HELPING OUR STUDENTS TO HELP US

By Morgan O’Sullivan, Ed.D
Approximately 70% of all undergraduates leave university today with some form of student debt. (Hess, 2017)
The Presenter

- Bachelor of Commerce (University College Cork)
- MSc. (Commerce) (University College Cork)
- PGCE (Elementary) (St. Mary’s, Twickenham)
- Ed.D. (Educational Leadership) (Lynn University)

- Ed.D focused on theme of Financial Literacy
- An Investigation Measuring the Impact of Financial Literacy Programs on University Student Debt

- 14 Years Experience Student Financial Services
- Design & Coordination of Financial Literacy Programs

- 1999 - Summer Camp – Girlfriend – Wife – 3 Children
- 2004 – Lynn University -Specialist- Senior Specialist – Assistant Director – Associate Director – Director – Director of Communications
$22,135
$3,000
Goals

- To understand loan default.
- To understand the implications of loan default.
- How loan default can be tackled.
- How Lynn University is tackling loan default.
Introduction

Activity
SASFAA Annual Conference

$0.87

$2.29

$0.67
Student loan debt has become the norm in society (Friedman, 2017)
What is Student Loan Default?
Student Loan Default

- **Default** is failing to make a due payment on a student loan. For most student loans, you will go into default if you fail to make a payment on the loan in more than 270 days (Department of Education, 2017).

- **Cohort Default Rate** is the percentage of those students who have left the institution, and gone into the repayment period on their student loans, and defaulted in the repayment of these loans before the end of the next one to two fiscal years (Department of Education, 2017). The Cohort Default Rate is the average rate based over a three-year period (Department of Education, 2017).
What are the Implications for the Student of going into student loan default?
Student Implications

- Entire unpaid balance becomes immediately due
- No longer eligible for forbearance or deferment
- Lose eligibility for federal student aid
- Reported to Credit Agencies – Impact on credit rating
- Tax refunds and federal benefit payments may be impacted
- Wages can be garnished
- Court and collection costs
- Takes time to re-establish good credit
- School may hold academic transcript
What are the Implications for the Institution of a high cohort default rate?
Institution Implications

- If a school’s three most recent cohort default rates exceed 30.0% for the three year calculation, a school will lose eligibility to the Direct Loan and Pell Grant programs for the remainder of that fiscal year and the following two fiscal years.

- If a school’s current official cohort default rate is greater than 40.0% for the three year cohort default rate calculation, a school will lose eligibility to the Direct Loan and Pell Grant programs for the remainder of that fiscal year and the following two fiscal years.
Universities carry a moral obligation to help their students learn about and understand student loan debt, rather than allowing them to incur any unwanted or wasteful debt. (Cull & Whitton, 2011)
Do you believe that financial literacy programs can positively impact on an institution's cohort default rate?

Taken from a Survey of 70 universities and colleges in the State of Florida
Do other departments on campus help in the design, running and coordination of the financial literacy program?

Taken from a Survey of 70 universities and colleges in the State of Florida
Do you feel that there is an overall campus responsibility to educate students about student loans, credit cards, money management, credit reporting and other such areas, or do you feel it is solely the responsibility of the financial office?

Taken from a Survey of a private institution in the State of Florida
Average Respondent Cohort Default Rate

Taken from a Survey of 70 universities and colleges in the State of Florida
Average Respondent Percentage Change in Cohort Default Rate
President’s Advisory Council on Financial Literacy has recommended that all college-level students should learn about finance as one of the foundation stones of citizenship. (Kezar & Yang, 2010)
Open the link below on your iPad

https://pollev.com/morganosulli206
Financial literacy and the financial landscape
Financial Literacy - Background

Defined as “the application of knowledge, understanding, skills and values in… financial contexts and the related decisions that impact on self, others, the community and the environment” (Cull & Whitton, 2011).
How the financial landscape has changed

<table>
<thead>
<tr>
<th>Michigan State University</th>
<th>1979</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Per Credit</td>
<td>$24.50</td>
<td>$478</td>
</tr>
<tr>
<td>Minimum Wage</td>
<td>$2.90</td>
<td>$9.25</td>
</tr>
<tr>
<td>Hours Work Per Credit</td>
<td>8.44 Hours</td>
<td>51.67 Hours</td>
</tr>
</tbody>
</table>

