

Information Item

California Student Aid Commission

Presentation on certified three-year cohort default rates on student loans pursuant to Chapter 7, Statutes of 2011 (SB 70) for academic year 2012-13

Recently enacted law barred Cal Grant institutions from using Cal Grants from new students if their certified three-year cohort default rates (CDR) exceed a specified percentage.

Tab 4.a lists the institutions barred in 2012-13 because they exceed the current 30% statutory limit. Tab 4.b lists institutions that continue to be barred in 2012-13 because they exceeded the 2011-12 statutory limit of 24.6%. They may potentially regain their eligibility for 2013-14 if their CDRs to be certified next October do not exceed the current 30% statutory limit.

The table below displays the CDR status of the Cal Grant participating institutions by segment for academic years 2011-12 and 2012-13.

Segment	Total Institutions	Specified Cohort Default Rate ¹		
		Eligible	Not Eligible	Not eligible but may be in 2013-14 ²
2011-12				
		At or below 24.6	Above 24.6	
California Community Colleges	113	113		
University of California	10	10		
California State University	23	23		
Independent Colleges and Universities	120	111	9	
Private Career Colleges	165	98	67	
Total	431	355	76	
2012-13				
		At or below 24.6	Above 30.0	Above 24.6 and at or below 30.0
California Community Colleges	115	115		
University of California	11	11		
California State University	23	23		
Independent Colleges and Universities	121	112		9
Private Career Colleges	165	98	42	25
Total	435	359	42	34

¹ Source: U.S. Department of Education's Revised (April 2011) FY2008 Cohort Default Rate list.

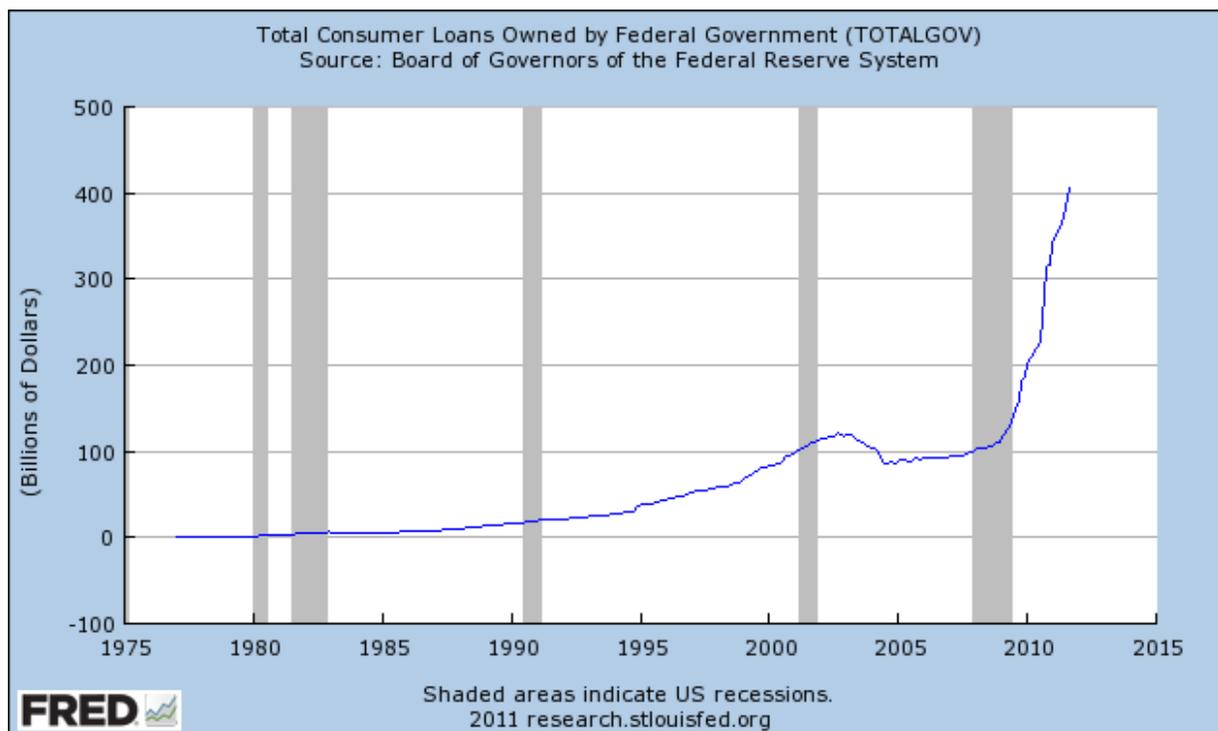
² Institutions may regain eligibility for new and renewal Cal Grant awards for the 2013-14 academic year provided all other requirements are met.

