PSC-ED-FSA-TISD

Moderator: Angie Beatty
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1:00 pm CT

Coordinator: The conference is now being recorded. If you have any objections, you may disconnect at this time. Participants will be in a listen-only mode. And sir, you may begin.

Mark Welsh: Thank you. Hello everyone, and welcome to the Delinquency and Default Prevention Training webinar. Allow me to apologize for our brief delay in getting underway. We had to do a bit of reconfiguring.

My name is Mark Walsh. I work at FSA in Operations Services in Kansas City, Missouri. I'm joined today by two FSA colleagues from our Direct Loan Servicing Division, John Pierson from our Atlanta Regional Office and Rosa Wright from Headquarters in Washington, D.C. There are about 1200 of you attending today, so the webinar will be conducted in listen-only mode.

If you have questions during the webinar, click on the Q&A button on the menu bar at the top of your screen. A new window will open. Click in the top blank field to type your question and then click Ask. Please remember to include the slide number with your question. We hope to answer as many questions as possible, and will handle your questions in one of two ways.

Some of the questions we will answer along the way. These will be private responses back to you. Some questions we will reserve for the conclusion of the webinar. After each presenter has delivered their material, we will then read those questions and respond to them. If we do not get to your question during this afternoon's session, our email and telephone numbers are in the presentation content.

Also if you want to download a copy of the slides, click the icon on the menu bar that looks like three overlapping pages. It's on the right side to the left of Feedback.

Now, I'll turn it over to John Pierson to begin today's webinar.

John Pierson: Thank you Mark. Welcome everybody. We've been looking forward to doing this session for quite some time. We have a number of topics to cover today, and we'll go on to Slide Number 2. The session - the webinar is divided into four sections. We're going to be talking in general about cohort default rates. We'll talk then about why schools should be doing default prevention work at all. Mark will then come in and talk about default prevention strategies, both traditional and non-traditional, and then Rosa will come and speak with us about loan servicing circa 2010, because things have changed. So, let's get started.

Cohort default rate overview. We're going to be talking about the definition of a cohort default rate, cohort default rate periods, the formulas for calculating cohort default rates, when cohort default rates are released, and some information about historical perspectives, because indeed they have changed over the years.

And we're on Slide Number 5, CDR Calculations. Cohort default rate is a way for the Department and for schools to keep track of cohort or of loan default in time. And so, we look - we consider a cohort to be that group of people who went into repayment during a particular fiscal year. And, a fiscal year is determined by the 12 month period that starts on October 1st of every year and ends on September 30th of the following year. And the cohort period is synonymous with the fiscal year, so it would be fiscal year 2007, cohort period 2007.

So, it's the number of borrowers who went into repayment during - on FFEL and Direct Loans during a given fiscal year and defaulted before the end of the following year. So they went into repayment during a given 12 month period, and we tracked them for an additional 12 months, and at the end of that time we look at those who defaulted and those who did not.

So, we release cohort default rates twice a year. We have a draft rate that goes out in February of each year, and our official rate that goes out to schools in September of each year. The draft rate is preliminary. There - it's not made public. It only goes to your school. There aren't any sanctions or benefits that come with the draft rate. It's informational.

What we always like schools to do is to take a look at the data. Some schools do and some schools do not. Those that look at the data are looking for errors, borrowers who may or may not have been placed in the correct cohort period, data that may even not be from your school. And so, we defiantly like schools to look at it, and we like to look at schools - we like schools to look at the data because we want NSLDS, which houses all the data, to be as perfectly representative of things that have occurred in the lives of borrowers as it may be.

It is NSLDS that's the foundation for the Department's collection process, so we want to know that our data is correct. So when you get your draft information, if you do not at this point, take a look at that data to make sure that it's correct; we certainly want you do that in the future.

In September you receive an official rate, and it might be reflective of changes that you've already made during the draft stage. It's public. Everyone can see it. It's posted on the Department's Web site on IFAP. Sanctions do apply. We're going to talk about those sanctions in a minute, as well as benefits.

So, let's move on to Slide Number 7, the cohort default rate formula. It's comprised like any fraction of a numerator and a denominator. The denominator is that universe of borrowers who entered repayment during a one fiscal year period or cohort period from October 1st of one year to September 30th of the following year.

The numerator is comprised of borrowers who entered repayment in one year and defaulted in that year or the next. And so obviously, it's going to be a smaller number unless everyone has defaulted to whom you gave a loan and who went into repayment, but that's unlikely to happen. So, we've got a numerator and a denominator.

Let's look at the next slide. The denominator in the formula determines - it determines the date entered repayment, and the date entered repayment is determined by the date of graduation, the withdrawal date, or the date upon which a borrower dropped below half time, +180 days, or 181 days. We give borrowers a grace period of six months after they graduate, withdraw, or drop below half time, and on 181st day, we consider them to have gone into repayment. And that day, the day that the person went into repayment, whatever date on the calendar that is anchored to within the cohort period, or a cohort period, is the cohort that they are related to forever.

So, let’s go on to Slide Number 9, the numerator in the formula. Obviously in order to have gotten into the numerator, you had to be included into the denominator first. You had to have gone into repayment to be considered as someone who either did or did not default during the tracking period.

Determining the default date, and we probably will talk about this in more detail during the question-and-answer period. But, schools frequently say, “What is the date of default on a loan? Is it the 270th day, or the 360th day?” So, let me just throw out a couple of things that may help to clear up some of the confusion. Default actually occurs in two different ways.

We have what we would call technical default for all loans, whether it’s a FFEL loan or a Direct Loan, and that occurs at the conclusion of 270 days of delinquency, or 270 days without having made a payment on a loan. And at that point, whether you're a FFEL borrower or a Direct Loan borrower, you are considered to be in default for purposes of continued eligibility for Title IV aid. So once you’ve hit that 270 day period of continuous - or of default, or of - I’m sorry, delinquency, a borrower is no longer eligible for aid. They’re considered to be in technical default.

That is different from being considered in default for inclusion in a CDR, or a cohort default rate calculation. In the FFEL program, a borrower is considered to be in default for inclusion in the cohort default rate calculation on or about on the claim paid date, or the date that the guarantor pays the claim made by the lender for that loan. In the Direct Loan Program or for loans that are being serviced by the Department, loans that were purchased from the FFEL program, and are being owned and now are being serviced by the Department, the default date would be the day after the conclusion of delinquency.

