

SASFAA Board Meeting
Don Cesar Beach Resort and Spa
St. Petersburg Beach, Florida
June 7, 2002

CALL TO ORDER

President Clark Aldridge called the meeting to order at 8:35 AM in the South Terrace at the Don Cesar Beach Resort and Spa.

WELCOME

President Aldridge welcomed Edd Cole from the US Department of Education. He works out of Washington, DC and will be doing some training in Region IV.

SUBSTITUTE VOTING AND CHANGES TO THE AGENDA

None

INTRODUCTIONS

The following elected board members were present: Clark Aldridge, President; Ron Day, Vice President; Karen Koonce, President-Elect; Bill Cox, Past President; Guy Gibbs, Secretary; and Sonja McMullen, Treasurer.

State presidents in attendance were: Dot Wilkinson, Alabama; Lisa Mitchem, Georgia; Michael Morgan, Kentucky; Brenda Paganelli, Mississippi; Wanda White, North Carolina; Margaret Hunt, South Carolina; Brent Tener, Tennessee; and Tim Freeman, Virginia.

Committee chairs in attendance were: Ellen Green, Archives; Charles Vinson, Finance and Audit; Lisa Tumer, Conference; Pennie Hill, Diversity; Lester McKenzie, Electronic Services; Karen Fooks, Legislative Relations; Clyde Walker, Membership; Julia Perreault, Newsletter Editor; Ron Gambill, Site Selection; Dorenda Adams, Special Projects; and Ann Hendrick, Vendor and Sponsor.

Liaisons present were: Greg, Martin, US Department of Education and Ken Player, State Agency.

The following 2002-2003 officer-elect, state president-elect and committee chairs were present: Dee Talley, Secretary; Mike Reynolds, Alabama; Nancy Melton, Kentucky; Dewey Knight, Mississippi; Rose Mary Stelma, North Carolina; Anita Kaminer-Elliott, South Carolina; Cara Suhr, Tennessee; Barry Simmons, Virginia; Janet Sain, Conference; Deborah Clark, Diversity; Erik Melis, Electronic Services; Jana McNaughton, Finance and Audit; Sandy Neel, Newsletter Editor; and Alan Whittington, Vendor and Sponsor.

APPROVAL OF THE MINUTES

ACTION: Tim Freeman moved to accept the minutes of the February 16, 2002 board meeting held at the Galt House Hotel, Louisville, Kentucky. The motion, seconded by Margaret Hunt, was approved.

ACTION: Michael Morgan moved to accept the minutes of the April 11, 2002 telephone conference call board meeting. The motion, seconded by Brenda Paganelli, was approved.

REPORTS FROM THE OFFICERS

Report from the President, Clark Aldridge

This was Clark's last report to the Board as your president. First, he wanted everyone to know how much he had enjoyed working with each member of the board and committee chairs. He expressed how supportive and willing everyone had been to do whatever so that SASFAA would have another successful year.

This spring he had the opportunity to attend state meetings in South Carolina, Kentucky, Alabama, and Florida. He continued to be impressed with the content of the conferences and with the interest sessions presented by the state association members.

He also represented SASFAA at the NASFAA Board of Directors meeting in Monterey, CA and the EASFAA Conference in Boston. In addition, he attended the NASFAA Finance Committee meeting in Washington, DC in April.

His year will conclude with his attendance at the New Aid Officer Workshop at Furman University and the Mid-Level Workshop at Millsaps College.

Report from the President-Elect, Karen Koonce

Karen Koonce indicated that she was looking forward to her year with great anticipation. She said, "That although the economy and recent challenges to our very way of life has changed many of us forever, she knows that we will strive to continue our professional growth through great associations like SASFAA."

She has been working on completing appointments to next years Board of Directors, and looks forward to input about association activities from everyone. Sunny Jacksonville, Florida is the next site in February for the annual conference. This will be the 40-year anniversary of SASFAA, and the conference chair, Janet Sain, has already been working on a festive, yet enriching program.

She indicated that she is working very hard to insure that everyone who wants to be involved in SASFAA will have some opportunity. She would like to continue to move SASFAA further into the electronic age this next year, and has gotten several good ideas by attending another regional board meeting.

She has visited many other state meetings this spring and looks forward to visiting with Mississippi as the final state meeting for this year. She is looking forward to working with everyone on the board over this next year.

Report from the Vice President, Ron Day

The Vice President of SASFAA serves as the chairperson of the Development Committee. The responsibilities include the leadership role in the professional development and training activities for the Association. For the 2001-2002 year, the Professional Development Committee has planned the following:

- One-day New Aid Officers Workshop (as part of the SASFAA annual conference)
- The 2002 New Aid Officers Workshop at Furman University
- The 2002 SASFAA/SWASFAA Mid-Level Workshop
- Decentralized Training for the SASFAA states

One-day New Aid Officers Workshop:

On Sunday, February 17, 2002, the Professional Development Committee hosted a one-day workshop for new financial aid professionals. This workshop was planned and conducted to offer an overview of the financial aid processes. The following sessions were presented:

- Application Process
- Federal Methodology

- Professional Judgment
- Verification
- Budgets and Packaging

The instructors were individuals who will also present and instruct at the 2002 New Aid Officers Workshop at Furman University.

The workshop was well received. We provided the participants with handouts, power point presentations, case studies, lists, electronic resources, and the opportunity of asking seasoned individuals very detailed questions.

The 2002 New Aid Officers Workshop (NAO):

Each year, SASFAA hosts an intense professional development activity designed to provide a working knowledge of the federal financial aid programs, as well as an understanding of the laws and regulations that govern these programs. This year, the 2002 NAO will be held at Furman University in Greenville, South Carolina from June 16 - 21, 2002.

The instructors and staff of this workshop are listed below:

Instructors:

Brad Barnett	James Madison University
Zita Barree	Virginia Commonwealth University
Heather Boutell	Bellarmino University
Anthony Bowles	Western Kentucky University
Bob Godfrey	University of South Carolina
Wendy Hutchins	Millsaps College
Freida Jones	GA Southwestern State Univ.
Gary Mann	DeKalb Technical College
David Mohning	Vanderbilt University
Chip Quisenberry	Enterprise State Jr. College
Anne Rader	Byran College
Kay Stroud	Appalachian State University
Tolly Tollefson	University of North Carolina - Greensboro

Staff:

Nick Boyer, Lender Rep.	National Education
Ron Day, VP SASFAA	Birmingham-Southern College
Karen Gibson, Lender Rep.	edsouth
Ellen Green, VP-Elect SASFAA	Charleston Southern University
Sherwin Hibbets, Curr. Coord.	Regent University
Greg Martin, Reg. III	Dept. of Education
Chuck Parker, Lender Rep.	Nellie Mae
Lynda Sayer, Site Coord.	Furman University

The topics to be covered include:

Application Process	SAR/ISIR	Student Eligibility
Fed. Methodology	Federal TIV Prog.	IRS Forms
Verification	Record Keeping	COA
Packaging	Professional Judgment	Cash Management
SAP	Loan Certification	Leg. Process
Debt Management	EDE Overview	Customer Service
FERPA & Consumer Info.	High School Nights	Annual Reports

Program Reviews

Audits

Information related to this (and all workshops) has been provided via the web. Participants were able to retrieve registration information and a description of the workshop on the SASFAA web site. Handouts were provided at the SASFAA annual conference regarding the registration. Information was posted on each of the SASFAA states' list servs and on the SASFAA list serv.

On March 15 - 17, 2002, the instructors and staff members met at Furman University for a planning retreat. They were able to review the entire workshop, visit the housing facilities, visit the instruction site, eat in the dining facilities, make appropriate assignments, and finalize details related to many aspects of this activity.

2002 SASFAA/SWASFAA Mid-Level Workshop:

In conjunction with the SWASFAA region, SASFAA will conduct a professional development activity designed to provide a working knowledge of the federal financial aid programs, as well as an understanding of the day-to-day activities within the Financial Aid Office.

This workshop is designed for intermediate aid officers and will offer an advanced overview of the financial aid processes. The workshop will be held at Millsaps College in Jackson, Mississippi on June 23 - 25, 2002.

The presenters and staff are listed below:

Staff:

Dorenda Adams, Curr. Coord.	AL State University
David Bartnicki, Reg. IV	U. S. Dept. of Education
Ron Day, VP SASFAA	Birmingham-Southern College
Terry Finney, Lender Rep.	Mohela
Mary Givhan, Co. Chr.	Mississippi College
Patrick James, Site Coord.	Millsaps College
Amy Moser, Lender Rep.	AmSouth Bank
Greg Thornburg,SWASFAA	Arkansas State University
Ray Tripp, Co. Chr.	edsouth
Todd Woodlee, Lender Rep.	Citibank

Presenters:

Dorenda Adams	Alabama State University
Jeff Baker	U. S. Dept. of Education
David Bartnicki	U. S. Dept. of Education
Mary Givhan	Mississippi College
Ann Hendrick	Millsaps College
Susan Little	University of Georgia
Linda Neal	New Mexico Jr. College
Brenda Paganelli	Blue Mountain College
Linda Phillips	Bellhaven College
Judy Schneider	NASFAA
Greg Thornburg	Arkansas State University
Ray Tripp	edsouth

Topics to be covered include:

Federal Update	Verification
Delivery System Update	ISIR Corrections and Resolutions

Electronic Initiatives
Professional Judgment
SAP
Campus-based Funds Admin.
Personnel Management
Leadership Development
Preparing for Audits

Advanced Tax Return Review
R2T4
Private School Issues
Loan Processing
Delivering Quality Customer Service
Utilizing Web Resources
Improving Efficiency in the FAO

Information related to this (and all workshops) has been provided via the web. Participants were able to retrieve registration information and a description of the workshop on the SASFAA web site. Handouts were provided at the SASFAA annual conference regarding the registration. Information was posted on each of the SASFAA states' list servs and on the SASFAA list serv.

Decentralized Training:

Under the direction of Dorenda Adams, SASFAA participated in NASFAA Decentralized Training. SASFAA made available resources to assist states that wished to participate in the training offered at the national office

Report from the Past President

The SASFAA Governance and Planning Committee met in Charlotte on May 25-26, 2002. The committee consisted of David Cecil, Kentucky; Sandra Davis, South Carolina; Zita Barree, Virginia; Paul Mittelhammer, Georgia; and Bill Cox, North Carolina.

The final report was presented at the June 2002 Board meeting in St. Petersburg, Florida.

Report from the Secretary, Guy Gibbs

SASFAA Policy and Procedure Manual

The secretary reported that he had continued to work on the *SASFAA Policy and Procedure Manual* since the board meeting in February. The manual has been retyped and is in the editing phase. The major work, other than the retype, has been to assemble the attachments and the items that are supposed to be included as appendices. The last rewrite/retype of the manual did not include either the attachments or the appendices. It has taken some time to assemble these items.

The manual will be completed by the end of June. An electronic version will be posted to the SASFAA Web site and diskettes made available to the Board for their review and use. Dee Talley, as secretary for 2002-2004 will assume responsibility for the maintenance and update of the manual.

SASFAA Bylaws

The changes that were proposed to the bylaws were presented to the membership at the annual conference held in Louisville in February. The membership approved the bylaws changes.

The bylaws have been updated and will be submitted to the Webmaster for posting to the SASFAA Web site.

Closure

The secretary expressed his appreciation to all of the board members and committee chairs for the support given to him this past year as without their assistance the job would have been impossible to accomplish. He wished Dee Talley well as she assumes the secretary's responsibilities for the next two year

Report from the Treasurer, Sonja McMullen

Before this year's conference, the Treasurer and Sponsor and Vendor Chair, Ann Hendrick, worked together to develop a system of checks and balances to ensure all sponsors had been billed for their appropriate level of sponsorship prior to the annual conference and workshops. The majority of sponsorship funds were received before the start of the conference thanks to electronic invoices, which removed the time, effort and expense involved in billing and mailing invoices to sponsors.

