Oklahoma College Assistance Program

creating
connections
OCAP's Annual Conference 11.1.11

Moore-Norman Technology Center
South Penn Campus
November 1, 2011

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Agenda...

- The Direct Loan Program for
AY 2011-2012 and AY 2012-2013

  - COD Release 10.1 DL Recap
  - COD Release 10.2 DL Recap
  - COD Release 11.0 DL Update
  - DL Processing Reminders

- Default and Delinquency Prevention

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Federal Loan School Support Team (FLSST)

- July 14th Electronic Announcement
- ALL federally owned Title IV loans
- Provides…
    - Assistance in issue resolution
    - A direct line of communication for school feedback and/or concerns
    - Solicit input on system enhancements, issue resolution, and training
    - e-Mail: DLOps@ed.gov

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Direct Loan Program: Stats

2010-11 Award year

- National $104,865,000,000
    - Borrowers: 12,563,781
    - Awards: 26,335,681
    - Main Locations: 5,566
    - Additional Locations: 684

- Oklahoma $920,714,000
    - Borrowers: 122,982
    - Awards: 236,437
    - Main Locations: 79
    - Additional Locations: 5

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Direct Loan Program: Stats

2010-11 Award year

- National
  - Private, Nonprofit   1,716
  - Proprietary   2,540
  - Public   1,598
  - Foreign   396
  -     Grand Total   6,250

- Oklahoma
  - Private, Nonprofit   14
  - Proprietary   39
  - Public   31
  -     Grand Total   84

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COD Release 10 ~ Ay 11- 12

- New Award Year Setup (NAYS)
  - February 18th, 2011
  - Schema 3.0d

- Final Scheduled CFL increase
  - November 2011 ~ 40% of AY10-11
  - Contact your COD CSR or FLSST POC for CFL assistance

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COD Release 10.1 DL Recap

With Release 10.1, the COD System implemented the following functionality:

- New Entrance Counseling, PLUS Request, and MPN Reports
- New School Options for StudentLoans.gov
- StudentLoans.gov Enhancements
  o Available in Spanish
  o Additional Parent Plus credit balance options
  o Default: yes/no

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COD Release 10.1 DL Recap
Entrance Counseling, MPN, and PLUS App Reports

New Entrance Counseling, MPN, and PLUS Application Reports were made available for schools. These reports have the following characteristics:

- Online only – Direct Loan newsbox on the COD Web
- CSV format - Print or export to spreadsheet
- Weekly activity from Saturday to Friday
- If there is no activity, the report will not be delivered

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COD Release 10.1 DL Recap
Entrance Counseling

- COD web only – CSV format only
- Completion date and time
- Type – Stafford or PLUS
- Completion date determines inclusion
- Saturday-Friday data capture
  - Generated Saturday

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COD Release 10.1 DL Recap
DL Completed MPN Report

- All MPNs
  - eMPNs and paper MPNs
- COD web only–CSV format only
  - Expiration date
  - Type (PLUS or Stafford)
  - Status
  - Linked flag
    - Endorser or Single Year School
- Created date determines inclusion
- Saturday-Friday data capture
  - Generated Saturday

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COD Release 10.1 DL Recap
PLUS App Reports
- Unique PLUS Requests
- COD web only – CSV format only
- Saturday-Friday data capture
  - Generated Saturday
  - Completion Date determines inclusion
- Displays…
  - Borrower and Student
  - Application submission reason (N,I,D)
  - Parent or Grad PLUS Request
  - Award Year/Loan Periods
  - Credit Decision
  - Credit balance responses
  - 6-month deferment response

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COD Release 10.1 DL Recap
PLUS Application ~ CPS Match

- Direct PLUS CPS student data match
  - Match **STUDENT** data on Parent & Grad PLUS to CPS data on COD
    - Student SSN
    - Student DOB
    - CPS transaction number
    - Award year
  - Parent data **NOT** matched
  - LOR and subsequent submissions

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COD Release 10.1 DL Recap
School Options for StudentLoans.gov

On COD Web School Options, schools have additional selections for StudentLoans.gov. These modifications include:

