



Student Lending Analytics
Flash Survey: FFEL and Direct Lending Trends
November 12, 2009

This presentation does not constitute formal policy or legal advice and should not be relied upon as such.

SLA Flash Survey: FFELP and DL Trends Background

Situation

- Senate has delayed introduction of a student aid reform bill until health care debate is settled
- Some experts do not expect legislative outcome settled until the new year

Survey Goals

- Determine the decisions that schools are making now about their federal student loan program for 2010-11
- Identify steps that schools are taking today to prepare for a potential transition to the Direct Loan program
- Generate ideas for improving the Direct Loan program

SLA Flash Survey: FFELP and DL Trends

Methodology

- Emailed flash survey on November 5, 2009 with due date of November 10, 2009.
- In addition to demographic questions, the survey had the following questions:
 - Please select the choice which best describes your institution's current plans for the 2010-2011 academic year?
 - CHECK ALL THAT APPLY. My institution (either myself or other staff members) has taken the following steps to prepare for Direct Lending should that become the platform for loan origination as well as servicing in 2010-11:
 - COMMENT ON THIS STATEMENT. The administration at my institution is interested in having a contingency plan prepared to implement Direct Lending by the proposed July 1, 2010 start date.

SLA Flash Survey: FFELP and DL Trends Methodology (continued)

- Responses were normalized for following reasons
 - Email addresses that did not correspond with an educational institution were excluded
 - Several schools provided multiple responses; only one response was analyzed
- Overall, 410 responses from financial aid administrators were included in the analysis

SLA Flash Survey: FFELP and DL Trends Insights

- Almost 50% of respondents to the survey are currently in Direct Lending (24% of respondents) or have committed to move to DL for 2010-11 school year (23%).
 - 39% of respondents indicated that they were preparing for DL but had not fully committed to implementing it.
 - 8% indicated that they would “only begin preparations for a transition to Direct Lending when required by legislation.”
 - Interestingly, 74% of this group had completed or are planning to complete some activities related to Direct Lending implementation
- Overall, 5% of survey respondents indicated that they had not completed any of the listed activities (there were eleven in the survey) to prepare for a possible transition to Direct Lending
- The top five activities that respondents are undertaking to prepare to implement Direct Lending are:
 - Participating in Direct Lending webinars
 - Reviewing materials on the Direct Lending website
 - Attending the upcoming FSA Conference
 - Updating the PPA
 - Contacting the COD School Relations Center to request participation in DL program

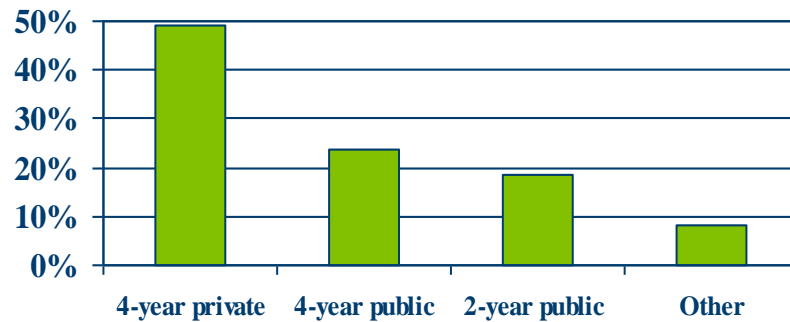
SLA Flash Survey: FFELP and DL Trends Insights (Continued)

- Over 2/3 of respondents “agree” or “strongly agree” that their school administration is interested in having a contingency plan in place to implement DL by the July 1, 2010 deadline.
- Current DL participants are most satisfied with loan processing and see the most room for improvement with value-added services, including financial literacy and default prevention

