CASFAA eNews

California Association of Student Financial Aid Administrators

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Bringing timely and pertinent information straight to your inbox

Helping Students in Financial Trouble: Context, Prevention, and Triage

- 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:

Amy Kasper
TG Regional Account Executive

Every semester, every year, a certain number of students are going to have financial trouble and drop out of college. This is bad for the student, bad for the student's family, and bad for the school. As Ruth Adams, registrar at Seattle Pacific University, pointed out in a 2006 article in the *College and University Journal*, it's more cost-effective to retain students than to recruit them. She also noted many students who leave school do so for financial reasons.

Context and Prevention

A 2011 Michigan State University study found that two of the top five reasons students withdraw from school are financial: the student either lost financial aid or couldn't afford an increase in tuition/living expenses. Causes aside, completion rates are not improving as a general rule. What's more, students who drop out are more likely to default on any student loans, and higher default rates don't help anyone. That all adds up to an opportunity for schools to improve retention rates as well as lower default rates by helping students better prevent and mitigate their financial stress. Some of that student stress is externally generated, of course (tuition goes up, job loss, gas prices rise, et cetera), but some of it is self-inflicted. A 2010 Financial Industry Regulatory Authority (FINRA) study found that about a fourth of young adults aged 18–34 spend more than their income, and over a third of them engage in non-bank borrowing, which is often at high rates. The good news in that equation is that "self-inflicted" tends to also mean "preventable." Poorly-thought-out behaviors, including over-spending and running up high-interest debt, create stressful situations; different behaviors yield different results.

In trying to prevent students from making poor money-management choices, many colleges are already engaged in a range of efforts such as peer counseling sessions, and financial literacy training that covers basic financial skills and concepts like building a spending plan and understanding how credit works. Those are good basic steps, and there is reason for optimism at the increased emphasis on this kind of systematic prevention.

Triage

However, even with excellent efforts at prevention, problems are going to occur. When they do, here are some strategies you can employ to help students who are already in financial trouble:

Realistic Assessment

How bad is it? Is this a short-term incident or a deeper problem that stems from the student's financial habits? Personal finance experts say that there are some signs that can signify when the problem is serious, and not just a short-term cash shortage. These signs include the student:

- Has fallen as much as one month behind on more than one debt
- Is more than 60 days behind on even one debt
- Must borrow to repay other loans
- Is receiving collection calls
- Borrows to meet basic needs.

Isolating the Variable

While both limited income and excessive spending may be contributing to the problem, one item may have more impact than the other.

Is it spending? If the student's resources should hypothetically be adequate to meet expenses, it may be worthwhile to introduce the "Step Down" budgeting method. With this method, The spending is examined by category (food, transportation, and so on). The student finds how to meet the need by "stepping down" one level of expense. With this approach, the student who eats out once a week at about $20 per meal, might reduce either the number of meals eaten out, or the expense per meal, and be able to direct more cash towards other priorities.

Is it income? If it's clear that there's just not enough money coming in, this student might need information about work-study programs either the federal program or your school's own program or job searching

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Helping Students in Financial Trouble: Context, Prevention, and Triage

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resources. Whether it's through your office or another office on campus, there are likely campus resources that can help.

Stopping the Feedback Loop
Many students may be laboring under the mistaken impression that a financial catastrophe is a self-limited phenomenon. Not so. It's a catalyst that, once set off, begins a cycle that is it difficult to break free of. With credit card debt, for example, not paying off the balance every month means that old debt is carried over, and interest is charged on that debt. Making more purchases with the card adds to the balance, leading to a rising minimum payment. This ongoing drain is a budget killer. When students understand how each month sets the stage for the next month, they may be less inclined to take a short-term view of their money issues.

"...your expertise is very valuable to students who need to make tough decisions."

Understanding Student-Specific Issues

While much of the information you'll offer to your students could be applicable no matter what stage of life one is in, there are some considerations unique to college life. A student may be tempted to drop a class or two in order to work more, make more money, and turn the situation around. However, that well-intentioned approach could easily backfire if it drops the student below half-time enrollment and speeds up a student loan repayment timetable. This is an area where your expertise can be very valuable to students who need to make tough decisions.

Conclusion: the Good News
Ramit Sethi, best-selling author of *I Will Teach You To Be Rich*, argues that for many students, education without motivation doesn't have much effect on behavior. When students find themselves in the bad news situation of financial trouble, the accompanying good news is that a teachable moment has arisen, bringing with it the possibility of real change. Given the expertise and guidance you can offer your students, they may find themselves looking back and counting their current financial troubles among the best lessons they learned in college.

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.

Findings from Sallie Mae's 'How America Pays for College' Study

Families Take Cost-Savings Measures: Increasingly Relying on Grants and Scholarships

Thalassa Naylor
Sallie Mae Campus Sales

Students attend college with increasingly practical reasons in mind: better jobs and earning more money, says Sallie Mae's "How America Pays for College," a national study of 1,600 college students and parents conducted by Ipsos. 90 percent of students strongly agreed that college is an investment in the future, an increase from 84 percent in 2010. In addition, 70 percent of students and parents strongly agreed that a college education is necessary for their desired occupation and that college is required to earn more, up from 63 and 59 percent, respectively, in 2010.

"Once again, Americans have demonstrated they are smart and resourceful consumers determined, even in this economy, to attain higher education without breaking the family bank," said Albert L. Lord, vice chairman and CEO, Sallie Mae.

