

Cohort Default Rates & Minority-Serving and Under-Resourced Schools Division

Second Annual Convening for Minority Serving Community Colleges

November 2, 2016

Federal Student Loans

- Outstanding student loan portfolio stands at \$1.26 trillion – August 2016.
- 36% year over year increase in borrowers enrolled in Income Driven Repayment Plans - June 2016
- 1.7% of recipients who were in repayment Q3 FY16, entered default. Down from 2.1% Q3 FY15.
- Delinquency rates are down compared with the same time period last year.

Data Source: <https://ifap.ed.gov/eannouncements/082216FSAPostsUpdatedReportstoFSADataCenter.html>

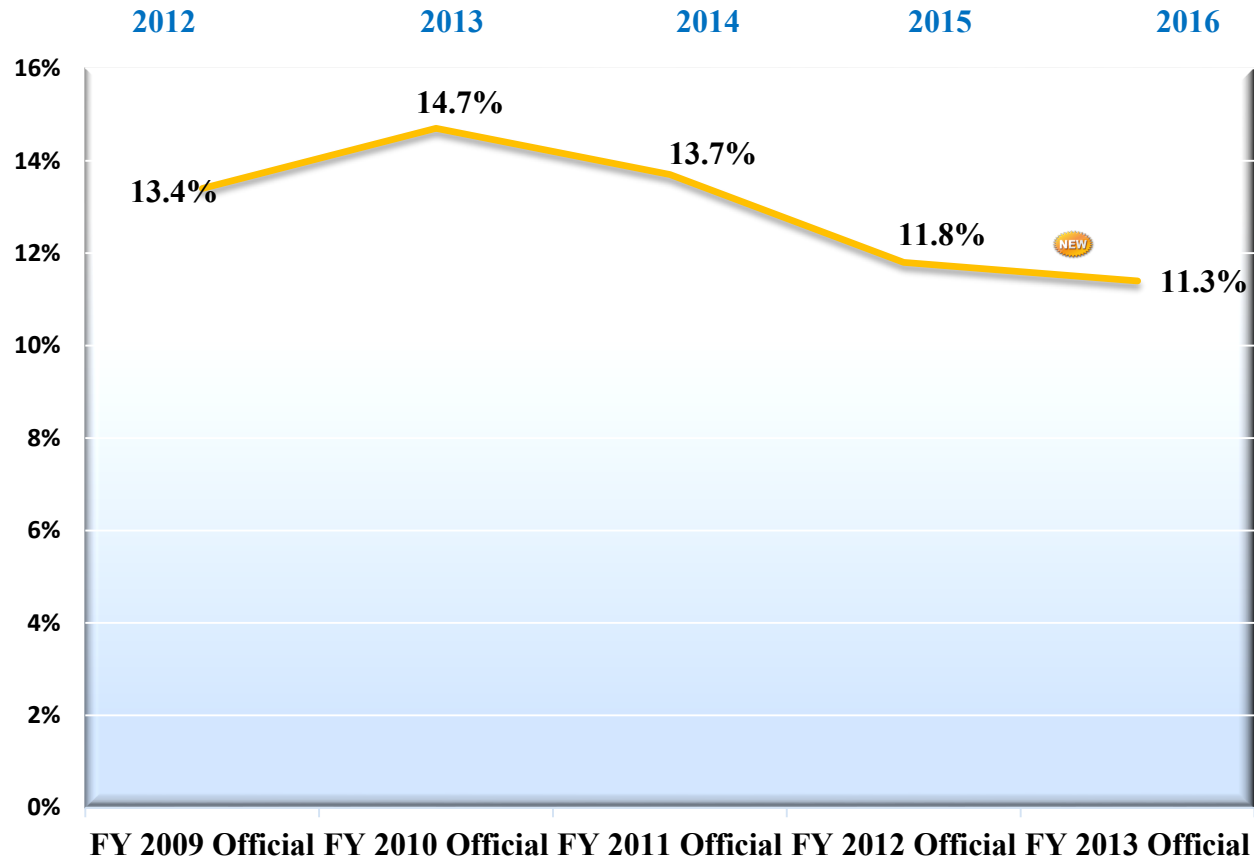
FY 2013 Official 3-Year Cohort Default Rate (CDR)

Cohort Calculation Period:

Number of borrowers who **defaulted**
Between **October 1, 2012** and **September 30, 2015**

