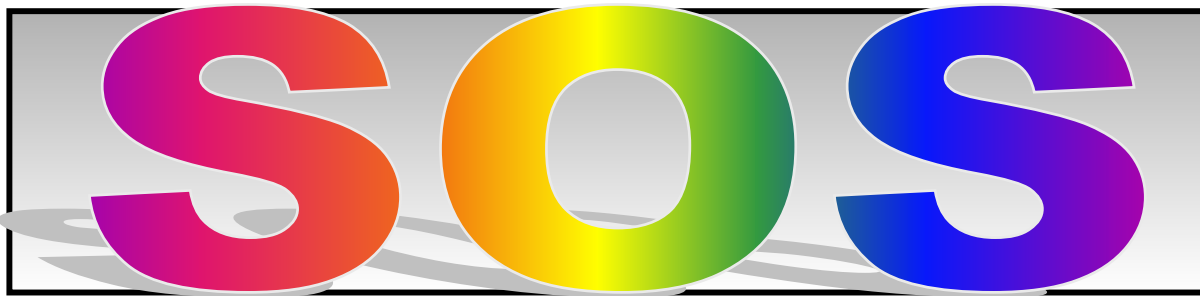




# Save One Student





# Agenda



SOS



**Save One Student**



**A National Perspective  
on Defaults**



**Proven Programs at  
Texas A&M University**



**Late Stage Delinquency  
Assistance**



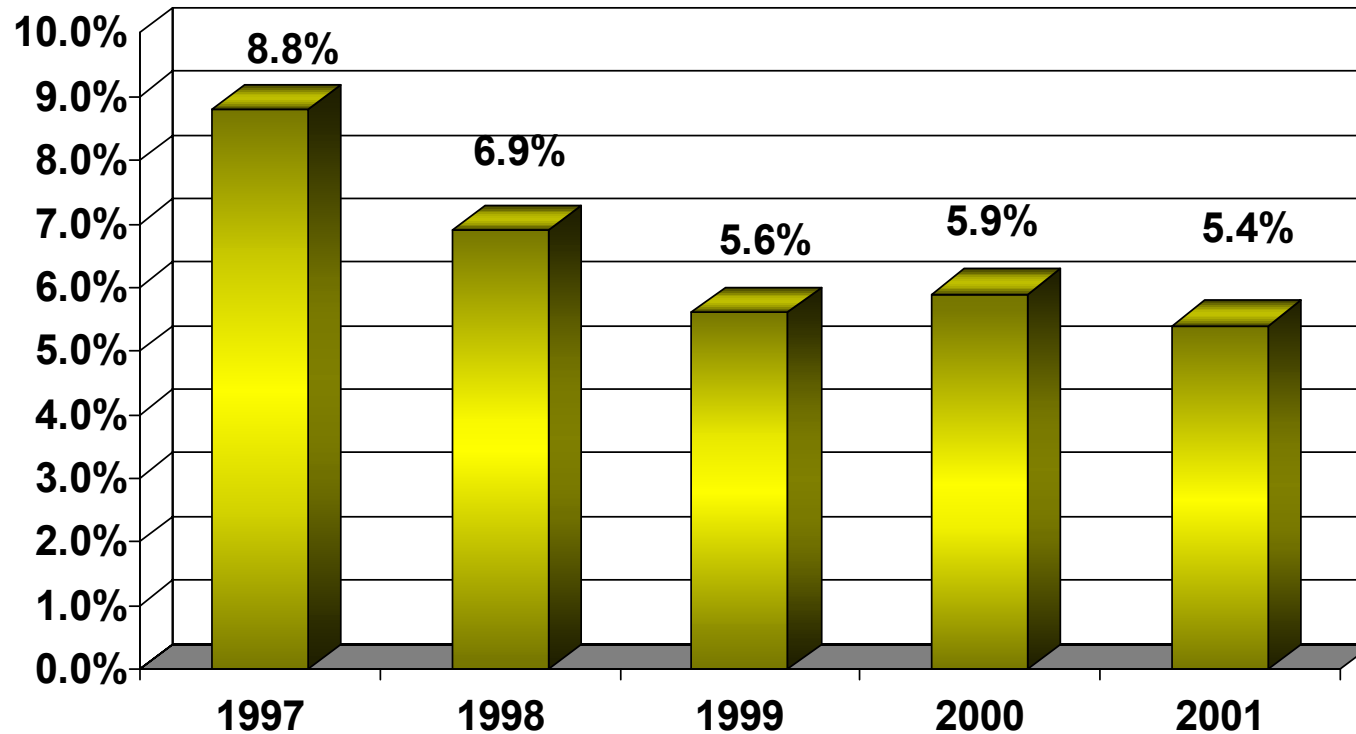
LSDA



**LSDA at Rutgers**



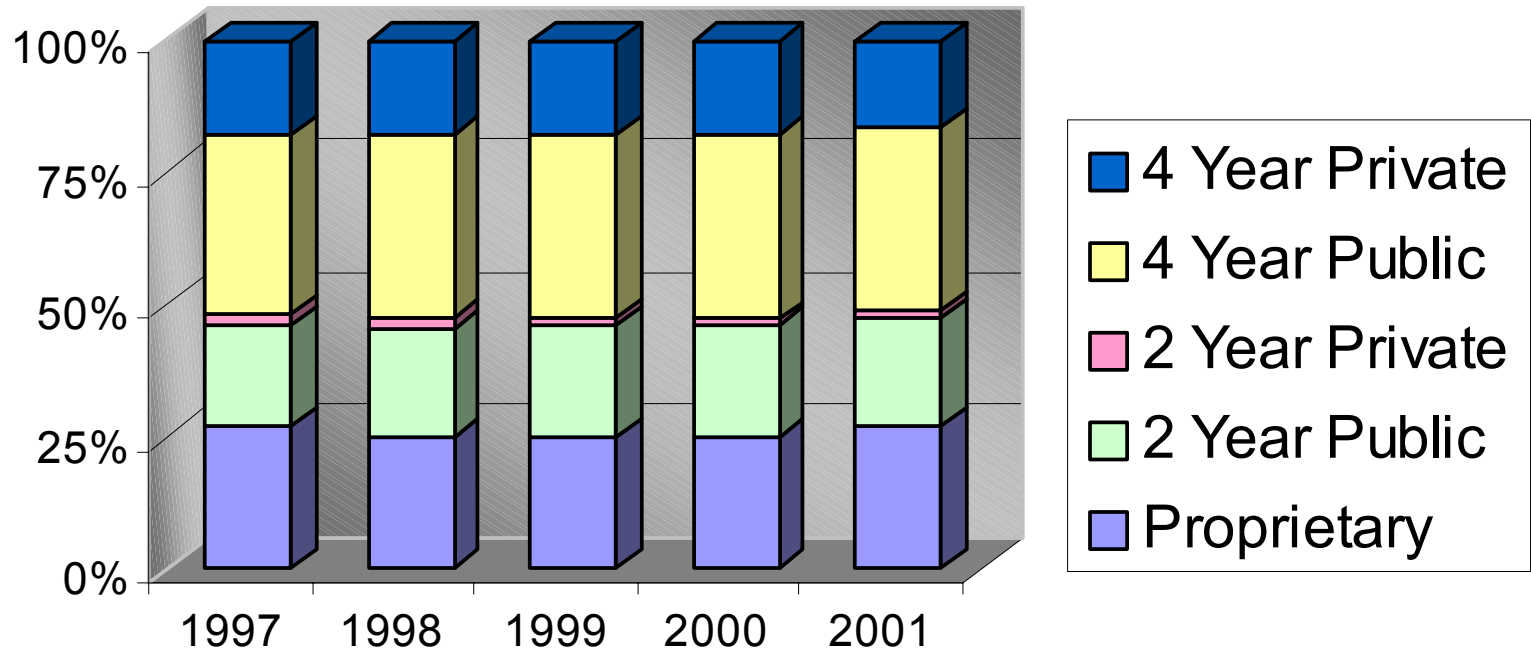
# Official Cohort Default Rates





# Makeup of Cohort Rate

Cohort Default Contribution by School Type





# Proven Programs at Texas A&M University

NASFAA Annual Conference  
July 20, 2004

Arnold Trejo



# Why Is this Important?

## The Boundless Benefits

### Economic

#### Public

- Increased Tax Revenues
- Greater Productivity
- Increased Consumption
- Increased Workforce Flexibility
- Decreased Reliance on Government Financial Support

#### Private

- Higher Salaries and Benefits
- Employment
- Higher Savings Levels
- Improved Working Conditions
- Personal/Professional Mobility

### Social

- Reduced Crime Rates
