

PROGRAM DESCRIPTION

Department of Higher Education and Workforce Development

HB Section(s): 3.105

Program Name: Federal Loan Compliance

Program is found in the following core budget(s): Federal Loan Compliance

1a. What strategic priority does this program address?

Affordability, Access and Success

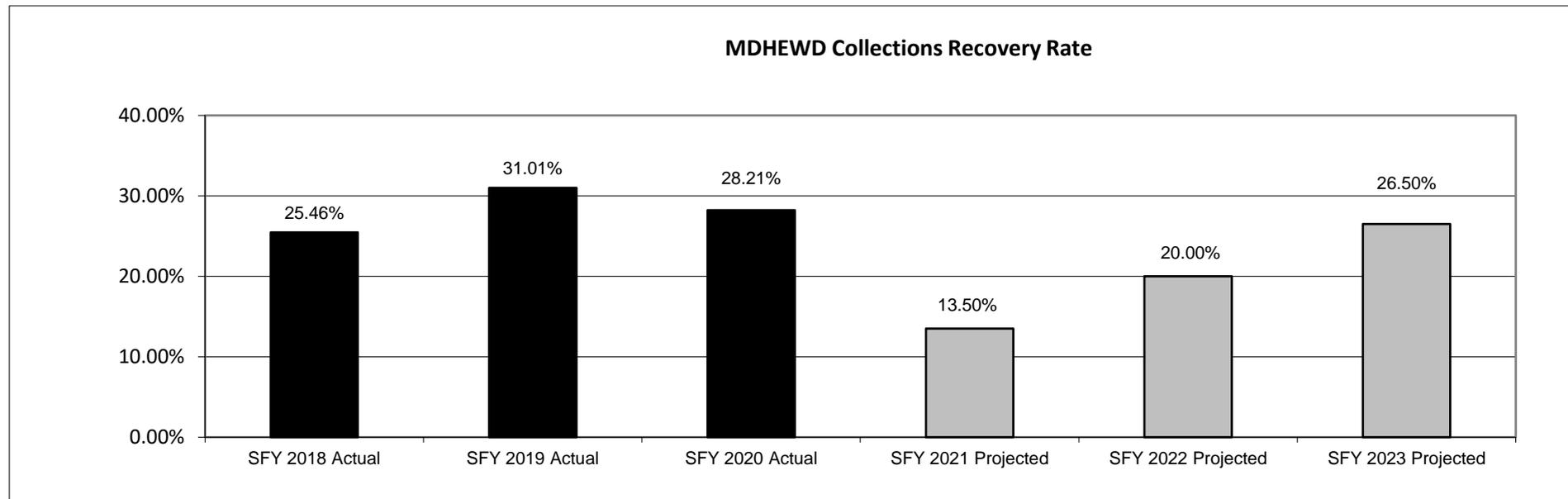
1b. What does this program do?

As part of its statutory requirements, the Missouri Student Loan Program contracts with a loan servicer, which subcontracts with collection agencies to collect on defaulted loans. The Student Loan Program pays the loan servicer a percentage of the amount collected by the collection agencies. The Guaranty Agency Operating Fund share of collection revenues is described in the Collection Payments Transfer appropriation authority request.

As a result of disaster guidance related to Coronavirus and Federal Student aid requesting guaranty agencies to stop collection efforts, the agency anticipates a decline in collections rate from defaulted borrowers in future fiscal years. Rapidly changing conditions make it difficult to determine the full impact on DHEWD's collections.

2a. Provide an activity measure(s) for the program.

The recovery rate represents the percentage (%) of DHEWD's outstanding defaulted loan balances recovered through collections in a given year.



*The FY 2021 projected decline is due to the presidential order to halt mandatory loan collections due to Covid-19 and due to a change in the loan servicing contractor.

