



# The SASFAA Newsletter

A Publication for the Members of the  
Southern Association of Student Financial Aid Administrators  
SASFAA on the web at [www.sasfaa.org](http://www.sasfaa.org)

April 2011 - Spring Issue

## In this issue...

President's Message	2	TASFAA State Report	18
Secretary's Report	3	VASFAA State Report	19
Treasurer's Report	3	2012 SASFAA Annual Conference	20
President Elect's Report	3	Financial Aid Cheating: 6 Reasons to Stay Honest	21
Advertiser - TG	5	7 Habits of Highly Frugal People	22
Agency and Lender Liaison Report	6	The Financial Aid Road Map	25
Budget and Finance Committee Report	10	Cutting Pell Grant Funding	27
Conference Committee Report	11	FY2011 Spending Bill Eliminates	
Legislative Relations Committee Report	12	Year-Round Pell and LEAP	28
Professional Development Committee Report	13	NASFAA's Professional Development Opportunities	29
Site Selection Committee Report	13	History of Student Financial Aid	30
Sponsorship Committee Report	14	States Struggle with Managing Federal Stimulus Funds	34
AASFAA State Report	14	Burden of Student Loans Squeezing Grads	35
FASFAA State Report	15	The Real Cause of Pell Grant Cost Increases	37
KASFAA State Report	16	Photo Gallery: SASFAA 2011 Annual	
Advertiser - USA Funds	16	Conference in Jacksonville, Florida	38
SCASFAA State Report	17		



## President's Report

Sandy Neel, SASFAA President 2010-2011

The 48th Annual Conference is behind us and deemed a success! 475 of our colleagues visited sunny Florida for the conference "Waterways to the Future: Navigating a New Course for Student Success".

Brenda McCafferty and the Conference Committee need to be commended for an excellent job and special thanks go out to Monica Stamm and the Florida association for a job well done with local arrangements! We were very lucky to have 26 vendors at our Conference thanks to Dewey Knight! Thank you to all of those who helped with the conference and to all of those who attended.

Curtis and Betty Whalen along with Marvin Carmichael were awarded honorary lifetime memberships in SASFAA. We wish them well as they move into the next phase of life, RETIREMENT! Congratulations to Brent Tener, who was presented the NASFAA State and Regional Leadership Award. This award was announced last summer at the NASFAA conference in Denver, however, it was officially presented at our conference by NASFAA Chair Dr. Laurie Wolf. I will never forget Ron Day's face when he realized he was selected as the recipient of the SASFAA Distinguished Service Award! Congratulations to each of these folks and thank you for your service to SASFAA and to the Financial Aid Profession.

SASFAA members are some of the most generous people I have ever met. With the help of monetary donations, donations from the silent auction and prize donations for the live auction, we were able to raise \$4,000 for our charity, The Wounded Warriors Project. I am so proud to be a part of such a kind and giving group. More information about the Wounded Warriors Project can be found at [www.woundedwarriorproject.org/](http://www.woundedwarriorproject.org/).

Our SASFAA Conference comes right at the most opportune time. On Monday February 14, 2011 President Obama released his fiscal 2012 budget proposal and on February 11, 2011 the House Released HR 1. Since NASFAA President Justin Draeger was with us at our conference, we were able to get a firsthand account of the impact HR1 and the President's budget proposal would have on Student Aid. Your SASFAA Board elected to send a letter to the Senators in our region opposing the reduction in PELL grant monies for our neediest students. A special thank you goes out to Bill Spiers and the Legislative Relations Committee for drafting the letter that was sent. The Department of Education continues to support SASFAA by sending Jeff Baker, Carnie McCullough and David Bartnicki to present sessions and give us the federal update.

In the next few months you will be holding your state meetings. The one thing I was looking forward to most as SASFAA President was to visit each of you at your state meetings. Unfortunately, when times are tough budgets are cut and one thing we, as a board, decided to cut was

travel to the state meetings. Please know that even though I am not with you in body, I will be there with you in spirit! A representative on the SASFAA Board from each state will give the SASFAA update and recognize those from your state that are currently serving in some capacity for SASFAA.

