

Financial Aid Policies and Procedures

CONSUMER INFORMATION

Financial Aid Programs for Those Who Qualify/ All students receiving federal loans must take the entrance and exit counseling for default management. Please see consumer information at the end of this section.

FINANCIAL AID FOR STUDENTS

Preparing People Barber and Styling College participates in Financial Aid Programs to assist students who need money to attend school. Whether a student is eligible for assistance, and how much, is determined by the need of the particular student. Each case is different. The Federal Financial Aid Programs which the school makes available are the Pell Grant and the Direct Loan Program. The Free Application for Federal Student Aid (FAFSA) is available online (www.fafsa.ed.gov). The FAFSA form must be completed first then processed online. Student will need to enter our school code (). Our Financial Aid office will assist every student that needs help with their applications.

ELIGIBILITY

In general, you are eligible for Federal Aid if you meet the following requirements:

1. You must be enrolled at least half-time.
2. You are a U.S. Citizen or an eligible non-citizen.
3. You show that you have financial need.
4. You are making satisfactory progress in your program of study (See Satisfactory Progress Statement).
5. You are not in default on a National Direct Student Loan (NDSL), F.F.E.L. or PLUS/SLS Loan.
6. You do not owe a refund on a Pell Grant and/or Supplemental Educational Opportunity Grant (SEOG).
7. You must sign a statement that you understand how Federal Student Aid funds work and that only Stafford Loans get pay back.
8. You must sign a statement of registration status on Form 3 indicating you have registered with the Selective Service, if you are required to do so. (Males only)

Verification, Disbursement of Aid and Satisfactory Academic Progress

Verification is the confirmation through documentation that the information provided on a student's Free Application for Federal Student Aid (FAFSA) is correct. The federal government requires all Title IV approved institutions to verify or confirm the data reported by students and their parent(s) on the FAFSA. The verification process ensures that eligible students receive all the financial aid to which they are entitled and prevents ineligible students from receiving financial aid to which they are not entitled.

You may be selected for verification either by the U.S Department of Education Central Processing System (CPS) or by the Office of Financial Aid (OFA) at the school. If you are selected for verification by CPS, there will be an asterisk next to your Expected Family Contribution (EFC) on your Student Aid Report (SAR). You will also be informed of having been selected for verification in the SAR acknowledgement letter, which will be included with your SAR documents.

If you are selected for verification, the OFA will notify you in writing via email to the email account you provided to the school upon enrolment, via phone or in person (if you are an active student).

If you are notified by the OFA that you have been selected for verification you have 30 days from the date you received notification or up until the first day of class (for new students) whichever comes first, to submit the required documentation. Documentation required to complete verification may include a copy of the most recent tax return

transcripts for the student and parents (if applicable), a verification worksheet and any additional documents and forms required depending upon the information the student and/or parent provided on the FAFSA.

Students should submit the requested information in a timely manner and by the stated deadline to prevent any delays in the processing of their awards. Failure to submit the requested documents will result in cancellation of all federal financial aid awards. Students are advised to retain copies of any document submitted to the Financial Aid Office.

If corrections or updates are required as a result of the verification process, the school will submit the corrections to the U.S. Department of Education and the student will receive a corrected SAR. All documents provided by a student for verification will be retained in the student's file for auditing purposes. The student's Expected Family Contribution (EFC) may change based on the corrections made. If the award changes due to verification, the students will be notified in writing by the Office of Financial Aid. A student's financial aid is the sole responsibility of the student. Each student is responsible for accurately completing all applications and processing paperwork in a timely manner. If student aid is not received by the Preparing People Barber Styling College while the student is in school, the student is responsible for all tuition and fees due to the school.

Disbursement of Aid

All financial aid is applied directly to the student account for the appropriate payment period. The disbursement schedule for Stafford Loans is in accordance to federal regulations. The following conditions must be met before any federal or institutional financial aid will be disbursed:

1. The student must be meeting all financial aid eligibility criteria as outlined above;
2. The student must be enrolled in a qualifying program
3. Student must maintain Satisfactory Academic Progress (SAP)

If the student is selected for verification, all documents required for verification must be submitted to the Financial Aid Office and verification must be completed. In addition, there may be requirements specific to a specific award that must be met before that award can be applied to the student account.

Satisfactory Academic Progress and Financial Aid (SAP)

Federal Regulations require that schools monitor the academic progress of each student. The school developed policies to determine the academic standards that students are expected to meet and built a means and schedule of measuring the achievement of SAP. Satisfactory Academic Progress is measured by Qualitative and Quantitative Standards.

Qualitative Standards

1. The student's Cumulative Grade Point Average (CGPA) OF 75% or above

Quantitative Standards

1. Pace/ Rate of Completion above 67%. Pace is the rate at which a student completes the requirement for their educational goal and is calculated by dividing the total number of clock hours attempted by the total number of clock hours completed.
2. The Maximum Time Frame (MTF) allowed to complete the academic program is 150%. All students must satisfactorily complete their program within 150% of the normal timeframe.

Same As or Stricter Than

The school's SAP policy for Title IV students is the same as the school's standards for students enrolled in the same educational programs who are not receiving Title IV aid. The Director of Financial Aid reviews the Title IV SAP policy to ensure it meets all federal requirements. The Director of Education/Academic Affairs notifies the Financial Aid Dept. if the school changes its academic policies.

