



NEWSLINE

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Louisiana Office of Student Financial Assistance



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Agency unveils enhanced Web site

The Louisiana Office of Student Financial Assistance (LOSFA) recently unveiled an updated version of its Web site, incorporating new ways for high schools and colleges to access the Tuition Opportunity Program for Students (TOPS) portion of the site through the use of “portals.”

When a user logs on to the LOSFA Web site at www.osfa.state.la.us, they may now gain direct access to the TOPS section by utilizing a link that connects directly from the home page to the TOPS portal. Simply select the “TOPS Portal” button from the menu on the left-hand side of the screen.

The TOPS portal is divided into specific user groups. Colleges, high school guidance counselors and students each have their own section devoted to their individual needs. To continue through the TOPS portal, the user must select one of the three categories.

For the student user, the tried and true TOPS eligibility check continues. By entering the student’s Social Security Number (SSN) and

birthdate, the student’s TOPS eligibility status can be accessed.

Likewise, the high school counselor certification section maintains the same setup as the previous Web page design. Counselors may enter the certification portion by providing both their school code and pin number.

The most noticeably changed portion of the Web site, however, is the college section. A number of programming innovations have helped to fine tune the section and create a more user-friendly platform for relaying vital academic information.

To enter the section, a college must first be issued an ID and password. The next step is a user-specific menu for the colleges, with nine options for accessing and submitting information—Master Roster Individual, Master Roster Complete, Payment Roster by School, Errors Roster by School, Payment Requests, Payment Batch File Transfer, Academic Information Update, Academic Information Batch File Transfer and Change Password/Password Maintenance.

The Master Roster options on the Web site have dramatically increased the online management capabilities for colleges. Schools no longer have to download the entire document for reviewing, updating or amending records, unless they so choose. Through the Master Roster Individual link, the user can locate a single record by conducting a search by SSN. When entering the SSN, the college administrator should be certain to do so without any dashes between the numbers. To return to the Master Roster record, press the “New SSN” button.

To view the entire Master Roster, the Master Roster Complete option can be selected from the main menu. The total list can be viewed in increments of 50 at a time. Additionally, the system allows the user to search by name and locate individuals by entering a single key word or group of words. Those that wish may still download the entire roster, but the process is much easier with the new program which requires that the user simply single click the “Download Full Roster” link, then the data file icon and save it to a particular file or disk. The roster may be filtered by date and viewed online or it may be downloaded and viewed offline with a selected date range or in its entirety. To download, follow the screen prompts and enter a selected date range and e-mail address. Then, single click the “Submit Download File Request” button and the transaction will be processed.

Within 10 to 30 minutes of the request, LOSFA will forward an e-mail notification that the file is ready for pickup. The file will be available for three hours. Once this timeframe expires, the user will be required to resubmit the request to access the information. To download the file, the user must select the data icon and save the file to a disk or the hard drive. The downloaded document can also be sorted by date and can either be downloaded as a whole document or by a precise period by date.

With the Payment Roster by School option, all records that have been paid during the current academic year may be accessed. The roster may be filtered, viewed and accessed in the same manner as the Master Roster option. This option is also available under the same time constraints as the Master Roster — 10 to 30

☐ *Continued on Page 6*

IN THIS ISSUE

News and Updates.....	2
National default rate.....	3
Spotlight on SLS.....	4,5
Mapping Your Future Conference.....	6
LASFAA Conference.....	7

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NEWS AND UPDATES

TOPS reminder: As previously advised, beginning with high school seniors graduating in academic year 2000-2001, LOSFA is no longer authorized under law to allow waiver of courses in the TOPS curriculum which were not offered at the high school.

The expiration of waiver authority means that students must complete all courses in the TOPS curriculum (or authorized substitutes for those courses) in order to be eligible for an award, regardless of whether the courses were available at the school attended.

Consequently, it is vitally important that students who plan to continue their education after high school be informed that courses in the TOPS curriculum may no longer be waived simply because the courses were not available to them at the school they attended. Schools are encouraged to assist their enrolled students in finding an alternate means of completing the TOPS courses that are not offered by the school.

