Original Version: 01.01.2019
Updated Version: 1.10.2020; 08.26.2021; 09.20.202; 01.09.2024; 04.10.2025
Executed Version: 04.10.2025

DEFAULT PREVENTION AND MANAGEMENT PLAN 2025-2026

Default Management provides financial awareness through Default Management workshops, Financial Literacy seminars and serves as the contact for students who desire in-house entrance and exit counseling. Default Management assists students with borrowing wisely, loan obligations upon withdrawal or graduation and assists students when repayment becomes difficult.

Commented [KK1]: @Mackenzie Fulton this plan has been updated and will need to be changed on the website

WHAT IS DEFAULT?

Default is the failure of a borrower to make installment payments when due, or to meet other terms of the signed promissory note. Student loans must be repaid. Students usually pay back the money when they are no longer in school or become less than half-time. Students are not required to pay for any loans while in school. However, interest can be paid on an Unsubsidized loan while in school if the student elects to do so.

INTRODUCTION

This Default Prevention and Management Plan provides an overview of DSDT's efforts and dedication to promote student success and reduce student loan defaults. All schools are required to follow regulatory guidance including entrance counseling and exit counseling for borrowers, reporting timely and accurate enrollment information to the U.S. Department of Education (the Department), and sharing satisfactory academic progress information across campus. This Default Prevention and Management Plan will provide an overview of the college's cohort default rate, the history of activities the college has provided since Title IV eligibility in October 2018, how the college meets the regulatory requirements, as well as plans to improve our activities and services administering Direct Loans for our students.

CONSEQUENCES OF DEFAULT FOR BORROWERS:

Borrowers who default on student loans face serious consequences. You start paying back a Federal Direct Loan six months after you leave school. You start paying back a Federal Direct PLUS Loan (parent loan) four to five months after you start school. 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.

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CONSEQUENCES OF DEFAULT FOR SCHOOLS:
Schools may face serious consequences due to high CDRs. Consequences include the loss of participation in the FFEL, Direct Loan, and/or Pell Grant programs. DSDT is tied to the three-year cohort default rate. If a three-year cohort default rate exceeds 30% the school is required to submit a Cohort Default Management Plan to the Department of Education. Part of the plan requires the school to form a cohort default management committee of constituents other than Financial Aid representatives. The school is then heavily monitored by the Department of Education until the cohort default rate is reduced to anything below 30%. If the school has a cohort default rate over 30% for more than three years in a row, the school is subject to lose their eligibility in administering federal aid to students. DSDT's current default rate is 0%.

OVERALL GOAL:
To provide financial literacy and loan information resources to students and increase overall college awareness of cohort default rate.

Goals to Improve the College's Default Prevention and Management:

- Increase the in-person financial literacy courses
- Ensure we are talking to each student in depth about entrance and exit counseling in addition to everything else we do
- Increase Financial Literacy presence through DSDT's social media
- Find more companies like PNC to hold financial literacy trainings online
- Create Financial Literacy newsletters for staff and students
- Increase Cohort Default Rate Awareness to all employees by holding an employee-specific workshop on CDR and financial literacy
- Monitor student loan activity and resolutions in NSLDS adjust group efforts accordingly

SUMMARY OF THE COLLEGE'S CURRENT DEFAULT PREVENTION AND MANAGEMENT ACTIVITIES

Entrance Counseling:
Regulations require that first time borrowers of FFEL and Direct Loan program loans receive entrance counseling. DSDT requires that all student borrowers complete the Department of Education's Entrance counseling found at: www.studentloans.gov.

Students are also required to sign the Master Promissory Note found at: www.studentloans.gov.

Improvements Needed: Hold a call with each student to go into entrance loan counseling for those that just completed and don't necessarily pay attention.

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Financial Literacy:
DSDT currently has a Financial Literacy webpage that can be found at www.dsdt.edu/financialliteracy. DSDT provides borrowers with information concerning the income potential of occupations relevant to their course of study, saving and budgeting information, tools to manage debt, basic default information, repayment options, student loan servicer information, and school contact information. The college offers this information through a variety of methods such as in person entrance and exit counseling, the school website, financial literacy courses and school postings around campus. DSDT provides borrowers the following financial literacy tools:

- Estimate of required monthly payments on the borrower's loan balance
- Shopping sheets
- Calculators to help estimate and manage debt
- Loan servicers contact information
- Contact information for delinquency and default prevention assistance on campus
- Important facts on borrowing federal loans
- Entrance Counseling
- Financial Literacy Website
- Communication Across Campus
- Standard Exit Counseling
- Department of Education Study #6 (Effective 2013/14-2014/15)
- Local Delinquency stage resources

Improvements Needed: Increase the methods of delivery for students to include publications, flyers, electronic notices, social media, and workshop availability. Create personalized entrance/exit counseling and student plans post-graduation.

