

## 4.3 Uncorrected Data Adjustment

### ***What is an uncorrected data adjustment?***

An uncorrected data adjustment is a request submitted to the Default Prevention and Management (DPM) office to ensure that a school’s official cohort default rate calculation reflects changes that were correctly agreed to as a result of an incorrect data challenge that the school submitted after the release of the draft cohort default rates.

A school should submit an uncorrected data adjustment when:

- ◆ it submitted a timely challenge of its draft cohort default rate data,
- ◆ the data manager reviewing the incorrect data challenge agreed to make changes to the cohort default rate data, and
- ◆ the agreed upon changes are not reflected in the school’s loan record detail report (LRDR) for the official cohort default rates.

An uncorrected data adjustment can also be used by a school when a school performed due diligence in certifying a student’s loan application and subsequently learned that the borrower is ineligible for the loan due to borrower falsification of eligibility documents. Such loans will be removed from the official cohort default rate calculation if the adjustment is submitted in a timely manner and the supporting documentation justifies removal from the calculation. Since the data is reported correctly by the data managers, this is the only case where a school submitting an uncorrected data adjustment would not have had to first file an incorrect data challenge to challenge their draft cohort default rate data and, as a result, will not have to provide the data managers with a copy of their uncorrected data adjustment.

If a school does not submit an uncorrected data adjustment after the release of the official cohort default rates, the school will not have the opportunity to submit an uncorrected data adjustment at a later time.

<b>Uncorrected Data Adjustment Timeframe</b>		
<b>Draft Cycle</b>	Not applicable	
<b>Official Cycle</b>	School receives official cohort default rate notification package	<i>September</i>
	School sends Department completed Uncorrected Data Adjustment	<i>Within 30 days of timeframe begin date</i>

*Timing is critical when submitting an uncorrected data adjustment. A school must send its uncorrected data adjustment to DPM within 30 calendar days of the timeframe begin date. If the school does not submit the uncorrected data adjustment in a timely manner, DPM will not review the uncorrected data adjustment.*

For domestic schools the “timeframe begin date” is the sixth business day after the cohort default rates are released as officially announced on the IFAP website: <http://ifap.ed.gov>.

For foreign schools the “timeframe begin date” is the day after the date of receipt of the official cohort default rate notification package.

### ***Which schools are eligible to submit an uncorrected data adjustment?***

Any school that receives an official cohort default rate may request that DPM adjust its cohort default rate if it meets the uncorrected data adjustment criteria as shown on Page 4.3-1. This includes schools that are not subject to sanction and schools that have withdrawn from the Federal Family Education Loan (FFEL) and/or William D. Ford Federal Direct Loan (Direct Loan) programs. A school can only request an adjustment of its most recent official cohort default rate.

### ***What benefit will a school gain from submitting an uncorrected data adjustment?***

If, as a result of an uncorrected data adjustment (or as the result of a school's submission of any adjustment or appeal), DPM determines that a school's official cohort default rate data is incorrect, DPM will recalculate the cohort default rate using the corrected data. This may lower, raise, or not affect the cohort default rate. If the school is subject to sanction and the cohort default rate is lowered below the sanction level, the school is no longer subject to that sanction. In addition, a school that would otherwise be subject to sanction in a later year may avoid being subject to that sanction.

However, even though DPM may revise a cohort default rate, subsequent copies of the LRDR for the official cohort default rates will not reflect the change. Therefore, it is important for a school to keep a copy of DPM's final determination letter as the official record of the school's revised cohort default rate.

### ***What roles do data managers have in a school's uncorrected data adjustment?***

Schools submit uncorrected data adjustments directly to DPM for review and consideration. However, a school is required to send a copy of its uncorrected data adjustment to the data manager associated with the uncorrected data unless the uncorrected data adjustment is based solely on allegations of borrower falsification.

If DPM notifies a data manager that a school's uncorrected data adjustment was successful, the data manager must correct the data both in the data manager's internal system and in the National Student Loan Data System (NSLDS). Before the release of the draft cohort default rates, the data manager must ensure that the changes are successfully loaded into NSLDS.