LOSFA posts updated handbook on Web site: The 2001-2002 edition of Louisiana's Financial Aid Handbook, produced by the Louisiana Office of Student Financial Assistance (LOSFA), is now available at the LOSFA Web site, located at www.osfa.state.la.us.

The online version is available in a PDF format and includes an index for user-friendly searching of specific areas. The handbook may be viewed online or downloaded for printing purposes.

To access the handbook from the LOSFA homepage, select the "Information Center" button on the left-hand side of the screen. This will link the user to a list of online resources. The handbook is the last available selection on the right-hand side. Double-click the hyperlink to the handbook and select to either download the publication or view it online.

The Financial Aid Handbook serves as a comprehensive reference for both state and federal programs. Additionally, the book provides extensive details on the three major components of the Louisiana College Payment Plan – the Tuition Opportunity Program for Students (TOPS), the Student Tuition Assistance and Revenue Trust (START) Saving Program and the Federal Family Education Loan Program (FFELP). Together, these programs form a personalized plan for families to utilize in covering the cost of their child's higher education expenses.

LOSFA Public Information and Communications (PIC) Division promotes from within and hires from without: Michelle Darling, former supervisor of PIC's Automated Call Distribution (ACD) unit, has been promoted to Communications Manager, a position which has remained vacant since the promotion of former Communications Manager Gus Wales to his present position as Director of Public Information and Communications.

Kristen O'Neil, former public information and communications representative, has been detailed into one of the two ACD supervisor positions.

Alvin Johnson was recently hired as a public information officer in the ACD unit. A native of New Orleans, Johnson graduated from Southern University in Baton Rouge with a degree in broadcast journalism. He served as an intern at WDSU Channel 6 in New Orleans and helped produce a show called WJAG for one year. Prior to coming to LOSFA, Johnson served at the state Office of Family Support Project Recall, where he was responsible for performing audit interviews with food stamp recipients. Johnson enjoys reading mystery novels and poetry, listening to music and playing basketball.

Feds report default rate drops to lowest point ever at 6.9 percent for FY 1998

The national student loan cohort default rate has declined for the eighth consecutive year, now reaching its lowest point ever at 6.9 percent for Fiscal Year (FY) 1998, according to President Bill Clinton. The drop, combined with increased collections and savings from the direct student loan program, has saved U.S. taxpayers \$18 billion.

The president, who was joined by U.S. Secretary of Education Richard Riley, made the announcement at a joint press conference held Oct. 2. The 6.9 percent rate represents a two-thirds drop in defaults from the time Clinton took office in 1992, when the rate had climbed to its highest point ever, peaking at 22.4 percent.

The secretary credited the all-time low to a strong U.S. economy, tougher enforcement tools authorized by Congress and stepped-up efforts by guaranty agencies, lenders, colleges and other participants in the federal loan programs.

In speaking to the press, Riley made special mention of the cooperation extended by guarantors who have joined with the department in being vigilant with collections in order to ensure that borrowers understand their repayment obligations. Borrowers who default on federal student loans face serious repercussions, such as the withholding of federal income tax refunds and other federal payments, wage garnishment, adverse credit bureau reports, denial of additional student aid and prosecution.

Clinton pointed to several default-aversion steps taken by the department, including the following: the identification

and elimination of more than 800 schools with high default rates from the program (schools with rates of 25 percent or greater for three consecutive years face

“These low default rates are especially noteworthy,” Riley said, “given that loan volume has tripled and the number of loans has doubled during the same period that the

“The drop, combined with increased collections and savings from the direct student loan program, has saved U.S. taxpayers \$18 billion.”

loss of eligibility to participate in the loan and Pell Grant programs); the option of flexible repayment plans (including consolidation loans, which allow students to combine and refinance their student loans); and the lower cost of loans (a \$10,000 loan today costs \$1,300 less than eight years ago, a result of reduced interest rates).

Also contributing to the lowered rate were the Hope and Lifetime Learning tax credits recently initiated by the Clinton Administration, and significant increases in Pell Grants and Federal Work-Study funds, all of which have helped to make college more affordable and have limited the amount of debt students must repay following graduation.

