



MISSOURI DEPARTMENT OF HIGHER EDUCATION

Realize your potential.



New Initiatives for Default Prevention

Marilyn Landrum

Sarah Schedler

MDHE as a Guarantor

- Guarantors
 - Default prevention
 - Default aversion
 - Financial literacy and debt management materials and services
 - Default prevention grant programs

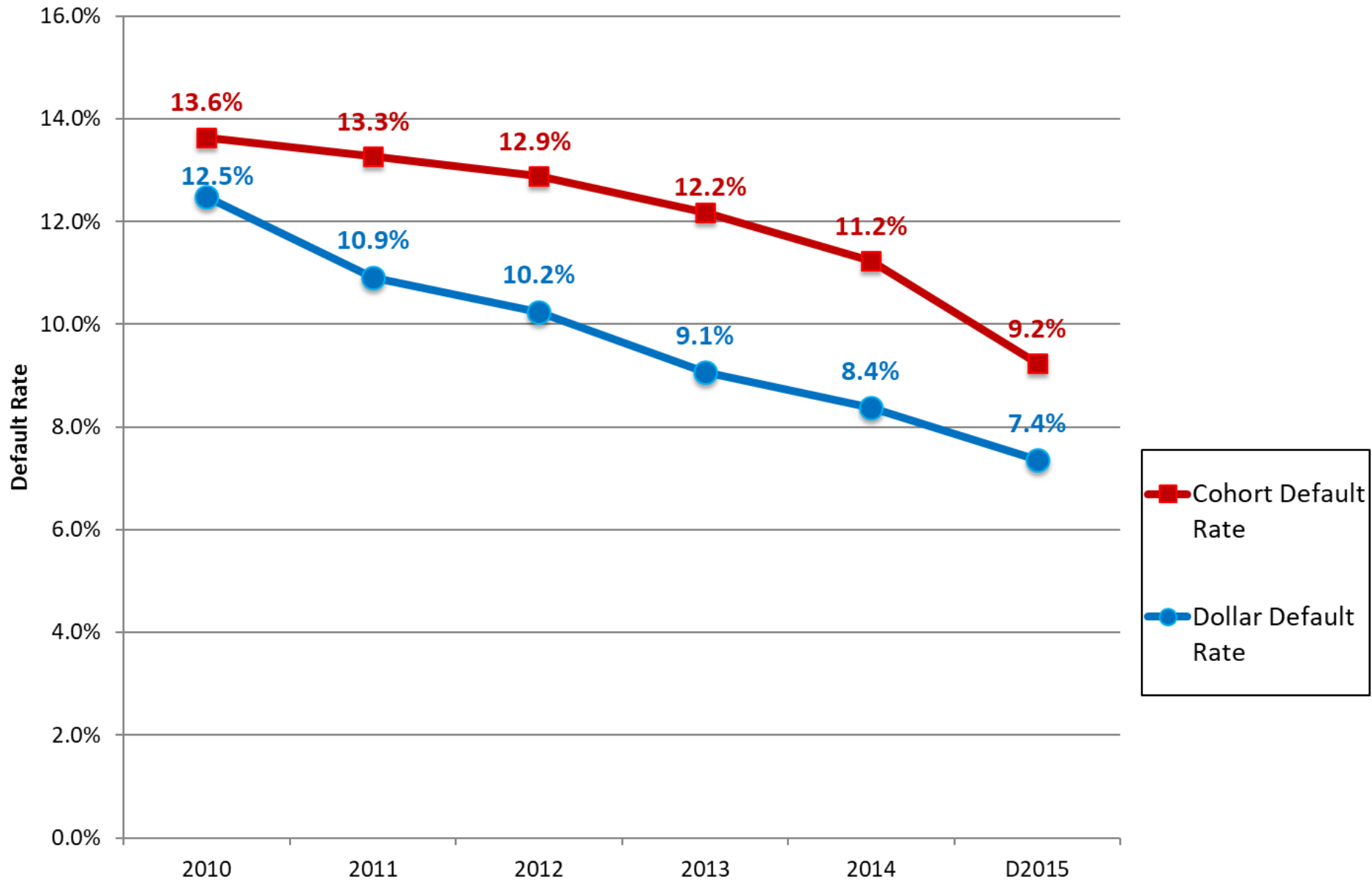
MDHE's Default Prevention Grant

- SYF2002-SFY2018 (July 1 – June30)
- \$25,000
- Default Management Plan
- Review Board
- On-campus Review
- Annual conference for grant recipients

