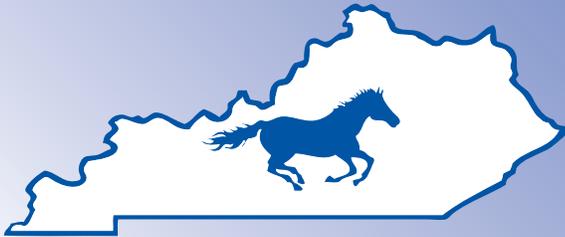




NEWSLETTER

Summer 2012

Volume 16 Number 12



BLUEGRASS STATE

UPCOMING EVENTS

2012

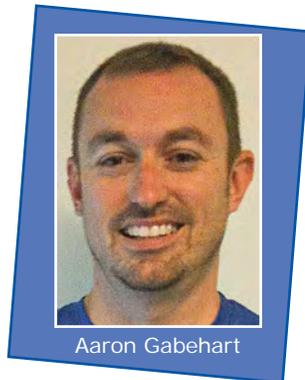
NASFAA
Chicago
July 22-25

KASFAA
Fall Conference
Clarion Hotel
Lexington, KY
October 9-12

2013

KASFAA
Spring Conference
Barren River State
Resort Park
Lucas, KY
April 24-26

A Message from our President



Aaron Gabehart

Hey KASFAA Folks!! I hope you've had a great year! I would like to thank the program committee and the Spring Program Chairs Michael Morgan and Tiffany Hornberger.

They were very creative and pulled off an amazing Spring conference. The committee and our presenters worked very hard and did a great job.

Congratulations to Shelley Park, recipient of this year's Herb Vescio Distinguished Award.

I would also like to extend congratulations to Mayme Clayton from Transylvania University

on being this year's recipient of the KASFAA Professional Development Scholarship. She will attend the SASFAA New Aid Officer's Workshop in Durham, North Carolina. She will also dive right in and join a KASFAA committee for 2012-2013. Congrats Mayme!

I attended the SASFAA year-end transition meeting in St. Petersburg, Florida June 7-10. It was a great experience serving with Brad Barnett, SASFAA President.

The year has flown by and I want to thank everyone for their hard work.

The conferences were made possible by the leadership of Chester Priest, Denise Trusty, Michael Morgan, and Tiffany Hornberger. The elected officers, committee chairs, and volunteers stepped up and did a great job.

It has been an honor and privilege to work with so many of you and to represent KASFAA. Our association is in great hands as Chris Tolson cleans up my mess and leads us in the 2012-2013 year!

Aaron Gabehart
KASFAA President

2012 Election Results

The 2012 KASFAA election results are as follows;

President-elect: Katie Conrad, Midway College

Vice President for Training: Tiffany Hornberger, Georgetown College

Secretary: Rhonda Bryant, University of Kentucky

2-Year Public School Representative: Tracy Tollefson, Elizabethtown Community & Technical College

Proprietary School Representative: April Tretter, ATA College

FROM EDITOR April Tretter

We encourage letters to the editor, original articles, photographs, announcements and reports. Items of interest are gladly accepted. Contact the editor for questions, rates and insertion dates. The KASFAA Newsletter is published three times a year. Graphic and web design provided by KHEAA/The Student Loan People.

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Making a Difference

You make a difference in the lives of students on your campus and in your communities. KASFAA needs your help and support to continue meeting its mission of providing personal and professional development opportunities for our members. Volunteers are the life-source of our organization!

Please take a few moments and complete the Volunteer Form or copy and paste this link: http://www.kasfaa.com/about_committees.html. If you click on the name of the committee you will see a brief description of the committee responsibilities displayed.

I look forward to you joining me as we Make a Difference!

Chris Tolson
KASFAA President-Elect
2012-2013



Easy choices for your students. And their parents.

If students need additional funds after applying for federal and state aid, the Kentucky Advantage Education Loan offered by KHESLC is the answer.

The Kentucky Advantage Education Loan offers a fixed interest rate (7.25% for immediate repayment) and competitive fees.

Now parents can borrow funds needed with our new Kentucky Advantage Parent Loan, which offers the same great rates and fees as our student loan.

For additional information, call 888.678.4625.



Getting Your Hands DRT-Y:

Year Two of the FAFSA and the IRS Data Retrieval Tool

By Linda Peckham
Senior Training Strategist
Great Lakes Higher Education Corporation and Affiliates



When Norman Caito first learned of the requirement that aid applicants pull their IRS data into their 2012-13 FAFSA data online, he was encouraged.

