

# Federal Cohort Default Rate: Default Management Plan Requirements and Tools

FSA Presenters:

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- ❖ NSLDS Reports
- ❖ Why Create a Default Prevention Plan?
- ❖ Default Prevention and  
Debt Management Strategies
- ❖ The Take-A-Ways

# **NSLDS Reports**

- **School Portfolio Report**
- **Borrower Demographic Report**
- **Delinquent Borrower Report**
- **School Cohort Default Rate History Report**

## School Portfolio Report

- The ***School Portfolio Report*** (SCHPR1) provides school users with current information about all Direct Loan (DL) and/or Federal Family Education Loan (FFEL) program loans
  - Includes all loans associated to a given OPEID
  - Includes Consolidation Loans and Underlying Loans
  - Includes Parent PLUS and Graduate PLUS Loans
  - Includes loans from the prior school for school mergers
- Delivery Options:
  - Available for scheduled delivery or adhoc delivery
  - Available in fixed-width and comma-separated value (.csv) formats
- School Portfolio Report Reader
  - Easily imports School Portfolio Report into Microsoft Excel

# School Portfolio Report

[Menu](#) [Aid](#) [Enroll](#) [Org](#) [Report](#) [Tran](#)  
[Report List](#) | [Web Report List](#)

ID: [SCHPR1](#) Type: Extract  
 Name: SCHOOL PORTFOLIO REPORT

SCHOOL ID: 001484

SCHOOL BRANCH ID:  99999999

ENTER REPAY BEGIN DT:  MM/DD/CCYY

ENTER REPAY END DT:  MM/DD/CCYY

LOAN STATUS:  ▾

LOAN PROGRAM TYPE:  ▾

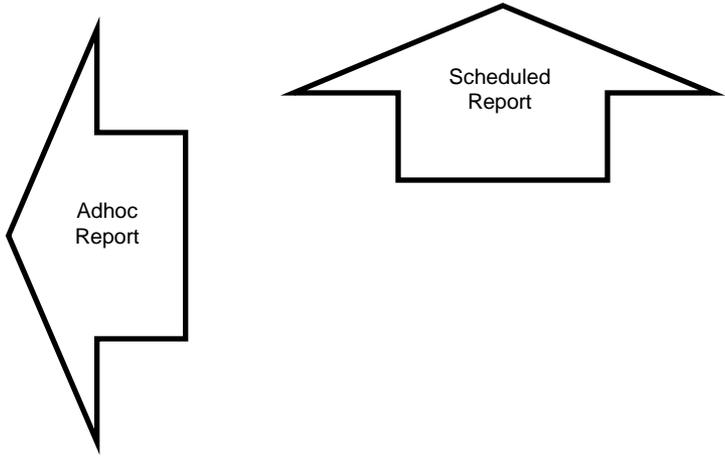
EXTRACT TYPE:  ▾

Sort By:  ▾

Output Medium: SAIG

[Menu](#) [Aid](#) [Enroll](#) [Org](#) [Report](#) [Tran](#)  
[Org Contact List](#) | [Org Search](#) | [Data Provider Schedule](#) | [Repayment Information](#) | [Cohort Default Rate](#) | [School Profile](#) | [GE Program Tracking List](#)

School Portfolio  
 Reporting Type: COMMA DELIMITED  
 Frequency: QUARTERLY  
 School Branch ID: 00  
 SAIG Mailbox: TGS0002 - SCHOOL ORGANIZATION



## School Portfolio Report

### School Portfolio Report Logic:

- User specifies “Date Entered Repayment” Range
  - NSLDS suggests looking at a specific cohort year  
Example: Cohort Year 2013 = 10/01/2012 – 09/30/2013
  - The scheduled version will provide six cohort years worth of data: three years prior to the current cohort year, the current cohort year and two years after the current cohort year
- NSLDS returns the MOST RECENT information for all the loans that are associated to the OPEID
  - School mergers are accounted for
  - Consolidation loans are returned when an underlying loan is associated to the OPEID

# School Portfolio Report

- Key Data Elements for Default Prevention:
  - Current Loan Status & Current Loan Status Date
  - Date Entered Repayment
  - Most Recent Repayment Plan Type & Most Recent Repayment Plan Begin Date
  - Delinquency Date
  - Most Recent Payment Effective Date
- *Suggestions:*
  - *Ensure that the Date Entered Repayment is reasonable to when the borrower separated from your institution*
  - *Contact borrowers (using contacts in Borrower Demographic Report) that are delinquent*
  - *Contact borrowers that could benefit by being on an Income Driven Repayment Plan*

