STATEMENT OF DEBBIE COCHRANE  
Executive Vice President  
The Institute for College Access & Success (TICAS)  

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Statement on Official Three-Year (FY15) CDRs

“New data from the U.S. Department of Education show that 10.8 percent of federal student loan borrowers who entered repayment in 2015 had defaulted on their loans by 2017, a decrease from the prior year’s rate of 11.5 percent. Rates decreased at public and nonprofit colleges, but increased at for-profit colleges.

“Default rates play a critical role in holding colleges accountable and tracking how many borrowers experience the worst student loan outcomes soon after leaving college. The consequences of default are costly, long-lasting, and too often punitive. Student loans are intended to help to lift students up, but defaulted loans push them back down.

“The decline in student loan defaults announced today is encouraging, but it is only a part of the story. Today’s rate captures students who default within three years of leaving school, but many more of these students are likely to default in the coming years, especially students who are low-income, African American, or attended for-profit colleges. A million students continue to default every year and nearly 9 million are now in default.

“The Trump administration’s proposals would increase defaults. The administration intends to gut rules that would hold colleges accountable for delivering on their promises to students and provide relief to cheated students. The Department is sitting on over 100,000 discharge applications from defrauded or abused borrowers, many of whom have been waiting years for relief. Without these rules designed to hold schools in check, student loan default and taxpayer risk will soon increase.

“We should enforce strong protections against low-quality or even fraudulent colleges, and provide relief to cheated borrowers. We should reduce debts through larger Pell Grants and greater investments in affordability. And we need to ensure that students have access to affordable monthly payments by simplifying income-driven repayment plans.”

Background: Colleges' "cohort default rates" (CDRs) measure the share of their federal student loan borrowers who default within a specified period of time after entering repayment. Colleges with high CDRs may lose future eligibility for federal grants and loans. The rates released today are for borrowers who entered repayment in federal fiscal year 2015 (FY15) and defaulted in FY15, FY16, or FY17.
A student defaults on a federal loan after at least 270 days (nine months) of non-payment. Defaulting on a loan has several serious consequences, including adding significantly to the cost of a loan and ruining the borrower’s credit score. For colleges, defaulted loans are not generally counted in their cohort default rate until they are 360 days (nearly one year) overdue, leaving a gap of up to 90 days between when borrowers and colleges may first experience the consequences of default.

For more information, please see our CDR Resources Page, which has a sortable spreadsheet with the newly released cohort default rates by institution.

An independent, nonprofit organization, The Institute for College Access & Success (TICAS) works to make higher education more available and affordable for people of all backgrounds. Our Project on Student Debt works to increase public understanding of student debt and the implications for our families, economy, and society. For more information see www.ticas.org or follow us on Twitter at www.twitter.com/TICAS_org.