

*Valerie Shearer:* My name is Valerie Shearer and this Ron Bennett. We're from Federal student Aid Business Operations Division and NSLDS is one of our primary responsibilities. In today's session, we're gonna talk about NSLDS security because each annual update, we always start off with just a reminder about security as we are charged with protecting the privacy of the students, millions of students and parents who are – data who's inside of NSLDS. I'm gonna give you an update on what we've done on Student Eligibility and some of the enhancements we've made this year, talk about our new product, Exit Counseling, and some of the new reports that we've done and updated reports that we've done. Just to remind you about what information we have on NSLDS in regards to the ED Servicers, and Ron's gonna tell ya about all the new things that we're working on to enhance NSLDS in the upcoming year. I always start our annual update or any session we do on NSLDS talking about the rules of behavior, and the other security features. Every morning when you logon to NSLDS, the first thing you'll see is the Rules of Behavior, and that's just to remind you that you're not to share your password, that you're to protect your data that you're reviewing on NSLDS, that if you print something off of NSLDS that you store it in secure manner, so every day when you logon, you'll see the Rules of Behavior, and when you look at the Rules of Behavior, we also identify the institution you're at -- that's on the top line -- who you are, and then you simply have to agree to our Rules of Behavior to access. Another thing that we did on the last couple years is we now have what's called the NSLDS Annual Security, so if you're currently an NSLDS user, you're gonna start seeing, in January, the reminder that it's time to complete your NSLDS Security Training. If ya don't do that within the ten days that we give ya the warning, you won't be able to logon to the system, or if you're a new user, you'll have to complete the NSLDS Security Training.

We designed the Security Training based on what your use of NSLDS is. If you are simply an online review of data you have a simplified Security Training that's about 3 pages. If your Primary Destination or Point Administrator, or if you have the ability to update overpayments or do online updates because you're a guarantee agency, you have a more in-depth security training, so it runs about 3-to-5 pages, so we try to customize our security training based on your usage, and you have to review it and agree to the terms of security. We'd also like to take this opportunity to remind all of your Primary Destination Point Administrators that by December 17<sup>th</sup>, you must complete the validation of all of your SIG enrollees, anybody that has a TG mailbox must be verified by the Primary Destination Point Administrator, and you can do that

by logging on to the FSA Web Enrolled, that ed.gov site, and your Primary Destination Point Administrator just has to validate that all of the users should have access to all of the ED systems. In particular, you make sure that you validate because, if not, when it comes to NSLDS, you won't be able to access online or get enrollment, do enrolment reporting, or Perkins reporting, transfer student monitoring, or, right, just any other functions that we have on NSLDS without that annual validation, so December 17<sup>th</sup> is the magic date. Now I'm gonna talk about some of the great things -- I think they're great -- that we've done to enhance the website this year and we're gonna look at what we've done to the Financial Aid History Page, Transfer Student Monitoring Changes, and talk a little bit about the few things that we're gonna be doing for the 2011/12 Award Year Changes. The first thing that we did that we were quite excited about, for a number of years, we have struggled, trying to help Financial Aid administrators determine the aggregate loan limits for undergraduate and graduate borrowing.

For many years, our aggregate totals simply gauged and the unsolved totals, it didn't really break down for you what was for undergraduate and graduate levels, and what we've done with our enhancements that came up in January of this year is that we broke down the Aggregate section, which just simply summarizes all of the students' borrowing but we summarized it by graduate and undergraduate levels, at the same time we told you the most recent Award Year for the Undergraduate and Graduate sections, and we told you the students' dependency status. We thought if we could just simply give you a summary way to give you the total outstandings for the students, it would prevent you from all getting out the calculators and trying to determine what was borrowed at the undergraduate level, what was borrowed at the graduate level, and we think that you've appreciated this change.

*[Applause]*

*[Laughter]* Good, so how did we come up with that information that is dynamically updated, as soon as we know it, we change NSLDS to show what the current information is but we basically took the loan-level data from loan application, or from the loan reported, to determine what academic level because that's a part of the loan information that -- received. We also used the loan period to determine which Award Year that loan information should go in, and then, of course, we used the information from the I-Serve to determine the Dependency Status, so that's how we came up with the screen that summarized the information. In addition to those enhancements we also, when you got the Common Code C that said, "This student is exceeding," we thought it would be helpful

if we gave you an icon for the subsidized and the combined limit both for undergraduate and graduate levels, so we gave you four new icons that allow you to hyperlink over to the actual data that is causing the student to be – to appear to have been over-awarded, so you simply click on one of the icons, and that's gonna show you the data that caused the student's C Code. We also made some enhancements to the Financial Aid and Transfer Student Monitoring Section Report. Simply we wanted to show that same breakdown of undergraduate and graduate levels. We also now include the Lifetime Eligibility for PELL, and how much PELL is still eligible by the Transfer Student Monitoring Report, and this is just a pre-formatted report. You can either get this report in a pre-formatted \_\_\_\_, like this, or you ask for it and ask – ask each eliminated file. For the 2011/12 Award Year, we don't have a lot of changes.

As you know there will be no ACG and Smart Grants, so they won't be displayed on NSLDS anymore, however if there is a disbursement made, a late disbursement was made on a previous award year, you might see a disbursement for ACTS/Smart on the I-Serve, and we're not going to have on NSLDS the actual -- yes, those grants won't be reported to NSLDS. But we are going to allow for schools to report overpayments to us, particularly for the **Afghan** Grant, so you can see an overpayment but you won't actually see the corresponding grant on NSLDS. Now I'm gonna talk about some other new enhancements, our new Exit Counseling, Loan Delinquency, PUSH Reports, and the Loan **Sold to Ed** Report. We were very excited to bring up our Exit Counseling Tool in the spring of this year, and students can logon into NSLDS.edu.gov. We are also allow schools to continue to use any Exit Counseling Tools they're already using but if they want to use NSLDS to track student's completion, then they can enter the student's data either by uploading a spreadsheet, well, by uploading a spreadsheet, so that we can help track the student's completion of Exit Counseling. We now have a page on NSLDS that's going to show you – and I'm going to show you in a minute – the Exit Counseling History Page where you can track students who have completed Exit Counseling, and we've made some enhancements to it, offer you some reports for exit counseling. Students will go on to NSLDS.edu.gov, which is our student site ,and they now have an option to either look at the loan history that gives them all the details about what they borrowed, and/or who their loan holders are, or they can use our NSLDS Exit Counseling tool.

