



# NYSFAAA 2007 Fall Conference New York City

## Update New York Default Prevention Project

**John Austin**

**HESC**

**and**

**NY Default Prevention Project**

**Advisory Team**

**John Pierson**

**U.S. Department of Education**

**Federal Student Aid**

**FSA Default Prevention**

**Brian Ghanoo**

**NSLP**

**And**

**NY Default Prevention Project**

**Advisory Team**



# New York Default Prevention Project

## Part of an FSA National Initiative

- FY 05: Nevada and Puerto Rico
- FY 06: Ohio, Michigan, Georgia, Florida, Arkansas
- FY 07: **New York**, California, Career School Industry

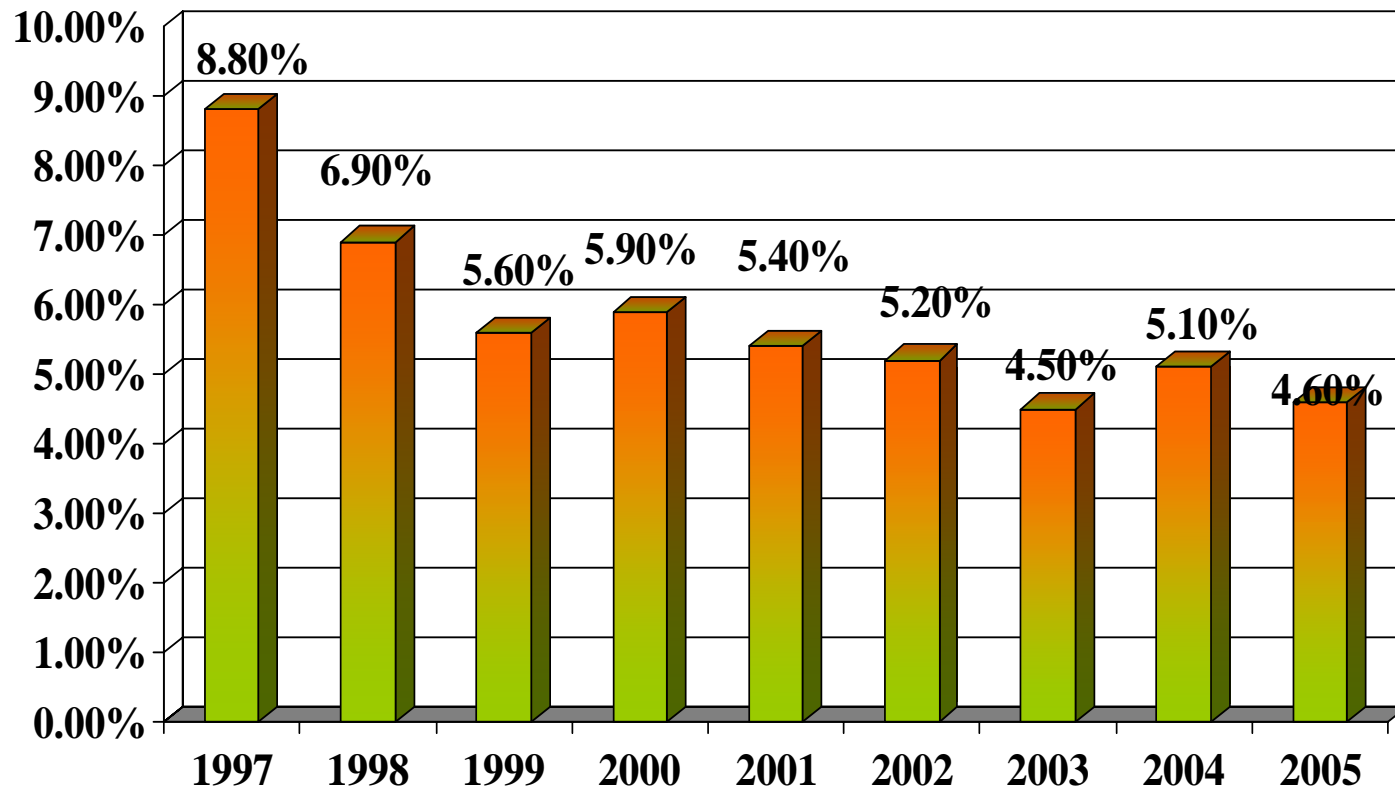


# Why are we here?

- Recent Data
- The Changing Landscape
- Project Update
  - Other States
  - New York
- Discussion
  - How Your School Can Help



