

DOCUMENT RESUME

ED 426 674

HE 031 832

TITLE Draft Cohort Default Rate Guide for FFEL Program and/or Direct Loan Program Loans, FY 1997.

INSTITUTION Department of Education, Washington, DC. Default Management Div.

PUB DATE 1997-00-00

NOTE 119p.

PUB TYPE Guides - Non-Classroom (055) -- Numerical/Quantitative Data (110)

EDRS PRICE MF01/PC05 Plus Postage.

DESCRIPTORS Compliance (Legal); *Data Collection; Eligibility; Higher Education; *Loan Default; Loan Repayment; Student Financial Aid; *Student Loan Programs

IDENTIFIERS *Family Education Loan Program; *Federal Direct Student Loan Program

ABSTRACT

This guide, which is sent to postsecondary schools, provides them with draft cohort default rates for student loans under the Federal Family Education Loan (FFEL) Program and the William D. Ford Federal Direct Loan Program. The guide is intended to assist schools in understanding how a cohort default rate is calculated, reviewing loan record detail reports, submitting draft data challenges, understanding the replies received in response to a school's draft data challenge, and submitting participation rate index challenges. The guide's six sections address the following topics: (1) cohort default rates (rate types, calculations, time frames, special circumstances); (2) loan record detail report (the importance of reading the LRDR and a detailed explanation of LRDR components); (3) challenging draft data (qualifying, timing, submitting); (4) participation rate index challenges (qualifying, timing, submitting); (5) information for guaranty agencies on draft data challenges (types of allegations, timing, responding); and (6) official cohort default rate overview (consequences associated with the official CDRs, sanctions, and appeals). Five appendices provide information on FFEL program contacts, Direct Loan Program contacts, Department of Education contacts, abbreviations and acronyms, and a form for submitting comments on the guide. (DB)

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Draft Cohort Default Rate Guide

For FFEL Program and/or Direct Loan Program Loans



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FY 1997

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U.S. Department of Education Default Management Division

U.S. Department of Education

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Code of Federal Regulations (CFR)

<http://ifap.ed.gov>

Federal Register

<http://ifap.ed.gov>

Higher Education Act of 1965 (HEA), as amended

<http://ifap.ed.gov>

Student Financial Aid (SFA) Information

Federal Student Aid Information Center

If you need copies of the Department's regulations, "Dear Colleague" letters, or other student aid publications

(800) 433-3243

<http://ifap.ed.gov>

SFA Customer Support Branch

(800) 433-7327

Ordering FAFSAs

(800) 284-2788

FAFSA on the Web

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

Specific Office-Related Information

U.S. Department of Education Debt Collection Service (DCS)

If you have questions about collection of individual defaulted loans assigned to the Department
(800) 621-3115

U.S. Department of Education Guarantor and Lender Oversight Service (GLOS)

If you need information on lender or guaranty agency cohort default rates
(202) 401-7482


U.S. Department of Education Institutional Participation and Oversight Service (IPOS)

If you have questions about re-certification, audit resolution, financial analysis, program review, and institution improvement
(202) 205-0183

U.S. Department of Education Default Management Division (DMD)

If you have questions about cohort default rates
(202) 708-9396
e-mail: IPOS_Default_Management_Division@ed.gov

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Introduction



What is this Guide?

The **FY 1997 Draft Cohort Default Rate Guide** (Guide) is a publication that the U.S. Department of Education (Department) sends to postsecondary schools (schools) with their draft cohort default rate data. **Draft cohort default rates are not released to the public.**

Under 34 CFR § 668.17(j), the Department provides a school the opportunity to review and correct cohort default rate data prior to the calculation of the official cohort default rates. In addition, the Higher Education Act of 1965, as amended (HEA) provides a school the opportunity to demonstrate, prior to the release of the official cohort default rates, that it has a relatively low number of students participating in the Federal Family Education Loan (FFEL) Program and the William D. Ford Federal Direct Loan (Direct Loan) Programs and as a result the school should retain its eligibility to participate in those programs. This guide provides instructions and guidance to schools and guaranty agencies on these processes.

The purpose of this guide is to assist schools in:

- ◇ understanding how a cohort default rate is calculated;
- ◇ reviewing loan record detail reports;
- ◇ submitting draft data challenges;
- ◇ understanding the replies received in response to a school's draft data challenge;

AND

- ◇ submitting participation rate index challenges.

This guide is about cohort rates calculated for the FFEL Program and/or Direct Loan Program. This guide does NOT discuss Federal Perkins Program cohort default rates. For information on Federal Perkins Program cohort default rates, please call (202) 708-7741.

What is a draft data challenge?

After the release of the draft cohort default rates the Department provides schools an opportunity to review and, if necessary, correct the data that will be used to calculate the official cohort default rates. The process of correcting data included in the draft cohort default rates is called a draft data challenge. It is very important that a school review its draft cohort default rate data and, if necessary, submit a draft data challenge. **If a school fails to submit a draft data challenge, it will be unable to correct certain data errors after the release of the official cohort default rates.**¹

Please refer to the "Challenging Draft Data" section beginning on page 37 for more information on submitting draft data challenges.

What is a participation rate index challenge?

The HEA Amendments of 1998 include a provision which allows schools to submit a participation rate index challenge after the release of the draft cohort default rates.² A participation rate index challenge demonstrates that a school's participation rate in the FFEL Program and/or Direct Loan Program is so low that when it is multiplied by its cohort default rate, the resulting index is 0.0375 or lower.

Please refer to the "Participation Rate Index Challenge" section beginning on page 57 for more information on how to submit a participation rate index challenge and the benefits gained for submitting such a challenge.

Why should a school use this guide as a reference?

A school should review this guide to understand how cohort default rates are calculated and ensure that it follows the guidelines and time frames for challenging draft cohort default rate data and/or submitting a participation rate index challenge. The Department recommends that **all schools** read the **entire guide**. This will ensure that schools do not overlook any guidance.

¹ 34 CFR § 668.17(j)(7)

² HEA Amendments of 1998, § 435(a)(6)

Cohort Default Rates



What is a cohort default rate?

A cohort default rate is the percentage of a school's student borrowers who enter repayment on certain Federal Family Education Loan (FFEL) Program and/or William D. Ford Federal Direct Loan (Direct Loan) Program loans during a particular fiscal year and default or meet other specified conditions before the end of the next fiscal year. The cohort default rate may be an FFEL Program cohort default rate, a Direct Loan Program cohort rate, or a dual-program cohort rate depending on the type or types of student loans that comprise the rate.

An FFEL Program cohort default rate¹ is the cohort default rate for schools whose students have **only** FFEL Program loans entering repayment during a particular fiscal year. It is the percentage of a school's borrowers who enter repayment on certain FFEL Program loans during a particular fiscal year and default within the fiscal year in which the loans entered repayment or within the next fiscal year.

A Direct Loan Program cohort rate² is the cohort rate for schools whose students have **only** Direct Loan Program loans entering repayment during a particular fiscal year. It is the percentage of a school's borrowers who enter repayment on certain Direct Loan Program loans during a particular fiscal year and default or meet **other specified conditions** within the fiscal year in which the loans entered repayment or within the next fiscal year.

Other specified conditions: For non-degree granting proprietary schools only, students who have received Direct Loans are included as defaulted loans in the schools' rates if, for 270 days within the cohort period in question, the students are in repayment under an income contingent repayment (ICR) plan with scheduled payments that are less than 15 dollars per month and less than the interest accruing on the loan.

¹ 34 CFR § 668.17(d)

² 34 CFR § 668.17(e)

Q. What is a fiscal year?

A. A federal fiscal year begins on October 1 of a calendar year and ends on September 30 of the following calendar year.

Q. How does a school officially withdraw from participation in the FFEL Program and/or Direct Loan Program?

A. The process for withdrawing from the FFEL Program and/or Direct Loan Program is handled by the IPOS Case Management Team and the Direct Loan School Selection Team, respectively. For further information contact the:

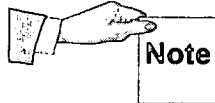
◊ IPOS Case Management Team at (202) 205-0183 for withdrawing from the FFEL Program;

AND/OR

◊ Direct Loan School Selection Team at (202) 708-9951 for withdrawing from the Direct Loan Program.

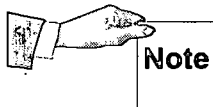
A **Dual-Program cohort rate**³ is the cohort rate for schools whose students have **both** FFEL Program and Direct Loan Program loans entering repayment during a particular fiscal year. It is the percentage of a school's borrowers who enter repayment on certain FFEL Program and Direct Loan Program loans during a particular fiscal year and default or meet **other specified conditions** within the fiscal year in which the loans entered repayment or within the next fiscal year.

Other specified conditions: For non-degree granting proprietary schools only, students who have received Direct Loans are included as defaulted loans in the schools' rates if, for 270 days within the cohort period in question, the students are in repayment under an income contingent repayment (ICR) plan with scheduled payments that are less than 15 dollars per month and less than the interest accruing on the loan.



The Department's regulations use the term "weighted average cohort rate" for rates for schools with student borrowers who have both FFEL Program and Direct Loan Program loans entering repayment during a cohort period. This guide uses the term "dual-program cohort rate" to describe the same rate and calculation.

A school does not select whether it has an FFEL Program cohort default rate, a Direct Loan Program cohort rate, or a dual-program cohort rate. The rate is determined on the basis of the types of loans that enter repayment in a given cohort period.



This guide uses the term "cohort default rate" to refer to a school's FFEL Program cohort default rate, Direct Loan Program cohort rate, or dual-program cohort rate.

³ 34 CFR § 668.17(f)

This table summarizes the types of cohort default rates.

Types of Cohort Default Rates	
Loans included in cohort default rate	Cohort default rate type
ONLY FFEL Program loans	FFEL Program cohort default rate
ONLY Direct Loan Program loans	Direct Loan Program cohort rate
BOTH FFEL Program and Direct Loan Program loans	Dual Program cohort rate

Why are draft cohort default rates important?

After the release of the draft cohort default rates the Department provides schools an opportunity to review and, if necessary, correct the data that will be used to calculate the official cohort default rates. It is very important that a school review its draft cohort default rate data and, if necessary, submit a draft data challenge. **If a school fails to submit a draft data challenge, it will be unable to correct certain data errors after the release of the official cohort default rates.**⁴

What are the consequences of draft cohort default rates?

It is important to note that there are no consequences associated with **draft** cohort default rates. However, there are consequences associated with **official** cohort default rates. Therefore, since the draft cohort default rates form the basis of the official cohort default rates, and a school may not be able to appeal its official rate if it fails to challenge its draft rate, it is critical that a school review its draft cohort default rate data to ensure its accuracy.

Please refer to the "Official Cohort Default Rate Overview" section on page 85 for a description of sanctions associated with the official cohort default rates.

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⁴ 34 CFR § 668.17(j)(7)

Which types of loans are included in the cohort default rate calculation?

The cohort default rate is calculated on the basis of FFEL Program and/or Direct Loan Program loans.

The **FFEL Program loans included** in the cohort default rate calculation are:

- ◇ Subsidized Federal Stafford Loans (FFEL Stafford Loans);
- ◇ Unsubsidized Federal Stafford Loans (FFEL Stafford Loans);
- AND
- ◇ Federal Supplemental Loans for Students (Federal SLS Loans).

The **Direct Loan Program loans included** in the cohort default rate calculation are:

- ◇ Subsidized Federal Direct Stafford Program Loans (Direct Loan Stafford Loans);
- AND
- ◇ Unsubsidized Federal Direct Stafford Program Loans (Direct Loan Stafford Loans).

The following **loans are NOT included** in the cohort default rate calculation:

- ◇ PLUS Loans;
- ◇ Federal Direct PLUS Loans;
- ◇ Federal Insured Student Loans;
- AND
- ◇ Federal Perkins Loans.



Federal Consolidation Loans and Federal Direct Consolidation Loans are not counted directly in the cohort default rate calculation. However, the status of a consolidation loan may affect the treatment of the loan(s) that was paid off by the consolidation loan. Please refer to page 15 of this section for more information on consolidation loans.

How does the Department calculate a school's cohort default rate?

The formula the U.S. Department of Education (Department) uses for calculating a school's cohort default rate depends on the number of student borrowers from that school entering repayment in a particular fiscal year (FY).

The formulas and sample calculations are shown on the next three pages.

Calculation: For a school with **30 or more borrowers** entering repayment during FY 1997, the FY 1997 cohort default rate is calculated as follows:⁵

100

X

the number of students who entered repayment in FY 1997 and who defaulted or met *other specified conditions* before the end of FY 1998 (Numerator)

Note

Other specified conditions: For non-degree granting proprietary schools only, students who have received Direct Loans are included as defaulted loans in the schools' rates if, for 270 days within the cohort period in question, the students are in repayment under an income contingent repayment (ICR) plan with scheduled payments that are less than 15 dollars per month and less than the interest accruing on the loan.

the number of students who entered repayment in FY 1997 (Denominator)

Example: School A, a degree granting school, certified 117 loans for **90 students** that entered repayment in FY 1997 (denominator). Of those students, **8 students** defaulted on a total of 16 loans prior to October 1, 1998 (numerator). School A's cohort default rate is calculated by dividing 8 by 90 and multiplying the result by 100 to produce a cohort default rate of 8.9%.

100

X

8


90

=

8.9%

⁵ 34 CFR § 668.17(d), (e), and (f)

Calculation: For a school with **fewer than 30 borrowers** entering repayment during FY 1997, the Department calculates an **average cohort default rate**. The FY 1997 average cohort default rate is calculated as follows:⁶

100	X	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> the number of students who entered repayment in FY 1995, FY 1996, and FY 1997 and who defaulted or met <i>other specified conditions</i> before the end of the fiscal year immediately following the fiscal year in which the loan entered repayment (Numerator) </div> <hr style="border: 0.5px solid black;"/> <div style="border: 1px solid black; padding: 5px;"> the number of students who entered repayment in FY 1995, FY 1996, and FY 1997 (Denominator) </div>
<div style="display: flex; align-items: flex-start;"> <div style="margin-right: 10px;">  <div style="border: 1px solid black; padding: 2px; display: inline-block;">Note</div> </div> <div> <p>Other specified conditions: For non-degree granting proprietary schools only, students who have received Direct Loans are included as defaulted loans in the schools' rates if, for 270 days within the cohort period in question, the students are in repayment under an income contingent repayment (ICR) plan with scheduled payments that are less than 15 dollars per month and less than the interest accruing on the loan.</p> </div> </div>		

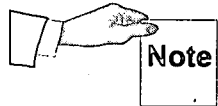
The following page provides an example of an average cohort default rate.

⁶ 34 CFR § 668.17(d), (e), and (f)

Example: School B certified loans for the following students: 50 students that entered repayment in FY 1995, 44 students that entered repayment in FY 1996, and 29 students that entered repayment in FY 1997. $50+44+29=123$ (denominator). Of those 123 students, 2 students entered repayment in FY 1995 and defaulted before the end of FY 1996; 6 students entered repayment in FY 1996 and defaulted before the end of FY 1997; and 4 students entered repayment in FY 1997 and defaulted before the end of FY 1998. $2+6+4=12$ (numerator). School B's average cohort default rate is calculated by dividing 12 by 123 and multiplying the result by 100 to produce an average cohort default rate of 9.8%.

$$\boxed{100} \times \frac{\boxed{2} + \boxed{6} + \boxed{4} = \boxed{12}}{\boxed{50} + \boxed{44} + \boxed{29} = \boxed{123}} = \boxed{9.8\%}$$

FY95
FY96
FY97



Note If a school has less than 30 borrowers entering repayment in a given fiscal year and the school has not received a cohort default rate for the two previous years, the school will receive an **unofficial cohort default rate**. Unofficial cohort default rates are not used by the Department to determine sanctions or consequences.

How does the Department determine which loans are placed in the denominator of the calculation?

Loans included in the denominator of the FY 1997 cohort default rate calculation are FFEL Program and Direct Loan Program loans that entered repayment in FY 1997.

Different loan types enter repayment under different rules.

FFEL Program Stafford Loans enter repayment on the day following six months of an uninterrupted grace period after a student drops below at least half-time enrollment.



Note

The repayment date for FFEL Program Stafford Loans may be date-specific (for example, 2/16/96) or month-specific (for example, 2/96) if the loan was converted into repayment before March 1996. After March 1996, the repayment date is date-specific.

Direct Loan Program Stafford Loans enter repayment on the day following six months of an uninterrupted grace period after a student drops below at least half-time enrollment. Unlike FFEL Program loans, the date entered repayment for Direct Loan Program loans was always date specific.

For any FFEL Program SLS Loan that was not reported in a cohort period prior to FY 1993, the following definition applies:

- ◇ If a student has both an FFEL Program SLS Loan and an FFEL Program Stafford Loan that were both obtained in the same period of continuous enrollment, the date entered repayment for the FFEL Program SLS Loan is the same as the date entered repayment for the FFEL Program Stafford Loan.
- ◇ In all other instances, the date entered repayment for the FFEL Program SLS Loan is the day following the day a student is no longer enrolled on at least a half-time basis.

Q. If a student requests a forbearance, will the student's date entered repayment change?

A. No, the only time a student's date entered repayment will change is if the student goes back to school before his/her six month grace period expires.

Under the above guidelines, which were implemented beginning with the FY 1993 cohort default rates, a loan that was reported as having entered repayment prior to FY 1993 might also meet the criteria to be included in FY 1993 or later. To prevent the possibility of double-counting loans, any FFEL Program SLS Loan that was reported in a cohort period prior to FY 1993 will not be reported again.

How does the Department determine which loans are placed in the numerator of the calculation?

Loans must first be included in the denominator of a cohort default rate calculation in order to be included in the numerator of the cohort default rate calculation.

For FFEL Program loans, only defaulted loans are included in the numerator of the calculation. For **cohort default rate purposes** a loan is considered to be in default only if the guaranty agency has paid a default claim on the loan to the lender.⁷ The date the guaranty agency reimburses the lender for the defaulted loan (the claim paid date or CPD) is used to determine if the loan will be placed in the numerator of the calculation.

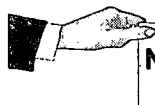
For Direct Loan Program loans, loans are included in the numerator of the cohort default rate calculation when students default. For **cohort default rate purposes** a Direct Loan is considered to be in default on the 271st day of delinquency.⁸ Therefore, the 271st day of delinquency is used to determine if the loan will be placed in the numerator of the calculation. In addition, for non-degree granting proprietary schools only, students who have received Direct Loans are included as defaulted loans in the schools' rates if, for 270 days within the cohort period in question, the students are in repayment under an income contingent repayment (ICR) plan with scheduled payments that are less than 15 dollars per month and less than the interest accruing on the loan.

⁷ 34 CFR § 668.17(d)(1)(i)(C)

⁸ 34 CFR § 668.17(e)(3) and (f)(3)

This table summarizes when a loan is included in the numerator of the cohort default rate calculation.

In the Numerator (for Cohort Default Rate Purposes)		
	FFEL Program Loans	Direct Loan Program Loans
Proprietary Non-Degree- Granting Schools	Date the insurance claim is paid	271st day of delinquency OR 271st day of monthly payments on an ICR plan that are less than 15 dollars per month and less than the interest accruing on the loan
Other Schools	Date the insurance claim is paid	271st day of delinquency

**Note**

For a list of special circumstances affecting the cohort default rate calculation, see page 15.

What are the time frames of a cohort period?

