

Ozarka College Default Management Plan 2013-2014

I. Background

Students attending Ozarka College rely very heavily on financial aid. Over 80% of our students received some form of Title IV federal aid within the 2011-12 Academic Year. During the 2011-12 Academic Year, Ozarka College awarded over \$5.8 million dollars in Federal Financial Aid (Pell Grant, SEOG, FWS). During this same period, Ozarka College students received in excess of \$5.9 million dollars in loans (Federal Direct Subsidized and Unsubsidized). While the awarding of these grants and loans provides Ozarka College students tremendous access to educational pathways, the large amount of student loan debt that is being accumulated has resulted in a rise of Ozarka College's Cohort Default Rate (CDR). This rise could affect our eligibility for receiving Federal Financial Aid.

The CDR is the percentage of school borrowers who enter repayment on student loans during a federal fiscal year (October 1 to September 30) and default prior to the end of the next two federal fiscal years. The chart below indicates the CDR percentage that schools must maintain to stay in compliance. It also includes the sanctions that will be applied if they are not successful.

School	Sanctions
A school's three most recent official cohort default rates are 25.0 percent or greater for the two year calculation, or 30.0 percent or greater for the three year calculation.	Except in the event of a successful adjustment or appeal, such a school will lose Direct Loan and Federal Pell Grant program eligibility for the remainder of the fiscal year in which the school is notified of its sanction and for the following two fiscal years.
A school's current official cohort default rate is greater than 40.0 percent, for both the two year and three year CDR calculation.	Except in the event of a successful adjustment or appeal, such a school will lose Direct Loan program eligibility for the remainder of the fiscal year in which the school is notified of its sanction and for the following two fiscal years.

*No school sanctions will be applied based on the three year cohort default rate calculation until there have been three consecutive years of such rates calculated. This means that sanctions based on the three year cohort default rate calculation will begin in 2014 with the release of the FY 2011 cohort default rate.

Ozarka College has worked very hard to decrease the 3-year CDR and has been successful. Efforts to monitor the Default Rate have been put in place within the Financial Aid Department. Departmental practices have been reviewed and efficiencies have been noted, as well as efforts by the staff to implement new strategies in an attempt to impact the default rate. Ozarka College formed a Default Management Task Force and developed a Default Management Plan in September 2012. The Ozarka College Administration is committed to being proactive in the school's efforts to assure that our CDR does not continue to increase.

In April 2013, Ozarka College's Financial Aid Director received the Draft FY2010 3-year CDR of 42.1%. The list of borrowers was reviewed by EdFinancial and the Director. The Director produced eight

challenges for the Department and Loan Servicers to review. After the review of the servicers, they agreed that three students were reported incorrectly, and the Director submitted an uncorrected data adjustment on October 25, 2013.

	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
2-year CDR	16.5%	7.5%	13.9%	26.3%	32.4%	21.4%
3-year CDR				35%	42.1%	24.6%

II. Current Approach

The President of Ozarka College, in close collaboration with the Financial Aid Director, established a Default Management Task Force (DMTF) in September 2012. It was assembled to discuss strategies to improve policies and procedures related to the Cohort Default Rate. The committee has met in November 2012, March 2013, and October 2013 to review the Default Management Plan and the current approach being used by Ozarka College.

DMTF Purpose and Objective:

The purpose of the Task Force is to assist in analysis, advice, and suggestions for lowering the Cohort Default Rate (CDR). The Task Force will promote campus wide awareness and encourage support to improve/change college policies and procedures with recommendations to the Administrative Council.

The Task Force will assist in developing the Default Management Plan for Ozarka College. They will be responsible for assisting the Financial Aid Department with the implementation, evaluation, and modification of the plan based on data received. The goal is to decrease the current default rate below the identified federal threshold, provide practices and procedures for awarding financial aid, provide resources to students for financial literacy, and increase college awareness.

Members:

The Task Force consists of the following members: Director of Financial Aid (Committee Chair), Vice President of Finance, Chief Information Officer, Registrar, Division Chair for Arts and Humanities, Financial Aid Specialist-Ash Flat campus, and Financial Aid Specialist-Melbourne campus.

III. Data

In October 2012, the financial aid staff researched the FY 2009 and FY 2010 2-Year CDR to determine which students were defaulting.

	Independent Student	Born after 1980	Female	Below 2.00 GPA	Did not Graduate	At least one remedial course
2009 2-YR CDR	83%	40%	67%	51%	88%	81%
2010 2-YR CDR	83%	55%	74%	43%	70%	72%

From this research, we were able to conclude that a large amount of these students did not graduate and took at least one remedial course. Without the students having obtained academic credential, we assume these students will have difficulty obtaining better employment and have trouble repaying their student loan debt.

