edamerica
Case Study

DEFAULT PREVENTION

The Challenge

Owens Community College is an open access institute with two campuses and a learning center in Ohio. Approximately 37% of FTFT students used federal student loans to help bridge the affordability gap for college attendance. Following the release of the FY2011 draft cohort default rate (CDR) which exceeded 30%, the College authorized an analysis of future cohorts to assess risk. The analysis revealed that CDRs for FY2012 and FY2013 were trending above 30%. College leaders recognized the need for immediate action.

The Solution

Owens chose to outsource default prevention services to Edamerica, a higher education servicer with experience in federal student loan management and student support services. The College also established an internal Default Management Task Force to evaluate policies and procedures that impact the student at various points in the borrowing cycle.

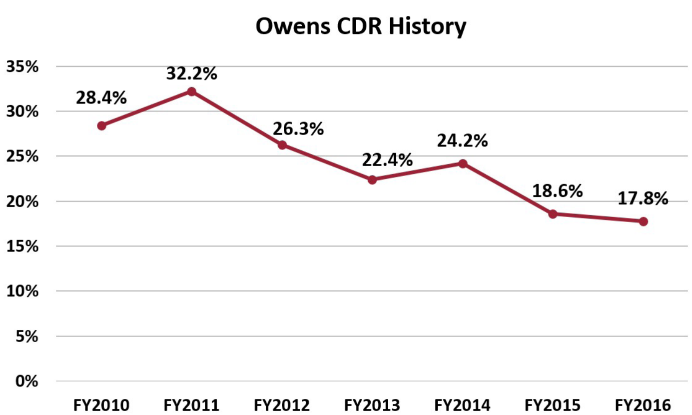
Goals for Edamerica

- Rapidly deploy personalized outreach campaigns to Owens students who were delinquent on federal student loans
- Prevent the federal student loan CDR from exceeding 30% for FY2012 using the six remaining months of the 36-month cohort calculation period
- Reduce the CDR for all other active cohorts

Owens Internal Strategies

The College determined that improvements could be made in the areas of financial literacy, borrower communication and overall data integrity. Internal strategies were as follows:

- Increase financial literacy to targeted populations
- Add budget sheets for all financial aid award notices
- Proactively provide students with information regarding loan servicers
- Gather additional references from students during the admissions process
- Review and refine enrollment monitoring
- Examine cohort default data to ensure accuracy



The Results

Outreach campaigns began in April 2014. The service was immediately effective in slowing the rate of default – thereby preventing a 30%+ rate for FY2012 which closed at 26.3%.

Continual focus on timely intervention, borrower education and data integrity have served to drive CDRs even lower. The Official FY2016 CDR is 17.8%. An analysis of all current active cohorts indicates that rates will continue to decline for the next several fiscal years.

OWENS
COMMUNITY COLLEGE