



ALABAMA ASSOCIATION OF FINANCIAL AID ADMINISTRATORS

# AASFAA Newsletter

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Summer 2004 Edition, July 12, 2004

## PRESIDENT'S REPORT

by Chip Quisenberry

It is late June as I write this. Just as we are all working hard now to meet the coming rush of student demands for financial aid services, already much work has been done to prepare for the coming year in AASFAA. Here are a few details.

On June 10-13 Deborah Byrd and I represented AASFAA by attending the SASFAA Transition meeting in St. Petersburg, Florida. I look forward to building strong working relationships with the other state presidents, and with the elected members who are serving on the SASFAA Board for 2004-05. Please let me know if there are any issues you would like to see addressed by our regional association this year. Also, please make plans now to attend SASFAA next February 13-16 at the Hyatt Regency in Atlanta.

The AASFAA Executive Boards for 2003-04 and 2004-05 had a great transition meeting at the Legends in Prattville. Highlights of the meeting included adoption of a proposal from the Vendor-Sponsor Committee to revise many of the rates charged to vendors and sponsors for various conference and other sponsorships. The Budget Committee made a good start on formulating a budget for 2004-05. Dee Talley and Dr. Bill Wall led a great training session on the AASFAA Bylaws and Policies and Procedure Manual, and the Board agreed on recommendations from the Site Selection Committee for sites for the Fall 2005 and Fall 2006 AASFAA conferences.

I also shared a few of my goals for AASFAA for the coming year with the elected officers and committee chairs. They include the following: expansion of training opportunities, including both New Aid Officers' Workshops and NASFAA Decentralized Training; imaging of archived material and a new repository location for that material, creation of a Vendor-Sponsor page on the website for our lender colleagues; the securing of affordable conference sites at least two years out (and preferably three); completion of last year's AASFAA Special Project to conduct financial aid presentations in all 67 Alabama counties; and the continuation of the "meat and potatoes" approach to the level of program content at both the Fall and Spring conferences.

Finally, I encourage you to plan now to attend the AASFAA Fall 2004 Conference at the historic Tutwiler Hotel in downtown Birmingham. Dates are October 12-15, 2004. The Fall Program Committee has already met, and they are planning a conference full of content. I hope to see you there!

## PAST PRESIDENT'S REPORT

by Deborah Byrd

Let me first begin by saying "Thank You, Thank You" for allowing me to serve you this past year. It was an rewarding experience and it has given me a chance to grow professionally. Thanks to everyone who served on the various committees and gave of your time. Thanks to all of the vendors who supported AASFAA this past year. Everyone worked extremely hard to accomplish the goals and objectives of the association.

One of the goals of the association is to provide training for the membership and it was my goal to make sure that it was accomplished. The Spring Conference at the Perdido Beach Resort in Orange Beach was great. The Spring Conference Committee planned a conference that was filled with topics that was of interest to everyone. One of the highlights of the conference was the combined session of AASFAA and the Alabama VA Association.

I recently attended the SASFAA Executive Board/Transitional meeting where the 2003-04 board turned over their duties to the 2004-05 board. I am pleased to announce that Debra "Dee" Talley will be on the board as Diversity Chair with Dr. Chip Quisenberry serving as AASFAA's president. Also, I will continue to serve as past president as a member of the Nominations and Elections Committee.

### Contents

	<u>Page</u>
Reports .....	1-5
AASFAA News .....	5
Lending Matters .....	5-8
Professional Development .....	8
Upcoming Events .....	8

AASFAA's Executive Board/Transitional Board meeting was conducted on Thursday June 17 and Friday June 18 in Prattville. After the Executive Board meeting on Thursday, Dr. Bill Wall and Dee Talley conducted a board training workshop for the incoming board. Melinda Calhoun did an excellent in securing the meeting facilities and sponsorship.

Under the leadership of Chip the 2004-05 Executive Board as already began planning for the fall conference and other activities. Remember that this is "our" organization and let us all pledge our support to Chip by volunteering to serve.