Now in the Direct Loan Program and for PUT loans or loans that were purchased - have been purchased by the Department, borrowers get 360 days of delinquency. And so it’s after that, on the 361st day, that a loan is considered to be in default for purposes of the CDR calculation. So, we really have two different kinds of default that we’re talking about; technical default, that concerns the borrower and whether or not they’re eligible for additional Title IV aid, and default when it comes to calculating the cohort default rate. And in the FFEL program, that is the claim paid date. In the Direct Loan Program, it’s really the 361st day of delinquency.

So, let’s keep going here. Again, the numerator - again, check in to make sure that the numerator is - and the loan is correctly included in a particular cohort, would be to determine if the default date falls within a particular cohort period that you're concerned about. And stepping back one or two slides, if you were looking at your draft data, you would be wanting to make sure for all of those loans that came in with that draft calculation, that all of the date entered repayments and the default dates occurred within the cohort period.

So, let’s go on to Slide Number 10, applying the formula. We have two different ways of looking at cohort default for different kinds of schools. We have a non-average rate for schools that have 30 borrowers or more in repayment, and we have an average rate for schools that have fewer than 30 borrowers in repayment. And, we do this because of the statistical anomaly that may occur, or the distortion that may occur because a school has very few borrowers, and may in a given year be unlucky enough to have an exaggerated number of borrowers who go into default. So, let’s take a look at how that plays out.

So using the non-average rate, we’re looking at a school here on Slide Number 11 that had in the cohort period, in the fiscal year, 225 borrowers who went into repayment. Of that group, and let’s presume that this is a two year window - a two year calculation that in that fiscal year, 225 people went into repayment, and that year or the following year five people defaulted. And, that fraction multiplied by 100 yields a cohort default rate of 2.2%.

And using the average rate formula, here we’re looking at a school that has only a very small number of borrowers who went into repayment during each of three consecutive fiscal years. In FY ’06, 20 people went into repayment; FY ’07, 17, and FY ’08, 10 went into repayment. And, you can quickly see how skewed those cohort default rates might be if an exaggerated number of people went into repayment in let’s say FY '07, and five of them defaulted just by luck of the draw, and what kind of difficult that school would be in. So what we do is we average it out over time.

And so in FY ’06, '07, and '08, we had three people, one person, and one more person in those three consecutive years yielding a fraction of 5 divided by 47 times 100, which yielded a 10.6% cohort default rate. And again, it’s the sum of the three most recent cohort periods. We track it over time.

Slide Number 13, the transition. We’ll talk a little bit more in a few slides about the three year cohort default rate and the transition in other ways to that. But, the two to a three year scenario in calculating the rates - the anchor year is always the same during this transition period, and that is the cohort period.

And in both of these cases, we have 5000 people who went into let’s say repayment in 2011 - in 2009, and 5000 people went into repayment year one, 125 defaulted; year two, 230 defaulted. And if it were a two year calculation, that would yield a default rate of 7.1%. In the case of a three year calculation, we’re tracking people for one additional year, and in the example that we’re giving you of 250 additional people defaulted during that third year, so that we have a total of 605 that defaulted, and that yields a default rate of 12.1%.

We all know that things continue to happen to people once they’ve gone into repayment, whether it’s a divorce, unemployment, underemployment, ill health, that effect the ability of an individual to stay current with their loans. And since those things occur on a somewhat random but regular basis, in your portfolio, you can expect that more people will run into trouble in repayment during that third year, and therefore your default rates will increase. And in the three year scheme, we’re expecting that almost everyone’s will go up.

Let’s take a look at Slide Number 14, the remaining two year cohort default calculations. We have FY '09, and ’10, and ’11, and you'll be receiving your - we’re going to be publishing the official cohort default rates for FY of '09 in September of 2011. You'll receive the draft rate this coming February. And, your two year cohort default rate sanctions will continue to apply all the way through FY 2011, which you'll receive in September of 2014. And that’s, in a nutshell, three years at 25%. The sanction is loss of eligibility if you're at 25% for three years in a row, or 40% at one year.

And so, there’s a transition concurrent with that, and let’s go over to Slide Number 15. We have the implementation of the three year calculation. And as you can see, that they also began with fiscal year '09, ’10, ’11, and so forth, but the tracking period is different. It’s not two years. It’s a three year tracking period. And for the FY '09 default rate, you will receive both a two and a three year default rate for those years, or for FY '09.

You'll receive your three year rate in September of 2012. You'll receive a two year rate in September of 2011. The three year rate in '09 and ’10 are - they’re transition rates. There are no sanctions. There are requirements, but there are no sanctions that are applied. The two year sanctions are still in effect until 2011, which you will receive in September of 2014 when the three year sanctions will go into effect. Three year sanctions are three years at 30% and one year at 40%. It’s very similar. It’s simply raised up by 5%.

Let’s go onto Slide Number 16, and this is a little backward look at cohort default rates. And if you notice in the early 1990s, nearly one out of five loans went into default. That’s startling. And after that peaked, several things happened. A number of schools left Title IV because they had excessively high cohort default rates. The remaining schools worked really, really hard, and lenders worked really hard, and guarantors worked really hard. And when the Direct Loan Program came along, the Direct Loan Servicer worked very hard to bring cohort default rates down. And as you can see in 2003, we had - we hit a historical low of 4.5%.

Our concern is -- and remember that this portfolio is many, many magnitudes larger in terms of the number of dollars and the number of borrowers than it was in the early 1990s, but that the cohort default rates have gradually inched up from that low of 4.5% to 7.0% in 2008. And our best guesstimates based upon the data that we’re looking at, is that we’re going to continue to see an increase in rates over the next few years.

So, let’s move to the next section. Why do default prevention at all? Some of the changes, risks, and challenges that schools face. So consequences. People always are concerned about consequences, and there are consequences for borrowers, for the taxpayers, and for schools. So consequences for the taxpayers. Loan default impacts the integrity of the student loan programs.

Remember that the taxpayer underwrites the loan programs and that if it's a loss in the program, that it's also - that it's underwritten by the tax payer.

And only in just new loans over the last three years, we have topped $1 billion a year - in excess of $1 billion a year, we're going to look at some of those numbers in just a second, and that's not the entire default portfolio. But we are contributing each year more and more into the default portfolio in terms of dollars, and those are dollars - particularly now since the department is moving into an era and the loan programs are moving into an era where the Department owns greater and greater proportion of the loan portfolio that we're becoming more and more concerned about loans that are either performing or not performing. That are on either the revenue or the loss side of the portfolio.

So that recovering defaulted loans, and the more loans and the more dollars that are on the default side of the portfolio, is a cost to the Department and to the tax payer. Obviously what we're trying to do, whatever your school's cohort default rate may be, is to gain your assistance in moving borrowers and loans from the default to the repayment side of the portfolio.

