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# **Wayne County Schools Career Center Default Prevention and Management Plan**

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## Preface

Mission: To provide knowledge, skill development, and experiences necessary for a lifetime of personal and professional growth.

Wayne County Schools Career Center is committed to promoting student success by helping our students learn, graduate, obtain employment and demonstrate financial responsibility through repayment of the funds they borrow to finance their education. An in-depth plan, structured with the student in mind, is key to ensuring that our default prevention and management goals are met.

This document identifies the measures we take and the tools we use to promote student and school success by increasing retention and reducing student loan delinquency and default.

## Consequences of Default for Borrowers

Borrowers who default on student loans face serious consequences. Stafford Loans are considered in default after 270 days without payment. At the time of default, outstanding interest is capitalized and collection fees may be added, resulting in a loan balance that is higher than the amount borrowed. Defaulted loans are reported to credit bureaus, causing borrowers 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. Until the default is resolved, collection efforts continue and the defaulter will be ineligible for additional federal student aid. The Department, guarantors, and servicers undertake many activities to prevent borrowers from defaulting. With a minimal amount of time, effort, and expense, schools can play a critical role in helping borrowers avoid the damaging consequences of default.

## Entrance Counseling

*DCL-GEN-05-14 Guidance: Regulations require that first time borrowers of Federal Family Education Loan Program (FFELP) loans receive entrance counseling. During entrance counseling, schools must explain how the master promissory note works, emphasize the importance of repaying the loan, describe the consequences of default, and show borrowers sample monthly repayment amounts based on their program of study at your school. Schools may enhance entrance counseling to include financial literacy and ensure that borrowers thoroughly understand all information. In addition, schools should collect as much contact information about borrowers as possible during entrance counseling to facilitate future contact if needed. These activities will ensure more knowledgeable, responsible borrowers, and result in fewer defaulters as well.*

### Wayne County Schools Career Center Measures

- Individual Financial Aid meeting/counseling with the Financial Aid Clerk
- Federal Student Aid Entrance Counseling tool:  
This interactive web-based tool teaches students about the Stafford Loan Program in straightforward language. It discusses eligibility requirements, how much students can borrow, the differences between subsidized and unsubsidized loans, and the general benefits of Stafford Loans. It also talks about managing spending, planning for repayment and how to avoid default. It also allows them

to update their demographic information, as well as that for their references and employer.

- Financial Aid brochure

## **Financial Literacy for Borrowers**

*DCL-GEN-05-14 Guidance: The U.S. Department of Education (ED) recommends that schools provide borrowers with information concerning the income potential of occupations relevant to their course of study, counseling at various stages of enrollment, interactive tools to manage debt, repayment options, and school contact information. Schools can offer this information through a variety of media such as counseling, classes, publications, e-tutorials, electronic newsletters to email accounts, adding the information to award letters, or using a combination of methods. To help students manage their debt, some schools are limiting access of credit card companies to their campuses. Schools should also provide borrowers with entrance counseling material and the following resources, at minimum, at enrollment and following graduation or withdrawal:*

- *Estimate of required monthly payments on the borrower's loan balance*
- *Calculators to help estimate and manage debt*
- *Loan servicer contact information*
- *Contact information for delinquency and default prevention assistance on campus*

### **Wayne County Schools Career Center Measures**

- Federal Student Aid Financial Awareness Counseling: This guide provides tools and information to promote understanding of financial aid and to assist in managing of personal finances. It discusses loan basics, managing spending, responsible borrowing, planning for repayment, and avoiding default.
- Federal Student Aid Repayment Estimator: This estimator aids in figuring an approximate payment to expect and which loans are included in that estimation.
- Publications are made available for the student to educate them on financial literacy and borrowing.