## School Portfolio Report

- Key Data Elements for calculating a numerator and denominator:
  - Loan Type
  - Date Entered Repayment
  - Current Loan Status & Current Loan Status Date
  - CDR Date of Default
  - Claim/Discharge Reason Code & Claim/Discharge Date
  - Rehabilitation/Repurchased Indicator & Rehabilitation/Repurchased Date

## School Portfolio Report

- Determining loans to **include** in your denominator:
  - Identify subsidized and unsubsidized loans that qualify for inclusion in the denominator (SF, SU, SL, D0, D1, D2)
  - Date Entered Repayment between 10/01/2012 and 09/30/2013
  - Exclude where the Current Loan Status includes:
    - Cancelled (CA)
    - Abandoned (AL)
    - Closed School (CS)
    - False Certification (FC)
    - Uninsured (UA, UB, UC, UD, UI)

## School Portfolio Report

- Determining loans to **include** in your numerator:
  - Using the loans identified for denominator, identify if the loan is linked to a consolidation loan (CL, D5, D6, D9)
  - Identify if the underlying loan or its consolidation loan has a CDR Date of Default between the Date Entered Repayment and 09/30/2015 for federally-serviced loans
  - Identify if the underlying or consolidation loan has a Default Claim Payment Date between the Date Entered Repayment and 09/30/2015 for commercially-serviced loans
- Suggestion:
  - *Factor in the delinquency date to determine which federally-serviced loans could be included in the numerator in the future*

## School Portfolio Report

- Determining loans to **exclude** from your numerator:
  - Date of Rehabilitation is between the CDR Date of Default and 09/30/2015 for federally-serviced loans
  - Date of Rehabilitation is between the Default Insurance Claim Payment Date and 09/30/2015 for commercially-serviced loans
  - Loan is in a discharge status and the Current Loan Status Effective Date is earlier than the CDR Date of Default or Default Insurance Claim Payment Date:
    - Bankruptcy (BC, DK, OD)
    - Disability (DI, DS)
    - Veteran's Disability (VA)
    - Fraud (FR, FX)
    - Death (DD, DE)

# Borrower Demographic Report

- The ***Borrower Demographic Report (SCHBR1)*** provides school users with demographic information of borrowers for an OPEID.
  - Companion Report to School Portfolio Report
  - Includes mailing address
  - Includes phone number
  - Includes e-mail address
  - Includes Exit Counseling contacts
- Delivery Options:
  - Available for adhoc delivery (scheduled coming soon)
  - Available in fixed-width and comma-separated value (.csv) formats

# Borrower Demographic Report

<a href="#">Menu</a>	<a href="#">Aid</a>	<a href="#">Enroll</a>	<a href="#">Org</a>	<a href="#">Report</a>	<a href="#">Tran</a>
<a href="#">Report List</a>   <a href="#">Web Report List</a>					
ID: <a href="#">SCHBR1</a> Type: Extract					
Name: BORROWER DEMOGRAPHIC REPORT					
SCHOOL ID: 001484					
SCHOOL BRANCH ID: <input type="text" value="*"/> 99999999					
ENTER REPAY BEGIN DT: <input type="text" value="01/01/0001"/> MM/DD/CCYY					
ENTER REPAY END DT: <input type="text" value="12/31/2998"/> MM/DD/CCYY					
LOAN STATUS: <input type="text" value="ALL"/> ▼					
LOAN PROGRAM TYPE: <input type="text" value="BOTH"/> ▼					
EXIT COUNSELING INFO: <input type="text" value="NO"/> ▼					
EXTRACT TYPE: <input type="text" value="STANDARD"/> ▼					
Sort By: <input type="text" value="--Select--"/> ▼					
Output Medium: SAIG					

# Delinquent Borrowers Report

- The ***Delinquent Borrower Report (DELQ01)*** provides school users a report of borrowers with loans reported as delinquent in payments to one of the **federal loan servicers**.
  - Includes all loans associated to a given OPEID
  - Includes Consolidation Loans and Underlying Loans
  - Includes Parent PLUS and Graduate PLUS Loans
  - Includes loans from the prior school for school mergers
- **Delivery Options:**
  - Available for scheduled delivery or adhoc delivery
  - Available in fixed-width, comma-separated value (.csv), and pre-formatted formats

# Delinquent Borrowers Report

[Menu](#) [Aid](#) [Enroll](#) [Org](#) [Report](#) [Tran](#)

