Office of Student Financial Aid Programs

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Texas Higher Education Coordinating Board

AGENDA ITEM V-B
DRAFT

TEXAS STUDENT LOAN DEFAULT PREVENTION AND FINANCIAL AID LITERACY PILOT PROGRAM:

FIRST ANNUAL REPORT

September, 2015

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Agency Mission

The Texas Higher Education Coordinating Board promotes access, affordability, quality, success, and cost efficiency in the state's institutions of higher education, through Closing the Gaps and its successor plan, resulting in a globally competent workforce that positions Texas as an international leader in an increasingly complex world economy.

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 effective manner.
Collaboration: We develop partnerships that result in student success and a highly qualified, globally competent workforce.
Excellence: We strive for preeminence 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.

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INTRODUCTION

The Texas Higher Education Coordinating Board (THECB) is pleased to submit this initial progress report on the **Texas Student Loan Default Prevention and Financial Aid Literacy Pilot Program** (“Pilot”) established by Senate Bill 680, 83rd Texas Legislature, by Senator Royce West, which seeks “to ensure that students of [participating] institutions are informed consumers with regard to all aspects of student financial aid.” Specifically, the Pilot endeavors to achieve three goals, all aimed at improving consumer knowledge, as established in S.B. 680, to meet this objective. 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

These goals, in turn, should result in students making wiser borrowing and academic decisions while in college — as well as wiser financial and repayment decisions after completing their certificate or degree program — leading to greater student success and lower cohort default rates (CDRs) in the state of Texas.

In developing the features of the Pilot, THECB and TG, the organization selected to help administer the features of the Pilot, have focused on offerings that provide consumer information to student loan borrowers currently in college. Although sufficient time has not yet elapsed for data regarding program objectives and outcomes — specifically, CDRs — to be available, substantial progress has been made in the program’s planning, implementation, and preliminary assessment, which are the focus of this report.

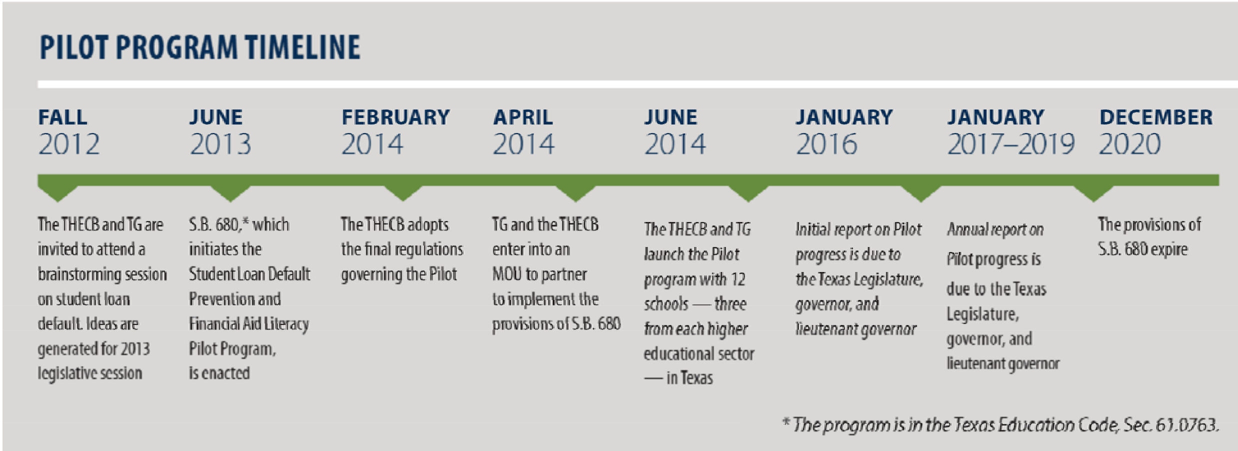
TIMELINE

THECB and TG have collaborated to implement the provisions of Senate Bill (S.B.) 680 which added Section 61.0763 — the **Texas Student Loan Default Prevention and Financial Aid Literacy Pilot Program** — to the Texas Education Code. S.B. 680 was passed by the 83rd Texas Legislature, Regular Session, and was effective on September 1, 2013. The rules governing the Pilot are 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. Upon commencement of the MOU, TG approved funding of $1.6 million to finance the six-year Pilot. TG is Texas’ designated guarantor for the Federal Family Education Loan Program (formerly, Guaranteed Student Loan Program). As such, TG has over 35 years of experience in effectively providing comprehensive student loan default prevention programs and services to Texas’ postsecondary educational institutions, students, and families. THECB and TG launched the Pilot in June 2014.

The legislation requires submission of annual reports, beginning in January 2016, to the governor, the lieutenant governor, and the speaker of the house of representatives regarding Pilot outcomes, as reflected in the federal student loan CDRs reported for the participating institutions. The entities that must submit these reports include:

- THECB, as the administrator of the Pilot
- Each institution participating in the Pilot

The provisions instituted by S.B. 680 expire December 31, 2020.



Texas Higher Education Coordinating Board (THECB) was established by the 53rd Texas Legislature in 1965 to oversee the administration of all public postsecondary education in the state. It is headquartered in Austin. THECB promotes access, affordability, quality, success, and cost efficiency in the state's institutions of higher education, through *Closing the Gaps* and its successor plan, resulting in a globally competent workforce that positions Texas as an international leader in an increasingly complex world economy.

TG (known formally as the Texas Guaranteed Student Loan Corporation), a nonprofit organization, promotes educational access and success to help students and families realize their college and career dreams. The organization offers resources to help students and families plan and prepare for college, learn the basics of money management, and repay their federal student loans. It also provides support to schools, students, and borrowers at various stages of the federal student aid process from providing information on how to pay for a higher education to facilitating loan repayment after graduation. In addition, the organization administers Federal Family Education Loan Program loans on behalf of the U.S. Department of Education. TG was founded in 1979 and is based in Round Rock, Texas.

BACKGROUND

Years of heavy reliance on student loans to finance the cost of postsecondary education have resulted in Texans holding about $70 billion of the nation's approximately $1.2 trillion in outstanding student loan debt. While the cost of college in Texas remains marginally lower than the national average, below-average state and institutional grant aid causes Texas students to be more dependent on federal aid dollars, particularly federal loans. Loans make up only half of direct financial aid for U.S. students overall, yet they constitute about 62 percent of the direct aid received by Texas students. Average unmet need, which is the amount of financial need that remains over and above a student's (and or his or her family's) expected family contribution (EFC) after subtracting all aid dollars (including federal and state loans), sits at about $8,000 for low- and middle-income students. A large and growing segment of the population can access higher education only with the assistance of student loans; yet, paying for college through borrowing comes with certain unavoidable difficulties and pitfalls.

Students who must borrow to make ends meet while enrolled face challenges that often go far beyond their knowledge or abilities. On the front end, the apparent simplicity of whether and how much to borrow belies an incredibly complex array of concerns, calculations, and questions. To borrow responsibly, students must consider academic and living expenses; the intricacies of the financial aid system; family financial dynamics; the allocation of their time between academics, family, work, and all other activities; and the prospect of acquiring more debt to continue their education. Moreover, many first-time borrowers confront these challenges at the beginning of their first semester, a highly distracting and demanding time that is not conducive to making major financial decisions.

A distinct set of challenges and necessary information accompanies student loan repayment. For the best chance of successfully repaying their loans and avoiding the severe consequences of default, borrowers need both basic financial skills and knowledge of their repayment rights and responsibilities. Even well-managed student loans constrain borrowers in numerous ways; the financial drag from student loan debt may cause borrowers to postpone owning a home, buying a car, starting a business, furthering their education, pursuing a job in their desired field, making investments, and saving for retirement at recommended levels.

Responsible borrowing and effective repayment management can help students mitigate these constraints or avoid them altogether; however, a small but fairly consistent body of prior research suggests that many student borrowers are woefully uninformed regarding financial management and student loans. For example, a Federal Reserve Bank of New York survey uncovered exceptionally poor knowledge of the consequences of student loan default and the difficulty of discharging student loans through bankruptcy among student loan borrowers. This survey found that only half of bachelor's degree recipients with student loans (the most knowledgeable group among those surveyed) were able to identify the consequences of default correctly. Research suggests that students are frequently unable to effectively navigate the student aid system, and this inability has substantial implications for their college finances, borrowing and repayment included.

The Pilot seeks to test the effects of more robust financial counseling of Texas postsecondary students attaining higher education and the benefits of making more informed financial choices about going to college. The Pilot has been designed and implemented to accomplish the goals of the legislation through several program features (based on existing TG programs) intended to 1) directly educate students and 2) help selected institutions develop their own capacities to provide more effective financial education and counseling. If successful, it will serve as a model for programs across the state, helping students effectively utilize loans while avoiding their drawbacks, giving every student the financial skills to succeed regardless of background, and ensuring that the state's investment in our students promotes equitable opportunity and widespread prosperity to meet the 21st century Texas challenge.

PILOT DETAILS

Objectives of the Pilot

The primary objective of the Pilot program, as stated in S.B. 680, is to "[E]nsure that students of [participating] institutions are informed consumers with regard to all aspects of student financial aid." The Pilot seeks to achieve three overall consumer knowledge goals, as specified in S.B. 680, by informing students of:

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

The Pilot features, created with these goals in mind, seek to test the effectiveness of the assertion that if students make wiser borrowing and academic decisions while in college — as well as wiser financial and repayment decisions after leaving college — this will lead to greater student success and lower CDRs in the state of Texas. The features of the Pilot are focused on providing consumer information and education to student loan borrowers currently in college and seek to promote ten student behaviors, as identified in Table 1, to achieve the three overall Pilot goals.

Table 1: Behaviors Promoted by the Pilot, as Related to the Pilot Goals

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: Understand when and how to use credit, know the consequences of credit scores, and check free credit report annually	✓		✓

Participating Institutions

S.B. 680 specifically contains the following priority criteria for the selection of four institutions to participate in the Pilot:

- A 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 cohort default rate compared to other postsecondary educational institutions in Texas.

Out of the 144 institutions in the state that met at least one of the legislation's priority criteria, those invited to participate were chosen to ensure a diversity of institution sector, geographic location, and type of student served. While S.B. 680 requires that only four colleges participate, twelve were initially included to provide a broader range of institutions and shed more light on the types of interventions that might work under different circumstances. Institutions selected were deemed to be among those with the greatest incentive and ability to engage with the Pilot's features to the fullest extent. Due to the attrition of two institutions, and the addition of one replacement, the Pilot now serves 11 institutions.

