

# Contents

## Cohort Default Rate Guide

### Part 1 INTRODUCTION

---

#### Introduction

### Part 2 GENERAL INFORMATION

---

#### 2.1 How the Rates are Calculated

<i>What is a cohort default rate? .....</i>	<i>2.1.1</i>
<i>Which types of loans are included in the cohort default rate calculation? .....</i>	<i>2.1.2</i>
<i>How does the Department calculate a school's cohort default rate? .....</i>	<i>2.1.2</i>
<i>Which formula does the Department use to calculate a school's DRAFT cohort default rate? .....</i>	<i>2.1.6</i>
<i>Which formula does the Department use to calculate a school's OFFICIAL cohort default rate? .....</i>	<i>2.1.6</i>
<i>Which borrowers are placed in the denominator of the cohort default rate calculation? .....</i>	<i>2.1.9</i>
<i>Which borrowers are placed in the numerator of the cohort default rate calculation? .....</i>	<i>2.1.9</i>
<i>How do consolidation loans affect the numerator of the cohort default rate calculation? .....</i>	<i>2.1.10</i>
<i>How does loan rehabilitation affect the numerator of the cohort default rate calculation? .....</i>	<i>2.1. 10</i>
<i>What special circumstances affect whether a borrower will be included in the cohort default rate calculation?.....</i>	<i>2.1. 10</i>

#### 2.2 How Schools Get the Rates & Loan Data

<i>When are cohort default rates sent to schools?.....</i>	<i>2.2.1</i>
<i>Who receives cohort default rate information?.....</i>	<i>2.2.1</i>
<i>How does the Department send cohort default rate information to schools? .....</i>	<i>2.2.1</i>
<i>What is included in the eCDR package? .....</i>	<i>2.2.1</i>
<i>How does a school request a copy of the LRDR from NSLDS? .....</i>	<i>2.2.2</i>
<i>When may a school request a copy of the LRDR?.....</i>	<i>2.2.3</i>
<i>What LRDR data is sent to a school that has been involved in a change of status? .....</i>	<i>2.2.3</i>

## **2.3 Reviewing the Loan Record Detail Report**

<i>What is a loan record detail report (LRDR)?</i> .....	2.3.1
<i>Why should a school review the LRDR for the DRAFT cohort default rates?</i> .....	2.3.1
<i>Why should a school review the LRDR for the OFFICIAL cohort default rates?</i> .....	2.3.1
<i>How does a school determine if there is inaccurate data on the LRDR?</i> .....	2.3.2
<i>How does a school review its cohort default rate data?</i> .....	2.3.2
<i>Are the LRDRs subject to the Privacy Act?</i> .....	2.3.3
<i>Chart</i> <input type="checkbox"/> <b>►</b> <i>Reading the Loan Record Detail Report</i> .....	2.3.4
<i>Chart</i> <input type="checkbox"/> <b>►</b> <i>Extract File Layouts</i> .....	2.3.10

## **2.4 Cohort Default Rate Effects**

<i>Why are cohort default rates important?</i> .....	2.4.1
<i>Why is it important to review the data for DRAFT cohort default rates?</i> .....	2.4.1
<i>Will a school's DRAFT and OFFICIAL cohort default rate data be the same?</i> .....	2.4.1
<i>Are there any benefits for schools with low official cohort default rates?</i> .....	2.4.2
<i>Are there any sanctions associated with high official cohort default rates?</i> .....	2.4.3
<i>Can a school avoid the sanctions associated with high official cohort default rates?</i> .....	2.4.4
<i>Are there any consequences if a school submits adjustments and/or appeals but fails to avoid sanctions?</i> .....	2.4.5
<i>If a school is subject to a sanction, when does the sanction take effect?</i> .....	2.4.5
<i>How does a school withdraw from or reapply for participation in the Title IV loan programs?</i> .....	2.4.6

