

Default Rates 2019



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Key Findings

- While the national default rate was 10.10%, it was 15.66% at historically black colleges and universities, 5.35% at women's colleges, and 9.45% at all other schools.
- For-profit schools had a collective default rate of 15.20% compared to 9.60% at public schools and 6.60% at nonprofit private schools.
- Nevada had the highest state default rate (18.16%) with the next highest being Mississippi (14.94%). Massachusetts had the lowest default rate (5.82%) with the next lowest being Vermont (6.17%).
- Southern states typically had very high default rates, while states in New England and the Midwest had the lowest.

Like any form of financing, student loans must be paid back according to the the agreed upon repayment plan; otherwise, they can fall into default.

If a federal student loan payment is late by 270 days, or roughly nine months, the loan is considered to be in default (<https://lendedu.com/blog/student-loan-default/>). The standards for private student loan default vary by lender, but typically loans will be deemed in default when a payment is late by three or fourth months.

The consequences of student loan default can be severe, like having your tax refunds, Social Security benefits, or wages garnished. Your credit score will be severely damaged and you may have to deal with a lawsuit, a debt collector, and, in rare cases (<https://lendedu.com/blog/can-you->

be-arrested-for-not-paying-your-student-loans/), U.S. Marshals if you fail to address the issue.

Unfortunately, as colleges continue to raise tuition rates (<https://lendedu.com/blog/average-cost-of-college-statistics/>) and with outstanding student loan debt in the United States at an all-time high of \$1.6 trillion (<https://lendedu.com/blog/average-student-loan-debt-statistics>), student loan default only figures to be a growing issue.

In fact, the Brookings Institute estimates (<https://www.brookings.edu/research/the-looming-student-loan-default-crisis-is-worse-than-we-thought/>) that 40% of borrowers may default on their student loans by 2023. The wider implications this will have on the economy remains to be seen, but one can reasonably assume they will be damaging.

To provide a closer look at just how prevalent student loan default has become, LendEDU created this report using data from the Department of Education (ED) to detail student loan default rates for nearly 4,500 colleges throughout the U.S. In addition, we analyzed default rates on a state-by-state level.

Continue reading to see how default rates vary by private nonprofit, public, and private for-profit schools, at historically black colleges and universities (HBCUs) and Native American colleges, and to see which institutions are in jeopardy of losing federal funding due to repeatedly high default rates.

Student Loan Default Rate Data

All data in the various tables that you will find below comes from the Department of Education (ED). The data reflects default rates for the 2016 fiscal year and was released by the ED on September 23, 2019.

For schools that had over 30 borrowers enter repayment in the 2016 fiscal year, the ED found the default rate by taking the sum of borrowers that entered repayment in 2016 and defaulted in 2016, 2017, or 2018 and divided that sum by the number of borrowers who entered repayment in 2016.

For schools that had less than 30 borrowers enter repayment in the 2016 fiscal year, the ED found the default rate by summing together the number of borrowers who entered repayment in 2014, 2015, or 2016 and defaulted and divided that figure by the number of borrowers who entered repayment in 2014, 2015, or 2016.

Default Rates by State

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Rank	State	Number of	Number of Borrowers in	Number of Borrowers in
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Rank	State	Borrowers in		
		Schools	Default	Repayment
1	Massachusetts	168	5,666	97,427
2	Vermont	26	641	10,396
3	North Dakota	25	725	11,680
4	Rhode Island	21	1,238	19,675
5	Nebraska	45	2,115	28,929
6	Florida	315	18,378	250,615
7	Utah	53	4,650	61,764
8	District of Columbia	24	3,209	38,933
9	Minnesota	108	11,787	142,163
10	New York	410	22,356	259,354
11	Idaho	33	2,095	24,247
12	California	615	32,166	365,722
13	Delaware	16	1,080	12,187
14	Washington	105	5,999	66,561
15	Wisconsin	89	7,821	86,729
16	Pennsylvania	326	19,006	204,846
17	Hawaii	24	923	9,907
18	Maryland	79	6,191	66,183
19	New Jersey	127	7,963	83,835
20	Illinois	246	18,122	190,497
21	Montana	23	1,168	12,182
22	Virginia	129	12,288	125,096
23	Maine	40	1,867	18,937
24	Missouri	167	9,316	93,706
25	Wyoming	10	536	5,322
26	New Hampshire	40	4,193	40,902
27	Iowa	83	5,894	57,230
28	Texas	324	29,541	283,651
29	Arkansas	73	4,100	39,108
30	North Carolina	144	10,515	99,238
31	South Dakota	23	2,038	19,112
32	Colorado	101	10,228	94,610
33	Georgia	142	14,728	135,575
34	Connecticut	71	5,266	47,731
35	Ohio	253	19,531	175,806