- Increased Charitable Giving/Community Service
- Increased Quality of Civic Life
- Social Cohesion/Appreciation of Diversity
- Improved Ability to Adapt to and Use Technology

- Improved Health/Life Expectancy
- Improved Quality of Life for Offspring
- Better Consumer Decision Making
- Increased Personal Status
- More Hobbies, Leisure Activities



# How Are Enrollment Management and Default Management Linked?

**Did Student Graduate? Yes 3.42% No 15.84%**

**Did Student Fail a Class? No 2.38% Yes 11.55%**

**Classification at Last Enrollment:**

**Freshman 21.75% Junior 13.22%**

**Sophomore 15.59% Senior 5.01%**



# Enrollment Management Issues and Default Prevention Action Items

- Aggressive immediate academic support
- 100% money management requirement
- Gather data – research and write
- Diminish negative factors
- Publicize success stories





# Case Studies and Approaches

The University of Texas Pan American Story  
Texas A&M University Challenge



# UT Pan American Story

- Regional University
- Enrollment: 13,000
- 1<sup>st</sup> Generation College Students
- Predominantly Hispanic Student Population
- Commuters
- Economic Condition: Low per capita income, double-digit unemployment rates



# UTPA Strategy

- Cohort default rate hit 20.9% in FY92
- Development of a Default Prevention Model
  - Statistical Analysis
  - Packaging Philosophy
  - Human Resources
  - Borrower Education
  - Alliance Building
  - Technology



# UTPA Results

■ 1992 Published Rate	20.9%
■ 1993 Published Rate	19.2%
■ 1994 Published Rate	18.2%
■ 1995 Published Rate	16.2%
■ 1996 Published Rate	13.3%
■ 1997 Published Rate	11.0%
■ 1998 Published Rate	9.6%
■ 1999 Published Rate*	5.9%

---

\* Source: TG published rate as of summer 2001.



# Overview of Texas A&M University

- 45,853 Students 37,050 Undergraduates Fall Head Count 2002.
- 37,050 Students on some form of Financial Aid for AY 2002 -2003.
- Process over 275 Million in Financial Aid Awards in AY 2002- 2003.
- 112 Million in Student Loans.



