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# Individual and campus characteristics associated with student loan default

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## 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.



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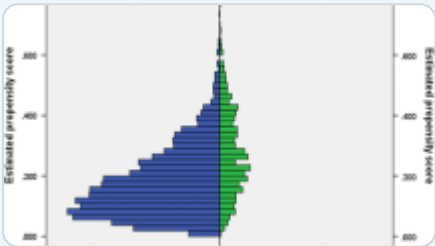
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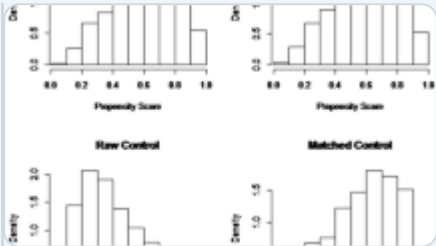
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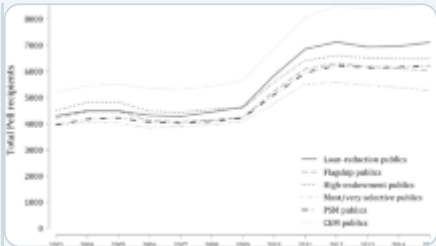
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