This May I will travel to Portland, OR for the NASFAA Board meeting. Thank goodness someone in NASFAA didn't schedule the Board meeting for the first Saturday in May because this Kentucky girl loves to be home for the most exciting 2 minutes in sports, the running of the Kentucky Derby. After that, the SASFAA Board meets in June for our final meeting of the year and the transition of the Executive Board.

It has been an exciting and trying year to say the least but we have made it through. No matter what rules or laws are thrown at us in the future, even if we hit some rough waters ahead, I know we will all be at the helm crossing those waterways to help our students and advocate in their best interest. Financial Aid can be a thankless job but remember it is a noble profession and you all do it so well! Thanks for all you do!

***"In the next few months you will be holding your state meetings. The one thing I was looking forward to most as SASFAA President was to visit each of you at your state meetings."***





## Secretary's Report

**Amy Berrier, Secretary**

All currently approved Executive Board Meeting minutes have been posted to the SASFAA website under the "Meeting Minutes" link. Minutes from the 2010 Annual Business Meeting held in Louisville, Kentucky have also been posted to this section of the SASFAA website.

Minutes from the 2011 Annual Business Meeting held in Jacksonville, Florida were emailed to the membership for review on February 18, 2011 and March 3, 2011. These minutes are not approved yet, as the process of approving them will take place at the Annual Business Meeting in Greensboro, North Carolina in February 2012. Please let me know as soon as possible if any corrections need to be made to the annual business meeting minutes.

The most recently approved SASFAA Policies and Procedures Manual (March 3, 2011) has been posted to the SASFAA website. This updated P and P version can be found under the section About SASFAA – Governing Documents.

The SASFAA Executive Board also adopted a new Long Range Plan that will be in effect from July 1, 2011 through June 30, 2016. Once this document is finalized and posted on the website, I will email a notice to the SASFAA listserv.

Thanks to the Bylaws Committee (Vickie Montgomery, Tom Morehouse, and Jane Kanipe) for assisting me in an annual review of the P and P manual. It is an arduous task to keep this document in tip-top shape!



## Treasurer's Report

**Jeff Dennis, Treasurer**

The Annual Conference is now over, and I would like to thank all of the people that assisted with the registration process. Under the wonderful leadership of Bryan Erslan, Membership Chair, registration went very smoothly. Brenda McCafferty did a wonderful job leading the Conference. Dewey Knight, Sponsorship Chair, kept all of the sponsors happy and comfortable. All in all, it was a team effort as usual! It is now time to start accepting payments for the New Aid Officers Workshop at Clemson University, June 19th-24th. Registration is now available under Training on the website. Payments can be made via credit card or check. The workshop will fill up quickly, so make sure you get your staff registered, to reserve your spot.



## President-Elect's Report

**Brad Barnett, President-Elect**

The 48th Annual SASFAA Conference has come to a close and I think we can all agree that it was a tremendous success. Brenda McCafferty and the Conference Committee did a fantastic job pulling off a top notch event in these challenging times. It was wonderful to see our conference numbers up and our exhibit area full of exhibitors and conference attendees visiting their booths. SASFAA has weathered the "financial storm" of the past couple of years well and we are poised for a promising future.

As part of the NASFAA Regional Exchange Program we had two visitors at our conference this year. Brenda Hicks, RNASFAA President Elect from Kansas, and Larry Chambers, NASFAA Representative at Large from New York. They attended the conference to learn more about how SASFAA functions, and we were blessed to have them both present concurrent sessions as well. Brenda also attended the SASFAA Board meeting immediately preceding the conference. This type of collaboration with our colleagues from across the country enhances SASFAA's ability to draw on a variety of resources to better serve our members.

We were also fortunate to have NASFAA President, Justin Draeger, NASFAA Chair, Dr. Laurie Wolf, and several of our "friendly feds" (Carney McCullough, Jeff Baker, and David Bartnicki) from the Department of Education participate in our conference this year.