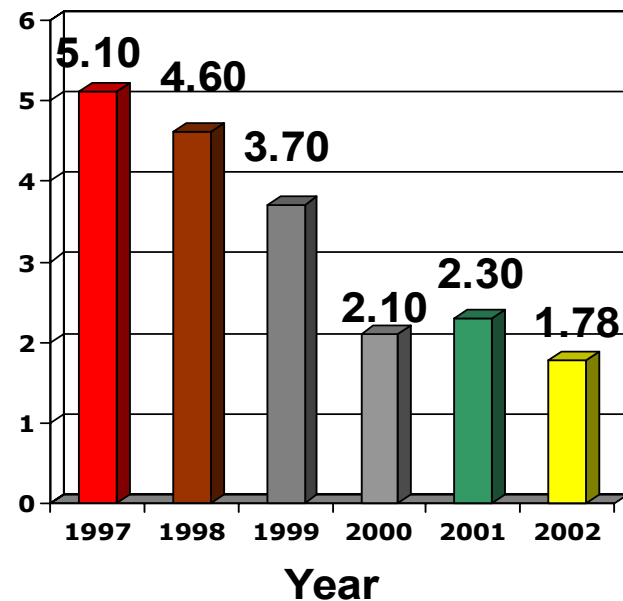
# Texas A&M University

- Enrollment: 44,000
- Flagship Institution in Texas
- Enrollment Management Challenge
- “Closing the Gaps” Plan in Texas
- Leadership Responsibilities
- Default Prevention Issues



# Texas A&M University Default Rates

- **Default Rates Lowest in State of Texas, for a Public 4 Year Institution.**
- **Remained Under 4% for last few years.**
- **Predicting a rate of 1.9 for 2002. Actual Rate 1.7.**





# Texas A&M and TGSLC

- **Setup a partnership for research of students borrowers at Texas A&M 1997-1999.**
- **Model focus was to try to examine possible variables to explain Texas A&M low defaults.**
- **Discuss how a financial aid department can use these factors in default prevention.**





# Texas A&M and TGSLC Study

- Brainstormed to identify variables that may lead to default.
- Study database :
  - Borrowers who entered repayment during fiscal years 1997, 1998 and 1999.
  - Look at over 78 variables in the study.
- Variables were in the following categories:
  - College Preparedness
  - Demographics
  - Attendance Pattern
  - Financial Aid variables
  - College Success
  - Loan Briefing (Counseling)
  - Loan-Related



# Texas A&M and TG Study

- Many factors are statistically significant.
- However, few factors are “strongly” related to default.
- Success in college is the most important indicator of default risk.
- Background variables are not very important:
  - Preparedness
  - Demographic
  - Financial situation
- Served as a spring board to our Predictive study of Texas A&M defaulters.



# Texas A&M Predictive Model Design

- We took 11 variables which were found to be strongly related to default and statistically significant.
- GPA, Q-Drops, Hours failed, Type of Admit, Family AGI, Exit Counseling, SAT EQU Score, Highest Degree Attainment, Age, Gender, Ethnicity.
- Randomly selected 300 students and built a control set of defaulters.
- Randomly selected a built set of 300 more students.



# Default Aversion Initiatives

- Design a program to allow 10 staff at Student Financial Aid to be Certified Financial Counselors.
- Calling campaign and letters to 60 students, 150 rosters, information on deferments and counseling.
- We are a member of the Department of Education QAP-Default Aversion Initiative.
- Late stage calling campaign. Call students after 270 days under 360 day.

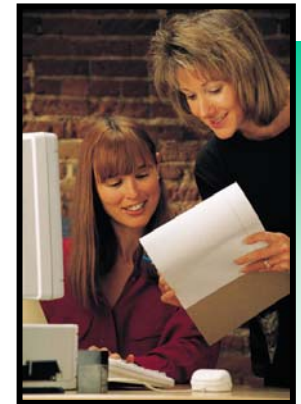


# Texas A&M – Future

- We will continue to hone our default model to make it a better fit with our student population.
- Seek greater involvement from academic at Texas A&M and our Association of Former Students.
- Our goal is to reduce the default rate below 1% within the next 5 years.