## **2.5 Change in Status and Evasion**

<i>What is a change in status?</i> .....	2.5.1
<i>How does a school's change in status affect the school's cohort default rate?</i> .....	2.5.2
<i>How does a school notify the Department of a possible future change in status?</i> .....	2.5.2
<i>What types of actions are considered attempts to evade cohort default rate consequences?</i> .....	2.5.4
<i>How does a change in status affect a school that was subject to sanction at the time of the change?</i> .....	2.5.4

## Part 3 STRATEGY

---

### 3.1 Reviewing Rates and Loan Data

<i>Why should a school official review this chapter?</i> .....	3.1.1
<i>How can a school ensure that its internal offices communicate and respond in a timely manner?</i> .....	3.1.1
<i>How can a school ensure timely communication with its external partners?</i> .....	3.1.1
<i>Which school office receives cohort default rate correspondence?</i> .....	3.1.1
<i>What actions can a school take to help process the draft and official cohort default rates?</i> .....	3.1.1
<i>How can a school prepare for the release of the cohort default rates?</i> .....	3.1.2
<i>How does a school determine if it should submit a challenge, adjustment, or appeal?</i> .....	3.1.3
<i>Why should a school that is not subject to sanction contest inaccurate data on the LRDR?</i> .....	3.1.3
<i>What types of allegations may a school submit to contest data on the LRDR?</i> .....	3.1.7
<i>What supporting documentation does a school need to submit when contesting data on the LRDR?</i> .....	3.1.7
<i>Does a school need to submit LRDR pages with its allegations?</i> .....	3.1.8
<i>What specific allegations and supporting documentation can a school submit when contesting data on the LRDR?</i> .....	3.1.8

### 3.2 Monitoring Loan Repayment Status Throughout the Year Using NSLDS Reports

<i>What kinds of information should a school track before the release of the cohort default rates?</i> .....	3.2.1
<i>What are the benefits of reviewing repayment information regularly?</i> .....	3.2.1
<i>How can I find out the current repayment status of students from my school?</i> .....	3.2.1
<i>How can I find out when student borrowers at my school are scheduled to go into repayment?</i> .....	3.2.2
<i>How can I get a list of students from my school whose loans have defaulted?</i> .....	3.2.2
<i>What other types of repayment information are available?</i> .....	3.2.2
<i>Is repayment information subject to the Privacy Act?</i> .....	3.2.3
<i>What is the DELQ01 Report?</i> .....	3.2.3
<i>What is the SCHPR2 Report?</i> .....	3.2.4

### 3.3 Data Manager Strategies and Reports

<i>Why should a data manager review this chapter?</i> .....	3.3.1
<i>What strategies can a data manager employ before the release of the draft and official cohort default rates?</i> .....	3.3.1
<i>What strategies can a data manager employ to help process challenges, adjustments, and appeals?</i> .....	3.3.2
<i>What should a data manager do if it receives an incorrect submission from a school?</i> .....	3.3.2
<i>What should a data manager do if the school's challenge, adjustment, or appeal is successful?</i> .....	3.3.3

## **Part 4 CHALLENGES, ADJUSTMENTS, AND APPEALS**

---

### **4.1 Incorrect Data Challenge**

<i>What is an incorrect data challenge? .....</i>	<i>4.1.1</i>
<i>Which schools are eligible to submit an incorrect data challenge? .....</i>	<i>4.1.1</i>
<i>What benefit will a school gain from submitting an incorrect data challenge? .....</i>	<i>4.1.2</i>
<i>What roles do the Department and data managers have in a school's incorrect data challenge? .....</i>	<i>4.1.2</i>
<i>When must a school submit an incorrect data challenge? .....</i>	<i>4.1.3</i>
<i>How does a school submit an incorrect data challenge? .....</i>	<i>4.1.3</i>
<i>How does a school register to use eCDR Appeals?.....</i>	<i>4.1.3</i>
<i>Where can a new user find guidance on submitting an incorrect data challenge using eCDR Appeals?.....</i>	<i>4.1.3</i>
<i>What information must a school gather to prepare its incorrect data challenge?.....</i>	<i>4.1.4</i>
<i>How does a data manager respond to a school's incorrect data challenge? .....</i>	<i>4.1.4</i>
<i>What does DPM do with a data manager's incorrect data challenge response? .....</i>	<i>4.1.4</i>
<i>What does a school do with a data manager's incorrect data challenge response?.....</i>	<i>4.1.6</i>
<i>What does the Department do with a data manager's incorrect data challenge response?.....</i>	<i>4.1.6</i>
<i>What happens after the Department has completed its review of the incorrect data challenge? .....</i>	<i>4.1.12</i>

