

Incorrect Data Challenge

Chapter

4.1

What is an incorrect data challenge?	<i>4.1-1</i>
Which schools may submit an incorrect data challenge?	<i>4.1-1</i>
What benefit will a school gain from submitting an incorrect data challenge?	<i>4.1-2</i>
What types of incorrect data challenge allegations may a school submit as a part of an incorrect data challenge?	<i>4.1-3</i>
What role does the Department have in a school's incorrect data challenge?	<i>4.1-4</i>
How does a school submit an incorrect data challenge?	<i>4.1-4</i>
How does a school identify the data manager of a loan?	<i>4.1-8</i>
How does a data manager respond to a school's incorrect data challenge?	<i>4.1-8</i>
Which Department addresses should a data manager use for submitting an incorrect data challenge response?	<i>4.1-12</i>
What does a school do with a data manager's incorrect data challenge response?	<i>4.1-14</i>

Incorrect Data Challenge

What is an incorrect data challenge?

After the release of the draft cohort default rates, the U.S. Department of Education (the Department) provides schools an opportunity to review the draft data and, if necessary, work with the data manager responsible for the loans to correct any errors. The process of correcting data is called an incorrect data challenge. This process was formerly referred to as a draft data challenge.

Timing is critical when submitting an incorrect data challenge. A school must submit an incorrect data challenge to the data manager for a loan within 45 calendar days of receipt of the hardcopy loan record detail report for the draft period. Figure 4.1.1 shows the time frame for submitting an incorrect data challenge.

Which schools may submit an incorrect data challenge?

All schools, including those with draft cohort default rates below 25 percent, are provided the opportunity to challenge the draft data. Because the draft data forms the basis for a school's official cohort default rate, it is important that every school review its draft data and, if necessary, submit an incorrect data challenge. Even schools that have withdrawn from the Federal Family Education Loan (FFEL) and/or William D. Ford Federal Direct Loan (Direct Loan) programs should review the loan record detail report for the draft period and, if appropriate, submit an incorrect data challenge.

Challenging draft cohort default rate data enables a school to request a correction to what it believes to be inaccurate data contained in the school's draft data. Inaccurate data refers to information incorrectly included in, or incorrectly excluded from, a school's loan record detail report. In other words, a loan record detail report for the draft period contains inaccurate data if

- ❖ a borrower was incorrectly reported in the draft cohort default rate calculation,
- ❖ a borrower was incorrectly included in the draft cohort default rate calculation, and/or
- ❖ a borrower was incorrectly omitted from the draft cohort default rate calculation.

34 CFR 668.185(b)

Figure 4.1.1
Time Frame for Submitting an Incorrect Data Challenge



A school will not have a second opportunity to challenge and correct inaccurate data

It is important to correct inaccurate data through an incorrect data challenge for a number of reasons:

- ❖ A school will not have a second opportunity to challenge and correct the data; in its review, the school needs to ensure that no discrepancies exist among its records, the information obtained from outside sources, and the loan record detail report for the draft period.
- ❖ The loan information used to calculate the draft cohort default rate will be used to calculate the school's official cohort default rate; the school needs to ensure that this data is accurate because official cohort default rates can result in certain benefits for the school or sanctions against the school.
- ❖ An incorrect data challenge will preserve a school's right to submit an uncorrected data adjustment if the agreed upon changes are not correctly shown in the official cohort default rates.
- ❖ An incorrect data challenge will preserve a school's right to submit an erroneous data appeal on the basis of disputed data if the school is subject to sanctions after the release of the official cohort default rates.

If a school fails to challenge inaccurate data in the loan record detail report for the draft period, it cannot challenge the inaccurate data at any other time. Further, a school that fails to challenge inaccurate data in the loan record detail report for the draft period will also lose the right to submit an erroneous data appeal based on inaccurate data that appeared in the loan record detail report for the draft period.

What benefit will a school gain from submitting an incorrect data challenge?

If it is determined that the draft cohort default rate data is inaccurate, and the data manager responsible for the inaccurate data agrees to make a change to the data, the school's official cohort default rate should reflect the change. The change to the data may lower, raise, or not affect the draft or official cohort default rates. If the agreed upon changes are not reflected in the official cohort default rate, a school may submit an uncorrected data adjustment to the Department's Default Management after the release of the official cohort default rates to request that Default Management make the manual change to the school's official cohort default rate.

