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Fall Newsletter

THE ADVISOR

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Announcements!

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We're on the Web!
See us at:
www.wfaa.org

Greetings!

This year has followed the recent trend of change and volume. We've said good-bye to year-round Pell, and said hello to gainful employment and new SAP guidance. And we've all seen ever increasing volumes of FAFSA's and students seeking aid for their education. So it was wonderful in the midst of our professional chaos that we were able to take a moment to gather together at our annual conference – this year in beautiful Leavenworth.

This year's conference theme was "Reflecting Back for a Clearer Tomorrow". These conference times are a chance for us to reignite our passion for our profession. It's a time to network, meet new friends, and reconnect with our colleagues and friends across the state who struggle with common issues. What we do can be incredibly rewarding, but emotionally draining and complex at the same time. It was wonderful to be able to take a few days to "refill one's cup" again through meeting old friends and making new ones, and to recall the good work we do each day – and to remember, it *does* make a difference.

Your EC (Executive Council) members have been busy in their service to you. The budget committee has defined the 2012-13 WFAA budget that is now posted to the WFAA website. We will be organizing a task group to review WFAA's mission, vision and goals (if interested in participating, contact Darcy Keller darcyg@uw.edu). We have awarded three students with the Ethnic Awareness Scholarship. This year's conference appears to have generated revenue for our organization. Next year's conference will be held at the Coast Wenatchee Center Hotel October 17-19, 2012. (If interested in volunteering to help with the 2012 Conference, contact Lisa Whitehead (lisaanne@uw.edu) or Kevin Berg (KBerg@wvc.edu). We've had a reorg of our WFAA website last winter and folks have been utilizing this more by posting relevant information, in particular the Training Committee. I recommend you take a peek! We have upcoming elections for President-Elect and VP for Legislation. To find out more about these positions, to nominate someone – or yourself! – contact Rebecca Wonderly (wonderlr@seattleu.edu). Finally, we've been meticulously caring for our fiduciary responsibilities as an organization.

As always, this organization cannot run without your time and support. Your contribution to help in any capacity is truly appreciated. From stuffing packets for conferences to manning a registration table at a workshop – no job is too small to be a part of making this organization run. This organization is YOUR organization, your participation is valuable – come be a part of WFAA and volunteer!

Best of luck in the coming new year!

Cheers,
Darcy G. Keller
WFAA President

Proactive Preparation for 2012

Prepare Now for a Headache-Free 2012-2013

Being proactive about preparation now can help your entire academic year go smoothly. There are a number of areas to keep in mind as you prepare, and by following them, you can ensure you are maintaining compliance and staying informed, that your office is taking consistent action, and that you are helping your students while protecting their privacy.

Policies and Procedures

Stay in compliance and avoid institutional liability by reviewing your Policies & Procedures. Make updates to satisfactory academic progress, verification (which has been completely overhauled for 2012-13), FAFSA, professional judgment, and any other areas that need it. Having a P&P manual not only helps you be prepared in the event of an audit, it gives everyone in your office step-by-step instructions, so that their actions can be consistent.

FERPA

To make sure you're protecting the privacy of student records and reducing the risk of fraud and identity theft, review FERPA policies at least once a year, incorporating any changes that are needed. Take note that the U.S. Department of Education is expected to release final rules in the coming months. Think about creating a policy review committee containing members from various departments on campus.

FAFSA

Make sure your IT networks, financial aid budget, and student aid forms are ready for the latest FAFSA updates by reviewing the ISIR guide for changes. And, when it's available, explore the FAFSA test website at fafsademo.test.ed, to experience the FAFSA from a student's point of view. The User ID is **eddemo** and the password is **fafsa test**.

Cost of Attendance

A great way to help your students avoid over-borrowing and/or being underfunded is to make sure your school's cost of attendance is a realistic representation of expenses. You can research costs through student surveys (for items such as transportation, clothing, etc.), the Bureau of Labor statistics, realty websites for apartment rental costs, and by interviewing the student housing office. Then, make changes to your cost of attendance as needed.

Consumer Information Requirements

It's important that students and families have the information they need to make an educated decision about the upcoming year. Create a central repository to allow students to access the appropriate department for each section. For example, provide students with information on new procedures for verification, satisfactory academic progress, R2T4, where to locate their aggregate loan balance, and more.