The time frames for a cohort period are based on federal fiscal years. A federal fiscal year begins on October 1 of a calendar year and ends on September 30 of the following calendar year.⁹

The cohort default rate is based on the number of borrowers that **enter repayment in a single fiscal year** (this is the denominator of the calculation), and of the borrowers that entered into repayment, the number of borrowers that **defaulted or met other specified conditions in a two-year period** (this is the numerator of the calculation).¹⁰

⁹ 34 CFR § 668.17(d)(2)

¹⁰ 34 CFR § 668.17(d), (e), and (f)

The cohort default rate for FY 1997 is based on the number of loans that entered repayment in **FY 1997** and of those loans, the number that defaulted or met other conditions in **FY 1997** or **FY 1998**. Therefore, the loans that entered repayment from October 1, 1996, through September 30, 1997, are included in the denominator of the FY 1997 cohort default rate calculation. Based on the loans that entered repayment from October 1, 1996, through September 30, 1997, those that defaulted or met other conditions from October 1, 1996, through September 30, 1998, are included in the numerator of the FY 1997 cohort default rate calculation.

The following chart outlines the past five cohort periods and the loans included in the cohort default rate calculations.

Cohort Period	Loans Included in the Cohort Default Rate Calculation*	Period of Time
FY 1993	students who entered repayment on their loans in FY 1993 <u>and defaulted in FY 1993 or FY 1994</u> students who entered repayment on their loans in FY 1993	<u>10-1-92 to 9-30-94</u> 10-1-92 to 9-30-93
FY 1994	students who entered repayment on their loans in FY 1994 <u>and defaulted in FY 1994 or FY 1995</u> students who entered repayment on their loans in FY 1994	<u>10-1-93 to 9-30-95</u> 10-1-93 to 9-30-94
FY 1995	students who entered repayment on their loans in FY 1995 <u>and defaulted in FY 1995 or FY 1996</u> students who entered repayment on their loans in FY 1995	<u>10-1-94 to 9-30-96</u> 10-1-94 to 9-30-95
FY 1996	students who entered repayment on their loans in FY 1996 <u>and defaulted in FY 1996 or FY 1997</u> students who entered repayment on their loans in FY 1996	<u>10-1-95 to 9-30-97</u> 10-1-95 to 9-30-96
FY 1997	students who entered repayment on their loans in FY 1997 <u>and defaulted in FY 1997 or FY 1998</u> students who entered repayment on their loans in FY 1997	<u>10-1-96 to 9-30-98</u> 10-1-96 to 9-30-97

* For the FY 1995, FY 1996, and FY 1997 cohort periods for non-degree granting proprietary schools only, students who have received Direct Loans are included as defaulted loans in the schools' rates if, for 270 days within the cohort period in question, the students are in repayment under the income contingent repayment (ICR) plan with scheduled payments that are less than 15 dollars per month and less than the interest accruing on the loan.¹¹

What if a borrower had more than one loan entering repayment during the fiscal year?

Cohort default rates are calculated based on an unduplicated borrower count. Therefore, if a borrower has more than one loan entering repayment in a cohort default rate calculation, that borrower will only be counted once in the cohort default rate calculation.

Example: Terry enrolled in a two-year program at the local community college and obtained two FFEL Program Stafford loans. Terry graduated in January 1997 and the loans entered repayment in July 1997. Terry failed to make any payments on either of the loans. Because a school's cohort default rate is calculated on the basis of an unduplicated borrower count, Terry is counted **ONLY** once in the numerator and denominator of the school's FY 1997 cohort default rate.

Can the same borrower be counted in two different cohort periods?

Yes, the same borrower can appear in two different cohort periods if the borrower has two separate loans and the repayment dates for each of the loans fall into separate cohort periods. **However, the same loan cannot be used in more than one cohort period.**

How does student loan consolidation affect a school's cohort default rate?

Loans that are repaid by a consolidation loan are included in the cohort default rate based on the date the underlying loans entered repayment. As a result, if a student defaults on a consolidation loan (or, for proprietary non-degree granting schools, makes payments on a Direct Loan consolidation loan under the ICR Plan that are below certain amounts for 270 days) during the cohort period in which any of the underlying loans entered repayment, those underlying loans are counted in default in the cohort default rate for the school where the underlying loans were received.

Q. If a student takes out loans while attending College A and immediately transfers to College B and takes out additional loans, how are these loans included in each school's cohort default rate?

A. The loans obtained for attendance at College A are included in College A's cohort default rate calculation and the loans obtained for attendance at College B are included in College B's cohort default rate calculation.

Example: After graduating from cosmetology school, Chris had several loans enter repayment in FY 1997. Chris obtained a consolidation loan in FY 1998. Chris defaulted on the consolidation loan before the end of FY 1998. Because the consolidation loan defaulted within the same cohort period in which the underlying loans entered repayment, Chris is counted once in the numerator and once in the denominator of the FY 1997 cohort default rate.

The Department frequently receives questions about additional special circumstances that may affect how a particular loan is considered in calculating a cohort default rate. The following table addresses many of these situations.

Special Circumstances Affecting How FY 1997 Cohort Default Rates are Calculated		
Special Circumstances	Effect on the Numerator	Effect on the Denominator
Borrower defaulted on a loan in FY 1997 or FY 1998, but the loan was then discharged due to death, bankruptcy, and/or disability . ¹²	Include in the numerator because the loan defaulted prior to death, bankruptcy, and/or disability.	Include in the denominator in the fiscal year the loan entered repayment.
Prior to default borrower's loan was discharged due to death, bankruptcy, and/or disability .	Do not include in the numerator because the loan did not default prior to death, bankruptcy, and/or disability.	Include in the denominator in the fiscal year the loan entered repayment.
A payment is made on a loan by the school, its owner, agent, or another entity or individual affiliated with the school to avoid default by the borrower. ¹³	Include in the numerator because the loan is treated as in default for cohort default rate purposes.	Include in the denominator in the fiscal year the loan entered repayment.

¹² 34 CFR § 682.402 and 685.212

¹³ HEA Section 435(m)(2)(B)

Special Circumstances Affecting How FY 1997 Cohort Default Rates are Calculated		
Special Circumstances	Effect on the Numerator	Effect on the Denominator
A loan was fully refunded to the lender within 120 days of disbursement.	Do not include in the numerator because cancelled loans are not included in the cohort default rate calculation.	Do not include in the denominator because cancelled loans are not included in the cohort default rate calculation.
Borrower defaulted but the loan was rehabilitated before the end of FY 1998. ¹⁴	Do not include in the numerator because the loan is not considered in default.	Include in the denominator in the fiscal year the loan entered repayment.
Borrower paid loan in full after defaulting on the loan and the borrower did not successfully rehabilitate his/her loan.	Include in the numerator because the loan defaulted prior to the loan being paid in full and it was not rehabilitated during the relevant cohort period.	Include in the denominator in the fiscal year the loan entered repayment.
Borrower requested and was granted a repayment schedule that started before the date the student was originally scheduled to enter repayment.	Do not include in the numerator if the loan did not default.	Include in the denominator in the fiscal year that the early repayment schedule start date falls.
Borrower paid loan in full prior to the date the student was originally scheduled to enter repayment.	Do not include in the numerator because the loan never defaulted.	Include in the denominator in the fiscal year that the borrower paid the loan in full.

¹⁴ HEA 435(m)(2)(C) An FFEL Program loan is rehabilitated if a borrower has made 12 consecutive on-time monthly payments before the end of the cohort period in which the student entered repayment and the loan is sold to a lender. A Direct Loan Program loan is rehabilitated if a borrower has made 12 consecutive on-time monthly payments before the end of the cohort period in which the borrower entered repayment.

Special Circumstances Affecting How FY 1997 Cohort Default Rates are Calculated		
Special Circumstances	Effect on the Numerator	Effect on the Denominator
If the lender repurchases a loan because the guaranty agency determined that the lender failed to meet the insurance requirements, the loan becomes an uninsured loan.	Do not include in the numerator because uninsured loans are not included in the cohort default rate calculation.	Do not include in the denominator because uninsured loans are not included in the cohort default rate calculation.
If the lender repurchases a loan because it incorrectly submitted the loan to the guaranty agency AND the lender immediately requested that the loan be returned AND did not subsequently submit another claim.	Do not include in the numerator because the loan is not a defaulted loan.	Include in the denominator in the fiscal year the loan entered repayment.
If the lender repurchases a loan because it incorrectly submitted the loan to the guaranty agency and the lender immediately requested that the loan be returned AND then the lender subsequently submits another claim on the loan and that claim is paid within the cohort period the loan entered repayment.	Include in the numerator.	Include in the denominator in the fiscal year the loan entered repayment.
If the lender repurchases a loan because the borrower established a new payment plan and is making payments or if the lender/servicer simply requests the repurchase (i.e., a courtesy repurchase) AND the loan does not meet the rehabilitation criteria discussed on page 17.	Include in the numerator because the loan is still considered a defaulted loan for cohort default rate purposes.	Include in the denominator in the fiscal year the loan entered repayment.

Loan Record Detail Report



What is a loan record detail report?

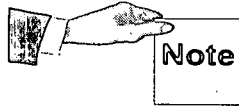
A loan record detail report, formerly referred to as backup data or BUD, is a report sent to postsecondary schools (schools) by the U.S. Department of Education (Department). The report contains information on Federal Family Education Loan (FFEL) Program and/or William D. Ford Federal Direct Loan (Direct Loan) Program loans which were used to calculate a school's cohort default rate. The loan record detail report provides loan information about specific borrowers who entered repayment during a specified period. The loan record detail report lists a school's loan activity, including but not limited to:

- ◇ the number of borrowers that entered repayment during a given fiscal year;
 - ◇ the loan status of those borrowers;
- AND
- ◇ the school's cohort default rate.

Which schools receive draft loan record detail reports?

The Department is required to send draft loan record detail reports to schools with draft cohort default rates equal to or greater than 20.0 percent.¹ However, the Department has chosen to expand this group and will send fiscal year (FY) 1997 draft loan record detail reports to **all** postsecondary schools for which a draft cohort default rate is calculated.

¹ 34 CFR § 668.17(j)(1)(ii)



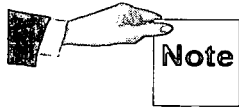
It is important that schools maintain a copy of all loan record detail reports received from the Department. These reports will be useful if a school files an appeal at a later date.

Why should a school review its draft loan record detail report?

Q. If a school's draft cohort default rate is only 3.2%, may the school submit a draft data challenge?

A. Yes. All schools may submit a written challenge, including those schools whose cohort default rates are less than 25.0%. It is important to take advantage of this opportunity since this is the only time schools may review and challenge draft cohort default rate data.

After the release of the draft cohort default rates, a school should review its **draft** loan record detail report to verify the accuracy of the loan information that will ultimately be used to calculate its **official** cohort default rate. Because the official cohort default rate is used to determine if the school may be subject to sanctions, it is important for the school to verify the accuracy of its draft data before the official cohort default rates are calculated and released to the public. Only by submitting a draft data challenge will a school preserve its right to submit an erroneous data appeal based on **disputed data** if a school becomes subject to sanctions after the release of the official cohort default rates.



A school must submit a draft data challenge to preserve its right to submit an erroneous data appeal after the release of the official cohort default rates. If a school **DOES NOT** submit a draft data challenge, then the school will forfeit its right to challenge certain errors after the release of the official cohort default rates.²

What should a school review in its draft loan record detail report?

In reviewing the loan record detail report, a school should verify that:

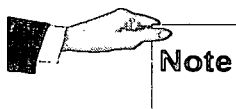
- ◆ the student loans **included** in the draft loan record detail report are correctly reported (i.e., the date entered repayment and default dates are correct);

AND/OR

² 34 CFR § 668.17(j)(7)



no student loans that **should have been included** were omitted from the draft loan record detail report.



If a school finds what it believes to be errors in the loan record detail report, the school must submit a written challenge to the relevant entity identified by the guarantor/servicer code listed on the loan record detail report within **thirty (30) calendar days³** of receiving the draft loan record detail report.

Please refer to the “Challenging Draft Data” section beginning on page 37 for additional information on challenging the draft cohort default rate data.

How does the Department produce loan record detail reports?

The Department produces loan record detail reports using student loan information that has been electronically submitted to the National Student Loan Data System (NSLDS) by guaranty agencies and various offices within the Department.

Will a school’s draft cohort default rate data and official cohort default rate data be the same?

Not necessarily. Since NSLDS is regularly updated; a school’s **draft** data might differ from its **official** data, even if a school does not challenge its draft cohort default rate.



If incorrect new data appears in a school’s official cohort default rate calculation, the school may be eligible to challenge its cohort default rate based on allegations of erroneous data after the official cohort default rates are released.

Please refer to the “Erroneous Data” Appeal section in the *Official Cohort Default Rate Guide*, which will be mailed with a school’s official cohort default rate, for additional information on appealing an official cohort default rate based on allegations of incorrect new data.

³ 34 CFR § 668.17(j)(3)

Will a school get a revised loan record detail report prior to receiving an official cohort default rate?

No. Any corrected data resulting from the draft data challenge will be submitted electronically to NSLDS by the entity that responded to the school's draft data challenge. These reported changes should be reflected in a school's official loan record detail report which will be sent to the school with the school's official cohort default rate notification letter.



If a school **timely** challenged its draft data and the appropriate entity correctly agreed to make changes to the cohort default rate data **but** these changes are not reflected in the official loan record detail report, then the school may be eligible to request an adjustment to its official cohort default rate.

Please refer to the *Official Cohort Default Rate Guide*, which will be mailed with the school's official cohort default rate, for a detailed discussion on which schools qualify to request an adjustment.

Are the loan record detail reports subject to the Privacy Act?

Yes, the Privacy Act of 1974 and the Family Educational Rights and Privacy Act (FERPA) apply to all cohort default rate related loan record detail reports, since these reports contain personally identifying information about students who received FFEL Program and/or Direct Loan Program loans. The use of this material may also be governed by state and local laws and regulations. Recipients should take appropriate steps to safeguard this material, guarantee that it is used appropriately, and ensure that it is discarded properly.

How does a school read a loan record detail report?

There are three sections to a loan record detail report. The sections are the title, body, and summary. Each section is explained in depth below. In addition, a full page sample of the loan record detail report is shown on page 35.

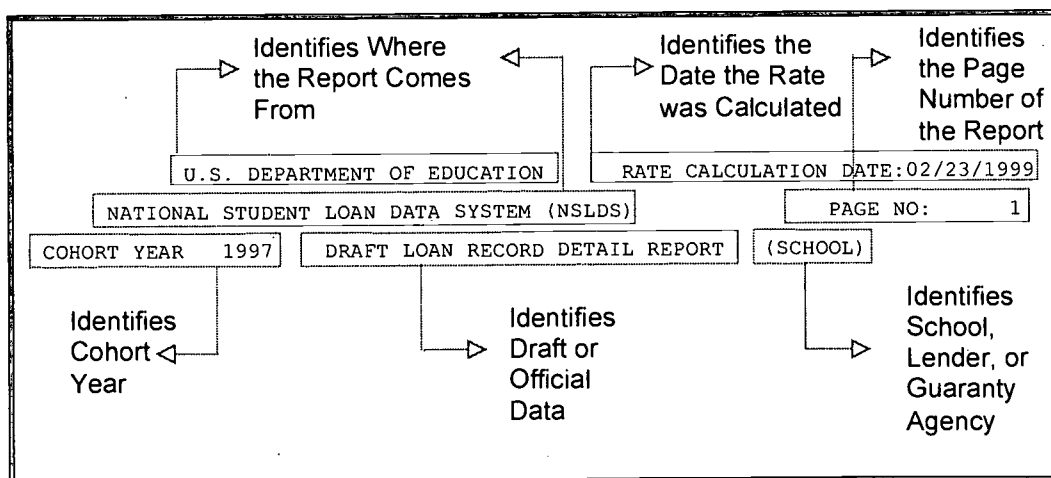
TITLE

The title section is located at the top of each page of the loan record detail report. This section provides information about the report.

The first line of the title section identifies that the loan record detail report is produced by the **U.S. Department of Education**. The first line also identifies the **Rate Calculation Date**. This is the date that the cohort default rate reflected on the loan record detail report was calculated. The Rate Calculation date is also known as the run date.

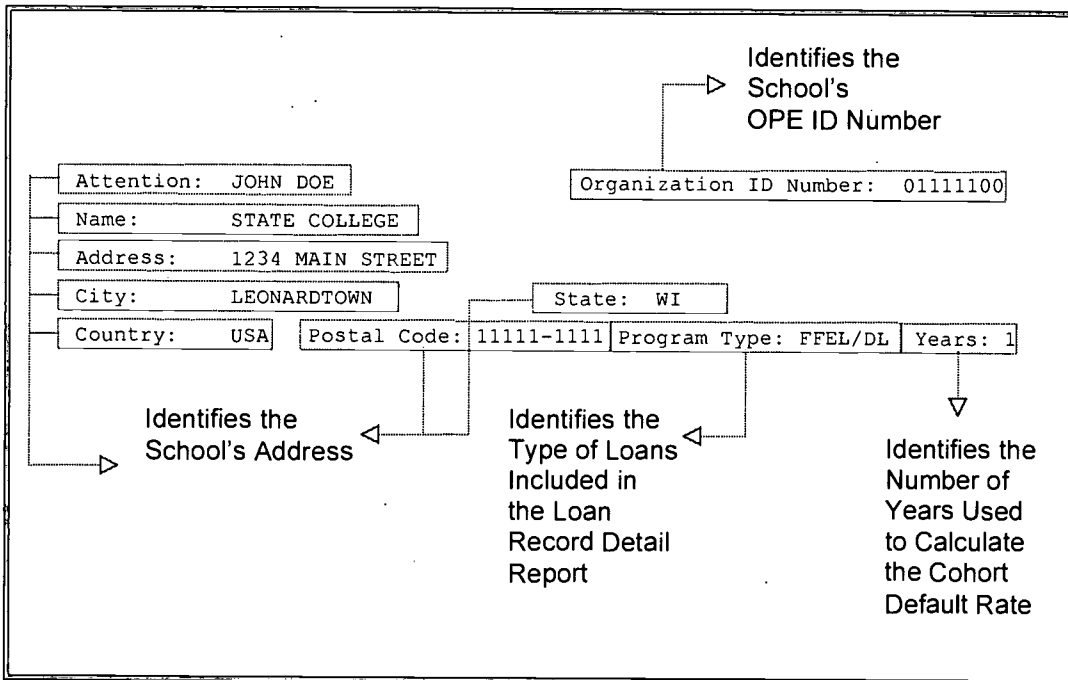
The second line of the title section identifies that the data on the loan record detail report is generated from the National Student Loan Data System (**NSLDS**). It also identifies the **Page Number**.

The third line of the title section identifies the **Cohort Year** associated with the loan record detail report. It also identifies whether the loan record detail report represents draft or official cohort default rate data (**Draft Loan Record Detail Report** or **Official Loan Record Detail Report**). The third line of the title section also identifies that the loan record detail report contains information related to a school's (**School**) cohort default rate rather than a lender or guaranty agency's cohort default rate.



The title section also provides specific information about the school associated with the data contained in the report.

The fourth line of the title section identifies, if applicable, whose **Attention** the loan record detail report should be directed to at the school. This line also identifies the school's **Organization ID Number**, which is the same as the OPE (Office of Postsecondary Education) ID Number. The next four lines listed on the loan record detail report contain the school's **Name, Address, City, State, Country, and Postal Code**. The last line also lists the **Program Type**. The Program Type identifies the type of loans included in the loan record detail report. Finally, the last line provides the number of **Years** used to calculate the school's cohort default rate. All draft cohort default rates are based on one year of data since the Department does not calculate average draft cohort default rates.



Please refer to page 35 for a composite representation of the title section of the loan record detail report.

BODY

Following the title section, there are two horizontal rows set off by hashed lines. These rows contain headers for the data contained in the body of the report. The headers are shown below.

