

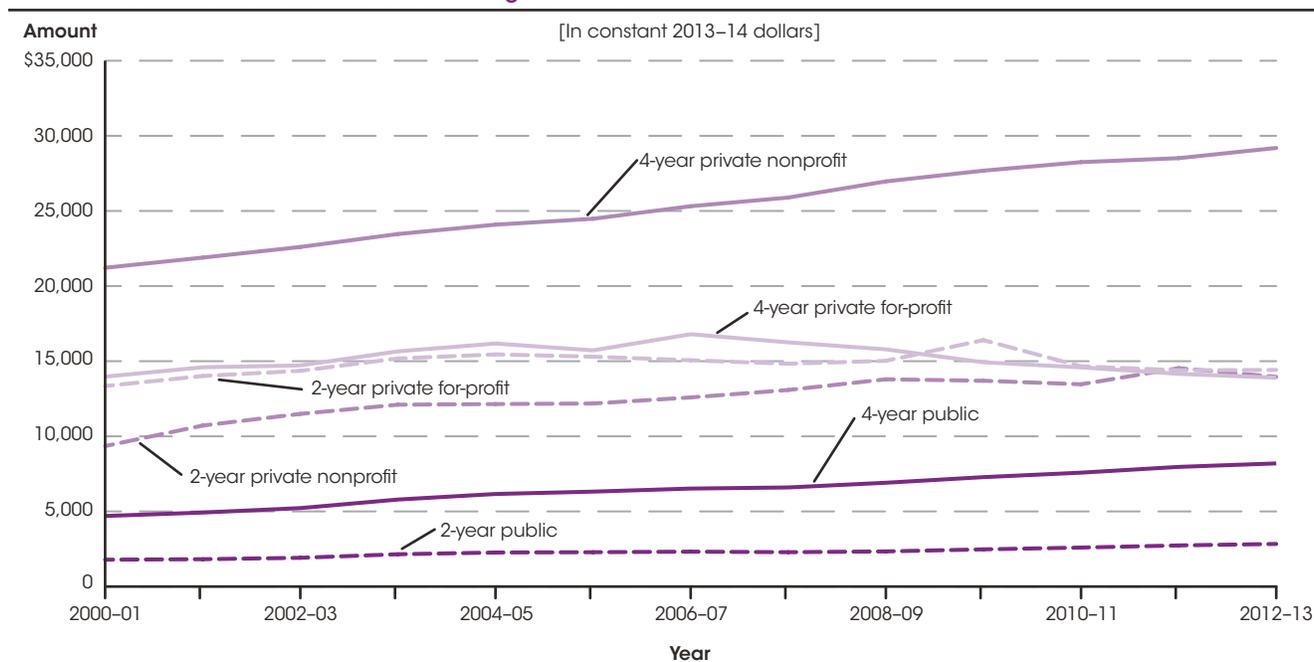
Student Loan Volume and Default Rates

In 2012–13, the average student loan amount of \$7,000 represented a 39 percent increase over the 2000–01 amount of \$5,100 (in constant 2013–14 dollars). Of the 4.7 million students who entered the repayment phase on their student loans in fiscal year (FY) 2011, some 651,000, or 13.7 percent, defaulted before the end of FY 2013.

Title IV of the Higher Education Act of 1965 authorized several student financial assistance programs—including federal grants, loans, and work study—to help offset the cost of attending a postsecondary institution. The largest federal loan program is the William D. Ford Federal Direct Loan Program; the federal government is the lender

for this program. Interest on the loans made under the Direct Loan Program may be subsidized, based on need, while the student is in school. Most loans are payable over 10 years, beginning 6 months after the student does one of the following: graduates, drops below half-time enrollment, or withdraws from the academic program.

