

**Texarkana College (003628)  
Default Prevention Plan**

**Overview:**

In the most recent release of the 2013 3-Year Cohort Default Rate Texarkana College had a CDR of 30% or greater. As required in Section 435(a)(7) of the Higher Education Act (HEA) and the implementing regulations at 34 CFR 668.217, Texarkana College will establish a Default Prevention Task Force and utilize a third party servicer, Panhandle-Plains Management & Servicing Corporation (PPMSC), to help provide information to borrowers concerning the consequences of default, enhance the borrowers knowledge about the loan repayment process, the importance of contacting the loan servicing agent on their loans and resources available to the borrower during the repayment process. These default prevention activities will concentrate on reviewing and improving the communication across the campus concerning defaults and the consequences to the school and students, reviewing the existing entrance and exit counseling tools, utilization of NSLDS reporting, timely enrollment reporting, identification of at risk students, contacting students in the early stages of repayment and/or delinquency and late stage delinquency assistance.

**Default Prevention Task Force:**

DEPARTMENT
Loan Coordinator
Director of Financial Aid
Vice President Finance
Business Office Representative
Retention Personnel Representative
Workforce Faculty Representative
Academic Faculty Representative

**Factors causing the default rate to exceed the threshold:**

An extensive review of the NSLDS data within the Loan Record Detail Report (LRDR) and the CDR report provided by PPMSC of the 2013 3-year CDR period it appears that approximately 72% of the students who defaulted withdrew from the college during their last period of enrollment. These students would be considered at-risk since they may not return to school or complete their program. The Default Prevention Task Force will be looking at this data and continue providing information across the campus to acknowledge the importance of making sure any student who is withdrawing from the college will be forwarded to the financial aid office for exit counseling. Also, information will be provided across the

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Human Resources Director, 2500 N. Robison Rd., Texarkana, TX, 75599, (903) 823-3017, human.resources@texarkanacollege.edu.

campus to make sure all parties are aware of the importance of this process and the consequences to the student and school concerning defaults. Information pertaining to students who do not perform the withdrawal process in person or may be an administrative withdrawal will be forwarded to the financial aid office so appropriate action may be taken to obtain the exit counseling.

#### **Objectives to improve Cohort Default Rate:**

Texarkana College has contracted with Panhandle-Plains Management & Servicing Corporation to provide default prevention/default aversion activities under the guidance of the Default Prevention Task Force. Activities related to improving the CDR will be put in place so we can determine measurable progress towards improving the CDR. The following represent the measurable activities.

- Utilize the NSLDS Date Entered Repayment Report (DER) on a bi-monthly basis. This will allow a comparison of the DER Report to school records to determine if the enrollment reporting provided by the school is correct at NSLDS or can be corrected. Review of this report will help assure the student enter repayment in the correct CDR year and will provide more accurate CDR rates for the school. The information will be monitored and the number of corrections will be logged for comparison as we progress through the year.
- The number of student withdrawals from Texarkana College will be monitored and logged as they are referred to the financial aid office for exit counseling. In addition the student will have a hold placed on their records until successful exit counseling has been performed.
- Panhandle-Plains Management & Servicing Corporation (PPMSC) has developed the Panhandle-Plains Student Loan Assistance Manager (SLAM), which is a comprehensive state of the art default prevention system utilizing The NSLDS School Portfolio Report to identify and contact borrowers who are delinquent or who will be entering repayment. Utilizing the analytic reports within SLAM will allow Texarkana College and PPMSC to monitor the default prevention activity performed and determine if delinquencies have been resolved. The delinquency resolved report will be reviewed at each NSLDS data import date (bi-weekly) to determine the number of borrowers who have had a delinquency resolved and review any loan status changes such as deferment/forbearance, enrollment, or other means. In addition, SLAM will provide reports to review a delinquency analysis by specific cohort year, delinquency analysis by servicer, default risk analysis for the current cohort year and a default cure report for review. Each of these reports may be used to determine the borrowers in need of assistance in their repayment process and determine the effectiveness of the default prevention activities. Additional SLAM reports may be used to supplement this process in determining borrowers that have not completed exit requirements for a specified cohort year as well as reviewing inconsistent loan status reports to determine if a borrower has an inconsistent loan status with loans at a specific servicer or with multiple servicers, which should be addressed.

#### **Objectives to improve student loan repayment:**

In addition to the activities listed above Texarkana College will utilize the Default Prevention Task Force and PPMSC to perform activities that will improve student loan repayment. These activities will promote awareness concerning the obligations of the student as well as review the characteristics of those that default and determine at-risk populations. The following is a listing of activities to be performed.

- Further review of the NSLDS reports such as the LRDR will be performed to determine if there are specific characteristics that may be found to determine at-risk students. In this review we will look at the number of defaulted students who withdrew from the College, the type of education program of the borrower, students who did not complete their education program or students who did not maintain satisfactory academic progress. Information derived from this research will be used to concentrate efforts on these at-risk borrowers with other activities performed.
- Review entrance and exit counseling tools to determine if they are providing the proper information concerning the importance of repaying the student loan, consequences of default and the importance of contacting the loan servicer if there are any changes in address or ability to repay. Enhancements or additional information will be incorporated as needed.
- Early identification and counseling for students at-risk will be utilized using the research list above. Students that may fall in the at-risk categories defined will be provided information concerning repayment of the student loan and the consequences of default.
- Contacts with students will provide information on the consequences of default and reinforce the fact that this is a loan that must be repaid. This information will provide some of the following components. Interest capitalization and collection fees that may be added at the time of default resulting in a loan balance higher than the amount borrowed. Defaulted borrowers are reported to credit bureaus causing students to sustain long-term damage to their credit rating. Defaulters may also face difficulty in securing mortgages or car loans, may have their wages garnished, and their federal income tax refunds and other federal payments seized. Defaulted student borrowers may also have their professional license withheld. Defaulted student borrowers will also be ineligible for additional federal student aid.
- Communications across campus will be provided to promote a school wide effort in the default management plan. Communication between the departments on campus is essential to the process and allows for any changes in the enrollment of the student to be known and the importance of these changes. Default management is not the responsibility of only a single office or department. Accurate and timely communication among school departments not only ensures the right aid is getting to the right student, but such communication will help schools comply with regulations regarding standards of administrative capabilities, accurate and timely reporting of students enrollment status and satisfactory academic progress. In addition, information pertaining to the consequences of default to the schools will be provided to ensure all parties are aware that the school could risk the loss of all federal student financial aid funding.
- Early stage delinquency activities will be used to target students that are delinquent 30-60 days and/or those that research has indicated may be at-risk. In this effort, students will be contacted to assist the students in establishing a productive relationship with the loan servicer and to promote a successful repayment trend before they become significantly delinquent.
- Late stage delinquency will be used to target students who are more than 240 days delinquent but less than 361 days delinquent. Efforts will be used to rescue these students from severe delinquency and possible default by providing support to the student concerning the options that may be available and the importance of contacting their servicer. This will allow for additional contacts with the borrower to let them know about the consequences of default and that help may be available if they maintain open lines of communication.

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