“I was thrilled with the concept that I’d be able to review accurate application data early in the awarding cycle,” said Caito, Director of Financial Aid Operations and Services at the University of San Francisco. “At USF, verification of application data is critical to our mission of getting the right funds to the right students.”

The process is enabled by the Data Retrieval Tool (DRT), which was designed to pull actual tax return data into the FAFSA to make it easier on families to complete the application—and to ease the verification process for aid administrators. Although the DRT was available in the 2011-12 application cycle, it was not mandatory. Effective with the 2012-13 processing cycle, the Department of Education adjusted the verification requirements to include that certain elements from the FAFSA could only be verified with DRT data, or through the use of an official IRS tax transcript submitted by the applicant.

Caito and other aid executives have learned the hard way that the regulation may have had the best of intentions—to simplify verification processes and

reduce potential financial aid fraud—but its implementation has been challenging. Successful adoption of the process has required patience and out-of-the-box thinking, as well as some labor-intensive work-arounds when families are unable to successfully transfer their IRS data to the FAFSA.

Leslie Limper, Director of Financial Aid at Reed College, shares Caito’s observations. “Verification is very important here at Reed, so we communicated the new information about the DRT to families early and encouraged them to use it.”

Limper discovered that most families in her applicant pool followed their instructions faithfully and were happy to comply with the new process. However, continued snags between the IRS, the Central Processing System, and sometimes even the U.S. Postal Service resulted in process failures and lag times that have impacted aid offices’ ability to review and verify information in a timely manner. Limper adds: “The things we found out about how to really make this process work, we learned on our own. As a result, we’ve been adjusting our processes and dates all year long to accommodate families and the processing challenges we’ve encountered.”

Susan Fischer, Director of Student Financial Aid at the University of Wisconsin-Madison, says the new process has presented a new “balancing act between administrative burden and good customer service to families.” Her team spent many hours revising processing and verification requirements at the beginning of the year to ensure that their office could meet processing deadlines and help families with the new approach. “We are dancing as fast as we can,” says Fischer, who cautions fellow aid administrators to find the most efficient way to verify data and disburse aid prior to the academic year.

Common problems with the DRT include:

- IRS data not being available for transfer within the 2-3 calendar days promised (thus FAFSA processing was delayed).
- Delays in receiving IRS transcripts when requested because of address match issues.
- DRT or transcripts not being available to those who owed money to the IRS for 2011.
- Delays in the availability of either the DRT or the transcript request for taxpayers who filed towards the end of the cycle in April.

To reduce some of the administrative burden caused by processing delays, the Department of Education recently adjusted its guidance to allow schools to use paper tax returns to verify data for filers “who have unsuccessfully attempted to use the DRT or obtain a transcript” until July 15th. But many schools are continuing to ask families to use the tool or the transcript anyway. “The process is here to stay and we’d rather have families stay on this path whenever possible,” says Heather McDonnell, Associate Dean of Financial Aid and Admissions at Sarah Lawrence College.

Prepare for 2012-2013

- Clearly explain the DRT process to parents on your initial verification document or institutional application and ask them to “check off” which process they intend to use (DRT, transcript request,

or non-tax filer status). Use this data to help track application results in your FAMS system and send targeted follow-up messages to families as needed.

- Remind parents that the DRT or transcript request process works faster if they file their tax returns electronically, rather than by paper.
- Inform joint tax filers that the IRS will only recognize data transfer requests from the filer whose name is first on the tax return and/or whose IRS PIN is being used to identify the IRS record. As an example, if the mother is helping the student file the FAFSA, but is not listed first on the parental joint tax return, and attempts to access and complete the IRS data transfer site, the IRS will neither recognize

nor approve the data transfer.

- Remind families that although FAFSA guidance indicates that the DRT or the transcript should be available around three weeks after they have filed, this timeframe is extended towards the end of the federal tax deadline in April. If FAFSA filers wait until April to file their returns, they can expect that the DRT or transcript request will take up to six weeks to process.
- Explain that when requesting a paper transcript, the filer’s mail address must exactly match what the IRS system has on file. In cases where the postal service has abbreviated addresses or the filer has moved, the IRS may delay sending out a transcript until the issue is resolved.

Clayton receives KASFAA scholarship

Please congratulate Mayme Clayton from Transylvania University on being this year’s recipient of the KASFAA Professional Development Scholarship to attend the SASFAA New Aid Officers Workshop in Durham, North Carolina.

