

Default Rates

Cohort Default Rate

The two-year cohort default rate is the percentage of Stafford Loan **borrowers** who enter repayment on certain Federal Family Education Loan (FFEL) Program or William D. Ford Federal Direct Loan (Direct Loan) Program loans during a particular federal fiscal year (FY), October 1 to September 30, and default or meet other specified conditions prior to the end of the next fiscal year.

The three-year cohort rate is the percentage of Stafford Loan **borrowers** who enter repayment on certain Federal Family Education Loan (FFEL) Program or William D. Ford Federal Direct Loan (Direct Loan) Program loans during a particular federal fiscal year (FY), October 1 to September 30, and default or meet other specified conditions prior to the end of the second following fiscal year.

The U.S Department of Education releases official cohort default rates once per year. The FY 2009 official three-year cohort default rates, the first official three-year cohort default rates available, were delivered to both domestic and foreign schools on September 24, 2012.

Budget Lifetime Default Rate

The budget lifetime default rate is a projected percentage of the Stafford Loan **dollars** that are originated in the Federal Family Education Loan and Direct Loan Programs for a particular federal fiscal year and that may default during the projected 20 year life of the loan cohort. This rate is reflected in the President's Budget.

Cumulative Lifetime Default Rate

A cumulative lifetime default rate is the percentage of Stafford, PLUS, Grad PLUS and consolidation **loans** that enter repayment in the Federal Family Education Loan and Direct Loan Programs during a particular federal fiscal year and have defaulted through the end of the most recent fiscal year. Unlike the cohort default rate, which is used as an administrative tool for colleges and currently reflects a two-year indicator period, the cumulative lifetime default rate is a performance tool focused on the risk of default throughout the life of the loan. This rate will be updated and published annually.