AVOID DROWNING IN THE "WATERFALL" OF STUDENT LOAN DEFAULTS!

MID-ATLANTIC ASSOCIATION OF CAREER SCHOOLS
JULY 15, 2025

DEFAULT PREVENTION • FINANCIAL LITERACY
CHAMPION
COL·EDGE SOLUTIONS
PROVEN RESULTS SINCE 1989

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SALES DIRECTOR

UNDERSTANDING DEFAULT PREVENTION ESSENTIALS AND STRATEGIES THAT SUPPORT INSTITUTION AND STUDENT SUCCESS

- DIVE INTO REGULATORY CHANGES, DEFAULT PREVENTION STRATEGIES, AND WAYS SCHOOLS CAN ENGAGE IN PROACTIVE LOAN REPAYMENT.
- GAIN A GREATER UNDERSTANDING OF HOW DEFAULTS IMPACT THE BORROWERS AND INSTITUTIONS.
- EXPLORE THE CHANGES AND CHALLENGES OF THE PANDEMIC PROGRAMS THAT HAVE ENDED.

AGENDA

- Cohort Default Rate (CDR) Overview
- What Is Going On?
- How CDRs Impact Borrowers & Institutions
- Strategies to Help Curb The Chaos
- PSLF Negotiated Rulemaking
- Q & A

COHORT DEFAULT RATE (CDR) OVERVIEW

WHAT IS A COHORT DEFAULT RATE?

A COHORT DEFAULT RATE (CDR) IS A MEASURE OF THE PERCENTAGE OF STUDENT LOAN BORROWERS FROM A SPECIFIC INSTITUTION WHO DEFAULT ON THEIR LOANS WITHIN A DEFINED PERIOD AFTER ENTERING REPAYMENT.

HOW ARE CDR'S CALCULATED?

NUMERATOR

BORROWERS WHO ENTERED REPAYMENT IN THE DENOMINATOR FFY AND DEFAULT ON OR BEFORE THE END OF THE 3RD CONSECUTIVE FEDERAL FISCAL YEAR.

(OCTOBER 1ST THROUGH SEPTEMBER 30TH OF THE THIRD CONSECUTIVE FISCAL YEAR)

DENOMINATOR

BORROWERS WHO ENTERED REPAYMENT DURING THE ONE FEDERAL FISCAL YEAR (FFY).

(OCTOBER 1ST THROUGH SEPTEMBER 30TH OF THE FOLLOWING YEAR)

WHY ARE CDR'S IMPORTANT?

AN INSTITUTION'S ABILITY TO PARTICIPATE IN TITLE IV FUNDING FOR PELL GRANTS AND STUDENT LOANS IS DEPENDENT ON THEIR CDR. MOST SCHOOLS ARE FINANCIALLY DEPENDENT ON THESE FUNDS SO MANAGING CDR'S PROTECTS THE INSTITUTION'S FINANCIAL STABILITY AND PROFITABILITY.

WHAT ARE THE CDR THRESHOLDS?

- **DISBURSEMENT & CASH FLOW BENEFITS:** THREE CONSECUTIVE CDR'S UNDER 15% ALLOWS INSTITUTIONS EXEMPTIONS FOR FIRST-TIME BORROWERS' 30-DAY DELAYED CERTIFICATION AND MULTIPLE DISBURSEMENTS AND THIS IMPROVES CASH FLOW.
- **AUDIT TRIGGERS:** CDR'S THAT INCREASE 5% OR MORE YEAR-OVER-YEAR CAN TRIGGER AUDITS AND CONCERNS OVER ADMINISTRATIVE CAPABILITIES
- **LOSS OF TITLE IV ELIGIBILITY:**
  - THREE CONSECUTIVE CDR'S OVER 30%
  - ONE CDR OVER 40%

WHAT IS GOING ON?

