



ALABAMA ASSOCIATION OF FINANCIAL AID ADMINISTRATORS

# AASFAA Newsletter

[www.aasfaaonline.org](http://www.aasfaaonline.org)

Winter 2003 Edition, December 19, 2003

## PRESIDENT'S REPORT

by Deborah Byrd

The time is approaching that most of us are looking forward to a long extended break from the hustle and bustle of our offices. You might want to take this time to reflect on the Year 2003, count your blessings and spend time with family and/or friends to renew your energies for the New Year. Let us not forget about the soldiers in Iraq, those who are without families and the sick, especially Dot Wilkinson's husband.

The Fall Conference was a big success and I would like to commend everyone who worked to make it a good conference for all of us. I would like to especially thank Dan Miller, Melinda Calhoun, Andy Weaver, Chip Quisenberry, and Melody Caldwell for the work they did with local arrangements, sponsorship and programs. Thanks to everyone who donated to Children's Harbor, AASFAA's community service project.

What an exciting time it is going to be for everyone with the SASFAA Conference being held in the *Magic City*, Birmingham. The conference and local arrangements committees are working hard to make this conference a success. I would encourage everyone to make plans to attend and once again make this the largest SASFAA Conference. To register and review the tentative agenda go the new and improved SASFAA web site at [www.sasfaa.org](http://www.sasfaa.org).

Have a happy and safe holiday.

## VICE PRESIDENT'S REPORT

by Cindy Massey

The NASFAA Fall Workshop on *Student Eligibility* was held on December 10, 2003 in the RSA Building in Montgomery, AL. There were 54 attendees for this workshop! I hope that all attendees came away with a better understanding or a refresher on resolving some of the more complex issues regarding student eligibility. I would like to extend my appreciation to our instructors, Andy Weaver and Mike Reynolds for the great job they did. Amsouth, Chase and KHEAA - Alabama Student Loan Program, sponsored our break

and lunch and I would like to thank them again for their support of this workshop. Everyone at the Alabama Student Loan Program worked really hard on getting the set up, break and lunch together - thanks to Lora Kiser, Tommy Dismukes and Melinda Calhoun.

## LOCAL ARRANGEMENTS REPORT

by Shannon Cross

The program committee would love to hear from you regarding your thoughts for our upcoming Spring Conference scheduled for April 13-16 at the Perdido Beach Resort. If you would like to preview the hotel, you can find them at [www.perdidobeachresort.com](http://www.perdidobeachresort.com).

Please send all of your comments, suggestions, and ideas to [Shannon.cross@amsouth.com](mailto:Shannon.cross@amsouth.com). This is your conference and we want to hear from you. Thanks in advance for your help.

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## LONG RANGE PLANNING REPORT

by Dee Talley

The AASFAA Long Range Planning Committee has been busily working to develop a five-year plan for the association. AASFAA does not have a current long range planning document; therefore the committee has been working diligently to develop a comprehensive plan for the association. The committee has previewed the long range planning documents developed by the southern association (SASFAA) as well as the national association (NASFAA). Also, the committee has studied the documents prepared by several of the state associations in the

southern region. The committee is well on its way to developing goals and objectives for AASFAA that will ensure its continued viability and effectiveness. Several key areas of concern for the committee were listed in the September 2003 *AASFAA Newsletter*. Please refer to it for more detailed information about the development of the long range planning document.

In order to be successful at this endeavor, the committee will need the input of the AASFAA membership. Suggestions, comments and concerns were requested from the membership in September; however, the committee has not had any responses. Please take a few minutes to think about the association and how it can be improved during the next five years. Your input is very valuable to the committee and we want to hear from each of you. You can e-mail any comments, suggestions or concerns to Dee Talley, Chair of the Long Range Planning Committee at [dgatalley@sass.uab.edu](mailto:dgatalley@sass.uab.edu).

The committee hopes to have a rough draft of the long range planning document to present to the Executive Board during its January 2004 board meeting. This draft will be shared with the membership via the AASFAA listserve, and suggestions will be sought at that time as well. We want to thank everyone for their support and cooperation as we develop this important document for our association.

We hope all AASFAA members have a safe and happy holiday season!

