



UNITED TRIBES  
TECHNICAL COLLEGE

# UTTC DEFAULT MANAGEMENT PLAN

2018

## Table of Contents

|  |           |
|--|-----------|
| <b>Executive Summary</b> .....   | <b>3</b>  |
| <b>Department of Education Default Prevention Guidelines</b> .....     | <b>4</b>  |
| <b>UTTC Default Prevention Management Team Committee Members</b> ..... | <b>4</b>  |
| <b>Factors for At-Risk Borrowers:</b> .....                            | <b>5</b>  |
| <b>Retention Strategies:</b> .....                                     | <b>5</b>  |
| <b>Financial Literacy/Awareness:</b> .....                             | <b>5</b>  |
| <b>Default Management for UTTC Alumni</b> .....                        | <b>6</b>  |
| <b>Default Actions Performed:</b> .....                                | <b>6</b>  |
| <b>Action Items Performed 2017-2018:</b> .....                         | <b>8</b>  |
| <b>2018 Student Loan Default Action Plan</b> .....                     | <b>9</b>  |
| <b>LOAN OVERVIEW</b> .....   | <b>10</b> |

### Attachments:

|   |           |
|---|-----------|
| <b>2018 UTTC Student Loan Default Action Plan 2018</b> .....              | <b>15</b> |
| <b>UTTC Loan Overview</b> .....   | <b>18</b> |
| <b>DOE Response to FY14 Participation Rate Index appeal based</b> .....   | <b>21</b> |
| <b>DOE Response to FY 2014 Loan Servicing Appeal</b> .....                | <b>24</b> |
| <b>DOE FY 2014 Official Cohort Default Rate Notification Letter</b> ..... | <b>24</b> |
| <b>UTTC Direct Loan Timeline</b> .....                                    | <b>34</b> |

**United Tribes Technical College  
Default Management Plan  
2017-2018**

Executive Summary

The Higher Education Opportunity Act (HEOA) of 2008 enacted extensive revisions to the Cohort Default Rates (CDRs). The HEOA also included a requirement that if a school has a CDR of 30 percent or higher for a fiscal year, it must establish a Default Prevention Task Force. This team must create and implement a Default Prevention Plan that must meet ED-Specified requirements.

This plan must include at least the following:

- Identify the factors causing the default rate to exceed the threshold;
- Establish measurable objectives and the steps a school will take to improve the cohort default rate
- Specify the actions to be taken to improve student loan repayment, including counseling students on repayment options; and,
- Submit the default prevention plan to ED.

UTTC first participated in the Federal Direct Loan Program beginning 2009-2010 school year. At that time, there was a dedicated Loan Default Prevention Specialist to assist students with loan counseling, delinquency, and repayment. In 2011, UTTC experienced a peak in loan borrowers, with 295 loan borrowers. This is the group that contributes heavily to UTTC’s high CDR. The Financial Aid Director completed a successful rate challenge in 2013 using the “Thirty-or-Fewer Borrowers Appeal”. In 2014, the Financial Aid Director had another successful rate challenge to avoid sanctions. Because the CDR exceeded 40%, the Department of Education (DOE), required a site visit that July to go over institutional procedures and provided recommendations on potential CDR appeals. In 2015, the Financial Aid Director again had a successful challenge to avoid sanctions. In 2016, UTTC’s default rate exceeded 40% again; therefore, Department of Education required UTTC to stop new loan originations and disbursements beginning early 2016.

| Cohort Fiscal Year | Draft Rate | Number of Borrowers In Default | Number of Borrowers In Repayment | Official Cohort Default Rate |
|--------------------|------------|--------------------------------|----------------------------------|------------------------------|
| 2010 3-Year        | 33.3       | 2                              | 9                                | 22.2                         |
| 2011 3-Year        | 46.5       | 17                             | 41                               | 41.4                         |
| 2012 3-Year        | 47.5       | 62                             | 139                              | 44.6                         |
| 2013 3-Year        | 47.2       | 51                             | 125                              | 40.8                         |
| 2014 3-Year        | 41.8       | 52                             | 127                              | 40.9                         |

#### Current projections for upcoming 3-year Loan Default Cohorts:

|         |        |       |
|---------|--------|-------|
| FY 2015 | 64/141 | 45.4% |
| FY 2016 | 9/113  | 25.7% |
| FY 2017 | 4/71   | 5.6%  |

UTTC will receive FY2015 CDR at the end of February 2018. The Financial Aid Department will work on CDR challenges to the rate for 2 months. The FY2015 CDR draft is expected to have a range of 38-41% and be lower after the challenges. In September 2018, UTTC will receive the official FY2015 CDR and will have 2 months to complete the appropriate appeals. The UTTC draft rate for February 2019 is at 25.7% with only 22 student borrowers. UTTC has the opportunity to have that draft rate start under 30%.

#### Department of Education Default Prevention Guidelines

The UTTC Default Management Plan identified initiatives in conjunction with the Department of Education default prevention guidelines:

1. Created a Default Prevention Management Task force (DTMF)
2. Identified factors for at-risk students
3. Targeted interventions
4. Allocate college resources
5. Continue to monitor need for outside resources
6. Provide resources to students on financial literacy
7. Post enrollment strategies and timeline that target those who have withdrawn or stopped attendance
8. Delinquent and default resources for past and present students
9. Formulate and implement a four-prong approach to address retention strategies
10. Increase college-wide awareness of default management plan and financial aid protocol

The UTTC Default Management Plan will build upon the aforementioned activities and initiatives and develop and implement additional key initiatives annually.

#### UTTC Default Prevention Management Team Committee Members

1. Financial Aid Director
2. Vice President of Academic Affairs
3. Vice President of Campus Services
4. Finance Director
5. Financial Aid Advisors
6. Institutional Assessment Director
7. Registrar
8. Admissions & Recruitment Director
9. Career Services Counselor
10. Faculty Members

The first initiative taken by the UTTC Default Prevention Management Team was to identify the primary risk factors that are associated with default

Factors for At-Risk Borrowers:

- Program of Study
- Late Registration
- Academic standing
- Financial Support
- Completion of Exit Counseling
- Degree Completion
- Personal issues
- Course Delivery (online vs. face to face)
- GED/HS diploma/ATB/Compass
- Withdraw or transfer
- No-Show
- Ceased Attendance
- GPA
- Satisfactory Academic Progress

After identifying the commonalities among UTTC loan borrowers, the team examined the data for patterns and trends that could have contributed to the default status of these borrowers. Through general analysis, the UTTC Default Prevention Team identified the primary problem is related to retention. The current loan default student profile shows that a high majority, 89%, do not complete their degree program. They withdraw or stop-out (cease attendance). It was discovered that 70% of the defaulters have withdrawn one or more semesters without obtaining an academic credential. Students then have difficulty obtaining lucrative employment opportunities and have trouble repaying their loans as a direct result of non-completion. Additionally, the UTTC Default Prevention Team identified that students who have defaulted on their loans have an average GPA below a 2.0. The majority of the defaulters have children (most are single parents) and have an annual household income of \$6,408 and an average loan debt of \$5,012.

