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Minnesota Cohort Default Rates 2005

Federal Guaranteed
Student Loans



About the Minnesota Office of Higher Education

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The Minnesota Office of Higher Education is a cabinet-level state agency providing students with financial aid programs and information to help them gain access to post-secondary education. The agency serves as the state's clearinghouse for data, research and analysis on post-secondary enrollment, financial aid, finance and trends.

The Minnesota State Grant Program, which is administered by the agency, is a need-based tuition assistance program for Minnesota students. The agency oversees tuition reciprocity programs, a student loan program, Minnesota's 529 College Savings Program, licensing and an early awareness outreach initiative for youth. Through collaboration with systems and institutions, the agency assists in the development of the state's education technology infrastructure and shared library resources.

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2005 Cohort Default Rates

On September 10, 2007, the U.S. Department of Education released the 2005 default rates for each post-secondary institution. The 2005 rates are the latest available, and they represent the number of borrowers who defaulted on their federally guaranteed student loans within 12 to 24 months after leaving post-secondary education. More precisely, the Fiscal Year 2005 default rate is a snapshot in time of borrowers who began repaying their loans between October 1, 2004 and September 30, 2005 and who defaulted before Sept. 30, 2006.

National Cohort Default Rate

The national federal student loan cohort default rate for 2005 is 4.6 percent as compared to 5.1 percent for Fiscal Year 2004 and 4.5 percent for Fiscal Year 2003.

During the period used to compute the 2005 rates, interest rates on federal student loans were at historic lows (3.37 percent in fiscal year 2005), which may have made it somewhat easier for borrowers to begin repaying their loans. In addition, many borrowers locked in the lower interest rates by consolidating their loans. Consolidation combines multiple loans into a single loan with new repayment terms, and may extend repayment from the standard 10 years to 30 years, and lower monthly payments.

In addition, the U.S. Department of Education allowed borrowers who were directly affected by hurricanes Katrina and Rita to stop making payments for six months and granted deferments to those borrowers when they qualified for economic hardship and job loss.

Minnesota Cohort Default Rate

Borrowers who attended Minnesota institutions had a cohort default rate of 3.0 percent for 2005, compared to 3.2 percent for 2004, and 3.3 percent for 2003.

Minnesota's default rate was ninth lowest among 54 U.S. states and territories.

Default Rates for Institutions in Minnesota

The U.S. Department of Education's report on 2005 default rates included 101 institutions in Minnesota.

- 27 Minnesota institutions had 2005 default rates that were higher than their default rates in 2004.
- 31 Minnesota institutions had 2005 default rates that were lower than their default rates in 2004.
- 43 Minnesota institutions had 2005 default rates that were the same as their rates in 2004.

Cohort default rates for each institution for 2005 are shown in Figures 1 through 5. There were eight Minnesota institutions that had zero default rates – no students defaulted in the 2004 cohort.

Categories of Default Rates and Sanctions

Minnesota had no institutions with default rates that were subject of sanctions by the U.S. Department of Education.

If an institution has cohort default rates of 25 percent or more for the three most recent years, students attending the institution will not be eligible for Federal Stafford Loans and Federal Pell Grants for the remainder of that fiscal year and the following two fiscal years.