## AASFAA NEWS

by Addine Woods and Sharon Williams

### Congratulations

Addine Woods, Financial Aid Advisor III at Auburn University, was promoted to Coordinator of Financial Aid Services effectively March 1, 2003.

### AASFAA Community Service Project

AASFAA will continue its community service project with Kids Transport One. We will sell raffle tickets during the SASFAA Conference in February. Tickets will be \$2.00. Items to be raffled will be listed through the AASFAA listserv towards the end of January.

## LENDING MATTERS

by Timothy Ballard, David Long, and Grady Collins

### Alabama Student Loan Program Update

The first edition of Affording Higher Education, which lists some 4,000 student financial aid programs available to Alabama students, has been sent to higher education institutions, high school counselors, and high school and public libraries. Additional copies are

available while they last by contacting the Alabama Student Loan program-KHEAA or by e-mailing [publications@kheaa.com](mailto:publications@kheaa.com).

KHEAA is now providing to all schools e-mail notification of KHEAA disbursements. The e-mail includes a summary of the funds the school will receive from KHEAA, per lender, for current-day disbursements. KHEAA is also providing email notification to lenders advising them of the total remittance amount (net disbursement amount plus KHEAA fees) needed for current-day disbursements. This e-mail will include a document showing the total net disbursed amount, KHEAA fees, total remittance amount, and a breakdown of disbursement information per school. The e-mail will also indicate if there are no disbursements to be made for the current date. Schools and lenders that have not completed an email contact form but would like to receive e-mail notification should contact Wendi Dailey at [wdailey@kheaa.com](mailto:wdailey@kheaa.com). Wendi can also be contacted at 800.564.6068.

Work on expanding the Alabama Mentor website is continuing. The project plan calls for the expansion to go live on April 30, but there is a possibility that the expanded site will be up and running before then, according to the project manager.

KHEAA's loan guarantee volume for FY2003 was \$788 million, a 19 percent increase over FY2002. New loan volume in Alabama in FY2003 was \$235 million.

## Measuring the Value of Default Prevention

USA Funds' 2001 cohort-default rate fell 26 percent to its lowest level ever, 4.5 percent. If your school benefited from this default-prevention success and also achieved a significant cohort-rate reduction or posted a historic-low default rate, you should advise your administration and your students of your achievement. In fact, you can estimate for your campus colleagues the dollar value of your default-prevention success.

You can use USA Funds' Default-Prevention-Savings Calculator to estimate the dollar savings to your institution's borrowers and to U.S. taxpayers that resulted from your default-prevention efforts. To use the calculator, visit [www.usafunds.org/Debt\\_management/def\\_prev\\_meas\\_val.htm](http://www.usafunds.org/Debt_management/def_prev_meas_val.htm) on the USA Funds Web site, and supply the following information:

- Your institution's cohort default rates for 2000 and 2001.
- The number of your institution's borrowers and dollars of loans that entered repayment during the 2001 cohort year. *These figures are included in the loan-detail information delivered to your institution as part of the electronic Cohort Default Rate Notification (eCDR) package from the National Student Loan Data System (NSLDS).*
- The total dollar amount of subsidized and unsubsidized Stafford loans that your institution

awarded or expects to award this academic year.

- The number of students who borrowed, or you expect will borrow, Stafford loans to attend your institution this academic year.

The calculator will return the following information:

- Average loan balance and additional cost of default for your institution's borrowers who entered repayment in the 2001 cohort, as well as your students who borrowed during the current academic year.
- Measures of your default-prevention success, including the total number of borrowers prevented from defaulting, the total savings to these borrowers, and the savings to taxpayers for borrowers who entered repayment during the 2001 cohort year and for your current borrowers throughout the lives of their loans.

Please note that the values are estimates based on assumptions that, on average, a default adds one-third of the default amount to a borrower's loan costs, and that an institution's cumulative default rate — the percentage of borrowers who default during the lives of their loans — is 3.3 times the institution's cohort default rate. These figures approximate the averages for loans that USA Funds has guaranteed.

If your school consistently has maintained a low default rate, but did not record a significant reduction in your cohort rate between 2000 and 2001, you still may use the calculator to estimate your default-prevention savings by comparing your institution's default rate to average rates for peer institutions. Instead of supplying your institution's cohort default rate for the 2000, you can enter in the calculator the average cohort-rate for your institution type using the table at [www.usafunds.org/Debt\\_management/def\\_prev\\_meas\\_val.htm](http://www.usafunds.org/Debt_management/def_prev_meas_val.htm).