36	Alaska	8	524	4,697
37	Arizona	94	26,844	234,460
38	Oregon	78	7,910	68,809
39	Michigan	142	18,212	157,588
40	Tennessee	126	9,075	78,455
41	South Carolina	81	6,841	59,086
42	Kansas	77	6,126	52,804
43	Kentucky	89	7,867	63,924
44	Oklahoma	78	6,322	49,015
45	Alabama	63	10,212	76,299
46	Louisiana	90	8,159	60,447
47	Indiana	117	23,839	167,360
48	West Virginia	54	6,118	41,825
49	New Mexico	28	2,751	18,712
50	Mississippi	43	5,741	38,421
51	Nevada	33	5,859	32,259

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Default Rates by School-Type

Public, private, & proprietary (for-profit)

Rank	School Type	Number of Schools	Number of Borrowers in Default	Number of Borrowers in Repayment
1	Private	1,726	71,515	1,069,593
--	<i>Less than 2 years</i>	48	1,296	7,778
--	<i>2-3 years</i>	142	4,471	29,332
--	<i>4 years (+)</i>	1,536	65,748	1,032,483
2	Public	1,659	236,948	2,467,803
--	<i>Less than 2 years</i>	149	1,184	9,277
--	<i>2-3 years</i>	797	116,647	730,146
--	<i>4 years (+)</i>	713	119,117	1,728,380
3	Proprietary (For-Profit)	2,353	149,892	985,335
--	<i>Less than 2 years</i>	1,279	25,779	146,113
--	<i>2-3 years</i>	713	39,526	222,347
--	<i>4 years (+)</i>	361	84,587	616,875
--	Total Default Statistics	6,130	458,687	4,533,276

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HBCUs, Women’s colleges, Hispanic colleges, Native American colleges, & Non-designated colleges

School Type	Number of Schools	Number of Borrowers in Default	Number of Borrowers in Repayment	D
Women's Colleges	35	1,147	21,436	
Hispanic Colleges	127	17,185	189,539	
Not Reported (No Designation)	4,167	388,708	4,115,414	
HBCUs	92	14,944	95,448	
Native American Colleges	4	120	691	

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The above table is a breakdown of default rates by school-type.

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Schools in Jeopardy of Losing Federal Funding Due to Default Rates

The following schools are subject to lose eligibility for the Federal Direct Loan Program (<https://lendedu.com/blog/federal-direct-loans/>) and/or the Federal Pell Grant Program (<https://lendedu.com/blog/pell-grant/>) due to three straight years with default rates above 30%.

Institution	State	School Type	Default Rate FY 2016	Default Rate FY 2015
United Tribes Technical College	North Dakota	Private, Nonprofit	31.50%	40.00%
Champ's Barber School	Pennsylvania	Proprietary	53.40%	57.60%
Larry's Barber College	Illinois	Proprietary	51.90%	50.00%
Transformed Barber & Cosmetology Academy	Missouri	Proprietary	43.90%	31.00%
Sharp Edgez Barber Institute	New York	Proprietary	38.80%	45.20%
Cosmetology School Of Arts And Sciences	Idaho	Proprietary	32.90%	31.80%
First Class Cosmetology School	Wisconsin	Proprietary	32.70%	34.90%

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The above institutions have all posted default rates of 30% or greater in each year from FY 2014 to FY 2016 and are subject to loss of Direct Loan Program and/or Federal Pell Grant eligibility due to three straight default rates at or above 30%.

