



MEETING OF THE BOARD OF GOVERNORS
Committee on Strategic Initiatives

April 16, 2020 at 10:00 a.m.
Via Videoconference and UNC-TV Live Stream

AGENDA

- A-1. Approval of the Minutes of February 20, 2020Carolyn Coward
- A-2. Proposed Resolution on Teacher Preparation..... Andrew Kelly
- A-3. Information Session: Student Loan Debt..... Andrew Kelly
- A-4. Other Business Andrew Kelly
 - a. UNC System Summer School Study (HB305)
- A-5. Adjourn

Additional Information Available

A-4. UNC System Summer School Study (HB305) (Will be available by April 13, 2020)



DRAFT MINUTES

February 20, 2020

University of North Carolina System Office

Center for School Leadership Development Board Room

Chapel Hill, North Carolina

This meeting of the Committee on Strategic Initiatives was presided over by Chair Carolyn Coward. The following committee members, constituting a quorum, were also present: J. Alexander Mitchell, Kellie Hunt Blue, Dwight D. Stone, and Adam Schmidt.

Chancellors participating were Chancellor Sheri Everts and Interim Chancellor Ron Mitchelson.

Staff members present included Dr. Andrew Kelly and others from the UNC System Office.

Other guests included Dr. Anthony Graham from Winston-Salem State University and Dr. Kim Winter from Western Carolina University.

1. Call to Order and Approval of OPEN Session Minutes (A-1)

The chair called the meeting to order at 10:02 a.m., and called for a motion to approve the open session minutes of January 16, 2020, meeting.

MOTION: Resolved, that the Committee on Strategic Initiatives approve the open session minutes of January 16, 2020, as distributed.

Motion: Kellie Blue

Motion: Carried

2. Information Session: Teacher Preparation (Item A-2)

Dr. Andrew Kelly, along with Dr. Graham and Dr. Winter, presented information regarding teacher preparation in the state of North Carolina. They discussed how the System Office can improve teacher preparation in order to better serve students in meeting their literacy goals. The committee had an open discussion following the presentation.

There being no further business, the meeting adjourned at 11:01 a.m.

Michael Williford, Secretary



AGENDA ITEM

A-2. Proposed Resolution on Teacher Preparation..... Andrew Kelly

Situation: Nearly 40 percent of the public school teachers in North Carolina are graduates of a UNC System university. Each year, the System produces approximately 4,000 licensed teachers to serve in every corner of the state. In February, the committee heard a presentation on teacher preparation and the opportunities for improvement. Based on that discussion, Chair Coward asked System Office staff to draft a resolution for the committee to review and approve outlining concrete objectives and a timeline for achieving and reporting on those objectives. In this meeting, the committee will review and discuss that proposed resolution.

Background: Research indicates that teacher effectiveness is the single most important school-level influence on student achievement.

In light of the important effect that teachers have on student outcomes, policymakers and higher education leaders have identified teacher preparation programs as a key lever to improve student achievement in the public schools.

In February, the committee heard a presentation on teacher preparation in the UNC System featuring remarks from Provost Anthony Graham of Winston-Salem State University and Dean Kim Winter of the Western Carolina University College of Education. Dr. Graham and Dr. Winter serve as co-chairs of the System Office’s Educator Preparation Advisory Group. The presentation reviewed the latest data and research on student achievement and teacher preparation and identified opportunities for the Board of Governors to promote improvement. The presentation focused on evidence-based literacy instruction as a key opportunity for educator preparation programs to affect student achievement in the public schools.

Based on that discussion, Chair Coward asked System Office staff to draft a resolution outlining concrete steps that the Board of Governors and System Office can take to enhance teacher preparation, along with a timeline for completing those steps.

Assessment: In this meeting, the committee will review and discuss a resolution that outlines a process for improving teacher preparation.

Action: This item requires a vote by the committee and a vote by the full Board of Governors.



**RESOLUTION OF
THE BOARD OF GOVERNORS OF
THE UNIVERSITY OF NORTH CAROLINA
April 17, 2020**

WHEREAS, the 15 educator preparation programs in the UNC System are the largest source of public school teachers in the state and make a critical contribution to North Carolina’s educational attainment; and

WHEREAS, students who are able to read on grade-level by the end of 3rd grade are more likely to graduate from high school, enroll in postsecondary education, earn a college degree or credential, and experience economic success in adulthood; and

WHEREAS, G.S. 115C-83.1 asserts, “The goal of the State is to ensure that every student read at or above grade level by the end of third grade and continue to progress in reading proficiency so that he or she can read, comprehend, integrate, and apply complex texts needed for secondary education and career attainment”; and

WHEREAS, the 2019 National Assessment of Educational Progress (NAEP) found that 36 percent of North Carolina’s fourth graders scored proficient in reading in 2019, with just over 20 percent of low-income fourth-graders reading on grade level; and

WHEREAS, North Carolina’s plan under the federal Every Student Succeeds Act (ESSA) calls for increasing reading proficiency among students in grades three through eight by 20 percentage points on state assessments between 2017 and 2027; and

WHEREAS, a body of rigorous research has identified several essential components of reading instruction, including oral language skills, phonological and phonemic awareness, phonics, fluency, vocabulary, and comprehension; and

WHEREAS, G.S. 115C-269.20 requires teacher preparation programs providing training to elementary and special education general curriculum teachers shall include “instruction in the teaching of reading, including a substantive understanding of reading as a process involving oral language, phonological and phonemic awareness, phonics, fluency, vocabulary, and comprehension”; and

WHEREAS, the Leandro Action Plan identified “a qualified and well-prepared teacher in every classroom” as one of North Carolina’s eight critical needs; and

WHEREAS, the UNC System has an obligation to ensure that teaching candidates are prepared, through rigorous coursework and clinical experiences, to be as effective as possible on day one; and

WHEREAS, the UNC System’s Educator Preparation Advisory Group has set goals and identified associated metrics for teacher preparation that reflect that obligation.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Governors shall:

- Adopt System-wide teacher preparation goals and associated metrics that reflect the work of the Educator Preparation Advisory Group and state accountability metrics in SB 599 and HB 107;
- Require the System Office to report data on those goals and metrics to relevant Board of Governors committees no later than January of 2021 and annually thereafter;
- Task the UNC System, in consultation with educator preparation and literacy experts from within and outside North Carolina, to develop a common framework for literacy instruction in teacher preparation that will be adopted by all educator preparation programs in the System and an associated implementation sequence;
- Ensure that the literacy framework is based on the abundance of evidence on effective reading instruction, complies with state law and regulation, and ensures that teaching candidates receive explicit, systematic, and scaffolded instruction in the essential components of reading;
- Require the System Office to report on the development of that framework no later than June 2021, and to review and report on the adoption and implementation of the framework by educator preparation programs no later than June of each year, beginning in June 2022 and concluding in June 2025; and
- Require the System Office to work with leading programs in the System to identify or create a professional development model for in-service teachers that is aligned with the literacy framework, with the intention of piloting that model by summer 2021 if funding is available.

This the 17th day of April 2020

Randall C. Ramsey, *Chair*

Secretary

AGENDA ITEM

A-3. Information Session: Student Loan Debt..... Andrew Kelly

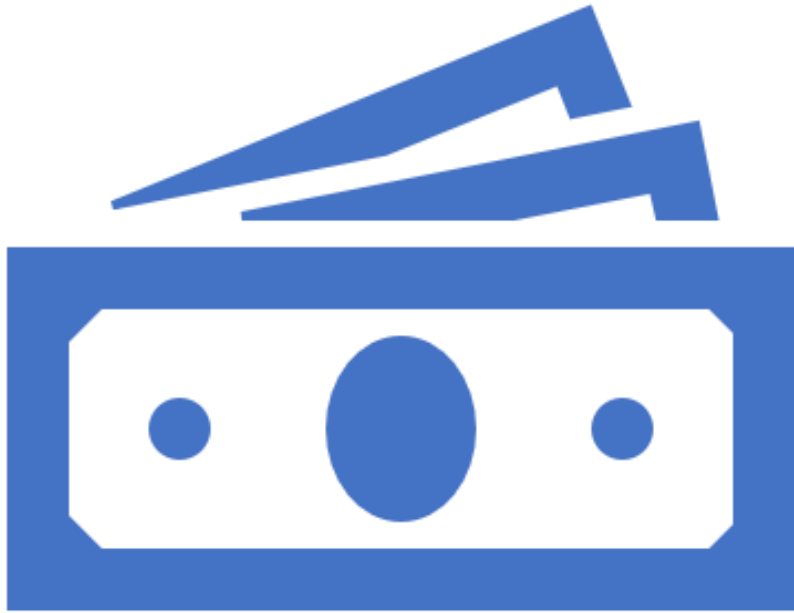
Situation: The committee will hear a presentation on trends in student loan debt nationally and within the UNC System, the implications for state policy and institutional practice, and alternatives to student debt.

Background: Student loan debt has grown considerably over the past decade, rising to \$1.6 trillion in total debt outstanding in 2019. Nationally, about 65 percent of bachelor’s degree recipients from four-year universities rely on student loans to help finance their college education. In 2018, the average student loan debt among borrowers who graduated from a four-year university was \$29,200. Data indicate that an increasing number of loan borrowers are struggling to repay their loans and enrolling in income-based repayment plans offered by the federal government. Concerns about the trends in student debt and loan defaults have led policymakers to seek to understand the scope of the issue, identify areas of concern, and look into possible solutions.

Student loan debt has grown among the students in the UNC System, though the average debt load of graduates remains below national averages. There has been less analysis of how debt loads and repayment outcomes vary across different groups of students, family income, time to graduation, and other characteristics.

Assessment: In this session, the committee will hear a presentation on the latest data on student loan debt nationally and across the UNC System.

Action: This item is for discussion only.



Undergraduate Student Loan Debt and Repayment

Analysis and development by:

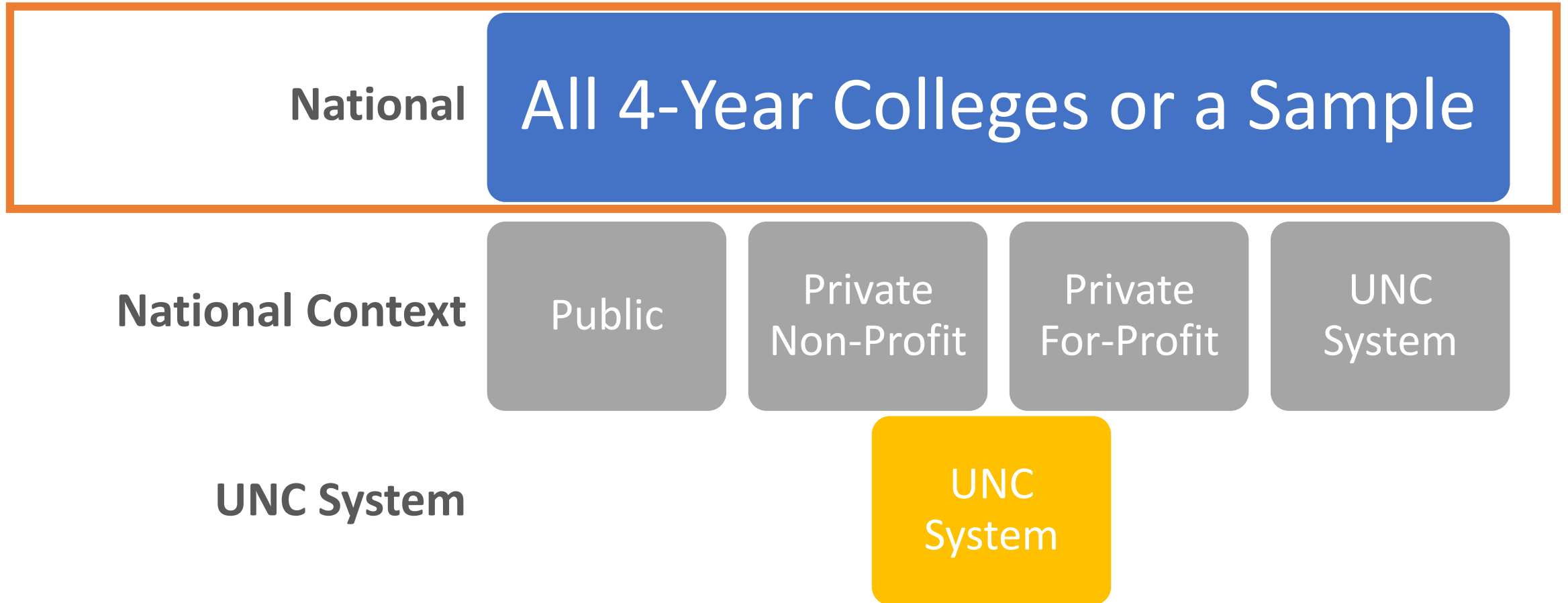
Elizabeth M. Reilley, Ph.D., MBA

Overview

- The basics
- Why is the topic of student loan debt coming up now?
- What does the research on student loan debt show?
- How does this research apply to the UNC System?

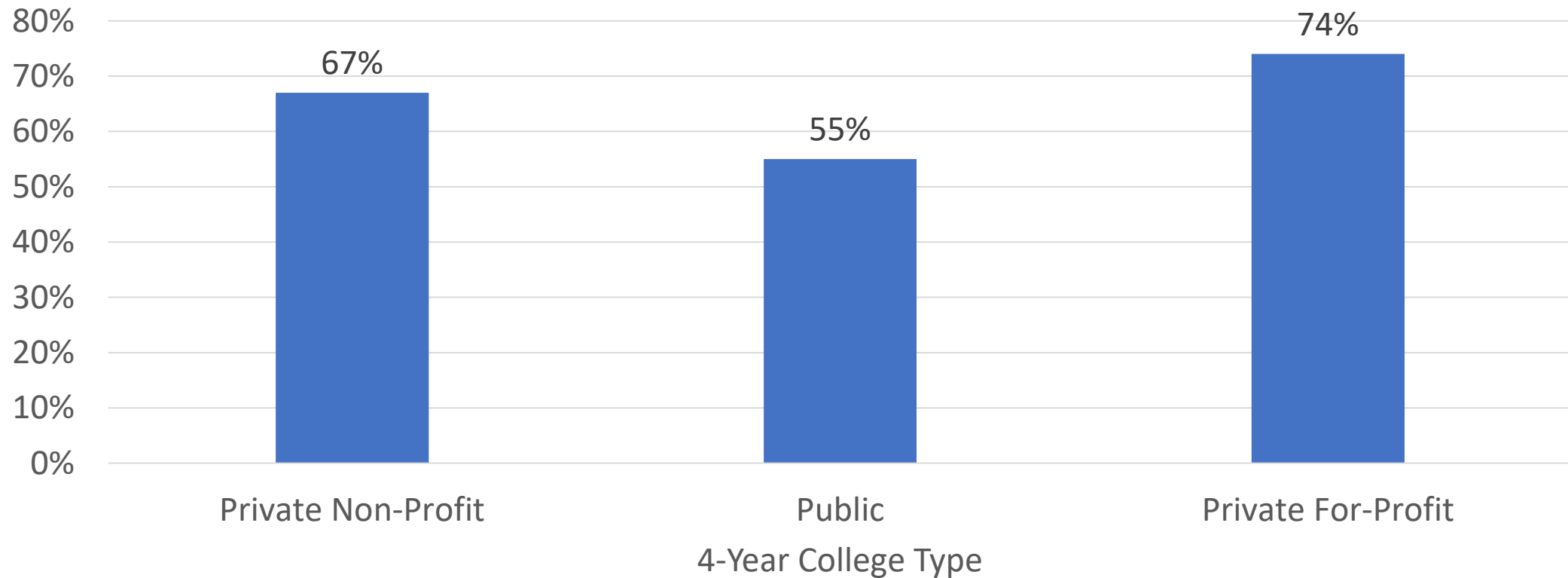
The Basics

Student Loan Debt: Data Sources



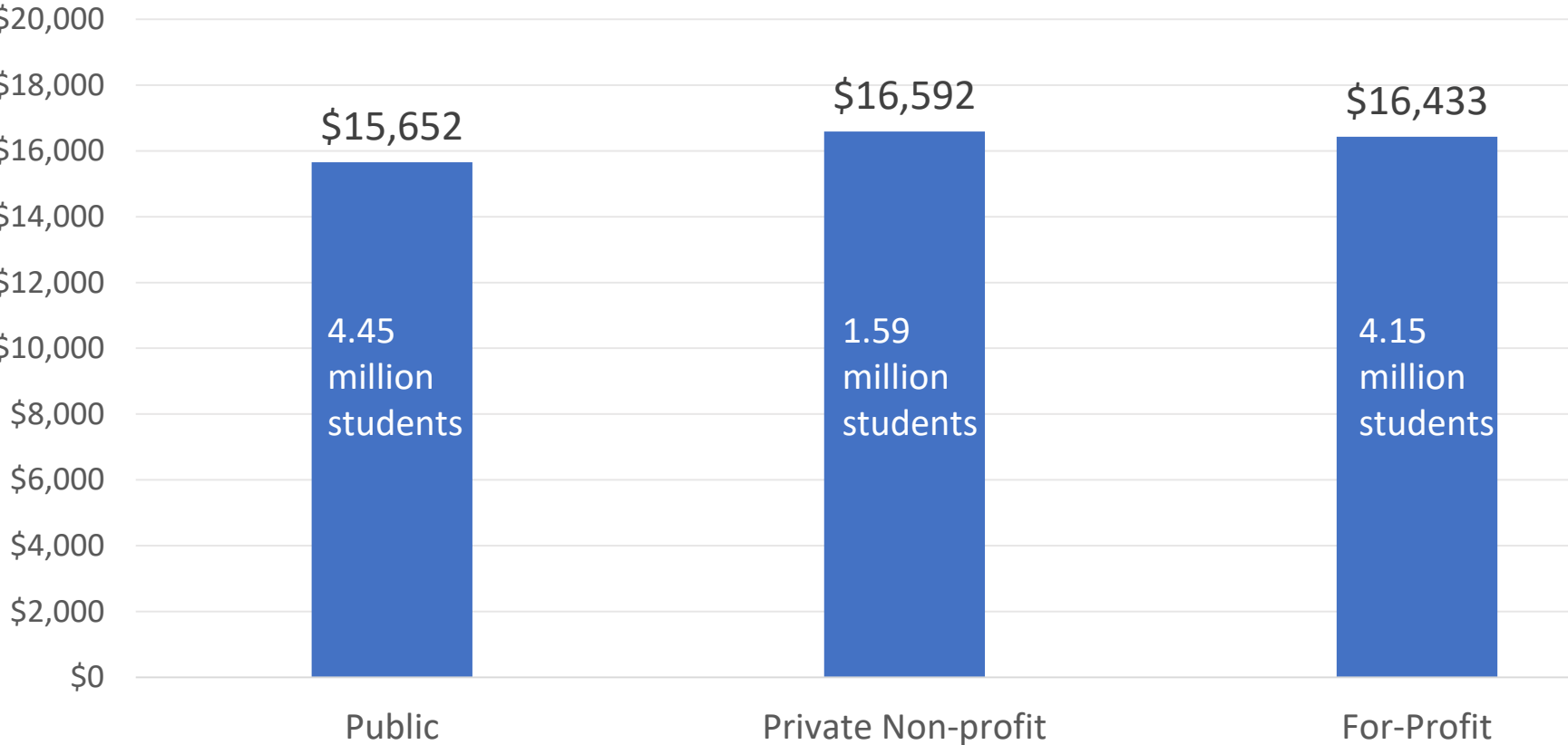
Today more than half of all undergraduate students borrow to attend 4-year colleges.