## **VICE PRESIDENT'S REPORT**

by Cindy Massey

The New Aid Officer's Workshop held during the AASFAA Spring Conference, April 14, 2004 had 20 attendees. An Overview of the Student Aid Programs was covered as well as the Application Process and Verification. Many thanks to Diana Jones - University of Alabama, and Dan Miller - Auburn University, Montgomery for sharing their expertise with our attendees. We had 5 people from Pensacola Junior College join our workshop and I was told by three of them that this was, "the best New Aid Officer's Workshop during a conference that we have ever been to"! Now, that's the kind of comments you like to hear! My hat is off to both Diana and Dan for making it such a great workshop!

During the conference, we also had three new aid officer tracks. These were on Eligibility - conducted by Dee Talley - University of Alabama, Birmingham; COA, Packaging and Award Notification - conducted by Dorenda Adams - Alabama State University and Loans 101 - conducted by Jay Powell and Tommy Dismukes. All the session evaluations were very favorable and the attendees were very complimentary of each instructor, their knowledge of the subject and their presentation of the material. My sincere thanks to each of our instructors for their hard work conducting these presentations - great job!

Your assistance and dedication to the good of the association members is very much appreciated.

## **PROGRAM COMMITTEE REPORT**

by Dan Miller

The Program Committee met June 22 to begin planning the program and events for Fall 2004. We will be meeting at the Tutwiler Hotel in Birmingham, a Historic Wyndham Hotel that was elegantly refurbished in 2000. We will meet October 12 -15, with opening session set for 1:00 pm Wednesday, October 13. By getting such an early start, we are sure to have a great conference!

The Hotel features beautifully decorated guest rooms and lobby areas. The meeting rooms are small and we do not have as many meeting rooms as in previous

years. This program will be a little different as we will be unable to have the number of breakout sessions that we have had in the past. But, if you have been in financial aid for any time at all, you know how to be flexible and how to make the best of the situation. "When life gives us lemons, we make lemonade"!!

Before you make your hotel reservations, you need to join the Wyndham "ByRequest" Club. Just go to their web site at [www.wyndham.com](http://www.wyndham.com) to join. This membership will provide many freebies like Internet service and complimentary arrival snacks for your room. After you receive your id number, you can make reservations by phone 1 (800) 996-3426. Be sure to ask for the AASFAA special room rates of \$89 Single or Double or \$119 for a Suite and give them your "ByRequest" ID number.

We hope to see you there!

## **LONG RANGE PLANNING REPORT**

by Dee Talley

AASFAA's Long Range Planning Committee is pleased to announce that it has presented a "draft" Long Range Planning document to the Board for review. The committee has worked diligently this year to develop a comprehensive long range plan for the association. The committee reviewed documents from NASFAA, SASFAA and several state associations in preparation for formulating a document for AASFAA. Recommendations and suggestions were sought from the AASFAA membership as well in developing the plan.

The draft of AASFAA's Long Range Plan includes two sections: Organizational Structure and Operations. The organizational structure includes goals and objectives for the Executive Board, Committees and the Membership. Operations include goals and objectives for Bylaws, Policies and Procedures, Archives/History, Communication/Collaboration, Professional Development, Finances and Scholarship.

The draft document was presented to the AASFAA Board at its spring meeting on April 13, 2004. The draft document can also be found on AASFAA's website. The committee is asking both the Board and the membership to review the draft and offer any recommendations or suggestions that they may have. The committee has requested that AASFAA adopt this plan as its formal Long Range Plan at the 2004 Fall Conference in Birmingham, AL.

The members of the Long Range Planning Committee include Dorenda Adams, Bill Wall and Debra Talley, Chair. The committee would like to thank the Executive Board and the AASFAA membership for the opportunity to serve the association in this capacity during the 2003-04 year.