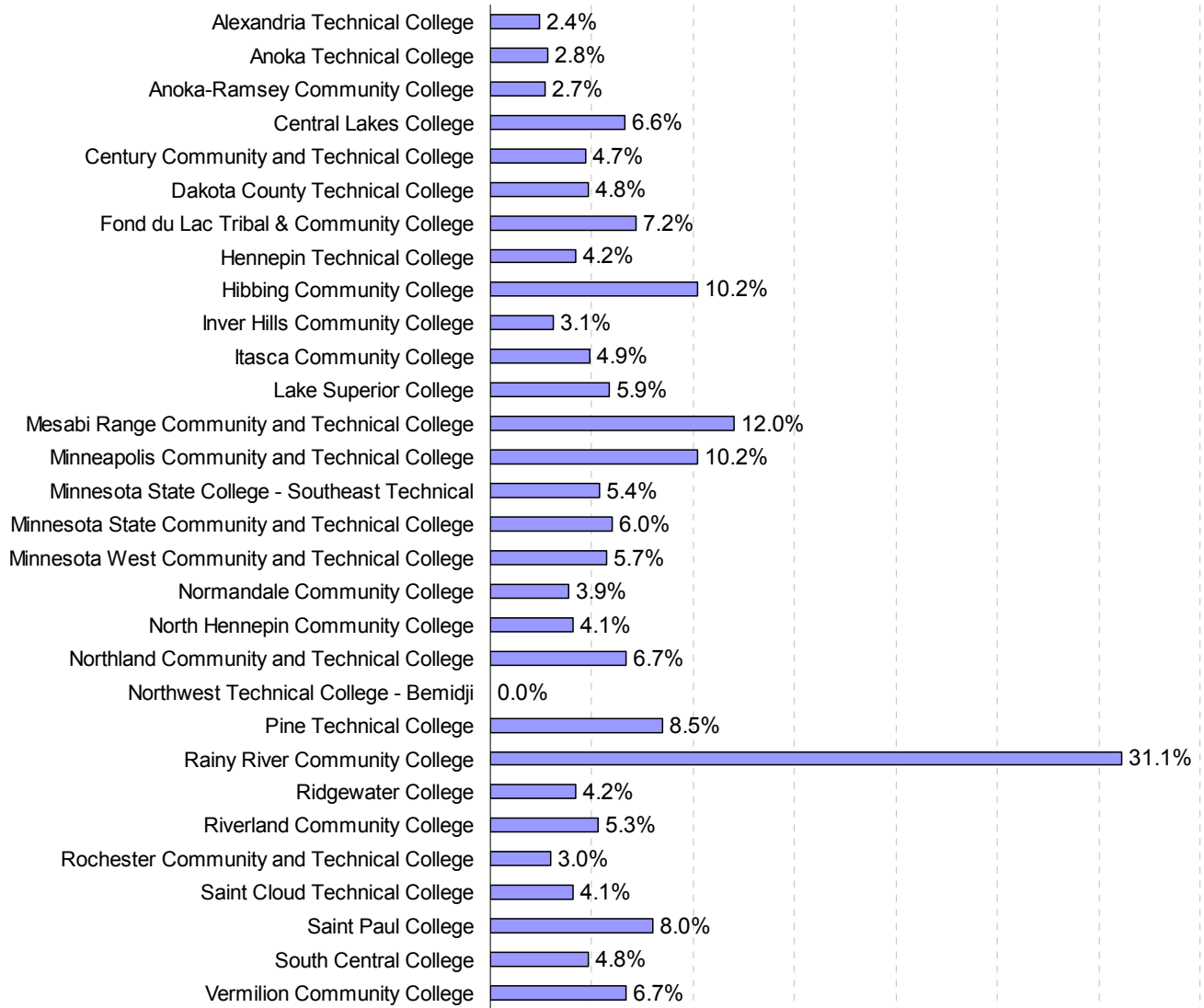
If an institution has a cohort default rate of 40 percent or more for one year, students attending the institution will not be eligible for Federal Stafford Loans for the remainder of that fiscal year and the following two fiscal years.

Additional information about federal cohort default rates by institution is available the following website: http://wdcrobcolp01.ed.gov/CFAPPS/COHORT/search_cohort.cfm#Skip

