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OSLC
Ohio Student Loan Commission

309 South Fourth Street
P.O. Box 16610
Columbus, Ohio 43266-0610

614/466-8716

March 16, 1993

President William Clinton
White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear President Clinton:

I am writing to express the support and concerns of the Ohio Student Aid Commission (formerly the Ohio Student Loan Commission) regarding the proposal to dismantle the Federal Family Education Loan program (FFEL) and to fully implement direct loans by 1997.

We support your administration's initiatives of phasing-in National Service and flexible payback options, but believe that they can be achieved within the current program. In fact, the current loan structure is equipped to immediately incorporate a system of loan forgiveness for all or a portion of a student's loan balance in return for a voucher earned by the student through participation in a national service corp program. Because the FFEL public-private partnership has extensive experience with teacher shortage area and military service forgiveness programs, it could implement a full-scale national service loan forgiveness program with no added administrative cost and little start-up time.

Education Secretary Admits Direct Lending Is Not the Only Alternative

On March 2, 1993, Education Secretary Richard Riley testified before the House Budget Committee regarding additional ways to help increase access to higher education while encouraging young Americans to serve their country. During his testimony, the Secretary admitted that direct lending is not the only way to structure the system to achieve greater cost effectiveness and to ensure that more of the taxpayers' hard-earned money reaches its intended beneficiaries. As Secretary Riley stated, "full direct lending is one such option; there are several others as well. There are also complex and delicate issues raised by the transition from our current system to something better."

Some of the "complex and delicate issues" that are of concern to OSAC include 1) the underestimation of costs to the federal government of direct lending and 2) the potential for cost-savings and simplification of the existing FFEL program.

Costs to the Federal Government Under Direct Lending

The Congressional Research Service has prepared a report on direct lending that says, in part, that savings projections for direct loans are "nothing more than the failure of federal bookkeeping to record outlays for taxpayers' absorption of risk." We believe that there are many value-added services provided to students and families by guarantors and others, such as customer service, public information, literature distribution and default prevention, as well as collection assistance to lenders and training to all program participants. These services have not been considered in estimates of direct lending administrative costs. Additionally, the failure of cost estimates for direct lending to calculate the interest on federal debt issued to finance $15-20 billion dollars in loans annually, and the **resulting reduction of federal dollars available for other programs creates** an inaccurate impression of savings. In fact, direct loans shift costs from the federal government to states, schools and students.

Simplification and Restructuring of the FFEL Program

The Ohio Student Aid Commission is committed to working with lenders and schools to streamline and restructure the FFEL program in such a way that students and taxpayers will benefit. **For example, the Ohio General Assembly recently transferred administration of state grant and scholarship programs to OSAC in an effort to consolidate the delivery of state and federal aid in Ohio. The benefits of this and other initiatives will be eliminated if direct lending is fully implemented.**

In addition, steps have already been taken in the Reauthorization of the Higher Education Act to simplify and standardize the process to make it more "user friendly." Additional steps can be taken to establish uniform forms and procedures that will not only reduce confusion for students, but ultimately reduce the costs of administering the program. Some of these options have already been described by the student loan industry. Attached is information regarding our role in implementing your priorities.

The Congressional Research Service report acknowledges that changes are needed in the current system. However, it does not recommend direct loans as an answer. It states, "Conversion to direct loans cannot be justified on the basis of either budget savings or increased in overall economic welfare."

Now that we know more about your proposal and have more direction from the House and Senate Budget committees, we would like the opportunity to work with you to safeguard access to higher education through the FFEL program. Our goal is to help ensure continued access to postsecondary education through a strong public-private partnership.

Please contact me or Lucy Gettman, Legislative Liaison, if you would like more information on direct loans.