This year, the applicants for the scholarship were all deserving and worthy of commendation for their interest in furthering their knowledge of financial aid and for their dedication to their students and schools. Congratulations to each of them for participating and congratulations to their supervisors and schools for making excellent hiring decisions. We hope each of you — as well as Mayme — will plan on a long, active relationship with KASFAA and with the profession of financial aid.



Tretters welcome new addition

April Tretter of ATA College and Jason Tretter of KHEAA/KHESLC are happy to announce the birth of their son, Jacob Edward Tretter. Jacob was born on June 18, 2012 and was welcomed home by big brother, Aiden.

The 3-year cohort default rate comes with a silver lining — loan rehabilitation

By Shelia Dunlap

Assistant Vice President for Default Prevention

TG

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,

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:
 - o Borrowers will need to establish a loan rehabilitation agreement with the guarantor or collection agency that holds the defaulted loans.
 - o Borrowers will need to stay in touch with their guarantor or collector throughout repayment, especially if they change their mailing address.
 - o 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.

— *Shelia Dunlap is assistant vice president for default prevention for TG. You can reach Shelia at (800) 252-9743, ext. 4642, or by email at shelia.dunlap@tgscl.org. Additional information about TG can be found online at www.TG.org.*

Three questions with Robin Morley:

Interim CEO/Executive Director of KHEAA/KHESLC/KAPT

Robin W. Morley has been named Interim Executive Director and CEO of the Kentucky Higher Education Assistance Authority (KHEAA), the Kentucky Higher Education Student Loan Corporation (KHESLC), and Kentucky's Affordable Prepaid Tuition (KAPT) program. She replaces Edward Cunningham, who retired after 5 years of service.



Ms. Morley is a 31-year Kentucky state employee and continues as a Special Assistant with the Finance and Administration Cabinet Secretary's Office by assisting cabinet staff in complying, reporting and monitoring activities required by the America's Recovery and Reinvestment Act (ARRA). She also held positions with the Commonwealth Office of Technology as Deputy Commissioner, Office of Internal Administration and Support, Kentucky Department of Education (KDE) as Director of Project Management, Office of Consulting and Project Management and the Governor's Office for Technology as Executive Director. She earned her Bachelor's of Business Administration from Eastern Kentucky University.

Q. If you had any knowledge of KHEAA and KHESLC prior to your arrival, how does that compare with the view from the inside?

A. I did not appreciate how much work is done at all levels: at the national level with the U.S. Department of Education and other industry associations, to the state level with the Kentucky Council on Postsecondary Education and Kentucky Adult Education. KHEAA and KHESLC are strong leaders and true advocates for postsecondary education, and the staffs are committed, passionate professionals here to help students and their families access higher education.

Q. Can you comment about KHEAA and KHESLC's role with the postsecondary institutions?

A. It is important for KHEAA and KHESLC to continue to work together with schools and students to right-size their college choice in conjunction with their long-term career goals. One of the most exciting things I have been able to witness so far has been the outreach initiatives and the College Coaches program. And in order to continue to prepare students to enter the world of higher education, as well as continue to administer state student financial aid at no cost to the taxpayers, KHEAA and KHESLC must diversify their business opportunities through initiatives like FAFSA Verification and Cohort Management Services. We invite the schools to continue to grow with us.

Q. What are you looking forward to?

A. I am thankful for the opportunity to work with the KHEAA/KHESLC Board of Directors' Search Committee to find the best candidate for a permanent CEO/Executive Director. The right candidate will work collaboratively with other education leaders throughout the state to promote the values of postsecondary education and career attainment. Aside from that, I'm always looking forward to my next Skype call with my grandchildren in Alaska!

New website lets students send transcripts to colleges

Kentucky high school students have a new resource to easily send their transcripts to colleges and universities in the Commonwealth.

Through the website www.kytranscript.org, students can manage the release of their transcripts to participating Kentucky colleges and universities. The site is provided free by the Kentucky Higher Education Assistance Authority (KHEAA). It is powered by XAP Corporation. The new site replaces the former www.GoHigherKY.org. Students who had accounts on www.GoHigherKy.org can use the same username and password to access www.kytranscript.org.

Students who did not have a www.GoHigherKY account can create an account by going to the new site. High schools, colleges and universities interested in participating in the transcript exchange program should contact Pennie Little at plittle@kheaa.com or (502) 696-7495.