Figure 1. Average tuition and fees for full-time students at degree-granting postsecondary institutions, by level and control of institution: 2000–01 through 2012–13

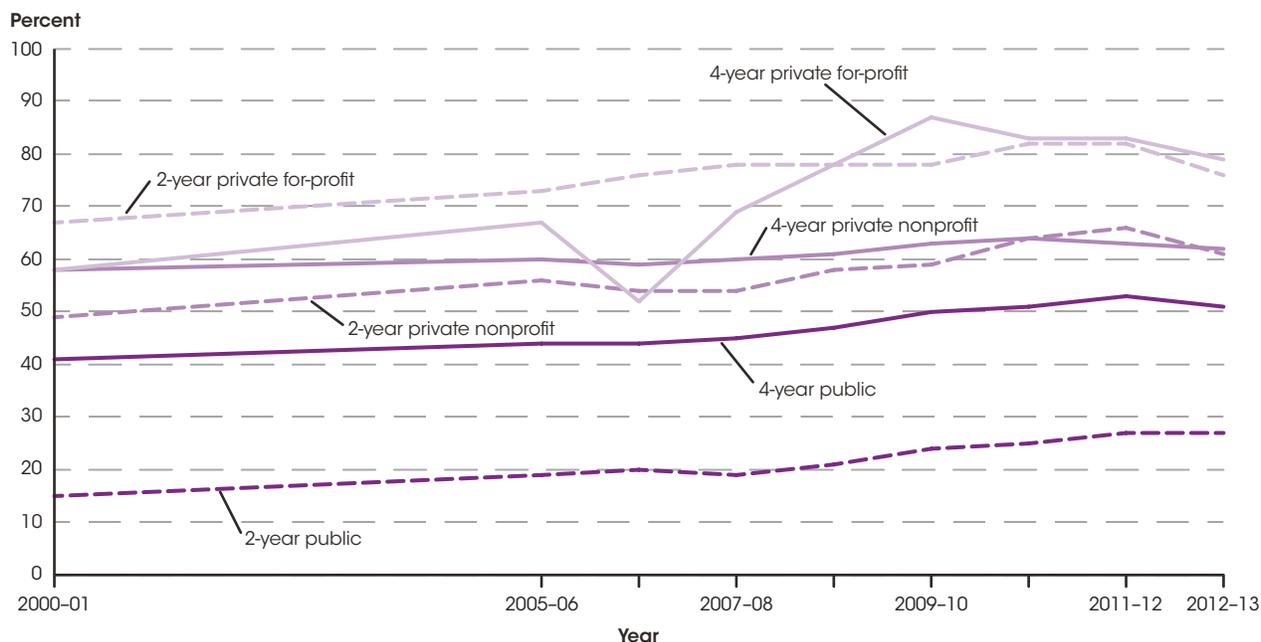


NOTE: Degree-granting institutions grant associate's or higher degrees and participate in Title IV federal financial aid programs. Data on tuition and fees for public institutions are for in-state students only. Data for private 2-year colleges must be interpreted with caution because of the low response rate of these institutions. Tuition and fees were weighted by the number of full-time-equivalent undergraduates.
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Fall 2000 through Fall 2012, Institutional Characteristics component. See *Digest of Education Statistics 2014*, table 330.10.

Average undergraduate tuition and fees for full-time students across all degree-granting postsecondary institutions in 2012–13 were \$10,800 in constant 2013–14 dollars—a 50 percent increase over the 2000–01 amount (\$7,200). At 4-year institutions, average tuition and fees in 2012–13 were \$14,300—a 45 percent increase over the 2000–01 amount (\$9,900). Among 4-year institutions, tuition and fees at public institutions had the largest percentage increase (74 percent, from \$4,700 to \$8,200) during this period; however, the largest dollar amount increase was at private nonprofit institutions (an \$8,000 increase, from \$21,200 to \$29,200). The tuition at private for-profit 4-year institutions was higher in 2000–01

than in 2012–13 (\$14,000 and \$13,900, respectively). At 2-year institutions, average undergraduate tuition and fees were \$3,400 in 2012–13—a 48 percent increase over the 2000–01 amount (\$2,300). As with 4-year institutions, the largest percentage increase in tuition and fees among 2-year institutions during this period occurred at public institutions (59 percent, from \$1,800 to \$2,800), while the largest dollar amount increase was at private nonprofit institutions (a \$4,600 increase, from \$9,400 to \$14,000). The smallest change in tuition and fees at 2-year institutions occurred at private for-profit institutions (an 8 percent change, from \$13,300 to \$14,400).

