

Historically Black Colleges and Universities (HBCUs) Cohort Default Rate Sanction Summary

Section 435(a)(2) of the *Higher Education Act of 1965*, as amended, (*HEA*) provides that institutions lose eligibility to participate in the Federal Direct Loan and Federal Pell Grant programs when the institution's federal student loan Cohort Default Rate exceeds 30% for each of the three most recently completed federal fiscal years. Under Section 435(a)(7) of the *HEA*, an institution that has a Cohort Default Rate of 30% or greater for any one federal fiscal year is required to establish a Default Prevention Task Force to reduce defaults and prevent the loss of institutional eligibility.

HBCUs have deployed innovative approaches towards default management and reduction. Such strategies include implementation of a default management plan that engages stakeholders, identifies approaches to reducing default rates, and tracks measurable goals. These schools have increased borrower awareness of obligations through incorporating borrower topics at orientation sessions and providing enhanced entrance and exit counseling. Other best practices include borrower tracking, increased contact with delinquent borrowers, taking advantage of the cohort default rate challenge/adjustment/appeal processes, and partnering with other stakeholders to optimize default prevention, resolution, and reduction.

HBCUs are encouraged to continue to use an acceptable default management plan (such as found in Appendix B to 34 CFR 668 Subpart N).

Questions regarding the *Title IV* student financial assistance program eligibility status of these schools or other HBCUs should be forwarded to:

U.S. Department of Education
Federal Student Aid
Partner Eligibility and Oversight Services
Fsa.Schools.Default.Management@ed.gov
202-377-4259