They simply go hit Exit Counseling and then they're required to go on, and logon, and we offer a couple of options for students when they logon. I'd like to say if you wanna know more a lot more about exit counseling, we offer another session today at 1:45 p.m., and that will focus on Entrance and Exit Counseling Tools that's gonna go into a lot more depth, in-depth, than I will today but with the Exit Counseling Tool, students are given the option to either take a tour of the site, or actually complete exit counseling. Once they complete exit counseling, and they're offered quizzes, as they go along that, if they don't answer correctly, we provide the answers to but they have to complete all of the Exit Counseling pages and, including giving us their information, and once they – their contact information, like name, address, and reference information, and once they complete exit counseling, they're given a page that they can show proof of completed exit counseling but, also, as a financial aid administrator, you can go to NSLDS, and you can look on report – you can look on NSLDS and see that the student has completed exit counseling just by putting the student's Social Security Number in, or we offer you a number of reports that you can pull in. If you decide to use your own Exit Counseling Tool and you wanna upload the fact the student has completed exit counseling, we have Excel spreadsheet preformatted report that you can go in and load up the information, and load that into NSLDS by using an upload feature directly from your PC into NSLDS and then we will track for you that students have completed exit counseling by using your particular Exit Counseling Tool. We show that the student has completed their exit counseling by – if you choose to do an upload or even if you complete on NSLDS, we tell you whether or not the exit counseling was completed electronically by using a product or even if you, by chance, still use a paper Exit Counseling Tool, we ask you, when you upload, what tool, how did the student complete exit counseling, and we track all of that information on NSLDS for you.

Exit counseling offers you the ability to see – to receive the information electronically, in various formats. We offer the Direct Loan. If you are a Direct Loan school, and have been used to using the Direct Loan Product, you can use the same formatted reports at the Direct Loan site once offered to you. We also have the NSLDS Extract format, we offer you a fixed report, or you can use Common Delimited but, so you have a variety of choices for deciding how to get the report. You can ask the report on an ad hoc, and recently we just offered you the ability to have the report distributed to you directly to your mailbox, so you can go in, under

the School Profile Page, and say how you want the reports delivered to you.

It will no longer be all of those comprehensive report as we have been doing but will only be the most recent since the last time you requested the report or the last time the report was sent directly to your mailbox but you have all of these choices for how you wanna receive the Exit Counseling Report, where you want it pushed to and how often you wanna receive it. This is a sample of what the Exit Counseling Report looks like. It gives you all of the information that the students inputted, their name and address, their references, any employment information that they've given us and that's the same information we require you to import to NSLDS, if you decide to use your own Exit Counseling Tool. Again, we are now – our Exit Counseling Tool can now satisfy the requirement for schools to provide guarantee agencies with their exit counseling results. We are pushing these reports directly to lenders if they choose to get it, and to guarantee agencies, so that you no longer have to worry about providing your guarantee agency with information about exit counseling, NSLDS will do that for you, and we also give them a variety of choices to receive their reports.

Now I am going to turn this over to Ron and he's gonna carry you through our Long Delinquency Reporting, and some of the new enhancements that we're gonna make to NSLDS. We hope to have time, at the end of our session, to answer your questions. I'd also like to remind you, if you have detailed questions, we are in the PC lab, we have three PC's set up there and we have some very experienced people, so feel free to come down and ask your detailed question to the PC Lab, and, of course, go to our Exit Counseling Session to get more information about our Exit Counseling Tool.

*Ron Bennett:*

Good morning, everyone. It's always weird for us when we have to take over the stage in which the big presentation occurred in the morning, and if any of you were in San Diego in 1995, whenever I'm on the big stage, I have to watch out and make sure I don't fall off of it, like I did in San Diego.

*[Laughter]*

But I tell ya it's still one of the best stories to ever tell, so it's good to have those. I'm excited to talk to you about – it's been a very interesting year for us at NSLDS because just as you've all had a lot going on, we've had a lot of adapting that we've been needing

to do as well, and – and our implementation with some of the changes that have occurred as a result of moving to 100 percent direct loans, the advent of multiple servicing agencies for the department, et cetera, it actually gave us an ironic opportunity to begin doing some things that we have been wanting to do for a long period of time but had not had the right opportunity to leverage the work that we were doing to implement some of those long-awaited wish-list kinda items, so a number of the things that we're gonna talk about here in the next few minutes are exactly those things. The first thing that I wanted to talk about is some Loan Delinquency Tools that we have begun developing and have rolled out to you that you can begin using to help in monitoring delinquencies. It think it's important to know this is a piece of data that has always been deficient in a lotta the loans that we've had reported to the department through NSLDS because we've not actually known a lot about the stage of delinquency.

