



Default Demolition Derby:
Data Analysis and CDR Challenges
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Introduction

- 11+ years at public and private 4-year and graduate/professional institutions before entering the CC world
- Peak enrollment due to economic conditions
- PJs way up; aid disbursements tripled
- Switch to 3-year default rates
- 15.3%-19.9% trial rates jumped to 30.6% FY2010
- FY2011: 30.2%

Attendee Introductions

- Name
- Institution
- What interests you about this session?
- What's your experience with default management?



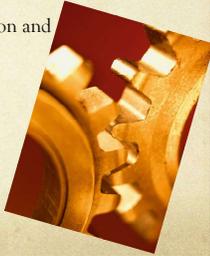
Agenda

- Default rate overview
- Gathering support for CDR work
- Options to contest the rate
- Reviewing the data & identifying potential errors



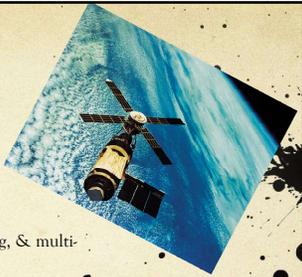
Agenda, continued

- Analyzing the data
- Developing interventions
- Other strategies for default prevention and management
- Resources



Default Rate Overview

Calculations, sanctions, monitoring, & multi-year awareness



Default Rate Basics

- Get friendly with the CDR Guide! (only 205 pages)
 - <http://ifap.ed.gov/DefaultManagement/CDRGuideMaster.html> Updated September 2017
- CDR calculation: Defaulters in cohort period divided by borrowers entering repayment in cohort year
 - 3-year rate: cohort year + 2 following fiscal years
 - FY corresponds to the *trailing year* of the cohort fiscal year
 - FY2014=fiscal year ending in 2014: 10/1/2013-9/30/2014
 - Cohort period includes cohort year + 2 more years
 - FY2014 measurement period is 10/1/2013-10/1/2016

Default Rate Sanctions

- >40% in a single year: loss Direct Loans
- 30% or higher:
 - Year 1: form Default Prevention Task Force & submit default prevention plan to ED
 - Year 2: revise default prevention plan & submit to ED
 - Year 3: lose Pell and Direct Loans



Default Rate Benefits

- <5% for study abroad program:
 - Can disburse loans in a single installment for students studying abroad regardless of loan period length
 - May forgo 30-day delay for first-time, first-year (FTFY) borrowers studying abroad
- <15% for three consecutive years:
 - Can disburse single-term loans in one installment
 - May forgo 30-day delay for FTFY borrowers



Monitoring Your CDR

- Instant gratification:
 - From NSLDS “Org” tab, click on “repayment information.”
 - Like magic: a month-by-month rolling rate of default based on 2- and 3-year timeframes.
- Digging deeper:
 - Custom NSLDS to generate custom reports
 - Delivered to the SAIG mailbox (for the TG number of the requestor)



Multi-Year CDR Awareness

- At this moment, in March 2018:
 - F2015 draft cycle is underway
 - reviewing/contesting data
 - FY2016 cohort period is ending in September 2018
 - FY2017 borrowers have been in repayment for 6-18 months
 - Entered repayment 10/1/16-9/30/17
 - Cohort period ends 9/30/2019
 - FY2018 borrowers: about half have entered repayment
 - Six months left in the cohort year to enter repayment
 - Cohort period ends 9/30/2020

Multi-Year Awareness, p. 2

- FY2019 borrowers:
 - Those who left school or graduated as early as 3/30/2018
 - 6-month grace period will end on 9/30/18, placing them in repayment for FY2019
 - Current student borrowers—
 - If they leave school or graduate on or before 3/30/2019, as their grace periods would likely end and their loans would enter repayment on or before 9/30/19
- Current students who continue enrollment beyond 3/30/2019 will fall into a future cohort—FY2020 and beyond

Multi-Year Awareness, p. 3

- For each cohort—
 - What should you track, and how?
 - What outreach is appropriate?
 - What interventions are necessary?



CDR Action Timeline

- February: draft rates released & review cycle begins
 - Challenge time! Only 45 days to crush your rate!
- September: official rates—start another review cycle!
 - On to adjustments & appeals
- Intensive processes & unfamiliar tasks
- Timing may conflict with your office's other processing priorities



Mobilizing Support

You're going to need help!