Unlike California, the United States Department of Education (USED) will not begin using three-year cohort default rates until the 2013-14 academic year. However, USED's most recent two-year national student loan cohort default rate rose to 8.8 percent, up from 7.0 percent in fiscal year 2008. The cohort default rates increased for all sectors:

- from 6.0 percent to 7.2 percent for public institutions,
- from 4.0 percent to 4.6 percent for private institutions, and
- from 11.6 percent to 15 percent at for-profit schools.

These rising default rates, combined with the following national trends, suggest potential cause of concern for California students:

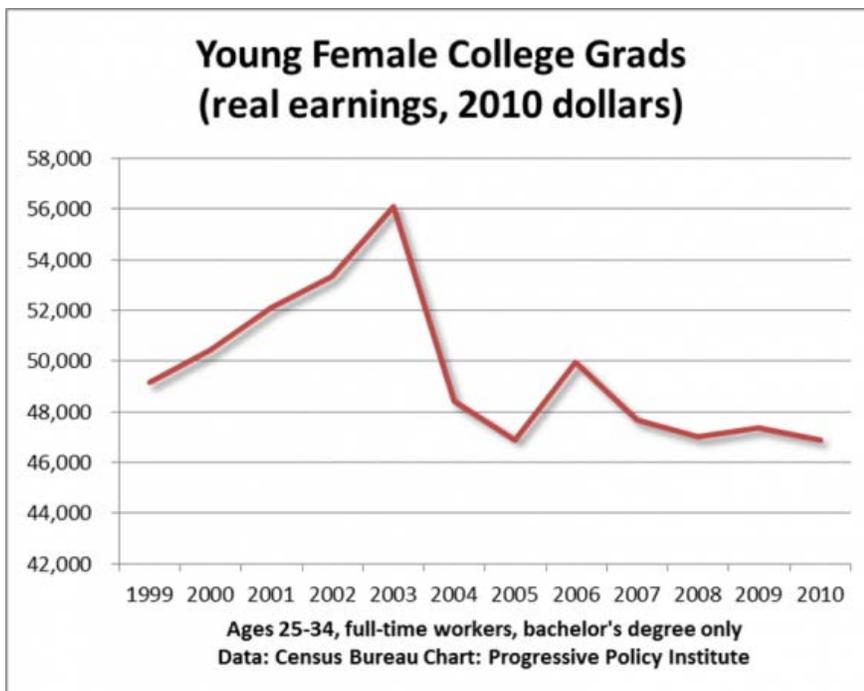
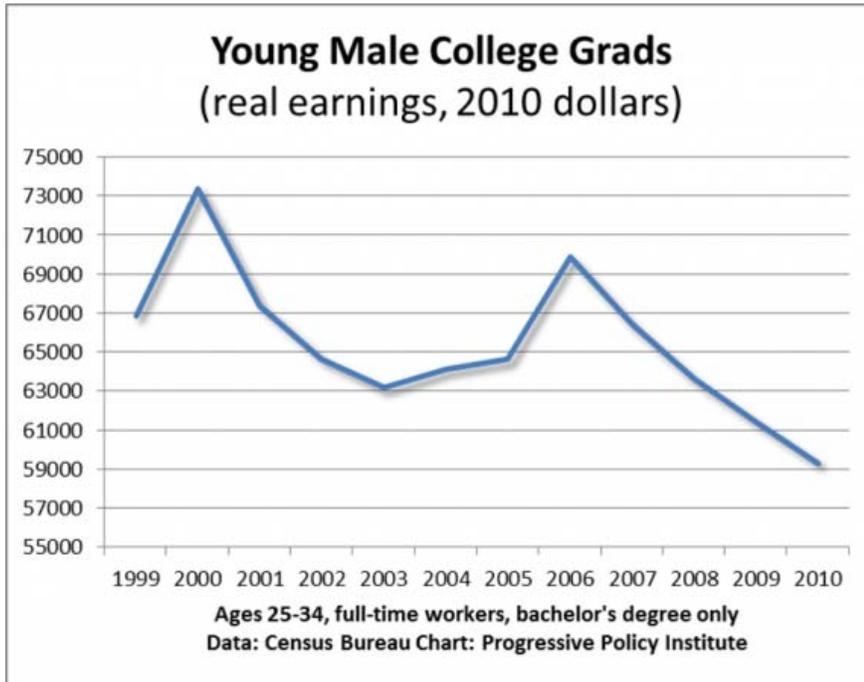
- 1) Consumer borrowing, a significant portion of which is student loans, has increased significantly, unlike previous recessions. The following chart from the Federal Reserve Bank of Saint Louis shows the trend in total government consumer loans, including student loans. The increase in consumer borrowing after the recent recession is unprecedented when compared to other recessions.