TRENDS FOR 31-60 DAY DELINQUENCIES

Federal Fiscal Year		Current Repayment: Dollars Outstanding (in billions)	Current Repayment: Recipients (in millions)	31-90 Days Delinquent: Dollars Outstanding (in billions)	31-90 Days Delinquent: Recipients (in millions)	91-180 Days Delinquent: Dollars Outstanding (in billions)	91-180 Days Delinquent: Recipients (in millions)	…ansferring to the …anagement and …s System (DMCS): Recipients (in millions)
2013	Q3	$193.5	8.35	$18.7	1.05	$10.5	0.69	0.22
	Q4	$188.5	7.91	$23.2	1.29	$12.2	0.77	0.14
2014	Q1	$224.8	9.08	$20.6	1.10	$13.6	0.82	0.15
	Q2	$230.3	9.06	$17.7	0.94	$14.9	0.85	0.09
	Q3	$248.6	9.64	$23.4	1.19	$13.4	0.76	0.10
	Q4	$247.2	9.34	$25.4	1.25	$15.2	0.84	0.06
2015	Q1	$291.5	10.59	$26.3	1.25	$15.7	0.82	0.11
	Q2	$310.8	11.07	$23.1	1.07	$18.0	0.90	0.11
	Q3	$331.3	11.58	$26.5	1.20	$17.6	0.87	0.12
	Q4	$332.0	11.37	$28.0	1.27	$17.4	0.83	0.14
2016	Q1	$374.4	12.45	$27.9	1.20	$18.1	0.85	0.11
	Q2	$377.8	12.45	$27.3	1.14	$17.9	0.80	0.09
	Q3	$400.8	12.98	$30.6	1.24	[illegible]	[illegible]	0.07
	Q4	$406.7	12.84	$32.2	1.30	$20.3	0.88	0.07
2017	Q1	$448.3	13.74	$34.1	1.32	$20.5	0.87	0.09
	Q2	$461.4	13.90	$30.9	1.18	$23.2	0.94	0.08
	Q3	$472.2	14.20	$35.7	1.33	$22.8	0.93	0.08
	Q4	$467.8	13.77	$35.0	1.27	$22.2	0.89	0.07
2018	Q1	$518.9	14.99	$37.3	1.31	$21.3	0.82	0.10
	Q2	$533.7	15.25	$28.4	0.98	$22.7	0.85	0.06
	Q3	$540.5	15.24	$43.3	1.53	$26.0	0.98	0.05
	Q4	$531.2	14.74	$39.8	1.35	$28.7	1.08	0.06
2019	Q1	$574.9	15.71	$39.1	1.27	$24.2	0.87	0.07
	Q2	$580.8	15.70	$40.6	1.28	$26.8	0.93	0.11
	Q3	$601.1	16.13	$39.2	1.29	$25.0	0.88	0.06
	Q4	$594.7	15.70	$40.7	1.31	$25.6	0.91	0.05
2020	Q1	$637.8	16.58	$40.0	[illegible]	$25.9	0.87	0.06
	Q2	$622.9	16.20	$31.6	[illegible]	$20.7	0.62	0.06
	Q3	$11.3	0.31	$0.0	0.00	$0.0	0.00	0.00
	Q4	$14.2	0.39	$0.0	0.00	$0.0	0.00	0.00
2021	Q1	$15.1	0.42	$0.0	0.00	$0.0	0.00	0.00
	Q2	$17.0	0.48	$0.0	0.00	$0.0	0.00	0.00
	Q3	$16.6	0.48	$0.0	0.00	$0.0	0.00	0.00
	Q4	$16.1	0.47	$0.0	0.00	$0.0	0.00	0.00
2022	Q1	$15.9	0.46	$0.0	0.00	$0.0	0.00	0.00
	Q2	$15.0	0.44	$0.0	0.00	$0.0	0.00	0.00
	Q3	$14.2	0.42	$0.0	0.00	$0.0	0.00	0.00
	Q4	$11.7	0.37	$0.0	0.00	$0.0	0.00	0.00
2023	Q1	$10.9	0.33	$0.0	0.00	$0.0	0.00	0.00
	Q2	$10.1	0.30	$0.0	[illegible]	$0.0	0.00	0.00
	Q3	$9.8	0.29	$0.0	0.00	$0.0	0.00	0.00
	Q4	$999.4	25.67	$0.0	0.00	$0.0	0.00	0.00
2024	Q1	$646.1	16.60	$201.1	7.12	$0.0	0.00	0.00
	Q2	$777.3	19.11	$195.0	6.74	$11.8	0.43	0.00
	Q3	$836.6	22.16	$52.5	2.01	$25.0	1.03	0.00
	Q4	$409.1	12.44	$109.2	4.29	$79.7	2.79	0.00
2025	Q1	$460.9	14.57	$134.8	4.64	$0.9	0.04	0.00
	Q2	$383.6	11.63	$41.6	1.48	$146.7	5.59	0.00

31-90 Days Delinquent

Dollars Outstanding (in billions)	Recipients (in millions)
$18.7	1.05
$23.2	1.29
$20.6	1.10
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
$30.6	1.24
$32.2	1.30
$34.1	1.32
$30.9	1.18
$35.7	1.33
$35.0	1.27
$37.3	1.31
$28.4	0.98
$43.3	1.53
$39.8	1.35
$39.1	1.27
$40.6	1.28
$39.2	1.29
$40.7	1.31

AVERAGE

1.23 M

31-90 Days Delinquent

Dollars Outstanding (in billions)	Recipients (in millions)
$0.0	0.00
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
$0.0	0.00
$201.1	7.12
$195.0	6.74
$52.5	2.01
$109.2	4.29
$134.8	4.64

AVERAGE

4.96 M

4X INCREASE!

