

## PROGRAM DESCRIPTION

Department of Higher Education and Workforce Development

HB Section(s): 3.115

Program Name: Missouri Student Loan Administration

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

**1a. What strategic priority does this program address?**

Affordability, Access and Success

**1b. What does this program do?**

The Missouri Student Loan Program (MSLP) is a guaranty agency for the Federal Family Education Loan (FFEL) program. As a guaranty agency, this program insures lenders of Federal Stafford, PLUS, and Consolidation student loans from losses due to default at 97 to 98 percent, depending on the loan disbursement date, and at 100 percent due to loan discharge. MSLP had total outstanding guaranteed loan balances of more than \$578 million as of June 30, 2022. The Healthcare and Education Affordability Reconciliation Act, enacted March 30, 2010 (Public Law 111-152), eliminated the department authority to make or insure loans under the FFEL Program as of June 30, 2010. However, DHEWD must continue to act as the United States Department of Education's (USDE) agent by fulfilling responsibilities related to outstanding guarantees, which includes working with students, borrowers, schools, lenders, servicers, and the USDE to ensure compliance with applicable federal laws and regulations.

Also of critical importance to the outstanding FFEL portfolio is the guaranty agency's efforts with respect to default prevention and aversion, as well as default collection. As required by federal statute, the agency provides collections assistance to loan holders and counseling assistance to borrowers when a borrower becomes more than 60 days delinquent on their student loan. During FY 2022, DHEWD received over 10,000 default assistance requests from lenders. The DHEWD averted default on 65 percent of delinquent loans.

The loan program also provides postsecondary institutions with regulatory resources and ensures laws promulgated under the Higher Education Act for the FFEL Program are accurately interpreted and enforced.

Funds generated by the program have supported the state aid programs and provide information to prospective students and their families regarding how to plan and pay for college through support of outreach that develops and implements public awareness of the value of postsecondary education, the options available and the importance of filing a Free Application for Federal Student Aid.

Finally, the department collects on defaulted student loans to keep the cost of the FFEL program as low as possible. DHEWD uses a variety of collection methods to recover defaulted loans, including administrative wage garnishment, state tax refund offset, US Treasury offset, borrower payments, rehabilitation, and consolidation. However, per Dear Colleague Letter GEN-21-03, issued by USDE May 12, 2021 in response to the COVID-19 pandemic, DHEWD was directed to halt collections and the accrual of interest on defaulted accounts, retroactive to March 13, 2020.

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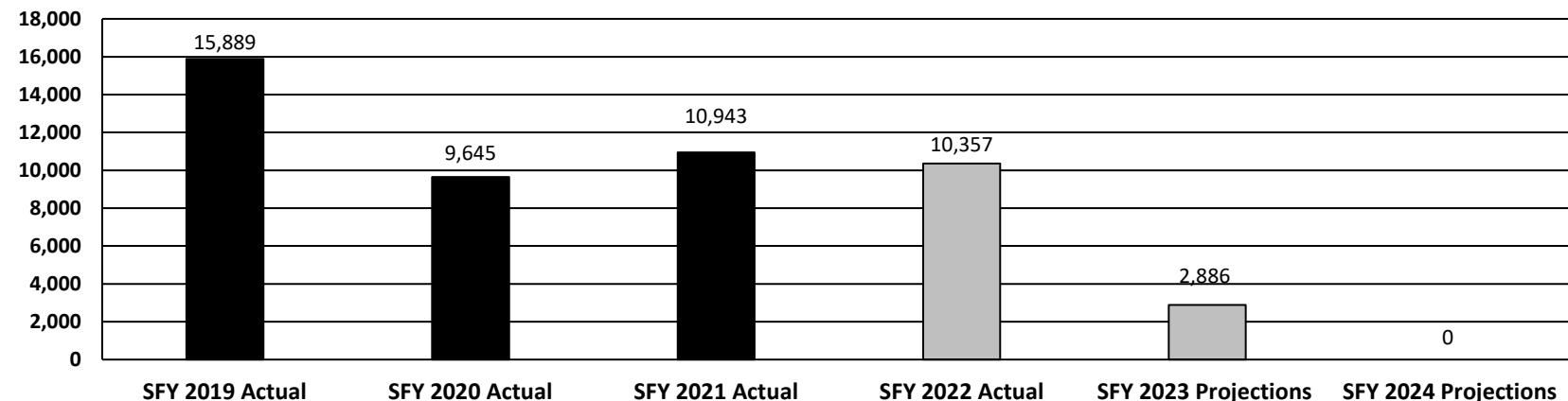
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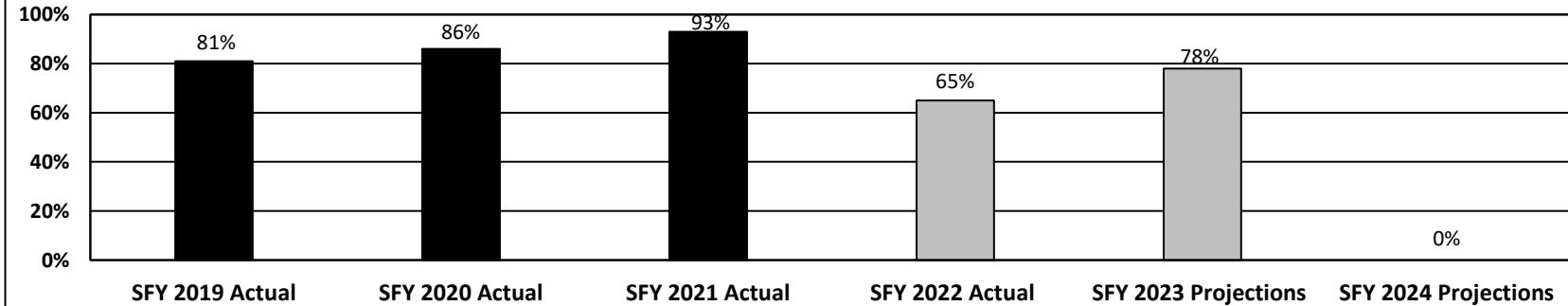
2a. Provide an activity measure(s) for the program.

