

FY2007 2-year and 3-year Cohort Default Rates by State and Level and Control of Institution

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EXECUTIVE SUMMARY

This report summarizes the 2-year and 3-year FY2007 cohort default rate (CDR) statistics published by the US Department of Education¹ disaggregated by state, including subtotals by level and control of institution.

THREE-YEAR COHORT DEFAULT RATE STATISTICS

State 3-year cohort default rates at all colleges range from 3.9% to 16.9% with an average of 11.8%. The states with the highest overall 3-year cohort default rates are Arizona, Texas, Florida and Colorado. The states with the lowest overall 3-year cohort default rates are Montana, North Dakota, Wisconsin and Minnesota.

State 3-year cohort default rates at community colleges range from 5.7% to 26.8% with an average of 16.2%. The states with the highest 3-year cohort default rates at community colleges are Alaska, West Virginia, Kentucky, Alabama, Texas and Tennessee. The states with the lowest 3-year cohort default rates at community colleges are Montana, North Dakota, New Hampshire and Wisconsin.

State 3-year cohort default rates at 4-year public colleges range from 3.0% to 13.0% with an average of 7.1%. The states with the highest 3-year cohort default rates at 4-year public colleges are Arkansas, Louisiana, Washington DC and West Virginia. The states with the lowest 3-year cohort default rates at 4-year public colleges are Wisconsin, Minnesota, Iowa and New Hampshire.

State 3-year cohort default rates at 4-year private nonprofit colleges range from 2.1% to 12.5%, with an average of 6.3%. The states with the highest 3-year cohort default rates at 4-year private nonprofit colleges are Michigan, Alabama, South Carolina and West Virginia. The states with the lowest 3-year cohort default rates at 4-year private nonprofit colleges are Idaho, Minnesota, Arizona and Washington.

State 3-year cohort default rates at for-profit colleges range from 2.9% to 31.8%, with an average of 21.2%. The states with the highest 3-year cohort default rates at for-profit colleges are Texas, Maryland, West Virginia, and Rhode Island. The states with the lowest 3-year cohort default rates at for-profit colleges are Montana, North Dakota, Minnesota and Wyoming.

¹ <http://federalstudentaid.ed.gov/datacenter/library/TrialYearCDR.xls>

The following table provides state totals for the 3-year cohort default rate statistics for FY2007, disaggregated by level and control of institution.

State	Overall FY2007 3-Year CDR	Rank	Public 2-Year	Public 4-Year	Private 4-Year	For-Profit
AK	11.7%	35	26.8%	11.3%	3.7%	15.0%
AL	14.0%	40	21.6%	10.8%	12.3%	21.8%
AR	14.5%	44	19.8%	13.0%	8.7%	24.1%
AZ	16.9%	51	19.9%	5.4%	2.8%	18.0%
CA	10.9%	28	16.9%	4.0%	3.3%	22.8%
CO	15.0%	48	17.7%	7.3%	4.2%	22.9%
CT	10.9%	27	18.4%	5.5%	5.3%	22.5%
DC	8.5%	12	NA	12.2%	3.8%	13.6%
DE	9.8%	17	15.7%	6.1%	9.9%	23.2%
FL	15.0%	49	18.4%	9.9%	8.1%	24.2%
GA	11.1%	30	17.5%	8.4%	7.5%	19.4%
HI	8.2%	10	16.3%	6.9%	6.6%	22.1%
IA	13.3%	38	16.7%	3.1%	5.8%	22.1%
ID	9.2%	13	14.3%	8.3%	2.1%	19.7%
IL	12.3%	36	20.0%	5.5%	5.9%	17.8%
IN	10.8%	25	19.1%	7.3%	5.0%	19.7%
KS	11.0%	29	16.6%	6.3%	6.7%	22.4%
KY	13.6%	39	21.6%	9.4%	8.1%	21.1%
LA	14.5%	45	18.2%	12.7%	5.7%	24.5%
MA	6.9%	6	13.7%	5.6%	3.9%	22.6%
MD	10.8%	23	15.0%	6.0%	4.0%	29.0%
ME	10.8%	24	14.8%	8.5%	5.4%	23.6%
MI	11.5%	33	16.8%	5.5%	12.5%	25.6%
MN	6.2%	4	9.7%	3.0%	2.5%	8.0%
MO	10.7%	22	13.7%	7.0%	6.1%	24.1%
MS	14.1%	41	19.5%	11.3%	9.0%	14.1%
MT	3.9%	1	5.7%	3.7%	3.4%	2.9%
NC	9.4%	14	15.2%	7.6%	9.8%	18.7%
ND	4.9%	2	6.8%	4.3%	4.1%	7.8%
NE	6.7%	5	13.0%	4.2%	4.9%	16.3%
NH	7.6%	9	7.2%	3.2%	4.3%	18.8%
NJ	11.3%	32	15.1%	5.1%	6.1%	23.0%
NM	11.2%	31	13.7%	10.0%	7.4%	18.1%
NV	14.2%	43	17.8%	9.9%	4.3%	26.2%
NY	10.2%	20	16.2%	6.0%	5.1%	24.0%
OH	10.7%	21	13.8%	7.8%	4.6%	24.0%
OK	14.1%	42	19.7%	11.5%	7.9%	21.4%
OR	11.6%	34	18.2%	5.3%	3.1%	20.3%
PA	9.7%	16	13.1%	6.0%	4.3%	21.0%
RI	12.7%	37	15.3%	4.9%	10.5%	27.1%
SC	9.5%	15	11.3%	5.7%	12.1%	26.3%
SD	7.1%	8	8.0%	4.0%	4.9%	15.2%
TN	14.8%	47	21.2%	11.0%	8.4%	25.1%
TX	16.3%	50	21.5%	9.8%	8.6%	31.8%
UT	8.3%	11	8.1%	4.1%	3.8%	19.8%
VA	10.0%	19	13.4%	4.6%	6.6%	22.6%
VT	7.0%	7	16.9%	5.3%	4.6%	15.0%
WA	10.0%	18	16.9%	4.8%	3.0%	20.9%
WI	5.1%	3	7.7%	3.0%	3.1%	16.3%
WV	14.8%	46	23.5%	12.0%	11.0%	28.0%
WY	10.9%	26	15.2%	4.9%	NA	11.4%