## LEGISLATIVE LIASION REPORT

by Clark Aldridge

The House Education & the Workforce Committee chaired by Congressman John Boehner, released its long awaited reauthorization bill "The College Access & Opportunity Act" on May 5, 2004. The Senate is expected to release its bill later this month. However, most observers believe that reauthorization in 2004 is unlikely as there is less than 35 days left in the legislative session. More likely, is that Congress will extend the current law for one year in September.

The House has held it's second hearing on the bill and some thing that the current bill may not get out of the full committee this year. At the first hearing, as you would expect, there were varying points of view on a number of items contained in the bill in particular fixed interest rates, loan consolidation issues, additional funds for grants and the "90-10 rule".

Factors influencing reauthorization are limited legislative time remaining on the Congressional calendar, election year politics, and budget issues.

The House bill executive summary list areas that the Committee indicates will expand access to higher education. Those areas are:

- Strengthening Pell Grants, student aid, student access, and serving institutions.
- Reducing loan cost, fees and red tape for students and graduates.
- Removing barriers for non-traditional students.
- Empowering consumers through "sunshine" and transparency in college cost and accreditation.

### STRENGTHENING PELL GRANTS, STUDENT AID, STUDENT ACCESS, & MINORITY SERVING INSTITUTIONS

Major components of this bill impacting higher education provides for:

Additional Pell Grant aid for high-achieving first and second year students. This additional grant of up to \$1,000 was outlined in the President's earlier budget message.

Provide for year around Pell Grants for students who are accelerating their studies.

Remove the Pell Grant tuition sensitivity provisions contained in the current legislation.

Simplify the financial aid application process by expanding the "simplified needs test" for those families that qualify for free lunch, food stamps or other means-tested programs.

Permit dependent students to earn additional funds without negatively impacting eligibility to receive federal funds.

Phase out the unfair advantages in campus-based student aid. This would be accomplished by phasing out the current campus-based aid formula and the fair share concept that has typically favored northeastern universities.

Strengthen federal college access programs (TRIO and GEAR UP). The bill would increase the minimum grant levels for TRIO and provide more flexibility for institutions to serve different populations at multiple campuses. Also, assures that the unique needs of working adults are served. The Act also clarifies that the GEAR UP grants are provided for six years.

Strengthen minority serving institutions to include HBCUs, HBGs , Tribal Controlled Colleges and Hispanic Serving Institutions. The bill would make it easier for these institutions to use technology to improve education by providing flexibility in the use of federal funds to improved internet and other distance learning facilities. They may also, use grant funds to build endowments.

### REDUCING LOAN COST, FEES & RED TAPE FOR STUDENTS AND GRADUATES

Over a period of years reduce loan origination fees to 1%.

Increase annual loan limits for first and second year students from \$2,625 to \$3,500 for first year student and from \$3,500 to \$4,500 for second year students. Graduate loan limits would increase to \$12,000 per year. The overall life-time loan limits would not be changed. Perkins loan limits will be increased as well.

The bill would ensure that the variable rate structure would remain in effect beyond the 2006 year when rates are scheduled to be pegged at a fixed 6.8%.

Consolidation loans interest rates would change from the current fixed rate to a variable rate with an 8.25% cap.

The "single holder rule" would be eliminated, allowing students to shop for the best deals on Consolidation loans.

Protect borrowers' credit history by requiring lenders to report to all national credit bureaus.

Improve repayment options by allowing borrowers to make interest only payments.

Require that consolidation borrowers be provided with comprehensive information about the total interest they will be repaying, the repayment terms they are agreeing to, the benefits they will be eligible for, and other important consumer disclosures.

Reform the current law that allows some lenders to receive higher than market-value subsidies.

Reform federal income guarantees for lenders by specifying that excess interest earnings must be returned to the government.

Reinstitute the lapsed provisions allowing schools with low default rates to be exempt from the 30 day hold rule and the one term multiple disbursement rule.

Preserve the balance between the FFELP and Direct Loan programs.