We've known a lot about default onward but not so much stages of delinquency, and we're gonna talk about how changes in reporting from some of our data providers have allowed us to begin doing this, so the first thing we've done is we've actually created a webpage that you can view online, on the NSLDS Financial Aid Professional website to where you can view the delinquency, the records that we have that show a delinquency right online, we've also added a delinquency report, and the reporting ID there is in the bullet that allows you to request that report to be delivered to you and we're providing you a variety of formats in which that can be done. For whom you actually see information on delinquencies, I think it's important to remind you that we don't have delinquency information provided to us by all of our data providers, so for loans still reported by guarantors in the FFEL community, we don't have this information but we have begun getting the information from all of the servicers that were brought onboard in the last year for the Department of Education, and you've probably already begun seeing quite a bit these new codes that indicate the different servicers that we have brought onboard. In addition, our Longstanding Direct Loan Servicing Center, we are weaving them into this process as well, and you'll begin seeing their code on the loan history as well, which is that 001 number that is coming up in the future but, right now, it's just the 4 Ed servicers that you see there at the top that would have data reported to us that allow that information on delinquency to be either on that webpage or on the report that you would request through our site, so if you're actually just takin' a look at it on the web, itself, what ya see up here, on the screen, is, in-essence, how it will look, and a variety of parameters have been provided at the top of this page for you to

use to narrow down, or filter, if you will, the folks that you are wanting to look at. You can do this using either the 6-digit for people who are looking at more of the global main campus or district campus kind of situation, you can request the information that way, with the 6-digit code, or if you're looking at a specific location, you can request the information be filtered by the actual 8-digit OPID. You also have the chance to take a look at this and filter it out by the different services that the Department of Ed has for portion of your loan portfolio, so that's another way that you can take a look at it, so if you're wanting to look at how – how delinquencies are going for borrowers who are being serviced by one entity versus another, you'd be able to gauge that for your institution.

You could also filter it by the cohort year, specifically, that you're considering, so if you're looking at up-and-coming cohort years in the near future, you may wanna do the filtering based on that, or you can even do filtering based on the periods of delinquency and the majority of the items that you see in the parameters are looking about how – how long has the delinquency been occurring, so there's different buckets, if you will, of delinquency that you can choose, so if you wanna look at the worst delinquency situations first, you could filter just on that, so you'll know those who are getting close to meeting the criteria for being considered in default, and then once you actually figure out what is that you want the system to filter for, on this page, then it will actually provide you the specific details that you'll see for each borrower. Now what's interesting is recently we've had an opportunity, exit counseling being one opportunity, to begin collecting address information, as well as the reporting that we have set up with our Ed servicers. They can report to us address, phone, email kind of information, so I think what many of you at the schools know is that once they have left your school, having this kind of updated information to where you can help do some default, or delinquency prevention kind of work is very helpful if you have more updated address or other contact kind of information. We are now beginning to collect that, through the reporting, by the Ed servicers, and the NSLDS, or through the actions that the borrower takes on the exit counseling, so you'll see that kind of information, that demographic information for them, you also see specific information about the loans, how long it is in delinquency, things of that nature, so that's the kind of information that you'll see either on the webpage itself or if you select the report you'd be able to get that as well. Now if you wanted a report, you'd find that under the Reports Tab Area because where we were just looking, at the webpage, that's actually under the Aid Tab but for –

to get this information in a report, you'd go to the Report Tab where you're accustomed to – you pretty much have the same kind of parameters in which you can filter the report by, and then we give ya a variety of options then of having that delivered.

You can get it in preformatted reports or you can also get it in extract formats, so you have some choices there. If you were to get it in a preformatted report, this is an example of what that would look like. I think it's important to note if you're curious as to which parameters you used in selecting the report to be sent to you, the very top portion of the report page actually tells you how you answer those report parameters, so in case you were doing some filtering out, you would know specifically what it was that you asked for. As with most of our reports, they are distributed through the Student Aid Internet Gateway to those destination TG mailboxes that you have, and the messages classes that we have established then for these different reports are listed here. There's one report that is for a fixed-width format that we have.

Uhm, we also provide it to you in Comma Delimited, which gives you some flexibility into which kinds of systems or your own systems Excel or Access or whatever it is that you may be using that you can import pretty easily in that kind of format, or there's also the preformatted report that we were just seeing on the previous page, so you notice that as we continue to provide and develop different reports for you, we've been doing a lot more in the last year of providing you some flexibilities in the ways that that information can be delivered to you because we recognize that each of you have different systems and different capabilities that you may need for that report to be provided. Another thing that we've begun doing and Valerie mentioned this with exit counseling because exit counseling was one of the things that we did in the last year that really gave us an opportunity to rather than just relying on you to come to our site to request the information that if it's information that you're very interested in seeing, a lot of you had requested that “can't you just push to us information so we'll know which of our students have actually gone on your site and completed the exit counseling, as an example,” so Push Reporting is something that we have recently began doing with the exit counseling but also with these Delinquency Reports, so if you want stuff to be automatically sent to you, you just need to set up a profile, then, and tell us how often you want the reports sent to you so you can establish the frequency based on your preference, which format you want the report sent in, so maybe some reports you do want in a preformatted report but maybe others you want in an extract, you can make those choices different for Exit, for



example, from the Delinquency Reporting. You can also indicate which mailbox, specifically, you want the report to be sent to, and then, of course, the message classes that are used for these are the same message classes that we've shown on previous slides for the report. In order to set up these profiles, then, you'll go into the Organization Tab, and, from there, you'll select the School Profile, and I think you'll begin seeing that as we try to provide you some flexible options in interacting with NSLDS that I think you're gonna start seeing us enhance the profile for your organization over the next couple of years with some additional enhancement and changes to functionality that we're working towards but if you go to that School Profile, you'll see these options here for these 2 Push Reports, one for Exit Counseling, and then one for the Delinquency Report, and you just go in and click the Update, as you see there in the red box, and then that'll take you to the Parameter Page in which you indicate to us the information of what type of report do you want, do you want to report an extract, and if you want an extract, now that we're giving you some options in how that extract is delivered, we need you to indicate to us which extract format you desire, and, as in the case of the Exit Counseling, which is shown here, Valerie had indicated to you that we're providing that Exit Counseling information in the format that those who have been getting from Direct Loans for a number of years are accustomed to, you can get it in that format, or there's a newer format that we've developed as well that you can use, so you indicate, then, what extract format, the frequency you can select here, and then the additional information about whether you want just a specific school branch location or if you want all of the locations we can do that as well, and then, specifically, which mailbox you wish it to be pushed to, so once you've entered in all that information, and clicked, "Submit," then you'll get this confirmation icon that it will tell you went the profile has been successfully updated, and then, from that point forward, we'll begin pushing the information to you, as you've indicated. If you change your mind on where you want it sent, or the format you want it in, or how often you wanna get it, you just simply have to go back into the Organization Tab and actually make changes. Now I will say those of you who have multiple users in your office, there's nothing to prevent one user from doing this, and then going and changing to something else, so there might be some communication and coordination on behalf of these for your school that you'll wanna take into consideration because we're not actually blocking out any particular person from being able to do that.

