President’s Update

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

Summer is Coming!

CASFAA board nominations are coming in June! Want a fulfilling opportunity to guide CASFAA, assist in advocating at the state or federal level, this is your golden opportunity. Nominations will be going out for the following positions:

- President-elect
- Vice President - State Issues
- Vice President - Federal Issues
- Secretary
- Treasurer-elect
- Community College Segmental Representative
- Proprietary Segmental Representative
- CSU Segmental Representative
- UC Segmental Representative
- Independent Segmental Representative
- Access and Diversity Member at Large
- Graduate/Professional Member at Large

Responsibilities for these executive council positions can be viewed at: [http://www.casfaa.org/index.php?option=com_content&view=article&id=75](http://www.casfaa.org/index.php?option=com_content&view=article&id=75), or if you have questions, please contact any current executive council member. Your executive council members have contact information posted on CASFAA’s web site - [http://www.casfaa.org/current-members](http://www.casfaa.org/current-members), we will all be happy to facilitate your nomination!

Now on to enjoying the summer and preparing for the 2013 conference! Don't forget to plan ahead!

**CASFAA 42nd Annual Conference**  
**December 15-17, 2013**  
**San Francisco Marriott Marquis**  

Come Together and Join the Party in San Francisco.
Conference Update

Deb Barker-Garcia
Corinthian Colleges

Last week I looked at my calendar and realized that the 2013 conference is barreling down on us at a phenomenal pace! It does seem like just last week the conference committee and I were patting ourselves on the back for so quickly coming up with a conference theme and initial slate of sessions. Now it is with a certain amount of angst that I realize you are all in need of details...details...details.

This year our goal has been to continue the momentum and build upon the success of the 2012 conference. Anyone who knows me, understands that I cannot stand status quo...my next quest always has to be bigger...better...more fantasical. What we learned from 2012 was that core training sessions for both the beginner and advanced attendee were key. We also learned that the days of “what season is your color” sessions are over. Our attendees want up to date and relevant information that is crucial and integral to their success on the job. With that in mind, we are developing a program that will once again include our federal training partners, NASFAA trainers as well as key subject matter experts from the CA student Aid Commission and the VA. We also realized that we can continue to do better for certain segments of our community. This year you will see the continued pre conference training events for our Community College and Proprietary segments as well a revitalized forum for any of our segmental members who work with Graduate and Professional students. CASFAA 2013 will also see a brand new UC segmental meeting on Sunday morning. Thanks to our UC Segmental rep, Daniel Roddick, we are going to work hard to develop this pre-conference event to meet the needs of our UC segment. In looking at past attendance, we also realized that we're missing having many of our Graduate and Professional members in attendance. This made us really look at our program to ensure that we have a renewed commitment to schools that address this segment of students and the specific needs that come along with meeting the needs of those students. Natasha Kobrinsky, your Grad and Prof rep, continues to work closely with the conference committee to ensure that we truly meet the needs of all of our members.

This year we are also working hard to come up with some special social events. We want to ensure that not only are you provided with amazing training opportunities but that we all also get a chance to unwind and enjoy the relationships and partnerships we have formed over the years. San Francisco is an amazing city and you can be assured that we are not going to let our locale go to waste. Native San Franciscans, Daniel Roddick and Jon Potter(Nelnet) along with our Access and Diversity Committee are going to ensure that the sights, sounds and culture of San Francisco are not to be missed! This year we also have plans underway to get you out of that hotel for a bit and enjoy our Monday evening dinner event on a rooftop venue where you will not want to miss a breathtaking view of the holiday city lights. Rumor has it that our amazing 2012 DJ will again make an appearance for a night not to be missed.

Over the course of the next several weeks you will start to see more and more information from me in regards to the December conference training event. We are working on getting a draft agenda out very shortly so that you can start to plan your training track. Registration will also be open shortly as well as room reservations. You will all be pleased to see that we have been able to keep registration fees the same as 2012. And, since we couldn’t imagine a conference without our vendor partners, we will not raise any exhibitor fees in hopes that we will once again be joined by a packed house of true partners. Vendors will see an exhibitor packet available within the next week or two.

I hope you can tell how excited I, along with the entire 2013 Conference Committee, are about our upcoming training event!

Come together...Join the party! CASFAA Conference 2013 December 15-17 San Francisco Marriott Marquis
What's the Scoop?

After serving as the Associate Director of Financial Aid at Stanford Law School for over 5 ½ years, Dewayne Barnes has recently accepted a position as the Associate Director of Financial Aid at California College of the Arts. Dewayne will certainly miss the Stanford community he has come to know so well, however is eagerly looking forward to joining the CCA team and sharing his knowledge with all the of excellent staff at both the San Francisco and Oakland campuses.

Be on the lookout and welcome back...Peggy Loewy Wellisch, who is relocating back to Southern California from Florida in July!!! Peggy is considered an expert in the financial aid community by her peers on the national, regional and local levels. She is a consulting executive with FAME, a trusted provider of financial aid processing, software and consulting services to 1,000’s of campuses across North America. Particularly versed in issues facing all sectors in the higher education community, in her role at FAME, Peggy provides guidance on process analysis and compliance with program review and audit findings. Peggy is also responsible for elements of business development, conducting site visits and public speaking on FAME’s behalf out on the West Coast. She can be reached at 800.327.5772 x251 or pwellisch@fameinc.com. For more information on FAME visit www.fameinc.com.

After 13 years of trying to be a mother, multiple miscarriages and the loss of our baby boy at 22 weeks gestation to severe preeclampsia, the doctors said I would never be a mother. Something that comes so natural to others was being denied to us. We would find out we were expecting a baby, we would eventually end up in the hospital and again, we would always leave the hospital with empty arms. However, God always has the last word and He finally remembered us. On August 10, 2012, we welcomed into our lives our beautiful little daughter, Isabella Angel Zuñiga Ojeda. While other parents are sending off their kids to high school or college, I am now changing diapers, preparing tons of baby bottles and yes, losing lots of sleep at night. My new and wonderful life has just begun. I am finally a mother, Happy Mother’s Day to me!!

Career Academy of Beauty http://www.caofb.com in West Garden Grove, recently teamed up with St. Baldrick’s http://vimeo.com/49415156, a national charity who raises money to conquer childhood cancer. http://www.stbaldricks.org/events/mypage/9422/2013. The entire school (faculty, students and customers) made up of 93 volunteers raised money and created awareness for St. Baldrick’s Foundation. Our students typically do small shaving events throughout Long Beach/Orange County but the big event was on Wednesday, March 20th (all day). This event was a huge success, the community, armed forces, high school sporting teams and local businesses rally for this annual event to shave 30 volunteers heads completely bald (children and women included) allowing them to have a chance to really relate to the children’s experience. This year CAofB raised $12,533. It’s such a great cause and really brings the school and the local community together. I’ve attached a picture of one of our teachers who shaved her head and some more pictures that will be found on page 9 in the newsletter and a few links with more information about the cause below.

I want to thank everyone who participated in the survey conducted by the CASFAA GP Committee. We had an amazing response from the CASFAA community. I hope that the five lucky winners of the Starbucks gift cards enjoyed their caramel macchiatos. The responses presented a good representation of California colleges and universities. 20% of the respondents represented state universities, 37% were from community colleges and proprietary schools, and 42% responses came from independent colleges. 34% of the participants were responsible for both graduate and undergraduate population. The survey respondents supported educational programs serving from eighteen to sixteen thousand students.

I want to share some thought provoking responses that should be considered when we are representing CASFAA and advocating for our students.

Our goal is to secure sufficient funding sources for our students. In the midst of multiple proposals related to federal loan reform, it was interesting to find that if GPLUS is eliminated, only 40% of respondents believed that having only Unsubsidized Direct Loan available to students would be a sufficient funding solution, even if the interest rate is reduced. In addition, only 28% agreed that having $5000 additional Stafford loan would be sufficient to meet the needs of their students if GPLUS is to be eliminated. Only 43% of the respondents believe that the current Perkins loan terms provide an important funding solution to their needy graduate professional students. We put the IBR repayment plan from the Congressman Petri’s loan proposal to the test and found out that only 33% of our respondents thought that having loan repayment go automatically into IBR instead of Standard Repayment plan would be in the best interest of their students.

The issue of students choosing private loans over federal loans has been a topic of ongoing discussions for financial aid administrators and the Department of Education. The survey has confirmed financial aid administrators’ concerns that private loans’ interest rates and fees are more favorable than those of federal loans. 50% of our respondents agreed that the current federal student loan interest rates and fees cause their students to consider borrowing private student loans.

