



Default Prevention and Management Plan

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Preface

The Adult Career Center at Lorain County JVS is committed to promoting student success by helping our students learn, graduate, obtain employment and demonstrate financial responsibility through repayment of the funds they borrow to finance their education. An in-depth plan, structured with the student in mind, is key to ensuring that our default prevention and management goals are met.

This document identifies the measures we take and the tools we use to promote student and school success by increasing retention and reducing student loan delinquency and default. Our Default Prevention and Management Plan is based on guidance provided by the United States Department of Education (ED) via Dear Colleague Letter (DCL) GEN-05-14, and includes the following five sections:

1. Early Stages of Enrollment
2. Late Stages of Enrollment
3. After Students Leave School
4. Enhanced Entrance and Exit Counseling
5. Tools and Activities for Schools

Section 1: Early Stages of Enrollment

1.1 Entrance Counseling

DCL-GEN-05-14 Guidance: Regulations require that first time borrowers of Federal Family Education Loan Program (FFELP) loans receive entrance counseling. During entrance counseling, schools must explain how the master promissory note works, emphasize the importance of repaying the loan, describe the consequences of default, and show borrowers sample monthly repayment amounts based on their program of study at your school. Schools may enhance entrance counseling to include financial literacy and ensure that borrowers thoroughly understand all information. In addition, schools should collect as much contact information about borrowers as possible during entrance counseling to facilitate future contact if needed. These activities will ensure more knowledgeable, responsible borrowers, and result in fewer defaulters as well.

LCJVS Adult Career Center Measures

We use the following entrance counseling tools:

- **Mapping Your Future website:**
This tool, available at mapping-your-future.org, provides borrowers with information on obtaining student loans and money management skills and contains an entrance counseling module. It also captures demographic information for the borrower.
- **My Student Loans Folder**
This entrance and exit counseling tool gives students a place to store all of their loan paperwork. It also provides them with information on repaying student loans, managing money, and protecting credit.
- See *Section 5: Enhanced Entrance and Exit Counseling* for additional entrance counseling activities we perform.

1.2 Financial Literacy for Borrowers

DCL-GEN-05-14 Guidance: The U.S. Department of Education (ED) recommends that schools provide borrowers with information concerning the income potential of occupations relevant to their course of study, counseling at various stages of enrollment, interactive tools to manage debt, repayment options, and school contact information. Schools can offer this information through a variety of media such as counseling, classes, publications, e-tutorials, electronic newsletters to email accounts, adding the information to award letters, or using a combination of methods. To help students manage their debt, some schools are limiting access of credit card companies to their campuses. Schools should also provide borrowers with entrance counseling material and the following resources, at minimum, at enrollment and following graduation or withdrawal:

- *Estimate of required monthly payments on the borrower's loan balance*
- *Calculators to help estimate and manage debt*
- *Loan servicer contact information*
- *Contact information for delinquency and default prevention assistance on campus*

Lorain County Adult Career Center Measures

We provide the following financial literacy tools and services for our students:

- We introduce our students to the National Student Loan Data System (NSLDS) to help them determine their loan servicer and/or loan balance.

The tools we use to educate students about financial literacy include:

- **Great Lakes' Financial IQ: located in borrower section of mygreatlakes.org**
This online resource offers students information about money management, banking, credit scoring, and identity protection.
- **Great Lakes' *Repaying Your Student Loans: Making Good on Your Promise:***
This guide reminds borrowers of their obligations, explaining the basics of repayment, and advising them on how to manage their money and establish a budget.
- **Great Lakes' *Education Tax Benefits: Getting a Return on Your Investment:***
This guide provides an overview of the generous education tax benefits available to student loan borrowers. It describes the Hope and lifetime learning tax credits, as well as the student loan interest deduction. It also provides an overview on education tax benefit eligibility and lists resources where borrowers can obtain additional information.
- **Mapping Your Future's personal financial management resources:**
These tools, available at mapping-your-future.org, provide borrowers with information on obtaining student loans, budget calculators and "Ten Steps to Financial Fitness" to educate borrowers in money management.
- **OCIS – Ohio Career Information System (<http://ocis.ode.oh.us>)**
Packets detailing selected occupations, including average salary information, are distributed to students during program orientations.

