

LECTURE RESOURCES

OPTION 1

[link to this first slide before presentation]

START HERE... “National Debt Clock”

<http://www.usdebtclock.org/>



Broward College

presentation...

"Debt Management"

FASFAA REGION 5 WORKSHOP

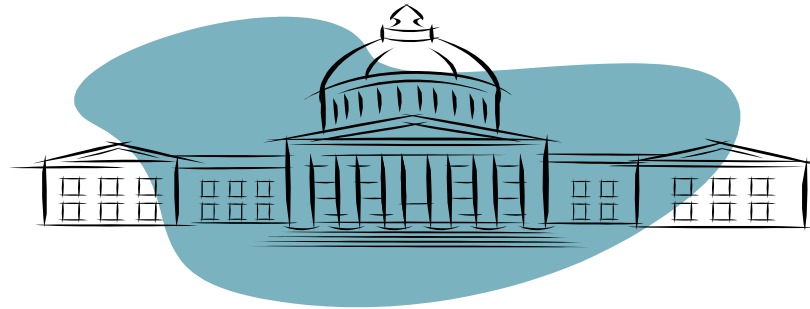
FALL 2013



Broward College

actually...

"Default Management"



Kent Dunston

Student Loan Default Coordinator

Oversee BC “Financial Literacy” components.

***Work with federal and state government
involving student loan default matters
affecting previous BC students.***

THE EFFECT OF STUDENT LOAN DEFAULT

INVOLVES...Institutional Annual Review

2-YR Cohort Default Rate (CDR)

...and...

3-YR Cohort Default Rate (CDR)

USDOE PENALTIES APPLY...STARTING IN 2014

Three (3) years in a row @ 30%

One (1) year @ 40%

...automatically lose ability to provide student aid.

2-Year Student Loan Default NATIONAL AVERAGES

National Average – Community Colleges 15.0%

National Average – All For Profit Schools 13.6%

National Average – All Schools 10.0%

National Average – All Public Schools 9.6%

Broward College 8.1%

National Average – All Private Schools 5.2%

Empowerment for Student Success

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North Florida Community College
Lake Sumter Community College
Polk State College
Broward College
Pensacola State College
Hillsborough Community College
Miami Dade College
Pasco - Hernando Community College
Valencia Community College
Northwest Florida State College
Gulf Coast Community College
Florida State College at Jacksonville
Santa Fe College
Seminole State College of Florida
Palm Beach State College
South Florida State College
College of Central Florida
St. Petersburg College
Edison State College
Florida Keys Community College
Indian River State College
Saint Johns River State College
Florida Gateway College (Lake City)
State College of Florida, Manatee-Sarasota
Brevard Community College
Tallahassee Community College
Daytona State College
Chipola College

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2-YEAR (CURRENTLY 2011)
BROWARD COLLEGE HISTORY

2007 Broward College 8.7%

2008 Broward College 9.1%

2009 Broward College 9.0%

2010 Broward College 9.8%

2011 Broward College 8.1%

PRIMARY TOOLS DEFAULT AVERSION

***Challenges to the 2-YR and 3-YR CDR
(February–March...of each year)***

“Delinquency Reports” from NSLDS

Loan Servicer Reports

Default Management Workshop (DMW)

BC Scholarship and Financial Aid Committee

PRIMARY TOOLS DEFAULT RATE

USDOE CHALLENGES TO THE 2-YR AND 3-YR CDR
(February–March...of each year)

THE CALCULATION...

NUMERATOR: # OF STUDENTS WHO DEFAULTED

DENOMINATOR: ALL STUDENTS ENTERING LOAN REPAYMENT

2-YR RATE = # of students who defaulted
...within 2 years of entering the “REPAYMENT PHASE”.

THE PRIMARY TOOL DEFAULT AVERSION

Default Management Workshop (DMW)

INSTITUTIONAL GOAL...

EDUCATION

As opposed to... “humiliation”.



Broward College

presents...