- PLUS Application participation options are now Award Year specific
- Main Schools can add and/or remove the states that display their school location for PLUS (Parent/Grad), eMPN and Entrance Counseling processes on StudentLoans.gov
- Associated States replaces Multiple Location
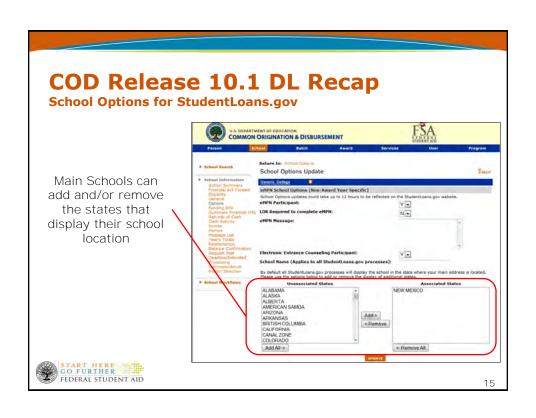 - Additional location cannot change Associated States

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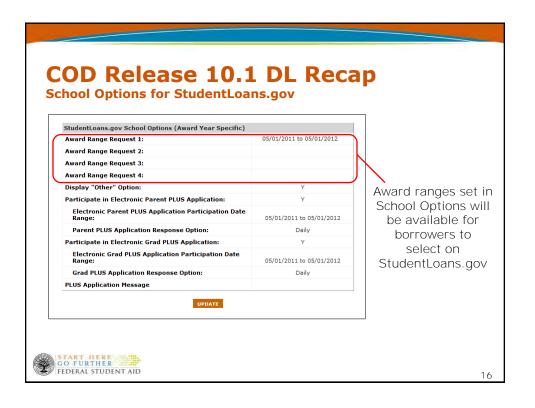
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COD Release 10.1 DL Recap
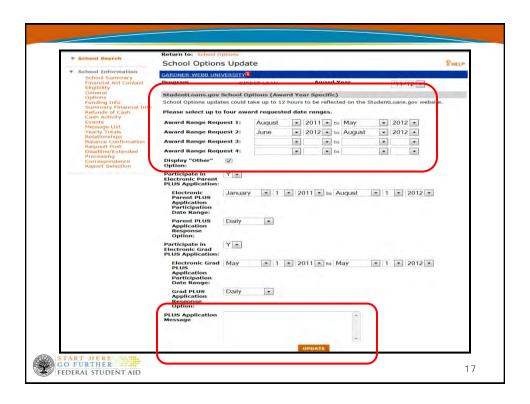**School Options for StudentLoans.gov**

Within COD School Options, Schools also have the ability to:

- Specify valid Award Ranges (Loan Periods), which borrowers may select when completing a PLUS Application for their school
- PLUS application start and end dates
- Select participation in Entrance Counseling on StudentLoans.gov in addition to eMPN
- Messaging to student on SLG
  - PLUS application

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COD Release 10.1 DL Recap
School Options for StudentLoans.gov

Main Schools can add and/or remove the states that display their school location

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COD Release 10.1 DL Recap
School Options for StudentLoans.gov

Award ranges set in School Options will be available for borrowers to select on StudentLoans.gov

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COD Release 10.2 DL Recap

With Release 10.2, the COD System implemented the
following functionality on October 21, 2011:

- New Actual Disbursement Listing (ADL) Report
- Change single disbursement exemption
  threshold from <10% to <15%
- Credit Check Update
- Two Factor Authentication for COD web
- Redesign Studentloans.gov MPN submit button
- Spanish version of the PLUS Application now
  available

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COD Release 10.2 Direct Loan Recap
Actual Disbursement Listing

Actual Disbursement Listing Report created to display actual disbursements.

- Display future dated actual disbursements
- Includes booked and unbooked actual disbursements
- Produced weekly
- Award Year specific starting with 2011-2012 Award Year and forward
- Message Class: DLADYYOP (where YY is equal to AY)
- Delivered via the COD Reporting Website in a school's Direct Loan newsbox and SAIG
  - COD Reporting Website: CSV format only
  - SAIG: Comma-delimited format only

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COD Release 10.2 Direct Loan Recap
Single Disbursement Exemption

- Cohort Default Rate <15% for most recent three (3) reported years

- Loans first disbursement on or after October 1, 2011

- Main campus - Additional location(s) inherits CDR

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COD Release 10.2 Direct Loan Recap
Credit Check Update

- Charge-offs and collection accounts included in definition of adverse credit
- Unpaid balance(s) >$0

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COD Fall 2011 Direct Loan Recap
Two Factor Authentication for COD Web

The U.S. Department of Education has modified security requirements in an effort to ensure protection of the FSA data systems.

