

SASFAA Board Meeting
Franklin Marriott-Cool Springs
Franklin, Tennessee
November 9, 2002

CALL TO ORDER

President Karen Koonce called the meeting to order at 8:47 AM in the Williamson Room at the Franklin Marriott.

WELCOME

President Koonce welcomed Kate Peterson, the WASFAA President-Elect.

SUBSTITUTE VOTING AND CHANGES TO THE AGENDA

President Koonce announced that Patrick James was the approved voting representative for Mississippi in the absence of Dewey Knight and that Sherwin Hibbets was the approved voting representative for Virginia in the absence of Barry Simmons.

There were no changes to the agenda. The following absences were noted: Mike Reynolds, Alabama State President; Leonard Gude, Florida State President; Dewey Knight, Mississippi State President; Barry Simmons, Virginia State President; Karen Gibson, Lender Liaison and Greg Martin, U.S. Department of Education.

INTRODUCTIONS

The following elected board members were present: Karen Koonce, President; Ellen Green, Vice President; Ron Day, President-Elect; Clark Aldridge, Past President; Dee Talley, Secretary and Sonja McMullen, Treasurer.

State presidents in attendance were: Julia Perrault, Georgia; Nancy Melton, Kentucky; Patrick James representing Mississippi; Rosemary Stelma, North Carolina; Anita Kaminer-Elliott, South Carolina; Cara Suhr, Tennessee and Sherwin Hibbets representing Virginia.

Committee chairs in attendance were Jane McNaughton, Finance and Audit; Janet Sain, Conference; Deborah Clark, Diversity; Erik Melis, Electronic Services; Karen Fooks, Legislative Relations; Maureen McFarlane, Membership; Sandra Neel, Newsletter Editor; Ron Gambill, Site Selection; Alan Whittington, Vendor and Sponsor.

Liaison present was: Ken Player, Agency Liaison.

APPROVAL OF THE MINUTES

ACTION: Clark Aldridge moved to accept the minutes of the August 3, 2002 board meeting held at the Adams Mark Hotel in Jacksonville, Florida. The motion, seconded by Ellen Green, was approved.

REPORTS FROM THE OFFICERS

SEE ATTACHMENT A

Report from the President, Karen Koonce

President Koonce stated that reservations will need to be made for the President-Elect candidate to attend the leadership training in March 2003. She indicated that the association may want to purchase an airline ticket prior to the results of the election in February 2003, and make it a refundable ticket, although they are very expensive. It was suggested that SASFAA consider sending both of the President-Elect candidates to the leadership conference. Also, it was stated that the tickets could be cancelled if one of the candidates could not attend. President Koonce will compare the cost of two non-refundable tickets vs. two refundable tickets and determine the difference.

Report from the Past President, Clark Aldridge

Past President Aldridge reported that the NASFAA Finance Committee will make a recommendation for 2003-2004 in reference to the CORE materials. They are recommending that there be a charge of \$600 for the materials and that these materials be used to train sixty people. There would be a \$10 charge for each person trained over the initial sixty. It is not known how NASFAA came up with the limit of sixty. Clark would like the representatives to the NASFAA board to attempt to have this number limitation deleted from the recommendation. A suggestion was made that a flat rate should be used. Also, it was noted that the CD NASFAA develops for the CORE materials should not be set up so that the instructors' materials cannot be copied. NASFAA should specifically state that these materials can be copied.

Past President Aldridge reported that the Nominations and Elections Committee met on October 12, 2002 at the Adams Mark Hotel in Jacksonville, Florida to consider candidates for the position of Treasurer, Vice President and President-Elect. The treasurer will serve a two-year term. As a result of that meeting, the following candidates were presented to the SASFAA board for consideration as the slate of officers:

Candidates for two-year term as Treasurer: Lester McKenzie of Lees-McRae College (North Carolina) and Marvin Ragland, Collegiate Funding Services (Virginia).

Action: Rosemary Stelma moved to accept the slate for the officer of Treasurer. The motion was seconded by Julia Perrault and was approved.

Candidates for Vice President: Freida Jones of Georgia Southwestern State University (Georgia) and Michael Morgan, KHEAA (Kentucky).

Action: Rosemary Stelma moved to accept the slate for the officer of Vice President. The motion was seconded by Cara Suhr and was approved.

Candidates for President-Elect: Guy Gibbs of Northern Virginia Community College (VA) and Janet Sain of ECPI College of Technology (NC).

Action: Julia Perrault moved to accept the slate for the officer of President-Elect. The motion was seconded by Ron Day and was approved.

Report from the Treasurer, Sonja McMullen

Sonja reported that during the month of September 2002, a CD was redeemed which resulted in interest income (item 07 on the budget) of \$10,485.46. Also, the .10 that represents miscellaneous income (item 08 on the budget) is the difference between a check she wrote and the amount that was actually processed by the bank.

Sonja reported that membership and advertising revenues are significantly under budget as compared to last year.

The board was recessed at 10:00 A.M.

The board meeting reconvened at 10:12 A.M.

REPORTS FROM THE STATE PRESIDENTS

SEE ATTACHMENT D

COMMITTEE REPORTS

SEE ATTACHMENT B

Report from Legislative Relations, Karen Fooks, Chair

Karen and her committee have been working diligently to prepare SASFAA's position on several reauthorization issues to be presented to the NASFAA Reauthorization Task Force. These issues include: Pell entitlement; independent student definition; campus based allocation; community service work-study; increasing Stafford Loan limits; school as a lender and illegal inducements. Karen presented these issues to the SASFAA board and provided them with an opportunity to give comments or suggestions. Karen will be reconvening her committee to discuss these reauthorization issues further, and determine the issues that have consensus and prepare SASFAA's recommendations. The recommendations will be posted to the Executive Board listserv. Karen will receive any comments to these recommendations and then prepare a final recommendation.

The board recessed for lunch at 12:05 P.M.

The board meeting reconvened at 1:20 P.M.

COMMITTEE REPORTS CONTINUED – SEE ATTACHMENT B

Report from Finance and Audit, Jane McNaughton, Chair

Jane reported that the deadline for filing the 990 is November 15th. However, because there is a difference between what the bank statements are reflecting and what QuickBooks has recorded, she will be filing for an extension to this deadline. Jane will be getting with Sonja and Ann to do a manual review of SASFAA's records.

A recommendation was made to move forward with setting up SASFAA to accept VISA and MasterCard for membership and registration fees. Jane will talk with the states that are accepting credit cards and see what percent of their membership actually participates. Some questions to be answered include: Would this method of payment be available on the Web? What about security on the Web? How many SASFAA members would be interested in participating? Would the cost outweigh the actual benefit since SASFAA would only have revenue for a couple of months? Before proceeding, Jane will do more research and conduct a survey of SASFAA members to determine interest in this method of payment.

At the August board meeting, President Koonce, President-Elect Ron Day and Jane were charged with developing an exception to the current per diem policy. However, they were unable to develop an exception and are presenting this charge back to the board. It was suggested that SASFAA have a metropolitan per diem for high cost areas. There was a concern as to how pre-approval of the per diem would occur and whom to contact. Discussion ensued about how to define "high cost areas". It was suggested that SASFAA could use the top ten MSA's in the country to determine high cost areas. It was recommended that SASFAA reimburse meals at their actual cost, but not to exceed \$75 for all meals.

Receipts for the meals would be attached to the reimbursement form. Some board members thought \$75 was too high, and that the amount should be lower. President Koonce, President-Elect Ron Day and Jane will continue to discuss the per diem issue and will develop a recommendation. The recommendation will be e-mailed to the board for approval.

Report from Membership, Maureen McFarlane, Chair

Maureen reported that as of Friday, November 8, 2002, SASFAA has 522 members. She will push to increase membership by sending mail-outs soliciting membership as well as using electronic methods (such as sending an e-mail to each state's listserve). As registrations for the SASFAA conference are received, Maureen will match the registrant against the membership list to confirm that the membership fee has been paid. If the registrant has not paid membership, Maureen will e-mail the registrant.

The board recessed at 2:48 P.M.

The board meeting reconvened at 3:04 P.M.

COMMITTEE REPORTS CONTINUED – SEE ATTACHMENT B

Report from Site Selection, Ron Gambill, Chair

Ron presented the potential sites in the SASFAA region being considered for the NASFAA 2008 annual conference.

Following Ron's report, the Board indicated that the Orlando area should be recommended to Barbara Gordon at NASFAA for 2008 when NASFAA will hold its conference in the SASFAA region. Ron will call Barbara on Monday.

Report from Electronic Services, Erik Melis, Chair

Erik reported that SASFAA's listserve is having a problem with "spamming". Spamming is unsolicited advertisements. Each post on SASFAA's listserve is assigned an IP address and if the IP address is guilty of spamming, the address will be blackballed and the e-mail will not be sent out. There are institutions that will not receive postings from SASFAA because of this.

Erik reported that SASFAA need to find a new host for its listserve, but there are very few organizations that offer this service, and the ones that do are very expensive. He has talked with ATAC about hosting the site. They have an integrated solution system and can do all types of things. However, the cost for this system ranges from \$5000 to \$25,000, with monthly payments between \$300 and \$350. If the company were to give an actual proposal, they would need to look at our system. Erik will get cost estimates from other state and regional associations to determine what will be good for SASFAA.

REPORTS FROM LIAISONS

SEE ATTACHMENT C

OLD BUSINESS

South Carolina has SASFAA's archives in their possession. All the information has been imaged and placed on a disk. There is a possibility that there are some documents at Pickett and Hatcher. Ellen Green, SASFAA Vice President will check with Pickett and Hatcher.

The cost of providing insurance for SASFAA as an organization and to protect its elected officers was discussed.

ACTION: Clark Aldridge moved that SASFAA spend \$1,450 to obtain general insurance and officers' professional liability protection insurance. The motion, seconded by Ellen Green, was approved.

