



# Prevention, Retention & Intervention

Proven strategies to retain students and prevent default



New York State Higher Education Services Corporation

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David A. Paterson, Governor



New York State Higher Education Services Corporation

# Working together. Getting results.

This helpful and comprehensive guide from HESC provides your school with a systematic, strategic approach to preventing default and retaining your students. The process begins long before your students enter college and doesn't end until well after they leave your school.

By following these simple, logical recommendations, your school can make a dramatic difference in retaining your students — and keeping your cohort default rate as low as possible.

Even though we have organized this guide by office, your default prevention and student retention programs will not succeed unless they are a campus-wide, coordinated effort among all your offices, sharing information and resources to maximize results.

It all comes down to being flexible and creative. Making things convenient and personalized for your students. Tapping into expertise and resources in your community and across the state. And maintaining clear and consistent lines of communication — with future and current students and their families, with high schools and middle schools, with other departments within your school, with lenders, with the media, and with our dedicated support team at HESC.

*To be successful, you must make Student Retention and Default Prevention a campus-wide, coordinated effort.*



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*To control your cohort default rate, work to decrease the formula's numerator (borrowers in default). Remember, changes in admissions policies and activities will affect the denominator (borrowers in repayment).*

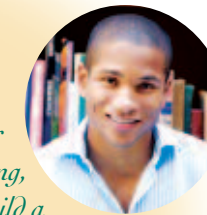
## Admissions Office

- Design and disseminate appropriate informational packages aimed at families with financial need. Include information on various financial and debt-management strategies.
- Whatever you write, keep it simple! Determine two or three key messages your audience needs to know and write them in clear, understandable language.
- Partner with K-12 schools to prepare packets and conduct “college knowledge” sessions for families. Emphasize that student financial aid is a family undertaking—students and parents working together.
- Develop college awareness packets for K-12 school counselors to hand out to parents and students. Make sure counselors understand the materials.
- Collaborate with local newspapers and other media to provide articles on postsecondary education and financial preparation.
- Use college students or graduates as mentors in middle and high schools.
- Support career and college fairs at middle and high schools and in public venues (e.g., malls, cultural fairs).

- Periodically evaluate admissions standards in comparison to student retention rates and defaults to measure the effectiveness of institutional standards. Changes in admission standards will affect the denominator (borrowers who are about to enter repayment) of the cohort default rate formula.
- Network with other institutional offices to review the specific reasons provided by students for withdrawing. Start a task force and explore collaborative ways to reduce withdrawals.
- Revise admission standards based on your analysis of withdrawal and retention behavior and on your goals.
- Highlight the long-term financial benefits of a college education. Emphasize that responsible borrowing is an investment in the student's future — just like investing in a home or for retirement.
- Good habits should start early! Use HESC's early awareness and financial aid information located at [www.hesc.org](http://www.hesc.org) during your institution's admissions campaign.
- Supplement institutional admissions and marketing literature with budgeting and debt management literature such as HESC's “Student Guide to Smart Borrowing and Your Financial Future” and “Managing Your Student Loan Debt.” Order at: [www.hesc.org](http://www.hesc.org).
- During early awareness campaigns (e.g., middle school, high school freshman), encourage parents and relatives of prospective students to invest and save for college. Some programs, like New York's 529 College Savings Program, also offer tax breaks to help families and students meet the cost of a college education. Get details at: [www.nysaves.com](http://www.nysaves.com).

## Registrar

- Provide the student financial aid office with lists of recent withdrawals. These borrowers are at a higher risk for default, and you must require them to contact the financial aid office before they leave the campus.
- Develop an integrated system with triggers to notify other campus offices when students are at risk of withdrawing.



*Stay in touch with your borrowers — before, during, and after they borrow! Build a solid communication link while the borrowers are in school. Maintain the link after they leave with telephone calls, letters, e-mail, and postcards.*

## Financial Aid Office

### General

- Provide opportunities for staff to attend Title IV training opportunities (e.g., USED Title IV workshops, NYSFAAA conferences and meetings, and HESC, NYSFAAA and SUNYFAP workshops).
- Communicate with the FFEL lenders and loan servicers that make or service loans to your students. Find out who will be dealing with your students after they leave your school.
- Support the development and implementation of both a Job Placement Office and Student Retention/Student Services Office.