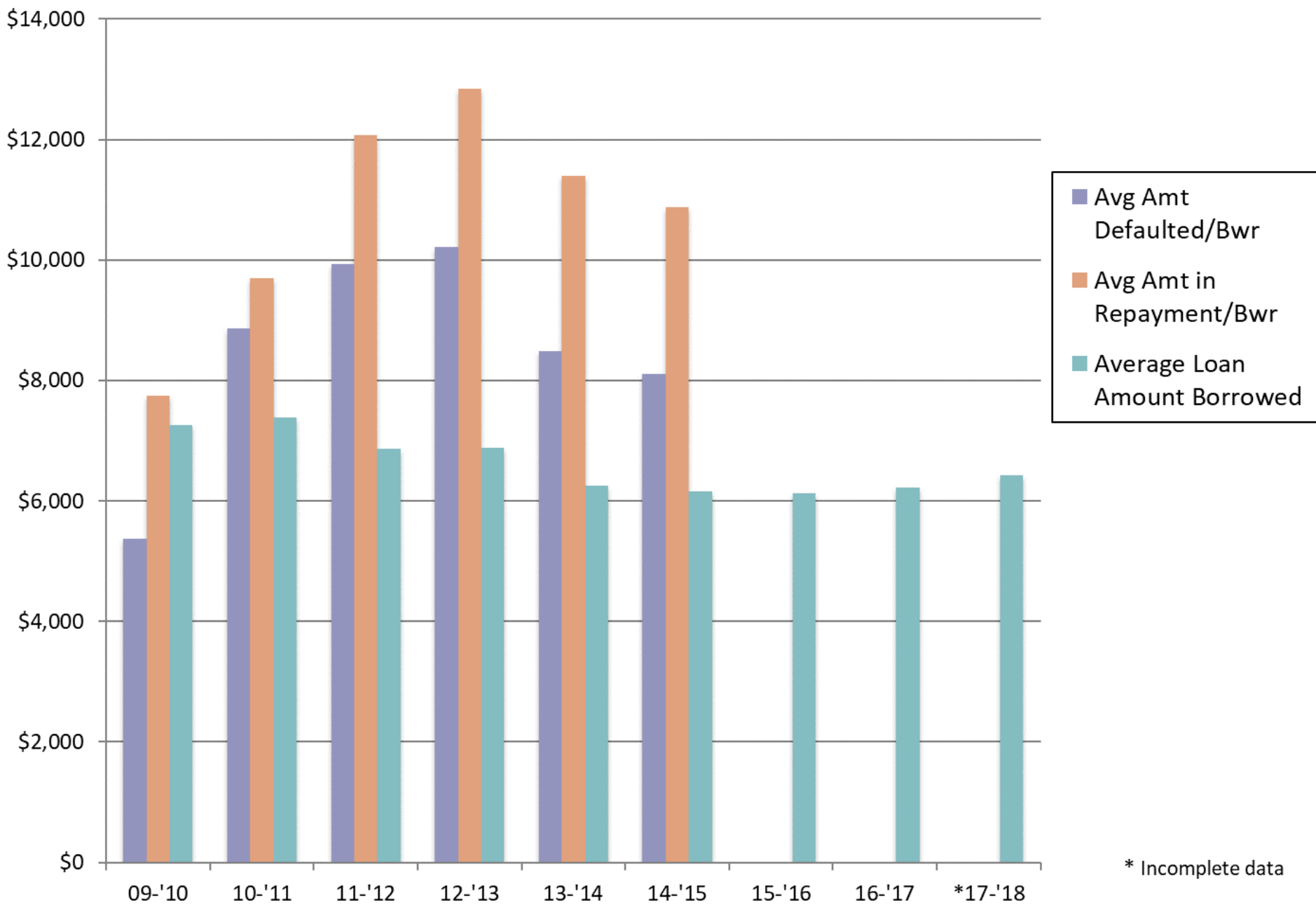
Default Prevention Initiatives

- 63 total postsecondary institutions participated
- Awarded a grand total \$11,838,641 since the beginning of the program
- Conduct research to determine common characteristics of defaulters
- Implement financial literacy programs
- Establish retention services
- And more!
- Other states have used Missouri as a model

Borrowers in Default Vs. Dollars in Default (Participating Grant Schools)

