CASFAA NEWS

California Association of Student Financial Aid Administrators March 2014 • Volume XXXI No. 1

Inside Edition

**Plan Ahead!
CASFAA 43rd
Annual Conference
November 2-4, 2014
Anaheim Marriott**

President's Update

**Lynne Garcia
CASFAA President
Director, Financial Aid
Corinthian Colleges**

To everything, there is a season, to paraphrase The Byrds, and as we embark on a brand new year, preparing for the inevitable changes that lie ahead in our industry, I have even more reason to be excited about 2014 — the support and work of a brand new CASFAA Executive Council, the enthusiasm of our tireless volunteers, the energy of our membership and the overall positive momentum the Association has as a whole, especially following yet another completely outstanding conference!

In recent years, following many historic changes, our organization has proved its resiliency, demonstrating that our California community of financial aid administrators is a hard-working bunch, dedicated to serving our students, advocating on their behalf and the schools they attend.

CASFAA's success, in large part, comes from our structure – we are one of the few state or regional associations that elects representation from each of our segments, ensuring not only diversity but consistency in mission and vision. In 2014, I'm excited to work with some new faces, your elected Segmental Representatives, to continue to ensure that our organization is truly considering all of our member institutions' best interests and further adding value to your individual CASFAA membership. Please get to know your elected Seg Rep and reach out to Mason, Annie, Eileen, Emily or Lina and make sure the concerns and questions of your school and segment are being properly addressed!

One area that I think we can all agree on, regardless of segment, is that we all have a responsibility to ensure we're abreast of the latest Federal and State issues that may impact our institutions and/or students. Please reach out to Scott Cline, our Federal Issues Chair or Angelina Arzate, our State Issues Chair if you have any feedback or questions for them. Stay tuned for updates on the annual Day at the Capital! Check the CASFAA website (or our Facebook book, Link'd In or Twitter feed!) for more details!

See next page for continuation of President's Letter

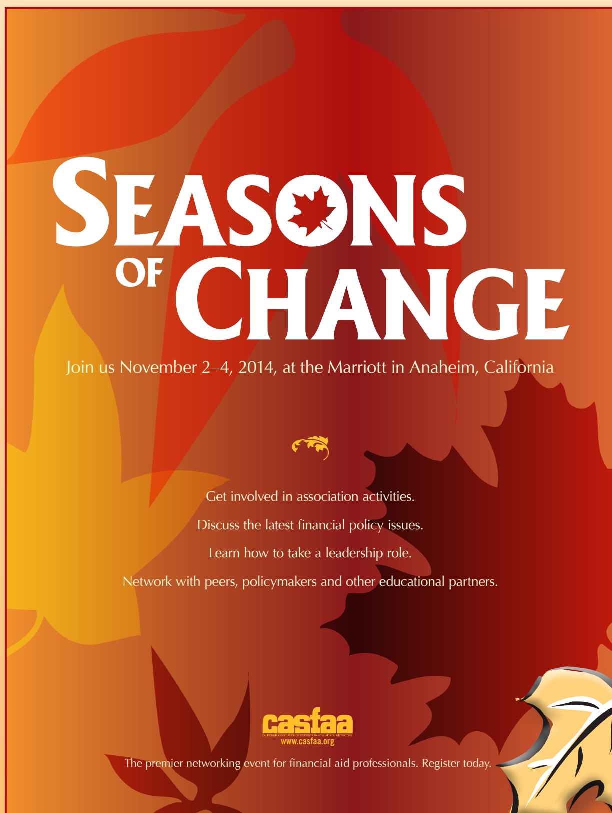
As CASFAA continues to grow and invest in activities such as Day at the Capital, we need to ensure that our fiscal infrastructure is both transparent and sound. We are fortunate to have our very own version of the 'dynamic duo' in Treasurer Lindsay Crowell and Treasurer-Elect Daniel Reed – they have both already put in countless hours of training and preparation and I know that with their fiscal leadership, members can rest confident in the fact that your fees are being spent appropriately and effectively. We were able to double our number of scholarship winners for the 2013 conference and are looking ahead to offer other similar opportunities to our members in 2014 – keep your eyes on the newsletter and our social media feeds for more details this year!

Looking even further ahead, I can't wait to see who among you will step forward and accept a nomination to run for 2015. With Sunshine Garcia, our President-Elect, already taking an active role in shaping direction for this year, I know that anyone lucky enough to be elected to serve on her council next year will not only gain valuable experience but the opportunity for personal and professional development, certainly a boon to any school's financial aid office willing to support and encourage this volunteer endeavor. Ask Melissa Moser, our Past President or Denise Pena (Secretary) or Tom Le (Access and Diversity Representative) how their time on last year's council has helped them develop and grow and prepare for 2014 – I'm sure they have some helpful words for anyone not quite sure if they're ready to take the plunge!

When I accepted the gavel in San Francisco this past December, I ended my remarks with Gandhi's oft-repeated but still powerful words: Be the change that you wish to see in the world. As your President this year, I'm asking all of you to help me effectively manage the change we see so often in our industry, to meet it enthusiastically and productively. Seasons of Change isn't just our 2014 conference theme, it is our reality as financial aid administrators.

Thank you for your continued support of the organization – I promise I will do my very best this year to continue to lead CASFAA in a positive direction and welcome any and all feedback.

And because it's never too early – make sure you mark the change in conference dates on your calendar.



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VOLUME XXXI, Issue 1

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?

