

BREAKOUT SESSION #21

Cohort Default Rate (CDR) Information Session (Q&A)

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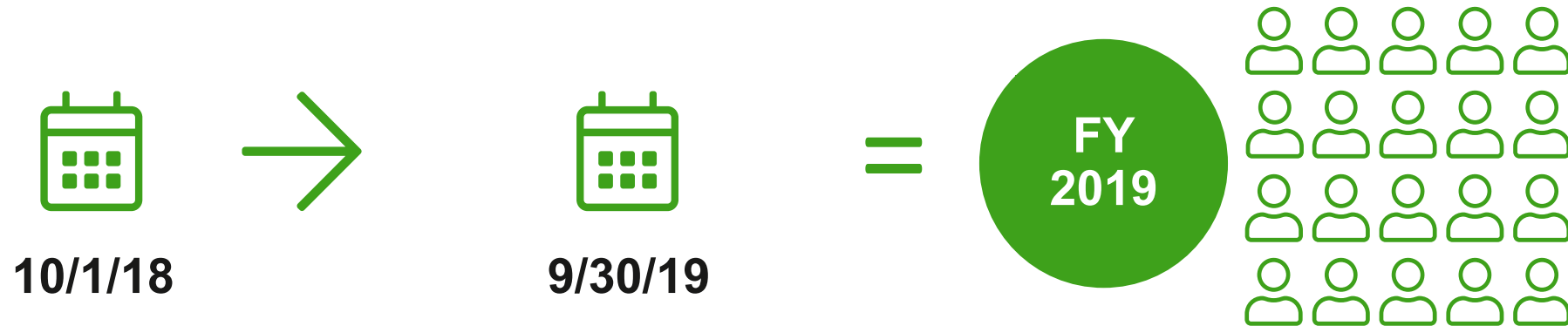
U.S. Department of Education

2022 Virtual FSA Training Conference for Financial Aid Professionals

WHAT TO KNOW

- **Understanding the CDR Process**
 - **Key Dates**
 - **Challenges & Adjustments**
- **CDRs - Post Payment Pause**
- **Understand the Loan Record Detail Report (LRDR)**
- **Resources**

IDENTIFYING BORROWERS IN A COHORT



For purposes of the CDR calculation, an institution’s annual “**cohort**” is the population of an institution’s current and former students who, **during a fiscal year, entered repayment** on any Federal Stafford loan, Federal SLS loan, Direct Subsidized loan, or Direct Unsubsidized loan that they received to attend the institution, or on the portion of a loan made under the Federal Consolidation Loan Program or the Federal Direct Consolidation Loan Program used to repay those loans.

The number of students who enter repayment during this time period is the **denominator** of an institution’s CDR calculation.

COHORT DEFAULT PERIOD



“**Cohort Default Period**” is a **three-year period** that begins on October 1 of the fiscal year when the borrower enters repayment and ends on September 30 **of the second fiscal year following the fiscal year in which the borrower entered repayment.**

A borrower in the **cohort** who defaults during the three-year period **Cohort Default Period** affects an institution’s CDR. The number of students who default during the **three-year period** is the **numerator** of an institution’s CDR calculation.