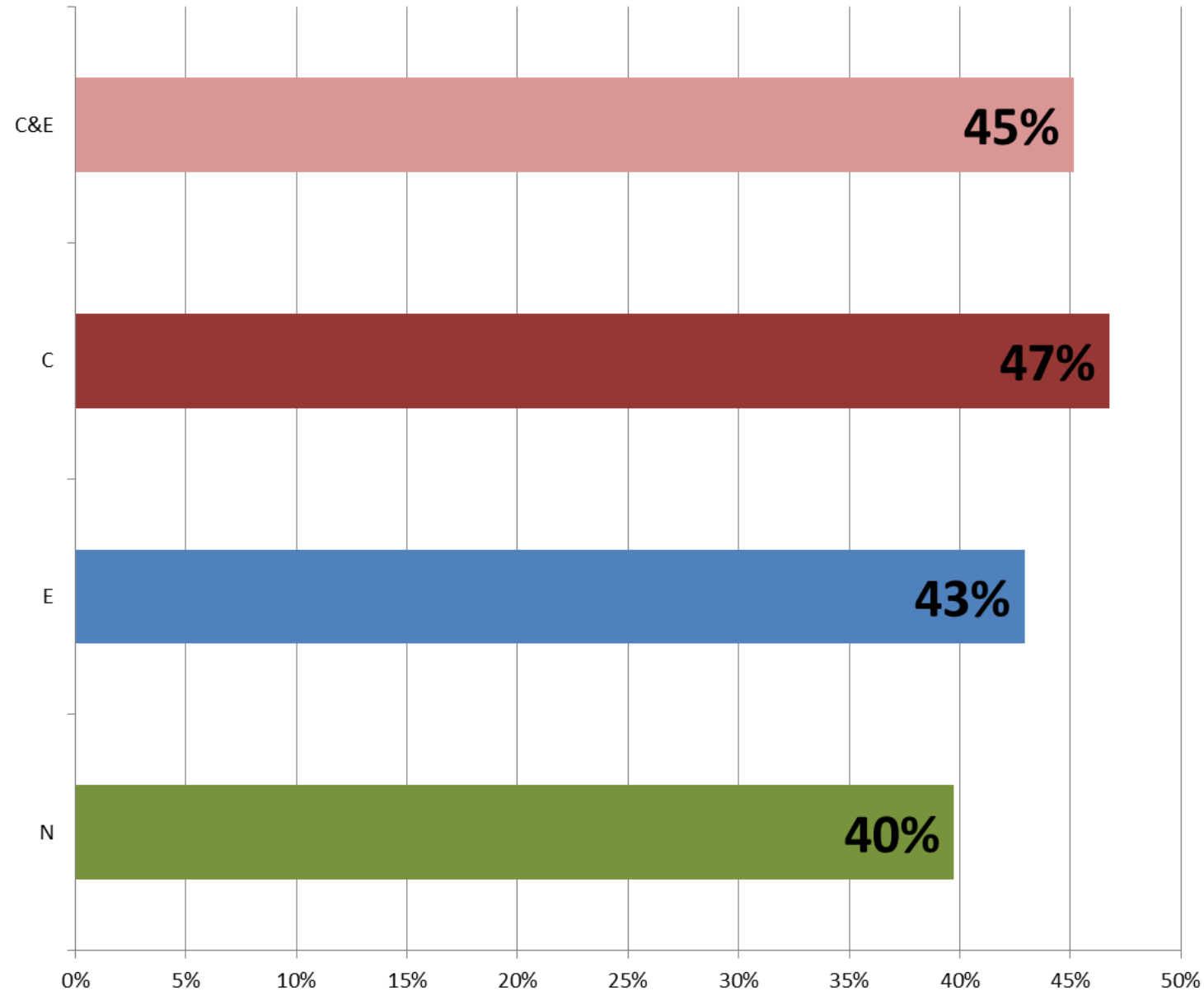


Dollar Amount Comparison



* Incomplete data

Loan Repayment Rate



C&E=Currently in grant program (SFY 17) and ever in grant program

C=Currently in grant program (SFY 17)

E=Ever in grant program

N=Never in grant program

Success Services

- Advisory Committee
- Student Success Tool Kit
- Peer Counseling
- Collaborations with Missouri Workforce Development Centers
- Collaborations with the Federal Reserve Bank
- Two Accredited Financial Counselors (AFCPE)

Borrower Communications

- Loan Refund Notices
- Debt Notices
- Suggested strategic times

[Institution letterhead]

Date

Name

Address

City, State, Zip

Dear **Name**,

The purpose of this letter is a quick report on what you have borrowed to date in student loans. It is important to keep track of your debt so you are prepared for your repayment responsibilities after graduation. We invite you to drop in and discuss your current and future loan debt with a financial aid representative from 8:00-5:00, Monday-Friday at 100 Campus Hall. Or you can call 555-5555 for an appointment.

