



Student Loan Market Trends: Is College Worth It?

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Agenda

This presentation is an overview of trends in the industry and the value of a college education with the following areas covered:

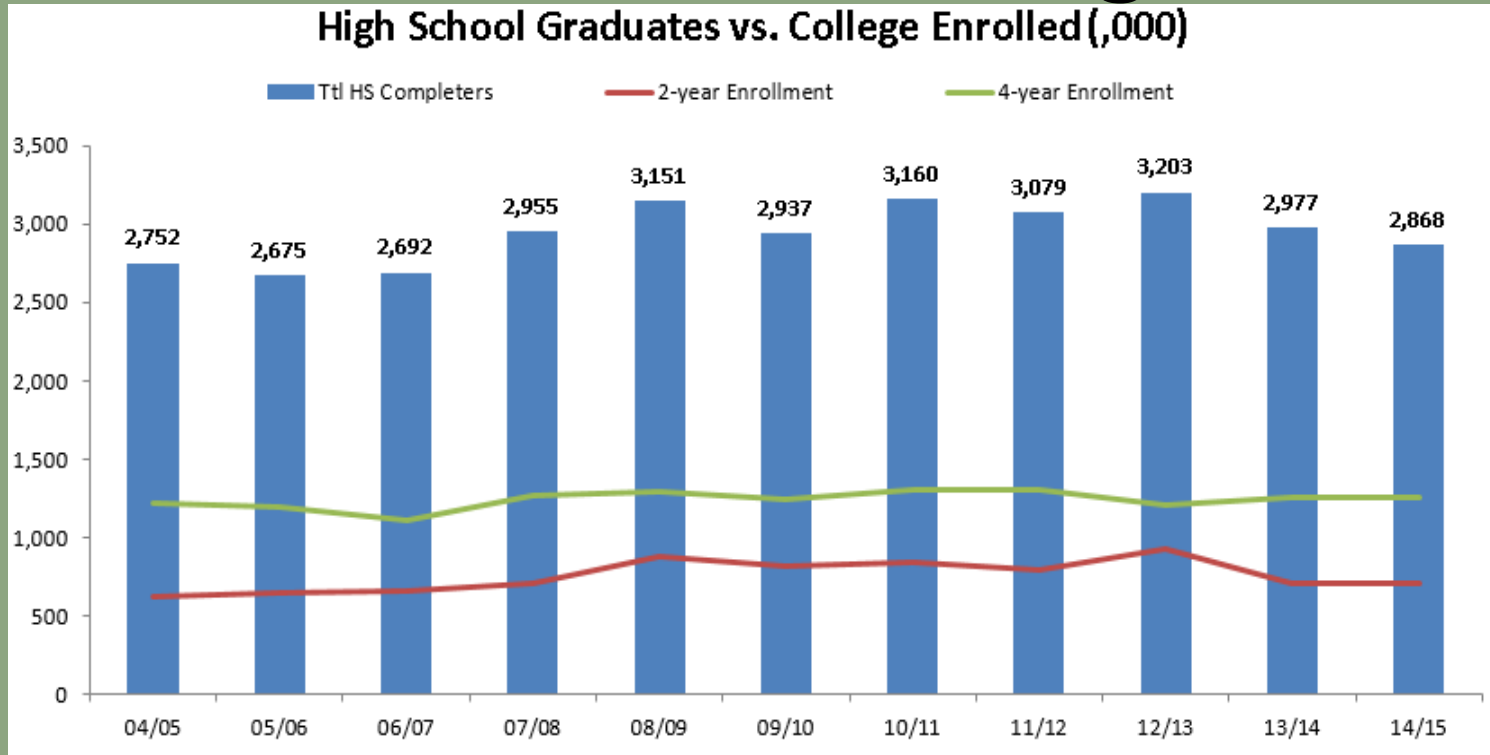
- Enrollment Trends
- Cost of Attendance and Student Loan Borrowing
- The Value of an Education
- Repayment Success
- Summary



ENROLLMENT TRENDS



High School Graduates Ages 16-24 Who Enroll in College

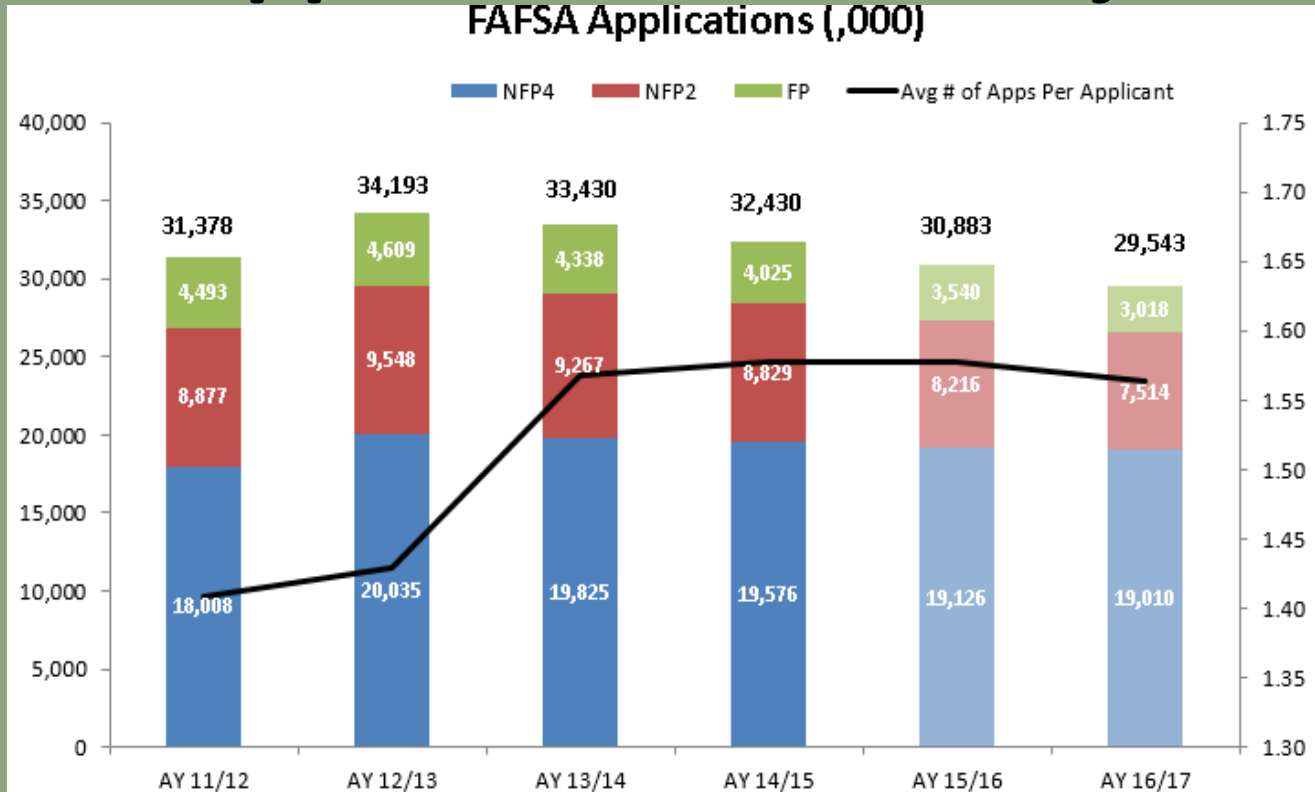


2-year Enrollment	22%	24%	25%	24%	28%	28%	27%	26%	29%	24%	25%
4-year Enrollment	44%	45%	41%	43%	41%	42%	41%	42%	38%	42%	44%
Total College Enrollment	67%	69%	66%	67%	69%	70%	68%	68%	66%	66%	68%

Source: information obtained 8/2016 from National Center for Education Statistics 2015; Table 302.10.
https://nces.ed.gov/programs/digest/current_tables.asp



FAFSA Applications and Projections



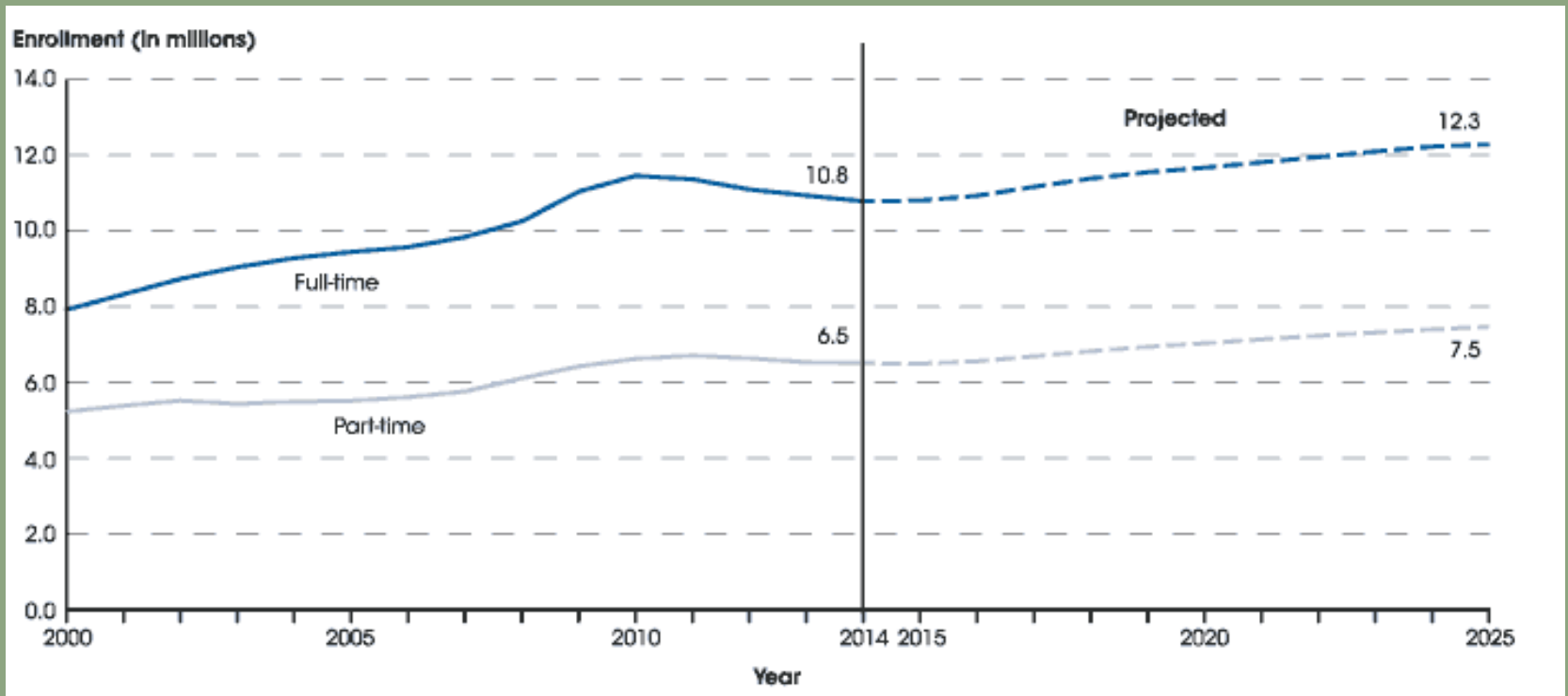
Distro of Volume	AY 11/12	AY 12/13	AY 13/14	AY 14/15	AY 15/16	AY 16/17
NFP4	57%	59%	59%	60%	62%	64%
NFP2	28%	28%	28%	27%	27%	25%
FP	14%	13%	13%	12%	11%	10%
Avg # of Apps Per Applicant	1.43	1.57	1.58	1.58	1.56	1.58