- New process is referred to as Two Factor Authentication (TFA)
- Eventually all authorized users will enter two forms of "authentication" to access Federal Student Aid systems via the Internet

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COD Fall 2011 Direct Loan Recap
Two Factor Authentication for COD Web

Two Factor Authentication is a process which requires each authorized user to log into FSA systems with two types of information:

- Something that you know is the First Factor
  - User ID and Password
- Something that you have is the Second Factor
  - Token with a One Time Password

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COD Fall 2011 Direct Loan Recap
Two Factor Authentication for COD Web

The One Time Password (OTP) will be generated by a small electronic device known as the Token that is in the physical possession of the user.

- To generate the OTP, a user will press the "power" button on the front of the token
- A different OTP will be generated each time the button is pressed

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COD Fall 2011 Direct Loan Recap
Two Factor Authentication for COD Web

All COD Web Users will be required to use Two Factor Authentication to login.

- Users will login into COD Web with their current User ID and Password in addition to a one time password
  o One time passwords will be generated using a token
- Tokens for each COD Web User will be delivered to the schools
- COD Web's Two Factor Authentication rollout will be staggered throughout 2011-2012

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COD Fall 2011 Direct Loan Recap
Two Factor Authentication for COD Web

COD Users will enter the one time password provided by their token

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COD Release 11.0 DL Update

With Release 11.0, the COD System will implement the following functionality on March 9th, 2012:

- New award year setup for 2012-2013
  - New Schema 3.0e
- Addition of an Enrollment School Code tag
- **New MPN status code of "E"**
- Declined/pending PLUS award maintenance

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COD Release 11.0 DL Update
School Enrollment Tag

Addition of Enrollment School Code

- OPE 8-digit IDs identify student physical location

- Origination and Disbursement level

- Returned on ALL responses

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COD Release 11.0 DL Update
New MPN Status Code of "E"

When a PLUS Award has linked to an MPN and an **Endorser, a new value of "E" will be displayed in the** <MPNStatusCode> tag.

- **New value of "E" will be included in the COD** 3.0e schema
- COD will return in the Common Record responses
- Starting with the 2012-2013 Award Year and forward -
  - **Value of 'I' will continue to be returned for** Award Years 2011-2012 and prior

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COD Release 11.0 DL Update
Maintenance to Declined/Pended PLUS Awards

The COD System will begin allowing maintenance to Declined/Pended Direct Loan PLUS Awards.

- Maintenance can be performed on COD Web or via batch
- Users can update award, disbursement, and person fields
- The COD System will continue to reject Actual Disbursements for PLUS Awards with decline/pended status
- New credit check will be performed when a maintenance record is submitted for a declined/pended Parent or Grad PLUS award
  - Credit Check will use the borrower person identifier change field values (SSN, DOB, Last Name)

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COD DL Future Updates

Based on the Budget Control Act of 2011, the following modifications to the COD System will be implemented prior to July 1, 2012:

- Subsidized Loans for Graduate and Professional Students will be discontinued
- Borrowers will no longer be eligible for Upfront Interest Rebates on all Direct Subsidized and Unsubsidized Loans
- Schema changes may be required

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DL Processing Reminders
New Award Year Setup

Double check your school information
- Are you using all options available?
- Borrower messaging
- Program participation dates (PLUS loan)
- Program participation options
- Report formats
- SAS format and frequency
- Unique additional location participation options

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DL Processing Reminders
MPN Print Codes

COD receives many print requests on incoming LORs.

- Substantial numbers of unnecessary paper MPNs are printed and mailed to borrowers
- Default for the COD Print Code should not be selected in the MPN Print Indicator

Tag	Value
S	COD Prints (Send to Borrower)
R	COD Prints (Return to School)
O	On-site (EDExpress)
F	On-site (Custom System)
Z	COD Reprint (Send to Borrower)
V	COD Reprints (Send to School)

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DL Processing Reminders
MPN Print Codes

- Default school level MPN print code in COD setup
    - "N" school manages the MPN process
    - "Y" COD manages the MPN process and communicates with the borrower

    - Depending on whether or not borrower has opted out of e-correspondence, COD sends an email, or USPS, reminder to complete either an e-MPN, or enclosed paper MPN, at 15, 30, and 60 days.