If your school did not show an improvement in its cohort default rate between 2000 and 2001, visit [www.usafunds.org/debt\\_management/debt\\_mgt.htm](http://www.usafunds.org/debt_management/debt_mgt.htm) to view information about the comprehensive support USA Funds.

### **Bringing your campus community together to combat student loan default:**

#### **SEM principles applied to effective default aversion**

Chances are your campus is already highly engaged in some type of plan designed to manage your institution's relationships with students, from the recruitment stage all the way through to the stage of long-term support as alumni. Many institutions follow strategic enrollment management (SEM) principles to create and implement plans to enhance institutional effectiveness.

Default aversion, an essential element in the arena of student financial aid, can also be integrated more

effectively into any institutional plan that follows SEM principles. Because so many aspects of default aversion are directly tied to various stages of a student's relationship to an institution, using SEM principles to further default aversion policies and practices can enhance institutional and student success.

#### **Benefits of aligning default aversion within SEM**

An institution that aligns its default aversion efforts with its existing institutional SEM plan can gain several advantages. Some of these include:

- The ability to execute more comprehensive default aversion strategies;
- The capacity to get cross-functional units working together to support student loan management efforts; and
- The capability to foster and maintain relationships with new partners to reach long-term enrollment goals.

#### **Four classic phases of SEM**

Using the four classic phases of SEM, financial aid professionals can begin to examine their existing SEM plans to identify opportunities for embedding default aversion efforts within more cross-functional units.

Institutions can select from the four phases of SEM and set correlated default aversion objectives to produce far-reaching impact. The following provides sample goals for each of the four phases demonstrated in the Model:

1. Identifying students—by focusing on targeted student populations;
2. Recruiting students—by starting early with education;
3. Retaining students—by engaging or involving the cross-campus community; and
4. Sustaining connections—by enhancing internal and external student relationships.

Using these four phases of SEM as foundations, financial aid professionals can begin examining their existing campus plans and recommend enhancements that drive more comprehensive default aversion efforts.

#### **An example: Step 1—Identifying students**

In Phase 1 of the Model, the goal is to identify targeted student populations to conduct an in-depth statistical analysis that will provide some insight on how students deal with their educational loans.

Although many financial aid administrators are familiar with approaches to default aversion that may include identifying students who miss payments, offering extended loan counseling, or adjusting financial aid packaging, a study helps to identify more systemic reasons that students default.

For example, a study may reveal that students default if they do not participate actively in the campus community, if their academic success diminishes over time, or if they leave the institution prior to completing their studies.

The study that is conducted should involve the entire campus community; by following an SEM model, more functional areas will recognize the benefit of the information being collected and evaluated. Financial aid administrators involved in the process should evaluate the approach to assure that default aversion elements are being addressed.

Once targeted student populations are identified, your institution can proceed to the following steps to create better-informed default aversion strategies, make decisions on packaging philosophies, and find more creative ways to finance student success.

#### **To learn more**

TG currently offers a free guide that provides a comprehensive overview of understanding and implementing default aversion in the context of strategic enrollment management.

Titled *A Clear and Present Danger to Institutional and Student Success: A training model for embedding student loan aversion within strategic enrollment management* is available to institutions for download at [www.tgslc.org](http://www.tgslc.org) by selecting [ For Schools | Council for the Management of Educational Finance | Initiatives ], or directly by going to [http://www.tgslc.org/council/cmef\\_initiatives.cfm](http://www.tgslc.org/council/cmef_initiatives.cfm).

#### **Spring workshops available**

TG will be offering free workshops at locations throughout the nation during the spring of 2004. For more information, or to host a session at your institution, please contact Josie Barrett, TG Director for Institutional Enrollment Services, at (800) 252-9743, ext. 4522, or send an e-mail message to [josie.barrett@tgslc.org](mailto:josie.barrett@tgslc.org).

