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From the President

Scott Roelke, MAFAA President

This is my final article for MAFAA Matters as your MAFAA President. My year as president has been just like any day in a Financial Aid Office. Never what you planned at the beginning of the day. The 2007-2008 membership year has been a year of "shake-out". Many actions and economic conditions have converged to force adjustments in the way our students will access funding for years to come.

The interest and special allowance reductions made by congress, the actions of some overzealous state officials, the implosion of the capital markets, the apparent presence of recession, and the fall of the dollar against other currencies, have all converged to present a challenging reality to our students. This is the first real economic crisis that most of our students have experienced. Our students could face very real difficulty in obtaining financing necessary to continue their education.

Although we have currently lost only 30 to 40 lenders nationally, the long-term outlook does not appear positive at the moment. Simply look at the dollar volume of loans that have been originated by those who have opted out of the FFELP and private loan programs, and any reasonable person would be concerned. Add to this the inflationary pressures of the dollar's decline, huge increases in the cost of food and fuel, and continued legislative malaise regarding the financial needs of higher education. If this situation persists, we are presented with an environment in which costs to students continue to increase to levels that long ago outstripped available grant funding and appears to be doing the same to available financing options.

How will we, and our students, get through this? Resilience and perseverance. Both theirs, and more critically, ours.

As a group, financial aid professionals have proven to be an adaptable bunch. A changing landscape is something we take in stride on a daily basis. As always, when we are presented with a new reality, we readily change our approach and develop new tools to address the needs of our students. As we have learned about generational differences over the past year, we have come to understand our students fully expect things to change, and they fully expect our help in finding a way through this newly emerging maze. We will be there to help them and continue to provide our students with access to higher education.

Current circumstances remind me of the period from 1989 to 1995 when loan access issues were a reality for students and institutions of higher education. How many remember students actually using Lender of Last Resort programs? I certainly do. That period was ended by two events that occurred in close historical proximity. Direct Lending came on the scene, and inclusion of lenders and guarantors in cohort default rate measures was implemented. This changed the student loan market very quickly, as lenders and guarantors incorporated processing efficiencies and increased quality of service to maintain market share and keep student loan defaults in check. Before these changes took full effect, Financial Aid offices had initially adapted to this new reality by working out processing arrangements with lenders and by eventually adopting the Direct Loan Program. Students were served during this transition expressly because we were willing to change the way we thought about student funding options and were willing to adapt our processes to fit the new model.

I do see some positive outcomes from our current state of uncertainty. I see a return to a focus on student access to higher education. We will no longer have a plethora of financing tools in our bag to fuel the promotion of the concept of higher education choice at the expense of higher education access. Our focus once again must be placed on ensuring student access to higher education. Others have debated me regarding the issue of this centrality of our purpose in the past. I steadfastly adhere to my conviction that student access to higher education is the cornerstone of what we do. I believe the current rush to investigate participation in Direct Lending by some institutions aptly demonstrates my point.

What will the currently evolving situation hold for our future? I do not know for certain, but I am certain we will find a way through to a more stable time, and I am certain our students will be grateful we were there to help them.

Thank you for allowing me to be your MAFAA President.

MAFAA Spotlight: Members Visit Capitol Hill

By Tina Kukowski, MAFAA Treasurer-Elect

From March 8th to 11th, **Kathy Ruby** (MAFAA President-Elect) and **Tina Kukowski** (MAFAA Treasurer-Elect) attended the NASFAA Leadership Conference in Washington D.C. as representatives of the Minnesota Association of Financial Aid Administrators. **Jayne Dinse** (MASFAA Delegate-At-Large) also attended as representative of the Midwest Region (MASFAA) and **Catherine (Cappy) Breuer** presented a session and assisted in the planning of the conference as a member of the NASFAA Leadership Development and Professional Advancement Committee. Approximately 100 financial aid professionals from throughout the country attended this event.

