

Default Management

Program Review

What Every Vice President or Dean Needs to Know about Financial Aid

NCCCSDAA meeting

June 26, 2014

Draft FY 2011 3-year Default Rate

- GTCC's FY 2011 3-year default rate: 29.9%.
- 572 students defaulted in a three-year period out of the 1911 students who entered repayment between 10/1/10 and 9/30/11.
- Draft rate is just shy of the 30% threshold for sanctions.
- Draft received February 18th, final default rate will be published September 2014.

Challenge Default Data

- We had 45 days to review our data.
- Errors in Date Entered Repayment, grace periods, and other items can change whether a student should be counted in this cohort or another one.
- Using the USA Funds Cohort Analysis Tool made this process much easier!
Call 1-800-766-0084 to obtain

USA Funds Cohort Analysis Tool

USA Funds[®] Cohort Analysis ToolSM

The USA Funds[®] Cohort Analysis ToolSM helps you identify borrower records in your Electronic Loan Record Detail Report that may need to be corrected. By applying the tool to your eLRDR from the U.S. Department of Education, you can identify records for potential cohort default rate challenges. The tool also helps you learn more about borrowers who have defaulted and quickly identify sub-populations, such as borrowers who have a status of paid-in-full due to consolidation.

If you would like more information about this tool and are online, click the logo at the top of the page. In addition, you can learn more about [Official Cohort Default Rates for Schools](#) or download a [quick reference guide](#) to cohort default rates. Please note that finding a data discrepancy via this tool and submitting a cohort challenge to your guarantor does not ensure the validity of your challenge. You must have the documentation to support your challenge and follow your guarantor's challenge process.

- You may request the eLRDR (also known as the DRC035) via NSLDS for delivery via the [Student Aid Internet Gateway](#) as message class 4SHCDREOP.
- When [requesting](#) your data be sure to select **Extract** under the "Type" option.
- Once you have retrieved the eLRDR file, save it and do NOT open or rename this file before opening it in the USA Funds Cohort Analysis Tool.
- Microsoft Excel macros must be enabled when using this tool.

Click **Start** to access your downloaded file.

▶▶ **Start**

Default Rate Challenge

- We challenged 7 students, 5 were accepted.
- New projected default rate: 29.7%
- We're off the cliff!

New Measures for 2013-14

- Experimental Sites Initiative #6 – limiting unsubsidized loan borrowing to \$2000/year for 1st year students.
- Results: Too early to tell in regards to default rates. However, loan disbursements **went down 40% this year.** (\$45 million to \$27 million)

New Measures for 2013-14

- Multiple Disbursement Dates – all students are now disbursed loan funds in 3 equal payments per semester.
- Results: Too early to tell in regards to default rates. However, Return of Title IV refund calculations went **down by 37%** between Spring 2013 and Spring 2014.


New Measures for 2013-14

- Working with American Student Assistance (ASA). They provide outreach and education to all GTCC borrowers from grace period onward. Special attention given to delinquent borrowers.
- We conduct our own outreach to delinquent students by phone, postcard, and letter.
- Began working more closely with the major servicers to use their free tools for managing defaults

Servicers

- Fed Loan Servicing (PHEAA) – <http://www.myfedloan.org/schools/products-tools/index.shtml>
- Great Lakes – <https://schools.mygreatlakes.org/>
- Nelnet – <http://www.nelnetloanservicing.com/>
- Navient (was Sallie Mae) - <http://go.salliemae.com/content/edservicing/>
- For a full list of servicers with contact information, go to <http://ifap.ed.gov/ifap/helpContactInformationDetailedList.jsp?lsc=1>

Servicer Tools



A Department of
Education Servicer

Search Site:

FOR BORROWERS


FOR SCHOOLS

FOR PARTNERS

Our Services


Products & Tools

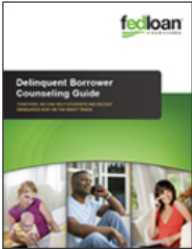

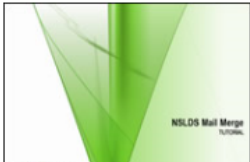

Training




Does your school have what it takes to **WIN** it all?

