

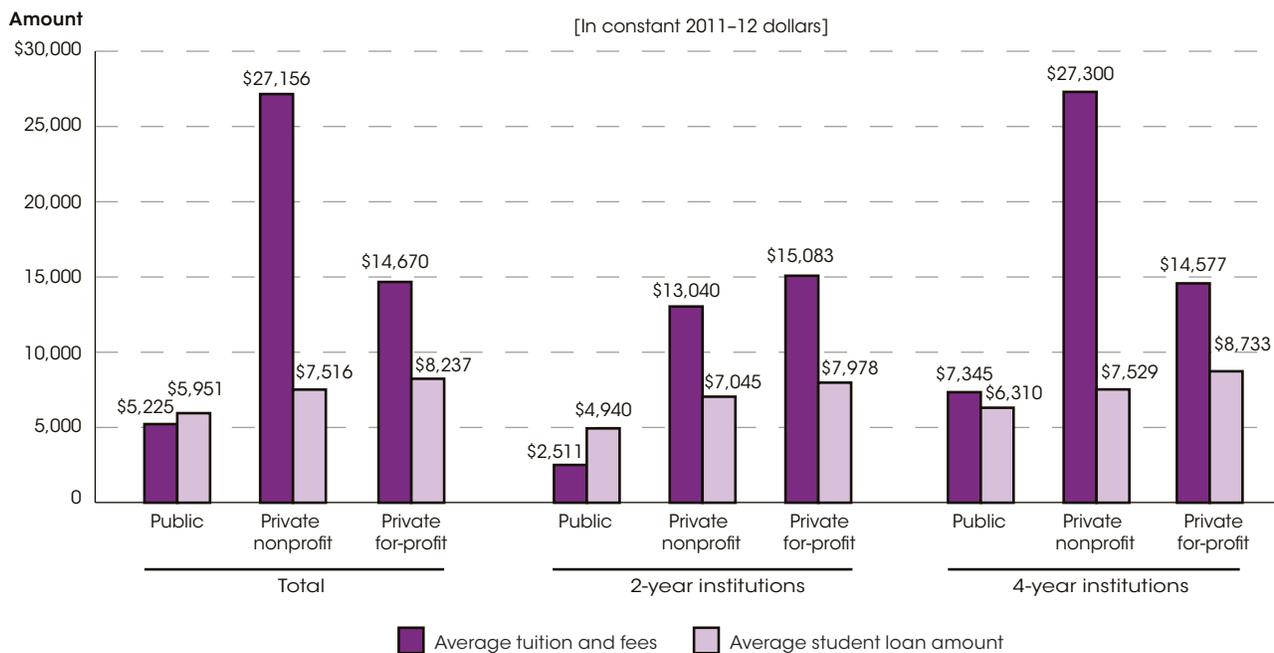
## Student Loan Volume and Default Rates

In 2010–11, the average student loan amount, in constant 2011–12 dollars, was \$6,800, which was a 39 percent increase from 2000–01, when the average student loan amount was \$4,900. Of the 4.1 million students who entered the repayment phase on their student loans in fiscal year (FY) 2010, some 375,000, or 9 percent, had defaulted before FY 2011.

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, in which the federal government is the lender. Interest on the loans made under the Direct Loan program may be subsidized, based on need, by the federal government while the student is in school. Most loans are payable over 10 years, beginning 6 months after the student leaves the institution, either by completing the program or by leaving prior to completion.

In 2010–11, average undergraduate tuition and fees for full-time students across all postsecondary degree-granting institutions were \$9,900, in constant 2011–12 dollars—a 41 percent increase over the constant-dollar amount from 10 years earlier (\$7,000). Average annual student loan amounts for first-time, full-time students have kept pace with this increase. In 2010–11, the average student loan amount, in constant 2011–12 dollars, was \$6,800, which was a 39 percent increase from 2000–01 (\$4,900).

**Figure 1. Average tuition and fees and average loan amounts for first-time, full-time students with loans at postsecondary degree-granting institutions, by level and control of institution: 2010–11**



NOTE: Degree-granting institutions grant associate's or higher degrees and participate in Title IV federal financial aid programs. Tuition and fee data for public institutions are for in-state students only. Tuition and fee data are collected in the fall, and loan data are collected in the spring.  
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) Spring 2011, Student Financial Aid component; Fall 2011, Institutional Characteristics component. See *Digest of Education Statistics 2012*, tables 381 and 387.