"Debt Management Workshop"

STUDENTS MAY BE REQUIRED TO **REATTEND** ANOTHER
“**DEBT MANAGEMENT WORKSHOP**”

BY
FAILING **SAP...**



REACHING
CERTAIN LEVELS OF **DEBT...**

OR **PREVIOUSLY** **DEFAULTING**
ON A STUDENT LOAN.

PAY

ATTENTION – **NOW!**



‘LAST CHANCE’
to **UNDERSTAND** the
LONG-TERM...



“IMPLICATIONS & OBLIGATIONS”

LISTEN TODAY...

BEFORE making the **FINANCIAL COMMITMENT**
to take on **TOO MUCH** student loan debt.

The U.S. Debt Issue Explained



Why did...**S&P**
DOWNGRADE
the U.S.A.
Credit Rating...?

**STANDARD
& POOR'S**
RATINGS SERVICES

FEDERAL NUMBERS...from 2013 'Debt Clock'

U.S. Tax Revenue:	\$ 2,577,000,000,000
Federal Budget:	\$ 3,589,000,000,000
New Debt:	\$ 1,012,000,000,000
National Debt:	\$16,853,000,000,000
Recent Budget Cut:	\$ 36,579,000,000

The U.S. Debt Issue Explained

CONVERT The Federal Budget To A Household Budget...

REMOVE ...8 zeros...

PRETEND... This is **YOUR HOUSEHOLD** budget:

U.S. Tax REVENUE:	\$ 2,577,0 00,000,000
Federal BUDGET:	\$ 3,589,0 00,000,000
New DEBT:	\$ 1,012,0 <u>00,000,000</u>
National DEBT:	\$16,853,0 **,***,***
Recent Budget CUTS:	\$ 36,5 **,***,***

"REVENUE INCOME" = BECOMES = Annual FAMILY INCOME

"BUDGET SPENT" = Money FAMILY SPENT

"NEW DEBT" = New DEBT on CREDIT CARD

"NATL DEBT" = Outstanding BALANCE on CREDIT CARD

"RECENT CUT" = FAMILY Budget CUT

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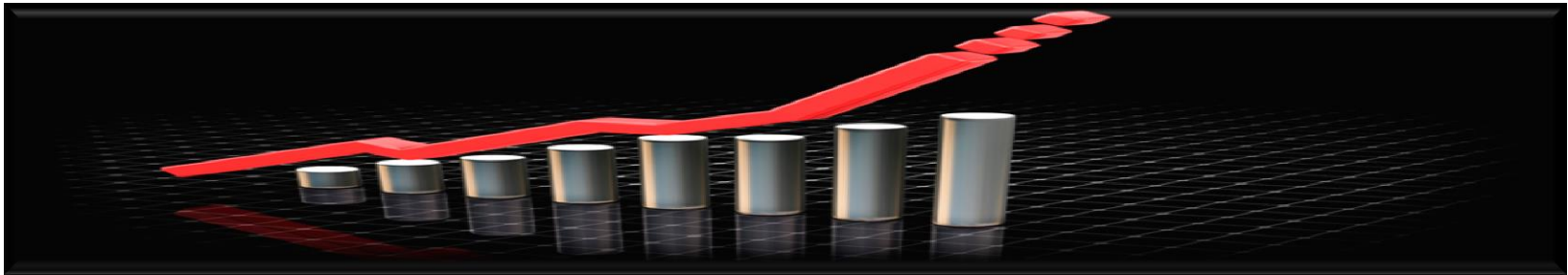
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The U.S.A. Debt Issue Explained



Would this work as **YOUR HOUSEHOLD budget...?**

REVENUE = Annual <u>FAMILY INCOME</u> ...	\$ 25,770
BUDGET = Money <u>FAMILY SPENT</u> ...	\$ 35,589
NEW DEBT = <u>NEW DEBT</u> on CREDIT CARD...	\$ 10,120
NATL DEBT = <u>BALANCE</u> on CREDIT CARD...	\$168,530
RECENT = Family <u>BUDGET CUTS</u> ...	\$ 365

It's official...a **TRILLION**...is the "NEW BILLION".

