



What is the Cohort Default Rate Guide?

The “Cohort Default Rate Guide” (Guide) is a publication that the U.S. Department of Education (the Department) designed to assist schools with their Federal Family Education Loan (FFEL) Program and William D. Ford Federal Direct Loan (Direct Loan) Program cohort default rate data. This Guide should be used as a reference tool in understanding cohort default rates and processes. This Guide is effective until the Department withdraws it, changes it, or publishes other guidance. The most recent version of this Guide is posted under “Default Rate Materials” on the Information for Financial Aid Professionals (IFAP) Web site (ifap.ed.gov).

The information found in this Guide does not supersede or alter any regulatory or statutory requirements that are in effect. If the information in this Guide conflicts with the regulations or statute, the regulations and/or statute take precedence. The legislation authorizing the FFEL and Direct Loan programs can be found in Title IV of the Higher Education Act (HEA) of 1965, as amended. The regulations for cohort default rates are primarily in [Subparts M](#) and [N](#) of Section 668 of the Code of Federal Regulations (CFR).

What kind of cohort default rates are not covered in this Guide?

The Department also publishes FFEL cohort default rates for guaranty agencies and lenders. For information on guaranty agency and lender cohort default rates, call the Department at 1-202-377-3053 or visit the Information for Financial Aid Professionals (IFAP) Web site <<http://www.ifap.ed.gov>>.

The Department publishes a [Cohort Default Rate Guide for Lenders and Guaranty Agencies](#).

In addition, the Department publishes Federal Perkins Loan Program cohort default rates for schools. For information on Federal Perkins Loan Program cohort default rates, call the Department at 1-877-801-7168, or go to the [Perkins Cohort Default Rate Booklet](#).

How is this Guide organized?

The Guide uses a two-thirds/one-third layout, where two-thirds of the page contains text and one-third of the page is a margin. The margins contain illustrations designed to assist you with understanding the material in the Guide. The margins also provide a space for notes that you may wish to take while reading the Guide.

The material in this Guide is organized into four parts. Each part is further divided into chapters. The four parts are:

Part I—Introduction

Part II—General Information

Part Two consists of five chapters.

- ◆ These chapters cover calculating cohort default rates (2.1), how schools get the rates and loan data (2.2), the loan record detail report (2.3), cohort default rate effects (2.4), and change in status and evasion (2.5).

Part III—Strategy

Part Three consists of three chapters.

- ◆ The first chapter (3.1) discusses the school's options for responding to the draft and official school cohort default rate releases.
- ◆ The second chapter (3.2) discusses how a school can anticipate and resolve repayment problems by monitoring the enrollment and repayment status of its students and former students who have borrowed FFEL or Direct Loans.
- ◆ The final chapter (3.3) contains strategies for data manager.

Part IV—Challenges, Adjustments, and Appeals

Part Four consists of 10 chapters.

- ◆ The first eight chapters (4.1-4.8) deal with the eight types of challenges, adjustments, and appeals a school may initiate.
- ◆ The next two chapters (4.9 and 4.10) discuss the two types of appeals the Department usually initiates.

All 10 of these chapters contain detailed discussions of the challenge, adjustment, or appeal that is the subject of the chapter.

This Guide also includes a Glossary.

There are several major changes in this version of the Guide from previous versions of the Guide. These include—

- ◆ Information on the change from the 2-year cohort default rate to the 3-year cohort default rate
- ◆ Updated information on the electronic cohort default rate appeals system
- ◆ Updated LRDR layouts

How to Use this Guide

Background

To learn how the Department calculates a school's cohort default rate	2.1
To find out how cohort default rates affect your school's eligibility	2.4
To find out the effects of a change in the school's status and evasion	2.5
To request cohort default rate files or Loan Record Detail Reports	2.2
To see contents and layout of the Loan Record Detail Report	2.3
[Schools] To find out how to respond to draft and official cohort default rates	3.1
To learn how to prevent defaults by monitoring the loan repayment of your school's students and former students year-round	3.2
[Data managers] To learn about cohort default rate strategies for data managers	3.3

Challenges, Adjustments, & Appeals

To challenge draft cohort default rate data based on	
• incorrect data	4.1
• low borrower participation rate	4.2
To submit an adjustment to FINAL cohort default rate data based on	
• uncorrected data	4.3
• new data	4.4
To submit an appeal to a FINAL cohort default rate based on	
• erroneous data	4.5
• loan servicing errors	4.6
• a high number of economically disadvantaged students	4.7
• a low participation rate index	4.8
• average rates	4.9
• thirty-or fewer borrowers	4.10

Providing Feedback about this Guide

The Department is interested in receiving feedback regarding the new Guide. If you have questions, comments, or suggestions concerning the content, format, and/or structure of this Guide, please photocopy, fill out, and return the user comment page to:

U.S. Department of Education
 Operations Performance Division
 Union Center Plaza 114B4
 400 Maryland Avenue, SW
 Washington, DC 20202-5353

You may also send comments via email to: fsa.schools.default.management@ed.gov

User Comments on the Cohort Default Rate Guide

Please answer the following questions.

Was the Guide easy to understand?	YES	NO
Did you like the separation of information?	YES	NO
Did this format make it easier for you to prepare a challenge or response?	YES	NO
Did this format make it easier for you to prepare an adjustment or response?	YES	NO
Did this format make it easier for you to prepare an appeal or response?	YES	NO
Were the instructions and spreadsheets easy to follow and understand?	YES	NO
Are there issues not discussed in the Guide that you would like to see in future editions?	YES	NO

General Comments

The following information is optional. The Department may contact you for further clarification on your comments.

Organization Name: _____

School OPE ID # (if applicable): _____

Organization Mailing Address: _____

Person completing this form: _____

Telephone number: _____ - _____ - _____

Email address: _____