We've also worked on a report and these names always perplex me because they just sound so complex when we say, "Loans purchased by Ed Report," it's like what exactly is that but as you all know during the last couple years where a lot of provisions have been set up to ensure that our students have access to student loans, one of the things that was done at a significant volume compared to ever being known in the recent past was for the ability for the department to actually purchase non-defaulted loans, so what became perplexing for schools, in working with their students is being able to track "where's my student's loan," so this report was designed to help you do that and know where the loan is in its movement from its original lender to one of the – and guarantor to one of the servicers at the department, so you'll find this under the Reports Tab and we have a Web Report List. There's now actually two links at the top on the Reports Tab, one is the one that you've known to be out there, and the other is the Web Report List, and what specifically or different between these two is in the last year or two we've actually been working more towards delivering reports to you right online and having a PDF file available to you so you can just actually take it off the site, and not have to deliver everything through SEIG, so in the construction of that, in our current environment, we needed to sort of separate out where the PDF-available reports were versus the other standard reports that you've known to be, so that's where you actually find this report is under that Web Report List and you'll see the option here then for the Status of Loans Purchased by Ed Report, and you can select on that. As with other reports, you have various options for how the information is sent to you. When looking at it, online, I think you're limited to 19. If you want – 19 borrowers that is. If you want more than that, then you will need to actually request the report be sent to you, and then you can get a broader listing but if you're working with an individual student and just wanna view the information online, this would provide you the capability to actually do that, so you can look specifically by servicer, or a prior GA code, you can limit it on specific school branch, the A-Digit Code, or if it's for all of the schools associated with your main campus, you can leave that School Branch Code in asterisk and it'll look across the board for your institution. That has multiple locations.

You can also limit this, then, by the actual transfer dates – a transfer-date range, so if it's a period of time that you're looking, whether or not these loans have transferred or any additional information on it, you can filter by the Transfer Date. The record layouts for what this report will look like, as with all the documentation from NSLDS, you can find out on the IFAP

website, under NSLDS Reference Material Area, and then you'll see the different report layouts and other file formats, et cetera, for NSLDS out there, and that's where you would find the layout for this particular report, and then the message class that this is sent to you in, is actually listed down here. This is an example of the preformatted report from the PDF display, and it's near the top where you'll actually see that Transfer Indicator, so it basically will tell you where that loan is, in progress, of getting from the original guarantor over to one of the Department of Education servicers, and then it provides you the rest of that, and I know it's difficult to see here, but if you're lookin' at the report, it's really just providing you the details, then, for that loan. Switching gears a little bit, and we've talked some about this but one of the biggest things, and challenges that we've worked on in NSLDS and it was sort of a two-fold process was our connecting up with the four new education servicers for the department, and we had to bring them up quickly last August to begin reporting to NSLDS, and in that particular implementation, since we had such a limited amount of time, it was actually less than 90 days to get connected to them, we've, pretty much, had to stick with the format in which they were already at custom or the community was already accustomed to reporting to NSLDS, which has been around since the beginning, really, of our snapshot, same fixed-file format link, the same data elements that we've always collected, et cetera, for primarily. That was back in August but that was just so they could begin taking on parts of the FFEL Portfolio that the department had purchased but then, in working towards other implementations such as having more than just one server for direct lending, we then, the following April/May, or this most recent April/May, we actually completely changed the reporting mechanism for them to report to us, and – and this actually gave us our first opportunity, in many, many years, to make a significant change in what we get and how we get it, so things like delinquency information we were able prescribe easily that that be part of that implementation, getting things like address and contact information we were able to get, so we no longer have a single fixed-record file format for reporting into us.

We actually have a flexibility format that has multiple record types, and they now begin telling us, basically, just what it is that is new that we need to know after the loan was initially reported to us, and, for us, that makes the reporting a little more flexible, it's a little more simple in the standpoint of they don't keep telling us, as in prior reporting mechanisms, the same data over and over again. It gives us an opportunity to begin getting disbursements at the disbursement level, rather than just having a snapshot of

disbursements to where if two disbursements occurred between reporting periods, they look one disbursement on NSLDS, now they can actually show us all the disbursements, so you'll see that our disbursement information, going forward, over time, is gonna be much more detailed, so, as I indicated, the first reporting was the purchase by FFEL, and then, beginning on July 1<sup>st</sup> of this year, loans began getting pushed out to the different servicing agencies, and they began reporting direct loans to us as well, so it's not just the Direct Loan, what we've always known as the Direct Loan Servicing Center, now we have multiple Servicing Centers, and they're all able to report NSLDS, so what's interesting about this, with this new reporting methodology is that was our starting point. Now, as we make changes to other data providers, or bring on new data providers to NSLDS, this methodology we're gonna incorporate, going forward, as a requirement for everyone to move and adapt to that way of reporting into NSLDS, so I think we will see that this will enhance the quality of data and information that NSLDS collects as we begin moving forward. Some other enhancements that we're working on is a New Portfolio Report, and I'll talk about that in just a moment. We do have some changes with some other data providers that are gonna be doing this format as a suggestion, so I'll tell ya which ones are on the forefront. I wanted to talk to you a little bit about NSLDS' work this year on what is called AIMS, the Access and Identity Management System.