A portion of the reduction can also be attributed to amendments made to the 1998 Reauthorization of Higher Education Act, which changed the way the department determines the date a borrower goes into default. Previously, a borrower who went more than 180 days without a payment was in default. Now, a borrower has 270 days without payment before going into default. But even if the old definition is used, the default rate would still be at its lowest point ever.

rate declined by more than two-thirds.”

The cohort default rate is defined by statute as the percentage of borrowers who enter repayment in a certain year and default before the end of the next year. The new national default rate is for FY 1998 – the most current data available – and represents the cohort of borrowers whose first loan repayments came due on or after Oct. 1, 1997, which was the beginning of FY 1998, and who defaulted before Sept. 30, 1999, the end of their second fiscal year.

The national rate reflects loans made to borrowers who attended some 6,900 individual schools participating in the Family Federal Education Loan Program (FFELP) and the William D. Ford Federal Direct Loan Program during this period.

Louisiana’s default rate was 9 percent in FY 1998, which, although higher than the national average, represents a 1.3 percent decline from the previous state rate of 10.3 percent in FY 1997.

The U.S. Department of Education default report, including individual school default rates, may be accessed on the internet at www.ed.gov/offices/OSFAP/defaultmanagement/cdr.html.

School and Lender Services (SLS) section

In January 2000, the Louisiana Office of Student Financial Assistance (LOSFA) completed an organizational restructuring which resulted in, among other things, the formation of a School and Lender Services Section (SLS).

The one-year-old SLS consists of three marketing representatives — Jeff Cropco, Kelly Hutson (formerly Cormier) and Sigmund Morel, who spend most of their time working one-on-one with schools and lenders utilizing Louisiana's student loan guarantees.

As an update on the current status of the new section, following is a brief biography on each of the representatives, accompanied by their answers to the most frequently asked questions encountered by the team.



Jeff Cropco

Originally from Slidell, Cropco received a bachelor's degree in 1993 from the University of Southern Mississippi where he completed a double major in communications and history. Following graduation, he attended Fordham Law School in New York for three semesters. After leaving law school, Cropco worked for two years as a collective bargaining coordinator for the International

Ladies Garment Workers Union, headquartered in New York City. Returning to Slidell, Cropco worked for the Louisiana public school system's Keep Education Exciting and Productive (KEEP) program, where he taught enrichment to gifted students in grades four through eight. Cropco came to LOSFA's former Customer Services Division (CSER) as a customer service representative in June 1998, prior to his reassignment in October 1999 as a marketing representative with the newly created SLS section.

"SLS is a dedicated group of qualified professionals," Cropco said. We give schools the opportunity to work one-on-one, in a personal relationship with the representatives who serve their needs."

Q: SLS has three representatives, but only one of them is specifically assigned to my school. Am I only supposed to conduct business with my representative?

A: No. All three of us are trained to take care of any problems that pop up. However, there may be areas where some of us have special expertise, and in those cases it might be best to talk with the "expert."

For example, I deal primarily with loan request problems and with demographic conflicts. Sigmund deals with most of our setup problems. Kelly works closely with the servicers, assuring that loan changes are received for immediate disbursement. All three of us can handle all of these problems, but in some situations it may be best to work with the expert, who may or may not be your assigned representative. Certainly, if your assigned representative is away from the office (and not visiting you), any one of us can help you.

Q: What types of presentations can you do for us?

A: We do TOPS retention, TOPS general sessions, general financial aid, and even exit counseling. We also do "High School Night" presentations at the schools' request. We try to be as flexible as possible. The presentations last somewhere between 30 minutes and an

hour and a half. We usually do overheads, but don't have to, so no special equipment nor spaces are needed. We've done presentations in gyms, in classrooms, etc. All you need to do is call with reasonable notice, say, a week and a half or so, and we'll drive on over. We try to synchronize the presentations with dates at other schools in the same area, if possible, but if not, we still try to be very accommodating.

Q: What about default prevention workshops?

A: We haven't presented in this subject area in the past, but we are very interested in doing so. We are currently working in conjunction with our Pre-Claims staff to this end. At first, it would probably be some kind of multiple school presentation. We plan to get aggressive in that area soon.



