

Preventing Student Loan Default Across Campus



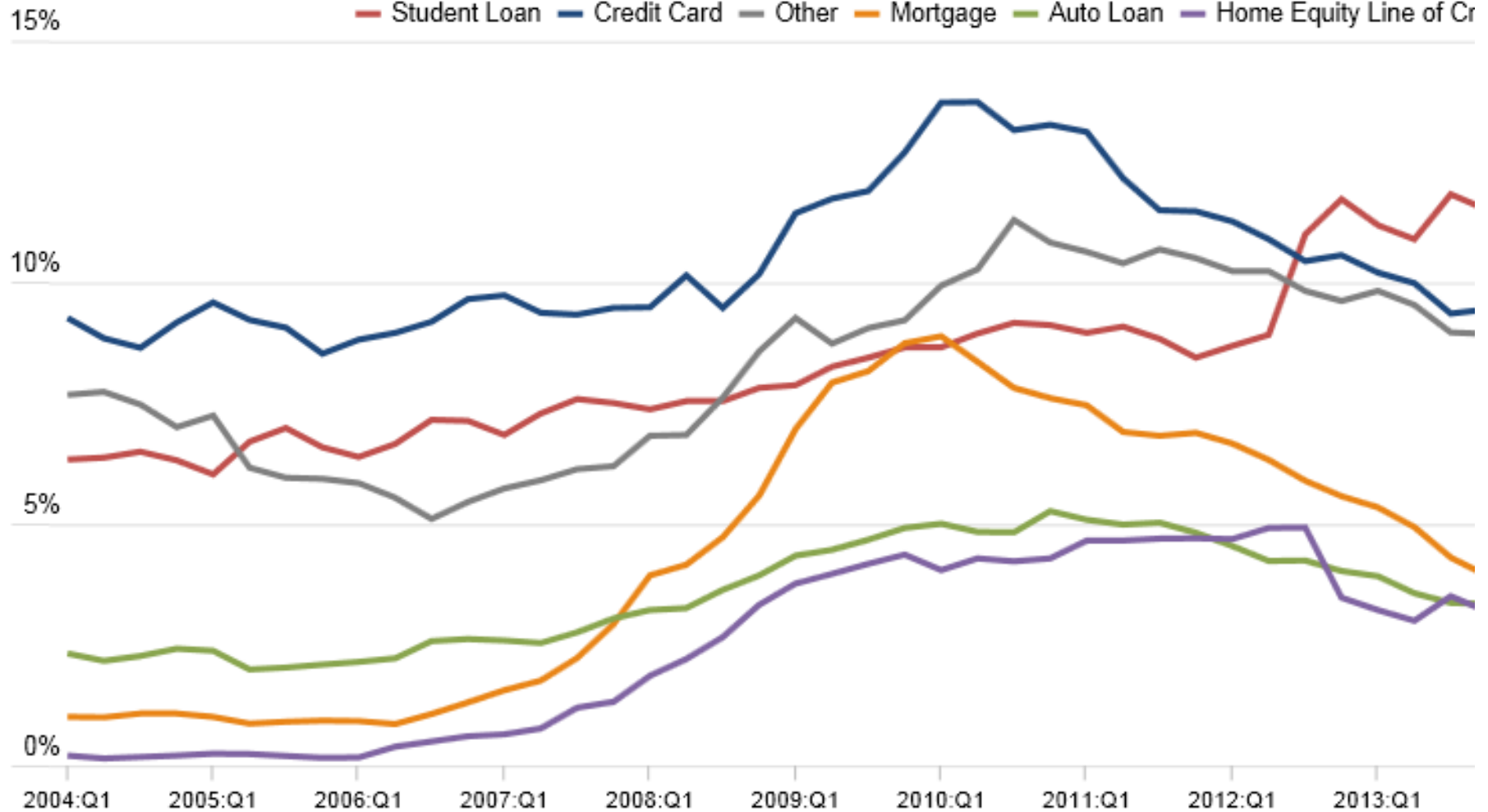
Leading the Way Compact Planning Forum

March 30, 2014

3 Year Cohort Default Rate (CDR)

	2009	2010
National	13.4%	14.7%
West Virginia	14.1%	16.2%
National Public 4 year	7.9%	9.3%
West Virginia Public 4 year	10.4%	13.2%