Sincerely,

Jean Bussell

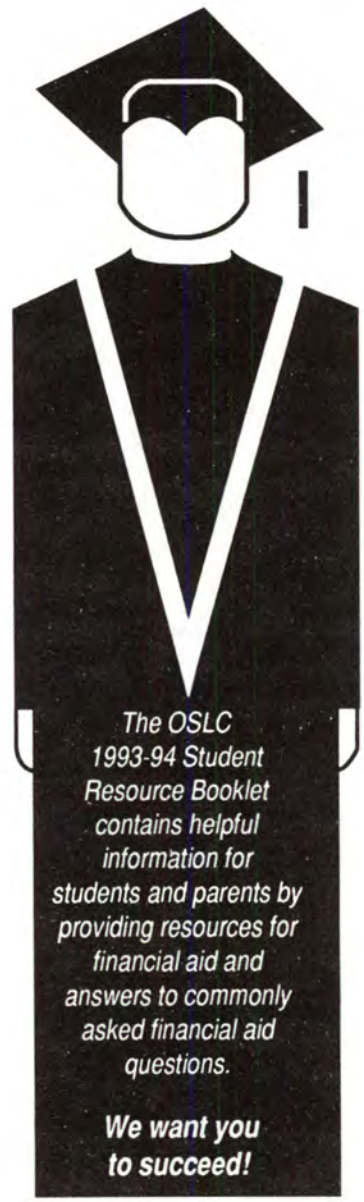
JEAN BUSSELL
Deputy Director

JFB/me

cc: Eli Segal
William Galston

OSLC
Ohio Student Loan Commission

Especially For Students and Parents...



OSLC 1993-94 Student Resource Booklet

What's Inside:

More Information:

If you need additional assistance, you can get help from OSLC! Just call 1-800-837-OSLC or 614-644-8892. Mon-Fri 8:00 AM - 4:30 PM.

Ohio Student Loan Commission • P.O. Box 16610 • Columbus, Ohio • 43266-0610

We Want You To Succeed!

Dear Student,

Applying for financial aid for college can be an education in itself! To help you with this process, the Ohio Student Loan Commission is providing this Resource Booklet to help you to find financial aid resources and to answer questions you may have about state and federal assistance, student loans, or completing the Free Application for Federal Student Aid (FAFSA) and the Financial Aid Form (FAF). We hope you find it useful and informative.

We have been Ohio's designated guarantee agency since 1962 and we've guaranteed more than $3.8 billion in student loans. We're here to make the financial aid process easier and to insure that student loans are available in Ohio for students and families!

If you need help completing your forms, please call our customer service department toll-free at 1-800-837-OSLC or refer to the numbers provided on page 6 of this booklet.

We look forward to hearing from you!

OSLC
Ohio Student Loan Commission

OSLC
Ohio Student Loan Commission

Determining Federal Eligibility and Financial Need

The 1993-94 financial aid process involves **two** forms. The ***Free Application for Federal Student Aid (FAFSA)*** and the ***Financial Aid Form (FAF)***. The ***FAFSA, mandatory at all schools***, will be used to determine federal student aid eligibility, while the ***FAF*** may be required by *some schools* to obtain supplemental information in order to compute a student's eligibility for school funded aid. ***Check with the Financial Aid Administrator at your school to see if they require completion of the FAF.***

Information from the FAFSA will be used in the federal need analysis formula to compute the family contribution (FC), the amount the family is expected to contribute to the student's education. The FC will then be subtracted from the cost of the education (tuition, room and board, books and all other related expenses) and the result will be the student's federal eligibility.

	School A	School B
Cost of Education:	$16,000	$8,000
Family Contribution:	8,000	8,000
Federal Eligibility:	$ 8,000	$ 0

The family contribution remains constant while the cost of education varies at each school. Therefore, federal eligibility relates directly to the cost of education. Moreover, if full eligibility is met, a family will spend the same amount at schools with different costs of education. *(Of course, a family must consider interest charges if loans make up a portion of the financial aid package.)* A school does not guarantee, however, that it will meet all federal eligibility.

Schools that request completion of the FAF will take the supplemental information from the FAF to determine a student's financial need for school funded aid such as scholarships and grants specific to that institution. The need determination process works very similar to that of the FAFSA, however the FAF takes into account additional information regarding a family's assets and other resources. Therefore, a family that qualifies for federal aid may not necessarily be eligible for any available school funded aid.

Meeting Financial Need

If, after undergoing the need analysis process, a family shows financial need, a school will first attempt to meet that need with "gift aid" (aid that does not have to be repaid) such as grants and scholarships. Usually, any remaining need will then be met with need based loans (Perkins Loan, Federal subsidized Stafford Loan, etc.). If a family continues to show need, the family may borrow through the Federal PLUS or Federal SLS Loan programs. In addition, the Federal PLUS or Federal SLS and the unsubsidized Federal Stafford Loan programs may be used to borrow against the family contribution. However, a family may never borrow more than the cost of the education or exceed the annual loan limits within each program.

