

[Home](#) > [Research in Higher Education](#) > Article

Individual and campus characteristics associated with student loan default

| Published: February 1995

| Volume 36, pages 41–72, (1995) [Cite this article](#)[Research in Higher Education](#)[Aims and scope](#) →[Submit manuscript](#) →[J. Fredericks Volkwein¹](#) & [Bruce P. Szelest¹](#) **572** Accesses  **36** Citations  **3** Altmetric [Explore all metrics](#) →

Abstract

This research addresses the question of whether student loan repayment and default behaviors are more highly related to the characteristics of the college attended or to the characteristics of the individual student aid recipient. Our model development and variable selection is guided by theories of human capital and public subsidy, ability to pay perspectives, organizational structural/functional approaches, and student-institution fit models. To conduct the study, three national databases were merged: the NPSAS study of individual recipients of federal financial aid, IPEDS data containing campus financial and enrollment characteristics, and a third containing College Board Survey data. Our findings erode the basis for current national policies and proposed SPRE legislation that hold institutions accountable for the loan defaults of former students. Loan repayment and default behavior can be substantially predicted by the precollege, college, and postcollege characteristics of individual borrowers. Majoring in a

scientific or technological discipline, earning good grades, persisting to degree completion, getting and staying married, and not having dependent children are all actions that substantially increase the likelihood of repayment and lower the likelihood of default. In both populations (all borrowers and nonproprietary), we find virtually no evidence of a direct link between default behavior and type of institution or highest degree offered.



This is a preview of subscription content, [log in via an institution](#) to check access.

Access this article

Log in via an institution →

Buy article PDF 39,95 €

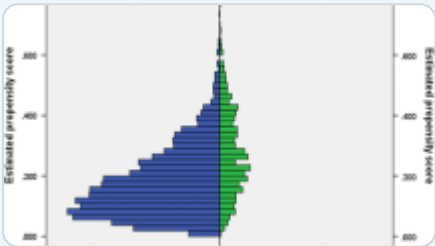
Price includes VAT (Poland)

Instant access to the full article PDF.

Rent this article via [DeepDyve](#)

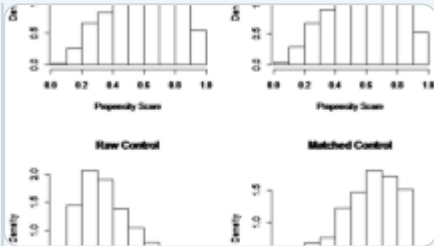
[Institutional subscriptions](#) →

Similar content being viewed by others



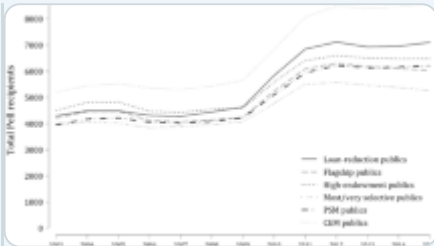
Helping or Hindering? The Effects of Loans on Community College Student Persistence

Article | 05 September 2014



Financial Aid and College Persistence: Do Student Loans Help or Hurt?

Article | 23 August 2017



Taken for Granted? Effects of Loan-Reduction Initiatives on Student Borrowing, Admission Metrics, and Campus Diversity.

Article | 16 October 2020

References

Aldrich, J. H., and F. D. Nelson (1986). Linear probability, logit and probit models (3rd edition). Beverly Hills, CA. Sage Publications.

[Google Scholar](#)

American Bankers Association (1994). *Consumer Credit Delinquency Bulletin*. Washington, DC.

Astin, A. W. (1982). *Minorities in American Higher Education*. San Francisco: Jossey-Bass.

[Google Scholar](#)

Bean, J. (1980). Dropouts and turnover: The synthesis and test of a causal model of student attrition. *Research in Higher Education* 12(2): 155–187.

[Google Scholar](#)

Bean, J. (1985). Interaction effects based on class level in an explanatory model of college student dropout syndrome. *American Educational Research Journal* 22(1): 35–64.

[Google Scholar](#)

Becker, G. (1964). *Human Capital: A Theoretical and Empirical Analysis with Special References to Education*. New York: Columbia University Press.

[Google Scholar](#)

Biglan, A. (1973a). The characteristics of subject matter in different academic areas. *Journal of Applied Psychology* 57(3): 195–203.