The Percentage of All Undergraduate Students Receiving a Federal Student Loan in Academic Year 2017-18



During FY 2017 and FY 2018, over 10 million federal student loan borrowers graduated or withdrew from U.S. 4-year colleges with median federal debt around \$16,000.

Median Federal Undergraduate Student Loan Debt Upon Separation Among Borrowers at 4-Year Colleges FY 2017 and FY 2018 (Pooled Cohorts)



How is median debt measured in the College Scorecard?

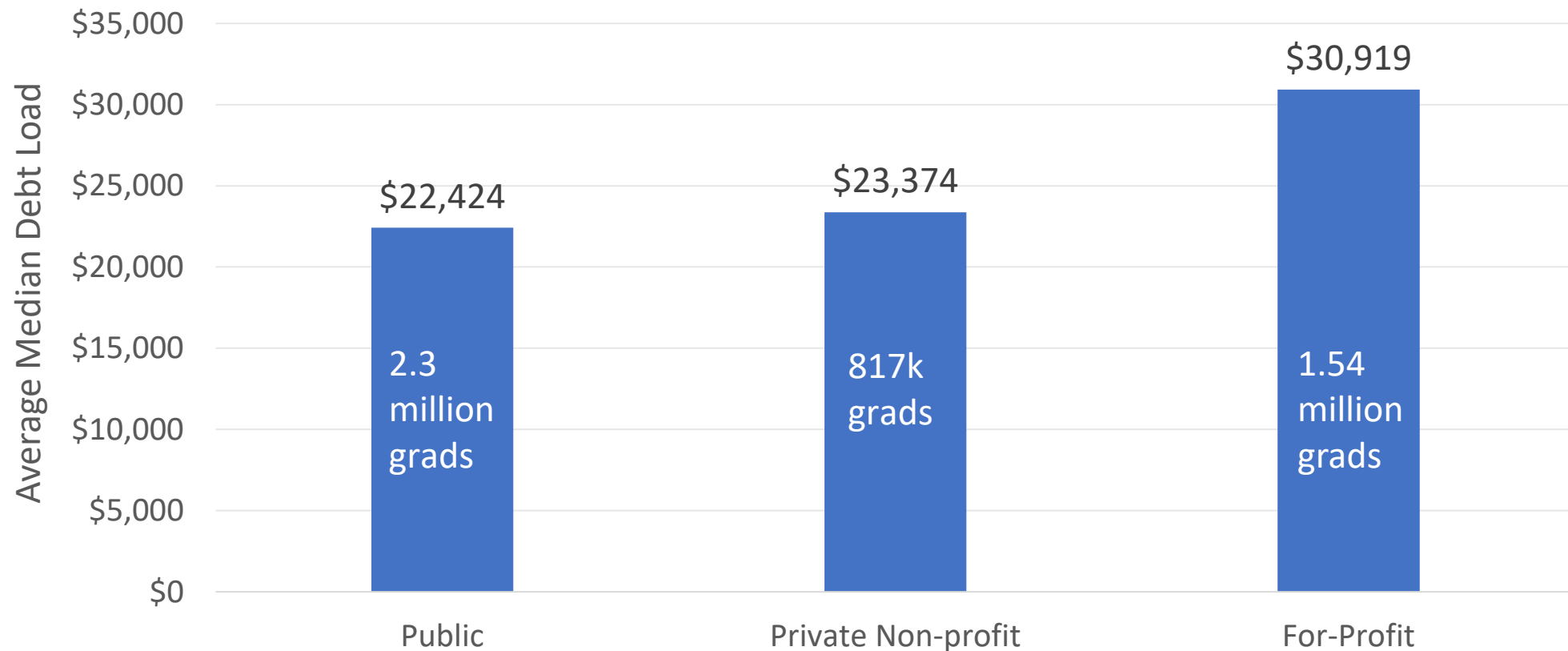
“This is the median loan debt accumulated at the institution by all student borrowers of federal loans who separate (i.e., either graduate or withdraw) in a given fiscal year, measured at the point of separation. More specifically, the measure represents the sum of all undergraduate federal loans over students’ college education at the institution for which the median debt is reported for... At institutions where large numbers of students withdraw before completion, a lower median debt level could simply reflect the lack of time that a typical student spends at the institution.”

Source: Federal College Scorecard

Source: Federal Student Aid Data Center, Enterprise Data Warehouse/ College Scorecard; Weighted average of institutional medians.

Among *graduates* in FY2017/18, borrowers left with \$22,500 and \$31,000 in federal loan debt, on average, from the institution they graduated from

Graduates Only: Average Federal Undergraduate Student Loan Debt and Number of Borrowers at 4-Year Colleges FY 2017 and FY 2018 (Pooled Cohorts)



Source: Federal Student Aid Data Center, Enterprise Data Warehouse/ College Scorecard
Weighted average of institutional medians. NOTE: Only includes debt accumulated at that institution.

Six-figure debts are the exception, not the rule

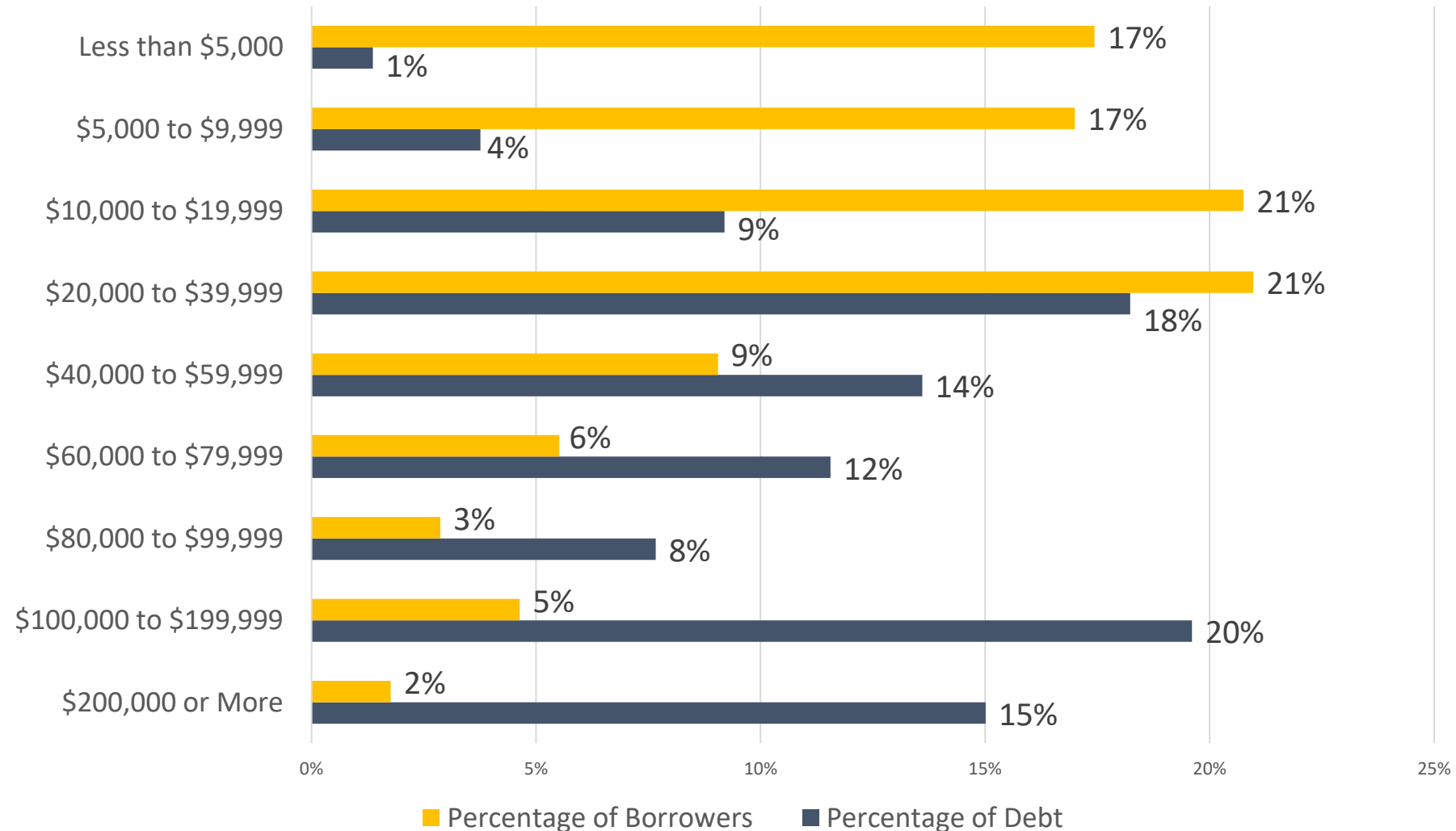
(and almost always result from graduate/professional school)

- Just **7 percent** of student loan borrowers owe \$100,000 or more.
- Among public university graduates, **12 percent** owed more than \$40,000.
- Federal loan programs have a lifetime limit of **\$31,000** for dependent undergraduates (\$57,500 for independents). Graduate PLUS loans have no lifetime limit.
- Undergraduate borrowers make up **75 percent** of all federal loan borrowers and hold **50 percent** of the outstanding debt; graduate students make up 25 percent of borrowers and hold the other 50 percent.

Sources: College Board, *Trends in Student Aid 2019*
Looney, Wessel and Yilla, "Who Owes All that Student Debt?", Brookings Institution 2020.

Six-figure debts are the exception, not the rule (and almost always result from graduate/professional school)

Share of Borrowers and Share of Debt by Outstanding Balance, Q2 FY2019



Preview: In the UNC System, 97% of undergraduates leave school with less than \$40,000 or more in federal loan debt



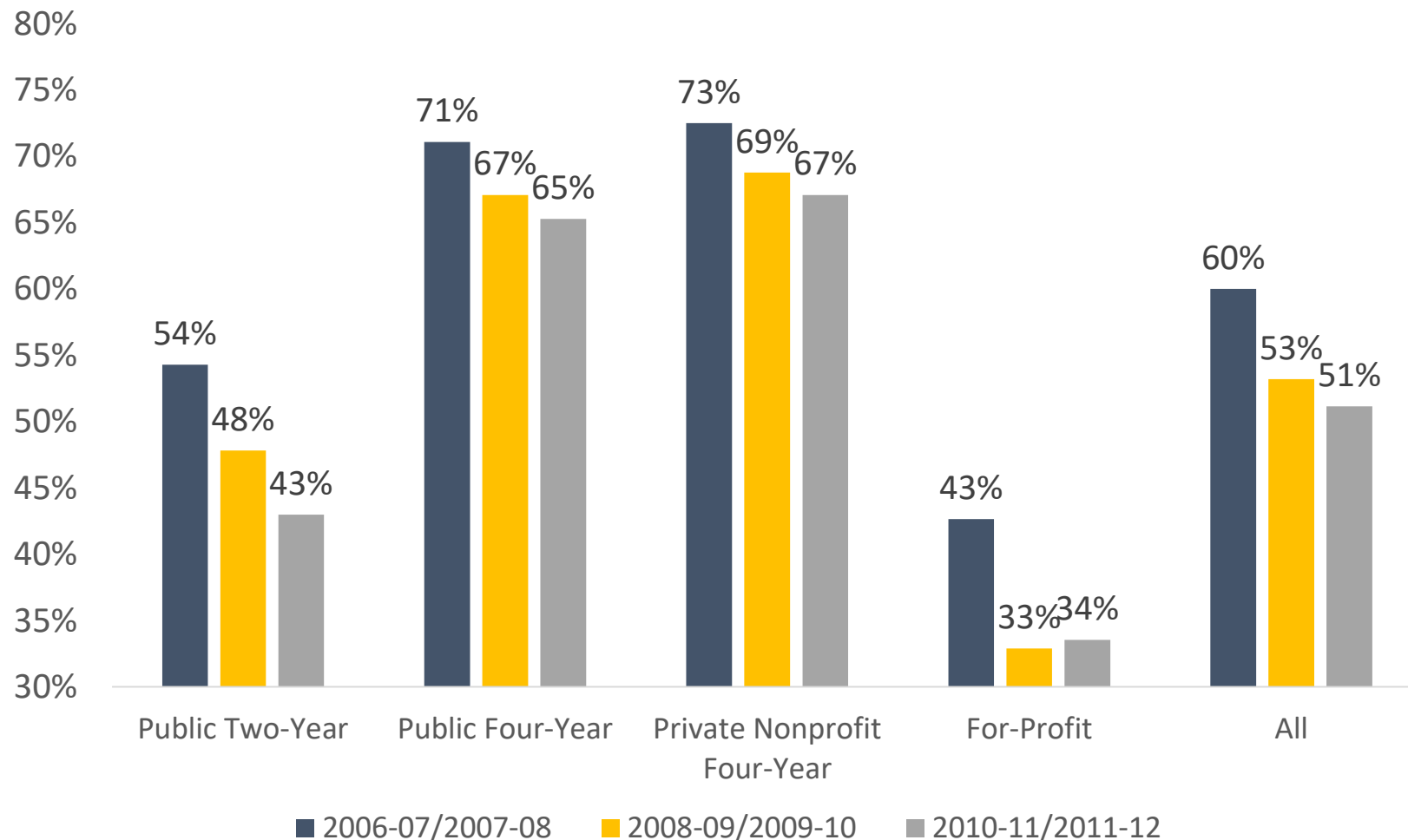
Among UNC System students who started in 2012 or 2013:

- **55%** had borrowed <\$10,000
- **71%** had borrowed <\$20,000
- **97%** had borrowed <\$40,000

six years later.

Yet: Nationally, large numbers of borrowers are struggling to repay their student loans

Five-year Repayment Rates on Federal Loans, By Sector and Year of Entry into Repayment



Nationally, the average repayment rate across all colleges has declined

-9 percentage points

since 2006-07.

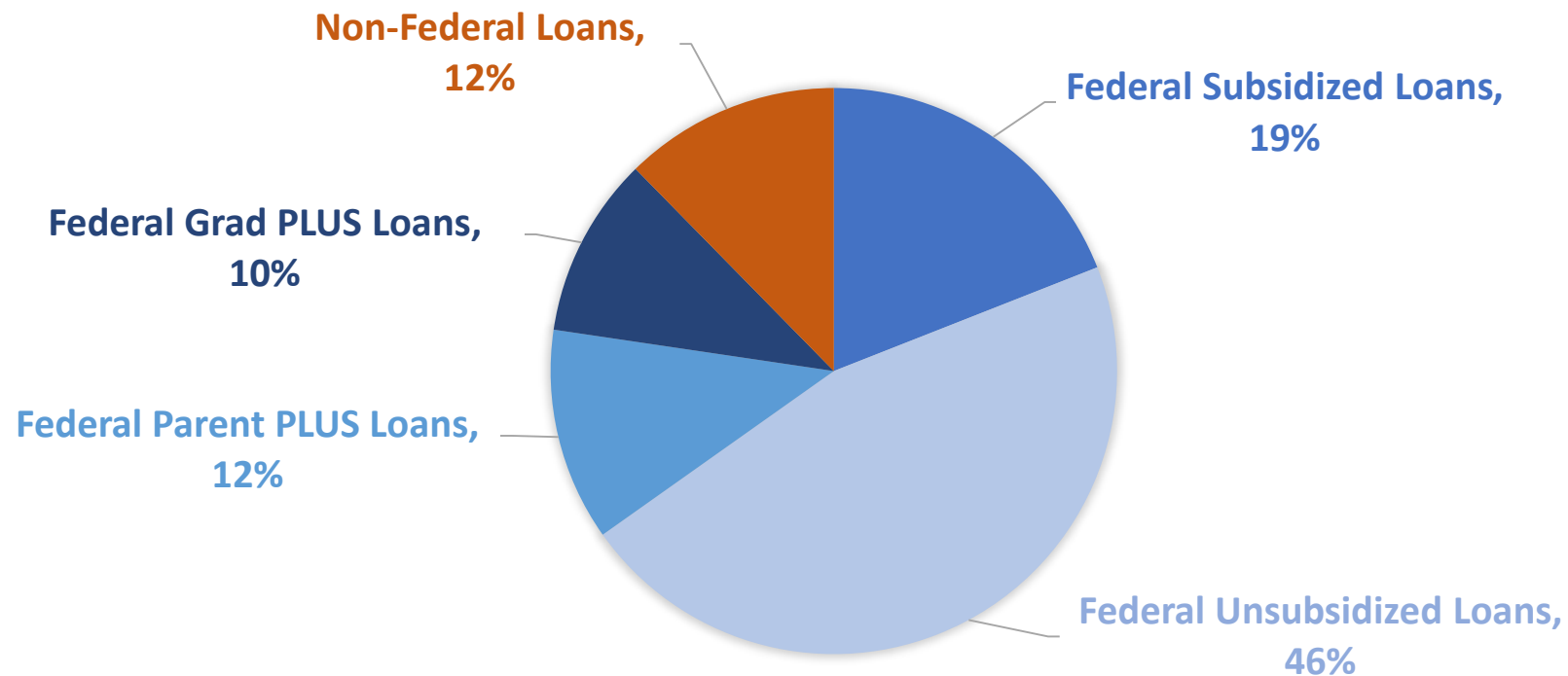
How is the repayment rate measured?

