

Session #16

Five Steps to Effective Cohort Default Rates Management

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Step 1. Understanding the Cohort Default Rate Formula

- The Cohort Default Rate (CDR) is a percentage of the number of borrowers that enter repayment in a fiscal year (FY) and default within the *cohort period*
- In 2012 two *cohort rates* will be released; the FY 2010 2-year and the FY 2009 3-year



Institutional CDR Calculations By CDR Year

CDR	Denominator: Enter Repayment	Numerator Default	Publish Rates	Cohorts used for Sanctions
FY 2009 (3-year)	10/1/08-9/30/09	10/1/08-9/30/11	September 2012	No Sanction
FY 2010 (2-year)	10/1/09-9/30/10	10/1/09-9/30/11	September 2012	FY 08, FY 09, FY 10
FY 2010 (3-year)	10/1/09-9/30/10	10/1/09-9/30/12	September 2013	No Sanction
FY 2011 (2-year)	10/1/10-9/30/11	10/1/10-9/30/12	September 2013	FY 09, FY 10, FY 11
FY 2011 (3-year)	10/1/10-9/30/11	10/1/10-9/30/13	September 2014	FY 09, FY 10, FY 11

2014 is the first year schools will be subject to sanction for FY 2011 3-Year cohort default rates



Step 1. Understanding the CDR Formula (cont'd)

The Denominator is the percentage of a school's borrowers who enter repayment on certain Federal Family Education Loan Program (FFEL) or William D. Ford Federal Direct Loan Program (Direct Loans) loans during a particular federal FY, which is from October 1 to September 30.



Step 1. Understanding the CDR Formula (cont'd)

The 2-year Numerator is the percentage of a school's borrowers who enter repayment on certain FFEL Program or Direct Loan Program loans during a particular federal FY and defaults prior to the end of the *next* fiscal year.

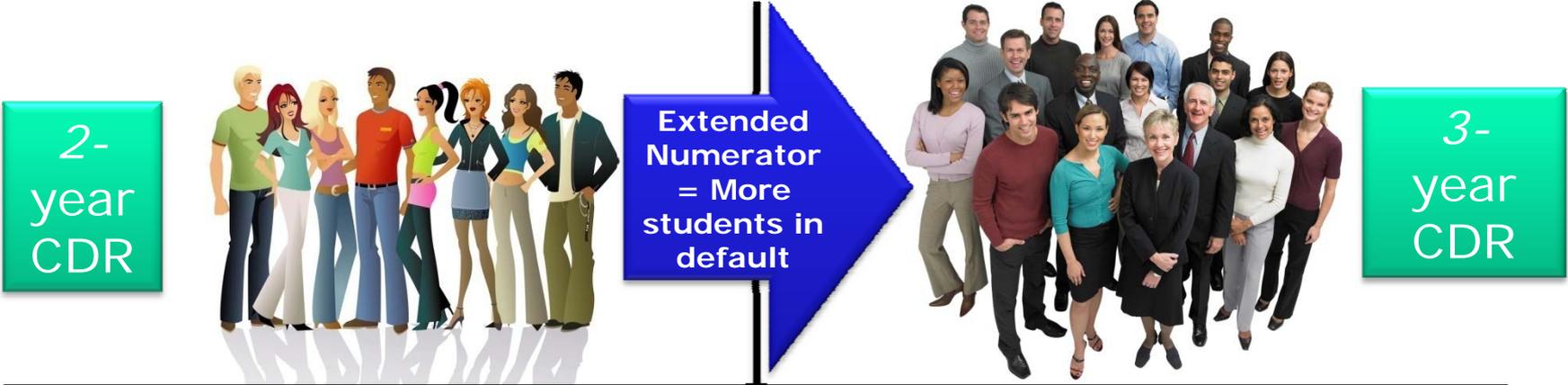


Step 1. Understanding the CDR Formula (cont'd)

The 3-year Numerator is the percentage of a school's borrowers who enter repayment on certain FFEL Program or Direct Loan Program loans during a particular federal FY, which is from October 1 to September 30 and default prior to the end of the *next two* fiscal years.



Step 1. Understanding the CDR Formula (cont'd)



Denominator

Step 1. Understanding the CDR Formula (cont'd)



Low CDR Disbursement Relief

The benefit threshold has changed from 10 percent to 15 percent.

