



SPRING CONFERENCE

Kansas City, Missouri

2003





Session #3

FFEL/Direct Loan Cohort Default Rates

- **How the department calculates and distributes each school's CDR**
- **CDR consequences and benefits**
- **Challenge, adjustment, appeal options**
- **Tools and resources available to monitor CDRs**

CDR Recipients

- **Domestic and foreign**
- **Certified for TIV programs**
- **Borrowers going into repayment for at least one of the past three fiscal years**



Why Monitor Your CDR?

- **One of several indicators of administrative capability**
- **Tools for monitoring CDR also assist in overall default management activities**
- **Fewer defaults, less risk to taxpayer funds**



Definition of the Cohort Default Rate (CDR)

The percentage of borrowers **entering repayment** on loans in a fiscal year **and defaulting** (or meeting other conditions) in that fiscal year or the next fiscal year.



34 CFR Part 668.182

Cohort Time Periods

FY 2001 10/1/00-9/30/02 N

10/1/00-9/30/01 D

FY 2002 10/1/01-9/30/03 N

10/1/01-9/30/02 D

FY 2003 10/1/02-9/30/04 N

10/1/02-9/30/03 D

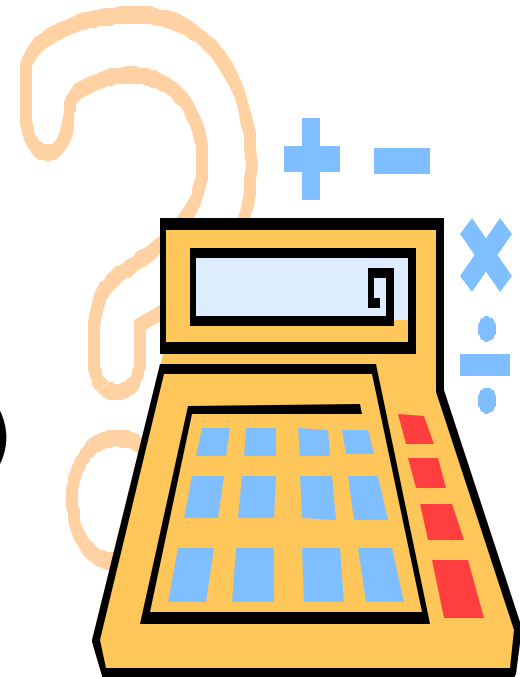


Loans Included in the CDR

- Federal Family Education Loan (FFEL) Program Loans
 - Subsidized Stafford, Unsubsidized Stafford, Supplemental Loans for Students (SLS)
- William D. Ford Direct Loan (Direct Loan) Program Loans
 - Subsidized Stafford, Unsubsidized Stafford loans

Types of CDR Calculations

- **Non-Average** (72% of schools)
 - ✓ 30 or more borrowers*
- **Average** (27% of schools)
 - ✓ 29 or fewer borrowers*
 - ✓ at least 3 years of data
- **Unofficial** (<1% of schools)
 - ✓ 29 or fewer borrowers*
 - ✓ less than three years of data



*Most Recent Fiscal Year

Example of a Non-Average CDR Calculation

**30 or more borrowers entering repayment
in most recent fiscal year**

$$100 \times \frac{28 \text{ (N)}}{122 \text{ (D)}} = 22.9\%$$

Example of an Average CDR Calculation

**29 or fewer borrowers entering repayment
in most recent fiscal year**

$$100 \times \frac{2 + 6 + 4 = 12 \text{ (N)}}{50 + 44 + 29 = 123 \text{ (D)}} = 9.75\%$$

Cumulative totals from three most recent years

Special Circumstances

Multiple Loans Per Student

- Loans counted for school that certified the loans
- Student counted only once in calculation

Example

- Student has 5 loans (3 from one school, 2 from another school)
- Student only counted once in calculation for each school
- Exception: Certain mergers

Special Circumstances

Consolidation Loans

- Default may impact underlying loans for CDR

Example

- Stafford loans entered repayment in 2/2001 (FY 2001 Denominator)
- Consolidated on 3/2001
- Consolidation loan defaulted 3/2002
- Stafford loans considered in default (FY 2001 Numerator)

Special Circumstances

Death, Disability, Bankruptcy

- Occurs **PRIOR** to default, loan will NOT be included in the CDR numerator
- Occurs **AFTER** default, loan WILL be included in CDR numerator

“Once in default, always in default”

Special Circumstances

Paid-in-Full Loans

- Occurs **PRIOR** to DER, loan's actual DER is paid-in-full date
- Occurs **AFTER** DER and/or default, DER and/or default date not affected

Loan Record Detail Report (LRDR)

Contains information on the loans that the Department used to calculate a school's cohort default rate.