Figure 2. Percentage of first-time, full-time students receiving loan aid at degree-granting postsecondary institutions, by level and control of institution: Selected years, 2000-01 through 2012-13



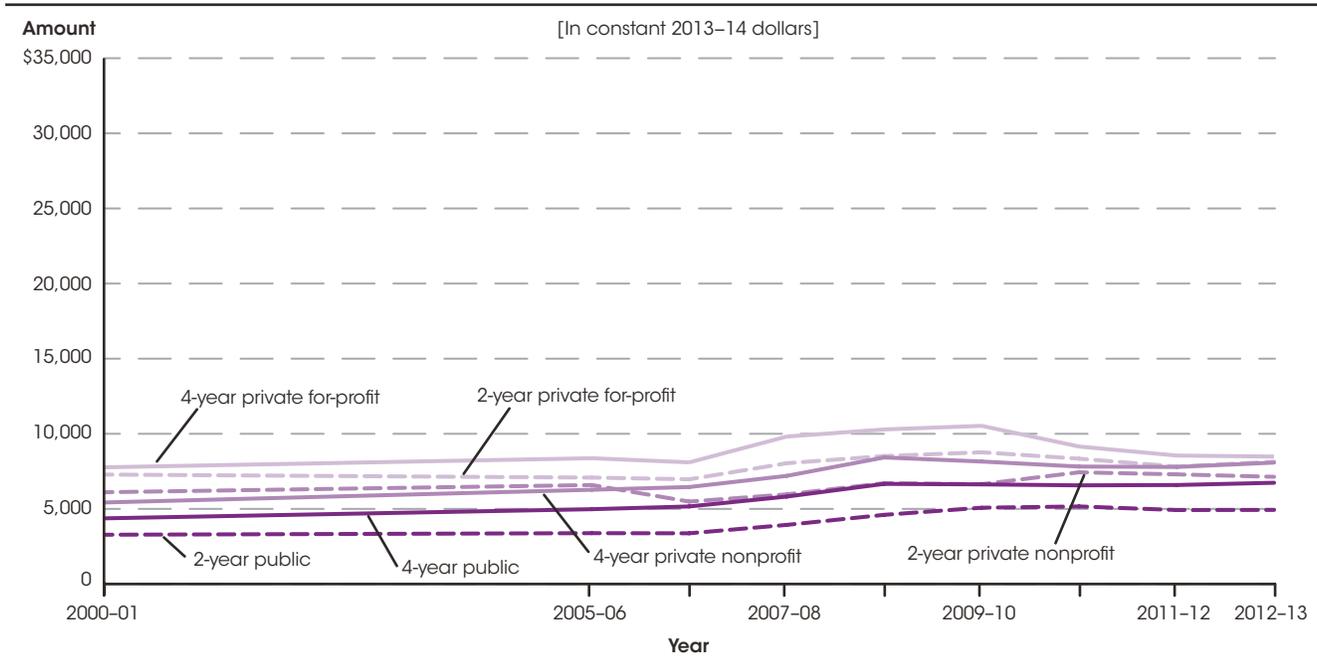
NOTE: Degree-granting institutions grant associate's or higher degrees and participate in Title IV federal financial aid programs. Some data have been revised from previously published figures. Includes only loans made directly to students; does not include Parent Loans for Undergraduate Students (PLUS) and other loans made directly to parents.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Spring 2002 through Spring 2011 and Winter 2011-12 through Winter 2013-14, Student Financial Aid component. See *Digest of Education Statistics 2014*, table 331.20.