[Google Scholar](#)

Biglan, A. (1973b). Relationships between subject matter characteristics and the structure and output of university departments.*Journal of Applied Psychology* 57(3): 204-213.

[Google Scholar](#)

Blau, F. D., and J. W. Graham (1990). Black-white differences in wealth and asset composition.*Quarterly Journal of Economics*, May: pp. 321-339.

[Google Scholar](#)

Cabrera, A. F. (1994). Logistic regression analysis in higher education: An applied perspective. In J. C. Smart (ed.),*Higher Education: Handbook of Theory and Research*, X. New York: Agathon Press.

[Google Scholar](#)

Cabrera, A. F., A. Nora, and M. B. Castaneda (1992). The role of finances in the persistence process: A structural model.*Research in Higher Education* 33(5): 571-593.

[Google Scholar](#)

Cabrera, A. F., A. Nora, and M. B. Castañeda (1993). College persistence: Structural equations modeling test of an integrated model of student retention.*The Journal of Higher Education* 64(2): 123-139.

[Google Scholar](#)

Cabrera, A. F., J. O. Stampen, and W. L. Hansen (1990). Exploring the effects of ability to pay on persistence in college.*Review of Higher Education* 13(3): 303-336.

[Google Scholar](#)

Cabrera, A. F., M. B. Castañeda, A. Nora, and D. Hengstler (1992). The convergence between two theories of college persistence. *The Journal of Higher Education* 63(2): 143-164.

[Google Scholar](#)

College Board (1992). *Washington Research Report, No. 2*. Washington, DC: The College Board.

[Google Scholar](#)

College Board (1993). *Trends in Student Aid 1983 to 1993*. Washington, DC: The College Board.

[Google Scholar](#)

Dynarski, M. (1991). Analysis of factors related to default. *Mathematica Policy Research*. Princeton, NJ.

Feinberg, S. E. (1983). *The Analysis of Cross-Classified Categorical Data* (rev. ed.). Cambridge, MA: Massachusetts Institute of Technology.

[Google Scholar](#)

Freeman, R. (1976). *The Over-Educated American*. Orlando, FL: Academic Press.

[Google Scholar](#)

Greene, L. L. (1989). An Economic analysis of student loan default. *Educational Evaluation and Policy Analysis* 11: 61-68.

[Google Scholar](#)

Hall, R. H. (1991). *Organizations: Structures, Processes and Outcomes* (5th ed.). Englewood Cliffs, NJ: Prentice-Hall.

Hanusheck, E. K., and J. E. Jackson (1977). *Statistical Methods for Social Scientists*. New York: Academic Press.

[Google Scholar](#)

Knapp, L. G., and T. G. Seaks (1992). An analysis of the probability of default on federally guaranteed student loans. *The Review of Economics and Statistics*, 74(3): 404-411.

[Google Scholar](#)

Lewis, G. L. (1989). Trends in student aid: 1963-64 to 1988-89. *Research in Higher Education* 30(6): 547-561.

[Google Scholar](#)

Mallette, B. I., and A. F. Cabrera (1991). Determinants of withdrawal behavior: An exploratory study. *Research in Higher Education* 32(1): 179-194.

[Google Scholar](#)

Manski, C. F., and D. A. Wise (1983). *College Choice in America*. Cambridge, MA: Harvard University Press.

[Google Scholar](#)

Mortgage Bankers Association of America (1994). *National Delinquency Survey*. Washington, DC.

Mow, S. L., and M. T. Nettles (1990). Minority student access to, and persistence and performance in college: A review of the trends and research literature. In J.

C. Smart (ed.), *Higher Education Handbook of Theory and Research*, VI (pp. 35–105). New York: Agathon Press.

[Google Scholar](#)

National Center for Education Statistics (1989). *1987 National Postsecondary Study: Data File User's Manual*. Washington, DC: Westat, Inc.

[Google Scholar](#)

Nettles, M. T., A. R. Thoeny, and E. J. Gosman (1986). Comparative and predictive analyses of black and white students' college achievement and experiences. *Journal of Higher Education* 57(3): 289–318.

[Google Scholar](#)

Nora, A. (1987). Determinants of retention among Chicano students: A structural model. *Research in Higher Education* 26(1): 31–59.

[Google Scholar](#)

Nora, A., L. C. Attinasi, and A. Matonack (1990). Testing qualitative indicators of college factors in Tinto's attrition model: A community college student population. *Review of Higher Education* 13(3): 337–356.

