CASFAA 2013 CONFERENCE NEWSLETTER

CASFAA NEWS

California Association of Student Financial Aid Administrators

December 2013 • Volume XXX No. 4

CASFAA Conference 2013

President's Update

Melissa M. Moser
CASFAA President
Director, Financial Aid
Coast Community College District

Fall is in the air and the conference is here! What an amazing year this has been thanks to a very special group of volunteers on the Executive Council and all the volunteers on our committees. Emphasis this year was to deliver training to California's financial aid professionals via webinars. These webinars were inclusive of each committee's members, WASFAA, and NASFAA. Webinars were created and sponsored by the Federal Issues Committee, Access and Diversity Committee, and the Proprietary Segmental Committee. CASFAA continued to update members on our partner training sessions as well via an interactive calendar on the web site and list serve messages. Each segmental representative and their committees have developed exciting pre-conference programs as well as contributing to the annual conference training sessions. The High School Relations Committee had a "full house" at each of the high school counselor workshops – north and south! This was possible through the tireless activities of the committee, CSAC, and our partnership with ECMC.

Association Services was able to award 14 scholarships to the conference! Thank you to the membership for your generous donations toward this endeavor. The Archive Committee has been busy sending documents for uploading to the cloud and the web site. As we move forward, all newsletters will be online as well as historical documents. There are some missing items and I will be sending a "call out" to all members to see if we can find them. The strategic plan and by-laws are and by-laws are being reviewed; and, tracking measures for the strategic plan are being updated and will be posted upon completion to our web site.

I want to thank all of you for your support during this year – the Executive Committee, all committee chairs and members, and our vendor/partners for everything that you do; not only for CASFAA, but for our students and the financial aid profession. CASFAA is a strong, vital organization because of its members, partners, and volunteers. On a personal note, I want to thank the staff at Orange Coast College, the staff at the Coast Community College District offices, and my husband for your support and assistance during this year. What a year of change it's been for me and I'm very appreciative of all your support, guidance, and friendship.

Welcome to San Francisco!

ECMC

FIND Solutions

For Your Students

HINT #1
Financial Literacy Platform
iGrad

HINT #2
Student Loan Repayment Services

HINT #3
Default Prevention Services

FOUND
ECMC Solutions
Booth 311

See you at CASFAA!

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Conference Update

Deb Barker-Garcia
Corinthian Colleges

Welcome to the 2013 Conference!

Once again as we went through the planning stages I kept myself awake at night thinking "…what if they don't come....what we are going to do with all the food… what we are going to say to the presenters…" Well once again, what a sigh of relief when I saw our registration numbers come in. You were all just as excited about the event as I was and you came!

This year the Conference Committee was hoping to build upon what we started last year and add some new twists that would keep things fresh and exciting. This year you'll still be able to benefit from all of our core sessions but you'll also see some enhancements that address segmental concerns. If you're a school who works with graduate and professional students, you won't want to miss our Monday morning grad & professional breakfast and town hall with NASFAA President, Justin Draeger. If you're a UC attendee, I sure hope that you were able to make it to the UC Segmental breakfast on Sunday morning. This is just an example of two of our enhanced offerings.

Now that you're here — enjoy! We've got some fun things planned along the way. Hopefully you've downloaded the CASFAA mobile app—this will make it easier to ensure that you don't missa thing along the way. You'll also want to follow CASFAA via Twitter.

Follow @MyCasfaa and look for conference updates using #casfaa2013.

You'll also want to look for the Twitter feed on the conference mobile app.

You might even be a winner!

CASFAA NEWS

VOLUME XXX, Issue 4

CASFAA News is an official publication of the California Association of Student Financial Aid Administrators and is available on the website four times a year.

EDITORIAL POLICY
Opinions expressed in this newsletter are those of the authors and not necessarily of the Association or of the institutions represented by the authors.

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www.casfaa.org

What's the Scoop?

On October 5, 2013, **Heather Tapia-Garcia**, Senior Marketing Associate for Great Lakes was married to **Oscar Tapia**. It has been a very busy year for the couple as they sold one home in April, closed Escrow and moved into a new one on August 30th and said their "I Dos" 4 weeks later.

Ceannate Corp is pleased to welcome **David Rodriguez** as the Account Executive for the Western Region. David started his financial aid career more than 15 years ago as a work-study student at Marymount College in Rancho Palos Verdes. He was fortunate to work with both Les Butler and Greg Ryan during his time at Marymount. He went on to work at Citrus College, Cal State Long Beach, the Art Center College of Design, and Southwestern Law School.

David also spent three years at Sallie Mae serving schools in Southern California as a Regional Account Executive and had a brief stint in politics working for a state senator at the capitol in Sacramento. He spent the last three years working for an educational technology company, but is happy to be "home again" amongst his colleagues in the financial aid community.

At **Ceannate Corp**, he will work with colleges and universities in California, Nevada, and Hawaii on their default management, financial literacy, and debt management initiatives. He can be reached via email at **drodriguez@ceannate.com** or by phone at (626) 716-8560. For more information on **Ceannate Corp**, visit **www.ceannate.com**. He looks forward to seeing many familiar faces at the upcoming CASFAA Conference.

Committee Update

Graduate Professional Update

Natasha Kobrinsky
GP Segmental Representative

Waiting for a Miracle

Do you pay attention to the safety instructions presented by flight attendants on the plane? I have to admit that I am one of those who read or keep my eyes closed throughout the entire presentation. A couple of weeks ago I was fully prepared to relax with eyes closed when Virgin America started their safety video. Suddenly my well-developed routine was interrupted by loud laughter, giggling, and applause. All the passengers on the plane could not help but listen to this very entertaining and funny musical performance. I was pretty certain that everyone not only had fun but also didn't miss any of the important information we were supposed to receive. All I could think was I could think was that if they could make me watch the safety video, we should be able to find some miracle to make our students read our financial aid messages!

Like many financial aid administrators, I have had an opportunity to work with very diverse student populations, from students pursuing degrees in the recording arts and movie industry to future architects and businesspeople. All of these students have definitely had one thing in common – they do not read communication from the financial aid office. Persuading our students to read our messages remains one of my biggest challenges.

My thanks to everyone who responded to the communication survey sent by the GP Committee. Despite my hope, it seems that the financial aid community has not yet come up with a miracle communication solution.

Based on our responses, email remains the primary channel for communicating with students for 70% of you. Only 3% of respondents regularly send text messages to their full-time students; only 5% text to part-time students. Over 50% of our respondents never use Facebook. A "whopping" 20% use Facebook to occasionally communicate with full-time students, but only 10% use it for part-time students. The most daring 3% use Twitter and LinkedIn for their regular communication with both populations. 9% of us confirmed that we continue to rely primarily on the letters, phone calls, flyers and in-person conversations that have served our offices well for years.

I look forward to conducting a similar survey a year from now and hope to see that our communication trends have changed. Meanwhile, we will still email, send letters, post messages on our Facebook pages, ask students and other offices to post our messages for their Facebook groups… We will continue using all the tools available to us, from the school portal to printed flyers to try to get our message across.

I am still looking for that magic solution. I wish we could come up with a rocking financial aid message our students cannot resist … just like I could not keep my eyes closed on Virgin America.