#### **REMOVING BARRIERS FOR NON-TRADITIONAL STUDENTS**

Repeal the "90-10" rule that requires that proprietary schools demonstrate that 10% of their revenue is derived from sources other than federal student aid.

Allows all eligible institutions to compete for available funding as long as they are two-year degree-granting institutions.

Repeal the "50 percent rule" as it pertains to instruction by telecommunications.

Ensure colleges and universities are able to enroll home-school students without losing eligibility for participation in federal student aid programs and clarify that home-schooled students are eligible to enroll in a college or university.

#### **EMPOWERING CONSUMERS (PARENTS AND STUDENTS) THROUGH "SUNSHINE" & TRANSPARENCY IN COLLEGE COSTS & ACCREDITATION**

The bill would require the U.S. Department of Education to use certain data provided to the Department to create a "College Consumer Profile" and make this information available to the public.

Publicly identify institutions that repeatedly engage in excessive tuition hikes, giving consumers an index they can use to track tuition increases and make more informed decisions in their college spending. Institutions that increase tuition more than twice the rate of inflation over a three-year interval will be identified.

Make accrediting agencies more accountable by making information about their accreditation process more transparent by giving students, parents and the public direct access to information.

The bill ensures that credits are not unfairly and arbitrarily denied based on the accreditor of a college or university where credits being transferred were earned, so long as the accreditor is recognized by the U.S. Secretary of Education.

#### **ADDITIONAL FEATURES**

The bill would allow greater opportunities for cancellation of Perkins loans for military personnel, placing members of the Armed Services in the same category for loan cancellation as teachers, full-time law enforcement personnel and nurses. The bill would also treat members of the military as independent students.

Clarify federal student aid rules related to drug offenses. The bill states that the law applies only to

students who are currently enrolled, receiving federal Title IV Aid, and convicted of a drug related offense. Repeal nine current programs previously authorized under the Higher Education Act that are duplicative and/or unnecessary or have expired and are no longer needed.

Provide for an IRS data match to prevent Pell Grant fraud.

Reduce red tape for schools by making technical corrections and improvements to the current law as requested through the FED UP project.

Expand loan forgiveness for teachers from the current \$5,000 to \$17,500.

#### **SENATE STATUS**

The Senate's budget bill includes funding for a number of areas that are part of the House's reauthorization bill. These items include a \$5 billion reserve fund for a phase out of loan origination fees, and increased loan limits. In addition, the bill provides funding for variable interest rates for Consolidation Loans.

Senator Judd Gregg (R-NH) has indicated that he will introduce a reauthorization bill in the Senate shortly. However, many observers believe that a bill will not be acted on by the Senate this year because of the limited legislative time remaining before the election year recess, as well as issues with partisan politics.

If President Bush wins re-election this year, the work that has taken place on reauthorization this year should provide a blueprint for the bill in 2005. However, if Senator Kerry wins a lot of the current work will be scrapped.

On May 17, 2004 Reps. Thomas Petri (R-WI) and George Miller (D-CA) introduced the Direct Loan Reward Act, H.R. 4370. The intention of this bill is to revitalize the Direct Loan Program by rewarding institutions that leave the FFELP program in favor of the Direct Loan Program. The bill assumes saving in DL that could be used to provide additional Pell Grants to students. Of course there are major differences of opinion as to which program is the most cost effective. According to the Department of Education the overall Direct Lending subsidy cost has been underestimated by \$2.4 billion over the life of the program and the FFELP subsidy has been overestimated by \$5.9 billion over the same time.

Interest rates have dropped to their lowest rates ever. The new rates are:

- Stafford (in-school) 2.77%
- Stafford (in repayment) 3.37%
- PLUS 4.17%
- Consolidation (in grace) 2.85%

Another bill of interest is H.R. 4102 "Access & Equity in Higher Education Act." This bill calls for higher borrowing limits and contains many of the positions advocated by the Coalition for Better Student Loans.