TRENDS FOR 61-120 DAY DELINQUENCIES

Federal Fiscal Year		Current Repayment		31-90 Days Delinquent		91-180 Days Delinquent		181-270 Days Delinquent	
		Dollars Outstanding (in billions)	Recipients (in millions)	Dollars Outstanding (in billions)	Recipients (in millions)	Dollars Outstanding (in billions)	Recipients (in millions)	Dollars Outstanding (in billions)	Recipients (in millions)
2013	Q3	$193.5	8.35	$18.7	1.05	$10.5	0.69	$6.8	0.46
	Q4	$188.5	7.91	$23.2	1.29	$12.2	0.77	$6.2	0.43
2014	Q1	$224.8	9.08	$20.6	1.10	$13.6	0.82	$7.6	0.48
	Q2	$230.3	9.06	$17.7	0.94	$14.9	0.85	$7.6	0.47
	Q3	$248.6	9.64	$23.4	1.19	$13.4	0.76	$8.6	0.52
	Q4	$247.2	9.34	$25.4	1.25	$15.2	0.84	$7.6	0.46
2015	Q1	$291.5	10.59	$26.3	1.25	$15.7	0.82	$9.2	0.53
	Q2	$310.8	11.07	$23.1	1.07	$18.0	0.90	$8.8	0.48
	Q3	$331.3	11.58	$26.5	1.20	$17.6	0.87	$10.8	0.57
	Q4	$332.0	11.37	$28.0	1.27	$17.4	0.83	$10.5	0.54
2016	Q1	$374.4	12.45	$27.9	1.20	$18.1	0.85	$10.7	0.53
	Q2	$377.8	12.45	$27.3	1.14	$17.9	0.80	$9.9	0.48
	Q3	$400.8	12.98	$30.6	1.24	$18.4	0.83	[illegible]	[illegible]
	Q4	$406.7	12.84	$32.2	1.30	$20.3	0.88	$10.5	0.49
2017	Q1	$448.3	13.74	$34.1	1.32	$20.5	0.87	$11.1	0.50
	Q2	$461.4	13.90	$30.9	1.18	$23.2	0.94	$11.5	0.50
	Q3	$472.2	14.20	$35.7	1.33	$22.8	0.93	$13.8	0.59
	Q4	$467.8	13.77	$35.0	1.27	$22.2	0.89	$12.5	0.54
2018	Q1	$518.9	14.99	$37.3	1.31	$21.3	0.82	$12.3	0.51
	Q2	$533.7	15.25	$28.4	0.98	$22.7	0.85	$11.0	0.44
	Q3	$540.5	15.24	$43.3	1.53	$26.0	0.98	$12.5	0.50
	Q4	$531.2	14.74	$39.8	1.35	$28.7	1.08	$14.7	0.59
2019	Q1	$574.9	15.71	$39.1	1.27	$24.2	0.87	$15.3	0.61
	Q2	$580.8	15.70	$40.6	1.28	$26.8	0.93	$12.0	0.46
	Q3	$601.1	16.13	$39.2	1.29	$25.0	0.88	$13.7	0.51
	Q4	$594.7	15.70	$40.7	1.31	$25.6	0.91	$14.5	0.54
2020	Q1	$637.8	16.58	$40.0	1.25	$25.9	0.87	$13.9	0.52
	Q2	$622.9	16.20	$31.6	0.89	$20.7	[illegible]	$10.0	0.32
	Q3	$11.3	0.31	$0.0	0.00	$0.0	0.00	$0.0	0.00
	Q4	$14.2	0.39	$0.0	0.00	$0.0	0.00	$0.0	0.00
2021	Q1	$15.1	0.42	$0.0	0.00	$0.0	0.00	$0.0	0.00
	Q2	$17.0	0.48	$0.0	0.00	$0.0	0.00	$0.0	0.00
	Q3	$16.6	0.48	$0.0	0.00	$0.0	0.00	$0.0	0.00
	Q4	$16.1	0.47	$0.0	0.00	$0.0	0.00	$0.0	0.00
2022	Q1	$15.9	0.46	$0.0	0.00	$0.0	0.00	$0.0	0.00
	Q2	$15.0	0.44	$0.0	0.00	$0.0	0.00	$0.0	0.00
	Q3	$14.2	0.42	$0.0	0.00	$0.0	0.00	$0.0	0.00
	Q4	$11.7	0.37	$0.0	0.00	$0.0	0.00	$0.0	0.00
2023	Q1	$10.9	0.33	$0.0	0.00	$0.0	0.00	$0.0	0.00
	Q2	$10.1	0.30	$0.0	0.00	$0.0	[illegible]	$0.0	0.00
	Q3	$9.8	0.29	$0.0	0.00	$0.0	0.00	$0.0	0.00
	Q4	$999.4	25.67	$0.0	0.00	$0.0	0.00	$0.0	0.00
2024	Q1	$646.1	16.60	$201.1	7.12	$0.0	0.00	$0.0	0.00
	Q2	$777.3	19.11	$195.0	6.74	$11.8	0.43	$0.0	0.00
	Q3	$836.6	22.16	$52.5	2.01	$25.0	1.03	[illegible]	[illegible]
	Q4	$409.1	12.44	$109.2	4.29	$79.7	2.79	$0.0	0.00
2025	Q1	$460.9	14.57	$134.8	4.64	$0.9	0.04	$0.0	0.00
	Q2	$383.6	11.63	$41.6	1.48	$146.7	5.59	$0.6	0.03

91-180 Days Delinquent	
Dollars Outstanding (in billions)	Recipients (in millions)
$10.5	0.69
$12.2	0.77
$13.6	0.82
$14.9	0.85
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
$20.3	0.88
$20.5	0.87
$23.2	0.94
$22.8	0.93
$22.2	0.89
$21.3	0.82
$22.7	0.85
$26.0	0.98
$28.7	1.08
$24.2	0.87
$26.8	0.93
$25.0	0.88
$25.6	0.91
$25.9	0.87

AVERAGE

86 M

91-180 Days Delinquent	
Dollars Outstanding (in billions)	Recipients (in millions)
$0.0	0.00
$0.0	0.00
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
$0.0	0.00
$11.8	0.43
$25.0	1.03
$79.7	2.79
$0.9	0.04
$146.7	5.59

AVERAGE

4.19 M

5X INCREASE!

THE RISK IS NOW!