“The repayment rate depicts the fraction of borrowers at an institution who are not in default on their federal loans and who are making progress in paying them down (i.e. have paid down at least \$1 in the initial balance on their loans) after entering repayment.”

College Scorecard

Note: We focus on federal loans because 88% of student debt is in the form of federal loans.

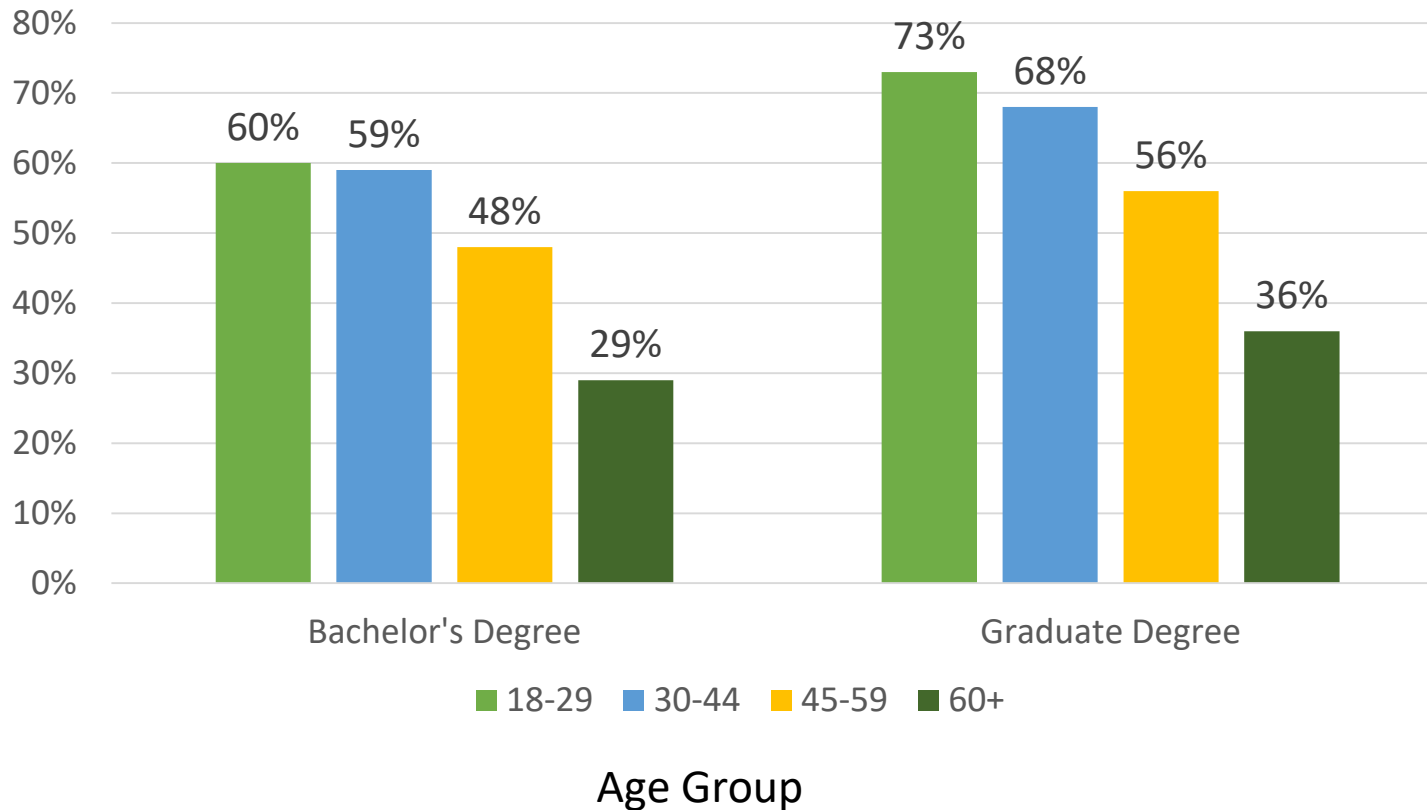
2018-19 Percent Of Total Federal And Non-Federal Loans In 2018 Dollars By Type Of Loan



Student loan debt had been in the news lately. Why is that?

The percentage of people using loans to finance college has increased.

Percent Who Acquired Debt to Finance College
by Age and Highest Degree Earned



The number of people who used debt to pay for some of college is:

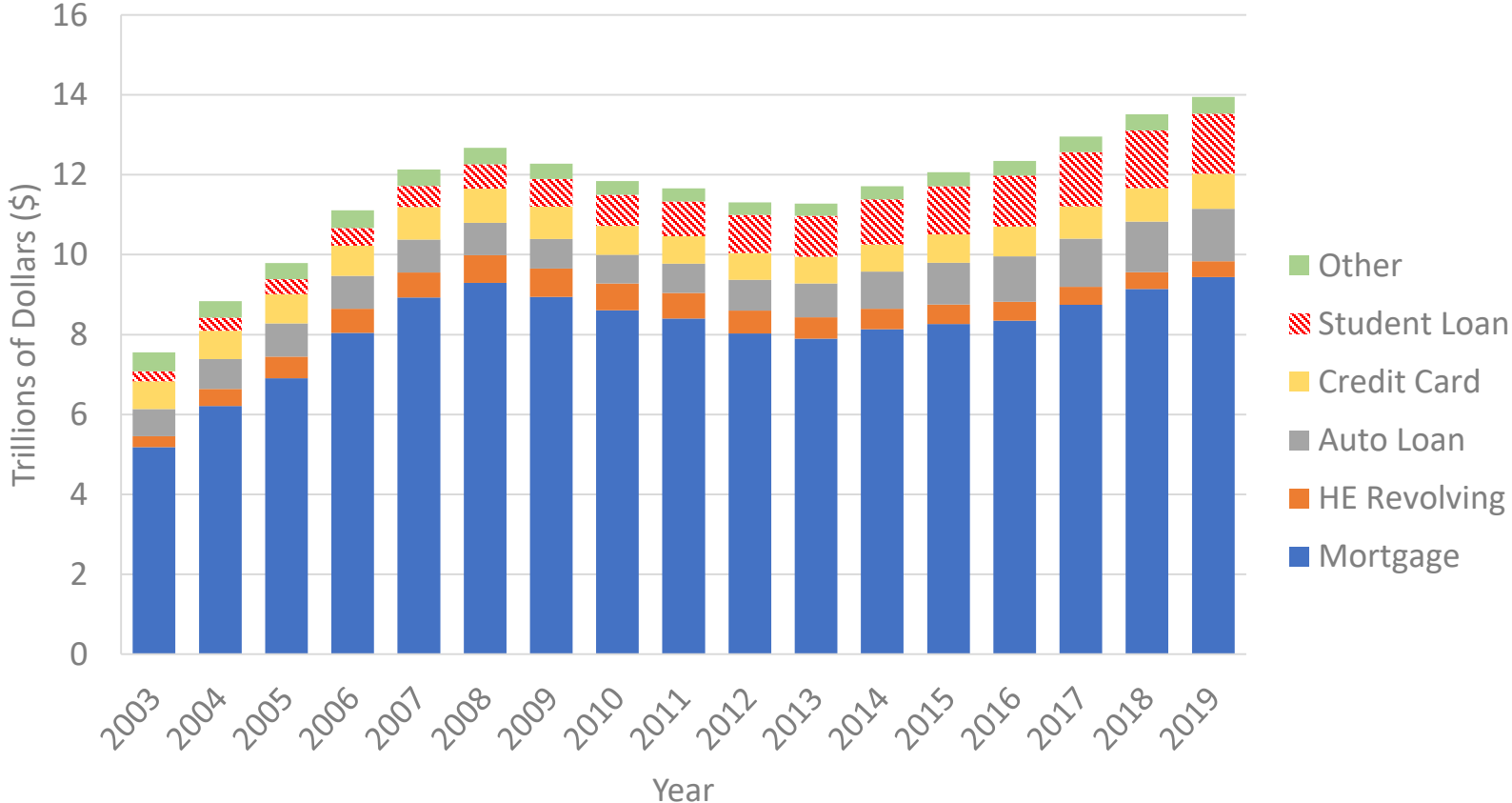
31 percentage points
higher for bachelor's
degree holders and

37 percentage points
higher for graduate degree
holders

for Americans **under 29**
years old compared to
those 60+ years old.

Total student loan debt outstanding has risen significantly post-recession.

Total Outstanding U.S. Debt Balance and Composition 2003-2019



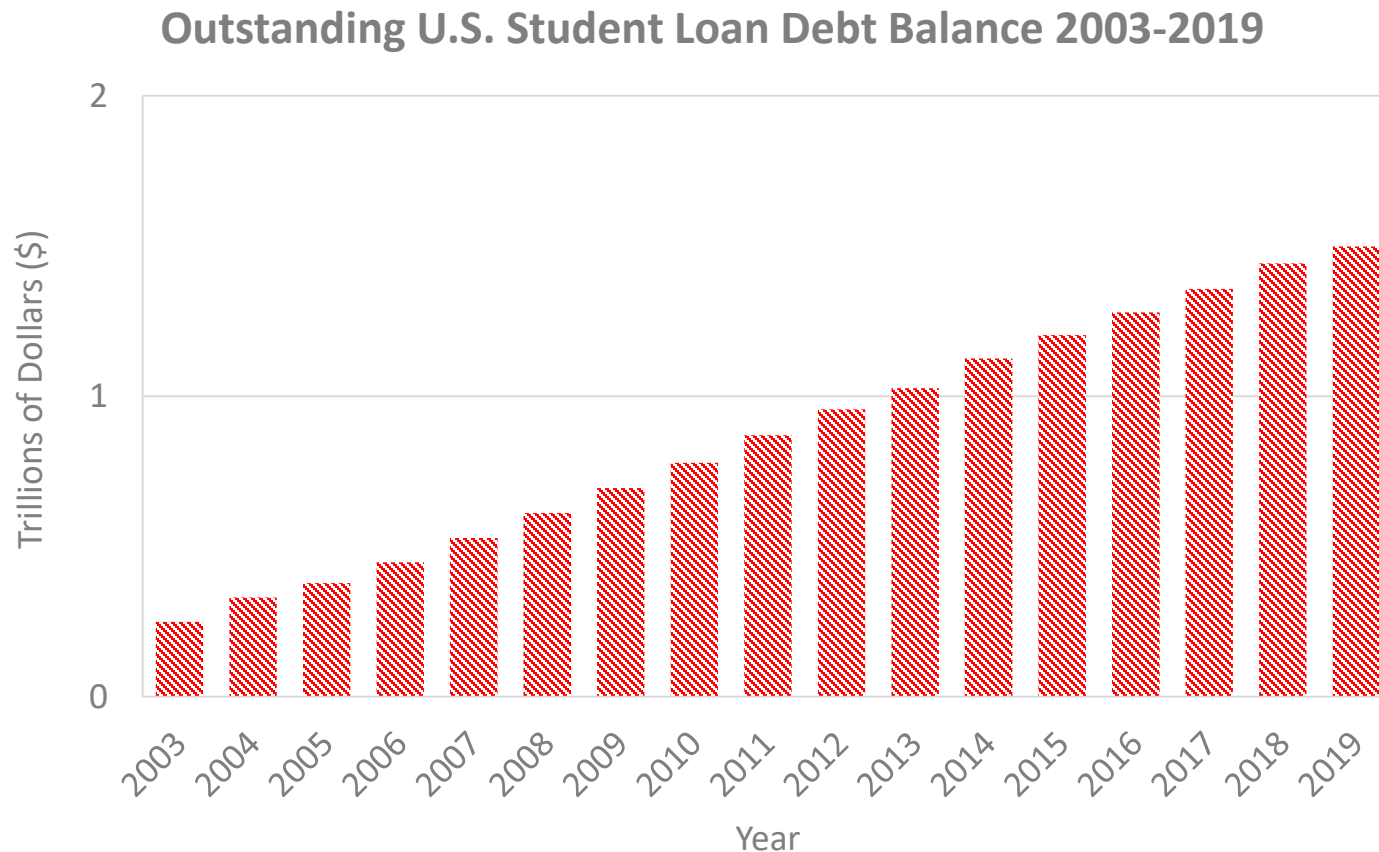
In Q3 2019, the US had **\$1.5 trillion** in **outstanding student loan debt.**

While mortgages are the largest source of household debt, in 2010 student loan debt surpassed credit card debt in 2010 as the **2nd largest source of household debt.**

As a percentage of all household debt, student loan debt has increased from **3% in 2003** to **11% in 2019**

Source: New York Fed Consumer Credit Panel/Equifax

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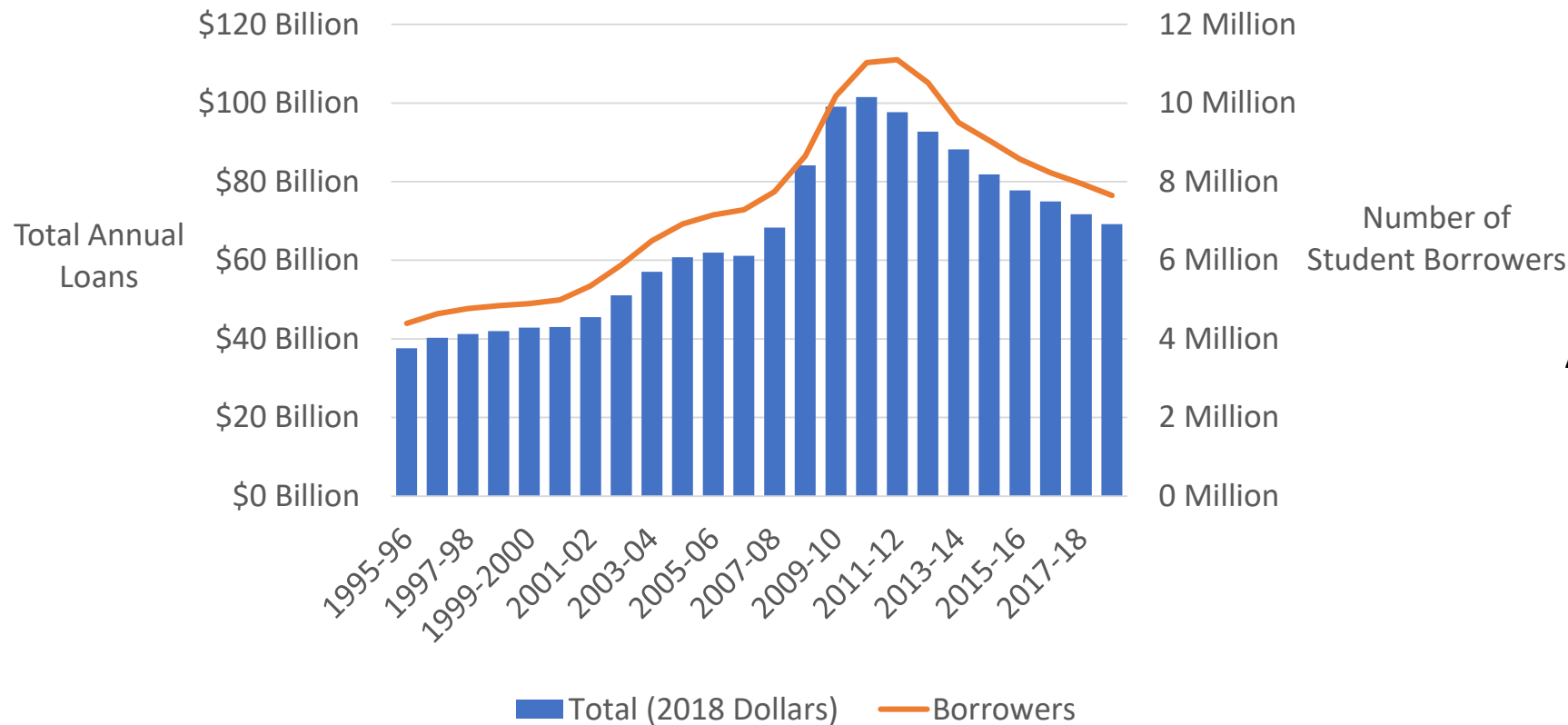
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The number of borrowers has been a bigger driver of the increase in outstanding debt than increases in amounts borrowed.

