Default Prevention

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Federal Student Aid
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Agenda

- NSLDS Reports
- Why Create a Default Prevention Plan?
- Default Prevention & Debt Management Strategies
- The Take-Aways

NSLDS Reports

- School Portfolio Report
- Borrower Demographic Report
- Delinquent Borrower Report
- School Cohort Default Rate History Report

School Portfolio Report

- The ***School Portfolio Report*** (SCHPR1) provides school users with current information about all William D. Ford Federal Direct Loan (Direct Loan) and/or Federal Family Education Loan (FFEL) Program loans
  - Includes all loans associated to a given OPEID, consolidation loans and underlying loans, Federal Direct PLUS loans, and loans from the prior school for school mergers
- Delivery Options:
  - Available for scheduled delivery or adhoc delivery
  - Available in fixed-width and comma-separated value (.csv) formats
- School Portfolio Report Reader
  - Easily imports School Portfolio Report into Microsoft Excel

School Portfolio Report

Menu | Aid | Enroll | Org | Report | Tran

Report List | Web Report List

ID: SCHPR1 **Type:** Extract

Name: SCHOOL PORTFOLIO REPORT

SCHOOL ID:	001484	
SCHOOL BRANCH ID:	*	99999999
ENTER REPAY BEGIN DT:	01/01/0001	MM/DD/CCYY
ENTER REPAY END DT:	12/31/2998	MM/DD/CCYY
LOAN STATUS:	ALL	
LOAN PROGRAM TYPE:	BOTH	
EXTRACT TYPE:	STANDARD	
Sort By:	--Select--	
Output Medium:	SAIG	

Menu | Aid | Enroll | Org | Report | Tran

Org Contact List | Org Search | Data Provider Schedule | Repayment Information | Cohort Default Rate | School Profile | GE Program Tracking List

School Portfolio

Reporting Type:	COMMA DELIMITED
Frequency:	QUARTERLY
School Branch ID:	00
SAIG Mailbox:	TGS0002 - SCHOOL ORGANIZATION

Update

Adhoc Report

Scheduled Report

School Portfolio Report

School Portfolio Report Logic:

- User specifies "Date Entered Repayment" Range
  - NSLDS suggests looking at a specific cohort year

    Example: Cohort Year 2013 = 10/01/2012 – 09/30/2013
  - The scheduled version will provide six cohort years worth of data: three years prior to the current cohort year, the current cohort year, and two years after the current cohort year

- NSLDS returns the MOST RECENT information for all the loans that are associated to the OPEID
  - School mergers are accounted for
  - Consolidation loans are returned when an underlying loan is associated to the OPEID

School Portfolio Report

- Key Data Elements for Default Prevention:
  - Current Loan Status and Current Loan Status Date
  - Date Entered Repayment
  - Most Recent Repayment Plan Type and Most Recent Repayment Plan Begin Date
  - Delinquency Date
  - Most Recent Payment Effective Date

- *Suggestions:*
  - *Ensure that the Date Entered Repayment is reasonable to when the borrower separated from your institution*
  - *Contact borrowers (using contacts in Borrower Demographic Report) that are delinquent*
  - *Contact borrowers that could benefit by being on an Income Driven Repayment Plan*

School Portfolio Report

- Key Data Elements for calculating a numerator and denominator:
  - Loan Type
  - Date Entered Repayment
  - Current Loan Status and Current Loan Status Date
  - CDR Date of Default
  - Claim/Discharge Reason Code and Claim/Discharge Date
  - Rehabilitation/Repurchased Indicator and Rehabilitation/Repurchased Date

School Portfolio Report

Determining loans to **include** in your denominator:

- Identify subsidized and unsubsidized loans that qualify for inclusion in the denominator (SF, SU, SL, D0, D1, D2)

- Date Entered Repayment between 10/01/2012 and 09/30/2013

- Exclude where the Current Loan Status includes:
  - Cancelled (CA)
  - Abandoned (AL)
  - Closed School (CS)
  - False Certification (FC)
  - Uninsured (UA, UB, UC, UD, UI)

