Office of Student Financial Aid Programs

AGENDA ITEM V-E
DRAFT

TEXAS STUDENT LOAN DEFAULT PREVENTION AND FINANCIAL AID LITERACY PILOT PROGRAM

SECOND ANNUAL REPORT

AUGUST, 2016

This page has been left blank intentionally.

Texas Higher Education Coordinating Board

Agency Mission
The mission of the Texas Higher Education Coordinating Board (THECB) is to provide leadership and coordination for the Texas higher education system and to promote access, affordability, quality, success, and cost efficiency through *60x30TX,* resulting in a globally competitive workforce that positions Texas as an international leader.

Agency Vision
The THECB will be recognized as an international leader in developing and implementing innovative higher education policy to accomplish our mission.

Agency Philosophy
The THECB will promote access to and success in quality higher education across the state with the conviction that access and success without quality is mediocrity and that quality without access and success is unacceptable.

The Coordinating Board's core values are:
Accountability: We hold ourselves responsible for our actions and welcome every opportunity to educate stakeholders about our policies, decisions and aspirations.
Efficiency: We accomplish our work using resources in the most efficient manner.
Collaboration: We develop partnerships that result in student success and a highly qualified, globally competitive workforce.
Excellence: We strive for excellence in all our endeavors.

The Texas Higher Education Coordinating Board does not discriminate on the basis of race, color, national origin, gender, religion, age or disability in employment or the provision of services.

Please cite this report as follows:
Texas Higher Education Coordinating Board. (2016). Texas Student Loan Default Prevention and Financial Aid Literacy Pilot Program: Second Annual Report. Austin, TX.

Table of Contents

Index of Tables & Figures

Appendices

Executive Summary

In compliance with Senate Bill 680, the Texas Higher Education Coordinating Board (THECB) and TG (known formerly as Texas Guaranteed Student Loan Corporation) are pleased to submit to the governor, lieutenant governor, and the Speaker of the Texas House of Representatives the 2nd annual progress report on the Texas Student Loan Default Prevention and Financial Aid Literacy Pilot Program ("Pilot"). The Pilot seeks "to ensure that students of [participating] institutions are informed consumers with regard to all aspects of student financial aid."[1] To meet this objective, the Pilot endeavors to achieve three goals, all aimed at improving consumer knowledge. The Pilot seeks to increase the numbers of Texas postsecondary students who:

- Understand the consequences of borrowing to finance postsecondary education
- Understand the financial consequences of academic and career choices
- Develop strategies for avoiding student loan delinquency and default

Achieving these goals should result in students making wiser borrowing, financial, and academic decisions while in college — as well as wiser financial and repayment decisions after completing their certificate or degree program. It should also help promote greater student success, higher completion rates, and lower cohort default rates (CDRs) in the state of Texas.

In developing Pilot features, THECB and TG focused on providing resources and services that provide consumer information to student loan borrowers currently in college. The Pilot program is now in its third year of a six-year implementation. Although not enough time has elapsed to evaluate all program outcomes (in particular, CDRs), this report does offer intermediate results for Pilot metrics, as well as a wealth of qualitative program feedback gathered from students and staff at Pilot institutions. The main findings of this annual report include the following:

Pilot Usage in Program Year Two:

- There were large knowledge gains from the Pilot's Student Financial Education feature.
- Over 3,300 Texas students participated in an in-person student financial education session.
- Over 750 Texas students completed an online financial education session.
- Over 80 in-depth financial coaching sessions were completed.
- Pilot features earned high customer satisfaction ratings from students participating in the features.

Themes from Program Year Two:

- Promising Practices
    - Cross-Departmental Responsibility Sharing – Pilot institutions that promoted cross-department collaboration removed some of the implementation burden from their financial aid department and connected students with Pilot features in new, innovative ways.
    - Leveraging "Mandatory Venues" – Institutions that integrated Pilot features into mandatory student events and venues saw much higher usage numbers.
    - Connecting Default Prevention, Financial Wellness, and Student Success – More institutions now see the Pilot as a holistic student support program, rather than exclusively a default prevention program.

- Barriers to Success
    - Staff Constraints and Turnover – Unexpected staff turnover disrupted Pilot implementation at several institutions. In addition, institution staff frequently reported not having enough

[1] The full text of S.B. 680 can be found in Appendix C of this report.

time for the Pilot; particularly when Pilot implementation was added to staff work load with no corresponding reduction in job duties.
  - Competition for "Mandatory Venues" – Many Pilot institutions said they had to compete for time at "mandatory venues" – such as orientation and first-year experience courses – for students. These venues offer the best vehicle for promoting the Pilot but are much in demand by other departments.
  - Lack of Awareness of the Pilot on Campus – Students were generally unaware of the Pilot and its features. Pilot institutions and students would like more marketing and outreach materials available. Students report they want to know about events and services through posters, flyers, and college webpages.
  - Cross-Departmental Collaboration and Leadership Buy-In – Some Pilot institutions struggled to explain Pilot benefits and get buy-in from institution leadership and campus departments. Other departments sometimes see the Pilot program as a "financial aid department project."

- Insights on Student Life, Financial Vulnerability, and Outreach/Marketing
  - Student Financial Anxiety – Many students express anxiety about their finances and about loan repayment. They feel financially vulnerable and want guidance and education.
  - Student Time Constraints – Students want to participate in activities and events that can help them make more informed financial, academic and career decisions. However, this desire often competes with the time available outside of classes, which students reserve for work and study.
  - Outreach and Marketing – Students report inconsistent use of their school email, making outreach challenging for Pilot institutions. Students want financial education and coaching resources to be available and easy to find when they have a financial crisis or need guidance for an important decision.
  - Financial Disconnect Between Students and Institutions – Students expressed frustration that institutions didn't seem to understand their financial realities.

Introduction to the Pilot Program

Background

Texas college students rely on student loans. In Academic Year 2013–2014, 60 percent of financial aid in Texas came from loans (Ferdinand, Fletcher, Klepfer, and Webster, 2016). However, a growing body of research has shown that student borrowers lack a basic understanding of how to manage their student loans and personal finance, caused in part by inadequate loan counseling tools and ill-timed instruction (Whitsett, 2012; Baum & O'Malley, 2003; Jensen, 2014; Fernandez, Fletcher, Klepfer, & Webster, 2016). This knowledge deficit impedes borrowers' ability to manage repayment and limit debt, making long lasting financial health more elusive. In essence, Texas students are making life altering decisions with minimal understanding at a time of maximum distraction (Ferdinand, Fletcher, Klepfer, and Webster, 2016).

Texas' higher education strategic plan, 60x30TX, sets four goals for Texas to reach by 2030. The fourth goal calls for the undergraduate student debt of Texas students not to exceed 60 percent of first-year wages for graduates of public institutions (THECB, 2016). Meeting this goal will require adequately supporting and counseling students as they make important academic and borrowing decisions. The financial returns from a college degree can fluctuate widely based on choice of major and which institution the student attends. These decisions prior to, and during college, can greatly impact a student's debt-to-income ratio after graduating (Neal, Fletcher, Shook, & Webster, 2012; Carnevale, Cheah, & Hanson, 2015; Schneider, 2013).

A student's confidence in paying for college – derived either from having sufficient financial resources or from having a firm grasp of financial concepts – can influence how he/she goes to college. Students make important decisions regarding enrollment intensity, during school employment, engagement in college activities, studying intensity, course of study, housing arrangements, and general personal budgeting. These decisions, in turn, can affect academic success and ability to meet their loan commitments. Many Texas students struggle with paying for college. An appreciation for the average annual amount of unmet need helps illustrate this lack of affordability.

"Unmet need" is the amount of the total cost of education not covered by expected family contribution (EFC), grant aid, and student loans. Well-endowed colleges can cover total education cost minus EFC; colleges with low financial resources cannot cover need with financial aid, creating a gap or unmet need. The larger the size of unmet need, the more constrained students feels in their range of options of how to go to college. This leads to greater part-time enrollment, higher employment commitments, and weaker engagement in the life of the college. In Texas, average annual unmet need for students from low and moderate incomes is about $8,000 – a sizeable amount of their annual family income. For Hispanic students attending community colleges, unmet need was $8,300 (Fernandez, Fletcher, & Klepfer, 2016). Within this context, successfully managing a budget and understanding the implications for borrowing can mean the difference between college success and post-college failure.

For Texas to meet the overarching goal of 60x30TX – at least 60 percent of Texans age 25-34 with a certificate or degree – students need the information and guidance to think through complex financial decisions. The Pilot seeks to test the effects of more robust financial education and counseling for Texas postsecondary students. In particular, the Pilot strives to help more students attain degrees and make informed financial choices about paying for college and avoiding student loan default.

Pilot Timeline

Senate Bill (SB) 680, which added Section 61.0763 — the Texas Student Loan Default Prevention and Financial Aid Literacy Pilot Program — to the Texas Education Code, was passed by the 83rd Texas Legislature, Regular Session, and became effective on September 1, 2013, with rules established by THECB effective as of February 26, 2014. In April 2014, THECB entered into a memorandum of understanding (MOU) with TG to provide a specific set of services to support the Pilot for which no funds have been appropriated for pilot activities. Upon commencement of the MOU, the TG Board of Directors approved up to $1.6 million for all activities over the course of the six-year Pilot. THECB and TG launched the Pilot in June 2014. To better match traditional academic calendars and to coincide with the commencement of the MOU, the official "Pilot Year" for evaluation and reporting purposes begins on June 1st and ends on May 31st of the following year.

The legislation requires submission of annual progress reports from THECB and participating institutions beginning in January 2016. Provided to the governor, the lieutenant governor, and the speaker of the House of Representatives, these reports describe Pilot outcomes, including federal student loan CDRs for participating institutions. The provisions instituted by SB 680 expire December 31, 2020.

December 2012	**June 2013**	**February 2014**	**April 2014**	**June 2014**	**June 2015**	**January 2016**	**June 2016**	**January 2017–2019**	**December 2020**
THECB and TG participated in a brainstorming session on student loan default. Ideas are generated for 2013 legislative session.	SB 680, which initiates the Student Loan Default Prevention and Financial Aid Literacy Pilot Program, is enacted.	THECB adopts the final regulations governing the Pilot.	TG and THECB enter into an MOU to partner to implement the provisions of SB 680.	THECB and TG launch the Pilot program with 12 institutions – three from each higher education sector – in Texas.	Year Two of the Pilot program begins on June 1, 2015.	Initial report on Pilot progress is submitted to the Texas Legislature, governor, and lieutenant governor.	Year Three of the Pilot program begins on June 1, 2016.	Annual report is due to the Texas Legislature, governor, and lieutenant governor.	The provisions of SB 680 expire.

Objectives of the Pilot

The primary objective and legislative intent of the Pilot program is to "ensure that students of [participating] institutions are informed consumers with regard to all aspects of student financial aid." SB 680 also specified three overall consumer knowledge goals by requiring that students be informed of:

- The consequences of borrowing to finance postsecondary education;
- The financial consequences of academic and career choices; and
- Strategies for avoiding student loan delinquency and default.

Created with these goals in mind, Pilot features were designed to promote ten student behaviors, as identified in *Table 1*. If students demonstrate these behaviors, they are likely to make wiser decisions that will increase their academic success and decrease student loan default rates.

Participating Institutions

SB 680 mandates the following priority criteria for the selection of at least four Texas postsecondary institutions to participate in the Pilot:

- A FY 2010 student loan cohort default rate, as reported by the U.S. Department of Education (ED), of more than 20 percent, or

- Above average growth in the FY 2010 cohort default rate compared to other postsecondary educational institutions in Texas.

Out of the 144 institutions that met at least one of the legislation's priority criteria, those invited to participate were chosen to ensure diversity of institution sector, geographic location, and student body characteristics. While SB 680 requires only four participants, twelve were initially included to provide a broader range of institutions and shed more light on how different interventions might work under different circumstances. Institutions selected were deemed to have the greatest incentive and ability to engage with the Pilot's features to the fullest extent; however, due to attrition in Years One and Two, the Pilot currently serves nine institutions. *Table 2* lists the participating Pilot institutions by institution sector and *Figure 1* displays the FY 2010-2012 cohort default rates for participating Pilot institutions.

Pilot Attrition

In Year Two of the Pilot, LeTourneau University (LETU), a four-year private institution decided to leave the program. LETU withdrew in April 2016. An exit interview was conducted with LETU staff to learn more about their decision. LETU staff said that the Pilot did not gain momentum among administration partly because the institution's CDR was low. A one-year increase in LETU's CDR had made the institution eligible for the Pilot program, but the CDR still remained low enough that in-school default prevention and student financial education activities were not high priorities. After experiencing low student participation numbers and the loss of key staff, LETU made the decision to withdraw from the program.

South Texas Vocational Technical Institute (STVT), a proprietary institution, began the process of joining the Pilot before withdrawing their interest. While included in the Year One report for the Pilot program, STVT failed to implement any features or sign their letter of intent with the program.

Description of Pilot Features

The Pilot features were designed to achieve the goals set forth in SB 680 by promoting more fully informed financial and career decision-making. In order to provide a program that would be scalable across Texas institutions, features leveraged existing TG financial education programs, relied on low-cost delivery mechanisms, and targeted the most labor-intensive efforts to borrowers most at risk of failing to graduate and/or repay their loans. The following assumptions guided the development of the features:

- Analyzing current cohorts of student loan borrowers may help colleges focus their scarce resources where they might create the most positive impact on student loan repayment.
- Developing and engaging a cross-campus team in the development of a default prevention plan may help coordinate the work of many departments toward a common goal.
- Sending money management tips through email and social media may deliver useful financial education information to a broad number of students at a low cost.
- Using a train-the-trainer approach to financial education may empower colleges to implement and maintain on campus a well-developed training program, including materials and assessments. Additionally, these services assist in building campus capacity to support long term financial education initiatives.
- Coaching students one-on-one about finances could allow for more in-depth borrower interaction with trained coaches that can help clarify options for borrowers in financial distress.

Along with reports and assessments, the default prevention plan provides the framework and tools colleges need for successful implementation. Other Pilot features, serve students directly, including financial education and student loan counseling, financial and college articles and tips, and financial coaching. As shown in *Table 3*, components of each Pilot feature can be linked to each of the 10 key student behaviors.

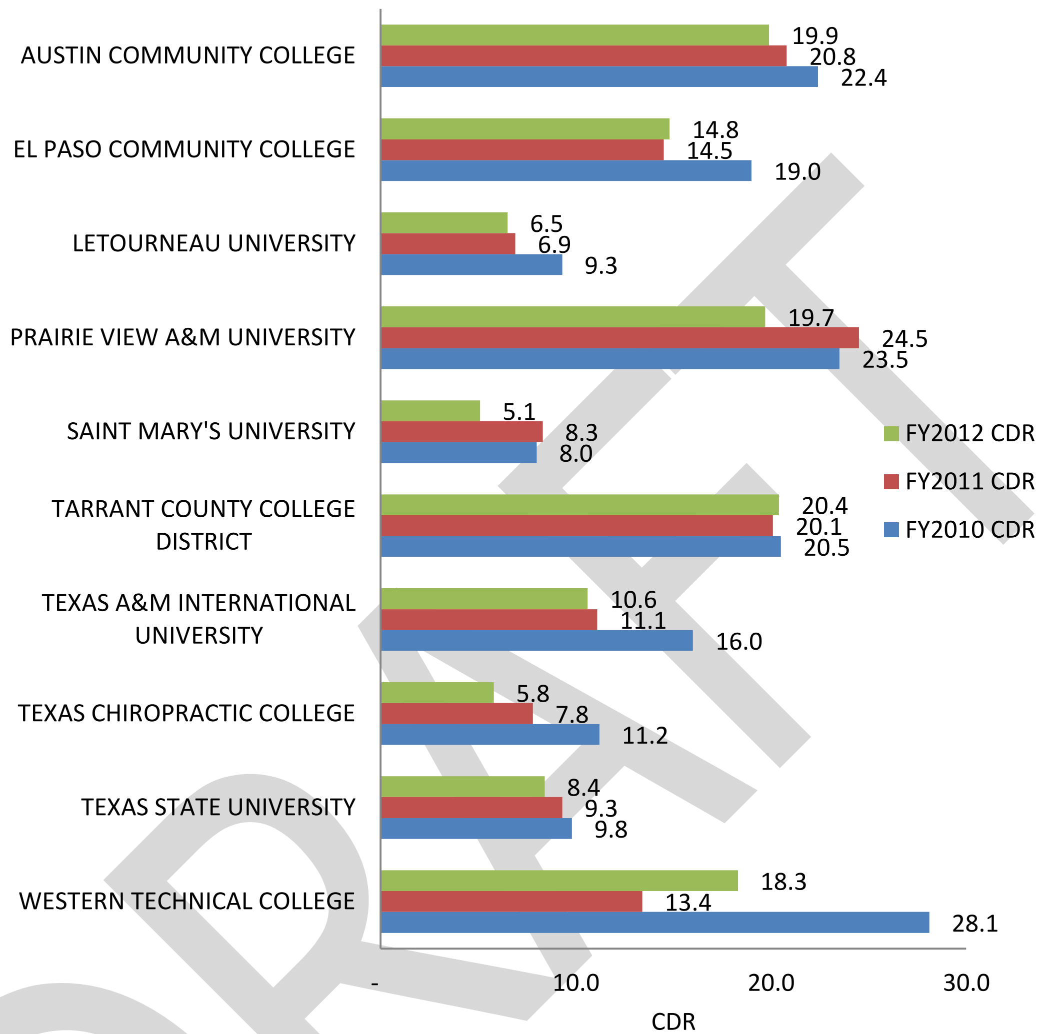
Table 1. Behaviors promoted by pilot.

