A study of the impact of default management practices and other factors on student loan default rates in public two-year community colleges

Randell W. Daniels

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A Dissertation

entitled

A Study of the Impact of Default Management Practices and Other Factors on Student Loan Default Rates in Public Two-year Community Colleges

by

Randell W. Daniels

Submitted to the Graduate Faculty as partial fulfillment of the requirements for the Doctor of Philosophy Degree in Higher Education

David Meabon, Ph.D., Committee Chair

Cynthia Beekley, Ph.D., Committee Member

Dennis Lettman, Ph.D., Committee Member

Bin Ning, Ph.D., Committee Member

Patricia R. Komuniecki, PhD, Dean
College of Graduate Studies

The University of Toledo

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Default management practices and their relationship to the student loan default rate in public two-year community colleges was the focus of this investigation. Five research questions regarding written default management plans, default management practices, process management, accountability, and other factors impacting default guided the study. In order to gather primary data, a survey was developed and emailed to the public two-year community college members of the National Association of Student Financial Aid Administrators (NASFAA). The results from 125 useable responses were statistically analyzed and examined. Although the findings were not rich in statistical significance, the data did reveal findings that have implications for financial aid practitioners, administrators, and policy makers interested in default aversion.
I dedicate this dissertation to my family.

To my wife and best friend Deanna, I could not have completed this journey without your help. The encouragement and support along the way made the difference and kept me focused on the goal. Thank you for helping me to make this dream a reality. I love you with all of my heart.

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List of Abbreviations

AACC .................. American Association of Community Colleges
BEOG .................. Basic Educational Opportunity Grant
CDR .................. Cohort Default Rate
EFC .................. Expected Family Contribution
FAFSA .................. Free Application for Student Aid
FDLP .................. Federal Direct Loan Program
FFELP .................. Federal Family Educational Loan Program
HBCU .................. Historically Black Colleges and Universities
IPEDS .................. Integrated Post Secondary Data System
NASFAA .................. National Association of Student Financial Aid Administrators
NSLDS .................. National Student Loan Data System
PLUS .................. Parent Loan for Undergraduate Students
SPSS .................. Statistical Package for Social Sciences
TQM .................. Total Quality Management
USDOE .................. United States Department of Education
Chapter One

Introduction

On September 28, 2012, the United States Department of Education (USDOE) released the first official report on the three-year student loan cohort default rate for institutions of higher learning. This report indicated that the national three-year default rate for those entering repayment in the fiscal year 2009 was 13.4%. In fiscal year 2011, the two-year default currently stands at 10%; the official two-year rate for the fiscal year 2010 was 9.1% (USDOE, 2012c). According to the USDOE, 475,578 of the 3.6 million borrowers entering repayment in fiscal year 2009 defaulted on their loans by 2011. The financial aid information website (FinAid, 2012) contains a student debt clock that illustrates a total for student debt that exceeds $1.1 trillion. At the end of fiscal year 2009, the amount of money tied up in federal student loan default exceeded $50 billion (Field, 2010). On September 9, 2012, an article in the New York Times reported that the new total exceeds $76 billion (Martin, 2012). The growth in student loan default and the repercussions associated with it have created a unique challenge for students, as well as for the colleges and universities they attend.

College graduates are looking for work in the worst job market this country has seen in decades. According to the United States Department of Labor, the unemployment rate for the nation during 2012 is hovering around 8%. The Institute for College Access and Success (TICAS) reported two-thirds of the college students that graduated in 2011 borrowed money to attend college. The report also indicated the graduates left college with an average of $26,600 in student loan debt (Reed & Cochrane, 2012). Economic
factors like these have been shown to negatively impact debt repayment (Volkwein & Cabrera, 1998).

According to the USDOE, loan defaulters will eventually experience some form of federal debt collection. Methods for collecting the loan debt include wage garnishment, tax refund seizure, and seizure of other types of federal payments like social security (USDOE, 2010b). In extreme cases, defaulters are taken to Federal Court and sued for repayment (Dillon & Smiles, 2010). Loan default may also hinder personal credit ratings and negatively impact the search for employment. Running a credit report prior to offering a position has become common practice for human resource managers. Furthermore, a poor credit rating may restrict future borrowing for things like automobiles and home mortgages. The consequences of default can be damaging and may have long-term effects. Institutions of higher learning can no longer ignore this problem.

In a press release issued by the USDOE on September 28, 2012, the Secretary of Education, Arne Duncan, made a statement indicating that institutions will be held accountable for making sure that student borrowers are not burdened with excessive debt (USDOE, 2012c). Beginning in 2014, institutions of higher education with three-year student loan default rates of 30% or higher will face sanctions that may include losing the ability to disburse student loans (Moltz, 2011). The trend in recent federal policy has shifted the primary method for financing higher education from grants to loans (Gross, Cekic, Hossler & Hillman, 2009). As a result, more middle-income families are now borrowing money to pay for their student’s postsecondary education. This increase in the demand for loans has triggered new interest in program efficacy and institutional
accountability. Given current economic conditions, colleges and universities across the nation must do their part to address the rapid growth in student debt (Dillon & Smiles, 2010).

Previous research has established that students attending short-term proprietary schools and community colleges are more likely than their 4-year counterparts to default on student loans (Podgursky, Ehlert, Monroe, Watson & Wittstruck, 2002; Woo, 2002). In addition, community colleges serving large numbers of low-income and first-generation students are among those experiencing a trend of accelerated growth in default.

A report issued on February 4, 2011, by the USDOE indicated that the cohort default rate for public two-year community college borrowers was quickly approaching 18% (Moltz, 2011). The latest report from the USDOE indicated that the rate now exceeds 18% (Nelson, 2012). Research findings have confirmed that community colleges tend to be the institution of choice for students challenged by economics (Katsinas, Alexander, & Opp, 2003; Long and Riley, 2007). Phillippe and Patton (2000) estimate that nearly 29% of community college students have incomes of less than $20,000. Volkwein and Cabrera (1998) determined that aid recipients with earnings below $25,000 tend to have higher loan default rates than those with incomes above this amount.

This national study regarding student loan default management in community colleges provides financial aid practitioners with information to inform the development and implementation of practices designed to address this significant challenge. The results of this study also inform policy makers at both the local and national level.
Background of the Study

Historically, the research regarding student loan default has focused on questions of responsibility (Monteverde, 2000; Wilms, Moore & Bolus, 1997), demographics, individual characteristics, (Christman, 2000; Herr & Burt, 2005; Steiner & Teszler, 2005; Woo, 2002), and/or economics (Gross et al., 2009; Katsinas et al., 2003; Long & Riley, 2007; Phillipe & Patton, 2000; Volkwein & Cabrera, 1998). Much of the literature reviewed for this investigation suggested that student loan default is influenced by a host of student variables. Ethnicity, previous educational performance, test scores, parental education, family income, and gender are among the variables that have been studied. Other studies have focused on institutional characteristics (Chen & DesJardins, 2007; Knapp & Seaks, 1992; Volkwein & Cabrera, 1998). These studies found that selective and wealthier four-year institutions tend to have lower default rates than their proprietary, less selective, and career oriented counterparts. Although much of the research was conducted more than five years ago and is somewhat controversial, the research previously cited is considered to be essential to the line of inquiry regarding student loan default.

In 2005, Steiner and Tym conducted a multivariate analysis on loan default at a four-year institution in Florida. They determined that graduation, grade point average (GPA), and similar examples of success significantly reduced the likelihood of default. The study concluded with a recommendation to create an institutional-wide effort to improve student success. Similar suggestions were made by Kesterman back in 2006. His study included a questionnaire that was sent to a sample of 153 financial aid professionals. The intent was to gain a professional’s perspective on student borrowing.
A majority of the survey respondents reported students with loan debt leave college with very little knowledge of the loan repayment process. In addition, it disclosed most students are not aware of the consequences resulting from default. Finally, the survey respondents called for the creation of a national task force to monitor default. Again, default management is referred to indirectly.

In 2010, Dillon and Smiles completed a longitudinal study on the topic of default management. This case study examined the relationship between the national cohort default rate and the variables related to proactive default management at 12 historically black colleges and universities (HBCUs) in Texas. The authors identified several successful prevention strategies and demonstrated how they were used by the HCBUs to significantly lower cohort default rates over a period of time. Dillon and Smiles (2010) established statistically significant correlations between default management practices and lower default rates. Although their study adds value to the literature regarding default management, it is limited in scope. It is a single case study regarding HCBUs located in one state. In order to better understand the impact of institutional default management, the research agenda needs to be much broader.

**Statement of the Problem**

Colleges across the country are struggling to address the issue of student loan default (Dillon & Smiles, 2010). The literature regarding student loan default contains empirical research related to the characteristics of students and institutions that influence default (Gross et al., 2009). While these studies have helped practitioners better understand default, there is little empirical research on the effort of prevention. Two separate case studies regarding default management in community colleges determined
that financial aid personnel would benefit from additional training in default prevention, the establishment of default management plans, and continuous improvement (Hadley, 2011; Salas-Amaro, 2008). These studies have also established that the existing default management efforts lack structure and support.

The American Institutes for Research (AIR) developed the Delta Cost Project to help higher education administrators and policymakers improve the affordability of a college education (www.deltacostproject.org). One of the studies conducted as part of this project demonstrates how the trend of decreasing subsidies has increased tuition. Figure 1 illustrates the trend and highlights the fact that community colleges have experienced the greatest decline in subsidy dollars. As a result, students are covering more of the educational costs by paying more in tuition. This amplifies the need for better information regarding student loan borrowing and repayment.

Although grant aid and federal tax benefits have helped to decrease costs, many students still have to borrow money to fund their postsecondary education. The current three-year default rate for community colleges now exceeds 18% (Nelson, 2012). The perfect storm created by the current economy, the rising cost of higher education, and the shift to loans as the primary source for financing a college degree have magnified both the need and demand for a comprehensive approach to default management. The publicity surrounding student debt levels and default does not help those who need to borrow money for college (Baum, 2013). Often borrowing is necessary, but many students borrow more than they should. Improved policy and informed borrowing are
Figure 1. Net tuition and subsidy shares of education and related costs, academic years 2000–2010 (www.deltacostproject.org).

also essential to default prevention. The availability of student loans is essential for ensuring access to higher education. The results of this study are essential to the solution for reversing the current trend. Although the graph utilizes two-year cohort default rates,
Figure 2 illustrates the breadth of the challenge all of higher education must face.

**Purpose of the Study**

The purpose of this study was to analyze the impact default management plans and practices have on three-year cohort student loan default rates in public two-year community colleges. This study also examined efforts related to the measurement, evaluation, quality, and effectiveness of existing default management efforts. Finally, the relationships among the student loan default rates, institutional characteristics, and student demographics were considered.

**Research Questions**

1. Do institutional default management plans have an impact on institutional three-year cohort default rates?
2. Do institutional default management practices have an impact on institutional three-year cohort default rates?

3. Do financial aid offices utilize data to measure the effectiveness of and improve default management plans and practices?

4. Do student characteristics have an impact on the institutional three-year cohort default rates?

5. Do institutional characteristics have an impact on the three-year cohort default rates?

**Conceptual Framework**

With the emphasis on default management, financial aid professionals will be challenged to institute strategies that will effectively reduce the rate of default. Increased accountability and the continued threat of sanctions for non-compliance make a strong case for a comprehensive and quality driven approach to default prevention. The USDOE has established several expectations and requires that three-year default rates remain below 30% (USDOE, 2012b). Therefore, it is important for financial aid staff to develop, implement, measure and continuously improve a systematic approach to default management.

Total Quality Management (TQM) promotes a philosophy of data collection, measurement, evaluation, and process improvement that is used in higher education and business. In 1999, the Higher Learning Commission developed the Academic Quality Improvement Program (AQIP) as an alternative method for attaining accreditation (Higher Learning Commission, 2007). Similar to TQM, AQIP utilizes a collaborative approach designed to improve teaching, learning, and services (DeJager & Nieuwenhuis,
While researching TQM in the field of education, Salis (2002) identified four imperatives that drive quality. They are labeled the (a) moral, (b) professional, (c) competitive, and (d) accountability imperatives. Although each imperative is essential to TQM, accountability is most applicable for this investigation considering that colleges and universities are expected to help students avoid excessive debt.

TQM provides an applicable and readily available theoretical framework for default prevention. According to Salis (2002), quality can be a relative term and at times difficult to measure. In education, it is often measured against some type of existing criteria. The Baldrige Criteria for Performance Excellence is one example. Results are measured in terms of leadership, strategic planning, customer focus, measurement, analysis, knowledge management, and process management (Leonard & McGuire, 2007). In this study, the rate of default served as the criterion for quality. The effectiveness of the default prevention practices was measured in terms of impact on the rate of default. A model illustrating the TQM approach was created and utilized to guide this investigation (see Figure 3).

Alexander Astin’s input-environment-output (I-E-O) model is one that is often used to guide a stepwise regression procedure (Astin, 1991). Astin’s (1991) model was used in this investigation to guide the data analysis while the interrelationships of a variety of input and environmental variables were examined. More detail regarding Astin’s model was included in Chapter 3. The model shown in Figure 3 illustrates how different blocks of environmental variables and one block of input variables were entered into the analysis. The environmental block regarding data analysis identified the presence
Figure 3. Conceptual model for a default management study.

of the TQM approach. The outcome, dependent variable, or criterion for quality in this study was the rate of default.

Significance of the Study

This study regarding default management provides valuable information for financial aid practitioners throughout all of higher education. Student loan default is a growing problem that has received a great deal of attention from the media and the USDOE. The results of this study identified strategies and/or practices essential to the process of effectively managing student loan default. The Higher Education Opportunity Act of 2008 (USDOE, 2010a) has significantly changed the way cohort default rates are calculated. This change has definitely raised the bar for managing default and expedited the demand for institutional accountability.
Increased accountability and recent growth in loan default accentuated the call for community college personnel to develop plans for preventing default. Research has established that the open-access mission of community colleges attracts more students that have characteristics found to influence student loan default (Christman, 2000; Hadley, 2011; Peters, 2003; Salas-Amaro, 2008; Smith, 2003). Two recent dissertations regarding loan default in community colleges suggest that default management practices lack structure and institutional support (Hadley, 2011; Salas-Amaro, 2008). The findings and recommendations included in this study were designed to foster the improvement of institutional default management efforts and subsequently avoid sanctions from the USDOE.

Finally, this research has expanded the knowledge base regarding default prevention and provides results that have practical application. It also filled a void in the research regarding default management in public two-year community colleges. The extensive literature review conducted for this project revealed one empirical study examining the relationships between default management and the rate of default (Dillon & Smiles, 2010). This single case study recommended that more research must be done to gain a better understanding of the variance in institutional default rates. Salas-Amaro (2008) discovered that the community colleges in Florida had not implemented a structured plan for preventing default. Hadley (2011) determined that the community colleges in one Midwestern state needed to increase the number of prevention strategies and dedicate more resources to address the growth in borrower default. It is evident that default prevention cannot be overlooked and this study provides recent information regarding the efforts of 125 public two-year public community colleges.
Assumptions

The first assumption was that financial aid directors at each of the public two-year community colleges participating on the National Association of Student Financial Aid Administrators (NASFAA) Listserve responded seriously and accurately to the survey regarding the existence of a default management plans and practices. There was no reason to assume otherwise as a dedication to anonymity was provided.

The second assumption was that the default rates reported by the National Student Loan Data System used in this study were correct.

The third assumption was that TQM could be applied as a theoretical framework for default management and planning.

The fourth assumption was that the data gathered from the survey results, IPEDS, and the NSLDS provided enough information to conduct the statistical analyses selected for this investigation.

Limitations, Delimitations and Definitions

Limitations. This study is an example of non-experimental research. The findings and results do not infer causality. Due to the possibility of uncontrollable extraneous variables influencing the dependent variable in this quantitative design, causal inferences cannot be made (Creswell, 2009). In addition, the public two-year community colleges surveyed in this study were members of the NASFAA organization; the results may not be generalized to institutions outside of the organization. It is also important to note that survey responses are self reported and details such as default plan content could not be verified. The possibility of other internal and external threats to the validity cannot be ignored.
Differential selection is one possible threat to the internal validity of this project. The participants represented a large population of public two-year community colleges, and their institutional composition or characteristics may be different (Creswell, 2009).

The external validity of this project may be threatened by ecological validity. This is due to the variability in the work environment at each of the participating community colleges. Also, one cannot ignore the fact that non-experimental research is always subject to chance findings. The only way to eliminate these types of limitations is to replicate this study.

**Delimitations.** The fact that this study examined default at public two-year community colleges and did not consider their private and for-profit counterparts was delimitation. Finally, the population surveyed for this project represents the 708 public two-year community colleges that have membership in the National Association of Student Financial Aid Administrators (NASFAA).

**Definitions.** The following are definitions of the terms used throughout this study:

**Cohort default rate.** The percentage of a school's borrowers of Stafford, SLS, and certain Consolidation loans (originated under the FFELP or FDLP) who enter repayment in a given fiscal year and then default within a defined period (Texas Guaranteed Student Loan Corporation, 2012).

**Default management plan.** A structured plan containing activities, techniques, and tools for preventing student loan default (USDOE, 2012c).

**Default management, prevention, and aversion.** Terms used interchangeably throughout this study referring to the actions taken to improve student loan repayment (Texas Guaranteed Student Loan Corporation, 2012).
**Federal fiscal year.** The federal fiscal year runs from October 1 through September 30 of the following year (USDOE, 2012c).

**Public two-year community college.** An associate degree granting, two-year postsecondary institution supported by state and local funds (American Association of Community Colleges, 2012).

**Two-year cohort default rate.** The percentage of a school's borrowers of Stafford, SLS, and certain Consolidation loans (originated under the FFELP or FDLP) who enter repayment in a given fiscal year and then default by the end of the current and next fiscal years (USDOE, 2012c).

**Three-year cohort default rate.** The percentage of a school's borrowers of Stafford, SLS, and certain Consolidation loans (originated under the FFELP or FDLP) who enter repayment in a given fiscal year and then default by the end of the current and next two fiscal years (USDOE, 2012c).

