

OGSLP Online News

March 18, 2003

OGSLP Online News is sponsored and operated by the Oklahoma Guaranteed Student Loan Program, a division of the Oklahoma State Regents for Higher Education. This electronic newsletter provides information to schools and lenders participating in the Federal Family Education Loan Program.

(405) 234-4440 or (800) 247-0420.

[Cash for College & College Goal Sunday ... Programs That Pay Dividends](#): OGSLP would like to say "thanks" to everyone who contributed their time, effort and financial support in helping make both "Cash for College and "College Goal Sunday" programs successful. We believe that thousands of Oklahomans took advantage of these events and heard the message that the pursuit of academic training after high school is important and affordable.

[Senate Bill 596 Provides Educational Opportunities for Students](#):

Recently the Oklahoma Senate passed SB 596 by a vote of 32-10. SB 596 authorizes undocumented, immigrant students, to be enrolled in state system colleges and universities, to be eligible for institutional non-resident tuition waivers, and to be eligible to receive state-funded student financial aid.

[MPN Revisited](#): Since our last newsletter, OGSLP's Client Relation's department has been busy contacting all of our two-year and private professional schools to determine if they plan to continue to use "Annual" Master Promissory Notes (MPN), or transition to the "Serial" Note.

[Common Manual Update](#): The Common Manual Governing Board recently approved changes that modified policies contained in the July 2002 version of the Common Manual. These changes are identified in OGSLP's Common Manual Update (CM-73).

[On the Front Line ... in Default Prevention](#): The OGSLP Default Prevention department's main focus is to help borrowers find a satisfactory delinquency resolution by offering problem solving, education and counseling. Our primary goal is to provide borrowers with superior customer service, while developing innovative solutions for borrowers to reach successful repayment resolution.

[Qs & As](#): Click here for answers to questions on military mobilization, TRIO Applications and educationally-related tax breaks.

Cash for College & College Goal Sunday ... Programs That Pay Dividends

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Cash for College

The second annual "Cash for College" live, call-in show was broadcast Thursday, Feb. 6. During the one-hour telecast viewers received information from a group made up of financial aid administrators, state and federal officials. Topics covered included the financial aid application process, setting up the Oklahoma 529 Savings Plan and how to qualify for and receive federal educational tax credits. In addition to individual speakers, Oklahomans had the opportunity to call in on a toll-free number and ask questions. Twenty-three financial aid administrators worked the "live" phone bank and responded to hundreds of calls.

Scott Medlin, Director of Northeastern State University's Student Financial Services, was an integral part of the Cash for College planning team. Scott had this to say about his Cash for College experience, "Being a participant in Cash for College provided me with a meaningful and rewarding opportunity to witness first hand how much the financial aid and student lending communities are committed to the success of our Oklahoma students."

Rick Edington, an OGSLP member of the planning team believes, "The Cash for College broadcast continues to be one of the most effective ways to reach the Oklahoma public. We know that at least 35,000 households in the Oklahoma City metropolitan area alone tuned in to hear our message. We want everyone to know that pursuing an education after high school is important and financially feasible."

"Cash for College" was produced by OETA in conjunction with the Oklahoma Association of Student Financial Aid Administrators (OASFAA), Oklahoma Guaranteed Student Loan Program (OGSLP) and the Oklahoma State Regents for Higher Education (OSRHE). Important additional support and funding were provided by Bank One, Oklahoma College Savings Plan, OSLA Student Loan Servicing, Sallie Mae Fund, Stillwater National Bank, Bank of Oklahoma, Local Oklahoma Bank, Nelnet Educational Services, Texas Guaranteed Student Loan Corporation, Educational Funding Services, Inc., Armstrong Bank, Arvest Bank, BancFirst, Bank of America, Citibank-The Student Loan Corporation, First National Bank of Oklahoma, Nellie Mae and Tinker Federal Credit Union.

College Goal Sunday


On Sunday, Feb. 9, students and their families visited one of 32 educational sites around the state as part of the inaugural "College Goal Sunday" for Oklahoma. Each site was staffed by admissions and financial aid personnel, as well as representatives from other student support services offices. Participants were able to visit one-on-one with professional staff. The primary focus of "College Goal Sunday " was to assist families with the completion of the FAFSA. However, attendees also learned more about college admission requirements, available academic/career counseling services and the plethora of academic programs that are offered in our state.

"In spite of bad weather and a very short planning phase, this was a tremendous success! Financial aid staff teamed with their public information officers and a host of others on their campuses to provide a very meaningful Sunday afternoon for many Oklahomans. Much thanks goes to those who said 'yes' to this event; 'yes' to serving as a site coordinator and 'yes' to making it happen, even as it was still taking shape! We were fortunate to be able to directly observe a number of the sites in action that day - what a great opportunity for us to see dedicated, compassionate professionals paving the way for more Oklahomans to attain a postsecondary education!" said Mary Mowdy, Executive Director for OGSLP.