American Student Assistance/SALT is pleased to announce that **Carmen Dominguez** has joined us as a Regional Account Executive, serving the Southern California market as well as other western states. Carmen brings over 28 years of experience to ASA and will be a valuable addition to our team.! You may contact Carmen at cdominguez@asa.org or 602-904-2710.

The University of San Diego Financial Aid Office was saddened to learn of the death of **Herbert E. Whyte**, who served as USD's Director of Financial Aid from 1976 until he retired in 1989. Mr. Whyte passed away on Thursday, January 23, 2014. He is survived by his wife Geraldine (Gerry) Whyte, 4 children, 10 grandchildren, and 17 great-grandchildren.

Herb was also a decorated veteran who graduated from the US Naval Academy in 1946. He was an aviator who flew in both Korea and Vietnam. Throughout his time at USD, Mr. Whyte was dedicated to serving students who needed financial aid to attend USD. He was respected by his financial aid colleagues.

Radius Educational Services is pleased to welcome a new member to our management team! **Misty Myre**, formerly the Director of Default Prevention at Apollo Group, joined us at the beginning of February. Her tenure at University of Phoenix enabled her to work closely with a large number of people in our industry and we are excited to leverage her experience and fantastic energy in our rapidly expanding CDR management and Gainful Employment solutions. She completely redesigned the current default prevention process at University of Phoenix, drastically reducing the number of defaults and saving millions in the process.

Save the Date

CASFAA Conference 2014
November 2-4, 2014
Anaheim, CA

Committee Updates

Graduate Professional Update

Lina Bojorquez
Grad/Prof Member at Large

Welcome to 2014!

My name is Lina Bojorquez, and I'm the Assistant Director of Financial Aid at Southwestern Law School. I'll be your 2014 Grad/Professional Member at Large Rep. As the New Year just begun, it's a great honor to have been chosen and serve on the 2014 CASFAA Executive Council. I was happy to see many colleagues at the Graduate and Professional Pre-Conference event as well as at the Graduate and Professional Update/Town Hall breakfast during the 2013 CASFAA conference. I look forward to seeing many of you again at the Graduate and Professional events at this year's conference in November.

As a first time volunteer on the CASFAA Conference Committee and a member of the Board, I commit to survey and obtain from the graduate/professional membership of CASFAA any and all important information on the numerous financial aid issues and concerns that we may be encountering and bring them to the CASFAA leadership for discussion and for further action. There are no limits to what is available within our profession and through the work of CASFAA, as we have committed members whose goals and vision are to improve the students' financial aid experience.

Additionally, I welcome volunteers to serve on the GP Committee. Now is your chance! This will be a great opportunity to build your professional development, network with your peers and to serve the organization and the members at large! Communication is important to have with our leadership as well as among our members. By getting involved and networking as a group we can help each other grow, share ideas and experiences.

Please contact me to share your views on what you think is essential for CASFAA and for the GP sector. My email address is lbojorquez@swlaw.edu and my phone number is (213) 738-6719.

I look forward to working with you. Here's to a great year.

Access & Diversity Update

Tom Le
Access & Diversity Member at Large

Greetings my fellow colleagues and CASFAA Members! I had a fantastic year serving you on the Executive Council for the first time last year and want to extend my gratitude and appreciation for allowing me to continue in the work in my new role as your Access & Diversity Member-at-Large.

One of my goals for the year is to keep the membership active and involved. I sent a call to the membership for volunteers and happy to report that 30 of you across all segments responded to serve on my committee. Yea!! And thanks!! I am excited to see this new surge of energy and participation! I look forward to mentoring my committee to be the next generation to serve on Executive Council. As I enter my 15th year in financial aid, and I have a long way to go before I retire, that it's important for us to support our young aid administrators in their professional endeavors so they may continue to support the efforts and legacy of CASFAA.

The committee sent a survey to the membership earlier this year asking for your feedback on the issues/concerns you wanted us to address and the training activities you wanted us to provide. The wealth of information received in your responses has been a tremendous asset with guiding us in crafting our goals and objectives for the year. Thank you for those of you that have taken the time to respond!! The committee is hard at work!

So be on the lookout for some exciting training opportunities! We promise to keep you informed on current industry and new innovative best practices on both the state and national level. We also look forward to planning fun activities at the CASFAA Conference this November!

If there's anything you need, you may contact me directly via email at thle@cci.edu.

Committee Update

UC Segmental Update

Annie Osborne
UC Segmental Representative

I am honored and eager to serve as the UC Segmental Representative for CASFAA for 2013-14. Daniel Roddick, Financial Aid Director at UC Berkeley's HAAS School of Business, served our constituents expertly in 2012-13. He organized and advocated tirelessly to bring back the UC Breakfast during CASFAA, which was attended by well over 40 UC campus-wide financial aid representatives at the CASFAA annual convention held in San Francisco. Congratulations to UCLA who sent a whopping seven (7) undergraduate and graduate representatives from their fine institution! What **awesome** representation!

This past year's CASFAA convention was focused on increasing the variety and amount of graduate/professional school sessions offered. Indeed, at least one session was offered during ***every*** breakout session. On Monday morning, a Graduate and Professional Breakfast and Town Hall meeting was held with Linda Bisesi (Financial Aid Director at UC Hastings) moderating Justin Draeger, NASFAA President, and Jeff Baker, U.S. Department of Education. This was a unique opportunity (and intimate environment) which provided all attendees a venue to ask questions, voice concerns, and get answers and feedback directly from Justin and Jeff.

