

Information Item

California Student Aid Commission

Executive Director's Report

Enclosed for review is a written report from the Executive Director of the California Student Aid Commission, which includes:

- a. CASFAA discussion on changes in the FAFSA and asset information (Information)
- b. EdFund Report (Information)

Recommended Action: For information only. No action required.

Responsible Person(s): Diana Fuentes-Michel
Executive Director



Executive Director's Report February 2010

Dear Commissioners,

2010 marks the beginning of a new decade. California K-12 schools, colleges and universities continue to face severe budget reductions as the economic recession lingers resulting in fewer courses and reduced student support for California's college students. Across the State, high school and outreach counselors and financial aid professionals are working to help students continue their goal of pursuing education beyond high school. While the state budget deficit is a real and significant problem that our state leaders must confront, we also must lose focus on solutions that will improve our state's economy and continue to improve social progress. At the national level, President Obama's goal of ensuring that all students receive at least one year of postsecondary education and training, is a goal that the Commission supports and is communicating in all of our communication and outreach efforts.

The investment in students is an investment in our State's future. Without a trained workforce, our State will continue to see a decline in opportunity and productivity. Many students are discouraged about the job market and their ability to fund their education due to the lack of parental resources and the high cost of postsecondary education. The Commission and its staff continue to conduct financial aid awareness activities to communicate this message of opportunity.

During the months of January and February, the Commission is communicating to all students seeking college or career technical education to file the Free Application for Federal Student Aid (FAFSA) and complete the grade point average (GPA) verification form to qualify for a Cal Grant. The FAFSA is the uniform application to receive all types of financial aid (federal, state, institutional or private). This year, the federal government has significantly changed the FAFSA by populating the form through a process known as "skip tracing". While the form eases the ability of students and their families to complete the FAFSA, the new process has raised some concerns about how financial aid questions previously asked on the form can be obtained for colleges and universities that need additional information on student and parental assets. The California Association of Student Financial Aid Administrators represented by Yvonne Gutierrez-Sandoval and Maureen Mason-Muyco will present this issue with Commission staff at the Commission's February meeting. I look forward to the discussion.

STATUS OF THE COMMISSION'S PROGRAMS

Cal Grant and Specialized Programs Operations Update

The Program Administration and Services Division staff has facilitated the Grade Point Average (GPA) upload training using the WebEx application. Several high schools and colleges have participated and training is scheduled to continue throughout the month of February.

Initial processing of the 2010-11 Cal Grant Grade Point Average (GPA) Verification and FAFSA forms and has begun and Grant Entitlement awards are tentatively scheduled for the first week in February. Award offers will be continuously processed weekly after that time. This year the Commission is sending electronic California Aid Reports (CARs) to students with email addresses and paper CARs to students without an email address.

As you may remember, one of the actions taken by the Commission to meet budget reductions was the **reduced call center hours of operation from 8 am to 5 pm down to 1 pm to 5 pm. However, during the peak period of the March 2 Cal Grant application deadline, the Commission's Customer Relations Branch has again extended its hours of operation to 8 am to 5 pm.**

The California Department of Social Services (CDSS) has reduced the state funding Chafee Foster Youth Program (Chafee) by 12% for the 2009-10 fiscal year. No new Chafee awards are being processed at this time until the Commission recovers the 12% of the awards from students who are not eligible for the funds. Commission staff is working with CDSS to amend the 2009-2010 contract to include the 12% reduction.

California Cash for College Program Update

More than 500 Cash for College workshops are being offered in 47 out of 58 counties across California. Colleges, universities, and high schools have sustained deep cuts to their budgets, and yet the number of workshops held across the state has remained similar to last year.

In addition to Los Angeles County and an eleven county area in the North State, the Cash for College Performance Based Scholarship Study has expanded to include workshops in Kern, Sacramento and Yolo Counties. Scholarships of up to \$4,000 are offered in these regions. In other areas of the state, Cash for College incentive scholarships of \$1,000 are offered.

In an effort to streamline the handling of paper exit surveys, as of this writing, 5,000 exit surveys have been returned using the Cash for College web-based exit survey tool. We expect use to double by the end of the workshop season.

As of February 1st

- 43 are being offered up through the March 2 Cal Grant deadline.
- More than 300 organizations have registered at the Cash for College site to offer workshops.
- More than 500 organizers and site contacts are registered at the site.
- 255,339 pieces of outreach materials have been ordered at the Cash for College site. See highlights below.

