Oh, the Places You'll Go!
with creativity, collaboration and innovation

NOVEMBER 10 - 12 • LODGE OF THE FOUR SEASONS
IDENTIFYING AT-RISK Populations for Student Loan Default

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Missouri Department of Higher Education

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Missouri University of Science and Technology

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Metropolitan Community College
AGENDA

• Student Retention
• Profiling Defaulted Borrowers
• Study by Dr. Alan Seidman, Executive Director, Center for the Study of College Student Retention
• A Case Study - Reducing Cohort Default Rates in the Canada Student Loans Program
IDENTIFYING AT-RISK STUDENTS
STUDENT RETENTION

• Students make the decision to leave school within three to four weeks
  – Subconscious or conscious decision
  – Need institutional “Velcro” to touch and hold the students immediately (create affiliation)

• Compare what your institution spends to recruit students with the amount spent to retain them
IMPACT OF STUDENT RETENTION

• Missouri
  – Out of 272,247 students who entered repayment during FFY 2009, 2010 and 2011
    ▪ 3.7% (10,095) are in default
    ▪ represents 487 institutions

  Compared to 10 Years Earlier
  – Out of 162,375 students who entered repayment during FFY 1999, 2000, and 2001
    ▪ 5.2% (8,556) were in default
    ▪ represents 553 institutions

• Greatest “avert” of default is academic success
• Early indicator of default
  – Number of course hours with a failing grade
• Different majors produce dramatically different default rates
  • Finance majors - 1.8%  General studies - 14.7%
## WHAT IS IMPORTANT TO STUDENTS?

### Strengths
- Quality of instruction is excellent
- Faculty are knowledgeable in their fields
- Able to experience intellectual growth
- Campus is safe and secure
- Good variety of courses
- Program requirements are clear/reasonable
- Faculty are available after class/during office hours
- Computer labs are adequate/accessible
- Campus is well-maintained
- Students are made to feel welcome
- Convenient ways of paying my school bill
- It is an enjoyable experience to be a student
- Library resources/services are adequate
- Class change (drop/add) policies are reasonable

### Challenges
- Classes are scheduled at convenient times
- Able to register for classes needed with few conflicts
- My academic advisor is knowledgeable about my program requirements
- Adequate financial aid is available
- School does whatever it can to help me reach my educational goals
- Faculty provide timely feedback
- Amount of student parking is adequate
- My academic advisor is knowledgeable about the transfer requirements of other schools
- Students are notified early in the term if they are doing poorly in class
- My academic advisor is concerned about my success as an individual
- Financial aid awards are announced to students in time to be helpful in college planning
- Financial aid counselors are helpful
- Parking lots are well-lighted and secure
- College shows concern for students as individuals

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Taken from 2012 National Student Satisfaction and Priorities Report: Analysis of Responses: Community, Junior, and Technical Colleges; [www.noellevitz.com](http://www.noellevitz.com)
CREATING A PROFILE OF DEFAULTED BORROWERS

• What is a defaulter profile?
  – An analysis of your defaulted borrowers for a given Cohort Period
  – A way to identify common characteristics of your institution’s defaulters

• What do you need to begin your analysis?
  – Loan Record Detail Report (LRDR)
  – Template from IFAP website

• Identify the characteristics to analyze
 IDENTIFY THE CHARACTERISTICS TO ANALYZE AND GATHER THE DATA

- Use your Cohort Default Rate Loan Record Detail Report (LRDR)
  - Age at time loan was requested
  - Loan classification
  - Academic level
  - Enrollment status

<table>
<thead>
<tr>
<th>SSN</th>
<th>LAST NAME</th>
<th>STUDENT</th>
<th>FIRST/M.I.</th>
<th>D.O.B</th>
<th>SCHOOL</th>
<th>BEGIN DATE</th>
<th>END DATE</th>
<th>ORIGINAL</th>
<th>CLASS</th>
<th>ACADEMIC LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>xxx-xx-xxxx</td>
<td>DOE</td>
<td>8183340000</td>
<td>8288630000</td>
<td>SF</td>
<td>DF</td>
<td>00/00/0000</td>
<td>06/21/2007</td>
<td>$2,625</td>
<td>10/04/2004</td>
<td>1</td>
</tr>
</tbody>
</table>
GATHER MORE DATA

• Use your institution’s records
  – Cumulative GPA
  – Test Scores
  – Academic Major
  – Gender

• Use ISIR records
  – Dependency Status
  – Federal EFC
ANALYZE THE DATA

• Total your numbers for each category
• Figure percentages based on academic classification and gender
• If needed, ask your institutional research department for help
ANALYZE THE DATA!