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The following schools are subject to lose eligibility for the Direct Loan Program due to default rates above 40% for 2016 fiscal year.

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Institution	State	School Type	Default Rate
Denmark Technical College	South Carolina	Public	4
Vibe Barber College	Tennessee	Proprietary	5
Champ's Barber School	Pennsylvania	Proprietary	5
Larry's Barber College	Illinois	Proprietary	5
American College Of Barbering	Kentucky	Proprietary	4
K&G 5 Star Barber College	Texas	Proprietary	4
Transformed Barber & Cosmetology Academy	Missouri	Proprietary	4
Harris School Of Business	New Jersey	Proprietary	4
Pccenter	Texas	Proprietary	4
Mt Training Center	Texas	Proprietary	4
Bennett Career Institute	District Of Columbia	Proprietary	4

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The above institutions have all posted default rates of 40% or greater for FY 2016. They are subject to Direct Loan Program eligibility due to a default rate greater than 40%.

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Default Rates by School

< 1-200

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National Rank	State Rank	Institution	State	School Type
1	1	Tom P. Haney Technical Center	Florida	Public
1	1	Nuvo College Of Cosmetology	Michigan	Proprietary
1	1	Vandercook College Of Music	Illinois	Private, Non Profit
1	1	Advanced College	California	Proprietary
1	1	Academy Of Cosmetology	Florida	Proprietary
1	1	Westminster Theological Seminary	Pennsylvania	Private, Non Profit
1	1	Healing Arts Institute	Colorado	Proprietary
1	1	School Of Professional Horticulture. N. Y.	New York	Private.

1	1	Botanical Garden	New York	Non Profit
1	1	Ucas University Of Cosmetology Arts & Sciences	Texas	Proprietary
1	1	Southside College Of Health Sciences	Virginia	Proprietary
1	1	Academy Of Chinese Culture And Health Sciences	California	Private, Non Profit
1	1	Cannella School Of Hair Design	Illinois	Proprietary
1	1	Ilys School Of Technology & Trades	Rhode Island	Private, Non Profit
1	1	Reformed Presbyterian Theological Seminary	Pennsylvania	Private, Non Profit
1	1	Pontifical College Josephinum	Ohio	Private, Non Profit
1	1	California Institute Of Technology	California	Private, Non Profit
1	1	Grady Health System	Georgia	Public
1	1	Bergin College Of Canine Studies	California	Private, Non Profit
1	1	Professionals Choice Hair Design Academy	Illinois	Proprietary
1	1	Colby College	Maine	Private, Non Profit
1	1	West Virginia University Hospitals	West Virginia	Private, Non Profit
1	1	Denver Seminary	Colorado	Private, Non Profit
1	1	International Institute Of Cosmetology	Connecticut	Proprietary
1	1	Delaware Learning Institute Of Cosmetology	Delaware	Proprietary
1	1	University Of Texas Md Anderson Cancer Center	Texas	Public
1	1	Church Divinity School Of The Pacific	California	Private, Non Profit
1	1	Phagans' Medford Beauty School	Oregon	Proprietary
1	1	New York College Of Podiatric Medicine	New York	Private, Non Profit
1	1	Mr. John'S School Of Cosmetology, Esthetics & Nails	Illinois	Proprietary
1	1	United States Merchant Marine Academy	New York	Public
1	1	Saint Charles Borromeo Seminary	Pennsylvania	Private, Non Profit
1	1	Concordia Seminary	Missouri	Private, Non Profit
1	1	Scripps College	California	Private, Non Profit
1	1	Appalachian College Of Pharmacy	Virginia	Private, Non Profit
1	1	Davidson College	North Carolina	Private, Non Profit
1	1	American College Of Acupuncture & Oriental Medicine	Texas	Proprietary
1	1	New England College Of Optometry (The)	Massachusetts	Private,