Check with the Financial Aid Administrator at your school to determine if they require the FAF, in addition to the FAFSA, in order to apply for school funded aid. If your school does not require the FAF or if you wish to be considered for federal aid only, then only complete the FAFSA.

OSLC
Ohio Student Loan Commission

Financial Aid Tips are placed throughout this Resource Booklet to help you find resources, save time, and avoid delays. Just look for the graduate!

Borrowing a Student Loan

Your eligibility for guaranteed student loans, like that of other financial aid programs, is based upon your family's financial information reported on the FAFSA. ***Any type of loan should be sought as a last resource to supplement other types of financial aid and family resources to pay for your education.*** Eligibility is always determined by the school after all necessary information has been received by the financial aid administrator. The student must be a U.S. citizen, national or eligible non-citizen; maintain at least half-time enrollment; be registered with the Selective Service if required; and not be in default or owe a refund to any federal aid program.

The Federal Stafford Student Loan

Federal Stafford Student Loans are low interest loans offered by participating lenders and guaranteed by a guarantee agency. The Ohio Student Loan Commission (OSLC) is the federally designated guarantee agency in Ohio. As the liaison between the federal government and the lender, OSLC guarantees that the lender will receive payment in full if a student defaults, dies or becomes permanently and totally disabled. Students may be eligible for a subsidized Federal Stafford Loan, an unsubsidized Federal Stafford Loan or a combination of both. The Federal Stafford Loan has a variable interest rate with a cap of 9%. A student who qualifies for a subsidized loan will have the interest paid by the government until repayment begins (typically six months after a student drops below half-time status, withdraws or graduates), but the interest is the student's responsibility when borrowing an unsubsidized Stafford Loan. You must demonstrate financial need for a subsidized loan through a process called need analysis. The FAFSA initiates the need analysis process and the results will determine the amount of your loan. Applications are available through OSLC participating schools, lenders and OSLC. The maximum loan amounts are listed below:

Federal Stafford Loans For Undergraduates	Federal Stafford Loans For Graduate Students
$2,625 annually for the 1st year $3,500 annually for the 2nd year $5,500 annually for the 3rd, 4th and 5th years	$8,500 annually

Cumulative undergraduate limit: $23,000. Cumulative undergraduate and graduate maximum: $65,500. Undergraduate limits effective July 1, 1993. Graduate limit effective October 1, 1993.

The Federal SLS Loan

A Federal Supplemental Loan for Students (SLS) has a variable interest rate with a cap of 11% and is only available to independent undergraduate, graduate or professional students. It is also an alternative for dependent undergraduate students whose parents do not qualify for a PLUS loan. Repayment begins the day of the final loan disbursement, but may be postponed while the student is enrolled at least half-time. Interest will accrue during the deferment period. The student must be a U.S. citizen, national or eligible non-citizen; maintain at least half-time enrollment; be registered with the Selective Service if required; and not be in default or owe a refund to any federal aid program. Applications are available through OSLC participating schools, lenders and OSLC.

Federal SLS Loans For Undergraduates	Federal SLS Loans For Graduate Students
$4,000 annually for the 1st and 2nd years $5,000 annually for the 3rd, 4th and 5th years	$10,000 annually

Cumulative undergraduate limit: $23,000. Cumulative undergraduate and graduate maximum: $73,000. Loan limits effective July 1, 1993.

The Federal PLUS Loan

A PLUS loan is a loan for parents that may be borrowed to help pay for a dependent child's post-secondary education. Eligibility for this loan is not based on financial need, but is determined by calculating the cost of education at the school minus other financial aid. The student must meet all eligibility requirements. A PLUS loan has a variable interest rate and may not exceed a maximum rate of 10%. Repayment begins the day of the final loan disbursement. PLUS applications are available through OSLC participating schools, lenders and OSLC.

PLUS Loans

Cost of education less other financial aid received by the student;
This limit does not include amounts borrowed under the Stafford Student Loan Program.

Loan amount can not exceed Cost of Education.
Loan limit effective July 1, 1993.

How To Apply For A Student Loan

Federal Stafford Student Loan applications are separate forms that are completed by the student. The most common way to obtain an application is from a bank, savings and loan association, credit union or OSLC. Only a few schools send Federal student loan applications directly to students; therefore, you should check with the financial aid administrator at your school to determine how you should apply for a Federal student loan. You may contact OSLC if you need the name of an OSLC participating lender in your area. The lender may evaluate other criteria such as credit history or require a customer relationship prior to approving the student loan.

