

Default Prevention and Management Plan

East Georgia State College

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## **Preface**

East Georgia State College is committed to promoting student success by helping our students learn, graduate, obtain employment and demonstrate financial responsibility through the repayment of the funds they borrow to finance their education. This default plan is structured for student success and will be implemented as a campus-wide initiative.

EGSC is making significant efforts in the area of default prevention and debt management. The plan and its initiatives will be the key to the success of our default prevention and management goals. This document describes these efforts.

## **Literature and Resources**

EGSC is committed to providing its student population with the latest information related to responsible debt management and personal finance. In addition to the efforts and programs that are to be outlined in the Default Management Plan, EGSC also makes available the following publications from the Department of Education and Georgia Student Finance Commission:

*Do You Need Money for College? Federal Student Aid at a Glance*

*Funding Your Education: The Guide to Federal Student Aid*

*Direct Loan Basics for Parents*

*Direct Loan Basics for Students*

*HOPE/Zell Miller Scholarship Information*

*College Preparation Checklist (Student Life)*

These resources are intended to supply both students and parents with the information necessary to make the informed financial decisions necessary to cover the costs of secondary education.

## Background

In September of 1971, the citizens of Emanuel County voted for a bond to underwrite the cost of a new college. The Emanuel County Board of Education, representing the citizens of the county and working with the local college committee, also provided a wooded site of 207 acres (190 acres of which were donated by Luck Flanders Gambrell) within the city limits of Swainsboro. In December of 1971, the Board of Regents gave final approval for the campus site and named the new college Emanuel County Junior College. In 1988, Emanuel County Junior College became East Georgia State College. The \$2.1 million bond issue was paid off in 1988, also. In 2012, after being granted state college status, the name was again changed to East Georgia State college, re-electing a new mission to provide limited baccalaureate degrees.

Through the years, East Georgia State College has proudly maintained its original strategic purpose as an access institution with strong community ties. Today, the institutions continues to adhere to its original mission by making a wide range of credit and non-credit academic programs accessible in an atmosphere that contributes to the intellectual and cultural growth of our students.

Many in East Georgia State College's diverse student population are first generation and non-traditional students who have been raised in economically depressed conditions within rural east-central Georgia. Thus, students attending EGSC rely very heavily on financial aid. By tailoring academic programs to student success, i.e. learning support, and maintaining affordable tuition, East Georgia State College has been successful in increasing the educational levels of the communities it serves and meeting the financial and developmental needs of our students.

The EGSC main campus is located in Swainsboro, Georgia. We also have a thriving campus in Statesboro, GA through cooperation with Georgia Southern University and a growing campus in Augusta, GA through cooperation with Georgia Regents' University. We are in the process of developing a relationship with Fort Valley State University, as well.

## **Strategies for Default Prevention at EGSC**

### **Overview**

EGSC has determined that a campus-wide policy and effort is the underlying support for a successful default prevention program. Our institution focuses not just on those students who are enrolled during a specific term and year, but rather on all students – applicants and incoming freshmen, transfer students, alumni, and those students who withdraw without completing their programs of study.

### **Pre-Enrollment Efforts**

The majority of our student population is drawn from Emanuel, Toombs, Bulloch, and Chatham counties. Admissions and Financial Aid Staff conduct workshops on campus and at local high schools to educate and inform students about all sources of federal and state aid.

The workshops have a two-fold purpose: covering the application process and addressing the issue of secondary education costs and how a student can responsibly use financial aid to cover those costs. Although both purposes are included in all presentations and events, the types of events being held may focus on a specific topic. Events held include: question and answer sessions for parents and high school students, basic financial aid presentations for parents and high school students, FAFSA help days in association with the Indiana Association of Student Financial Aid and the College Goal initiative, general financial aid presentations in the form of Open House for prospective students, and general financial aid overview for incoming students at Orientations.

Presentations at orientations revolve around the idea of responsible borrowing, and common repayment/default topics are included in both the presentations by the President's Office (Welcome Addresses) and the presentations by the Financial Aid Office.