So, let's take a look at Slide Number 20, and these are national figures for dollars in default at the portfolio level. In 2003, there were $647 million just in the 2003 fiscal year. Those loans that went into repayment between October 1st of 2002 and September 30th of 2003 represented $647 million that went into default. That number, as you see in 2006, crested $1 billion for the first time, and in 2008 we are sitting at $1.533 billion. So, these are big numbers. The portfolio is big, but the number of dollars that are non-performing in the portfolio is big too.

Again just to reiterate, it doesn't matter what your school's portfolio is. Frequently, we talk to schools that are large schools that have reasonably low cohort default rates. The problem is that because they have big portfolios, they're contributing lots of dollars into the default portfolio, and that's the big issue for us.

And if you look at Slide Number 22, collection facts, that in 2009 - that our - what used to be called our Collections Unit, the Default Resolution Group and Guarantees recovered $9 billion, a recovery rate of 19.24%.

Through the Treasury Offset Program, seizing tax refunds, we recovered $28.2 billion. The collection process never ends. We follow borrowers to the grave. There's no statute of limitations on recovery attempts. And even within that, we never get it all back, and that's where it really falls on the back of the tax payers. And what we're trying to do is trying to keep all loans in repayment to the best we can.

Consequences for the borrower. Obviously, everything that's on Slide 23 would be things that you probably talk to your borrowers about during entrance and exit counseling. I've often thought that the most pernicious of these elements - of these consequences is the first one, the credit report damage. Because even though someone may have borrowed only something di minimis, as small as $250.00, that if they default that ends up on the credit report. And whomever that borrower may choose to purchase credit from, and people purchase credit. They purchase use of money through credit cards or auto loans or home loans. That once that default is on that borrower's credit report, that borrower is fair game for increased and significantly increased interest rates from anybody that is going to sell credit to that borrower.

The consequence for that borrower is that though they may have defaulted on $250.00, that over many years they may be paying in excess of thousands and thousands of dollars in additional interest rates - additional interest payments. And, I've often thought that that's a huge penalty. It's a very subtle, off the radar penalty that people pay for loan default. And certainly if borrowers can be influenced to not default, they can avoid having to pay that kind of a financial penalty in the future.

So, let's take a look at Slide Number 24, borrowers in default. Again in 2003, you can see that the numbers are climbing. 115,000 in 2003, and by 2008 we were up to 238,000. More than a quarter of a million borrowers who went into default just in that two year cohort calculation period.

Consequences for the school. Cohort default - a high cohort default rate can negatively reflect on your school quality and that certainly nobody wants - something that nobody wants. Provisional certification can result. Loss in Title IV eligibility. It may even threaten access to private loan funds.

And, I just want to be clear that no one at our end wants any of you or any of your schools to lose eligibility. All of you have a place in the higher education marketplace. We want you to stay eligible. We want you to keep your default rates down. We want you to be there. There are students who use your programs, and so you know we certainly want you to stay within those parameters that will allow you to continue to be eligible.

Changing landscape. Loan default is increasing for most schools. It's just what's going on right now. The cohort default rates are backward looking. And if you remember, the last rate was 7.0% for 2008. That data is more or less pre-recession data. So, we think that we're going to see a deeper reflection of the economic suffering for people in 2009, '10, and '11. So even by itself without considering a three year cohort default rate calculation, we think that there's going to be a lot of upward pressure on cohort default rates in the next three years.

Educational costs are continuing to rise. More students are borrowing more money. As a result, students are borrowing a combination of Stafford and private loan debt. Frequently, borrowers who have both Stafford and private loans will make a decision to pay the private loan and not the Stafford loan, which also may increase the possibility that your Stafford loan cohort default rate will go up.

There have been some discontinuities as people have made the transition from an all Direct Loan - or to all Direct Loan origination and servicing. And again, even if cohort default rates - even if economic times were good, even if they were superb, as we move from a two year to a three year calculation, rates would probably go up for most schools anyway simply because we're tracking borrowers for a third year.

So, it's indeed a different and more hostile environment for schools when thinking about trying to keep cohort default rates in check.

Cohort default rates in the economy. Again, we talked about the cohort default rates being backward-looking. In an average year - kind of jumping down to that last bullet, in an average year looking back over the last decade, it would be pretty normal for us to have three or four or five schools that ran into trouble from an eligibility standpoint, schools that had three years at 25% or one year at 40%. Our best guesstimate is that we're going to have many times that number of schools who may face compliance difficulties because they will be at 30% or more for three years in a row, or 40% at one year in the future. So, that's another reason why we want you to start taking action now.

Three year calculation. Again, it expands the default tracking window from two to three years. There - a transition period in '09, ’10, and ’11. The penalty threshold, because we’ve expanded the amount of time, has also been expanded from 25% to 30%.

Let’s jump down to that possible compliance issues beginning in September of 2014, and that would be because compliance or sanctions being related to three years at 30% or more three years in a row, and you couldn’t possibly get 30% unless you had at three years in a row until September of 2014 or the FY 2011 cohort default rate calculation or a three year calculation. That would mean that you had 30% in FY '09, FY ’10, and FY ’11. Hence, you could be in trouble in September of 2014.

But, I want to differentiate between the sanctions or possible loss of eligibility in, at the earliest, September of 2014, with the FY - the arrival of the FY 2011 cohort default rate calculation, and the requirements that come with the new three year CDR calculation. And, we’re going to talk about those right now.

So if sanctions are loss of eligibility, what are the requirements? If - let’s presume the worst case, FY 2009 three year calculation arrives on campus and you are sitting at 31%. Well, the new regulations require that you pull together a Default Prevention Task Force. And, the purpose of that task force, or the job of that task force is to investigate the source of default risk on your campus, or in your school’s portfolio, or many campuses if you have multiple campuses. And, the purpose of that is so that the school can not only determine where the problem is coming from, but create interventions. And, those interventions have to be measurable - those steps that you will take to reduce delinquency and default. And as a consequence, you then put a plan together, and that plan has to be submitted to the Department.

Well what if you're unlucky enough to have 30% or more in the second year? Well, the - you have to empanel your team, and that team has to do another analysis. Create another plan which is made up of measurable steps which are based upon the data that you've discovered that shows where the risk of default is coming from, and you have to submit that plan to the Department.

And in the second year, rather than simply review it, we may then get back to you and require that you take additional steps. We may get back to you and ask you to revise the plan.