1979, $24.50 = 8.44 hours of work will pay for 1 credit
1979, $367.50 = 126.6 hours of work will pay for 15 credits

2018, $478 = 51.67 hours of work will pay for 1 credit
2018, $7,170 = 775 hours of work will pay for 15 credits

(Koenig, 2015)
The reality is that many parents shield and protect their child from the world of college costs. (Clark, 2016)
Tackling student debt
Research Findings

- Understanding financial literacy is essential to all of the campus
- Large level of responsibility: Students, parents, high school teachers
- Peer-to-peer
- Incorporate into an existing class
- On campus programs
- Off campus groups
On Campus Programs

- Face to Face
- Workshops
- Online
- Incorporating into classes
Peer-to-Peer

- Seniors and Freshmen
- Results suggest peer-to-peer is successful (Maurer & Lee, 2011)
- Ongoing v. One off Session
Academic Standards

- Research from Verschoor (2015) suggests that universities must maintain high academic standards in their program offerings.
- Many students refuse to pay their loans if they have low levels of confidence in the quality of their degree.
- Particular issue in “For Profit” institutions
- Accreditation also a concern. How can schools receive accreditation that allows federal aid when less than one third of students graduate within six years.
Retention

- More cost effective to retain than to recruit
- Educate early
- 1% increase in retention of University of 15,000 = $1.4m annual savings (Sousa, 2015)
- Typical reason students leave is financial. Therefore finances become a campus wide issue, rather than an issue of the student finances office
Student loan debt is the most common form of debt outside of an individual’s mortgage.
(Verschoor, 2015)
Our Strategy - Financial Literacy at Lynn University going forward

Making Things Real
Activity

30 Seconds

to remember as many movies as possible on the following slide
New design

- Originated as a product designed by USA Funds in 2006
- Redesigned for a specific campus in 2007
- Campus wide involvement in redesign
- Interactivity
- Embracing of technology
- 14 years experience
Areas covered

- Your Money – Needs, Wants, Savings, Credit Cards, Credit History
- Financial Aid – Tuition, FAFSA, Scholarships, Grants, Loans
- Be Smart – Class, Emails, Stress, Connecting on Campus
- Be Prepared – Goal Setting, Civility, Bullying, Harassment, Giving
- The Dream Job – Resumes, Job Hunting, Dress Code, Interviews
Structure

- Individualized Learning
- Group Learning
- Sharing
- Activities
- Facts
<table>
<thead>
<tr>
<th>Model</th>
<th>Display Size</th>
<th>Camera</th>
<th>Chip</th>
<th>Price</th>
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<tbody>
<tr>
<td>iPhone 6</td>
<td>4.7&quot;</td>
<td>8MP</td>
<td>Touch ID</td>
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<td>12MP</td>
<td>A12</td>
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How do we spend?

- **$19**
- **$78**
REVIEW

Question 1.
Which of the following is NOT a credit reporting agency?

- A. Equifax
- B. Experian
- C. Credilendar
- D. Transunion

Question 2.
What is the best way to maintain a good credit report?

- A. Paying all of your bills on time
- B. Do not let your credit card balance get too close to the limit
- C. Pay at least the minimum amount due on your credit card every month and more if possible.
- D. All of the above

Question 3.
Which is listed first at the bottom of a check?

- A. Bank Routing Number
- B. Bank Account Number
- C. Check Number
- D. Date
WHAT????
I HAVE TO PAY OFF WHAT I USE ON MY CREDIT CARD??

WHEN I LOOK AT MY CREDIT CARD BILL AFTER VACATION
THIS CAN'T BE RIGHT...

$0 CREDIT CARD BALANCE
NOW THAT IS SOMETHING I HAVEN'T SEEN IN A LONG TIME
The Presenter

Morgan O’Sullivan
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Phone: 561 237 7302

iBook: “YOUR MONEY, YOUR WAY. Making Sound Financial Choices at College and Beyond”

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