- 2) Private loans for education are increasing. According to the latest information from USED, private loan borrowing increased from 5% of undergraduates in 2003-2004, to 14% in 2007-08. More than half of dependent undergraduates who obtained private loans had borrowed the maximum federal loan amount in 2007-08.¹

¹ U.S. Department of Education, National Center for Education Statistics (October 2011). *Stats in Brief* (NCES2012-184) p. 3.

- 3) While a college degree provides an employment advantage over those with less education, earnings of college graduates have been declining, a trend that extends over a number of years, not just as a result of the recent recession. Real earnings for young male college graduates are down 19% since their peak in 2000, and real earnings for young female college graduates are down 16% since their peak in 2003.



The Project on Student Debt's recent report, "Student Debt and the Class of 2010," has identified California as a relatively low-debt state, with average debt of \$18,113 for the 48% of the Class of 2010 graduating with debt from public and private nonprofit institutions.² Even so, California data related to the report indicates that the percentage of UC students from the Class of 2010 who graduated with debt ranges from a low of 41% at UC Berkeley to a high of 64% at UC Riverside; at CSU, from those campuses reporting the data, the percentage ranges from a low of 35% at Cal Poly – Pomona to a high of 72% at CSU Bakersfield; at private nonprofit 4-year institutions, from those institutions reporting the data, the percentage ranges from a low of 25% to 100%.³

The report does not include private for-profit institutions, and thus provides only a partial picture of debt for the California Class of 2010, because few private for-profit institutions reported the relevant debt data to the organization from which The Project on Student Debt obtained its data.

Students who are currently borrowing for higher education will be affected by the continuing hard economic times, the effects lingering even after the hard times end, the increases in tuition and fees at public and private institutions, and the challenges of getting jobs after graduation and repaying their debt.

We anticipate presenting future recommendations to the Commission to explore these issues and the effects on financial aid in California, and to use existing Commission authority to collect relevant data from all institutions participating in the Cal Grant Program.

Responsible Person(s): Ed Emerson
Chief, Federal Policy & Programs Division

² The Project on Student Debt, November 2011, *Student Debt and the Class of 2010*, pp. 2-3.
<http://projectonstudentdebt.org/files/pub/classof2010.pdf>

³ http://projectonstudentdebt.org/state_by_state-view2011.php?area=CA

**Cal Grant Institutions
Affected by Senate Bill 70 Cohort Default Rate Requirements 2012-13
Cal Grant Eligible Schools with Over 40% Federal Student Loan Borrowers and
FY2008 Three-Year Cohort Default Rates¹ Equal to or Over 30.0
(Not Cal Grant Eligible for 2012-13)**

