

**LANCASTER COUNTY CAREER
&
TECHNOLOGY CENTER**

**DEFAULT PREVENTION AND
MANAGEMENT
PLAN**

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OVERVIEW

The Lancaster County Career & Technology Center (LCCTC) has developed this Default Management Plan as a way to inform student borrowers of their rights and responsibilities regarding student loans. The success of our plan directly impacts the ability to successfully serve students by providing them with the maximum amount of Title IV funds available to the institution.

The LCCTC provides students with affordable relevant educational training opportunities that leads to high demand, high earnings employment. In addition, the LCCTC counsels and educates students to 1.) Successfully complete the program of study, 2.) Locate employment, 3.) Take responsibility in the repayment of student loans. Our historically low Default Rates are the result of an excellent student body that is passionate about furthering their careers and a staff dedicated to providing academic, financial, and personal support to maximize student success.

LOAN COUNSELING

Prior to the school originating a loan for a student, all students must complete the Loan Entrance Counseling session provided by the U.S. Department of Education through www.studentloans.gov. In addition to the on-line counseling, all students are required to attend an orientation prior to enrollment. During the orientation, students are provided information on:

- **Entrance Counseling**
 - maximum loan amounts allowed by law for their program of enrollment,
 - borrower's rights and responsibilities,
 - lender's rights and responsibilities,
 - interest rates and repayment plan options and sample monthly repayment amounts,
 - deferment, forbearance, discharge options,
 - consequences of pre-claims and default,
 - servicer information and the importance of the NSLDS website for tracking all loan data in one location.
- **At-Risk Counseling**
 - Review student loan principles and loan rights and responsibilities with At-Risk borrowers.
 - Schedule one-on-one counseling sessions each term with At-Risk students.
 - Provide updated loan summaries each term.
 - Provide updated information regarding consequences of loan defaults each term.
 - Student loan information, repayment tips, and reminder updates sent via email and social networking.

- **Repayment Loan Counseling**
 - Review loan summary with borrower.
 - Update any change in student information.
 - Send letters during grace period as repayment reminders, include contact information for school and lender.
 - Review consequences of default.
 - Review loan consolidation option.
 - Check borrower status, i.e. in school, unemployed, military etc., and make proper recommendations for deterrents or forbearances.
- **Pre-Claim Loan Counseling**
 - Act as a liaison between students and their lender, servicer when reported as delinquent.
 - Update borrower database to track and maintain up-to-date information on all borrowers.
 - Due diligence activities
 - Delinquent borrower letters
 - Reminder postcards
 - Certified mail
 - Telephone counseling

FINANCIAL LITERACY FOR BORROWERS

The LCCTC provides 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. The LCCTC provides 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,
- Introduction to NSLDS for Students.

COMMUNICATION ACROSS CAMPUS

LCCTC recognizes that communication among all departments is critical to the prevention and management of defaults. Information regarding a student's attendance or academic progress in a program is regularly communicated among all departments. Students who are struggling academically or are experiencing attendance issues meet with a program coordinator to discuss the issues and develop a plan to assist the student in resolving the issue. This early intervention assists the student in being successful in their program, rather than resulting in dismissal or withdraw from the program with outstanding loan debt that potentially may not be able to be repaid.

When students do ultimately withdraw, the enrollment information is communicated to all departments, including the Department of Education, to ensure the right aid is getting to the right student and the school is in compliance with regulations regarding the school's standards of administrative capabilities, accurate and timely reporting of borrowers' enrollment status, and satisfactory academic progress.

EXIT COUNSELING

As a requirement for graduation, all students must have on file their Loan Exit Counseling results. Students who fail to complete their loan exit counseling session do not graduate with their class and all graduation documents are held until the counseling is completed.

When students withdraw from training they are mailed a letter reminding them of the loans they have taken out while in school and their repayment responsibilities. In the letter sent students are directed to go on-line to www.studentloans.gov to complete their loan exit counseling session. Also, included with the letter is hard copy of the Loan Exit Counseling Guide provided by the U.S. Department of Education..

TIMELY AND ACCURATE ENROLLMENT REPORTING

The LCCTC reports enrollment data to the National Student Loan Clearinghouse on a monthly basis. A majority of programs offered are clock hour programs and therefore students are entering and exiting programs at all points throughout the year. Monthly reporting to the Clearinghouse ensures that student enrollment reporting is timely and accurate.

NSLDS DATE ENTERED REPAYMENT (DER) REPORT

The LCCTC reviews the DER on a bi-monthly basis to compare and correct borrower's status where necessary to ensure accurate cohort default rates (CDRs). If discrepancies are found and the LCCTC has reliable enrollment information from another source, the LCCTC will update the enrollment information to ensure that borrowers enter repayment in the correct cohort year.

LATE STAGE DELINQUENCY ASSISTANCE (LSDA)

The Early and Late Stage Delinquency process consists of a series of three letters for notifying student borrowers that their account has become delinquent. These letters are an effective way to address student loan delinquencies and help get student borrowers back on track to success.

Each letter in the series creates a greater sense of urgency as the borrower's account gets closer to default. The three letters sent are:

- Letter 1—For early intervention – sent when 30 to 90 days delinquent
- Letter 2—For early-stage delinquency – sent when 91 to 120 days delinquent
- Letter 3—For late-stage delinquency – sent when 121 to 180 days delinquent

The LCCTC has established parameters when sending letters and identifying borrowers who get these letters. All letters:

- Are printed on school letterhead.
- Include the student borrower's name, address, and delinquency information.
- Include information on the consequences of default.
- Provide information on options such as repayment plans and deferment/forbearance.
- Provide school contact information.

LOAN RECORD DETAIL REPORT (LRDR) DATA REVIEW

Annually, upon receipt of the Draft Cohort Default Rate (CDR) report, the LCCTC reviews the data contained in the report and challenges any incorrect data found.

Upon receipt of the final CDR report, the school performs an analysis of the data. The analysis is used in an attempt to discern who is defaulting and potential common characteristics among the defaulters. Using this information, the LCCTC reviews the current practices and takes preventive measures to correct any ineffective practice thus preventing current and future borrowers from experiencing the same thing.

ANALYSIS OF LOAN DATA TO IDENTIFY DEFAULTER CHARACTERISTICS

The LCCTC is committed to the continued improvement of student retention, completion, and graduation rates for all programs. The institutional support and emphasis on gainful employment provide a solid system of assistance for students during school and post-graduation. Staff administration and faculty assist in locating employment for graduates, which in turn, provides a steady income for the repayment of student loans.

A process of improving on the school default rate includes the analysis of common characteristics that result in successful repayment or loan defaults. Through analysis, the school can target at-risk loan defaulters and put in the proper supports. Below are some of the characteristics and items that will be analyzed on a regular basis to determine at-risk loan defaulters.

- Student Characteristics-Analyze the most shared characteristics
 - Students who default
 - Students who don't default
 - Students who borrow student loans
 - Students who don't borrow student loans
 - Amount of money borrowed
- Enrollment Characteristics- Analyze the enrollment statistics
 - College Entrance Scores (Accuplacer/TEAS)
 - Program/Major
 - Program Type (Certificate, Diploma, Specialized Associate's)
 - GPA
 - Academic Progress

- Characteristics of Loan Defaulters- Analyze the most shared characteristics
 - Economic background/ Income
 - Geographical Background
 - Dependent/Independent Status
 - Amount borrowed
 - Lender/Service/Guarantor
 - Estimated Family Contribution (EFC)
 - Parent's Education Level

- Institutional Characteristics
 - Retention rates
 - Graduation rates
 - Technological resources

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