



A Division of:



ADHE Annual Trustees Conference

Fall 2018

# Arkansas Student Loan Authority

A Division of the  
Arkansas  
Development  
Finance Authority



State Government Agency



Established in 1977



Originated and Purchased  
Federal Student Loans until 2010



Originated or purchased over \$1  
Billion in Federal Loans



College Planning & Default  
Prevention Services



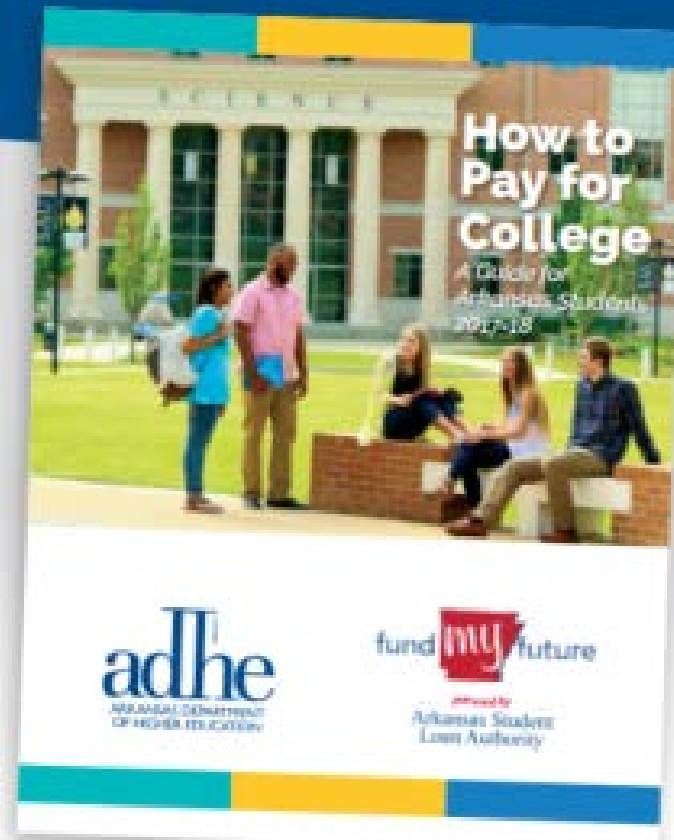
Will begin making non-federal  
student loans in January 2019

# \$20,000 a year for college?

\*Approximate annual cost to attend a  
4-year Arkansas University

Arkansas' source for  
scholarship & financial  
aid information.

Contact your high school counselor or  
email us at [fundmyfuture@asia.info](mailto:fundmyfuture@asia.info)  
for your copy.



# IS HIGHER EDUCATION WORTH THE PRICE?

**37%** of graduates surveyed regret attending college due to their student loan debt

**49%** of graduates surveyed believe they could have succeeded without a college degree

Forbes, August 9, 2016



# STUDENT LOANS: TAKE IN MODERATION



## SIDE EFFECTS

Excessive dosage may cause:

- Financial despair
- Loss of sleep
- Poor credit rating (inability to purchase a home, auto, etc.)

### WARNING:

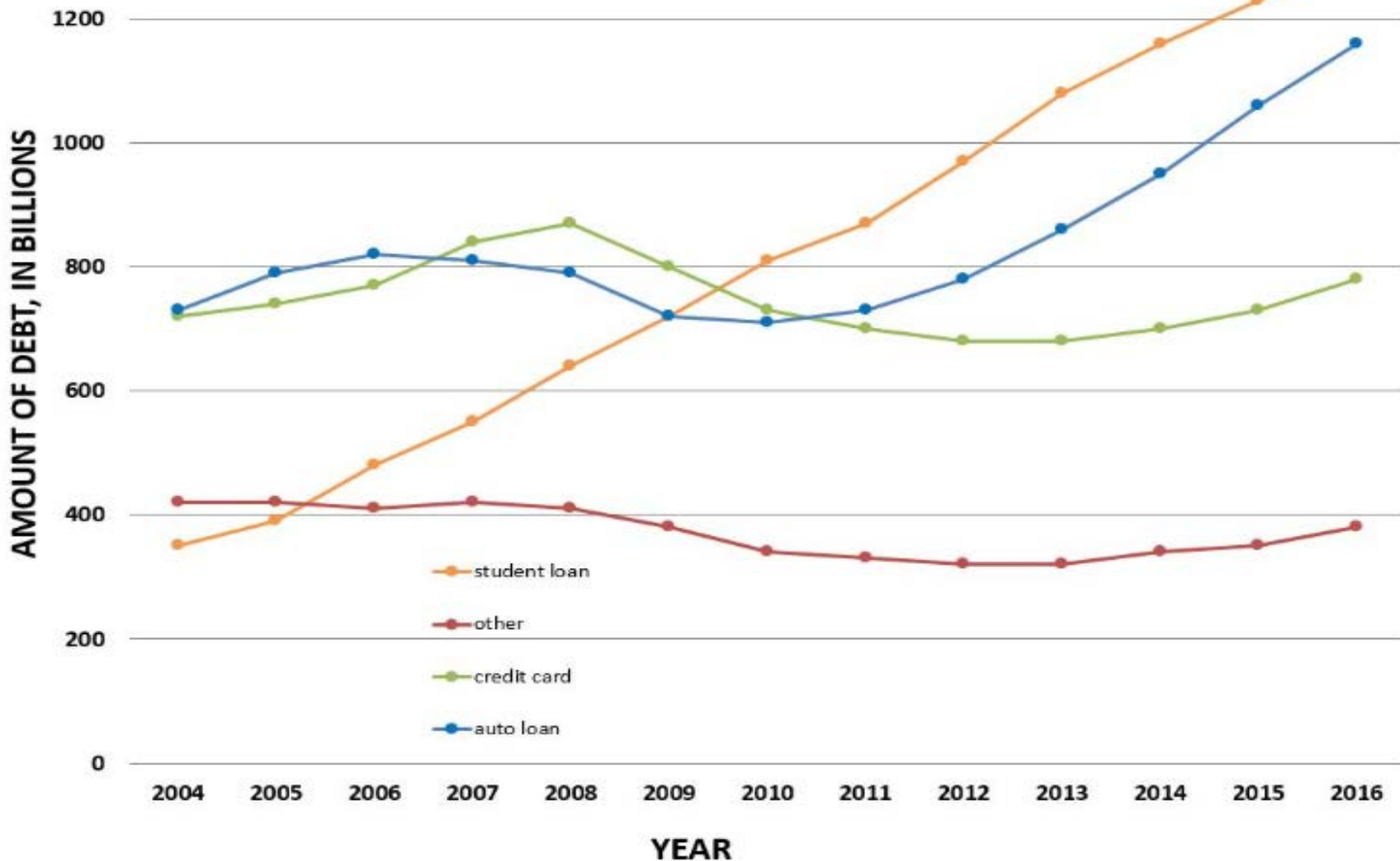
You should never pay to receive help with your financial aid or student loans.

