

# On Track

A NEWSLETTER FOR STUDENT AID PROFESSIONALS



**TERI**<sup>®</sup>  
SPRING 2007

Bringing A Better Future Within Reach<sup>®</sup>



## Dear Financial Aid Officers:

As we launch into the busy summer season, I want to take this opportunity to highlight the College Goal Sunday<sup>SM</sup> program, which should be commended for its strong efforts to increase the number of individuals completing the FAFSA. The recent Higher Education Subcommittee hearing in the U.S. House of Representatives on "Paying for College Education: Barriers and Solutions for Students and Families" emphasized that students, especially those from low-income backgrounds, are increasingly facing affordability issues in their efforts to access college. These students need our assistance more than ever to understand that financial aid is available and that college is attainable. According to a 2006 study conducted by the American Council on Education (ACE), each year an alarming 1.8 million undergraduate students who are eligible for aid do not fill out the FAFSA.<sup>1</sup> This underscores the need for increased public awareness and outreach to low-income students and parents through programs such as College Goal Sunday.

College Goal Sunday was created in 1989 by the Indiana Student Financial Aid Association with funding from Lilly Endowment, Inc., and with supplemental assistance from the Lumina Foundation for Education. With the strong support of NASFAA, it has grown from a single, state-level effort to a national initiative with 600 sites in 34 states and the District of Columbia. Last year, 17,000 FAFSA filers attended College Goal Sunday.

College Goal Sunday has experienced rapid expansion across the country, and has a positive reputation for being an on-the-ground direct service program in its efforts to reach students and parents. Locally, colleges and universities, guidance counselor's offices, and TRiO and GEAR UP programs promote the program heavily and provide volunteers for the event. Nationally, the program partners with organizations such as NCHELP, EFC, NCAN, COE, NCCEP, and the Department of Education to strengthen its work across the country. Furthermore, it continues to augment its programs with the feedback it receives through a rigorous evaluation effort each year.

I am proud to say that TERI has been involved with College Goal Sunday for over two years. The Pathways to College Network, directed by TERI, has worked closely with program staff to leverage social marketing techniques to target low-income, underrepresented minority and first-generation students. TERI is also a sponsor of Massachusetts College Goal Sunday and hosts the Boston site.

I encourage those in the financial aid community to become involved in next year's event. You can do so by hosting a site, volunteering for the event, or spreading the word to families about College Goal Sunday. You can find more information at [www.collegegoalsundayusa.org](http://www.collegegoalsundayusa.org).

Enjoy your summer.

Sincerely,

Willis J. Hulings III  
President and Chief Executive Officer



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<sup>1</sup> ACE Issue Brief, "Missed Opportunities Revisited: New Information on Students Who Do Not Apply for Financial Aid," February 2006.

## John Marcus Named Senior Vice President, Business Development

### Former Nellie Mae President Joins TERI

John Marcus has joined TERI as Senior Vice President of Business Development, reporting to CEO Willis Hulings. Marcus is responsible

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John Marcus

responsibility is to oversee and build upon those relationships while coordinating and strengthening the strategic alliance between TERI and The First Marblehead Corporation.

“We are thrilled that John has joined the TERI management team,” said Willis Hulings, President and CEO. “John’s commitment to education and college access, and his desire to serve students

for leading and managing TERI’s business development efforts and strategies. TERI has relationships with over 55 lenders and marketers and over 6,000 schools across the U.S. In this position, Marcus’s

and families, is incredibly aligned with TERI’s mission. His presence here further strengthens TERI’s unique position as a trusted intermediary between lenders, schools and students.”

In 2000, Marcus was appointed the President of Nellie Mae, the 10th largest student loan company in the United States and a subsidiary of Sallie Mae, Inc. He joined the company in 1994 and previously held the position of Vice President of Sales and Senior Product Manager. Beginning in August 2006, Marcus held the position of President of the Sallie Mae Northeast Region. He brings to TERI over twenty years of experience in education financing and an accomplished record of developing and managing organizational growth within the student loan industry.

“I’m excited to have joined the TERI team,” said John Marcus. “Given TERI’s strong commitment to college access and its long history of working with schools and families, this is an excellent fit for me. I am glad to have joined such a dynamic organization.”

## Critical Advice Students Need on Debt Management

The average debt of graduates has increased by more than 50 percent over the past decade after accounting for inflation. Two-thirds of baccalaureate recipients now graduate with debt. (Source: Project on Student Debt.) Given this, here are some pointers from TERI to help you educate your students on managing their debt.

### Borrow Responsibly

Encourage your students to:

- Apply for financial aid and seek out scholarships and grants first.
- Exhaust all federal aid before seeking out private alternative loans.
- Shop around for the best loan. Pay attention to fees, borrower benefits and annual percentage rates (APR’s).
- Borrow only what they need.
- Know what total borrowing and monthly payments will look like after school, so they can understand its possible effects on their income and lifestyle.