Highlights to date:

- 45,829 FAFSA on the Web Worksheets
- 31,529 Cash for College Flyers
- 33,197 Fund Your Future ENGLISH
- 15,838 Fund Your Future SPANISH
- 4,600 Volunteer/workshop staff t-shirts
- 42,612 TOP TEN TIPS TO APPLY FOR CAL GRANTS - STUDENTS
- 25,945 TOP TEN TIPS TO APPLY FOR CAL GRANTS - PARENTS
- 12,103 Chafee Foster Youth Fact Sheets
- 19,038 RS Earned Income Tax Credit Brochures

In addition to the 255,000 pieces of materials, more than 50,000 other materials have been distributed by the Commission through Cash for College Partnerships:

- 25,000 Career Technical Education flyers promoting CCCs
- 20,000+ in I Can Afford College Campaign materials
- 20,000 + of federal ARRA Education Tax Credit Flyers

KCRA 3 Cal Grant/Cash for College Call-In Day

On January 13, 2010, Commission Executive Director Diana Fuentes-Michel, Commission staff and external financial aid outreach partners participated in the fourth annual KCRA 3, Cal Grant/Cash for College Call-In Day.

Prior to the event, KCRA produced and transmitted segments, which publicized call in details and highlighted the application period:

- California Student Aid Commissioners Lynne de Bie and Fred Wood were profiled in an advance feature, which focused on the value of Cal Grants to the students they serve on their campuses.
- Executive Director Diana Fuentes-Michel and Assemblymember Alyson Huber were interviewed for a pre-event news period segment. Discussion topics included the importance of Cal Grants to California's economic future and current legislative support of the program.
- Anchor Deirdre Fitzpatrick produced a segment, which identified types of loans available and eligibility requirements.
- Anchor Adrienne Banker conducted a "tutorial" and guided viewers through the Calgrants.org/Cash for College website menu, including a virtual, step-by-step, website demonstration on how to locate a workshop.

During call in hours, from 4:30 a.m. – 7:00 p.m., numerous live interviews with anchors and reporters were conducted at the phone bank site. Executive Director Michel provided multiple interviews throughout the course of the day. Visiting honored guests Commissioner Fred Wood, Senator Dave Cox and Assemblymembers Roger Niello, Allyson Huber and Mariko Yamada were also interviewed and spoke to the value of the program. In addition, reporters also conversed with volunteers fielding phone calls and discussed the types of questions asked by viewers.

Representatives manned ten phone and e-mail stations and responded to over 1,500 requests for information.

More public event opportunities are expected between now and the March 2 deadline. A special thank you to Commissioner Lorena Hernandez for her assistance in arranging for recent interviews on COMCAST Newsmakers and KPFA – Pacifica in the San Francisco Bay Area. In addition, the “I Can Afford College” campaign is now running a trailer video campaign highlighting our Cash for College workshops.

Federal Policy & Programs Update

- Student Aid and Fiscal Responsibility Act (HR3221 –SAFRA). Legislation is still being held in the US Senate Health, Education, Labor & Pensions Committee, Senator Tom Harkin Chair (D-Iowa). No progress is expected on SAFRA until some dispensation on the Health Care Bill. There is also no indication from either the Administration or Department of Education as to whether or not SAFRA will be decoupled from Health Care and passed through the budget reconciliation process.
- The President's Budget for 2010-2011 includes money for the Education Department and would increase the maximum Pell Grant to \$5,710 from the current \$5,350 and make the grants an entitlement (available to all students who qualify for them).
 - It would give families a \$10,000 tax credit for four years of college.
 - Upon graduation, students will be required to pay only ten percent of their income on student loans, and all of their debt will be forgiven after twenty years - and forgiven after ten years if they choose a career in public service.
- Sale of EdFund. The California Department of Finance (DOF) has scored the sale of EdFund at \$450 million in the 2010-11 State budget proposal submitted by the Governor. Finance has indicated that this sale should be concluded by July of 2010. Commission staff will be presenting an agenda item on the services that are provided to the Commission through our Operating Agreement with EdFund. These services are essential to the successful administration of the Cal Grant Program.
- 2009-10 Business Plan and Budget. At its November meeting, the Commission voted to adopt a 2009-10 budget for the Loan Program. The adopted budget was less than the amount requested by EdFund. Subsequent to the Commission action, the Department of Finance (DOF) advised the Commission Chair that the Commission's November action was not acceptable and the Director of DOF was rescinding the Commission's action and approving the budget approved by the EdFund Board. DOF has been invited by CSAC staff to participate in the Commission's February Meeting.

A REVIEW OF THE COMMISSION'S PROGRAMS – THEN AND NOW

In the ten years since the establishment of the Cal Grant Entitlement Program, the Commission's slate of financial aid programs has grown considerably. Below is data reflecting the changes in funding and increases in the number of students served by these programs over the years.

