

Understanding Cohort Rates, Challenges and Appeals

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The logo for Access360 features the word "Access" in a dark red serif font, followed by "360" in a bright green sans-serif font. The "3" is significantly larger than the "6" and "0". A thick grey horizontal bar is positioned below the text, starting from the left edge of the "3" and extending to the right. On the far left, a grey circle is partially visible, overlapping the "A" in "Access".

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What is a cohort default rate?

- > 30 borrowers entering repayment
 - percentage of a school's borrowers who enter repayment during that fiscal year and default within the cohort default period
- < 30 borrowers entering repayment
 - “average rate” based on borrowers entering repayment over a three-year period

What is the cohort default period?

- 2010
 - 3-year (released in 2013)
Borrowers who entered repayment in FFY 2010 and defaulted from 10/1/09 to 9/30/12 (FFY 2010, 11 or 12)

Borrowers who entered repayment from 10/1/09 to 9/30/10 (FFY 2010)

What is the cohort default period?

- 2011
 - 2-year (Published Sept. 2013)
Borrowers who entered repayment in FFY 2011 and defaulted from 10/1/10 to 9/30/12 (FFY 2011 or 12)

Borrowers who entered repayment from 10/1/10 to 9/30/11 (FFY 2011)

What is the cohort default period?

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- 3-year (Published Sept. 2014)

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- Borrowers who entered repayment from 10/1/10 to 9/30/11 (FFY 2011)

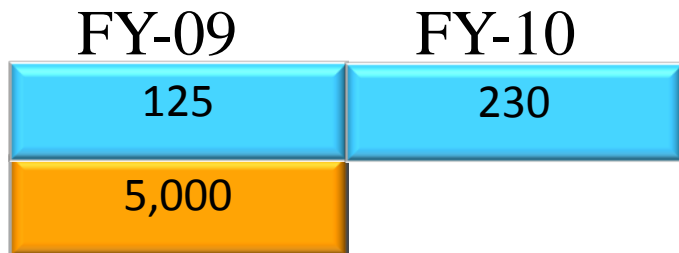
2-Year versus 3-Year CDR



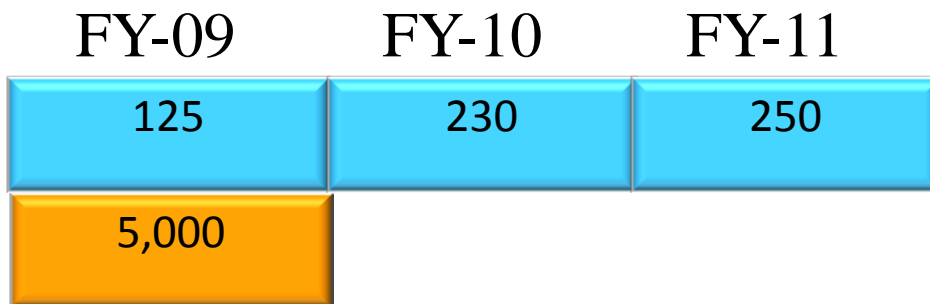
The **Numerator** is the number of borrowers from the denominator who default within a cohort period



The **Denominator** is the number of borrowers who enter repayment within a cohort period

