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Tradition, Transformation, Innovation

Baltimore, Maryland

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Session 9

DEFAULT PREVENTION Best Practices

Marcia Coleman

Georgia Higher Ed. Asst. Corp.

Larry B. Eadie

U.S. Department of Education

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Peer Financial Counseling (PFC) Program

- **History**
- **Content**
- **Pilot Programs**
- **Recruitment & Training**
- **Marketing & Advertising**
- **Presentations**
- **Conclusion**



History of PFC Program

In October 1999, the Georgia Student Finance Commission (GSFC) announced that its guarantor division, the Georgia Higher Education Assistance Corporation (GHEAC), could use the interest earnings from one of its Federal Reserve Funds to develop default reduction initiatives. GHEAC was brainstorming ideas of how to involving students in default prevention methods. Therefore, the Executive Director of GSFC invited ideas to help students avoid defaulting on their student loans.

The University of Georgia's (UGA) Office of Student Financial Aid proposed a peer counseling program and began working with Georgia Higher Education Assistance Corporation (GHEAC). It was then discovered that UGA's College of Family and Consumer Sciences had already begun working with a group of students to develop a peer counselor program to help students to live on a budget. Through each of these entities, the PFC program was born.



Content of PFC Program

Content created by and for students

“Best way to reach students is using their peers to provide valuable information and experiences that they can relate to and be applied to their daily lives.”

Four Lesson Modules

- **Making It On a College Budget: The Basics**
- **Staying On Good Terms: Credit & Debt**
- **Choosing To Understand: Student Loans**
- **Becoming a Millionaire: Savings & Investments**

Program Guide

- **Comprehensive guide on how to set up your PFC program**
- **All materials included**

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PFC Pilot Programs

- **First pilots Fall 2001, program released January 2002**
- **University of Georgia and Clark Atlanta University**
- **Total of 35 student volunteers trained and certified**
- **Funding of staff (interns/student workers) for program**



Recruitment & Training

How To Recruit

- **Through your FAO begin process of recruiting**
- **Use campus media resources to recruit**

Where To Recruit

- **Get the word out through campus newspapers &**
- **radio stations**
- **Utilize flyers, brochures, entrance/exit counseling as**
- **opportunity to get the word out**



Recruitment & Training

Student Volunteers

- **Accept applications from students with background or**
- **experience in business, accounting, counseling**
- **Ask for at least one on-campus reference**
- **Thoroughly check on-campus references**
- **Carefully screen applications for student coordinator position**



Recruitment & Training

Student Coordinator

- **Out of pool of student volunteers**
- **Responsible for day-to-day operations of PFC program**
- **Paid position; one possible resource is FWS program**



Recruitment & Training

Training is KEY!

- **Goal is to have all PFC volunteers well-versed on presented materials**
- **All counselors undergo structured training process**
- **Observe strict guidelines**
- **Volunteer Agreements & Confidentiality Statement**
- **Dress Code**
- **Information Sheet**
- **Training & Certification Process**



Presentations

Scheduling Your Sessions

- **Based on the convenience of the participants is important**
- **Establish a time the will allow most participants**
- **Student coordinator will be confirm presentations and contact volunteers to give schedule**
- **Trainers are scheduled on a first come, first-serve basis or as necessary to insure all trainers remain active**
- **Student coordinator or FAO representative responsible for acquiring all materials day of presentation**



Presentations

Equipment

- **Requesting group generally provides meeting areas and equipment**
- **Presentations are set up for PowerPoint, but overhead transparencies can be made**
- **Duplicate handouts, included in Program Guide**



Conclusion

The PFC program is available for use by any institution. To date, the program has been highly successful and is requested by schools, various organizations, students, professors more and more each day. The sole purpose of this program is to educate and enhance information to students creating more responsible borrowers, therefore helping to reduce default rates.

All PFC materials, handouts and program guide are available at:

www.gsfc.org

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Default Management - Overall Goal - Lifetime Fix

- **Reduce at-risk factors or their impacts**
- **Enhance financial skills**
- **Reduce Cohort Default Rates**
- **Improve retention**
- **Reinforce consistent repayment behavior**



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Types of Problems

- **34%--Housing**
- **16%--Financial Aid**
- **14%--Personal**
- **8%--Academic**
- **5%-- Activities**
- **<5%-- Judicial, Parking, Athletics, Safety, Desire to Withdraw, Meal Plan, Disability, Diversity, and Other**



Credit and debt counseling agencies

- **Educate students on how to manage their finances**
- **Build sound financial future**
- **Promote successful loan repayment**
- **Reduce defaults**



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***Default management plans
are ineffective...***

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- **Proven success when plans are implemented and executed**
- **Plan pulls together people & resources for a common goal**
- **Essential ingredients:
Institution-wide “buy-in”
Senior Management involvement**



Elements of a DMP

- **Establish a default management team**
- **Identify offices involved in the delivery of student financial aid**
- **Determine staff represented (president, senior administration & middle management)**
- **Select a leader from senior administration**
- **Consider other potential team members (student representative, faculty)**



Why have Best Practices?

- **Keep your borrowers in school**
- **Control your Cohort Default Rate**
- **Reduce defaults overall**



- **Debt management seminars for freshman and seniors (mandatory) - taught by a business professor**
- **After exit counseling, borrowers are given a loan information card resembling a credit card, it provides the names and phone numbers of the institution's lenders and default management office specialists.**



- **Increase endowment funds to award 2/4-year scholarships vs.. Annual scholarships**
- **References collected each fall and spring registration that include additional and new references from the ones collected on the promissory note.**
- **All students must go through loan counseling each year prior to disbursements**



- **School is allowed to visit and check third party's progress, records, taped phone conversations, letters sent.**

(Third party charges small tracking fee, but does not charge other fees unless successfully meet goals (performance-based)).
- **Establish a job location and development coordinator (increase % of students employed).**



- **Internships/co-ops to enhance job skills.**
- **Student wanting additional loan funds must justify in writing and go through more rigorous counseling.**
- **Use tutors (funded through FWS), progress reports to advise and limit course loads for academically challenged students.**



**The Department has
resources to assist with
default prevention**



***We appreciate your
feedback and comments.
We can be reached:***

Larry B. Eadie

U.S. Department of
Education

Phone: (917)-741-8626

Fax: (718)-488-3172

Email:

larry.eadie@ed.gov

Marcia Coleman

Georgia Higher Ed. Asst. Corp.

Phone: (770)-724-9174

Fax: (770)-724-9131

Email:

marciac@mail.gsfc.state.ga.us



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Thank You!



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