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DL Processing Reminders
MPN Print Codes and Processing
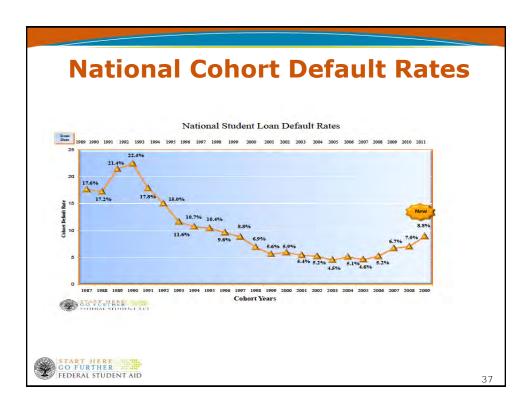
MPN - Electronic Announcements:

- 2011-08-26 - Direct Loans
  - Subject: Direct Loan Processing Information - Master Promissory Note Print Option and Promissory Print Code Tag in Common Records

- 2011-09-16 - Direct Loans
  - Subject: Direct Loan Processing Information - Master Promissory Notes

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Default and Delinquency Management

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National Cohort Default Rates

National Student Loan Default Rates

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Data Shows Increasing Risk

CDR

08 Official = 7.0%

09 Official = 8.8 % (+25.7%)

Borrowers

08 Official = 238,853

09 Official = 320,194 (+34%)

Dollars

08 Official = 1.533b

09 Official = 2.362 (+54%)

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11/3/2011

The 3-Year CDR Calculation

- Expands the default tracking window from 2 years to 3 years
- Creates a transition period (FY09/10/11)
- Raises penalty threshold from 25% - 30%
  - Possible compliance issue beginning in September 2014 (FY 2011 CDR)
- **Increases availability of "disbursement relief"** from 10 to 15% (effective 10/01/11)

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Changes in Cohort
Default Rate Regulations

What Does It Mean
For Schools?

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Institutional CDR Calculations By CDR Year

Remaining Publications of 2-year CDR

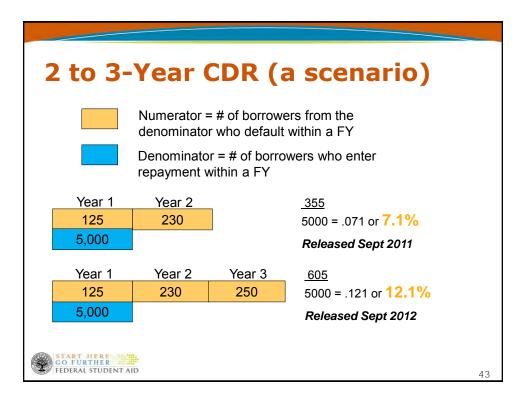| CDR	Denominator: Enter Repayment	Numerator Default	Publish 2-year rates	Rate used for Sanctions
FY 2009	10/1/08-9/30/09	10/1/08-9/30/10	September 2011	2-year rate
FY 2010	10/1/09-9/30/10	10/1/09-9/30/11	September 2012	2-year rate
FY 2011	10/1/10-9/30/11	10/1/10-9/30/12	September 2013	2-year rate

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Institutional CDR Calculations By CDR Year

Publications of 3-year CDR

CDR	Denominator: # In Repayment	Numerator # In Default	Publish 3-year rates	Rate used for Sanctions
FY 2009	10/1/08-9/30/09	10/1/08-9/30/11	September 2012	N/A
FY 2010	10/1/09-9/30/10	10/1/09-9/30/12	September 2013	N/A
FY 2011	10/1/10-9/30/11	10/1/10-9/30/13	September 2014	3-Year rate
FY 2012	10/1/11-9/30/12	10/1/11-9/30/14	September 2015	3-Year rate
FY 2013	10/1/12-9/30/13	10/1/12-9/30/15	September 2016	3-Year rate
FY 2014	10/1/13-9/30/14	10/1/13-9/13/16	September 2017	3-Year-rate

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2 to 3-Year CDR (a scenario)

[orange box] Numerator = # of borrowers from the denominator who default within a FY

[blue box] Denominator = # of borrowers who enter repayment within a FY

Year 1	Year 2
125	230
5,000	

$$\frac{355}{5000} = .071 \text{ or } \mathbf{7.1\%}$$

Released Sept 2011

Year 1	Year 2	Year 3
125	230	250
5,000		

$$\frac{605}{5000} = .121 \text{ or } \mathbf{12.1\%}$$

Released Sept 2012

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3-Year CDR Corrective Actions

- First year at 30% or more
  - Default prevention plan and task force
  - Submit plan to FSA for review
- Second consecutive year at 30% or more
  - Review/revise default prevention plan
  - Submit revised plan to FSA
  - FSA may require additional steps to promote student loan repayment
- Third consecutive year at 30% or more
  - Loss of eligibility

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CDR Disbursement Waivers

- New threshold: Schools with a default rate less than 15% for the 3 most recent fiscal years
  - May disburse a single term loan in a single installment, and
  - Need not delay the first disbursement to a first-year undergraduate borrower until the borrower has completed the first 30 days of their program of study

Effective for loans first disbursed on or after October 1, 2011

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Important Steps to Take Now

- CDR Forecasting for all schools
  - Is school at risk of 30% CDR for FY09 (Why?)