Behaviors Promoted by Pilot	**Pilot Goal 1:** Understand the consequences of borrowing to finance postsecondary education	**Pilot Goal 2:** Understand the financial consequences of academic and career choices	**Pilot Goal 3:** Develop strategies for avoiding student loan delinquency and default
Behavior 1: Complete a spending plan or personal budget	√	√	√
Behavior 2: Develop short-term, mid-range, and long-term financial goals	√	√	√
Behavior 3: Track student loan borrowing and identify student loan servicer through the National Student Loan Data System, or NSLDS	√	√	√
Behavior 4: Estimate the expected student loan debt by specific college and academic program; estimate expected debt-to-income ratio (using TG's Major Choices tool)	√	√	√
Behavior 5: Determine the average salary for an expected career (using TG's Career Choices tool or Bureau of Labor Statistics)		√	√
Behavior 6: Estimate an expected monthly student loan repayment (using TG's College Loans: A Cost Calculator)	√		√
Behavior 7: Compare different student loan repayment plans (using TG's Repayment Comparison tool)	√	√	√
Behavior 8: File/renew the Free Application for Federal Student Aid, or FAFSA, on an annual basis; maximize financial aid and community support when financing college	√		√
Behavior 9: Prioritize spending choices given available resources and borrow only what is needed (assessing needs vs. wants)	√	√	√
Behavior 10: Check free credit report annually at annualcreditreport.com	√		√

Table 2. Pilot participation by institution type in year two.

Two-year Public	Four-Year Public	Four-Year Private	Proprietary
Austin Community College El Paso Community College Tarrant County College	Prairie View A&M University Texas A&M International University Texas State University	St. Mary's University LeTourneau University (withdrew April 2016) Texas Chiropractic College	Western Technical College

Figure 1. Cohort Default Rates (CDR) for pilot institutions, FY 2012, FY 2011, FY 2010.



Default prevention planning for institutions. Institutions provide data about students, programs of study, and their students' loans to TG's Research team. By analyzing each institution's borrower cohort, researchers identify student subgroups that may be at higher risk of default (e.g., low grade point average [GPA], part-time enrollment, registration in developmental education courses). TG then meets with each institution to map out a data-driven strategy for targeting these at-risk students with interventions. Identifying at-risk subgroups helps institutions allocate scarce resources to students who would benefit the most and who are often the least likely to seek out help. Throughout the Pilot, TG works with institutions to update the analysis and plan.

Financial education and student loan counseling training for institutions. Staff members at all participating institutions are trained to deliver student financial education sessions. This "train-the-trainer" approach builds the institutional capacity to provide in-person student financial education and loan counseling to students. Sessions include nine modules covering the following topics:

- *Entrance Counseling* covers the master promissory note, types of federal loans, interest capitalization, basic information about loan repayment, and other key financial education topics students should understand when making the decision to finance a higher education.

- *Exit Counseling* discusses repayment plan options, loan forgiveness, loan consolidation, interest capitalization, and key financial education topics borrowers should understand as they leave college and enter repayment.
- *Graduation Game Plan* outlines how students can graduate on time, find a good job, and manage their student debt by making informed decisions while in college with the help of key offices on campus.
- *Investing in Undergraduate Education* provides key information to help parents and students understand the costs of attending college and learn about meeting those costs.
- *Know What You Owe* emphasizes the importance of tracking student loans, both federal and private, to achieve successful loan repayment. Additionally, students learn about the implications that mismanagement of their loans can have on their credit history.
- *Managing Credit* covers the ways credit affects many parts of life, what students need to know about their credit report and credit score, and some standard guidelines for keeping credit in good shape, including how to avoid identity theft.
- *Plan for Success* provides an in-depth review of available repayment plans for federal loans. Additionally, students learn about the impact that certain academic decisions can have on repayment of their loan.
- *Setting Goals* discusses several facets of financial goal-setting, including how specific the goals should be and the timeframe set for completion. The module also covers how trade-offs and priorities apply to financial goals, and how regular savings can prevent unexpected expense from derailing them.
- *Spending Plans* explores strategic thinking as it relates to income and expenses. The module includes information on reducing spending and planning ahead not only for monthly bills, but also for sometimes forgotten things like regular savings and expenses that are not part of each month's budget.

Together, these financial education modules promote the behaviors necessary to help students make prudent financial and educational decisions from among an array of complicated options.

Learning center online financial education for students. The Pilot offers short, interactive, and entertaining student financial education modules through the online Learning Center. Students can access the Learning Center at more flexible times (e.g., nights, weekends, around work schedules) that fit more conveniently into their schedule. Learning Center modules cover topics to help students manage their finances while in college and successfully manage repayment of their student loans after graduation. Six of the nine official Pilot financial education modules are offered through the Learning Center. The Entrance and Exit Counseling modules are designed to be in-person sessions that offers institutions a more personalized counseling experience for their students instead of the widely used online counseling currently provided by the Department of Education. The Graduation Game Plan module was developed in early 2016, and has not yet been added to the Learning Center

Financial coaching for students. Using one-on-one virtual meeting technology, certified financial coaches or those trained by certified financial coaches, assist students with issues such as budgeting, setting goals, preparing for loan counseling, completing the Free Application for Federal Student Aid (FAFSA), and dealing with financial crisis. Coaches also provide encouragement and suggest resources (e.g., data tools, administrative help on campus, financial education modules) that help students build competencies and guide them through their academic and financial decisions. Financial coaching sessions last about an hour, are completely free, and are tailored to a student's specific financial problem or concern. Students are encouraged to meet with the same financial coach over multiple sessions to reinforce concepts through a personal connection with their coach. Coaching sessions usually fall under one or more of the following topics:

- Exploring financial aid options,

- ➢ Helping students understand the implications of borrowing at different levels,
- ➢ Helping understand student loan repayment options,
- ➢ Clarifying salary expectations based on the student borrower's career goal,
- ➢ Working to support general money management, and
- ➢ Developing a plan to pay a specific bill.

Financial and college articles/tips (Mighty Money Minute) for students. Monthly college success articles/tips (under the name Mighty Money Minute) are sent to participating institutions to distribute to their students. These are timed to address issues facing borrowers at key times during the year. To ensure that these messages reach students, articles and tips are formatted to allow multiple distribution methods (e.g., email, text message, social media, handouts). The broad distribution supports a campus climate for financial mindfulness and may aid student participation in the other features of the Pilot. In Year Two, students received articles on the following topics:

- October 2015 – Developing and using a spending plan while in college
- November 2015 – Staying on track academically and financially, and setting priorities
- December 2015 – Pulling and reviewing all three credit reports at annualcreditreport.com (year-end activity)
- January 2016 – Setting short and long-term financial goals
- February 2016 – Following tips for students considering withdrawing from college or changing majors
- March 2016 – Using a lifestyle calculator to help students imagine their desired lifestyle after college and make realistic career choices
- April 2016 – Conducting career choices calculations to learn what students may earn after leaving college
- June 2016 – Knowing what students owe, and tracking their student loans
- July 2016 – Tracking and evaluating previously set financial goals
- August 2016 – Organizing for the next academic year, keeping important documents safe

Pilot Assessment Plan

Senate Bill 680 directs THECB to report outcomes of the student consumer awareness Pilot program, "as reflected in the federal student loan default rates reported for the participating institution(s)." Federal cohort default rates (CDRs) track borrowers for three years, starting with the fiscal year in which they enter repayment.[2] Borrowers generally enter repayment after a six-month grace period, which begins after they leave college or drop below half-time enrollment. The Pilot's intent is to change borrower behavior while students are still in college; however, CDRs will not capture this changed behavior until several years after the student participates in a feature. The Pilot's assessment plan provides intermediate metrics to provide a more detailed and timely analysis of the program's implementation, activities, and outcomes consistent with SB 680's three overall consumer knowledge goals:

- The consequences of borrowing to finance a student's postsecondary education;
- The financial consequences of a student's academic and career choices; and
- Strategies for avoiding student loan delinquency and default.

Meeting these three objectives in the statute will, in the long-term, lead to healthier financial behaviors and more positive outcomes (e.g. retention, graduation, student loan repayment) for students and institutions. As seen in *Tables 1* and *3*, the three consumer knowledge goals have been linked with key behaviors, and the key behaviors to the features that encourage them. The assessment plan is designed

[2] A full primer on cohort default rates can be found in Appendix D of this report.

to measure the extent to which the Pilot features successfully encouraged their associated behaviors. Success depends on students:

1. Engaging with the material satisfactorily (i.e., customer satisfaction);
2. Learning key concepts (i.e., knowledge gained);
3. Carefully planning their financial decisions and educational pathways (i.e., action planning); and
4. Modifying targeted student behavior (i.e., behavior change).

Changes in key student behaviors will lead to better management of student debt and lower institutional CDRs. Positive student-level outcomes depend on effective implementation of the Pilot by institutions. A full description of the methodologies used to assess the Pilot can be found in Appendix A of this report.

Feature effectiveness. To be successful, Pilot features must reach many students and fully engage them in the topic. Volume and exposure measures help contextualize outcomes and provide important insights into the implementation of the features. The Pilot tracks student usage of the financial tip articles, financial education modules, and financial coaching. Along with reporting on key volume measures, the Pilot also assesses program effectiveness with students. There are plans for examination of each of the Pilot features along the following attributes, as appropriate:

1. Satisfaction: The Pilot is a cooperative effort dependent on the successful coordination of efforts between THECB, TG, and participating institutions to improve student behavior. Success hinges on the commitment of the participants, including students. Since commitment depends on satisfaction with the features, this measure was assessed using customer satisfaction surveys and focus groups with students.
2. Knowledge/ability: The Pilot is premised on students learning how to better manage their time and money while participating in an educational program. Through pre- and post-tests and focus groups with students, the Pilot measures short-term knowledge gained and the development of financial skills.
3. Planned action: While knowledge empowers, transforming that knowledge into action through thoughtful planning also requires persuasion. Capturing whether or not students are planning their financial decisions is a key element of the assessment plan, and is evaluated using post-session surveys and focus groups with students.
4. Changes in behavior: Students who struggle financially may benefit from academic counseling, financial education, career development, and better understanding of student loan repayment options. To test this assumption, the changes in student behavior will be tracked initially through self-reported student surveys sent to students one month after they complete a Pilot feature.[3] Conducting a longitudinal, randomized control trial of Pilot features would be the gold standard of assessing behavior change, but the costs of such a study are prohibitive under the Pilot's current budget.

[3] The behavior survey has not yet reached a critical mass of student respondents to draw significant results. A full discussion of behavior survey can be found in Appendix A: Methodology Notes.

Table 3. Behaviors promoted by pilot, as related to the components of pilot features.

<table>
<tr><th rowspan="2">Behaviors Promoted by Pilot, as related to the Components of Pilot Features</th><th colspan="3">Pilot Features</th></tr>
<tr><th>Financial Education and Student Loan Counseling: Key Modules</th><th>Financial and College Articles/ Tips (Mighty Money Minute)</th><th>Financial Coaching: Topics Covered</th></tr>
<tr><td>Behavior 1: Complete a spending plan or personal budget</td><td>• Spending Plan
• Setting Goals
• Plan for Success</td><td>• October
• November
• January
• July</td><td>• Paying a bill
• Managing money
• Appropriate borrowing
• Salary expectations
• Repayment options
• Exploring financial aid</td></tr>
<tr><td>Behavior 2: Develop short-term, mid-range, and long-term financial goals</td><td>• Spending Plan
• Setting Goals
• Plan for Success</td><td>• November
• January
• March
• April
• July
• June</td><td>• Paying a bill
• Managing money
• Appropriate borrowing
• Salary expectations
• Repayment options
• Exploring financial aid</td></tr>
<tr><td>Behavior 3: Track student loan borrowing and identify student loan servicer through the National Student Loan Data System, or NSLDS</td><td>• Know What You Owe
• Entrance Counseling
• Exit Counseling
• Plan for Success</td><td>• June
• August</td><td>• Appropriate borrowing
• Repayment options
• Exploring financial aid</td></tr>
<tr><td>Behavior 4: Estimate the expected student loan debt by specific college and academic program; estimate expected debt-to-income ratio (using TG's Major Choices tool)</td><td>• Investing in Undergraduate Education
• Know What You Owe</td><td>• November
• January
• February
• March
• April</td><td>• Appropriate borrowing
• Repayment options
• Exploring financial aid
• Salary expectations</td></tr>
<tr><td>Behavior 5: Determine the average salary for an expected career (using TG's Career Choices tool or Bureau of Labor Statistics)</td><td>• Investing in Undergraduate Education
• Know What You Owe</td><td>• February
• March
• April</td><td>• Appropriate borrowing
• Salary expectations
• Repayment options
• Exploring financial aid</td></tr>
<tr><td>Behavior 6: Estimate an expected monthly student loan repayment (using TG's College Loans: A Cost Calculator)</td><td>• Know What You Owe
• Entrance Counseling
• Exit Counseling</td><td>• February
• March
• June</td><td>• Appropriate borrowing
• Salary expectations
• Repayment options
• Exploring financial aid</td></tr>
<tr><td>Behavior 7: Compare different student loan repayment plans (using TG's Repayment Comparison tool)</td><td>• Entrance Counseling
• Exit Counseling
• Plan for Success</td><td>• February
• March
• June</td><td>• Salary expectations
• Repayment options
• Exploring financial aid</td></tr>
<tr><td>Behavior 8: File/renew the Free Application for Federal Student Aid, or FAFSA, on an annual basis; maximize financial aid and community support when financing college</td><td>• Investing in Undergraduate Education
• Spending Plan</td><td>• October
• November
• June
• August</td><td>• Managing money
• Appropriate borrowing
• Exploring financial aid</td></tr>
<tr><td>Behavior 9: Prioritize spending choices given available resources and borrow only what is needed (assessing needs vs. wants)</td><td>• Setting Goals
• Spending Plan
• Plan for Success
• Managing Credit</td><td>• October
• November
• January
• March
• July</td><td>• Paying a bill
• Managing money
• Appropriate borrowing
• Exploring financial aid</td></tr>
<tr><td>Behavior 10: Check free credit report annually at annualcreditreport.com</td><td>• Plan for Success
• Managing Credit
• Know What You Owe</td><td>• December
• July</td><td>• Paying a bill
• Managing money
• Appropriate borrowing
• Repayment options</td></tr>
</table>

Implementation assessment plan. As with most new endeavors, implementation of this Pilot program presents challenges. Pilot institutions are not obligated to participate; they do so voluntarily and without compensation. Institutions typically lack authority under state or federal law to compel students to participate in Pilot features and must, therefore, use various communication channels to persuade students to use the features. Persuasion can be challenging. Students often work part time – or even full time – while enrolled, and have competing responsibilities such as dependent care that limits their availability to participate in non-mandatory Pilot features. In addition, institutional outreach efforts can be lost in a flood of messages that overwhelm students. Given these persistent challenges, and the general latitude given to the colleges to implement the Pilot on their campuses, tracking how colleges implement the Pilot features (and the resulting outcomes) becomes essential to the overall assessment.

