



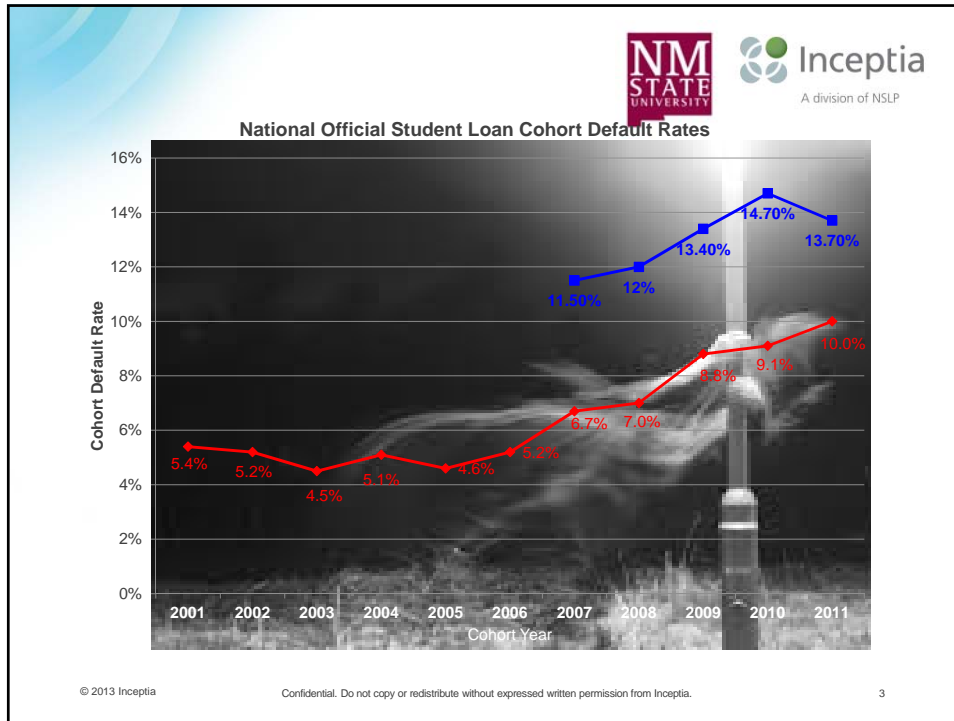
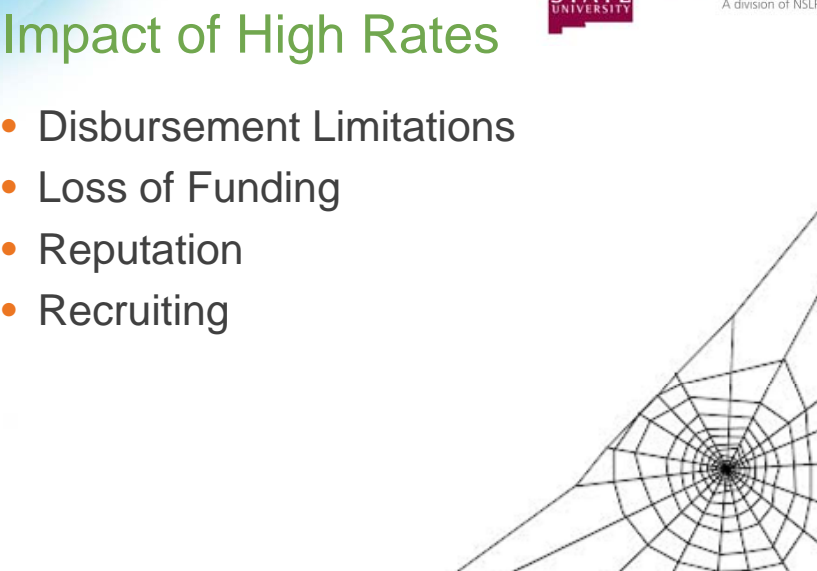
One Thing 100% of Schools Should Care About: Tending to Your Default Rate

