Student Debt Crisis – Student Loan Repayment Analysis

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BOSTON UNIVERSITY
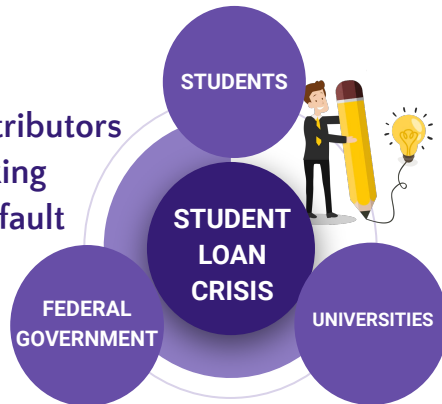
Background

Default **40%** By 2023

x 10 million borrowers

trillion outstanding debt

- Major contributors
- Policy making
- Reduce default rates

STUDENTS

STUDENT LOAN CRISIS

FEDERAL GOVERNMENT

UNIVERSITIES

College Scorecard (US Dep. of Education)[1]

Integrated Postsecondary Education System (US DOE)[2]

[1] https://collegescorecard.ed.gov/data/
[2] https://nces.ed.gov/ipeds/use-the-data

Analysis

Default rate changes 2008-2017

Stabbr: ND Default change: 3.154
Stabbr: CT Default change: 0.395

AVG(defchange) 0.395 — 3.154

Methodology

IPEDS — College Scorecard

Data Cleaning — Variable Selection / NA Imputation / Dimensionality Reduction

Regression — Segmentation

Findings
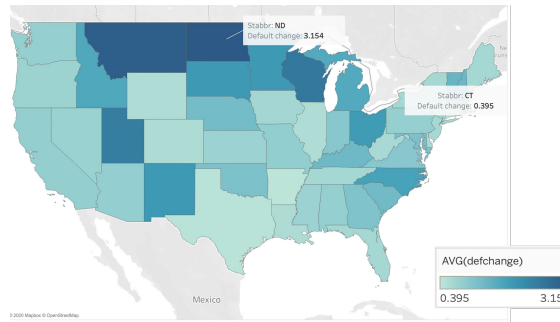
Policy Design — Recommendations
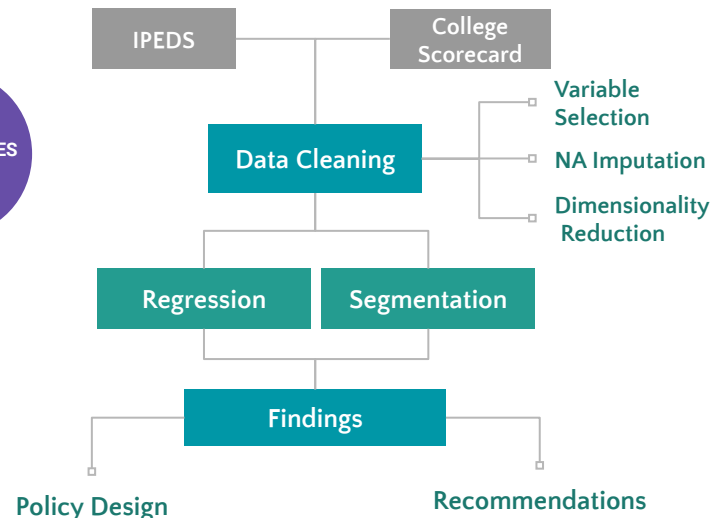
Results

Default rate by cluster

A   B   C
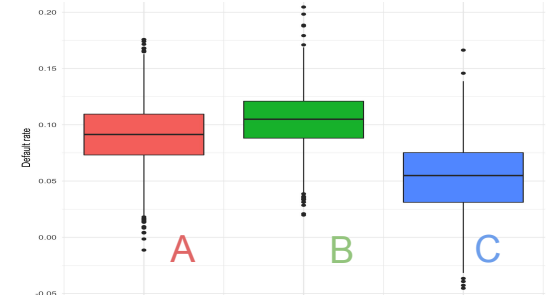
Clustering On Field Of Study

- cluster-a
- cluster-b
- cluster-c

Culinary, Business & Management, Repair Technicians, Construction Trades, Law Enforcement, Theology, Religious Studies, Liberal Arts, Education
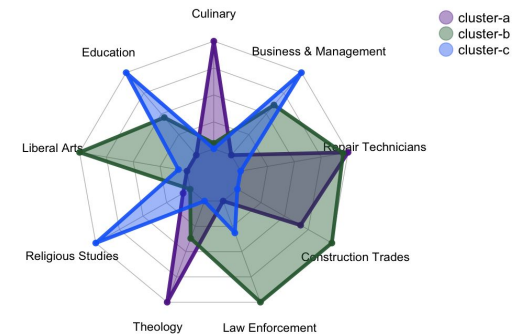
Recommendations

- Students
  - Focus on certain majors
- Policy makers
  - Focus on standardized test scores
  - Limit loans
- Universities
  - Increase graduation rates
  - Attract more faculty