The Approval Process

When you receive the application, complete the student section, *including the promissory note section of the application.* The school completes the school section of the application, using information provided from the FAFSA to determine a student's eligibility and the lender approves the application. OSLC then reviews the information provided by the student, school and lender and guarantees the loan. OSLC notifies the lender and school of the loan amounts and disbursement dates of the loan. The lender notifies the student of the approved loan amount and sends the loan checks to the school on or after the approved disbursement dates. Students pay a small fee for the loan which is deducted from the loan proceeds prior to disbursement.

Default

Default is a serious matter that will affect your credit history for years to come. It can also cancel your eligibility for other financial aid and deny you the opportunity for future educational loans and grants. You may even face a loss of Federal income tax refunds and possible legal action. The best thing you can do to avoid default is to keep up with your student loan payments and keep your lender informed when you leave school or change addresses, schools, or your name.

Financial Aid Resources

Ohio Financial Aid Programs / Application Source

Nurse Education Assistance Loan Program	Your school FAO*; OSLC
Ohio Academic Scholarship	Selections made automatically by your high school guidance counselor
Ohio Choice Grant	Selections made automatically by your school FAO
Ohio Instructional Grant	Your high school guidance counselor
Ohio National Guard Program	Your local recruiter or base commander
Ohio War Orphans Program	OSLC
Paul Douglas Teacher Scholarship	Your high school guidance counselor; OSLC
Robert C. Byrd Honors Scholarship	Your high school guidance counselor; OSLC

Federal Financial Aid Programs / Application Source

Pell Grant	FAFSA**; your school FAO*
Supplemental Educational Opportunity Grant (SEOG)	FAFSA**; your school FAO*
College Work Study	FAFSA**; your school FAO*
Perkins Loan (Formerly NDSL)	FAFSA**; your school FAO*
Federal subsidized or unsubsidized Stafford Student Loan	Ohio lender; OSLC
Federal PLUS Loan	Ohio lender; OSLC
Federal Supplemental Loans for Students	Ohio lender; OSLC

Other Resources For Financial Aid

- Δ Your high school guidance office
- Δ Your college FAO
- Δ Other publications or sources are available from your high school librarian or local library
- Δ Your employer or parent's employer
- Δ Your church
- Δ Professional associations (based upon the career you plan to pursue)
- Δ Organizations of which you or a relative are a member (unions, fraternal organizations, Boy/Girl Scouts, 4-H, etc.)
- Δ Local civic and service organizations (Rotary Club, Lions Club, Masons, Kiwanis, etc.)
- Δ The specific arts, science or business college at the school you plan to attend

Your high school guidance office and local library are excellent resources for free scholarship information.

* Indicates your college, university or institution's Financial Aid Office (FAO).
**Indicates the student can request this on the Free Application for Federal Student Aid (FAFSA); a separate application or deadlines may apply: See your FAO.

Important Telephone Numbers

Ohio

The Ohio Student Loan Commission
309 South Fourth Street
P.O. Box 16610
Columbus, OH 43266-0610
1-800-837-OSLC
614-644-8892

Federal

College Scholarship Service
P.O. Box 6300
Princeton, NJ 08541
609-951-1025

FAFSA/FAF/Pell Application Status
301-722-9200

Internal Revenue Service
Cincinnati, OH
513-621-6281

Federal Student Aid Information Center
For Help Completing the FAFSA
1-800-4-FED-AID or 1-800-433-3243

For Help Completing the FAF
609-951-1025

Telecommunications Device for the Deaf
301-419-3518 (For hearing impaired callers.)

Other Regional Programs

Cleveland Scholarship, Inc.
2000 East Ninth Street, Suite 1020
Cleveland, OH 44115-1300
216-241-5587

College Information Center
699 Race Street, #0179
Cincinnati, OH 45202
513-369-7486

Dayton/Montgomery County Scholarship Program
348 West First Street
Dayton, OH 45402
513-228-7761

I Know I Can
Columbus Public Schools
270 E. State Street
Columbus, OH 43215
614-469-7044

Lake Educational Assistance Foundation (LEAF)
7537 Mentor Avenue, #302
Mentor, OH 44060
216-942-LEAF (5323)

***NOTE:** Other regional programs exist as well. Check with your high school counselor to find out about other grants or scholarships offered in your community.*

To beat the rush, the best time to call about the status of pending financial aid applications is early in the morning.