1	1	New England College Of Optometry (The)	Massachusetts	Non Profit
1	1	Westminster Theological Seminary In California	California	Private, Non Profit
1	1	Lake Forest Graduate School Of Management	Illinois	Private, Non Profit
1	1	Harvey Mudd College	California	Private, Non Profit
1	1	Kansas City University Of Medicine And Biosciences	Missouri	Private, Non Profit
1	1	National University Of Natural Medicine	Oregon	Private, Non Profit
1	1	Cambridge Junior College	California	Proprietary
1	1	Medical College Of Wisconsin	Wisconsin	Private, Non Profit
1	1	Kalamazoo College	Michigan	Private, Non Profit
1	1	School Of Architecture At Taliesin (The)	Arizona	Private, Non Profit
1	1	Arizona School Of Acupuncture And Oriental Medicine	Arizona	Proprietary
1	1	Pomona College	California	Private, Non Profit
1	1	Marshall B. Ketchum University	California	Private, Non Profit
1	1	Pardee Rand Graduate School	California	Private, Non Profit
1	1	Thomas Aquinas College	California	Private, Non Profit
1	1	American University Of Health Sciences	California	Proprietary
1	1	Advanced Training Associates	California	Proprietary
1	1	Soka University Of America	California	Private, Non Profit
1	1	Academy For Jewish Religion California	California	Private, Non Profit
1	1	Institute Of Taoist Education And Acupuncture	Colorado	Private, Non Profit
1	1	Dominican House Of Studies	District Of Columbia	Private, Non Profit
1	1	Institute Of World Politics (The)	District Of Columbia	Private, Non Profit
1	1	Pontifical John Paul Ii Institute For Studies On Marriage And Fam	District Of Columbia	Private, Non Profit
1	1	Lively Technical College	Florida	Public
1	1	Miami Lakes Educational Center And Technical College	Florida	Public
1	1	Fort Pierce Beauty Academy	Florida	Proprietary
1	1	Talmudic College Of Florida	Florida	Private, Non Profit
1	1	Columbia Theological Seminary	Georgia	Private, Non Profit
1	1	Saint Luke'S Methodist Hospital School Of Radiologic Technology	Iowa	Private, Non Profit

Count	Count	Organization	State	Type
1	1	St. John'S College	Illinois	Private, Non Profit
1	1	Northshore University Healthsystem School Of Nurse Anesthesia	Illinois	Private, Non Profit
1	1	Bethany Theological Seminary	Indiana	Private, Non Profit
1	1	Saint Meinrad School Of Theology	Indiana	Private, Non Profit
1	1	Saint Joseph Seminary College	Louisiana	Private, Non Profit
1	1	Louisiana State University Health Sciences Center In Shreveport	Louisiana	Public
1	1	Saint John'S Seminary	Massachusetts	Private, Non Profit
1	1	Franklin W. Olin College Of Engineering	Massachusetts	Private, Non Profit
1	1	Robert Paul Academy Of Cosmetology Arts & Sciences	Maryland	Proprietary
1	1	Frederick School Of Cosmetology	Maryland	Proprietary
1	1	Institute For Doctoral Studies In The Visual Arts	Maine	Private, Non Profit
1	1	Western Theological Seminary	Michigan	Private, Non Profit
1	1	Mayo Clinic College Of Medicine And Science	Minnesota	Private, Non Profit
1	1	Lenoir Community College	North Carolina	Public
1	1	Martin Community College	North Carolina	Public
1	1	Jung Tao School Of Classical Chinese Medicine	North Carolina	Private, Non Profit
1	1	Daoist Traditions College Of Chinese Medical Arts	North Carolina	Proprietary
1	1	Shepherds Theological Seminary	North Carolina	Private, Non Profit
1	1	Chi Health School Of Radiologic Technology	Nebraska	Private, Non Profit
1	1	Creative Center (The)	Nebraska	Proprietary
1	1	Upper Valley Educators Institute	New Hampshire	Private, Non Profit
1	1	Southwestern College	New Mexico	Private, Non Profit
1	1	Jewish Theological Seminary Of America (The)	New York	Private, Non Profit
1	1	Webb Institute	New York	Private, Non Profit
1	1	Rabbinical Academy Mesivta Rabbi Chaim Berlin	New York	Private, Non Profit
1	1	Rabbinical Seminary Of America	New York	Private, Non Profit
1	1	Hebrew Union College - Jewish Institute Of Religion	New York	Private, Non Profit
1	1	Cochran School Of Nursing Saint John'S	New York	Private, Non Profit