Leave of Absence (LOA)

There may be occasions when students may need time off and must be absent from school. In these instances, they can request an LOA. A student requesting a leave of absence must adhere to the following: there shall be no more than one (1) leave of absence during their enrollment period. All payment obligations must be kept current during the leave period. A request for leave must be in writing and submitted to the School Manager/Director. A leave of absence must not exceed sixty (60) days, unless for medical reasons. A leave of absence must be documented and must not exceed 180 days.

Failure to Return from an LOA

If a student does not return from an approved LOA, the student will be withdrawn from school using the date the student was supposed to return as the date of determination and the student's last day of physical attendance prior to the start of the leave to calculate the Return to Title IV calculation and institutional refunds.

Financial Aid Warning

If the student has not maintained a CGPA of 75% or above and has not completed 67% of scheduled clock hours, the school will certify that the student is not making Satisfactory Academic Progress (SAP) and will put the student on a Financial Aid Warning status. A student placed on Warning Status may continue to receive financial assistance. Students will be counseled on potential loss of eligibility. If a student in Warning Status fails to meet the cumulative minimum standards for another payment term, they become ineligible for aid.

Financial Aid Probation Status

If a student fails to achieve SAP while on Financial Aid Warning status, they will be placed on Financial Aid Probation status and may not receive further financial assistance for the following payment term. A student who is placed on probation has the right to submit an appeal.

Student Appeal Procedures

A student, who wished to appeal a disciplinary action and/or decision made in reference to the Satisfactory Academic Progress policy, must submit a typed letter to the School Director. This letter must contain information about the student's reason regarding the action and/or decision and reasons why the student is wishing to appeal. Students must provide supportive documentation along with their letter in order to support their position and any mitigating circumstances that may have existed. The Director will hear any student who disagrees with a SAP decision, on an appointment basis only. The student will be notified of the Directors decision within fifteen (15) business days following the receipt of the student's appeal letter, additional time may be taken to thoroughly review student's appeal. A student, who wishes to appeal any SAP decision made by the Director, must submit a typed letter to the CEO with supportive documentation explaining the reason why the student is wishing to appeal the decision. The CEO will notify the student within fifteen (15) business days of the receipt of the letter, additional time may be taken to thoroughly review student's appeal. The CEO's decision shall be final.

Reinstatement

A prior student requesting to be reinstated as an active student, based on whatever reasons or circumstances, should do so in writing. Supportive documentation and/or information concerning any mitigating circumstances should be noted in the request. The student shall be notified of the Reinstatement Review within 5 days following the decision of School Director.

A student who has been reinstated after a dismissal does not automatically regain eligibility for Financial Aid. Students who have been reinstated by the School Director should contact the Director of Financial Aid to find out about their eligibility.

Requirements for Program Completion

- Each student must complete practice and theory hours as prescribed.
- Achieve a cumulative grade of seventy-five (75) percent or higher.
- Pass the final examination administered by the Educational Director of the school.
- Settle all fees owed to the school.
- Upon completion of the above, the student will receive a diploma or certificate

Withdrawal from the College

The official process for withdrawing from Preparing People Barber Styling College is described in the catalog. A student who withdraws from a course and receives a "W" in the course will have that course counted in the Pace component of Academic Progress. Federal financial aid awards will be adjusted according to federal regulations, which stipulate that a student who withdraws retains aid in proportion to the percentage completed of the enrollment period in which he/she was enrolled. If the student withdraws during the first 60% of the payment period, a portion of his/her federal funds must be returned. The percentage of aid earned is determined by dividing the number of calendar days the student attended during the payment period by the total number of calendar days in the payment period. The student and Preparing People Barber Styling College will share responsibility for returning these funds. Once the student has completed more than 60% of the payment period, no adjustment to the financial aid award is necessary. State and institutional funds will be adjusted according to the regulations governing these programs.

Students are strongly encouraged to contact the Financial Aid Office prior to withdrawing to determine the financial impact of their withdrawal from Preparing People Barber Styling College.

Treatment of Title IV Funds When a Student Withdraws From a Clock Hour School

The Financial Aid Office is required by federal statute to calculate the percentage of earned Title IV Funds received or pending to be received and to return the unearned funds for a student who withdrew, was terminated or failed to return from an approved leave of absence. If a student fails to return from a Leave of Absence the Date of Withdrawal is the last day the student attended class before the Leave began.

Recalculation is based on the percentage of earned aid using the following Federal Return of Title IV funds formula:

Percentage of aid earned = the number of scheduled hours in the payment period completed up to the student's last date of attendance as per the school's attendance records, divided by the total clock hours in the payment period.

If this percentage is greater than 60%, the student earns 100% of the disbursed Title IV funds or aid that could have been disbursed.

If this percentage is less than 60%, then the percentage earned is equal to the calculated value.

Funds are returned to the appropriate federal program based on the percent of unearned aid using the following formula:

Aid to be returned = (100% minus the percent earned) multiplied by the amount of aid disbursed toward institutional charges. If a student earned less aid than was disbursed, the institution would be required to return a portion of the funds and the student may be required to return a portion of the funds. All Title IV funds that the institution must return will be made no later than 45 calendar days after the date the school determines that the student withdrew.

When Title IV funds are returned, the student may owe a balance to the institution.

If a student earned more aid than was disbursed to him/her, the institution must send written notification to the student (or parent for PLUS loan funds) to offer a post-withdrawal disbursement for any amount not credited to the student's account no later than 30 calendar days after the date that the school determines that the student withdrew. The institution is required to make a post-withdrawal disbursement within 45 days of the student's date of determination that they withdrew for grants and 180 days of the student's date of determination that they withdrew for loans.