[Report List](#) | [Web Report List](#)

ID: [DELQ01](#) Type: --Select- v

Name: DELINQUENT BORROWER REPORT

SCHOOL ID: 001484

SCHOOL BRANCH ID: \*  99999999

FEDERAL LOAN SERVICER: \*

COHORT YEAR: \*  CCYY

DELINQUENT 31-89 DAYS: NO v

DELINQUENT 90-149 DAYS: NO v

DELINQUENT 150-209 DAYS: NO v

DELINQUENT 210-269 DAYS: NO v

DELINQUENT 270-359 DAYS: NO v

DELINQUENT 360+ DAYS: NO v

EXTRACT TYPE: STANDARD v

Sort By: --Select- v

Output Medium: SAIG

[Menu](#) [Aid](#) [Enroll](#) [Org](#) [Report](#) [Tran](#)

[Org Contact List](#) | [Org Search](#) | [Data Provider Schedule](#) | [Repayment Information](#) | [Cohort Default Rate](#) | [School Profile](#) | [GE Program Tracking List](#)

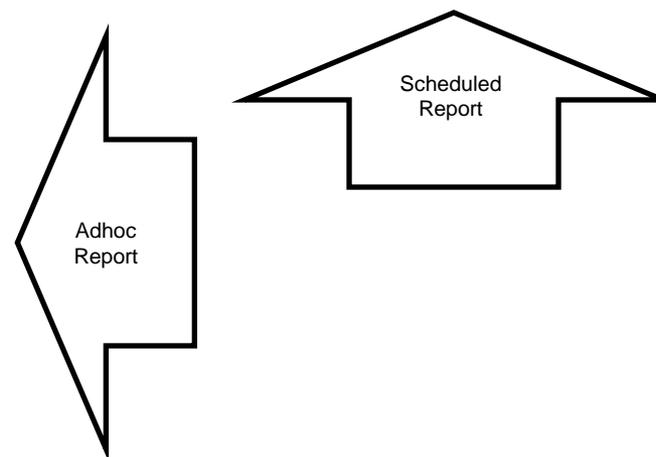
Delinquent Borrower

Reporting Type: FIXED WIDTH

Frequency: WEEKLY

School Branch ID: ALL

SAIG Mailbox: TG50001 - TEST ORGANIZATION



# Delinquent Borrowers Report

## Delinquent Borrower Report Logic:

- User specifies the Cohort Year or includes all Cohort Years
  - Example: Cohort Year 2013 = 10/01/2012 – 09/30/2013
  - The scheduled version will provide six cohort years worth of data: three years prior to the current cohort year, the current cohort year and two years after the current cohort year
- User specifies one or more Delinquency Categories
  - 31 – 89 Days
  - 90 – 149 Days
  - 150 – 209 Days
  - 210 – 269 Days
  - 270 – 359 Days
  - 360 + Days (not yet assigned to DMCS)

# Delinquent Borrowers Report

## Delinquent Borrower Report Logic:

- Output consists of:
  - Student's Identifiers (SSN, Name, DOB)
  - Address
  - Phone numbers
  - E-mail address
  - Loan data including:
    - Date of Delinquency,
    - Days Delinquent,
    - Date Entered Repayment,
    - Date of Default Loan Status,
    - CDR Date of Default,
    - Repayment Plan,
    - Payments and
    - Current Servicer's contact information

# School CDR History Report

- The ***School CDR History Report*** (DRC035) provides school users with supporting back-up detail to the Cohort Default Rate calculation.
- Delivery Options:
  - Pushed with each CDR Release or adhoc delivery
  - Available in fixed-width and pre-formatted formats. Comma-separated value (.csv) coming soon!

# School CDR History Report

Menu Aid Enroll Org Report Tran

Report List | [Web Report List](#)

ID: [DRC035](#) Type:

Name: SCHOOL COHORT DEFAULT RATE HIST RPT

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School: 001484

EXTRACT TYPE:

Sort By:

Output Medium: SAIG

**Cohort Default Rate History List**

Select	Fiscal Year	Rate Type	Numerator	Denominator	Rate	Process Date
<input type="checkbox"/>	2012	3YR OFFICIAL	804	5128	15.6	08/08/2015
<input type="checkbox"/>	2011	3YR DRAFT	813	5122	15.8	01/24/2015
<input type="checkbox"/>	2011	3YR OFFICIAL	698	3930	17.7	07/26/2014
<input type="checkbox"/>	2011	3YR DRAFT	701	3932	17.8	01/11/2014
<input type="checkbox"/>	2010	3YR OFFICIAL	529	2881	18.3	07/28/2013
<input type="checkbox"/>	2011	3YR DRAFT	530	2887	18.3	02/24/2013



# Why Create a Default Prevention Plan?

## Why is a Default Prevent Plan encouraged for all institutions?

- ✓ Establishes default prevention goals
- ✓ Shows the institution's commitment to default prevention
- ✓ Provides a framework for school-based initiatives
- ✓ Protects the integrity of the loan programs
- ✓ It's the right thing to do for students!