Message sponsored by:  
Arkansas Association of Student Financial Aid Administrators  
Arkansas Student Loan Authority

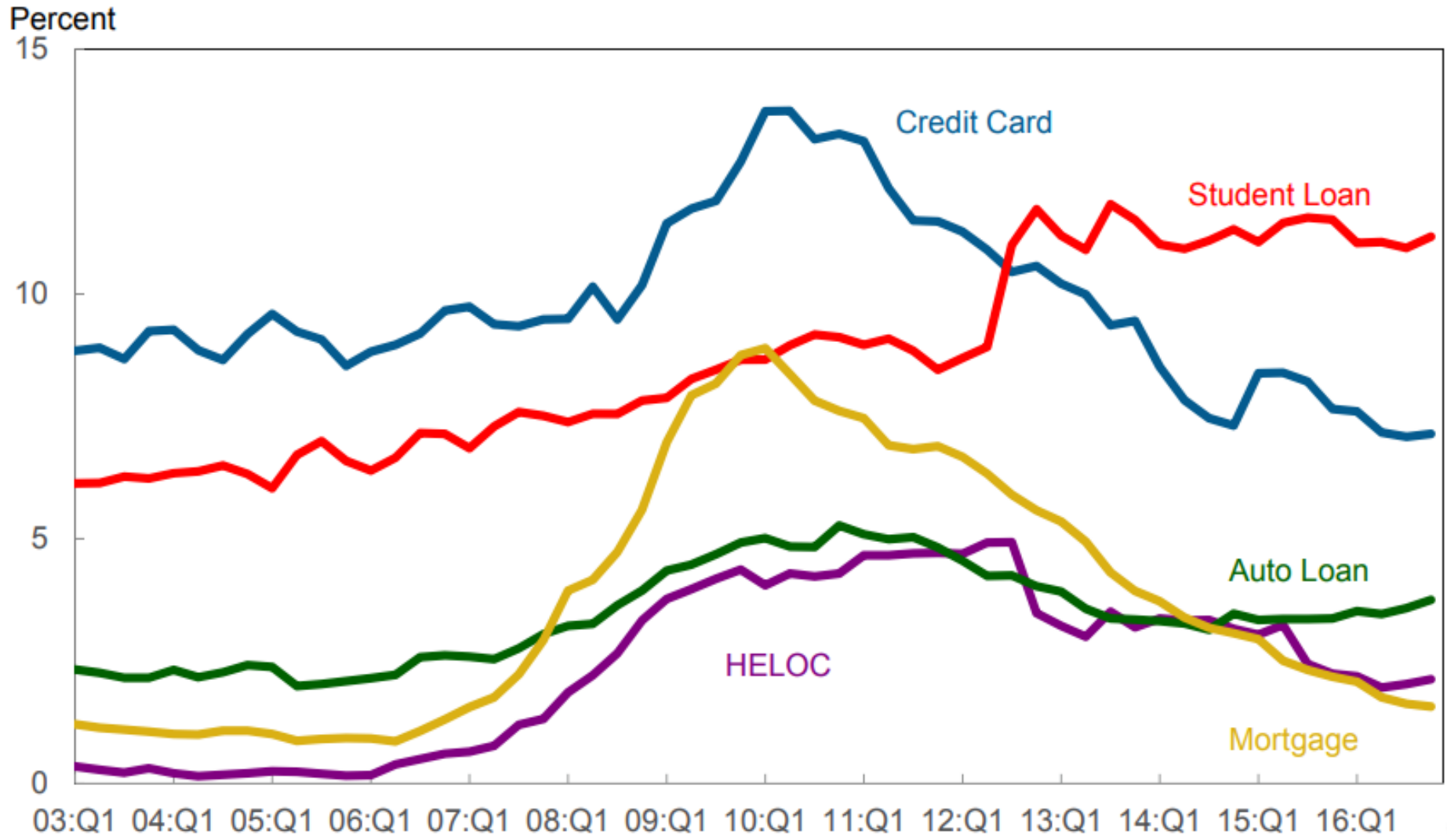
For Student Loan Help:  
866-275-1200  
STUDENTLOANHELP@AACFAA.NET

# U.S. Student Loan, Credit Card, Auto Loan, & Other Debt 2004 – 2016

Source: Federal Reserve Bank of New York



# Percent of Balance 90+ Days Delinquent



Source: New York Fed Consumer Credit Panel/Equifax

# Federal Student Loan Debt

**National: \$1.41 Trillion**

**State of Arkansas: \$10.8 Billion**  
**351,000 Borrowers**

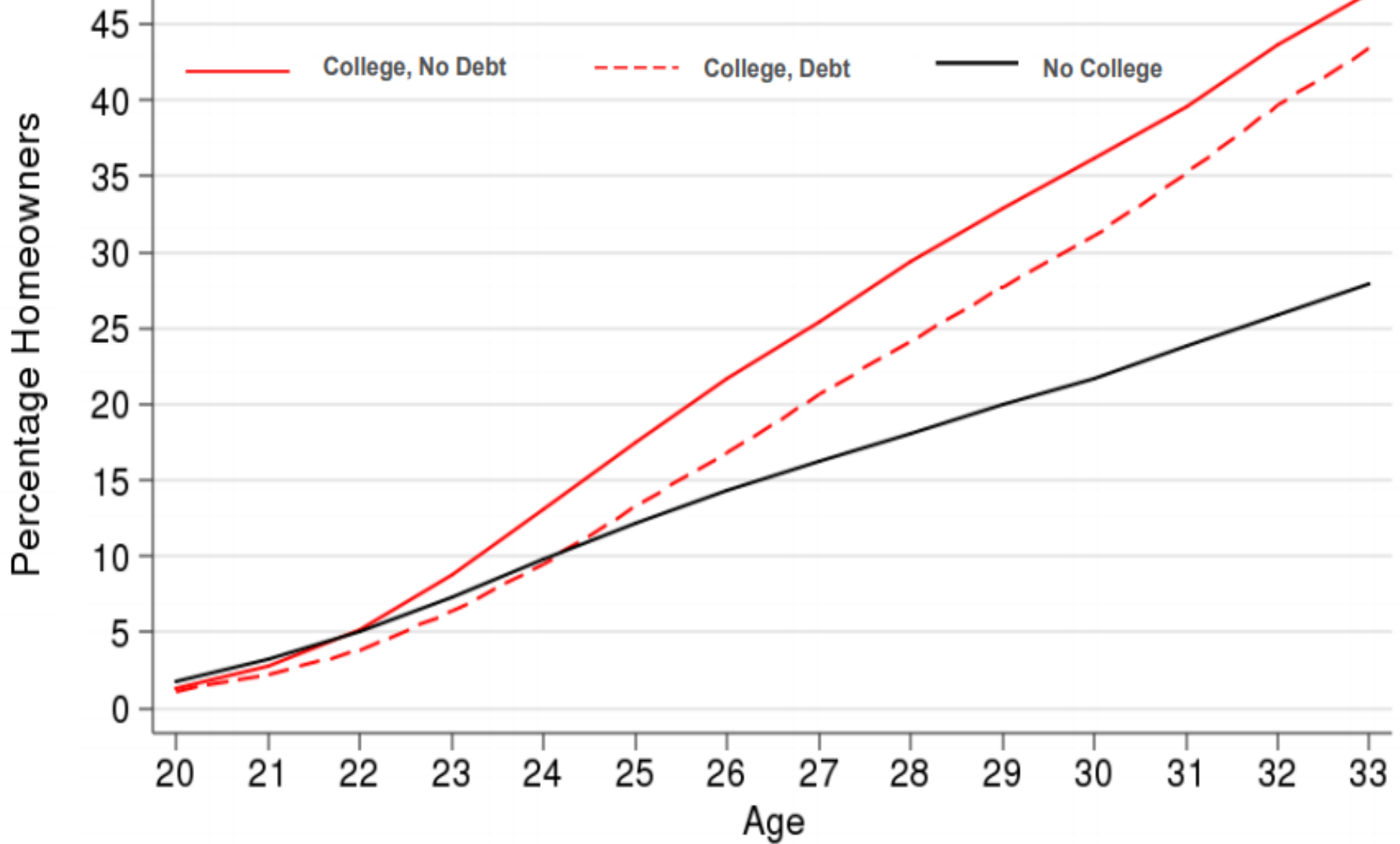
Source: U.S. Department of Education Data Center – June 30, 2018