Committee Update

Federal Issues Update

Daniel Reed
2013 CASFAA VP Federal Issues Representative

A RADD and interest-ing year for Gainful Sequestration

Hello CASFAA Members!

What a quick year it has been as the VP for Federal Issues. Together, the Federal Issues committee has accomplished a lot!

- Created and distributed a membership survey to determine goals for the year
- Created and presented a Federal Issues position paper to Congressional Staffers in DC
- Promoted ATB Advocacy amongst specific segments
- Organized and presented a Webinar on Advocacy, featuring NASFAA's Megan McClean, AICCU's Veronica Villalobos, and WASFAA's Kevin Jensen (which is available for viewing for members on the CASFAA and WASFAA websites)
- Provided useful resources (RADD proposals, Sequestration details, etc.) on the Federal Issues resources page on www.casfaa.org
- Created and sent a Reauthorization position paper to Congressional Staffers for the House Education Committee
- Sent out membership updates with timely, useful information
- Provided feedback for Rhonda Mohr and Kevin Jensen, Financial Aid Representatives at Negotiated Rulemaking Hearing on Gainful Employment
- In the process of preparing a session on advocacy at the State and Federal levels for the CASFAA Conference
- In the process of creating a position paper on the College Affordability Act

I hope that the information posted and sent out to you has been helpful throughout the year! This has certainly been a learning process for me, encouraging me to keep up with the barrage of iFAP announcements, NASFAA News briefs, ED proclamations, and Higher Education commentaries. There is a lot to monitor, and we tried to send out the most pertinent and practical information so that it did not get lost in the shuffle!

Thank you for trusting me with this important role. I have no doubt that Dr. Scott Cline, next year's VP for Federal Issues, will continue to provide you with the information you need, and will find new causes to champion. I wish you the best, Scott!

STAY CONNECTED ON FACEBOOK

Did you know that CASFAA has its very own Facebook page?

Become a member of the CASFAA Facebook page to ensure that you get all of the latest updates! The conference is just around the corner and you don't want to miss anything!

https://www.facebook.com/#!/groups/169935263093/

Committee Update

Proprietary Segmental Update

Tom Le
Proprietary Segmental Representative

Season's Greetings and Happy Holidays!

As I take the time to reflect on the past year, I just want to say what an honor it was to be able to represent our sector as your Proprietary Segmental Representative. Though I have been involved with CASFAA since the beginning of my career, volunteering in different capacities, this was my first time serving on the Executive Council and what a wonderful, challenging, fun and rewarding experience it has been. It has truly been a privilege and I look forward to continue next year in a new role as your Access and Diversity Representative.

The Proprietary Workshop at the CASFAA Pre-Conference ends the year for my committee and I and we hope you had the opportunity to attend and enjoy our little party. We've built a strong program agenda of presentations and speakers for you and included a fun networking reception! Don't worry if you've missed it, the presentations will be archived and made available on our CASFAA website.

The goals I've set this year couldn't have been accomplished without the volunteers, presenters and the committee that supported me. I would like to send a huge shout out and thank the following individuals for their dedication: Laura Bouche, Elizabeth Allen, Chris Freeman, Kerri Helfrick, Rosemary Martinez-Kepford, Shahrooz Roohparvar, Mabel Lin, Marilyn Sweet, Emily Valdovinos, and Lissa Wayne.

I ask that you challenge yourself and get involved by volunteering and being active in our membership in the New Year to come! It's a terrific opportunity to stay connected while making a difference. I thank you all again for allowing me to serve you and proudly welcome, Emily Valdovinos, your 2014 Proprietary Segmental Representative!

iGrad

Rob Labreche
CEO iGrad

It's been a whirlwind of awards for iGrad as of late. Our California based company has collected both new and repeat awards in the last few months.

Some of those are below:

1. This month, iGrad, the nations leading financial literacy platform, has been selected to receive the Association for Financial Counseling and Planning Education® 2013 Consumer Financial Information Award! iGrad will be recognized at the annual AFCPE conference awards luncheon to be held November 22nd at the Hyatt Regency Greenville, Greenville, SC.

2. The iGrad Financial Literacy Platform (www.iGrad.com) was named a University Business 2013 Readers' Choice Top Product for the second year in a row! The winners were selected by the editors of University Business from nominations submitted by the readership of the magazine.

3. iGrad was recognized with an Outstanding Achievement Award by the IMA (Interactive Media Awards) in the category of 'Financial Information'. The Outstanding Achievement Award is the second highest honor bestowed by the IMA and is recognized as an extremely challenging award to win. The Interactive Media Awards™ recognize the highest standards of excellence in website design and development and honor individuals and organizations for their outstanding achievement.

4. In April of this year, iGrad was recognized with an EIFLE Financial Literacy Award for Education Program of the Year in the category of Debt Management.

Committee Update

CSU Segmental Update

Louise Jones
CSU Segmental Representative

As I write this article for the CASFAA Newsletter, it seems like each year goes by faster than the year before. I find myself saying that every year, and it appears to be true more and more. These past few months which passed like days, have been quite eventful for all of us I'm sure, as we welcomed our new and continuing students back to campus. It is already time to start preparing for the new FAFSA cycle in January.

Since this issue will be distributed at the conference, I wanted to share something other than just an update on AB this or SB that. There will be plenty of sessions at the conference to get that information, not to mention many of you who may have just returned from FSA. I wanted to use this article to share the experiences I had attending two scholarship events this year which reminded me that what we all do every day, touches and changes someone's life on a daily basis.

