

# ANNUAL REPORT

July 1, 2010 – June 30, 2011

## NATIONAL DIRECT STUDENT LOAN COALITION

### Dear Member,

2010-2011 was a year of transition. Many schools successfully transitioned to the Federal Direct Loan Program and long time program participants began to adjust to the multiple federal loan servicer environment. The Coalition worked with schools and Federal Student Aid to make these transitions as smooth as possible.

Throughout the year the Coalition Board continued the activities that have proven to be effective in recent years, including:

- Mentoring schools needing assistance with programmatic or operational aspects of loan administration
- Providing a venue for colleagues to exchange information and share guidance from FSA via our list serv DirLoan2
- Meeting regularly with Federal Student Aid to provide input and share information
- Meeting with Congressional staff to provide the 'front line' perspective from practicing student aid professionals
- Providing interest sessions at the NASFAA Annual Conference and numerous state and regional conferences
- Collaborating with other education associations and policy advisors to advocate for students and student aid

In addition to the Board's ongoing activities, the Coalition Board recognized that, with the changing landscape, it was appropriate to engage in some strategic planning about the role of the Coalition going forward. In June, 2010 the Coalition reaffirmed its purpose and goals and developed a plan for how the organization can support the needs of the community and the students and families that participate in the federal student aid programs in the future. Goals of the Coalition include:



*Members of the Coalition Executive Board met with Congressman Thomas Petri of Wisconsin, a long time supporter of direct lending in his office in Washington.*

- Promote policies to minimize the use of student borrowing and improve loan terms for those who borrow
- Advocate for high standards in the delivery and servicing of student loans
- Provide an effective communication network for schools to support their efforts on behalf of students
- Educate and advise public officials, professional associations, the media and general public on student lending issues

We are excited about the challenges going forward as we view the future in light of these goals. We see opportunities to make improvements but recognize that there will be significant challenges as our country struggles with difficult fiscal decisions.

The activities of the past year would not have been possible without you. We appreciate the confidence your membership demonstrates and thank you for your continuing support. We also value your input, so if you have questions or suggestions, please contact me or any member of the Coalition Board.



Sincerely,  
**Margaret Rodriguez**, Chair  
*National Direct Student Loan Coalition*

# Visiting Washington, DC

The Coalition continues to believe that it is extremely important to maintain a presence in Washington, DC and meet in-person with Department of Education and Congressional leaders. The Coalition Executive Board makes at least three trips to Washington, DC each year at strategically important times, usually coinciding with key budget battles on Capitol Hill or during important decision periods at Federal Student Aid. These visits to DC last three full days with the Executive Board spending a day doing administrative planning for the coming quarter, a full day of visits with Members of Congress and a day of meetings with the Department of Education and other allied organization and higher education groups based in DC.



## Working with Congress

This past year saw a new Congress sworn in and 112 new members in the House of Representatives, including 11 new members on the Education and Workforce Committee. With so many new members, the Coalition has been aggressively reaching out to their offices and educating them on our issues.

Here are some of the legislative highlights of the last year:

- The Coalition has met with over a 100 Members of Congress, including House and Senate leaders on the Education and Appropriations Committees.
- The Coalition provided comment at two separate hearings for Negotiated Rulemaking (see page 4).
- The Coalition spoke out against proposed cuts to Pell Grant funding during the debt ceiling negotiations.
- Coalition Past Chair, Nancy Hoover, participated in a conference call with Senator Sherrod Brown (D-OH) to discuss the introduction of his bill, Student Loan Simplification and Opportunity Act of 2011. A bill that would give FFEL borrowers the option to convert their FFEL loans to Direct Loans.

