

Get your school and students back on the path to financial success

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Establish a university-wide committee to address challenges and outline your plan.

The activities in a default prevention plan promote student and school success by increasing retention and reducing delinquency and default. Schools and students receive benefits when schools implement the activities, techniques, and tools outlined in a plan.

- ▶ Define the challenge for your institution's leadership.
- ▶ Make the president and other key leadership aware of the risk.
- ▶ Seek support and a budget from the president.
- ▶ Request input from all departments within the institution.
- ▶ Gain access to a data expert in order to provide statistical facts.
- ▶ Once a new or revised plan is developed – send it out under the president's signature.

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Collect and analyze your school's data to identify common attributes of defaulted borrowers. Answer the critical questions of 'Who' and 'Why' borrowers default.

- ▶ Obtain a copy of the **NSLDS Borrower Default Summary Report** (SCHDF1). Cross reference the defaulters with your internal data and seek key information such as in-school attributes (examples: GPA, early withdrawals, major, scholarships, or grants).
- ▶ Cross reference similar data elements on non-defaulters (this will allow your institution to focus on risk).
For example, is the average GPA lower for defaulters compared to non-defaulters?

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Know your delinquent borrowers — your servicers are your most timely gateway to this information.

- ▶ The **ED School Portfolio Detail Report** is available at [SSP.aidvantage.com](https://ssp.aidvantage.com) or through Aidvantage Document Direct.
- ▶ Check with your other servicers to learn about the reports they provide.
- ▶ NSLDS School Portfolio Report.
- ▶ NSLDS Date Entered Repayment Report.

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Know your cohort population (i.e., the number of students who, if they default, will change your cohort). You can use any one of the following:

- ▶ **Federal Student Aid Cohort Default Rate Guide** — a detailed explanation on how your cohort default rates are calculated. The Guide is available online at Federal Student Aid's **Default Prevention Resource Information** webpage.
- ▶ **NSLDS Delinquent Borrower Report** (DELQ01) provides the student's demographic data including address, phone numbers, and email address, as well as loan data including date, type, total outstanding balance, and current monthly payment amount.
- ▶ **NSLDS School Repayment Information Loan Record Detail Report** (DRC016) — This report will help to identify the entire cohort population.

5 Know exactly what activities your servicers are doing.

- ▶ Familiarize yourself with the online tools and resources available from the four primary federal loan servicers and from Federal Student Aid.
 - ▶ Contact [CollegeServ](#) to find out more of what Aidvantage offers.
 - [Aidvantage.com](#)
 - [MyGreatLakes.org](#)
 - [MyFedLoan.org](#)
 - [NelnetLoanServicing.com](#)
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6 Determine what default prevention activities you can perform today.

- ▶ Use your own internal resources or dedicated staff.
 - Dedicate staff to financial literacy and loan counseling because they are in an excellent position to establish working relationships with borrowers from early in the students' experience through repayment.
 - Many schools are also dedicating staff to student retention activities, a key to school and student success as well as default reduction.
 - Dedicate staff to reach out to high-risk students as they exit school, exit grace, and become delinquent (based on default attributes and risk). See steps 2 and 3.
 - ▶ Utilize third parties (such as aggregators).
 - Multiple third-party institutions provide fee-based tools that allow your institution to upload student loan data from the key loan servicers and the NSLDS. The software/web-based portals allow institutions to aggregate the data for reporting and to create automated borrower communication campaigns that can target delinquent borrowers.
 - Develop a request for information to determine the prospective benefits and potential cost.
 - Aggregators may provide a demonstration or a proof of concept test.
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7 Make a plan to communicate with all categories of delinquent borrowers.

- ▶ Attempt to maintain contact with all former students (email and phone) – this strategy allows you to keep contact information current.
 - ▶ Gain access to **NSLDS Delinquent Borrower Report** (DELQ01).
 - ▶ Send helpful emails via your (.edu) email address – (promote solutions such as income-driven repayment plans, deferments, and forbearance). **Important Note:** Email is an unsecured communication channel. Do not state the student borrower's loan status as current or not current in the communication. Please refer to your school's communication policy for guidance.
 - ▶ Seek support — partner with your servicers to engage borrowers early (under 120 days past due) and late (borrowers on the verge of defaulting). One solution is to exchange demographic information.
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