




## Cohort Default Rate Cycles, Challenges, Appeals, and Adjustments

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### Agenda

- Overview of cohort default rates (CDRs)
- Challenges, adjustments and appeals
- Loan record detail report (LRDR)
- eCDR Appeals System
- The next steps after the draft CDR is released
- Managing your CDRs
- Resources



## Overview



- A “cohort” is a group of Stafford loan borrowers who enter repayment in the same federal fiscal year
- A “CDR” is the percentage of a school’s cohort of borrowers who default within a specified default monitoring period
  - 2-year CDR: by the end of the next fiscal year
  - 3-year CDR: within the next two fiscal years



## When are schools notified of their CDRs?



- “Draft” rates (non-public information)  
**February**
- “Official” rates (public information)  
**September**



## 2-year and 3-year CDRs TG™

Fiscal year (FY)	Denominator (borrowers who entered repayment)	Numerator (borrowers who defaulted)	Draft CDR publication date (challenges)	Official CDR publication date (appeals)	CDR used for school sanctions
2009	10/01/08 - 09/30/09	2-yr: 10/01/08 - 09/30/10 3-yr: 10/01/08 - 09/30/11	2-yr: Feb 2011 3-yr: Feb 2012	2-yr: Sept 2011 3-yr: Sept 2012	2-yr rate (25%)
2010	10/01/09 - 09/30/10	2-yr: 10/01/09 - 09/30/11 3-yr: 10/01/09 - 09/30/12	2-yr: Feb 2012 3-yr: Feb 2013	2-yr: Sept 2012 3-yr: Sept 2013	2-yr rate (25%)
2011	10/01/10 - 09/30/11	2-yr: 10/01/10 - 09/30/12 3-yr: 10/01/10 - 09/30/13	2-yr: Feb 2013 3-yr: Feb 2014	2-yr: Sept 2013 3-yr: Sept 2014	2-yr rate (25%) 3-yr rate (30%)
2012	10/01/11 - 09/30/12	3-yr: 10/01/11 - 09/30/14	3-yr: Feb 2015	3-yr: Sept 2015	3-yr rate (30%)
2013	10/01/12 - 09/30/13	3-yr: 10/01/12-09/30/15	3-yr: Feb 2016	3-yr: Sept 2016	3-yr rate (30%)

## Associated Consequences and Benefits for Schools TG™

Consequences of high 3-year CDRs	Default prevention task force and plan required?	Provisional certification?	Loss of Title IV program eligibility?
Most recent 3-year CDR is 30% or above	Yes	No	No, if most recent CDR is not above 40%
2 of 3 most recent 3-year CDRs are 30% or above	Yes, and if those rates are for two consecutive years, school must revise its plan	Yes	No, if most recent CDR is not above 40%
3 consecutive 3-year CDRs are 30% or above	N/A	Yes	Yes - Pell grant and Direct loan eligibility
Most recent 3-year CDR is above 40%	N/A	No	Yes - Direct loan eligibility only
Benefits of low CDRs	Exempt from 30-day delayed disbursement rule for first year, first-time Stafford loan borrowers?	Exempt from multiple disbursement rule for Stafford and PLUS loan borrowers?	CDR(s) used to determine benefit for school
3 most recent 2-year <u>or</u> 3-year CDRs are less than 15%	Yes, for a Stafford loan first disbursed on or after October 1, 2011	Yes, for a Stafford or PLUS loan disbursed on or after October 1, 2011 for a loan period no longer than 1 standard term or 4 months	Currently an option for schools with 3 most recent CDRs less than 10%; can use 15% threshold starting with FY2007- FY2009 CDRs
Most recent 2-year <u>or</u> 3-year CDR is less than 5%	Yes, for a school originating a Stafford loan to cover a <u>study abroad</u> student's cost of attendance	Yes, for a school originating a Stafford or PLUS loan to cover a <u>study abroad</u> student's cost of attendance	Currently an option for schools with study-abroad programs; will remain an option using 3-year CDRs

## Notification of draft CDR



- The Department transmits electronic cohort default rate (eCDR) notification packages to schools using the Student Aid Internet Gateway (SAIG) destination point designated by the school.
- Schools must be enrolled in the Department's eCDR application to receive this information.
- Go to [www.fsawebenroll.ed.gov](http://www.fsawebenroll.ed.gov) to check and update the school's enrollment status.



