

Mercer County Community College DEFAULT PREVENTION PLAN

INTRODUCTION:

This Default Prevention Plan is dedicated to student success and improving Mercer County Community College's cohort default rate (CDR) in the Federal Direct Loan program. The school's CDR is calculated by dividing the number of borrowers that default by the number of borrowers that went into repayment during a specific time frame. Regulations hold schools accountable for their CDR over a three year measurement period, requiring the CDR to be under 30%, to avoid sanctions. Preventing borrowers from going delinquent will keep the CDR low; this may be accomplished through entrance, exit, and grace counseling. If a borrower becomes delinquent, then outreach will be required to counsel the student back to a successful repayment solution. By focusing on what is best for the students and their long-term loan repayment success we will also achieve success for Mercer County Community College by achieving a low CDR.

ENTRANCE:

- Student completes student loan module and acknowledges what it means to take out a student loan (if they are taking out a loan or not).
- Student is introduced to Solutions at ECMC and the free services they offer.
- Access Solutions at ECMC's website.
 - o Shows contact information on site (phone number, email, and webchat).
<http://www.ecmcsolutions.org/>
 - o Demonstrates how to find the different repayment options.
http://www.ecmcsolutions.org/student_repayment_plans/index.html

EXIT:

- Proactive
 - o Identifies students at risk of withdrawing.
 - o Creates a plan to intervene to help the student.
- Graduated
 - o Exit counseling must be attended.
 - o Review of what it means to have student loans and to know that there are options to help.
 - o Re-introduce Solutions at ECMC and provide a brochure or send an email to all those that attended a session.
- Withdraws
 - o Sends an exit counseling packet via mail.
 - o Sends information about Solutions at ECMC via mail and email.

GRACE (6 month status where loan payments are not necessary prior to entering repayment):

- Only impacted students are the ones who took out federal student loans.

Option 1:

- o Contracts Grace Counseling with Solutions at ECMC.

Option 2:

- Sends information 3 times throughout a borrower's 6 month grace period.
 - o Month 1 and 2: (Communications Manager)
 - Sends email notifying borrower we have teamed up with a loan company organization to shed light on federal student loan options.
 - Informs borrower that if they are re-enrolling at a school that they should communicate this to either Solutions at ECMC or their servicer.
 - o Month 3 and 4: (Communications Manager)
 - Sends email to update borrower that they are about half way through their grace period.
 - Mentions Financial Literacy items (creating a budget, credit cards, interest rates, etc.).
 - Name drops Solutions at ECMC and gives a brief description of their services.
 - o Month 5 and 6: (Communications Manager)
 - Sends Solutions at ECMC info graphic.
 - Notifies borrower that they may have their first payment due in the near future for the federal student loans taken out while attending college.
 - Asks if they know when their first payment is due and for what amount.
 - Informs borrower to contact Solutions at ECMC if they have questions on their federal student loans or are unsure how they will make future payments.

DELINQUENCY:

- **Option 1 - Basic**
 - o Early stage delinquency (91 - 210 days delinquent)
 - Send text message.
 - Send delinquency email with Solutions at ECMC's information
 - o Late Stage delinquency (211 - 359 days delinquent)
 - Message is more assertive and asks for more of a call to action
 - Send text message.
 - Send delinquency email with Solutions at ECMC's information.
- **Option 2 - Collaborative**
 - o Early stage delinquency (91 - 210 days delinquent)
 - Send text message.
 - Send delinquency email with Solutions at ECMC's information
 - o Late Stage delinquency (211 - 359 days delinquent)
 - Message is more assertive and asks for more of a call to action
 - Send text message.
 - Send delinquency email with Solutions at ECMC's information.
 - o Reference Entry (monthly) Workgroups or Dashboard
 - Take all borrowers who are 210 to 240 days delinquent and enter references for those who do not have any.
 - o Demographic Entry (weekly) Workgroups or Dashboard
 - Take all borrowers who are 200 to 207 days delinquent
- **Option 3 - High Touch Collaborative**
 - o 91 - 120 Days Delinquent:
 - Sends Solutions at ECMC's delinquency infographic.
 - Acknowledges borrower is delinquent and help is available.
 - o 121 - 150 Days Delinquent:
 - Perform skip trace efforts via workgroups through the software LoanTracker

- Input phone numbers, emails, and address information not already in LoanTracker.
- Input reference information (name, relation to borrower, phone number) not already in LoanTracker.
- 151 - 180 Days Delinquent:
 - Makes outreach attempts via text message (Communications Manager).
 - Text messages provided to school by Solutions at ECMC.
 - Helpful message notifying of free assistance is available.
- 181 - 210 Days Delinquent:
 - Makes phone call attempts utilizing Workgroups in LoanTracker.
 - Transfers borrower to Solutions at ECMC (877-331-3262).
 - Leaves a message on voicemail or with 3rd party to receive a call back.
- 211 - 240 Days Delinquent:
 - Perform skip trace efforts via workgroups through the software LoanTracker
 - Input phone numbers, emails, and address information not already in LoanTracker.
 - Input reference information (name, relation to borrower, phone number) not already in LoanTracker.
- 241 - 359 days delinquent:
 - Makes phone call attempts utilizing Workgroups in LoanTracker.
 - Transfers borrower to Solutions at ECMC (877-331-3262).
 - Sends email (delinquency email or delinquency infographic) if contact is not made via phone.
 - Content is more geared toward consequences of default but help is still available.

DEFAULTED BORROWERS:

- With respect to default prevention, working defaulted borrowers should be done in cohort years that have at least 11 months left in the open cohort.
 - 1 time outreach per borrower - (Communications Manager)
 - Sends email regarding options still available to help and puts the DOE's Debt Resolution site in the email: <https://www.myeddebt.ed.gov/>
 - Tries to contact via phone.
 - Leaves message on voicemail or 3rd party.
 - Gets borrower in contact with their guarantor (collections agency).
 - Have borrower enroll in the rehabilitation program