



OCTOBER 2011

NATIONAL DIRECT STUDENT LOAN COALITION

Dear Member,

The fall is a very busy time on most campuses--the beginning of the school year for many; the continuation of the school year for some. Whatever your academic calendar, I hope that the season is progressing smoothly for you and allowing time to respond to the challenges of implementing new regulations.

Since our last Newsletter members of the Coalition Board had a very productive conversation with representatives of all of the Federal Loan Servicers. Our discussions focused on standardization of policies and practices, clear communication with borrowers and schools and how borrowers can be assisted to take advantage of the income based and income contingent repayment programs when appropriate. These meetings will become even more critical as the number of federal loan servicers increases.

The Coalition Board has just concluded our fall trip to DC. This Newsletter provides some highlights of our meeting with Federal Student Aid. We also met with staff at the Department of Education and representatives of the higher education associations. As you can imagine, the mood in DC is colored by the federal budget situation and we all worry about the impact that this will have on our students.

Members of the Board always visit with staff in key Congressional Offices when we are in DC. During our recent visits we stressed the importance of financial aid to assure that our needy students have access to higher education. We proposed measures that could be advantageous to students while providing cost savings for the federal government. Our letter to the Joint Select Committee on Deficit Reduction is included in this Newsletter.

The Coalition Board relies on its members for support and guidance. We thank you for your continued support and encourage you to contact me directly or any member of the Coalition Board if you have questions or suggestions.

Sincerely,

Margaret Rodriguez, *Chair*
National Direct Student Loan Coalition

The mission of the National Direct Student Loan Coalition is to promote the success of the Federal Direct Student Loan Program in serving the interests of students, families, taxpayers and institutions.

EXECUTIVE COUNCIL

Margaret Rodriguez, Chair
University of Michigan

Chuck Knepple, Chair Elect
Miami University

Nancy Hoover, Past Chair
Denison University

Tom Butts
Advisor

Dan Davenport
University of Idaho

Suzanne Day
Harvard University

Janice Dorian
Mansfield Beauty Schools

Roberta Johnson
Iowa State University

Peg Julius
Kirkwood Community College

S. Kay Lewis
University of Washington

Craig Munier
University of Nebraska-Lincoln

Eileen O'Leary
Stonehill College

Jean Rash
Rutgers University

Cheryl Resh
University of California-Berkeley

Kristine Wright
University of Minnesota-Twin Cities

Visit to Washington, DC

The Board of Directors of the Coalition recently made a visit to Washington, DC. With things heating up on Capitol Hill over the FY 12 budget and the work of the Joint Select Committee on Deficit Reduction or “Super Committee,” the Coalition was able to secure some important meetings with key Congressional leaders, including the Speaker’s Office, the Senate Majority Leader’s office and most all of the Members on the Joint Select Committee on Deficit Reduction.

In addition to a full day of Hill meetings, the Coalition also had important meetings with the Department of Education, including a long meeting with Federal Student Aid, a meeting with the Under Secretary’s Office and a meeting with key advisors to the Secretary. The Coalition remains committed to maintaining close relationships with leaders on all levels of the Department of Education.

News from Federal Student Aid

The Coalition Board meets with Federal Student Aid during our quarterly visits to DC. Some highlights from our recent meeting:

- **Standardized Capitalization Process:** With the expansion in the number of federal loan servicers it became apparent that interest capitalization practices were not common between all servicers. The Coalition suggested that standardization was desirable and that a policy limiting the number of times that interest was capitalized was in the student’s best interest. FSA now reports that all federal loan servicers will capitalize accrued interest when the borrower is entering repayment. Borrowers who are in a repayment program with negative amortization will have interest capped annually each June 30th.
- **Changes in PLUS Credit Checks:** Credit review capabilities have been expanded to include capturing information about accounts in collection and accounts that have been written off. Credit denials can result from these situations.
- **NSLDS Changes:** Geared to make it more useful and user friendly for schools including:
 - ◆ Improve the process to report enrollment date for schools that do not report through the Clearing House
 - ◆ Delinquency reports will include consolidated loans
 - ◆ FTP servers are being upgraded to accept new versions of Excel
 - ◆ Improvements for TEACH Exit Counseling to be rolled out soon
 - ◆ Loan portfolio reports will include PLUS Loans
- **FLSST:** Members of the Federal Loan School Support Team attended the meeting. Team members have a combined 160 years of experience in student aid and/or direct lending and can be a valuable resource if you have a question on your campus.
- **Strategies to Navigate the Multiple Servicer Environment:** With the addition of the not for profit servicers, this session will be a ‘must see’ at the FSA conference in Las Vegas.

Letter to the Joint Select Committee on Deficit Reduction

Before the Coalition made the rounds on Capitol Hill to meet with key Congressional leaders, the Coalition sent a letter to the members of the Joint Select Committee on Deficit Reduction outlining the Coalition's priorities as the Committee works to eliminate \$1.5 trillion from the budget deficit over the next ten years. The Coalition remains committed to being the voice of our members and our students to ensure that Congress protects student aid to America's neediest students.

Not for Profit Servicers Begin Receiving Borrower Accounts

HCERA legislation directed the Secretary to offer not for profit agencies the opportunity to submit proposals for servicing federal student loans. FSA has conducted that solicitation and anticipates awarding of up to 15 new federal loan servicing contracts between October 15, 2011 and January, 2013. The first not for profit servicer expected to become operational this month is MOHELA (The Higher Education Loan Authority of the State of Missouri). Accounts for borrowers who have been in repayment for a significant time period with the original Direct Loan Servicer (ACS) will be the first accounts transferred under this program. For more information and a list of potential not for profit servicers view the September 23, 2011 announcement [here](#). For specific information about the transfer of accounts to MOHELA see the October 3, 2011 Announcement from FSA.

Membership

We would like to thank all of our member schools who have renewed their membership to the Coalition. We greatly appreciate your loyalty and support!

There are still a few schools, however, which have yet to renew. If you are one of those schools, please [click here](#) to renew.

If you have any questions about membership, please feel free to contact our Membership Coordinator, Brian Smith, at bsmith@mrss.com or 202-478-6119.