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Minnesota College Goal 2012

By Shannon Schaaf, MAFAA College Goal Chair

There are some exciting things happening with Minnesota College Goal! You may have noticed our name change. We have changed our name to better identify our program. Minnesota College Goal continues to be a program of the Y and College Goal Sunday USA. We have also launched a new website: <http://minnesotacollegegoal.org/> We are very excited about some of the new functionality of the site and the faster navigation.

Sites

Minnesota College Goal's steering committee members and site coordinators are hard at work organizing our seventh annual FAFSA workshops.

To date, we have sites confirmed with firm dates and times, and others that are in the planning stages. There is no limit to the number of sites we can have so if you are considering hosting an event you can go to our website: <http://minnesotacollegegoal.org/> You can learn more about hosting a site and even register your own site online.

Volunteers

We are always in need of volunteers from the Financial Aid community. This is a great way to use your skills and knowledge to benefit Minnesota students. Volunteers also have the opportunity to develop some new skills, to expand their professional networks and to be part of an important mission.

You can sign up to volunteer on the Minnesota College Goal website: <http://minnesotacollegegoal.org/> Volunteers have the option of choosing a specific site or adding their name to a list of available volunteers for sites in need.

Y Partnership

College Goal Sunday USA and Minnesota College Goal are now a program of the YMCA! YMCA's and College Goal Sunday share a genuine commitment to increase opportunities for youth through education. As the largest youth-serving organization in the country, with a host of educational programs already in place, the YMCA is uniquely positioned to grow College Goal Sunday into a full continuum of programs and resources related to educational access and achievement.

Steering committee: Our steering committee is comprised of representatives from various organizations interested in college access such as, Minnesota Minority Education Partnership, Minnesota Department of Education, Great Lakes Educational Loan Services, University of Minnesota's Multicultural Center for Academic Excellence, MNSCU's community outreach, high school guidance counselors, TRIO, Get Ready/GEAR UP program, YMCA and MAFAA members from all sectors. If you are interested in joining the steering committee, please contact Shannon Schaaf (schaafs@crow.edu)

Thanks for your support!

The Minnesota College Goal Steering Committee thanks all MAFAA members for their enthusiasm and cooperation in making this program of great benefit to the people of our state!

From the President

Jeff Aalbers, MAFAA President 2011-12

Super Bowl Sunday has come and gone. It was the New York Giants versus the New England Patriots. Yawn. Didn't we just see this a couple of years ago?

Yes, maybe we did. While the game is the same, many of the players are different. New rules and regulations have gone into effect. Like the new overtime rules. I'm not sure I know what that is all about. This sounds just like the Financial Aid game: a change in players from a couple of years ago, new regulations, and overtime. We all know what overtime is about.

Super Bowl Sunday was a good time to remind ourselves that it takes teamwork to be a champion. That applies to offices on our campuses too. All members of a financial aid team, from the front-line staff, to loan certifying officials, to managers and directors; we all play a vital role in delivering the service our students need. It is important to recognize the contributions of every member of the team. Everyone is necessary for our students to get to school, receive an education, and become productive members of society. Remember: You play a role in making these student's lives better!

So, when you are struggling through those long hours of overtime during the peak season of financial aid, remember who we are playing for:

The students.

I hope you enjoyed the game, the halftime show, and the commercials, too.



MASFAA Summer Institute comes to Minnesota. The Midwest Financial Aid Association will be hosting the annual Summer Institute in beautiful Duluth, Minnesota at the Inn on Lake Superior, June 6-8, 2012. This training is geared for financial aid staff with less than five years experience. Watch for more details.

MASFAA Leadership Symposium will be held in conjunction with Summer Institute in Duluth as well. This training is for mid level financial aid administrators with participants from all nine states in the region. Again more details forthcoming.

Mark your calendar for the MASFAA Annual Conference which will be held at the Milwaukee Hilton City Center, October 14-17th. A big party is planned for the celebration of MASFAA's 50th year!

Managing Your School's Default Rate: Contacting Student Borrowers

Submitted by Dave Macoubrie, NSLP

Whether you represent a public, private or proprietary school, your ultimate goal is to provide students with the means to become educated citizens. That responsibility doesn't end when students leave campus. Helping students navigate the financial aid repayment process is in the school's financial best interest.

