casfaa
California Association of Student Financial Aid Administrators

CASFAA eNews

May/June
volume XXVIII, issue 4

Bringing timely and pertinent information straight to your inbox

* Wondering why this is coming to you via email only? As a cost-saving measure, the Executive Counsel decided to reduce the expensive bi-monthly printed newsletters to three per year, supplemented with these electronic updates. We hope that you continue to enjoy six complete issues each year!

Inside this issue:

Mariana Deeken

It is with great sadness that we commemorate the passing of our beloved Marianna Deeken. Many of us benefitted greatly from her training through the years and especially the years when she did "double duty" as both the Region 9 and Region 10 trainer. She served on both the CASFAA Executive Council and the WASFAA Executive Council for many years to bring us up-to-date on what was happening at the Department.

Marianna was dedicated to serving the financial aid community and she will be greatly missed. In 2002, she was awarded the CASFAA Distinguished Service Award for all that she did for our community. She was the type of trainer who gave out her direct-line phone number so we could ask "quick" questions in a safe environment. We will always remember the gentle way she straightened us out—never accusatory—always helpful. Our favorite quotes from her are: "it depends," and "don't kill the messenger." She had a wonderful sense of humor and her knowledge of the regulations was awesome.

Unfortunately for us, Marianna was camera-shy so we had to really hunt for a picture. Frank Green from the Hawaii Association (PACFAA) was gracious to share one he found with us.

We will all miss Marianna.

Key Questions for Assessing Your School's Default Aversion Program

Amy Kasper
TG Regional Account Executive

"In light of today's economic and student aid realities, having an effective default aversion program has never been more important."

Financial aid professionals are passionate about their work because they believe in helping students gain access to a brighter future through higher education. They also know a higher education costs money, and most students would have no chance at getting a college education without financial support.

At the same time, financial aid professionals are acutely aware of the consequences when student loan borrowers fail to meet their repayment obligations after they leave school. Unfortunately, today's circumstances have intensified this issue. A strained economy and diminished job prospects for students have led to increased cohort default rates (CDRs) across the nation. The transition to a 3-year calculation will cause rates to spike even further, with tough penalties for schools with high CDRs.

In light of today's economic and student aid realities, having an effective default aversion program has never been more important. Other than through CDRs, however, how can schools assess their default aversion activities? The questions below represent a good start. Use this quick check to help you determine your program's strengths and weaknesses — and where to focus improvement efforts in the future.

Does your school have an interdepartmental default aversion committee charged with reviewing and revising your school's default aversion plan?
Since student loan default and high CDRs affect the entire school, not just the financial aid office, it's important to involve the entire school in the solution. Doing so not only gains buy-in for your school's default management efforts from areas essential to their success, but also gathers a wider range of ideas and strategies than relying on what just one office would produce.

If your school lacks a default aversion committee with representation from across your campus, work to create one by reaching out to as many student-affecting areas as possible — including the registrar's office, bursar's office, admissions office, enrollment management office, career placement office, and faculty members.

Once your team is formed, make explicit the ramifications of default and build consensus on an approach to helping borrowers succeed in repayment. From this consensus, your team can oversee the creation or enhancement of a concerted default aversion plan. Finally, ensure the plan's relevance and effectiveness by instituting a regular review and revision period, preferably every one to two years.

Does your school have an interdepartmental enrollment management committee that addresses the effects of financial literacy, debt management, and student retention on default rates?
As we all know, degree completion has a significant impact on a student's likelihood to repay student loans successfully. For this reason, a school's enrollment management plan — and especially the component of that plan focused on student retention — plays a major part in the school's default aversion strategy.

Just as with default aversion, student retention is a campus-wide responsibility. It is, therefore, in the best interest of the institution to focus on satisfactory academic progress and timely degree completion while equipping students with the skills to manage the financial obligations they incur during and after school. Doing so will increase their chances of leaving school with a degree in hand and avoid defaulting on their loans.

Has your school established achievable short-term and challenging long-term goals to lower your school's CDR?
The CDR is an easily understood measure signifying how well your students are handling repayment. By lowering it, you will be helping more students repay their loans successfully, thus avoiding the unpleasant consequences of default.