Source: information obtained 7/2016 from Federal Student Aid Data Center (actuals through March 2016; released June 2016).



Undergraduate Enrollment and Projected Enrollment

Actual and projected undergraduate enrollment in degree-granting postsecondary institutions, by enrollment status: Fall 2000–2025

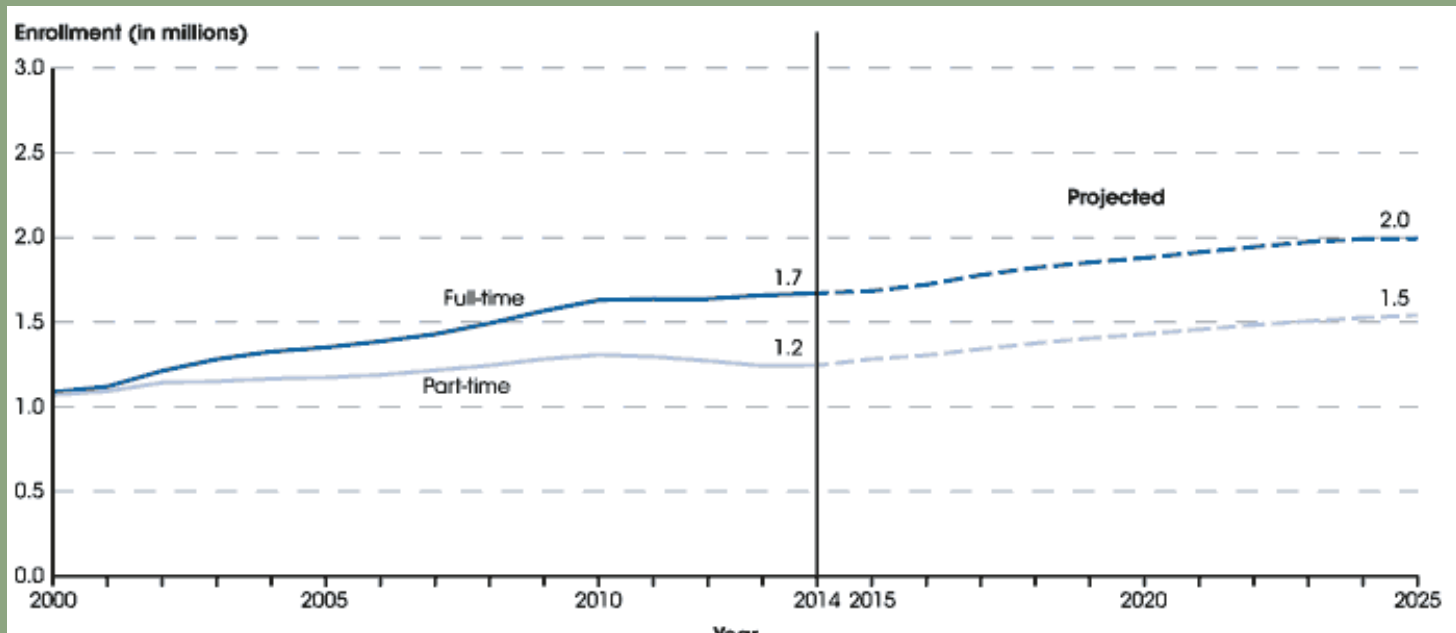


Source: Information gathered 8/2016 from National Center for Education Statistics
http://nces.ed.gov/programs/coe/indicator_cha.asp



Graduate Enrollment and Projected Enrollment

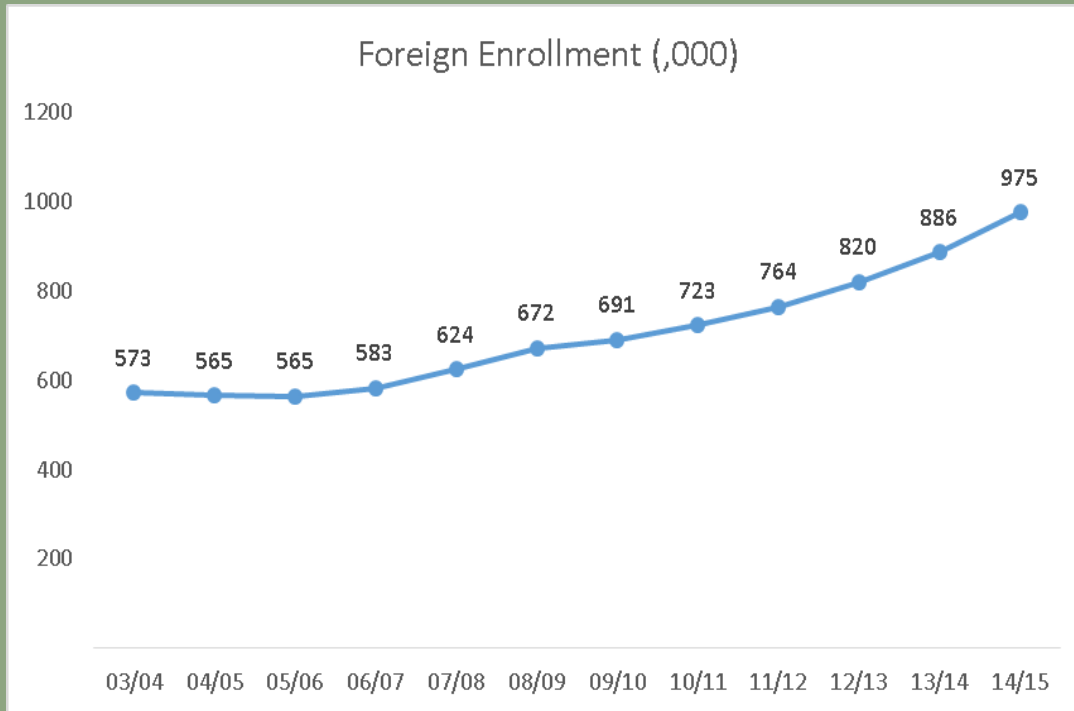
Post baccalaureate enrollment in degree-granting postsecondary institutions, by enrollment status: Fall 2000–2025



Source: Information gathered 8/2016 from National Center for Education Statistics
http://nces.ed.gov/programs/coe/indicator_chb.asp



