

Graduate loan default rate climbs

Though Missouri and national rates rise above 6 percent Truman graduates' default rates stay under 3 percent

BY TAWANDA KANHEMA
Staff Reporter

More than 200,000 U.S. college graduates, employed and unemployed, are neck-deep in debt as they try to juggle personal finances and millions in student loans advanced to them by the federal government. Largely, Truman graduates are not among them.

Figures released by the Department of Federal Student Aid show that at least 225,371 graduates from public, private and proprietary schools have defaulted on loans advanced by the federal government in the 2007 fiscal year.

This represents an increase in defaults from 5.2 percent in the 2006 financial year to 6.7 percent in the 2007 financial year. According to a press release by the Missouri Department of Higher Education, the high rate of defaults to the economy has spurred job losses and sent some graduates back into the job queue.

The default rate for schools in Missouri is higher than the national average at 6.9



percent, up from 4.3 percent in 2006 when it was the same as the national average.

By comparison, only 2.5 percent of Truman graduates who received federal funds have failed to service their loans in the same fiscal year. An estimated 4,167 borrowers in Missouri are in debt, and 75,925 are repaying their loans on time.

"It stands to reason that the default rate would increase for the borrowers in this cohort," MDHE assistant commissioner Leanne Caldwell said in a press release. "Based on the fact that the crisis has continued through 2009, we can expect the same or greater default rates next year."

Weathering the storm

Although Truman's default rate has gone up from 1.1 percent in the 2006 fiscal year and 0.9 percent in the 2005 fiscal year, Kathy Elsea, Truman's director of financial aid, said this is a reasonable default rate under current financial condi-

tions, especially compared to the state and national rates.

"Ours is lower than the state and national default rates because we have a generally higher graduation and job placement rates, and our costs are lower than those incurred by students in private schools and even public schools in major cities," Elsea said.

Elsea said the Department of Federal Student Aid also changed the methods used for computing default rates, which could have resulted in some marginal distortions between the reported rates and actual default rates.

The 2.5 percent default rate for Truman represents only 17 students out of 660 borrowers. Only 10 students failed to pay in 2005, and 14 in 2006.

Susan Szabo, chief business operations officer at the Department of Federal Student Aid, said some schools have a small

number of students who take out loans and borrowers who are entering repayment.

In this case, she said the default rate would have to be interpreted with caution, as a small number of borrowers with a high number of defaulters could result in a high default rate without necessarily representing a high amount of money.

More students seek aid

Although Truman students generally have managed to hold their heads up in the middle of the financial storm, more students are turning to the financial aid office for loans.

For the 2008-09 financial year, Truman disbursed \$13,870,000 in Federal Student Loans to more than 1,600 students. The financial aid office has managed to disburse money to all students in need, except for those with incomplete applications.

The Department of Federal Student Aid's benchmark of concern over defaults begins at 5 percent, but statistics obtained from the department this week show that U.S. students are doing much better with loan repayment.

In 1990, for instance, the national default rate was 22.4 percent. It reached an all-time low in 2003, when it was 4.5 percent. Last week, MDHE encouraged schools to engage students in financial literacy initiatives to reduce high default rates.

Boutique opens on square

BY JARED YOUNG
Staff Reporter

The Jacksons' family-operated business has gone from an interesting idea to a community mainstay in the Blink of an Eye.

Blink of an Eye gift shop located on the square at 108 N. Franklin Street opened Aug. 21.

Blink of an eye sells a variety of art, jewelry and decorations. Keith Jackson described Blink of an Eye as a unique, fun and affordable place to shop. He said the customers' joy at finding special purchases is important to him.

"It's great to see people come in here and get excited about seeing things," Jackson said. "That's what we look for. We want to make it a fun shopping experience."

He said he manages the business along with his wife and daughter. He said the idea of opening the store has been in the planning process for more than six months.

"It came out of the creativeness of my wife," Jackson said. "We decided that we needed to try to give Kirksville

something they didn't have."

The name of the business went through changes before the Jacksons decided on Blink of an Eye. But Jackson said the idea behind the store remained the same.

"It actually started out as 'In the Blink of an Eye,' in the idea that in the blink of an eye, [the merchandise] could be gone," Jackson said. "We do have a lot of unique things, a lot of one-of-a-kind purses and jewelry that could be gone in a 'blink of an eye.'"

Jackson also wanted to have the business located on or near the square. He said location was a priority.

"This is the perfect location for us," Jackson said. "We've got the beautiful display windows. We're right across from the courthouse. There's traffic here already."

Blink of an Eye had more than 700 customers during the Red Barn Arts and Crafts Festival over Truman's family weekend. Jackson said business has been good the first six weeks.

"We met our projections for the first week or two," Jackson said. "Then,

all of a sudden, business went up. It doubled, and it has now tripled since our first week."

Jackson said he is looking forward to working with Truman marketing students.

"We were approached by members of the student chapter of the American Marketing Association at Truman about using our store as a possible project for their coursework," Jackson said.

The project will begin next semester and involves marketing students finding the best ways to advertise for Blink of an Eye.

Diane Fincher, a Blink of an Eye customer, heard about the store from her friends. She said the outward appearance of the store piqued her interest, and the merchandise for sale brought her back to the shop.

"I love it," Fincher said. "I will definitely shop here for presents. I have a couple of friends that I stress over their birthday presents every year. This year, there's a new place to find something for them."



Amy Vicars/Index

Owner Keith Jackson said more than 700 customers visited the new store on the square Blink of an Eye during Truman's Family Weekend.

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