

Gavilan Joint Community College District Governing Board Agenda

October 14, 2014

Consent Agenda Item No.
Information/Staff Reports No.
Discussion Item No.
Old Business Agenda Item No.
New Business Agenda Item No.

Financial Aid Dept

SUBJECT: Financial Aid Update

- Resolution: BE IT RESOLVED,
 Information Only
 Action Item

Proposal:

That the Board of Trustees be informed of College's FY 2011 cohort default rate.

Background:

On September 22, 2014, the Department of Education distributed fiscal year 2011 cohort default rates to postsecondary institutions. The College's latest default rate is **27.2%**. The ratio used to calculate the default rate considered the number who defaulted (43 borrowers) over a three year period (2010-2013) divided by the number of students who entered repayment from over one year period from 2010 to 2011, (158 borrowers). Data suggests:

- The College is not subject to sanctions as our default rate is below 30%.
- The national cohort default rate is 13.7%.
- Statewide, average default rate for California community colleges is 20%.
- Our latest default rate demonstrates second year of downward rate in defaults for College. FY 2011 rate of **27.2%** is down from previous rate of **29.1%** for FY 2010.
- Of 43 borrowers who defaulted for FY 2011, 73% of them attended Gavilan and borrowed during height of recession: 2008 – 2010.
- As of 2013/14, less Gavilan students borrowed than in 2012/13. There were 100 students who borrowed for 2013/14, compared to 212 who borrowed in 2012/13.
- When we consider annual student count (10,713) from Chancellor's Office Data Mart, the percentage of Gavilan students who borrow federal student loans is at 1%.

Over the last two years, the Financial Aid Office implemented several changes to loan processing, from loan packet to loan review. Each loan request is reviewed by two staff members. The Financial aid director reviews each request and signs off on approval, reduction or denial of each loan. Loan denials are made when there's little or no academic progression, high loan indebtedness, and lack of educational related expenses.

Budgetary Implications:

None.

Follow Up/Outcome:

The Financial Aid Department will conduct risk analysis of (43) borrowers who defaulted, to identify default trends which will be implemented into College's Default Prevention Plan. The Default Prevention Plan establishes criteria which College will use in individual review of loan requests. Through the use of professional judgment, Financial Aid Department will reduce or deny loan requests based on default trends, factors.

Recommended By: _____
Kathleen Moberg, Vice President, Student Services

Prepared By: _____
Veronica Martinez, Director, Financial Aid

Agenda Approval: _____
Dr. Steven M. Kinsella, Superintendent/ President