

Memorandum

To: Dr. Bill Scroggins, President
CC: Dr. Audrey Yamagata-Noji, Vice President, Student Services
From: Dr. Chau Dao, Director Financial Aid, Scholarships, Veterans, and REACH
Date: 3/28/2016
Re: Annual Update on Mt. SAC Cohort Default Rate

Since the inception of the 3 year Cohort Default Rate calculation, all schools were expected to have increased rates due to adding another year of measurement in the equation. Fiscal Year (FY) 2009 is the first year to reflect this change. To prepare for the increased CDR rates, Mt. SAC revamped our student loan entrance counseling and initiated our financial literacy efforts to inform students the purpose of the Direct Loan program and how to make responsible choices with their finances. As a result, the Cohort Default Rate was drastically reduced the following year (FY 2010). Even with our increased efforts, we saw an increase for the FY 2011 rate. This can attributed to various factors including the spike of student loan applicants as well as the impact of our educational efforts require time to take effect.

The Financial Aid office continued to stay alert about our progress and monitored our Cohort Default Rate carefully. When the draft rate for FY 2012 was released, we were not impressed with this rate. We took the option of reviewing the data and filed an appeal because we found the data that the Department of Education had were inaccurate. Our data included borrowers who were deceased and were included in the cohort calculation. As a result of this effort, the official FY 2012 rate released a few months later showed a reduced rate to reflect a more accurate picture of our borrowers.

Our latest Cohort Default Rate for FY 2013 is 12.4%; this is a 3.1 percent decrease from the previous year. Our efforts to educate students about loan debt and financial literacy are taking effect. During the 2015 California Community Colleges Student Financial Aid Administrators Association conference in Monterey, representatives from the Department of Education were able to meet with individual schools to discuss its default rate trend. Representatives used real data from past years to base future projections (next 3 years) within a 1% error margin. Mt. SAC was advised that our default rate is expected to keep going down; this is evident in our current published Cohort Default Rate as illustrated in the charts below.

MT. SAC Cohort Default Rate		
YEAR	Percentage Rate	
FY 2009	17.1	
FY 2010	13.7	
FY 2011	17.0	
FY 2012	15.5	
FY 2013	12.4	