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**Non-Federal Student Loan Debt? Additional 6% - 10%**



## Homeownership Rate By College Attendance, Student Debt Status And Age



Source: New York Fed Consumer Credit Panel/Equifax and National Student Clearinghouse

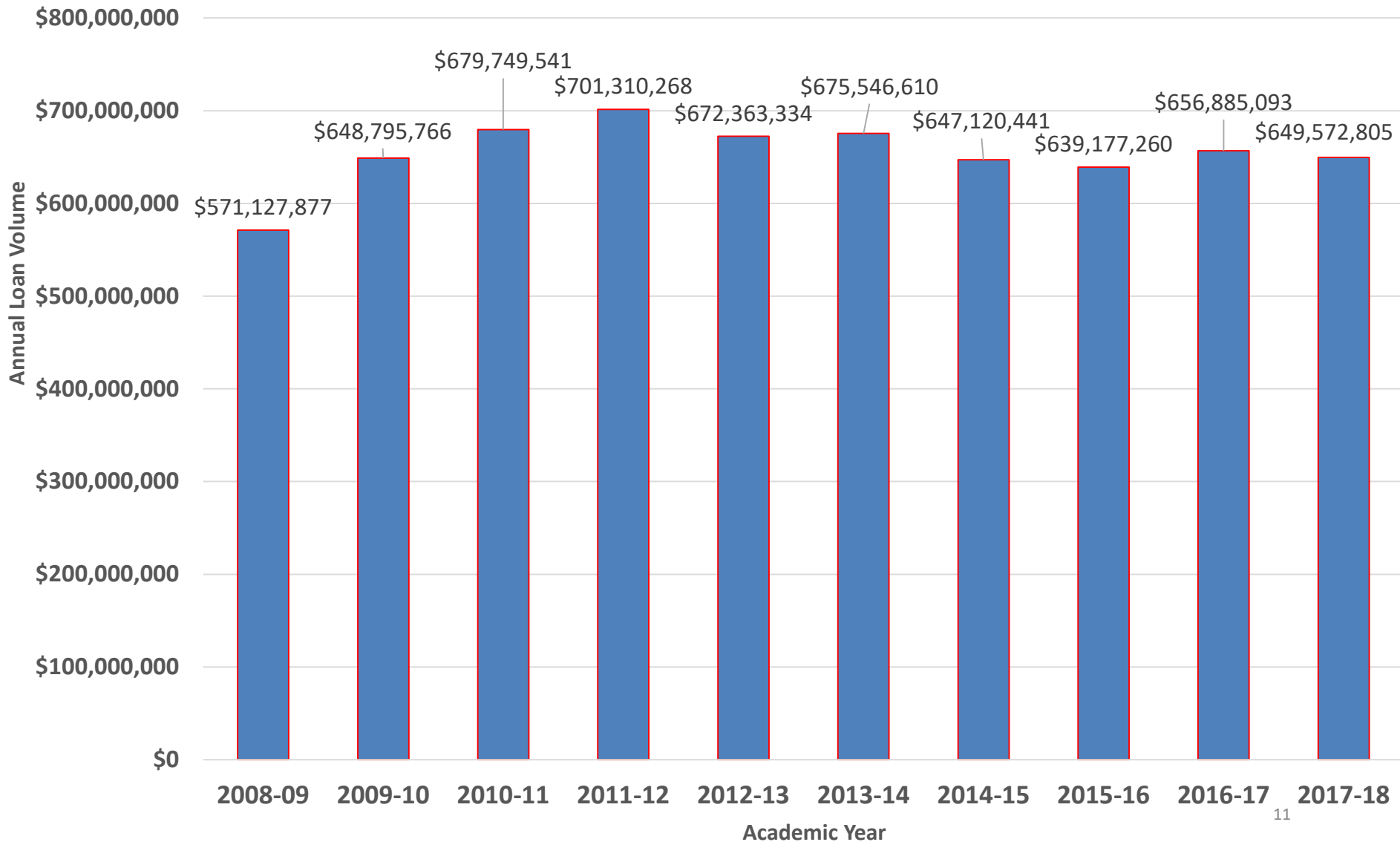


## Homeownership by Age 30

<b>Bachelor's degree or higher, no student debt</b>	<b>40%</b>
<b>Bachelor's degree or higher, student debt</b>	<b>33%</b>
<b>Associate degree, no student debt</b>	<b>31%</b>
<b>Associate degree, student debt</b>	<b>24%</b>
<b>No college</b>	<b>22%</b>

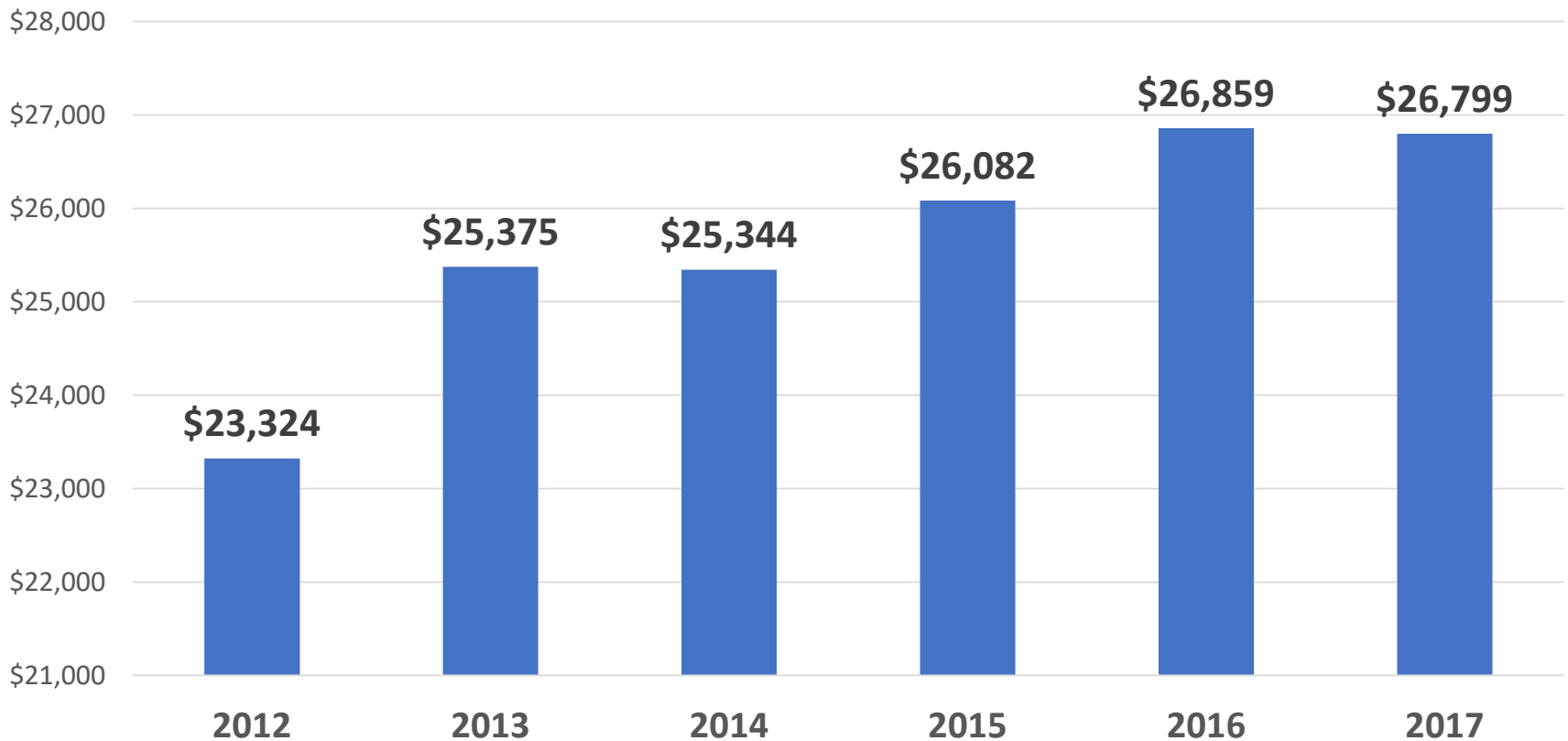
Sources: New York Fed Consumer Credit Panel/Equifax and National Student Clearinghouse.

