

Managing Your Cohort Default Rate: A Checklist to Contacting Borrowers

Whether you represent a public, private or proprietary school, your ultimate goal should be to provide students with the means to become educated adults. That responsibility doesn't end when students leave campus. Helping students navigate the financial aid repayment process is in your financial best interest. Schools can help maintain or lower their cohort default rate by incorporating outreach efforts to their borrowers.

Three options exist for tackling default prevention:

1. Do it yourself;
2. Hire an expert partner;
3. Use a combination of efforts.

If you're considering doing default prevention on your own, it's important you think about the following:

What students do I assist?

- How will you get a list of the borrowers you need to contact?
- What is the age of the account (30 days, 60 days, 90 days) that you will start working delinquent borrowers?
- How will you track what borrowers are still delinquent and which are not?
- How will you keep track of the borrowers for which you have received a promise to do something versus those which you have not spoken with?
- Will you work at a borrower or a loan level? What if a borrower has two different loans with different delinquency dates – how will you work all of the loans and not just one if you get a hold of the borrower?

What am I going to do?

- Will you mail letters, send emails, make phone calls or use other means?
- Are your letters, emails and scripts for phone calls legally sound?
- Although not required, are you going to abide by the Fair Debt Practices Collection Act (FDPCA) for your own protection?
- Are you going to “warm-transfer” borrowers to the servicer? If so, does your telephone system accommodate this?
- How will you schedule follow-up calls for borrowers who have made promises? Remember, they will be on your reports until the account delinquency has been resolved. While you do not want to call and harass them while they are submitting paperwork, you also do not want to go too long before you start calling if they have not completed what they said they were going to.
- Will you perform skip-tracing? If so, with whom and what technology will be needed? How will you know who to skip-trace and when to do this without wasting money and time skip-tracing people for which you already have good data? Many times you are not necessarily reaching the borrower and you don't know if your data is good or bad.

Who will perform this service?

- Who in your office will make the telephone calls?
- How will they be trained initially in all repayment and discharge options? How will they receive ongoing training?
- What will your hours be? Will you offer extended hours and weekend hours?
- How will you address sick leave, vacation or other leave times? You may only have one chance to help the borrower – can you afford not to be there when that one opportunity arises?
- Will this be done with full-time or part-time staff? Will this be a priority for them?
- Who will load the files and update the records on a regular basis?

Quality control, legal, outcomes.

- Who is going to manage the person(s) performing the outreach and evaluate their success or failure?
- Who is going to provide coaching when necessary?
- How will you evaluate success and failure? (i.e. What reporting do you need to have to track efforts, as well as your short and long term results?)
- Who in your organization will information be reported to? How often will it be reported? How will it be reported?
- How will you evaluate quality control? Most partners record all calls. Will you be doing this to ensure strict compliance with quality control procedures?
- How will you ensure you are complying with all laws and regulations related to calling students? This includes what can and cannot be said over the telephone, as well as strict adherence to privacy regulations. Did you know you can't talk to anyone without permission from the borrower?
- How will you ensure you are complying with all laws and regulations related to letters and emails that are being sent out?

Security.

- What type of secure environment will you store all of the data, results, etc.?
- Do you have building security to protect your staff and school if a student is threatening?

What does this cost me?

You should consider the costs involved with:

- Personnel time, which may include the person(s) performing the outreach, as well as those who have to bring in data, manage the data and oversee the process and people in it
- Printing, stuffing and mailing letters
- Emails, if you have to do them yourself
- Skip-tracing
- Telephone long distance charges
- Systems to monitor and report on this process
- Initial and ongoing training

Counseling borrowers who are delinquent on their student loans can be a challenge. There are many things that need to be considered to properly tackle default prevention. Performing successful outreach not only requires the right strategies and processes, but it may also require working with a partner to help you achieve your goals and objectives.

With a long history of providing default prevention efforts and unwavering dedication, Inceptia can help you effectively steer your student borrowers in the right repayment direction – ultimately, lowering your school's default rate.

For more information, contact us:

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