May 29, 2013

To: Cathy Bio, UHMC

From: John Morton, Vice President for Community Colleges

Subject: FY 2014 Innovative Financial Aid Initiatives

The UHCC system is pleased to support the project "Financial Aid," in the amount of $30,251.00. The overall goal of this project is to support the Debt Management/Default Prevention Plan that was developed in 2012 to help borrowers better understand student loan borrowing, manage their own finances, and successfully navigate through repayment.

The project funding is subject to the following requirements:
1. Implementation will occur in AY 2013-14.
2. All funds must be expended, not just encumbered, by June 30, 2014.
3. The project final report (in the form attached) must be submitted in electronic form to Gayle Ishii (gaylej@hawaii.edu) with a copy to Suzette Robinson (suzetter@hawaii.edu) not later than September 30, 2014.


Tuition and Fee Special funds will be transferred to your campus for this project after July 1, 2013.

Based on the information provided in your final report, funds may be re-purposed. The project proposal and report will be published on the UHCC website.

Thank you for your work in developing innovations to increase student success. We look forward to working with you as the project unfolds.

cc: Clyde Sakamoto, Chancellor UH Maui College  
Peter Quigley, AVPAA  
Alvin Tagomori, VCSA UH Maui College  
David Tamanaha, VCAS UH Maui College  
Cindy Yamamoto, Fiscal Officer UH Maui College  
Suzette Robinson, Director of Academic Programs  
Gayle Ishii, Academic Support  
Lisa Tsuhako, Budget Specialist

Att: Final report template
Financial Aid Project Proposal Form

2013-14

College: UH Maui

Project Title: Financial Aid

Proposer's Name and email address: Cathy Bio, cbio@hawaii.edu

Proposal Period: FY 2014

Budget request: $30,251 (to include expenditure in Summer 2014)

Complete the following sections:

1. 250 word description of the proposed project. Include data supporting the need for the project. (30pts)

In AY 2011-12, 56% of the student body at UH Maui College received some form of financial aid and 49% were eligible for the Pell grant. The Financial Aid Office disbursed over $11 million in student loans, which is a 416% increase since 2006-07. Not only has loan volume skyrocketed, but the institution's cohort default rate (CDR) is well above the national average for public two-year institutions (18.3%). Maui College's 3-year 2009 CDR was 24.3%. Projections for 2011 rates are dismal: 24.7% (best case scenario) and 36.3% (worst case scenario).

Due to the alarming increase in student borrowing and high default rate, Maui College developed a Debt Management/Default Prevention Plan in 2012. The plan outlines current initiatives, in addition to strategies we would like to consider provided staffing and resources. The goal is to help borrowers better understand student loan borrowing, manage their own finances, and successfully navigate through repayment.

Current strategies include pre-enrollment activities, such as high school outreach, where we discuss student loans and emphasize smart borrowing; online financial literacy lessons upon loan application for high-risk students, including first-time borrowers and students on probation, and borrower outreach in repayment status through USA Funds Borrower Connect.

Data gathered from our assessments have been encouraging.

- 3027 Life Skills lessons were completed by First Time Borrowers or Probation students. Their average knowledge before Life Skills was 3.1 and knowledge after Life Skills was 4.4.
- In a 6-month follow up survey done on 6/30/12, 118 (out of 119) reported at least 1 behavior change. The top reported change was "I established educational, financial and/or career goals."
- With Borrower Connect, we contacted 1245 delinquent students and 128 students were averted from default.
Although the data is encouraging, we need to do more. Our default and debt management strategies need to be carefully thought out and more effort is needed to properly assess whether or not our efforts are making a difference.

The ultimate goal is to create a Default Management/Loan Counselor position to implement the plan and to create a campus-wide Default Management Task Force. Until funding is secured for this initiative, we propose creating high-level student peer mentor positions to assist in carrying out strategies.

In addition to continuing our current default management strategies outlined in Question #1, ARRA funding will allow us to enhance our plan by implementing some of the best practices learned at the U.S.D.E. Default Management Training (Question #5).