School Portfolio Report

- Determining loans to **include** in your numerator:
  - Using the loans identified for denominator, identify if the loan is linked to a consolidation loan (CL, D5, D6, D9)
  - Identify if the underlying loan or its consolidation loan has a CDR Date of Default between the Date Entered Repayment and 09/30/2015 for federally-serviced loans
  - Identify if the underlying or consolidation loan has a Default Claim Payment Date between the Date Entered Repayment and 09/30/2015 for commercially-serviced loans

- Suggestion:
  - Factor in the delinquency date to determine which federally-serviced loans could be included in the numerator in the future

School Portfolio Report

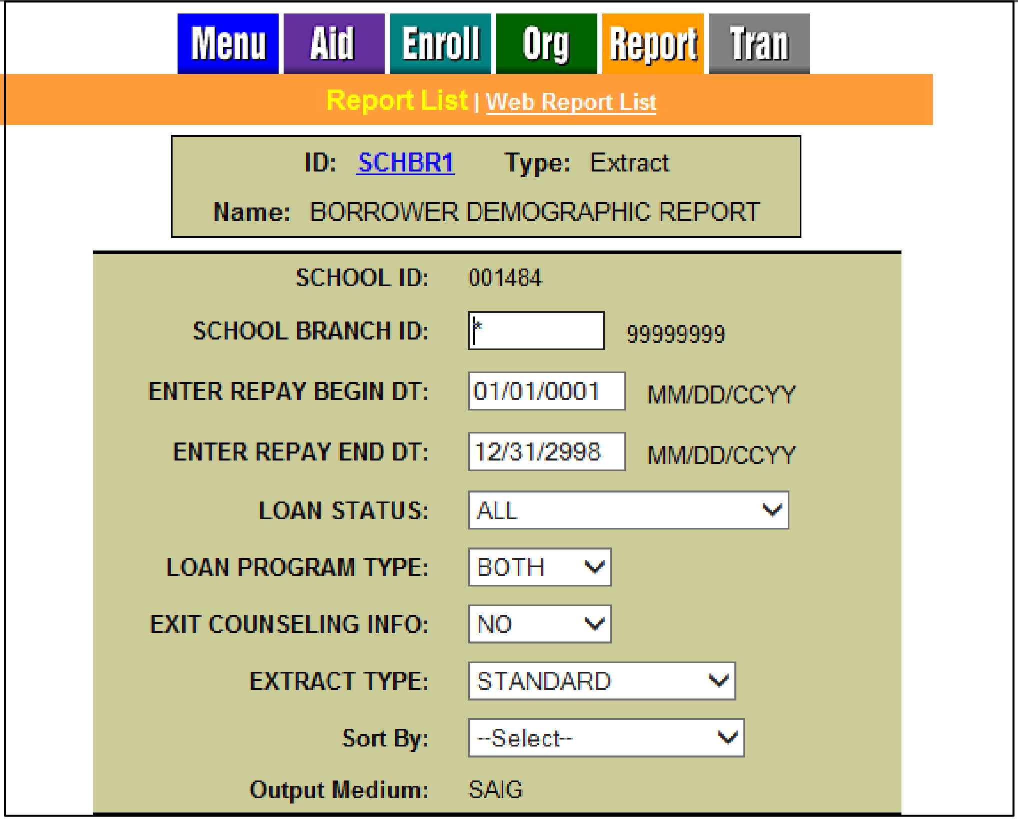
- Determining loans to **exclude** from your numerator:
  - Date of Rehabilitation is between the CDR Date of Default and 09/30/2015 for federally-serviced loans
  - Date of Rehabilitation is between the Default Insurance Claim Payment Date and 09/30/2015 for commercially-serviced loans
  - Loan is in a discharge status and the Current Loan Status Effective Date is earlier than the CDR Date of Default or Default Insurance Claim Payment Date:
    - Bankruptcy (BC, DK, OD)
    - Disability (DI, DS)
    - Veteran's Disability (VA)
    - Fraud (FR, FX)
    - Death (DD, DE)

Borrower Demographic Report

- The ***Borrower Demographic Report*** *(SCHBR1)* provides school users with demographic information of borrowers for an OPEID
  - Companion Report to School Portfolio Report
  - Includes mailing address
  - Includes phone number
  - Includes email address
  - Includes Exit Counseling contacts

