Nature of the responder's interest in the standard (what is the issue and why is it important?);

The Consumer Financial Protection Bureau recently succinctly summed up the risks of massive student debt for our citizens and our country:

The choice to finance a postsecondary education is often the first major financial decision consumers will make. The weight and impact of this choice are reflected in the spillover effects that student debt may have on borrowers' future financial decisions. With outstanding student debt approaching $1.2 trillion, the risks posed by mounting student debt for the economy and for society have gained greater significance.... Consumers also continue to face obstacles when repaying their loans, including difficulty obtaining basic account information and challenges working with student loan servicers to correct payment application and other payment processing errors. Annual Report of the CFPB Student Loan Ombudsman, October 16, 2013

The nonprofit National Student Clearinghouse was founded in 1993 to simplify the administration of the federal student loan process and to ensure that enrolled students were not prematurely put into repayment status on their loans. We serve as the unified point of connection between 3600 institutions representing 96% of the total enrollment at Title IV eligible institutions and the entities holding and servicing both private and federal student loans. We annually process over 750 million student verifications each year.

In 2010, after hearing from institutions about their continuing need to serve students better, the Clearinghouse acquired Meteor, a utility created by the student loan provider community to enable individual students and their institutions to have a single unified point of connection to real time information on all of their federal and private student loans. This open source, free utility currently allows students, graduates and the institutions which pay a crucial role advising these borrowers to have access to their current information on existing loans under the FFEL program and many private loans. Unfortunately, the Direct Loan servicers have not been permitted to make their data available to borrowers through METEOR; adding this information would go far to eliminate the challenges outlined by the CFPB.

Certainly having the additional data elements proposed in Portfolio Detail Report could enhance the understanding of indebtedness and we acknowledge with thanks the thoughtful work of the members of the PESC community who contributed to this project. But the discussion of these changes in isolation begs the underlying question: why do we continue to modify processes that institutions consider antiquated and that they barely have time to use. Schools are increasingly overwhelmed by existing administrative reporting burdens. These administrative burdens add to the overall cost of education. Development and maintenance of reporting systems adds to the administrative costs of the federal government. The price tag on data collection and processing on the national level can be huge: for
example, the federal government has to date invested over $500 million in helping states create longitudinal education data systems. Building on existing private sector assets at significantly less cost to the taxpayer is prudent.

METEOR is supported by the financial aid community, numerous loan servicers and is considered a secure, free way to enable servicers, borrowers, institutions and students to view information. METEOR provides real-time access to loan level detail for all types of student debts (federal and private), METEOR provides borrowers with loan status, terms, contact information, payment information and options, without the need for data to be stored outside of the loan servicer’s system. Students are authenticated through a participating institution or their service provider’s online account for any single loan and they have immediate access to all their loans on the system. METEOR eliminates privacy concerns by not storing data, including passwords. The system could be quickly expanded not only to include Direct Loan data but all types of loan and aid data including benefit information for Veterans. If we truly care about making information available to students and parents so that they can make better financial decisions, servicers must be given the choice to use METEOR.

Comment #2

Nature of the responder's interest in the standard (what is the issue and why is it important?)

NCHER supports the ongoing collaborative work in the higher education community to refine the standard already certified by PESC to more efficiently deliver the data used to assist schools with management of their cohort default rates (CDRs), gainful employment obligations, and to assist them in counseling borrowers regarding student loan repayment. We further support all standards and best practices that, through interoperability and transparent community collaboration, simplify access, improve data quality and reduce costs. We believe the proposed additional data elements in the Student Loan Portfolio Detail Report would assist schools in this manner and support their inclusion.

Changes suggested resolving the issue(s).

NCHER fully supports the proposed changes to the Student Loan Portfolio Detail Reporting Standard. We, however, view the proposed revisions and the Student Loan Portfolio Detail Report as an interim solution that should be supplanted in the future by real-time access to loan level detail for all types of student debt without the need for data to be stored outside of the loan servicer’s system or to be provided in periodic reports. With some minor additional development and expansion of participation, METEOR could be used to accomplish this goal.