The Membership Chair, Clyde Walker, met with the Treasurer prior to the annual conference to ensure that all conference registrations that had been forwarded to him by the Treasurer had been received and processed to update the membership database prior to the conference. This helped to alleviate problems during registration.

Onsite registration at the conference was handled smoothly with the help of the Local Arrangements Committee and the Audit and Finance Chair. Receipts were balanced at the end of each day of registration by using functions of QuickBooks software. The Finance and Audit Chair verified this process. Conference evaluations indicated that participants were pleased with the registration process by awarding it high marks.

All bank statements have been balanced in a timely manner. And all requisitions were processed within five days of receipt.

ACTION: Sonja McMullen moved that the following budget transfers be made: \$1,700 to account 102, \$1,000 to account 103 and \$400 to account 213 for a total of \$3,100. These funds are to be moved from account 206. The motion, seconded by Tim Freeman, was approved.

REPORTS FROM THE STATE PRESIDENTS

Report from Virginia, Tim Freeman, State President

The Virginia Association of Student Financial Aid Administrators (VASFAA) held its Spring Conference April 21-24, 2002 at Norfolk Waterside Marriott in Norfolk, VA. The conference was a great success. The theme of the conference was "Vision of a Brighter Future". Ninety-three new members attended the spring conference. The Virginia Community College System partnered with VASFAA for their annual training due to budget cuts.

The Conference and Training Committees are to be commended for their creative, informational and thought provoking sessions. Thanks for a job well done.

The conference started on Sunday, April 21 with the meeting of the Executive Board. The President presented the Annual Report to the Board along with the annual reports from each Commissioner of the various committees.

The President's reception was held after the meeting with live entertainment by the Vibes. All enjoyed this.

The first session on Monday was VASFAA: In this session we gathered insights into our association. Each committee chair was stationed at a table so that the membership could meet and greet each committee on a one-to-one basis. After the membership greetings, we had break out session with the membership to answer question about the Association. The breakout session served to be informative and successful for the board. As part of our business meeting, we heard from the prospective candidates for the Executive Board.

The speaker for our general session was Arun Daniel. His speech entitled "Title Disney's Customer Service in the Digital Age". Mr. Daniel serves as Director of Destiny Disney, a strategic planning group of the Walt Disney Company. Hearing Mr. Daniel's speech was a way to get our members to learn how Disney's success was accomplished with excellent customer service. This strategy could improve customer service in our offices and inspire our employees. .

VASFAA was honored to have Guy Gibbs to do the SASFAA update. Greg Martin provided the Federal update. On Wednesday, April 24 at the Closing session the newly elected members of the VASFAA Board for 2002-2003

were announced. The following are the officers for the 2002-2003 year: President-Elect Sherwin Hibbets, Treasurer Melissa Ellyson, Rep-at-Large (1-yr) Jeannie Holmes and Anita Aymer, (2-yrs) Brad Barnette and Jolene Burke. The By-Laws Proposal to add the position of Treasurer-Elect was adopted.

Vern Fairchilds and Estherine Harding received the Life Member Award. Michael Barree received the Excellence Award and Brad Barnette received the New Professional of the Year Award.

Congratulations were extended to Greg Martin and his wife on their pregnancy.

He thanked the membership of VASFAA for giving him the opportunity to serve as President of the Association and to represent the state as a Board member of SASFAA. It had been a pleasure to serve on the SASFAA Board with Clark as the President and the entire board.

Report from Tennessee, Brent Tener, State President

He provided a description of some of the activities that TASFAA has accomplished this year. He would like to thank all TASFAA members and other members of the financial aid community in the state of Tennessee for their hard work in helping to advance the profession. There are so many individuals who sacrificed their time to provide great service to their professional colleagues, students and parents. The summary of activities is listed according to the five goals established by the TASFAA Executive Board at the beginning of the year. This is not a complete list of activities, but a few highlights.

Identify the training needs of the TASFAA membership and explore avenues of delivering this training.

1. Expanded the NASFAA decentralized training to other parts of the state. Decentralized training was conducted by Forrest Stuart, Rhodes College, and was held in four locations throughout the state. A set of materials for each school in the state represented in TASFAA were purchased and distributed. SunTrust and the Tennessee Student Assistance Corporation graciously sponsored the training materials.
2. Developed a web-based training and evaluation tool (STEP project). This project has been entirely funded by the generous contributions from the following lenders: Citibank, *edsouth*, Union Planters, Sallie Mae, First Tennessee and AmSouth. The idea behind this program is to have the means by which we can assess the knowledge level of financial aid personnel throughout the state and then provide various training opportunities to address any identified needs. Joanie Hall, TASFAA Training Chair, results of the first assessment effort was used in her New Aid Officers training during the spring conference. The STEP program is a valuable tool with great potential. If any state association is interested in purchasing this program, please contact Brent Tener at Vanderbilt for more information.
3. Extended the New Aid Officers Workshop to the entire length of the TASFAA conferences.
4. The TASFAA Program Committee, under the leadership of Marian Huffman (conference chair) and Sandy McKee (local arrangements), coordinated our spring conference in Memphis. The conference was held April 21-24. The theme for the spring conference was "Taking Pride in Who We are and What We Do." One day was designated to demonstrate national pride and one to school pride. In addition to the ever popular federal update, other session topics included "Awareness versus Paranoia, How to Be Safe, Health and Prepared After September 11, 2001" and "Differences in World Religions." Our annual awards luncheon was held on Monday, April 22, with recognition given to members who have served TASFAA for 5, 10, 15, 20, 25 and 30 years. The TASFAA Distinguished Service Award was presented to Norman Elrod, who recently retired from the Tennessee Technology Center at McMinnville. Norman was unable to attend the spring conference, but will receive his award at our fall conference in October.
5. Contracts have been signed for future TASFAA conferences through the fall of 2003.

Determine what new projects TASFAA should develop to support the mission of the association.

Developed a public relations piece to explain the purpose of TASFAA and highlight the association's activities. Included our TASFAA conference mailings to a wider range of financial aid professionals within the state.

Developing a public service announcement to emphasize the importance of applying for financial aid. This announcement will be ready for next year's financial aid cycle.

Evaluate the effectiveness of current and past activities to determine how these programs can be enhanced.

TASFAA is continuing to work with the families of home-schooled students to insure they are informed regarding the financial aid process. TASFAA will host a booth at the upcoming Middle Tennessee Home Education Association Teachers' Conference and Curriculum Fair in June. Award nominations were placed on the election ballot this year for better response from the membership. Placed officers biographical information on the Internet to help streamline the election process. TASFAA and TSAC will once again sponsor our annual high school guidance counselor internship program where high school counselors have the opportunity to work in a financial aid office during the summer. Under the leadership of Anne Rader, training for the counselors will take place in June and 25 counselors have agreed to participate in the program.

Assume the sound stewardship of association finances.

Added current signed contracts to the TASFAA financial balance sheet to more accurately depict the association's financial strength. Itemized the actual cost of major activities (such as conferences) for the members.

Give back to the membership value added services.

We are in the process of evaluating the amount TASFAA is charging for membership and conference fees.

Provide the necessary tools and encouragement for the involvement of TASFAA members in state and federal legislative issues.

TASFAA purchased the access to a legislative action center, which provides the ability to easily correspond with state and federal legislators.

The following individuals have been elected or appointed to serve TASFAA next year. Thanks to all who ran for office and congratulations to the successful candidates!

2002-03 TASFAA Executive Board

President, Cara Suhr	Tennessee Technology Center at Nashville
Pres.-Elect, Nancy Beverly	Milligan College
Past Pres., Brent Tener	Vanderbilt University
Secretary, Vickie Johnson	Meharry Medical College
Treasurer, Bill Grizzard	Amsouth Bank
District 1, Emma Marable	Tennessee Technology Center at Memphis
District 2, Judy Woodard	University of Tennessee – Martin
District 3, Ed Hasselbring	Union Planters Bank
District 4, Karen Gibson	<i>edsouth</i>
District 5, Janette Overton	Johnson Bible College
District 6, Pat Shannon	Tusculum College

2002-03 TASFAA Committee Chairs

Association Governance

Sandra Rockett
Dyersburg State Community College

Awards

Dorothy Jemison

Newsletter/Public Relations

Cherry Johnson
TN Technology Center at Crump

Nominations

Brent Tener

Memphis Theological Seminary

Computer Network

Jack Harvey
Southern Adventist University

Counselor Internship Project

Darolyn Parks-Porter
Austin Peay State University

Diversity

Mary Knaff
Chattanooga State Technical Community College

Financial Aid Awareness

Terri Parchment
Edsouth

Government Relations

Claude Pressnell
TN Independent Colleges and Universities

Historical

Melissa Smith
Nashville State Technical Institute

Membership

Marian Huffman
Lee University

Vanderbilt University

Program – Fall

Nancy Beverly
Milligan College

Program - Spring

Joanie Hall
Vanderbilt University

Project Development

Judith Kerzner
Edsouth

Site Selection

Jeanne Stewart
South College

Sponsorship Development

Bobbie McClain
UT - Martin

State Programs

Ron Gambill
TSAC

Training

Robbie Snapp
Middle TN State University

TSAC Advisory

Brent Tener
Vanderbilt University

Upcoming TASFAA Events

2002

Monday, June 17 – Tuesday, June 18: TASFAA Transition Workshop, Univ. of the South
Sunday, October 20 – Tuesday, October 22: TASFAA Fall Conference, Nashville

2003

Sunday, April 27 – Wednesday, April 30: TASFAA Spring Conference, Nashville
Sunday, October 19 – Tuesday, October 21: TASFAA Fall Conference, Nashville

Report from South Carolina, Margaret Hunt, State President

Much has been accomplished during the 2001-2002 year and all the thanks goes to SCASFAA Board and the committee's chairs and its members.

- Keith Reeves, Fall Program Chair and his committee, provided the members with a wonderful program. The guest speaker and sponsor of our community service project, Jeff Davis, were great. The membership is to be thanked for the support given to the "Call Me Mister" program.

- Sallie M. Glover and Marjorie Belton, co-chair of the spring program, along with their committee did an outstanding job in providing an excellent spring conference. As we closed out the 35th year celebration, Sallie contacted SCASFAA's first president, Dr. Charles "Chuck" H. Witten and he was the keynote speaker for our Spring 2002 Conference banquet. A silent auction was held and over \$700 was raised. The money was donated to the Boys and Girls Club of Horry County.
- Much thanks to Cheryl Hughes for chairing the Anniversary Committee and working so well with the fall and spring program chairs. The "First in SCASFAA" brochure was excellent and I am sure that the Association's members were thrilled to have a lapel pin in honor of our 35th anniversary.
- The Budget Committee, chaired by our treasurer, Nancy Garmroth, made several recommendations for enhancement to our processes. The Board proposed the use of credit cards to be issued to the President, President-Elect, and the Treasurer and it was approved and implemented.
- By-Laws Committee, chaired by Carolyn White, made change to the procedure manual.
- Communication Committee, chaired by James Smith (sub-chairs: Bob Godfrey, List serve; Keith Reeves, Web Administrator; and Marsha King, Newsletter), provided the Association with important and timely information.
- Elizabeth Milam-Lomas chaired the Counselor Relations Committee and she and her committee members worked very hard to provide our high school guidance counselors and the communities throughout South Carolina with important information as it pertained to the world of financial aid. The counselor intern program was increased from four interns to ten interns for Summer 2002. This program is sponsored at 100 percent by the SC Student Loan Corporation, Inc.
- Dr. Ed Miller, chair of the Peer Mentoring committee (initially called Institutional Mentoring) came to my aide by attempting to fulfill one of the goals, which was to have SCASFAA come to the aid of any institution, within the Association, if the need was there. SCASFAA has not abandoned this idea, but the results of a survey, which Ed conducted, suggests that further inquiries be conducted before proceeding.
- Ken Player, Legislative Concerns, has done an outstanding job of providing us with pertinent information on financial aid issues. He is really going to be missed, but SCASFAA also wants him to enjoy his retirement!
- The Long Range Planning Committee, chaired by Mike Fox will present the first draft of the Five-Year Plan.
- Jerel Arceneaux, Chair of Membership, has worked well with the Treasurer to insure that the members have been identified with correct information.
- The Nominations/Elections Committee, chaired by Anita K. Elliott, has a terrific year, but through it all SCASFAA has survived. The individuals elected will serve SCASFAA well and Margaret looks forward to working with everyone during the upcoming year. The following individuals will serve with the President, Anita K. Elliott and current Treasurer, Nancy Garmroth in these elected positions:
 - Keith Reeves (Clemson University), President Elect
 - Jeff Dennis (Southern Wesleyan University), Vice-President
 - Elizabeth Milam-Lomas (Clemson University), Secretary
 - Ward Logan (Citadel), Member-at-Large
- Sandra Davis, chair of Professional Development, along with her committee, did a wonderful job, or should it be said, jobs--preparing several outstanding training activities during this year. South Carolina co-sponsored the NASFAA Decentralized Training Workshop with North Carolina in December 2001.

