

The Update

October 2007



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Dear Friends and Colleagues,

This school year has certainly started out well for SC Student Loan and we hope your year has gotten off to a great start. Recently, you may have read that we were able to assist our state in an area that has been a concern of ours for some time - the high school drop out rate.

Working with State Superintendent Jim Rex and the State Department of Education, we have donated \$3 million to assist in funding the Star Academy program, an innovative program that gives special attention to 'high risk' students at the 16 Palmetto Priority Schools. We are very proud to be associated with this effort and want to thank you for making it possible. Without your support, we would not be in the position to help with important state endeavors such as this one.

Last month, the US Department of Education announced the 2005 Cohort Default Rates. Our rate dropped to 1.6%, the second lowest rate in the nation. This is truly a tribute to the excellent education you are providing to your students and to the extra efforts our staff puts forth to help students repay their loans and avoid the perils of default.

Finally, I would like to ask you to help us welcome Katie Harrison to our staff as a Loan Counselor. Katie's experience and personality make her a great asset and we are very pleased to have her join our team.

We look forward to continue working with you to make the 2007-2008 school year a tremendous success.

Sincerely,

A handwritten signature in black ink that reads "CSanders, Jr." in a cursive style.

Chuck Sanders
President & CEO

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Second Lowest Default Rate in The Nation

The U.S. Department of Education announced last week that the Fiscal Year 2005 national student loan Cohort Default Rate fell to 4.6 percent, down from 5.1 percent for 2004. We're very proud that our default rate continues to be well below the national Cohort Default Rate average with a rate of 1.6 percent, second-lowest in the country.

According to the Department, a greater number of borrowers consolidating their student loans contributed to the drop in the national default rate. "Borrowers took advantage of the opportunity to lock in record-low interest rates by consolidating their federal student loans," the Department said in a written statement.

We also experienced a significant increase in Federal Consolidation Loan volume over the period from July 1, 2004 to June 30, 2005, however it was not a major factor in our reduced rate according to SC Student Loan President Chuck Sanders.

"This low default rate reflects the attitude and efforts of our borrowers and the excellent education provided by our staff and schools throughout South Carolina," Sanders said. "We are committed to making higher education possible for all South Carolinians which includes making repayment as convenient as possible. Our staff continues to go the extra mile to help our borrowers avoid default and that is why our rate is less than half the national average."

Since our creation in 1973, we've been able to maintain one of the lowest default rates in the country by counseling borrowers on the importance of maintaining good credit, offering excellent repayment incentives and working closely with the state's colleges and universities.

SC Student Loan Welcomes New Loan Counselor

I began my adventure into the world of financial aid as an undergraduate student worker in the Business Office of Oglethorpe University, where my main job was to disburse loan checks to student borrowers. After I graduated, I began working as the loan coordinator for Abraham Baldwin Agricultural College in Tifton, Georgia. In 2002, my family and I moved to South Carolina, where I worked as the Assistant Director at Lander University for several months before moving to the financial aid office at USC Columbia.



I served USC Columbia as the Assistant Director of Loan Services for over 4 rewarding years before making my recent transition to SC Student Loan. I have been actively involved with SCASFAA, including serving as the newsletter editor and receiving the Volunteer of the Year award in 2006.

I received a Bachelors degree in Communications from Oglethorpe University, and I am currently pursuing a Masters Degree in Higher Education Administration from USC Columbia.

I live in Irmo with my husband of 10 years, Jayson, and my two children, Sarah (9) and Jacob (5). Our house is known as the Harrison Family Zoo because of all of the animals. We have 2 dogs, a cat, 2 guinea pigs, and a few other creepy crawly critters (which definitely belong to my husband!)

I enjoy listening to music, yoga, cooking, and spending time with my family.

Public Defenders Public Service Incentive Program

The SC General Assembly has named SC Student Loan to administer this new program. Enacted to attract and retain qualified attorneys in specific public service agencies, the program reimburses payments made on outstanding law school loans. Attorneys who are employed, on a full-time basis, for a period of three years or more at one of the following SC agencies will be eligible for reimbursement of payments made on eligible law school loans.

SC Attorney General's Office
SC Commission on Prosecution Coordination
SC Commission on Indigent Defense
A Judicial Circuit Solicitor's Office

Qualifying attorneys will be eligible for reimbursement of up to \$1,000 after being employed for three years. The annual reimbursement will increase by up to \$1,000 for each additional year of service up to a maximum annual reimbursement of \$5,000. Qualifying attorneys may receive up to \$40,000 in reimbursement.