Those presentations given by the Financial Aid Office should include, at the very least, the following information regarding responsible borrowing and default prevention:

1. Current overall loan debt in the United States
2. Average loan debt among graduates

3. Average borrowing rate among graduates
4. How additional semesters (longer degree completion times) can affect overall loan debt
5. Satisfactory Academic Progress (SAP) and its effects on student completion
6. Basic information regarding common barriers to successful repayment

The inclusion of this information has the intent of giving students a moment to consider their overall financial plan while in college. At this time, there is not a process set up for the measurement of this plan's success, as very few resources go into the presentation of this information.

## **Enrollment Efforts**

Our institution's Default Prevention and Management Plan focuses on constant communication with our students while they are still enrolled. It is during this crucial time that student involvement should be encouraged. EGSC's goal is to ensure that students are *active* in their communication with financial aid counselors and loan services, *aware* of their debt, and *prepared* to take on future financial responsibility.

## **Financial Aid Packaging Policy**

EGSC annually evaluates its financial aid packaging policy, taking into account institutional needs as well as student needs. The focus is to encourage conservative borrowing by students and to promote scholarships and Federal Work Study in lieu of loans.

1. EGSC only packages loans to students who request them via the EGSC Loan Offer Request Form (Appendix I). The Loan Offer Request Form is intended to provide students with one more step of consideration before simply accepting loans. This form requires that the student choose what types of loan he or she wants to receive, the Federal Direct Subsidized or the Unsubsidized Loans. The request also provides links on the following:
  - a. An explanation on accepting loans
  - b. Information on Entrance Loan Counseling
  - c. Information on the Master Promissory Note
  - d. A loan payment estimator

- e. The student's loan history at the time of application
- Furthermore, the form requires the student to review EGSC's Satisfactory Academic Progress Policy to submit the form, ensuring their awareness of the institution's requirements and expectations.
2. The students with the most unmet need are evaluated for Federal SEOG funds and, when awarded, their Unsubsidized Loans are decreased. This is an important change because the unsubsidized loans have interest compounding monthly.
  3. Those students that apply for the Federal Work Study program have notification flags for these applications placed on their account in Banner. Attributing these FWS applications to the students' records ensures that students are not requesting or accepting loans that make them ineligible for their work study award. To reinforce the vital role that the counselors have in communicating this issue to students, the Assistant Director of Financial Aid will, beginning FALL of 2014, notify FWS eligible students of the affects that loans can have on their eligibility. This notification will be sent via a monthly email to newly hired Federal Work Study students (Appendix J).

### **Entrance Counseling & Master Promissory Notes**

Before a student can take out a Federal Direct Loan, he or she must complete Loan Entrance Counseling at [www.studentloans.gov](http://www.studentloans.gov). The financial aid staff reinforces this by explaining Entrance Loan Counseling and the Master Promissory Note, providing a loan payment calculator, emphasizing the importance of repayment, and describing the consequences of default in office and on our website. On an individual basis, per the request of the student, we can also offer simple budgeting and one-on-one counseling for students with questions about the process. EGSC's loan application process will eliminate the automatic offer of loans, as was discussed in the prior section on the Financial Aid Packaging Policy.

In addition, if the student wants to increase a loan amount later in the semester, following the original submission of the Loan Offer Request, he or she will need to complete a Revision Request. The requirements again give the student an addition step, reminding them that the loan is not just a refund, but an incurred debt.

The office also introduces students to NSLDS where they can track their loan debt and accrued interest while in school. NSLDS is a great tool for getting the student in touch with their loan

servicers. It is very important that the student borrower and his or her servicer build a relationship early on in the loan process.

### **Academic Affairs and Early Intervention with At-Risk Students**

EGSC evaluates students' progress each semester. When mid-term grades are released, we can identify those students who are below the 2.0 mark. Students with W's, F's, and or D's will be identified and contacted. The students will be the focus of additional support to motivate their success and progress.

1. The Academic Center for Excellence (ACE) provides tutoring for students at all EGSC campuses and acts as the primary academic support service. At midterm grades, students who do not meet passing requirements in their classes will be encouraged to take advantage of this tutoring via an email sent out by the Assistant Director of Financial Aid (Appendix K). Intensified tutoring is available without charge to all students, also. Qualified peer tutors conduct individual and group tutoring sessions in most courses and are available upon student request.
2. Our housing staff, which has close contact with students who live on campus, will be a valuable source for students who are struggling academically, as well. In addition, the department can help to identify those students that are struggling to fit in socially and may be able to get them integrated. New students could have outings incorporating the ropes course or cross country track to get acquainted and begin bonding.
3. The Registrar's Office, upon a student's acceptance for readmission, will supply the student with information regarding their Satisfactory Academic Progress standing through the Former Student Acceptance Letter (Appendix N). In addition, upon receipt of a list of former students that have been accepted, the financial aid office will send out a notification that identifies the standing of the student and reminds them the meaning of the status (Appendix Needed!). These notifications are intended to give students ample time to submit any appeal information needed for the upcoming semester.
4. G2 Squared/ Complete to College Initiative
5. Implementing Education in Academic and Financial Aid Appeals



