

## Study Explores Effectiveness Of Current Practices On Exit Counseling

By Charlotte Pollack, Research Analyst

A report released yesterday by TG, in collaboration with NASFAA, finds participants view exit counseling as theoretically important and potentially useful, but ultimately dispensable and therefore somewhat superfluous.

Data for "The Borrower Experience with Online Student Loan Exit Counseling" study was collected via 38 User Experience (UX) testing sessions, which were conducted with individual borrowers fulfilling their exit counseling requirements using an online module, across six institutions. Based on an analysis of these UX sessions researchers were able to draw several conclusions:

- Users find the module "bulky" and "cumbersome"; there is a lot of information, often in a dense, text-heavy format, and it takes a long time to complete.
- Users want more automatically populated, personalized information, and its exclusion confuses borrowers and harms the user experience.
- Much of the information is either not relevant to or already known by the user. This information adds to the overall length, to users' disengagement from the material, and to their tendency to skim/skip elements.
- First-generation and community college students have a greater tendency to interact with the counseling in extreme ways, with either intense attention or complete disengagement.
- Over the course of the counseling, the user experience evolves like an emptying gas tank, in which (most) users start with a full tank that gradually empties as the user contends with the numerous issues chronicled above. Even when users read and understand information, the lack of remaining energy and focus may contribute to their frequent failure to apply it to their circumstances to inform their actions.

Based on these findings, TG developed a series of recommendations for higher education practitioners and policymakers as well as for the design of more effective exit counseling materials.

Practitioners:

- Develop materials for borrowers that introduce and supplement the counseling
- Deliver interim counseling and personalized loan information to enrolled borrowers
- Select high-risk students for supplemental counseling, ideally in a face-to-face setting

Policymakers (Revise counseling statutes through the reauthorization of the Higher Education Act of 1965 to):

- Grant schools greater professional discretion to require supplemental counseling;
- Explore incentives for schools that implement supplemental counseling programs;
- Edit topic requirements to promote a more relevant, helpful experience; and
- Explore requirements for intermediate counseling in some form.

Designers:

- Include information filtering and skip logic based on borrower traits and actions
- Utilize short, quick “slides” with a progress indicator instead of long pages

Lower the word density, word count, and required time through formatting, editing, and multimedia

This report, part of a multiphase research project, is the first in a series of reports by TG on student loan counseling in the United States. Forthcoming topics include: a literature review on loan counseling and financial education, combined with a history of legislation, regulations, and major government actions pertinent to federal student loan counseling; an interview and observation-based study on the borrower experience with online student loan entrance counseling; and a study of the promising practices in financial literacy training and student loan counseling currently employed at schools whose student loan borrowers outperform expectations. A final paper will synthesize the findings and implications of the four studies and offer broader conclusions on the policy and practice of student loan counseling.

“NASFAA applauds TG's commitment to improving the student loan counseling experience for students,” said NASFAA President & CEO Justin Draeger. “This work sheds an important light on how we can improve students' loan counseling experience. We look forward to continuing to collaborate with TG on this important and timely issue.”

NASFAA will continue to share these studies in *Today's News* as they are released throughout 2015.

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