Table of Contents

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Chapter 1: Introduction

1.1
INTRODUCTION

Introduction

Welcome to the National Student Loan Data System (NSLDS). NSLDS is the first national database of information relating to loans and other financial aid disbursed to students under Title IV of the Higher Education Act (HEA) of 1964, as amended. NSLDS was developed to be a central collector, manager, and distributor of large amounts of constantly changing (dynamic) data to users who are responsible for the financial health and overall integrity of the Department of Education (ED) Title IV Aid Programs.

The overall purpose of NSLDS is to support ED and the entire student aid community in a variety of operational and research functions aimed at improving the administration and delivery of Title IV student aid programs.

Specifically the three main goals of NSLDS are to:

1. Improve the quality and accessibility of student aid data,

2. Reduce the administrative burden of Title IV Aid, and

3. Minimize fraud and abuse of student aid programs.

This NSLDS User Guide has been prepared to assist you with making a quick and easy transition to proficient status when utilizing NSLDS.

This Introduction addresses these topics:

• Who should use this documentation,
• Key points about NSLDS, such as the data sources, the system description, and the online functions, and
• The training and support offerings (products and services) relating to NSLDS.

1.2
HOW THIS
DOCUMENTATION
SHOULD BE USED

This guide contains basic information about the design and capabilities of the National Student Loan Data System (NSLDS). In addition, it provides specific instructions and procedures for accessing the system and utilizing the major online functions within the system.

The NSLDS User Guide is intended for use as a reference -- a how-to, step-by-step manual.   It serves as one of three components of training and support for the entire NSLDS database, as described later in this chapter in Section 1.4 - "NSLDS Training and Support Offerings."

1.2.1
Who Should Use This
Documentation

The audience of the NSLDS User Guide is administrators of schools that participate in Title IV Aid Programs. It supports **School Users** who participate in Title IV loan programs and meet the authorization requirements described in Chapter 2 for accessing and utilizing the National Student Loan Data System.

1.2.2
Hardware and
Software Needed

The components listed below constitute the minimum hardware and software requirements for individual workstations of NSLDS users:

- **PC** - A device capable of IBM 3270 emulation, including IBM compatible personal computers, etc.

- **RAM** - Minimum 512K Random Access Memory (RAM). If you will be using any NSLDS files with EDExpress, it is recommended that you have 16 megabytes of RAM. EDExpress allows schools to import select files for updating.

- **Hard Drive** - Space requirements depend upon the size of the files that will be downloaded to your PC. When calculating the space needed to download a file, be sure to consider the amount of space used on your hard drive by your other applications.

- **Disk Drive** - a 3.5 inch floppy disk drive, with double density (DD), or high density (HD) capacity.

- **Modem** - Hayes or fully Hayes-compatible asynchronous modem; 14.4 KB/S.

- **Operating System** - IBM or MS-DOS, Version 3.3 or later. EDExpress runs under Windows 3.1.

- **Software** - communications software is supplied by the Title IV WAN contractor.

**1.2.3
Conventions Used
Within This
Documentation**

As the NSLDS User Guide was prepared, certain conventions and graphical icons were established to enhance readability and visual interest. These conventions are pointed out in the following chart.

Conventions Used To Produce the NSLDS User Guide	
Convention	**Description**
1.1 SUB-SECTION TITLE 1.1.1 Segment Title *1.1.1.1* *Smallest Segment*	Indicates the major chapter headings.
Italics	Indicates the field and screen names. For example: *"Reporting Capabilities Main Menu"* screen.
BOLD CAPITAL LETTERS	Indicates the name of keys that you press, such as **ENTER**, **F1**, or **TAB**.
ALL CAPITALS	Usually denotes an acronym, such as TSO, QMF, or CBT.
• Bulleted list	Provides brief information, not procedures or steps. For example, • Aggregate Inquiry • Report Selection
Numbered list (1, 2, 3...)	Indicates a series of enumerated items. For example: 1. Step one does this. 2. Step two does that.
Bold UPPER and lower case	Places emphasis on a phrase or sentence. For example: **The F key assignments are unique for each software product used in this system.**
——◆——	Used as a text divider between major sections.