Due to Ozarka College’s rapid enrollment growth in several years, we also conducted research to determine if enrollment had an impact on the amount of loans received by students. Our research indicated that 43% of our students received loans in the 2011-12 academic year.

Academic Year	Unduplicated Student Enrollment per Academic Year	Students Receiving Loans	% Receiving Loans	Loan Amount	Average Yearly Loan Amount
2005-06	1,406	390	27.74%	\$1,581,661.00	\$4,056.00
2006-07	1,523	414	27.18%	\$1,715,836.00	\$4,145.00
2007-08	1,663	572	34.40%	\$2,885,651.00	\$5,045.00
2008-09	1,765	657	37.22%	\$3,786,013.00	\$5,763.00
2009-10	1,892	719	38.00%	\$4,461,788.00	\$6,206.00
2010-11	2,163	848	39.20%	\$5,415,312.00	\$6,386.00
2011-12	2,246	966	43.01%	\$5,987,496.00	\$6,198.00
2012-13	2,143	888	41.44%	\$5,117,310.00	\$5,763.00

Based on this data, we feel our students need to be better educated about financial literacy. In order to achieve this goal, we must improve our retention efforts, provide intensive financial literacy counseling, and improve loan processes to ensure that each student is equipped for success.

IV. Strategies and Efforts

Based on the increase of the 2-Year CDR and with the introduction of the 3-Year CDR, the Financial Aid Office of Ozarka College has implemented four strategies/efforts to assist with the future CDR.

A. Retention Strategies

Ozarka College has reviewed and implemented new changes over the past year to assist with retention.

a. Mandatory New Student Orientation

All new students are required to attend an orientation, which prepares students for college entry. College professionals present information from the following departments: Admissions, Registrar, Financial Aid, Finance, TRiO, Career Pathways, College Success Center, and Academics.

During New Student Orientation, the Financial Aid Director provides students with an overview of the policy and procedures that pertains to their aid they will receive in the upcoming semester. The Director provides information about loans, loan repayment and loan default.

b. Mandatory College Success Freshman Course

All first-time, full-time students are required to enroll in a College Success Orientation course. This course will provide pertinent information that will facilitate students' orientation to Ozarka College and future academic success.

As part of our goal to educate our students and provide them with enhanced financial literacy, we have incorporated USA Funds Life Skills into our College Success Freshman Course. Students are required to complete five lessons within this web-based course. These courses teach our students to manage their time and money wisely while they are in college and after graduation.

c. Intrusive Advising

All faculty at Ozarka carry an advising load, and every effort is made to place students with an appropriate faculty member within their degree program. Faculty typically place their advisees on registration hold. This process requires students to meet with their advisor prior to completing registration. In addition, the MyOzarka system is designed so that students can only register for courses on their degree plan, thus solving the issue of students signing up for inappropriate courses. Furthermore, every faculty member has been trained to advise students to take courses that will accommodate work and family obligations, as well as a sequence of courses that puts students in the best possible position to make satisfactory academic progress.

d. Early Alert System

Ozarka College has an early alert system in place to assist with student retention. Instructors initiate the electronic early alert when a student is not making satisfactory progress, is not participating, or has a concerning number of absences. Advisors contact the students who are reported for early alert to educate them about programs and services available to help them persist.

e. Developmental Courses Redesign

The developmental course sequence has recently been redesigned in accordance with the requirements of the Path to Accelerated Completion and Employment (PACE) Grant. In the past, developmental students could realistically have to take up to two entire semesters to complete the developmental sequence in order to be ready for credit-bearing courses. With the redesigned courses, students now can realistically progress in one semester. This closes many exit points where students historically dropped out of college, and it also puts these students on a faster track to completion of a degree.

f. Drops and Withdrawal Procedures

The Financial Aid Department will monitor and provide counseling to students who are considering dropping or withdrawing from Ozarka College. If a student withdraws or drops below six credit hours, the financial aid staff will conduct loan exit counseling prior to the student leaving campus.

Beginning in the Summer II 2013 term, Ozarka College adopted a new electronic drop and withdrawal process. Through their myOzarka portal, students may submit a request to drop a courses or courses. Once the request is submitted an electronic alert is sent to the student's advisor and the course instructor. This provides awareness and allows an opportunity for the instructor and advisor to pause the drop and counsel about scholarships, satisfactory academic progress, and degree completion with the student, or they may acknowledge the drop. The Registrar's Office processes drops on the 8th day of an unpaused or unacknowledged drop, or on the 14th day of a paused drop once the owner of the pause has been communicated with. Students may back themselves out of the drop at any time prior to processing.

