

R. Gonzalez Management Inc. (RGM)

Student Financial Aid Services
3560 S. La Cienega Blvd. Suite G
Los Angeles, CA 90016-4400

Phone No. (323) 730-8700
Fax No. (323) 730-8701
Web Page <http://www.rgmsms.com>

RGM Memo

Date November 20, 2013
To School Owners and Financial Aid Personnel
RE Suggested Guide For Creating a Default Prevention Task Force

It looks like we are back to the drawing board. Default Cohort Rates are now based on following the borrower for three years instead of two years. All institutional rates are being reported by the Department as being higher than the earlier calculation which was based on two years.

Some institutions may be required to implement a Default Prevention Task Force, and some may be required to appeal their rates. As of today we are not aware of a publication from the department as a sample guide to create a Default Prevention Task Force at your institution, therefore, we at RGM wrote the attached guide as a SUGGESTION to set up your own task force.

In doing so we followed some of the accrediting commission guidelines requiring institutions to set an institutional committee to evaluate school performance.

The attached is only a SUGGESTED guide.

I Hope you find it useful

Rafael

Default Prevention Plan and Default Prevention Task Force

The Task force team would be composed of institutional staff members and outside individuals that would represent the administrative areas listed below and that could contribute to the goals of the default prevention team with the ultimate goal of preventing borrowers from going into default:

Administration	Admissions	Education (Registrar)	Financial Aid
Fiscal	Placement	Default Prevention	

Default Prevention Team Main Task

National 2010 Default cohort rate 9.1%	Your institution's 2010 Default cohort rate _____ %
---	--

Lower and maintain institutional CDR rate to an acceptable level below 29.0

Pre-enrollment Objective and tasks

Course offered

Description (Course description as published in catalog)

What is the educational purpose of the courses offered by the institution? Is each of the programs structured in a way to provide the student with the necessary skills to pass the required state license (if applicable), or to obtain entrance level skills in the field of study? Is the program structured to grant a certificate, diploma, or degree upon graduation?

Goals (Strive to achieve positive outcomes)

From the start, provide the student with plenty of literature in reference to the course offered. Design a procedure with a time table that maintains the student interest and encourages his/her participation with extensive communication in the projected course of study during the enrollment process and throughout the entire period of enrollment.

Objectives: (maximize placement outcomes)

The ultimate objective is to follow the new student throughout the entire enrollment period with the ultimate goal of placing the successfully trained and satisfied student within the field of study. A well informed, successful and placed student would be a lesser risk to become a defaulted borrower.

Contents (improve subjects in accordance to the most current field needs)

The course has to be up to date with the latest disciplines and tools that will provide the graduate a better opportunity for placement. A constant review of the market needs and the use of the latest technology must be in place to achieve this goal. A close interchange with potential employers is critical in this area.

Main Job title (main intent of the course training)

The ultimate goal would be to place students in the main field of study of which the course name and content indicates as its main job title. However, schools must analyze the course contents as they relate to other related occupational fields. Any placement in the listed related field will count as a placement from the training offered in the course of study.

These related fields must be listed in the catalog and brochures which are provided to prospective students in order to be counted as placements. Therefore, it is important to be creative and expand on the listing of alternate job titles.

Marketability

Conduct an analysis of local and regional markets, the needs and positions available in those job titles listed for the courses in the field.

Provide Current and future statistics that can be obtained from the from the U.S. Department of Labor's annual publication "Job Outlook".

Reference resources and materials utilized to conduct the analysis as special publications from vendors, magazines or other resources.

Student body Statistics – Follow students enrolled in a given year

New actual starts in a 12-month period 00/00/0000 to 00/00/0000	Course Name A follow up should be conducted by program or course	Course Length in Months	Admission Basis		Enrollment status per institutional scheduled	Receiving FA Loans
Last, First MI	Soc Sec No	Length	HS	Non HS	Status	Yes/No

Last day of Attendance	Completers within 100%	Completers within 100% to150%	Withdrawals and dismissals at individuals %	Entered in repayment	Date on delinquency status	Expected default date
00/00/0000	%	%	%	00/00/0000	00/00/0000	00/00/0000

Placed in main job title	Placed in related field	Reported annual projected income
Yes/No	Yes/No	\$\$\$\$\$

FY 2009 Status		FY 2010 Status		FY 2011 Status		FY 2012 Status		FY 2013 Status		FY 2014 Status	
Draft	Official	Draft	Official	Draft	Official	Draft	Official	Draft	Official	Draft	Official
Status	Status	Status	Status	Status	Status	Status	Status	Status	Status	Status	Status

High school graduates (number enrolled in a given 12 month period)

Number and percentage graduated (of the above number that completed within 100% and within 150%).