Resources

You are not alone! There are resources to help you as you prepare, including:

- NASFAA tools at nasfaa.org
- Ed.gov
- Ifap.ed.gov
- Guarantor and servicer web sites
- Webinars
- State, regional, and national association conferences and training opportunities

By being proactive in your preparation, you can do everything it takes to maintain compliance, stay informed, and make sure you are ready to help your students, while protecting their privacy.

-Mike Doman, Regional Marketing Director with Great

A Closer Look at New Verification Rules for Graduate, Professional Students

The USA Funds Ask Policy[SM] team received clarification on verification requirements for graduate and professional students in light of upcoming changes in regulations and loan eligibility.

The Budget Control Act of 2011 contained several provisions that affect federal student aid, including the elimination of subsidized Stafford loans for graduate and professional students effective July 1, 2012. In the recently issued Dear Colleague Letter GEN-11-16, the U.S. Department of Education provides an overview of the law's implications for Direct Loans.

Meanwhile, new verification requirements that also are effective July 1, 2012, state that students who are eligible only for "unsubsidized student financial assistance" are exempted from the verification process.

Graduate and professional students will be eligible only for unsubsidized Stafford loans, Perkins loans or Federal Work-Study funds at the time that new verification exemption takes effect. You may be wondering: As of July 1, 2012, will a school be required to complete verification for graduate and professional students if they were eligible for — but would not actually receive — Perkins loan or Federal Work-Study funds?

<u>Verification or no?</u>

USA Funds Ask Policy posed the following questions to the Department of Education:

- If a graduate student whose loan period begins on or after July 1, 2012, has an EFC that shows eligibility for subsidized financial assistance, must the school perform verification even if the student will not receive that aid because of the school's aid packaging philosophy?
- Consider a scenario the same as described above, except the school does not participate in either the Federal Perkins or Federal Work-Study programs. Will the school be required to perform verification even if the student will not receive either of those types of aid?

Here's the reply: According to the Department, a school must perform verification for graduate and professional students only if it will award Perkins loans or Federal Work-Study funds to those students. So in the cases we referenced in our questions, the school would not be required to perform verification.

This change in verification policy is effective for verification performed for periods of enrollment on or after July 1, 2012.

If you have any questions about verification requirements for graduate and professional students, effective July 1, 2012 — or need any other federal financial aid policy answers — contact USA Funds Ask Policy at *askpolicy@usafunds.org* to receive an answer that addresses your specific situation, generally within one business day.

- John Blaine, USA Funds Account Executive

Policy Frequently Asked Questions: Lifetime Pell Grant Eligibility and Exit Counseling Materials

USA Funds Ask Policy[SM] experts recently have received a number of questions related to students' lifetime Federal Pell Grant eligibility and distribution of exit counseling materials.

<u>Q: What is a student's maximum lifetime Pell Grant eligibility, and how would I calculate that figure? Our school has a student who has been an undergraduate for a number of years and has received a number of Pell Grants. I want to be sure that he is not receiving more than his lifetime limit for Pell Grant funds would allow.</u>

A: A student who was a first-time Federal Pell Grant recipient on or after Aug. 1, 2008, is limited to no more than nine scheduled awards — which translates to 18 semesters or the equivalent of 18 semesters. For students who received their first Pell Grants before Aug. 1, 2008, there is no limit on eligibility. Information about a student's lifetime Pell Grant eligibility is in that student's Institutional Student Information Record or Student Aid Report — ISIR or SAR — under "Lifetime Eligibility Used."

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WFAA Conference 2011
Thank you for Attending!

Visit wfaa.org for a complete list of presentations from this year's conference

FAQ Continued from Page 3…

Q: Is our school required to send a hard copy of the exit counseling package to a student if the student fails to complete online counseling after our first notice? Or, would we be in compliance with federal regulations if, as a second notice, we sent the packet to the student as a PDF through email instead?

A: Federal regulations require a school to ensure that each student completes exit counseling on the student's education loans. If a student fails to complete the school's exit counseling process — whether it is in an online format or another format — the school must mail exit counseling materials to the student's last known address. The mailing must occur not more than 30 days after the date on which the school learns that the student ceased eligible attendance or failed to complete exit counseling as required.

