



**FOR IMMEDIATE RELEASE – JULY 22, 2014**

**Contact:** David Conner (ACCT): 202.775.4454; [dconner@acct.org](mailto:dconner@acct.org)  
Shannon Gallegos (TICAS): 510.318.7915; [sgallegos@ticas.org](mailto:sgallegos@ticas.org)

## **New Analysis of Community College Student Loan Defaults Finds Uneven Patterns, Underscores Importance of Completion and College-Specific Approaches to Default Reduction**

*Report recommends college and federal policies to help more borrowers repay*

WASHINGTON, DC — July 22, 2014 — The Association of Community College Trustees (ACCT) and The Institute for College Access & Success (TICAS) today issued a new report that takes a unique look at student loan default at nine community colleges across the nation, and how those colleges are working to help students avoid default.

The authors of *Protecting Colleges and Students* analyzed detailed data about who borrows and who defaults at nine community colleges across the country. At every college, borrowers who left without completing their program or at least 15 credits defaulted at much higher rates. These borrowers were *two to five times* more likely to default than their more successful peers. Beyond program and credit completion, default rates of “higher-risk” populations were less conclusive and not always much higher than default rates of “lower-risk” populations. For instance, federal Pell Grant recipients — most of whom have family incomes below \$40,000 — were four percentage points more likely to default than non-recipients at one college, while the gap was 20 percentage points at another college.

“Student loans are vital to the academic persistence and success of many community college students,” said **J. Noah Brown**, president and CEO of ACCT. “Even though most of our students don’t borrow in any given year, more than a third of those who complete their degrees at community colleges needed loans to get to graduation.”

Community colleges enroll about 40 percent of all undergraduate students in the nation. Only 17 percent of community college students use federal loans, but with college costs rising faster than grant aid or family incomes, more students need to borrow to help fill the gap. The consequences for both students and colleges can be severe if borrowers default, and colleges are increasingly searching for strategies to reduce their default rates.

“Defaults are not destiny for any group of borrowers,” said **Lauren Asher**, president of TICAS. “When colleges look closely at who is defaulting on their campus, it’s clear that the solutions aren’t one-size-fits-all.”

The authors interviewed administrators at each college, and the report documents specific steps each institution is taking to help students avoid default. For example, while federal law requires colleges to provide exit counseling to all borrowers before they enter repayment, some colleges anchor their exit counseling outreach around graduation ceremonies, unintentionally excluding the dropouts who are far more likely to default.

“Community colleges are understandably concerned about student loan default, and should be applauded for seeking ways to help their students stay in repayment,” said **Brown**. “While each college needs its own roadmap to reduce defaults for its unique population, this report provides a compass to point college leadership in the right direction.”

The report includes several federal policy recommendations to encourage and better support community college’s default reduction efforts, including that the U.S. Department of Education:

- Issue and disseminate guidance on colleges’ options for managing student debt and preventing delinquency and default, and make the National Student Loan Data System more user-friendly for college administrators seeking to analyze their students’ default patterns.
- Improve entrance and exit counseling. Many colleges use the Department’s standard counseling tools to provide the required loan counseling, but the current information is not always timely or well understood.
- Improve and streamline loan servicing. Students who borrow often report that the loan servicing system is very confusing. It should be simplified so that borrowers receive communications branded as from the Department and have access to a single web portal and a single phone number for loan management.

The report also makes several recommendations for colleges, including: embracing default reduction as a campus-wide endeavor; analyzing who borrows and who defaults to inform their strategies; providing counseling and information to borrowers when they need it; and participating in the federal loan program.

Default rate data for each of the sample colleges are included as an appendix to the report. The nine colleges profiled in the report include:

- Edmonds Community College, Lynnwood, Wash.
- Grossmont College, El Cajon, Calif.
- Guilford Technical Community College, Jamestown, N.C.
- Iowa Western Community College, Council Bluffs, Iowa
- Lane Community College, Eugene, Ore.
- Minneapolis Community Technical College, Minneapolis, Minn.
- Moraine Park Technical College, Fond du Lac, Wisc.
- St. Philip’s College, San Antonio, Texas
- Valencia College, Orlando, Fla.

**To download the report, go to [www.acct.org](http://www.acct.org) or [www.ticas.org](http://www.ticas.org).**

###

#### ***About ACCT***

*The Association of Community College Trustees (ACCT) is a non-profit educational organization of governing boards, representing more than 6,500 elected and appointed trustees who govern over 1,200 community, technical, and junior colleges in the United States and beyond. For more information, go to [www.acct.org](http://www.acct.org). Follow ACCT on Twitter @CCTrustees.*

#### ***About TICAS***

*An independent, nonprofit organization, The Institute for College Access & Success (TICAS) works to make higher education more available and affordable for people of all backgrounds. TICAS’ Project on Student Debt works to increase public understanding of rising student debt and the implications for our families, economy, and society. For more information, go to [www.ticas.org](http://www.ticas.org). Follow TICAS on Twitter @TICAS\_org.*