Cal Grant Program

	1999-2000	2009-2010
Budget	\$374,000	\$1 Billion
Number of Cal Grant Award Recipients	873,000	1.7 Million
Number of Renewal Award Recipients	55,000	303,000
Number of New Award Recipients	55,000	82,000

Specialized Programs

In 1999-2000, the Commission administered the following eight specialized programs in addition to the Cal Grant Program:

- Assumption Program of Loans for Education (APLE)
- APLE for Graduate Students
- APLE for District Interns
- Robert C. Byrd Honor Scholarships
- Gaining Early Assessment and Readiness for Undergraduate Programs (GEAR UP)
- Child Development Grant
- Law Enforcement Personnel Dependents Grant (LEPD)
- Paul Douglas Scholarship

Today, the Commission no longer administers the Paul Douglas Scholarship program, but the Specialized Programs area has expanded to encompass six additional programs. Listed below are the Commission's current programs, including the budget and number of award recipients.

Specialized Program	Amount	Number of Participants
Assumption Program of Loans for Education (APLE) includes District Interns	\$36,431,000	11,646
APLE for Graduate Students	* <i>SUNSET in 2000</i>	235,000
APLE for National Guard	* <i>SUNSET in 2007</i>	279,000
State Nursing Assumption Program of Loans for Education for Nursing Faculty (SNAPLE NF)	\$268,000	14
State Nursing Assumption Program of Loans for Education for Nurses in State Facilities (SNAPLE NSF)	\$50,000	4
California Chafee Grant Foster Youth (2009-10)	\$12,855,000	3,060
Robert C. Byrd Honor Scholarships	\$5,671,000	3,446
Child Development Grant (2009-10)	\$304,000	293
Law Enforcement Personnel Dependents Grant (LEPD) (2009-10)	\$99,000	9
National Guard Education Assistance Award Program (CNG EAAP) (2009-10)	\$1,509,000	395
**Processing begins in mid-February. The program is effective January 1, 2010 Spring/Winter terms.		

*For those programs that have sunset, the Commission is grand fathering participants out of the program.

The Commission’s administrative budget remains at less than 1% of all funds administered. During this time of expansion, the Commission has transitioned its data system to a web-based Internet system. The Commission has automated many of its functions to ensure delivery. The Commission and its staff have re-engineered many of its activities to ensure that the Cal Grant and Specialized programs continue to be delivered. The impact of the budget reductions has been felt as staff furloughs and reductions have challenged our ability to award grants on time.

California Student Opportunity and Access Program (Cal-SOAP)

Cal-SOAP was established in 1978 with 5 programs and a \$1 million budget. In 2009-10 (31 years later), there are 15 projects servicing 17 areas within California and a budget of \$6.9 million. The following table details Cal-SOAP’s funding history for the past 10 years.

FUND (in millions)	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10
General Fund	\$3.6	\$8.6	\$8.6						\$6.3		
Student Loan Operating Fund				\$8.6	\$8.6	\$8.6	\$8.6	\$8.6			
Federal Challenge Grant Funds										\$7.3	\$6.9
TOTAL	\$3.6	\$8.6	\$8.6	\$8.6	\$8.6	\$8.6	\$8.6	\$8.6	\$6.3	\$7.3	\$6.9

Cal-SOAP is a collaborative effort of secondary school districts, four-year colleges and universities, community colleges, non-profit educational, counseling and community agencies, and private, vocational and technical schools to increase access to education beyond high school by raising achievement levels of students from low income and disadvantaged families and providing information on college access and financial aid opportunities.

Cal-SOAP services include: academic tutoring and guidance, college awareness workshops and advising, career exploration, financial aid workshops, Cash for College workshops, and parent workshops. In 2008-09 and 2009-10, funding was designated for activities related to Career Technical Exploration (CTE). The CTE activities include collaborating with the California Community Colleges Chancellor’s Office to fund a media campaign to promote student financial aid for college and CTE and help with completing the Free Application for Federal Student Aid (FAFSA) at Cash for College workshops.

Cal-SOAP projects are required by state law to match the state funds they receive at least one to one with cash or in-kind contributions, such as office space. By leveraging state funds, Cal-SOAP projects are able to double the state’s annual investment. In 2007-08, these matching resources were more than \$13 million.

Cal-SOAP funding in 2008-09 and 2009-10 has been from the Federal Challenge Access Grant Program (Challenge Grant). The Challenge Grant received only two years of funding. Commission and Cal-SOAP representatives have been in conversation with federal staff regarding the continued funding of the Challenge Grant.

