Sen. Jack Reed (D-RI)
S. 1102 - Protect Student Borrowers Act of 2015
Co-sponsors: Sen. Warren (D-MA), Durbin (D-IL), Murphy (D-CT)

Rep. John Carney (D-DE)
H.R. 2364 - Protect Student Borrowers Act of 2015

Risk-sharing based on high cohort default rate (CDR)

Loan Participation Percentage
To be involved in risk-sharing for the fiscal year in question, an institution would have to have at least 25 percent of all its students enrolled taking out Stafford student loans.

Payments Based on CDR Percentage
The risk-sharing payments would be based on a percentage of the volume of the loans in default.

30 percent or higher CDR	-	20 percent of the volume of loans in default
25-29 percent	-	15 percent
20-24 percent	-	10 percent
15-19 percent	-	5 percent

Reduction of 5 percent of the risk-sharing payment for approved institutional student loan management plans for those institutions with CDRs of 20 percent or higher. Institutions with a CDR of less than 20 percent may receive a waiver of the payment if it has an approved student loan management plan.

Student Loan Management Plan
The student loan management plan includes an analysis of the institutional default risk factors and plans to address them, including individualized financial aid counseling.

Waivers and Reductions of Payments
The Secretary may waive or reduce risk-sharing payments for institutions eligible for funds under:

Title III A (Strengthening Institutions) or B (Historically Black Colleges and Universities)
Title V (Developing Institutions) or
Secretary determines an institution is making satisfactory progress under its management plan.

Student Admissions
An institution may not deny admission or aid on the perception that the student may default.

Use of Risk-sharing Fund
Risk-sharing payments will go to a separate fund, 50 percent of which may be used by the Secretary for contracts or cooperative agreements for delinquency and default prevention or rehabilitation. The remainder would be used for shortfalls in the Pell Grant program.