In the third year at 30%, there is simply loss of eligibility. You have all the same kinds of appeal rights that you do now under the two year regulations, but that’s simply what will happen. You will lose eligibility for Pell, SMART, and loans.

CDR disbursement waivers. If you are a school that has a low cohort default rate, there are some benefits, if you choose to use them. You may disburse a single term loan in a single installment if you wish, and you need not delay the first disbursement to a first year undergraduate borrower until the borrower has completed the first 30 days of their program of study. You don’t have to use these, but these are certainly available to you if you choose to use them.

Three year trial rates. This slide has a link to the FSA data center. And what the Department published last fall were some estimated three year cohort default rates for FY ’05, FY ’06, and FY '07. These were to give schools a kind of heads up about what your three year calculations might look like. You will receive another one at the end of - for 2008 at the end of January of this year. And, that’s going to be pretty close to what your three year cohort default rate would look like if there were one for 2008. So - and so we encourage you to take a look at that.

And so, I'm going to hand the baton to Mark, and Mark is going to talk about some default prevention strategies.

Mark Walsh: Thanks, John.

Our loan servicers are among the best in the business when it comes to helping your borrowers to successfully repay their loans, and they do a number of things to accomplish this. They send letters, they send emails, and they make telephone calls to the borrowers to help and to encourage them. And, the facts are that the majority of borrowers repay their loans.

You might recall in one of John's earlier slides, he demonstrated that measuring with the current two year CDR calculation, 93% of borrowers are repaying their loans. Of course we want to keep default rates as low as we possibly can, so we encourage schools to become actively engaged and partner with FSA and our loan servicers.

Now we know that different factors motivate different people, so what is your motivation to help? Reiterating a bit of what John had shared with you, will you become involved to help us protect the integrity of our loan programs? Or as a tax payer, to prevent some of those dollars from going into default, will you help to lower your school's cohort default rate? Avoid the possible compliance issues that John explained for you. And finally, how about helping your students avoid default and not have to suffer the many consequences that we listed on a previous slide?

One of the first things that we encourage schools to do, if you don’t already have one, is to create a Default Prevention Team. I’ll talk a little bit more about the composition of that team in just a minute. What you should do is set some measurable goals, and these are usually tied to reducing your default rate and retaining and graduating more students. The team should then adopt or develop a default prevention plan to help reach those goals.

We recommend that you utilize what we refer to as the traditional default prevention strategies, and then some non-traditional strategies designed to promote student success. And the best option is to use a combination of these approaches, and we’ll explore a few of them today.

An effective team can help you successfully implement the plan. Now if you're a small school you may be a one person team, but I’d encourage you to at least pull a couple of other folks into what you're doing. If you're a larger school, then we’d expect to see representatives from many of the offices on campus, such as the Registrar, Admissions, Financial Aid, Academic Affairs, and so on.

Your default prevention meetings should be held at least monthly, maybe twice a month if you're just getting underway. We recommend you prepare an agenda. Get it out to your team at least several days ahead of the meeting. This should be a pretty formal arrangement. Take minutes. Get those out within a couple of days after the meeting. It’s a good opportunity to restate assignments and help to hold people accountable.

Your default prevention team will likely need some training, or at least an orientation to the importance of managing default rates, kind of what’s in it for them, and something about the kind of work that you'll be doing on the team. Of course, you should evaluate the progress you're making, and adjust the plan accordingly. You'll find that your plan will evolve over time; this is as you think of new ideas to try and perhaps replace strategies that aren't as successful as you'd like them to be.

And finally, celebrate and promote your successes. This is important not only to keep the team motivated, but you want to foster the idea that default prevention is a school-wide responsibility. We've found from experience that success is achieved when solid plans are developed and executed. We see the plan pulls together people and resources toward the common goal of reducing default. And frankly, the plan is what enables you to do good things on a consistent basis.

The Secretary's sample default prevention plan is available through IFAP. It's what I would call an everything but the kitchen sink approach. You'll find there are strategies in there for schools of all sizes and types, and essentially you pick out things that will work best at your school and begin to implement them. And once again, update that plan as needed to maximize your success.

The importance of having a team cannot be overstated. You know, for years - and those of you that have been around for awhile know the responsibility for default prevention has rested on the shoulders of Financial Aid, and the problem is that there's a limit to what the Financial Aid office can do to prevent defaults. Therefore to be more successful, we need to move away from that model to one where the entire school shares that responsibility.

So, engage your allies at your school by putting representatives from various offices on your Default Prevention Team. Help them to take some ownership. Use that collective wisdom to solve default issues and you'll get the best results. I'd ask you to also be guided by that second paragraph, because helping students to choose the right program, providing them with the support necessary to complete that program, and then helping them to find a job. That's all default prevention.

So, let's begin by examining the traditional, or perhaps what we should call the historical approach to default prevention, which again involves the Financial Aid office. Financial Aid folks get borrowers the funds they need and then they turn them loose on campus. They've pretty much done their job at that point, and often had very limited control over what happens to students after that.

So, their primary focus then is to help borrowers develop a healthy relationship with their loans, and they accomplish this in a variety of ways. First and foremost they help the borrowers understand their repayment obligations, and they accomplish this through entrance and exit counseling. This is very important. In some offices, Financial Aid participates in literacy training. They also update enrollment status changes, and I'll show you how important these updates are in just a minute. And then finally, they engage at risk borrowers whenever possible, hopefully whenever they become aware that a student is struggling.

Now, this next slide shows you where our entrance and exit counseling products are located. Entrance counseling is available at www.studentloans.gov, and exit counseling is now available via NSLDS at www.nslds.ed.gov. Well, let's begin with the entrance counseling product. First, it's a good idea to help students see what the job opportunities look like for them down the line. What might their salary be? How will their earnings match up with the amount of money they're borrowing? Be sure and show them their estimated monthly payment. We also want to make sure that you help them to identify their loan servicer, provide them with the servicer contact information, and also encourage them to reach out to you if they have any problems repaying their loans.

Borrower contact information - very important. In a few minutes I'm going to show you how to get borrower contact information that is absolutely solid gold.

Show students how to help themselves through NSLDS for students. They can easily track their loan information here.

And finally, a few words about something that we're seeing more of recently, and that's the idea of students returning to school simply to avoid entering repayment. Now if it's a well thought out decision, as in the job market's tough right now. "I think I'll get my Master's degree and maybe try again in two years," well that works. But just enrolling to delay repayment is not necessarily a good idea. Many students are just incurring more debt and not really getting a lot of added value for it.

