

Access & Opportunities

Measure 1B: Graduate Debt Burden

Definition: Measure 1B reports System graduates' student loan principal and interest payments as a percent of their average monthly income. Average monthly income was measured in the year that begins with the third calendar quarter after the quarter of graduation. This is typically the point in time when graduates begin to make payments on their student loans. Graduates' loan balances include borrowing from federal and Minnesota state student loan programs at all colleges and/or universities they attended.

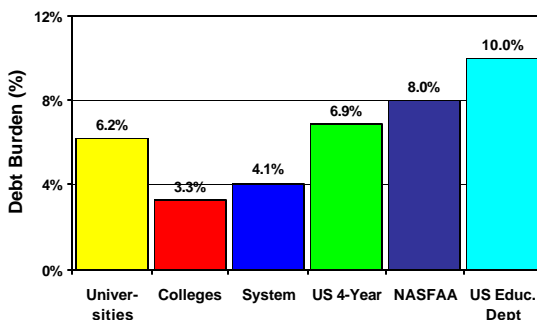
Significance: Measure 1B is significant in that it indicates the percent of income which graduates must commit to their education costs at a time when many are establishing households and beginning families. This measure is complementary to Measure 1C, Affordability Index, which indicated the proportion of the costs of attendance paid by students and their families while they are attending.

Graduates: There were 12,592 System graduates in Fiscal Year 2002 who borrowed from federal or state loan programs to finance their education. This group represents 47.2 percent of all graduates that year. It was assumed that 3,733 of these graduates received loan repayment deferments because they were attending a college or university after graduation or because their income was low enough to meet deferment requirements. An additional 2,342 graduates were excluded because complete data on earnings or borrowing were not available. The 6,291 graduates included in the debt burden analysis represented 23.6 percent of all System graduates in 2002 and 50 percent of the graduates who borrowed from state or federal loan programs.

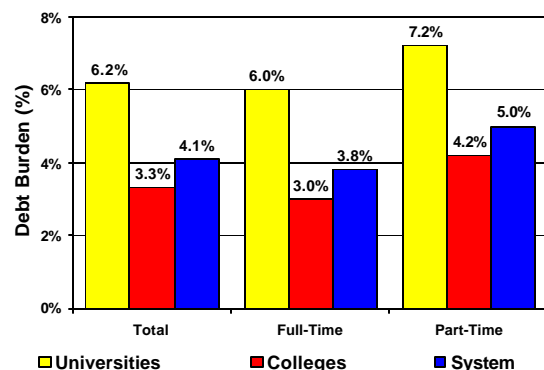
Measure: System graduates in Fiscal Year 2002 who borrowed to finance their postsecondary education had a median debt burden of 4.1 percent of the monthly income, as shown in Figure 1B-1. The median debt burden was 6.2 percent for state university graduates and 3.3 percent for state college graduates.

Context: The U.S. median debt burden for graduates of non-doctoral universities in 2000 was 6.6 percent, compared to the 6.2 figure for state university graduates, as shown in Figure 1B-1. No national comparative information is available for graduates of public two-year colleges. Two organizations have established thresholds to indicate the level of debt burden that is of concern to policy makers. The National Association of Student Financial Aid Administrators (NASFAA) indicates that debt burdens should be below 8 percent to reduce the risk of loan defaults. The U.S. Education Department has established a goal of keeping the federal student loan debt burden below 10 percent.