What types of incorrect data challenge allegations may a school submit as a part of an incorrect data challenge?

Chapter 3.1, “Cohort Default Rate Strategies,” contains examples of incorrect data challenge allegations a school may submit as a part of an incorrect data challenge and the sort of documentation a school should submit to support the incorrect data challenge allegation. The incorrect data challenge allegations listed in that section are common incorrect data challenge allegations; a school may submit an incorrect data challenge based on incorrect data challenge allegations not covered in that section.

A school must submit supporting documentation with its incorrect data challenge allegations. Relevant supporting documentation for any incorrect data challenge allegation includes, but is not limited to, the following:

- ❖ a copy of a letter to the relevant data manager that informs the entity of the borrower’s last date of attendance or less-than-half-time date and proof that the documentation was timely sent to the relevant data manager;
- ❖ a dated copy of a Student Status Confirmation Report (SSCR) sent to a relevant data manager that confirms the borrower’s last date of attendance or less-than-half-time date and proof that the documentation was timely sent to the data manager;
- ❖ a screen print from the SSCR function within National Student Loan Data System (NSLDS) that confirms the borrower’s last date of attendance or less-than-half-time date was timely recorded within NSLDS; or
- ❖ a copy of a cancelled check, front and back, or other documentation showing that the borrower’s loan was cancelled and fully refunded within 120 days of disbursement by the lender.

If the data a school submits as a part of an incorrect data challenge was never originally submitted to the relevant data manager or NSLDS, or if the data was not submitted in a timely manner, the data manager should respond that the issue in question was determined based on the best information available at the time and that as a result, no change is warranted for cohort default rate purposes. To be considered timely, the school must have submitted the data to the data manager within two months of the event it concerns.

What role does the Department have in a school's incorrect data challenge?

The Department is responsible for responding to a school's incorrect data challenge if the Department is the data manager for the loans being challenged. The Department is the data manager for FFELs the Department holds and for all Direct Loans.

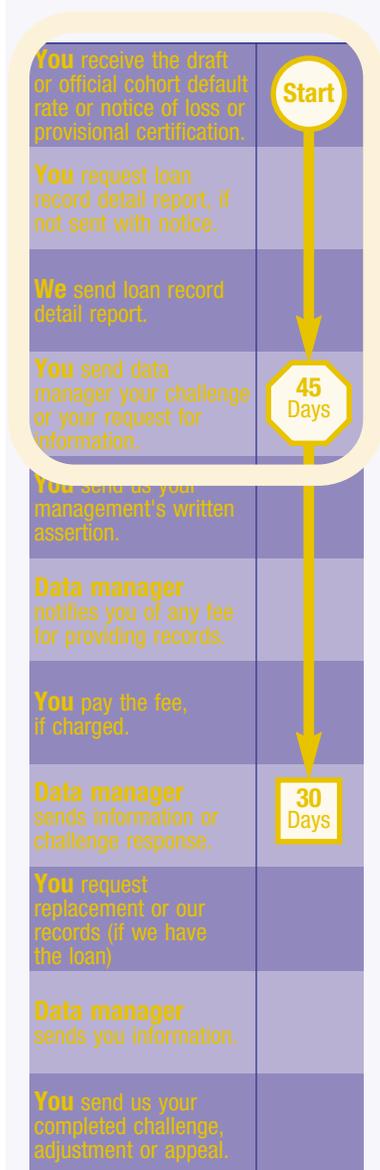
Default Management is responsible for responding to schools' inquiries regarding FFELs that the Department holds. These loans are primarily identified in the loan record detail report with a guarantor/servicer code of 555. See Chapter 2.3, "Loan Record Detail Report," for a listing of other codes that identify the Department as the holder of a loan.

The Department's Direct Loan servicer is responsible for responding to schools' inquiries regarding all Direct Loans, even those that are in default. These loans are identified in the loan record detail report with a guarantor/servicer code of 0101.

How does a school submit an incorrect data challenge?