Retention Strategies:

- Review and revise (if needed) the “No show”, “Drop”, and “Withdrawal” policies
- Training for faculty and staff on cohort default rate
- Cohort default rate management plan
- Strengthen College wide (Early Alert System)

Financial Literacy/Awareness:

1. Student Outreach
  - American Student Assistance (ASA) SALT Financial Literacy Program
  - FAFSA Days- Spring Semester
  - Monthly Workshops

- Required Financial Literacy in Orientation
  - Improve mentoring program –financial aid staff more involved
2. Faculty outreach
    - Financial Aid Facebook postings and emails campus-wide
    - Attend Monthly Faculty All Hands Meeting
      - Default awareness
      - Change in withdrawal policy- focus on attendance
  3. Staff awareness
    - Financial Aid Facebook postings and emails campus-wide
    - Attend Department Chair meeting monthly

#### Default Management for UTTC Alumni

- The FA Office will receive, review, and challenge the draft default rate data using the Loan Record Detail Report (LRDR) and work with servicers for corrections.
- The FA Office will counsel and provide resources to students with outstanding student loans.

#### Default Actions Performed:

##### **Incorrect Data Challenge**

Any school that receives a draft cohort default rate is provided the opportunity to submit an incorrect data challenge. Because the draft data forms the basis for a school's official cohort default rate, it is important that every school reviews its loan record detail report (LRDR) for the draft cohort default rates and, if necessary, submit an incorrect data challenge. Even schools that have withdrawn from the William D. Ford Federal Direct Loan (Direct Loan) program should review the LRDR for the draft cohort default rates 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 LRDR for the draft cohort default rates. A LRDR for the draft cohort default rates contains inaccurate data if:

- A borrower's data 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 excluded from the draft cohort default rate calculation.

##### **Participation Rate Index Challenge**

A participation rate index challenge alleges that a school should not be subject to a potential loss of loan eligibility or potential placement on provisional certification based solely on its cohort default rates because the school has a participation rate index that meets one of the following thresholds (with the most recent draft rate considered for purposes of this challenge only as the most recent cohort default rate):

- For a school that is subject to potential loss of eligibility based on most recent three

consecutive cohort default rates of 30.0 percent or greater — participation rate index for at least one of those fiscal years of 0.0625 or less

- For a school that is subject to potential loss of eligibility based on most recent cohort default rate over 40.0 percent— participation rate index of 0.0832 or less
- For a school that is subject to potential provisional certification based on two out of three most recent cohort default rates of 30.0 percent or greater— participation rate index of 0.0625 or less

### **Uncorrected Data Adjustment**

An uncorrected data adjustment is a request submitted to the U.S. Department of Education (the Department) 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.

### **Loan Servicing Appeal**

A loan servicing appeal is an appeal that alleges a school’s official cohort default rate includes defaulted William D. Ford Federal Direct Loans (Direct Loans) that are considered improperly serviced for cohort default rate purposes.

A defaulted FFEL is considered improperly serviced for cohort default rate purposes if one or more of the following occurs:

- The borrower never made a loan payment, and the school can document that the lender was required but failed to send at least one letter (other than the final demand letter) urging the borrower to make payments on the loan.
- The borrower never made a loan payment, and the school can document that the lender was required but failed to attempt at least one telephone call to the borrower.
- The borrower never made a loan payment, and the school can document that the lender was required but failed to submit a request for pre-claims assistance or default aversion assistance to the guaranty agency.
- The borrower never made a loan payment, and the school can document that the lender was required but failed to send a final demand letter to the borrower.
- The borrower never made a loan payment, and the school can document that the lender was required but failed to submit a certification (or other documentation) to the guaranty agency to demonstrate that the lender performed skip tracing

### **Participation Rate Index Appeal**

A participation rate index appeal alleges that a school should not be subject to loss of loan eligibility (or potential placement on provisional certification based solely on cohort default rates) because the school has a participation rate index that meets one of the following thresholds:

- Subject to sanction based on three consecutive cohort default rates of 30.0 percent or

- greater— participation rate index of 0.0625 or less
- Subject to sanction based on most recent cohort default rate over 40.0 percent or greater— participation rate index of 0.0832 or less
- Subject to potential provisional certification based on two out of three most recent cohort default rates of 30.0 percent or greater—participation rate index of 0.0625 or less

### **Thirty-or-Fewer Borrowers Appeal**

If a combined total of thirty or fewer borrowers entered repayment in the three most recent cohort fiscal years used to calculate a school's cohort default rates, the school is not subject to sanction.

### **Action Items Performed 2017-2018:**

- UTTC has implemented a new process for evaluating transfer students' transcripts in which all course work is included in their attempted credits.
- FA Director has emailed DOE regarding appeal options to avoid further sanctions due to CDR exceeding 30% for 3 consecutive years.
- Registrar and Clearinghouse ensuring school enrollment dates and class load are accurate as they affect loan cohorts
- EdFinancial, UTTC's third-party servicer, actively contacts borrowers using skip tracing services
- ASA, UTTC's former third-party servicer, continues to service former students who use their SALT website
- Federal Loan Servicers continue to contact UTTC loan borrowers via mail, email, phone, personal references, and current employers.
- Financial Aid Director has been successful in submitting appeals and challenges for the 3-years CDR for the last 5 years
- Created an Institutional Assessment Office
- Institutional Assessment Office completed assessment with Jenzabar to identify 10 most common data elements among non-completers
- Academics created an early alert system
- UTTC actively participates in Achieving the Dream Program



**UNITED TRIBES TECHNICAL COLLEGE**  
**Financial Aid Department**

**2018 Student Loan Default Action Plan**

| <b>PERFORMANCE MEASURE</b>  | <b>RESPONSIBLE PARTY</b>   | <b>TIMELINE</b>   | <b>MEASURABLE OUTCOME</b>  |
|---|--|---|--|
| <ul style="list-style-type: none"> <li>• Student enrollment data and class loads (affect loan cohorts)</li> <li>• Counseling for any current students who still have loans or past student borrowers</li> <li>• Contact borrowers using skip tracing services</li> <li>• Service former students who used SALT website</li> <li>• Contact borrowers by mail, e-mail, phone, personal references and current employers</li> <li>• Receive new Loan Default draft rate (see more info in summary below)</li> <li>• Receive new official rate</li> </ul> | <ul style="list-style-type: none"> <li>• Registrar &amp; Clearinghouse</li> <li>• Financial Aid staff</li> <li>• EdFinancial (third party servicer)</li> <li>• ASA (third party servicer)</li> <li>• Federal Loan Servicers</li> <li>• Financial Aid staff</li> <li>• Financial Aid staff</li> </ul> | <ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Ongoing</li> <li>• Ongoing</li> <li>• Ongoing</li> <li>• Ongoing</li> <li>• March 1 – April 30, 2018</li> <li>• September 2018</li> </ul> | <ul style="list-style-type: none"> <li>• Student enrollment data</li> <li>• Number of students counseled</li> <li>• Number of borrowers contacted</li> <li>• Number of students contacted</li> <li>• Number of students contacted</li> <li>• Application of new loan default draft rate</li> <li>• Number of challenges</li> <li>• Submitted appeal</li> </ul> |

**SUMMARY**

- UTTC will receive the new Loan Default draft rate the end of February 2018. Financial Aid will then work on challenges to the rate for 2 months. The rate is expected to start in the 38-41% range and be lowered from there.
- Our draft rate after that for February 2019 is at 25.7% with only 22 student borrowers to keep in compliance. After that time, UTTC has the opportunity to have that draft rate start under 30%, which would put us under the threshold.



