

AVOID DROWNING IN THE “WATERFALL” OF STUDENT LOAN DEFAULTS!

CALIFORNIA ASSOCIATION OF PRIVATE POSTSECONDARY SCHOOLS
OCTOBER 2, 2025



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MARY LYN HAMMER

PRESIDENT & CEO



JOHN WHITE

SALES DIRECTOR



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



DIVE INTO STATUTORY AND 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 with CDRs?
- Do You Understand the Risks to Your Schools?
- Statutory Changes & Negotiated Rulemaking
- Strategies to Help Curb The Chaos
- 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

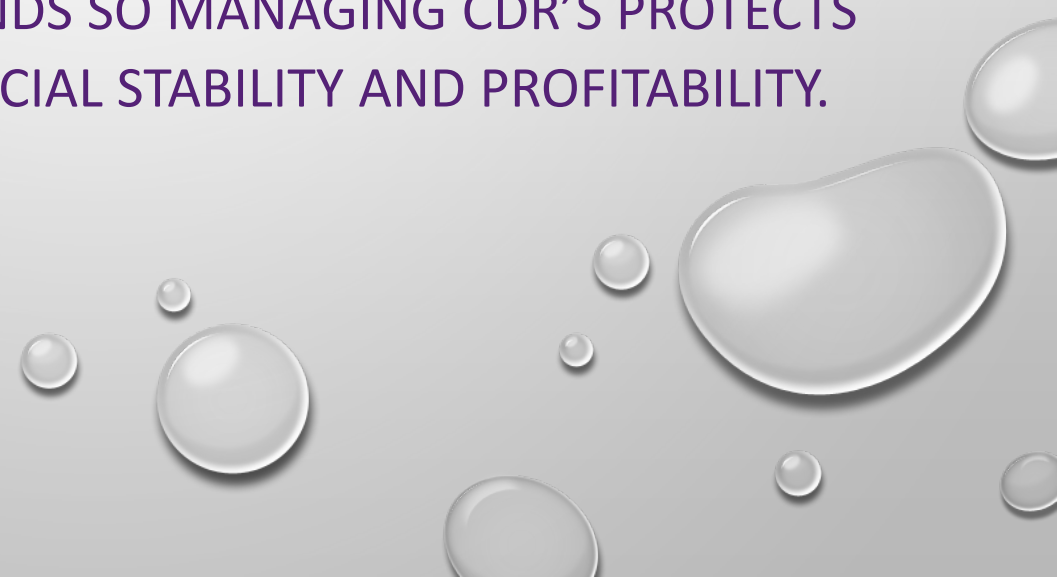
BORROWERS WHO ENTERED REPAYMENT DURING THE
ONE FEDERAL FISCAL YEAR (FFY).

*(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 INSTITUTION EXEMPTIONS FOR FIRST-TIME BORROWERS
 - 30-DAY DELAYED CERTIFICATION
 - MULTIPLE DISBURSEMENTS
- **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
WITH CDR'S?**

TRENDS FOR 31-60 DAY DELINQUENCIES

		Current Repayment		31-90 Days Delinquent		91-180 Days Delinquent		181+ Days Delinquent		Transferring to the Management and System (DMCS)	
Federal Fiscal Year		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)	Dollars Outstanding (in billions)	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						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	1.27	\$25.9	0.87				0.06
	Q2	\$622.9	16.20	\$31.6	1.27	\$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	0.00	\$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	\$20.1	1.12	\$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	1.02				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)

AVERAGE
1.23 M

31-90 Days Delinquent

Dollars Outstanding (in billions)

Recipients (in millions)