Timing is critical when submitting an incorrect data challenge. In order to submit an incorrect data challenge, a school must review the loan record detail report for the draft period to determine if the report contains any inaccurate data. As mentioned, inaccurate data occurs when

- ❖ a borrower was incorrectly reported in the draft cohort default rate calculation,
- ❖ a borrower was incorrectly included in the draft cohort default rate calculation, and/or
- ❖ a borrower was incorrectly omitted from the draft cohort default rate calculation.



If the school believes the report contains inaccurate data, it should submit an incorrect data challenge to the data manager. The school must do so within 45 calendar days of receipt of the hardcopy loan record detail report for the draft period. If a school submits an incorrect data challenge to the wrong entity, the incorrect data challenge will not be reviewed and the school could miss the deadline for challenging the draft data. Incorrect data challenges are not sent to Default Management unless the school is challenging a FFEL that the Department holds.

Figure 4.1.2
Sample School
Incorrect Data Challenge
Spreadsheet

Data Manager Name: State Guaranty Agency
 Data Manager Code: 111
 School Name: Graphic Tech
 OPE ID: 999999
 Number of Borrowers: 2
 Number of Loans: 3

FY 2003 School Incorrect Data Challenge Spreadsheet

	A	B	C	D	E	F	G	H	I	J	K	L
1	Borrower's SSN	Borrower's Name	Type of Loans	Number of Loans	Earlier of LDA or LTH	Date Entered Repayment	CPD, DD, ICRD, or N/A	FY(s)	Effect on Calculation	Agree/Disagree	Comments	Data Manager Code
2	101-01-1010	Hartsgrove, Matt	SF	1	12/21/1999	06/22/2000	06/25/2001	FY 01 FY 00	- B +D	Agree	Borrower was incorrectly included and should be removed from the FY 2001 calculation and added to the D of the FY 2000 calculation	111
3	010-10-0101	Freerkson, Drew	SF	1	10/01/1999	03/02/2000	12/02/2000	FY 01 FY 00	-B +D	Disagree	Loan was canceled and fully repaid	111
4	010-10-0101	Freerkson, Drew	SU	1	10/01/1999	03/02/2000	12/02/2000	FY 01 FY 00	-B +D	Disagree	Loan was canceled and fully repaid	111
5												
6												

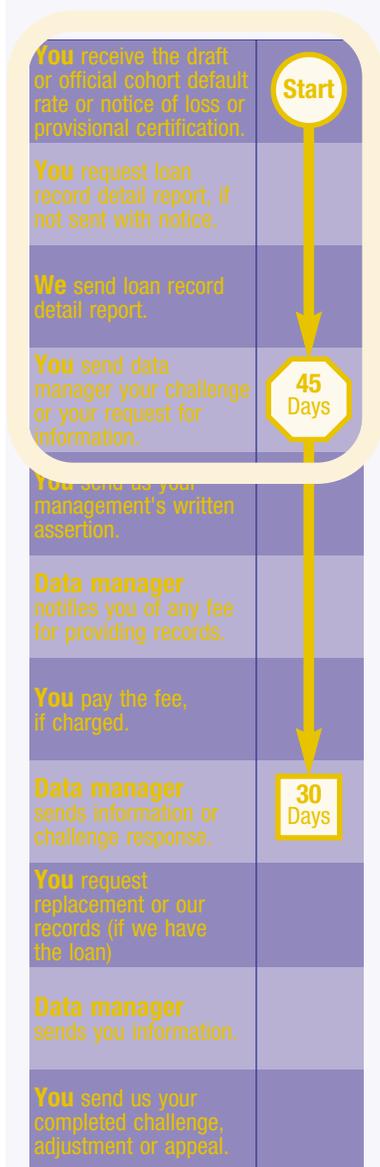
Date 02/14/2003

Page 1 of 1

A school must prepare a separate incorrect data challenge for each data manager for which the school alleges errors. The incorrect data challenge must include the following items:

- ❖ A completed incorrect data challenge spreadsheet that lists the inaccurate data.

Figure 4.1.2 is a sample school incorrect data challenge spreadsheet to a data manager. See the blank spreadsheet and the instructions for creating and completing the spreadsheet in the "Incorrect Data Challenge, New Data Adjustment, and Erroneous Data Appeal Tools" section of Chapter 4.11, "Challenge, Adjustment, and Appeal Tools." A school may photocopy and use the blank spreadsheet when submitting an incorrect data challenge or create its own spreadsheet using the layout provided.