Title

Body Data
Elements Headers

LRDR

Body Data Elements

U.S. DEPARTMENT OF EDUCATION
 NATIONAL STUDENT LOAN DATA SYSTEM (NSLDS)
 RATE CALCULATION DATE: 12/16/2000
 COHORT YEAR 1999 DEBT LOAN RECORD DETAIL REPORT (SCHOOL) PAGE NO: 1
 Attention: ROBERT YOUNG Organization ID Number: 11111100
 Name: ELECTRICAL TRAINING INSTITUTE
 Address: 1234 MAIN STREET
 City: LEONARDTOWN State: WI
 Country: USA Postal Code: 12345-6789 Program Type: FFEL/DL Years: 1

Academic		STUDENT		Original		CLASS	
SSN	Last name	First/M.I.	D.O.B	School	Begin Date	End Date	Level
0	- LENDER/ SERVICER/ HOLDER- Loan -	Claim Rsn/	DEFAULT/	Guarantor/	Guaranty	Enrollment Stat/	Usage
Originating	Current	Type Stat	Code	Reqm Date	Repay Date	Amount	Servicer
0222-22-2222	LEE						
0101	555	D1 DU	IK	02/20/2000	10/01/1998	\$ 3,000	0101
0333-33-3333	SMITH						
8000040000	8000040000	SF DU	DF	09/05/2000	05/16/1999	\$ 2,625	111
0333-33-3333	SMITH						
8000040000	8000040000	SU DU	DF	09/05/2000	05/16/1999	\$ 2,625	111

	FFEL	DIRECT	DUAL	
TOTAL DOLLARS IN DEFAULT :	7,900	5,500	12,500	(Based on Outstanding Principal Balance)
TOTAL DOLLARS IN REPAYMENT :	28,400	11,365	31,365	(Based on Outstanding Principal Balance)
TOTAL INSURANCE CLAIM PAYMENTS:	6,000			
Actual Numerator Count :	3			Report Count : 3 (B Usage 1 Codes only)
Actual Denominator Count:	5			Actual Default Rate: 60.0 Report Count : 5 (D & B Usage 1 Codes)
INDIVIDUAL PROGRAM TALLY: FFEL:	2/3	DIRECT:	2/4	
Appealed Rate flag: N				IC: 0 (Negative Amortization Only)

Summary

Effects of Draft CDRs

- **Distributed each February**
- **Not public**
- **No sanctions or benefits**
- **Opportunity to correct data in time for official CDR calculation**
- **All schools may challenge draft CDR information**

Effects of Official CDRs

- **Publicly released each September**
- **Provided on web site and via press releases**
- **Department applies sanction and benefit criteria**
- **Schools have limited adjustment/appeal rights**

FY 2001 CDR Distribution

Draft  February 18, 2003

Official  September 15, 2003

Draft rates generally distributed third Monday of every February, official rates generally released second Monday of every September