- Establish formal contacts with the FFEL lenders and loan servicers for problem resolution and inquiries.
- Name a liaison to assist lenders and loan servicers with locating any borrower whose address or telephone number/e-mail address is unknown. Early borrower-lender/servicer communications will improve chances of repayment or, if necessary, agreed-upon delays in repayment.
- Encourage students to use [www.hesc.org](http://www.hesc.org) or the HESC Customer Communication Center (1-888-NYSHESC) for loan processing and loan servicing inquiries. Encourage them to use the Web sites provided by their lender, loan servicer, Mapping Your Future, and USED.
- Develop a default prevention plan to identify and contact student borrowers who are at risk of withdrawing.
- Request a HESC customer service visit. HESC will conduct a comprehensive review of operations, policies, and systems. The visit will also include default prevention recommendations.
- Have a HESC technical assistance visit at your site or at HESC. Use HESC's Default Manager to help reduce your institution's cohort default rate. Default Manager is easy, paperless, and gives you the most timely data on your delinquent borrowers.
- Join a financial aid focus group or committee (e.g., NYSFAAA, EASFAA, or SUNYFAP) and share early awareness, student retention, and default prevention strategies.
- Minimize first-year (or first-term) borrowing to the extent possible.
- Develop an institution-wide retention and default prevention task force and invite students to participate.

## Entrance Counseling

- Consider using a post-counseling questionnaire to assess student knowledge on the essential information.
- Make sure trained staff is available either during or shortly after the entrance counseling. Staff should be familiar with Title IV procedures.
- Include in entrance counseling the seriousness of the borrower's repayment obligation and the consequences of default.
- After the entrance counseling session, have student borrowers sign a statement of understanding.
- Use the HESC-sponsored Mapping Your Future ([www.mapping-your-future.org](http://www.mapping-your-future.org)) Web site for FFEL and Perkins online counseling.
- Offer one-on-one counseling to students who need extra guidance. Offer online or group counseling to interested students. Consider multilingual sessions. Tailor services to the students' needs.
- Supplement entrance counseling materials with publications available from HESC and the U.S. Department of Education.
- Encourage students to use [www.mapping-your-future.org](http://www.mapping-your-future.org) and [www.hesc.org](http://www.hesc.org) for links to sites offering employment strategies.
- Provide some form of entrance counseling for all borrowers before each and every disbursement.
- Assist current and former student borrowers in resolving repayment-related complaints.

- Provide financial aid folders in which student borrowers can store their loan and entrance counseling materials. HESC provides these folders for free.
- Encourage borrowers to use ATM or debit cards instead of credit and charge cards.
- Give student borrowers pre-addressed postcards they can use later to inform you or their FFEL loan holders of a change in name or address.
- During the counseling, collect additional borrower and reference information that could assist the institution (or current loan holder) in locating the borrower later.
- Verify references.
- Inform student borrowers their loans may be sold to, or serviced by, another FFEL lender or secondary market. Emphasize that any delay in notification does not affect the borrower's obligation to repay the debt.
- Familiarize students with the services provided by New York State-licensed, not-for-profit credit and debt counseling agencies.
- Get help from outside experts on entrance counseling. This could include counselors in debt management (e.g., New York State-licensed, not-for-profit credit and debt counseling agencies) and advisors on repayment and collections.
- If you package alternative loans, inform prospective students and parents to thoroughly compare loan products. Provide a checklist for comparison. Make sure students and parents consider PLUS and unsubsidized loans before considering alternative loans.

- Remind parents who co-sign that, although the borrower of an alternative loan is the student, the parent may end up being responsible for a loan that is less advantageous to them than a PLUS loan.
- Remind students alternative loan products may not offer deferment or forbearance options.
- Brief students about deductibility of student loan interest.



*Make exit counseling meaningful for you and your borrowers. Develop an approach tailored to your students or to various groups within the overall borrower population. Decide on essential messages and deliver them effectively. This is your last big chance to influence borrowers' repayment success.*

## Exit Counseling

- Establish an institutional liaison for current and former student borrowers. They can contact this liaison with questions about their loan payment obligations.
- Mapping Your Future offers a time-saving way to administer exit counseling. With online student loan counseling, students can meet their obligation at any time without coming to the student financial aid office. You can track their participation and follow up only with those who need additional assistance. Mapping Your Future is fully endorsed and sponsored by HESC. You can access it directly or on [www.hesc.org](http://www.hesc.org).
- Make sure that exit counseling sessions are flexible and remain available to nontraditional students (e.g., part-time, evening, and weekend students).