Many of our students have been benefiting from very competitive interest rates and fees offered by private lenders. 67% of respondents agreed that discharging private student loans in bankruptcy will make student loans more risky to lenders and may jeopardize currently available no-fee and low-interest loans.

We are used to hearing that the Pell Grant program has to be rescued. The survey showed that the financial aid community does not think that the Pell Grant funding should be saved regardless of the expense. Only 11% disagree with the statement that securing Pell Grant funding by eliminating education tax benefits will not be beneficial for the majority undergraduate students and will be detrimental to the majority of graduate students.

Have you implemented or consider implementing the Financial Aid Shopping Sheet? You might not be surprised to hear that only 27% of respondents believe that the Shopping Sheet would help their students to understand their funding options better than their current award letter. The same low percentage of respondents thinks that the College Score Card helps their students to evaluate their college choices.

Many of us believe that meeting constantly changing legislative and regulatory requirements (generating reports, updating student systems, professional training, etc.) can be very costly for educational institutions. The survey showed that only 15% of financial aid professionals DO NOT think that the cost of compliance for their school is one of the factors driving tuition increases.

An overwhelming 94% of respondents said that advocating for graduate level financial aid should be the top priority for the GP Committee. With your support we will continue to do our best to represent our GP community and our students.
Committee Update

Independent Segmental Update

Daniel Wait
Independent Segmental Representative

WELCOME: I offer a warm welcome to anyone in the independent segment I have not yet had a chance to meet. I hope that you will not hesitate to reach out to me as a resource.

INVOLVEMENT: Your segment has been represented at events such as the CASFAA/CCCSFAAA Day at the Capital as well as AICCU’s Cal Grant Day. Both of these events were an opportunity to advocate for state funding and to give input on proposed legislation.

CURRENT STATUS: As every other office looks forward to summer for the sunshine and warm weather, many of our offices face the challenge of summer coursework. It seems there are all the same problems with the Fall and Spring semesters, but in a fraction of the time. You are not alone! It’s important to connect with colleagues and your CASFAA Independent Segment Representative for examples of best practices.

RESOURCE OF INTEREST: I recently gave a presentation in partnership with the College Board at the WACAC conference in Costa Mesa. The title of the presentation hosted by College Board’s Alicia Ortega was called “What Are They Thinking?” based on a survey they conducted. It dealt with students’ perceptions of financial aid and college affordability. For any of you that deal with customer service in your office or interact with families, you’ll find that this data supports much of what you are experiencing in person. These are the trends you’ll find. (1) Many students are writing off college simply based on costs. This is even BEFORE they look at any potential financial aid. (2) More students are expecting merit or need based aid, even if they do not have the academics or need to support it. (3) Many students are committing to schools without a clear plan on how to finance their education. All of these trends are particularly troubling for our segment. This is why WACAC was a good venue for me to speak on this matter. It allowed me to connect with so many high school counselors about the consideration of our schools and how to start setting appropriate expectations. Communication is not just a means of customer service; it can make the difference to get the right student at the right school.

TRAINING: I hope I will get to meet you at the CASFAA Annual Conference in December if not sooner! You’ll get a chance to hear some sessions tailored to your offices. Keep your eye out for some separate training as well in the near future.

Let me know what your needs are and have a wonderful summer!

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/
Hello CASFAA Members! Your Federal Issues committee is hard at work, preparing for our upcoming Advocacy Webinar and updating some best practices documents. Our monthly conference calls have been productive; see the minutes here. http://www.casfaa.org/executive-council-meeting-agendas-and-minutes. I just wanted to write a brief note to invite you to share what's working well on your campus:

**Your Feedback**

- How are you using social media in your office?
  Let us know on CASFAA's Facebook page. https://www.facebook.com/groups/casfaa/

**Financial Literacy**

- What do you use at your campus? Email dreed@casfaa.org with your input, and we will post a list of commonly used products on the CASFAA website.

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**Proprietary Segmental Update**

On March 5, I had the opportunity to attend the Day at the Capitol along with 24 members of CASFAA and CCCSFAA. Like many of you, for years I have always been curious what this day entailed and wanted to participate. It's not as intimidating as you think meeting with our state legislatures. There were 40 newly elected officials in this administration so we were the subject matter experts regarding Title IV and they were available to listen and learn from us.

Our day consisted of a CSAC update, higher education policy panel discussion, segmental panel discussion, five teams in three rounds of legislative/budget visits, and ended the day with a future advocacy planning and debriefing.

I had a great and fun time with my team going from floor to floor to various legislatives offices to share our stance on Cal Grant changes and on AB 534(Wieckowski) – Private Student Loan Counseling. We have been contacted by the Office of Assemblymember Wieckowski for assistance and continue to provide feedback on changes to his proposed bill. This truly has been a wonderful experience to making a difference to decisions that are being made that may eventually become law that will impact not only how we administer aid but ultimately affect our students. I hope you all get the chance to participate next year!
Hello CASFAA!

I’m back . . . serving as your 2013 CSU Segmental Representative. Here are a few highlights of what I’ve been doing as a member of the EC, what is going on in the CSU segment and several bills that are being tracked as well.

Attended Day at the Capitol, March 5, 2013 and went on site visits to speak with staffers and/or legislators.

CSU Chancellor Tim White has been visiting the various CSU campuses. He will visit CSU San Bernardino on May 8 & 9 as part of his CSU tour.

**Governor’s Higher Education Plan Overview - CSU related issues**

- At CSU, few students are graduating in four years.
- Up to a 20% increase in General Fund appropriations to UC and CSU over a four-year period (2013-14 through 2016-17), representing about a 10% increase in total operating funds.*
- Freeze on UC and CSU resident tuition from 2013-14 to 2016-17. If a segment raises tuition during any of those years, its cumulative funding augmentation beginning in 2013-14 will be forfeited and cannot be earned back.
- For UC and CSU, funding augmentations will be contingent on progress made toward the following goals. (Note: the latest values for the performance measures will be updated this fall to reflect actual 2011-12 values, which will serve as the base year):
  - Ten percent improvement of on-time graduation rates by 2016-17 (meaning 4 years for freshmen and 2 years for transfer students).
  - For CSU freshmen, an increase from about 16 to about 18%.
  - For CSU transfers, an increase from about 23 to about 26%.
- For CSU transfers, an increase from about 23 to about UC and CSU enroll from the community colleges by 2016-17.
- For CSU transfers, an increase from about 23 to about annually.
- For CSU transfers, an increase from about 23 to about by 2016-17 for:
  - First-time freshmen
- For CSU transfers, an increase from about 23 to about completions per 100 full-time equivalent enrolled students by 2016-17, to capture improvements in efficiency.
- For CSU transfers, an increase from about 23 to about completion, but needs to improve completion rates. It can become more efficient by increasing its overall through-put and reducing the number of excess units per degree completion.
- For CSU transfers, an increase from about 23 to about lower and upper-division coursework and create clear transfer pathways for students that enable them to graduate on time, without accumulating excessive extra units.

*Information provided by Andrew Martinez, Senior Legislative Advocate, Advocacy and State Relations, Office of the Chancellor - California State University

Bills being followed.

**AB 67 (Olsen R) Public postsecondary education: funding.**

**Summary:** Would prohibit the Trustees of the California State University from increasing the amounts charged for undergraduate tuition and mandatory statewide fees for California residents from the amounts charged in the preceding fiscal year unless certain increases in appropriation’s related to the California State University are made in specified budget acts. This bill would encourage the Regents of continued on next page
Committee Update (continued)

the University of California to refrain from increasing the amounts charged for undergraduate tuition and mandatory statewide fees for California residents in the preceding fiscal year when certain increases in appropriation's related to the University of California are made in the same specified budget acts. These provisions would be repealed on January 1, 2017. This bill contains other related provisions.

AB 534 (Wieckowski D) Postsecondary education: institutional and financial assistance information for students.
Summary: Would require each campus of the 4 segments of postsecondary education in this state, and private postsecondary educational institutions subject to the California Private Postsecondary Education Act of 2009, to provide entrance and exit counseling, as specified, with respect to any student loans offered by the institution or a private lender or recommended to the student by the institution or segment. The bill would also allow an institution to assess a reasonable fee to the lender, not exceeding $50, in order to defray the cost of additional counseling.