Discussion ensued about the possibility of their being some type of insurance available to cover a disastrous event, such as 9/11, which would prevent individuals from attending the SASFAA conference. It was suggested that when SASFAA is negotiating hotel contracts, some type of provision should be added to the contract that addresses this issue. It was also suggested that the insurance premium be paid around the fiscal year.

NEW BUSINESS

The Department of Education has cut about 50% of its travel budget; therefore, there's a cutback on training. It was suggested that SASFAA write a letter stating its concerns about federal training and request that Greg Martin and David Bartnicki be allowed to resume their commitments to SASFAA. If SASFAA were willing to pay the expenses for Greg and David, would the Department allow this? Janet Sain stated that she had offered to pay David's expenses, but the Department told David she could not do so. It was also suggested that the state presidents write letters to the Department as well.

Janet Sain announced that she is a member of NASFAA's Nominations and Elections committee and the committee is seeking nominations for NASFAA Chair and Representatives-at-Large. She encouraged everyone to please nominate some qualified individuals for these positions. The deadline for nominations is December 20th.

Maureen McFarlane announced that a mailing service will be used to mail out membership letters. She is seeking sponsorship for printing these letters; however, an objection was made to having someone sponsor membership letters. This is an expense that should be borne by SASFAA since SASFAA is soliciting members to join the association.

ACTION: Ellen Green moved to adjourn the meeting and go into Executive Session. The motion, seconded by Ron Day, was approved. The meeting adjourned at 4:40 P.M.

Respectfully Submitted,

Dee Talley, SASFAA Secretary

ATTACHMENT A – OFFICERS REPORTS

Report from the President, Karen Koonce

Karen has tried to touch base with each committee chair since our last board meeting.

The Conference committee and Nominations committee have both met since our last board meeting. Also, the Diversity committee has met. Each of these committees will report on their progress.

SASFAA's Federal Relations chair, Greg Martin, is a new father, and unable to join the board this weekend. The board wishes him well, and hopes he will be able to attend the next meeting.

There are several issues to be discussed dealing with NASFAA. First, SASFAA has the charge to recommend a site for the 2008 conference in the SASFAA region. Also, the board must discuss NASFAA training opportunities and the leadership workshop they offer to incoming elected board in the spring.

Karen was able to visit several states this fall, (Georgia, Tennessee, and Kentucky). She plans to attend the other state meetings during the spring conference season. Ron Day, SASFAA's president-elect, was able to represent SASFAA at other state meetings. Karen wishes she had been able to spend more time at each individual conference.

The board will also hear more about SASFAA's New Aid Officers Workshop and the mid-level workshop that was such a success this past summer with the SWASFAA region.

Please check out SASFAA's website at www.sasfaa.org for newly posted information. Karen hopes everyone has a restful holiday season.

Report from the President-Elect, Ron Day

Ron Day, President-Elect, reported that he has had the opportunity of attending several state conferences and one regional board meeting. He attended the SWASFAA board meeting held in Houston, TX. At this meeting the Mid-Level Workshop (the joint activity between SWASFAA and SASFAA) was discussed. The following was decided:

SWASFAA would host the 2003 Mid-Level Workshop. The workshop will be held in June of 2003 in the SWASFAA region. The location is Centenary College in Shreveport, Louisiana. The dates are June 21 - 24, 2003. Linda Neel from New Mexico Junior College will co-chair this activity. Greg Thornburg from Arkansas State University will co-chair the curriculum. The cost will again be \$300 for each participant.

Ron also attended AASFAA and FASFAA during their respective fall conferences.

The volunteer forms are now available on the SASFAA web page. Anyone who wishes to volunteer for committees for the 2003-2004 academic year should click on either the "Volunteer" or the "SASFAA Forms" tabs. The form can be printed from the web as either a Word Document or PDF Document.

Ron also reported that work has begun on the selection of committee chairs for the 2003-2004 SASFAA Board. Several of the members of the 2002-2003 board will be asked to continue their positions for the 2003-2004 year.

Report from the Vice-President, Ellen Green

The 2003 New Aid Officers Workshop will once again be held at Furman University. The preliminary forms have been completed and the deposit paid to the Summer Camp and Conference Group Coordinator, Marie Burges.

The returning instructors are: Baree, Zita Mohning, David
 Hutchins, Wendy Quisenbery, Chip
 Mann, Gary Tollefson, Tolly

The new instructors are: Anderson, Ron Ross, Thelma
 Neel, Sandra Shumpert, Glenn
 Nichols, Kelvin Sparks, Carolyn

We have a great mix of backgrounds with this group of instructors. Lianne Masterson is the Curriculum Coordinator. To date, Ellen has not firmed up an on-site coordinator. She still has several options to follow-up on, though.

Ellen will have a meeting with the entire group while in Jacksonville, probably a luncheon on Tuesday.

Ellen has spoken with Greg Thornburg several times regarding the mid-level workshop with SWASFAA. As of their last conversation, SWASFAA was attempting to nail down a contract for a site in Louisiana and would contact her in early November with actual site and date information.

While in Nashville, Ellen will get the information on each state's newsletter editor so that she can start doing some publicity for both the one-day workshop in February and the June workshops.

In addition, Ellen did get to attend the SCASFAA fall meeting as the SASFAA rep due to scheduling problems for Ron Day and Karen Koonce. Ellen expressed her thanks to everyone for the opportunity to bring SASFAA/NASFAA update to her home state.

Report from the Past President, Clark Aldridge

The Nominations and Elections Committee met at the Adams Mark Hotel in Jacksonville, FL. On October 12, 2002. SASFAA Past-President, Clark Aldridge, chaired the committee. Other members present were Brenda Paganelli, Mississippi; Dot Wilkinson, Alabama; Nathan Basford, Florida; Sandy Neel, Kentucky; Lisa Mitchem, Georgia; Margaret Hunt, South Carolina; Brent Tener, Tennessee. The North Carolina and Virginia members of the Committee were unable to attend but did forward nominations for the Committee to consider.

The duties of the Committee and the elections procedures were reviewed for member. Afterwards members began to review the bios of each of the individuals nominated for each of the respective offices.

The following were selected for recommendation to the SASFAA Board:

Treasurer

Lester McKenzie-NC
Marvin Ragland-VA

Vice President

Freda Jones-GA
Michael Morgan-KY

President-Elect

Guy Gibbs-VA
Janet Sain-NC

Report from the Secretary, Dee Talley

During the August board meeting, several revisions to the Policy and Procedures manual were proposed and approved by the board. The first of these was to Section 8.4.6.1 Newsletter Rates. The revisions to this section were to charge \$400 for a full-page ad for one edition of the newsletter; \$250 for a half page and \$150 for a quarter page. The charge for a full page ad for three editions of the newsletter will be \$1080; ½ page \$650 and a quarter page \$400. Also, for the first edition, if just the logo is used, the charge will be \$250. The second revision was to Section 10.5.7 Travel for State Presidents and President-elects. This section was revised to include the statement that SASFAA will be responsible for paying the hotel and room expenses for each state's President-elect to attend the SASFAA transitional meeting. These revisions have been made to the P&P manual and will be updated on the website soon.

Dee has been working on developing a cover for the P&P manual, and has several different designs to be considered. These designs were shared with the elected board and they selected the design to be placed on the website. She has a copy of the design if anyone would like to see it. She would like to thank Erik Melis, Guy Gibbs and Bill Wall for all the assistance they provided to her in this endeavor.

Dee announced that she would like all board reports e-mailed to her as soon as everyone has returned to his/her office, if you have not already gotten your report to her. Also, if you have any updates or revisions to your section of the operational calendar, please e-mail these to Dee.

Report from the Treasurer, Sonja McMullen

**SOUTHERN ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS, INC.
BUDGET VS. ACTUAL
JULY - OCTOBER 2002**

	JUL-OCT	BUDGET	\$ OVER BUDGET	% of BUDGET
Income				
01 - Membership Dues	8,825.00	30,000.00	-21,175.00	29.40%
02 - Professional Advancement	2,275.00	78,000.00	-75,725.00	2.90%
03 - Annual Meeting	0	136,900.00	-136,900.00	0
04 - Vendors/Sponsors/Patrons	4900.00	115,000.00	-110,100.00	4.30%
05 - Advertising	0	15,000.00	-15,000.00	0
07 - Interest Income	14,662.47	16,000.00	-1,337.53	91.60%
08 - Miscellaneous Income	0.10	500.00	-499.90	0
Total Income	30,662.57	391,400.00	-360,737.43	7.80%
Expense				
101 - President	967.07	5,500.00	-4,532.93	17.60%
102 - President -Elect	1,835.19	6,500.00	-4,664.81	28.20%
103 - Vice President	507.17	4,000.00	-3,492.83	12.70%
104 - Secretary	424.13	4,000.00	-3,375.87	10.60%
105 - Treasurer	553.94	4,000.00	-3,446.06	13.80%
106 - Past President	2686.37	12,600.00	-9,913.63	21.30%
201 - Membership/Directory	506.38	5,500.00	-4,993.62	9.20%
202 - Electronic Services	0	3,300.00	-3,300.00	0
203 - Professional Advancement	3,349.55	97,000.00	-93,650.45	3.50%
204 - Newsletter	453.00	4,500.00	-4,047.00	10.10%
205 - Finance and Audit	205.00	4,400.00	-4,195.00	4.70%
206 - Annual Meeting Program	14,027.55	185,000.00	-170,972.45	7.60%
207 - Site Selection	130.00	1,500.00	-1,370.00	8.70%
210 - Executive Board	2,809.34	30,000.00	-27,190.66	9.40%
211 - President's Contingency	0	3,500.00	-3,500.00	0
212 - Archives/Research	0	800.00	-800.00	0
213 - Advance Program Planning	149.5	1,500.00	-1,350.50	10.00%
214 - Diversity Issues	1,292.80	4,800.00	-3,507.20	26.90%
215 - Prior Administration Bills	60.64	500.00	-439.36	12.10%
216 - Legislative Relations	130.00	5,200.00	-5,070.00	2.50%
218 - Vendor/Sponsor/Patron	183.53	4,000.00	-3,816.47	4.60%
219 - Special Projects	0	2,000.00	-2,000.00	0
221 - Computer Hardware/Software	-100.00	1,300.00	-1,400.00	-7.70%
6999 - Uncategorized Expenses				
Total Expense	30,171.16	391,400.00	-361,228.84	7.70%
Net Income	491.41	0	491.41	100.00%

ATTACHMENT B – COMMITTEE REPORTS

Report from Audit and Finance, Jane McNaughton, Chair

Jane reported that she had contacted Devonda Munson Collins with Bank One about performing the SASFAA audit for 2001-2002. Devonda had agreed to do this and Jane will contact her again after the IRS Form 990 is filed. As part of the audit, Devonda will make sure that the recommendations that she suggested in the last audit are in place. The timeframe of the audit is for completion by the February 2003 Board Meeting at the SASFAA Conference. Jane's audit and finance committee consists of Terri Parchment from Tennessee, Buddy Jackson from Alabama and Chris Tolson from Kentucky. Jane had also asked Devonda about retention of financial records. The most common rule is 7 years or longer.