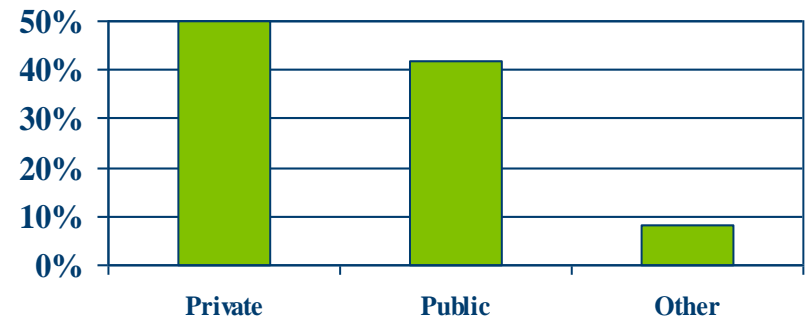
SLA Flash Survey: FFELP and DL Trends

Profile of Survey Participants

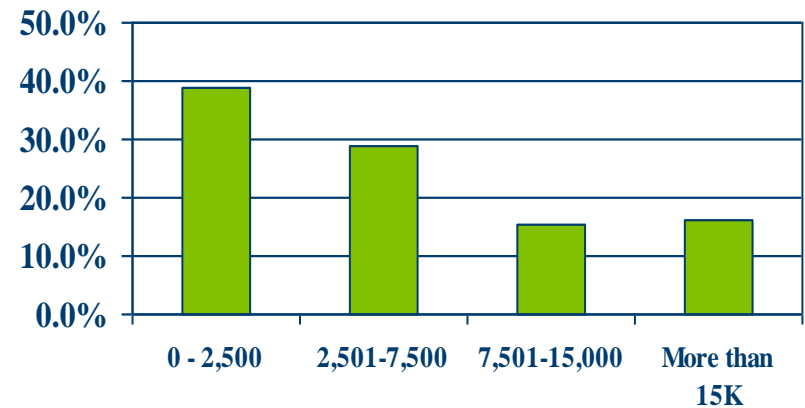
School Type



School Ownership

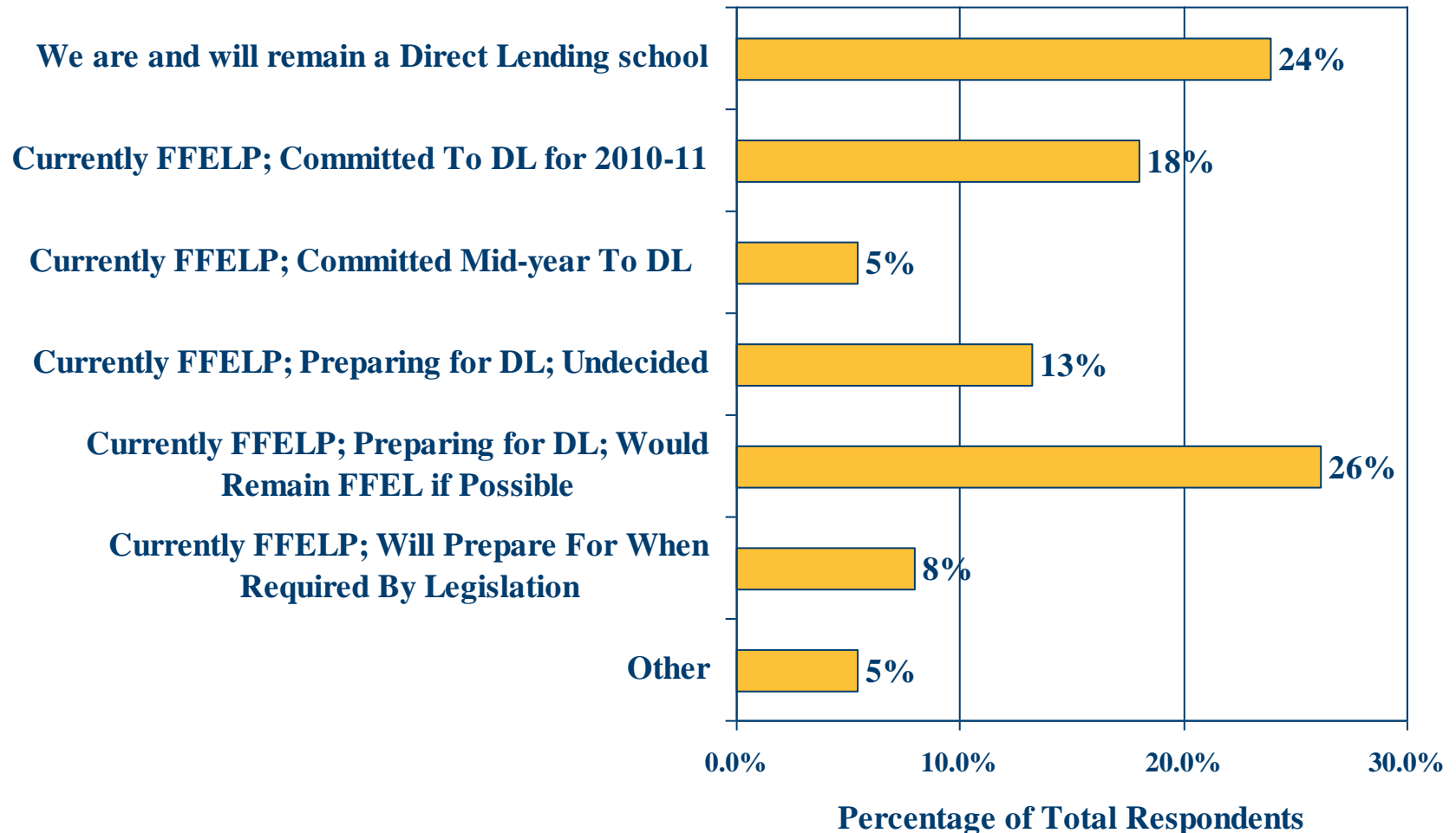


School Size



SLA Flash Survey: FFELP and DL Trends

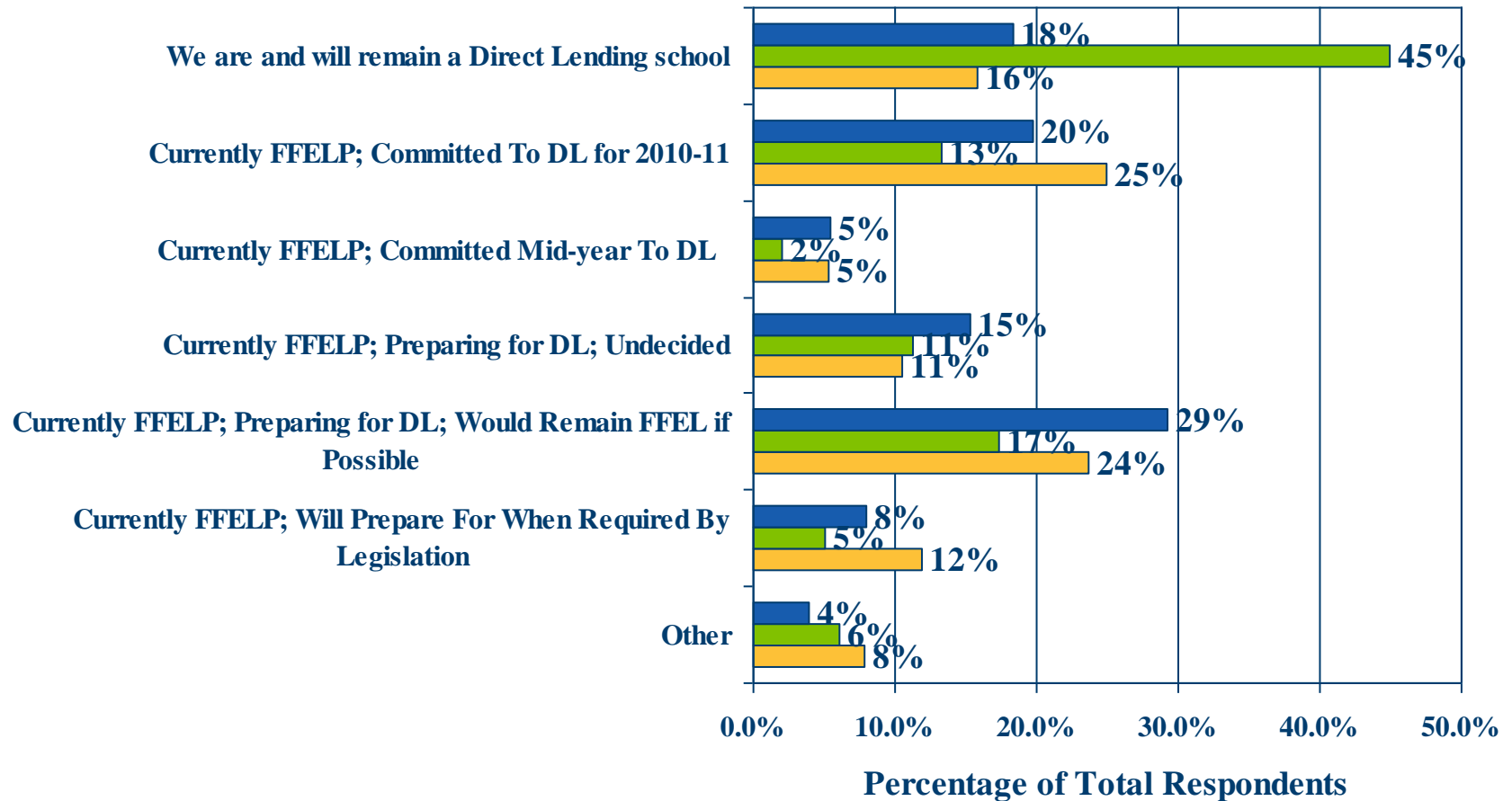
Current Plans For 2010-11 (Overall)



Survey question #1: Please select the choice which best describes your institution's current plans for the 2010-2011 academic year?

SLA Flash Survey: FFELP and DL Trends

Current Plans For 2010-11 (By School Type)

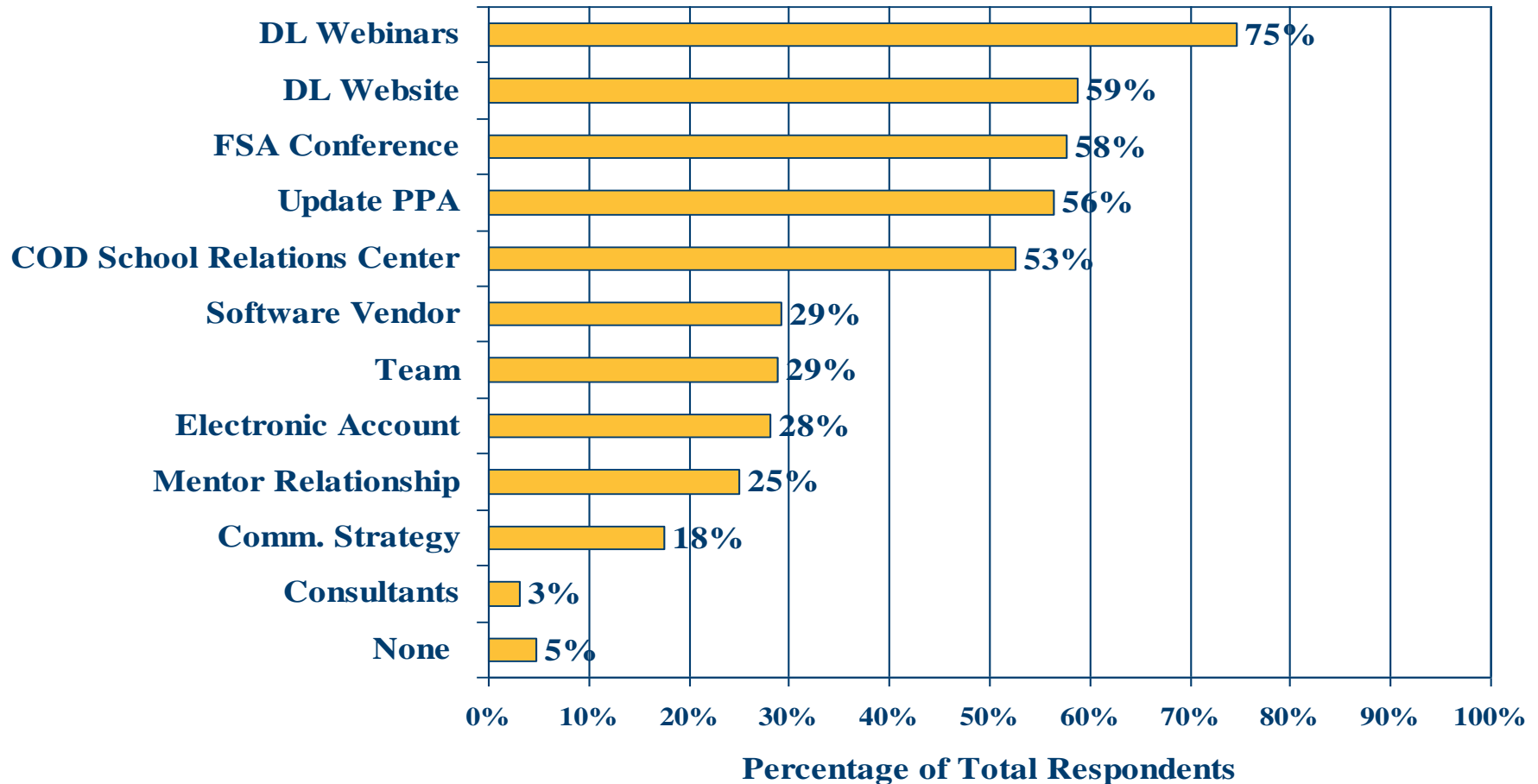


■ 2-Year Public
 ■ 4-Year Public
 ■ 4-Yr Private

Survey question #1: Please select the choice which best describes your institution's current plans for the 2010-2011 academic year?