OSLC Ohio Student Loan Commission

How to Avoid Errors in Completing the 1993-94 CSS FAFSA/FAF Packet

1-800-837-OSLC

The 1993-94 FAFSA/FAF Packet involves two forms distributed to schools and students by the College Scholarship Service (CSS): The Free Application for Federal Student Aid (FAFSA) and the Financial Aid Form (FAF) . Because the forms in the FAFSA/FAF Packet are scanned by machine and then processed by computer, they must be neatly and accurately completed. Below are some suggestions for avoiding errors frequently made by students and parents when completing the FAFSA/FAF Packet. These errors delay the processing of the student's FAFSA/FAF Packet.

1. **DON'T use ballpoint pen, ink, colored pencil, crayon or magic marker.**
Use only a sharp No. 2 (soft-lead) black pencil. Ink, magic marker, and ballpoint pen tend to smear and "bleed" on the form. The scanner cannot read colored pencils or crayons.

2. **DON'T use "white-out" or other correction fluid anywhere on the FAFSA/FAF Packet.**
Use only a sharp No. 2 (soft-lead) black pencil. Erase your answers (carefully and completely) if you make a mistake.

3. **DON'T cross out or write over an entry.**
If you make mistakes, use only a clean pencil eraser, not an ink eraser. Erase completely and carefully. Don't leave smudges or marks.

4. **DON'T write in the margins of the FAFSA/FAF Packet or outside the answer boxes or spaces.**
Write only in the response areas on the form. If you need to make comments, use the section entitled "Explanations/Special Circumstances" or write directly to the college(s) or program(s) to which you are applying.

DON'T	DO
$ *not employed* .00	$ *1000* .00
per month $ *1000* .00	

5. **DON'T enter a range of figures, such as $800-1200, on the FAFSA/FAF Packet.**
If an exact figure is not known, give the best single estimate,
--for example, $1000. Put negative amounts in parentheses
--for example, ($1000).

6. **DON'T put two separate amounts in one answer area.**
Make only one entry for each answer space.

7. **DON'T send letters, tax forms, or other materials with your FAFSA/FAF Packet.**

8. **DON'T send the FAFSA/FAF Packet by registered, certified, or express mail.**
Send the FAFSA/FAF Packet by regular, first class mail. If a special mailing service is used, it will delay the processing of the FAFSA/FAF Packet.

9. **DON'T send a photocopy of the FAFSA/FAF Packet for processing.**
Photocopies of the form cannot be processed and will be returned to the student.

10. **DON'T send a FAFSA/FAF Packet that has been torn, crumpled, or stained.**
Forms that are torn, crumpled or stained cannot be processed and will be returned to the student.

11. **DON'T forget to sign your FAFSA/FAF Packet in G35 of the FAFSA and in the Certification Area on page 4 of the FAF.**
Everyone giving information on the forms must sign. If you don't sign the forms, they cannot be processed and will be returned to you.

12. **DON'T forget to include the college(s) you listed in the FAFSA in the Student's Colleges & Programs area on page 4 of the FAF.**
If you don't list the college(s) again in the Student's Colleges & Programs area, CSS will not send information to these colleges and you may not be considered for financial aid funds, which are limited. Use the CSS Code List from the FAF. If no code number is listed, be sure to give the full mailing address of the college or program.

13. **DON'T list more than six colleges in the College Release and Certification Area on the FAFSA or more than eight colleges or programs in the Student's Colleges & Programs area on the FAF.**
CSS will only send information to colleges or programs listed in the appropriate areas on the FAFSA and FAF. If you want to send your FAFSA/FAF Packet information to additional colleges or programs, submit the FAFSA/FAF Packet, wait for your CSS Acknowledgement, and follow the instructions on it.

14. **DON'T forget to include the correct reporting fee (if you fill out the FAF) before mailing your FAFSA/FAF Packet.**
If the fee is not included, CSS will not send your FAF information to any colleges or programs.

15. **DON'T staple the check or money order for the reporting fee to the FAF.**
Stapling the payment and the FAF together requires special handling that delays processing.

The CSS "FAFSA/FAF Packet" refers to two separate forms: the FAFSA and FAF.