A tradition at the Annual Conference is for the SASFAA President-Elect to hold a workshop for the SASFAA State Presidents-Elect, and that tradition was upheld this year. This in an important event as it is often the first time these

*(continued on page 4)*

## President-Elect's Report...*(continued from page 3)*

individuals will meet each other, and they represent nine votes on the SASFAA Board in 2011-12. Your nine SASFAA State Presidents for 2011-12 are:

- Alabama - Vickie Adams
- Florida - Allison Beaver
- Georgia - Nancy Ferguson
- Kentucky - Aaron Gabehart
- Mississippi - Seph Anderson
- North Carolina - Kimberly Driggers
- South Carolina - Allison Sullivan
- Tennessee - Lester McKenzie
- Virginia - Melissa Barnes

Unfortunately, Lester and Melissa were not able to attend the workshop and SASFAA Annual Conference this year, but those in attendance were provided with an afternoon workshop that covered the following topics:

- Insights from current SASFAA State Presidents (Donna O'Quinn - Mississippi, Sandra Rockett - Tennessee, Nathan Basford - Florida, and Dave Cecil - Kentucky)
- Parliamentary Procedures taught by Heather Boutell and Lisanne Masterson (both SASFAA Past Presidents)
- SASFAA Budget taught by Marian Huffman, SASFAA Budget & Finance Chair
- SASFAA Policy & Procedures related to State Presidents, Newsletter, SASFAA Long Range Plan, and other topics

I am happy to say the Board for 2011-12 is coming along nicely with every position filled, and those who have agreed to serve are looking forward to a great year. It is certainly a pleasure to see so many people expressing a desire to be a part of this organization. I also want to congratulate the newly elected SASFAA Officers for 2011-12, and look forward to serving with them on the board:

- President Elect - Jeff Dennis
- Vice President - Runan Pendergrast
- Treasurer - Nancy Garmroth

Each year the SASFAA President-Elect has the responsibility of selecting a theme for the conference during his/her year as President. As I attended the MASFAA Annual Conference in October as part of the NASFAA Regional Exchange Program I listened to a tribute MASFAA gave to Allan Purdy, who passed away in 2010 and is often considered the "father of the ASFAAs".

It was mentioned that Mr. Purdy always focused on "what's best for the students." As I was listening to this I wrote the following note to myself, "focusing on what's best for our students." When it came time to select a theme for 2011-12, I ended up going right back to that note and Mr. Purdy's outlook on his work. So, the theme for the 2012 SASFAA Annual Conference is "Focusing on What's Best for Our

Students." I think that is an accurate description of who we are as an association and what we are about.

As many of you know I had originally asked Laura Diven-Brown to serve as Conference Chair for the 2012 Annual Conference in Greensboro, NC February 26-29, 2012. Laura graciously agreed and was off to a fantastic start. Then, an unfortunate event occurred. Laura was diagnosed with cancer and understandably stepped down to focus on her health. I am happy to report that the last update I received was positive and she seems to be well on her way to recovery. I want to express my gratitude to Shelley Park, Eastern Kentucky University, for agreeing to step in and serve as the 2012 Annual Conference Chair in Laura's absence.

On a personal note, many of you know my sons, Drew (11) and Jackson (9) are on an alpine ski racing team. The first weekend of March was their end of the season regional Champs race. As a young skier in his age group Jackson skied great and ended up medaling in two of the races. He showed a great deal of skill and determination in how he

***"...The theme for the 2012 SASFAA Annual Conference is 'Focusing on What's Best for Our Students.' I think that is an accurate description of who we are as an association and what we are about."***

skied in his very first Champs experience. And, he exhibited solid sportsmanship to his fellow competitors. I was very proud of the way he conducted himself and how he skied during the weekend.

Unfortunately, Drew had a crash during his first run that was so intense it broke his ski, so he was done for the day. The safety net caught him and he is okay, but he was a bit banged up and shaken up. How do you handle something like that? As a parent I was heartbroken to see my son with the cut behind his ear, black and blue eye, hurt leg, and sore nose. I was sad for him that he worked all season for this and was missing out on being able to participate in it. Part of me wanted to hold him and protect him from all harm. And then, there was the other side of me that wanted to see him not let fear set in and keep him off the mountain. My emotions were running wild and I wanted to do what was right for Drew. In the end though, I understood that these types of events are character defining moments in life.

Your choices are to let the fear (choose your own word) keep you down, or find a way to "get back on the horse" and face it. I am happy to say that Drew faced the fear and using

*(continued on page 5)*

## President-Elect's Report...*(continued from page 4)*

a backup pair of skis he raced again on the second day. He didn't medal and was a bit cautious during his runs, but medaling didn't matter...to his credit he got back out there, and that's what is important. I was so proud of Drew for the way he responded to this crash.