SWASFAA

Janie Merchant, New Mexico State University

Dave Macoubrie, Inceptia






Impact of High Rates

- Disbursement Limitations
- Loss of Funding
- Reputation
- Recruiting



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Unmasking the Cohort Default Rate





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Plan of Attack

- Be proactive
- Be cost efficient

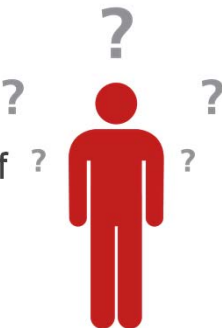


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Questions

- Who can I help?
- How do I help?
- How do I measure success?
- Do I have the right number of staff and the optimal hours of Operation?
- How will I train staff initially and ongoing?



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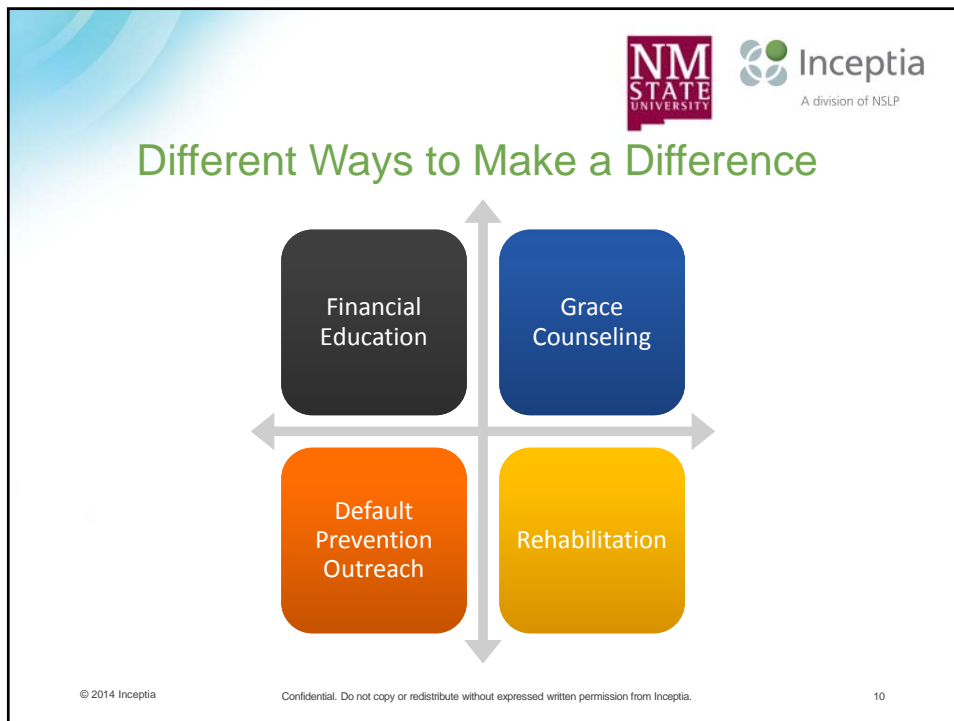
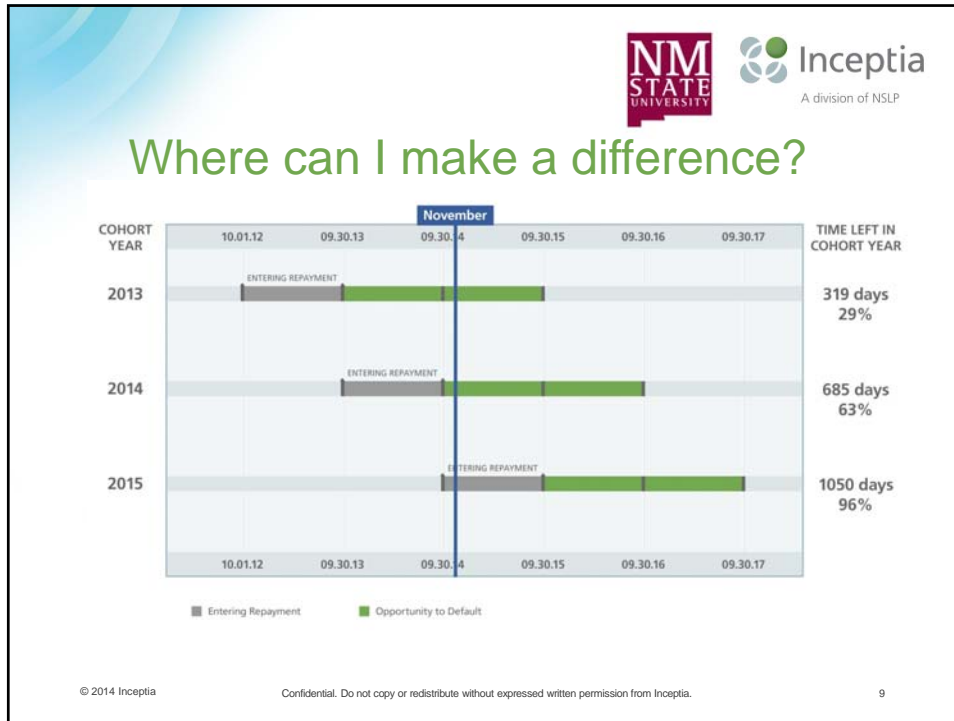