### Develop Good Credit and Keep it Intact

Advise students that:

- Maintaining good credit can help their FICO® score. (FICO is a credit score developed by Fair Isaac Corporation that lenders use to determine the likelihood that borrowers will repay their loans. This may have an effect on the APR and fees a person will be charged for a loan.)
- Credit history will follow them for years – Students should avoid making mistakes early on.

- It takes 7 years or more for negative information to be deleted from a credit report. It only takes a late payment of 30 days on a credit card to get a mark on a credit report.
- They should check their credit regularly. An individual is eligible for one free credit report per year from each credit bureau. By rotating between the 3 credit bureaus, students can get a free report every 4 months.

### Limit Credit Card Use

Students should know that:

- It’s a good idea to carry a credit card for emergencies.
- If they must use credit cards, use 2 maximum. More cards do not mean better credit. In fact, more cards may be worse.
- Credit card should have minimal limit – \$500-\$1000 is recommended.
- They should keep their outstanding balances below 50% of the credit limit.
- If they have a problem, they should call the card company and request a reduction in their interest rate.

- Drop all credit cards with fees and avoid department store cards – rates can be very high.
- Even though minimum payments are tempting, the balance should be paid off in full each month.

### Remind Students: Borrowing Can Be a Good Thing, If Done Responsibly

- Higher education is an asset that students will have for a lifetime, unlike a car which will not last forever.
- A student with a college degree is anticipated to make \$1 million more over a lifetime on average than a student with just a high school diploma.
- Borrowing reasonably and on-time repayment can help establish a good credit history for future purchases, such as a car or home.
- Students should maximize their federal loan options before shopping for private alternative loans.
- Borrow smart: Students should ask about borrower benefits such as an interest rate reduction for on-time payments.

# Q & A

## Ask Priority Service

In each edition of On Track, TERI answers your most frequently asked questions. If you have questions, please contact [askpriorityservice@teri.org](mailto:askpriorityservice@teri.org).

**Q:** What is TERI's role in the student loan industry?

**A:** TERI is a guarantor of private student loans. In this role, TERI is the exclusive provider of borrower default guarantees to lenders and agrees to reimburse them for unpaid principal and interest on defaulted loans. This gives TERI the opportunity to provide over 6,000 colleges and universities with a network of highly respected lending institutions and a single online application, so that borrowers are able to pick a loan type, choose a lender, a funding method and a repayment plan tailored to their unique needs and situations.

**Q:** What is the minimum age of a borrower?

**A:** As of the 2007-08 academic year, the primary borrower on a loan may now be 17 years old, as long as he/she is applying with a qualified creditworthy cosigner.

**Q:** What is the most efficient method of certification?

**A:** TERI offers electronic certifications online via [www.teri.org](http://www.teri.org). Call Priority Service at 800-837-4326 to be set up today. TERI also offers electronic certification via ELM Resources and ScholarNet, as well as via fax, if that is what you prefer.

**Q:** We don't want to wait the 7 – 10 business days to receive a paper check. What other disbursement options are available?

**A:** TERI offers Electronic Funds Transfer; ELM NDN disbursement and HESC disbursement. Contact Priority Service for assistance with setting up the disbursement method of your choice. Students may also request that a check be sent via overnight delivery to the school at their expense.

**Q:** When should I call the Priority Service queue and when should I call my regional Priority Service associate?

**A:** You should call your designated regional associates with specific escalated issues. For the remainder of your inquiries, please call the toll free Priority Service line at 800-837-4326 for immediate assistance.

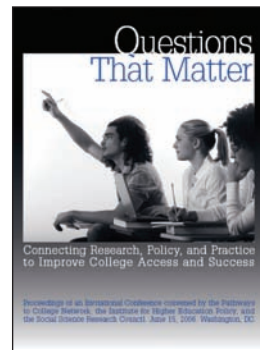
## Coming Soon – Enhancements to the TERI.org Application

This summer, TERI will release enhancements to its online loan application, redesigned with new borrower-friendly features. These enhancements include:

- Same session preliminary credit decisioning.
- Easy Invite, enabling applicants to send an invitation to a cosigner or student to complete his/her portion of the application. Easy Invite also facilitates adding a cosigner after the initial credit decision.
- Customized Documentation Instructions, outlining each document needed for completion at the conclusion of the application.
- Enhanced application help and instruction tools, making the application easier to navigate and complete.

Be sure to visit [TERI.org](http://TERI.org) in the coming months to experience these new features.

## Questions that Matter: Connecting Research, Policy, and Practice to Improve College Access and Success



The Pathways to College Network, Institute for Higher Education Policy, and Social Science Research Council recently released a briefing report summarizing the findings of a June 2006 invitational conference where researchers, policy-shapers, and practitioners shared ideas for future research in the areas of college preparation, college access, paying for college, and college success.