- Offer everything to everyone — online, group, one-on-one, and multilingual. Meet the students “where they are.”
- Offer one-on-one counseling to borrowers who need extra help, and to other interested students.
- Customize your school's introductory page on Mapping Your Future's Online Student Loan Counseling. Use messages that are important for your borrowers. Provide help numbers and names. Mapping Your Future provides free technical support.
- Be familiar with the types of deferments that may apply to your students (e.g., professional licensure, and teacher shortage). Be sure borrowers know that deferments are a right. Explain forbearance to them and how to apply if needed. Tell them that the longer a loan is in repayment, the more interest must be paid and the more the loan will cost.
- Show borrowers how to download deferment forms from [www.mapping-your-future.org](http://www.mapping-your-future.org).
- Verify that your institution's exit counseling procedures follow regulatory guidelines.
- Make sure exit counseling emphasizes the seriousness of the borrower's repayment obligation and the consequences of default, and provide examples.
- Consider using a checklist or post-counseling questionnaire to test each student's knowledge. After the counseling session, have student borrowers sign a statement of understanding.
- Make sure trained staff is available either during or after the exit counseling session to answer borrower questions. Your staff should be familiar with Title IV repayment, deferment, and forbearance procedures, and with alternative loan requirements.

*Get your institution's commitment on the need for the exit counseling process. For example, make successful completion of exit counseling a precondition for granting diplomas, releasing transcripts, and clearing the housing office.*



- Verify references.
- Encourage students to use [www.hesc.org](http://www.hesc.org) as a resource (e.g., Career Planning connects to Web sites that offer employment strategies). Borrowers can obtain their loan balance and gather other valuable information.
- Remind students that alternative loan products may not offer deferment or forbearance options.
- Assist current and former student borrowers in resolving repayment-related complaints.
- Provide financial aid folders in which student borrowers can store their loan exit counseling materials. HESC can provide these folders.
- Provide student borrowers with pre-addressed postcards they can use later to inform you or their FFEL loan holder of a change in name or address.
- During the counseling, collect additional borrower and reference information that could assist the institution (or current loan holder) in locating the borrower later.
- Inform student borrowers that their loans may be sold to, or serviced by, another FFEL lender or secondary market. Emphasize that any delay in notification does not affect the borrower's obligation to repay the debt.

- Brief students about deductibility of student loan interest.
- During the session, inform student loan borrowers that certain FFEL lenders and servicers provide repayment incentives (e.g., reduced interest rate) for borrowers who make timely payments.
- Encourage borrowers to report any repayment problems to their FFEL lender or loan servicer or their financial aid office.
- Augment exit counseling with presentations by experts in the field of debt management. These could include counselors in debt management (e.g., NYS-licensed, not-for-profit credit and debt counseling agencies) and advisors on repayment and collections.

**If you don't use online counseling or need to fill the gap with students who don't attend exit interviews, HESC offers all the materials you need to send the student and meet your requirements.**

**HESC has created a comprehensive exit interview package that will help you deliver important information to your students while ensuring your compliance with federal regulations regarding exit counseling.**

**This package includes an informative brochure for your students, an envelope where your students can store all loan records and correspondence, a letter template you can customize and send to your students, and a borrower information update/signature form.**

#### *After They Are Gone*

- Stay in touch with your borrowers. Continue to be the friendly, helpful voice.
- Get an e-mail address from your borrowers. Use it to send reminders and to keep in touch.

- Follow up exit counseling by contacting student loan borrowers during their grace period. Remind borrowers of their obligation to repay their Title IV debt, and of the consequences of failure to do so. Remind them that there are alternatives to default (e.g., deferments, forbearance, and consolidation).

- Use HESC's Default Manager to help lower your school's cohort default rate. This Web-based tool identifies borrowers who are in the selected cohort year and borrowers who would affect your rate should they default. Your school can prioritize borrowers by loan status and the number of days they are delinquent. You can handle borrowers closest to default first, keep track of default prevention efforts, record actions such as phone calls to borrowers, and schedule followup for each borrower.

- When sending default prevention letters, request the post office to forward all letters with "Address Correction Requested." Provide loan holders with borrower's new address information.

- Send letters, cards, or flyers to borrowers while they are in their grace period. A suggested pattern is: 1. Helpful reminders and contact names/numbers; 2. "Grace period is over soon" warning; and 3. "Grace period has expired and payments are now due" message.

- Try something different. Postcards. "Urgent" stamps on envelopes. Colorful flyers (versus letters).

- Consider HESC's Advocate Unit services to help your student borrowers who have withdrawn or dropped below half-time study, with the goal of keeping them from defaulting. Staff members contact borrowers while they are still in their grace period and up to 30 days of delinquency, counseling them about the importance of completing their education, repayment options, forbearance, and types of deferments. E-mail the unit at [loanadvocate@hesc.org](mailto:loanadvocate@hesc.org) or call toll free 1-888-215-0196.