Annual Number of Borrowers and Total Amount Borrowed (Constant 2018 Dollars) by Students in Federal Loan Programs (Stafford), 1995-96 to 2018-19



Between 1998 and 2018, increases in total outstanding student loan debt are driven largely by increases in the

↑ 58%

number of borrowers

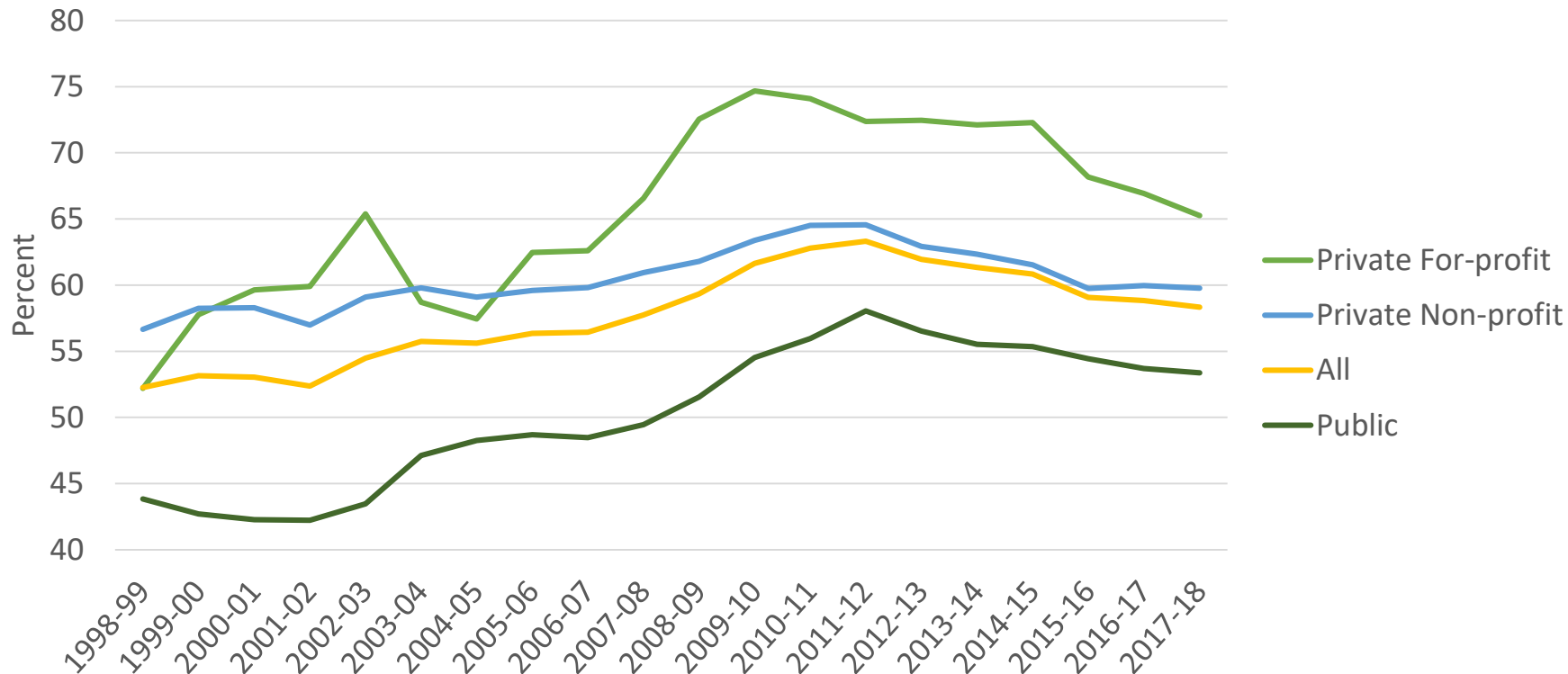
And less so by increases in the

↑ 4.3%

amount per borrower
(in constant dollars)

The percentage of undergraduates taking on loans has increased.

Average Percent of First-Time, Full-Time Undergraduates Receiving Student Loans at 4-Year Colleges



Between 1998 and 2017 the percent of **enrolled students receiving student loans** has:

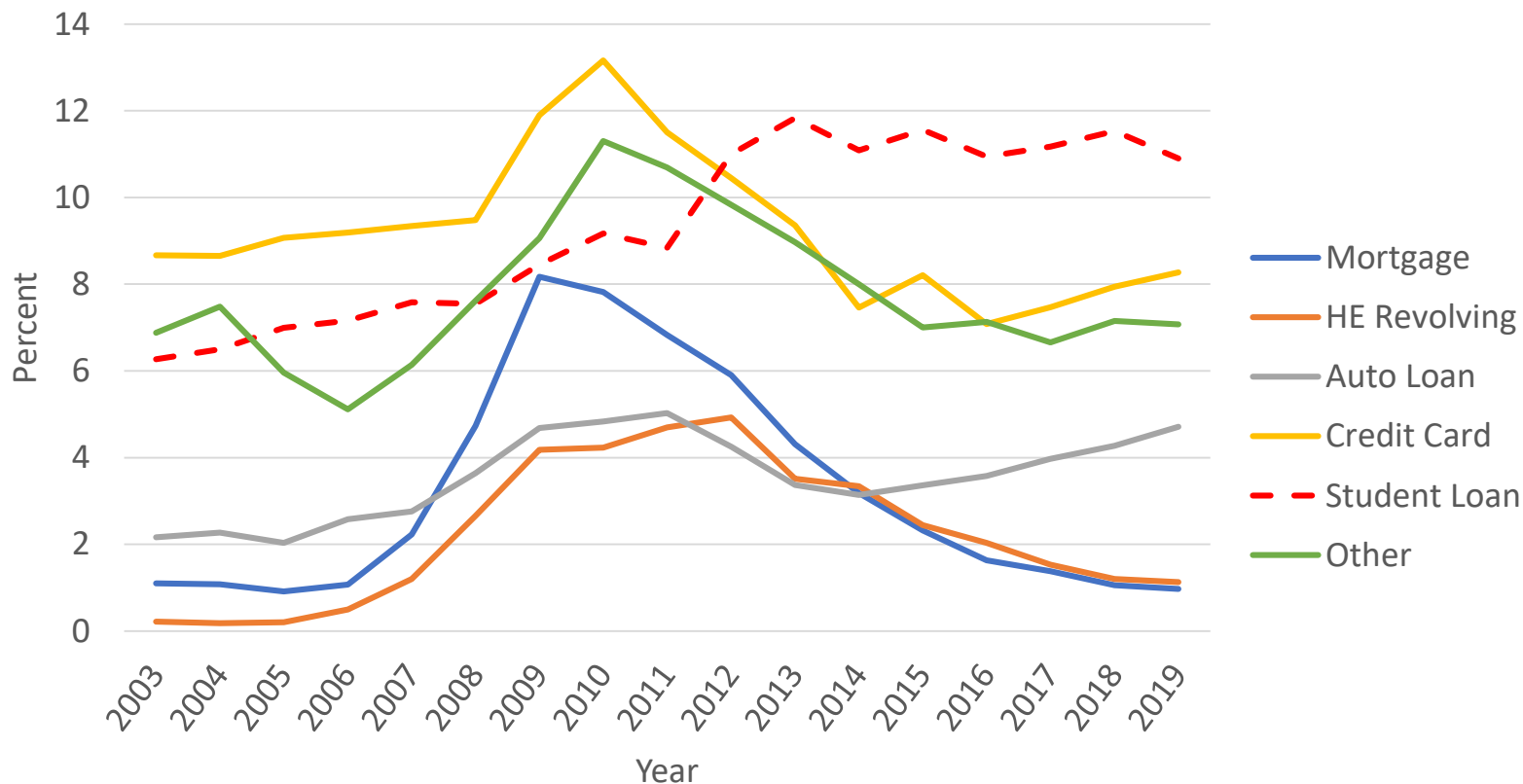
↑ 13 percentage points
Private For-profit Colleges

↑ 3 percentage points
Private Non-profit Colleges

↑ 10 percentage points
Public Colleges

The percent of outstanding student loan debt that is delinquent has increased since the early 2000s.

Percent of Balance 90+ Days Delinquent by Loan Type 2003-2019



Between 2003 and 2019, the percent of outstanding student loan debt that was delinquent rose 4.6 percentage point from

6.3% in 2003 to

10.9% in 2019

with a high of **11.8%** in 2013.

In 2012, student loan delinquency surpassed delinquency on credit card debt

Why is the topic of student loan debt coming up now?

- Student Loan Debt Facts. Since the early 2000s:
 - Surpassed credit cards as the second largest source of U.S. household debt
 - ↑ Percentage of people using loans to pay for college
 - ↑ Number of annual borrowers
 - ↑ Average loan amount
 - Surpassed credit cards as the largest source of delinquent debt
- While many of these trends have leveled off or even begun to reverse post-recession:
 - Default/ delinquency rates remain relatively high
 - Many people have student loan debt but no degree
 - Gaps by race, gender, and income in borrowing and default rates

What does research suggest about the impact of student loan debt on access and success?

Finding 1: College is generally a sound financial investment.

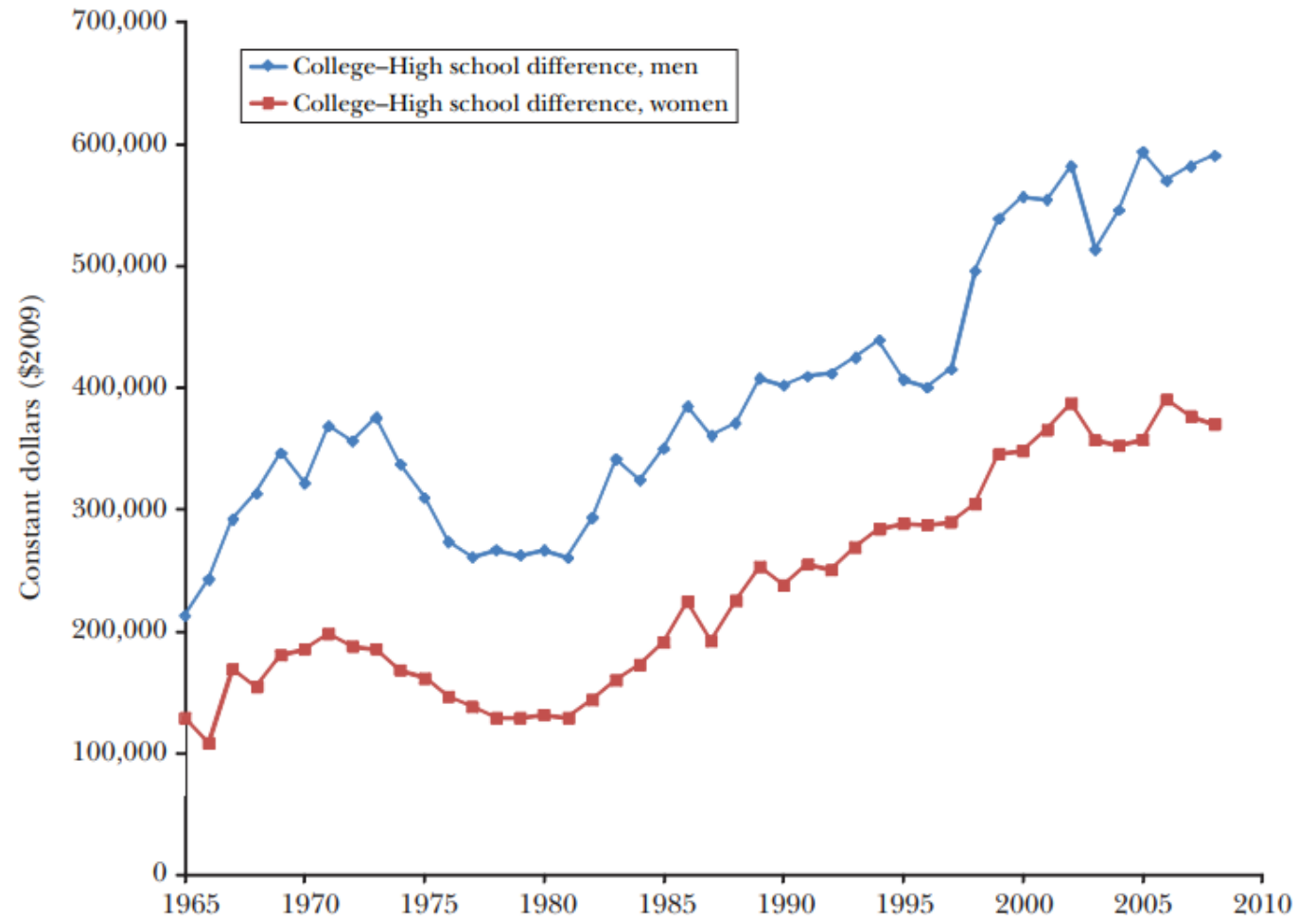
Research findings and supporting data:

- Increased earnings premium for college graduates relative to high school grads²
- Expected lifetime earnings of a college graduate \$500,000 greater than a high school graduate³
- Unemployment rates for those college degrees remains lower than those without⁴

¹Greenstone & Looney, 2011 ²Goldin & Katz, 2008; March CPS, 2009
³Avery & Turner, 2016 ⁴Bureau of Labor Statistics

Figure 3

Present Discounted Value of College Degree Net of Tuition, 1965–2010



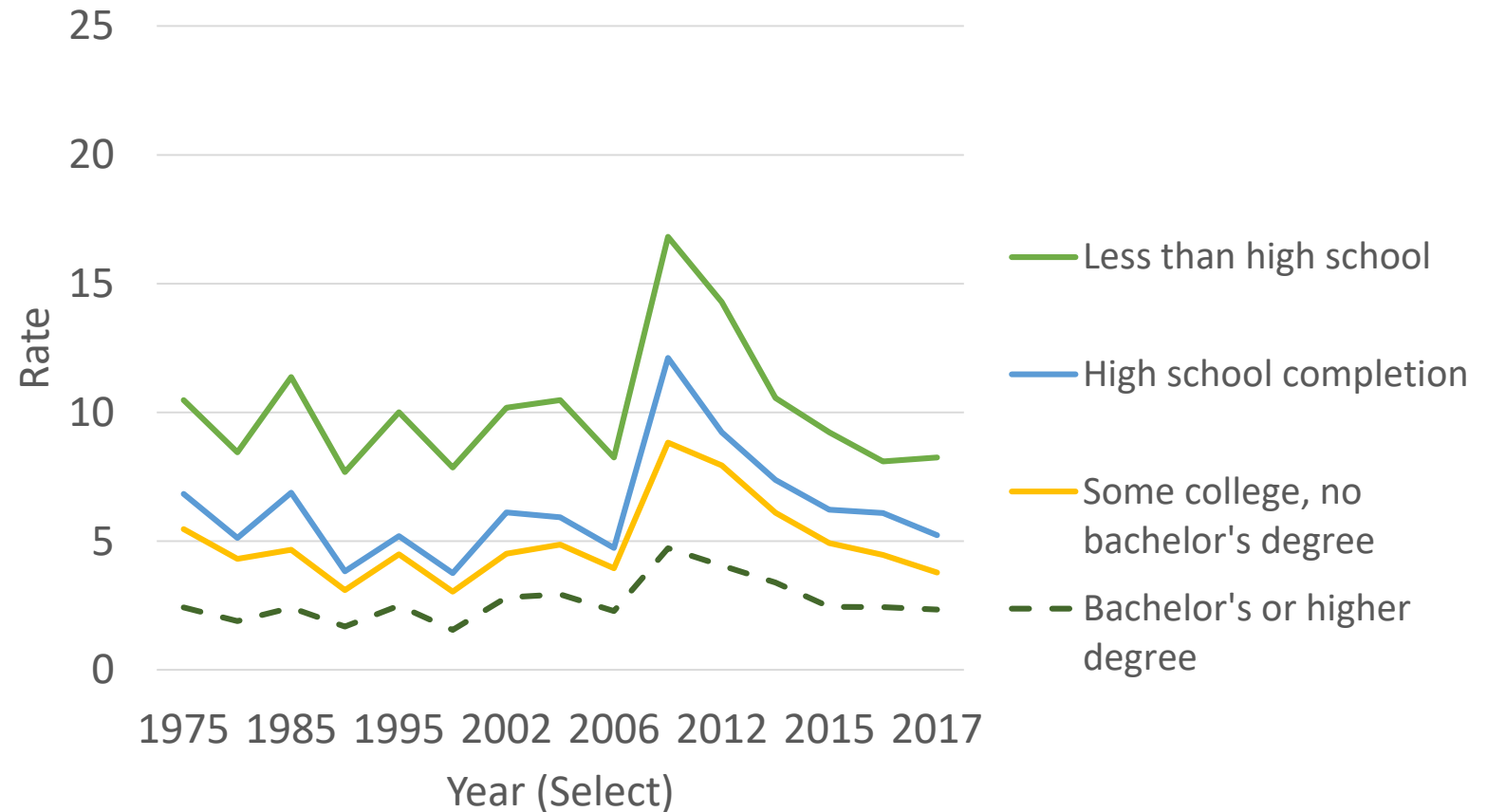
Source: These calculations are based on data from the March Current Population Survey files for full-time, full-year workers using sample weights.