*Grady Collins is a National Account Representative with TG serving schools in Alabama. You can reach Grady at (800) 252-9743, ext. 4970, or by e-mail at [grady.collins@tgslc.org](mailto:grady.collins@tgslc.org). Additional information about TG can be found online at [www.tgslc.org](http://www.tgslc.org).*

## **PROFESSIONAL DEVELOPMENT**

by Dan Brent

### **Simplify, Simplify, Simplify!**

I have a car that has only one key. I love it. It works everything – the door, the ignition, the trunk. I often have occasion to rent cars and some of them come with a half pound of keys. Included is the remote gadget with all the buttons which, if touched accidentally, activate the security system that blows the horn until the car is restarted. Nuisance!

It has always seemed to me that one of the best services that a Financial Aid Office can offer its students is being alert to the possibilities for simplifying the processes. For a living I make professional development presentations on behalf of Citibank for FAO people. One of the sessions I do is called "Helping Students Help Themselves" and a point I make is this: Try to simplify the processes. I understand the frustration of financial aid

people when students find creative ways to foul up what they have to do. But the truism is that, if students regularly fail to follow the directions, then maybe the tasks or directions themselves ought to be looked at.

Many years ago I worked in the central office of a Catholic schools system. Teachers were required to keep attendance, marking each student's presence or absence for each half day. At the end of the month, the columns had to be totaled both vertically and horizontally, and the numbers had to match. It was a task the teachers found very cumbersome. In that era there were, typically, fifty students in each class. And it was before the era of calculators.

I called the State Education Department and asked why we had to do that. They said, "It validates the state aid request." I said, "But we get no state aid." Undeterred they said, "It's required by the state regulations." I responded, "Let me put it this way. If I tell our teachers not to do it any more, how long do I have to spend in jail?" They had no answer. I set out a memo that the practice could be discontinued. It made me very popular.

I have put this question to groups of financial aid professionals. "If you left the office and came back in three years, would everything be exactly the same?" Of course they answer "No." I continue, "Would the changes be for the better?" The answer they give is, "Mostly." So the conclusion is that if there is room for improvements, why not make them now! So many of the things we do and require are done because we've always done it that way.

A few years ago, "quality" was all the rage. We had an in-house class on quality. One of the activities was to ask participants to flow-chart one of their processes. You draw a box for each step and put the steps in the order in which they take place. Whoever invented the exercise knew that virtually any process, subjected to that scrutiny, would betray cumbersome steps that could be eliminated or simplified. It worked. Inevitably people would look at their finished product for the exercise and say, "Oh, my!"

When I first came to work at Citibank, I was told that it took two months to process a deferment. (Shows how long I've been around!) I remember asking one day in a class why it took so long. "Because that's how long it takes," was the answer I got. "If there were no queue of pending applications for deferments, how long would it take?" I persisted. "Five minutes." Interesting. It had nothing to do with me but, within about two months, someone found a system for handling deferments on a same-day basis.

Students make mistakes. Of course that's an annoyance and it takes you time to fix the problems they create for themselves. But what happens if you begin to see their mistakes as an alert to the possibilities of improving your systems? "Thank you, young man. You've called to our attention a pitfall that perhaps we can fix for the next person!" Fantasy or fantastic? Check it out!

Dan Brent is a Professional Development Officer with Citibank. He regularly presents seminars for Financial Aid Office people.

## SASFAA NEWS

by Dorenda Adams



As financial aid administrators, we are devoted to helping our students obtain an education that will allow them to reach their goals and to follow their dreams. Every day we provide our students with "Access – the Key to Brighter Futures" and we invite you to join us in the "Magic City" on February 15 – 18, for the 2004 SASFAA Conference to do just that.

Our conference will begin with the SASFAA Community Service project – providing "access" through FAFSA Workshops for high school seniors who live in the Birmingham area. If your school budget and travel plans will allow you to be in Birmingham on Saturday, please plan to join the Diversity Committee in helping at these workshops as it promises to be one of the most rewarding professional and personal experiences of the conference.

As for educational experiences, the Conference Committee worked diligently to develop informative sessions that will appeal to the new, as well as the not-so-new financial aid administrator. Sessions will range from the beginner level with the New Aid Officer's Workshop to the seasoned professional level with the School Roundtable for Senior Administrators. A multitude of sessions that fall between these two experience levels will also be offered.