Utilize our toolkit to manage student loan repayment and delinquency.


Adobe Acrobat Reader  is required to view and print PDF forms.

Publication	Description
	<p>Delinquent Borrower Counseling Guide</p> <p>This guide helps you create a default prevention plan for your campus and contains a guide to telephone outreach, including call scripts.</p> <p>View/Download Guide </p>
	<p>National Student Loan Data System (NSLDS) Delinquency Report Tutorial</p> <p>Still not getting all of your delinquency data from one source? Check out our instructional video to see how you can use the NSLDS Delinquency Report to produce one letter per month to delinquent borrowers who have loans serviced by a federal servicer.</p> <p>View the NSLDS Delinquency Report Tutorial </p> <p><small>- Adobe Flash Plugin Required</small></p>

Webinars Available

Register now  for our live or recorded webinar training sessions:

- Cohort Default Rate
- Default Prevention
- Financial Literacy
- Repayment Plans



Have Questions About the Contest?

Contact your sector-specific representative:

- [Public Schools](#)
- [Private Schools](#)
- [Proprietary Schools](#)
- [Graduate and Professional Schools](#)

Late-stage Delinquency



- NSLDS Delinquency Letter Mail Merge
- Tutorial:
http://www.myfedloan.org/demos/mail_merge/NSLDS_Mail_Merge.swf
- At Risk Toolkit
- <http://www.myfedloan.org/schools/at-risk-toolkit.shtml>

New Measures for 2013-14

- Revamped student loan acceptance form to include a sample repayment plan and to request additional contact information (parents, siblings) so we can find the student once they leave us.
- Began integration of financial literacy into the curriculum by adding module to the Student Success classes this spring.
- Many other initiatives are underway!

Federal Program Review

- March 17 – 21, 2014
- Two reviewers from the Atlanta office of the Department of Education.
- Comprehensive review of our college by the Department of Education. Included review of financial aid administration, college eligibility, compliance with regulations that govern aid and the college as a whole.

Federal Program Review

Substantial pre-visit preparation! You are given two weeks to prepare and mail the following items to the Feds:

1. Catalogs
2. Policy and procedures concerning Admissions, institution and academic programs, Satisfactory Academic Progress, Attendance, Withdrawals (official and unofficial), Return of Title IV funds, Verification, Awarding of Title IV aid, Statements regarding the institution's educational programs, its financial charges, or the employability of its graduates.

Federal Program Review

3. List of Third Party Servicers involving marketing, recruitment, admissions and services they provide.
4. Copies of the two most recent Annual Security Reports
5. Evidence of distribution of the two most recent Annual Security Reports
6. Copy of the institution's Drug and Alcohol Prevention Program disclosures and evidence of distribution to all students and employees
7. Institutional and financial aid student consumer publications
8. URL's for all financial aid consumer information

Federal Program Review

9. Examples of institutional forms, applications, and worksheets that are used in administering aid.
10. Total current enrollment and percentage receiving Title IV
11. If the institution offers programs via distance learning, include the following: a list of programs that are offered in physical campus locations, a list of programs that includes courses that are offered via distance education, provide whatever materials that explain the faculty role in regards to interaction with students in distance education courses (e.g. faculty contract, handbook, job description, policy, training materials), instructions or materials provided to students for participation in online courses including web links.

Federal Program Review

- Collect most of these 11 items via the Online Location of Consumer Information/Documents form provided by the Department.
- You can view ours at <http://www.gtcc.edu/financial-aid/program-review-documentation.aspx>

Federal Program Review

- Provide a copy of the original complete file for at least one student.
- Submit list of recipients via the Recipient Data Spreadsheet (a list of all Title IV recipients for one or more school years, showing the programs and amounts of aid received).