**Summary**

In summary, this chapter provides an introduction to a significant problem facing all of higher education. The national three-year default rate for fiscal year 2009 is currently 13.4%. A recent report from the USDOE indicated that the rate of default for community college students has exceeded 18% (Nelson, 2012). Because of this problem, many students and the institutions they attend are facing sanctions that may impact them well into the future.

The purpose of this national study was to analyze the impact of institutional financial aid default management plans and practices on the three-year cohort student loan default rate in public two-year community colleges. A quantitative methodology was
used to develop and administer a survey to the financial aid directors working at public
two-year community colleges that are members of NASFAA. This investigation
contributed to the knowledge base and produced results that have practical application for
financial aid officers, upper-level administrators, policy makers, and others interested in
default prevention.

The next chapter provides a comprehensive review of the literature surrounding
default management. Relevant empirical research regarding student loan default was
examined, and a historical background was established. The review confirmed the
importance of this study and clarified the purpose for conducting this investigation.
Chapter Two

Review of the Literature

According to the Institute for College Access and Success (TICAS), two-thirds of the 2010 college graduates left college with an average debt of over $25,000. In October 2012, TICAS reported college students graduated with an average of $26,600 in student loan debt, and many are working in jobs that do not require college degrees (Reed & Cochrane, 2012). This chapter will identify the relevance of research regarding the relationship of institutional student loan default practices and the three-year cohort default rate in America’s public two-year community colleges. Student loans as part of federal aid programs have been studied as a means of increasing access to higher education for decades (England-Siegerdt, 2010). The trend in recent federal policy has shifted the primary method for financing higher education from grants to loans (Gross, Cekic, Hossler & Hillman, 2009). As a result, more low- and middle-income families are now borrowing money to pay for their student’s postsecondary education. Recent reports released by the United States Department of Education (USDOE) indicate that the three-year student loan cohort default rate for institutions of higher learning across the nation will likely increase over the next few years (USDOE, 2012c). The national two-year default rate for 2009 jumped to 8.9 %. This is a 1.9 % increase over the official rate reported in 2008, and a 2.2 % increase over that of 2007. At the end of fiscal year 2009, the amount of money tied up in federal student loan default exceeded $50 billion (Field, 2010). On September 9, 2012, the New York Times reported that the more recent total exceeded $76 billion (Martin, 2012).
The literature regarding student loan default explores both student and institutional variables (Gross et al., 2009; Knapp & Seaks, 1992; Volkwein & Cabrera, 1998). Factors contributing to the cause or probability of default have also been identified and studied. Researchers indicate that students who are challenged by economics and are attending short-term proprietary schools or community colleges are more likely to default on their loans than their four-year counterparts (Podgursky, Ehlert, Monroe, Watson & Wittstruck, 2002; Woo, 2002). This concept is supported by a report issued on February 4, 2011 by the USDOE indicating that the three-year cohort default rate for public two-year community college borrowers had climbed to a level just below 18% (Moltz, 2011).

The increase in student loan default has elevated the need for institutional intervention (see Figure 4). The federal government is increasing institutional accountability and the stakes are getting higher. The current state of the economy, coupled with unemployment, suggests that this problem will get worse before it gets better. Student loan default has a negative impact on students, the institutions they attend, and society in general. Beginning in 2014, institutions of higher education with three-year student loan default rates equating to 30% or higher will face sanctions that could hinder their ability to disburse federal student loans.

This review of the literature illuminates the relevance of this study with a scholarly evaluation of existing empirical research and an applicable theoretical framework. This chapter also includes the following: (a) history of financial aid and student loans, (b) the community college, (c) cost of attending college, (d) growth in loan
default, (e) cohort default rates, (f) seminal research, (g) relevant theory, and (h) summary. Electronic data-bases were used to locate empirical research, peer reviewed journal articles, books, reports, dissertations, and periodicals. Due to the lack of recent research regarding default management, some of the research included in this review was more than five years old.

**An Overview of the History of Financial Aid**

This section highlights key historical aspects of literature related to student aid in the United States (U.S.). An overview of the origin of financial aid, federal legislation impacting student aid, and loans is included.

According to the Harvard University Archives, Lady Ann Radcliffe Mowlson’s bequest of 100 pounds to help poor scholars at Harvard in 1643 led to the University’s first endowed scholarship (Harvard University Archives, 2012). This is documented as one of the earliest forms of student financial aid (Salas-Amaro, 2008). Her gift is also considered to be the impetus for the philanthropic endowment of scholarships.

**Federal legislation impacting student aid.** The 1862 Morrill Land Grant Act is often credited for being the first federal legislation that set aside land for the sole purpose
of higher education (Thelin, 2004). This bill granted thousands of acres of federal land to states for the purpose of constructing public colleges. The legislation was named after Justin Smith Morrill of Vermont. Although the Morrill Act is very widely known and often given recognition as the legislative catalyst, Thelin (2004) notes that provisions in the Northwest Ordinance of 1787 also set aside federal land for colleges and schools. Between the years 1796 and 1861, seventeen states were granted land under this ordinance. The “Land Grant” legislation led to the creation of institutions dedicated to instruction in agriculture, mining, mechanics, and traditional collegiate programs. This legislation is also referred to as the earliest form of federal support for higher education (Thelin, 2004).

During the Civil War, states in the south were not included in the “Land Grant” legislation. In 1890, a second version of the Morrill Act initiated another wave of land-grant colleges (Rudolph, 1990). This legislation provided the stimulus for more public higher education, particularly in the areas of the U.S. excluded from the original act. One of the major gains in the later version of the land-grant legislation was the creation of the black land-grant colleges. By the year 1900, land-grant colleges were delivering on many aspects of practical education, expanding access, and continuing the federal government’s involvement in higher education (Thelin, 2004).

In 1944, Franklin D. Roosevelt signed the Servicemen’s Readjustment Act. It was more commonly referred to as the GI Bill. Roosevelt established this legislation to provide support for veterans returning after World War II. This legislation provided money for education, living expenses, and other services veterans might require (Rudolph, 1990). More importantly, this legislation exponentially increased the level of
access to higher education. According to Thelin (2004), more than two million veterans were enrolled in higher education by 1946. He also noted that the federal government had subsidized over $5 billion in education and benefits by the same year. An updated version of the GI Bill is still in existence today. During the 2009-10 academic year, over 270,000 veterans used this federal aid to pursue a postsecondary education (Sewall, 2010).

In 1954, the College Board created the College Scholarship Service (CSS) to help determine student financial need (Archibald, 2002). This group of 155 colleges and universities developed a methodology for determining how much money students and parents should be able to contribute toward a college education. This process has helped to decrease the likelihood that college cost will be the sole determiner of college choice and admission (Archibald, 2002). The current financial aid process still uses a similar calculation in determining the Expected Family Contribution (EFC).

Student need was not the only factor fostering the development of student loan programs. One year after the Russians put Sputnik in Space, the federal government passed the National Defense Education Act of 1958 (Archibald, 2002). This legislation emphasized the need for science and engineering education and resulted in the creation of The National Defense Student Loan Program. According to Archibald (2002), this was the first available form of federal student aid. Low interest loans were made available for students choosing to pursue degrees in the sciences and engineering. Today, these loans are commonly referred to as Perkins Loans.

The election of Lyndon B. Johnson as President in 1964 started the equal opportunity agenda and resulted in the passage of the Higher Education Act (Archibald, 2002). The Higher Education Act of 1965 contained eight titles designed to incentivize
the states to develop agencies to coordinate higher education and serve as a liaison between the institutions themselves and the federal government (Thelin, 2004). A portion of this Act known as Title IV is a key component of the history of financial aid. Title IV consisted of four parts all designed to provide Educational Opportunity Grants for high school graduates who demonstrated financial need (Archibald, 2002). A segment of the Act expanded the National Defense Student Loan Program which resulted in the creation of the Guaranteed Student Loan Programs. These loans were designed for families with incomes of less than $15,000. The loans were funded by the private sector, backed by the federal government, and the interest rates were established below market value (Archibald, 2002). The government paid the interest during the college years, and later paid the difference in the market interest rate after the student graduated.

The reauthorization of the Higher Education Act in 1972 created a new grant titled the Basic Educational Opportunity Grant (BEOG). This grant notified applicants of their eligibility for aid prior to making application to a college or university (Archibald, 2002). This BEOG was later named the Pell Grant after its creator, Senator Claiborne Pell. The reauthorization also contained language that allowed students to use Title IV federal aid to attend trade schools and other types of proprietary institutions of higher education.

Changes influenced by the Higher Education Act in 1965, and its reauthorization in 1972, established the legacy for federal involvement in higher education (Archibald, 2002; Rudolph, 1990; Thelin, 2004). The size and scope of federal student aid programs grew rapidly during this time period. Most of the institutions of higher education in the U. S. were utilizing the Pell Grant to help disadvantaged students offset the cost of
attending college. In 1978, the use of federal aid began to shift from the Pell Grant to student loans (Thelin, 2004). The Guaranteed Student Loan Act prompted students to seek loans that were relatively easy to attain. Federal student aid was no longer focused only on those with the most financial need; students with adequate means also opted for the loan dollars (Thelin, 2004).

A History of Student Loans

The National Defense Act of 1958 was the impetus for federal student loans that were backed by U.S. Treasury funds (New America Foundation, 2011). The Higher Education Act of 1965 started loans provided by banks and other lenders that were federally guaranteed. The Federal Family Education Loan Program (FFELP), formerly labeled as the Guaranteed Student Loan Program, was created and still serves as the framework for the federal student loan program today (Salas-Amaro, 2008).

According to the New American Foundation (2011) economists were concerned about the budgeting process designed for these guaranteed loans. The federal budget did not reflect the deferred costs for loan subsidies and defaults. In 1990, the budgeting process was adjusted by the Omnibus Reconciliation Act. The new process required that all subsidy costs and expenses would be accounted for and budgeted up front (New America Foundation, 2011).

In 1993, Congress created a direct loan project that appeared to be less costly and easier to administer (New America Foundation, 2011). The passing of the Omnibus Reconciliation Act of 1993 initiated the gradual implementation of direct lending. The eventual goal was to replace the guaranteed loans with direct lending. By 2007, direct lending declined greatly, as the private lenders were providing incentives for student loan
business. Banks viewed student loans as a money making endeavor. Issues within the credit industry during 2008 and 2009 forced several private lenders out of the student loan market, and the direct lending program began to grow again (New America Foundation, 2011). On July 1, 2010, a bill went into effect that required that all federal student loans be made under the Direct Loan programs. This eliminated the FFELP guaranteed loans (New America Foundation, 2011).

**Federal student loans.** The federal loan program consists of the Stafford Subsidized Loan, Stafford Unsubsidized Loan, Parent Loan for Undergraduate Students (PLUS), and the Graduate PLUS (Salas-Amaro, 2008). The Stafford program is the largest, and it was originally funded by either the FFELP or the William D. Ford Direct Loan program (Archibald, 2002). The FFELP loans were funded by private organizations and Direct Loans were, and still are, federally funded.

The subsidized loans are based on need, and the amount is based on the student’s year in college. Interest does not accrue on the subsidized loan as long as the student is enrolled at least half-time (USDOE, 2010b). The unsubsidized loans accrue interest while the student is in school and are not limited to students with unmet financial need. The eligibility and loan amount is partially determined by completing the Free Application for Federal Student Aid (FAFSA). Loan maximums vary according to need. Dependent undergraduate students, excluding those with parents that do not qualify for a PLUS loan, are limited to a total of $31,000. Independent undergraduate students and students whose parents do not qualify for a PLUS loan are limited to $57,500. Graduate and professional students are limited to a total of $138,500. The total for graduate students must also include any federal loans taken out during undergraduate study
Graduate students in professional health programs may borrow up to $224,000. A student, who graduates, stops attending, or drops below half-time must make arrangements to begin paying back federal student loans (USDOE, 2010b).

**College Access and the Community College**

The GI Bill and the Higher Education Acts provided financial aid packages that made it possible for many people to attend college. These acts of legislation opened the doors for minorities, lower-income groups, and those with less academic preparation (Cohen & Brawer, 2008). Attending college was no longer a privilege designed only for the elite. The demand for accommodating this unprecedented growth fostered the creation, development, and rapid expansion of the community college (Cohen & Brawer, 2008).

Today, the American Association of Community Colleges (AACC) confirms that the community college is a vital part of the postsecondary education delivery system in the U.S. These institutions currently serve nearly 50% of the total undergraduate student population. As of January 2011, there were 1,167 community colleges, 993 of which are public (AACC, 2012). According to enrollment statistics from 2008, the AACC reports that over 12.4 million students attended community colleges. In addition, nearly 59% of them received some type of financial aid. The demographics of community college students indicate that they are diverse, older, and most likely to be the first in their family to attend college (AACC, 2012).

**The Rising Costs of Higher Education**

Both poor economic conditions and high rates of unemployment across the United States are creating financial difficulties for students and the higher education institutions
they attend. Recent reports from the United States Department of Labor indicate that the rate of unemployment is approximately 10%. The cost of tuition and fees is rising, state appropriations are lower, and family income is declining (Baum & Ma, 2011). Affordability remains a challenge as the price of a college education continues to rise.

Over the last decade, tuition and fees at public four-year colleges have increased by an average of 5.6% per year (Baum & Ma, 2011). During this same period the average annual increase for public two-year colleges was 3.8%. Both rates apply to in-state tuition and are consistently above the current rate of inflation (Baum & Ma, 2011). Although grant aid and federal tax benefits have helped to decrease costs, many students still have to borrow money to fund their postsecondary education (see Table 1).

The reduction in state appropriations has also had an impact on the increase in the rising costs of attending college. As tuition continues to increase faster than the rate of inflation, low and middle-income students are forced to borrow more for their undergraduate education (Dillon, 2009). Even though President Obama has worked to increase funding for the Pell Grant, it only represents a fraction of the total amount of grant aid. Over the past decade, undergraduate borrowing has increased by 56% and over half of those graduating with bachelor degrees left their institutions with an average of debt of $22,000 (Baum, Little, & Payea, 2011). The increase in student borrowing suggests that the burden of compensating for increased costs and diminishing revenues has been placed on the backs of students (see Figure 5). Populations that have historically had higher default rates are assuming a large amount of risk in their effort to invest in a college education. According to Baum (2013), headline-grabbing publicity regarding
student loan default is not helping disadvantaged students with their financial aid
decisions. For many the student loan is the key for access to a postsecondary education.

Table 1

*Borrowed Funding Sources Used to Pay for College*

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of Total Families</td>
<td>Average Amount**</td>
<td>% of Total Families</td>
<td>Average Amount**</td>
<td>% of Total Families</td>
</tr>
<tr>
<td>Parent Borrowing</td>
<td>12%</td>
<td>$10,444</td>
<td>8%</td>
<td>$4,747</td>
<td>7%</td>
</tr>
<tr>
<td>Federal PLUS Loans</td>
<td>8%</td>
<td>$10,444</td>
<td>8%</td>
<td>$4,747</td>
<td>7%</td>
</tr>
<tr>
<td>Private Education Loan</td>
<td>3%</td>
<td>$7,779</td>
<td>4%</td>
<td>$6,416</td>
<td>4%</td>
</tr>
<tr>
<td>Home Equity Loan or HELOC</td>
<td>2%</td>
<td>$10,572</td>
<td>3%</td>
<td>$8,676</td>
<td>4%</td>
</tr>
<tr>
<td>Parent Credit Cards</td>
<td>4%</td>
<td>$4,111</td>
<td>3%</td>
<td>$4,764</td>
<td>6%</td>
</tr>
<tr>
<td>Parent Other Loans</td>
<td>3%</td>
<td>$4,307</td>
<td>1%</td>
<td>$2,779</td>
<td>3%</td>
</tr>
<tr>
<td>Student Borrowing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Student Loans</td>
<td>34%</td>
<td>$7,779</td>
<td>30%</td>
<td>$4,747</td>
<td>28%</td>
</tr>
<tr>
<td>Private Education Loan</td>
<td>10%</td>
<td>$8,096</td>
<td>9%</td>
<td>$6,158</td>
<td>13%</td>
</tr>
</tbody>
</table>

*Note.* Adapted from How America Pays for College 2012 (www.salliemae.com).

**Growth in Loan Default and Associated Costs**

The Department of Education considers a borrower in default if a payment is not
made within 270 days after the six-month grace period. The grace period begins
immediately after the last date of attendance. The cohort default rate percentage is
determined by dividing the number of borrowers who defaulted during the cohort default
Figure 5. Published tuition and fees from 1981-82 through 2011-12 (Baum, Little, & Payea, 2011).
ate timeframe by the total number of borrowers entering repayment during the cohort fiscal year. The fiscal year is based on the federal fiscal year which runs from October 1 through September 30 (USDOE, 2012b).

According to the financial aid information website (FinAid, 2012), the student debt clock topped $1 trillion in May 2012. The debt clock estimates that student loan debt grows at a rate of more than $2,800.00 per second. On May 20, 2011, the USDOE released a report on the three-year trial student loan cohort default rate for institutions of higher learning. The report indicated that the national default rate for 2009 had grown to 8.9 % (Field, 2010).

During the 1990s, student loan defaults cost taxpayers somewhere between $2-3 billion annually (Christman, 2000). A more recent estimate indicates that the federal government only recovers approximately 50% of defaulted loan principal. The New America Foundation produced a report indicating that the federal government only
collects 80 cents on the dollar for defaulted loans (Delisle, 2012). This is due in part to the cost associated with recovery. Tracking and communicating with delinquent borrowers requires additional financial and human resources. Some institutions hire third-party vendors to handle the communication aspect of default management. The report also contains information indicating that the default costs for subsidized and unsubsidized federal loans issued in 2013 are estimated to be over $30 billion.

The information contained in Table 2 uses the two-year cohort default rate to illustrate a comparison between the percentage of default and the number of borrowers in default. This ten year snapshot shows that the increase in default rate during this time period was approximately 5%. The increase in defaulted borrowers was more than 73%. The costs for tracking defaulters are also increasing annually.