One common feature stands out in the U.S. Department of Education's most recent cohort default rates for schools: the average default rate increased in *every* category. This isn't shocking news to most schools, since external factors like the economy place greater pressure on students. It follows that many borrowers struggle to repay their student loans.

A silver lining does exist, however. Schools *can* help maintain or lower their cohort default rate. There are a number of options available—from exit counseling, financial education and grace contact efforts, to actual default prevention on delinquent borrowers.

Schools may choose to do some, all or none of these depending on budgets and overall risk involved with the school's student loan default rate.

Three options for tackling default prevention:

- 1) Do it yourself;
- 2) Hire an expert vendor;
- 3) Use a combination of efforts.

It is a challenge to counsel borrowers who are delinquent on their student loans. A borrower's initial reaction may be one of anxiety and concern. Each borrower's response is based on his or her individual experience.

Take this statement for example: "Hello, I'm calling on your student loan...." Not only is this statement an awkward beginning, it violates the student's confidentiality.

One of the many challenges when contacting a student borrower is that your counselors cannot disclose information before verifying that the person they are speaking with is the borrower.

Before you decide to take on the challenge of conducting the default prevention effort yourself, consider the answers to the following questions. They will impact the overall success of your initiative.

How do I attempt to contact the borrower?

Will you be mailing letters, sending e-mails, making phone calls, or using other means? Determine your contact strategy before starting and formulate a plan that achieves optimal success.

Once you determine how to contact the student, make sure your letters, e-mails and scripts for phone calls are legally sound. Consult with your legal counsel before starting the assignment and whenever you make changes. While some believe that schools don't need to abide by the Fair Debt Practices Collection Act (FDPCA), you should follow the guidelines for your own protection.

Who Will Perform This Service?

Your staff must have good phone skills, be organized and be highly structured to ensure all letters, e-mails and calls are done according to your established contact strategy.

How many people do I need?

Unfortunately, borrowers don't become delinquent on your schedule. So, one person may not be enough and, if it is only one person, outline a plan for when that person is sick or on vacation.

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Contacting Student Borrowers, *continued*

The best time to communicate with borrowers is on *their schedule* and *in the medium they choose*. The wider variety of methods you use to contact a borrower the more successful you will be. Therefore, make outbound phone attempts when the borrower is available, which includes days, nights and/or weekends.

When will the staff person(s) be available?

To have the greatest success your counselor must be available when the borrower calls back. The longer your hours of operation, the more likely you'll make contact with the borrower. This can create difficulty for schools that use only one person, since one person generally cannot be available from 7 a.m. to 9 p.m., *each and every day*.

How will I train my staff?

In addition to reaching the borrower, a successful resolution relies on an ongoing training and quality assurance program. Repayment plans, discharge options, as well as deferment and forbearance options, can change regularly. Provide regular and ongoing training.

How much effort will I spend on default prevention before the account becomes delinquent?

A great deal of time and effort is required to ensure successful default prevention. Initially, your efforts will help borrowers who would have been easiest to resolve. That's because it's always easier to work with students who are not yet delinquent, since the stress of resolving a delinquent account is not an issue.

The borrowers whose accounts are more difficult to resolve are those who become delinquent. More time and effort is required to resolve these accounts.

Once I have the borrower on the phone and a resolution determined, what's next?

You can immediately resolve the delinquency if you are the agency in charge of the debt. However, if this is a Federal Direct Loan or a FFELP loan, only the borrower and the lender/servicer can process the resolution.

Many vendors use a "warm transfer" process where you, the borrower and the servicer are on the line at the same time, and the servicer helps with the resolution before anyone hangs up. While this is more expensive and takes more time on the call, this effort creates a significant increase in the number of borrowers who complete the resolution agreement.

How will I manage quality control?

Strict adherence to laws and regulations will help to prevent future liability. Quality control is often done by recording all calls and then reviewing a percentage of randomly selected calls to determine compliance.

Finally, how will I evaluate success?

The answer to this question is two-fold. First, there is the reporting system used to monitor performance. Many vendors use a form of batch tracking to track when accounts become delinquent and how many were resolved.

In addition, this system also tracks the history of conversations, letters sent and calls made. This can be done using a spreadsheet if you have a low number of borrowers. However, a more sophisticated system is needed if you have many borrowers.

The second answer is concerned with how you define success. Since the cohort default rate is moving to a three-year rate, the lag time between your efforts and the rate of overall success or failure is very long. Look at the cure rate you have on a batch-by-batch basis and determine your goal.

