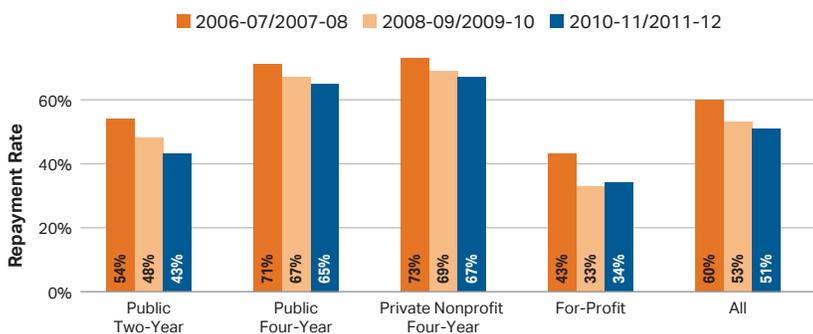


Federal Loans: Repayment Rates

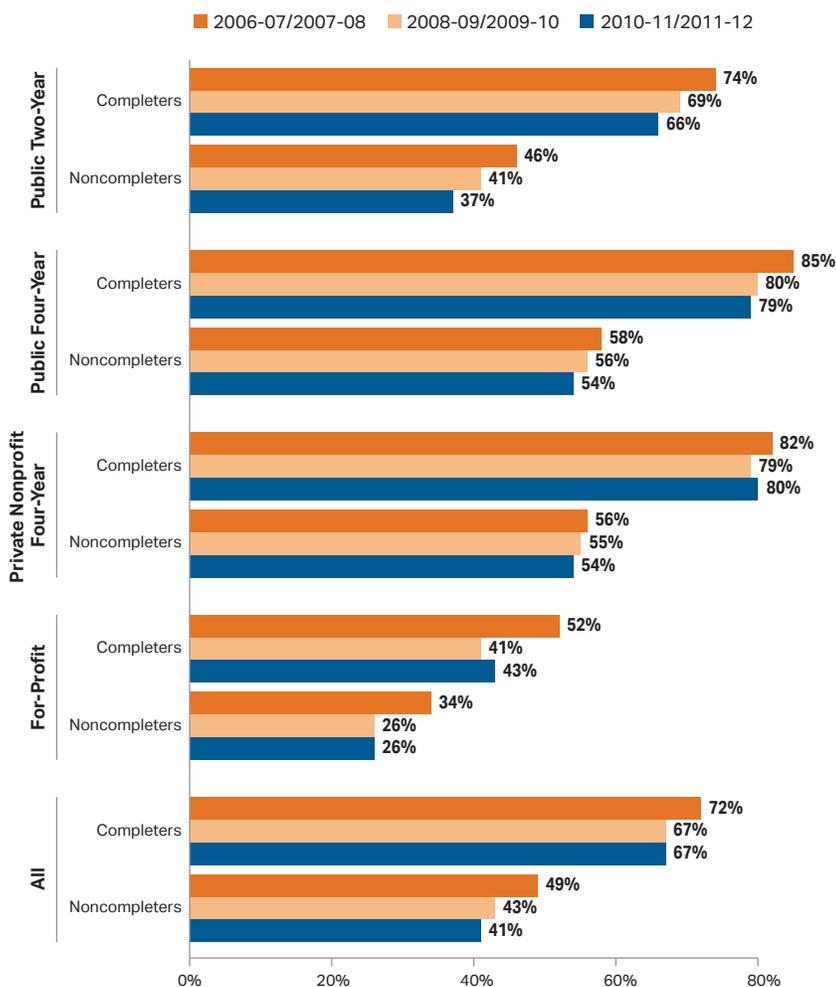
The share of borrowers paying off at least one dollar of their loan principal within five years of entering repayment was lower for the 2010-11 and 2011-12 cohorts than for the 2006-07 and 2007-08 cohorts in all sectors.

FIGURE 13A Federal Student Loan Five-Year Repayment Rates over Time, Borrowers Entering Repayment in 2006-07 Through 2011-12



- The declines in the overall five-year repayment rates were largest in the public two-year (54% to 43%) and for-profit (43% to 34%) sectors—the sectors that already had the lowest repayment rates.
- Two-thirds of public and private nonprofit four-year college students who entered repayment in 2010-11 and 2011-12 had paid down at least one dollar of their loan principal five years later. Only one-third of for-profit students had reduced their loan balances.
- Within each sector, completers have higher repayment rates than noncompleters. Completers from the for-profit sector have lower repayment rates than noncompleters from the public and private nonprofit four-year sectors.
- The lowest repayment rate was among noncompleters in the for-profit sector. This rate fell from 34% for the 2006-07 and 2007-08 cohorts to 26% for the four more recent cohorts. The highest five-year repayment rate was 85% for borrowers who completed degrees at public four-year institutions and entered repayment in 2006-07 and 2007-08.

FIGURE 13B Federal Student Loan Five-Year Repayment Rates by Sector and Completion, Borrowers Entering Repayment in 2006-07 Through 2011-12



ALSO IMPORTANT:

- Borrowers can be in good standing without paying down the principal owed. They may be enrolled in an Income-Driven Repayment (IDR) plan. Some may have no required payments, and for others, the required payments may be too small to cover the interest charged, leading to increases in the balance owed. In addition, borrowers may be in deferment or forbearance and not required to make payments in their current circumstances.

NOTES: The repayment rate is defined as the percentage of borrowers in each repayment cohort whose payments reduced the loan principal by at least one dollar after the specified number of years. Repayment status on each loan is attributed to the school for which the borrower took the loan. Therefore, a student can be counted in the repayment cohorts of more than one institution.

SOURCES: U.S. Department of Education, College Scorecard data; calculations by the authors.