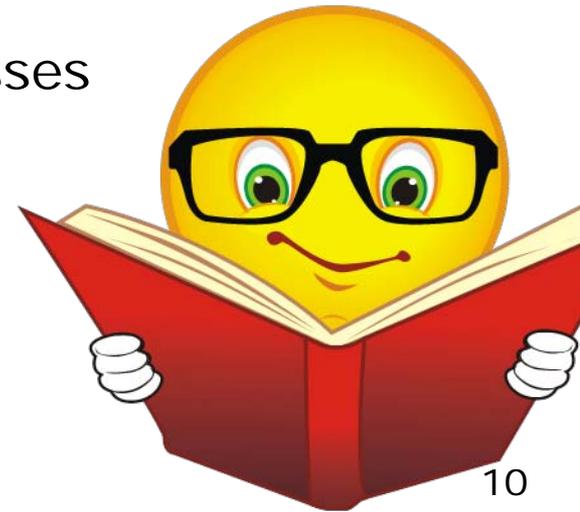
- Effective October 1, 2011
- Allows single disbursement of one-term loan
- Schools do not have to wait 30 days before making first disbursement for first-time, first-year borrowers



Step 2. Develop Working Knowledge of the “New” CDR Guide

What is the “Cohort Default Rate Guide?”

- The “Cohort Default Rate Guide” (Guide) is a publication that the U.S. Department of Education designed to assist schools with their FFEL Program and Direct Loan Program cohort default rate data
- This Guide is used as a reference tool in understanding cohort default rates and processes



Step 2. Develop Working Knowledge of the “New” CDR Guide (cont’d)

In January of 2012 the new *Cohort Default Rate Guide* will be published

The changes include:

- Regulatory changes from the 2-year cohort default rate to the 3-year cohort default rate
- Updated information on the electronic cohort default rate appeals system
- New Loan Record Detail Report file layouts

Step 2. Develop Working Knowledge of the “New” CDR Guide (cont’d)

The **Cohort Default Rate Guide** is designed 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 Guide is organized into four parts. Each part is further divided into chapters. The four parts are:



Step 2. Develop Working Knowledge of the “New” CDR Guide (cont’d)

- Part 1:
Introduction

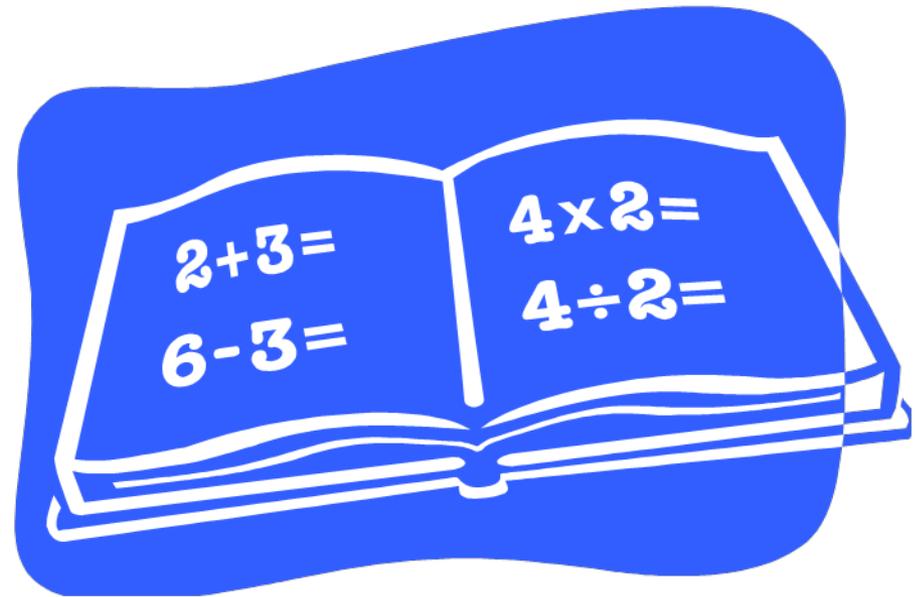


Step 2. Develop Working Knowledge of the “New” CDR Guide (cont’d)

- **Part 2: General Information**

Part 2 consists of five chapters. These chapters cover :

- *Calculating CDRs (2.1),*
- *How schools get the rates and loan data (2.2),*
- *The loan record detail report (2.3),*
- *CDR effects (2.4),*
- *Change in status and evasion (2.5)*



Step 2. Develop Working Knowledge of the “New” CDR Guide (cont’d)

- **Part 3: Strategy**

Part 3 consists of three chapters:

- The first chapter discusses the school’s options for responding to the draft and official school CDR releases (3.1)
- The second chapter 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 (3.2)
- The final chapter (3.3) contains strategies for data manager



Step 2. Develop Working Knowledge of the “New” CDR Guide (cont’d)