California Cash for College Program

Cash for College began as a grass roots effort in California in 2002 and was funded by the Commission as part of its comprehensive outreach plan in 2004 from the Student Loan Operating Fund.

In 2002, 80 Cash for College workshops were conducted, and about 2,000 student exit surveys were completed and returned.

In 2009, more than 500 workshops were conducted and approximately 26,000 exit surveys were completed and returned.

Federal Family Education Loan Program

- During 1997-98 CSAC/EdFund guaranteed loans for persons attending California institutions and California residents attending out-of-state institutions.
- The information for 1997-98 indicates the total dollar value of the loans guaranteed. It does not indicate the number of borrowers by state of residence.
- The 2008-09 volume is for the dollar value of loan guarantees. The in-state versus out-of-state amounts are based upon the location of the institution as reflected by the US Department of Education. Note that, for example, the University of Phoenix volume is all credited as out-of-state even if the campus and the borrower are both in California.
- The dollar amounts do not reveal how many borrowers are served. For example, a single borrower might have a subsidized and an unsubsidized Stafford loan. Another borrower might have just one or the other.
- We do not know the state of residence of the individual borrowers.

	Total Guarantee Volume	California Guarantee Volume	Non-California Volume
1997-98	\$ 1.860 Billion	\$1.860 Billion	
2008-09	\$10.365 Billion	\$3.371 Billion	\$6.994 Billion

STATUS OF ACTIVITIES RESULTING FROM ACTIONS TAKEN BY THE COMMISSION

Below is a summary of the actions taken by the Commission at its November 19, 2009 meeting.

	ACTIONS TAKEN BY THE COMMISSION	STATUS UPDATE
1	<p>Assembly Bill 187</p> <p>At the November 19, 2009 meeting, the Commission adopted the following determination:</p> <p>“With the restoration of the \$4.3 million to the Commission’s 2009-10 state operations budget and no additional budget reductions beyond those required by the 2009-10 Budget Act during the development and implementation of a pilot Cal Grant alternative delivery system, sufficient funding exists for the Commission to conduct its regular operations for administering the Cal Grant Program. Should the Commission be subject to additional reductions, beyond those identified, the Commission will be unable to continue the pilot program.”</p>	<p>The AB 187 Advisory Committee, consisting of segmental representatives and members of the California Roundtable on Education, met on December 3, 2009.</p> <p>Additionally, the AB 187 Technical Subcommittee met on January 14, 2010.</p> <p>A report of the committees’ discussions will be presented at the February 25, 2010 Commission meeting.</p>
2	<p>California Student Opportunity and Access Program (Cal-SOAP)</p> <p>At the November meeting, the Commission approved</p>	<p>The 2009-10 Cal-SOAP contracts were amended, as directed, and are in the approval process.</p>

	ACTIONS TAKEN BY THE COMMISSION	STATUS UPDATE
	the revisions to the 2009-10 Cal-SOAP contracts.	
3	<p>Emergency Regulations to Implement the California National Guard Education Assistance Program (CNG EAAP)</p> <p>The Commission adopted proposed regulations and accompanying documents, requested that the effective date of the regulations be the date of filing, and authorized staff to take the necessary steps to complete the regulatory process.</p>	The Office of Administrative Law approved the proposed emergency regulations, effective December 16, 2009. Emergency regulations expire on June 15, 2010. Proposed amendments to emergency regulations will be presented to the Commission on April 15, 2010.
4	<p>Proposed Amendments to the Assumption Program of Loans for Education (APLE) Regulations</p> <p>The Commission adopted the proposed regulations and accompanying documents, requested that the effective date of the regulations be the date of filing, and authorized staff to take the necessary steps to complete the regulatory process.</p>	The Office of Administrative Law approved the proposed amendments, effective January 21, 2010.
5	<p>Operating Fund and Federal Fund Financial Statements for the Federal Student Loan Program</p> <p>The Commission accepted the Operating Fund and Federal Fund audited financial statements for the year ended June 30, 2009.</p>	N/A
6	<p>Consideration of Approval of Incompatible Activities Request</p> <p>The Commission approved the Executive Director's request for authority to teach classes for the University of San Francisco.</p>	N/A
7	<p>Commission Meeting Minutes</p> <p>The Commission approved the August 18, 2009 and September 3, 2009 meeting minutes as presented.</p>	The Commission meeting minutes have been signed by the Commission Secretary.
8	<p>Commission Meeting Calendar</p> <p>The Commission approved the 2010 Commission Meeting Calendar as presented.</p>	N/A

Lastly, I am including with this report a copy of President Kipp's EdFund Report (Tab 8.b) as well as a draft question and answer document (Tab 8.a) that will be distributed to financial aid administrators shortly.