Sigmund Morel

A native of Baton Rouge, Morel attended Tara High School where he played baseball and basketball. Later, Morel served as sports writer and sports editor on the student newspaper at Nicholls State University where he graduated with a bachelor's degree in communications/business option. Morel then worked for American Medical International — a business operations company servicing 15 hospitals nationwide — where he served as

answers frequently asked questions

troubleshooter for the company's large-balance accounts. Later, he served as statewide training specialist at Eckerd Drugs. In 1996, Morel came to LOSFA's CSER Division as a customer service representative, communicating to the public about the requirements and benefits of Louisiana's student aid programs. When SLS was created as an independent marketing arm within the agency, Morel was one of three customer service representatives offered the opportunity of joining the new section.

"The creation of SLS was imperative, mainly because it allows us to dedicate intensive time and attention to our schools," Morel said. They are confident that we can be called upon to take care of whatever loan business is necessary."

Q: Can you manually guarantee a loan versus electronic transmission? Which process is faster?

A: Yes, we can guarantee loans by both manual or electronic process. When a school transmits a loan, the computer system does the work and the loan is guaranteed overnight. However, during times of electronic transmission problems, the school may send the loan application and school certifications by fax and we will manually input the information into the Eagle II system, guaranteeing the loan on the spot.

Q: Can SLS do a loan cancellation?

A: Yes, we can do both partial and full cancellations. A partial cancellation occurs when a disbursement needs to be reduced in amount. We first alert the lender as to our intentions and then send them a new Notice of Guarantee (NOG). In cases of full cancellation, where the entire disbursement is canceled or even the entire loan, the lender or servicer must be notified prior to our taking action.

Q: I sent in a letter last semester, why is my loan showing as suspended?

A: When a loan is not guaranteed for any reason, it shows up on Eagle II as suspended. There are several possible reasons for a loan suspension. Perhaps there was a previous

notice of default, or a duplicate loan on the system – where two different schools have sent in simultaneous loan applications for a single student during the same academic period, or a Lender Request for Assistance (LRA) may have been filed by a lender on a borrower who is behind on previous loan payments, or there may be demographic conflicts – conflict in birthdate, Social Security Number, name or the loan period may end before the graduation date. When a loan suspends, Jeff will clear up the ones he is able to straighten out on our end. However, for more serious causes, we will need the appropriate paperwork which clears up the problem before we are able to pull the loan through.



Kelly Hutson

Hutson graduated from Louisiana State University -Baton Rouge with a bachelor's degree in arts and sciences after completing a double degree emphasis in journalism and political science. She served with the Louisiana Air National Guard for six years as a staff sergeant, stationed at Belle Chase near New Orleans where she worked as a meteorologist, supporting both land and air operations. Serving in LOSFA's former CSER Division as a communications specialist since January 1999, Hutson was eager to join the SLS team when offered the opportunity.

"I love my job," she said. "I find it very fulfilling to be in a position to help students receive a post-secondary education."

Hutson said the schools' response to the creation of SLS is that "it's the best possible thing LOSFA could have done to provide the highest level of service to financial aid administrators, students and lenders."

Q: What is LOSFA's relationship with USA Group?

A: We lease software from USA Group, which means we are renting their Eagle II system in order to process our student loans. Our relationship is with USA Group, the servicer – not with USA Funds, which is a separate guarantee company. Since LOSFA acts solely as a guarantee agency, we do not service loans. Therefore, our relationship with USA Group is non-competitive.

Q: What is the difference between a guarantor, a lender and a servicer?

A: The guarantor functions as a source of collateral for the borrower. The lender actually lends the money to the borrower. The servicer acts as a loan collector for the lender when the borrower is paying off the debt.

Q: Does everything have to be in writing, either by fax, e-mail or postal service?

A: No, often entire transactions can be completed by phone.

Q: Can I work with you strictly by e-mail?

A: Yes, a lot of schools seem to prefer that procedure. We will call you if we need additional information or further clarification.

Q: Are all of your transactions processed overnight?

A: No. Only problems involving a change of lender or a change in school/ lender setup are processed overnight. All other transactions occur online during regular working hours.

Q: Can SLS help us with TOPS procedural problems?

A: Yes, however, we will direct the more complex TOPS billing issues to Scholarships and Grants and the more complex TOPS Web site issues to Information Technology.