SLA Flash Survey: FFELP and DL Trends

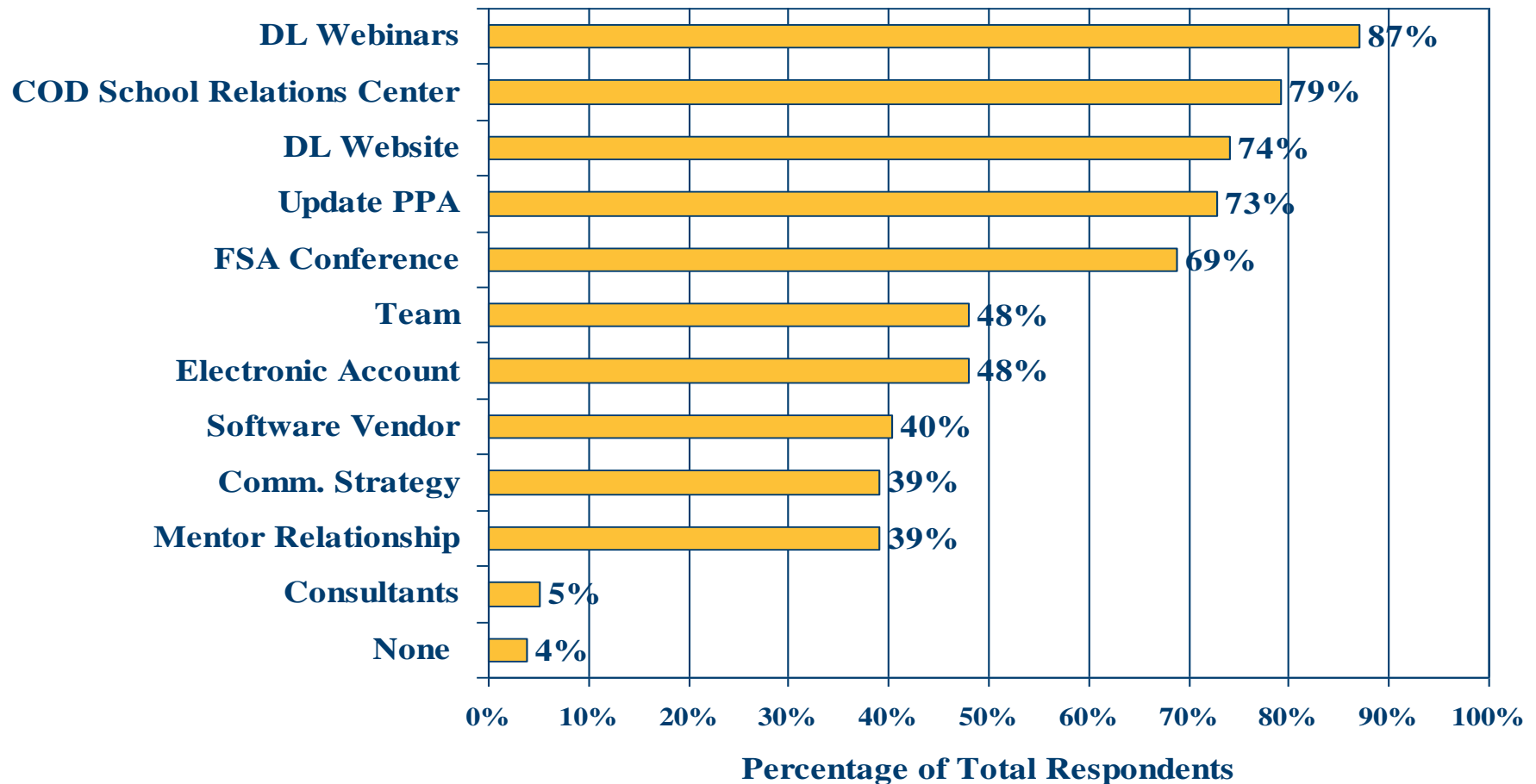
Activities To Prepare for DL – Overall



Survey question #2: CHECK ALL THAT APPLY. My institution (either myself or other staff members) has taken the following steps to prepare for Direct Lending should that become the platform for loan origination as well as servicing in 2010-11:

SLA Flash Survey: FFELP and DL Trends

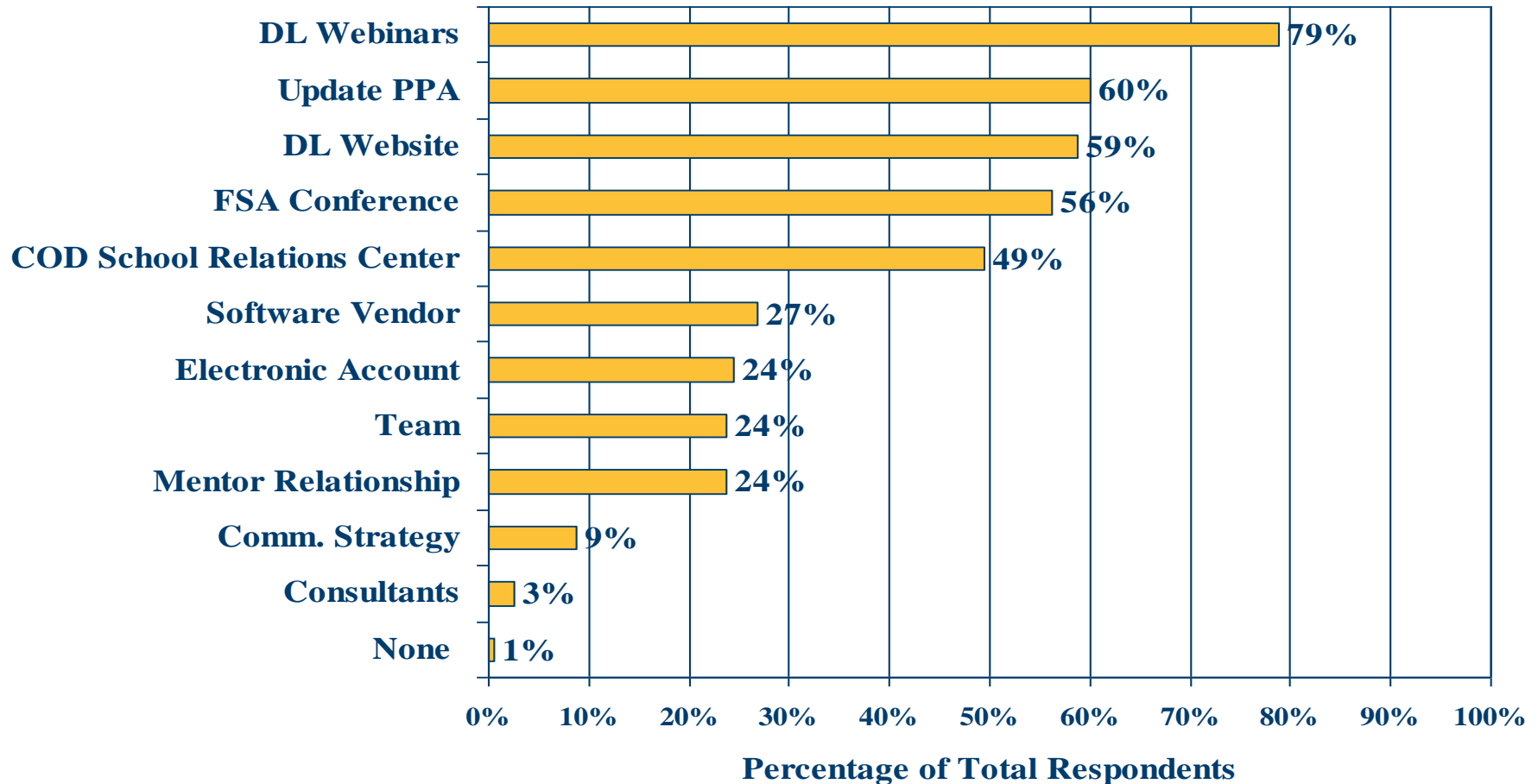
Activities To Prepare for DL – Committed To Implement DL