However, the bill has a higher budget cost and Rep. George Miller a ranking Democrat on the committee has discouraged other democrats from co-sponsoring the bill because it contains provisions for variable interest rates on consolidation loans.

## **SPECIAL PROJECTS COMMITTEE REPORT**

by Tommy Dismukes

During the past few years I have served as the chairperson of the Special Project Committee of AASFAA. With the success of last year's special project (45 or so volunteers helping AASFAA complete 130 financial aid presentations to audiences totaling more than 8,000 people in 49 of the 67 counties in Alabama), the foundation has been laid for us to do even more this next academic year.

In early July 2004, I will solicit additional AASFAA volunteers to sign up for this committee so that we can have 100% coverage on FA presentations in the Alabama counties for 2004-05. In addition, I will provide those volunteers with a modified NASFAA financial aid PowerPoint presentation that all volunteers can use (or modify further) that will enable us to establish some more consistency in the message AASFAA shares.

For next year, however, these are additional things that need to be accomplished.

*First*, I will need more people to volunteer as regional coordinators for this project that will help me and AASFAA get the word out to local middle and high school counselors that we are offering free financial aid presentation services and to also help coordinate some of these events (if necessary) for the AASFAA volunteers.

*Second*, AASFAA will look at other creative ways to advertise this free service across this state so that we can ultimately serve more students, parents, and counselors on this matter. Some ideas may include:

1. "For The Record" on PBS and Newsmakers on WSFA-TV are examples of good ways to get out our message on TV...for free. Formats could include having a couple of AASFAA members on these shows to discuss what we are doing and/or soliciting AASFAA volunteers to do a phone bank call-in format.
2. To invite key members of the Alabama Counselors Association (ALCA) to one of our functions at an AASFAA Conference to "play up" our project.
3. To develop printed materials (sponsored) to distribute to each high school with the type of information we will cover.

We have lots to do...how can you help AASFAA?? Please contact me at [tdismukes@kheaa.com](mailto:tdismukes@kheaa.com) if you would like to discuss this matter further!

## **SITE SELECTION REPORT**

by Dan Miller

As Site Selection Chair for 2004-05, I have been given the task of reviewing potential sites for future conferences and negotiate contract details. I have asked Joan Waters, James Bery, and Andy Weaver to serve as committee members. Together we hope to find the right place with the right prices and at the right times.

The 2003-04 Executive Board voted in June to pursue a final contract with the Huntsville Hilton for the Fall Conference 2005 and then work to develop a contract with the Auburn Hotel and Conference Center for Fall 2006. We will begin looking at hotel facilities for our Spring Conference for 2006 and Fall Conference 2007.

You may recall that we are in a two-year contract with the Perdido Beach Resort and are committed for Spring 2005. They have also submitted a proposal for 2006-07. There has been much discussion about returning to the Perdido Beach Resort because of the \$124 room rate and high costs of food and beverage services. To guide us in our planning, please let me know of your preference for the location of the Spring Conference—return to the Perdido Beach Resort, to other sites in the beach area, or look at other locations with more reasonable room rates.

To assist us in the search for possible sites and to inform us of your preferences, please send me an email ([dmiller7@mail.aum.edu](mailto:dmiller7@mail.aum.edu)) to recommend a hotel or state park with at least 100 guest rooms and at least 5 meeting rooms for 120-160 participants.

## **AASFAA NEWS**

by Anthony Richey

### **New Positions**

Maria Parker, former Director of Student Financial Aid at Bessemer State Technical College, was named as the new Director of Student Financial Services at the University of Montevallo, and started June 1, 2004.

## **LENDING MATTERS**

by David Long, Jay Powell, and Crystal Dempsy-Gillum

### **USA Funds Web site has new features**

USA Funds® has enhanced its website, [www.usafunds.org](http://www.usafunds.org), to help customers and constituents more easily find the information and resources that they need. The Web-site enhancements include the following items:

- Each of USA Funds' key customer groups — financial-aid professionals, education lenders and borrowers — now has its own home page. In addition, content for each group of customers is color-coded.