According to the USDOE, student loan defaulters will eventually experience some form of federal debt collection. Methods for collecting the loan debt include wage garnishment, tax refund seizure, and seizure of other types of federal payments (USDOE, 2012b). In addition, student defaulters may lose the ability to receive financial aid, are referred to a collection agency, incur late fees, and suffer from poor credit ratings. In extreme cases, defaulters are taken to Federal Court and sued for repayment (Dillon & Smiles, 2010). Being sued often leads to additional charges for attorneys and other fees associated with the loan collection process.
Table 2

<table>
<thead>
<tr>
<th>Year</th>
<th>2-Year CDR %</th>
<th>Borrowers in Default</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>10.0</td>
<td>475,538</td>
</tr>
<tr>
<td>2010</td>
<td>9.1</td>
<td>374,940</td>
</tr>
<tr>
<td>2009</td>
<td>8.8</td>
<td>320,194</td>
</tr>
<tr>
<td>2008</td>
<td>7.0</td>
<td>238,852</td>
</tr>
<tr>
<td>2007</td>
<td>6.7</td>
<td>225,371</td>
</tr>
<tr>
<td>2006</td>
<td>5.2</td>
<td>204,507</td>
</tr>
<tr>
<td>2005</td>
<td>4.6</td>
<td>161,951</td>
</tr>
<tr>
<td>2004</td>
<td>5.1</td>
<td>144,128</td>
</tr>
<tr>
<td>2003</td>
<td>4.5</td>
<td>115,568</td>
</tr>
<tr>
<td>2002</td>
<td>5.2</td>
<td>125,696</td>
</tr>
</tbody>
</table>

Note. Adapted from USDOE (www.2.ed.gov).

Institutions of higher education are also impacted by student loan default. Those having high rates of default are at risk of losing the ability to participate in federal Title IV programs. In addition, the schools may be required to establish a default prevention plan and follow up regularly with the USDOE (USDOE, 2012b). Beginning in 2014, institutions of higher education with three-year student loan default rates of 30% or higher will be subject to any or all of these sanctions (Moltz, 2011).
Two-Year and Three-Year Cohort Default Rates

The cohort default rate is the percentage of an institution’s students entering repayment in any fiscal year that default on their federal loan within a predetermined period of time (USDOE, 2012c). The two-year cohort default rate is computed by dividing the number of students that default within two years of entering repayment by the total number entering repayment in a given fiscal year. The federal fiscal year runs from October 1 through September 30 of the following year. Therefore, a two-year cohort default rate for 2008 is determined by the number of students entering repayment in fiscal year 2008 (10/01/08-09/30/09) that defaulted by the end of two fiscal years (10/01/08-09/30/10).

In 2008, Congress shifted the cohort default rate from a two-year to a three-year calculation period. This change was part of the Higher Education Opportunity Act of 2008 (USDOE, 2010a). The three-year rate contains the number students defaulting within three fiscal years of entering repayment. For example, the three-year cohort default rate for students entering repayment in 2008 starts on October 1, 2008 and ends on September 30, 2011. Calculations only include the subsidized and unsubsidized Federal Stafford Loans and the subsidized and unsubsidized Direct Loans. Students entering repayment in 2008 will be included in the first USDOE three-year cohort default rate calculation. Sanctions for excessive default (30% or higher) will not begin until 2014 (USDOE, 2012b). During this time, the two-year default rate sanctions apply.

Early estimates from the USDOE indicated that the cohort default rates would increase with the addition of a third year. Statistics issued by the USDOE in 2004
were used to estimate that the default rate for public two-year institutions would increase from 8.1% to 12.9% (Lederman, 2008). This assumption is supported by earlier research concluding that most default occurs within three or four years of graduation or departure (Monteverde, 2000). Given this information, Congress decided that sanctions should now occur when the rate reaches 30% (USDOE, 2012b). The previous rate was set at 25%.

**Seminal Research Regarding Student Loan Default**

Historically, the research regarding student loan default has focused on questions relating to responsibility (Monteverde, 2000; Wilms, Moore & Bolus, 1997), borrower characteristics, (Christman, 2000; Herr & Burt, 2005; Steiner & Teszler, 2005; Woo, 2002), and/or economics (Gross et al., 2009; Katsinas et al., 2003; Long & Riley, 2007; Phillipe & Patton, 2000; Volkwein & Cabrera, 1998). Ethnicity, previous educational performance, test scores, grade point average (GPA), parental education, family income, and gender are also among the variables that have been examined (Gross et al., 2009). Only a couple of frequently cited studies have focused on characteristics pertaining to the institution (Knapp & Seaks, 1992; Volkwein & Cabrera, 1998). These studies found that selective and wealthier four-year institutions tend to have lower default rates than their proprietary, less selective, and career oriented counterparts. Despite these findings, Montverde (2000) concluded that the primary cause of loan default resides with the student.

**Borrower characteristics impacting default.** In a study conducted 25 years ago, Wilms, Moore, and Bolus (1987) analyzed data from 120 California community colleges and determined that program completion was the strongest predictor of student loan
repayment. In 1992, Knapp and Seaks found that graduates are much more likely to pay back their debt than those who do not graduate. Other seminal studies discovered similar results. Volkwein and Szelest (1995) used two cross-sectional databases to analyze correlations between default and characteristics of the borrower. They determined that the traits of the borrower were stronger predictors of default than the type of institution attended. Flint (1997) examined defaulters through various economic, social, and psychological models. He reported a modest relationship within the economic model, but the psychological model provided the strongest association with loan repayment. He also noted that personal characteristics like age, gender, race, GPA, and disposable income were associated with repayment and that borrowers with lower GPAs, employment unrelated to their education, and lower incomes were more likely to default on their loans. In a similar study considering factors of race and ethnicity, the findings indicated that variables related to income, parental education levels, and ethnicity were correlated with default (Volkwein, Szelest, Cabrera, & Napierski-Prancl, 1998). The study also found that borrowers with lower GPA’s attending proprietary schools were more likely to default than students graduating from other types of institutions that had borrowed larger amounts of money.

In 2000, Christman conducted a study utilizing a mixed methodology to expand upon the line of inquiry developed by others to further explore the characteristics found to impact default in two-year public institutions. Unlike many of the studies conducted earlier, she used data that were collected by the National Student Loan Data System (NSLDS) to compare and contrast variables. The results from both the quantitative and qualitative portions of the study confirmed that students dropping out after two semesters,
failing classes, and losing aid for poor academic performance are most likely to default. This study confirms Montverde’s (2000) conclusion that student loan default is influenced by characteristics of the borrower, not the institutions they attend. In her conclusion, Christman (2000) emphasized the irony contained in federal default policies. She questioned the idea of holding institutions of higher learning accountable for student default. Students arrive at an institution with very diverse backgrounds, and their personal characteristics have been found to influence repayment decisions.

In a study of defaulters at the University of South Florida (USF), Steiner and Tym (2005) created a model using multivariate analyses to predict student default. Their research helped the University identify students who were most likely to default. The indicators identified were consistent with those outlined in previous research. Variables such as parental marital status, number of dependent children, age, and father’s education level strengthened the estimated probability. Although the findings are speculative, the model established a framework for developing interventions for preventing default (Steiner & Tym, 2005). It was also noted that by increasing selectivity, the institution would more likely admit students who are less likely to default on their loans.

**Institutional characteristics related to default.** The literature indicates that students attending short-term proprietary schools and community colleges are more likely to default on their loans than their 4-year counterparts (Podgursky, Ehlert, Monroe, Watson & Wittstruck, 2002; Woo, 2002). In addition, schools serving large numbers of low-income and first-generation students are among those experiencing a trend of accelerated growth in default. The community colleges throughout the U.S. were created to provide open-access to higher education, thereby serving a diverse population of
students, many of whom have the characteristics found to influence student loan default (Christman, 2000; Hadley, 2011; Peters, 2003; Salas-Amaro, 2008; Smith, 2003).

A report issued on February 4, 2011, by the USDOE indicates that the cohort default rate for public two-year community college borrowers is quickly approaching 18% (Moltz, 2011). Research findings confirm that community colleges tend to be the institutions of choice for students challenged by economics (Katsinas, Alexander, & Opp, 2003; Long and Riley, 2007). Phillippe and Patton (2000) estimated that nearly 29% of community college students have incomes of less than $20,000. Volkwein and Cabrera (1998) determined that aid recipients with earnings below $25,000 tend to have higher loan default rates than those with incomes above this amount.

Although much of the early research tends to focus on the characteristics of the borrower, a more recent study regarding HBCUs suggests that strategies implemented by the institution can influence the rate of default (Dillon & Smiles, 2010). This research suggests that faculty-to-student ratio, percentage of students admitted, and selectivity is significantly correlated with the rate of default. These findings imply that there may be variables related to student loan default that the institution can adjust or control. Because of the open-access ideology, selectivity and admission rates may be difficult for public community colleges to consider. However, faculty-to-student ratio is a variable that could be manipulated. While isolating the characteristics of both the students and the institutions attended, Dillon and Smiles (2010) were able to account for only 15% of the variance in student loan default rate in community colleges. Despite these results, the study determined that education in the form of default management or aversion refutes the notion that there is very little an institution can do to impact default. This study also
points out that default rates at HBCUs began to rise again as the institution became complacent and decreased their efforts to educate borrowers (Dillon & Smiles, 2010). Although this study was conducted on HBCU’s in a single state, it does suggest that similar results could be achieved at other institutions.

**Default management and prevention.** The research regarding loan repayment provides evidence suggesting both student and institutional variables can influence default. The USDOE is stepping up the collection effort and continues to hold institutions that participate in Title IV programs accountable for excessive student loan default rates (Moltz, 2011). The USDOE has advocated for the effective administration of student loan programs for over 30 years (Smith, 2003). The original push was initiated by the Education Amendments of 1980.

The USDOE has published a sample default management plan to guide plan development. The sample addresses many aspects of default management by providing a section that includes interventions for early stages of enrollment, late stages of enrollment, after students leave, and enhanced entrance/exit counseling. Institutions that have default rates above the allowable rate are required to submit default management plans to the USDOE, and planning is recommended for all others (USDOE, 2012b). Despite governmental efforts, the literature suggests institutions of higher learning have not embraced the concept of default management. While the complexity of this problem presents many challenges, the literature contains research that suggests institutional intervention may have an effect on borrower default (Dillon & Smiles, 2010; Hadley, 2011; Salas-Amaro, 2008; Smith, 2003).
In a dissertation completed almost ten years ago, Smith (2003) determined that the community colleges in the state of California were having difficulty addressing the growth in rates of default, yet many failed to implement practices or policies to improve results. He also discovered that the institutions in his study with the lowest rates of default were working to educate and inform borrowers, but most had not developed a comprehensive plan for controlling or preventing default. The researcher concluded with a recommendation for creating a systemic approach for communicating with borrowers from the very beginning of the loan application process. He suggested that communication should continue after graduation or departure (Smith, 2003).

Five years later, Salas-Amaro (2008) conducted a study regarding default management in Florida. He used a qualitative methodology to examine the default management practices in place at each of the 28 community colleges. He determined that entrance counseling, mailing to those dropping classes, and exit counseling were the primary techniques being used. The researcher also discovered that the institutions studied had only implemented two of the nine strategies outlined in the USDOE guidelines for developing a default management plan. These results, along with the rising cohort default rates, lead to the conclusion that the financial aid directors in Florida’s community colleges had not instituted comprehensive plans for preventing default.

In 2011, Hadley conducted a study using a mixed-method approach to review the default management practices of the community colleges located in one Midwestern state. The findings contained in this dissertation indicate that the seven respondents were utilizing entrance and exit counseling as means of preventing default. The USDOE and Salas-Amaro (2008) provide information regarding 20 different strategies that may be
used as part of a comprehensive plan for managing default. The qualitative portion of Hadley’s (2011) research suggests that financial aid personnel believe growing enrollment and a lack of resources are the reasons for not implementing a more complex default management plan within their departments. Surprisingly, her findings are similar to those reported by Smith (2003) almost 10 years ago. These findings suggest the increase in student loan default has not been matched by a similar increase in prevention. Hadley (2011) also disclosed that the community colleges participating in her research had not collected data to measure the effectiveness of their default aversion practices.

**Strategies and best practices for default aversion.** The USDOE recommends that minimally, institutions should assist borrowers by (a) providing entrance and exit counseling; (b) supplying them with written and oral information regarding obligations, repayment, and forbearance; (c) offering educational sessions regarding financial literacy; (d) making telephone reminder calls; and (e) dedicating staff to work on default prevention (USDOE, 2012b). Despite these recommendations, recent case study research conducted at community colleges in two states concluded that entrance and exit counseling were the predominant strategies utilized for default management (Hadley, 2011; Salas-Amaro, 2008).

While examining the process seven HBCUs in Texas used to reduce default, Dillon and Smiles (2010) compiled a list (see Table 3) of best practices. These practices require institutional collaboration and promote a systemic approach to default management. One year later, Hadley (2011) found that community colleges in one Midwestern state still had not implemented a comprehensive approach to default prevention. She utilized TQM theory to determine if the participants were measuring the
effectiveness of prevention practices. Her findings revealed that very little was being
done to help students avoid default. During interviews, Hadley (2011) learned that the
financial aid offices relied heavily on the state guaranty agency for default prevention.
This was carry-over from the FFELP era. Her findings also suggest that the efforts made
by the participants in her study were not in line with those recommended by the USDOE.

Ultimately, the responsibility for loan repayment rests with the student, but the
USDOE uses the cohort default rate calculation to ensure the institutions do their part.
Recent research regarding institutional default prevention indicates that financial aid
personnel regularly perform entrance and exit counseling (Salas-Amaro, 2007; Hadley,
2011).

These findings imply that students know they have an obligation to pay back the
borrowed money and have a basic understanding of the process for repayment. This
assumption is challenged by other research findings. Two different studies conducted a
decade apart, found that financial aid professionals believe a large number of borrowers
leave institutions with very little knowledge of the process for making loan payments
(Monteverde, 2000; Hadley, 2011).

Some research implies that entrance and exit counseling are implemented as
both suggest that this finding is the result of the mandate issued by the USDOE. Although
entrance and exit counseling practices have been found to be the dominate list of
<table>
<thead>
<tr>
<th>Best Practices</th>
<th>Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create a Default Management Plan</td>
<td>The USDOE provides an example and recommends that a default management plan be implemented.</td>
</tr>
<tr>
<td>Create a Default Management Team</td>
<td>In order to make default prevention a campus-wide concern, individuals from a variety of departments should be involved.</td>
</tr>
<tr>
<td>Institute an Early Alert System</td>
<td>Identifying borrowers that may drop out or withdraw may prevent default and impact retention.</td>
</tr>
<tr>
<td>Appoint a Default Prevention Manager</td>
<td>Identifying an individual to monitor default and communicate results will help to promote awareness.</td>
</tr>
<tr>
<td>Encourage Personal Contact With Students</td>
<td>Direct contact with students during entrance and exit counseling sessions is very important.</td>
</tr>
<tr>
<td>Establish Partnerships With Outside Entities</td>
<td>Maintaining close contact with lenders and guarantee agencies as they understand techniques like skip tracing and collections.</td>
</tr>
<tr>
<td>Improve Technology</td>
<td>Prevention Managers should utilize technology to track and monitor borrowers entering repayment.</td>
</tr>
<tr>
<td>Avoid Loaning More Than Direct Costs</td>
<td>Monitor loan packages and try to limit the student to only that which is necessary.</td>
</tr>
<tr>
<td>Educate Borrowers on Debt and Consequences</td>
<td>Information regarding repayment, financial literacy, and the consequences for default are essential to default prevention.</td>
</tr>
</tbody>
</table>

*Note.* Adapted from Dillon and Smiles (2010). Some of the practices contained in this table were used in the survey designed for this study.
strategies utilized to combat default; research regarding the effectiveness of these practices contains mixed results. The effectiveness appears to be related to the mode of delivery. In 2011, Dervarics highlighted the effective delivery of this practice in an article regarding Xavier University. The debt management counselor at Xavier uses an intensive hands-on approach to educate borrowers about their debt responsibility. The effort has resulted in a default rate that remains 3% below national average.

The inconclusive research regarding the effectiveness of default prevention practices exemplifies the need to collect and analyze data. Quality is achieved and maintained by consistently evaluating results.

**Total Quality Management Theory**

Total Quality Management (TQM) is based in statistical process control and originated as a manufacturing concept designed to promote continuous quality improvement (Lozier & Teeter, 1996). American statistician, W. Edwards Deming, took the concept to Japan shortly after World War II. His work had a profound effect on the Japanese automotive industry. Although this theory originated within industry, it is utilized frequently throughout the field of education (DeJager & Nieuwenhuis, 2005). The key principles are leadership, scientific method, and problem-solving through teamwork. Educational institutions are using TQM to improve services by collecting data, measuring performance, and evaluating the results. In higher education the goal is to measure effectiveness and continuously improve services for students (Koch & Fisher, 1998). The Baldrige Criteria for Performance Excellence represents one example of a TQM model. The Malcolm Baldrige National Quality Award was created by the Malcolm Baldrige National Quality Act of 1987. Leadership, strategic planning,
customer focus, measurement, analysis, knowledge management, workforce focus, process management, and results are the categories in which the criteria are contained (Leonard & McGuire, 2007). These criteria were established to help organizations attain and sustain quality performance. The process utilizes measurement and analysis to drive results.

In a recent study regarding student loan default, Hadley (2011) utilized a TQM framework to explore continuous quality improvement within the default prevention processes at community colleges in one state. The findings indicate that existing default processes were not regularly evaluated for effectiveness and consequently were not continuously improved. Financial aid staff indicated that they were not collecting data that could be used to measure the effectiveness of the practices implemented to prevent borrower default. According to Salas-Amaro (2008), quality default prevention requires that financial aid staff develop a comprehensive plan, conduct research, and evaluate results to continuously improve services. Creating and implementing a comprehensive default management plan requires collaboration from student services, instruction, and the business division. In other words, it should be a system-wide approach.