As a parent, I learn a lot from watching my kids grow up and being a part of the many challenges they face. I look at what Drew experienced and see a lot of parallels to what our industry has experienced over the past few years. Basically, our industry has experienced many crashes (Cuomo, loss

of FFELP, more needy students and less grant money, budget cuts, etc.), and we have to ask ourselves how we will respond. We can lie down, give up, throw in the towel, or feel defeated in our work. Or, we can stand up, face the issues head on, and move forward doing what we do best... advocating for our students. You choose your own path in response to these challenges, but from what I have seen, like Drew, SASFAA is choosing to get up and ski down the mountain again.



Want to make  
financial literacy exciting?

**TG can help.**

Designed to be simple, engaging, and memorable, TG's financial literacy modules hold students' attention through short activities, fun workbooks, and focused scripts. And we show you how to use these modules through Train-the-Trainer sessions, either in person or by webinar.

To learn more, visit [www.tgslc.org/SASFAA](http://www.tgslc.org/SASFAA).

**TG**<sup>™</sup>



# Agency and Lender Liaison Report

Janet Nowicki, Liaison

As Agency/Lender/Service Liaison, I requested each entity which offers services to our SASFAA constituents to update us on what they are currently offering our members and students and/or issues they are dealing with in their respective states. Below is a short synopsis from several of them.

## **COLLEGE FOUNDATION, INC.**

At College Foundation, Inc., we're excited about the many opportunities we have to make a positive impact on the lives of North Carolinians. We administer the North Carolina state grant programs and the NC529 National College Savings Program, on behalf of NCSEAA. College Foundation of North Carolina - in which CFI is a partner - has been successful at increasing the college-going rate of North Carolina high school students over the last decade. That's an accomplishment of which we are very proud. Our CFNC Regional Representatives provide services throughout the state, from kindergarten through graduate/professional school. CFNC offers high school students the opportunity to electronically submit their high school transcripts to college admissions offices in NC. CFNC's Transfer Navigator provides an on-line interactive tool to help students find course equivalency information between the community colleges and 42 of NC's 4 year colleges/universities.

One way CFI is supporting campus default management efforts is through our on-line interactive financial literacy course. The course is designed for high school and college students and includes a variety of budgeting tools, a credit card calculator, and a series of fact sheets that cover a variety of topics, from selecting a bank to protecting yourself against identity theft. The number of NC campuses using the course and materials as part of their default management and loan counseling efforts continues to increase. A related CFNC tool is the Smart Borrower Calculator. The Smart Borrower Calculator shows the student how much education debt is manageable, based on his/her career interest by linking average starting salaries and monthly loan payment information.

We are focused on maintaining one of the lowest FFEL cohort default rates in the nation, by providing strong customer service through our in-person, telephone, and on-line services.

## **DISCOVER STUDENT LENDING/CITIASSIST STUDENT LOAN CORPORATION**

The main item for both entities is that Discover Student Lending and Student Loan Corporation will continue to operate as two private loan products through the 2011/12 lending season.

Citibank will continue to originate, process, disburse and service the CitiAssist private loans.

Therefore, both lenders should be treated as separate private loan products, especially as regards lender lists. We are answering all RFI requests as separate lenders. CitiAssist private loans should still be listed under Citibank and Discover should be listed under Discover Certified Private Loans.

Basic message to SASFAA is "business as usual" for 2011/12. We will both have vendor booths at many regional and state conferences this year.

## **SUNTRUST EDUCATION LOANS**

For 46 years, SunTrust Education Loans has proudly provided education-financing services to students and parents, and we have offered private loans for 15 years. SunTrust Education Loans offers two competitive private education loans – Academic Answer® and the Custom Choice Loan® - to help students fill the gap if federal loans, scholarships, and grants don't cover all of their college expenses. The loans are available to undergraduate and graduate students enrolled at least half-time at an eligible school.

The Custom Choice Loan, introduced in July 2010, offers students the opportunity to truly customize their loan to best fit their needs. In addition to choosing between a fixed or variable interest rate loan, students also have the choice of repayment options and repayment terms. The choices they make may help them save money on their loans.

