

AGENDA ITEM SUMMARY

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Missouri Student Loan Program Update
Coordinating Board for Higher Education
December 14, 2017

DESCRIPTION

The purpose of this agenda item is to summarize recent events relating to the Missouri Department of Higher Education (MDHE) guaranty agency.

Information Security

The United States Department of Education (USDE) recently required all Federal Family Education Loan Program guaranty agencies to submit a Security Self-Assessment form describing the guaranty agency's system security controls protecting student loan data and the infrastructure controls supporting regulatory compliance.

On November 5, 2017, USDE provided MDHE with an analysis of MDHE security control effectiveness and strength of evidence. The analysis assigned MDHE an overall rating of good, which is was the highest rating available. The report also recommended approximately 14 steps MDHE should take in order to improve particular security controls. MDHE information security staff has begun working with the Missouri Office of Administration and Great Lakes Higher Education Guaranty Corporation, the MDHE loan servicer, to take the recommended actions.

Cohort Default Rate

Missouri's cohort default rate dropped from 11.5 percent for student loan borrowers who began repayment in 2013 to 10.9 percent for those who entered repayment in 2014. Missouri's rate is lower than the national rate of 11.5 percent and lower than the majority of borders states, with only Nebraska and Illinois reporting lower rates.

MDHE focuses on Missouri's default rate through continuing efforts such as the MDHE Default Prevention Grant Program, Missouri Default Prevention Day, and financial literacy education programs. The Default Prevention Grant Program provides funding and support to Missouri higher education institutions. The grants are used for financial literacy programs and are awarded through a competitive grant process. Missouri Default Prevention Day is an annual event during which MDHE invites Missouri's financial aid professionals to learn about default prevention from industry experts. MDHE also promotes financial literacy through publications and school presentations for students and their families.

STATUTORY REFERENCE

34 CFR 382.410 – Fiscal, administrative, and enforcement requirements
34 CFR 682.401(e) – Guaranty agency financial literacy and debt management requirements

RECOMMENDED ACTION

This is an information item only.

ATTACHMENT(S)

None