[Google Scholar](#)

Pascarella, E. T., and P. T. Terenzini (1982). Contextual analysis as a method for assessing residence group effects. *Journal of College Student Personnel* 23: 108–114.

[Google Scholar](#)

Pascarella, E. T., and P. T. Terenzini (1991). *How College Affects Students: Findings and Insights from Twenty Years of Research*. San Francisco: Jossey-Bass.

[Google Scholar](#)

Peterson's Guides (1990). Princeton, NJ: Peterson's Guides.

Press, S. J., and W. Wilson (1978). Choosing between logistic regression and discriminant analysis. *Journal of the American Statistical Association* 73: 699–705.

[Google Scholar](#)

Regan, C., and J. F. Volkwein (1993). The influence of organizational variables on disparities between male and female faculty salaries. A paper presented for the 18th Annual Conference, Association for the Study of Higher Education, Pittsburgh, PA.

[Google Scholar](#)

Stage, F. K. (1990). LISREL: An introduction and applications in higher education. In J. C. Smart (ed.), *Higher Education: Handbook of Theory and Research*, VI (pp. 427–466). New York: Agathon Press.

[Google Scholar](#)

Stampen, J. O., and A. F. Cabrera (1986). Exploring the effects of student aid on attrition. *Journal of Financial Aid* 2: 28–39.

[Google Scholar](#)

Stoecker, Judith L. (1993). The Biglan classification revisited. *Research in Higher Education* 34(4): 451–464.

[Google Scholar](#)

Terenzini, P. T., C. Theophildes, and W. G. Lorang (1984). Influences on students' perceptions of their academic skill development during college. *Journal of Higher Education* 55(5): 621–636.

Terenzini, P. T., and T. M. Wright (1987). Influences on students' academic growth during four years of college.*Research in Higher Education* 26(2): 161-170.

[Google Scholar](#)

Tinto, V. (1975). Dropout from higher education: A theoretical synthesis of recent research.*Review of Educational Research* 45: 89-125.

[Google Scholar](#)

Tinto, V. (1987).*Leaving College: Rethinking the Causes and Cures of Student Attrition*. Chicago: University of Chicago Press.

[Google Scholar](#)

U. S. News and World Report (1990).*America's Best Colleges*. Washington. DC.

Volkwein, J. F. (1986). Campus autonomy and its relationship to measures of university quality.*Journal of Higher Education* 57(5): 510-528.

[Google Scholar](#)

Volkwein, J. F. (1991). Improved measures of academic and social integration and their association with measures of student growth. Paper presented at the Annual Meeting for the Association for the Study of Higher Education, Boston, Massachusetts.

Volkwein, J. F., M. C. King, and P. T. Terenzini (1986). Student-faculty relationships and intellectual growth among transfer students.*The Journal of Higher Education* 57(4): 413-430.

[Google Scholar](#)

Volkwein, J. F., B. Szelest, and A. J. Lizotte (1993). The relationship of campus crime to campus and community characteristics. Paper presented at the annual meeting of the Association for Institutional Research, Chicago, Illinois.

Wilcox, L. (1991). Evaluating the impact of financial aid on student recruitment and retention. In D. Hossler (ed.), *New Directions for Institutional Research No. 70*. San Francisco: Jossey-Bass.

[Google Scholar](#)

Wilms, W. W., R. W. Moore, and R. E. Bolus (1987). Whose fault is default? *Educational Evaluation and Policy Analysis* 9(1): 41–54.

[Google Scholar](#)

Author information

Authors and Affiliations

University at Albany, 12222, Albany, NY

J. Fredericks Volkwein (Director of Institutional Research and Associate Professor Educational Administration and Policy Studies) & Bruce P. Szelest (Associate for Institutional Research)

Rights and permissions

[Reprints and permissions](#)

About this article

Cite this article

Volkwein, J.F., Szelest, B.P. Individual and campus characteristics associated with student loan default. *Res High Educ* **36**, 41–72 (1995). <https://doi.org/10.1007/BF02207766>

Issue Date

February 1995

DOI

<https://doi.org/10.1007/BF02207766>

Keywords

- Human Capital
- National Database
- Dependent Child
- Technological Discipline
- Student Loan

Search

Search by keyword or author

Q

Navigation

Find a journal

Publish with us

Track your research