**Default Aversion Assistance Requests Process by DHEWD**



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

**Percentage of Delinquent Accounts Cured by DHEWD**



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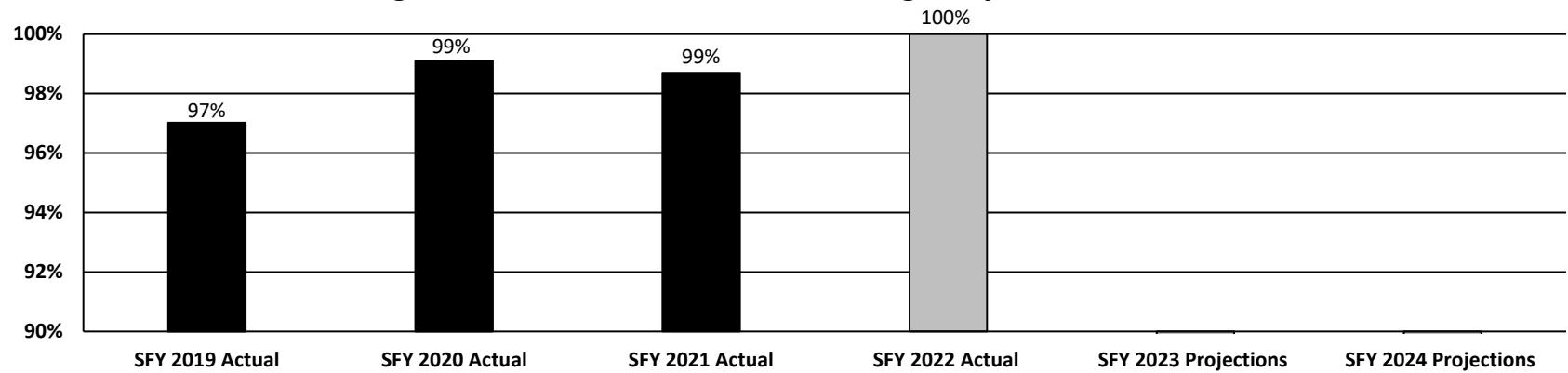
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2c. Provide a measure(s) of the program's impact.

This measure demonstrates DHEWD's effectiveness in helping defaulted borrowers regain eligibility for Title IV financial assistance. Accounts are monitored each month to verify they have maintained eligibility. If a defaulted student loan borrower falls behind in their repayment, DHEWD makes additional efforts to contact the borrower to encourage them to continue making payments to maintain eligibility. DHEWD has established a baseline goal to keep 90% of borrowers approved for reinstatement eligible for aid each month, but hopes to keep an average of 96% of all borrowers eligible. This measure is no longer applicable effective July 1, 2022 as ECMC began processing reinstatement requests on behalf of DHEWD on this date.