Andrea M. Perry, Assistant Director of Financial Aid at Midlands Technical College was South Carolina's trainer. The new aid/advanced aid training workshop was held at the beginning of our Fall Conference in October 2001. Training for this workshop was Elizabeth Milam-Lomas, Kim Jenerette, Jeff Dennis and Jeff Holiday. As a final project, the Professional Development Committee put together a Professional Staff Symposium, which was held in March 2002 at Midlands Technical College; Columbia, SC. The symposium was well attended and received.

- Bill Mackie, chair of Lender/Agency Liaison, thanks for your continued support of SCASFAA. He is truly SCASFAA's friend and supporter.
- Dr. Karen Woodfaulk, thanks for joining the Board at a time when the members needed her. Now, that IT is here, SCASFAA really has lots of questions for her.
- The Site Selection Committee, chaired by Sandra Gibson, found that this was not an easy task. Yes, it actually takes a lot of time, skill, and professionalisms to find a site that can accommodate SCASFAA.
- The Vendors/Sponsors Committee, chaired by Ward Logan, is to be commended for the work and the building of relationships with vendors and sponsors.
- Last, Margaret gave thanks to her dear friend, Earl Mayo, chair of State Agency Liaison. He was Margaret's mentor, advisor and true friend. She thanked him for encouraging her; for being there for her; for standing up for her. If not for Earl, she would not have had the honor of being the first minority female to serve as SCASFAA's President. She wanted him to know that she truly thanks him from the bottom of her heart.

Anita K. Elliott (current President-Elect) and Margaret will hold SCASFAA's Transitional Board meeting on June 27-28, 2002 in Columbia, SC at the Whitney Hotel. Anita has selected her chairpersons and will provide this information to SASFAA in her first report to SASFAA.

Report from North Carolina, Wanda White, State President

The North Carolina Association of Student Financial Aid Administrators (NCASFAA) held its spring conference in Atlantic Beach, NC at the Sheraton Atlantic Beach Oceanfront Hotel from April 14-17, 2002. The conference theme "*Rules, Regs and Reauthorization- Jamaican Me Crazy*", reflected the festive, fun and informational sessions that were planned for the NCASFAA members. Approximately 250 members attended the conference. Approximately (20) vendors, agencies and sponsors also participated. Wanda was excited to have a large number of participants from the agencies and sponsors since the SCASFAA was holding their conference during the same time.

Conference highlights included General Session Speaker – Dr. Lonise Bias, Federal Update – David Bartnicki, SASFAA Update – SSFAA Past President, Bill Cox and New Aid Officer ad Intermediate Aid Officer Training. A wide variety of concurrent sessions were offered during the conference for the professional development of the members. The conference charity selected by the Program Committee was the Broad Street Clinic in Morehead City, NC. The mission of the clinic is to provide access to Medicare for the uninsured and low-income adult residents of Carteret County and surrounding areas. The members of NCASFAA provided a monetary donation to the Broad Street Clinic.

The conference agenda and highlights can be found on the NCASFAA website at www.ncasfaa.com. The newly elected officers from the Spring Conference include the following:

Ms. Rose Mary Stelma, President,
East Carolina University

Sharon Oliver, Secretary
NC Central University

Bill Horn, Treasurer
College Foundation, Inc.

Teresa Williams
Vice President

The Spring NCASF AA newsletter was distributed during the month of May. The newsletter can also be found in the electronic version on the NCASF AA website. The newsletter highlighted FAFSA Day that was held in February at various locations in North Carolina. It also provided highlights from the SASF AA conference, as well as noteworthy information from several lenders.

The 2002 NCASF AA Executive Board Retreat is scheduled for Friday, June 14, 2002 at College Foundation, Inc., Raleigh, NC. During this retreat, New Officers and Executive Board members will be introduced and provided with information regarding their responsibilities for the 2002-2003 year. The Fall NCASF AA conference will be held at the Grove Park Inn Hotel in Asheville, NC from November 3-6, 2002.

Serving NCASF AA this past year has been an exciting, motivating and rewarding experience for Wanda. She had the opportunity of working with a wonderful Executive Board and Program Committee. She believed that during this past year, NCASF AA was able to continue the tradition of NCASF AA by providing very valuable educational information and training to the members.

Wanda indicated that she had greatly enjoyed the opportunity to represent North Carolina on the SASF AA Executive Board. Her participation on the board had been a rewarding experience for me and she looked forward to serving SASF AA in some other way during the upcoming year.

Report from Mississippi, Brenda Paganelli, State President

The Second Annual Financial Aid 101 New Aid Workshop at the Gray Center in Canton, Mississippi, April 9-11, 2002 was a success. The cost was only \$125 per participant, which included materials, food, lodging, and two t-shirts. Many topics were covered, such as the history of financial aid, financial aid application process and need analysis, the "C" flags and verification, COA, over awards, SAP, professional judgments, and the list goes on and on. There were 31 active participants. Mary Givhan, Mississippi College, was chair of this event. The board voted to reserve the Gray Center for the Third Annual Financial Aid 101 to be held in April 2003.

MASF AA Spring Conference will be held June 19-21 at the Grand Hotel in Biloxi, Mississippi. The theme this year will be *The Anniversary Celebration*. Dr. Bettye Coward, President of Blue Mountain College, will speak at the Thursday luncheon. Her speech is titled, "Affirming the Role of Student Financial Aid Administrators: A College President's Perspective." Other guest speakers include David Bartinicki and Paul Kaesar from the Department of Education and Thomas Schnaubelt with the Center for Community and Civic Engagement. All past presidents, Honorary Life-time members, and special award winners have been invited to attend a special anniversary celebration on Thursday evening.

During the April board meeting a slate of officer were approved. The ballot is as follows: President-Elect, Patrick James; Vice-President, Garry Jones; Treasurer, Bob Walker and Lyvonne Berry; and Director, Ann Grove and Ronnie Sweeney. The board prefers to offer a dual slate, but this year it was not possible. All of the candidates are very qualified.

Millsaps College in Jackson, Mississippi, will be hosting the SASF AA/SWASF AA Mid-Level Workshop scheduled for June 23-25, 2002. This workshop is designed for intermediate aid officers and will offer an advanced overview of the financial aid processes.

Brenda indicated what a great year it had been and that she had truly enjoyed being a part of SASF AA this year and appreciated everyone helping her catching up after her delayed entry to the board. She looks forward to working with everyone in the future. She wished everyone a great summer.

Report from Kentucky, Michael Morgan, State President

Kentucky had the honor to host the 2002 SASF AA Conference, "Keeping you on the right Track". All those who came were indeed on the right track. Michael hoped that everyone enjoyed their stay.

The Kentucky Spring Conference was held in Owensboro, KY. April 17th –19th 2001. The Theme “KASF AA is the Word”, was chosen to reinforce the impact of the state association and to embrace the fun and basic lifestyle of the fifties. The conference started with motivational speaker David Leedy. Mr. Leedy reminded everyone that they too, could be super heroes in the eyes of students. Mr. Leedy’s uplifting presentation combined motivation, philosophy, humor and dance (fifties music) started the conference with energy that lasted throughout. Runan Pendergrast and Chester Priest coordinated a Presidents “Sock Hop” second to none. In keeping with the fifties theme, it was complete with hamburgers, root beer floats, poodle skirts, tees and jeans, leather jackets, karaoke and the night could not be complete without a sighting of both Roy Orbison and an Elvis or two.

At the beginning of the business meeting on Thursday, Marilyn Clark-Watkins, Western Kentucky University was honored with the Herb Vescio Distinguished Service Award, Kentucky’s most prestigious award given to those individuals who have done the most to promote the profession of student financial aid. Thursday Nights Banquet was in honor of Elinor Starr. The Association voted to name the annual presidential scholarship the “Elinor Starr Scholarship.” This annual need-based scholarship program awards \$500.00 to a Kentucky student selected by the immediate past president of KASF AA. The Keynote speaker for the evening’s events Dr. Stan Frager spoke to the Kentucky Association about recognizing opportunities to make a difference in peoples lives. Elinor Starr past president, secretary, treasurer, recipient of the Herb Vescio Award, and active “Honorary Member of the Association,” truly exemplifies the heart of KASF AA and continues to make a difference in the lives of Kentucky youths.

The KASF AA Spring conference like the fifties returned to the basics with a balance of fun, motivation, net working and wonderful training opportunities. KASF AA would be remiss if I were to go without thanking the Department of Education by providing us with qualified trainers and presenters such as; Woody Mason, John Peirson, Greg Martin and a new comer to Kentucky, Jamie Malone.

Elections were held with the following results:

Ron McMakin, President-Elect, National City
Lissa Caldwell, Secretary, Kentucky Higher Education Asst. Authority
Chris Thomas, Private Representative, Berea College
Michael Barlow, Two- Year Representative, Lexington Community College
Robin Bulchholz, Agency Representative, Kentucky Higher Education

Like the conferences this year, KASF AA s efforts have been to get back to the basics and ensure the long-term stability of the organization. The focus has been on these four areas: ***Education, communication, initiation and collaboration.***

1. Education: Evaluate the training opportunities provided and supported by KASF AA for its members. Discuss and establish training initiatives such as workshops and growth opportunities for KASF AA members.
2. Communication: Use the mediums currently available to communicate with the membership and beyond.
 - a) Increase the use of the list-serve.
 - b) Draft informative material to publish on the web and newsletter.
 - c) Document the activities of each committee to provide a template for future committees.
3. Initiation: Encourage new members and less active members to take an active role in the organization. Offer mentoring opportunities and open forums for discussion that affect the decisions of the association. Recruit members to serve on your committee.
4. Collaboration: Explore alliances between KASF AA and organizations with similar missions, including professional organizations and associations who have as part of their mission “to serve the parents and students of the commonwealth and encourage their pursuit of higher education”. (I.e. KEA, Trio Programs, KASCAC, etc....)

It has only been through the help, support and volunteerism of the Kentucky Association that progress was made toward accomplishing the goals. The members of KASFAA dictate the effectiveness of the organization. Michael indicated that he was proud to be but a small part of a wonderful organization in an honorable profession.

The transition meeting will be held June 27th and 28th at Natural Bridge State Park. He looks forward to serving the students of Kentucky under the leadership of Nancy Melton, Alice Lloyd College, this upcoming year.