The implementation assessment plan monitors the level and type of engagement of the participating institution through the following methods:

- Implementation surveys to the institution's points of contact provide insight into implementation challenges and allow tracking of significant changes in institutional approach. These quarterly surveys, begun in June 2015, document significant efforts and events during the past months that might influence student participation such as new recruitment attempts, the number of staff trained on financial education modules, or relevant institutional policy changes.
- Annual structured interviews with college staff provide a more formal and systematic year-end view of Pilot implementation with common questions to enable inter-college comparisons and trend identification. These structured interviews occurred between January and April of 2016.
- Annual focus groups with students who participated in the Pilot features at each college provide insights from the consumers' perspective. These focus groups occurred between January and April of 2016.
- Feedback from the annual Pilot institution convening, occurring in June of 2016, where institutions came together to share promising practices in Pilot implementation. Moving forward institutions will have the opportunity to participate in monthly convening calls (beginning in July of 2016).

Annual feature targets and goals. Using the number of borrowers at each institution as a baseline population, two annual Pilot usage goals were suggested and considered. For student financial education, institutions were encouraged to set a goal of 10 percent of borrowers completing a student financial education module. In addition, institutions were encouraged to strive for a two percent financial coaching completion rate amongst borrowers. In preparation for the next year of the Pilot program, Pilot institutions will be consulted to develop new institution-specific annual targets for feature usage and outcomes.

Assessment of Pilot Features

The Pilot features were designed to promote more fully informed financial, academic, and career decision-making. This section of the report will summarize Year Two assessment findings for the following Pilot features:

- In-Person Student Financial Education and Loan Counseling Sessions
- Online Student Financial Education offered through TG's Learning Center
- Student Financial Coaching
- Financial and College Articles/Tips (Mighty Money Minute)
- Default Prevention Plan

The assessment incorporates usage data and customer satisfaction scores, as well as qualitative feedback from surveys, structured interviews, and student focus groups. Student focus groups were conducted at seven of the ten Pilot institutions, and while all focus group participants were asked the same series of questions, not all participants responded to each question. Comments from students who received features were coded as positive, negative, or neutral (neutral comments reflected neither a positive or negative opinion of the feature) and used as part of the assessment of Pilot features.

In-Person Student Financial Education and Loan Counseling

Feature usage. In Year Two of the Pilot, more than 3,300 students participated in an in-person SFE and/or loan counseling session. Nine institutions held a total of 224 sessions. Some held small, 5-10 attendee workshops on making spending plans and setting financial goals, while other institutions held large sessions with hundreds of students. The average age of all participants was 23.2 years old.

Knowledge gain and customer satisfaction. All students take a short pre-test before a session and a post-test directly following. Students on average scored higher in post-test evaluations, showing a short-term knowledge gain of 23.6 percentage points *(Figures 3* and *4).* All Pilot institutions that held in-person SFE sessions saw an average knowledge gain across modules.

Figure 2. Number of students by module (in-person), June 1, 2015 - May 31, 2016, all institutions.

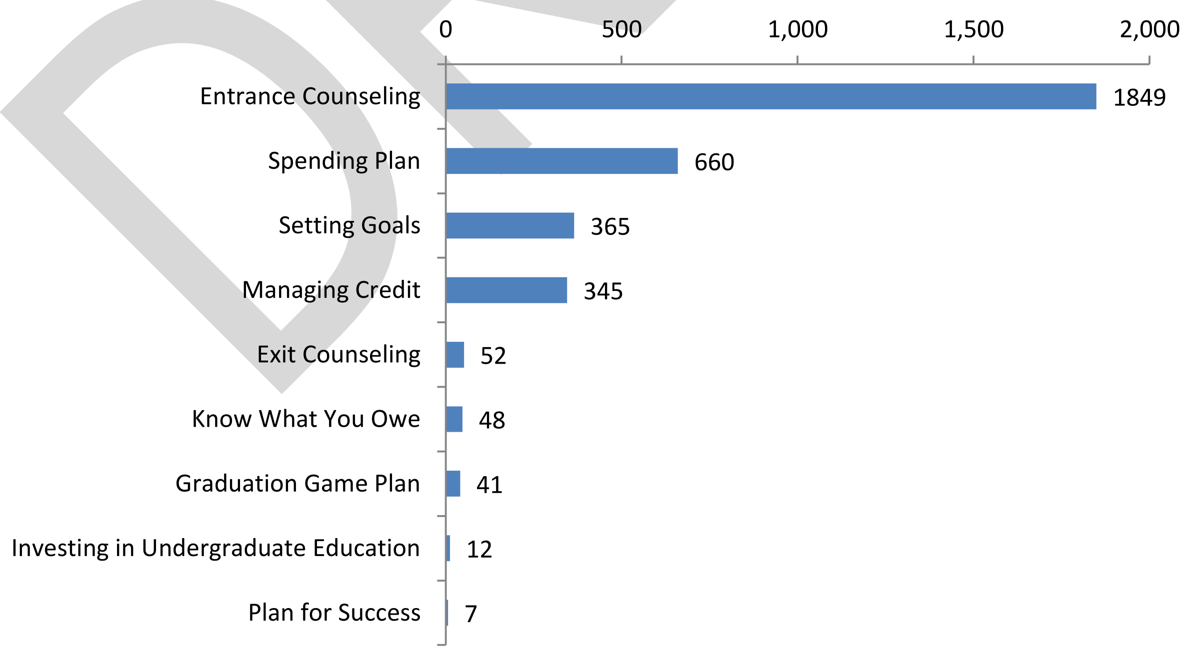
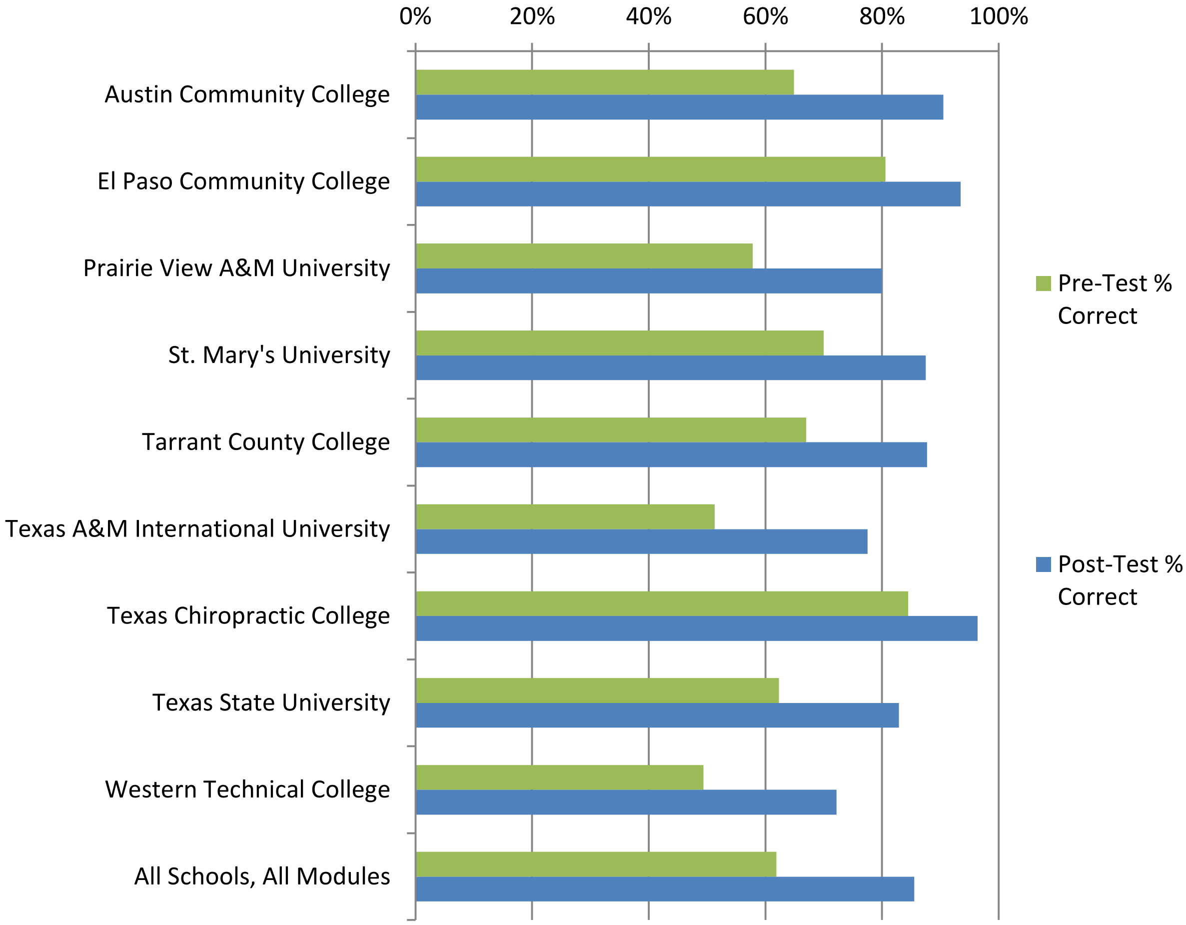
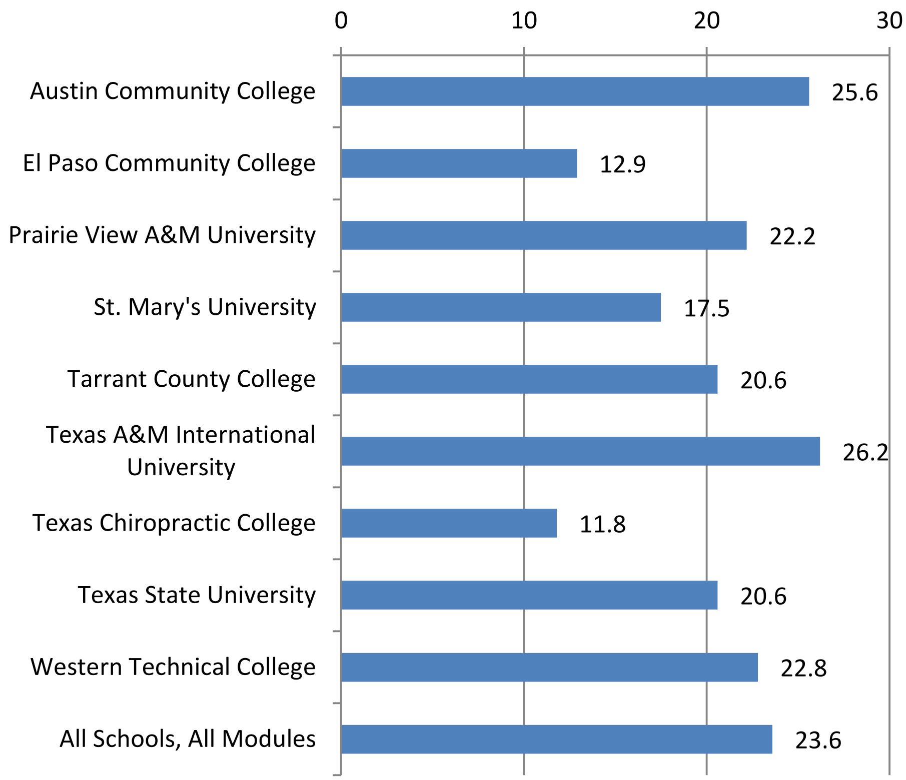


Figure 3. Pre- and post-test scores, June 1, 2015 - May 31, 2016, by institution.



Perhaps not surprisingly, the graduate students at Texas Chiropractic College had the highest pre-test knowledge. The lowest pre-test knowledge scores were among students at the for-profit career college Western Technical College. At six of the Pilot institutions, post-test average knowledge scores were 80 percent or higher. The two Pilot institutions with average post-test scores under 80 percent were heavily weighted by their heavy use of the two Pilot modules that produced the lowest students scores (*Spending Plan* and *Setting Goals*). *Figure 4* shows that students at six institutions gained 20 percentage points or higher on average.

Figure 4. Post-test average knowledge gain (in percentage points), June 1, 2015 - May 31, 2016, by institution.



As shown in *Figures 5* and *6*, of the nine official Pilot modules, *Plan for Success* – a module that teaches students the impact of academic decisions on the repayment of their student loan – recorded the highest average knowledge gain (49 percentage points). *Managing Credit*, another SFE module, had the second highest average knowledge gain (29 percentage points). All but two modules had post-test scores of 80 percent or higher. Modules that covered setting financial goals and developing spending plans appear most challenging for students participating in the Pilot.

Figure 5. Pre- and post-test scores by in-person module, June 1, 2015 - May, 31, 2016, all institutions.

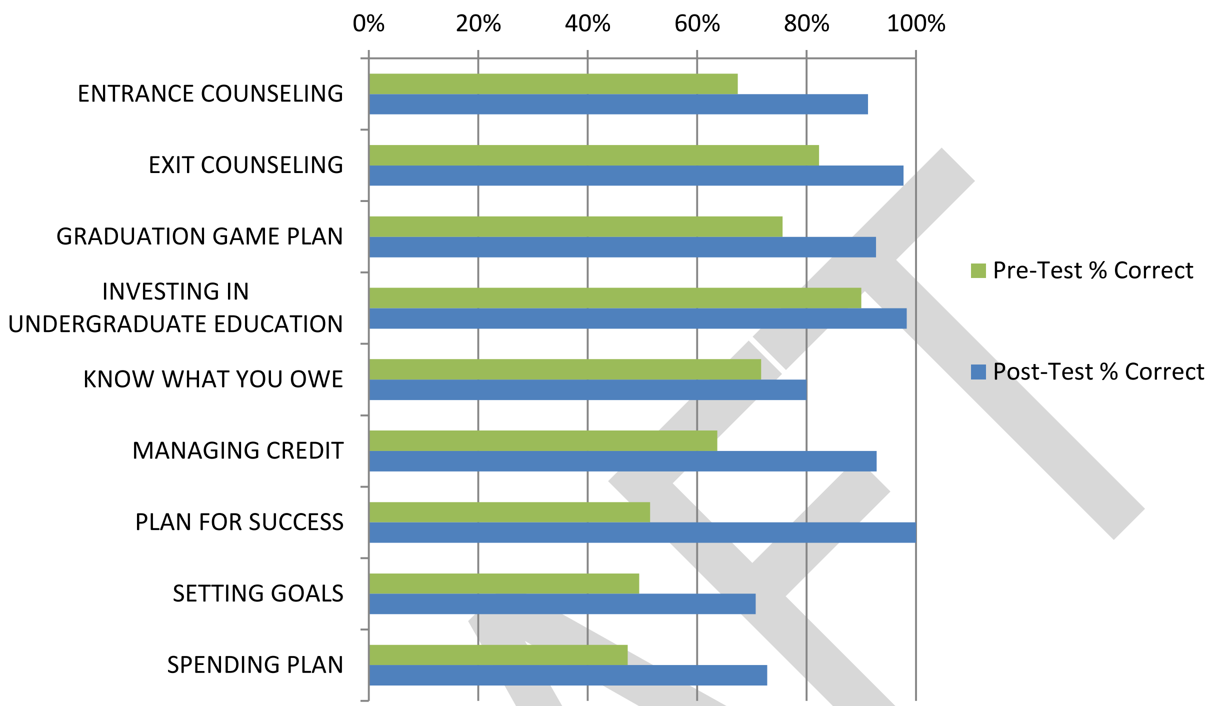
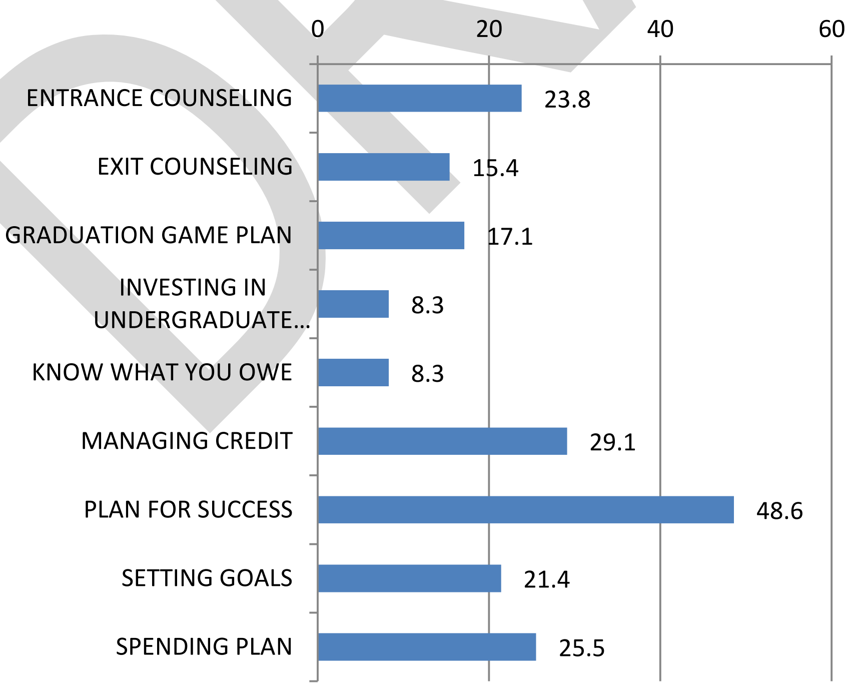
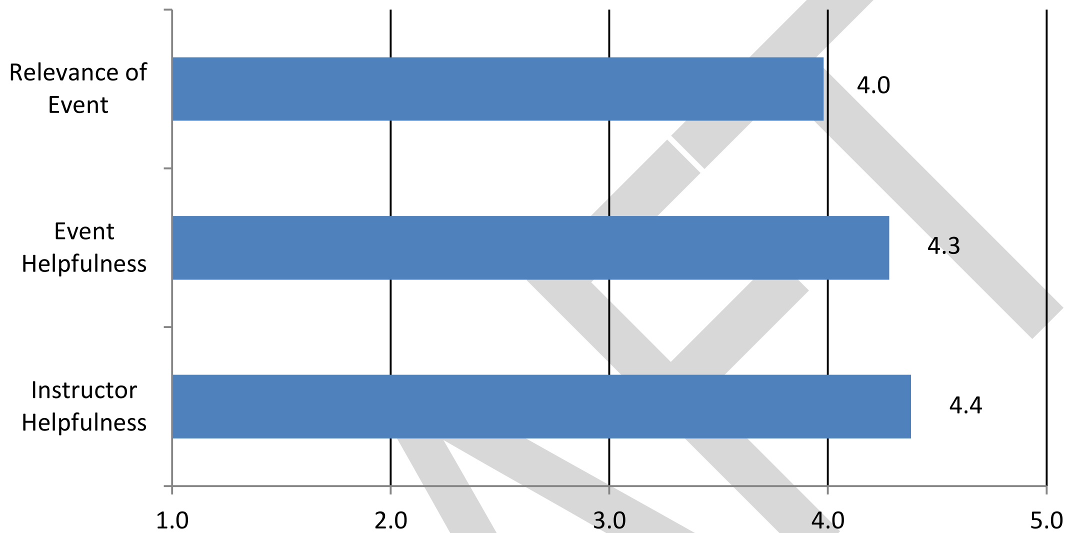


Figure 6. Post-test average knowledge gain (in percentage points), June 1, 2015 - May, 31, 2016, all institutions, by in-person module.