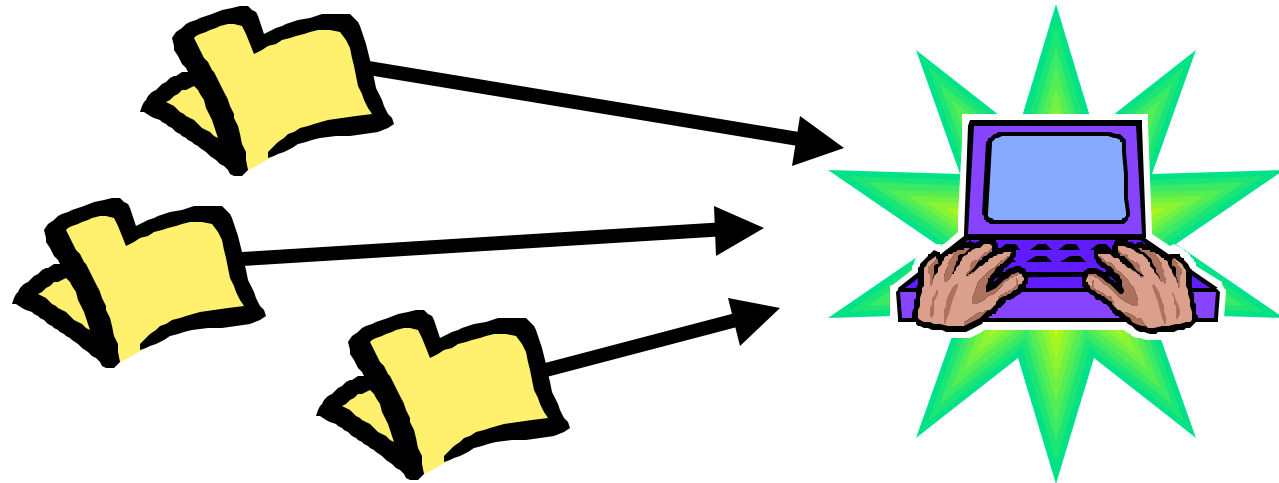
eCDR



- **Replaces the paper distribution process**
- **Debuted with FY 2001 draft rates**
- **2,700 schools signed up via SAIG**
- **On 2/18/03, CDRs delivered to designated TG accounts**

Three eCDR Files

- **Cover letter (SHDRLROP)**
- **Report version of LRDR (SHCDRRROP)**
- **Extract version of LRDR (SHCDREOP)**



eCDR Advantages

- **Instant receipt of CDR information**
- **No more “who signed for it?”**
- **LRDR extract enables data analysis**
- **Adverse weather, other events will never again delay delivery**
- **Adherence to GPRA, other e-gov initiatives**

eCDR Sign Up Deadline

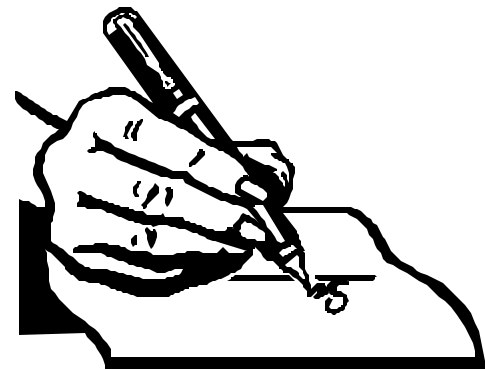
All domestic schools must sign up by

June 1, 2003



eCDR Sign Up Details

- **www.fsawebenroll.gov**
- **Electronic sign up, but hard copy signature page is required**
- **Once enrolled, conduct service changes at anytime**



CDR Monitoring Tools

- **Date Entered Repayment (DER)**
- **Cohort Default Rate History screens**
- **LRDR download**
- **Default Loan Summary Report**
- **Exit Counseling**
- **Repayment Info**



DER 001 Screen

Report Parameters

OPEID:	<input type="text" value="0"/>	<input type="button" value="Org Search"/>
DT SCHED TO ENTER REPAY BEGIN:	<input type="text"/>	MM/DD/CCYY
DT SCHED TO ENTER REPAY END:	<input type="text"/>	MM/DD/CCYY
Sort By:	<input type="text" value="-Select-"/>	
Output Medium:	<input type="text" value="-Select-"/>	

Message Class AHSLDEOP

[Menu](#)[Aid](#)[Enroll](#)[Org](#)[Report](#)[Tran](#)[Org Contact List](#) | [Org Search](#) | [Data Provider Schedule](#) | [Repayment Information](#) | **Cohort Default Rate**Type: Code: Name: Logged on as: ONLINE SCHOOL ID FOR TRAINING from [HANNERS UNIVERSITY](#)**Name:** HANNERS UNIVERSITY**Code:** 00307800 **Type:** School**Status:** OPEN**Address:** OFFICE OF STUDENT LOAN COLLECTIONS, 3640
COLONEL G
DAYTON, OH 45435

Cohort Default Rate History List

Fiscal Year	Rate Type	Program Type	Numerator	Denominator	Rate	Process Date
2001	DRAFT	FFEL	97	2594	3.7	01/12/2003
2000	OFFICIAL	FFEL	110	2616	4.2	08/03/2002
	DRAFT	FFEL	118	2602	4.5	01/13/2002
1999	OFFICIAL	FFEL	101	2512	4	08/04/2001
	DRAFT	FFEL	101	2513	4	01/13/2001

The Cohort Default rates listed above may not reflect changes that have resulted from the Cohort Default rate challenge/adjustment/appeal processes.