- Record the results onto the Department of Education Defaulted Borrower Profile Template

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>Academic Classification</th>
<th>Gender</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGE*</td>
<td></td>
<td></td>
<td>Total of 97 defaults from Cohort Fiscal Year 2006</td>
</tr>
<tr>
<td>25 yrs old &amp; younger</td>
<td>Freshman # 34, 35 %</td>
<td>Male # 27, 61 %</td>
<td>- 44 defaults were male</td>
</tr>
<tr>
<td>45%</td>
<td>Sophomore # 10, 13 %</td>
<td>Female # 17, 39 %</td>
<td>- 53 defaults were female</td>
</tr>
<tr>
<td>26 to 30 yrs olds</td>
<td>Freshman # 36, 17 %</td>
<td>Male # 7, 35 %</td>
<td>- 57 defaults were freshman</td>
</tr>
<tr>
<td>21%</td>
<td>Sophomore # 4, 4 %</td>
<td>Female # 13, 65 %</td>
<td>- 30 defaults were sophomores</td>
</tr>
<tr>
<td>20 defaults</td>
<td></td>
<td></td>
<td>*AGE at time loan was borrowed.</td>
</tr>
<tr>
<td>31 to 35 yrs old</td>
<td>Freshman # 8, 9 %</td>
<td>Male # 5, 36 %</td>
<td></td>
</tr>
<tr>
<td>13%</td>
<td>Sophomore # 6, 6 %</td>
<td>Female # 9, 61 %</td>
<td></td>
</tr>
<tr>
<td>14 defaults</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35 yrs old &amp; older</td>
<td>Freshman # 9, 9 %</td>
<td>Male # 5, 26 %</td>
<td></td>
</tr>
<tr>
<td>20%</td>
<td>Sophomore # 10, 10 %</td>
<td>Female # 14, 74 %</td>
<td></td>
</tr>
<tr>
<td>19 defaults</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CUM GPA &lt;2.0</td>
<td>Freshman # 37, 30 %</td>
<td>Male # 23, 61 %</td>
<td>39% of defaults had GPA &lt;2.0</td>
</tr>
<tr>
<td></td>
<td>Sophomore # 1, 1 %</td>
<td>Female # 15, 39 %</td>
<td></td>
</tr>
<tr>
<td>REMEDIAL PLACEMENT</td>
<td></td>
<td></td>
<td>66% of defaults had placements scores requiring at least one remedial course.</td>
</tr>
<tr>
<td>MATH</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>READING</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ENGLISH</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRADUATED</td>
<td>Freshman # 3, 3 %</td>
<td>Male # 6, 43 %</td>
<td>14% of defaults completed and graduated with a degree or certificate.</td>
</tr>
<tr>
<td></td>
<td>Sophomore # 11, 11 %</td>
<td>Female # 9, 57 %</td>
<td></td>
</tr>
</tbody>
</table>
USING THE PROFILE YOU CREATED

• Identify current students with the same characteristics
• Compare the current year’s profile to prior year’s profiles to identify trends or changes
STUDENT RETENTION

• Assess the drivers influencing retention rates:
  – Available Financial Aid
  – Support Services
  – Early-Alert System of withdrawals
  – Classes and class schedules that set students up for failure

• Low-income student persistence is directly & positively related to:
  – Financial aid counseling
  – Personal counseling
  – Academic counseling
  – Career counseling
ADDITIONAL COUNSELING

• Don’t limit counseling services to new borrowers
  – Transfer students
  – At-risk students
    ▪ Undeclared majors second year or beyond
    ▪ Large loan debt
    ▪ Lower expected salary
    ▪ Lower GPA
• Multiple times during student’s enrollment
• Vary delivery format
Missouri University of Science and Technology

A Beginner’s Approach to Default Analysis
Missouri University of Science and Technology

- Founded in 1870 as Missouri School of Mines and Metallurgy
- Became University of Missouri – Rolla in 1964 as part of the University of Missouri System
- Renamed Missouri University of Science and Technology (Missouri S&T) in 2008
Enrollment

