

*The University of Illinois at Chicago*

***UICLoan™ and UIC Financial Counselor™***  
**Using Modern Technology to Help Students**  
**Finance Higher Education**

**Entry for SACUBO's Best Practice Competition 2002**

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Founded in 1963, the University of Illinois at Chicago (UIC) is a comprehensive public university of 24,000 students located in the heart of one of the nation's largest metropolitan areas. As one among three campuses of the State of Illinois' Land-grant University, the University of Illinois, UIC is under the financial leadership of President, Craig S. Bazzani, and Vice-President, James Stukel. Focusing on three traditional elements, teaching, research, and public service, UIC serves not only the citizens of the state of Illinois, but also students from throughout the nation and the world.

In 1984 UIC was suspended from participating in the Health Professions Student Loan Program because of high default rates. The University was also at risk of being suspended from other loan programs and was even at risk of losing access to federal loans altogether. As UIC's default rate problem escalated, its students' need for aid increased dramatically. Between 1985 and 1990, student borrowers increased five-fold as tuition costs rose and an increasing number of non-traditional students with financial needs began to enroll.

In 1985 the Chancellor, the Vice-Chancellor for Academic Affairs, and the Assistant Vice-President for Business Affairs encouraged the Department of Student Financial Services (SFS) to address UIC's default rate problem. In response to this challenge, an interdepartmental team consisting of the Bursar, the Manager of Student Loans, and a graduate assistant, was formed to evaluate UIC's process of debt education for students. Analysis of the problem showed that many students were confused and misinformed about their responsibilities as borrowers and the consequences of excessive debt. This lack of understanding exposed the overall weakness of UIC's financial counseling program.

UIC then made the commitment to be at the forefront of financial counseling by implementing an innovative initiative to target high student loan default rates. The first phase of

the initiative took place in 1987 with the implementation of *UICLoan*<sup>TM</sup>. The second phase of the initiative occurred in 1998 with the implementation of *UIC Financial Counselor*<sup>TM</sup>.

Prior to *UICLoan*<sup>TM</sup> the University was mailing over 2,000 exit interviews each year to student loan borrowers in order to fulfill the U.S. Department of Education's exit interview requirement. Not only were these mailings expensive, they also proved to be a generally ineffective method of informing borrowers about their responsibilities or controlling the school's default rate. Thus, one of the objectives of *UICLoan*<sup>TM</sup> was to provide quality information while minimizing costs.

A further objective of the *UICLoan*<sup>TM</sup> initiative was to decrease the University's high default rates by better educating students about the potential consequences of borrowing for their education, and better informing them of basic concepts concerning personal financial management. The program was designed to teach students about federal, state, and university controlled loan programs; assist students in analyzing personal financial goals; define expectations of future lifestyle; and integrate personal budgeting and financial planning techniques. In addition, *UICLoan*<sup>TM</sup> conveyed this comprehensive information in a manner easy for students to understand and utilize.

Initially, the *UICLoan*<sup>TM</sup> program succeeded in accomplishing its stated objectives. In time, however, it became apparent that further enhancements would be beneficial. Therefore, in the fall of 1996, another team was formed to evaluate *UICLoan*<sup>TM</sup>. Through analysis and feedback from students, the team determined that by upgrading the *UICLoan*<sup>TM</sup> program to a new and more advanced Web-based program, the University could realize even greater savings of time, money and space. In addition, the team determined that a Web-based program would provide students with greater access to the program and to related links and information.

Accepting the team's proposal, UIC administration decided to take advantage of the Internet technology to create an effective educational tool. The University teamed up with a local software company called *infiNET Solutions Inc.* to develop *UIC Financial Counselor™*, an innovative Web-based debt counseling and education program that utilizes the latest Internet technology. *UIC Financial Counselor™* is accessible 24 hours a day from any computer with Internet-connectivity.

With the implementation of *UICLoan™* followed by *UIC Financial Counselor™*, the University of Illinois at Chicago has witnessed significant improvement in a variety of areas. The University's default rate for each of the loan programs has decreased dramatically as a result of these improvements. The Perkins Loan default rate decreased from nearly 7.0% in 1984 to 3.4% in 2001. The University's default rate decrease has been even more dramatic in the Health Professions Student Loan (HPSL) and Nursing Student Loan (NSL) programs. Between 1984 and 2001 the University's default rate for Dental HPSLs dropped from 13.8% to 1%, for Medical HPSLs from 15.0% to 1.3%, for Pharmacy HPSLs from 28.6% to 0.8%, and for NSLs from 26.8% to 3.1%.

Furthermore, the Web-based *UIC Financial Counselor™* program has greatly reduced computer purchase and maintenance costs, staffing requirements, postage expense, and office space. First, the University saves an estimated \$3,000 per year on computer equipment and repair that was required to maintain the *UICLoan™* lab. Second, by reducing one full-time employee and three college Work-Study participants, UIC saves an estimated \$40,000 per year. Third, UIC realizes significant savings in its postage and printing costs. The estimated cost of printing and mailing debt education materials was approximately \$5 per student. Thus, at an average participation of 10,000 students, *UIC Financial Counselor™* saves the University an

additional \$50,000 in annual printing and postage costs. When compared with these savings, the initial \$24,000 investment to develop the program seems negligible. In addition, UIC has entered into an intellectual property agreement with *infiNET Solutions*, which allows *Financial Counselor*<sup>™</sup> to be marketed to other institutions. This has enabled the University to generate additional revenues. As of December 2001, twelve institutions have signed contractual agreements to use the *Financial Counselor*<sup>™</sup> program. These agreements have generated net revenues of \$9,057 to date for the University, with an additional \$6,950 pending delivery. The availability of *Financial Counselor*<sup>™</sup> to other institutions and organizations provides significant benefits and advantages to the wider higher education community.

In addition, *UIC Financial Counselor*<sup>™</sup> provides vastly improved student accessibility. While *UICLoan*<sup>™</sup> was only accessible 35 hours a week during regular business hours, students are now able to access *UIC Financial Counselor*<sup>™</sup> twenty-four hours a day, seven days a week—an increase of 480%. Thus by August 1998, 91% of required students had completed the *UIC Financial Counselor*<sup>™</sup> program, whereas only 22% of required students had completed the *UICLoan*<sup>™</sup> program by the same time the year before. Much of this improvement can be attributed to the greater accessibility and convenience of the Web-based financial program.

In 1995, UIC received approval from the U.S. Department of Education to participate as an experimental site utilizing the *UICLoan*<sup>™</sup> program. This participation exempted the University from several mandatory exit loan-counseling requirements. UIC has maintained this exemption with *UIC Financial Counselor*<sup>™</sup>. In August 2001 UIC was recognized by the Department of Education for an excellent program and services within the Experimental Site Initiative.

UIC's commitment to be at the forefront of financial counseling is witnessed in its implementation of the *UIC Financial Counselor*<sup>™</sup> program. The Web format allows students to access the program on their own time and at their convenience. Student participation has increased, overall costs have been dramatically reduced, and UIC's student loan default rates continue to remain well below the national averages. The University is educating its students about financial management by providing them with an interactive system that is permanently accessible and operational. UIC is determined to remain a leader in this area for years to come by constantly seeking ways to improve its delivery of the highest quality financial counseling to its student body.