The presence or absence of a large for-profit college in a state does not make much of a difference in the state's ranking according to overall cohort default rate. There are only a handful of for-profit colleges that are large enough to have a significant impact on the state's cohort default rate by themselves. Arizona's 3-year cohort default rate would drop from 16.9% to 15.7% without the University of Phoenix and Western International University, which together account for three-fifths of the borrowers entering repayment in the state. Even so, Arizona would still be among the states with the highest 3-year cohort default rates. Colorado's 3-year cohort default rate would drop from 15.0% to 13.4% without Colorado Technical University, but Colorado would still be among the states with the highest 3-year cohort default rates. DeVry and American InterContinental University account for more than a quarter of borrowers entering repayment in Illinois, and omitting them would cause the state's 3-year cohort default rate to drop from 12.3% to 9.8%.

On the other hand, the exclusion of *all* for-profit colleges from a state's overall 3-year cohort default rate can reduce the state's cohort default rate by up to 5.5%. The inclusion of for-profit colleges doubles the state's overall 3-year cohort default rate in California and Washington DC, but increases it by a negligible amount in nineteen states. The following table shows the impact of including and excluding for-profit colleges from a state's overall 3-year cohort default rate.

FY2007 3-Year CDR State	Without For-Profit Colleges	Rank	With For-Profit Colleges	Rank	Change in CDR
CO	9.4%	32	15.0%	48	5.5%
CA	5.6%	9	10.9%	28	5.4%
AZ	12.0%	44	16.9%	51	5.0%
CT	6.2%	12	10.9%	27	4.7%
FL	10.5%	39	15.0%	49	4.6%
IL	7.9%	21	12.3%	36	4.4%
DC	4.2%	2	8.5%	12	4.3%
NJ	7.2%	17	11.3%	32	4.1%
TX	12.4%	45	16.3%	50	3.9%
NV	10.3%	37	14.2%	43	3.9%
UT	4.5%	3	8.3%	11	3.9%
VA	6.1%	11	10.0%	19	3.8%
IA	9.6%	34	13.3%	38	3.7%
MD	7.1%	16	10.8%	23	3.7%
RI	9.3%	31	12.7%	37	3.4%
PA	6.6%	14	9.7%	16	3.1%
NH	4.5%	4	7.6%	9	3.1%
MO	7.6%	19	10.7%	22	3.1%
TN	11.9%	43	14.8%	47	2.9%
NY	7.6%	18	10.2%	20	2.7%
WV	12.6%	48	14.8%	46	2.2%
OH	8.5%	24	10.7%	21	2.2%
WA	7.9%	23	10.0%	18	2.0%
IN	8.8%	25	10.8%	25	2.0%
OR	9.6%	33	11.6%	34	2.0%
LA	12.5%	46	14.5%	45	2.0%
GA	9.3%	30	11.1%	30	1.8%
ME	9.0%	27	10.8%	24	1.8%
SD	5.4%	8	7.1%	8	1.7%
KY	11.9%	42	13.6%	39	1.7%

