

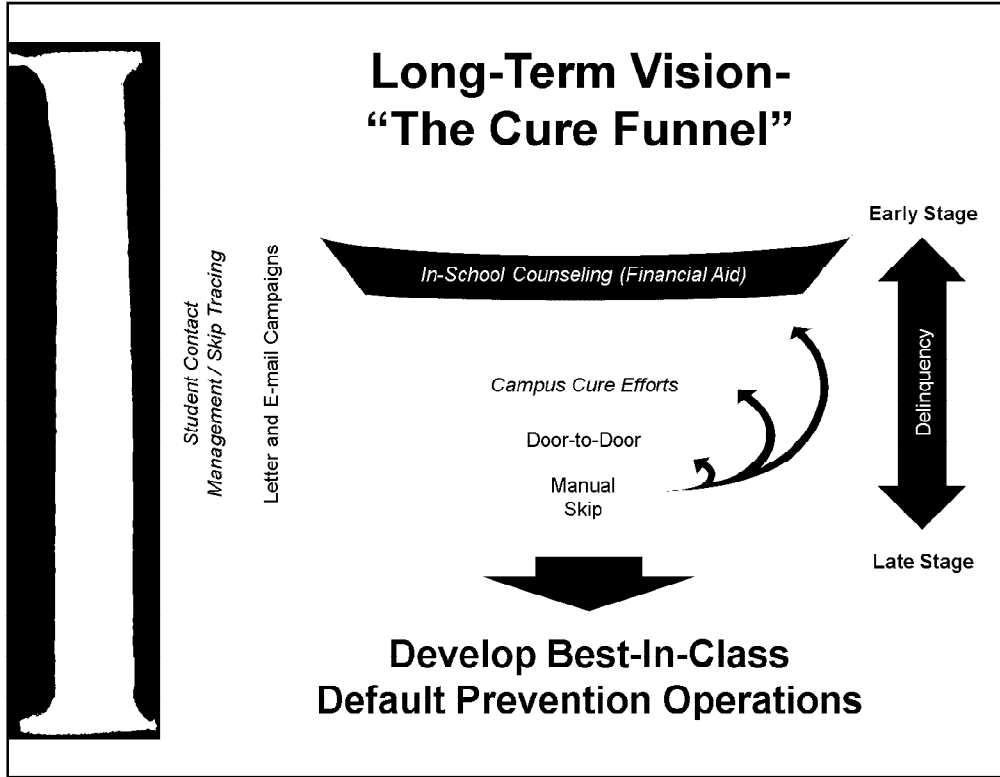
Default Prevention Operations

- **FY2010 Key Accomplishments**

- Developed internal capabilities from scratch to manage almost 200K accounts in the 2009 and 2010 Cohorts
- Built Campus Support Call Center and counseling expertise
- Brought on GRC (35 FTE), EdFund (20+ FTE) and Second Alliance (5 FTE) to provide external counseling services
- Established "door-to-door" approach with new vendors- ROI (20+ FTE) and TEAM Enterprises (10+ FTE)
- Put in place metrics and analytics to track progress