- Delivery Options:
  - Available for adhoc delivery (scheduled coming soon)
  - Available in fixed-width and comma-separated value (.csv) formats

Borrower Demographic Report



Menu | Aid | Enroll | Org | Report | Tran

Report List | Web Report List

ID: SCHBR1 **Type:** Extract

Name: BORROWER DEMOGRAPHIC REPORT

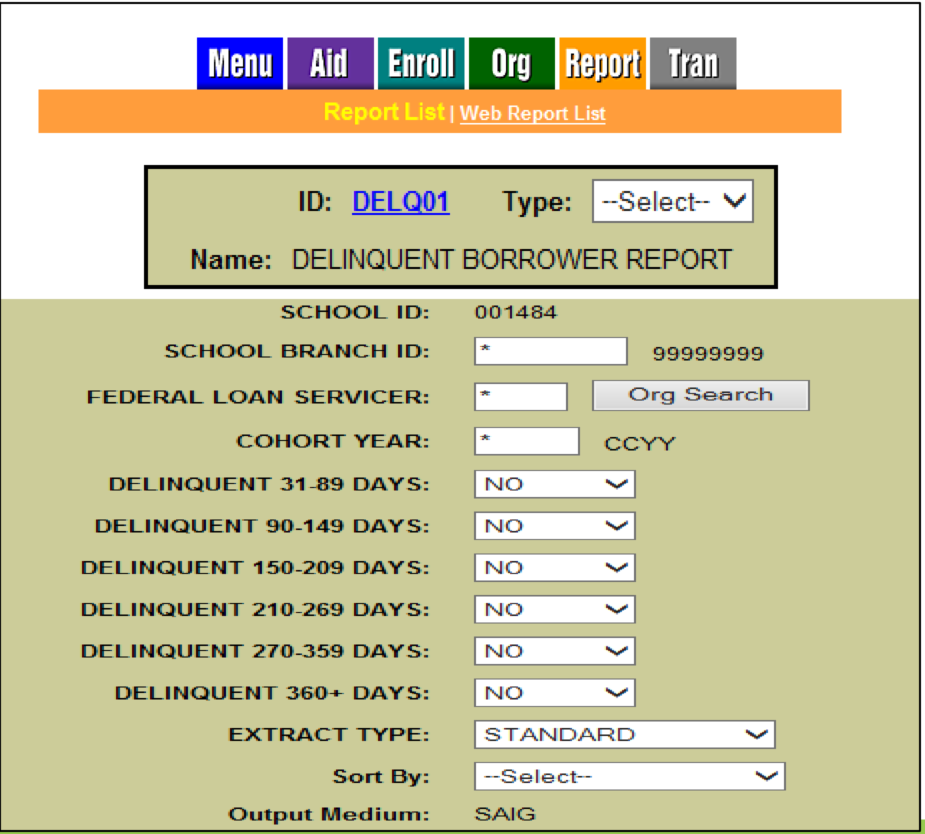
SCHOOL ID:	001484	
SCHOOL BRANCH ID:	*	99999999
ENTER REPAY BEGIN DT:	01/01/0001	MM/DD/CCYY
ENTER REPAY END DT:	12/31/2998	MM/DD/CCYY
LOAN STATUS:	ALL	
LOAN PROGRAM TYPE:	BOTH	
EXIT COUNSELING INFO:	NO	
EXTRACT TYPE:	STANDARD	
Sort By:	--Select--	
Output Medium:	SAIG	

Delinquent Borrowers Report

- The ***Delinquent Borrower Report*** *(DELQ01)* provides school users a report of borrowers with loans reported as delinquent in payments to one of the **federal loan servicers**
  - Includes all loans associated to a given OPEID
  - Includes consolidation loans and underlying loans
  - Includes Direct PLUS Loans for parents and Direct PLUS Loans for graduate or professional students
  - Includes loans from the prior school for school mergers

- Delivery Options:
  - Available for scheduled delivery or adhoc delivery
  - Available in fixed-width, comma-separated value (.csv), and pre-formatted formats