## Office of Financial Aid

### LOAN OVERVIEW

#### A) History

UTTC entered the Federal Direct Stafford Loan program in the 2009-2010 school year. Prior to 2010, Federal loans could be originated and funded by private investors (like Bank of ND), but guaranteed by the federal government. From 2010 on, all Student Loans became Federal Direct Loans, originated and funded directly by the U.S. Department of Education. The U.S. Congress has debated and made changes to loan fees and interest almost annually.

#### B) Types of Loans

- Direct Subsidized Loans; Interest rate 4.29%
- Direct Unsubsidized Loans; Interest rate 4.29%

\*This is the first year where interest rates are the same; interest is deferred for Sub loans and accumulates the whole time for the Unsub Loan.

#### C) How much can a student borrow?

Determining factors are: Grade Level, Dependency Status and Financial Aid Budget Need

| Dependent | Sub Loan    | Unsub Loan  | Total       |
|-----------|-------------|-------------|-------------|
| Year      |             |             |             |
| 1st       | \$ 3,500.00 | \$ 2,000.00 | \$ 5,500.00 |
| 2nd       | \$ 4,500.00 | \$ 2,000.00 | \$ 6,500.00 |
| 3rd       | \$ 5,500.00 | \$ 2,000.00 | \$ 7,500.00 |
| 4th       | \$ 5,500.00 | \$ 2,000.00 | \$ 7,500.00 |

| Independent | Sub Loan    | Unsub Loan  | Total       |
|-------------|-------------|-------------|-------------|
| Year        |             |             |             |
| 1st         | \$ 3,500.00 | \$ 6,000.00 | \$ 9,500.00 |
| 2nd         | \$ 4,500.00 | \$ 6,000.00 | \$10,500.00 |
| 3rd         | \$ 5,500.00 | \$ 7,000.00 | \$12,500.00 |
| 4th         | \$ 5,500.00 | \$ 7,000.00 | \$12,500.00 |

Limit to Subsidized Loan Usage: new Regulation that went into effect in 2013 only allows students to

access the Subsidized Loan for 150% of their published length of their program.

Lifetime Loan Limits; All Loans

Dependent Students: \$31,000 – With no more than \$23,000 in subsidized loans

Independent Students: \$57,500 – With no more than \$23,000 in subsidized loans

*Challenges*

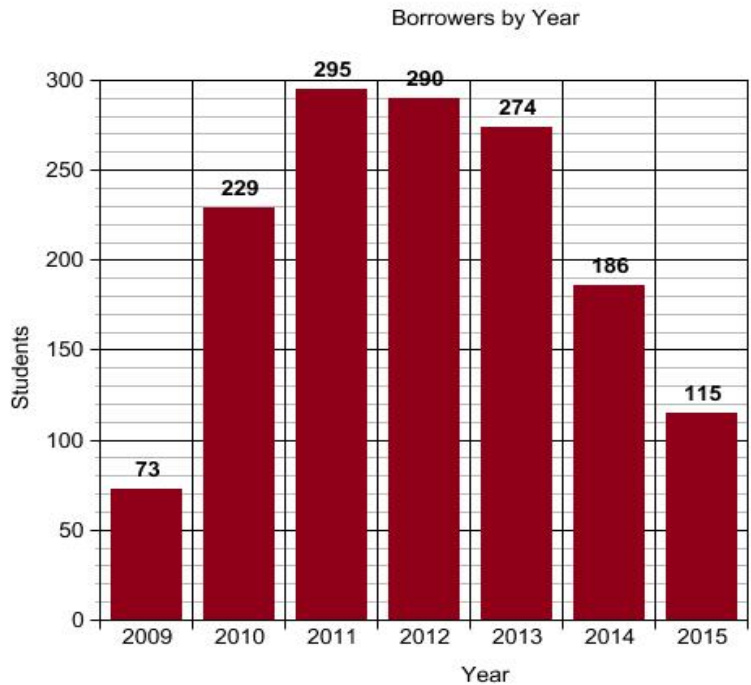
Most common misconceptions from students:

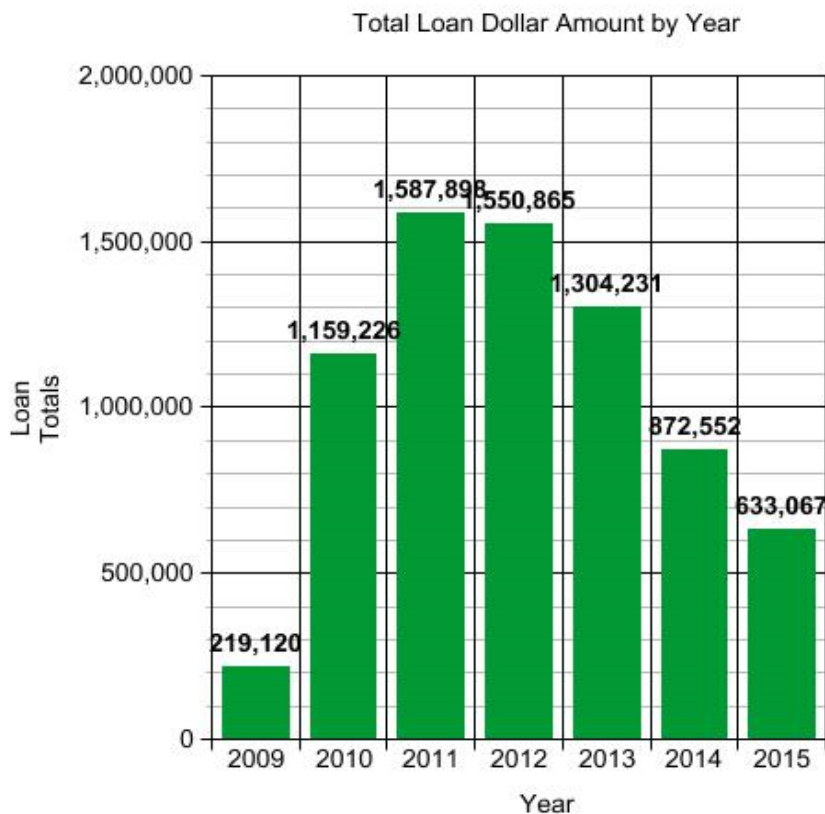
- A) Federal loans are like a bank and they can take out how much they want.
- B) They can take out loans for anything,
- C) They can take out loan amounts that exceed their Financial Aid Budget.