Mobilizing Support

- Involve upper leadership
 - CDR=institutional responsibility—not just FA!
 - Student success is key
- Cross-campus communication & collaboration
 - Administration, faculty, staff, & students
- Involve IT & Institutional Research
- Temporary staffing support
- Start early!



Options to Contest your CDR

Alphabet soup



Draft Period Options

- Incorrect Data Challenge (IDC)
 - https://ecdrappeals.ed.gov/ecdra/docs/eCDR_Appeals_IDC_User_Guide.pdf (90 pages)
- Participation Rate Index Challenge (PRIC?)
 - Only available when at the precipice (stay tuned!)
 - For schools with low percentage of borrowers

Official Period Options

- Uncorrected Data Adjustments (UDA)
 - Fixes errors that should have been corrected as a result of the IDA but were not changed in the official LRDR
- New Data Adjustment (NDA)
 - Contest new data that impacts default calculation
- Erroneous Data Appeal (EDA)
 - Only available at precipice
 - Contest inaccurate data again

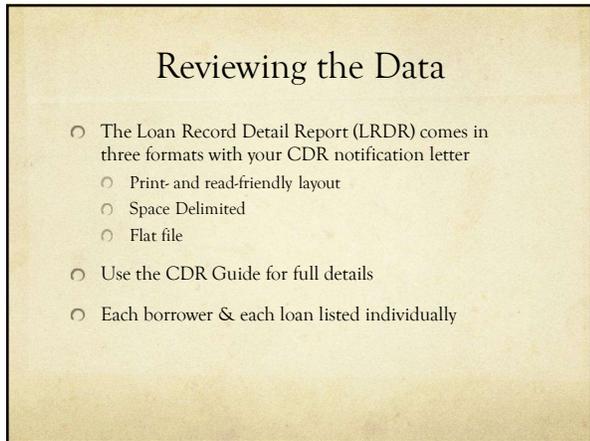
More Official Rate Options

- Loan Servicing Appeal (LSA)
 - Review loan records for improper/incomplete servicing
- Economically Disadvantaged Appeal (EDA?)
 - High percentage of low-income borrowers, AND
 - High completion rate or high job placement rate
- Participation Rate Index Appeal (PRIA?)
 - Low percentage of aid recipients are borrowers

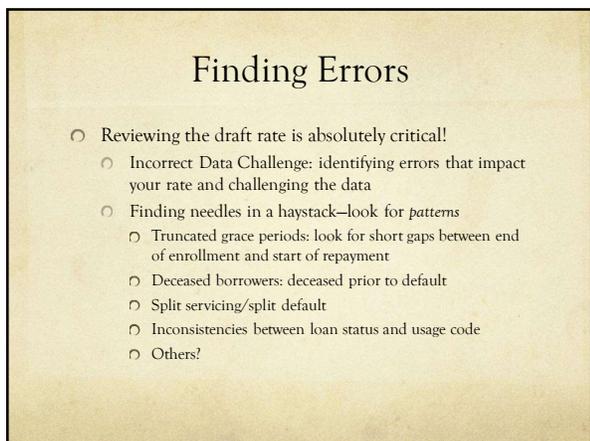
ED-initiated Options

- Average Rates Appeal
 - Another precipice option
- Thirty-or-fewer-borrowers Appeal
 - It is what it says it is
 - Precipice only





- The Loan Record Detail Report (LRDR) comes in three formats with your CDR notification letter
 - Print- and read-friendly layout
 - Space Delimited
 - Flat file
- Use the CDR Guide for full details
- Each borrower & each loan listed individually



- Reviewing the draft rate is absolutely critical!
 - Incorrect Data Challenge: identifying errors that impact your rate and challenging the data
 - Finding needles in a haystack—look for *patterns*
 - Truncated grace periods: look for short gaps between end of enrollment and start of repayment
 - Deceased borrowers: deceased prior to default
 - Split servicing/split default
 - Inconsistencies between loan status and usage code
 - Others?