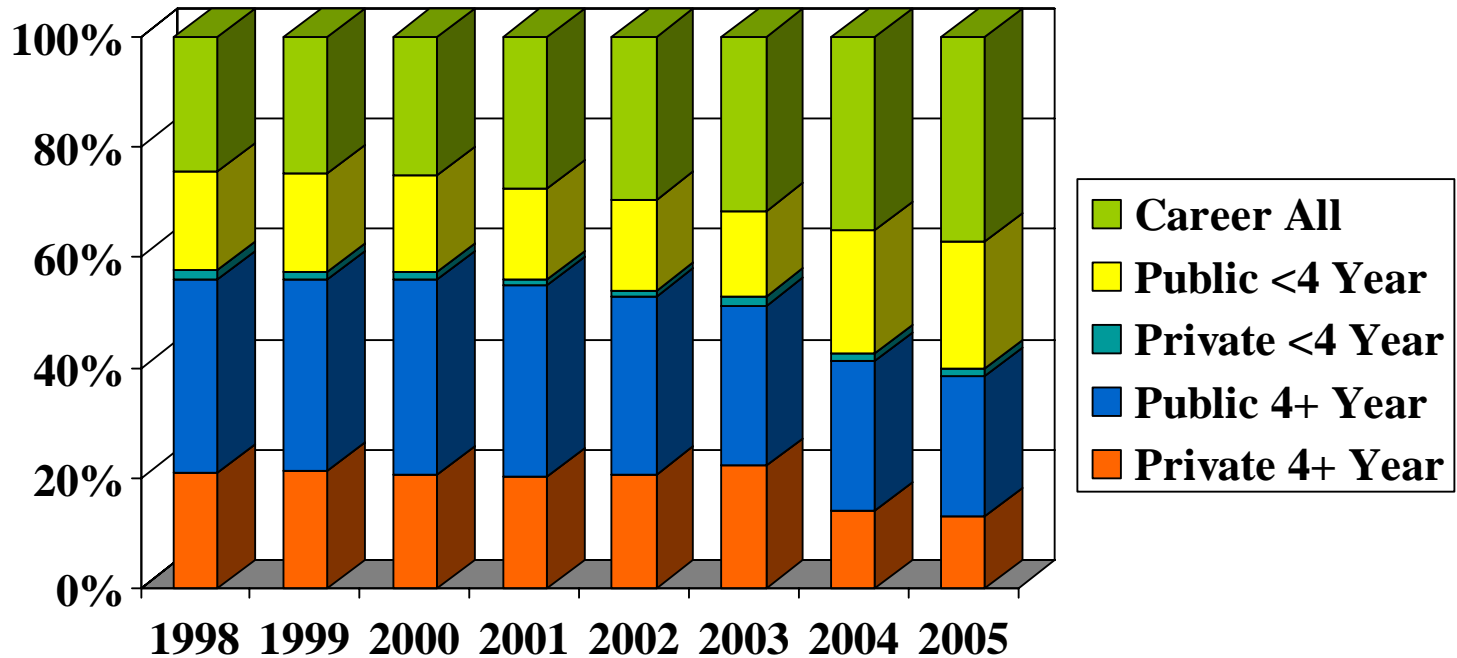
# Official Cohort Default Rates





# Composition of Cohort Default Rate

Cohort Default Contribution By School Type





# National Borrowers in Default

2003	115,568	
2004	144,128	(24.7%)
2005	161,951	(12.3%)



# National Dollars in Default

2003 \$647.7m

2004 \$801m (+23.6%)

2005 \$915m (+14.2%)



# New York Dollars in Default

2003 \$47.7m

2004 \$58.9m

2005 \$60.2m



# New York Borrowers in Default

2003	8,357
2004	9,795
2005	10,321



## More NY Data: Dollars/Change

					<b>%04-05 Change</b>		
• Public (est)	FY03	18.1m	FY04	20.3m	FY05	22.8	+12.3
• Private (est)	FY03	20m	FY04	24.3m	FY05	23.3	-4.1%
• Prop. (est)	FY03	8.6m	FY04	12.3m	FY05	13m	+5.7%

\*\* FSA Does not publish official data at this level of detail. These are estimates (from the 7/28/07 calculation) created for this presentation.



# FY 2005 Calculation

Some things to consider

Your Data:

How did your 2005 data look?

Up? Down?

FY 2005 Anomalies....



# A Changing Climate: Inconvenient Truths

- Educational costs: rising (costs to borrowers)
- Dollars entering default: rising (cost to FSA et al.)
- Borrowers entering default: rising (costs to FSA et al.)
- Total indebtedness: rising (costs to borrowers)
  - Stafford and Private loans
- Impact on You: Continued Institutional Viability
  - Are you ready?
- Impact on the career school industry.



# Two Broad Approaches to Successful Default Prevention

- Traditional - Financial Aid Solutions: Support...
  - Borrower Relationship to Loan
- Non-Traditional - Student Success: Support...
  - Borrower Relationship to Education



# Default Prevention

## A Holistic Approach

- Understand the union, in your schools, between student [and institutional] success and loan default...and how to do something about it.
- Successful students tend to become successful borrowers.



# What others are doing to support this national effort:

State projects....

New York; and

Ohio, Georgia, California

Other entities, other target groups....

CCA, FYE, CAPPS.....



# New York Project Update

- Default Prevention Webpage at NYSFAAA Website
- Discussions with NYSFAAA to have regional meetings for both FA and student success professionals
- Letter to Presidents Inviting School Participation
  - Copy Attached
- 2<sup>nd</sup> Letter to Presidents Due this Fall
  - Will Focus on Student success
  - Will Invite student success professionals at your school to (1) understand and (2) participate



# New York Project Update

## Discussion

- Your thoughts about:
  - increasing indebtedness
  - Increasing use of both Stafford and Private Loans
  - Increasing risk of loan default for all students (drops and completers)
- Union between loan default and student success:
  - Loan default is not only financial aid office responsibility.
  - Successful students tend to be successful borrowers.
  - How to bring this message to your campus?
  - How can we get your student success professionals to join this effort?



# Contact Information

- John Pierson/FSA Default Prevention
  - [john.pierson@ed.gov](mailto:john.pierson@ed.gov)
  - (404) 562-6269
- John Austin, HESC
  - [jaustin@hesc.com](mailto:jaustin@hesc.com)
  - (518) 473-0810
- Brian Ghanoo, NSLP
  - [briang@nslp.org](mailto:briang@nslp.org)
  - (516) 398-5796