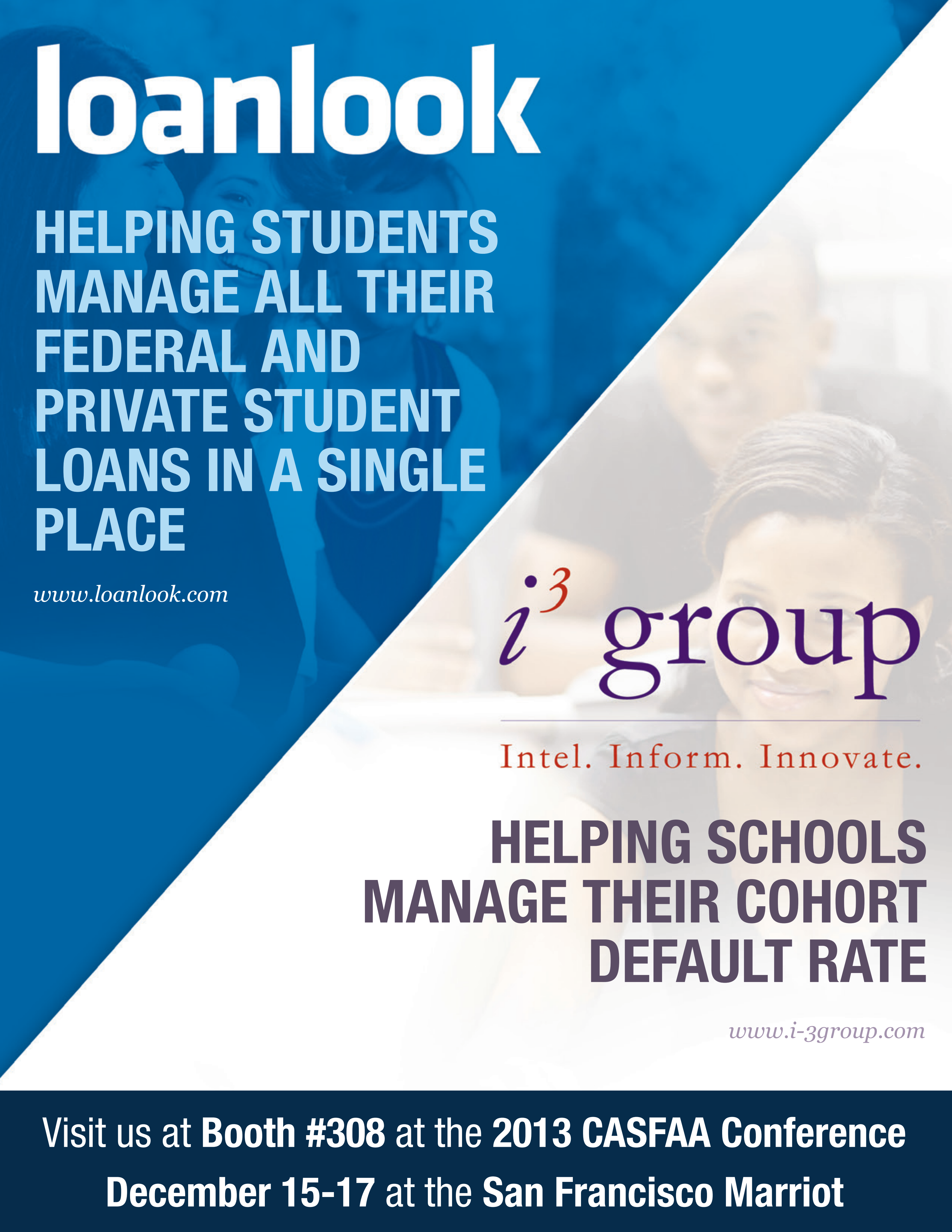
I attended the "CSU Trustees Award Ceremony for Outstanding Achievement," held at the CSU Chancellor's Office in Long Beach this past September. Each CSU Campus submitted a nominee for a scholarship award that ranged from $3,000 to $10,000. This is a real fancy event and a great experience for students being honored from each campus. What touched me most was that the student selected by our campus invited me to attend and the long email I received from him after the event thanking me for just being there. His sincerity and story of how this award changed his life is a memory I will always cherish. He told me that in the week prior to my contacting him about the award, his family was facing very difficult financial times and he considered dropping out of school to take care of them. After learning he received the scholarship, he became more encouraged and motivated to keep going. At the end of the spring quarter he completed 15 units with a 4.0 GPA. It was just the boost he needed to continue his journey.

The second scholarship event was an intimate ceremony held for students on our Palm Desert Campus. It was a banquet where the donor and his family personally attended along with college deans, students and their families. I sat at a table with a couple of students, their families and two of our college deans. We ate, told jokes and just enjoyed our time over dinner getting to know everyone at the table. Each student was individually honored and given the opportunity to take a photo with the donor, share a few things about themselves, future career goals and how the scholarship affected their life. Student after student got up and acknowledged through the generosity of this family, the campus staff and support from friends and family, their dreams are becoming a reality.

There is so much more to share about these experiences but I wanted to make the point that lives are being changed by the daily work we all do. It's not only because these were scholarships. Students' lives are changed by Pell Grant, Cal Grant, institutional aid and yes, even student loans. These award ceremonies simply provide an opportunity to mingle with students personally. I know that many of them had other sources of aid besides the scholarships. Can you imagine how awesome it would be to attend a ceremony honoring Pell Grant recipients and hearing those stories?

Thousands of students are being affected by you! You don't often have a student come back and say thank you, but for the ones that do, it is a reminder to keep moving forward, keep verifying, keep awarding, keep disbursing and know that your efforts are not in vain.

Enjoy the conference and the holidays. May you be blessed beyond your imagination in 2014. After all, you deserve it!!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Visit us at Booth #308 at the 2013 CASFAA Conference
December 15-17 at the San Francisco Marriot

Performance-Base Rankings Affect Higher Ed Planning

Ted Lannan
Inceptia Director of Market Research

This month the Department of Education will conduct public forums on college campuses across the country to discuss a possible federal college rating system that will determine student aid awards.

Many states today have already reconsidered the enrollment-based funding model and instead are allocating money to colleges and universities based on the number of students who complete courses and degrees.

According to a report released last month by the National Center for Higher Education Management Systems (NCHEMS) and Complete College America, 16 states have a funding formula in place—that's four additional states since February 2013.

The funding formulas are based on performance indicators like course completion, time to degree, transfer rates, the number of degrees awarded, or the number of low-income and minority graduates. This illustration [see map] shows states that are already transitioning to some type of performance funding or are considering it.

Ten additional states are transitioning to some type of performance funding and more states have started the process with formal hearings held at the Legislature or meetings conducted by governing boards.

Based on these changes, higher education institutions must focus on student success and retention to generate an acceptable rate of return and maintain financial viability.

Today, higher education institutions are collecting more data than ever before. However, much of the data is being used to satisfy credentialing or reporting requirements rather than to address strategic planning questions. Much of the data collected are not used at all. The problem is not the amount of data, but the challenge of integrating it, and the time and expertise to analyze it.

That's where professional analysis can help. Analytics:

- **provides evaluation of data to determine patterns unique to each school**
- **helps mine and integrate vast amounts of information not normally connected**
- **offers a predictive view of upcoming challenges**
- **makes available a means to efficiently use available resources**

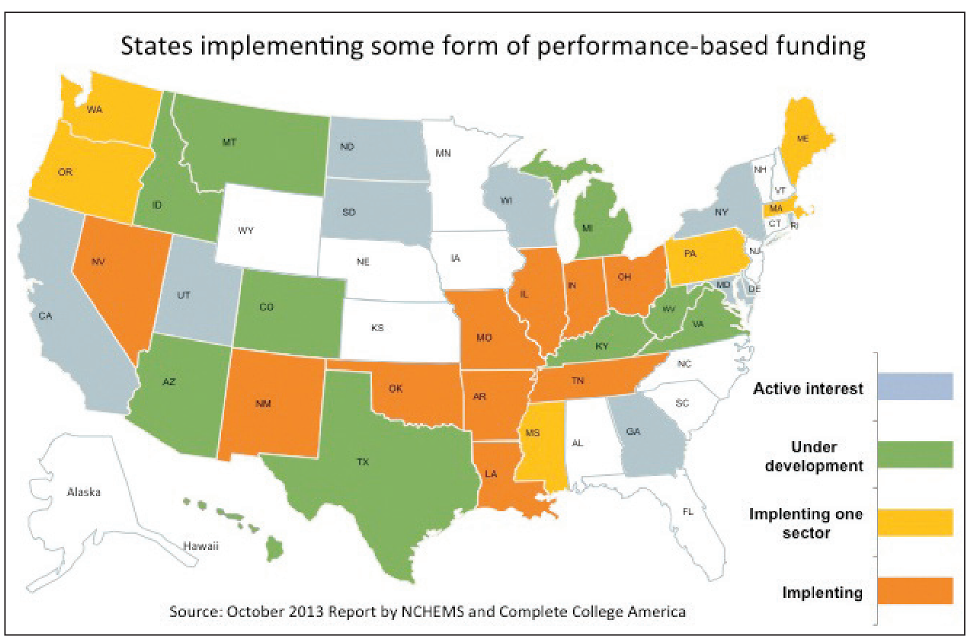
Data should be used to identify the variables in student success. It's not just about recording the data, but rather using the data to tell a story—a story that identifies trends and develops new ideas to help students be more successful at your institution.