√ Financial Aid Checklist

- [ ] Take necessary college entrance tests.
- [ ] Attend college fairs and visit college campuses.
- [ ] Submit an application for admission to the school(s) you are considering.
- [ ] Send a copy of your high school transcript with your application.
- [ ] Submit your FAFSA, and if necessary, the FAF, along with any other required applications for financial aid. Watch for early deadlines!
- [ ] Keep copies of tax information that you use to complete the FAFSA/FAF Packet.
- [ ] Apply for local scholarships and grants.
- [ ] Check with your school or public librarian for assistance in locating financial aid.
- [ ] File the application for the Ohio Instructional Grant.
- [ ] Send a copy of your previous college financial aid transcripts.
- [ ] Attend the financial aid night at your high school.
- [ ] Return acceptance statements for financial aid offers.
- [ ] Be sure to adhere to all deadlines.
- [ ] Submit a loan application after applying for grants and scholarships.
- [ ] Get a summer job to supplement your income for school.
- [ ] See your school counselor for assistance at any step.

Some students who receive scholarships or grants deny them prior to starting school. Check with your financial aid office after you begin school to see if any grants or scholarships have become available due to cancellations.

OSLC

Ohio Student Loan Commission

Jean F. Bussell
Deputy Director

614/644-5608
FAX 614/644-5230

309 South Fourth Street
P.O. Box 16610
Columbus, Ohio 43266-0610

OHIO STUDENT AID COMMISSION (OSAC)

WHAT WE ARE AND WHAT WE DO

OSAC

Ohio Student Aid Commission

30 YEARS OF SERVICE

Mission Statement

The mission of
the Ohio
Student Aid Commission
is to facilitate
students' access to
post-secondary education
through the Federal
Family Education Loan
Program and state grant
and scholarship
programs, and to be
the guarantor of choice
for lenders, schools, students,
and parents.

OSAC
Ohio Student Aid Commission

OHIO STUDENT AID COMMISSION (OSAC)

WHAT WE ARE AND WHAT WE DO

OSAC

Ohio Student Aid Commission

Introduction

- The Ohio Student Aid Commission (OSAC) began operation in July 1962, under the name of the Ohio Higher Education Assistance Commission (OHEAC) for the purpose of providing guaranteed loans to Ohio students pursuing their higher educations through college or vocational training.

- Due to the Higher Education Act of 1965, which required all states to establish a guaranteed loan program, legislation was introduced in Ohio and passed in June 1967, to bring Ohio law in accordance with the Federal Act. With the newly passed legislation, OHEAC's name was changed to the Ohio Student Loan Commission.

- During 1992, a study by the Student Financial Aid Study Commission concluded that the administration of state grant and scholarship programs should be transferred from the Ohio Board of Regents to the Ohio Student Loan Commission.

- On December 22, 1992, the Governor signed S.B. 359 transferring the programs and approving the name change from OSLC to Ohio Student Aid Commission (OSAC) to reflect its broader mission.

- OSAC administers all state grant and scholarship programs in Ohio, is the state designated guarantor, and guarantees student loans made by participating lenders through the Federal Family Education Loan Program (FFELP). In addition, OSAC offers collection assistance on delinquent and defaulted student loans, provides training seminars, customer service assistance, public information, and offers a separate servicing branch for lenders called Ohio Payment Services (OPS).

Mission

- The mission of OSAC is to facilitate students' access to postsecondary education through the Federal Family Education Loan Program and state grant and scholarship programs and to be the guarantor of choice for lenders, schools, students, and parents. *(Statement to be updated by Spring 93.)*

OHIO STUDENT AID COMMISSION (OSAC)

WHAT WE ARE AND WHAT WE DO

OSAC
Ohio Student Aid Commission

OSAC Administration

- As an agency of the state of Ohio, OSAC is run by a Board of Commissioners consisting of nine individuals appointed by the Governor with the consent of the Ohio Senate.

- The Commissioners appoint a director who manages a staff of approximately 230 employees.

- Commission operating revenues are derived from: guarantee premiums, administrative cost allowance, investment income, recoveries on defaulted student loans, servicing fees collected by Ohio Payment Services (OPS), and Ohio general revenue funds for state grants and scholarships.

- In addition, OSAC relies on 35 Advisory Council members from postsecondary schools, lending institutions, secondary markets and other student loan partnerships for valuable insight into program operations.

OSAC Highlights

- Nearly $4 billion in student loans have been guaranteed by OSAC since 1962.

- In 1992, OSAC's Default Aversion and Collections Department averted default for 32,555 accounts and thus prevented the default of more than $109 million. Collections in 1992 totalled almost $15 million.