		Riverside Hosp		Non Profit
1	1	Suny College Of Optometry	New York	Public
1	1	Champlain Valley Physicians Hospital Medical Center	New York	Private, Non Profit
1	1	Memorial Sloan Kettering Cancer Center	New York	Private, Non Profit
1	1	Yeshivath Viznitz	New York	Private, Non Profit
1	1	Torah Temimah Talmudical Seminary	New York	Private, Non Profit
1	1	Christie'S Education	New York	Proprietary
1	1	Grace International Beauty School	New York	Proprietary
1	1	Methodist Theological School In Ohio	Ohio	Private, Non Profit
1	1	School Of Diagnostic Imaging-Cleveland Clinic Health System	Ohio	Private, Non Profit
1	1	Ohio Medical Career College	Ohio	Proprietary
1	1	Enid Beauty College	Oklahoma	Proprietary
1	1	Yeshivath Beth Moshe	Pennsylvania	Private, Non Profit
1	1	Reconstructionist Rabbinical College	Pennsylvania	Private, Non Profit
1	1	Trinity Episcopal School For Ministry	Pennsylvania	Private, Non Profit
1	1	North American Baptist Seminary	South Dakota	Private, Non Profit
1	1	Avera Mckennan Hospital	South Dakota	Private, Non Profit
1	1	Southern College Of Optometry	Tennessee	Private, Non Profit
1	1	Middle Tennessee School Of Anesthesia	Tennessee	Private, Non Profit
1	1	Omega Graduate School	Tennessee	Private, Non Profit
1	1	School Of Automotive Machinists & Technology	Texas	Proprietary
1	1	Gemini School Of Visual Arts & Communication	Texas	Proprietary
1	1	Careers Unlimited	Utah	Proprietary
1	1	Bon Secours St Mary'S Hospital School Of Medical Imaging	Virginia	Private, Non Profit
1	1	Seattle Institute Of East Asian Medicine	Washington	Proprietary
1	1	Pacific Northwest University Of Health Sciences	Washington	Private, Non Profit
1	1	Shepherds College	Wisconsin	Private, Non Profit
120	7	Carnegie Mellon University	Pennsylvania	Private, Non Profit
120	8	Midwestern University	Illinois	Private, Non Profit
122	4	MGH Institute of Health Professions	Massachusetts	Private, Non Profit

Rank	Number of Schools	School Name	State	Type
122	2	Des Moines University - Osteopathic Medical Center	Iowa	Private, Non Profit
122	17	Plaza College	New York	Proprietary
125	9	Rosalind Franklin University Of Medicine And Science	Illinois	Private, Non Profit
125	9	Rush University	Illinois	Private, Non Profit
125	18	Western University Of Health Sciences	California	Private, Non Profit
128	3	Augustana University	South Dakota	Private, Non Profit
128	3	Reed College	Oregon	Private, Non Profit
128	3	Whitman College	Washington	Private, Non Profit
128	18	Hamilton College	New York	Private, Non Profit
128	19	Samuel Merritt University	California	Private, Non Profit
128	3	A. T. Still University Of Health Sciences	Missouri	Private, Non Profit
128	19	University Of California, San Francisco	California	Public
128	8	Lake Erie College Of Osteopathic Medicine	Pennsylvania	Private, Non Profit
128	5	Williams College	Massachusetts	Private, Non Profit
137	21	North-West College	California	Proprietary
137	6	Baylor College Of Medicine	Texas	Private, Non Profit
137	2	Saint Olaf College	Minnesota	Private, Non Profit
137	5	Kenyon College	Ohio	Private, Non Profit
137	5	Northeast Ohio Medical University	Ohio	Public
137	6	University Of Texas Health Science Center At Houston	Texas	Public
137	19	Albany College Of Pharmacy And Health Sciences	New York	Private, Non Profit
144	20	Barnard College	New York	Private, Non Profit
144	6	Massachusetts Institute Of Technology	Massachusetts	Private, Non Profit
144	3	Camelot College	Louisiana	Proprietary
144	1	Medical University Of South Carolina	South Carolina	Public
144	7	Duke University	North Carolina	Private, Non Profit
144	8	University Of Texas Medical Branch At Galveston	Texas	Public
144	4	University Of Portland	Oregon	Private, Non Profit
		Edward Via Virginia College Of Osteopathic		Private