## Benefits of reviewing draft CDR



- Preview data that will be used to calculate the official CDR
- Review data for accuracy within permissible timeframe
- Challenge incorrect data before official CDR is published



## Incorrect data challenge (IDC)



- Allows schools to correct data
- Must be filed with data manager
  - Guarantor, or
  - Department of Education
- Must be filed within 45 days



## Why file this type of challenge?



- Maintain data integrity
- Draft data forms basis for official CDR
- High official rates may result in eligibility sanctions against school
- Low official rates may provide disbursement schedule benefits for school
- Preserves school's right to submit appeals or requests for adjustments on disputed or uncorrected data



## IDC submission timeframe



- Completed challenge must be submitted to data manager within 45 days of “timeframe begin date”
- “Timeframe begin date” is sixth business day after CDRs are released as officially announced on IFAP website: <http://ifap.ed.gov>
- Data manager has 30 days after receipt to respond to school



## eCDR appeals system



- Electronic Cohort Default Rate Appeals (eCDR Appeals) system
- Required to prepare and submit incorrect data challenges, uncorrected data adjustments, and new data adjustments
- User guides and demonstration presentations
  - <https://ecdrappeals.ed.gov/ecdra/index.html>



## eCDR appeals system



- Federal Student Aid Security Architecture ID
  - <https://ecdrappeals.ed.gov/ecdra/index.html>
- Designate a Destination Point Administrator (DPA)
- School roles
  - Case Preparer - initiate and prepare cases
  - Case Manager - initiate, prepare, and submit cases



## Loan record detail report (LRDR)



- School should review to ensure accuracy of CDR
- LRDR gives details of each borrower included in default rate, including:
  - Name/SSN
  - Loan status
  - Date entered repayment
  - Date of default (if applicable)
  - Loan type (FFELP or FDLP)
  - Whether loan is included in numerator, denominator, both or neither



## Review of loan record detail report



- Compare information in LRDR to school records
- Repayment date = withdrawal date + 6 months + 1 day (grace period)
- Differences are not always due to incorrect data (continuous enrollment, consolidation, discharge, etc.)
- Default status
- Cancellation



## Loan record detail report



- Request for LRDR
- Access to LRDR
  - <https://www.nslsdfap.ed.gov>
- eCDR Appeals
  - LRDR automatically loaded when school initiates an incorrect data challenge



### Loan record detail report TG™

Loans from LRDR

Select	LRDR Loan ID	Loan Type	Data Manager	Loan Status	Repayment Date	Default Date	Start Date	End Date	Guaranty Date	Amount	CDR Usage 1
<input type="checkbox"/>	123456	SF	748	DF	02/18/2009	09/22/2010	06/04/2007	08/16/2007	05/25/2007	\$2625.00	B
<input type="checkbox"/>	123456	SF	748	DF	02/18/2009	09/22/2010	06/04/2007	08/16/2007	05/25/2007	\$4000.00	E

Showing 2 of 2

### Loan record detail report TG™

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**Loan record detail report** **TG**<sup>TM</sup>

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Showing 2 of 2

### Participation rate index challenge TG™

- Low percentage of borrowers in school's student population
- Only benefits a school subject to sanctions
- Can challenge most recent draft rate and previous 2 years' official rates if 25% or greater (30% or greater for 3-year CDRs)
- Challenge is sent directly to ED for review and determination (not eCDR)



**Official CDR Rates are released** **TG™**

What's the next step?