The USDOE holds institutions responsible for their roles in student loan default. Financial aid officers must work to develop a better understanding of default prevention, encourage collaboration, and fully understand a method such as TQM for improving quality. The privilege of dispersing federal financial aid may be at risk for those who fail to do so. The research has proven that students need to have a better understanding of the repayment process before they leave college.
TQM provides an applicable and readily available theoretical framework for default prevention research in America’s public two-year community colleges. Research has established some community colleges are not following a structured default management plan, and they have done very little to educate borrowers on the topic of repayment. Research also suggests that the effectiveness of default management strategies is not being measured (Hadley, 2011; Salas-Amaro, 2008). Furthermore, studies have concluded that financial aid personnel understand that their default prevention practices are less than adequate and claim they do not have the personnel or resources to improve them (Hadley, 2011). Institutional default rates are climbing and the institution has a responsibility to do its part. The most recent literature regarding default prevention is somewhat consistent, but it is difficult to generalize from case studies conducted in only four states.

Summary

The primary goal of this literature review was to highlight the relevance of this study regarding default management practices in community colleges across this nation. Dillon and Smiles (2010) are correct; “Colleges across the nation are struggling to confront the growing problem of student debt” (p.1). Helping students understand the process and establish a plan for entering repayment is a challenge. The increase in student loan default has elevated the need for institutional intervention. The federal government is increasing institutional accountability and the stakes are getting higher. High rates of default affect everyone.

Default prevention or aversion is a key component of the student loan process. Research regarding default indicates student characteristics are the strongest predictors of
loan default. Some are related to responsibility (Monteverde, 2000; Wilms, Moore & Bolus, 1997), background, (Christman, 2000; Herr & Burt, 2005; Steiner & Teszler, 2005; Woo, 2002), and/or economics (Gross et al., 2009; Katsinas et al., 2003; Long & Riley, 2007; Phillipe & Patton, 2000; Volkwein & Cabrera, 1998).

This chapter created a backdrop for default management by providing a historical summary of federal financial aid and the evolution of the federal student loan program. The context was established with research related to the cost of attending college and essential information about America’s community colleges. The critical analysis of salient student loan default research provided the rationale for this investigation.

This literature review established three reasons for conducting this research. First, the research regarding student loan default is dated (Gross et al., 2009). Many of the seminal studies were conducted in the late 1980’s. The recent rise in the cost for higher education coupled with the economy requires more recent data. Second, research regarding default management or aversion is sparse. This review included three dissertations and one recent empirical study that specifically examined practices related to default prevention (Dillon & Smiles, 2010; Hadley, 2011; Salas-Amaro, 2008; Smith, 2003). Third, this topic was timely and is frequently addressed in the national news. The amount of loan debt in this country has surpassed the $1 trillion threshold, and the federal government only recovers approximately half of the defaulted loan principal. These numbers impact the entire country. The results of this study will help reduce costs, prevent institutions from facing sanctions, and help students avoid excessive debt.

The next chapter describes the quantitative methodology selected for this study. The method includes a survey instrument that was sent to the financial aid directors at
708 public two-year community colleges belonging to the National Association of
Student Aid Administrators.
Chapter Three

Methodology

This chapter outlines the quantitative methodology used to analyze the impact default management plans and practices have on the three-year cohort default rates in public two-year community colleges across the United States (U.S.). A conceptual framework constructed around Total Quality Management (TQM) theory guided this analysis. A cross-sectional survey was developed and administered to collect primary data regarding default management planning at each institution. Secondary data were collected from the National Student Loan Data System (NSLDS) and the Integrated Postsecondary Educational Data System (IPEDS). The research questions used to guide this study were:

1. Do institutional default management plans have an impact on institutional three-year cohort default rates?
2. Do institutional default management practices have an impact on institutional three-year cohort default rates?
3. Do financial aid offices utilize data to measure the effectiveness of, and improve, practices implemented to prevent borrower default?
4. Do student characteristics have an impact on the institutional three-year cohort default rates?
5. Do institutional characteristics have an impact on the three-year cohort default rates?
Quantitative Research Design

The number of student borrowers is increasing dramatically, and the level of indebtedness is of national concern. More data are needed to better understand the future impact of this unprecedented growth (Cunningham & Kienzl, 2011). Quantitative research methodologies are often used to collect and analyze large amounts of data related to projects of this scope and magnitude (Sogunro, 2001). Numerical data such as the cohort default rate can be utilized in a variety of statistical processes to conduct empirical research. Onwuegbuzie and Leech (2005) are correct; questions like those constructed for this study are best answered by a quantitative methodology. When deciding on a method of inquiry a researcher must determine the intent, purpose, and questions that will be asked (Lunenburg & Irby, 2008). There are four categories of quantitative research:

- descriptive research
- correlation research
- causal-comparative
- quasi-experimental and experimental research.

Lunenburg and Irby (2008) developed a pyramid (see Figure 6) depicting the hierarchy of quantitative research methodology. This pyramid does not imply that one type of research is more important than the other; it simply suggests that the methodology on the lowest level pertains to more basic types of information. This causal-comparative study falls in the middle of the pyramid. It is considered non-experimental because the independent variable was not manipulated by the researcher (Creswell, 2009).
This investigation is considered to be *ex post facto*, as it examined a pre-existing condition. Causal-comparative research involves two separate groups that are compared against a dependent variable. This research design requires that the investigator carefully

![Diagram: Hierarchy of products in quantitative research (Lunenburg and Irby, 2008).](image)

*Figure 6. Hierarchy of products in quantitative research (Lunenburg and Irby, 2008).* Identify the differences between groups when considering an independent variable (Lunenburg and Irby, 2008).

Surveys are often used to collect large amounts of data directly from a primary source. In this case it was data concerning default management plans and practices. Appropriate detail regarding the development and construction of the instrument is contained in the data collection section of this chapter. Regression analysis is frequently used to examine correlations between two separate variables (Lunenburg and Irby, 2008). This statistical process combined with other analyses such as *t* tests and crosstabs provided the detail for properly addressing each of the questions guiding this study. This quantitative methodology was supplemented with qualitative information gleaned from
two open-ended questions. The independent and dependent variables are discussed later within this Chapter.

**Data Collection**

The data regarding institutional cohort default rate were retrieved from the National Student Loan Data System (NSLDS). Other institutional characteristics such as size, location, retention, and graduation rate were downloaded from Integrated Postsecondary Educational Data System (IPEDS). Both of these sources contain data elements that are considered secondary. Each provided a plethora of data that were easily accessed free of charge. The NSLDS serves as the USDOE’s central database for information pertaining to institutions that participate in federal Title IV financial aid programs. IPEDS is the primary data source for information on a variety of postsecondary institutions in the U.S. It is maintained by the National Center for Education Statistics (NCES) and is housed under the auspices of the USDOE as well. The primary source data gathered for this study were collected via a cross-sectional survey regarding default management practices. The survey was developed specifically for this investigation.

**Survey design and instrumentation.** The instruments or tools used to gather primary data in quantitative research include tests, surveys, and questionnaires (Harwell, 2011). Instrument choice depends upon the type of data required and the type of questions asked. Regardless of the type of tool used, the most important aspect is its validity and reliability (Lunenburg & Irby, 2008). Validity refers to the ability of the researcher to draw useful information from the instrument, and reliability is the ability of
the instrument to collect consistent information across all constructs (Creswell, 2009; Lunenburg & Irby, 2008).

Surveys are one of the most commonly used data gathering tools in social science research (Butin, 2010). If created and conducted properly, a survey may provide numerical data that are used to measure certain aspects of predetermined populations (Creswell, 2009). When beginning the process for creating a survey, the researcher must consider the entire research design (Schonlau, Fricker, & Elliot, 2002). Survey objectives must be clearly defined, and the questions must be aligned with the method of inquiry. Timeliness, response rate, cost, data quality, and sources of error are additional factors that were considered (Schonlau et al., 2002). Pre-testing a survey is highly recommended. Therefore, a pre-test was conducted prior to administering the survey. This was completed by selecting a group of experts that represented the population being surveyed, professionals that have conducted similar types of research, and others considered experts in the field (Butin, 2010). After the survey was developed and entered into the Qualtrics software program, it was sent to a panel of five professionals. Two members of the pre-test panel were former financial aid directors, two conduct and write about similar types of research, and the final is a loan disbursement practitioner. Most of the comments received as a result of the pre-test were structural in nature. Others were simple clarifications and minor wording adjustments. All of the suggestions for improvement were incorporated into the survey.

The means by which a survey is delivered is also an important detail for consideration; face-to-face, telephone, mail, email, and web-based are among the most commonly used methods for administration (Schonlau et al., 2002). The literature review
provided information regarding each mode of delivery. The reasons for selecting one medium over others are also covered. In the end the convenience, speed, and cost benefit of sending and receiving a web-based survey outweighed all of the more traditional modes of delivery (Butin, 2010; Schonlau et al., 2002). For example, mailing a survey via the United States Postal Service (USPS) required outgoing as well as return postage. Surveys distributed via e-mail do not require such an expense. In addition, delivery via USPS may have taken several days to deliver and several days to return. Theoretically, internet or e-mail surveys can be delivered and returned within one day. For these reasons, a web-based approach was utilized within this investigation.

In a sequential descriptive mixed method study conducted in 2011, Hadley developed a survey to determine which default management strategies were being implemented in the community colleges participating in her single state case study. This study contained the only quantitative survey this researcher found while reviewing the literature regarding default management. Therefore, this particular survey was used as template to guide the development of the instrument used in this investigation. Written permission to duplicate some of the survey content was obtained (see Appendix A).

Question design was also an important factor considered while constructing the survey instrument (Gall, Gall, & Borg, 2007). Care was taken to ensure that the questions were clear and concise. Clarity increases the likelihood of consistent responses. In an effort to elicit succinct responses, this survey primarily utilized closed form questions. These types of questions require predetermined responses and do not provide space for essay-type answers (Gall et al., 2007). Closed form questions provided data that were quantifiable and more easily used in a statistical analysis. The work of Gall et al. (2007)
provided general guidelines for designing this type of survey. Their suggestions included keeping it short, providing succinct and clear instructions, numbering the questions, grouping and organizing questions in logical sequence, and avoiding biased or leading questions. These guidelines coupled with the suggestions from the survey pre-test were incorporated to enhance the reliability and validity. Finally, two free form questions were added. These questions provided a personal perspective from each director and were used to enhance the richness of the quantitative findings (Harland & Holey, 2011).

Anonymity is another important factor that was consider while designing the survey. It exists when the respondent cannot be linked to the responses provided. Complete anonymity limits the ability of the researcher to follow-up with non-responders (Gall et al., 2007). Creating a master coding system is one method that is frequently used to address such a concern. The unidentifiable code helps to prevent the identification of the responder. The caveat is that the researcher cannot declare the survey as being anonymous as it is possible that the respondent could be identified. The survey used in this study did require some coding. This was completed automatically within the Qualtrics software program. In order to correlate the input and environmental variables with the most recent cohort default rate, it was essential that the survey responses were matched to each participating institution. This was done manually by matching the institutional federal identification number reported on the survey with those contained in each of the national databases.

**Structure of the questionnaire.** The title for the questionnaire developed for this project is the Survey of Existing Default Management Plans and Practices. The creation of this survey began with three basic steps (Schonlau et al., 2002). The first was to review
surveys previously administered on this topic. The second was to determine the target population, and the third was to determine the structure and type of questions. The development concluded with consideration of delivery, response rate, and follow-up.

The survey consists of fourteen questions regarding default management plans, practices, and data analysis. The survey took less than ten minutes to complete. In a study regarding default management in HBCUs, Dillon and Smiles (2010) presented a list of best practices for avoiding default. This list was adapted and some of the practices were used in the third question of this survey. Only two of the questions required open-ended responses. In each case, extra space was provided for these questions. A complete list of the questions is contained in Table 4.

Table 4

Survey Questions

<table>
<thead>
<tr>
<th>Question</th>
<th>Information Collected</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td>Determine if a default management plan exists. If so, how long and how detailed.</td>
<td>The existence of a default management plan were correlated with the institutional default rate</td>
</tr>
<tr>
<td>4</td>
<td>Identify current use default management practices and rate their effectiveness.</td>
<td>Prevention practices were used as environmental variables</td>
</tr>
<tr>
<td>5</td>
<td>Measure agreement with statements related to default prevention and management.</td>
<td>The level of agreement was used in several different analyses.</td>
</tr>
<tr>
<td>6</td>
<td>How will the transition from a two-year default calculation to a three-year impact your default management practices?</td>
<td>Open-ended question used to add value to quantitative findings.</td>
</tr>
<tr>
<td>7</td>
<td>If there is one thing that your college could do to help your default management effort, what would it be?</td>
<td>Open-ended question used to add value to quantitative findings.</td>
</tr>
</tbody>
</table>

Note. See Appendix B.
**Target population.** The population targeted for this study was the public two-year community colleges that are current members of NASFAA. This is considered to be a purposive sample as it is a population most familiar to the researcher (Lunenberg & Irby, 2008). More importantly, the literature suggests students attending community colleges are more likely to default on their student loans than their public four-year counterparts (Podgursky, Ehlert, Monroe, Watson & Wittstruck, 2002; Woo, 2002). Therefore, it was logical to conclude that community colleges are susceptible to higher rates of default. It is also known that the transition from a two-year to three-year cohort default rate calculation has increased the default rate percentages for community colleges across the nation (Lederman, 2008).

The survey was sent to the director of financial aid at each of the 708 public two-year community colleges that are members of NASFAA. The director is typically responsible for compliance in all aspects of disbursing federal financial aid and was therefore the officer most likely to make decisions regarding default management and prevention.

**Validity and reliability of the instrument.** The three types of validity are content, criterion-related, and construct (Lunenberg & Irby, 2008). Construct validity is considered to be the most important and was the most relevant for the questionnaire used in this study. Construct validity also aligned nicely with the purpose of the instrument. Reliability is related to consistency (Gall et al., 2008). The five types of reliability are test-retest, equivalent-form, internal consistency, alpha, split-half, and interrater (Lunenberg & Irby, 2008). Cronbach’s alpha was also used during the statistical analysis as another means of assessing construct validity (Gall et al., 2008). The questionnaire
created and distributed for this project was designed to collect information in a very structured manner. It was essential that the questions were clear, concise, and easily understood. Test-retest reliability was very important. Predetermined closed form questions were used because they have been found to increase the likelihood of accuracy (Gall et al., 2007). The rate of response rate may also increase external validity.

Pilot-testing a questionnaire is a common practice used by researchers to improve validity and reliability (Butin, 2010; Gall et al., 2007; Lunenberg & Irby, 2008). It is especially important when a new instrument is developed. The pilot for this study provided a means for determining that the respondents interpreted the questions similarly and answered consistently. As was outlined earlier, a panel of five individuals consisting of both financial aid professionals and researchers with experience in this line of inquiry was assembled to review the questionnaire constructed for this study. Each was asked to complete the survey and provided suggestions for improvement. The information gathered during the pilot was utilized in an effort to increase construct validity.

**Survey administration.** The number of quantitative researchers using current technology to administer Web-based questionnaires continues to increase (Gall, et al., 2007). Cost and convenience are the most obvious advantages. The cost of postage in a national study can be quite expensive. The Internet allows this researcher to distribute a large number of surveys almost instantaneously. Access to an accurate database containing up-to-date email addresses was one of the challenges considered while conducting this Web-based survey.

The questionnaire was created using Qualtrics survey software. The company is based in Utah and has a customer base totaling over 4,000. The product is widely used in
academe and was found to be reliable and easy to use (Chapman, 2012). The company provides an online series of five free tutorials that provide the basics for designing and implementing a survey. This researcher completed two of those provided. The survey software was purchased by and is housed on a Web server at The University of Toledo. It was easy to setup for distribution via email and provided a coded response that was easily understood. This program assigned each respondent with a unique identifier. The results were tracked, compiled, and presented in a variety of formats. The reporting abilities of this particular product are robust. After the survey concluded, the results were exported to SPSS for further statistical analysis.

After the pilot was finished, a final version of the questionnaire was developed. The questionnaire used in this investigation was distributed via a membership listserv that is monitored and maintained by NASFAA. Their membership included 708 public two-year community colleges. The cover letter containing information regarding (a) the purpose of the study; (b) the importance of the study; (c) a time limit; (d) assurance of confidentiality; (e) informed consent; and (f) the offer to share results was built into the survey (see Appendix B). NASFAA issued two follow up emails that were sent to remind those who did not respond within the first two weeks of the initial distribution. Final approval for survey distribution was received from NASFAA on November 19, 2012 (see Appendix C).

Data Analysis Model

The selection of a methodology for analyzing data was closely aligned with the research questions crafted for the study (Lunenburg & Irby, 2008). After the variables were collected and identified, statistical analyses were conducted to identify
relationships. It is not uncommon when conducting social science research to utilize a model to guide the process. In her book regarding quantitative data analysis, Wetcher-Hendricks (2011) provides several examples. Alexander Astin’s (1991) input-environment-output (I-E-O) model is one that is often used to guide a stepwise regression procedure. The I-E-O model was originally designed to frame research aimed at measuring student development, but its utility was discovered by researchers pursuing other lines of inquiry. Although it is considered to be a causal model, Astin (1991) warns that its purpose is not used to prove cause. It is used to determine what if any impact the environmental variable may have on the outcome. This model (see Figure 7) allowed this researcher to examine the impact input and environmental variables had on institutional cohort default rate. Similar adaptations have been utilized in previous research (Layman, 2005; Ning, 2003).

![Figure 7. I-E-O Model adapted from Astin (1991).](image)

**Input.** Student characteristics gathered from IPEDS were entered as input variables in this study. In addition to adding weight to this project, the input variables were used within the regression analyses. The impact of certain environmental variables can be measured more effectively when controlling for input or student characteristics (Astin, 1991). Therefore, student characteristics such as gender, graduation rate, and percentage of financial aid received were included.
Environment. The existence of a default management plan was considered as an environmental variable. Institutional characteristics such as size and location were also considered as environmental factors. Some institutions also collected, analyzed, and tracked data related to default. This data provided the researcher an opportunity to explore the level at which financial aid offices utilized a TQM philosophy to continuously improve their default managing efforts. In 2010, Dillon and Smiles compiled a list of best practices gleaned from a case study regarding a group of HBCUs in Texas. The list contains activities ranging from the creation of a default management team, to educating borrowers about default and its consequences. These types of activities were also considered as environmental variables within this investigation.