1.3 Early Identification and Counseling for Students at-Risk

DCL-GEN-05-14 Guidance: "Students at-risk" generally refers to borrowers who withdraw prematurely from their educational programs, borrowers who do not meet standards of satisfactory academic progress or both. Counseling at-risk borrowers should focus on the causes of withdrawal or unsatisfactory academic progress and solutions to resolve these matters. The end result of working with at-risk students will be more borrowers completing their educational programs, equating to a higher retention rate for the school and lower numbers of defaulted borrowers.

LCJVS Adult Career Center Measures

We offer the following forms of academic assistance to help retain students, especially those at-risk:

- Standards of Academic Progress provide students who are having difficulties with a framework for knowing what assistance and specific support services are needed to ensure success in meeting their educational goals. We maintain an intervention system to alert students to their academic weaknesses so that corrective measures can be implemented.
- Our Student Services Department is available to advise students who present with concerns relating to academic or personal barriers affecting their ability to succeed.

- A certified counselor is available in the Adult Career Center who will assess educational readiness, advise new students, and help with career decisions.
- Academic remediation is available to provide support and intervention services to assist students in achieving scholastic success.

1.4 Communication

DCL-GEN-05-14 Guidance: Communication of information relevant to the prevention and management of defaults must be a school-wide effort and should not be the responsibility of only a single office. While communicating certain information across campus is mandatory, communicating additional information is highly recommended. To promote success, school officials should examine their communication procedures for effectiveness and inclusiveness. Information regarding borrowers' academic progress and enrollment status should be components of the information received by all relevant offices across campus including the offices that disburse funds and authorize payments. Accurate and timely communication among school entities and ED not only ensures the right aid is getting to the right student, but such communication will help schools comply with regulations regarding the school's standards of administrative capabilities, accurate and timely reporting of borrowers' enrollment status, and satisfactory academic progress.

LCJVS Adult Career Center Measures:

Our school utilizes the following methods to ensure effective communication:

- Our policies relating to Satisfactory Academic Progress can be found in both LCJVS instructor and student handbooks.
- Program Instructors and Student Services communicate regularly to ensure students are complying with attendance and academic policies.
- The Director of the Adult Career Center is informed of any students who are failing to comply, who are placed on probation, or who are eligible for administrative withdrawal.
- See *Section 2.3* for steps we take to ensure timely and accurate enrollment reporting.

1.5 Default Prevention and Retention Staff

DCL-GEN-05-14 Guidance: Having dedicated default prevention and management staff has proven invaluable for many schools. ED recommends dedicated staff because they are in an excellent position to establish working relationships with borrowers from early in the students' experience through repayment. Many schools are also dedicating staff to student retention activities, a key to school and student success as well as default reduction. Where resources are limited, ED recommends combining these two functions, as they are similar in nature. An emphasis on both will particularly benefit at-risk borrowers.

LCJVS Adult Career Center Measures

Our Student Services Coordinator is responsible for developing, maintaining, and implementing our school's default prevention and management plan.

Our default prevention and management effort is led by:

- Becky Dandurand, Student Services Coordinator, LCJVS Adult Career Center

Additional members of our default prevention and management team include:

- Joe Hodkey, Certified Counselor, LCJVS Adult Career Center
- Chris Fletcher, Adult Career Director, LCJVS Adult Career Center

Our default prevention and management team meets annually.

Our team evaluates its progress based on the results of our cohort default rate calculation in relation to underlying economic conditions, student body makeup, and other factors that affect the calculation of our cohort default rate.