# Federal Student Loans Originated Through Arkansas Higher Education Institutions 2006 - 2018



# Average Debt of AR Graduates with a Bachelor's Degree

Class by Year



Average includes only graduates that borrowed federal student loans.

Data includes graduates of public and private nonprofit colleges with bachelor's degrees. Not all Arkansas schools reported borrowing data.

# Federal Student Loan Volume 2017-18

Institution	2016-17 Loan Volume	% Change	2017-18 Loan Volume
UNIVERSITY OF ARKANSAS	\$ 107,612,025	0.1%	\$ 107,674,542
ARKANSAS STATE UNIVERSITY	\$ 90,992,891	0.1%	\$ 91,109,245
UNIVERSITY OF CENTRAL ARKANSAS	\$ 53,894,088	-0.8%	\$ 53,447,953
UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES	\$ 53,923,379	-2.0%	\$ 52,857,092
UNIVERSITY OF ARKANSAS AT LITTLE ROCK	\$ 53,428,983	-4.5%	\$ 51,042,258
HARDING UNIVERSITY	\$ 49,805,122	-0.5%	\$ 49,533,183
ARKANSAS TECH UNIVERSITY	\$ 40,465,546	-2.8%	\$ 39,341,498
SOUTHERN ARKANSAS UNIVERSITY	\$ 18,049,137	10.4%	\$ 19,926,970
UNIVERSITY OF ARKANSAS AT FORT SMITH	\$ 16,858,229	-2.7%	\$ 16,402,754
HENDERSON STATE UNIVERSITY	\$ 17,160,217	-14.2%	\$ 14,728,421
JOHN BROWN UNIVERSITY	\$ 15,786,403	-9.7%	\$ 14,262,398
UNIVERSITY OF ARKANSAS-PULASKI TECHNICAL COLLEGE	\$ 17,475,907	-22.0%	\$ 13,626,239
UNIVERSITY OF ARKANSAS AT PINE BLUFF	\$ 13,719,445	-1.0%	\$ 13,582,714
UNIVERSITY OF ARKANSAS AT MONTICELLO	\$ 12,276,000	7.2%	\$ 13,165,366
ARKANSAS COLLEGE OF HEALTH EDUCATION	\$ -		\$ 8,910,205
PHILANDER SMITH COLLEGE	\$ 6,586,101	23.2%	\$ 8,116,270
OUACHITA BAPTIST UNIVERSITY	\$ 6,979,870	3.6%	\$ 7,231,412
HENDRIX COLLEGE	\$ 7,040,903	-9.3%	\$ 6,384,364
NORTHWEST ARKANSAS COMMUNITY COLLEGE	\$ 7,248,899	-13.2%	\$ 6,291,119
CENTRAL BAPTIST COLLEGE	\$ 5,050,501	-7.6%	\$ 4,666,811
NATIONAL PARK COMMUNITY COLLEGE	\$ 4,811,431	-5.7%	\$ 4,534,988
BAPTIST HEALTH COLLEGE LITTLE ROCK	\$ 3,400,947	13.2%	\$ 3,848,627
ARKANSAS BAPTIST COLLEGE	\$ 5,802,037	-40.2%	\$ 3,468,565
LYON COLLEGE	\$ 3,596,689	-6.8%	\$ 3,351,901
ARKANSAS STATE UNIVERSITY - BEEBE	\$ 2,916,337	-5.5%	\$ 2,755,427
IMAGINE - PAUL MITCHELL PARTNER SCHOOL	\$ 2,497,050	6.8%	\$ 2,667,168
WILLIAMS BAPTIST COLLEGE	\$ 2,282,488	13.3%	\$ 2,586,575
ARKANSAS STATE UNIVERSITY - NEWPORT	\$ 2,895,755	-15.3%	\$ 2,453,380
UNIVERSITY OF THE OZARKS	\$ 2,005,372	18.2%	\$ 2,370,920
UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTO	\$ 2,774,389	-16.1%	\$ 2,327,433
ARKANSAS STATE UNIVERSITY - MOUNTAIN HOME	\$ 2,917,135	-31.0%	\$ 2,011,372
SOUTH ARKANSAS COMMUNITY COLLEGE	\$ 1,953,322	1.1%	\$ 1,973,925
SHORTER COLLEGE	\$ 1,688,151	14.8%	\$ 1,937,652
SOUTHEAST ARKANSAS COLLEGE	\$ 2,106,300	-9.3%	\$ 1,910,226
BLACK RIVER TECHNICAL COLLEGE	\$ 2,042,497	-10.3%	\$ 1,831,746
COLLEGE OF THE OUACHITAS	\$ 1,725,559	-8.0%	\$ 1,587,104