Header Representing First Row of Data Elements

SSN	Last name	STUDENT	First/M.I.	D.O.B	Original School	Begin Date	CLASS End Date	Academic Level
LENDER/SERVICER/HOLDER	Loan	Claim Rsn/	DEFAULT/	Guarantor/	Guaranty	Enrollment	Stat/	Usage
Originating	Current	Type	Stat	Code	NegAm	Date	Repay	Date
Amount	Servicer	Loan/Date	Code	Date	1	2		

Header Representing Second Row of Data Elements

The data listed under the headers is information on the student loans used to calculate the school's cohort default rate. The headers correspond to the various data elements provided for each student loan. **Each student loan has two rows of information.**

SSN	Last name	STUDENT	First/M.I.	D.O.B	Original School	Begin Date	CLASS End Date	Academic Level
LENDER/SERVICER/HOLDER	Loan	Claim Rsn/	DEFAULT/	Guarantor/	Guaranty	Enrollment	Stat/	Usage
Originating	Current	Type	Stat	Code	NegAm	Date	Repay	Date
Amount	Servicer	Loan/Date	Code	Date	1	2		
0222-22-2222	SMITH	ALICE		10/21/1951	01111100	08/25/1995	05/11/1996	2
8000040000	8000040000	SL DU	DF	02/20/1998	10/01/1996	\$4,000	111	08/25/1995 G 12/15/1997 B FB

First Row of Student Loan Data

Second Row of Student Loan Data

Each of the data elements listed on the loan record detail report is described in detail on the following pages.

The first row of student loan data contains eight elements.

The first four elements in the first row of student loan data identify the student associated with the loan. These elements are the student's:

- ◇ **SSN** (Social Security Number);
- ◇ **Last Name**;
- ◇ **First/M.I.** (First Name and Middle Initial);
- AND
- ◇ **D.O.B.** (Date of Birth).

LENDER/SERVICER/HOLDER				Loan		Claim Rsn/	DEFAULT/	Repay Date		Guarantor
Originating	Current	Type	Stat	Code	NegAm Date	Code	Repay Date	Amount	Servicer	
0222-22-2222	SMITH	SL	DU	DF	02/20/1998		ALICE	R	10/21/1951	
8000040000	8000040000						EMILY		10/21/1977	
0333-33-3333	BAKER	D1	RP		00/00/0000			\$ 2,625	0101	
0101	555									

Identifies Student's Social Security Number

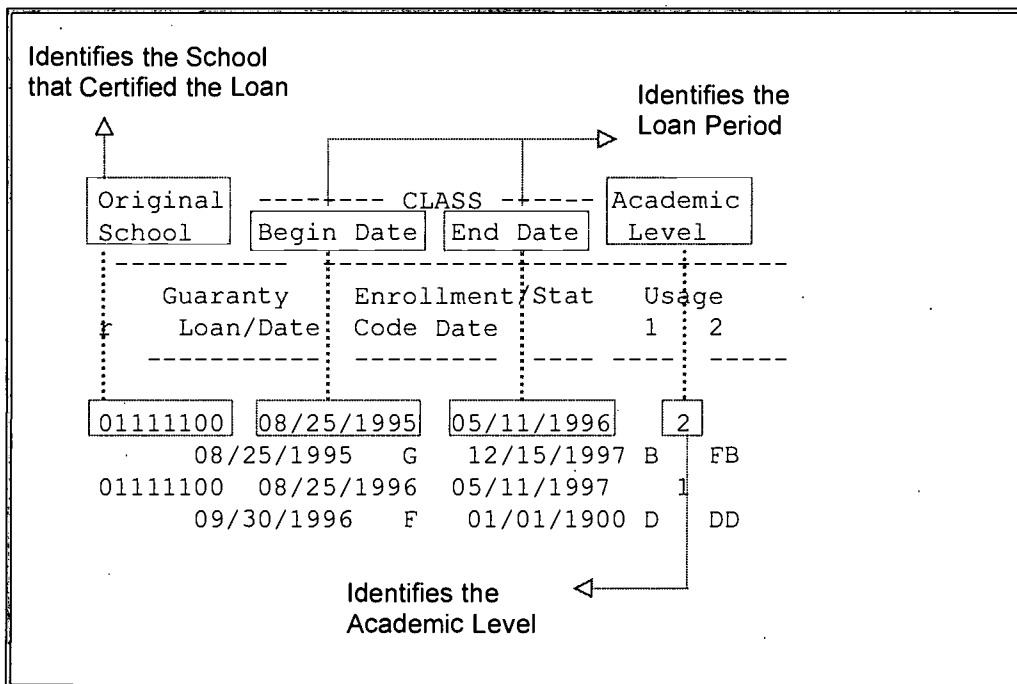
Identifies Student's First Name and Middle Initial

Identifies Student's Last Name

Identifies Student's Date of Birth

The next four elements in the first row of student loan data identify:

- ◇ the **Original School**, which is the OPE ID number of the school that certified the student loan;
 - ◇ the **Class Begin Date** and **Class End Date**, which reflect the loan period of the loan;
- AND
- ◇ the **Academic Level**, which reflects the grade level of the student when the loan was obtained.



Code	Description
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

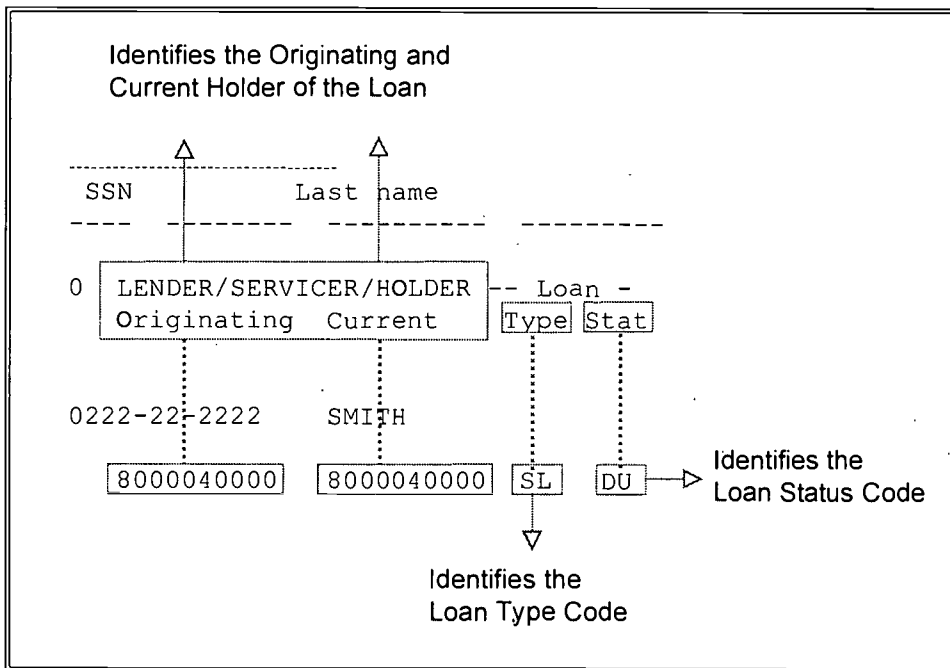
Loan Type Codes	
Code	Description
D1	Direct Loan Subsidized Stafford Loan
D2	Direct Loan Unsubsidized Stafford Loan
SF	FFEL Subsidized Stafford Loan
SU	FFEL Unsubsidized Stafford Loan
SL	FFEL Supplemental Loans for Students

Loan Status Codes	
Code	Description
AE	Assigned to the U.S. Department of Education
BC	Bankruptcy Claim, Discharged
BK	Bankruptcy Claim, Active
CA	Cancelled
DA	Deferred
DB	Defaulted, then Bankrupt, Active, Chapter 13
DC	Defaulted, Compromise
DD	Defaulted, then Died
DE	Death
DI	Disability
DK	Defaulted, then Bankrupt, Discharged, Chapter 13
DL	Defaulted, in Litigation
DO	Defaulted, then Bankrupt, Active, Other
DP	Defaulted, Paid-In-Full
DS	Defaulted, then Disabled
DT	Defaulted, Collection Terminated
DU	Defaulted, Unresolved
DW	Defaulted, Write-Off
DX	Defaulted, Six Consecutive Payments
FB	Forbearance
ID	In School or Grace Period
OD	Defaulted, then Bankrupt, Discharged, Other
PC	Paid-In-Full through Consolidation Loan
PF	Paid-In-Full
RF	Refinanced
RP	In Repayment
UI	Uninsured

The second row of student loan data contains 14 elements.

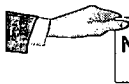
The first four elements in the second row of the student loan data identify:

- ◇ the **Originating Lender/Servicer** which represents the entity that provided the loan to the student;
 - ◇ the **Current Lender/Servicer** which represents the entity that was responsible for the loan at the time the cohort default rate was calculated;
 - ◇ the **Loan Type**, which identifies whether the loan is a Direct Loan or FFEL Program loan and whether or not the loan is subsidized;
- AND**
- ◇ the **Loan Stat**, which identifies the repayment/default status of the loan at the time the cohort default rate was calculated.



The next three elements in the second row of student loan data identify:

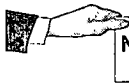
- ◇ the **Claim Reason code**, which identifies why a claim was paid on an FFEL Program loan or if a Direct Loan Program loan has entered into an income contingent repayment plan that has resulted in negative amortization;
- ◇ the **Default/NegAm Date**, which identifies the date a default claim was paid on an FFEL Program loan or the 271st day of delinquency for a Direct Loan Program loan or the 271st day of an income contingent repayment plan with payments of less than fifteen dollars per month that result in negative amortization for certain Direct Loan Program loans;



Note The Default/NegAm Date determines if a loan is included in the numerator of the cohort default rate calculation.

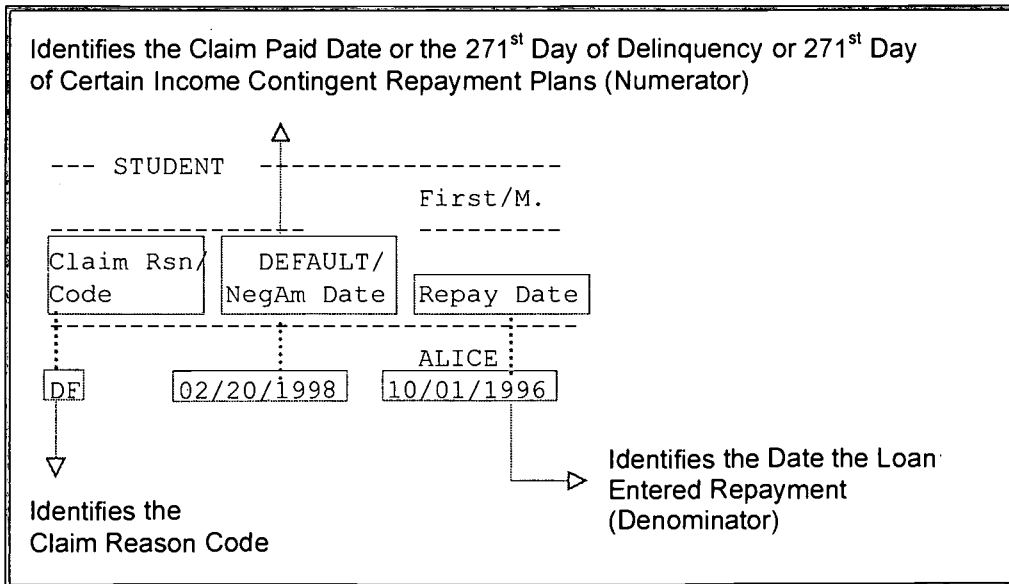
AND

- ◇ the **Repay Date**, which identifies the date the student entered into repayment on the loan.



Note The Repay Date determines if a loan is included in the denominator of the cohort default rate calculation.

Claim Reason Codes	
Code	Status
BC	FFEL Bankruptcy, Chapter 13
BO	FFEL Bankruptcy, Other
CS	FFEL Closed School
DE	FFEL Death
DF	FFEL Default
DI	FFEL Disability
EX	FFEL Exempt
FC	FFEL False Certification
IN	Direct Loan, Income Contingent Negative Amortization
IX	Direct Loan, Defaulted Income Contingent Negative Amortization (with the Department)



The next three elements in the second row of student loan data identify:

- ◇ the **Amount**, which identifies the original amount of the loan;
- ◇ the **Guarantor/Servicer**, which identifies the entity that is responsible for responding to a school's inquiry about the status of the loan;

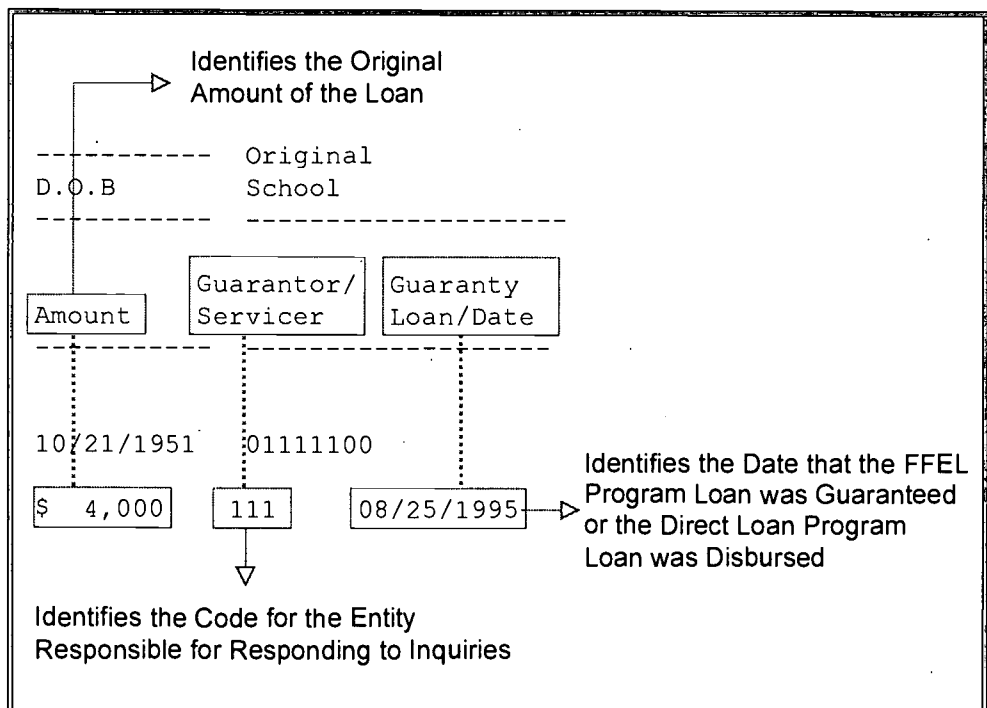


The entities responsible for responding to a school's inquiries during the draft data challenge are:

- 1) guaranty agencies;
- 2) the Department's Default Management Division;
- AND
- 3) the Department's Direct Loan Servicing Center.

A school should submit draft data challenges to these organizations at the addresses provided on page 3 of "Appendix A" for FFEL Program Loans and page 1 of "Appendix B" for Direct Loan Program Loans.

- ◇ the **Guaranty Loan/Date**, which identifies the date that the guaranty agency insured an FFEL Program loan or the first date of disbursement for a Direct Loan Program loan.



The final four elements in the second row of student loan data identify:

- ◇ the **Enrollment Status Code**, which identifies the student's enrollment status at the time the cohort default rate was calculated;
- ◇ the **Enrollment Status Date**, which indicates the last date the student's enrollment status changed. If no data is available, the guaranty agency or Direct Loan servicer may use 01/01/1900.



The enrollment status code and date do not necessarily reflect the student's enrollment at the school reported on the loan record detail report. The enrollment status code and date may reflect subsequent enrollment by the student at a different school.

- ◇ the **Usage code 1**, which identifies how the loan is used in the school's cohort default rate calculation;

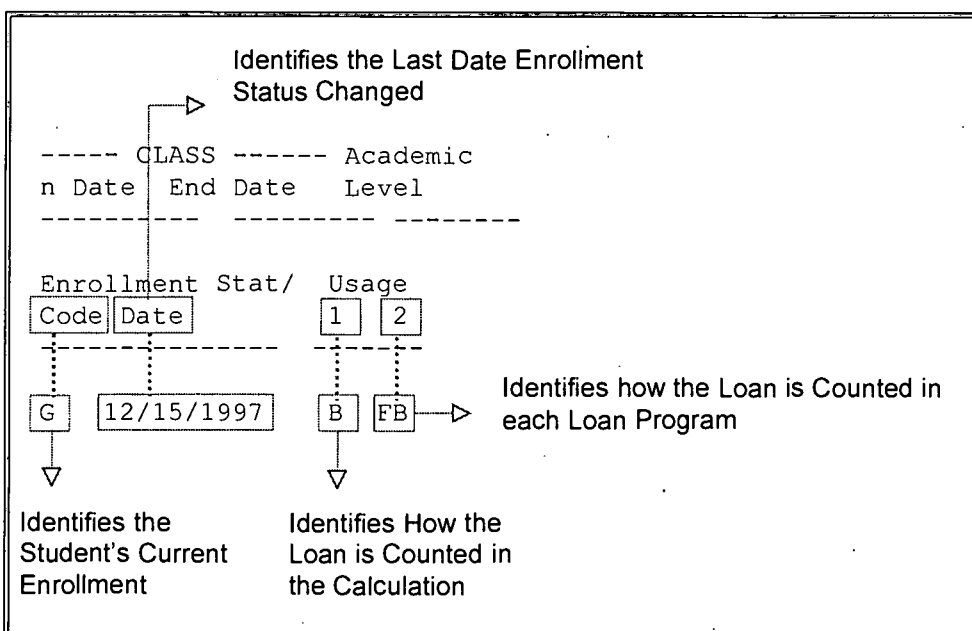
AND

- ◇ the **Usage code 2**, which identifies how the loan is counted in each individual loan program (i.e. the FFEL Program and/or the Direct Loan Program); the individual loan program count is summarized on the final page of the report.

Enrollment Status Code	
Code	Description
A	Approved leave of absence
D	Deceased
F	Full time
G	Graduated
H	Half time or more, but less than full time
L	Less than half time
N	Not available
W	Withdrawn
X	Never attended
Z	No record found

Usage Code 1 Cohort Default Rate Usage	
Code	Description
D	Denominator only
B	Both Numerator and Denominator
N	Not Used
E	Eligible, but not counted

Usage Code 2 FFEL Program and/or Direct Loan Program Usage	
Code	Description
FD	FFEL Program Denominator only
FB	FFEL Program Numerator and Denominator
DD	Direct Loan Program Denominator only
DB	Direct Loan Program Numerator and Denominator
IC	Direct Loan Program ICR (Negative Amortization)
N	Not Used (FFEL Program and/or Direct Loan Program)
E	Eligible, but not counted (FFEL Program and/or Direct Loan Program)



Please refer to page 35 for a composite representation of the body section of the loan record detail report.