A Default Prevent Plan is required if the institution:

### 34 CFR 668.14 (b)(15)

- ✓ Participates in the Direct Loan program for the first time
- ✓ Participates in the Direct Loan program and have undergone a change of ownership

### 34 CFR 668.217

- ✓ Has a 3-Year Cohort Default Rate of 30% or greater for any one federal fiscal year

**First** year at 30% or more:

- Create a 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: Pell, DL
- School has appeal rights

## Identify factors causing rate to exceed threshold

- Conduct analysis
- Identify factors that appear to increase risk

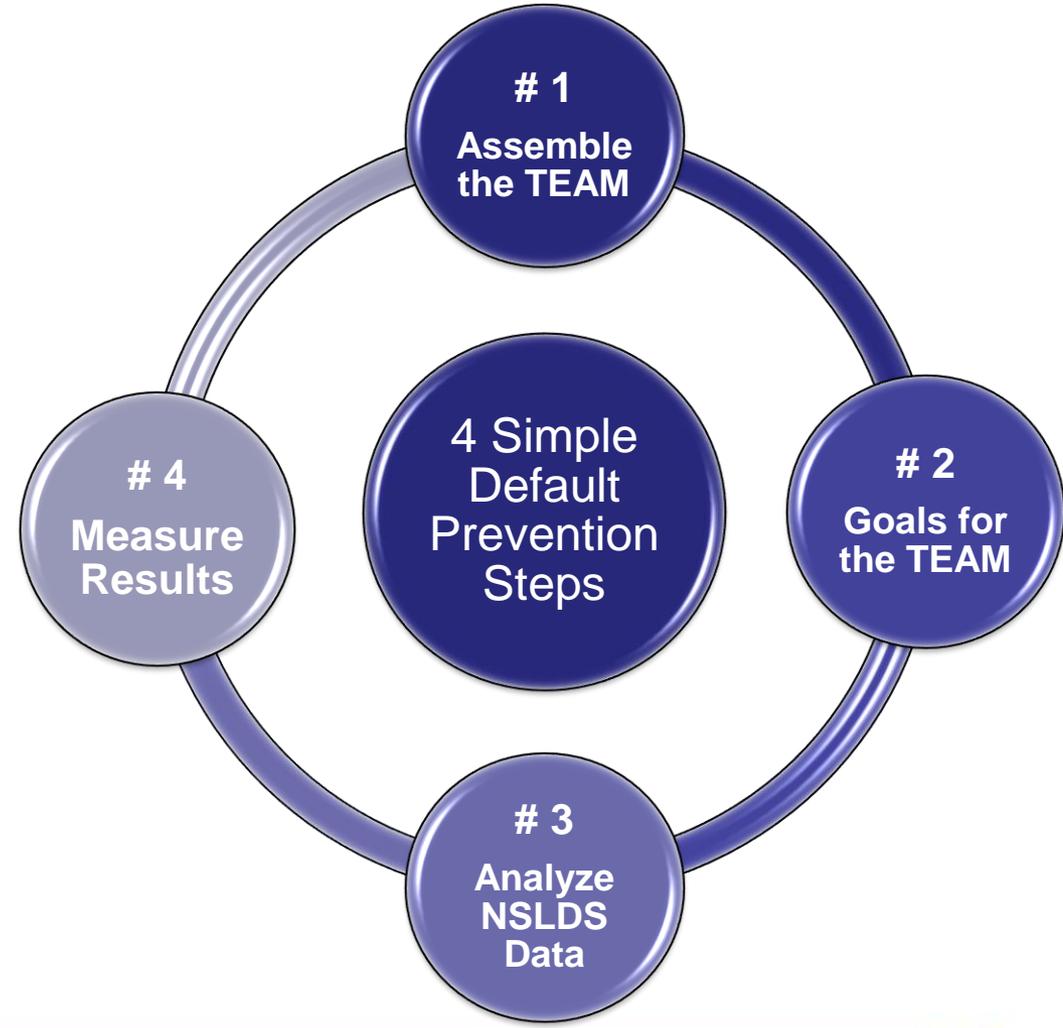
## Establish measurable objectives to improve rate

