

Vernon College
Assessment Activity/Report Communication Form
2018-2019

Department of Education Official Cohort

Title: Default Rate

Date of completion: September 24, 2018

Highlights of data: Our FY 2015 cohort default rate (CDR) was 17.1%, which was up from 14.6% the previous year. This rate reflects the percentage of Vernon College students that entered repayment between Oct. 1, 2014 and Sept. 30, 2015, and defaulted on their loans before Sept. 30, 2017. Of the approximate 4.9 million borrowers that entered repayment in the 3 year CDR timeframe, more than 531,000 defaulted. The national FY 2015 default rate was 10.8 %, down from 11.5% in FY 2014. Of the total that defaulted, over 143,000 attended a community college. This resulted in a national community college CDR of 16.7% in FY 2015, compared to 18.3% in FY 2014. The FY 2019 CDR for Texas was 10.9% (30th lowest nationwide), up from 10.4%. West Virginia had the highest rate, 17.7%, and the lowest rate, 5.1%, was in Vermont.

Once our rate is at or below 15% for 3 consecutive years, VC will be able to offer benefits to our students such as no 30 day delay for first-year first-time borrowers, and one disbursement for single semester loans. Continue to contract for default management services, evaluate alternatives, and budget for increased costs due to loan volume.

Use of data: The US Department of Education has replaced its CDR calculations from two-year to three-year calculations as required by the Higher Education Opportunity Act of 2008. A three-year observation, the department says, will better reflect the number of borrowers who default on their loans. After the most recent release, eleven institutions had a CDR of at least 30% for three consecutive years or at least 40% for the latest year and were subject to sanctions, including a loss of eligibility for one or more federal student aid programs. We currently contract with Panhandle-Plains Management and Servicing Corporation to provide our default prevention services for approximately \$4,000 per month. The draft FY 2016 CDR rate will be released in February 2019.

How associated to Student Success? If VC ever lost Title IV eligibility, (last year we disbursed over \$11.2 million in Federal Title IV funds), our students would not receive this benefit and it would be difficult for VC to continue operating.

Where the report can be found: Financial Aid Office

Submitted by: Melissa Elliott **Date:** October 18, 2018
(Responsible Party)

- * To be shared with the Student Success Data and College Effectiveness Committees as well as Vernon College constituents.

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**Received by Office of Institutional
Effectiveness:**

October 18, 2018

(Date)

Posted to VC Website*:

February 15, 2019

(Date)

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