Survey question #2: CHECK ALL THAT APPLY. My institution (either myself or other staff members) has taken the following steps to prepare for Direct Lending should that become the platform for loan origination as well as servicing in 2010-11:

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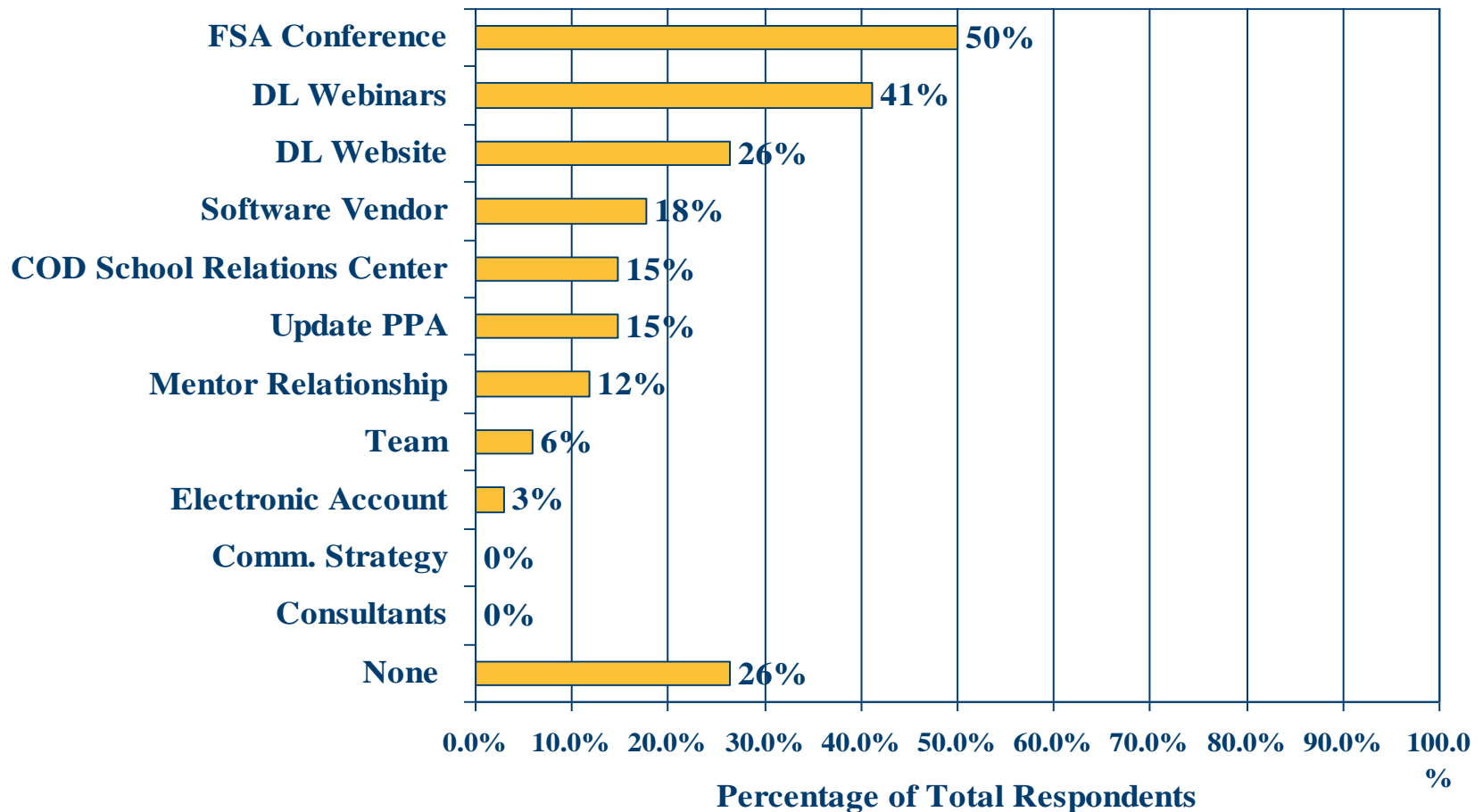
DL Preparation – Preparing For DL But Not Committed



Survey question #2: CHECK ALL THAT APPLY. My institution (either myself or other staff members) has taken the following steps to prepare for Direct Lending should that become the platform for loan origination as well as servicing in 2010-11:

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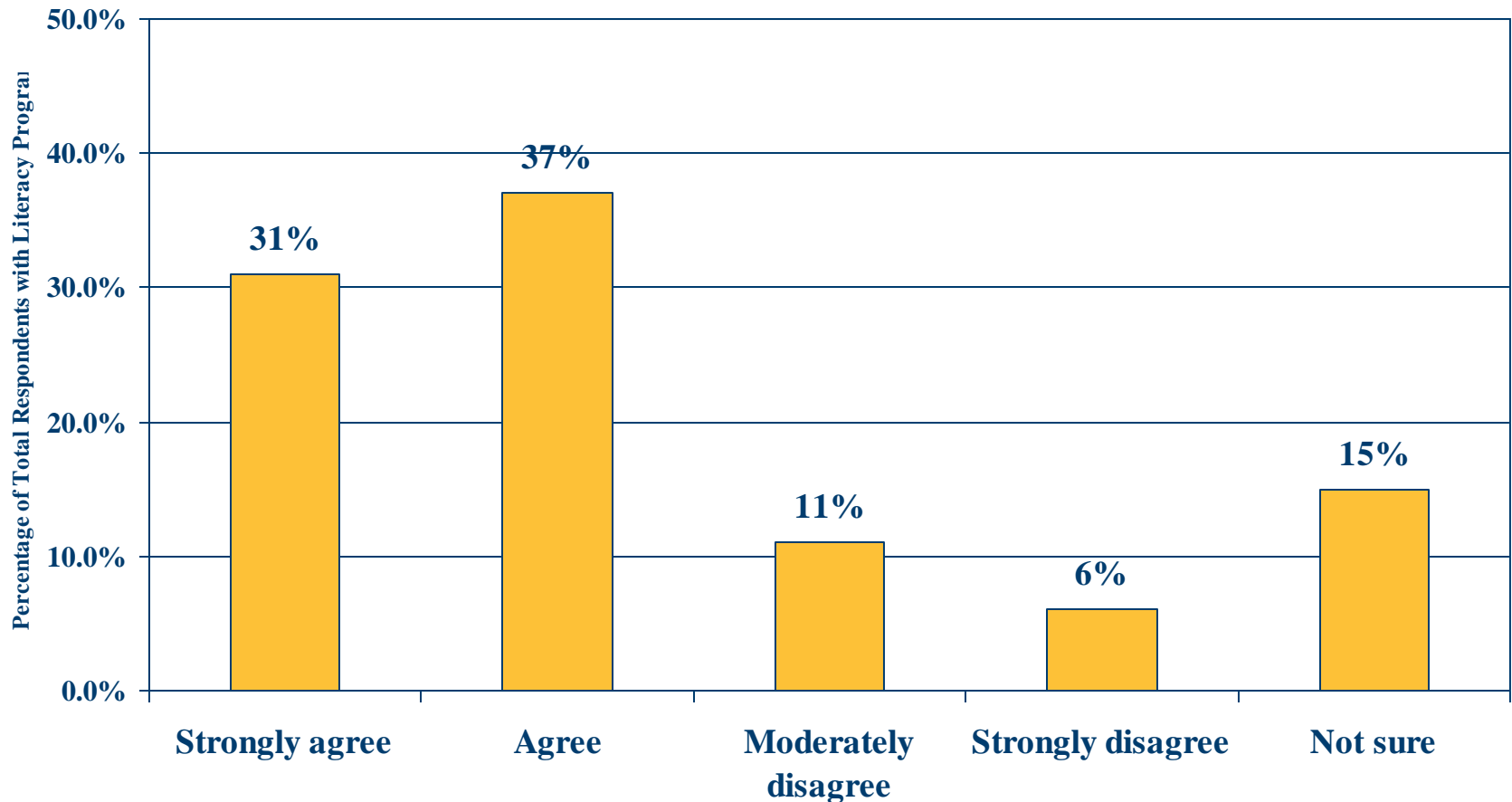
DL Preparation – Will Prepare When Required To Prepare