Primary funding for "College Goal Sunday" was provided by a grant from the Lumina Foundation. Dolores Mize of the State Regents' office, in collaboration with Donna Spain-Bryant (OSRHE), Mary Mowdy (OGSLP), Rick Edington (OGSLP) and Scott Medlin (Northeastern State University) was successful in writing the proposal that has secured a three-year funding commitment from Lumina. In addition, much of the success of College Goal Sunday must be attributed to our school partners who gave their own time and opened their doors to the public on a Sunday afternoon, as well as our lender partners who provided refreshments, pens and notepads for each site.

In addition to the Lumina Foundation, sponsorship for College Goal Sunday was provided by Oklahoma GEAR UP, OGSLP, OASFAA, OSRHE and Sonic Inc.

Senate Bill 596 Provides Educational Opportunities for Students

Recently the Oklahoma Senate passed SB 596 by a vote of 32-10. SB 596 authorizes undocumented, immigrant students, to be enrolled in state system colleges and universities, to be eligible for institutional non-resident tuition waivers, and to be eligible to receive state-funded student financial aid. The bill was amended on the Senate floor and the full text, including the amendments can be viewed at:
http://www2.lsb.state.ok.us/2003-04SB/sb596_engr.rtf. 

MPN Revisited

Since our last newsletter, OGSLP's Client Relation's department has been busy contacting all of our two-year and private professional schools to determine if they plan to continue to use "Annual" Master Promissory Notes (MPN), or transition to the "Serial" Note.

The following ten schools have indicated their intent to continue with the annual note:

033674-00 Community Care College
003153-00 Connors State College
003155-00 Eastern Oklahoma State College
022962-00 Metro Tech
012272-00 Moore Norman Technology Center
010391-00 Oklahoma City Community College
003172-00 Oklahoma State University-Okmulgee
009185-00 Rose State College
003178-00 Seminole State College
009763-00 Tulsa Community College

According to Thressa Bowler-Shopeyin, Moore Norman Technology Center will continue to ask students to execute a MPN annually.

"We have elected to stay with the annual note because it provides a means for us to stay connected to our borrowers. Since our borrower population is not large at this point in time, we can conduct one-on-one or small group entrance counseling sessions. We believe by interacting this way with our students we are emphasizing the importance of repaying their loans in a timely manner. This approach is in keeping with our default management plan at Moore Norman," said Thressa.

Common Manual Update

Policy Modification

The Common Manual Governing Board recently approved changes that modified policies contained in the July 2002 version of the Common Manual. These changes are identified in OGSLP's Common Manual Update (CM-73).

On the Front Line ... in Default Prevention

What we do

The OGSLP Default Prevention department's main focus is to help borrowers find a satisfactory delinquency resolution by offering problem solving, education and counseling. Our primary goal is to provide borrowers with superior customer service, while developing innovative solutions for borrowers to reach successful repayment resolution. Just a few of the options that we explain to borrowers who are having difficulty managing their student loans are deferments, forbearances, income-sensitive repayment and consolidation.

Counseling is a huge part of OGSLP's default prevention efforts. By counseling and educating students and parents, our staff is ensuring that borrowers are aware of all their rights and responsibilities and the potential consequences of default. We also strive to build excellent relationships with our schools in an effort to provide the best available counseling and customized services. We understand that our ability to achieve success hinges on our relationships and collaborative efforts with student borrowers, schools, lenders, servicers and our own employees. In 2002, we partnered with schools, lenders, Mapping-Your-Future and Consumer Credit Counseling in an effort to educate students on student loans, consumer loans, debt management and credit management.

Wayne Sparks, OGSLP Default Prevention Manager states, "Communication is the key to our success. If we are able to make contact with borrowers, we can emphasize our desire to help resolve their delinquencies. By reaching out to borrowers we resolve delinquencies about 90% of the time, which translates to approximately \$585.5 million annually."

A typical day

A typical day in the Default Prevention department begins with lenders and servicers notifying us through a Default Aversion Assistance Request (DAAR) of borrowers who have become 60 days delinquent. Once the DAARs are received and loaded to our system (approximately \$653.5 million annually), our department begins attempting to contact or locate the delinquent borrowers. We want to speak with them as soon as possible and inform these borrowers of the options they have available to resolve their delinquencies.

We utilize correspondence and extensive call campaigns in reaching out to borrowers. Multiple call campaigns are focused on maximizing contacts by using good phone numbers. This work is done primarily by staff using Auto-Dialer technology. This group of eight employees works an evening schedule from 12:00 p.m. to 9:00 p.m., which results in better contact rates. These employees are cross-trained extensively in default prevention techniques and on the undesirable default consequences such as IRS and State income tax offsets, damaged credit ratings, loss of eligibility for additional Title IV student aid and wage garnishment.

