



## Tab 29 Default Prevention Activities

Coordinating Board for Higher Education  
March 6, 2019

### BACKGROUND

The MDHE has served as a guaranty agency within the Federal Family Education Loan Program (FFELP) since 1979 and was one of 32 guarantors operating nationwide. As part of its responsibility as a FFELP student loan guarantor, the MDHE provides numerous programs to help Missouri students access and succeed in postsecondary education.

From 2001 to 2018, the MDHE offered a Default Prevention Grant program that provided 63 Missouri colleges and universities with funding and training for student-focused financial literacy programs.

Student loan default rates are reported in three-year cohorts. The most recent data from the U.S. Department of Education is based on default rates for borrowers whose first loan repayment came due between Oct. 1, 2014, and Sept. 30, 2015, and who defaulted on their loans before Sept. 30, 2017. Missouri's three-year loan default rate decreased six-tenths of a percent, putting Missouri's rate below the national average and lower than most of its neighboring states. Missouri's student loan default rate dropped from 10.9 percent to 10.3 percent. The national rate decreased from 11.5 percent to 10.8 percent. Over 101,000 Missourians were repaying student loans during the reporting period.

### CURRENT STATUS

The MDHE received an appropriation in FY 2019 for default prevention activities and continues its efforts with a new suite of success services that combine the best practices utilized through the default prevention grant program, along with new concepts scaled up to a statewide level, including:

- Peer Counseling Pilot Program – The MDHE is working with 11 open enrollment colleges and universities where students are helping students as peer counselors. These peer counselors help other students on campus find resources and offer advice on academic, financial, and personal success. The MDHE staff have provided training and resources to the peer counselors and their campus coordinators. Institutions participating in the pilot program include:
  - Crowder College
  - Harris-Stowe State University
  - Jefferson College
  - Lincoln University
  - Metropolitan Community College
  - Missouri State University – West Plains
  - Missouri Western State University
  - Moberly Area Community College
  - North Central Missouri College
  - St. Charles Community College
  - St. Louis Community College
- Default prevention ad campaign – The MDHE has contracted with Learfield Communication to produce radio and digital ads targeting adults who are currently in loan repayment.
- Keys to Student Success Summit – The MDHE is hosting a summit on April 12, 2019, for high school counselors, student affairs personnel, and financial aid professionals that will address students' academic, financial, and personal success. Speakers include Lynnette Khalfani-Cox, a national

speaker and author known as The Money Coach, State Treasurer Scott Fitzpatrick, and a panel made up of peer counselors participating in the pilot program.

**NEXT STEPS**

The FY 2020 budget recommendation includes funds for default prevention activities. The MDHE will evaluate the current activities and consider continuing and/or expanding them for the future.

**RECOMMENDATION**

This is an information item only.

**NO ATTACHMENTS**