Shifting on to exit counseling. Our new exit counseling site is integrated into NSLDS. This is where students can go to complete the counseling and to receive all their aid detail. And of course as a result, they must log on with their pin. They'll find there are calculators available for the various repayment plans, links to the loan holder site where available, and the information is out there in both English and Spanish. Schools are able to download reports from NSLDS to verify which of their students have completed exit counseling.

Please introduce your students to NSLDS and encourage them to use it. This is in part about helping your students to take responsibility for their own loans, and there's a ton of information available for them there.

Now, we know that a correlation exists between increased financial literacy and decreased defaults, and I'm sure that you read the same news items that I do regarding young people especially and their difficulties in understanding and managing their personal finances. Decisions that they make while in school can have a lasting impact on their lives. Many students do not receive financial education at home, and they may have poor role models.

So, schools can play a very important role in teaching financial literacy, and providing this kind of information not only contributes to them repaying their loans, but you're providing a tremendous service to your students. So, would you consider making financial literacy part of your curriculum? Some schools already offer financial literacy classes for college credit.

It's also not necessary for schools to reinvent the wheel. There are a lot of great materials out there, and most of them are free. You might consider the use of online literacy programs and connect your students with them. If you are providing financial literacy, can you possibly enhance what you're currently doing?

I've listed just a few of the Federal Financial Literacy resources that are available to you. They're always free. Perhaps a good assignment for someone in the office might be to conduct a little research on each of these sites. Consider how they're offerings might be useful at your school. The lenders and guarantors also offer literacy materials and training. There are a number of non-profit organizations that have great information. And, consider the counseling resources available in your community.

The Jump Start Coalition for Personal Financial Literacy is another great place to shop. They've got a lot of materials and assorted publications all available free of charge. Mapping Your Future is of course sponsored by the nation's guarantee agencies. Many of you already use some of their products, and you could consider adding their literacy program as well.

The National Endowment for Financial Education is another good choice. I recall that yesterday there were several messages on (Find Aid L), the list serve regarding financial literacy products. And although I don't recall the source of the study, just within the last couple of weeks I read that 48% of schools offer some type of financial literacy training to their students. But my last pitch here. Please consider implementing a program at your school.

I'd like to talk a little bit about credit cards, because credit card usage, especially among young people, can often get out of hand. Statistics demonstrate that many students become over extended with multiple credit cards, and this can impact their ability to repay their loans. Of course, it can impact many other things in their lives as well.

So in counseling or financial literacy sessions, be sure and caution students about direct solicitations, those solicitations that offer thousands of dollars in credit. In fact, better to recommend that students have a single credit card to use in an emergency. I'll point out though that credit card companies have some good financial literacy training programs, and they will often come on your campus to present.

Leveraging grace. Now in a minute, I'm going to describe for you the kinds of things our servicers do while the borrower is in their grace period, but let's talk about how schools can use this timeframe. There are a number of things that you can do to help prepare your borrowers. We talk with a lot of schools that send out correspondence during grace to remind borrowers that repayment lies ahead. Encourage them to contact you if they anticipate having any problems in repayment. We know that many borrowers default because they do not understand that there are options other than default.

And perhaps the most important thing you can do for us is to ensure the borrower's entire grace period is preserved. Schools can do this by reporting enrollment changes timely and accurately. Proper reporting of these changes to NSLDS is in fact a default prevention strategy, because if schools fail to do this, the borrower can lose part or all of their grace period.

How does this occur? Well, let's say that a student begins attending your school in January, and perhaps they leave in early February and don't tell you. They don't come down to the office and officially withdraw. And let's say that you don't find out until the end of the semester in May. Well, what happens? That borrower has lost part of their grace period. They lost it in the sense that some portion of the grace period elapsed and they didn't even know about it.

Why is this so important? It's important because servicers have certain things they do to help the borrower prepare for repayment. First, our servicers reach out to the borrower and begin to establish a relationship. They make certain the borrower is in the correct repayment status. It's entirely possible for instance, if the borrower has returned to school. They talk with them about the appropriate repayment plan, and they try to help the borrower choose a plan that best fits their circumstances.

And of course, they familiarize the borrower with the various self-service options. Things like the ability to change their repayment date or update their profile, apply for a forbearance. These kinds of things can all be done online. And though consolidations are a little less popular today, if a consolidation is appropriate, the servicer will discuss that with the borrower as well.

Let’s talk specifically now about engaging your borrowers who are at risk to default. Now, we’re understanding that schools often struggle to get all of their work done. Things like program changes, the staff shortages; those kinds of things interfere, so one of my messages is to do things that make sense. Focus your time and energy on the things that offer the best chance of success. And one of those things is to determine who your at risk borrowers are. It’s a process that involves learning to identify various risk factors that we associate with default.

And then finally, knowing when to intervene, and then choosing the right strategies can also be important. Schools can reduce default risk at any stage of the cycle, so let’s take a look at some of those stages.

One good way to identify the at risk borrowers at your school is to examine your school data. What factors do your defaulted borrowers have in common? Can you identify any patterns or trends? If you have an IT department, they can help you tremendously here. Now, I can show you some things that we see in the large population - the millions of borrowers that we look at, but there are surely some unique factors at work at your school.

So once you've identified those at risk borrowers, what’s the best time to contact and influence them in a positive way? What will work best for you at your school? Reaching out to them while they’re still in school? During their grace period? While they’re in repayment? Or maybe, some combination of those.

Consider providing early or extra loan counseling or financial literacy training to your at risk borrowers. Remember to also update your borrower contact information at every opportunity. Some of your at risk borrowers include students on academic probation, maybe students who are struggling in school, or maybe they've even expressed an intention to withdraw.

And this last bullet's a good one. It's a relatively easy bit of analysis that schools can do to determine where their defaulters are coming from. And certainly schools with the resources can do more sophisticated analysis, but even the smallest of schools can examine some things.

Let's say that you offer several different programs. If an inordinate number of your defaulters come from one or two of those programs, well that tells you something. It calls for some scrutiny to see why some of your programs generate more defaults than others. Identify the problem and fix it. And of course, plan to provide more assistance to the students enrolled in those programs.

Many schools reach out to borrowers during the grace period, and this can be very helpful. One of the first things to do is to validate and update their contact information. Schools can help prepare borrowers for repayment. Some schools send written communications reminding borrowers that they are approaching the repayment timeframe. And if you send this kind of correspondence, this is also a great time to ask if they're encountering any problems. Once again, to remind them you're available if help is needed.