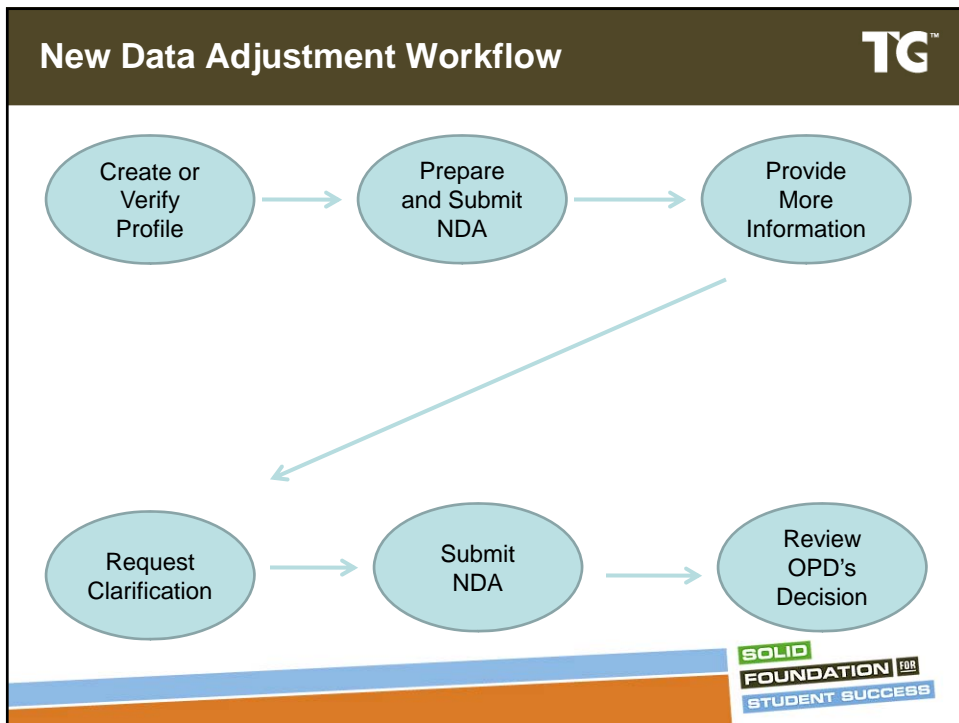
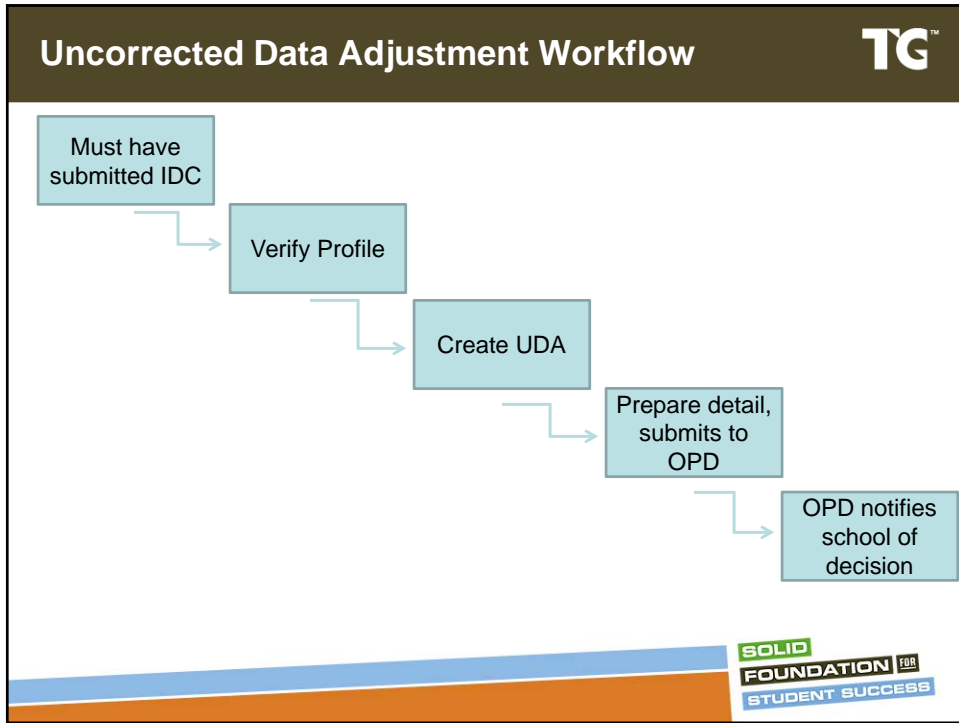


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**Adjustments—Official CDR** **TG™**


- Uncorrected data adjustment
  - IDC information not corrected
  - must be submitted to the Department within 30 days of the date the school receives its official CDR
- New data adjustment
  - New data included in official CDR
  - must be submitted to the data manager within 15 days of the date the school receives its official CDR

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## Appeals TG™

- Appeals—official CDR:
  - Erroneous data appeal
  - Loan servicing appeal
  - Economically disadvantaged appeal
  - Participation rate index appeal
  - Average rates appeal
  - Thirty or fewer borrowers appeal
- Appeals are submitted to ED for review




## Challenges and appeals TG™

School may submit...	...if subject to...			
	No sanction?	Loss of eligibility?	Provisional certification?	
<i>Draft Cohort Default Rate</i>				
Incorrect Data Challenge	Yes	No sanctions based on draft rates		
Participation Rate Index Challenge	Yes			
<i>Official Cohort Default Rate</i>			2-year	3-year
Uncorrected Data Adjustment	Yes	Yes	Yes	Yes
New Data Adjustment	Yes	Yes	Yes	Yes
Erroneous Data Appeal	No	Yes	Yes	Yes
Loan Servicing Appeal	Yes	Yes	Yes	Yes
Economically Disadvantaged Appeal	No	Yes	No	Yes
Participation Rate Index Appeal	No	Yes	No	Yes
Average Rates Appeal	No	Yes	No	Exempt
Thirty or Fewer Borrowers Appeal	No	Yes	No	Exempt




## Challenges and appeals TG™

School may submit...	...if subject to...			
<i>Draft Cohort Default Rate</i>	No sanction?	Loss of eligibility?	Provisional certification?	
Incorrect Data Challenge	Yes	<i>No sanctions based on draft rates</i>		
Participation Rate Index Challenge	Yes			
<i>Official Cohort Default Rate</i>			2-year	3-year
Uncorrected Data Adjustment	Yes	Yes	Yes	Yes
New Data Adjustment	Yes	Yes	Yes	Yes
Erroneous Data Appeal	No	Yes	Yes	Yes
Loan Servicing Appeal	Yes	Yes	Yes	Yes
Economically Disadvantaged Appeal	No	Yes	No	Yes
Participation Rate Index Appeal	No	Yes	No	Yes
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## Challenges and appeals TG™