6,146 undergraduate
- 1,237 new freshmen
- 420 new transfers

+ 1,984 graduate

8,130 students
Missouri S&T Student profile

• Midrange ACT: 26-31  SAT: 1200-1410
• 31% ranked in top 10% of high school class
• 65% growth in enrollment since 2000
• Largest minority student enrollment in school history (11%); increased minority student enrollment by 113% since fall 2000
• Largest female population in S&T history
• First year retention rate is 85%
• Six year graduation rate is 66%
Undergraduate Degree Programs

**Sciences + Computing**
- Applied Mathematics
- Biological Sciences
- Chemistry
- Computer Science
- Geology and Geophysics
- Information Science & Technology
- Physics

**Teacher Certifications**
- Social Science (History, Econ, Psych)
- Mathematics
- Biology
- Chemistry
- Physics
- Language Arts (English)

**Business + Social Sciences**
- Business & Management Systems
- Economics
- Psychology

**Arts + Humanities**
- English
- History
- Multidisciplinary Studies
- Philosophy
- Technical Communication

**Pre-Professional Advising**
- Pre-Law
- Pre-Med
- Pre-Nursing
- Pre-Veterinary

**Engineering**
- Aerospace Engineering
- Architectural Engineering
- Ceramic Engineering
- Chemical Engineering
- Civil Engineering
- Computer Engineering
- Electrical Engineering
- Engineering Management
- Environmental Engineering
- Geological Engineering
- Mechanical Engineering
- Metallurgical Engineering
- Mining Engineering
- Nuclear Engineering
- Petroleum Engineering
## Direct Cost of Education

**Estimated Cost for Fall 2013 and Spring 2014**

<table>
<thead>
<tr>
<th></th>
<th>Missouri Resident</th>
<th>Out of State Resident</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and Fees</td>
<td>$10,078</td>
<td>$24,738</td>
</tr>
<tr>
<td>Books and Supplies</td>
<td>882</td>
<td>882</td>
</tr>
<tr>
<td>Room and Board</td>
<td>8,904</td>
<td>8,904</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$19,864</strong></td>
<td><strong>$34,524</strong></td>
</tr>
</tbody>
</table>

- Tuition and Fees: budget based on average freshman course load of 29 credit hours, 11 hours of supplemental course fees, student activity, health service and IT fees.
- Room and board: based on average residential life cost for the campus population.
- **Students should also budget for approximately $2,502 in personal spending.**
<table>
<thead>
<tr>
<th>Field</th>
<th>Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace Engineering</td>
<td>$63,234</td>
</tr>
<tr>
<td>Applied Math</td>
<td>$60,200</td>
</tr>
<tr>
<td>Architectural Engineering</td>
<td>$52,514</td>
</tr>
<tr>
<td>Business &amp; Mgmt. Systems</td>
<td>$44,500</td>
</tr>
<tr>
<td>Ceramic Engineering</td>
<td>$58,770</td>
</tr>
<tr>
<td>Chemical Engineering</td>
<td>$66,460</td>
</tr>
<tr>
<td>Chemistry</td>
<td>$51,327</td>
</tr>
<tr>
<td>Civil Engineering</td>
<td>$53,497</td>
</tr>
<tr>
<td>Computer Engineering</td>
<td>$62,915</td>
</tr>
<tr>
<td>Computer Science</td>
<td>$64,772</td>
</tr>
<tr>
<td>Economics</td>
<td>$60,667</td>
</tr>
<tr>
<td>Electrical Engineering</td>
<td>$61,873</td>
</tr>
<tr>
<td>Engineering Management</td>
<td>$60,725</td>
</tr>
<tr>
<td>English</td>
<td>$26,667</td>
</tr>
<tr>
<td>Environmental Engineering</td>
<td>$58,492</td>
</tr>
<tr>
<td>Geological Engineering</td>
<td>$59,775</td>
</tr>
<tr>
<td>Geology &amp; Geophysics</td>
<td>$56,800</td>
</tr>
<tr>
<td>History</td>
<td>$31,333</td>
</tr>
<tr>
<td>Information Science &amp; Tech.</td>
<td>$54,280</td>
</tr>
<tr>
<td>Mechanical Engineering</td>
<td>$61,053</td>
</tr>
<tr>
<td>Metallurgical Engineering</td>
<td>$63,306</td>
</tr>
<tr>
<td>Mining Engineering</td>
<td>$66,348</td>
</tr>
<tr>
<td>Nuclear Engineering</td>
<td>$62,000</td>
</tr>
<tr>
<td>Petroleum Engineering</td>
<td>$84,700</td>
</tr>
<tr>
<td>Physics</td>
<td>$66,667</td>
</tr>
<tr>
<td>Psychology</td>
<td>$33,050</td>
</tr>
<tr>
<td>Technical Communication</td>
<td>$56,333</td>
</tr>
</tbody>
</table>

