



LOSFA LOOP

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From the Desk of the Executive Director

Discussions of President Barack Obama's proposal to eliminate the Federal Family Education Loan (FFEL) program have focused largely on its ramifications for major student loan providers, but recent discussions have focused on the role of the guaranty agencies. What do these agencies actually do, what are they paid to accomplish, and just how connected are they to loan companies and states, etc.?

Guaranty agencies are paid to perform three basic functions within the Federal Family Education Loan (FFEL) Program: provide default insurance for lenders; work with delinquent borrowers to help them avoid default; and collect on or rehabilitate defaulted student loans. Some have argued recently that entrusting a single agency to carry out all of these functions creates opportunities for conflicts of interest. Even worse, others have argued that the financial payment structure provides guaranty agencies with the greatest compensation for letting a student loan default -- the worst possible outcome for borrowers and taxpayers.

Although the Louisiana Office of Student Financial Assistance (LOSFA) was not specifically targeted by any of these critics of guaranty agencies, I still feel the need to voice my pride in the role that LOSFA has played in being not only a student loan guarantor, but Louisiana's First Choice for College Access. This encompasses so much more than just being Louisiana's designated guarantor of FFELP loans originating in the state of Louisiana. One specific criticism of guaranty agencies in general that I will address is the concept that it is more lucrative to a guaranty agency to actually allow borrowers to default on their student loans. Of course, I can't speak for every student loan guarantor, but LOSFA operates under a strict mantra of Teamwork, Excellence, Service and Transparency. Transparency means no hidden agendas. Defaulted student

loans are an unfortunate reality, but I can personally guarantee that LOSFA works zealously to prevent student loan default. In addition to having a Default Prevention Section within our Loan Operations Division that prevented almost 50,000 borrowers and \$600,000,000.00 in student loan funds from going into default during the 2008-09 Fiscal Year, other divisions within our agency have the implicit role of preventing student loan default as well.

Our START division administers our state's 529 plan, the START Saving Program, in order to encourage more parents to actually save for their children's education as opposed to borrowing. Our Public Information and Communications Division makes presentations to high schools and within the community about START, financial aid, financial literacy and college and career awareness. Our School and Lender Services Division conducts default prevention activities reaching over 10,000 college students annually. If those arguments aren't convincing enough, it has been said that a picture is worth a thousand words. Please pay close attention to the pictures which begin on page 3. They will provide you with a brief overview of this year's Trailblazer Camps, in which we worked with close to 200 high school students educating them on the financial aid application process so that they in

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LOSFA Outreach



Stuff the Bus!

LOSFA was represented at the Volunteers in Public Schools 'Stuff the Bus' even on July 8.

Volunteers urged shoppers at Office Depot to donate school supplies, which were then loaded into a school bus, for East Baton Rouge Parish school children.

The costs of donated supplies totaled \$46,438.30 and included binders, glue sticks, paper, pens, pencils, rulers, and spiral notebooks. This total surpasses last year's total of \$33,000.

For more information about Volunteers in Public Schools, go to <http://vips.ebrschools.org>.

Blood drive totals

LOSFA employees participated in a blood drive for United Blood Services on July 30.

The agency doubled its goal for a total of 24 units of blood donated.

The next agency-wide blood drive is scheduled for September 23, 2009.

Changes to FAFSA on-line application revealed

The U.S. Department of Education (ED) revealed operational details about its project to simplify the FAFSA on the Web (FOTW) completion process in a session at last week's NASFAA conference. Conferees were introduced to the Internal Revenue Service (IRS) Data Share, a development that will allow students the option to seamlessly retrieve verified tax return data and use it to automatically complete some FAFSA questions.

The IRS Data Share is part of a series of major improvements to the FAFSA announced last month that comply with Higher Education Opportunity Act 2008 (HEOA) simplification requirements and that could radically change the application process for students and relieve students and schools of the verification process.

When the IRS Data Share is in place, applicants completing FOTW will be able make a real-time request to the IRS for data during the application session. Applicants will click on a link to the IRS and use their Federal Student Aid Personal Identification Number (FSA PIN) and other data for authentication.

The IRS will send the results to the taxpayer (either the student or the parent of a dependent student) in a new window. Data provided by the IRS will include type of return, adjusted gross income, income tax paid, number of exemptions, education credits, tax-exempt interest income, untaxed IRA deductions, and the amount of untaxed pension distributions. The applicant can then elect to have the data automatically populate the FAFSA he or she is completing.

Source: Jennifer Martin/NASFAA

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TRAILBLAZER CAMP 2009

LOSFA held Trailblazer Camps this year at Northwestern State University in Natchitoches and at Nicholls State University in Thibodaux. A total of 193 high school students attended the camps, which are geared toward providing high school juniors and seniors with financial aid information. The campers then take that information back to their schools to share with their peers. These are a few of the photographs of the camps. Look for a special edition of the LOSFA Loop soon which will feature additional photographs, quotes from this year's campers as well as an update on the college plans of past campers.