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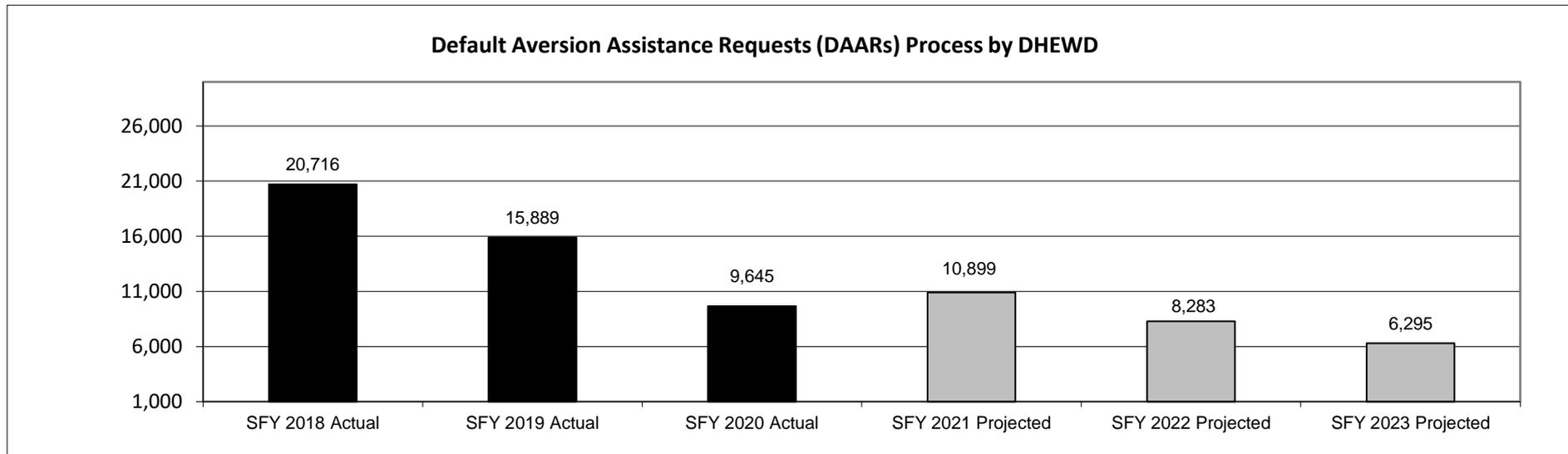
2b. Provide a measure(s) of the program's quality.

DHEWD Administrative Wage Garnishment Collections Rate Among Other Guaranty Agencies

FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Projected	FY2022 Projected	FY2023 Projected
5th out of 25 Agencies	6th out of 24 Agencies	6th out of 20 Agencies			

2c. Provide a measure(s) of the program's impact.

DHEWD provides collections assistance to lenders for loans that become 60 days or more delinquent to try to avert default of the loan. NOTE: 2021 numbers are projected higher than normal due to the number of borrowers that will enter repayment following a period of forbearance granted during the 2020 Coronavirus disaster.