Overall Average: $59,994
Borrower Information

- 3422 federal student loan borrowers, 44.7% of student population
- Average graduate student borrowed $16,049
- Average undergraduate student borrowed $6,571

Cohort Default Rates

2010 3 year: 5.3  2009 3 year: 5.3
Understand the Who’s and Why’s of Default

- Fall 2013, began analyzing defaulted borrower data
- Attempt to understand why students are defaulting
  - to determine targeted, useful and measurable interventions
  - eliminate ineffective practices
  - making the best use of our resources.
- Data will be useful in making the connection between loan default and student success during campus collaboration.
Understand who is Defaulting

Step 1 - Conduct analysis to identify sources of default risk

Step 2 - Create measurable interventions/steps

Step 3 - Describe actions to be taken to reduce default

Step 4 - Review and revise as necessary
Understanding why Students Default

- Early Withdrawal
- No Exit Counseling
- No Job in Profession
- Certain Majors
- Student Employment
- Academic Preparedness
- Academic Probation
- Excessive Debt

- Multiple Servicers
- Finances/Need
- Relationship Issues
- Physical & mental health challenges
- Transportation
- Housing
- First generation: No role models or family support
Getting started: Common Data Points

- First Time student
- Transfer student
- Average GPA
- Hours completed
- Graduated
- Number of terms completed
- Program of study
- Major course of study
- High School Attended
- HS diploma/GED/Homeschool
- First Generation
- Academic Progress
- EFC range
What did we do?

• Reviewed Loan Record Detail Report (LRDR) to find borrowers who were included in both the numerator and denominator of the calculation
• Added student ID to the report to pull data from PeopleSoft
• Added a comment code, in batch, to each of the students in the sample
• Developed a query to pull common data points for students with the specified comment code
What did we discover?

Academics:
12% Graduate students
97% did not complete degree

88% Undergraduate students
94% did not complete degree
23% earned between 0-29 credit hours
17% earned between 30-59 credit hours
12% earned between 60-89 credit hours
48% earned 90 or more credit hours
• 69% did not complete a degree
• Average GPA 2.44

Academic Breakdown by Major:
13% Undecided
39% Non-Engineering
48% Engineering

63% First Time College students
37% Transfer Students

Demographics:
37% First Generation
70% Pell EFC Range  43% 0 EFC

28% below 2.0 GPA
65% below 2.5 GPA
88% below 3.25 GPA
Challenges along the way

- Staff resources
- Format of data
- Working with other offices
- Working with older data

I’m sorry to say so but, sadly it’s true that bang-ups and hang-ups can happen to you.
– Dr. Seuss
Oh, the places we’ll go

• Now that we’ve reviewed some basic institutional data, we plan to look at factors beyond the institution
  • Multiple servicers?
  • Enroll elsewhere?
  • Did they begin repayment?

• Share data with important on-campus partners to develop and improve default prevention plan
Metropolitan Community College

Seasoned defaulter profile veterans
Borrower Information

- 4,356 federal student loan borrowers, 20% of student population
- Average undergraduate student borrowed $5,039

Cohort Default Rates

2010 3 year: 20.7  
2009 3 year: 16.8
Understand the Who’s and Why’s of Default

• Spring 2007, began analyzing defaulted borrower data, retroactively created defaulter starting with 2002 Cohort year.
• Understanding why students default has allowed us to
  – get buy-in from officers for process changes (more personnel for individualized counseling)
  – eliminate ineffective practices
  – making the best use of our resources
• Student success measures have become more important to the college as a whole, and intervention techniques base on these findings are spreading beyond the financial aid office.
Common Data Points

- Age at time loan was borrowed
- Average GPA
- Placement test scores
- Graduated
- Number of terms completed
- Program of study
- Major course of study
- High School Attended
- HS diploma/GED/Homeschool
- Satisfactory Academic Progress status
- EFC range
What did we do?

• Reviewed Loan Record Detail Report (LRDR) to find defaulted borrowers
• Added a service indicator, in batch, to each of the students
• Developed a query inside PeopleSoft, using SSN from LRDR, to pull common data points for students
• Manually calculated/counted data points that could not be queried.
What did we discover?

