

## Default Prevention "A Campus wide Approach"

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1

## Why Focus on Default Prevention

Cohort Default rates are performing at unacceptable rates and need to be maneuvered lower. Industry average for all Schools are increasing based on the Official 2009 & 2010 CDR.

Both private, public & proprietary schools are facing record economic crisis regarding inflation and unemployment which causes more stress on students.

With the move to a 3-year CDR calculation all sector rates are expected to increase going forward.

In addition we have the ever pending Gainful Employment Ruling

2

## Cohort Default Rate Trends

FY 2008, FY 2009, & FY2010 Cohort Default Rates

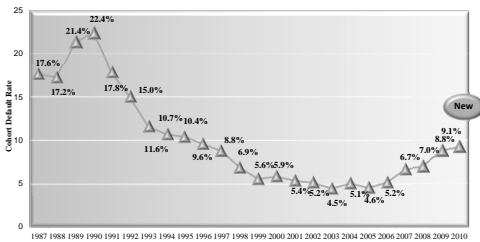
	Fiscal Year 2008-2 Year Official				Fiscal Year 2009-2 Year Official				Fiscal Year 2010-2 Year Official			
	# of Schools	Borrower Default Rate (%)	# of Borrowers Entered Repayment	# of Borrowers	# of Schools	Borrower Default Rate (%)	# of Borrowers Entered Repayment	# of Borrowers	# of Schools	Borrower Default Rate (%)	# of Borrowers Entered Repayment	# of Borrowers
<b>Public</b>	1,418	6.0%	104,292	1,720,664	1,427	7.2%	128,121	1,778,903	1,621	8.3%	141,818	1,923,064
Less than 2 yrs	141	6.7%	123	7,796	142	9.9%	749	7,348	140	10.0%	831	8,261
2-3 yrs	848	10.1%	49,331	487,436	855	11.9%	62,234	520,216	845	13.4%	81,120	604,872
4 yrs(+)	629	4.4%	54,438	1,225,492	630	2.2%	65,138	1,231,099	636	6.0%	79,864	1,314,921
<b>Private</b>	1,760	4.0%	30,620	761,129	1,706	4.6%	38,718	828,221	1,716	6.2%	46,481	882,046
Less than 2 yrs	43	14.1%	337	3,794	43	14.3%	603	4,148	41	13.6%	678	4,933
2-3 yrs	180	8.2%	1,187	14,157	172	10.0%	1,507	15,039	175	8.5%	1,573	18,384
4 yrs(+)	1,477	3.8%	28,836	743,178	1,491	4.3%	36,468	806,034	1,500	5.1%	44,232	818,668
<b>Proprietary</b>	2,318	11.4%	183,764	889,034	2,147	18.0%	182,882	1,018,886	2,188	12.9%	166,364	1,281,218
Less than 2 yrs	1,103	12.4%	15,418	123,434	1,110	13.7%	18,031	130,936	1,130	11.8%	19,787	146,436
2-3 yrs	723	12.4%	34,438	272,315	732	14.8%	42,893	288,546	746	12.0%	47,443	343,386
4 yrs(+)	290	10.9%	53,808	493,365	305	15.4%	91,938	595,373	312	13.6%	105,154	771,193
<b>Foreign</b>	421	2.2%	176	7,992	428	8.8%	493	8,862	432	2.9%	280	9,803
<b>Unclassified</b>	1	0.0%	0	0	1	0.0%	0	0	1	0.0%	0	0
<b>Total</b>	8,869	7.0%	238,882	3,278,724	8,906	8.8%	320,194	3,628,846	8,988	9.1%	274,940	4,105,778