To prepare the study, researchers conducted extensive interviews with a nationally representative group of 1,600 undergraduates, ages 18-24, and parents of college students about how they paid for college in academic year 2010-2011, including scholarships, grants, income and savings, loans, and assistance from friends and family. The research found that virtually all families reported taking cost-savings measures, such as attending lower-cost colleges, living at home, or going to school part time. On average, families reported paying nine percent less for college than they had the previous year.

Grants and scholarships played an increasingly important role, covering 33 percent of college costs in 2010-2011, up from 23 percent the previous year. In addition, the proportion of families who received grants and scholarships grew substantially, from 55 percent in 2009-2010 to 67 percent in 2010-2011. The majority of this increase occurred among middle- and high-income families.

"It is not at all surprising that American families are increasingly cost-conscious, especially considering the severe economic crisis together with rising tuition costs," said Clifford Young, managing director, Ipsos Public Affairs, and a lead author of the study. "Most strikingly, this all suggests the immutable nature of higher

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Looking for a default prevention cure?

Many tools are available to manage delinquent borrowers: NSLDS reports, tracking systems, servicer reports, in-house systems, and more. There are also many things to know: cohort calculations, regulations, and repayment plans.

Overwhelmed? The good news is while all of the above are helpful the key to preventing defaults is in three simple words: Call delinquent borrowers.

Calling and talking directly with borrowers whose loans have become delinquent is the single most effective method to resolve delinquencies and prevent defaults. Concerned about finding borrowers? Start with those borrowers whose contact information you already have. By calling these borrowers, you may be able to lower your cohort default rate (CDR) substantially without needing to skip trace borrowers.

If you've never contacted borrowers by phone before, or feel apprehensive about making the call, here are a few things to consider:

- Once borrowers realize you are calling to help, you'll find they're glad you called. They'll discover you have real options to reduce their financial and student loan payment stress.
- Talking to delinquent borrowers is really no different than providing loan counseling by phone. By reviewing repayment, deferment and forbearance options, you have an opportunity to find a long-term solution to fit each borrower's situation.
- Looking for a guide to follow? Visit www.ecmc.org and download *6 basic steps to delinquent borrower counseling* (go to Schools, then Publications). This step-by-step guide includes conversation techniques designed to resolve student loan delinquencies.
- Attend ECMC webinars to learn more about counseling delinquent borrowers, repayment plans, cohort calculations and more. See our upcoming offerings at www.ecmc.org/training.

Calling delinquent borrowers early and often will not only help them find a solution to their repayment challenges, but can also assist with lowering your cohort default rate.

Dennis Zianchi
Senior Outreach and Financial Literacy Trainer
ECMC

How America Pays for College

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education as a core American value even while families cite increasingly practical reasons to pursue their college goals."

For the first time since the study began, more families filed the Free Application for Federal Student Aid (FAFSA), jumping from 72 percent in the 2010 report to 80 percent in the 2011 report. Most of the increase came from middle- and high-income families.

Parent sources, including savings, income and loans, funded the largest segment of the average family's total college expenses, at 37 percent. Students assumed direct responsibility for about one-quarter of the total cost of college, contributing 11 percent from income and savings and 15 percent through borrowing.

In one-third of families, the student borrowed money to pay for college, most commonly through the federal student loan program at an average of $6,983. In addition, students used private education loans in 9 percent of families.

"How America Pays for College" is Sallie Mae's fourth annual study of college students and parents. The full report is available at www.SallieMae.com/howAmericapays.

CASFAA speaks out on AB 131

CALIFORNIA ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS
3200 FIFTH AVENUE, SACRAMENTO, CA 95817

September 14, 2011

The Honorable Jerry Brown
Governor, State of California
California State Capitol
Sacramento, CA 95814

RE: AB 131
Position: Support

Dear Governor Brown,

We are writing on behalf of the more than 1,200 financial aid administrators who belong to the California Association of Student Financial Aid Administrators (CASFAA) representing over 500 postsecondary institutions of higher education. We are enthusiastically in support of AB 131 and ask you to sign this historic action.

As financial aid people, we can attest to the challenges faced by students who do not have legal immigration status. Their situation is dire; their needs are great. Eligibility for Cal Grant, University of California Grant, State University Grant and Community College Fee Waivers would make a world of difference in the lives of very deserving students.

This bill will benefit the economy of California. It will help a class of students become productive, trained and loyal to this State--- a State that stepped forward to help when life offered few options.

California has remained steadfast in its historic commitment to access and opportunity through some very tough times. This is a small expansion in numbers, but a huge expansion in spirit and message, an expansion that fulfills the promise and vision of the late Assemblymember Marco Firebaugh, an expansion that is good for California.

We urge you to sign this historic legislation. Thank you for your support of higher education opportunities for these worthy students.

Sincerely,

Craig Yamamoto
Vice President, State Issues
California Association of Student Financial Aid Administrators

S. Lynn Fox
President
California Association of Student Financial Aid Administrators

CC: Assemblymember Gilbert Cedillo

> **"This is a small expansion in numbers, but a huge expansion in spirit and message… an expansion that is good for California."**

AICCU Names Kristen F. Soares as President

On August 18, 2011, Ronald Ellis, President of California Baptist University and Chair of the Executive Committee, announced that the Association of Independent California Colleges and Universities (AICCU) Executive Committee appointed Kristen F. Soares as the new president of AICCU.

Currently serving as the Associate Senior Vice President, Government and Civic Engagement at the University of Southern California (USC), Soares has been affiliated with USC for 23 years and is a longtime leader in higher education policy and government relations.

"We are incredibly fortunate that Kristen is taking on this leadership role at AICCU at a time when we are facing significant challenges in our state, Sacramento, and on our campuses," said University of San Diego President Mary Lyons, who is the incoming AICCU executive committee chair and was a member of the search committee for the new president. She called Soares "an experienced higher education leader who understands private non-profit universities, their communities and government at the local, state, and national level."

