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# Promoting Borrower Success

Default Management Plan

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Texas Tech University



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# Promoting Borrower Success

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## Default Management Plan

### Texas Tech University

## About this plan

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Texas Tech University is dedicated to supporting our students at every stage of their college experience, including after graduation and during student loan repayment. Default aversion assists students thriving academically, establishing careers, and repaying their loans in a timely way.

The Texas Tech University Default Aversion Manual assists us in devising our default management efforts.

## Using this plan

The contents of this plan are intended solely for the use of Texas Tech University.

## Plan objectives

This plan defines a framework for addressing the needs of our student borrowers at key points. It also documents our default aversion efforts in terms of analysis, goal setting, resource allocation, and lines of accountability. On a yearly basis, this plan will be revisited and revised considering changing borrower needs and utilized to track progress on given goals.

This Default Management Plan is designed to help Texas Tech University:

- manage its default rate with resources available (our current goal is to attain a cohort default rate of 3 percent or less);
- ensure the institution's continued eligibility for the federal Title IV programs;
- address student retention and completion through campus collaboration as it relates to default aversion; and
- educate students regarding financial literacy and debt management, including the consequences of a defaulted student loan.



## Plan structure

Texas Tech University's Default Management Plan follows this outline in its presentation of research, analysis, and recommendations.

- **School assessment** — Offers an overview of current default aversion practices, student population demographics, cohort default rates, and a borrower cohort analysis.
- **Areas for focus** — Provides a summary of factors that may contribute to default at Texas Tech University.
- **Default management campus partner appointment** — Describes criteria for selecting and appointing representatives who will be responsible for overseeing and managing aspects of our default aversion operations.
- **Default aversion operation** — Prescribes a set of mandatory and recommended procedures that address areas of need in terms of repayment.
- **Measuring success** — Establishes a set of goals against which to measure progress and determine success regarding default aversion.



## School assessment

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Texas Tech University is a four-year public institution located in Lubbock, Texas, that offers 150 undergraduate degree programs, more than 100 master's degree programs, and more than 50 doctoral degree programs. Our mission: *As a public research university, Texas Tech advances knowledge through innovative and creative teaching, research, and scholarship. The university is dedicated to student success by preparing learners to be ethical leaders for a diverse and globally competitive workforce. The university is committed to enhancing the cultural and economic development of the state, nation, and world.*

To create an effective Default Management Plan that supports our institutional mission, we have evaluated, or will evaluate, our campus according to the following factors, including:

- demographics of our student population;
- current default aversion practices;
- cohort default rate history; and
- trends in default among our borrowers.

### Student population profile — AY 2017-2018

Texas Tech University encourages eligible and qualified students from local and national communities to apply for admission. The tables below provide a demographic profile of our students for each school location.

| General statistics     |           |           |
|------------------------|-----------|-----------|
| Category               | Fall 2017 | Fall 2018 |
| Enrollment             | 36,996    | 38,209    |
| Percent undergraduates | 83%       | 84%       |
| Male                   | 53%       | 52%       |
| Female                 | 47%       | 48%       |
| Texas residents        | 87%       | 91%       |
| Full-time enrollment   | 84%       | 82%       |

<http://www.depts.ttu.edu/irim/HistoricalData/index.php>



## Current default aversion practices

Texas Tech University works with its students and borrowers to prevent, manage, and reduce default in the following ways and areas.

- **Entrance and exit counseling** — Texas Tech University requires all first-time federal student loan borrowers to complete entrance counseling and requires all students that are graduating, withdrawing, or dropping below half-time to complete exit loan counseling online via the Department of Education website, *studentloans.gov*.
- **Timely enrollment status reporting** — Texas Tech University adheres to the regulatory requirements for reporting student enrollment status, ensuring that the National Student Loan Data System (NSLDS) has the most accurate information possible. Enrollment reporting is completed four to five times (fall and spring) and three to four times (summer terms) by the Registrars' office.
- **Retention and completion efforts** — The Office of Student Financial Aid & Scholarships, along with the student's respective academic advisor, consults with a student who is considering an official withdrawal. The Office of Student Financial Aid & Scholarships contacts students who have received financial aid to research the reason for withdrawal. The student is advised to complete exit counseling, counseled on the consequences of withdrawal, and told about the institution's satisfactory academic progress policies.
- **Financial literacy** — With the help of the Red to Black and the Campus Life Department, the Office of Financial Aid & Scholarships identifies students who may be going through financial difficulties and offers them counseling. These departments are available to both students and parents. In financial aid presentations, we inform students that counselors are available to meet one-on-one to discuss issues and share financial literacy resources.
- **Official and unofficial withdrawals** — In the case of official and unofficial withdrawals, the university contacts the student via mail and email with instructions on completing exit counseling and using available loan resources.
- **Student/borrower communications** — Texas Tech University communicates with students by email and phone, via the student's university email address and phone number on file. The financial aid office also uses the student portal to communicate financial aid matters.