- ❖ Copies of the appropriate pages from the relevant loan record detail report(s).

Each incorrect data challenge allegation should be accompanied by at least one page of a loan record detail report. The school should include the page where the borrower appears or where the borrower should have appeared if the borrower is incorrectly omitted. If the borrower is being moved from one cohort default period to another, the school should include the page of the loan record detail report where the borrower currently appears and the page of the loan record detail report where the borrower should appear. The school should provide both pages of the loan record detail report if the borrower belongs at the end of one page or at the beginning of the next page.

- ❖ Relevant supporting documentation.

Chapter 3.1, "Cohort Default Rate Strategies," contains examples of incorrect data challenge allegations a school may submit as a part of an incorrect data challenge and the sort of documentation a school should submit to support the incorrect data challenge allegation.

- ❖ A letter on the school's letterhead.

The letter should include the school's OPE ID number, a statement indicating that the school is submitting an incorrect data challenge, and the cohort fiscal year to which the incorrect data challenge applies. The letter should feature a subject line that reads "Subject: FY [insert fiscal year being used in the challenge] Incorrect Data Challenge." The letter should include a certification sentence that the information provided is true and correct under penalty of perjury. The school's President/CEO/Owner should sign the letter, and the signature should be followed by a signature block showing the signer's name and job title. Figure 4.1.3 is a sample school incorrect data challenge letter to a data manager.

**Figure 4.1.3 - Sample School Incorrect Data Challenge
Letter to Data Management****GRAPHICTECH**

Graphic Tech
9765 Arts Lane
Coral City, Iowa 12345-9765
1-987-654-3210

February 14, 2003

ATTN: Lesa Neiers
Compliance Officer
State Guaranty Agency
132 Ocean Front Road
Black Diamond Bay, Nebraska 13213-0132

OPEID #999999

Subject: FY 2001 Incorrect Data Challenge

Dear Ms. Neiers:

Graphic Tech, OPE ID#999999, wishes to challenge the FY 2001 draft cohort default rate data found in our loan record detail report for the draft period. Please see the enclosed spreadsheet, pages from the loan record detail reports for the draft period, and supporting documentation.

I, the undersigned, certify under penalty of perjury, that all information submitted in support of this participation rate index challenge is true and correct.

Thank you for your consideration.

Sincerely,



Alexander Peachum
President, Graphic Tech

Enclosures

The Department recommends that a school send all incorrect data challenge correspondence return receipt requested or via commercial overnight mail/courier delivery. This will be useful to a school if it is asked to authenticate the timeliness of its incorrect data challenge. A school should maintain the documentation that verifies the receipt of the incorrect data challenge as well as all documentation submitted as a part of the incorrect data challenge process. If a school does not meet the 45 calendar day time frame for submitting an incorrect data challenge, the incorrect data challenge will not be reviewed.

The data manager must respond to a school's incorrect data challenge within 30 calendar days of receiving the incorrect data challenge. If the data manager disagrees with a school's incorrect data challenge allegations, it should provide documentation to support its decision.

How does a school identify the data manager of a loan?

The guarantor/servicer code on the loan record detail report shows the data manager responsible for a loan. A school can use this number to obtain the name and address of the data manager. See the "Numerical Data Manager Contacts" section in Chapter 2.4, "Loan Record Detail Report Tools," for a listing of data manager codes and addresses.

How does a data manager respond to a school's incorrect data challenge?

A data manager is required to respond to a school's timely submitted incorrect data challenge for those loans for which the entity is the data manager and send a copy of the response to Default Management. However, if the school did not send the incorrect data challenge to the data manager within the 45 calendar day time frame, the data manager should not review the incorrect data challenge allegations.

The data manager must respond to a timely incorrect data challenge within 30 calendar days of receiving the incorrect data challenge. In its incorrect data challenge response, the data manager will address each of the school's incorrect data challenge allegations. If the data manager does not respond within 30 calendar days, the school should advise Default Management in writing of the delay.

Within 30 calendar days of receiving the school's incorrect data challenge, a data manager must determine if the school's incorrect data challenge is timely. The school must submit the incorrect data challenge within 45 calendar days of receiving the hardcopy loan record detail report for the draft period. If the school's due date falls on a weekend or a federal holiday, a school may send its incorrect data challenge to the data manager no later than the next federal business day.