144	4	Edward Via Virginia College Of Osteopathic Medicine	Virginia	Private, Non Profit
144	3	University Of Nebraska Medical Center	Nebraska	Public
144	8	Rice University	Texas	Private, Non Profit
154	21	Bill And Sandra Pomeroy College Of Nursing At Crouse Hospital	New York	Private, Non Profit
154	7	New England Conservatory Of Music	Massachusetts	Private, Non Profit
154	3	St. John'S College	Maryland	Private, Non Profit
154	21	Colgate University	New York	Private, Non Profit
154	4	Michigan State University College Of Law	Michigan	Private, Non Profit
154	7	Ohio Valley College Of Technology	Ohio	Proprietary
154	22	California Western School Of Law	California	Private, Non Profit
154	22	Santa Clara University	California	Private, Non Profit
154	11	Illinois College Of Optometry	Illinois	Private, Non Profit
154	3	University Of Notre Dame	Indiana	Private, Non Profit
154	10	University Of Texas Southwestern Medical Center (The)	Texas	Public
154	4	St. Louis College Of Pharmacy	Missouri	Private, Non Profit
154	2	Rocky Mountain University Of Health Professions	Utah	Proprietary
167	4	Montgomery Beauty School	Maryland	Proprietary
167	3	Maine College Of Health Professions	Maine	Private, Non Profit
167	24	Homestead Schools	California	Private, Non Profit
167	7	Ave Maria School Of Law	Florida	Private, Non Profit
167	3	Allen College	Iowa	Private, Non Profit
167	23	Union College	New York	Private, Non Profit
167	23	Saint Joseph'S College Of Nursing At St Joseph'S Hospital Health	New York	Private, Non Profit
167	8	Harvard University	Massachusetts	Private, Non Profit
167	3	Macalester College	Minnesota	Private, Non Profit
167	5	Oregon Health & Science University	Oregon	Public
167	9	Philadelphia College Of Osteopathic Medicine	Pennsylvania	Private, Non Profit
167	11	Texas Tech University Health Sciences Center	Texas	Public

167	23	State University Of New York Upstate Medical University	New York	Public
167	2	Dartmouth College	New Hampshire	Private, Non Profit
167	9	Salus University	Pennsylvania	Private, Non Profit
167	11	Texas Tech University Health Sciences Center El Paso	Texas	Public
183	25	Bellus Academy	California	Proprietary
183	13	Trinity University	Texas	Private, Non Profit
183	12	National University Of Health Sciences (The)	Illinois	Private, Non Profit
183	1	Princeton University	New Jersey	Private, Non Profit
183	1	Stevens Institute Of Technology	New Jersey	Private, Non Profit
183	12	Trinity College Of Nursing & Health Sciences	Illinois	Private, Non Profit
183	9	Massachusetts Maritime Academy	Massachusetts	Public
183	11	Franklin & Marshall College	Pennsylvania	Private, Non Profit
183	11	Haverford College	Pennsylvania	Private, Non Profit
183	25	California Polytechnic State University	California	Public
183	8	Elon University	North Carolina	Private, Non Profit
183	25	Touro University	California	Private, Non Profit
183	25	Loma Linda University	California	Private, Non Profit
183	2	Oklahoma State University Center For Health Sciences	Oklahoma	Public
183	9	Bentley University	Massachusetts	Private, Non Profit
183	12	Wheaton College	Illinois	Private, Non Profit
183	25	University Of St. Augustine For Health Sciences	California	Proprietary
183	5	Eastern Virginia Medical School	Virginia	Public

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Above are the 4,425 institutions who had their default rates published by the Department of Education 2016 fiscal year. You can search for a certain school or state with the above search bar, but the search results will be relevant to the schools or states in each respective tab. "Proprietary" is another term for a for-profit. Excluded are schools from U.S. territories including Puerto Rico, Guam, and the Virgin Islands.

