

July 30, 2015

OSFA/FFELP #14-15-03

Dear Student Loan Participant:

On July 16, 2015, the *Common Manual* Governing Board approved one proposal from Batch 203 to modify the *Common Manual*. The changes will be incorporated into the *Common Manual* with the publication of the next quarterly integrated update. Enclosed are the following updates:

- **Three-Year Cohort Default Rates**

For further information you may contact me at (850) 410-6846 or e-mail at Reitha.scott@fldoe.org.

Sincerely,

Reitha Scott, Policy Manager
Office of Student Financial Assistance

COMMON MANUAL UPDATES

Three-Year Cohort Default Rates

The *Common Manual* has been updated to remove information pertaining to the two-year cohort default rate (CDR) and the transition to a three-year rate. Revised policy:

- Clarifies that, as part of a school's administrative capability standards, the school's CDR must be less than 30% for two of the three most recent fiscal years and must not exceed 15% for Perkins Loans. A school with a single-year CDR of 30% or greater will be required to establish a default prevention task force. A school with CDRs of 30% or greater for two consecutive years must revise its default prevention plan to implement additional default aversion measures, and could also be subject to provisional certification.
- Provides that, beginning in 2014 with the publication of the fiscal year 2011 three-year CDR, a school may raise a Participation Rate Index (PRI) challenge if its three-year CDR equals or exceeds 30% for the three most recent fiscal years for which rates have been calculated and the school's PRI for any of those fiscal years is less than or equal to 0.0625
- Deletes obsolete CDR exemptions for Historically Black Colleges and Universities (HBCUs), tribally controlled community colleges, and Navajo community colleges.
- Deletes obsolete language which provided that the definition of default also includes student borrowers with FDLP loans from proprietary non-degree granting schools that are in repayment for at least 360 days under the income-contingent repayment plan with scheduled payments that are less than \$14 per month and less than the interest accruing on the loan.

Affected Sections:	4.2	Administrative Capability Standards
	16.1	Overview of Cohort Default Rates and Terminology
	16.2	Calculation of School Cohort Default Rates
	Figure 16-1	Cohort Default Rate Formulas
	Figure 16-2	Cohort Default Rate Formulas Beginning with Fiscal Year 2009
	16.3	School Draft Cohort Default Rates and Challenges
	16.4	School Official Cohort Default Rates, Adjustments, and Appeals
	16.4.B	School Appeals

COMMON MANUAL UPDATES

16.5 Consequences of High Official Cohort Default Rates for Schools

Effective Date: Removal of the two-year CDR information effective as of the publication of the official cohort default rates on September 15, 2014.

Removal of exemptions from loss of eligibility due to excess CDR's for Historically Black Colleges and Universities (HBCUs), tribally controlled community colleges and Navajo community colleges effective October 29, 2009.

Removal of the provision that included certain Direct Loan ICR borrowers in the numerator of a for-profit, non-degree institution's CDR effective November 1, 2002.

Basis: HEA §435(a); §668.181; §668.200; §668.202; §668.204; §668.214; *Federal Register* dated November 1, 2002, p. 6705; *Federal Register* dated October 28, 2009, pp. 55638-55639.

Policy Information: 1308/Batch 203

Guarantor Comments: None.