Delinquent Borrowers Report

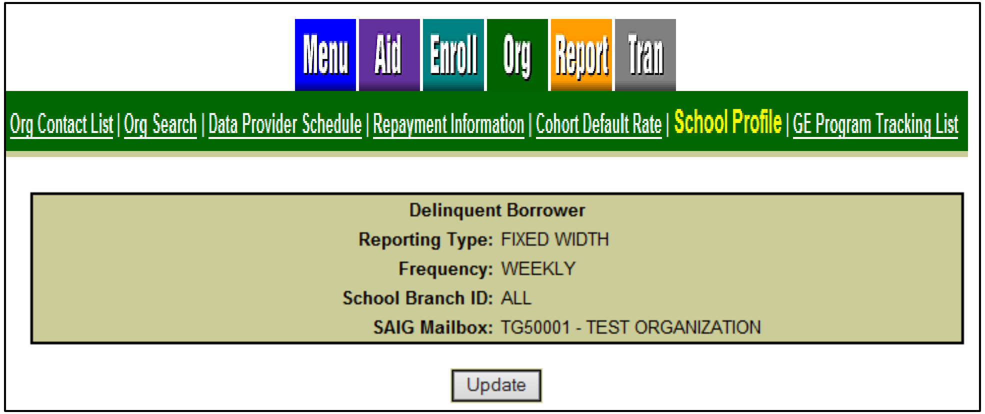

Menu | Aid | Enroll | Org | Report | Tran

Report List | Web Report List

ID: DELQ01 Type: --Select--

Name: DELINQUENT BORROWER REPORT

SCHOOL ID:	001484
SCHOOL BRANCH ID:	* 99999999
FEDERAL LOAN SERVICER:	* Org Search
COHORT YEAR:	* CCYY
DELINQUENT 31-89 DAYS:	NO
DELINQUENT 90-149 DAYS:	NO
DELINQUENT 150-209 DAYS:	NO
DELINQUENT 210-269 DAYS:	NO
DELINQUENT 270-359 DAYS:	NO
DELINQUENT 360+ DAYS:	NO
EXTRACT TYPE:	STANDARD
Sort By:	--Select--
Output Medium:	SAIG


Menu | Aid | Enroll | Org | Report | Tran

Org Contact List | Org Search | Data Provider Schedule | Repayment Information | Cohort Default Rate | School Profile | GE Program Tracking List

Delinquent Borrower

Reporting Type:	FIXED WIDTH
Frequency:	WEEKLY
School Branch ID:	ALL
SAIG Mailbox:	TG50001 - TEST ORGANIZATION

Update

Scheduled Report

Adhoc Report

Delinquent Borrowers Report

Delinquent Borrower Report Logic:

- User specifies the Cohort Year or includes all Cohort Years
  - Example: Cohort Year 2013 = 10/01/2012 – 09/30/2013
  - The scheduled version will provide six cohort years worth of data: three years prior to the current cohort year, the current cohort year and two years after the current cohort year
- User specifies one or more Delinquency Categories
  - 31 – 89 Days
  - 90 – 149 Days
  - 150 – 209 Days
  - 210 – 269 Days
  - 270 – 359 Days
  - 360 + Days (not yet assigned to DMCS)

Delinquent Borrowers Report

Delinquent Borrower Report Logic:

- Output consists of:
  - Student's Identifiers (SSN, Name, DOB)
  - Address
  - Phone numbers
  - Email address
  - Loan data including:
    - Date of Delinquency,
    - Days Delinquent,
    - Date Entered Repayment,
    - Date of Default Loan Status,
    - CDR Date of Default,
    - Repayment Plan,
    - Payments and
    - Current Servicer's contact information

School CDR History Report

- The ***School CDR History Report*** (DRC035) provides school users with supporting back-up detail to the Cohort Default Rate calculation.

- Delivery Options:
  - Pushed with each CDR Release or adhoc delivery
  - Available in fixed-width and pre-formatted formats. Comma-separated value (.csv) coming soon!

