Effective Date: September 2025

SACSCOC™

Southern Association of Colleges and Schools
Commission on Colleges
1866 Southern Lane
Decatur, Georgia 30033-4097

INTERPRETATIONS TO THE *PRINCIPLES OF ACCREDITATION*

Interpretation of Standard 12.6 (Student debt and financial literacy)

Standard 12.6 reads:

> **The institution provides information and guidance to help student borrowers understand how to manage debt and repay loans.**
> (*Student debt and financial literacy*)

Interpretation:

To address the national increase in student loan debt and loan default rates, this standard requires that institutions provide information and guidance to help student borrowers better understand debt management and the obligations associated with debt and loan repayment. Institutions are expected to provide this financial management information and guidance for all student borrowers, not just those receiving financial aid loans. Additionally, due to growing concerns about "return on investment," institutions are expected to document and demonstrate their success with respect to their student financial literacy and debt management efforts.

There are many ways to demonstrate success with respect to student financial literacy and debt management. One of the approaches being utilized by higher education researchers, legislatures and other stakeholders is to track student financial metrics after college. These metrics include post-college income, education debt, ratios of earnings to education debt and costs, student earnings contextualized within the institution's state and a bevy of other measures. Such an approach does not fully exhaust the options available to demonstrate student financial literacy and debt management success, nor do they reflect the only ways to assess post-college student financial indicators. What they do represent is a viable way to provide insight into student financial patterns after college.

Institutions are encouraged to consider multiple methods and metrics to assess post-college student financial literacy and debt management. To contextualize, compare and support institutional activities in this area, SACSCOC expects every member institution to identify a metric (Key Post-College Financial Indicator -- KPCFI) it will include to evaluate student achievement related to post-college financial outcomes from the following list:

- **Cohort Default Rate (CDR)** (3 year): the percentage of a school's federal student loan borrowers who enter repayment within the cohort fiscal year (denominator) and default (or met other specified condition) (numerator) within the cohort default period). Source: NCES College Navigator.
- **Loan Repayment Rate:** Share of undergraduate borrowers that graduated with federal student loans who are making progress or in deferment 2 years after entering repayment. Source: College Scorecard.
- **Median Earnings:** The median annual earnings of individuals that received federal student aid and began college at this institution 10 years ago, regardless of their completion status. Source: College Scorecard.
- **Percent Graduates Earning More than HS Graduate:** The share of individuals who received

federal student aid, were working, and were not enrolled in school that earned more than the typical high school graduate 6 years after entering college. Source: College Scorecard.

- **Debt to Earnings (DTE) Ratio:** Median debt to earnings calculated by credential level for the annual debt to earnings rate (annual loan payment / annual earning) | 8% benchmark for GE programs. Source: NACIQI Accreditor Datafile.
- **Discretionary Debt to Earnings (DTE) Ratio:** Median debt to earnings calculated by credential level for the discretionary debt to earnings (DTE) rate (annual loan payment / [annual earnings - 150% of the Federal poverty guideline for a single individual]) | 20% benchmark for GE programs. Source: NACIQI Accreditor Datafile.
- **Minimum Economic Return:** Median earnings vs. [median state-level high school earnings + total net price (annual net price times average time to credential) amortized over 10 years]). Source: Post-Secondary Value Commission / SACSCOC calculations.
- **Earnings Premium:** Median earnings vs. median earnings for credential level within state. Source: Post-Secondary Value Commission / SACSCOC calculations.
- **Economic Mobility:** Median earnings vs. earnings high enough to enter 4th (60th to 80th percentile) income quintile or above regardless of credential level within state). Source: Post-Secondary Value Commission / SACSCOC calculations.

Member institutions preparing a compliance certification for review during the decennial reaffirmation process or review by a Fifth-Year Interim Committee must address post-college financial outcomes – using the chosen KPCFI – as part of a narrative and supporting documentation for Standard 12.6 (*Student debt and financial literacy*).

The institution is expected to (a) report current performance on the chosen KPCFI; (b) compare its current performance with their own baseline level provided by SACSCOC; and (c) self-evaluate the institutional performance dynamics or trend on the chosen indicator.

In addition, the institution is expected to establish (and provide rationale for) appropriate and reasonable (i) thresholds of acceptability (minimally acceptable performance levels) as well as (ii) goals or performance targets on the chosen KPCFI metric. While the institution is not expected to discuss what it does when it falls short of its own goal or target on the KPCFI, institutions not meeting their self-identified thresholds of acceptability would be expected to document ongoing efforts to improve their performance on the chosen post-college financial outcomes indicator.

Peer evaluation committees will use information on the KPCFI as part of their reviews of institutional cases for compliance with Standard 12.6 (*Student debt and financial literacy*).

Document History
Approved SACSCOC Board of Trustees: June 2024