Mapping Your Future holds conference

The Mapping Your Future (MYF) annual conference, held Sept. 27-29 in Dallas, offered several informative sessions ranging from in-depth explorations of the Web site to suggestions for continuing education opportunities for guarantors.

The Louisiana Office of Student Financial Assistance (LOSFA) is one of the MYF site's 39 Federal Family Education Loan Program (FFELP) guaranty agency sponsors. Representing LOSFA at the conference were Director of Information Technology Terry Tuminello and Pre-claims Supervisor Lynda Downing.

Downing, who is also a member of the MYF sub-committee that developed the Web site, made a presentation on the default-aversion section of the site entitled "10 Steps to Financial Fitness," a feature aimed at educating high school and college students about personal finances.

By following the 10 Steps on the site, students can determine if they are financially

fit, get advice on the wise use of credit cards, learn how to avoid defaulting on student loans and other debts and access information on credit reports and investment options, according to Downing.

"Each step has a link to related subject matter which explains that particular step completely and in plain English," she said.

The 10 Steps to Financial Fitness, as indicated on the MYF site are:

- You have a student loan, but you may not totally understand it. Find out what role your school, lender, guarantor and the Department of Education play, and how they can assist you. Come away with a better understanding of the student loan process.
- Avoid the consequences of default by finding the appropriate solution to any problem you are having repaying your student loan.
- It's cool to be in control. Find out what you need to do to establish yourself financially. Then take a simple test that will tell you if your financial situation is getting out of control.

- Follow simple steps that will teach you how to balance your check book online.
- Keep your "wants" under control by establishing a budget and sticking to it.
- Pay yourself first. You will be surprised to see how quickly your savings will grow. And don't overlook how you can learn about your investment options.
- Use your credit cards wisely to help you establish a solid credit rating and avoid financial problems.
- Find out everything you need to know about your credit report, and how to request one.
- If you have had problems in the past, learn how to clean up your credit and avoid bankruptcy.
- Visit other Web sites for more information on financial fitness.

MYF's Internet site at www.mapping-your-future.org is an interactive Web page which provides a variety of informational topics, including planning a career, selecting a school and paying for school. The site also offers special chat night events that enable visitors to pose questions to counselors online and receive answers in real time.

Web site

Continued from Page 1

minutes for LOSFA to forward the information by e-mail and three hours for viewing.

To view all of the records that have had errors during the current academic year, the Error Roster by School option is available. As with the Payment Roster by School selection, those records containing errors may also be viewed online or may be downloaded and processed by date or viewed as a whole. The procedure for downloading the Error Roster is the same as the Payment Roster. Simply follow the prompts and submit a request.

The payment request options now allow for batch file transfers as well as single file transfers. For a single entry, the information must be supplied in the desired fields, then "Add" and "Refresh Listing" are clicked and the roster is updated. To make adjustments, click

the SSN of the desired record and make the necessary changes. Press "Cancel" to stop the change or "Delete" to completely remove the record.

For the batch transfer, the user must select the "Browse" button and locate the file they are seeking to transfer. Next, double click the file name and it will automatically fill in the browse field, allowing the user to forego the tedious task of retyping the file name. The file is then ready to be forwarded to LOSFA by selecting the "Submit" button.

Grade reports can also be submitted by single record or as a batch file transfer. The Academic Information Update section allows the user to fill in the desired fields, add it to the listing and refresh the entire listing. Batch transfers work similarly to the payment request by browsing for the appropriate file and submitting it to LOSFA.

The cancel and delete options are also available with this program.

The security and maintenance of the TOPS Portal password, which rests with the user, is also changeable on the Web site. A few parameters have been established for password creation. They must be eight to 15 characters long, must have at least one number and no less than three letters.

When selecting a password, enter it into the required field and retype for confirmation. The final step requires the user to enter an e-mail address and a challenge question and answer to be used in the case of a lost or forgotten password.

This latest batch of Web site revisions represents a marked improvement in LOSFA's programming capabilities, but is by no means the final word on the site's evolution. The site will continue to be upgraded throughout 2001.

State financial aid advisors meet in N.O.

Representatives from divisions of the Louisiana Office of Student Financial Assistance (LOSFA) attended the Louisiana Association of Student Financial Aid Administrators (LASFAA) conference held at the Radisson Hotel in New Orleans Oct. 4-6.