Refunds are allocated in the following order:

Unsubsidized Federal Stafford Loan

Subsidized Federal Stafford Loan

Federal Parent (PLUS) Loan

Federal Pell Grant

Federal Supplemental Opportunity Grant

Other Title IV assistance

State Tuition Assistance Grants (if applicable)

Private and institutional aid

The student

FINANCIAL NEED

Federal Student Aid is awarded on the basis of financial need. Need is the difference between your cost of education and an amount you and your family are expected to contribute toward your education. A standard formula used for all applicants determines this amount, which is called the Expected Family Contribution (EFC). The information you report on your aid application is used in calculating your contribution. The amount left over after subtracting the expected contribution from your cost of education is considered your financial need.

PELL GRANTS

The student must complete the Free Application for Federal Student Aid (FAFSA). Unlike loans, grants do not have to be repaid. To determine if you are eligible, the Department of Education uses a standard formula, revised and approved every year by Congress, to evaluate the information you report when you apply for a Pell Grant. Using a formula guarantees equal treatment for all applicants.

Your school will input your application and give you an award letter. Your school will then receive and credit your award to your account, until your school account is paid in full, and the student receipted accordingly. The school receives the student's award in two payments, one at the beginning of school, and the second after one-half of the academic year. Preparing People Barber and Styling College's academic year consists of 1500 clock hours, and the student must complete all of their program clock hours (1500) to graduate from this Institution. How much you actually receive depends on the following factors:

1. Your student aid index number.
2. Cost of education at your school, whether you are a full-time or 3/4-time student.
3. How long you will be enrolled in the academic year.

FEDERAL LOAN PROGRAMS

The program that Preparing People Barber and Styling College offers is the Direct Lending Program. This program enables students to borrow money from the U.S. Department of Education to meet their educational expenses. A student cannot borrow more than the estimated cost of attendance, less any other financial aid you may receive and your expected family contribution. To be eligible, the student's financial need must be evaluated. Students who do not qualify for this program should speak to the Financial Aid office about alternative funding. These loans are at a higher interest rate and repayment may begin within thirty (30) days of receiving the loan. Repayment varies with each lender.

To apply for a loan, you must first be accepted by the school, have processed a FAFSA, then, sign a master promissory note and entrance interview on the internet. 30 days after starting classes, the school will certify loan to the lender. Once the guarantee agency approval is obtained, the lender will electronically transfer funds to the school's account for disbursement to the student's tuition account.

Undergraduate first year students may borrow up to \$9,500.00 a year. There are no application deadlines for these programs. Repayment begins six (6) months after the student leaves school or drops below half-time attendance. The student is allowed at least ten (10) years to repay his/her loan. When students leave school, they must contact their lender to establish a repayment schedule. The amount of payment depends on how much the student has borrowed. The greater the amount borrowed, the higher the payments. If a student does not repay his/her loan, they will go into default, and either the guarantee agency or the Federal Government can sue to collect.

CAREER PLANNING:

Nature of the Work

Hair care has been an important profession since the beginning of time. Throughout history, a great deal of effort has gone into acquiring a fashionable hairstyle or a perfectly trimmed beard. Although styles change from year to year, the Barber's task remains the same - to make an attractive change in a person's appearance.

Barbers shampoo, cut and style hair, and advise patrons on how to properly care for their hair. Frequently, they straighten or texturizer a patron's hair to keep the style in shape. Barbers may also lighten or darken the color of the hair at the patron's request. Barbers may give manicures, scalp and facial treatments; and clean and style hairpieces.

Barbers keep their work area clean and sanitize their haircutting tools and implements. Those who operate their own salons also have managerial duties, which include hiring and supervising workers, keeping records, and ordering supplies and the list goes on and on.

Working Conditions

Barbers work in a clean, pleasant environment, with good lighting and comfortable temperatures. Their work can be tiring and physically demanding because they must be on their feet for long hours at a time and work with their hands at shoulder level. Barbers also work with sharp implements (razors) and a

small amount of chemicals. Many full-time barbers work more than 40 hours a week, including evenings and weekends when barbershops are busiest.

Training, other Qualifications and Advancements

Although all states require barbers to be licensed, the qualifications necessary to obtain a license vary. Generally, a person must have graduated from a state-licensed barber school, pass a physical examination, and be at least 16 years old. In addition, states have varying educational requirements - some have no requirement, while others require graduation from high school. In some states, completion of an apprentice-training program can substitute for graduation from a barber school, but very few barbers learn their skills in this way.

Barber instruction is offered in both public and private vocational schools, in either day-time or evening classes. A day-time program usually takes 6 months to 1 year to complete; however, evening program takes longer. Many public school programs include the academic subjects needed for a high school diploma and at least 2 to 3 years. An apprenticeship program usually lasts 1 or 2 years. No apprenticeship program is available in Texas.

Both public and private programs include classroom study, demonstrations, and practical work. Most schools provide students with the necessary hairstyling implements, such as manicure implements, combs, scissors, razors, and hair rollers, and include their cost in the tuition fee. In some instances, students must purchase their own tools and implements. A professional set of implements range between \$2000-\$3500. Freshmen students practice on mannequins and/or each other. Once students have gained some experience, students perform their skill on patrons in school clinic. Most schools have added unisex hairstyling as part of the teaching curriculum.

After graduating from a barber program, students take state licensing examinations. The examinations consist of a written exam and a practical exam. These exams allow applicants to demonstrate their theoretical knowledge and practical skill to provide the required services. In some states, an oral examination is included and the applicant is asked to explain the procedures he or she is following while taking the practical test. In other states, a separate examination is given for persons who want only a manicurist's license. Some states have reciprocity agreements that allow a barber license out of one state to be valid in another without re-examination.