Sincerely,

Diana Fuentes-Michel
Executive Director
California Student Aid Commission
(1975-1979 Cal Grant Recipient)

Tab 8.a.

Will Be Distributed as a Handout

At the February 25, 2010 Commission Meeting



President's Quarterly Report to the Board of Directors For October 1 – December 31, 2009

Submitted February 2010

Loan volume for the quarter ended December 31, 2009 was up two and a half percent over the previous year, even as the administration continues to push to move all schools into the Direct Loan Program prior to final legislation being passed. Loan volume decreased year-over-year for PLUS and Grad PLUS loans; however, subsidized Stafford loans were up over five percent, and unsubsidized Stafford loans up nearly three percent.

Federal legislation to reform the student loan programs remains stalled as the health care debate dominated the attention of Congress. On the state front, progress on the governor's planned sale of EdFund continues with the assistance of the state's sale-side advisor.

Legislative Issues

Federal:

As 2009 came to a close, progress on legislation to reform the student loan programs remained in what seemed like an endless holding pattern. While the House of Representatives completed its version, the Student Aid and Fiscal Responsibility Act (SAFRA), in September, Senate lawmakers remained focused on healthcare reform, leaving little practical or political opportunity for consideration of other issues.

Once the Senate was able to cobble together a fragile deal on healthcare before leaving Washington for the holiday recess, rumors of at least an introduction of the Senate version of the SAFRA student loan legislation hit a fever pitch. Washington observers projected that the Senate's movement on healthcare would open the door for the Health, Education, Labor and Pensions (HELP) Committee to at least formally introduce a student loan bill in an effort to move to a committee mark up soon after Congress returned to Washington in January.

Linked together through the reconciliation process, Senate leadership refrained from moving on a student loan bill until a clear path for healthcare reform was in place. Senators kept in reserve the option to utilize the reconciliation process for both student loans and healthcare as chamber rules allow for consideration of only one budget reconciliation measure in any given legislative session.

The vacuum created by the absence of a Senate bill provided opportunities for industry players and critics of the President's plan to promote alternative options. Sen. Robert Casey (D-PA) submitted a student loan proposal to the Congressional Budget Office (CBO) in November and the score was made public in December. The proposal was touted as a viable alternative to the Democrat's plan that could maintain a larger role for private student lenders and still save 95 percent of the nearly \$80 billion that President Obama's student loan overhaul is projected to achieve.

Primarily focused on preserving lender participation, the proposal calls for maintaining a role for guarantors to provide delinquency prevention and default aversion services to borrowers and appropriates the necessary funds to do so through FY 2015 at a cost of \$1.82 billion

While never formally introduced in legislation, the Casey proposal received a cold reception and swift response from congressional education leaders. House Education and Labor Committee Chairman George Miller (D-CA) and Senate HELP Committee Chairman (D-IA) Tom Harkin issued a press release criticizing the Casey proposal. Both chairmen also attempted to cast the debate over federal student loans as pitting the interests of students against those of “wealthy bankers” and described the proposal as one put forward by Sallie Mae. Additionally, Miller was quite dismissive in his criticism while Harkin characterized a fellow Democratic HELP Committee member submitting a proposal different from his own for a preliminary score as an attempt at a “backroom deal.”

Timing can be critical in the legislative process, and lack of action on a student loan bill allowed potential challenges to the package. Budget scores have inherent expiration dates, subject to changing economic influences and other factors. Administration officials confirmed in December that the Pell Grant Program will cost \$18 billion more than expected over the next three years. A number of factors have led to the shortfall, including more than the expected number of Pell applicants and a funding “cliff” caused by the expiration of additional mandatory funding via the economic stimulus bill and the College Cost Reduction and Access Act of 2007 (CCRAA).

The Pell Grant funding mechanism is extremely complicated. The program acts as an entitlement, but actually derives its funding from both the mandatory and discretionary side of the budget ledger. Congressional Democrats provided temporary increases in funding via CCRAA and the stimulus package to support claims of budget neutrality and fund other programs. They hope to continue to do so with funds derived from the elimination of FFELP in the SAFRA legislation.

Additionally, one of the main selling points for indexing the maximum Pell Grant to inflation (included in SAFRA) is that it would provide “reliability” for students and families. However, the program has proven much more popular than anticipated, so it will continue to rely heavily on annual appropriations from Congress. So, while the matter at hand is a supposed Pell shortfall, the reality is Congress will be forced to fund the program to the tune of \$30+ billion on an annual basis. Department officials and Congressional Democrats claim low-income families should not be concerned by this fact.