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		271-360 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)	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	\$3.8	0.24
	Q4	\$188.5	7.91	\$22.2	1.29	\$12.2	0.77	\$6.2	0.43	\$4.2	0.26
	Q1	\$224.8	9.08	\$20.6	1.10	\$13.6	0.82	\$7.6	0.48	\$3.6	0.22
	Q2	\$230.3	9.06	\$17.7	0.94	\$14.9	0.85	\$7.6	0.47	\$4.2	0.26
2014	Q3	\$248.6	9.64	\$23.4	1.19	\$13.4	0.76	\$8.6	0.52	\$4.5	0.28
	Q4	\$247.2	9.34	\$25.4	1.25	\$15.2	0.84	\$7.6	0.46	\$5.4	0.33
	Q1	\$291.5	10.59	\$26.3	1.25	\$15.7	0.82	\$9.2	0.53	\$5.1	0.31
	Q2	\$310.8	11.07	\$23.1	1.07	\$18.0	0.90	\$8.8	0.48	\$5.1	0.31
2015	Q3	\$331.3	11.58	\$26.5	1.20	\$17.6	0.87	\$10.8	0.57	\$5.8	0.35
	Q4	\$332.0	11.37	\$28.0	1.27	\$17.4	0.83	\$10.5	0.54	\$6.0	0.36
	Q1	\$374.4	12.45	\$27.9	1.20	\$18.1	0.85	\$10.7	0.53	\$6.0	0.36
	Q2	\$377.8	12.45	\$27.3	1.14	\$17.9	0.80	\$9.9	0.48	\$6.3	0.39
2016	Q3	\$400.8	12.98	\$30.6	1.24	\$18.4	0.83	\$10.5	0.49	\$7.0	0.42
	Q4	\$406.7	12.84	\$32.2	1.30	\$20.3	0.88	\$11.1	0.50	\$7.0	0.42
	Q1	\$448.3	13.74	\$34.1	1.32	\$20.5	0.87	\$11.1	0.50	\$7.0	0.42
	Q2	\$461.4	13.90	\$30.9	1.18	\$23.2	0.94	\$11.5	0.50	\$7.0	0.42
2017	Q3	\$472.2	14.20	\$35.7	1.33	\$22.8	0.93	\$13.8	0.59	\$7.0	0.42
	Q4	\$467.8	13.77	\$35.0	1.27	\$22.2	0.89	\$12.5	0.54	\$7.0	0.42
	Q1	\$518.9	14.99	\$37.3	1.31	\$21.3	0.82	\$12.3	0.51	\$7.0	0.42
	Q2	\$533.7	15.25	\$28.4	0.98	\$22.7	0.85	\$11.0	0.44	\$7.0	0.42
2018	Q3	\$540.5	15.24	\$43.3	1.53	\$26.0	0.98	\$12.5	0.50	\$6.8	0.42
	Q4	\$531.2	14.74	\$39.8	1.35	\$28.7	1.08	\$14.7	0.59	\$7.8	0.48
	Q1	\$574.9	15.71	\$39.1	1.27	\$24.2	0.87	\$15.3	0.61	\$9.9	0.60
	Q2	\$580.8	15.70	\$40.6	1.28	\$26.8	0.93	\$12.0	0.46	\$9.8	0.58
2019	Q3	\$601.1	16.13	\$39.2	1.29	\$25.0	0.88	\$13.7	0.51	\$7.3	0.45
	Q4	\$594.7	15.70	\$40.7	1.31	\$25.6	0.91	\$14.5	0.54	\$8.7	0.52
	Q1	\$637.8	16.58	\$40.0	1.25	\$25.9	0.87	\$13.9	0.52	\$9.3	0.53
	Q2	\$622.9	16.20	\$31.6	0.89	\$20.7	0.80	\$10.0	0.32	\$6.2	0.38
2020	Q3	\$11.3	0.31	\$0.0	0.00	\$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	\$0.0	0.00
	Q1	\$15.1	0.42	\$0.0	0.00	\$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	\$0.0	0.00
2021	Q3	\$16.6	0.48	\$0.0	0.00	\$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	\$0.0	0.00
	Q1	\$15.9	0.46	\$0.0	0.00	\$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	\$0.0	0.00
2022	Q3	\$14.2	0.42	\$0.0	0.00	\$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	\$0.0	0.00
	Q1	\$10.9	0.33	\$0.0	0.00	\$0.0	0.00	\$0.0	0.00	\$0.0	0.00
	Q2	\$10.1	0.30	\$0.0	0.00	\$0.0	0.00	\$0.0	0.00	\$0.0	0.00
2023	Q3	\$9.8	0.29	\$0.0	0.00	\$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	\$0.0	0.00
	Q1	\$646.1	16.60	\$201.1	7.12	\$0.0	0.00	\$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	\$0.0	0.00
2024	Q3	\$836.6	22.16	\$52.5	2.01	\$25.0	1.03	\$0.0	0.00	\$0.0	0.00
	Q4	\$409.1	12.44	\$109.2	4.29	\$79.7	2.79	\$0.0	0.00	\$0.0	0.00
	Q1	\$460.9	14.57	\$134.8	4.64	\$0.9	0.04	\$0.0	0.00	\$0.0	0.00
2025	Q2	\$383.6	11.63	\$41.6	1.48	\$146.7	5.59	\$0.6	0.03	\$0.0	0.00

