[redacted]

From: Chipbloc@[redacted]
Sent: Tuesday, November 19, 2013 7:21 PM
To: Wilson, Amy
Cc: Kolotos, John
Subject: Fwd: pCDR and repayment rate proposals

From: kevinjensen@[redacted]
To: John.Kolotos@[redacted] chipbloc@[redacted]
Sent: 11/19/2013 5:57:08 P.M. Eastern Standard Time
Subj: pCDR and repayment rate proposals

We seek conforming language for pCDRs that applies Subpart N with a modification of the fiscal year cohorts that can be included (currently up to three years for institutional CDRs) to include only two fiscal years.

Additions in red.

§668.407 Calculating pCDR.

<!--[if !supportLists]-->(a) <!--[endif]--> General. For each fiscal year, the Secretary determines the pCDR of a GE program using the same methodology the Secretary uses to calculate the institutional cohort default rate (CDR) under subpart N of this part.

(b) References in subpart N. In applying the procedures and standards in subpart N to calculate pCDR, the Secretary considers each reference to the "institution" to apply separately to the institution with respect to each of the GE programs at the institution, and considers each provision that describes an action, determination, or consequence that applies to “you” as stating an action, determination, or consequence to apply to the institution separately with respect to each of the GE programs at the institution.

(c) Rates not calculated. For each fiscal year, the Secretary does not calculate the pCDR of a GE program if the number of borrowers in that cohort is less than 30. If the number of borrowers is fewer than 30, the Secretary will also identify borrowers in the prior fiscal year.

§668.409 Determining loan portfolio repayment performance.

(a) General. For each award year, the Secretary determines whether the loan portfolio of a GE program is negatively amortized by--

(1) Determining the outstanding principal balance of the portfolio at the beginning of the most recently completed award year. The beginning outstanding principal balance includes any unpaid interest that has been capitalized;

(2) Determining the outstanding principal balance of the GE program’s loan portfolio at the end of the most recently completed award year; and

(3) Comparing the beginning and ending outstanding principal balances of the GE program's loan portfolio. If the ending outstanding principal balance is greater than the beginning outstanding principal balance, the portfolio is negatively amortized.

(b) Loan portfolio. For the purposes of this section, the loan portfolio of a GE program is comprised of the FFEL and Direct Loans for students who were enrolled in the GE program and who entered repayment on those loans during the two-year period.

(c) Exclusions. The Secretary excludes a student from the loan portfolio repayment performance calculations if the Secretary determines that--

(1) One or more of the student's FFEL loans or Direct Loans were in a military-related deferment status for at least 60 consecutive days during the calendar year for which the Secretary obtains earnings information under paragraph (c) of this section;

(2) One or more of the student's FFEL loans or Direct Loans are under consideration by the Secretary, or have been approved, for a discharge on the basis of the student's total and permanent disability, under 34 CFR 682.402 and 685.212;

(3) The student was enrolled on at least a half-time basis for at least 60 consecutive days in an eligible institution during the calendar year for which the Secretary obtains earnings information under paragraph (c) of this section;

(4) The student completed a higher credentialed GE program at the institution subsequent to completing the program; or

(5) The student died.

(d) Rates not calculated. The Secretary does not calculate loan portfolio repayment performance of a GE program if fewer than 30 borrowers were included in the loan portfolio.