

Excerpts, selected by the HELP Committee, from a larger document
produced by the company

III. Summary of current Debt Management Plan

a. Current initiatives

Currently, Vatterott Educational Centers, Inc. (Vatterott) provides students with mandated entrance and exit counseling on their student financial aid package. Documentation is provided to the student during an in-person meeting. Vatterott also utilizes default management assistance provided by Horizon Educational Resources. The team at Horizon works diligently to support previous students by counseling them on their loan repayment, deferment and forbearance options.

b. Results

The results of our current initiatives have shown a slight, but progressive increase in default rates. The following table depicts the results of the three most recent reporting years.

Vatterott Educational Centers, Inc. Institutional Cohort Default Rates			
	2007	2006	2005
Default Rate	12%	11%	9%
No. in Default	651	538	382
No. in Repay	5327	5037	4039

The number of students in repayment has increased 32% since 2006 while the number of students in default has increased 70% in the same period. These numbers equate to a 3% increase in default rates from 2005 to 2007. This analysis indicates that our current measures are not adequate to management the increasing population in repayment. Modification to our current procedures is required.

IV. Proposed Debt Management Plan

Vatterott Educational Centers, Inc.

Proposed Debt Management Plan

a. Executive Summary

Vatterott Educational Centers, Inc. (Vatterott) was established in 1969 and currently operates seven (7) campuses in Missouri. Vatterott provides post-secondary diploma, associate, and bachelor degree vocational training programs. As a private college, Vatterott is dedicated to providing the best possible education and facilities to ensure students can fulfill their goals while we fulfill our mission of “Career Skills for a Better Life”.

In 2007 Vatterott Educational Centers, Inc. implemented the Vatterott Student Tutoring, Advising, and Retention (V-STAR) program [**Appendix 1**]. The program is designed to provide up-front educational support to ensure all students, traditional and non-traditional, are prepared for success as a student and later as a graduate. The program provides weekly group interactions in the form of seminars, guest speakers, and brown bag luncheons. The interactions serve as a support mechanism by encouraging students to develop friendships with other students and to allow the Retention Officer an opportunity to continuously refer students to support services offered by the school. The V-STAR program has been successful at providing up-front support and communication to students. It has been a valuable resource to evaluate new student satisfaction with the enrollment process and continuous evaluation by surveying students each term and providing feedback to faculty and staff.

By supplementing our current V-STAR program and career services assistance plans with financial literacy seminars and resource material we can have a greater impact on our students understanding of their student loans and reduce cohort default rates at our campuses. Our plan will provide constant interactions with students throughout their academic career. These interactions will come from Retention Officers, Financial Aid Representatives, Career Services, and external guest speakers. The benefit of the seminars and individualized attention provided students as part of our enhanced debt management plan will be reduced cohort rates, improved retention, and long-term student success.

As part of our institution’s ongoing effort to enhance services to ensure the betterment of our current and previous students, Vatterott Educational Centers, Inc. will be implementing the following enhanced debt management plan.

b. Project Design

In 2009 Vatterott Educational Centers, Inc. performed campus by campus evaluations of the V-Star Effectiveness as well as an analysis of the student population titled “Correlates of Success”. The analysis helped the institution develop a better understanding of our student demographics at each campus and provided a foundation for student support service improvements that each campus could implement to better serve their student population. A sample of the analysis for the Berkeley campus is provided [Appendix 2].

Our proposal to utilize funding from the Default Prevention Grant impacts our student population in two ways:

1. A substantial percentage of students enter Vatterott as the first person in their family to be educated beyond secondary education (325 out of 535 respondents). It is also important to note that 72% of students enrolled at the time of the survey had annual salaries of less than \$10,000.

These results provide insight to a possible lack of parental guidance/mentoring in relation to post-secondary education as well as financial management assistance. To support these students, Vatterott intends to utilize a portion of the funding to provide additional soft-skills and finance related education to students in their initial and final term of enrollment. Each campus will incorporate introductory financial planning and financial aid awareness seminars in the V-STAR program and as part of the Career Services Placement Assistance Plan [Appendix 3]. Financial Aid personnel will be involved, in the seminars, by presenting information relative to the exit interview during seminars held for students in their final term of enrollment. The additional financial planning and financial aid workshops will build a foundation for students to prepare for their financial future and to better understand their student financial aid packaging.