91-180 Days Delinquent

Dollars Outstanding (in billions) Recipients (in millions)

AVERAGE 0.86 M

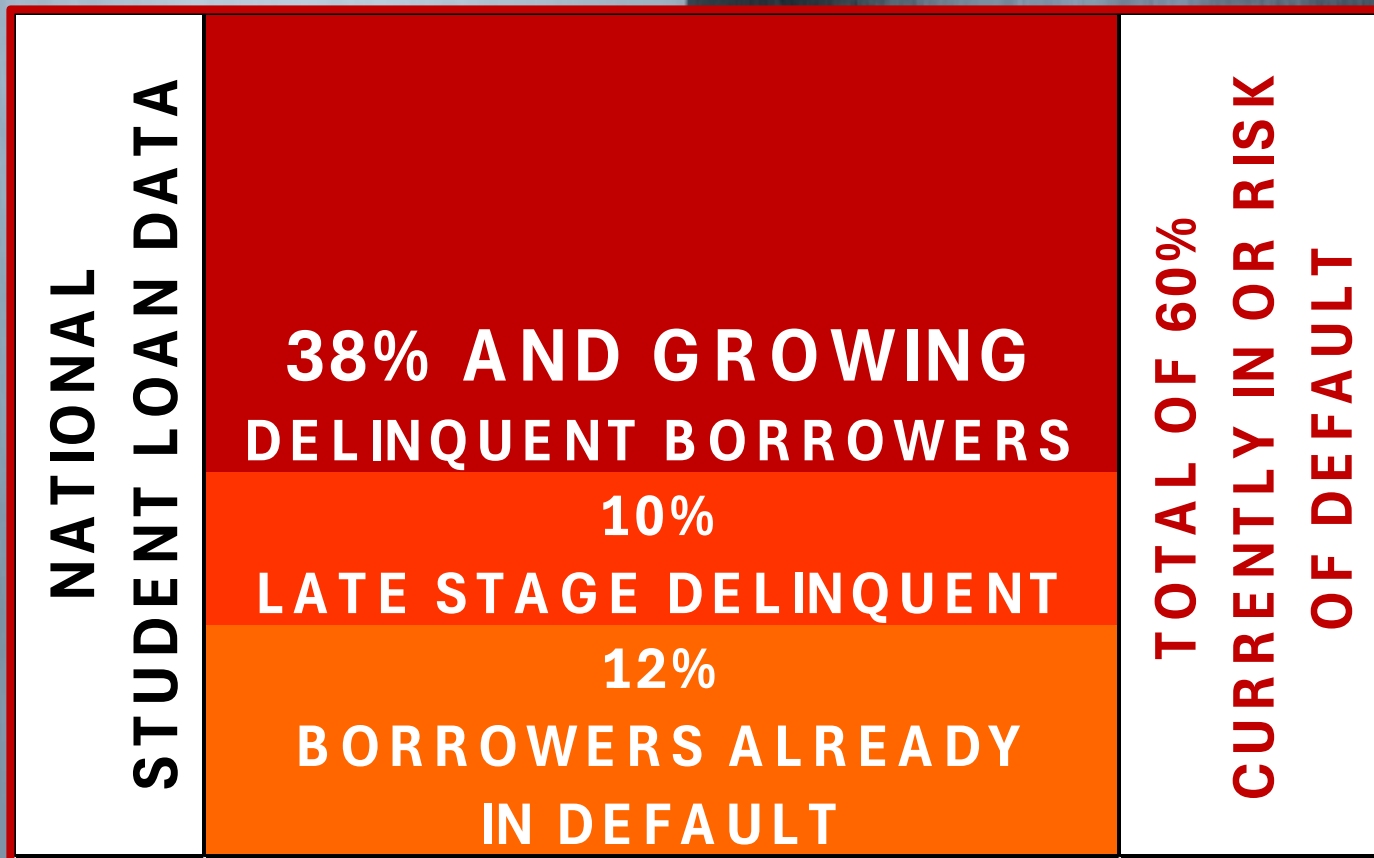
91-180 Days Delinquent

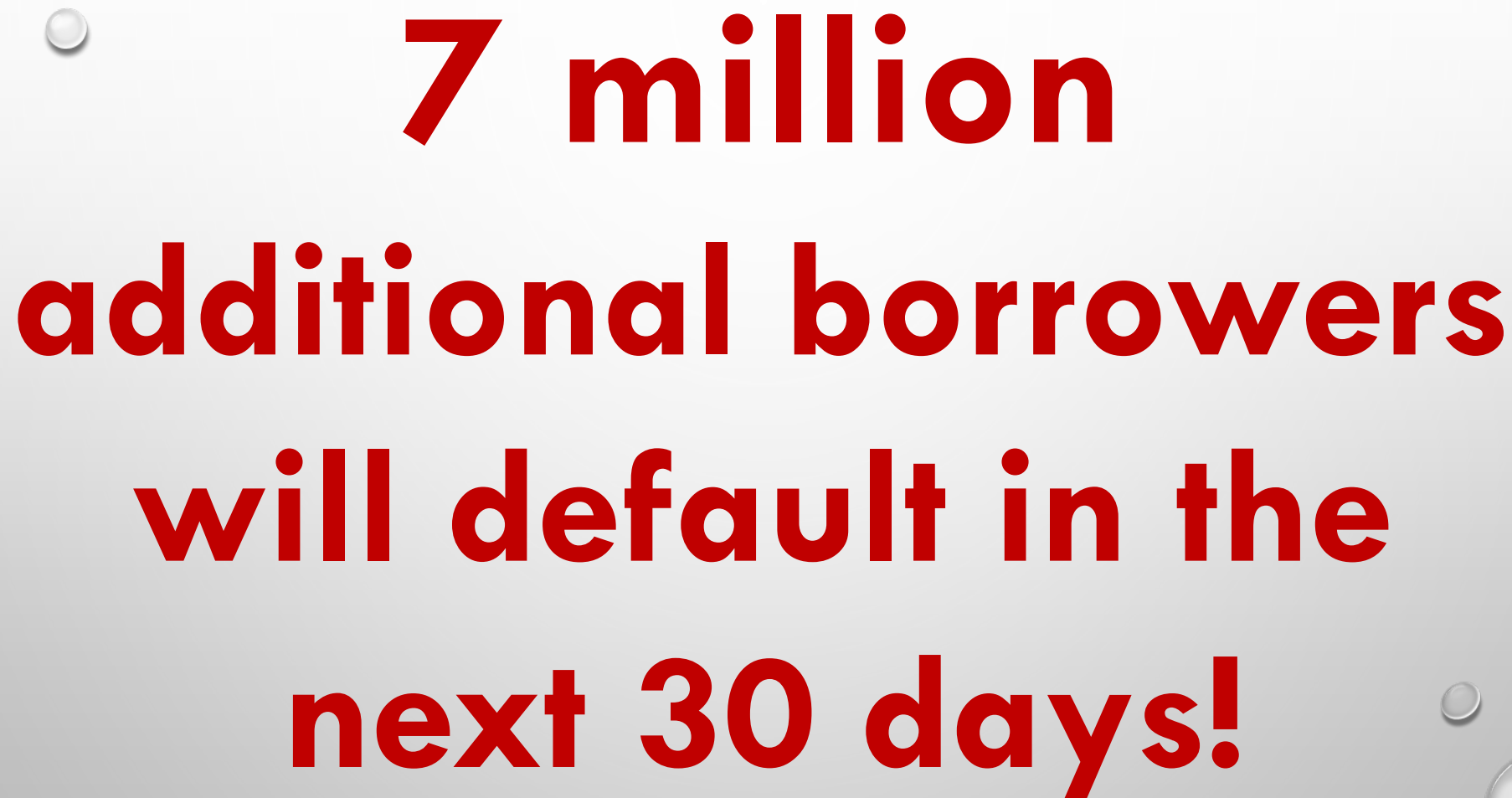
Dollars Outstanding (in billions) Recipients (in millions)

AVERAGE 4.19 M

5X INCREASE!

THE RISK IS NOW!



The background of the slide is a light gray gradient. It is decorated with several realistic water droplets