Soares will assume her position on October 3, 2011. Jonathan A. Brown, who has served as President since 1991, announced he would be retiring from his position last November.

Soares has served as associate senior vice president for government relations since 2008, providing strategic direction and leadership for the USC's government relations programs, and serves as a member of the government and civic engagement senior management team. In early 2008, she also served as acting-vice president for external relations; she created the Community Conversation series and the USC Neighbor Community tour to actively engage new students as community members.

With USC since 1988, Soares opened USC's first external relations/government relations office. Promoted to Assistant Director for State Government Relations in 1991, she moved to Sacramento to direct USC's State Capitol Office, where she has crafted several successful legislative campaigns. In 2002, she was appointed Assistant Vice President for External Relations, where she assumed shared responsibility for federal relations. She helped to open USC's first full time office in Washington, D.C., which led to USC growing its national reputation and recognition as an influential policy resource. Soares holds a bachelor of science from the USC School of Public Administration, now the School of Policy, Planning, and Development.

She is active member of her community, having served on the Eureka Union School District Long-range Visioning Task Force.

"California private, non-profit universities are a remarkably diverse group of institutions who are graduating the state's leaders in every field: teaching, engineering, business, medicine, and more," said Soares. She continued, "AICCU's collective work is to represent the diversity of our institutions, and ensure Californians and state policy makers are aware of our unique contributions in providing higher education opportunities and leadership in our communities. This will be especially challenging at a time of severe fiscal constraints and increasing demands on our colleges and universities. We are looking to build and strengthen partnerships. To continue to attract the most diverse student body, graduate the next generation of the California workforce and produce new knowledge, we need to ensure that state government continues to provide the policies and support that will help our colleges and universities fulfill their missions."

Reposted from the AICCU announcement made on August 18th

Education Debt Management: Why It Takes a Village to Support Your Student

Allesandra Lanza
Corporate Public
Relations Manager
American Student Assistance

These days, pick up any newspaper, follow any higher education blogger or Google "college costs," and you're likely to run across a disturbing editorial theme that sends shivers down the spines of higher education administrators everywhere: "Is College Worth It?"

It's no secret that more students and families, faced with rising college costs and a rocky job market, are becoming increasingly wary of their return on investment in higher education. Much of the distrust comes from the fact that the public is fast losing faith in our nation's primary system of higher education financing –student loans. Today's news headlines are filled with student loan horror stories: "Student loan debt surpasses credit card debt," or "Recent college graduates facing little to no employment prospects and a mountain of student loan debt." A new study from the Institute for Higher Education Policy shows that, from 2004 to 2009, *only 37 percent* of student loan borrowers made their payments on time – the remaining *63 percent* either postponed payment or fell past due.

"…from 2004 to 2009, *only 37 percent* of student loan borrowers made their payments on time."

Campus-Wide Ramifications

Student loan repayment struggles could have widespread effects on a whole host of offices on an institution's campus. It's the Financial Aid office that usually finds itself leading the rallying cry for enhanced financial literacy and debt management services. "Often, there is a perception that the problem is Student Financial Services' to solve," says Lynn Robinson, executive director of Student Financial Services at Johnson & Wales University in Rhode Island. But many financial aid offices find it difficult to carry the burden alone. "Alumni frequently call Financial Aid with detailed questions about loan repayment," states Tufts University Bursar Kathy Mundhenk, "but many offices simply don't have the time to meet the needs of students who have left campus, on top of their normal workload."

There's also the matter of expertise and skill set. While Financial Aid professionals are comfortable with loan origination and general pre-borrowing advice, they may be less so answering specific student loan repayment questions or doling out debt management tips. Tapping other resources on campus besides Financial Aid office staff, then, can be a crucial part of an institution's education debt management strategy. To do so successfully, you'll need to convince your campus peers and the higher-ups as to why they should get involved.

Here are some ideas to gain the broader buy-in of your institution at-large:

Cohort default rate penalties.

As the financial aid community already knows, a high cohort default rate can result in serious federal aid sanctions that, in severe instances, could force an institution to shut its doors. Many schools may need to act aggressively to lower CDRs as the calculation moves from two years to three in 2013. Clearly, everyone on campus, from administration to faculty, should be moved to action when presented with the facts. The trick is getting the information in front of them. "We in Financial Aid are very familiar with CDR and have thoroughly analyzed the risks," explains Robinson. "But others on campus aren't as familiar with the consequences of having a high CDR, as well as the ways that we can prevent default, such as through better student retention. When we presented the risk analysis of the three-year CDR to our peers outside financial aid, mouths dropped."

Consequences on enrollment and public image.

To draw the attention of Admissions, you may want to point out how high default rates can tarnish a school's image. "A high CDR, frequently equated with low institutional quality, will create adverse publicity of the university and likely affect enrollment," states Robinson. For example, many private sector institutions are now forecasting a decline in enrollment, due in part to the recent press around low loan repayment rates. Further, it's not just default: If your campus peers are unmoved by the CDR argument because the institution is at no risk of approaching the threshold at which sanctions are imposed, remind them that student loan horror stories don't have to be about default. Feeling generally overwhelmed by their debt burden, confusion about their options, bad experiences with their loan servicers – all can lead to bad word-of-mouth from former to prospective students and a resulting drop in enrollment levels. And, with the rise of social technology, these aren't one-on-one conversations anymore. Dissatisfied borrowers can spread the word to hundreds of prospective enrollees with the click of a mouse and the sending of a tweet. You may want to engage your PR team on this issue to come up with a comprehensive communications plan and strategy.