- **Part 4: Challenges, Adjustments, and Appeals**

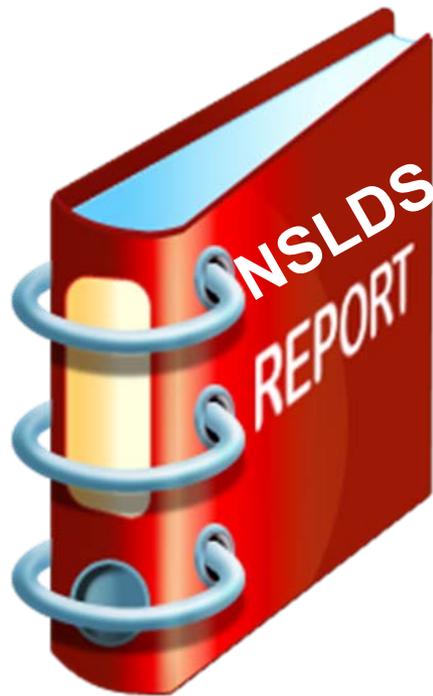
Part 4 consists of 10 chapters:

- The first eight chapters in Part 4 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*



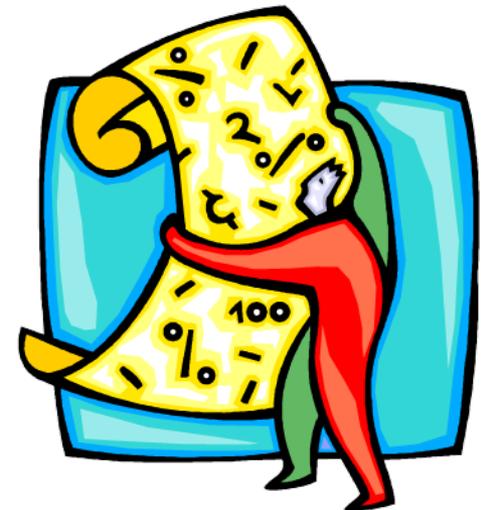
Step 3. NSLDS Reports

*Now we will review the different NSLDS reports.
Please take out the NSLDS report hand out you
received.*



Step 3. NSLDS Reports

- On at least a monthly basis, school staff should compare the default and repayment status reports available through the National Student Loan Data System (NSLDS) with the school's own data
- This gives the school a chance to identify and correct errors before the draft or official cohort default rates are released



Step 3. NSLDS Reports (cont'd)

(DRC015) and (DRC016), The School Repayment Information Loan Detail Report

The School Repayment Information Loan Detail provides the current repayment status of certain borrowers in the FFEL and Direct Loan Programs who attended a school during a specific period.

- Schools can request detailed repayment information for the most current 24-month period (**DRC015**) or
- Repayment information for the most current 36-month period (**DRC016**)

The reports may be received in a formatted report (Message Class: SHNOTROP) or an extract file (Message Class: SHNOTEOP)



Step 3. NSLDS Reports (cont'd)

(DER001) The Date Entered Repayment Report

- The Date Entered Repayment Report (DER001) is a list of student borrowers who are scheduled to go into repayment during a specified date range, with their loan histories
- The school may specify the 'begin' and 'end' dates for the date range, specify one of three sort orders (SSN, Name, or Date Entering Repayment), and choose whether to receive the information as a formatted report (Message Class: AHSLDSOP) or an extract file (Message Class: AHSLDEOP)
- Schools receive the report via their SAIG mailboxes



Step 3. NSLDS Reports (cont'd)

(SCHDF2) The Borrower Default Summary Report

- The Borrower Default Summary Report (SCHDF2) provides a list of loans that currently have a defaulted loan status (DB, DL, DO, DT, DU, DW, DF, or DZ) and a loan status date that falls within the requested date range
- Users can select all loan programs or only one. The report includes student identifiers, loan identifiers, Guaranty Agency information, federal servicers, and lender information
- It also includes the current loan status and up to three status codes from history. The report can be sorted by Loan Status Date, Last Name, or Social Security Number
- The information is available in an extract file. The file layouts for the extract files are available on the IFAP website. Schools receive the report their via the SAIG mailbox

Step 3. NSLDS Reports (cont'd)

(SCHPR2) The School Portfolio Report

- The School Portfolio Report (SCHPR2) provides school users with information about all Direct Loan and/or FFEL program loans for a specified school
- This report includes loans that are serviced by all servicers, including the federal loan servicers, and provides identifying information about the servicer for each loan



Step 3. NSLDS Reports (cont'd)

(DELQ01) The Delinquent Borrower Report

- The Delinquent Borrower Report (DELQ01) provides school users a report of borrowers who have been reported as delinquent in making loan payments to one of the federal loan servicers
- The report does not include borrowers who have loans held by Guaranty Agencies or serviced by the Direct Loan Servicing Center
- To assist schools with delinquency/default prevention, this information contains the student's demographic data including address, phone numbers, and e-mail address, as well as loan data including date, type, total outstanding balance, and current monthly payment amount. Users will enter a school identifier

Step 4. LRDR

What is a Loan Record Detail Report (LRDR)?

