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# Schools' Best Electronic Practices (Private Institutions)

Electronic Stafford

Processing



**Electronic Access Conference**  
*emagine*  
2001

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**Student Financial Assistance**

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## *Vanderbilt Profile*

- Private, high cost institution
- Mostly full-time students
- Most students are awarded and borrow the maximum Stafford
- Low default rate
- Great loan staff (2 FTE support staff)
- 90% borrow through a recommended lender
- Utilize serial MPN with passive confirmation
- Commonline IV processing



## *Vanderbilt Profile, cont.*

- PeopleSoft Financial Aid Module (currently “stand alone”)
- Use Sallie Mae OpenLineSS product for transmitting files
- Loan Volume
  - Stafford \$40 million
  - PLUS \$8 million
  - Alternative \$10 million



## *What Makes This Process “Best” For Vanderbilt?*

- As with any technological advance, it works for us because it fits into the overall business process picture.
  - The new pillow analogy
- We try not to suffer from technology envy and select the advancements that make the most sense and achieve the biggest “bang for our buck.”
- I think of technology and implementation as a continuum with no end.



## Goals

- Maintain control over the paper MPN process.
- Recommend multiple lenders with a variety of servicers.
- Gear process to communicate with student via mail.
- Wait until the last possible minute to certify.
- Stafford eligibility to allow for students to reduce amount and to allow for other changes to take place (eg. additional sources of aid).



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## *Definitions*

- **New Borrowers**
  - Defined as new students to Vanderbilt, or
  - Returning students who have not previously borrowed at Vanderbilt
  
- **Serial Borrowers**
  - Defined as students who borrowed at Vanderbilt the prior year



## Current MPN Process

- What do we do for new students?
  - New borrowers receive a customized, pre-printed MPN in the mail with instructions to complete and return to our office.
  - The student must select the lender from provided lender list.
  - Electronic certification for electronic lenders after verification (99% are electronically certified).
  - Paper certification for all others after verification.
  - Pre-printed application includes school code and name in the event the MPN is returned to the lender.
  - Student receives amount indicated on award letter unless we are otherwise notified.



## *Current MPN Process, cont.*

- What do we do for returning students?
  - Returning borrowers are automatically approved for and receive the amount indicated on award letter, unless we are otherwise notified.
  - Previous lender is stored in our system.
  - Electronic certification for electronic lenders after verification.
  - Paper certification for all others after verification.



## *Current MPN Process, cont.*

- Why this works for Vanderbilt
  - Less paper to handle, more time for other tasks.
  - The “gamble” of waiting to certify pays off.
  - Our system setup easily supports the serial process so little data entry is required to process returning students.
  - Loan increases are easily requested through electronic processing.



## *What We Could Do (And Why We Don't)*

- Have the student download the MPN, complete and return to either us or the lender.
  - We believe that mail still works better for our students.
  - Most of our parents are involved in the process; they like paper.
- Have the student identify the lender up front then have the lender mail the MPN.
  - If you are going to have a mechanism to collect the lender information, why not just collect the information on the MPN itself as this eliminates one transaction.



## *Other Processes We Utilize*

- Electronic entrance counseling for select students.
  - Still use group sessions for law, business and graduate nursing students.
- We process a good number of alternative loans for undergraduate and graduate students.
  - Customized processes designed to meet the needs of graduate professional schools.
  - Customized alternative loan product with a lender designed to replace institutionally funded loan program.



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