We're also actively working on some significant changes to our enrollment reporting process that we hope by this time at the conference next year that we will be talking to you about what we're rolling out around that time period, and then also work that we have actively begun doing to prepare ourselves for the change in the Cohort Default Rate Calculation to be a three-year cohort opposed to a two-year. The New School Portfolio Report that we're working on, and this should be in place by the end of December, so you should look for some communication from us at the later part of the year, or the beginning of the year, when this rolls out, and it's availability to you. I think what's important to know because we've had a lot of activity around this particular issue for the last several months but this report is not being designed to support what some of our institutions are trying to assess from the standpoint of the Gainful Employment Requirements, so I think it's important for us to say that from the onset but what this report will allow you to do, and I know a lotta schools have really wanted something that would help them be able to do this but it's to provide you a comprehensive report that will give you the opportunity to provide us data-entered repayment

range as well as get information on loan status, program type, and other things but it's a comprehensive report on loans that would allow you, as best as possible, to be able to mimic a cohort calculation as part of your Default Prevention Capabilities, so it's a complete portfolio report, then, that will give you the information as best as possible to anticipate how that is for your institution. I think what's important to note about this – so you'll have, through this report, most of the data elements that you need to do like what we do in our actual Draft and Official Calculations of Cohort but it'll give ya data in your hands that you can take a look at and assess and manipulate and analyze to potentially see where you need to get some of your activities around Default and Delinquency Prevention and we expect to have this rolled out, like I said, by the end of the year, beginning of January, that time period is when we're looking for that you'll see this. I think one thing I do wanna note though that it was a challenge for us but it will be a challenge for you in fully mimicking what we do in the CDR calculation and that is the fact that we do not, per se, have direct linkage between a consolidation loan and the underlying loans, so NSLDS uses a Calculation Assumption when we do the Draft and Official Calculations, which is we take a look and see if the consolidation loan is within 210 days of that underlying loan being paid off, and if it is, that we make an assumption that that consolidation actually did the payoff, and I think it's important for you to know that that's just an assumption. It's probably true the majority of the time but there are other straggling cases where someone does consolidate multiple loans but paid off maybe one of the smaller ones in the process, and it really wasn't part of the consolidation, so that's the only deficiency that you would have once this data is available to you from trying to set up and do a mimic of – of what we do with the Draft and Official Cohort Calculations, so stay tuned to that, we'll communicate to you as we normally do through our website, and other means, IFAP, et cetera. New data providers that we're working with, there is a new Temporary and Permanent Disability contractor that has already begun doing the work of taking over those loans that are working towards an Active and Permanent Disability Discharge.

You'll see this new Code 582, and its Department of Ed Nelnet that actually is doing this work. They have not yet begun reporting to NSLDS but that's anticipated by the beginning of the year, in January, that that should begin occurring. With the department we also are working actively towards implementing a new debt management collection system, and, as a result of that, and there's gonna e a transitional period for about 6 months when both systems are operational. You've come to know the 555 Code as

the Debt Management Collection System. Up to this point in time, the new system is actually gonna have a 556 Code.

We're working in the month of December to actually finish our testing and go into production with the new interface to this new system that's coming onboard at the end of the year, and probably we'll start seeing loans with this code at some point in time in the January/February/March time period, as they begin taking on new defaulted loans, so those are the 2 additional data providers that we are working with, and, as I said before, we are also working to, when we do these implementations, to use the new methodology of reporting, so we actually have the enhanced abilities, and data elements, et cetera, that they can work with us to provide, so those are 2 things that I would be stay tuned to at the beginning of the year because you'll start seeing these new codes out there. Access and Identity Management System, how many of you have – are currently either Destination Point Administrator, so you go out to Participation Management to sign up new users? Okay, if you'll keep your hand up for a moment, how many of you have access to CPS Online Access, and how many of you have access to eCampus-Based, and how many of you have access to the Financial Partner Datamart, just a couple. Every one of you, then, who had your hand raised for reason, or multiple reasons, or another, you're already in this system. This is what you use to login to those other systems.

Now you all know we've been talkin' about Single Sign On since I had red hair not gray hair. That's true. We're getting there but it's just at a good government glacier pace I believe but NSLDS is actively working towards meeting the requirement of our user ID and password and authentication being behind this Access and Identity Management System. That's one more step toward the Single Sign On. You know we made a big step the year that we did the participation management and the CPS Online Access because that took about – if you didn't notice across the room – half of you had your arms raised, so that means half of you, we just gotta let you know when we implement this to start using this other ID that you already use for other reasons.

The other half of you, we need to get ya in the system, so we need to make sure that we do all the up-front work to get behind this system, and get a user ID and password, et cetera, so you'll be able, once we actually live with this change that you'll be able to begin using the new ID and password, so you'll find that the ID is more typical of what a lot of us have, like ours at the department is just quite simply your first-name-dot-last-name-at-ed-dot-gov,

kinda user IDs. You're gonna see something of that flavor, if you wish, as opposed to the ones that you've been accustomed to through NSLDS. Password, you'll probably find, you know, we've been limited to the 8-digit password at NSLDS. You're gonna find that there's a much more enhanced and more robust and secure password mechanism that you have here, so, you know, the combination letters, cap/not-cap, numbers, as well as being able to use symbols, characters, that kind of thing, so you'll have that capability, so we're working towards that to helping this issue of getting a Single Sign On Solution, and I'd already mentioned these other systems that are using it. We're looking to do this in 2011, and we're sorta nebulous on the date for good reason, in that there's a lotta things for NSLDS to work out, in terms of its requirements in moving behind the solution.

I think you've all become very accustomed to our, one, the reason why we start out every year this presentation talkin' about security access, et cetera but we've become very accustomed to the different features that we have with security on NSLDS because we have a lot of identities to protect, and that's very important that that's first and foremost in our minds whenever we make changes to the security solution that we use, so we're working through those requirements and hoping by sometime in 2011, hopefully no later than the conference next year, that we are there, and have simplified, even further, your ability to access federal student aid systems but we'll be doing lots and lots of communication as part of this implementation because it's the communication is actually the harder part because there's a lotta people to make sure they're aware. One of the other things that we're working on is we're working on making some changes to our enrollment reporting process. We're looking to do this probably sometime in the November/December time period of next year, and so I have a feeling we'll be talking a lot about it at the conference next year. We're even doin' a focus group while we're here this year to talk and get some feedback from a variety of folks on some approaches that we'd like to take. The main thing that we're looking to do, and I think the key is to remember, with enrollment data, even though it's such simple data elements, the main reason we do it is to make sure that we efficiently, timely, and accurately get borrowers into repayment.