At a time when our government will require more justification when credentialing and ranking an institution, the objective must be to use data analysis to promote retention, improve graduation rates and enhance loan repayment.

The starting point is analytics.

My favorite business quote from Peter Drucker is: "What gets measured gets managed." Instinct will only go so far; schools will need to quantify the size of the problem to convince others to take action.

How Analytics Can Help Schools Prepare for Student Success



How America Pays for College 2013

More Families Say College Is an Investment in Their Child's Future

As college costs rise and the unemployment rate of recent graduates stays high, it's become increasingly popular to ask: Is college worth it? According to a recently published study of American families, the answer is a resounding "yes."

How America Pays for College 2013, produced by Sallie Mae and conducted by Ipsos, reveals that 85% of families with an enrolled undergraduate strongly believe that college is an investment in the future. That's the highest percentage in the six-year history of the study.

Families are also optimistic about students having successful college careers. 92% of respondents who had a student pursuing a bachelor's degree said they expect it to take five years or less to complete that degree.

That's good news for colleges, which depend on families placing a high value on higher education. When it comes to paying for college, families are making the necessary financial adjustments to ensure a college education for their children.

Parents paying a smaller share of the bill

Almost all respondents said they took at least one action to make college more affordable, including increasing work hours, having the student live at home, and filing for education tax credits. Two-thirds of families surveyed said that they had eliminated some colleges from their list of choices because of cost at some time during the admissions process. Compared with the pre-recession years, students and third parties are now footing a larger percentage of the bill for higher education. According to the study, parents have reduced the share they contribute toward college expenses to 27% (2013), down from 37% in 2010.

This year, parents responding to the survey expressed less economic worry than in previous years. When asked about their anxieties about factors such as schools raising their tuition, possible job loss, reduced home values, access to grants and loans, or increases in student loan rates, parents' average worry dropped 15% from the previous three years.

Increased use of scholarships and grants

Scholarships and grants are playing an increasingly important role in helping families pay for college. Today, scholarships and grants pay for 30% of college costs, up from 25% four years ago. The average amount of costs paid from scholarships and grant aid grew to $6,355, up from $4,859 in 2009.

Families continue to need guidance

Advance planning for college by families remains low, according to the study. Over half of families do not have a financial plan to pay for all years of college prior to the student enrolling.

In addition, 40% of families reported having encountered major expenses that they did not expect in paying for college. These findings clearly show that students and their families continue to need well-informed guidance and support from financial aid administrators to help them make the best decisions about financing their higher education.

The complete *How America Pays for College 2013* report and an infographic of the report's major findings is available at Salliemae.com/HowAmericaPays.

HOW AMERICA PAYS FOR COLLEGE 2013

A snapshot of the national study by Sallie Mae® and Ipsos

How do American families manage the rising costs of college, and do they still think the investment is worthwhile? Key findings from the national study, **How America Pays for College 2013**, address those questions and more about paying for an undergraduate college education.

BELIEVING IN THE VALUE OF COLLEGE

Families equate a college degree with increased career opportunities and higher lifetime earnings.

{ 85% of parents surveyed strongly believe that college is a smart investment in their student's future }

That's a six-year high!

TIP

PLAN AHEAD
Carefully select a college and field of study, and plan coursework so graduation happens on time.

[92% of families are confident that their students will earn their bachelor's degree in five or fewer years]

BEING COST CONSCIOUS

Families are being resourceful by cutting college and living expenses along with reducing the amount they spend elsewhere.

The average family is spending less on college

$21,179 academic year 2012-2013 < $24,097 academic year 2009-2010

Families are taking steps to help ease college costs

Making it affordable

67% Family eliminated schools based on cost

57% Student lived at home

27% Student accelerated coursework

Making ends meet

48% Parents reduced overall spending

60% Student reduced overall spending

20% Parents worked more

47% Student worked more

TIP

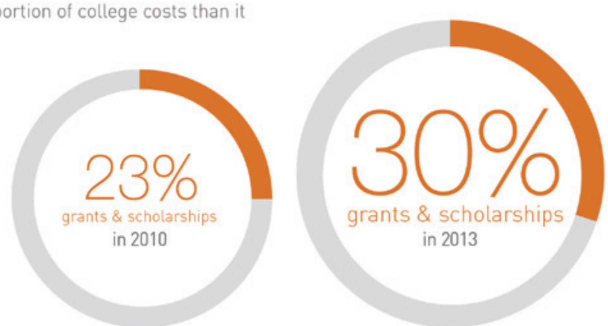
CONSIDER THE COST
40% of families had an unexpected expense, citing books, supplies, and equipment as the most common.

It's important to factor all "extras" into the total college cost.

BREAKING DOWN THE BILL

Financial aid covers a bigger portion of college costs than it has in the past.

Grants and scholarships have grown as a resource to pay for college



TIP

MAXIMIZE GRANTS AND SCHOLARSHIPS

Complete the FAFSA at **fafsa.ed.gov.** Research and apply for scholarships. Consider using Scholarship Search by Sallie Mae® at **SallieMae.com/Scholarships**. It's a free database of 3 million college scholarships worth more than $16 billion.

Share of total cost of college the typical family paid from each source

Parents' average out-of-pocket spending has declined

$8,752 in 2010

$5,727 in 2013

TIP

MAKE A PLAN

Build a plan to pay for all years, not just one year at a time. If a student needs to borrow, first explore federal loans and then fill the gap with responsible private education loans.

SallieMae

The national study by Sallie Mae, **How America Pays for College 2013**, conducted by Ipsos, is a compelling look at how today's families view college, manage college costs, and use various funding sources. For the full study, please visit **SallieMae.com/HowAmericaPays**.

#HowAmericaPays

The Sallie Mae "How America Pays for College" 2013 national study, conducted by Ipsos, is based on extensive interviews with 1,602 undergraduate college students, ages 18 to 24, and parents of undergraduates, about how they paid for college in academic year 2012-2013.

Joe Popevis
Nelnet

Nelnet is happy to announce that we have earned our place as the top servicer for the U.S. Department of Education/Federal Student Aid (FSA) for the second year in a row. We would like to thank all of our school partners for your continued feedback and suggestions for helping us to build our services for you and your student borrowers.

To close out the survey year, we ranked #1 in the two default categories (lowest percentage of borrowers in default and lowest percentage of dollars in default) and #2 in the borrower satisfaction category. We finished #3 in the school and the Department of Education satisfaction categories. Our goal is to continue to improve and maintain our first place ranking.