Menu Aid **Enroll** Org Report Tran



Report List

Logged on as: ONLINE SCHOOL ID FOR TRAINING from [HANNERS UNIVERSITY](#)



Return to Report List

ID: [DRC035](#) Type: --Select--

Name: SCHOOL COHORT DEFAULT RATE HIST RPT



Go to Report Log

Report Parameters

School: 003078

Sort By: --Select--

Output Medium: SAIG

Cohort Default Rate History List

Select	Fiscal Year	Rate Type	Program Type	Numerator	Denominator	Rate	Process Date
<input type="checkbox"/>	2001	DRAFT	FFEL	97	2594	3.7	01/12/2003
<input type="checkbox"/>	2000	OFFICIAL	FFEL	110	2616	4.2	08/03/2002
<input type="checkbox"/>		DRAFT	FFEL	118	2602	4.5	01/13/2002
<input type="checkbox"/>	1999	OFFICIAL	FFEL	101	2512	4	08/04/2001
<input type="checkbox"/>		DRAFT	FFEL	101	2513	4	01/13/2001

Submit

Message Classes SHCDRROP (report), SHCDREOP(extract)


[Menu](#)
[Aid](#)
[Enroll](#)
[Org](#)
[Report](#)
[Tran](#)


[Org Contact List](#) |
 [Org Search](#) |
 [Data Provider Schedule](#) |
 [Repayment Information](#) |
 [Cohort Default Rate](#)

Logged on as: ONLINE SCHOOL ID FOR TRAINING from [HANNERS UNIVERSITY](#)

Name: HANNERS UNIVERSITY
Code: 00307800 **Type:** School
Status: OPEN
Address: OFFICE OF STUDENT LOAN COLLECTIONS, 3640
 COLONEL G
 DAYTON, OH 45435

Repayment Information

Request Loan Detail for latest month

The following information reflects the current repayment status of certain borrowers in FFEL and Direct loan programs who attended a school during a specific period. This information has no relationship to the calculation of draft or official cohort default rates for a school and will not be used in that process. This data is provided solely for informational purposes and may not be used in any administrative procedure. The information reported is based on information provided by the Guaranty Agency that guaranteed the loan or by the Direct loan Servicer.

	Numerator Date Range	Denominator Date Range	FFEL Num	FFEL Denom	%	DL Num	DL Denom	%	Dual Num	Dual Denom	%	Date Processed
1	01/2001-12/2002	01/2001-12/2001	61	2614	2.3	0	0	0.0	0	0	0.0	01/26/2003
2	12/2000-11/2002	12/2000-11/2001	93	2580	3.6	0	0	0.0	0	0	0.0	12/21/2002
3	11/2000-10/2002	11/2000-10/2001	89	2575	3.4	0	0	0.0	0	0	0.0	11/23/2002

Report Delivery

- **All NSLDS reports delivered to the SAIG TG account associated with the NSLDS user ID**
- **Report format, other information available in the CDR Guide and in NSLDS help screens**



NSLDS Customer Care Center 1-800-999-8219, Option #3

- School reports conflict to the CCC to research
- School must be prepared to provide documentation
- CCC works to resolve issues with the data provider
- All parties are notified when correction is made

Impact of Data Feed Timing

- Enrollment information: Ad hoc schedule, drives DER
- Debt Collections, Direct Loan weekly feeds
- Guaranty Agencies on flexible schedules

NSLDS website as a resource



High Rate Consequences

- **Possible provisional certification status**
- **3 years 25% or greater-Loss of FFEL, Direct Loan and/or Pell eligibility**
- **1 year over 40%- Loss of FFEL, Direct Loan eligibility**

Regulatory Benefit for Low CDRs

- **Most Recent Official CDR < 5%**
 - **May make single disbursements for study abroad students**
 - **May make non-delayed disbursements to first-time, first-year borrowers studying abroad**

Section 428G(e) of the Higher Education Act

Challenging a Draft CDR

- **Incorrect Data Challenge**
- **Participation Rate Index Challenge**



**All schools may
challenge draft
cohort default rate
information**

Adjusting/Appealing Official CDRs

Adjustments

- Uncorrected Data, New Data

Appeals

- Erroneous Data, Loan Servicing, Economically Disadvantaged, Participation Rate Index, Average Rates, 30 or Fewer Borrowers

CDR Guide

- Calculation nuances
- Challenge, adjustment, appeal details
- Frequently asked questions
- Helpful templates and tools



<http://www.ifap.ed.gov/drmaterials/finalcdrg.html>

1-877-4EDPUBS



For More Information

CDR Guide

<http://www.ifap.ed.gov/drmaterials/finalcdrg.html>

NSLDS

<http://www.nslsdfap.ed.gov>

Official Cohort Default Rates for Schools

<http://www.ed.gov/offices/OSFAP/defaultmanagement/cdr.html>

Email Inquiries: fsa.schools.default.management@ed.gov

Default Management Phone: 202-377-4259



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