



**Every Default Tells a Story:
Look at Yesterday's Defaults
to Help Students Today**



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Presenters

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Agenda


- Overview of defaulter analysis
 - ▼ Ohio's two-year defaulter analysis project
 - ▼ Three school's approach to analyzing defaulters
 - ▼ Cuyahoga Community College
 - ▼ Columbus State Community College
 - ▼ Central Ohio Technical College
 - ▼ Wrap up




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Overview of Defaulter Analysis




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Defaulter Analysis – A Look at Yesterday's Defaults



- ▼ Identifying common characteristics of student loan defaulters to determine who's defaulting and why




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Benefits of Defaulter Analysis

- Enables you to develop specific strategies to help students avoid default
- ▼ Allows you to correct ineffective practices throughout your institution
- ▼ Enables you to identify high risk students
- ▼ Helps you to identify the relationship between loan default and student success




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Ohio Two-Year School Project

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The Story Behind the Project

U.S. Department of Education identified Ohio as one of the top 10 states with the highest amount of dollars in default

- ▼ Met with schools to discuss default aversion strategies
- ▼ Developed a collaboration with all school sectors through Ohio Association of Financial Aid Administrators (OASFAA)
- ▼ Ohio two-year school group initiated a Default Aversion Project

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Ohio's Climate Concerns

- ▼ Rising education costs
- ▼ Decreasing state funding
- ▼ Struggling economy
- ▼ Lack of financial literacy

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Two-Year School's Focus

- Understand institutional factors that impede student success (social, environmental, etc.)
 - ▼ Address student access and success barriers
 - ▼ Implement strategies that maintain success in support services for effective matriculation and completion
 - ▼ Expand default aversion initiatives beyond the Financial Aid Office



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Loan Default Correlation to Student Success

Hypothesis – Students who are more successful are more likely to complete their program and graduate. Thus, successful students have greater ability (economically) to repay student loan debt.



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Student Success Assumptions

- College preparedness
 - ▼ Success rates (passed courses)
 - ▼ Retention rates (term to term)
 - ▼ Matriculation rates (year to year)
 - ▼ Graduation rates (average)
 - ▼ Employment market for non-graduates
 - ▼ Knowledge about student loan borrowing




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Ohio Default Aversion Project

Project overview

- ▼ Review and analyze shared data set and demographic information about student loan defaulters for three cohort years (2002, 2003, and 2004)
- ▼ Obtain data points either locally (institution) or from the Ohio Board of Regents
- ▼ Goal
 - ▼ Develop Two-Year School Best Practices Model for the State of Ohio that focuses on student success




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Ohio Default Aversion Project

14 two-year schools agreed to participate in the Default Aversion Project

- ▼ Some schools entered their data into a shared spreadsheet to see what defaults look like across the state and to determine a common response to the problem
- ▼ Other schools used their data to develop default prevention plans for their institutions
 - ▼ Plans were shared with the group




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Common Data Points



▼ First time student (Y/N)	▼ High school attended
▼ Transferred in (Y / N)	▼ Developmental education course (Y / N)
▼ Average GPA	▼ HS diploma / GED / ATB (Y / N)
▼ Hours completed	▼ First generation (Y / N)
▼ Graduated (Y / N)	▼ Academic Progress (Y / N)
▼ Number of terms completed	▼ EFC (by range)
▼ Program of study	
▼ Major course of study	




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Cuyahoga Community College
Cleveland, Ohio


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Cuyahoga Community College Facts

One of the largest community college in the state of Ohio

- ▼ Serves more than 55,000 credit and non-credit students annually
 - ▼ 32,000 *plus*, credit students (district-wide)
 - ▼ 18,000 non-credit students (approx.)
- ▼ Multi-campus institution in Cleveland and surrounding suburbs
- ▼ Three campuses, two Corporate College locations, one District Office and *growing*




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Cuyahoga Community College Data Findings

509 defaulters

- ▼ 30% students placed in developmental education
- ▼ 30% students received GED or passed ATB
- ▼ 60% students had earned zero hours
- ▼ 82% students had below 2.0 GPA
- ▼ 38% students had not maintaining SAP
 - ▼ Terminated or probation




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Cuyahoga Community College Data Findings

- 509 defaulters
 - 60% are in 20 – 29 age group
 - 36% - age 20-24; 24% - age 24-29
 - 69% - African-American / 29% - White
 - 53% students are male
 - 67% students are first generation college students
 - 50% students had an EFC = 0




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Who are our students?

- 60% students place into Developmental English
- 80% students place into Developmental Math
- 60% students received GED or passed ATB
 - More than 70% fail ATB
- 70% first generation college students
- 8% average graduation rate




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Who are our students?

- 70% receive financial aid
- 62% are women
- 60% are part-time students
- 67% retention Spring-Fall / 50% retention Fall to Fall




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Student Success

Mentoring Program

- ▼ Developmental Math and English courses
 - ▼ Students testing into Dev Ed Math 0950 and English 0990 mentoring program with On Course delivery and focus
 - ▼ Learned from Achieving the Dream data
- ▼ Academic Progress
 - ▼ Terminate financial aid for all graduates
 - ▼ Appeal for additional aid, proof of new degree sought regardless of credits completed




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Retention

Return to Title IV Withdrawals

- ▼ Exit information and deferment
 - ▼ Promote re-enrollment, personalized letter of next term info, and provide support services info
- ▼ Transfer in Loans
 - ▼ Add additional entrance counseling and consultation session for new transfer borrowers
 - ▼ Mandatory academic advising and degree completion planning for transfer students
 - ▼ Offer career counseling with degree planning