Table 2: Number of Postsecondary Institutions Qualified to Participate in the Pilot

	4-Year Public	4-Year Not-For-Profit, Private	2-Year Public	For-Profit
Number of Texas postsecondary institutions (FY 2010) that met S.B. 680 priority criteria for Pilot participation (A CDR above 20 percent, an average CDR growth above the state average growth of 1.71 percentage points, or both)	9	11	42	82

Table 3: Participating Institution Cohort Default Rates

Pilot Institution	**FY 2010 CDR** (greater than 20% qualifies)	**Percentage point increase in CDR from FYs 2009 to 2010** (greater than 1.71 qualifies)
Austin Community College	22.4%	5.3
El Paso Community College	19.0%	4.3
LeTourneau University	9.3%	2.9
Prairie View A&M University	23.5%	4.8
St. Mary's University	8.0%	1.8
Tarrant County College	20.5%	4.2
Texas A&M International University	16.0%	4.2
Texas Chiropractic College	11.2%	3.7
Texas State University	5.7%	4.4
Western Technical College	28.1%	1.5

Pilot Institution	**FY 2011 CDR** (greater than 20% qualifies)	**Percentage point increase in CDR from FYs 2010 to 2011** (greater than -1.4 qualifies)
South Texas Vocational Technical Institute	34%	13.0

Pilot Features

The features of the Pilot were designed to achieve the goals set forth in the legislation through creation of a campus culture that promotes more thoughtful student finance and career decisions. They were developed to be cost-effective by leveraging existing TG financial education programs, using low-cost delivery mechanisms, and targeting the most labor intensive efforts on borrowers most at risk of failing to graduate and/or repay their loans. The following assumptions guided the development of the Pilot features:

- Analysis of current cohorts of student loan borrowers may help colleges focus their scarce resources where they might create the most positive impact on successful student loan repayment.
- Developing and engaging a cross-campus team in the development of a default prevention plan may help leverage and coordinate the work of many departments toward a common goal.
- Sending money management tips through email and social media might 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 a well-developed training program, including materials and assessments.
- A financial coaching program could allow for more in-depth borrower interaction with trained coaches that can help clarify options for borrowers in financial distress.
- Creating a paradigm of integrated counseling opportunities throughout a student's educational program may help colleges better coordinate messaging regarding student debt so the institution can deliver consistent, well-timed communication that thoughtfully conveys the importance of responsible borrowing and better prepare borrowers for the job market throughout the education program.

The default prevention plan, integrated counseling messaging and training, and reports and assessments provide the framework and tools colleges need for successful implementation. Other features of the Pilot, delivered directly by TG, serve students directly — financial education and student loan counseling, financial and college articles and tips, and financial coaching — and promote 10 behaviors that support the Pilot's three overall goals. As shown later in Table 4, components of each Pilot feature can be linked to each of the 10 key student behaviors.

Description of Pilot Features

Default Prevention Plan

Institutions provide specific data about students, programs of study, and loan information to TG's Research and Analytical Services (RAS) team. Through analysis of each institution's borrower cohort, subgroups with specific attributes that indicate a risk for default (e.g., grade point average [GPA], intensity of enrollment, registration in developmental education courses), are targeted for assistance. TG then meets with the institution and its cross-departmental team to map out a data-driven strategy for targeting those students with specific interventions. Identifying student sub-groups helps institutions leverage scarce resources to reach those students that would benefit most from Pilot features, and who are often the least likely to seek out help. Throughout the Pilot, TG can work with institutions to update the analysis and plan.

Financial Education and Student Loan Counseling Training

TG provides train-the-trainer student financial education sessions at all participating colleges. Sessions include eight modules on the following topics:

- Entrance Counseling – Among other fundamentals, the session covers the master promissory note, types of federal loans, interest capitalization, basic information about loan repayment, and other key elements students should understand when making the decision to finance a higher education.
- Exit Counseling – This session specifically discusses repayment plan options, loan forgiveness and other consolidation policies, interest capitalization, and other key elements borrowers should understand as they leave college and enter repayment.

- Investing in Undergraduate Education – This module provides key information to help parents and students understand the costs of attending college and learn about meeting those costs.
- Know What You Owe – This module 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 – This module covers the ways credit affects many parts of student life, what students need to know about your credit report and credit score, and some standard guidelines for keeping credit in good shape, including how to avoid identity theft.
- Plan for Success – This training module 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 – This module discusses several facets of financial goal-setting, including how specific the goals are and the timeframe set for the goals. The module also covers how trade-offs and priorities apply to financial goals, and how regular savings can protect long-term goals from being derailed by unexpected expenses. This module is available in English and Spanish.
- Spending Plans – This module 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 aren't part of each month's budget, such as a quarterly car insurance payment. This module is available in English and Spanish.

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

Integrated Counseling Messages/Trainings

TG is developing training materials that will facilitate coordination of consistent, integrated counseling messages between the student financial aid office, the student services office, the academic advising office, and the career center. This integration helps students make informed decisions about:

- The cost of education – How to manage non-fixed costs like room, board, and textbooks
- Time to completion – How much time to take to earn a degree
- Tolerable debt – How much to borrow to ensure positive academic outcomes without jeopardizing one's ability to repay the debt
- Repayment plans – Which repayment plan makes the best sense given the expected ability to repay
- Career planning – How to plan a career while in college, including building marketable skills, establishing professional networks, and gaining experience through internships, part-time work, and relevant extracurricular activities

Materials will inform cross departmental teams at each Pilot institution about 1) the importance of unifying and coordinating messages about student debt and finances, and 2) how to make meaningful change to achieve the three overall goals of the Pilot.

Financial and College Articles/Tips

TG currently sends monthly college success articles/tips, under the name *Mighty Money Minute*, to the participating institutions to distribute to their students.[1] These are timed to address issues facing borrowers at key times during the year. These articles/tips are formatted to allow multiple distribution methods (e.g., email, text message, social media, handouts) to ensure that these messages reach students where they are most likely to find the information. The broad distribution supports a campus climate for financial mindfulness and may aid student participation in the other features of the Pilot. The following are the article topics for the FY 2015 Pilot year:

- October 2014 – Using and developing a spending plan while in college
- November 2014 – Staying on track academically and financially, and setting priorities
- December 2014 – Pulling and reviewing all three credit reports at annualcreditreport.com (year-end activity)
- January 2015 – Setting short and long-term financial goals
- February 2015 – Following tips for students considering withdrawing from college or changing majors
- March 2015 – Using a lifestyle calculator to help students imagine their desired lifestyle after college and make realistic career choices
- April 2015 – Conducting career choices calculations to learn what students may earn after leaving college
- June 2015 – Knowing what students owe, and tracking their student loans
- July 2015 – Tracking and evaluating previously set financial goals
- August 2015 – Organizing for the next academic year, keeping important documents safe

Financial Coaching

Given the relatively high cost of providing one-on-one coaching, this feature was initially limited to four institutions and to small targeted numbers of borrowers. However, in order to increase participation in the program, TG has since expanded access to this feature to all Pilot institutions. Colleges participating in this feature target a subset of their borrowers — those who meet criteria identified in the institution's Default Prevention Plan— and direct them to TG's financial coaches. For example, Texas State University has targeted students with a 2.5 or below GPA, borrowers requesting an additional unsubsidized loan due to a parent loan denial, upcoming graduates, and borrowers requesting a budget increase.

After scheduling an appointment with the student borrower, TG coaches provide personalized one-on-one assistance designed to help each develop an individualized borrower plan, an action integral to good financial management. Sessions are most productive when borrowers and coaches interact using webinar technology that allows both to view documents like spending plans and relevant websites with information about labor market outcomes, cost of living, and repayment options. For borrowers without ready access to the webinar interface or who prefer an added level of privacy, sessions can occur just over the phone. Financial coaching sessions last about an hour and are based on a student borrower's specific financial problem or concern. These sessions usually fall under one or more of the following topics:

- Topic 1: Exploring financial aid options
- Topic 2: Assistance determining an appropriate amount to borrow to fund an education
- Topic 3: Help with understanding student loan repayment options
- Topic 4: A better understanding of salary expectations based on the student borrower's career goal
- Topic 5: General help in managing money

- Topic 6: Developing a plan to pay a specific bill

Table 4: Behaviors Promoted by the Pilot, as Related to the Components of Pilot Features

	PILOT FEATURES		
Behaviors Promoted by Pilot	**Financial Education and Student Loan Counseling — Key Modules**	**Financial and College Articles and Tips**	**Financial Coaching — Topics Covered**
Behavior 1: Complete a spending plan or personal budget	• Spending Plan • Setting Goals • Plan for Success	• October • November • January • July	• Paying a bill • Managing money • Appropriate borrowing • Salary expectations • Repayment options • Exploring financial aid

Table 4, continued

Behaviors Promoted by Pilot	PILOT FEATURES		
	Financial Education and Student Loan Counseling — Key Modules	Behaviors Promoted by Pilot	Financial Education and Student Loan Counseling — Key Modules
Behavior 2: Develop short-term, mid-range, and long-term financial goals	• Spending Plan • Setting Goals • Plan for Success	• November • January • March • April • July • June	• Paying a bill • Managing money • Appropriate borrowing • Salary expectations • Repayment options • Exploring financial aid
Behavior 3: Track student loan borrowing and identify student loan servicer through the NSLDS	• Plan for Success • Know What You Owe • Exit Counseling • Entrance Counseling	• June • August	• Appropriate borrowing • Repayment options • Exploring financial aid
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)	• Investing in Undergraduate Education • Know What You Owe	• November • January • February • March • April	• Appropriate borrowing • Repayment options • Exploring financial aid • Salary expectations
Behavior 5: Determine the average salary for an expected career (using TG's Career Choices tool or Bureau of Labor Statistics)	• Investing in Undergraduate Education • Know What You Owe	• February • March • April	• Appropriate borrowing • Salary expectations • Repayment options • Exploring financial aid
Behavior 6: Estimate an expected monthly student loan repayment (using TG's College Loans: A Cost Calculator)	• Entrance Counseling • Exit Counseling • Know What You Owe	• February • March • June	• Appropriate borrowing • Salary expectations • Repayment options • Exploring financial aid
Behavior 7: Compare different student loan repayment plans (using TG's Repayment Comparison tool)	• Plan for Success • Entrance Counseling • Exit Counseling	• February • March • June	• Salary expectations • Repayment options • Exploring financial aid
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	• Investing in Undergraduate Education • Spending Plan	• October • November • June • August	• Managing money • Appropriate borrowing • Exploring financial aid
Behavior 9: Prioritize spending choices given available resources and borrow only what is needed (assessing needs vs. wants)	• Setting Goals • Spending Plan • Plan for Success • Managing Credit	• October • November • January • March • July	• Paying a bill • Managing money • Appropriate borrowing • Exploring financial aid

Behavior 10: Understand when and how to use credit, know the consequences of credit scores, and check free credit report annually	• Plan for Success • Managing Credit • Know What You Owe	• December • July	• Paying a bill • Managing money • Appropriate borrowing • Repayment options

Assessment Plan

Background

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. Borrowers enter repayment after leaving college and often after a six-month grace period. As the intent of the Pilot is to change borrower behavior while students are still in college, CDRs will not capture this changed behavior until several years after graduation. TG's assessment plan will provide a more detailed, timely, and useful analysis of the Pilot program's implementation, activities, and outcomes consistent with the three overall consumer knowledge goals contained in S.B. 680:

- 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.