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Unemployment rates of persons 24 to 64 years old by highest level of educational attainment: Select years 1975 through 2017

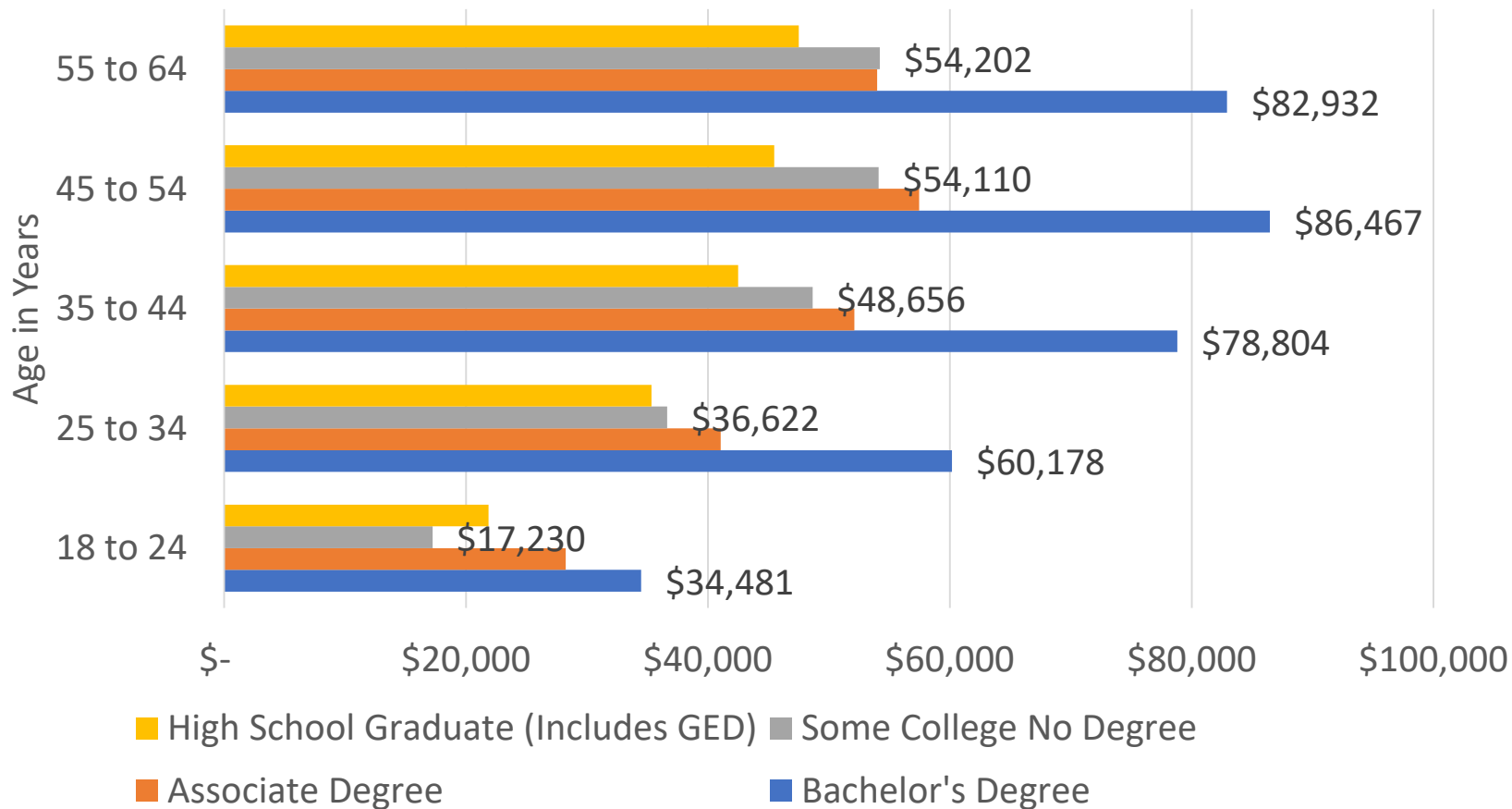


¹Greenstone & Looney, 2011 ²Goldin & Katz, 2008; March CPS, 2009
³Avery & Turner, 2016 ⁴Bureau of Labor Statistics

SOURCE: U.S. Department of Commerce, Census Bureau, Current Population Survey (CPS), Annual Social and Economic Supplement, selected years, 1975 through 2017.

Finding 2: However, *degree completion* is key to capitalizing on student loan borrowing

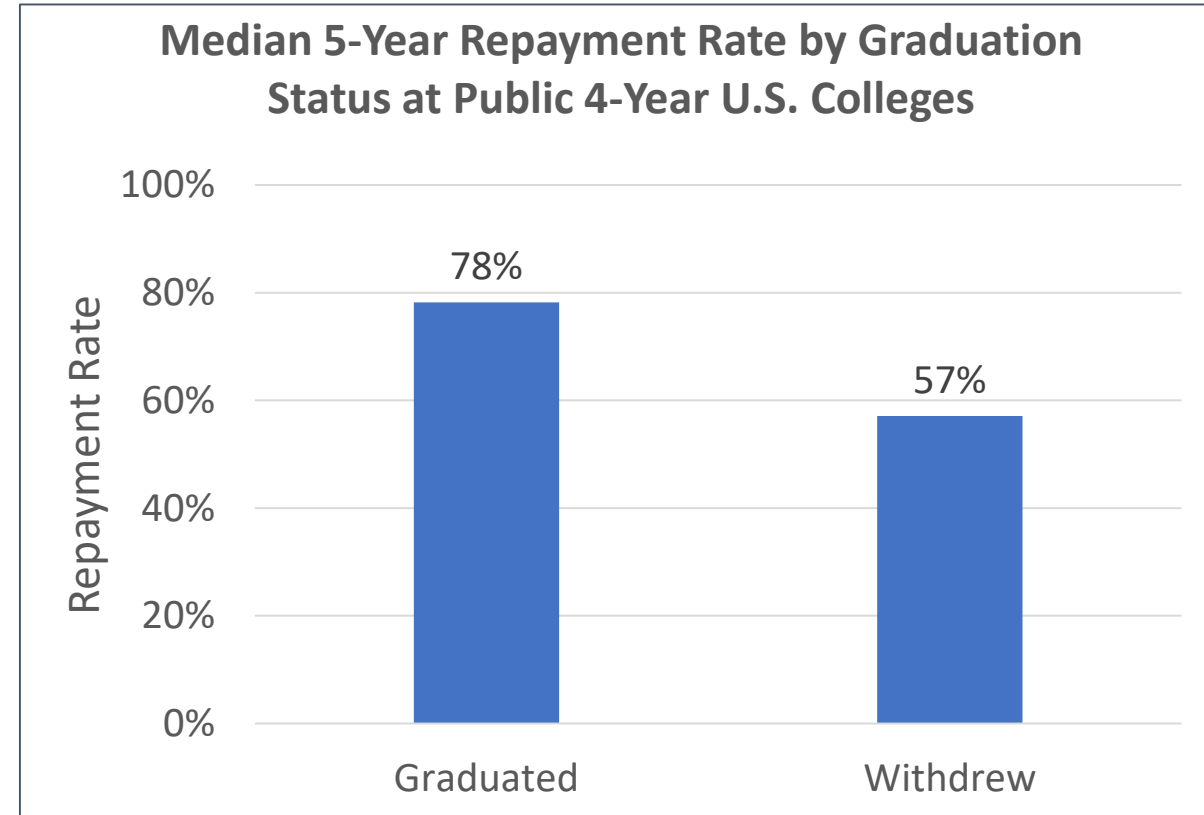
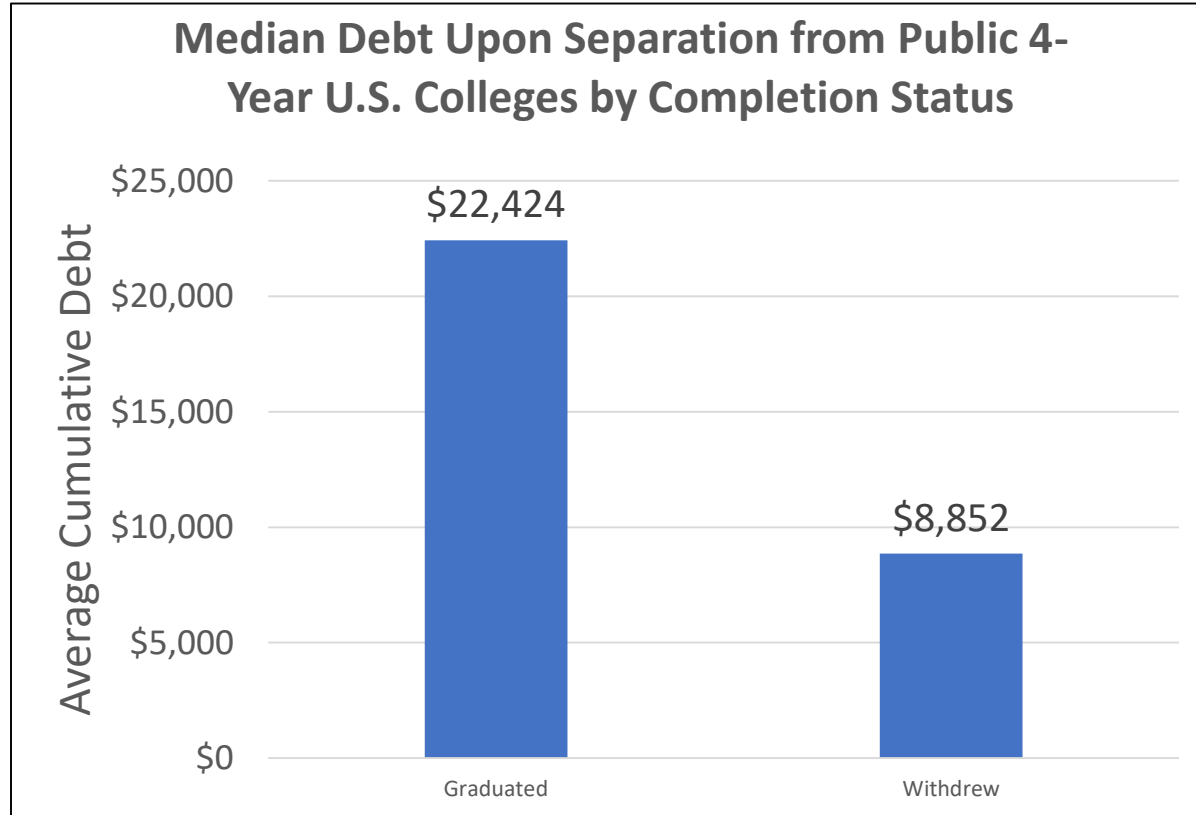
Mean Annual Earnings by Age and Educational Attainment in 2018



Those who drop-out before earning a degree (gray bars) do not experience nearly as high a return on investment as graduates (blue bars).

Nationally, about **2/3** of public college freshmen **graduate in six years**, leaving many students who attempt college with debt and no degree.

Finding 2: However, *degree completion* is key to capitalizing on student loan borrowing

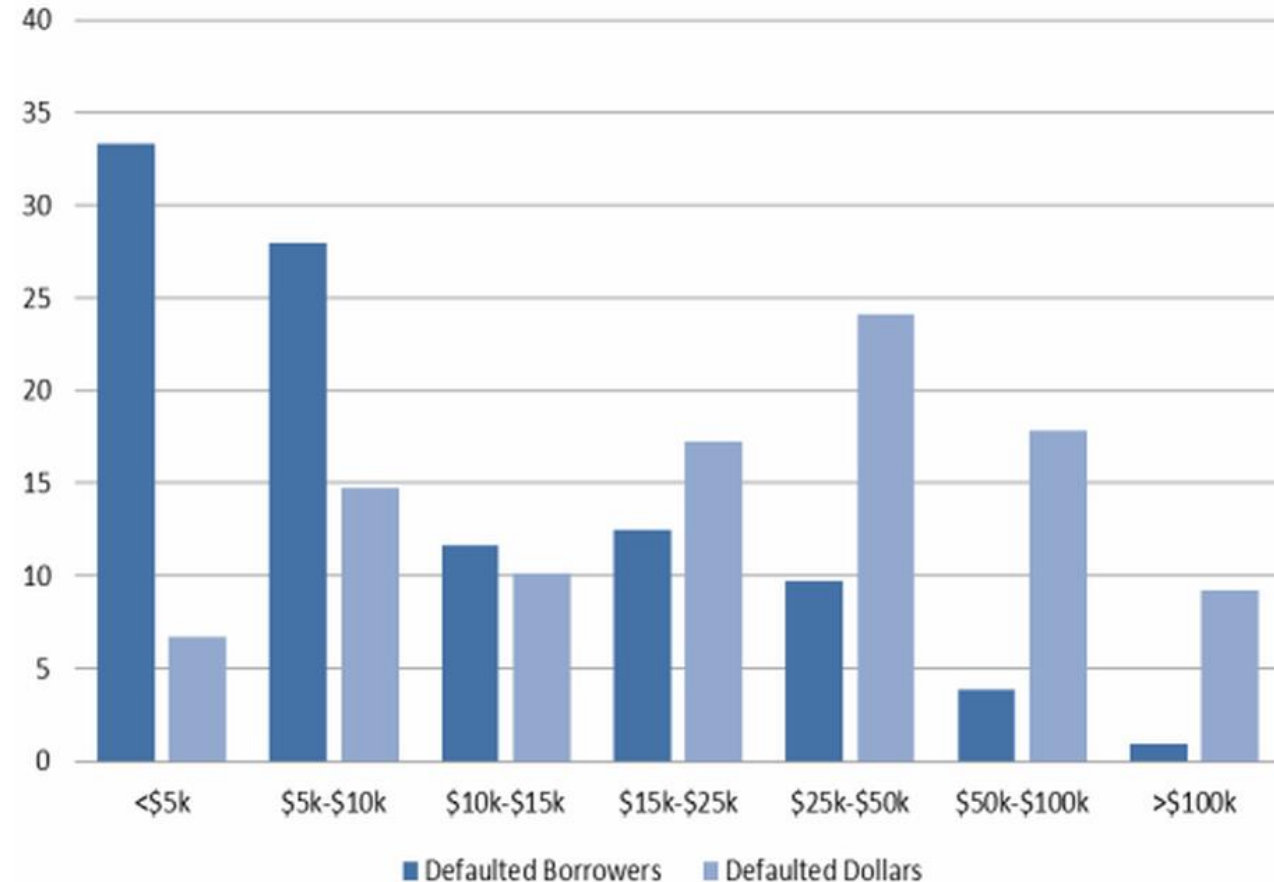


Source: College Scorecard
Median debt: FY 2017 and FY 2018 Pooled Cohorts
Repayment rates: NSLDS pooled FY2011, FY2012 cohorts measured in FY2016, FY2017

Finding 2: However, *degree completion* is key to capitalizing on student loan borrowing

Research shows that **default rates are highest among borrowers with the lowest debts**

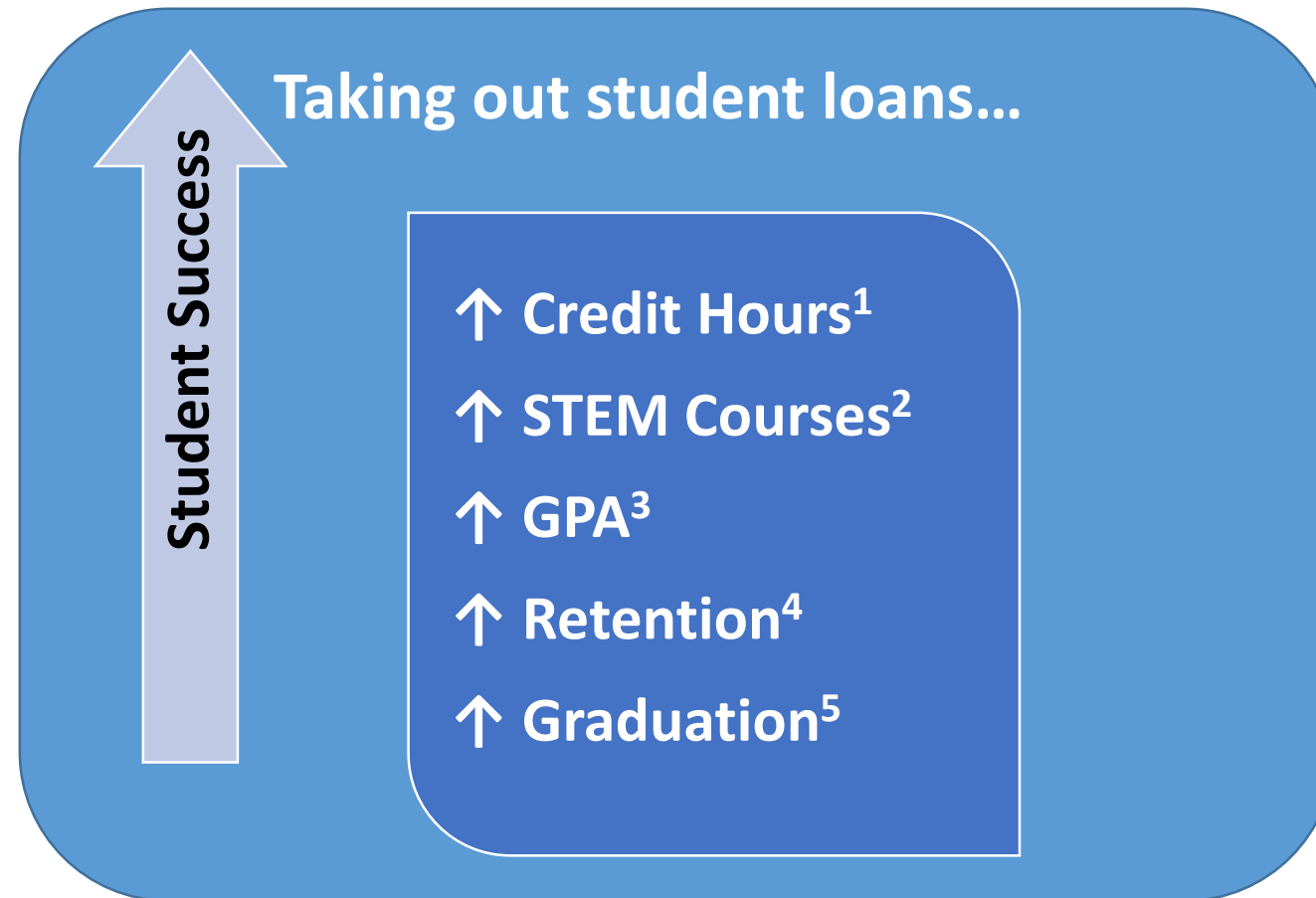
FIGURE 7: SHARE OF BORROWERS AND SHARE OF DOLLARS IN DEFAULT



Notes: This figure shows the fraction of student loan borrowers who default and the fraction of dollars in default by balance owed. Source: 4 percent sample of the NSLDS.