Academics:
79% did not complete degree

64% seeking Associate in Arts degree

77% were freshman at time loan was awarded

9% sent ACT scores to MCC
50% of ACT scores received were <20

86% of defaulters had placement test scores requiring at least one remedial course.

M/F:
44% male
56% female

73% <30 y/o at time loan was borrowed
- Fairly even m/f split among borrowers younger than 30.
- In borrowers older than 30 female defaulters are significantly higher.

34% had a GPA <2.0
CENTER FOR THE STUDY OF COLLEGE STUDENT RETENTION

Dr. Alan Seidman
Executive Director: Center for the Study of College Student Retention
Editor: Journal of College Student Retention: Research, Theory & Practice
Author: College Student Retention: Formula for Student Success
RETENTION IS AN INSTITUTION WIDE PROCESS

• Linking Services
• Faculty Involvement
• Campus Community Involvement
DEFINING RETENTION/ATTRITION

- **Program Retention** - Tracks the full-time, first time student in a degree program over time to determine whether the student has completed the program.

- **Course Retention** - The number of students enrolled in each credit course after the course census date and the number of students who successfully complete the course with an A-D grade at the end of the semester.

- **Student Retention** - If a student does not enroll for two consecutive regular semesters, determine whether the student has achieved his/her academic and/or personal goals.

- **Your College Definition**
“Student involvement” refers to the amount of physical and psychological energy that a student devotes to the academic experience.

Highly involved student who devotes considerable energy to studying, participates in student organizations, and interacts frequently with faculty members, is more committed to the institution.

The more committed to the institution, the higher likelihood of success.

Anything that is done to enhance a student’s commitment to a goal and to the institution should further enhance his/her social and academic integration, and therefore promote retention.

EARLY IDENTIFICATION

• Prior to Enrollment
  – Use college specific data as an initial screening tool
  – At application through the examination of academic records and recommendations

• After Enrollment
  – Use faculty knowledge of student behaviors to help define the “student at risk”
  – Faculty should be able to submit names anytime during the term
  – Follow-up with faculty
EARLY INTERVENTION

• Assessment
• Diagnosis
• Intervention
• Follow-up
LOOK AT YOUR PROGRAMS AND SERVICES

Do they:

• Help bond students to students?
• Help bond students to the college?
• Identify specific deficiencies?
• Remediate deficiencies?

Seidman Says:

“Do not recruit students to your campus who will not be successful unless you are willing to provide programs and services to help overcome deficiencies. Philosophy does not have to follow finance.”
A CASE STUDY – REDUCING COHORT DEFAULT RATES IN THE CANADA STUDENT LOANS PROGRAM
AN EFFECTIVE APPROACH?

- Canada Student Loans Program (CSLP) uses a three-Year CDR
- Outstanding Portfolio of $10-billion and 960,000 borrowers
- Canada’s CDR is based on $$$ entering default within 3-years of repayment
- CSLP’s 3-year CDR declined from 28% in 2004 to 16% in 2008 (43% reduction)
- What led to this significant improvement over past five years?

![CSLP 3-Year Cohort Default Rates](chart.png)

<table>
<thead>
<tr>
<th>Repayment cohort</th>
<th>Default Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>03-04</td>
<td>28%</td>
</tr>
<tr>
<td>04-05</td>
<td>19%</td>
</tr>
<tr>
<td>05-06</td>
<td>17%</td>
</tr>
<tr>
<td>06-07</td>
<td>16%</td>
</tr>
<tr>
<td>07-08 (F)</td>
<td>16%</td>
</tr>
</tbody>
</table>
COLLABORATIVE WORK WITH BUSINESS PARTNERS

- Canada attributes lower CDR to impact of coordinated and collaborative default reduction plan
- CSLP involved schools and third party service provider
- Created Portfolio Management Committee
- Held monthly meetings
  - Emphasis on tracking performance measures, leading indicators, analysis of trends, and debating issues
  - Effort to identify, implement and monitor portfolio strategies and initiatives that lower CDR
ANALYTIC APPROACH TO INITIATIVE

- Define Key Performance Indicators (KPIs)
- Establish Baseline Performance & Target Goals for KPIs
- Brainstorm programs to improve performance
- Evaluate and prioritize programs based on impact and ease of implementation
- Establish Pilot programs using test and control groups
- Measure and monitor results
- Go/No-Go Decision based on agreed upon success criteria
USE OF RISK-BASED SEGMENTATION