Section 2: Late Stages of Enrollment

2.1 Exit Counseling

DCL-GEN-05-14 Guidance: Regulations require that schools provide exit counseling. Exit counseling is an effective way to prevent defaults and is often the last opportunity that borrowers have to work with someone at school regarding their loans. In-depth counseling that focuses on fully explaining repayment plans and choices that fit the borrowers' needs is essential. Exit counseling is the opportunity to clear up any misconceptions students may have about their loan obligations and re-emphasize the consequences of default. Schools should take full advantage of this opportunity to work with their students. A large percentage of borrowers in delinquency either did not have the benefit of receiving this information or did not receive it timely. Thorough exit counseling is a cornerstone of default prevention and is mandatory.

LCJVS Adult Career Center Measures

We use the following exit counseling tools

- **Mapping Your Future website:**
This tool, available at mapping-your-future.org, provides an exit counseling module that captures updated demographic and reference data and passes the information to schools.
- **Great Lakes' Repaying Your Student Loans: Making Good on Your Promise:**
This guide supplements exit counseling by reminding borrowers of their obligations, explaining the basics of repayment, and advising them how to manage their money and establish a budget.

2.2 Withdrawals

DCL-GEN-05-14 Guidance: Many borrowers who default on their loans are borrowers who withdrew from school prior to completing their academic programs. These borrowers, at the highest risk of default, can often be identified while still on campus. Early identification and timely intervention can improve student retention and reduce the number of defaulted loans. In addition to fulfilling the regulatory requirement to provide exit counseling to students, schools should attempt to work with students even after they have left school by encouraging them to complete their programs of study and helping them resolve the issue(s) that prompted their withdrawal. Consider offering job placement services for a limited timeframe to students who have withdrawn. In addition to providing a valuable service, schools can take advantage of the borrower's return to campus to provide counseling. Note that an employed borrower, even one earning less than if he/she had completed school, is better able to make loan payments than an unemployed borrower.

LCJVS Adult Career Center Measures

The steps we take to recognize instances in which borrowers withdraw without notice include:

- Our policies detailing withdrawn student financial responsibilities are clearly defined in the LCJVS student handbook.
- We provide students with our schools' withdrawal policy on our school web site, during new student orientation, and when students register for classes.
- We have record-keeping and reporting processes that alert us when students present with excessive absenteeism or academic failure.

The steps we take to provide exit counseling and other services to students who withdraw include:

- We contact these students by phone, and if necessary by letter, to set up an in-person exit interview. During the exit interview, the counselor determines why the student left school and attempts to get the student to re-enroll. If the individual is a student borrower, the counselor discusses repayment options and responsibilities.
- We inform students who drop of school of their obligation to complete Great Lakes *Mapping Your Future* exit counseling. This tool helps borrowers understand their repayment obligations.

2.3 Timely and Accurate Enrollment Reporting

DCL-GEN-05-14 Guidance: Timely and accurate enrollment reporting to the Secretary of Education or the guarantor as appropriate is required by regulation and promotes school and student success. There is a direct correlation between late or inaccurate enrollment reporting and loan defaults.

This school activity ensures that borrowers receive their full grace period, and further ensures that contacts from the loan servicer such as correspondence and telephone calls occur in the appropriate timing and sequence. The servicer's contacts are designed to increase the likelihood that borrowers will satisfy loan obligations. Timely and accurate reporting of changes in enrollment status is required of all schools. Adhering to a monthly schedule of reporting changes in enrollment status will help with data accuracy and is recommended.

LCJVS Measures

The steps we take to ensure timely and accurate enrollment reporting include:

- Bi-Monthly enrollment status reporting to NSLDS.
- We have record-keeping and reporting processes that alert us when students present excessive absenteeism or academic failure. We also ask instructors to inform the Student Services Coordinator when students stop attending classes

Section 3: After Students Leave School

3.1 Maintain Contact with Former Students

DCL-GEN-05-14 Guidance: Schools find that all of the practices and strategies mentioned previously are much easier to employ if they are able to reach and keep in contact with their former students after they have left campus. By collecting ample reference information including cell phone numbers, e-mail addresses, and numbers and names of a variety of family members such as grandparents and cousins, schools have the resources to maintain contact with former students. Allowing borrowers to continue to use school e-mail accounts after they have left campus is not only a convenience to borrowers, but also a quick, easy, and effective method of contacting them after they have left school. One of the best methods schools can employ to avert defaults is to work with borrowers during every stage of repayment. Work with lenders, guaranty agencies, and servicers to identify delinquent and hard to reach borrowers, or those who have not been contacted at all to assist them with their repayment options and obligations. Contacting borrowers is an essential activity upon which successful default prevention and management can be built. Contact from the school may be the only effective technique to save a borrower from the negative consequences of default.