"Mail" may include sending those materials through email, but if that email is returned, the U.S. Department of Education has stated that it expects the school to then mail the materials in hard copy through normal postal service.

A school must obtain and maintain documentation that each student completed exit counseling. For those students for whom the school was required to mail counseling materials, the school must obtain and maintain a record of having mailed those materials to each student. That documentation does not have to include a postal receipt of the mailing — it simply must note the mailing date.

- John Blaine, USA Funds Account Executive

For additional exit counseling information and materials, visit the Loan Counseling Resources page on the USA Funds® website at **www.usafunds.org**.

Six Steps Schools Can Take to Lower Loan Default Rates

Approximately 45 percent of the nation's colleges and universities posted 2009 cohort default rates that were higher or the same as their previous year's rates, according to rates released by the U.S. Department of Education Sept. 12. Schools that would like to achieve lower default rates should consider the following six key activities:

Enhanced loan counseling

Although federal regulations mandate entrance counseling for first-time borrowers and exit counseling for departing borrowers, schools can offer counseling that goes beyond the minimum requirements. Incorporating additional information about personal finance topics, collecting additional contact and reference information, explaining in detail loan repayment options and providing more information about sound debt management and credit management practices can better equip borrowers to minimize their education debt and pay back their loans.

Financial literacy

Students who are more knowledgeable about the prudent use of credit, budgeting and other basic personal finance topics are less likely to borrow excessive amounts and more likely to fulfill their financial obligations while in school and following graduation. Delivering personal finance education can influence student behaviors in the management and repayment of their student loans.

Student retention

Students who persist to the completion of their academic programs are at much lower risk for loan default than those who drop out before completing their degrees or other academic credential. Developing or enhancing existing plans to promote student retention can have the twin benefits of improving graduation rates and lowering student loan default rates.

Dedicated staff

Employing experienced and trained default prevention staff helps to establish strong working relationships with student loan borrowers from their college years through the repayment of their loans. Postsecondary institutions that are strapped for resources might consider devoting a portion of an existing staff member's time to coordinating default prevention efforts.

Borrower contact

School contact with borrowers, while they are still in school, during the six-month grace period after they leave school, during repayment, and especially if they fall behind in their loan payments, is a proven default prevention best practice.

Analyzing characteristics of borrowers in default

Schools should analyze data on their borrowers who default on their loans to ascertain the unique characteristics of former students who end up in default. This analysis can inform future strategies and interventions for preventing loan default.

- John Blaine, USA Funds Account Executive

For additional information and support to curb student loan defaults, visit the Debt Management and Default Prevention section of the USA Funds® website at www.usafunds.org. The Department of Education also provides a Default Prevention Resource Information page at http://www.ifap.ed.gov/DefaultPreventionResourceInfo.

Financial Aid Professionals Discuss Satisfactory Academic Progress Rules

When the U.S. Department of Education announced changes to the federal regulations related to satisfactory academic progress in October 2010, financial aid administrators across the country began working to understand and implement the revised rules. The regulations require schools to revise their existing SAP policies or develop new policies that take into account the new rules and terminology, effective with the first SAP review occurring on or after July 1, 2011.

USA Funds® University regional training executives talked with several financial aid administrators about their experiences with implementing the new SAP provisions. Here are some of the thoughts and tactics they shared regarding the new SAP rules and how they're implementing them:

Frequency of SAP reviews

These financial aid professionals reported that they will not change how often they conduct SAP reviews. Those who review SAP on a payment period basis will continue to do so.

One representative of a four-year university whose school will continue to review annually will be unable to use the newly established "financial aid warning" status, but found this scenario preferable to the potential complications associated with conducting more frequent reviews. The time between payment periods is very short at her school, and institutional policies related to registration and on-campus housing were going to result in undesirable consequences for staff and students if more-frequent SAP reviews take place.

Financial aid staff members at that school instead are working with faculty and their administration to develop an early alert system and an approach to academic advising that they believe will address progression issues more proactively.

Pace of progression

Several aid professionals commented on introducing a "pace" component to their SAP requirements as a means of ensuring every aid applicant could complete the program of study within the maximum allowable time frame.

One school that reviews progress every payment period identified that some of its first-year students who struggle significantly in the first term were going to find it difficult to meet the school's minimum pace expectation of 75 percent by the end of the second term. As a result, that school is expecting a greater number of appeals to be reviewed by their cross-departmental committee, and a related increase in the use of academic plans.