## Cohort default rate (CDR) history

The following tables provide a historical overview of Texas Tech University's official 2- and 3-year cohort default rates.

| Fiscal Year | 2-year CDR        |
|-------------|-------------------|
| 2012+       | No longer tracked |
| 2011        | 5.8%              |
| 2010        | 6.4%              |
| 2009        | 4.9%              |
| 2008        | 3.7%              |

| Fiscal Year | 3-year CDR |
|-------------|------------|
| 2016        | 6.0%       |
| 2015        | 6.4%       |
| 2014        | 6.2%       |
| 2013        | 5.4%       |
| 2012        | 6.0%       |
| 2011        | 7.6%       |
| 2010        | 8.9%       |

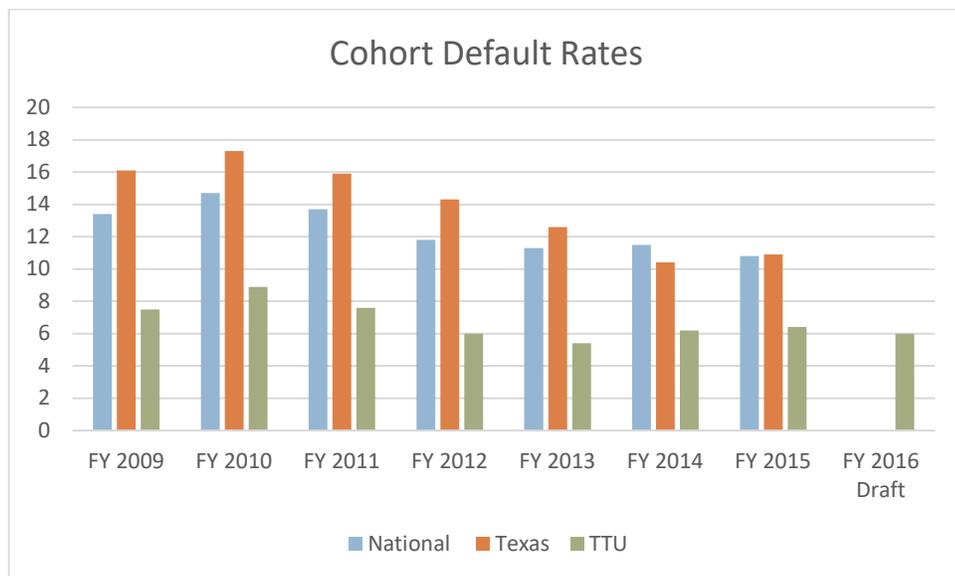
<https://www2.ed.gov/offices/OSFAP/defaultmanagement/cdr.html>

## Borrower default trends

Texas Tech University will continue to conduct an analysis of its defaulted borrower portfolio, looking for a trend in default among borrowers who share certain characteristics, such as a low-grade point average, Federal Pell Grant eligibility, part-time enrollment status, or enrollment in a specific program of study. Based on this analysis, Texas Tech University will implement strategies to further reduce delinquencies and lower our cohort default rate.



## Cohort Default Rates



<http://www.trelliscompany.org/wp-content/uploads/2018/08/SOSA85.pdf>

[https://nslsdfap.ed.gov/nslsds\\_FAP/secure/welcome.jsp](https://nslsdfap.ed.gov/nslsds_FAP/secure/welcome.jsp)

<https://www2.ed.gov/offices/OSFAP/defaultmanagement/cdr.html>

<https://www.ed.gov/news/press-releases/us-department-education-releases-national-student-loan-fy-2014-cohort-default-rate>

## Areas for focus

Developers of this Default Management Plan considered various factors that may contribute to delinquency and default among our borrowers. Addressing these areas of vulnerability may help more borrowers establish and maintain a healthy repayment pattern, and, as a result, reduce this institution's cohort default rate. Areas/factors that merit more attention in terms of resources, planning, and effort include:

- establishing campus partners;
- identifying students most at risk of default;
- continuing to improve strategies for communicating with enrolled students;
- providing additional information to borrowers to raise awareness about student loan issues; and
- creating and offering financial literacy programs that focus on such topics as personal finance, basic money management, and avoiding student loan default.