## **Early Identification and Counseling for Students at-Risk**

*DCL-GEN-05-14 Guidance: "Students at-risk" generally refers to borrowers who withdraw prematurely from their educational programs, borrowers who do not meet standards of satisfactory academic progress or both. Counseling at-risk borrowers should focus on the causes of withdrawal or unsatisfactory academic progress and solutions to resolve these matters. The end result of working with at-risk students will be more borrowers completing their educational programs, equating to a higher retention rate for the school and lower numbers of defaulted borrowers.*

### **Wayne County Schools Career Center Measures**

We offer the following forms of academic assistance to help retain students, especially those at-risk:

- Each student has an assigned Career Advisor who will assess educational readiness, help with career decisions, and serve as a program "coach" helping the student stay on track for graduation and providing valuable information about their program, community resources, and employment in their field.
- Our applied academics support center provides support and intervention services to assist students in achieving scholastic success.

- We provide students who are having difficulties with a framework for knowing what assistance and specific support services are needed to ensure success in meeting their educational goals. We maintain an intervention system to alert students to their academic weaknesses so that corrective measures can be implemented.

## **Communication Across Campus**

*DCL-GEN-05-14 Guidance: Communication of information relevant to the prevention and management of defaults must be a school-wide effort and should not be the responsibility of only a single office. While communicating certain information across campus is mandatory, communicating additional information is highly recommended. To promote success, school officials should examine their communication procedures for effectiveness and inclusiveness. Information regarding borrowers' academic progress and enrollment status should be components of the information received by all relevant offices across campus including the offices that disburse funds and authorize payments. Accurate and timely communication among school entities and ED not only ensures the right aid is getting to the right student, but such communication will help schools comply with regulations regarding the school's standards of administrative capabilities, accurate and timely reporting of borrowers' enrollment status, and satisfactory academic progress.*

### **Wayne County Schools Career Center Measures**

Our school utilizes the following methods to ensure effective communication across campus:

- Academic and attendance information is shared with the student advisors and the Financial Aid Office to provide data to the academic support personnel.

## **Default Prevention and Retention Staff**

*DCL-GEN-05-14 Guidance: Having dedicated default prevention and management staff has proven invaluable for many schools. ED recommends dedicated staff because they are in an excellent position to establish working relationships with borrowers from early in the students' experience through repayment. Many schools are also dedicating staff to student retention activities, a key to school and student success as well as default reduction. Where resources are limited, ED recommends combining these two functions, as they are similar in nature. An emphasis on both will particularly benefit at-risk borrowers.*

### **Wayne County Schools Career Center Measures**

Default prevention and management effort is led by Taryn Wolf, Financial Aid Clerk.

Career services advisors are responsible for working one on one with our students to reduce the number of barriers for students thus increasing the student retention rate.

## **Exit Counseling**

*DCL-GEN-05-14 Guidance: Regulations require that schools provide exit counseling. Exit counseling is an effective way to prevent defaults and is often the last opportunity that borrowers have to work with someone at school regarding their loans. In-depth counseling that focuses on fully explaining repayment plans and choices that fit the borrowers' needs is essential. Exit counseling is the opportunity to clear up any misconceptions students may have about their loan obligations and re-emphasize the consequences of default. Schools should take full advantage of this opportunity to work with their students. A large percentage of borrowers in delinquency either did not have the benefit of receiving this information or did not receive it timely. Thorough exit counseling is a cornerstone of default prevention and is mandatory.*

### **Wayne County Schools Career Center Measures**

- Student exit forms/counseling completed by the student Career Services advisors.
- Federal Student Aid Exit Counseling: This interactive web-based tool provides borrowers with an overview of their repayment obligations and the options available to them in the event they have trouble making payments. It also explains the basics of repayment and advises them how to manage their money. It allows them to update their demographic information, as well as that for their references and employer as well.

## **LOAN EXIT COUNSELING INSTRUCTIONS**

Completion of loan exit counseling is required. Exit counseling can be done online following the directions below:

Go to [www.wcsc.org](http://www.wcsc.org)

Click on "Financial Aid"

Click on "Apply for a Federal Stafford Loan"

Click on "Direct Loan Exit"

Complete Exit Counseling. You will need your FAFSA Pin number to log in. If you have any problems completing the Exit Counseling or with your Pin number, please call the FSA Information Center at 800-433-3243 for assistance.