Source for Financial Aid Budget Regulations:

[ifap.ed.gov](http://ifap.ed.gov) > Current Handbook > Volume 3 Calculating Awards & Packaging

D) Number of UTTC students who have borrowed loans by year plus loan dollar totals





E) How is the Loan Default Cohort calculated:

There is a Loan Default Cohort that is calculated for all colleges every year and carry with it penalties, meaning colleges are punished for how well their students pay back Federal loans once they leave our institution.

FY2012: Cohort is any UTTC Borrower who entered repayment between 10/01/2011 to 09/30/2012  
Tracks any default of this group for 2012, 2013, 2014: 10/01/2011 to 09/30/2014

FY2013: Cohort is any UTTC Borrower who entered repayment between 10/01/2012 to 09/30/2013  
Tracks any default of this group for 2013, 2014, 2015: 10/01/2012 to 09/30/2015

FY2014: Cohort is any UTTC Borrower who entered repayment between 10/01/2013 to 09/30/2014  
Tracks any default of this group for 2014, 2015, 2016: 10/01/2013 to 09/30/2016

F) UTTC's Default Rates

Number of defaulters/the number of borrowers entering repayment for those cohort dates

- FY2010: 2 year = 12.5%
- FY2011: 3 year = 46.5%; UTTC had a successful appeal to avoid sanctions.
- FY2012: 3 year = 47.5% 68/143
- FY2013: 3 year = 43.5% 57/131

G) Default Rate Sanctions

- Single year over 40%: School will lose Direct Loans for a year.
- 3 consecutive years over 30%: School will lose Direct Loans and Pell Grants.

*Challenges*

Breaks in employment for the Default Management position

H) Current Loan Defaulter Profile compared to last Cohort

|                                    | FY2012 | FY2013 | FY2014 |
|------------------------------------|--------|--------|--------|
| Did not complete Degree            | 90%    | 82%    | 89%    |
| Average G.P.A. of Defaulters       | 1.9999 | 2.0496 | 1.7499 |
|                                    |        |        |        |
| Under Age 24                       | 10%    | 38%    | 46%    |
| 24-30                              | 45%    | 39%    | 30%    |
| Over Age 30                        | 45%    | 23%    | 24%    |
|                                    |        |        |        |
| Female                             | 60%    | 63%    | 72%    |
|                                    |        |        |        |
| Single Parents                     | 55%    | 57%    | 59%    |
|                                    |        |        |        |
| Attended other College before UTTC | 50%    | 54%    | 52%    |
|                                    |        |        |        |

When we package aid: PELL & Scholarships are first priority meaning in most cases they pay the tuition & fees and UTTC students are using Loans to pay their supplies, rent and other personal expenses.

I) Entrance Counseling / 3<sup>rd</sup> Party Loan Servicers

For the 1<sup>st</sup> three years of Loans we were conducting a 12-hour Financial Literacy session here on campus for all borrowers on top of requiring the Department of Education entrance counseling.

This by far was one of the most extensive loan counseling programs of any school in the nation.

In 2013, we contracted with ASA (SALT) to provide a financial literacy website for our students and they also provided web/phone/text loan support 7 days a week, 16 hours a day.

Our Literacy Sessions and SALT counseling was seeing no impact on our cohort Loan Default rates. After consulting with Department of Ed officials and Jee Hang Lee (of the Assoc. of Community College Trustees) we entered a contract with EdFinancial in early 2016. They have a proven track record with helping schools with high default rates. And instead of being a front-end education piece they aggressively contact students after they have exited our institution and get them into some sort of payment plan or deferment.

YTD report from EdFinancial is attached.

J) Current Updates on Appeals

- We received decisions on all Appeals for FY2013. Below is a chart showing where UTTC started off in 3-year Loan Default Cohort Draft rates and where we ended after successful Appeals and Challenges.

\*2010 was only a 2-year rate with only 9 borrowers

| <i>cohort</i> | <i>Draft rate</i> | <i>Official rate</i> | <i>rate reduced by</i> |
|---------------|-------------------|----------------------|------------------------|
| <b>*2010</b>  | 33.3              | 22.2                 | 33%                    |
| <b>2011</b>   | 46.5              | 41.4                 | 11%                    |
| <b>2012</b>   | 47.5              | 44.6                 | 6%                     |
| <b>2013</b>   | 47.2              | 40.8                 | 14%                    |

In addition to appeals that reduce the rate itself, there are also appeals that clear UTTC of all sanctions. The Financial Aid Director had appeals successfully approved in 2014 and in 2016.

K) Next Cohort Appeals Calendar

For FY2014 Cohort we will receive the Draft rate sometime in February 2017. UTTC will then have 45 days to submit all challenges. Decisions will generally be received a month after submitted.

In September 2017 we will receive our Official FY2014 rate. UTTC will then have 30 days to submit all appeals. Decisions on all appeals will be returned within 1-3 months.



January 10, 2018

Dr. Leander R. McDonald  
President  
United Tribes Technical College  
3315 University Drive  
Bismarck, North Dakota 58504

OPEID# 022429

RE: FY 2014 Participation Rate Index Appeal based on FY 2012 Participation Rate Index

Dear Dr. McDonald:

This letter is official notification that the U.S. Department of Education (Department) has reviewed your school's fiscal year (FY) 2014 participation rate index appeal based on its FY 2012 participation rate index. For a school subject to sanction due to three consecutive years of an official cohort default rate that is 30.0 percent or greater, a school submitting a participation rate index appeal must demonstrate that it has a participation rate index that is equal to or less than 0.0625 for any of the three most recent cohort fiscal years. For a school subject to sanction due to an official cohort default rate for the most recent cohort fiscal year that is greater than 40.0 percent, a school submitting a participation rate index appeal must demonstrate that it has a participation rate index that is equal to or less than 0.0832 for that year. See 34 CFR Section 668.214.

For purposes of calculating the participation rate index, a school must select any 12-month period that ended during the six months immediately preceding the start of the cohort fiscal year for which the school is submitting the participation rate index appeal. Since a school subject to sanction because of three consecutive cohort default rates of 30.0 percent or greater can choose to submit a participation rate index appeal based on any of its three most recent official cohort default rates, the time period will differ based on the cohort fiscal year used by the school. The participation rate index is then calculated by multiplying the school's relevant cohort default rate by the percentage of the school's regular students, as defined by 34 C.F.R. Section 600.2, enrolled on at least a half-time basis during any part of the selected 12-month period, who received a Federal Family Education Loan (FFEL) Program and/or William O. Ford Federal Direct Loan (Direct Loan) Program loan during the selected 12-month period. A student is deemed to have received an FFEL Program and/or Direct Loan Program loan during the 12-month period if the loan period dates for that student's loan overlap any part of the selected 12-month period.

Based upon its review, the Department has determined that your school's participation rate index appeal does not satisfy the participation rate index criteria as required by 34 CFR Section 668.214.