AB 1241 (Weber D) Student financial aid: Cal Grant Program.
Status: 5/1/2013-Action From APPR.: To APPR. SUSPENSE FILE.
Summary: Among the eligibility requirements for the Cal Grant A and B Entitlement Awards is a requirement that the applicant submit a complete financial aid application postmarked no later than March 2 of the academic year of high school graduation or its equivalent, or no later than March 2 of the academic year following high school graduation or its equivalent, for the 2nd award year. This bill would extend this period of eligibility by 3 years, allowing an applicant for Cal Grant A and B Entitlement Awards to submit a complete financial aid application no later than March 2 of the 4th academic year after his or her high school graduation or its equivalent for an award the academic year following the application.

AB 1285 (Fong D) Student financial aid: Cal Grant Program.
Summary: Would delete the provisions that limit the maximum Cal Grant B award for a student attending the University of California, the California State University, or a nonpublic institution to the amount of the access award in the student’s first year of enrollment in the institution. This bill contains other related provisions and other existing laws.

AB 1287 (Quirk-Silva D) Student financial aid: Cal Grant eligibility.
Summary: Would delete the additional requirements prescribed in the Cal Grant Program for renewing recipients, and make various conforming changes.

AB 1364 (Ting D) Student financial aid: Cal Grant Program.
Summary: Would, commencing with the 2014-15 academic year, require that the Cal Grant B access award be no less than $5,900, unless that amount exceeds the amount of the student’s calculated financial need, as specified. The bill would require the award for access costs to include the percentage increase, if any, in the California Consumer Price Index, as specified. In the event of a decrease in the California Consumer Price Index, no adjustment would be made to the minimum Cal Grant B access award under this bill. The bill would delete the provision authorizing the adjustment of this amount in the annual Budget Act.

SB 58 (Cannella R) Public postsecondary education: funding.
Summary: Would express a finding and declaration of the Legislature, and express the intent of the Legislature, relating to the enactment of Proposition 30 by the voters and to the provision of funding to the California State University, the University of California, and the California Community Colleges. This bill contains other related provisions and other existing laws.

SB 141 (Correa D) Postsecondary education benefits: children of deported or voluntarily departed parents.
Summary: Would exempt a student who is a United States citizen who resides in a foreign country, and who meets all of the following requirements, from nonresident tuition at the California Community Colleges and the California State University: (A) demonstrates financial need for the exemption; (B) has a parent who has been deported or was permit
Committee Update (continued)

SB 285 (De León D) Student financial aid: Cal Grant Program.

Summary: Would require the Treasurer to certify the amount of moneys available in an academic year from the College Access Tax Credit Fund for distribution, and provide that an amount determined by the Student Aid Commission would be available for expenditure, upon appropriating to the commission by the Legislature in the annual Budget Act, from the College Access Tax Credit Fund, for distribution to students to supplement Cal Grant B access cost awards to bring those students' total annual awards for access costs to not more than $5,000. This bill contains other related provisions.

Career Academy of Beauty in West Garden Grove, recently teamed up with St. Baldrick’s, a national charity who raises money to conquer childhood cancer. This year CA of B raised $12,533

The Segmental Rep position is a great way to get involved with CASFAA and become more familiar with all the great things that CASFAA does on behalf of our profession and California students. So for all of my CSU colleagues this will serve as your notice that I will be contacting you throughout the year to share your insight, concerns and expertise as it relates to the CSU Segment.

This also means that I will be looking for two individuals to run to become the 2014 CSU Segmental Rep in our next election. Feel free to contact me and let me know that you are interested or point me in the direction of a colleague that you feel would be a great candidate or just someone looking to become more involved within CASFAA.

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

for graduate level financial aid should be the top priority for the GP Committee. With your support we will continue to do our best to represent our GP community and our students.
Greetings CASFAA! Two reasons you know its spring time in California, one if you’re sneezing and wheezing and two—its Tax Workshop Time! Jim Briggs, the Tax Detective once again delivered nine fun filled tax workshops up and down our beautiful state. If you were not able to attend, here are some highlights:

We offered 9 workshops (4 in northern California and 5 in southern California). Total attendance for all the workshops was 281 Financial Aid Administrators. A special shout out to the awesome and gracious schools who hosted us this year: McGeorge Univ School of Law in Sacramento; Five Branches Univ in San Jose, Golden Gate Univ in San Francisco & Samuel Merritt Univ in Oakland. In So Cal, Pacifica Graduate Institute in Santa Barbara, Pepperdine Univ Graziado School of Business in Los Angeles, Pitzer College in Claremont, Cal Baptist Univ in Riverside and Univ of San Diego in San Diego. Thank you for your hospitality! Jim's agenda included everything from verification to business taxes and of course tax transcripts. Diablo Valley College in Pleasant Hill, CA sent seven staff members and here is what Phoebe Balangan, Financial Aid Assistant II had to say about her experience:

What did you like the best about this year’s tax workshop? Anything you wished was covered and wasn’t?

The line by line review of the tax forms helped clarify our lingering questions. My colleagues and I were familiar with most of the information but benefited from the validation by a tax expert that our verification process is going in the right direction—especially in regards to non-routine cases. Jim Briggs is a great speaker and very engaging. His real life examples and scenarios made it easier to digest the information. Also, the location (Golden Gate University) was convenient and near the Bart station. There isn't anything I wish was covered that wasn't. Although, it would have been nice if the workshop was a little longer—maybe a two-day workshop with a beginner and advanced session.

We are hopeful that CASFAA will offer the 1040 Workshops for 2014 also. Watch for announcements as we get close to tax and FAFSA filing times next year!
As we look forward to 2013-14 and 2014 reauthorization, “Come Together Join the Party” is an apt theme for CASFAA’s annual conference. As a beginning point, NASFAA’s Reauthorization Task Force began solidifying recommendations from members and published these on May 28, 2013. (NASFAA web site, May 30, 2013).

“NASFAA’s Reauthorization Task Force Recommendations Transfer of Allocations

NASFAA’s Reauthorization Task Force (RTF) proposes that the limit on transferring allocations between programs be increased, and that institutions also be allowed to transfer a portion of their Perkins Loan level of spending.

Currently, the law allows an institution to transfer up to 25% of its campus-based allotments as follows:
- From FWS: 25% of allotment to FSEOG or Perkins
- From FSEOG: 25% of allotment to FWS
- From Perkins: 25% of allotment to FSEOG or FWS; however, no allocation of new Perkins Loan funding has been made in recent years, so this transfer option has not been available.

The RTF propose to allow transfers of up to:
- 50% of FWS allocation to FSEOG or Perkins
- 50% of FSEOG allocation to FWS.
- 15% of current year Perkins collections to FSEOG or FWS.

The RTF proposes no changes to current carry forward and carry back provisions.

FWS Community Service Requirement

On-campus Child Care Facilities

The RTF recommends an amendment to clarify the definition of community service with regard on on-campus child care facilities that, while open to the community at large, give preference to students and faculty, and, due to limited resources, are filled by their children. At the heart of this recommendation is the belief that college faculty and staff, as well students residing off campus, are in fact members of the surrounding community. Faculty and staff in particular are often long-term residents, indistinguishable from other members of the community who happen to work for an employer other than the college.

Current statute includes “child care services provided on campus that are open and accessible to the community” in the definition of community service. Under this recommendation, institutions would be allowed to count, for community services purposes, FWS employment in on-campus child care facilities provided no formal rule denies child care to the community at large other than a preference to serve the institution’s faculty/staff/student community needs first due to limited space/staffing resources. In addition, the definition of community service would be revised to acknowledge that the “community” includes faculty, staff, and students residing off-campus.

This recommendation has been made in the past, and still is of concern to NASFAA members.

Set-Aside for Community Service

The RTF recommends replacing the current community service requirement with a voluntary approach where 7 percent of the annual appropriation is put into a community service component program under FWS, for institutions to compete for separately. This approach would create another sub-program under FWS (like Work-Colleges) with a portion of the FWS pot of money to be distributed by schools that apply specifically for it, on the same basis as supplemental reallocations are currently allocated.

Many schools already had strong, broad-based commitments to community service before it was incorporated as a requirement under community service. Other schools are located in areas where they find placement in qualifying community service difficult.

continued on next page
NASFAA Reauthorization (continued)

service positions difficult. Under the recommended approach, the bulk of the FWS appropriation would go to schools with no community service strings attached. Schools would have the option of applying for as much additional community service FWS as they think they could use, with no minimum percentage of their overall allocation required.

Private Sector Cap
The RTF recommends eliminating the 25% cap on private sector employment on the premise that schools should be able to place students wherever jobs are available and reasonable. This recommendation would not change any of the current caveats surrounding private sector placement, including the requirement that private sector jobs be academically relevant to the student’s program.