A LRDR contains information on the loans that were used to calculate a school's draft or official cohort default rate. The LRDR lists a school's FFEL and/or Direct Loan activity, including but not limited to:

- The listing of borrowers who entered repayment during a given fiscal year, and
- The loan status of those borrowers

Note that the information on the LRDR includes loan information that schools and data managers have submitted to NSLDS.

Step 4. LRDR (cont'd)

Why should a school review the LRDR for the DRAFT cohort default rates?

- Unless it is corrected, the *draft* cohort default rate data will be used to calculate the official cohort default rate
- Therefore, it is important for the school to verify the accuracy of the draft cohort default rate data before the official cohort default rates are calculated and released
- If the school does not challenge draft cohort default rate data that the school believes is incorrect, the school forfeits the right to submit certain types of adjustments and appeals when the official cohort default rates are released

Step 4. LRDR (cont'd)

Now we review the LRDR format. Please take out the LRDR hand out you received.



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GO FURTHER
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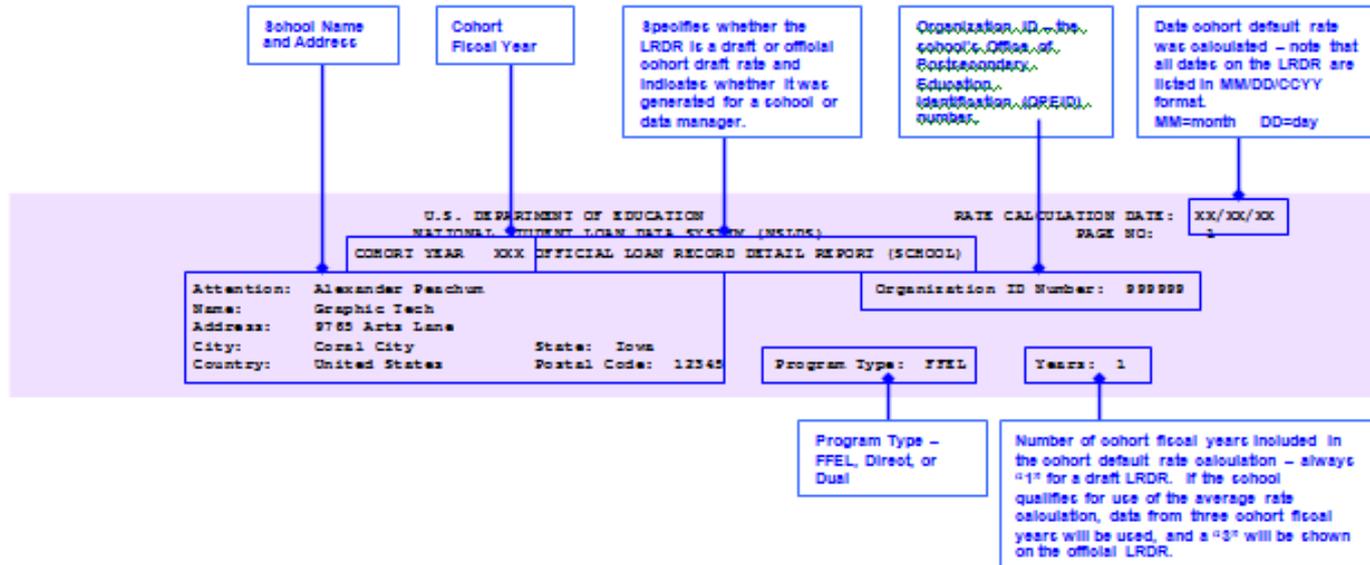
Step 4. LRDR (cont'd)

Loan Record Detail Report: Reader-Friendly Format

TIP: Follow these steps to print your LRDR report in a more easily read format after the file is returned through the SAIG and saved to a PC:

1. Open Microsoft Word and then open your file.
2. Click Edit, then Select All in the Menu bar.
3. Click Format, then Font in the Menu bar.
4. In the Font dialog box, change the font size to 8 and the style to Courier New. Then click Ok.
5. Click File, then Page Setup. Select the Margins tab.
6. Change the margins to:
 - Top = 1"
 - Bottom = 1"
 - Left = 0.7"
 - Right = 0.7"
 - Gutter = 0"
7. Click the Paper Size tab. Select the Landscape radio button.
8. Click Ok.