# Federal Student Loan Volume 2017-18

Institution	2016-17 Loan Volume	% Change	2017-18 Loan Volume
NORTH ARKANSAS COLLEGE	\$ 1,628,275	-8.5%	\$ 1,490,053
OZARKA COLLEGE	\$ 1,429,224	-3.7%	\$ 1,376,326
CROWLEY'S RIDGE COLLEGE	\$ 1,376,607	-0.6%	\$ 1,367,888
UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE	\$ 1,339,289	-2.0%	\$ 1,312,120
CAREER ACADEMY OF HAIR DESIGN	\$ 1,092,938	13.3%	\$ 1,238,086
SOUTHERN ARKANSAS UNIVERSITY TECH	\$ 844,554	9.8%	\$ 927,558
EASTERN COLLEGE OF HEALTH VOCATIONS	\$ 1,143,756	-24.9%	\$ 858,441
PAUL MITCHELL THE SCHOOL ARKANSAS	\$ 823,282	-20.4%	\$ 655,318
ARTHUR'S BEAUTY COLLEGE	\$ 766,073	-21.9%	\$ 598,067
ARKANSAS COLLEGE OF BARBERING & HAIR DESIGN	\$ 799,372	-28.8%	\$ 569,182
ARKANSAS BEAUTY SCHOOL- LITTLE ROCK	\$ 574,696	-2.1%	\$ 562,753
SALON PROFESSIONAL ACADEMY (THE)	\$ 582,736	-8.9%	\$ 530,607
WASHINGTON BARBER COLLEGE	\$ 758,245	-34.7%	\$ 495,374
ARTHUR'S BEAUTY COLLEGE	\$ 624,527	-23.1%	\$ 480,433
ECCLESIA COLLEGE	\$ 693,530	-44.7%	\$ 383,820
SEARCY BEAUTY COLLEGE	\$ 403,537	-18.0%	\$ 330,729
DESIGNER BARBER & STYLIST SCHOOL	\$ 286,916	13.6%	\$ 325,873
JRMC SCHOOL OF NURSING	\$ 355,304	-33.2%	\$ 237,387
ACADEMY OF SALON AND SPA	\$ 265,320	-19.6%	\$ 213,197
NORTHERN TECHNICAL COLLEGE	\$ -		\$ 186,847
HOT SPRINGS BEAUTY COLLEGE	\$ 168,558	3.4%	\$ 174,371
EAST ARKANSAS COMMUNITY COLLEGE	\$ 184,389	-7.2%	\$ 171,189
PROFESSIONAL COSMETOLOGY EDUCATION CENTER	\$ 109,203	32.3%	\$ 144,428
ACADEMY OF PROFESSIONAL COSMETOLOGY	\$ 119,127	9.3%	\$ 130,256
BEAUTY SCHOOL, (THE)	\$ 149,187	-17.7%	\$ 122,709
VELVATEX COLLEGE OF BEAUTY CULTURE	\$ 109,670	6.7%	\$ 117,037
DELTA DESIGNS COSMETOLOGY SCHOOL	\$ -		\$ 111,801
NEW TYLER BARBER COLLEGE	\$ 75,243	45.6%	\$ 109,558
ARKANSAS BEAUTY COLLEGE	\$ 147,609	-34.1%	\$ 97,267
ARKANSAS WELDING ACADEMY	\$ -		\$ 93,901
RIVER VALLEY SCHOOL OF MASSAGE	\$ 82,583	8.5%	\$ 89,562
NEW BEGINNINGS BEAUTY ACADEMY	\$ 86,141	-1.5%	\$ 84,833
C. ALEXANDER SCHOOL OF COSMETOLOGY	\$ 12,790	377.6%	\$ 61,083
CREDENCE INSTITUTE OF BEAUTY	\$ 69,115	-90.0%	\$ 6,928
LEES SCHOOL OF COSMETOLOGY	\$ 10,692	-100.0%	\$ -
MARGARET'S HAIR ACADEMY	\$ 3,500	-100.0%	\$ -
<b>TOTALS</b>	<b>\$656,885,093</b>	<b>-1.1%</b>	<b>\$649,572,805</b>

# Federal Student Loan Cohort Default Rates

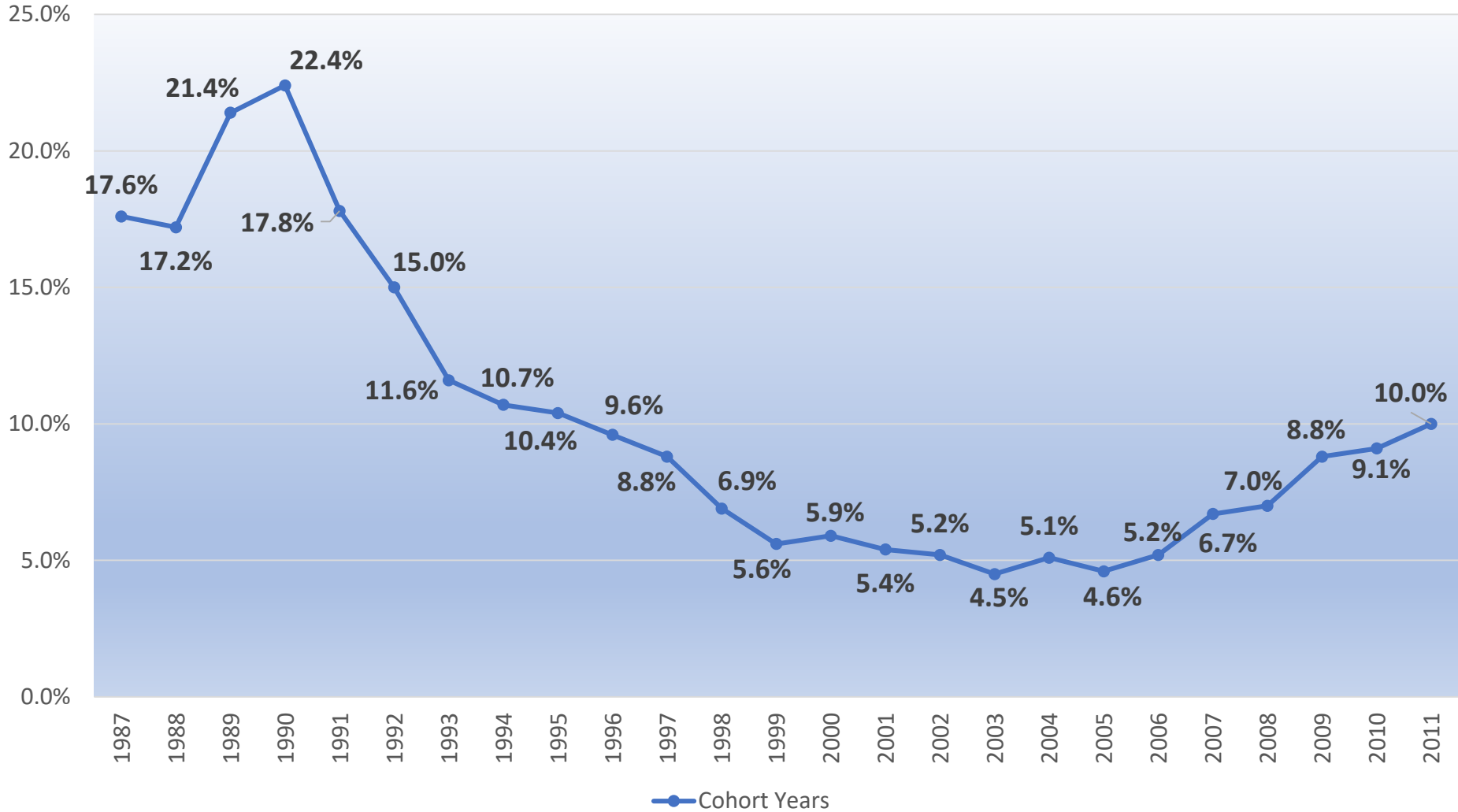
## What is a Cohort Default Rate (CDR)?

- A “cohort” is a group of Federal Loan Borrowers who entered repayment within a given federal fiscal year.
- A Cohort Default Rate (CDR) is the percentage of those borrowers in a school’s cohort who defaulted within that federal fiscal year or within the next two fiscal years (36 months).