of various sizes, some with highlights and shadows, giving them a 3D appearance. The droplets are scattered around the edges of the slide, with a larger one in the top left and another in the bottom right.

**7 million
additional borrowers
will default in the
next 30 days!**

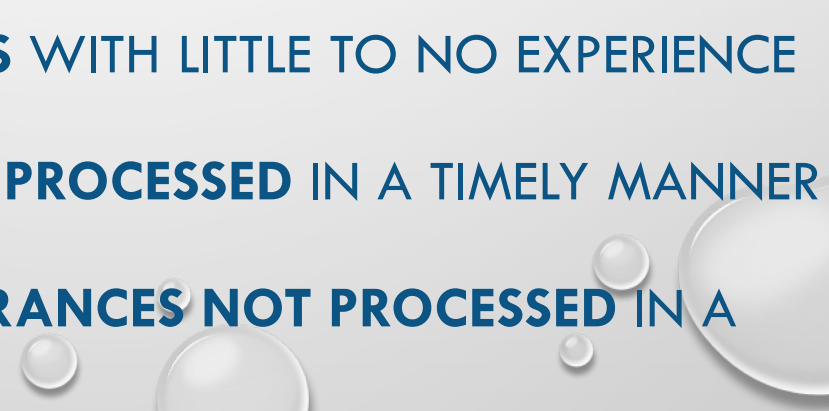


COVID-ERA PROTECTIONS HAVE ALL ENDED

- 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.