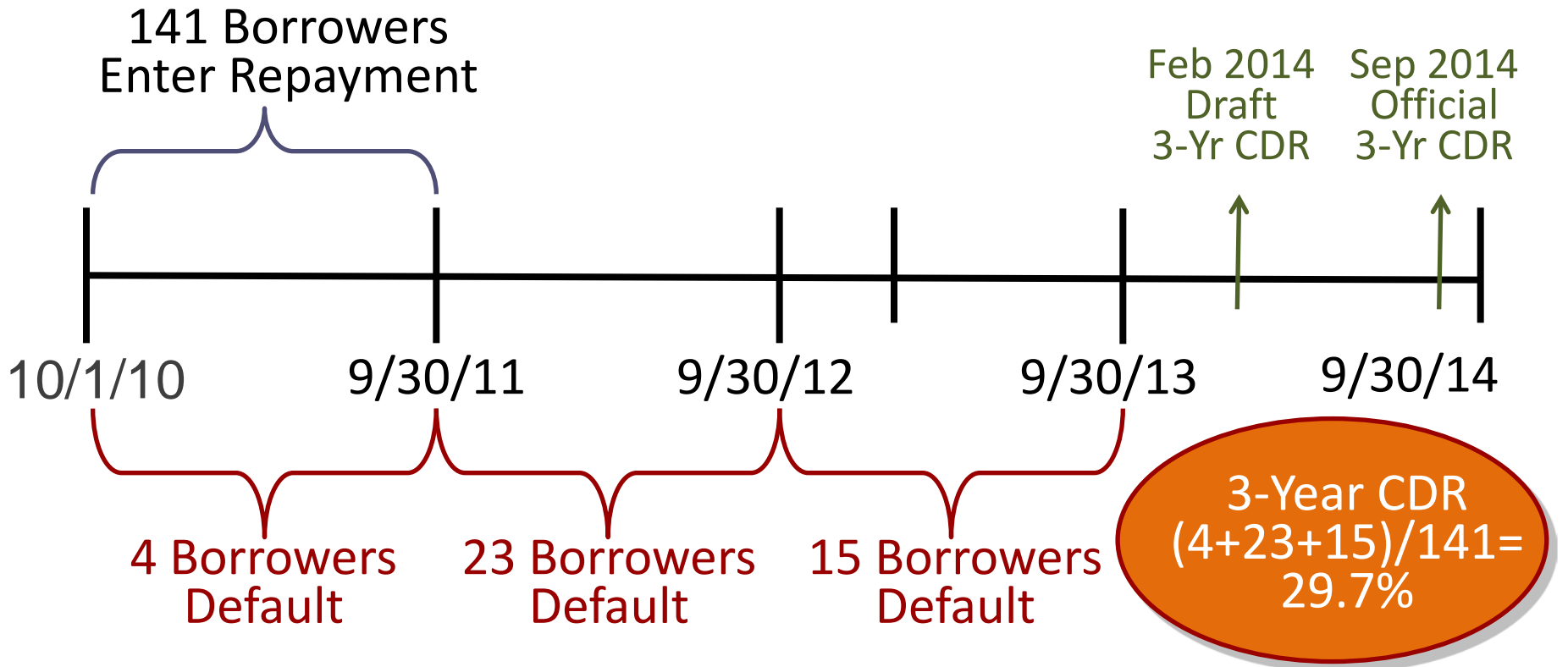


$$\frac{355}{5000} = .071 \text{ or } 7.1\%$$



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

2011 3-Year Cohort Timeline



Final Transition

- 2012 Cohort, only 3 years, Published September 2015

Dates Rates are Sent to Schools

- Draft rates February
- Final rates September

CDR	Denominator: # In Repayment	Numerator # In Default	Publish 3-year rates	Rate used for Sanctions
FY 2010	10/1/09-9/30/10	10/1/09-9/30/12	September 2013	1-Year >40%
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

Current CDR Sanctions

School	Sanctions
A school's three most recent <i>official</i> cohort default rates are 25.0 percent or greater for the two year calculation, or 30.0 percent or greater for both the three year calculation.	Except in the event of a successful adjustment or appeal, such a school will lose Direct Loan and Federal Pell Grant program eligibility for the remainder of the fiscal year in which the school is notified of its sanction and for the following two fiscal years.
A school's current <i>official</i> cohort default rate is greater than 40.0 percent, for both the two year and three year CDR calculation.	Except in the event of a successful adjustment or appeal, such a school will lose Direct Loan program eligibility for the remainder of the fiscal year in which the school is notified of its sanction and for the following two fiscal years.

No sanctions on 3-yr rates will be applied until 2014 (2011 CDR)

Current CDR Benefits

Eligible School	Benefits
<p>A school with a cohort default rate of less than 15.0 percent for each of the three most recent fiscal years for which data are available, including eligible home institutions and foreign institutions,</p>	<p>May disburse, in a single installment, loans that are made for one semester, one trimester, one quarter, or a four-month period.</p> <p>May choose not to delay the first disbursement of a loan for 30 days for first-time, first-year undergraduate borrowers.</p>

Time remaining to affect CDRs:

- 2012
 - About 1 year to go (9/30/14)
- 2013
 - About 2 years to go (9/30/15)

Loan Record Detail Report (LRDR)

- Reader friendly
- Extract
 - Can be opened in spreadsheet or database format.



Cohort Default Rate Guide (CDRG)

- ED publication designed to assist you with cohort rate data
 - Step by step guide to challenges and appeals
 - Example spreadsheets and letter templates
 - Timelines
 - Checklists
 - Formulas
 - Contacts
 - More...

Incorrect Data Challenge

- *Draft Cycle* – submit within 45 days
- Review and work with data managers to correct any errors prior to final rate publication



Practice

- 2011
 - 3-year (Published Sept. 2014)
Borrowers who entered repayment in FFY 2011 and defaulted from 10/1/10 to 9/30/13 (FFY 2011, 12 or 13)

Borrowers who entered repayment from 10/1/10 to 9/30/11 (FFY 2011)

Questions?