Foreign Students Enrolled in US Institutions



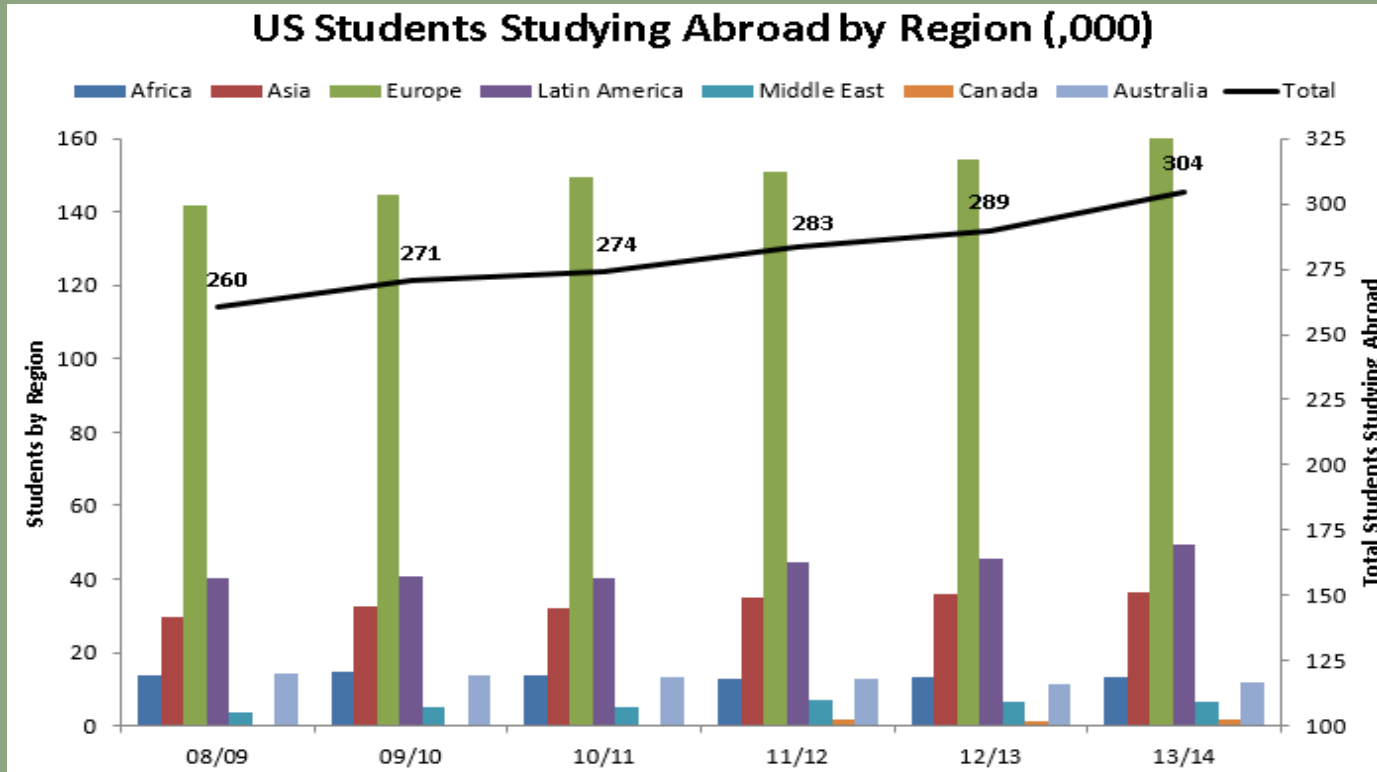
Source: information gathered 8/2016 from <http://www.iie.org/Research-and-Publications/Open-Doors>

AY 14/15 Enrollment by Place of Origin

Place of Origin	Number of Students	% of Total
China	304,040	31%
India	132,888	14%
South Korea	63,710	7%
Saudi Arabia	59,945	6%
Canada	27,240	3%
Brazil	23,675	2%
Taiwan	20,993	2%
Japan	19,064	2%
Vietnam	18,722	2%
Mexico	17,052	2%
All Others	287,597	29%
Total	974,926	100%



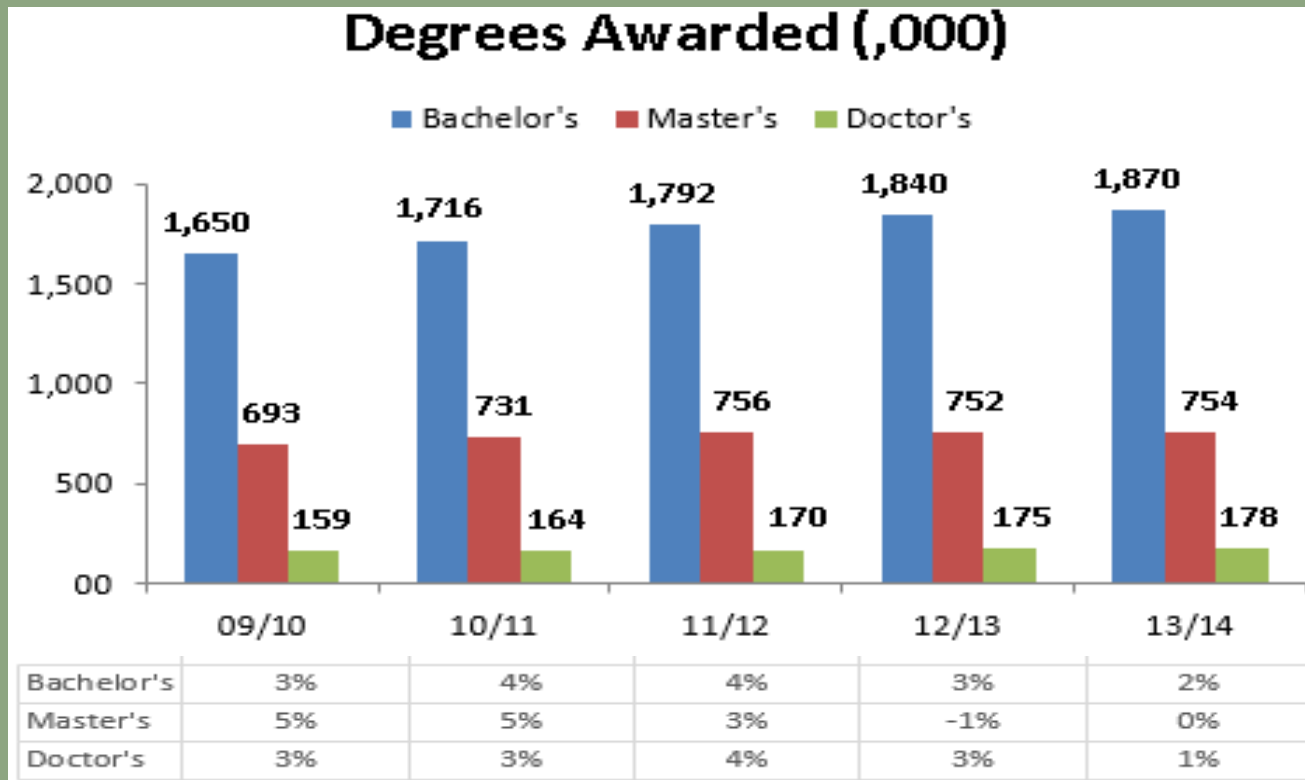
US Students Studying Abroad by Region



Distribution

Africa	5%	6%	5%	5%	5%	4%
Asia	11%	12%	12%	12%	12%	12%
Europe	55%	54%	55%	53%	53%	53%
Latin America	15%	15%	15%	16%	16%	16%
Middle East	1%	2%	2%	3%	2%	2%
Canada	0%	0%	0%	1%	1%	1%
Australia	6%	5%	5%	5%	4%	4%

Total Degrees Awarded



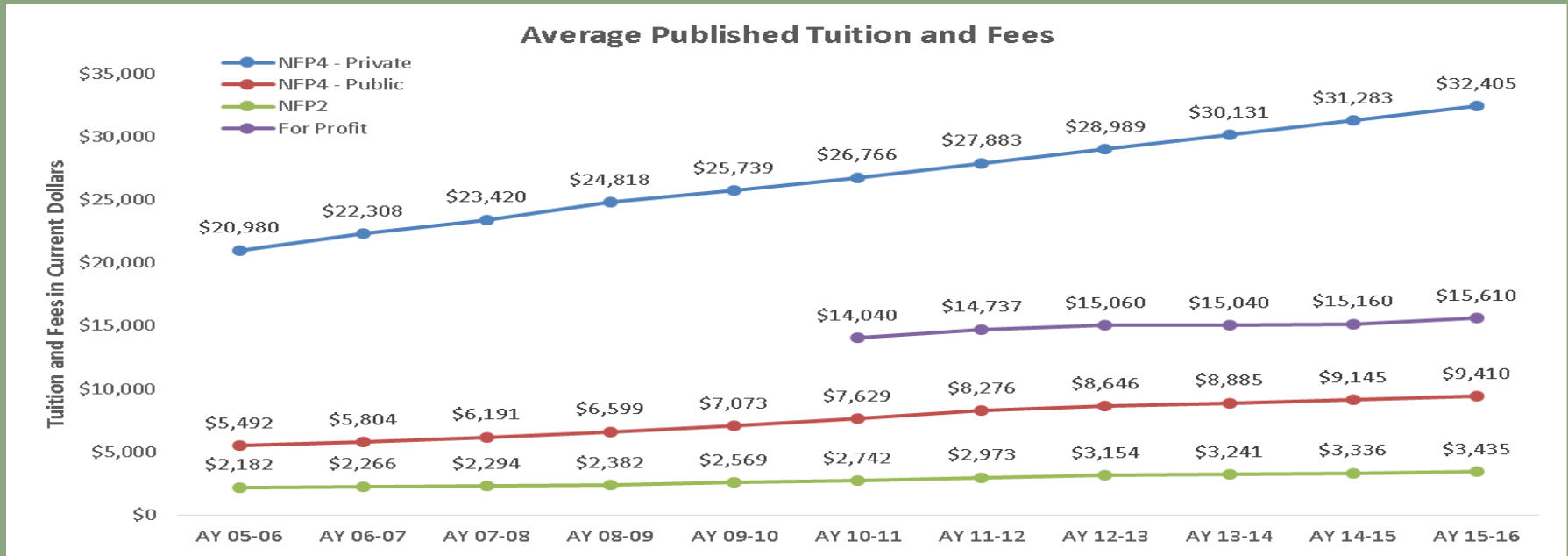
Source: Information gathered 8/2016 National Center for Education Statistics 2015; Table 318.20 and 318.30.
https://nces.ed.gov/programs/digest/current_tables.asp



COST OF ATTENDANCE AND STUDENT LOAN BORROWING



Cost of Tuition



% Variance	AY 05-06	AY 06-07	AY 07-08	AY 08-09	AY 09-10	AY 10-11	AY 11-12	AY 12-13	AY 13-14	AY 14-15	AY 15-16
NFP4 - Private	4.7%	6.3%	5.0%	6.0%	3.7%	4.0%	4.2%	4.0%	3.9%	3.8%	3.6%
NFP4 - Public	7.1%	5.7%	6.7%	6.6%	7.2%	7.9%	8.5%	4.5%	2.8%	2.9%	2.9%
NFP2	5.0%	3.8%	1.2%	3.8%	7.9%	6.7%	8.4%	6.1%	2.8%	2.9%	3.0%
For Profit							5.0%	2.2%	-0.1%	0.8%	3.0%