TIME IS LIMITED FOR REHABILITATING DEFAULTS
Rehabilitation requires 6-9 voluntary, consecutive, and on-time
payments so there is little time to get these borrowers
rehabilitated before the 2024 CDR is completed.

**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-avoid-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 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, cross-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.

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

COHORT DEFAULT RATE REALITY CHECK																																															
CDR COHORT YEAR	2025								2026												2027												2028														
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC		
FY 2023	ENDS IN SEPT																																														
FY 2024																																															
FY 2025	ENTER REPAYMENT																																														
FY 2026	GRACE							ENTER REPAYMENT																																							

**YOU ARE
HERE NOW!**

***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



**DO YOU
UNDERSTAND
THE RISKS FOR
YOUR SCHOOL?**

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**

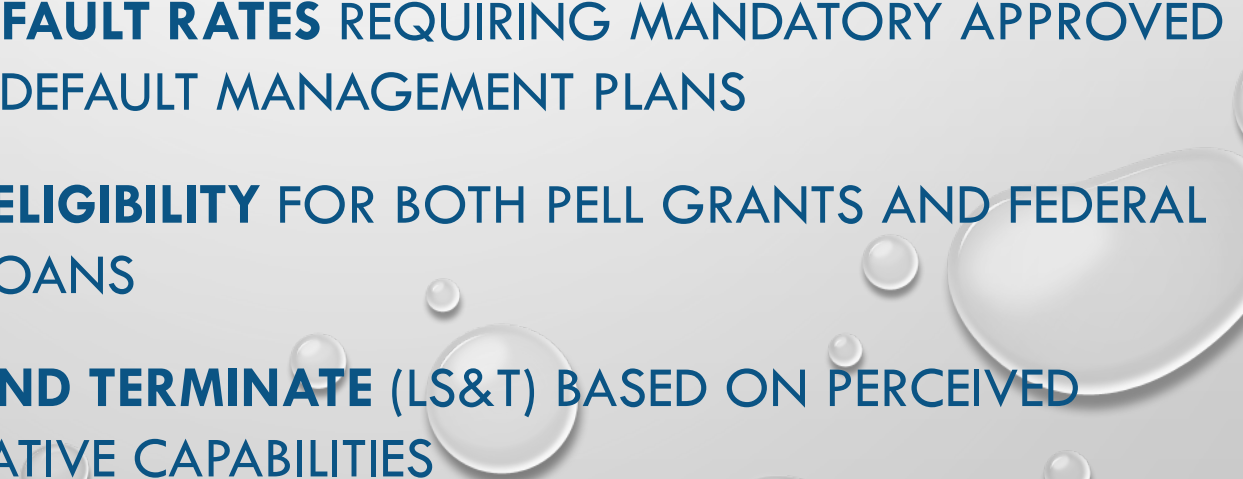
SCHOOL SECTOR	TOTAL # SCHOOLS	# SCHOOLS IN JEOPARDY	% SCHOOLS AFFECTED	TOTAL BORROWERS	HIGH RISK OF LOSING TITLE IV ELIGIBILITY				MODERATE RISK OF LOSS		RISK WITH CASH FLOW	
					30% & OVER		20-29.95%		15-19.95%		7.5-15%	
					# Schools	# Borrowers	# Schools	# Borrowers	# Schools	# Borrowers	# Schools	# 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





RISKS FOR SCHOOLS

- **RISK OF AUDITS TRIGGERED** BY QUICKLY ESCALATING COHORT DEFAULT RATES AFTER HAVING LOW RATES CREATED BY THE STUDENT LOAN PAUSE
 - **LOW REPAYMENT RATES** THAT MAY AFFECT YOUR SCHOOL'S REPUTATION AND GAINFUL EMPLOYMENT SANCTIONS
 - **HIGH COHORT DEFAULT RATES** REQUIRING MANDATORY APPROVED AND MONITORED DEFAULT MANAGEMENT PLANS
 - **LOSS OF TITLE IV ELIGIBILITY** FOR BOTH PELL GRANTS AND FEDERAL DIRECT STUDENT LOANS
 - **LIMIT, SUSPEND AND TERMINATE (LS&T)** BASED ON PERCEIVED POOR ADMINISTRATIVE CAPABILITIES
- 