- | | | |
|--------------|-------------------|------------------|
| • SSN | • \$UNSUB | • LAST DATE OF |
| • LAST NAME | • \$FDPLUS | ATTENDANCE |
| • FIRST NAME | • CURRENT | • R2T4 RETURN |
| • \$FPELL | ENROLLMENT STATUS | AMOUNT |
| • \$FSEOG | • DISTANCE | • DATE OF RETURN |
| • \$FWS | EDUCATION | |
| • \$SUB | • WITHDRAWAL DATE | |

Federal Program Review

Items to be assembled in advance of the review for inspection during the visit:

1. Organization charts of the institution
2. Complete set of fiscal records for financial aid, including a chart of accounts, general ledgers and subsidiary ledgers, including lists of disbursements to students
3. Original canceled checks, bank statements, deposit slips, checks or check register and any back-up documentation for cash transactions with in the Department's G5 system
4. Ability-to-Benefit test, publisher's instructions, test administrator's credentials, and ATB contact.
5. List of all students admitted on the basis of ATB

Federal Program Review

6. List of internal/external recruiters
7. Accreditation Statement of Affiliation (or equivalent) and any additional accreditation documents that demonstrate the accreditation of the institution .
8. State agency documents that reflect the institution's legal authority to provide education services and describe the extent of the State's recognition (locations, academic programs, restrictions, etc.)
9. Manuals or instructions for software programs used in the administration of Title IV (Datatel)
10. Contracts with third parties concerning the administration of Title IV (Clearinghouse, CFNC, etc)

Federal Program Review

- Picked 30 files for review - 15 from 2012-13 and 15 from 2013-14 (current year)
- Picked a few additional R2T4 files when it was determined that the sample of 30 students didn't contain enough examples of R2T4 calculations
- Did not use our computer system (Datatel) because both reviewers were unfamiliar with the software.

Federal Program Review Findings

- **Drug/Alcohol Policy is inadequate or missing**
 - Consumer disclosure must include information for students on the health risks as well as clinics and rehabilitation available
 - Biennial review needs to be conducted
- **Return of Title IV (R2T4) policy**
 - Consumer disclosure must clearly distinguish between institutional refund policy and federal refund policy in the R2T4 statement.
 - Include example of a R2T4 calculation in the statement.
- **2 errors in R2T4 calculations**
 - **Note: We do not require attendance.**
 - Date student began the withdrawal process not used as official withdrawal date in our system (both dates were past the 60% point so no monetary finding)
 - Error in determining the student's latest withdrawal date. We returned funds to the Feds when we didn't need to do so.

Federal Program Review Findings

- **Not packaging loans upfront**

- Cannot require separate loan application (request form). Mr. Finkelstein said that we can award the eligible amount at “pending” status in Datatel and permit the student to accept, deny or reduce their loan instead.
- An Electronic Announcement from the Department of Education was published recently that discusses the topic of additional required forms for financial aid:

<http://ifap.ed.gov/eannouncements/031814ApplicationProcessforFederalStudentAid.html>

- **Verification error**

- 1 student where an incorrect tax figure was used when verifying data on the FAFSA. However, the difference in amounts did not make a difference to the student’s eligibility so no penalty.

Federal Program Review Findings

- **Book voucher policy**
 - Must state in consumer information that Pell grant recipients may opt-out of using their aid in the bookstore. This opt-out option can be a written statement submitted to our office.
- **Verification Policy Inadequate**
 - Need to include statement on how the institution handles suspected cases of fraud.
- **Federal Funds not Maintained in an Interest Bearing Account**
 - Feds maintain that while federal funds can be deposited in the college's regular bank account, the federal portion must be interest-bearing and any earnings over \$250 forwarded to the Feds. We are disputing.

Federal Program Review Findings

- **Class taken outside of program of study requirements**
 - Aviation student took both ENG-112 and ENG-114 instead of just one of them (the requirement is listed as “or” in the Catalog)
 - This appears to be our only certain monetary finding.
 - Mr. Finkelstein made a point of mentioning that the Department of Education is looking at this issue very closely in their program reviews.