LCJVS Measures:

We obtain information from these sources to maintain up-to-date contact information:

- Our Job Placement Officer
- Reference information collected from the student at the time of registration and entrance and exit counseling
- Updated contact information gathered before the release of copies of transcripts or diplomas
- Free web services designed to help us locate borrowers, such as:
 - whitepages.com
 - metacrawler.com/index.html
 - people.yahoo.com
 - "Forwarding and Address Correction Requested" Service of the United States Postal Service

4.0 Enhanced Entrance/Exit Counseling Tools

DCL-GEN-05-14 Guidance: No matter how effective and far-reaching a default prevention and management plan is, some borrowers default. A major part of any plan is to periodically review progress in preventing defaults. One element of this review is a comprehensive analysis of defaulters. Schools should gather information to discern who is defaulting and why. Schools can then use this information to improve their default prevention and management practices and initiatives. Internal data includes key information such as high school attended, program of study, demographics, grades, etc. Reviewing the LRDR also provides key data about borrowers that can assist in determining common characteristics among defaulters. Causes for defaults can include, but are not limited to, absent or incomplete internal procedures, practices, and communication, particular programs and course requirements or structure, and ineffective counseling. Frequent examination of defaulter characteristics coupled with an assessment of default prevention and management successes and shortcomings provide valuable information. Schools promote success by taking preventive measures to correct ineffective practices thereby preventing current and future borrowers

from experiencing the same difficulties that plagued past defaulters. One solution to preventing future defaults lies in understanding what caused past defaults.

LCJVS Adult Career Center Measures:

Our data collection system to track and analyze students who become delinquent or default on their student loans includes the following resources:

- **NSLDS DRC035 School Cohort Default Rate History Report:**
This tool provides a copy of the NSLDS Loan Record Detail Report (LRDR), which contains information on the loans used to calculate our cohort default rate. Section 4: Enhanced Entrance and Exit Counseling Tools

4.1 Request for Borrower Information

DCL-GEN-05-14 Guidance: In addition to complying with the applicable requirements in 34 CFR 682.604, 34 CFR 685.304, 34 CFR 668.165 and 34 CFR 668 Subpart D, ED recommends that entrance and exit counseling also include the following:

- During entrance and exit counseling, obtain information from borrowers regarding references and family members beyond those requested on the loan application, and ask for cell phone numbers and email addresses for borrowers and for family members;*
- During exit counseling, obtain updated information from borrowers including their addresses, cell phone numbers, email addresses, and addresses of their references and various family members.*

Lorain County Adult Career Center Measures

We use the following tools in our Entrance and Exit counseling to obtain extensive information useful in order to contact the borrower in the future:

- **Mapping Your Future website:**
This tool, available at mapping-your-future.org, provides an entrance and exit counseling module that captures updated demographic and reference data and passes the information to schools.
- During entrance and exit counseling, we gather additional information about the borrower, the borrowers family and references such as cell phone numbers and email addresses.