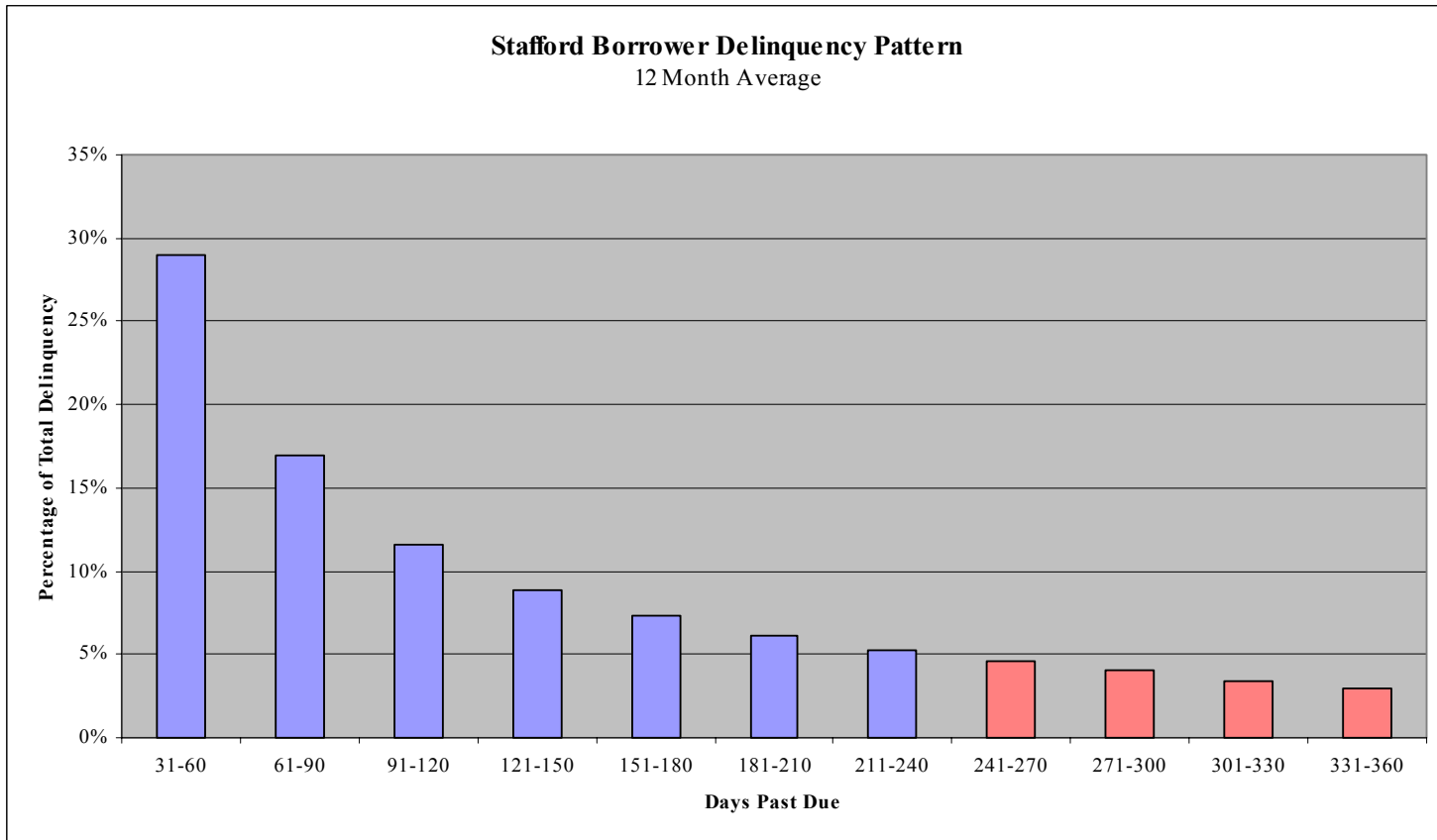


# LATE STAGE DELINQUENCY ASSISTANCE: *LSDA*





# Borrower Delinquency Pattern





# Defaulter Characteristics

- 84% do not receive the advantage of the full 6 month grace period as a result of late enrollment notification
- 71% have withdrawn from school and did not complete studies
- 43% have had bad telephone numbers at the time of default
- 58% have not successfully been contacted by telephone during the 360 day collection effort during delinquency