Wilton McMorris of LOSFA's Information Technology Division made a presentation on the new portal for the Tuition Opportunity Program for Students (TOPS) Web site. As a result of its recent redesign, the TOPS portal now offers several advantages to users throughout the postsecondary billing process.

Users can now send as many billing or grade files as they wish during the day, instead of being limited by amount and time, as in the past, he said.

Also, users can now either download the Master Roster, Payment Roster or Error Roster, or select screen display only. The display and download options offer a search or filter function which retrieves only the desired record(s).

"These are just a few of the improvements made to the Web site to help streamline the billing process and make it more user-friendly," McMorris said (see page one for related story).

Byron Henderson, supervisor of LOSFA Collections and Robert Pollage, assistant supervisor of LOSFA Pre-Claims, made a joint presentation to a break-out session of financial aid professionals.

The "bottom line" was the keynote of Pollage's default-aversion portion of the joint presentation, in which he zeroed in on benefits to schools and lenders who keep students from defaulting. Pollage said schools benefit because their cohort default rate is reduced. Since every defaulting student affects the school's national rating by the U.S. Department of Education (ED), a

lower default rate ensures that a school will be allowed continued participation in the federal student aid programs. As an added incentive for schools, new muscle behind ED's "get tough" measures, recently endorsed by Congress, now allows the department to shut out those schools reflecting a high default rate from participation in Title IV programs

Lenders also benefit, Pollage said. When a loan defaults, lenders receive only 98 percent of the principal, in addition to the loss of the potential interest that would have accrued to the institution had the loan been repaid over its natural lifetime.

Henderson's portion of the joint effort consisted of an animated Power Point presentation aimed at personalizing the human being that exists behind the defaulted loan. "We wanted the professionals to realize the full impact of the situation we are having to deal with when a loan goes into default – a look at the reality in human terms," he said.

By utilizing the dual personas of "Danny Default" and "Cathy Consolidation," two actual case histories turned case studies through name changes, Henderson brought to life for the audience the reality of the penalties which accompany default: the capitalization of interest and principal; the addition of collection costs to the capitalized amount; the fact that first payments are posted only toward collection costs; and the addition of various and sundry fees.

"Danny Default" originally borrowed \$4,637. He entered into repayment in November 1993, but was unable to maintain payment and subsequently went into default in June 1995. At the time of default, back interest and principal had accrued to \$4,951.20. The capitalized interest amounted to \$2,342.62, which was added to the principal and back interest. Collection costs amounted to \$1,417.70. This was also added to the principal, back interest and capitalized interest. The total balance owed on the defaulted loan finally amounted to \$8,711.52, almost double the original amount.

"Cathy Consolidation" consolidated her student loans into a single loan amount of \$53,680 in March 1993. She never made a payment and went into default in September 1996, at which time the principal plus back interest amounted to \$67,467.13. The capitalized interest on the loan amounted to \$22,628.13, which was added to the principal and back interest. Collection costs amounted to \$17,062.05, which, when added to other amounts due on the loan, brought the balance owed to \$109,157.31, more than double the original amount.

Once a loan goes into default, it follows a definite path, unless derailed by a borrower who begins making voluntary payments before reaching the following deadlines:

A loan without payment during the first 60 days is subjected to administrative review and given the opportunity to enter repayment. A loan with no payment made from three to 48 months is subject to administrative wage garnishment, treasury offset, state tax offset and given the opportunity to enter repayment. A loan with no payment made for over 48 months is subrogated, in layman's terms, the account is returned to ED for collection.

"When ED offsets federal payments to discharge debt, that means *any* type of federal payment. There are cases of former students whose Social Security checks are now being garnished."

Henderson's real-life scenarios made quite an impact on the audience, and participation was lively during the question and answer period following the presentations. He said professionals play a major role in counseling students prior to graduation, and it is up to them to impress upon the student mentality the seriousness of the debt that has been assumed. The professionals are also crucial in encouraging students to maintain contact with their lenders and guarantors throughout the repayment process.

"We want to impress upon everyone that student loans are a debt that will not go away ... it is a debt that is owed until it is paid."

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