TITLE SECTION (Top of each page of LRDR)



Step 4. LRDR (cont'd)

BODY SECTION - LINE 1 BORROWER

OF EDUCATION
 NATIONAL STUDENT LOAN DATA SYSTEM (NSLDS)
 CONORT YEAR XXXX OFFICIAL LOAN RECORD DETAIL REPORT (SCHOOL)

NAME: Alexander Peachum
 Address: 9785 Arts Lane
 City: Coral City
 Country: United States
 State: Iowa
 Postal Code: 52245
 Program Type: FFEL
 Years: 1

Organization ID Number: 999999

Rate Calculation Date: XX/XX/XX
 Page No: 1

Borrower's Social Security Number: [Redacted]
 Last Name: Peachum
 First Name/Middle Initial: [Redacted]
 Date of Birth: [Redacted]
 OPEID of the school that certified/originated the loan: [Redacted]
 Borrower's Academic Level When Loan Was Obtained (see code list): [Redacted]

LENDER/SVCR/HOLDER - Organization Code	Loan Type Stat	Claim Ran/Code	DEFAULT/RegAm Date	Repay Date	Amount	Guarantor/Service	Guaranty Loan/Date	Enrollment Stat/Code	Usage
0001-01-0001	SF	RP	00/00/0000	JIM K 06/30/1977	2,825	00000000	09/01/1999	W 12/31/2001	D FD
0001-01-0001	SU	RP	00/00/0000	JIM K 06/30/1977	5,500	00000000	09/01/2000	W 04/30/2001	3
0002-01-0001	DL	DU	IX 12/17/2003	HEMEL A 10/01/1973	3,500	00000000	01/12/2000	W 05/12/2000	2
0003-00-0001	DL	DA	00/00/0000	MARK R 10/29/1983	2,825	00000000	02/14/2000	W 05/10/2002	B DS
							08/22/2002	W 09/09/2003	1
							11/04/2002	W 12/15/2002	D DS

	FFEL	DIRECT	DUAL
TOTAL DOLLARS IN DEFAULT :	1,071,288	7,575	(Based on Outstanding Pr:)
TOTAL DOLLARS IN REPAYMENT :	6,930,033	44,825	(Based on Outstanding Pr:)
TOTAL INSURANCE CLAIM PAYMENTS :	0		
***** = Not Available			
-Actual Numerator Count:	134		Report Count : 134(B)
Actual Denominator Count:	542		Report Count : 542(D)
INDIVIDUAL PROGRAM TALLY:	FFEL: 134/542	DIRECT: 3/20	
Appealed Rate flag: N (D=Direct, I=Indirect, M=No Appeal, U=Unknown)			IC: 0
End of Loan Record Detail Report			
-Default Rate Usage 1: D=Denominator, B=Numerator/Denominator, N=Not Used, I=Eligible but not counted			
-Default Rate Usage 2: FD=FFEL Denominator, FB=FFEL Numerator/Denominator, DD=Direct Denominator, DB=Direct Numerator/Denominator, N=Not Used, X=Eligible but not counted			
IC=ICR (Negative Amortization Only), N = Not Used, X = Eligible but not counted			

Academic Level Codes	
1	Freshman/First Year
2	Sophomore/Second year
3	Junior/Third Year
4	Senior/Fourth Year
5	Fifth Year/Other
A	First Year Graduate/Professional
B	Second Year Graduate/Professional
C	Third Year Graduate/Professional
D	Beyond Third Year Graduate/Professional
G	Graduate/Professional
N	Not Available

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Step 4. LRDR (cont'd)

BODY SECTION - LINE 2 LOAN INFORMATION

U.S. DEPARTMENT OF EDUCATION
NATIONAL STUDENT LOAN DATA SYSTEM (NSLDS)
OFFICIAL LOAN RECORD DETAIL REPORT (SCHOOL)

State: Iowa
Postal Code: 52245
Program Type: FFEL

***Loan Type**
FFEL or Direct Loan (see code list)

***Loan Status**
at time CDR was calculated (see code list)

***Usage**
Usage 1 - Identifies how the borrower is used in the cohort's cohort default rate calculation.
Usage 2 - Identifies how the borrower is counted in each individual loan program

SSN	Inst. Name	Loan Type	Claim Reason Code	DEFAULT/NegAm Date	Repay Date	Amount	Guarantor/Service	Guaranty Loan/Date	Enrollment Stat/Code Date	Usage 1	Usage 2	
0001-01-0001	CRANK	SU	RP	00/00/0000	10/31/2002	\$ 2,625	667	09/02/1999	W	12/31/2001	D	FD
0001-01-0001	CRANK	SU	RP	00/00/0000	10/31/2002	\$ 5,500	667	09/21/2000	W	12/31/2001	X	X
0002-01-0001	BT	D1	DU	IX	12/17/2003	\$ 5,500	0101	02/14/2000	W	09/10/2002	S	DB
0003-00-0001	WATSON	D1	DA	00/00/0000	06/24/2003	\$ 2,625	0101	11/04/2002	W	12/13/2002	D	DD

***Default/Neg Am Date**
The date a guaranty agency paid a default claim to a lender (claim paid date) on a FFEL or the day a Direct Loan is considered in default either because the borrower has defaulted (default date) or met the other specified condition. This date determines if the loan is included in the numerator of the cohort default rate calculation.