Jane reported that she and SASFAA Treasurer Sonja McMullen have been working with Anne Rochester of edamerica to prepare for the filing of the IRS Form 990. The deadline is November 15, 2002 for the July 1, 2001 through June 30, 2002 fiscal year.

Jane reported that she had been received a proposal from Nova Merchant Services which processes credit card payments for vendors.

Jane submitted copies of the current investments for the Board's review. Jane reported that all but one certificate of deposit are now in the SunTrust Investment Account. The investment philosophy is a laddered effect where CD's of different amounts, maturities and interest rates are in place. This strategy allows for access to lower amounts of funds in case of emergency.

Report from Conference Committee, Janet Sain, Chair

SASFAA 2003, *Reflections of Our Past, Present & Future*. Celebrating 40 years in 2003, the Conference Committee has made a commitment to schedule all activities around this special occasion. The committee has been very hard at work since we first met at the Adams' Mark Hotel in Jacksonville, Florida back in early August. We met once again on October 11-13 at the Adam's Mark in order to firm up our sessions, activities, speakers, entertainment, etc. It promises to be a great conference.

Highlights include:

- **Dr. Stan Frager, Keynote Speaker**
- **DOE, Management, Diversity, Technology and New Aid session tracks**
- **Iwana Guess-Ridgill, Humorist, Banquet Speaker**
- **Charlie Bruce, NASFAA Chair**
- **Susan Allen and Catherine King-Todd, NASFAA Reps at Large**
- **Diversity Committee Special activities and General Session Speaker**
- **Jeff Baker, Federal Update (tentative)**
- **Terri Shaw, new DOE FSA COO (tentative)**
- **President's Reception at the MOSH (Museum of Science and History)**
- **Past-President's Luncheon**
- **Reauthorization Panel**
- **FAB 5**
- **Ruby Red Ball, Semi-formal dance complete with Dance Contest and Name that Tune contest honoring music from the past 40 years**
- **Golf Tournament**
- **And many more activities**

Special thanks go to the committee members who have made all this possible:

Denise Wendle, FL rep and Local Arrangements Co-Chair
Don Rhoads, Local Arrangements Co-Chair
Lisanne Masterson, NC rep
Dorenda Adams, AL rep
David Bartnicki, DOE and GA rep
Lori Dial, KY rep
Lester McKenzie, Web Master for the conference
Bruce Crain, MS rep
Zita Barree, VA rep and 2004 Conference Chair
Earl Mayo, SC rep
Sonja McMullen, SASFAA Treasurer
Ellen Green, SASFAA VP
Alan Whittington, Vendor/Sponsor Chair
Karen Koonce, SASFAA President

Special Thanks also go to Deborah Clark, Chair of the Diversity Committee, for her efforts in organizing the Diversity track concurrent sessions and the special Diversity activities she and her committee will conduct during the conference.

Some issues that need to be addressed for future conferences:

- **Be able to change the room block for conference**
- **Make sure we are not getting charge a set up fee by the drayage company and the hotel for each booth**
- **Have drayage company attend one of the meetings**
- **Have one person do all the ordering for gifts, bags, shirts, etc and give u a discounted rate for the package deal**
- **Have room for chair included in contract as comp**
- **Have gov't rate honored for all DOE folks so they can come and stay at same hotel**
- **Make Diversity Chair an ex-officio if they will continue to schedule sessions and special events for conference**

Report from Diversity Committee, Deborah Clark, Chair

The SASFAA Diversity Committee is coordinating several activities to address a variety of diversity issues and to promote unity within our professional association.

The conference events include the following activities:

◆ Mardi Gras Night - An International Event inviting the membership to enjoy deserts, drinks, dancing and costuming of various cultures.

◆ Diversity Tract - Four Concurrent Sessions will be offered during the conference focusing on topics that remind us that *diversity* is much more than Black and White.

◆ Diversity Exhibit - A display design to share materials, ideas and suggestions that can be implemented in our various places of employment

◆ Speaker – A general session speaker designed to motivate and encourage the membership.

The Diversity Committee is appreciative to Karen Koonce (President) and Janet Sain (Conference Chair) for their vision and desire to enhance the diversity activities to be presented at the 2003 Conference.

Report from Legislative Relations, Karen Fooks, Chair

ELECTION

GOP Wins Big

In an unusual turn of events for a mid-term election, the party in power (GOP) gained seats in both the House and the Senate and gave the Republicans control of both houses of Congress. Senate leadership of key committees will now pass to the Republicans and could very well impact the direction of reauthorization. In likelihood, Sen. Judd Gregg (NH) will replace Ted Kennedy (MA) as chair of the Senate Health Education Labor and Pensions (HELP) Committee. It may also force junior committee members Hillary Rodham Clinton (NY) and John Edwards (NY) off the committee entirely. Gregg is known as a fiscal conservative and has been said to support changes in the Higher Education Act that would link institutions' student loan eligibility to graduation rates and to re-examine the role of accreditation. The Senate appropriations committee will likely be chaired by Ted Stevens (AK) who would replace current chair, Robert Byrd (WV).

In the House, John Boehner (OH) is likely to retain chairmanship of Committee on Education and the Workforce and the committee composition would remain the same. Bill Young (FL) will remain the chair of the appropriations committee.

The current lame duck Congress will return to work later this month. As of this writing since Vice President Cheney casts the deciding vote in the event of a tie, this essentially give control to the Republicans. It is also possible that Republican Senator-elect Norm Carlson will take office as soon as the election results are certified putting the Republicans in undisputed control with a 50-49-1 majority.

While a fully Republican Congress may help the President push through some of his initiatives, the Democrats still control enough seats to hold up legislation on procedural grounds. So the likely outcome overall may still be compromise or gridlock.

APPROPRIATIONS

FY 03 Budget

There is still no final budget for FY 03 education appropriations. The Congress passed a short term continuing resolution until November 22. It is possible the lame duck Congress could come back and finalize appropriations but the more likely outcome is a consolidated (all the unbudgeted appropriation categories) long-term continuing resolution. The higher education community is generally not in favor of a long term CR because it would likely continue funding at FY2002 levels and could cause delays in publishing a Pell payment schedule and notification of campus-based allocations.

The Republican's remain deeply divided over government spending. The conservatives wish to pass the President's budget as submitted while the moderates are looking to increase spending on popular programs such as education and student aid. So far, neither side is giving at all.

30 DAY DELAY/MULTIPLE DISBURSEMENTS EXPIRATION

In August, SASFAA sent emails to key House and Senate leaders urging that legislation be passed extending the Stafford Loan 30-day delayed disbursement and multiple disbursements in a single term waiver. However, despite the efforts of the financial aid community, no legislative action was taken and the waiver provisions expired on September 30. There is still some hope (albeit limited) that this can be addressed during the lame duck session and attached to an omnibus bill that ties up a lot of loose ends. Failing that, we will try again when the new 108th Congress convenes in January.

LEGISLATION

S. 3145 Youth Service Scholarship Act

Description: Would amend the Higher Education Act to include a scholarship program to encourage and support students who have been involved in a substantial amount of public service

Status: Introduced October 17 by Sen. Christopher Dodd (R-CT). Referred to education committee.

H.R. 5636 Nurse Loan Forgiveness Act of 2002

Description: Would establish a student loan forgiveness program for nurses as part of the Stafford loan program, as a way to encourage individuals to enter and continue in the nursing profession.

Status: Introduced October 10 by Rep. Tom Tancredo (R-CO). Referred to education community.

H.R. 5901 Canceling Loans to Attract Classroom Teachers Act (CLASS ACT)

Description: Would provide for an increase in the amount of loans that can be forgiven for teachers working in Title I schools from \$5,000 to \$17,500 and would provide for cancellation of loans for spouse of 9-11 victims.

Status: Passed by the House October 1 and referred to the Senate education committee on October 2.

H.R. 5501 Higher Education Accrediting Agency Responsibility Act of 2002

Description: Would refocus the purpose of accreditation on providing comparative information about college quality, rather than determining student aid eligibility, and would end the "virtual monopoly" that accrediting agencies enjoy, and require them to operate in a competitive environment.

Status: Introduced September 30 by Rep. Tom Petri (R-WI). Referred to education committee.

S. 2915 Loan Cancellation for September 11 Survivors

Description: Would cancel the student loans of spouses, surviving joint debtors and parents of individuals who died or become permanently and totally disabled due to injuries suffered in the terrorist attacks on September 11, 2001.

Status: Introduced September 9 by Sen. Charles Schumer (D-NY). Referred to education committee.

S. 2916 Tuition Assistance for Families Act

Description: Would expand the tuition tax deduction to \$12,000 for taxpayers whose adjusted gross income does not exceed \$65,000 (or \$130,000 for joint returns), and to \$2,000 for taxpayers whose adjusted gross income does not exceed \$80,000 (or \$160,000 for joint returns); raise the Lifetime Learning tax credit from \$10,000 to \$12,000; and boost the maximum Pell Grant from \$4,000 to \$4,500.

