



California Community Colleges

The Statewide Default Prevention Project

U.S. Department of Education – Federal Student Aid

Mark Walsh

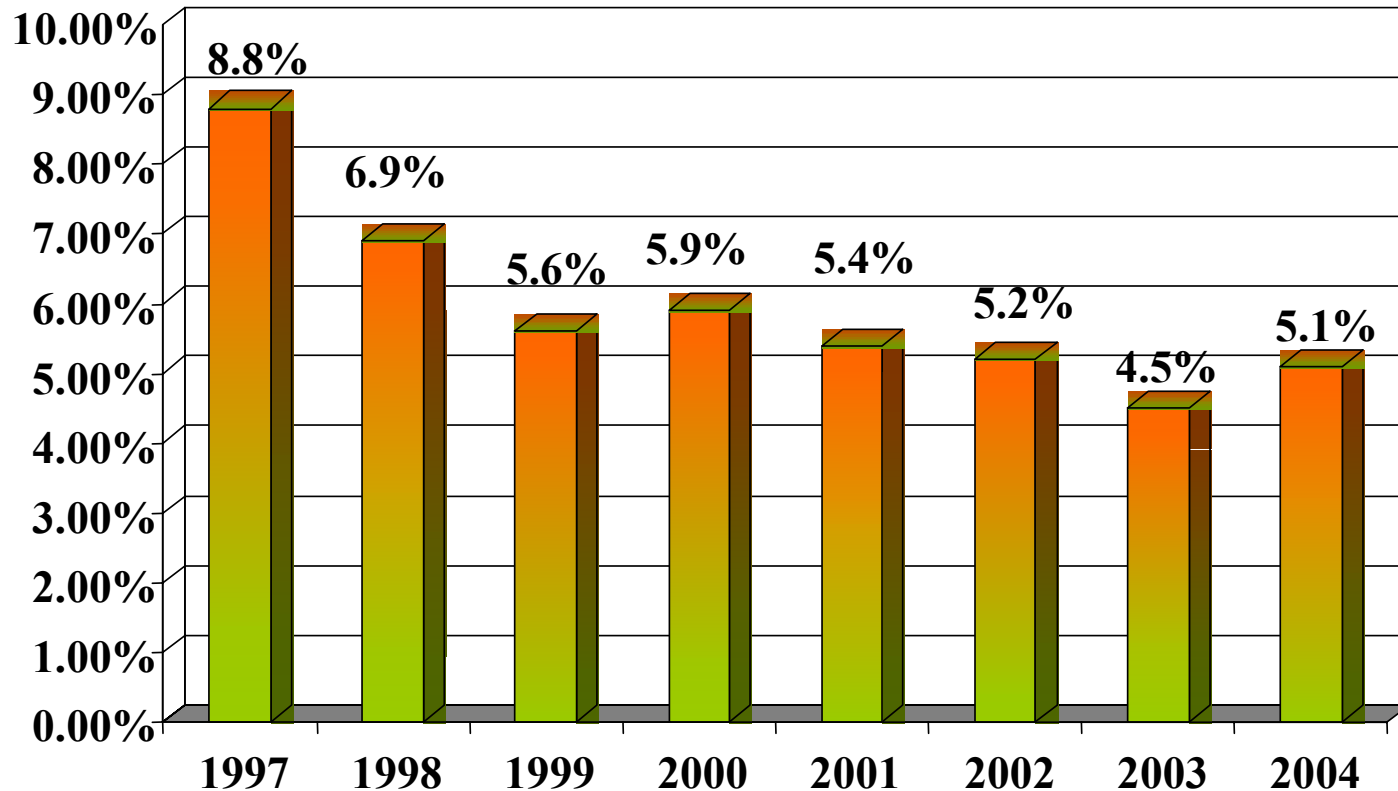
Eileen Marcy

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Default Prevention Team



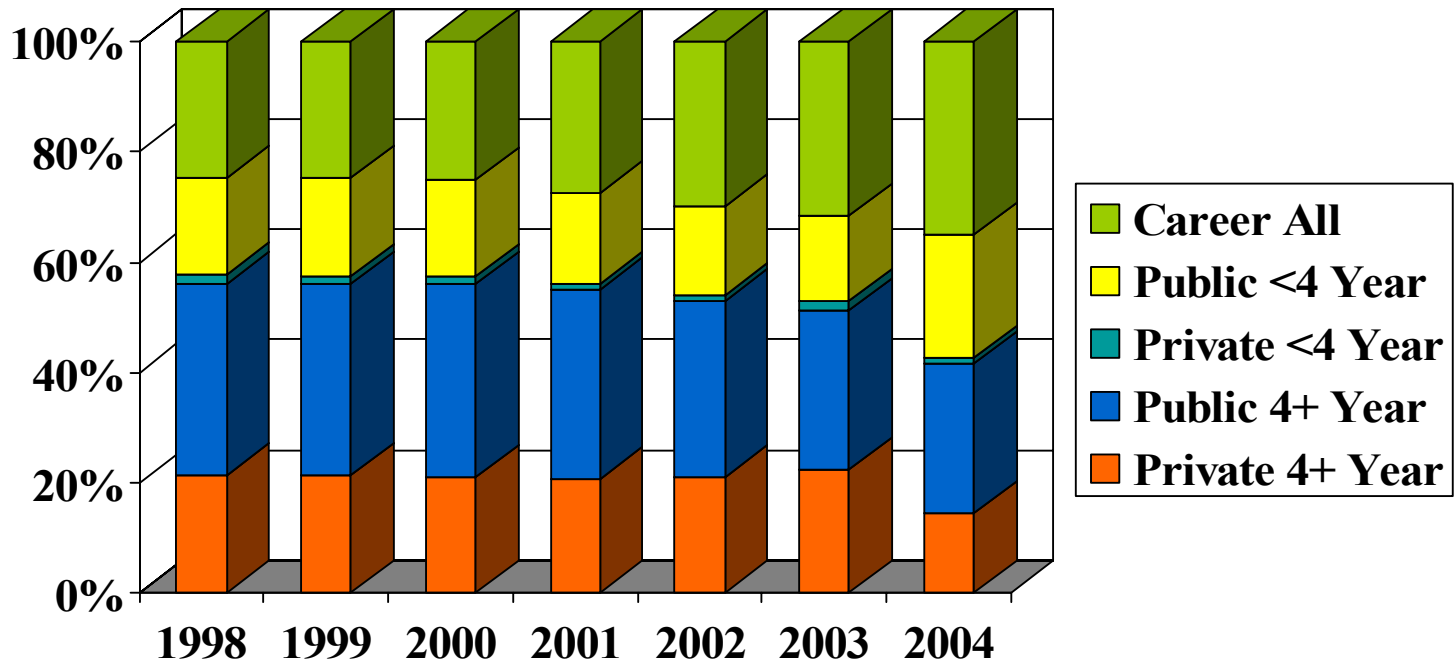
Official Cohort Default Rates





Composition of Cohort Default Rate

Cohort Default Contribution By School Type





What are our concerns?

- Students in Default
- Cohort Default Rates (CDR)
 - Increase in private loans
- Dollars in Default



Why We Are Here

- Kickoff the statewide project
 - CASFAA
 - Guaranty agencies
 - U.S. Department of Education
- Invite community college participation



CDR Increase 2003-2004

National CDR

FY 2003 = 4.5%

FY 2004 = 5.1%

Percentage of
change = **+13.3%**

California CDR

FY 2003 = 4.3%

FY 2004 = 4.7%

Percentage of
change = **+9.3%**



California Borrowers in Default

FY 2003 = 9,422

FY 2004 = 11,639

Percentage of change = **+23.5%**



A word about the data on the following slides:

The dollars in default included in this presentation for FY2003 and FY2004 are based on the Outstanding Principal Balance (OPB) at the time the Cohort Default Rate was calculated.