Survey question: CHECK ALL THAT APPLY. My institution (either myself or other staff members) has taken the following steps to prepare for Direct Lending should that become the platform for loan origination as well as servicing in 2010-11:

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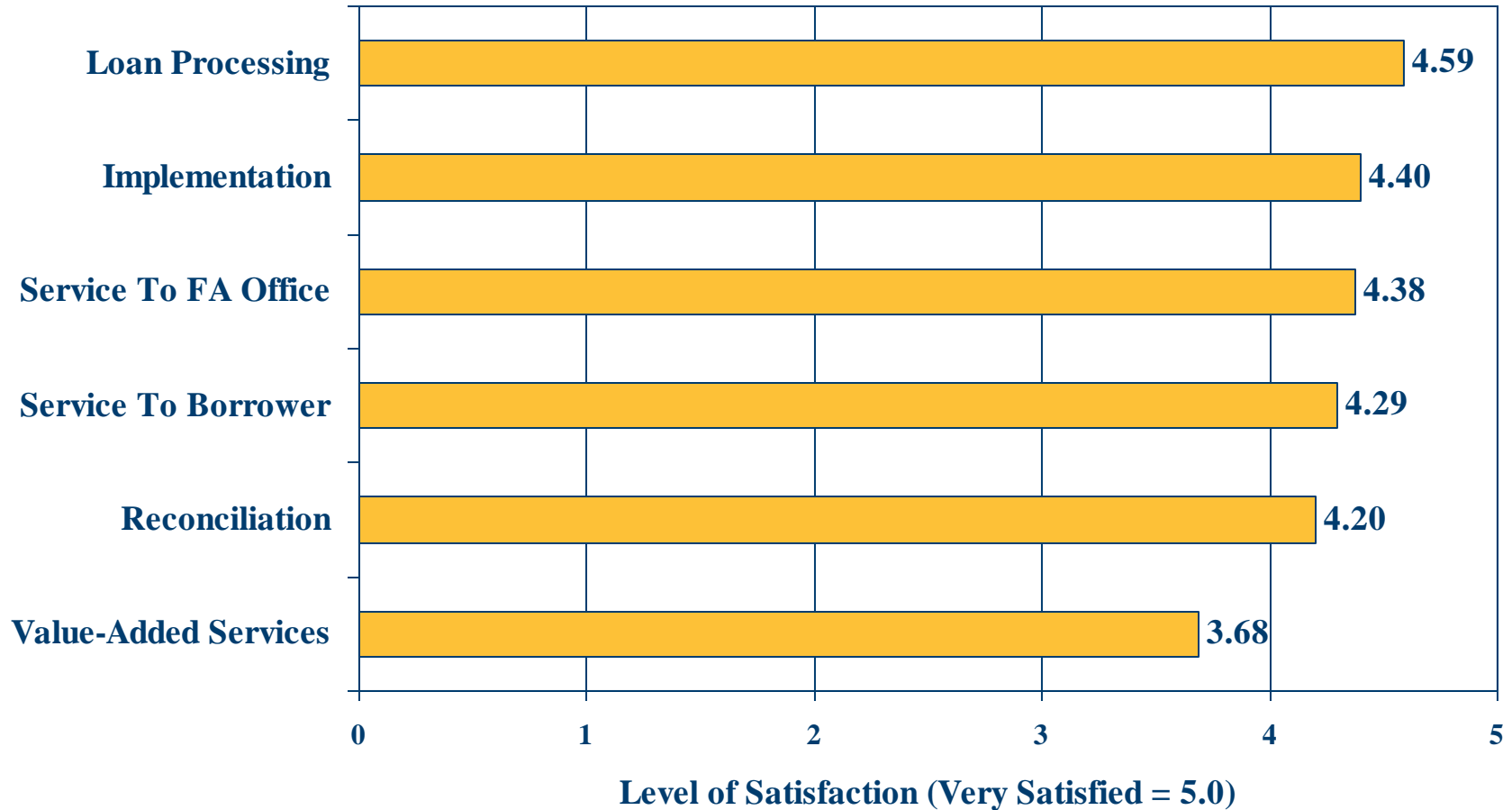
School Administration's Interest In Direct Lending



Survey question: COMMENT ON THIS STATEMENT. The administration at my institution is interested in having a contingency plan prepared to implement Direct Lending by the proposed July 1, 2010 start date.

SLA Flash Survey: FFELP and DL Trends

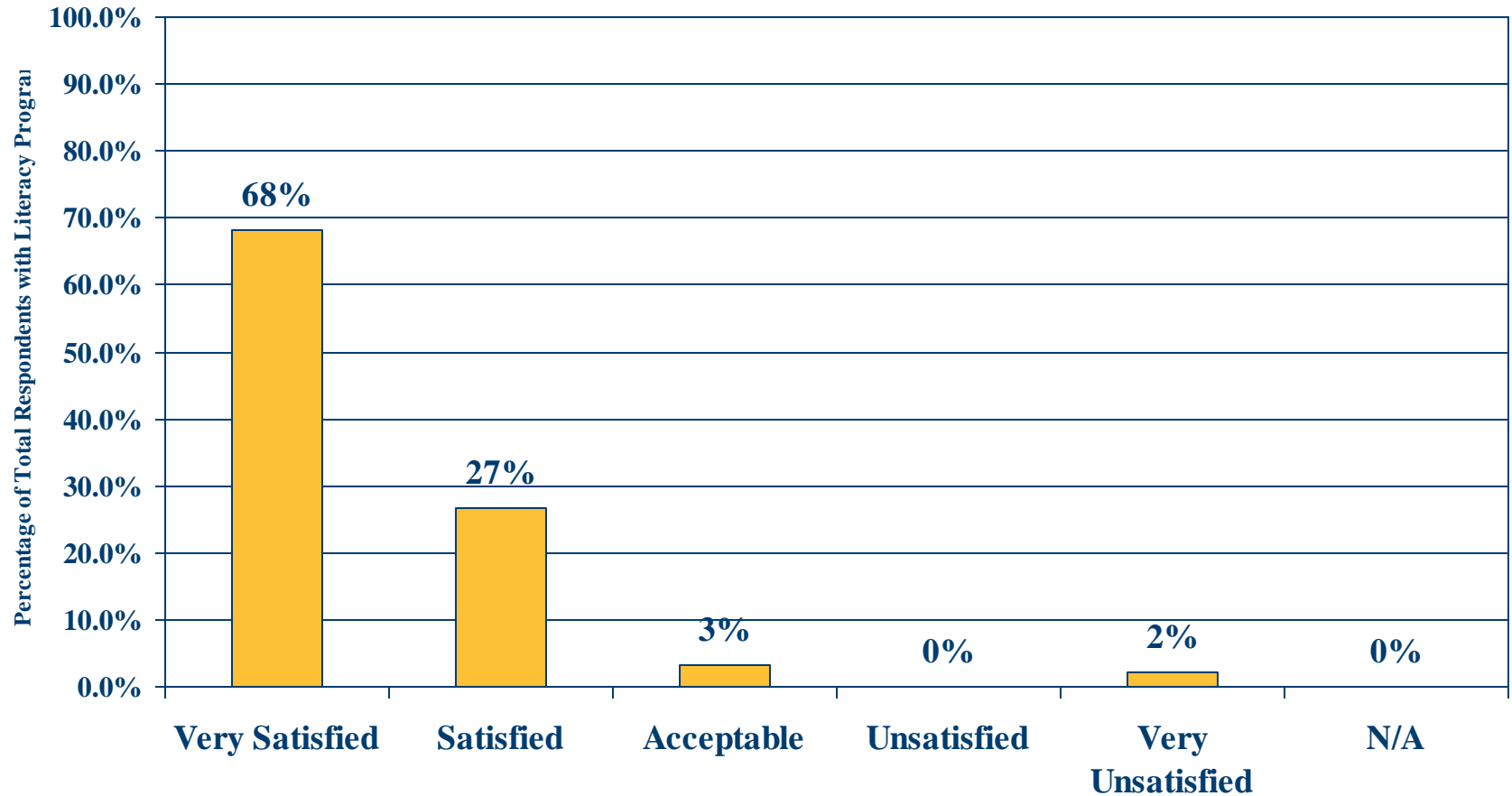
DL Satisfaction Levels: Service To Borrowers



Survey question: Describe your level of satisfaction with the Direct Lending program for each of the factors described below.