Make outbound phone attempts when the borrower is available, including days, nights and/or weekends.

Enhancing the Campus Visit Experience for Prospective Students

Submitted by Sharon Cabeen, TG



For high school students, choosing a college is a big decision. They have many options, and making the best choice can have a positive influence on their lives for years to come.

Providing students with all the information they need, and encouraging them to ask helpful questions, can be a significant challenge. Counselors, teachers, parents, and others may already be influencing them on their decisions, and it's your job to have a voice in that conversation. Luckily, these same influencers often encourage students to take tours of college campuses they are considering, to help them narrow their choices and feel confident about their eventual school selection.

Here are a few factors to consider when supporting students as they visit your campus.

Before the visit

Establish or revisit your campus recruitment plans with an eye for understanding how students and their guests (parents, siblings, relatives, or friends) experience the visit. Review the materials your school provides to prospective students on a regular basis. Find out what information would be helpful for them to successfully plan a visit, and prepare or update your visitor's planning packet. If possible, create sample visiting schedules based on students' interests. For example, grouping students together to visit specific academic departments allows you to more efficiently handle multiple campus visitors; this also introduces them to potential peers with similar interests.

During the visit

Consider using student guides to tour visitors through your campus. Visitors may be more comfortable asking realistic questions of current students than they would of college staff members — they may see students as providing a more accurate picture of the campus experience. Encourage students as much as possible to participate in ongoing conversations and encourage them to ask questions about your school. Often you might encounter overly eager parents who feel they need to participate “on behalf” of their students. If this is the case, consider separating the parents from the student during the tours, so that the student has the opportunity to participate more actively in the visit.

After the visit

Chances are, during the visit, the student may have expressed an interest in a specific department, project, team, or organization. The challenge for visits is to encourage students to begin establishing a relationship with the campus, through the people they meet during their visit. Follow up students by providing additional information on their items of interest. Encourage those who met your prospective students to write quick notes thanking them for exploring the campus, so that they can be sent back to the student. It's these types of personal experiences that can make the difference in having a student select your school over others.

Helpful resources

To help students stay organized and know what kinds of questions to ask during a visit, TG offers the *Campus Visit Checklist*. Organized step-by-step, this brochure provides space for students to make notes and prompts them on things to consider as they visit their school choices.

Best wishes as you continue supporting students on their journey to achieving a higher education.

MAFAA Leadership Symposium to Meet

Jayne Dinse, Leadership Chair

MAFAA Leadership Symposium Class will meet on Thursday, March 1st at Northwestern College in Roseville. Participants will be sharing an update on the book they are reading for Leadership and updating the group on their project. At this meeting we will be preparing for our visit to the Minnesota State Capitol later in the spring. Assisting us in this preparation for our hill visits will be Clark Wold and Susan Nepl from Great Lakes.

Federal Training in Minnesota Well-Attended

More than 230 financial aid professionals attended the one-day training event led by Jamie Malone, Federal Trainer. In addition to receiving a federal regulatory update, other hot topics addressed were changes to R2T4-Return of Title IV funds, new 2012-13 verification requirements, and SAP, Satisfactory Academic Progress rules. MAFAA greatly appreciates Jamie's wit and wisdom when sharing federal material.



Jamie Malone prepared for the day-long presentations.



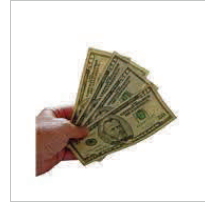
Members of the Professional Development committee, which hosted the event, prepared for the on-site registration.



University of St. Thomas financial aid staff was ready for the day!

Financial Education: What Your Students Want, What Your Students Need

By Gina Lucente-Cole, ASA



As more students borrow and in higher amounts, higher education institutions are progressing toward a healthier, more holistic approach of introducing their students to financial literacy survival skills they'll need in the real world.

How can you be sure your institution is delivering what students really want and need when it comes to financial education? As with any communication, financial literacy training needs to be designed with the learner's perspective in mind. American Student Assistance, a nonprofit that helps students and alumni better manage college debt by giving them money smarts they can use for a lifetime, has conducted a number of research projects to help gain valuable insight. The following is a compilation of key findings that may offer guidance on creating a curriculum of value for students.

