

Date: October 3, 2012

Subject: UW's Impressively-Low Federal Student Loan Default Rates Contrast with National Averages

Last Friday, the U.S. Department of Education (ED) released its annual [update](#) on federal student loan cohort default rates (CDRs). Although national CDRs are gloomily high, UW's rates are impressively low.

UW Tuition Remains Relatively Low: UW's resident undergraduate tuition rates have remained below peer averages for years despite double-digit increases during the Great Recession. UW's 2011-12 undergraduate resident tuition and fees of \$10,574 were approximately \$1,150 below the average tuition of peer institutions. With our relatively lower tuition; robust, grant-based financial aid program; and the efforts of our students to use employment and secure private scholarship funds—many of our students are able to borrow less to pay their educational expenses.

UW Students Borrow Less: In 2011, less than 50 percent of UW seniors graduated with loan debt; whereas, in 2010, 65 percent of college seniors graduated with loan debt nationally. UW undergraduates who left school with debt in 2011 borrowed an average of \$20,316—20 percent below the 2010 national average of \$25,250.¹ The UW's low student loan default rates are testimony to the employability of our student graduates and their ability to repay a reasonable level of educational debt. Note that the UW expects the percent of students borrowing and the average amount borrowed to be higher for the most recent and current academic years (as tuition rates have increased and students have likely needed to borrow more).

ED Records Show Low UW Student Loan Default Rates: As ED is in the process of switching to a more accurate three-year CDR measure and this is their first year reporting it, this year's update includes both the FY 2010 two-year and the FY 2009 three-year CDRs. These rates represent the percentage of student borrowers who failed to make loan payments for 270 days within two or three years, respectively, of leaving school. Here are some key findings from their update:

Nationally,

- **The FY 2010 two-year CDR increased from 8.8 to 9.1 percent overall**—public institutions increased from 7.2 to 8.3 percent, private nonprofits increased from 4.6 to 5.2 percent, but for-profits decreased from 15.0 to 12.9 percent.
- **The FY 2009 three-year CDR is 13.4 percent overall**—public institutions' default rate is at 11 percent, private nonprofits' is at 7.5 percent, and for-profits' is at 22.7 percent.

In contrast,

- **UW's three-year CDR is a remarkable 3.1 percent**—over 10 percentage points below the national average.
- **UW's two-year CDR increased slightly from 1.4 to 2.1 percent**—still well below the national average.

While this is good news, many students still struggle to afford ever-increasing tuition fees and/or to repay their student loans. The UW reaches out to our former students at risk of default on their Stafford Loans and helps identify federal repayment options that could benefit them. Former UW students who are in default or experiencing difficulties repaying their loans can contact the Office of Student Financial Aid for assistance (osfa@uw.edu, 206-543-6101). Students can also visit www.studentloans.gov to explore their repayment options.

For more information, please contact: [Kay Lewis](#), Office of Student Financial Aid, or [Becka Johnson](#), Office of Planning & Budgeting.

¹ Note: The ED's CDRs are based on all student borrowers—undergraduate, graduate, and professional students.