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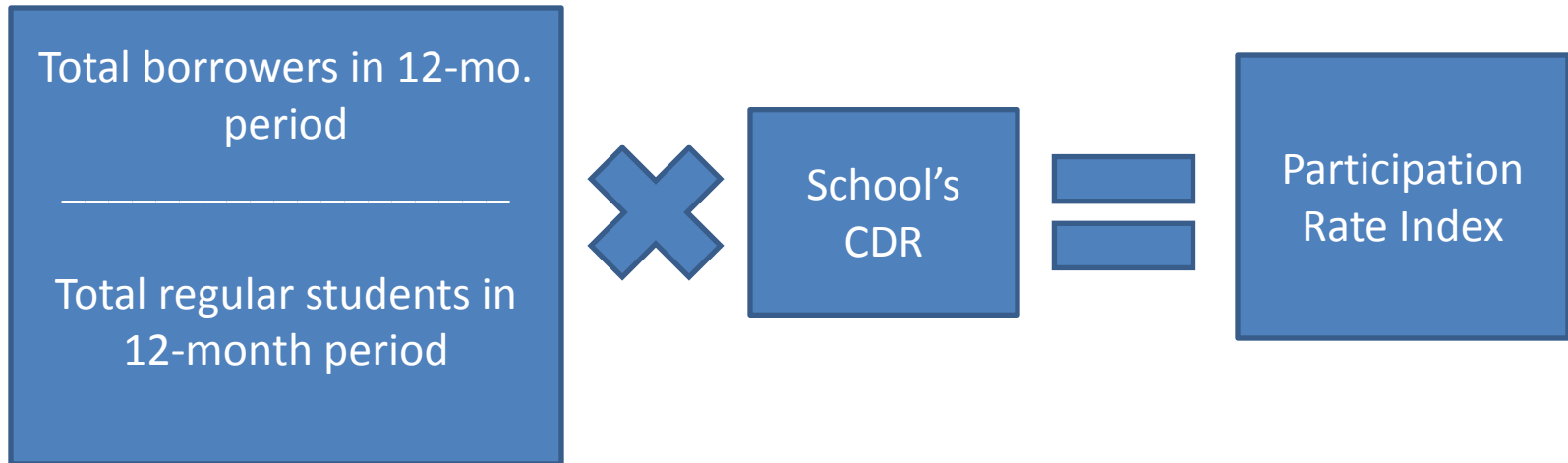
Understanding Cohort Rates, Challenges and Appeals Part II



Participation Rate Index Challenge

- *Draft Cycle* – submit within 45 days
- Only schools with a high CDR (potential loss of eligibility) and a low participation rate index could benefit

Participation Rate Index Challenge



Participation Rate Index Challenge

- 2-year CDR
 - potential loss of eligibility based on most recent 3 consecutive year rates of 25% or higher
 - PRI .0375 or less (for one of those 3 years)
 - potential loss of eligibility based on most recent CDR over 40%
 - PRI .06015 or less

Participation Rate Index Challenge

- 3-year CDR
 - potential loss of eligibility based on most recent 3 consecutive year rates of 30% or higher
 - PRI .0625 or less (for one of those 3 years)
 - potential loss of eligibility based on most recent CDR over 40%
 - PRI .06015 or less
 - Potential provisional certification based on 2 of 3 most recent CDRs 30% or higher
 - PRI .0625 or less

Uncorrected Data Adjustment

- *Official Cycle* – submit within 30 days
- Correct data that should have been corrected per incorrect data challenge
 - Submitted timely challenge
 - Data manager agreed to correct
 - Agreed upon change is not reflected in final data

New Data Adjustment

- *Official Cycle* – submit within 15 days
- Challenge the accuracy of “new data” included in most recent CDR
 - Compare draft and official data

Erroneous Data Appeal

- *Official Cycle* – submit within 15 days
- Schools subject to CDR-based sanctions
 - Official data contains incorrect new data and/or disputed data, AND
 - Appeal itself or in combination with Loan Servicing appeal or New Data or Data Adjustment would yield a recalculated CDR below sanction threshold

Loan Servicing Appeal

- *Official Cycle*
 - Request loan servicing records within 15 days
 - Submit appeal within 30 days of receipt of loan records
 - Objective is to adjust a school's official CDR to exclude "improperly serviced" loans
 - Data managers may charge school up to \$10 per borrower file
 - School must send data manager entire copy of LRDR for official rate data

Loan Servicing Appeal

- Improperly serviced FFEL for cohort purposes
 - Borrower never made payment and school can document lender was required but failed to
 - ✓ send at least 1 letter (other than final demand)
 - ✓ make at least 1 phone attempt
 - ✓ request pre-claims assistance
 - ✓ send a final demand letter
 - ✓ submit certification to lender of required skip-tracing efforts

Loan Servicing Appeal

- Improperly serviced Direct Loan for cohort purposes
 - Borrower never made payment and school can document the federal servicer was required but failed to
 - ✓ send at least 1 letter (other than final demand)
 - ✓ make at least 1 phone attempt
 - ✓ to send a final demand
 - ✓ to document skip-tracing if it did not have borrower's current address