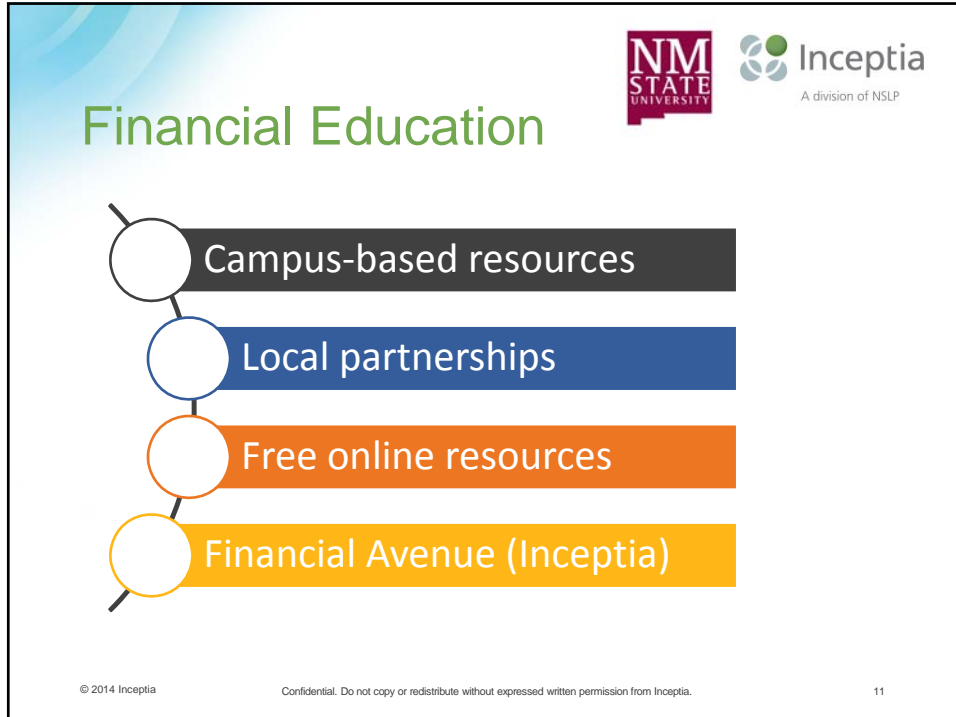
Creating an Effective Team

- Get buy-in from campus leadership
- Represent all parts of the institution (including management) which can contribute to default risk reduction activities