B. Financial Literacy/Awareness

The Financial Aid Staff will implement an outreach to all constituents at Ozarka College, faculty, staff and students. The outreach programs will be designed to include curriculum opportunities, financial literacy, guest lectures, and other resources as identified. The purpose will be to bring the issue of Financial Literacy to the forefront and provide our college community with avenues for learning money management skills.

a. Student Outreach

- i. College Success Instruction
- ii. Money Management
- iii. New Student Orientation
- iv. Financial Literacy courses available through USA Funds

b. Faculty Outreach

- i. Present during annual advisor training
- ii. Address new hires at the Human Resource Orientation

c. Staff Outreach

- i. Attend monthly Financial Aid Staff meetings
- ii. Attend Financial Aid conference annually
- iii. Attend monthly webinar trainings

The Financial Aid Department has made it a priority to seek out opportunities for staff development by attending conferences and workshops. Since January 2013 the staff has attended the following trainings: USA Funds University Spring 2013 Financial Aid Workshop, Arkansas Association of Financial Aid Administrators Annual Conference, Arkansas Association of Two Year College Annual Conference, USA Funds University Fall 2013 Financial Aid Workshop,

and Southwest Association of Financial Aid Administrators Annual Conference. The staff has also viewed monthly webinar trainings provided by USA Funds, Great Lakes, and Nelnet.

C. Debt Management for Ozarka College students who apply for and receive student loans

The goal of Ozarka College is to provide comprehensive and individualized approaches to students requesting student loans. Effective November 2011, the financial aid office adopted a new loan request application and enhanced entrance counseling. All new students are required to complete a loan request through their student account as well as face-to-face counseling prior to receiving a loan. Our intent in this process is to build relationships with the students and to educate them on the use of student loan management tools. Ultimately, we hope that this approach will lower student loan debt and help to manage our default rate.

a. Implemented New Loan Application

Students must log-in to their student account and select the amount of loans they would like to receive. The students will then be able to view the total amount of existing loans at Ozarka College, the projected payment, and the projected annual income necessary to repay the loan. Once they have selected the amount and clicked on request loan, the students receive an email from the Financial Aid Department detailing the required steps needed to complete the process. Once all steps have been completed, the Financial Aid Department will process and post an award to the student's account.

b. Enhanced Entrance Counseling

Once a student has completed a request, the student is directed to the Federal student loan website for him/her to complete entrance counseling and Master Promissory Note (MPN). The student must then contact the Financial Aid Department and schedule the face-to-face counseling. The Financial Aid Department provides a financial literacy packet during the counseling session. This packet includes: Federal Student Loans guide, debt management brochure, repayment brochure, scholarship application, in-school deferment request, Ozarka College Satisfactory Academic Policy, and instruction for the National Student Loan Data System (NSLDS) student website access. Also, the student is given a copy of his/her National Student Loan Data System (NSLDS) print out detailing the loan history and servicers information.

Beginning in the 2013-2014 academic year, if students had already completed a first face-to-face counseling and had been enrolled for one full year, they were required to complete a second face-to-face counseling session. During this counseling session, the Financial Aid Staff updated the student's records and gathered additional contact information from each student. The students were counseled on the following items: current loan limits, servicer information, repayment options, and exit counseling procedures. The Financial Aid staff assisted the students in setting up an account with their servicer and entering the full amount of loan debt into a repayment calculator.

The Financial Aid Department conducted 251 first-year borrowers counseling and 290 second-year borrowers counseling for the Fall 2013 academic semester. We found students requesting lower limits and using caution in the amounts they borrowed.

c. Delinquent Borrowers Outreach

Each month the Ozarka College Financial Aid Department receives a list from Great Lakes, Nelnet, Sallie Mae, Student Loan Guarantee Foundation of Arkansas (SLGFA) and National Student Loan Data System (NSLDS) containing the current delinquent borrowers. This information is uploaded into USA Funds Borrower Connect. The staff members use this information to contact the borrower through email, mail, and phone to inform them of the delinquency.