NATIONAL
STUDENT LOAN DATA

38% AND GROWING
DELINQUENT BORROWERS

10%
LATE STAGE DELINQUENT

12%
BORROWERS ALREADY IN DEFAULT

TOTAL OF 60%
CURRENTLY IN OR RISK
OF DEFAULT

COVID-ERA PROTECTIONS HAVE ALL ENDED

- PAYMENT PAUSE
- ON-RAMP
- FRESH START

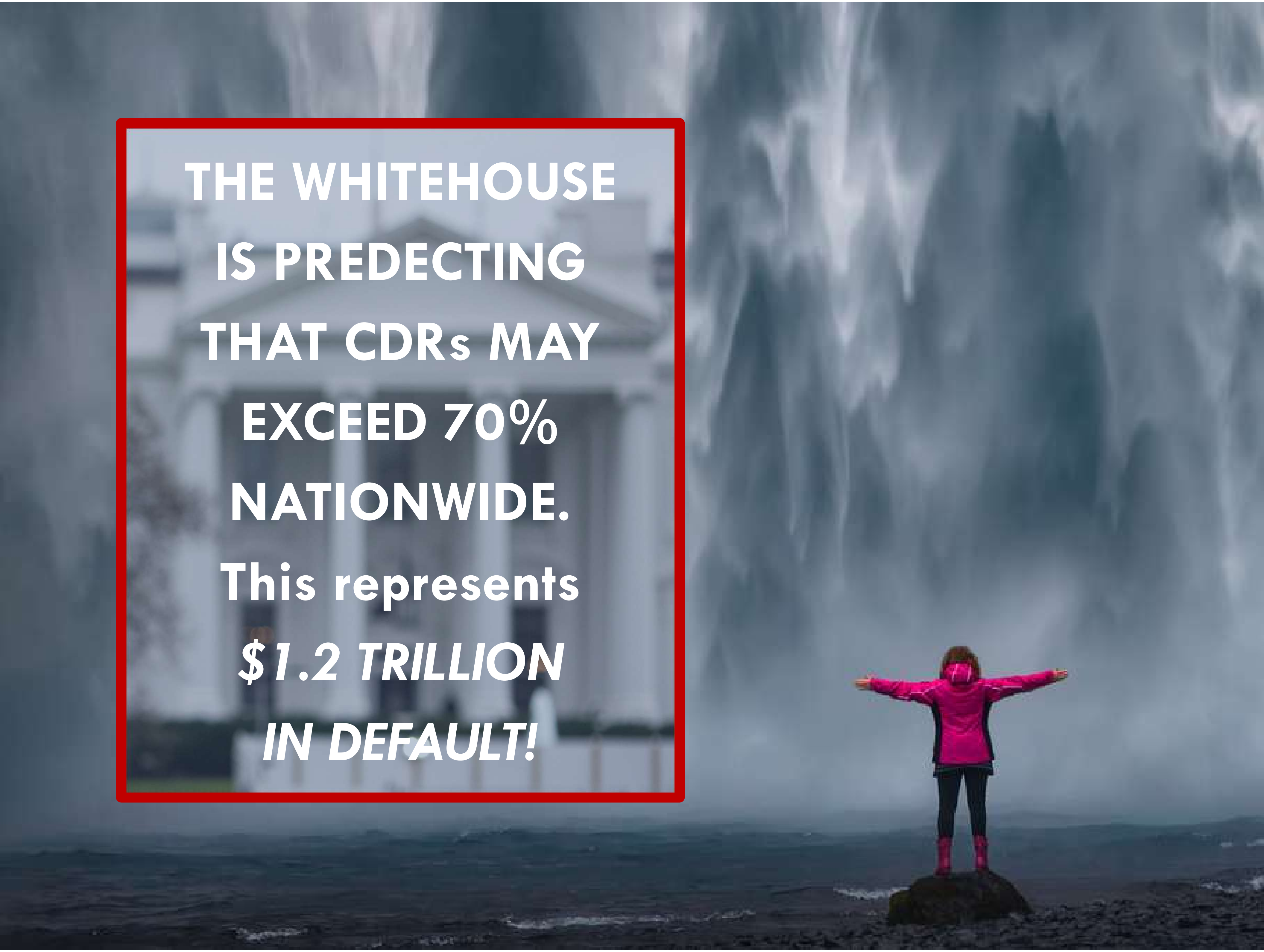
FEDERAL SERVICING HAS BEEN DISASTROUS

- **LOAN TRANSFERS** GALORE
- FEDERAL SERVICERS ARE **SEVERELY UNDERSTAFFED**
- **NEW FEDERAL SERVICERS** WITH LITTLE TO NO EXPERIENCE
- **REPAYMENT PLANS NOT PROCESSED** IN A TIMELY MANNER
- **DEFERMENTS & FORBEARANCES NOT PROCESSED** IN A TIMELY MANNER

STUDENT LOANS ARE IN CRISIS!

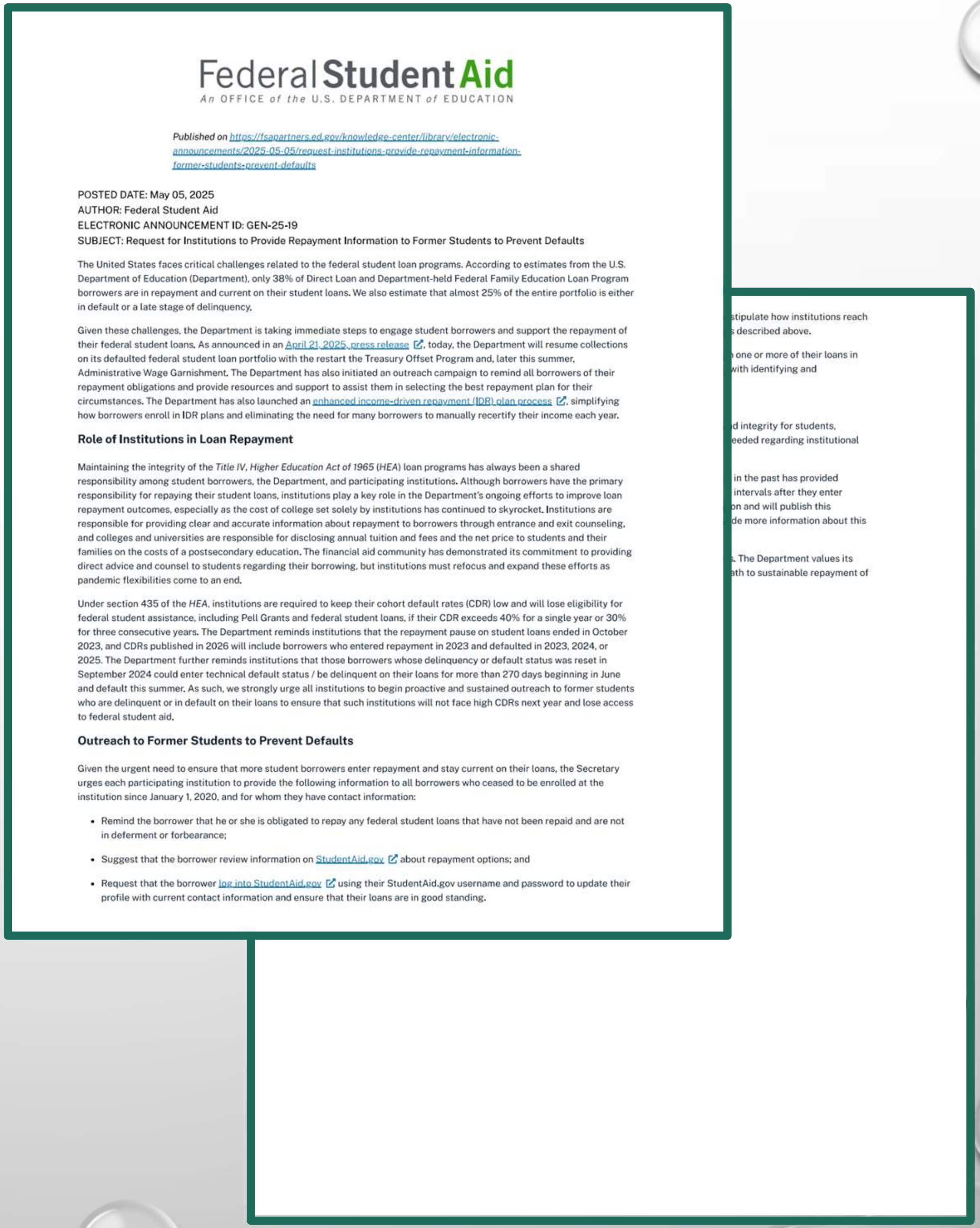
Borrowers are confused, angry, or both
and that is not a recipe for success!