• What were CSLP’s Key Performance Indicators?
  – First Payment Delinquency Rate
    • “First Payment Delinquency” most significant indicator of default
  – Non-First Payment Delinquency Rate
  – Cure and Aversion Rate
  – Cohort Default Rate

• The goal is to maximize portfolio performance by optimizing use of available resources

• Allows for continuous “drilling down” into portfolio to improve understanding, performance and reduce defaults

• A proven methodology based on historical data allows for informed decision making
RISK-BASED SEGMENTATION DEFINED

- Identify segments of students who have common characteristics that have higher propensity to become delinquent and subsequently default
  - Highest Risk
  - High Risk
  - Medium Risk
- Design customized program for these students to reduce withdrawal/drop out
- Implement customized programs where timing of intervention, contact frequency, messaging, and overall approach is targeted based on key performance indicators and risk characteristics
Why Risk-based Segmentation?

- The “one size fits all” approach is not effective
- Past performance is a good predictor of future performance
- Different groups of student borrowers can be “clustered” together based on their specific situation and unique needs
- Targeted programs can be developed and effectively deployed based on the specific needs of each unique “cluster”
- Resources (human, technical, financial, etc.) are limited
HOW DID CANADA IMPLEMENT?

- Design targeted, tailored counseling program based on specific “clusters” or “segments” of borrowers
- Identify key characteristics/attributes of all student, including students retained and those withdrawn
- Develop predictive models based on historical data
- Measure, monitor and report Key Performance Indicators and performance trends over time
- Recalibrate assumptions where required
PILOT ASSUMPTIONS WERE CONFIRMED

First Payment Delinquency Rate
Risk Segment: VERY HIGH

First Payment Delinquency Rate
Risk Segment: HIGH

First Payment Delinquency Rate
Risk Segment: MEDIUM

Counselled  Not Counselling

Month

FPD Rate


Month

FPD Rate


Month

FPD Rate

SIGNIFICANT SUCCESS!

• Based on success of pilot, the program was rolled out
• CSLP engaged servicer to provide counseling services using performance-based compensation structure
• First Payment Delinquencies fell 73% (45% to 12%) since counseling began
• What was the impact on Canada’s overall CDR?

“First Payment Delinquency” fell by 73%
OVERALL IMPACT ON CDR REDUCTION

- CSLP’s CDR declined by 43% (from 28% to 16%) since 2004 - due largely to lower First Payment Delinquencies
- Two new initiatives currently underway:
  - Entrance/Exit on-line counselling and information
  - Early Withdrawal Counselling

![Graph showing 43% decrease in CDR since 2004]
CONTRIBUTING FACTORS

- Recession and very tough job market
- Soaring CDRs and increasing public scrutiny
- Evaporating subsidies and tightening budgets
- Poor financial literacy and growing indebtedness
- Increasing borrower confusion about who holds loans
  - Traditional FFELP Loans
  - Direct Loans
  - FFELP or DL Consolidations
  - FFELP “Put Loans” transferred to ED
  - Traditional Campus-Based Perkins Loans
  - Perkins Direct Loans
  - Alternative Loans
What do Missouri students say?
ONE KEY THING TO PREPARE YOU FOR YOUR STUDENT LOAN OBLIGATIONS

• More counseling
  – Payment plans
  – Consolidation options
  – Interest rate lock-ins
  – Programs to reduce debt
• Stronger recommendation and caution regarding acceptance of too many (or too large) loans
• Better explanation of terms and interest rates of repayment
• More information regarding scholarships
• Counseling and job placement regarding reducing prospective loans through part-time work
• Require counseling annually
One thing that would make me feel more financially secure would be to:

1. Have more money in savings (11%)
2. Have less debt (72%)
3. Have job security (4%)
4. Have more control over my finances (13%)
BUILDING A SUCCESSFUL FINANCIAL LITERACY PROGRAM

• The key is finding the model that works best for your students
• There isn’t a “right” or “wrong” method
• Create opportunities for collaboration
• Provide a hands-on approach
• Use headlines to introduce subjects
• Look for teachable moments
TEMPLATE FOR CREATING A PROFILE OF A DEFAULTED BORROWER

DR. ALAN SEIDMAN’S RETENTION STUDY

http://cscsr.org/docs/RetentionFormulaUpdateForWeb2006.pdf
In order to effectively serve your students, all offices must work together.
Questions?

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