Non High School Graduates (number enrolled in a given 12 month period)

Number and percentage graduated (of the above number that completed within 100% and within 150%).

Graduation Rate including all students

Default rate

Withdrawal Rate including all students

Default rate

State Board License including all students

Percentage passed

Placement

Placed in main job tile

Average income upon graduation

Placed in related field

Average income upon graduation

Cost of program

Average loan debt

Average loan monthly payment

Recruiting Efforts

Review outside recruiter’s procedures and recruiting methods of obtaining prospective students.

Determine the geographic area the recruiters are focusing on to work possible leads

Place an emphasis into improving the ethics representing the school in recruiting students

Review brochures and the ethics in the verbal approach to prospective students

Presentation of course goals must be well evaluated to avoid any misconception in that presentation

Based on the analysis conducted on the student analysis improve the recruiting goals in general

Admissions

Based on the analysis of the student body, the admissions personnel in conjunction with the recruiting personnel's efforts should work on a plan where the students admitted under regular basis that hold a High School Diploma should be given priority for admissions. Those students not holding a High School Diploma if eligible to be admitted under the ATB procedures, must be carefully screened and tested as required in making a more informed and clear admission decision. Those students need to be followed closely for the first 30 days and reevaluate their need for loan proceeds. The intent is to ensure that the student is doing well and if needed, follow the student for a longer period of time before loans are originated and disbursed. These students in most cases are a higher risk to withdraw from the course prior to completion and become a default statistic.

If at all possible, during the admissions process, a plan needs to be developed and applied to test in some manner the applicant possibilities to succeed in the course chosen. As difficult as this could be, there should be a field related test, a dexterity test (if applicable), the physical demands of the course, and the family history in the field if that is where the interest in this course comes from. In general, the task team should find a manner to tighten the enrollment process to ensure that students would be a lower risk of an early withdrawal and a potential borrower in default.

Admissions must thoroughly work with the student in completing the admissions application by ensuring that all questions are clearly answered leaving no question unanswered or incomplete. This is the best time to obtain all needed information on the student to ensure that when the student applies for aid, no discrepancies would arise that would delay the processing of the student aid package. See RGM form 10003 guide.

Registrar

Evaluate the course contents as currently offered and compare them to the market needs per the most recent annual analysis of the local and regional needs. Contents must not only be up to date but the method of teaching the course must include the use of the most modern technology and equipment available in the current market. A plan to review teaching techniques where the instructors provide up to date training methodologies that motivates students to enthusiastically learn what is being offered. Provide continuous presentations from professionals working in the field that brings the actual outside experience into the classroom, the most important thing in this area is to secure is that instructors show their dedication, experience and pride in field and show a true interest in the success and progress of their individual students. This is easier said than done, but in real life, the success and failure of the individual student relies 90% on the instructor commitment and service to their students. Students may overcome personal obstacles if they find an instructor who is motivated, cordial, helpful, showing a true concern for them, but most of all available when needed. A teacher that uses teaching strategies contrary to the school standards, does not remember that the students are the ones paying their salary and should not teach in that school.

The task force needs to implement internal procedures to ensure the following:

Programs required to take attendance need to post daily attendance into the RGM system using the RGM time clock live system, or a third party time clock with the ability to download daily attendance on a weekly basis.

Programs not required to take attendance may rely in posting of subject completion as subjects are completed by the student.

The main goal of this process is to maintain a tracking system as of the last day of attendance to show the required 14 days to determine that the student is no longer enrolled. The LDA is used for the timely R2T4 calculation, calculation of the institutional refund policy, payment of refunds due and/or post withdrawal payments, notice to NSLDS in reference to enrollment change, correct dates in grace period and a correct date of first loan repayment.

Financial Aid

This is the starting point of the potential defaulted loan borrower; therefore, a careful and methodic approach in the financial aid award of Federal funds must be in place.

The FAO must secure that the student is fully informed of the available financial aid programs available to the student at this institution. An open discussion with presentation of brochures must be in place to discuss each available aid program. When it comes to discuss loan programs, enough time has to be allowed to ensure that the student fully understands the loan conditions and obligations, provide a detailed explanation of the repayment plans, the average loan amount needed as well as the required monthly loan payment required for that amount. Describe the consequences of not repaying the loan, and also the actions the Department of Education will take in collecting defaulted loans. The loan rights and obligations must be clearly understood by the student before a financial aid award is presented to the student. The FAO must, based on this interview with the student, provide student aid to cover the institutional charges and living expenses while attending school to assist the student in meeting the student cost of attendance (COA) up to the student need. The Task Team needs to analyze what the effects are when aid is provided for living expenses and how it affects graduation and

default rates. Were those students who received aid for living expenses have a more successful graduation rate? or did the students tend to have a higher default rate? or not.

