

Dear President:

As you are aware, the last year and a half have brought unprecedented challenges to both students and institutions. As we enjoy the transition into what we hope to be “back to normal,” it is important to start planning for what will likely be the long-term effects of the pandemic so we do not find ourselves with another significant crisis on our hands over the next few years.

We are speaking in particular about the effect of over 42 million federal student loan borrowers re-entering repayment after 18 months of non-payment. While the Department of Education and loan servicers continue to work hard to manage this event, the sheer volume will almost certainly cause significant delays for borrowers seeking help. The number of borrowers seeking information on lower payment and other options is also likely to be higher than it was pre-pandemic due to the lasting economic impact of this event.

While institutions can expect to see a significant drop in their cohort default rates in the coming years, they should also expect to see a significant increase in their cohort default rates starting around the cohort year 2024. This is when the impact of this phenomenon (the pandemic, the national elongation of the loan repayment and all students re-entering repayment at the same time) will become part of the calculation. Such default rate increases can put institutions at risk for loss of Title IV eligibility at worst and poor optics to future students at best.

Many experts in the community expect, at minimum – BIG PROBLEMS. We thought these articles might be of great interest to you:

[CNBC](https://www.cnbc.com/2021/04/23/when-federal-student-loan-payments-pause-ends-how-to-prepare.html)

[FORBES](https://www.forbes.com/sites/prestoncooper2/2021/04/12/we-need-to-be-ready-for-student-loan-payments-to-resume-in-october/?sh=71c419f36566)

[MARKET WATCH](https://www.marketwatch.com/story/i-know-its-coming-im-going-to-have-to-pay-borrowers-brace-for-the-return-of-student-loan-payments-11606764311)

[NASFAA](https://www.nasfaa.org/news-item/25687/State_of_Impending_Emergency_How_Recovery_from_the_Pandemic_Could_Complicate_Student_Loan_Repayment)

While we are optimistic that the industry will do whatever is necessary to ameliorate this situation, it is important that we plan for the worst, while hoping for the best. Ensuring that there are as many expert and safe resources available for borrowers is one way we can try to prevent a large number of borrowers from going past due and/or defaulting due to the overwhelming servicing need. Institutions are a trusted resource for their alumni and can be one place these borrowers turn to for help. Institutions can also provide proactive information to borrowers to help prepare them for the resumption of repayment.

To help us all prepare, NYSFAAA is sponsoring a “**Student Loan Counseling Boot Camp**” that will prepare participants to expertly counsel struggling student loan borrowers. This intensive course is a total of 9 hours to be held over three days in the months of July and August and is eligible for 8.5 Continuing Education Credits certified by the Financial Planning Group.

Due to the importance of this once in a lifetime event NYSFAAA has decided to engage [Ms. Betsy Mayotte of TISLA](https://freestudentloanadvice.org/) at a cost that is well beyond normal for NYSFAAA’s budget as a nonprofit association whose primary revenue is membership. However, every dollar spent will be worth it if we can help our students. Because of our NYSFAAA’s sponsorship, the total course is being offered to NYSFAAA members for only $45 while the same course is being offered, when unsponsored, for $799.

As you may know, NYSFAAA has an ongoing, free to members, Statewide Training (SWT) Webinar series that offers 12-14 training sessions each year. In preparation for our nine hour Boot Camp, essential training NYSFAAA SWT has made a free webinar available to our members. This too will be provided by Ms. Mayotte as she already did for the National Associational of Financial Aid Administrators (NASFAA). It is entitled – “Preparing Borrowers and Institutions for the End of the COVID Waivers.” This webinar explains the problems noted above, our workshop, **Student Loan Counseling Boot Camp** will teach our Financial Aid Administrators how to help our students through the issues presented during the webinar.

Registration is available at the [NYSFAAA WEBSITE](https://www.nysfaaa.org/).

If you would like to learn more about the Student Loan Counseling Boot Camp and/or register, please go to the [NYSFAAA WEBSITE](https://www.nysfaaa.org/)

Sincerely,

Adrienne King

President