As seen in Tables 1 and 4, TG has linked key behaviors to these goals and, in turn, Pilot features to key behaviors. The assessment plan is designed to measure the extent to which the Pilot features successfully promoted those behaviors. Success will depend 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., planning action), and finally 4) modifying targeted student behavior (i.e., behavior change). Positive student-level outcomes depend on effective implementation of the Pilot by institutions.

Feature Effectiveness

An accounting of the breadth and reach of the Pilot features grounds our understanding of the scope of the Pilot and level of engagement of the students and colleges. Volume and exposure measures help set expectations and provide important insights into the implementation of the features. TG tracks student usage of the financial tip articles, financial education modules, and financial coaching by college each month:

- Email tips: The number of students who received notification of tip; the number of emails (HTML and plain text) clicked and opened; and the number of text messages opened.
- Financial education modules: By module, the number of sessions conducted, and the number of students in attendance.
- Financial coaching: The number of targeted students, the number of sessions scheduled, the number of completed sessions, and the percentage of scheduled sessions that are completed.

Along with reporting on key volume measures, TG will also assess program effectiveness with students. TG plans to examine each of the previously described features of the Pilot along the following attributes, as appropriate:

- 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, and since commitment depends on satisfaction with the features, this will be assessed using customer satisfaction surveys and focus groups with students.

- 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, TG intends to measure knowledge gained and the development of financial skills.
- 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; it will be evaluated using post-session surveys and focus groups with students.
- Changes in Behavior: TG believes that students who struggle financially can 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 and focus groups with students. As the Pilot grows and institutional collaboration regarding student tracking can be secured, TG could monitor student retention, graduation, and student loan repayment.

Table 5: Assessment Attribute by Pilot Feature

	PILOT FEATURES		
Assessment Attribute	**Email Tips**	**Financial Education**	**Financial Coaching**
Satisfaction	Focus groups	Customer satisfaction surveys of students; focus groups	Customer satisfaction surveys of students; focus groups
Knowledge/Ability	Focus groups	Pre- and post-tests; focus groups	Pre- and post-tests; focus groups
Planned Action	Focus groups	Focus groups	Post-session survey and instructor notes; focus groups
Changes in Behavior	Focus groups	Behavioral change survey; focus groups	Behavioral change survey; focus groups

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 lack authority under state or federal law to compel students to participate in Pilot features and must, therefore, promote the features through various communication channels. Students often work part time or full time while enrolled or have competing responsibilities such as child care or elder care that limit their availability to participate in the Pilot features. 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 with an emphasis on email tips:

- Implementation surveys to the institution's point of contact (POC), begun in June 2015, to learn of significant efforts and events during the past month that might influence student participation such as new recruitment attempts, the number of staff trained on financial education modules, or institutional policy changes to promote financial education and/or default prevention. These surveys will also provide insight into implementation challenges and allow TG to track significant changes in institutional approach.
- Monthly phone calls from TG institutional liaisons to the college's POC, begun in April 2015, to gauge reaction to TG's monthly monitoring reports that track student usage of features. These calls provide opportunities to estimate the effectiveness of recruitment efforts and to share lessons learned from other Pilot colleges.
- On-site visits allow for more in-depth discussion between TG and the college. This began in December 2014, with all colleges now visited. These occur at least annually, ideally mid-year.
- Annual structured interviews with college staff will provide a more formal and systematic year-end view of Pilot implementation with common questions to ease college comparisons and identify trends. These should occur by January to March 2016.
- Annual focus groups with students who participated in the Pilot features at the college will provide insights from the consumers' perspective. These should occur by January to March 2016.

Implementation Reports

TG will report periodically to THECB on the progress made by Pilot institutions. Reports will include progress on default plans, student usage of features, knowledge gained from the financial education modules, actions planned, and a summary of issues derived from logs of communication with colleges. Additionally, TG will write a series of periodic implementation reports that capture patterns of implementation, and the resulting outcomes, challenges found (e.g., technological, organizational, resource, communication), unexpected initiatives beyond the Pilot, and best practices. For a high-level view of implementation progress by institution, see Appendix D.

APPENDIX A

Text of Senate Bill 680

S.B. 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 B

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 may borrow. By implementing a measure that identified colleges with high CDRs, Congress hoped to cut down on fraud in the marketing of higher education; and to 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 year and ends September 30 of the next year, is the key span of time in measuring a CDR.

A borrower will affect 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:

$$\text{FY 2014 CDR} = \frac{\text{Number of borrowers who defaulted between October 1, 2013, and September 30, 2016}}{\text{Number of borrowers who entered repayment between October 1, 2013, and September 30, 2014}} \times 100$$

As demonstrated above, the formula for determining a CDR is an atypical and idiosyncratic 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 on the following page.

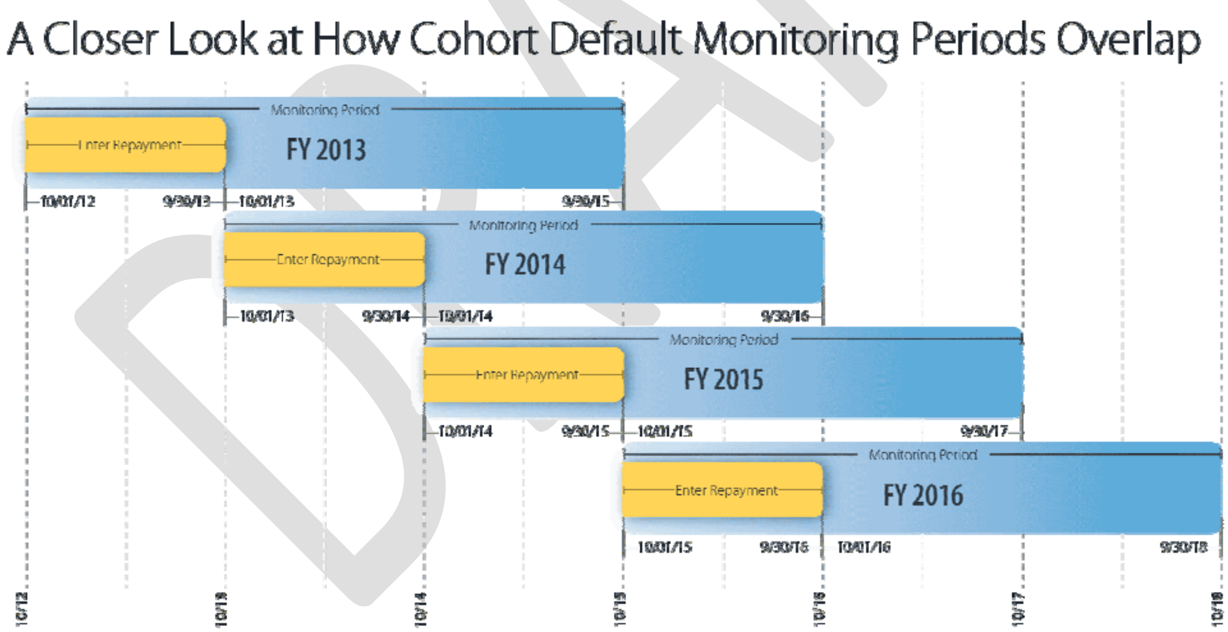
Benefits of Low Rates

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 low official CDRs	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



With the introduction of the 3-year CDR measure, schools have an additional borrower cohort to manage.

Consequences of High Rates

Consistently high CDRs can result in some significant consequences. A college with three official, consecutive 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. ED may require the college to make further revisions to the plan and/or take actions to improve student loan repayment success.

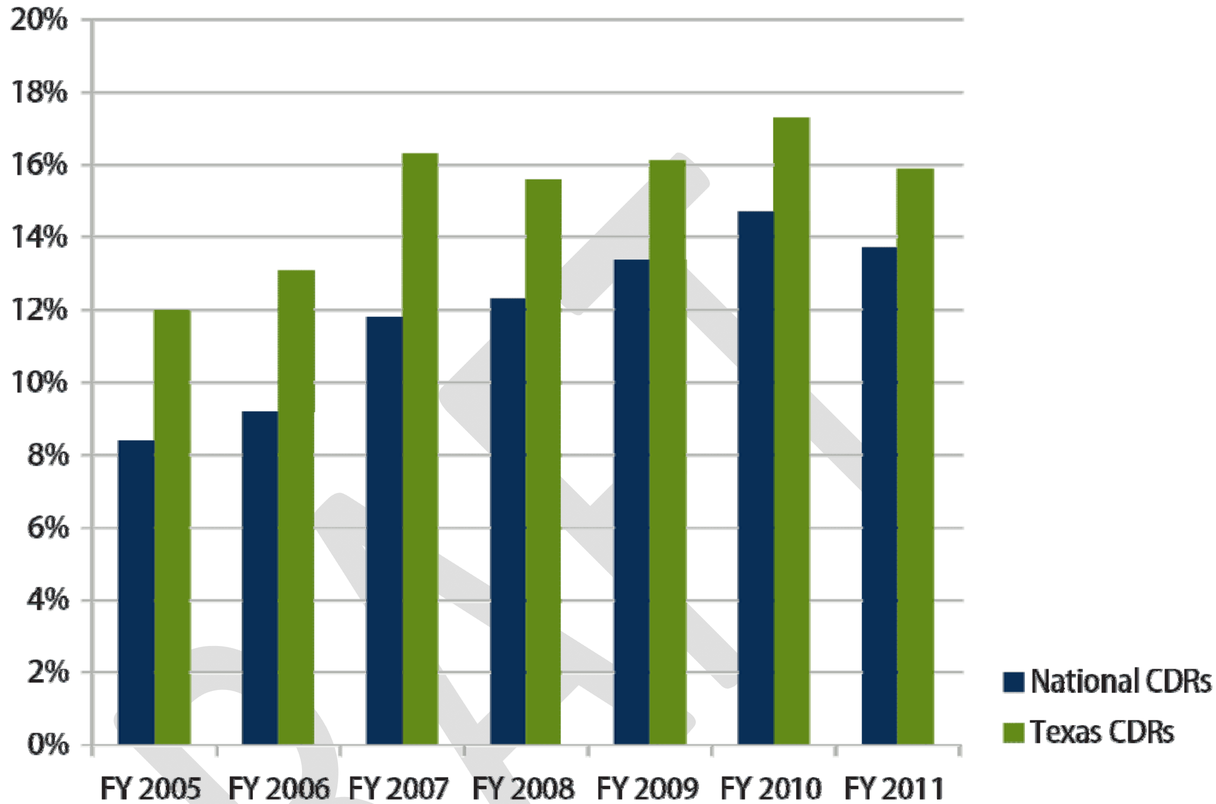
Consequences of high official CDRs	Default prevention task force and plan required?	Provisional certification of Title IV eligibility?	Loss of Title IV program eligibility?*
Most recent rate is 30% or higher	Yes	No	No, if most recent rate is not above 40%
2 of 3 most recent rates are 30% or higher	Yes, 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.*

National and Texas CDRs

The chart below displays national and Texas CDRs for the last several fiscal years. Recall that the rates for a particular year are reported three years later (e.g., the FY 2014 CDRs will be reported in calendar year 2017).