We started on our journey for progress two years ago, and we're seeing the fruits of our labor each quarter in our survey scores and default metrics. We continue to refine the improvements we've made for our customers. Over the past two years, here are some of the enhancements we've made:

Borrowers

- Introduced 24/7 call center hours
- Adjusted Interactive Voice Response (IVR) system and made it easier to speak to an agent
- Redesigned Nelnet.com and online account management process
- Revised letters and communications for borrowers at various stages of the loan life cycle
- Expanded mobile technology and social media presence

Schools

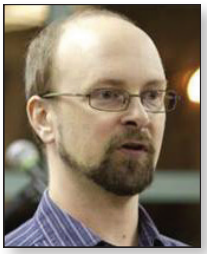
- Implemented Nsight Plus and continue to make reporting enhancements
- Added Default Prevention and Borrower Services pages to NelnetLoanServicing.com
- Posted recorded training sessions to our online library and created a computer-based training module for Nsight Plus
- Adjusted School Service Center IVR for schools and third-party servicers calling with a borrower on the line
- Began sending monthly school portfolio snapshots

Keep moving forward. First place in the FSA rankings is just one measure of our success. This is a journey, not a destination. We will continue to work hard to give our customers even better service. We need to stay focused on the customer—it's our #1 core value, and is the value upon which we've built our business.

Keep innovating. We're always looking for the next big thing to make us more efficient and create a more user-friendly borrower experience. Have an idea? Tell us about it.

Keep focused. Our work is never finished. It's each of our jobs, every single day, to create a better customer experience for you and your student borrowers.

Making Friends to Influence... Your Credit Rating?



Jeff Southard
Senior Financial Literacy Trainer
ECMC

Choosing your friends wisely could have a new wrinkle in the coming years. With the rise of social networking, and the massive amount of data that comes along with it, many lenders are considering how to use this information to predict repayment behavior.

While data providers are just starting to explore this potentially useful (and for some of us quite frightening) possibility, research shows we mostly choose our friends among people who reflect our own values. Thus, it can be argued, who we're friends with on Facebook, LinkedIn and other social sites may be indicative of how likely we are to pay back a loan.

So far, using data from social networks to determine credit worthiness has been limited to smaller, start-up lenders that work with borrowers of micro-loans. These borrowers may not have other areas of repayment history to determine favorable repayment behavior. The start-up lenders also tend to focus on small business owners who rely on relationships to build their businesses. Such lenders also augment social networking information with traditional FICO scores and other credit-granting measures.

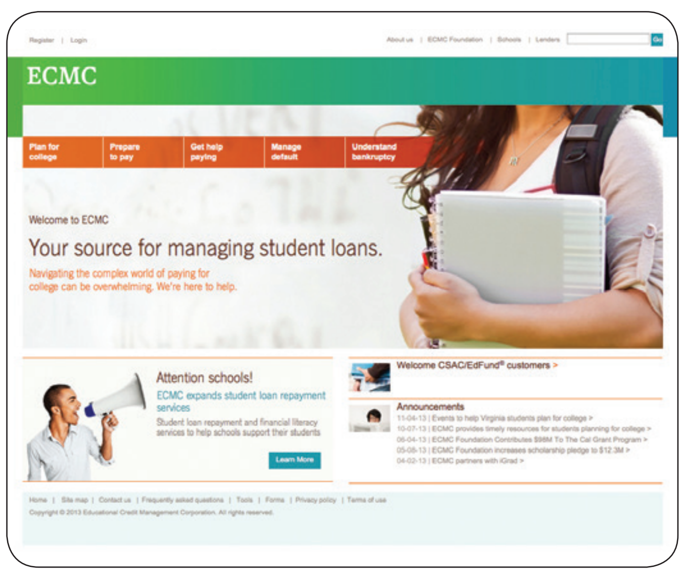
Many financial experts who examined micro-lenders predict social networking as a credit-worthiness measuring tool may be about to go mainstream. Certainly as social networking companies, such as Facebook and Twitter, went public with their stock, a key factor in their promise of profit returns to investors was being a massive cache of data about consumers.

For consumers, this may be alarming, and certainly there are positives and negatives to consider. For lenders, accurate prediction of repayment likelihood makes for lower-risk loans that may help reduce costs for consumers. It's also striking to consider how much more data on college student money behavior might be available if a lender were to have insight into a potential borrower's group of peer influences. Could using social networking data open the door for a lower cost student loan for borrowers with little or no established credit history?

Of course, social networking data is potentially easily manipulated, but would we really "unfriend" our more unsavory acquaintances to potentially score a loan with a better rate? The answer to this question remains to be seen and will be a factor for companies to consider before mining this data resource.

While using data from social networks as a factor in determining credit worthiness has received a fair amount of press over the past few months, there are major obstacles that could prevent it from going mainstream. Privacy rights advocates and consumer protection associations are leery of having this information used as a credit-granting factor. The data also opens another avenue for identity theft protection. Additionally, civil rights violations promise to bring litigation early on should any big lenders start to play in this arena.

In the end, like any credit-granting tool, there's a lot of data to be gathered that lenders may consider using to determine the likelihood of repayment. As consumers, it's more important than ever to carefully consider what we choose to share online and to do our best to protect our personal information. Many of us enjoy the connections we are able to conveniently pursue through social networking, but the wisest of us also do so with full awareness of how public this information is.



Cohort Default Rates:

The third year of the three-years

Sheila Dunlap
TG Assistant Vice President for Default Prevention

We are in the midst of one of the most notable transitions in federal student aid history: the conversion to the 3-year cohort default rate (CDR). Toward the end of this federal fiscal year, the Department of Education (ED) will issue the third 3-year CDR. As of September 2013, the 2-year CDR is no more; starting in September 2014, the 3-year CDR will be the only game in town.

What's the big deal? Now we'll just have a longer time frame for tracking the borrowers who default on their student loans after leaving school.

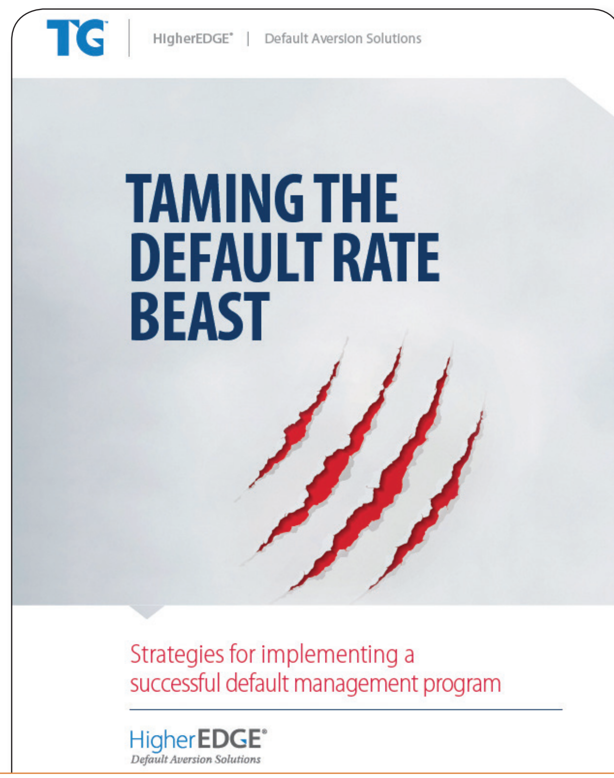
Except that it is a big deal. The third year of the 3-year CDR is also the first year that schools will be subject to sanctions based on these longer measures. And whereas ED estimates that only 8 schools may be penalized for 2-year CDRs based on the latest rates issued for FY 2011,[1] it looks like a significantly larger number of schools may be subject to sanctions based on 3-year rates.