INSTITUTIONAL CDR CALCULATION BY CDR YEAR

Cohort Fiscal Year	CDR Release Year	Defaulted Borrowers in the Numerator Borrowers in the Denominator	Cohort Default Period Cohort Fiscal Year Period
2019	2022	$\frac{\text{Borrowers who defaulted during FY2019, FY2020, or FY2021}}{\text{Borrowers who entered repayment during FY2019}}$	$\frac{10/01/2018 \text{ to } 9/30/2021}{10/01/2018 \text{ to } 9/30/2019}$
2020	2023	$\frac{\text{Borrowers who defaulted during FY2020, FY2021, or FY2022}}{\text{Borrowers who entered repayment during FY2020}}$	$\frac{10/01/2019 \text{ to } 9/30/2022}{10/01/2019 \text{ to } 9/30/2020}$
2021	2024	$\frac{\text{Borrowers who defaulted during FY2021, FY2022, or FY2023}}{\text{Borrowers who entered repayment during FY2021}}$	$\frac{10/01/2020 \text{ to } 9/30/2023}{10/01/2020 \text{ to } 9/30/2021}$
2022	2025	$\frac{\text{Borrowers who defaulted during FY2022, FY2023, or FY2024}}{\text{Borrowers who entered repayment during FY2022}}$	$\frac{10/01/2021 \text{ to } 9/30/2024}{10/01/2021 \text{ to } 9/30/2022}$
2023	2026	$\frac{\text{Borrowers who defaulted during FY2023, FY2024, or FY2025}}{\text{Borrowers who entered repayment during FY2023}}$	$\frac{10/01/2022 \text{ to } 9/30/2025}{10/01/2022 \text{ to } 9/30/2023}$

Draft CDRs

CHALLENGES

Incorrect Data Challenge

Participation Rate Index Challenge

Official CDRs

ADJUSTMENTS AND APPEALS

Uncorrected Data Adjustment

New Data Adjustment

Erroneous Data Appeal

Loan Servicing Appeal

Economically Disadvantaged Appeal

Participation Rate Index Appeal

Average Rates Appeal

Thirty-or-Fewer Borrowers Appeal

POST PAYMENT PAUSE

- **What do you need to know?**
 - **Maintain a close eye on yearly rates**
 - **Ensure you are signed up for eCDR Appeals**
 - **Review the CDR Guide**
- **Possible impact**
- **Sanctions**
- **Points of Contact**



CONSEQUENCES OF HIGH DEFAULT RATES



DEFAULT PREVENTION TASKFORCE

A school must create a default prevention taskforce to develop and implement a default prevention plan to address the high default rate if its CDR is at least 30%. The plan must be submitted to the Department. The plan must be revised and resubmitted if the CDR is equal to or greater than 30% for a second consecutive year.



PROVISIONAL PARTICIPATION AGREEMENT

A school may be provisionally certified if its CDRs are between 30% and 40% in any two of the three most recent fiscal years for which CDRs have been issued.



> 40% OFFICIAL CDR FOR MOST RECENT YEAR

A school will lose eligibility to participate in the Federal Direct Loan Program for the remainder of the fiscal year in which the school is notified of its sanction and for the following two fiscal years.



≥ 30% OFFICIAL CDRS FOR THREE MOST RECENT CONSECUTIVE YEARS

A school will lose eligibility to participate in the Federal Direct Loan Program and the Federal Pell Grant Program for the remainder of the fiscal year in which the school is notified of its sanction and for the following two fiscal years.

LOAN RECORD DETAIL REPORT (LRDR)



- **What is the LRDR?**
- **How to retrieve LRDR?**
- **What to focus on?**
- **How does it relate to challenges and adjustments?**

BODY SECTION – LINE 1 BORROWER

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

Organization ID Number: 999999

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

1. Borrower's Social Security Number: 8888888888
2. Last Name: CHARM
3. First Name/Middle Initial: JIM K
4. Date of Birth: 06/30/1977
5. OPEID of the school that certified/originated the loan: 00XXXXXX
6. Beginning & Ending [Class] Dates for Loan: 09/01/1999 - 05/30/2000
7. Borrower's Academic Level When Loan Was Obtained (see code list): 1

Name: Alexander Peachum
Address: Graphic Tech
9765 Arts Lane
City: Coral City
Country: United States
State: Iowa
Postal Code: 52245
Program Type: FFEL
Years: 1