Following each in-person SFE session, students rate their experience on a 1-5 scale. On average, students rated their SFE sessions highly on all three customer satisfaction measures *(Figure 7).* Students rated their sessions a 4.4 for instructor helpfullness, 4.3 for event helpfullness, and a 4.0 for the relevance of the event.

Figure 7. Satisfaction scores for in-person student financial education, June 1, 2015 - May 31, 2016, all institutions.



Note: Satisfaction scores are on a scale of 1 to 5

Institution feedback. The majority of institution feedback regarding the in-person SFE feature was positive. Out of 25 responses to the question, "What did you think of this feature," 84 percent were coded as positive and 4 percent as negative.[4] Institution staff liked the content and tone of the modules; one staff member noted, "It's a positive message with helpful info that's meant to encourage, not shame."

Staff at several Pilot institutions described challenges regarding student participation in this feature. Because these sessions are not always integrated into curriculum or required as counseling, many institutions struggle to entice students to attend these SFE sessions. Staff also noted that some SFE modules can feel too "scripted." The format of the presentation makes many staff members feel rushed or unable to customize the session for their students. Efforts are underway to address feedback and to develop more flexible modules to address this issue.

Student focus group feedback. Students had a range of reactions to their SFE experiences. Presenting one suite of services to a diverse range of students has been a challenge of the Pilot, as the variance in student feedback reflects. From the Pilot focus groups, 14 people chose to respond to the question, "What did you think of your SFE session?" Of these respondents, 6 students felt positive about the session, 4 had a negative response, and 4 were neutral.[5] The majority of the students who felt positive said they came away with a better understanding of the material because of their session.

---

[4] To learn more about how responses were coded refer to the Methodology Description in Appendix A.

[5] A full description of the methodologies used to assess the Pilot, including for student focus groups, can be found in Appendix A of this report.

Students liked the games that accompany several of the modules, and one student liked the college and loan repayment decision tools suggested during the session.

- *"I think it was very informative. It made me think about going full-time [to college] as well."*

Students who felt negatively said that the SFE session provided information they already knew, had heard before, or could have learned on their own. Other students expressed indifference to their session, simply noting that there was a large amount of information covered in each session.

- *"It was alright, a little redundant. Been a year since the first time I heard it, this was the second time."*

In general, students were interested in SFE sessions. When asked if they would attend an SFE session outside of class time, many students indicated they would. Other students expressed interest but noted that their schedules were tight given work and school. The majority of students said that they would attend an SFE session if an incentive were provided; about three in five students said that free food would get them to attend a session.

- *"I think that's [providing an incentive] the only way you are going to get anyone honestly. We are so crazy with having to fulfill the hours of obligations we already have, unless we are given any incentive, or unless we are almost done and starting to panic about [our] loan situation, I don't really see much participation."*

When asked what institutions can do – aside from an incentive – to raise SFE participation levels, students said institutions could 1) integrate the course into mandatory school activities or courses, 2) hold courses in the evening and on weekends, and 3) promote the session earlier and more effectively (e.g. promotion at popular campus venues) so students had more time to plan to attend.

- *"Depends on how it is marketed. I feel a lot of financial workshops or whatever are sort of marketed to a grown up. I don't feel like a grown up. That doesn't mean they have to try and be hip for college kids, but I just think you need to know your audience."*

Successful implementation strategies. Pilot institutions that were able to integrate SFE into student requirements (e.g., college experience courses, mandatory loan counseling, Satisfactory Academic Progress appeals, orientation) had the largest numbers of students who received in-person financial education. Two Pilot community colleges raised their overall SFE participation rates by leveraging the federal requirement that all student loan borrowers complete entrance counseling. While most institutions direct students to a 30-minute, online entrance counseling website, students at these

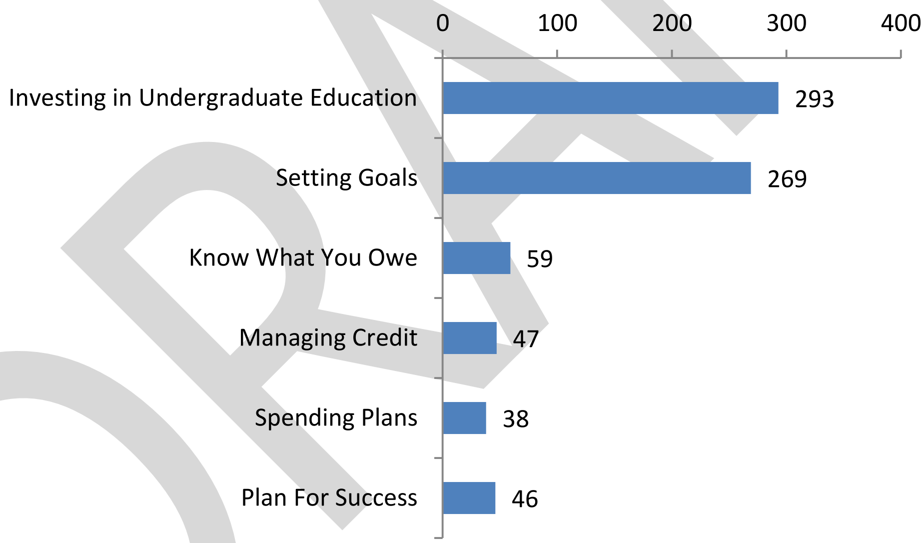
Pilot institutions were provided the equivalent in-person SFE module – *Entrance Counseling: A Good Start*. These two community colleges accounted for 55 percent of all in-person SFE sessions completed during Year Two of the Pilot. In-person entrance counseling sessions can last for as much as two hours at some institutions, delivering a more in-depth, relaxed counseling session. In addition, the entrance counseling module covers financial education topics often missed in the shorter, online equivalent.

Another four-year public university in the Pilot incorporated SFE sessions into a required freshman experience course for first-year students. Over 960 first-year students at this university completed the *Managing Credit*, *Spending Plan*, and *Setting Goals* SFE modules during their college experience course. All together, the three Pilot institutions that were able to integrate SFE into required elements of the student experience represented 80 percent of all SFE sessions completed in Year Two.

Online Learning Center Student Financial Education

Feature usage. As displayed in *Figure 8*, 752 students took an online student financial education course through the online Learning Center (LC) in Year Two of the Pilot. Students at seven of ten Pilot institutions completed a LC module. The most popular LC modules were *Setting Goals* and *Investing in Undergraduate Education*, both of which provide an overview of the costs of attending college and the different sources of student financial support.

Figure 8. Number of students by module (online), June 1, 2015 - May 31, 2016, all institutions.



Knowledge gain. Students complete a pre- and post-test as part of their online SFE module. Post-test scores were on average 13.6 percentage points higher after students completed their module *(Figures 9* and *10).* While this increase is modest in comparison to short-term knowledge gains with in-person SFE sessions, students on average went from a failing grade before the module (60.5%) to a passing grade after (74.1%). The LC does not currently capture customer satisfaction metrics, but the process of adding that function to the system is underway.

Figure 9. Pre- and post-test scores by online module, June 1, 2015 - May, 31, 2016, all institutions.

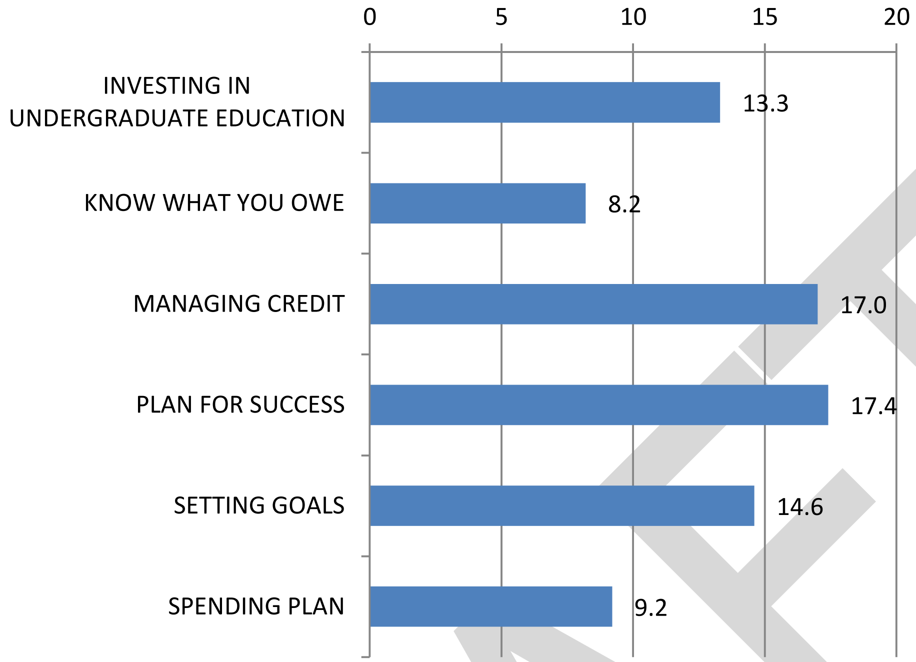
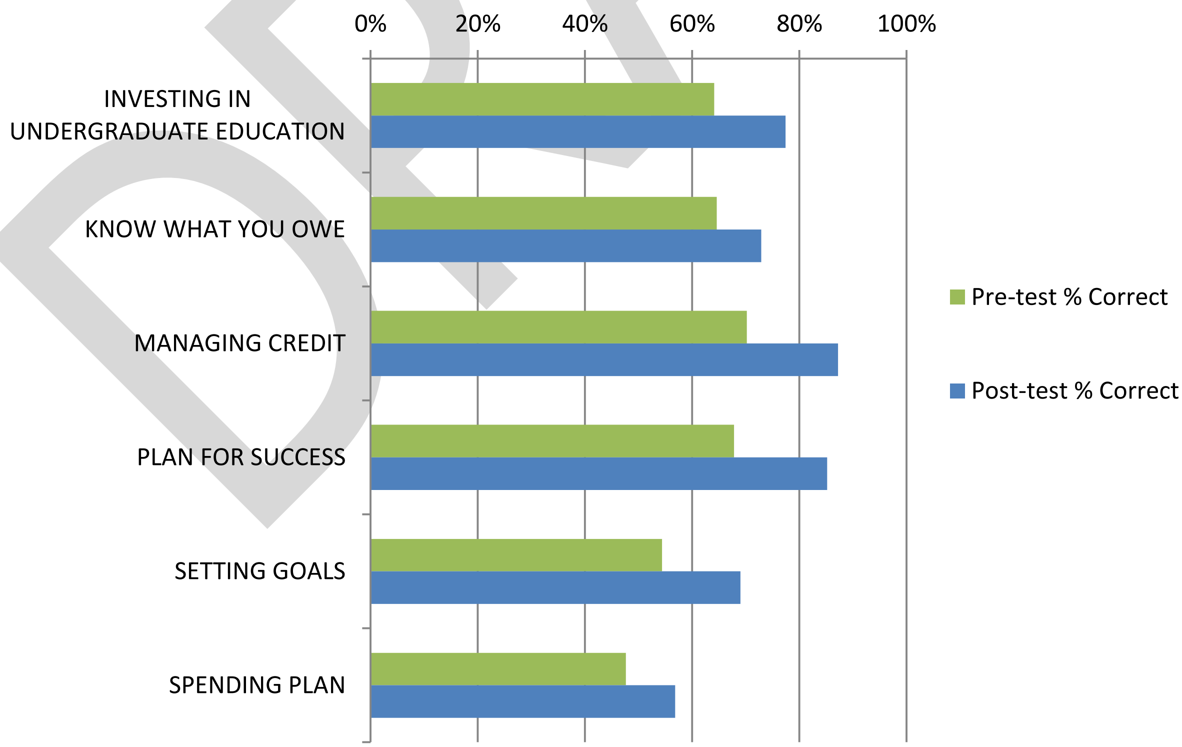


Figure 10. Post-test average knowledge gain (in percentage points), June 1, 2015 - May, 31, 2016, all institutions, by online module.



Of the six Pilot modules offered in the Learning Center[6], *Managing Credit* and *Plan for Success* recorded the highest knowledge gains (17 percentage points). *Managing Credit* teaches students how to manage and track their consumer credit in order to avoid common pitfalls and financial consequences. *Plan for Success* provides an in-depth review of repayment plans for student loans.

Institution feedback. Approximately half of Pilot institutions reported good experiences with the Learning Center. Four of the eight responses were coded as positive, and two as negative. Several institutions said the LC was helpful for reaching students who were not on campus; others like the ability to integrate modules into institution processes like Satisfactory Academic Progress (SAP) appeals and student loan disbursement for first-time borrowers.

The most common critique regarded technology issues. Institution staff provided feedback that the system can be slow and confusing at times, particularly during the sign-up process. Even among comments coded as neutral – where institution staff saw value in the feature but wanted changes made – technology issues were most frequently cited. Pilot administrators are in the process of looking at new, more user-friendly learning management systems to address these technology issues.

Student focus group feedback. Only a small sample (n=8) of focus group participants had completed a LC module; of these, six students regarded the experience as positive. Students felt that their LC modules taught them something they had not known before and that they now better understood. Two students liked the college and student loan repayment decision tools recommended by LC modules.

- *"It's really easy; a little kid could do it. It was helpful. Reminds me of taking a defensive course on line… it's like the same thing, press play, get through it, [and then] there are a couple questions. I like how y'all have different links set up so if we are interested in learning more we can. It's really cool."*

No students had negative comments about the LC, but some felt neutral about the system and commented on aspects they wished were better. Two students expressed a preference for an easier transition from the module itself to the post-test following the module. The LC system directs students to a separate webpage to complete the post-test, which students find distracting and onerous. Pilot administrators are currently exploring ways to streamline the evaluation process.

- *"I agree that I thought it [the Learning Center] was pretty self-explanatory. I think the only thing I didn't like was that the test was not directly linked to the video. We had to go back and try and find the test. It wasn't too hard, but it would be a lot more intuitive if it went straight from the module to the test."*

When asked if they preferred online or in-person financial education courses, eleven out of the twelve students who responded indicated they preferred an online option. Those students felt the online option was a useful tool to fit learning about important topics into their busy schedules. One student indicated that there are aspects of both in-person and online training that could contribute to a better learning experience.

