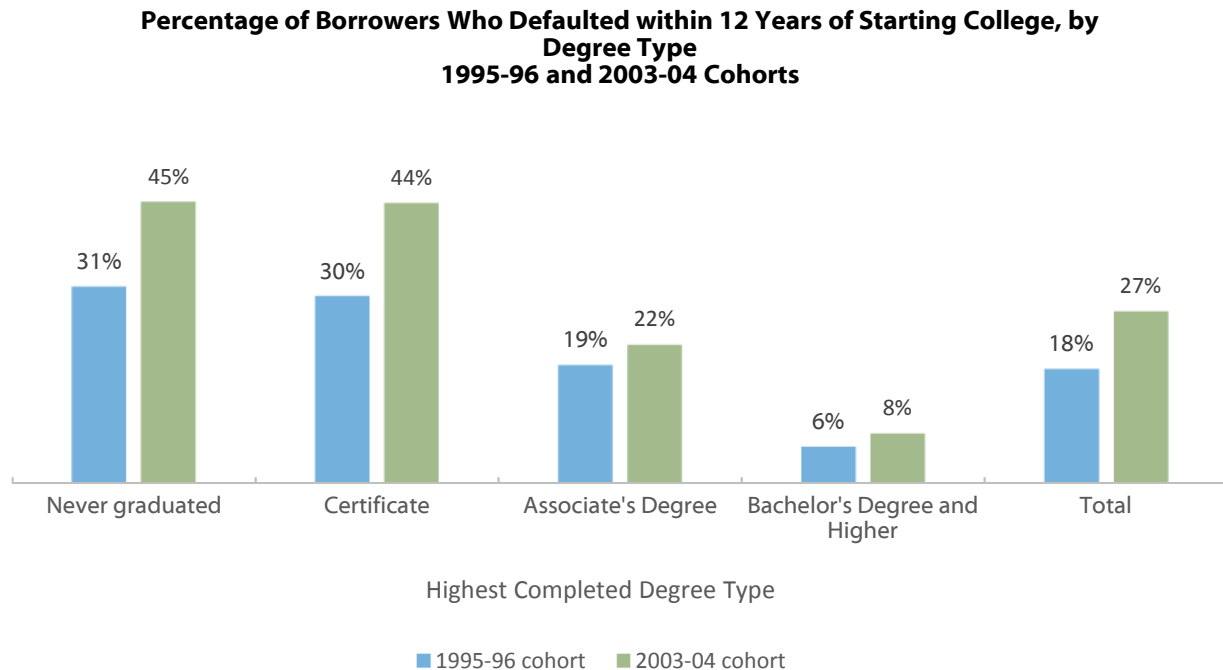


Nearly Half of Borrowers Who Did Not Graduate Had Defaulted within 12 Years of Starting College



Approximately 31 percent of all student borrowers who first started their postsecondary education in the 1995-96 academic year and did not graduate had defaulted sometime during the 12 years after first starting college. A nearly identical percentage of certificate earners also defaulted during that timeframe. The default rates for associate's degree and bachelor's degree holders were lower. Just under six percent of borrowers who earned a bachelor's degree or higher had defaulted on their loans in the 12-year timeframe.

The default rates for borrowers who first started college in the 2003-04 academic year were higher across all categories, particularly among certificate holders and those who never graduated. This is likely due in part to the 2007-08 economic recession that would have hit many of those borrowers early in their work life following college. Those with less education have higher unemployment rates than those with more, and this was certainly true during and following the recession.

There are several factors that contribute to the tendency toward higher default rates for short-term programs, such as certificate programs and associate's degrees, as compared to four-year schools. For example, borrowers from short-term programs are more likely to have risk factors for dropping out of school, such as attending school part time and working full time, than are students from four-year colleges and universities.

When the timeframe for tracking the 1995-96 cohort was extended from 12 to 20 years, 25.4 percent of all student borrowers had defaulted. The more recent cohort has already exceeded that rate at just the 12-year mark.

Sources: Default Rates: U.S. Department of Education, National Center for Education Statistics, Repayment of Student Loans as of 2015 Among 1995-96 and 2003-04 First-Time Beginning Students, October 2017 (<https://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2018410>); Risk Factors: U.S. Department of Education, National Center for Education Statistics, "National Postsecondary Student Aid Study (NPSAS) 2012" (<http://www.nces.ed.gov/das/>); Unemployment Rates: Bureau of Labor Statistics, "Employment Status of the Civilian Population 25 Years and Over by Educational Attainment," March 2018 (<https://www.bls.gov/news.release/empsit.t04.htm>).