To derive the dollars in default figures you will see on the following slides, the loans that entered into repayment during the cohort period and met the criteria for being included in the Cohort Default Rate were identified. The OPB Balance was totaled to get the total dollars in default. For those loans with a default claim, the Outstanding Principal Balance was totaled to get the dollars in default.



Dollars in Default Increase 2003-04

National Dollars

FY 2003 = \$647.7M

FY 2004 = \$801M

Percentage of
change = **+23.6%**

California Dollars

FY 2003 = \$52.6M

FY 2004 = \$69.7M

Percentage of
change = **+32.5%**



California ranks
#1
on the list of states
for Dollars in Default
in 2004
at \$69.7 Million



Dollars in Default By Sector

Public

FY 2003 = \$20.4M

FY 2004 = \$24.8M

Percentage of
change = **+21.5%**

Private

FY 2003 = \$11.9M

FY 2004 = \$16.2M

Percentage of
change = **+36.1%**



Dollars in Default By Sector

Career

FY 2003 = \$18.7M

FY 2004 = \$26.7M

Percentage of

Change = **+42.7%**



Schools Offering Associate Degrees – Public and Private Only

Dollars in Default

FY 2003 = \$6.7M

FY 2004 = \$9.2M

Percentage of change = **+37%**



Schools Offering Associate Degrees – All School Types

Dollars in Default

FY 2003 = \$12.3M

FY 2004 = \$18.5M

Percentage of change = **+50.4%**



What Are Your Concerns?



Defaulter Characteristics

- 89% did not receive the advantage of the full 6-month grace period as a result of late enrollment notification (sample)
- 93% were not successfully contacted by telephone during the 360-day collection effort (sample)



Defaulter Characteristics

The Crucial Link:

Of the borrowers who defaulted, 76% withdrew from school *and did not complete* their academic studies. (figure derived from actual population)

This is more than just a financial aid issue!



Two Broad Approaches to Successful Default Prevention

- Financial Aid Solutions
- Campus Wide Solutions



Financial Aid Solutions

- Timely and accurate enrollment updating on NSLDS
- Financial Literacy
- Late Stage Delinquency Assistance (LSDA)
- Collect and maintain extensive contact information on your borrowers



Campus Wide Solutions

- Core Functions
 - Admission, Retention, Student Support Services, Graduation, Job Placement
- Retention and Student Success
 - First Year Experience



Our mission is to support and advance efforts to improve student learning and transitions into and through higher education.

www.sc.edu/fye



Online Resources

- **Listservs**

- The National Resource Center hosts five listservs designed to bring together a broad cross-section of faculty and academic and student affairs administrators to discuss college transitions, their impact on students, and interventions designed to maximize student success. Approximately 4,500 educators participate in these listservs.

- **Web Site**

- The Center maintains a dynamic web site with current information about events, publications, and research. In addition, specific information is available on a range of topics including first-year seminars, summer reading programs, the sophomore year, the senior year, and collegiate assessment. Visit

www.sc.edu/fye/resources/



Making the Connection

Increasing student success through.....

- Financial literacy
- Retention
- Program completion and graduation

will reduce default on your campus:

- Cohort Default Rate
- Dollars
- Borrowers



NEW

**Default Prevention
requires
collaboration
between
the financial aid office
and
enrollment management**



What's Next California?

What solutions will you choose?

- Financial aid?
- Campus wide?
- A combination of the two?



What's Next California?

Who will help you decide on the solutions and implement them?

- California Advisory Committee on Default Prevention
- Guaranty agencies
- Your school sector



What's Next California?

We'll be back.....

- Participate in your meetings and support your efforts
- To review your activities/solutions and evaluate effectiveness
- To hear you share your successes!



Default Prevention and Management

- **Operations Team**
- **Challenges/Adjustments/Appeals Team**
- **Default Prevention Team**

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