That's first and foremost its primary purpose of being collected. It's been proven for many, many years the most effective delinquency prevention tool is effective communication when a borrower transitions when a borrower transitions from being outta school to going into repayment and making sure they understand

their responsibilities, get set up on a good repayment plan, things of that nature. The best that we can do of making sure that all happens appropriately, the more likely they are to be a productive repaying borrower, so we wanna make sure because there are things that we need to address in the timeliness of this data, so we are exploring ways to improve how this process works. We wanna get to something that is more occasion-driven, so something triggering the reason why we're collecting it. The other thing that we need to do and I know the schools may groan a little about this but we've got to enhance our oversight of ensuring that – that schools are effectively providing us this data. We do have some issues in some places in getting timely data so we can more effectively – we being NSLDS – communicate out to loan holders the fact that the borrower needs to go into their grace and subsequently in to repayment, do we're gonna be adding much more robust Compliance and Oversight Tools, that we are working with our Program Compliance part of the organization to ensure that we are effectively managing those who are not meeting the spirit of the rules around reporting enrollment data, so that's something we're actively working on, and then, lastly, is the fact that last year we went ahead and not in an official way but we basically showed you what a three-year cohort calculation was gonna be like but we didn't embed that in our system as a normal part of the program so we're actively working on implementing that, in preparation for the draft calculation that we do in January, so, once again, you will be able to see but it will actually be part of the cohort program, both the two-and-three-year rates, until the three-year rates, or the official rate in which you will be complying to, they will show up on our website, as they did last year, as trial rates, and it's information-only, so you can see how moving from two-to-three-year rate is impacting your school.

You will, thought, be able to get back-up detail, the LRDR, the Loan Record Detail Reports, you'll be able to get that for both the draft and official rates that we're still calculating for the two-year, as well as you'll be able to get that back-up detail for these trial three-year calculations, so if you want to gain some additional insight on what this additional cohort year means to your institution, you'll be able to get the exact same data and be able to assess and analyze that information as well because we don't even begin having those official rates for some time now but we're already working towards it so you will be very comfortable with what that impact will be for your institution as we get there. Lastly, we always provide you with our Contact Information. You can always contact our Customer Service Center phone number or email. We get about 2,000 to 2,500 inquiries per week from you



all through both of those sources, so we know you actively use our Customer Service Center, and if you have any questions, we can open the floor. I'm looking around to see if there's mics anywhere but I don't think I see any, yes?

I'm gonna have to ask that you be loud because it's very echo-y up here. Me, either. I – unfortunately I only heard about half of what you were asking, so you're checking NSLDS to see if the student has borrowed money. The net amounts are different than what you calculated? Well, NSLDS doesn't actually have the net amounts for loans. It's the gross amount. That's one key difference, so the amount that you'll see as you're actually doing a disbursement will be net of the fees but, on NSLDS, the information you see is actually inclusive-of, it's all gross amounts that are reported to NSLDS, so that might be one of the primary differences, initially.

We do have a mic over here now, if anyone else has any questions? I see someone coming down here. Not working?

*Female 1:* It's there but anyway here's my question. Oh, there it was, okay. Hello, can ya hear me now?

*Ron Bennett:* There ya go. *[Laughter]*

*Female 1:* Okay when I look up a student in my section as a financial aid administrator and look for the details, I can see what the interest rate is of the loans that they have borrowed. When the student has access, it just says, "Fixed." Could you change that so that they can see what their consolidation rate was, their **Reb-plus** it was 8.5, 7.9, what – there's only *[crosstalk]* –

*Ron Bennett:* Yeah, I mean, I appreciate the question. The question's about when you're looking, you see the interest rate, and actually that's – you see it for some but not for all. We're sort of in a transitional state of what we actually no definitively. The way it's been working for a number of years is if it's a fixed rate we would see a rate, if it were variable, we didn't see a rate, right Valerie?

*Valerie Shearer:* Yes.

*Ron Bennett:* I didn't look, okay. One of the problems that we've always had, and I wanna explain why we turned that off on the student site because it had to do with what we were effectively telling the student or not telling them, so, in that case, where a lot of the loans were variable, so we really didn't have the rate, we weren't really helping the student what the rates were on their loan but I think

we'll get back to the point of where you wanna be to where we know more definitively. In the Change Methodology of Reporting, we are not only getting what's the Statutory Rate associated with this loan but if there's discounted rate that's being applied, what's that rate as well? We're now specifically asking for reporting of both of those elements, so then we have concrete information. I think when we have an aggregation of enough of that concrete information then we would look to turn back on what we think is better consumer information for the student but we think what we have now is so deficient of clarity that having it there for the student is more harm than good, which is why we turned it off about three years ago, I believe it was, or so.

*Female 1:* But see I put it back on. When I – they leave my school, I print out that NSLDS thing and I put down what their interest rate. I go through a lot of detail with them before they leave so they know what's all about their loans.

*Ron Bennett:* No, and I appreciate that.

*Female 1:* Especially the Variable Rate Loans, I let them know now because the interest rate's so low about the consolidation and all that kinda stuff.

*Ron Bennett:* So what we've recognized is the way the interest rates were reported to us in the past and still are for the majority of what's provided to us, it's not useful information, at all really. It's not concrete enough to know of whether it's the statutory rate that it could be if it weren't discounted or what the discount rate if the – if a discount's being applied. Having known that and taken this opportunity with these Department of Ed servicers to change – like I said, we had a long wish list that we've been for almost a decade now of some additional data that we wanted to collect. Interest rate was high on that list, so we're getting there.