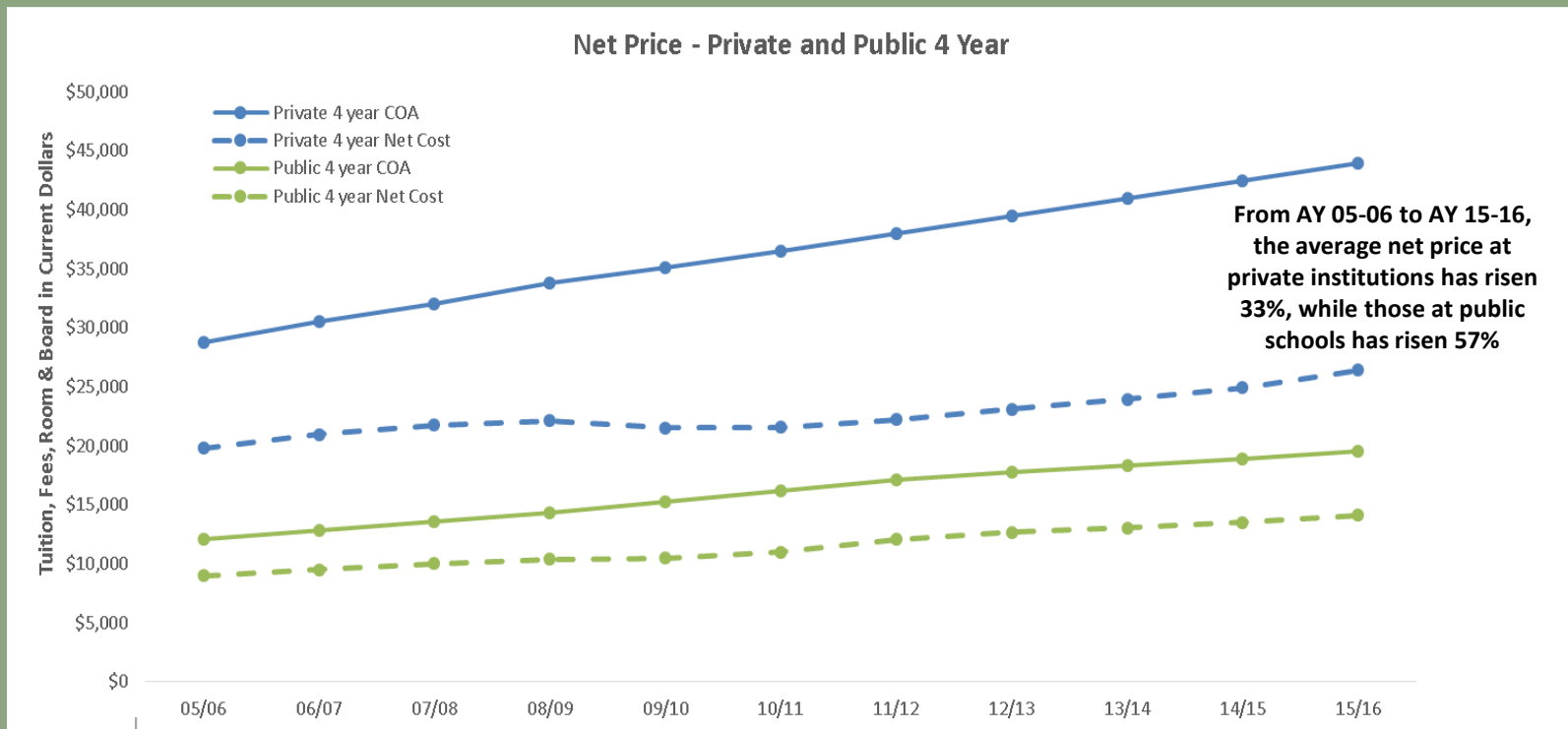
*Amount includes an enrollment weighted average including both in-state and out-of-state tuition amounts

*From AY 05/06 to AY 15/16, the average published tuition at private institutions has risen **55%**, while those at public 4 year schools has risen **71%** and **57%** at 2 year schools

*Tuition and fees weighted by full-time undergraduate enrollment, For Profit amounts not available prior to AY 10-11

Source: Information gathered 8/2016 from College Board 2015 – Trends in College Pricing. <https://trends.collegeboard.org/sites/default/files/trends-college-pricing-web-final-508-2.pdf>

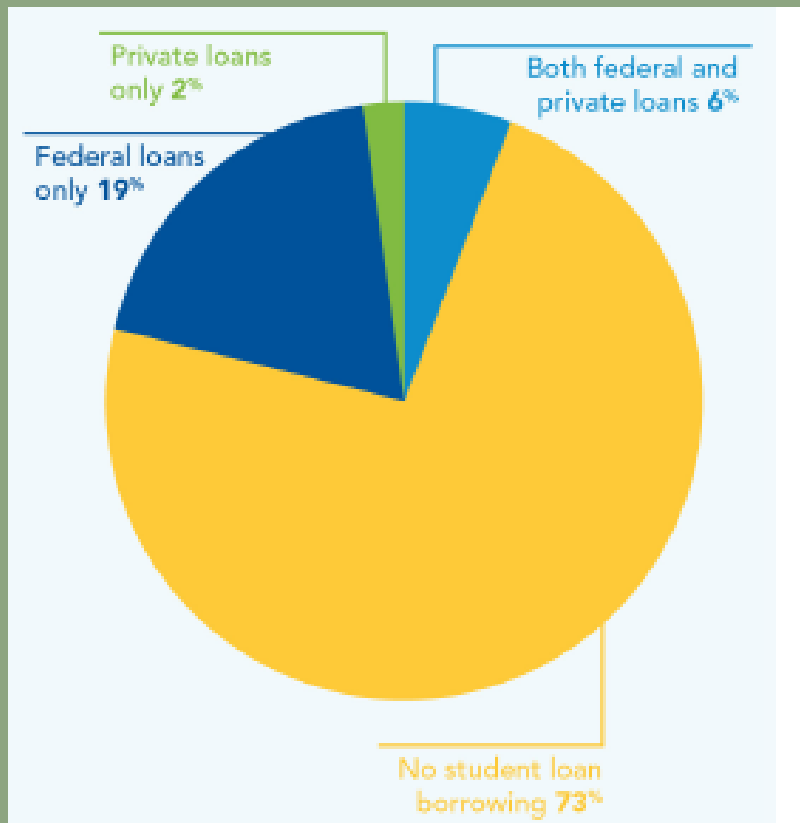
Net Price – Not for Profit 4 Year



Private	Avg Published COA	\$28,755	\$30,494	\$31,990	\$33,797	\$35,072	\$36,457	\$37,983	\$39,434	\$40,939	\$42,435	\$43,920
	Growth in Published COA	5%	6%	5%	6%	4%	4%	4%	4%	4%	4%	3%
	Avg Net COA	\$19,812	\$20,955	\$21,754	\$22,120	\$21,543	\$21,589	\$22,244	\$23,119	\$23,963	\$24,950	\$26,400
	Growth in Net COA	4%	6%	4%	2%	-3%	0%	3%	4%	4%	4%	6%
	Discount Rate	31%	31%	32%	35%	39%	41%	41%	41%	41%	41%	40%
Public	Avg Published COA	\$12,121	\$12,830	\$13,551	\$14,369	\$15,235	\$16,174	\$17,159	\$17,812	\$18,376	\$18,922	\$19,550
	Growth in Published COA	7%	6%	6%	6%	6%	6%	6%	4%	3%	3%	3%
	Avg Net COA	\$8,984	\$9,531	\$10,044	\$10,406	\$10,478	\$10,995	\$12,083	\$12,668	\$13,033	\$13,503	\$14,120
	Growth in Net COA	8%	6%	5%	4%	1%	5%	10%	5%	3%	4%	5%
	Discount Rate	26%	26%	26%	28%	31%	32%	30%	29%	29%	29%	28%