SSN	Last Name	First/M.I.	D.O.B.	Original School	Begin Date	End Date	Academic Level
0001-01-0001	CHARM	JIM K	06/30/1977	00XXXXXX	09/01/1999	05/30/2000	1
8888888888	9999999999			667	09/02/1999	W 12/31/2001	D FD
0001-01-0001	CHARM	JIM K	06/30/1977	00XXXXXX	09/01/2000	04/30/2001	3
8888888888	9999999999			667	08/21/2000	W 12/31/2001	E E
0002-01-0001	XU	DENZEL A	10/01/1973	00XXXXXX	01/12/2000	05/12/2000	2
0101	0101			0101	02/14/2000	W 05/10/2002	B DB
0003-00-0001	Jackson	MARK R	10/29/1983	00XXXXXX	08/22/2002	05/09/2003	1
0101	0101			0101	11/04/2002	W 12/13/2002	D DD

	FFEL	DIRECT	DUAL	
TOTAL DOLLARS IN DEFAULT	1,071,266	7,875	0	(Based on Outstanding P
TOTAL DOLLARS IN REPAYMENT	6,950,053	44,625	0	(Based on Outstanding P
TOTAL INSURANCE CLAIM PAYMENTS:	0			
***** = Not Available				
-Actual Numerator Count :	134		Report Count :	134(B
-Actual Denominator Count:	842	Actual Default Rate:	15.9	Report Count :
INDIVIDUAL PROGRAM TALLY:	FFEL: 134/842	DIRECT:	3/20	
Appealed Rate flag: N (D=Direct, I=Indirect, N=No Appeal, U=Unknown)				IC: 0
0				Rep
-Default Rate Usage 1: D=Denominator, B=Numerator/Denominator, N=Not Used, E=Eligible but not counted				
-Default Rate Usage 2: FD=FFEL Denominator, FB=FFEL Numerator/Denominator, DD=Direct Denominator, DB=Di				
IC=ICR (Negative Amortization Only), N = Not Used, E = 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

Information Protected By the Privacy Act of 1974 As Amended

BODY SECTION – LINE 2 LOAN INFORMATION

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

Peachum Tech Organization ID N

State: Iowa
Postal Code: 12345 Program Type: FFEL Y

RATE CALCU

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

SSN	Last Name	First/M.I.	D.O.B	Original School	Begin Date	CLASS End Date	Academic Level
0001-01-0001	CHARM	JIM K	06/30/1977	00XXXXXX	09/01/1999	05/30/2000	1
8888888888	9999999999			667	09/02/1999	12/31/2001	D FD
0001-01-0001	CHARM	JIM K	06/30/1977	00XXXXXX	09/01/2000	04/30/2001	3
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0002-01-0001	XU	DENZEL A	10/01/1973	00XXXXXX	01/12/2000	05/12/2000	2
0101 0101			11/02/2002	0101	02/14/2000	05/10/2002	B DB
0003-00-0001	Jackson	MARK R	10/29/1983	00XXXXXX	08/22/2002	05/09/2003	1
0101 0101				0101	11/04/2002	12/13/2002	D DD

FFEL DIRECT DUAL

TOTAL DOLLARS IN DEFA 7,875
TOTAL DOLLARS IN REPA 44,625
TOTAL INSURANCE CLAIM ***** = Not A
-Actual Numerator Count
Actual Denominator Co
INDIVIDUAL PROGRAM TA
Appealed Rate flag: N

*** Default/Neg Am Date**
6. The date a guaranty agency paid a default claim to a (claim paid date) on a FFEL or the day a Direct Loan or FFEL purchased by the Department 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.

*** Claim Reason Code**
5. Claim Reason Code – identifies why a claim was paid on a FFEL or if a Direct Loan or FFEL purchased by the Department is considered in default because the borrower has defaulted or met the other

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

*** Amount**
8. Amount – the original principal amount of the loan.

*** Guarantor/Service**
9. The data manager responsible for the loan. See data manager addresses at: fap.ed.gov/DefaultManagement

*** Guaranty Loan/Date**
10. Guaranty Loan/Date – date that the guaranty agency insured a FFEL or the first date of disbursement for a Direct Loan.

*** Enrollment Status Code**
11. 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 date 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.**

QUESTIONS?

FSA.Schools.Default.Management@ed.gov