SLA Flash Survey: FFELP and DL Trends

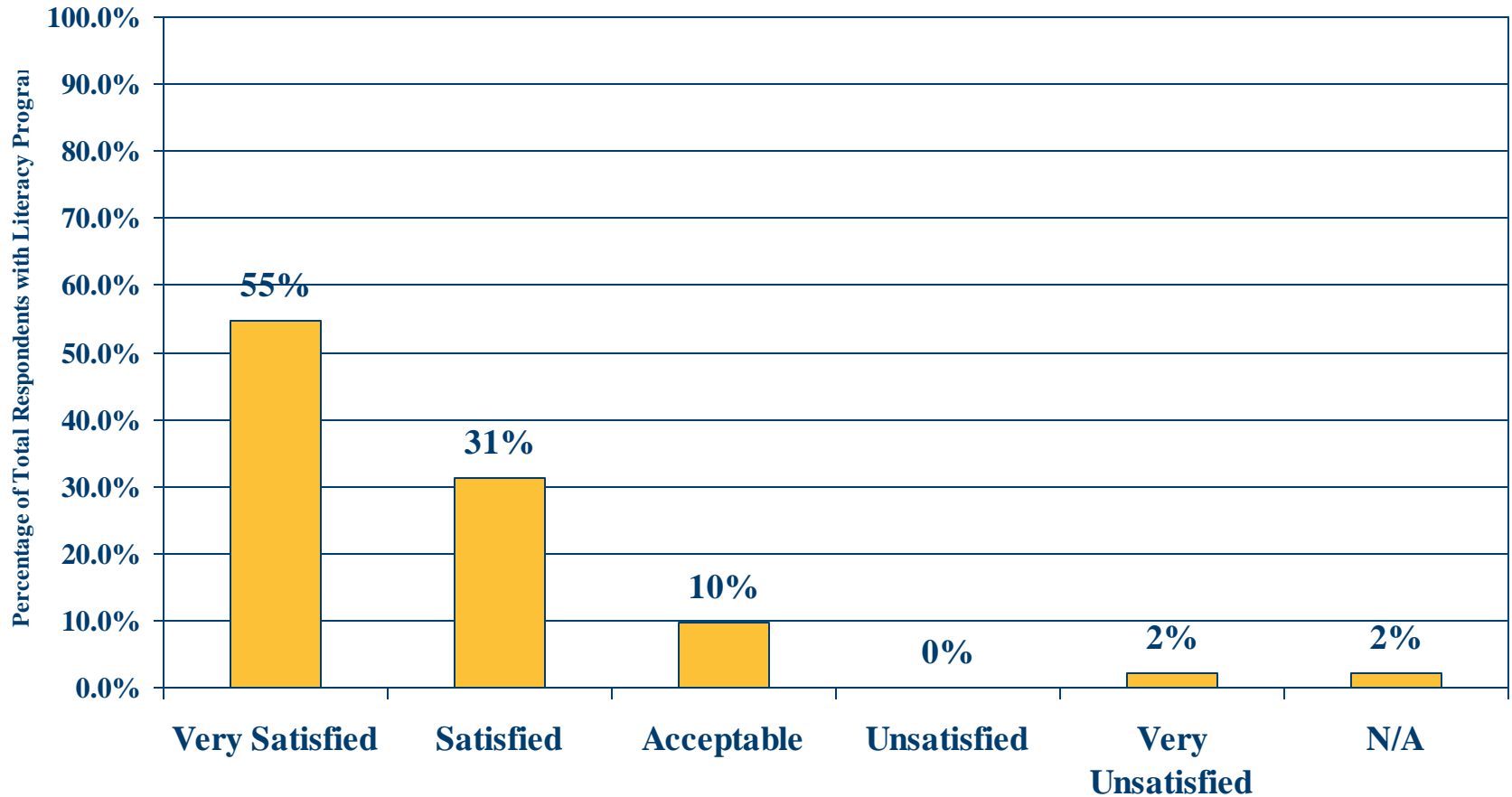
DL Satisfaction Levels: Loan Processing



Survey question: Describe your level of satisfaction with the Direct Lending program for each of the factors described below.

SLA Flash Survey: FFELP and DL Trends

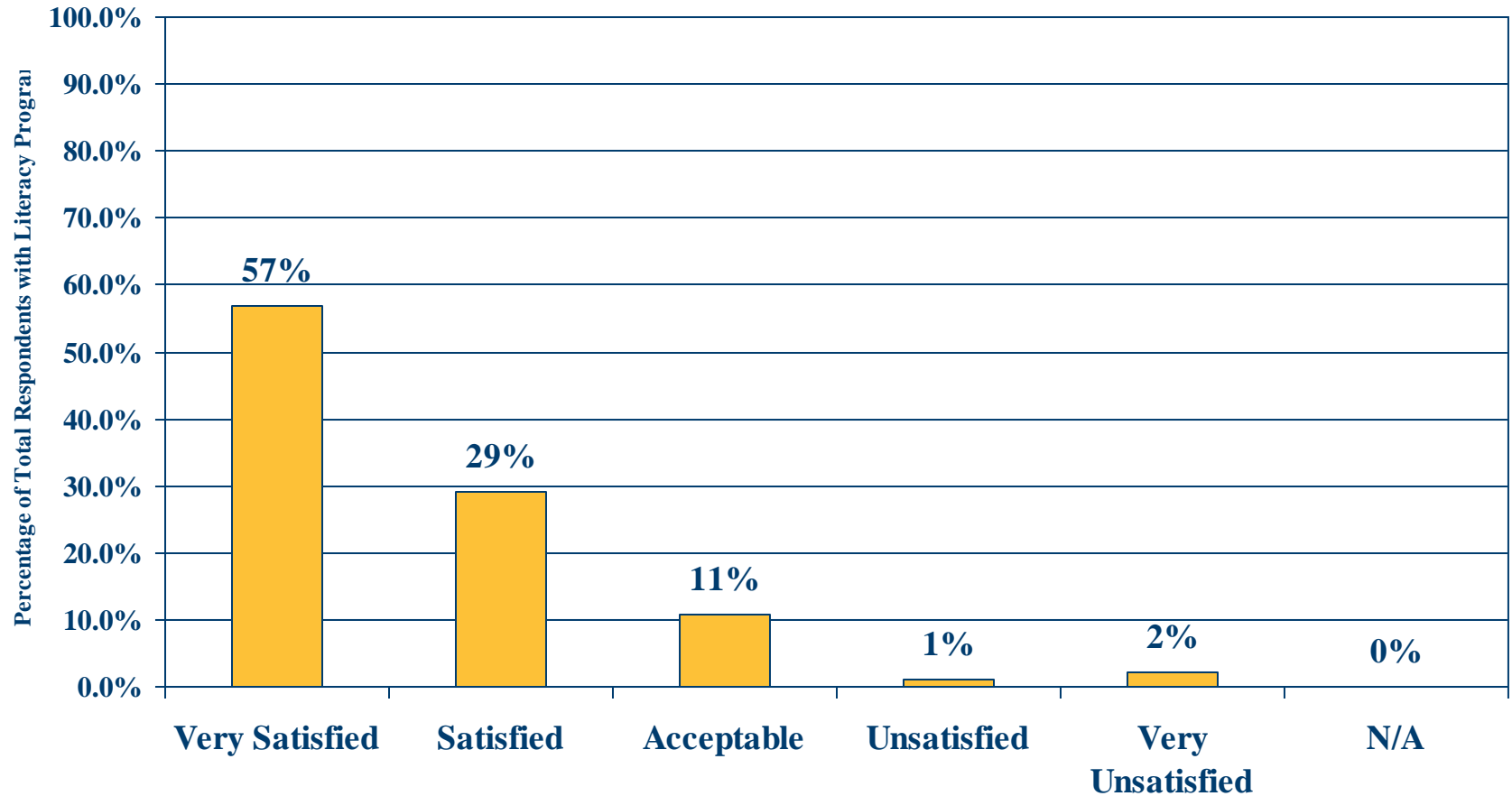
DL Satisfaction Levels: Ease of Implementation



Survey question: Describe your level of satisfaction with the Direct Lending program for each of the factors described below.