Students Are Taking Primary Responsibility for Borrowing

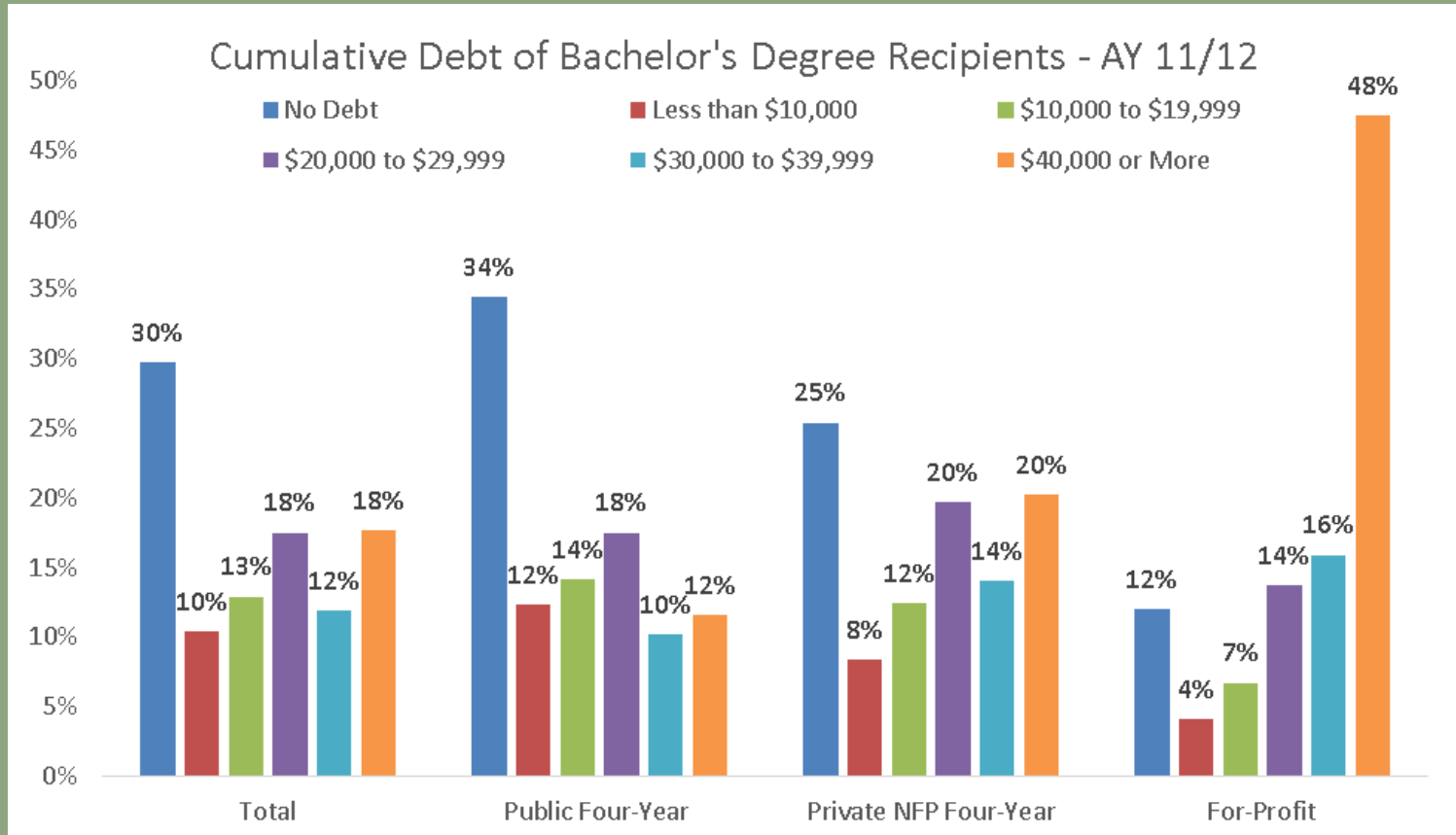
Proportion of Students Who Borrowed 2015-16,
by Loan Type



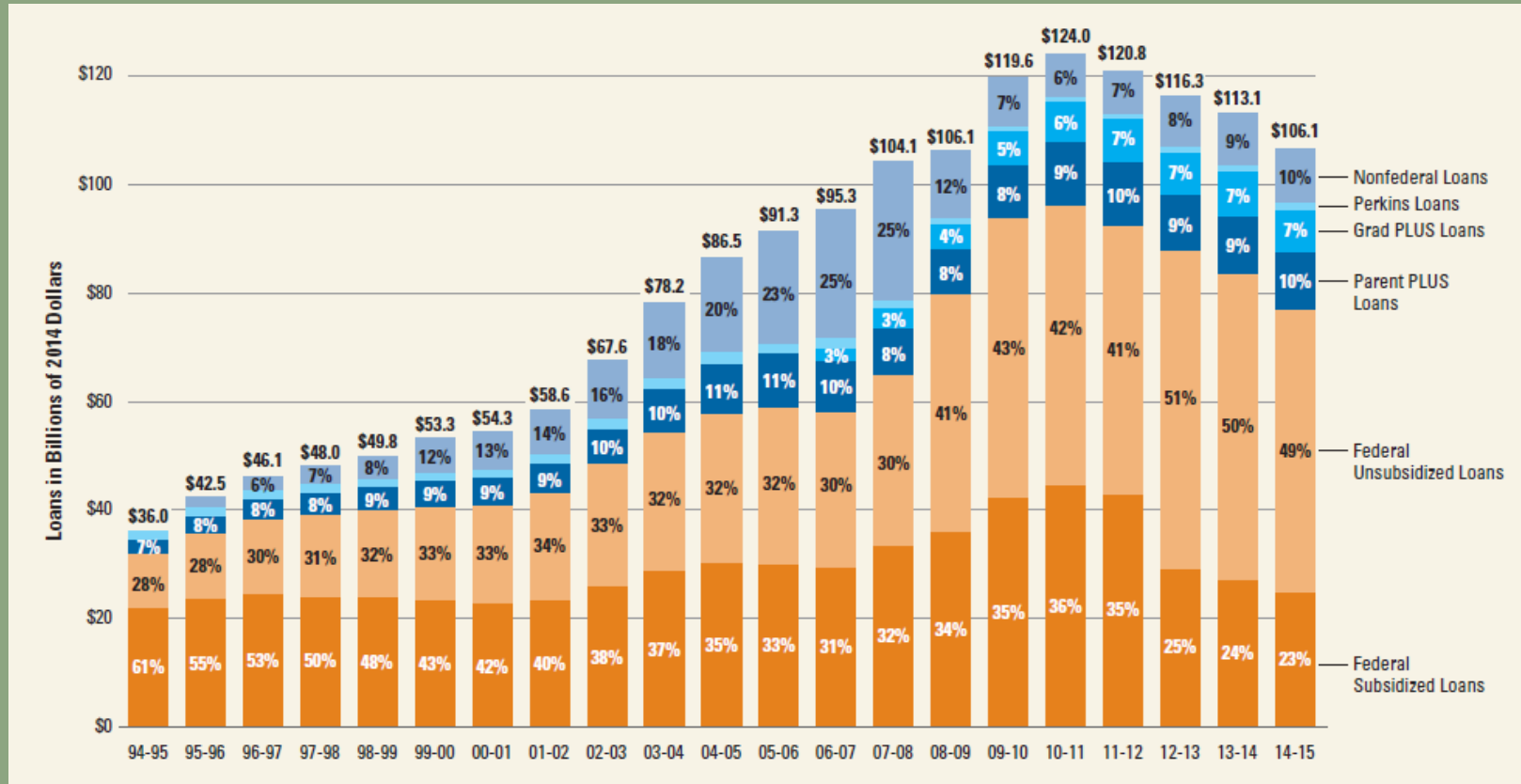
Of the 27% who borrowed to pay for college, students signed for nearly three-quarters of the dollars

- Students: 74%
- Parents: 35%

Cumulative Debt Per Borrower



Student Loans: Growth in Federal & Private Loans

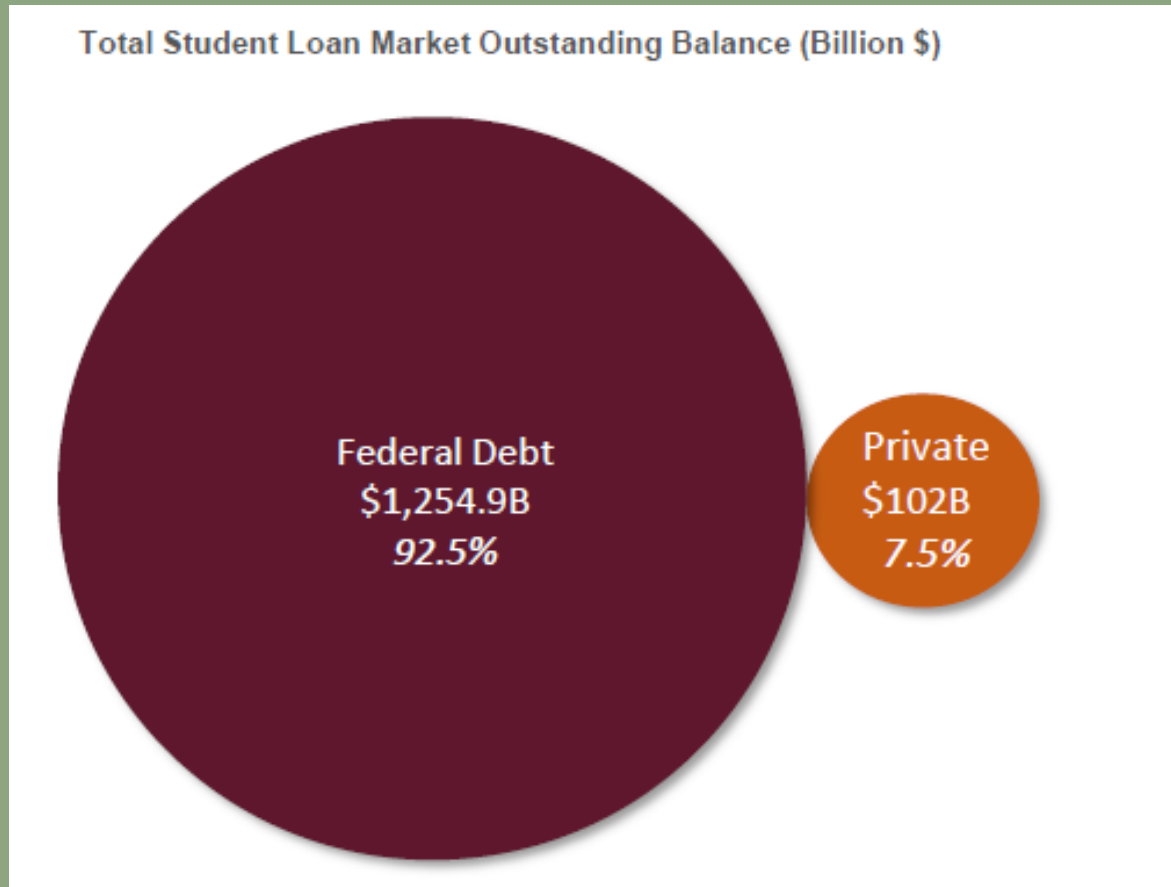


Note: Nonfederal loans include loans to students from states and institutions, in addition to private loans issued by financial institutions.