Expecting similar issues, a financial aid professional from another school that reviews more frequently than once per year said his school currently is evaluating whether to use a graduated scale in which the pace expectation would start low and increase over time.

Appeals, probation and academic plans

All the school representatives with whom the trainers spoke indicated their schools will continue to allow students to appeal their statuses.

One school will require students to appeal, but will not place students on "financial aid probation." Instead, the school will establish individualized academic plans for every student not making progress. That school believes this approach is more likely to ensure a marginal student's successful completion of a program of study. Academic advisers will work out the details of each plan and keep the financial aid office informed regarding the student's compliance with the plan.

Making the transition

These aid professionals discovered several challenges as they examined the effect the new policies and procedures could have on various categories of financial aid applicants. They considered how to address the needs of returning students who no longer will meet the school's SAP requirements despite meeting the previous requirements.

The financial aid administrators grappled with academic policies related to repeated course work and the treatment of transfer credits that were different than the new SAP requirements will allow. One school found that, for SAP purposes, it must calculate a grade point average that is different than a student's official GPA.

But with challenges came opportunities. A colleague at another school revealed that she learned about certain aspects of grading practices and policies she had not known previously. The implementation of the new SAP procedures allowed her to educate her colleagues across campus about how academic policies relate to and affect financial aid administration.

Communication is Key

For the majority of the professionals, the greatest predictor of success in transitioning to the new SAP requirements appears to be increased communication and collaboration with other offices and departments at their institutions. They shared information as early as possible, convened committees to identify issues, and developed plans for informing students and staff as they continue with implementation of the new rules.

The financial aid administrators said that their schools are implementing plans for communicating with students about the changes in SAP requirements. Several aid administrators are incorporating information into their award notification process, often involving collecting student acknowledgement, and into financial aid handbooks and other consumer information. In a few cases, schools also are sharing information through newsletters, newspaper articles and electronic updates.

Learn more Online assistance is available in the Training section of the USA Funds website at **www.usafunds.org** through the recording and materials from USA Funds® University's July webcast about SAP.

- John Blaine, USA Funds Account Executive

The Importance of Financial Literacy: School Best Practices

Students need to develop basic life management skills as part of their education. USA Funds® representatives shared with attendees at a recent Association of Private Sector Colleges and Universities conference the importance of equipping students with that information so the students graduate on time with a minimum amount of debt. Co-presenter Maria Vivier of Keiser University recommended best practices she has been using at her school as part of its financial literacy education efforts.

Presenters shared current research showing that less than half of first-year students indicate they have adequate financial resources to finish college, and the average student loan debt of 2008 college graduates was $23,300. According to a study from TheFreeLibrary.com, 60 percent of students have only a "vague understanding" of their debt.

The good news is that students want information. More than 76 percent of college students surveyed by the Hartford Financial Services Group said they wish they had more help preparing for their financial future. The National Endowment for Financial Education found that students who participated in as little as 10 hours of financial education increased their understanding of money management and improved their financial behavior.

The four topics of interest that ranked highest among students include:

1. Budgeting income and expenses.
2. Avoiding and repairing credit problems.
3. Getting ahead financially after graduation.
4. Investing for the future.

<u>Tips to promote financial literacy</u>

Vivier is Kaiser University's default prevention manager and has more than 20 years of experience in financial aid. She recommended several best practices she uses on her campus to promote financial literacy and student success:

- Make financial literacy materials available anywhere that students frequently gather.
- Offer information about budgeting and credit that addresses spending, income, expenses, savings options, identity theft, and credit reports and scores.
- Sponsor a retention phone-a-thon to inquire about students' experiences, express good wishes and answer any questions students may have.
- Develop ongoing communications with borrowers, to help resolve delinquencies and avert default.
- Host an on-campus "Grad Day" with various offices, celebrating students' achievements and providing an opportunity to gather missing paperwork for student files; for online students, host live webinars or share pre-recorded discussions about strategies for student success.
- Make retention a priority, and ensure default prevention is a team effort.
- Continue working with students after they leave school.

<u>Additional resources</u>

Case studies posted on the USA Funds Life Skills page of the USA Funds website at **www.usafunds.org** describe how other schools have established successful financial literacy programs using USA Funds Life Skills®, a Web-based financial literacy and student success program that helps students learn to manage their time and money effectively.

