



TOOLS\$ FOR SUCCESS

FAME's Financial Literacy and
Debt Management Newsletter



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April is Financial Literacy Month!

April 2011

We are excited to bring you the April edition of *Tools\$ for Success*, FAME's financial literacy and debt management newsletter. In this newsletter, you will find a variety of exciting announcements regarding our latest initiatives, all of which were created to improve the financial futures of the students you serve. To recognize Financial Literacy Month, FAME will participate in several events and initiatives to promote the importance of financial education to Maine citizens.

We hope you find this newsletter informative and helpful. We look forward to working with you!

Mary Dyer, *Financial Education Specialist*

Financial Literacy Events & Initiatives

- FAME's recently created a Jeopardy-style money management game for high school and college students. Through a partnership with Upward Bound, the game was expanded to include a financial aid version and will be presented throughout the month of April during Upward Bound's Super Saturday events. For more information, please contact [Mary Dyer](#).
- FAME is thrilled to announce the creation of a series of coloring book pages that focus on a variety of topics related to financial education. This series, designed for students in grades K-2, features FAME's own Cash & Max!
- FAME's College Access & Financial Education team will be busy in April traveling to middle schools, high schools and colleges in Maine to provide money management tools and tips. Currently, FAME Outreach staff has over 18 financial literacy events scheduled this month throughout the state.
- The financial education page on the FAME Web site was recently expanded to include Maine-based financial literacy providers. Stay tuned for more information and be sure to [visit our financial education page!](#)
- In recognition of financial literacy month, FAME's Facebook page will include money management tips throughout the month of April. [Check it out!](#)



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Default Prevention Program Update

Over **13,000 FAME guaranteed borrowers** have been identified to receive early intervention default prevention services through our default prevention program since this program was rolled out in August of 2008. Eligible borrowers are counseled directly via phone throughout their grace period and receive important guidance regarding their student loans. In addition, over **23,000 letters** have been mailed. We strongly believe that this program, along with FAME's other important debt management and financial literacy initiatives, is largely responsible for our ability to maintain a default rate that is below the national average.

If you would like a detailed copy of your school report, please contact [Mary Dyer](#).

FAME Draft Cohort Default Rate

Despite the challenging economy, the Finance Authority of Maine (FAME) continues to maintain a cohort default rate that is below the national average of 7.0%. According to data recently released by the U.S. Department of Education, FAME's FY2009 cohort default rate held steady at 6.1% of borrowers who entered repayment during federal fiscal year 2009, which is no change from the previous draft released in 2008.

FAME's continued lower than average default rate is believed to be the direct result of FAME's early intervention program that focuses on counseling "at-risk" borrowers before they enter repayment. FAME's ability to maintain a low default rate saves Maine taxpayers millions of dollars each year by reducing claim payments from the U.S. Department of Education. It also directly benefits borrowers, schools and lenders. For more information, please contact [Mary Dyer](#).

Default Rates for Cohort Years 2004-2008 Now Available

On December 20, 2010, the U.S. Department of Education provided an explanation of the three types of default rates and a summary of these rates for the Cohort Years 2004-08. The three types of rates are Cohort Default Rate, Budget Lifetime Default Rate, and Cumulative Lifetime Default Rate. This [first link](#) provides an explanation of the three types of default rates, Cohort Default Rate, Budget Lifetime Default Rate and Cumulative Lifetime Default Rate. This [second link](#) provides a summary of these rates for the 2002-2006 cohort years.



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Register Now for the 2nd Annual Financial Literacy Summit

Planning is well underway for Maine's 2nd annual "Fostering Financial Literacy in Maine Schools Summit." Please mark your calendars and join us at the Augusta Civic Center on Thursday, May 12th, for an engaging and inspiring day packed with free financial literacy resources for your students. The goal of this year's summit is to once again develop an exciting event for educators, administrators, counselors and others committed to supporting youth financial literacy in Maine schools and beyond. This day-long summit will be packed with information and curriculum resources designed to help Maine students become financially capable adults. [Review the tentative agenda and register now!](#)

Financial Literacy Advisory Council

In an effort to encourage collaboration among various entities currently working to increase college access and financial education in Maine, FAME has established a Financial Literacy Advisory Council. This Council was created to bring together Maine's financial literacy experts, educators and policy makers to increase collaboration, communication and to strengthen and improve public and private sector financial education programs. The Council held its first meeting at FAME on December 7 and another meeting March 22. Initial goals of the Council will be to create an inventory of Maine financial literacy organizations and initiatives and to begin the development of a web page dedicated to highlighting financial literacy programs in Maine. Anyone interested in joining the Council should contact [Mary Dyer](#).