MI	9.9%	35	11.5%	33	1.7%
MA	5.3%	7	6.9%	6	1.6%
ID	7.8%	20	9.2%	13	1.5%
AL	12.6%	47	14.0%	40	1.4%
OK	13.2%	49	14.1%	42	0.9%
DE	9.0%	28	9.8%	17	0.8%
KS	10.3%	36	11.0%	29	0.8%
MN	5.6%	10	6.2%	4	0.6%
WI	4.5%	5	5.1%	3	0.6%
SC	8.9%	26	9.5%	15	0.5%
AK	11.2%	41	11.7%	35	0.5%
NE	6.3%	13	6.7%	5	0.5%
WY	10.4%	38	10.9%	26	0.4%
HI	7.9%	22	8.2%	10	0.4%
NC	9.0%	29	9.4%	14	0.4%
NM	10.8%	40	11.2%	31	0.3%
VT	6.7%	15	7.0%	7	0.3%
AR	14.2%	51	14.5%	44	0.3%
ND	4.7%	6	4.9%	2	0.3%
MS	14.1%	50	14.1%	41	0.0%
MT	3.9%	1	3.9%	1	0.0%

TWO-YEAR COHORT DEFAULT RATE STATISTICS

State 2-year cohort default rates at all colleges range from 2.3% to 9.9% with an average of 6.7%. The states with the highest overall 2-year cohort default rates are Arizona, West Virginia, Texas and Arkansas. The states with the lowest overall 2-year cohort default rates are Montana, Wisconsin, North Dakota and Minnesota.

State 2-year cohort default rates at community colleges range from 3.2% to 22.0% with an average of 9.9%. The states with the highest 2-year cohort default rates at community colleges are Alaska, Alabama, West Virginia and Kentucky. The states with the lowest 2-year cohort default rates at community colleges are Montana, Utah, South Dakota and Wisconsin.

State 2-year cohort default rates at 4-year public colleges range from 1.7% to 8.6% with an average of 4.4%. The states with the highest 2-year cohort default rates at 4-year public colleges are Washington DC, Louisiana, Alaska and Arkansas. The states with the lowest 2-year cohort default rates at 4-year public colleges are Minnesota, Wisconsin, Utah and New Hampshire.

State 2-year cohort default rates at 4-year private nonprofit colleges range from 1.0% to 7.6%, with an average of 3.7%. The states with the highest 2-year cohort default rates at 4-year private nonprofit colleges are South Carolina, Alabama, West Virginia and Delaware. The states with the lowest 2-year cohort default rates at 4-year private nonprofit colleges are Idaho, Minnesota, Wisconsin and Utah.

State 2-year cohort default rates at for-profit colleges range from 0.0% to 16.7%, with an average of 11.0%. The states with the highest 2-year cohort default rates at for-profit colleges are Maryland, Texas, West Virginia and Nevada. The states with the lowest 2-year cohort default rates at for-profit colleges are Montana, Minnesota, North Dakota and Wyoming.

The following table provides state totals for the 2-year cohort default rate statistics for FY2007, disaggregated by level and control of institution.