## Default management campus partners appointment

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To make default aversion a campus-wide effort, the university's campus partners will be comprised of representatives from departments across campus. The default Unit Coordinator will communicate their activities with various departments and groups, such as the business office, admissions/records/registrar, student services (for example, testing and counseling), academic affairs, faculty, the student body, and upper administration.

The default Unit Coordinator will be responsible for reviewing this plan on an annual basis as well as evaluating the school's CDR performance and recommending changes, as appropriate. Texas Tech University currently identifies students that have withdrawn and provides exit counseling information, including the studentloans.gov website, via email and mail. The campus partners will be asked to provide recommendations to enhance the school's communication to students who withdraw from school. Such evaluations and recommendations are a critical component of improving the school's CDR.

The campus partners will receive an overview of the purpose and calculation of the CDR and the importance of default aversion.

## Default aversion operations

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This Default Management Plan outlines a set of default management strategies gathered from various sources, including a campus self-assessment, interviews with campus staff, and industry practices. The plan proposes to address the challenges of default and delinquency in multiple ways throughout the loan lifecycle. Taken together, these strategies will help to:

- Establish appropriate leadership for our default aversion efforts;
- Create a strong foundation for students to succeed academically, in their careers, and during repayment;
- Promote a cross-campus initiative that shares the burden of preventing and managing default; and
- Supplement the efforts of our third-party servicers working with borrowers.

## Providing appropriate leadership

Federal regulation 34 CFR §668.16 requires a school to demonstrate its ability to administer Title IV programs; in part, this means the institution must allocate enough in staff and financial resources to support default aversion efforts. Accordingly, the Texas Tech University Office of Student Financial Aid and Scholarships has appointed a member of their staff to oversee default aversion activities.



## Promoting student success — early and late-stage enrollment

Texas Tech University strives to shape a successful student experience so that borrowers are prepared to establish a career, manage their debt effectively, and understand their options should financial obstacles appear. To that end, we stress borrower support and intervention in multiple forms, including education, counseling, and resources.

In AY 201-2019, we propose to establish or continue the following initiatives to prepare students for successful loan repayment. These initiatives include:

- **Performing a borrower cohort analysis** — Texas Tech University will analyze student data collected from appropriate campus resources and/or third-party resources to identify factors that may predispose some students to repayment difficulty and default.

Students at risk of delinquency or default may include, but are not limited to, students who:

- Are less successful than others in degree completion;
- Fail to make satisfactory academic progress; or
- Take developmental coursework.

Texas Tech University will review and analyze this data on an annual basis.

- **Serving at-risk students** — Texas Tech University will meet or contact by letter or phone students at risk for becoming delinquent on student loan repayment.
- **Managing data**
  - *Transfer monitoring* — Texas Tech University will use the NSLDS Transfer Monitoring List to ensure that enrollment data is correct for transfer students.
  - *Review of NSLDS data* — Texas Tech University will review its NSLDS Date Entered Repayment report (DER001) and/or its 24- or 36-Month Repayment Info Loan Detail report (DRC015 and DRC016) on at least a quarterly basis to resolve inaccurate data in a timely manner.
  - *CDR challenges* — When the school's draft CDR is issued, Texas Tech University will review the Loan Record Detail Report to minimize inaccurate cohort data. The school will also perform a review of defaulted borrowers in the draft CDR as it may reveal cases that warrant the filing of an Inaccurate Data Challenge with the data manager.
  - *Accurate and timely enrollment reporting* — Texas Tech University will continue to adhere to a monthly schedule of reporting changes in enrollment status, which is more frequent than the required minimum.



- **Financial aid packaging philosophy** — Texas Tech University will review our packaging philosophy on an annual basis to evaluate potential impact on the school’s CDR.
- **Student loan portal** — To help students manage their debt, Texas Tech University will direct students to:
  - review their student loan indebtedness using NSLDS;
  - provide loan details to students via the university’s “Raiderlink”;
  - access a loan repayment calculator to estimate a monthly payment for each available repayment plan; or
  - send an annual student debt letter (mandated by SB 887) to all enrolled students who have loan debt.
- **Exit counseling** — In accordance with federal regulation 34 CFR §682.604(g), Texas Tech University will provide exit counseling electronically via the Department of Education’s website, [studentloans.gov](http://studentloans.gov), to all borrowers who graduate, drop below half time, or withdraw from school. If a borrower does not complete exit counseling, Texas Tech University will place a transcript hold on the student’s account. The hold will remain in place until counseling is completed.
- **Academic/remedial support** — Some studies suggest that students who succeed academically are less likely to have loans in delinquency or default. Students in developmental coursework have a higher hurdle to academic success and degree completion. Texas Tech University will allocate staff resources to counsel these students. In addition, these students will be provided financial literacy training to promote their success in school and in career.
- **Satisfactory academic progress (SAP) monitoring** — Texas Tech University is required to review its SAP policy annually to ensure compliance with regulatory requirements. Students not making satisfactory academic progress are provided with default aversion information.
- **Debt management and financial literacy training** — Texas Tech University will continue to work with the Red to Black program, which offers financial literacy training to all enrolled students.
- **Support for early-withdrawals** — In the case of official withdrawals, a student will be encouraged to contact the Office of Student Financial Aid & Scholarships as early as possible to receive information on exit counseling. The student will be instructed to complete exit counseling online.
  - Students who stop-out/drop-out (unofficial withdrawals) will be notified of the requirement to complete exit counseling. If possible, the student will be encouraged to meet with a financial aid representative about exit counseling and the importance of returning to school.