- To help visitors to the site more easily find the information they seek, Express Links on the home page of the site and on each customer group's home page offer "one-click" access to the most-popular content. Key categories of information are listed in tabs across the tops of pages in each customer group's section. In addition, content pages feature key links in the left margin, as well as a "bread-crumbs trail" across the top of the page to help users navigate back through the site. A site map and site search also help visitors link to key information.
- College-planning information for prospective students and parents now is highlighted in a new section that is separate from borrower information.

Because the Web addresses of many of the pages on the site have changed, visitors who have previously bookmarked pages will want to update their bookmarks.

#### **New reauthorization resources**

The Web site also now offers resources to help financial-aid professionals and education lenders stay abreast of the deliberations surrounding the reauthorization of the Higher Education Act. Links to updates about legislation, hearings and recommendations, as well as background information, are available through the "2004 Reauthorization" link in the "Financial-Aid Professionals" and "Education Lenders" sections of the site.

#### **Help for those with repayment problems**

Additionally, USA Funds has posted on its Web site new features to help education-loan borrowers resolve payment problems.

The latest enhancements to the "Loan-Payment Problems" section of the site help borrowers with past-due accounts select from among three possible options: make a promise to pay, temporarily postpone their loan payments or reduce their monthly payment amounts. These resources help borrowers learn the status of their accounts, understand their options and assist them in taking prompt action to avoid additional costs and the consequences of loan default.

### **Sallie Mae's Business Office Suite: Solutions For the Business of Education**

In a continuing effort to provide the tools and support that meet the changing needs of education, Sallie Mae has announced the creation of the Business Office Suite, which will focus solely on the needs of business office staff at colleges, universities and K-12 schools.

The Business Office Suite expands the business office product and service offerings of Sallie Mae and Academic Management Services, Inc. (AMS). AMS, a top-20 originator in the Federal Family Education Loan Program (FFELP) and a provider of services for more than 800 college and universities, was acquired by

Sallie Mae in November 2003. The Business Office Suite will offer AMS' Tuition Pay product, along with Sallie Mae's Net.PaySM, under one umbrella. In addition, the Business Office Suite provides:

- Credit Disbursement Services.
- Tuition and Bill Payment Services.
- Collections Services.
- Shopping Cart Solutions.
- Payment Processing.
- Online Bill Presentment and Payment Services.
- Tax Reporting.
- Statement Processing.
- Counseling Services.

The Business Office Suite is a **total** business office solution for schools. It is flexible, convenient and gives families and institutions the freedom to select *only* those products and services they need and want. To learn more, visit [www.b-suite.com](http://www.b-suite.com) or contact Jay Powell, your Sallie Mae Higher Education Account Executive, at (205) 980-5758.

### **Alabama Student Loan - KHEAA Update**

#### **Be on Target with DARTS**

KHEAA is pleased to introduce Default Aversion Resources, Tools, and Services (DARTS) to assist you in managing your institution's default rate. DARTS includes KHEAA's default aversion staff services to counsel borrowers on repayment options and satisfactory solutions to loan delinquencies. Significant system and technology support maximize the number of borrowers that staff can reach by phone, letter, and e-mail. DARTS staff are available for extended hours during the week and on weekends to ensure borrowers receive top priority and utmost attention.

DARTS publications are available at no cost to assist with entrance and exit counseling requirements, personal money management, repayment information, consolidation information, and more. These publications are eye-catching and informative. DARTS staff can also assist or perform customized entrance and exit counseling on school campuses.

DARTS' new Late Stage Potential Default Report on the web lists borrowers with loans that are 240 to 360 days delinquent. Schools are encouraged to take a few minutes to help contact these borrowers each month. Upon request, DARTS staff will train your staff on how best to work the report and maximize the reduction in cohort default rates.