Methodology and Demographics

The research was based on:

- A web survey of 900 undergraduate and graduate borrowers from ASA's portfolio (evenly split between those still in school and those who started to repay)
- A web survey of 1850 graduates, half with college debt and half without, with an age breakdown of 50% ages 21-25, 25% ages 26-30 and 25% 31-37
- Anecdotal information from ASA's student advisory group and student focus groups
- Survey respondents were undergraduates and graduates of four-year public and private universities

Debt Awareness

Students are often portrayed in the media as having "no idea" how much they borrowed in student loans, but our research found that the overwhelming majority (91%) knew either the exact amount or at least within a few thousand dollars. Kudos to financial aid professionals! It's possible that all of the media hype over student debt has made students more aware, but whatever the reason, it appears your messages (at least about debt amounts) are sinking in.

Paying for College and College Choice

Consistent with other national studies, two-thirds of our respondents took out student loans to pay for some or all of their college. For the most part, federal loans were used, although four in 10 have private loans and 15% have loans from their colleges or universities. Those with student loans also used scholarships, savings and grants, with four in 10 having some form of employment at the college to help pay for the education. Those without student loans most often paid for their education with personal/family savings, as well as scholarships.

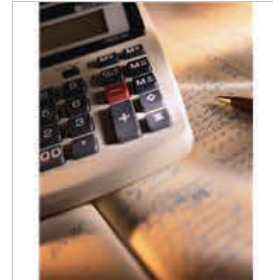
Somewhat surprisingly, college affordability factored into attendance decisions for only about one-third of the students. Just over one-third (36%) agreed with the statement: *"I chose my college based on what I/my family could afford,"* while another third (37%) disagreed with this statement. Those who attended public universities were more likely to agree that affordability played a significant role in their choice than did those who attended private universities. Six in ten (64%) respondents borrowed what was needed to attend the college of their choice. This percentage was higher among the youngest age group (21-25), Whites, and women, and more students who attended private colleges borrowed what they needed to go to their chosen college than did those attending public colleges (71% versus 58%).

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Financial Education, continued

Student Loan Knowledge

As mentioned, the majority of students surveyed had a good grasp of loan balances and the number of loans they have, but their knowledge was sketchy about other details. About 55% knew the names of their servicers and monthly payment amounts; less than 50% knew the monthly due dates; 45% knew the interest rate and what will happen if they miss one or more payments; only 40% knew what repayment plan they're using and 30% understand how long it will take to pay off their loans. A little more than 50% said they want to know more or need to know a lot more about their student loans – except for one student who replied “I wish I knew less about my loans. It's pretty depressing.”



While some respondents indicated they preferred online communications, one commenter disagreed: “One problem I've had is that the (student loan) companies . . . try to get you to do paperless statements (i.e. save them money on postage) at practically every opportunity they have, which are easy to miss when you have several email accounts and they often get dozens of messages per day.” Other comments indicated students would like to see a disclosure of payment breakdown (principal/interest components), more information about consolidation, and one statement that shows all of their loans with the lenders, balances, and interest rates all in the same document

Attitudes Toward and Experience with Debt and Financial Education

Approximately half of the respondents agreed that “*Until I had to start paying back my loan, I didn't think about how I was going to afford it*” and this response was highest among Non-Whites and those ages 31-37. Half of the respondents also agreed that *the amount of my student loan debt has directly impacted the choices I had to make in my life, such as my job, living circumstances,*” while more than half (60%) aged 21-25, just beginning the process of debt repayment, agreed.

Sources of Information

The majority of respondents said they got information about general financial matters from online research (75%), parents (40%), friends (25%), financial aid counselor (15%), financial planners (10%) and professors (5%). Forty-five percent relied on parents for advice about paying for college, while just under 40% turned to financial aid counselors, 36% researched on the Web, 28% asked a lender, 18% used the college's website, 15% talked to friends, 8% discussed with an academic advisor and 1% went to their Resident Assistant.

Financial Literacy Education

Those respondents with student loan debt feel strongly about two attitude statements: “*Students who borrow money for college should receive financial counseling from the college before graduating,*” with 72% agreeing with this (higher than for those without student debt, 66%) and “*people with outstanding student loans generally need to be more careful about managing their money than people without student loans,*” with 71% agreeing with this (asked only of those with such debt).