RISKS FOR SCHOOLS

- **FY 2017 CDR** IS AN INDICATOR OF YOUR FUTURE DEFAULT RATES – MULTIPLIED BY 2-3 TIMES BECAUSE OF THE CURRENT ENVIRONMENT
- **REPAYMENT RATES** POSTED BY THE U.S. DEPARTMENT OF EDUCATION ARE NOT TIED TO ANY SPECIFIC CDR OR REPORTING

IF YOU DO NOT HAVE A DETAILED ANALYSIS FOR YOUR FY 2024, 2025, AND 2026 CDR'S, YOU DO NOT KNOW YOUR RISKS OR SOLUTIONS...

***AND NOT KNOWING IS YOUR
BIGGEST RISK!***






STATUTORY CHANGES & NEGOTIATED RULEMAKING



ONE BIG BEAUTIFUL BILL (OBBB) PASSED ON JULY 4, 2025

THE OBBB AFFECTS STUDENT LOAN REPAYMENT:

- CHANGES IN LOAN LIMITS & INSTITUTION LIMITS BY PROGRAM
 - ELIMINATION OF CERTAIN PLUS LOANS & CERTAIN PLUS BENEFITS
 - ELIMINATION OF DEFERMENT AND FORBEARANCE BENEFITS
 - CHANGES IN REPAYMENT PLANS
 - MINIMUM PAYMENTS DEFINED
 - ADDITION OF BENEFITS FOR ON-TIME PAYMENTS
 - CHANGES FOR LOAN FORGIVENESS
 - CHANGES FOR LOAN REHABILITATION
- 

OBBB STANDARD REPAYMENT PLAN

STANDARD REPAYMENT FOR ALL NEW LOANS MADE ON OR AFTER JULY 1, 2026:

- FIXED PAYMENT BASED ON LOAN AMOUNT, INTEREST RATE, AND LENGTH OF REPAYMENT PERIOD
- MINIMUM PAYMENT OF \$10 A MONTH
- REPAYMENT PERIODS BASED ON TOTAL OUTSTANDING PRINCIPAL
 - LESS THAN \$25,000: 10 YEARS
 - \$25,000 TO LESS THAN \$50,000: 15 YEARS
 - \$50,000 TO LESS THAN \$100,000: 20 YEARS
 - \$100,000 OR MORE: 25 YEARS

OBBB REPAYMENT ASSISTANCE PLAN

**INCOME-BASED REPAYMENT ASSISTANCE PLAN (RAP) FOR ALL NEW LOANS
MADE ON OR AFTER JULY 1, 2026 AND ALL LOANS ON OR AFTER JULY 1, 2028:**

- ANNUAL BASE PAYMENT IS DETERMINED BY THE BORROWER'S RELEVANT ADJUSTED GROSS INCOME (AGI) AS FOLLOWS THEN DIVIDED BY 12 FOR MONTHLY PAYMENTS:
 - NOT MORE THAN \$10,000 IS \$120 (MINIMUM OF \$10 A MONTH)
 - \$10,000 AND NOT MORE THAN \$20,000 IS 1% OF AGI
 - \$20,000 AND NOT MORE THAN \$30,000 IS 2% OF AGI
 - \$30,000 AND NOT MORE THAN \$40,000 IS 3% OF AGI
 - \$40,000 AND NOT MORE THAN \$50,000 IS 4% OF AGI
 - \$50,000 AND NOT MORE THAN \$60,000 IS 5% OF AGI
 - \$60,000 AND NOT MORE THAN \$70,000 IS 6% OF AGI
 - \$70,000 AND NOT MORE THAN \$80,000 IS 7% OF AGI
 - \$80,000 AND NOT MORE THAN \$90,000 IS 8% OF AGI
 - \$90,000 AND NOT MORE THAN \$100,000 IS 9% OF AGI
 - \$100,000 OR MORE IS 10% OF AGI
- MONTHLY PAYMENT IS REDUCED BY \$50 FOR EACH DEPENDENT OF THE BORROWER