"Government spending"...now reported in trillions (or 1,000 billion).

How much is 1 TRILLION dollars?

*In order to make sense of it all...
ADD another THREE zeros.*

Here are some comparisons:

If 1 TRILLION were in \$1.00 bills
...laid FLAT...in a LINE...*end-to-end*

*THAT LINE...would stretch
from the EARTH to the SUN.*



DURATION of a “**SHOPPING SPREE**”

IF ONE COULD SPEND **1 TRILLION** DOLLARS

@ **\$20.00** PER **SECOND...**

START AMOUNT
(\$ U.S. Dollars)

20.

100.

1,000.

10,000.

100,000.

1,000,000.

10,000,000.

100,000,000.

1,000,000,000. (1 billion)



DURATION

Shopping Spree

1 SECOND

5 seconds

50 seconds

08 minutes 20 seconds

1 hour 23 minutes

13 hours 48 minutes

138 hours (5 days 19 hours)

57 days 21 hours

578 days (1 year 214 days)

1,000,000,000,000 (one trillion) = **1,585** years

@ **\$1.00** per second = **32,000** years



WEIGHTY REASONS TO OFFER “DEBT MANAGEMENT” TO STUDENTS

- The number of **18 to 24-year olds** “declaring...**BANKRUPTCY**” **INCREASED**...96% in last **10** years;
- Students spend nearly **30%** of **INCOME** on “debt repayment”
DOUBLE the percentage of **1992** (today... **15%** of net income is recommended);
- During **2009**...**FORECLOSURES** reached their **HIGHEST** **RATE** in **30** years and **CONTINUES TO INCREASE** today;
- **HALF** of **ALL** Americans say they live “...**PAYCHECK TO PAYCHECK**”;
- **40%** of **ALL** Americans say they live “...**BEYOND THEIR MEANS**”;
- The U.S.A. has the **LOWEST** personal savings rate of **ANY** major industrialized nation.



Empowerment for Student Success

BY NATIONAL TESTING...

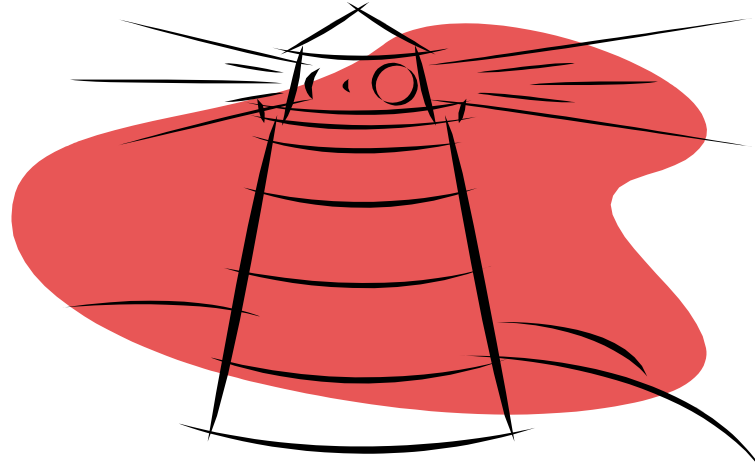
84% of students say”
**“THEY
WANT TO IMPROVE”**
...their lack of
FINANCIAL KNOWLEDGE
but don’t know **WHERE**
to obtain the information.



PROBLEMS RESULTING... FROM NOT TEACHING “FINANCIAL LITERACY”

- **STUDENTS...**
DON'T ACHIEVE...their financial goals;
- **FINANCIAL PROBLEMS...**
DO NOT GO AWAY
will follow the student into the workplace where acquiring financial knowledge and skills is often difficult to obtain;
- **DRAMATIC REPERCUSSIONS**
can result in job loss, marital problems, poor credit and in extreme cases...homelessness.





What are
“warning signs” of
financial problems...?

