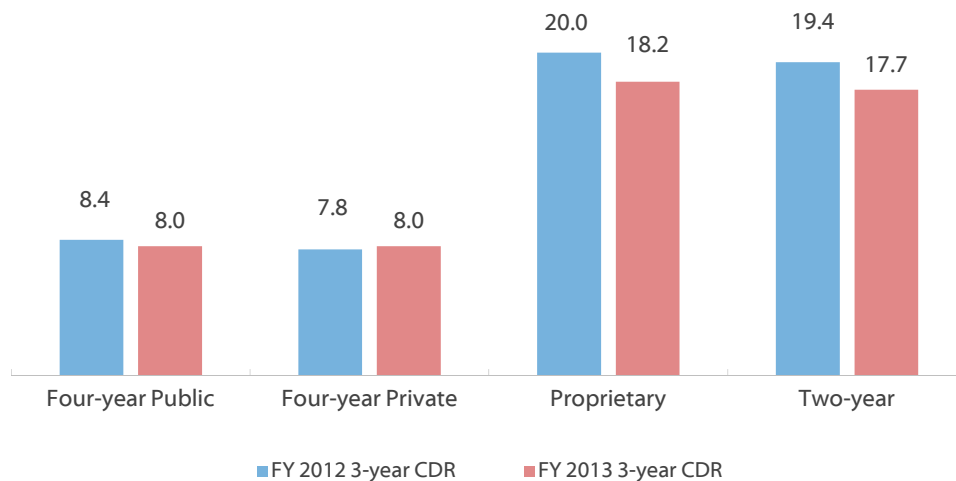


# Short-Term Programs Have Higher Three-year Default Rates

Texas Three-year Cohort Default Rates\* by School Type



Texas borrowers who attended short-term programs have a combined FY 2013 three-year cohort default rate (CDR) more than twice the rate of those who attended four-year schools (17.8 percent and 8.0 percent, respectively). Although some proprietary schools offer bachelor’s degrees or higher, most proprietary schools in Texas offer short-term programs exclusively. At 18.2 percent, the highest FY 2013 three-year CDR is for the proprietary sector, followed closely by the two-year sector with a 17.7 percent CDR. This is a minor reversal compared to the nation as a whole, where the proprietary sector had a 15 percent CDR (16.8 percent for 2-3 year programs) and the public two-year sector had an 18.5 percent CDR.

There are several factors that contribute to the tendency toward higher CDRs for short-term programs, as compared to four-year schools. For example, borrowers from short-term programs are more likely to have risk factors for dropping out of school, such as attending school part time and working full time, than are students from four-year colleges and universities.

\*A three-year cohort default rate is the percentage of student borrowers with loans entering repayment in a given fiscal year who default on their obligations during that given fiscal year or in the next two fiscal years that follow. The FY 2013 cohort default rate, for example, is based on student borrowers who entered repayment during FY 2013 and subsequently defaulted by the end of FY 2015.

Source: Cohort Default Rates: U.S. Department of Education, Fiscal Year 2013 Official Cohort Default Rates, Washington, D.C., 2015. ; All Other: U.S. Department of Education, National Center for Education Statistics, "National Postsecondary Student Aid Study (NPSAS) 2012" (<http://www.nces.ed.gov/das/>).