OBBB REPAYMENT ASSISTANCE PLAN

BALANCE ASSISTANCE FOR DISTRESSED BORROWERS

- **INTEREST SUBSIDY:** FOR EACH ON-TIME MONTHLY PAYMENT REQUIRED, ALL ACCRUED AND UNPAID INTEREST SHALL NOT BE CHARGED TO THE BORROWER.
- **PRINCIPAL REDUCTION PAYMENT:** FOR EACH ON-TIME REQUIRED MONTHLY PAYMENT
 - THAT IS NOT MADE DURING A PERIOD OF DEFERMENT OR FORBEARANCE,
 - MADE UNDER THE RAP PLAN AND REDUCES THE TOTAL OUTSTANDING PRINCIPAL BALANCE OF ALL LOANS OF THE BORROWER BY LESS THAN \$50,
 - THE SECRETARY SHALL REDUCE THE TOTAL OUTSTANDING PRINCIPAL BALANCE EQUAL TO:
 - THE LESSER OF \$50 OR THE TOTAL MONTHLY PRINCIPAL PAID BY THE BORROWER,
 - MINUS THE TOTAL RELEVANT PRINCIPAL MONTHLY AMOUNT PAID BY THE BORROWER

OBBB REPAYMENT ASSISTANCE PLAN

LOAN FORGIVENESS UNDER RAP EFFECTIVE ON THE DATE THE BORROWER HAS MADE 360 QUALIFYING PAYMENTS

THE SECRETARY SHALL CANCEL ANY OUTSTANDING BALANCE OF PRINCIPAL AND INTEREST DUE FOR BORROWER:

- WHO IS NOT CURRENTLY IN A PERIOD OF DEFERMENT OR FORBEARANCE,
- WHO, FOR ANY PERIOD OF TIME, PARTICIPATED IN THE RAP PLAN,
- WHOSE MOST RECENT PAYMENT FOR SUCH LOAN WAS MADE UNDER THE RAP PLAN, AND
- WHO HAS MADE 360 QUALIFYING PAYMENTS ON SUCH LOAN INCLUDING
 - ANY ON-TIME PAYMENTS MADE UNDER RAP
 - ANY REQUIRED MINIMUM MONTHLY PAYMENT UNDER ANY REPAYMENT PLAN
 - ANY MONTH DURING AN APPROVED DEFERMENT, FORBEARANCE, OR ECONOMIC HARDSHIP

OBBB REPAYMENT PLANS

MISCELLANEOUS REQUIREMENTS:

- IF THE BORROWER FAILS TO SELECT A PLAN, THE STANDARD REPAYMENT PLAN WILL APPLY TO ALL OUTSTANDING LOANS
- IF THE BORROWER FAILS TO PROVIDE REQUIRED INCOME DOCUMENTATION, THE SECRETARY SHALL CALCULATE PAYMENTS BASED ON A 10-YEAR STANDARD REPAYMENT PLAN UNTIL THE DATE THE REQUIRED INFORMATION IS PROVIDED
- BORROWERS CAN CHANGE BETWEEN THE STANDARD REPAYMENT PLAN AND THE REPAYMENT ASSISTANCE PLAN
- BORROWERS WITH EXCEPTED LOANS ARE REQUIRED TO PAY UNDER THE STANDARD REPAYMENT PLAN
 - FEDERAL DIRECT PLUS LOANS MADE ON BEHALF OF DEPENDENT STUDENTS
 - FEDERAL DIRECT CONSOLIDATION LOANS IF PROCEEDS WERE USED TO DISCHARGE CERTAIN LIABILITIES
- INCOME-CONTINGENT REPLACED WITH NEW STANDARD OR RAP PLANS (7/1/28)



OB BB MISCELLANEOUS CHANGES

CHANGES TO DEFERMENT OPTION:

- EXISTING UNEMPLOYMENT DEFERMENT SUNSETS ON JULY 1, 2027

CHANGES TO FORBEARANCE OPTIONS:

- EXISTING ECONOMIC FORBEARANCE SUNSETS ON JULY 1, 2027
- NEW FORBEARANCE OPTION EFFECTIVE ON JULY 1, 2027, AND LIMITS FORBEARANCE TO A MAXIMUM OF 9 MONTHS IN ANY 24-MONTH PERIOD

CHANGES TO REHABILITATION FOR DEFAULTED LOANS:

- ALLOWS REHABILITATION UP TO TWICE EFFECTIVE JULY 1, 2027, FOR FFELP, DIRECT, AND PERKINS LOANS
- REQUIRES A MINIMUM PAYMENT OF \$10 A MONTH EFFECTIVE JULY 1, 2027

CHANGES TO DEFERMENT AND FORBEARANCE OPTIONS MAY MAKE PREVENTING DELINQUENCIES AND DEFAULTS MORE CHALLENGING WITH REPAYMENT PLANS BEING THE PRIMARY SOLUTIONS WHEN DELINQUENCIES OCCUR.



