

# ***Introduction***

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# Introduction

## 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. Therefore, do not discard this publication. An electronic version of this Guide is available at

<http://sfa4schools.sfa.ed.gov>

or

<http://www.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 Subpart M 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 1-202-401-7482 or visit the Department’s website at

<http://sfa4schools.sfa.ed.gov>

or

<http://www.ed.gov/offices/OSFAP/IGAL>

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 1-202-708-7741.

## How is this Guide organized?

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 One consists of this introduction.

### Part II General Information

Part Two consists of six chapters.

- ❖ Five of these chapters cover calculating cohort default rates (2.1), cohort default rate effects (2.2), the loan record detail report (2.3), change in status and evasion (2.4), and Department offices and addresses (2.5).
- ❖ The final chapter (2.6) contains various tools to assist a school in reading a loan record detail report and reading detailed repayment information. These tools include data manager codes and data manager contact information.

### Part III Strategy

Part Three consists of three chapters.

- ❖ The first two chapters contain school cohort default rate strategies (3.1) and data manager cohort default rate strategies (3.2).
- ❖ The final chapter (3.3) contains various strategy-related tools. These tools include repayment information, school records spreadsheets, and data manager monthly status reports.

### Part IV Challenges, Adjustments, and Appeals

Part Four consists of 11 chapters.

- ❖ The first eight chapters in Part Four 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.

- ❖ The final chapter (4.11) contains tools to assist a school when submitting a challenge, adjustment, or appeal and, when appropriate, tools to assist a data manager when responding to a challenge, adjustment, or appeal.

There is also a contents section at the beginning of the Guide and there are three reference sections at the end of the Guide.

- ❖ The contents section includes a two-page overview of the Guide's contents, a detailed table of contents that lists every section of each chapter, and a table of figures that lists each figure that appears in the Guide.
- ❖ The reference sections consist of a glossary containing brief definitions of some of the important terms used in the Guide, an index showing the page number where important terms are located within the Guide, and an appendix that reprints the CFR section relevant to cohort default rates.

### **How does this version of the Guide differ from previous versions of the Guide?**

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

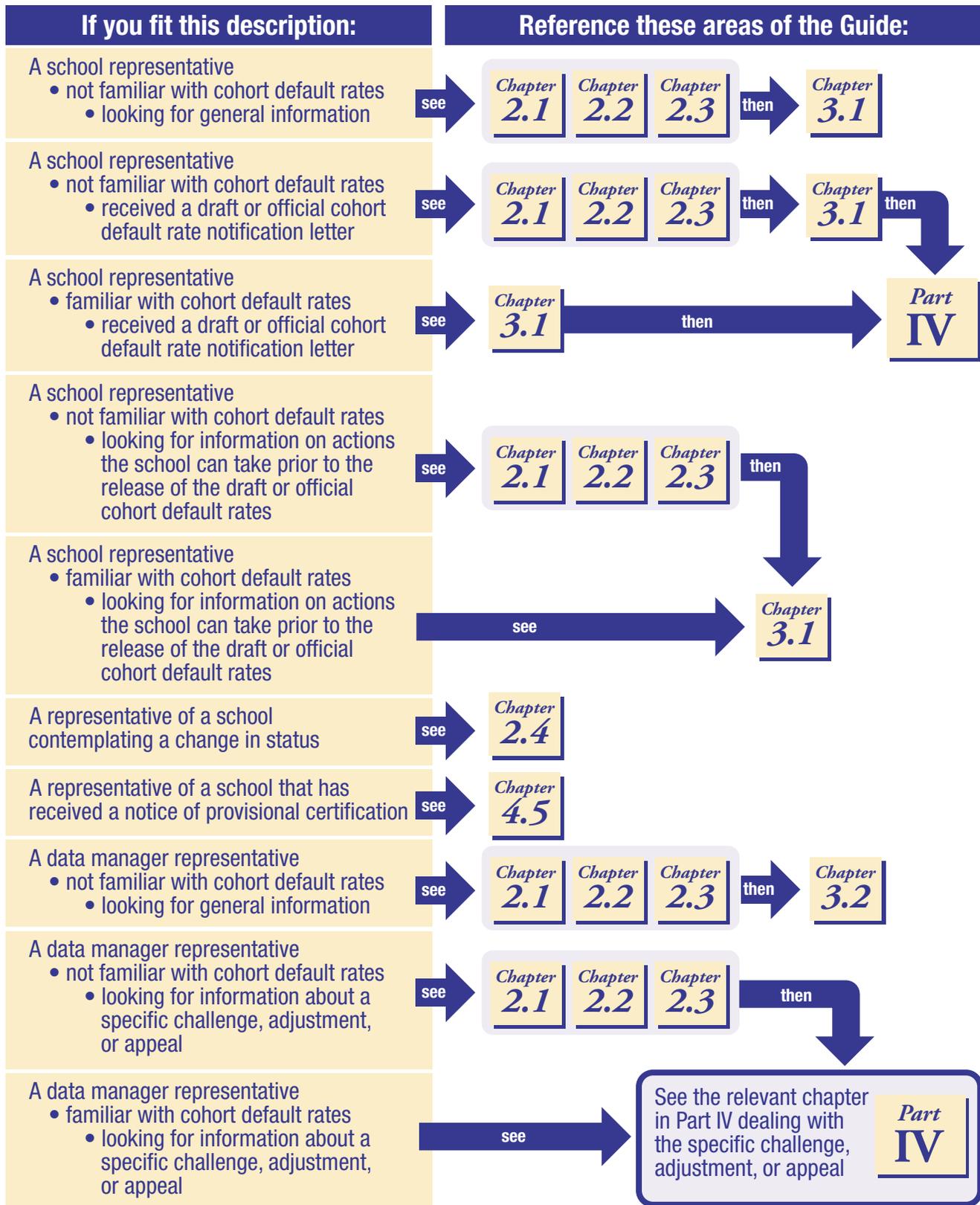
- ❖ combining the two former guides, the "Draft Cohort Default Rate Guide" and the "Official Cohort Default Rate Guide," into one guide;
- ❖ incorporating the new regulations that became effective on July 1, 2001
- ❖ creating the strategy and reference sections;
- ❖ referring to the Direct Loan Servicer, guaranty agencies, and, in certain circumstances, Default Management, lenders, and FFEL servicers as data managers;
- ❖ combining school information and data manager information relating to the various challenges, adjustments, and appeals into the same chapter instead of dividing the information into separate chapters;
- ❖ rewriting the Guide to make it clearer and easier to understand and use; and
- ❖ redesigning the Guide so that future changes can be handled by sending out supplements.

**Figure 1.1.1**

How to Use this Guide

**How does a school or data manager use this Guide?**

Figure 1.1.1 provides examples of how a reader should use the Guide based on the reader's situation.



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.

In the margin at the start of each chapter you will find a reference to the section of the CFR that applies to that chapter. You will find the sections of the CFR dealing with cohort default rates in Appendix A.

**How can a school or data manager provide feedback on 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 or call the Department's Default Management office at 1-202-708-6048. You may also send comments via email to

SFA.schools.default.management@ed.gov

A user comment page is at the end of this chapter. If sent by commercial overnight mail/courier delivery, the address is

U.S. Department of Education  
Default Management  
830 First Street, NE  
Washington, DC 20002

If sent by U.S. Postal Service, the address is

U.S. Department of Education  
Default Management  
400 Maryland Avenue, SW  
Washington, DC 20202-5353

### 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

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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: \_\_\_\_\_

