



Welcome from Paula Luff 1
 MASFAA Membership Services 2
 Join Us at the MASFAA Conference . . . 3
 Big Move for MASFAA Summer Institute and Leadership Symposium . . . 3
 Summer Institute Offers a Superior Experience 4
 Has Your Exhibit Space Been Reserved 5
 MASFAA - Established in 1962 5
 Ohio Update 5
 Missouri Update 6
 Iowa Update 6
 Illinois Update 7
 A Tale of Two Credit Scores 7-8
 The 3-Year Cohort Default Rate Comes With a Silver Lining – Loan Rehabilitation 8-9

MASFAA Moments is published quarterly with the purpose of providing a forum for communicating with members about issues affecting our profession as well as to inform members of the ongoing activity of MASFAA committees and the Executive Council.

Articles may be submitted by any person, committee, state association or organization. All submissions are subject to final acceptance and review by the editorial board prior to the publication of the newsletter. Submissions may be rejected, edited for content or edited for length. Articles must be intended for the benefit of MASFAA members and not for company marketing or promotional purposes.

Please send articles, photos and comments to:
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President's Message:

WELCOME FROM PAULA LUFF



Paula Luff, DePaul University
 MASFAA President

Greetings everyone!

It's been a hot, but eventful summer for MASFAA so far. Hopefully you are all finding ways to stay cool in this crazy heat we've been experiencing. I found a brief respite from the high temps while attending the Michigan summer training in Mackinac Island last month. The location was fantastic (cool weather and beautiful surroundings), the sessions were informative and the people were very friendly and welcoming – thank you MASFAA! This conference was the last of my tour for the year as president. I will be visiting the remaining three states in our region (Iowa, Missouri and Ohio) next year as past-president.

Also, as mentioned in the March newsletter – for the first time this year, MASFAA held the Leadership Symposium and the Summer Institute simultaneously (in beautiful Duluth, MN) with shared faculty for both events. We had 19 attendees for the Leadership Symposium (at least 2 representatives from each of the 9 MASFAA states) and close to 50 attendees for the Summer Institute training. Ron Day, the MASFAA chair-elect, did a wonderful job as our opening presenter and was gracious enough to present throughout the conference. Early responses to our surveys about the events indicate that this was a highly successful venture for both groups of participants.

Along with our training activities, your MASFAA Board has been busy on a number of other projects this year as well – including the labor intensive chore of updating our Policy and Procedures manual. If any of you are responsible for your office P&P, you know that this is a necessary, but thankless job. A special thanks to Vickie Crupper for taking this on this year. During the review and update process, we've made some changes that you might find interesting. For example: for the 2012-2013 year, we are instituting an oath of office for all of the MASFAA voting board members versus for only the incoming president. We are hopeful that this change will reinforce the importance and gravity of serving as a trustee of a non-profit organization – something that folks aren't always aware of when they agree to run for office or join the board.

Additionally, in order to maintain continuity among board members, the secretary position is being returned to a two year term – a special thanks to Craig Slaughter, the incoming secretary for agreeing to serve two years (especially since he thought he was only signing on for one). Other projects underway include investigating an alternative web provider for the MASFAA website, research into the feasibility of moving from an individual to an institutional membership fee structure and returning the MASFAA membership year back to October to September to coincide with the conference year versus the calendar year. We'll be sending an email to the entire MASFAA membership about the last item later in the summer, so keep a look out for that.

President's Message — continued

Finally, in about a week, more than 2400 financial aid professionals will be descending upon the Midwest region for NASFAA's annual conference in Chicago. Many MASFAA members will play key roles in the upcoming conference, (including the National Chair, our own Pam Fowler) and I know they will make us proud. I have the honor of welcoming participants to the region during the opening session and playing host to the NASFAA board. Thanks to the state associations who donated goodies for the board treat bags and interesting state tidbits to include in my welcoming remarks. This promises to be a wonderful, informative conference and a great opportunity for our region to shine. I look forward to seeing many of you in Chicago very soon. Meanwhile, take care and stay cool!