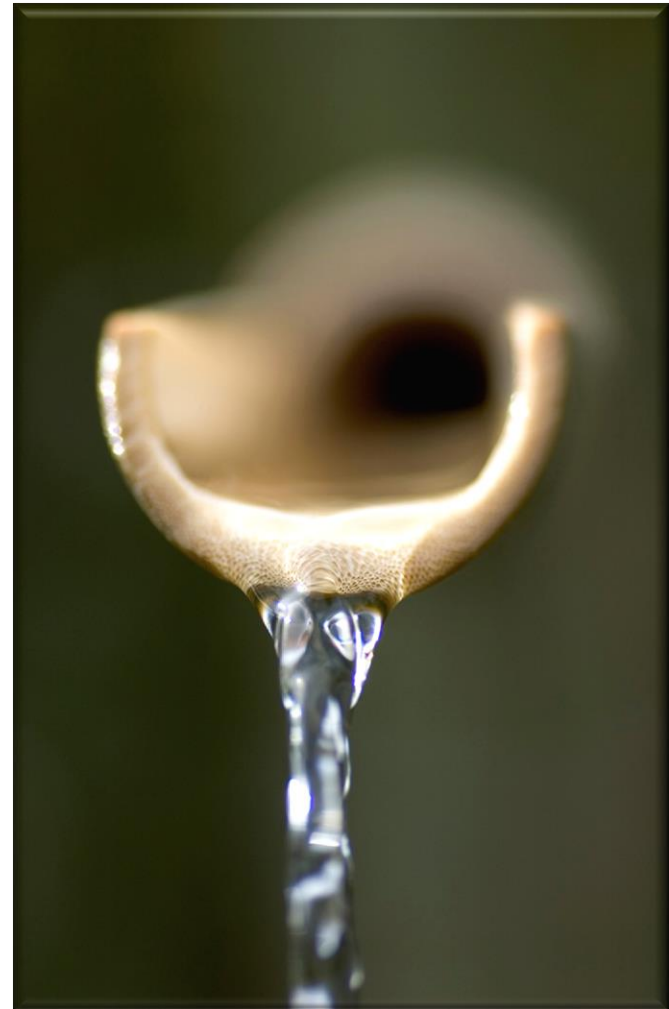


What does having
"GOOD CREDIT"
really mean...?

“FICO SCORES”
are... **FLUID**
and **EVER-CHANGING.**

ADJUSTING...

EVERY TIME
one uses, makes, or misses
a payment on a loan/credit
card or applies for credit.





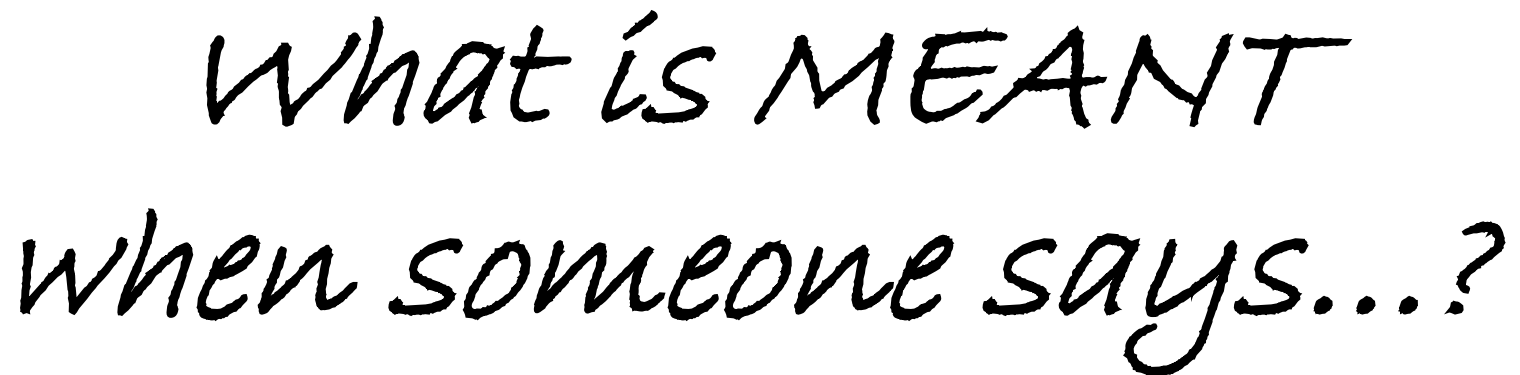
*Are "CREDIT CARDS"
really important...?*



What's
"IDENTITY THEFT"...?