State	Overall FY2007 2-Year CDR	Rank	Public 2-Year	Public 4-Year	Private 4-Year	For-Profit
AK	8.3%	40	22.0%	8.3%	3.7%	9.1%
AL	8.4%	43	15.0%	7.1%	7.5%	9.2%
AR	9.0%	48	12.3%	8.2%	5.5%	13.0%
AZ	9.9%	51	13.4%	3.6%	2.3%	10.3%
CA	5.9%	23	10.5%	2.4%	2.0%	11.4%
CO	8.6%	45	12.7%	5.1%	2.7%	11.5%
CT	6.2%	26	11.4%	3.9%	3.0%	11.8%
DC	4.3%	11	NA	8.6%	2.4%	6.3%
DE	6.2%	25	10.7%	3.7%	6.8%	9.9%
FL	8.2%	39	11.5%	6.0%	4.6%	12.0%
GA	6.3%	28	10.9%	5.2%	4.4%	8.9%
HI	5.5%	14	10.7%	4.8%	4.3%	12.1%
IA	8.4%	41	11.1%	2.0%	3.6%	12.7%
ID	5.2%	12	9.7%	5.0%	1.0%	7.7%
IL	7.0%	36	13.2%	3.5%	3.5%	9.4%
IN	6.5%	33	12.2%	4.5%	3.1%	10.5%
KS	6.7%	34	10.4%	4.0%	4.0%	10.8%
KY	8.5%	44	13.8%	6.0%	4.8%	11.2%
LA	8.7%	46	12.1%	8.4%	3.3%	10.9%
MA	3.9%	7	8.5%	3.5%	2.3%	10.8%
MD	6.3%	29	9.4%	3.4%	2.3%	16.7%
ME	6.8%	35	9.6%	5.5%	3.4%	14.4%
MI	5.8%	21	9.7%	3.1%	5.2%	12.2%
MN	3.4%	4	5.7%	1.7%	1.4%	3.8%
MO	6.1%	24	9.5%	4.7%	3.6%	10.9%
MS	8.8%	47	12.0%	7.3%	5.4%	6.5%
MT	2.3%	1	3.2%	2.2%	2.8%	0.0%
NC	5.7%	17	10.0%	4.5%	5.9%	10.8%
ND	3.1%	3	4.5%	2.7%	2.1%	4.6%
NE	3.9%	8	7.7%	2.7%	3.1%	5.6%
NH	4.2%	9	4.8%	1.9%	2.7%	9.2%
NJ	6.3%	30	9.5%	3.0%	3.5%	11.7%
NM	5.6%	16	6.0%	5.2%	3.8%	10.3%
NV	6.3%	31	11.5%	4.7%	2.0%	14.7%
NY	5.8%	22	10.0%	3.5%	3.2%	11.7%
OH	5.8%	20	7.2%	4.3%	2.5%	12.5%
OK	7.4%	38	11.2%	6.3%	4.3%	8.7%
OR	6.5%	32	10.6%	3.1%	1.9%	10.5%
PA	5.7%	19	8.7%	4.0%	2.7%	11.3%
RI	7.1%	37	9.7%	3.1%	6.3%	13.7%
SC	5.5%	15	6.4%	3.2%	7.6%	12.5%
SD	3.8%	5	3.9%	2.2%	2.4%	8.0%
TN	8.4%	42	13.3%	6.9%	5.1%	11.8%
TX	9.2%	49	12.4%	5.8%	4.8%	16.5%
UT	3.8%	6	3.6%	1.8%	1.8%	9.3%
VA	5.2%	13	7.4%	2.7%	4.1%	10.4%
VT	4.3%	10	11.8%	2.9%	2.8%	9.2%
WA	5.7%	18	9.9%	2.9%	2.0%	11.0%
WI	2.8%	2	4.2%	1.7%	1.7%	8.2%
WV	9.3%	50	14.9%	8.0%	7.4%	15.4%
WY	6.2%	27	10.1%	3.3%	NA	5.3%

CHANGE IN COHORT DEFAULT RATES

The ratios of 3-year cohort default rates to 2-year cohort default rates differ by state. State 3-year cohort default rates at all colleges increased by a factor of 1.4 to 2.2 (average 1.8) as compared with overall 2-year cohort default rates. Similar ratios applied to public 2-year and public 4-year colleges, with ranges of 1.2 to 2.3 (average 1.6) and 1.4 to 2.3 (average 1.6), respectively. The ratios had a greater spread at private 4-year colleges, yielding a range of 1.0 to 2.4 (average 1.7). The spread was greatest at for-profit colleges, with a range of 1.6 to 2.9 (average 1.9).

The difference between the 3-year and 2-year cohort default rates also varies by state. State 3-year cohort default rates at all colleges were 1.6% to 7.9% higher than the 2-year cohort default rates. The ranges for public 2-year colleges were 0.0% to 9.1%. The ranges for public 4-year colleges were 1.1% to 5.2%. The ranges for private 4-year colleges were 0.0% to 7.3%. The ranges for for-profit colleges were 2.9% to 15.3%.

States with a significantly greater increase in the 3-year cohort default rates as compared with the 2-year cohort default rates in at least one sector include, in alphabetical order, Arizona, Idaho, Michigan, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, Texas, Utah, Virginia, Washington DC and Wisconsin.

VARIATION IN COHORT DEFAULT RATES

The wide ranges of cohort default rates, both overall and within specific sectors, suggest that the differences in default rates are not just due to differences in demographics. The value-add from the colleges, whether in the form of institutional quality or default aversion activities, probably also plays a role. It is not possible, however, to distinguish demographic differences from differences in institutional quality using cohort default rate statistics.