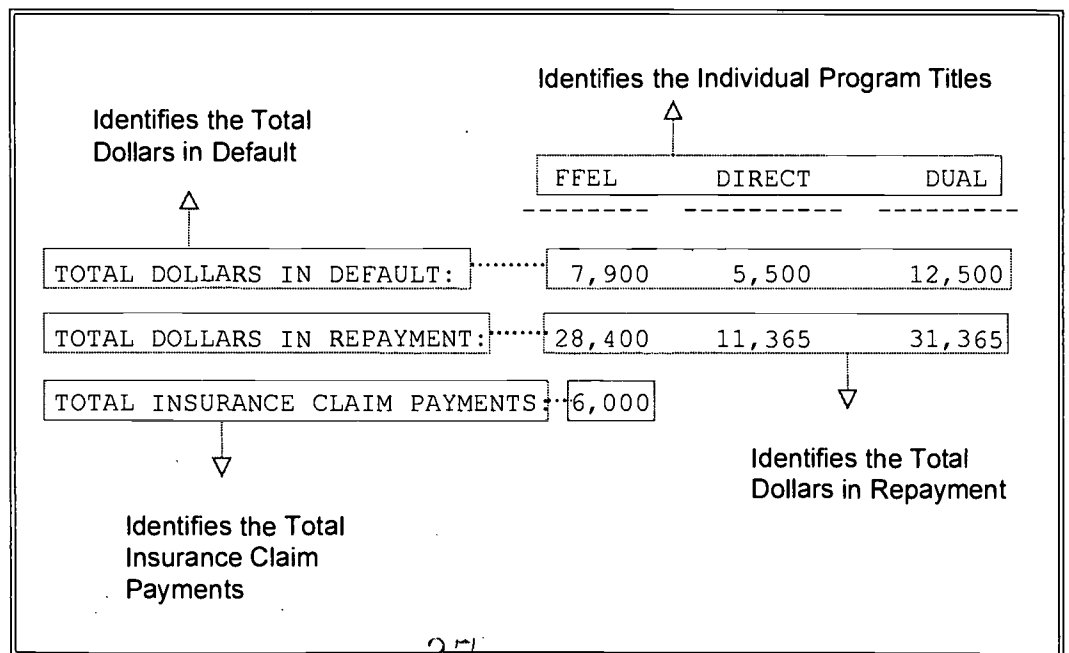
SUMMARY

On the last page of the loan record detail report is a summary of the data contained in the report.

The first line of the summary provides the **Total Dollars in Default**. The FFEL Program and Direct Loan Program entries within this field indicate the total dollar volume of defaulted loans included in the cohort default rate calculation. The Dual Program entry represents the dollars in default for only one loan for each student included in the cohort default rate calculation.

The second line of the summary provides the **Total Dollars in Repayment**. The FFEL Program and Direct Loan Program entries within this field indicate the total dollar volume for loans that have entered repayment during the cohort period in question. The Dual Program entry represents the dollars in repayment for only one loan for each student included in the cohort default rate calculation.

The third line of the summary provides the **Total Insurance Claim Payments** for FFEL Program loans. The Total Insurance Claim Payments for FFEL Program loans indicate the total amount of insurance claims that were paid during the cohort period in question. This amount may not equal the Total Dollars in Default for FFEL Program loans since some loans may have defaulted during the cohort period in question, but an insurance claim was not paid during the same cohort period.



The fourth line of the summary provides the **Actual Numerator Count** and the **Report Count** for the numerator of the cohort default rate calculation. The Actual Numerator Count is the total number of unduplicated borrowers included in the numerator of the cohort default rate calculation. The Report Count for the numerator represents the unduplicated borrowers listed on the loan record detail report with a "B" in the Usage Code 1 field.

The fifth line of the summary provides the **Actual Denominator Count** and the **Report Count** for the denominator of the cohort default rate calculation. The Actual Denominator Count is the total number of unduplicated borrowers included in the denominator of the cohort default rate calculation. The Report Count for the denominator represents the unduplicated borrowers listed on the loan record detail report with a "D" or "B" in the Usage Code 1 field.



Note

The Actual Counts will be the same as the Report Counts on a school's **draft** loan record detail report. However, the counts may differ on the official loan record detail report if the school's official cohort default rate was changed due to a cohort default rate appeal. The changes resulting from the cohort default rate appeal are reflected in the actual counts BUT not in the report counts.

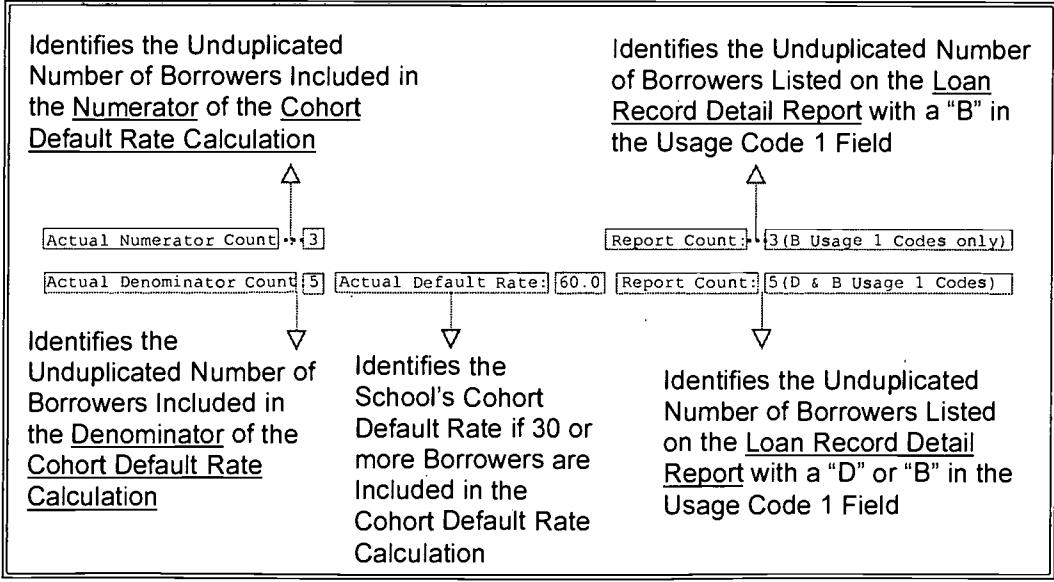
The fifth line of the summary also provides the **Actual Default Rate**. The Actual Default Rate is, in most cases, the school's cohort default rate. However, if a school has less than 30 borrowers entering repayment in the cohort period in question or if the school is involved in a combination, substitution or merger, the Actual Default Rate will not reflect the school's cohort default rate.

Q. How does a school determine what its cohort default rate is if the school has less than 30 borrowers entering repayment?

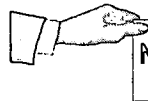
A. For details on how to calculate a school's average cohort default rate, please refer to the "Cohort Default Rates" section beginning on page 3. A school will need its FY 1995, FY 1996, and FY 1997 actual cohort default rates to determine its FY 1997 average cohort default rate.

Q. How does a school determine what its cohort default rate is if the school was involved in a combination, substitution or merger?

A. A school should refer to its official cohort default rate notification letter for details regarding its combined, substituted, and/or merged cohort default rate.



The sixth line of the summary provides the **Individual Program Tally**. The Individual Program Tally is NOT a school's cohort default rate—it is purely informational to tell the school the number of loans identified with each loan program. A numerator and denominator count is provided for both FFEL Program and Direct Loan Program borrowers if a school has loans entering repayment from each loan program.



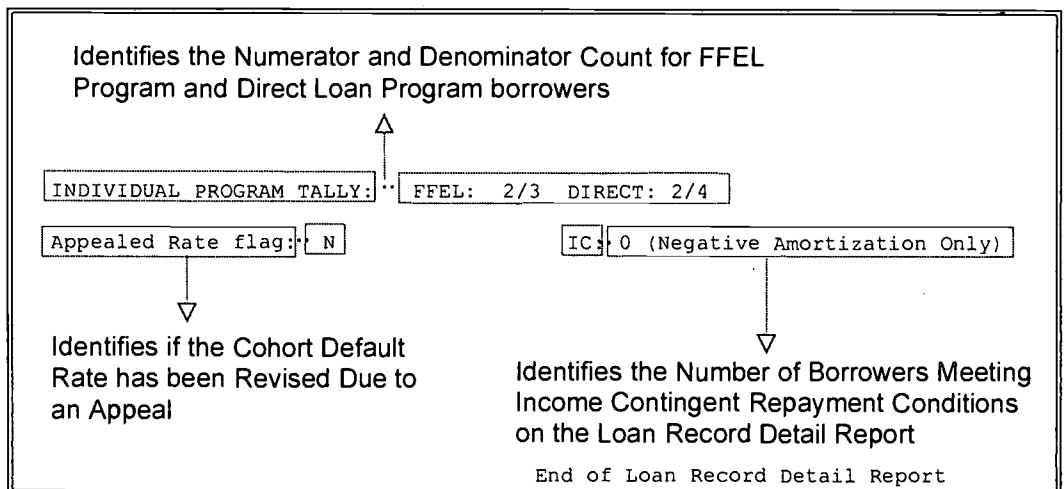
Note

A school does not select whether it has an FFEL Program cohort default rate, a Direct Loan Program cohort rate, or a dual-program cohort rate. The rate is determined on the basis of the types of loans that enter repayment in a given cohort period.

The seventh line of the summary provides the **Appealed Rate Flag**. The Appealed Rate Flag indicates whether the cohort default rate has been changed due to a cohort default rate appeal. This flag will be an "N" for all **draft** cohort default rates since schools do not have the opportunity to appeal the cohort default rates prior to receiving the draft cohort default rate loan record detail report.

The seventh line of the summary also provides the **IC** field. The IC field identifies the number of Direct Loan Program borrowers in the cohort period in question who attended a *proprietary non-degree granting school* and have been under an income contingent repayment plan for 271 days with scheduled monthly payments that are less than fifteen dollars and less than the interest accruing on the loan resulting in negative amortization. If the school is NOT a proprietary non-degree-granting school, OR if it does not have any students meeting these criteria, this field will be zero.

Appealed Rate Flag	
Code	Description
D	Direct – School altered cohort default rate due to its own appeal
I	Indirect – School cohort default rate altered due to an appeal filed by a different school in a combination/substitution/merger
N	No appeal – School cohort default rate not altered by an appeal
U	Unknown – Appeal status unknown for cohort default rate prior to FY 1993



Please refer to page 35 for a composite representation of the summary section of the loan record detail report.

Sample Loan Record Detail Report

Title ←

**Body
Data
Element
Headers**

U.S. DEPARTMENT OF EDUCATION
 NATIONAL STUDENT LOAN DATA SYSTEM (NSLDS)
 COHORT YEAR 1997 DRAFT LOAN RECORD DETAIL REPORT (SCHOOL)
 Attention: JOHN DOE
 Name: STATE COLLEGE
 Address: 1234 MAIN STREET
 City: LEONARDTOWN
 Country: USA
 State: WI
 Organization ID Number: 01111100
 RATE CALCULATION DATE: 02/23/1999
 PAGE NO: 1

SSN	Last name	STUDENT	Original	School	Begin Date	End Date	CLASS
0222-22-2222	SMITH	ALICE	10/21/1951	01111100	08/25/1995	05/11/1996	2
8000040000	BAKER	EMILY	10/21/1977	01111100	08/25/1996	05/11/1997	1
0333-33-3333	BAKER	EMILY	10/21/1977	01111100	08/25/1996	05/11/1997	1
0101	555		00/00/0000	05/16/1997	\$ 2,625	0101	09/30/1996

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

**Body
Data
Elements**

Summary

Challenging Draft Data



QUALIFYING

Who is eligible to submit a draft data challenge?

All schools, regardless of their cohort default rate, are provided the opportunity to review draft cohort default rate data and challenge the data after the release of the draft cohort default rates. This includes schools whose draft cohort default rates are below 25.0 percent.

Why should a school challenge draft data?

Challenging draft cohort default rate data enables a school to request a correction to what it believes to be **erroneous data** contained in the school's cohort default rate.

A school should challenge its draft data because:

- ◇ **a school will not have a second opportunity to challenge and correct the data;** therefore the school needs to ensure that no discrepancies exist between the school's loan information, information obtained from outside sources, and the draft loan record detail report;

AND

- ◇ the loan information included in the draft loan record detail report will be used to calculate the school's official cohort default rate and a school **may become subject to consequences associated with the official cohort default rate** if it exceeds certain statutory thresholds;

Q. If a school receives a draft loan record detail report but has officially withdrawn from the FFEL Program and/or Direct Loan Program, should the school review the draft cohort default rate data?

A. Yes. All schools who have loans entering repayment in a given fiscal year will receive draft data information and should review the data to ensure its accuracy. It is important to correct any errors found in the draft data because a school will not be given another chance to challenge and correct these errors and the school may be subject to certain consequences after the release of the official cohort default rates even if the school is no longer participating in the FFEL Program and/or Direct Loan Program.

AND

- ◇ by challenging errors after the release of the draft cohort default rates, a school, **subject to consequences associated with its official cohort default rate, will preserve its right to submit an erroneous data appeal** on the basis of disputed data after the release of the official cohort default rates.¹

What are erroneous data?

The term "erroneous data" refers to information in a school's loan record detail report that is incorrect. Erroneous data can also be missing loan information that was incorrectly excluded from the loan record detail report.

Erroneous data may be identified if, in reconciling a school's draft loan record detail report against its records and information from outside sources, a school discovers that:

- ◇ a student is not reported correctly in the draft cohort default rate calculation;

AND/OR

- ◇ a student was omitted entirely from the calculation.

When reconciling draft data against a school's records and information obtained from outside sources, a school should confirm the following:

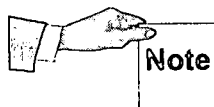
- ◇ that the date the loan entered repayment is correct;
- ◇ that the loan claim paid date is correct;
- ◇ that there are no cancelled loans included in the cohort default rate calculation;
- ◇ that there are no uninsured loans included in the cohort default rate calculation;

¹ 34 CFR § 668.17(j)(7).

- ◇ that loans that were discharged prior to defaulting are not counted in the numerator of the cohort default rate calculation;
- ◇ that there is no loan that entered repayment in the cohort year that was omitted from the loan record detail report (i.e., that there are no missing loans);

AND

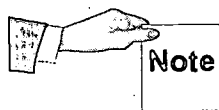
- ◇ that the same student loan was not reported in two different cohort years (i.e., that there are no duplicated loans).



These are some, but not all, of the errors that might occur.

What if a school does not challenge draft data errors?

If a school fails to challenge errors in the FY 1997 draft loan record detail report, it may NOT challenge the errors at any other time. Under the Department's regulations, a school, subject to consequences associated with its official cohort default rates, will lose its right to submit an erroneous data appeal on the basis of disputed data if the discrepancies in question were present in the draft loan record detail report, but the school failed to submit a challenge of those discrepancies immediately following the release of the draft cohort default rate data.²



If a school does NOT challenge any draft data errors immediately following the release of the draft cohort default rate data, the school's official loan record detail report may **still** be different from the school's draft loan record detail report since the National Student Loan Data System (NSLDS) is regularly updated with new information from several sources. These changes are referred to as *new data* in the official cohort default rate. New data may be appealed during the official cohort default rate appeal process by schools that are subject to consequences due to the schools' official cohort default rates.

² 34 CFR § 668.17(j)(7).

What should a school do if it believes there are errors in its draft data?

If a school believes there is an error in the draft loan record detail report, it should submit a written challenge to the appropriate entity identified by the guarantor/servicer code on the loan record detail report.

The entities identified by the guarantor/servicer code on the loan record detail report represent guaranty agencies, the Department's Default Management Division, and the Department's Direct Loan servicer.

- ◇ **Guaranty agencies** are responsible for responding to schools' inquiries regarding **FFEL Program loans** for which the guaranty agency currently maintains the guaranty. A listing of the codes for the guaranty agencies is in Appendix A.
- ◇ The **Department's Default Management Division** is responsible for responding to schools' inquiries regarding **FFEL Program loans that are currently held by the Department**. These loans are identified on the loan record detail report with a guarantor/servicer code of **555**.
- ◇ The **Department's Direct Loan servicer** is responsible for responding to inquiries regarding all **Direct Loan Program loans**. These loans are identified on the loan record detail report with a guarantor/servicer code of **0101**.

What role does a guaranty agency have in a school's draft data challenge?

A guaranty agency is required to respond to a school's timely submitted draft data challenge for those student loans for which it currently maintains the guaranty. The guaranty agency's response must be sent to the school within **thirty (30) calendar days** of receipt of the school's timely submitted draft data challenge.³

³ 34 CFR § 668.17(j)(3)

In its response, the guaranty agency addresses the school's allegations by indicating whether or not the guaranty agency agrees with the school's allegations and why. The guaranty agency provides a copy of this response to both the school and the Department.

- ◇ If the guaranty agency correctly **agrees** that there is erroneous data in the loan record detail report data, then it is required to submit the corrected information to NSLDS. The changes reported to NSLDS should be reflected in the official loan record detail report.

If the correctly agreed upon changes are not made prior to the release of the official cohort default rates, a school may file a request for adjustment with the Department after the official cohort default rates are released.

- ◇ If the guaranty agency **disagrees** with a school's challenge(s), the school may be eligible to submit an erroneous data appeal on the basis of **disputed data** after the official cohort default rates are released, if the school is subject to consequences associated with its official cohort default rate.

Please refer to the "Official Cohort Default Rate Overview" section beginning on page 85 for a description of consequences associated with the official cohort default rates.



The Department will send each school the *FY 1997 Official Cohort Default Rate Guide* with the school's FY 1997 official cohort default rate notification letter. The *FY 1997 Official Cohort Default Rate Guide* will explain in detail the procedures and time frames for submitting a request for adjustment and/or an erroneous data appeal.

The guaranty agency is not required to respond to challenges submitted by the school if the 30 calendar day time frame to submit such challenges has expired.

Please refer to the "Information for Guaranty Agencies on Draft Data Challenges" beginning on page 69 for more information on guaranty agency responses.

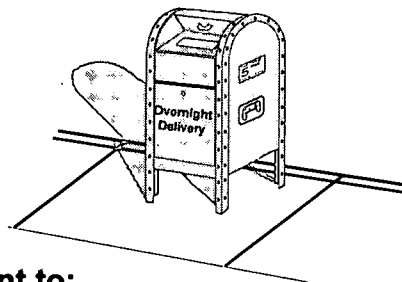
What role does the Department have in a school's draft data challenge?

The Department is responsible for reviewing the draft data challenge if the challenge includes allegations regarding FFEL Program loans currently held by the Department and/or Direct Loan Program loans.

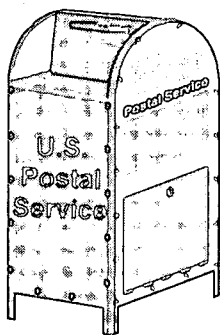
FFEL Program loans currently held by the Department are identified on the loan record detail report with a guarantor/servicer code of **555**. Allegations regarding these loans should be submitted to the Department's Default Management Division at the following address:

Commercial overnight mail/courier delivery should be sent to:

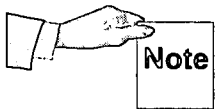
U.S. Department of Education
Default Management Division
ATTN: Draft Data Challenge
ROB-3, Room 3905
7th and D Streets, SW
Washington, DC 20202



U.S. Postal Service mail should be sent to:



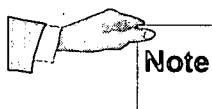
U.S. Department of Education
Default Management Division
ATTN: Draft Data Challenge
Portals Building, Room 6300
400 Maryland Avenue, SW
Washington, DC 20202-5353



The Department will not accept any appeal correspondence by facsimile (fax) or e-mail.

Direct Loan Program loans are identified on the loan record detail report with a Direct Loan servicer code of **0101**. Allegations regarding Direct Loan Program loans should be submitted to the Department's Direct Loan servicer at the following address:

U.S. Department of Education
 Direct Loan Servicer
 School Services Department
 ATTN: Default Rate Appeals Section
 501 Bleecker Street
 Utica, New York 13501



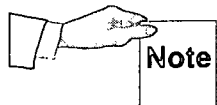
The Department will not respond to challenges submitted by the school if the 30 calendar day time frame to submit such challenges has expired.

The Department also reviews guaranty agency responses to schools' draft data challenges to ensure that the guaranty agency responses are correct. If the Department determines that the guaranty agency responses are not correct, the Department will notify the guaranty agency and the school prior to the release of the official cohort default rates that the guaranty agency's responses were incorrect and will provide the correct responses. The Department will instruct the guaranty agency to resubmit the corrected data to NSLDS and will inform the school that if the guaranty agency fails to make the corrections prior to the release of the official cohort default rates the Department will make the corrections after the official cohort default rates are calculated.

What if a school's draft data challenge is sent to the wrong entity?

If a school submits a draft data challenge to the wrong entity, the draft data challenge will NOT be reviewed and the school could miss the deadline for challenging the draft data.

