edamerica
Case Study

DEFAULT PREVENTION

The Challenge

Tallahassee Community College (TCC) is an open access college with seven locations in Florida. Approximately 28% of FTFT students used federal student loans to help bridge the college affordability gap. From FY2011 to FY2014 the TCC student loan cohort default rate ranged from 23.8% to 23.3% exceeding the national average for community college default rates by 3.2% to 5.0% during same period. TCC requested a risk analysis to evaluate active cohorts and obtain a CDR forecast. The resulting analysis showed that delinquency and default rates were on track to exceed the national average for the next two fiscal years.

The Solution

TCC elected to outsource default prevention services to Edamerica, a higher education servicer with experience in federal student loan management and student support services.

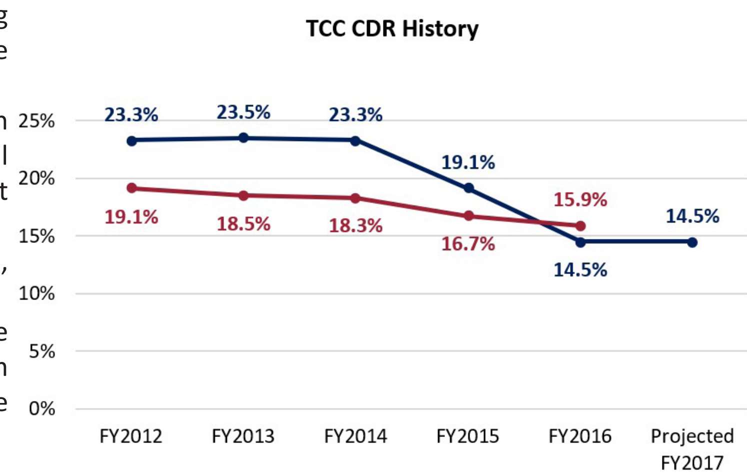
Goals for Edamerica

- Deploy personalized outreach campaigns to TCC students with delinquent federal student loans
- Provide effective intervention to help students establish successful long-term repayment strategies
- Reduce the CDR for all active cohorts to align with the national for community colleges.

TCC Internal Strategies

TCC focused internal efforts on counseling and administrative strategies to discourage overborrowing. The leadership elected to:

- Participate in a USDE Direct Loan Experimental project to require annual loan counseling annually for student borrowers with even SSNs
- Spread annual loan amounts over Fall, Spring and Summer terms
- Notify students when they reach the $13,500 threshold and cautioning them about the dangers of borrowing more than is needed



The Results

Outreach campaigns began in March 2017 targeting the FY2015, FY2016 and FY2017 cohorts. Within six months of beginning outreach to distressed borrowers, Edamerica's counseling strategies proved effective. Approximately 34% of the outstanding delinquencies in the FY2015 cohort were resolved, lowering the CDR to 19.1% - a reduction of 4.2% in a single year.

Using similar outreach strategies over a longer period, Edamerica was able to assist even more distressed borrowers. The FY2016 CDR dropped to 14.5% giving TCC an official CDR that was below the national average (15.9%) for community colleges.

More recently, TCC has focused on reaching student loan borrowers sooner in the borrowing cycle. An analysis of all current active cohorts indicates that these strategies are effective in reducing rates of delinquency rates and will continue to reduce defaults rates for upcoming fiscal years.

TALLAHASSEE COMMUNITY COLLEGE
Founded 1966