**Federal Student Aid**

U.S. DEPARTMENT OF EDUCATION  
400 MICHIGAN STREET, N.E. WASHINGTON, DC 20202  
StudentAid.gov

Specifically, your school reported that it had 1154 regularly enrolled students for the 12-month period beginning April 2, 2010, 196 of which received FFEL Program and/or Direct Loan Program loans for that same period, giving your school a participation rate of 0.1698. Since your school's FY 2012 cohort default rate was 44.6%, the documentation submitted by your school indicated that it had a participation rate index of 0.0757. This is above the regulatory threshold of 0.0625 for schools subject to sanction based on three consecutive years of cohort default rates at or above 30%. Additionally, the Department cross-referenced the information submitted by your school with data provided to the National Student Loan Data System (NSLDS) and discovered that your school significantly underreported the total number of borrowers for the relevant 12-month period. Specifically, the Department has determined that thirty-eight additional students had loans with loan periods which overlapped the 12-month period selected by your school. Therefore, these students were added to the numerator of your school's participation rate. Three students were removed from the numerator as their loan periods did not overlap the selected 12-month period, and four students were removed from the denominator as their social security number was incomplete. Please refer to Enclosure One for a list of the additional borrowers and borrowers removed.

The changes noted above result in the following revised participation rate index:

$$\begin{aligned} \text{Number of Borrowers:} & \quad 231 \\ \text{Total Enrollment:} & \quad 1150 \end{aligned} = 0.2008\% \text{ Participation Rate}$$
$$(0.2008\%) \times (0.446 \text{ FY 2012 cohort default rate}) = 0.0895 \text{ Participation Rate Index}$$

Based upon the school's original calculation, as well as the Department's revised calculation above, the Department has determined that your school has a participation rate index above the maximum allowable threshold established in 34 CFR Section 668.214. Therefore, your school's FY 2014 participation rate index appeal based on its FY 2012 participation rate index is unsuccessful.

In accordance with Section 435(a)(2) of the Higher Education Act of 1965, as amended (HEA), the Department previously notified your school that it was subject to loss of eligibility to participate in the Direct Loan Program because its three most recent cohort default rates were 30.0 percent or greater. In addition, in accordance with Section 401(j)(1) of the 1998 Amendments to the HEA, your school was notified that it would lose its Federal Pell Grant Program eligibility if it did not submit a successful appeal of its loss of eligibility to participate in the Direct Loan Program. Your school timely filed an appeal of this loss of eligibility. However, because your school's FY 2014 participation rate index appeal based on its FY 2012 participation rate index is unsuccessful, and your school has no other cohort default rate appeals



pending before the Department, your school's appeal of its loss of eligibility to participate in the Direct Loan Program and Federal Pell Grant Program is denied.

Your school will receive a separate letter from the Department of Education regarding your school's eligibility and liability assessment. Should you have questions regarding your school's eligibility and liability assessment, you should address them to School Eligibility Service Group, Case Team Mailbox at [CaseTeams@ed.gov](mailto:CaseTeams@ed.gov).

If your school has any questions regarding this determination, please send all correspondence to Operations Performance Division at [FSA.Schools.Default.Management@ed.gov](mailto:FSA.Schools.Default.Management@ed.gov) or call 202-377-4259. If sent by U.S. Postal Service, send your school's correspondence to:

U.S. Department of Education  
Operations Performance Division  
Union Center Plaza, 114B4  
400 Maryland Avenue, SW  
Washington, DC 20202-5353

If sent by commercial overnight mail/courier delivery, send your correspondence to:

U.S. Department of Education  
Operations Performance Division  
Union Center Plaza, 114B4  
830 First Street, NE  
Washington, DC 20002-5353

Please include your school's OPE identification number, as shown on page one, on all correspondence with the Department.

Sincerely,

*P.P. N. [Signature]* on behalf of:

Katrina Turner  
Service Director  
Operations Performance Management Services  
Business Operations

cc: Mr. Marcus DeCosta, Manager, Cohort Default Rate Team  
School Eligibility Service Group, Case Team Mailbox

**Enclosure One**

**Participation Rate Index Appeal**

The fo llow ing students were added to and/or subtracted from your school's participa tio n rate because the students were enrolled at your school and received/d id not receive an FFEL Program and/or Direct Loa n Program loan during the 12-month period 04/02/20 10 - 04 / 0 1/2011 se lected by your school.

| SSN           | Student           | Loan Period              | Loan Type | Effect on PRI |
|---------------|-------------------|--------------------------|-----------|---------------|
| XXX-XX-72 5 1 | C. Goodsell       | 8/19/10 - 5/06/11        | DL        | +N            |
| XXX-XX-8856   | M. Balch          | 1/ 05 / 11 - 8/ 17 / 1 1 | DL        | +N            |
| XXX-XX-2474   | J. Strait         | 5/ 10/ 10 - 5/05/11      | DL        | +N            |
| XXX-XX-0712   | T. Crow Ghost     | 8/20/09 - 5/07/ 1 0      | DL        | +N            |
| XXX-XX-0456   | K. Abt            | 8/20/09 - 5/07/ 1 0      | DL        | +N            |
| XXX-XX-3719   | Q. Austin         | 1/ 05/ 11 - 8/07 /11     | D L       | +N            |
| XXX-XX-4750   | H. McCiane        | 1/ 05/ 11 - 8 / 17/1 1   | DL        | +N            |
| XXX-XX-9710   | A. Toineeta       | 8/19/10 - 8/ 17 / 1 1    | DL        | +N            |
| XXX-XX-7552   | U. Allman         | 8/19/10 - 8/1 7/1 1      | DL        | +N            |
| XXX-XX-3021   | S. House          | 8/19/10 - 8/17/11        | DL        | +N            |
| XXX-XX-6306   | L. Renteria       | 8/20/09 - 5/07/ 1 0      | DL        | +N            |
| XXX-XX-7870   | S. Fast Horse     | 8/19/10 - 8/ 17 / 1 1    | DL        | +N            |
| XXX-XX-4836   | S. O' Co nnor     | 5/14/09 - 5/07/ 1 0      | DL        | +N            |
| XXX-XX-3151   | J. Morsette       | 8/20/09 - 5/07/ 1 0      | DL        | +N            |
| XXX-XX-7026   | S. Dionne         | 8/20/09 - 5/07/ 1 0      | DL        | +N            |
| XXX-XX-9524   | M. Martinez       | 8/20/09 - 5/07/ 1 0      | DL        | +N            |
| XXX-XX-580 1  | S . Bert hi a ume | 11/30/09 - 11/30 / 1 0   | DL        | +N            |
| XXX-XX-8298   | C. Gates          | 1/05/1 1 - 8/17/11       | DL        | +N            |
| XXX-XX-4282   | P. Meyers         | 8/20/09 - 5/07/ 1 0      | DL        | +N            |
| XXX-XX-5714   | C. Red Owl        | 8/ 19/10 - 8/17 / 1 1    | DL        | +N            |
| X XX-XX-9 158 | C. Little         | 1/05 /1 1 - 8 / 17/ 11   | DL        | +N            |
| XXX-XX-7427   | R. Lee            | 5/10/ 10 - 8/17/1 1      | DL        | +N            |
| XXX-XX-9885   | T. Good Eagle     | 5/ 10 / 10 - 8/17 / 1 1  | DL        | +N            |
| XXX-XX-9172   | D. Yellow Earring | 8/ 19/ 10 - 8 / 17/1 1   | DL        | +N            |
| XXX-XX-1957   | I. Oakie          | 8/20/09 - 5/07/10        | DL        | +N            |
| XXX-XX-5273   | D. Red Boy        | 8/19/ 10 - 8 / 1 7 / 1 1 | DL        | +N            |
| XXX-XX - 1455 | F. Eagle Chasing  | 8/20 /09 - 05 /07 / 1 0  | DL        | +N            |
| XXX-XX-050 1  | B. Bullhead       | 8/19 / 1 0 - 8/17 / 1 1  | DL        | +N            |
| XXX-XX-4980   | J. White Mountain | 5/ 18 / 09 - 5 / 07 / 10 | DL        | +N            |