**Figure 1B – 1
SYSTEM GRADUATES'
DEBT BURDEN IS SLIGHTLY BELOW
U.S. AVERAGE**



**Figure 1B – 2
GRADUATES EMPLOYED PART-TIME
HAVE HIGHER DEBT BURDENS**

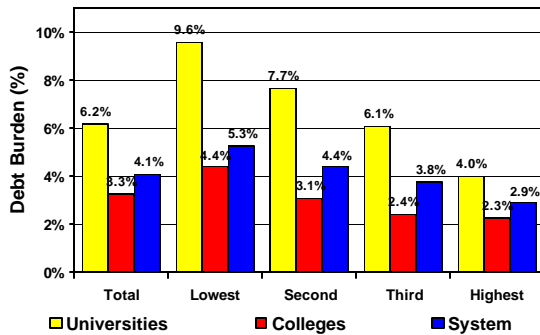


Drill-Downs: Graduates employed on a part-time basis after graduation had higher debt burdens (6.0%) than did graduates employed on a full-time basis (3.8%), as shown in Figure 1B-2. The part-time group likely includes graduates working for employers that are not covered by Minnesota Unemployment Insurance and consequently complete wage data were not available.

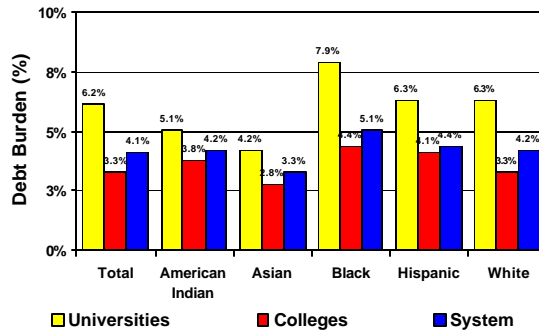
Graduates in the lowest income quartile after graduation had higher debt burdens (5.3%) than did graduates in the highest income quartile (2.9%), as shown in Figure 1B-3. State university graduates in the lowest income quartile had a median debt burden of 9.6 percent which is higher than the NASFAA threshold and close to the US Education Department threshold.

Black graduates (6.1%) and Hispanic graduates (4.4%) had higher debt burdens than did White graduates (4.2%), American Indian graduates (4.2%) or Asian graduates (3.3%), as shown in Figure 1B-4. Black graduates from state universities had a median debt burden of 7.9 percent which is just below the NASFAA threshold.

**Figure 1B – 3
LOWEST INCOME GRADUATES
HAVE DEBT BURDENS NEAR THRESHOLD**

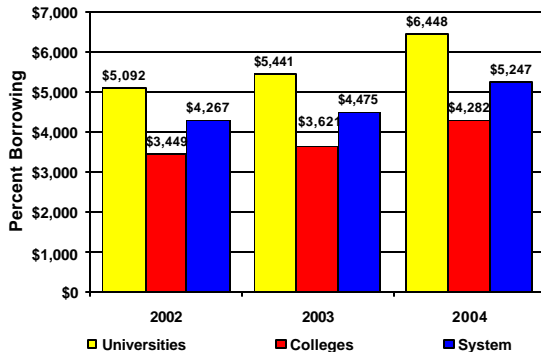


**Figure 1B – 4
AFRICAN AMERICAN GRADUATES
HAVE HIGHER DEBT BURDENS**

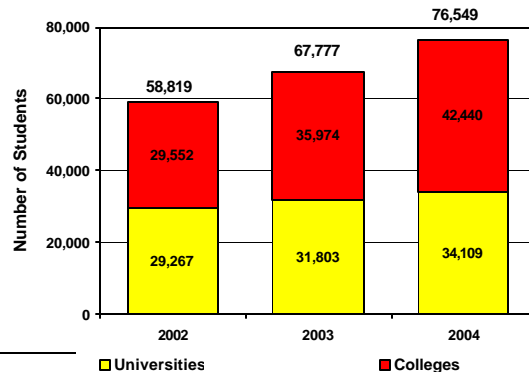


Trends: Recent trends in student borrowing suggest that the System will see increases in graduate debt burden and in the number of graduates with student loan debt during the next several years. The average amount that students borrowed increased by 23 percent or \$1,000 between Fiscal Years 2002 and 2004, as shown in Figure 1B-5. During the same time period, the number of students borrowing increased by 30 percent from 58,819 to 76,549, as shown in Figure 1B-6. The number of students borrowing at the state colleges increased by 45 percent. The combination of increased borrowing and more students borrowing resulted in a 60 percent increase in total borrowing from \$250.1 million in Fiscal Year 2002 to \$401.7 million in Fiscal Year 2004.