*Left, top: Margaret Rodriguez, University of Michigan, Chair of the Coalition, and Nancy Hoover, Denison University, Past Chair of the Coalition, visiting Capitol Hill during a recent visit to Washington.*

*Left, middle: Executive Board Members Peg Julius, Cheryl Resh, Nancy Hoover and Roberta Johnson head to Capitol Hill for Congressional visits.*

*Left, bottom: Coalition Board Members Craig Munier, Roberta Johnson and Nancy Hoover meet with Senator Al Franken.*

## Meeting with the Department of Education

During the trip to Washington, DC, the Coalition reserves three hours to meet with Federal Student Aid to discuss a range of topics related to direct loan processing and any new issues facing FSA. The Coalition also uses this face-to-face meeting as an opportunity to address any questions or concerns our members might have.

In addition to our meeting with Federal Student Aid, the Coalition frequently meets with the Office of the Secretary of Education and with the Under Secretary of Post Secondary Education. The Coalition feels it's important to maintain strong relationships throughout the Department of Education to ensure all levels of the Administration are hearing from financial aid officers. Building these relationships within the Department allows the Coalition to provide input on new proposals and regulations coming out of the Department.

## Working with Higher Education Groups in DC

During the visit to Washington, DC, the Coalition also takes time to meet with the Presidential Associations and other allied organizations based in DC. This is an opportunity for the Coalition to outline the issues the Coalition is working on and hear the perspective of groups in Washington. This free-flowing discussion of ideas and insight into the political atmosphere is crucial for the Coalition to stay on top of all the moving parts in Congress and the Federal Government.

## Collaborating with the new Direct Loan Servicers

With the last visit to DC in June, the Coalition began what we expect to be regular feedback sessions with the Direct Loan Servicers. We were successful in stressing the importance of differentiating their marketing emails and mailings from those critical to the Direct Loan Servicing aspect of their business. As a result of our first meeting, there have been marked changes in their communications with schools.

## NDSLCL Mentors Recognized by Under Secretary Kanter

The Coalition received numerous positive comments about the importance of our mentoring program in making the transition to direct lending as successful as it was. It was especially notable that in September, 2010 Under Secretary of Education, Martha Kanter, sent a personal letter of thanks and congratulations to all of the Coalition members who participated in the Mentorship Program including a copy to their institution's President. The Coalition would like to recognize and thank all of our colleagues who volunteered their time and skill to support schools transitioning to direct lending. Though less in demand currently, our mentors continue to assist schools with improving the direct loan process at their institutions.

## Working with Federal Student Aid

The Coalition maintains a close relationship with FSA throughout the year, with in-person meetings in Washington, DC and monthly conference calls with FSA leadership. We view our close working relationship with FSA as one of the most important services we can provide our members. Key topics covered during our meeting and conference calls include:

- Operational items including questions or issues raised by members on the list serv or through contacts with Board members
- Input on upcoming regulatory, operational or procedural changes or initiatives such as enhancements to StudentLoans.gov
- Sharing insights regarding the needs of the community in areas such as training or potential impact of scheduled systems enhancements or changes
- Impact of the expanded number of federal loan servicers and suggestions for effective communications with schools and borrowers
- Insights on the effect of FSA actions on operations and students

## Keeping our Members Informed

With all the changes in the Direct Loan Program over the past few years, the Coalition is committed to keeping our members updated on the latest news. Here's how we keep our members in the know:

- **E-Newsletters** – The Coalition sends around a monthly newsletter to update Members on the latest news.
- **Dirloan2 listserv** – The Coalition manages and monitors this listserv. Ask questions, share information and get answers from FSA for questions that may be in dispute.
- **www.directstudentloancoalition.org** – the website is updated frequently with operational guidance training opportunities and noteworthy news articles.
- **dlwg@umich.edu** – All paid members are added to this list where Coalition members can receive news and updates on the Coalition's latest work.

## Coalition Members Participate in Public Hearings on Negotiated Rulemaking

Executive Board Members Nancy Hoover and Chuck Knepfle participated in two separate negotiated rulemaking hearings sponsored by the Department of Education in Chicago and Charleston. Among other issues, the Coalition testified on the importance of a clear, concise, stand alone set of Direct Loan regulations, which are necessary for administrators to ensure compliance with the origination regulations for Direct Loans.