### **4.2 Participation Rate Index Challenge**

<i>What is a participation rate index challenge? .....</i>	<i>4.2.1</i>
<i>Which cohort default rate can be used to determine a participation rate index challenge?.....</i>	<i>4.2.2</i>
<i>Which schools are eligible to submit a participation rate index challenge? .....</i>	<i>4.2.3</i>
<i>What benefit will a school gain from submitting a participation rate index challenge?.....</i>	<i>4.2.3</i>
<i>Are participation rate index challenges based on a specific period of time? .....</i>	<i>4.2.3</i>
<i>How does a school calculate its participation rate index? .....</i>	<i>4.2.5</i>
<i>Does a school need to wait until the draft cohort default rate is released to prepare its participation rate index challenge?.....</i>	<i>4.2.7</i>
<i>What roles do the Department and data managers have in a school's participation rate index challenge?.....</i>	<i>4.2.7</i>

<i>What is a participation rate index challenge?</i> .....	4.2.1
<i>Which cohort default rate can be used to determine a participation rate index challenge?</i> .....	4.2.1
<i>Which schools are eligible to submit a participation rate index challenge?</i> .....	4.2.2
<i>What benefit will a school gain from submitting a participation rate index challenge?</i> .....	4.2.2
<i>Are participation rate index challenges based on a specific period of time?</i> .....	4.2.2
<i>How does a school calculate its participation rate index?</i> .....	4.2.3
<i>Does a school need to wait until the draft cohort default rate is released to prepare its participation rate index challenge?</i> .....	4.2.6
<i>What roles do the Department and data managers have in a school's participation rate index challenge?</i> .....	4.2.6
<i>What materials must a school submit as part of a participation rate index challenge?</i> .....	4.2.8
<i>How does a school submit a participation rate index challenge?</i> .....	4.2.9
<i>What happens after the school submits the participation rate index challenge?</i> .....	4.2.8
<i>What happens to a school's participation rate index challenge after the release of the official cohort default rates?</i> .....	4.2.8

### **4.3   Uncorrected Data Adjustment**

<i>What is an uncorrected data adjustment?</i> .....	4.3.1
<i>Which schools are eligible to submit an uncorrected data adjustment?</i> .....	4.3.2
<i>What benefit will a school gain from submitting an uncorrected data adjustment?</i> .....	4.3.2
<i>What roles do data managers have in a school's uncorrected data adjustment?</i> .....	4.3.2
<i>How does a school prepare an uncorrected data adjustment?</i> .....	4.3.3
<i>What happens after the school submits the uncorrected data adjustment?</i> .....	4.3.4
<i>Uncorrected Data Adjustment Checklist</i> .....	4.3.7

### **4.4   New Data Adjustment**

<i>What is a new data adjustment?</i> .....	4.4.1
<i>What is new data?</i> .....	4.4.1
<i>What benefit will a school gain from submitting a new data adjustment?</i> .....	4.4.2
<i>What roles do the Department and data managers have in a school's new data adjustment?</i> .....	4.4.2
<i>How does a school submit new data adjustment allegations to a data manager?</i> .....	4.4.3
<i>How does a data manager respond to a school's new data adjustment allegations?</i> .....	4.4.5
<i>What does a school do with the data manager's new data adjustment allegations response?</i> .....	4.4.8
<i>What happens after the school submits the new data adjustment?</i> .....	4.4.10
<i>New Data Adjustment Checklists</i> .....	4.4.14