4.2 Information about Repaying the Loan

DCL-GEN-05-14 Guidance: In addition to complying with the applicable requirements in 34 CFR 682.604, 34 CFR 685.304, 34 CFR 668.165 and 34 CFR 668 Subpart D, ED recommends that entrance and exit counseling also include the following:

- Estimated balance of loan(s) when the borrower completes the program;*
- Interest rate on the borrower's loan(s);*
- Name, address and telephone number for the borrower's lender;*
- During exit counseling, provide a sample loan repayment schedule based on the borrower's total loan indebtedness;*
- Estimated monthly income that the borrower can reasonably expect to receive in his or her first year of employment based on the education received at your school;*
- Estimated date of the borrower's first scheduled payment.*

LCJVS Adult Career Center Measures:

The tools we use to educate borrowers about loan repayment include:

- **Great Lakes' *Repaying Your Student Loans: Making Good on Your Promise*:**
This guide supplements exit counseling by reminding borrowers of their obligations, explaining the basics of repayment, and advising them on money manage and how to establish a budget.
- **Mapping Your Future website:**
This tool, available at mapping-your-future.org, provides borrowers with repayment information, loan calculators to estimate monthly loan payment, default prevention strategies, and interactive applications.

In addition to these tools, our school provides the following additional information to students to educate them about loan repayment:

- We introduce our students to the National Student Loan Data System (NSLDS) to help them determine their loan servicer and/or loan balance. At the time of exit counseling, we explain the borrowers grace period and provide them with a projected first payment due date.

4.3 Reminders about Personal Financial Management and Title IV Loans

DCL-GEN-05-14 Guidance: In addition to complying with the applicable requirements in 34 CFR 682.604, 34 CFR 685.304, 34 CFR 668.165 and 34 CFR 668 Subpart D, ED recommends that entrance and exit counseling also include the following:

- i. Schools should provide financial literacy resources to borrowers at enrollment, throughout attendance, and following graduation or withdrawal;*
- ii. Students should borrow only what is needed and can cancel or return any funds in excess of what is needed;*
- iii. Borrowers must inform their lenders immediately of any change of name, address, telephone number, or social security number;*
- iv. If a borrower is unable to make a scheduled payment, he or she should contact the lender before the payment's due date to discuss a change in repayment plan or other repayment options;*
- v. General information should be provided about:*
 - *Repayment options; and*
 - *The sale of loans by lenders and the use by lenders of outside contractors to service loans.*

LCJVS Adult Career Center Measures:

The tools we use to educate students about personal financial management and Title IV loans include:

- **Great Lakes' Financial IQ (located in borrower section of mygreatlakes.org):**
This online resource offers students information about money management, banking, credit scoring, and identity protection.
- **Great Lakes' *Repaying Your Student Loans: Making Good on Your Promise*:**
This guide reminds borrowers of their obligations, explaining the basics of repayment, and advising them how to manage their money and establish a budget.
- **Great Lake' *Education Tax Benefits: Getting a Return on Your Investment*:**

This guide provides an overview of the generous education tax benefits available to student loan borrowers. It describes the Hope and lifetime learning tax credits, as well as the student loan interest deduction. It also provides an overview on education tax benefit eligibility and lists where borrowers can obtain additional information

- **Mapping Your Future's personal financial management resources:** These tools, available at mapping-your-future.org, provide borrowers with information on obtaining and repaying student loans as well as money management skills.

In addition to these tools, our school provides the following additional information to borrowers to educate them about personal financial management and their Title IV loans:

- We communicate with our borrowers the importance of keeping in touch with their lender/service and informing them of any address or phone changes.
- We introduce our students to the National Student Loan Data System (NSLDS) to help them determine their loan servicer and/or loan balance. We let borrowers know that if they are having trouble making their payments that they should contact their lender/servicer, as there may be options available to help them.

Section 5: Tools and Activities for Schools

DCL-GEN-05-14 Guidance: These recommended tools for schools ensure data accuracy and employ effective loan counseling and default prevention and management techniques to aid students and schools.