Status: Introduced September 9 by Sen. Joe Biden, (D-Del). Referred to finance committee Sept. 9.

S. 2909 College Tuition Relief Act of 2002

Description: Would amend the Internal Revenue Code of 1986 to make permanent the deduction for qualified tuition and related expenses and to repeal the sunset of the Economic Growth and Tax Relief Reconciliation Act of 2001 with respect to such deduction and the extension of the exclusion for employer-provided educational assistance.

Status: Introduced September 5 by Sen. Gordon Smith (R-OR). Referred to finance committee.

Sources for articles: AASCU, NASFAA, Student Aid Alliance, Student Aid News

Reauthorization Update

Timeframe

The timeframe for reauthorization seems to be shifting like quicksand. Some parties in Congress have expressed an interest in keeping Reauthorization on a fast track while some in the Administration have indicated that ED will not submit its proposals until February 2004.

The reality is probably somewhere in between. The House still wants to keep to the December 31 deadline for public comment and will then use the spring to evaluate those comments and hold hearings; however, there is no real indication when an initial bill may be marked up.

Since the Senate leadership will change shortly, it is uncertain what the Senate HELP committee schedule or priorities will be.

So, the process appears that it will start off on the fast track but will likely not be completed until sometime in 2004.

Process

The three watch-words in this reauthorization will be consensus, cost and accountability.

Congressional leaders have made clear that they believe higher education was hurt in the last reauthorization due to lack of consensus within the community on major issues. The Washington higher ed associations have heard that message and will be working hard to bring divergent positions into line. Similar activities are occurring with lenders and guaranty agencies.

NASFAA's Board of Directors will meet next week to review the Reauthorization Task Force proposals to establish NASFAA's initial position. It is likely that some of the more controversial proposals will be either not be accepted by the board or sent back to the Task Force for refinement. Even after the Board accepts the proposals, some may still be reworked at a later date to form a consensus with the other Washington higher ed associations.

Due to the federal budget deficits and the costs associated with the President's war on terrorism, the cost of reauthorization proposals will receive close scrutiny and there will be lot of horse-trading down the road as associations decide what their priorities are and where to draw a line in the sand.

With the shift in Congressional leadership, "accountability" will be an even stronger watch-word than it was earlier. Some reauthorization proposals or rationales may need to be structured to speak to this issue. Expect some degree of lunacy on the issues of graduation and retention rates, college costs, etc.

SASFAA Position

In an effort to keep financial aid association positions in line with desire for consensus, it is the position of the legislative relations committee, that SASFAA wait to formalize its position until after the NASFAA Board of Directors has reviewed the work of the reauthorization task force. The legislative relations committee will then review those proposals, and put its recommendations before the SASFAA executive board via email for comment and approval/disapproval and advise the board of any issues that where SASFAA believes it should take a different position from that of NASFAA. Once the board has had a chance to comment on the recommendations, the legislative relations committee will review the comments, make adjustments as appropriate and submit the final recommendations to the elected officers and state presidents for a final vote. The approved recommendations will be sent to the House education committee and to NASFAA before December 31.

Even after SASFAA's official positions have been advanced, the legislative relations committee will continue to monitor other association positions, any revisions to higher ed association positions, Congressional comments, hearings, etc. and recommend possible changes to the SASFAA position as appropriate.

Report from Membership Committee, Maureen McFarlane, Chair

No report was submitted.

Report from Newsletter Editor, Sandy Neel, Chair

After many trials and errors the Newsletter was finally sent to Erik on October 15. Eric had some difficulty getting the document converted to a web-based newsletter so the look changed from when it was originally submitted. Erik tried and did an excellent job in keeping some of the original format when he was finally able to get it on the web. Erik and Sandy are going to meet this weekend to see what she can do to make this easier for him.

The deadline for submission for this next newsletter is Monday November 11. The newsletter will be published in December. Please, when providing articles, try not to use a lot of bullet statements because they are difficult to fit in a newsletter format. This next newsletter will include actual advertisements. When you send Sandy the article, it would be helpful if you would put "SASFAA NEWSLETTER ARTICLE" in the subject line then she can have that mail route to her SASFAA folder in her e-mail account. This will just allow her to mangle it better.

Right now Sandy is experimenting on Newsletter formats and styles, once she finds one that is easy for Erik to work with, then that is the format she will use. Please let her know if you have any suggestions for the newsletter.

Report from Site Selection, Ron Gambill, Chair

Hotels in Asheville, Charlotte and Greensboro, NC have been contacted. Basic proposals are in process with available dates, room availability and initial rates. It appears the Grove Park Inn is interested along with the Four Seasons Sheraton, and two hotels in the Charlotte area have been in contact with Janet Sain regarding SASFAA.

After the preliminary contracts have been reviewed, site visits will be made and a recommendation will be proposed for the February Board meeting.

NASFAA 2008

Based on Ron's visit to Atlanta, NASFAA would require the use of three or four hotels in the downtown area. It would probably be the Marriott Marquis, the Hyatt, the Sheraton and the Westin for enough rooms. The convention center across from the Westin could hold the exhibit area, but would not be good for the conference hotel. SASFAA will be in Atlanta in 2005.

Charlotte would also require multiple hotels with busing required as noted by Barbara Gordon. She also points out that we have recently been to the Opryland Hotel in Nashville. Miami's situation is not good contractually as Barbara has indicated.

Hotels in Orlando have been contacting SASFAA for two years trying to secure our business. It appears that Orlando has some very large facilities that could house most of NASFAA based on the current number of attendees. The hotels also seem very willing to negotiate rates, as business was impacted due to the events of the past year.

Unfortunately, NASFAA needs an answer very quickly.

Report from Vendor/Sponsor Committee, Alan Whittington, Chair

No report was submitted.

Report from Electronic Services Committee, Erik Melis, Chair

The 2002-2003 Electronic Services Committee chair, Erik Melis, was not able to attend the August 2002 board meeting.

The following additional updates were made to the SASFAA web site since the August Board Meeting:

- Updated Executive Board, State President, and Committee Chair information so that the elected officers and state presidents are a separate item on the SASFAA web menu from the Committee Chairs and Liaisons
- Modified and updated SASFAA Volunteer Form per request from Ron Day
- Updated Calendar by Date and Calendar by State listings
- Posted August 2002 Board Meeting minutes in "draft" version
- Posted 2001-2002 President's Annual Report
- Posted the 2002 version of the SASFAA P&P manual (The manual has been converted to Adobe PDF format and the bookmarks are being added to allow for easier online navigation)
- Worked with Sponsorship Committee Chair to post updates to Sponsorship information for 2002-2003

- Updates made to 2001-2002 budgets and addition of 2002-2003 budget information
- Posting October version of SASFAA Newsletter to the web

The following web-related projects are in progress or will soon be:

- Providing web-based information for the 2003 SASFAA Conference (this is actually be done primarily by last year's Electronic Services chair, Lester McKenzie, who is serving on the 2003 Conference Committee). Electronic Services is posting updates as received from Lester and the Conference Committee
- Posting updated membership directory information to the web site
- Working with the Membership Committee to post an updated online version of the SASFAA membership database to the web
- Evaluate the possibility of member-protected areas for the web site
- Evaluate the possibility of board and committee specific areas for the web site
- Evaluate web site functionality on other state and regional financial aid association web sites to determine what additional functionality might be of benefit to SASFAA

The following items related to SASFAA Listserv maintenance have been completed:

- Updated SASFAA Legislative Relations list members
- Created a SASFAA State Legislative Relations list for the Legislative Relations Committee Chair

The following items related to SASFAA Listserv maintenance are in-progress or will soon be:

- Continue to resolve problems with members' e-mail addresses that cause a large number of messages to get bounced back to the list server every time a posting is made to the list
- Continue to look for other potential listserv hosting options since our current host no longer provides technical support

Throughout the course of the upcoming year, the Electronic Services Committee will continue to work with the elected Board, State Presidents, and Committee Chairs to get input on improvements and updates for the SASFAA web site and to determine ways that the Electronic Services Committee can assist in meeting goals and objectives.

ATTACHMENT C – LIAISON REPORTS

Report from Lender Liaison, Karen Gibson

- ◆ **SENATE BANKING COMMITTEE EXAMINES CREDIT CARDS ON CAMPUS**
 - **Incoming freshmen are woefully ill-prepared to handle credit cards. Legislation S.891, the Underage Consumer Credit Protection Act of 2001, would require individuals under the age of 21 to do one of the following in order to qualify for a credit card: secure a co-signer; ; demonstrate a reasonable ability to repay; or complete a financial literacy course.**
 - **A recent study that found 73 percent of freshmen and 67 percent of juniors and seniors at George Mason University used their student loans to pay down their credit cards. “ As major credit card companies become leading student loan providers, competition for young clients will continue to escalate with students learning the refinement of debt management techniques like the ‘credit card shuffle’ and the ‘hidden debt’ or rotating student loan game.**

- According to a July survey by Nellie Mae, 83 percent of college students had credit cards in 2001, up from 67 percent in 1997. While average debt dropped in 2001.
- Ed Mierzwinski, consumer program director, said that Colleges need to take aggressive action to police the credit card industry, which has been under intensive regulatory and legal scrutiny for its marketing practices in general, but wants to pitch cards
- indiscriminately to students who may not have jobs or ability to re-pay and who may already have serious student loan debt problems.