By selecting the Financial Aid Review button, you will find detailed information regarding your student loans. Please allow processing time for all final loan disbursements and/or refunds to post to this site. You will also find the contact information for the loan servicer for each of your loans on this site. It is very important that you repay your student loans(s) on time. If you have problems repaying, please contact your loan servicer. They can assist you so that you can avoid default.

We will be notified when your exit counseling is complete. If you do not have access to the internet, contact the Financial Aid Office to make arrangements to use a school computer. Please remember that Loan Exit Counseling is a requirement of your Stafford Student Loan and of graduation.

## **Withdrawals**

*DCL-GEN-05-14 Guidance: Many borrowers who default on their loans are borrowers who withdrew from school prior to completing their academic programs. These borrowers, at the highest risk of default, can often be identified while still on campus. Early identification and timely intervention can improve student retention and reduce the number of defaulted loans. In addition to fulfilling the regulatory requirement to provide exit counseling to students, schools should attempt to work with students even after they have left school by encouraging them to complete their programs of study and helping them resolve the issue(s) that prompted their withdrawal. Consider offering job placement services for a limited timeframe to students who have withdrawn. In addition to providing a valuable service, schools can take advantage of the borrower's return to campus to provide counseling. Note that an employed borrower, even one earning less than if he/she had completed school, is better able to make loan payments than an unemployed borrower.*

### **Wayne County Schools Career Center Measures**

- The withdrawal policy is available in the student handbook, in the marketing catalog, and on our web page.
- Student exit forms/counseling completed by the student Career Services advisors.
- We inform students who drop out of school of their obligation to complete Federal Student Aid exit counseling. This tool helps borrowers understand their repayment obligations.

## **Timely and Accurate Enrollment Reporting**

*DCL-GEN-05-14 Guidance: Timely and accurate enrollment reporting to the Secretary of Education or the guarantor as appropriate is required by regulation and promotes school and student success. There is a direct correlation between late or inaccurate enrollment reporting and loan defaults.*

*This school activity ensures that borrowers receive their full grace period, and further ensures that contacts from the loan servicer such as correspondence and telephone calls occur in the appropriate timing and sequence. The servicer's contacts are designed to increase the likelihood that borrowers will satisfy loan obligations. Timely and accurate reporting of changes in enrollment status is required of all schools. Adhering to a monthly schedule of reporting changes in enrollment status will help with data accuracy and is recommended.*

### **Wayne County Schools Career Center Measures**

- Bi-Monthly enrollment status reporting to NSLDS as required.
- We have record-keeping and reporting processes that alert us when students do not re-enroll or when they drop all their courses. We also ask instructors to inform the student services department when students stop attending classes.

## ***After Students Leave School***

### **Early Stage Delinquency Assistance (LSDA)**

*DCL-GEN-05-14 Guidance: ESDA begins at the time of separation or early in the grace period. ESDA is a highly focused effort by lenders, guarantors, and schools to assist particular borrowers to prepare for entry into loan repayment. Certain borrowers, such as those who have failed to complete their academic program, or borrowers who share specific characteristics or academic or related experiences, may be more likely to encounter difficulties initiating and maintaining on-time loan repayment. ESDA activities afford lenders, guarantors, and schools an opportunity to provide focused, enhanced loan counseling, borrower education, and personal support during the grace period, and in so doing help decrease the chances of later loan default. In addition to ESDA, schools should utilize default aversion assistance offered by guarantors for borrowers who are at least 60 days delinquent.*

#### **Wayne County Schools Career Center Measures**

- Delinquency reports are run through NSLDS periodically for those borrowers who are 60-89 days delinquent on their loans. Letters are sent to these borrowers reminding them of their responsibilities and requesting them to contact their provider, whose contact information is included in the letter.