5.1 Loan Counseling Tools

LCJVS Adult Career Center Measures:

We have access to the following loan counseling tools recommended by ED:

- **Students and Counselors:**
studentaid.ed.gov
- ***The Student Guide* and NSLDS for Students:**
studentaid.ed.gov
- **How will I pay for it?**
studentaid.ed.gov/students/publications/student_guide/index.html
- **Will I make enough money in my chosen occupation to repay student loans I receive?**
bls.gov/search/ooh.asp?ct=OOH
data.bls.gov/PDQ/outside.jsp?survey=nc
- ***Repaying Your Student Loans:***
studentaid.ed.gov/students/publications/repaying_loans/index.html
- ***Ensuring Student Loan Repayment Best Practices for Schools:***
ifap.ed.gov/eannouncements/0119stuhbkbbestprectice.html
- **Mapping Your Future:**
mapping-your-future.org
- **Jump Start Coalition for Personal Financial Literacy:**
jumpstart.org

In addition to the tools above, we supplement our loan counseling activities with the following tools:

- **Great Lakes Higher Education Guaranty Corporation:**
MyGreatLakes.org
- **Great Lakes' Personal Financial Management Tools:**
MyGreatLakes.org/borrower/pfm_home.html

5.2 Enrollment Reporting and Data Accuracy

DCL-GEN-05-14 Guidance: These recommended tools for schools ensure data accuracy and employ effective loan counseling and default prevention and management techniques to aid students and schools.

Measures: We use the following enrollment reporting and data accuracy tools recommended by ED:

- **NSLDS Enrollment Reporting Guide**, formerly SSCR User's Guide:
ifap.ed.gov/nsldsmaterials/010904NSLDSEnrollRepGuide.html
- **NSLDS Date Entered Repayment Report, School Repayment Information Loan Detail Report, and Enrollment Reporting Summary Report:**
nsldsfap.ed.gov
- **NSLDS Reports, requesting and formatting questions:**
nsldsfap.ed.gov (Reports tab)
- **NSLDS User ID:**
CPS/WAN Technical Support: 1-800-330-5947
NSLDS Customer Support: 1-800-999-8219
- **Cohort Default Rate Guide** for information on challenges, adjustments, and appeals:
ifap.ed.gov/DefaultManagement/DefaultManagement.html

5.3 Default Prevention

DCL-GEN-05-14 Guidance: These recommended tools for schools ensure data accuracy and employ effective loan counseling and default prevention and management techniques to aid students and schools.

LCJVS Adult Career Center Measures:

We use the following default prevention tools recommended by ED:

- **NSLDS Reports:**
nsldsfap.ed.gov
- **NSLDS Reports**, requesting and formatting questions:
nsldsfap.ed.gov (Reports tab)
- **NSLDS User ID:**
CPS/WAN Technical Support: 1-800-330-5947
NSLDS Customer Support: 1-800-999-8219

In addition to the tools above, we supplement our default prevention activities with the following tools:

- **Great Lakes Higher Education Guaranty Corporation:**
MyGreatLakes.org

5.4 General Connections/Publications

DCL-GEN-05-14 Guidance: These recommended tools for schools ensure data accuracy and employ effective loan counseling and default prevention and management techniques to aid students and schools.

LCJVS Adult Career Center Measures:

We have access to the following general connections/publications recommended by ED:

- **Information for Financial aid Professionals (IFAP) Library** with publications, training, tools, references, laws, etc.
ifap.ed.gov
- **The Office of Federal Student Aid:**
ed.gov/about/offices/list/fsa/index.html
- ***The Student Guide:***
studentaid.ed.gov
- **NSLDS:**
nslsdfap.ed.gov or nslsdfap.ed.gov/secure/logon.asp
- **2003-04, FSA Handbook, Vol. 8:**
ifap.ed.gov/sfahandbooks/0304FSAHbkVol8.html
- **Cohort Default Rate Guide:**
ifap.ed.gov/drmaterials/FinalCDRG.html
- **Cohort Default Rates:**
ed.gov/offices/OSFAP/defaultmanagement/cdr.html
- **DCL-GEN-01-08:**
ifap.ed.gov/dpclletters/attachments/gen0108a.htm
- **Ensuring Student Loan Repayment:**
ifap.ed.gov/eannouncements/attachments/0118nhbook1web.pdf
- **NSLDS Enrollment Reporting Guide:**
ifap.ed.gov/nslsmaterials/attachments/EnrollmentReportingGuide.pdf