***Repay Date**
The date the borrower entered into repayment on the loan. This date determines if the loan is included in the denominator of the cohort default rate calculation.

***Guarantor/Service**
The date manager responsible for the loan. See data manager addresses at: <http://ed.gov/DefaultManagement>

Enrollment Status Code
borrower's enrollment status at time the rate was calculated.

Enrollment Status Date
Last date the borrower's enrollment status changed. If no data is available, the data manager may use 01/01/1900. (Note that the enrollment status code and date may reflect subsequent enrollment at a different school; rather than borrower's enrollment at the school listed on the LRDR)

***These fields are the ones most often cited in challenges and adjustments.**



Step 4. LRDR (cont'd)

Loan Type Codes	
CL	FFEL Consolidated Loan
D1	Direct Subsidized Loan
D2	Direct Unsubsidized Loan
D4	Direct PLUS Loan
D5	Direct Unsubsidized Consolidation Loan
D6	Direct Subsidized Consolidation Loan
D7	Direct PLUS Consolidation Loan
PL	FFEL PLUS Loan
RF	FFEL Refinanced Loan
SF	FFEL Subsidized Stafford Loan
SL	FFEL Supplemental Loans for Students Loan
SU	FFEL Unsubsidized Stafford Loan

Enrollment Status Codes	
A	Approved leave of absence
D	Deceased
F	Full-time
G	Graduated
H	Half-time or more, but less than full-time
L	Less than half-time
N	Not available
W	Withdrawn
X	Never attended
Z	No record found

Usage 1 Codes	
D	Denominator only
B	Both Numerator and Denominator
N	Not Used
E	Eligible, but not counted

Usage 2 Codes		
Code	Program	
FD	FFEL	Denominator
FB	FFEL	Numerator and Denominator
DD	Direct Loan	Denominator
DB	Direct Loan	Numerator and Denominator
N	FFEL/Direct Loan	Not included in the cohort default rate calculation
E	FFEL/Direct Loan	Eligible, but not counted or used in the cohort default rate calculation

Claim Reason Codes	
BC	FFEL Bankruptcy, Chapter 13
BO	FFEL Bankruptcy, Other
C\$	FFEL Closed School
DE	FFEL Death
DF	FFEL Default
DI	FFEL Disability
EX	FFEL Exempt
FC	FFEL False Certification
IX	Direct Loan, Defaulted Loan



Step 4. LRDR (cont'd)

Loan Status Codes			
AL	Abandoned Loan	DX	Defaulted, Six Consecutive Payments
BC	Bankruptcy Claim, Discharged	DZ	Defaulted, Six Consecutive Payments, Then Missed Payment
BK	Bankruptcy Claim, Active	FB	Forbearance
CA	Canceled	FC	False Certification Discharge
CS	Closed School Discharge	IA	Loan Originated
DA	Deferred	ID	In School or Grace Period
DB	Defaulted, Then Bankrupt, Active, Chapter 13	IG	In Grace Period
DC	Defaulted, Compromise	IM	In Military Grace
DD	Defaulted, Then Died	OD	Defaulted, Then Bankrupt, Discharged, Other
DE	Death	PC	Paid In Full Through Consolidation Loan
DF	Defaulted, Unresolved	PF	Paid In Full
DI	Disability	PM	Presumed Paid In Full
DK	Defaulted, Then Bankrupt, Discharged, Chapter 13	PN	Non-Defaulted, Paid In Full Through Consolidation Loan
DL	Defaulted, In Litigation	RF	Refinanced
DN	Defaulted, Paid In Full Through Consolidation Loan	RP	In Repayment
DO	Defaulted, Then Bankrupt, Active, Other	UA	Temporarily Uninsured-No Default Claim Requested
DP	Defaulted, Paid In Full	UB	Temporarily Uninsured-Default Claim Denied
DR	Defaulted, Loan Included In Roll-Up-Loan	UC	Permanently Uninsured/Unreinsured-No Default Claim Requested
DS	Defaulted, Then Disabled	UD	Permanently Uninsured/Unreinsured-Default Claim Denied
DT	Defaulted, Collection Terminated	UI	Unreinsured
DU	Defaulted Unresolved	XD	Defaulted, Six Consecutive Payments
DW	Defaulted, Write-Off		