We, first, would encourage participation in METEOR by the U.S. Department of Education Federal Student Aid (FSA) by allowing federal student loan servicers to include Direct Loan data where they are providing Federal Family Education Loan Program (FFELP) and private education loan data. Inclusion of this data is paramount to developing the next generation of complete, more efficient solutions for schools’ financial aid offices and in retiring antiquated processes and tools. Then, the community could commit resources to developing and implementing a batch-oriented process that METEOR would need
to use in order to exchange the data specified by the Student Loan Portfolio Detail Reporting PESC Approved Standard for multiple borrowers.

We must care about making the most up-to-date and correct information available to students and parents, so that they can make better financial decisions and to financial aid offices, so they can provide the best guidance. METEOR can be the tool to provide this single unified connection to real time information to all federal and private education loan information.

Response to comment #1 & 2:

PESC fully supports major industry initiatives that through interoperability and transparent, community collaboration simplify access, improve data quality and reduce costs. PESC strongly believes that METEOR is such a solution and correspondingly awarded METEOR as 1st Place Winner in its 2002 Best Practices Competition. The Student Loan Workgroup in developing its PESC Approved Standard was presented with a number of challenges and considered many solutions, including its preference to use METEOR. For several reasons listed below the Workgroup did not include the use of METEOR and is supporting a file exchange process at this time. If there are any errors listed here or if any progress has been made on the items listed below, please let us know immediately.

1. Meteor has not been accepted by Federal Student Aid (FSA) of the U.S. Department of Education. Without some indication of acceptance, federal servicers are reluctant to dedicate implementation resources. The National Council of Higher Education Resources (NCHER, formerly known as NCHELP), the National Student Clearinghouse (NSC), and PESC have all attempted to garner FSA's acceptance for some period of time. PESC understands that community members and NSC as the operator of METEOR may still be negotiating with FSA for acceptance. Yet, there is neither any type of guarantee that this acceptance will be received nor any timeline whatsoever.

2. Currently, METEOR's process is oriented for 'single borrower, real-time, online transactions.' To accomplish the current file exchange process, for which the Student Loan Portfolio Detail Reporting PESC Approved Standard was developed, through the METEOR network a batch-oriented process is required. While development and implementation could be accomplished, such a process does not exist at this very moment. PESC and the Workgroup support industry participation and cooperation in developing and implementing this functionality.

3. The two items above prevent the use of METEOR especially due to the potential timelines, known or unknown. Federal servicers collaborated to solve current, existing exchange issues and believe certain enhancements should be made accessible to students, borrowers and institutions immediately. Timelines for both items must be identified in order for the Workgroup to evaluate the impact these timelines have on the existing need for enhancements.

Again, PESC and the Workgroup will reconsider the use of METEOR if updates or more accurate information is provided.
Comment #3:

Instructions for formatting Dollar Amounts was changed from “999999999.99 or 999999999” to “ZZZZZZZZ9.99 or ZZZZZZZZ9”. I think they are using the Z to symbolize “suppress leading zeros” as it’s used in COBOL but they don’t give any explanation within the document. Clarification would be helpful here. I think it means no change for us.

Response to Comment #3:

We will add the following text in red to the documentation:

Dollar amounts use the following formats: ZZZZZZZ9.99 or ZZZZZZZZ9.

Business Rules

1. Dollar amounts may not include more than 9 digits to the left of the decimal point and if a decimal is used it must include two digits to the right.

2. To report cents (partial dollar amounts), the sender must submit a decimal point and the digits to the right of the decimal point.

3. Positive dollar amounts must be submitted without a sign indicator.

4. Negative dollar amounts are not part of the business practice.

5. Do not submit commas in the amount.

6. Do not submit leading zeroes.

Comment #4

Some numeric fields are listed as “alpha-numeric” but not all of them. Field 88 (Loan Balance) was changed with this publication to be “Alpha-Numeric” but field 71 (Loan Amount) was not changed; it still says Numeric. I am not sure why most of the amount fields are listed as Alpha-Numeric—the description of each field says it will either not be populated, or will contain a numeric value. Field 88 says the format is “0 - ZZZZZZZ9.99”, Field 89 says the format is “ZZZZZZZZ9.99 or Blank”, but both of them say “If the service provider does not store this information the field will not be populated. If the service provider stores the value then the field must contain a numeric value.” Are blank spaces allowed in these fields? Is the format the same for all the amount fields?
Response to comment #4

The update to the text in field 88 was missed; the fields will be updated as indicated below in the final publication. Field 71 was kept as numeric because everyone reporting the file would have the loan amt on their system so an actual amount would need to be sent.