Pell Component of FSEOG Eligibility
Effective July 1, 2012, a lifetime eligibility limit (LEU) of 6 scheduled awards has been imposed on Pell Grant recipients. Due to the very limited nature of FSEOG funding, the requirement that FSEOG be awarded first to Pell Grant recipients effectively causes a loss of FSEOG funding once a student reaches his or her Pell LEU limit.

The RTF recommends that FSEOG be awarded to students whose EFCs fall into the Pell Grant range, regardless of whether the student actually receives a Pell Grant, and that the “lowest EF” order of awarding be eliminated. Students whose EFC would enable them to receive Pell Grants are in fact the neediest students. Further defining an order within that range seems unnecessarily redundant. Schools should be able to establish their own packaging policies within the EFC eligibility range.

Perkins Fund: Distribution of Assets if Program Ends
In the event that the Federal Perkins Loan Program ceases to exist, the law specifies how to distribute the assets of the Fund between the school and the federal government (which has an investment through federal capital contributions—FCC—over the years). The RTF recommends that this process should include an offset for the aggregate amount of unfunded reimbursement for required loan cancellations. In addition, the process should take into account any institutional contributions made in excess of the FCC or made when there was no new FCC.

Pending: Allocation Formulas
The RTF believes that the current allocation formulas are inequitable due to the fact that, over time, the campus based funding formula has not been adequately adjusted to reflect the demographic redistribution of needy students that has occurred across the nation. Consequently, institutions that have seen increases in needy students are not necessarily provided with additional campus based funding. Conversely, other institutions continue to receive campus based funding at the same level year to year despite the fact that their proportion of needy students has declined.

NASFAA has in past reauthorizations unsuccessfully advocated for a gradual elimination of the base guarantee with eventual reliance on the fair share component of the current allocation formulas. The RTF believes that an allocation formula should take into consideration the number of high need students attending the institution as well as the cost of attendance of similar sector institutions (2-year, 4 year, public, private, proprietary) within a given geographic region. However, the ramifications of changes to the formulas need careful investigation. The RTF now has a tool that it can use to model the effects of various changes, and will discuss this issue further before making a formal recommendation to the Board. Publication Date: 5/28/2013"

If you have recommendations, comments, or concerns, please forward these to Daniel Reed, Vice President, Federal Issues, CASFAA. The Federal Issues Committee will be working with all segments in California regarding recommendations for reauthorization. Your input is valuable and necessary—we need your voice so that all concerns are heard and addressed during the reauthorization process.

NASFAA’s Reauthorization Task Force began solidifying recommendations from members and published them on May 28, 2013.
Do your students have a grip on their finances?

Solutions can help.

Student loan repayment services provide students with information and one-on-one guidance to match the repayment plan to the student’s situation.

Financial literacy platform, powered by iGrad, offers personal money management resources through an interactive website featuring multimedia content.

Default prevention services help students who become delinquent get back on track through targeted strategies.

Contact
Rosemary Martinez-Kepford
951-314-2171
rmkepford@ecmc.org
www.ecmc.org/Solutions

ECMC

Solutions
I recently interviewed Kat Williams, CASFAA's Web Administrator, to find out more about her and our online initiatives. I hope you enjoy getting to know her as well as I did.

Kat, how long have you been the Web Administrator for CASFAA and how did we trick you into helping us?

I started working for CASFAA in 2009, and believe me I lucked into it. I had just recently been downsized from a job, running a small computer security office for a multinational agricultural and construction machinery manufacturer (hint, they REALLY like green). A couple of months later, my uncle (former EIC chair Wayne Mahoney) calls me. He says that the person they hired to move the association web site to a new server wasn't getting things accomplished, and could I take it on? At first I was pretty hesitant, but ultimately it ended being much more about information and resource management than coding. We have a solid Joomla based Content Management System, and the trick is just to know what the tools can do, and what they can't - and how to work around it when they fail to do what we need.

But other than managing technical problems, in many ways I'm just like any other administrator, shuffling information to the appropriate storage and recall location. But instead of using a filing cabinet, I'm using large systems of electronic files (you should see our tree structure), and a large web interface.

When we finally had moved the site to the new servers, I was asked to stay and just run the online tools. And as our tools expanded, so did the scope of my job. Now so much is done online, that it requires more time and continuing education than a person can handle on a volunteer basis.

And this year, I was asked to take on the role of head of the Electronic Initiatives Committee, and be the permanent Webmaster. This is a great opportunity, because I get to work more closely with the Executive Council, and get direct feedback, on what more I can do to improve our services.

What does your role entail? (Website, webinar registration, membership renewal, etc.)

My role, at this stage, is fairly complex.

- There's a fair amount of information management - making sure the information people need is where they expect to find it, and when possible, that it's also linked in 5 other places they might choose to look.
- There is also definitely a design element to it. I have to build page layouts, hunt down graphics for emails and web pages, figure out which fonts/colors works with what--the overall color scheme of the CASFAA.org website is all pulled from the colors of the images which are in the banner at the top - and those were images from old CASFAA brochures that I just thought had a great design and aesthetics.
- Mostly running the website itself is about having good templates to work with, and not trying to build from scratch all the time. The entire FAQ system is built on a series of templates, that designed to ensure each section is consistent and easily navigable.
- Along with the website's actual pages, there is of course the member database - which includes making sure the forms are functioning, whether it's to join, to renew your membership, or to advertise in the CASFAA News.
- I also work closely with our Newsletter Chair, to communicate about deadlines for the newsletter, and disseminate the (now entirely electronic) newsletter to the membership.
- I am also responsible for updating all of our online calendars, and the online archive of information, coordinating volunteer forms and generally making sure all electronic communication gets to the right person.
- The other big element is event registration management, whether it's live events or webinars, registration is always done online, and usually involves connecting the databases of two entirely separate tools, to make the process as smooth as possible.

That is a lot of work. But there's even more you do from what I have seen.

Also this year I am administering all of CASFAA's social networking accounts. Currently we have a Facebook group, and...
a LinkedIn Group. I am looking into updating those profiles with more up-to-date information, and seeing how to better utilize social networking for communicating with our members.

What are some of the latest features the membership should explore?

As part of a move to better using online tools to, we have been in the process of moving to Google Apps for our internal CASFAA communications and data storage, and the CASFAA calendar. The move to multiple calendars allows users to better view CASFAA events, other Financial Aid relevant events, and our monthly partner webinar schedule, all at once or individual groupings. It also allows our Upcoming Events bar to be up to date, without manual updating.

Another huge thing our web host has launched just a few weeks ago, is automated email invoicing on forms. This means that when a person fills out a form that involves, they now have the ability to request an invoice, and still make an automated credit card payment later - previously this required someone at CASFAA to manually process their credit card payments made after a form had already been submitted. This new method saves everyone time, and adds even more levels of security to your credit card information.

What have been some of the challenges from your perspective in enhancing web services?

The challenges we usually face are how best to bring new tools into our usage, and to help members understand changes to the technology. Another challenge is that new tools aren't always built with the kind of interface we're familiar with, so we basically have to get down into the tools before we ever figure out what's missing, what we need to adjust for, and what tools are going to be the best fit for our association.

The other challenge lies in not taking on tools we have no use for, that isn't helpful. I'm sure we've all been there, with a pile of icons all over our smartphone screen, that we can't keep track of, and half of them we barely remember what they do. That's something I'm conscious of, as we work to create a fully integrated mobile app for next years' Annual Conference, with the folks at TG (who put together an amazing app for last year's conference, at very short notice).

Were you a financial aid recipient in college?

I have filled out a FAFSA, yes. I have received Pell Grant assistance for education in the past.

If you wanted the membership to know or do one thing related to web services, what would that be?

I think it's important to let people know that we are always trying to improve our services, by trying to find better technology, at reduced costs. But sometimes, new tools turn out to be the wrong fit for our needs. When that happens, I know it can cause frustrating delays and speed bumps.

But what this year has taught me is to always have a backup plan. We are working on processes that will let us always have a secondary method to complete event registration, should we again find ourselves with a tool that is inadequate to our purposes. In the future, failures of new technology will be handled quickly and with as little fuss for our members as possible.

In addition - I love suggestions. I'm always looking to improve our site/tools in any way I can, and because my background is in IT and not Financial Aid, I rely on members and the leadership to give me ideas on how best to make the tools fit your needs.

How can folks reach you?