**Figure 1B – 5
AVERAGE BORROWING INCREASED BY
23 PERCENT OR \$1,000 IN TWO YEARS**



**Figure 1B – 6
NUMBER OF STUDENTS BORROWING HAS
INCREASED BY 30% IN TWO YEARS**



Community & Economic Vitality

**Indicator 11: Economic Development
Measure 11A: Graduate Related Employment Rate**

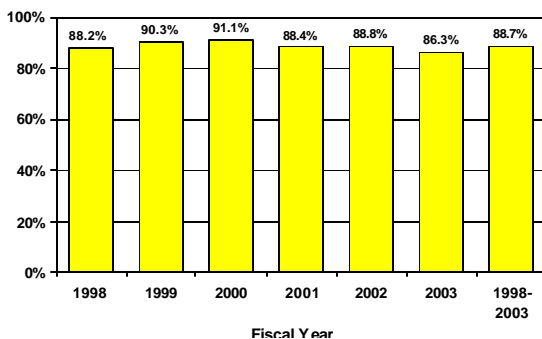
Definition: Measure 11A reports System graduates’ employment rate during the year after graduation in occupations that they report were related to their program or major. The numerator is the number of graduates that reported related employment. The denominator is the number of graduates in related employment plus those seeking related employment.

Significance: Measure 11A is significant in that it indicates the extent to which college and university instructional programs are providing graduates with the knowledge and skills that employers are seeking. This measure is complementary to Measure 11B, Graduate continued education rate, which indicates the proportion of graduates that continued their education.

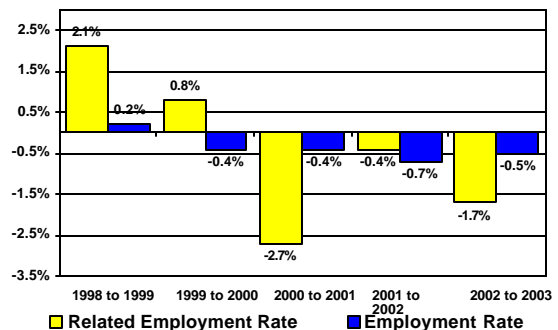
Measure: The related employment rate for System graduates in Fiscal Year 2003 was 86.3 percent, as shown in Figure 11A-1. This rate is down from a high of 91.1 percent for Fiscal Year 2000 graduates and at its lowest point during the six year period.

Context: The annual change in the related employment rate tends to exceed the change in the Minnesota unadjusted employment rate. When rates are increasing, the related rate increases faster than the Minnesota rate. When rates are decreasing, the related rate also decreases faster than the Minnesota rate.

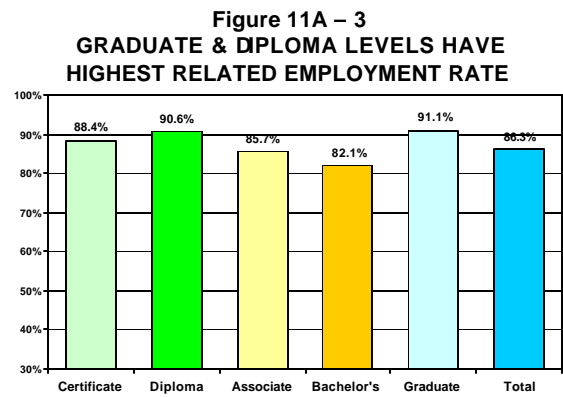
**Figure 11A – 1
GRADUATE RELATED
EMPLOYMENT RATE**



**Figure 11A – 2
CHANGES IN RELATED EMPLOYMENT
RATE EXCEED
MN EMPLOYMENT RATE**



Drill-Downs: Related employment rates for Fiscal Year 2003 graduates were highest at graduate and diploma levels, as shown in Figure 11A-3.