SOURCE: Information gathered 8/2016 College Board Trends in Student Aid 2015.
<https://trends.collegeboard.org/sites/default/files/trends-student-aid-web-final-508-2.pdf>



Federal vs. Private Student Loan Debt



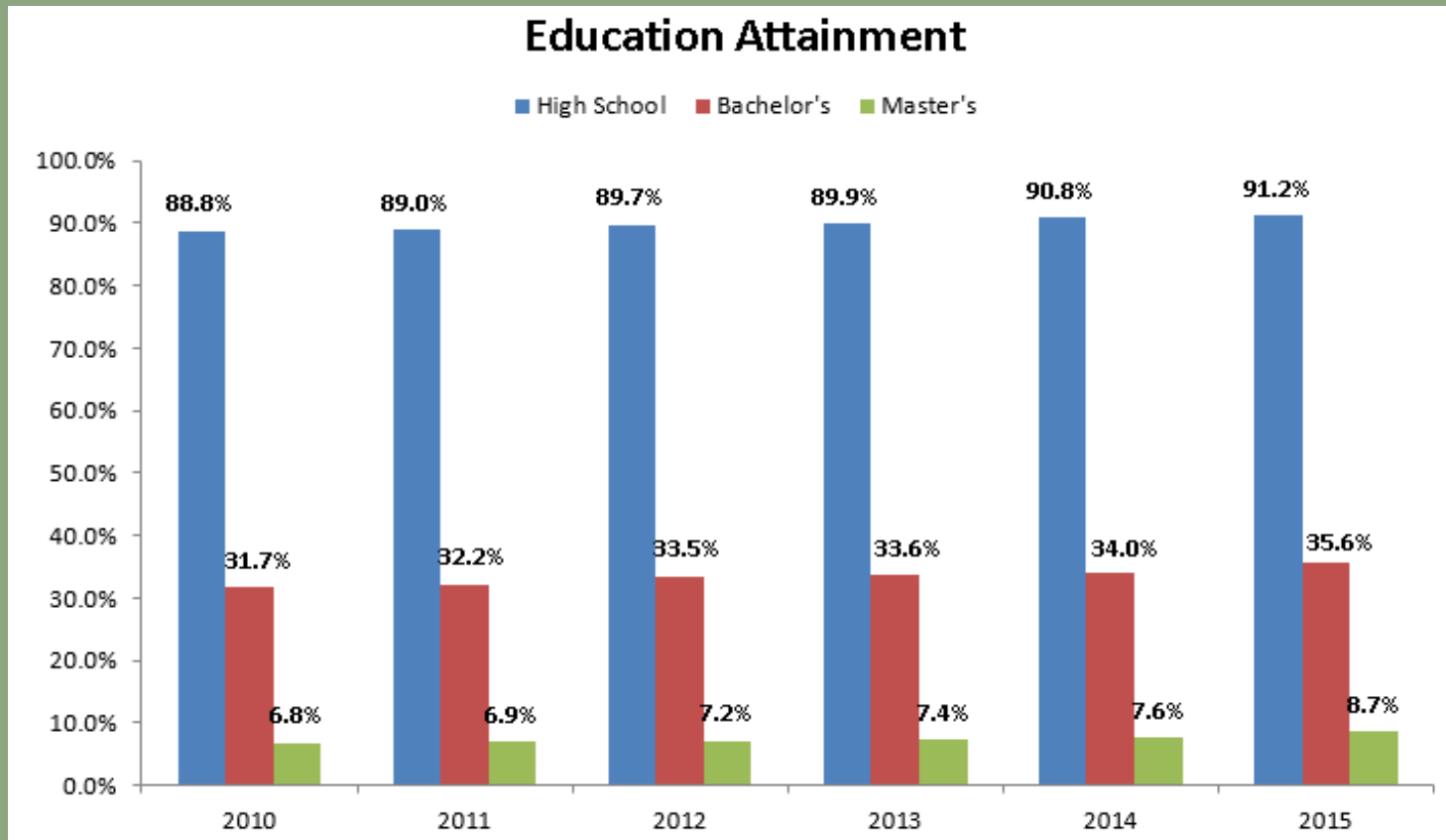
Source: Information gathered 8/2016 Measure One Private Student Loan Report July 2016 (<http://measureone.com/reports>)



THE VALUE OF AN EDUCATION



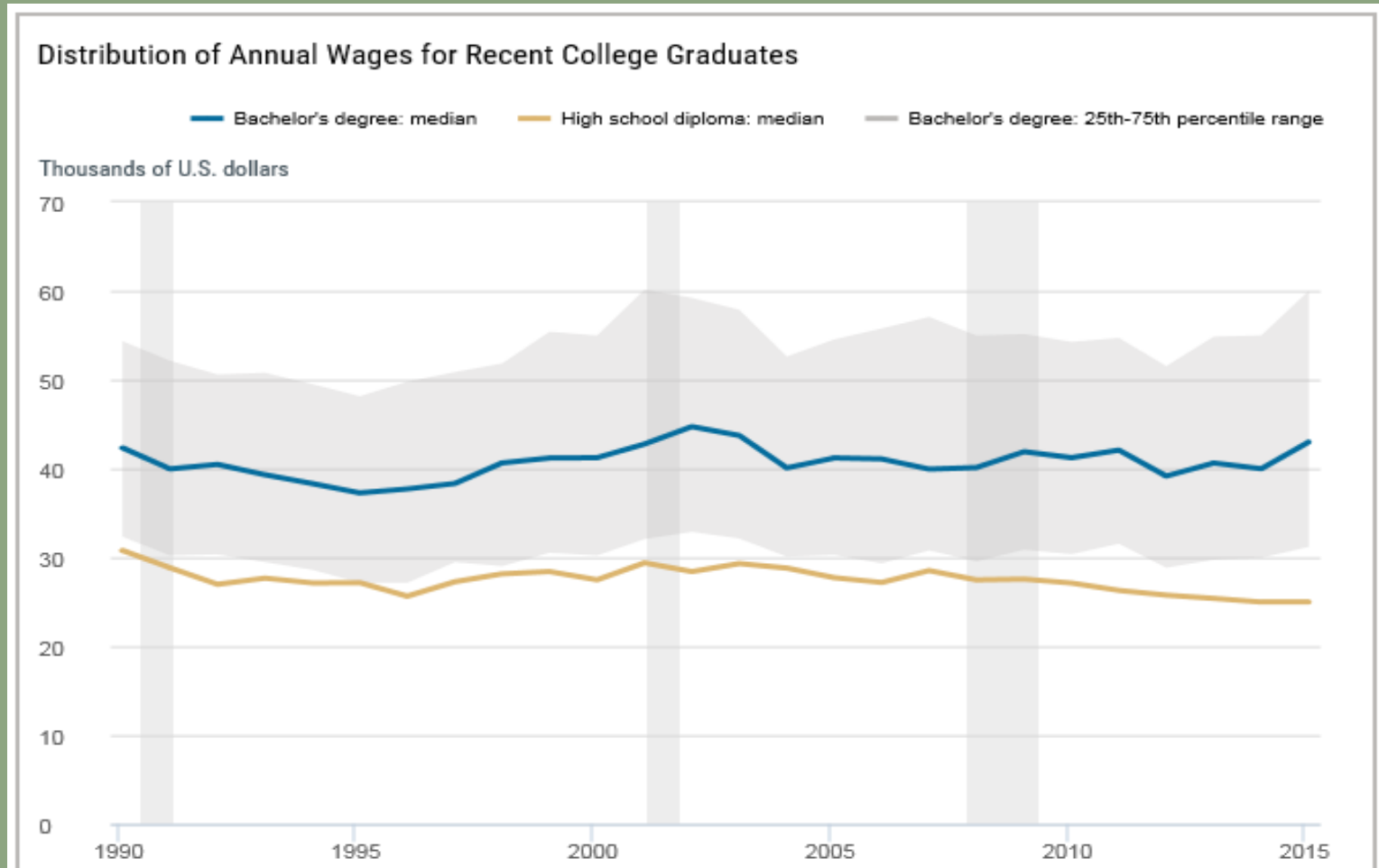
Education Attainment Levels (25-29 Year Olds)



YoY Change

High School	0.2%	0.3%	0.8%	0.2%	1.1%	0.4%
Bachelor's	3.5%	1.6%	4.1%	0.3%	1.3%	4.7%
Master's	-8.6%	2.0%	3.4%	3.6%	2.1%	14.9%