2. Refer to research that influences or serves as foundation for the project. (10pts)

At the U.S.D.E. Default Management Training, which took place in April 2013, we learned that schools with a default rate of 30% or higher will be required to create a Default Management Task Force. They strongly encouraged that the task force include faculty and administrators from both Student Affairs and Instruction, as default rates fall under institutional responsibility. They also emphasized that the Task Force should not be led by the Financial Aid Director, but by a full-time dedicated Default Management Coordinator. With a default rate of 24.3%, Maui is in close danger of reaching this threshold.

The best practices outlined in our initiative are directly from default management research done by the Department of Education.

3. Refer to the Campus and the System strategic plan section that demonstrates the relevance of this project. (10pts)

Both campus and system strategic plans heavily emphasize the importance of retention, completion, and graduation. According the profile of defaulters done for the 2005 and 2009 cohorts, students that default are overwhelmingly students that withdrew and did not complete their program. By addressing retention and completion issues, we will be addressing our default problem. By tackling our default rate, we will simultaneously be helping retention and completion.

4. Discuss how this project will sustain itself after system funding ends. (10pts)

Based on continued growth and data provided, FA will request for support from campus Tuition and Fees via Vice Chancellor of Student Affairs and Chancellor.

5. Indicate the way in which the success or failure of the project will be visible through measurable and reportable outcomes. (25pts)

The ultimate goal of this project will be to lower UHMC's current Cohort Default Rate (CDR) from 24.3% to 18.3% (national average for two-year public institutions) by 2018. The impact of strategies
that we implement in 2013-14 will not be demonstrated in our CDR until at least 3-4 years. (In 2013, we received our official 2009 CDR. In 2018, we will receive our official 2014 CRD.) In the interim, we will measure the success of our project by implementation of best practices learned at the U.S.D.E. training in April 2013, which will provide more in-depth and meaningful communication with our past, current, and future borrowers:

- Provide in-person loan counseling for target groups of students, based on our defaulter profile;
- Shift from mailed exit counseling to in-person loan exit workshops for graduated students;
- Contact students who completely withdraw and provide loan repayment counseling;
- Verify accuracy of references that students list on their Master Promissory Note;
- Check attendance for 30 day delay students prior to disbursement;
- Encourage faculty to report non-attendance more diligently at the start of terms;
- Conduct more research on returned mail;
- Encourage students to create an account with NSLDS to monitor loans;
- Enhance communication with borrowers in repayment using Borrower Connect and counsel students regarding various repayment plans and deferment options.

In addition to implementing these initiatives, we will assess our strategies by collecting and monitoring data:

- Quantitative data, such as increasing the number of delinquent students who are placed in current status; and
- Qualitative data based on surveys and focus groups.

Many of these strategies are "high-touch" and will require additional staffing. ARRA funds will be used to hire high-level student peer mentors to carry out some of these objectives and keep track of data. Some tracking will be manual and some will be done with reports in Borrower Connect. With success, we hope to lobby for a full-time position funded by the campus. The Coordinator would be responsible to supervise these initiatives, continually enhance our efforts, and carefully assess our strategies.

6. Describe how this project reduces time to certificate or degree for students. (15pts)

In addition to exploring new best practices listed above, we will continue our focus to communicate the importance of reducing time to degree for students.

New students: In 2013-14, we plan to revamp our financial aid outreach to high school students to include more ways to reduce time to degree. Reducing the number of credits needed in college (by taking AP classes, Running Start, summer college classes, taking only classes needed for degree) is a significant way for a family to save money on tuition.

High Risk students: In our ACPLAN discussions with students on probation, we will continue to require meetings with academic counselors and also communicate the importance of taking classes
applicable to degree for financial aid purposes. Long term consequences, such as lifetime Pell LEU, loan limits, excessive borrowing will all be discussed.

7. Budget – See attached

The campus is committed to sustaining the project if evidence of its success is warranted and funding is available.

Signed: [Signature]  

Chancellor  

Date: 5/23/13
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**Summer Student Help Projection (No FWS Available)**

5/14-8/17

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**Fall/Spring Student Help Projection**

8/20-5/17

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**Total Request:** $5,830.00