Total Federal Direct Loans borrowed to date while attending Institution: \$0000

Subsidized Direct Loan(s) with interest that starts after you are no longer enrolled at least half-time:

Subsidized \$0000 2016-2017

Subsidized \$0000 2017-2018

Unsubsidized Direct Loan(s) with interest that accrues while you are in school:

Unsubsidized \$0000 2017-2018

TOTAL = \$0000

To put your borrowing into perspective, the average **Institution** undergraduate borrows \$00000 in Federal Direct Loans by the time they receive their bachelor's degree.

Estimated monthly payment on Federal Direct Loans borrowed to date: \$0000

This estimate represents what your monthly payment would be on the *standard repayment plan* if you went into repayment today. Additional borrowing will increase this standard monthly payment.

For more information about your estimated monthly payment, alternative repayment plans, and accrued interest go to <https://studentloans.gov>. For further information on your federal loan servicer go to <https://www.nslds.ed.gov>.

Total other loans borrowed while attending Institution: \$0000

Loans with accruing interest:

Local Bank \$000 2016-2017

Loans with interest that starts after you are no longer enrolled at least half-time:

Perkins \$0000 2017-2018

Repayment information for private loans is available from your lender. Repayment information on Perkins and/or institutional loans is available from the financial aid office/student portal.

Signature

Journey College

MISSOURI DEPARTMENT OF HIGHER EDUCATION

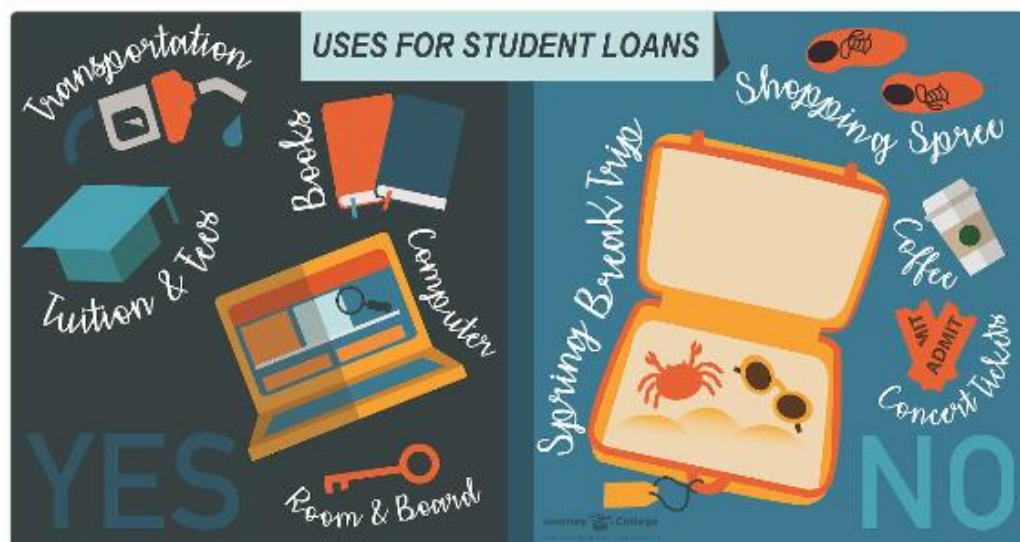
Realize your potential.

Debt Notice Template

Loan Refund Reminder Template

One way to keep your money in check after graduation is to only borrow what you need. If you received more in loans than you need, return what you don't need back to the financial aid office. You may return all or a part of your excess loan funds.

Quick fact: Returning a portion of your student loan refund could greatly reduce your debt. By returning just \$550 of your student loan refund each semester, you could end up reducing your debt by more than \$6,000.



Also consider making interest payments throughout college or during your grace period to help reduce the amount of interest you'll end up paying in the long run.

Other Communications

- 15 to Finish
- Common Transfer Curriculum (42-hour block)
- Corequisite initiative
- Homeless & foster youth services
- Math Pathways
- Missouri Reverse Transfer
- Transfer library
- State aid and student portal

Also under consideration

- Direct MDHE communications with students and borrowers
 - Text messaging (one-way)
 - Chatbot (two-way)
- Outgoing messages strategically timed
- Brief messages around the themes of:
 - Smart borrowing and college cost reduction tips
 - Due dates, such as Access Missouri deadline
 - Healthy student loan repayment habits

QUESTIONS?