Best to all,
Paula

MASFAA MEMBERSHIP SERVICES

Kaye Caplinger Widney, MASFAA Membership Services, West Virginia University - Morgantown

The MASFAA Executive Board met in Duluth, MN in May and among other topics, discussed the concept of MASFAA membership year. As you know, it currently is defined as the period from January 1st through December 31st and has been this way since 2009.

This has caused confusion for some members who think that the membership period runs from conference to conference. As a result, there is a spike in membership numbers as the conference registration approaches and then a significant decrease at the end of the calendar year. That means there are fewer members who can serve on committees, run for office, and cast ballots in elections when these activities occur in the early part of the calendar year. Some have expressed concern because their institutions will only pay for membership when it is included with conference registration.

After reviewing the reasons behind the original decision to go to the calendar year concept in 2009, the Executive Board has decided to present a proposal to membership about returning to the original definition of membership, i.e. concurrent with the conference cycle. Since this would require a change to MASFAA by-laws, it will be formally presented to membership prior to the conference and a vote will be taken at the annual business meeting. There will be ample opportunity for you to ask questions about the proposal and the impact that the change may have on you. Look for more information to be sent to you in the near future.

In the meantime, if you have any questions/concerns about your MASFAA membership, please contact me at kaye.widney@mail.wvu.edu. I have enjoyed serving MASFAA in this capacity and look forward to seeing many of you in Milwaukee!

Where would you like to go?

TG can help.

To learn more, visit:
www.TG.org/MASFAA.

1 Money Management Resources
2 Integrated Default AssistantSM (IDASM)
3 Industry Events
4 Financial Literacy Training
5 Student Aid Resources
6 Tools and Calculators
7 Default Prevention
8 Research and Reports
9 Training Opportunities
10 Debt Management Resources
11 Policies and Regulations

TGTM

JOIN US AT THE MASFAA CONFERENCE



Learn best practices and regulatory changes from the best in the field:

- Department of Education
- NASFAA Training Staff and Leadership
- Business Partners
- Experienced professionals from all sectors, small and large schools, all areas of our region

Choose from a variety of break-out sessions:

- Best Practices in Award Notification
- FSA Assessments
- Administrative Capability
- SAP
- Verification
- FA Trends
- Default Prevention
- AND much, much more!!!!

Meet new professionals, get to know fellow MASFAA members and re-connect with colleagues from the past:

- Dine and Explore Milwaukee's fabulous Harley Davidson Museum (Sunday night)
- New MASFAA and first time attendees - learn more at the Newcomer's Orientation (Sunday afternoon)
- Dine with your colleagues during dinner on your own (Monday night)

Celebrate the last 50 years in financial aid during MASFAA's Anniversary Gala (Tuesday evening)

- Enjoy a gourmet dinner
- Be entertained by music, memories, and more!
- Toast to MASFAA's history and another 50 years

Register Now!

\$310 full conference, \$210 one-day

www.masfaaweb.org/docs/toc_conference.html

SUMMER INSTITUTE OFFERS A SUPERIOR EXPERIENCE

Leo Hertling, Associate Director, Purdue University



A total of 45 Financial Aid Administrators journeyed north to the beautiful shores of Lake Superior in Duluth, MN. Attendees ranging in experience levels from “I haven’t started yet” to 7 years participated in this year’s MASFAA Summer Institute.

As in the past, the main goal of the Summer Institute was to encourage the learning of the financial aid fundamentals. NASFAA’s CORE training materials served as the base point of these training sessions. Sessions started an explanation of the application process and developed into more complex topics including financial aid awarding, and how to calculate Return of Title IV funds.

This year a new experience was offered to participants. While Summer Institute was in session, MASFAA Leadership Symposium was held concurrently. Participants from both groups were encouraged to interact as much as possible: several sessions were held jointly, and all meals were taken together to foment the

building of relationships across the dinner table. The goal of combining the groups was to enable stronger relationships to be built between those new to the profession and more seasoned professionals.

Hard work during the day allowed for relaxing evenings at one of the local restaurants or hanging out around the fires roasting marshmallows and making smores.