Northwestern Camp





Nicholls State University Trailblazer Camp 2009

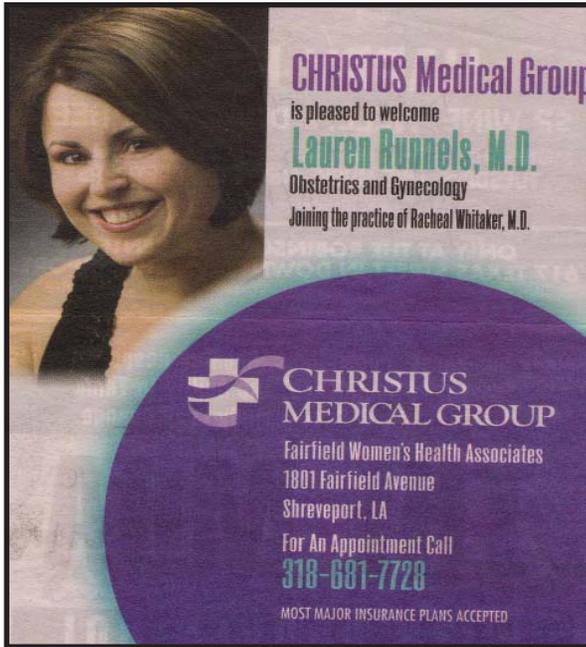


Jairen Pichon, a senior at Fontainebleau High in Mandeville, was chosen the Outstanding Trailblazer of 2009. He attended the Nicholls camp. "The people made the camp," he said. "The staff was really down-to-earth and mingled with us. We learned a lot about financial aid and I really appreciate that." Pichon will be attending college online next year and has enlisted in the Air Force.





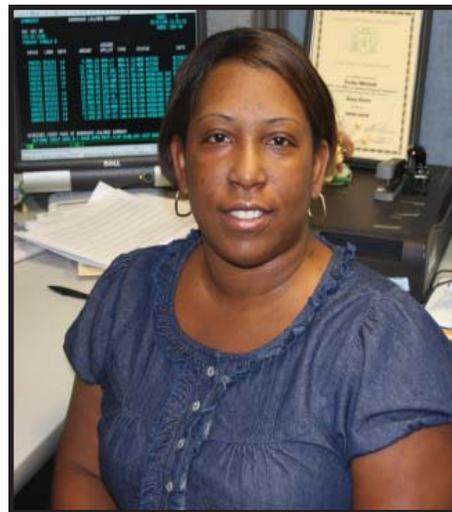
Noteworthy Events



LOSFA's Assistant Executive Director of Fiscal and Administrative Affairs, Jack Hart, is proud to announce that his daughter, Dr. Lauren Runnels, has joined Fairfield Women's Health Associates in Shreveport. A graduate of LSU Health Sciences Center in 2005, she completed her OB/GYN residency earlier this year.

"My wife, Nancy, and I are both very proud of Lauren's academic accomplishments," Hart said. "We are equally proud of both Lauren, and our son Brian, and the people they have become as adults."

Tischa Mitchell, Student Financial Aid Specialist in Claims Administration, graduated from the University of Phoenix, Baton Rouge campus in April of 2009. She received her Bachelor of Science in Accounting. Mitchell has been employed with the state of La. for 11 and half years, but has been apart of the LOSFA family for seven and half years. On obtaining her degree, Mitchell said, "I have obtained the key which will open many more doors in my future."



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turn can serve as peer educators for their classmates. Educating, motivating and encouraging our young people, our future leaders, is what I'm most proud of when I think about the role of LOSFA, your designated student loan guarantor and your First Choice for College Access. Regardless of the future of lenders and guarantors in the student loan process, we are much more than that and will continue to provide access and assistance to the students of Louisiana with our many school partners.

--Melanie

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Applicants who have not filed a federal tax return, are not required to file a return, or who file a foreign tax return will receive a "no match" message if they request IRS data and will have to manually complete the FOTW. The IRS data share will also be unavailable to applicants who indicate a recent change in marital status, making it difficult to obtain accurate data.

When an applicant chooses to fill the FAFSA with the IRS data, the student's Institutional Student Information Report (ISIR) will be tagged as containing information coming from the IRS. Institutions can treat this information (from the student, the parent of a dependent student, or both) as the receipt of the applicable tax return, thus reducing the work involved in the verification process. The Central Processing System (CPS) will tag an ISIR only if the data coming from the IRS is unchanged. If an applicant chooses to transfer IRS data to his or her FAFSA, and then alters the information, the tag indicating the use of the IRS data share will disappear, and schools would still need to collect tax returns to complete verification.

For the 2009-10 application cycle, the IRS Data Share will be a pilot to test how well the concept works. It will be available to individuals completing a FOTW in January 2010 or later. For the 2010-11 cycle, students who submit an application during the summer of 2010 or later can choose to use the IRS Data Share. The data share won't be available earlier in the 2010-11 processing cycle, because it will take the IRS several months to make reliable data available.

The option to use the IRS Data Share will only be offered to students and families who are completing an initial application. Individuals will not have the option of requesting IRS data if they are submitting corrections to a processed application.

The Department is addressing FAFSA simplification, which is mandated by the HEOA, in several stages. Since May 2009, the Education Department has provided instant estimates of Pell Grant and student loan eligibility. This summer, enhanced skip-logic will improve user navigation for many applicants by reducing up to half the questions.



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