Earnings for College Graduates

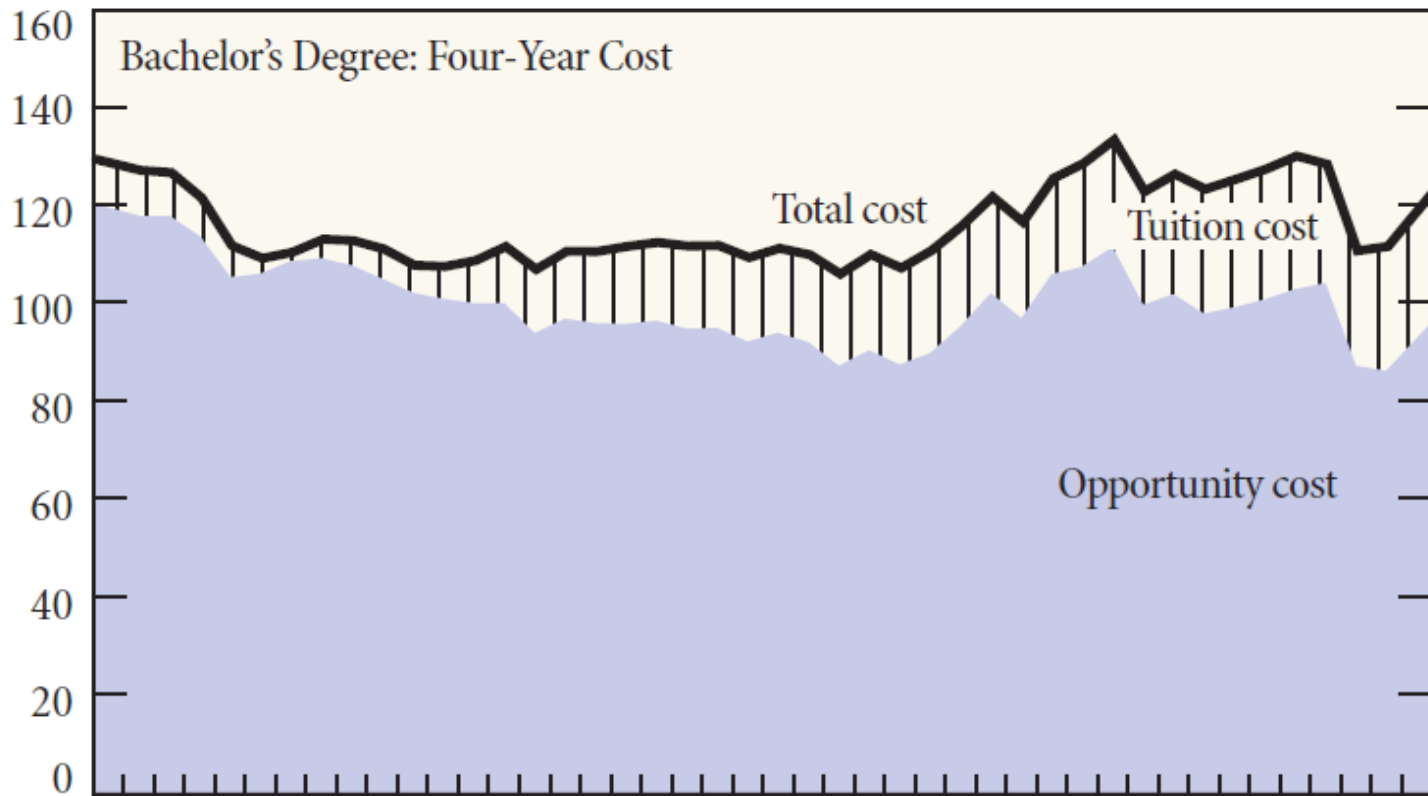


Source: Information gathered 8/2016 from Federal Reserve Bank
https://www.newyorkfed.org/research/college-labor-market/college-labor-market_wages.html



Opportunity Cost of Not Attending College

Thousands of dollars

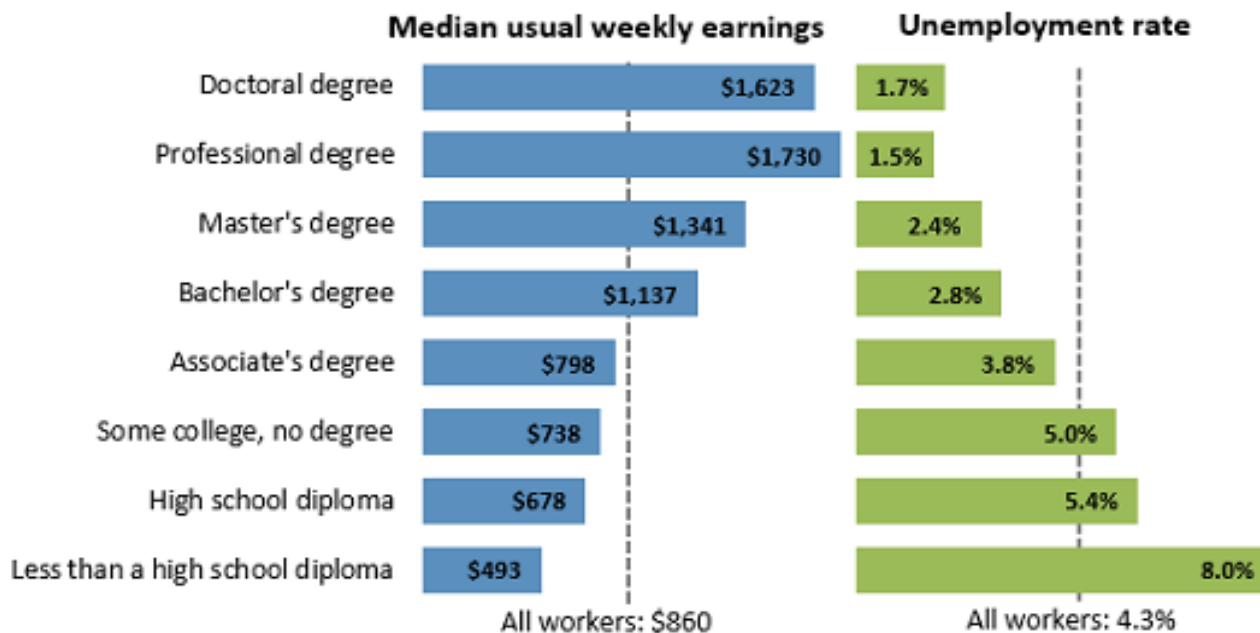


Source: Information gathered 8/2016 from Federal Reserve – Do the Benefits of College Outweigh the Costs?
https://www.newyorkfed.org/medialibrary/media/research/current_issues/ci20-3.pdf



Impact of Higher Education on Unemployment

Earnings and unemployment rates by educational attainment, 2015



Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.

Source: U.S. Bureau of Labor Statistics, Current Population Survey



Source: Information gathered 8/2016 from Bureau of Labor Statistics http://www.bls.gov/emp/ep_chart_001.htm



REPAYMENT SUCCESS



Federal and Private Loan Repayment Plans

Federal Loan Repayment Plans

Standard Repayment

Income Driven Repayment Plans

- Income Contingent Repayment
- Income Sensitive Repayment
- Income Based Repayment
- Pay as You Earn (PAYE)
- Revised Pay as You Earn (REPAYE)

Graduated Repayment

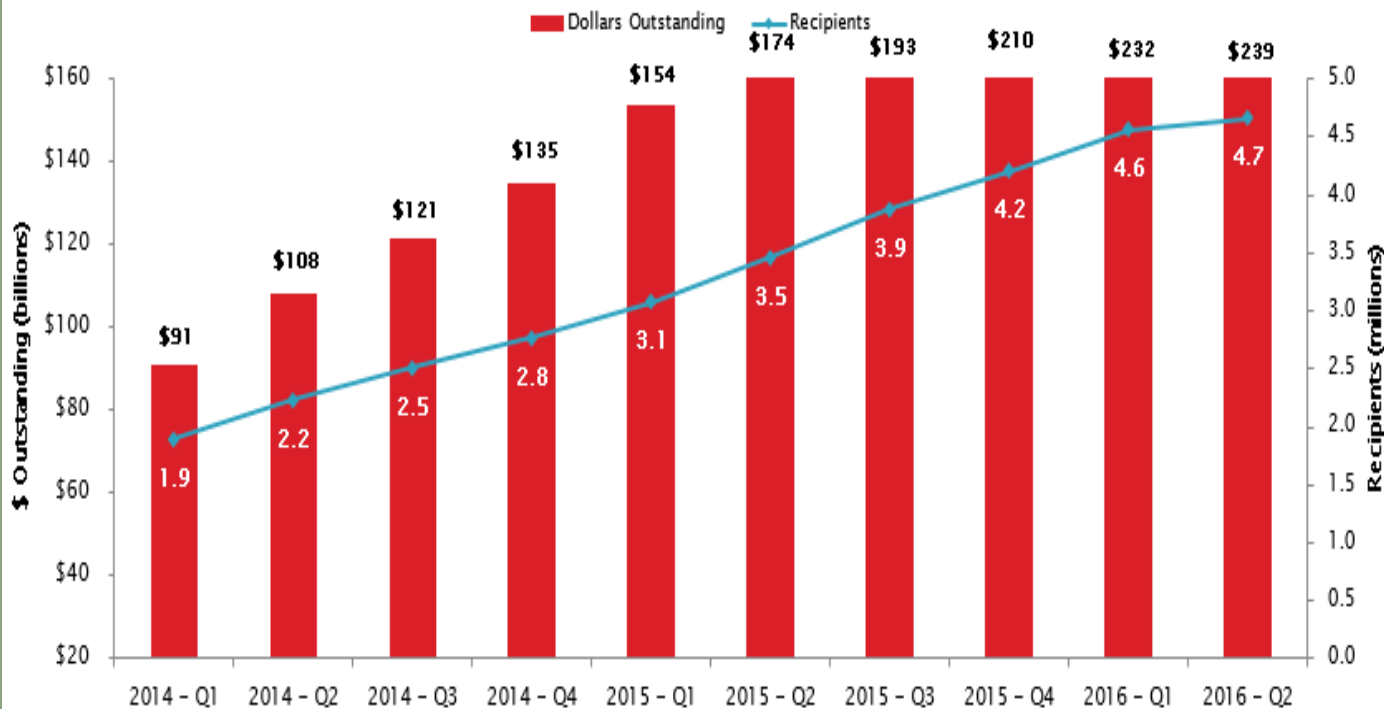
Extended Repayment

Loan Consolidation

Note: Many private education loans offer flexibility in making payments as well.