Federal Program Review

Recommendations

- Improve Notification and Disclosure Process for Students who Apply for Limited Enrollment Programs and are Accepted into the General Education program
- Remove option to waive the right to discuss withdrawal with a Financial Aid staff member prior to withdrawal
- Revise R2T4 letter to clarify the difference between the debt owed the College and the debt owed the Feds

Federal Program Review – Next Steps

- 75 days to issue preliminary program review report (we received ours within 30 days)
- College is either given 30 or 60 days to respond, depending on the severity of the findings (we got 30 days)
- Final program review with any financial penalties will be issued after reviewing our preliminary program review report response

What you Need to Know about Financial Aid

- Consumer Disclosures – It is everyone's business!
 - It's a critical finding in Program Reviews
 - Top Compliance Issues identified by the Feds show that inadequate consumer disclosures are a big problem in Region IV:

http://www.ncasfaa.com/docs/conferences/2013/fall/ComplianceIssues_AnEDPerspective.pdf

What you Need to Know about Financial Aid

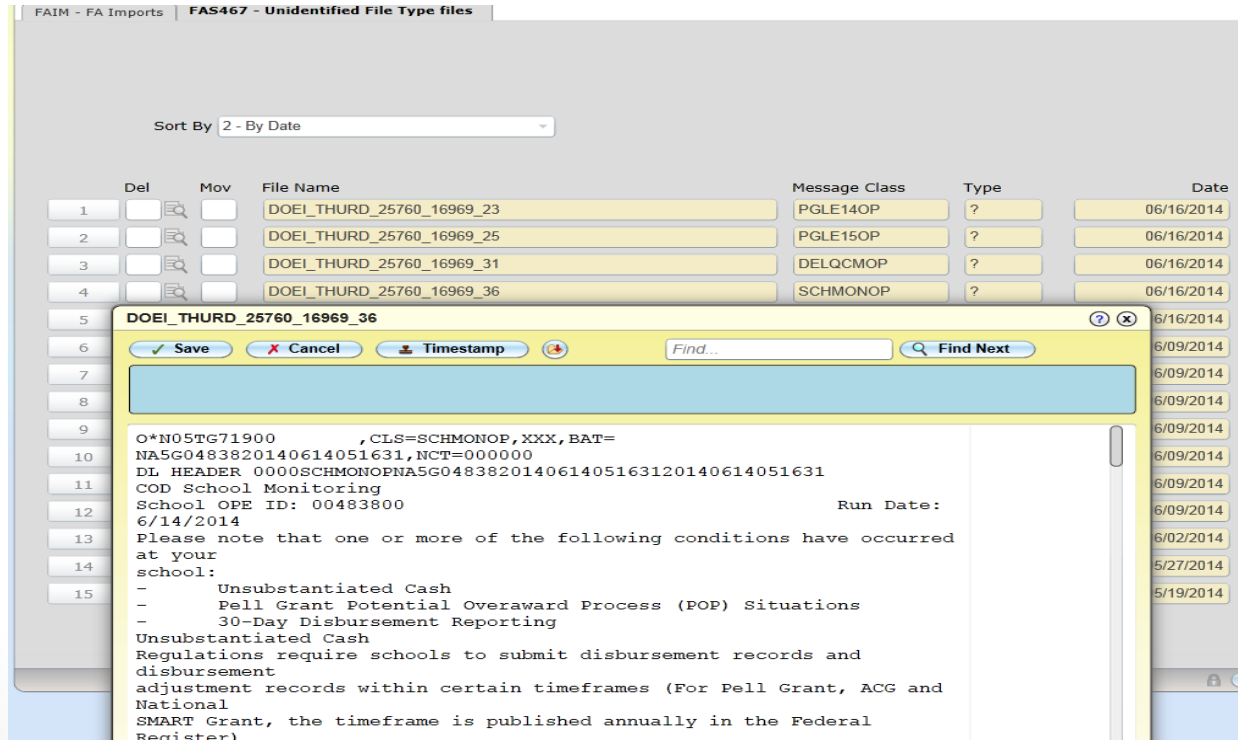
- Reconciliation – Financial Aid and Finance/Business office share this responsibility. Important to keep up with this for EAGLE, federal and state deadlines for reporting, audits, and federal program reviews.
 - Excellent Q&A on Pell reconciliation:
<http://ifap.ed.gov/eannouncements/attachments/010214FederalPellGrantProgramReconciliation.pdf>
 - Fed presentation on Reconciliation basics:
<http://ifap.ed.gov/presentations/attachments/2012FSAConfSession16TitleIVReconciliation.pptx>
 - Be sure to clean up stale-dated checks within 240 days of disbursement. Unclaimed funds cannot be escheated to the State and must be returned to the source.