Report from Georgia, Lisa Mitchem, State President

GASFAA held its spring conference May 15-17, 2002 at the King and Prince Beach Resort in St. Simon's Georgia. Kathy Odom did an excellent job as Program Chair. The theme of the conference was Financial Aid: How Well Do You Play the Game. There were a total of 334 players, contenders, and contestants participating in the planned activities. Kim Alexander, Texas Guarantee, gave the keynote address, and Greg Martin was on hand and provided a very informative Federal Update. Lenora Jackson, Vice President of Professional Development, hit a home run in the pre-conference Leadership Workshop geared toward Student Eligibility: Resolving C-codes.

Elections were held during the spring conference to determine the officers that will serve during the 2002-2003 year. The results of the elections were as follows:

President Elect	Lenora Jackson, Spelman College
VP, Programs	Suzanne Buttram, GA College and State University
VP, Professional Development	Jill Raynor, N. GA College and State University
Secretary	Melody Hodge, DeKalb Technical College
Treasurer	Pennie Strong, Central GA Technical College

In recognition of the tremendous support we receive from our vendors this year, a luncheon was held in their honor. They were individually presented with a plaque of appreciation. *Cross-Cultural Communication - Easier Said than Done*, was the topic the speaker, Mike O'Grady of Bank of America, shared with the membership.

During the conference two outstanding members were honored with awards. Linda Casey, Bainbridge College, was given the Outstanding New Professional Award and Marvin Reed, Macon State College, was honored with the Past President's Award for Distinguished Service. In addition seven current members with 25+ years in the financial aid profession were recognized with GASFAA certificates.

At the Closing Session, Karen Koonce brought greetings from SASFAA.

The membership graciously welcomed the idea of hosting SASFAA again in 2005 at the Hyatt Regency in downtown Atlanta. The final speaker was Joshua "Josh" Culbreath a former US Olympic Bronze Medal Winner and world record holder in the 400-meter hurdles. His message was well received.

The gavel was symbolically turned over to Julia Perreault, GASFAA President 2002-2003. She gracefully accepted and charged members of GASFAA to become active by volunteering. President Mitchem also encouraged the membership to make a difference by getting involved. The transitional board meeting of the Executive Board will be June 20-21, 2002 in Augusta, Georgia.

Report from Florida, Cindy Lewis, State President

Cindy Lewis was unable to attend due to the FASFAA spring conference being held at the same time as the SASFAA board meeting. She did not file a report.

Report from Alabama, Dot Wilkinson, State President

AASF AA has had a great year. Excellent training was provided throughout the year for financial aid professionals. Both fall and spring conferences were outstanding. Several projects have been ongoing and some new projects will be developed for the new year.

The AASF AA spring conference was at the Holiday Inn-White Sands, Gulf Shores, Alabama. Mike Reynolds, President-Elect and Program Chair, and Jonna Moses, Conference Chair, successfully produced an excellent conference that provided some excellent training and a lot of fun. The theme for the conference was “Financial Aid 2002-It’s a Jungle Out There.”

The conference began with the executive board meeting and a special dinner sponsored by one of AASF AA’s special vendors. The dinner included all the executive board and committee chairs, and also included several past presidents of AASF AA.

Each conference always provides a new aid officer’s training session. The spring training was conducted under the leadership of Deborah Byrd, Vice-President, and two members of her committee, Dr. Jo Bennett and Carlos Clark.

The annual luau at the beach was decorated to emphasize the jungle theme. Jonna Moses and her staff from Regions Bank hosted this event. Robin Reynolds, wife of President-Elect, Mike Reynolds, volunteered her services to decorate for both the luau and the annual awards banquet. The decorations were beautiful. The jungle theme was excellently portrayed at each event.

AASF AA was pleased that Dr. Joe McCormick, new CEO at KHEAA, could attend the conference. KHEAA presented a legislative update.

SASF AA President, Clark Aldridge, gave the SASF AA update at the luncheon on Thursday.

Of course, the highlight of the conference was David Bartnicki’s federal update. David may be changing to a singing career. He has quite a repertoire of songs. However, they are mostly related to financial aid issues. Laura Hall and John Pierson from the U.S. Department of Education presented sessions on EDEXpress and COD. There were several other excellent training sessions presented by AASF AA members.

The annual awards banquet was outside with the jungle theme very much in evidence. Jonna Moses from Regions Bank was presented the John Buchanan award. This award is presented annually to someone other than a financial aid professional, who contributes to the profession in the State of Alabama. Jonna has assisted and served as conference chair for the spring conference for many years. She was very deserving of this honor.

Dee Talley was the recipient of the M. Cecil Padgett Outstanding Achievement Award. This is the highest honor that AASF AA can bestow to a financial aid administrator. The lucky winner of AASF AA’s over award or peanut award was David Bartnicki. Could it be that AASF AA is picking on the Title IV representative from Atlanta?.

New officers were elected during the spring conference. The new officers are as follows:

President – Mike Reynolds
President Elect- Deborah Byrd
Vice-President – Carlos Clark
Lora Kiser – Treasurer
Charles Holloway – Treasurer Elect
Cindy Massey – Secretary

During the past year AASF AA accepted drafts for the design of a new banner for the association. Approximately 50 high school and college students presented entries. A \$1000 scholarship was awarded to the winner, and a \$100

cash award was presented to the designer who presented a draft that will be used as the official seal of the association. The banner and the seal should be ready for the new administration.

The AASFAA transitional meeting will be June 20, 2002 at the Auburn Convention Center, Auburn, AL. The transitional meeting will give each current officer and chairperson an opportunity to review job duties with their replacement.

AASFAA will host NASFAA decentralized training again next year.

As the year draws to an end Dot thanked the board and chairpersons for all their hard work and support during the year. She extended a special thank you to Dr. Bill Wall for his help with the spring conference. She also thanked the vendors and sponsors of AASFAA; without whose patronage AASFAA could not be the strong association that it is. With the vendors and David Bartinicki, financial aid can actually be fun.

The board was recessed at 9:50 AM.

The board meeting resumed at 10:20 AM.

COMMITTEE REPORTS

Report from Finance and Audit, Charles Vinson, Chair

You should have received separately updated copies of the SASFAA Investments and Assets. The Finance and Audit Committee make the following recommendations as a result of the 2000-2001 audit:

Copies of all contracts or agreements for meetings and other events must be retained as part of the Treasurer's records. The Treasurer should be using these contracts to verify the accuracy of charges to the Association.

Since dual signatures are not feasible for electronic checks, the Finance and Audit Committee recommends that documented approval from the President be on file prior to the issuance of the check

A list detailing the payor, amount, and purpose of payment received be attached to the deposit slip. This will provide an audit trail for all receipts and proper posting of income to the general ledger. The membership fees and vendor/sponsor reports submitted by each chairperson should be reconciled to the income accounts on a regular basis.

Miscellaneous recommendations and notes:

- Copies of credit card receipts were submitted for reimbursement rather than the originals.
- Forms completed in pencil.
- No listing of meal participants
- No indication of purpose for meetings
- Charges over \$25 without receipts
- Copies of receipts were submitted for reimbursement rather than the originals.
- Expenses billed directly to SASFAA not included on TEC Form (ex. Airfare)
- Corrections noted on form, but not initialed by person making correction
- Lack of appropriate documentation when mileage expense exceeded airfare
- Invoices & receipts without merchant's name indicated
- Car rental without renters name indicated on receipt
- Treasurer not consistent with correcting meal per diem errors
- Miscellaneous Expense Form used, when TEC Form should have been used.

It is imperative that the Board understands that financial accuracy and integrity is critical. Adherence to Generally Accepted Accounting Principles (GAAP) is compulsory at all times.

Lack of proper documentation could lead to severe penalties, if an external audit were to become a reality (eg IRS.) It is essential for a not for profit organization to maintain the highest degree of accounting integrity.

Report from Conference Committee, Lisa Tumer, Chair

There were a total of 699 conferees in attendance at “**SASF AA 2002: Keeping You on the Right Track**”. A review of the conference evaluations reveals that the conference was a huge success, and met the expectations of the attendees. The respondents revealed overwhelmingly that the conference “met their professional needs and expectations” with a 98% approval rating. Respondents referred to the excellent organization, enjoying the “tracks” and the color-coded chart of concurrent sessions. Several reported enjoying the musical ensemble and color guard as a nice touch to the opening session. A first time attendee stated: “The camaraderie of the association was what I liked best about this conference. As a first time attendee I felt welcomed by all.” And a veteran stated, “This is my first SASFAA conference in 12 years or more. I came because the sessions offered covered areas of concern to me.”

The speaker for the opening session was Dr. Robert C. Khayat, Chancellor of the University of Mississippi. Dr. Khayat gave an excellent presentation on the aid administrator’s role in ensuring access to education for all students. He stated that financial aid administrators open doors for students and contribute to their successes in life. He challenged us to continue to find ways to educate students through our profession, and he reminded us that our reward is the success of our students.

The Monday morning keynote speaker was Mauricio Velasquez, President of The Diversity Training Group. He did an outstanding presentation on diversity, and what we know, what we don’t know and what we don’t know that we don’t know. It sounds confusing, but by the end of the presentation, all knew what they did not know.

On Tuesday morning, Jeff Baker, Director of Program Development Division with the U.S. Department of Education, provided the federal update. As always, it was very informative and worthwhile.

During the banquet, SASFAA’s our own Cruzita (Crusie) Lucero, NASFAA National Chair addressed the attendees. Crusie updated what was going on at NASFAA, and presented the NASFAA Leadership Award to Susan Little, Director of Financial Aid at the University of Georgia.

SASF AA’s community service project this year was the Kentucky Harvest, an organization that feeds the hungry in the community through food donations from many sources. SASFAA raised \$1,117.00, and presented this donation to Kentucky Harvest to assist them in their efforts to feed the hungry.

The main focus of the conference was to always provide excellent training to its members, and this was certainly accomplished with the variety of concurrent sessions offered in different tracks: New Aid Officer’s Track, Technology Track, Management Track, and Professional Development Track. SASFAA could not have had such a successful conference without the US Department of Education and all SASFAA colleagues who were willing to serve as presenters at the conference.

Everyone dressed in his or her school or organization colors for school pride day. There were a record number of individuals who attended bingo, and many prizes were distributed. The computer lab was offered again this year, and many took advantage of its availability.

Finally, Lisa paid tribute to the conference committee members, the local arrangements chair, and the local arrangements committee for all their hard work and dedication to ensure that the conference was a success.

Report from the Diversity Committee, Penni Hill, Chair

The Diversity Committee was given the honor this year of inviting the guest speaker for the Monday general session. SASFAA was fortunate to arrange for Mauricio Velasquez, President and founder of The Diversity Training Group, to be the guest speaker. Mr. Velasquez delivered a provoking presentation entitled, "Diversity Today: "What You Don't Know, You Don't Know". He has trained employees and administrators of companies such as Toyota, Visa and Microsoft. There was a huge amount of audience participation during the presentation.

Operating Budget: \$3,500
Speaker, accommodations: \$2,509.48
Two plaques: \$136.90
Chair board meeting expenses (hotel, travel): \$662.90
Addition to budget: \$650.00
Balance: \$840.72

When assessing the evaluations of the general session and concurrent session that Mr. Velasques presented overall comments were very positive.

Diversity committee member was Liza Bruce (Education Credit Mgmt. Corp)

Report from Legislative Relations Committee, Karen Fooks, Chair

APPROPRIATIONS

FY 02 Supplemental Appropriations

On May 24, the House has approved H.R. 4775, a \$28.3 supplemental appropriations bill that includes \$1 billion to offset part of the \$1.26 Pell Grant shortfall. The House proposes to pay for the Pell Grant money through cuts in other areas of the federal budget. The Senate has a companion appropriations bill that also includes \$1 billion for Pell but considers it "emergency" spending which does not require offsets. The Senate version of the bill has not yet come to a vote.

