



Cohort Default Rates: Associated Consequences and Benefits for Schools

| Consequences of high 3-year CDRs | Default prevention task force and plan required? | Provisional certification? | *Loss of Title IV program eligibility? |
|--|---|---|---|
| Most recent 3-year CDR is 30% or above | Yes | No | No, if most recent CDR is not above 40% |
| 2 of 3 most recent 3-year CDRs are 30% or above | Yes, and if those rates are for two consecutive years, school must revise its plan | Yes | No, if most recent CDR is not above 40% |
| 3 consecutive 3-year CDRs are 30% or above | N/A | Yes | Yes – Pell grant and Direct loan eligibility |
| Most recent 3-year CDR is above 40% (as of September 2014) | N/A | No | Yes – Direct loan eligibility only |
| Benefits of low CDRs | Exempt from 30-day delayed disbursement rule for first-year, first-time Stafford loan borrowers? | Exempt from multiple disbursement rule for Stafford and PLUS loan borrowers? | CDR(s) used to determine benefit for school |
| 3 most recent 2-year <u>or</u> 3-year CDRs are less than 15% | Yes, for a Stafford loan first disbursed on or after October 1, 2011 | Yes, for a Stafford or PLUS loan disbursed on or after October 1, 2011 for a loan period no longer than 1 standard term or 4 months | Currently an option for schools with 3 most recent CDRs less than 10%; can use 15% threshold starting with FY 2007 – FY 2009 CDRs |
| Most recent 2-year <u>or</u> 3-year CDR is less than 5% | Yes, for a school originating a Stafford loan to cover a <u>study-abroad</u> student's cost of attendance | Yes, for a school originating a Stafford or PLUS loan to cover a <u>study-abroad</u> student's cost of attendance | Currently an option for schools with study-abroad programs; will remain an option using 3-year CDRs |

* Consequences of high 3-year CDRs will take effect beginning in Sept 2014, based on 3-year official CDRs for FY 2009 – FY 2011. Until that time, consequences are based on 2-year official CDRs.