One of my goals for 2013-14 is to increase our UC participation/membership in CASFAA. As focused as CASFAA was last year on increasing the graduate/professional presence at the convention, this year we are focused on continuing to provide a plethora of sessions at the CASFAA convention in Anaheim that will especially be of benefit to all UC financial aid representatives. We will also be continuing the tradition by holding the **UC Segmental Breakfast** prior to the start of CASFAA's Conference. In order to make this inancial and personal commitment beneficial for you, please email me (annie.osborne@ucsf.edu) with ideas for specific topic sessions. I also participate in UC's Financial Aid conference calls for undergraduate and graduate financial aid administrators so you are welcome to offer suggestions during those calls as well. Again, I want to make certain you are spending your time (and money) wisely and that attending this conference is of **GREAT** benefit to you and your staff.

Remember, last year's conference was held 1-2 weeks before the holidays. This year's convention will be held on November 2-4, 2014 in Anaheim which will give you ***plenty*** of time to shop for the holidays! In the meantime, ***I look forward to reaching out and hearing from you!***

SHOW US!

What's new at your school?
Has your office participated in any exciting events lately?
Gone to any trainings or events?

We want to see!
Submit your pictures and stories to Kerri…
Khelfrick@cci.edu

Committee Update

CSU Segmental Update

Mason White
CSU Segmental Representative

Hello CASFAA members! I am excited and enthusiastic to be the 2014 CSU Segmental Representative! I serve you from the CSU, Chico campus. Let me introduce myself. I have worked in financial aid for over 14 years with time served at both the CSU and Simpson University. I started off as a work-study student and fell in love with the role, purpose and mission of financial aid. Thank you for giving me this opportunity to serve you. The 2014 year is starting off with a bang! Where does the time go? As your Segmental Rep, I'm on the Conference Program Committee and we are already working to create amazing sessions and speakers for the 2014 Conference. As a Federal Issues and State Issues Committee member, we will do our best to keep you informed and call you to action if needed. We have the Day at the Capitol in early March. This gives us the opportunity to visit and speak with staff and/or legislators at the Capitol. I will be letting you know of any bills that are being tracked in the Legislature related to the CSU.

Here is some brief info for 2014-2015:

New for 2014-2015: Middle Class Scholarship
New, Transfer, and Returning undergraduate students at a CSU with a family income of up to $150,000 may be eligible for the MCS. Apply for financial aid by the March 2, 2014 deadline (www.fafsa.ed.gov). AB 540 students may also qualify and should file their Dream application (www.caldreamact.org). The Middle Class Scholarship will be phased in over a four year period, which scholarships increasing as more money is made available: 14% of total fees will be awarded in 2014-15; 20% of total fees will be awarded in 2015-16; 30% of total fees will be awarded in 2016-17; and 40% of total fees will be awarded in 2017-18 and going forward (full implementation). For more information on the MCS, visit www.csac.ca.gov

Interesting facts about the CSU 14/15 Admission applications:

*** Undergrad applications for Fall 2014 were the largest ever, topping 760,000.**

*** About 284,000 individual applications, many of whom applied to more than one campus.**

I am here to serve the CSU members. If there is anything that you would like to have brought to the attention of the CASFAA Executive Council or have any questions, please let me know!

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

Independent Segmental Update

Eileen Scully Brzozowski
Independent Segmental Representative

Welcome to the beginning of a new CASFAA year! As your Independent Segmental Representative, I look forward to representing California's independent nonprofit colleges and universities in 2014.

2014 Goals

The primary goal of the committee this year is membership engagement. We are seeking to connect with you to learn what makes a CASFAA membership valuable to you. Tentative plans are underway to repeat the summer training on Institutional Methodology that received rave reviews in 2012. There is also a possibility of hosting an independent segment breakfast at the conference in Anaheim in November if there is enough interest, so please let me know if you would like to see this happen!

Financial Aid in the News

A recent news item of particular interest to the independent segment is the letter from a Maryland Congressman to Secretary of Education Arne Duncan alleging that some colleges are presenting potentially misleading information about the federal financial aid application process and not clearly distinguishing the difference between applying for federal aid versus institutional aid. While the story is still developing, it should provide motivation for all financial aid offices to closely examine the clarity and transparency of their application instructions and communications with current and prospective students.

Legislative Highlight

Following two years of reductions, the Cal Grant funding level for independent schools continues to be an item of interest within the segment. The Association of Independent California Colleges and Universities (AICCU) is sponsoring Assembly Bill 1318, authored by Assembly member Susan Bonilla, which seeks to reestablish a formula for a maximum Cal Grant award. The bill is currently in the Senate Education Committee, where amendments are likely to take place prior to the bill moving forward later this spring. In addition to CASFAA's Day at the Capitol on Tuesday, March 4, AICCU will hold a similar event on Tuesday, March 11.

As your Independent Segmental Representative, I look forward to hearing from you this year! You may contact me at (213) 740-4644 or emscully@usc.edu to express an interest in volunteering on the committee or to share comments, concerns, or questions.

What's a CASFAA?
Why are they congregating in Anaheim?
I think I better grab Mickey and see what this is all about...

Join us...
November 2-4, 2014 Anaheim Marriott

Committee Update

Proprietary Segmental Update

Emily Valdovinos
Proprietary Segmental Representative

Hello Colleagues and CASFAA members, Welcome to a new year! I am excited and honored to be your Proprietary Segmental Representative for 2014.