National and Texas CDRs, FY 2005*–FY 2011



**Please note that the CDRs for FYs 2005-2008 are unofficial, trial rates estimated by ED during the temporary transition from a two-year to a three-year CDR measure.*

Why is the Texas CDR consistently higher than that of the nation? *Texas college students rely on loans for 60 percent of their direct student aid versus 50 percent nationally. So while tuition rates were lower, the median Texas student borrower owed about $1,400 more in student loans than the U.S. median student borrower upon graduation with a bachelor's degree*.

The emerging national consensus around cost, debt, and completion as the key areas of concern for higher education in this decade only serves to confirm the magnitude of the issues Texas has faced for years. Today, most grant money and almost all student loan dollars in Texas come from the federal government, and these loans account for a disproportionate amount of all Texas direct aid funding. As the funding source breakdown reflects, 85 percent of student aid in Texas as of award year 2012-2013 came from federal sources, compared to 73 percent nationwide. Note that as other states attempt to manage severe budget deficits, students around the country are also moving toward greater reliance on federal funds (a ten percent increase since 2008).

CDR Considerations Related to the Pilot

The CDR calculation does not specify the percentages of borrowers who are in different repayment plans (e.g., income-based repayment, or IBR, vs. the standard 10-year plan), the percentage that are actually paying down their balances, the percentage that have entered deferment or forbearance status, or the impact of local economic conditions on employment prospects. The results are dependent on all of these external factors and more, including cohort composition. Therefore, it's a problematic calculation to change. However, it is the calculation ED has chosen to gauge institutional eligibility.

Because of the limited focus of Pilot program, the uniqueness of the CDR calculation, and the limited time of the Pilot, actual reductions in institutional CDR will probably not be realized within the timeframe of the Pilot. However, research strongly indicates the program's features will produce a better informed student borrower and mitigate "over-borrowing" and accumulation of debt of student loan borrowers attending the (currently) 11 Pilot institutions, which may be shown within the Pilot's six-year period. This should, in turn, have an eventual positive impact on student loan defaults at those institutions.

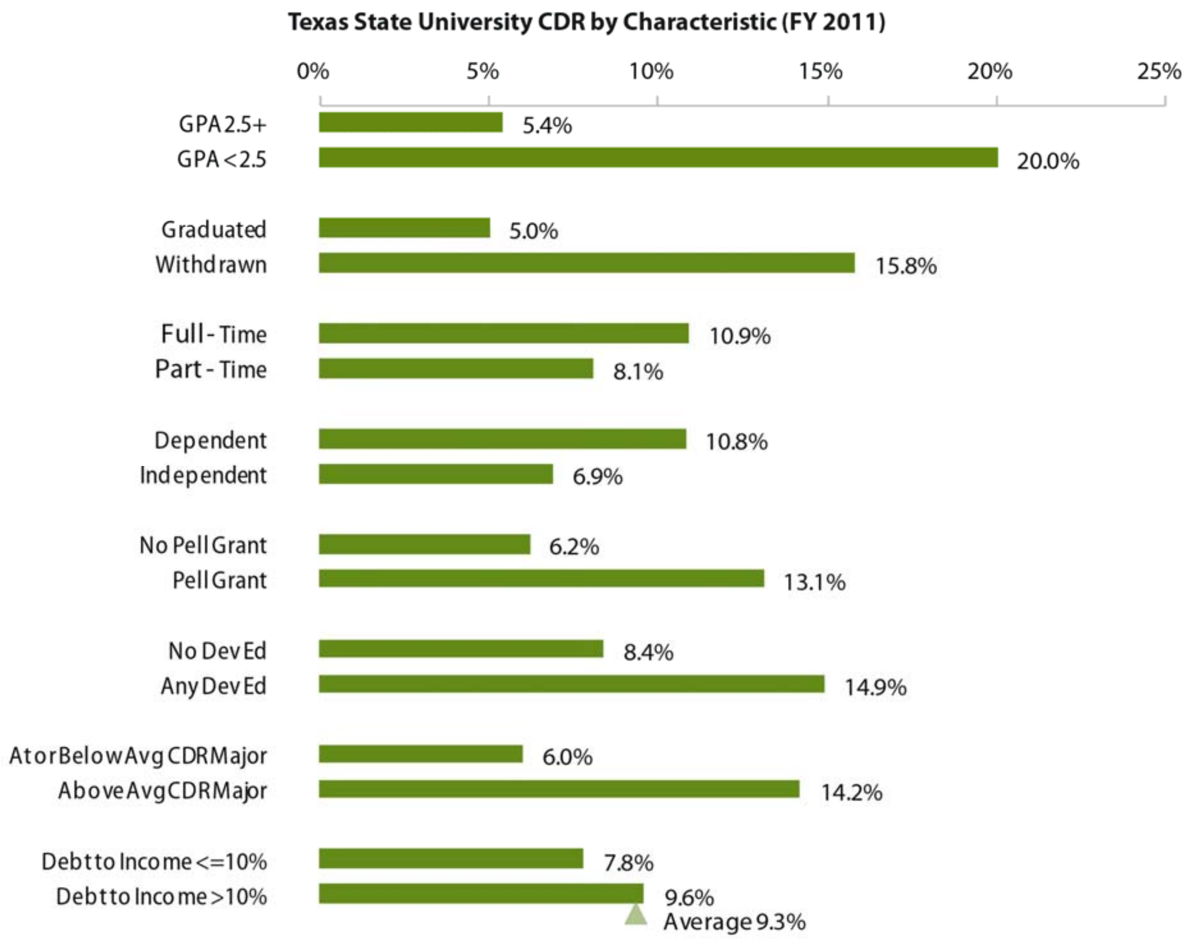
As the goal of the legislation that originated the Pilot, and its features, are directed toward producing, *over time* — "informed consumers" about "all aspects of student financial aid," "the consequences of borrowing," "the financial consequences of...academic and career choices," and "strategies for avoiding student loan delinquency and default" — the variance of some of the characteristics of institutional borrower cohorts should even out.

APPENDIX C

Participating Institution Profiles

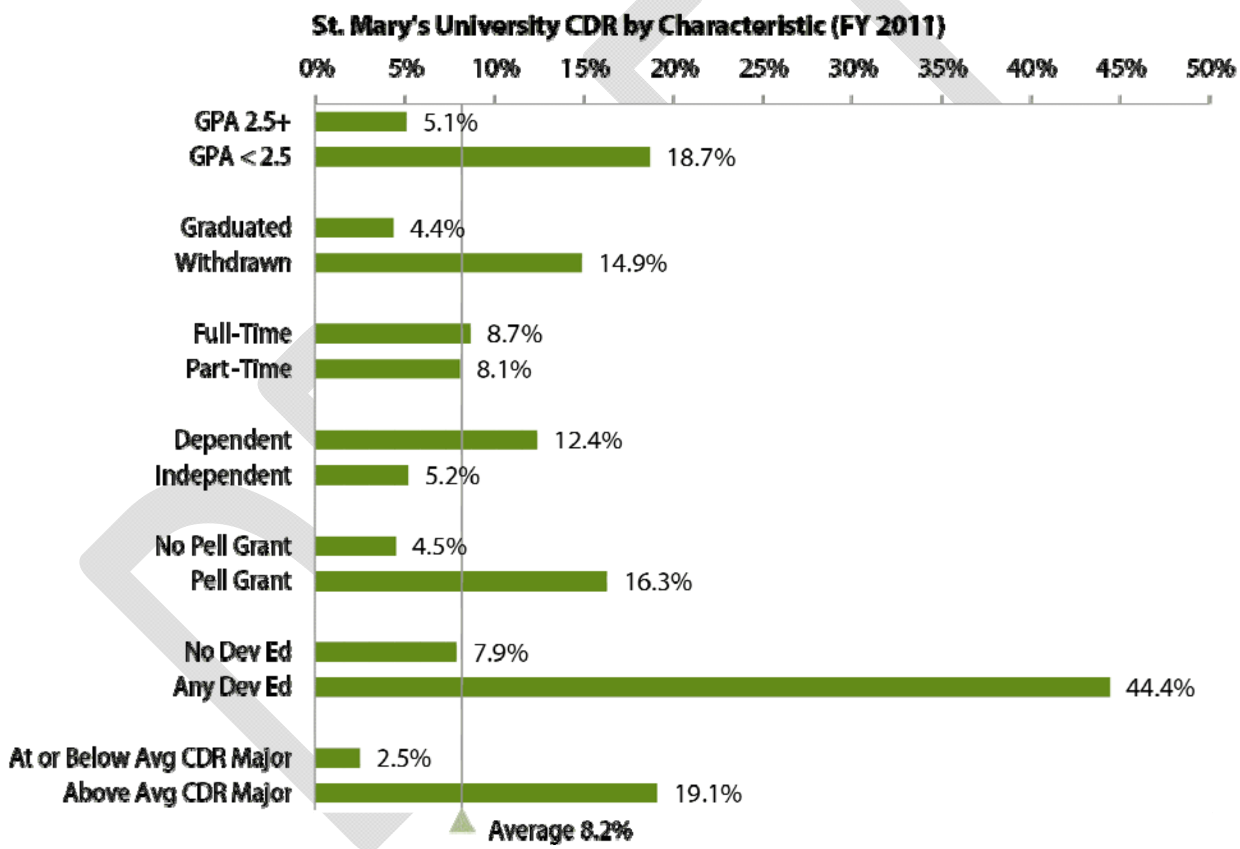
Texas State University

- Type: 4-year, Public
- City: San Marcos
- Degrees offered: Bachelor's, master's, doctoral
- Campus setting: Suburb, small
- Student population: 36,739 (32,199 undergraduate)
- Percentage receiving Pell grant (undergraduate): 35%
- Percentage receiving federal student loans (undergraduate): 53%
- Average annual net price (2013-14): $11,871
- Percentage of students attending full time: 82%
- Percentage of students 25 and older: 15%
- 6-year graduation rate (Fall 2008 cohort): 55%
- Local county unemployment rate: 3.5%
- Cohort default rates: FY 2009: 5.8%, FY 2010: 9.8%, FY 2011: 9.4%