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Intervention

Financial responsibility

- ▼ Incorporate finance, budgeting, in new FYE courses
- ▼ Implemented model for early / late stage delinquency
 - ▼ Loan advising for students who have exited and reconnect them with college, enrollment, and loan repayment options




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Intervention

Utilize Student Services Model in Banner to track student progress

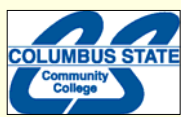

- ▼ Develop individual student success plans based on academic needs and track involvement in support services




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Columbus State Community College Columbus, Ohio

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A Diverse Campus


Average age - 26.79

Students by age group

▼ 19 and under	19%
▼ 20-29	54%
▼ 30-39	16%
▼ 40 +	11%




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A Diverse Campus

Students by gender

- ▼ Female 57%
- ▼ Male 43%




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A Diverse Campus

Ethnicity

- ▼ Caucasian 69%
- ▼ African-American 21%
- ▼ Asian 3%
- ▼ Hispanic 2%
- ▼ International 0.5%
- ▼ Native-American 0.5%
- ▼ Other 4%




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2007 Draft Cohort Default Rate

Draft CDR for 2007 5.8%

- ▼ Number of borrowers in default 364
- ▼ Number of borrowers in repayment 6,135




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Student Body Compared to Defaulter Group

Age Group	Student Body	Defaulter Group
Under 19	19%	0%
20-29	54%	63%
30-39	16%	27%
40+	11%	10%




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Student Body Compared to Defaulter Group

Gender	Student Body	Defaulter Group
Female	57%	54%
Male	43%	46%




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Student Body Compared to Defaulter Group

Ethnicity	Student Body	Defaulter Group
Caucasian	69%	43%
African-American	21%	52%
Asian	3%	1%
Hispanic	2%	2%
Native-American	0.5%	1%
Other	4%	1%



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Completion Rate of Defaulters

- 25% of defaulters (91) did not successfully complete any credit hours
- 73% of defaulters (265) did not meet Satisfactory Academic Progress Standards
- 2.5% of defaulters (10) completed 100% of classes attempted



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Grade Point Averages

GPA	Number of Students	Percentile
0.00	98	27%
0.1-1.00	40	11%
1.10-2.00	102	28%
2.10-3.00	109	30%
3.10-4.00	15	4%



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Graduation Rates

Only 19 defaulted students (5% of the group) graduated from CSCC with either a certificate or associate's degree




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At Risk Programs of Study

- Associate of Arts - 22% of defaulters
- ▼ Associate of Science - 10% of defaulters
- ▼ Pre-nursing - 10% of defaulters
- ▼ Business Management - 7% of defaulters
- ▼ Accounting - 7% of defaulters




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Comparison to 2004 CDR

Same factors were evaluated using 2004 CDR

- ▼ Most factors showed insignificant changes during the three year period
- ▼ With one exception:
 - ▼ The number of students who graduated with a certificate or associates degree who defaulted almost doubled percentage of defaulters increased from 3% (11 students) in 2004 to 5% (19 students) in 2007




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CDR During the Previous Decade

2007	5.8%
2006	5.6%
2005	6.1%
2004	7.7%
2003	7.7%
2002	7.4%
2001	6.5%
2000	9%
1999	9.5%
1998	10.7%
1997	13.9%



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Default Initiatives

- Reduced Cost of Attendance for 1997-98
- Worked to keep COA low since
- Package only need based aid - unsubsidized loans not packaged
- Provide improved information to students on facts of borrowing
- Require completion of MPN each academic year
- Working with Great Lakes to contact and locate late-stage delinquency borrowers



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Central Ohio Technical College Newark, Ohio



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Central Ohio Technical College

- Two-year technical college
- Over 4,000 enrollment
- Mostly non-traditional students
- History of default rates
 - 2006 = 4% (37 / 924)
 - 1997 = 13.4% (47 / 349)
 - Projected 3-year default rate = 10%




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Profile of COTC Defaulters

- 46% have GPA below 2.0
- ▼ More than half registered less than 2 weeks prior to start of the term
- ▼ 94% did not complete exit counseling
- ▼ Average number of quarters completed - 3
- ▼ Average loan amount - \$2,559
- ▼ 5% are graduates




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COTC Default Prevention Plan

- Entrance Counseling - required each academic year
- ▼ Financial Literacy - quarterly budget seminars in College Success Skills class
- ▼ SAP policy
 - ▼ Monitor quarterly
 - ▼ 67% completion ratio and 2.0 GPA quarterly and cum
 - ▼ One quarter on warning then cancellation




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COTC Default Prevention Plan

- Hold diplomas and transcripts for not completing Exit Counseling
- ▼ Send monthly letters to delinquent borrowers instructing them to contact Great Lakes – provide options other than default
- ▼ Hand address and sign Late Stage Delinquency letters



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COTC Default Prevention Plan

Financial Aid Awareness Days each year where we promote NSLDS

- ▼ Limit / prevent credit card companies from coming to campus and putting fliers in bookstore
- ▼ Use many of the resources that Great Lakes provides for counseling delinquent borrowers



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Conclusion



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Wrap up

A defaulter analysis helps you to

- ▼ Understand what caused past defaults so you can prevent future ones
- ▼ Explore the relationship between loan default and student success at your school
- ▼ Create more effective default prevention strategies




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 **What's Needed?**

Only a few resources are needed to begin your analysis

- ▼ Loan Record Detail Report
- ▼ Internal system to obtain demographic data
- ▼ Work with your guarantor or the Department of Education to obtain additional information

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 **Thank you!**

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