From a cultural standpoint, our host city has much to offer SASFAA as well. The President's Reception will be held at the Birmingham Museum of Art and the Diversity Committee has scheduled an informative speaker coupled with a tour of the Civil Rights Institute.

The 2004 SASFAA Conference promises to be educational, enlightening, and entertaining. Please visit the SASFAA website at [www.sasfaa.org](http://www.sasfaa.org) for all the conference details including hotel information, session

details and conference registration. We'll see you in Birmingham!

## FEDERAL UPDATE

by David Bartnicki

### 1. Federal Registers

#### 7/28/2003 – FERPA (NPRM)

- 34 CFR 99.30 – written consent that must be signed and dated may be met with records and signatures in electronic format
- Provide general guidelines; technology-neutral
- Must authenticate individual, be able to attribute the electronic signature with the sender, verify integrity and security of transmission, and document message
- Consider the Department's electronic signature standards for the Federal Loan programs to satisfy the written consent requirement in FERPA

#### 5/16/2003 – eZ-Audit

- All schools must submit their annual audits to the Department of Education via a secure website as of June 16, 2003
- Schools that submit A-133 audits must submit their audits to the Federal Clearinghouse in addition to submitting audits through eZ-Audit

#### 10/31/2002 – Campus Security Report

- Beginning with the annual security report distributed by October 1, 2003, a statement advising the campus community where law enforcement agency information provided by a State under section 170101(j) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071(j)), concerning registered sex offenders may be obtained.

### 2. Dear Colleague Letters

#### Campus-Based

- CB-03-17 - Use of State Scholarships and Grants as the Non-Federal Share of Federal Supplemental Educational Opportunity Grant Awards
- CB-03-14 – Implementation of Perkins MPN
- CB-03-13 – Electronic version of Perkins MPN
- CB-03-12 – Revised assignment form and procedures for assigning Perkins Loans

#### General Provisions

- GEN-03-13 - revised Federal Consolidation Loan Application and Promissory Note

- GEN-03-12 - NSLDS Calculation of Aggregate Loan Amounts
- GEN-03-11 – School information placed on FSA’s Student Aid on the Web (formerly Student’s Portal)
- GEN-03-08 – Long term debt in Financial Responsibility calculation
- GEN-03-07 – Dependency Override clarification
- GEN-03-06 – Students and borrowers called up to active duty
  - Impact on loan status and R2T4 issues
- GEN-03-04 – Revised unemployment and economic hardship deferment forms
  - Effective 7/1/03
- GEN-03-03 - FFEL PLUS MPN (DL PLUS MPN – DL-03-07)

- Chris Miller is the Acting Area Case Director for the Case Management Team
- Barbara Gray (Training Officer) retired at the end of 2003
- Cannon Myers has moved to the Atlanta Service Center
- Yolanda Blackman (training officer) has changed her name to Yolanda Adams
- 2 new reviewers have joined the Atlanta Case Team – Katherine Roth and Deion Thorpe
- Remember that you have a Point-of-Contact (POC) responsible for working with your school on the Atlanta Case Team. If you do not know your POC, please call our main number at (404) 562-6316.

Annual

- ANN-03-02 – Computer Tutorial for 03/04 EDEExpress

3. Electronic Announcements

- 11/18/03 – 2004-2004 ISIR Guide
- 11/7/03 – 2004-2004 EDE Technical Reference
- 11/5/03 – 2004-2005 Common Origination and Disbursement (COD) Technical Reference
- 11/3/03 – Sources of Assistance for Schools
- 10/7/03 – Updated COD Computer Tutorial
- 9/15/03 – eZ-Audit Update for Non-Profit Schools

5. Training

New web link for Departmental training - ([www.ed.gov/offices/OSFAP/training](http://www.ed.gov/offices/OSFAP/training))

6. IFAP information

ED presentations

- go to Tools for Schools section; then Conference Presentations

7. Atlanta Regional Office Notes

- Direct Loan Office has been renamed School Relations Office
- Erin Swanson-Hall is the new Regional Director of the Atlanta Service Center

<b><u>UPCOMING EVENTS</u></b>	
SASFAA Conference ----- Birmingham, AL	Feb. 15-18
AASFAA Spring Conference ----- Orange Beach, AL	April 13-16
NASFAA Conference ----- Minneapolis, MN	July 18-21