

#	Subject	Summary of Change to Common Manual	Type of Update	Effective Date
1263	Transition to Three-Year Cohort Default Rates	<p>4.2 Administrative Capability Standards</p> <p>16.1 Overview of Cohort Default Rates and Terminology</p> <p>16.3 School Draft Cohort Default Rates and Challenges</p> <p>16.4 School Official Cohort Default Rates, Adjustments, and Appeals</p> <p>16.4.B School Appeals</p> <p>16.5 Consequences of High Official Cohort Default Rates for Schools</p> <p>Provides information on the transition from the two-year cohort default rate to a three-year cohort default rate. Beginning in calendar year 2012 with the publication of the official 2009 three-year cohort default rate, a school with a single-year cohort default rate of 30% or greater will be required to establish a default prevention task force to prepare and submit a plan to the Department that identifies factors, establishes steps to improve the default rate, and specifies actions that can improve repayment rates. A school with a three-year cohort default rate of 30% or greater for two consecutive years must revise its plan to implement additional measures and also may be subject to provisional certification.</p> <p>As a part of a school's administrative capability standards, in order to maintain eligibility, the school's official CDR must be:</p> <ul style="list-style-type: none"> • No more than 40% for the most recent fiscal year for which cohort default rates have been issued. • Less than 25% for each of the three most recent fiscal years for which two-year cohort default rates have been issued. • As of 2014, less than 30% for at least two of the three most recent fiscal years for which three-year cohort default rates have been issued. • No more than 15% for Perkins Loans. <p>Also a school may challenge a draft three-year cohort default rate on the basis of its participation rate index (PRI), as follows:</p> <ul style="list-style-type: none"> • Challenge an anticipated loss of eligibility based on a three-year cohort default rate that exceeds 40%, if the school's PRI for that fiscal year was less than or equal to 0.06015. • Challenge an anticipated loss of eligibility based on three consecutive three-year cohort default rates of at least 30% but no more than 40%, if the school's PRI for any of the three years was less than or equal to 0.0625. • Challenge a potential provisional certification based on three-year cohort default rates of at least 30% but no more than 40% in two of the three most recent years, if the school's PRI for either of the two years was less than or equal to 0.0625. 	Federal	Expansion of the cohort default period from a two-year period to a three-year period beginning with fiscal year 2009.