[6] Entrance and Exit Counseling SFE modules are offered in-person only.

- *"I like that you don't have to come to campus and could do this at home. I would like the online option if there was someone I could go [talk] to if I had more questions or needed something more in depth. That would be helpful. [When] I think of physical classrooms, I think of access to someone to ask questions."*

- *"[I have] three teenagers and am married. He [my husband] is busy…so for me it is easier to go online."*

Successful implementation strategies. As with in-person SFE, institutions that required or strongly urged students to complete modules had the highest numbers of students who completed a Learning Center module. One four-year public institution saw very high usage by integrating LC modules into their orientation. At this institution, incoming students complete modules on the importance of setting financial goals and the financial benefits of completing college.

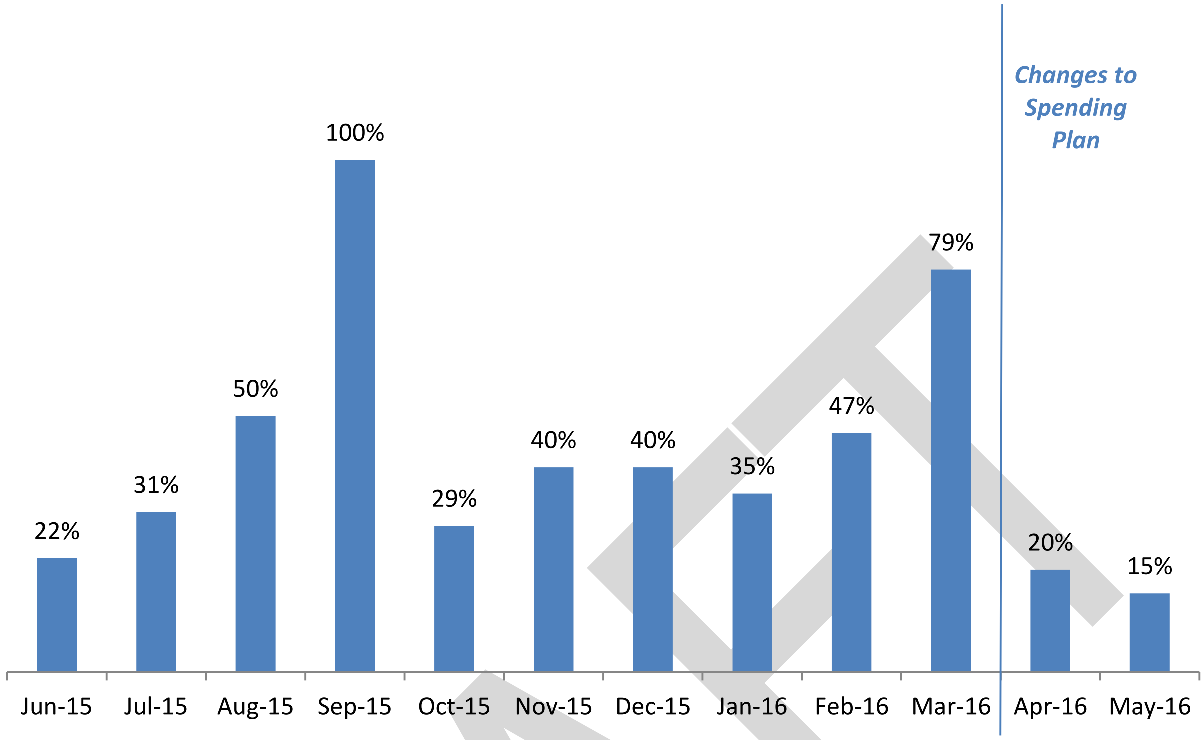
Some institutions have generated significant participation by referring students to LC modules (most commonly the *Spending Plan* module) as a way to provide extra help with financial issues. A community college in the Pilot shared stories of students who were able to become more financial independent when they sought help from financial aid department staff and were referred to LC modules. One student was able to remove herself from an abusive household in part by learning how to make a personal budget. Another student's enrollment was jeopardized by parents who were taking the student's financial aid and spending it on non-educational expenses. Staff reported that the student learned how to become financially independent and stay in college in part because of financial education. While mandatory completion yielded more participation than individual student LC referrals, some institutions report that referrals can have substantial impact for students in crisis.

Student Financial Coaching

Feature usage. Financial Coaching (FC) was the last Pilot feature to be fully developed and has yet to be widely utilized at Pilot institutions. Initially, financial coaching was offered only to four Pilot institutions in order to test the feature with a lower volume of traffic. In December 2015, coaching was made available to all Pilot institutions. With such a short time to implement the feature, many institutions have only recently seen a small but steady stream of traffic to the service. Five of ten Pilot institutions had students who tried the financial coaching feature, yielding 210 scheduled sessions and 86 completed financial coaching sessions.

Many students who initially scheduled a session rescheduled or canceled their session later, but many more students were "no shows" for their appointment. There was a concern that the financial coaching process — which encouraged students to complete a spending plan before their coaching session — may have deterred some students. In response, the spending plan process was simplified in May 2016. Since implementing these changes, the no show rate has dropped significantly *(Figure 11).*

Figure 11. No show rate for financial coaching by month, June 2015 - May 2016, all institutions.



Customer satisfaction and post-coaching survey. Students receive a survey immediately following financial coaching requesting feedback on the session, the coach, and their overall experience. The survey received an 11.4 percent response rate (n=26), with 22 open ended reviews from participants. All respondents expressed high levels of satisfaction, and survey participants rated both the helpfulness of their session and their coach highly: 8.8 and 9.5 out of ten, respectively *(Figure 12)*.[7]

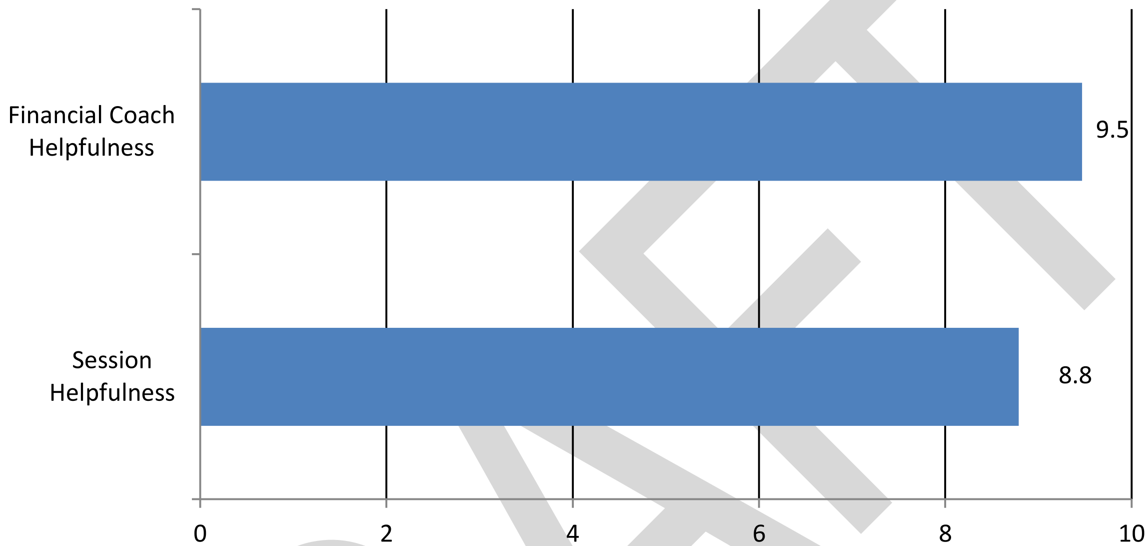
- *"[My coach] answered all my questions, was friendly, non-judgmental, very knowledgeable, and helped me create a plan to move forward with."*
- *"[My coach] was sincere, knowledgeable, and present when she spoke with me. It truly felt like she cared about my financial well-being.* "
- *"My coach was beyond helpful! She answered my questions, she gave me great and vital information that I did not know about. Overall, she was just great, I left the session feeling 100% better about how to repay loans and I honestly am more educated about financial aid now.* "

---

[7] The development of the financial coaching feature provided an opportunity to begin the migration of TG customer satisfaction measures from a 1-5 Likert scale to a 1-10 Likert scale, in order to more closely resemble industry standards in customer satisfaction.

➢ *"She was very relatable, kept me on topic, and had many ideas for solutions and/or options for each problem I addressed."*

Figure 12. Satisfaction scores for financial coaching, June 1, 2015 - May 31, 2016, all institutions.



Note: Satisfaction scores are on a scale of 1 to 10

Student focus group feedback. Few student focus group participants had completed a financial coaching session. Instead of requesting feedback on the feature, students were asked a series of questions about their willingness to talk with a financial expert and their perceived need.

Over half of all focus group participants answered, "yes," when asked, "Do you have interest in talking with an expert about decisions around paying and borrowing for college?" Several participants said that, as first-generation college-goers, they wanted access to a financial expert. They noted that they do not have family members who know how to navigate financial decisions in college. In almost all focus groups, students said they felt financially vulnerable with lots of important and complex financial decisions to make while in college.

➢ *"I feel that I would be more comfortable talking to them [financial coach] because my parents didn't go to college so there are a lot of things that maybe they don't understand."*

➢ *"I think it would be really helpful just because I know there are quite a few first generation students and we can't really go to our parents. So we kind of have to get it right the first time."*

- *"I am a single mom. I'll make a budget, [but I want to know] is it a good budget or a bad budget?"*

To raise coaching participation, students said that services should be well-marketed and easy to find, especially for those in financial trouble. Students often do not look for financial guidance until they are in crisis; students say it is important for a resource to be visible when they go looking for help.

- *"If we need advice, we are going to go for it. If we can't find it, we will give up."*

- *"My generation, we don't know how to spend and budget without feeling like we are being restrictive. Because budgeting is really something about independence, but I grew up thinking it was just restrictions. That is something that I really want to talk about [with a financial coach]."*

Many students described some of the characteristics they are looking for when talking to someone about their finances. At one two-year graduate/professional institution, 63 percent of students preferred receiving financial advice from a peer who had recently graduated from their institution. Eight student respondents from several different focus groups wanted someone who is relatable, and another eight indicated they would want someone who is expert, experienced, or credentialed.

Institution feedback. Staff at Pilot institutions said they see the value of financial coaching but have struggled to increase student participation rates. Of 14 responses to the question, "What do you think of this feature," 14 percent were coded as positive and another 14 percent as negative. The remainders of the comments were coded as neutral, indicating Pilot institution staff saw some value in the feature but were disappointed in some way or wanted some changes made to the feature.

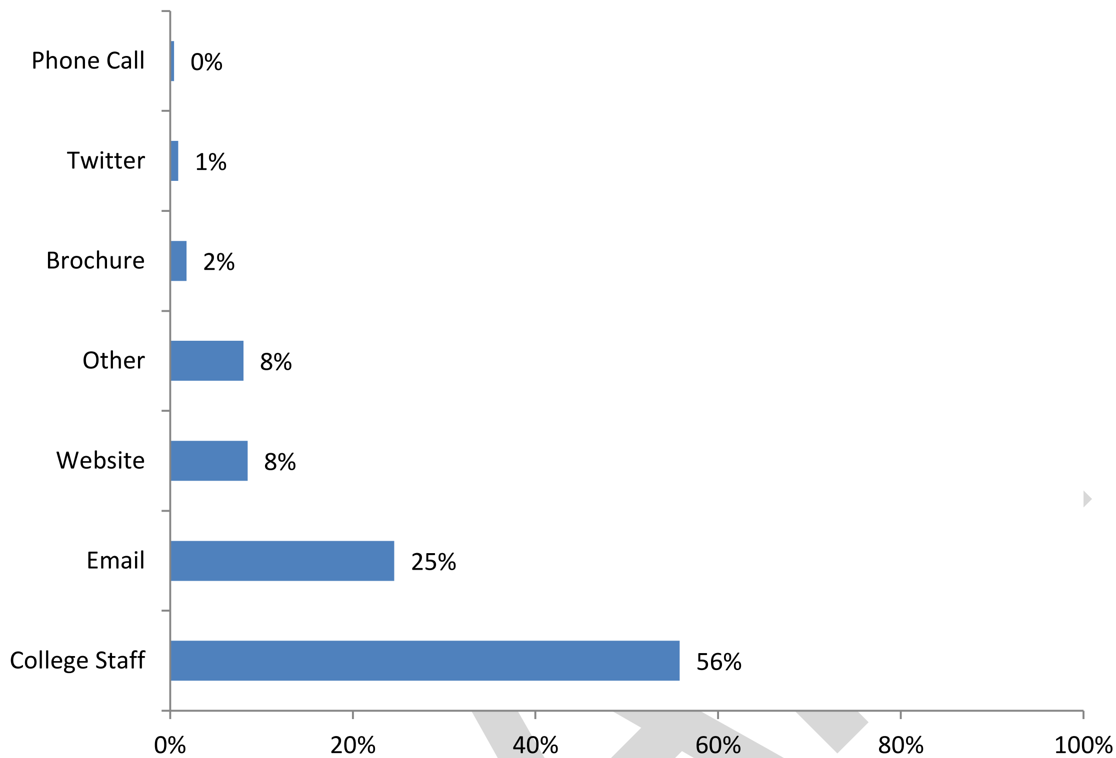
Institution staff liked the coaching content and information and said that the feature is a great resource for non-traditional and first-generation college-going students in particular. One four-year private university noted they have received many positive comments from students regarding this feature. They believe students like the customized service and more personal connection of coaching.

Most negative and neutral comments centered on low participation numbers at institutions and the difficulty of marketing the feature to students. Several institution staff members expressed a desire for more guidance on how to implement this tool on campus. To raise usage, several staff members at Pilot institutions recommended more marketing and outreach materials as well as cross-promotion with other Pilot features (e.g., in-person SFE sessions).

Successful implementation strategies. The three Pilot institutions with the highest numbers of completed coaching sessions have all developed referral processes for the feature. In February 2016, one four-year private institution began referring all students with SAP issues to financial coaching and, in a matter of months, became one of the heaviest users of the feature.

In addition, one community college and one four-year public university have trained financial aid staff to provide flyers and promote the service to students experiencing financial difficulty. One of the institutions even awards a prize to staff members who make the most coaching referrals. These strategies seem to have paid off: over half of students who completed a session reported having heard about financial coaching through college staff *(Figure 13)*.

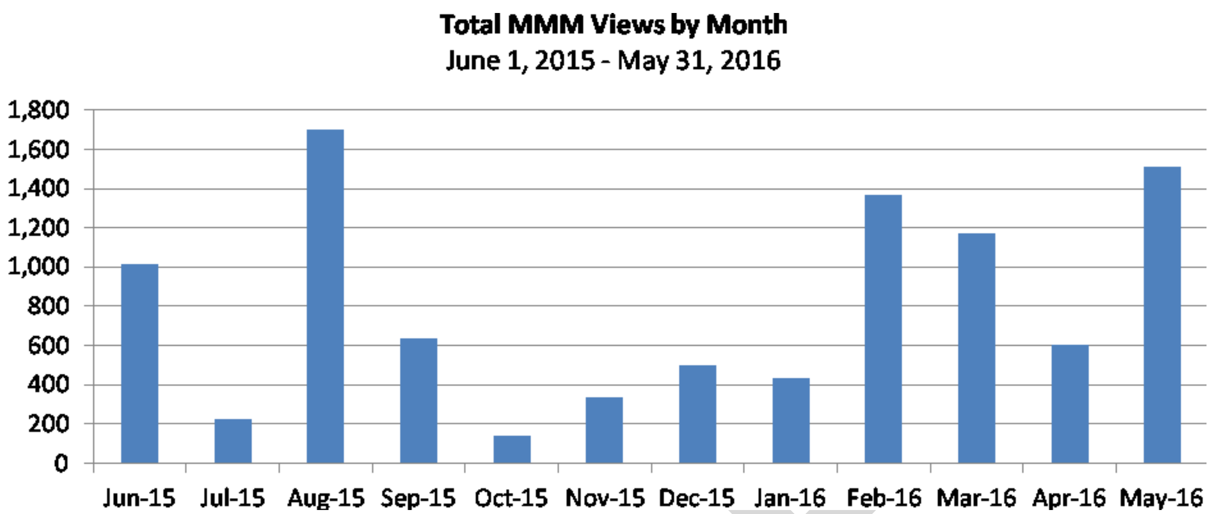
Figure 13. How students heard about coaching feature, June 1, 2015 - May 31, 2016, all institutions.