## **Financial Literacy**

Website, Program, Sessions

## **Enrollment Reporting**

EGSC recognizes that timely and accurate enrollment reporting to NSLDS is required by regulation and promotes school and student success. EGSC also believes that there is a correlation between late or inaccurate enrollment reporting and loan defaults. Accurate reporting activity ensures that borrowers receive their full grace period and further ensures that contacts from the loan servicer, such as correspondence and telephone calls, occur in the appropriate timing and sequence.

EGSC's Default Management plan assures timely and accurate reporting of changes in enrollment status as is required by the Department of Education. The Registrar's Office completes this enrollment reporting. While the Department of Education requires that enrollment reporting is completed every 60 days, EGSC reports on a monthly basis by submitting enrollment data on the entire student population to the National Student Loan Clearinghouse.

## **Withdrawals**

We believe that many borrowers who default on their loans are students that withdrew from school prior to completing their academic programs. In addition for fulfilling the regulatory requirement to provide exit counseling to students, which will be discussed later, EGSC works with students after they have left school by encouraging them to complete their programs to study and helping them to resolve the issues that prompted their withdrawal. We process withdrawals in a timely manner so that we can inform students and their lenders and/or the NSLDS that the student has withdrawn.

## **Exit Counseling**

EGSC's Default Prevention and Management Plan emphasizes exit counseling to students who are leaving their program of study. Exit counseling can be done in one of two ways at the time of application: in-person, with a financial aid administrator or with the submission of the online counseling confirmation page from [www.studentloans.gov](http://www.studentloans.gov) (Appendix M).

In-person counseling includes an explanation of the exit counseling requirements on [www.studentloans.gov](http://www.studentloans.gov), as the counseling is intended to supplement but not replace this counseling. The one-on-one session, however, will cover the different types of repayment plans, deferment, forbearance, loan forgiveness and discharge, servicer information, and consequences of default. Students are provided with resources for financial literacy and are given their overall loan debt as of the graduation application date. Their estimated monthly payment is also determined during the session. Students are also provided with resources for financial literacy and are given their overall loan debt as of the graduation application date and estimated monthly payment. The students are then required to submit new demographic information, including references.

EGSC views this counseling as an effective way to prevent defaults and understands that it is often the last opportunity that borrowers have to work with someone at the institution on their loans. Exit counseling provides in-depth discussion that focuses on fully explaining repayment plan options that can fit borrower needs. It is also an opportunity to clear up any misconceptions our students may have about their loan obligations and re-emphasize the consequences of default. Counseling sessions may differ in concentration, as each individual student has the ability to request information specific to their own situation.

Students are emailed an Exit Counseling Reminder Letter the semester of their intended graduation (Appendix O). During the graduation application process, exit counseling is listed on the checklist for loan borrowers, and we take this opportunity to update all contact and refer students to the Assistant Director of Financial Aid to encourage questions and familiarity with servicer information and NSLDS. At graduation practice, a member of the financial aid staff speaks to the group of graduates and emphasizes the exit counseling requirement (Appendix L). This presentation also covers the dangers of default and highlights resources that students can use to stay out of default.