So far survey results seem to be positive. Executive Board will meet in August and October to discuss the cost savings and the outcomes of the joint trainings. We will further discuss the possibility of continuing this practice in the future.

MASFAA AWARDS COMMITTEE

Joan Meyer, MASFAA Awards Committee Chair, Director, La’James College,

I just hung up from the Awards Committee’s conference call where we selected the winners of the awards that will be announced at the Fall Conference in Milwaukee. All I can say is “WOW”. What difficult choices we had to make – we had several EXCELLENT nominees in all categories – so thank you MASFAA members for stepping to the plate and taking the time to nominate your fellow professionals! What fun it was to be a part of the process that will honor some of MASFAA’s most deserving and brilliant individuals.

You are not going to want to miss this conference where you will get the chance of a lifetime to walk the red carpet and rub elbows with MASFAA’s finest! We will also be recognizing members for their years of service in MASFAA, and our colleagues who have chosen to retire during the year. See you in Milwaukee!

HAS YOUR EXHIBIT SPACE BEEN RESERVED?

Exhibitors – Don’t miss a golden opportunity to showcase your products and services at the **50th anniversary MASFAA conference** this October in Milwaukee, Wisconsin. Be sure to visit the MASFAA website (www.masfaaweb.org) today to choose from an array of Donor Support Options including exhibit space, business solution sessions, program ads and program inserts. Space is limited, so complete your Donor Support Form today...and don’t forget to register for the conference as well!

Questions regarding Donor Support can be directed to Aaron Steffens, Donor Development Chair at stefaa01@luther.edu or by phone at 563-387-1439.

MASFAA – ESTABLISHED IN 1962

Tim Kremer, Director, University of Dubuque, MASFAA Archives Chair

Noteworthy Events of 1962:

- John Glenn circles the globe 3 times aboard Mercury capsule Friendship 7
- Walter Cronkite takes over as anchor of the CBS Evening News
- Johnny Carson debuts as host of The Tonight Show
- Born in 1962: Paula Abdul, Jon Bon Jovi, Jim Carrey, Sheryl Crow, Tom Cruise, Wesley Snipes, Jon Stewart
- Top Movie: To Kill a Mockingbird, and
- The debut of the Midwest Association of Student Financial Aid Administrators (MASFAA)!

The 50 year celebration of MASFAA is fast approaching. Don't miss this celebration of friends, all united with one vision, taking care of students seeking degrees in the Midwest.

The program committee and site committee have both been working hard on making this a conference you won't want to miss. There will be plenty of great learning sessions along with great activities planned for everyone in celebrating MASFAA's 50th. See you in Milwaukee October 14-17, 2012.

OHIO UPDATE

Cheryl Willard, OASFAA President

Greetings from Ohio. Spring was certainly a busy time for us all; as our campuses were alive with visiting prospective students and graduation activities, OASFAA was involved with offering regional meetings and support professional workshops. In May, OASFAA hosted a 2-day conference where 225 participants enjoyed an informative program consisting of sessions on a number of current topics, birds of a feather discussions, and regional meetings. General sessions included a keynote address from Mark Kantrowitz, a federal update with Byron Scott, and a state update provided by Ohio Board of Regents representatives David Cannon and Brady Oxender. The Conference Planning Committee, led by OASFAA Vice President for Conferences, Angela Johnson, created an agenda that was packed with something for everyone. Stephanie Sutton, 2011-12 OASFAA President, honored Beverly Dalheim, Lakeland Community College, with the prestigious James White Award, recognizing Bev's commitment to serving others. In addition, Marion Carter, of the Ohio State University, received the Support Professional of the Year Award. Congratulations to both Bev and Marion!

Participating in conference allows us to connect with colleagues and friends, and while the OASFAA Spring Conference 2012 brought much excitement, it also ushered in a time for saying good-bye to a special member of the financial aid community, Mary Arter Bell, of US Bank. Mary's illness prevented her from attending Spring Conference, but many will remember the way her presence was felt throughout the event in each meeting room, general session, and hallway conversation. Shortly after Conference, Mary lost her 5-month battle with Acute Myelogenous Leukemia. She fought the disease with dignity, compassion for others, and a straight-forward plan, which was typical for Mary. She will always be remembered by her friends in OASFAA and MASFAA.