- OSAC's servicing branch, Ohio Payment Services (OPS) offers comprehensive third-party servicing for lenders beginning with loan origination and continuing through final payment. OPS currently services more than 30 lending institutions in Ohio with an $85 million loan portfolio.

- In response to constituents' need for fast streamlined loan application processing, OSAC developed a myriad of electronic network services for schools and lenders that reduces paperwork, providing a quick alternative for sending loan applications, reports, and corrections.

- OSAC's electronic data network provides service to 27 schools which use OSAC's APEX software as well as 3 schools using school-designated software. These schools are able to participate in the CAP process, the TIP process or a combination of both. Additionally, 66 schools participate in electronic SSCR processing using OSAC's SUMMIT software. The network also maintains an OSAC link to 30 lenders and servicers providing service to a total of 73 lenders.

OHIO STUDENT AID COMMISSION (OSAC)

WHAT WE ARE AND WHAT WE DO

OSAC
Ohio Student Aid Commission

OSAC Programs

- OSAC, with the assistance of approximately 500 lending institutions and 350 schools in Ohio, provides loan, grant and scholarship resources to students and parents.

- The Federal Family Education Loan Program includes:
  1. **The Federal Stafford Student loan,**
  2. **The Federal Unsubsidized Stafford Student loan,**
  3. **The Federal PLUS loan,**
  4. **The Federal SLS loan, and**
  5. **The Federal Consolidation loan**

- Programs jointly administered by OSAC and other state agencies:
  1. **The Ohio Teac~~her Education~~ Loan (with the Ohio Department of Education),**
  2. **The Paul Douglas Teacher Scholarship (with the Ohio Department of Education),**
  3. **The Robert C. Byrd Honors Scholarship (with the Ohio Department of Education),**
  4. **The Nurse Education Assistance Loan Program (with the Ohio Department of Nursing), and**
  5. **The Physician Loan Repayment Program (with the Ohio Department of Health) *(pending program funding).***

- Grant and Scholarship Programs administered by OSAC in conjunction with the Ohio Board of Regents include:
  1. **The Ohio Instructional Grant Program (OIG),**
  2. **The Ohio Student Choice Grant Program,**
  3. **The Ohio Academic Scholarship Program,**
  4. **The Ohio War Orphans' Scholarship Program, and**
  5. **The Tuition Waiver Program for Children of Peace Officers and Firefighters killed in the Line of Duty.**
  6. **The Regents Graduate/Professional Fellowship Program.**

OSAC Community Outreach

- OSAC is active in numerous organizations. Community outreach efforts are made by OSAC to notify students, parents, legislators and other interested parties about federal and state grants, loans, and scholarships available through the state of Ohio.

- Community outreach efforts include presentations held at Financial Aid and College Nights for Ohio High Schools, Financial Aid workshops for High School Guidance Counselors, and the Annual Kiwanis College Fair for high school students.

- Many Commission personnel serve on committees with organizations such as the National Council of Higher Education Loan Programs (NCHELP), the Ohio Association of Student Financial Aid Administrators (OASFAA), the National Association of Student Financial Aid Administrators (NASFAA) and the Midwest Association of Student Financial Aid Administrators (MASFAA).

- Each year, OSAC distributes information to over 3,000 Ohioans at an Ohio State Fair information booth co-sponsored with OASFAA to improve public awareness about student financial aid resources.

- Effective collaborations are maintained through participation with the Consumer Bankers Association (CBA) on both the state and federal level. Relationships with these organizations, and others such as the State Board of Proprietary School Registration, the Ohio Student Association, the Association of Independent Colleges and Universities of Ohio (AICUO), and the Ohio Bursar's Association, allow for a continued flow of information.

- OSAC also offers regular regional training seminars to provide new policy information to lenders and schools concerning program changes.

Telephone Resource Guide

- Thousands of calls and hundreds of requests for information are answered monthly by our customer service department. Telephone assistance is available for schools, lenders, students, and the general public on a daily basis by calling:

1-800-837-6752/614-644-8892	*Student Inquiries ONLY*
1-800-282-0820/614-466-3091 1-800-837-1508/614-644-8892	*School and Lenders ONLY*
1-800-262-3227/614-466-3384	*Lenders / Schools / Servicers* *To provide OSAC with information about a borrower's account*
1-800-262-3227	*For Borrowers who are 90-120 days delinquent*
1-800-528-3016	*For Borrowers who are 121-180 days delinquent*
1-800-762-3862	*For Borrowers who are in default status*
1-800-848-8758/614-466-8250	*Ohio Payment Services* *general information / customer service*

OSAC Revenue

1. **The Guarantee Premium:** a fee charged to the borrower by OSAC based on the default rate of the school that the student attends which is to cover the cost of the guarantee if the borrower dies or becomes totally and permanently disabled before repayment of the loan.