MANY HAVE NEVER MADE A SINGLE PAYMENT
which, historically, is the highest risk of default


THE WHITEHOUSE
IS PREDECTING
THAT CDRs MAY
EXCEED 70%
NATIONWIDE.
This represents
$1.2 TRILLION
IN DEFAULT!

MAY 5, 2025
ELECTRONIC ANNOUNCEMENT
TO INSTITUTIONS [GEN-25-19]

- ROLE OF INSTITUTIONS IN LOAN REPAYMENT
- OUTREACH TO FORMER STUDENTS TO PREVENT DEFAULTS
- PUBLISHING LOAN NON-PAYMENT RATES BY INSTITUTION IN COLLEGE SCORECARD



Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Published on https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2025-05-05/request-institutions-provide-repayment-information-former-students-prevent-defaults

POSTED DATE: May 05, 2025
AUTHOR: Federal Student Aid
ELECTRONIC ANNOUNCEMENT ID: GEN-25-19
SUBJECT: Request for Institutions to Provide Repayment Information to Former Students to Prevent Defaults

The United States faces critical challenges related to the federal student loan programs. According to estimates from the U.S. Department of Education (Department), only 38% of Direct Loan and Department-held Federal Family Education Loan Program borrowers are in repayment and current on their student loans. We also estimate that almost 25% of the entire portfolio is either in default or a late stage of delinquency.

Given these challenges, the Department is taking immediate steps to engage student borrowers and support the repayment of their federal student loans. As announced in an April 21, 2025, press release, today, the Department will resume collections on its defaulted federal student loan portfolio with the restart the Treasury Offset Program and, later this summer, Administrative Wage Garnishment. The Department has also initiated an outreach campaign to remind all borrowers of their repayment obligations and provide resources and support to assist them in selecting the best repayment plan for their circumstances. The Department has also launched an enhanced income-driven repayment (IDR) plan process, simplifying how borrowers enroll in IDR plans and eliminating the need for many borrowers to manually recertify their income each year.

Role of Institutions in Loan Repayment

Maintaining the integrity of the *Title IV, Higher Education Act of 1965* (*HEA*) loan programs has always been a shared responsibility among student borrowers, the Department, and participating institutions. Although borrowers have the primary responsibility for repaying their student loans, institutions play a key role in the Department's ongoing efforts to improve loan repayment outcomes, especially as the cost of college set solely by institutions has continued to skyrocket. Institutions are responsible for providing clear and accurate information about repayment to borrowers through entrance and exit counseling, and colleges and universities are responsible for disclosing annual tuition and fees and the net price to students and their families on the costs of a postsecondary education. The financial aid community has demonstrated its commitment to providing direct advice and counsel to students regarding their borrowing, but institutions must refocus and expand these efforts as pandemic flexibilities come to an end.

Under section 435 of the *HEA*, institutions are required to keep their cohort default rates (CDR) low and will lose eligibility for federal student assistance, including Pell Grants and federal student loans, if their CDR exceeds 40% for a single year or 30% for three consecutive years. The Department reminds institutions that the repayment pause on student loans ended in October 2023, and CDRs published in 2026 will include borrowers who entered repayment in 2023 and defaulted in 2023, 2024, or 2025. The Department further reminds institutions that those borrowers whose delinquency or default status was reset in September 2024 could enter technical default status / be delinquent on their loans for more than 270 days beginning in June and default this summer. As such, we strongly urge all institutions to begin proactive and sustained outreach to former students who are delinquent or in default on their loans to ensure that such institutions will not face high CDRs next year and lose access to federal student aid.

Outreach to Former Students to Prevent Defaults

Given the urgent need to ensure that more student borrowers enter repayment and stay current on their loans, the Secretary urges each participating institution to provide the following information to all borrowers who ceased to be enrolled at the institution since January 1, 2020, and for whom they have contact information:

- Remind the borrower that he or she is obligated to repay any federal student loans that have not been repaid and are not in deferment or forbearance;
- Suggest that the borrower review information on StudentAid.gov about repayment options; and
- Request that the borrower log into StudentAid.gov using their StudentAid.gov username and password to update their profile with current contact information and ensure that their loans are in good standing.

stipulate how institutions reach
s described above.

