Vernon College

Assessment Activity/Report Communication Form

2011-2012

Title: FY 2009 Cohort Default Rate **Date of completion:** September 12, 2011

Please circle: **Assessment Activity** **Report** **Both**

Highlights of data: Our FY 2009 cohort default rate(CDR) was 11.2%, which was up from 7.8% the previous year. This rate reflects the percentage of students that entered repayment in FY 2009 (October 1, 2008 through September 30, 2009) who defaulted by the end of the next FY (September 30, 2010). Nationally more than 3.6 million borrowers from 5,900 schools entered repayment during that time and more than 32,000 defaulted. The national FY 2009 default rate for all institutions was 8.8%% up from 7.0% in FY 2008. The national FY 2009 default rate for community colleges was 9.9%. The FY 2009 default rate for Texas was 10.1%.

Use of data: Institutions with low default rates are entitled to a few privileges. Effective October 1, 2011, A school with a cohort default rate (CDR) of less than 15% (previously 10%) for each of the three most recent fiscal years may deliver in a single installment loans that are made for one semester and may choose not to delay the first disbursement of a loan for 30 days for a first-time, first-year borrower. Institutions with high default rates are subject to sanctions. A school with an official FY 2009 CDR that is greater than 40% will lose its eligibility to participate in the Federal Direct Loan Program (DL) for the remainder of the fiscal year in which the school is notified of its sanction and for the following two fiscal years. If a school's three most recent official CDR are 25% or greater, the school will lose DL and Pell Grant eligibility for the remainder of the fiscal year in which the school was notified and the following two fiscal years. This year, five schools were subject to these sanctions. These sanctions and benefits provide incentives to school to work with their borrowers to reduce defaults. We currently contract with ECMC to provide our default prevention services for approximately $1,500 per month. The HEA of 2008 expanded the cohort default rate window from two years to three years. The new cohort default rate will begin in FY 2012 (borrowers entering repayment in FY 2009). The threshold for sanctions will increase to 30%.

How associated to Student Success? If VC ever lost Title IV eligibility, (last year we disbursed $12.4 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 4, 2011

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Received by Office of Institutional Effectiveness: 10.4.11
Presented to College Effectiveness Committee: 10.31.11