Since January 2013, the Financial Aid Department has used USA Funds Borrower Connect to contact delinquent borrowers through email, mail, Facebook, and phone. This web-based program helps organize and streamline communication among the students and the staff. On the 5th of each month, the Director uploads reports from NSLDS and each servicer into Borrower Connect. Once all information has been uploaded, the campaigns with Borrower Connect are used to reach out to our delinquent borrowers.

d. Enhanced Exit Counseling

Ozarka College requires its students to complete exit counseling at the Federal student loan website. If students fail to complete exit counseling when they withdraw, drop below half-time or graduate, they will receive a letter directing them to the exit counseling website. After thirty days, if students still have not completed exit counseling, the Financial Aid office will send out an Exit Counseling Guide provided by the Department of Education. An activity is created in Ozarka College software system (Sonis Web) once a student withdraws, drops below half-time or graduates to assist the Financial Aid office in tracking the student's exit counseling progress. Once the student has completed exit counseling or received the Exit Counseling Guide, the activity will be marked completed. Every attempt will be made to capture the student before he or she leaves campus. Transcript holds will be placed on students' accounts until they have completed exit counseling. Also, exit counseling workshops will be held prior to graduation.

In May 2013, the Financial Aid Staff was present at graduation practice to provide students with loan debt and servicer information. It provided the staff with the opportunity to address questions or concerns that the student had concerning their current loan limit and discuss exit counseling.

In November, the Financial Aid Specialist conducted an exit counseling presentation for the LPN and RN students graduating in December 2013. Each student was given a portfolio specific to each student containing loan amounts, loan servicers' information, repayment options, forbearance form, and a link to NSLDS. In June 2014, the Financial Aid Staff will be present at the Career Fair for exiting LPN students from the Ash Flat and Mammoth Spring areas.

The Financial Aid Department is working with the Registrar's office to place a transcript hold on each student graduating or withdrawing that have not completed exit counseling. The hold is lifted once the student has completed exit counseling online through the Direct Loan website.

D. Default Management Services

a. Contracted with Edfinancial

In June 2012, Ozarka College entered a three month contract with Edfinancial to assist with our FY2011 2-Year CDR. Between the efforts of Edfinancial and the Ozarka College Financial Aid Department, we were able to successfully lower our default rate below 25%. In November 2012, Ozarka College entered another contract with Edfinancial to receive assistance with our FY2011 3-Year CDR. Their services/responsibilities provide additional contacting of delinquent borrowers for all of the student loan servicers portfolios and assisted to decrease our 2011 3YR CDR by 18%.

As the EdFinancial contract ended in September of 2013, Ozarka College entered a new contract with USA Funds Borrower Connect InTouch to assist with our FY2012 and FY2013 3-Year CDR. This contract started on November 1, 2013. The InTouch services along with Borrower Connect web base tool will allow the college and USA Funds to collaboratively serve the students more efficiently and comprehensively.

b. Contracted with USA Funds

Ozarka College has entered a three year contract with USA Funds Borrower Connect. USA Funds shares a common desire with Ozarka College to assist students in the areas of debt management, default prevention, and financial literacy. The web-based communication tool provides easy access with student loan borrowers through email, mail, or phone to promote successful student loan repayment and prevent past due loans and defaults. Ozarka College Financial Aid Staff will view all delinquent borrowers and servicers under one system. It will give us the opportunity to successfully track and maintain our delinquent borrowers in an effort to decrease our CDR. This web-based system will be available at the beginning of December 2012.

The Financial Aid Staff utilizes Borrower Connect on a daily basis to reach delinquent borrowers. Tracking communication within the web-based program is crucial in maintaining the in-house approach with default management.

c. Student Loan Guarantee Foundation of Arkansas

Ozarka College Financial Aid Department receives support from Student Loan Guarantee Foundation of Arkansas (SLGFA). This foundation provides financial literacy brochures, conducts financial workshops on campus, and assists with our default prevention efforts.

E. Relationship with Servicers

Ozarka College Financial Aid Department strives to have a relationship with all loan servicers. The Financial Aid Director receives weekly/monthly emails concerning the college's portfolio of student borrowers from each servicer. We contact our servicers when assisting students with three-way calling in order to resolve delinquency. If forbearances are received from delinquent students, the office will fax the information to the loan servicer. The Financial Aid Staff monitors the forms and within a few weeks we will contact the servicer to ensure they have received the information. We assist the servicers with skip-tracing and provide them with the most current information we have within our system. In addition, Ozarka College became a member of the National Student Clearinghouse to ensure that all servicers received the most up-to-date enrollment information. Also, the Financial Aid Department takes every opportunity to gain more knowledge concerning loan management by viewing free webinars offered by our servicers.

V. Conclusion

Ozarka College is taking deliberate actions to decrease the current and future default rates through educating students about loan debt and their responsibility. We believe the steps we are implementing have positively affected the default rate numbers to prevent sanctions in 2014. We will continue to routinely evaluate the default prevention activities to identify success and review other additional actions to improve the CDR. Ozarka College will continue its present agreements with USA Funds to ensure the students are provided every opportunity to repay student loan debt.