HOUSE ED COMMITTEE APPROVES TEACHER LOAN FROGIVENESS BILL

- The House Education and the Workforce Committee approved legislation this week to provide up to \$17,500 in student loan forgiveness to teachers who work for five consecutive years at a school with large numbers of students from low-income households, a proposal that was contained in President Bush's Fiscal Year 2003 budget.
- This bill can make it possible for more disadvantaged students to be taught by caring and competent teachers.
- In 1998 amendments to the Higher Education Act of 1965, Congress created the loan forgiveness program at the \$5,000.00 level for teachers remaining at Title 1 schools for five years.
- The increased incentive for teachers is being proposed in the legislation because large numbers of teachers are expected to retire in the next 10 years, and 2 million teachers will be needed to fill the vacancies, according to the Committee. The bill could result in 35,000 new teachers over the next five years.
- The committee agreed to additional amendments to prioritize math and science teachers in the program. The bill originally had placed priority on special education teachers.
- The September 11 Surviving Spouses Loan Forgiveness Act, originally offered loan forgiveness for the surviving spouses of all victims of the terrorist attacks. However, the Congressional Budget Office's estimated \$3 million cost was considered too costly so the amendment was narrowed to forgive the student loans of spouses of civil-service and military employees only—including police, fire, and rescue officers, as well as members of the U.S. military. The scaled back version of the amendment would cost less than \$500,000.

IS STUDENT AID PROTECTING COLLEGES FROM MARKET FORCES?

- In an editorial titled, "Flunking Tuition 101" the paper said that in most parts of the American economy, the market would eventually call a halt to the longtime upward trend in college prices. "Consumers would refuse to pay, and suppliers would reduce their costs to keep their business.
- The reason is that politicians have created a system of subsidies that increase along with tuition.
- President David Ward of the American Council on Education said that it is simply wrong to assert that student aid leads to increased tuition "Every analysis of this question dismisses that notion – and two major federal reports on this topic from the National Center for Education Statistics were released just this year".
- The editorial page of The New York Times also jumped on the chance to criticize tuition increases and inadequate grant aid to warn that if the trend continues only the affluent will be able to afford college.
- The public universities and colleges that grant three-quarters of this country's degrees are becoming increasingly unaffordable to the poor and working-class students who have traditionally used them to move out of poverty into the middle class.

SALLIE MAE SEEKS DISMISSAL OF CLC SUIT

- Sallie Mae this week moved to dismiss the suit filed just over a month ago by the College Loan Corporation when alleged several different causes of action against its competitor and servicer.
- The CLC suit contains causes of action ranging from breach of contract to violations of Virginia and federal antitrust laws.

THE COLLEGE BOARD'S TRENDS IN STUDENT AID 2002

- **TOTAL AID-** Students received almost \$90 billion in financial aid in 2001-2002, an increase of 11.5 percent over the preceding year, or 10.0 percent after adjusting for inflation.
- **TEN-YEAR TREND-** Over the past decade, total aid has increased by 117 percent in constant dollars. Grant aid has doubled in real terms, while education loan volume has tripled.
- **LOANS VS. GRANTS –** In 1991-1992, of the total amount of student aid, 50 percent was in the form of grant aid: 47 percent was in the form of loan aid: and 2 percent was in the form of work aid. By 2001-2002, loans had increased to constitute 57 percent of this aid and grants were only 42 percent. However, because of the addition of tuition tax credits to the total aid pool in 1998, loan aid has declined to 54 percent of total aid, while grants are 39 percent: tax credits are 6 percent: and work aid is only 1 percent of the total.
- **PARENT LOANS –** Borrowing through the federal Parent Loans to Undergraduate Students (PLUS) program grew even more than unsubsidized Stafford borrowing last year, rising 12 percent in 2001-2002 inflation-adjusted dollars. Since 1991-1992, PLUS volume has increased by 212 percent. In 2001-2002, the average PLUS loan amount was \$7,623, up 82 percent since 1991-1992, again adjusting for inflation.

TUITION AND AID RISE DRAMATICALLY

- College Board released data that shows the price of college increased dramatically this fall, far outpacing the rate of inflation and growth in family income.
- For the 2002-2003 academic year, tuition increased an average of 9.6 percent at four-year public colleges and universities and 5.8 percent at private four-year institutions.
- The good news, however, is that the amount of student financial aid available to help families pay for increasing college costs grew at an even more dramatic clip. Student aid reached more than \$90 billion in 2001-2002, and increase of 11.5 percent over the preceding year.
- The College Board's data show the following increases in college tuition and fees:
 - At 4 year private institutions, tuition and fees average \$18, 273 (\$1,001 more than last year's \$17,272 – a 5, 8% increase);
 - At 4 – year public institutions, tuition and fees average \$4,081 (\$356 more than last year's \$3,725 – a 9.6% increase);
 - At 2- year private institutions, tuition and fees average \$9,890 (\$690 more than last year's \$9,200 – a 7.5 % increase); and
 - At 2-year public institutions, tuition and fees average \$1,735 (\$127 more than last year's \$1,608 – a 7.9% increase).President Gaston Caperton of College Board urged students and parents to weigh the cost of a college education against the value it will bring over a lifetime. College graduates can still expect to make an average of \$1 million more over their professional lives than can their high school – graduate counterparts.

Report from the Department of Education Liaison, Greg Martin

No report was submitted.

Report from the Agency Liaison, Ken Player

Agencies remain concerned about state budget shortfalls in almost every state in the SASFAA region. Not only does this result in lower amounts for state grants, but colleges are forced to increase tuition. This combination of higher tuition and lower grant amounts results in added pressure on families' resources to pay for college.

NCHHELP, along with the other higher education organizations, is preparing for the next reauthorization. A preliminary list of reauthorization issues has been gathered by NCHHELP and an attempt will be made to combine them with those of other higher education lending groups. The desire is to go to congress with one voice and consensus on the issues.

Consolidation loans continue to be a concern with guaranty agencies and lenders. The aggressive marketing tactics of some institutions has become a concern among borrowers, schools, lenders, and guaranty agencies. Also, with the latest reduction by the Federal Reserve Board in the interest rates, the possibility exists that even lower rates may be available by July 1, 2003.

Reports have been received from the following states:

Alabama

Double-digit increases in tuition and fees over the past two years, coupled with decreases in family incomes in our state, have caused many families to turn to credit cards as a way to solve immediate financial needs.

The latest available data indicate –

- Tuition in our state's public 4-year institutions is just \$500 below the national average.
- Tuition in our state's public 2-year institutions is \$300 above the national average.
- Per capita income in our state (\$24,426) is nearly \$5,845 less than the national average of \$30,271.
- Our state's poverty rate of 14.8% is more than 3 percentage points higher than the national poverty rate of 11.5%.

These data show that in Alabama the cost of education is equal to or higher than the national average, while the per capita and family income is significantly less than the national average.

Currently, Alabama's need-based aid averages on \$11.86 per undergraduate, down from only \$14 the previous year. The national average is nearly \$200 per undergraduate student.

Because state-supported need-based aid in our state is among the lowest in the country (ranked 46 of 50 states plus the District of Columbia), students must rely on other types of assistance and means to fund their education.

Unfortunately, too many students and families are finding the easy access to credit cards as their resource of choice.

According to a July survey by the student loan agency Nellie Mae, 83 percent of college students had credit cards in 2001, up from 67 percent in 1997, as reported in a recent NASFAA news release.

While average debt levels dropped in 2001 to \$2,327 from \$2,748 the year before, according to the Nellie Mae survey, more than 27 percent of students had balances that exceeded \$3,000, compared with 22 percent in 2000. With interest rates running above 20%, students are quickly incurring debts that can become instant financial burdens.

If college students seek to live beyond their means, credit cards unfortunately provide too easy a way to do just that. With all kinds of promotional gimmicks as incentives to use credit cards, students and families face strong temptations to incur debts they can ill afford.

Today's harsher economic climate has increased the need for greater financial awareness and resources our students and families need to survive economically and to pursue educational opportunities in our state's colleges and universities.

Submitted by:
William H. Wall, Ph.D.
Associate Executive Director for Student Assistance
Alabama Commission on Higher Education

ECMC

Use of E-Signature Expanding

Lenders representing over 90% of ECMC's guaranty volume are now participating in ECMC's e-signature process. ECMC designed this process to be in full compliance with the *Electronic Signatures in Global and National Commerce Act*, but without using the Federal PIN.

The process is popular with borrowers, as well. When ECMC borrowers have been given the option to sign either a paper note or signing electronically, an overwhelming majority of borrowers have utilized the e-signature process. ECMC has also made e-signature available for PLUS loans, and expects this use of e-signature to grow significantly when the PLUS MPN goes into use in 2003.

Submitted by:
Mike Hawkes
Director, Policy and Communications

Virginia Center

Georgia Student Finance Commission

Following is a list of accomplishments and new initiatives completed by the Georgia Student Finance Commission (GSFC) since our last board report. The Commission administers Georgia's HOPE Scholarship Program and other grants, loans and scholarships for Georgia students seeking education beyond high school.

Georgia's HOPE Scholarship Program:

On September 30, 2002, the 10th year anniversary of Georgia's HOPE Scholarship Program was honored by a three-city tour, with ceremonies held in Atlanta, Augusta, and Savannah. U.S. Senator Zell Miller, Governor Roy Barnes, and Lt. Governor Mark Taylor participated in events at each of the three locations. Since inception in September of 1993, the HOPE program has assisted 655,000 students with more than \$1.7 billion.

For the first time, the HOPE Scholarship information brochure was also printed in Spanish. An order form was sent to all of the high schools and colleges in Georgia. Within the first four weeks, more than 10,000 Spanish version brochures have been requested and mailed.

Georgia Higher Education Assistance Corporation (GHEAC)

- GHEAC guaranteed a loan for its 500,000th borrower on Aug. 19, 2002. Ms. Aisha Rogers, a freshman from Austell, GA attending Spelman College, pushed GHEAC past the half-million borrower mark.
- October was Default Awareness Month in Georgia. GHEAC's Default Awareness Task Force worked with approximately 20 colleges which hosted on-campus events to help educate students about loan responsibility as well as the consequences of and remedies for student loan defaults. Also, GHEAC hosted an on-line Default Awareness Chat Night on Oct.22 through the Mapping Your Future Web site. Volunteers representing schools, lenders and all divisions of GSFC acted as counselors for borrowers who posed questions through the Web site or via telephone.
- GHEAC has introduced ASAP Change Transactions for its schools using ScholarNet. Now schools can make loan changes and see the results on ScholarNet in four minutes or less. This replaces the previous process that recorded changes overnight. Furthermore, the speed will be increased in the coming weeks, allowing the changes to be viewed in just a few seconds! Institutions utilizing ELM are also experiencing change transactions in a fraction of the previous timeframe.
- Another new feature now available to GHEAC schools is FASTLoans. This is the on-line Master Promissory Note with electronic signature capabilities. Students have the option of using their FAFSA PIN to sign the note electronically or of printing the note and signing it manually.