SCHOOL CODE (CSAC)	SCHOOL (CSAC)	TYPE & CONTROL	2008 % of Federal Student Loan Borrowers	2008 Trial 3-Year Cohort Default Rate ¹
03786300	ADVANCED COLLEGE	PROPRIETARY 2 TO 3 YEARS	71%	32.98
02110800	CALIFORNIA COLLEGE SAN DIEGO	PROPRIETARY 4 YEARS OR MORE	84%	30.67
03278300	CHARTER COLLEGE-CANYON COUNTRY	PROPRIETARY 2 TO 3 YEARS	50%	34.37
03278301	CHARTER COLLEGE-LANCASTER	PROPRIETARY 2 TO 3 YEARS	50%	34.37
03278302	CHARTER COLLEGE-LONG BEACH	PROPRIETARY 2 TO 3 YEARS	50%	34.37
00809000	EVEREST COLLEGE- ALHAMBRA	PROPRIETARY 2 TO 3 YEARS	76%	35.55
00449400	EVEREST COLLEGE -SAN BERNARDINO	PROPRIETARY 2 TO 3 YEARS	79%	44.93
01287302	EVEREST COLL - CITY OF INDUSTRY	PROPRIETARY 2 TO 3 YEARS	72%	40.66
03072300	EVEREST COLLEGE ONTARIO	PROPRIETARY 2 TO 3 YEARS	74%	35.53
02250602	EVEREST COLLEGE - ONTARIO METRO	PROPRIETARY 4 YEARS OR MORE	88%	40.47
03195400	EVEREST COLLEGE TORRANCE	PROPRIETARY LESS THAN 2 YEARS	69%	34.78
01287301	EVEREST COLLEGE WEST L A	PROPRIETARY 2 TO 3 YEARS	72%	40.66
01110700	EVEREST COLLEGE -ANAHEIM	PROPRIETARY 2 TO 3 YEARS	73%	30.40
01112300	EVEREST COLLEGE -GARDENA	PROPRIETARY 2 TO 3 YEARS	76%	37.78
01112100	EVEREST COLLEGE -HAYWARD	PROPRIETARY 2 TO 3 YEARS	72%	37.76
01110900	EVEREST COLLEGE -RESEDA	PROPRIETARY 2 TO 3 YEARS	76%	32.81
00760600	EVEREST COLLEGE, LOS ANGELES	PROPRIETARY 2 TO 3 YEARS	71%	44.70
01206100	EVEREST COLLEGE-SAN JOSE	PROPRIETARY 2 TO 3 YEARS	68%	37.00
01102400	EVEREST COLL-SAN FRANCISCO	PROPRIETARY LESS THAN 2 YEARS	74%	36.87
03162300	FOUR-D COLLEGE ²	PROPRIETARY 2 TO 3 YEARS	67%	30.32
02128300	INSTITUTE FOR BUSINESS AND TECH (SANTA CLARA)	PROPRIETARY LESS THAN 2 YEARS	64%	38.55
02128301	INST FOR BUSINESS AND TECHNOLOGY (RANCHO CORDOVA) ³	PROPRIETARY LESS THAN 2 YEARS	64%	38.55
03067501	INST OF TECHNOLOGY MODESTO	PROPRIETARY 2 TO 3 YEARS	65%	42.45
03067503	INST OF TECHNOLOGY ROSEVILLE	PROPRIETARY 2 TO 3 YEARS	65%	42.45
03067500	INSTITUTE OF TECHNOLOGY (CLOVIS)	PROPRIETARY 2 TO 3 YEARS	65%	42.45
03067505	INSTITUTE OF TECHNOLOGY-REDDING	PROPRIETARY 2 TO 3 YEARS	65%	42.45
03067508	INSTITUTE OF TECHNOLOGY-STOCKTON	PROPRIETARY 2 TO 3 YEARS	65%	42.45
03087400	ITT TECHNICAL INST TORRANCE	PROPRIETARY 4 YEARS OR MORE	88%	31.07
03441400	NEWBRIDGE COLLEGE-SAN DIEGO ⁴	PROPRIETARY LESS THAN 2 YEARS	48%	33.93
00998903	SANTA BARBARA BUS COLL-SANTA BAR	PROPRIETARY 2 TO 3 YEARS	66%	33.48
00998900	SANTA BARBARA BUS COLL-VENTURA	PROPRIETARY 2 TO 3 YEARS	66%	33.48
03113600	SO CAL INSTITUTE OF TECHNOLOGY	PROPRIETARY 4 YEARS OR MORE	56%	30.67
02559300	UNITED EDUCATION INST (HUNTINGTON PARK)	PROPRIETARY 2 TO 3 YEARS	94%	35.08
02559312	UNITED EDUCATION INST-ANAHEIM	PROPRIETARY 2 TO 3 YEARS	94%	35.08
02559309	UNITED EDUCATION INST-CHULA VIST	PROPRIETARY 2 TO 3 YEARS	94%	35.08
02559310	UNITED EDUCATION INST-EL MONTE	PROPRIETARY 2 TO 3 YEARS	94%	35.08
02559304	UNITED EDUCATION INST-ONTARIO	PROPRIETARY 2 TO 3 YEARS	94%	35.08
02559301	UNITED EDUCATION INST-SAN BERN	PROPRIETARY 2 TO 3 YEARS	94%	35.08
02559303	UNITED EDUCATION INST-SAN DIEGO	PROPRIETARY 2 TO 3 YEARS	94%	35.08
02559305	UNITED EDUCATION INST-VAN NUYS	PROPRIETARY 2 TO 3 YEARS	94%	35.08
01287300	WYOTECH LONG BEACH	PROPRIETARY 2 TO 3 YEARS	72%	40.66
00719000	WYOTECH- FREMONT	PROPRIETARY 2 TO 3 YEARS	72%	30.76

