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High Cohort Default Rates May Be Looming: Here's What You Need To Know

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The Cohort Default Rate (CDR) is one of the federal government's longest-standing higher education accountability measures and the only accountability metric applied to colleges and universities focused specifically on student loan outcomes. Its premise is simple and straightforward: if students borrow a federal student loan to attend college, colleges and universities should be held accountable when a large share of students cannot repay their loans.

During the COVID-19 pandemic-related student loan payment pause, most borrowers did not have to make payments on their loans nor enter default for several years. As a result, institutions have not faced default-related accountability since before the pandemic. Recently released Department of Education data show that over 1,800 colleges and universities have nonrepayment rates of 25% or higher. And while nonrepayment rates are not the same as defaults, they are indicative of borrowers' repayment outcomes and potential high future CDRs.

While much was written about CDR and associated reforms before the pandemic, the state of play for the student loan system is markedly different today. In collaboration with New America, our new report highlights the history of the CDR metric and how it's calculated, its critical role in higher education accountability, how CDR interacts with new student loan provisions in the *One Big Beautiful Bill Act*, and next steps to strengthen CDR.

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