Business Planning Initiatives

Budget & Business Plan

Typically, by the end of the first quarter EdFund’s executive management would already be reviewing and updating the company goals, initiatives and strategies for use in developing the 2010-11 budget and business plan. However, due to the President’s proposed federal student loan reform stalling in Congress, this year is uniquely different. In fact, key fundamental components driving the future of the FFEL Program remain to be determined. EdFund will not be able to finalize the 2009-10 budget and business plan, nor turn attention towards quantifying the driving assumptions for 2010-11 until the Senate acts.

On the state front, progress on the governor’s planned sale of EdFund continues with the assistance of the state’s sale-side advisor. Responses from interested parties to the state’s Request for Qualifications (RFQ) were received and the Department of Finance (DOF) completed the first phase of the RFQ evaluation process that resulted in publication of a list of six qualified purchasers on September 24, 2009. Qualified purchasers were then required to submit non-binding preliminary proposals to the DOF and sale-side advisors on or before December 1, 2009. Unless extended, state legislation requires a sale to be consummated by no later than January 10, 2011. EdFund continues to support the sale process and address the due diligence requests of the narrowed field of prospective suitors. As a result, EdFund has addressed and compiled thousands of requests and documents that have been posted to a secure web hosted virtual data room. Additionally,

management has participated in hundreds of conference calls with the sale-side advisors and is currently in the midst of in-person management meetings with the prospective purchasers. After these meetings and the compilation of any follow up requests prospective purchasers are expected to submit final bids.

With these unresolved factors on the federal and state level, developing a final 2009-10 budget and business plan has been delayed. However, EdFund management prepared the structural framework of the 2009-10 budget and business plan based on H.R. 3221 assumptions and the EdFund Board passed this H.R. 3221 budget version, with concurrence from DOF, as a placeholder back on August 14, 2009. When federal legislation governing the fate and structure of the future federal student loan program becomes more definitive, a comprehensive 2009-10 budget and business plan will be prepared and submitted to the Board for review and approval. At that point, planning for the 2010-11 budget and business plan will also commence.

Student Success Initiatives and Client Training Support

Student Success Initiatives

By broadening the name of our Default Prevention Initiatives unit that has historically provided default prevention training and product support to our schools and students – we are now able to convey our broader mission to offer borrower education assistance throughout the life cycle of the loan. SSI has developed tools to assist with student retention efforts on campus and we continue to provide borrower counseling assistance and training on the new three-year cohort default rate. We are finding that many of our high risk schools are very concerned about the projected three year CDRs and are actively seeking guidance to implement changes that will improve borrowers' repayment success going forward.

Client Training – Financial Aid

EdFund's Financial Aid training team moved to providing webinar training as a method to increase participation and decrease costs. Our quarter one results have been impressive as we have already reached nearly 2,000 participants compared to all of last year where we reached 4,560 participants. Our most attended sessions have been on the new year-round Pell changes and the FAFSA Overview. Our webinar technology continues to provide us with a training delivery method that is both flexible and cost efficient.

Publications for Students and Schools

The ***Fund Your Future*** series completed its annual update and redesign during the first quarter. The series provides a comprehensive overview of grants, loans and other college financial aid programs. Over 1.5 million free copies of the nine workbooks – national as well as state-specific versions for Arizona, California, Hawaii, Nevada, Oregon and Washington, with the national and California books translated into Spanish – plus condensed brochures (two for California, in English and Spanish, and one for the national audience) reached students and families across the U.S. (A limited number of bookmarks were also produced.) For the second year, a PowerPoint presentation to accompany the workbook was created for use by high school counselors.

Because of enhancements to federal tax treatment for student loans, EdFund's annual update of the ***Guide to Federal Tax Benefits for Higher Education*** was anxiously awaited. This 12-page booklet is filled with information on tax credits, deductions and savings programs for the 2009 tax year. To meet early and high demand, EdFund produced and distributed the one-page, easy-reference flyer called "Federal Tax Benefits at a Glance" to further assist students and families seeking to offset college costs during a time of economic slow-down. The flyer summarizes the programs covered in the guide, but in a simplified chart format which can be included as an envelope stuffer with the 1098-T statements that schools must send to students by February 2, 2009. Both the guide and flyer are used by thousands of parents and students across the country each year.

EdFund continues to provide *Insight* and *Outlook* loan counseling workbooks for our schools, helping them meet the federal regulatory requirements to deliver specific counseling content to all student loan borrowers. These workbooks have been updated to include all the latest regulatory changes as well as added money management content. We continue to find cost saving measures for ongoing reprints and we also offer a complimentary power point presentation for schools to use during their in-person counseling sessions.