- Conduct Risk Analysis
  - Which borrowers are defaulting and why?

- Create Targeted, Measureable Interventions
  - Actions based on analysis
  - Leverage enrollment and borrowing cycle, i.e., admissions, in-school, grace, and repayment

- No need to wait until September 2012

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Forecasting

Determining If School Is At Risk

- Examine "trial" cohort **default rates**

- Use NSLDS Reports:
  - School Portfolio Report
  - Date Entered Repayment Report
  - Delinquent Borrower Report

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"Trial" 3-Year Rates

http://federalstudentaid.ed.gov/datacenter/cohort.html

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NSLDS School Portfolio Report – SCHPR1

- Provides school with information about all DL and FFEL loans for the school code associated with the user's ID

- Included loan data:
  - serviced by all servicers (original and current GA or ED Servicer codes)
  - original and current lender codes
  - current loan servicer code
  - loan amount, current OPB, current OIB, delinquency date, discharge and rehabilitation/repurchased information.

- NSLDS Newsletter 29 published on January 6, 2011; Layout published in May 23, 2011 Electronic Announcement

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NSLDS Date Entered Repayment Report - DER001

- List of student borrowers with loan history who are scheduled to go into repayment during the specified date range

- Detail records containing Student and Loan information for individuals matching selection criteria

- Information is available in a formatted report or an extract file. Schools receive the report via their SAIG mailbox.

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NSLDS Delinquent Borrower Report – DELQ01

- Borrowers with loans reported as delinquent to one of the federal loan servicers

- Borrower data includes:
  - Days Delinquent
  - Address Condition
  - Repayment Plan Type
  - Servicer

- NSLDS Newsletter 27 published August 26, 2010; Layout published in September 20, 2010 Electronic Announcement

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Resources

Default Prevention Resources Web Page NEW!

Located at ifap.ed.gov -- main page, right side

www.ifap.ed.gov/DefaultPreventionResourceInfo/index.html

Sample Default Prevention and Management Plan

Revisions Coming Soon! – Watch for the release on IFAP

FSA Assessments: Default Prevention and Management

www.ifap.ed.gov/qahome/qaassessments/defaultmanagement.html

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Resources

The Cohort Default Rate Guide
 www.ifap.ed.gov/drmaterials/finalcdrg.html

CDR Calculations And Data Challenges
 Operations Performance Management Service Group -
 www.ifap.ed.gov/DefaultManagement/DefaultManagement.
 html

Delinquency and Default Management
 EA: 2010-06-03 - Loan Servicing Information

General Servicing Information
 EA: 2010-03-26 - Loan Servicing Information - Questions
 and Answers About Servicing Federally-Owned Loans

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Getting to where you are...

Evaluating Your Default Prevention Readiness

1. Do I have the right team in place to develop and execute my default prevention strategies?
2. What was my FY 09 CDR? Am I likely to hit 30% in September 2012?
3. What is the source of my default risk?
4. What default prevention strategies are in my plan that address the source of my default risk? How will they work? Are they measureable?
5. What 'traditional' strategies are included in my plan?
6. What 'student success-focused' strategies are included in my plan?

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Getting To Your Destination

Clarifying how you'll get there:

1. My default prevention team includes… because…(who and why).
2. The buck stops at (executive/manager name)…
3. Our CDR risk profile suggests…
4. Our traditional default prevention approaches include…
5. Our student-success focused default prevention approaches include…
6. Here are the elements we still need to add to our plan…
7. Here are the steps necessary to complete our work.

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Contact Information

COD School Relations Center

URL: http://www.cod.ed.gov

Email: CODSupport@acs-inc.com

Phone (Direct Loans): 800.848.0978

Direct Dial: 716.284.7575

Federal Loan School Support Team

Email: DLOps@ed.gov

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FSA Contact Information

Patrick Kennedy
Phone: 214-661-9480
Email: Patrick.Kennedy@ed.gov

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