

National Default Prevention Day

Default Reduction Strategies

Danville Area Community College

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Research the regulations

- We wanted to insure that our Plan did not violate federal or state regulations
 - Researched the 34 CFR.(see next slide) Current FA Handbook (Vol. 8), State FA Handbook
 - Made numerous calls to Federal & State Agency to discuss plan
 - Surveyed other schools who had implemented a Default Management Plan
 - Researched “in house” admission/enrollment issues

34 CFR Sec. 682.603

(e) A school may refuse to certify a Stafford, SLS, or PLUS loan application or may reduce the borrower's determination of need for the loan if the reason for that action is documented and provided to the student in writing, provided-

- (1) the determination is made on case-by-case basis
- (2) The school does not engage in any pattern or practice that results in a denial of a borrower's access to FFEL loans because of the borrower's race, sex, color, religion, national origin, age, handicapped status, income, or selection of a particular lender or guaranty agency.

The Default Management Plan

- ✿ Students can not be on Academic or Financial Aid probation and be loan eligible
- ✿ The maximum amount to borrow, while attending DACC, is \$6125.00 (\$2625 freshmen level, \$3500.00 second year level)
- ✿ All loan checks are held 30 days past the semester start, all checks are picked up in person at cashiers window.
Enrollment is re-checked before disbursement

All Students may appeal criteria and appeals are reviewed in a case by case manner by Committee

Alternative Funding Needs

- Students not eligible for “gift” aid must be presented with options if they do not meet the loan approval criteria:
 - Researched “in-house” payment plans, services and alternative loan programs
 - Established an “in-house” payment plan with no interest charges which was well received by students
 - Provided Scholarship Search information & DACC Foundation information. DACC Foundation offered 2nd “round” ap. process

Presented Material to DACC Board of Directors

- Explained the impact of a high default rate and Title IV funding
- Presented the last two years' default rates
- Presented the synopsis and synthesis of DACC default group
- Presented the Default Management Plan
- Explained alternative options for students (so enrollment was not discouraged)
- Explained implementation plans

Presented Default Manag'mnt Plan to Dept.of Education

- Provided an introductory cover letter explaining who we are and what we want to do
- Enclosed our Default Management Plan and how it met Appendix D to CFR part 668 criteria
- Explained our implementation plan
- Provide sample materials that would be distributed to students

Implementation of Default Management Plan

- Reviewed all material given to students and prospective students and made sure updates of new policies were in all materials
- Posted the policies on billboards in high traffic areas across campus
- Included policies on all SAP literature and progress letters to students
- Updated FAO Procedure manual to include all steps needed to follow policies
- Posted literature of “in-house” payment plan & alternative loan options

Getting the Campus Involved

- Enlisted the help of the library for entrance counseling so process was available past “regular” office hours
- Enlisted the help of counseling & registrar to “get the word out” and to form a team to address student retention issues
- Worked with the business office to implement new procedures
- Worked with the DP staff to develop new reports for tracking students
- Enlisted the Career Services Staff to develop literature for exit counseling

Developing An Evaluation Process

- Created various reports to track approved & denied loans
- Created reports and procedures to track entrance/exit counseling
- Created data base of student's using "in-house" payment plan and success of repayment
- Presented summaries to Board concerning loans approved & denied and impact on enrollment & default rate

Other Processes Which Help Manage Default rates

- Established a New Student Orientation course which emphasized loan policies
- Worked with guarantee agencies for tracking purposes and to enforce consequences of default for students behind in payments
- Sent personalized letter to students who withdrew during semester to emphasize repayment, contacting lender/guarantee agency
- Counseled students to see if they were willing to take “on” the responsibility

•Other Interventions

- Students are “tracked” throughout the semester and contacted regularly
- Exit counseling is performed at 2nd Disbursement AND at withdrawal, graduation or transfer
- DACC is enrolled in National Student Loan Clearinghouse (SSCR and Enrolment Searches)
- Marketing “drive” to encourage the use of scholarship searches and other “gift” aid resources

What's new?

- Appendix D has been removed from CFR 34 in 2001 because it is outdated.
- A Sample Default Management Plan has been offered (GEN-01-08).
- DACC, at this time, will continue to use current plan which covers all topics of current sample plan.
- Added loan information to WEB page and use Internet based entrance/exit counseling
- Offer a new payment plan using a servicer, this is Internet based

Commitment

↘ *The campus as a whole must commit to Default Management. It is not just a financial aid office issue. The integrity and availability of financial aid programs are at risk for all future students. The role of the financial aid office is to keep the campus current on issues and monitor the application and success of the plan.*

The End, Thank you !

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Danville Area Community College's WEB

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