REDUCING STUDENT DEBT AND DEFAULT RATES USING A COMPLETION BY DESIGN CONCEPTUAL FRAMEWORK

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LEARNING OBJECTIVES
Participants will have a better understanding and appreciation of the following:

• Implications of student loan debt and default rates
• Factors affecting loan debt and default rates
• Incorporating student financial literacy and default management throughout the student lifecycle
• Effective financial literacy and default management practices

IMPLICATIONS OF STUDENT LOAN DEBT AND HIGH DEFAULT RATES

Schools:
• Loss of eligibility to award federal student aid programs
• Required default management plan
• Enrollment decline
• Credibility/Reputation

Students:
• Unable to continue education
• Inability to secure employment with government agencies
• Poor credit rating
• Garnishment of wages, including social security benefits
- Keep Cost of Attendance low
- Credential completion in an efficient timeframe
- Gainful employment and/or transfer to a university
- Maximize financial resources
- Lifetime financial literacy competence
- SACS~COC compliance
- Lower cohort default rate

A-B TECH GOALS

A-B TECH’S CONCEPTUAL MODEL

- Student Feedback
- Completion by Design loss/momentum framework
- Department of Education’s IFAP’s guide for default management
- Financial literacy and default management best practices
Student Feedback

- In 2017, A-B Tech participated in Ohio State University Study on Collegiate Financial Wellness (SCFW) survey. Some findings:
  - I feel stressed about my personal finances in general: 87.3% Yes
  - Before enrolling in college, did you ever have any financial literacy education? 85% No
  - How likely is it that you could come up with $400 in cash in the event of a financial emergency during the school year? 50% No
  - I worry about having enough money to pay for school. 70% Yes
  - How much stress does the student loan debt you are accruing cause you? 60% indicated medium, high, extreme amount of stress
  - Have financial concerns ever caused you to consider dropping out of college/university? 50% Yes
Since 2015, A-B Tech has been partnering with Inceptia to provide students with **FREE** assistance on their Federal student loan obligations.

### INCEPTIA

<table>
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<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tr>
<td></td>
<td>25.5%</td>
<td>18.9%</td>
<td>18.3%</td>
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144 students in default out of 785 students in repayment over the last 3 years.
LOAN APPLICATION STEPS

All first time loan borrowers at A-B Tech must complete the following steps:
1. Complete the Free Application for Federal Student Aid (FAFSA) at fafsa.gov.
2. Watch the Financial Aid Matters video.
3. Complete the Financial Aid Matters video Questionnaire.
4. Email the Financial Aid Office your completed Questionnaire.
5. Complete the Master Promissory Note (MPN) at studentloans.gov.

FINANCIAL AID MATTERS

Financial Aid Matters was created by A-B Tech for the purpose of educating students on a wide variety of important financial aid-related topics including loans. Watching the video is required for loan borrowers.

FINANCIAL AID MATTERS QUESTIONNAIRE

Question 5: Based on the following information, what would be your monthly loan payment?*

For help answering this question, visit www.fafaid.org/calculators/loans/loans.cfm to access a handy loan payment calculator.

- Loan balance: $10,000
- Interest rate: 6.8%
- Loan term: 10 years
- Minimum payment: $50 per month.
- Monthly loan payment: $ __________,00
Entrance Counseling is a mandatory information session that takes place before students receive their first federal student loan that explains their responsibilities and rights as borrower.

The Master Promissory Note (MPN) is a legal document in which students promise to repay their loan(s). Good for up to 10 years.

A-B Tech is partnering with Inceptia to send loan outreach letters to our borrowers. Why? Consider Inceptia’s recent findings:

- 48% of student borrowers either don't know or incorrectly estimate the amount they have borrowed.
- 28% incorrectly believe they have no federal loans at all.
- 94% of student borrowers do not understand their loan repayment terms.
- 92% are unaware of their current loan interest rates.
FINANCIAL LITERACY WEEK OFFERINGS

November 11 Ferguson Aud. 11:00 a.m. – The A-B Tech Small Business Office will discuss starting a business and getting information for existing businesses.

November 12 Ferguson Aud. Session 1: 10:00 a.m. Session 2: 11:00 a.m. – Drop in and learn about the mysterious world of financial aid, where to find scholarships, student loan options, responsible borrowing, and avoiding scams targeted at students. Presented by the College Foundation of NC.

November 13 Coman Student Activity Center 11:00 a.m. – 1:00 p.m. – Financial Literacy Expo: Come to the Coman Student Center Lounge and speak with representatives from area banks, credit unions, non-profit organizations, and other financial resource and service providers. This is a great opportunity to shop rates, find out who has the most student friendly accounts, discover financial resources, the best online services, the lowest fees, and more!

November 14 Ferguson Aud. 10:00 a.m. – Discussion about Scholarships that are offered and the application process presented by Leronica Casey and Marshay Proctor-Bates

November 14 Ferguson Aud. 11:00 a.m. – Affordable Care Act Program Coordinator will discuss Medical Financial Literacy

COMPREHENSIVE SUPPORT SERVICES

- On-Track Financial Education and Counselor
- YWCA Childcare Assistance Partnership
- Student Health Clinic
- Transportation Services-Free Bus Passes
- Finish Line Grants/Emergency Funds
- Food Pantry and Clothing closet

https://www.abtech.edu/sites/default/files/Library/Communications/student-resources-guide.pdf
CAREER SERVICES WEBPAGE

CONTACT CAREER SERVICES AT
careerservices@jbtech.edu

• Single Stop
• Career Services
• Inceptia KNOWL
• Financial literacy week
• High school and community outreach
• Dual enrollment
• FAFSA campaigns
• Leverage financial aid and scholarship awards

CONNECT
ENTRY
PROGRESS
COMPLETION

Default Management & Financial Literacy Programming

• Single Stop
• Career Services
• Financial literacy week
• High school and community outreach
• Dual enrollment
• FAFSA campaigns
• Leverage financial aid and scholarship awards

• Success coaching
• Identify loan borrowers
• Entrance Counseling
• Financial Aid Matters

• Finish Line Grant
• College success and gateway courses
• Quarterly loan outreach letters to student borrowers
• Exit Counseling

• Finish Line Grant
• Default management
• Quarterly loan outreach letters to student borrowers
• Exit Counseling

A-B Tech’s Default Management and Student Financial Literacy Framework: Opportunities At All Points!

Loss-Momentum