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Measure 11B: Continuing Education Rate

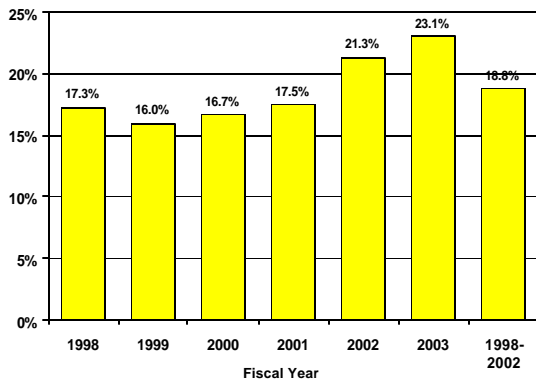
Definition: Measure 11B reports System graduates' continued education rate during the year after graduation. The numerator is the number of graduates that reported continuing their education. The denominator is the number of graduates that responded to the follow-up survey.

Significance: Measure 11B is significant in that it indicates the extent to which college and university instructional programs prepare graduates for continued education at the undergraduate or graduate level. This measure is complementary to Measure 11A, Graduate related employment rate.

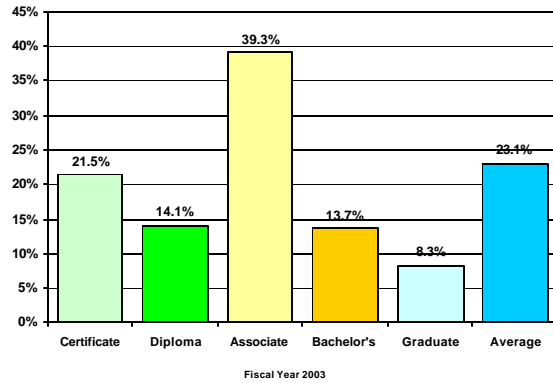
Measure: The continued education rate for System graduates in Fiscal Year 2003 was 23.1 percent, as shown in Figure 11B-1. This rate is up from 21.3 percent for Fiscal Year 2002 graduates and at its highest point during the six year period.

Drill-Downs: Continued education rates for Fiscal Year 2003 graduates were highest at associate degree level, as shown in Figure 11B-3. Associate graduates in the liberal arts, agriculture and computer science and engineering have the highest continued education rates, as shown in Figure 11B-3.

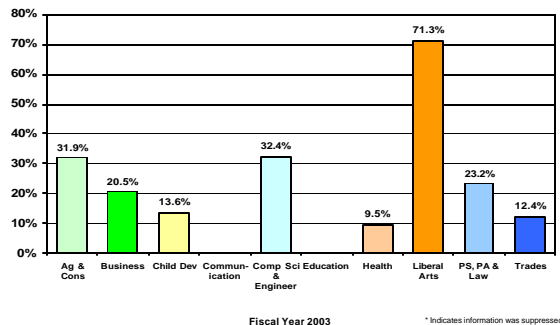
**Figure 11B – 1
GRADUATE CONTINUED
EDUCATION RATES ARE INCREASING**



**Figure 11B – 2
ASSOCIATE GRADUATES HAVE HIGHEST
CONTINUED EDUCATION RATE**



**Figure 11B – 3
ASSOCIATE GRADUATES IN LIBERAL ARTS,
AGRICULTURE & COMPUTER SCIENCE HAVE THE
HIGHEST CONTINUED EDUCATION RATES**



Fiscal Year 2003

* Indicates information was suppressed.