   Robert T. Stafford Student Loans
   - Schools with a default rate less than 10%....................................1.0%
   - Schools with a default rate of 10% or more but less than 20%.......2.0%
   - Schools with a default rate of 20% or more....................................3.0%
   - Schools with no established default rate with OSAC.....................3.0%

   PLUS / SLS Loans...3.0%

   Graduate / Professional School Loans...0.5%

   The lender is billed through OSAC's Guarantee Premium Billing process and pays OSAC when each of the disbursements are made to the school. (Example, if a student borrows $2,625.00, and the interest rate is calculated at 1% for the school, then OSAC will receive $26.25) The GP has also been referred to as an insurance premium.

2. **The Administrative Cost Allowance (ACA):** support from the federal government to help defray the cost of the Commission's operation. A fee of 1% (minus 1/4 percent) of the loan principal is paid by USDE.

3. **Recoveries on Defaulted Loans:** The OSAC Default Aversion & Collections Department and the Legal Department recover on these accounts. OSAC is permitted to retain 30% and the remaining amount is forwarded to the federal government.

4. **Ohio Payment Services (OPS):** fees from lenders for contract services with OPS.

5. **Interest Income from Reserve Funds:** the funds earned by the reserve fund into which all Federal Family Education Loan Program funds are deposited.

6. **Ohio General Revenue Funds for State Grants and Scholarships**

7. **SPA (Supplemental Preclaims Assistance):** fees paid by USDE for every account on which default is prevented.

OSAC Loan Volume

- Since 1962, OSAC has guaranteed over 1,596,711 individual loans for a dollar value of over $3.7 billion.

- In FFY 1992, OSAC guaranteed:

  Robert T. Stafford Loan Program
  91,080 Borrowers
  101,030 Loans
  $268,290,550

  Parent Loan for Undergraduate Students (PLUS) Program
  9,497 Borrowers
  10,577 Loans
  $34,781,171

  Supplemental Loan for Students (SLS) Program
  10,351 Borrowers
  11,374 Loans
  $31,102,498

  (1992 Total: 110,928 borrowers; 122,981 Loans; for a total of $334,174,219.)

- Based on volume, Ohio ranks as the ninth largest guarantor in the country.

- OSAC is in the top 10 for low default rates based on the number of students who have defaulted since 1962.

- In 1992, the Ohio Student Aid Commission had an operating budget of $13,682,137 and employed 236 full-time staff members.

OSAC Default Rates

The Lender's Default Claims Rate is the ratio of defaulted claims paid since program inception to all loans that have entered repayment (matured paper) since program inception. The default rate does not reflect any collection activity subsequent to the default. Commonly referred to as the gross default rate.

The Net Default Rate is the rate of default with the recoveries of defaulted loans subtracted from the claims paid to lenders. OSAC's default rates continue to remain consistently lower than the industry average which is a product of low gross default and good recovery.

Recoveries are an important source of income, as well as an indication of a guarantor's strength in achieving federal objectives.

(Below is most recent default data*)

	Lender Default Claims Rate	Net Default Rate	Recoveries
OSAC 1991	7.17%	5.37%	25.09%
Industry 1991	17.3%	11.8%	31.9%

*(*See 1991 Annual Report page 28 for previous statistics.)*

1992 Commissioners

Carson Miller, Chairperson
Washington State Community College

James C. Bryant
Ohio University

Thomas F. Calhoon II
Prudential Calhoon Company, REALTORS

Judith E. Curran
Retire, Dayton Public Schools

Lisa E. Pizza
Spengler, Nathanson, Heyman, McCarthy & Durfee

Mary Polsley
Bank One, Columbus, N.A.

William Finissi
Ohio Chapter of the American Physical
Therapy Association

Gust Totlis
Star Banc Corporation

Dennis Montrella
Society National Bank

LC
t Loan Commission

309 South Fourth Street
P.O. Box 16610
Columbus, Ohio 43266-0610

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