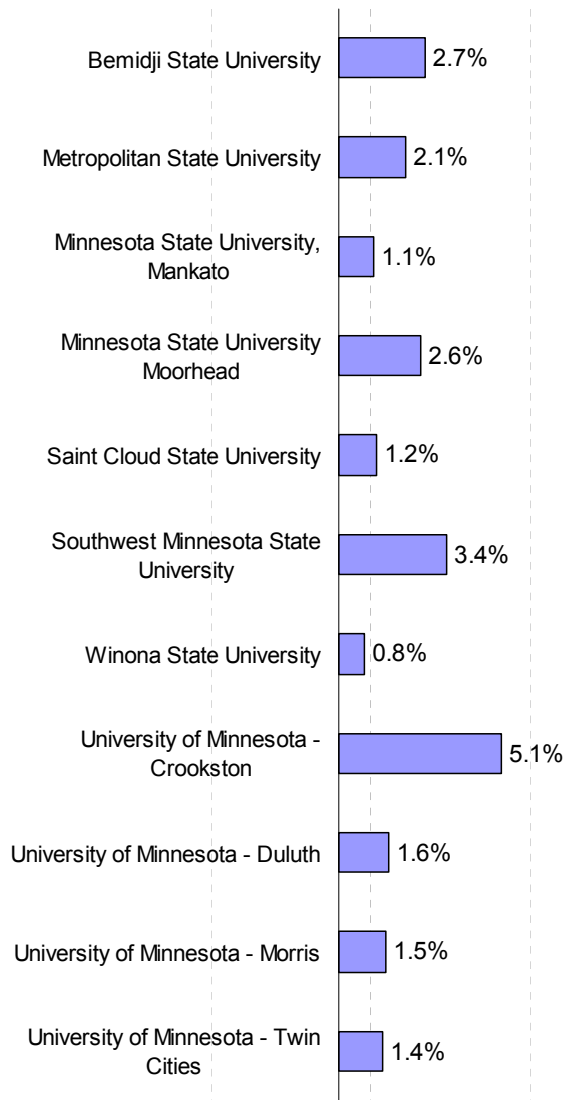
**2005 Federal Cohort Default Rates for
Minnesota Institutions by Institution
Type**

MnSCU Two-Year Colleges	5.6%
Private For-Profit Career Colleges	4.4%
MnSCU Four-Year Universities	1.7%
University of Minnesota	1.6%
Private Not-for-Profit Colleges and Universities	1.7%
Private Graduate Schools	0.6%
Total for All Minnesota Institutions	3.0%

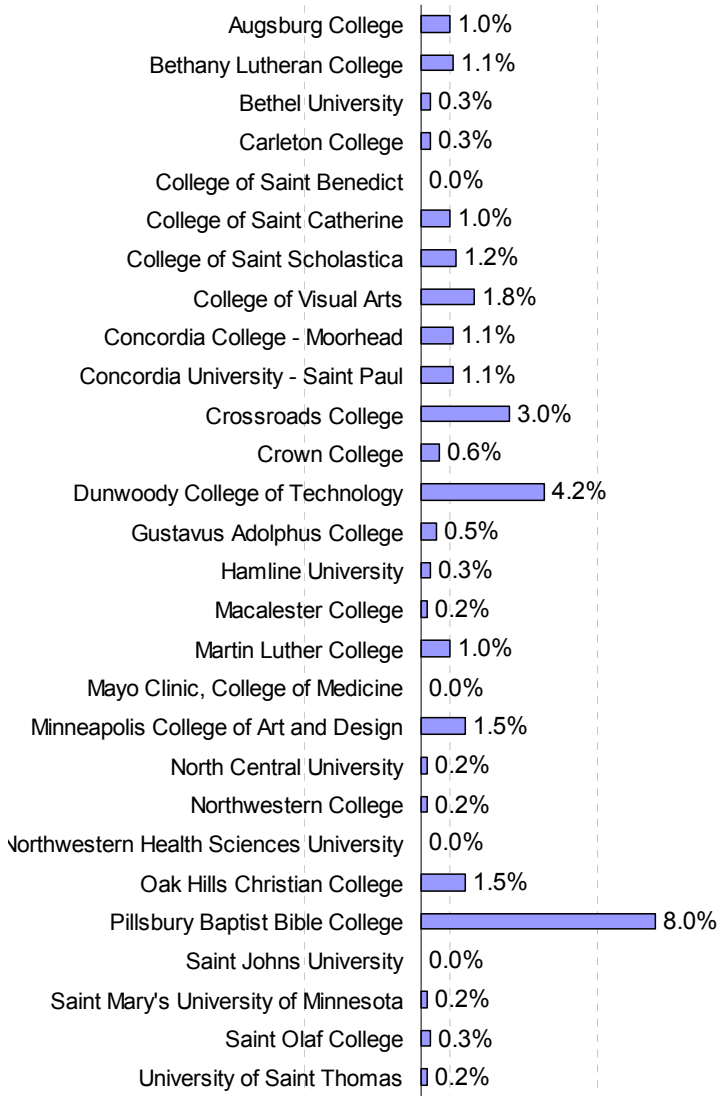
MnSCU Two-Year Colleges 2005 Default Rates