Icons Used Within the NSLDS User Guide	
Indicates an overview is being presented.	Used for emphasis.
Introduces a brief related concept, in a "by the way..." manner.	Alerts reader to: STOP, LOOK, and READ a very important message.
Introduces a computer-related procedure.	Denotes security topic.
Introduces a "For Your Information" (FYI) topic.	Signals the "End of Chapter."
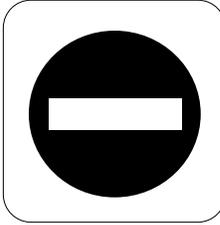
**1.3
NSLDS OVERVIEW**

This chapter provides a description of the users and products of NSLDS, the data sources, and the functional purposes of NSLDS.

**1.3.1
Users and Products
of NSLDS**

Users and products are the two major components of NSLDS.

NSLDS users include personnel from ED, other federal agencies, Guaranty Agencies (GAs), lenders, schools, and independent researchers. It is estimated that among schools, there are at least 10,000 users.

The Products of NSLDS for Schools

NSLDS provides online interactive access, as well as batch processing. The system's products are designed to provide you with efficient, easy-to-use access to the NSLDS data to meet many of your business needs.

**1.3.2
Data Sources**

NSLDS receives data from multiple internal and external sources to the Department of Education, and maintains the data in several integrated databases. This data is available to many different system users for administration, research support, policy analysis, and other management purposes.

Internal data sources include:

- Central Processing System (CPS),
- Federal Family Education Loan (FFEL) Program System,
- Institutional Data System (IDS),
- Federal Direct Loan Program (FDLP), and
- Federal Pell Grant Recipient Financial Management System (PGRFMS).

External data sources include:

- Guaranty Agencies,
- Schools, and
- Lenders.

1.3.3
NSLDS Description

There are several features of NSLDS that directly impact how student aid is administered at the school level. These features are described in the following subheadings.

1.3.3.1
Pre-screening for
Title IV Aid Eligibility

The NSLDS pre-screening function enables you to receive data on prior Title IV aid recipients. This early warning feature is important because it can be used to reduce defaults by determining the eligibility of Title IV applicants before funds are awarded.

1.3.3.2
Default Rate
Calculations

Default rates are calculated annually for schools participating in Federal Family Education Loan programs, and will eventually be calculated for schools participating in the Direct Loan Program.

Schools with default rates above established thresholds may be disqualified from participating in some or all student financial aid programs. In addition, default rates for lenders and Guaranty Agencies participating in FFEL programs are calculated.

1.3.3.3
Refund /Cancellation
Support to ED

When a student withdraws from school early and qualifies for a refund of institutional costs such as tuition, the school is required to provide the refund within a fixed time period. For FFEL borrowers, the school sends the refund to the appropriate lender to reduce the loan disbursement. Until the lender receives the refund, the government is billed for the special allowance and interest on the full loan principal.

Similarly, when the lender issues a loan check, co-payable to the school and the borrower, but the student fails to attend school, the loan is canceled. The lender, however, can bill the government for the special allowance and interest for either 120 days or until the school returns the check, whichever is less.

NSLDS provides critical information about the time it takes schools to perform these actions. This information helps auditors and program reviewers spot schools with poor records of handling refunds and cancellations and ultimately reduces the government expenses of the loan programs.

1.3.3.4
Borrower Tracking

The Borrower Tracking function is one of the online functions that you can access through NSLDS. It is generally performed by loan servicers and Guaranty Agencies attempting to locate borrowers who have defaulted on student loans. NSLDS provides data on other organizations (i.e., schools, Guaranty Agencies, and lenders) associated with the borrower, so that these organizations may be contacted to obain the borrower's current address.

The Borrower Tracking function is also used by the Public Inquiry Contractor (PIC) to enhance their effectiveness by enabling them to quickly identify these other organizations. This function can be used to identify the originating and current loan holder (lender) and Guaranty Agency associated with the student/borrower.   This information can help the student contact the Guaranty Agency or lender.

1.3.3.5
Pre-claims and
Supplemental
Pre-claims
Assistance
Notification Support

Lenders must request Pre-claims Assistance (PCA) on delinquent loans within 10 days of the date that assistance is available from the Guaranty Agency. Lenders must also notify schools when PCAs were requested on FFEL borrowers attending those schools. NSLDS generates a list of PCA requests based on the information received from Guaranty Agencies and transmits it electronically to each affected school.

Pre-claims and Supplemental Pre-claims Assistance Notification reduces the burden on lenders to disseminate PCA request information to each school they service in a timely manner. It provides schools with one timely source of PCA notifications. The benefit of this feature is that it encourages institutions to be proactive in their loan counseling, resulting in default aversion and in protection of the school's Title IV participation eligibility.