The Default Prevention department has eight additional specialists comprised of our most seasoned counselors who are available from 8:00 a.m. to 5:00 p.m. to answer calls from borrowers, schools, lenders and servicers.

Wayne adds, "Borrowers who are calling our office seeking help should receive our immediate and undivided attention in finding a solution to their delinquency issues. Sometimes this requires a conference call among the borrower, the lender and our default prevention counselor to find that solution."

Our regular specialists have on-line access to our larger lenders and servicers. This allows them to verify borrower payments, receipt of paperwork and review lender/servicer notes to ensure that the account will be resolved to the satisfaction of all parties.

The specialists attempt to obtain good addresses and telephone numbers by contacting borrowers' references, employers, schools attended, directory assistance, several internet directories, as well as other loan holders. We also utilize the Oklahoma Employment Security Commission through quarterly data matches to find employers' phone numbers for delinquent borrowers.

When borrowers are contacted, the specialists will suggest options on how to resolve the delinquency issues. Borrowers who are enrolled in school at least half-time are assisted with obtaining the required enrollment verification for an in-school deferment. Our specialists ask specific questions to determine if the borrower may be eligible for other deferments or a forbearance to postpone payments. Our staff also discuss the availability of income-sensitive repayment plans and loan consolidation. Borrowers are encouraged to use our toll-free fax number for us to review their deferment or forbearance documentation. We offer to help determine if there may be a need for corrections prior to submitting the documentation to the loan holder.

Forecasting

To better identify borrowers who most need our help, the Default Prevention department is consistently reviewing our portfolio. Wayne adds, "It is important for us to know and understand our default profile. Researching our defaulted borrowers assists us in developing ongoing strategies to help keep other borrowers moving from delinquent to default status."

Qs & As

Q. What are the available resources for industry partners to use when assisting students and families who are facing military mobilization?

A. Mapping Your Future has developed a "[Troops and their Families](#)" guide to assist with student loan repayment questions.

Additionally, NASFAA has created a Reserve/Guard Call-Up Financial Aid Page at <http://www.nasfaa.org/linklists/reservistguidance.asp> to provide convenient access to guidance and resources related to the continuing call to active military duty of students who are members of the Reserves and National Guard. Students in the Reserve and Guard may access this resource from the Parents & Students area of the NASFAA web site at <http://www.nasfaa.org/ParentsStudents.asp?Tab=ParentsStudents>.

Q. Are the TRIO Applications available yet?

A. Yes, a Federal Register - Notice was published on March 6, 2003, inviting applications for new awards for fiscal year 2003. You may view the entire Notice at: <http://ifap.ed.gov/fregisters/fr030620031.html>

Q. Wasn't there a Congressional Budget Office (CBO) report released recently that speaks to potential budget savings opportunities?

A. Yes. The entire report can be viewed at www.cbo.gov/ftpdoc.cfm?index=4066&type=1. The section of the report that pertains to education opportunities is Chapter 2 - Function 500. The CBO offers for congressional consideration changes to the FFELP and Direct Loan Programs, as well as one change to federal methodology that could generate savings. As lawmakers continue to move along the Reauthorization Path, this is the type of information that they may consider when determining what financial resources to commit to the Title IV Programs.

Q. As a result of The Taxpayer Relief Act of 1997 (TRA), loan holders are required to furnish student loan borrowers with information for use in determining their Federal income tax interest deduction. Are loan holders also required to provide guidance to borrowers who have questions regarding eligibility for the deduction and calculation of the deduction amount?

A. No. Borrowers should refer to IRS forms and publications or their individual tax advisor for tax related questions.


Q. Where can I find the most recent information on the Hope Scholarship tax credit and the Lifetime Learning tax credit?

A. NASFAA has updated its web document describing these tax credits and it can be found at www.nasfaa.org/redesign/taxbenefitsguide.html. NASFAA encourages industry partners to reprint and distribute this information. This document may also be posted on institution's web sites.

Q. What are the available educationally-related tax breaks?

A. Tax breaks are identified in a February 4, 2003, MSN online article, "9 ways to get the IRS to pay your tuition" by Jeff Schnepfer. The article provides readers with expert advice on how to take advantage of the new tax law. "The new law makes borrowing, saving and spending to go to college a lot cheaper. These breaks can pay off not just this year, but well into retirement," said Schnepfer.

The "9 ways" are listed below and are explained in the article

 (<http://moneycentral.msn.com/content/Taxes/P40425.asp>). Families are encouraged to consult with their individual tax advisor on these options.

- Tuition expenses if not eligible for Hope or Lifetime Credit)
- Student loan interest deduction
- Section 529 plans
- Coverdell Education Accounts formerly Education IRAs)
- Employer-provided education expenses
- IRA withdrawals
- Hope Credits
- Lifetime Learning Credits
- Retirement education