Decreased alumni giving.

It's easy to see how student loan repayment problems prevent alumni from giving back to their institutions as a practical matter. But the borrower's perceptions of the institution's "helpfulness" also play a role. A study sponsored by American Student Assistance ("Report on Student Debt and Alumni Giving," available

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Online Financial Literacy Training that Works: Making Lessons Stick

Online financial literacy training is an efficient and helpful way to teach important concepts if — and only if— the lessons actually stick with your students. What strategies can boost the "stickiness factor" in online financial literacy training?

Background

Malcolm Gladwell coined the term "stickiness" in his now-classic book *The Tipping Point.* Gladwell, writing about educational television shows like *Sesame Street* and *Blue's Clues*, was referring to the qualities that make messages better understood and remembered. Chip and Dan Heath, two brothers who are both experts on communication, took the term as inspiration for their 2007 book *Made to Stick*. Whether it's political communication, classroom teaching, or urban legends, the Heath brothers argued, there are common elements to messages that catch on.

The best teachers, through years of trial and error and the immediate feedback of being in the same room as their students, know when to shift strategies to enhance the lesson's stickiness factor. One concern that skeptics have expressed about online learning is that it lacks that feedback loop, as well as the expert teacher's understanding of students.

Skepticism aside, online learning isn't going away anytime soon. For any number of reasons — budget, scalability, desire to engage technologically-inclined 21st-century learners — online learning continues to grow in popularity. A September 2010 study by the U.S. Department of Education (ED) — *Evaluation of Evidence-Based Practices in Online Learning: A Meta-Analysis and Review of Online Learning Studies* — found that online learning is one of the fastest growing trends in education. Not only that, the review reports that online learning was slightly more effective than face-to-face learning under some circumstances, and that a blended approach (online and face-to-face learning) was more effective still.

Given the potential suggested by those findings, it's worth asking: what are ways that online learning can be most effective? If we're going down this road — *since* we're going down this road — how can we get the best results? How can we best apply what we know about making messages stick, as well as research into educational best practices, to online learning?

Here are some tips to make those online lessons stick:

Keep it active

ED's review found that when learners are prompted to take control of their interactions with media, there is an increase in reflection and achievement. These moments of learner activity or learner reflection are especially effective at boosting understanding when students are pursuing online learning individually. That makes sense if we speculate that active engagement disrupts the tendency to skim along the surface of the material. At the same time, it's worth noting that online learning — particularly if it's interactive — is highly conducive to expanding learning time. When the student can keep at the activity as long as attention lasts, better learning outcomes can be expected.

How might this apply to online financial literacy training?

For online financial literacy training, it might be a good idea to break content into short chunks, with frequent opportunities for assessment, and to give the student some control of navigational paths. When students are regularly coming to natural stops, answering questions, and clicking on meaningful navigation choices to determine what comes next, better outcomes are likely. When game-like activities with fun interfaces are part of the training, brain switches are more likely to be in the "on" position.

Appeal to the eye

Dr. John Medina, author of *Brain Rules,* writes that it's obvious that

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Policy Frequently Asked Question: Effective Date of Return of Title IV Funds Regulations

USA Funds Ask Policy[SM] experts address the issue of which Return of Title IV Funds regulations apply in the case of courses offered within modules.

Carole Ann Simpson
USA Funds
Consultant

Q: My school has a semester that started in May 2011, with May, June and July modules. A student completed the May module and withdrew in the middle of the June module — but said he was returning for the July module. Is the Return of Title IV Funds necessary in this instance?

A: For a withdrawal from a module within a semester that began in May 2011, you must follow the Return of Title IV Funds regulations that were in effect prior to July 1, 2011. According to these regulations, a student who completed a single module within a term is not considered to be withdrawn from that term, so the school is not required to perform the Return of Title IV Funds calculation. New regulations for the Return of Title IV Funds apply only to payment periods or periods of enrollment beginning on or after July 1, 2011.

Additional information about the effective date of new Return of Title IV Funds regulations is available in a May 6, 2011, Electronic Announcement from the U.S. Department of Education.

Making Lessons Stick

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vision is our dominant sense, but what's surprising is how far the other senses lag behind. For example, on *hearing* a piece of information, a typical human being will remember only about 10% of it three days later. What's the effect of adding a strong visual component? Retention moves quickly northward, with most people remembering 65% or so of the message!
Good visual design, including animation, charts, motion graphics, and appealing colors and fonts, can go a long way toward helping the brain learn and retain concepts.

How might this apply to online financial literacy training?
An under-designed, text-heavy lesson isn't going to carry the day. Conversely, it's just as true that an overly busy design will be distracting, confusing, and cluttered. The recipe for success is consistent use of appealing fonts, clear page design, and engaging visuals that carry through different course elements. This component of effective online learning is why many subject matter experts can't just put their ideas online and effectively attract students. The way things look isn't just ornamental – it's an important pedagogical factor.

Make connections with internal summaries
In 2003, scholar Robert Marzano published a paper analyzing 395 experimental studies and looking for classroom practices that research could confirm led to a boost in achievement. Some were among education's all-time greatest hits. Not many readers will be surprised that the following all boosted achievement:

- applying compare and contrast as a thinking tool,
- getting positive reinforcement from teachers,
- practicing new skills to attain mastery, and
- having a teacher who made the learning objectives very clear.

Perhaps less predictably, teachers who regularly use internal summaries get better results. One reason is that summaries orient students, helping them map new information onto what they already know. Another is that this practice models that particular thinking skill for students, getting them in the habit of synthesizing information, which is one of the higher order thinking skills in Bloom's Taxonomy..