#### Academic Offices

- Notify the student financial aid office when a student is seriously at risk of dropping out. Develop an integrated notification system. The underlying problem may not be academic.
- Consider providing the student financial aid office with lists of all student borrowers who have been on academic probation for more than one enrollment period.
- Look for ways to require borrowers to meet their exit counseling requirements (e.g., withholding grades, transcripts, or diplomas).
- Watch for signs of financial stress exhibited by students, such as paying college bills late. Many students also withdraw for other than academic reasons, including financial. Encourage them to seek advice from their student financial aid office.
- Track daily attendance for early warning of those having difficulty.

#### Bursar

- Be alert to students who are having difficulty paying their bills. Financial stress may be a predictor of dropping out.

*Place your borrowers. Borrowers with jobs will repay their loans.*



#### Job Placement Office

- Establish an office or position responsible for assisting students in getting jobs.
- Offer the institution's job placement service to both graduating students and students who previously withdrew from the institution.

- Contact New York State employment offices and occupational education centers for career information, employment opportunities, and available training programs. Make this information available to both graduating and former students.
- Share up-to-date address and employer information with financial aid, other campus offices, and lenders.
- Use [www.mapping-your-future.org](http://www.mapping-your-future.org) and [www.hesc.org](http://www.hesc.org), where students can access employment information from the NYS Department of Labor, America's Job Bank (which offers information on employment opportunities nationwide), and the NY Career Zone (provides career and job information).
- Establish professional internships within the local business community, including federal and state agencies. Consider offering reduced tuition rates for employees of participating businesses.
- Stay informed on local and national occupational and employment trends. Monitor federal and state occupational and statistical reports and attend local chamber of commerce meetings.
- Use free publications from the New York State Department of Labor. Encourage students to use the New York State Department of Labor's online listing of employment opportunities, [www.labor.state.ny.us/careerservices](http://www.labor.state.ny.us/careerservices).



*Keep your students enrolled. The longer they stay enrolled, the better their chances of obtaining good jobs and paying back their loans.*

### Student Retention/ Student Services Office

- Set up an office or position emphasizing improving student retention. Empower this office to coordinate retention efforts among the offices of Student Financial Aid, Admissions, Registrar, Student/Campus Life, Bursar, and Placement.
- Designate/hire an employee who would be directly responsible for monitoring student retention.
- Develop and formalize a student services network. Then help students identify and access these services.
- Place special emphasis on tracking first-year and at-risk students. Anyone who borrows is at risk of defaulting.
- Monitor defaulted borrower characteristics as reported in USED, HESC, and other studies.
- Offer retention-related programs for students, such as providing help with finances and academic difficulties.
- Sponsor seminars or classes on credit and debt management and personal finance.
- Offer e-mail capability for all students and use Internet access to communicate financial aid related information and available student support services.

- Recruit professional mentors from the local business community to guide and act as role models for students.
- Network with the nearest U.S. Dept. of Veterans Affairs office for students who are veterans in need of support services.
- Build a sense of community by coordinating and encouraging student participation in school-sponsored activities (e.g., sponsor events at local libraries and bookstores, arrange on-site movies and intramural sporting events).
- Develop an exit questionnaire for students who withdraw from your institution to determine what factor(s) contributed to the student's withdrawal. Share observations with the Financial Aid Office and Admissions Office. Revise institutional admission standards and academic and other support services as necessary.
- Establish an institutional procedure among the Registrar, Bursar, Financial Aid, and the Student Retention offices to notify each other when students encounter attendance-related problems.
- Seek assistance from the institution's Placement Office to assist current students who are experiencing monetary problems to get appropriate full or part-time employment opportunities.
- Seek input from state or local occupational and educational centers on any information provided by former students regarding their inability to complete postsecondary education. Share observations with the Financial Aid Office and the Admissions Office. Revise institutional admission standards and student support services as necessary.

- Stay informed of available child care/day care centers in the community and share information with students in need of these support services.
- Network with experts in the field of debt management (e.g., New York State-licensed, not-for-profit credit and debt counseling agencies) to assist students with debt and collection-related problems.

**HESC is the state agency that helps people pay for college. HESC also supports statewide initiatives that increase early awareness/college planning, student retention, and default prevention.**

**New York State and national college administrators provided much of this collection of institutional best practices. HESC appreciates their assistance with this publication:**

- New York State college administration community
- New York State Financial Aid Administrators Association (NYSFAAA)
- State University of New York Financial Aid Professionals (SUNYFAP)

*By following these simple, common sense recommendations, your school can make a dramatic difference in keeping your students — and keeping your cohort default rate as low as possible.*

