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Summary: Default Rates

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Attached is information on Cohort Default Rates, Budget Lifetime Default Rate (as reflected in the 2007 Budget's budget), and the Cumulative Lifetime Default Rate in Microsoft Word Format and Microsoft Excel Format.

Attachments/Enclosures:

Default Rates Information in Microsoft Word Format, 19.5KB, 1 page

Additional Default Rate Information in Microsoft Excel Format, 21.5KB, 1 page

## Default Rates

### Cohort Default Rate

A cohort default rate is the percentage of a **borrowers** who enter repayment on certain Federal Family Education Loan (FFEL) Program or William D. Ford Federal Direct Loan (Direct Loan) Program loans during a particular federal fiscal year (FY), October 1 to September 30, and default or meet other specified conditions prior to the end of the next fiscal year. The U.S Department of Education releases official cohort default rates once per year.

### Budget Lifetime Default Rate

The budget lifetime default rate is a projected percentage of the **dollars** that are originated in the Federal Family Education Loan and Direct Loan Programs for a particular fiscal year and that may default during a projected 20 year life of the loan period. This rate is reflected in the President's budget.

### Cumulative Lifetime Default Rate

A cumulative lifetime default rate is a percentage of **loans** that enter repayment in the Federal Family Education Loan and Direct Loan Programs for a particular fiscal year and have defaulted through the current ending fiscal year. Unlike the cohort default rate, which is utilized as an administrative tool for schools and reflects a two-year indicator period, the cumulative lifetime default rate is a performance tool focused on the risk of default throughout the life of the loan. This rate will be updated and published annually.

## Default Rates

### Cohort Default Rate

Calculated based on **BORROWERS** and the **two year window** after entering repayment.

Institutional Category	Cohort Yr 2000	Cohort Yr 2001	Cohort Yr 2002	Cohort Yr 2003	Cohort Yr 2004
	Cohort Default Rate (CDR)%	Cohort Default Rate (CDR)%	Cohort Default Rate (CDR)%	Cohort Default Rate (CDR)%	Cohort Default Rate (CDR)%
Public					
Less than 2 Yrs	8.1%	7.2%	6.7%	5.8%	5.7%
2-3 Yrs	9.2%	8.6%	8.5%	7.6%	8.1%
4 yrs +	4.8%	4.4%	4.0%	3.3%	3.5%
Private					
Less than 2 Yrs	14.9%	9.3%	9.7%	7.9%	9.0%
2-3 Yrs	6.9%	6.8%	6.1%	6.3%	7.4%
4 yrs +	3.8%	3.3%	3.1%	2.6%	2.8%
Proprietary					
Less than 2 Yrs	11.0%	10.8%	10.1%	7.9%	8.9%
2-3 Yrs	9.5%	9.3%	9.2%	8.0%	9.9%
4 yrs +	8.0%	7.4%	7.3%	6.4%	7.3%
Foreign Schools(1)	2.6%	2.3%	2.0%	1.8%	1.5%
<b>Over All</b>	<b>5.9%</b>	<b>5.4%</b>	<b>5.2%</b>	<b>4.5%</b>	<b>5.1%</b>

(1) FFELP only

### Budget Lifetime Default Rate

Calculated based on **DOLLARS** for a projected **cohort life of 20 yrs**. Cohort is based on **origination date**.

As reflected in the 2007 President's Budget (Combined Subsidized and Unsubsidized)

Institutional Category	Cohort Yr 2000	Cohort Yr 2001	Cohort Yr 2002	Cohort Yr 2003	Cohort Yr 2004
	Budget Lifetime Default Rate %	Budget Lifetime Default Rate %	Budget Lifetime Default Rate %	Budget Lifetime Default Rate %	Budget Lifetime Default Rate %
2 Yr Non Profit	24.7%	24.5%	25.1%	25.8%	26.1%
2 Yr Proprietary	29.5%	26.0%	24.1%	25.0%	25.8%
4 Yr Freshmen & Sophomores	17.5%	17.2%	17.1%	17.2%	17.4%
4 Yr Juniors & Seniors	9.2%	9.5%	9.8%	10.1%	10.2%
Graduate Students	4.6%	4.9%	5.4%	5.6%	5.6%
<b>Over All</b>	<b>11.1%</b>	<b>11.1%</b>	<b>11.4%</b>	<b>11.7%</b>	<b>11.9%</b>

### Cumulative Lifetime Default Rate

Calculated from the time the **LOAN enters repayment** and a default occurs from repayment inception through **9/30/06**.

Institutional Category	Cohort Yr 2000	Cohort Yr 2001	Cohort Yr 2002	Cohort Yr 2003	Cohort Yr 2004
	Cumulative Lifetime Default Rate %	Cumulative Lifetime Default Rate %	Cumulative Lifetime Default Rate %	Cumulative Lifetime Default Rate %	Cumulative Lifetime Default Rate %
2 Yr Private	22.7%	21.4%	18.5%	16.9%	13.1%
2 Yr Public	22.1%	19.3%	17.3%	14.8%	11.8%
4 Yr Private	8.2%	6.9%	5.7%	4.6%	3.5%
4 Yr Public	10.0%	8.4%	7.0%	5.6%	4.3%
Proprietary	25.2%	22.4%	20.2%	17.5%	13.5%
Foreign Schools(1)	5.1%	4.1%	3.8%	2.4%	1.6%
<b>Over All</b>	<b>12.7%</b>	<b>10.9%</b>	<b>9.2%</b>	<b>7.3%</b>	<b>5.9%</b>

(1) FFELP only

**PLEASE NOTE THESE RATES CAN NOT BE COMPARED SINCE THEY ARE BASED ON DIFFERENT ATTRIBUTES: BORROWERS, DOLLARS, LOANS AND INSTITUTIONAL CATEGORIES.**