FASTLoans combined with instant guarantees and ASAP Change Transactions make NEXT DAY delivery of funds a reality!

- For the 2003-04 academic year, GHEAC is offering its customers an array of loan processing options.
 - SSP, our signature loan processing service, will remain for customers who want to use a single point of contact for loan origination, changes, disbursements and refunds.
 - SSP PLUS will be available to ELM users who like SSP's single point of contact but want to receive and send funds via ELM's National Disbursement Network (NDN).
 - Guarantee Only processing can be used by schools that want to send loan data and receive disbursements directly with the individual lenders, and GHEAC will simply provide the guarantee.
 - Blanket Guaranty is an arrangement between schools and lenders which allows the school to make the first disbursement before the loan is guaranteed.
 - Also, additional lenders will be added to those already receiving a GHEAC guaranty.

Georgia Student Finance Authority (GSFA):

The Georgia Student Finance Authority is pleased to announce our new Georgia First Educational Loan program for students and parents. This is a private alternative loan program designed to complement the FFEL/FDSL Program by providing an additional resource for funding college studies. Students and parents may borrow up to \$20,000 for educational expenses for the current school year including tuition, room and board, books, fees, supplies, and a personal computer. The Georgia First Educational Loan also may be used to pay for the previous year's tuition.

The Business Development team for Georgia Student Finance Authority spent FY2002 working with schools in the state of Georgia to help improve the services offered to them. GSFA worked closely with assisting Southern Polytechnic State University in moving from Direct Lending to The FFELP Program.

Submitted by:
Glenn Newsome

KHEAA/KHESLC

- KHEAA initiated a new amnesty program for borrowers who have defaulted on their KHEAA-guaranteed student loan. Through the end of September, KHEAA forgave all collection charges for borrowers who paid their entire interest and principal. A total of 383 offers were accepted for a total of \$1,250,841 in principal and interest. To date, \$630,414 of that amount has been received. This program has been far more successful than our original expectations.
- Efforts to help Kentuckians avoid defaulting on their student loans are working. KHEAA's latest cohort default rate is 5.3 percent; The Student Loan People's default rate is 2.5 percent. Both are lower than the national default rate of 5.9 percent.
- A new feature at www.kheaa.com, "How to Save if You Have to Borrow," provides guidance on important factors to consider before taking out a student loan. In addition, KHEAA has compiled a list of fees, discounts, and rewards of KHEAA's top 10 lenders (by ID code volume). We strongly encourage students to review this site prior to selecting a lender.
- KHEAA has created a new Web site, www.alstudentaid.com, specifically for Alabama students, parents, borrowers, lenders, and colleges and universities.
- Charles J. Robinson has been appointed Chief Financial Officer of KHEAA and KHESLC effective October 1. He brings over 13 years of experience in student loan finance, and his expertise will be invaluable as we work with others to help students achieve their postsecondary goals.
- KHEAA is now partnering with ELM Resources. ELM is a nonprofit company supported by lenders, guarantors, and servicers for automated FFELP processing. KHEAA joined ELM to give our school partners more options to consider for loan processing.

Submitted by:
Dr. Joe L. McCormick
KHEAA/KHESLC Executive Director

South Carolina

- Additional budget cuts for 2002-03 fiscal year – anticipate a 9% cut
- Act 59 passed during 2002 legislative session (outlines how revenues from SC Education Lottery will be spent):

SC Commission on Higher Education

- Expanded LIFE Scholarship Program allocation to \$106 million for approximately 24,000 eligible students at four-year institutions. Students must now meet two of three academic criteria with an increased maximum award amount of \$4700 (plus a \$300 book allowance); for two-year institutions - full cost of tuition plus a \$300 book allowance.

- Created SC HOPE Scholarship in the amount of \$5.8 million (merit-based program -“B” average, first year at four-year institution, \$2650 per year)
- Created Lottery Tuition Assistance Program in the amount of \$35 million (Fall 2002 and Spring 2003, full-time students may receive up to \$792 per term and part-time students may receive up to \$66 per credit hour at technical and two-year colleges) Approximately 38,000 students will be eligible for this program.
- Created Teacher Scholarship Program (\$2 million).
- Fully funded Palmetto Fellows Scholarship program at increased award amount of \$6700 per academic year. Approximate cost of this merit- based program is \$21 million.
- One-time additional funding (\$3 million) for S.C. Need-based Grants Program for a total amount of \$15.8 million for 2000-03. It is estimated that there will be 25,000 eligible need-based grant recipients.
- Provided additional funding for S.C. National Guard Student Loan Repayment Program (\$1.5 million). 100 awards will be offered during 2002-03.

SC Tuition Grants Commission

- Reduced SC Tuition Grants Program allocations by almost \$2 million, coupled with an increase of nearly 700 students in the eligibility pool, necessitated a 10% mid-year reduction to the 10,870 grants made by the commission. The average grant dropped to \$2,113 in 2001-2002.
- Provided \$3.5 million of one-time lottery funds to the SC Tuition Grants Commission in the 2002-2003 fiscal year, most of which was used to restore the funds lost in prior-year state reductions and to cover another increase of 640 in the number of eligible students funded.

The increase in the number of students receiving SC Tuition Grants during the last two fiscal years (695 in 2001-2002 and estimated 640 in 2002-2003) has brought the total of eligible students being funded to an all-time high of 11,600 students.

Submitted by:
 Eddie Shannon
 Executive Director
 SC Tuition Grants Commission

South Carolina Student Loan Corporation

In April 2002, the Corporation successfully issues \$210 million of LIBOR and Commercial Paper Indexed Bonds. The SC State Education Assistance Authority issued \$117.5 million in Auction Rate Bonds in June. This was the largest tax-exempt issue ever sold by the Authority. Both bond issues were rated “AAA.”

In June, the Corporation introduced its borrowers to the advantages of the electronic signature for the Stafford Master Promissory Note (MPN). After receiving a loan certification from the financial aid office a borrower may sign the Promissory Note “online” by using a PIN number assigned by the Department of Education. In place of an actual signature, a person is authorized a unique number that prints the name of the borrower on the signature line. The technique is both convenient and secure. Plans are underway to implement this procedure for the PLUS MPN as well.

The Corporation’s loan volume continues to climb. With the increase in originations comes the increase in servicing. The success and growth of the Corporation are due to the unselfish efforts of our staff. They approach their assignments with competence and professionalism and receive much satisfaction in assisting our customers without concern for personal recognition. No where is that more evident than in our low cohort default rate, which is 1.5%, the second lowest in the nation!

Submitted by:
Cheryl H. Hughes

Tennessee

TSAC Board Action on the 2003-2004 Budget

The TSAC Board of Directors met on September 23 and approved the improvement requests submitted by the TSAC staff and recommended by the TASFAA Advisory Committee to TSAC. The following recommendations were approved:

Priority 1. Tennessee Student Assistance Award (TSAA)

- A. Raise the maximum TSAA from \$2,130 to \$2,322. Raise the TSAA Restoration maximum award from \$5,202 to \$5,538.
- B. Request funds to add additional eligible applicants who apply by the fall Certification Roster.
- C. Request funds to raise the maximum Expected Family Contribution (EFC) from 1900 to 2100.

Priority 2. Tennessee Teaching Scholars Program

Request funds to raise the maximum award from \$4,200 to \$4,500.

Priority 3. Ned McWherter Scholars Program

Request funds to provide scholarships to the 50 scholars that will be deleted for the 2003-2004 academic year due to lack of funding.

This request will be presented to the Tennessee Higher Education Commission for approval and the request will then go to the Governor for presentation to the Legislature for final approval.

TSAC's web-based grant and scholarship system e*GRandS has been implemented for the TSAA program. There will be state-wide training offered in the month of November. The scholarship requirements are being developed with a goal of January for implementation.

TSAC is working with the six TASFAA districts to implement a new default aversion initiative. Delinquent borrowers will be invited to attend a meeting on a campus in each district to receive assistance in avoiding default. The current plan is to hold these sessions quarterly in each district.

Submitted by:
Ron Gambill

ATTACHMENT D – STATE PRESIDENTS REPORT

Report from Alabama State President, Mike Reynolds

The Alabama Association of Student Financial Aid Administrator's held its annual Fall Conference at the Mountain Brook Inn in Birmingham, Alabama October 16-18, 2002. This year's conference had record breaking attendance for an Alabama Fall Conference at 192 members participating. Thanks to Dr. Roy Johnson, Chancellor of the Two-Year College System, there were numerous attendees from the two-year college sector. Carlos Clark, Vice-President, did an excellent job in providing training for both the two-year and four-year colleges in the New Aid Officer's Workshop, which also had a record-breaking attendance. The Mountain Brook Inn was an excellent site for the conference even though it was a last minute choice. Even though it was a smaller facility than we were used to, it made for a very inviting and close atmosphere.

Deborah Byrd, President-Elect and Conference Chair, had a marvelous program planned which focused on "Providing Tools for Our Financial Aid Tool Belts"! We were certainly provided with many electronic tools and processes to best utilize our resources on our campuses and offices. We had great entertainment provided by our vendors and sponsors as well as local talent from "The Gadsden State Show Band". We were also fortunate to be treated by two of our vendors and sponsors to a visit to the McWane Center, which is an interactive Science Lab with IMAX Theatre. We were excited to debut our brand new ASSFAA logo and banner at the conference. It is especially important to us since it was created by two of our high school students from Alabama. AASFAA continues to work with the Alabama Counselors Association to form a partnership to better inform parents and students about financial aid opportunities in our state and nation. With this being an election year, we are all gearing up for the much expected proration that should follow the election.