For many young people, barbering serves as an entry point to the world of work. The field is also characterized by a pattern of movement from family responsibilities into the labor force-when employment and earnings are attractive enough-and back to the home again. In fact, most entrants into this occupation come from outside the labor force-from homemaking and school in roughly equal numbers. Relatively few entrants transfer from other occupations.

Persons wanting to become barbers must have finger dexterity and a sense of form and artistry. They should enjoy dealing with the public and be willing and able to follow patrons' instructions. Because hairstyles are constantly changing, barbers must keep abreast of the latest fashions and barber techniques. Business skills are important for those who plan to operate their own salons. Many schools help their students find jobs.

Advancement usually is in the form of higher earnings as barbers gain experience and build a steady clientele, but many manage large salons or open their own after several years of experience. Some

teach in barber schools or use their knowledge and skill to demonstrate cutting on platform. Others become demonstrators, manufacturer representatives, research assistants, and trade technicians or technical supervisors. Other possibilities include state board members, state board examiners, and educational directors.

The following are excerpts from the **U.S. Department of Labor, Bureau of Labor Statistics, OCCUPATIONAL OUTLOOK HANDBOOK, 2010-11 EDITION.**

ADVISING OF STUDENTS

Appointments can be scheduled on any school day, by students with the Administrative and/or Instructing personnel who are in need of advice in academic, attendance, financial aid, etc. Students are encouraged to seek advice with proper personnel if a problem exists that needs attention. During advisory sessions things are discussed such as hours, services, tuition, attendance, tardiness, attitude, job desires and any problems which the student may be having in school.

SCHOOL CLOSURE DUE TO AN EMERGENCY

In the event the School needs to be closed due to an Emergency regarding hurricane, flooding, fire, etc., a notice will be placed on the door (if possible, or notified by an alternate source, ie: tv, newspaper, radio, text message or posted at the school driveway entrance) giving staff, students & customers all necessary reopening information, as well as providing a number that they can call for more information. Furthermore, an emergency announcement will be placed on the schools automated phone system, if the system is accessible. All student and client data in our computer systems is backed up regularly, and taken off site and kept in a secure location.

EMERGENCY RESPONSE & EVACUATION PROCEDURES

Federal Regulations require that the institution have in place a policy and procedure that describes how the institution will immediately notify the campus community upon the confirmation of a significant emergency or dangerous situation involving an immediate threat to the health or safety of students or staff occurring on the campus, unless said notification compromises efforts to contain the emergency. Upon acceptance to this institution the required policy and procedures will be made available to each student on the day of Orientation. Should an immediate threat to the health or safety of students or staff occur on campus, the institution's Administrative Staff will handle all necessary campus notification, without delay, and will initiate the notification system. Phone systems are available to call 911. Building has all required safety codes in place for student and faculty safety.

WEAPONS ON CAMPUS

Preparing People Barber and Styling College has a zero tolerance regarding weapons on campus. No knives, guns (pistols or rifles), bomb materials, bow & arrows, bazookas, fireworks or anything that could be deemed a weapon by legal authorities (ATF, local Police, etc.) are permitted on campus (campus is defined as parking lot and buildings). Violation of this rule will result in immediate

termination and notification to the appropriate authorities. Any student, faculty or staff members who sees or hears of anyone on campus with a weapon is urged to notify the Administrative offices immediately.

HATE CRIME REPORTING

The current federal regulations require institutions to report as hate crimes any occurrence of criminal homicide, sex offenses, robbery, aggravated assault, burglary, motor vehicle theft, arson, larceny-theft, simple assault, intimidation, destruction, damage, or vandalism of property and any other crime involving bodily injury reported to local law enforcement agencies that manifests evidence that the victim was intentionally selected because of the perpetrator's bias. Students are encouraged to report crimes that fall into this category to your instructor or directly to the Administration as soon as possible.

Gainful Employment-Disclosure

Disclosures

Preparing People Barber and Styling College provides adequate information in order for prospective students, prospective employees, currently enrolled students, currently employed staff and the general public to be well informed and make a sound decision when choosing our institution as the school of preference.

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GAINFUL EMPLOYMENT

This institution provides training in recognized programs that prepare the students to "gainful employment". A recognized occupation is defined by a Standard Occupational Classification (SOC) code established by the Office of Management and Budget (OMB) or an Occupational Information Network O* NET-SOC code established by the Department of Labor.

Recognized Occupation code:

Barber 39-5011.00 CIP Code 12.0402

Program Costs:

Tuition 15,000.00

Registration 185.00

Kit & Books 2,789.00

TOTAL COST 21,808.00

NACCAS Completion Rates (Based on 2011-2012 Award Year)

Job Placement Rate: 90%

Licensure Rate: 100%

On Time Completion Rate: 50%

Default Management

Default Prevention and Management:

Consequences of Default for Borrowers

Borrowers who default on student loans face serious consequences. Stafford Loans are considered in default after 270 days without payment. 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. With a minimal amount of time, effort, and expense, schools can play a critical role in helping borrowers avoid the damaging consequences of default.

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. Schools may also be provisionally certified. Effective, easy-to-implement tools that reduce defaults, promote student and school success, help preserve the integrity of the loan programs, and reduce costs to taxpayers are available to schools.

The consequences of a borrower's failure to repay a loan, including:

- A damaged credit rating for at least 7 years;
- Loss of generous repayment schedule and deferment options;
- Possible seizure of federal and state income tax refunds due;
- Exposure to civil suit;
- Referral of the account to a collection agency;
- Liability for collection costs and attorney's fees;
- Garnishment of wages; and
- Loss of eligibility for further federal Title IV student assistance.