1.3.3.6
Student Status
Confirmation Report

The Student Status Confirmation Report (SSCR) is used by Guaranty Agencies to verify a borrower's current enrollment status. Your school will provide the required enrollment information on files sent electronically from NSLDS so that the process of converting the borrowers into repayment status can begin. This allows lenders to contact their borrowers and stop billing the government for interest. Direct loan servicers will also use this data for determining repayment schedules.

The SSCR process moves schools from a paper environment to an electronic environment. The objectives of the SSCR function are:

* to improve the quality and accessibility of student loan data,
* to maximize fiscal integrity of the Title IV loan programs by getting loans into repayment in a timely manner,
* to protect student entitlements to grace and deferment periods, and
* to reduce the burden on institutions with Title IV loan programs.

NSLDS

National Student Loan Data System

Chapter 1: Introduction

**1.3.3.7
Financial Aid
Transcript (FAT)**

The Financial Aid Transcript function of NSLDS summarizes all previous Title IV financial aid a student has received.

FATs are reviewed by a financial aid administrator to determine the student's current levels of aid. Additionally, FATs provide other information that will help the administrator decide whether or not an enrolled or enrolling student will receive aid.

The FAT process permits the financial aid administrator to determine the following:

- if there is a default on an existing Title IV loan,

- if there is an overpayment on an existing Title IV Pell, SSIG, Supplemental Education Opportunity Grant, or Perkins loan,

- the maximum amount of aid awarded for a single year or cumulatively under a given loan program, and/or

- other relevant information for the effective administration of student aid funds.

**1.3.3.8
Report Selection**

Reports and extracts are produced by NSLDS on a regularly scheduled and on-request basis. You may query the database regarding the existence of reports and/or extracts, and may gain access to them via an online display or via a file deposited to your WAN mailbox. The types of reports available to you can be found in the Report Selection chapter.

**1.3.3.9
Overpayments**

You will be able to notify NSLDS that a student owes an overpayment on a Pell, SSIG, or SEOG grant, as well as on a Perkins Loan by using the Overpayments function of NSLDS.

Once the Overpayment notification to NSLDS is made, the entire Title IV aid community will also be notified, since the actual overpayment data will appear on all Financial Aid

Transcripts that are requested through NSLDS, and through the Prescreening of ISIRs and SARs. This will deny the student further Title IV assistance and will greatly facilitate the administration of all aid programs.

Also, repayment of funds owed to your institution are also reported through the Overpayments function. NSLDS will immediately display the removal of any previous Title IV ineligibility.

**1.4
NSLDS TRAINING
AND SUPPORT
OFFERINGS**

In introducing NSLDS, it is important to note that ED has provided the NSLDS User Guide you are now reading, along with two other "Training and Support" components that will help you achieve maximum performance and efficiency in meeting your business needs.

The three key training and support components are as follows:

- The NSLDS User Guide,
- The Quick Reference Guide, and
- The Computer-Based Training (CBT).

**1.4.1
NSLDS User Guide**

The NSLDS User Guide

The NSLDS User Guide contains basic information about the capabilities of NSLDS, data population and sources, specific batch and online procedures, and concepts related to the system menu and screen standards. From this perspective, the documentation is intended to provide background data and conceptual knowledge to enhance your overall understanding and to help you utilize NSLDS more efficiently.

In addition, the documentation provides specific instructions and procedures for obtaining online access to the system and its major functional areas. From this perspective, the documentation is intended for use as a comprehensive reference -- a how-to, step-by-step manual.

Note:

In producing the documentation, certain conventions have been established, and may need clarification. Refer to Chapter 1, Section 1.2.4: "Conventions Used Within The NSLDS User Guide", for more details, if needed.

**1.4.2
The Quick Reference
Guide**

Quick Reference Guide

The Quick Reference Guide serves as a desk-top tool. It is presented in a convenient, light-weight flip chart format. It contains a subset of information from this NSLDS User Guide -- the step-by-step procedures for online data access relating to each of the key features, as well as a listing of system codes and definitions.

**1.4.3
The Computer-Based
Training (CBT)**

The Computer-Based Training (CBT)

The CBT is a separate software program, available on a 3.5" floppy diskette, to be used for self-directed training, one-on-one, on a personal computer (targeted toward a DOS-based workstation).

The CBT software explains the menu system and the screens within NSLDS. It also provides simulated exercises for familiarity and practice. It gives user-friendly feedback and graphics to enhance your learning and to raise your awareness of system capabilities and design.

You are encouraged to utilize the CBT as often as needed.

The End of Chapter 1

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