The easiest way to reach me is via email, at klwilliams@casfaa.org. I can also be reached by phone, at 309-269-1532, but please keep in mind that I'm in the Central time zone. Email is often better, so that I can have your account available to me when I'm working on your issue. I'm also the person at the end of the admin@casfaa.org email address, and the Contact CASFAA form.

So where are you exactly?

I live in an area known as the Quad Cities, which spans the border of Iowa and Illinois, at the Mississippi river. I’m on the IL side currently, but I’ve lived in a handful of the 35 cities, towns, and unincorporated villages which make up Quad Cities Metropolitan Area - on both sides of the river.

What do you, aside from your work with CASFAA?

Until recently I was also a Field Representative for the U.S. Department of the Census - guess which job I like more? I have a teenage son, who takes up a fair amount of my time, and I watch my 18-month old nephew three days a week, to help offset child care costs for my sister. So the bulk of my time goes to work and family. I’m also currently working on several writing projects, to be added to my website, when I’m finished redesigning it. I used to write for an online magazine, but for the last several years my work schedule hasn’t permitted me much time for personal projects - I’m looking forward to getting several of them done this year.

Thank you for your time, the insight, and your help. Hey fellow CASFAA members, check out CASFAA on Facebook and LinkedIn!

e-mail Kat at klwilliams@casfaa.org
California Senate Bill 1289 and Private Loan Disclosures: How Does This Impact Your Institution?

Did you know that California passed a new law requiring additional disclosure information for private loans last year? California Senate Bill 1289 was proposed as a consumer protection for college students receiving loan financial aid in California, to provide additional information about the differences between federal and private loans, through required disclosures in consumer information provided by financial aid offices to students.

By providing students with information regarding loan options and risks, as proposed in this measure, students can make informed decisions about student loans, reducing the likelihood they will run into additional unforeseen consequences.

The bill was introduced and sponsored by Senator Ellen Corbett and first introduced to the senate on February 23, 2012. On August 22, 2012 it was passed by Congressional Assembly. Governor Jerry Brown approved the bill on September 27, 2012. The new law went into effect January 1, 2013.

Who must comply with SB 1289?

* All public, private, or independent postsecondary institutions except the California Community Colleges. (includes both for-profit and not for profit institutions)
* California Community Colleges are authorized and requested to comply with the provisions.
* The University of California will comply if the Regents of the University act, by resolution, to make it applicable.

What does the law require?

The law specifies that certain language regarding federal and/or private loans must be put on consumer facing materials in three parts.

1. For all schools: The following must be stated in all printed and online financial aid material accessible to students through this institution to matriculated students and to be included with private loan applications provided by the institution:
   - Federal Student Loans are required by law to provide a range of flexible repayment options, including but not limited to, income-based repayment and income contingent repayment plans, and loan forgiveness benefits which other student loans are not required to do.
   - Federal loans are available to students regardless of income.

2. For schools that package private loans (or choice): In award letters where private loans are included as part of the award package, private loans must be clearly distinguished from federal loans with the following information:
   - Whether the rate is fixed or variable
   - Private loans can offer variable rates that can increase or decrease over time depending on market conditions
   - Private loans have a range of interest rates, fees, and students should determine these before accepting the loan.
   - Students should contact the private student loan lender or their school’s financial aid office if they have any questions.
   - The interest rate offered on a private loan may depend on borrower’s credit rating.

3. For schools that have a private loan lender list.
   - If the institution provides a private loan lender list, they must provide information about the loans available from the lender, and disclose the basis for each lender’s inclusion on the list.
   - The institution shall also disclose with the lender list, that the student has the ability to choose any lender.

continued on next page
Different school scenarios and compliance with SB 1289

Q: Our institution does not process private loans. Do we still need to comply with SB 1289?
A: Yes. All schools are required to include the disclosure language (Part 1) on their website and materials provided to students as provided in the paragraph.

Q: We do not package private loans, but we allow students to choose federal PLUS/GradPLUS or private for gap financing. Do we need to comply with SB 1289?
A: Yes. Although you may not be awarding/packaging a private loan, you are providing the students with the option to borrow a private loan, so the language in paragraph 2 should be included in the award letter materials.

Q: We do not promote private loans, but we do process loans for students who specifically request them or are not eligible for title IV loans. Do we need to comply with SB 1289?
A: Yes. All students who have access to federal (as well as private) loans should be getting the disclosures about federal loans, and they should also get the reminder information to carefully look over and understand all the terms and conditions that apply to any private loan they are receiving.

Q: We don’t participate in the federal loan program but do process private loans for students that request them. Do we have to comply with SB 1289?
A: Part 1 speaks to federal loans and may confuse students if they do not have access to them at your institution. It may be better to leave this out if your students do not have access to federal loans. Part 2 and 3 would be recommended so that students understand the variables that come with borrowing private loans.

Q: Who is responsible for overseeing compliance to SB 1289?
A: No guidance has been provided at this time on the oversight of SB 1289. However, as is the case with all laws, institutions should be aware of the requirement, and use due diligence to ensure compliance.

References:
CA Ed. Code Title 3, Div. 5, Part 42, Chapter 2, Article 14.5, §69800
http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml;jsessionid=9085885841f0f4d90027f8ed1801?bill_id=201120120SB1289

Content provided by California Lenders for Education (CLFE)
CLFE is a diverse coalition of student financial aid industry participants that engage in activities to improve and preserve the quality and integrity of education financing products and related services delivered to California students, parents and schools.

Save the Date
Plan on attending CASFAA Pre-Conference December 14-15, 2013
The Proprietary Committee is hard at work with planning an exciting program for the pre-conference Dec. 14-15 and conference Dec. 15-17. We surveyed our proprietary membership and received great feedback on session topics that I presented to the Conference Planning Committee this past April. As this year’s conference theme is “Come Together, Join the Party!”, we are excited to be hosting a wine and cheese reception at this pre-conference!! It’s going to be fun so don’t miss out! More information and early registration to come this summer.
Aid administrators are a unique group. We play a variety of roles - and are perceived in a variety of ways. At times we are seen a savior, at others a gatekeeper. When it comes to enrollment growth, we are often viewed as the key, and sometimes we are seen as the barrier. In the end, we may be all of these at one time or another. My 20 years in financial aid have convinced me of two things: financial aid administrators as a community care deeply about their students, and they are committed to getting it right. These are the qualities that make the Shopping Sheet both a welcome change and a frustration for this group of committed professionals.

Campus leaders have expressed concern about the Shopping Sheet and how their respective institutions are being represented. There have been concerns raised regarding how the data is calculated and what can be done to ensure their institutions are reflected accurately. The Shopping Sheet reflects more than just financial aid data, and campus leaders are mindful of the impact of how their institutions are perceived by perspective students, families, and donors.

Student loan debt is now the second leading source of household debt, surpassed only by mortgage debt. It is therefore imperative that students are well informed about institutions, and have a full understanding of the total cost of attending that institution before making a final decision. As financial aid administrators and campus leaders consider adopting the Shopping Sheet, it is important that they consider why, and then most importantly how they will provide students with this critical information.

Under E.O. 13607, an institution must provide each of its prospective veteran and service member students with standardized form describing the costs of the educational program and the amount of that cost that available Federal education benefits and financial aid may cover. ED has designated the Shopping Sheet as the form described by E.O. 13607. An institution that has agreed to comply with the principles of Excellence 13607 is not required to use the Shopping Sheet for students that are not veterans or service members, but ED recommend that compliance with E.O. 13607 “might be accomplished most easily” by providing the Shopping Sheet to all students.

Concerns
Aid administrators and financial aid experts have expressed concern regarding the Shopping Sheet data - both in terms of how it is calculated as well as the effectiveness of what it intending to communicate. Words such as “misleading” and even “meaningless” abound in these discussions. Aid administrators have a front row seat in understanding the vast amount information in the financial aid world that is misunderstood by the intended audience. A great deal of time is spent helping students and parents make sense of this world, so concerns over adding yet another layer of information are understandable.

One of the most talked about data elements is the net-cost box. Without clearly defined “rules” around the calculation of net-cost, students and families may be provided with misleading information. For example, if an institution includes PLUS loans in aid packages for dependent students, the net cost would be zero because PLUS loans can be taken up to the cost of attendance. If a school chooses not to include PLUS loans in their packaging, will families assume the cost at that institution is higher?

Graduation rate calculations are another frequently cited area of concern. The Education Department uses only first-time full-time students to calculate graduation rates, thus transfer students are not reflected. For institutions with a high per-
The Shopping Sheet (continued)

percentage of transfer students this can be particularly concerning, as it does not accurately reflect their student population. Many have expressed concern regarding the fact that the Education Department does not filter or normalize the data based on differences in student demographics, by the types of programs offered, or by sector. In other words, if an institution offers a four year degree it will be compared with all institutions offering four year degrees, with no reflection of institutional differences, or differences in the makeup of the student population.