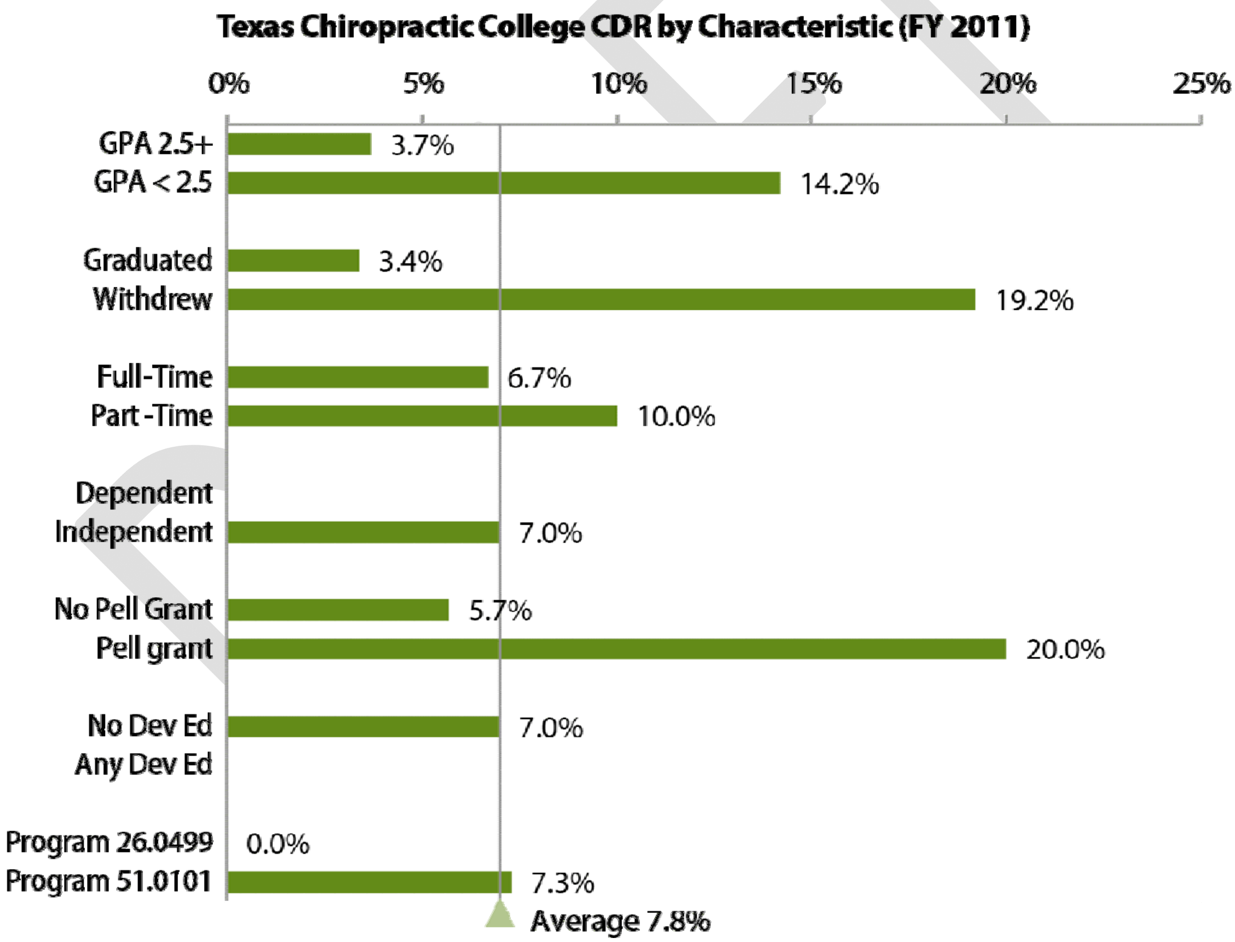
St. Mary's University

- 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): 53%
- Percentage receiving federal student loans (undergraduate): 67%
- Average annual net price (2013-14): $17,229
- Percentage of students attending full time: 95%
- Percentage of students 25 and older: 8%
- 6-year graduation rate (Fall 2008 cohort): 63%
- Local county unemployment rate: 3.9%
- Cohort default rates: FY 2009: 6.2% , FY 2010: 8.0% , FY 2011: 8.3%



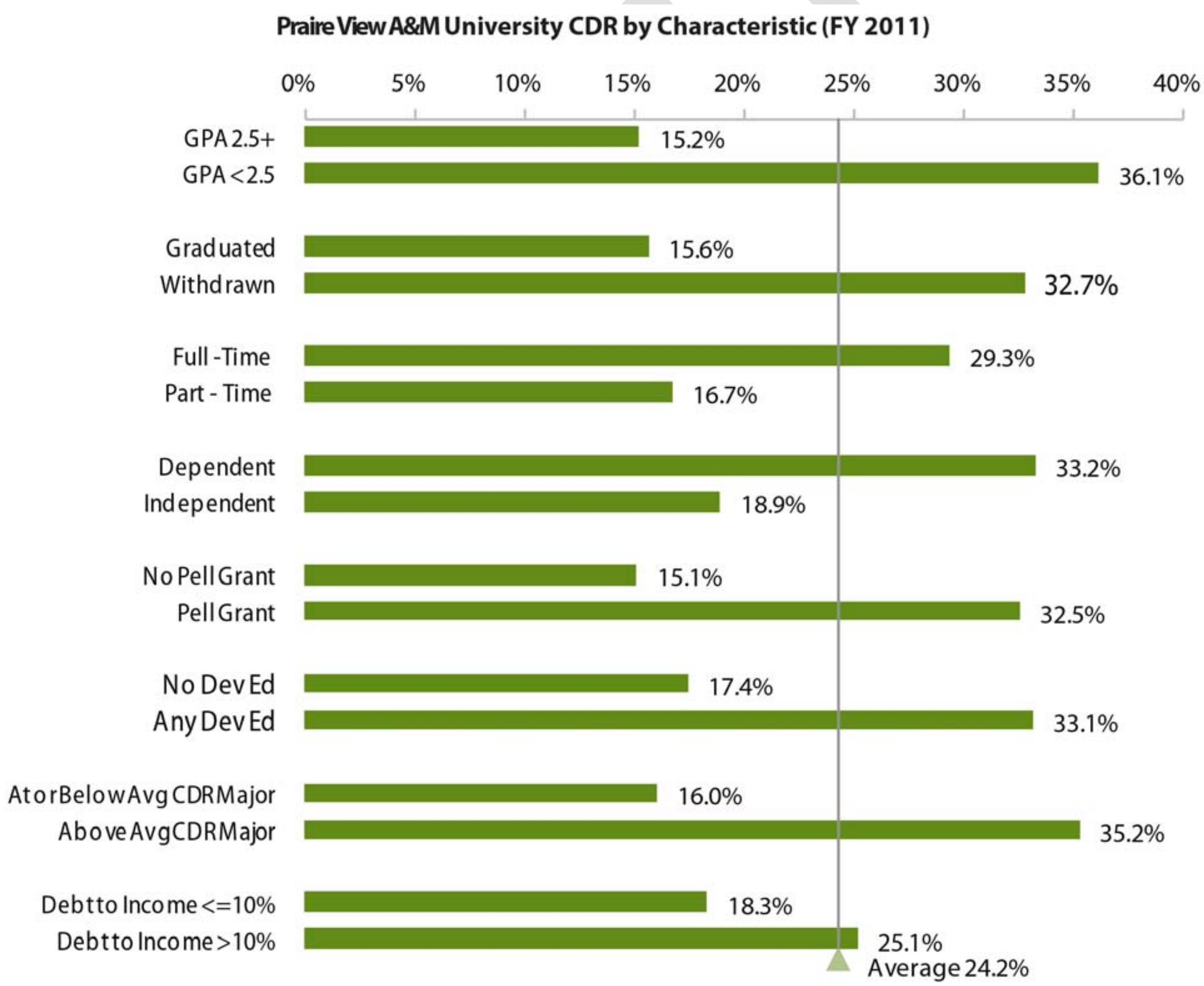
Texas Chiropractic College

- 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 school
- Percentage receiving federal student loans (undergraduate): Unavailable, doctoral granting professional school
- Average annual net price (2013-14): Unavailable, doctoral granting professional school
- Percentage of students attending full time: 92%
- Percentage of students 25 and older: Unavailable, doctoral granting professional school
- 6-year graduation rate (Fall 2008 cohort): Unavailable, doctoral granting professional school
- Local county unemployment rate: 4.5%
- Cohort default rates: FY 2009: 7.5%, FY 2010: 11.2% , FY 2011: 7.8%