What you Need to Know about Financial Aid

- Reconciliation aids in Datatel
 - **PCRR** – Pell COD Reject Report
Look at once a week at a minimum and resolve errors
 - **DCRR** – Direct Loan COD Reject Report
Look at once a week at a minimum and resolve errors
 - Compare totals once a week to stay on top of it!
Need 3 items to balance: FMGT report, G/L report (LGLA), and COD/CFNC.

What you Need to Know about Financial Aid

- Reconciliation aids in Datatel
 - SCHMONOP text file on FAIM – Unidentified Text Files



What you Need to Know about Financial Aid

- FISAP report and Campus-Based funding
 - The number of eligible aid applicants by income cell plays a part in determining your campus-based eligibility. The rest of it is largely out of your control, thanks to historical allocations!
 - 2014-15 Campus-Based funding by Institution:
<http://www.ifap.ed.gov/cbawards/1415CBAwards.html>

What you Need to Know about Financial Aid

- It appears that some NC community colleges are limiting the amount of campus-based funds based on their requests on the FISAP. Example: XCC is eligible for \$40,000 in FSEOG funds but only requests \$20,000 on the FISAP. The Feds grants XCC \$20,000 and the remaining \$20,000 goes back into the additional fair share available to be redistributed to other colleges.
- Are you getting all that you want and qualify for?
- If you are Title III Eligible, you do NOT need to match these funds! Don't let this eligibility designation lapse!

What you Need to Know about Financial Aid

R2T4s and Modules – DMS schools are having fewer issues, but modules are troublesome as a whole. DMA schools, in particular, are struggling to interpret federal regulations and to utilize Datatel in a manual way to accurately calculate Return of Title IV funds.

Also, modules cause issues with registration, financial aid census dates, and financial aid payments to students. It also increases overpayments when students fail to start later classes.

What you Need to Know about Financial Aid

R2T4 distribution and overpayments

- Many schools equitably charge the R2T4 refunds between tuition and fees. We have no federal or state guidance on where to pull R2T4 refunds from so we charge the entire amount to tuition.
- Federal overpayments are a STUDENT responsibility. While Datatel reverses school AND student debt, you can manually override this by increasing the aid figure by the amount of the overpayment. After 45 days, assign overpayment to the Feds for collection.

What you Need to Know about Financial Aid

R2T4 distribution and overpayments example

- Student receives \$2000 Pell grant and withdraws from all classes prior to the 60% point.
- R2T4 calculation in Datatel shows that the school owes \$400 back to the Feds and the student owes a \$100 overpayment to the Feds.
- Datatel will attempt to reverse all \$500 by reducing the Pell award for the term to \$1500.
- Override this by increasing the Pell award for the term to \$1600 and bill the student for \$100 overpayment.
- After 45 days, assign \$100 to Feds to collect.

What you Need to Know about Financial Aid

- Training, training, training!
 - FSA Conference
<http://fsaconferences.ed.gov>
December 2 – 5, 2014
Atlanta, GA
 - NCASFAA Conferences
<http://www.ncasfaa.com>
Fall: November 8 – 12, 2014
Asheville
Spring: April 11 – 15, 2015
Wrightsville Beach

What you Need to Know about Financial Aid

- Training, training, training!
 - You can use Administrative Cost Allowance (ACA) to pay for training costs
 - Free web-based training – FSA Coach
<http://www.ifap.ed.gov/ifap/fsacoach.jsp>
 - Lots of free training available through Loan Servicers. One of the best is Great Lakes.
www.mygreatlakes.org/smartsessions



What you Need to Know about Financial Aid

Office Check-up – How are we doing?

- NASFAA Standards of Excellence (SOE) Review (fee, members-only)
<http://www.nasfaa.org/standards/>
- NASFAA Self-Evaluation Guide (free, members-only)
http://www.nasfaa.org/products/self-eval/2013-2014_Self-Evaluation_Guide.aspx
- FSA Assessments (free)
<http://www.ifap.ed.gov/qahome/fsaassessment.html>



That's all Folks!

Questions or Comments?

Lisa Koretoff, GTCC Director of Financial Aid

lakoretoff@gtcc.edu Phone number: 336-334-4822 ext. 50317