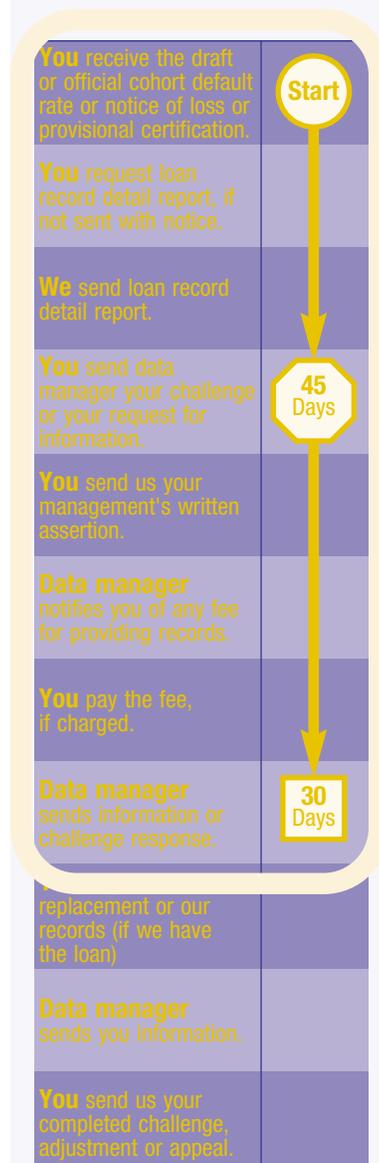
Before denying a school's incorrect data challenge on the basis of a late submission, a data manager should verify the actual date the school received its hardcopy loan record detail report for the draft period from Default Management. If the school did not submit the incorrect data challenge in a timely manner, the data manager should not review any part of the incorrect data challenge. In its response to the school, the data manager should explain that it is unable to review the incorrect data challenge because the school missed the regulatory deadline. The data manager should also send a copy of the response to Default Management.

If the incorrect data challenge is timely, a data manager should review each incorrect data challenge allegation submitted by the school. The data manager should determine the following:

- ❖ The data manager should determine if the incorrect data challenge allegations presented by the school are based on loans that the data manager currently holds.

If the data manager does not hold the loans, the data manager should notify the school that the incorrect data challenge should be submitted to the appropriate data manager and remind the school that the incorrect data challenge must be submitted to the appropriate data manager within 45 calendar days of the school's receipt of its hardcopy loan record detail report for the draft period.

There will be some instances where the data manager was the former holder of the loans, and the loans have defaulted and been assigned to the Department, but the loan record detail report for the draft period does not yet reflect the assignment. In that event, the data manager should send the school a notice stating that the loans have been assigned to the Department. The school then has until the later of the initial 45 calendar day deadline or 15 days after receipt of the letter from the data manager to submit the incorrect data challenge to the Department.





- ❖ The data manager should determine if all relevant material is present.

If a school fails to provide the data manager with all the necessary information, the data manager may ask the school to submit the missing information. However, the school must submit this additional information to the data manager within the initial 45 calendar day deadline for submitting incorrect data challenges. If the school does not submit the additional information within the deadline, the data manager should not review the incorrect data challenge allegation.

- ❖ The data manager should determine if its documentation supports or refutes the school's incorrect data challenge allegation.

The data manager should make a determination on each incorrect data challenge allegation listed on the school's spreadsheet. The data manager should agree with the school if the data manager's documentation supports the school's claim or if the school has demonstrated that the data manager has failed to take into account correct information the school timely sent to the data manager or NSLDS.

The data manager should disagree with the school if the data manager's documentation refutes the school's claim or the school failed to demonstrate that the correct information was timely submitted to the data manager or NSLDS. The data manager should notify the school why it disagrees with the school and send the school a copy of the data manager's supporting documentation. The data manager should send a copy of the response and the supporting documentation to Default Management.

After making its determinations, the data manager should compile a list of the data manager's responses to the school's alleged errors. The data manager should record the responses to each of the school's alleged errors on an incorrect data challenge response spreadsheet and provide comments on why the data manager agrees or disagrees with each of the school's incorrect data challenge allegations. In addition, the data manager should provide supporting documentation if the data manager disagrees with the school's incorrect data challenge allegations. If the data manager's response indicates that a loan has been repurchased, the data manager should provide the original claim paid date, the repurchase date, the reason the loan was repurchased, and the default date if any subsequent claim was filed.