FY 03 Budget

The House budget committee has completed action on the FY 03 budget resolution. It follows the President's recommendations. The Senate budget committee is more generous, providing \$1.4 billion over last year. The Senate resolution provides \$ 5 billion with a good portion of that in student aid and a Pell Grant increase. It also assumes no cuts (ex: LEAP) and does not make any assumption of Sec. 458 moving from mandatory funding to discretionary. Most of the higher ed associations support keeping Sec. 458 funding as mandatory, but they recognize that ED pretty much controls it now since they have the ability to spend and withhold. The biggest concern is that the \$700 million that would be moved to discretionary would significantly reduce the appropriations committee's ability to fund other needs. NASFAA will be pro-active but quietly with phone calls, personal contacts, etc.

The budget process is only about 50%. The House budget resolution does not extend PAYGO or put caps on domestic spending. However, under the rule of sequestration, if total spending exceeds certain limits, then it results in across the board cuts. Presumably in 03-04, it looks like they will set the sequestration so high that it won't kick in. While the Senate budget resolution does not re-establish PAYGO, it does have an equally strict rule that kicks in if a spending change lowers a surplus, creates a deficit or increases a deficit. Overall we're looking at zero sum game.

NEGOTIATED RULEMAKING

The final rounds of the 2002 negotiated rulemaking process were finished at the end of April with mixed results.

Team 1 (Loan Issues)

Team 1 reached consensus on all but two issues that were removed from the package approved by the negotiators. The two issues removed from the package involved federal reinsurance of ineligible loans and the "three times" rule which had been proposed to be modified to allow graduated loan repayments to rise from a maximum of 3 times the lowest payment to 5 times. In the first issue, ED determined that they did not have statutory authority to make any modifications and in the second, there were budgetary implications that are not permitted to be negotiated. Items upon which consensus was achieved included:

- Rehabilitation of loans in judgment will no longer be required. Schools and lenders will have the option of providing rehabilitation or working with borrowers in judgment to satisfy the debt and permit the borrower to regain Title IV student aid eligibility
- Review of defaulted Perkins loans for litigation will only be required on a biennial basis, rather than annually. The threshold for such reviews will increase from \$200 to \$500.
- Write-offs of delinquent Perkins loan account balances will increase from \$5 to \$25. After two years of additional due diligence in trying to collect the account, the write-off balance will increase to \$50.
- The due date of the first repayment for subsidized FFEL Stafford loans will be set at 60 days, the same as for other student loans.
- Requirements for maintenance of original promissory notes were clarified for both FFEL and Perkins Loans. The language for Perkins Loans will permit the creation of an electronic master promissory note for that program.
- Entrance counseling requirements were modified to provide borrowers with additional information about average debts at the school they are attending. Schools will be able to use either average debt amounts or information about a range of debt levels to satisfy this requirement.
- The process of documenting eligibility for unemployment deferments under the FFEL loan program was revised.

Team 2 (School and Program Issues)

Team 2 failed to achieve consensus on the package it was considering. Negotiations broke down over the issues of incentive compensation and the 12-hour rule. ED refused to pull these items from negotiation (which has been the practice heretofore) resulting in failure to agree on the entire package.

Failure to achieve consensus means that the Department is free to develop NPRMs as it sees fit without regard to agreements made during negotiation. Negotiators are also free to comment negatively on the NPRM language when it is released.

REAUTHORIZATION

Reauthorization of the Higher Education Act appears to be on a faster track than originally anticipated. Senator Kennedy has indicated that he hopes to hold public hearings in the Fall and both House and Senate staff said they plan to call for community input by January 2003 and introduce legislation during the Spring of '03. While this timetable could (and likely will) slip, the higher education community needs to be ready with its proposals in the event this calendar is met.

The current economic situation has deteriorated significantly in the last 18 months and the budget surplus that everyone hoped could be used for Title IV initiatives is gone and we are facing deficits instead. Consequently, it will be difficult to enact a "high cost" bill and changes with budget implications will be carefully scrutinized so there will probably have to be trade-offs before the bill is finalized.

The NASFAA Reauthorization Task Force had planned to present its recommendations to the Board of Directors at their Spring meeting but has now revised the schedule to present most of its recommendations at the November meeting.

In order to get the widest possible community input, the RTF has created an email Advisory Group list where ideas will be presented for discussion and feedback. The first issues presented were proposals for SEOG and LEAP. Upcoming topics include Pell, and Perkins. If you are interested in participating in the advisory group, send an email expressing your interest to reauth@nasfaa.org.

LEGISLATION

H.R. 5854 Citizen Service Act of 2002

Description: Reauthorizes several community service programs including Americorps. Does not provide for any change in the amount of Federal Work Study that must be used for community service jobs but it does provide incentives for higher education institutions to increase community service participation by students.

Status: Introduced May 24.

H.R. 4732 Student Loan Interest Deduction

Description: Introduced by Rep. David We (D-OR). Would repeal the dollar limitation on the student loan income tax deduction.

Status: Referred to the House education committee on May 14. No further action.

H.R. 4639 Eliminating Termination Date for Single Disbursement & 30-Day Delay Waiver Authority

Description: Introduced by Rep. David Wu (D-OR). Would extend the 30-day delayed disbursement and multiple disbursements in a single term waivers for schools with low Stafford Loan default rates.

Status: Referred to the House education committee on May 1. No further action.

H.R. 4637/S. 2421 TRIO Education Access Act of 2002

Description: Introduced by Rep. Petri (R-WI) and Sen. Feingold (D-WI). The bills would amend the Higher Education Act to further define "Different Campus" and "Different Population" to allow more institutions of higher education to apply for TRIO grants.

In 1992, Congress added legislative language to the TRIO Program subpart in the Higher Education Act to prohibit the U.S. Department of Education from limiting the number of applications submitted by an institution of higher education or agency "if the additional applications describe programs serving different populations or campuses". The overall purpose for adding this language was to give institutions of higher education the ability to serve more eligible students who needed TRIO services, particularly if the institutions were trying to serve larger numbers of low-income students enrolled at various campuses or if the institutions wanted to sponsor one project for low-income, first-generation students and another for disabled students.

Subsequently, the Department chose to define "Different Campus" and "Different Population of Participants" in the TRIO Student Support Services Program regulations only (34 CFR Part 646.7(c)), and used regulatory language that is so narrowly crafted that it still prohibits many geographically separate institutions from applying for TRIO funding.

Status: Referred to House education committee May 1. Companion bill referred to Senate HELP committee April 30.

H.R. 3975 Canceling Loans to Allow School Systems to Attract Classroom Teachers (CLASS ACT)

Description: Introduced by Representative Lindsey Graham (R-SC). Would increase loan forgiveness from \$5,000 to \$17,500 for math, science and special education teachers, provided they teach for at least five years in a low-income school.

Status: Referred to the House education committee March 13. No further action.

H.R. 786 Drug Conviction Penalty Repeal

Description: Introduced by Barney Frank (D-MA). This bill would repeal the provisions in the Higher Education Act that prohibit students convicted of drug offenses from receiving federal financial aid.

Status: Introduced February 28 and referred to the Committee on Education and Workforce

H.R. 3785 Math and Science Teacher Recruitment Act

Description: Introduced by Representative Richard Baker (R-LA). Would increase loan forgiveness to \$20,000 for math and science teachers who teach in high need schools.

Status: Referred to the House education committee Feb. 26. No further action.

H.R. 3777 Responsible Student Financial Assistance Assurance Act

Description: Introduced by Representatives Gregory Meeks (D-NY) and Mark Souder (R-IN). Would modify the Higher Education Act to restrict the Title IV penalties for students convicted of drug offenses to only those student who committed the offenses while receiving federal aid.

Status: Referred to the House education committee Feb. 14. No further action.

H.R. 3273 Consolidation Student Loan Flexibility Act

Description: Introduced by Ralph Regula (R-Ohio). The legislation would provide student loan borrowers with a choice of lender for loan consolidation by eliminating from law the provision of the HEA which requires that students seeking to consolidate their loans do so only with one of their existing loan holders.

Status: Referred to the House Ed and Workforce Committee 11/9/01. No further action since last report.

H.R. 1992 Internet Equity and Expansion Act of 2001

Description: Introduced by Johnny Isakson (R-GA). The bill would modify the "50% rule" to allow more than 50% of courses via telecommunications if the institution already participates in federal student loan programs and their cohort default rate is less than 10%. The bill also proposes to eliminate the 12-hour rule and require instead that non-term and non-standard term programs use the same attendance criteria as term-based programs and would modify the incentive compensation rules for recruiters to apply to non-salary payments.

Status: Passed by the House 10/10/01. Referred to the Senate Committee for Health, Education, Labor and Pensions 10/11/01. A Senate companion bill, S. 1445 was referred to the Senate HELP Committee 9/21/01. No further action since last report.

S. 1792/H..R 3465 Call to Service Act of 2001

Description: Introduced by Senators John McCain (R-AZ) and Evan Bayh (D-IN) and 4 others, and Rep. Harold Ford (D-TN) and 9 others. This legislation would phase-in an increase in the percentage of FWS to be used for

Community Service jobs from 7% to 25% in 2011. It would also increase the number of participants in Americorps to 250,000 with half dedicated to public safety issues such as homeland security.

Status: S. 3465 was referred to the Senate HELP committee 12/10/01. The House bill was referred to the House Education, Veteran's Affairs, Ways and Means and Armed Services committees on 12/12/01. No further action since last report.

S. 721/ S. 1864/S. 1585/S. 1597 Nursing Scholarship Bills

Description: A series of bills providing scholarships to nurses or prospective nursing to encourage practice in shortage areas or increase their level of education.

Status: Most are either in Senate committees or have been referred to House committees. No further action since last report.

H.R. 2219 Amending Hope Scholarship Tax Credit

Description: Introduced by Representatives Dave Camp (R-MI), and Jim McGovern (D-MA). Modifies the Internal Revenue Code to allow the Hope Scholarship Tax Credit to cover tuition, fees, books, supplies and equipment and exempts Pell Grants and Supplemental Educational Opportunity Grants from counting against Hope Tax Credit eligibility.

Status: Referred to House Ways and Means Committee. No further action since last report.

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

Report from Newsletter Editor, Julia Perreault

The SASFAA Newsletter moved into the electronic age in 2001-2002. After much discussion, the SASFAA Executive Board voted to convert the newsletter from paper to an electronic format beginning with the Winter 2001 issue. There were concerns about whether all SASFAA members would have access to the Web version and would take the time to read it on-line. However, the number of visits to the Web site is tracked and it does appear that the membership is finding their way to the online newsletter.

In addition to changing the format, lender ads were discontinued in favor of individual lender logos to be displayed on the newsletter's opening page. Some members expressed concerns that sponsorship would decrease as a result of the more limited exposure the logo would provide. Any change takes time for adjustment and did note that sponsorship dropped off slightly for the first issue, but has since rebounded.

There are many benefits to making the newsletter available on line. It is now in color and so much more attractive and readable. The cost of producing and mailing the paper newsletter is money that can be reallocated in other ways by SASFAA. It can be downloaded and printed if some still need or prefer the paper format. Additions or corrections can be made on line if necessary. Overall, the process has been very successful and membership feedback has been positive.

As Julia began the last issue as editor of the newsletter, she thanked all those who had contributed to the process over the past two years. She indicated that she knew only too well how many responsibilities each of person had and how difficult it is to fit in one more request. Yet, each had given their time and energy to SASFAA and had taken the time to provide a report about their activities for the newsletter. That is dedication!

In July, she will pass the torch to the new editor, Sandy Neel, and will watch with interest as the newsletter continues to keep all of SASFAA informed and connected.