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Key Questions for Assessing Your School's Default Aversion Program

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Defining precise goals for lowering your CDR will help motivate your school to decisive action to meet those goals, as well as help you measure just how effective your program is. To accomplish this, be sure to set goals that meet the S.M.A.R.T. criteria: Specific, Measurable, Attainable, Relevant, and Time-bound.

To help accomplish these goals, consider assigning at least one person to focus primarily on your school's default aversion efforts, and training that individual in the details of CDRs, financial aid, and the consequences of default.

Does your school have personnel dedicated to contacting at-risk borrowers about their student loans during their grace period as well as borrowers who are delinquent on their student loans?

No matter how much effort you put into educating your borrowers while still in school, some will not manage to begin repaying their loans on time. For many of these borrowers, communication with the school may be enough to nudge them into a regular repayment pattern, whether because they don't fully understand their financial obligation, don't know how to start making payments or where they should go, or just haven't thought about it yet.

For this reason, having staff members assigned to contacting borrowers is a must for any school that wants to manage its default rate effectively.

Remember, however, that loan servicers and guarantors are required to communicate with borrowers as part of their due diligence activities. These communications by letter, email, and phone come at key times during delinquency and serve to underscore a borrower's repayment obligations. Be aware of these time frames and actions so that you can stagger, and echo, the message of repayment at other times. Finally, it's a good idea when contacting students, to avoid any tone of a collection agency.

Self-awareness is always the first step to improvement. By asking yourself these strategic questions, you will take strides to improve your school's default management efforts.

Learn more about CDRs and default prevention

For questions about default prevention, contact TG's Default Aversion team at defaultaversion@tgslc.org. Other helpful resources and tools on CDR-related topics are available through *TG Online*.

Amy Kasper is a regional account executive with TG serving schools in CASFAA. You can reach Amy at (800) 252-9743, ext. 6739, or by e-mail at amy.kasper@tgslc.org. Additional information about TG can be found online at www.tgslc.org.

State Issues Update

Craig Yamamoto
2011 CASFAA
State Issues Chair

"We believe this shift deviates from the historic principle of Cal Grants…prioritizing certain educational and career goals over assisting high need students."

The State Issues committee continues to monitor bills and the state budget. The Committee opposed SB 451 which seeks to shift Cal Grant C awards from occupational programs to target high wage, high need, and high growth areas. We believe this shift deviates from the historic principle of Cal Grants, namely, supporting student access and choice, and thereby places the California Student Aid Commission in the position of prioritizing certain educational and career goals over assisting high need students.

The Committee continues to monitor the State Budget and the release of the governor's May Revise, which makes adjustments to look at the current revenues. Many public educational systems and districts are preparing for an "all-cuts" budget and have been informing the public what those drastic cuts will mean to students through the media. It is not a pretty picture, and it is difficult to remain positive when the outlook appears so dim.

The Committee completed another successful "Day at the Capitol" event, once again partnering with CCCSFAAA. Day at the Capital, scheduled May 18th, featured representatives from CSAC, the state legislature, and higher education system wide offices or associations providing their perspective on the state budget and bills affecting higher education. The day concluded with visits to legislative offices to advocate for students and financial aid.

The Impact of Student Loans on Borrower Credit

Sun Ow
Senior Marketing Associate
Great Lakes Educational Loan

A good credit history is essential to a bright financial future. However, many students aren't aware of how student loan debt will affect their credit.

Here are some tips you can share on how to build a positive credit history with student loans:

- **Make every payment on time, until the loan is paid in full**. Even one missed payment can lower your credit score by as much as 125 points. A lower credit score will damage your ability to obtain credit or housing in the future, may mean higher interest rates on loans or credit cards, or could even take you out of the running for a job, as many employers check credit before hiring.
- **If you're having trouble making your student loan payments, contact your lender/ servicer right away**. You may qualify to lower your payment or for deferment or forbearance options that can postpone your payment without hurting your credit.
- **Don't apply for multiple private loans with multiple lenders at the same time.** If you do, several credit checks will be performed within a short period. Having these inquiries on your credit has the potential to lower your credit score.
- **Know when and how the loan will appear on your credit report.** Federal loans are reported to all major credit bureaus within 90 days and will be listed as educational loans. Private loans are reported within 30 days and may appear either as student loans or general unsecured consumer loans.
- **Maintain a healthy mix of credit types**. When combined with other types of credit, such as auto loans, well-managed student loans can improve your credit score. However, having more debt than you can comfortably repay is likely to hurt your credit.