It's all about helping the students add new knowledge to their cognitive maps. Internal summaries secure the learning that has just happened, and prepare the way

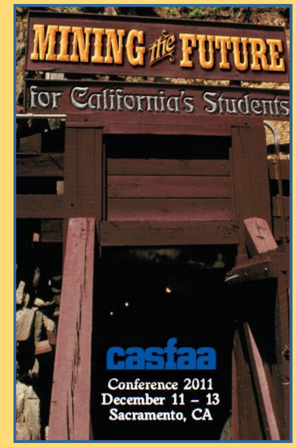
for the learning to come. In *Made to Stick*, the Heath brothers talk about how high-concept movie descriptions ("*Aliens* is basically *Jaws* in outer space.") use what's already known to make new information more accessible and memorable.

How might this apply to online financial literacy training?
Online learning offers many opportunities to use internal summary to model that thinking skill for students. With financial literacy lessons, for example, transitioning from credit reports to credit scores offers the opportunity for this internal summary by analogy: a credit report is like a teacher conference, getting into the details of your credit history, whereas a credit score is like a grade, distilling those details into one number.

All these strategies (and this just scratches the surface) help to make solid online learning courses effective. With this kind of approach, the advantages of online learning are available in conjunction with best educational practices to help make financial literacy lessons that stick.


Connect With Your Borrowers to Curb Loan Defaults
USAFunds
Ongoing communication with your student loan borrowers is a proven best practice for preventing loan defaults and promoting successful student loan repayment. USA Funds Borrower Connect™ helps automate the process of communicating with borrowers through telephone, letter or email messaging. USA Funds Borrower Connect gives you control of access to loan data to perform borrower outreach regardless of loan program.
For more information, visit www.usafunds.org/borrowerconnect, or call USA Funds at (800) 766-0084.

You can Register for the CASFAA Conference Now!



Checking in with FedLoan Servicing

"You have a direct contact at FedLoan Servicing who has an expertise in your sector and is ready to listen to your needs..."

Dan Weigle
FedLoan Servicing
School Support

As a Department of Education Loan Servicer, FedLoan Servicing was established by the Pennsylvania Higher Education Assistance Agency (PHEAA) to service federally-owned loans and guide borrowers through successful repayment. We work closely with our school partners to provide resources and information on our services, industry updates, and our interactions with your students. Visit MyFedLoan.org/schools today to learn how we're working harder for you!

Over the past several months, we've been listening to you, our school partners, and taking action to address your needs. Here are some concerns we've heard:

You don't want to go to multiple loan servicers' websites for default prevention activities:
Learn how to turn your **NSLDS delinquency report into customized letters** for your federal borrowers through our video at http://www.myfedloan.org/schools/training/index.shtml#video

You need handouts for students to help in identifying their loan servicers:
Use our **"Before You Go, You Should Know"** worksheet available at http://www.myfedloan.org/schools/products-tools/publications.shtml

You need to focus on borrowers that will impact their cohort rates:
Access our School Portal and use our "At Risk" indicator to identify borrowers with FedLoan Servicing who are delinquent and at risk of defaulting prior to the end of the cohort period.

You don't know how many borrowers for your school are serviced by FedLoan Servicing:
Each quarter we send contacts at your school a FedLoan Servicing Bulletin, which provides your school's customized portfolio with FedLoan Servicing, including loan volume. An edition of the Bulletin was sent at the end of August and the next will be delivered in November.

Want to learn more?
You have a DIRECT CONTACT at FedLoan Servicing who has an expertise in your sector and is ready to listen to your needs, offer solutions, training and additional services. Our sector-specific approach helps us to understand your school, your office and your students, so we can tailor our service to exceed your servicing expectations.

Contact your dedicated sector representative today:
Public - Lauren Swett, 717.720.3693, lswett@pheaa.org, Facebook.com/fedloanpublic
Private – Scott Orris, 717.720.1505, sorris@pheaa.org, Facebook.com/fedloanprivate
Proprietary – Will Lindsey, 717.720.1529, wlindsey@pheaa.org, Facebook.com/fedloanproprietary

Trainer's Tips: Satisfactory Academic Progress and Academic Plans

July 1, 2011, brought a lot of changes in financial aid administration with the implementation of the new program integrity regulations. The new rules introduce a new element in measuring satisfactory academic progress: academic plans.

As USA Funds® University conducted financial aid training, the trainers received many questions about academic plans and how schools can use them in their policies and procedures. Following are answers to some of the most frequently asked questions:

Carole Ann Simpson
USA Funds
Consultant

What is an academic plan?
Federal regulations (34 CFR 668.34) do not define "academic plan." But a school-defined academic plan may be part of a school's SAP appeal process, providing a framework that would allow a student to meet SAP standards (or complete the program) by a particular point in time. You could develop an academic plan for either your school's qualitative (grades) or quantitative (maximum time frame) requirement, or both.

Are academic plans required?
No. Schools may choose to have academic plans as part of their appeal process.

When does a student need a plan?
If, during the appeal process, a school determines that a student cannot meet SAP standards by the end of the probationary period (one payment period), an academic plan would be required to approve the student's appeal.

Who needs to develop the plan?
The school develops the academic plan, but a student must agree to the plan to continue to receive Title IV assistance during the duration of the plan. (This process may lend itself to collaboration between the school and student.) Regulations do not specify who at the school must perform this function, so work related to academic plans might be through your financial aid office, advising center or registrar's office, for example. The school must outline and document its policies and procedures for developing academic plans.