The following table calculates the ratio of 3-year cohort default rates for three sets of colleges: public 2-year vs. public 4-year, for-profit vs. public 2-year and private 4-year vs. public 4-year. If differences in cohort default rates among the states were due entirely to demographic differences, one would expect these ratios to be similar across all states. The volatility in these ratios suggests that there are differences in institutional quality and counseling in addition to demographic differences. Perhaps one third to three fifths of the differences in cohort default rates are due to demographic differences and the rest due to differences in institutional quality and counseling.

State 3-year cohort default rates for public 2-year colleges are 1.4 to 5.4 times higher than for public 4-year colleges (average 2.3 times higher). The higher ratios appear to have more to do with lower-than-average cohort default rates for the public 4-year colleges in the state than with any increase in the cohort default rates for the public 2-year colleges. The 3-year cohort default rates at community colleges are 1.9% to 15.5% higher than the cohort default rates at public 4-year colleges.

State 3-year cohort default rates for for-profit colleges are 0.5 to 2.6 times higher than for public 2-year colleges (average 1.3 times higher). Eight states have lower default rates for for-profit colleges than for community colleges. The higher ratios appear to have more to do with lower-than-average cohort default rates for the public 2-year colleges in these states (New Hampshire, Utah, South Carolina and Wisconsin) than with any increase in the cohort default rates at the for-profit colleges. The lower ratios appear to have

more to do with more moderate cohort default rates for the for-profit colleges than with differences in the public 2-year cohort default rates in these states (Washington DC, Montana, Alaska, Mississippi, Wyoming, Minnesota, Illinois and Vermont). The 3-year cohort default rates at for-profit colleges are 11.8% lower to 15.0% higher than the cohort default rates at public 2-year colleges.

State 3-year cohort default rates for private 4-year colleges are 0.3 to 2.3 times higher than for public 4-year colleges (average of 0.9 times higher). Fourteen states have lower default rates for public 4-year colleges than for private 4-year colleges. Normally one would expect private colleges to have lower default rates because they tend to be more selective and attract wealthier students than public colleges. The three states where cohort default rates at private colleges are more than double the cohort default rates at public colleges are Michigan, Rhode Island and South Carolina. The higher and lower ratios appear to be a combination of two trends, higher cohort default rates at private 4-year colleges coupled with lower cohort default rates at public 4-year colleges and vice versa. Thus there may be differences in the demographic distribution of students at greater risk of default among the colleges or differences in the relative quality of public vs. private colleges in each state. Or it may be due to other factors, such as default aversion activities. The 3-year cohort default rates at private 4-year colleges are 8.4% lower to 7.0% higher than the cohort default rates at public 4-year colleges.

State	Public 2-Year Public 4-Year	For-Profit Public 2-Year	Private 4-Year Public 4-Year
AK	2.4	0.6	0.3
AL	2.0	1.0	1.1
AR	1.5	1.2	0.7
AZ	3.7	0.9	0.5
CA	4.3	1.3	0.8
CO	2.4	1.3	0.6
CT	3.3	1.2	1.0
DC	NA	NA	0.3
DE	2.6	1.5	1.6
FL	1.9	1.3	0.8
GA	2.1	1.1	0.9
HI	2.4	1.4	1.0
IA	5.4	1.3	1.8
ID	1.7	1.4	0.3
IL	3.6	0.9	1.1
IN	2.6	1.0	0.7
KS	2.6	1.3	1.1
KY	2.3	1.0	0.9
LA	1.4	1.3	0.4
MA	2.4	1.6	0.7
MD	2.5	1.9	0.7
ME	1.7	1.6	0.6
MI	3.1	1.5	2.3
MN	3.2	0.8	0.8
MO	1.9	1.8	0.9
MS	1.7	0.7	0.8
MT	1.5	0.5	0.9
NC	2.0	1.2	1.3
ND	1.6	1.1	1.0
NE	3.1	1.3	1.2
NH	2.2	2.6	1.3
NJ	3.0	1.5	1.2

NM	1.4	1.3	0.7
NV	1.8	1.5	0.4
NY	2.7	1.5	0.9
OH	1.8	1.7	0.6
OK	1.7	1.1	0.7
OR	3.5	1.1	0.6
PA	2.2	1.6	0.7
RI	3.1	1.8	2.1
SC	2.0	2.3	2.1
SD	2.0	1.9	1.2
TN	1.9	1.2	0.8
TX	2.2	1.5	0.9
UT	2.0	2.5	0.9
VA	2.9	1.7	1.5
VT	3.2	0.9	0.9
WA	3.5	1.2	0.6
WI	2.6	2.1	1.0
WV	2.0	1.2	0.9
WY	3.1	0.8	NA