VASFAA VOICE

Winter Issue

In This Issue….

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Virginia Association of Student Financial Aid Administrators

"From The President"

Margaret Murphy - 2012/2013 VASFAA President

Hanukah is past and Christmas and Kwanzaa are fast approaching with a New Year hard on their heels. This time of year encourages reflection, compassion, preparation and appreciation.

I am fortunate to count so many within this profession as friends. As VASFAA President, I have been blessed with so many sharing their expertise, guidance and support; and the year is not even half over!

Thank you to the Board, committees and volunteers for their hard work on behalf of VASFAA and those we serve. They work hard to accomplish the mission of the organization and support each other throughout the year. Kudos to Non-Conference Training and Secondary School Relations for the fall workshops each organized.

So much is happening in the New Year. How will the threat of the "fiscal cliff" impact our students, our institutions, and ourselves? Yet another year of change to wrap ourselves around and comprehend so we can better guide those who need our help.

Do not forget that Super Saturday is February 9, 2013. Paula Craw and the Awareness Committee have been at work recruiting regional and site coordinators. Please volunteer to serve as a presenter or FAFSA guide for this important outreach event. We want to cover as much of the Commonwealth with our knowledge and assistance to help students complete the FAFSA timely and accurately. Contact Paula Craw, pcraw@ecmc.org for more information on how you can help.

The SASFAA Conference is also just around the corner in February 10 - 13! Registration is now open for a SASFAA's 50th Anniversary Conference in Atlanta. As a member of the SASFAA Board, I would like to urge your participation this year. Conferences offer us an opportunity not only to learn but to use our collective voice to offer suggestions and guidance. What are the new best practices in our profession and how do we go about offering our best efforts to those we serve.

Take part in the Education Roundtable events throughout the Commonwealth over the next several months. The U. S. Department of Education is reaching out to college access agencies (including VASFAA) to participate. Want to participate on the Roundtable? Let me know and I will forward your contact information to the Awareness and Outreach team with the U. S. Department of Education.

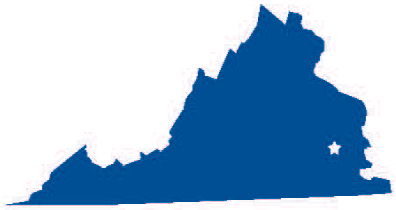
VASFAA is a professional development organization here to serve its members. If you have ideas, concerns, or questions for VASFAA, please reach out to your Board.

In the meantime, may you be filled with joy, peace and a sense of wonder now and throughout the year!

Upcoming Events

SUPER SATURDAY • February 9, 2013

About Super Saturday
Super Saturday, an annual community service project of the Virginia Association of Student Financial Aid Administrators (VASFAA), is open to the public offering FREE, PROFESSIONAL, one-on-one assistance in completing the FAFSA to college-bound and returning college students as well as a presentation on the basics of federal and state financial aid.



For more information and a complete list of locations, visit www.vasfaa.org.

What to bring to Super Saturday
- U.S. Department of Education Personal Identification Number (PIN) for you and your parent. Register for a PIN at www.pin.edu.gov.
- Social Security numbers for you and your parents/spouse
- Driver's license (if available)
- 2012 W-2 forms for you and your parents/spouse and other records of money earned
- 2012 Federal income tax return for you and your parents/spouse
- 2012 family's untaxed income records — Social Security, Temporary Assistance to Needy Families, welfare or veterans benefits records
- Family's current bank statements
- Family's current investment records such as business and investment mortgage information, business and farm records, stocks, bonds, and other investment records
- Alien registration card (if you are not a U.S. citizen)

Sponsored by the Virginia Association of Student Financial Aid Administrators and funded in part by the College Access Challenge Grant Program.

"Five Things You Can Do Now to Manage Default"

Author: Tamy Garofano

It's been almost four years since the market meltdown of 2008, but casualties continue from that event. Consider the college classes of 2009 and 2010.

In late September, the Department of Education released official 2- and 3-year cohort default rates (CDRs) — the first time both rates have been available. The 2-year rate, which is 9.1 percent, reflects borrowers who entered repayment on their federal student loans in fiscal year (FY) 2010. The 3-year rate — 13.4 percent — counts borrowers who entered repayment in FY 2009. Both numbers are worrisome: the 2-year rate continues a trend up, and the 3-year figure is the first double-digit CDR since 1995. What's causing the increase? Here's one possible reason: Borrowers for both rates were caught in the seismic aftershocks of the recession and may be paying the price to this day.