2. The student population is provided with substantial up-front support to ensure success during enrollment but a substantial portion of the students evaluated felt they were not prepared to enter the workforce.

Both default management and employment are a concern among graduating students. The funding received as part of this grant will also be utilized to enhance our current Career Services Placement Assistance Plan. The plan currently provides support to graduating students by assisting them with resume writing, interview skills, and job searches. The enhanced program will incorporate multiple workshops and seminars that assist graduating students with job placement and educate students on their responsibility to repay their student loans. The program will also educate students on how to take appropriate action if they cannot meet their loan repayment obligations. For graduating students, this may be the only financial advice or education they receive before leaving school and beginning a new career.

The program will begin by implementing the enhanced services outlined above to all current students and will begin tracking each cohort through the reportable cohort default reporting periods. Tracking of these students will be performed by our internal default management team.

As an added measure, Vatterott Educational Centers, Inc. has hired a Default Management Supervisor and a team of Financial Aid Representatives to work from our Sunset Hills campus. This team will work in conjunction with Horizon Educational Services to contact students requiring loan repayment assistance. The workflow of this internal team is attached as [Appendix 4].

c. Collaboration

Each campus department will play a role in the completion and success of our students. From the first meeting with an admissions advisor, the prospective student will be introduced to the retention team. The retention team will be the student's direct point of contact for working with other administrative departments including Financial Aid, Registrar, Career Services, Learning Resource Center, and Accounting. Students are also assigned a faculty advisor which provides support to the student throughout their education.

All of these departments have the responsibility of educating the student and assisting them with a successful transition into the workforce. Communication and collaboration of all departments is essential and will ensure students have personal contact from the moment they enroll through the point in which they enter repayment of their loan obligations.

d. Budget Narrative

Our default management project hinges around expanded up front communication with new students and more focused communication with graduating students. We are able to utilize portions of the same resource material for each of these new communications. "Making Your Mark" by Lisa Fraser (9th Edition), LDF Publishing will be provided to each student at no cost. The cost per book is \$2.50 and we estimate distributing 7,500 in the first year (total cost \$18,750.)

Although development efforts and costs are being expended related to changes in the introductory financial planning and financial aid seminars as part of the V-STAR program and the three new career service seminars near graduation, the project budget doesn't not include an estimate for those development costs. We have also not included an estimate of time for the re-tooled introductory financial planning and financial aid awareness seminars because introductory meetings were previously held with students. We have included estimated costs of \$10,500 for the financial aid resource time and meeting set-up of the three new graduate support seminars. There will be a total of 30 seminars per year per campus.

In addition to student preparation we have hired a Default Management Supervisor (annual salary of \$55,000 plus estimated taxes and benefits of 15%) who will be working liaising with Horizon Student Services on their loan repayment education and collection efforts.

e. Project Justification

Due to historical increases in cohort default rates within Vatterott Educational Centers, Inc. it is imperative that we modify our process to incorporate new ideas to improve student retention, gainful employment, and student loan management assistance. The project will help our campuses with continuously improving the services provided and ensure student success well beyond their enrollment at Vatterott.

f. Measures of Success

Success of this project will be measured on several key points.

1. Student loan maximization is a consistent concern. Students utilize the student loan system to acquire excess loan funds for miscellaneous expenses. The financial planning seminars provided while students are enrolled will assist students by providing a clear picture of the impact from utilizing student loans in this manner. As campuses begin to monitor student loan amounts at the time of separation with regard to gainful employment standards, a reduction in median loan amount per cohort will be a measure of success.
2. Cohort Default Rates for the 2009 – 2011 reporting periods will be monitored through the Default Management team. As a company, a measure of success will be reducing all cohort default rates below 7% by the 2011 reporting period.
3. A final measure of success will be the improved student survey results regarding their knowledge of financial aid and their student loans. Students are surveyed after completing their enrollment and again each term. As a measure of success, these surveys should show an improvement in the student's perception of the Financial Aid program and the Financial Aid department at the campus.
4. Student Retention and Employment rates should continue to improve and will be monitored annually as reported to the Accrediting Commission of Career Schools and Colleges.