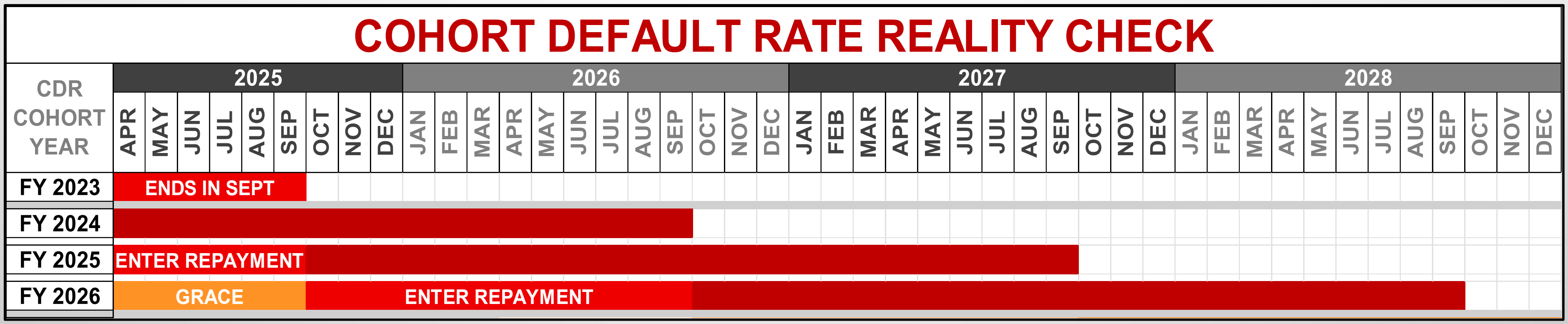
one or more of their loans in
with identifying and

d integrity for students,
eeded regarding institutional

in the past has provided
intervals after they enter
on and will publish this
de more information about this

. The Department values its
ath to sustainable repayment of

WAITING CAN RESULT IN LOSS OF TITLE IV ELIGIBILITY AND SCHOOL CLOSURE!



YOU ARE HERE NOW!

DEFAULT PREVENTION • FINANCIAL LITERACY

CHAMPION

COLLEGE SOLUTIONS

PROVEN RESULTS SINCE 1989

HOW CDR'S AFFECT STUDENTS & INSTITUTIONS

HOW CDR'S AFFECT STUDENTS

- **CHOICE** OF TRAINING AND EDUCATION
- **FUNDING** FOR TUITION, FEES, AND LIVING EXPENSES
- **HIGHER QUALITY** TEACHERS AND ADMINISTRATORS
- **GREATER RETENTION** RATES
- **EMPLOYMENT** OPPORTUNITIES

CHALLENGES FOR BORROWERS

- **MANY INCOME-DRIVEN REPAYMENT** (IDR) APPLICATIONS HAVEN'T BEEN PROCESSED IN A TIMELY MANNER, IF AT ALL
- **RISK OF UNAFFORDABLE PAYMENTS** WITH CHALLENGES TO CERTAIN REPAYMENT PLANS
- **RISK OF UNACCEPTABLE PROCESSING TIMES** FOR DEFERMENTS AND FORBEARANCES DUE TO SHORTAGE OF STAFF AT FEDERAL LOAN SERVICERS
- **RISK OF CONFUSION** CREATES HIGHER DELINQUENT AND DEFAULT RATES

DEFAULTS AFFECT BORROWERS

- CREDIT REPORT DAMAGE
- WAGE GARNISHMENT
- LOSS OF FEDERAL TAX RETURNS
- MAY PREVENT GETTING A JOB, APT/HOUSE, CAR ETC.
- INELIGIBLE FOR FUTURE TITLE IV FUNDING

HOW CDR'S AFFECT SCHOOLS

- COMMUNITY REPUTATION
- IMPROVED CASH FLOW WITH RATES UNDER 15%
- ADDITIONAL AUDITS WITH 5% YOY CDR INCREASES
- MANDATED DEFAULT MANAGEMENT PLANS
- LOSS OF TITLE IV FUNDING WITH RATES OVER THRESHOLD
- ADMINISTRATIVE CAPABILITIES UNDER SCRUTINY
- SCHOOL CLOSURE

CHALLENGES FOR SCHOOLS

- **RISK OF HIGH DEFAULT RATES** LEADING TO LOSS OF TITLE IV ELIGIBILITY FOR BOTH PELL GRANTS AND FEDERAL DIRECT STUDENT LOANS
- **RISK OF AUDITS TRIGGERED** BY QUICKLY ESCALATING COHORT DEFAULT RATES AFTER HAVING LOW RATES CREATED BY THE STUDENT LOAN PAUSE
- **RISK OF LIMIT, SUSPEND AND TERMINATE** (LS&T) BASED ON ADMINISTRATIVE CAPABILITIES

RISK PRIORITIES FOR SCHOOLS

- **EXTREME RISK OF LOSING TITLE IV ELIGIBILITY:** CDRS 30% AND HIGHER
- **HIGH RISK OF LOSING TITLE IV ELIGIBILITY:** CDRS 20% AND HIGHER
- **MODERATE RISK OF LOSING TITLE IV ELIGIBILITY:** CDRS FROM 15-19.95%
- **RISK OF CASH FLOW CHALLENGES:** CDRS FROM 7.5-15%
  - LOSS OF WAIVER OF THE 30-DAY DELAYED CERTIFICATION FOR FIRST-TIME BORROWERS
  - LOSS OF WAIVER OF THE MULTIPLE DISBURSEMENT REQUIREMENT

SCHOOL SECTOR	TOTAL # SCHOOLS	# SCHOOLS IN JEOPARDY	% SCHOOLS AFFECTED	TOTAL BORROWERS	HIGH RISK OF LOSING TITLE IV ELIGIBILITY				MODERATE RISK OF LOSS		RISK WITH CASH FLOW	
					30% & OVER		20-29.95%		15-19.95%		7.5-15%	
					# Schools	# Borrowers	# Schools	# Borrowers	# Schools	# Borrowers	# Schools	# Borrowers
TOTALS	4,670	2,390	2	1,931,366	72	6,502	391	165,226	614	454,744	1,313	1,304,894
PUBLIC	1,552	1,118	72%	1,141,374	4	768	119	73,264	332	290,350	663	776,992
PRIVATE	1,481	265	18%	305,441	11	1,861	52	19,950	66	39,351	136	244,279
PROPRIETARY	1,361	946	70%	482,925	53	3,800	213	71,869	212	124,884	468	282,372
FOREIGN	276	61	22%	1,626	4	73	7	143	4	159	46	1,251

The FY2017 CDR above represents the last full CDR before the payment pause

When Only The Best Will Do!