School may submit...	...if subject to...			
<i>Draft Cohort Default Rate</i>	No sanction?	Loss of eligibility?	Provisional certification?	
Incorrect Data Challenge	Yes	<i>No sanctions based on draft rates</i>		
Participation Rate Index Challenge	Yes			
<i>Official Cohort Default Rate</i>			2-year	3-year
Uncorrected Data Adjustment	Yes	Yes	Yes	Yes
New Data Adjustment	Yes	Yes	Yes	Yes
Erroneous Data Appeal	No	Yes	Yes	Yes
Loan Servicing Appeal	Yes	Yes	Yes	Yes
Economically Disadvantaged Appeal	No	Yes	No	Yes
Participation Rate Index Appeal	No	Yes	No	Yes
Average Rates Appeal	No	Yes	No	Exempt
Thirty or Fewer Borrowers Appeal	No	Yes	No	Exempt



## Managing Your CDR



### PLUG IN

Plan for a desired outcome

<http://www.tgslc.org/default-prevention/>

Leverage efforts

Utilize resources

Integrated Default Assistant (IDA)

NSLDS

<http://ifap.ed.gov/nsldsmaterials/NSLDSNewsletter30.html>

Gather information

Identify incorrect data

Need assessment




## Default Management Opportunities for Schools




Fiscal year	Type of CDR	Repayment period (Denominator)	Default period (Numerator)	CDR notification date	Opportunities for schools
2008	3-year "trial" rate (no sanctions)	10/01/07 - 09/30/08	10/01/07 - 09/30/10	Draft: Feb 2011 Official: Sept 2011	<ul style="list-style-type: none"> <li>- Gain valuable insights into the upcoming 3-year rates.</li> <li>- Use the trial CDR to substantiate the need for a strong focus on campus-wide default management efforts.</li> </ul>
2009	2-year rate	10/01/08 - 09/30/09	10/01/08 - 09/30/10	Draft: Feb 2011 Official: Sept 2011	<ul style="list-style-type: none"> <li>- If warranted, submit an Incorrect data or participation rate index challenge of the draft CDR by April 8, 2011.</li> <li>- Become familiar with appeal and adjustment options applicable to the official CDR that will be published in September 2011 (depending on circumstances).</li> </ul>
	3-year rate	10/01/08 - 09/30/09	10/01/08 - 09/30/11	Draft: Feb 2012 Official: Sept 2012	<ul style="list-style-type: none"> <li>- This is the first 3-year CDR that actually counts toward eligibility benefits and sanctions, so monitor it closely.</li> <li>- Some defaults may have occurred, but others may be prevented by reaching out to any struggling borrowers.</li> </ul>
2010	2-year rate	10/01/09 - 09/30/10	10/01/09 - 09/30/11	Draft: Feb 2012 Official: Sept 2012	<ul style="list-style-type: none"> <li>- These borrowers are earlier in their repayment and may have more options. Determine if any appear to need a better understanding of how to address issues.</li> </ul>
	3-year rate	10/01/09 - 09/30/10	10/01/09 - 09/30/12	Draft: Feb 2013 Official: Sept 2013	<ul style="list-style-type: none"> <li>- There is a real opportunity to positively impact this 3-year rate in the time remaining. What steps should be taken now to provide helpful information to borrowers about available repayment tools and plans, if needed?</li> </ul>
2011	2-year rate	10/01/10 - 09/30/11	10/01/10 - 09/30/12	Draft: Feb 2013 Official: Sept 2013	<ul style="list-style-type: none"> <li>- These borrowers are currently or have recently left school or ceased half-time enrollment, and have many repayment options. Do they understand their options?</li> </ul>
	3-year rate	10/01/10 - 09/30/11	10/01/10 - 09/30/13	Draft: Feb 2014 Official: Sept 2014	<ul style="list-style-type: none"> <li>- There is time to significantly improve this 3-year rate, which is vital to determining single-year and multi-year CDR sanctions (eligibility loss or provisional certification). Are the borrowers getting a good start on repayment?</li> </ul>


## Resources



- *U.S. Department of Education Cohort Default Rate Guide* (Chapters 3.1 and 4.1):  
<http://ifap.ed.gov/DefaultManagement/finalcdrg.html>
- *eCDR Appeals Incorrect Data Challenge Guide*:  
<https://ecdrappeals.ed.gov/ecdra/index.html>
- TG's Default Prevention:  
<http://www.tgslc.org/default/resources.cfm>




## Contact



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## Questions?

This presentation is available for download at

[www.tgslc.org/tgconference](http://www.tgslc.org/tgconference).



**TG can help.**

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