As we look ahead to 2012-13, OASFAA will focus on areas including professional development, student advocacy, leadership training and a review and update of OASFAA's Guiding Principles. In the meantime, we'll do our best to enjoy the summer as it speeds by. I hope you are able to do the same!



Connect With Your Borrowers to Curb Loan Defaults



Ongoing communication with your borrowers is a proven best practice for preventing loan defaults and promoting successful student loan repayment. USA Funds Borrower Connect™ helps automate the process of communicating with borrowers through telephone, letter or email messaging. USA Funds Borrower Connect gives you control of access to loan data to perform borrower outreach regardless of loan program.

Visit www.usafunds.org/borrowerconnect, or call USA Funds at (800) 766-0084.

MISSOURI UPDATE

Daniel Holt, Assistant Director, William Jewell College

2012 should be a productive year for MASFAP (Missouri). To date we've held our spring conference, we have a town hall scheduled for this summer on the subject of policy and procedures, and we are going to begin an experimental training collaboration with other professional associations in the state. This fall, in addition to being MASFAA's anniversary, is also MASFAP's 45th anniversary.

For about an hour and a half at the June MASFAP Board Meeting, we joined the Missouri Association for Admission and Registrar Offices (MACRAO) about expanding training in the state of Missouri. Our discussion centered on determining the benefit of mutual training opportunities with the focus on student success, recruitment and retention. At the fall MACRAO conference, MASFAP will be doing a breakout session on financial aid. At the spring MASFAP conference, MACRAO will be doing a breakout session on registrar and admission activities. The end result, we hope, is an exchange of training opportunities throughout the year that eventually leads to a Missouri conference that includes MASFAP, MACRAO, and MOACAC.

We are at the beginning steps, and it may be a few years down the road before this end result is realized as there are many logistics on how to accomplish this that must be addressed first. Nonetheless, we are extremely excited about the opportunities we may be able to provide to our association. As our financial aid offices adapt to our colleges and universities needs, it only makes sense that our association adapts to our members needs. This is both exciting, and a little scary.

As mentioned, this fall is MASFAP's 45th anniversary. We are reinstating our Leadership Symposium, which has been out of commission for a few years. Missouri's Past-Presidents are eager to make this a stable opportunity offered every year, not just every two to three years. A track of sessions will be offered for our bursar colleagues as our last offering was a huge success. This group of individuals has limited access to training opportunities in our state, and we are eager to provide them with this service. We also will be offering a conference registration discount to really encourage our members to attend.

IOWA UPDATE

Heather Gaumer, Simpson College

The state of Iowa is bone dry due to months of 90 and 100 degree heat and lack of rain, but it takes more than extreme weather to keep IASFAA from working hard! In April, IASFAA held our spring conference at the Embassy Suites in Des Moines with a theme of "Mastering the Three Ring Circus: State, Federal and Institutional Aid." Conference sessions were led by outstanding "ringleaders" such as MASFAA President-Elect Al Hermson, former NASFAA Chair Dr. Laurie Wolf, and Federal Training Officer Dave Bartlett just to name a few.



2012-2013 IASFAA Executive Council

IASFAA award recipients at the spring conference included:

- Outstanding Committee Member – Carol Bogaard, ICAN;
- Outstanding New Professional – Greg Geistkepmer, St. Ambrose University
- John Moore Award – University of Dubuque
- Presidential Award – Electronic Services Committee – Mary Jabocsen, iLink and Chris Ditter, Drake University

Conference attendance was very strong with 130 attendees, including over 20 newcomers!

At the end of June the Executive Council met for a two day planning retreat at Simpson College. Some of the major items on our agenda included reviving a state Legislative Day and ramping up our finances and investment strategies.