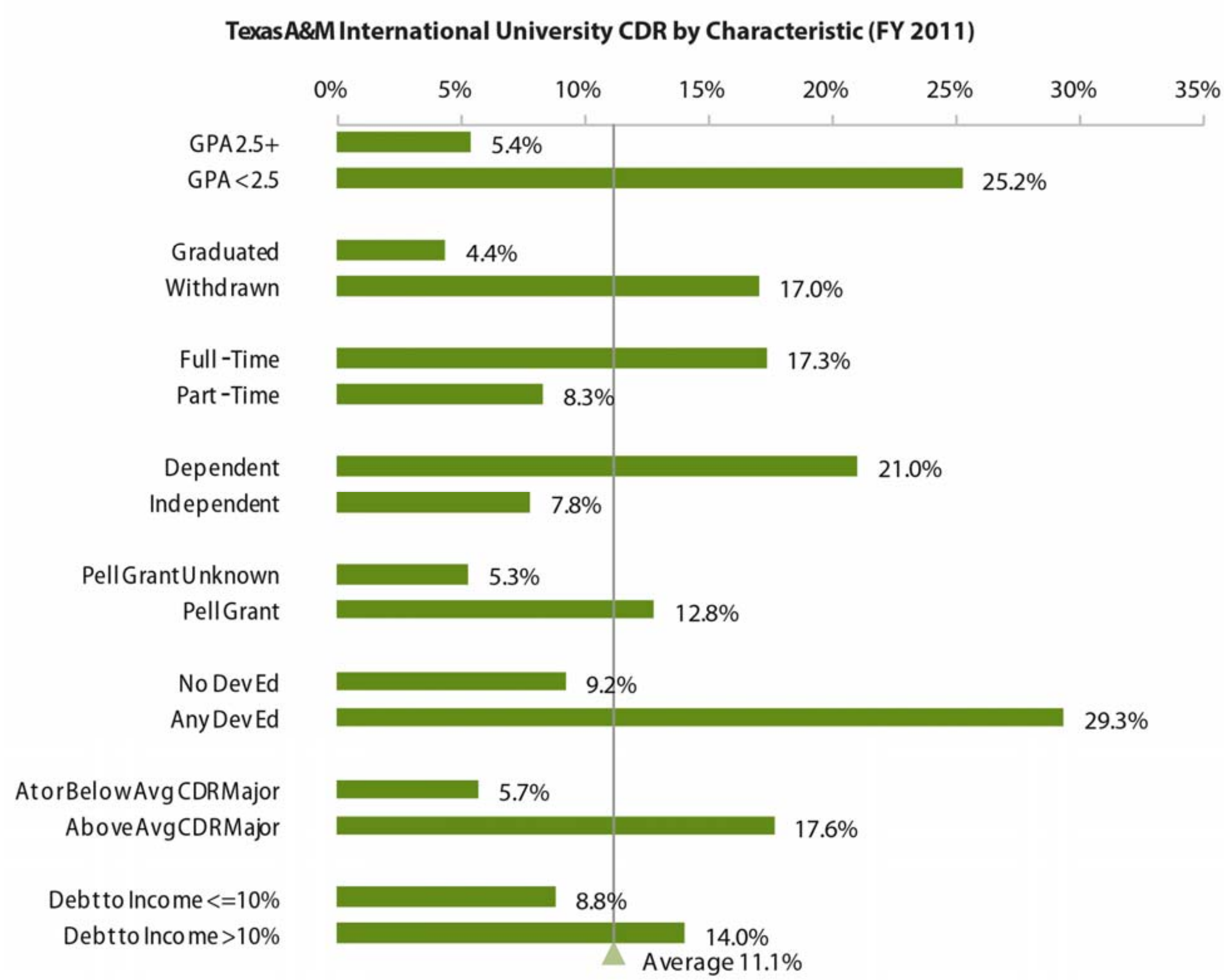
Prairie View A&M University

- 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): 78%
- Average annual net price (2013-14): $8,628
- Percentage of students attending full time: 91%
- Percentage of students 25 and older: 12%
- 6-year graduation rate (Fall 2008 cohort): 37%
- Local county unemployment rate: 5.1%
- Cohort default rates: FY 2009: 18.7%, FY 2010: 23.5% , FY 2011: 24.5%



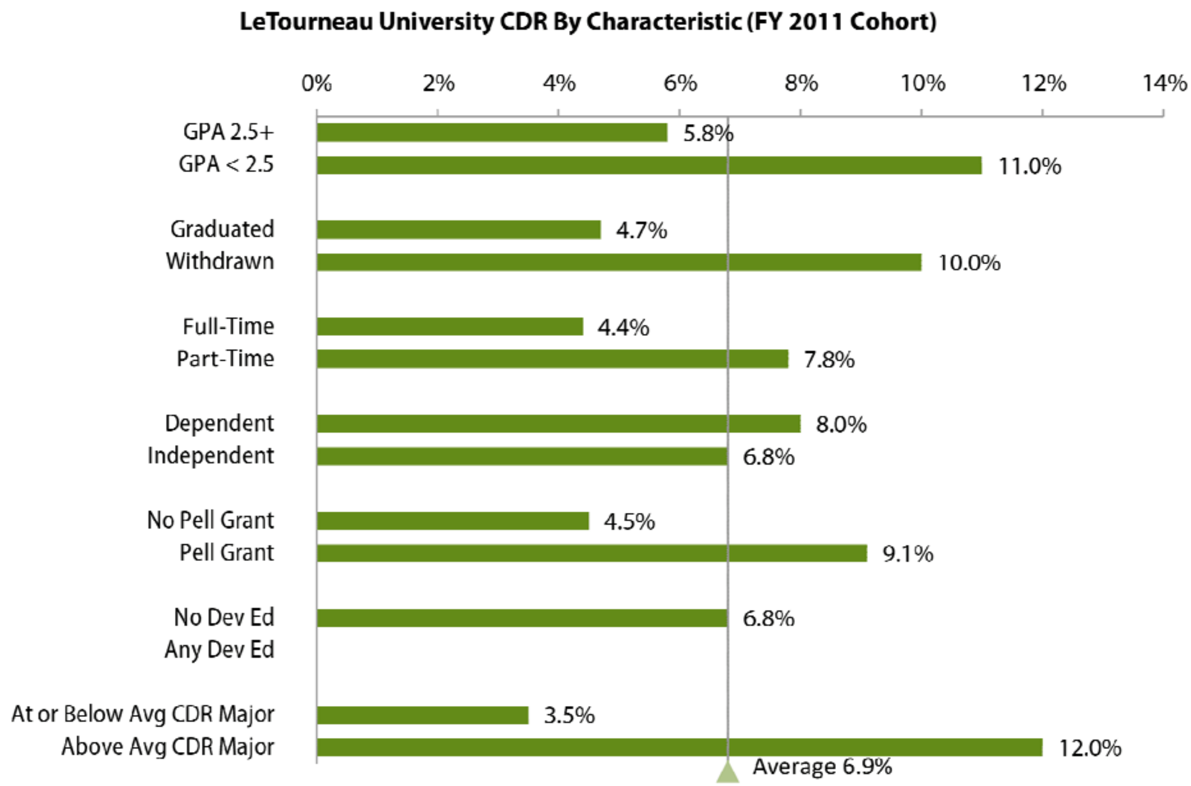
Texas A&M International University

- 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): 56%
- Percentage receiving federal student loans (undergraduate): 39%
- Average annual net price (2013-14): $4,639
- Percentage of students attending full time: 63%
- Percentage of students 25 and older: 15%
- 6-year graduation rate (Fall 2008 cohort): 45%
- Local county unemployment rate: 5.0%
- Cohort default rates: FY 2009: 11.8%, FY 2010: 16.0%, FY 2011: 11.1%



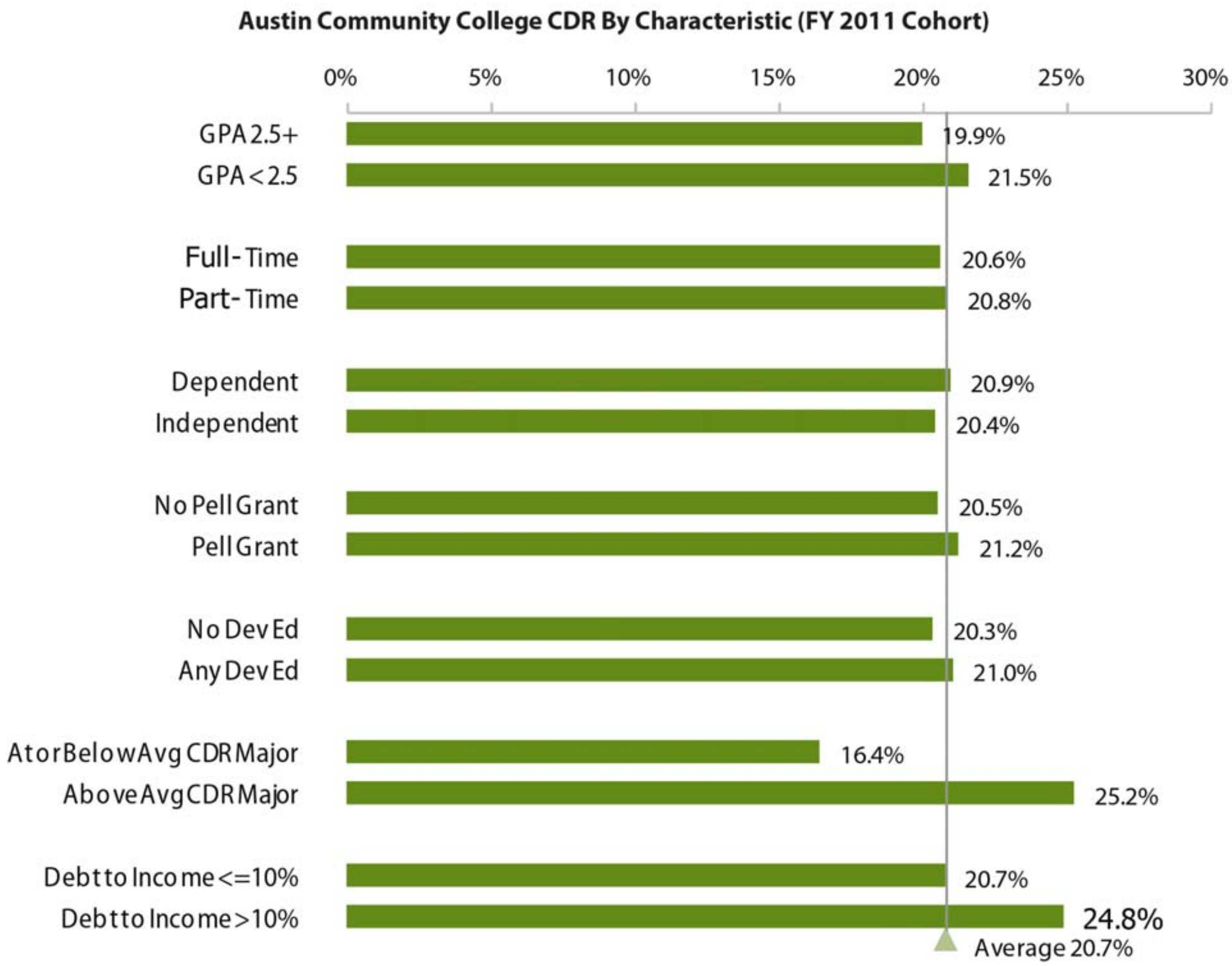
LeTourneau University

- 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): 38%
- Percentage receiving federal student loans (undergraduate): 57%
- Average annual net price (2013-14): $21, 434
- Percentage of students attending full time: 60%
- Percentage of students 25 and older: 41%
- 6-year graduation rate (Fall 2008 cohort): 51%
- Local county unemployment rate: 4.9%
- Cohort default rates: FY 2009: 6.4%, FY 2010: 9.3%, FY 2011: 6.9%