RELEVANT COHORT DEFAULT RATES

CDR FY	Last Date of Attendance	Dates Student Loans Entered Repayment	Dates of Default Counted Against Schools
FY 2023	3/30/2022–3/29/2023	10/1/2022-9/30/2023	10/1/2022–9/30/2025
FY 2024	3/30/2023–3/29/2024	10/1/2023–9/30/2024	10/1/2023–9/30/2026
FY 2025	3/30/2024–3/29/2025	10/1/2024–9/30/2025	10/1/2024–9/30/2027
FY 2026	3/30/2025–3/29/2026	10/1/2025–9/30/2026	10/1/2025–9/30/2028

STRATEGIES TO HELP CURB THE CHAOS

STAY INFORMED!

THE LAWMAKERS AND REGULATORS MAY MAKE CHANGES TO THE CRITERIA FOR TITLE IV ELIGIBILITY!

ANTICIPATE THAT THERE MAY BE INTERRUPTIONS WITH LOAN SERVICING DUE TO CHANGES AT ED

BE PREPARED TO COMMUNICATE WITH YOUR STUDENTS ABOUT QUESTIONS AND ISSUES THEY MAY HAVE TO MITIGATE POTENTIAL DEFAULTS

THE IMPORTANCE YOUR SCHOOL PUTS ON STUDENT LOAN REPAYMENT WILL DIRECTLY INFLUENCE BORROWER BEHAVIOR

CREATE A CROSS-DEPARTMENTAL CAMPUS-WIDE COMMITTEE TO DEVELOP, EVALUATE, AND IMPLEMENT TARGETED, STRATEGIES THAT ADDRESS WAYS TO REDUCE STUDENT LOAN DEFAULTS AND PROMOTING STUDENT SUCCESS

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PRIORITIZE THE HIGHEST RISKS

- **IDENTIFY BORROWERS** THAT ARE AT-RISK FOR DEFAULT
  - EARLY WITHDRAWAL
  - UNSATISFACTORY ACADEMIC PROGRESS
- **ADDRESS CONCERNS** AND DEVELOP PLAN WITH STUDENT
- **INCREASE RETENTION** RATES

STRATEGIES FOR SUCCESS WITH DELINQUENCIES

DATA MONITORING. ENSURE YOUR DATA IS ACCURATE AND MONITOR “RED FLAG” DATA FOR PROACTIVE SOLUTIONS.

- FLAG ACCOUNTS A PRIORITY AS SOON AS THEY BECOME 30 DAYS PAST DUE.
- MONITOR CONTACT INFORMATION TO ENSURE THE BORROWER IS RECEIVING CRITICAL COMMUNICATIONS.

THE BORROWER WHO NEVER MAKES THE FIRST PAYMENT IS THE HIGHEST RISK OF DEFAULT!

STRATEGIES FOR SUCCESS WITH DELINQUENCIES

FORMS PROCESSING AND MONITORING.

- **NEVER ASSUME** THE BORROWER FORMS ARE PROPERLY COMPLETED OR PROCESSED.
- **TECHNICAL DEFAULTS** THAT SHOULD NEVER HAVE HAPPENED ARE ABUNDANT AND AVOIDABLE.
- **CHECK FORMS** TO ENSURE THEY ARE PROPERLY FILLED OUT, THEN SUBMIT THE FORMS AND FOLLOW-UP TO ENSURE THEY ARE PROPERLY PROCESSED.

QUALITY FINANCIAL LITERACY

IMPLEMENT COMPREHENSIVE FINANCIAL LITERACY TRAINING:

- BUDGETING
- DEBT REDUCTION
- LOAN REPAYMENT STRATEGIES
- PAYING INTEREST AS IT ACCRUES
- PAYMENT SCHEDULES THAT PROMOTE LONG-TERM FINANCIAL SUCCESS

Not All Financial Literacy Is Effective!

WHEN BORROWERS ARE PROPERLY EDUCATED ABOUT THEIR STUDENT LOANS, THE REPAYMENT RATES REFLECT THAT!

EFFECTIVE BORROWER EDUCATION

- **THE OBJECTIVE.** LAY A FOUNDATION THROUGH YOUR COMMUNICATION THAT PROMOTES RESPONSIBLE STUDENT LOAN BORROWING AND REPAYMENT.
- **COMMUNICATION METHODS.** MAIL, EMAIL, IN-PERSON, PHONE, VIDEO, WRITTEN MATERIAL - TRY THEM ALL!
- **REPETITION AND REINFORCEMENT.** COMMUNICATE CRITICAL KEY CONCEPTS MANY TIMES WITH STUDENTS AND MAKE COMPLEX STUDENT LOAN INFORMATION EASILY AVAILABLE WHEN NEEDED.

GOOD IMPRESSIONS ARE ESSENTIAL

- **FIRST IMPRESSIONS ARE LASTING IMPRESSIONS.** DEBT MANAGEMENT STARTS THE MINUTE THE STUDENT WALKS THROUGH YOUR DOORS SO PRIORITIZE IT IN YOUR SCHOOLS, SO STUDENTS PRIORITIZE IT IN THEIR LIVES.
- **THE ENVIRONMENT.** COMMUNICATE CRITICAL INFORMATION WITH POSTERS AND BROCHURES POSTED IN THE LOBBIES, CLASSROOMS, AND OFFICES. THESE PRINTED MATERIALS PORTRAY FINANCIAL EDUCATION, DEBT MANAGEMENT INFORMATION, SCHOOL EVENTS, AND HIGHLIGHT SUCCESSFUL STUDENTS.