To help, many schools are upping their default management game. All title IV schools educate borrowers in the repayment fundamentals, but more are intervening should borrowers need help after they leave school. At the same time, these schools are boosting on-campus default aversion, which ultimately serves the needs of students, borrowers, and the schools themselves.

If you're looking for ways to promote smart repayment and default management, you'll find inspiration in peer institutions. Here are just a few examples.

A "take no prisoners" communication campaign — The New England Institute of Technology is a technical college that offers associate and bachelor's degrees in fields like interior design, software engineering, and automotive service management. The school's 3-year CDR is an enviable 5.6 percent. What is New England Tech doing right to have a CDR that is less than half the national average?

According to assistant director of financial aid Diane Sadlier, the school's financial aid office conducts a grassroots communication campaign that does not take "no" for an answer.

"We contact the borrower before he or she leaves school," Sadlier said. "We continue that contact during the grace period and repayment, and then on a daily basis if the borrower goes delinquent." In the latter case, staff might even visit the borrower's home in order to prevent a default.

This article is continued on the following page...

"Five Things You Can Do Now to Manage Default"

In all of this, the school is helped by two things: technology and a team of professionals devoted to default management. "We have four people who work with our borrowers," said Sadlier. "We run delinquency reports that servicers provide and then use these reports as contact lists."

The team practices a "divide and conquer" approach. Each staff member is assigned all accounts for a given lender or servicer. Staff members also take shifts and work at night and weekends so that they have a better chance of making a contact.

Technology brings particular advantages to the school's efforts. "We text all borrowers with delinquent loans," said Sadlier. "We use a special school cell phone assigned to us so that borrowers may not recognize the number."

The team will also approach delinquent borrowers via social media sites like Facebook. And, in a sort of corollary to visiting the borrower in his or her home, staff will even set up a conference call between the borrower and the lender or servicer to broker a solution to a delinquency issue.

Mix of the new and the tried-and-true — Texas State Technical College–Marshall (TSTC – Marshall) serves a population of more than 800 students pursuing a certificate or associate degree in such technical fields as cyber security, drafting, and welding. The school draws from resources within and without to supplement its default management work. Faculty members serve as a virtual arm of the financial aid office, gathering student addresses and using loan repayment to illustrate classroom discussion where appropriate.

"We try to enlist all departments in default prevention," said Assistant Director of Financial Aid Susan Wingate. "We make clear how default harms our borrowers and our school."

TSTC–Marshall has also hired a third-party default aversion servicer. More schools are contracting with servicers as the economy remains sluggish and CDRs climb. These organizations can bring a few advantages to the task, including a concerted focus on default management and trained call center staff.

In other regards, TSTC–Marshall relies on more traditional default prevention methods. The school has reverted to an in-person format for delivering loan counseling. According to Wingate, the in-person model offers advantages over online counseling, including the opportunity to gather borrower contact information.

"Students must take exit counseling in person with our staff," said Wingate. "It's part of our effort to touch all students in the loan education process."

This article is continued on the following page...

"Five Things You Can Do Now to Manage Default"

An instant five-step plan — If your school is grappling with default, you could take a page from the default management playbooks of New England Tech or TSTC–Marshall. You might also consider this short list of suggestions.

- Know the stakes — There are thresholds in terms of 2- and 3-year CDRs that can trigger sanctions on a school. For 3-year CDRs, if a school's rate is equal to or greater than 30 percent but not greater than 40 percent, the school will have to establish a default prevention task force and prepare a detailed default prevention plan. A series of high rates, or single very high rate, may mean a loss of eligibility for the Federal Direct Loan Program.

- Assess borrower needs — Look for common traits among borrowers with delinquent or defaulted loans, such as grade point average (GPA), income, enrollment status, total school debt, and career field. Based on this analysis, you could focus more of your resources on students and borrowers who may be at risk of default because of these characteristics.

- Draft a default management blueprint — Develop a default prevention plan in order to set goals, establish accountability, allocate resources, document your work, and persuade campus administration to pay attention to default.

- Turn faculty into default aversion allies — Engage campus staff in your default prevention effort. Faculty see students on a daily basis and can serve as advocates for good repayment behavior, recommending training for debt management, financial literacy, and default aversion.

- Measure progress and realign tactics — Evaluate your school's performance in default prevention according to goals established in the default prevention plan. Have you completed the required number of student trainings? Have you reduced your CDR by the percentage you wanted? If not, consider how you have to change your approach to meet objectives.

Resources to tap now
The federal government offers many default prevention resources, including a sample default prevention plan. (You'll find a reference in Dear Colleague Letter GEN-05-14.) Compare your school's efforts with this plan. Also, consider how you can supplement your ongoing efforts with strategies mentioned in this article or that you discover in discussion with other institutions facing the same challenges.