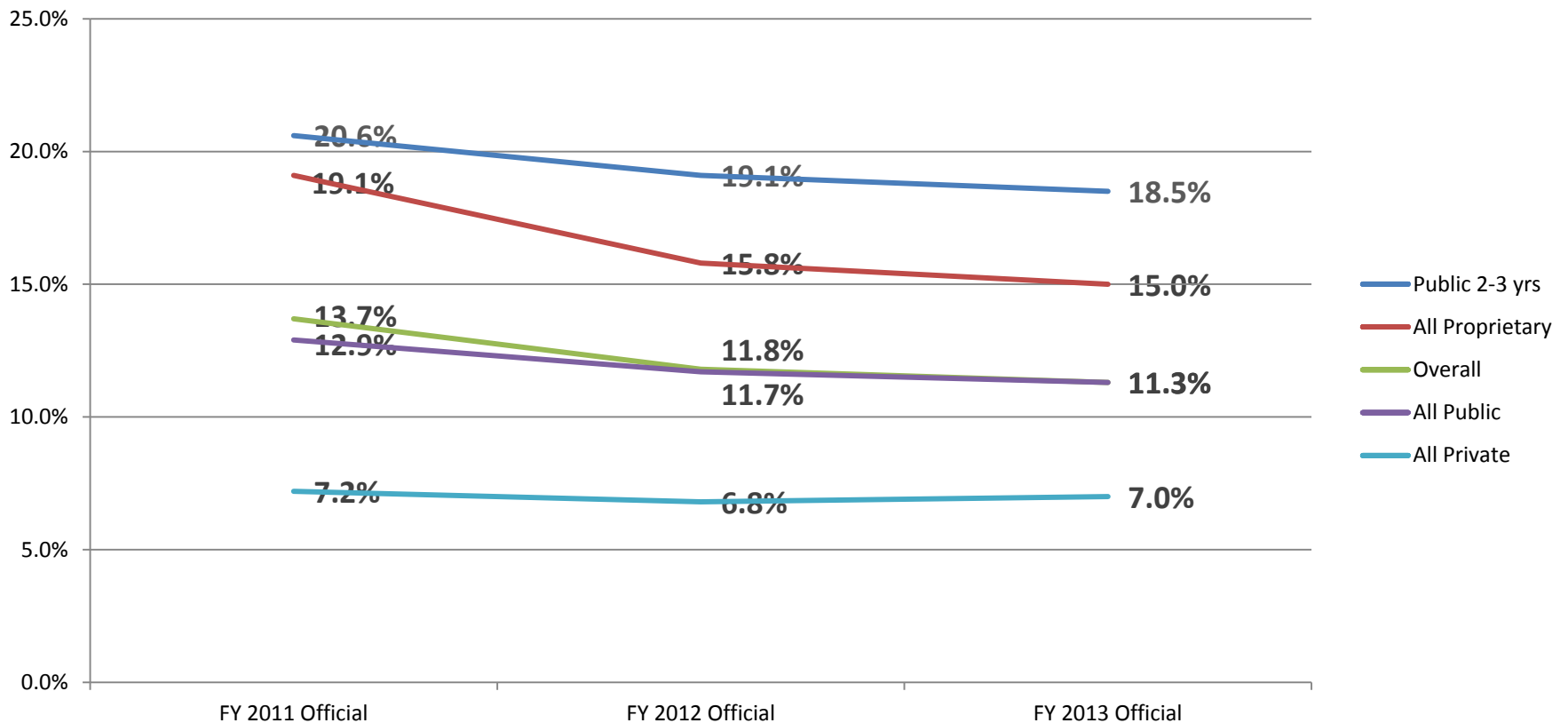
Number of borrowers who entered **repayment**
Between **October 1, 2012** and **September 30, 2013**

National Student Loan Default Rates



Official 3-Year Cohort Default Rate: 3 Year Trend

	Public 2-3 yr	All Proprietary	Overall	All Public	All Private
FY 2011 Official	20.6%	19.1%	13.7%	12.9%	7.2%
FY 2012 Official	19.1%	15.8%	11.8%	11.7%	6.8%
FY 2013 Official	18.5%	15.0%	11.3%	11.3%	7.0%



Default Management and Prevention

1. Institution wide responsibility; not just financial aid.
2. Understand factors that contribute to loan default.
3. Develop interventions to target the risk factors.
4. Effective borrower communication at key points.
5. Effective Entrance and Exit Loan Counseling.
6. Effective academic programs of interest and value.
7. Assure employment or transfer readiness.
8. Maintain contact with former student borrowers.
9. Focus on retention and completion.

“The most expensive education is one that doesn’t lead to a degree.” Arne Duncan, 2015

Financial Education

Financial Literacy Guidance from Federal Student Aid

A document designed to help counselors and mentors assist postsecondary students in developing the skills necessary to make informed financial decisions, in particular with regard to the student loan process.


