



• **Default Demolition Derby:**  
 Data Analysis and CDR Challenges  
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 Lane Community College

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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%

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### Attendee Introductions

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




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## Agenda



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

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## Agenda, continued

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



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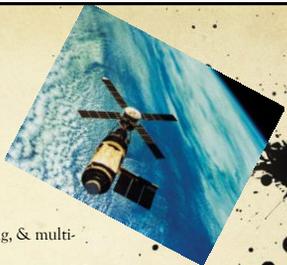
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## Default Rate Overview

Calculations, sanctions, monitoring, & multi-year awareness



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## 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

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## 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




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## 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




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## 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)




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## 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

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## 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

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## Multi-Year Awareness, p. 3

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



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## 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



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## Help Mobilizing Support

You're going to need help!



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## 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!




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## Options to Contest your CDR

Alphabet soup




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## Draft Period Options

- Incorrect Data Challenge (IDC)
  - [https://ecdrappeals.ed.gov/ecdra/docs/eCDR\\_Appeals\\_IDC\\_User\\_Guide.pdf](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

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### Official Period Options

- Uncorrected Data Adjustment (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 precipe
  - Contest inaccurate data again

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### 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

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### ED-initiated Options

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

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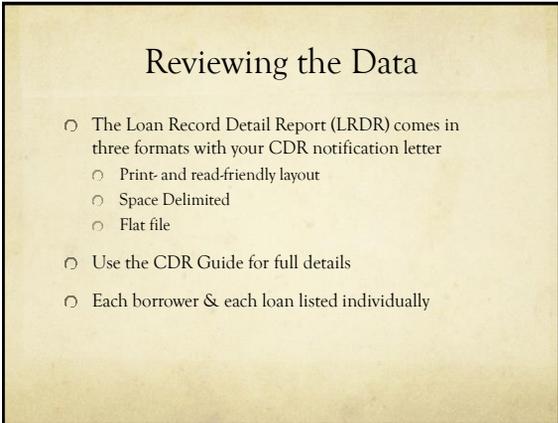
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- The Loan Record Detail Report (LRDR) comes in three formats with your CDR notification letter
  - Print- and read-friendly layout
  - Space Delimited
  - Flat file
- Use the CDR Guide for full details
- Each borrower & each loan listed individually

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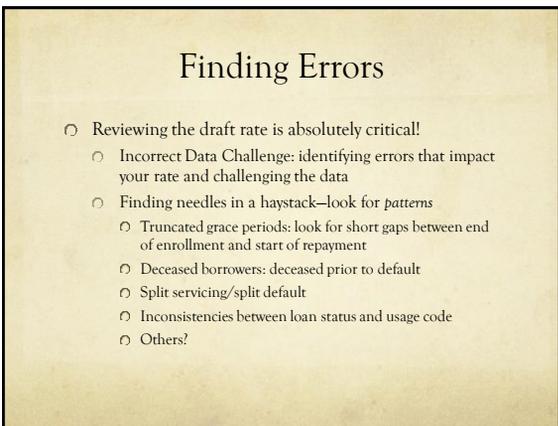
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- Reviewing the draft rate is absolutely critical!
  - Incorrect Data Challenge: identifying errors that impact your rate and challenging the data
- Finding needles in a haystack—look for *patterns*
  - Truncated grace periods: look for short gaps 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?

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## 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

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## 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

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## Persnickety Technical Details

There are so, so, so many

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### Persnickety Details, 1 of many

- First step: sign up to use eCDR appeals:
  - [https://ecdrappeals.ed.gov/ecdra/docs/SA\\_User\\_Guide.pdf](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

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### 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

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### 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.

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### 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

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### 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

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### 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

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**Analyzing Your Data**  
 Tailoring Default Prevention Strategies

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**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 1<sup>st</sup> language?




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**Now, Check Your Hunches.**

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

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## 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

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## 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!



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## Other Strategies and Resources

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## 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.

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## Resources

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

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## Thank you!

- Contact information:
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