Report from Site Selection, Ron Gambill, Chair

The Site Selection Committee completed work on a new three-year contract with the Don Cesar Beach Resort and Spa for the SASFAA Executive Board transition meetings for 2003, 2004 and 2005. By contracting under a three-year contract, SASFAA was able to obtain a consistent room rate for all years. Dates are as follows:

Thursday, June 5, 2003 – Sunday, June 8, 2003
 Thursday, June 10, 2004 – Sunday, June 13, 2004
 Thursday, June 9, 2005 – Sunday, June 12, 2005

The next project of the Committee was to assist with potential sites for the December 2002 management conference. Contracts were made with hotels for tentative dates and room rates. Due to other events, a decision was made to postpone the management conference and all hotels were notified to not hold room blocks.

The major focus of the Site Selection Committee was to negotiate a SASFAA Annual Conference site for 2005. Based on past conferences, the rotation of SASFAA states provided Georgia. The Georgia Association accepted the opportunity and it was determined that Atlanta would have the best facilities considering the size of the conference. Four hotel sites in the Atlanta area were visited and proposals were acquired. The four hotels were the Atlanta Hilton, the Hyatt Regency, the Waverly-Renaissance and the Westin Peachtree Plaza.

Information was provided to the SASFAA Executive Board by conference call on Thursday April 11, 2002 at 10 a.m. Following the presentation of the four sites, the Site Selection Committee chair recommended the Hyatt Regency, Atlanta for 2005 and the Executive Board approved it.

The negotiated contract was completed on April 30, 2002. The dates for the meeting will be February 10-16, 2005. The negotiated room rate is \$137 single, double, triple or quad.

Recommendations for 2002-2003.

1. Site facility minimum standards should reflect the following:
 - a. Room capacity: 600
 - b. Breakouts: 10-12 with seating for 1,000
 - c. Vendor space: 60-65 8' x 10' booths
 - d. Flexibility to adjust the room block
2. The next state in rotation would be North Carolina. Secure support of the North Carolina Association.
3. Maintain contact with sites already selected to verify the sales contact.

Report from Vendor and Sponsor, Ann Hendrick Chair

SASFAA have had tremendous support, as always, from our sponsors. Our 2001-2002 contributions include the following:

	<u>Received</u>	<u>In-kind</u>	<u>Budget</u>
20 advertisers in the newsletter	\$ 15,850		\$22,000
54 sponsors for the annual conference	\$107,955	\$5,385	\$82,000
Board meetings	\$ 5,961	Dinners and hospitality	0
Totals	\$129,766		\$104,000
 New Aid Workshop:	 \$ 2,300	 Bags, t-shirts, supplies	
Mid-Level Workshop:	\$ 1,500	Bags, t-shirts, supplies	

Report from Special Projects Committee, Dorenda Adams, Chair

The Special Project Chair completed the following activities:

Decentralized Training:

The coordination of the dates and locations with the state presidents for the two Decentralized Training Workshops for 2001-02 were completed. Three states (GA, KY, and MS) participated in the Fall 2001 Decentralized Training Workshop on policies and procedures. Six instructors, two from each state, attended the NASFAA Training of Trainers workshop. The Training of Trainers Workshop scheduled in Washington, DC was cancelled because of the September 11, 2001 terrorist attack and instead the training was done by a video conference call to all instructors. Two states, GA and KY, participated in the Spring 2002 Decentralized Training on verification, cash management, FERPA/information release, and PPA (participation agreement). Three instructors, two from GA and one from KY, attended the NASFAA Training of Trainers in Washington, DC at the Wardman Park Marriott Hotel on January 27 and 28, 2002. Each State was responsible for ordering their workshop materials.

The NASFAA Fall 2001 and Spring 2002 training response forms and trainer Information forms were completed and submitted to NASFAA before the deadline dates (August 15 and December 17, 2001).

Coordinated with Sonja Mullen (Treasurer) on expenses for instructors from the various states.

Mid-Level Training Workshop:

Invitations were sent to SASFAA President, SWASFAA President, and NASFAA Chair to attend the workshop.

Instructors for the workshop were confirmed and Kwik Kopy shop will do the printing.

Attended two meetings on the preparation of the workshop for June 23-25, 2002 to be held at Millsaps College in Jackson MS. Still working with committee members on the workshop.

Thirty-two (32) have registered for the Mid-Level Workshop and confirmation notices have been sent to participants.

The board recessed for lunch at 11:55 AM.

The board reconvened at 1:15 PM.

Report from the Membership Committee, Clyde Walker, Chair

2001-2002 was a very busy and very productive year for the SASFAA Membership Committee. At the outset of the year, President Aldridge set as a goal an increase of 5% in membership, or to register a total of 1,215 members, quite a lofty goal in light of the fact that membership had actually decreased during the previous year. Many SASFAA members renew their annual memberships at the time they register for the annual conference. This was of significant concern since for many and varied reasons, there was an anticipated decrease in the level of registrations for the 2002 conference as compared to registrations for the 2001 conference. These fears were later realized when total registrants for the 2002 conference dropped from 813 in 2001 to 699 in 2002, a decrease of more than 14%.

An integral part of the plan to increase membership was the use of a mass mailing to solicit new and renewal memberships. Such a tool had not been utilized in the previous year, when heavy reliance was placed on e-mail and Internet communications in the annual solicitation of members. The committee appreciated the confidence that the board expressed in the committee by authorizing budget funds to cover the printing and mailing costs associated with this endeavor.

The chair was pleased to report that the collective efforts were a success, as the committee exceeded the aforementioned goal of a 5% increase in membership. During 2001-2002, SASFAA memberships totaled 1,325, an increase of 15% over 2000-2001.

Probably the greatest difficulty for the chair in performing his duties as Chair of the Membership Committee this year has been the slow speed at which data could be entered and processed using the laptop computer that SASFAA provided. The board has supported future membership committee chairs by authorizing the acquisition of a new laptop computer, which was recently purchased. The SASFAA membership database has been successfully loaded onto the new machine, and it will be transferred to next year's membership chair at the conclusion of the final meeting of the 2001-2002 board. The old laptop will be delivered to next year's secretary for her use.

Report from Electronic Services Committee, Lester McKenzie, Chair

There was no written report submitted by the electronic services committee.

Report from Archives Committee, Ellen Green, Chair

Once again, a large thank you needs to go out to Marsha King and the South Carolina Student Loan Corporation for their support of SASFAA's efforts to electronically save the archived files. The archived forms have been sorted by year and copied to computer disks in a TIF format. This format allows for the easy access, retrieval and web interfacing of all archived information.

Information was also provided from Virtual Image Technology. This company has several services that SASFAA may wish to look into for data retrieval and web interface/request information.

The 2002-2003 committee will need to look into how SASFAA wishes to retrieve the archived information and who would be eligible to retrieve the information. VIT can assist with getting the archived records on our web site for the use of the general association or specific groups. There are several other companies who can also provide these services.

REPORTS FROM LIAISONS

Report from the US Department of Education Liaison, Greg Martin

With the approach of summer, it seems appropriate to resurrect everyone's favorite perennial debate--summer EFCs. The arguments for and against methods of determining an EFC when certifying a summer loan (assume summer as a trailer the Scheduled Academic Year) for an independent student who already has received a loan for which the 9 month EFC was used are well known. The question remains, what method should be used? Policy guidance on this issue remains pending, where it has been for some time. In the interim, institutions may continue to do what they have done in the past, whether the outcome reflects methods suggested in prior ED presentations or those put forth in prior NASFAA Newsletters.

Another topic about which there has been no small amount of confusion is Distance Education. To recap:

An institution of higher education is not eligible to participate in Title IV student aid if 1) more than 50% of its courses are delivered by correspondence, or 2) 50% or more of its regularly enrolled students are enrolled in correspondence courses. 34 CFR 6900.7(a)

The above provisions are generally familiar and well outlined in the SFA Handbook.

A less well-known but equally important provision of the law (also found in the Student Eligibility Regulations 34 CFR 668.38(b)(ii) states:

For purposes of paragraph (b)(1) – [referring to enrollment in a telecommunications course at an institution of higher education] of this section an institution of higher education is one at which at least 50% of the programs of study offered by the institution during its latest completed award year led to an associate, bachelor, or graduate degree.

This provision could pose a problem for institutions that do offer degree-granting programs but which additionally offer a large number of certificate granting programs. If the latter exceeds 50% of the total programs offered, no student enrolled in a telecommunications course at the institution would be eligible to receive Title IV aid. This is because the institution would no longer meet the definition of “institution of higher education” for purposes of offering telecommunications courses. Those students enrolled in a degree granting program could be considered to be enrolled in a correspondence course. This would not be the case for students enrolled in certificate granting programs. The 2002-03 Student Financial Aid Handbook will offer detailed guidance in this area complete with examples.

Another issue recently attracting attention is the eligibility of home-schooled students. Some advocacy groups have been disseminating their own guidance, especially in reference to a letter on the subject issued by the Department’s Office of General Counsel. It is important that interested persons read the actual letter, in addition to third party comments on its content. Of particular importance is the final paragraph on page two stating in part, “We consider a home schooled student to be beyond the age of compulsory attendance if the State where a postsecondary institution is located would not consider that student truant once he completes a home school program; in other words, the State would not require that student to further attend secondary school or continue to be home schooled after completing a secondary curriculum.” While it may be true that home schooled students are generally eligible, the text quoted above clearly illustrates that there are potential institutional eligibility issues associated with admitting such students and institutions should be mindful of them. Hopefully, there will be further policy clarification on this issue.

Dear Colleague Letters

DCL GEN 02-03 discusses implementation of the regulatory changes for total and permanent disability discharges in the Federal Perkins, FFEL and DL programs. These changes take effect on July 1, 2002. Under the new procedures, the borrower must apply to the loan holder for a disability discharge. The loan holder must make a preliminary determination as to whether the borrower meets the criteria for a total and permanent disability discharge. If the loan holder determines that the criteria have been met, the loan (FFEL or Perkins) is assigned to the Department’s Disability Discharge Unit. If the Department affirms that all the criteria have been met, the conditional discharge period begins. The DCL contains three attachments that provide detailed information on the process as it pertains to each loan program.

A new total and permanent disability discharge application, for use in all three Title IV loan programs, has been developed and is under Office of Management and Budget review. When approved, it will be posted to IFAP as an attachment to a Dear Colleague Letter. The new application must be provided to all borrowers who request total and permanent disability discharges on or after July 1, 2002.

DCL CB-02-06 summarizes changes to the 2003-04 FISAP. While there will be no field changes to the 2003-04 FISAP, there will be one important change in the FISAP data collection process. For the first time, all schools are required to submit the FISAP by using the Department’s FISAP on the Web at www.cbfisap.sfa.gov. The FISAP on the Web will be available by August 1.

DCL CB-02-07 pertains to the 2001-02 Federal Perkins Loan Service Cancellation Reimbursement and Request. Your payment letter and worksheet should have been transmitted to you, in text format, through the Student Aid Internet Gateway (SAIG) by May 24, 2002. Payment will be issued in June 2002 by electronic funds transfer. Because of insufficient funds, less than 100% of the reimbursement due will be paid.

Electronic Announcements

May 24, 2002 announces the processing of Federal Pell Grant Initial Authorizations for 2002-2003. An ESOA will be sent to SAIG mailboxes in the message class PGAS03OP. Schools may begin sending disbursement records to COD as early as June 21, 2002, although funds will not be available in GAPS until July 1, 2002 for the 2002-2003 award year. Current initial authorizations (termed "Current Funding Level" or "CFL" in COD) can be viewed on the COD website (<http://cod.ed.gov>) on the School Funding Information page. It is important to remember that origination records do not increase an authorization level but only disbursements increase authorizations. This announcement also contains the COD School Relations Center number 1-80472-7268.

June 3, 2002 contains instructions for schools seeking web access to COD. The instructions explain how to set up a security administrator for your school. This security administrator will be able to set up others at his or her institution.

June 4, 2002 provides a description of COD release 1.1 which includes the following enhancements:

- Process requests for credit checks on the COD website
- Process PLUS Loans
- Generate Pending Promissory Note responses for PLUS Loans

Schools will continue to receive the six standard COD reports that were delivered to their SAIG mailboxes during Release 1.0. In addition, the School Account Statement will also be available.