C>P110; 022-L1}  
libl:; L-dlil:al ('olk

| SSN         | Student        | Loan Period       | Loan Type | Effect on PRI |
|-------------|----------------|-------------------|-----------|---------------|
| XXX-XX-9826 | J. Bird House  | 8/20/09 - 5/7/10  | DL        | +N            |
| XXX-XX-1131 | L. Crow        | 8/19/10 - 8/17/11 | DL        | +N            |
| XXX-XX-7098 | M. Skinner     | 8/20/09 - 5/07/10 | DL        | +N            |
| XXX-XX-7013 | S. Bell        | 5/10/10 - 5/05/11 | DL        | +N            |
| XXX-XX-0704 | K. Montclair   | 5/18/09 - 5/07/10 | DL        | +N            |
| XXX-XX-8970 | M. Allery      | 8/19/10 - 8/17/11 | DL        | +N            |
| XXX-XX-8911 | M. Brown       | 8/19/11 - 8/17/11 | DL        | +N            |
| XXX-XX-7226 | L. Black Bull  | 5/14/09 - 5/07/10 | DL        | +N            |
| XXX-XX-9993 | R. Rousseau    | 5/10/10 - 5/05/11 | DL        | +N            |
| XXX-XX-3429 | X. Silk        |                   |           | -N            |
| XXX-XX-5953 | J. Archambault |                   |           | -N            |
| XXX-XX-6795 | C. Taken Alive |                   |           | -N            |
| XXX-XX-796  | L. Pompana     |                   |           | -D            |
| XXX-XX-503  | G. Fung        |                   |           | -D            |
| XXX-XX-939  | R. Patricia    |                   |           | -D            |
| XXX-XX-286  | L. Montour     |                   |           | -D            |

**Enclosure Two**

**Summary of Participation Rate Index**

**Original Total Provided by School:**

|                           |   |
|---------------------------|---|
| Participation Rate:       | $\frac{196}{1154} = 0.1698$             |
| Participation Rate Index: | $0.1698 \times 0.446 = \mathbf{0.0757}$ |

**Students Not Meeting Regulatory Requirements:**

|                               |    |
|-------------------------------|----|
| Removed from the numerator:   | 3  |
| Removed from the denominator: | 4  |
| Added to the numerator:       | 38 |
| Added to the denominator:     | 0  |

**Revised Total:**

|                           |   |
|---------------------------|---|
| Participation Rate:       | $\frac{231}{1150} = 0.2008$             |
| Participation Rate Index: | $0.2008 \times 0.446 = \mathbf{0.0895}$ |



---

November 30, 2017

Dr. Leander R.  
McDonald President  
United Tribes Technical  
College 3315 University Drive  
Bismarck, ND 58504

OPE-ID#: 022429

Original FY 2014 Rate: 41.4%  
Revised FY 2014 Rate: 40.9%

RE:FY 2014 Loan Servicing Appeal

Dear Dr. McDonald:

This letter is official notification that the U.S. Department of Education (Department) has reviewed your school's fiscal year (FY) 2014 loan servicing appeal. The Department has concluded that the information provided in this appeal warrants a revision to your school's FY 2014 cohort default rate. Please note that the FY 2013 and FY 2012 cohort default rates submitted as part of this loan servicing appeal were not reviewed, as your school has previously submitted a loan servicing appeal for FY 2013 and FY 2012, which was resolved on December 19, 2016. Per Departmental regulations at 34 CFR Section 668.208(b)(2), a school may not appeal a cohort default rate under the uncorrected data adjustment, new data adjustment, erroneous data appeal and loan servicing appeal process more than once. The following is a summary of the Department's review of the FY 2014 loan servicing appeal.

In accordance with 34 C.F.R. Section 668.212, the relevant data managers provided your school with either (1) the loan servicing records for all of the defaulted borrower accounts that were used in the calculation of the cohort default rate for each of the applicable cohort fiscal years or (2) the loan servicing records for a representative sample of all the defaulted borrower accounts that were used in the calculation of the cohort default rate for each of the applicable cohort fiscal years. Based on the loan servicing records provided by the data manager, your school alleged that some or all of the records contained loan servicing errors as described in 34 C.F.R. Section 668.212 (b) and chose to submit those records to the Department for review.

Your school submitted records for nine borrower accounts for review from the FY 2014 cohort fiscal year. The Department reviewed the loan servicing records for each borrower account to determine whether a lender or servicer failed to perform a required element as established in 34 C.F.R. Section 668.212(b). Of the nine borrower accounts submitted, eight contained evidence that the account was properly serviced in accordance with 34 C.F.R. Section 668.212(b). The Department determined that the remaining one borrower account lacked evidence that the lender or servicer performed every element contained in the regulations.

Because the one improperly serviced borrower account noted above was held by a data manager that provided your school with the total population of defaulted accounts held by the data manager and included in the FY 2014 cohort fiscal year, it is not necessary to extrapolate the results of this review over the entire population of defaulted accounts that were included in the FY 2014 cohort default rate calculation and held by the data manager in question. Therefore, one borrower account was removed from the numerator and denominator of your school's FY 2014 cohort default rate calculation. Please refer to the Enclosure for a summary of the Department's review of the borrower accounts submitted by your school.

The following table is a summary of your school's three most recent cohort default rates.

| <u>Cohort Fiscal Year</u> | <u>Time Period (Numerator) Time Period (Denominator)</u>                                     | <u>Number of Borrowers In Default</u> | <u>Number of Borrowers In Repayment</u> | <u>Cohort Default Rate</u> |
|---------------------------|--|---------------------------------------|---|----------------------------|
| <u>2012 3-Year</u>        | <u>October 1, 2011 to September 30, 2014</u><br><u>October 1, 2011 to September 30, 2012</u> | <u>62</u>                             | <u>139</u>                              | <u>44.6%</u>               |
| <u>2013 3-Year</u>        | <u>October 1, 2012 to September 30, 2015</u><br><u>October 1, 2012 to September 30, 2013</u> | <u>51</u>                             | <u>125</u>                              | <u>40.8%</u>               |
| <u>2014 3-Year</u>        | <u>October 1, 2013 to September 30, 2016</u><br><u>October 1, 2013 to September 30, 2014</u> | <u>52</u>                             | <u>127</u>                              | <u>40.9%</u>               |

Please note that information contained in your school's loan record detail report will not reflect the revision made as a result of this appeal and, as a result, copies of the loan record detail report provided to your school subsequent to this letter will not reflect the revised cohort default rate data. Therefore, it is important that your school retain a copy of this final appeal determination letter as its official record of its revised cohort default rate.