Financial and College Articles/Tips (Mighty Money Minute)

Feature usage. Institutions distribute monthly articles and tips called the *Mighty Money Minute* (MMM), which provide content timed to address issues facing students at different points during the year. The MMM is formatted to allow multiple distribution methods (e.g., email, text message, social media, handouts), but can track only the click rate of MMM article links at this point. MMM usage has been sporadic, with some months seeing over 1,600 visits to MMM article web pages and others fewer than 200. Monthly variation could be due to several factors – how busy students are at different points during the school year, varying levels of interest in topics, and/or different levels of financial anxiety – but the more likely reason is an inconsistent implementation of the feature. Many students report that MMM emails are not properly branded or easily identified as something they should read.

Figure 14. Total Mighty Money Minute views by month, June 1, 2015–May 31, 2016, all institutions.



Student focus group feedback. Out of 30 focus group comments on the MMM feature, about half were positive, a quarter were negative, and another quarter of responses were neutral (expressing some value in the articles but noting there was room for improvement).

Students report that MMM articles were well designed, well-written, and full of important information. Students said that they generally had a better understanding of given topics after reading articles. In particular, students liked exploring the recommended college and student loan borrowing decision tools.

- *"I think it [MMM] should be sent out to more students. I didn't know about this. I actually went to the website that the email told me to go to [decision tools site]."*

Despite generally positive feedback, many students recommended improvements to the MMM articles, commenting on several aspects. Several students wanted the topic of the article to be clearer or more attention-grabbing and the article length shorter. These students felt that the articles were too dull and wanted changes to better hold their interest while reading. Other students felt that the articles were good but raised their stress level about financial issues without providing enough tangible steps to address these issues. In one focus group (comprised entirely of first-year students), six out of nine students agreed with the statement that the articles raised their stress level. Generally, students did not report wide usage of the MMM feature. Only 14 percent of focus group respondents said they had seen the articles in their email inbox or around campus.

- *"I read the first one, but then it didn't give me any substantial information. It was just everyday kind of knowledge, and then it just didn't seem too important."*

- *"I think I read the first two and then none after."*

When asked how the Pilot could improve the MMM and raise its open and read rates, 30 percent of respondents agreed that the tagline or subject line of the email is very important. Students suggest creating a consistent subject line that could help them easily pick out MMM articles from their email. Many participants agreed that students who signed up to receive MMM emails would be more likely to read them.

- *"You could market the fact that it is only once a month. For me as a student, if I get something every day, I'm like no way. But if you market it that if you sign up for our emails you are only going to hit me once a month. I am much more inclined to want that."*

- *"I don't open random emails except for those I sign up for. I signed up for the New York Times; I signed up because I want to read it."*

Institution feedback. While all Pilot institutions have seen inconsistent MMM usage, they still rate the feature highly. Out of 24 responses, 59 percent were coded as positive and 29 percent negative. Positive feedback focused on the content of the MMM; many institutions noted the value of the topics discussed and the helpful tools and websites the articles link to. Many, but not all, Pilot institution staff commented on the simplicity of the feature as a benefit, noting minimal burden of simply forwarding a weblink to students. Two institutions had technology issues associated with sending campus-wide emails to the student body, and one institution had to navigate an institution policy restriction on sending mass emails.

Most of the negative feedback for the MMM features regarded the low usage rates. Many institutions do not believe that students even check their school email accounts, let alone read monthly MMM articles. Some staff would like to deemphasize the student loan and default focus of some articles since some students without loans will read them. Staff would also like the articles to look and feel less like spam so students would be more likely to open them.

Successful implementation strategies. The MMM feature struggled to have large numbers of students navigate monthly to the MMM articles. However, during focus groups and structured interviews the majority of students and institution staff gave positive feedback about the content and usefulness of the articles. The challenge over the remaining years of the Pilot will be to experiment with new ways of marketing and delivering the feature to promote greater student usage over time. In response to focus group feedback, efforts are underway to improve the content of the feature by making the articles shorter and more concise, incorporating useful "next steps" into the articles, and trying to strike a better balance between a playful tone and one that emphasizes the seriousness of financial issues. Additionally, a social media toolkit will be developed to support Pilot institutions in developing new strategies to promote the MMM.

Default Prevention Plan

Institution feedback on default prevention plan feature. Out of 18 comments on the Default Prevention Plan (DPP) during structured interviews, 89 percent were coded as positive, and institution staff had no negative comments on the feature. Pilot institution staff found the most value in the cohort data analysis portion of the DPP, which displays the characteristics (e.g. attendance status, major, GPA) for students who are at the most risk for student loan default at their institution. Institutions reported using this information in several ways: 1) to target students for outreach and intervention with Pilot features, 2) to present to institution leadership and faculty to garner support and participation with student interventions, and 3) to inform and provide guidance to student-facing staff.

Pilot institution staff communicated they would like to increase the frequency of the data analysis to have annual data on student cohorts who are most at-risk of student loan default. While analysis has been available annually upon request a more proactive stance is being adopted to collaborate with Pilot institutions in the future.

Successful implementation strategies. Several Pilot institutions have had success using the DPP to galvanize support for Pilot related activities on campus. Staff at one community college were able to present the CDR analysis to the executive and cross-departmental leadership on their campus. Staff members relay that the meeting was highly successful and created a new, campus-wide understanding of the interconnectedness of student degree completion, finances, and student loan defaults. Based on this meeting, the college president commissioned a strategic planner to coordinate a campus-wide action plan to address financial vulnerability and education on campus.

The DPP at each Pilot institution recommends the creation of a default prevention taskforce, which is a cross-departmental working group on campus to organize default prevention strategies. Two institutions – a community college and a four-year public institution – have implemented taskforces with positive results. Staff report that these taskforces have contributed to greater teamwork and program alignment across departments. Financial aid departments, which often lack capacity for new programs, appreciate that the default prevention taskforces help develop new leadership for financial education and default prevention initiatives outside of their departments.

Several Pilot institution staff report that default prevention taskforces, though beneficial, can be difficult to develop and maintain. Institutions develop “silos”, which impedes inter-departmental collaboration. Staff also report that these groups depend heavily on active, consistent member participation; staff turnover can stall work, and lack of pre-organized, actionable items makes for dry, unproductive meetings. It requires organized and energized leadership, which is why one community college rotates the responsibility of leading the taskforce semi-annually.

Implementation Themes

The final section of this report summarizes feedback from structured interviews and quarterly surveys of Pilot institution staff, as well as information gleaned from student focus groups. Implementation themes are summarized into three sections:

- Promising practices for successful implementation the Pilot program on campuses
- Barriers to successful Pilot implementation
- Insights on student life, financial vulnerability, and outreach/marketing strategies

Promising Practices

Pilot institutions have tried a range of strategies to implement Pilot features and to offer more students meaningful guidance with their financial and borrowing decisions. Several promising practices emerged from conversations with Pilot institution staff. Many of these strategies had similar approaches and shared some common characteristics.

Cross-departmental responsibility sharing. One of the main lessons learned from the Pilot thus far is that financial aid offices – which have taken responsibility for Pilot implementation on campuses – have times in each semester where processing student aid and regulatory compliance consume almost all available staff time, making it difficult to manage the implementation of Pilot features. Institutions that implemented cross-department collaboration and support for the Pilot were able to remove some of the burden from their financial aid departments, provide more consistent campus support for the Pilot, and reach students in new, innovative ways.

Members of one community college's cross-departmental default prevention taskforce rotate leadership of meetings. In this case, all participating departments have a turn leading and structuring meetings as well as ensuring meetings are productive and drive actionable results. Staffing reductions in financial aid made implementation difficult at one four-year private institution. In response, the institution's retention area and the financial aid office teamed up, and implementation has been more successful for it. The retention services office has traditionally collaborated more with different departments on campus (e.g., residence halls, business offices, and career centers). Because retention services managed the campus-wide conversations and organizational demands of Pilot implementation, the financial aid staff had more time to serve students directly using Pilot features.

Leveraging "mandatory venues." Many Pilot institutions have struggled to gain attendance at "voluntary" events. Institution staff see value in providing resources for students who seek out support, but they worry that the students who may be struggling financially and academically do not seek out support despite needing it the most. Institutions that integrated Pilot features into venues where student participation is required saw much higher Pilot usage numbers and were able to reach more of these "non-seeking" students.

Orientation programs provide one venue for required student attendance, and several Pilot institutions use it to provide financial education. One four-year public institution requires all first-time students to complete online SFE modules while attending orientation. Federally mandated student loan entrance counseling is another mandatory vehicle for students. All student borrowers must complete entrance counseling before receiving their first federal student loan disbursement. This requirement is usually completed using a Department of Education online counseling tool that has shown to be an ineffective experience for many students (Fernandez, Fletcher, & Klepfer, 2016). Two community colleges in the Pilot have set up in-person loan counseling using the Pilot SFE module; these modules offer a more relaxed, personalized counseling experience to a large volume of students. The entrance counseling usage at these two institutions makes up over half of the total SFE usage across Pilot institutions.

Student loan counseling modules add elements of financial education (e.g. budgeting, financial goals, needs vs. wants) into loan counseling, whereas the online tool barely touches on these topics.

The Satisfactory Academic Progress (SAP) appeals process allows students who have failed to meet the minimum academic standards necessary to remain eligible for federal student aid a chance to work with financial aid departments to regain eligibility. Some Pilot institutions are using this process to strongly encourage students to complete Pilot features. One four-year private institution uses the SAP appeals process to refer students to financial coaches, where students can build a spending plan and receive financial guidance through difficult situations. A community college in the Pilot refers students in the SAP appeals process to the online Learning Center to complete SFE modules.

Finally, college experience courses have become popular at many institutions. First- or second-year students are often required to take a short, one-hour course on the college experience. One four-year public institution was able to integrate in-person SFE sessions into this course, providing over 960 students with a financial education course in their first year of college. The Pilot institution hopes exposing students to financial education early will have a positive effect on their finances and decision making throughout college.

Connecting default prevention, financial wellness, and student success. Several Pilot institutions noted that, while they originally saw the Pilot as no more than a default prevention program, today they see it as a more of a holistic student support program. They believe that the program can help students become financially independent and succeed in earning a degree or credential. The connections between student debt, degree completion, and personal finances have become clearer to some Pilot institutions. Finances are consistently ranked as the most common reason that students leave school before completing, and financial issues are the leading cause of stress for students (National Student Financial Wellness Study, 2014). Students' ability to manage their finances while in school can depend largely on the amount they borrow. With too much debt, a student could have trouble with repayment later; but with too little, the student might struggle with personal finances to the point of withdrawing from college. Borrowers who fail to earn a credential are three times more likely to default on a student loan, despite having far smaller balances. By helping students navigate financial barriers during college (for example, by using the Pilot's financial coaching tool), institutions can address one of the leading drivers of non-completion and student loan default.

Institution staff say that conceptualizing the Pilot as a holistic approach to the complex, high-stakes challenge of persistence and graduation has helped galvanize campus support. Departments that traditionally concentrate on student persistence and degree completion become invested in supporting and promoting the Pilot.

Barriers to Success

In implementing Pilot features, institutions faced varied challenges, depending on their institutional sector and size. However, common themes did emerge, which can be addressed moving into Year Three of the Pilot.

Staff time constraints and turnover. Constraint on staff time was one impediment to implementation. At most Pilot institutions, the main contact took on the role with no corresponding reduction in job duties. Institution staff frequently reported not having as much time as they would like to devote to the Pilot, especially during peak activity periods.

Unexpected staff turnover has also disrupted the implementation of Pilot features at some institutions. Due to lower than average freshman enrollment, one four-year private institution was forced to dramatically reduce staff in the financial aid department in order to shift personnel to the admissions office. The beginning of Year Two was challenging for this institution as the institution worked out new processing duties within the office. At one community college, three senior leaders who had championed the Pilot and advocated for buy-in left the institution. Bringing new administrative leadership up to speed on the Pilot required time, and these new leaders also brought new perspectives and goals affecting various institution processes and initiatives, including the Pilot program.

Competition for "mandatory venues." Several Pilot institutions have seen success incorporating Pilot features in "mandatory venues" where student attendance is required – most commonly student orientation and college experience courses. However, many other institutions report significant difficulty in using these venues to promote Pilot features given the demand for time from other departments on campus (e.g., student life, career services, campus safety). Several staff members said that departments might be competing to deliver content to students during these rare moments of mandatory attendance. Orientation and college experience courses are packed full of information for students, and often a 45-minute financial education session would take up too much course time.

Lack of awareness of the pilot on campus. Out of 46 focus group respondents, no student was aware of the Pilot program at his/her institution. This significant barrier has several consequences. First, students report not knowing where to go for financial education resources, despite a desire for such information. Second, students miss the benefits of understanding the interconnections between various topics and Pilot features that they should be interacting with throughout the year. Finally, the barrier prevents students from recognizing the Pilot program as a trusted source of financial information and support.

A major driver of this lack of Pilot and feature awareness was a lack of outreach and marketing on Pilot campuses. Feedback from structured interviews and focus groups revealed a significant demand for marketing and outreach materials. Students say they want to know about events and services through posters, flyers, and their colleges' webpages. Each student focus group told researchers about the places on campus where marketing materials would be most visible. Institution staff reported having very little budget for marketing and have requested the develop outreach materials, which Pilot administrators have committed to do in the next year of the Pilot. In Year Three, the Pilot will support institutions as they share successful outreach strategies with other Pilot institutions to compare methods, results, and lessons learned.

Cross-departmental collaboration and leadership buy-in. Many Pilot institutions run the program out of the financial aid office, and many report significant difficulty in getting the support of other departments on campus. Sometimes other departments see the Pilot program as a "financial aid department project" and do not take ownership in the program. Some institutions struggled to educate their departments on Pilot feature benefits. Late in Year Two, several institutions requested development of inter-office marketing materials for Pilot features. Institution staff members have responded favorably to the materials, and Pilot administrators will continue to support cross-departmental partnerships with services and resources.

Insights on Student Life, Financial Vulnerability, and Outreach/Marketing

In order to better understand how students interact with Pilot features, focus group participants were asked a range of questions about student life, finances, and communication preferences. Their feedback will be useful for the continual improvement of Pilot features, but it also provides broader insights on student life and the diverse perspectives from a range of Texas students. The following themes emerged from Pilot focus groups.

Student financial anxiety. Students expressed anxiety about their student loans and finances and felt they were in a financially vulnerable position. When a community college focus group was asked, "How many feel like you are struggling financially while in school," 7 out of 11 students answered yes. At one four-year public institution, 100 percent of the focus group said they were not confident in their financial decisions; and at a graduate/professional college, 13 out of 19 students said they were feeling anxiety about their student loans.

- *"I just don't get a lot [of help]. It is hard being a full-time student living on your own. I am trying to get through [college] as fast as possible so I can get that higher pay."*

- *"A lot of us don't understand the financial implications of all that is going on. Especially coming in as an undergrad there are young kids not understanding their finances. I have no finance background at all."*

One first-year student at a four-year public institution observed that, once students arrive on campus, they receive little school guidance in contrast to the wealth of advice and encouragement they received while applying. In that focus group 13 out of 19 students agreed with the student's statement:

- *"I guess for someone who is just starting out with college, I feel like they push you just to get there, and then you are supposed to figure it all out when you get here. I knew next to nothing about what was going into my finances except for what the award package said. You just click ok, and then it just happens. The next semester comes and all of a sudden you have to pay all of this money and I don't know what I am doing. And I feel like as someone who just started college they really push you to get there, and then I have to come up with this money and I am not sure how to do that."*

In general, students reported a desire to take advantage of financial education opportunities. Across all institution sectors, students expressed a demand for information and guidance around their finances. At a four-year public institution, focus group participants were asked, "Are there any gaps in your knowledge of financial education? Could you use some help with financial education?" All ten students responded yes to both questions.

- *"Mainly really recently, I have been looking into the next level of becoming an adult, looking for an actual house, not an apartment. So credit scores and all of those kind of things are coming way into play, plus job searches and things like that. And so recently I have been feeling like, gosh, I should do something to realize what I am getting myself into."*

Student time constraints. Students expressed a great deal of interest in financial education, but, when asked how it would fit in their schedule, 64 percent of respondents admitted they only had time for work and school. Students said that they cannot predict when they will need financial education support or how they could fit it in their schedules. However, they did feel that having financial education resources visible/available to them was important, whether that occurs through better marketing or by housing the resources at a trusted information source.

