



Tools For \$uccess

FAME's Default Prevention Newsletter

April 2008



April is Financial Literacy Month!

Happy spring! It is with a great deal of enthusiasm that I bring you the April edition of **Tools for \$uccess**, FAME's default prevention 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 future of the students you serve. To recognize Financial Literacy Month, we also have provided a variety of resources in this newsletter that are designed to assist you enhance your own campus-based financial literacy and default prevention initiatives.

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

Mary Dyer, *Default Prevention Specialist*

Highlights in this Edition:

- ❖ FAME announces new comprehensive default prevention program!
- ❖ FAME education web site redesign complete.
- ❖ Mapping Your Future training comes to FAME!
- ❖ "Get a Life" gets a facelift!
- ❖ *FAME Model Default Prevention Plan for Schools* now available.
- ❖ New publications focus on loan repayment.
- ❖ Two new flyers for students.
- ❖ Upcoming initiatives
- ❖ "Best Practices" Corner

FAME Announces New Comprehensive Default Prevention Program

FAME is thrilled to announce the development of a new comprehensive default prevention program that focuses on early intervention for Maine students. Through this new program, all schools in Maine who utilize the FAME guarantee will receive the benefits of this program, without the labor intensive process of entering student information into a database. As a replacement to EDSI[®], this service focuses on a reduction in the school's cohort default rate by automatically contacting high risk borrowers during their grace period. Because students who withdraw from school represent nearly 80% of the defaulted borrowers in Maine, "high risk" borrowers have been defined as any student from any college or university in Maine who withdraws from school at any point during his/her academic career.

As part of our GOAL\$ program, borrowers are identified weekly through enrollment data reported from FAME's guarantee database, eliminating the need for schools to initiate student enrollment into the program. Borrowers are contacted directly via phone, mail and e-mail throughout their grace period and are counseled regarding loan repayment options, lender/servicer contact information, as well as how to avoid default. Our current default prevention program serves roughly 650 students annually. **Our new program will benefit approximately 5,000 borrowers each year!**

All schools in Maine will automatically benefit from this new program; there is no need for an institution to "sign-up." We anticipate that the new program will be fully implemented by June 1st. For current EDSI users, we recommend that you continue to report borrower information to EDSI until you are instructed to discontinue use. Any students in the pipeline will continue to receive early intervention through our current program. We will provide you with additional details regarding our new program as we approach full implementation.

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FAME Announces Education Site Redesign!

In an effort to enhance the online experience of students, schools and counselors in Maine, FAME has redesigned and expanded the education portion of our web site. Most notable in this web site redesign is the creation of a new section titled "For Student Loan Borrowers." This section was developed to provide comprehensive loan repayment information to borrowers, including a variety of calculators and information on how to avoid default. Financial Aid Administrators, Guidance Counselors and Advisors will notice that we have expanded the site to include information regarding our GOAL\$ program. We are pleased with the results of this redesign and we hope that you will find the information useful. Please feel free to contact [Angela Dostie](#) if you have any questions, or would like to offer feedback.

Mapping Your Future[®] Training Comes to FAME

FAME is pleased to announce that we are sponsoring Mapping Your Future[®] training at the FAME Board Room on April 21, 2008 from 10:00 a.m. to 3:00 p.m. This free training session is intended to provide you with valuable information regarding Mapping Your Future services, along with an opportunity to enroll. Mary Dyer, *Default Prevention Specialist* at FAME, and CariAnne Behr, *Project Manager* at Mapping Your Future, Inc., will be on hand to provide training and enrollment services. Lunch will be provided.

Important topics will include:

- School implementation of Grad PLUS entrance and exit counseling requirements (effective July 1, 2008).
- Sallie Mae's upcoming transition to Mapping Your Future online counseling services.
- School customization of online entrance & exit counseling.
- FAME Alternative Loan & Money Management Tutorial

We hope that you can join us for this free session!

To register, please contact [Mary Dyer](#).

"Get a Life" – FAME's Financial Literacy Game Gets a Facelift

We recently redesigned our "Get a Life" financial literacy game in an effort to simplify the usage of the game for students as they play. Instead of providing the student with multiple cards to choose from, we created a wheel chart that includes all of the spending categories. In addition, we simplified the worksheet that students are required to complete while playing the game. The new version of the game has been well received by students and schools throughout Maine. You will find a PDF of the game attached to this newsletter. For more information regarding FAME's "Get a Life" game, or any of our other financial literacy initiatives, please contact [Mary Dyer](#).