A school should send its draft data challenge directly to the entity identified by the guarantor/servicer code on the loan record detail report. A listing of all the codes (including the codes for loans held by the Department) and the corresponding name and address for the entity identified by the code is listed in Appendices A (for FFEL Program loans) and B (for Direct Loan Program loans).



A school should only send its draft data challenge to the Department's Default Management Division if the school is challenging FFEL Program loan data included in the loan record detail report with a guarantor/servicer code of 555.

Can a school challenge cohort default rate data from previous years?

No. A school can only directly challenge the most recent draft cohort default rate data. Schools that have an average cohort default rate are also limited to challenging only current year draft data.

TIMING

What are the time frames and procedures for a school to submit a draft data challenge?

Timing is critical for a school when submitting a draft data challenge. The required regulatory time frame is as follows:

- ◇ **Within thirty (30) calendar days⁴** of receiving the draft loan record detail report a school must:
 - ❖ review the draft loan record detail report for inconsistencies between the school's records, information obtained from outside sources, and the draft loan record detail report,
- AND**
- ❖ if there are inconsistencies, the school must send a written challenge to the appropriate entity identified by the guarantor/servicer code on the loan record detail report.

⁴ 34 CFR § 668.17(j)(2)

Q. If a guaranty agency and/or the Department claims that a school's draft data challenge was received after the 30 calendar day deadline, does the school have any recourse?

A. No, unless the school can prove that the draft data challenge was received within the 30 calendar day time frame. See 34 CFR 668.17(j). For this reason, the Department recommends that schools send all draft data challenge correspondence return receipt requested or via commercial overnight delivery.



If the submission due date falls on a weekend or a federal holiday, a school may send its draft data challenge to the appropriate entity identified by the guarantor/servicer code on the loan record detail report no later than the next federal business day. If a school fails to meet the regulatory time frame, the school's draft data challenge will NOT be reviewed.

A guaranty agency, in some circumstances, may **agree** to review a school's draft data challenge that is submitted after the deadline. However, because the school missed the regulatory deadline, the school will not be eligible after the release of the official cohort default rates to submit a request for adjustment or an erroneous data appeal that is based on disputed data for loans guaranteed by that agency and included in the school's official cohort default rate.⁵

What are the time frames and procedures for an entity identified by the guarantor/servicer code on the loan record detail report to respond to a school's draft data challenge?

Timing is critical when responding to a school's draft data challenge. The required regulatory time frame is as follows:

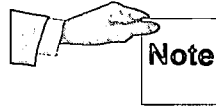
- ◇ Within **thirty (30) calendar days**⁶ of receipt of a school's timely submitted draft data challenge, an entity identified by the guarantor/servicer code on the loan record detail report must:
 - ❖ research the school's allegations of error;
 - AND
 - ❖ provide a complete response to each allegation of error presented by the school.

Q. What happens if a school does not receive a response to its draft data challenge within the 30 calendar day time frame?

A. The school is not penalized and the school may address the challenge to the Department after the release of the official cohort default rates, provided the response was not received prior to the release of the official cohort default rates.

⁵ 34 CFR § 668.17(j)(7)

⁶ 34 CFR § 668.17(j)(3)



If a school's draft data challenge does not contain all the necessary information to challenge its draft data, as identified on page 52 of this section, the entity to which the school sent its challenge may request that the school submit the missing information to complete the draft data challenge. However, the additional information must be submitted within the 30 calendar day deadline for submitting such challenges.

SUBMITTING

How does a school submit a draft data challenge?

Step 1: Review the draft loan record detail report to determine if:

- ◇ a student is not reported correctly in the draft cohort default rate calculation;

AND/OR

- ◇ a student was incorrectly omitted from the draft cohort default rate calculation.

Example: Electrical Training Institute found two discrepancies between its records, information obtained from outside sources, and the FY 1997 draft loan record detail report.

Allegation 1: According to Electrical Training Institute's records and information obtained from outside sources, David Smith was **erroneously included** in the numerator and denominator of the FY 1997 draft loan record detail report. Electrical Training Institute's records show that David had one loan, his last date of attendance was 11/12/1995, and he entered repayment during the 1996 cohort period. Because, according to the school's records, David entered repayment in the 1996 cohort period, Electrical Training Institute believes the loan should be removed from the FY 1997 draft cohort default rate calculation and counted in the denominator of the FY 1996 cohort default rate calculation.

Allegation 2: According to Electrical Training Institute's records and information obtained from outside sources, Jessica Garcia entered repayment on 7/16/1997, during the 1997 cohort period, but did not appear in the FY 1997 draft loan record detail report. Thus, Electrical Training Institute believes that Jessica was **erroneously excluded** from the FY 1997 draft cohort default calculation and Jessica's loan should be included in the denominator of the FY 1997 draft cohort default rate calculation.

Step 2: Compile a list of alleged errors for each guarantor/servicer code identified on the loan record detail report for which the school alleges errors.

BEST COPY AVAILABLE

- ◇ Record all alleged errors using the **FY 1997 Draft Data Challenge** spreadsheet.

Complete a separate spreadsheet for each guarantor/servicer code identified on the loan record detail report for which the school alleges errors.

Please refer to page 54 of this section for a sample spreadsheet and instructions on completing the spreadsheet.

Step 3: Prepare a draft data challenge for each guarantor/servicer code identified on the loan record detail report for which the school alleges errors.

A challenge **MUST** include the following items:

- ◇ A letter on the school's letterhead addressed to each appropriate guarantor/servicer code identified on the loan record detail report for which the school alleges errors.

This letter should include –

- ❖ the school's OPE ID number;
- ❖ a statement indicating that the school is submitting a draft data challenge;
- ❖ the current fiscal year to which the draft data challenge applies;

AND

- ❖ a signature by the school's President/CEO/Owner followed by a signature block providing the signer's name and job title.

Use the **FY 1997 Draft Data Challenge** sample letter on page 53 of this section.

Complete a separate letter for each guarantor/servicer code identified on the loan record detail report for which the school alleges errors.

- ◆ The spreadsheet completed in Step 2.
- ◆ A copy of relevant pages from the relevant loan record detail report(s).

Each draft data challenge allegation must be accompanied by **at least one page** of a loan record detail report.

- ❖ Include the page of the loan record detail report where the borrower appears or where the borrower should appear. Provide both pages of the loan record detail report if the borrower belongs at the end of one page or at the beginning of the next page.
- ❖ If the borrower is being moved from one year to another, include the page of the loan record detail report where the borrower currently appears and the page of the loan record detail report where the borrower should appear.

Examples:

Allegation 1: David Smith (333-33-3333) Electrical Training Institute sent a copy of the page of the FY 1997 draft loan record detail report where David Smith currently appears and a copy of the page of the FY 1996 official loan record detail report showing where David Smith should have been included but was not.

Allegation 2: Jessica Garcia (222-22-2222)

Electrical Training Institute submitted a copy of the page of the FY 1997 draft loan record detail report showing where Jessica Garcia should have been included but was not.

- ◇ Relevant supporting documentation including, but not limited to a:
 - ❖ signed and dated copy of a letter to the relevant lender, guaranty agency and/or servicer that informs the entity of the student's last date of attendance;

AND/OR

 - ❖ signed and dated copy of a Student Status Confirmation Report (SSCR) sent to a guaranty agency that confirms the student's last date of attendance;

AND/OR

 - ❖ a screen print from the SSCR function within NSLDS that confirms the student's last date of attendance was recorded within the NSLDS.

Examples:

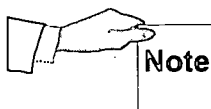
Allegation 1: David Smith (333-33-3333) Electrical Training Institute included a signed and dated copy of a letter to the relevant lender and guaranty agency showing that David's last day of attendance was 11/12/1995.

Allegation 2: Jessica Garcia (222-22-2222) Electrical Training Institute included an NSLDS SSCR screen print showing that Jessica left school on 1/15/1997.

Step 4: Submit the draft data challenge to the appropriate entity identified by the guarantor/servicer code listed on the loan record detail report within thirty (30) calendar days of receipt of the school's draft loan record detail report.

The Department recommends that the school submit its completed draft data challenge on school letterhead, with the spreadsheet described in Step 2, and the loan record detail report information and supporting documentation described in Step 3. The challenge should be compiled in a single tabbed binder and mailed return receipt requested or via overnight courier delivery to the appropriate entity.

A school should maintain copies of all draft data challenge cover letters, spreadsheets, loan record detail reports, and supplemental documents sent to each entity identified by the guarantor/servicer code listed on the loan record detail report. The Department recommends that the school also maintain documentation verifying receipt of all draft data challenge material.



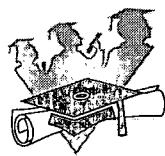
If a school does not meet the **thirty (30) calendar** day time frame for submitting a draft data challenge, the school's draft data challenge will not be reviewed.

The school must submit its complete challenge to the appropriate entity identified by the guarantor/servicer code on the loan record detail report. For a list of the appropriate entities, please see page 3 of Appendix A for FFEL Program loans and page 1 of Appendix B for Direct Loan Program loans.

The recommended tabs and materials for a draft data challenge are listed on the next page.

The following should be sent to each entity identified by the guarantor/servicer code on the loan record detail report for which a school alleges errors.

<p>The section behind Tab 1 contains:</p> <ul style="list-style-type: none">◇ A letter on the school's letterhead with—<ul style="list-style-type: none">❖ the school's OPE ID number;❖ a statement indicating that the school is submitting a draft data challenge;❖ the current fiscal year to which the draft data challenge applies; <p style="text-align: center;">AND</p> <ul style="list-style-type: none">❖ the signature of the school's President/CEO/Owner, followed by a signature block providing the signer's name and job title. <p>Please refer to page 53 in this section for the FY 1997 Draft Data Challenge sample letter.</p>	Tab 1
<p>The section behind Tab 2 contains:</p> <ul style="list-style-type: none">◇ A list, in spreadsheet format, of the school's alleged data errors in the draft cohort default rate relating to the appropriate entity identified by the guarantor/servicer code listed on the loan record detail report. <p>Please refer to page 54 in this section for a sample spreadsheet and detailed instructions on how to create the FY 1997 Draft Data Challenge spreadsheet.</p>	Tab 2
<p>The section behind Tab 3 contains:</p> <ul style="list-style-type: none">◇ Relevant pages of pertinent loan record detail reports.	Tab 3
<p>The section behind Tab 4 contains:</p> <ul style="list-style-type: none">◇ Relevant supporting documentation.	Tab 4

School's Draft Data Challenge Cover Letter for **Each** Relevant Entity

Electrical Training Institute
 1212 Commanche Lane
 Leonardtown, Wisconsin 12345-6789
 (123) 456-7890

Sample Letter

[date]

[entity identified by the
 guarantor/servicer code
 on the loan record detail
 report]
 [attention line]
 [address]
 [city], [state] [zip]

OPE ID#: [OPE ID#]

Subject: FY 1997 Draft Data Challenge

Dear [Mr. or Ms.] [last name]:

[school name], OPE ID# [OPE ID#], wishes to challenge its FY 1997 draft cohort default rate data.

Please see the enclosed spreadsheet, loan record detail report(s), and relevant supporting documentation.

Thank you for your consideration.

Sincerely,

John Doe

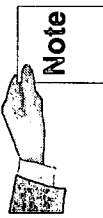
[Name and title of official]

Enclosures

Draft Data Challenge

How to fill out FY 1997 Draft Data Challenge Spreadsheet

Record all loans being challenged with the relevant entity identified by the guarantor/servicer code on the loan record detail report using a spreadsheet software application such as Excel, Lotus 1-2-3, or Supercalc.



Fill out a separate spreadsheet for each entity identified by the guarantor/servicer code for which the school alleges errors.

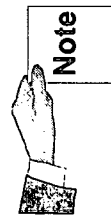
The spreadsheet should be on 8 1/2" x 11" paper in a landscape (horizontal) layout. A sample spreadsheet follows these instructions.

Header: Enter FY 1997 Draft Data Challenge in the center of the header area. In the left-hand area, enter the school's name, the school's OPE ID number, and the guarantor/servicer code and corresponding name.

Footer: Enter the date in the left side of the footer area. Set up automatic pagination in the right side of the footer area so that the specific page number and the total number of pages show on each page, for example: page 1 of 10 pages.

Sort: The students listed on the spreadsheet should be sorted by:

1. Student's Social Security number
2. Loan type.



Only the allegations listed on the school's spreadsheet will be reviewed.

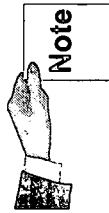
On Row 1, enter exactly the same column names in exactly the same order as listed on the sample spreadsheet. Ensure that column names appear at the top of each page.

On Row 2 and below, include the following data for each loan for which the school is requesting verification of error.

Column 1: Enter the student's Social Security number (SSN) using hyphens to separate the numbers (for example, 000-00-0000)

Column 2: Enter the student's name.

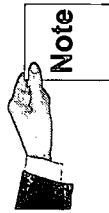
Column 3: Enter the loan type. Use FFEL/SF (Federal Family Education Loan/Stafford), DUSF (Direct Loan/Stafford), or SLS (Supplemental Loan for Students) to identify the type of loan.



If a student has more than one loan, each loan for which the school is requesting verification of error should be listed separately on the spreadsheet.

Column 4: Enter MM/DD/CCYY (month, day and year) to identify the earlier date of the student's LDA (last date of attendance) or the LTH (less than half time) according to the school's records and outside sources.

Column 5: Enter MM/DD/CCYY to identify the DER (date the loan entered repayment) according to the school's records and outside sources.



Enter data according to the school's records.

Column 6: Enter MM/DD/CCYY or MM/CCYY to identify the CPD (claim paid date), DD (default date), or ICRD (Income Contingent Repayment date) according to the school's records and outside sources.

Column 7: Enter the fiscal year(s) for cohort default rates which may be changed as a result of the data correction.

Column 8: Enter N (numerator), D (denominator), or B (both numerator and denominator), accompanied by a plus or minus sign (such as +D or -D) to show how the school believes the information will affect its cohort default rate calculation.

Column 9: Enter any comments.

School's Draft Data Challenge Spreadsheet for Each Relevant Entity

FY 1997 Draft Data Challenge

School Name
 OPE ID Number
 Guarantor/Service Code
 Guarantor/Service Name

1. Student's SSN	2. Student's Name	3. Type of loan (FFEL/SF, DL/SF, or SLS)	4. Earlier of LDA or LTH (MM/DD/CCYY)	5. Date entered repayment (DER) (MM/DD/CCYY)	6. CPD, DD, ICRD, or N/A (MM/DD/CCYY) or (MM/DD/CCYY)	7. FY(s) appl.	8. Effect on CDR calc. (N.D. or B)	Comments
222-22-2222	Jessica Garcia	FFEL/SF	01/15/1997	07/16/1997	N/A	FY 1997	+D	Student was erroneously excluded and should be added to the D of the FY 1997 calculation.
333-33-3333	David Smith	FFEL/SF	11/12/1995	05/13/1996	09/05/1998	FY 1997 FY 1996	-B +D	Student was erroneously included and should be removed from the B of the FY 1997 calculation and added to the D of the FY 1996 calculation

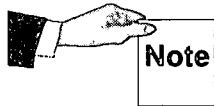
Participation Rate Index Challenge



QUALIFYING

Who is eligible to submit a participation rate index challenge?

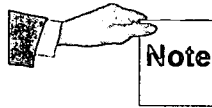
Any school, regardless of its cohort default rate, can submit a participation rate index challenge if it can demonstrate that it has a participation rate index equal to or less than 0.0375 for any of the three most recent cohort periods (i.e., FY 1995, FY 1996, and FY 1997).



Any school may file a participation rate index challenge even if its draft cohort default rate exceeds the threshold for a limitation, suspension or termination action (i.e., 40.1 percent or greater). However, a successful participation rate index challenge will not prevent the Department from initiating an action to limit, suspend, or terminate a school from all Title IV Student Financial Assistance Programs.

What benefit will a school gain from submitting a participation rate index challenge?

A school that submits a successful participation rate index challenge will **not** be subject to the loss of eligibility to participate in the Federal Family Education Loan (FFEL) Program and/or William D. Ford Federal Direct Loan (Direct Loan) Program due to **official** cohort default rates that equal or exceed 25.0 percent for the three most recent years.



Only those schools that have (or could have) cohort default rates that are 25.0 percent or greater for the three most recent cohort periods will receive any benefit from submitting a participation rate index challenge.

What is a participation rate index?

A participation rate index is the percentage of a school's regular students enrolled on at least a half-time basis during a selected 12-month period who received a loan under the FFEL Program and/or Direct Loan Program during the same selected 12-month period **multiplied** by the school's cohort default rate.¹

Which cohort default rate is used to calculate a participation rate index?

A school may choose to base its participation rate index on either of:

- ◇ the school's **two most recent official** cohort default rates

OR

- ◇ the school's **most recent draft** cohort default rate.

The 12-month period for which the participation rate index is calculated must be associated with the cohort default rate used as described below.²

How does a school select the 12-month period on which to base its participation rate index challenge?

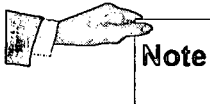
The participation rate index challenge must be based on "a 12-month period ending during the six months immediately preceding the fiscal year for which the cohort of borrowers used to calculate the institution's cohort default rate is determined."³ Accordingly, a school preparing a participation rate index challenge—

¹ HEA Section 435(a)(6)

² HEA Section 435(a)(6)(A)

³ HEA Section 435(a)(6)(A)

- ◇ based on its **FY 1995 official cohort default rate** must select a 12-month period that has a start date that is **no earlier than April 2, 1993 and no later than October 1, 1993.**
- ◇ based on its **FY 1996 official cohort default rate** must select a 12-month period that has a start date that is **no earlier than April 2, 1994 and no later than October 1, 1994.**
- ◇ based on its **FY 1997 draft cohort default rate** must select a 12-month period that has a start date that is **no earlier than April 2, 1995 and no later than October 1, 1995.**



A school's 12-month period cannot overlap the anniversary of the starting date.

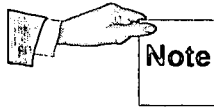
- ◇ Acceptable FY 1997 12-month period:
June 20, 1995 to June 19, 1996
- ◇ Not Acceptable:
June 20, 1995 to June 20, 1996

TIMING

What are the time frames for a school to submit a participation rate index challenge?

Timing is critical for a school when submitting a participation rate index challenge. A participation rate index challenge must be submitted to the Department of Education (Department) within 30 calendar days from the date a school receives its most recent draft cohort default rate data.⁴ If a school fails to meet the statutory time frames for the challenge, the Department will NOT review its challenge.

⁴ HEA 435 Section(a)(6)(B)

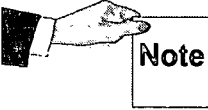


Schools are **not** required to submit an independent auditor's attestation to support the participation rate index challenge.

SUBMITTING

How does a school calculate the participation rate index?

The **participation rate index (PRI)** is calculated as follows:

the school's cohort default rate [A1]	X	number of regular students enrolled on at least a half-time basis during the selected 12-month period who received an FFEL Program loan or Direct Loan Program loan for a loan period that overlaps the selected 12-month period by at least one day [A2]
 Note		number of regular students enrolled on at least a half-time basis during the selected 12-month period [A3]

Information on how to select an acceptable 12-month period is provided on page 58.

To succeed on a participation rate index challenge, the school must have a participation rate index of 0.0375 or less.