Applications will be available beginning January 1, 2008. The program is currently funded for the 2007-2008 fiscal year and no future funding is guaranteed at this time.



College Cost Reduction and Access Act

The following is a brief summary of the highlights that we think would be of most interest to you. This list is not all encompassing and you are encouraged to review all the details before you change or implement policies at your institution.

Interest Rate Reductions

Interest rates on Subsidized Stafford FFEL Loans for undergraduate students will be as follows:

- For a loan first disbursed between July 1, 2008 and June 30, 2009, 6.0%
- For a loan first disbursed between July 1, 2009 and June 30, 2010, 5.6%
- For a loan first disbursed between July 1, 2010 and June 30, 2011, 4.5%
- For a loan first disbursed between July 1, 2011 and June 30, 2012, 3.4%
- For a loan first disbursed after July 1, 2012, the interest rate will go back up to 6.8%

Pell Grants

- Provides new mandatory funding that is projected to be sufficient to increase the maximum Pell Grant by \$490 for the 2008-2009 and 2009-2010 award years, \$690 for the 2010-2011 and 2011-2012 award years, and \$1090 for the 2012-2013 award year.
- Eliminates tuition sensitivity for award years beginning July 1, 2007.

These changes will be effective July 1, 2009.

Need Analysis

- The income protection allowance is increased.
- The simplified needs test and auto-zero requirements are expanded and the income limit is increased.
- A qualified educational benefit is considered an asset of the student if the student is classified as an independent student.
- The definition of "other financial assistance" is revised to exclude distributions of financial assistance that are not included in gross income.

TEACH Grants

- Authorizes a new grant program to provide up to \$4,000 for each academic year for undergraduate or postgraduate study by eligible teacher candidates. Applicants must agree to serve for a total of 4 academic years within 8 years of completing study as a full-time teacher in certain fields at certain schools.
- Funds will be made available beginning July 1, 2008.

Upward Bound

- Mandatory funding for 4 years is provided for assistance for certain projects that did not receive assistance in FY2007.

Income Based Repayment

- Allows a FFEL or DL borrower (other than a parent PLUS borrower or a consolidation borrower if the Consolidation loan was used to discharge a parent PLUS loan) to elect, for a repayment period of up to 10 years, to have payments limited to the monthly amount by which the borrower's (and his or her spouse's) annual adjusted gross income exceeds 150% of the poverty line for the borrower's family size.

These changes will be effective July 1, 2009.



SC Student Loan Donates \$3 Million to Program Aimed at Lowering High School Drop Out Rate

Last month, SC Student Loan announced a \$3 million donation to improve student academic programs for the state's 16 Palmetto Priority Schools. State Superintendent of Education Jim Rex said the funds will be used to establish a Star Academy program at each school to work with students who are at-risk of dropping out.

"This generous gift will allow us to help these students make up course work where they're behind and let them get back on track toward graduating from high school and becoming productive citizens," Rex said. He said Star Academy programs are now operating successfully at nine sites in eight school districts across the state, resulting in higher grades and fewer dropouts.

It was that initial success that attracted SC Student Loan's interest in partnering with the State Department of Education, according to president Chuck Sanders.

"Our donation is part of SC Student Loan's on-going effort and mission to support education in the state of South Carolina," Sanders said. "We're pleased to offer our assistance to the Palmetto Priority Schools, and our hope is that the Star Academy will become a statewide model to help reduce the high school dropout rate."

A Star Academy functions as a school-within-a-school and takes students through an accelerated, rigorous course of study that enables them to complete eighth and ninth grade in one school year. Lessons are career-focused and tailored to the individual students' learning styles. Students are able to get extra help and study time, along with "coping skills" for success in their regular classroom setting.

The first Star Academy began in Pickens County in 2005 as a public/private partnership and expanded the next year. Most participants showed a more positive attitude toward learning, higher grades, better attendance and marked improvement in school behavior. Similar programs are now under way in Anderson School District Five, Richland School District One, Hampton School District Two, and in Greenville, Allendale, Charleston and Newberry counties as well as Pickens.

Rex said the 16 Palmetto Priority Schools must find new approaches to learning that will enable them to meet mandated student achievement goals and avoid possible state takeover. These new Star Academy programs may be able to begin as early as January 2008.



SC Student Loan President Chuck Sanders presents the check to SC Superintendent of Education Jim Rex