# Selected LSDA Participants

School	Total Delinquent Borrowers September 2003
Technology Institute	598
University	1,977
University	553
College	617
University	669
College	618
University	1,104
State University	2,670
State University	1,097
State University	1,589
State University	705
Community College	732
University	899
<u>State University</u>	<u>671</u>
<b>Total</b>	<b>14,499</b>



# LSDA Minimal Workload

School	Total Delinquent Borrowers	Total LSDA Borrowers 1	Percentage of Borrowers to Help Each Month	Borrowers to Help Each Week
Technology Institute	598	30	1%	2
University	1,977	123	2%	8
University	553	35	2%	2
College	617	73	3%	5
University	669	32	1%	2
College	618	30	1%	2
University	1,104	56	1%	4
State University	2,670	169	2%	11
State University	1,097	100	2%	6
State University	1,589	77	1%	5
State University	705	27	1%	2
Community College	732	54	2%	3
University	899	57	2%	4
<u>State University</u>	<u>671</u>	<u>36</u>	<u>1%</u>	<u>2</u>
<b>Total</b>	<b>14,499</b>	<b>899</b>	<b>2%</b>	<b>56</b>

1 Loans that were 240 or more days past due on October 1st 2003



# Tools: **NEW!** LSDA Report

[Home](#) | [Direct Loan Servicing Resources](#) | [Student Account Info](#) | [School Reports](#) | [Versión en español](#) | [Logout](#)



FEDERAL STUDENT AID

DIRECT LOAN SERVICING'S ONLINE SCHOOL SITE

[Entrance Counseling](#) | [Exit Counseling](#) | [Delinquency Reports](#) | [Portfolio Reports](#) | [Report Subscription](#) | [Help with this Report](#)

School Campus code: G01434

## Delinquency Reports



### Borrower History Report

The Borrower History Report displays the history of delinquency for selected borrower(s).



### Summary Report

The Summary Report provides a count of the Stafford and In-School Consolidation borrowers delinquent at the end of the month for the selected Reporting Period(s).



### Detail Report

The Detail Delinquency Report contains a list of students that attended your institution with Direct Loans from the Department of Education that are currently in Delinquent Status.



### Late Stage Delinquency Assistance (LSDA) Report

The Late Stage Delinquency Assistance(LSDA) report contains a list of students that attended your institution with Direct Loans from the Dept of Education and are currently over 240 days delinquent, which can affect your school's cohort default rate.

**NEW!**



*If you have a question regarding the information presented on this page, please [Email Us](#)*

| [SFA School Portal](#) | [Web Site Help](#) | [General Information](#) | [Contact Us](#) |

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**NEW!**


## Late Stage Delinquency Assistance (LSDA) Report

The Late Stage Delinquency Assistance Report provides the most recent report of borrowers from your institution that are between 241 and 360 days delinquent and that can affect your cohort default rate.

[Home](#) | [Direct Loan Servicing Resources](#) | [Student Account Info](#) | [School Reports](#) | [Versión en español](#) | [Logout](#)