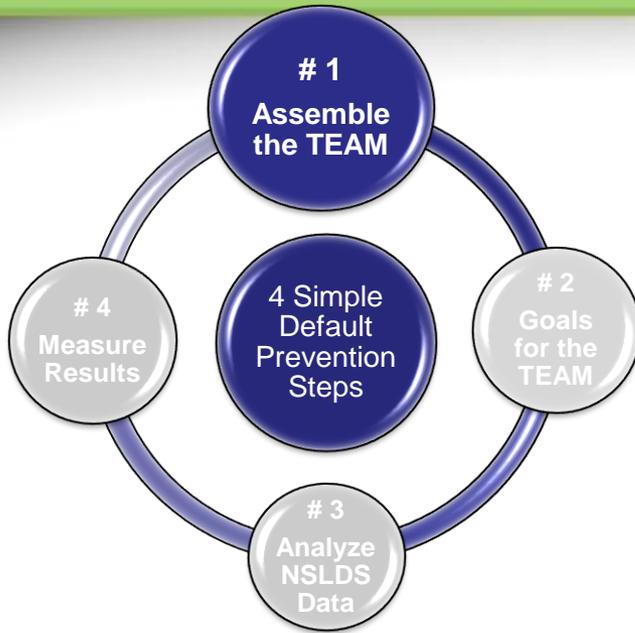
- Identify mechanisms to routinely evaluate success and failure of activities

## Specify actions to improve student repayment

- Includes (but not limited to) counseling on repayment options
- If possible, offer classes on financial literacy

# Default Prevention and Debt Management Strategies





The prevention and management of loan default is a school-wide effort and not the sole responsibility of the financial aid office.

**YOUR Default Prevention Task Force** should drive your default prevention process:

- Assess the resources you have available
- Team participants **SHOULD** be across campus
- Identify the purpose of the task force
- Detail responsibilities of determining risk

**Members of the Default Prevention team may include:**

- Representatives from various offices on campus
  - ✓ Financial Aid
  - ✓ Enrollment Management/Admissions
  - ✓ Academic Affairs Representative
  - ✓ Senior School Officials
  - ✓ Student Services
  - ✓ Career Counseling

**Select a leader for the group; Consider appointing an institutional Default Coordinator.**

**The function of the team is to conduct data analysis to determine the reasons for default at your school and formulate a set of intervention strategies.**

## Share the basic financial aid facts with the team:

- 1 - Explain Title IV funding and the number of students that rely on financial aid to complete their education at your institution
- 2 – What is the Cohort Default Rate (CDR) and how it affects the institution
- 3 – Why a default prevention plan is necessary and important

- Study your default student population
  - Start with your Loan Record Detail Report (LRDR)
- Identify any common characteristics of your defaulters and non-defaulters, and borrowers and non-borrowers
- Build on early Intervention strategies already in existence
- Discuss your current strategies and determine what works and what may need some improvement
- Work closely with your servicers and lenders

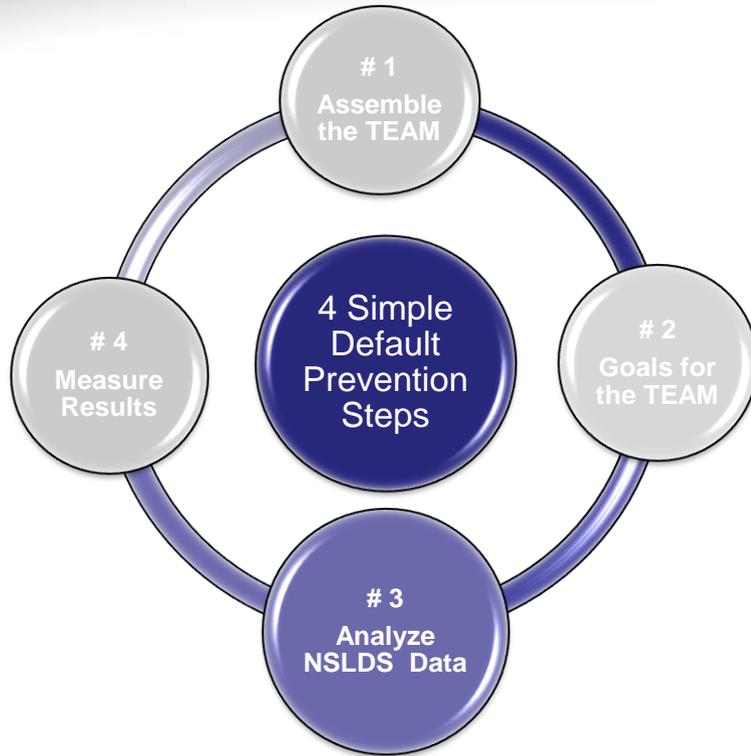
- Find out what type of tools and services are available from your servicers/lenders
- Fine-tune your Loan Servicing procedures for the period while the borrower is at your school
- Have clear and precise procedures with a timeline of dates to take appropriate actions