Example: Technical School's FY 1997 draft cohort default rate is 25.0 percent. Technical School had a total of 200 regular students enrolled on at least a half-time basis during the selected 12-month period. Of those 200 students, 14 students received an FFEL Program loan for a loan period that overlaps the selected 12-month period by at least one day and 12 different students received a Direct Loan Program loan for a loan period that overlapped the selected 12-month period by at least one day. Technical School's participation rate index is calculated as follows:

25.0% [A1]	X	$\frac{14 \text{ (FFEL)} + 12 \text{ (DL)} = 26 \text{ [A2]}}{200 \text{ [A3]}}$	=	0.0325
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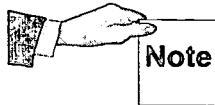
Technical School's participation rate index is 0.0325. Because this is less than 0.0375, Technical School can file a participation rate index challenge.

How does a school prepare and submit a participation rate index challenge to the Department?

Step 1: Identify data to support the school's participation rate index.

- ◇ Use the **FY [Year] Participation Rate Index (PRI)** spreadsheet on page 67 or its equivalent to count and list the students who will be included in the school's participation rate index.
- ◇ On the PRI spreadsheet, fill out the school's name and OPE ID Number.
- ◇ Select an acceptable 12-month period and enter it on the PRI spreadsheet (see page 58 for details on how to select a 12-month period).

- ◇ Fill out Column 1 of the PRI spreadsheet: in **numerical order**, list the Social Security numbers of all the regular students enrolled on at least a half-time basis during any part of the selected 12-month period.
- ◇ Fill out Column 2 of the PRI spreadsheet: for each Social Security number, list the student's name.
- ◇ Fill out Column 3 of the PRI spreadsheet: for each student, provide beginning and ending **enrollment dates**. For all enrollment dates, include the month, day and year (MM/DD/CCYY).



No student should be counted more than once in the calculation, even if the student re-enrolled.

- ◇ Fill out Column 4 of the PRI spreadsheet: if the student received an FFEL Program loan or a Direct Loan Program loan during the selected 12-month period, enter X. (If not, do not make an entry.)



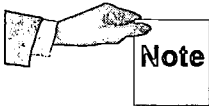
If any part of the loan period falls within the 12-month period, the student must be identified and counted as having received a student loan.

- ◇ Fill out Column 5 of the PRI spreadsheet: For each student with an FFEL Program loan or a Direct Loan Program loan, provide the beginning and ending dates of the **loan period**.

Step 2: Calculate the school's participation rate index.

- ◇ Identify the school's relevant cohort default rate. This is **A1** in the participation rate index calculation. Enter this rate in Box A on the PRI spreadsheet.

- ◇ Count the number of Xs that appear in Column 4. The total number of Xs will be **A2** in the calculation. Record this number in Box A on the PRI spreadsheet.
- ◇ Count the total number of students listed in the PRI spreadsheet by counting the number of entries in Column 1. The total number of students will be **A3** in the calculation. Record this number in Box A on the PRI spreadsheet.
- ◇ Calculate **$A1 \times A2 / A3$** and record the result in Box A on the PRI spreadsheet. **This is the school's participation rate index.**



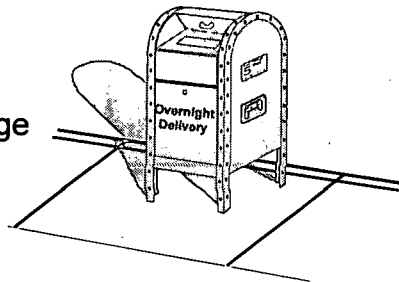
For a successful challenge, the school's participation rate index must be .0375 or less.

Step 3: Submit the school's properly completed participation rate index challenge to the Department.

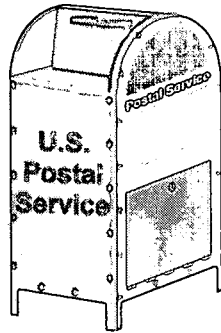
- ◇ Within **30 calendar days** of the school receiving its most recent draft cohort default rate notification letter, the school must mail its participation rate index challenge to the Department.

If sent by commercial overnight mail/courier delivery, send your participation rate index challenge to:

U.S. Department of Education
 Default Management Division
 ATTN: Participation Rate Index Challenge
 ROB-3, Room 3905
 7th and D Streets, SW
 Washington, DC 20202



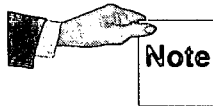
If sent by U.S. Postal Service, send your school's participation rate index challenge to:



U.S. Department of Education
Default Management Division
ATTN: Participation Rate Index
Challenge
Portals Building, Room 6300
400 Maryland Avenue, SW
Washington, DC 20202-5353

The Department will review only the information submitted with the participation rate index challenge and will not consider information submitted after the statutory deadlines. The Department will send the school written notification of its decision.

The Department recommends that the school submit its properly completed participation rate index challenge in a single, tabbed binder, and mail it return receipt requested or via commercial overnight delivery.



The Department will not accept any appeal correspondence by facsimile (fax) or e-mail.

The following should be sent to the Department.

Tab 1

The section behind Tab 1 contains:

- ◆ A letter on the school's letterhead with—
 - ❖ the school's OPE ID number;
 - ❖ a statement indicating that the school is submitting a participation rate index challenge;
 - ❖ the fiscal year to which the challenge applies;
- AND
- ❖ the signature of the school's President/ CEO/Owner, followed by a signature block providing the signer's name and job title.

Please refer to page 66 in this section for the FY [Year] Participation Rate Index Challenge sample letter.

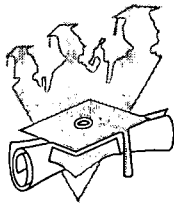
Tab 2

The section behind Tab 2 contains:

- ◆ A list, in spreadsheet format, of the students used to calculate the school's participation rate index.

Please refer to page 67 in this section for a sample spreadsheet and detailed instructions on how to create the FY [Year] Participation Rate Index spreadsheet.

School's Participation Rate Index Cover Letter



Technical School
1212 Commanche Lane
Leonardtown, Wisconsin 12345-6789
(123) 456-7890

[date]

Sample Letter

U.S. Department of Education
Default Management Division
Attn: Participation Rate Index Challenge
Portals Building, Room 6300
400 Maryland Avenue, SW
Washington, DC 20202-5353

OPE ID#: [OPE ID#]

Subject: FY [Year] Participation Rate Index Challenge

To Whom It May Concern:

[school name], OPE ID# [OPE ID#], is submitting its FY [Year] participation rate index challenge.

Please see the enclosed spreadsheet.

Thank you for your consideration.

Sincerely,

John Doe

[name and official title of President/CEO/Owner]

Enclosure

Participation Rate Index Challenge

How to fill out FY [Year] Participation Rate Index Challenge Spreadsheet

Count and list the students who will be included in the calculation of the school's participation rate index using a spreadsheet software application such as Lotus 1-2-3, Supercalc, or Excel. The final printed spreadsheet must be sent to the Department.

The spreadsheet should be on 8 1/2" x 11" paper in a landscape (horizontal) layout. A sample spreadsheet follows these instructions.

Header: Enter FY [Year] Participation Rate Index Challenge in the center of the header area. In the left-hand area, enter the school's name, the school's OPE ID number, the school's relevant cohort default rate and the school's selected 12-month period.

Footer: Enter the date when the challenge was prepared in the left side of the footer area. Set up automatic pagination in the right side of the footer area so that the specific page number and the total number of pages show on each page, for example: Page 1 of 10.

Sort: The students listed on the spreadsheet should be sorted by the student's Social Security number.

On Rows 1, 2, 3, and 4, use the draw tool to draw a rectangle covering lines A1 to E4. Using the text-box tool, draw another box for Box A information. In this box, enter the school's applicable cohort default rate [A1], the number of students (reported in column 4) who received FFEL/DL loans [A2], the number of regular students (listed in Column 1) [A3], and the school's participation rate index [A1xA2/A3].

On Row 5, enter exactly the same column names in exactly the same order as listed on the sample spreadsheet.

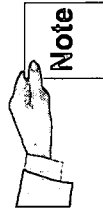
On Row 6 and below, include the following data for each student who will be included in calculating the school's participation rate index.

Column 1: Enter the student's Social Security number (SSN) using hyphens to separate the numbers (for example, 000-00-0000) for all of the regular students enrolled on at least a half-time basis during any part of the selected 12-month period. (No student will be counted more than once in the calculation.) Sort by numerical order when ready to print the spreadsheet.

Column 2: Enter the student's name.

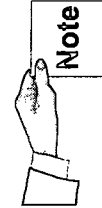
Column 3: Enter MM/DD/CCYY (month, day, year) to identify the student's beginning enrollment date and ending enrollment date.

Column 4: Enter X if the student received an FFEL Program loan or a Direct Loan Program loan for a loan period that coincides with any part of the selected 12-month period. Leave blank if the student did not receive a loan or the loan period does not coincide with 12-month period.



Note: If any part of the loan period falls within the selected 12-month period, the student must be identified and counted as having received a loan during the selected period.

Column 5: If a loan was received, enter MM/DD/CCYY to identify the beginning date and ending date of the loan period. If column 4 is not filled out, leave this column blank.



Note: If the student has more than one loan, list both loans. However, the borrower will only be counted once in the calculation.

School's Participation Rate Index Challenge Spreadsheet

FY [Year] Participation Rate Index Challenge

School Name: _____
 OPE ID Number: _____
 Cohort Default Rate: Sample FY 1997 25.0%
 12-Month Period: Sample 4/2/1995-4/1/1996

Box A

Applicable Cohort Default Rate [A1] - _____ %
 No. of Students Receiving FFEL/DL loans (reported in column 4) [A2] _____
 No. of Regular Students (listed in column 1) [A3] _____
 Participation Rate Index [A1 x A2/A3] _____

1. Student's SSN	2. Student's Name	3. Student's enrollment dates (from MM/DD/CCYY to MM/DD/CCYY)	4. If student received FFEL Program and/or Direct Loan Program loan during any part of the 12-month period, enter X	5. Beginning dates and ending dates of loan periods for FFEL or Direct Loan loans, if received (from MM/DD/CCYY to MM/DD/CCYY)
111-11-1111	Jane Smith	3/15/1995-3/10/1996	X	9/30/1995-3/10/1996
222-22-2222	John Doe	6/16/1995-10/3/1996		



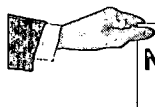
Information for Guaranty Agencies on Draft Data Challenges

BACKGROUND

What role does a guaranty agency have in a school's draft data challenge?

A guaranty agency is required to respond to a school's timely submitted draft data challenge for those Federal Family Education Loan (FFEL) Program loans for which it currently maintains the guaranty. The response must be sent to the school by the guaranty agency within **thirty (30) calendar days** of receipt of the school's timely submitted draft data challenge.¹

In its response, the guaranty agency must address the school's allegations by indicating whether or not the guaranty agency agrees with the school's allegations and why. The guaranty agency provides a copy of this response to both the school and the Department.



Note

Once the guaranty agency responds to a school's draft data challenge, the guaranty agency is not required to respond to subsequent challenges submitted by the school if the 30 calendar day time frame to submit such challenges has expired.

Q. Who is responsible for responding to draft data challenges on loans currently maintained by the Department?

A. The Department's Default Management Division will respond to a school's allegations regarding FFEL Program loans currently held by the Department.

The Department's Direct Loan servicer will respond to a school's allegations regarding Direct Loan Program loans.

¹ 34 CFR §668.17(j)(3)

TYPES OF ALLEGATIONS

The following are examples of various types of allegations a school may submit to a guaranty agency as a part of a draft data challenge.

Incorrect last date of attendance (LDA) or date entered repayment (DER)

If a school alleges that the LDA or DER listed for a loan is incorrect, the guaranty agency should review the supporting documentation submitted by the school. If the guaranty agency determines that the submitted documentation supports the school's allegation, the guaranty agency should update the LDA and/or DER in its system and submit all necessary changes to the National Student Loan Data System (NSLDS). However, if the documentation submitted by the school during the draft data challenge was never originally received by the guaranty agency or lender, or was not received in a timely manner, and the school has not provided proof that it submitted the documentation to the guaranty agency or lender in a timely manner, the guaranty agency should respond that the LDA and DER were determined based on the best information available at the time, and therefore, no change is warranted.

Loan converted using date-specific or month-specific methodology

The repayment date for FFEL Program Stafford Loans must be date-specific (for example, 2/16/1996) NOT month-specific (for example, 2/1996) if the loan was converted into repayment in or after March 1996.

If a school makes an allegation regarding the method the lender used to convert the loan into repayment in or after March 1996, the guaranty agency should review its records to verify that the lender converted the loan into repayment using date-specific methodology. If the lender failed to use date-specific methodology, the guaranty agency should correct the DER accordingly and submit the change to NSLDS. If the lender did use date-specific methodology, the guaranty agency should respond that no change is warranted.

Insufficient Grace Period

If a school alleges that a loan received an insufficient grace period, the guaranty agency should verify the accuracy of the DER as listed in the school's loan record detail report. If the DER is listed incorrectly, the guaranty agency should correct the DER in its system and submit the necessary changes to NSLDS. If the DER is listed correctly, the guaranty agency should respond to the school that the information as listed in the loan record detail report is correct based on data that was timely provided to the lender/servicer and/or guaranty agency.

Insufficient Delinquency Period

If a school alleges that a loan received an insufficient delinquency period, the guaranty agency should verify the accuracy of the DER and default date as listed in the school's loan record detail report. If the DER and/or default date are listed incorrectly, the guaranty agency should correct the information in its system and submit the necessary changes to NSLDS. If the DER and/or default date are listed correctly, the guaranty agency should respond to the school that the information as listed in the loan record detail report is correct based on data that was timely provided to the lender/servicer and/or guaranty agency.

Loan repurchased by the lender

If a school alleges that a loan was repurchased by the lender and should be removed from the numerator of the cohort default rate calculation, the guaranty agency should determine why the loan was repurchased.

- ◆ If the loan was repurchased by the lender because the guaranty agency determined that the lender failed to meet the insurance requirements, the loan was an **uninsured loan**. Uninsured loans are not included in either the numerator or the denominator of the cohort default rate calculation.

- ◇ If the loan was repurchased because the lender incorrectly submitted the loan to the guaranty agency and the lender **immediately** requested the loan be returned, the loan was not a defaulted loan and should be removed from the numerator of the cohort default rate calculation, **UNLESS** the lender subsequently submitted another claim on the loan and that claim was paid within the cohort period the loan entered repayment.
- ◇ If the loan was repurchased because the borrower established a **new payment plan** and was making payments or if the lender/servicer simply requested the repurchase (i.e., a courtesy repurchase), the loan is still considered a defaulted loan for cohort default rate purposes and should be included in both the numerator and denominator of the cohort default rate calculation, **UNLESS** the loan meets the rehabilitation criteria discussed in the special circumstances chart on page 16.

Linking a FFEL Program SLS Loan and a FFEL Program Stafford Loan

If a school makes an allegation regarding the linkage of an FFEL Program SLS loan to an FFEL Program Stafford loan, the guaranty agency should review the data associated with the loans in question and for any FFEL Program SLS loan that was NOT reported in a cohort period prior to FY 1993, apply the following:

- ◇ If a student has both an FFEL Program SLS loan and an FFEL Program Stafford loan that were both obtained in the same period of continuous enrollment, the date the student entered repayment for the FFEL Program SLS loan is the same as the date the student entered repayment for the FFEL Program Stafford loan.

- ◇ In all other instances, the date the student entered repayment for the FFEL Program SLS loan is the day following the day the student is no longer enrolled on at least a half-time basis.

Under the above guidelines, which were implemented beginning with FY 1993 cohort default rates, a loan that was reported as having entered repayment prior to FY 1993 might also meet the criteria to be included in FY 1993 or later. To prevent the possibility of double-counting loans, any FFEL Program SLS loan that was reported in a cohort period prior to FY 1993 will remain in that cohort period and not be reported again.

TIMING

What are the time frames for a guaranty agency to respond to a school's draft data challenge?

A guaranty agency is required to respond to a school's timely submitted draft data challenge, for those student loans for which it currently maintains the guaranty, within **thirty (30) calendar days** of receipt of the school's challenge.²

RESPONDING

How should a guaranty agency respond to a school's draft data challenge?

Step 1: Verify the timeliness of the school's draft data challenge.

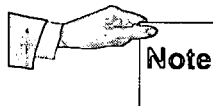
- ◇ If the school sent its draft data challenge within **thirty (30) calendar days** of the school receiving its draft loan record detail report, the guaranty agency should proceed to Step 2.

² 34 CFR § 668.17(j)(3)



If the school's submission due date falls on a weekend or a federal holiday, a school may send its draft data challenge to the guaranty agency no later than the next federal business day.

- ◇ If the school did not send its draft data challenge within **thirty (30) calendar days**³ of the school receiving its draft loan record detail report, the guaranty agency should NOT review any part of the school's draft data challenge. In its response to the school, the guaranty agency should explain that it is unable to review the challenge because the school missed the regulatory deadline. The guaranty agency should refer the school to the "Challenging Draft Data" section beginning on page 37 of this guide, and simultaneously send a copy of the letter to the Department.



The Department mails draft loan record detail reports for all schools at an announced time and tracks the school's receipt of these reports. Before denying a schools' challenge on the basis of a late submission, a guaranty agency should contact the Department to verify the actual date the school received its draft loan record detail report.

Step 2: Review each allegation submitted by the school.

- ◇ Check to see if all relevant material is present including but not limited to:
 - ❖ a **spreadsheet** identifying the loans that the school is requesting the guaranty agency review;
 - ❖ a copy of **relevant pages from the relevant loan record detail report(s)**.

Each draft data challenge must be accompanied by *at least one page* of a loan record detail report;

³ 34 CFR § 668.17(j)(2).

- A school should include the page of the loan record detail report where the borrower appears, or where the borrower should appear. A school should provide both pages of the loan record detail report if the borrower belongs at the end of one page or at the beginning of the next page.
- If the borrower is moved from one year to another, a school should include the page of the loan record detail report where the borrower currently appears, and the page of the loan record detail report where the borrower should appear.

❖ **relevant supporting documentation** including, but not limited to:

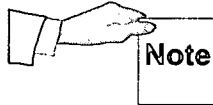
- a signed and dated copy of a letter to the relevant lender or guaranty agency that informs the entity of the student's last date of attendance;

AND/OR

- a signed and dated copy of a Student Status Confirmation Report (SSCR) or an NSLDS SSCR screen print that confirms the student's last date of attendance;

AND/OR

- a copy of a cancelled check, front and back, or other documentation showing that the student's loan was cancelled in full within 120 days of disbursement by the lender.



If a school fails to provide the guaranty agency with all the necessary information to challenge its draft data as identified in the "Challenging Draft Data" section beginning on page 37, the guaranty agency may ask the school to submit the missing information to complete the draft data challenge. However, the school must submit this additional information to the guaranty agency within the 30 calendar day deadline for submitting draft data challenges.

- ◇ Research each allegation to determine if documentation maintained by the guaranty agency supports or refutes the school's allegation.

- ◇ Make a determination on each allegation listed on the school's spreadsheet.
 - ❖ Agree with the school if the documentation maintained by the guaranty agency supports the school's claim.

 - OR

 - ❖ Disagree with the school if the documentation maintained by the guaranty agency refutes the school's claim.

Step 3: Compile a list of the guaranty agency's responses for the school's alleged errors.

- ◇ Record all guaranty agency responses to each of the school's alleged errors using the **FY 1997 Response to Draft Data Challenge** spreadsheet.

Please refer to page 82 of this section for a sample spreadsheet and detailed instructions on how to complete the spreadsheet.

- ◇ Provide an explanation for each of the school's allegations explaining why the guaranty agency agrees or disagrees with the school's allegation.

