



Repayment Status for First-Time Student Veterans 12 Years After Enrolling

Highlights

- Veterans who first enrolled in 2003-04 borrowed less frequently than non-veterans, but with variation across institutional sectors.
- About 33 percent of veterans in this cohort who ever attended for-profit schools defaulted; in contrast, over half of all borrowers at for-profits schools defaulted.
- The student loan debt of veterans who enrolled in college in 2003-04 before the more generous Post-9/11 GI Bill was implemented in 2009 may differ from the debt of those who used this new benefit.

Introduction

A recent [report](#) by the U.S. Department of Education’s National Center for Education Statistics (NCES) shows that students are taking a long time to repay their student loans and, as evidenced by defaults, having greater difficulty repaying that debt.¹ NCES’s *First Look* report provides detailed data and valuable insights on how first-time students—those who entered college in 1995-96 and 2003-04 and borrowed federal loans to pay for their education—fared in repayment 12-20 years later.² This paper focuses on the repayment status of a subset of these students—veterans and non-veteran *independent* students in the 2003-04 *beginning* student cohort.

Definitions

Independent: Both veteran and non-veteran independent students are self-supporting, that is, not dependent on their parents to finance their education. Veteran students tend to be older; they are likely to work while in school; and they are often married, with many also supporting children while pursuing their education. According to NCES, non-veteran independent students are the most appropriate comparison group for veterans.

Beginning students: “First-time, beginning students,” are a distinct subset of all students in that they never previously attended college. Many independent students, including veterans, do not fit this mold: veterans often begin college before or during military service and continue it after discharge. Although the NCES data do not capture all veterans, it is worth examining how first-time veterans fared in paying off their federal student loans.

Enrollment

Overall, veteran enrollment represented about 7% of independent students and just under 2% of all students in the study, including dependent students. Almost 80% of veterans were enrolled at public institutions in 2003-04 and 17% were enrolled at for-profit institutions.³

TABLE 1: Enrollment by Institution Control: 2003-04 first-time, beginning students

Institution Control	Distribution			Veterans as a % of Independent Students
	Dependent Students	Independent Students	Veteran Students	
Public	73%	66%	78%	8%
For-Profit	8%	28%	17%	4%
Nonprofit	19%	6%	5%	5%
Total	100%	100%	100%	7%

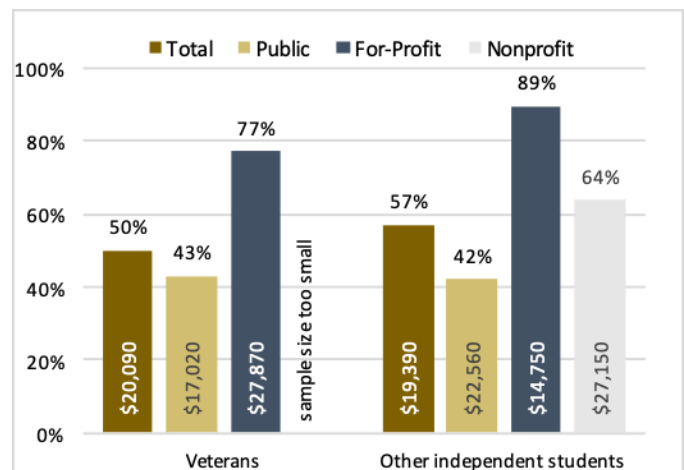
Source: BPS:04/09. Calculations by the authors.

Notes: Institutional control is based on the first institution at which a student enrolled.

Student Loan Debt

Overall, we found that veterans who first enrolled in 2003-04 borrowed less frequently than non-veterans, but with variation depending on institutional sector. For example, both veterans and non-veterans borrowed more frequently at for-profit than at public institutions. However, veterans borrowed almost twice as much as non-veterans at for-profit schools.

FIGURE 1: Percentage of 2003-04 first-time students with federal student loan debt and average debt per borrower, veterans and non-veterans



Source: BPS:04/09. Calculations by the authors.

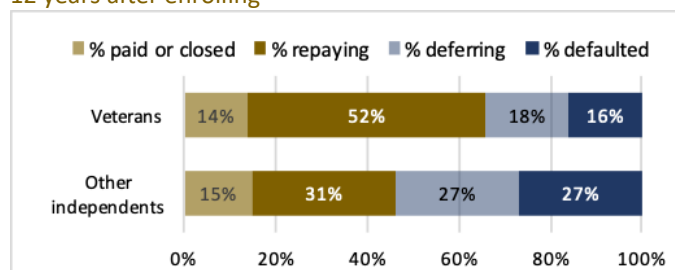
Notes: Debt figures include both undergraduate and graduate loans. Average federal debt per borrower is reflected in current dollars and rounded to \$10s.

Repayment Status

Overall, just under one-third of 2003-04 first-time student borrowers had ever defaulted on any federal student loan as of 2015. For veterans and non-veteran independent students, the default rate is higher—45% and 43%, respectively. More than half of borrowers who first enrolled at for-profit institutions ever defaulted, compared to a significantly lower proportion of veterans (33%) but a higher proportion of non-veteran independent students (58%).

Data on the 2015 repayment status for the *most recent* federal loan borrowed shows that veterans are doing better at paying off their student loan debt than non-veterans. Veterans were less likely to default and more likely to be repaying their outstanding debt than non-veteran independent students.

FIGURE 2: Repayment status of *most recent* federal loan 12 years after enrolling



Source: BPS:04/09. Calculations by the authors.

Notes: includes student borrowers who began in 2003-04. Repayment status is based on the student's most recent federal loan.

Additional Insights on this First Look NCES Report

- Students who first enrolled in 2003-04 would have graduated or left just as the 2008 recession began, which influenced their employability and ability to pay back loans.
- Implementation of Income-based Repayment (IBR) programs offered students repayment relief, but also delayed repayment.
- Graduation is an important factor in successful repayment. Students who completed their bachelor's degree were more successful at repaying their student debt while non-completers are at greater risk of default.⁴
- Improvements in consumer protections and institutional oversight have caused default rates to decline in recent years. The Department of Education's most recent cohort default rate showing the proportion of students who defaulted within 3-years is 11.5% for FY 2014, down from its peak of 14.7% in FY 2010.⁵ Measuring default over a longer period of time provides a more realistic picture of the effect of student loan debt on students' financial well-being.

Although NCES's *First Look* report on Student Loan Debt, Repayment and Default contains a wealth of information, this Veterans Education Success (VES) Brief highlights a few of the key findings as they relate to veteran student loan debt. We plan to continue to explore data and studies on topics important to the success of veterans using GI Bill educational benefits.

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¹ This NCES report is based on the Department's Beginning Postsecondary Students Longitudinal Study (BPS) of first-time students.

² Federal student loans represented about 64-69% of total loan volume from 2003-04 to 2007-08. Excluded in the report are loan funds borrowed through nonfederal sources, representing about 18 – 25% of loan dollars during the same period. (<https://trends.collegeboard.org/sites/default/files/trends-student-aid-web-final-508-2.pdf>)

³ According to the 2014 Senate Health, Education, Labor, and Pensions Committee [report](#), veteran enrollment in for-profit schools increased from 23 percent to 31 percent while enrollment in public institutions declined from 2009 to 2012.

⁴ <https://www.insidehighered.com/news/2017/10/05/new-federal-data-student-borrowing-repayment-and-default>

⁵ <https://ifap.ed.gov/eannouncements/attachments/FY2014OfficialCDRBriefing.pdf>