- John Blaine, USA Funds Account Executive

Contact your USA Funds representative for assistance developing a financial literacy program, or for more information about USA Funds Life Skills.

Answering Five Key Questions Can Put Borrowers on the Path to Successful Loan Repayment

As your spring 2011 graduates approach repayment on their student loans, offering answers to some key questions can help get them on the road to successful repayment. USA Funds® Life Skills® provides frequently asked questions and answers that address the information borrowers need to know about repaying their student loans.

The following five questions and answers are among those included in the "What Do I Need to Know About Repaying My Student Loans?" lesson from USA Funds Life Skills.

<u>1. Why do my monthly payments add up to so much more than what I actually borrowed?</u>

In addition to repaying the principal on your loan, you also owe interest on the principal balance until you pay back the loan in full. Using the Repayment
you pay back the loan in full. Using the Repayment Calculator, you can calculate the amount of accrued interest you will pay on your student loans. For example, if your principal balance is $10,000, and you take 10 years to repay the loan, you will end up paying back $3,810 in interest in addition to the original $10,000 principal balance, for a total of $13,810. This example assumes a constant interest rate of 6.8 percent.

<u>2. I have trouble keeping track of my finances. Is there a quick and easy way to make sure that I pay my loans and pay them on time?</u>

Yes. Lenders and servicers want to do all they can to assist and reward you for paying back your loan on time. One option is to permit your payments to be automatically deducted directly from your checking or

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savings account. By choosing this payment option, you may qualify for an interest-rate reduction from your lender or servicer. You'll need to complete an automatic debit-authorization form.

3. What if I have more than one student loan?

You must make monthly payments on each loan. Some students opt for loan consolidation. Loan consolidation allows you to combine your loans into a single monthly payment. Loan consolidation often allows you to extend the repayment period beyond the standard 10 years, thus lowering your overall monthly payment. This may sound like a good deal, but treat this option with caution: You will end up paying much more in interest in the long run.

4. What if I don't earn enough money to make the full monthly payment on my loans?

If you have trouble making your student loan payment, you should contact your loan servicer immediately. One of the advantages of taking out federally sponsored student loans is that you have a variety of options for relief when repayment problems arise. You may qualify for a deferment or forbearance, or you may select one of the flexible repayment options.

5. Why is it necessary to stay in touch with my school, lender or loan servicer?

Make a habit of staying in touch with your school, lender or loan servicer. Your lender needs to know about any employment, address, phone or school-related changes.

Students often move following graduation. If you move, you should notify your school and your lender or loan servicer of your telephone and address changes. Otherwise, you might not receive important information about your student loan accounts, and they might not be able to help you when repayment problems arise.

Borrowers who fail to notify their lender or servicer of address or phone changes are at significantly higher risk for student loan default.

You also are required to inform your lender or loan servicer of anything that might change your eligibility for an existing deferment. For example, if you drop out of school temporarily (even if it's only one term) you must notify your lender.

USA Funds Life Skills is a Web-based financial literacy education and student success program that equips schools to help students develop basic life management skills so that they graduate on time with a minimum amount of debt. The online curriculum offers 30 life lessons that feature engaging activities and video segments that retain students' attention. The tool also includes online, printable resources, quizzes, interactive exercises, real-life scenarios and a glossary of terms that students of all levels need to understand.

- John Blaine, USA Funds Account Executive

Contact your USA Funds representative or visit the USA Funds website at **www.usafunds.org** for additional information about USA Funds Life Skills and other tools for helping students curb education loan defaults.

Education Debt Management: Why It May Take a Village to Support Your Student Borrowers

These days, pick up any newspaper, follow any higher education blogger or Google "college costs," and you're likely to run across a disturbing editorial theme that sends shivers down the spines of higher education administrators everywhere: "Is College Worth It?"

It's no secret that more students and families, faced with rising college costs and a rocky job market, are becoming increasingly wary of their return on investment in higher education. Much of the distrust comes from the fact that the public is fast losing faith in our nation's primary system of higher education financing –student loans. Today's news headlines are filled with student loan horror stories: Student loan debt surpasses credit card debt. And a new study from the Institute for Higher Education Policy shows that, from 2004 to 2009, *only 37 percent* of student loan borrowers made their payments on time – the remaining *63 percent* either postponed payment or fell past due.