Step 4. LRDR (cont'd)

SUMMARY - bottom of last page of LRDR

	FFEL	DIRECT	DUAL	
TOTAL DOLLARS IN DEFAULT :	1,071,288	7,875		(Based on Outstanding Principal Balance)
TOTAL DOLLARS IN REPAYMENT :	6,950,053	44,825		(Based on Outstanding Principal Balance)
TOTAL INSURANCE CLAIM PAYMENTS :	0			
***** = Not Available				
Actual Numerator Count :	154			Report Count : 119 (B Usage 1 Codes only)
Actual Denominator Count :	543			Report Count : 337 (D & B Usage 1 Codes)
Actual Default Rate :		14.2		
INDIVIDUAL PROGRAM TALLY:	FFEL: 154/542	DIRECT: 3/20		
Appealed Rate Flag:	N (Direct), I (Indirect), M (No Appeal), U (Unknown)		IC:	0 (Negative Amortization Only)
End of Loan Record Detail Report				
Report Generation Date: XX/XX/05				
Default Rate Usage 1: D=Denominator, N=Numerator/Denominator, B=Not Used, E=Eligible but not counted				
Default Rate Usage 2: FD=FFEL Denominator, FB=FFEL Numerator/Denominator, DD=Direct Denominator, DB=Direct Numerator/Denominator, IC=ICR (Negative Amortization Only), N = Not Used, E = Eligible but not counted				
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Total Dollars in Default - total outstanding principal balance (including any interest that has accrued on the loan since it went into default) for the defaulted loans that are included in the CDR calculation.

Total Dollars in Repayment - total dollar volume for loans that have entered repayment during the reporting period.

Total Insurance Claim Payments - actual amount of guaranty agency claims paid to lenders on FFELs.

Because the Total Dollars in Default includes interest, this figure will not match the Total Insurance Claim Payments, which does not include interest.

Actual Numerator Count - total number of unduplicated borrowers included in the numerator of the CDR calculation.

Actual Denominator Count - is the total number of unduplicated borrowers included in the denominator of the CDR calculation.

Actual Default Rate - based on one cohort level year of data, which is in most cases the school's cohort default rate. However, if a school has 28 or fewer borrowers entering repayment in the CDR calculation or if the school has a combined, substituted, or merged cohort default rate, the actual default rate will not reflect the school's cohort default rate.

Report Count Numerator - unduplicated borrowers listed on the LRDR with a "B" in the Usage 1 field.

Report Count Denominator - unduplicated borrowers listed on the LRDR with a "D" or "B" in the Usage 1 field.

NOTE: the Report Count may differ from the Actual Count if rate has changed due to adjustment/appeal. The Actual Count will reflect adjustment/appeal changes.

Individual Program Tally - the number of borrowers identified with each loan program and the number of those borrowers who have defaulted or met the other specified condition. These fields are purely informational and do not reflect the school's cohort default rate.

Appealed Rate Flag -
 (D) Direct = School's cohort default rate altered due to the school's adjustment/appeal
 (I) Indirect = School's cohort default rate altered due to an adjustment/appeal filed by a different cohort in a combination's substitution/merger
 (N) No Appeal = School's cohort default rate not altered by an adjustment/appeal
 (U) Unknown = Adjustment/appeal status unknown for a cohort default rate prior to FY 1993.

Income Contingent - this field is no longer used.

Step 5. Utilize Challenges, Adjustments, and Appeals



Step 5. Utilize Challenges, Adjustments, and Appeals (cont'd)

- After the release of CDRs, the Department provides schools an opportunity to review the data and, if necessary, work with the data manager responsible for the loans to correct any errors
- If the errors remain uncorrected when the official CDRs are released the Department allows schools to appeal the information that makes up their CDR. There are also other appeals and adjustments that a school can utilize if they are subject to sanction

Challenges, Adjustments, and Appeals

Challenges

- Incorrect Data Challenge (IDC)
- Participation Rate Index Challenge (PRI)

Adjustments

- Uncorrected Data Adjustment (UDA)
- New Data Adjustment (NDA)

Appeals

- Loan Servicing Appeal (LS)
- Erroneous Data Appeal (ER)
- Economically Disadvantaged Appeal (EDA)
- Participation Rate Index Appeal (PRI)



CDR Challenges

Challenges

- Incorrect Data Challenge (IDC)
- Participation Rate Index Challenge (PRI)

- Challenges are submitted by a school after the release of draft *cohort default rates* using Loan Record Detail Report
- A successful challenge will “fix” data that was used to calculate rates



CDR Challenges (cont'd)

Incorrect Data Challenges are submitted to Guaranty Agencies(GA) via *eCDR Appeals* for FFEL loans held by the GA and to the Department's servicers for FFEL loans held by ED and for Direct Loans.