The task force must implement a procedure where the admissions personnel provides a complete and accurate application for admission. This application should include much of the information required to appear in the FAFSA form at financial aid. The FAO must secure that the information is valid and is accurately used on the FAFSA form. All available aid to the student must be taken into consideration when preparing an offer of financial aid, including the ability of the student or family to contribute with cash payments toward the school charges before loans are included in the financial aid award. A very strong procedure must be in place to secure that students complete an entrance interview before the loan proceeds are disbursed and an exit interview be completed before the student receives any termination documents, in fact, the student must be reminded during the FAO interview of this obligation. Within a period of 120 days but not less than 90 days before the scheduled end date, the FAO must send a reminder to the student until the exit interview is recorded as completed.

Fiscal

The task force needs to evaluate the admissions procedures to determine that a new student record is created upon the student's execution of the enrollment agreement, at this time the student ledger card is created in the system. The ledger card will show the charges (by payment period) stated in the enrollment agreement, and the payments received. As per the institution Cancellation policy stated in the catalog, if not cancelled, and as time goes by, the additional charges and payments will be recorded in the student ledger/tuition card.

The evaluation should also include the awards of financial aid and the expected aid disbursements to determine when and what programs can the school expect tuition payments. The task team must also review the termination procedures to ensure that the required activities in reference to aid disbursements, charges and termination procedures are in place to secure correct transaction dates.

This area would be the one responsible for R2T4 calculations, institutional refund calculations, payment of refunds and notices to NSLDS for enrollment change and final reconciliation with COD of the Pell Grant and Direct loan, filed a FISAP for Perkins Loan, Work study and SEOG, final monetary reconciliation with G5.

As indicated above, the importance of getting accurate data from all the departments is critical to prevent students going into default in their loans.

Placement

Placement plays a very important part in the general operation of the school because the main goal of an institution is to train students for gainful employment.

The student must be clearly informed that upon placement, the student agrees to his/her commitment to maintain a communication with the school to report licensing and placement achievements. This can only be achieved by maintaining a good relationship with the student during and after the enrollment period.

The task force needs to evaluate the placement procedures, to ensure that graduates take and pass the state board licensing exam if applicable. All efforts to place the student must be recorded in the student record.

Placement must have a close involvement in the marketing analysis and the needs of the job positions offered by the institution, every graduate must have a license, (if applicable) and every graduate must be placed in one of the job titles listed in the catalog within 12 months and 1 day from LDA or must have been employed for 13 weeks within 12 months from LDA or have entered active duty in the armed forces.

Verifiable documentation must be in the student file in each case. Governing agencies will be conducting a thorough follow up to verify placement reported in their reports.

Default Prevention

Well the buck stops here and the task force team needs to evaluate all the procedures of all departments in the institution in order for this department to contact students several times before the student graduates.

Has the institution contracted the services of an outside default prevention agency?

If not, it must be considered as a must within the institution.

Has the student withdrawn prior to graduation?

Has the student termination been reported to NSLDS?

Has the student name been assigned to the school default servicer?

Has the exit interview been completed?

If not, was an exit interview mailed to the student?

Was an exit interview completed on line by the student?

Is the student scheduled to graduate as anticipated?

Did the student graduate?

Has the student graduation been reported to NSLDS?

Has the student graduation been reported to the default servicer?
Is the state board exam required?
Is the student ready for the state exam?
Is there a job available in the main field of study?
Is there a job available in the related fields of study?
Has the student being sent to job interviews?
Has the student being reminded of the loan obligations?
Has the student received a graduation congratulation letter?
Has the student passed the state exam?
Has the student received a licensing congratulation letter?
Has the student been placed?
Has the student received a placement congratulation letter?
Has the student received a 60 day reminder of first due date payment and amount? Notice on deferments?
Has the student received a 10 day reminder of first due date payment and amount? Notice on deferments?
Has the student being followed by placement?
Has the employer being followed by placement?
Has the student requested deferment assistance?
Has the student received the assistance needed?
Has the student appeared in the monthly delinquent report?
Has the delinquency information been provided to the default servicer?
Has the institution reached out to the student on the delinquency report?
Have the results of the contact with the student been documented in the student file?
Is the student back into repayment status?
Is the student off the delinquency report?
For each monthly delinquency report in which the student is listed, has the schools attempt to contact the student been documented?
Has the multiple attempts in contacting the student failed and it appears that the loan will go in default?
Has the school considered purchasing the loan and send the student to a collection agency?

We hope this suggested guide helps institutions create a default prevention task force to assist students in the Student Loan Responsibilities and in turn help them from defaulting on their student loans.