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The Impact of Student Loans on Borrower Credit

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Students should be encouraged to access a free credit report once per year at www.annualcreditreport.com. Seeing their credit report can be a "reality check" about the effects of their financial actions. Also, remind student loan borrowers to make repayment easy by contacting their lender/servicer to choose an affordable payment plan and set up automatic payments.

By taking these steps, you can help student loan borrowers begin building a bright financial future.

Financial Tips to Help Your Students Avoid Freshman Mistakes

Amy Kasper
TG Regional Account Executive

Football rivalry games and all-night study sessions. Meeting new people and being exposed to new ideas. Learning more about who you are and choosing a future career.

When high school students think about what college life may be like, they often picture an exciting world full of opportunities to meet new friends, make great memories, and generally have a good time. They may also be eager to study in their chosen majors, learn from accomplished professors, and prepare for their professional lives after college. They may even daydream about the independence college brings — about making their own decisions free of parental supervision.

But they may not think about one of the most important aspects of college life, one that results directly from that independence: managing money and making financial decisions for themselves. Sadly, this lack of financial forethought often continues well into the college years, with unfortunate results. These results are predictable, but all too common. If you don't study, you get bad grades; if you don't budget, you lose money.

Help your students avoid this scenario. Here are some financial tips to help them avoid some common freshman financial mistakes and start college on a sound footing.

Avoid the credit card trap

Many credit card companies lure students with free gifts, but the T-shirts and pizza aren't worth the high interest rates and other fees. They also make it easy for students to spend more than they take in, getting them underwater financially before they even get their feet wet in a career.

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Financial Tips to Help Your Students Avoid Freshman Mistakes

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> **“The first rule of financial literacy is really very simple: if you can’t afford something, don’t buy it.”**

Budget before you buy
The first rule of financial literacy is really very simple: if you can’t afford something, don’t buy it. Having a budget — a plan for spending based on your income — allows you to follow this rule.

Avoid high roller syndrome
Many students live beyond their means, a habit encouraged by the hectic pace and intense social demands of college. Too busy to cook? Order a pizza! Going to a party? Buy a new outfit! Students often end up using student loan money and credit cards to finance these spending habits, but they have to pay up eventually. Students should consider getting in the habit of looking for less expensive options like cooking, shopping for clothes on sale or at less expensive stores, and buying used books. When the bills start coming in after graduation, they’ll be glad they did.

Manage your credit history
It’s never too early to start establishing a good credit history; credit scores affect students’ ability to rent an apartment, get car insurance, and even land the job they want after graduation. Paying bills on time and refraining from over-borrowing will help students keep their scores healthy.

Save now
Even if they have part-time jobs, most college students have modest incomes. Saving is often the furthest thing from their minds. But getting in the habit now — even if they save just a few dollars each month — will provide a rainy day fund for unforeseen needs. This will make it easier for them to save when they graduate and have a more substantial income. And the earlier students start saving, the more their money will grow over time.

Use of Professional Judgment

Frances Campbell
Director of Sales
SimpleTuition

Today an increasing number of students and families need special circumstance considerations. Parents have lost jobs, faced salary cuts, had changes in marital status, and many more issues. How do you, as an advisor, deal with the rising demands for special attention from students and their families?