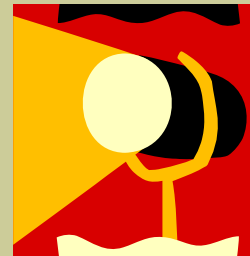
We had the opportunity to meet and hear NASFAA President, Dr. Philip R. Day, Jr., as well as attend a reception at the new NASFAA Offices. So much valuable information was shared and we had a great discussion on the current events affecting our state and regional associations. We discussed ethical issues facing our association as well as what financial implications there might be. NASFAA also provided the most recent legislative information to prepare us for visits to the Hill.

As part of the conference, we visited with our respective House of Representatives and Minnesota Senators to promote financial aid and student access to higher education. While in D.C., we met with one of their assistants and we had a chance to meet Norm Coleman. You never know where you might run into a senator -- Kathy and Jayne visited with Amy Klobuchar on the flight to D.C.

If you ever have the opportunity to visit with your representative or senators, either in Washington D.C. or at home, I highly recommend it. With all the issues and problems this country faces, a visit to the Hill makes one realize what a great system we have. I want to thank MAFAA for giving me this great experience.



Pictured L to R: Kathy Ruby, Jayne Dinse, Senator Norm Coleman, Tina Kukowski



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Take Key Steps in Planning Group Loan Counseling Sessions

Submitted by Becca Diskin, USA Funds

Effective July 1, 2008, new federal regulations will prohibit lender and guarantor staff from conducting group loan counseling sessions. To help campus staff prepare for loan counseling, here are key issues to consider.

1. **Identify the students who are required to complete loan counseling.**
 - Entrance counseling:
 - Does your Financial Aid Management System identify first-time borrowers? If not, you may need to work with your campus' admissions office to determine new students and match that list with those who have been awarded loans.
 - Have you set up checks and balances with your business office to ensure that loan funds are not disbursed to new students until they have completed the required loan counseling?
 - Exit counseling:
 - Does your Financial Aid Management System identify borrowers who are graduating? If not, you may need to work with your campus' student records office to determine graduating students and match that list with those who have received student loans.
 - Do you have a process in place to identify current and past loan recipients who drop below half-time status or withdraw? You must provide exit counseling to these students.

2. **Take a variety of issues into consideration when planning session times.**
 - Base the number of sessions you offer on the number of students required to attend the loan counseling sessions. Sessions with fewer than 100 students allow for better interaction and questions from the audience.
 - Plan your sessions for no longer than 60 minutes with time allowed for questions and answers. If planning for back-to-back sessions, allow 90 minutes between the start times of the sessions.
 - Be prepared for students to address you privately with questions they do not want to share with the other students.
 - Secure the support of administrative offices, especially if students will need to be excused from classes to attend required loan counseling.
 - Determine what loan counseling materials you will provide to your students.

3. **Examine what equipment you'll need for the sessions.**
 - Location.
 - Provide tables or desk sides that enable students to take notes.
 - The room size should be consistent with the number of expected students.
 - Ensure that the necessary equipment is available. Some items needed might be a laptop, projector, screen, microphone and audiovisual technician for support.
 - Set up a table for registration, materials distribution and collection of forms. Have pens and pencils available at the registration table.

(continued next page)



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Planning Group Loan Counseling Sessions, continued

- The room should be large enough to accommodate tables at the back or side of the room if you offer refreshments following the presentation.
 - Ensure that the room is handicapped accessible.
 - Have nearby restrooms and point them out to participants at the start of each session.
 - Offer sessions at different times and on different days of the week to accommodate busy schedules. Mondays and Fridays generally are not good days.
 - If possible, do not schedule sessions in competition with other campus events, such as sporting events or concerts.
- 4. Get out the word about the events.**
- Thirty days prior to the sessions, advertise with posters, announcements, letters to students, e-mail invitations and newspaper advertisements listing times, location, and the importance of attending.
 - Notifications should provide information that students need to bring to the interview, such as employer information and references names and addresses for exit counseling.
 - Recommend that students write down their questions and concerns and bring them to the sessions.
 - Consider mailing supplemental information for students to complete or review prior to the sessions:
 - For entrance counseling, the Student Loan Entrance Interview form.
 - For exit counseling, the Student Loan Exit Interview form; as well as a listing of the student's loans provided by the financial aid office, or a printout of the student's National Student Loan Data System loan information.
 - Some schools provide refreshments to encourage students to attend. If you do so, communicate your plans with students.
 - Send a letter or e-mail reminder to students one week prior to the first session.
 - Develop a plan for working with students who fail to attend, such as mailing them information and presentation materials, sharing information about the availability of individual interviews, or providing a Web site for online interviews.