Finally, it is questionable whether or not the data is actually meaningful. Do prospective students really understand what a default rate is, or what median borrowing actually means? Can they translate general information into something meaningful for their own situation, and actually use this data to compare institutions? These questions have also been raised by NASFAA, who has wisely pointed out that without consumer testing, the shopping sheet may not be accomplishing its intended goals.

The Solution

Imagine that you are purchasing a home, and after looking at 3 different homes you visit your bank to discuss financing one of those homes. Your bank provides you with the following information regarding other customers of that bank that have had mortgage loans: the median loan amount, the average payment amount, the percentage that defaulted, and the percentage that successfully paid their loan in full. Would that help you make a decision about your individual situation, and therefore which home to purchase or which bank to use? The clear answer is no. You would want and expect to be provided information regarding your actual costs, your payment amount, and what options were available to you. These same principles and expectations can and should be applied to the Shopping Sheet.

There is a great deal of support for the transparency that the Shopping Sheet data provides. However, the concerns being expressed about the relevance of the data are certainly valid. The question really becomes, “how do I comply with the regulations, ensure that the data accurately represents my institution, and make the information useful and meaningful to students and their families?” The answer is to enable students and families to reach beyond the Shopping Sheet, personalize the data to reflect their situation, and thus be able to accurately compare institutions. Regent Education’s SNAP solution can help schools provide this critical guidance to prospective and current students.

SNAP delivers a net price calculator and a personalized shopping sheet, and has the ability to develop a personalized financial plan for a students’ first academic year as well as the full program. Utilizing SNAP ensures that the institution is represented correctly, helps students and families understand the data, and provides meaningful and personalized information that is useful in their decision making process. To learn more or to schedule a demonstration, visit www.regentsnap.com. Some of the key features of SNAP include:

- Highly configurable—can include state in institutional awards to precisely match your packaging philosophy
- Award estimated based on actual Federal methodology
- Utilizes schools packaging rules
- Meets federal requirements for net price calculator and shopping sheet

A college degree continues to be critical to economic prosperity and stability, both individually and as a nation. However, the rising cost of an education makes the decision of where to attend a critical factor in achieving this prosperity and stability. It is therefore more important than ever that prospective students have the information they need to select an institution that meets their individual needs. The Shopping Sheet is a step in the right direction. By going beyond the basic requirements, institutions can turn what may have initially seemed like a burden, and turn it into a benefit.
Strategies to Promote Smart Borrowing

Amy Kasper
TG Regional Account Executive

With the move to official 3-year cohort default rates (CDRs), default prevention has never been a higher priority at schools across the country. While much of this concern focuses on the repayment phase of the life of the loan, the borrowing phase is arguably just as important. One of the best ways to avert default is to encourage students to adopt smart borrowing habits.

But how do schools accomplish this? The following list presents strategies schools can use to promote smart borrowing decisions within their student population.

- Personalize student loan counseling. Common sense suggests that face-to-face interaction produces better outcomes when it comes to student loan counseling. In-person counseling allows students to ask questions and financial aid professionals to make note of important information students may otherwise miss. Most importantly, personalized counseling can be tailored to the individual student’s situation, thus addressing his or her needs more directly.

While there is widespread agreement that in-person counseling is the most effective, schools often lack the resources required to provide it, whether because of a large student population, lack of adequate staffing levels, or both. In its place, many schools try to provide at least some individual contact to each student. Some schools require students to pick up loan request forms in person at the financial aid office, for example. Others strongly encourage students to attend smart-borrowing workshops, giving staff members the opportunity to address key topics and students the chance to ask questions.

- Provide borrowers with regular reports on their total amount borrowed and likely monthly repayments after separation. Along with academic success, total amount borrowed is a primary indicator of potential repayment success — or the lack thereof — after graduation. All too often, students fail to consider how their borrowing behavior will impact them down the road. To help fill this judgment gap, some schools have started providing borrowers with periodic reports of their total amount borrowed, along with likely monthly payments under a standard repayment plan.

Another useful element to include in such a report would be potential debt-to-income ratios for a student’s major, once he or she has declared one. The Occupational Outlook Handbook (at www.bls.gov/oco) can provide potential income information for most careers.

- Institute an effective financial literacy program. Encouraging students to keep their potential future earnings in mind when making borrowing decisions is a critical piece of a successful default prevention program. Placing these decisions in the context of borrowers’ overall financial lives can help solidify better choices into lasting financial skills, and this is where an effective financial literacy program comes into play. Students need a basic level of knowledge to manage financial challenges and reach their goals. Providing students with information on budgeting, saving, credit, debt, and other essential topics will help them make more informed borrowing decisions and provide them with the tools they need for successful repayment in the future.

- Provide in-depth counseling to at-risk borrowers. In order to employ counseling resources most effectively, some schools have begun to develop “early warning” systems that help them identify current borrowers most at risk of defaulting. Warning signs may relate to academics (low test scores, excessive absences), high levels of borrowing, or personal concerns. For these borrowers, the schools adopt a more proactive counseling strategy, encouraging borrowers to create an academic plan, receive financial literacy training, and/or participate in career counseling. Through this intrusive-counseling strategy, schools can redirect students toward completion and repayment success, heading off likely default before it happens.

For more information
To learn more about the importance of smart borrowing choices and the impact of student debt-to-income ratios, see TG’s recent report, Balancing Passion and Practicality: The Role of Debt and Major on Students’ Financial Outcomes. The report may be found at www.TG.org/pdf/Balancing-Passion-and-Practicality.pdf.
Promoting financial literacy is one of the most impactful things you can do to help encourage sensible borrowing. A key aspect of financial literacy is ensuring that students understand the benefits of making interest payments on their student loans while still in-school. By teaching them a few important things about loans and illustrating how this works with an example, you can help your students see the benefits of this practice—with far-reaching positive effects.

Interest on unsubsidized Stafford loans is the student's responsibility from the day funds are disbursed. Payment of interest can be made during the in-school period or students can allow the interest that accrues to be capitalized when the loans enter repayment, which usually begins about six months after separation or graduation from the institution. This same option to postpone interest payments is available to student loan borrowers who are already in repayment but return to school at least half time and receive an in-school deferment.

Making no payments while in school may seem like a good option, but students can ultimately end up paying back more money over the repayment term than if they had paid the monthly interest while in school. To better understand the consequences of borrowing money, it’s important for students to understand the basic terminology.

**Terms Every Student Should Know**

- **Capitalized Interest**: The accrued interest added to the borrower’s outstanding principal.
- **Interest**: Money charged to a borrower for the use of a lender’s money.
- **Interest Rate**: The percentage of a loan amount that a lender charges to borrow money.
- **Principal of Loan**: The original amount of the loan.

Understanding the terminology and the value of paying interest is best explained with an example at the top of the next column.

The information shows the difference in the total amount a student would repay on a $15,000 Direct Unsubsidized Loan if he pays the interest as it accrues during a 12-month deferment period, compared to the amount the student would repay if he does not pay the interest and it is capitalized.

<table>
<thead>
<tr>
<th></th>
<th>If you pay Interest as it accrues</th>
<th>If you do not pay the interest and it is capitalized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Amount</td>
<td>$15,000</td>
<td>$15,000</td>
</tr>
<tr>
<td>Interest for 12 months (at 6.8%)</td>
<td>$1,020 (paid as accrued)</td>
<td>$1,020 (unpaid &amp; capitalized)</td>
</tr>
<tr>
<td>Principal to be Repaid</td>
<td>$15,000</td>
<td>$16,020</td>
</tr>
<tr>
<td>Monthly Payment: Standard Repayment Plan</td>
<td>$173</td>
<td>$184</td>
</tr>
<tr>
<td>Number of Payments</td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td>Total Amount Repaid</td>
<td>$21,734</td>
<td>$22,123</td>
</tr>
</tbody>
</table>

In this example, he would pay $11 less per month and $389 less altogether if he pays the interest as it accrues during a 12-month deferment period.

Aside from the cost savings, other advantages of encouraging your students to make interest payments while in school include:

- **Opening the Lines of Communication**: Getting the student familiar with the student loan servicer from the beginning helps to establish a relationship for successful repayment.
- **Building Good Habits**: It gets students in the routine of making payments and establishes a solid repayment habit.
- **Automatic Payments**: Students who sign up for automatic payments ensure that a payment is made each month.
- **Savings**: The monthly payment amount will be lower once a borrower begins principal repayment for a borrower who pays while in-school and has not yet entered repayment.