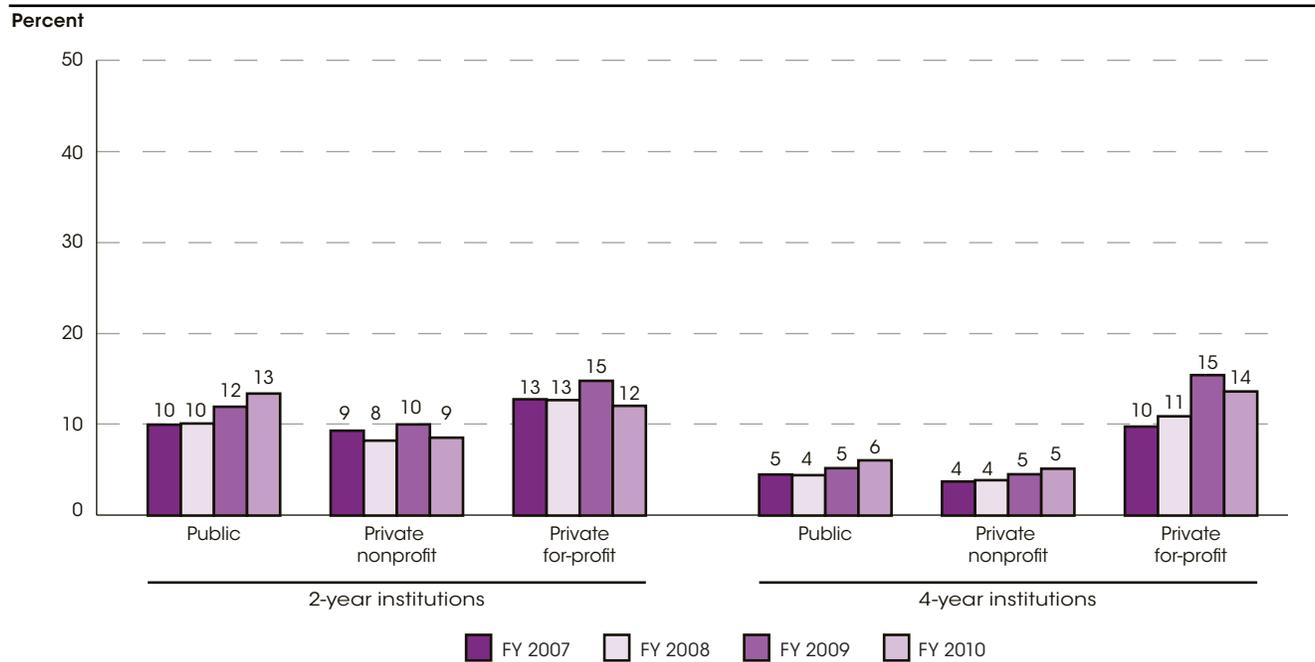
At 2-year postsecondary degree-granting institutions, average tuition and fees (in constant 2011–12 dollars) were \$3,200 in 2010–11. At public 2-year institutions, average in-state tuition and fees were \$2,500; at private nonprofit 2-year institutions, average tuition and fees were \$13,000; and at private for-profit 2-year institutions, average tuition and fees were \$15,100. Some 25 percent of first-time, full-time students attending public 2-year institutions had student loans, with an average loan amount of \$4,900. At private nonprofit 2-year institutions, 65 percent of students had student loans, with an average loan amount of \$7,000. At private for-profit 2-year institutions, 82 percent of students had student loans, with an average amount of \$8,000.

At 4-year postsecondary degree-granting institutions, average tuition and fees (in constant 2011–12 dollars) were \$13,300 in 2010–11. At public 4-year institutions, average in-state tuition and fees were \$7,300, compared with \$14,600 at private for-profit institutions and \$27,300 at private nonprofit institutions. In 2010–11, average annual student loan amounts, in constant 2011–12 dollars, were

highest at private for-profit 4-year institutions (\$8,700), and 83 percent of students had student loans. At private nonprofit 4-year institutions, the average student loan amount was \$7,500, and 64 percent of students had student loans. At public 4-year institutions, the average student loan amount was \$6,300, and 51 percent of students had student loans.

Approximately 4.1 million students entered the repayment phase of their student loans in fiscal year (FY) 2010, meaning their student loans became due between October 1, 2009, and September 30, 2010. The percentage of students who entered repayment on their loans in FY 2010 and defaulted prior to the end of the next fiscal year is the 2-year cohort default rate. Of the 4.1 million students who entered repayment in FY 2010, some 375,000, or 9.2 percent, had defaulted on the payments before FY 2011 ended on September 30, 2011. 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 2. Two-year student loan cohort default rates at postsecondary degree-granting institutions, by level and control of institution: Fiscal years (FY) 2007 through 2010**



NOTE: Does not include foreign or unclassified institutions. 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 2-year cohort default rate is the percentage of students who entered repayment during a given fiscal year and defaulted within the two following fiscal years. Degree-granting institutions grant associate's or higher degrees and participate in federal Title IV programs. SOURCE: U.S. Department of Education, Federal Student Aid, Direct Loan and Federal Family Education Loan Programs, Cohort Default Rate Database retrieved December 15, 2012, from <http://www2.ed.gov/offices/OSFAP/defaultmanagement/cdr.html>. See *Digest of Education Statistics 2012*, table 400.

The default rate for students in the FY 2010 cohort was 7.8 percent at 4-year degree-granting institutions and 12.8 percent at 2-year degree-granting institutions. Default rates for the FY 2010 cohort were highest at private for-profit 4-year institutions (13.6 percent) and public 2-year institutions (13.4 percent). The lowest default rate was for students at private nonprofit 4-year institutions (5.2 percent).

The 9.2 percent rate of default across all institutions for the FY 2010 cohort was higher than rates for FY 2009 (8.8 percent), FY 2008 (7.1 percent), and FY 2007 (6.7 percent) cohorts. The percentage point increase in default rates from FY 2007 to FY 2010 was greatest at private for-profit 4-year institutions (from 9.8 percent to 13.6 percent). At private nonprofit and private for-profit 2-year institutions, default rates declined by less than 1 percentage point between FY 2007 and FY 2010.

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**Reference tables:** *Digest of Education Statistics 2012*, tables 381, 387, 400

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