*Female 1:* Thank you, I appreciate it.

*Ron Bennett:* And we'll work to fix the problem that you're talkin' about I think when we get to a position that it's more the norm of what we have data-wise, and not the exception.

*Female 1:* Okay, thank you very much.

*Ron Bennett:* Yup! Yes, sir?

- Male 1:* Good afternoon. Does NSLDS plan on moving into real-time, like once \_\_\_\_ has been processed to the lender that they're pretty much updates within 24-to-48 hours?
- Ron Bennett:* Real-time, probably not, at least not in the near-term. What we're doing, though, is, once again, I mean, we have providers provide data to us as frequently as daily in the case COD with grants to what's becoming more a norm with loans is weekly, so requirements going forward like what we have with the servicers, is that they all provide data to us weekly, so that, in and of itself, we're finding that data is getting into the system, on average, in about seven-to-nine dates after the – seven-to-nine days after the effective date, so we are working to improve it, and we've been balancing the – we collect probably about 250,000,000 records a month at NSLDS, so to move to real-time, we have to balance the effectiveness of the benefit from doing that but we are working towards continuing improving the timelessness.
- Male 2:* Hello, I'm a graduate institution and I love the way you guys broke out the Graduate Dependent/Independent but there's still one issue, and I don't know if it's a resolvable issue, and that is the dependent students whose parents are denied a Plus Loan therefore they can get more in when they're an undergrad, the students, and that causes an aggregate limit when they go to the graduate schools, and a lotta times the only way we can resolve it is by calling the institutions. Is there any – and I know that would be a hard fix – but is there any work-in-progress or any way that you could – because they still show the dependents, we can't automatically that they were treated as an independent on the NSLDS, is there any way, or any – is that somethin' on your guys' radar?
- Ron Bennett:* I do love the chance [*crosstalk*] I'm lookin' at Jim, who's sittin' in the front row because I don't know if that's a piece of what we've been planning at any point or not.
- Jim:* Yeah, it is definitely on the radar but I think where we've had trouble in the past was [*crosstalk*] – that's okay, I think where we've had – it's on our radar, and it's one of those that in the past that I think where the issue really comes into play when trying to determine if the additional loan was provided due to plus-to-analysis situation. It was mostly with the FFEL Loans. With the FFEL Loans, the SU, the SU, the – inside the loan, we have no way of loan – knowing exactly, definitively if it was or not because it just wasn't communicated through all the various DL providers that we know of today how it is with the Direct Loan, so we had to, then, kinda, calculate, you know, if the information was there, did

it look like, based on the certain conditions, you know, if saying it was an Award Year periods, and the amounts, and all this other stuff could factor into it, whether it was a Plus Denial or not, so, like with anything with assumptions, you could be right or you could be way off, so that could be part of that right there, but, then the other thing is the – the other part with going all 100-percent Direct Lending, the silver lining with that piece is the fact that is community – communicated through all the various players in the FSA world, so we do definitively that that additional loan was because of whatever reason, so we then can take that into consideration.

*Male 3:* So you're sayin' eventually there will be some sorta indicator to do that, now the million-dollar question, can you give me a time-frame? And I know – believe me I know you guys have had a lot and I love what you've done so far but any idea are we talkin' years, are we talkin' a year, a year, days would be nice and [laughter] [crosstalk] –

*Ron Bennett:* Not days, that much we know, probably not a year. [Laughter] [Crosstalk]

*Jim:* Definitely and the – whether the thing of it is, you know, as time goes by, we'll see the benefits of going all 100-percent Direct Lending because that information is captured and reported through the systems. It doesn't really kinda help us with all the information – yeah, with the old data.

*Male 3:* But what about the new data?

*Jim:* Well, the new data, yeah, I mean, it's coming in, we'll have that but then also, too, we do wanna look at it to see how it is coming in to make sure we're accounting for it that hopefully by – within the next year.

*Male 3:* So you're saying you have it now, like if someone was denied this year, there is an indicator that says [crosstalk] –

*Jim:* Yes, yup, yup.

*Male 3:* Oh, okay, maybe I just haven't come across it, okay, okay, thank you.

*Ron Bennett:* Thanks, Jim.

*Female 2:* Hi, my question is I have a student right now if you just look real quick at her NSLDS, she's definitely over the \$23,000.00 Undergrad Limit, and up about, like, \$53,000.00, I think, combined loans but if you add up everything that really was disbursed, she only borrowed about \$17,000.00 in her prior to going to school, and now she's coming back but it's because she did a consolidation and then she did another consolidation, and so I'm just curious if we're gonna get to the point where those totals are really going to match what was disbursed. It seems like in the consolidation process we lose that sometimes, the amounts between sub and un-sub, get mixed up, or the way it reports, it – it more than doubled on her. I really do think we went from \$17,000.00 to, like, \$53,000.00, or something.

*Ron Bennett:* Yeah, I think – I'm – I mean, that big a specific situation, I – that's one you'd probably wanna sit down with someone in the lab and take a look at, actually.

*Female 2:* Yeah, I've – I've [*crosstalk*] –

*Ron Bennett:* You visit Jim in the lab, that's the expert.

*Female 2:* It's – it's got a case number, or whatever, and we're workin' on it.

*Ron Bennett:* But what you're describing is what's always been one of our most significant challenges in calculating aggregates. Whenever you hear us say, "In our calculation we make an assumption," like the gentleman who was just up here about a different scenario, you know, we had to make an assumption based on the data that we see that presumed it to be that particular situation. It's the same thing with Consolidation Loans and the main reason being we don't get told on the Consolidation Loan, specifically, which loans had paid off. What we are doing in the way new reporting is being reported to us is we've positioned ourselves, in a way, to begin collecting that information, and, to us, it really doesn't matter which way it comes in, whether it's a Consolidation Loan, tells ya which loans are paid off, or whether the payoff of the underlying loan tells you which Consolidation Loan paid it off. Once that direct linkage is known, and as we go forward in the future, when we have that more, and more as the data that is sent to us, then the confusing situations that you're talking about there, sorta, will take care of themselves because right now it's the whole making assumptions as part of doing the aggregate calculation, and there are scenarios where the data is deficient to do the aggregate calculation correctly, and all we can do is work with you in those what I call "the ugly situations" to get more towards what the truth may be.