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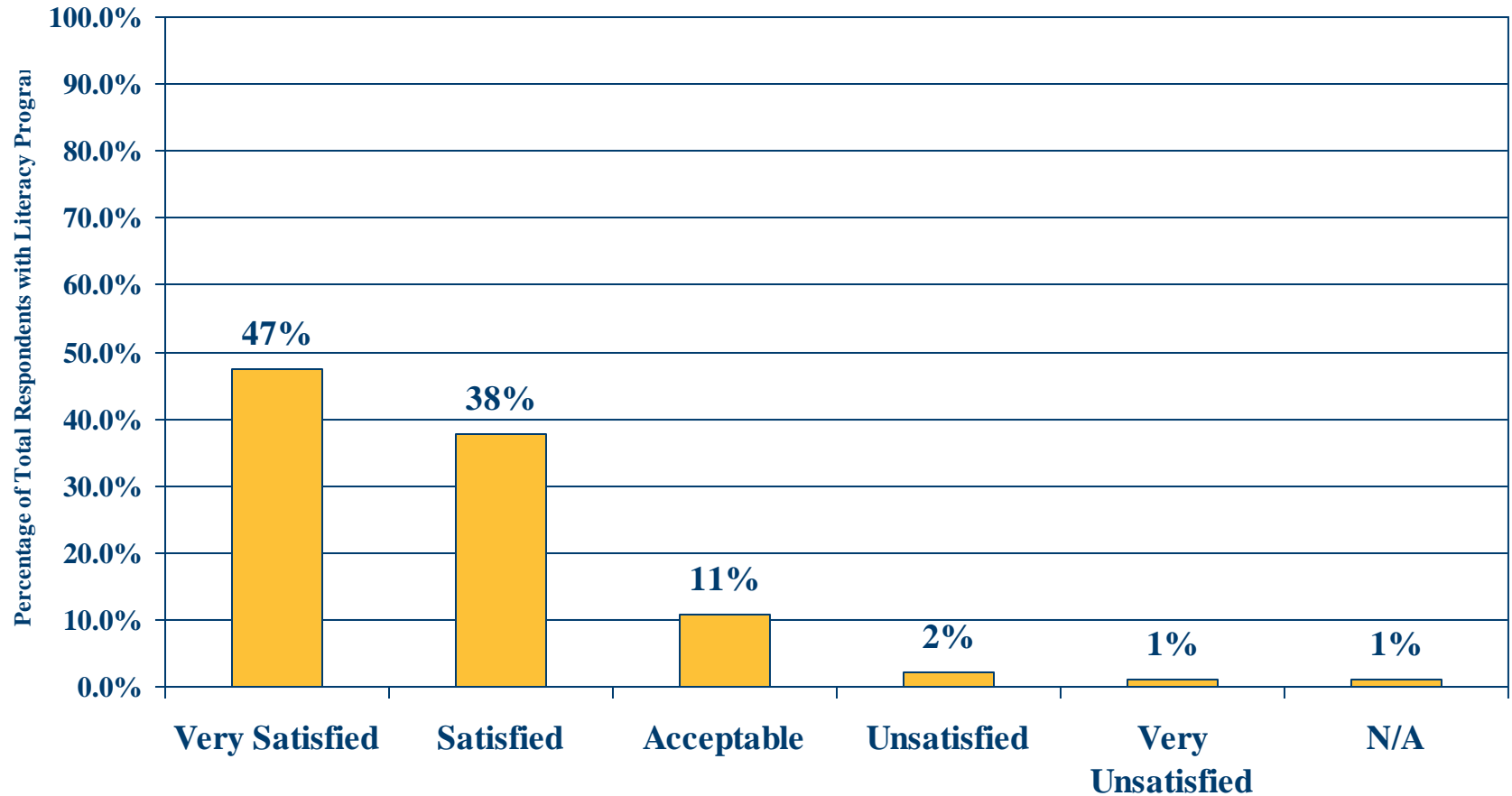
DL Satisfaction Levels: Service To FA Office



Survey question: Describe your level of satisfaction with the Direct Lending program for each of the factors described below.

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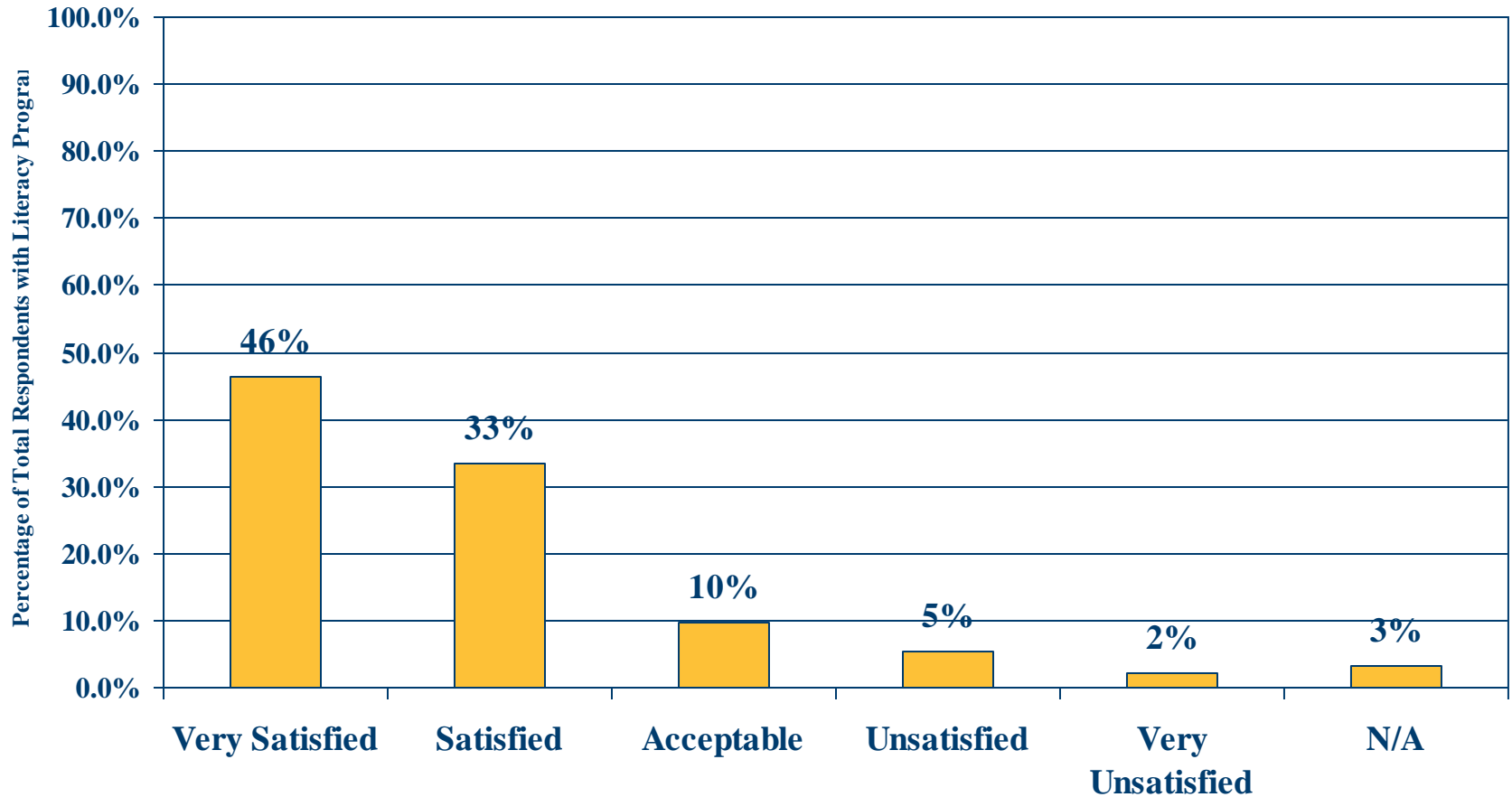
DL Satisfaction Levels: Service To Borrowers