Initially, I started out as a Federal Work Study student in the Financial Aid office a few months later I was hired as a Financial Aid Officer. Currently I am the Director of Financial Aid at the Institute of Technology in Clovis, California. It has been over ten years since I this all began for me.

Over the years I have found that in order to be successful it is very important to stay connected with others who work in Financial Aid. I have been a CASFAA member for many years and a few years ago at a CASFAA conference I was talking to an old supervisor, (someone I consider my mentor) and she told me to get more involved and that it would be good experience if anything else. I am glad I took her advice because it has been a great experience.

With all the changes that happen in Financial Aid and some that are specific to our sector we need to stay connected.

There are many ways to stay connected:

- Be a part of a committee, you can give feedback and help plan for the year ahead. In the process you also can learn something new.
- If you don't think you have time to volunteer for a committee, think about volunteering at the CASFAA Conference for at least one thing.
- When training is available, participate. It is good to hear about change in a group setting. Someone may ask a question that you may have not initially thought of that may help you learn something new.

I just want to acknowledge that Thomas D. Le did an amazing job last year with our sector and I would like to follow suit. You may contact me directly at (559) 326-1777 or email evaldovinos@iot.edu to volunteer and/or share ideas. ***I appreciate your feedback and look forward to getting connected with all of you!***

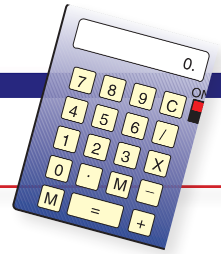
History of CASFAA

Do you know how this organization started? According to our bylaws and policies and procedures, the first formal mention of a California State Financial Aid Organization was in September 1971, when an ad hoc committee met at the Huntington Hotel in Pasadena. This group included Robert Huff of Stanford University, Gene Miller of Pasadena City College, Frank Schneider of the University of Santa Clara, and Donald Ryan of San Jose State University. Upon their recommendation, a follow-up meeting was held at the WASFAA Conference in San Diego in 1972. Pioneers emerged, with Sumner Gambee of the California State Universities and Colleges leading the nominating committee to recommend a slate of officers for the proposed association, and Robert Huff of Stanford University chairing a committee to develop the constitution.

Once an executive council was formed, the first Association meeting convened at Stanford University on June 9, 1972. 177 financial aid administrators in the state of California responded to their call, becoming CASFAA's charter members. Don Ryan of San Jose State University chaired the committee for the first annual conference, held in Monterey, in November of 1972. A total of 170 members registered for the conference.

We have come a long way from these humble beginnings, with membership hovering around 1000 and conference attendance at 700-900 on average. But I hope that we do stay true to the initial intent of the organization: to provide training and resources to Financial Aid Professionals, to give opportunities for Association involvement and advocacy, and to prepare future financial aid leaders. As we continue to strive for these noble goals, I am proud to be part of CASFAA's rich heritage and strong future!

Understanding Interest for Students



Sun Ow
Senior Marketing Associate
Great lakes Educational Loan Services, Inc.

Interest is the cost of borrowing money. It begins to accrue, or add up when loan disbursements are made or credit is issued. Be it interest earned on a personal savings or checking account or interest accruing on federal student loans, private student loans, personal loans, or credit cards, it's important for students to understand interest, how it affects them, and how to stay on top of it. The following are some tips you can offer students on how to use credit in the most advantageous way.

What Do the Terms Mean?

Understanding the definitions of common interest-related terms is important. The most commonly used terms are principal, interest rate, and capitalization.

- Principal: The actual amount of money borrowed.
- Interest Rate: The amount charged by a lender to a borrower for the use of assets, expressed as a percentage of the principal.
- Capitalization: Any unpaid interest added to the principal. Unpaid interest is often interest that accrues during times when payments are postponed, (e.g., grace periods, forbearances, or deferments). Capitalization of interest can occur at the time a loan enters repayment for the first time or after a temporary suspension of payments.

How Does it All Work?

The amount of interest that will be paid depends on:

- The amount of money borrowed (i.e., the principal).
- The rate at which interest is charged (i.e., the interest rate).
- Whether the government pays the interest during periods of in-school enrollment or deferment.
- The length of time taken to repay the loan.

How to Reduce Interest Paid

There are ways to reduce the amount of interest to be repaid.

- Make payments when not required (e.g., during in-school, deferment, or periods that postpone payments). Doing this can avoid interest capitalization, which reduces the overall amount to be repaid.
- Enroll in Auto Pay, which often times reduces the interest rate charged.
- Pay more than the minimum monthly payment. Doing this may cover the accrued interest amount, and directly reduce the principal balance.

How to Calculate Interest

The amount of interest that accrues (accumulates) on loans from month to month is determined by a simple daily interest formula. This formula consists of multiplying the loan balance by the number of days since the last payment, times the interest rate factor.

Visit the Financial Student Aid (FSA) website to learn more about how interest is calculated.

Interest Rates

It's important to keep finances healthy for many reasons. Bad credit can have a negative effect on interest rates charged on loans and/or credit cards. For example, if a lender checks a potential borrower's credit report and finds the borrower has a record of missing payments, that lender may decide to deny credit for the customer or charge a higher interest rate for the loan than they would for a customer who has a clean credit report. A credit history in good shape can save money by allowing borrowing at lower interest rates.