Campus-Wide Ramifications

Student loan repayment struggles could have widespread effects on a whole host of offices on an institution's campus. But, it's the Financial Aid office that usually finds itself leading the rallying cry for enhanced financial literacy and debt management services. "Often, there is a perception that the "problem" is Student Financial Services' to solve," says Lynn Robinson, executive director of Student Financial Services at Johnson & Wales University in Rhode Island. But many financial aid offices find it difficult to carry the burden

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alone. "Alumni frequently call Financial Aid with detailed questions about loan repayment," states Tufts University Bursar Kathy Mundhenk, "but they simply don't have the time to meet the needs of students who have left campus, on top of their normal workload."

There's also the matter of expertise and skill set. While Financial Aid professionals are comfortable with loan origination and general pre-borrowing advice, they may be less so answering specific student loan repayment questions or doling out debt management tips. Tapping other resources on campus besides Financial Aid, then, can be a crucial part of an institution's education debt management strategy. But to do so successfully, you'll need to convince your campus peers and the higher-ups as to why they should get involved. Here are some ideas to gain the broader buy-in of your institution at-large:

Cohort default rate penalties. As the financial aid community already knows, a high cohort default rate can result in serious federal aid sanctions that, in severe instances, could force an institution to shut its doors. Many schools may need to act aggressively to lower CDRs as the calculation moves from two years to three in 2013. Clearly, everyone on campus, from administration to faculty, should be moved to action when presented with the facts. The trick is getting the information in front of them. "We in Financial Aid are very familiar with CDR and have thoroughly analyzed the risks," explains Robinson. "But others on campus aren't as familiar with the consequences of having a high CDR, as well as the ways that we can prevent default, such as through better student retention. When we presented the risk analysis of the three-year CDR to our peers outside financial aid, mouths dropped."

Consequences on enrollment and public image. To draw the attention of Admissions, you may want to point out how high default rates can tarnish a school's image. "A high CDR, frequently equated with low institutional quality, will create adverse publicity of the university and likely affect enrollment," states Robinson. For example, many private sector institutions are now forecasting a decline in enrollment, due in part to the recent press around low loan repayment rates.

Further, it's not just default: If your campus peers are unmoved by the CDR argument because the institution is at no risk of approaching the threshold at which sanctions are imposed, remind them that student loan horror stories don't have to be about default. Feeling generally overwhelmed by their debt burden, confusion about their options, bad experiences with their loan servicers – all can lead to bad word-of-mouth from former to prospective students and a resulting drop in enrollment levels. And, with the rise of social technology, these aren't one-on-one conversations anymore. Dissatisfied borrowers can spread the word to hundreds of prospective enrollees with the click of a mouse and the sending of a tweet. You may want to engage your PR team on this issue, to come up with a comprehensive communications plan and strategy.

Decreased alumni giving. It's easy to see how student loan repayment problems prevent alumni from giving back to their institutions as a practical matter. But the borrower's perceptions of the institution's "helpfulness" also play a role. A study sponsored by American Student Assistance ("Report on Student Debt and Alumni Giving," available at asa.org in the "press" section) showed that student borrowers' satisfaction with their alma mater, in regards to the debt management information provided, did in fact influence alumni giving. When former students have a negative student loan repayment experience, Alumni Development will have a harder time building formative relationships with alumni, engaging them, and connecting them back into the broader school community and alumni network.

Increased calls for assistance to the Bursar. Bursars have always overseen the collection of Perkins and institutional loans, but now they're starting to see an increase in former students looking to their office for help managing different loan types. Financial services professionals may understand the fragmented student loan system (Stafford, Perkins, institutional, private), but students surely don't. They will be counting on their higher education institutions for robust advice that looks holistically at their entire loan picture. They want one place to turn for comprehensive guidance on how to work *all* their loans into a workable monthly budget over the long term. Of course, Bursars face many of the manpower and skills challenges faced by Financial Aid. To avoid being caught in the deluge of student cries for help, Bursars will want to play an active role in the campus education debt management strategy.