- Texas Tech University will use an “early alert” system to notify the Office of Student Financial Aid & Scholarships of non-attendance, so that students can be contacted early during the withdrawal process. An online component of this alert system will enable a quicker response and follow-up. The student will be encouraged to complete exit counseling online via the Department of Education website.
- The student will see the Office of Student Financial Aid & Scholarships earlier in the official withdrawal process to understand his or her options and reconsider withdrawal.
- Texas Tech University will survey students on why they withdrew and use this information to develop and improve retention and completion efforts.
- **Communication with students** — Texas Tech University will continue using the institution’s website and the TTU email account to communicate with students. We are also using our in-house call center, and the Call-Em-All auto-dialer system. With the help of these tools, we are reaching out to students in delinquency or default to remind them about their loans and their loan status. We direct these students to loan and repayment resources. We will also use our social media resources, including Facebook™, YouTube™, and Twitter™, as well as newsletters and flyers to communicate on issues regarding financial aid and default management. Smart borrowing will be stressed in outreach efforts. Special events will be held to promote financial literacy and loan default awareness.
- **Default management resources** — Texas Tech University will continue to seek resources to manage its default aversion efforts.

## Mobilizing campus support

Texas Tech University is committed to creating a campus culture that values borrower success and that integrates default aversion efforts in all appropriate areas. To that end, we will pursue the following activities to gain faculty and staff support as needed.

- **Departmental education** — We will continue educating campus administration on the impact of the CDR on our institution’s eligibility for the Title IV programs.
- **Annual default aversion training** — We will continue training staff on the basics of default management, including the CDR process, borrower counseling, using NSLDS reports, and contacting Title IV servicers.
- **CDR monitoring and delinquency reporting** — Texas Tech University uses the reporting functionality within the NSLDS to evaluate and monitor CDR performance. In addition, Texas Tech University will share CDR data with appropriate loan holders and ED servicers to promote more effective default aversion efforts. If we cannot import loan holder or servicer data into IDA, we will request the data from the holder or servicer.



- **Collaboration with the Office of the Registrar** — Texas Tech University’s Office of the Registrar will confirm student graduation and withdrawal dates to ensure proper and timely processing of the return of Title IV funds.
  - Facilitate a compatible two-way exchange of data.
- **Industry colleagues** — Texas Tech University has developed a regular exchange of data (by email, electronically, and letter) with industry participants. Industry participants primarily include, but are not limited to, guarantors, loan holders, and ED servicers, as appropriate.
- **Third-party servicers** — Texas Tech University initiates and will continue college-based default aversion efforts that complement third-party services. We will continue to help with skip tracing efforts. On a regular basis, Texas Tech University provides servicers with updated contact information, which the school collects from students online via “Raiderlink.”

## Measuring success

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The proof of any plan’s effectiveness comes with success in attaining certain goals or measures of progress. Texas Tech University has established such measurable objectives and steps for this year’s Default Management Plan.



## Default aversion goals — AY 2019-20

| Action   | Person/Area Responsible                    | Deadline       | Notes |
|--|--|----------------|-------|
| Monitor monthly delinquent borrower reports.   | ○ Student Financial Aid & Scholarships     | April 30, 2020 |       |
| Contact students who are late.   | ○ Student Financial Aid & Scholarships     | April 30, 2020 |       |
| Update and review federal student loan repayment information on the financial aid website. | ○ Student Financial Aid & Scholarships     | April 30, 2020 |       |
| Develop default aversion goals for AY 2020-2021.   | ○ Taskforce is assigned to specific goals. | April 30, 2020 |       |

## Annual evaluation and adjustment

On an annual basis, Texas Tech University will review and update this Default Management Plan.