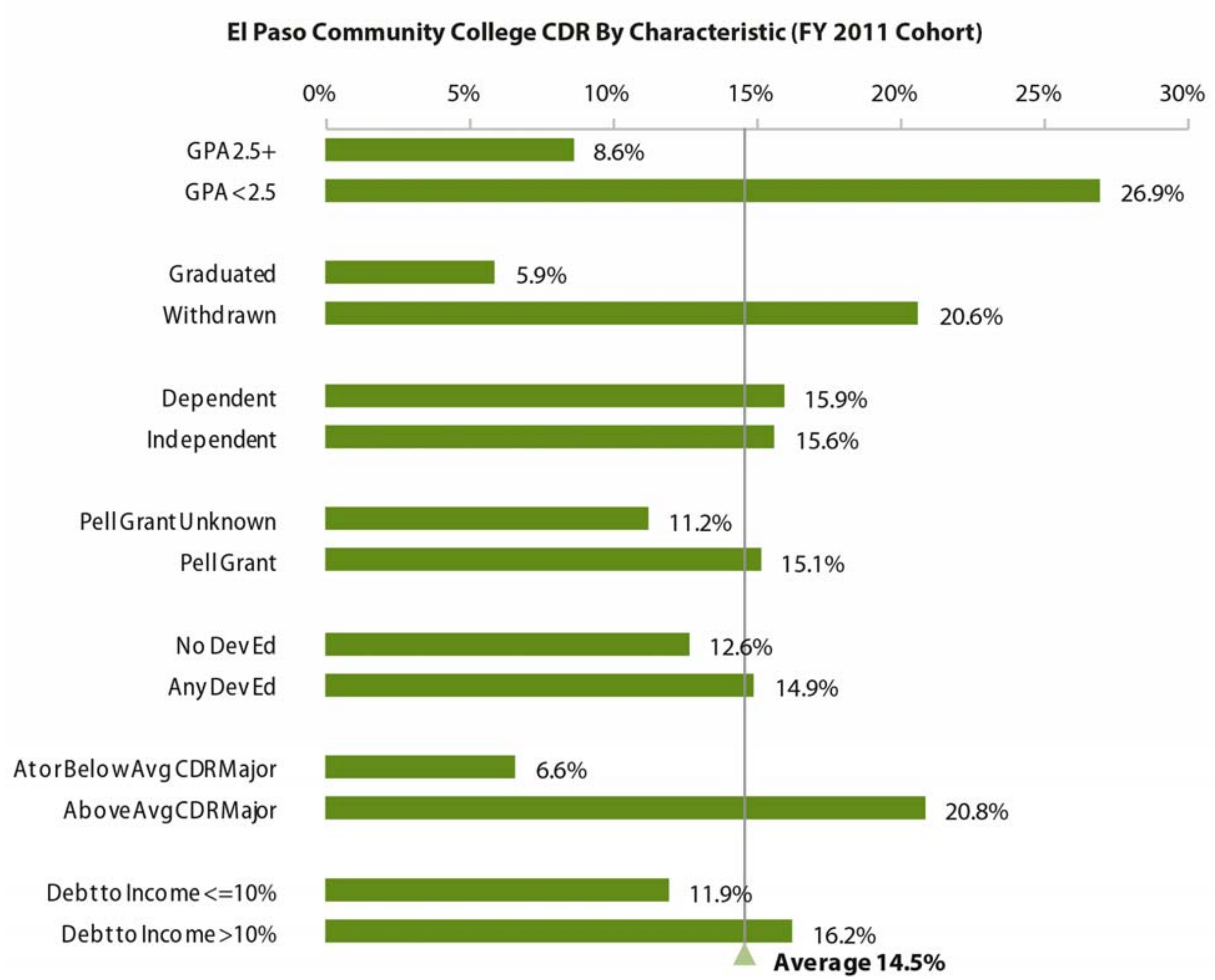
Austin Community College

- 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): 24%
- Percentage receiving federal student loans (undergraduate): 24%
- Average annual net price (2013-14): $7,783
- 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 2011 cohort): 8% overall graduation rate, 30% transfer-out rate
- Local county unemployment rate: 3.2%
- Cohort default rates: 2009: 17.1%, 2010: 22.4%, 2011: 20.8%



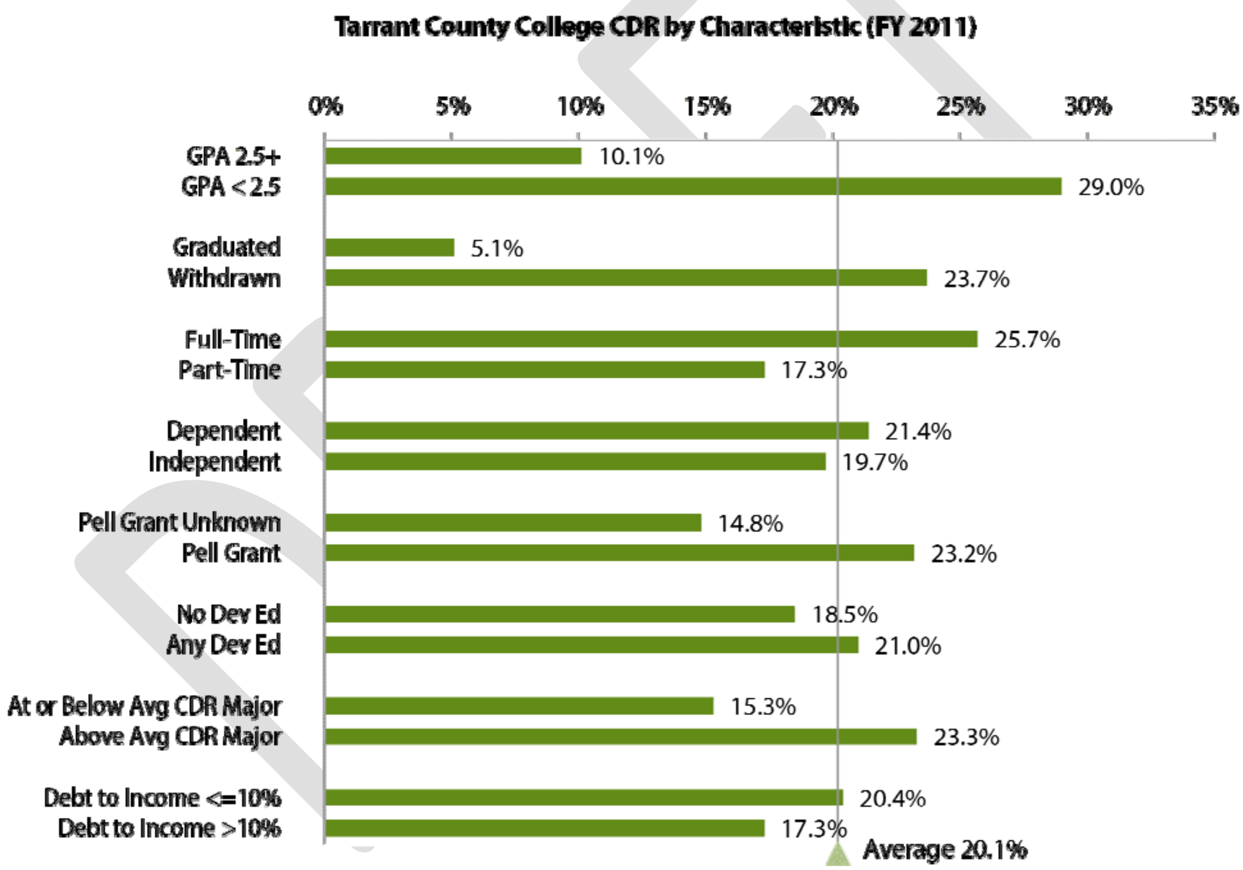
El Paso Community College

- 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): 47%
- Percentage receiving federal student loans (undergraduate): 5%
- Average annual net price (2013-14): $3,479
- 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 2011 cohort): 13% overall graduation rate, 16% transfer-out rate
- Local county unemployment rate: 5.3%
- Cohort default rates: FY 2009: 14.7%, FY 2010: 19.0%, FY 2011: 14.5%



Tarrant County College

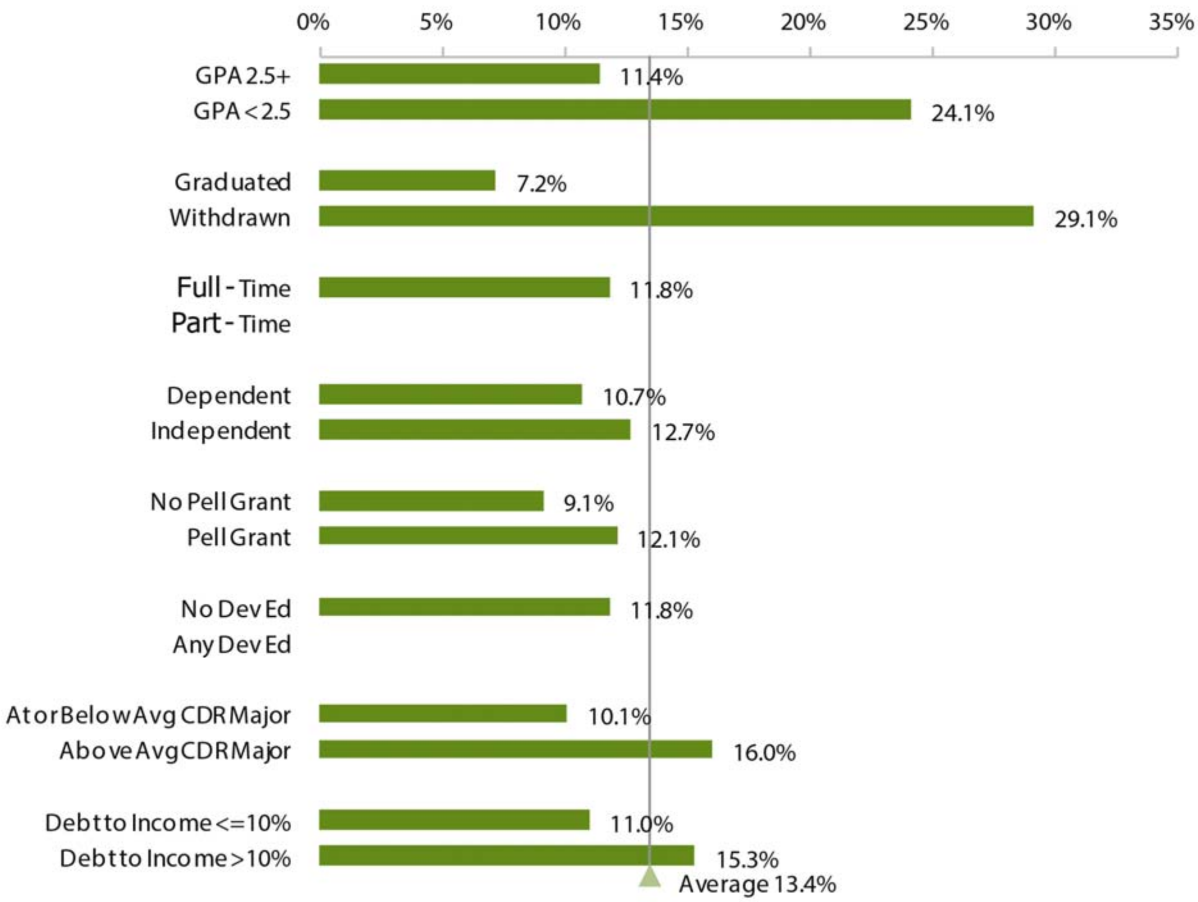
- Type: 2-year, public
- City: Ft. Worth
- Degrees offered: Certificates, associate
- Campus setting: City, large
- Student population: 50,595 (all undergraduate)
- Percentage receiving Pell grant (undergraduate): 38%
- Percentage receiving federal student loans (undergraduate): 31%
- Average annual net price (2013-14): $5,808
- 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 2011 cohort): 10% overall graduation rate, 19% transfer-out rate
- Local county unemployment rate: 4.1%
- Cohort default rates: FY 2009: 16.3%, FY 2010: 20.5%, FY 2011: 20.1%