If a school submits an uncorrected data adjustment to the wrong entity or address, the uncorrected data adjustment will not be reviewed and the school could miss the deadline for submitting the uncorrected data adjustment.

If a data manager receives an uncorrected data adjustment from a school, the data manager should immediately contact the school to inform it that the uncorrected data adjustment must be sent to DPM. The data manager should also indicate that the request must be sent to DPM within 30 calendar days of

the timeframe begin date. The data manager should then notify DPM that the data manager has contacted the school.

### ***How does a school prepare an uncorrected data adjustment?***

If a school believes the LRDR for the official cohort default rates contains uncorrected data, or includes borrowers whose loans were ineligible due to borrower falsification of eligibility documents, it should submit an uncorrected data adjustment to DPM. If a school submits an uncorrected data adjustment to the wrong entity, the adjustment will not be reviewed and the school could miss the deadline for submitting the uncorrected data adjustment to DPM.

Upon receiving the LRDR for the official cohort default rates, a school should compare the LRDR for the draft cohort default rates to the LRDR for the official cohort default rates and the data manager's response to the school's incorrect data challenge to determine if agreed upon changes have been made. If the school believes the LRDR for the official cohort default rates contains uncorrected data, it should submit an uncorrected data adjustment. The school must do so within 30 calendar days of the timeframe begin date.

In addition, a school should review the LRDR to determine if the LRDR contains loans that are counted in the cohort default rate calculation that were disbursed as a result of borrower falsification of eligibility documents. If the school believes that the LRDR contains such loans, the school must, within established timeframes, provide DPM with documentation to support that the school acted diligently and in good faith in accepting the documents and in certifying the loan. DPM will only review the information submitted with the uncorrected data adjustment.

The uncorrected data adjustment must include the following items:

- ◆ A completed uncorrected data adjustment spreadsheet that lists the uncorrected data that the data manager agreed to change in its incorrect data challenge response but is not reflected in the LRDR for the official cohort default rates; or that lists the borrowers the school deems ineligible due to borrower falsification of eligibility documents. (See sample spreadsheet on next page).
- ◆ A copy of the data manager's response to the school's incorrect data challenge. The school should include copies of the incorrect data challenge responses the school received after the release of the draft cohort default rates from the relevant data managers that show that the data managers agreed to the changes. (Not applicable if school is submitting an uncorrected data adjustment based solely on borrower falsification of eligibility documents). If the uncorrected data adjustment contains allegations of borrower falsification of eligibility documents, the school should provide documentation to support that the school acted diligently and in good faith in accepting the documents and certifying the loans.

For domestic schools the "timeframe begin date" is the sixth business day after the cohort default rates are released as officially announced on the IFAP website:  
<http://ifap.ed.gov>.

For foreign schools the "timeframe begin date" is the day after the date of receipt of the official cohort default rate notification package.

- ◆ A letter on the school's letterhead (see sample letter at the end of this chapter)

## Sample Uncorrected Data Adjustment Spreadsheet

Type: Uncorrected Data Adjustment  
 Cohort FY: 2004  
 From: Coralville College  
 Code: 098998  
 To: DPM  
 Code: N/A

Number of Borrowers: 1  
 Number of Loans: 2

	A	B	C	D	E	F
	Borrower's SSN	Borrower's Name	Type of Loans	Number of Loans	Date Data Manager Agreed	Data Manager Code
1						
2	444-44-4444	Thorkelson, Peter	D1	1	05/05/2006	101
3	444-44-4444	Thorkelson, Peter	D2	1	05/05/2006	101
4						
5						

Date 10/14/2006

Page 1 of 1

A blank version of this spreadsheet is posted on the Default Prevention & Management website at <http://www.ifap.ed.gov/DefaultManagement/DefaultManagement.html>

### How a school submits an uncorrected data adjustment to the Department

*DPM recommends that a school send all uncorrected data adjustment 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 uncorrected data adjustment.*

*A school should maintain the documentation that verifies the receipt of the uncorrected data adjustment as well as all the electronic and hardcopy documentation submitted as a part of the uncorrected data adjustment process. If a school does not meet the 30-calendar-day timeframe for submitting an uncorrected data adjustment, the uncorrected data adjustment will not be reviewed.*

