

COHORT DEFAULT RATE (CDR) 2017

Defaulted federal student loans cost taxpayers money. By calculating cohort default rates, sanctioning schools with higher rates, and providing benefits to schools with lower rates, the Department creates an incentive for schools to work with borrowers to reduce defaults. As a result, cohort default rates help save taxpayers money.

On October 28, 2009, the Department of Education published in the Federal Register the regulations that will govern the calculation of the 3-year cohort default rates beginning with the FY 2009 cohort year. Section 436(e) of the Higher Education Opportunity Act of 2008 amended section 435(m) of the Higher Education Act of 1965 to implement the change from 2-year to 3-year cohort default rates. Section 436(e)(2) establishes FY 2009 as being the first cohort year that 3-year cohort default rates will be released.

For 3-year cohort default rate, the school's cohort default rate is the percentage of a school's borrowers who enter repayment in a fiscal year on certain William D. Ford Federal Direct Loans (Direct Loans) during that fiscal year and default before the end of the **second fiscal** year.

The 3-year cohort default rate for IAUPR are:

Cohort Default Rate Year (CDR)	Percent
CDR 2014 3-Years Draft	10.5
CDR 2013 3-Years Official	10.5
CDR 2012 3-Years Official	12.8

There are sanctions associated with high official cohort default rate. If a 3-year cohort default rate that is equal to or greater than 30 percent the school must establish a default prevention task force. This task force must prepare a plan to identify the factors causing the school's cohort default rate to exceed 30 percent and submit to the Department for review. In addition, schools with cohort default rates of *30 percent or greater for two consecutive years* will have to revise their plans to implement additional procedures and also could be subject to provisional certification. In the year 2014, schools that meet certain criteria will become subject to sanctions as a result of the 3-year cohort default rates.

Inter-American University of Puerto Rico (IAUPR) already established a Default Prevention and Management Plan since 2012. This plan provided strategies to reduce the default rate in the payment of students' educational loans of IAUPR. The University implemented a new Policy for the granting of loans to students.

After the application of our preventive measures and the development of strategies to accomplish the goals and objectives in the Default Prevention and Management, Inter-American University of Puerto Rico (IAUPR) reduced its 3-years default rate from 12.8% to 10.5%.

IAUPR Fajardo Campus will continue implementing the preventing measures to reduce the cohort default rate.

The following preventive measures have been taken:

1. The loan will not be offered, in the automatic evaluation process, to new students. Parent Plus loan will be offered to parents of new students, if needed.
2. The loan will not be offered, in the automatic evaluation process, to students on academic probation.
3. The loan will not be offered, in the automatic evaluation process, to students that have loan in the previous academic year.
4. The loan will not be offered, in the automatic evaluation process, to students that participated in the program, but who dropped out or left their studies in the previous academic year.
5. All students who wish to take loans at first time, must attend a counseling session as a condition for the loan to be awarded. This counseling is available through the Web for distance learning students and continuing participants in the Direct Loan Program. These students will be able to receive loans after being interviewed and counseled on their responsibilities regarding loans.