### **Post-Enrollment Efforts**

At this time, our institution's post enrollment efforts rely largely on our partnership with EdFinancial. However, EGSC consults with and utilizes the following, in compliance with federal regulations, in order to minimize defaults:

1. On-Campus offices such as Admissions and Records
2. College Recruiters

### EdFinancial Intervention Services

EGSC takes an aggressive step and enlists EdFinancial Services to reach out to borrowers who are delinquent or in repayment EdFinancial adheres to the following plan to make contact with these borrowers and prevent default:

Timeline	Action	Dependency Action	Description
30 Days	Letter	E-Mail	To all borrowers.
50 Days	Live Agent Call	E-mail	Three attempts to connect.
70 Days	Letter	E-Mail	To all borrowers.
85 Days	Live Agent Call		Three attempts to connect.
105 Days	Letter	E-Mail	To all borrowers.
120 Days	Live Agent Call	E-Mail	Three attempts to connect.
140 Days	Letter	E-Mail	To all borrowers.
160 Days	Live Agent Call		Three attempts to connect.
175 Days	Letter	E-Mail	To all borrowers.
200 Days	Live Agent Call	E-Mail	Three attempts to connect.
215 Days	Letter	E-Mail	To all borrowers.
230 Days	Live Agent Call		Three attempts to connect.
250 Days	Letter	E-Mail	To all borrowers.
265 Days	Live Agent Call	E-Mail	Three attempts to connect.
285 Days	Letter	E-Mail	To all borrowers.
315 Days	Live Agent Call		Three attempts to connect.
345 Days	Live Agent Call	E-Mail	Three attempts to connect.

EdFinancial will work to ensure right party contact and resolve delinquency. Demographic data will be confirmed and updated with each successful contact. Agents will focus on establishing a successful borrower payment strategy, including IBR counseling and deferment or forbearance

options. Principal payments will be encouraged. Resolutions will be tracked and monitored by agents until officially reflected on servicer or NSLDS data.

### Early Intervention Method

Early Intervention Services are a vital part of delinquency and default prevention. Within six days of notification of separation, EdFinancial Services will launch our early intervention initiative for borrowers. Those services include:

1. A minimum of four live agent campaigns, including eight contact attempts
2. A minimum of one email/mail attempts
3. Dedicated toll-free number for borrowers

EdFinancial will work to ensure right party contact and proper grace period education, including repayment options, deferment or forbearance availability and demographic data confirmation and update.

Timeline	# of Days	Action	Dependency Action	Description
Week of Separation	14	Live Agent Call		Two attempts to connect.
1 Month After Separation	30	Live Agent Call		Two attempts to connect.
3 Months After Separation	90	E-mail	Letter	To all borrowers.
4 Months After Separation	120	Live Agent Call		Two attempts to connect.
5 Months After Separation	150	Live Agent Call		Two attempts to connect.

## **Cohort Default Rate Review and Appeal**

The challenging of draft cohort default rates enables EGSC to request a correction to what it believes is inaccurate data contained in the EGSC LRDR for the draft cohort default rates. An LRDR for the draft cohort default rates contains inaccurate data if any of the following applies:

1. A borrower's data was incorrectly reported in the draft CDR calculation
2. A borrower was incorrectly included in the draft CDR calculation
3. A borrower was incorrectly excluded from the draft CDR calculation

Analysis of the draft CDR/LRDR will also be useful in determining EGSC's typical defaulters, allowing for more targeted interventions.

## **Conclusion**

### **Default Management Plan Evaluation**

On a yearly basis, EGSC's Default Task Force will review the current Default Management Plan to determine what works well and what does not. EGSC will evaluate plans used by similar institutions to reevaluate the effectiveness of its own plan. The committee members will also contribute proposals for addendums during semester Default Task Force meetings. These proposals are to be voted upon by the officials in these meetings and employed or placed on record after review.

Default prevention and debt management is a college-wide initiative. Consequently, efforts are being administered not only from EGSC's faculty and staff, but also from our partners at EdFinancial in order to provide our students with a comprehensive and effective default management program. This is part of our formula for student success, and we will continue to work diligently to assist our students in making sound investments in their education.

### **Short-Term Institutional Goals**

1. Set up a Financial Literacy/Default Prevention Website (I would like to take over this?)
2. Easy-to-read financial aid page
3. Move videos for different FATV sessions to the top of the page to encourage viewing
4. Repayment page for student loans as an easy-to-access guide for information
5. FATV Counseling Sessions that encourage student involvement in the Fin Lit program
6. Set up a standardized budgeting system for communication with students? This is rarely requested, but if we communicate the same information to students and provide them with a form that they can take with them, maybe we can help them self-teach
7. Improve Loan Offer Request Form

### **Long-Term Institutional Goals**

1. Bulk up financial literacy session that could include peer counselors to provide group and one-on-one sessions or a mandatory financial literacy course.