What does an academic plan entail?
Those details are up to the school, but the overall purpose is for the student to meet SAP standards (or complete the program) by a specific point in time. Your plan could be as detailed as a course-by-course outline for the student's future enrollment or as simple as stating that the student must successfully complete a certain number of hours and/or achieve a certain grade point average.
Some questions you might consider when creating an academic plan are:

- If my school has a course-by-course plan, will it be acceptable for a student to change courses?
- Will my school require a certain percentage completion? Will we have a minimum GPA requirement?

If your school does use an academic plan, you need to notify the students of the requirements necessary to develop and successfully follow the established plan.

How does a student successfully follow a plan?
The school defines "successfully following," but remember that the goal of a successful academic plan is that the student meets SAP (or completes the program) at a particular point in time.

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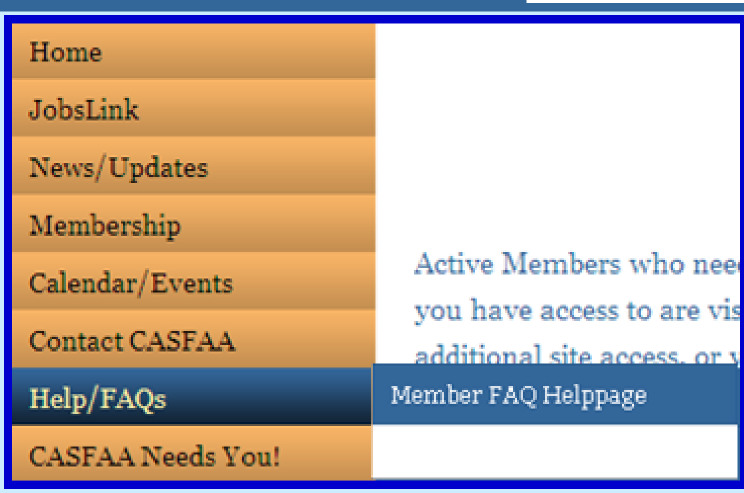
www.casfaa.org



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.

Why It Takes a Village to Support Your Student Borrowers

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at asa.org in the "press" section) showed that student borrowers' satisfaction with their alma mater, in regards to the debt management information provided, did in fact influence alumni giving. When former students have a negative student loan repayment experience, Alumni Development will have a harder time building formative relationships with alumni, engaging them, and connecting them back into the broader school community and alumni network.

Increased calls for assistance to the Bursar.
Bursars have always overseen the collection of Perkins and institutional loans, but now they're starting to see an increase in former students looking to their office for help managing different loan types. Financial services professionals may understand the fragmented student loan system (Direct, Stafford, Perkins, institutional, private), but students surely don't. They will be counting on their higher education institutions for robust advice that looks holistically at their entire loan picture. They want one place to turn for comprehensive guidance on how to work *all* their loans into a workable monthly budget over the long term. Of course, Bursars face many of the manpower and skills challenges faced by Financial Aid. To avoid being caught in the deluge of student cries for help, Bursars will want to play an active role in the campus education debt management strategy.

A responsibility to educate students.
Your Academic Faculty will no doubt see the importance of avoiding disruption to your institution's financial aid programs and protecting the school's reputation. But they're also highly trained professionals dedicated to preparing students for success beyond graduation. As such, they have a responsibility to send their students out into the world with proper financial literacy skills. In short, if students had to take out loans to gain the faculty's instruction in the first place, then surely faculty bear a burden to give students the debt management tools they need to succeed.

Forming a Plan
Clearly there can be no one-size-fits-all approach to education debt management, as every institution has its own set of factors that come into play. As you think about what would work on your own campus, you may want to consider:

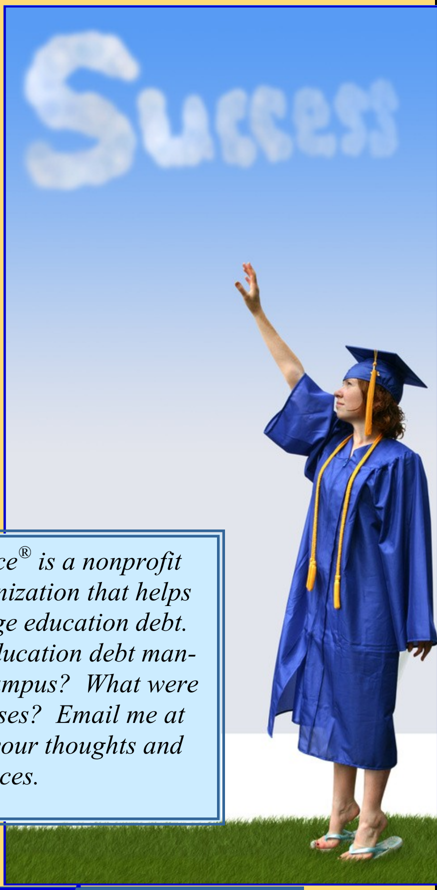
Outside support.
You may opt to not go it alone and turn to third-party vendors for assistance, from content for in-school financial literacy programs to specialized loan counseling and customer service support for alumni and former students. Robinson, whose J&W Taskforce was interviewing prospective vendors for a financial literacy product at press time, stresses the need to find a third party with no gaps in its service offerings. "We've interviewed companies that have a little bit of this and a little of that," she relates, "but the ideal candidate should offer a comprehensive product that meets all of your students' financial needs."

