

The Challenge

New River Community and Technical College provides access to higher education for students over a 5,600 square mile area in rural West Virginia. While Pell Grants help with tuition costs, many students find it difficult to manage the total cost of attending college without access to federal student loans. In fact, 27% of FTFT students used federal student loans to help bridge the affordability gap for college attendance during the 2013-14 academic year.

Following the release of the FY2010 draft cohort default rate (CDR) which exceeded 30%, the college authorized an analysis of future cohort risk. The analysis revealed that the current rate for FY2011 was 42% with the potential to rise to 43.1%. College leaders recognized that they did not have the staffing resources or technology to provide the extensive counseling needed to help distressed borrowers.

The Solution

The College elected to deploy a three-prong approach:

- Contract with Edamerica for outreach to delinquent borrowers in repayment
- Establish an internal default prevention task force to revamp campus-based financial counseling and education initiatives
- Prepare an extensive challenge/appeal response to the official and draft cohort rates for FY2011

Goals

- Conduct personalized outreach campaigns to New River students who were delinquent on federal student loans
- Prevent the federal student loan cohort default rates from exceeding 40% for FY2011 using the three remaining months of the 36-month cohort calculation period and all available challenge and appeal options
- Reduce the FY2012 rate to 29.9%
- Reduce the FY2013 rate to 26%

The Results

Outreach campaigns began in July 2013. On average, 46 contact attempts were required to resolve borrower delinquency. The service was effective in slowing the defaults for FY2011 – thereby preventing a 40%+ rate for FY2011. For FY2012, the rate was 29.3% representing a reduction of over 10 percentage points. The FY2013 rate fell to 25.5%. With consistent outreach, rates have continued to decline. The official FY2016 rate is 15.6%.