Source: Looney and Yannelis, 2018

Finding 3: Borrowing student loans has been associated with increased student success.



Sources: ¹ Marx & Turner, 2018; Wiederspan, 2016 ² Wiederspan, 2016 ³ Barr, Bird, Castlemen, 2019; Marx & Turner, 2018 ^{4,5} Chen & DesJardins, 2010; Chen & DesJardins, 2008; Herzog, 2005; Singell, 2002; Singell 2004

Finding 3: Taking out student loans has been associated with increased student success. Why?

Student loans provide funds so that students can afford college and living expenses, which can:

↓ **Pressure to work more hours**

(and free up more time to study)

↓ **Financial anxiety and stress**

- Research suggests that financial need and anxiety about finances can have a negative effect on student success (Oseguera & Rhee, 2009; Herzog, 2005)
- Two recent experimental studies highlight the important relationship between borrowing and student success.
 - In one, students were randomly assigned to receive text messages that encouraged them to be careful about borrowing too much (Barr, Bird & Castleman, 2019). These counseling reduced borrowing, but it also reduced GPA's and credits earned.
 - In another, students at a community college were randomly chosen to be informed about loan eligibility. Those who learned about eligibility were more likely to borrow, and also had higher GPA's, more credits earned, and were more likely to transfer to a four-year college (Marx & Turner, 2018).

Summary

- The ROI of a college education is typically high. That high return is largely contingent on completion.
- Loans can increase the chance of completion, but can be costly for non-completers.

How do these patterns look
within the UNC System?

Student Loan Debt Data Sources

National

All 4-Year Colleges or a Sample

National Context

Public

Private
Non-Profit

Private
For-Profit

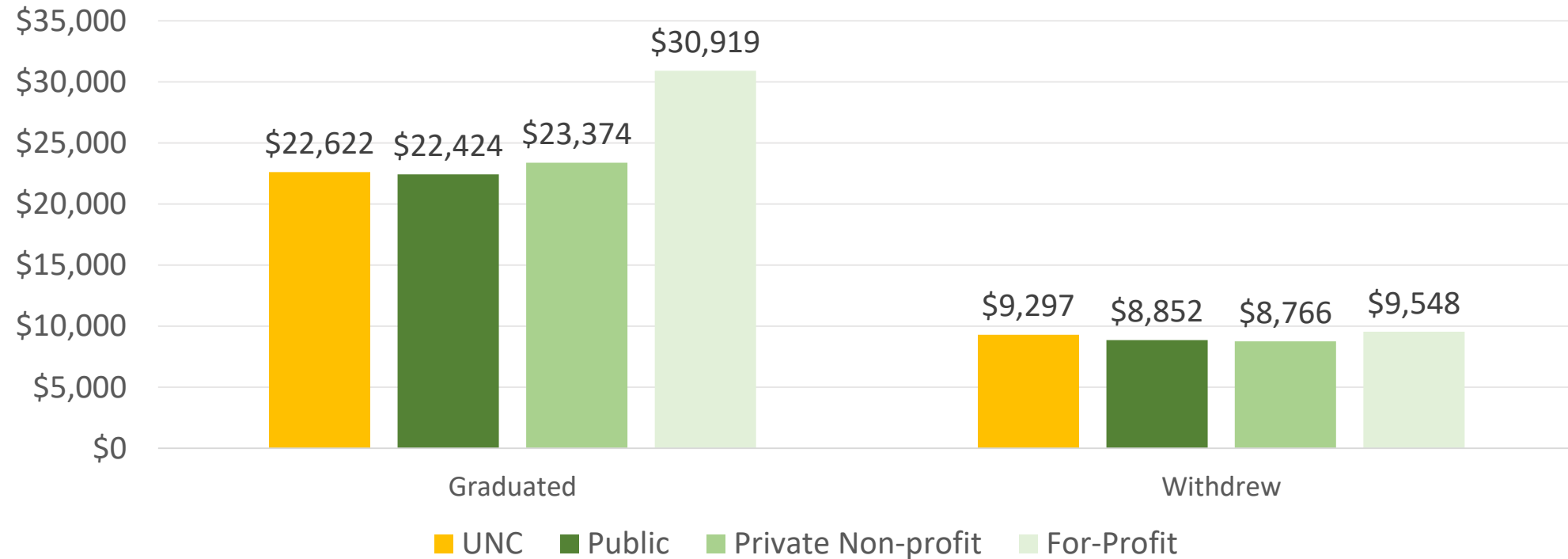
UNC
System

UNC System

UNC
System

Students who withdraw without a degree typically have much less debt than their peers who stayed and graduated...

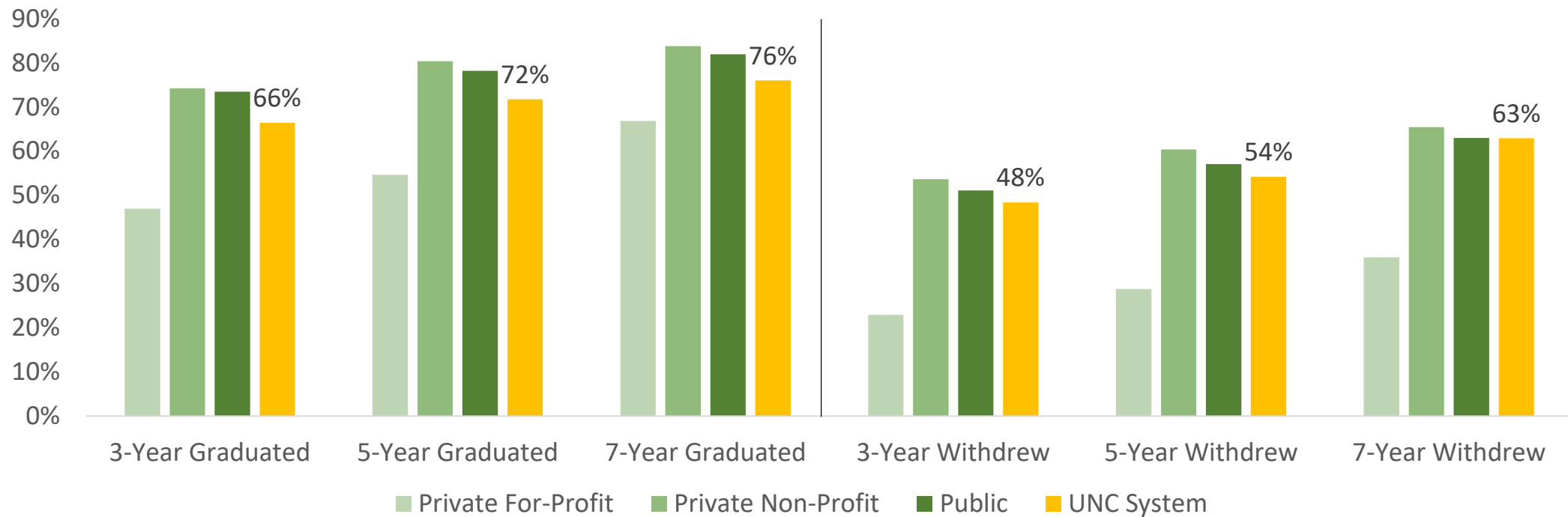
**Median Debt Upon Separation from 4-Year U.S. Colleges by Completion Status
(Weighted Averages of Medians, FY 2017 and FY 2018 Pooled Cohorts)**



	Graduated	Did not Graduate (Withdrew)	Percent Graduated
Private For-Profit	1,539,852	2,607,487	37%
Private Non-Profit	817,447	777,632	51%
Public	2,310,269	2,143,422	52%
UNC System	50,721	36,094	58%

Non-completers are far more likely to struggle to repay their loans.

Median Repayment Rate by Graduation Status Measured over Years* from Entering Repayment from 4-Year U.S. Colleges



*3-year repayment rate is NSLDS pooled FY2013, FY2014 cohorts measured in FY2016, FY2017; 5-year repayment rate is NSLDS pooled FY2011, FY2012 cohorts measured in FY2016, FY2017; 7-year repayment rate is NSLDS pooled FY2009, FY2010 cohorts measured in FY2016, FY2017

Student Loan Debt Data Sources

National

All 4-Year Colleges or a Sample

National Context

Public

Private
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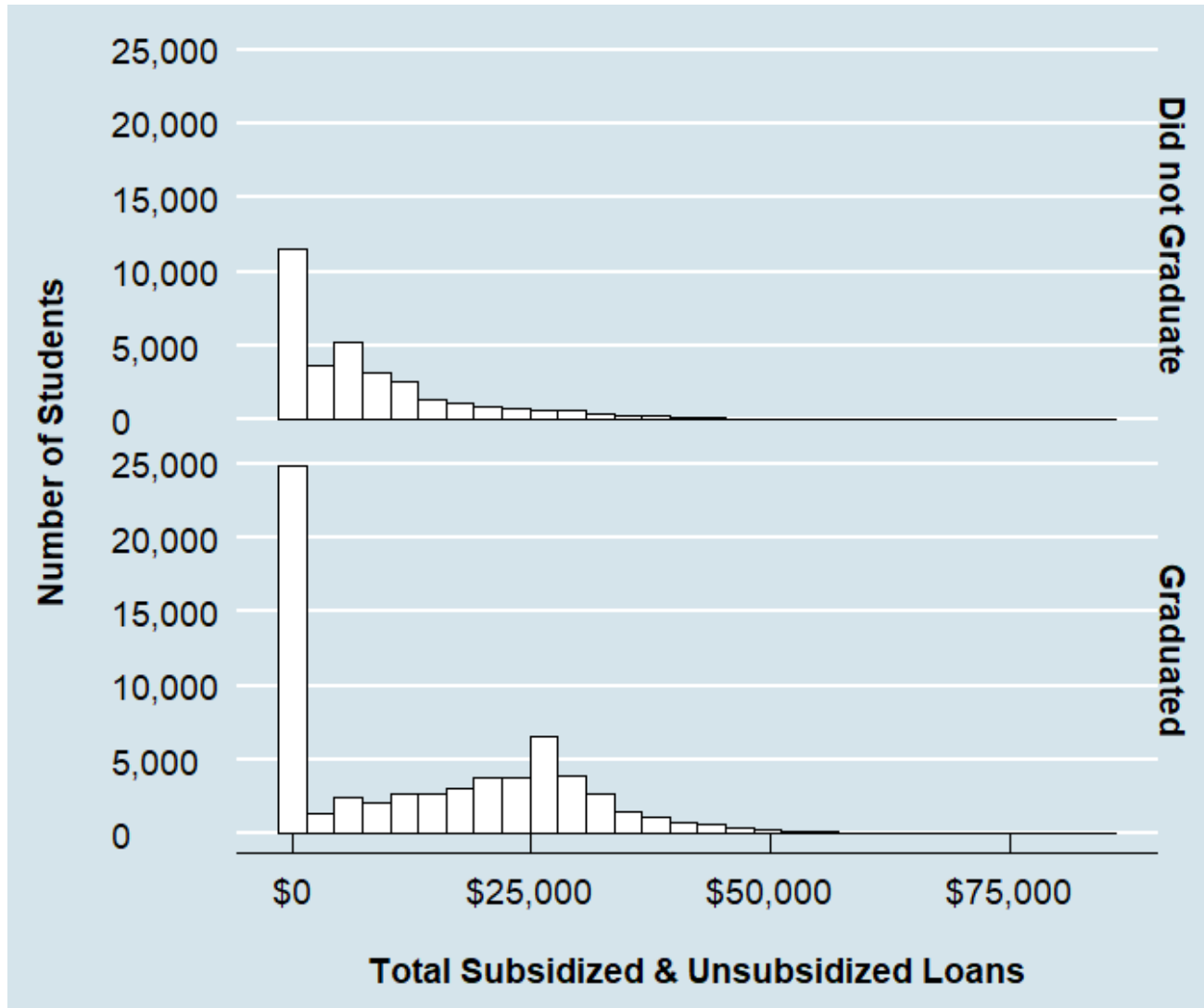
UNC
System

UNC System

UNC
System

Distribution of Student Loans by Graduation Status

(Students beginning in Fall 2012-Fall 2013 after 6 years)



Averages and medians are informative, but do not tell the whole story.

The distribution of debt varies significantly across students and between universities.

	GRADUATED IN 6 YEARS	NO LOANS	LOANS
Yes		38%	62%
No		33%	67%

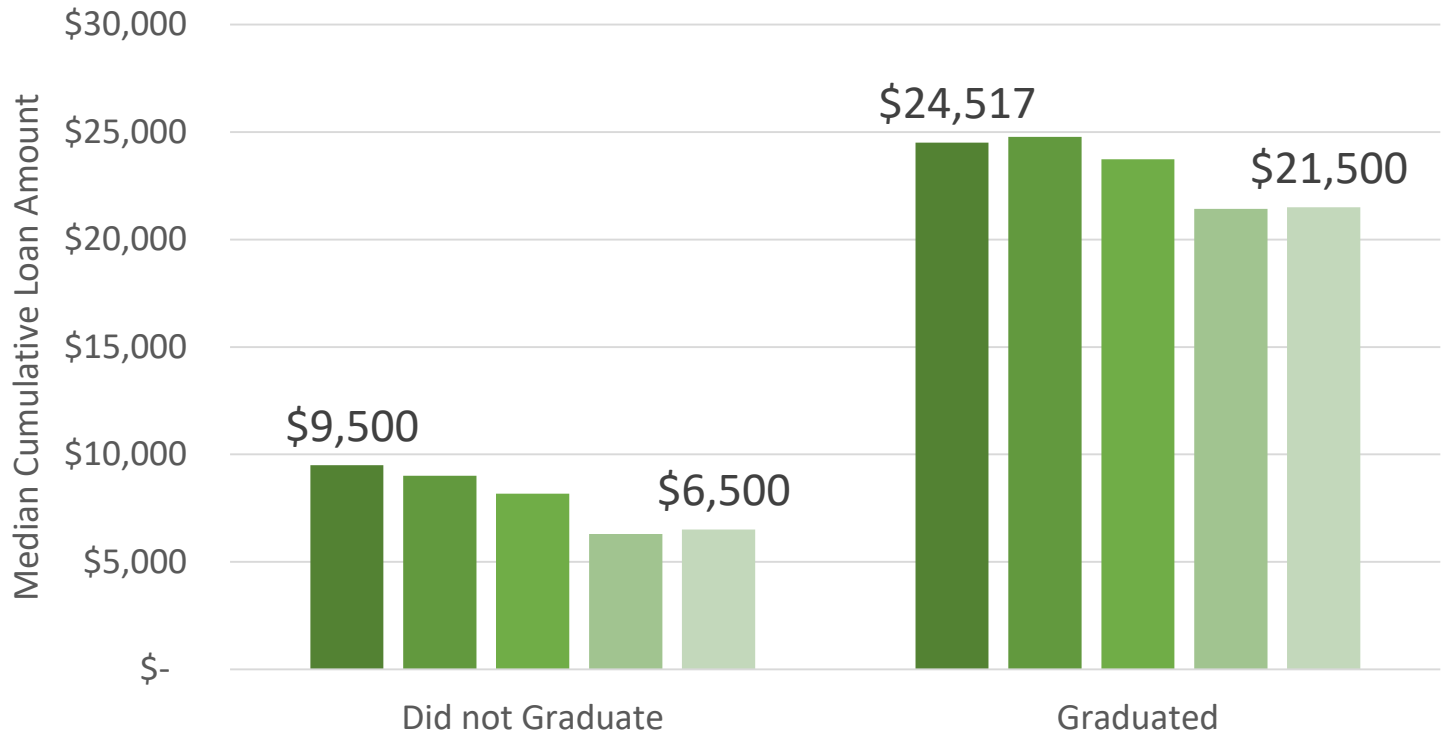
Distribution of Student Loans by Graduation Status

(Excluding non-borrowers; Students beginning in Fall 2012-Fall 2013 after 6 years)



Income: Students from the lowest-income families end up borrowing the most and graduate at lower rates.

Median Loan Amount Among Borrowers by Graduation Status and Expected Family Contribution
(Students beginning in Fall 2012-Fall 2013 after 6 years)



Expected Family Contribution (EFC):
 Designed to measure a family's financial strength that is calculated according to a formula established by federal law.