How to Stay on Top of Interest

The best ways to keep interest charges from getting out of control are to:

- Keep overall healthy finances reflected in credit ratings to ensure interest rates on loans and/or credit cards will be low.
- Pay more than just minimum payments each month so those payments go toward the principal of a loan and not just the interest every month.

Interest that Helps

There is also interest that actually adds revenue to an account. Most financial institutions pay interest on accounts like certificates of deposits (CDs), checking accounts, money market accounts, and other types of savings accounts. The basic concept is the same—the interest rate applies to the principal—but in this case, the accrued interest is added to the overall amount of your savings (versus being added to the overall amount of a loan that must be repaid).

Interest paid on certain types of loans (e.g., student loans and mortgages) is often tax deductible. Students can always talk to a tax consultant to learn how to make interest paid on student loans benefit them.

Financial Literacy Month - A Catalyst for Change

Javier Labrador
ECMC

It's a long-accepted fact that financial ignorance can lead to irresponsible spending, dangerous debt levels, and high amounts of stress that can damage and impede an individual's future and—in the case of students—deprive them of the hope of finishing college. And yet, as administrators and champions of a student's success, we have the answer. It is education through financial literacy; delivered simply and consistently. Stating that Financial Literacy Month (FLM), in April, can be a catalyst for change is a strong statement. Simply declaring a month dedicated to this subject will not create change, yet it will provide you the opportunity to effect change in your current or future financial literacy program.

According to a report by The Institute for College Access and Success' Project on Student Debt, the average debt load for the class of 2012 was $29,400. In 2007, the average debt load was $19,400. This coincides with an increase in tuition and fees at colleges across the country and a decrease in families' incomes.

A study by *Arizona Pathways to Life Success for University Students (APLUS)* revealed:

- College students who are exposed to cumulative financial education show an increase in financial knowledge, which in turn drives increasingly responsible financial behavior as they graduate.
- Researchers documented a "snowball effect" that these early efforts exponentially increase the likelihood that students will pursue more financial education as time goes on, including informal learning through books, magazines and seminars.

I believe you understand the value of financial literacy and the impact it can have on the lives of the students you serve. As administrators who may oversee this area for your schools, you are a voice for students to receive financial literacy, yet not everyone may share in your enthusiasm. FLM provides you an opportunity to establish financial literacy initiatives, campaigns, and programs while garnering increased support to bring about future change to this vital area. Some of the benefits of FLM are:

- Increased awareness of the value of financial literacy with students, faculty and staff.
- Increased exposure of your current efforts.
- Increase the support you receive and collaboration efforts with other departments.

Practically speaking, how can FLM bring about change? Consider taking and implementing these simple ideas:

1. Partner with local or state events—Within your community, city and state you will find events geared towards FLM; join these events or piggyback off their efforts and invite the community to yours.

2. Here's your sign! Create a culture of financial literacy one sign at a time—I know one school that launched a lawn sign campaign and placed lawn signs around campus with quotes, pictures and slogans to promote financial literacy.

3. Go BIG on April 1—Start the month off right with a party, gathering or event. Make it fun, but use it to announce your financial literacy campaign for the entire year!

4. Have a thrift store fashion show—This is a great idea that many schools have implemented with much success. Teach your students how to budget and still look good. Set a cap on amount spent, send the students to local thrift stores to purchase an outfit, throw a fashion show to showcase their creativity and choose a winner!

5. Form a FLM committee—Develop a committee of students, staff and faculty. This committee will partner with you to develop and plan events and initiatives to launch in April. Don't do it alone—you have a wealth of resources around you.

These are examples of how you can begin to create awareness for financial literacy, but they are just a start. One idea, applied, can be the foundation from which you build from, so don't take the mentality, "Let's just get this done." See every idea as a launching point for educating students in unique ways for the remainder of the year.

Yes, FLM can be a catalyst to change, but not without your efforts. We can have the best intentions and desire change, yet the best intentions won't impact the lives and futures of the students—actions will. Regardless of budget, time or support, you can start this April with one step, one action, one initiative—the key is to start, no matter how small.

Financial Literacy Month + You = A Catalyst for Change… what will you do?

Student Loan System Needs an Overhaul

Balaji Rajan
President & CEO, Ceannate Corp.

We need new ideas to fix the broken student loan system.

Student debt now totals more than $1 trillion, and students are borrowing some $113 billion a year. With this year's college graduates owing $32,500 on average, these debts threaten to be dead weights on their financial futures.

The nation is moving toward a mobile information and transaction paradigm, with purchases and payments online. Students bank electronically, shop electronically and study electronically. They should be able to repay their loans electronically, especially the large percentage of borrowers who are non-banked or under-banked.

The Obama administration is starting to make student loans more transparent and repayment more affordable. The new online "scorecard" measures colleges based on tuition, graduation rates, debt levels and graduates' earnings. The Department of Education is reaching out to struggling borrowers, informing them of their options. The Consumer Financial Protection Bureau is scrutinizing the largest loan servicers. And Congress is holding hearings on the student debt crisis.

Still, we need to do more to consumerize and democratize student lending practices. As the founder of a company that has helped more than 2 million current and former students to avoid delinquency and default, and talks to students daily about their financial situations – and as a parent who has put children through colleg – I have offered federal policymakers new ideas that are Web based, user friendly and money saving.

The entire system must stress servicing student loans from origination and not begin when students begin repayment. Representatives of all the stakeholders – students, recent graduates, adult learners, colleges and universities, bankers, loan servicers and federal agencies – should devise a brand-new system that works.