<i>What is a new data adjustment?</i> .....	4.4.1
<i>What is new data ?</i> .....	4.4.1
<i>What benefit will a school gain from submitting a new data adjustment?</i> .....	4.4.2
<i>What roles do the Department and data managers have in a school's new data adjustment?</i> .....	4.4.2
<i>How does a school submit new data adjustment allegations to a data manager?</i> .....	4.4.3
<i>How does a data manager respond to a school's new data adjustment allegations?</i> .....	4.4.5
<i>What does a school do with the data manager's new data adjustment allegations response?</i> .....	4.4.8
<i>What happens after the school submits the new data adjustment?</i> .....	4.4.10
<i>New Data Adjustment Checklists</i> .....	4.4.14

## **4.5 Erroneous Data Appeal**

<i>What is an erroneous data appeal?</i> .....	4.5.1
<i>What is new data?</i> .....	4.5.1
<i>What if the new data is correct?</i> .....	4.5.2
<i>What is disputed data?</i> .....	4.5.2
<i>Which schools are eligible to submit an erroneous data appeal?</i> .....	4.5.2
<i>What benefit will a school gain from submitting an erroneous data appeal?</i> .....	4.5.3
<i>What roles do the Department and data managers have in a school's erroneous data appeal?</i> .....	4.5.3
<i>How does a school submit erroneous data appeal allegations to a data manager?</i> .....	4.5.4
<i>How does a school identify the data manager of a loan?</i> .....	4.5.6
<i>How does a data manager respond to a school's erroneous data appeal allegations?</i> .....	4.5.6
<i>What does a school do with the data manager's erroneous data appeal allegations response?</i> .....	4.5.9
<i>What happens after the school submits the erroneous data appeal?</i> .....	4.5.12
<i>How does provisional certification affect a school's ability to submit an erroneous data appeal?</i> .....	4.5.13
<i>Erroneous Data Appeal Checklists</i> .....	4.5.18

## **4.6 Loan Servicing Appeal**

<i>What is a loan servicing appeal?</i> .....	4.6.1
<i>When is a defaulted FFEL considered improperly serviced for cohort default rate purposes?</i> .....	4.6.2
<i>When is a defaulted Direct Loan considered improperly serviced for cohort default rate purposes?</i> .....	4.6.2
<i>Which schools are eligible to submit a loan servicing appeal?</i> .....	4.6.3
<i>What benefit will a school gain from submitting a loan servicing appeal?</i> .....	4.6.3
<i>What roles do the Department and data managers have in a school's loan servicing appeal?</i> .....	4.6.4

<i>What is a loan servicing appeal?</i> .....	4.6.1
<i>When is a defaulted FFEL considered improperly serviced for cohort default rate purposes?</i> .....	4.6.2
<i>When is a defaulted Direct Loan considered improperly serviced for cohort default rate purposes?</i> .....	4.6.2
<i>Which schools are eligible to submit a loan servicing appeal?</i> .....	4.6.3
<i>What benefit will a school gain from submitting a loan servicing appeal?</i> .....	4.6.3
<i>What roles do the Department and data managers have in a school's loan servicing appeal?</i> .....	4.6.4
<i>How does a school submit a request for loan servicing records?</i> .....	4.6.5
<i>How does a school identify the data manager of a loan?</i> .....	4.6.6
<i>What does a data manager do when it receives a school's request for loan servicing records?</i> .....	4.6.6
<i>What if the data manager requires that a fee be paid to obtain loan servicing records?</i> .....	4.6.8
<i>How does a data manager respond after it determines that it is appropriate to send the loan servicing records?</i> .....	4.6.9
<i>What does the school do with the data manager's response to the school's request for loan servicing records?</i> .....	4.6.11
<i>What happens after the school submits the loan servicing appeal?</i> .....	4.6.13
<i>Loan Servicing Appeal Checklists</i> .....	4.6.18