Online resources such as the U.S. Department of Education’s Federal Student Aid website and other websites such as www.finaid.org offer many useful tools and calculators to help students understand the student loan process before they enter repayment. You can also refer students to valuable online resources, such as Know Your Repayment Options, and free webinars offered by Great Lakes and other loan servicers.
Limitation on Duration of Direct Loan Eligibility

Almost a year ago on July 6, 2012, President Obama signed into law the bill (PL. 112-141) Congress passed that kept the interest rate on Federal Direct Subsidized Loans at 3.4% while a student is in school. However, just as importantly in that bill was a new provision on a different matter—a limitation on the duration of eligibility for Direct Subsidized Loans. Congress is trying to come up with additional ways to address budgetary shortfalls. However, this bill was also seen as an incentive to see students graduate more quickly.

This change in the law establishes a limit on how long a student may receive Subsidized Loans. That limit is 150% of the published length of the program. The specific duration is predicated upon schools having accurately published the normal time to complete the program in their catalog and other academic program materials. This is not the amount of time that many students may take to complete the program, but the actual normal time to complete it as provided to and approved by the school’s accrediting agency. For example, consider a program published as being a 10-week certificate program, but many students complete it in 12 weeks. When determining the amount of time to base the 150% time limit on for receiving Subsidized Loan eligibility, the school and student would utilize the published length of 10 weeks. Thus, the student may receive Subsidized Eligibility for up to a total period of 15 weeks maximum. After that time, the student is no longer eligible for Subsidized Eligibility while enrolled in that program.

This new law affects students who are new borrowers of Direct Subsidized Loans on or after July 1, 2013. Generally, the Department of Education (ED) considers a “new borrower” to be one who has no outstanding Federal Direct Loans (DL), or the former Federal Family Education Loans (FFEL), on the effective date of the law which, in this case, is July 1, 2013.

This law may have particular impact on transfer students. As stated above, the maximum time that a student may receive Subsidized Loans is based upon the length of the program in which the student is enrolled. The student’s remaining eligibility is determined by subtracting the amount of time the student has already received Subsidized Loans from the maximum time the student has in the current program (150% x program length – years used). In the case of a student that received two years of Subsidized Loans while enrolled in a two-year program who transfers into a four-year baccalaureate degree program, the student would still have four years of Subsidized eligibility remaining for that program (Example: 150% x 4 = 6 years. Total available = 6 – 2 years already received = 4 years remaining).

In a somewhat reverse transfer example, a student that may have been enrolled in a four-year baccalaureate degree program and decides after three years to transfer to a one-year certificate program, or a two-year associate’s degree program, would have no eligibility remaining (Example: 150% x 2 = 3 years for associate’s degree. Total available = 3 – 3 years already received = 0 years remaining).

Federal Student Aid will track, calculate, and inform students and schools as to which students have exceeded the 150% limit. It is anticipated that this will happen via use of SAR and ISIR comment codes and comments. COD is the entity charged with enforcing this limit. Of note, however, is that schools will need to provide more specific program information that will include the length of the program so that the limit may be accurately calculated. This is anticipated to occur through COD origination reporting and NSLDS enrollment reporting. ED has noted that schools must reduce the loan period if a student does not come back in a subsequent payment period in the loan period originally processed (e.g., a student does not return the second term in the loan period), so that they can accurately calculate the percentage of eligibility used.

Another effect of this law is that a borrower reaching the 150% limit becomes ineligible for interest subsidy benefits on all Direct Subsidized loans first disbursed to that borrower on or after July 1, 2013. Therefore, a student who may think it is alright to stay beyond 150% and just take Unsubsidized loans will actually see that all of his or her prior Subsidized Loans first disbursed after July 1, 2013 will lose interest subsidy on those loans as well.
Financial aid administrators and counselors are dedicated professionals who are deeply committed to ensuring broad and affordable access to higher education, and facilitating student progress and success. They also are the front-line, financial stewards of millions of dollars of federal, state and private grants and loans; ever vigilant in their quest for program award and disbursement integrity, and loan default prevention.

Research tells us that the number one reason students leave college before finishing their degree program is debt and financial stress, and those who drop-out are four times more likely to default on their student loans than students who persist to graduation.¹ So having a better understanding of the financial attitudes and behaviors of students come to school with may help financial aid offices and other departments develop more proactive strategies and educational opportunities earlier on in students’ experiences and before it’s too late. A new national study by Everfi and sponsored by Higher One entitled, “Money Matters on Campus: How Early Attitudes and Behaviors Affect the Financial Decisions of First-Year College Students”, surveyed over 40,000 first-year college students across the country about their banking, savings, credit card and loan attitudes and utilization to gauge how these factors affect both positive and negative financial outcomes. The findings were very enlightening and make a strong case for more and earlier financial literacy education and outreach on college campuses.

Although the median age of the respondents was only 18.2, over 28 percent of these first-time college students already had a credit card, and most had more than one. Nearly 24 percent had over $1,000 in credit card debt, and 5 percent had over $5,000. Again, before they had even started college. More than a third of these students reported that they typically only make the minimum monthly payment. The study revealed a strong correlation between incurring this early debt and not being affiliated with a bank and increased risk of negative financial outcomes such as being late paying bills. On a more positive note, 86 percent of students reported having a checking account (although 23 percent were still custodial accounts) and students with a checking account were significantly more likely to report that they only buying things that they need, follow a budget, and pay off their credit cards each month.


The investigation derived seven key factors of financial attitudes and behaviors that provide a helpful categorization for identifying and assisting students at risk:

- **Cautious Financial Attitudes**
- **Indulgence for Status and Social Gain**
- **Utilitarian Financial Behavior**
- **Debt as a Necessity**
- **Possessions Providing Happiness**
- **Spending Compulsion**
- **Aversion to Debt**

For example, those students categorized having “Cautious Financial Attitudes” strongly agreed with the statements such “You should always save up first before buying something” and “Students should be discouraged from using credit cards.” On the other end of the spectrum, those that fell in the “Spending Compulsion” category agreed with statements such as “I enjoy spending money on things that aren’t practical” and “If I have money left over at the end of the pay period, I just have to spend it.”

Three of these factor categories were found to be the strongest predictors of financial outcomes. Those falling within Cautious Financial Attitudes, for example, were more likely to follow a budget, avoid high-risk debt behavior and pay loans on time and in full. Those within the Debt as Necessity or Spending Compulsion (the strongest predictor) categories were less likely to have a checking account, pay bills on time and more likely to engage in high risk debt behaviors.

While more research is still required to better understand and test these results, they do provide a useful springboard for more work on incorporating attitudinal and behavioral elements into financial literacy education programming, as well as student retention and success strategies. There also is a role for college and university partners. Federal and start government, for example, can help by funding fund innovated research on the development of appropriative and engaging tools and resources aimed at today’s young adults, and by organizing and disseminating useful content and resources such as mymoney.gov. Financial institutions can assist colleges and universities by developing and improving financial literacy education solutions that incorporate the latest research, and by providing greater transparency in the financial products targeted to students.

For more information about the study and to download a full copy of the report, please visit [moneymattersoncampus.org](http://moneymattersoncampus.org)
Get involved in association activities
Discuss the latest financial aid policy issues
Learn how to take a leadership role in the profession
Network with peers, policymakers and other educational partners

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The White House shines in the distance, and a smattering of old and new office buildings line the area. Hundreds of busy suits and skirts bustle about, each containing a passionate individual with intimate knowledge of his and her own cause, and each on its way to plead a case to our Nation’s Representatives. It’s a daunting idea. Why should the big important legislators listen to us, the lowly workers from the field? But this is by design: the first Amendment gives us the right and the responsibility to bring comment and “to petition the Government for a redress of grievances.” This is purposely woven into the fabric of democracy; US citizens have a voice, and we should express it!