### **Late Stage Delinquency Assistance (LSDA)**

*DCL-GEN-05-14 Guidance: Though guarantors are extremely effective in working with borrowers throughout repayment, they lose touch with some borrowers. Schools can often help to re-establish this critical communication during the late stages of delinquency, serving as a liaison between delinquent borrowers and staff experienced in borrower assistance. LSDA techniques enable schools to rescue severely delinquent borrowers, those who are more than 240 but less than 361 days delinquent, from default.*

*LSDA can be successfully implemented with a minimal investment of time and staff. Even for a large school, the number of borrowers in this delinquent group is generally small. Several telephone calls a month lets the most delinquent borrowers know that they have options, and that help is available.*

#### **Wayne County Schools Career Center Measures**

- Delinquency reports are run through NSLDS periodically for those borrowers who are 210-359 and 360+ days delinquent on their loans. Letters are sent to these borrowers reminding them of their responsibilities and requesting them to contact their provider, whose contact information is included in the letter.

## Contact with Former Students

*DCL-GEN-05-14 Guidance: Schools find that all of the practices and strategies mentioned previously are much easier to employ if they are able to reach and keep in contact with their former students after they have left campus. By collecting ample reference information including cell phone numbers, e-mail addresses, and numbers and names of a variety of family members such as grandparents and cousins, schools have the resources to maintain contact with former students. Allowing borrowers to continue to use school e-mail accounts after they have left campus is not only a convenience to borrowers, but also a quick, easy, and effective method of contacting them after they have left school. One of the best methods schools can employ to avert defaults is to work with borrowers during every stage of repayment. Work with lenders, guaranty agencies, and servicers to identify delinquent and hard to reach borrowers, or those who have not been contacted at all to assist them with their repayment options and obligations. Contacting borrowers is an essential activity upon which successful default prevention and management can be built. Contact from the school may be the only effective technique to save a borrower from the negative consequences of default.*

### Wayne County Schools Career Center Measures

- Our Job Placement Office
- Reference information collected from the student at the time of entrance and exit counseling

## Loan Record Detail Report (LRDR) Data Review

*DCL-GEN-05-14 Guidance: Although an aggressive and proactive approach to default prevention and management is a must for all schools, school responsibilities do not end with prevention plans, initiatives, and strategies. Schools, borrowers, and the loan programs in general all benefit from a thorough examination of the draft and official CDR data to ensure that the rates are accurate and include the correct borrowers and loans. Upon receiving their rates, schools should examine their LRDR, the report containing all the data that comprises the CDR calculation. ED recommends that all schools review their LRDR regardless of their CDR. It is the school's responsibility to challenge incorrect data reflected in their draft CDR, or request an adjustment, or submit an appeal of inaccurate data as reflected in their official CDR.*

### Wayne County Schools Career Center Measures

- **Loan Record Detail Report (LRDR)** accompanying the draft and official rates published by ED.
- **NSLDS DRC035 School Cohort Default Rate History Report:**  
This tool provides a copy of the NSLDS Loan Record Detail Report (LRDR), which contains information on the loans used to calculate our cohort default rate.

## Enhanced Entrance and Exit Counseling Tools

### Request for Borrower Information

*DCL-GEN-05-14 Guidance: In addition to complying with the applicable requirements in 34 CFR 682.604, 34 CFR 685.304, 34 CFR 668.165 and 34 CFR 668 Subpart D, ED recommends that entrance and exit counseling also include the following:*

- During entrance and exit counseling, obtain information from borrowers regarding references and family members beyond those requested on the loan application, and ask for cell phone numbers and email addresses for borrowers and for family members;*

- ii. *During exit counseling, obtain updated information from borrowers including their addresses, cell phone numbers, email addresses, and addresses of their references and various family members.*

### **Wayne County Schools Career Center Measures**

- **Federal Student Aid Entrance and Exit Counseling tools:**

These interactive web-based tools include the use of study guides and exams to ensure students understand the concepts being covered. As part of counseling, demographic and reference information for the borrower is collected and passed on to the school.

