

Loan issues Committee

Meeting Notes – October 1, 2008, 8:15-9:45AM

MN Office of Higher Education/Teleconference

Attending: Debbie Cordova, Janna Davis, Tracy Drechsler, Chris Edland, Allison Geisler, Valerie Knopp, Marilyn Kosir

Unable to Attend: Mike Nylund

The Committee met to determine next steps to accomplish the following approved Objectives/Activities.

- 1) Objective/Activity:** Rework and complete the loan brochure started by the 2007-2008 Loan Issues Committee. **(Janna and Tracy).**

It was agreed that the brochure will address both Direct Lending and FFEL programs rather than create two brochures. A brief introductory paragraph will explain the two ways that schools participate in the loan programs and what that means to the borrower. **(Janna/Tracy)** The brochure will be targeted to undergraduate students with information for graduate, professional, doctoral students to contact their school's financial aid office for specific questions.

- 2) Objective/Activity:** Financial literacy presentation materials for schools (Webinar, PowerPoint, or Breeze) **(Allison, Chris, Valerie)**

Many schools currently offer some form of financial literacy materials or websites although there are schools that are not able to develop a comprehensive curriculum or resource in this area. The goal of this objective would be to create a standardized, MAFAA-sponsored financial literacy program that schools could use.

Resources suggested: Great Lakes and EAC sites, U of MN one-credit course on cash/credit, online seminar at Capella. Would need to check about use of Capella's course as there may be proprietary limitations or required permissions to use this program **(Janna)**. A message will be sent to the MAFAA listserve to find out financial literacy materials that are currently used and offered by MAFAA membership to assess what is currently available. **(Valerie)**.

Concerns for students that could be included in the presentation materials:

- credit worries, credit reports, credit scores
- undergraduate private loans and servicers; Grad PLUS loans
- basic understanding of a loan (what and how much to borrow); percentage rates; students realizing what they are doing/borrowing,
- how to calculate a responsible amount to borrow based on educational costs and future earnings; impact of today's borrowing on future payments
- defaults, delinquency and the impact of not making payments (i.e., SELF Loan holds)
- effect on borrowing if not making grade progression
- encourage to save summer earnings to pay for academic costs and keep debt load down
- responsible borrowing – only what is needed and not the maximum allowable

Committee members will forward any additional resources or ideas to Allison, Chris, and Valerie as they come across any.

3) Objective/Activity: Complete an online loan literacy course for students. **(Debbie, Janna, Marilyn)**

As with Objective #2, the goal would be to create a standardized MAFAA-sponsored course that schools could use for their students. Great Lakes has a curriculum which was presented at spring conference a couple of years ago that might be used or modified to develop this online course. It was suggested to tie the financial literacy with satisfactory academic progress (SAP) so students understand the correlation between SAP and continued aid eligibility.

Tracy suggested creating a scenario based on career choice and borrowing limits to lay the ground work at the beginning of students' borrowing to know that monthly payments might be and what would be affordable.

Janna mentioned a loan repayment checklist that she developed and is used at Capella that has been helpful to students. She will send this information to Committee members for review.

Resources (e.g., technology) from MAFAA will need to be identified for the online course. **(Valerie)**

Fall Conference Ideas:

Some suggestions for fall conference sessions were identified.

1. Differences between FFEL and DL lending – an educative approach to the programs.
2. FFEL lending – why should we stay with it? (a follow up session to #1). Chad Nosbusch, University of St. Thomas was identified as a possibility for presenting since he was instrumental in moving UST to DL.
3. How to evaluate what is best, what do I look at, what issues might there be (i.e., IT support)?
4. PLUS loan auction – what impact will it have on any of the schools? PLUS Direct Lending

Jeff Olson, Bethel University, had sent specific questions/topics about possible conference sessions:

- "Why should you stay in the FFELP program? A candid conversation on the issues related to remaining in FFELP, and the impact (pros and cons) of moving to Direct lending."
- What is the likely impact on MAFAA of any massive swing of schools moving from FFELP to Direct Lending (corporate support, committee membership/presentations, etc.)?
- Have you heard any rumblings in MNSCU regarding a change to Direct lending?

Committee members will provide updates on progress in mid-October on the objectives/activities and will meet again at 3PM on Thursday, November 13, 2008 via teleconference. Marilyn will coordinate the meeting space and telephone conference.

Respectfully submitted by Valerie Knopp, Chair