Default Prevention and Retention Staff:
DSDT has one dedicated Financial Aid employee that evaluates and oversees the third-party student eligibility process for student loans. They are responsible for ensuring all loan requirements are met prior to disbursing any federal loan funds. They have provided outreach via email and phone for students who are in repayment, delinquent, in deferment, and/or defaulted on their student loans.

Commented [KK2]: @Racquel Williams we need to start doing this

Improvements Needed: Cross training administration and instructors on cohort default prevention on all levels to increase effectiveness and time-management of Financial Aid staff.

Exit Counseling:
Regulations require that schools provide exit counseling. DSDT requires all students who have received a student loan to view our exit counseling PowerPoint emailed to the student, complete individual exit counseling with DSDT business office staff and/or online exit counseling at studentloans.gov.

Improvements Needed: Explain the consequences of defaulting and when a student is required to make their first payment.

Withdrawals
DSDT's designated Financial Aid representative/business officer sends students exit counseling information as well as informs the student of their loan servicer with contact information if the student withdrawals prior to the end of the term and completing.

Improvements Needed: Infer as to why the students are withdrawing without completing the semester successfully. Offer employment resources and re-iterate their financial obligations to their loan servicer before and after withdrawal.

Timely and Accurate Enrollment Reporting
DSDT provides enrollment data to NSLDS electronically. DSDT's Director of Financial Aid submits individual enrollment data each month to ensure accuracy in reporting.

Improvements Needed: In the next few years once our new financial aid 3rd party servicer is up and running smoothly, look into outsourcing NSLDS reporting to them for a fee to improve time management.

AFTER STUDENTS LEAVE SCHOOL Early-Stage Delinquency Assistance (ESDA)
DSDT make a valiant effort to reach out to students during their grace period as well as early into their delinquency.

Late-Stage Delinquency Assistance (LSDA)

DSDT's efforts are made on a case-by-case basis for individuals in late-stage delinquency. Late-stage delinquency students are typically harder to get a hold of and less likely to enter a repayment option.

Maintain Contact with Former Students
The college maintains quarterly contact, if not more, with former students. Students are contacted via email, phone, text and/or social media for job postings, internal job fairs and grad student activities.

Improvements needed: The College could improve on collecting/retaining more references/ resources from borrowers on student loans and follow-up regarding delinquency. We also could create more in-house job fairs to bring the students more hiring employers.

Reports/Research:
The activities listed below are currently not being exercised due to the lack of capacity within the Financial Aid Office. All activities would be in the college's best interest to execute monthly and would support maintaining a low cohort default rate. This monthly basis will be easier to manage between staff as well as cross-training other staff on financial literacy and loan defaults.

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NSLDS Date Entered Repayment (DER) Report

The DER Report is available to schools upon request from NSLDS. The Department recommends that on a bi-monthly basis schools compare their DER Report to their institutional records and make any necessary corrections to their borrowers' status using NSLDS Enrollment Reporting. Schools should not assume that a borrower's DER is correct, as it is subject to change. Lenders can change a student's enrollment status based on data from the clearinghouse or a student's request. Likewise, a school can update enrollment information based on information it receives from the student or another reliable source. Reviewing the DER Report will result in more accurate data, assuring that borrowers enter repayment in the correct cohort year and that schools receive accurate cohort default rates (CDRs). (Section VI Tools)

Loan Record Detail Report (LRDR) Data Review

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. The Department 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. (Section VI Tools)

Analyze Defaulted Loan Data to Identify Defaulter Characteristics

No matter how effective and far-reaching a default prevention and management plan is, some borrowers default. A major part of any plan is to periodically review progress in preventing defaults. One element of this review is a comprehensive analysis of defaulters. Schools should gather information to discern who is defaulting and why. Schools can then use this information to improve their default prevention and management practices and initiatives. Internal data includes key information such as high school attended, program of study, demographics, grades, etc. Reviewing the LRDR also provides key data about borrowers that can assist in determining common characteristics among defaulters. Causes for defaults can include, but are not limited to, absent or incomplete internal procedures, practices, and communication, particular programs and course requirements or structure, and ineffective counseling. Frequent examination of defaulter characteristics coupled with an assessment of default prevention and management successes and short comings provide valuable information. Schools promote success by taking preventive measures to correct ineffective practices thereby preventing current and future borrowers from experiencing the same difficulties that plagued past defaulters. One solution to preventing future defaults lies in understanding what caused past defaults.