Illinois Update

Jana Albrecht, Illinois State University

ILASFAA's new President, Joanna Dye, gave a humorous acceptance speech on the last day of our state conference in April. She is extremely excited and enthusiastic about the upcoming year. The Executive Board Retreat was held in May and included discussion of a Legislative Retreat in the fall along with our mid-term workshops. Joanna will shake things up a bit by holding our Reality Store in conjunction with the mid-term workshops this year instead of with the conference.

The Training and Professional Development Committee hosted the Leadership Retreat in June at Starved Rock. Around twenty financial aid staff members attended this two day workshop with glowing reviews. The speakers taught the group how to effectively communicate in a light-hearted and fun way.

The conference committees had their first meeting in early July. Joanna Dye gave direction to the Facilities and Program committee members in order to ensure a conference that has just the right amount of work and play. The theme for the 2013 conference was also set: "Carnival of Change – Let the Good Times Roll!"

Additionally, Joanna will host events at many of our national and regional conferences in order to give the Illinois members a chance to catch up. The first event will be a dinner at the NASFAA conference on Monday evening.

A TALE OF TWO CREDIT SCORES

Jay Rhodes, TG Regional Account Executive

Once upon a time, when FICO was the only option available, understanding your credit score was only moderately confusing. Given that creditors now have a choice of scores to provide a consumer, it has become more challenging for consumers to understand their credit scores. Although it is commonplace to talk about credit scores, too few of us really understand what we are talking about. Welcome to the ever-evolving world of credit!

Start with the basics: FICO versus VantageScore

Let's break it down a bit and talk about one aspect of this complex subject — the fact that there are now two sources for credit scores. Many of you and your students are familiar with the FICO score, formulated by the Fair Isaac Corporation. The FICO score has been around since 1956, and was the only credit score available until 2006. Up until that time, all three major credit reporting agencies (Equifax, Experian, and TransUnion) delivered a version of the FICO score to its customers.

Then those three agencies developed a competing scoring mechanism they call the VantageScore. The VantageScore has been available for five years now. Much like the FICO, it also has a scoring formula, except that it offers different categories with different weights, along with a different scoring range (FICO 350-850, Vantage 501-990). Just when we thought we had this scoring thing down!

The situation all consumers find themselves in now is that whether they receive a VantageScore or a FICO score depends on the agency from which they request their credit score. Credit reports do not include credit scores. And, although each consumer may request one copy of their credit report at no cost from each credit reporting agency once per year, the credit reporting agencies can charge a fee for providing a credit score.

Each credit reporting agency chooses which credit score it will offer to the consumer. Currently, Experian and TransUnion are providing the VantageScore, while Equifax is still using its version of the FICO score when consumers obtain their credit scores directly from its website.

Two scores can lead to confusion

Now, why do you and your students need to know about the two scores? How does this affect someone seeking to apply for credit? Well, it is perhaps easiest to say that the effect can be pure confusion!

Let's say a student purchases a FICO credit score through Equifax, but the lender from which he or she wishes to request a car loan or credit card uses the VantageScore to determine the student's creditworthiness. In this case, the student is operating under the false assumption that he or she knows the information the lender intends to use to formulate a decision on the credit application. So the student did his or her homework by researching the likelihood that the student's FICO score would generate a positive response; but, what an unhappy surprise to receive a rejection notice from the lender!

continued on page 8

A Tale of Two Credit Scores — continued

What did the student do wrong? Nothing! The student understandably but incorrectly assumed there was only one score available, and believed that both the student and the lender were looking at the same figures.

Sorting it all out

So, what to do? Here are a few suggestions that might make the credit score mania a little less manic.

- First, when a student is contemplating an application for a car, a credit card, or a mortgage loan, he or she can contact the lender and ask which score (FICO or VantageScore) the lender uses to make credit decisions.
- Second, a student can then pull his or her own credit reports beginning at the only authorized source for a free annual credit report, www.annualcreditreport.com. He or she can choose to receive the credit report from the agency that provides the same type of score the lender will be reviewing.
- Third, the student can request his or her credit scores from the agency or agencies that provided their credit reports. The student will have to pay for those scores. Students can also go directly to myfico.com to receive their FICO scores, but there is no direct option for receiving the VantageScore.
- Fourth, the student can review his or her reports for any discrepancies. It's a good idea for a student to fix whatever he or she can before applying for credit.