Prior to the beginning of the conference, several AASFAA members met with Ron Day and SAASFA 2004 Conference Chair Zita Barree, to begin plans for the Conference to be held in Birmingham. As Local Arrangement Chair for this event, it was very helpful for Mike to begin planning-or better yet-deliver the plans to his wife for her creative touches. The Sheraton Hotel and the Birmingham Civic Center promises to be a great location with easy access to all that Birmingham has to offer-great restaurants, museums, as well as easy access to and from the airport. The last SASFAA Conference in Birmingham was one of the largest and we hope to beat our own record in 2004. We have the challenge of making sure that everyone understands that Birmingham has so much to offer and is so easy to travel to with little cost.

AASFAA continues to work on the booth for the conference in Jacksonville and want to encourage all of the southern state to "Come See Why Stars Fell on Sweet Home Alabama"! We promise to have a lot of suppress in store to make everyone want to make the trip to Birmingham. Many AASFAA members have committed to attending the conference in Jacksonville and will assist in operating the booth during the conference. The entire association is so thrilled to have the opportunity to host the SASFFA Conference in 2004.

Report from Florida State President, Leonard Gude

No report submitted.

Report from Georgia State President, Julia Perreault

GASFAA's Fall Conference was held in Augusta, Georgia on October 10th and 11th. The conference celebrated GASFAA's 35th Anniversary with the theme, "Celebrating the Past, Anticipating the Future". There were more than three hundred members in attendance.

Previous conference evaluations had requested more “meat and potatoes” type sessions and the conference delivered on that request. It began with two half days of New Aid Officer Training. There were Federal and State Updates and session topics ranged from Consortium Agreements to Satisfying “C” codes.

The Community Action Committee held clothing and school supply drive, benefiting a local charity, as well as a blood drive during the conference. Both efforts drew heavy participation.

For several years, GASFAA Past-Presidents have held raffles to raise money for an endowed scholarship program. This fall, with proceeds from the raffles and a transfer of funds from the 01-02 operating budget, the scholarship reached a level that will now support annual awards. GASFAA is pleased to have this additional way to assist students in financing their education.

The month of October was designated as Default Prevention Month in Georgia, and schools across the state hosted default awareness and prevention activities. Members of GASFAA participated in a Default Prevention Chat Night at the state agency on October 22nd, answering loan repayment questions via phone and email.

GASFAA’s Professional Development Committee is providing two training sessions in November. On November 7th, there will be a one-day Support Staff Training Workshop and on November 8th, NASFAA de-centralized training will be offered on the topic of Resources and Packaging. Both workshops will be held in Macon, Georgia.

Report from Kentucky State President, Nancy Melton

KASFAA just finished having its fall conference. A big thanks goes to the Program Chair, Sandy Neel, the Vendor Sponsor Chair, Chester Priest, and Heather Boutell treasurer, and their committees for helping plan and carry out a very successful conference. KASFAA had its Fall Conference, October 23-25 at the Marriott Griffin Gate Hotel in Lexington, Kentucky. The conference was well attended by 249 aid officers, student loan officers and others. Conference high lights included a President’s Luau with authentic hula dancers, opening session presented by Charlie Bruce, NASFAA chair, update on SASFAA by Karen Koonce, a federal up date from Jamie Malone , John Pierson and others, discussion of reauthorization from Brett Lief and Jane Stewart, and sessions presented by some of our own Kentucky people . KASFAA presented Karen Koonce and Charlie Bruce with honorary Kentucky Colonels certificates. KASFAA voted to add a Vice-Present of Training to our Executive Board. KASFAA combined the two representatives for the two year colleges, community colleges and technical school representative to one person. KASFAA enjoyed going off site to the Spindletop for dinner, which is an older home built during Civil War times.

Events KASFAA is planning for the year include: College Goal Sunday and a KET call in show in February, a support staff work-shop in December, a NASFAA fall and spring work-shop at the University of Kentucky and about 11 high school counselors work-shops in November.

KASFAA is beginning to plan its spring conference for the Holiday Inn in Bowling Green, Kentucky April 9-11, 2003. The spring conference will be the 35th anniversary for KASFAA. KASFAA hope to have lots of high lights from the events of KASFAA over the years and have several past presidents attend as well.

Report from Mississippi State President, Dewey Knight

The Mississippi Association of Student Financial Aid Administrators is very involved in many activities with committees are in full pursuit of their objectives and plans for this year.

The MASFAA Board met on September 26, 2002, at The University of Mississippi. Several members were absent due to inclement weather due to Tropical Storm Isidore. Highlights from that meeting include:

President Knight reported that Yvonne Henley had emailed her resignation notice as a MASFAA Director due to her resignation as Financial Aid Director at Mississippi University for Women effective October 4, 2002. B. J. Moncure of Jackson State University has been appointed to serve out the remainder of Henley's term as Director (through June 30, 2004).

Legislative – Chair Wanda Partridge reported that Reauthorization is her committee's focus for 2002-2003. MASFAA will develop a position paper by December 31, 2002, based on a survey of the Membership with respect to Reauthorization issues. The Legislative committee will design, distribute, and compile the results of the survey.

High School Relations – Chair Jeanie Hughes reported that Jayme Sullivan, president of the Mississippi Counselors' Association and the guidance counselor at Northwest Rankin High School, had met with the High School Relations Committee and given valuable input. The committee has decided to develop a poster with a calendar to distribute to counselors statewide to help with the financial aid process. The committee will work with Electronic Services to develop a link for high school counselors on MASFAA's website.

Newsletter – A discussion of changing to a Web-based Newsletter took place. It was the consensus of the Board that a printed newsletter was a tangible part of MASFAA and that it diminishes the loss of readership associated with an online newsletter. It was also reported that a poll of the membership showed a preference for a paper newsletter. It was suggested that MASFAA needs a public relations committee to tell the MASFAA story and use the newsletter as one tool to accomplish that goal.

Treasurer – Bob Walker pointed out that there was \$25,792.42 revenue over expenditures for the 2001-2002 year. The Proposed Budget for 2002-2003 was approved as follows:

Treasurer - \$500
Audit - \$156
Archives - \$1,000
Secretary - \$500
Diversity - \$5,525
Electronic Services - \$306.12
President - \$3,750
Past President - \$1,200
Nominations - \$50
Conference - \$35,000
Membership - \$2,000
Newsletter - \$8,000
President-Elect - \$5,100
VP Training - \$16,000
Vendor - \$500
High School Relations - \$7,900
Legislative - \$500
State Aid - \$500
Directors - \$1,000
Total - \$89,487.12

New committees that are beginning to function on behalf of MASFAA include State Financial Aid, Diversity, Long-Range/Strategic Planning, Achieves, and Finance and Audit.

Plans have been finalized for MASFAA's first annual Fall Training Event. This Training Event replaces the fall conference. The event will be held at Mississippi College in Clinton on November 14, 2002. The agenda and central location were designed to allow attendees to "drive in and out" on one day and thereby reducing travel costs and allowing more staff members to attend. The agenda will include sessions using the NASFAA De-Centralized Training curriculum, a Federal Update by David Bartnicki, and a MASFAA general business meeting. Many state associations have inquired about our decision to move to one conference per year and MASFAA will report the results of this strategic move at the end of the year to all interested parties. So far, all stakeholders have reacted very positively.

Report from Tennessee State President, Cara Suhr

Fall Conference, October 20 – 22: TASFAA's theme for the fall conference was: "Reauthorization: "Trick or Treat, What Could be Scariest?" The conference committee, under the leadership of TASFAA President-Elect Nancy Beverly, presented a conference packed with informative sessions and fun activities. The keynote speaker was Mr. Hallerin Hill. His presentation on the **WOW** concept having a **Winners** attitude, **Overcoming** obstacles and **Work** ethic, was a great way to begin the conference. Bret Lief, President on NCHelp presented an update on reauthorization. Tony Hollin, Chairman and CEO of *edsouth*, announced the new edscholar program that will provide scholarships to Tennessee students. The new e*GRandS processing system for grants and scholarships was unveiled by the Tennessee Student Assistance Corporation. TASFAA presented the Outstanding Aid Administrator Award for 2001-02 to Norman Elrod from the Tennessee Technology Center at McMinnville. As a special treat, Everett Holmes, past TASFAA President, Lifetime TASFAA Member and TASFAA poet laureate was in attendance and graced TASFAA with a reading from his recently published book of poems. For the second consecutive year TASFAA had over 300 members in attendance. The New Aid Officers Workshop held prior to the conference had over 40 individuals in attendance. As always, TASFAA was fortunate to have excellent sponsorship support, coordinated by Bobbie McClain, which allowed for the presentation of a quality conference at a very reasonable fee.

District Meetings: Each of the six TASFAA districts hosted the Department of Education Video Conference on October 24. Each district will also be hosting a meeting with area high school guidance counselors and vocational rehabilitation counselors to provide them an update on the 2003-04 FASFA.

Financial Aid Awareness: TASFAA's award winning "Funding Your Future: Financial Aid for Students" broadcast will again be broadcast live by WSJK-TV (Knoxville) on February 2, 2003 from 5:00 – 6:00 pm EST. Because this is an election year, the receipt of the Governors Proclamation for Financial Aid Awareness month will be delayed until Tennessee has a new governor. The Financial Aid Awareness Committee will also continue TASFAA's award winning work with home schooled students and parents. Terri Parchment is the chair of the Financial Aid Awareness committee.

Elections: TASFAA will be holding our annual election in early 2003, with the results announced at the SASFAA Conference in February. TASFAA Past President, Brent Tener is leading this effort.

Governmental Relations: Work will soon begin in assembling a financial aid information packet for the Tennessee General Assembly. The packet will be distributed to each member of the Legislature in January. Claude Pressnell is the chair of the Governmental Relations Committee.

Project Development: Our Project Development Committee, under the leadership of Judith Kerzner, is continuing work on a number of projects began last year that support the mission of TASFAA. The welcome wagon and mentoring program for new members has been a success and will be passed from the Project Development Committee to the Program Committee and the Membership Committee next year. The development of a ready-for-broadcast public service announcement is nearing completion.

