

3357:13-17-161 Cohort Default Rate (CDR) Guidelines and Procedures

- (A) North Central State College has developed a financial aid program to assist students who lack the necessary funds for a college education. This program, consisting of federal and state scholarships, loans, grants and part-time employment, is administered by the office of financial aid. Some of these mechanisms for financial assistance do not carry an expectation of repayment while others do. Although it is the responsibility of the student to pay or arrange for repayment of those obligations that carry such an expectation, it is the responsibility of the institution who provided loan funding to take measures to prevent and reduce the rate at which students default.
- (B) Default is the non-repayment of a loan. Defaulting on a student loan has wide-ranging negative consequences for the student borrowers, as loan repayment will never be forgiven which impacts their credit throughout their lifetime, and for the college at which the loan(s) were received due to future impact on providing financial aid to students. The life cycle of a defaulted student loan is as follows:
- (1) Students are provided loans by the U.S. Department of Education (ED) to help them fund their college education.
 - (2) Students are required to begin repaying their loans six months after they cease to be enrolled in college at least half-time.
 - (a) Students who do not repay their loans as required are considered delinquent.
 - (b) Students who are delinquent for 270 days are declared to be in default.
 - (c) Students who default face multiple penalties.
 - (3) Colleges at which defaulters received their loans can be sanctioned by ED.
 - (a) A college's Cohort Default Rate (CDR) is a ratio of the number of its students who default within three years of going into repayment (numerator) divided by the total number of its students who enter repayment (denominator) during that period.
 - (i) Colleges which have a CDR of 15% or greater are required to have at least two disbursement prepayment periods per semester for all students loans.
 - (ii) Colleges which have a CDR of 30% or greater for three consecutive years are subject to being removed from all Title IV student aid programs.
 - (b) North Central State College desires to achieve and maintain a CDR of less than 15%.

- (4) North Central State College seeks to enact all steps necessary to assist its students to avoid default, and resultantly achieve its CDR goal. Following are the steps the College plans to adhere to in order to achieve this goal.

(C) Default Management Plan Action Steps

This default prevention and reduction plan will serve as a clearinghouse of Policies, procedures, guidelines, practices and strategies implemented at north Central state college to achieve the desired goal of helping students to avoid Defaulting on their student loans or other financial obligations incurred in Their educational pursuits and to guide the college in its pursuit to achieve and Maintain a cohort default rate (cdr) of 15% or less.

The following principles, with related policies, guide the achievement of this Objective (college area of responsibility is included in parenthesis)

(1) Minimize the Cost of Education (Board, Administration, Faculty, and Staff)

- (a) Be judicious about increasing rates of tuition and fees
- (b) Minimize the number of credits required to graduate or finish a certificate
- (c) Develop strategies for controlling costs of books and course material
- (d) Increase fundraising and targeted scholarships

(2) Encourage Academic Success

- (a) Purposeful admission and goal pursuit (student services and academic divisions):
 - (i) Recruit students whose main purpose is to gain an education and improve their employment skills.
 - (ii) Discourage attendance by those solely interested in qualifying for federal student aid.
 - (iii) Channel students with major remediation needs to the “no cost” (i.e. *Solutions or Success Unlimited*) programs as they are not classified as regularly enrolled and as such are not eligible for any type of student aid. By not being able to take out a loan, a student cannot default.
- (b) Develop a robust new student orientation (Dean of Student Services):
 - (i) Ensure students are well prepared to begin their college careers prior to entry by receiving their required testing, scheduling, orientation, and all other necessary services.

(ii) Defer the start term of those students who cannot complete preparation activities prior to the beginning of the semester.

(c) Accurate and thorough academic advising (Student Services and Academic Deans)
Assist each student to understand how pursuing a college education integrates with life goals, develop a plan for academic program completion, and monitor students' progress to keep them focused on goal.

(d) Class attendance (Faculty and Registrar)

The College will cancel a student's registration in a class which he/she never attended or has stopped attending.

(e) Intervention for students with academic difficulty (Academic and Student Services Deans)

(i) Provide tutoring and other academic support services.

(ii) Assist students in understanding how lack of academic success can impact financial aid eligibility.