2012 KESPT Dream Out Loud Winners Announced

Nine Kentucky students have each won \$1,500 college savings accounts with the Kentucky Education Savings Plan Trust (KESPT) through the 2012 KESPT Dream Out Loud Challenge. The Challenge invited students in grades K-6 to submit an original poem, drawing, video or essay answering the question, “How will I change the world after college?” Each winner’s school will also receive \$500.

The statewide winners are:

- Breana Nekole Yates, a first-grader at Girdler Elementary in Knox County, for a poem.
- Madeline Hobbs, a first-grader at St. James School in Hardin County, for a drawing.
- Laken Haley, a first-grader at Beth Haven Christian School in Jefferson County, for a video.
- Timari Young, a third-grader at Martin Luther King, Jr. Elementary in Christian County, for an essay.
- Gabriel Wilder-Hamilton, a third-grader at Lewis County Central Elementary in Lewis County, for a drawing.
- Montana Stanfield, a second-grader at North Middletown Elementary in Bourbon County, for a video.
- Abigail Loy, a fifth-grader at Jamestown Elementary in Russell County, for an essay.
- Elora Mukhopadhyay, a fifth-grader at Stonewall Elementary in Fayette County, for a drawing.
- Lauren Evans, a fifth-grader at Lewis County Central Elementary in Lewis County, for a video.

More than 1,200 entries were submitted from across the state. The contest asks students to imagine how a college education would help them make the world better and also motivate parents to think about how to save for a college education to support their children’s dreams. Contest entries included children who wanted to be doctors, veterinarians, teachers, inventors and fashion designers.

GearUp Kentucky (GUK) Events

On March 16, GUK held the third annual Drive the Dream Scholarship Ceremony. Nearly 600 GUK students and parents converged on the Western Kentucky University campus to attend college-readiness workshops and celebrate the 536 winners of \$1,000 college scholarships. This event marks the final round, KHEAA has provided \$1.5 million in scholarships in the past three years.

On March 23, the GEAR UP KY 3.0 program officially launched program services at an exciting event at Holmes Middle School in Northern Kentucky and via the Web by students and schools across the Commonwealth. The

launch activities were followed by a campus tour, college preparation presentation, and a college readiness game show held at Northern Kentucky University. Students learned about the commitment the partners across Kentucky’s educational systems have made to college-readiness and made their own pledge to make college their goal.

KHEAA provided 21st Century Scholars Certificates, financial aid training workshop for parents and \$1.5 million in scholarships.

PROGRAM	EXPENDITURES
Kentucky Educational Excellence Scholarship	\$97.8 million
College Access Program Grant	\$56.6 million
Kentucky Tuition Grant	\$29.0 million
Kentucky National Guard Tuition Award	\$4.2 million
Osteopathic Medicine Scholarship	\$741,000
Early Childhood Development Scholarship	\$1.0 million
Mary Jo Young Scholarship	\$336,100
Robert C. Byrd Honors Scholarship	\$161,000
KHEAA Work-Study Program	\$293,200
Drive the Dream	\$444,000
Teacher Scholarship (to renewal recipients)	\$32,700
Teacher Scholarship (to Best in Class repayment)	\$2 million
Go Higher Grant	\$179,400

KASFAA 2011–2012

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Rhonda Bryant, University of Kentucky

Awards

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Budget and Finance

Jennifer Priest , Transylvania University

College Goal Sunday

Michael Abboud & Shawn Anderson, University of Louisville, Somerset Community College

Diversity Concerns

David Bowman , Great Lakes

Legislative Issues

Shelley Park, Eastern Kentucky University

Long Range Planning

Laura Keown, Centre College

Membership/Partnership Program

Robin Buchholz , KHEAA

Newsletter

April Tretter, ATA College

Nominations

Dave Cecil, Transylvania University

Program (Fall)

Chester Priest/ Denise Trusty KHEAA, Big Sandy

Program (Spring)

Michael Morgan/ Tiffany Hornberger, KCTCS, Georgetown College

Public Relations

Johnathon Chancellor, Murray State University

Training (HS Counselor)

Kate Ware / Jessica Cook, Midway College, Union College

Training (NASFAA)

Chuck Anderson , Hazard Community College

Training (Support Staff)

Sandy Neel, Bellarmine University

Vendor/Sponsor

Katie Conrad, Midway College

Website/Technology:

Jason Tretter, KHEAA