



**60x30TX**  
Texas Higher Education  
Coordinating Board



**TG**

# Texas Student Loan Default Prevention Pilot Program

Overview Presentation  
January 2017  
FLAC



# About TG

- For nearly 40 years TG has delivered trusted financial guidance to students and higher education institutions
- TG provides services for institutions that empower students to navigate the complex financial decisions associated with today's higher education
- TG offers education and support for students who can become at-risk for de-enrollment due to temporary financial burdens and longer term debt

# SB680 History

December 2012	June 2013	February 2014	April 2014	June 2014	June 2015	January 2016	June 2016	January 2017 – 2019	December 2020
THECB and TG participated in a brainstorming session on student loan default. Ideas are generated for 2013 legislative session.	S.B. 680, which initiates the Student Loan Default Prevention and Financial Aid Literacy Pilot Program, is enacted.	THECB adopts the final regulations governing the Pilot.	TG and THECB enter into an MOU to partner to implement the provisions of S.B. 680.	THECB and TG launch the Pilot program with 12 schools – three from each higher education sector – in Texas.	Year Two of the Pilot program begins on June 1, 2015.	Initial report on Pilot progress is submitted to the Texas Legislature, governor, and lieutenant governor.	Year Three of the Pilot program begins on June 1, 2016.	Annual report is due to the Texas Legislature, governor, and lieutenant governor.	The provisions of S.B. 680 expire.

## S.B 680

- The primary objective and legislative intent of the Pilot program is to “ensure that students of [participating] institutions are informed consumers with regard to all aspects of student financial aid.”
- S.B. 680 specified three overall consumer knowledge goals by requiring that students be informed of:
  - The consequences of borrowing to finance postsecondary education;
  - The financial consequences of academic and career choices; and
  - Strategies for avoiding student loan delinquency and default.

# Requirements

- SB 680 mandates the following priority criteria for the selection of at least four Texas postsecondary institutions to participate in the Pilot:
  - A FY 2010 student loan cohort default rate, as reported by the U.S. Department of Education (ED), of more than 20 percent, or
  - Above average growth in the FY 2010 cohort default rate compared to other postsecondary educational institutions in Texas.
- 144 institutions met at least one of the legislation's priority criteria, those invited to participate were chosen to ensure:
  - diversity of institution sector,
  - geographic location,
  - and student body characteristics.
- While SB 680 requires only four participants, twelve were initially included to provide a broader range of institutions and shed more light on how different interventions might work under different circumstances.
- Due to attrition in years one and two, the Pilot currently serves nine institutions

# Initial Cohort of Schools

## Two-year Public

- Austin Community College
- El Paso Community College
- Tarrant County College

## Four-year Public

- Prairie View A&M University
- Texas A&M International University
- Texas State University

## Four-year Private

- St. Mary's University
- Texas Chiropractic College
- LeTourneau University (withdrew as of April 2016)

## Proprietary

- Western Technical College
- Southern Career College (withdrew in year one)
- International Business College (withdrew in year one)
- South Texas Vocational Technical Institution (added as replacement in year one, withdrew in year two)

# Pilot History – Year One

- Pilot was launched in June 2014
- Default prevention plans developed, financial coaching feature developed
- Between June 2014 and February 2015
  - Default prevention plans developed with schools
  - Financial coaching feature developed
  - Data and evaluation plan developed
- February 2015
  - First financial coaching sessions
  - Start of data collection of in-person student financial education

# Current Participating Institutions

## Two-year Public

- Austin Community College
- El Paso Community College
- Tarrant County College

## Four-year Public

- Prairie View A&M University
- Texas A&M International University
- Texas State University

## Four-year Private

- St. Mary's University
- Texas Chiropractic College

## Proprietary

- Western Technical College

# Pilot Features

- Default Prevention Planning for Institutions
- Financial Education and Student Loan Counseling Training for Institutions
- Learning Center Online Financial Education for Students
- Financial Coaching for Students
- Financial and College Articles/Tips (Mighty Money Minute) for Students