- *"I wake up, go to school, go look for work…I do odd jobs. Go home, study, do homework, sleep."*
- *"I am out [of classes] by 2pm, go to work by 3pm, and then I have to go home. I have kids, a four, five, and six year-old."*

Outreach and marketing. Most Pilot marketing (for both features and events) is done through email, but many institution administrators do not believe students check their school email very frequently. Student focus groups agreed with this observation, with many noting they did not check their school email at all.

- *"I get 10 emails a day and 4 text messages from the school per day. I just delete [them]."*
- *"It just goes back to if you are emailing us, we aren't checking our email. We won't see it."*

Institution staff commented that posters and flyers do not usually work for marketing purposes. However, student focus groups said they frequently use flyers and posters to learn about campus events. Students also report that they often learn about events and opportunities through word of mouth. Students suggested that Pilot features could include language that encourages them to tell their friends about the service or even encourage referrals with small incentives.

- *"I'll ignore things on email, social media, and Facebook. But a flyer on campus, it is more important. I would think about the flyer during the day."*
- *"Word of mouth is important. If I had a friend that said something helped them and before they didn't know how important their finances are that would be great."*

Students also said they would participate in financial education events where incentives were provided. Several focus group participants – including one entire four-year public focus group – said an incentive makes it more likely they will attend an event. When asked, students said the best type of incentive would probably be free food, followed by a small prize/gift card.

Financial disconnect between students and their institution. During a broad conversation on their financial struggles, focus group participants from one community college said they felt frustrated that faculty did not seem to understand their financial realities. Over 60 percent of the focus group felt the textbook costs for some courses were exorbitant. They also said that faculty might require these textbooks but rarely use or refer to them. The students expressed frustration and resentment at this seemingly inconsiderate waste of their scarce resources.

- *"I have a $200 book. It costs more to buy your book then it does to enroll in class."*
- *"If they want us to buy the book, they should use it every single class. Not say we are going to use it, and then just give you a lab that is in one of the pages."*

Conclusion

Institutions and students provided a wealth of feedback in Year Two of the Pilot that will guide improvements and efforts in Year Three. The Pilot program is designed around principles of iterative change. In each year of the Pilot, administrators will apply the lessons learned from Pilot institution staff, student feedback, and Pilot feature success metrics to improve the program. Texas postsecondary students need strong support in order to make effective, better informed financial choices about how to go to college and how to avoid student loan default. The Pilot will continue to generate insights on how to achieve this goal most effectively.

Appendix A. Methodology Notes

Behavior Change Survey

Students completing any of three Pilot features – Financial Coaching, in-person Student Financial Education (SFE) Modules, and online Learning Center SFE – are sent a survey that asks students if they have completed a task or action associated with the 10 key behaviors the Pilot features are designed to encourage. Students receive the behavior survey between 30 and 60 days, depending on whether they complete an additional Pilot feature. If a student completes another Pilot feature within 30 days, the behavior survey for the original Pilot feature is delayed until 30 days has passed from the additional feature or 60 days have passed, whichever comes first. *Table 3* (pg.9) of this report outlines the topics and modules from Pilot features that connect with a key Pilot behavior. All students who complete a feature are asked all 10 behavior questions, even if they do not complete a feature, module, or topic associated with the behavior question.

For each question in the survey, students who participated in a feature component designed to affect the behavior are placed in a treatment group for that question. For the same behavior question, those students who had not completed a feature connected with that behavior are placed in a control group for that question. The treatment and control groups for each question are compared to see which group was more likely to complete the behavior. One caveat of this methodology is that the control group consists of students who have experienced some financial education or coaching feature, which may indicate (and further increase) heightened general concern/interest in personal finance, increasing their likelihood of engaging in a variety of beneficial behaviors that may not have been explicitly encouraged by the particular feature they completed.

Discussion of Behavior Survey

Out of 2,729 behavior surveys sent to students, only 59 students responded (2.2 percent response rate). Sufficient time has not yet elapsed in the Pilot to reach a critical mass of behavior survey respondents in order to draw any statistically significant conclusions. Pilot administrators plan to continually improve the design and look of the behavior surveys to try and increase survey response rates.

In-Person Student Financial Education Pre- and Post-Tests

Only students who have completed pre- and post-test evaluations are counted for official feature usage numbers (3,200 student pre- and post-tests). The only student identifier recorded on evaluation forms is the students' email address, reported by the student. Students answer five questions that test knowledge of SFE module content during the pre-test, and the same five questions – with the order of the questions and answers changed – during the post-test. Pilot institution staff mail evaluations forms to TG, where data is processed and stored in a data warehouse. Students also complete three customer satisfaction questions on the evaluation form.

Online Learning Center Student Financial Education

Students complete pre- and post-test evaluations during online SFE sessions. Students cannot complete the online session without completing the pre- and post-test. There are currently no customer satisfaction questions recorded from online sessions, but Pilot administrators plan to add them to the LC system in Year Three of the Pilot.

Financial Coaching Post-Survey

Students who completed the Financial Coaching feature are sent a survey immediately following the conclusion of their coaching session. Students are asked to rate the helpfulness of their session and coach, and are encouraged to provide open-ended comments to elaborate on their rating. The post-coaching survey had a 9.8 percent response rate.

Mighty Money Minute Click-Rates

Pilot institutions are provided links to MMM content formatted three ways: an HTML email, an email using only text (not HTML), and a link to use for social media and text messages. Click-rates were recorded for each link.

Quarterly Surveys to Pilot Institution Staff and TG Pilot Institution Consultants

Key Pilot institution staff members are sent a quarterly implementation survey designed to record the successes and challenges they experienced in the prior 3 months of implementation. In addition, the survey records their views on the program in general, TG's performance, and solicits advice on how TG can better administer the program.

Each Pilot institution has a dedicated TG consultant assigned to assist them with Pilot implementation. TG consultants are sent a quarterly implementation survey designed to record their perception of Pilot program success at institutions and to share any barriers to success or promising practices at Pilot institutions.

Quarterly surveys to institution contacts and TG consultants began in Q2 of the Pilot Year Two, but will cover all quarters in Year Three. TG researchers use data from quarterly implementation surveys to support the development of implementation themes in the annual Pilot report.

Structured Interviews with Pilot Institution Staff

Researchers conducted structured interviews with staff at all ten Pilot institutions (including LeTourneau University, which also counted as an exit interview). These interviews occurred between January and April of 2016. Structured interview participants received the same series of questions across each institution. Multiple researchers took notes for each structured interview to ensure an accurate accounting of the interview. Structured interview notes were then coded by response to each question and compared across institutions to develop themes and assess Pilot features. All responses to a given question by a given institution (could be multiple speakers) were interpreted collectively.

Structured interview notes that provided subjects' opinions on the quality, effectiveness, and implementation of Pilot features were grouped into "Feature Assessment" and coded as either a positive, negative, or neutral view of the feature (neutral comments reflected neither a positive nor negative opinion of the feature). Structured interview notes grouped into "Feedback" referred to an overall determination of the value of the Feature if no pro or con was given. Notes grouped as "Recommendation" refer to suggestions for improving a feature or improving an aspect of the Pilot. Notes grouped as "TG Performance" regarded structured interview participants' views of how TG has administered the Pilot and Pilot features. The groups "Feedback", "TG Performance", and "Recommendations" were used to develop implementation themes during Pilot assessment. "Feature Assessment" was used as part of the overall assessment of the success of Pilot features.

Focus Groups with Students Pilot at Institutions

Researchers conducted student focus groups at seven Pilot institutions. Focus groups were not conducted at Western Technical College or Prairie View A&M University due to low focus group recruitment; however, there are plans to conduct focus groups at these institutions in Year Three. LeTourneau University withdrew from the Pilot before focus groups were conducted. A total of 79 students participated in the student focus groups. Pilot institution staff assisted researchers in recruiting students for focus groups, with priority given to students who had completed a Pilot feature. Students received a $45 Amazon gift card for their participation. Student focus groups contained no less than seven students and no more than 19 at all institutions. While full demographic information was not collected for each student, around half of students in focus groups were asked their year in school, a little about themselves, and what their plans were after school. The following students were represented in focus groups.

- First-year, first-time students
- Graduating students
- First- and second-semester grad students
- Students currently enlisted or planning to enlist in the military
- Parents and single parents
- Adult learners
- Withdrawn students returning to school
- Students planning on transferring
- Part-time students

Focus groups were recorded and transcripts were created for each session. Some recordings had portions of bad sound quality, leading to some incomplete transcripts with sections labeled as "inaudible," but all student quotes were transcribed verbatim. Though all focus group participants were asked the same series of questions, not all focus groups had comments recorded for each questions, and within focus groups not all participants responded to each question. Researchers often followed up on a student response by asking tangential or follow-up questions that were not asked at every focus group. Researchers coded each focus group transcript. Comments from students who received features were coded as positive, negative, or neutral (neutral comments reflected neither a positive or negative opinion of the feature) and used as part of the assessment of Pilot features. Comments from those participants who had not completed a feature were used to assess a demand for features, circumstances in which the student would participate in features, and/or their impression of the value of the feature. Focus group participants were also asked a series of questions about student life, financial vulnerability and the marketing of features.

Feedback from Annual Pilot Institution Convening

Pilot institution staff participated in a convening held in Round Rock, TX. Staff shared strategies and challenges of Pilot implementation at their institutions, provided feedback regarding administration of the program, and offered ideas for improvement of the Pilot. Researchers took notes on the convening and recorded participant comments. These notes were used in the development of implementation themes for the annual assessment.

Appendix B. References

Baum, S. and O'Malley, M. (2003). College on Credit: How Borrowers Perceive Their Education Debt: Results of the 2002 National Student Loan Survey. Nellie Mae Corporation.

Carnevale, A. P., Cheah, B., & Hanson, A. R. (2015). *The economic value of college majors*. Georgetown University Center on Education and the Workforce.

Fernandez, Fletcher, Klepfer. (2016). *State of Student Aid and Higher Education in Texas*. TG Research. Round Rock, TX. Retrieved from: https://www.tgslc.org/pdf/SOSA.pdf

Fernandez, Fletcher, Klepfer, & Webster. (2016). *Effective Counseling, Empowered Borrowers: An Evidence-Based Policy Agenda for Informed Student Loan Borrowing and Repayment.* TG Research. Round Rock, TX. Retrieved from: http://www.tgslc.org/pdf/Effective-Counseling-Empowered-Borrowers.pdf

Jensen, C. (2014). College Financial Aid: Highlighting the Small Print of Student Loans. ACE Continuing Education.

National Student Financial Wellness Study. (2014) The Ohio State University. Retrieved from: http://cssl.osu.edu/posts/documents/nsfws-key-findings-report.pdf

Neal, Fletcher, Shook, & Webster. (2012). *Balancing Passion and Practicality: The role of debt and major on students' financial outcomes.* TG Research. Round Rock, TX. Retrieved from: https://www.tgslc.org/pdf/Balancing-Passion-and-Practicality.pdf

Schneider, M. (2013). Higher education pays: The initial earnings of graduates of Texas public colleges and universities. College Measures.

Texas Higher Education Coordinating Board (THECB). (2016). 60x30TX: Texas Higher Education Strategic Plan 2015-2030. Retrieved from: http://www.thecb.state.tx.us/reports/PDF/6862.PDF?CFID=41531877&CFTOKEN=29618147

Whitsett, H. (2012). *High Debt, Low Information: A Survey of Student Loan Borrowers*. National Economic Research Associates (NERA) on behalf of Young Invincibles. Retrieved from: www.nera.com/publications/archive/2012/high-debt-low- information-a-survey-of-student-loan-borrowers.html

Appendix C. Text of Senate Bill 680

SB No. 680

AN ACT

relating to a pilot program to improve student loan default rates and financial aid literacy among postsecondary students.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter C, Chapter 61, Education Code, is amended by adding Section 61.0763 to read as follows:

Sec. 61.0763. STUDENT LOAN DEFAULT PREVENTION AND FINANCIAL AID LITERACY PILOT PROGRAM.

(a) In this section, "career school or college" has the meaning assigned by Section 132.001.

(b) Not later than January 1, 2014, the board shall establish and administer a pilot program at selected postsecondary educational institutions to ensure that students of those institutions are informed consumers with regard to all aspects of student financial aid, including:

(1) the consequences of borrowing to finance a student's postsecondary education;

(2) the financial consequences of a student's academic and career choices; and

(3) strategies for avoiding student loan delinquency and default.

(c) The board shall select at least one institution from each of the following categories of postsecondary educational institutions to participate in the program:

(1) general academic teaching institutions;

(2) public junior colleges;

(3) private or independent institutions of higher education; and

(4) career schools or colleges.

(d) In selecting postsecondary educational institutions to participate in the pilot program, the board shall give priority to institutions that have a three-year cohort student loan default rate, as reported by the United States Department of Education:

(1) of more than 20 percent; or

(2) has above average growth as compared to the rates of other postsecondary educational institutions in this state.

(e) The board, in consultation with postsecondary educational institutions, shall adopt rules for the administration of the pilot program, including rules governing the selection of postsecondary educational institutions to participate in the pilot program consistent with the requirements of Subsection (d).

(f) The board may contract with one or more entities to administer the pilot program according to criteria established by board rule.

(g) Not later than January 1 of each year, beginning in 2016:

(1) the board shall submit a report to the governor, the lieutenant governor, and the speaker of the house of representatives regarding the outcomes of the pilot program, as reflected in the federal student loan default rates reported for the participating institutions; and

(2) each participating institution shall submit a report to the governor, the lieutenant governor, and the speaker of the House of Representatives regarding the outcomes of the pilot program at the institution, as reflected in the federal student loan default rate reported for the institution.

(h) This section expires December 31, 2020.

SECTION 2. The Texas Higher Education Coordinating Board shall adopt rules for the administration of Section 61.0763, Education Code, as added by this Act, as soon as practicable after this Act takes effect. For that purpose, the coordinating board may adopt the initial rules in the manner provided by law for emergency rules.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013

Appendix D. Cohort Default Rate Primer

To provide further context regarding the long-term scope and purpose of the Pilot program, the following is an overview of how institutional cohort default rates (CDRs) are determined and why they matter.

How a CDR Is Defined

The CDR is the percentage of a college's borrowers who enter repayment on certain Federal Family Education Loan Program (FFELP) or William D. Ford Federal Direct Loan Program (FDLP) loans in a given fiscal year and then default by the end of the next two fiscal years.

The CDR was introduced in the late 1980s to help ensure accountability among institutions of higher education. At the time, a number of colleges were enrolling students who were not necessarily qualified for a program of study or who could not reasonably benefit from the degree enough to repay any federal student loans they might borrow. By implementing a measure that helped identify colleges where these issues were most frequent, Congress hoped to cut down on fraud in higher education marketing and help ensure that students benefited from their college investment and were positioned to repay their student loans successfully.

How a CDR Is Calculated

The federal fiscal year (FY), which begins October 1 of one calendar year and ends September 30 of the next calendar year, is the key span of time in measuring a CDR.

A borrower will increase a college's CDR if he or she enters repayment in a given fiscal year and defaults within the next two fiscal years. The following is a sample CDR calculation:

FY 2014 CDR	**=**	**Number of borrowers who defaulted between October 1, 2013, and September 30, 2016** / **Number of borrowers who entered repayment between October 1, 2013, and September 30, 2014**	**x**	**100**

As demonstrated above, the formula for determining a CDR is an atypical calculation that is significantly dependent on "lag time." By comparison, the Pilot focuses on student borrowers who are currently in school. They are not considered to be in a college's particular cohort until they leave school and enter repayment. The CDR is not calculated until after borrowers are tracked for three years (e.g., the FY 2014 CDR will be released in calendar year 2017). Further, a college tracks multiple, overlapping cohorts at one time (See illustration).