Budget.
In the past, student loan guarantors were often the go-to resource for financial literacy, debt management and default prevention support, but with the wind-down of FFELP many of these nonprofit agencies will find it unsustainable to continue to offer these services free-of-charge. A recent Student Lending Analytics survey of financial aid professionals shows 66 percent of schools with a financial program did not have any budget monies set aside for this purpose and 16 percent had a budget of less than $5,000. Attendees at a recent Massachusetts Bursars' Steering Committee put forth several innovative ideas for covering costs, such as allocating a portion of students' "activity" or other fees, or limiting the students served by putting a time limit on after-school assistance to one year after separation.

What's your ultimate goal?
Is the primary need to lower CDR? Or are you looking toward building lasting relationships with alumni, to influence their perception of the *entire* student loan experience as a positive and worthy investment in their future? Or both? Determine the most pressing need of your institution to help set the parameters of your debt management program. You may decide that you need holistic debt management solutions focused on all of your student borrowers (past and present) as customer, vs. a program concerned with just those students in your cohort population.

Most importantly, start the conversation on your campus ASAP. How students manage education debt will no doubt be fodder for much public policy debate in the years to come, but the higher education community doesn't have the luxury of waiting to see how it will all play out. As more students start to think of their student loans as a set-up, rather than a step up, no one wins.

Portions of this article previously appeared in NASFAA's *Student Aid Transcript* magazine, Volume 22, No. 1, 2011. Reprinted by permission.



American Student Assistance® is a nonprofit services and advocacy organization that helps students and families manage education debt. Have you implemented an education debt management program on your campus? What were your challenges and successes? Email me at lanza@asa.org and share your thoughts and past experiences.

Thank you for helping us Save Pell

"How can we ask a student to pay more for college before we ask hedge fund managers to stop paying taxes at a lower rate than their secretaries?"
— President Barack Obama, July 25 2011

Thanks to your hard work, and that of thousands like you, Save Pell Day was a roaring success. You generated tens of thousands of emails and a tremendous number of Facebook status updates. The #SavePell hashtag set Twitter on fire as more than a million #SavePell tweets were sent.

On behalf of everyone involved in the Save Pell coalition, thank you for an extraordinarily successful day of online action.

The array of people who stood up for students was more than impressive. It was inspirational. At a time when our politics seem to have devolved into "us vs. them," thousands of you stood up together and said this is about all of us. You made clear it's about our shared values, our vision, and our hope for a better, stronger and fairer America.

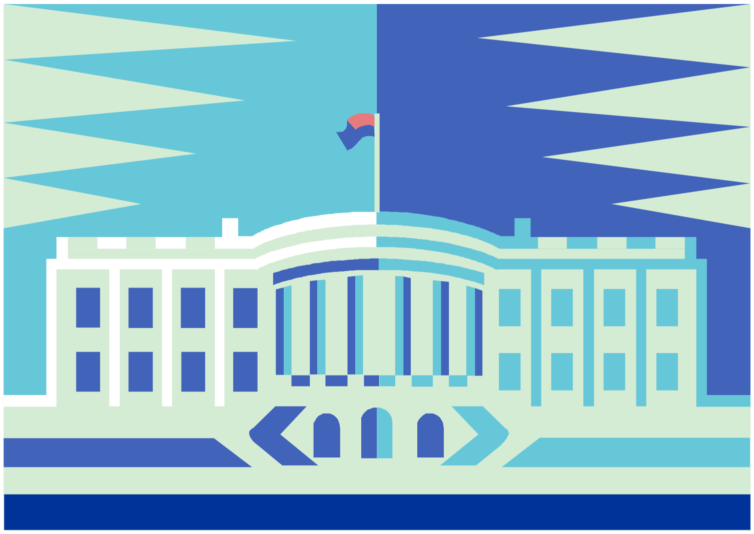
Reps. Chaka Fattah (D-Pa.), Gabrielle Giffords (D-Ariz.), Steny Hoyer (D-Md.), George Miller (D-Calif.), and Nancy Pelosi (D-Calif.) as well as Sens. Ben Cardin (D-Md.), Al Franken (D-Minn.), and Mark Udall (D-Colo.) lent their support to the day. Rock the Vote and MomsRising joined Voto Latino and SEIU in getting the word out. And while it was great to get the support of folks like education advocate Michelle Rhee, actor Rosario Dawson, and Grammy winner John Legend, what mattered most was the support the campaign received from folks who aren't famous. People who are as sure as you are that Pell matters, and that it matters a lot: the potter in the Ozarks and the hip-hop kid in Miami; mothers and grandfathers; hopeful sisters and supportive friends. And of course there were students, thousands upon thousands of students, who desperately need the support that Pell provides as they focus on achieving a better life through hard work and education.

Once there is a deal on the debt ceiling, we'll let you know what it means for Pell. More than likely, this fight will continue into the fall when the congressional committees will begin to parcel out funding for various programs.

Meanwhile, we're sending along a fact sheet created by the Save Pell coalition that we hope you'll use to educate yourself and others about the importance of saving Pell.

Thank you for all you've done so far. You're making a big, big difference for low-income and working-class students.