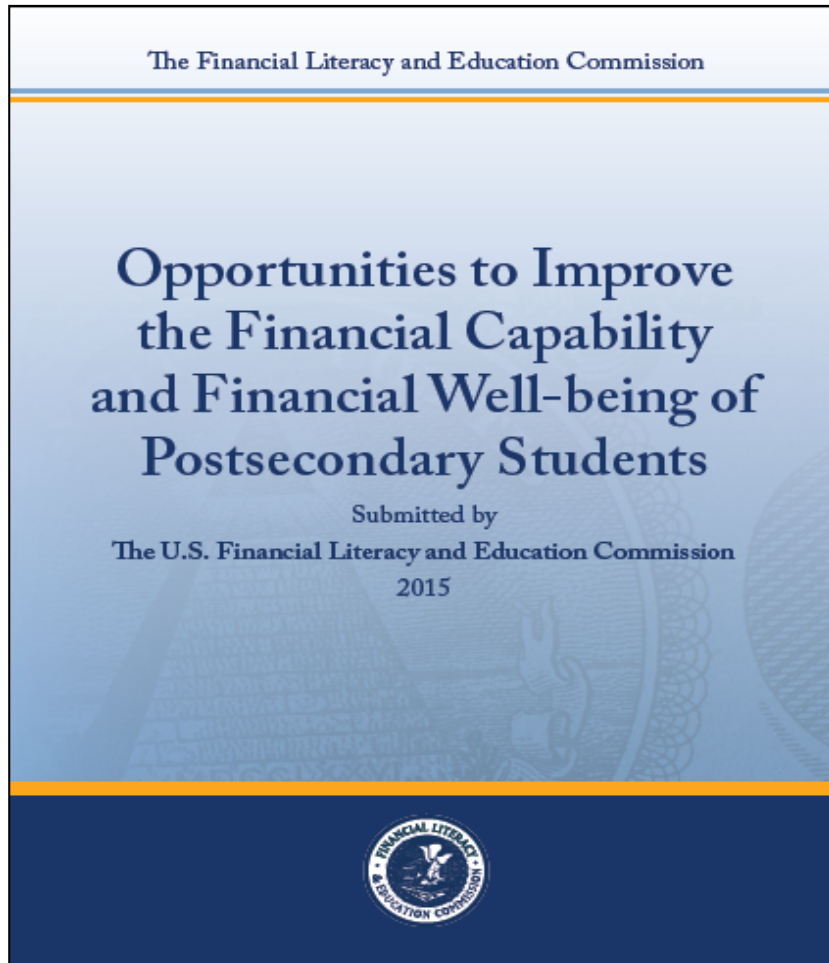
- <https://financialaidtoolkit.ed.gov/resources/fin-lit-guidance.pdf>

Opportunities to Improve the Financial Capability and Financial Well-being of Postsecondary Students

A report describing current efforts to enhance financial education in a number of institutions with respect to student understanding of financial aid.

- <https://www.treasury.gov/resource-center/financial-education/Documents/Opportunities%20to%20Improve%20the%20Financial%20Capability%20and%20Financial%20Well-being%20of%20Postsecondary%20Students.pdf>

Financial Education



FINANCIAL LITERACY GUIDANCE FROM FEDERAL STUDENT AID

This document is designed to help counselors and mentors assist postsecondary students in developing the skills necessary to make informed financial decisions, in particular with regard to the student loan process. Choosing how to pay for college is often one of the first major financial decisions that young adults make. Financial literacy education can provide an understanding of how to manage personal finances, establish financial goals, and form a plan to reach them.

The following pages provide information on key concepts that student loan borrowers should understand, good financial habits for students to practice, and tools and resources available to help communicate these concepts to students. Counselors, mentors, and school representatives can use this information to tailor their financial education programs to students' needs.

Federal Student Aid

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CONTENTS:

Budgeting

- The Basics of Budgeting
- The Benefits of Budgeting
- Cost of Attendance
- Expected Family Contribution
- Setting Goals
- Tracking Earnings and Spending
- Understanding Income
- Needs vs. Wants
- Banking
- Building and Maintaining Credit
- Importance of Record Keeping

Borrowing

- Borrowing Fundamentals
- Private Loans
- Federal Loans
- Borrower Responsibilities and Options

Repayment

- Understanding Repayment
- Federal Direct Loan Repayment Options
- Public Service Loan Forgiveness

Resources

- Tips for Working with Students
- Resources for Counselors and Mentors
- Resources for Students
- Social Media

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Minority-Serving and Under-Resourced School Division

- MSURSD was created in response to a series of Presidential Executive Orders.
- Provide assistance to strengthen the Title IV administrative capabilities.
- Expand opportunities for these institutions to participate in Title IV and other Federal Programs.
- Proactively identify the unique service needs of MSIs as it relates to the management of the Title IV programs.
- Collaborate with other Department of Education Offices and government agencies to strengthen institutions.

Minority-Serving and Under-Resourced School Division

Staff Locations

DC	7
Atlanta	6
Denver	1
Dallas	1
San Juan, PR	1



Contact Information

FSA appreciates your feedback and comments.

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