¹ Based on U.S. Department of Education Revised FY2008 3-Year Cohort Default Rates list, posted April 21, 2011.

² Four-D College has sites in Colton and Victorville.

³ Inst for Business and Technology was formerly National Career Education.

⁴ Newbridge College-San Diego was formerly Valley Career College.

Cal Grant Institutions
Affected by Senate Bill 70 Cohort Default Rate Requirements in 2011-12
and First Year Satisfying Requirements in 2012-13
Cal Grant Eligible Schools with Over 40% Federal Student Loan Borrowers and
FY2008 Three-Year Cohort Default Rates¹ Equal to or Over 24.6 and Below 30.0
(Not Cal Grant Eligible for 2012-13 but May Be for 2013-14)²

School Code	SCHOOL (CSAC)	TYPE	2008 % of Federal Student Loan Borrowers	2008 Trial 3-Year Cohort Default Rate ¹
00884400	CALIFORNIA CHRISTIAN COLLEGE	PRIVATE 4 YEARS OR MORE	80%	25.00
00974806	CARRINGTON COLLEGE ANTIOCH ³	PROPRIETARY 2 TO 3 YEARS	72%	28.01
00974804	CARRINGTON COLLEGE CITRUS HTS ³	PROPRIETARY 2 TO 3 YEARS	72%	28.01
00974808	CARRINGTON COLLEGE EMERYVILLE ³	PROPRIETARY 2 TO 3 YEARS	72%	28.01
00974802	CARRINGTON COLLEGE PLEAS HILL ³	PROPRIETARY 2 TO 3 YEARS	72%	28.01
00974800	CARRINGTON COLLEGE SACRAMENTO ³	PROPRIETARY 2 TO 3 YEARS	72%	28.01
00974807	CARRINGTON COLLEGE SAN JOSE ³	PROPRIETARY 2 TO 3 YEARS	72%	28.01
00974801	CARRINGTON COLLEGE SAN LEANDRO ³	PROPRIETARY 2 TO 3 YEARS	72%	28.01
00974803	CARRINGTON COLLEGE STOCKTON ³	PROPRIETARY 2 TO 3 YEARS	72%	28.01
02332809	CNTR FOR EMPL TRNG-SAN DIEGO	PRIVATE LESS THAN 2 YEARS	44%	26.85
02332808	CNTR FOR EMPL TRNING-GILROY	PRIVATE LESS THAN 2 YEARS	44%	26.85
02332807	CNTR FOR EMPL TRNING-OXNARD	PRIVATE LESS THAN 2 YEARS	44%	26.85
02332814	CNTR FOR EMPL TRNING-RIVERSIDE	PRIVATE LESS THAN 2 YEARS	44%	26.85
02332845	CNTR FOR EMPL TRNING-SACRAMENTO	PRIVATE LESS THAN 2 YEARS	44%	26.85
02332803	CNTR FOR EMPL TRNING-SANTA MARIA	PRIVATE LESS THAN 2 YEARS	44%	26.85
02332800	CNTR FOR EMPLOY TRNG-SAN JOSE	PRIVATE LESS THAN 2 YEARS	44%	26.85
00903200	EMPIRE COLLEGE	PROPRIETARY 2 TO 3 YEARS	45%	26.15