Financial Literacy Bill

LD 184, *An Act To Promote the Financial Literacy of High School Students*, is sponsored by Rep. Ben Chipman (Green-Portland) and would, as originally drafted, require the Maine Department of Education to develop and distribute a course on personal finance for use by secondary schools in the state to help students attain financial literacy. The course must include instruction in purchasing, using credit, budgeting, saving and investing, banking, simple contracts, state and federal income taxes, personal insurance policies and renting or purchasing a home. Beginning with the 2012-2013 school year, all secondary schools must include the personal finance course as part of the mathematics instruction required to obtain a high school diploma.

A public hearing on the bill was conducted by the Education Committee on Feb. 16.



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Rep. Chipman (Green-Portland) sponsor, spoke in favor, as did Rep. Maker (R-Calais), the Maine Credit Union League, and the Maine Bankers Association. Also testifying in favor were Tim Walton of Cianbro and Rep. Ryan Harmon (R-Palermo). Testifying against were the Maine Department of Education (they stated that Maine's system of Learning Results already covers the topic and that the bill as written is an expensive mandate), the Maine Principals Association, and the Maine School Management Association. The latter two organizations stated their opposition to curriculum mandates and the need for flexibility at the local level. Speaking Neither For Nor Against the measure was the Department of Professional and Financial Regulation. They provided information about the financial literacy summit and mentioned their collaboration with FAME and others on the issue.

The committee held a work session on the bill on Feb. 23. FAME, the Maine Credit Union League, Jobs for Maine's Graduates, the Maine Office of Securities and others shared financial literacy materials with the committee. After much debate, the divided committee discussed an amendment to the bill requiring the Department of Education to distribute annually to schools financial literacy information, including a listing of what various stakeholders are offering, and to annually report to the committee on such efforts. The amendment passed 10 to 3. The bill has not yet been reported out to the floor for debate and final passage.

Association for Financial Counseling, Planning, Education (AFCPE®)

In November, Mary Dyer, Financial Education Specialist, attended the Association for Financial Counseling and Planning Education Conference in Denver, Colorado. AFCPE® is a nonprofit, professional organization dedicated to educating, training, and certifying financial counselors and educators and provides professional development experiences for financial educators, practitioners and researchers to improve the economic well being of individuals and families worldwide. A variety of national speakers were on hand to discuss important topics such as the recent changes to credit cards laws, financial education strategies for the changing economy, counseling delinquent student loan borrowers, and ways to transform financial literacy education in higher education. Mary Dyer and Angela Dostie are both in the process of seeking the Accredited Financial Counselor designation through AFCPE®.

Financial Literacy & Default Prevention Initiatives on the Horizon:

- FAME is currently working on expanding its financial literacy program to grades K-3. We are also updating and adding new careers to our online "Get a Life" game.



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Best Practices Corner

FAME was recently asked to develop a list of recommendations or “best practices” that colleges and universities might use in the development of a campus-based debt management and financial literacy program. The following is a list of those recommendations. For more recommendations, or for information on how to incorporate some of these strategies, please contact [Mary Dyer](#).

- Implement an interactive online financial education curriculum for students – there are many FREE products available.
- Offer financial education during first-year experience courses, or at student orientation.
- Distribute copies of the FAME Money Management Toolkit or other publications.
- Create a special area within the financial aid office and/or billing office for money management publications and resources.
- Review current business practices and evaluate what you already mail or email to students and include money management/responsible borrowing messages or brochures.
- Does your financial aid management system or student information system have any financial or debt management functionality that you aren't currently using?
- Implement a campus-wide policy requiring confirmation of student mailing address and phone number at any point of contact.
- Withhold transcripts for delinquent borrowers or those who haven't completed exit counseling.
- Review your website to ensure easy access to information – create a section dedicated to money management.
- Send FAFSA reminders via email or regular mail – consider a calling campaign.
- Provide training to front-line staff (money management, debt management, encouraging responsible borrowing) – utilize outside experts.
- Evaluate enrollment reporting processes to ensure timely and accurate reporting.
- Create a campus-wide financial literacy and debt management committee.
- Create email campaigns that focus on money and debt management.
- Offer in-person entrance and exit counseling.
- Create specialized mailings, emails and counseling for withdrawn students.
- Provide delinquent borrower counseling – email and phone counseling.
- Hire a work-study student to focus exclusively on financial literacy and debt management.