In 2012-13, some 49 percent of first-time, full-time undergraduate students received student loans. Between 2000-01 and 2012-13, the percentage of students receiving loan aid increased by 9 percentage points (from 40 to 49 percent). During this period, the percentage of students receiving loan aid increased at all institution types, with the largest increase among 4-year institutions occurring at private for-profit institutions (21 percentage points, from 58 to 79 percent). The

percentage of undergraduates receiving loans at public and private nonprofit 4-year institutions increased 10 and 4 percentage points, respectively (from 41 to 51 percent at public institutions and from 58 to 62 percent at private nonprofit institutions). The percentage of students at 2-year institutions receiving loans over this period increased from 15 to 27 percent at public institutions, from 49 to 61 percent at private nonprofit institutions, and from 67 to 76 percent at private for-profit institutions.

Figure 3. Average loan amounts for first-time, full-time students receiving loan aid at degree-granting postsecondary institutions, by level and control of institution: Selected years, 2000-01 through 2012-13



NOTE: Degree-granting institutions grant associate's or higher degrees and participate in Title IV federal financial aid programs. Some data have been revised from previously published figures. Includes only loans made directly to students; does not include Parent Loans for Undergraduate Students (PLUS) and other loans made directly to parents.

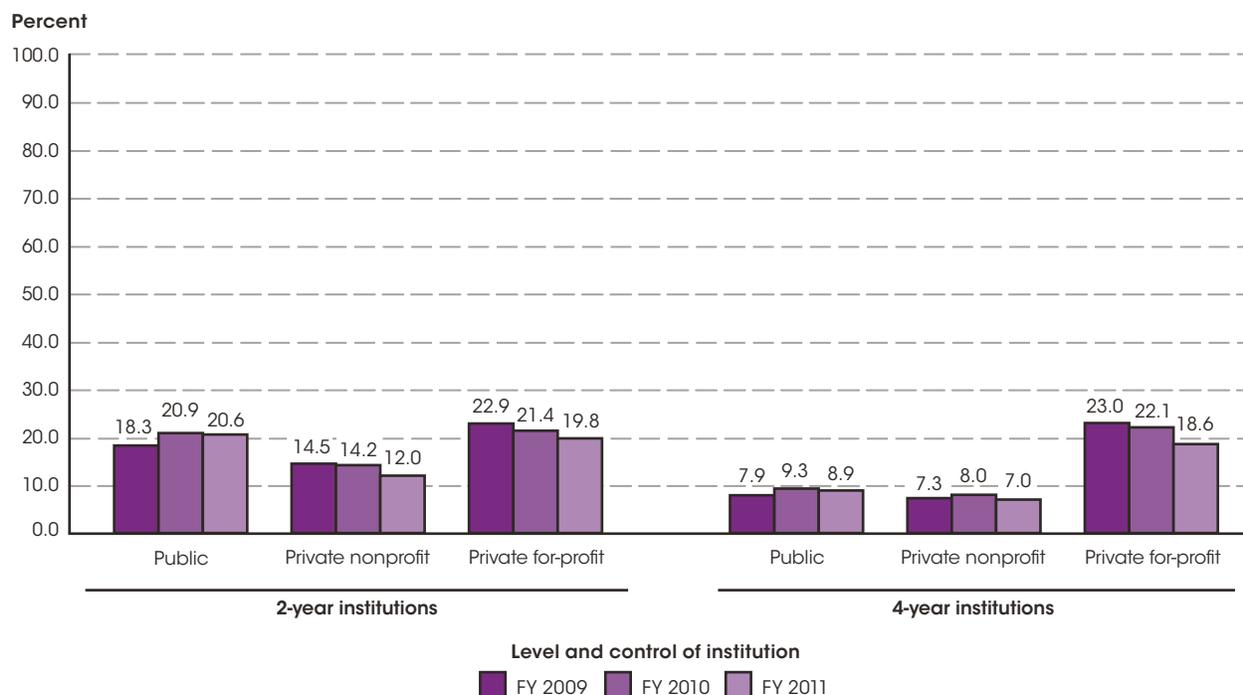
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Spring 2002 through Spring 2011 and Winter 2011-12 through Winter 2013-14, Student Financial Aid component. See *Digest of Education Statistics 2014*, table 331.20.