Percent of Balance 90+ Days Delinquent



Federal Reserve Bank of New York

Student Loan Debt in WV

- **Average student loan balance 2012 is \$22,920**
- **24.4% of student borrowers are 90+ days delinquent at the end of 2012 (only behind MS and PR)**

Federal Reserve Bank of New York

Student Loan Debt in WV

Proportion of student loan borrowers 90+ days past due by age (2012)

age below 30	age 30-39	age 40-49	age 50+	all age groups
21.1%	31.1%	29.8%	16.0%	24.4%

Federal Reserve Bank of New York

Calculating the Default Rate

Numerator

Borrowers who entered repayment in one year, and defaulted in that year or the next two fiscal years.

Denominator

Borrowers who entered repayment during the one-year cohort period.

Cohort Default Rate

- Lagging indicator
- Takes a long time before you can assess if any initiatives are working

Cohort Default Rate

- **Example – 2011 draft default rates were released to institutions February 2014.**
 - **Students were enrolled 2009-2010**
 - **Went into repayment 2010-2011**
 - **A school has until September 30, 2014 to have any impact on 2012 default rates**

CDR	Denominator: Enter Repayment	Numerator Default	Publish Rates	Cohorts used for Sanctions
FY 2009 (3-year)	10/1/08-9/30/09	10/1/08-9/30/11	September 2012	No Sanction
FY 2010 (3-year)	10/1/09-9/30/10	10/1/09-9/30/12	September 2013	No Sanction
FY 2011 (3-year)	10/1/10-9/30/11	10/1/10-9/30/13	September 2014	FY 09, FY 10, FY 11
FY 2012 (3-year)	10/1/11-9/30/12	10/1/11-9/30/14	September 2015	FY 10, FY 11, FY 12

Cohort Default Rate

- **Example – a student who leaves your campus today, goes into repayment 6 months from now is part of your FY2015 cohort and if went into default would be part of the draft rate you would receive...**

February 2018

Why is the Default Rate Important?

- Schools play a critical role. Their contribution will yield improved results
- What is your motivation to help?
 - Protect federal program eligibility?
 - Improve your school's default rate?
 - Save students from the consequences of default?

Approaches

- Traditional approach - It is the financial aid offices responsibility
- Comprehensive approach – whole campus involved in:
 - Increasing program completion rates
 - Decreasing program completion time
 - Helping non-completers find a job
 - Implementing institutional policies that promote student success: before a student walks on campus until their loans are paid off

Data Driven

- Analysis of who is going into default and who is not going into default
- Once you know who goes into default; it is important to understand why they go into default to develop effective, measurable interventions
- Identify pivotal points where intervention could make a difference
 - Orientation/Registration
 - When a student withdraws from a course/
changes major
 - SAP

Who are your Students?

- ?% students place into developmental English
- ?% students place into developmental Math
- ?% students received GED or passed ATB
- ?% first generation college students
- ?% of Pell recipients have Zero EFC
- ?% are part-time students
- ?% retention Spring to Fall – ?% retention Fall to Fall

Identifying Default Risk

Poor Educational Outcomes

Poor Employment Outcomes

Poor Repayment Outcomes

Contact Information



Brian Weingart, Senior Director of Financial Aid

Division of Financial Aid

West Virginia Higher Education Policy Commission

1018 Kanawha Boulevard East, Suite 700, Charleston, WV 25301

(304) 558-4618 • bweingart@hepc.wvnet.edu

www.hepc.wvnet.edu