While we won't know exactly how many schools will be caught up in the first wave of penalties until September 2014, let's look at some relative data. For FY 2009, 255 schools exceeded either the 30% or 40% threshold for sanctions associated with the 3-year CDR.[2] And for FY 2010, 221 schools are above these thresholds.[3] How many schools will be on this list in this third year of the three-years?

Taking a proactive approach

Even if your school isn't in immediate jeopardy, perhaps you're examining your institutional CDR trends and aren't happy with what you see. Or maybe you want to provide a forward-thinking, comprehensive service to your student borrowers, so that they start repayment strong and your school's CDRs stay in the clear.

Whether you recruit from within, hire from without, or enlist a third party to provide this service, make sure that your goals are well defined. It's also important that you can track, measure, and improve your outcomes. Need a resource to get started? TG has published the white paper Taming the Default Rate Beast (**http://www.tgslc.org/pdf/Taming-default-rate-beast.pdf**), which offers key strategies schools can implement to help reduce CDRs and better prepare students for responsible loan repayment. It can serve as a guide to help your school make key decisions as we complete the transition to the 3-year CDR.



[1] Per **http://www.ifap.ed.gov/eannouncements/attachments/2013OfficialFY112YRCDRBriefing.pdf.**

[2] A school is subject to sanctions if it has three consecutive years of official 3-year CDRs of 30% or higher, or if it has a single official 3-year CDR higher than 40%. Information on schools exceeding these thresholds retrieved from **http://www.ed.gov/news/press-releases/first-official-three-year-student-loan-default-rates-published**.

[3] Per **http://www2.ed.gov/offices/OSFAP/defaultmanagement/cdr.html**.

Monitor Cohort Default Rates Year Round

Inceptia's Free Cohort Default Rate Reporting Tool Provides Real-Time Data

Sue Downing
Inceptia

As financial aid administrators process the impact of their newly released 2- and 3-year cohort default rates from the U.S. Department of Education, Inceptia is making its proprietary Cohort Activity Report freely available to any school that wants to monitor their default rate.

Administrators can use this report to receive updated data on open cohort default years and monitor borrowers so that they can actively help student borrowers while lowering their default rate.

"The Cohort Activity Report gives schools the power to see what's happening right now with their borrowers," said Dave Macoubrie, Inceptia vice president of repayment solutions. "By proactively addressing the cohort of student defaulters, they can take steps to remove them from the list and make a positive impact on the trajectory of their school's cohort default rate helping to save those student borrowers from default."

Sign up for the Cohort Activity Report by visiting www.Inceptia.org/CDR-tracking

Once registered, upload your School Portfolio report to the Cohort Activity Report system. The data from the School Portfolio report will be analyzed and organized into a simplified report for you to gain updated insights in real time.

This report can be used to monitor:

- number of borrowers in repayment
- number of borrowers in default
- impact one default borrower has on their rate
- number of rescued borrowers needed to reduce the rate by one percent
- open and closed cohort year comparison data

You may also download a list of loan details on each defaulted borrower.

With cohort default rates on the rise, schools need to proactively monitor cohort default rates year round in order to gain the knowledge required to lower their rate and help student borrowers. The details in this report can help you closely monitor default borrowers so that you can proactively work to correct defaulted loans prior to closing years.

"We want to show every school the impact they can have on their rate, simply by lowering it by even one percentage point," Macoubrie said. "For some institutions, that may be as few as five borrowers. But lowering the rate over time can have a significant impact on a school and is good for student borrowers."

Inceptia's goal is to help students borrow wisely, resolve their delinquency issues and guide them to successfully repay their student loan obligations; while also helping schools reduce their cohort default rates. Find out more about Inceptia's default prevention services by contacting Inceptia at 888.529.2028.

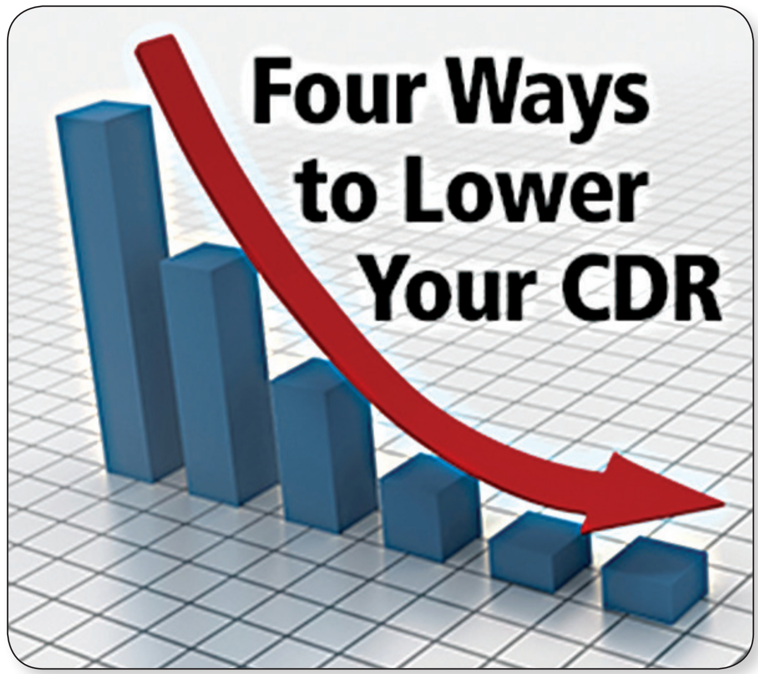
ABOUT INCEPTIA

Inceptia, a division of National Student Loan Program (NSLP), is a non-profit organization providing premier expertise in default prevention and financial education. Since 1986, we have helped more than two million students achieve their higher education dreams at 5,500 schools nationwide. Annually, Inceptia assists more than 150,000 delinquent borrowers in repaying their student loans. By using practical tools of cohort analysis, financial education and repayment outreach, Inceptia educates students on responsible personal finances and loan repayment counseling and provides default prevention strategies and services to schools. More information at Inceptia.org.

4 Ways to Lower Your Cohort Default Rate

Dennis Christich
Strategic Business Director
Inceptia

The headlines are everywhere: "Cohort Default Rates Rise for Sixth Year." Although it comes as no surprise to administrators and industry experts, the rising default rate adds another burden to already taxed financial aid offices.



Now that the rates are out and published, what can schools do now to curb future rates? No matter if your school's rate is rising or maintaining, these four tactics will make a positive impact on your future default rate.

Track Your Rate Year Round

Upload your School Portfolio report to the Cohort Activity Report system, a free service provided by Inceptia, to receive current data on open cohort default years and monitor borrowers in repayment and default. This report will also show the impact one default borrower has on your rate and the number of borrowers needing rescue to impact your rate by one percent.

Conduct Analytics

Gathering data on student population trends can help schools understand the default characteristics of students. Trend analysis identifies borrowers in jeopardy so schools can focus on meeting the financial education needs of the students that need it the most.

Promote Financial Education

Financial education is the best way to impact future default rates. The more students know about budgeting, borrowing and credit cards the less likely they will default on their loans. Whether your school hires an outside vendor or uses internal staff, be sure your students are being taught by a certified personal financial manager (CPFM) and have access to online resources.