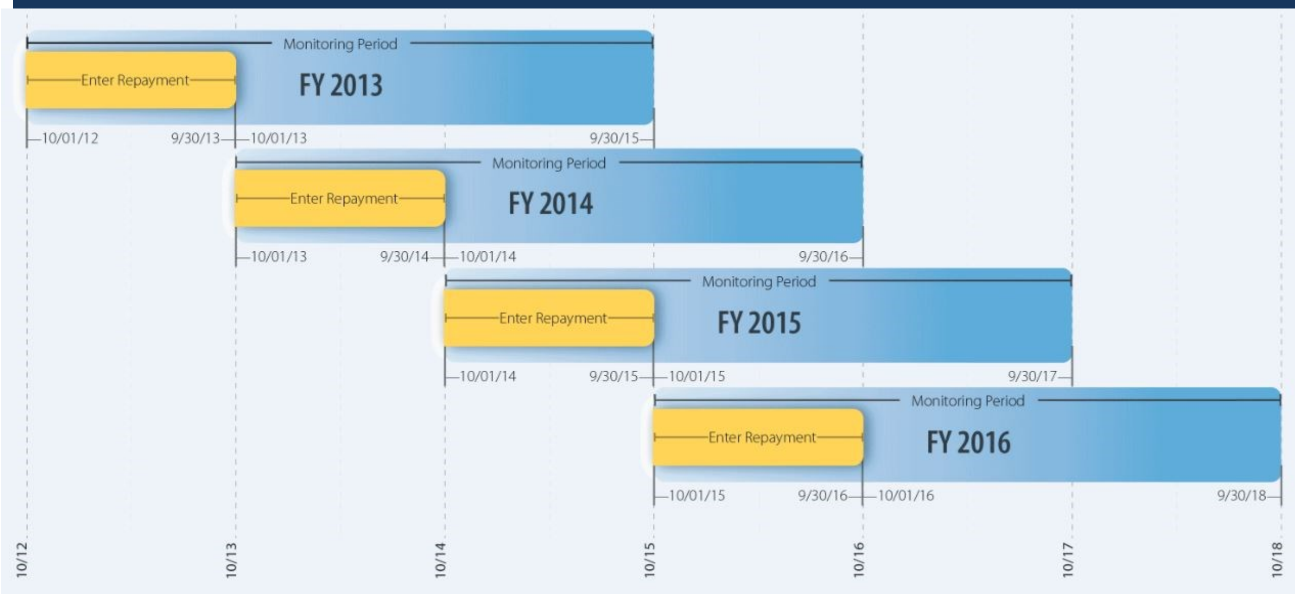
Benefits of Low Rates

Having several consecutive low CDRs entitles a college to certain benefits. If an institution's three most recent CDRs are less than 15 percent, the college:

- May deliver FDLP loans in a single disbursement (given semester length); and
- Is not required to delay by 30 days the first disbursements of FDLP loans to first-year, first-time, undergraduate borrowers.

Benefits of a low official CDR	Exempt from 30-day delayed disbursement rule for first-year, first-time undergraduate Direct loan borrowers?	Exempt from multiple disbursement rule for Direct and Direct PLUS loan borrowers?
3 most recent rates are less than 15%	Yes	Yes, a college may choose to make a single disbursement for a loan period no longer than 1 standard term or 4 months

A Closer Look at How Cohort Default Monitoring Periods Overlap



Consequences of High Rates

Consistently high CDRs can result in significant consequences. A college with three consecutive official CDRs of 30 percent or greater or a single CDR of greater than 40 percent could lose eligibility to participate in certain federal aid (Title IV) programs, including the FDLP and Federal Pell Grant Program.

In addition, any time two of a college's three most-recent CDRs equal or exceed 30 percent, the college may be placed on *provisional certification* for federal aid participation.

Further, the first time a college's CDR is equal to or greater than 30 percent, the college must establish a *default prevention task force* and prepare a *default prevention plan* and submit it to ED for review. This plan must:

- Identify the factors causing the rate to be 30 percent or greater,
- Establish measurable objectives and steps to improve future rates, and
- Specify actions that can be taken to improve student loan repayment, including counseling regarding loan repayment options.

If the college's CDR remains equal to or greater than 30 percent for a second consecutive fiscal year, the college's default prevention task force must review and revise the plan and submit the revised plan to ED. The Department of Education may require the college to make further revisions to the plan and/or take actions to improve student loan repayment success.

Consequences of high official CDRs	Default prevention task force and plan required?	Provisional certification of Title IV eligibility?	Loss of Title IV program eligibility?*
Most recent rate is 30% or higher	Yes	No	No, if most recent rate is not above 40%
2 of 3 most recent rates are 30% or higher	Yes, and if those rates are for 2 consecutive years, college must revise default management plan	Yes	No, if most recent rate is not above 40%
3 consecutive rates are 30% or higher	No, but vital if college hopes to regain Federal Pell Grant and Direct Loan Program eligibility in future	Yes	Yes — Federal Pell Grant and Direct Loan Program eligibility
Most recent rate is above 40%	No, but vital if college hopes to regain Federal Direct Loan Program eligibility in future	Not based on that rate alone (depends on prior 2 rates)	Yes — Federal Direct Loan Program eligibility

* A loss of Title IV program eligibility may be avoided if a college successfully appeals or obtains an adjustment of its official CDR.

Appendix E. Participating Institution Profiles and Usage Numbers[8]

Austin Community College

- Type: 2-year, public
- City: Austin
- Degrees offered: Certificates, associate
- Campus setting: City, large
- Student population: 40,949 (all undergraduate)
- Percentage receiving Pell grant (undergraduate): 23%
- Percentage receiving federal student loans (undergraduate): 22%
- Average annual net price (2014-15): $7,210
- Percentage of students attending full time: 22%
- Percentage of students 25 and older: 39%
- Percentage of full-time, first-time students who graduated or transferred out within 150% of "normal time" to completion for their program (Fall 2012 cohort): 8% overall graduation rate, 35% transfer-out rate
- Local county unemployment rate: 2.8%
- Cohort default rates: FY 2010: 22.4%; FY 2011: 20.8%; FY 2012: 19.9%

El Paso Community College

- Type: 2-year, public
- City: El Paso
- Degrees offered: Certificates, associate
- Campus setting: City, large
- Student population: 28,308 (all undergraduate)
- Percentage receiving Pell grant (undergraduate): 49%
- Percentage receiving federal student loans (undergraduate): 5%
- Average annual net price (2014-15): $3,476
- Percentage of students attending full time: 33%
- Percentage of students 25 and older: 28%
- Percentage of full-time, first-time students who graduated or transferred out within 150% of "normal time" to completion for their program (Fall 2012 cohort): 12% overall graduation rate, 14% transfer-out rate
- Local county unemployment rate: 4.5%
- Cohort default rates: FY 2010: 19.0%; FY 2011: 14.5%; FY 2012: 14.8%

LeTourneau University

- Type: 4-year, private not-for-profit
- City: Longview
- Degrees offered: Associate, bachelor's, master's
- Campus setting: City, small
- Student population: 2,667 (2,250 undergraduate)
- Percentage receiving Pell grant (undergraduate): 33%
- Percentage receiving federal student loans (undergraduate): 53%
- Average annual net price (2014-15): $23,024

---

[8] All institutional data in Appendix E was collected from IPEDS, U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics.

- Percentage of students attending full time: 60%
- Percentage of students 25 and older: 41%
- 6-year graduation rate (Fall 2009 cohort): 57%
- Local county unemployment rate: 5.4%
- Cohort default rates: FY 2010: 9.3%; FY 2011: 6.9%; FY 2012: 6.5%

Prairie View A&M University

- Type: 4-year, public
- City: Prairie View
- Degrees offered: Bachelor's, master's, doctoral
- Campus setting: Town, distant
- Student population: 8,429 (6,905 undergraduate)
- Percentage receiving Pell grant (undergraduate): 66%
- Percentage receiving federal student loans (undergraduate): 77%
- Average annual net price (2014-15): $10,166
- Percentage of students attending full time: 91%
- Percentage of students 25 and older: 12%
- 6-year graduation rate (Fall 2009 cohort): 34%
- Local county unemployment rate: 5.2%
- Cohort default rates: FY 2010: 23.5%, FY 2011: 24.5% , FY 2012: 19.7

St. Mary's University

- Type: 4-year, private not-for-profit
- City: San Antonio
- Degrees offered: Bachelor's, master's, doctoral
- Campus setting: City, large
- Student population: 3,712 (2,322 undergraduate)
- Percentage receiving Pell grant (undergraduate): 50%
- Percentage receiving federal student loans (undergraduate): 66%
- Average annual net price (2013-14): $17,164
- Percentage of students attending full time: 95%
- Percentage of students 25 and older: 8%
- 6-year graduation rate (Fall 2009 cohort): 52%
- Local county unemployment rate: 3.4%
- Cohort default rates: FY 2010: 8.0%; FY 2011: 8.3%; FY 2012: 5.1

Tarrant County College

- Type: 2-year, public
- City: Fort Worth
- Degrees offered: Certificates, associate
- Campus setting: City, large
- Student population: 50,595 (all undergraduate)
- Percentage receiving Pell grant (undergraduate): 37%
- Percentage receiving federal student loans (undergraduate): 30%
- Average annual net price (2014-15): $5,633
- Percentage of students attending full time: 31%
- Percentage of students 25 and older: 37%
- Percentage of full-time, first-time students who graduated or transferred out within 150% of "normal time" to completion for their program (Fall 2012 cohort): 12% overall graduation rate, 20% transfer-out rate

- Local county unemployment rate: 3.6%
- Cohort default rates: FY 2010: 20.5%; FY 2011: 20.1%; FY 2012: 20.4%

Texas A&M International University

- Type: 4-year, public
- City: Laredo
- Degrees offered: Bachelor's, master's, doctoral
- Campus setting: City, midsize
- Student population: 7,554 (6,741 undergraduate)
- Percentage receiving Pell grant (undergraduate): 57%
- Percentage receiving federal student loans (undergraduate): 41%
- Average annual net price (2014-15): $9,212
- Percentage of students attending full time: 63%
- Percentage of students 25 and older: 15%
- 6-year graduation rate (Fall 2009 cohort): 40%
- Local county unemployment rate: 4.6%
- Cohort default rates: FY 2010: 16.0%; FY 2011: 11.1%; FY 2012: 10.6%

Texas Chiropractic College

- Type: 4-year, private not-for-profit
- City: Pasadena
- Degrees offered: Doctoral degree – professional practice
- Campus setting: Suburb, large
- Student population: 260 (0 undergraduate)
- Percentage receiving Pell grant (undergraduate): Unavailable, doctoral granting professional institution
- Percentage receiving federal student loans (undergraduate): Unavailable, doctoral granting professional institution
- Average annual net price (2014-15): Unavailable, doctoral granting professional institution
- Percentage of students attending full time: 92%
- Percentage of students 25 and older: Unavailable, doctoral granting professional institution
- 6-year graduation rate (Fall 2009 cohort): Unavailable, doctoral granting professional institution
- Local county unemployment rate: 4.8%
- Cohort default rates: FY 2010: 11.2%; FY 2011: 7.8%; FY 2012: 5.8%

Texas State University

- Type: 4-year, Public
- City: San Marcos
- Degrees offered: Bachelor's, master's, doctoral
- Campus setting: Suburb, small
- Student population: 36,739 (32,177 undergraduate)
- Percentage receiving Pell grant (undergraduate): 35%
- Percentage receiving federal student loans (undergraduate): 53%
- Average annual net price (2014-15): $12,728
- Percentage of students attending full time: 82%
- Percentage of students 25 and older: 15%
- 6-year graduation rate (Fall 2009 cohort): 53%
- Local county unemployment rate: 3.0%
- Cohort default rates: FY 2010: 9.8%, FY 2011: 9.3%, FY 2012: 8.4%

Western Technical College

- Type: 2-year, private, for-profit
- City: El Paso
- Degrees offered: Certificates, associate
- Campus setting: City, large
- Student population: 1,519 (all undergraduate)
- Percentage receiving Pell grant (undergraduate): 77%
- Percentage receiving federal student loans (undergraduate): 70%
- Average annual net price (2013-14): $24,484
- Percentage of students attending full time: 77%
- Percentage of students 25 and older: 53%
- Percentage of full-time, first-time students who graduated or transferred out within 150% of "normal time" to completion for their program (Fall 2012 cohort): 53% overall graduation rate
- Local county unemployment rate: 4.5%
- Cohort default rates: FY 2010: 28.1%, FY 2011: 13.4%, FY 2012: 18.3%

Year to Date In-Person Financial Education Modules								
Institution	Number of Sessions	Number of Students in Sessions	Average Pre-Test % Correct	Average Post-Test % Correct	Average Knowledge Gained	Average Instructor Helpfulness (Scale 1-5)	Average Event Helpfulness (Scale 1-5)	Average Relevance of Event (Scale 1-5)
Austin Community College	134	1,458	64.7%	90.6%	26	4.44	4.29	3.99
El Paso Community College	15	452	77.3%	94%	16.7	4.48	4.42	4.2
LeTourneau University	0	-	-	-	-	-	-	-
Prairie View A&M University	2	9	57.8%	80%	22.2	4.33	4.33	4.11
St. Mary's University	1	8	70%	87.5%	17.5	4.29	3.71	3.75
Tarrant County College	7	94	67%	87.7%	20.6	4.29	4.26	4.01
Texas A&M International University	47	968	51.3%	77.5%	26.2	4.29	4.25	3.91
Texas Chiropractic College	1	22	84.5%	96.4%	11.8	3.95	3.9	4.05
Texas State University	7	131	62.3%	82.9%	20.6	4.2	4.1	3.79
Western Technical College	10	237	49.7%	71.1%	21.4	4.32	4.27	3.91
All Pilot Institutions	224	3,379	61.6%	85.6%	24	4.38	4.28	3.98

Year to Date Learning Center Online Financial Education Modules (June 1, 2015 – May 31, 2016)				
Institution	Number of Sessions Complete	Average Pre-Test % Correct	Average Post-Test % Correct	Average Knowledge Gained
Austin Community College	1	80%	80%	0
El Paso Community College	55	61.1%	68%	6.9
LeTourneau University	0	-	-	-
Prairie View A&M University	580	59.2%	72.6%	13.3
St. Mary's University	49	68.2%	86.1%	18
Tarrant County College	28	59.3%	79.3%	20
Texas A&M International University	0	-	-	-
Texas Chiropractic College	32	70%	83.8%	13.8
Texas State University	7	77.1%	85.7%	8.6
Western Technical College	0	-	-	-
All Pilot Institutions	752	60.6%	74%	13.4

Year to Date Mighty Money Minute Delivery for All Pilot Institutions by Month and Delivery Medium (June 1, 2015 – May 31, 2016)				
Mighty Money Minute Results	Total MMM Page Views	% HTML E-mail	% Text E-Mail	% Text MSG and Social Media
June 2015 – All Pilot Institutions	1,013	9%	29%	62%
July 2015 – All Pilot Institutions	223	4%	18%	78%
August 2015 – All Pilot Institutions	1,700	0%	70%	30%
September 2015 – All Pilot Institutions	638	11%	88%	1%
October 2015 – All Pilot Institutions	137	1%	98%	1%
November 2015 – All Pilot Institutions	333	17%	67%	16%
December 2015 – All Pilot Institutions	500	59%	1%	40%
January 2016 – All Pilot Institutions	434	16%	73%	11%
February 2016 – All Pilot Institutions	1,369	4%	30%	66%
March 2016 – All Pilot Institutions	1,171	3%	44%	53%
April 2016 – All Pilot Institutions	601	85%	12%	3%
May 2016 – All Pilot Institutions	1,514	99%	1%	0%
Year to Date – All Pilot Institutions	9,633	28%	39%	33%

Year to Date Financial Coaching Results (June 1, 2015 – May 31, 2016)					
Pilot Institution	Number of Completed Sessions	Number of Scheduled Sessions	Number of No-Show Sessions	Average Session Helpfulness (Scale 1-10)	Average Financial Coach Helpfulness (Scale 1-10)
Austin Community College (Available to Pilot institution in December 2015)	6	15	7	10	10
El Paso Community College (Available to Pilot institution in December 2015)	0	-	-	-	-
LeTourneau University (Available to Pilot institution in December 2015)	0	1	-	N/A	N/A
Prairie View A&M University (Available to Pilot institution in December 2015)	0	-	-	-	-
St. Mary's University (Available to Pilot institution in January 2015)	28	61	21	8.67	9.44
Tarrant County College (Available to Pilot institution in January 2015)	29	85	34	9.4	9.8
Texas A&M International University (Available to Pilot institution in December 2015)	0	-	-	-	-
Texas Chiropractic College (Available to Pilot institution in December 2015)	1	2	0	N/A	N/A
Texas State University (Available to Pilot institution in January 2015)	22	46	11	8	9
Western Technical College (Available to Pilot institution in January 2015)	0	-	-	-	-
All Pilot Institutions	86	210	73	8.79	9.47

60x30TX

Texas Higher Education Coordinating Board

This document is available on the Texas Higher Education Coordinating Board website: http://www.thecb.state.tx.us.

For more information contact:

Charles W. Puls, Ed.D, Deputy Assistant Commissioner
Student Financal Aid Programs
Texas Higher Education Coordinating Board
P.O. Box 12788
Austin, TX 78711
Phone: (512) 427-6340
charles.puls@thecb.state.tx.us