

UNITED STATES DEPARTMENT OF EDUCATION  
WASHINGTON, D.C. 20202  
September 2014

GAVILAN COLLEGE                      OPE ID:                      001202  
5055 SANTA TERESA BOULEVARD      FY 2011 Official 3 Year Cohort    27.2  
GILROY, CA 95020-9599              Default Rate:

RE: FY 2011 3-Year Official Cohort Default Rate Notification Letter

Dear President:

On October 28, 2009, the U.S. Department of Education (Department) published in the Federal Register the regulations enacted by the Higher Education Opportunity Act of 2009 that will govern the calculation of cohort default rates. Under the new provisions, an institution's Cohort Default Rate is calculated as the percentage of borrowers in the cohort who default before the end of the second fiscal year following the fiscal year in which the borrowers entered repayment. This extended the length of time in which a student can default from two to three years.

This year, the fiscal year (FY) 2011 3-Year cohort default rate will be the only cohort default rate released. Schools will be subject to loss of eligibility as a result of cohort default rates that exceed sanction levels. Cohort default rates based on the 2-year cohort period ended with the FY 2011 2-Year cohort which released in 2013.

This letter officially notifies you of your school's FY 2011 3-Year cohort default rate based on Federal Family Education Loan (FFEL) Program and/or William D. Ford Federal Direct Loan (Direct Loan) Program loans made to students for attendance at your school. Your school's FY 2011 3-Year cohort default rate is shown above. Please note that even if your school is no longer participating in the student loan program(s), federal law requires the Department to notify your school of its cohort default rate.

Since the Department is no longer mailing hardcopies of the cohort default rate notification letters to any schools, please refer to <http://www.ed.gov/offices/OSFAP/defaultmanagement/ecdr.html> for a description of the other files that the Department transmitted to you along with this letter.

**WHAT FORMULA DID THE DEPARTMENT USE TO CALCULATE MY SCHOOL'S RATE?**

The Department uses one of three methods for calculation of cohort default rates:

1. Official non-averaged rate for schools with 30 or more borrowers entering repayment,

2. Official averaged rate for schools with 29 or fewer borrowers entering repayment,
3. Unofficial rate for schools with 29 or fewer borrowers entering repayment with less than three years of data.

For a complete explanation of the types of rates, please see Chapter 2.1 of the Cohort Default Rate Guide, How the Rates are Calculated, available at <http://www.ifap.ed.gov/DefaultManagement/guide/CDRGuidePart2.html>.

#### WHAT TYPES OF LOANS DID THE DEPARTMENT INCLUDE IN MY SCHOOL'S RATE CALCULATION?

The Department included three types of loans in your school's cohort default rate calculation:

- 1) Federal Stafford Subsidized and Federal Stafford Unsubsidized Loans
- 2) Federal Direct Subsidized and Federal Direct Unsubsidized Loans
- 3) Federal Supplemental Loans for Students (Federal SLS Loans).  
Although rare, it is possible for Federal SLS loans to be included in your school's cohort default rate calculation.

#### WHAT LOAN RECORD DETAIL REPORT (LRDR) ACCOMPANIES THIS NOTIFICATION LETTER?

Your school's FY 2011 3-Year official cohort default rate may be a non-averaged rate, an averaged rate, or an Unofficial rate (less than 30 borrowers entering repayment and not two years of previous data needed to calculate an averaged rate). Accordingly, the LRDR that accompanies this letter reflects all loans that went into repayment during FY 2011 and defaulted by September 30, 2013

Please note that if a technical problem caused by the Department results in an inability to access the data, schools have five business days from the receipt of the eCDR notification package to notify Operations Performance Division at the email address given below. All schools must meet the established submission timeframes for cohort default rate adjustments and appeals. The Department will not review adjustments and appeals that any school submits outside of the established timeframes.