I'm going to share a couple of tips about what that kind of correspondence should look like. Now, employment counseling can also be helpful while the borrower is in grace, especially if that borrower is unemployed. What about inviting them back to school for some help with your job placement services? Maybe they need assistance with developing interviewing skills or preparation of resumes and cover letters.

And what I find is that most schools offer this kind of assistance to their graduates. Those graduates are generally in the best position to repay their loans. So please, consider offering some help to those students who did not succeed at your school. Maybe they'll even give school another try. And if any of your students are interested in returning, perhaps reenrollment assistance might be appropriate. And of course, help transfer to another school if that seems to meet their needs.

Early in the repayment process, you can focus attention on the borrowers who did not complete, because they are among those at the highest risk of default. Late in delinquency when borrowers are 240+ days delinquent, intervention is definitely needed. This is a more immediate situation.

Let me just point out that today, we have time to mention just a handful of strategies to help you prevent defaults, and many of these kinds of things that we're talking about contribute toward building shall we say, a good default prevention capability at your school. In most cases, even if you begin doing these things today, it would be maybe six months to a year before you begin realizing any benefits.

Here's something that will pay you back immediately. Right now, most of the schools that are listening have some borrowers who are in delinquency, some of them seriously delinquent on their loans. We know from experience that a percentage of those seriously delinquent borrowers will go on to default. They're delinquent right now and they're in that pipeline, so here's a chance to help them out.

We know that some borrowers really struggle in repayment. And again, schools can be helpful when the borrower is having trouble, especially in the late stages of delinquency. The goal is very simple. Contact these borrowers and help connect them with their loan servicer. A three-way phone call with the servicer has typically worked the best.

But to begin reaching out to those borrowers, you need a couple of things. First you need a list of your delinquent borrowers, and you can get this information either from the individual servicers or from the new NSLDS tracking report. This report will list all federally owned student loans. Then, you need good contact information for your delinquent borrower. The next couple of slides will show you where that good borrower contact information can come from.

And finally, your servicer is a good source to help you get started. Remember, our five servicers are evaluated on two things, the customer service they provide and the extent they are successful in preventing default, and they'll be happy to work with you on this.

I've got a couple of - shall we say key defaulter characteristics that I'd like to share with you this afternoon. We examined a very large population of defaulted borrowers. In fact, we've looked at millions of borrowers several times over a period of several years. What we determined over and over again was that of those borrowers who defaulted, the majority had contact issues. In fact, half of our defaulted borrowers had bad telephone numbers.

And perhaps the most amazing one for me, most of our defaulters were not successfully contacted even once during the 360 day collection effort leading up to default. In fact, the percentage was at 95% not contacted even one time. And as I mentioned a few minutes ago, we find that borrowers generally default because they don't know that there are options available to them. And if we can't talk to them, then we cannot counsel with them about those options and help them avoid default. So good contact information, current contact information is crucial.

Unfortunately, most of the time the problem is reaching that borrower to have a conversation to try to help them avoid default. So what we need to do is improve our ability to contact the borrowers several years after they leave school, if need be. We came up with the idea of suggesting schools create a separate form to gather more detailed information. We want you to go beyond the couple of references that are listed on the MPN. My best advice is to ask your borrowers to complete such a form during the admissions process.

Now, schools tell me sometimes students make up information when completing forms. Now that’s hard to imagine, but let’s do this. Let’s tell the borrowers that you may verify the information they put on the form. That should help with accuracy. And then, try to do some spot checking if time permits. This is not a practical step at every school of course, but if you're a smaller school and you're having some default rate issues. It’s well worth a little time invested at that point.

And finally, before we began recommending that schools get this additional information, we ran it by our colleagues in Policy. The only caveat is that you cannot make receipt of student aid contingent on completion of this particular form.

So I have a little homework assignment for you, if you're agreeable. Please go back and create your own borrower contact sheet. It doesn’t have to be complicated. Cut and paste your school logo and put it at the top of the page, and then create some fields for the students to either - contact information - to enter -- I’m sorry -- contact information for siblings, parents, grandparents, and so on. Ask for the email addresses and the cell phone numbers for those folks.

And as we've been talking about this particular contact sheet idea, some of our schools have been making suggestions for enhancement. One of the schools said that they include a question in which they ask the borrower who is the one person for whom we can always reach you? That's a great idea. Another school suggested that students be asked to list any and all social networking sites they belong to. This information could be very helpful in trying to locate the borrower at a later date. A number of schools have reported good success in locating delinquent borrowers via social networking sites.

And here's just a short list of some low and no cost sources for locating your delinquent borrowers. (No more) offices on campus - again the social networking sites. There are also companies who will do the skip tracing type work for you for a fee.

Some tips for success. Now, we're still talking about reaching out to delinquent borrowers here. Again, we found that telephone calls from the school to the borrower are the most effective in helping borrowers resolve their delinquency. Sometimes, the borrower will take a call from the school when they will not answer for the Department of Education or one of our servicers or a guarantor. The relationship with them is quite different.

And if you are successful in connecting with the borrower, we recommend that you use a light touch. You're trying to help them, not collect on the loan. Your goal is to connect them with the servicer, and then let the servicer representative do the heavy lifting. They're in the best position to outline the borrower's various options.

And while we don’t discourage schools from written correspondence, it’s important to remember the servicer has already sent a lot of letters and made many telephone calls trying to reach the borrower without success. Our schools report frankly mixed results sending correspondence late in delinquency. We know that borrowers are often delinquent on other bills, and they sometimes just stop opening letters all together. Although letters can be effective during grace, once again to remind the borrower repayment’s approaching and you're there to help if they have problems.

If you do decide to send written correspondence, how about making it something they’ll actually open? If they’re throwing away bills, you want something that’s likely to capture their attention, so no white business envelop with a little plastic window. Consider maybe a colored envelope. Hopefully, they’ll think it’s an invitation of some kind. You know free food. Don’t run it through your office postage meter. Use a stamp. Write your message in ink, and sign it.

A number of schools have had some success sending delinquent borrowers post cards. One school uses a card with a very recognizable building on their campus, or a picture of the new library or fountain or something. Sometimes, these kinds of post cards can be effective. Of course, you never want to include any details regarding their loans. The point is to get in touch with them.

Now, this next slide is merely a reminder for you that NSLDS contains a handful of reports that are helpful with your default prevention efforts. And as you can see, we’ve highlighted some of those for you today. At the bottom, you can see our new borrower delinquency report.