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Observations & Analysis

Southern States Among Highest Default Rates, New England & Midwest States Lowest

Southern states in the U.S. had some of the highest default rates, according to the Department of Education's default data. Mississippi's default rate of 14.94% was the second highest in the country, behind only Nevada's 18.16%, which was an outlier.

Following closely behind Nevada and Mississippi was West Virginia (14.63% – 48th overall), Louisiana (13.50% – 46th), Alabama (13.38% – 45th), Kentucky (12.31% – 43rd), South Carolina (11.58% – 41st), Tennessee (11.57% – 40th), and Georgia (10.86% – 33rd).

On the other end, states from both the New England and Midwest regions had some of the lowest student loan default rates. For example, Massachusetts had the lowest default rate in the country (5.82%), and was closely followed by Vermont (6.17% – 2nd) and Rhode Island (6.29% – 4th).

For states in the Midwest, North Dakota had the third lowest default rate (6.21%), while Nebraska (7.31% — 5th), Minnesota (8.29% — 9th), and Wisconsin (9.02% — 15th) were not far behind.

Not Surprisingly, For-Profit Schools Have Highest Default Rates

The link between student loan scams and for-profit schools has long been documented (<https://www.cbsnews.com/news/study-most-student-loan-fraud-claims-involve-for-profits/>), so it came as no surprise to see these schools producing the highest default rates.

For the 2016 fiscal year, for-profit (a.k.a. proprietary) institutions had a collective default rate of 15.20%, compared to a public school default rate of 9.60%, and a nonprofit private school default rate of 6.60%.

According to the ED, the national overall default rate for the 2016 fiscal year was 10.10%.

While it was not surprising to see for-profit schools have the highest default rate, it was a bit of a shock to see that the default rate for public schools was so much higher than that for nonprofit private schools. On average, tuition rates at private institutions are more than double public school in-state tuition, which typically means a student is going to take on more student loan debt.

According to LendEDU's most recent Student Debt by School by State report (<https://lendedu.com/blog/student-loan-debt-by-school-by-state/>), the average student debt per borrower figure at private institutions was \$38,186, while at public schools that figure dropped to \$27,524.

Despite that, the collective default rate for public schools was three percentage points higher than the rate for private institutions.

Default Rate at HBCUs High, Low for Women's Colleges

Historically black colleges and universities had a collective default rate of 15.66%, which is high relative to other default rates by school type.

For example, the collective default rate for women's colleges was 5.35%, while it was 9.07% at Hispanic colleges, and 9.45% at schools without a designation. For reference, LendEDU analyzed the default data for women's colleges by pulling a list of those respective institutions from womenscolleges.org (<https://www.womenscolleges.org/>). All other school-types were already designated by the ED.

The only designated school type that had a higher collective default rate than HBCUs was Native American colleges, where it was 17.37%. However, the ED only provided default data on four Native American institutions compared with 92 HBCUs.

A Word on Barber Schools

If there is anything else to gain from this data, it is that barber schools lead to student loan defaults at an unusually high rate. Of the seven schools that were subject to lose Direct Loan Program and/or Federal Pell Grant eligibility due to three straight years with default rates above 30%, four were barber schools, while a fifth was a cosmetology school.

Out of the 11 schools that were subject to lose Direct Loan Program eligibility due to default rates above 40% for the 2016 fiscal year, six were barber schools.

Amongst the 10 schools that had the highest default rates for the 2016 fiscal year, eight were barber schools and the ninth was a cosmetology school.

Tips to Avoid Student Loan Default

If you've made a series of late student loan payments or missed a monthly student loan payment completely, entering student loan default (<https://lendedu.com/blog/student-loan-default/>) is a real possibility.

While student loan default may seem unavoidable at times, there are a few possible steps you can take that may prevent you from defaulting.

Talk to Your Student Loan Lender

If you are unable to make monthly student loan payments (<https://lendedu.com/blog/options-to-consider-while-having-trouble-with-student-loans>), then you should notify your lender of your situation, as they might be able to find an option for you to avoid default.