For more information on how to read the loan record detail report, please refer to Chapter 2.3 of the Cohort Default Rate Guide, Reviewing the Loan Record Detail Report, available at <http://www.ifap.ed.gov/DefaultManagement/guide/CDRGuidePart2.html>

#### ARE THERE ANY SANCTIONS OR BENEFITS ASSOCIATED WITH MY RATE?

According to the Higher Education Act of 1965 (HEA), as amended, the Higher Education Reconciliation Act of 2005 (HERA), Pub.L.109-171 and the Department's regulations, your school is not subject to any sanctions based on your school's FY 2011 3-Year cohort default rate. However, if your school's official FY 2011 cohort default rate is 30.0 percent or

greater, the Department may provisionally certify your school when your school applies for recertification to participate in the Federal Student Aid Programs. For more information about provisional certification, please refer to 34 C.F.R. Section 668.16(m)(1) and (2)(i) or contact the School Participation Management Division at 202-377-3173.

Based on your school's FY 2011 cohort default rate, your school is not eligible for the benefits associated with cohort default rates that are described in Section 428G(e) of the Higher Education Act and the Higher Education Reconciliation Act of 2005 (HERA), Pub. L. 109-171. For more information on the sanctions and benefits associated with official cohort default rates, please refer to Chapter 2.4 of the Cohort Default Rate Guide, Cohort Default Rate Effects, available at <http://www.ifap.ed.gov/DefaultManagement/guide/CDRGuidePart2.html>.

### WILL MY RATE BE CALCULATED THE SAME IF MY SCHOOL HAS MERGED WITH ANOTHER?

The FY 2011 3-Year cohort default rate for institutions involved in a merger or change of affiliation will be based on all borrowers from the parent and the underlying institutions which have borrowers that entered repayment during or after 2011.

### WHAT RIGHTS DOES MY SCHOOL HAVE TO APPEAL THIS RATE INFORMATION?

Based on your school's FY 2011 3- year cohort default rate, your school may be eligible to submit the following adjustments/appeals:

#### Uncorrected Data Adjustment

<http://www.ifap.ed.gov/DefaultManagement/guide/CDRGuidePart4.html>

#### Loan Servicing Appeal

<http://www.ifap.ed.gov/DefaultManagement/guide/CDRGuidePart4.html>

#### New Data Adjustment

<http://www.ifap.ed.gov/DefaultManagement/guide/CDRGuidePart4.html>

All Uncorrected Data Adjustments, New Data Adjustments and Loan Servicing must be made through the eCDR Appeals application. The eCDR Appeals application, as it is known, allows schools to electronically submit certain challenge/ adjustment requests during the specified timeframes and allows data managers (guaranty agency or Federal Loan Servicer) and Federal Student Aid (FSA) personnel to electronically view and respond to these challenge/adjustment requests. The application tracks the entire life cycle of each request from the time the case is submitted until the time a decision is made and the case is closed.

It has come to FSA's attention that a number of schools are challenging data in the school's cohort default rate based on an incorrect understanding of the cohort default rate calculation. This results in an unnecessary increase in the workload for the schools, data managers, and FSA. The following are some scenarios that have been noted, along with an explanation of why these allegations are considered invalid based on

the current logic for the cohort default rate calculation.

- School requests that borrower be removed from numerator as borrower defaulted, then paid the loan in full (either through consolidation or another method). Borrower will continue to be counted as a defaulted borrower for cohort default rate purposes. Current regulations only allow for a defaulted loan to be removed from default for cohort default rate purposes if the borrower successfully rehabilitated the loan within the cohort period, or, for FFELs held by a guaranty agency, if the lender repurchased the loan due to the claim being submitted or paid in error. See 34 CFR Section 668.202(c)(2).
- School alleges that borrower be removed from numerator due to an incorrect date entered repayment that is resulting in the default date for the borrower being less than 360 days from the corrected date entered repayment. This allegation type applies to Direct Loans or loans that were PUT to the Department only, since FFELs held by a guaranty agency use the claim paid date as the default date, not the 360th day of delinquency. If a data manager agrees to correct the date entered repayment, they will update the default date to the 360th day of delinquency based on the new date entered repayment. However, if the updated date entered repayment and default date still fall within the cohort period, the borrower will continue to be counted in both the numerator/denominator. If the updated date entered repayment causes the updated default date to fall outside of the cohort period, borrower will be removed from the numerator only. If the updated date entered repayment falls outside of the cohort period, borrower will be removed from both the numerator/denominator.
- Borrower is included in more than one cohort year. This may be correct, based upon the situation. If the borrower had a break in enrollment of greater than six months, then the borrower will enter repayment on the loans from the first period of enrollment six months and one day after the borrower's last date of attendance (LDA) or less than half-time date (LTHT), then will receive another six month grace period based on the LDA or LTHT date of the second period of enrollment. This may result in the borrower being included in more than one cohort year. If the borrower's break in enrollment was less than six months, this is considered continuous enrollment and the borrower should be in only one cohort year.
- School was involved in a change of affiliation/merger and has borrowers counted more than once in the cohort default rate. A borrower may be counted more than once in the school's cohort default rate if the borrower had loans certified under two or more of the OPE-IDs that were involved in the change of affiliation/merger. Please see page 2.5-2 of the CDR Guide.

