matt Steiner, TG’s principal researcher for the study. “It’s also rewarding to apply research to the goal of helping institutions understand borrower behavior so that they can develop default prevention strategies that will benefit their students and the loan programs as a whole.”

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

-30-

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/.