School CDR History Report

Menu | Aid | Enroll | Org | Report | Tran

Report List | Web Report List

ID: DRC035 **Type:** --Select--

Name: SCHOOL COHORT DEFAULT RATE HIST RPT

School: 001484

EXTRACT TYPE: STANDARD

Sort By: --Select--

Output Medium: SAIG

Cohort Default Rate History List

Select	Fiscal Year	Rate Type	Numerator	Denominator	Rate	Process Date
☐	2012	3YR OFFICIAL	804	5128	15.6	08/08/2015
☐	2011	3YR DRAFT	813	5122	15.8	01/24/2015
☐	2011	3YR OFFICIAL	698	3930	17.7	07/26/2014
☐	2011	3YR DRAFT	701	3932	17.8	01/11/2014
☐	2010	3YR OFFICIAL	529	2881	18.3	07/28/2013
☐	2011	3YR DRAFT	530	2887	18.3	02/24/2013

Submit

Why Create a Default Prevention Plan?

Why is a Default Prevent Plan Encouraged for <u>All</u> Institutions?

- ✓ Establishes default prevention goals
- ✓ Shows the institution’s commitment to default prevention
- ✓ Provides a framework for school-based initiatives
- ✓ Protects the integrity of the loan programs
- ✓ It’s the right thing to do for students!

A Default Prevent Plan is required if the institution:

34 CFR 668.14 (b)(15)

- Participates in the Direct Loan Program for the first time
- Participates in the Direct Loan Program and has undergone a change of ownership

34 CFR 668.217

- Has a 3-Year Cohort Default Rate of 30% or greater for any one federal fiscal year

Required Default Prevention Plan

First year at 30% or more:
- Create a Default Prevention Plan and task force
- Submit plan to FSA for review

Second consecutive year at 30% or more:
- Review/revise default prevention plan
- Submit revised plan to FSA
  - FSA may require additional steps to promote student loan repayment

Third consecutive year at 30% or more
- Loss of eligibility: Federal Pell Grant, Direct Loans
- School has appeal rights

Default Prevention Plan

Identify factors causing rate to exceed threshold

- Conduct analysis
- Identify factors that appear to increase risk

Establish measurable objectives to improve rate

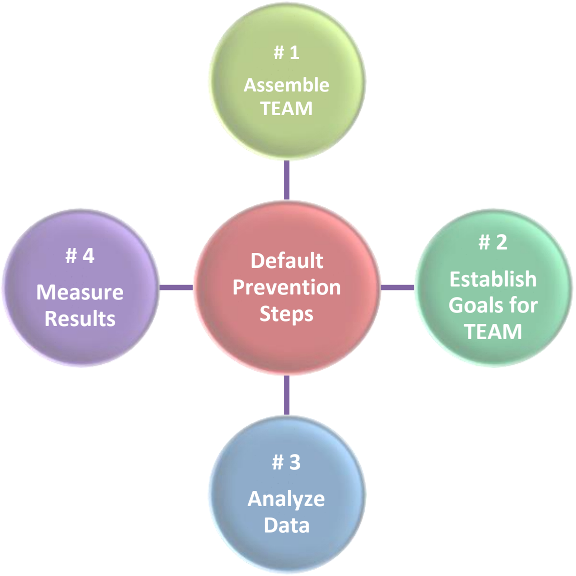
- Identify mechanisms to routinely evaluate success and failure of activities

Specify actions to improve student repayment

- Includes (but not limited to) counseling on repayment options
- If possible, offer classes on financial literacy

Default Prevention Strategies

Assemble the Team



The prevention and management of loan default is a **school-wide effort** and not the sole responsibility of the financial aid office.

