



**For Immediate Release**  
August 31, 2005

Contact: Kristin Boyer  
(512) 219-4990  
[kristin.boyer@tgslc.org](mailto:kristin.boyer@tgslc.org)

## **TG study examines student loan default at Texas A&M University - Kingsville**

ROUND ROCK, TEXAS – TG’s most recent study of student loan default samples 5,177 undergraduate student borrowers from Texas A&M University-Kingsville (TAMU-K) who entered repayment on their student loans between Oct. 1, 1998 and Sept. 30, 2002. The study analyzes the effects of individual student and family characteristics on a borrower’s probability of default.

As with TG’s three prior default studies, the TAMU-K research confirms that a student’s success in college – as measured by characteristics such as grade point average, graduation status, and the highest grade level achieved – is a significant indicator of whether he or she will successfully repay his or her student loans.

“TAMU-Kingsville has made significant progress over the past decade in lowering our cohort default rate,” said Roel Villarreal, director of financial aid. “However, we are continually looking for ways to identify students earlier and to provide campus programs and resources that could help ensure their successful transition to student loan repayment. TG’s research will help us focus our efforts and resources to have the greatest impact on reducing the risk of student loan default on our campus.”

The statistical research methods used in the study were able to quantify that a number of variables have significant relationships to default behavior for the TAMU-K borrowers studied. A few of the significant findings include the following:

- Grade point average is strongly related to whether or not a borrower defaults on his or her loan after leaving TAMU-K. Borrowers with a GPA of 3.0 or higher have a likelihood of default that is at least 10 percentage points lower than those who leave TAMU-K with a GPA of 2.5 or less.

- Exit counseling plays a significant role in decreasing the likelihood of default. Borrowers who received exit counseling were almost twice as likely to be successful in their student loan repayment.
- Graduation is a key indicator of a student's likelihood of successful student loan repayment. TAMU-K borrowers who graduate are six percentage points less likely to default than those who do not graduate.

“Performing this study for TAMU-K was especially rewarding,” said Sandra Barone, TG’s principal researcher for the study. “This research suggests that new policies at TAMU-K, such as requiring in-person exit counseling and giving presentations on student loan repayment in all freshman classes, will have an impact on TAMU-K’s default rate. The study also highlights the fact that TAMU-K’s campus-wide approach to default aversion, focusing on increasing overall retention and graduation rates, is an effective way to reduce student loan defaults, with benefits for the students, the school and the loan program itself.”

The study is available in portable document format (PDF) from [www.tgslc.org](http://www.tgslc.org), under “TG Publications.”