Federal Registers

Notice of Revision of the Federal Need Analysis Methodology for the 2002-2003 award year. May 31,2002

General Remarks

Greg thanked President Aldridge and Past President Cox for asking me to serve as Federal Liaison during the past two years. He felt privileged to have had so close an association with SASFAA and the Executive Board in particular. He also wished to thank President-Elect Koonce for asking him to serve on the board again during for the upcoming year.

Report from State Agency Liaison, Ken Player

Alabama

Loan Servicing. The Alabama Commission on Higher Education has notified five lenders and the Alabama Higher Education Loan Corporation (AHELC) the agency must discontinue its loan servicing activities this fall. This action is necessary because Nelnet will discontinue its remote loan servicing activities that are required to service loans handled by the agency.

As a result of this action by Nelnet, as many as 11 Commission employees (all with 10-15 years of experience) could face termination from the agency within the year.

Student Aid Web Site. Alabama's state agency is pleased to receive from the Alabama Association of Student Financial Aid Administrators the organization's Special Award of Merit "in recognition of the outstanding service provided to students and parents through your student aid web site (<http://www.studentaid.state.al.us>).

William H. Wall, Ph.D.
Associate Executive Director for Student Assistance Programs

ECMC

ECMC Launches E-Signatures

On May 6, ECMC's electronic signature process went into production.

ECMC's e-sign process was designed around the requirements of the *Electronic Signatures in Global and National Commerce Act*. It does not require the student to obtain either a password or personal identification number. Instead, the borrower's intent to sign a promissory note electronically is captured at several stages of the process.

For questions regarding ECMC's e-sign process, please contact Mike Hawkes at 888-775-3262 on extension 7101.

Education Connection Adds New Classes

ECMC recently added new classes to its on-line training program known as *Education Connection*.

Education Connection was created to give financial aid professionals an opportunity to receive training without leaving the office, and at their own pace. *Education Connection* has classes on the following topics:

- Stafford Basics
- PLUS Basics
- Disbursement
- Delivery
- Stafford Repayment

ECMC plans to add additional *Education Connection* classes throughout 2002.

New Financial Aid Programs Booklet Available

ECMC and the State Council of Higher Education for Virginia (SCHEV) have once again collaborated to produce a booklet describing financial aid programs for Virginia students and their families.

Opportunities – 2002-03 Virginia Financial Aid Programs contains a significant amount of new content. New and enhanced sections include:

- Recommended courses for college-bound students
- An expanded checklist of activities for juniors and seniors
- Information about the SAT and a list of testing dates
- Helpful hints and commonly asked questions about the FAFSA
- A worksheet to compare financial aid awards.

Mike Hawkes
Director, Policy and Communications

Virginia Center

Kentucky

Kentuckians to Save Millions on Student Loans

Kentuckians taking out student loans to pay for college or technical training through the Federal Family Education Loan Program (FFELP) have the opportunity to save millions of dollars. In my role as executive director of KHEAA and KHESLC, my objectives are to provide students with the lowest fees and interest rates possible while rewarding students for pursuing higher education, remaining in school, and demonstrating a good repayment history. We owe

Kentuckians who have the determination to pursue higher education, but must mortgage their future to do so, the best and lowest-cost student loans possible.

The KHEAA board of directors voted at its April 30 meeting to waive the 1 percent loan insurance fee for 2002–2003, which has saved students \$20.8 million in the past six years.

The KHESLC board approved a revolutionary new program of borrower benefits at its April 12 meeting. These benefits will apply to KHESLC borrowers who are residents of Kentucky or who attend a Kentucky higher education institution.

In addition to savings that result from KHEAA’s fee waiver, student loan borrowers who choose KHESLC (better known as The Student Loan Peoplesm) as their lender will receive “BestStart,” the least expensive student loan in Kentucky. Teachers will receive additional benefits through “Best in Class.” These programs feature interest rate reductions and loan forgiveness that are expected to save Kentuckians \$7 million during the 2002–2003 academic year.

The BestStart and Best in Class programs reward responsible borrowers and dedicated teachers across the state. BestStart reduces The Student Loan People’s low fees even further, credits loan principal after completing the academic period for which the loan was made and for making consistent on-time payments, and offers interest rate reduction for automatic payments. Best in Class rewards teachers with interest and loan forgiveness. Both programs go into effect August 1. (Specific borrower benefits are shown below.)

BestStart and Best in Class FACTS

BestStart Benefits (for new Stafford Loans made on or after August 1, 2002):	
Benefit	Estimated FY 2003* Benefit to Borrowers
KHESLC’s origination fee is only 1%. (Lenders are allowed to charge a 3% origination fee.)	\$2.4 million
KHESLC will give a 2% credit to the unpaid principal when the borrower completes the academic period for which the loan was made.	Up to \$2.4 million
KHESLC will provide a 3.5% credit to the original principal balance for borrowers who make their first 30 consecutive payments on time.	Benefits will result in FY 2004 and later fiscal years.
Best in Class Benefits for teachers (for existing Stafford Loans or new ones made on or after August 1, 2002):	
At the end of each fiscal year, the interest will be forgiven for teachers who taught at public or nonprofit Kentucky elementary or secondary schools during that fiscal year. The accrued interest will be written off, and the interest paid will be credited to the unpaid principal.	\$900,000
In addition to the interest forgiveness on teacher loans, for borrowers who were special education teachers at a public or nonprofit Kentucky elementary or secondary school during the fiscal year, 20% of the loan’s original principal will be forgiven each year.	\$575,000

(*For fiscal year ending June 30, 2003)

The Student Loan People will also continue the following borrower incentives:

- Pay the 3% loan origination fee on behalf of medical, dental, and osteopathic students who borrow Stafford loans from Republic Bank and Trust Co. These loans are purchased by The Student Loan People immediately after disbursement.
- Decrease the interest rate by .25% for borrowers who make their loan payments through automatic withdrawal (Automated Clearing House) from their checking or savings account.

- Reduce the interest rate by 1% for borrowers with a Parent Loan for Undergraduate Students (PLUS) who make their first 48 payments on time.
- Continue to use Kentucky Higher Education Assistance Authority (KHEAA) as the guarantor for student loans. KHEAA currently waives the 1% insurance fee so students will have more money to pay toward their education.

For more information about BestStart, call The Student Loan People at 502.329.7186 (or toll-free at 888.678.4625) or visit the Web site at www.studentloanpeople.com.

Other New KHEAA Initiatives

Changes in Portability and State Grant Processing

The 2002-2003 grant system has been overhauled to accommodate in-state portability of state grants. Similar to the KEES process, colleges will report enrollment data to KHEAA at the beginning of each semester. The new process eliminates the requirement for students to notify KHEAA of a school change. The changes are a concerted effort to ensure all state dollars are fully spent and to accurately determine the level of unmet need in the Commonwealth.

Weekly NSLDS Reporting

KHEAA is the first of 36 guarantors nationwide to go to weekly electronic reporting, which eliminates the cumbersome cartridge/tape transfer and gives schools and students more up-to-date information for tracking loans and future aid eligibility.

eSign

KHEAA implemented eSign, which allows students to electronically sign the MPN, on April 1. We are working toward paperless processes, and we want to bring all schools along with us. Schools have the option to use eSign as their primary or alternative primary loan process during this first year. eSign is available to all schools and lenders that use KHEAA for processing. Contact Robin Buchholz at rbuchholz@kheaa.com, (800) 617-2699, or (502) 696-7240 with questions.

Itsmoneybaby.com

KHEAA has developed a new Default Aversion Web site (Itsmoneybaby.com) for online entrance and exit counseling, which is also targeted toward borrowers who are delinquent on their student loan payments. Loan counseling packets and posters are now being distributed to financial aid offices.

ELM Affiliate Membership

KHEAA and KHESLC are in the process of becoming affiliate members of ELM. ELM is a nonprofit, mutual benefit corporation that serves as a single point of data exchange and provides free services to schools. ELM is an alliance of lenders, guarantors, and servicers whose goal is to provide schools and FFELP providers with lower costs and more choices. Over 500 school campuses and 90 lenders representing 80 percent of total FFELP volume nationwide participate in ELM.

KHEAA Partners

KHEAA developed and implemented KHEAA Partners to communicate important messages and information (including the KHEAA's newsletter for schools and lenders) to our industry partners via e-mail. To subscribe, send a blank e-mail to kheapartners-subscribe-request@lists.KHEAA.com.

Call-In Conference

The next call-in conference will be held in July to answer questions about KHEAA programs and services and hear concerns and suggestions about financial aid issues, services, and processes. Watch for details via KHEAA Partners.

E-Mail Loan Limit Alert

KHEAA is now sending an e-mail alert to notify schools of potential dual enrollment problems. When a borrower's annual loan limit is exceeded due to the existence of multiple loans, which have overlapping loan periods, an e-mail alert will be generated.

New Building Update

KHEAA plans to move to its new facility by June 30. The new mailing address now in effect is: KHEAA, P.O. Box 798, Frankfort, KY 40602-0798.

Staff Changes

Michael Morgan has been appointed Student Aid Branch Manager and will oversee KHEAA's grant, work-study, and scholarship programs, including the Kentucky Educational Excellence Scholarship (KEES). Morgan comes to KHEAA from the student financial aid office at Transylvania University. He worked in financial aid at the University of Kentucky and Lexington Community College before joining the staff at Transylvania.

Dena Spivey is Policy and Client Services Branch Manager and provides policy and client services to parents, students, borrowers, schools, and lenders. Dena previously served as assistant director of financial aid at Eastern Kentucky University.

Legislative Update

At the end of the Regular Session of the 2002 Kentucky General Assembly and again at the end of a Special Session, the FY2003 Budget for State Government was not passed. The legislative efforts for KHEAA and KHESLC have been more productive. The following state laws are among those that become effective July 15, 2002.

- **HB 131** increases the debt limit for KHESLC from \$950 million to \$1.95 billion
- **HB 296** requires state agencies, as a prerequisite for initial issuance and renewal of a professional or occupational license, to certify that applicants are not in default on obligations to financial aid programs administered by KHEAA.

Dr. Joe L. McCormick
Executive Director, KHEAA/KHESLC

North Carolina

Recovery Rate Ranks High

NCSEAA has the third highest recovery rate out of 36 guaranty agencies nationwide, according to the US Department of Education's recently released annual report of recovery rates for guaranty agencies that collect on defaulted student loans under the Federal Family Education Loan Program (FFELP).

The recovery rates reflect how much money guaranty agencies collected on defaulted FFELP loans during the federal fiscal year Oct. 1, 2000 to September 30, 2001 relative to the agencies' beginning inventory as of the end of the previous fiscal year, September 30, 2000.

NCSEAA's recovery rate for the most recent year was 44.67%, with the average recovery rate among all guarantors for the same period being 22.27%. NCSEAA collected \$48,392,869 from defaulted FFELP borrowers during the

period October 1, 2000 to September 30, 2001. NCSEAA's beginning inventory as of the start of that period was \$108,328,417.

Default Claims Down

Current year default claims against the NCSEAA guarantee are down by 25% through the end of March, compared to the same period a year ago. This is good news, since we would normally expect an increase in defaults during a time of economic downturn. The lower numbers of defaulted loans result from work at both NCSEAA and CFI to avert defaults through good communication with borrowers who experience difficulties in repaying on time.

Submitted by: Steve Brooks

South Carolina

Last summer, four guidance counselors from across the state participated in a pilot of the Guidance Counselor Internship Program sponsored by the South Carolina Student Loan Corporation and the South Carolina Association of Student Financial Aid Administrators (SCASFAA). This program is designed to enable counselors to be better prepared to assist students and parents in gaining an awareness of the financial aid process and the availability of student financial assistance. Last year's counselors, whose experience ranged from one to 15 years, agreed that they learned information about student financial aid that made them a more effective counselor, and strongly agreed that they would recommend the program to a colleague. The Corporation is pleased to be a part of this exciting program which, for this year, has been expanded to 10 intern positions.