# National Student Loan Default Rates

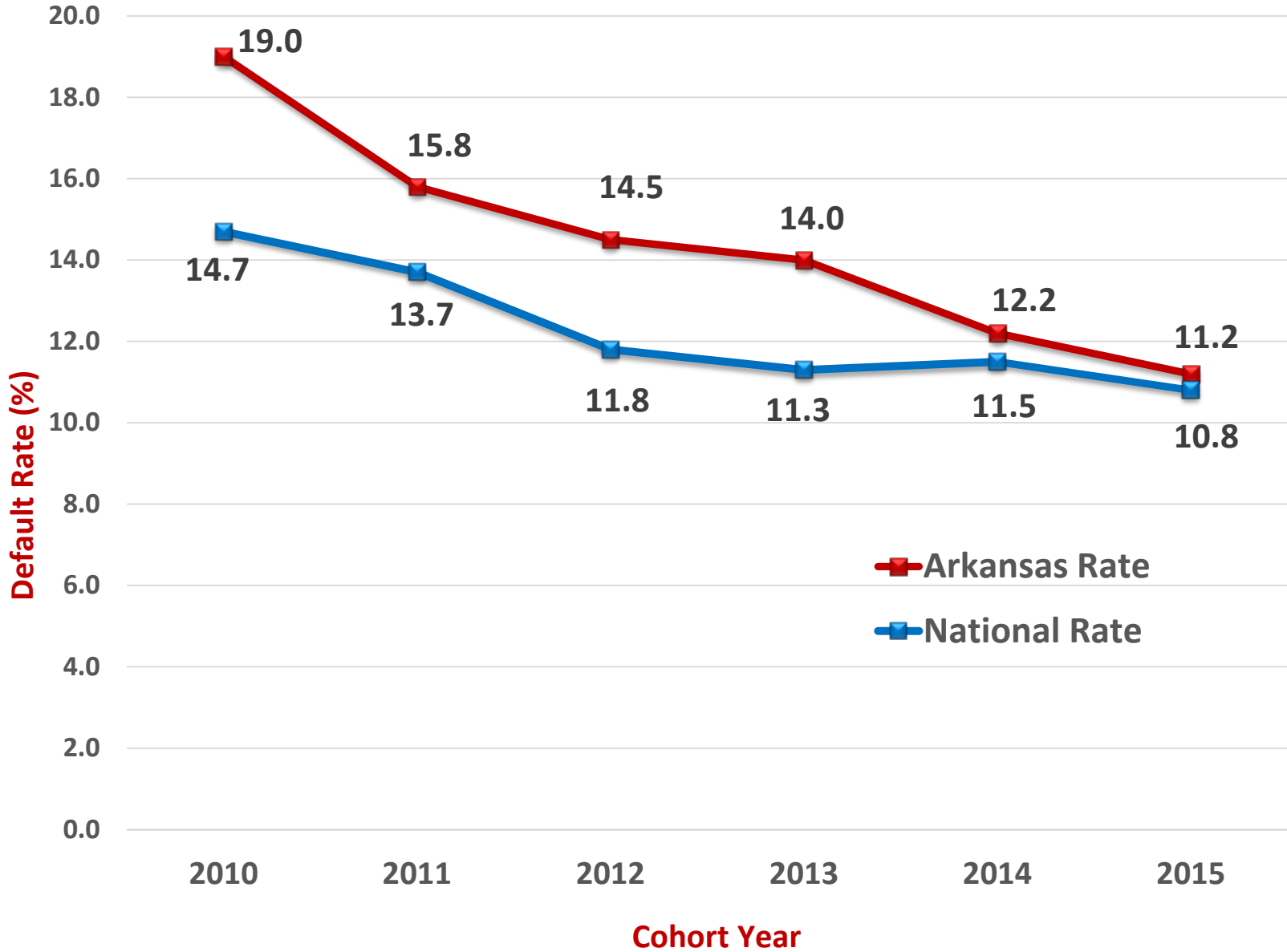
Two-Year Calculation

(Borrowers who defaulted in first two years of their payment period)





# Arkansas vs. National Cohort Default Rates



# Cohort Default Rates – Arkansas vs. Nation

## Cohort Default Rates

Cohort Years	2010-12	2011-13	2012-14	2013-15	2014-16	2015-17
Year Rate Released	2013	2014	2015	2016	2017	2018
<b>National Default Rate</b>	14.7%	13.7%	11.8%	11.3%	11.5%	10.8%
<b>AR Default Rate</b>	19.0%	15.8%	14.5%	14.0%	12.2%	11.2%
<b>AR's National Ranking</b>	49 <sup>th</sup>	42 <sup>st</sup>	43 <sup>rd</sup>	42 <sup>nd</sup>	31 <sup>st</sup>	30 <sup>th</sup>

# 2015 Cohort Default Rates

Rates Released: September 2018

Ranking	State	Default Rate	Ranking	State	Default Rate
1	Vermont	5.9%	26	North Carolina	10.8%
2	Massachusetts	6.1%	27	Texas	10.9%
3	North Dakota	6.2%	28	Louisiana	11.1%
4	Rhode Island	6.5%	29	Tennessee	11.1%
5	South Carolina	7.0%	30	Arkansas	11.2%
6	Nebraska	7.9%	31	Georgia	11.3%
7	Minnesota	8.1%	32	Colorado	11.6%
8	Utah	8.3%	33	Iowa	11.6%
9	New York	8.5%	34	Florida	11.7%
10	Idaho	9.3%	35	Kansas	12.0%
11	Hawaii	9.4%	36	Oklahoma	12.1%
12	Montana	9.4%	37	Michigan	12.2%
13	Virginia	9.4%	38	Ohio	12.2%
14	Delaware	9.5%	39	Wyoming	12.3%
15	Pennsylvania	9.6%	40	Alaska	12.5%
16	Maryland	9.7%	41	Oregon	12.8%
17	New Jersey	9.7%	42	Alabama	12.9%
18	New Hampshire	9.8%	43	South Dakota	12.9%
19	Wisconsin	9.8%	44	Arizona	13.1%
20	California	10.2%	45	Mississippi	14.1%
21	Illinois	10.2%	46	Indiana	14.2%
22	Missouri	10.3%	47	Kentucky	14.3%
23	Washington	10.4%	48	Nevada	15.3%
24	Connecticut	10.5%	49	New Mexico	16.2%
25	Maine	10.5%	50	West Virginia	17.7%

Removed: Guam @ 9.5%, DC @ 8.5%, Puerto Rico @ 10.0%, Virgin Islands @ 13.1%

# Arkansas Cohort Default Rates

(alpha-order)

Name	2015 - 17 Defaults	2015 Borrowers In Repayment	2015 Default Rate (%)
ACADEMY OF SALON AND SPA	11	66	16.6
ARKANSAS BAPTIST COLLEGE	174	523	33.2
ARKANSAS BEAUTY COLLEGE	2	34	5.8
ARKANSAS BEAUTY SCHOOL- LITTLE ROCK	4	42	9.5
ARKANSAS COLLEGE OF BARBERING & HAIR DESIGN	21	126	16.6
ARKANSAS NORTHEASTERN COLLEGE	9	75	12.0
ARKANSAS STATE UNIVERSITY	297	4507	6.5
ARKANSAS STATE UNIVERSITY - BEEBE	57	436	13.0
ARKANSAS STATE UNIVERSITY - MOUNTAIN HOME	1080	13866	7.7
ARKANSAS STATE UNIVERSITY - NEWPORT	39	206	18.9
ARKANSAS TECH UNIVERSITY	295	2731	10.8
ARTHUR'S BEAUTY COLLEGE	11	52	21.1
ARTHUR'S BEAUTY COLLEGE	8	95	8.4
BAPTIST HEALTH COLLEGE LITTLE ROCK	21	504	4.1
BLACK RIVER TECHNICAL COLLEGE	76	570	13.3
CAREER ACADEMY OF HAIR DESIGN	43	202	21.2
CENTRAL BAPTIST COLLEGE	19	248	7.6
COLLEGE OF THE OUACHITAS	28	245	11.4
CROWLEY'S RIDGE COLLEGE	6	59	10.1
EAST ARKANSAS COMMUNITY COLLEGE	16	57	28.0
EASTERN COLLEGE OF HEALTH VOCATIONS	118	569	20.7
ECCLESIA COLLEGE	8	45	17.7
HARDING UNIVERSITY	60	1353	4.4
HENDERSON STATE UNIVERSITY	95	1134	8.3
HENDRIX COLLEGE	12	250	4.8
HOT SPRINGS BEAUTY COLLEGE	10	77	12.9
IMAGINE - PAUL MITCHELL PARTNER SCHOOL	39	301	12.9
JOHN BROWN UNIVERSITY	20	631	3.1
JRMC SCHOOL OF NURSING	1	38	2.6

