Title IV Student Loan Default Management Plan

Overview

The strategies in the Title IV Student Loan Default Management Plan promote student and school success by reducing delinquency and loan defaults. The Technical College of the Rockies (TCR) Financial Aid Office assists students by reviewing each award package with the student and seeking alternative pathways for students to reduce student loan debt. Students benefit by having continued access to Title IV Student Financial Assistance programs and can establish a healthy credit history by paying their student loans on time. Schools that are committed to promoting student success, completion of their programs and obtaining employment can reduce student delinquency and default.

Consequences of Default for Borrowers

Borrowers who default on their student loans can have serious consequences, ranging from the inability to receive additional Title IV aid to having their wages garnished. At the time of default, outstanding interest is capitalized, which can result in a loan balance that is higher than when the loan originated. Also, defaulted loans are reported to the various credit bureaus. This may impact the student's ability to borrow or affect the interest rates for other types of loans, such as home or car loans. Additionally, the student's federal income tax refunds may be garnished. The Department of Education and loan servicers often undertake many preventative measures such as income-driven loan repayment options and forbearance to help the student avoid default.

Consequences For Schools

Schools can face serious consequences due to high Cohort Default Rates. Cohort Default Rates are based on a three year period in which the Department of Education tracks a student who has attended that institution, whether the student graduated or not, and if the student is currently in repayment during that three year period. A student is considered in default if they have not made a payment after 270 days. Consequences for a school with over a 30% default rate can include a loss of participation in Title IV programs or a provisional certification for the school.

Components of the Plan

Entrance counseling

Regulations require a first time borrower of direct loans to receive entrance counseling in person or online. During the counseling, students learn of the consequences for having a loan go into default, available repayment options, and terms of the student loan and budgeting. Technical College of the Rockies requires first-time students to login at www.studentaid.gov to complete their master promissory note and entrance counseling. TCR also has previous student borrowers review their entrance counseling and update their Master Promissory note at the same website.

Communication

Communication of information relevant to prevention and default management of student loans not only lies with the Financial Aid Office, but is a school-wide effort, since a low Cohort Default Rate will impact our entire campus. As an institution, the Director of Financial Aid, Student Services, and the student work together to promote student success and employment placement.

Satisfactory Academic Progress (SAP) is checked at the end of each semester. Any student who does not meet SAP or academic standards of the program can be dismissed or placed on academic alert.

Instructors/Program Coordinators are asked to contact Student Services if a student is in need of assistance in maintaining SAP or is in danger of being dismissed from the program.

Exit Counseling

Regulations require that schools provide exit counseling. Exit counseling reminds borrowers of their rights and responsibilities in regards to their student loans. In addition, exit counseling reviews the various repayment options, the consequences of a defaulted student loan and it allows a student to update their personal information such as phone or address changes. It also gives the name, phone number and address of the student loans servicer. Loan exit counseling also clears up any misconceptions students may have about their loan obligations and their rights and responsibilities regarding their student loan.

Timely and Accurate Enrollment Reporting

Timely and accurate enrollment reporting is required by regulation. This activity ensures that a borrower receives their full grace period and ensures that contacts from a loan servicer such as correspondence and telephone calls occur at the proper time.

Enrollment reporting is required at a minimum of every 60 days through the Enrollment Report via the National Student Loan Data System Professional Access portal by the Financial Aid Technician. TCR strives to update it on a monthly basis. For students who withdraw prior to the end of the semester, the update occurs when the Director of Financial Aid completes the Return of Title IV funds.

As of 2023, Technical College of the Rockies no longer participates in student loans.