In that spirit, I suggest six initiatives:

First, help all students, including the non-banked, repay their loans. Every student loan holder, even those without adequate banking services, should benefit from new repayment methods. The federal government should let every student use the Treasury Department's Pay.gov portal, at no cost. If this is not possible, the private sector should be encouraged to provide payment portals directly to the servicers. Multiple access points provide better services. This will help students make payments at any time during their school years and after graduating. Let's also provide a portal for parents to help repay loans on behalf of their children.

Second, let the non-banked share in interest discounts. Currently, only borrowers who make six consecutive loan repayments electronically through Department-approved federal servicers receive a quarter-point discount. Students and graduates without bank accounts who use money orders to repay their loans, or those who use their own financial institutions to make payments, should share in this discount.

Third, lower interest rates by letting students "Keep the Change." Let's create a student checking account "Transfer the Change" program through banks and other financial depository institutions. With the account holder's consent, purchases would be rounded to the nearest dollar. The accumulated difference would be applied directly to the student's federal student loan account on a monthly basis. This would reduce the balances that students must repay, with interest, for years to come.

Fourth, encourage smart spending through an FSA debit card. Loans covering education costs, such as tuition and textbooks, should have lower interest rates than loans covering other expenses. Federal Student Aid (FSA) should issue a debit card to students through their schools or any U.S. bank for tuition and other education-related expenses as a lump sum to the college. But the extra amount for other expenses would be disbursed monthly, like a paycheck, and, similar to other federal assistance programs, will automatically exclude the purchase of luxuries, alcohol and tobacco, and limit cash withdrawals.

Fifth, streamline student repayment. Students in school with loans have a hard time making payments on their loans. Those in repayment are required to go through servicers and other entities, now numbering more than 20. The FSA should provide an electronic mechanism for loan holders to sign up voluntarily and make payments through payroll deductions. This, too, will help the non-banked avoid unnecessary fees for money orders and mailing costs. It is also less costly for the department to process electronic payments than paper checks.

Lastly, is "*Just-in-time financial education.*" Just as high school students are offered college counseling, they need financial education about bank accounts, credit cards and auto loans, as well as earning, saving, spending and borrowing. Students consume information when they need it on the Web. Financial education for post-secondary loans should be "just in time," not limited to entrance and exit counseling, videos and printed brochures.

Student debts can hobble graduates for the rest of their lives, making it more difficult to get new and better jobs, form families and own homes. Fixing the student loan system is an investment in their futures — and America's.

samsforstudents.com

"The right thing at the wrong time is the wrong thing" Joshua Harris

SKIP-TRACING – Timing IS everything

This article focuses on the importance of timing in skip tracing – particularly in the higher education arena. Once a student graduates and their grace period begins, it's more important than ever, especially in today's climate of Cohort Default Rates and Gainful Employment, to maintain a pulse on our student's whereabouts.

***WHAT** percentage of your students become SKIPS?*

***WHEN** do you begin the SKIP trace process?*

***HOW** do you SKIP?*

*If you've implemented a Student Outreach/Grace Period Management program (internally or outsourced), and are finding a high percentage of skips – it's important to locate these students **at that time**.*

To take a pro-active, rather than reactive approach.

Our motto at Student Account Management Services (SAMS for Students!) is:

"We can't help them until we find them"

When we determine the student to be a SKIP during Grace Period, we have a 3 tiered waterfall approach to locate students.

Let's talk SKIP tracing 101:

There are generally 3 types of SKIPS:

1. *UNINTENTIONAL – not trying to hide*
2. *INTENTIONAL – trying to hide from you and/or others*
3. *FRAUDULENT – hiding from everyone!*

UNINTENTIONAL:

- *Relocated – moved, new job, etc.*
- *Low on funds (unemployed)*
- *Living with family or friends (unemployed)*
- *Not aware of available options*

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Managing Your Cohort Default Rate:

Contacting Student Borrowers

Dave Macoubrie
Vice President of Repayment Solutions
Inceptia

Each February the U.S. Department of Education issues draft cohort default rates. For some this is good news as their hard work has been validated by a lower cohort default rate. However, for others this is the first time they may be concerned about the trajectory of their cohort default rate.

For those concerned, the following questions may come to mind:

- What am I going to do about it?
- Should I increase and/or enhance entrance and exit counseling?
- Would it be beneficial to offer financial education to my students, increasing their possibility of successful repayment?
- For both withdrawn and graduated borrowers, would calling them during their grace period reduce their delinquency and prevent default?
- For those that are already delinquent or at risk of becoming delinquent, what type of default prevention program should I put in place?

Budgets, campus-wide participation, staffing or other concerns may make it easier or more difficult to address some, all or none of these. However, if you're considering default prevention, what are your options?

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

If you've decided to perform default prevention, it's important to know what the road ahead looks like. Working with delinquent borrowers has its own unique set of challenges. When they first came to the school they were excited and eager to attend. Now they have left school through withdrawal or graduation. They may have forgotten about their student loans or may not even know they are delinquent; but if they do, they may be apprehensive to communicate out of fear, embarrassment, or other emotions. Each borrower's response is based on his or her unique individual experiences.