Community & Economic Vitality

Measure 11C: Graduates Median Wage Rates

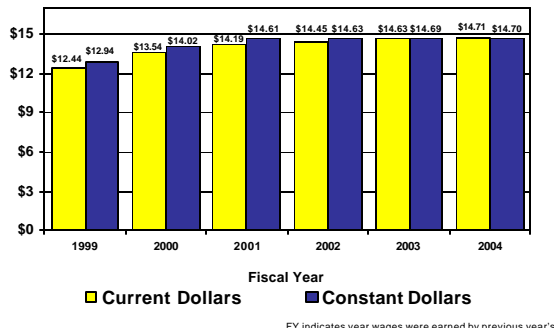
Definition: Measure 11C reports the median wage rate earned by System graduates' with related employment during the year after graduation. The numerator is total total dollars earned during the fiscal year. The denominator is the total number of hours worked during the fiscal year. Median rates are reported to remove the influence of extreme values at the top and bottom of the wage distribution.

Significance: Measure 11C is significant in that it indicates graduates' economic returns to their college and university education during the first year after graduation. This measure is complementary to Measure 11A, Graduate related employment rate.

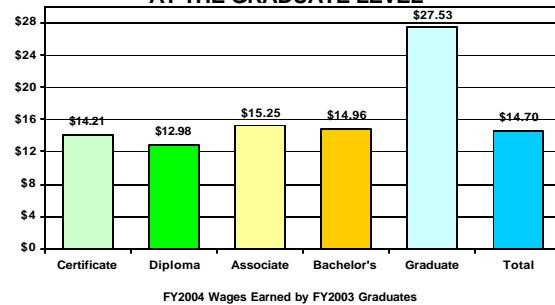
Measure: The Fiscal Year 2004 median wage rate earned by Fiscal Year 2003 System graduates was \$14.70, as shown in Figure 11C-1. The constant dollar wage rate has been stable at this level for the last three years.

Drill-Downs: Median wage rates for Fiscal Year 2003 graduates were highest at graduate level, as shown in Figure 11C-2. This reflects the fact that many graduate students have been in the workforce for several years and are using the graduate degree to advance in their careers. Certificate graduates in the law enforcement, the trades and business have the highest median wage rates, as shown in Figure 11C-3. Bachelors graduates in the health fields and computer science and engineering have the highest median wage rates, as shown in Figure 11C-4.

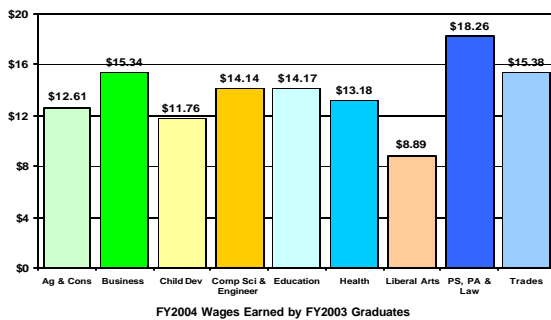
**Figure 11C – 1
CONSTANT DOLLAR GRADUATE WAGE RATES ARE STABLE**



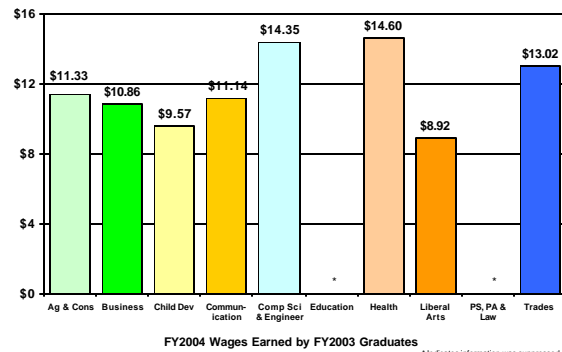
**Figure 11C – 2
WAGE RATES ARE HIGHEST AT THE GRADUATE LEVEL**



**Figure 11C – 3
CERTIFICATE WAGE RATES ARE HIGHEST IN LAW, TRADES & BUSINESS**



**Figure 11C – 4
BACHELOR'S WAGE RATES ARE HIGHEST IN HEALTH & COMPUTER SCIENCE**



* Indicates information was suppressed.