The Department of Education gives financial aid officers flexibility when dealing with special circumstances through professional judgment (PJ), as long as each case is considered an exception and not the norm. Documentation is always key, but it’s equally important to understand your office’s process for reviewing such cases. Every school should ensure that their professional judgment policies identify:

- who has the authority to use PJ
- what are the appropriate circumstances
- when requests can be submitted
- what are the acceptable forms of documentation

It is essential to have open dialogues with families either through written correspondence, phone calls or in-person visits when granting revised financial aid packages. Even if you review families’ special circumstances, it may not necessarily affect the students’ eligibility for certain types of financial aid. You have a tough job, and it seems to be getting harder each year. With this in mind, having an opportunity to assist individual students and parents through difficult times is valuable for us all.

Policy Experts Examine Rules on Agreements Between Institutions

USA Funds Ask Policy[SM] experts offer guidance on some of the key provisions of the program integrity final regulations issued Oct. 29. For more information, contact USA Funds Ask Policy at askpolicy@usafunds.org, or visit USA Funds' Federal Regulations page.

Carole Ann Simpson
USA Funds Consultant

The recently issued program integrity final rules add provisions to govern written agreements between schools and between eligible schools and other educational organizations. The new rules are effective July 1, 2011. Agreements between two or more eligible schools commonly are referred to as consortium agreements. Agreements between eligible schools and ineligible schools or other organizations commonly are referred to as contractual agreements. The changes in the final rules impose additional requirements on the agreements themselves and create new disclosure requirements for schools engaged in either type of agreement.

Consortium agreements — eligible school with eligible school

Under new rules, if the agreement is between two or more schools that are owned or controlled by the same individual or entity, the school granting the degree or certificate must provide more than 50 percent of the program of study. There are no limits on the portion of the program of study that either school provides if the schools are not considered to be under common ownership. Public schools and private nonprofit schools are not considered to be "owned" by any entity.

Contractual agreements — eligible school with ineligible school or organization

An eligible school may enter into an agreement with an ineligible school or organization to provide a portion of students' programs of study, provided the ineligible entity did not:

- Have its program participation agreement terminated by the U.S. Department of Education or its application to participate in Title IV programs denied.
- Have its certification to participate in Title IV programs revoked or its application for recertification denied.
- Withdraw voluntarily from Title IV participation under a termination, show-cause or similar action taken by the school's accrediting or state licensing agency, or the Department.

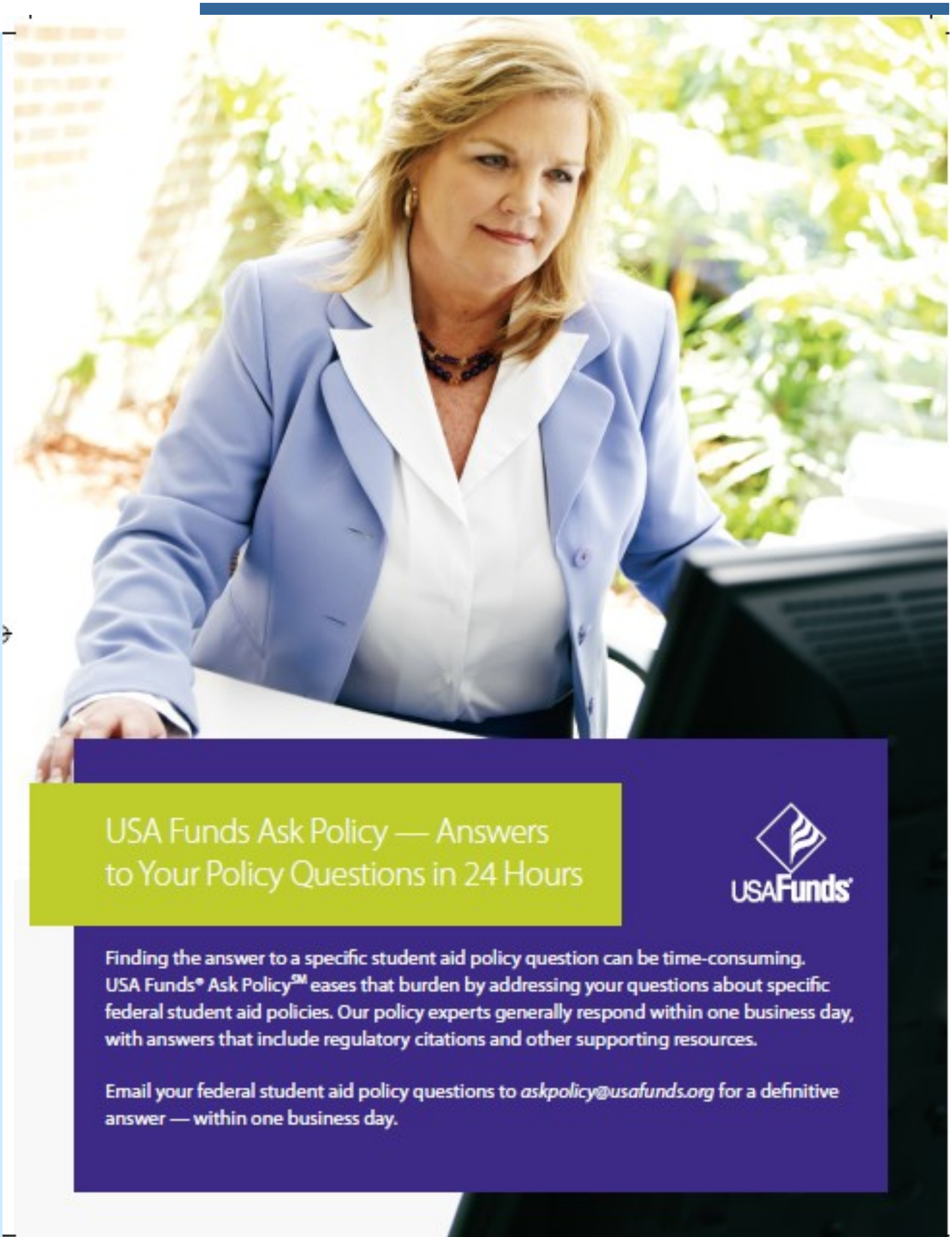
The ineligible school or organization may provide no more than 50 percent of the program of study.