### **Information about Repaying the Loan**

*DCL-GEN-05-14 Guidance: In addition to complying with the applicable requirements in 34 CFR 682.604, 34 CFR 685.304, 34 CFR 668.165 and 34 CFR 668 Subpart D, ED recommends that entrance and exit counseling also include the following:*

- i. *Estimated balance of loan(s) when the borrower completes the program;*
- ii. *Interest rate on the borrower's loan(s);*
- iii. *Name, address and telephone number for the borrower's lender;*
- iv. *During exit counseling, provide a sample loan repayment schedule based on the borrower's total loan indebtedness;*
- v. *Estimated monthly income that the borrower can reasonably expect to receive in his or her first year of employment based on the education received at your school;*
- vi. *Estimated date of the borrower's first scheduled payment.*

### **Wayne County Schools Career Center Measures**

- **Federal Student Aid Exit Counseling tool:**

This interactive web-based tool provides borrowers with an overview of their repayment obligations and the options available to them in the event they have trouble making payments. It also explains the basics of repayment and advises them how to manage their money. It allows them to update their demographic information, as well as that for their references and employer as well.

- **NSLDS FAT001 Request for Financial Aid History Report:**

This report provides school users with financial aid histories for selected students, including loan history that affects eligibility and Pell grant history for a specified year.

- The Financial Aid Office sends a letter after the last Title IV disbursement explaining the Exit Counseling requirements and ramifications of defaulting on their loans. This also includes estimated balance of loan(s), interest rate, borrower's lender contact information, and estimated loan repayment schedule.

### **Reminders about Personal Financial Management and Title IV Loans**

*DCL-GEN-05-14 Guidance: In addition to complying with the applicable requirements in 34 CFR 682.604, 34 CFR 685.304, 34 CFR 668.165 and 34 CFR 668 Subpart D, ED recommends that entrance and exit counseling also include the following:*

- i. *Schools should provide financial literacy resources to borrowers at enrollment, throughout attendance, and following graduation or withdrawal;*
- ii. *Students should borrow only what is needed and can cancel or return any funds in excess of what is needed;*

- iii. *Borrowers must inform their lenders immediately of any change of name, address, telephone number, or social security number;*
- iv. *If a borrower is unable to make a scheduled payment, he or she should contact the lender before the payment's due date to discuss a change in repayment plan or other repayment options;*
- v. *General information should be provided about:*
  - *Repayment options; and*
  - *The sale of loans by lenders and the use by lenders of outside contractors to service loans.*

### **Wayne County Schools Career Center Measures**

- **Federal Student Aid Entrance and Exit Counseling**  
These guides provide information on managing spending and planning for repayment.
- **Federal Student Aid Financial Awareness Counseling**  
This guide provides tools and information to promote understanding of financial aid and to assist in managing of personal finances. It discusses loan basics, managing spending, responsible borrowing, planning for repayment, and avoiding default.
- We communicate with our borrowers the importance of keeping in touch with their lender/service and informing them of any address or phone changes, or with difficulty in making payments.

## **Tools and Activities for Schools**

### **Enrollment Reporting and Data Accuracy**

*DCL-GEN-05-14 Guidance: These recommended tools for schools ensure data accuracy and employ effective loan counseling and default prevention and management techniques to aid students and schools.*

### **Wayne County Schools Career Center Measures**

- **NSLDS Enrollment Reporting Guide**, formerly SSCR User's Guide:  
[ifap.ed.gov/nsldsmaterials/010904NSLDSEnrollRepGuide.html](http://ifap.ed.gov/nsldsmaterials/010904NSLDSEnrollRepGuide.html)
- **NSLDS User ID:**  
CPS/WAN Technical Support: 1-800-330-5947  
NSLDS Customer Support: 1-800-999-8219
- **Cohort Default Rate Guide** for information on challenges, adjustments, and appeals:  
[ifap.ed.gov/DefaultManagement/DefaultManagement.html](http://ifap.ed.gov/DefaultManagement/DefaultManagement.html)

## **5.4 General Connections/Publications**

*DCL-GEN-05-14 Guidance: These recommended tools for schools ensure data accuracy and employ effective loan counseling and default prevention and management techniques to aid students and schools.*

### **Wayne County Schools Career Center Measures**

- **Information for Financial aid Professionals (IFAP) Library** with publications, training, tools, references, laws, etc.  
[ifap.ed.gov](http://ifap.ed.gov)
- **NSLDS:**  
[nsldsifap.ed.gov](http://nsldsifap.ed.gov)
- **FSA Handbook**