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A responsibility to educate students. Your Academic Faculty will no doubt see the importance of avoiding disruption to your institution's financial aid programs and protecting the school's reputation. But they're also highly trained professionals dedicated to preparing students for success beyond graduation. As such, they have a responsibility to send their students out into the world with proper financial literacy skills. In short, if students had to take out loans to gain the faculty's instruction in the first place, then surely faculty bear a burden to give students the debt management tools they need to succeed.

Forming a Plan

Clearly there can be no one-size-fits-all approach to education debt management, as every institution has its own set of factors that come into play. As you think about what would work on your own campus, you may want to consider:

Outside support. You may opt to not go it alone and turn to third-party vendors for assistance, from content for in-school financial literacy programs to specialized loan counseling and customer service support for alumni and former students. Robinson, whose J&W Taskforce was interviewing prospective vendors for a financial literacy product at press time, stresses the need to find a third party with no gaps in its service offerings. "We've interviewed companies that have a little bit of this and a little of that," she relates, "but the ideal candidate should offer a comprehensive product that meets all of your students' financial needs."

Budget. In the past, student loan guarantors were often the go-to resource for financial literacy, debt management and default prevention support, but with the wind-down of FFELP many of these nonprofit agencies will find it unsustainable to continue to offer these services free-of-charge. However, you may find yourself having to lobby hard for budget dollars: A recent Student Lending Analytics survey of financial aid professionals shows 66 percent of schools with a financial program did not have any budget monies set aside for this purpose and 16 percent had a budget of less than $5,000. Attendees at a recent Massachusetts Bursars' Steering Committee put forth several innovative ideas for covering costs, such as allocating a portion of students "activity" or other fees, or limiting the students served by putting a time limit on after-school assistance to one year after separation.

What's your ultimate goal? Is the primary need to lower CDR? Or are you really looking toward building lasting relationships with alumni, to influence their perception of the *entire* student loan experience as a positive and worthy investment in their future? Determine the most pressing need of your institution to help set the parameters of your debt management program. You may decide that you need holistic debt management solutions focused on all of your student borrowers (past and present) as customer, vs. a program concerned with just those students in your cohort population.

Most importantly, start the conversation on your campus ASAP. How students manage education debt will no doubt be fodder for much public policy debate in the years to come, but the higher education community doesn't have the luxury of waiting to see how it will all play out. Because as more students start to think of their student loans as a set-up, rather than a step up, no one wins.

- Allesandra Lanza, Corporate Public Relations Manager, American Student Assistance

"Portions of this article previously appeared in NASFAA's *Student Aid Transcript* magazine, Volume 22, No. 1, 2011. Reprinted by permission."

American Student Assistance® is a nonprofit services and advocacy organization that helps students and families manage education debt. Have you implemented an education debt management program on your campus? What were your challenges and successes? Email me at lanza@asa.org and share your thoughts and past experiences.

2012 WASFAA Conference
"The Yin and Yang of Financial Aid: Reaching Harmony through WASFAA"

April 22 to 24, 2012
Benson Hotel, Portland, Oregon
http://www.bensonhotel.com/
Room Rate: $125 single/double

More Information and Registration Coming Soon!

ANNOUNCEMENTS

Suzanne Scheldt, the Financial Aid Director of North Seattle Community College, has accepted a position with the U.S. Department of Education in Seattle. Her last day at NSCC was October 31, 2011. She will begin her new adventures with DOE on November 7, 2011. She will be missed by all who have had the honor to work with her these last 20 years. We are still in shock at the loss. However, we are very excited for Suzanne as she moves on to new adventures. She will be at the FSA Conference, so drop by her "Ask a Fed" table and say "hello".

On June 12, 2011, James D. Flowers graduated with a Doctor of Education degree in Educational Leadership from Nova Southeastern University, Ft. Lauderdale, FL. His dissertation topic was titled "Impact on Student Financial Aid Eligibility If the Federal Financial Aid Calculation Were Changed."

Executive Committee

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About Our Organization...

WFAA is a professional membership organization of individuals whose aim is to promote higher education through the availability, support and administration of student financial assistance programs. WFAA is an example of a variety of state, regional, and national financial aid associations. Voting members are comprised entirely of financial aid professionals employed at Higher Education Institutions. Vendors are not eligible for elected office. Go to the National Association of Financial Aid Administrators site at http://www.nasfaa.org for more information and many resources.