Official Cycle: Rinse/Repeat

- Check the official LRDR against the draft
 - If you submitted an IDC—
 - Make sure the corrections were made!
 - If not, do the UDA—this is easy.
 - Find the changes between the draft and official LRDR
 - Use the NDA to contest errors that are new
 - Cannot contest errors if they were already on the draft LRDR but were not challenged through the IDC

Loan Servicing Appeals

- Review records from loan servicers
 - All records are in different formats
 - Records are often incomplete
 - Records arrive at varying times
 - Countdown is suspended while you wait for records
- Straightforward process (once you have the right info) with big impact
 - If a sample is used instead of the full population, the adjustment to your rate will be increased accordingly

Persnickety Technical Details

There are so, so, so many

Persnickety Details, 1 of many

- First step: sign up to use eCDR appeals:
 - https://ecdrappeals.ed.gov/ecdra/docs/SA_User_Guide.pdf
 - Only 35 pages; the relevant portion ends on page 18
- A CEO certification letter signed by your college president is required to complete each eCDR process
 - Alert your president & provide letter templates early

Persnickety Details 2

- Countdown (45 days for IDC) starts the first day of the cohort cycle; days roll over at 10:01 p.m., CT
- When the eCDR's countdown says "you have xx number of days to submit the challenge"--
 - They're counting TODAY. (Right!)
- You have to initiate the "case" (eCDR speak), and wait for your LRDR to load
 - This may take a day or two, or it may take 2 weeks!
 - The countdown will be suspended while you wait

Persnickety Details 3

- You can "request clarification" in the eCDR system within a specific timeframe after each data manager has responded.
 - Timeline is suspended during requests for additional information, servicer review, and clarification requests
- There can be wide variation in response times--
 - From ED
 - From data managers
 - From servicers (for loan servicing appeals)
 - Resistance is futile.

Persnickety Details 4

- The eCDR system is rarely intuitive
 - Navigating it without using the extensive written guides may result in significant and potentially disastrous errors.
 - Reach out to ED for help frequently
 - Document your conversations: phone logs and email records
 - This will increase your odds of success when begging for mercy

Persnickety Details 5

- eCDR processes are highly manual: budget plenty of time!
 - Hand-enter each borrower's information
 - Attach supporting documentation
 - Enter comments & clarification requests
- Automated email will notify you whenever a "data manager" (i.e., servicers eCDR reviewer) reviews the records for a servicer
 - Log into eCDR system to view outcome
 - Information doesn't auto-sort; self-service isn't easy

Persnickety Details 6

- You will be notified once all the data managers respond.
- Next, ED will review all of the data managers' decisions. You'll receive another automated message when this is complete
 - Do not make the mistake of not checking the numbers again! Remember, ED will likely disagree with some of the data managers' decisions!
- You can check your progress and tentatively estimate your revised rate as you go

Analyzing Your Data

Tailoring Default Prevention Strategies

Knowing Your Borrowers

- What makes your population unique?
 - Traditional/non-traditional
 - Local/commuter, regional, state, national?
 - Veterans, active duty military?
 - Sensitive to local economy?
 - Competitive or open admissions?
 - Full-time/part-time?
 - Continuous or intermittent enrollment?
 - Career-oriented or general studies?
 - First generation? SES? Pell recipients?
 - Is English the student's and/or family's 1st language?



Now, Check Your Hunches.

- Do your defaulters cluster around specific factors?
- What positive & negative factors might surprise you?
- What does the data tell you?

Developing Interventions

- Assess & build your resources:
 - People
 - Funding
 - Campus-wide support
- Base your interventions on data & analysis
 - What do your at-risk borrowers need?
- Be mindful of loan counseling restrictions (GEN-15-06)
 - Cannot delay disbursement if student is eligible

Developing Interventions

- Involve others on campus
 - Default Prevention Task Force or similar group
 - Share ownership of default management
 - Generate better ideas through collaboration
 - Delegate tasks
- Focus on student success—everyone can agree on this!



Other Strategies and Resources

Additional Strategies

- Do you need professional help?
- Can you manage work in-house with free or low-cost tools?
- Do you have a position dedicated to default management? Do you need one?
- Make the news media your friend—cautiously.

Resources

- <http://ifap.ed.gov/DefaultManagement/DefaultManagement.html>
- <http://ifap.ed.gov/DefaultManagement/CDRGuideMaster.html>
- <http://ifap.ed.gov/ifap/helpContactInformationDetailedList.jsp?contactname=Operations%20Performance%20Division>
- <https://ecdrappeals.ed.gov/ecdra/index.html>
- <http://www.ifap.ed.gov/dpccletters/GEN1506.html>

Thank you!

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