While we're talking about NSLDS reports, some of you may have seen a Chronicle article regarding the school repayment information loan detail report. It's known as the DRC015. It's an informational report that some schools use to gauge their default trends. Beginning back in April of 2010, the FFEL loans sold to the Department of Education were not included in this report. These are the loans that we commonly refer to as PUT loans.

The only impact is that for some schools, their running default rate would be underestimated, so it's very important to understand that this in no way impacts the Department's official cohort default rate calculation. We plan to contact all of the impacted schools and also implement a fix. And by tomorrow, we will have issued a communication regarding this on IFAP.

How about a few words about the use of private loans, and certainly they were created to meet a need when the federal funding didn't provide as much as was needed for the student to attend your school. But, borrowers should use up all of their federal student aid eligibility before taking out any private loans. Several studies have shown that some students take out private loans first, or they don't fully use their eligibility. Private loans are based on factors like the school attended, the credit score - they have variable interest rates with no cap. There's no loan limits or restrictions on fees. And, repayment typically begins soon after the funds are disbursed. There are fewer borrower protections available. And of course, we worry that private loans may negatively impact a borrower's ability to repay federal loans.

Now we talked about the traditional approach; the one that's centered in the Financial Aid office and how it's, shall we say, limited in effectiveness because the Financial Aid folks cannot follow students around the campus. But, we're wanting to outline for you an approach, which instead of a focus on the loans, calls for a focus on the student's education - student success solutions that put borrowers in the best position to repay their loans. And the best position to be in to repay is usually after completing one's education.

I've listed a couple of bullets here for you, but you get the gist of this. Successful students tend to be successful borrowers. And retaining students and increasing graduation rates also helps with loan repayment.

Here's another key defaulter characteristic for you. Once again, looking at defaulters in a portfolio with millions of borrowers, we found that the majority of them failed to complete their academic programs. Whatever that was, an associate's degree, a bachelor's degree, some type of certification - whatever they were after, they didn't get it, and this fact puts them at high risk of default.

Well, let's examine the situation with those borrowers who fail to complete their program. Those who do not complete certainly did not get the academic credential they were seeking. They're likely going to have reduced earning power. Most of the time they will not receive job placement assistance from the school. Now they have one or more loans to repay.

Often if they left school abruptly -- that is bailed out -- they will not have received exit counseling. We consider these borrowers to be among the least informed about their repayment responsibilities. They may not respond to servicer communications. And finally, if the school did not update NSLDS in a timely and accurate manner, the borrower will miss all or perhaps some portion of their grace period.

Here's just a partial list of challenges that borrowers can encounter, and any of one of these things or some combination of these factors can derail an education. Sometimes, we see situations where even a school policy can be the source of that hazard, and that applies to the example I've chosen to show you this afternoon.

The example that I'd like to talk about is late registration. Just to clarify so we're all on the same page here. This is a student who shows up on campus after classes have already begun. He or she wants to enroll in four or five, six classes, and a school's calendar is flexible enough to allow for this. And, these schools are under pressure to fill those seats.

But let's take a look at the student first. Does that late start mean that the student has missed classes? Can we maybe infer that such a late start indicates either poor preparation or maybe no preparation whatsoever? Might we agree that this student is at a greater risk to default? Again, we understand that many schools are under a great deal of pressure to fill as many of those classroom seats as possible. But ask yourself; does your late registration policy increase or decrease your default risk?

I just made up my own little calendar here to illustrate the point. However, these dates I pulled from an actual school calendar from their Web site. As you can see here, August 21st was the first day of class. The last day to register at this school was September 10th.

So the way I figure it, for a student who registered on the last available date, he or she had courses that met three times a week, this student could've already missed seven classes, and that looks like a recipe for disaster to me. That student has missed a lot, maybe the most at attending a brick and mortar school. Instructors officer hours, due dates for future assignments, maybe the examination schedule. Over a couple weeks' time, the student may have actually missed quizzes or tests.

But again, we want to be realistic. Once again acknowledging the pressure many schools are under to allow those late arriving students to enroll. A lot of what we've been talking about this afternoon have dealt with risk. So why not mitigate the risk of default for the students and the school, recognize that such students are at a greater danger. And my best advice for addressing this situation, how about developing a plan to provide extra support for those students.

First, compile a list of them. Make sure they're catching up or keeping up. Did they purchase their books? Are they attending the classes as expected? What we're talking about is a school-wide plan to support these students where they can succeed, and there's that student success again. If you don't support these students, they're likely to be among your borrowers who default.

And while we're on the topic of students that may be in trouble, some questions for you to consider about whether or not you know when your students leave campus. Do you take attendance? I know it's always - not always practical for large schools, but there are some ways now to do this electronically. Do you issue mid-term grades? Because if a student has three Fs and two Ds at mid-term, what are the chances they'll return? And of course, somebody must monitor these reports to ensure that somebody reaches out to these students.

Maybe you receive a heads up from the faculty about things like the students who missed classes or failed tests. Or, do you get a report of some kind about the students who are having adjustment challenges? Ideally, it's great if someone can reach out and offer help while the student is struggling but still on the campus. What you don't want to let happen is for academic or social problems to become default risks.

Some schools have addressed this by having student coaches maintain contact with new students. Other schools have developed their own mentoring programs where the school faculty and the staff work one-on-one with students to ensure they're on the right path. But, what happens if we don't catch that student while they're struggling? Then what?

And, I know you all have many things to do. There doesn't seem to be enough hours in the day to do everything. But once again, focus time and energy on strategies that will yield the best results. And, this is one of those things. One of those student success focused things. When you find out a student has left campus, reach out immediately, and I'm talking about within days, not weeks. The first goal is try to help them return to school. Bring them back.

This is about identifying whatever has caused them to stop attending. Maybe they were ill. Maybe they got behind in some classes or missed quizzes or exams. Or maybe their car broke down and they have transportation issues. Someone - a problem solver should be tasked with reaching out to the students who bail out, the goal being to facilitate that student's return to your school. Advocate for the student to his or her instructors. Arrange for some tutoring. Maybe you can resolve that transportation issue. Figure out how to help them overcome those obstacles to persistence.

And if you can't get them back, at least make sure they understand their repayment obligations. We send those exit counseling materials along by mail, but are they reading them? We've found some students who drop out don't think they even owe anything. And of course, learn what you can about their experiences. Maybe you can improve something that will prevent others from leaving school.

Promoting student success. A reminder that part of promoting success is to explore the unique connections between loan default and student success at your school. I've given you some defaulter characteristics, kinds of behavior that we see statistically in the large portfolio. Figure out the unique default factors at your school and take steps to address them. Remember that student success and default prevention are both school wide responsibilities, so collaborate with others at your school.