Outcome. The institutional cohort default rate is the outcome that was measured in this study. The environmental variables were entered into the regression in a series of steps to measure what impact, if any, they had on the outcome or dependent variable. The USDOE is utilizing the institutional cohort default rate as a measure of determining an institution’s default prevention effectiveness. That is the reason the default rate was selected as the outcome for this particular study.

Variables

The dependent or criterion variable used in this study was the three-year cohort default rate. Default rates were gathered from the National Student Loan Data System (NSLDS) and matched to each survey respondent. The most recent data became available in September 2012. The independent or predictor variables that were used are student characteristics, institutional characteristics, the existence of a default management plan, and activities or practices implemented to reduce default. Student and institutional
characteristics were downloaded from the Integrated Postsecondary Educational Data System (IPEDS). The variables related to default management were collected via a web-based survey that was distributed through email. The input variables relating to students are listed and defined in Table 5.

Table 5

*Student Input Variables*

<table>
<thead>
<tr>
<th>Variable</th>
<th>Definition</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Number of females and males</td>
<td>1-2</td>
<td>IPEDS</td>
</tr>
<tr>
<td>Graduation rate</td>
<td>Graduation rate within 150% of normal time</td>
<td>0-100%</td>
<td>IPEDS</td>
</tr>
<tr>
<td>Ethnicity (% of minority)</td>
<td>Percentage of minority students attending</td>
<td>0-100%</td>
<td>IPEDS</td>
</tr>
<tr>
<td>Aid Recipients</td>
<td>Percentage of students receiving financial aid</td>
<td>0-100%</td>
<td>IPEDS</td>
</tr>
</tbody>
</table>

The environmental variables are listed and contained in Table 6.

**Procedures for Data Analysis**

**Descriptive statistics.** Information regarding the respondents was summarized and organized for basic statistical comparisons. These results provided general information pertaining to the institutions the respondents work for. This type of analysis is typical when conducting a quantitative research methodology (Gall et al., 2007).

**Multiple regression.** Regression analysis is one of the most frequently used analyses in the social sciences (Lunenburg & Irby, 2008). It is used with interval, ordinal, and categorical data (Gall et al., 2007). Multiple regression allows the researcher to
<table>
<thead>
<tr>
<th>Variable</th>
<th>Definition</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>Total credit bearing enrollment</td>
<td>Varies</td>
<td>IPEDS</td>
</tr>
<tr>
<td>Location</td>
<td>Rural, town, suburb, city</td>
<td>1-4</td>
<td>IPEDS</td>
</tr>
<tr>
<td>Entrance and Exit Counseling</td>
<td>Educational session for first time borrowers</td>
<td>0-1</td>
<td>Survey</td>
</tr>
<tr>
<td>Financial Literacy Sessions</td>
<td>Educational sessions related to personal budgets for living and educational expenses</td>
<td>0-1</td>
<td>Survey</td>
</tr>
<tr>
<td>Early Alert System</td>
<td>Identifying borrowers that are at risk of dropping out or withdrawing.</td>
<td>0-1</td>
<td>Survey</td>
</tr>
<tr>
<td>Staff Dedicated to Default</td>
<td>Staff member trained and dedicated to preventing borrower default</td>
<td>0-1</td>
<td>Survey</td>
</tr>
<tr>
<td>Default Management Team</td>
<td>A team of individuals from various departments working toward default aversion</td>
<td>0-1</td>
<td>Survey</td>
</tr>
<tr>
<td>Email, Telephone, and Mailed Reminders</td>
<td>Messages sent to remind delinquent borrowers</td>
<td>0-1</td>
<td>Survey</td>
</tr>
<tr>
<td>Third-party assistance</td>
<td>Contracted assistance from an external source</td>
<td>0-1</td>
<td>Survey</td>
</tr>
<tr>
<td>The default prevention strategies align with those suggested by the USDOE.</td>
<td>Likert scale question indicating level of agreement.</td>
<td>1-5</td>
<td>Survey</td>
</tr>
<tr>
<td>Your office measures the effectiveness of default management strategies.</td>
<td>Likert-type scale question indicating level of agreement.</td>
<td>1-5</td>
<td>Survey</td>
</tr>
<tr>
<td>Your office analyzes data related to students that enter default.</td>
<td>Likert-type scale question indicating level of agreement.</td>
<td>1-5</td>
<td>Survey</td>
</tr>
<tr>
<td>Your office contacts and informs borrowers in a timely manner.</td>
<td>Likert-type scale question indicating level of agreement.</td>
<td>1-5</td>
<td>Survey</td>
</tr>
<tr>
<td>Students leave your institution understanding timeline for repayment.</td>
<td>Likert-type scale question indicating level of agreement.</td>
<td>1-5</td>
<td>Survey</td>
</tr>
<tr>
<td>Your current default management process receives broad support from other offices.</td>
<td>Likert-type scale question indicating level of agreement.</td>
<td>1-5</td>
<td>Survey</td>
</tr>
<tr>
<td>There is a senior administrator (VP or above) who oversees default.</td>
<td>Likert-type scale question indicating level of agreement.</td>
<td>1-5</td>
<td>Survey</td>
</tr>
<tr>
<td>Overall, you are satisfied with your default management effort.</td>
<td>Likert-type scale question indicating level of agreement.</td>
<td>1-5</td>
<td>Survey</td>
</tr>
</tbody>
</table>
compare the effect that a number of different independent variables may have on one dependent variable. Dillon and Smiles (2010) utilized this type of methodology to create models to determine the best predictors of student loan default. In addition, they were able to determine the strength of the relationships of different combinations of variables impacting default. This procedure results in a measure known as the multiple correlation coefficient \((R)\) (Creswell, 2009).

The primary types of multiple regression are stepup, stepdown, and stepwise. Lunenburg and Irby (2008) provide an easily understood description of each by writing:

In *stepup multiple regression*, the predictor that leads to the largest increase in \(R\) is added to the current set until the addition no longer leads to a statistically significant increase. In *stepdown multiple regression*, all possible predictor variables are entered into the analysis first, and then, step by step, the variable that results in the smallest decrease in \(R\) is deleted until a statistically significant decrease occurs. In *stepwise multiple regression*, both the stepup and the stepdown procedures are combined. (p. 82)

When conducting regression analysis one must be cognizant of the fact that correlation should not be construed as cause or explanation (Lunenburg & Irby, 2008). However, the researcher is able to determine the strength of these relationships.

In this study, the regression was used to answer the questions that examined the relationships between default prevention practices and the calculated rate of default. In order to isolate the strongest relationships, the variables were entered into the regression model in blocks. The first block contained the student characteristics and the second included the environmental or institutional variables.
Independent-samples t test. The independent-samples t test is often used to measure the difference between the means of two unrelated groups (Green & Salkind, 2005). The groups must be categorized by two separate variables. The first is referred to as the grouping variable and the second is considered to be the test variable. The t test checks for statistically significant differences in the means of both groups. When utilizing this test larger sample sizes tend to yield more accurate p values (Green & Salkind, 2005).

In this study, the independent-samples t test was used to evaluate the differences between the mean default rates of institutions with a written default management plan and those without. This analysis was also used to help answer the research questions developed for this investigation.

Two-way contingency table analysis. The two-way contingency table or crosstabs analysis is used to measure the relationships between two different variables (Green & Salkind, 2005). The table consists at least two rows and two or more columns. The quantitative variables are categorized and placed into the rows or columns. The crosstabulation evaluates the information contained in the rows and columns and identifies significant relationships between variables.

During this investigation, the crosstabs analysis was used to categorize the participating institutions according to size, default rates, and a variety of other variables. For example, in one instance the institutions were divided into quartiles by default rate to identify specific relationships. Each of the statistical analyses included in Chapter 3 were used to answer the research questions guiding this dissertation.
Assumptions

In order to conduct this study it was assumed that (a) each community college was practicing some form of default prevention; (b) the survey respondents answered the survey completely and accurately; and (c) the default rates published by the NLSDS were correctly calculated and reported.

Limitations

This study is an example of non-experimental research. It has led to results that do not infer causality. Due to the possibility of uncontrollable extraneous variables influencing the dependent variable in this quantitative design, causal inferences have not been made (Ross & Morrison, 2004). In addition, the target population of this study was limited to the public two-year community colleges that are members of NASFAA. Responses were self reported and it was assumed that each question was answered accurately. The results should not be generalized to other types of post secondary institutions.

Summary

This chapter outlines the methodology and the questions developed to guide this research. The 708 public two-year community colleges served as the target population. The directors of financial aid at each institution were invited to complete a brief survey regarding default management practices currently implemented at each of their respective institutions. In an effort to increase the validity and reliability of the instrument a pilot test utilizing a panel of practitioners and scholars was conducted. The final version was administered via the Internet. After the data were collected the statistical analysis was guided by Astin’s (1991) I-E-O model. A regression analysis was used to evaluate the
impact default management practices had on the three-year cohort default rate of the institutions.

Chapter 4 presents the findings resulting from the statistical analysis outlined throughout this chapter. The findings are categorized according to each research question. Chapter 5 concludes this dissertation with a discussion regarding the findings, implications, and recommendations for future research.
Chapter Four

Findings

The current state of the economy, the rising cost of higher education, and the trend of borrowing money to finance a college degree has pushed America’s student loan debt over the $1 trillion threshold. The rapid growth in student loan default has captured the attention of the Federal Government and has continued the threat of sanctions for excessive institutional default rates. Community college officials have responded by implementing strategies to help students understand their obligation for repayment and avoid loan default.

This study examined the impact default management plans had on the three-year cohort student loan default rate at public two-year colleges. In addition, the study examined the Total Quality Management of the plans and default management strategies. Several characteristics relating to the students and institutions were also examined. The default rates were gathered from the National Student Loan Data System (NSLDS) and the institutional data were downloaded from the Integrated Post Secondary Educational Data System (IPEDS). The institutions surveyed as part of this investigation were members of National Association of Student Financial Aid Administrators (NASFAA). The research design outlined in Chapter 3 and the conceptual model detailed in Figure 2 guided the analysis process.

The analyses resulted in four key findings. The first was an overall increase in engagement in default management planning. Over half of the institutions participating in this investigation possessed written default management plans. The second key finding
was an increase in activity aimed at avoiding default in community colleges across the nation. The third was an overall deficiency in the evaluation and administrative oversight as it relates to default aversion. And finally, a majority of the financial aid directors are not satisfied with their institution’s default management effort and view it as a responsibility that lies solely within their jurisdiction.

The results of the survey responses and statistical analyses are presented in text and Statistical Package for Social Sciences (SPSS) tables. The chapter begins with descriptive statistics, continues with the presentation of results by research question, and concludes with a brief summary.

**Descriptive Analysis of Participants**

The population selected for this study consisted of the 708 public 2-year members of NASFAA. The survey was emailed via the NASFAA listserv to the director of financial aid at each member institution. The survey was active for 23 days. Reminders were sent on the 14th and 19th days. A total of 184 surveys were opened and 158 were attempted yielding a response rate equal to 22%. After excluding 15 institutions that did not participate in the direct federal loan program, 18 institutions that did not complete the entire survey, and an outlier (default rate = 50%) 125 were included in the statistical analyses. The outlier created a default rate skew = .84 and kurtosis = 3.61; deleting it changed the figures to .17 and .14 respectively. The respondents represented a population of public two-year institutions from 37 different states. The three-year cohort default rate for the survey population varied in a range of 3.3% to 35.9%. The mean three-year cohort
default rate was 19.1%. This is slightly higher than the national average of 18%. See Table 7 for additional descriptive information regarding the participating institutions.

Table 7

*General Characteristics of Participating Institutions*

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>Range</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of total enrollment that are women</td>
<td>125</td>
<td>31</td>
<td>39</td>
<td>70</td>
<td>57.9</td>
<td>5.8</td>
</tr>
<tr>
<td>Total enrollment</td>
<td>125</td>
<td>49,601</td>
<td>443</td>
<td>50,044</td>
<td>8,939.3</td>
<td>8,391.1</td>
</tr>
<tr>
<td>Full-time enrollment</td>
<td>125</td>
<td>18,604</td>
<td>283</td>
<td>18,887</td>
<td>3,651.8</td>
<td>3,229.3</td>
</tr>
<tr>
<td>Part-time enrollment</td>
<td>125</td>
<td>30,997</td>
<td>160</td>
<td>31,157</td>
<td>5,287.4</td>
<td>5,369.4</td>
</tr>
<tr>
<td>Graduation rate total cohort</td>
<td>125</td>
<td>58</td>
<td>4</td>
<td>62</td>
<td>22.7</td>
<td>12.2</td>
</tr>
<tr>
<td>Percent of full-time first-time undergraduates receiving financial aid</td>
<td>125</td>
<td>72</td>
<td>28</td>
<td>100</td>
<td>75.6</td>
<td>16.5</td>
</tr>
<tr>
<td>Total price for in-district students living off campus 2011-12</td>
<td>121</td>
<td>7,688</td>
<td>4,817</td>
<td>12,505</td>
<td>7,919.8</td>
<td>1,667.5</td>
</tr>
<tr>
<td>Full-time retention rate 2011</td>
<td>121</td>
<td>73</td>
<td>6</td>
<td>79</td>
<td>57.5</td>
<td>8.9</td>
</tr>
<tr>
<td>Part-time retention rate 2011</td>
<td>121</td>
<td>78</td>
<td>7</td>
<td>85</td>
<td>41.6</td>
<td>11.5</td>
</tr>
<tr>
<td>Percent of total enrollment that are White</td>
<td>125</td>
<td>86</td>
<td>8</td>
<td>94</td>
<td>63.8</td>
<td>19.3</td>
</tr>
<tr>
<td>Percent of total enrollment that are Black or African American</td>
<td>125</td>
<td>81</td>
<td>0</td>
<td>81</td>
<td>11.5</td>
<td>12.4</td>
</tr>
<tr>
<td>Percent of total enrollment that are Hispanic/Latino</td>
<td>125</td>
<td>85</td>
<td>0</td>
<td>85</td>
<td>10.6</td>
<td>12.9</td>
</tr>
<tr>
<td>2009 3YR Default Rate</td>
<td>125</td>
<td>32.6</td>
<td>3.3</td>
<td>35.9</td>
<td>19.1</td>
<td>5.7</td>
</tr>
</tbody>
</table>

67
Total enrollment numbers for participating institutions ranged from as low as 443 to just over 50,000. These numbers were downloaded from IPEDS and relate to information reported during the Fall 2011 semester. The mean enrollment was 8,939. The respondents were grouped into five enrollment categories. Forty percent of the respondents represented institutions enrolling between 1,000 and 4,999 students. Table 8 contains the subgroups and enrollment totals.

Table 8

*Grouped Distribution of Enrollment Totals*

<table>
<thead>
<tr>
<th>Enrollment</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>999 or less</td>
<td>3</td>
<td>2.4</td>
<td>2.4</td>
</tr>
<tr>
<td>1000 to 4999</td>
<td>50</td>
<td>40.0</td>
<td>42.4</td>
</tr>
<tr>
<td>5000 to 9999</td>
<td>34</td>
<td>27.2</td>
<td>69.6</td>
</tr>
<tr>
<td>10000 to 19999</td>
<td>27</td>
<td>21.6</td>
<td>91.2</td>
</tr>
<tr>
<td>20000+</td>
<td>11</td>
<td>8.8</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The locations of the institutions included in this study were fairly evenly distributed among the IPEDS classifications of Rural, Town, Suburb, and City. Institutions categorized within the Town category represent the smallest group with a total of 24. Those falling into the City group represent the largest with a total of 40. See Table 9 for the complete breakdown on institutional location.
Table 9

Institutional Location

<table>
<thead>
<tr>
<th>Location</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>34</td>
<td>27.2</td>
<td>27.2</td>
</tr>
<tr>
<td>Town</td>
<td>24</td>
<td>19.2</td>
<td>46.4</td>
</tr>
<tr>
<td>Suburb</td>
<td>27</td>
<td>21.6</td>
<td>68.0</td>
</tr>
<tr>
<td>City</td>
<td>40</td>
<td>32.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The descriptive information presented represents a snapshot of the community colleges completing the survey for this dissertation. The next section of this chapter will utilize additional statistical results to answer each of the research questions that guided this study.

Research Question 1

Do institutional default management plans have an impact on institutional three-year cohort default rates?

Survey responses indicate that more than half (54%) of the participating institutions have written default management plans. The majority of the institutions with plans indicate that they have been in place for two or more years. Approximately 30% of those with written plans also describe them as fairly or very detailed. See tables 10, 11, and 12 for details gathered regarding written default management plans.

Table 10

Written Default Management Plan

<table>
<thead>
<tr>
<th>Plan</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>68</td>
<td>54.4</td>
<td>54.4</td>
<td>54.4</td>
</tr>
<tr>
<td>No</td>
<td>57</td>
<td>45.6</td>
<td>45.6</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Table 11

**Default Plan Implementation Period**

<table>
<thead>
<tr>
<th>Time</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not implemented</td>
<td>4</td>
<td>3.2</td>
<td>5.9</td>
<td>5.9</td>
</tr>
<tr>
<td>1 year or less</td>
<td>21</td>
<td>16.8</td>
<td>30.9</td>
<td>36.8</td>
</tr>
<tr>
<td>2 years</td>
<td>13</td>
<td>10.4</td>
<td>19.1</td>
<td>55.9</td>
</tr>
<tr>
<td>3 years</td>
<td>3</td>
<td>2.4</td>
<td>4.4</td>
<td>60.3</td>
</tr>
<tr>
<td>4 or more years</td>
<td>27</td>
<td>21.6</td>
<td>39.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>68</td>
<td>54.4</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 12

**Institutional Rating of Default Plan Detail**

<table>
<thead>
<tr>
<th>Plan Detail</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very General</td>
<td>11</td>
<td>8.8</td>
<td>16.4</td>
<td>16.4</td>
</tr>
<tr>
<td>Fairly General</td>
<td>19</td>
<td>15.2</td>
<td>28.4</td>
<td>44.8</td>
</tr>
<tr>
<td>Fairly Detailed</td>
<td>30</td>
<td>24.0</td>
<td>44.8</td>
<td>89.6</td>
</tr>
<tr>
<td>Very Detailed</td>
<td>7</td>
<td>5.6</td>
<td>10.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>67</td>
<td>53.6</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

An independent-samples *t* test was conducted to determine the impact a written default management plan has on institutional three-year cohort default rate. The test was found to be statistically non-significant, *t* (121) = 1.42, *p* = .16. The default rates at institutions with a default management plan did not reliably differ (*M* = 19.79, *SD* = 6.41) from those institutions without a plan (*M* = 18.38, *SD* = 4.70).
After reviewing the results of the independent-samples $t$ test, a crosstabulation analysis was used to search for other relationships between the written plan and institutional default rate. Although nothing was found to be statistically significant, the results indicated institutions possessing higher default rates (75th percentile and above) are 10% more likely to have written default management plans than those with lower (25th percentile) rates (see Table 13).

