

The Secretary amends the Student Assistance General Provisions by adding Subpart R to 34 CFR Part 668. The program cohort default rate is a disclosure item for GE programs under Subpart R of 34 CFR part. This subpart describes how program cohort default rates (pCDR) are calculated by the Department, and how institutions may request changes to their pCDRs or appeal the rates. Under this subpart, the institution submits a “challenge” after it receives its draft program cohort default rate, and the institution requests an “adjustment” or “appeal” after its official program cohort default rate is published.

Section 668.504(b) – Draft cohort default rates and your ability to challenge before official program cohort default rates are issued, incorrect data challenges.

Under proposed 668.504(b), the institution may challenge the accuracy of the data included on the Loan Record Detail Report (LRDR) by sending an incorrect data challenge to the relevant data manager(s) within 45 days of receipt of the LRDR from the Department. The challenge would include a description of the information in the LRDR that the institution believes is incorrect along with supporting documentation.

Based upon FY 2011 submissions, there were 353 institutional CDR challenges for incorrect data of a total of 510 challenges, requests for adjustments, and appeals, a 69 percent submission rate. Therefore 69 percent of the projected 1,863 challenges, adjustments, and appeals, or 1,285, are projected to be challenges for incorrect data.

We estimate that out of the likely 1,285 submissions, 39 (3 percent) would be from private non-profit institutions. We estimate that the average institutional staff time needed to review a GE program’s LRDR for each of these 39 programs and to gather and prepare the challenges would be 4 hours (1.5 hours for list review and 2.5 hours for documentation submission). This would increase burden by 156 hours under OMB Control Number 1845-0121.

Section 668.509 - Uncorrected data adjustments.

An institution may request an uncorrected data adjustment for the most recent cohort of borrowers used to calculate a GE program’s most recent official pCDR, if in response to the institution’s incorrect data challenge, a data manager agreed to change data but the changes were not reflected in the official pCDR.

Based upon FY 2011 submissions, there were 116 uncorrected data adjustments of the total 510 challenges, requests for adjustments, and appeals. Therefore, 23 percent of the projected 943 challenges, adjustments, and appeals (based on possible loss of eligibility) or 217 are projected to be uncorrected data adjustments. We estimate that the average institutional staff time needed is 1 hour for list review and 0.5 hours for documentation submission, for a total of 1.5 hours.

We estimate that 6 (3 percent) of the 217 projected uncorrected data adjustments would be from private non-profit institutions. Therefore, burden would increase at private non-profit institutions by 9 hours (6 adjustments times 1.5 hours) under OMB Control Number 1845-0121.

Section 668.510 – New data adjustments.

An institution could request a new data adjustment for the most recent cohort of borrowers used to calculate the most recent official pCDR for a GE program, if a comparison of the LRDR for the draft rates and the LRDR for the official rates show that data have been newly included, excluded, or otherwise changed and the errors are confirmed by the data manager.

Based upon FY 2011 submissions, there were 12 new data adjustments of the total 510 challenges, requests for adjustments, and appeals. Therefore, 2 percent of the projected 943 challenges, adjustments, and appeals (based on possible sanction) or 19 are projected to be new data adjustments. We

estimate that the average institutional staff time needed is 3 hours for list review and 1 hour for documentation submission, for a total of 4 hours.

We estimate that 1 (3 percent) of the 19 projected new data adjustments would be from private non-profit institutions. Therefore, burden would increase at private non-profit institutions by 4 hours (1 adjustment times 4 hours) under OMB Control Number 1845-0121.

Section 668.512 Loan Servicing appeals.

An institution could appeal the calculation of a pCDR on the basis of improper loan servicing or collection only if the borrower did not make a payment on the loan and the institution can prove that the servicer failed to perform required loan servicing or collections activities.

Based upon FY 2011 submissions, there were 19 loan servicing appeals of the total 510 challenges, requests for adjustments, and appeals. Therefore, 4 percent or 38 of the projected 943 challenges, adjustments, and appeals are projected to be loan servicing appeals. We estimate that, on average, to gather, analyze, and submit the necessary documentation, each appeal would take 3 hours.

We estimate that 1 (3 percent) of the 38 projected loan servicing appeals would be from private non-profit institutions. Therefore, burden would increase at private non-profit institutions by 3 hours (1 servicing appeal times 3 hours) under OMB Control Number 1845-0121.

TOTALS

Responses	47
Respondents	47
Burden Hours	172