## Pilot Activities Demonstrate Significant Knowledge Gains and Satisfaction

- **In Person Financial Education**
  - **Over 3,300 Texas students participated in an in-person student financial education session and showed large, short-term knowledge gains.**
    - Average knowledge gain of **23.6** percentage points across all modules
    - **6 of 9** schools had post-test knowledge scores of **80** percent or higher
- **Online Financial Education**
  - **Over 750 Texas students completed an online financial education session.**
    - Average knowledge gain of **13.6** percentage points across all modules
    - Students on average went from a failing grade before the module (**60.5%**) to a passing grade after (**74.1%**)
- **Financial Coaching**
  - **High customer satisfaction scores (1 – 10 scale)**
    - **8.8** for event helpfulness
    - **9.5** for coach helpfulness
  - *“[My coach] answered all my questions, was friendly, non-judgmental, very knowledgeable, and helped me create a plan to move forward with.”*

# Student Finances Are A Campus Wide Issue

## Promising Practices

### ➤ **Cross-Departmental Responsibility Sharing**

- Pilot schools that promoted cross-department collaboration removed some of the implementation burden from their financial aid department and connected students with Pilot features in new, innovative ways.

### ➤ **Leveraging “Mandatory Venues”**

- Schools that integrated Pilot features into mandatory student events and venues saw much higher usage numbers.

### ➤ **Connecting Default Prevention, Financial Wellness, and Student Success**

- More schools now see the Pilot as a holistic student support program, rather than exclusively a default prevention program.

# Student Engagement Presents Challenges

## Barriers to Success

### ➤ **Staff Constraints and Turnover**

- Unexpected staff turnover disrupted Pilot implementation at several schools. In addition, school staff frequently reported not having enough time for the Pilot; particularly when Pilot implementation was added to staff work load with no corresponding reduction in job duties.

### ➤ **Competition for “Mandatory Venues”**

- Many Pilot schools said they had to compete for time at “mandatory venues” – such as orientation and first-year experience courses – for students. These venues offer the best vehicle for promoting the Pilot but are much in demand by other departments.

### ➤ **Cross-Departmental Collaboration and Leadership Buy-In**

- Some Pilot schools struggled to explain Pilot benefits and get buy-in from school leadership and campus departments. Other departments sometimes see the Pilot program as a “financial aid department project.”

# Students Desire And Expect Financial Support Services

## Insights on Student Life, Financial Vulnerability, and Outreach/Marketing

### ➤ **Student Financial Anxiety**

- Many students express anxiety about their finances and about loan repayment. They feel financially vulnerable and want guidance and education.

### ➤ **Student Time Constraints**

- Students want to participate in activities and events that can help them make more informed financial, academic and career decisions. However, this desire often competes with the time available outside of classes, which students reserve for work and study.

### ➤ **Outreach and Marketing**

- Students report inconsistent use of their school email, making outreach challenging for Pilot schools. Students want financial education and coaching resources to be available and easy to find when they have a financial crisis or need guidance for an important decision.

### ➤ **Financial Disconnect Between Students and Institutions**

- Students expressed frustration that schools didn't seem to understand their financial realities.

# Service Improvement in Year Three

## **Based on feedback from school staff and students, the Pilot is exploring enhancements to the following Pilot services for Year Three:**

- Re-design of select student financial education and loan counseling presentations to allow school staff more flexibility in their ability to customize sessions.
- Exploring how a new learning management systems might improve the user experience with the Learning Center, the Pilot's online student financial education system.
- Development of materials to support institutions' marketing and outreach of Pilot features.
- Development of inter-office marketing materials to support greater collaboration between departments at Pilot institutions.
- Working with multiple departments on Pilot campuses beyond financial aid.
- Helping institutions to share successful outreach strategies with other Pilot schools in order to compare methods, results, and lessons learned.

# Changing Student Demographics



# Best Practices in Financial Education

- Goetz, et al (2011) shows that students want financial education across three mediums:
  - Online
  - In Person (Group)
  - In Person (One on One)
- Financial support services cuts across:
  - Education / Knowledge Gain
  - Campus Based Policy
  - Just In Time Education / Information
  - Environmental Assessment
- At various points in time:
  - Proactive, Reactive and Crisis Management
  - Pre-College, In-College and Post-College

# Questions?

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