Table 13

*Crosstabulation Default Management Plan/Default Rate*

<table>
<thead>
<tr>
<th></th>
<th>Does your institution have a written default management plan?</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>&lt; 15.2 1st quartile</td>
<td>Count: 19</td>
<td>Count: 12</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% within default rate expected count: 61.3%</td>
<td>% within default rate expected count: 38.7%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% within Does your institution have a written default management plan: 46.3%</td>
<td>% within Does your institution have a written default management plan: 57.1%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% of Total: 30.6%</td>
<td>% of Total: 19.4%</td>
<td></td>
</tr>
<tr>
<td>22.75+ 4th quartile</td>
<td>Count: 22</td>
<td>Count: 9</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% within default rate expected count: 71.0%</td>
<td>% within default rate expected count: 29.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% within Does your institution have a written default management plan: 53.7%</td>
<td>% within Does your institution have a written default management plan: 42.9%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% of Total: 35.5%</td>
<td>% of Total: 14.5%</td>
<td></td>
</tr>
</tbody>
</table>

Another practically significant finding was discovered while running a crosstabulation between default rate quartiles and the use of financial literacy seminars. The analysis
indicated that 77.4% of the institutions with lower default rates utilized literacy seminars compared to 64.5% of those with the highest default rates. This represents a difference of 13%. Table 14 illustrates the results of the analysis.

Table 14

*Crosstabulation Financial Literacy Seminar/Default Rate*

<table>
<thead>
<tr>
<th>Does your institution utilize financial literacy seminars?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 15.2 1st quartile Count</td>
<td>24</td>
<td>7</td>
</tr>
<tr>
<td>% within default rate expected count</td>
<td>77.4%</td>
<td>22.6%</td>
</tr>
<tr>
<td>% within Does your institution utilize financial literacy seminars?</td>
<td>54.5%</td>
<td>38.9%</td>
</tr>
<tr>
<td>% of Total</td>
<td>38.7%</td>
<td>11.3%</td>
</tr>
<tr>
<td>22.75+ 4th quartile Count</td>
<td>20</td>
<td>11</td>
</tr>
<tr>
<td>% within default rate expected count</td>
<td>64.5%</td>
<td>35.5%</td>
</tr>
<tr>
<td>% within Does your institution utilize financial literacy seminars?</td>
<td>45.5%</td>
<td>61.1%</td>
</tr>
<tr>
<td>% of Total</td>
<td>32.3%</td>
<td>17.7%</td>
</tr>
</tbody>
</table>

When considering institutional enrollment in categories of small, medium, and large small institutions, crosstabulation analyses revealed that smaller institutions were more likely to have written default management plans. Refer to Table 15 for statistical details.
Table 15

*Crosstabulation Between Enrollment Categories and Written Plan*

<table>
<thead>
<tr>
<th>Size</th>
<th>Within Categories</th>
<th>Default Plan?</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Yes</td>
<td>No</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>small up to 4999</td>
<td>Count</td>
<td>33</td>
<td>20</td>
<td>53</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% within size3</td>
<td>62.3</td>
<td>37.7</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% within Does your institution have a written default management plan?</td>
<td>48.5</td>
<td>35.1</td>
<td>42.4</td>
<td></td>
</tr>
<tr>
<td>medium 5000 to 9999</td>
<td>Count</td>
<td>16</td>
<td>18</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% within size3</td>
<td>47.1</td>
<td>52.9</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% within Does your institution have a written default management plan?</td>
<td>23.5</td>
<td>31.6</td>
<td>27.2</td>
<td></td>
</tr>
<tr>
<td>large 10000+</td>
<td>Count</td>
<td>19</td>
<td>19</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% within size3</td>
<td>50.0</td>
<td>50.0</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% within Does your institution have a written default management plan?</td>
<td>27.9</td>
<td>33.3</td>
<td>30.4</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>68</td>
<td>57</td>
<td>125</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% within size3</td>
<td>54.4</td>
<td>45.6</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% within Does your institution have a written default management plan?</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Research Question 2**

Do institutional default management practices have an impact on institutional three-year cohort default rates?

Survey responses rating the effectiveness of any and all of the ten practices utilized by participating institutions to manage default indicated that entrance (N=124)
and exit (N=122) counseling were the two most common. The responses also identified third party vendors (M=4.0) and staff dedicated to default prevention (M=3.96) as those perceived to be most effective (Likert-type scale, 1 = ineffective and 5 = Effective).

Table 16 contains the totals for each of the practices in the order in which they appeared in the survey.

Table 16

*Default Management Strategies Implemented and Mean Effectiveness Ratings*

<table>
<thead>
<tr>
<th>Strategies</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrance Counseling</td>
<td>124</td>
<td>1.0</td>
<td>5.0</td>
<td>3.5</td>
<td>.98</td>
</tr>
<tr>
<td>Exit Counseling</td>
<td>122</td>
<td>1.0</td>
<td>5.0</td>
<td>3.4</td>
<td>.98</td>
</tr>
<tr>
<td>Financial Literacy Classes</td>
<td>84</td>
<td>1.0</td>
<td>5.0</td>
<td>3.5</td>
<td>.96</td>
</tr>
<tr>
<td>Early Alert System</td>
<td>71</td>
<td>2.0</td>
<td>5.0</td>
<td>3.7</td>
<td>.82</td>
</tr>
<tr>
<td>Staff Dedicated to Default</td>
<td>77</td>
<td>2.0</td>
<td>5.0</td>
<td>3.9</td>
<td>.76</td>
</tr>
<tr>
<td>Default Team</td>
<td>60</td>
<td>1.0</td>
<td>5.0</td>
<td>3.8</td>
<td>.85</td>
</tr>
<tr>
<td>Emailed Reminders</td>
<td>77</td>
<td>1.0</td>
<td>5.0</td>
<td>3.6</td>
<td>.88</td>
</tr>
<tr>
<td>Telephone Reminders</td>
<td>74</td>
<td>1.0</td>
<td>5.0</td>
<td>3.6</td>
<td>1.1</td>
</tr>
<tr>
<td>Mailed Reminders</td>
<td>97</td>
<td>1.0</td>
<td>5.0</td>
<td>3.4</td>
<td>1.1</td>
</tr>
<tr>
<td>Third Party Vendors Hired</td>
<td>52</td>
<td>1.0</td>
<td>5.0</td>
<td>4.0</td>
<td>.92</td>
</tr>
</tbody>
</table>

A stepwise multiple regression analysis was conducted to determine what impact, if any, the implemented default management practices have on the three-year cohort.
default rate. Results from the stepwise multiple regression show that neither the number of default management practices implemented nor the satisfaction with the practices were significant predictors of the rate of default. In order to further evaluate the impact of the practices, a second regression analysis was conducted.

This time a Best Practice Scale (BPS) was created using the existence of a written plan, length of time for implementation, plan detail (Likert-type scale, 1 = very general – 4 = very detailed), perceived effectiveness (Likert-type scale, 1 = ineffective – 5 = effective), and a composite score for the number of practices implemented. The Cronbach’s alpha for this sample was .85, indicating that this scale produces a consistent measurement 85% of the time. Seventy % (7/10) of the best practice strategies had to be rated in order to calculate an institution’s scale score. The multiple regression results indicated that the BPS was not a significant predictor of the rate of default. Scatterplots were checked and a non-linear regression was conducted to check for masking effects. No curvilinear relationships between the independent variables and default rate were found.

Correlations between the effectiveness ratings of the practices (by those who use them) and default rates revealed one statistically significant finding. Those with higher default rates perceive that their third party default management vendors are more effective than those with a lower institutional default rate (N = 52, r = .29, p = .04).

An independent-samples t test was conducted to further examine the differences between institutions that utilize default management practices and those that do not. Results indicated a statistically significant difference in the average default rate between institutions that email loan payment reminders and those that do not, p = .018 (equal
variances assumed). Those who emailed reminders had higher default rates than those who didn’t remind borrowers. Table 17 illustrates the differences in the average default rate for each.

Table 17

<table>
<thead>
<tr>
<th>Average Default Rates for Institutions Emailing/Not Emailing Reminders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>Yes</td>
</tr>
</tbody>
</table>

Research Question 3

Do financial aid offices utilize data to measure the effectiveness of, and improve, practices implemented to prevent borrower default?

Survey Question 6 was designed to measure the respondents agreement level with statements related to Total Quality Management (TQM) and accountability. Agreement was measured on a Likert-type scale of 1-5 (1=Strongly Disagree and 5 = Strongly Agree). The responses indicated the most agreement with the statement regarding institutional default prevention strategies aligning with those recommended by the USDOE ($M = 3.67$). The statement regarding default management oversight from a senior administrator recorded the least amount of agreement ($M = 2.1$). Responses also show that most of the respondents are not satisfied with their default management efforts ($M = 2.6$). The statement regarding the cross-functional team approach for preventing default was rated almost as low ($M = 2.9$).

Three of the statements contained in Question 6 were specifically included to determine if a Total Quality Management (TQM) approach for managing and improving
default prevention was being utilized. Fewer than half of the financial aid director’s completing the survey agreed, or strongly agreed, with the statements pertaining to TQM. The average agreement levels for each of the nine statements are contained in Table 18. The statements are listed according to the mean score of agreement (highest to lowest).

Table 18

*Level of Agreement with Total Quality Management and Accountability Statements*

<table>
<thead>
<tr>
<th>To what extent do you agree with the statements?</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The default prevention strategies at your institution closely align with those suggested by the USDOE.</td>
<td>123</td>
<td>1</td>
<td>5</td>
<td>3.7</td>
<td>.93</td>
</tr>
<tr>
<td>Your office contacts and informs delinquent borrowers in a timely manner.</td>
<td>124</td>
<td>1</td>
<td>5</td>
<td>3.4</td>
<td>1.1</td>
</tr>
<tr>
<td>Student borrowers leave your institution understanding the timeline for entering repayment.</td>
<td>124</td>
<td>1</td>
<td>5</td>
<td>3.3</td>
<td>.95</td>
</tr>
<tr>
<td>Your office regularly analyzes data related to former students that have defaulted on loans.</td>
<td>124</td>
<td>1</td>
<td>5</td>
<td>3.2</td>
<td>1.1</td>
</tr>
<tr>
<td>The findings from data analyses are used for planning and implementing default management practices.</td>
<td>122</td>
<td>1</td>
<td>5</td>
<td>3.2</td>
<td>1.1</td>
</tr>
<tr>
<td>Your office measures the effectiveness of implemented default management strategies.</td>
<td>120</td>
<td>1</td>
<td>5</td>
<td>3.1</td>
<td>1.0</td>
</tr>
<tr>
<td>Your current default management process receives broad support from other offices on-campus.</td>
<td>124</td>
<td>1</td>
<td>5</td>
<td>2.9</td>
<td>1.1</td>
</tr>
<tr>
<td>Overall, you are satisfied with the default management efforts currently implemented at your institution.</td>
<td>125</td>
<td>1</td>
<td>5</td>
<td>2.6</td>
<td>1.1</td>
</tr>
<tr>
<td>There is a designated senior administrator (VP or above) who oversees default management efforts at your institution.</td>
<td>122</td>
<td>1</td>
<td>5</td>
<td>2.1</td>
<td>1.1</td>
</tr>
</tbody>
</table>
Research Question 4

Do student characteristics have an impact on the institutional three-year cohort default rates?

A stepwise multiple regression analysis was conducted to determine if student input variables predict the institutional rate of default. The characteristics considered were ethnicity, gender, first-time/full-time students receiving aid, and graduation. Although none of the variables were correlated at a statistically significant level, the percentage of full-time, first-time students receiving some type of financial aid produced the strongest correlation (N = 125, r = .80, p = .054). This variable accounted for 6% (zero-order correlation squared) of the variance in default rate. See Table 19 for the remaining input variable results.

Table 19

*Student Variables for Stepwise Multiple Regression*

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of total enrollment that are White</td>
<td>-.05</td>
<td>-.18</td>
<td>-1.7</td>
<td>.10</td>
</tr>
<tr>
<td>Percent of total enrollment that are women</td>
<td>-.06</td>
<td>-.06</td>
<td>-.56</td>
<td>.58</td>
</tr>
<tr>
<td>Percent of full-time first-time undergraduates receiving financial aid</td>
<td>.07</td>
<td>.22</td>
<td>1.9</td>
<td>.05</td>
</tr>
<tr>
<td>Graduation rate total cohort</td>
<td>-.07</td>
<td>-.14</td>
<td>-1.3</td>
<td>.21</td>
</tr>
</tbody>
</table>

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**Research Question 5**

Do institutional characteristics have an impact on the three-year cohort default rate?

Multiple regression analysis was conducted to determine if institutional variables including percentage of minority enrollment, percentage of females, full-time retention rate, total enrollment, location (urbanization), and cost of attendance predict the rate of default. The results were not statistically significant (see Table 20).

Table 20

*Institutional Variables for Stepwise Multiple Regression*

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Percent of total enrollment Black or African American</td>
<td>.03</td>
<td>.042</td>
<td>.07</td>
<td>.70</td>
</tr>
<tr>
<td>Percent of total enrollment Hispanic/Latino</td>
<td>.06</td>
<td>.02</td>
<td>.15</td>
<td>1.5</td>
</tr>
<tr>
<td>Percent of total enrollment women</td>
<td>.001</td>
<td>.10</td>
<td>.00</td>
<td>.01</td>
</tr>
<tr>
<td>Full-time Retention Rate 2011</td>
<td>-.11</td>
<td>.07</td>
<td>-.18</td>
<td>-1.7</td>
</tr>
<tr>
<td>Total Enrollment Fall 2011</td>
<td>.00</td>
<td>.00</td>
<td>-.17</td>
<td>-1.2</td>
</tr>
<tr>
<td>Urbanization</td>
<td>.21</td>
<td>.50</td>
<td>.05</td>
<td>.42</td>
</tr>
<tr>
<td>Total price for in-district students living off campus</td>
<td>-2.9</td>
<td>.00</td>
<td>-.001</td>
<td>-0.00</td>
</tr>
</tbody>
</table>
Open-Ended Question Responses

In an effort to enrich the data analysis and strengthen the quantitative findings of this investigation, two open-ended questions were added. The comments were read and grouped according to content.

Question 6 asked each respondent to indicate what effect the transition from a two-year to three-year default rate calculation would have their default management practices. After removing the responses of those who do not participate in the Federal Loan Program, a total of 93 responses were carefully read and categorized. The category with the most responses included comments regarding the expansion and improvement of existing practices. Comments within this category included statements indicating that the three-year calculation has increased the institutional default rate. Many indicated that their existing practices required improvement and new strategies should be added. Typical comments in this group are summarized by this particular response, “Transitioning to the 3-year CDR will require our institution to take a serious look at our current default prevention strategies and enhance them to deal with the increasing number of students in default.”

The second largest group reported that the change would have no impact on current practices. One financial aid director wrote, “Will have no effect. We work very hard one on one with our student borrowers to keep loan indebtedness down and have for quite some time. We will continue the same regardless of the change in default rate calculation.” Four of the participants acknowledged that their three-year default rate already exceeds the 30 percent threshold proposed by the USDOE. Others indicated that
default is considered to be an issue for the financial aid office and the problem receives very little attention from their supervisors or other offices on campus.

Overall, the responses to this question imply that the participants understand the change and are taking action to address it. A few directors did make note of the lack of resources in terms of budget and personnel and therefore cited that as a reason for not improving effort. See Table 21 for the list of categories and the totals for each group.

Table 21

Open-Ended Survey Question 6

<table>
<thead>
<tr>
<th>Category</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand, analyze, and improve current practices</td>
<td>31</td>
</tr>
<tr>
<td>No effect on current practices</td>
<td>20</td>
</tr>
<tr>
<td>Hire a third party to manage default</td>
<td>12</td>
</tr>
<tr>
<td>Implement a default management plan</td>
<td>9</td>
</tr>
<tr>
<td>Rate will increase (did not address practices)</td>
<td>8</td>
</tr>
<tr>
<td>Establish a default management team</td>
<td>6</td>
</tr>
<tr>
<td>Increase attention of upper-level administration</td>
<td>4</td>
</tr>
<tr>
<td>Not sure</td>
<td>3</td>
</tr>
</tbody>
</table>

Question 7 concluded the survey by asking each director to identify the one thing that their college could do to improve their default management effort. After removing the responses from institutions that do not participate in the Federal Loan Program, 99 comments were carefully read and placed into themed categories.
The category with the most responses included comments regarding the need for additional staff. This also coincides with some of the comments gleaned from Question 6 describing the need for help. This category is best summed by comments like “we need to increase staffing in order to address default management.” The second largest category indicates a desire for more control over the loan disbursement process. Comments contained in this category call for new federal policy that gives the financial aid director the authority to deny loans based on previous default or poor academic performance. One director wrote:

Schools need to be given additional tools to prevent loan indebtedness. We should be able to establish smaller aggregate limits for students in certain programs. We need more freedom to deny loans to students who have, and are at high risk for defaulting.

Others state that students should have to successfully pass a semester of coursework prior to loan approval. Many responses express that they would like the USDOE to change current policy.