Early Stages of Enrollment

The Department recommends that every school implement a default prevention and management plan. Schools and borrowers benefit when schools incorporate default prevention and management activities into their operations. Schools can undertake these required and recommended activities that make up a default prevention and management plan as early as during student enrollment in order to reduce the incidence of default.

Entrance Counseling

Regulations require that first time borrowers of FFEL and Direct Loan program loans receive entrance counseling. During entrance counseling, schools must explain how the master promissory note works, emphasize the importance of repaying the loan, describe the consequences of default, and show borrowers sample monthly repayment amounts based on their program of study at your school. Schools may enhance entrance counseling to include financial literacy and ensure that borrowers thoroughly understand all information. In addition, schools should collect as much contact information about borrowers as possible during entrance counseling to facilitate future contact if needed. These activities will ensure more knowledgeable, responsible borrowers, and result in fewer defaulters as well. (Section V Enhanced Entrance and Exit Counseling)

Financial Literacy for Borrowers

The Department recommends that schools provide borrowers with information concerning the income potential of occupations relevant to their course of study, counseling at various stages of enrollment, interactive tools to manage debt, repayment options, and school contact information. Schools can offer this information through a variety of media such as counseling, classes, publications, e-tutorials, electronic newsletters to email accounts, adding the information to award letters, or using a combination of methods. To help students manage their debt, some schools are limiting access of credit card companies to their campuses. Schools should also provide borrowers with entrance counseling material and the following resources, at minimum, at enrollment and following graduation or withdrawal:

- Estimate of required monthly payments on the borrower's loan balance,
- Calculators to help estimate and manage debt,
- Loan servicer contact information,
- Contact information for delinquency and default prevention assistance on campus,
- Introduction to NSLDS for Students,
- *Repaying Your Student Loans* publication.

Early Identification and Counseling for Students at-Risk

Students at-risk generally refers to borrowers who withdraw prematurely from their educational programs, borrowers who do not meet standards of satisfactory academic progress or both. Counseling at-risk borrowers should focus on the causes of withdrawal or unsatisfactory academic progress and solutions to resolve these matters. The end result of working with at-risk students will be more borrowers completing their educational programs, equating to a higher retention rate for the school and lower numbers of defaulted borrowers.

Communication Across Campus

Communication of information relevant to the prevention and management of defaults must be a school-wide effort and should not be the responsibility of only a single office. While communicating certain information across campus is mandatory, communicating additional information is highly recommended. To promote success, school officials should examine their communication procedures for effectiveness and inclusiveness. Information regarding borrowers' academic progress and enrollment status should be components of the information received by all relevant offices across campus including the offices that disburse funds and authorize payments. Accurate and timely communication among school entities and the Department not only ensures the right aid is getting to the right student, but such communication will help schools comply with regulations regarding the school's standards of administrative capabilities, accurate and timely reporting of borrowers' enrollment status, and satisfactory academic progress.

Default Prevention and Retention Staff

Having dedicated default prevention and management staff has proven invaluable for many schools. The Department recommends dedicated staff because they are in an excellent position to establish working relationships with borrowers from early in the students' experience through repayment. Many schools are also dedicating staff to student retention activities, a key to school and student success as well as default reduction. Where resources are limited, the Department recommends combining these two functions, as they are similar in nature. An emphasis on both will particularly benefit at-risk borrowers.

Late Stages of Enrollment

During the later stages of enrollment and after students have left school, there are many default prevention and management activities that will help reduce defaults and help ensure borrower and school success.

Exit Counseling

Regulations require that schools provide exit counseling. Exit counseling is an effective way to prevent defaults and is often the last opportunity that borrowers have to work with someone at school regarding their loans. In-depth counseling that focuses on fully explaining repayment plans and choices

that fit the borrowers' needs is essential. Exit counseling is the opportunity to clear up any misconceptions students may have about their loan obligations and re-emphasize the consequences of default. Schools should take full advantage of this opportunity to work with their students. A large percentage of borrowers in delinquency either did not have the benefit of receiving this information or did not receive it timely. Thorough exit counseling is a cornerstone of default prevention and is mandatory. (Section V Enhanced Entrance and Exit Counseling)

Withdrawals

Many borrowers who default on their loans are borrowers who withdrew from school prior to completing their academic programs. These borrowers, at the highest risk of default, can often be identified while still on campus. Early identification and timely intervention can improve student retention and reduce the number of defaulted loans. In addition to fulfilling the regulatory requirement to provide exit counseling to students, schools should attempt to work with students even after they have left school by encouraging them to complete their programs of study and helping them resolve the issue(s) that prompted their withdrawal. Consider offering job placement services for a limited timeframe to students who have withdrawn. In addition to providing a valuable service, schools can take advantage of the borrower's return to campus to provide counseling. Note that an employed borrower, even one earning less than if he/she had completed school, is better able to make loan payments than an unemployed borrower.

Timely and Accurate Enrollment Reporting

Timely and accurate enrollment reporting to the Secretary or the guarantor as appropriate is required by regulation and promotes school and student success. There is a direct correlation between late or inaccurate enrollment reporting and loan defaults.