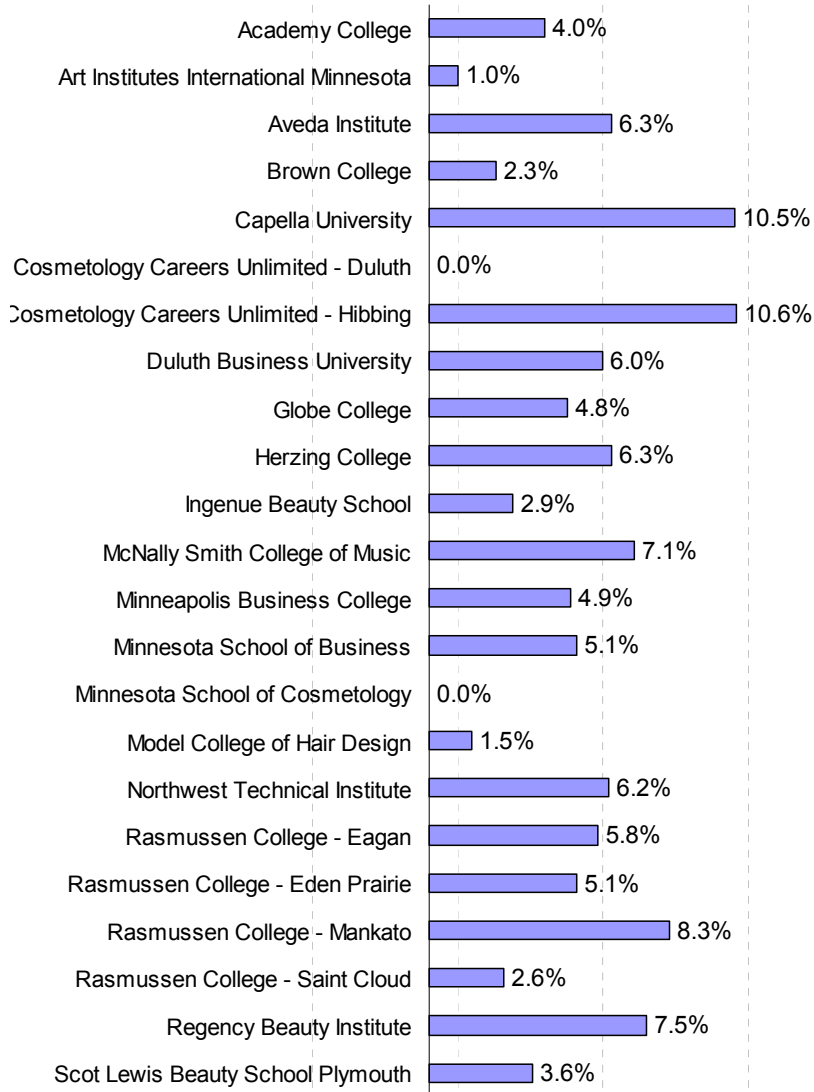
MnSCU Four-Year Universities, University of MN 2005 Default Rates



Private Not-for-Profit Colleges and Universities 2005 Default Rates



For-Profit Career Colleges 2005 Default Rates



Private Graduate Schools 2005 Default Rates