The third largest group calls for more personal contact and in increase in borrower education. Several of the comments in this category cite a lack of confidence in online and mailed information. Directors state that face-to-face education in financial literacy and loan regulations would be helpful. With the exception of the “nothing” category consisting of three responses, the remaining groups were relatively equal in number. Hiring a third party to manage default is fairly self-explanatory as it places the responsibility of managing defaulters on someone outside of the financial aid office. The responses regarding the implementation of a team approach to default management
contain references to leadership. Several of the comments imply that the process requires increased attention from upper-level administration. Table 22 contains the categories and totals for each group.

Table 22

*Open-Ended Survey Question 7*

<table>
<thead>
<tr>
<th>Category</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Need additional staff</td>
<td>27</td>
</tr>
<tr>
<td>Limit student borrowing and deny loans</td>
<td>19</td>
</tr>
<tr>
<td>Increase engagement and borrower education</td>
<td>14</td>
</tr>
<tr>
<td>Hire a third party vendor</td>
<td>13</td>
</tr>
<tr>
<td>Focus on retention and/or student success</td>
<td>12</td>
</tr>
<tr>
<td>Implement a team approach</td>
<td>11</td>
</tr>
<tr>
<td>Nothing</td>
<td>3</td>
</tr>
</tbody>
</table>

**Summary of Analyses**

The frequencies and descriptive analyses have provided information regarding (a) default management plans, (b) institutional characteristics, (c) default management strategies, and (d) process management and accountability practices related to default management. In terms of plan existence, over one-half of the participants actually have a written plan for managing student loan default.

Findings regarding the existence of strategies considered to be best practices indicate that nearly all of the participants are providing entrance and exit counseling for loan recipients. The majority of them have implemented 7 out of 10 of the practices listed
in the survey. In terms of process management practices related to TQM, fewer than half of the respondents agree with a statement regarding the regular collection and analysis of data as part of an effort to measure the effectiveness of and improve the quality of their default management practices.

Regression analyses were conducted to further understand the impact that institutional and environmental independent variables have on the three-year cohort student loan default rate. The independent variables were organized into three groups and entered into the stepwise multiple regressions in blocks. The multiple regression analyses did not reveal any statistically significant predictors of institutional default rate.

In order to further scrutinize the data gathered, additional quantitative analyses were conducted. Findings indicated (a) smaller institutions are more likely to have written default management plans, (b) institutions with lower default rates are 13% more likely to have financial literacy programs, and (c) institutions with higher default rates are more likely to written default management plans. The findings from the statistical analyses are substantiated by the qualitative information collected from the open-ended survey questions. The results provide a snapshot of the current state of default management in two-year public community colleges.

In summary, the findings suggest that engagement in default management planning and prevention has recently increased. Although the effort has improved, there appears to be a lack of evaluation and upper-level administrative oversight. And finally, the majority of the financial aid directors that participated in this investigation are not
satisfied with their institution’s current default management effort. Chapter 5 includes a
discussion of the findings, implications for practice and policy, and recommendations for
future research.
Chapter Five

Discussion, Recommendations, and Conclusion

The purpose of this study was to determine whether the existence of a written default management plan in public two-year colleges has any impact on the institutional three-year cohort student loan default rate. This investigation also examined efforts related to measuring and improving the effectiveness and quality of default management plans and practices. Finally, the relationships among the student loan default rates, institutional characteristics, and student demographics were considered.

Research regarding default management is sparse and consists mainly of single state studies. In order to gain a national perspective on community colleges, a survey was developed and administered to the public two-year community colleges belonging to the National Association of Student Financial Aid Administrators (NASFAA). The survey was emailed to the financial aid directors at each member institution. The primary research questions guiding this study were:

1. Do institutional default management plans have an impact on institutional three-year cohort default rates?
2. Do institutional default management practices have an impact on institutional three-year cohort default rates?
3. Do financial aid offices utilize data to measure the effectiveness of and improve default management plans and practices?
4. Do student characteristics have an impact on the institutional three-year cohort default rates?
5. Do institutional characteristics have an impact on the three-year cohort default rates?

In terms of impact on the three-year cohort default rate, the results of this study suggested that the percentage of first-time college students receiving financial aid is the strongest predictor. Although the multiple regression analyses and the additional quantitative findings were not rich in statistical significance, the data did reveal practical findings that add to the existing body of research regarding default management. This chapter also includes recommendations and a conclusion.

Written Default Management Plans

Based upon the literature review, the researcher hypothesized that institutions participating in this study disclosing the existence of a written default management plan would have a lower three-year cohort default rate than those operating without the direction of a plan. The results of an independent-samples $t$ test comparing the mean default rates between these two groups failed to establish a statistically significant difference. Therefore, this analysis failed to reject the null hypothesis. Although the existence of the plan was not found to be a significant predictor of default, the results of further analyses did provide new information pertaining to the current state of default management planning in community colleges.

Evaluating the survey results regarding the written default management plans determined that over half (54%) of the participants reported that their colleges have a written default management plan. This finding does not align with some of the more recent literature regarding default management in community colleges (Hadley, 2011; Salas-Amaro, 2008; Smith, 2003). Each of these previously cited inquiries determined
very few of the institutions studied were following written default management plans. Given the date of Smith’s (2003) investigation, one might assume that his findings are irrelevant because his study was conducted prior to the transition to direct lending. This assumption is negated by some of Smith’s (2003) findings. He found that some of the institutions included in his investigation with lower default rates had reduced them by implementing internal educational programs for their borrowers.

In terms of plan detail, survey responses indicated approximately one-third of the institutions with plans labeled their plans as fairly or very detailed. These findings are also different from those reported by Hadley (2011) and Salas-Amaro (2008). Both researchers cited a lack of detail in the few plans they found in existence. These findings demonstrate that community colleges across the country have begun to create action plans as a means to address the growth in the rate of student loan default. This growth was supported further by the results of a cross-tabulation analysis. Table 13 shows that institutions with higher default rates are 10% more likely to have a written plan than those with lower rates. This seems logical. If the default rate is increasing quickly, something must be done to gain control. Due to the threat of sanctions institutions with high default rates must engage in default prevention to reverse the trend. Additional support for the increase in planning was found in several responses to the open-ended survey question pertaining to the three-year default rate calculation. The largest category of responses clearly expressed the need for a more serious and detailed approach to default prevention. Directors clearly articulated that their efforts were increasing immediately. One director wrote, “our default rate quadrupled, we put a plan in place immediately.”
A crosstabulation between institutional size (fall enrollment) and the existence of a default management plan revealed that the smaller institutions included in this study were more likely than their larger counterparts to have written plans. Although size was not determined to be a predictor of default in this study, the professional experience of having worked in student services for a small community college for 18 years leads this researcher to believe that smaller enrollment and fewer students receiving loans leaves more time for preparation and planning. Smaller size allows upper-level administrators to have more direct interaction with directors. Therefore, administration is more likely to be involved in departmental operations on a more personal level. This researcher believes administrative involvement leads to a better understanding of needs, challenges, and opportunities. It is also easier for an upper-level administrator to deal with institutional politics.

The results of this study clearly indicate that many of the public two-year community colleges have begun engaging in the default management process. The findings suggest two probabilities for the recent increase in the attention given to default management. The first is the change in the default rate calculation. The shift from a two-year default period to a three-year period has elevated the rate of default for many colleges. In 2011, the default rate range (two-year cohort default rate) for the community colleges Hadley studied was 7.6 to 11.7 percent. The default rate rates (three-year cohort default rate) for the public two-year community colleges in this study ranged from 3.3 to 35.9 percent.

This researcher believes that the second cause is the continued threat of sanctions from the United States Department of Education (USDOE). Institutions with three-year
default rates exceeding 30 percent are forced to develop plans provide regular updates to
the USDOE. As this study confirmed, it is particularly threatening for institutions with
large populations of first-time, full-time students receiving any type of financial aid.

**Default Management Practices**

A stepwise multiple regression found that neither the number of default
management practices implemented nor the satisfaction with the outcome of these
practices was a significant predictor of the institutional default rate. In order to further
evaluate the possible impact of the implemented practices, a second analysis was
conducted using a Best Practice Scale (BPS). The scale was created by using the
existence of a written plan, length of implementation, plan detail (Likert-type scale, 1 =
very general – 4 = very detailed), the perceived effectiveness (Likert-type scale, 1 =
ineffective – 5 = effective), and a composite score for the number of practices
implemented. Seventy percent (7/10) of the best practice strategies had to be rated in
order to calculate an institution’s scale score. A multiple regression determined that the
BPS was not a significant predictor of default rate. Although the multiple regressions did
not produce statistically significant results, additional analyses of survey responses
provided a few additional findings.

A crosstabulation between institutional default rates and the existence of financial
literacy seminars revealed a “practically” significant finding. Institutions contained in the
lowest quartile of default rates were 13% more likely to use financial literacy as a
strategy for reducing default than those possessing the highest rates of default. Although
this finding was not statistically significant, it suggests that financial literacy is a
strategy worth considering. Xavier University provides a component of financial literacy within their personal entrance and exit counseling sessions (Dervarics, 2011).

It was not surprising that survey responses identified entrance (N=124) and exit (N=122) counseling as the two most implemented strategies. Both of these activities are required by the USDOE as part of the direct lending process. This finding was also discovered in three of the previously cited studies regarding default management (Hadley, 2011; Salas-Amaro, 2008; Smith, 2003). Although entrance and exit counseling were found to be the most common, the mean rate of satisfaction on a 1-5 Likert-type scale is 3.5 and 3.4 respectively. Practitioners rated both practices just below the “somewhat effective” category. This finding aligns with some of the literature but not all. Dervarics (2011) highlighted a case where a default manager used an uniquely personal approach to improve effectiveness. When commenting on entrance and exit counseling in the open-ended survey questions, some of the respondents mentioned that they use technology to educate and communicate with borrowers.

The respondents that hire third party vendors have staff dedicated to default prevention, and have default management teams rate each of these practices as being effective. This finding is similar to those found in previous research. These three concepts are also part of the list of best practices compiled by Dillon and Smiles (2010).

One of the most successful default management efforts documented in the literature was implemented by 12 HBCU’s in Texas (Dillon & Smiles, 2010). While summarizing this effort, the authors labeled the cross-departmental default management team as an essential component of the default management equation. The idea of a cross-departmental team distributes the responsibility for default prevention and ensures a
campus-wide support. Reviewing the “one thing” (open-ended Question 7) survey respondents would do to improve their default management effort shows that financial aid directors tend to view default management as a function of their offices. The top three response categories identified in Table 22 declared a need for additional staff, more control, and increased personal contact to educate borrowers. These responses suggest that a campus-wide team assembled to address this problem is not a top-of-mind solution for these directors.

While conducting additional analyses between implemented practices and the ratings of effectiveness, two statistically significant findings emerged. The first was a correlation ($r = .29, p = .04$) indicating that institutions with higher default rates perceive third party default management vendors to be more effective than those with lower default rates. The second was found after running an independent-samples t test ($p = .018$) that examined the difference in default rate means between those who emailed default reminders and those who did not. This finding established that participants emailing reminders had a higher student loan default rate than those who did not send reminders. The qualitative responses suggest that emailing is one way an overloaded staff can attempt to address the default issue in a relatively quick and economical way. Over three-fourths (77%) reported mailing payment reminders to borrowers, yet this practice consistently received the lowest effectiveness rating. The literature confirms that sending messages via email has been found to consume fewer resources than other forms of communication (Butin, 2010; Schonlau et al., 2002). Answers to open ended question 6 suggest that the existence of bad email addresses reduces effectiveness. Staff members
simply do not have the time or resources to search and track students that have left the institution and not provided current contact information.

The survey responses regarding default management practices support the conclusion that institutions with higher default rates have begun to plan and take corrective action to better manage/prevent default. Qualitative information from the open-ended question responses provided additional support. Several directors expressed a need to increase efforts aimed at default prevention.

**Process Management and Accountability**

Survey responses pertaining to process management and accountability suggest that the majority of financial aid directors responding to the survey agree with the statement declaring that their default management practices are aligned with those recommended by the USDOE. This finding contradicts those found in two of the more recent studies regarding default management in community colleges (Hadley, 2011; Salas-Amaro, 2008). Community college financial aid directors in two different states reported little or no alignment with the USDOE’s recommendatory list of default management practices. This shift may be due to the rapid increase in borrower default in community colleges across the country. Directors are perplexed by this trend, challenged by a lack of resources, and struggling to find ways to improve results.

When asked if default management oversight was provided from a senior administrator (vice president level or above), the respondents disagreed. In fact, this statement recorded the least amount of agreement ($M = 2.07$, 1-5 Likert-type scale) of any contained in Question 5. This finding was embellished by several of the comments made in the open-ended survey questions. Several of the responses identified a deficiency
in upper-level administrative oversight and support. This finding could be linked to an earlier discussion regarding administrative involvement in financial aid operations. If the financial aid director’s immediate supervisor is not aware of the default management effort occurring on campus, it would be difficult to leverage support. It is very possible that this finding may be the reason some directors do not consider the cross-departmental default management team as a viable solution to this problem. It also augments the perception that this is a financial aid problem as opposed to an institutional endeavor.

Three of the statements contained in Question 5 were included to determine if a Total Quality Management (TQM) approach for managing and improving default prevention was being utilized. Agreement was measured by a Likert-type rating scale of 1-5 (1 = Strongly Disagree and 5 = Strongly Agree). Fewer than half of the financial aid directors completing the survey agreed, or strongly agreed, with the statements pertaining to TQM. This finding is similar to that which was found by Hadley (2011). She determined that financial aid offices in a Midwestern state were not utilizing a TQM approach while implementing default management practices. She cited limited staffing and increased enrollment as two of the possibilities for preventing staff from measuring the effectiveness of the default management effort.

The key principles of TQM are leadership, scientific method, and problem-solving through teamwork (DeJager & Nieuwenhuis, 2005). The researcher found the level of agreement with the survey statements regarding TQM to be cause for concern. Intervention without result is a waste of time and resources. The only way to determine the impact of a default management strategy is to evaluate its effectiveness. The same holds true for the default management plan. This may be another finding related to the
lack of support from an upper-level administrator. Administration must be actively involved in the process. As noted, the TQM process requires the support of a leader. TQM also fosters collaboration, measures effectiveness and promotes improvement. The final measurement of quality in this effort is the rate of default.

Overall, fewer than one-third of the financial aid directors that completed this default management survey are satisfied with their default management effort. This finding is overwhelmingly supported by the open-ended survey question responses proclaiming the need for enhancement in the default prevention effort. The need for improvement was matched by the demand for additional resources. TQM provided an applicable theoretical framework for organizing this research and it is very useful for continuously improving a default management process.

**Student Characteristics**

While completing a stepwise multiple regression analysis guided by Astin’s (1991) Input-Environment-Output Model (I-E-O) to determine if student variables predict the institutional rate of default, a correlation was found with the full-time, first-time students receiving some type of financial aid (.054, p<.05). Although the correlation was not found to be statistically significant at alpha level .05, it was extremely close. This variable accounted for six percent (zero-order correlation squared) of the variance in institutional default rate. This finding is supported by a few of the studies included in the borrower characteristic section of Chapter 2.

Several researchers found relationships between student characteristics related to financial need and first generation college attendance (Christman, 2000; Flint, 1997; Knapp & Seaks, 1992; Volkwein & Szelest, 1995). This study did not produce a strong
correlation between student characteristics such as gender, ethnicity, and graduation rate. However, some of the studies reviewed in Chapter 2 did report correlations among these variables (Christman, 2000; Herr & Burt, 2005; Montverde, 2000; Steiner & Tym, 2005; Woo, 2002). One possible explanation may be that this study utilized aggregated data from IPEDS and NSLDS as opposed to that which is specific to the student defaulters at each participating institution. Christman (2000) concluded that the characteristics students bring to the post-secondary institutions they attend are the most reliable predictors of default. Given the number of institutions surveyed as part of this investigation, it would have been difficult to gather specific demographical information pertaining to the defaulting students from each of the participating institutions.

**Institutional Characteristics**

Institutional characteristics including percentage of minority enrollment, percentage of females, percentage of first-time students receiving aid, full-time retention rate, total enrollment, location (urbanization), and cost of attendance represented one block of the environmental variables (Astin, 1991) used in a stepwise multiple regression analysis. None of the characteristics were determined to be significant predictors of default. Despite the lack of significance, the percentage of first-time students receiving aid had the strongest correlation ($p = .08$). This finding is supported by the research cited in the literature review (Christman, 2000; Katsinas et al., 2003; Long & Riley, 2007; Phillipe & Patton, 2000) and the correlation noted previously in the student characteristic section of this Chapter.

A review of the literature, suggested that some of these characteristics would predict default. Previously cited research established that community colleges tend to
have higher default rates than their four-year counterparts because they are accessible and open-enrollment institutions (Katsinas et al., 2003; Podgursky et al., 2002; Woo, 2002). In 2010, Dillon and Smiles conducted a similar analysis that was only able to account for 15% of the variability in default rates of community colleges. When they ran the same analysis on the four-year institutions in their study, they were able to account for 62% of the variability.

The findings regarding institutional characteristics would have been different if descriptive data regarding defaulters at each institution were included in this study. Furthermore, it also probable other unmeasured variables such as local economic conditions, institutional budgets, and staffing levels might yield a different result.

Recommendations for Practice and Policy

In September of 2012, the USDOE issued a press release in which the Secretary of Education made a statement indicating that institutions of higher learning will be held accountable for making sure that students do not incur excessive debt (USDOE, 2012c). In 2014, institutions with three-year student default rates exceeding 30% will be subject to sanctions issued by the USDOE (Moltz, 2011). Recent studies have shown that community colleges have not implemented default management plans recommended to address the rapid increase in student loan default (Hadley, 2011; Salas-Amaro, 2008; Smith, 2003). This study illustrated the current state of default management in community colleges from a national perspective. As a result, implications were formulated for financial aid practitioners, upper-level administrators, and policy makers.

