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Western Governors University gets assist from CampusLogic to reduce loans, future debt

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Students at Western Governors University, an exclusively online higher ed institution, get a free lesson in responsible borrowing that is paying dividends many years beyond graduation.

In the two years the Utah-based institution's Responsible Borrowing Initiative has been in place, student loans have been reduced by \$250 million, according to Bob Collins, vice president of Student Financial Aid at the non-profit institution founded in 1997 by leaders of 19 western states.

Using CampusLogic as the technology, WGU has automated the delivery of more than 100,000 personalized financial aid packages that separate college costs into direct (tuition, fees, books) and indirect (housing, food). These digital award letters also propose that students accept only enough loans to cover direct costs associated with attending an online school.



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“They’ve already been living somewhere and eating,” Collins says. “We recommend they borrow only what they really need to enroll, because they will have to pay back those loans some day.”

About 10 percent of WGU students never take any loans, but the other 90 percent racked up an average of \$21,000 in loans by graduation as recently as three years ago. And this was to attend a school whose tuition is about \$3,000 for six months, or \$6,000 for a full year.

After two years of the Responsible Borrowing Initiative, which began in July 2013, 65 percent of students have accepted borrowing recommendations and taken only what’s necessary to cover tuition, fees and books. Students now borrow about \$2,500 a year less than before the program, and the school’s Average

Student Indebtedness at graduation has dropped to \$19,000, compared with the national average of \$28,950, Collins says.

“That is significant,” Collins says. “We are changing student behavior by making recommendations to borrow responsibly. It makes students stop and think: ‘I’m going to have to pay it back. I don’t need money for living expenses; I’ve been paying those all along. I’m going to borrow only what I need.’”

The school’s Cohort Default Rate has decreased from 7.7 percent before the initiative to 5.0 percent, well below the national rate of 11.8 percent. Students who take out federal loans are also benefiting from another CampusLogic product, which automates Student Verification requested by the federal government to ensure federal loan recipients are truly qualified.

Affected students receive a university email with a link to a website where they use their school sign-on. The student can then see what is required for verification and how to comply. For example, a student can take a smartphone picture of a required document and upload it to the website in real time.

“We’re able to complete the verification process faster than before and with half the staff because we’ve streamlined verification and don’t have to deal with compliance and technology changes from the federal government,” Collins says. “CampusLogic does all that.”

The old rate of one student in three being selected by the government for verification has since dropped to one in four. And while the government doesn’t share its methodology, Collins likes to think the drop is because WGU students are taking out fewer federal loans thanks to the Responsible Borrowing Initiative.