Possible incorrect data:

1. Borrower did not enter repayment during cohort year
2. Borrower did not default during monitoring period
3. Other borrowers entered repayment during cohort period



CDR Challenges (cont'd)

- ***Participation Rate Index Challenges*** are submitted to the Department. They are only available if school is potentially subject to loss of eligibility (or provisional certification) based on draft rates
- No sanction is applied if, based upon statutory formula, only a small percentage of a school's students who could receive a Title IV loan actually received one during a defined enrollment period

CDR Adjustments

Adjustments

- Uncorrected Data Adjustment (UDA)
- New Data Adjustment (NDA)

- Adjustments are submitted by schools to ED after release of official rates
- Successful adjustments will result in the recalculation of the cohort default rate. The electronically corrected rate is publicly released



CDR Adjustments (cont'd)

- ***Uncorrected Data Adjustments*** can be done via eCDR Appeals in response to an *Incorrect Data Challenge* agreed to by data manager but not reflected in the official rate
- They are only available for most recent cohort of borrowers, used to calculate most recent official rate. If approved, rate will be adjusted

CDR Adjustments

- ***New Data Adjustment*** is available via eCDR Appeals only for most recent cohort of borrowers, used to calculate most recent official rate
- A review of loan record detail reports for draft and official rates show data newly included, excluded, or otherwise changed
- The school identifies errors that are confirmed by the data manager. If approved, rate will be adjusted

CDR Appeals

Appeals

- Loan Servicing Appeal (LS)
- Erroneous Data Appeal (ER)
- Economically Disadvantaged Appeal (EDA)
- Participation Rate Index Appeal (PRI)

Appeals are submitted by schools to the Department after release of the official *Cohort Default Rates*.



CDR Appeals

- ***Erroneous Data Appeals*** are only available if the school is subject to loss of eligibility (or provisional certification) based on official rates
- Concurrently, an Erroneous Data Appeal is also only available if school previously challenged the accuracy of data as part of its *Incorrect Data Challenge*, or if a review of loan record detail reports for draft and official rates show data newly included, excluded, or otherwise changed and the school disputes accuracy of data



CDR Appeals

- ***Loan Servicing Appeals.*** Schools request loan servicing records from GA for FFEL loans held by the GA and the Department servicers, for FFEL loans held by the Department, and for Direct Loans
- Schools may appeal their most recent official rate; or any official rate upon which loss of eligibility is based
- A successful appeal will result in adjustments to numerator and denominator
- A electronically correct rate will be publicly released

CDR Appeals

- ***Economically Disadvantaged Appeals*** are available based on loss of eligibility or notice of second successive official rate potentially subjecting school to provisional certification
- An *Economically Disadvantaged Appeal* requires an independent auditor opinion certifying school's low income rate and completion or placement rates meet regulatory requirements

CDR Appeals

- ***Participation Rate Index Appeals*** are only available if a school is subject to loss of eligibility or provisional certification based on official rates
- There will be no sanction applied if, based upon statutory formula, only a small percentage of a school's students who could receive a Title IV loan actually received one during a defined enrollment period
- See *Participation Rate Index Challenge*

Other CDR Appeals

- ***Average Rate Appeals.*** If a school is subject to loss of eligibility but two or more of the official rates are average rates, actual rates will be used for those years
- Before notice of official rate, the Department will make an initial determination that school may qualify for an average rate appeal
- If school qualifies they will receive notice of that determination at the same time they receive notice of official rate

Other CDR Appeals

- ***Thirty-or-Fewer Borrower Appeals.*** If combined total of all three years of borrowers entering repayment is less than 30, there will be no loss of eligibility
- Before notice of official rate, the Department will make an initial determination that school may qualify for a thirty-or-fewer borrower appeal
- If school qualifies they will receive notice of that determination at the same time they receive notice of official rate

Submitting Appeals/Adjustments

- Starting in 2012, schools may submit challenges/appeals/adjustments for both 2-year and 3-year CDRs
- Challenges/Appeals/Adjustments for both 2-year and 3-year CDRs will be submitted *SEPARATELY*



Questions?

- Please sign up for an appointment to discuss your questions with a subject matter expert. A sign-up sheet is located in the back of the room



Contact Information

We appreciate your feedback and comments. We can be reached at:

- Phone: 202-377-4259 (OPD hotline)
- E-mail: fsa.schools.default.management@ed.gov
- Fax : 202-275-0913
- Website:

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