Western Technical College

- Type: 2-year, private, for-profit
- City: El Paso
- Degrees offered: Certificates, associate
- Campus setting: City, large
- Student population: 1,466 (all undergraduate)
- Percentage receiving Pell grant (undergraduate): 75%
- Percentage receiving federal student loans (undergraduate): 72%
- Average annual net price (2013-14): $23,323
- Percentage of students attending full time: 79%
- Percentage of students 25 and older: 54%
- Percentage of full-time, first-time students who graduated within 150% of “normal time” to completion for their program (Fall 2011 cohort): 51% overall graduation rate
- Local county unemployment rate: 5.3%
- Cohort default rates: FY 2009: 26.6%, FY 2010: 28.1%, FY 2011: 13.4%

Western Technical College CDR by Characteristic (FY 2011)



South Texas Vocational Technical School

- Type: Less than 2-year, private, for-profit
- City: Multiple campuses – San Antonio, Weslaco, Brownsville, McAllen, Corpus Christi
- Degrees offered: Certificate
- Campus setting: Multiple campuses – City, midsize; City, large
- Student population: 1,241
- Percentage receiving Pell grant (undergraduate):74.5%
- Percentage receiving federal student loans (undergraduate): 74.8%
- Average annual net price (2013-14): $26,731
- Percentage of students attending full time: 100%
- Percentage of students 25 and older: 40%
- Percentage of full-time, first-time students who graduated within 150% of "normal time" to completion for their program (Fall 2011 cohort): 58% overall graduation rate
- Local county unemployment rate: Multiple campuses – Average unemployment rate = 6.26%
- Cohort default rates: FY 2009: 14.4%, FY 2010: 21.0%, FY 2011: 34.0%

** South Texas Vocational Technical Institute (STVT) has five Texas campuses participating in the Pilot program, under two different OPEID codes. One OPEID code does include a campus located in Oklahoma, which is not eligible for participation in the Pilot. STVT was added to the Pilot program in 2015 after International Business College withdrew from the Pilot. STVT does not yet have a default prevention plan or the CDR cohort analysis that accompanies the default plan

Pilot Institution	**FY 2010 CDR** (greater than 20% qualifies)	**Percentage point increase in CDR from FYs 2009 to 2010** (greater than 1.71 qualifies)
Austin Community College	22.4%	5.3
El Paso Community College	19.0%	4.3
LeTourneau University	9.3%	2.9
Prairie View A&M University	23.5%	4.8
St. Mary's University	8.0%	1.8
Tarrant County College	20.5%	4.2
Texas A&M International University	16.0%	4.2
Texas Chiropractic College	11.2%	3.7
Texas State University	5.7%	4.4
Western Technical College	28.1%	1.5

Pilot Institution	**FY 2011 CDR** (greater than 20% qualifies)	**Percentage point increase in CDR from FYs 2010 to 2011** (greater than -1.4 qualifies)
South Texas Vocational Technical Institute	34%	13.0

APPENDIX D

Participating Institution Involvement in the Pilot

Type of Institution of Higher Education	Institution Name	Default Plan Status	Student Financial Education/ Loan Counseling	Integrated Counseling Messages	Financial and College Going Articles/Tips	Financial Coaching	Reports and Assessment
4-Year Public	Prairie View A&M University	Plan completed by TG and institution	Trained on TG content appropriate to student population	Procurement of Curriculum Developer in process	Monthly emails with articles and tips being distributed by TG to school since October 1, 2014 * No report available on use	TG currently working to make this service available to this institution	Comprehensive assessment in development
4-Year Public	Texas A&M International University	Plan completed by TG and institution	Trained on TG content appropriate to student population; exploring ways to integrate financial education into first year coursework	Procurement of Curriculum Developer in process	Monthly emails with articles and tips being distributed by TG to school since October 1, 2014. Using printouts of the materials as handouts to students as well * No report available on use	TG currently working to make this service available to this institution	Comprehensive assessment in development
4-Year Public	Texas State University	Plan completed by TG and institution	Trained on TG content appropriate to student population; considering additional training for staff outside financial aid office for fall	Procurement of Curriculum Developer in process	Monthly emails with articles and tips being distributed by TG to school since October 1, 2014 * School distributes monthly emails	Currently referring students for Financial Coaching. Incentivizing financial aid staff to refer students to the coaching feature through contests with prizes.	Comprehensive assessment in development
4-Year Private	LeTourneau University	Plan completed by TG and institution	Trained on TG content appropriate to student population	Procurement of Curriculum Developer in process	Monthly emails with articles and tips being distributed by TG to school since October 1, 2014 * School distributes monthly emails to all students	TG currently working to make this service available to this institution	Comprehensive assessment in development
4-Year Private	St. Mary's University	Plan completed by TG and institution	Trained on TG content appropriate to student population	Procurement of Curriculum Developer in process	Monthly emails with articles and tips being distributed by TG to school since October 1, 2014 * School distributes monthly emails to students	Financial Coaching service available * No students have currently been referred	Comprehensive assessment in development
4-Year Private	Texas Chiropractic College	Plan completed by TG and institution	Will schedule additional training for new Default Prevention Manager and others for fall	Procurement of Curriculum Developer in process	Monthly emails with articles and tips being distributed by TG to school since October 1, 2014 * No report available on use	TG currently working to make this service available to this institution	Comprehensive assessment in development

Type of Institution of Higher Education	Institution Name	Default Plan Status	Student Financial Education/ Loan Counseling	Integrated Counseling Messages	Financial and College Going Articles/Tips	Financial Coaching	Reports and Assessment
Community College	Tarrant County Community College	Plan completed by TG and institution	Trained on TG content appropriate to student population	Procurement of Curriculum Developer in process	Monthly emails with articles and tips being distributed by TG to school since October 1, 2014 * No report available on use	Financial Coaching service available; school has sent its first students	Comprehensive assessment in development
Community College	El Paso Community College	Plan completed by TG and institution	Trained on TG content appropriate to student population	Procurement of Curriculum Developer in process	Monthly emails with articles and tips being distributed by TG to school since October 1, 2014 * School distributes monthly emails and has posted them on institutional Facebook page	TG currently working to make this service available to this institution	Comprehensive assessment in development
Community College	Austin Community College	Plan completed by TG and institution	Trained on TG content appropriate to student population	Procurement of Curriculum Developer in process	Monthly emails with articles and tips being distributed by TG to school since October 1, 2014 * School distributes monthly emails	Scheduled to receive this service. Are currently setting up demonstration coaching sessions with TG for their counseling staff. Plan to begin making referrals this fall	Comprehensive assessment in development
Proprietary School	Western Technical College	Plan completed by TG and institution	Trained on TG content appropriate to student population	Procurement of Curriculum Developer in process	Monthly emails with articles and tips being distributed by TG to school since October 1, 2014 * No report available on use	Financial Coaching service available * No students have currently been referred	Comprehensive assessment in development
Proprietary School	South Texas Vocational Technical Institute	Plan is in process. School on-boarded to the Pilot in summer 2015	To be delivered this fall	Procurement of Curriculum Developer in process	Distribution to begin in August	TG currently working to make this service available to this institution	Comprehensive assessment in development
Proprietary School	Franklin College/ International Business College	This college was removed from the Pilot	N/A	N/A	N/A	N/A	N/A

APPENDIX E

Pilot Program Expenses Through July 31, 2015*

	Fiscal Year 2014	Fiscal Year 2015	Total
Total Hours	900	2,291	**3,191**
Labor Costs	$51,282.01	$131,661.08	**$182,943.09**
Non-Labor Costs	$22,859.19	$11,601.00	**$34,460.19**
Total Labor plus Non-Labor	$74,141.20	$143,262.08	**$217,403.28**

* Note that in May 2014, the TG Board of Directors approved a total Pilot expenditure of up to $1.6 million for the 6-year duration of the program.

ENDNOTES

[i] Rice, E. (2013). *Financial Aid at the Crossroads: Managing the Student Debt Crisis in Texas*. TG. Retrieved from: www.TG.org/pdf/Student-Loan-Debt-Crisis-Report.pdf

[ii] Texas Higher Education Coordination Board (THECB). 2011-12 Financial Aid Database (unpublished tables);

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[iii] Cruesere, M., Fletcher, C., Klepfer, K., Norman, P. (2015). *State of Student Aid and Higher Education in Texas*. TG; p58.
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[iv] Rice, E. (2013). *Financial Aid at the Crossroads: Managing the Student Debt Crisis in Texas*. TG. Retrieved from: www.TG.org/pdf/Student-Loan-Debt-Crisis-Report.pdf

Hiltonsmith, R. (2013). At what cost? How student debt reduces lifetime wealth. *Demos, August*. Retrieved from: www.demos.org/what-cost-how-student-debt-reduces-lifetime-wealth

[v] For instance:

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

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