Economically Disadvantaged Appeal

- *Official Cycle* – submit within 30 days
- School subject to CDR-based eligibility loss or provisional certification
- Alleges school should not lose eligibility or be placed on provisional certification due to high number of low-income students
- Within 60 days school must submit an independent auditor's attestation

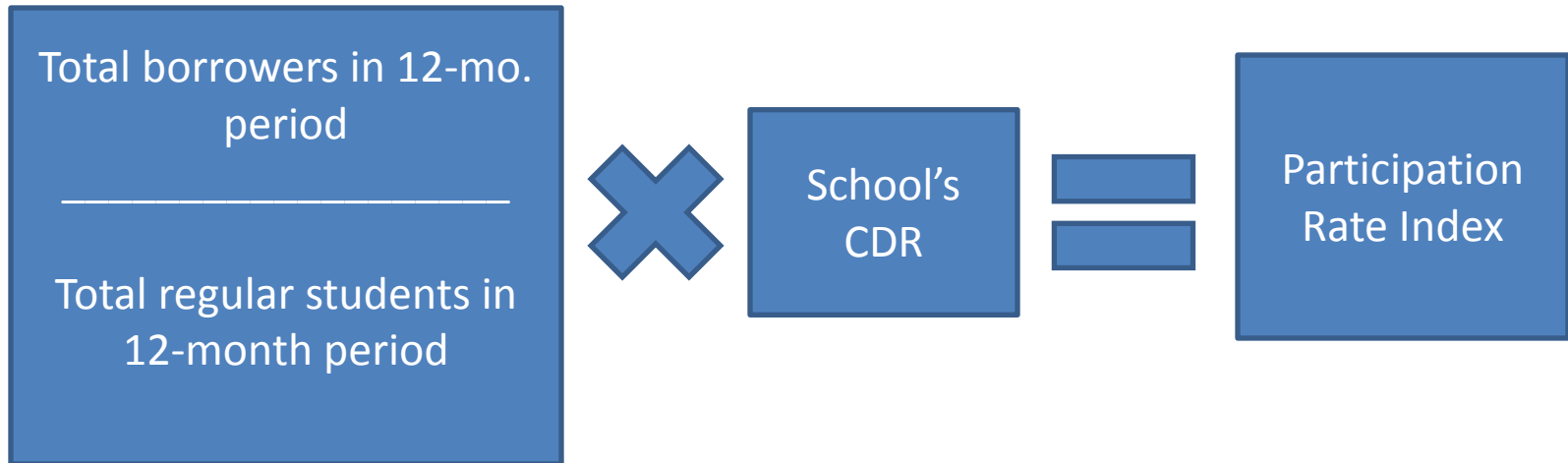
Economically Disadvantaged Appeal

- Non-degree granting school
 - Low-income rate 2/3 or more AND
 - Placement rate is 44% or more
- Degree granting school
 - Low income rate 2/3 or more AND
 - Completion rate is 70% or more

Participation Rate Index Appeal

- *Official Cycle* – submit within 30 days
- Schools with a high CDR (potential loss of eligibility) and a low participation rate index

Participation Rate Index Appeal



Participation Rate Index Appeal

- 2-year CDR
 - potential loss of eligibility based on most recent 3 consecutive year rates of 25% or higher
 - PRI .0375 or less (for one of those 3 years)
 - potential loss of eligibility based on most recent CDR over 40%
 - PRI .06015 or less

Participation Rate Index Appeal

- 3-year CDR
 - potential loss of eligibility based on most recent 3 consecutive year rates of 30% or higher
 - PRI .0625 or less (for one of those 3 years)
 - potential loss of eligibility based on most recent CDR over 40%
 - PRI .06015 or less
 - Potential provisional certification based on 2 of 3 most recent CDRs 30% or higher
 - PRI .0625 or less

Average Rates Appeal

- *Official Cycle* – submit within 30 days
- School's subject to CDR-based sanctions (ED notifies a school if they qualify)
- Exempts school from CDR-based sanctions if rate was calculated using the average rate
 - School's current official CDR over 40%
 - 2 of the 3 most recent official CDRs are average rates but would have been below sanction threshold if calculated as stand-alone rates

Thirty-or-Fewer Borrowers Appeal

- *Official Cycle* – submit within 30 days
- School's subject to CDR-based sanctions (ED notifies a school if they qualify)
- Exempts school from CRD-based sanctions if a combined total of 30 or fewer borrowers enter repayment during 3 most recent years used to calculate the CDR

Resources

- [**Cohort Default Rate Guide**](#)
- [**eCDR Appeals IDC User Guide**](#)
- [**eCDR Appeals UDA User Guide**](#)
- [**eCDR Appeals NDA User Guide**](#)

Questions?



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