## **Partner with the Federal Loan Servicers!**

In order to Conduct Risk Analysis – **You NEED DATA!**

- ❖ **Academic Data** – Program completion rates, retention rates, enrollment, percentage of students who borrow, average loan indebtedness
- ❖ **NSLDS** – Review NSLDS (default and delinquency) data along with school data about defaulters and non-defaulters
- ❖ **Servicer Data** – Servicers offer customized reports

**Remember! You need someone to work the data!**



## Reports for Default Prevention

- ✓ School Portfolio Report
- ✓ Borrower Demographic Report
- ✓ Delinquent Borrower Report
- ✓ School Cohort Default Rate History Report

## Conducting Risk Analysis:

- Use data to create a picture of borrowers at-risk of default
- **'Who'** is not enough. Your **who** will be unique
- **'Why'** will require input of academic, student affairs, and other professionals
- Knowing 'why' is necessary to create targeted, useful, and measureable interventions

## Where To Begin?

- (1) Obtain your **Loan Record Detail Report (LRDR)**
  - ✓ How many defaulted borrowers are in your numerator?
  - ✓ What are the characteristics of the defaulted borrowers in your numerator?
- (2) Query academic data to obtain demographic data for your defaulted population.
- (3) Identify the “**who**” and understand the “**why.**”
- (4) Translate the who and why into core strategies to reduce default and build your plan.

## Food For Thought: Typical Findings

- Never Contacted
  - Developmental Courses
  - Late Admits
  - Did Not Graduate
  - Graduated but No License
  - Late Majors
  - Exit Counseling
  - Level of Indebtedness
  - Poor Study Habits
- Academic Preparedness
  - Grad with Minimum GPA
  - Feel unwelcome, no “campus connection”
  - No Jobs in Profession
  - College Majors
  - Attendance Factors
  - Student Employment
  - Transportation

**Do the leg-work, let *your data* lead the way.**

- ✓ Develop your own unique plan based on what your data tells you
- ✓ Take a look at other school plans and compare to similar schools
- ✓ Access the Default Prevention and Management assessment tools and resources

**DOCUMENT!**  
**Create YOUR default prevention plan!**

- ✓ Include information on “At Risk” borrowers
- ✓ Identify interventions points to reduce default risk – be specific
  - ✓ “Early warning” system
- ✓ Leverage Intervention Opportunities
  - ✓ Enrolled/Grace/Repayment
- ✓ Specify who is responsible for what tasks or initiatives
- ✓ Make steps measureable
  - ✓ You need to know if interventions are working
- ✓ Create a **written realistic executable** plan

## **Three Important Take-A-Ways from this Session**

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### ➤ **Assemble an Effective Team!**

Default prevention is a school-wide effort and not the sole responsibility of the financial aid office.

### ➤ **You NEED DATA!**

In order to conduct risk analysis and identify your defaulters you need data.

### ➤ **Partner with the Federal Loan Servicers!**

Your default prevention plan should incorporate the products and services offered by the Federal Loan Servicers.

**Get to know the federal servicers!**

## FSA – Default Prevention Team

Default Prevention Team was created to assist schools with:

- ❖ Establishing their default prevention goals
- ❖ Assessing the resources schools have available in order to establish their Default Prevention team
- ❖ Understanding default risk through the use of servicer and NSLDS available reports and tools
- ❖ Developing/refining their default prevention plan

## Need Assistance?

If schools need assistance in developing or reviewing their default prevention plan, please send a request to the following e-mail address:

[defaultpreventionassistance@ed.gov](mailto:defaultpreventionassistance@ed.gov)

## Contact Us!

**QUESTIONS?**



**Thank You!**