The take home message here is simple. The rate, the number of borrowers and the dollars in default continue to increase. We have a couple of things colliding here, the combination of problems with the economy, unemployment, and the new three year CDR calculation. So do this please. Consider your CDR history at your school. Check out your three year trial CDR at the link John told you about earlier. Investigate and identify the sources of default risk on your campus. And finally, use what you've learned to create measurable steps to reduce defaults.

Our servicers are an important partner in default prevention and management, and it's now my pleasure to turn it over to Rosa Wright so she can tell you about how our servicers can help.

Rosa Wright: Thank you, Mark.

Good afternoon. You have heard a comprehensive overview of cohort default rates from John, and some of the risks, challenges, and even consequences that explains why default prevention activities are a good idea. Mark in turn provided some strategies, traditional and non, that can assist you for preparing to implement those activities. Now, I'm going to conclude today's session highlighting our servicing activities and practices that assist with borrowers who are delinquent or in default.

At servicing, we look at repayment as a road map, with a final destination being paid in full or a balance of zero dollars. We also understand that such as life, there are turns, stops, and even road blocks. However, we have several tools available to get borrowers back towards this destination.

Mark mentioned some servicing tools that are done during earlier parts of the loan cycle, including counseling sessions and grace tools during the grace period, along with other activities at non-default stages. Our servicers continue with interactive and counseling Web tools all the way through repayment that provides our borrowers to access their loan data, and our customer service representatives are there to offer a personal experience.

As of this past July, the Department has five federal loan servicers. Direct Loan Servicing Center, Ed Loan Servicing, Great Lakes Educational Loan Services, Inc., Nelnet, and Sally Mae. Direct Loans are serviced by all of our federal loan servicers, while our four additional servicers are responsible for the FFEL, purchased loans, or PUT loans that John and Mark mentioned earlier.

Although we are now in a multi-servicing environment, all of our servicers provide a consistent experience for our borrowers by educating them on the options and tools available that help them with managing their student loan debt. By offering multiple repayment plans and options tailored to their individual preference, including online payments or electronic debit programs. They also provide self-service tools and options on receiving bills and correspondence, as well as submitting some deferment or forbearance applications online.

And for our schools, our servicers have school support divisions that are there to assist you with inquiries you may have on students or different reporting features, as well as managing your cohort default rates.

I mentioned that we understand that there may be circumstances where a borrower may not be able to make a payment, but we continue to work with them. The call center set hours to accommodate borrowers when they are most likely to be at home and also have the time to discuss all of their options. Customer Service Representatives are trained to present the different repayment plans, deferment, and if those options have been exhausted, discuss the forbearance possibility.

CSRs have the ability to apply phone forbearances, as well as our interactive Web site help borrowers to review all of their options so they may select the best one that fits their need, whether it’s as simple as changing a due date or repayment plan, to looking at the different postponement options available.

When discussing our default prevention activities, I must stress that our servicers not only meet the requirements of due diligence, but they also exceed the minimum regulatory requirement. We have outbound calling campaigns as well as inbound representatives that are able to work with borrowers in curing their delinquency or default. Our servicers use several methods of electronic communications, email; some servicers utilize Web chat and personalized messaging when borrowers access their accounts. And, we have a partnership opportunity with you the schools to assist borrowers who are in the later stages of delinquency.

Even though it may seem time is running out, and our prevention activities may not have reached the borrower, we still haven’t given up. We continue with our efforts to contact the borrowers and cure that delinquency or default.

As John explained, the difference between 270 verse 360 days for a technical default - a borrower is considered defaulted at 270 days, but our servicers have the ability to cure that default up to 360 days. That's where we've found the partnership with schools to be beneficial.

As long as the account is on our servicer system, and we do not transfer an account to the Default Resolution Group until day 361, a contact with the borrower can lead to getting them back on the road to repayment. We have the ability to apply either a deferment or forbearance, and then utilize other tools such as repayment plan changes. And, I need to remind you that this does apply to Direct Loans and the FFEL PUT Loans.

In closing on how servicing assists with defaults, I wanted to discuss a few of our practices. Mark mentioned that our servicers are good resources as they are measured on two aspects, customer service levels and how well they do with the handling of default. The performance measurement includes the satisfaction among borrowers, schools, and the Department of Education staff, and the success of default prevention efforts.

Surveys are sent quarterly for service levels and with the two default metric, the service performance score is given. It is this performance score that drives the allocation of new loans to the servicer and these results are posted quarterly to help with the goal of transparency. As a side note, I want to mention that the next quarterly survey will begin December 1st.

Also, Mark mentioned there is a correlation between the increased use of financial literacy and the decrease in default. Some of our servicers have partnered with advocacy groups who promote financial literacy to educate our borrowers on their full loan debt.

And finally, with that allocation methodology, our servicers are more than encouraged to continue to provide the best in business practices with all of our customers, borrowers and schools, as well as strive to look for ways to improve and enhance current processes to stay competitive.

We wanted to share resources that you may find helpful that are available on the Information for Financial Aid Professionals, or IFAP site. The Cohort Default Rate Guide and Electronic Announcement on activities to prevent delinquency performed by our servicers, information on FSA assessments, and also a General Loan Servicing Electronic Announcement in the form of questions and answers on servicing federally owned loans.

We also wanted to provide here the contact information for all of our servicers. And as you will see, we include the Borrower Services contact information as well as a contact for School Support Division.

Lastly, here's the contact information for the Operations Performance Management Services Group. They're available for cohort default rate calculations, data challenges, and appeals.

The FSA Conference is coming up within the next two weeks, and we just wanted to highlight the sessions that will cover delinquency and servicing. The Essentials of Direct Loan Servicing, School's Best Practices in Default and Delinquency Management, and Loan Repayment and Forgiveness Plans.

Also, we are holding interest sessions with each of our federal loan servicers throughout the week. This is an opportunity for schools to get to know the servicers and to ask questions about their school related tools and processes. If you are unable to make any of the sessions, all of the services will be available in the PC Lab to address your concerns or demonstrate their tools. For anyone who was unable to attend this year’s conference, sessions are available to download from the conference Web site.

In closing, today’s webinar was only an overview on how to attack and prevent default risk on your campus. When you decide you want to plan on a strategy, you are not alone. You can contact one of our servicers as some activities - on some activities as well as contact either one of us to discuss your options. John Pierson, Mark Walsh, and myself are available to answer any of your questions and work with you. Please feel free to either call or email us.

Thank you for participating in today's webinar. Questions are...

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