(f) Transition from North Central State College (Academic and Student Services Deans)

(i) Provide academic programs which prepare students for transfer and career.

(ii) Assist graduates with employment commensurate with their educational attainment.

(3) Promote Financial Literacy and Accountability

(a) Become financially literate (Student Services)

The College will assist students to chart their financial lives and gain confidence in their ability to manage them.

(b) Acceptance of financial responsibility (Academic and Student Services Deans, and Business Office)

(i) Assist students in understanding that making a purchase or contracting for a service creates an obligation to pay for the item or service purchased. Students will accept ownership of their financial obligations.

(ii) Assist students to develop an understanding that accepting a loan generates a repayment obligation, and to foster awareness of the responsibility for meeting that obligation.

(c) Early awareness of and reflection on loan repayment (Financial Aid)

- (i) Assist students to begin thinking about repayment when they take out their first loan.
 - (ii) Provide repayment information and encourage students to think about repayment throughout their enrollment at the College.
- (d) Components of student loan accounts (Financial Aid)
- (i) Require students to participate in both loan entrance and exit counseling.
 - (ii) Teach students how to determine loan amounts borrowed (both current and aggregate), who “services” their loans, their projected repayment amount, and their understanding of the consequences of default.
- (e) Avoid Excess Borrowing (Financial Aid)
- (i) Educate students, and if necessary provide intervention, to assist them in refraining from borrowing an amount which cannot reasonably be repaid.
 - (ii) Prevent loan funds from going to ineligible students.
- (4) Encourage Loan Repayment
- (a) Accurate student contact information (Registrar)
- Develop procedures for ensuring that student contact information in “Encore” is accurate and current.
- (b) Encourage students to understand their entire student loan borrowing history (Financial Aid)
- Continue the loan repayment and default ramifications awareness they learned while in school to carry them through their post-education repayment period.
- (c) Encourage students to learn about the loan repayment process in general and how it relates to them specifically (Financial Aid):
- Students will understand when repayment begins, how much they are to pay, the servicer(s) to whom payments are made, and how to contact a servicer.
- (d) Assist students to learn about the various repayment options (Financial Aid)
- (i) Several different payments are available and students will be able to choose the one most advantageous for their needs.
 - (ii) Students will understand the advantages and disadvantages of loan

consolidation and will know who to contact should they wish to pursue it.

- (e) Assist students in understanding how to handle repayment difficulties (Financial Aid)

Students will understand deferments and forbearances and should know who to contact if payment problems arise.

- (f) Assist students in completion and career placement resources.

(5) Defaulter Profile

- (a) Identify data needs (Financial Aid, IR, IT)

Personnel from various College departments will collaborate to identify data needs and sources, and to obtain desired data.

- (b) Analyze data for trend awareness (IT)

Ascertain if trend analysis answers any of these questions (and others that may arise):

- (i) Do some majors default more than others?
- (ii) Do some types of students or with some types/amount of loans default more than others?
- (iii) Are there borrowing patterns which are typical of defaulters?
- (iv) Could more be done when borrowers are in school which will help them avoid repayment problems?
- (v) Is contact with those in repayment more effective at a particular state of delinquency?
- (vi) Are there other helpful trend analysis to consider?

- (c) Policy and procedure evaluation (Financial Aid and Cabinet)

Policies and Procedures of the Default Prevention and Reduction Plan will be regularly monitored and evaluated for effectiveness and amended as necessary to achieve the institution's CDR goals.

(D) Related policies/practices that impact this policy include but are not limited to:

- (a) Early Alert
- (b) Financial Aid Distribution

- (c) Major And Meta Major
- (d) Student Attendance
- (e) Assessment and placement policies
- (f) Enrollment and orientation policies
- (g) Registration and scheduling policies
- (h) Advising policies
- (i) The Student Success Activities (FYEX, Financial Literacy, other courses, etc.)
- (j) Course policies (withdrawal, repeat, course load)
- (k) Grading policies
- (l) Academic progress policies (career and support services)
- (m) Graduation policies (automated awards of certificates and degrees, degree audit, elimination of graduation fee...all applied systematically)

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