3

## Cohort Default Rate Trends

National Student Loan Cohort Default Rates

FY 2010 2-Year Official National Student Loan Default



4

## Cohort Default Rate Trends

FY 2009 3-Year Official National Cohort Default Rates

	Number of Schools (3-Year)	Borrower Default Rate (%) (3-Year)	Number of Borrowers Defaulted (3-Year)	Number of Borrowers Entered Repayment (3-Year)
<b>Public</b>	<b>1,628</b>	<b>11.0%</b>	<b>196,032</b>	<b>1,778,645</b>
Less than 2 yrs	141	16.2%	1,202	7,401
2-3 yrs	851	18.3%	94,945	518,299
4yrs(+)	636	7.9%	99,885	1,252,945
<b>Private</b>	<b>1,710</b>	<b>7.5%</b>	<b>63,047</b>	<b>835,492</b>
Less than 2 yrs	42	23.1%	950	4,106
2-3 yrs	174	14.5%	2,357	16,244
4yrs(+)	1,494	7.3%	59,740	815,142
<b>Proprietary</b>	<b>2,142</b>	<b>22.7%</b>	<b>229,315</b>	<b>1,006,190</b>
Less than 2 yrs	1,100	21.5%	27,788	129,235
2-3 yrs	731	22.9%	64,146	279,713
4 yrs(+)	311	23.0%	137,381	597,242
<b>Foreign</b>	<b>427</b>	<b>7.3%</b>	<b>646</b>	<b>8,777</b>
<b>Unclassified</b>	<b>1</b>	<b>0.0%</b>	<b>0</b>	<b>5</b>
<b>Total</b>	<b>5,908</b>	<b>13.4%</b>	<b>489,040</b>	<b>3,629,109</b>

5

## Team Approach

1. What is the ultimate goal?
2. Matriculate-Educate-Graduate = Loan Repayment
3. Multiple factors influence default
4. Default prevention should be campus wide!
5. Default rates affect everyone!

6

### Defaulter Characteristics to Evaluate

- In-school experience
- Early withdrawal
- Lost revenue
- Word of mouth(Marketing)
- Small loan balance
- Academic level
- Type of school

7

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### Financial Literacy

- Create strong financial literacy skills for students
- Work with your Default Management team to develop a plan
- Determine topics that are needed for your student population
- Determine department responsible, frequency, method, materials needed and timeframe

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### Enhance Counseling Services

- Ensure students understand their options with student loans
- Utilize presentation and forms created by the DOE or Servicers
- Consider online counseling in addition to One on One
- Group workshops
- Additional workshop on available student resources and repayment options.

9

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### Enhance Retention

- Retention Team
- Top reason student defaults
- Determine reasons for withdrawal
- Create retention committees
- Define measurements of success

10

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### Involve all Departments

- Faculty
- Extra credit for money management workshops/assignments
- Tie class work to financial aid
- Awareness, referrals and alerts of student issues

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### Involve all Departments

- Career Services
- Collect/verify & update demographic information at time of job placement
- Provide job placement for non-grads
- Partner with DM to send deferments
- Encourage students to repay loans
- Require exit counseling before externship
- Transfer students to FA for follow up grace/exit Counseling

12

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### Involve all Departments

- Admissions
- Involve in reentry campaign
- Collect/verify demographic information
- Alert other departments to potential stumbling blocks for students
- Document in school database students motivations and potential risks

13

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### Involve all Departments

- Registrar/Business Office
- Involve in reentry campaign
- Enrollment reporting SSCR (Student Status Confirmation Report)
- Collect/verify demographic information
- Alert other departments to potential stumbling blocks
- SAP policy and students on violation

14

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### Best Practices

- In-School "Educate"
- Help students minimize debt load
- Discuss all funding source options
- Encourage interest payments while in-school
- Have student complete online loan counseling before final meeting with FA
- Communicate with other departments

15

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### Best Practices

- Grace
- Contact student several times
- Educate on consolidation and repayment plans
- Ensure student has picked appropriate repayment plan
- Verify demographic information
- Let student keep e-mail account through grace
- Early withdrawal counseling

16

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### Best Practices

- Repayment
- Call delinquent borrowers
- Become single point of contact
- Short term solution
- Long term solution
- Verify demographic information

17

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### Conclusion

- *The formula for a successful student is (Enroll + Matriculate + Educate + Graduate = Successful Repayment of Federal Student Loans).*
- So the question is can my institution afford not to focus on the items above?
- The answer starts with each department working together teaching students to be more financially responsible

18

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Any Questions?



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