YOUR **Default Prevention Task Force** should drive your default prevention process:

- Assess the resources you have available
- Team participants SHOULD be across campus
- Identify the purpose of the task force
- Detail responsibilities of determining risk

Assemble the Team

Members of the Default Prevention team may include:

- Representatives from various offices on campus
- Financial Aid
- Enrollment Management/Admissions
- Academic Affairs Representative
- Senior School Officials
- Student Services
- Career Counseling

Assemble the Team

- Select a **leader** for the group
- Consider appointing an institutional Default Coordinator
- The function of the team is to conduct data analysis to determine the reasons for default at your school and formulate a set of intervention strategies

Educate the Team

Share the basic financial aid facts with the team:

(1) Explain Title IV funding and the number of students that rely on financial aid to complete their education at your institution

(2) What is the Cohort Default Rate (CDR) and how it affects the institution

(3) Why a default prevention plan is necessary and important

Establishing Goals for the Team:

- Study your default student population
- Understand your Loan Record Detail Report (LRDR)
- Identify any common characteristics of your defaulters and non-defaulters, and borrowers and non-borrowers
- Build on early intervention strategies already in existence
- Discuss your current strategies and determine what works and what may need some improvement
- Establish process to work with your servicers and lenders

Establishing Goals for the Team:

Partner with the Federal Loan Servicers:

- Find out what type of tools and services are available from your servicers/lenders
- Fine-tune your Loan Servicing procedures for the period while the borrower is at your school
- Have clear and precise procedures with a timeline of dates to take appropriate actions

Analyze Your Data

You **NEED Data** in order to Conduct Risk Analysis:

- **Academic Data** – Program completion rates, retention rates, enrollment, percentage of students who borrow, average loan indebtedness
- **NSLDS** – Review NSLDS (default and delinquency) data along with school data about defaulters and non-defaulters
- **Servicer/Lender Data** – Servicers and Lenders offer customized reports for delinquency

School Reports: NSLDS

Reports for Default Prevention:

- School Portfolio Report
- Borrower Demographic Report
- Delinquent Borrower Report
- School Cohort Default Rate History Report

Analyzing Your Data

Conducting Risk Analysis:

- Use data to create a picture of borrowers at-risk of default
- ‘**Who**’ is not enough. Your who will be unique
- ‘**Why**’ will require input of academic, student affairs, and other professionals
- Knowing ‘why’ is necessary to create targeted, useful, and measureable interventions

Analyzing Your Data

Where to Begin?

- Obtain your Loan Record Detail Report (LRDR)
- How many defaulted borrowers are in your numerator?
- What are the characteristics of the defaulted borrowers in your numerator?
  - Query academic data to obtain demographic data for your defaulted population
  - Identify the “who” and understand the “why”
- Translate the who and why into core strategies to reduce default and build your plan

Examples of ‘Who’ and ‘Why’

Food For Thought: Typical Findings

- Never Contacted
- Developmental Courses
- Late Admits
- Did Not Graduate
- Graduated but No License
- Late Majors
- Exit Counseling
- Level of Indebtedness
- Poor Study Habits

- Academic Preparedness
- Grad with Minimum GPA
- Feel unwelcome, no “campus connection”
- No Jobs in Profession
- College Majors
- Attendance Factors
- Student Employment
- Transportation

Do the leg-work, let *your data* lead the way.

Creating Your Plan

- Develop your own unique plan based on what your data tells you

- Take a look at other school plans and compare to similar schools

- Access the Default Prevention and Management assessment tools and resources

Creating Your Plan - Measure Results

- Include information on “At Risk” borrowers
- Identify intervention points to reduce default risk – be specific
  - “Early warning” system
- Leverage Intervention Opportunities
  - Enrolled/Grace/Repayment
- Specify who is responsible for what tasks or initiatives
- Make steps measureable
  - You need to know if interventions are working
- Create a **written realistic executable** plan

Three Important Take-A-Ways

- **Assemble an Effective Team!**

  Default prevention is a school-wide effort and not the sole responsibility of the financial aid office.

- **You NEED DATA!**

  In order to conduct risk analysis and identify your defaulters you need data. NSLDS, Academic, and Servicer data are all great resources.

- **Partner with the Federal Loan Servicers!**

  Your default prevention plan should incorporate the products and services offered by the Federal Loan Servicers.

Need Assistance?

If schools need assistance in developing or reviewing their default prevention plan, please send a request to the following email address:

defaultpreventionassistance@ed.gov

The FSA Default Prevention Team was created to assist schools with:

- ✓ Establishing their default prevention goals
- ✓ Understanding default risk through the use of servicer and NSLDS available reports and tools
- ✓ Developing/refining their default prevention plan

QUESTIONS?