2025 NEGOTIATED RULEMAKING

STATUS OF NEGOTIATED RULEMAKING FOR LOAN ISSUES:

- **PUBLIC SERVICE LOAN FORGIVENESS (PSLF).** [DOCKET ID ED-2025-OPE-0016]
 - BASED ON PRESIDENT TRUMP'S EXECUTIVE ORDER 14235 DATED MARCH 7, 2025
 - NEGOTIATIONS HELD JUNE 30 – JULY 2: CONSENSUS NOT REACHED
 - NPRM PUBLISHED AUGUST 18: COMMENTS DUE SEPTEMBER 17, 2025
 - FINAL REGULATIONS WILL BE PUBLISHED BY NOVEMBER 1, 2025 (EFF JULY 1, 2026)
- **NOTICE OF PROPOSED RULEMAKING (7/25/25).** [DOCKET ID ED-2025-OPE-0151]
 - BASED ON THE ONE BIG BEAUTIFUL BILL (PUB. L. 119-21 AKA H.R. 1)
 - PUBLIC HEARINGS WERE HELD VIRTUALLY ON AUGUST 7, 2025
 - TWO NEGOTIATED RULEMAKING COMMITTEES WILL BE FORMED:
 - REIMAGINING AND IMPROVING STUDENT EDUCATION (RISE) COMMITTEE ADDRESSING LOAN ISSUES
 - ACCOUNTABILITY IN HIGHER EDUCATION AND ACCESS THROUGH DEMAND-DRIVEN WORKFORCE PELL (AHEAD) COMMITTEE ADDRESSING INSTITUTIONAL AND PROGRAM ACCOUNTABILITY, PELL GRANTS, AND OTHER ISSUES



STRATEGIES TO HELP CURB THE CHAOS



STAY INFORMED!

THE LAWMAKERS AND REGULATORS ARE
MAKING SIGNIFICANT 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





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.

NOTE: IDR APPLICATIONS ARE BEING REJECTED WHEN BORROWERS OPT-IN FOR IRS DATA SHARING!

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!

The background of the slide is a light gray gradient. It is decorated with numerous realistic water droplets of various sizes. Some droplets are large and prominent, while others are small and subtle. They are scattered across the slide, with a higher concentration in the top-left and bottom-right corners, framing the central text.

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


The slide features a light gray background with several realistic water droplets of various sizes scattered across the top and bottom edges. The droplets have highlights and shadows, giving them a three-dimensional appearance.

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.

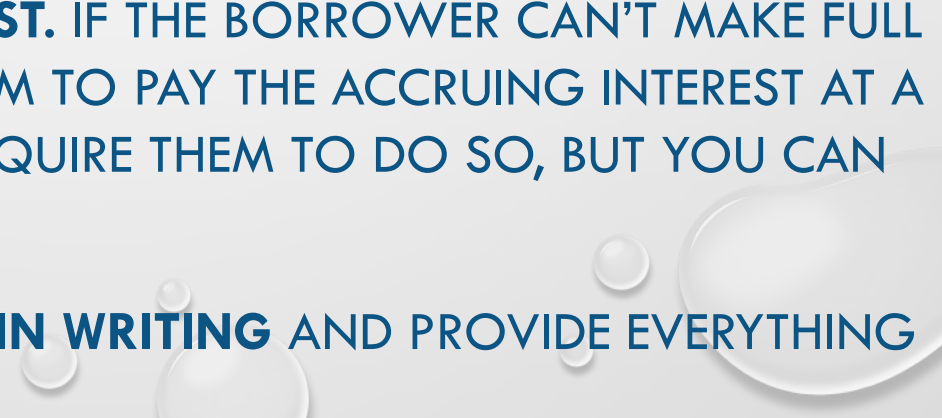


GOOD IMPRESSIONS ARE ESSENTIAL

- **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.
- 

The background of the slide is decorated with numerous realistic water droplets of various sizes, some appearing as if they are on the surface and others as if they are floating. The droplets are rendered with soft shadows and highlights, giving them a three-dimensional appearance. They are scattered across the slide, with a higher concentration in the top left and bottom right corners.

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 REPAYED.
 - **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.
- 



Q & A

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



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