For example, you may be able to enter into deferment (<https://lendedu.com/blog/student-loan-deferment/>) or forbearance (<https://lendedu.com/blog/student-loan-forbearance/>), although only private student loan borrowers may have access to the latter.

Revisit Your Repayment Plan

If you have federal student loans (<https://lendedu.com/blog/federal-student-loans/>), entering into an income-driven repayment plan (<https://lendedu.com/blog/income-driven-repayment-plans-guide>) could be an option. This means that you only have to make monthly payments relative to your income. Other options for federal student loan borrowers include entering into either an extended repayment plan (<https://studentaid.gov/manage-loans/repayment/plans/extended>) or graduated repayment plan (<https://studentaid.gov/manage-loans/repayment/plans/graduated>).

If you have private student loans (<https://lendedu.com/blog/private-student-loans/>), your protections aren't as broad as they are with federal student loans, but your lender may still agree to a more flexible repayment plan.

Refinance Your Student Loans

Consolidating and refinancing your student loans (<https://lendedu.com/blog/refinance-student-loans/>) is another option that can help by simplifying federal student loan repayment, lowering your interest rate, and/or extending your repayment period which should reduce your monthly payments.

If you have a strong credit score, refinancing should lower your student loan interest rate (<https://lendedu.com/blog/student-loan-interest-rates>). It's important to note that when you refinance your federal student loans, you will lose certain protections and possibly a route to loan forgiveness.

Additionally, if you have already refinanced your student loans once with a private lender it is still possible to refinance those student loans a second time (<https://lendedu.com/blog/can-you-refinance-student-debt-more-than-once/>).

Methodology

All data that is found in this report derives from a report (<https://www2.ed.gov/offices/OSFAP/defaultmanagement/cdr.html>) published by the Department of Education (ED) on September 23, 2019. The data reflects default rates for the 2016 fiscal year, the

most recent, fully-analyzed year available.

For schools that had over 30 borrowers enter repayment in the 2016 fiscal year, the ED found the default rate by taking the sum of borrowers that entered repayment in 2016 and defaulted in 2016, 2017, or 2018 and divided that sum by the number of borrowers who entered repayment in 2016.

For schools that had less than 30 borrowers enter repayment in the 2016 fiscal year, the ED found the default rate by summing together the number of borrowers who entered repayment in 2014, 2015, or 2016 and defaulted and divided that figure by the number of borrowers who entered repayment in 2014, 2015, or 2016.



For the second school-type table and the complete school table, LendEDU filtered out schools that were located in the following U.S. territories: Puerto Rico, Guam, and the U.S. Virgin Islands. The first school-type table was reported as it was published by the ED (which also published the state table) and includes 6,130 total institutions that produced a collective default rate of 10.10%.

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Private, public, and proprietary (for-profit) institutions were all included in this report. Schools included ranged from offering the following degree programs: associate's degree, bachelor's

degree, first professional degree, graduate/professional degree, master's or doctor's degree, non-degree, non-degree one year, non-degree two years, non-degree three plus years, and two-year transfer.

Home Equity (/blog/category/home-equity/)

See more of LendEDU's Research (https://lendedu.com/our-research/)

Insurance (/blog/category/insurance/)

Pet Insurance (/blog/category/pet-insurance/)

Author: Mike Brown

Credit Cards (/blog/category/credit-cards/)



Auto Loans (/blog/category/auto-loans/)

In his role at LendEDU, Mike uses data, usually from surveys and publicly-available resources, to identify emerging personal finance trends and tell unique stories. Mike's work, featured in major outlets like The Wall Street Journal and The Washington Post, provides consumers with a personal finance measuring stick and can help them make informed finance decisions.

Private Student Loans (/blog/private-student-loans/)

Student Loans Without a Cosigner (/blog/student-loans-without-a-cosigner/)

Best Personal Loans (/blog/best-personal-loans)

Best Pet Insurance (/blog/best-pet-insurance/)

Best HELOCs (/blog/home-equity-line-of-credit/)

Best Home Equity Loans (/blog/home-equity-loans)

Best Tax Relief Companies (/blog/best-tax-relief-companies/)

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