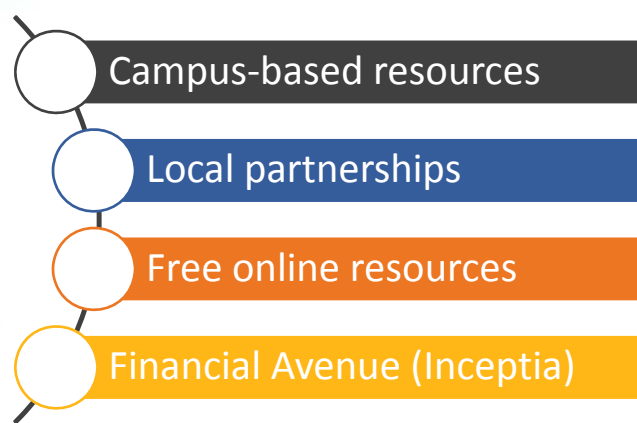


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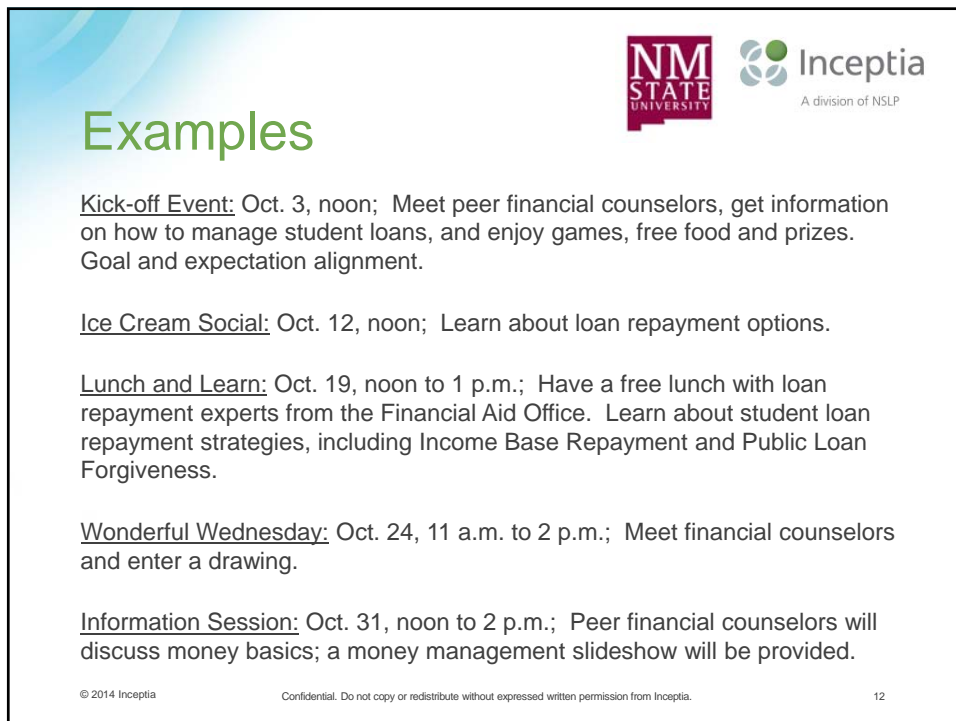


Financial Education



- Campus-based resources
- Local partnerships
- Free online resources
- Financial Avenue (Inceptia)

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Examples

Kick-off Event: Oct. 3, noon; Meet peer financial counselors, get information on how to manage student loans, and enjoy games, free food and prizes. Goal and expectation alignment.


Ice Cream Social: Oct. 12, noon; Learn about loan repayment options.

Lunch and Learn: Oct. 19, noon to 1 p.m.; Have a free lunch with loan repayment experts from the Financial Aid Office. Learn about student loan repayment strategies, including Income Base Repayment and Public Loan Forgiveness.

Wonderful Wednesday: Oct. 24, 11 a.m. to 2 p.m.; Meet financial counselors and enter a drawing.

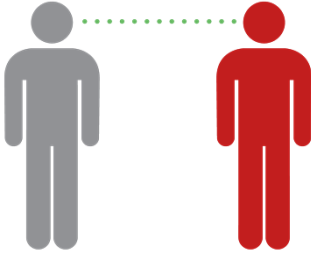
Information Session: Oct. 31, noon to 2 p.m.; Peer financial counselors will discuss money basics; a money management slideshow will be provided.