*If sending by courier:*

U.S. Department of Education  
 Default Prevention and Management  
 Union Center Plaza 084F  
 830 1<sup>st</sup> Street, NE  
 Washington, DC 20002

*If sending by U.S. Postal Service:*

U.S. Department of Education  
 Default Prevention and Management  
 Union Center Plaza 084F  
 400 Maryland Avenue, SW  
 Washington, DC 20202-5353

Do not send materials to any other address at the Department

***What happens after the school submits the uncorrected data adjustment?***

DPM will review only the information submitted with the uncorrected data adjustment and will not review information submitted after the deadline. DPM will send the school and each involved data manager written notification of DPM's decision. DPM's decision is final and no further administrative review is provided.

DPM is responsible for determining whether a data manager correctly agreed to make a change to a school's cohort default rate data during the incorrect data challenge process and whether the change is reflected in the LRDR for the official cohort default rates. If DPM so determines using the standard of review described in 34 CFR 668.189(f), DPM will recalculate the school's cohort default rate based on the correct data.

If the school was notified that it was subject to sanction and the uncorrected data adjustment is successful and the revised cohort default rate is below the sanction level, DPM will withdraw that sanction notice. If the school was notified that it was subject to sanction and the uncorrected data adjustment is unsuccessful or if the uncorrected data adjustment is successful but the revised cohort default rate remains above the sanction level, and the school has no other outstanding appeals and adjustments, DPM will notify the school of the effective date of that sanction.

A school that submits an adjustment and/or an appeal but fails to avoid sanctions is liable for certain costs associated with the FFELs it certified and delivered and/or the Direct Loans it originated and disbursed during the adjustment and appeal process. Liabilities are not calculated for loans that were delivered or disbursed more than 45 calendar days after the school submitted its completed adjustment and/or appeal to the Department. Schools may avoid this liability if they choose not to certify or originate loans during the adjustment and appeal process.

## Sample Letter: School to DPM



October 14, 2006

U.S. Department of Education  
Default Prevention and Management  
Union Center Plaza 084F  
400 Maryland Avenue, SW  
Washington, DC 20202-5353

OPE ID 098998

Subject: Cohort FY 2004 Uncorrected Data Adjustment

To Whom It May Concern:

Coralville College, OPE ID 098998, is submitting a cohort FY 2004 uncorrected data adjustment. Please see the enclosed spreadsheet and a copy of the incorrect data challenge response from the data manager stating that a change is warranted.

Coralville College is submitting its uncorrected data adjustment at this time; however, the school is also planning on submitting an economically disadvantaged appeal.

I, the undersigned, certify under penalty of perjury, that all information submitted in support of this uncorrected data adjustment is true and correct.

Thank you for your consideration

Sincerely,

Serena Rooney  
President, Coralville College

Enclosures  
CC: Direct Loan Servicer

*The letter must include the school's OPE ID number and a statement indicating that the school is submitting an uncorrected data adjustment for the current cohort fiscal year. The letter must feature a subject line that reads "Subject: Cohort FY [insert cohort fiscal year used in the adjustment] Uncorrected Data Adjustment". The school must also note if it is submitting any other adjustments or appeals. The letter must include a certification that the information provided is true and correct under penalty of perjury. The letter must also include a notation that the school is sending a copy of the letter and the spreadsheet to the relevant data managers. The school's President/CEO/Owner must sign the letter, and a signature block showing the signer's name and job title must follow the signature.*

# Uncorrected Data Adjustment Checklist

## School to DPM

### Determine

- ❑ Does the loan record detail report for the official cohort default rates contain incorrect data that a data manager agreed to correct or loans counted in the cohort default rate that were disbursed as a result of borrower falsification of eligibility documents?

### Submit to DPM

- ❑ Spreadsheet
- ❑ Copy of the Data Manager Incorrect Data Challenge Response; or, documentation supporting that school acted diligently and in good faith in accepting and certifying loans subsequently found to be ineligible due to borrower falsification of eligibility documents.
- ❑ Letter