Training: TASFAA incorporated the NASFAA Fall decentralized training into its fall conference as a concurrent session. Many thanks to Forrest Stuart from Rhodes College for serving as the trainer and condensing the material into a concurrent session. TASFAA will also sponsor the NASFAA spring

training series. The TASFAA Executive Board approved the purchase of one set of training materials for each institution that has a TASFAA member. Robbie Snapp is the chair of the Training Committee.

Upcoming Events:

February 2, 2003. PBS Broadcast: *Funding Your Future: Financial Aid for Students*.

April 27 – April 30, 2003. TASFAA Spring Conference, Cool Springs Marriott, Franklin, TN.

October 19 – October 21, 2003. TASFAA Fall Conference, Cool Spring Marriott, Franklin, TN.

April 18 – April 21, 2004. TASFAA Spring Conference, Meadowview Marriott, Kingsport, TN.

Report from North Carolina State President, Rosemary Stelma

NCASF AA held its fall training conference November 4-6, 2002 at the Grove Park Inn in Asheville, NC. June Cline was the opening session speaker. Sessions and related activities were well attended by over 200 members. Janet Sain provided the SASFAA update in Karen Koonce's absence.

NCASF AA has developed a listserv policy to ensure the appropriateness of postings. A by-laws change, to eliminate the "associate" member category, was discussed and approved by the executive board. Membership will vote on the proposal in April 2003. Support staff workshops are being held during November.

Next board meeting is February 6, 2003. NCASF AA's spring conference will be held at the Hilton Riverside in Wilmington, NC April 14-16, 2003.

Report from South Carolina State President, Anita Kaminer-Elliott

SCASF AA's fall conference, "Doin' the Charleston," was held on October 29-30 at the Mt.Pleasant Holiday Inn. Sandra Rhyne from Lutheran Theological Southern Seminary, Program Chair, and her committee provided the membership a quality program as well as opportunities for professional development and networking. 158 members attended the conference which began with a federal update from David Bartnicki. Other sessions included updates on 529 plans, INS and Verification Issues, Veterans Benefits, COD and Financial Planning. Two professional development sessions were presented including "I'll Dance with Anyone" that focused on differences and stereotypes in our profession, and Dr. King Godwin from Voorhees College explored language and leadership style in communicating effectively. Books and donations were collected for the conference charity, Reading Soul Mates. Many thanks to SCASF AA's own Ellen Green, SASFAA Vice President, for taking time from her vacation week to provide a SASFAA update. The conference closed with a state update provided by the Commission on Higher Education and SC Tuition Grants Commission concentrating on FERPA issues and the state scholarship and need-based programs.

Preceding fall conference was F.A.C.T. Financial Aid Condensed Training provided 36 participants with an intensive training program. Jeff Dennis from Southern Wesleyan University, Professional Development Chair, and his committee coordinated the event. Hank Fuller from The Citadel and Kim Jenerette from the University of South Carolina at Spartanburg served as trainers. The committee is already making plans for NASFAA Decentralized Training to be held on November 14 at Columbia College.

Other committees are hard at work as well. The first issue of *Palmetto Pages* has been distributed. Neal Kiker from Educaid/Wachovia, newsletter editor, and his committee brought a new cover and design with new segments and stories that inform and entertain. SCASF AA's Counselor Relations Committee will distribute information to guidance counselors in December. The Nominations and Elections Committee has distributed nomination forms and will be meeting in early December to set the slate of candidates.

Membership, Peer Support and our Historian are collaborating on new initiatives to meet the goals outlined at SCASFAA's Transitional Board Meeting and will be bringing a proposal to the Board at the January Board meeting. The Budget Committee will be addressing certain issues tied to vendor support and establishing conference budgets and will be making recommendations to the Board.

Finally, as we approach a new year, a SCASFAA colleague approaches a new beginning. Ken Player, Executive Vice President and COO for SC Student Loan Corporation, is retiring after a 25-year career at the corporation. He is credited with making SC Student Loan Corporation a leader in the financial aid lending industry. For SCASFAA, he leaves a professional legacy marked by strong, but quiet leadership, accounting expertise and enduring support for his colleagues. Best wishes to him and his family as he embarks on his new beginning.

Report from Virginia State President, Barry Simmons

VASF AA 2002-03 Theme

- EMBRACING CHANGE

VASF AA 2002-03 Focus

- **Diversity in Action...striving for a better understanding of diversity...educational diversity. Educational diversity is a state of mind and atmosphere characterized by the inclusion of people and ideas from different, dissimilar backgrounds. These differences can include geographic origin, language, socioeconomic status, national origin, gender, ethnicity, sexual preference, disability, age, veteran status, religion and political philosophy. Particular to educational diversity is openness to examining old ideas, challenging different ideas and championing new ideas in a setting that is intellectually and emotionally secure with an appreciation for reality. In dealing with professional organizations, organizational diversity should also be included.**
- Increased Policy-Making Presence
- Early Awareness

Board Retreat 6/12-13-14

Donaldson Brown Hotel and Conference Center, Blacksburg, VA

Called Board Meeting #1

In August, the Board did meet and adopted a budget in Richmond on the campus of Virginia Union University. That budget was understood to be tentative due to uncertain revenue forecasts. A future called board meeting, via conference call, was planned to reconsider both revenue and expense levels.

Called Board Meeting #2

To ensure the fact that the VASF AA Board was acting appropriately as stewards of VASF AA resources, a special called board meeting via conference call was held on 9/10/02 to discuss the viability of the scheduled Fall 2002 Training Conference. A very quick, and very unscientific, poll was taken to determine attendance at the Fall Conference. There did appear to be some slippage on the part of public institutions on planned attendance. However, there appeared to be no slippage on the other sectors. The Board decided to hold the Fall Training Conference as scheduled.

Called Board Meeting #3

Due to the souring state budget picture in Virginia, the VASFAA Board convened via conference call on 10/8/02 to consider three items of business. The board considered the viability of continuing to plan for and advanced aid officers' workshop to be held during the spring of 2003. After substantive discussion, the board voted to postpone the advanced aid officers workshop to an unspecified date beyond spring, 2003. Second the board considered budget revisions to restore across-the-board cuts adopted in the August budget is the following sequence: by recouping expense from the canceled advanced aid officers workshop; using carryover unexpended funds from the prior fiscal year; and reserve funds if needed. That question passed. Finally, there had been a request from the board to discuss rescinding the prior "Committee of the Year" selection. After a series of questions, there was no motion so no action was taken. However, a subcommittee was appointed to review VASFAA award criteria and report at a future board meeting. The meeting adjourned.

Next Scheduled Board Meeting

The next board meeting will be 11/12/02 in Roanoke, VA at the Hotel Roanoke, the Heart of Hokie Country, in conjunction with the VASFAA Fall Training Conference. Agenda items will include normal committee reports. Several VASFAA members have also requested discussion of 1) subsidizing committee chairs attending VASFAA conferences when their home institutions have eliminated travel funds; 2) clarification of life membership benefits regarding waiver of conference fees if employed part-time; and 3) potential budget adjustments regarding the Spring 2003 Training Conference.

Budget Crisis

Revenue shortfalls continue in Virginia prompting cuts in fiscal '02, '03 and '04 with potential cuts in travel and a possible freeze in hiring. Most public colleges have increased or will increase tuition mid-year and there was an additional \$2 million in student assistance funds for state institutions that at last report, was lost in action. TAG, state assistance for students attending independent institutions, already with a shortfall for '03 due to unanticipated enrollment growth, faces additional cuts. At least one independent college has announced layoffs. Earlier this fall, our governor has asked that all state agencies submit plans to cut current budgets by 7%, 11% and 15%. Some state institutions have already instituted cuts in addition to the 9% cut already put in place for this year. The final cuts vary by institution and the confidential plans have not yet been accepted by the governor as of this writing. Until the governor accepts these plans, the specific details of how the cuts will be implemented are embargoed.

The community college system has proposed a mid-year tuition increase. Many senior public institutions will also impose a mid-year tuition increase. At the institutional level, there will probably be some type of effort to use some of the tuition increase for increased need-based aid. The State Council for Higher Education in Virginia (SCHEV) adopted a resolution earlier this year strongly recommending that there be an increase in need-based aid at the institutional level when that institution increases tuition. At least one institution will dip into endowment funds to help Pell eligible students. At least one other will use discounts (waivers) to aid needy students. There is no statewide mandate for a strategy in this matter.

Need for Strategic Planning

Another critical issue looms on the horizon in Virginia...an additional 38,000 students will be going to college in Virginia within the next ten years. There is no coordinated statewide effort to prepare for this influx. Even tapping unused capacity in the independent sector will not produce

enough classroom space to meet this challenge. There is a \$900 million bond issue for higher ed infrastructure on the 11/5/02 ballot, but much of this is catch up capital money rather than preparing for increased enrollments. Public institutions are now capping enrollments, reducing class offerings and increasing class size. This will force a significant number of students to take longer to graduate thereby exacerbating the need for financial aid and worsening the student debt situation. By capping enrollments, some public institutions will become more competitive, creating a windfall for some less selective public or independent institutions to become more selective. We must warn our policy leaders that this series of actions and resulting consequences will tend to diminish diversity and access. We all need to be aware of this danger and voice our convictions to policy makers everywhere as individuals as well as professionals.

Fall 2002 Training Conference

These and other issues will be discussed at our Fall Training Conference in Roanoke at the Historic Hotel Roanoke November 13-14. There will be various sessions on coping in stressful times, reauthorization, audits a diversity town hall, the inner workings of EFCs, debt management, loan consolidation and web-based student information aggregation. Congressman Bob Goodlatte is also scheduled to speak. Given the budget issues in Virginia, we are concerned about our attendance. However, we have shortened the Fall Training Conference by one day to accommodate tighter budgets. We hope to have positive outcomes on attendance in our next report.