

**Vernon College**  
**Assessment Activity/Report Communication Form**  
**2019-2020**

Department of Education Official Cohort

**Title:** Default Rate

**Date of completion:** September 23, 2019

**Highlights of data:** Our FY 2016 cohort default rate (CDR) was 18.2%, which was up from 17.1% the previous year. This rate reflects the percentage of Vernon College students that entered repayment between Oct. 1, 2015 and Sept. 30, 2016, and defaulted on their loans before Sept. 30, 2018. Of the approximate 4.53 million borrowers that entered repayment in the 3 year CDR timeframe, 458,687 of them defaulted. The national FY 2016 default rate was 10.1 %, down from 10.8% in FY 2015. Of the total that defaulted, over 116,647 attended a public community college. This resulted in a national public community college CDR of 15.9% in FY 2016, compared to 16.7% in FY 2015. The FY 2016 CDR for Texas was 10.4% (ranks 30<sup>th</sup> nationwide), down from 10.9%. Nevada had the highest rate, 18.1%, and the lowest rate, 5.8%, was in Massachusetts.

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 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, fifteen institutions (13 proprietary, 1 public, and 1 private) 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 2017 CDR rate will be released in February 2020. Our current FY 17 CDR is tracking at 13.23%.

**How associated to Student Success?** If VC ever lost Title IV eligibility, (last year we disbursed over \$10.3 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:** September 30, 2019  
(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:** September 30, 2019  
(Date)

**Posted to VC Website\*:** October 23, 2019  
(Date)

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