02338500	GLENDALE CAREER COLLEGE	PROPRIETARY 2 TO 3 YEARS	65%	25.55
00809300	HEALD COLLEGE - FRESNO	PROPRIETARY 2 TO 3 YEARS	84%	28.47
02593300	HEALD COLLEGE STOCKTON	PROPRIETARY 2 TO 3 YEARS	87%	25.84
02120900	ITT TECHNICAL INST SACRAMENTO ⁴	PROPRIETARY 4 YEARS OR MORE	84%	24.63
03070400	ITT TECHNICAL INST SAN BERN ⁵	PROPRIETARY 4 YEARS OR MORE	89%	29.39
03044500	KAPLAN COLLEGE PANORAMA CITY	PROPRIETARY 2 TO 3 YEARS	61%	27.27
02351900	KAPLAN COLLEGE SACRAMENTO	PROPRIETARY 2 TO 3 YEARS	64%	26.19
02565400	KAPLAN COLLEGE STOCKTON	PROPRIETARY 2 TO 3 YEARS	63%	29.98
02351901	KAPLAN COLLEGE - BAKERSFIELD	PROPRIETARY 2 TO 3 YEARS	64%	26.19
02312400	LA COLLEGE INTERNATIONAL	PROPRIETARY 4 YEARS OR MORE	63%	28.92
00449000	PATTEN UNIVERSITY ⁶	PRIVATE 4 YEARS OR MORE	44%	26.14
03062700	PLATT COLLEGE ALHAMBRA ⁷	PROPRIETARY 4 YEARS OR MORE	80%	25.41
03062701	PLATT COLLEGE ONTARIO	PROPRIETARY 4 YEARS OR MORE	80%	25.41
02577901	SANTA BARB BUS COLL-RANCHO MIRAGE ⁸	PROPRIETARY 2 TO 3 YEARS	69%	28.28
02577900	SANTA BARBARA BUS COLL BKSFLD	PROPRIETARY 2 TO 3 YEARS	69%	28.28
02578000	SANTA BARBARA BUS COLL SANTA MAR	PROPRIETARY 2 TO 3 YEARS	68%	24.83
03072700	WESTWOOD COLL OF TECH LA	PROPRIETARY 4 YEARS OR MORE	84%	27.64

¹ Based on U.S. Department of Education Revised FY2008 3-Year Cohort Default Rates list, posted April 21, 2011.

² In accordance with California Education Code Section 69432.7(l)(3)(D)(i), these institutions may regain eligibility to provide initial and full renewal Cal Grant awards in the 2013-14 academic year if they satisfy the CDR threshold and all other requirements for the 2013-14 academic year.

³ Carrington College was formerly Western Career College.

⁴ ITT Technical Inst Sacramento includes the site in Clovis.

⁵ ITT Technical Inst San Bern includes sites in Concord, Corona and Oakland.

⁶ Patten University was formerly Patten College.

⁷ Platt College Alhambra was formerly Platt College of Los Angeles.

⁸ Santa Barb Bus Coll-Rancho Mirage was formerly Santa Barb Bus Coll-Palm Desert.