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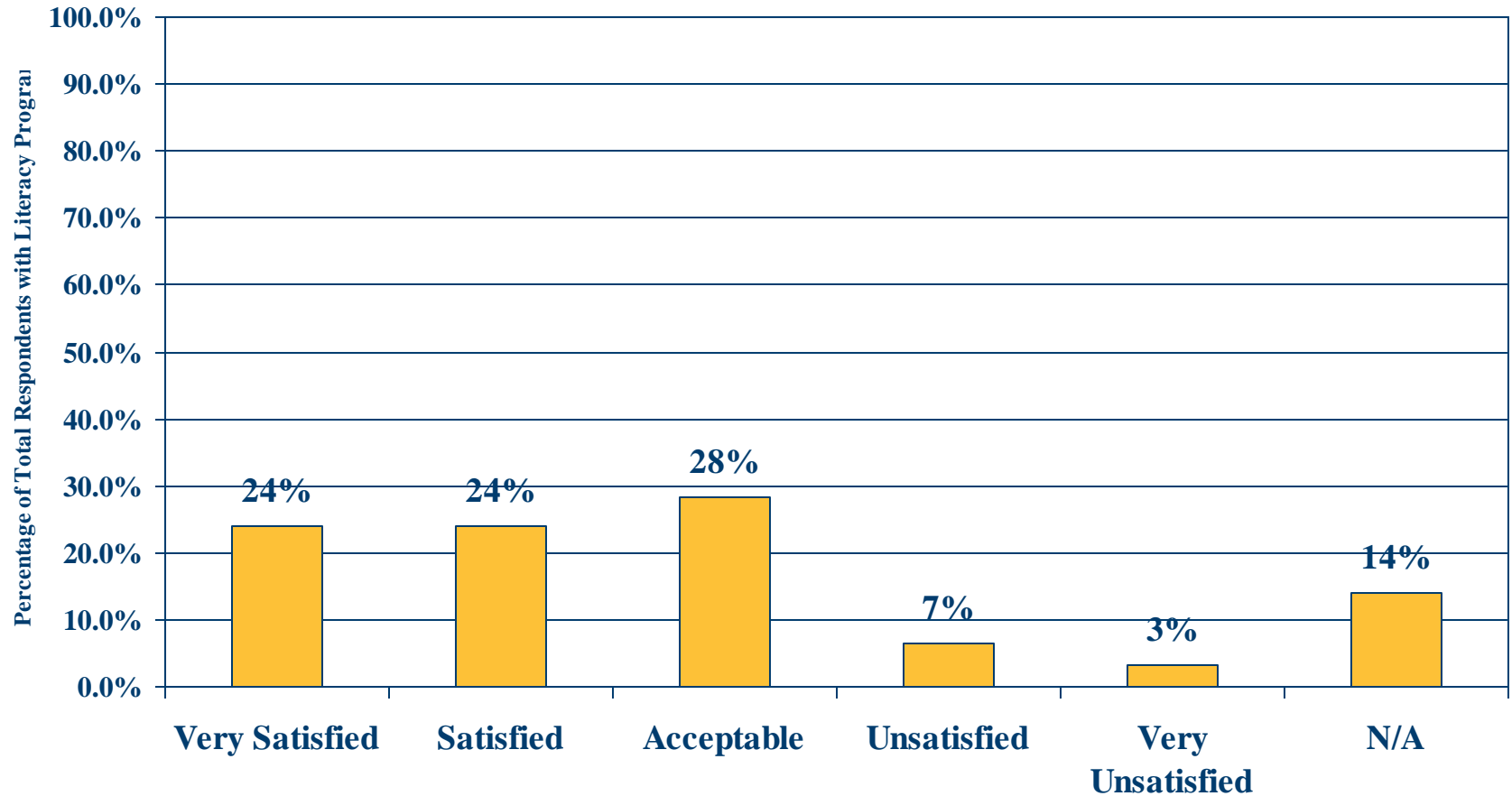
DL Satisfaction Levels: Reconciliation



Survey question: Describe your level of satisfaction with the Direct Lending program for each of the factors described below.

SLA Flash Survey: FFELP and DL Trends

DL Satisfaction Levels: Value-Added Services



Survey question: Describe your level of satisfaction with the Direct Lending program for each of the factors described below. Value-added services include financial literacy and default prevention activities.

SLA Flash Survey: FFELP and DL Trends

Direct Lending: Ideas For Improvement

Reconciliation

- “Change the reconciliation process slightly to make it more user friendly.”
- “An online COD reconciliation report generator that could be exported into an Excel Spreadsheet providing total net disbursed by student. At this point, we have to call COD to request this file.”
- “Easier reporting to help with reconciliation. The problem isn't so much DL but the coordination with other financial aid software. Still, if we could more easily get ad hoc reports, it would help.”

Combine MPN and loan counseling on one website

- “One portal for processing MPN's, entrance/exit counseling, deferments, loan history, etc.”
- “One website to go for MPN and loan counseling and a link between the two with an edit to see if a student has done both. Notification to student when loan amount changes(reductions).”
- “Put the Master Promissory Note and Entrance/Exit counseling on the same website.”
- “Also, allow schools to require entrance counseling prior to doing MPN.”

SLA Flash Survey: FFELP and DL Trends

Direct Lending: Ideas For Improvement

Customer Service to Borrowers

- “If someone would actually answer the phone when our students call Direct Loans, that would be a welcome change. They can't get past the automated menu. I know this to be true, as I have had students in my office and we called together, and still couldn't get past the automated menu. It's very frustrating. What level of service will they now provide if they are to handle all phone calls from all students and schools forced to Direct Lending?”
- “Improvement upon the counseling offered to students in repayment, as well as in the materials.”
- “Ensure that student borrowers get the highest possible customer service at all times but especially during repayment, including getting default-avoidance counseling. I'm not sure DL's customer service measures up to FFELP's overall level of customer service.”

Parent PLUS

- “Allow parent PLUS borrowers to initiate the loan process online similar to FFEL.”

SLA Flash Survey: FFELP and DL Trends

Direct Lending: Ideas For Improvement

Training/Implementation Issues

- “Better prepared trainers on the webinars. They are poor readers, and many use little to no enthusiasm, or tone inflection!”
- “More effective communication between COD and G5 to answer EFT and disbursement questions.”
- “COD reps are not very knowledgeable and don't seem to understand schools' processes. We seem to get a different answer to the same question every time we call.”
- “Add a test system that schools can use to try out their software when moving to FDSL.”

Thank You

- Thank you again for your participation!
- Please contact Tim Ranzetta if you have any additional comments or questions regarding this survey
 - Email: tranzetta@studentlendinganalytics.com
 - Phone: 650-218-8408
- For more information on Student Lending Analytics, proceed to the final two slides

Student Lending Analytics Background

- 🌀 Founded in 2007
- 🌀 Independent Research and Advisory Service with NO lender affiliations
- 🌀 Mission: Find best lenders for students through an analytically rigorous and comprehensive process
- 🌀 Services
 - RFI Management of FFEL and Private Loans
 - Research
- 🌀 Successes to Date
 - Managed **RFI process** at institutions with over \$600 million in loan volume
 - **Inside Student Lending**, our monthly newsletter, reaches over 5,000 financial aid administrators
 - **Student Lending Analytics Blog** has become the go-to source for breaking developments and analysis on the student lending industry
 - **SLA Flash Surveys** have included the insights from over 1,500 financial aid professionals on a variety of timely topics
 - **Private Loan Options** and the **SLA's 2008 Alternative Loan Guide** provides students and financial aid offices with an objective and focused list of private lenders

Student Lending Analytics Resources Available

- SLA Private Student Loan Ratings
- 2009 SLA Private Loan Series
 - Ten part series on topics ranging from finding a cosigner to reading the promissory note
- Student Lending Analytics Blog
 - Timely, insightful information about the student loan market
- Private Loan Insight Survey
- Student Satisfaction Surveys