FAME Model Default Prevention Plan for Schools

At FAME, we share your commitment to reducing student loan defaults. Creation of a comprehensive default prevention plan promotes student and school success by increasing retention and reducing delinquency and default. Therefore, FAME has created a unique model default prevention plan designed specially for Maine colleges and universities who wish to implement their own campus-based default prevention activities. Schools can implement some or all of the default prevention measures highlighted in this plan. [Mary Dyer](#), *Default Prevention Specialist*, can assist you with implementation.

New Publications Focus on Loan Repayment

FAME recently created two new brochures to educate student loan borrowers regarding teacher loan forgiveness, as well as where to find information regarding their student loans. The brochure, entitled **Locating Your Federal Student Loans**, was designed to provide students with instructions on how to find information on their student loans, such as navigation of the National Student Loan Data System. In addition, the brochure entitled **Federal Loan Forgiveness Programs for Teachers**, was created to educate teachers in understanding potential loan forgiveness options. Both brochures will be available to schools by May 1. To request copies, please contact [Mary Dyer](#).

New Flyers Created to Educate Students on Direct to Consumer Loans & Scholarship Scams

As a result of valuable recommendations from the FAME Higher Education Advisory Council, we created two new flyers designed to educate students regarding direct-to-consumer alternative loans and scholarship scams. You will find copies of both flyers attached to this newsletter. They will also be available on the FAME web site.

Default Prevention Initiatives on the Horizon:

- FAME is currently in the process of analyzing defaulted borrower statistics and will be releasing this data to schools in the near future. Some of the data elements collected include average indebtedness, average EFC and separation status.
- In order to assist schools with the new Grad PLUS entrance and exit counseling requirements, we are currently in the process of updating our Stafford Loan Entrance & Exit Counseling checklist to include Grad PLUS.
- The Outreach & Default Prevention department at FAME is currently in the process of implementing and coordinating a series webinars focusing on training for financial aid administrators and counselors. Stay tuned for more information!

Best Practices Corner

In each edition of **Tools For Success**, we highlight a school or organization that has implemented effective strategies that demonstrate creativity and an overall commitment to preventing student loan defaults. As we discover these “best practices,” we will also incorporate them into our default prevention model for schools. If you have a success story that you would like to share, please feel free to contact [Mary Dyer](#).

Success Through On-line Counseling: The University of Maine

The University of Maine has long been concerned about rising student loan debt for students at UMaine, particularly related to the increased usage of alternative loans. Like many other colleges and universities, UMaine has seen a significant increase in the number and the total amount of alternative loans certified over the past several years. In some cases, students seek out alternative loans before they have borrowed their full Federal Stafford Loan. In addition, most students who borrow alternative loans have never contacted a financial aid counselor to seek out other options, such as scholarships or additional federal loans.

In order to educate their student borrowers and to limit the mounting level of alternative loan debt, the University of Maine requires that all students participate in online alternative loan counseling prior to school certification of their first alternative loan. This counseling session focuses on reducing costs, the importance of filing the FAFSA on time, and emphasizes that alternative loans should only be considered as a last resort. Emily Seigny, Assistant Director of Financial Aid, feels that students benefit greatly from this service as it requires them to consider all other options first. “By requiring online alternative loan counseling, the financial aid office is able to reach out to a significant number of students who would otherwise remain uneducated about their borrowing decisions.” It is estimated that roughly 850 UMaine students completed online alternative loan counseling during the 2007-08 academic year.

UMaine’s online session is made available through FAME and its partnership with Mapping Your Future. FAME’s *Alternative Loan Counseling & Money Management Tutorial* is a unique customized session to assist students in understanding the basics of alternative student loans and good money management. This free online tutorial was designed to enhance the education of the student by actively involving them in the learning process. Schools can choose to receive completion reports in a variety of formats. They can also choose to use the tutorial for informational purposes only, eliminating it as a required step in the alternative loan process.

To test the products from the student perspective, start a counseling session at <http://mappingyourfuture.org/famecounseling>. Choose “Maine” as your state and “ME Demo School for Alternative Loan Tutorial” as your school.

For more information regarding UMaine’s alternative loan counseling initiatives, please contact [Mary Dyer](#).