Participation in Federal Income Driven Repayment Plans

Participation in Income Driven Repayment Programs



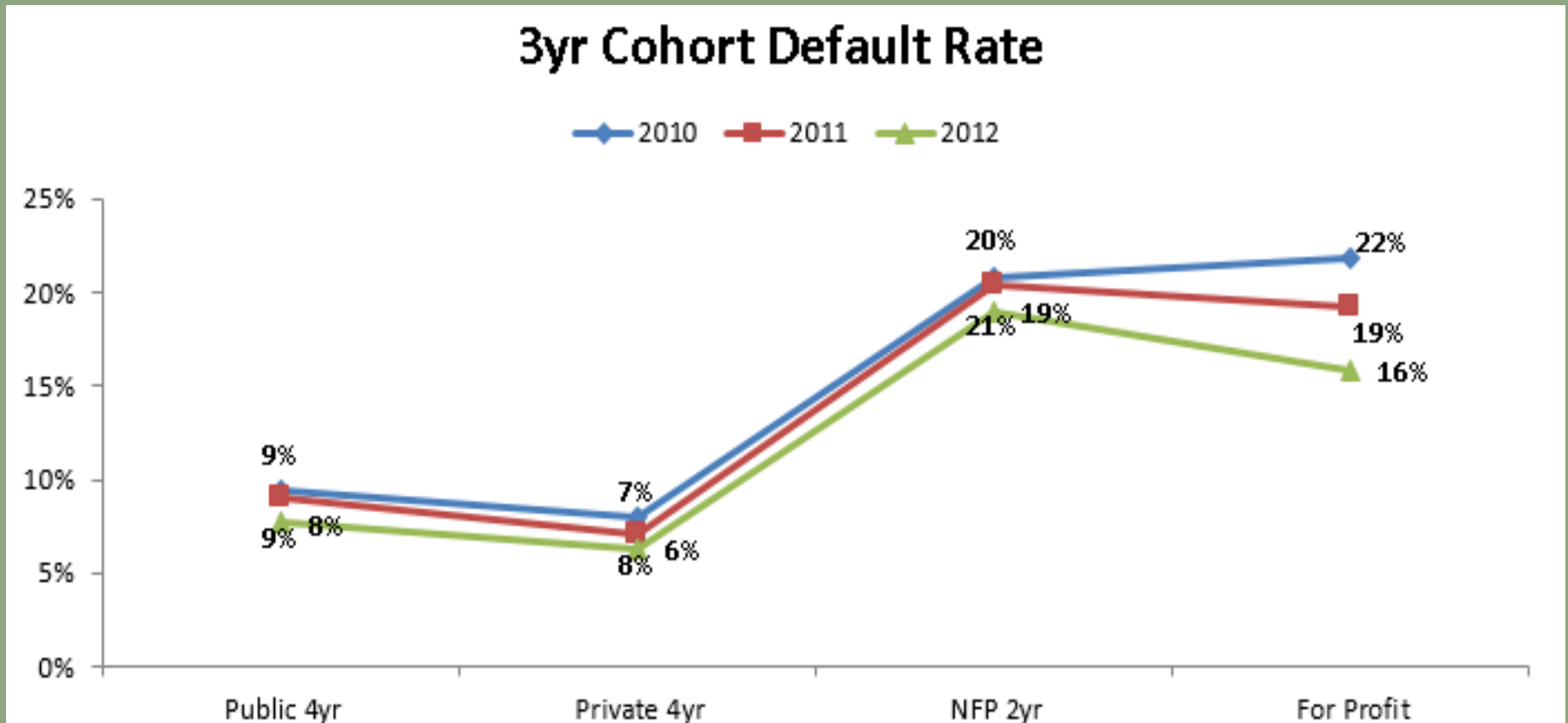
Quarter	Total DL Borrowers	% Borrowers in IBR
2014 - Q1	16.8	11%
2014 - Q2	17.2	13%
2014 - Q3	17.9	14%
2014 - Q4	18.0	15%
2015 - Q1	19.0	16%
2015 - Q2	19.5	18%
2015 - Q3	20.0	19%
2015 - Q4	20.1	21%
2016 - Q1	20.8	22%
2016 - Q2	21.0	22%

*Fiscal Quarters

Source: Information gathered 8/2016 from Federal Student Aid Data Center (actuals through June 2016; released July 2016. <https://studentaid.ed.gov/sa/about/data-center/student/portfolio>)



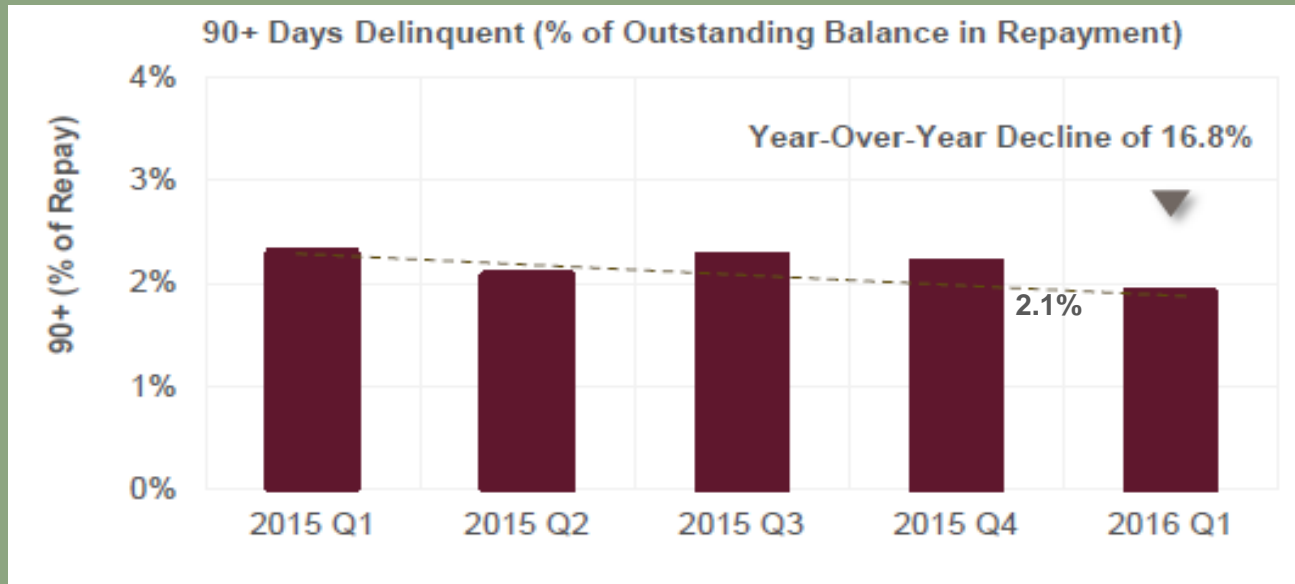
3yr Federal Loan Default Rate by School Type



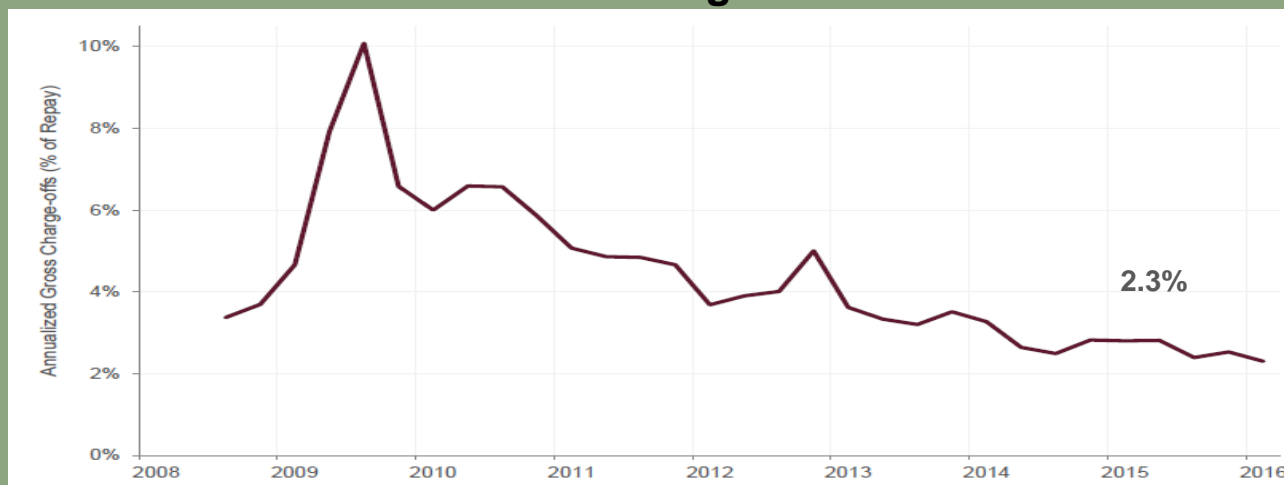
Source: information gathered 8/2016 from Digest of Education Statistics 2015; Table 332.50. https://nces.ed.gov/programs/digest/current_tables.asp



Private Loan Delinquency Rates and Charge-offs



Gross Charge-off Rates



Source: Information gathered 8/2016 Measure One Private Student Loan Report July 2016
(<http://measureone.com/reports>)



SUMMARY



Summary

❑ Enrollment

- Number of high school graduates and those going to college has leveled off
- Foreign student enrollment continues to increase

❑ Cost of Attendance

- Tuition and fees continue to increase
- Overall student borrowing is on the decline
- Federal loans make up 93% of \$1.36 billion in student debt outstanding

❑ Value of an Education

- Annual wages, lifetime earnings and unemployment support the going to college decision

❑ Repayment Success

- Federal and private loan default rates are declining
- Private loan delinquency / charge off rates are considerably lower than federal loans



Looking Forward

❑ Private Loan Trends

- Interest Rates: Many lenders offer highly qualified families rates better than the Federal PLUS Loan
- Private Parent Loans
- Private Loan Protections: Death and Disability coverage, repayment flexibility, cosigner release
- Private Loan Refinancing: consolidation of federal and private loans
 - Students are giving up their federal loan repayment flexibility

❑ Early FAFSA

- Potential impact on the financial aid time

❑ Reauthorization

- The last reauthorization (2008) took 5 years to complete
- Key initiatives on the table
 - FAFSA simplification
 - Transparency in college information for consumers
 - Financial literacy for recipients of federal aid
 - Accreditation reform
 - Federal loan repayment simplification



Questions?



The information contained in this presentation is not comprehensive, is subject to constant change, and therefore should serve only as general, background information for further investigation and study related to the subject matter and the specific factual circumstances being considered or evaluated. Nothing in this presentation constitutes or is designed to constitute legal advice.

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