Chuck Knepfle, Clemson University, Chair Elect, testifies at the public hearing in Charleston, S.C.

Here is an excerpt of the testimony:

*I speak to you today on behalf of the National Direct Student Loan Coalition (NDSLCL), a grassroots organization comprised of schools dedicated to the continuous improvement and strengthening of the Direct Loan program. Its members are practicing financial aid professionals working at participating institutions.*

*The Direct Loan regulations continue to cross reference regulations with the Federal Family Education Loan (FFEL) Program which Congress ended with H.R. 4872. With so many new administrators in the Direct Loan program needing quick, easy-to-read regulatory language to ensure compliance with the origination regulations for Direct Loans, it is important to simplify the federal loan regulations by negotiating a clear, concise, stand alone set of Direct Loan regulations that eliminate any cross references to the FFEL program.*

There's a link to the complete transcript of the Coalition testimony on our website.

## Moving Forward

With each year comes a new challenge and it appears that 2011-2012 will have its share. Many institutions are currently struggling with implementation of the Gainful Employment regulations. Though that is not an area specifically relevant to activities of the Coalition it does affect the level of administrative burden at institutions making efficient and effective federal loan processes imperative. We anticipate that the Coalition's activities will be centered on the following areas in 2011-2012:

- **Advocating for Student Aid:** Concern over the country's deficit will continue to impact us in many ways including pressure on funding for education. The interest subsidy for graduate and professional students was the first victim and loss of the Secretary's authority to offer repayment incentives was another. The Coalition will be watchful and vocal about the needs of students as Congress and the President address this difficult issue.
- **Negotiated Rulemaking:** The Department has indicated that it will convene another round of negotiated rulemaking. We expect that one of the topics to be covered in this session will be the consolidation of the regulations regarding the federal Direct Loan Program. As subject matter experts and practicing aid professionals the Coalition hopes to be at the table for these negotiations
- **Federal Student Aid:** The Coalition will continue to work with Federal Student Aid to advocate for superior service and a high level of efficiency in the delivery of federal student loans services to current and former students. The impact of the federal budget process may create pressure for FSA and the Coalition can be an advocate for funding as well as workable efficiencies.
- **Federal Loan Servicers:** We are encouraged by our work to date with the federal loan servicers and look forward to further collaboration in the coming year. Working together to make the communications between servicers and schools and servicers and borrowers

effective and efficient will be a key goal for the Coalition in 2011-2012. Consistency in policy and practice among all servicers continues to be a primary concern.

There is always much work to be done to improve access to affordable student loans. We hope you will join us and support the NDSLCL's strong presence in Washington as we continue this important effort.

## New Executive Board

The Coalition congratulates one of our Executive Board Members, Cheryl Resh from the University of California – Berkeley, on her retirement in June. Though Cheryl is no longer a member of the Coalition's Executive Board her years of service have been recognized by granting her Emeritus membership in the NDSLCL. Cheryl was a tireless advocate for the Direct Loan Program and we will greatly miss her on the Executive Board.

The Coalition is pleased to announce that Doug Severs from Oregon State University has joined the Coalition's Executive Board. Doug has been a longtime supporter of the Coalition and Direct Loan Program and we are excited to have his energy and expertise.

### 2011-2012 EXECUTIVE BOARD:

**MARGARET RODRIGUEZ**, *Chair*  
University of Michigan

**CHUCK KNEPFLE**, *Chair Elect*  
Clemson University

**NANCY HOOVER**, *Past Chair*  
Denison University

**JEAN RASH**, *Treasurer*  
Rutgers 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

**KAY LEWIS**  
University of Washington

**CRAIG MUNIER**  
University of Nebraska - Lincoln

**EILEEN O'LEARY**  
Stonehill College

**DOUG SEVERS**  
Oregon State University

**KRISTINE WRIGHT**  
University of Minnesota – Twin Cities