



# PRESS RELEASE



From the Louisiana Office of Student Financial Assistance

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**FOR IMMEDIATE RELEASE**

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## **LOSFA Lowers Student Loan Cohort Default Rate Again**

*LOSFA's Cohort Default Rate Has Now Dropped Below the National Average*

BATON ROUGE-- According to figures recently released by the U.S. Department of Education (ED), the Louisiana Office of Student Financial Assistance (LOSFA) has reduced its cohort default rate by 1.2 percent for a second year and is now below the national average. For the 2009 cohort year, the default rate on student loans guaranteed by LOSFA fell to 7.6 percent, from the previous year's 8.8 percent. This is the second year in a row LOSFA's rate has decreased while the national cohort default rate increased to 8.8 percent (up from 7.0 percent the previous year) for the same period.

Cohort default rates are calculated annually and are based on the percentage of students who enter repayment and default on their student loans within the first 24 months. The calculation includes students who began repayment on or after Oct. 1, 2008, through Sept. 30, 2009, and defaulted before Sept. 30, 2010.

LOSFA's Default Prevention Section has been a key contributor to this effort, through various default prevention activities. As soon as a lender notifies LOSFA of a delinquency, the first delinquency letter is mailed to the borrower, advising of the options available to resolve the delinquency. At least one attempt to contact the borrower by telephone and one letter is generated every 30 days until the account is either resolved or defaulted.

Numerous additional efforts are performed in an attempt to make contact with the borrower to advise of the delinquency and to explain the best options available for resolution. During the most recent state fiscal year, these efforts resulted in the prevention of over \$609 million in potential defaults.

Borrower awareness is the key to keeping defaults down. LOSFA's Financial Literacy and Development (FLD) section and Public Information and Communications (PIC) division have also played a strong role in helping to lower the cohort default rate.

The LOSFA FLD section provides outreach, training and professional development programs and materials to students, parents, educators and the general public. One of

those programs is called Financial Literacy for You (FLY) and consists of presentations on credit, banking, money management, credit cards, identity theft, budgeting, debt management, and student loan repayment requirements. Age appropriate FLY presentations are available for college, high school and middle school students as well as educators and the general public.

The LOSFA PIC division also works diligently to ensure borrower and potential borrower awareness through public information events and activities including financial aid presentations at high schools and middle schools, and Parent Night Seminars at various locations across the state. In addition, the PIC division conducts annual Guidance Counselor Workshops, where high school guidance counselors are trained in all aspects of financial aid.

For more information, contact LOSFA at 1-800-259-5626, Ext. 1012, or visit us online at [www.osfa.la.gov](http://www.osfa.la.gov).

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