The first step is to locate the borrower. One of the first things many students do after leaving school is change addresses. Your ability to locate the student and speak with them has a direct impact on your ability to counsel students. As such, skip tracing is an important function of any default prevention effort. This can be done by calling references, online web searches, social media, or hiring a service. Each of these has pros and cons from cost to staff commitment. However, they are all necessary if you want to connect with students.

Determine your contact strategy and formulate a plan. Will you be mailing letters, sending emails or making phone calls? Once you decide on a contact strategy, make sure your letters, emails and scripts for phone calls are legally sound by consulting your legal counsel.

Before getting started, here are a few questions you might want to consider:

Who will perform this service on you campus?
If you are planning on having staff do this, there are secondary questions which should be answered:

- How many staff do I need to execute my strategy?
If you have a small portfolio, one person may be enough, but what do you do when that person is sick, on vacation or moves to a different department?
- The best hours to contact students may not be between 8 a.m. and 5 p.m. on weekdays. What hours will this person or staff work, and will it include weekends?
- How will I train the staff which will be calling?
To be effective, each counselor will need to be equipped to answer all repayment plan, deferment, forbearance, discharge, and forgiveness options.
- Does my staff have the proper skills?
Your staff must have good phone skills, be organized and be highly structured to ensure all letters, emails and calls are done according to your established contact strategy. Even if they have been working on the telephone

continued on next page

Managing Your Cohort Default Rate: (continued)

Contacting Student Borrowers

regularly, these will be different types of calls. The counselor will have to convince the borrower to talk with them and be able to motivate them to do something, all while abiding by all rules and regulations related to privacy.

Counselors can only provide information, but they can't solve the issue. As such, many vendors use a "warm transfer" process where you, the borrower and the servicer are on the line at the same time, and the servicer helps with the resolution before anyone hangs up. While this is more expensive and takes more time on the call, this effort creates a significant increase in the number of borrowers who complete the resolution agreement.

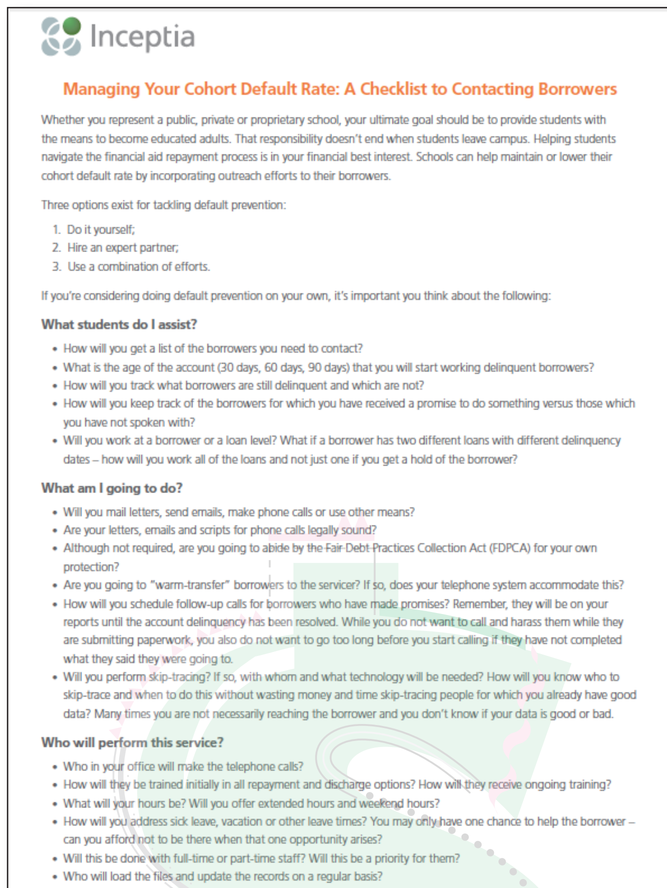
Quality control and continuous evaluation will help to prevent future liability. By recording all calls and randomly reviewing a percentage of selected calls, you can evaluate compliance. Many vendors use a form of batch tracking to track when accounts become delinquent and how many were resolved.

In addition, this system also tracks the history of conversations, letters sent and calls made. This can be done using a spreadsheet if you have a low number of borrowers. However, a more sophisticated system is needed if you have many borrowers.

As one might imagine, 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. These are just a few of the questions that should be considered:

- **Are their goals aligned with yours? In other words, are they incented to resolve delinquencies for the long term, and keep them current?**
- **Do they have experience working with delinquent borrowers?**
- **Do they have a reporting package that clearly and easily presents results?**
- **Do they have the ability to record calls and provide those recordings to you?**
- **What type of data security technology do they use? Are they FISMA compliant?**
- **Can you see what efforts are being done on a specific borrower?**
- Is there a limit to the number of attempts they make to resolve a borrower?
- Do they warm transfer calls to the servicer when they get the borrower on the line?

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. For a comprehensive checklist to contacting borrowers. click here. More information can be found at Inceptia.org.



Inceptia

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?

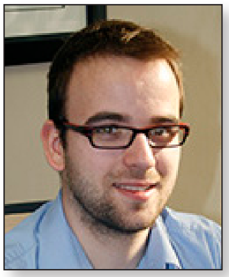
What am I going to do?

- 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?

Six Tips for Connecting with Millenials



Miran Saric
Inceptia Marketing Intern
and Graduate Student

When it comes to communicating with the millennial generation, you may be flooded with an abundance of communication channels that could simultaneously set you up for misunderstanding.