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“Performing Magic...Making Change” MAFAA Spring Conference: May 7 – 9, 2008

The on-line registration at <http://www.mafaa.org> is available until Friday, April 18. On-site registration will be available at the conference. If you choose to register on-site, please come prepared to pay the registration fee at that time. If you wondered if the conference had enough great content to warrant your attendance, check out this truncated list of what the conference committee has arranged to offer to you. It's fully loaded!

Negotiated Rulemaking...State Financial Aid On-Line Tools...MN Indian Scholarship...Leadership...MN GI Bill...
 Reauthorization of Higher Education Act...inspiration...Diversity and Communication...MN Achieve Scholarship...
 Entrance and Exit Counseling...Professional Judgment...Staffing a Financial Aid Office...ACG / SMART / TEACH
 Grants...Student Loans...communication...Lowering Default Rates...'Educationomics' - higher education demographics...
 Office Imaging...Loan Topics...performing magic...FAFSA line by line...The Fred Factor—exceptional customer service...
 email etiquette...NSLDS...making change...Sector meetings...Verification...R2T4...College Goal Sunday...State and
 Federal updates.

And that's just the FUN stuff. You'll also have a chance to raise money for charity by voting for your favorite karaoke contestant.

There are networking activities that can fit in between all the great sessions listed above.

You are guaranteed to get a bang for your buck here. Hope to see you at Madden's!

Four Steps to Save Former Students from Default

By Susan Neppl, Great Lakes

When your former students default on their student loans, they not only increase your cohort default rate, they also suffer serious consequences that undermine their own investment in building a better life through education. As financial aid professionals, we all have a role to play in helping borrowers avoid this fate. Lenders and guarantors continuously work to reach borrowers from the time they miss their first payments, and are able to help most get back on track. But when our efforts aren't enough, you can make a big difference by reaching out to the handful of former students who are on the brink of default.

All guarantors offer a report of delinquent borrowers. Maximize your impact and save yourself a lot of time by focusing on those who are 270 days or more delinquent on their loans. A call from you at this late stage can make all the difference in keeping borrowers out of default—and out of your institution's default rates.

Counseling borrowers over the phone may not come naturally, but you can increase your success with the help of a proven call model and phone counseling script. This four-step process can make your job easier and save more former students from default.

Step 1: Contact the Borrower

When you are calling a borrower, the first thing you need to do is verify that you are speaking with the borrower before you disclose private information, such as a Social Security number, or that you are calling about a student loan. Next, identify yourself and state that you are calling from your school. It's important to let the borrower know you want to help. As a representative of your school, you have a relationship with the borrower that the lender or guarantor does not have. Let the borrower know that you want to help them find the solution that brings, and keeps, them current on their student loan payments.

Step 2: Walk through Possible Solutions

To counsel the borrower, walk through some possible solutions. Ask the borrower to make a payment to resolve the delinquency. If the borrower can afford it, a payment is the best option for resolving a delinquency. If the borrower can't pay, determine whether the borrower qualifies for an in-school deferment or an unemployment deferment. You can verify an unemployment deferment by asking if the borrower is:

- Working less than 30 hours per week
- Registered at an unemployment agency
- Receiving unemployment benefits

If the borrower does not qualify for a deferment, discuss forbearance as an option. It's also important to remind the borrower that failing to make payments can have serious consequences. Being late (or missing) payments can affect the borrower's credit rating—hurting their ability to obtain a car or home loan—and it's even worse if the borrower defaults—they'll lose their ability to get additional student loans, may have to pay up to 24% in collection costs, and may have their wages garnished or federal income tax refunds applied directly to their student loan balance.