This school activity ensures that borrowers receive their full grace period, and further ensures that contacts from the loan servicer such as correspondence and telephone calls occur in the appropriate timing and sequence. The servicer's contacts are designed to increase the likelihood that borrowers will satisfy loan obligations. Timely and accurate reporting of changes in enrollment status is required of all schools. Adhering to a monthly schedule of reporting changes in enrollment status will help with data accuracy and is recommended. (Section VI Tools)

After Students Leave School

There are simple and effective default prevention and management activities for schools that will help borrowers during repayment. In addition, there are activities to help schools correct data and improve prevention and management practices and initiatives.

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)

Early Stage Delinquency Assistance (ESDA)

ESDA begins at the time of separation or early in the grace period. ESDA is a highly focused effort by lenders, guarantors, and schools to assist particular borrowers to prepare for entry into loan repayment. Certain borrowers, such as those who have failed to complete their academic program, or borrowers who share specific characteristics or academic or related experiences, may be more likely to encounter difficulties initiating and maintaining on-time loan repayment. ESDA activities afford lenders, guarantors, and schools an opportunity to provide focused, enhanced loan counseling, borrower education, and personal support during the grace period, and in so doing help decrease the chances of later loan default. In addition to ESDA, schools should utilize default aversion assistance offered by guarantors and similar assistance from the Direct Loan Servicer for borrowers who are at least 60 days delinquent.

Late Stage Delinquency Assistance (LSDA)

Though guarantors and the Direct Loan Servicer are extremely effective in working with borrowers throughout repayment, they lose touch with some borrowers. Schools can often help to re-establish this critical communication during the late stages of delinquency, serving as a liaison between delinquent borrowers and staff experienced in borrower assistance. LSDA techniques enable schools to rescue severely delinquent borrowers, those who are more than 240 but less than 361 days delinquent, from default. LSDA can be successfully implemented with a minimal investment of time and staff. Even for a large school, the number of borrowers in this delinquent group is generally small. Several telephone calls a month lets the most delinquent borrowers know that they have options, and that help is available. (Section VI Tools)

Maintain Contact with Former Students

Schools find that all of the practices and strategies mentioned previously are much easier to employ if they are able to reach and keep in contact with their former students after they have left campus. By collecting ample reference information including cell phone numbers, e-mail addresses, and numbers and names of a variety of family members such as grandparents and cousins, schools have the resources to maintain contact with former students. Allowing borrowers to continue to use school e-mail

accounts after they have left campus is not only a convenience to borrowers, but also a quick, easy, and effective method of contacting them after they have left school. One of the best methods schools can employ to avert defaults is to work with borrowers during every stage of repayment. Work with lenders, guaranty agencies, and servicers to identify delinquent and hard to reach borrowers, or those who have not been contacted at all to assist them with their repayment options and obligations. Contacting borrowers is an essential activity upon which successful default prevention and management can be built. Contact from the school may be the only effective technique to save a borrower from the negative consequences of default.

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 shortcomings 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.

Enhanced Entrance and Exit Counseling

In addition to complying with the applicable requirements in 34 CFR 682.604, 34 CFR 685.304, 34 CFR 668.165 and 34 CFR 668 Subpart D, the Department recommends that entrance and exit counseling also include the following:

Requests for Borrower Information

- During entrance and exit counseling, obtain information from borrowers regarding references and family members beyond those requested on the loan application, and ask for cell phone numbers and email addresses for borrowers and for family members;
- During exit counseling, obtain updated information from borrowers including their addresses, cell phone numbers, email addresses, and addresses of their references and various family members.

Information about Repaying the Loan

- Estimated balance of loan(s) when the borrower completes the program;
- Interest rate on the borrower's loan(s);
- Name, address and telephone number for the borrower's lender;
- During exit counseling, provide a sample loan repayment schedule based on the borrower's total loan indebtedness;
- Estimated monthly income that the borrower can reasonably expect to receive in his or her first year of employment based on the education received at your school;
- Estimated date of the borrower's first scheduled payment.

Reminders about Personal Financial Management and Title IV Loans

- Schools should provide financial literacy resources to borrowers at enrollment, throughout attendance, and following graduation or withdrawal;
- Students should borrow only what is needed and can cancel or return any funds in excess of what is needed;
- Borrowers must inform their lenders immediately of any change of name, address, telephone number, or social security number;
- If a borrower is unable to make a scheduled payment, he or she should contact the lender before the payment's due date to discuss a change in repayment plan or other repayment options;

- General information should be provided about:
 - o Repayment options; and
 - o The sale of loans by lenders and the use by lenders of outside contractors to service loans.

Where do I begin?

FSA Assessments for Default Prevention and Management

<http://www.ifap.ed.gov/qamodule/DefaultManagement/DefaultManagement.html>

Loan Counseling Students and Counselors

<http://www.studentaid.ed.gov>

The Student Guide and NSLDS for Students <http://www.studentaid.ed.gov> How much will it cost?

<http://nces.ed.gov/ipeds/cool/> <http://www.dlsonline.com/tools/search.asp> (for Direct Loan Borrowers) How will I pay for it?

http://studentaid.ed.gov/students/publications/student_guide/index.html

Will I make enough money in my chosen occupation to repay student loans I receive?