*Female 2:* I guess that's my next question, maybe, is for the How's the Fed Table but if I can show the math of what she really received before she went through all of these consolidations, and I give her more money, am I trouble or am I okay? *[Laughter]*

*Ron Bennett:* No, to the community, I mean, this has happened a couple of times since NSLDS had come on, so somewhere in the mid-'90s, and somewhere about 3 or 4 years ago, we basically sent out a reminder of what you have the ability to do based on the information that you know that may be more accurate than the data that we have and how the calculation's occurring, so if you have definitive information in your hands that comes up with a different answer than what appears on NSLDS, you, as an aid administrator, do have the ability to use your judgment. The key in that case is how you document that situation but – but it's all based on if you have better information, you can, and actually we expect that the schools do what you're asking can I do opposed to the other situation where schools refuse to help the student because NSLDS doesn't say it the right way because it can't with the data that it has. There's guidance out there, and dear-colleague letters that give you the ability to do what you're asking.

*Female 2:* That was basically the email response I got was “go to the dear-colleagues.”

*Ron Bennett:* *[Laughter]* The specific one we'd probably have to look it up for ya and give you the answer but there's two of them but one was updated just to remind people. There was really nothing changed, it was just we were getting a lotta folks that weren't going on with that professional judgment based on what they do outside of NSLDS.

*Female 2:* Thank you.

*Ron Bennett:* Mmm-hmm.

*Female 3:* I notice that your life the PELL lifetime amount, the calculator is up there on NSLDS now but it doesn't seem to be calculating correctly, and I'm just not sure if I'm looking at it wrong or if it just is kind of a work-in-progress but it seems to be taking the percentage used for all of the Award Years, and then that's sort of the Lifetime Amount used, so, like, for, let's say, '08/'09, they used 100 percent, and then '09/'10, they used 100 percent, and then '10/'11, they used 50 percent, it's reporting as “250 percent

Lifetime Eligibility used,” instead of whatever their lifetime is. Is that how it’s supposed to report, I guess?

*Ron Bennett:* I’m looking to – is this one that you know of, Jim?

*Female 3:* Because literally it said, “350 percent for this student was used,” and, I’m like, “Is it out of 1,000 percent or what, how do you read this?” [Laughter]

*Ron Bennett:* Yeah, unfortunately, this is not one of my areas of expertise, and Larry is not here, either, is he?

*Female 3:* I mean, I’m assuming it’s just a work-in-progress but [crosstalk] –

*Jim:* Well that information is calculated, the percentages, the Lifetime, that’s something that’s calculated by the COD system, and is sent to NSLDS where we just simply take what they give us and display it accordingly. Now how those basic numbers are coming up might be a question you could ask the COD folks with the student in question to see how that is coming up specifically but I do know that there was one time that there’s a certain amount of time that we did see on some records where if the student was before a certain amount of time, you know, had grants, the PELL, and then came back at a later date, it wasn’t acknowledged and the fact that that prior aid wasn’t – or the prior PELL was awarded, so it wasn’t factoring into it as well, so I don’t know if that’s the situation as well.

*Female 3:* No, I mean because it’s not supposed to be looking at ‘08/’09, right? I mean it’s only supposed to be looking at, like; I forget when the law went.

*Jim:* Yeah, yes, exactly.

*Female 3:* So but it was, it was calculating ‘08/’09, and then it was, yeah, 350 percent, and so I guess I get that you’re reporting to your – your reporting it from COD but that’s kinda what we’re using at this point. I mean, there’s nobody right now that’s in danger of that but is it something that you guys are gonna be working on because if that’s not reporting accurately, then schools could get into a lot of trouble.

*Jim:* Yeah, yeah, and it is on the radar, it is on our radar to, I don’t know if it’s next year or the following Cycle Year because that’s really, kinda, when it comes into play as far, like, have they reached their Lifetime PELL eligibility, that – you’ll then begin to start to see

these various indications as they come up through on the I-Server to let you know through comment codes, things like that, so that is on the forefront.

*Female 3:* Should I now just ignore it?

*Jim:* Well, I don't know about ignore it but it's there for your display so you can at least see, kinda, where they are, based on the calculations that COD is providing us, so – but then also be aware to that it is something that will be automatically letting you know about that when they do.

*Female 3:* So next by – kind of this time next year so it should be working correctly?

*Jim:* I think we should probably know more by then what we'll be doing for the subsequent award year.

*Female 3:* Okay.

*Jim:* Yup.

*Female 3:* Great.

*Ron Bennett:* Yes?

*Female 4:* Yeah, I was just wondering if Ed is looking into correcting any students that, say, dispute their default and then it gets reinstated, if they're looking at taking that out of the school's cohort so they don't have to challenge it, basically?

*Ron Bennett:* I'm not aware of that, actually but that might be a better question for the folks who manage default, the default management people, the folks who actually process the appeals, et cetera, that would probably be a better question for them.

*Female 4:* Okay, thank you.

*Female 5:* Hello, my question is about the Exit Counseling upload feature that you talked about earlier.

*Ron Bennett:* Mmm-hmm?

*Female 5:* Is that available for any user to update that information or do you have to have a certain level? Like right now I probably have I



think view access basically. Would I be able to upload that information as well, or is it only higher users?

*Ron Bennett:* I don't think it has any limited access which user can do the uploading.

*Female 5:* Okay.

*Ron Bennett:* So you should be able to [crosstalk] --

*Female 5:* All right.

*Ron Bennett:* to do that.

*Female 5:* Yes, fine, okay, thank you.

*Ron Bennett:* Yup, okay, there's no other questions? Thank you and enjoy your lunch.

[End of Audio]