New disclosure requirements

The school granting the degree or certificate must provide prospective and enrolled students with a description of the agreement between the schools that includes, at a minimum, all of the following:

- The name and location of the school(s) or organization(s) where the other portion of the program is offered.
- Information about the portion of the program that the home school does not provide.
- Estimated additional costs that students can expect to incur due to enrollment in a program of study offered under the agreement.
- A description of how the portion of the program not offered by the home school will be delivered.

Current rules require a school to provide to each prospective and enrolled student a copy of documents that describe the school's accreditation and approval or licensing. New rules, however, clarify that the school must provide a copy of documents that describe not only the school's accreditation, but also any applicable state, federal or tribal approval or licensing. The school also must provide to enrolled and prospective students contact information for filing complaints with the school's accrediting agency and any applicable state approval or licensing agency, or the agency that would manage students' complaints.


USA Funds Ask Policy — Answers to Your Policy Questions in 24 Hours
USA Funds
Finding the answer to a specific student aid policy question can be time-consuming. USA Funds® Ask Policy℠ eases that burden by addressing your questions about specific federal student aid policies. Our policy experts generally respond within one business day, with answers that include regulatory citations and other supporting resources.
Email your federal student aid policy questions to askpolicy@usafunds.org for a definitive answer — within one business day.

CLFE Corner

We are proud to recognize TG as a member of CLFE, and apologize for omitting TG from the list of fine organizations included in the previous CASFAA Newsletter.

As financial aid administrators, your expertise and insights are very important when it comes time to encourage students with funding shortfalls to look at multiple private loan options. Not only does your guidance save students and parent's time spent researching private loans, it gives families the opportunity to obtain the best private loan available.

Though many schools have steered away from providing a Preferred Lender List (PLL) for their students, there is still a wide array of private loan products and lenders in the marketplace. A private loan list should be considered an effective tool that streamlines the loan process for you and for your students rather than just a daunting task.

CLFE members make up over 50% of the lender community in CA, providing loan support tools, resources and private loan products to your campuses and students. Check out our re-designed and improved website www.clfe.org and click on the private loan tab for detailed information regarding the various resources available to support you in assisting your students on making informed decisions. Don't have the time or resources or know where to begin? Let CLFE organizations that support private loan services do all of the leg work for you. These organizations will keep you abreast of current private loan information, ensure that you're in compliance with all regulations and most importantly, give your students a great starting point.