## **4.7 Economically Disadvantaged Appeal**

<i>What is an economically disadvantaged appeal?</i> .....	4.7.1
<i>What benefit will a school gain from submitting an economically disadvantaged appeal?</i> .....	4.7.2
<i>Are economically disadvantaged appeals based on a specific period of time?</i> .....	4.7.2
<i>How does a school calculate its low-income rate?</i> .....	4.7.3
<i>How does a non-degree-granting school calculate its placement rate?</i> .....	4.7.5
<i>How does a degree-granting school calculate its completion rate?</i> .....	4.7.6
<i>Does a school need to wait until it receives a notice of loss of eligibility to calculate its low- income rate and placement rate or low-income rate and completion rate?</i> .....	4.7.8
<i>How does a school submit an economically disadvantaged appeal?</i> .....	4.7.8
<i>How does an independent auditor review the management's written assertion?</i> .....	4.7.11
<i>What happens after the school submits the independent auditor's written opinion?</i> .....	4.7.11
<i>What roles do data managers have in a school's economically disadvantaged appeal?</i> .....	4.7.12
<i>Economically Disadvantaged Appeal Checklists</i> .....	4.7.17

## **4.8 Participation Rate Index Appeal**

<i>What is a participation rate index appeal?</i> .....	4.8.1
<i>Which cohort default rate can be used to determine a participation rate index appeal?</i> .....	4.8.1
<i>Which schools are eligible to submit a participation rate index appeal?</i> .....	4.8.2
<i>What benefit will a school gain from submitting a participation rate index appeal?</i> .....	4.8.2
<i>Are participation rate index appeals based on a specific period of time?</i> .....	4.8.2
<i>How does a school calculate its participation rate index?</i> .....	4.8.3
<i>Does a school need to wait until the official cohort default rate is released to prepare its participation rate index appeal?</i> .....	4.8.5
<i>What roles do the Department and data managers have in a school's participation rate index appeal?</i> .....	4.8.5
<i>What materials must a school submit as part of a participation rate index appeal?</i> .....	4.8.6
<i>What happens after the school submits the participation rate index appeal?</i> .....	4.8.8
<i>Participation Rate Index Appeal Checklists</i> .....	4.8.10

## **4.9 Average Rates Appeal**

<i>What is an average rates appeal?</i> .....	4.9.1
<i>How does a school qualify for a successful average rates appeal if the school is subject to sanction because of three consecutive cohort default rates that are 25.0 percent or greater?</i> .....	4.9.1
<i>How does a school qualify for a successful average rates appeal if the school is subject to sanction because of a cohort default rate that is greater than 40.0 percent?</i> .....	4.9.2
<i>How does the average rates appeal process begin?</i> .....	4.9.2
<i>What if a school disagrees with the initial determination by DPM?</i> .....	4.9.2
<i>Average Rates Appeal Checklists</i> .....	4.9.4

## **4.10 Thirty-or-Fewer Borrowers Appeal**

<i>What is a thirty-or-fewer borrowers appeal?</i> .....	4.10.1
<i>How does a school qualify for a successful thirty-or-fewer borrowers appeal?</i> .....	4.10.1
<i>How does the thirty-or-fewer borrowers appeal process begin?</i> .....	4.10.1
<i>What if a school disagrees with the initial determination by DPM?</i> .....	4.10.2
<i>Thirty-or-Fewer Borrowers Appeal Checklist</i> .....	4.10.2

## **Glossary**

## **Appendix A: Timeline Chart**

## **Appendix B: Regulations**

**NOTE:** *All Templates for Spreadsheets are posted on the Default Prevention & Management website at*

*<http://www.ifap.ed.gov/DefaultManagement/guide/TemplatesSpreadshts.html>*