<http://www.bls.gov/search/ooah.asp?ct=OOH> <http://data.bls.gov/PDQ/outside.jsp?survey=nc> *Repaying Your Student Loans* http://www.studentaid.ed.gov/students/publications/repaying_loans/index.html
Ombudsman Office <http://www.ombudsman.ed.gov>

Ensuring Student Loan Repayment Best Practices for Schools

<http://www.ifap.ed.gov/eannouncements/0119stuhbkbestprectice.html> SFA Assessments for Schools

<http://www.ifap.ed.gov/IFAPWebApp/qualityassurance/SFAAssessment.jsp> Mapping Your Future

<http://www.mapping-your-future.org>

Jump Start Coalition for Personal Financial Literacy <http://www.jumpstart.org>

Enrollment Reporting and Data Accuracy

NSLDS Enrollment Reporting Guide, formerly SSCR User's Guide

<http://www.ifap.ed.gov/nsldsmaterials/010904NSLDSEnrollRepGuide.html>

NSLDS Date Entered Repayment Report, School Repayment Information Loan Detail

Report, and Enrollment Reporting Summary Report <https://www.nsldsfap.ed.gov>

NSLDS Reports, requesting and formatting questions <https://www.nsldsfap.ed.gov> Reports Tab NSLDS User ID

CPS/WAN Technical Support 1-800-330-5947

NSLDS Customer Support 1-800-999-8219

Cohort Default Rate Guide for information on challenges, adjustments, and appeals
<http://ifap.ed.gov/DefaultManagement/DefaultManagement.html>

Default Prevention FSA Assessments

<http://www.ifap.ed.gov/qamodule/DefaultManagement/DefaultManagement.html> *Ensuring Student Loan Repayment Best Practices*

<http://www.ifap.ed.gov/eannouncements/0119stuhbkbestprectice.html>

NSLDS Reports and Exit Counseling <https://www.nslsdfap.ed.gov>

NSLDS Reports, requesting and formatting questions <https://www.nslsdfap.ed.gov> Reports Tab NSLDS User ID

CPS/WAN Technical Support 1-800-330-5947

NSLDS Customer Support 1-800-999-8219

Late Stage Delinquency Assistance (LSDA) Guide:

For Direct Loan Schools,

Direct Loan Servicing/Schools website, accessed via COD website <http://www.cod.ed.gov>

For FFEL Schools,

Default Prevention Strategies

<http://www.ifap.ed.gov/qamodule/DefaultManagement/DefaultManagement.html> or contact your guaranty agency

General Connections/Publications

Information for Financial aid Professionals (IFAP) Library with publications, training, tools, references, laws, etc.

<http://www.ifap.ed.gov>

The Office of Federal Student Aid <http://www.ed.gov/about/offices/list/fsa/index.html> *The Student Guide*

<http://www.studentaid.ed.gov>

NSLDS

<https://www.nslsdfap.ed.gov> or <https://www.nslsdfap.ed.gov/secure/logon.asp>

ED Pubs, the Department of Education Online Publication Ordering System, helps you identify and order free publications from the Department. Examples of resources available at ED Pubs include the following:

- *Repaying Your Student Loans* (in English and Spanish)
- *The Student Guide*
- *Getting Ready to Pay for College*
- *Counselors and Mentors Handbook* www.edpubs.org

1-877-4ED-Pubs or edpubs@inet.ed.gov

U.S. Department of Education Default Prevention and Management Team

If you require any assistance creating a default prevention and management plan at your school, or to discuss any part of this document, please contact: fsa.schools.default.management@ed.gov or 202 377-4259.

On October 28, 2009, the Department of Education published in the [Federal Register](#) the regulations enacted by the Higher Education Opportunity Act of 2009 (HEOA) that govern the calculation of cohort default rates. Under the new provisions, a school's cohort default rate is calculated as the percentage of borrowers in the cohort who default before the end of the second fiscal year following the fiscal year in which the borrowers entered repayment. The regulations extended the length of time in which a borrower who is in default can be included in the default rate calculation.

In February 2012, schools began receiving both a 2-year and 3-year cohort default rate. This is the final year that schools will receive two sets of rates. Next year, in 2014, only the 3-year cohort default rates will be released; 2-year rates will no longer be calculated. This web site integrates the publication of both the 2-year and 3-year cohort default rates while providing default-related information, references, and resources for these rates in one location.

OPD calculates draft and official 2-year and 3-year cohort default rates, disseminates the rates to schools electronically and allows schools the ability to challenge/appeal the rates since both benefits and sanctions apply to particular cohort default rate thresholds. Guaranty agency and lender cohort default rates are also calculated and disseminated by OPD; however, this Web site pertains only to school cohort default rates and associated issues including default prevention.

I invite you to peruse the question and answer section in which we include our most frequently asked questions. This section includes questions on 3-year cohort default rates. Should you need any further information regarding school cohort default rates, please contact our admissions office at 214-421-5419.

In addition to cohort default rate assistance, Federal Student Aid provides default prevention support for schools. For questions related to default prevention, contact defaultpreventionassistance@ed.gov.

For consolidated delinquency and default prevention resources, refer to the [Default Prevention Resource Information Web page](#)

Academic Year Definitions:

CLASS A BARBER: 900 hours and 26 weeks

FIRST ENROLLMENT PERIOD	SECOND ENROLLMENT PERIOD	THIRD ENROLLMENT PERIOD	FOURTH ENROLLMENT PERIOD	TOTAL
450 HOURS	450 HOURS	300 HOURS	300 HOURS	1500 HOURS
13 Wk/3.5Mos	13 Wk/3.5Mos	12 Wk/2.5Mos	12 Wk/2.5Mos	50 Wk/12Mo

Instructor 750: 900 hours and 26 weeks

FIRST ENROLLMENT PERIOD	SECOND ENROLLMENT PERIOD	THIRD ENROLLMENT PERIOD	FOURTH ENROLLMENT PERIOD	TOTAL
300 HOURS	300 HOURS	75 HOURS	75 HOURS	750 HOURS
11 Wk/2.5Mos	11 Wk/2.5Mos	2 Wk/.5Mos	2 Wk/.5Mos	26 Wk/6 Mo