The data manager’s response should include the following:

- ❖ A list, in spreadsheet format, of the data manager’s responses to the school’s alleged errors.

Data Manager Name: State Guaranty Agency												FY 2003 Data Manager Incorrect Data Challenge Spreadsheet	
Data Manager Code: 111													
School Name: Graphic Tech													
OPE ID: 999999													
Number of Borrowers: 2													
Number of Loans: 3													
	A	B	C	D	E	F	G	H	I	J	K	L	
1	Borrower's SSN	Borrower's Name	Type of Loans	Number of Loans	Earlier of LDA or LTH	Date Entered Repayment	CPD, DD, ICRD, or N/A	FY(s)	Effect on Calculation	Agree/Disagree	Comments	Data Manager Code	
2	101-01-1010	Hartsgrove, Matt	SF	1	12/21/1999	06/22/2000	06/25/2001	FY 01 FY 00	- B +D	Agree	Borrower was incorrectly included and should be removed from the FY 2001 calculation and added to the D of the FY 2000 calculation	111	
3	010-10-0101	Freerkson, Drew	SF	1	10/01/1999	03/02/2000	12/02/2000	FY 01 FY 00		Disagree	School believed loan was canceled and fully repaid but did not provide any documentation to support the claim	111	
4	010-10-0101	Freerkson, Drew	SU	1	10/01/1999	03/02/2000	12/02/2000	FY 01 FY 00		Disagree	School believed loan was canceled and fully repaid but did not provide any documentation to support the claim	111	
5													
6													

Date 03/01/2003 Page 1 of 1

Figure 4.1.4 is a sample data manager incorrect data challenge response spreadsheet to Default Management. See the blank spreadsheet and the instructions for creating and completing the spreadsheet in the “Incorrect Data Challenge, New Data Adjustment, and Erroneous Data Appeal Tools” section of Chapter 4.11, “Challenge, Adjustment, and Appeal Tools.” A data manager may photocopy and use the blank spreadsheet when submitting an incorrect data challenge or create its own spreadsheet using the layout provided.

Figure 4.1.4
Sample Data Manager Incorrect Data Challenge Response Spreadsheet

- ❖ Copies of supporting documentation for each incorrect data challenge allegation with which the data manager disagreed.
- ❖ A letter on the data manager’s letterhead with the school’s name and OPE ID number.

The letter should indicate that the data manager is responding to the school’s incorrect data challenge and the cohort fiscal year to which the response applies. The letter should feature a

subject line that reads “Subject: FY [insert fiscal year being used in the challenge] Incorrect Data Challenge Response.” The responsible data manager official should sign the letter, and the signature should be followed by a signature block showing the signer’s name and job title. Figure 4.1.5 is a sample data manager incorrect data challenge response letter.

The data manager then sends its response to the school and a copy of the response to Default Management. Default Management recommends that a data manager mail its response to the school via return receipt requested or via overnight courier delivery. A data manager should maintain the documentation that verifies the receipt of the incorrect data challenge response as well as all documentation submitted as a part of the incorrect data challenge process. The data manager can use this information when submitting monthly status reports to Default Management. For additional information on monthly status reports, see Chapter 3.3, “Monthly Status Reports.”