Percentage of Borrowers who Maintained Eligibility for Title IV Federal Aid



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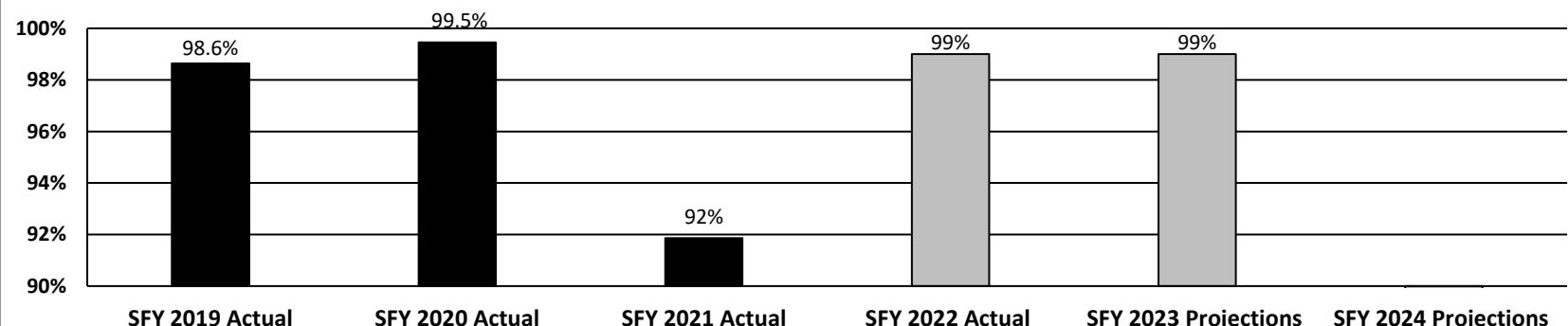
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### 2d. Provide a measure(s) of the program's efficiency.

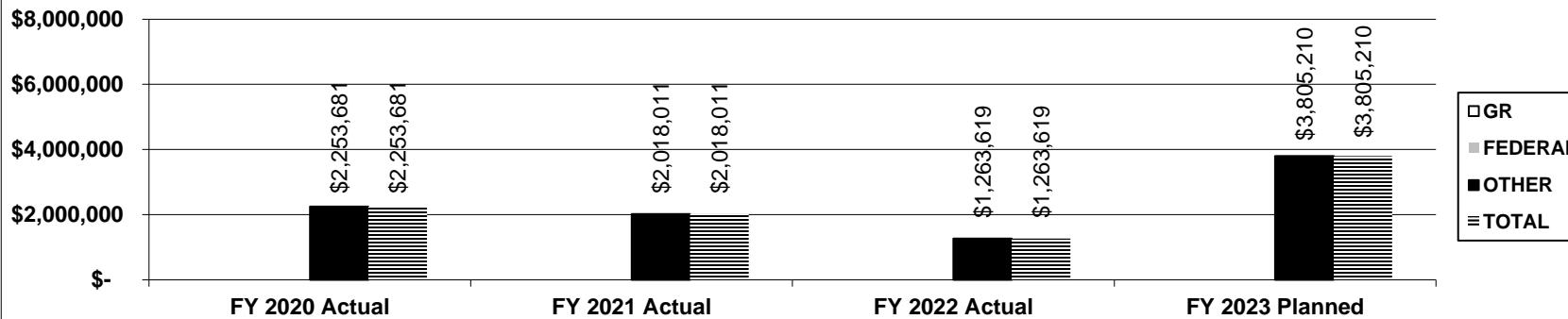
DHEWD's call center measures the time it takes to provide a letter to defaulted student loan borrowers who have requested information about their loans. A letter issued within 2 days of the request is considered a timely response. DHEWD has established a baseline goal for this measure of a 97% timely response rate. The FY 2021 reduction in timely letter response was due to a very large volume of written requests in response to mailings that DHEWD was required to send to borrowers as a result of the COVID-19 pandemic. These mailings also caused a large increase in calls, which made it difficult to respond timely to borrower requests.

Percent of Timely Responses to Defaulted Student Loan Borrowers



### 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.)

Program Expenditure History



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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