Field 88 will be:

<table>
<thead>
<tr>
<th>88</th>
<th>Loan Balance as of Repayment Start Date</th>
<th>OPB at time first entered repayment.</th>
<th>12</th>
<th>Alpha-Numeric</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>The field format is ZZZZZZZZ9.99 or Blank.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Note: If the service provider does not store the value then the field must contain a numeric value.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Field 71 will be

<table>
<thead>
<tr>
<th>71</th>
<th>Loan Amount</th>
<th>This element indicates the specific award amount to the recipient. For FFELP loans, this is the guarantee amount.</th>
<th>12</th>
<th>Numeric</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>0 - ZZZZZZZZ9.99</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Comment #5

Note number three on page 2, calls for a 4/1/2014 date to support fields 149-155; shouldn’t this date be after 2.0 has been approved?

Response to Comment #5:

The Student Loan Workgroup participants decided to establish the April 1 implementation date early in the revisions discussion process. The PESC process for making and announcing these changes took longer than anticipated, however the workgroup continued to support the April 1 implementation. We have gone back out to the industry list serve to ask if the date should be delayed, but because everyone that responded is ready to implement the changes on April 1 the decision has been made to continue with that implementation date.

Comment #6:

Can a description be added regarding the use of column headers? Are they required or optional and if used is there a naming convention?
Response to Comment #6

The use of column headers is optional to support, but if used the names of the fields in the layout should be used. The file should only contain headers if the school requests it however since the schools importing the files into a system will not be able to load the header information.

The comment in red below will be added to the documentation:

Schools must subscribe to the report with each individual service provider. The service provider will determine the delivery method and report schedule. At a minimum, the report will be available in a comma delimited format. It is optional for a service provider to supply a file for the school with a header that contains column headers. Please check with your service provider for other available formats.

Comment #7:

The PESC file layout omits any reference to loan forgiveness programs (TLF and PSLF), dates and amounts, and appears to characterize all GA-initiated balance reductions as resulting from claims.

The federal teacher loan forgiveness program forgives up to $17,500 from a borrower’s loans, but is not a claim type, does not assign the P-note to the Fed or GA, and often does not PIF the loan. Parties to the loan who may be using PESC standardized data will need to know about TLF forgiveness to prevent double dipping or the improper application of a cross program benefit for the same service. NSLDS has a reporting requirement for TLF, so PESC should probably accommodate it. I am not clear how the current file layout would be used to capture TLF activity, but if it lists the balance reduction as a borrower payment, that would be inaccurate and misleading.

Also, there is no forbearance type listed for the period while teachers are performing their TLF qualifying service, although borrowers are eligible for up to five years of this type of forbearance. The “teaching in a shortage area” forbearance is an entirely different animal and has no overlap with regard to the eligible cohort with the TLF forbearance. (682.216).

The same basic concept applies to PSLF, as well as veteran’s benefits, which have a cumulative lifetime limit but are not reflected in the PESC layout.

If you have information on background discussions that cast this not as an omission but as a deliberate business decision, I’d be interested in seeing them. If you require more information or would like to discuss this, please let me know.

Response to Comment #7:

The group agrees with you that this information should be included in the layout, but because of the industry readiness to implement the changes on April 1 we would like to delay adding them at this time. We will plan a release for the October timeframe that will include at least the 3 new fields: Discharge
Type, Loan Forgiveness Type & Loan Forgiveness Amount along with any additional fields that may be identified over the next few months. If there are other elements that you feel would be helpful to industry participants please let us know & we will review those fields also.