Financial Literacy for Alumni

The idea of having colleges offer program or courses on financial literacy or wellness to graduates of the colleges (rather than undergraduates) is highly rated. One-third (32%) find this idea “very appealing” and another third (35%) “somewhat appealing” for a total of 67%. There is higher appeal given by Non-Whites (36% “very” versus 31% for Whites), females (34% “very” versus 27% for males), and donors to their colleges (36% “very” versus 30% for non-donors).

Conclusion

In the face of mounting student loan debt and a shaky job market, higher education in the coming years must continuously prove its worth to an American public that grows increasingly doubtful of college's return on investment. These survey results show that students and graduates are hungry to learn more about managing their finances. When you provide students with more robust financial literacy education, you not only help to create more financially proficient graduates, but also increase your institution's perceived value and lay the groundwork for improved relations between alumni and alma mater – a win win all the way around!

Communication, Financial Literacy Key Components in Preventing Default

Submitted by David Root, USA Funds

Preventing education loan default is important for schools and their students — but how can your campus lower its default rate? Strong communication and a focus on financial literacy education are key.

Talk to your administrators

- Share data regarding the potential regulatory impact of a high three-year cohort default rate. The USA Funds Ask PolicySM team has developed a fact sheet at www.usafunds.org/Consumer/CDRChange.pdf with information about the change to a three-year calculation of cohort default rates — including details about requirements and sanctions.
- Share your own estimation of your school's three-year rate. This year the U.S. Department of Education issued trial three-year cohort default rates for the fiscal 2008 cohort of borrowers. The trial rates are available at https://www.nsldsfa.gov/nslds_FAP/.
- Present a plan for lowering your campus' default rate.

Talk to students

- Ask your students: Where are your loans? These days many borrowers have a mix of loans in the Federal Family Education Loan Program and Federal Direct Loan Program as well as “put” loans. Direct them to the National Student Loan Data System as a first stop for learning which lenders and servicers hold their loans.
- Help your students understand their potential earnings based on their field of study — so they can determine what student loan payments they'll be able to afford. Enlist the help of your campus placement office, or direct students to the Bureau of Labor Statistics website at <http://stats.bls.gov/bls/blswage/htm>.
- Make sure your students understand the many flexible repayment options that are available for federal student loans.

Make financial literacy education a priority

- The good news is that students have reported that they want financial literacy information — so integrate this training into a variety of campus programs. Options include:
 - Admissions programs.
 - Student orientation.
 - Supplemental entrance and exit counseling.
 - Residence hall programs.
 - Partnerships with career services, student affairs, faculty and counseling staff.
 - Carefully consider your target audience. You may want to start with a smaller group and expand if you're successful.
 - Determine what your content and materials will cover. A variety of resources are available to help you in this effort.
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MINNESOTA
ASSOCIATION OF
FINANCIAL AID
ADMINISTRATORS

The article due date for inclusion in the February issue of MAFAA Matters is 3/2/12. Please email contributions to MAFAA Matters Editor, Carol Swenson, cswenson@glhec.org

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.

www.mafaa.org

Living With Passion

Brad Riebel, U. S. Bank

New People, Positions, Promotions

Dick Battig is now at St. Mary's University of Minnesota – Minneapolis campus, working as an Assistant Director in the Financial Aid Office.

Birthdays

Happy Birthday to all MAFAA members celebrating upcoming birthdays including:

Connie Smisek (Southwest Minnesota State University) – February 3

Scott Riley (Rainy River Community College)- February 20

Nancy Anderson (Macalester) - February 23

Jim Rice (Ridgewater College) -February 26

Patty Holycross (retired-Itasca Community College) – February 27

Andy Hoppin (Northwestern Health Sciences Univ)- February 28

Dianne Danov (University of Minnesota)- February 29

LaNita Robinson (Lake Superior College) - March 2

Cappy Breuer (Normandale) **Nadine Schutz** (Century), **Becky Davis** (Central Lakes) – March 3

Retirement

Jane Williams (Concordia College) will be retiring on June 1 after 31 years in the financial aid profession (29 of them at Concordia). During this time she witnessed many aid programs come and go, federal regulations grow and grow, and oversaw two recent major software conversions. She will miss all of her friends in MAFAA but is looking forward to spending more time with her twin three-year-old granddaughters, and traveling to visit her children in Mexico, Arizona, and Africa. More to come later on a retirement party.

From my calendar for the month of February...**SOAR** – Refuse to be average. Let your heart soar as high as it will.

LIVE WITH PASSION!