Examples:

School

Allegation 1: According to Electrical Training Institute's records and information obtained from outside sources, David Smith was **erroneously included** in the numerator and denominator of the FY 1997 draft loan record detail report. Electrical Training Institute's records shows that David had one loan, his last date of attendance was 11/12/1995, and he entered repayment during the 1996 cohort period. Because, according to the school's records, David entered repayment in the 1996 cohort period, Electrical Training Institute believes the loan should be removed from the FY 1997 draft cohort default rate calculation and counted in the denominator of the FY 1996 cohort default rate calculation. Electrical Training Institute sent a copy of the FY 1997 draft loan record detail report where David Smith currently appears and a copy of the FY 1996 official loan record detail report showing where David Smith should have been included but was not. Electrical Training Institute also submitted a copy of a letter sent to David's lender and the relevant guaranty agency notifying the lender and the guaranty agency of David's change in enrollment status.

**Guaranty
Agency
Response to
School**

Allegation 1: **Disagree** that the student should be removed from the FY 1997 cohort default rate calculation and added to the FY 1996 cohort default rate calculation. The supporting documentation provided by the school, which indicates that David's last date of attendance was 11/12/1995, was dated 11/15/1995. The school subsequently submitted a student status confirmation report dated 12/30/1995 indicating that the student re-enrolled on a full-time basis on 12/29/1995. The guaranty agency's records indicate that the student did not drop below half-time status again until 2/2/1997. As a result, the loan entered repayment on 8/3/1997 and the student defaulted on the loan on 9/5/1998. Therefore, the loan should remain in the numerator and denominator of the FY 1997 cohort default rate calculation.

School

Allegation 2: According to Electrical Training Institute's records and information obtained from outside sources, Jessica Garcia entered repayment on 7/16/1997, during the 1997 cohort period, but did not appear in the FY 1997 draft loan record detail report. Thus, Electrical Training Institute believes that Jessica was **erroneously excluded** from the FY 1997 draft cohort default calculation and Jessica's loan should be included in the denominator of the FY 1997 draft cohort default rate calculation. Electrical Training Institute submitted a copy of the FY 1997 draft loan record detail report showing where Jessica Garcia should have been included but was not and a copy of a

student status confirmation report confirming Jessica's last date of attendance.

**Guaranty
Agency
Response to
School**

Allegation 2: Agree that the student should be added to the D of the FY 1997 cohort default rate calculation. The guaranty agency's records contain a copy of the relevant student status confirmation report submitted by the school and do not contain any other evidence to suggest that Jessica left school on another date.

Step 4: Submit the draft data challenge response to the school within thirty (30) calendar days of the receipt of the school's timely submitted draft data challenge.

- ◇ The Department recommends that the Guaranty Agency submit its completed response to the draft data challenge on Guaranty Agency letterhead, with the spreadsheet described in Step 3. The challenge should be compiled in a single tabbed binder and mailed return receipt requested or via overnight courier delivery to the appropriate entity.

The recommended materials for the guaranty agency response are shown on the next page.

Component 1

The section behind Component 1 contains:

- ◇ A letter on the guaranty agency's letterhead with—
 - ❖ the school's OPE ID number;
 - ❖ the school's name;
 - ❖ a statement indicating that the guaranty agency is responding to the school's draft data challenge;
 - ❖ the fiscal year to which the draft data challenge response applies;

AND

- ❖ the signature of the guaranty agency official, followed by a signature block providing the signer's name and job title.

Please refer to page 81 in this section for the **FY 1997 Response to Draft Data Challenge** sample letter.

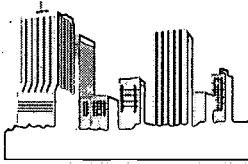
Component 2

The section behind Component 2 contains:

- ◇ A list in spreadsheet format, of the guaranty agency's responses to the school's alleged errors in the draft cohort default rate data.

Please refer to page 82 in this section for a sample spreadsheet and detailed instructions on how to create the **FY 1997 Response to Draft Data Challenge** spreadsheet.

Guaranty Agency's Draft Data Challenge Cover Letter for **Each** School



State Guaranty Agency
1234 Trueman Road
Lusby, North Carolina 98765-4321
(111) 222-3333

Sample Letter

[date]

[school official's name]
[school official's title]
[school's name]
[address]
[city], [state] [zip]

OPE ID#: [OPE ID#]

Subject: FY 1997 Response to Draft Data Challenge

[Dear Mr. or Ms.] [last name]:

This is in response to [school name's], OPE ID# [OPE ID#], request for verification of error in the FY 1997 draft cohort default rate data.

Please see the enclosed spreadsheet.

Sincerely,

Robert Anderson

[name and title of official]

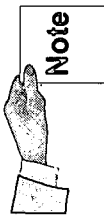
Enclosure

cc: U.S. Department of Education, Default Management Division

Draft Data Review Challenge Response

How to fill out FY 1997 Response to Draft Data Challenge Spreadsheet

Record all loans being challenged using a spreadsheet software application such as Excel, Lotus 1-2-3, or Supercalc.



Fill out a separate spreadsheet for each school challenging draft data.

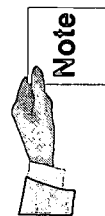
The spreadsheet should be on 8 1/2" x 11" paper in a landscape (horizontal) layout. A sample spreadsheet follows these instructions.

Header: Enter **FY 1997 Response to Draft Data Challenge** in the center of the header area. In the left-hand area, enter the guaranty agency name, school's name, and the school's OPE ID number.

Footer: Enter the date in the left side of the footer area. Set up automatic pagination in the right side of the footer area so that the specific page number and the total number of pages show on each page, for example: page 1 of 10 pages.

Sort: The students listed on the spreadsheet should be sorted by:

1. Student's Social Security number
2. Loan type.



The guaranty agency should only respond to the allegations listed on the school's spreadsheet.

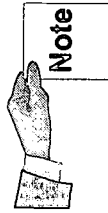
On Row 1, enter exactly the same column names in exactly the same order as listed on the sample spreadsheet. Ensure that column names appear at the top of each page.

On Row 2 and below, include the following data for each loan for which the school is requesting verification of error.

Column 1: Enter the student's Social Security number (SSN) using hyphens to separate the numbers (for example, 000-00-0000)

Column 2: Enter the student's name.

Column 3: Enter the loan type. Use FFEL/SF (Federal Family Education Loan/Stafford), DU/SF (Direct Loan/Stafford), or SLS (Supplemental Loan for Students) to identify the type of loan.



If a student has more than one loan, each loan for which the school is requesting verification of error should be listed separately on the spreadsheet.

Column 4: Enter MM/DD/CCYY (month, day and year) to identify the earlier date of the student's LDA (last date of attendance) or the LTH (less than half time date) according to the guaranty agency's records.

Column 5: Enter MM/DD/CCYY to identify the DER (date the loan entered repayment) according to the guaranty agency's records.

Column 6: Enter MM/DD/CCYY or MM/CCYY to identify the CPD (claim paid date) according to the guaranty agency's records.

Column 7: Enter the fiscal year in which the guaranty agency believes the loan should be included.

Column 8: Enter N (numerator), D (denominator), or B (both numerator and denominator), accompanied by a plus or minus sign (such as +D or -D) to show how the guaranty agency believes the information will affect the school's draft cohort default rate calculation.

Column 9: Enter any comments.

Guaranty Agency's Response to Draft Data Challenge Spreadsheet for Each School

FY 1997 Response To Draft Data Challenge

Guaranty agency name
School Name
School's OPE ID Number

1. Student's SSN	2. Student's Name	3. Type of loan (FFEL/SF DL/SF or SLS)	4. Earlier of LDA or LTH (MM/DD/CCYY)	5. Date entered repayment (DER) (MM/DD/CCYY)	6. CPD, DD, ICRD, or N/A (MM/DD/CCYY or MM/CCYY)	7. FY(s) appl.	8. Effect on CDR calc. (N.D. or B)	9. Comments
222-22-2222	Jessica Garcia	FFEL/SF	01/15/1997	07/16/1997	N/A	FY 1997	+D	Agree. Student was erroneously excluded and should be added to the D of the FY 1997 calculation.
333-33-3333	David Smith	FFEL/SF	02/02/1997	08/03/1997	09/05/1998	FY 1997	B	Disagree. Per SSCR dated 12/30/1995, the student re-enrolled prior to the expiration of his grace and did not drop below half-time status again until 2/2/1997. Loan should remain in the FY 1997 B based on an 8/3/1997 DER.

Official Cohort Default Rate Overview



What happens after the draft cohort default rate data is provided to schools?

Approximately six months after the release of the draft cohort default rates to postsecondary schools (schools), the U.S. Department of Education (Department) will release **official cohort default rates** to schools and the public.

Will a school's draft loan record detail report and official loan record detail report be the same?

Not necessarily. The National Student Loan Data System (NSLDS) is regularly updated. Therefore, a school's **draft** data might differ from its **official** data, even if a school does not challenge its draft cohort default rate.

Are there any consequences associated with official cohort default rates?

Yes. The Higher Education Act of 1965, as amended (HEA) and Department regulations describe the sanctions and consequences that apply when a school's **official cohort default rate** is at or above certain percentages.¹

¹ The statutory language that exempts historically black colleges and universities, tribally controlled community colleges, and Navajo community colleges from the loss of FFEL Program and Direct Loan Program will expire on July 1, 1999.

The sanctions associated with official cohort default rates are:

- ◇ **initial loss of Federal Family Education Loan (FFEL) Program, William D. Ford Federal Direct Loan (Direct Loan) Program, and/or Federal Pell Grant Program² eligibility.** This results from FY 1995, FY 1996, and FY 1997 **official** cohort default rates that are equal to or greater than 25.0 percent;³

OR

- ◇ **extended loss of FFEL Program, Direct Loan Program, and/or Federal Pell Grant Program eligibility.** This occurs when a school lost FFEL Program, Direct Loan Program, and/or Federal Pell Grant Program eligibility due to FY 1994, FY 1995, and FY 1996 cohort default rates that were equal to or greater than 25.0 percent, AND the FY 1997 **official** cohort default rate is equal to or greater than 25.0 percent;⁴



A school that was not participating in the FFEL Program and/or Direct Loan Program on October 7, 1998, the date the HEA of 1998 (1998 Amendments) were enacted, and did not subsequently participate in the loan programs, will not lose its eligibility to participate in the Federal Pell Grant Program if it is subject to extended loss of FFEL Program and/or Direct Loan Program eligibility.

- ◇ **possible action to limit, suspend, or terminate (LS&T) a school's eligibility to participate in all Title IV Federal Student Financial Assistance Programs.** This occurs when a school's FY 1997 **official** cohort default rate is 40.1 percent or greater.⁵

² The HEA Amendments of 1998 (1998 Amendments)

³ 34 CFR § 668.17(b), HEA § 435(a)(2), and HEA § 401(j)

⁴ Id.

⁵ 34 CFR § 668.17(a)(2)



The 1998 Amendments added additional consequences that apply when a school's **official cohort default rate** is at or above certain percentages. Specifically, Section 401(j) of the HEA indicates that a school will lose eligibility to participate in the Federal Pell Grant Program if the school loses eligibility to participate in the FFEL Program and/or Direct Loan Program due to cohort default rates. In addition, Section 435(a)(2)(A) indicates that an institution shall be required to pay to the Secretary an amount equal to the amount of interest special allowance, reinsurance, and any related payments made by the Secretary with respect to loans made under the FFEL Program and/or Direct Loan Program, during the pendency of a cohort default appeal, if the school's cohort default rate appeal of its loss of eligibility is unsuccessful. The Department will provide additional information regarding the repayment of funds due to an unsuccessful appeal in the *FY 1997 Official Cohort Default Rate Guide*.

What are the consequences associated with these sanctions?

A school subject to **initial or extended loss of FFEL Program, Direct Loan Program, and/or Federal Pell Grant Program eligibility** loses eligibility to participate in that program for the remainder of the fiscal year in which the school became subject to such a loss and for the two subsequent fiscal years.⁶ For example, if a school is notified that it is subject to initial or extended loss of FFEL Program, Direct Loan Program, and/or Federal Pell Grant Program eligibility in FY 1999, the school would lose its eligibility for the remainder of FY 1999 and for the next two fiscal years (i.e., FY 2000 and FY 2001). Therefore, the school would remain ineligible until September 30, 2001.

If a school is subject to **LS&T action**, the Department may initiate an action to limit, suspend, or terminate the school's eligibility to participate in **all** Title IV Federal Student Financial Assistance Programs.⁷

⁶ 34 CFR § 668.17(b)(3)

⁷ 34 CFR § 668.17(a)(2)

Q. How does a school officially reapply for participation in the FFEL Program and/or Direct Loan Program?

A. To reapply for participation in the FFEL Program and/or Direct Loan Program, contact the:

◇ IPOS Case Management Team at (202) 205-0183 for reapplying for participation in the FFEL Program;

AND/OR

◇ Direct Loan School Selection Team at (202) 708-9951 for reapplying for participation in the Direct Loan Program.

When does the school's loss of eligibility to participate in the FFEL Program, Direct Loan Program, and/or Federal Pell Grant Program become effective?

◇ A school's participation in the FFEL Program, Direct Loan Program, and/or Federal Pell Grant Program ends 30 calendar days after the date the school first receives notification that it is subject to the loss of eligibility.⁸

OR

◇ If a school timely appeals its initial loss of eligibility to participate in the FFEL Program, Direct Loan Program, and/or Federal Pell Grant Program the school remains eligible to participate in the FFEL Program, Direct Loan Program, and/or Federal Pell Grant Program until the Department issues a final decision on the school's appeal(s) that indicates that the school's appeal(s) was unsuccessful.⁹

Can a school appeal its official cohort default rate?

Yes, a school can appeal the its official cohort default rate provided that the school meets the deadlines and eligibility criteria described in the Appeals section of the *FY 1997 Official Cohort Default Rate Guide*.

The Department will send each school the *FY 1997 Official Cohort Default Rate Guide* with the school's FY 1997 official cohort default rate. The *FY 1997 Official Cohort Default Rate Guide* will explain in detail the procedures and time frames for submitting a request for adjustment, erroneous data¹⁰, improper loan servicing¹¹, and/or exceptional mitigating circumstances appeal¹².

⁸ 34 CFR § 668.17(b)(1), (b)(2), and (b)(3)

⁹ 34 CFR § 668.17(b)(6)

¹⁰ 34 CFR § 668.17(c)(1)(i)

¹¹ 34 CFR § 668.17(h)

¹² 34 CFR § 668.17(c)(1)(iii) and HEA § 435(a)(4)

Appendix A

Guarantor/Service Code Contact List for FFEL Program Loans



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BEST COPY AVAILABLE

Numerical Guarantor/Service Code Contact List for FFEL Program Loans

The FFEL Program contact list that follows contains the names, addresses, telephone numbers, e-mail and website addresses (if available) and points of contact for FFEL Program loans being addressed in the cohort default rate appeal process. The list is in **numerical order** by its three digit guarantor/service code as identified on the loan record detail report followed by the name of the state or territory in which it is the primary guarantor.

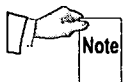
If the three-digit code is not known, see page 15 of this Appendix for an alphabetical listing of FFEL Program contacts by state or territory in which it is the primary guarantor.

555 U.S. Department of Education

U.S. Department of Education
Default Management Division
Attn: Draft Data Challenge
ROB-3, Room 3905
7th & D Streets, SW
Washington, DC 20202-5353
(202) 708-6048
IPOS_Default_Management_Division
@ed.gov
<http://www.ed.gov>

611 District of Columbia

American Student Assistance Corporation
Attn: Cohort Section
330 Stuart Street
Boston, MA 02116
Ms. Sue Pottenger
(800) 999-9080 ext. 3209
pottenger@amsa.com
<http://www.amsa.com>



This is the address for **FFEL Program loans currently maintained by the Department**. For the Direct Loan Program loans address, see Appendix B.

620 Kansas

USA Group Guarantee Services
Attn: Ms. Kristi Mueller
11100 USA Parkway
Fishers, IN 46038

Ms. Kristi Mueller
(317) 595-1315
kmueller@usagroup.com
<http://www.usagroup.com>

701 Alabama

Kentucky Higher Education Assistance
Authority
Attn: Manager, Policy and Client Services
Branch
1050 U.S. 127 South
Frankfort, KY 40601-4323

Mr. Richard Nickel
(502) 696-7270
rnickel@kheaa.com
<http://www.kheaa.com>

654 West Virginia

Pennsylvania Higher Education Assistance
Agency
Attn: Program Review
1200 North 7th Street; HQ4
Harrisburg, PA 17102-1444

Ms. Lisa Hoffman
(717) 720-2180
lhoffman@pheaa.org
<http://www.pheaa.org>

702 Alaska

USA Group Guarantee Services
Attn: Ms. Kristi Mueller
11100 USA Parkway
Fishers, IN 46038

Ms. Kristi Mueller
(317) 595-1315
kmueller@usagroup.com
<http://www.usagroup.com>

656 Wyoming

USA Group Guarantee Services
Attn: Ms. Kristi Mueller
11100 USA Parkway
Fishers, IN 46038

Ms. Kristi Mueller
(317) 595-1315
kmueller@usagroup.com
<http://www.usagroup.com>

705 Arkansas

Student Loan Guaranty Foundation of
Arkansas
Attn: Compliance Division Director
219 South Victory Street
Little Rock, AR 72201-1884

Ms. Brenda Steele
(501) 688-7648
bsteele@slgfa.org
<http://www.slgfa.org>

706 California**EDFUND**

Attn: Loan Detail Information Office
 Cohort Default Rate Appeals and Disputes
 3300 Zinfandel Drive
 P.O. Box 419045
 Ranch Cordova, CA 95741-9045

Ms. Kevis Foley-Bumgardner
 (916) 526-8068
kfoley@edfund.org
<http://www.edfund.org>

708 Colorado

Colorado Student Loan Program
 Attn: Compliance, Training, and
 Investigative Branch
 Assistant Manager of Marketing and
 Appeals
 999 18th Street, Suite 425
 Denver, CO 80202-2471

Mr. Chris Lines
 (303) 294-5050 ext. 358
clines@cslp.org
<http://www.cslp.org>

709 Connecticut

Connecticut Student Loan Foundation
 Attn: Manager of Guarantee Operations
 P.O. Box 1009
 Rocky Hill, CT 06067

Ms. Sandy Barsom
 (860) 257-4001 ext. 247
sbarsom@mail.cslf.org
<http://www.cslf.com>

710 Delaware

Pennsylvania Higher Education Assistance
 Agency

Attn: Program Review
 1200 North 7th Street
 HQ4
 Harrisburg, PA 17102-1444

Ms. Lisa Hoffman
 (717) 720-2180
lhoffman@pheaa.org
<http://www.pheaa.org>

712 Florida

Florida Department of Education
 Office of Student Financial Assistance
 Attn: Ms. Jean Perkins
 325 West Gains Street
 255 Collins Building
 Tallahassee, FL 32399-0400

Ms. Jean Perkins
 (850) 488-7043
perkinj2@mail.doe.state.fl.us
<http://www.firn.edu/doe/bin00065>

713 Georgia

Georgia Higher Education Assistance
 Corporation
 Attn: Program Administration
 2082 East Exchange Place, Suite 200
 Tucker, GA 30084-5305

Ms. Carole Jones
 (770) 414-3053
carole@mail.gsfc.state.ga.us
<http://www.gsfc.org>

716 Idaho

Northwest Education Loan Association
Attn: School Compliance Representative
500 Coleman Building
811 First Avenue
Seattle, WA 98104

Ms. Linda Shannon
(206) 461-5325
lindas@nela.net
<http://nela.net>

719 Iowa

Iowa College Student Aid Commission
Attn: Associate Director, Claims and
Collections
200 10th Street, 4th Floor
Des Moines, IA 50309-3609

Mr. Brian Mohr
(515) 242-6698
brian.mohr@exch.csac.state.ia.us
<http://www.state.ia.us/government/icsac>

717 Illinois

Illinois Student Assistance Commission
Attn: Compliance Analyst
1755 Lake Cook Road
Deerfield, IL 60015-5209

Ms. Terry Dallas
(847) 948-8500 ext. 4302
tdallas@isac.org
<http://www.isac1.org>