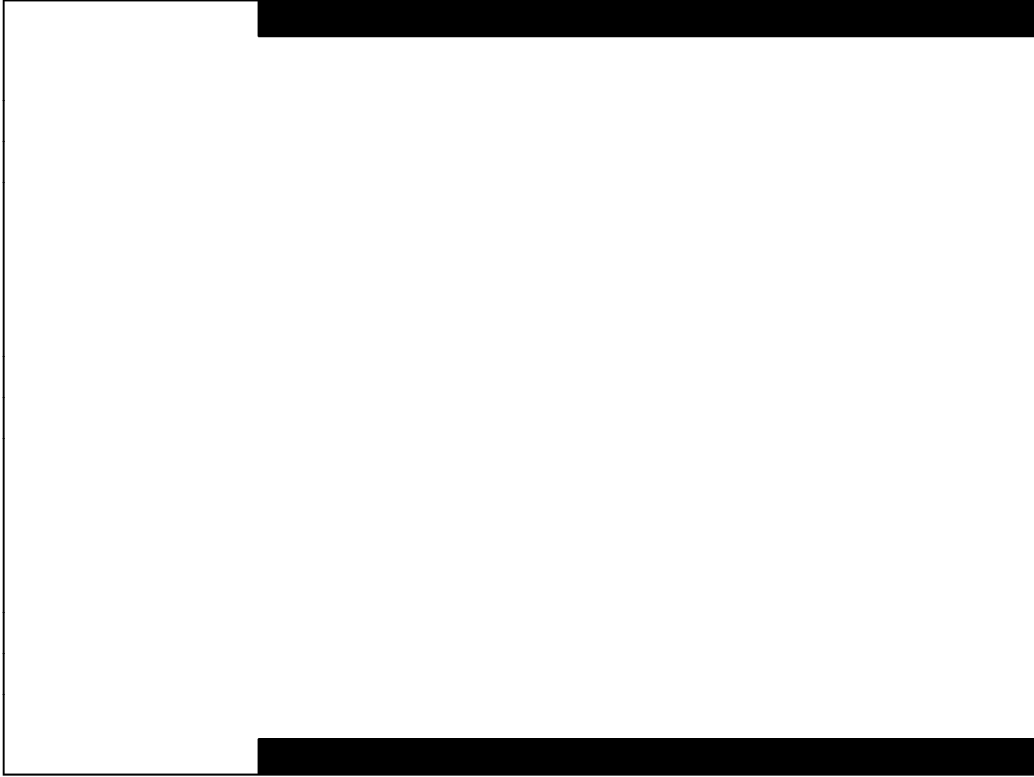
- **FY2011 Priorities**

REDACTED



- CCI is reaching out to separated students at **unprecedented levels across multiple verticals** (CDR, SCMS, Genesis, Collections, Career Services)
 - Call volume (up to 150 calls+ per month) driven primarily by CDR, with SCMS, Genesis & Collections to a lesser extent
 - Overlap, independence and high volume are the best short-term mechanisms to optimize results within each vertical
 - However, this duplication and lack of coordination is costly, can lead to a negative student experience and creates headline risk
- Given the criticality of each vertical to **regulatory outcomes** and **financial performance**, we must **begin achieving adequate results** over the **next ~6+ months** before contemplating greater integration
- Within the **next 6-12 months**, we should drive **greater coordination** across verticals
 - Duplication within CDR diminished to areas of "strategic overlap" as cure funnel takes hold and results are achieved
 - SCMS becomes central repository for ranked verified/potential contact information for all verticals; interfaces with operating systems made seamless
 - Some sharing of right party contacts via characteristic driven call transfers to other call centers; potential to use "gate keepers"

- **Longer term**, CCI could consider creating a **centralized “Student Contact Management” group** to manage all post-separation student activities, at least for **student finance-related verticals**
 - Creates tremendous cost saving opportunities since finding and contacting students currently requires tremendous resources
 - Provides a streamlined customer experience, especially for managing financial obligations
 - Allows CCI to prioritize different outcomes given overall business and specific campus needs
 - Requires strong leadership, centralized infrastructure and a more nuanced approach to counseling/working with students



	Description	In-School	Early Grace	Repayment	Early Del.	Late Del.	Default/ Charge-Off
CSLS	<ul style="list-style-type: none"> In-school education Counseling/training 	• <1X/ month	• Currently N/A	• N/A	• Limited	<ul style="list-style-type: none"> Variable by campus: 50X+/ month? Letters, postcards, etc.? 	• Variable by campus: 3X+/ month?
Call Centers	<ul style="list-style-type: none"> Outbound dialing Letter campaigns 	• N/A	<ul style="list-style-type: none"> <1X/month Letters 	<ul style="list-style-type: none"> <1X/month Letters 	• 60X+/ month	• 60X+/ month	• Limited
Door-to-Door	<ul style="list-style-type: none"> Home visits 	• N/A	• N/A	• N/A	• N/A	• Up to 5X/month	• Limited
Total		Low • <1X/month	Low • <1X/month	Low • <1X/month	High • 60X+/ month	Very High • 110X+/ month	Low • 10X+/ month

	Description	In-School	Early Grace	Repayment	Early Del.		Default/ Charge-Off
SCMS	• Out-reach calls to verify contact info	• N/A	• 30X/month	• 30X/month	• 30X/month	• 30X/month	• 30X/month
Genesis	• Private Loan Collections	• Mnthly stmt	• Mnthly stmt	• Mnthly stmt	• 10X/month • Mnthly stmt	• 3-6X/ month • Letter • Mnthly stmt	• 2X/month • Letter • Mnthly stmt
Collections	• Cash Plans	• ?	• 10X/month?	• 10X/month?	• 10X/month?	• 10X/month?	• Limited?
Perkins	• Outbound calling-small portfolio?	• ?	• 10X/month?	• 10X/month?	• 10X/month?	• 10X/month?	• Limited?
Career Services	• Career counseling • Placement	• 2-4X/month starting 2 mths before grad	• 2-4X per month for 3 months	• 1X to employer, 2 months after placement	• N/A	• N/A	• N/A
Retention	• Campus activities	• Variable	• Variable	• Variable	• Variable	• Variable	• Variable
CDR		Low • <1X/month	Low • <1X/month	Low • <1X/month	High • 60X+/ month	Very High • 110X+/ month	Low • 10X+/ month
TOTAL		Low • <10X/month	Med • 50X+/month	Med • 45X+/month	Very High • 110X+/ month		Med • >10X+/ month

	“Free for All”	“Cross-Vertical Coordination”	“Centralized Contact Management”
Description	<ul style="list-style-type: none"> • Each vertical maximizes its own results with limited cross-communication 	<ul style="list-style-type: none"> • Limited coordination via information sharing and some right party contact transfers 	<ul style="list-style-type: none"> • Central ownership of verticals with strong leader overseeing all activities
Pros	<ul style="list-style-type: none"> • Clear accountability for results • Limited coordination costs (overhead, time) and faster decision-making • High volume/repetition drives outcomes (“please make the phone calls stop”) 	<ul style="list-style-type: none"> • Reduced cost, student hassle and headline risk • Quicker achievement of company-wide results • Increased ability to prioritize verticals 	<ul style="list-style-type: none"> • Large cost savings opportunities • Ability to prioritize verticals across company and by campus/OPEID • Improved student satisfaction
Cons	<ul style="list-style-type: none"> • Negative student experience and headline risk • Duplication drives excessive costs • Limited leverage of verified/potential contact info • “Contact attempt fatigue”- most aggressive vertical gets results at the expense of others 	<ul style="list-style-type: none"> • Some coordination costs • Ownership of results somewhat complicated • “Contact duration fatigue”- student may only have patience to solve one issue at a time and refuse follow-up 	<ul style="list-style-type: none"> • Strong leadership or governance model needed • Complicated ownership of results • More nuanced counseling approach and supporting infrastructure needed • “Contact duration fatigue”