# Arkansas Cohort Default Rates (alpha-order)

Name	2015 - 17 Defaults	2015 Borrowers In Repayment	2015 Default Rate (%)
LYON COLLEGE	15	194	7.7
NATIONAL PARK COLLEGE	114	776	14.6
NEW TYLER BARBER COLLEGE	6	96	6.2
NORTH ARKANSAS COLLEGE	70	419	16.7
NORTHWEST ARKANSAS COMMUNITY COLLEGE	293	1839	15.9
OUACHITA BAPTIST UNIVERSITY	16	301	5.3
OZARKA COLLEGE	63	445	14.1
PAUL MITCHELL THE SCHOOL ARKANSAS	6	75	8.0
PHILANDER SMITH COLLEGE	48	238	20.1
PHILLIPS COMMUNITY COLLEGE OF THE U OF A	4	35	11.4
PROFESSIONAL COSMETOLOGY EDUCATION CTR	2	32	6.2
SALON PROFESSIONAL ACADEMY (THE)	1	57	1.7
SEARCY BEAUTY COLLEGE	4	38	10.5
SHORTER COLLEGE	77	276	27.8
SOUTH ARKANSAS COMMUNITY COLLEGE	100	432	23.1
SOUTHEAST ARKANSAS COLLEGE	77	363	21.2
SOUTHERN ARKANSAS UNIVERSITY	147	932	15.7
SOUTHERN ARKANSAS UNIVERSITY TECH	38	219	17.3
UNIVERSITY OF ARKANSAS	235	4279	5.4
U OF A - PULASKI TECHNICAL COLLEGE	590	4408	13.3
U OF A - FORT SMITH	241	1576	15.2
U OF A - LITTLE ROCK	320	3280	9.7
UNIVERSITY OF ARKANSAS AT MONTICELLO	220	1234	17.8
UNIVERSITY OF ARKANSAS AT PINE BLUFF	136	959	14.1
U OF A COMMUNITY COLLEGE AT BATESVILLE	26	227	11.4
U OF A COMMUNITY COLLEGE AT HOPE	15	138	10.8
U OF A COMMUNITY COLLEGE AT MORRILTON	109	560	19.4
UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES	15	718	2.0
UNIVERSITY OF CENTRAL ARKANSAS	228	2796	8.1
UNIVERSITY OF THE OZARKS	18	141	12.7
WASHINGTON BARBER COLLEGE	15	85	17.6
WILLIAMS BAPTIST UNIVERSITY	9	184	4.8

# ASLA Default Management Contracts

- Arkansas State University
- Arkansas State University – Beebe
- Arkansas State University - Newport
- Arkansas Tech University
- Black River Technical College
- College of the Ouachitas
- East Arkansas Community College
- Henderson State University
- National Park Community College
- North Arkansas College
- Pulaski Technical College
- U of A Community College – Batesville
- U of A at Monticello
- UACC at Hope

# Default Management Status Report – 10/1/2018

Cohort Year	2010	2011	2012	2013	2014	2015	2016* <sup>1</sup>
ASU-Beebe	20.5%	18.4%	20.0%	19.6%	13.9%	13.0%	8.5%
ASU – Jonesboro	18.9%	14.6%	10.2%	9.5%	7.1%	6.5%	4.9%
ASU-Newport	*2	*2	*2	*2	15.0%	18.9%	11.2%
Arkansas Tech Univ	18.4%	17.4%	17.3%	13.6%	9.7%	10.8%	9.3%
Black River Tech. College	27.9%	29.1%	24.3%	22.3%	15.6%	13.3%	11.7%
College of the Ouachitas	26.3%	16.9%	13.9%	14.7%	18.2%	11.4%	10.6%
East Arkansas CC	37.3%	24.4%	28.1%	24.4%	22.3%	28.0%	9.8%
Henderson State Univ	17.2%	15.4%	15.0%	13.1%	10.4%	8.3%	7.4%
National Park College	30.7%	23.8%	26.1%	19.2%	16.7%	14.6%	13.0%
North Arkansas College	32.1%	24.5%	22.8%	23.4%	19.3%	16.7%	13.4%
UACC – Batesville	30.6%	26.9%	24.4%	16.6%	13.0%	11.4%	8.8%
UACC – Hope	25.8%	28.3%	23.3%	7.3%	20.0%	10.8%	10.0%
UACC – Pulaski Tech	28.6%	22.7%	18.8%	18.9%	18.0%	13.3%	11.7%
U of A Monticello	27.0%	22.6%	24.9%	23.8%	19.5%	17.8%	14.4%

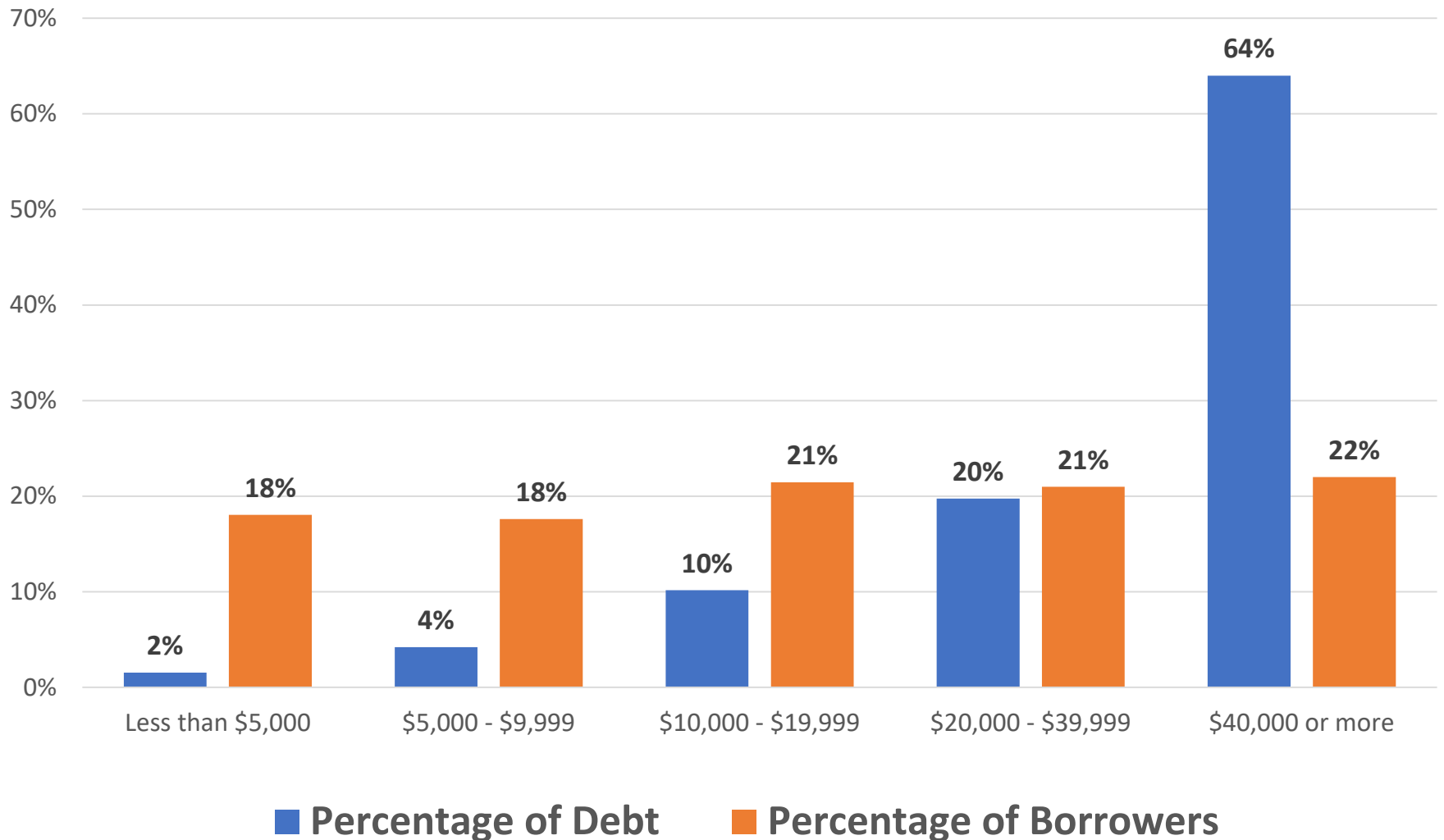
**RED** font indicates cohorts worked under Default Management contracts.