The Corporation's Annual Loan Programs Workshop was held March 11, 2002 in Columbia, South Carolina and was well attended by the financial aid administrators in the state. The Workshop included updates on the lottery funding and legislation from the SC Commission on Higher Education, military mobilization and disaster relief and its effect on loans, the South Carolina Teacher Loan Programs, debt counseling, e-signatures, on-line applications and alternative loan programs.

The Corporation had anticipated having E-Sign available for applicants in April. While slightly delayed we still anticipate having E-Sign available for applicants by the first week of June. We will initially allow electronic signatures for our Stafford applicants and plan to phase in other loan types. On-Line applications will also be available shortly after E-Sign is implemented and again – we will initially have the Federal Stafford Loan application and MPN available on our web site and plan to phase in other loan types.

The Corporation's Consolidation Loan Program is booming. In the best interest of the borrower, the Corporation is offering borrowers a 2% reduction on their consolidation loan interest rate for the first year of repayment. Even with the anticipated drop in interest rates July 1, the Corporation will continue to offer this reduction to its borrowers and is, in fact, encouraging borrowers to delay their consolidation to take advantage of the lower rates. This is a far cry from other consolidation "brokers" who are contacting borrowers and encouraging them to consolidate now. The Corporation is very concerned about this practice that is distinctly not in the best interest of the borrower.

Submitted by: Cheryl Hughes

SC Tuition Grants Program

The SC Tuition Grants Program is a need-based grants program created in 1970 by the SC General Assembly that provides tuition assistance to over 11,000 South Carolina students each year at the South Carolina independent colleges.

Since the summer of 2001, the SC Tuition Grants Program has lost over \$2 million through state budget reductions and rescissions during a time when the student eligibility pool has increased by over 800 students and college costs are increasing. As a result, the tuition grants commission was required to reduce all tuition grants in the middle of the 2001-2002 award year by 10%. Since the reduction was made after the Fall semester grants had been disbursed,

100% of the yearly reduction came from the Spring, 2002, semester. This reduced students' awards by an amount of \$400-\$750 depending on the college they were attending.

The following is a summary of what has happened to the funding of the SC Tuition Grants Program since June of 2001 that has reduced the average grant to a dollar level of \$2,091, **near the level of the average grant amount of over twenty years ago in 1980:**

1. a 1% state reduction in 2000-2001 took \$215,752 from the tuition grants program;
2. \$550,000 in program funds left over in 2000-2001 that were planned to be carried forward into 2001-2002 were taken back by the State;
3. \$500,000 in non-recurring funds received in 2000-2001 were not made permanent in the 2001-2002 next award year even though the students recurred;
4. \$43,000 was cut from the base funding in the 2001-2002 award year;
5. a 4% state reduction in 2001-2002 took \$860,789 from the tuition grants program;
6. a 2.52% state reduction in March of 2002 took \$520,605 from the tuition grants program;
7. 830 additional eligible students in the 2001-2002 award pool (\$1.8 million cost) had to be funded with existing program dollars, significantly lowering the average grant amount.

Additionally, in the House and Senate 2002-2003 State Appropriation bills, the above listed budget reductions have been made permanent to the base funding level, with the Senate version also recommending an additional 2.87% reduction (\$592,700) to the base funding.

The Governor's original recommendation for use of lottery funds earmarked a \$6 million increase for the SC Tuition Grants Program (\$4 million direct increase and \$2 million increase from the SC Need-based Grants Program). The House version of the lottery spending bill includes a \$2 million increase to the SC Tuition Grants Program, and the Senate version includes a \$3.71 million increase. At the writing of this update, the Lottery Spending Conference Committee and the State Budget Conference Committee have not completed their work for the 2002-2003 fiscal year.

There is little doubt that many South Carolina independent college students will benefit from the increases to the Palmetto Fellows and Palmetto LIFE merit-based scholarship programs resulting from the lottery funding. However, out of the 10,175 SC independent college students receiving the need-based SC Tuition Grant in 2000-2001, only 3% also received the Palmetto Fellows award, and only 25% also received the Palmetto LIFE award. This points out that 97% of the high-need, B and C average South Carolina independent college students do not receive the Palmetto Fellows award, and 75% of the high-need South Carolina independent college students do not receive the Palmetto LIFE award. The advances and accomplishments that South Carolina has made in the merit-based scholarship arena are admirable, but our need-based programs have not experienced similar growth.

Eddie Shannon
Executive Director

Tennessee

As of May, the Tennessee General Assembly had not agreed upon a revenue proposal for the 2002-2003 budget. Out-of-state travel was frozen and budget implications for postsecondary education are dramatic. The potential exists for a significant shortfall in state revenue and a significant increase in tuitions at public institutions for the fourth consecutive year.

The Tennessee Higher Education Commission has presented suggested guidelines that impact enrollment and academic programs to the General Assembly in the event no new revenue is found. Tuition increases in excess of 15 percent have been discussed. The impact on need-based grant recipients will be substantial.

In light of these issues TSAC has seen the largest loan volume in the history of its FFEL programs. TSAC will not charge a guarantee fee for the 2002-2003 award year, which is consistent with the past several years. Fortunately, TSAC's cohort default rate will drop again for the 10th consecutive year. TSAC continues to focus on automation and default aversion.

The contract for the new web-based grant and scholarship system was awarded to Guarantec of Jacksonville, Florida. TSAC's goal is implementation of the new grant system for the 2003-2004 award year. Significant benefits will be provided to students, schools and TSAC staff.

Due to the anticipated NPRMs coming out of negotiated rulemaking, TSAC has planned additional training for 2002-2003 for lenders and schools.

Submitted by: Ron Gambill

Report from Lender Lisison, Karen Gibson

The Lender Liaison Report throughout the year has contained much valuable information regarding the changes that have happened as well as the changes being proposed for the lender community and students.

The events on September 11, 2001, created a backlog of proposals for Congress dealing with Student Aid. The previous two reports have documented the information that affected the lending community, which in turn affects the students in our colleges and universities across the country. A great majority of the information that I have been reading has been about mergers, partnerships, and percentage rates, and benefits for students.

The following information has been gathered for the remainder of the reporting period for the SASFAA Executive Board.

- **PRESIDENT BUSH SIGNS INTEREST RATE BILL INTO LAW** – On February 8th, President George Bush signed into law S.1762, “to amend the Higher Education Act of 1965 to establish fixed interest rates for students and parents borrowers, to extend current law with respect to special allowance rates for lenders, and for other purposes.
- **CAMPUS-BASED PROGRAMS ESCAPE BUDGET CUTS** – Considered by most a significant victory in light of the tight budget environment and the overarching need to prosecute the war on terrorism every major campus-based student aid program is level funded at this year's spending level.
- **BUSH ADMINISTRATION WORKING ON FAIR, ACCURATE STUDENT LOAN COST MODEL** – The Bush Administration, under the leadership of Secretary of Education Rod Paige, is working to improve cost estimates for the student loan programs in an effort to achieve more accurate and fair cost figures for both the FFELP and Direct Loan program.
- **OVERALL LOAN VOLUME TO INCREASE WHILE CONSOLIDATION VOLUME IS PROJECTED TO LEVEL OFF** – The President's FY 2003 budget request contains the Department of Education's estimates for loan volume in 2003, showing overall volume will continue to climb as consolidation volume will level out after two years of significant increases.
- **TEXAS GUARANTEED FUNDS COMMUNITY COLLEGE TRANSFERS LOWER RISK BORROWERS THAN EXPECTED** – In the past, community college transfers were considered high-risk borrowers, and it was assumed that they defaulted at rates similar to those of the colleges from which they transferred. However, study showed that while community college default rates still tend to be relatively high, transfer borrowers default at a lower rate – more similar to that of borrowers at four-year institutions.
- **US PIRG'S HIGHER EDUCATION PROJECT SAYS STUDENT LOAN DEBT UNMANAGEABLE** – Saying student loan debt is a “ball and chain” for many graduates, the US PIRGs' Higher Education Project released an analysis this week that says thirty-nine percent of student borrowers now graduate with unmanageable levels of debt meaning that their monthly payments are more than 8% of their monthly incomes.

- TEXAS GUARANTEED CONTINUES WAIVER OF GUARANTEE FEE OF 1%
- SALLIE MAE'S E – SIGNATURE PROGRAM GOES LIVE
- AMERICAN STUDENT ASSISTANCE IMPLEMENTS COMMONLINE 5 – ASA has become the first Federal Family Education Loan Program participant in the country to launch functionality for Common Line Release 5
- NSLP'S NEW DEFAULT PREVENTION TOOLS WILL HELP STUDENTS MANAGE FINANCES - NSLP announced this week it has developed several additional borrower education and delinquency prevention tools schools can use to help students manage their finances and repay their student loans.
- INCREASED LOAN FORGIVENESS PROPOSED FOR TEACHERS – A proposal was unveiled to provide math, science, and special education teachers up to \$17,500 in student loan forgiveness.
- NEW ENTRANT IN ALTERNATIVE LOAN ARENA – Mary Poisley Williams, a student loan industry veteran and former Bank One Education Funding Product Manager announced the creation of an independent marketing consulting firm focused on alternative loan funding products. The products are offered within an outsourcing model to help financial institutions manage risk and infrastructure costs while maximizing fee income and interest.
- BUSH ADMINISTRATION NEUTRAL ON DIRECT LENDING – The Chronicle of Higher Education published an article and is quoted as saying that the White House had no plans to dismantle the Direct Loan program but he could not guarantee that the administration would continue to support the program when the law that authorizes it expires next year. The article reports that supporters of the Direct Loan program are concerned that the Bush administration will attempt to dismantle the program and cite as cause for concern the Bush Administration proposal that would allow lawmakers, through the annual appropriations process, to determine how much the Education Department can spend each year to administer the Direct Loan program.
- MAJOR TUITION INCREASES AT PUBLIC COLLEGES – students at public colleges throughout the nation will be experiencing historically large tuition increases this year. While tuition has been on the rise at public colleges at an annual rate of about 4 percent, many states are announcing double-digit increases to help meet budget shortfalls caused by falling state revenues.
- NSLP HELPS BORROWERS REHABILITATE DEFAULTED LOANS – Nearly 1,200 borrowers who defaulted on their student loans are no longer in default. NSLP's student loan rehabilitation program has returned nearly \$10 million in defaulted student loans to good standing over the last year and a half.
- OMB REAPPROVES DIRECT PLUS LOAN APPLICATION, NOTE, AND ENDORSER ADDENDUM - OMB has reapproved the current Direct Plus Loan Application and Promissory Note and Endorser Addendum through January 31, 2003.

OLD BUSINESS

There was no old business brought before the board for discussion.

NEW BUSINESS

Ron Gambill brought to the board discussion concerning insurance coverage for SASFAA. He indicated that his research had shown that there were different types of insurance related to the work performed by associations. He indicated that he had spoken with Rust Insurance Agency of Washington, DC. This agency deals with the insurance

needs of associations. It was noted that there are 25 different types of insurance available for associations. He also mentioned that Travelers Insurance Company provided insurance coverage for associational activities.

ACTION: Ron Day moved that Ron Gambill be empowered to investigate obtaining liability insurance coverage for SASFAA. The motion, seconded by Michael Morgan, was approved.

Bill Cox was acknowledged. He presented President Clark gifts from SASFAA.

President Clark recognized President-elect Karen Koonce and presented her the gavel as SASFAA's President for 2002-2003.

ACTION: Brent Tener moved to adjourn. The motion, seconded by Bill Cox, was approved.

Respectfully Submitted

Guy F. Gibbs, SASFAA Secretary