In accordance with Section 435(a)(2) of the Higher Education Act (HEA) of 1965, as amended, the Department previously notified your school that it was subject to loss of eligibility to participate in the Direct Loan Program and the Federal Pell Grant Program because its three most recent cohort default rates are 30.0 percent or greater. Additionally, in accordance with 34 CFR

Section 668.206(a)(1), your school was notified that it was subject to loss of eligibility to participate in the Direct Loan Program because its most recent cohort default rate is greater than 40.0 percent. Your school's timely filed loan servicing appeal did not result in a cohort default rate that is less than 30.0 percent for one of its three most recent years, or less than 40.1% for the most recent cohort year. However, the Department is aware that your school has an FY 2014 participation rate index appeal pending with the Department. Once that pending appeal is reviewed in accordance with 34 C.F.R. Section 668.208, the Department will render a final decision on your school's eligibility to participate in the Direct Loan Program and Federal Pell Grant Program in a separate letter.

If your school has any questions regarding this determination, please write to Operations Performance Division. If sent by U.S. Postal Service, send your school's correspondence to:

U.S. Department of Education  
Operations Performance Division  
Union Center Plaza, 114B4  
400 Maryland Avenue, SW  
Washington, DC 20202-5353

If sent by commercial overnight mail/courier delivery, send your correspondence to:

U.S. Department of Education  
Operations Performance Division  
Union Center Plaza, 114B4  
830 First Street, NE  
Washington, DC 20002

Please include your school's OPE identification number, as shown on page one, on all correspondence with the Department.

Sincerely,



Katrina Turner Service  
Director  
Operations Performance Management Services  
Business Operations

cc: Marcus DeCosta, Manager, Cohort Default Rate Team



September 2017

United Tribes Technical College  
3315 University Drive  
Bismarck, ND 58504  
USA, 7596

OPE ID: 022429  
FY 2014 Cohort Default Rate: 41.4%  
Subject To Sanction

**RE: FY 2014 Official Cohort Default Rate Notification Letter**

Dear President:

This letter officially notifies you of your school's FY 2014 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 2014 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 the website:

<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, and
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 three 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>

**Federal Student Aid**  
An OFFICE of the U.S. DEPARTMENT of EDUCATION

830 First Street, NE, Washington, DC 20202  
StudentAid.gov



#### 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?

The LRDR that accompanies this notification letter reflects all loans that went into repayment during FY 2014, FY 2013 and FY 2012. For more information on how to read the LRDR, 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>

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.

#### WHAT SANCTIONS AND BENEFITS APPLY TO MY SCHOOL BASED ON THIS RATE?

The Higher Education Act of 1965 (HEA) and the Higher Education Reconciliation Act of 2005 (HERA), Pub. L. 109-117, and the Department's regulations describe the sanctions associated with cohort default rates. Based on your school's FY 2014 cohort default rate, your school is subject to the sanctions outlined below. The Department will provide no further notice of these sanctions.

Because your school's three most recent official cohort default rates are 30.0 percent or greater **and** your school's official FY 2014 cohort default rate is greater than 40.0 percent, your school is subject to the loss of eligibility to participate in the Direct Loan Program, and/or Federal Pell Grant Program. Within 30 calendar days of your school

receiving this notice, your school's eligibility to participate in these programs will automatically end OR your school's loss of eligibility will automatically be extended if your school lost eligibility to participate in the Direct Loan Program, and/or Pell Grant Program due to its previous cohort default rates UNLESS your school submits a complete, accurate, and timely cohort default rate adjustment/appeal, in accordance with 34 C.F.R. Section 668.208 and described in the Guide. If your school does not successfully appeal this loss, your school's loss of eligibility to participate in the Direct Loan Program, and/or Federal Pell Grant Program will remain in effect until September 30, 2019. This action is mandated by Section 435(a)(2) and 401(j) of the HEA and 34 C.F.R. Section 668.206.

Additionally, because your school's official FY 2014 cohort default rate is 30.0 percent or greater, upon application for recertification, your school may be subject to provisional certification for any Federal Student Aid Programs for which your school remains eligible. For more information on provisional certification, please refer to the regulations at 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 2014 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. 109-117. 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>

**BASED UPON MY THREE MOST RECENT COHORT DEFAULT RATES, WILL MY SCHOOL LOSE ELIGIBILITY TO PARTICIPATE IN THE FEDERAL PELL GRANT PROGRAM?**

If your school has official FY 2014, FY 2013, and FY 2012 cohort default rates that are 30.0 percent or greater, your school will not lose its eligibility to participate in the Federal Pell Grant Program if your school meets any of the following three criteria:

- (1) Your school was terminated from the FFEL Program and/or Direct Loan Program prior to October 7, 1998 and has not subsequently participated in the FFEL Program and/or Direct Loan Program;
- (2) Your school officially withdrew (in writing) from the FFEL Program and/or Direct Loan Program prior to October 7, 1998 and has not subsequently participated in the FFEL Program and/or Direct Loan Program; or
- (3) Your school stopped certifying/originating FFEL Program and/or Direct Loan Program loans prior to July 7, 1998.

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

The FY 2014 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 2014.

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

Based on your school's FY 2014 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>

### New Data Adjustment

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

### Erroneous Data Appeal

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

### Loan Servicing Appeal

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

### Economically Disadvantaged Appeal

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

### Participation Rate Index Appeal

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

### Average Rates Appeal

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

### Thirty-or-fewer Borrowers Appeal

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

All Uncorrected Data Adjustments, Loan Servicing and New Data Adjustments must be made through the eCDR Appeals application. The Average Rates Appeal, Erroneous Data Appeal, Participation Rate Index Appeal, Economically Disadvantaged Appeal and Thirty-or-fewer Borrowers Appeal will continue to be submitted via hard copy. 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 your school submits a complete, accurate, and timely adjustment/appeal and your school has not previously lost eligibility to participate in the Direct Loan Program and/or Federal Pell Grant Program, your school will remain eligible to participate in these programs during the adjustment/appeal process.

If your school submits a complete, accurate, and timely adjustment/appeal and your school's adjustment/appeal is unsuccessful, your school will be liable for certain costs associated with Direct Loan Program loans originated and disbursed by the school during the appeal period. Please refer to 34 C.F.R. Section 668.206(f) for additional information regarding the liability associated with unsuccessful adjustments/appeals.

Your timeframe for submitting these adjustments and appeals begins on the sixth business day after the Department transmitted the cohort default rate notification package to the SAIG destination points. The Department announces the transmittal date for every cohort default rate distribution at: [www.ifap.ed.gov](http://www.ifap.ed.gov).

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 additional information regarding the effect an adjustment/appeal may have on your school's program eligibility and any liabilities associated with the adjustment/appeal processes, 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>.

