Vernon College

Assessment Activity/Report Communication Form

Title: FY 2008 Cohort Default Rate **Date of completion:** September 13, 2010

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

Highlights of data: Our FY 2008 cohort default rate(CDR) was 7.8%, which was up from 3.3% the previous year. Our estimated CDR was 8.1%. However, I was successful in challenging one out of three students which caused a decrease in our official CDR. This rate reflects the percentage of students that entered repayment in FY 2008 (October 1, 2007 through September 30, 2008) who defaulted by the end of the next FY (September 30, 2009). Nationally 3.4 million borrowers entered repayment during that time and more than 238,000 defaulted. The national FY 2008 default rate for all institutions was 7.0% up from 6.7% in FY 2007. The national FY 2008 default rate for community colleges was 6.7%. The FY 2008 default rate for Texas was 9.1%.

Use of data: Institutions with low default rates are entitled to a few privileges. A school with a cohort default rate (CDR) of less than 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 2008 CDR that is greater than 40% will lose its eligibility to participate in the Federal Direct Loan Program (DL). If a school's three most recent official CDR are 25% or greater, the school will lose DL and Pell Grant eligibility. These sanctions and benefits provide incentives to school to work with their borrowers to reduce defaults. We currently contract with Horizon Educational Services to provide our default prevention services. They successfully reduced our default rate which in FY 2002 was 15.3%. 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%.

Where the report can be found: Financial Aid Office

Submitted by: Melissa Elliott **Date:** October7, 2010

(responsible party)

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Received by Office of Institutional Effectiveness: **10.07.10**

Presented to College Effectiveness Committee: **10.18.10**