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Grace Counseling

- ✓ Send E-mails
- ✓ Make Telephone Calls
- ✓ Offer Financial Education





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Default Prevention Outreach

- Providing students with individualized attention and guidance to help them take responsibility for their student loans
- Assisting them in finding the right solution and encouraging them to take the action necessary to resolve their delinquency



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Who can I help?

- How many students are delinquent?
- Do I work with all delinquent borrowers or only those that are in active cohort years?
- How many students do I need to help to make a difference?
- Do I have the tools to send letters and e-mails efficiently?
- Is my office secure?



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How do I help?

- ✓ Make Telephone Calls
 - ✓ Verify identity before providing any information
 - ✓ Have the servicer name and telephone number quickly available
 - ✓ Call at different times of day and days of week
 - ✓ Provide a call back number when you leave messages
 - ✓ Have forms ready to be e-mailed
 - ✓ Conference call student with servicer when possible



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How do I help?

- ✓ Send letters
 - ✓ Can include Personally Identifiable Information
 - ✓ Include the servicer name and telephone number for them to call directly if they choose
 - ✓ Include a telephone number they can call back to
 - ✓ Include self-help websites if you have them
 - ✓ Include a personalized signature line if possible
 - ✓ Try different types of envelopes and colors to entice them to open



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How do I help?

- ✓ Send E-mails
 - ✓ Protect Personally Identifiable Information
 - ✓ Use multiple addresses when possible
 - ✓ Allow them to “op-out” if they choose
 - ✓ Include a telephone number they can call back to
 - ✓ Include self-help websites if you have them



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Rehabilitation

- ✓ Why should I care?
 - ✓ Borrowers who default and are rehabilitated before the end of the cohort period are removed from your cohort default rate.
- ✓ Requirements
 - ✓ Defaulted borrower makes 9 on-time payments in 10 months and completes all required paperwork
- ✓ Who is doing it now?
 - ✓ Department of Education Collection vendors
- ✓ Should I hire a vendor for this?
 - ✓ How will you evaluate their success?
 - ✓ If they were performing default prevention for you why can they get a rehabilitation but not prevent the borrower from defaulting.

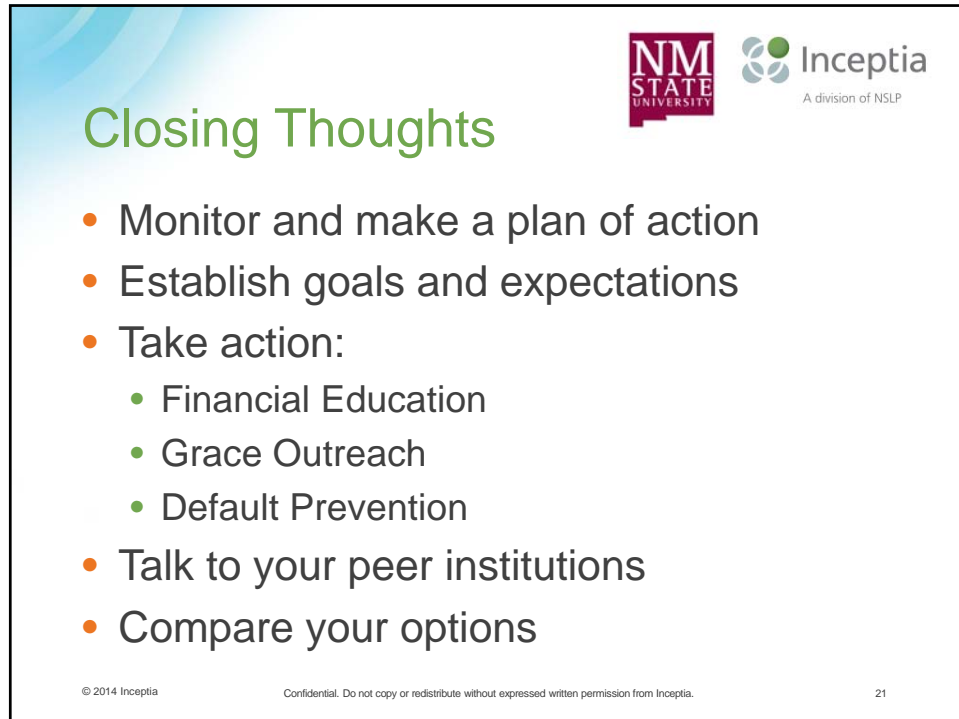
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Vendor Qualifications