**DIRECT LOAN SERVICING'S ONLINE SCHOOL SITE**

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**FEDERAL STUDENT AID**

School Campus code: GXXXXX

### Delinquency Reports

**Late Stage Delinquency Assistance (LSDA) Report**

**Reporting Period**

August 2003

Social Security Number	Borrower Name	Home Address	Phone Numbers	Cohort Default Year	Separation Date	Days Delinquent	Original Loan Amount
001-11-1111	STUDENT, SAMUEL S	123 MAIN ST MYTOWN, NV 12345	W - Unknown H - Unknown	2002	03/31/2002	344	\$ 2,750.00
111-22-2222	CAMPUS, CHRIS C	333 CENTRAL DR HOMETOWN, NH 88888	W - Unknown H - Unknown	2003	03/31/2002	327	\$ 5,250.00
001-22-2222	AMERICA , AARON A	456 NEW YORK AVE HOME, IA 23456	W - Unknown H - (555) 123-1234	2003	05/12/2002	312	\$ 31,000.00
111-22-7777	COUNSELOR, CARY C	333 NEW HAMPSHIRE AVE HOMETOWN, LA 88888	W - Unknown H - (555) 123-9999	2003	05/12/2002	290	\$ 2,625.00
001-55-5555	SEMESTER, SYLVESTER S	88 UTAH HOME CAPITAL ROAD BOLT CITY, UT 56789	W - Unknown H - (555) 123-4567	2003	05/12/2002	255	\$ 10,125.00
111-22-8888	SESSION, SUSAN	345 NORTH HOLLYWOOD UTICA, NY 55555	W - Unknown H - Unknown	2003	05/12/2002	241	\$ 12,313.00



# Tools: **LSDA** User's Guide

**Describes how to implement **LSDA** process**

Section I - Introduction

Section II - Late Stage Delinquency Assistance Initiative

Section III - WEB Tools Guide

Section IV - Ideas and Tips

***This guide is available from your School Services Representative.***



# LSDA Tools

- **Direct Loan Web Site**

- ✓ **Flexibility**
- ✓ **Identify unique borrower populations**

- **Direct Loan Servicing Center Assistance**

- ✓ **LSDA User Guide and tips**
- ✓ **3-way calls with delinquent borrowers**
- ✓ **Numbers and Hours**

**School Services: 1-888-877-7658**

**M-F 8:00 a.m. - 8:30 p.m. EST.**

**Loan Counseling : 1-800-848-0981**

**Available for “off hours” M-F 8:30 p.m. - Midnight  
p.m. & Sat. 8:00 a.m. - 5:30 p.m. EST.**



## Why is LSDA Working ?

- Schools feel it is the right thing to do
- Schools feel that it is very doable
- It doesn't take a lot of resources
- The results are dramatic



# LSDA Results are *Dramatic!*

School	Delinquent Borrowers	LSDA Borrowers <sup>1</sup>	Rescued Borrowers	<i>Percent Rescued</i>
Technology Institute	598	30	21	<i>70%</i>
University	1,977	123	56	<i>46%</i>
University	553	35	15	<i>43%</i>
College	617	73	31	<i>42%</i>
University	669	32	13	<i>41%</i>
College	618	30	10	<i>33%</i>
University	1,104	56	18	<i>32%</i>
State University	2,670	169	54	<i>32%</i>
State University	1,097	100	31	<i>31%</i>
State University	1,589	77	23	<i>30%</i>
State University	705	27	8	<i>30%</i>
Community College	732	54	16	<i>30%</i>
University	899	57	16	<i>28%</i>
<u>State University</u>	<u>671</u>	<u>36</u>	<u>9</u>	<u><i>25%</i></u>
<b>Total</b>	<b>14,499</b>	<b>899</b>	<b>321</b>	<b><i>36%</i></b>

<sup>1</sup> Loans that were 240 or more days past due on October 1st 2003





# Rutgers, The State University of New Jersey

## Experience With LSDA



# Rutgers, The State University of New Jersey

3 regional campuses: Camden, Newark,  
New Brunswick

Fall 2003 Enrollment: 51,268



# Rutgers, The State University of New Jersey

2003-04 Direct Loan Volume:  
\$133,141,934

22,758 Direct Loan Recipients

2002 Draft Cohort Default Rate: 3.2%



# Rutgers, The State University of New Jersey

## Office of Financial Aid

39 Full-time Professional Staff Members

33 Full-time Support Staff Members



# Rutgers, The State University of New Jersey

- Began Late Stage Delinquency Assistance (LSDA) Project in February 2003
- Began participation in Quality Assurance Default Aversion Project in August 2003