Because many millennials are at a key point in their lives—college and post-college years—it is critical to reach out to them in order to assist them in a period where many important financial decisions need to be made. Millennials themselves are often misunderstood and viewed as an age group that's difficult to connect and communicate with, but by taking the right steps to contact them you can develop a healthy and successful relationship.

Here are some suggestions to effectively reach millennials and start discussions on their finances and student loans.

Don't water down your message. Due to the instant messaging and 140-character-limit age we live in, one might be tempted to scale down their message to the bare minimum in order to grab millennials' attention. However, this is an ambitious and intelligent generation that appreciates intelligent discourse. As the Pew Research millennial study states, "Millennials are on course to become the most educated generation in American history, a trend driven largely by the demands of a modern knowledge-based economy, but most likely accelerated in recent years by the millions of 20-somethings enrolling in graduate schools, colleges or community colleges in part because they can't find a job." This is why discussions with them must be of intelligent nature.

Embrace social media. Reports vary in stats, but the majority state that at least 90 percent of millennials use social media and well over 50 percent use smartphones. This is a rich environment for fostering dialog that allows for two-way conversation and an opportunity to engage with your organization. Not only can you start a conversation, but by posting links and flexible content you give millennials the opportunity to further share your posts and increase your following and exposure.

Reach out at all hours of the day. Millennials are plugged-in 24/7 thanks to mobile technology and social media. If you have any updates, reminders and information to share, then schedule them on social media at all hours without any hesitation. However, be prepared to respond in a reasonable amount of time to keep the conversation going.

Don't overload this age group with information. You're not the only one who has social media available to them 24/7, so be aware that millennials' attention spans will be put to the test. If you feel that you're posting too much information, target individuals who need the most attention and instant message them. Nearly every social media platform allows for individual, private messages, so use them to your advantage.

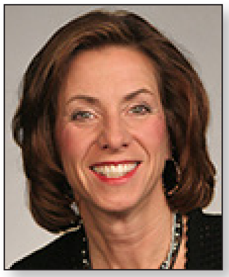
Interactive media is a must. Rather than telling millennials about the grace period process, for example, show them what to do through a short video. Include infographics as often as possible and photo sharing sites such as Instagram are booming in popularity. The best thing about interactive and rich content is that it's usually inexpensive to create and is easily shareable.

Remember millennials are career and future-oriented. When reaching out to them, seek to aid them, show them how your program or services cannot only help them in the immediate sense but also how it can set them up for future successes. Focus on the gratification aspect of your relationship and what you can do for them.

When reaching out to millennials to discuss finances and financial educations, do not be afraid to use all methods available. Millennials are receptive to communication as long as you employ their preferred methods and in a manner in which they'll appreciate. For more research on this generation, visit the Pew Research Millennial Generation research center. It's slightly dated but still provides excellent data on this generation.

For more information about grace counseling outreach and financial education, visit Inceptia.org.

Grace Period Counseling



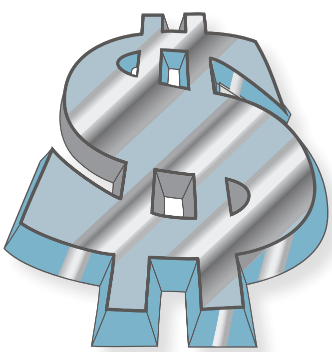
Use Grace Period Counseling to Reinforce Education Value

Pam Beckmann
Inceptia Director of Customer Service

"Is college worth all that debt when I probably won't find a job anyway?"

These words could be echoing the halls of high schools across the country. Student loan debt. Graduate unemployment. The media hasn't been kind to higher education lately.

Despite the statistics quoted in news stories, a college education is still a sound investment. Unfortunately the economic downturn has impacted recent college graduates who are experiencing 8.9 percent unemployment. But according to a 2013 study by the Center for Education and the Workforce, unemployment rates are even higher for job seekers with a recent high school diploma at 22.9 percent, and devastating for high school dropouts at 31.5 percent. Plus, the potential for earnings are far greater for college graduates as detailed in Education Pays by the CollegeBoard.



When a family considers investing in a college education, often their decision hinges on who will provide the best value for their future college student. In addition to quality of academics, living arrangements, payment options and placement opportunities, a family wants to know how an institution will nurture their student throughout his or her tenure.

Grace period counseling is one way to demonstrate you care about the success of your students. This low cost program has a high rate of return for students' peace of mind. Even if you have a low cohort default rate, prospective students and families will be impressed with your level of commitment to student success.

Often overlooked, grace period counseling fills the gap between exit counseling and the borrower's first student loan payment. Although graduates and withdrawn students learn about repayment options during exit counseling, grace period

counseling reinforces accurate communication during a time of uncertainty.

By having highly trained counselors reach out to the students who graduate or are no longer enrolled at least half time, you can prevent potential issues that may come up during this crucial period. Their grace period is the perfect opportunity to help them understand their:

- student loan status
- repayment start date
- repayment options
- rights and responsibilities

Plus, grace period counselors can answer repayment questions and direct them to resources like NSLDS. When considering a grace counseling outreach service, be sure they are up to date on regulations and abide by the Fair Debt Collection Practices Act (FDCPA) for your own protection.

No matter what the media says, a college degree still delivers a lifetime of value. By offering grace period counseling, you're adding one more benefit that you can promote to future students and families. Grace period counseling can be that final, caring touch point that reassures students on how to navigate the repayment process as they transition from your institution to their future careers.

For more information about grace counseling outreach, visit Inceptia.org.