DARTS has already proven a success; and, with increased school partnerships, the student loan community will continue to reap the benefits of lower cohort default rates. To learn more about DARTS, contact Judy Lang at (502) 696-7225 or [jlang@kheaa.com](mailto:jlang@kheaa.com) or Tricia Wells at (502) 696-7212 or [twells@kheaa.com](mailto:twells@kheaa.com).

## **ZipFUND\$**

ZipFUND\$, KHEAA's new same-day disbursement process, has been working seamlessly and met with positive response. ZipFUND\$ speeds the processing and delivery of student loan funds and allows a loan to be certified, eSigned or serialized, guaranteed, changed, and disbursed in one business day. KHEAA encourages schools to sign up for this new service. To learn more about how this process can benefit schools and students, contact the Origination and Disbursement hot line at 1-800-564-6068.

## **Zip Access**

KHEAA's comprehensive project to enhance its financial aid delivery system, previously referred to as FADS, for school and lender partners has a new name? Zip Access. This suite of products and services includes the ZipFUND\$ process.

Zip Access is a multi-faceted project with many components. Here's an update on our progress as of the end of June.

## **Enhanced Reporting**

Adding new functionality to KHEAA's web services, Crystal Reports Enterprise Software is now fully installed and will soon deploy reports.

## **File Message Management**

KHEAA is putting the infrastructure in place to centrally track inbound and outbound files. The new file message management process will not change how schools and lenders currently send or receive files, but it will provide KHEAA's operational staff a way to quickly check on the status of any file and easily resend a file.

## **Common Record: CommonLine**

KHEAA will fully support the Common Record: CommonLine (CRC) process for the 2005-06 award year. At this time, we are not planning to phase this implementation and are moving forward to be ready to handle the request, all three types of responses, change, and disbursement CRC processes.

## **Loan Program Administration**

### **Insurance Fee**

KHEAA will continue the agency's long-standing practice of not charging an insurance fee during the 2004-05 school year.

### **Hourly Batch Processing**

All CommonLine files received between 9 a.m. and 8 p.m., ET, are processed and responded to at the top of each hour to provide maximum processing flexibility to KHEAA's school and lender partners.

### **Lender-Provided Credit Decisions**

KHEAA's Origination Services lenders can now notify KHEAA of their PLUS pre-approval credit determinations via their web directory. This new process provides lenders the flexibility to perform their own credit determinations or continue using KHEAA's online immediate pre-approval process.

## **Updating Borrower Demographic Information on the Web**

KHEAA now allows schools to easily update borrower demographic information, including address, phone, and e-mail address, on the web. This is a wonderful default aversion tool for schools. Statistics show that the inability to contact borrowers results in defaults. We invite schools to update borrowers' demographic information regularly, especially for borrowers who appear on the Late Stage Potential Default Reports.

## **KHEAA Default Aversion Recurrence Rate**

KHEAA set a very aggressive goal for default aversion this year to reach a recurrence rate of 50%. The default recurrence rate measures how successful KHEAA is in preventing a loan from becoming delinquent for a second time. KHEAA's rate at the end of May was 50.40%.

## **Default Collections**

KHEAA collected more than \$60 million in defaulted student loans during the fiscal year ending June 30, helping thousands of borrowers get back on track to repaying their student loans, improving their credit, and providing funds to recycle into new loans for students. The \$60 million is a record for KHEAA, and the default recovery rate is the third best in the nation among agencies that guarantee student loans.

## **Loan Volume**

KHEAA's guarantee volume continues to increase. At the end of May, KHEAA guarantee volume had increased from \$718 to \$837 million, a 16.57% increase over the same time last year. KHEAA is expected to guarantee nearly \$960 million for the year and to reach the billion-dollar mark next year and to rank 10<sup>th</sup> in volume among the nation's 36 guarantors.

