

# Introduction

## What is this Guide?

The **Draft Cohort Default Rate Guide** is a publication that the U.S. Department of Education (Department) sends to schools with their draft Federal Family Education Loan (FFEL) Program and William D. Ford Federal Direct Loan (Direct Loan) Program cohort default rate data. The **FY 1999 Draft Cohort Default Rate Guide** (Guide) should be used as a reference tool in understanding the FY 1999 draft cohort default rates and challenge procedures.

The guidance found in this Guide does not supersede or alter any regulatory or statutory requirements that are in effect. If the information in this Guide conflicts with the regulations or statute, the regulations and/or statute that are in effect take precedence.

The Department is working with representatives of schools and other interested parties to revise future publications of the **Cohort Default Rate Guide** to ensure that the information it contains is easy to understand and use. In the future, guidance that has previously been provided in **separate Draft and Official Cohort Default Rate Guides** will be combined and published in a single **Cohort Default Rate Guide**. With the release of subsequent cohort default rates, the Department intends to provide only pages that address changes/additions to the **Cohort Default Rate Guide**.



### Note

If you have questions, comments, or suggestions concerning the content, format, and/or structure of this **Draft Cohort Default Rate Guide** that you want us to consider for the revised **Cohort Default Rate Guide**, please fill out and return the "User Comments" worksheet in "Appendix D," or call the Department's Default Management office at (202) 708-6048 and ask to speak to a member of the Guide Team.

**Q.** How can someone obtain information on other types of cohort default rates published by the Department?

**A.** For information on guaranty agency and lender cohort default rates, please call (202) 401-7482 or visit the Department's website at <http://www.ed.gov/offices/OSFAP/IGAL/index.html>.

For information on Federal Perkins Loan Program cohort default rates, please call (202) 708-7741.

## How is this Guide organized?

The material in this Guide is organized in three main chapters:

- General Information;
- Information for Schools on Challenges;
- AND
- Information for Guaranty Agencies on Challenges.

The **General Information** chapter explains how cohort default rates are calculated, the effects of cohort default rates, and how to obtain and read loan record detail reports.

The **Information for Schools on Challenges** chapter includes separate sections on the types of challenges a school may submit after receiving its draft cohort default rate data. Each section provides background information on the challenge processes, identifies the eligibility requirements associated with the challenge, and outlines the submission time frames and procedures. The sections also address the various interactions that occur during the challenge process between schools, guaranty agencies, and the Department. In addition, examples are provided at the end of each section to assist the reader in further understanding the challenge process.

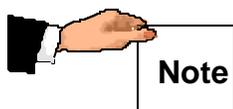
The **Information for Guaranty Agencies on Challenges** chapter provides a general information section that applies to the challenges a school may submit after receiving its draft cohort default rate data. This chapter also addresses guaranty agency reporting requirements. In addition, the chapter includes a separate section on each of the challenges available. Each challenge section within this chapter addresses the procedures for responding to a school's allegations and requests. Examples are provided at the end of the section to assist the reader in further understanding the challenge process.

The Guide also includes several **appendices**. The appendices include contact information for each guaranty agency and the Direct Loan servicer. In addition, the appendices provide technical information on the loan record detail reports discussed in the General Information chapter.

## What is the purpose of this Guide?

The purpose of this Guide is to assist schools and other interested parties in:

- **understanding how the Department calculates cohort default rates** — see the "Cohort Default Rate Calculation" section beginning on page 5;
  - **understanding the effects of cohort default rates** — see the "Cohort Default Rate Effects" section beginning on page 35;
  - **understanding how to read the cohort default rate loan record detail report** — see the "Loan Record Detail Report" section beginning on page 37;
  - **understanding the electronic report associated with cohort default rates and borrower repayment information** — see the "Electronic Loan Record Detail Report" and "Repayment Information" sections beginning on pages 57 and 63, respectively;
  - **submitting cohort default rate challenges** — see the "Draft Data Challenge" and "Participation Rate Index Challenge" sections beginning on pages 73 and 99, respectively;
- AND
- **understanding the responsibilities of guaranty agencies with regard to cohort default rate challenges** — see the "General Information for Guaranty Agencies on Challenges" section beginning on page 123.



An electronic version of this Guide is available at <http://www.ifap.ed.gov>.

## **Are the recent cohort default rate regulatory changes reflected in this Guide?**

No. The revised cohort default rate regulations published by the Department in the fall of 2000 will not go into effect until July 1, 2001. Therefore, the changes to the cohort default rate process noted in those regulations do not apply to the FY 1999 **draft** cohort default rates and/or the FY 1999 draft challenge processes. The first cohort default rates affected by the changes to the cohort default rate regulations will be the FY 1999 **official** cohort default rates.