A tale of woe? Or a tale of success? This tale of two scores can end happily. These few steps can help your students sort through the credit score craziness. And who knows, you might end up with a few little "e-tales" (emails) of appreciation!

Jay Rhodes is a regional account executive with TG serving schools in MASFAA. You can reach Jay at (800) 252-9743, ext. 2514, or by email at jay.rhodes@tgsllc.org. Additional information about TG can be found online at www.TG.org.

THE 3-YEAR COHORT DEFAULT RATE COMES WITH A SILVER LINING – LOAN REHABILITATION

Jay Rhodes, TG Regional Account Executive

This past February, the Department of Education (ED) released the first draft 3-year cohort default rates (CDRs). Meanwhile, official 3-year rates won't be available until September, and the first set of CDRs on which sanctions could be based won't be released until September 2014. Many schools are already worried about the increase in their CDRs, however, and for good reason. Trial 3-year data provided by ED indicates that all school sectors will experience a surge in rates, with some schools seeing a rate hike of up to 90 percent. That kind of increase could expose some schools to serious consequences, including a loss of eligibility for federal student aid.

The 3-year CDR doesn't bring all bad news, however. With the longer monitoring period, loan rehabilitation can have a positive impact on a school's CDR. Remember that a borrower can rehabilitate, or bring a loan out of default, by making nine on-time monthly payments during a period of 10 consecutive months. The loan is then sold to a lender, and the default is removed from the borrower's credit history.

How does this help a school's CDR? If the borrower rehabilitates the loan before the end of the cohort default period, the borrower is not in default anymore and so not included in the school's CDR calculation. Even better, the borrower once again becomes eligible for federal aid after the sixth consecutive payment, meaning he or she could potentially return to school to complete a degree or certificate. (Keep in mind, however, that borrowers can renew eligibility only once.)

Helping borrowers and cutting default

Until the 3-year CDR was introduced, loan rehabilitation wasn't something that could feasibly affect a school's rate. Now, borrowers who default in the first year of repayment have time to meet rehabilitation requirements within the three-year CDR window,

continued on page 9

The 3-Year Cohort Default Rate — continued

How can schools use loan rehabilitation to help their borrowers and mitigate default? Here are some tips for integrating loan rehabilitation into your school's default prevention plan.

- **Identify borrowers with defaulted loans** — With each CDR notification, ED provides schools with the Loan Record Detail Report, or LRDR, an itemized listing of borrowers, including borrowers with defaulted loans. Download and use this information electronically.
- **Develop a communication campaign** — Use LRDR information to create a communication campaign for defaulted borrowers that outlines the process and the benefits of loan rehabilitation. Consider contacting borrowers via mail, email, and phone, with messages that reinforce each other. Some things to cover in your communications:
 - Borrowers will need to establish a loan rehabilitation agreement with the guarantor or collection agency that holds the defaulted loans.
 - Borrowers will need to stay in touch with their guarantor or collector throughout repayment, especially if they change their mailing address.
 - Borrowers can benefit greatly from loan rehabilitation and from establishing healthy repayment habits. The removal of default from a borrower's credit history can be invaluable — an improved credit record means easier access to credit later on if borrowers wish to borrow for a car or house mortgage.

You can also use LRDR information to help your default prevention efforts in other ways. For example, analyze the data on your defaulted borrowers, looking for common factors which may have predisposed borrowers to default. Do certain majors contribute a disproportionate number of borrowers in default? Did many borrowers withdraw without giving notice? How was their academic performance? You may be able to use this information to help current students who share such characteristics by offering academic and career support to students at greater risk of defaulting in the future.

Jay Rhodes is a regional account executive with TG serving schools in MASFAA. You can reach Jay at (800) 252-9743, ext. 2514, or by email at jay.rhodes@tgslc.org. Additional information about TG can be found online at www.TG.org.