Contact Student Borrowers

One-on-one counseling will help delinquent borrowers get back on track. Through grace counseling or default prevention outreach, a direct connection can make a huge impact on students' lives. Before you reach out to borrowers, you will need a contact strategy — letters, emails, phone calls or a combination of all three. Once the contact method has been determined, you will want to ensure you are complying with the Fair Debt Practices Collection Act (FDPCA) for your own protection. Read Contacting Student Borrowers for more tips.

Although not much can be done about the FY 2010 3-year and FY 2011 2-year cohort default rates now, there are steps you can take today that will impact future rates. Be sure to take advantage of Inceptia's free Cohort Activity Report. For more information on how analytics, financial education and default prevention outreach can lower your cohort default rate, contact Inceptia at 888.529.2028 or inceptiacs@inceptia.org.

Interim Counseling in Default Prevention

Dianne Fulmer
USA Funds Account Executive

Knowledge is power — which is why it's a great idea to offer student loan counseling that goes beyond the federally mandated entrance and exit counseling.

If you are providing key financial aid information only to student loan borrowers, and only at the beginning and end of their academic careers, you're missing some great opportunities for sharing information. The knowledge your students can gain from more robust counseling can be the difference between a student who leaves school at high risk for default and one who is financially literate and completes a degree program with a minimum amount of student loan debt.

Start early

USA Funds® suggests that you begin counseling students during the admissions process.

You'll be opening dialogue early, and, because college visits typically are a family affair, you'll also be able to include in the conversation the parents of dependent students or other family members with independent students.

Have open and honest discussions with students about the per-year cost of attending your school and the financial aid available. Explain the different types of federal and private student loans along with the borrowing limits, approval criteria and deadline dates. And be sure to have an early awareness or financial literacy program on your campus that teaches the importance of managing debt.

Stay in contact

Each billing cycle presents another opportunity to remind students and families about their financial obligation, available aid and debt management. A few weeks prior to registration for classes, reach out to your students and families to let them know that your office is available to address any challenges they may have in paying their balance. And while you have their attention, remind them of the importance of wise borrowing and managing student loan debt.

Be transparent

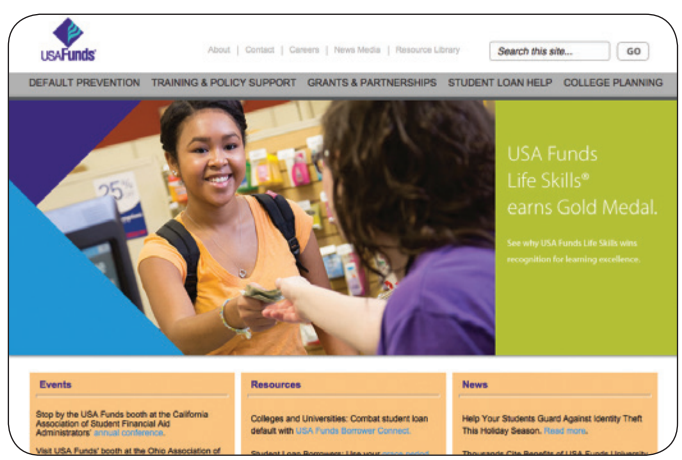
Since it is very important for students and families to understand college costs and financial aid, be sure to provide guidance in a way that is easily accessible and clear. That means making information on your website clear, concise and easy to navigate. Make as much of the process electronic as possible, and eliminate unnecessary forms and paperwork.

Make sure your messages are consistent, whether you're communicating face to face, electronically or through printed materials. Being consistent eliminates confusion, and making financial aid processes convenient for families helps ensure you're making the most of your time to provide financial literacy and debt management services to your students.

Additional resources

If you need ideas and help for interim student loan counseling, contact USA Funds at https://support.usafunds.org/ContactUs or visit our website at www.usafunds.org. We offer a variety of tools and solutions for debt management, default prevention and financial literacy training.

We also offer PDFs and publications about higher education access and success and education loan repayment, with many of those items also available in Spanish. Visit USA Funds' Resource Library to download or order the materials.



Eight Best Practices Can Help You Prevent Defaults

Dianne Fulmer
USA Funds Account Executive

The U.S. Department of Education in September distributed official cohort default rates. If your institution's rates are higher than you'd like, get started now to make sure next year's rates improve.

Following are eight tried-and-true tips to help prevent student loan default and avoid the sanctions that can result from high cohort default rates.

Some of these best practices may be familiar to you. But whether you regularly put these ideas into practice or you're learning about them for the first time, now's a great time to focus on these default prevention tips:

1. Communicate with borrowers at key decision points.
Think of the life cycle of a student as having four phases: application and first 90 days, in-school, final year and award completion, and post-graduation. Each phase represents a new opportunity to make a difference. Tailor your methods and messages according to the stage in the life cycle of the student, and you'll be communicating what students need to hear when they need to hear it.

2. Introduce financial literacy programs.
Many schools today are recognizing that financial literacy is a key component of a college student's educational experience. Some schools invite financial aid staff to conduct a workshop during a required student success class for new students. The presentation covers budgeting, saving, credit and credit card management, identity theft, federal loans, consumer loans, and repayment options on federal loans.

3. Communicate across campus.
Too often, when a concern is related to financial issues, other campus offices consider that concern to be the sole responsibility of the financial aid office. But default prevention should be a school-wide effort. Student success includes leaving campus with manageable levels of debt, equipped with information to successfully pay back student loans. Everyone has a vested interest in helping make this success possible.

4. Focus on retention and student success.
The U.S. Department of Education studied its student loan portfolio and found that more than 70 percent of students who defaulted on their federal education loans left school before completing their programs. That correlation is impossible to ignore. Many schools now are dedicating staff to student retention activities, in an effort to boost student and school success and reduce default rates.

5. Identify and counsel at-risk students.
Know which types of your students are most likely to default on their education loans. Whether you're studying data or polling students about their concerns directly, you don't have to make assumptions. Once you create a profile of your at-risk students, you can develop a data-driven plan that really works.

6. Use timely and accurate enrollment reporting.
This practice not only is a regulatory requirement, but it also promotes school and student success. You'll help ensure that your borrowers who are in school continue to qualify for deferment, and that those who leave school enter their grace and repayment periods on the correct dates. Having accurate separation dates on file for your students places them in the correct cohorts when calculating default rates.

7. Review NSLDS and repayment information.
Regularly take a look at your reports from the National Student Loan Data System to promote good debt management for your students — and simplify your life as well. Use the data to inform your outreach to borrowers once they leave school. And keep tabs on the accuracy of your NSLDS data to make it less likely that you'll need to challenge draft cohort default rate data.

8. Maintain contact with former students.
Start your outreach to former students early in their grace periods, when they need guidance from a trusted adviser to get off on the right foot in repayment. Staying in contact and assisting borrowers who become delinquent in making their payments will help you get them back on track and prevent default. Use targeted strategies to assist your borrowers who already have defaulted as well.

USA Funds has a variety of tools to help you lower your school's default rate, including those focused on borrower communication and financial literacy. Visit the USA Funds website at **www.usafunds.org** or contact us at **https://support.usafunds.org/ContactUs** for more information.