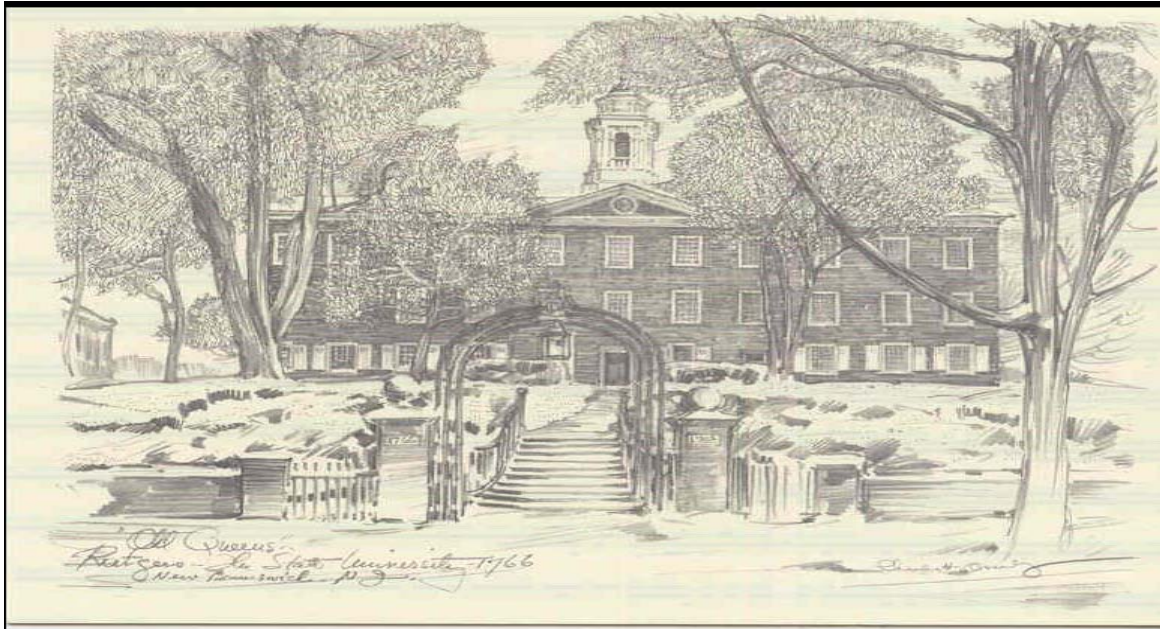
# LSDA at Rutgers

- 5-member team; 2 team members work 3 nights each month
- Receive monthly reports from DL Servicing Center
- Review monthly reports for accuracy of demographic/contact information for late stage borrowers



# LSDA at Rutgers

- After-hours calls made to late stage borrowers
- Note-writing campaign





# LSDA at Rutgers

- Success!
- “You **don’t** have to be in it to win it!”
- Borrower reaction overwhelmingly positive!





# LSDA at Rutgers

## Borrower Testimonials

“I didn’t know it would be so easy. I was afraid to talk to those guys (the DL Servicing Center staff) because I thought they were out to get me. Thanks!”

“I’m embarrassed now to think that I wasn’t going to do anything about my loans....I realize I would never have been able to go back to school if you had given up on me.”



# LSDA at Rutgers

“The LSDA Project offers staff the opportunity to immediately and positively impact a young person’s life. Team members are energized, the student is out of harm’s way, and the taxpayers benefit. Everybody wins!”

Jean M. Rash  
University Director of  
Financial Aid



# Suggestions for Successful Implementation

- Plan
- Schedule
- Tips from others
- Make it someone's responsibility



# Future of LSDA at Rutgers

- Revised scheduling may be required because of change in University's official operating hours
- Continue to devise innovative ways to reach out to borrowers



## Questions and Comments

### Contact Us:



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▶ Jo-Ann Craig  
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▶ Ben LeBorys  
ben.leborys@ed.gov





# Thank You