## **Origination and Disbursement Volume**

KHEAA celebrates the 10<sup>th</sup> anniversary of the Loan Origination and Disbursement Services Branch. Since the branch was created in July 1994, more than \$2 billion has been originated and over \$2 billion disbursed at the end of May. Loan origination volume increased from \$351 to \$503 million as of May 31? an increase of 43.30% over the same period last year. KHEAA also provides EFT disbursement services for lenders and disbursed over \$150 million through the end of May.

## **AlabamaMentor**

AlabamaMentor ([www.alabamamentor.org](http://www.alabamamentor.org)) is now live and provides an online source for higher education information, online applications, and much more in Alabama. KHEAA is very pleased to sponsor this cooperative effort of colleges, state agencies, and other organizations. We hope schools and students will take advantage of the powerful tools offered by AlabamaMentor.

## **Publications**

Work has begun on the next edition of *Getting In* and *Affording Higher Education*.

## Comments and Questions

Ideas, comments, and questions are welcome and can be submitted via [till@kheaa.com](mailto:till@kheaa.com) or 1-800-721-9720.

## PROFESSIONAL DEVELOPMENT

by Dan Brent

### Fourth Grade Lessons

My wife teaches fourth graders – ten-year olds – in a rural school district. She’s teaching them to write in ways that dig into their own thoughts and feelings and relationships to capture their reader’s attention and interest. An opening sentence like “I really like baseball” gets replaced by “My dad calls me Slugger!”

This week she showed them the original *Land Before Time* movie. They were barely born when it first was released.

She reports that they got into the debriefing enthusiastically. “Who was the hero? What did he do that made him the leader? What did Ducky do to help them reach the Great Valley? Slug? Petry? Cera? How important was the advice of Old Rooter in getting Littlefoot over feeling sorry for himself? Who sometimes plays that role in your life? What were the symbols in the story and what did they represent? What was the scariest part? How did they deal with that?”

I’m impressed. I don’t remember doing anything like that in fourth grade.

Writing as storytelling is lots more than recounting the facts of what happened. It’s getting inside the heads and hearts of the participants. Newspapers are written to tell the who, what, when, where, why, and how of the news. But even the newspapers and the nightly news on TV are getting more tuned to the personalities in the news and what makes them tick. Sometimes they get carried away with that. I recently read two columns of a front page story and couldn’t figure out what the story was supposed to be about. When I got to the bottom line, “Continued on page A-3,” I quit reading, annoyed that the article never got to the point. After all, it was a *newspaper!* But normally news reporting is at its best when it’s about people.

In the last few years, there has been an emerging interest in “emotional intelligence”. We think of our brain almost exclusively as a thinking thing. But authors like Dan Goleman have picked up on the amygdala which brokers emotional data in our brains. It actually gets first say about our behavior. Eventually our neocortex can overtake the amygdala and override its commands. But emotions get the first word. In one of my workshops, I do an exercise to ask participants what qualities they would want in someone that they might work with. Little of what they consider important is on the intellectual side. (Smarts, skills, technical information.) Most of what they want is on the emotional side. (Sensitivity, ability to relate to people, patience in listening, collaborative mindset.)

I suspect that there are lessons here for financial aid office people. The processes you work, the information you broker, the problems you solve, the files you deal with – this is all critical to getting the functions of the office accomplished. But all of it gets interesting only when the faces come with it. Of course, it’s possible to imagine someone in the financial aid office who gets so into the people side that the work doesn’t get done. I’m not suggesting that this would be appropriate. However, neither would it be a good idea to get so focused on the “work” that the personalities – the faces behind the needs – are lost in the flurry of paper.

So it’s not just fourth graders learning to write who have to look beyond the facts, the data, the events, the technical information – to find the people!

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### UPCOMING EVENTS

NASFAA Conference ----- Minneapolis, MN	July 18-21
AASFAA Conference ----- Birmingham, AL	Oct. 12-15
SASFAA Conference ----- Atlanta, GA	Feb. 13-16