If a school has any questions regarding the cohort default rate calculation, Chapter 2.1 of the CDR Guide includes a thorough explanation of how the rates are calculated. Additionally, a school involved in a

change of affiliation/merger should read Chapter 2.5 of the CDR Guide for an explanation of how the change of affiliation/merger will affect the cohort default rates of all of the schools involved.

**WHAT TOOLS AND INFORMATION ARE AVAILABLE TO HELP MONITOR AND MANAGE MY SCHOOL'S COHORT DEFAULT RATE?**

Tools Information	Description	Contact Information
Cohort Default Rate Guide	<a href="http://www.ifap.ed.gov/DefaultManagement/finalcdrg.html">http://www.ifap.ed.gov/DefaultManagement/finalcdrg.html</a> . Reference tool designed by U.S. Dept. of Education to help schools understand cohort default rates and various challenge/appeal/adjustment processes. The electronic version was revised September 2014 and may be found online.	May be printed from CDR Guide link
Default Prevention and Mgmt Website	<a href="http://ifap.ed.gov/DefaultManagement">http://ifap.ed.gov/DefaultManagement</a>	Operations Performance Division 202-377-4259
eCDR Appeals	Electronic Cohort Default Rate Appeals Process	Operations Performance Division 202-377-4259
	eCDR Appeals facilitates the exchange of information between parties for four of the challenge/adjustment processes: Incorrect Data Challenge (IDC), Loan Servicing Appeals (LSA), Uncorrected Data Adjustments(UDA), and New Data Adjustments (NDA). The application allows schools to electronically submit these challenges and adjustment requests during a cohort default rate cycle, and allows data managers (guaranty agency or Direct Loan Servicer) and Federal Student Aid (FSA) personnel to electronically view and respond to challenges and adjustment requests. The application tracks the entire life cycle of each challenge/adjustment/appeal request from the time the case is submitted until the time a decision is made and the case is closed.	
	All users must complete the registration process to gain access to eCDR Appeals. The eCDR Appeals homepage contains a link to the Registration and User Account Guide, which gives step-by-step instructions for registration. Links to the User Guides for	

the four processes can also be found here, as well as a link to the Cohort Default Rate Guide.

Late Stage Process whereby schools work in collaboration with servicers or guarantors to identify and provide counseling to borrowers more than 240 days late on loan repayment. For Direct loan schools, the website <https://www.myedaccount.com/> identifies borrowers whose impending default will impact the school's cohort default rate.

National Student Loan Data System (NSLDS) Gateway (SAIG) account associated with the NSLDS UserID that requested the report. Listed below are some of the reports that NSLDS offers.

Report Name	Brief Description of the NLSDS Reports
SCHOOLCDR	School CDR Rate History Report provides school with a copy of the Loan Record Detail Report that lists students in default/repayment during the cohort period indicated.
SCHER1	Enrollment Reporting Summary Report provides school users with the chronology of enrollment reporting events.
DER001	Date Entered Repayment Report provides school users with a list of student borrowers with loan history who are scheduled to go into repayment during a specified date range.
DRC015	School Repayment Information Loan Detail provides school users with the current repayment status of certain borrowers in FFEL/DL loan programs who attended a school during a specific period.
SCH01B	Exit Counseling Report provides school users with exit counseling information on students who attended the requesting schools and whose anticipated completion dates fall within a specified date range.
DELQ01	The Delinquent Borrower Report (DELQ01) provides School users a report of borrowers who have been reported as delinquent in making loan payments to one of the federal loan servicers.