EdFund also created and produced the materials for the **California Community Colleges Student Financial Aid Administrators Association annual conference** including the program, pocket program, and event signage.

The following publications were also enhanced or created during the first quarter:

- **NewSource Fall issue:** Quarterly newsletter providing operational support to schools.
- **Delinquent Student Borrower Counseling Guide**
- **EdTest Postcard:** encouraging students to visit EdTest to meet their loan counseling requirements
- **Financial Literacy Workbooks**
 - Financial Planning Made Easy
 - Borrower Success
 - Financial Literacy on Campus
- **Flyers**
 - Student Loan Quiz (English and Spanish)
 - Managing Your Student Loan
 - Federal Tax Benefits at a Glance: Summarizes programs covered in our tax benefits guide, but in simplified chart format. Can be included with 1098-T statements schools must send to students by February 1, 2010.
- **Forms**
 - Entrance and Exit Counseling
 - Forbearance Request
 - Change of Status
- **Rack cards:**
 - Can't Make Your Payments: deferments and forbearances
 - Careful That's Real Money: major student loan responsibilities
 - Checklist for Transfer Students
 - Credit Card Management (Spanish)
 - EdWise: online financial planner
 - Loan Consolidation
 - Make the Most of Your Free Credit Report
 - NSLDS
 - Repayment (Spanish):

Customer Feedback

Below is a sampling of feedback EdFund receives on its products, services and people.

New Initiatives

The TRIO campaign has been very successful in the Midwest. CRMs Mary Anne Ojeda and Angela Vining met with the Teen Programs Manager to learn more about the Step Up program and its request for assistance. The Step UP program partners with select schools that serve low-income communities and offers direct service not otherwise available for middle- and high-school girls. Its

approach is a comprehensive and innovative after-school and weekend program that promotes college-readiness and career ambition/goals. The program is offered at North Grand High School and Carl Schurz High School in Chicago. We have been asked to assist with the PowerPrep component, College and Career Preparation Program, with FAFSA completion and scholarship search.

“Marie LeConte and her colleagues at EdFund are wonderful. Thank you so very much Marie for taking the time to create a special presentation for our group and for fielding the many questions the girls had about the complicated financial aid processes. It was extremely helpful and beneficial. I just wanted to sincerely thank you again for your time and talents this weekend. It was all incredibly beneficial and I just can't thank you enough.”

During Q1 we also participated in several TRIO Conferences as a result of referrals from our webinar presentations on our financial literacy offerings. EdFund Student Success Initiative staff attended conferences in Seattle, San Francisco and San Diego. We averaged 45 attendees at each of these financial literacy sessions and received very positive feedback on all our educational materials.

Borrowers

This letter is to compliment the service I recently received from an Ed Fund customer service representative named Tanisha, agent ID T86. I received a letter on Friday, November 20th to find out how to deal with a problem I have with my current student loan situation. Tanisha promptly came on the line with the utmost professionalism. She handled my confusion, frustration and emotional distress with professional care and concern. I did not have to explain my situation more than one time because she is an excellent listener and she had no problem repeating and verifying the information I provided. Tanisha did not have to put me on hold and was able to control and handle my numerous interruptions with questions in an orderly manner. This is the most stressful situation I have endured and her guidance, knowledge and confidence has reassured me of the steps required to successfully help my forbearance request, I never expected such high level of service from your company and representative Tanisha, and I am quite impressed. Because I have spent so much time researching and talking to bank representatives, loan experts, mortgage specialists, etc., I can say I have spent more time on this problem than if I had been connected to Tanisha weeks prior. I will gladly be informing my friends and family about this experience.

A supervisor took a call from a borrower who wanted us to know what a great job Maisha Rogers had done while assisting him. The borrower stated Maisha explained everything with great detail, and she helped to ease his concerns tremendously. He said she was pleasant and very helpful; Maisha demonstrated great customer service skills.

A borrower talked to Michael's supervisor to let us know that he should receive recognition as he was so detailed with his assistance of the borrower. The borrower appreciated Michael's excellent customer service and positive attitude.

Schools

New England Conservatory

Lauren Urbanek, the Director of Financial Aid for New England Conservatory, sent Client Relations Manager, Jennifer Miller Dudley the following email in response to Jennifer's financial literacy presentation to students. *"Thanks again for helping us out yesterday! I truly appreciate your role in what I thought was a very successful event."*

CC of VT

Philip Buley, FA Counselor at the CC of VT and Pam Chisholm, FA Director of the CC System in VT reviewed some of EdFund publications. Philip stated, *"EdFund has the best publications in the industry"*. Pam Chisholm commented on EdFund's commitment to default prevention, saying that it far exceeded USAF's efforts. Pam said, *"You guys are the financial literacy folks"*.