CALIFORNIA LENDERS FOR EDUCATION
CLFE

CLFE Mission Statement
As a diverse coalition of industry participants, CLFE shall engage in activities that improve and preserve the quality and integrity of education financing products and services delivered to California students, parents and schools.

CLFE (California Lenders for Education) is a mutual benefit, non-profit organization. CLFE members are comprised of lenders, servicers, guarantors, and other student loan related service providers that do business in California. CLFE strives to positively represent the lending community as we partner with our financial aid associations to provide well-balanced information about student loans.

Kim Thomas
2011 CASFAA Volunteer Chair
Relationship Manager
First Marblehead

Policy Experts Examine Rules on Gainful Employment

Carole Ann Simpson
USA Funds
Consultant

In Dear Colleague Letter GEN-11-10, the U.S. Department of Education provides additional guidance and clarification regarding the three categories of new gainful employment requirements: reporting, disclosure and adding new programs. The USA Funds Ask Policy[SM] experts note items of particular interest to schools.

Reporting

The letter clarifies the following points regarding the gainful employment reporting components that are effective July 1:

- Having certificates awarded in the course of a program of study leading to a degree does not make a program subject to gainful employment rules.
- Teacher certification programs at all schools — proprietary, vocational, public and nonprofit schools, domestic and foreign — fall under the gainful employment rules. Included are programs in which the school does not actually award a certificate but instead offers course work "…necessary for the student to receive a state professional teaching credential or certification."
- All eligible programs of study at all foreign proprietary schools are considered gainful employment programs and are subject to the new rules.
- The first reports under the new rules are due to the Department by Oct. 1, 2011, and must include information about students enrolled in the school's gainful employment programs during the 2006-2007 through 2009-2010 award years. For the 2006-2007 year, schools must report information to the extent that it is available. A school that cannot provide the required information by the October deadline must submit to the Department an explanation of why the information is not available.
- The reports must include information regarding all students enrolled in the school's gainful employment programs, even if those students did not receive Title IV assistance. Schools may exclude reporting for students for whom they do not have a Social Security number on record.

Foreign schools do not need to report on any gainful employment program of study for any award year in which the reportable students number 10 or less.

The Department has not yet finalized the list of data for which it will require reporting, but provides a preliminary list of data elements with this Dear Colleague Letter.

The Department also has not yet finalized the reporting format to accommodate the new requirements. It anticipates using the Enrollment Reporting Process currently used to report data to the National Student Loan Data System as the basis for that new reporting process. The Department plans to provide additional information regarding the reporting process in an upcoming publication.

Disclosures

Schools also are required to disclose to prospective students specific information regarding gainful employment programs offered at the school. This disclosure requirement is effective July 1 and this Dear Colleague Letter includes the list of data that the school must include in its disclosures. Schools must use the ED-provided format for the new gainful employment disclosure. Schools also initially will be required to calculate and disclose their own median loan debt despite the regulatory requirement that the Department calculate and provide that data to each school.

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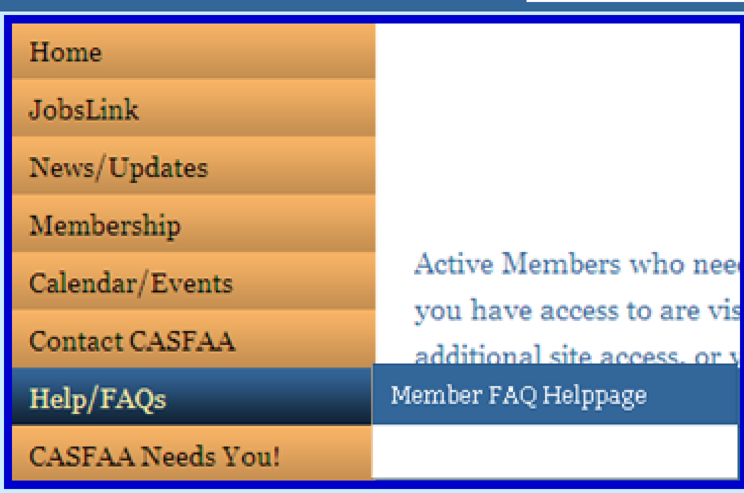
www.casfaa.org