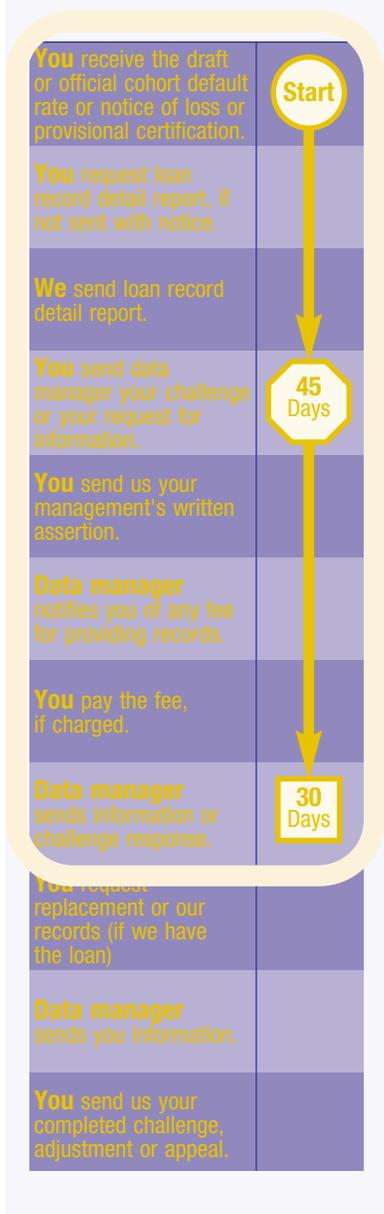
If a data manager is unable to respond within 30 calendar days of receiving the school’s incorrect data challenge, it should send the school a letter on its official letterhead explaining the circumstances causing the delay, telling the school when it will respond, and indicating that Default Management has been informed of the delay.

If a data manager can respond to only a portion of a school’s incorrect data challenge allegations within 30 calendar days, it should hold that portion of the response until it can provide a response to all of the school’s incorrect data challenge allegations. The data manager should send a letter to the school and Default Management that provides the information outlined above.

Which Department addresses should a data manager use for submitting an incorrect data challenge response?

The data manager should send incorrect data challenge materials to Default Management via commercial courier or the U.S. Postal Service. Default Management will not accept any incorrect data challenge correspondence by facsimile (fax) or e-mail. If sent by commercial overnight mail/courier delivery, the address is

U.S. Department of Education
 Default Management
 ATTN: Data Manager Incorrect Data Challenge Response
 Portals Building, Room 6300
 1250 Maryland Avenue, SW
 Washington, DC 20024



**Figure 4.1.5 - Sample Data Manager Incorrect
Data Challenge Response Sheet**

132 Ocean Front Road
Black Diamond Bay, Nebraska 13213-0132

March 1, 2003

Alexander Peachum
President
Graphic Tech
9765 Arts Lane
Coral City, Iowa 12345-9765

OPE ID #999999

Subject: FY 2001 Incorrect Data Challenge Response

Dear Mr. Peachum:

This is State Guaranty Agency's response to the FY 2001 incorrect data challenge Graphic Tech, OPE ID #999999, submitted on February 14, 2003. Please see the enclosed spreadsheet and copies of supporting documentation for the incorrect data challenge allegations with which we disagree.

Sincerely,

A handwritten signature in cursive script that reads "Yvonne Carter".

Yvonne Carter
CEO

Enclosures

cc: U.S. Department of Education
Default Management

If sent by U.S. Postal Service, the address is

U.S. Department of Education
Default Management
ATTN: Data Manager Incorrect Data Challenge Response
Portals Building, Room 6300
400 Maryland Avenue, SW
Washington, DC 20202-5353

A data manager should not send incorrect data challenge materials to any other addresses at the Department.

Default Management recommends that a data manager send all correspondence return receipt requested or via commercial overnight mail/courier delivery. This will be useful to a data manager if it is asked to authenticate the timeliness of its response. A data manager should maintain the documentation that verifies the receipt of the incorrect data challenge response as well as all other documentation submitted as a part of the incorrect data challenge process.

Default Management reviews data manager responses to schools' incorrect data challenges to ensure that the responses are correct. If Default Management determines that the data manager responses are not correct, Default Management will notify the data manager and the school prior to the release of the official cohort default rates that the data manager's responses were incorrect and will provide the correct responses. Default Management will instruct the data manager to resubmit the corrected data to NSLDS.

What does a school do with a data manager's incorrect data challenge response?

A school can submit a request to the data manager for a clarification of the incorrect data challenge response. A school can also submit a request to the data manager for missing records and/or the replacement of illegible records. A school must submit such a request to the data manager within 15 calendar days of the receipt of the incorrect data challenge response. The school should also send a copy of the inquiry letter to Default Management. The data manager should respond to the school's inquiry within 20 calendar days of receiving the inquiry and send a copy of the response to Default Management. A school cannot appeal a data manager's incorrect data challenge response to Default Management during the draft process.

A school cannot appeal a data manager's incorrect data challenge response to Default Management during the draft process