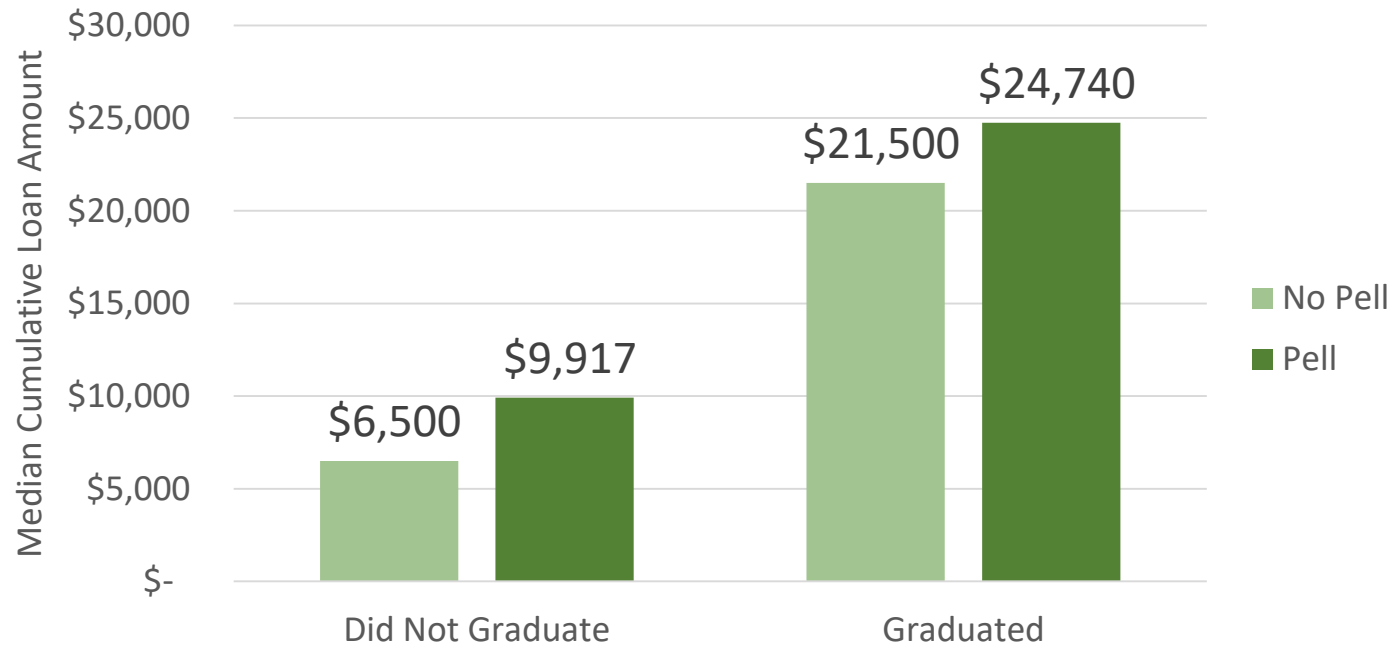
Number of Students

EFC	Did not Graduate	Graduated	Percent Graduated
\$0-999	10,035	13,024	56%
\$1,000-4,999	4,299	7,655	64%
\$5,000-9,999	2,885	5,897	67%
\$10,000-14,999	1,617	3,974	71%
\$15,000-19,999	1,133	2,747	71%
\$20,000+	2,499	6,877	73%

EFC: ■ \$0-1,000 ■ \$5,000-6,000 ■ \$10,000-11,000 ■ \$15,000-16,000 ■ \$20,000+

Income: Students receiving Pell grants take on about \$3,000 in additional debt on average compared to their peers

**Median Loan Amount Among Borrowers by Graduation Status and Pell Grant Status
(Students beginning in Fall 2012-Fall 2013 after 6 years)**



Pell Status	Number of Borrowers		
	Did Not Graduate	Graduated	Percent Graduated
No Pell	7,980	16,252	67%
Pell	14,516	24,093	62%

84%
of **Pell** students **receive loans**
compared to

46%
of **Non-Pell** students

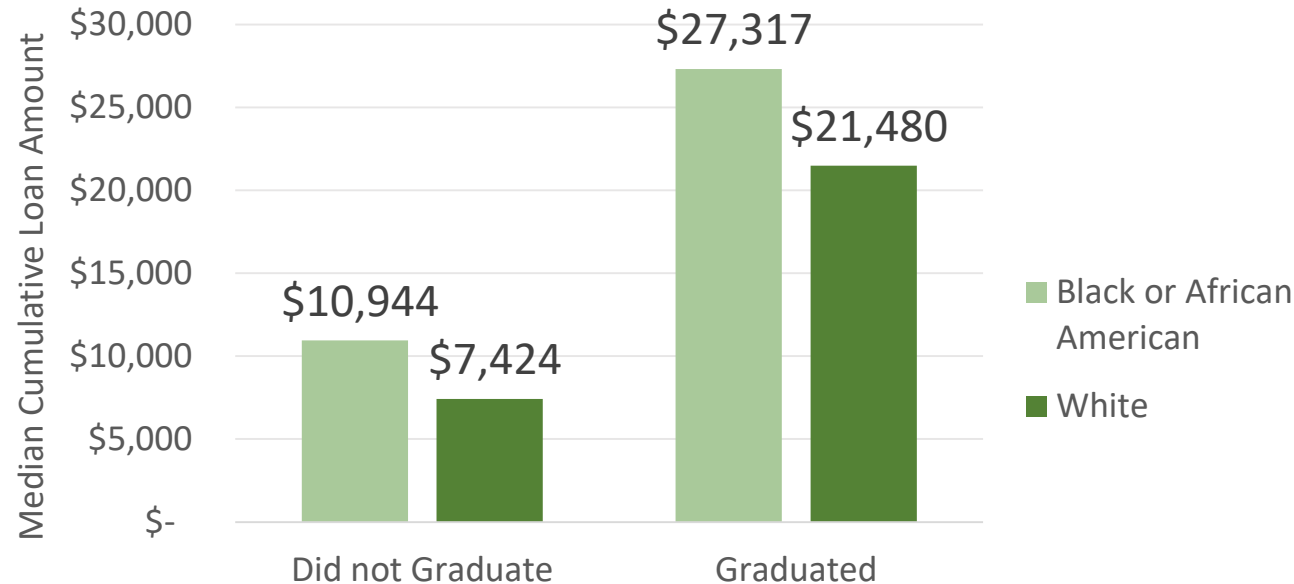
The **percent of Pell students who graduate** is

↓5 percentage points

Lower than non-Pell students
(both with loans and without loans).

Race: African American students tend to have more debt than their white peers and graduate at significantly lower rates.

**Median Loan Amount Among Borrowers by Graduation Status and Race
(Students beginning in Fall 2012-Fall 2013 after 6 years)**



A higher percentage of African American students **receive loans**:

84%

African American

46%

White

African American students **have higher debt amounts** than their white peers:

21% more

(Among Graduates)

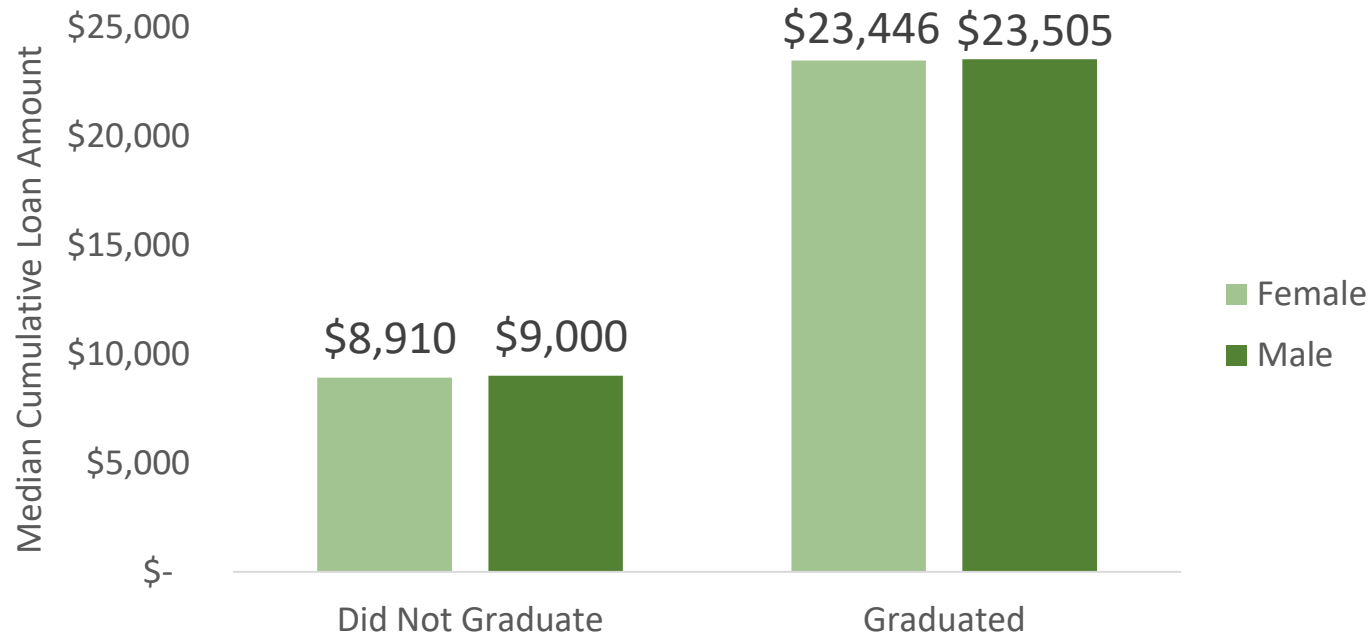
32% more

(Among Non-Graduates)

Race	Number of Borrowers		
	Did Not Graduate	Graduated	Percent Graduated
Black or African American	8,597	10,207	54%
White	10,333	23,516	69%

Gender: While men and women in the UNC System have similar debt amounts, women are more likely to borrow and graduate at higher rates.

**Median Loan Amount Among Borrowers by Graduation Status and Gender
(Students beginning in Fall 2012-Fall 2013 after 6 years)**



Gender	Number of Borrowers		
	Did Not Graduate	Graduated	Percent Graduated
Female	12,427	24,387	66%
Male	10,069	15,958	61%

66%
of female students receive loans
compared to

61%
of male students

The percent of female students
who graduate is

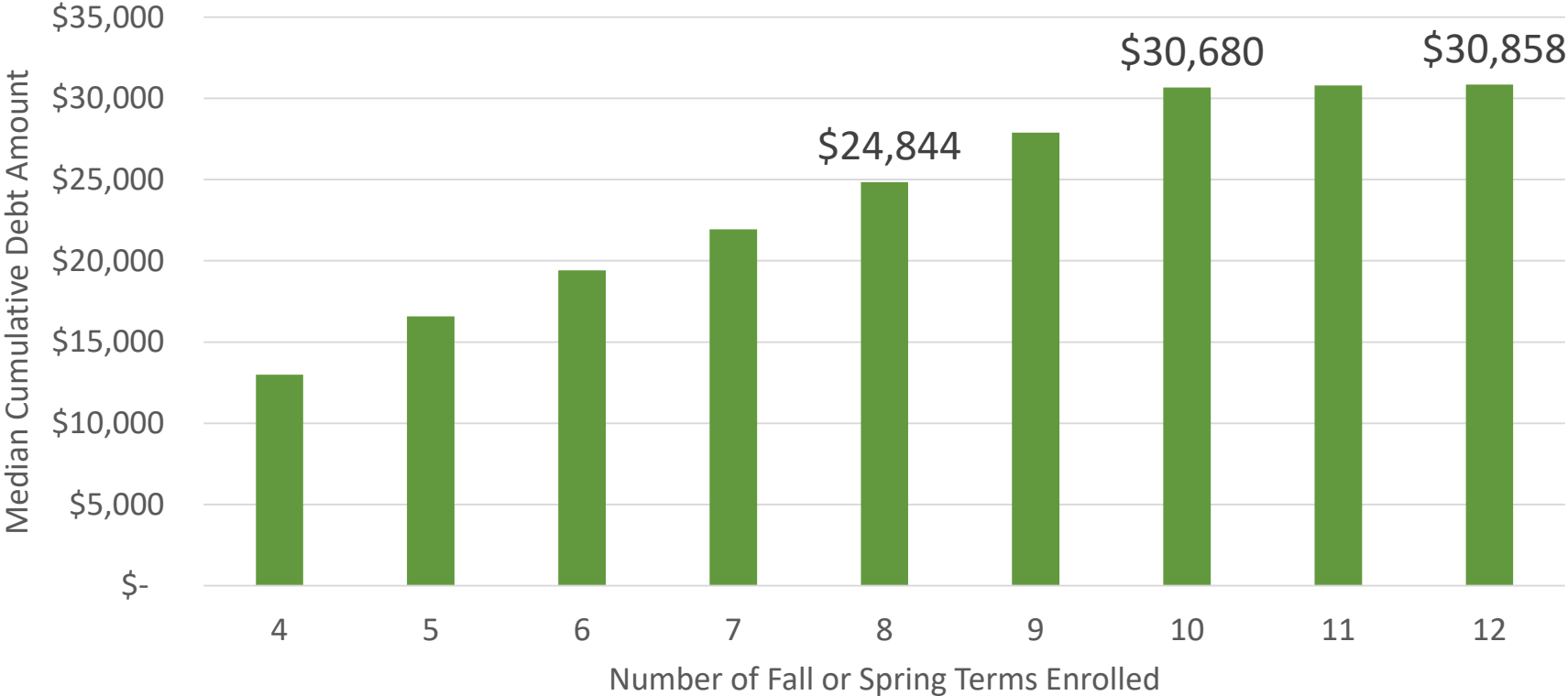
↑5 percentage points

higher than male students
(both with loans and w/o)

Time to Degree Also Matters:

The longer a student takes to graduate, the more debt they accumulate.

Median Loan Amount Among Borrowers who Graduated, by the Number of Fall or Spring Terms Enrolled



Number of Terms Enrolled	Number of Borrowers
6 or Fewer	999
7 to 8	16,255
9 to 10	7,276
11 to 12	898
Total	25,428

Includes first-time, full-time students beginning in Fall 2012 or Fall 2013 after 6 years

Source: UNC Data Mart

Key Questions for Discussion

- How do we know whether students are taking on “too much” debt?
- How do debt-loads and repayment outcomes vary by field of study?
- How can we get more students who are within a semester or two of graduating over the finish line?
- Are there parts of the Cost of Attendance that can be addressed (i.e., the cost of books and supplies can be lowered through Open Educational Resources)?
- Are there alternatives to student loans that may be worth considering (i.e., Income-share Agreements)?

Appendix and Additional Data

College Scorecard Debt and Repayment Measures

The federal College Scorecard provides institution-level data on student debt, loan repayment, employment outcomes, completion rates, and other measures (the student-level data underlying the Scorecard data are not available to the public). The most common debt measure is the median debt among student borrowers at a given institution.

How is median debt measured in the College Scorecard?

“This is the median loan debt accumulated at the institution by all student borrowers of federal loans who separate (i.e., either graduate or withdraw) in a given fiscal year, measured at the point of separation. More specifically, the measure represents the sum of all undergraduate federal loans over students’ college education at the institution for which the median debt is reported for...

At institutions where large numbers of students withdraw before completion, a lower median debt level could simply reflect the lack of time that a typical student spends at the institution.”

How is the repayment rate measured?

“The repayment rate depicts the fraction of borrowers at an institution who are not in default on their federal loans and who are making progress in paying them down (i.e. have paid down at least \$1 in the initial balance on their loans) after entering repayment.

Since students who graduate may not immediately enter repayment due to either their 6-month grace period or being granted deferment because of hardship or upon entering graduate school, students are likely to enter repayment in a different year than when they exit (and are captured in the median cumulative debt metric).”

College Scorecard Debt Measures

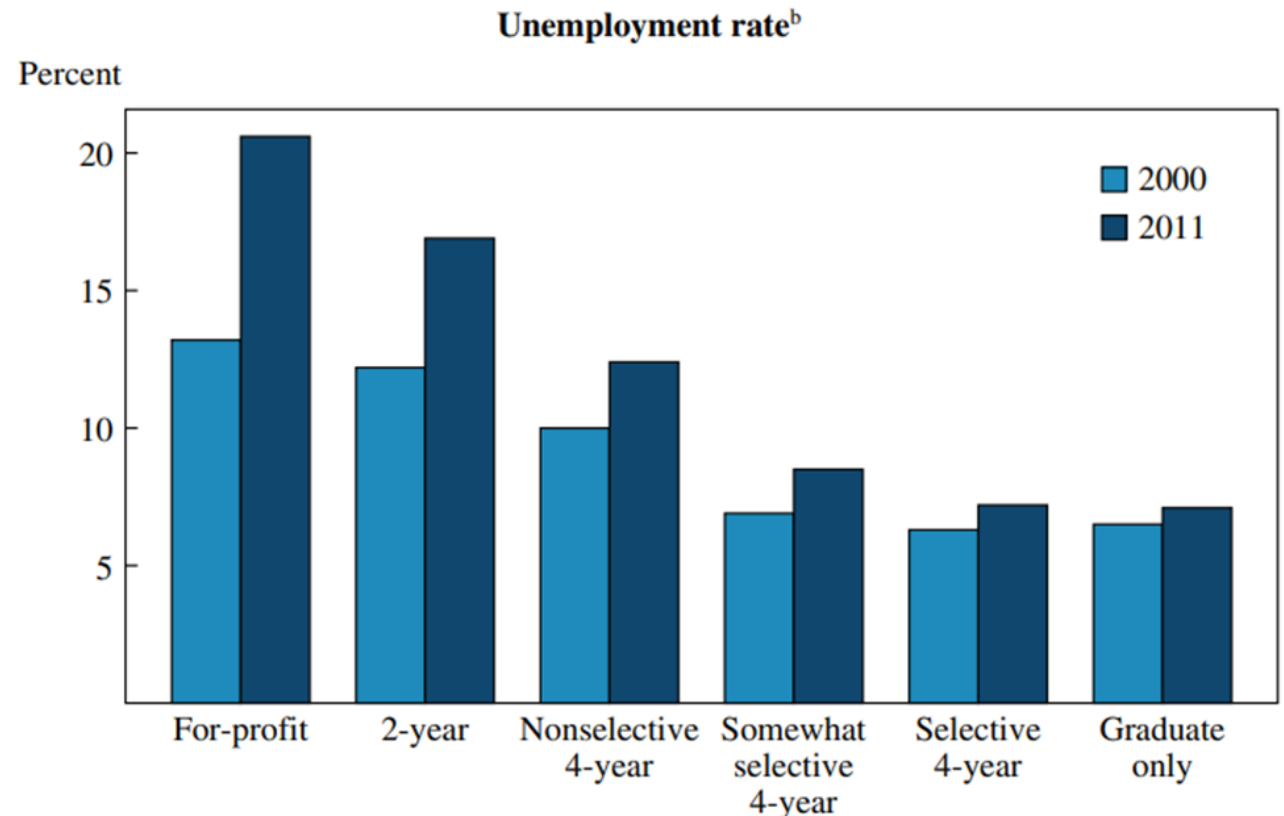
(Comparison of different calculation methods)

There are different ways to calculate “averages” across institutions using these institution-level median debt statistics from the College Scorecard. The table below shows the average debt for graduates from UNC, public four-year, private nonprofit four-year and private for-profit four-year colleges under different methods.