Smart Banking

Smart Banking Can Help Your Students Achieve Financial Success

Heather Tapia-Garcia
Senior Marketing Associate
Great Lakes Educational Loan Services, Inc.

Often, students are in a position where they need to select a financial institution in which they can manage their everyday finances. With so many options, it can be hard for them to decide on a financial institution that actually fits their needs; it's often easier to get set up with the most readily available institution that might not always be the best option. The following are some tips you can offer students on how to assess their own finances in order to choose the right financial institution for their needs.

Do Research

- **Know Personal Finances**

One of the most important things to maintaining healthy finances is to know personal finances inside and out. It sounds simple, but there are a lot of intricacies to finances and knowing current state as well as future planning can help in making the best decisions along the way.

- **Know Expectations of a Financial Institution**

What's needed? A simple checking account or an account that involves much more opportunities (e.g., investing)? Financial institutions offer many services, so it's important to know exactly what is needed now - and in the future - to take full advantage of each.

- **Ask Questions**

One of the worst things students can do is pick the first financial institution they come across. It's important to choose an institution that can do everything they want it to, at the least cost. The easiest way to know that is by talking to someone at the institution to ensure all questions are answered.

- **Beware of Fees**

Be aware of institutions' fees. Many financial institutions have fees that aren't always immediately obvious. For example, many banks charge customers fees for using other companies' ATMs, which is a fairly obvious fee. But they might also charge a fee for accepting the fee to use the other company's ATM, ultimately charging two fees on one transaction. It's important to always take the time to read the fine print of any agreement.

Select a Financial Institution

While a standard bank might be the right choice for some, they are not the only financial institutions available. Credit unions offer most banking-type services, as well. They're usually non-profit, member-owned organizations whose members have a vested interest in the company. This means they're often able to offer higher interest rates for customers' applicable accounts than banks can offer. However, it may be less convenient to find an ATM if you bank through a credit union versus at a well-known bank. Regardless of the institution, first consider every service they offer - or don't offer.

Financial Management Tips

Managing Finances

Selecting a financial institution is just one step toward achieving healthy finances; there are additional steps to help manage finances. Whether by hand or online, keeping track of all transactions is important. Budgets are a great way to manage money while also keeping a close eye on general spending. Some people prefer to balance a checkbook or to do all maintenance online if their financial institution has an online banking system. Controlling all banking online is very convenient, especially via a mobile device if the financial institution has a mobile app and banking can be done anywhere and at any time.

Saving Money

Most financial institutions offer some sort of saving system, whether it's a savings account with regular contributions or something like a certificate of deposit (CD), which is a longer-term investment. Budgeting is another great way to plan for saving money as it allows for planning it into regular monthly finances. It's usually recommended to set aside around 10 percent of monthly income for savings, if possible.

Financial Safety

Whether tracking all finances manually or online, it's always important to keep personal financial information safe. Financial institutions generally have many different types of security in place, but each person is their own best protection. It's always a good idea to shred paper documents that are no longer needed, keep records of those that are needed in a safe location, and change online passwords often, ensuring they're as secure as possible.

Program Review Process

Take These Steps to Ease the Program Review Process

Heather Tapia-Garcia
Senior Marketing Associate
Great Lakes Educational Loan Services, Inc.

So your school is in line for a federal program review. You already may have received notification that the U.S. Department of Education will conduct the review. Or you may know that your school is likely to be reviewed because it meets criteria — such as high default rate — that would trigger a review of your school's compliance with Federal Direct Loan Program requirements.

Now what?

Take steps that will make that review process go more smoothly by:

1. Documenting.
Regardless of whether you're preparing for a specific program review, keeping impeccable documentation is a must. Keep detailed information about each borrower's loans as required, until three years after that borrower leaves your institution. Then when you get that notification of an upcoming program review, you'll be ready.

2. Gathering records.
The Department of Education will inform you which borrowers' information will be the focus of the review. Then get a head start by taking a look at those cases yourself. Do you have the financial aid, business office and student academics information that the Department will require? If you're missing any pieces of the puzzle, now's the time to collect those pieces from your own office and other campus departments — and save yourself from scrambling once the review begins.

3. Making accommodations.
Reserve a location, such as a conference room, where the reviewers can work while on site. Contact your information technology staff, if necessary, to ensure that the reviewers will have Internet access. Select someone from your financial aid staff to be your liaison with Department representatives. Make sure that liaison will be accessible to help as needed throughout the review, and will be able to check in with reviewers at the start of each day and again later in the day.

4. Staying positive.
Approach the review with a positive attitude that carries through the exit meeting and beyond. Be ready to request clarification and ask questions about the reviewers' findings if appropriate, but also realize that there are likely to be issues that you'll need to resolve. Remember: This is an opportunity to find out what your school is doing well in administering Direct Loans, and where it can improve to serve students better.

Navigating the 150% Loan Limit Rule

Navigating the Loan Limit Rule with these Five Key Take-Aways

Heather Tapia-Garcia
Senior Marketing Associate
Great Lakes Educational Loan Services, Inc.

Policy changes such as the 150% limit rule regarding federal Direct Subsidized loans can be confusing for students, and can cause additional counseling inquires and work for your financial aid office. Here are some key take-aways and resources to help you in assisting students.

As of July 1st, 2013, any first-time borrower, (which is defined as someone who has no outstanding balance on a FFELP or Direct loan when receiving a Direct loan on or after July 1, 2013), will only be able to obtain federal Direct Subsidized loans for a maximum of 150% of the published program length in which they are enrolled. Additionally, the subsidized loans that had been borrowed up to the 150% point will lose further government subsidy and interest will begin to become the student's responsibility if they do not graduate by the 150% point (and continue to be enrolled in the same or a shorter undergraduate program). From that point forward, these subsidized loans will become unsubsidized loans.

Here are five key take-aways to keep in mind when counseling students:

1. Students may receive Direct Subsidized loans for no more than 150% of the length of the current academic program. For example, a student enrolled in a two-year program will have three years' worth of subsidized loan eligibility and a student enrolled in a four-year program will have six years' worth of subsidized loan eligibility.

2. Once a student reaches the 150% mark in a particular program, their future subsidized loan eligibility in that program will end. They may, however, be eligible for unsubsidized loans.

3. A student who reaches the 150% limitation will have their interest subsidy end for all outstanding subsidized loans if the student does not graduate and continues to be enrolled in the same or a shorter undergraduate program. Repayment does not begin, but like unsubsidized loans, the student (rather than the government) would become responsible for interest that accrues from this point forward.

4. Unlike other measures in determining continued aid eligibility, this provision is not affected by the total dollar amount borrowed. Any and all periods of subsidized loan borrowing will count against the 150% time limit.

5. This policy is in addition to, and not in place of, the lifetime aggregate loan limits that are currently in place.

More Information

Federal Student Aid offers a three-page Direct Subsidized Loan Eligibility resource. You can also check out the 150% DSL Limit presentation that the U.S. Department of Education (ED) used at the July 2013 NASFAA conference, which contains a number of helpful examples. These documents, which open in Adobe PDF, are available on the Information for Financial Aid Professionals website. ED is also offering instructor-led, online training sessions on November 12 and 14. Advance registration for the webinar is required, and will be available on a first-come, first-served basis.

You'll also want to encourage your students to contact their loan servicer with any questions.

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