Along with the increase in the percentage of students taking out loans for their education, the average amount of money students borrowed also increased. Average annual student loan amounts for first-time, full-time degree/certificate-seeking undergraduate students receiving loan aid increased between 2000-01 and 2012-13, from \$5,100 to \$7,000, after adjusting for inflation (a 39 percent increase). Average loan amounts were higher in 2012-13 than in 2000-01 for all institution types. Among 4-year institutions, the largest percentage increase in the average loan amount was at public institutions (55 percent, from \$4,300 to \$6,700), while the smallest percentage change was at private for-profit institutions (9 percent higher, from \$7,700 to \$8,400). The percentage increase at 4-year private nonprofit institutions was 50 percent (from \$5,400 to \$8,000). Similar to 4-year institutions, the largest percentage increase in average loan amount among 2-year institutions was at public institutions (52 percent, from \$3,200 to \$4,900), while the smallest change was at private for-profit institutions (12 percent higher, from

\$7,200 to \$8,100). The percentage increase at private nonprofit institutions was 17 percent (from \$6,100 to \$7,100). For both 4-year and 2-year institutions, private for-profit institutions had the largest inflation-adjusted average annual student loan amount in 2012-13 (\$8,400 for 4-year institutions and \$8,100 for 2-year institutions).

Approximately 4.7 million students entered the repayment phase of their student loans in fiscal year (FY) 2011, meaning that their student loans became due between October 1, 2010, and September 30, 2011. The 3-year cohort default rate is the percentage of students who entered repayment on their loans in FY 2011 and defaulted prior to the end of the second following fiscal year. Of the 4.7 million students who entered the repayment phase on their student loans in FY 2011, some 651,000, or 13.7 percent, defaulted before the end of FY 2013. For students in the Direct Loan Program or the Federal Family Education Loan (FFEL) Program, default occurs when a payment has not been made for 270 days.

Figure 4. Three-year student loan cohort default rates at degree-granting postsecondary institutions, by level and control of institution: Fiscal years (FY) 2009 through 2011



NOTE: Default rates were calculated using student counts by institution from the Federal Student Aid Cohort Default Rate Database and the Integrated Postsecondary Education Data System (IPEDS) classification of institutions. The repayment phase is the period when student loans must be repaid and generally begins 6 months after a student leaves an institution. Default occurs when a borrower fails to make a payment for 270 days. The 3-year cohort default rate is the percentage of students who entered repayment during a given fiscal year and defaulted within the second following fiscal year. Degree-granting institutions grant associate's or higher degrees and participate in Title IV federal financial aid programs. Includes borrowers from foreign and unclassified schools, which account for less than 1 percent of borrowers and are not included elsewhere.

SOURCE: U.S. Department of Education, Office of Federal Student Aid, Direct Loan and Federal Family Education Loan Programs, Cohort Default Rate Database; retrieved October 13, 2014, from <http://www2.ed.gov/offices/OSFAP/defaultmanagement/schooltyperates.pdf>. See *Digest of Education Statistics 2014*, table 332.50.

The 3-year default rate for students in the FY 2011 cohort was 11.1 percent at 4-year degree-granting postsecondary institutions and 20.2 percent at 2-year degree-granting postsecondary institutions. The default rate for the FY 2011 cohort was highest at public 2-year institutions (20.6 percent) and lowest at private nonprofit 4-year institutions (7.0 percent).

for the FY 2010 cohort (14.7 percent) and higher than the rate for the FY 2009 cohort (13.4 percent). The largest percentage point change occurred at private for-profit 4-year institutions, which had a default rate that was 4.4 percentage points lower in FY 2011 than in FY 2009 (18.6 vs. 23.0 percent).

Across all institutions, the average 3-year default rate for the FY 2011 cohort (13.7 percent) was lower than the rate

Reference tables: *Digest of Education Statistics 2014*, tables 330.10, 331.20, and 332.50

Related indicators: Price of Attending an Undergraduate Institution (indicator 35), Grants and Loan Aid to Undergraduate Students (indicator 36), Financing Postsecondary Education in the United States [*The Condition of Education 2013 Spotlight*]

Glossary: Default rate, Degree-granting institutions, Postsecondary education