NASFAA’s Leadership and Legislative conference provided this opportunity for Financial Aid administrators from across the nation. I was honored to contribute to this Advocacy event, along with Melissa Moser, your current CASFAA President, and Lynne Garcia, your President-elect. Working with the Federal Issues Committee (a team of 20 volunteers, with representatives from each California segment), and in collaboration with CCCSFAA and WASFAA, we created a Position Paper to speak from and leave with Legislators. This paper is posted on CASFAA’s Website here, under the Federal Issues Resources. We scheduled three meetings ahead of time, each with the Congressional staffer responsible for Higher Education. The NASFAA staff encouraged us that it is often more effective to meet with the staffer than the Congressman, as they are generally more knowledgeable on your specific issues and will be the Congressman’s resource for the details of a Bill. We met with staff members for Representative Kline (R-MN, District), Representative George Miller (D-CA, District 11), Representative Duncan Hunter (R-CA, District 52), Senator Tom Harkin (D-IA, HELP Chairman), and Senator Lamar Alexander (R-TN, HELP Member), and also left the position paper with the offices of Juan Vargas (D-CA, District 51) and Senator Barbara Boxer (D-CA). For the most part, these meetings went well. The staff was friendly and very receptive to the ideas we put forth, even responding with questions of clarification and practical scenarios. While it was not our role to say where funding for specific programs should come from, it was our responsibility to communicate the needs of California’s students. From advocating for the renewal of ATB eligibility and celebrating over a Pell Grant surplus to addressing student loan indebtedness and permanent solutions for interest rates, conversations were open and honest. These interactions were not nearly as intimidating as they had sounded! We were able to give voice to our concerns and to the needs of our students, and to have this heard by people who can actually do something about it!

This was the point. If we do not speak out for our students, for access, choice and clarity, how can we expect anything to improve? Decisions made purely by budgetary concerns will continue unless we fight for the programs that work, and fight to change that which is inefficient, unnecessary or overly complex. But you don’t have to fly out to the Hill to accomplish this – though you can! You can find the information for your Senators here and for your Representatives here. Write them, email them, call them, invite them to your school when they are in town – they are your elected officials, and they want to hear from you. So whether at their desk or from yours, make sure to speak up for the programs that help us to meet the educational dreams of our California students.

For more resources on Advocacy, please visit CASFAA’s Federal Issues Resources page. Want to get involved in a CASFAA Committee? Complete the Volunteer form online here!
Realistic Income vs. Potential Income for our Graduates

Ruby Nieto  
Sr. Financial Literacy Trainer  
ECMC Outreach and Financial Literacy

First, how many of you have read the Department of Education’s Default Prevention and Management Plan? Section II says “the department recommends that schools provide borrowers with information concerning the income potential of occupations relevant to their course of study.” We can help our students by giving them a truthful assessment of their realistic income. Realistic is defined as what their starting salary will be and an estimate of their after-tax income.

Is the average what people first start out making? Fortunately, the Census breaks out income by education and age. It can take more than 10 years for a person to make the average income for a specific degree. By telling students what the starting salary will be after graduation, it will help them spend and borrow more wisely. If you go to bls.gov and click on occupational outlook handbook you can pull up virtually any job in the US. When you look under the wage/income section almost all jobs show what the bottom 10% of people earn. It’s that bottom 10% that is a realistic starting salary for our recent graduates. Pointing students to this web site can go a long way to ensuring they start out on the right foot to achieve their financial goals.

For example, High School teachers’ median annual wages was $53,230 in May 2010, but the lowest 10% earned less than $35,020.

I grew up in the El Sereno/Lincoln Heights neighborhood of Los Angeles. I often travelled to school with fear as my companion because gangs and drugs lurked around every corner along on my way.

Many times low-income students face hunger, unstable homes, premature pregnancy and parenting, health care crises, disabilities, mental health issues, drug dependency, legal issues, language barriers, remedial challenges, fear of success; and, the list goes on. For these student to pursue a college degree takes enormous strength and fortitude.

Today, more than ever, a high school counselor is a lifeline for low-income students who have the desire to pursue higher education beyond high school but don't know the steps to college. Some estimates suggest that California has an average student-to-school counselor ratio of 350 to 1.

At the Commission, we administer three federal College Access Challenge Grant Programs: California Student Opportunity & Access Program (Cal-SOAP); California Cash for College; and, the Assumption Program of Loans for Education (APLE). These programs are a vital component in California's effort to build an educated workforce for the 21st century by providing college, career and financial aid assistance to traditionally non-college going students. High school counselors are an important link to connect students with Commission programs and services. We recognize that many low-income students are not encouraged to go to school – according to a report by the California Assembly Select Committee on Boys and Men of Color,* only 45 percent of Latino boys and 46 percent of African American boys graduated from California high school in 2007.* And, African-American and Latino children in California experience the highest rates of child poverty—each at about 27 percent. The promise of higher education for low-income students in urban schools is worsening. These are students who are walking to school in dilapidated neighborhoods, dodging gangs, drugs, bullets, and the glamorization of the criminal-lifestyle, only to arrive at a maximum-security high school with barred windows, metal detectors, and armed officers – all of this before sitting down in a classroom to open a text book! For these kids the idea of strolling onto a college campus may seem more like a fantasy they can only imagine watching someone else do on television. What if these students understood that there is another way?

Often, it’s only a high school counselor who, through a brief window of opportunity helps that student view their world through a different lens.

We know college access programs work for students. A financial aid award is a stepping stone on the pathway to college for disadvantaged students to overcome poverty. A Cal Grant award offer is more than just money – it is hope.

High school counselors and a college financial aid administrators share a common bond. You’re making a tremendous difference in the lives of every student you serve.


April was Financial Literacy Month, and this year it seems that the events in the last decade have generated not only a national discussion, but also more educational community discussions about the importance and impact of student financial literacy, personal finance, and financial responsibility. Many times these terms are used interchangeably, and that tends to make things a little muddled for everyone—particularly for students. Too often, students equate financial literacy with financial aid. That’s why before we embark on the discussion and try to provide potential solutions, it’s important to understand these terms as they represent the roadmap to success.

First, financial literacy is the foundation, and it provides key concepts, principles, and technological tools that are fundamental to being smart about money. These key concepts are more easily digested by students when they relate to events that have an impact in their lives. If there’s no immediate connection, the information doesn’t seem to stick. For example, many financial aid administrators have experienced that students aren’t interested in their student loan repayment options during the entrance counseling process—but these same students perk up significantly during exit counseling. People in general will pay attention when their world changes. So what’s important in these initial stages is to identify truly teachable moments for students. Many institutions are wrestling with this issue and trying to figure out which financial competencies are essential in students’ lifecycles; what should students know at the end of the first year, second year, etc.? They’re primarily focused on student success while students are attending their institution. Once students have that basic financial knowledge, the next step is to identify truly teachable moments for students. Many institutions are wrestling with this issue and trying to figure out which financial competencies are essential in students’ lifecycles; what should students know at the end of the first year, second year, etc.? They’re primarily focused on student success while students are attending their institution. Once students have that basic financial knowledge, the next step is to understand how those financial facts and concepts relate to students’ personal and family resources. That’s all about personal finance, and many times that focus tends to shift to after college.

Individuals spend, save, protect, and invest their resources in an effort to achieve financial success. In their first few years after college, students’ resources are largely monetary. Also, typically students equate financial success with wealth; they don’t realize until later in life that that’s not necessarily the case. Financial success should be defined as achieving one’s financial goals, and this is where they move from knowledge and understanding to action and changing behaviors.

The next big step for students after graduation is to achieve their financial goals. Again, even for an optimistic student, this process is easier said than done. Students who’ve been subsisting on a variety of Top Ramen delicacies soon realize that “real life” takes much more of their income than first suspected. It seems like everyone is putting a hand out for a piece of that paycheck: taxes, insurances, student loan repayment, basic living expenses, etc. It all goes very fast! Again, as part of the college community discussions, institutions are trying to identify ways to help support and create student financial success after graduation, in part because alumni’s personal finances impact institutions; financially successful alumni are much more likely to give back to their alma maters than those who aren’t (Melior 2011).

Ultimately, personal finance provides the foundation for financial responsibility. And financial responsibility is the action that puts people and organizations on the path to financial success. Financial responsibility also implies that individuals have accountability for their financial well-being, now and in the future—a long-term commitment. Institutions are helping students be accountable to themselves and their communities by providing opportunities for learning about financial literacy, personal finance, and financial responsibility. Opportunities can range from providing formal financial literacy education to informal education such as helping students understand goals. There are several no-cost or low-cost programs and platforms available to schools to achieve these goals, from MyMoney.gov resources provided by the U.S. Department of Education to SALT® from American Student Assistance® (ASA), a non-profit with a public purpose mission to help borrowers manage their educational debt. Many of these programs offer similar tools and resources. Often the one leveraged depends on institutional goals and resources.

Financial responsibility is defined by action and accountability for one’s financial well-being, now and in the future. And there’s no better time than the present to help students understand the basic terms—the first step on the road to financial success.