Risk-Sharing Comparison				
Reed – S. 1102/Carney – H.R. 2364			Shaheen – S. 1939	
Risk indicator	Cohort default Rate		Loan Repayment Rate	
Affected Institutions	Have 25% of students with direct loans and a cohort default rate (CDR) over 15%		30 borrowers in repayment in fiscal year (Does not include less than 2-year institutions.)	Non-repayment rate exceeds school's total loan volume times average unemployment rate*
Risk Thresholds	CDR	% of dollars in default	Repayment rate of 45% or below	Based on excess of non-repayment loan volume
	30 % or higher 25-29% 20-24% 15-19%	20% of volume 15% 10% 5%		
Penalty	Payment to Department of Education based on volume of defaulted dollars. Penalty increases with increase in CDR. See above for percentages.		Loss of eligibility for loans, including PLUS and Perkins and Pell Grant	Payment to the Department of 20% of the amount non-repayment loans exceed total loan volume times unemployment rate for the period
Waivers and Reductions	1.Waivers for Title III, Title V, and improvement 2.Penalty reduction for student loan management plans		Appeals possible	
Use of Funds	Default Prevention and Pell Grant shortfall		College Opportunity Bonus Program: Additional aid for Pell recipients, support, accelerated learning (Based on number and amount of Pell Grants)	
Other	Can't deny admission or aid based on perception that student will default.			
Bill co-sponsors	Sen. Warren (D-MA), Sen. Durbin (D-IL), and Sen. Murphy (D-CT)		Sen. Hatch (R-UT)	

Shaheen risk-sharing formula = 20% (**non**-repayment loan volume – (total loan volume x average unemployment rate): Examples: $500,000 in loans at 10% and 45% non-payment rates; 5% average unemployment rate

.2($50,000 [$500,000 x .1] - $25,000 [$500,000 x .05]) =

.2 x $25,000 = **$5,000**

.2($225,000 [$500,000 x .45] - $25,000 [$500,000 x .05]) =

.2 x $200,000 = **$40,000**