University of New England

Senior Client Training Consultant Jennifer Houseknecht performed a professional development workshop on Communicating in Difficult Times and on Managing Stress for the financial aid and business office staff at the University of New England.

Kathy Blair-Enman, Associate Director of Financial Aid, sent CRM Jered Stewart a handwritten thank you note after the workshop which said, *"thank you for the opportunity for us to revisit the ways in which we communicate with our customers during these difficult financial times. It is always good for us to hear how our actions impact conversations we have with students/families"*.

Dartmouth College

Greg Davis - Associate Director of FA at Dartmouth College, sent an email to Client Relations Manager, Annie Zukowski with a PLUS Loan question. Annie called Greg back immediately with her response. Greg told Annie, *"The office knew you would respond to us right away!"*

Massachusetts Community College Student Leaders Conference

Jered Stewart, Client Relations Manager presented in October to over 80 student and campus attendees a financial literacy session: Money Management: Save Your Future, focusing on budgeting, savings and credit.

Melissa Welch, Student Activities Coordinator at Middlesex Community College and Co-Chair of the Conference Committee sent Jered a follow up email stating: *"Thank you again for agreeing to present at this year's conference. We greatly appreciate the time you took out of your day to teach students about their own personal finance."*

New Hampshire Technical Institute

While attending the NHASFAA Conference on October 23rd, Sheri Gonthier – Director of Financial Aid at New Hampshire Technical Institute commented on the 2010-2011 *Fund Your Future* and said, *"EdFund has by far the best publications I have seen. The information is so thorough and easy to read. Thank you!"*

Smith College School of Social Work

Gina Zaikowski, DFA at Smith College School of Social Work requested some DL transition information. Client Relations Manager, Annie Zukowski assisted the campus. The DFA sent a follow-up email: *"Thank you so, so much for this.... This is really scary to me and I am a nervous wreck about it. I am still really, really hoping that this either doesn't go through or we get a year's reprieve..I am a true FFELP advocate. Always thank you for everything you do and any information you get that might be helpful to me is greatly appreciated."* As of January 2010, Smith College School of Social Work remains in FFELP and is a committed client.

Everest Institute

Leah Gymziak, Default Prevention Specialist at Everest Institute sent Client Relations Manager, Jered Stewart the following email as a follow up to his November 11, 2009 Financial Literacy Session: *“Thank you for coming here to help present! We really appreciate all you support. It was great to get some tips from you on how to relay the information to the students. We look forward to working with you in the future.”*

Southern New England School of Law

Sandra Silva Leger shared that she really enjoys working with EdFund and she again called EdFund her *“favorite guarantor”*.

Southern New Hampshire University:

During a recent school visit, Interim Director of Financial Aid, Robin Gagnon of Southern New Hampshire University reviewed EdFund’s Calculating Your Payments brochure and the Fund Your Future publication. She commented on how impressed she was with the guide and said *“EdFund always does such a wonderful job with their publications.”*

Bennington College:

Meg Woolmington – DFA at Bennington College, told the VASFAA Conference Committee attendees that she participated in EdFund’s webinar on December 14 on Year-Round-Pell and she called it “Excellent” and further stated, *“I highly recommend that everyone sign up and take part in this webinar”*.

University of Vermont:

Jill King, Associate Director of Compliance at the University of Vermont on January 21st shared with Client Relations Manager, Annie Zukowshi that she had attended the Year-Round Pell webinar. Jill said the session was excellent and it further cemented their understanding of the Year-Round Pell.

Chicago Academy of Design and Technology

Mary Anne Ojeda did 5 presentations for this school and Marie LeConte got a phone call from Student Services, telling her how wonderful Mary Anne was and how much they are so thankful for her presentations and how wonderful EdFund has been at their school.

Dominican University

Dominican’s Director of Financial Aid, Michael Shield called Marie last week to tell her that Mary Anne Ojeda has been so helpful in getting them information and helping with them when Great Lakes canceled on them.

Robert Morris University

“Thank you Marie for the wonderful job you did at our Financial Literacy event last Saturday. We are thankful for your service. The group couldn’t stop talking about the presentations.”

Corinthian Colleges (IL)

“I just wanted to send you a quick note Marie to thank you so much for all your help last week. I am positive that your suggestions for the Chicago group will help them be even more effective in reaching out to our students; you were sorely missed in Dearborn on Thursday!”