Suggested areas for research under "Paying for College" include:

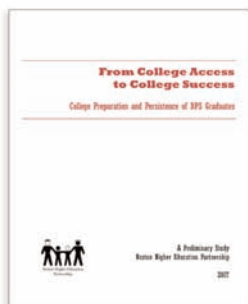
- A rigorous examination of how well Pell Grants promote access and success and for what populations.
- How providing information about financial aid to students and families can increase college opportunity.
- The impact of loan debt on college access and success.
- The role of financial literacy on students' ability to use financial aid and pay for college.
- Evaluations of state early commitment financial aid initiatives, such as Indiana's 21st Century Scholars Program.

The conference was sponsored by Spencer Foundation, Lumina Foundation for Education, the Bill & Melinda Gates Foundation, and TERI. To read the report, go to:

<http://www.pathwaystocollege.net/pdf/QTMconferencebriefing.pdf>

## TERI Funds BHEP Study: From College Access to College Success

In January, the Boston Higher Education Partnership released a TERI-funded study, *From College Access to College Success: College Preparation and Persistence of Boston Public School Graduates*, which finds that students who graduate high school may not be prepared to succeed in college. The study looks at both sides of the college transition process: K-12 preparation and postsecondary supports, and students' perspectives of both. It shows that despite recent school improvements and increased university outreach initiatives to improve college readiness, Boston Public School graduates often struggle to meet the academic requirements and expectations of postsecondary education. This is a national problem that affects many urban public schools.



Based on the report's findings, the Boston Higher Education Partnership offers recommendations to improve college access and success for at-risk students, including:

- Align high school exit standards and curricula to hold both K-12 and higher education accountable for student outcomes.
- Develop and expand opportunities for early exposure to college level rigor through AP and honors level courses and dual enrollment programs.
- Offer guidance to all students on financial literacy, including how to manage increasing amounts of debt and plan for additional college costs such as books and materials.
- Re-examine specific needs of students enrolled in non-credit remedial courses to minimize their impact on degree completion.
- Expand programs that build supportive peer networks and create connections to a small community within the college environment.

“National leaders increasingly express concern about the unacceptably high number of students, especially those from low-income families who start college but never complete degrees,” said Dr. Ann Coles, TERI’s Senior Vice President for National College Access Programs. “Gathering data at the local level helps us understand much better the factors that place students at risk for dropping out and the policies, programs and practices that work to support their success.”

The study, and its recommendations, can be found online at [www.bhep.org](http://www.bhep.org).



**Daryl Boswell-Sweet, a senior at Urban Science Academy in West Roxbury, MA, proudly adds his name to the College Acceptances Board. Mr. Boswell-Sweet is a participant of the COACH Program, a TERI school-based program that promotes college-going for low-income, first generation students. His COACH is Jeremy Rischall, a graduate student at Northeastern University. As part of the program, each student is expected to apply to at least one 4-year college and complete the FAFSA.**



**NASFAA Update**

We look forward to seeing everyone at NASFAA July 8-11 in Washington, DC. Stop by booths 1211 & 1213 to meet the TERI team and learn more about our private loan guarantee business.

WASHINGTON, DC | JULY 8-11

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## TERI participates in Secretary Spellings' Summit on Higher Education

On March 22, 2007, TERI Senior Vice President of College Access Programs, Dr. Ann Coles, participated in Secretary of Education Margaret Spellings' summit, *A Test of Leadership: Committing to Advance Postsecondary Education for all Americans*, along with nearly 300 business, higher education, and policy leaders from across the country. At the summit, participants met in working groups to discuss how to implement key recommendations of the Secretary's Commission on the Future of Higher Education:

- 1 Aligning K-12 and higher education expectations;
- 2 Increasing need-based aid for access and success;
- 3 Using accreditation to support and emphasize student learning outcomes;
- 4 Serving adults and other non-traditional students; and
- 5 Enhancing affordability, decreasing costs, and promoting productivity.

Coles participated in the financial aid working group, led by Tally Hart of The Ohio State University. The group proposed several additions to the Commission's recommendations, including a statement about the importance of increasing federal spending on need-based aid and a proposal to create incentives to reward colleges for improving the retention and graduation rates of low-income students. Education Department leaders agreed to consider these ideas as they move forward.

## Students Donate More Than Time to Project Linus



Thirty of TERI's Talent Search students did more than just participate in college awareness programs on a Saturday morning in March. The high school juniors volunteered their time with Project Linus to create blankets for children in need. Project Linus is a nonprofit organization dedicated to providing new blankets and afghans handmade by volunteers to children who are seriously ill, traumatized, or otherwise in need. As part of an interactive community service component of the Talent Search program, the students (officially called 'blanketeers' by the Project) worked in pairs to produce a total of fifteen blankets. Since January, nearly 2 million blankets have been donated to Project Linus. For more information, visit [www.projectlinus.org](http://www.projectlinus.org).



## Your Priority Service Team - Answers When You Need Them: 1-800-837-4326

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