Did you know that CASFAA's website offers members a Frequently Asked Questions (FAQ) section? Once you log in with your Membership user name and password, a "Help/FAQs" link shows up in the left side menu bar (shown to the left). Use this page to get tips on how to:

- update your profile information
- use the job board
- volunteer for a committee

Be sure to check out this section as you explore CASFAA's versatile website.

June 2011

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2 Great Lakes seminars	3	4
5	6	7 USAF Webinar	8 USAF Webinar	9 Great Lakes seminars USAF Webinar	10	11
12 CASFAA Executive Council Meeting	13	14 USAF Webinar	15 USAF Webinar	16 Great Lakes seminars USAF Webinar	17	18
19	20	21 USAF Webinar	22 USAF Webinar ASA Training	23 Great Lakes seminars USAF Webinar	24	25
26	27	28 USAF Webinar	29 USAF Webinar	30 Great Lakes seminars USAF Webinar	1	2

Schedule of Events

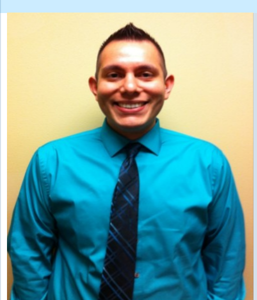
* June 7-July 21 USAF Summer Financial Aid Webcasts
* June 2—July 28 Great Lakes Seminars
* June 12-13 CASFAA EC Meeting
* June 22 ASA Training for Students

Transitions

The Financial Aid office at Occidental College was recently featured in the Chronicle of Higher Education: When Families Ask Colleges for More Money. *Thanks* ***Maureen McRae*** *(Director of Financial Aid) for letting us know – and congratulations!*

Ron W. Johnson, Financial Aid Director of UCLA, was honored with an award which recognized his 35+ years of excellent service at the University of California. Thomas E. Lifka, Associate Vice Chancellor for Student Academic Services at the University of California, Los Angeles, presented the award and shared many good words about Ron's impact on ensuring access at the University of California, Los Angeles. Ron's entire team of UCLA financial aid staff was present for the presentation of this prestigious award. *Congratulations Ron, for this very deserving recognition!*

Formerly a Tuition Planner (Financial Aid Officer) for the California Culinary Academy in San Francisco, **Robert Weinert** began working as a Financial Aid Technician at the end of March for San Joaquin Valley College in their Corporate Office. He is approaching 6 years in the Financial Aid industry and really enjoys the work. This year, Robert volunteers with the association in the High School Relations Committee and the Proprietary Committee. *We are glad that you are still around and involved—congratulations Robert!*



Policy Experts Examine Rules on Gainful Employment

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Adding Gainful Employment Programs

Regulations require that a school adding a new gainful employment program of study notify the Department of that new program. That notification must include the following information:

- The date that classes are scheduled to begin.
- How the school determined that the new program meets the employment needs of the current market.
- How the school developed the program — including information about any external groups that collaborated in the development, and how any external groups or accrediting agency reviewed and/or approved the program.

If the school provides notice of the new program at least 90 days before the class start date, it may offer that program prior to receiving approval from the Department. At least 30 days before the program's start date, however, the Department may request additional information or otherwise tell the school to delay the start of the program. In that case the school would be required to delay or cancel the program's start.

GEN-11-10 is among the resources available on the USA Funds® website at www.usafunds.org. If you have a question about new federal regulations or other Title IV policies, send an email to USA Funds Ask Policy at *askpolicy@usafunds.org*.

Newsletter Staff

Editor
Daniel Reed
Point Loma Nazarene University

Article Coordinator
Jamie Shrode
Haas School of Business, UC Berkeley

Copy Editors
Angelina Arzate
Palomar College
Elizabeth Violette
Heald College

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If you would like to submit an Article, please visit our website.

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