- What is their experience?
- What type of data security protocols do they employ?
- Are they transparent? (Can I see what they are doing and listen to recorded calls?)
- Does their pricing align my goals with theirs?
- What type of training do they offer their counselors and how often?
- How do they address privacy laws?
- How can I be assured that they will treat my students the way I treat my students?

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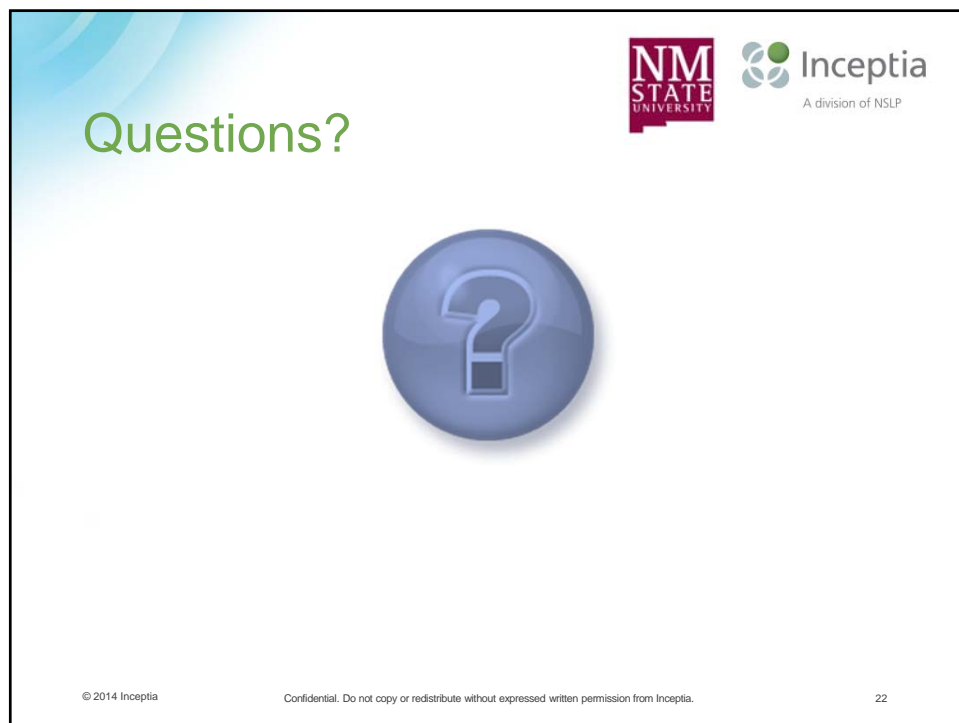




 

Closing Thoughts


- Monitor and make a plan of action
- Establish goals and expectations
- Take action:
 - Financial Education
 - Grace Outreach
 - Default Prevention
- Talk to your peer institutions
- Compare your options

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Questions?



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The slide features a blue gradient background on the left side. At the top right, there are logos for NM STATE UNIVERSITY and Inceptia (A division of NSLP). The central text is 'CONTACT INFORMATION' in green, underlined with a yellow line. Below this, there are two columns of contact information. The left column includes the Inceptia logo and contact details for Dave Macoubrie. The right column includes the NM STATE UNIVERSITY logo and contact details for Janie Merchant. At the bottom, there is a copyright notice for Inceptia, a confidentiality disclaimer, and the page number 23.

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