721 Kentucky

Kentucky Higher Education Assistance
Authority
Attn: Manager, Policy and Client Services
Branch
1050 U.S. 127 South
Frankfort, KY 40601-4323

Mr. Richard Nickel
(502) 696-7270
rnickel@kheaa.com
<http://www.kheaa.com>

718 Indiana

USA Group Guarantee Services
Attn: Ms. Kristi Mueller
11100 USA Parkway
Fishers, IN 46038

Ms. Kristi Mueller
(317) 595-1315
kmueller@usagroup.com
<http://www.usagroup.com>

722 Louisiana

Louisiana Office of Student Financial
Assistance
Attn: Program Review
P.O. Box 91202
Baton Rouge, LA 70821-9202

Mr. Mark Rhodes
(504) 922-1021
mrhodes@osfa.state.la.us
<http://www.osfa.state.la.us>

723 Maine

USA Group Guarantee Services
 Attn: Ms. Kristi Mueller
 11100 USA Parkway
 Fishers, IN 46038

Ms. Kristi Mueller
 (317) 595-1315
kmueller@usagroup.com
<http://www.usagroup.com>

726 Michigan

Michigan Higher Education Assistance
 Authority
 Attn: Audit and Program Review Section
 P.O. Box 30047
 608 W. Allegan Road
 Lansing, MI 48909

Mr. Dan Tyron
 (517) 373-4981
tryond@state.mi.us

724 Maryland

USA Group Guarantee Services
 Attn: Ms. Kristi Mueller
 11100 USA Parkway
 Fishers, IN 46038

Ms. Kristi Mueller
 (317) 595-1315
kmueller@usagroup.com
<http://www.usagroup.com>

727 Minnesota

Great Lakes Higher Education Guaranty
 Corporation
 Attn: Claims and Compliance Manager
 P.O. Box 7859
 Madison, WI 53707

Ms. Lori Marty
 (608) 246-1622
lmarty@glhec.org
<http://www.glhec.org>

725 Massachusetts

American Student Assistance Corporation
 Attn: Cohort Section
 330 Stuart Street
 Boston, MA 02116

Ms. Sue Pottenger
 (800) 999-9080 ext. 3209
pottenger@amsa.com
<http://www.amsa.com>

728 Mississippi

USA Group Guarantee Services
 Attn: Ms. Kristi Mueller
 11100 USA Parkway
 Fishers, IN 46038

Ms. Kristi Mueller
 (317) 595-1315
kmueller@usagroup.com
<http://www.usagroup.com>

729 Missouri

Missouri Student Loan Program
Attn: Associate for Compliance
3515 Amazonas Drive
Jefferson City, MO 65109-5717

Ms. Barbara Miller
(573) 751-8748
miller?cbhe400@admin.mocbhe.gov
<http://www.mocbhe.gov>

730 Montana

Montana Guaranteed Student Loan
Program
Attn: Program Specialist
P.O. Box 203101
Helena, MT 59620-3101

Mr. Ron Muffick
(406) 444-0369
custserv@mgsplp.state.mt.us
<http://www.mgsplp.state.mt.us>

731 Nebraska

Nebraska Student Loan Program
Attn: Manager, Program Review and
Compliance
P.O. Box 82507
Lincoln, NE 68501-2507

Mr. Kevin Taylor OR Ms. Alicia Chapelle
(402) 479-6718 OR (402) 479-6743
kevint@nslp.org OR aliciac@nslp.org
<http://www.nslp.org>

732 Nevada

USA Group Guarantee Services
Attn: Ms. Kristi Mueller
11100 USA Parkway
Fishers, IN 46038

Ms. Kristi Mueller
(317) 595-1315
kmueller@usagroup.com
<http://www.usagroup.com>

733 New Hampshire

New Hampshire Higher Education
Assistance Foundation
Attn: Director of Training and Compliance
P.O. Box 877
Concord, NH 03302-0877

Mr. Scott Littlefield
(603) 225-6612 ext. 120
scottnhheaf@compuserve.com
<http://www.nhheaf.org>

734 New Jersey

New Jersey Higher Education Assistance
Authority
Office of Student Assistance
Attn: Investigator II
P.O. Box 546
Trenton, NJ 08625-0546

Ms. Lee Roach
(609) 588-3238
lee_roach@osa.state.nj.us
<http://www.state.nj.us/treasury/osa>

735 New Mexico

New Mexico Student Loan Guarantee Corporation
 Attn: Compliance and Program Review Office
 P.O. Box 92230
 3900 Osuna, N.E.
 Albuquerque, NM 87199-2230

Ms. Carolyn Holder
 (505) 345-8821 ext. 261
 holderc@nmslgc.org
<http://www.nmslgc.org>

736 New York

New York State Higher Education Services Corporation
 Attn: Lender Service
 99 Washington Avenue
 Albany, NY 12255

Mr. Raymond Francis
 (518) 473-1669
 rfrancis@hesc.com
<http://www.hesc.state.ny.us>

737 North Carolina

North Carolina State Education Assistance Authority
 Attn: MICRS
 P.O. Box 2688
 Chapel Hill, NC 27515

Mr. Jim Williams
 (919) 549-8614 ext. 629
 jfwill@ga.unc.edu
<http://www.ncseaa.edu>

738 North Dakota

Student Loans of North Dakota
 Attn: Compliance Officer
 P.O. Box 5524
 Bismarck, ND 58506-5524

Ms. Char Feist
 (701) 328-5753
 cfeist@pioneer.state.nd.us
<http://www.banknd.com/slnd>

739 Ohio**For NON-DEFAULTED LOANS**

Great Lakes Higher Education Guaranty Corporation
 Attn: Claims and Compliance Manager
 P.O. Box 7859
 Madison, WI 53707

Ms. Lori Marty
 (608) 246-1622
 lmarty@glhec.org
<http://www.glhec.org>

For DEFAULTED LOANS

U.S. Department of Education
 Default Management Division
 Attn: Draft Data Challenge
 ROB-3, Room 3905
 7th & D Streets, SW
 Washington, DC 20202-5353

(202) 708-6048
 IPOS_Default_Management_Division@ed.gov
<http://www.ed.gov>



This is the address for FFEL Program loans currently maintained by the Department. For the Direct Loan Program loans address, see Appendix B.

740 Oklahoma

Oklahoma State Regents for Higher
Education Guaranteed Student Loan
Program

Attn: Mary Heid
P. O. Box 3000
Oklahoma City, OK 73101-3000

Ms. Mary Heid
(405) 858-4300
gforgey@ogslp.org
<http://www.ogslp.org>

741 Oregon

Oregon State Scholarship Commission
Attn: Program Review
1500 Valley River Drive Suite 100
Eugene, OR 97401

Ms. Carolyn Sinclair
(541) 687-7375
carolyn.e.sinclair@state.or.us
<http://www.osscc.state.or.us>

742 Pennsylvania

Pennsylvania Higher Education Assistance
Agency
Attn: Program Review
1200 North 7th Street
HQ4
Harrisburg, PA 17102-1444

Ms. Lisa Hoffman
(717) 720-2180
lhoffman@pheaa.org
<http://www.pheaa.org>

744 Rhode Island

Rhode Island Higher Education Assistance
Authority

Attn: Cohort Appeals
560 Jefferson Boulevard
Warwick, RI 02886-1320

Mr. Charles Totoro
(401) 736-1141
ctotoro@ids.net
<http://www.riheaa.org>

745 South Carolina

South Carolina State Education
Assistance Authority

Attn: Mike Fox
Interstate Center, Suite 210
P.O. Box 21029
Columbia, SC 29221

Mr. Mike Fox
(803) 798-7960
mfox@slc.sc.edu
<http://www.slc.sc.edu>

746 South Dakota

Education Assistance Corporation
Attn: Supervisor of Pre-Claims,
Claims and Collections
115 First Avenue, S.W.
Aberdeen, SD 57401

Ms. Ellen Welke
(605) 622-4340
ewelke@eac-easci.org
<http://www.eac-easci.org>

747 Tennessee

Tennessee Student Assistance Corporation
 Attn: School Relations Specialist
 404 James Robertson Parkway
 Suite 1950, Parkway Towers
 Nashville, TN 37243-0820

Ms. Stephanie Aylor
 (615) 741-1346
lassiter@mail.state.tn.us
<http://state.tn.us/tsac>

728 Texas

Texas Guaranteed Student Loan Corporation
 Attn: Compliance Analyst
 P.O. Box 201725
 Austin, TX 78720-1725

Mr. Ken Johnson
 (512) 219-4701
ken.johnson@tgslc.org
<http://www.tgslc.org/tgslc>

749 Utah

Utah Higher Education Assistance Authority
 Attn: Manager of Compliance and Program Review
 P.O. Box 45202
 Salt Lake City, UT 84145-0202

Mr. Jed Spencer
 (801) 321-7220
jspencer@utahsbr.edu
<http://www.uheaa.org>

750 Vermont

Vermont Student Assistance Corporation
 Attn: Manager of School Policy and Compliance
 P.O. Box 2000
 Winooski, VT 05404-2601

Ms. Marcia Vance
 (802) 654-3770 ext. 273
 (800) 660-3561 ext. 273
 (800) 642-3561 ext. 273
vance@vsac.org
<http://www.vsac.org>

751 Virginia

Educational Credit Management Corporation (ECMC)
 ECMC Guarantee Servicing
 Attn: Program Compliance Specialist
 411 East Franklin Street, Suite 300
 Richmond, VA 23219-2243

Ms. Linda Woodley
 (888) 775-3262 ext. 8024
lwoodley@ecmc.org
<http://www.ecmc.org>

753 Washington

Northwest Education Loan Association
 Attn: School Compliance Representative
 500 Coleman Building
 811 First Avenue
 Seattle, WA 98104

Ms. Linda Shannon
 (206) 461-5325
lindas@nela.net
<http://nela.net>

755 Wisconsin

Great Lakes Higher Education Guaranty Corporation
Attn: Claims and Compliance Manager
P.O. Box 7859
Madison, WI 53707

Ms. Lori Marty
(608) 246-1622
lmarty@glhec.org
<http://www.glhec.org>

800 USA Group Guarantee Services

USA Group Guarantee Services
Attn: Ms. Kristi Mueller
11100 USA Parkway
Fishers, IN 46038

Ms. Kristi Mueller
(317) 595-1315
kmueller@usagroup.com
<http://www.usagroup.com>

772 Puerto Rico

Great Lakes Higher Education Guaranty Corporation
Attn: Claims and Compliance Manager
P.O. Box 7859
Madison, WI 53707

Ms. Lori Marty
(608) 246-1622
lmarty@glhec.org
<http://www.glhec.org>

804 Arizona

USA Group Guarantee Services
Attn: Ms. Kristi Mueller
11100 USA Parkway
Fishers, IN 46038

Ms. Kristi Mueller
(317) 595-1315
kmueller@usagroup.com
<http://www.usagroup.com>

778 Virgin Islands

Great Lakes Higher Education Guaranty Corporation
Attn: Claims and Compliance Manager
P.O. Box 7859
Madison, WI 53707

Ms. Lori Marty
(608) 246-1622
lmarty@glhec.org
<http://www.glhec.org>

815 Hawaii

USA Group Guarantee Services
Attn: Ms. Kristi Mueller
11100 USA Parkway
Fishers, IN 46038

Ms. Kristi Mueller
(317) 595-1315
kmueller@usagroup.com
<http://www.usagroup.com>

927 Educational Credit Management Corporation (ECMC)

[Formerly Transitional Guaranty Agency (TGA)]

Educational Credit Management Corporation (ECMC)
ECMC Guarantee Servicing
Attn: Program Compliance Specialist
411 East Franklin Street, Suite 300
Richmond, VA 23219-2243

Ms. Linda Woodley
(888) 775-3262 ext. 8024
lwoodley@ecmc.org
<http://www.ecmc.org>

951 Educational Credit Management Corporation (ECMC)

Educational Credit Management Corporation (ECMC)
ECMC Guarantee Servicing
Attn: Program Compliance Specialist
411 East Franklin Street, Suite 300
Richmond, VA 23219-2243

Ms. Linda Woodley
(888) 775-3262 ext. 8024
lwoodley@ecmc.org
<http://www.ecmc.org>

American Samoa (no number code)

USA Group Guarantee Services
Attn: Ms. Kristi Mueller
11100 USA Parkway
Fishers, IN 46038

Ms. Kristi Mueller
(317) 595-1315
kmueller@usagroup.com
<http://www.usagroup.com>

Federated States of Micronesia, Marshall Islands, and Republic of Palau (no number code)

USA Group Guarantee Services
Attn: Ms. Kristi Mueller
11100 USA Parkway
Fishers, IN 46038

Ms. Kristi Mueller
(317) 595-1315
kmueller@usagroup.com
<http://www.usagroup.com>

Guam (no number code)

USA Group Guarantee Services
Attn: Ms. Kristi Mueller
11100 USA Parkway
Fishers, IN 46038

Ms. Kristi Mueller
(317) 595-1315
kmueller@usagroup.com
<http://www.usagroup.com>

Northern Mariana Islands (no number code)

USA Group Guarantee Services
Attn: Ms. Kristi Mueller
11100 USA Parkway
Fishers, IN 46038

Ms. Kristi Mueller
(317) 595-1315
kmueller@usagroup.com
<http://www.usagroup.com>

Alphabetical Guarantor/Service Code Contact List for FFEL Program Loans



The list that follows contains, in **alphabetical order**, the names of states and territories served by FFEL Program contacts.

The number in the second column is the three-digit guarantor/service code identified on the loan record detail report for each loan record. See page 3 of this Appendix for a list of these three-digit codes in numerical order, followed by the names of the FFEL Program contacts represented by the codes, their addresses, telephone numbers, e-mail and website addresses (if available) and points of contact for cohort default rate appeals.

State and/or Territory	Guarantor/Service code
Alabama	701
Alaska	702
American Samoa	no number code
Arizona	804
Arkansas	705
California	706
Colorado	708
Connecticut	709
Delaware	710
District of Columbia	611
Educational Credit Management Corporation (ECMC)	927 or 951
Federated States of Micronesia, Marshall Islands, Republic of Paulau	no number code
Florida	712
Georgia	713
Guam	no number code

State and/or Territory	Guaranty agency number code
Hawaii	815
Higher Education Assistance Foundation (HEAF)	627 or 631
Idaho	715
Illinois	717
Indiana	718
Iowa	719
Kansas	620
Kentucky	721
Louisiana	722
Maine	723
Maryland	724
Massachusetts	725
Michigan	726
Minnesota	727
Mississippi	728
Missouri	729
Montana	730
Nebraska	731
Nevada	732
New Hampshire	733
New Jersey	734
New Mexico	735
New York	736
North Carolina	737
North Dakota	738
Northern Mariana Islands	no number code
Ohio	739
Oklahoma	740
Oregon	741
Pennsylvania	742
Puerto Rico	772
Rhode Island	744
South Carolina	745
South Dakota	746
Tennessee	747
Texas	748
U.S. Department of Education	555
USA Group Guarantee Services	800
Utah	749
Vermont	750
Virgin Islands	778
Virginia	751
Washington	753
West Virginia	654
Wisconsin	755
Wyoming	656

Appendix B

Guarantor/Servicer Contact List for Direct Loan Program Loans



Direct Loan Servicing Center (0101)

U.S. Department of Education
Direct Loan Servicer
School Services Department
ATTN: Default Rate Appeals Section
501 Bleecker Street
Utica, New York 13501

(888) 877-7658




When submitting a request for data, a Direct Loan school **MUST** use its OPE ID number, **NOT** its Direct Loan School ID number (G code).

Appendix C

U.S. Department of Education Contacts



If you...	Contact...
<p>Have questions about cohort default rate appeals and general cohort default rate issues</p>	<p>If sent by commercial overnight mail/courier delivery, send your request to:</p> <p>U.S. Department of Education Default Management Division (DMD) ROB-3, Room 3905 7th and D Streets, SW Washington, DC 20202</p> <p>If sent by U.S. Postal Service, send your request to:</p> <p>U.S. Department of Education Default Management Division (DMD) Portals Building, Room 6300 400 Maryland Avenue, SW Washington, DC 20202-5353</p> <p>Call: (202) 708-9396</p>
<p>Would like to e-mail Default Management Division a question</p>	<p>IPOS_Default_Management_Division. @ed.gov</p> <p> Cohort default rate challenges/ appeal submissions will NOT be accepted via facsimile or e-mail.</p>

If you...	Contact...
Need copies of the Department's regulations, "Dear Colleague" letters, or other student aid publications	U.S. Department of Education Federal Student Aid Information Center P.O. Box 84 Washington, DC 20044-0084 (800) 433-3243 http://ifap.ed.gov
Have questions about collection of individual defaulted loans assigned to the Department	U.S. Department of Education Debt Collection Service (DCS) Student Receivables Division ROB-3, Room 5118 400 Maryland Avenue, SW Washington, DC 20202-5320 (800) 621-3115
Need information on lender or guaranty agency cohort default rates	U.S. Department of Education Guarantor and Lender Oversight Service (GLOS) ROB-3, Room 4616 400 Maryland Avenue, SW Washington, DC 20202-5138 (202) 401-7482
Have questions about recertification, audit resolution, financial analysis, program review, or institution improvement	U.S. Department of Education Institutional Participation and Oversight Service (IPOS) ROB-3, Room 3915 400 Maryland Avenue, SW Washington, DC 20202 (202) 205-0183

Appendix D

Abbreviations and Acronyms

These shortened forms appear in cohort default rate loan record detail reports, on spreadsheets, and throughout various appeal instructions.

BCD	Beginning Class Date
BUD	Backup Data (Loan Record Detail Report)
CDR	Cohort Default Rate
CPD	Claim Paid Date
DD	Default Date
DER	Date Entered Repayment
DF	Default
DL	Direct Loan
DLS	Direct Loan Servicer
DMD	Default Management Division
ECD	Ending Class Date
FDLP	Federal Direct Loan Program
FFEL	Federal Family Education Loan Program
FY	Fiscal Year
GA	Guaranty Agency

ICR	Income Contingent Repayment
ICRD	Income Contingent Repayment Date
LDA	Last Day of Attendance
LRDR	Loan Record Detail Report
LS&T	Limitation, Suspension, and/or Termination
LTH	Less-Than-Half-Time
Neg-am	Negative Amortization
NSLDS	National Student Loan Data System
OSD	Out of School Date
SLS	Supplemental Loans for Students
SSCR	Student Status Confirmation Report
SSL	Subsidized Stafford Loan
SF	Stafford
SU	Unsubsidized Stafford Loan

Appendix E

Comments on the *FY 1997 Draft Cohort Default Rate Guide*



Contents

Comments Worksheet 3

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Comments on the FY 1997 Draft Cohort Default Rate Guide



Please TYPE or PRINT the following. The Department may contact you for further clarification on your comments.

Organization Name: _____
School OPE-ID # (if applicable): _____
Organization Mailing Address: _____

Person completing this form: _____
Telephone number: (____) _____

Was the *Guide* easy to read and understand? YES NO

Did you like the separation of challenge information from general cohort default rate information? YES NO

Did this format make it easier for your school or entity to prepare its draft data challenge/response? YES NO

Were the instructions and spreadsheets easy to follow and understand? YES NO

Are there issues that were not discussed in the *Guide* that you would like to see in future editions? YES NO

General comments

If sent by commercial overnight mail/courier delivery, send your comments to:

U.S. Department of Education
Default Management Division
Attn: Guide Comments
ROB-3, Room 3905
7th and D Streets, SW
Washington, DC 20202

If sent by U.S. Postal Service, send your comments to:

U.S. Department of Education
Default Management Division
Attn: Guide Comments
Portals Building, Room 6300
400 Maryland Avenue, SW
Washington, DC 20202-5353



Published March 1999



U.S. Department of Education
Washington, DC 20202



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