Step 3: Close the Call

In closing, thank the borrower for his or her time. Ask if the borrower has any questions, then re-cap the steps both you and the borrower agreed to take to resolve the delinquency.

Step 4: Wrap-up

As a follow-up to your call, send any promised forms along with instructions for completing them. You can also download the forms and instructions from most guarantor and lender websites. If you have the borrower's email address, you might try emailing the forms to maintain a sense of urgency. Note the date of the call and its outcome in your records.

Counseling borrowers over the phone may not come naturally, but you can increase your success with the help of a proven call model and phone counseling script.



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Deadline for the May/
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Living With Passion

By Brad Riebel, U.S. Bank

New People, Positions, Promotions

Rasmussen College recently opened a new campus in Moorhead. **Crystal Vold** is the Director of Student Financial Services and **Kim Burton** is the Financial Planning Coordinator at the new campus.

Jenna Karlen has joined the Financial Aid team at Minneapolis Community and Technical College.

Jenna had previously worked in financial aid at the University of Phoenix Minneapolis campus.

Mary Kay LaVigne (Anoka-Ramsey Community College – Cambridge) has accepted a position in the financial aid office at the University of Minnesota Duluth. Mary Kay has worked at UMD previously and is excited to get back up north closer to her daughters and grandchildren. Her first day was April 7th.

Jayne Deis has joined McNally Smith College of Music as Financial Aid Administrator.

Effective April 21, **Jim Fischer** will be working for FACTS, an education payment plan division of Nelnet Business Solutions. Jim will be working in a marketing capacity with colleges in Minnesota and northern states all the way to the west coast.

Cheryl Fernandez (Crown College) has accepted a position at Bethel University and will begin there on May 12th. Cheryl will be taking over for **Kay Rindal** as the Associate Director of Financial Aid for Graduate Studies.

Birthdays

Happy Birthday/belated Birthday to all MAFAA members celebrating in April and May, some of whom include:

April 1: Hannah Franklin

April 2: Salle Gaches

April 8: Barb Charboneau, Anita Baugh

April 12: Katie Hendrickson

April 26: Sandra Loerts

April 27: Laura Jensen, Jessica Sidla

May 2: Jim Stiner

May 4: Marla Friederichs

May 6: Donna Jager

May 7: Sandy Goman

May 8: Gene Slettedahl

May 16: Brenda Trafton, Nancy Maki

May 28: Kay Rindal

May 29: Susan Prater

May 31: Diane Borchardt

Births

During the early morning hours of April 8th, **Janelle Lundeen** (Bemidji State University) gave birth to Caleb Adam Lundeen, a 7 lb. 3 oz. baby boy. Reports have it that Mom and new son are both doing great.

Kari Martin (Globe University) and her husband are happy to announce the birth of their new daughter, Sophie. Sophie was born on Saturday, March 22nd and measured 22 and ½ inches.

Ken Wallace (Education Assistance Corp) was recently blessed with THREE new grandchildren. On Feb 23, Ian Timothy was born. Proud parents are Ken's son Eric and wife Laura. And on March 16th, twin girls - Madeline Rose and Reese Melin were born to Ken's daughter Sara, and husband Brian.

MISC.

Both **Kay Rindal** and **Anne Luby** at Bethel University plan to retire at the end of May.

Live With Passion!

MAFAA's Statement of Purpose

The Minnesota Association of Financial Aid Administrators (MAFAA) is an association of professionals committed to the principle that no one should be denied access to higher education for financial reasons. MAFAA is dedicated to working with students, educators, policy makers, and others to ensure that adequate programs of financial assistance are available to every student attending a Minnesota institution of higher education.