Calculation method	UNC	All Public	Private non-profit	Private for-profit
Weighted average of institutional medians (median monthly payment)	\$22,622 (\$235/mo)	\$22,424 (\$233/mo)	\$23,374 (\$243/mo)	\$30,919 (\$321/mo)
Simple Median	\$23,381 (\$243/mo)	\$21,500 (\$223/mo)	\$25,000 (\$259/mo)	\$30,750 (\$319/mo)
Simple average of institutional medians	\$23,525 (\$244/mo)	\$21,263 (\$221/mo)	\$23,860 (\$247/mo)	\$28,243 (\$293/mo)

Additional Research: College type also appears to be related to borrowing, employment outcomes, and loan default, even after controlling for student characteristics

Unemployment and Median Earnings of Federal Borrowers in Second Year of Repayment, 2000 and 2011 Cohorts



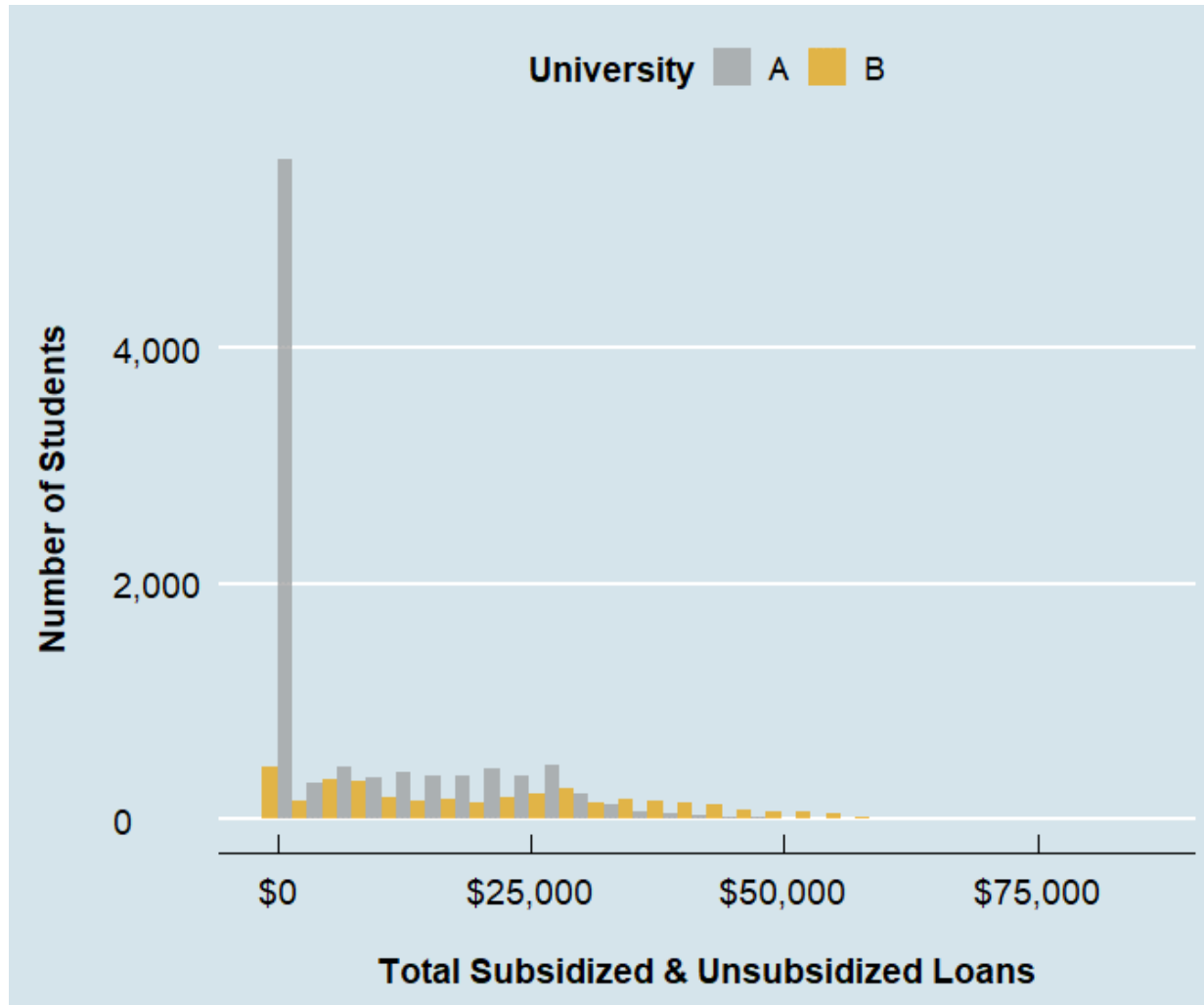
The Looney & Yannelis study found for-profit colleges made up 26% of the increase in borrowers between 2000 and 2014.

Students from for-profit colleges had higher default rates, lower repayment rates, higher unemployment rates, and lower earnings when compared to other college types.

This combination of increasing enrollments and poor outcomes leads for-profit colleges to be a significant driver of the worsening student loan debt indicators shown earlier.

Additional UNC Data

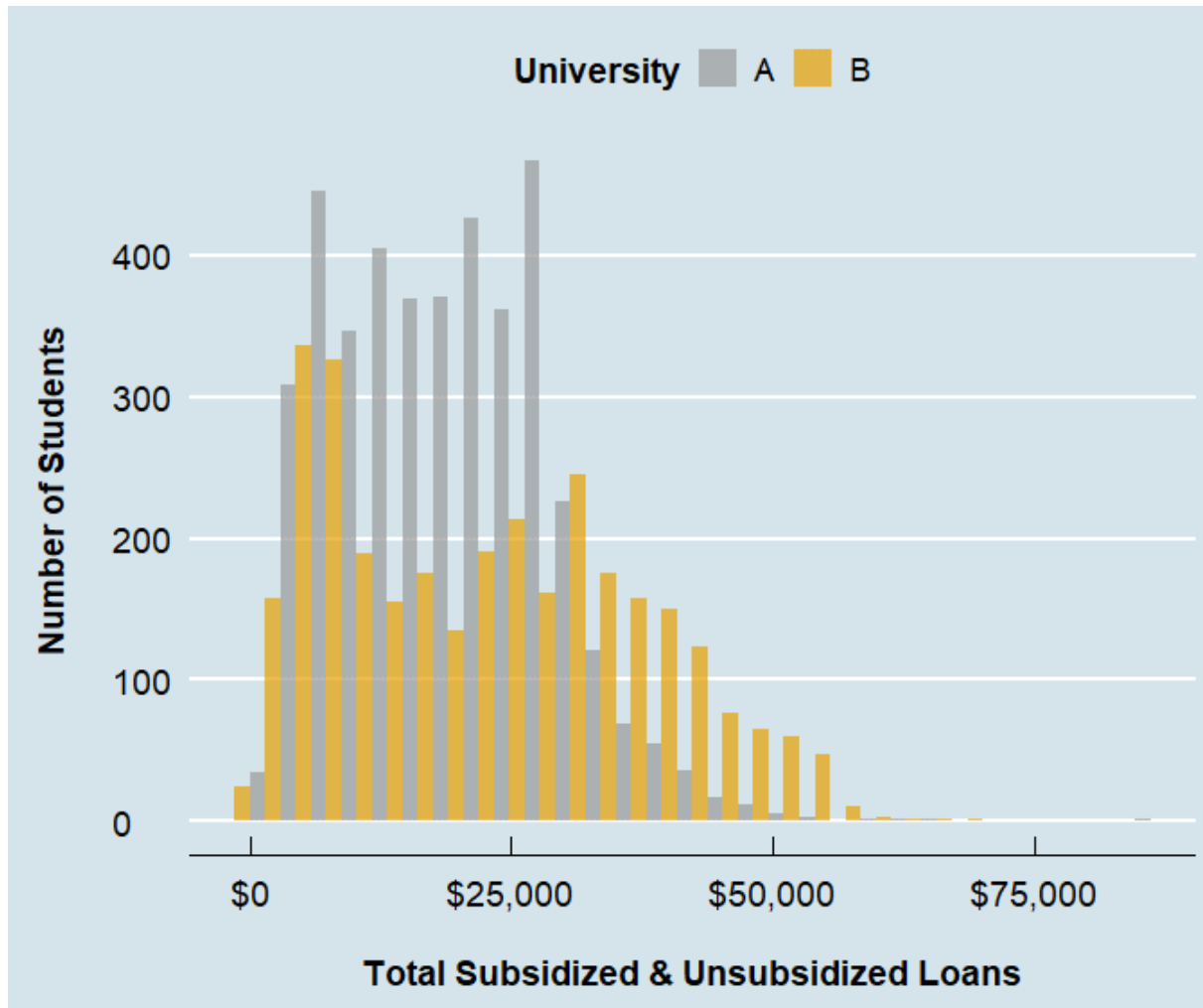
Distribution of Student Loans at 2 UNC System Universities (Students beginning in Fall 2012-Fall 2013 after 6 years)



There is considerable variation in the distribution of loan debt across UNC universities

(Note the large number of students at University A that do not borrow federal loans)

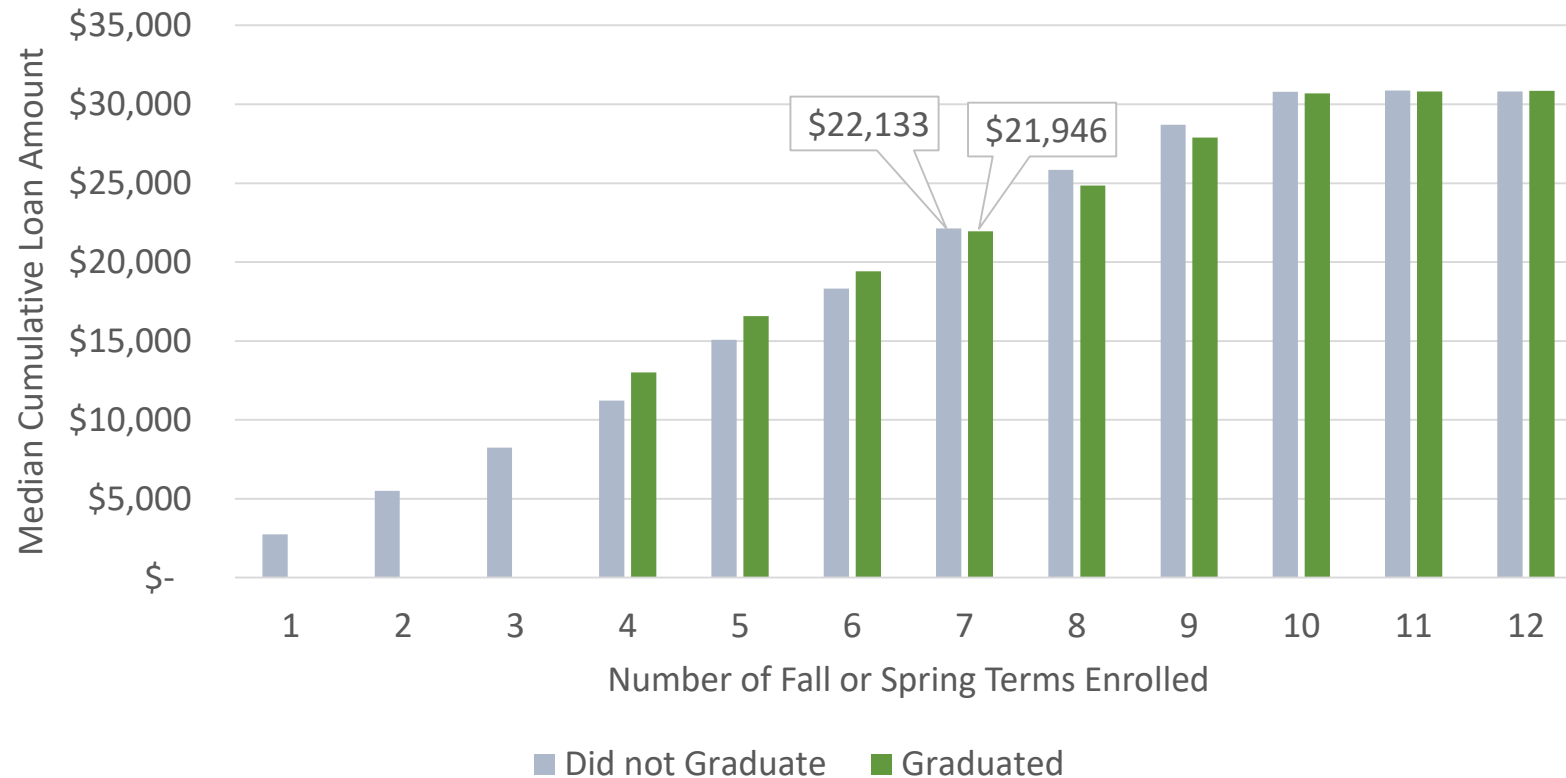
Distribution of Student Loan Balances at 2 UNC System Universities (Borrowers beginning in Fall 2012-Fall 2013 after 6 years)



After removing the students with no federal student loans, there are still noticeable differences in the distribution of loan balances.

Loan amounts are similar for graduates and non-graduates with the same number of terms enrolled.

Median Loan Amount Among Borrowers for First-Time Students by the Number of Fall or Spring Terms Enrolled (Students beginning in Fall 2012-Fall 2013 after 6 years)

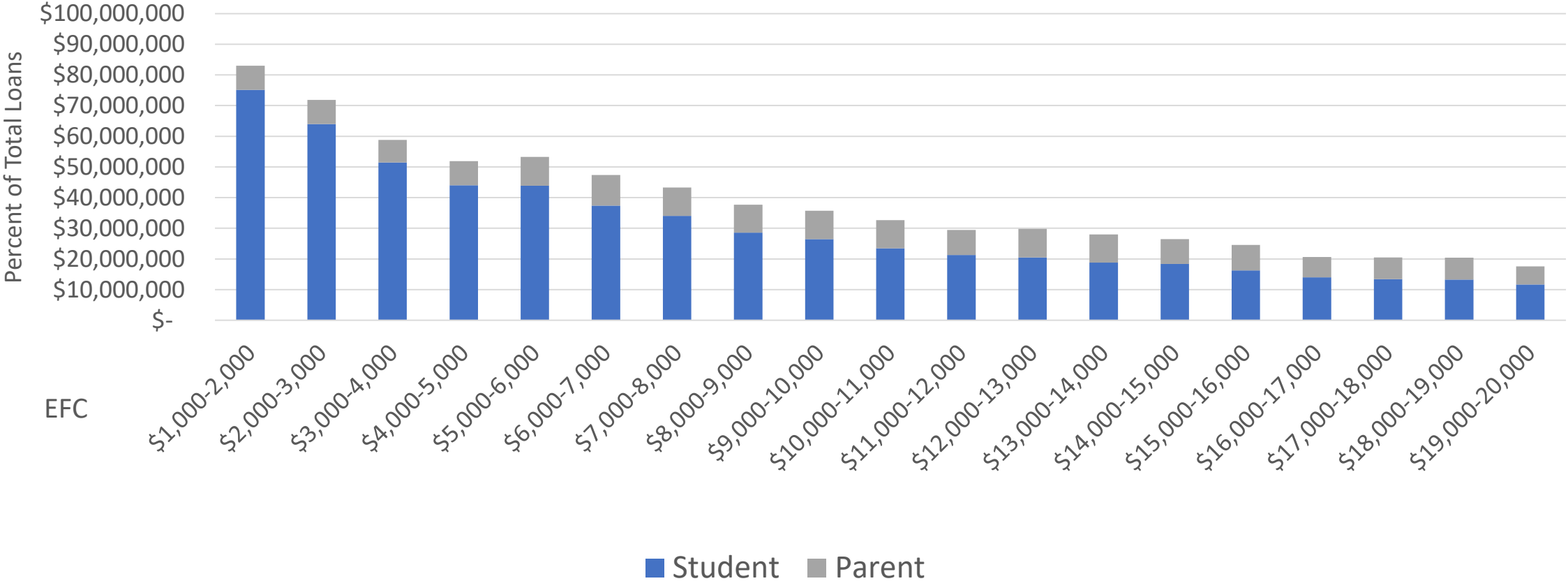


Number of Terms Enrolled	Number of Borrowers	
	Did not Graduate	Graduated
6 or Fewer	11,931	999
7 to 8	1,456	16,255
9 to 10	1,018	7,276
11 to 12	410	898
Total	14,815	25,428

Just under 3,000 students who did not earn a degree w/in six years had enrolled for 7 semesters or more

While students are the primary federal loan borrowers, their parents are able to borrow as well through the Parent PLUS program

Distribution of Total Loan Dollars Between Students and Parents by Expected Family Contribution (EFC) (Students beginning in Fall 2012-Fall 2013 after 6 years)



Source: UNC Data Mart