Instructor 500: 900 hours and 26 weeks

FIRST ENROLLMENT PERIOD	SECOND ENROLLMENT PERIOD	Total
250 HOURS	250 HOURS	300 hours
6 Wk/1.5Mos	6 Wk/1.5Mos	15 Wk/2.5 Mo

Cosmetology Cross Over: 900 hours and 26 weeks

FIRST ENROLLMENT PERIOD	SECOND ENROLLMENT PERIOD	Total
250 HOURS	250 HOURS	300 hours
6 Wk/1.5Mos	6 Wk/1.5Mos	15 Wk/2.5 Mo

Cost of Attendance Budgets:

Cost of Attendance is an overall look tuition, fees, books, kit, and what it will cost a student to live, room, boards, transportation, etc., while attending school. The following is the Localized COA Budget for the standard 1500 Barbering Program.

(Direct and Indirect Costs)

CLASS A BARBER:

Living w/Parents 0 Dependents:

<u>Status</u>	<u>Full-Time</u>
<u>Months</u>	<u>12MONTHS</u>
<u>Tuition</u>	<u>\$15,000.00</u>

Fees:	\$185.00	<ul style="list-style-type: none"> • \$150.00 (Enrollment+Application) • \$35.00 (Permit Fee)
Books/Supplies:	\$2,789.00	
Room & Board:	\$2,424.00	
Personal:	\$942.00	
Transportation:	\$468.00	
<hr/>		
TOTAL BUDGET:	\$21,808.00	

All Others:

<u>Status</u>	<u>Full-Time</u>
<u>Months</u>	<u>12MONTHS</u>
<u>Tuition</u>	<u>\$15,000.00</u>

Fees:	\$185.00	<ul style="list-style-type: none"> • \$150.00 (Enrollment+Application) • \$35.00 (Permit Fee)
Books/Supplies:	\$2,789.00	
Room & Board:	\$3,792.00	
Personal:	\$1,500.00	
Transportation:	\$1,614.00	
<hr/>		
TOTAL BUDGET:	\$24,880.0	

BARBER INSTRUCTOR 750 HOURS:

Living w/Parents 0 Dependents:

<u>Status</u>	<u>Full-Time</u>
<u>Months</u>	<u>12MONTHS</u>
<u>Tuition</u>	<u>\$7,500.00</u>

Fees:	\$185.00
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		<ul style="list-style-type: none"> • \$150.00 (Enrollment+Application) • \$35.00 (Permit Fee)
Books/Supplies:	\$2,218.00	
Room & Board:	\$2,424.00	
Personal:	\$942.00	
Transportation:	\$468.00	
<hr/>		
TOTAL BUDGET:	\$13,922.00	

All Others:

<u>Status</u>	<u>Full-Time</u>
<u>Months</u>	<u>12MONTHS</u>
<u>Tuition</u>	<u>\$7,500.00</u>

Fees:	\$185.00	<ul style="list-style-type: none"> • \$150.00 (Enrollment+Application) • \$35.00 (Permit Fee)
Books/Supplies:	\$2,218.00	
Room & Board:	\$3,792.00	
Personal:	\$1,500.00	
Transportation:	\$1,614.00	
<hr/>		
TOTAL BUDGET:	\$16,809.00	

BARBER INSTRUCTOR 500 HOURS:

Living w/Parents 0 Dependents:

<u>Status</u>	<u>Full-Time</u>
<u>Months</u>	<u>12MONTHS</u>
<u>Tuition</u>	<u>\$5,000.00</u>

Fees:	\$185.00	<ul style="list-style-type: none"> • \$150.00 (Enrollment+Application) • \$35.00
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		(Permit Fee)
Books/Supplies:	\$2,218.00	
Room & Board:	\$2,424.00	
Personal:	\$942.00	
Transportation:	\$468.00	
<hr/>		
TOTAL BUDGET:	\$11,422.00	

All Others:

<u>Status</u>	<u>Full-Time</u>
<u>Months</u>	<u>12MONTHS</u>
<u>Tuition</u>	<u>\$5,000.00</u>

Fees:	\$185.00	
		<ul style="list-style-type: none"> • \$150.00 (Enrollment+Application) • \$35.00 (Permit Fee)
Books/Supplies:	\$2,218.00	
Room & Board:	\$3,792.00	
Personal:	\$1,500.00	
Transportation:	\$1,614.00	
<hr/>		
TOTAL BUDGET:	\$14,309.00	

COSMETOLOGY COSS-OVER:

Living w/Parents 0 Dependents:

<u>Status</u>	<u>Full-Time</u>
<u>Months</u>	<u>12MONTHS</u>
<u>Tuition</u>	<u>\$3,000.00</u>

Fees:	\$185.00	
		<ul style="list-style-type: none"> • \$150.00 (Enrollment+Application) • \$35.00 (Permit Fee)
Books/Supplies:	\$2,789.00	
Room & Board:	\$2,424.00	

Personal: \$942.00

Transportation: \$468.00

TOTAL BUDGET: \$9,808.00

All Others:

Status Full-Time

Months 12MONTHS

Tuition \$3,000.00

Fees: \$185.00

- \$150.00
(Enrollment+Application)
- \$35.00
(Permit Fee)

Books/Supplies: \$2,789.00

Room & Board: \$3,792.00

Personal: \$1,500.00

Transportation: \$1,614.00

TOTAL BUDGET: \$12,880.0

(This is an estimated cost attendance for the academic year including all of the above components. This is not the amount you owe the school.)