1 Unofficial Rate calculated by ASLA DMS. Draft rates to be released by USDE in February 2019; official rates in September 2019.

2 Defaults included in ASU-Jonesboro rate.

# Distribution of Borrowers and Debt by Outstanding Balance, 2017

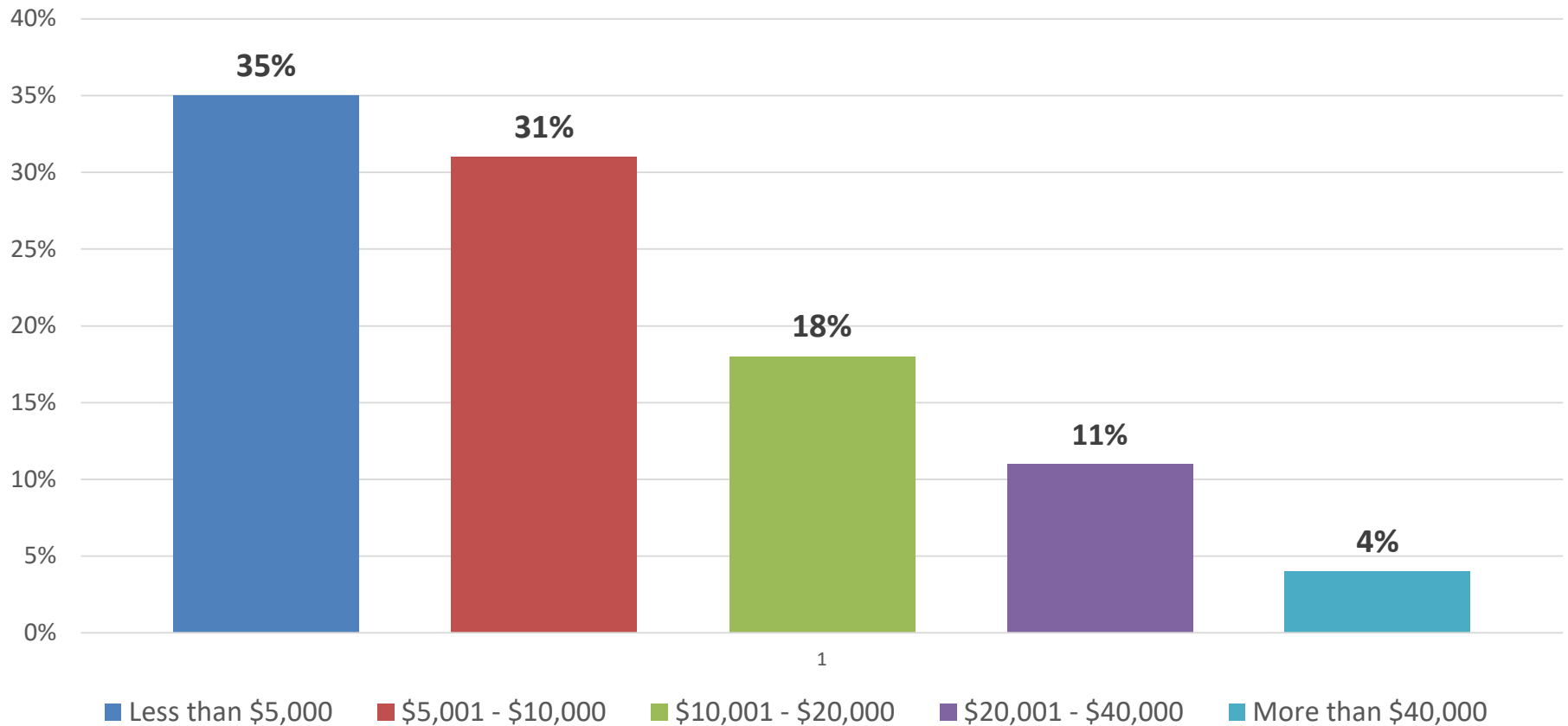
(National Data)





# Student Loan Defaults by Loan Balance (National Data)

Borrowers who entered repayment in 2010-11 and defaulted on federal loans before 2015



- 35% of defaults were borrowers who owed less than \$5,000
- 66% of defaults were borrowers who owed less than \$10,000
- 84% of defaults were borrowers who owed less than \$20,000
- 95% of defaults were borrowers who owed less than \$40,000
- Only 4% of defaults were borrowers who owed more than \$40,000

# Federal Student Loan Limits

The following chart provides maximum annual and aggregate loan limits for subsidized and unsubsidized Direct Stafford Loans.

	<b>Dependent Undergraduate Student (except Students whose Parents are unable to Obtain <u>PLUS Loans</u>)</b>	<b>Independent Undergraduate Student (and dependent students whose Parents are unable to obtain <u>PLUS Loans</u>)</b>	<b>Graduate and Professional Degree Student</b>
First Year	\$5,500 (No more than \$3,500 of This amount may be in Subsidized loans.)	\$9,500 (No more than \$3,500 of this Amount may be in subsidized Loans.)	\$20,500 (Unsubsidized Only.)
Second Year	\$6,500 (No more than \$4,500 of This amount may be in Subsidized loans.)	\$10,500 (No more than \$4,500 of this Amount may be in subsidized Loans.)	
Third and Beyond (each year)	\$7,500 (No more than \$5,500 of This amount may be in Subsidized loans.)	\$12,500 (No more than \$5,500 of this amount may be in subsidized loans.)	
Maximum total Debt From Stafford Loans When you Graduate (aggregate Loan Limits)	\$31,000 (No more than \$23,000 Of this amount may be In subsidized loans.)	\$57,500 (No more than \$23,000 of this amount may be in subsidized loans.)	\$138,500 (No more than \$65,500 of this amount may be in subsidized loans. The graduate debt limit includes Stafford Loans received for undergraduate study.)

# Federal Student Loan Program

## Interest Rates

ACADEMIC YEAR	07/01/18 - 06/30/19	07/01/17 - 06/30/18	07/01/16 - 06/30/17
<b>Subsidized Loans for Undergraduate Students</b>	<b>5.045%</b>	4.45%	3.76%
<b>Unsubsidized Loans for Undergraduate Students</b>	<b>5.045%</b>	4.45%	3.76%
<b>Unsubsidized Loans for Graduate and Professional Students</b>	<b>6.595%</b>	6.00%	5.31%
<b>Parent PLUS Loans and Graduate PLUS Loans</b>	<b>7.595%</b>	7.00%	6.31%