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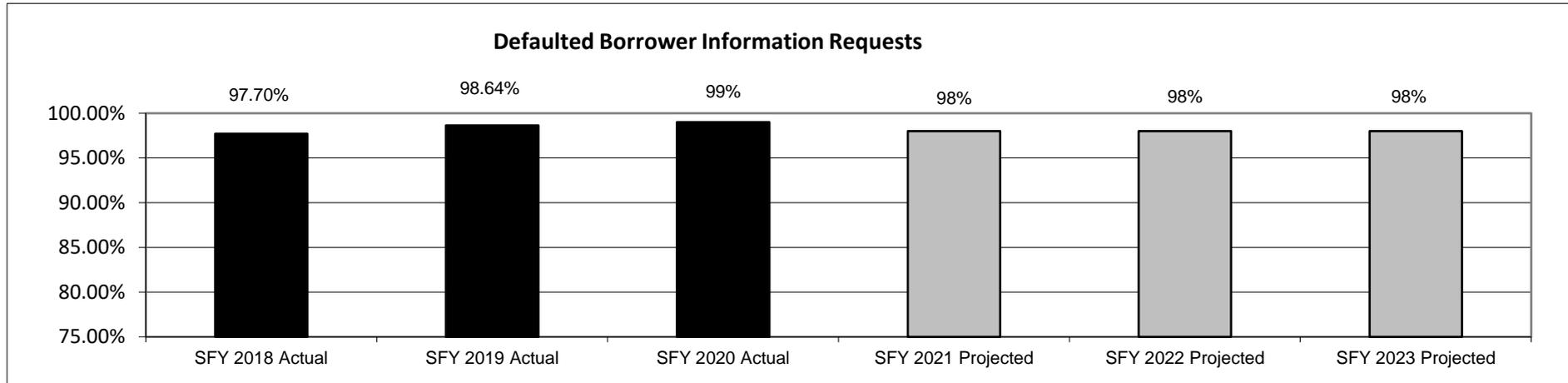
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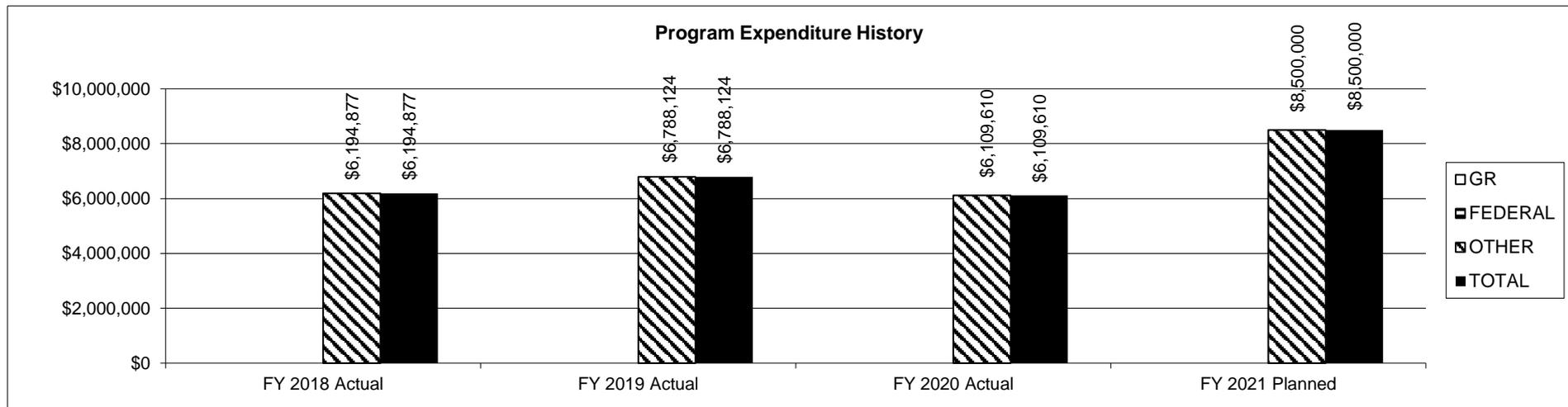
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2d. Provide a measure(s) of the program's efficiency.

The DHEWD call center measures the time it takes to provide a letter to defaulted student loan borrowers who have requested information about their loans. A letter issued within 2 days of the request is considered a timely response. The percent of timely responses is shown in the chart below. DHEWD has established a baseline goal for this measure of a 97% timely response rate.



3. Provide actual expenditures for the prior three fiscal years and planned expenditures for the current fiscal year. (Note: Amounts do not include fringe benefit costs.)



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4. What are the sources of the "Other " funds?

Guaranty Agency Operating Fund (0880)

5. What is the authorization for this program, i.e., federal or state statute, etc.? (Include the federal program number, if applicable.)

Federal Higher Education Act of 1965, as amended, 20 U.S.C. 1071, et seq.; 34 C.F.R. Parts 658 and 682; Sections 173.095 - 173.187, RSMo

6. Are there federal matching requirements? If yes, please explain.

No

7. Is this a federally mandated program? If yes, please explain.

No