PROACTIVE COMMUNICATION

- **USE EVERY OPPORTUNITY** DURING AND AFTER ENROLLMENT TO ENCOURAGE INTEREST PAYMENTS DURING DEFERMENTS AND FORBEARANCES.
- **ENCOURAGE PAYMENTS FIRST.** IF THE BORROWER CAN'T MAKE FULL PAYMENTS, ENCOURAGE THEM TO PAY THE ACCRUING INTEREST AT A MINIMUM. YOU CAN NOT REQUIRE THEM TO DO SO, BUT YOU CAN ENCOURAGE THE PAYMENTS.
- **PUT COMPLICATED DETAILS IN WRITING** AND PROVIDE EVERYTHING TO THE BORROWER.

EFFECTIVE COMMUNICATION

- **SPEAK TO STUDENTS IN PRACTICAL LANGUAGE** AND AVOID ACRONYMS.
- **COMMUNICATE WHAT IS BEST** FOR THE STUDENT BORROWERS WHICH MAY NOT BE THE EASIEST SOLUTION.
- **PAUSE FREQUENTLY** AND ENCOURAGE QUESTIONS.
- **IMPRESS STUDENTS WITH YOUR INTEREST IN THEM,** NOT JUST WITH YOUR TECHNICAL KNOWLEDGE.

KISS!

KEEP IT SIMPLE & SUCCESSFUL!

KEY CONCEPTS. BASIC CONCEPTS WILL BE REMEMBERED IF THEY ARE REPEATED CONSISTENTLY AND OFTEN.

- **THIS IS A LOAN,** AND IT MUST BE REPAID.
- **THERE ARE OPTIONS TO DELAY OR REDUCE YOUR PAYMENTS** WHEN YOU CAN'T MAKE TIMELY PAYMENTS
- **IF YOU NEED HELP, ASK!** THIS IS HOW TO GET IN TOUCH WITH *CHAMPION COL-EDGE SOLUTIONS* MENTORS

COMMUNICATE TO EDUCATE!

- **PAY INTEREST** AS IT ACCRUES TO AVOID COMPOUND INTEREST AND LARGER DEBT.
- **PAY DOWN THE PRINCIPAL** BALANCE TO REDUCE THE DEBT BURDEN AND REDUCE PAYMENTS.
- **CHOOSE AN AFFORDABLE REPAYMENT SCHEDULE** THAT ALSO SAVES INTEREST AND MEETS PERSONAL FINANCIAL GOALS.
- **PROVIDE DETAILS IN WRITING** FOR THE LOAN PAYMENT DUE DATE AND AMOUNT TO KEEP THE BORROWER INFORMED OF PAYMENT RESPONSIBILITIES.

HOW WILL YOUR SCHOOL PREPARE FOR INCREASED CDR'S?

WING IT?

HOPE FOR THE BEST?

LOOK TO THE STARS?

- OR -

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PARTNER WITH CHAMPION…

AND IMPLEMENT WINNING STRATEGIES

CHAMPION vs NATIONAL AVERAGE Current Data for Federal Student Loans		
LOAN STATUS	**CHAMPION**	**NATIONAL DATA**
Repayment	**39%**	27%
Delinquent	**6%**	***35% and rapidly climbing***

PUBLIC SERVICE LOAN FORGIVENESS (PSLF) NEGOTIATED RULEMAKING

CONCENSUS WAS NOT REACHED!

LIKELY TO BE INCLUDED IN THE NOTICE OF PROPOSED RULEMAKING (NPRM) LANGUAGE:

- **IDENTIFIER FOR EIN WITH MULTIPLE DIVISIONS.** ENSURES CLEAR IDENTIFICATION OF ELIGIBLE AND INELIGIBLE DIVISIONS WITHIN ONE EIN.
- **CORRECTIVE ACTION PLAN.** ALLOWS ED TO WORK WITH AN EMPLOYER IDENTIFIED FOR POTENTIAL OF LOSS OF ELIGIBILITY TO MAKE CORRECTIONS AND ENSURE CONTINUOUS ELIGIBILITY FOR THEIR EMPLOYEE BORROWERS.
- **BORROWER NOTIFICATTIONS AND RESOURCES.** REQUIRES THE SECRETARY TO NOTIFY ALL BORROWERS IN THE PROCESS OF PSLF WHEN AN EMPLOYER MAY LOSE ELIGIBILITY OR WHEN IT DOES LOSE ELIGIBILITY. THE SECRETARY WILL ALSO HAVE TO UPDATE THE EMPLOYER STATUS IN THE PSLF LIST WITHIN 30 DAYS OF ANY STATUS CHANGE.

LANGUAGE LIKELY NOT IN NPRM

LIKELY NOT TO BE INCLUDED IN THE NOTICE OF PROPOSED RULEMAKING (NPRM) LANGUAGE:

- **LIMITATIONS TO THE SECRETARY'S AUTHORITY TO USE DISCRETION.** NEGOTIATED LANGUAGE REQUIRE A HIGH LEVEL OF PROBABILITY (90-95%) BEFORE THE SECRETARY COULD TAKE ACTION.
- **REQUIRED VIOLATIONS OF FEDERAL OR STATE LAWS.** THE SECRETARY'S DISCRETION WAS LIMITED TO EXISTING LAWS.
- **PROVIDED A CLEAR PROCESS FOR EMPLOYERS TO REGAIN ELIGIBILITY.** EMPLOYERS COULD REGAIN ELIGIBILITY WITH AN APPROVED CORRECTIVE ACTION PLAN OR AFTER FIVE (5) YEARS OF INELIGIBLE STATUS.

COMMENT DURING THE NPRM

PUBLIC SERVICE CAREERS INCLUDE CAREERS SUCH AS:

- TEACHING
- MEDICAL, REHABILITATION SERVICES, AND MENTAL HEALTH
- LAW ENFORCEMENT, FIRE FIGHTERS, AND PUBLIC SERVICE
- POSITIONS WITH NON-PROFIT ORGANIZATIONS

If your borrowers can be affected, please take time to comment!

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Q & A


Don't drown in a waterfall of student loan DEFAULTS!
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