-

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

| <u>Tools Information</u>                         | <u>Description</u>  | <u>Contact Information</u>                         |   |  |  |  |
|--|---|--|---|--|--|--|
| <u>Cohort Default Rate Guide</u>                 | <a href="http://ifap.ed.gov/DefaultManagement/finalcdrg.html">http://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.   | May be printed from CDR Guide <a href="#">link</a> |   |  |  |  |
| <u>Default Management Website</u>                | <a href="http://ifap.ed.gov/DefaultManagement/DefaultManagement.html">http://ifap.ed.gov/DefaultManagement/DefaultManagement.html</a> . Contains valuable information for schools, guaranty agencies and borrowers. Contains link for eCDR process, including enrollment procedures and downloading instructions.   | Operations Performance Division<br>202-377-4259    |   |  |  |  |
| <u>eCDR Appeals</u>                              | <p><u>Electronic Cohort Default Rate Appeals Process</u></p> <p><u>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/appeals requests during a cohort default rate cycle, and allows data managers (guaranty agency or Federal Loan Servicer) and 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.</u></p> <p><u>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 Guides, 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.</u></p> | Operations Performance Division<br>202-377-4259    |   |  |  |  |
| <u>National Student Loan Data System (NSLDS)</u> | <p><a href="https://www.nslsdfap.ed.gov">https://www.nslsdfap.ed.gov</a>. Offers schools the opportunity to request reports in extract or preformatted formats that can be retrieved through the Student Aid Internet Gateway (SAIG) account associated with the NSLDS User ID that requested the report. Listed below are some of the reports that NSLDS offers.</p> <table border="1" data-bbox="342 1738 1187 1812"> <thead> <tr> <th data-bbox="342 1738 505 1812"><u>Report Name</u></th> <th data-bbox="505 1738 1187 1812"><u>Brief Description of the NSLDS Reports</u></th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> </tbody> </table>  | <u>Report Name</u>                                 | <u>Brief Description of the NSLDS Reports</u> |  |  | NSLDS Customer Service at (800) 999-8219 |
| <u>Report Name</u>                               | <u>Brief Description of the NSLDS Reports</u>   |  |   |  |  |  |
|  |   |  |   |  |  |  |

|  |  |  |
|--|--|--|
|  | <u>DRC03</u><br><u>5</u>                             | <u>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.</u>                                |
|  | <u>SCHER</u><br><u>1</u>                             | <u>Enrollment Reporting Summary Report provides school users with the chronology of enrollment reporting events.</u>   |
|  | <u>DER00</u><br><u>1</u>                             | <u>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.</u>                            |
|  | <u>DRC0</u><br><u>16</u><br><u>DRC0</u><br><u>17</u> | <u>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.</u>          |
|  | <u>SCH01</u><br><u>B</u>                             | <u>Exit Counseling Report provides school users with exit counseling information on students who attended the requesting school and whose anticipated completion dates fall within a specified date range.</u> |
|  | <u>DELQ</u><br><u>01</u><br><u>DELQ</u><br><u>03</u> | <u>The Delinquent Borrower Report provides School users a report of borrowers who have been reported as delinquent in making loan payments to one of the federal loan servicers.</u>                           |
|  | <u>SCHPR</u><br><u>1</u>                             | <u>The School Portfolio Report (SCHPR1) provides ED users with information about all Direct Loan and/or FFEL program loans for a specified school.</u>   |

Additional tools and information may be found in Chapter 3.2 of the Cohort Default Rate Guide, Monitoring Loan Repayment Status Year-Round, available at:  
<http://www.ifap.ed.gov/DefaultManagement/guide/CDRGuidePart3.html>

If you have any questions about this letter that are not answered in the Cohort Default Rate Guide, please contact Operations Performance Division via email at: [FSA.Schools.Default.Management@ed.gov](mailto:FSA.Schools.Default.Management@ed.gov) or via phone at (202) 377-4259. Please be sure to include your Office of Postsecondary Education Identification Number (OPE ID) on all correspondence, as shown on page one of this letter.

Sincerely,



Katrina Turner  
Service Director Operations Performance Management Services  
Business Operations



## **2008-2009 Academic Year**

The Department of Education had meetings with UTTC about participating in the Federal Direct Loan program. Finance office was hesitant about the program but the VP of Student & Campus Services pushed participation with President Gipp as a way for students to pay for Off-Campus Housing. The Department of Ed officials we met with downplayed any possibility of sanctions because they felt they had a sufficient system of challenges and appeals to help us with.

2008 would also mark the first year of the “new” cohort default rate calculations. So Fed officials at the time promoted the appeals process but what we did not know is that for FY2013 the Default average for Tribal colleges is 28.6 and community colleges is almost 20%.

## **2009-2010 Academic Year**

This was our first year of offering Federal Direct. We had students do a 12 hour in-person Entrance Counseling session before we would disburse any funds. This was one of the most intensive loan counseling requirements in the entire nation. We had a low amount of borrowing this year.

UTTC dedicated a Loan Default Specialist position to help with loan repayment and delinquency issues for our students.

## **2010**

## **2011**

This school year was the peak of student borrowers for UTTC at 295 and decreased rapidly from this year on. This population is the group we are currently working with in our 2017 Default rate.

## **2012**

UTTC didn't have 3 years of lending yet for “new” Loan Default calculations for FY2009.

## **2013**

Draft rate for FY2010 was 33.3

Official rate after all appeals/challenges was 22.2

I had a successful challenge accepted because our total amount of borrowers in the rate was less than 30.

We contracted with ASA (SALT) to provide loan counseling for 3 reasons.

1. We were having too much turnover in our Loan Default Specialist position
2. Despite having one of the most extensive Loan Counseling programs in the entire country our Loan Default rates were already shooting up
3. All other Loan Servicers only promised to call our borrowers, where ASA offered to do e-mail, social media contacting and other skip-tracing activities.

## **2014**

Draft rate for FY2011 was 46.5

Official rate after all appeals/challenges was 41.4

Had another a successful challenge accepted to avoid sanctions for a single rate over 40%.

Because we had a rate over 40% we had a Department of Education Site visit in July and they went over our procedures and data and recommended some possible appeals that we may be eligible for.

## **2015**

Draft rate for FY2012 was 47.5

Official rate after all appeals/challenges was 44.6

Had another a successful challenge accepted to avoid sanctions for a single rate over 40%.

## **2016**

Draft rate for FY2013 was 47.2

Official rate after all appeals/challenges was 40.8

Because we had 1 year of a default rate over 40% we had to stop and new loan originations or disbursements in February. We could not appeal this because we had a high number of borrowers in the years this dealt with (2011, 2012)

After consulting with Dept of Ed officials and Jee Hang Lee of the Association of Community College Trustees UTTC entered a contract with EdFinancial who had a history of helping high Default Rate schools.

## **2017**

Draft rate for FY2014 is 41.8. Official rate and opportunity for appeals will open in the Fall. I have sent an e-mail going over appeal options and scenarios and have been told that it's being reviewed by Department of Ed officials and they will get back to me. We are trying to avoid further sanctions for having 3 consecutive years over 30%