Recommendations for financial aid directors. The findings of this study suggest that data collection, measuring effectiveness, and process improvement have
been found to reduce the rate of default (Dillon & Smiles, 2010). The answers to the first research question imply that the creation of plan is only a prelude to a comprehensive default management effort. The mere existence of a plan was not found to be a significant predictor of default rates. Results from the second question suggest that the required, easily implemented, and less personal practices such as emailed reminders, online counseling, and mailed information are considered to be less effective. Strategies that foster engagement and include a cross-campus systemic approach such as default management teams and financial literacy workshops received higher ratings of effectiveness. Directors consistently rated the team approach to default management as one of the most effective. Ironically, the majority perceived the default management process to be a financial aid office function. This perception may stem from a lack of administrative and institutional support. Breaking political barriers is extremely difficult for a director. It is imperative that an upper-level administrator be intimately involved in establishing and monitoring the default management effort. Directors must involve the executive leadership team in decisions related to default aversion. Highlight the ramifications for students and the institution.

Findings also suggest that the effectiveness of a default management effort should be consistently monitored and evaluated. Data regarding students that default should be collected and analyzed as part of an ongoing effort to better understand those at risk for default. This information is essential to the process of creating some type of prediction model. TQM is widely used in higher education and provides a theoretical basis for ensuring the required level of effectiveness. Even though results indicate a lack of process management, qualitative data provide evidence suggesting that directors
understand the importance of enhancing and improving the default management process. Begin the process by compiling progress reports. Establish goals, identify strategies, implement them, and periodically measure progress.

The findings of the two research questions relating to student and institutional characteristics offer insight into variables that were found to impact default. The variable found to have the strongest correlation to the rate of default was the percentage of first-time, full-time students receiving financial aid. Information like this is crucial to the creation of an early alert system. Steiner and Tym (2005) developed a model using variables such as first-time students receiving aid to predict the likelihood of default. As mentioned earlier, demographic information regarding students who have defaulted provides essential data for flagging at risk borrowers. Financial aid directors must have an understanding of the factors influencing default at their institutions.

Recommendations for upper-level administrators. Research has shown that cross-functional collaborative default management efforts effectively reduce institutional default rates (Dillon & Smiles, 2010). The directors responding to this default management survey clearly identified the need for support and assistance from the vice presidential level or above. Both quantitative and qualitative findings illustrated that the directors participating in this study perceive default management to be a financial aid responsibility. The open-ended responses were plagued with pleas for additional help. This is not an original finding; requests for additional staffing, resources, and support were also prominent in some of the most recent research conducted on this topic (Hadley, 2011; Salas-Amaro, 2008). The development of a cross-departmental team will undoubtedly help to suppress some of the proverbial load placed on the financial aid
staff. It may also suppress the need for additional staff. Support from upper-level administration is crucial. It creates a sense of support and shared responsibility.

Implement financial literacy programs by partnering with local banks and financial institutions. Many will provide these types of seminars free of charge. Involve faculty by creating early alert systems for all students. Seek their help in identifying students that are struggling or not showing up for class. Successful students are more likely to avoid default (Flint, 1994).

What really matters is how, and to what extent, data are collected and analyzed to evaluate and continuously improve the default management plan. The responses in this study suggest that little is being done to measure the effectiveness of the strategies implemented to prevent or reduce default. Upper-level administrators must ensure that directors are implementing TQM as a framework for managing and continuously improving the default management process (Hadley, 2011). TQM is relatively easy to implement and is widely used throughout the field of education (DeJager & Nieuwenhuis, 2005). It doesn’t make sense to continue practices that do not accomplish the goal. Start asking questions related to measurable results. Monthly progress reports will help to plant the seed.

**Recommendations for policy makers.** The responses to this study have implications for policy makers at all levels. The literature review has identified many of the student characteristics known to influence default (Christman, 2000; Steiner & Teszler, 2005; Woo, 2002). Others have provided models for predicting default (Steiner & Tym, 2005). However, the Federal Direct Lending Program (FDLP) does not provide guidelines for limiting or restricting borrowing at the institutional level. Several of the
financial aid directors responding to the open-ended question inquiring about the “one” thing that could be done to improve the default management effort clearly expressed the need for more control in the lending process. One director wrote, “Identifying those who are a high risk for default isn’t difficult, the problem is not being able to do anything about it.” The current guidelines for direct lending give very little control to the institutions, yet they are still held accountable for default. In 2000, Christman made the same argument when she wrote of the irony of holding an institution responsible for something over which they have very little control. Based on these findings, the threat of sanctions, and the national desire for reduced default the USDOE should consider eliciting suggestions for new guidelines that allow for the ability to reasonably restrict lending in a manner that would not impede access. This researcher believes the idea is certainly worthy of a national conversation. Legislative leaders attending to this issue should contact the president of NASFAA to begin the conversation. NASFAA has access to financial aid directors across the country. Their input may help to provide a solution for this national problem.

On a local level, the results of this investigation suggest that institutional leaders must assess their current default management effort and elicit input regarding policy that will assist in the endeavor. For many, the most obvious would be to create a cross-functional team assigned the task of creating an action-oriented plan for helping borrowers avoid default. This type of effort would provide the increase in support that directors are calling for. Given the scrutiny financial aid offices face during federal Title IV audits, it may not be wise to ignore their call. The research has established that the
A systemic approach can be effective (Dillon & Smiles, 2010). The directors do not have the power to assemble such a team. Support them with institutional appropriate policies.

**Recommendations for Further Research**

The first recommendation for future research is to replicate this study within three to five years. The findings in this study suggest that default management efforts within public two-year community colleges have recently increased. As was previously mentioned, this represents a change from some of the more recent research regarding this topic (Hadley, 2011; Salas-Amaro, 2008; Smith, 2003). The primary impetus for this recent increase is the change from a two-year to three-year default rate calculation. The secondary cause is the continued threat of sanctions adjudicated by the USDOE. Either way, it is probable that changes in federal policy have increased the attention being given to this issue. Given that the majority of the existing default management plans are in their infancy, the results of an inquiry such as this may yield a different result over time. It is also possible that continued fluctuation in the nation’s economy would elicit additional findings. A longitudinal perspective might also identify other variables and strategies that have significantly impacted default.

A second recommendation for further research is to increase the scope of this inquiry by collecting copies of the existing written default management plans. A document analysis would allow the researcher to provide a first-hand description of the strategies and practices contained in the default management plans from each community college. Analyzing plans would also assist with the identification of plan differences or similarities while providing the opportunity for a comparison using a variety of
institutional variables. The majority of the directors with plans responding to the survey instrument developed for this study indicated their plan was aligned with the example provided by the USDOE. If the actual plan documents were collected, the alignment could have been examined with greater scrutiny. A clearer understanding of default plan content would also increase the depth of future inquiry.

A third recommendation for further research is to administer the default management survey to the upper-level administrator (vice president level or above) providing oversight to financial aid at each of the participating institutions. This would provide the researcher with a better understanding of the level of default management support financial aid directors are receiving from their direct supervisors. Overall, the findings of this study allude to a lack of administrative support. Most reported that default management is a financial aid responsibility. As discussed earlier, this perception may be due to the inability to leverage additional help. The literature clearly indicated that the most successful default management efforts utilize a collaborative approach.

A final recommendation is to include public four-year institutions in a similar study. This would allow the researcher to compare and contrast the default management efforts from both the two-year and four-year perspective. The rising cost of higher education and the rapid growth in student debt is cause for national concern. Practitioners, administrators and policy makers would likely benefit from knowing what is being, and could be done, to reduce default. This information might prevent institutions from facing sanctions from the USDOE and help students avoid poor credit ratings, wage garnishment, and possibly prosecution. The expansion to include both institutional types
would also provide a broader perspective of the current state of default management in public higher education across the country.

**Conclusion**

The perfect storm created by the current economy, the rising cost of higher education, and the shift to loans as the primary source for financing a college degree has magnified both the need and demand for a comprehensive approach to default management. Student borrowers need to be better informed. Many are borrowing more than they need. This is a cultural problem that cannot be deferred for five to ten years. This is a pivotal issue that requires nationwide attention today.

The findings of this study provide information for institutions struggling to address the rapid increase in student loan default. After analyzing the data gathered from 125 public two-year community colleges representing 37 different states, it is evident that the default management effort is receiving increased attention. Survey results indicated that over half (54%) of the respondents have a written default management plan and approximately one-third of the institutions with plans labeled their plans as fairly or very detailed. The institutions with higher default rates were more likely to have written plans. Six consecutive years of default rate increases has definitely captured the attention of the directors responsible for disbursing federal loans.

The default management literature indicates cross-functional default management teams that are lead by an administrator with oversight responsibility, is an essential component of a plan for reducing student default (Dillon & Smiles, 2010; Hadley, 2011; Salas-Amaro, 2008). The perceptions of directors participating in this investigation indicate that financial aid offices are shouldering the brunt of the default management
burden. The qualitative comments substantiate this conclusion. As a result, directors consistently express the need for additional staff. Executive level leaders need to delegate some of the responsibility by facilitating the creation of a holistic approach to default prevention. Leaders must foster a sense of shared responsibility.

Coupled with a perceived deficiency in support is the absence of a process for measuring effectiveness and improving quality. Figure 2 contains a conceptual model for this study that is framed in TQM. The literature identifies TQM as a widely utilized and applicable method for measuring effectiveness and continuously improving educational processes (DeJager & Nieuwenhuis, 2005; Hadley, 2011). Less than half of the directors with default management plans agreed with statements pertaining to a process like TQM. Directors need to understand what is working and what is not. Resources for this effort are scarce. Action without result is a waste of time and money. Institutional leaders must do all they can to provide feasible assistance in this endeavor.

Default management planning has become an essential practice for institutions disbursing federal student loans. The process requires much more than online entrance and exit counseling and a couple of emailed reminders. This investigation highlighted the necessity for effective communication and personally engaging strategies that provide student borrowers with a deeper knowledge of the obligations they incur. Student loan default may have a negative impact on the defaulter’s credit for years to come.

Financial literacy workshops, early alert systems, and personal counseling are among the default management strategies recommended by this investigation. The process requires a high level of understanding and commitment from the entire institution (Dillon & Smiles, 2010). Default management is everyone’s problem. Institutional
credibility is at stake. Due to lower state subsidies, increased tuition, and current federal policy the amount of student loan debt in this country will continue to increase each year. Students must understand the repayment process and the ramifications for not fulfilling their obligations.

By illustrating the default management effort in public two-year community from a national perspective, this study presented a broad view of the ongoing struggle to address the issue of student loan default. More importantly, this study provides new knowledge regarding the management and prevention of student loan default. The student debt crisis may not be the next housing bubble, but it does represent a cultural problem that may negatively impact the financial credibility of students and the institutions they attend. Financial aid offices need help from every facet of the institutions they serve. Default management is everyone’s issue. The current level of loan debt is over $1.1 trillion and it is increasing by $2,500 every second.


Appendix A

Permission to Duplicate Portions of Hadley Dissertation Survey

From: Mari Hadley
Sent: Friday, October 05, 2012 11:40 AM
To: Randell Daniels
Subject: Re: Dissertation Regarding Default Management

Randy,
You are not bothering me. I am honored that you are using my dissertation. You have my permission to use any parts of the dissertation that will assist in the completion of your own dissertation. Is there anything I need to sign or send officially to supplement the dissertation.
I would be honored to be on the panel. Just let me know what I need to do.
Are you using Survey Monkey for the survey or another instrument? That is what I used and it was easy to capture the data.
Mari
Appendix B

Survey of Existing Default Management Plans and Practices

National Student Loan Default Survey

ADULT RESEARCH - INFORMED CONSENT INFORMATION
Managing Student Loan Default: A National Study of the Impact of Institutional and Student Characteristics on Three-Year Default Rates
Principal Investigator: David Meabon, Associate Professor, Dept. of Educational Leadership 419-530-2666;
Randell Daniels, Graduate Student Researcher, A.B.D., 734-384-4224

Dear Community College Financial Aid Director:
Your school has been selected to participate in a research project entitled, Managing Student Loan Default: A National Study of the Impact of Institutional and Student Characteristics on Three-Year Default Rates which is being conducted at the University of Toledo under the direction of Dr. David Meabon. It involves completing a survey pertaining to student loan default management in public two-year community colleges. This survey is part of a doctoral dissertation in progress at the University of Toledo. This survey is not endorsed by NASFAA, but NASFAA is assisting in distributing this survey on behalf of Mr. Daniels. The aim of this study is to better understand the impact default management practices have on cohort default rates. Previous research suggests that students attending community colleges are more likely to default on their student loans than those attending public four-year institutions. The current average default rate for community colleges exceeds 18%. Due to the state of our economy, the rising cost of higher education and the fact that colleges are being held accountable for managing default it is imperative that community college financial aid directors have the information necessary to manage this challenge. You are being asked to complete a brief survey that is being distributed via email by NASFAA. Your participation will take approximately 10 minutes. There are minimal risks to participating in this study, including loss of confidentiality. The only direct benefit to you if you participate in this research may be that you will learn about how research is conducted and may learn more about student loan default management. Others may benefit by learning about the results of this research. Upon completion, the study results will be shared with NASFAA and its membership in two separate formats. The first will be a two-page executive summary that will be posted on the NASFAA website and the second will be an article submitted for publication in the Journal of Student Financial Aid. The researchers will make every effort to prevent anyone who is not on the research team from knowing that you provided
this information, or what that information is. Although we will make every effort to protect your confidentiality, there is a low risk that this might be breached. Findings will be reported in an aggregated format and individual responses will not be shared. Your participation in this research is strictly voluntary. Your refusal to participate in this study will involve no penalty or loss of benefits to which you are otherwise entitled and will not affect your relationship with The University of Toledo or your own institution. In addition, you may discontinue participation at any time without any penalty or loss of benefits. Before you decide to accept this invitation to take part in this study, you may ask any questions that you might have. If you have any questions at any time before, during or after your participation please contact me at (734) 384-4224, rdaniels@monroeccc.edu. You may also contact my faculty advisor, Dr. David Meabon at (419) 530-2666, david.meabon@utoledo.edu. If you have questions beyond those answered by the research team or your rights as a research subject please feel free to contact the IRB Chair at (419) 530-2844.

THE UNIVERSITY OF TOLEDO SOCIAL, BEHAVIORAL & EDUCATIONAL INSTITUTIONAL REVIEW BOARD

The research project described in this consent has been reviewed and approved by the University of Toledo SBE IRB for the period of time specified below. SBE IRB #: 108179 Number of Subjects: 688 Project Start Date: 02/23/13 Project Expiration Date: 02/22/14 By clicking on this link and beginning the survey, you are stating that you have read and accept the information above and are giving your consent to participate in this research. You are also confirming that you are 18 years old or over.

Thank you for taking time to complete this survey. If you have questions or experience difficulty feel free to contact me (Randell Daniels- 734-735-5536 or rdaniels@monroeccc.edu). Please begin by entering the following information:

Institution (1)  
State (5)  
School ID (6)

Q1 Does your institution have a written default management plan?

- Yes (1)
- No (2)

If No Is Selected, Then Skip To Please select the effectiveness of an...
Q2 If you answered yes to question 1, how long has the plan been implemented?

- Not implemented (1)
- 1 year or less (2)
- 2 years (3)
- 3 years (4)
- 4 or more years (5)

Q3 In your opinion, how detailed is the plan?

- Very Detailed (1)
- Fairly Detailed (2)
- Fairly General (3)
- Very General (4)

Q4 Please select the effectiveness of any of these default management and prevention practices your institution currently utilizes to reduce student loan delinquencies and defaults. Check all that apply.

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<th>Practice</th>
<th>Effective (1)</th>
<th>Somewhat Effective (2)</th>
<th>Neither Effective nor Ineffective (3)</th>
<th>Somewhat Ineffective (4)</th>
<th>Ineffective (5)</th>
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<td>Entrance Counseling (1)</td>
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<td>Exit Counseling (2)</td>
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<td>Early Alert System (4)</td>
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<td>Staff Dedicated to Default Prevention (5)</td>
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<td>Default Management</td>
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</table>
**Q5 To what extent do you agree with the following statements?**

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<th></th>
<th>Strongly Agree (1)</th>
<th>Agree (2)</th>
<th>Neither Agree nor Disagree (3)</th>
<th>Disagree (4)</th>
<th>Strongly Disagree (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The default prevention strategies at your institution closely align with those suggested by the U.S. Department of Education. (1)</td>
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<td>Your office measures the effectiveness of implemented</td>
<td>○</td>
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default management strategies. (2)
Your office regularly analyzes data related to former students that have defaulted on loans. (3)
The findings from data analyses are used for planning and implementing default management practices. (4)
Your office contacts and informs delinquent borrowers in a timely manner. (5)
Student borrowers leave your institution understanding the timeline for entering repayment. (6)
Your current default management process receives broad support from other
offices on-campus. (7)
There is a designated senior administrator (VP or above) who oversees default management efforts at your institution. (8)

Q6 How will the transition from a two-year to three-year default rate calculation effect your default management practices?

Q7 If there is one thing that your college could do to help your default management effort, what would it be?

That was the last question. When you click the next button the survey will be submitted. Thank you.
Appendix C

Initial Survey Approval by NASFAA

Monday, November 19, 2012  5:29 p.m.

Hi Randy,

The Research Committee reviewed your survey and the main comments were:
This is a very good survey with appropriate questions, and the distribution of the survey
to the NASFAA membership is contingent on you sharing the final results with the
NASFAA membership in the form of a Journal article as well as a high-level executive
summary/fact sheet. Also, the cover letter needed more explanation as to why this is
important study and how the survey results will benefit the NASFAA members. The
cover letter as it stands was too heavy on methodology.

With the Research Committee's blessings, I have to take the survey to our Membership
Director, Advocacy Director, and President for review and comment. Sorry, yet another
hurdle to go through. However, because the Research Committee gave the ok, the internal
review by the NASFAA staff shouldn't be a huge issue. Please note this is a short week
and I'm unable to share your survey and get feedback until the end of next week. If I
don't get back to you by the end of next week, please follow-up.

Gigi

Gigi Jones | NASFAA | jonesg@nasfaa.org | 202.785.6943