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"Planning for the Shopping Sheet - Make a List and Check it Twice"

Author: Linda Peckham

The Financial Aid Shopping Sheet, developed by the Department of Education in conjunction with the Consumer Financial Protection Bureau, was designed to provide students with an improved comparison tool when making a college enrollment decision. The form is intended to help students better understand how much grant aid, versus loan and work aid, they are being offered. The form also provides information about the college, including graduation rates, default rates, and average student indebtedness, to help students make a more informed choice.

Although not mandatory for the 2013-14 aid cycle (except for institutions that must comply under E.O. 13607), over 350 institutions will adopt the Shopping Sheet and are actively planning for implementation, most without the support of their enterprise software providers. The Great Lakes Training team spoke with several of these institutions to learn more about why they chose to participate in this first year and to ask what advice they would offer their peer institutions who will implement the template next year.

Ryan C. Williams, Associate Vice President of Enrollment Management at Syracuse University, says the university embraced the new Shopping Sheet because "it really supports our core mission to provide financial literacy for students throughout their lifecycle with us — from pre-enrollment to graduation." Reflecting on the usefulness of the Shopping Sheet for students, he noted, "The Sheet will really highlight those institutions that do not meet full need, and it will make it much more apparent to students what their future debt burden will be." Williams also feels that by providing the Shopping Sheet to returning students, the institution can help offer better information about increasing loan debt for students who take longer than four years to graduate. "They will be able to see the immediate impact of these decisions on their future loan debt."

Gaining a full understanding of future debt burdens and understanding the risk-benefit analysis of the enrollment decision is very much the Department of Education's intended goal of the template. But as Tabatha Turner, Senior Associate Director of Scholarships and Student Aid at UNC-Chapel Hill, notes, "Students will still use 'emotional factors' when making a college choice even when the long-term costs are made clear, but at least the Sheet will provide a way for families to compare those choices consistently from college to college and in ways that differ from the traditional award letter."

The Shopping Sheet, for example, will illustrate for a family that "Net Cost" is the difference between total cost and gift aid. Student loans, work-study, and Parent PLUS loans are listed as "options to pay net costs." In this way, the Shopping Sheet will clarify that loans, if needed, may in fact increase the long-term cost of the educational purchase decision.

This article is continued on the following page...

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Rick Shipman, Director of Financial Aid at Michigan State University agrees that the Shopping Sheet, with its increased clarity about loans, will "help students understand the bottom line about their college purchase decision and highlight the long-term impact of their college choice on their financial lives." He cautions that for some students, the Shopping Sheet cannot replace the benefits of one-on-one counseling with financial aid staff about the award letter, and advises his staff to work closely with at-risk families before they make enrollment decisions.

At the University of Notre Dame, Director of Financial Aid Mary Nucciarone and her team are strong supporters of the Shopping Sheet and are working to make it available to both entering and returning students by early March. She emphasizes that the Shopping Sheet, with its comprehensive data about average debt, default rates and graduation rates, is a great tool for schools to display "their good news to students."

Nucciarone anticipates, however, that the Shopping Sheet will generate questions. For example for students who do not receive any loans as part of their award, Nucciarone notes, "The Shopping Sheet delineates loan information and students may wonder why their aid award letter does not include them or why the average loan debt is being reported on the Sheet." She is working with her counseling staff to find ways to help families understand the differences between the Shopping Sheet and the institutional award letter.

The Department of Education is currently building partnerships with enterprise software providers so that they can support the use of the Shopping Sheet in future award cycles and make it easier for more schools to use the tool. In the meantime, most of the 350 early adopters are using institutional resources to make the template work in this first year. Tips for colleagues considering adopting the Shopping Sheet this year or next include:

- Prepare your IT department. IT will need to be able to support the template by providing student-specific data on a timely basis. Most of the information required on the Shopping Sheet is housed in the campus system but may not be in the aid office.
- Think about your campus-wide messages about net price and affordability. For some schools, this may mean re-framing the way student loans are described as part of the affordability conversation.
- Strongly consider adopting the form for returning as well as entering students, as part of your financial literacy and counseling efforts.
- Use the customized box on the Shopping Sheet to offer additional information to students.
- Anticipate questions from students and parents. The Shopping Sheet information might appear to be different from the award letter notification in some cases. Ensure that both your financial aid and admissions staff can respond to these questions.

For more background on the Shopping Sheet, visit ED's Model Financial Aid Offer Form Web site at: http://www2.ed.gov/policy/highered/guid/aid-offer/index.html

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Thank you to our contributors!

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