*HOW MUCH DO I OWE
in student loan debt...?*



IF **UNABLE** TO MAKE
SCHEDULED STUDENT LOAN PAYMENTS...



CONTACT
LENDER/SERVICER AND
DISCUSS “OPTIONS”

“**Common Options**” INCLUDE...

DEFERMENT ● FORBEARANCE ● CONSOLIDATION



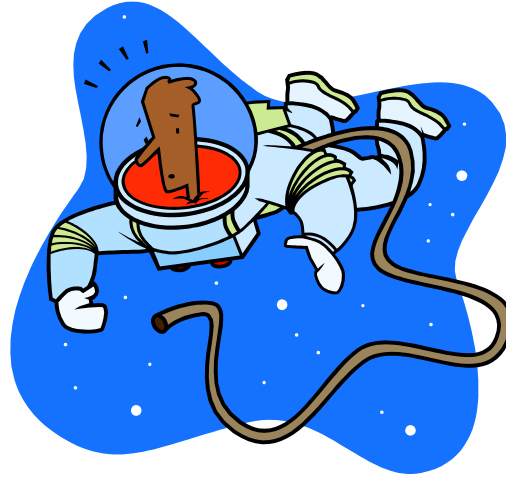
What is a "BUDGET"
and how can
I CREATE one...?



What happens
when someone
DEFAULTS....?



can
student loans
be FORGIVEN...?



CAN
I LOSE
my financial aid...?

What You Need to Know About...

SATISFACTORY
ACADEMIC PROGRESS

YOU MUST MAINTAIN...

“**SAP**”





*How do I get
through this...?*

BROWARD COLLEGE

FINANCIAL AID – STUDENT RESOURCES



FINANCIAL AID TV

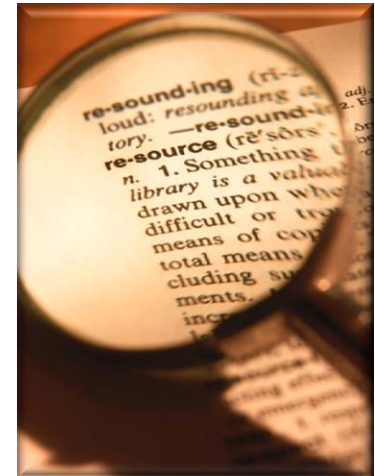
FINANCIAL LITERACY

MANAGING YOUR MONEY

PERSONAL BUDGETING

BANKING BASICS

REPAYMENT PLANS AND CALCULATORS



ncfc NATIONAL COLLEGE
FINANCE CENTER

Broward College

RECOGNITION...

2010...Broward College 9.8%

2011...Broward College 8.1%

ONE YEAR DROP IN THE CDR OF...

1.7%

Broward College

RECOGNITION...

LAST YEAR **40%**

**DROP IN “UNSUBSIDIZED”
LOAN REQUESTS.**

*LONG-TERM IMPROVEMENTS
FOR COHORT DEFAULT RATE.*

Broward College

RECOGNITION...

**STATE OF FLORIDA
DEPARTMENT OF EDUCATION**

"FINANCIAL LITERACY TOOLKIT"

*AWARDED \$60,000 GRANT
TO CREATE "FL21"
A MOBILE APPLICATION.*

FOR USE BY 28 PUBLIC COLLEGES.

AVAILABLE FALL 2014

Broward College

CONCLUSION...

EDUCATION

"Debt Management Workshop"

THE **KEY** TO RESOLVING...

"Student Loan Default"