Sincerely,
Amy Wilkins, Vice President
The Education Trust



Schedule of Events

Access Group:
Annual Graduate and Professional Financial Aid Conference
November 17-19

ASA:
Loan Repayment, Beyond the Basics
November 9

ECMC:
Repayment Plans
October 18, October 20
Tips for Borrowing Less
October 25, October 27

Department of ED:
Fundamentals of Title IV
October 17-21
Business Officer Training
October 24-27, November 1-3, 10
Gainful Employment Reporting
November 14
Direct Loans, COD
October 18, 20

Great Lakes:
Financial Aid Basics
October 18, October 25
Database Matches
October 18, October 25
Federal Methodology
October 19, October 26
Verification
October 19, October 26
Packaging
October 20, October 27
Loans
October 20, October 27
Policies & Procedures
November 1, November 15
Managing Debt
Nov. 1, Nov. 3
FERPA
Nov. 2, Nov. 16

Nelnet:
Consumer Information
October 19
Verification
October 26

TG:
Regional Training
October 13
AFCPE
October 20
Spending Plans
October 25
Needs and Wants
November 1
Verification and QA
November 17
Solving Debt Problems
November 22

SimpleTuition:
Financial Aid Basics (for students and families)
October 18
October 20
October 25

USA Funds:
Financial Aid Workshops
October 20, November 3, November 8, November 9, November 10

CASFAA:
Executive Council Meeting
November 6-7

On September 10th, NSLP Launched their new Website, affording easy access to Financial Management Resources. The NSLP website focused on three main areas of interest: financial capability, default aversion, and financial aid administration. Check it out at www.nslp.org. *Thanks for supporting the Financial Aid Community!*

Announcements & Transitions

Effective January 1, 2011, **Charleen Bell** was given the additional responsibilities for administering the Perkins loan program for California State University, Northridge. Coupled with managing the financial aid accounting responsibilities, her new title is "Financial Aid Accounting Fiscal Officer and Perkins Loan Administrator." *That makes for a big business card, congratulations Charleen!*

Good-bye Positive+Balance Community[SM], Hello TG Learning Center. The TG Learning Center provides an enhanced set of financial literacy services in place of the Positive+Balance CommunitySM, which TG will retire by the end of this September. *Great to have continued student support from a long term Guarantor.*

Point Loma Nazarene University was named in Sierra Club's 100 greenest colleges in the United States, again, moving up 25 places from the previous year! *Way to go PLNU!*

We are pleased to share two recent press releases from the California Student Aid Commission (CSAC) about how ECMC is supporting California students through contributions to the Cal Grant and Cash for College scholarship programs:
$500,000 in Cash for College Incentive Scholarships Awarded
CSAC Announces $62.25 Million from ECMC for Cal Grants
A round of applause is due to ECMC for helping to support our students!

Student lending veteran Marie Pattillo will be serving California with Academic Solutions Corporation (ASC), a solution provider for colleges and universities offering students and their families products and services to help them attain their higher education goals. *Great to have you back in California Marie!*

Trainer's Tips: Academic

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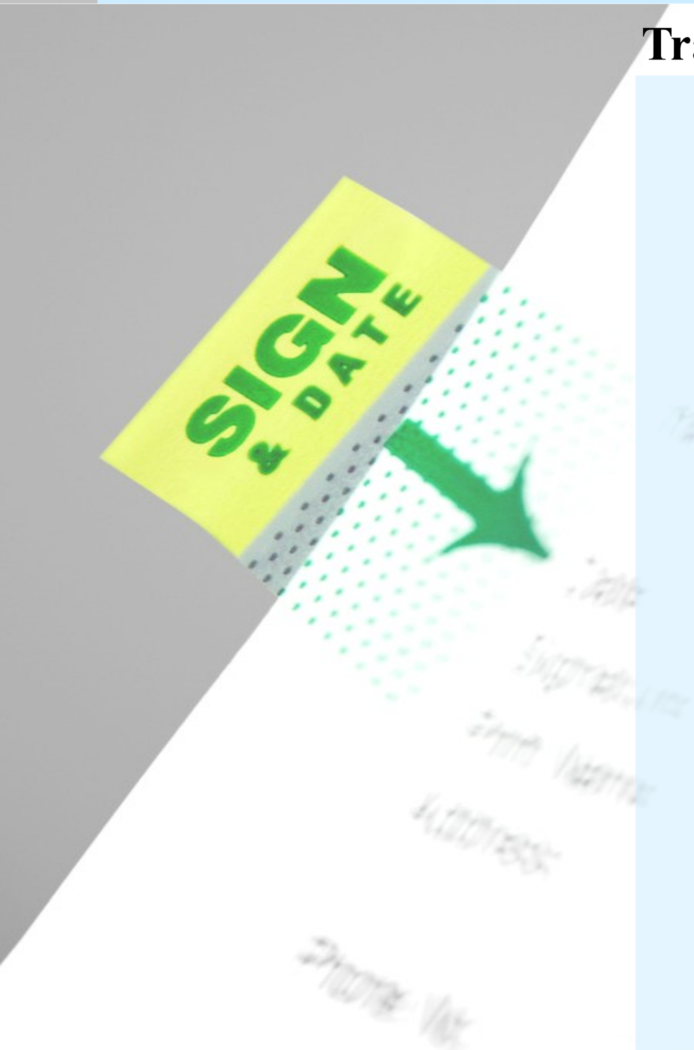

What are the benefits of successfully following a plan, and what happens if the student doesn't follow the plan?
A student who successfully follows an academic plan may continue to receive Title IV aid even though the student is not actually achieving progress according to the school's published SAP standards. A student who doesn't follow the plan loses eligibility for Title IV aid. The new regulations don't permit subsequent academic plans under the same SAP appeal.

How often must a school review its plan?
The school has flexibility in how often to measure students' SAP while on an academic plan, but the school must review whether the plan is successfully followed at least as frequently as it reviews all other financial aid recipients' progress. For example, if you measure SAP once a year for all aid recipients, you also must review academic plans at least once a year.

If you have additional questions about SAP or academic plans, you can review the recording of the SAP webcast from July 5, 2011, in the Training section of the USA Funds website at **www.usafunds.org**. You also can contact your USA Funds University regional training executive or send an email to USA Funds Ask Policy[SM] at *askpolicy@usafunds.org*.

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