In an effort to provide students with additional funding for education, SunTrust has offered the Off To College Scholarship Sweepstakes<sup>SM</sup> for several years. Eight winners have been selected to date in this year's sweepstakes, and each of the following states has had one winner: GA, TN, VA, MD, KY, KS, CA and OH. Drawings continue every other week until May 14, 2011, and new this year, current undergraduate students, and not just High School Seniors, are eligible to enter online at [offtocollege.info](http://offtocollege.info). It's free to enter and eligibility is not based on GPA or financial need. Plus, if they don't get selected one week, they can keep reapplying as we clear the entries after each selection.

## **WELLS FARGO**

Wells Fargo Education Financial Services serves more than 2.4 million student and family customers in all 50 states and is committed to helping customers make smart borrowing decisions to finance education. Education Financial Services

*(continued on page 7)*

April 2011 Online News - Page 6

## Agency and Lender Liaison Report...*(continued from page 6)*

provides customers with financial tips and tools to keep their finances on track while in school and prepare them financially for when they finish college.

### **Private Student Loan Forgiveness**

Loan forgiveness will be an enhancement added to existing and future Wells Fargo private student loans used to directly cover education-related expenses. The forgiveness covers the death or permanent disability of the student beneficiary of the loan.

### **CollegeSTEPS® Program**

Wells Fargo offers tips on planning for college through the **CollegeSTEPS** Program. High school students that enroll in Wells Fargo's **CollegeSTEPS** Program get valuable emails that keep them on track with college planning. They'll get tips on things like how to study, getting financial aid, and making campus visits.

### **Customer Service**

Wells Fargo was once again ranked No. 1 in the American Customer Satisfaction Index (ACSI), an independent survey of consumer satisfaction of the largest banks in the U.S., for 2010.

### **Merger Update**

We're excited that we have completed our first market conversions in the East. Wachovia consumer and small business offices in Alabama, Georgia, Mississippi, and Tennessee transitioned to Wells Fargo banking stores in the fall of 2010. Throughout 2011, additional Wachovia stores in the East will convert to Wells Fargo.

## **AMERICAN STUDENT ASSISTANCE**

### **Portfolio Management**

- American Student Assistance® (ASA) has a cohort default rate that has consistently ranked among the lowest of all national student loan service providers.
- ASA's trigger rate, which looks at all loans in repayment, including those beyond the cohort period, has beaten the national rate by an average of 35 percent since 2001.
- Ninety-five percent of all loans in the ASA portfolio are currently "in good standing," meaning they are not delinquent.
- ASA® currently manages a loan portfolio worth approximately \$40 billion and supports nearly 1.7 million college loan borrowers nationwide.

### **New Initiatives**

#### **• Delinquent Borrower Research Study**

With data provided by ASA, EdFund/ECMC, Great Lakes, Texas Guarantee, and USA Funds, the Institute for Higher Education Policy (IHEP) examined the repayment experiences of delinquent borrowers. The study specifically focuses on the use of deferments and forbearance to manage student loan debt, delinquency rates, and the overall experience of borrowers who entered repayment between October 1, 2004, and September 30, 2009.

Historically, public debate about student loans and debt burdens has focused primarily on defaulters and default rates. Cohort default rates, tracked by schools and published by the U.S. Department of Education, have been the key indicator to determine borrowers' struggle to meet their student loan obligations. In reality, however, the vast majority of student loan borrowers never default. And yet, those who do not default still enter repayment challenged by the financial obligations they face. The goal of this study is to shine a light on the full range of borrower repayment patterns in general and on students who became delinquent on their student loans but did not default, in particular. The initial research findings are scheduled for publication in March 2011.

#### **• Approaching the Tipping Point: The Implications of Student Loan Debt and the Need for Education Debt Management**

With student debt loads skyrocketing and student loan default rates on the rise, college students everywhere are wondering if their student loan debt is a worthy investment in their future or a lifetime obligation that will actually hinder their long-term financial success. ASA has released a white paper that explores the benefits of incorporating a neutral nonprofit "borrower advocate" into the student loan system to help borrowers make more informed repayment choices and avoid payment problems.

*Approaching the Tipping Point* illustrates that student loan repayment problems no longer affect a small minority of student borrowers: Reports show that as many as one in five student loan borrowers over the last 15 years has defaulted, and an upcoming study will show that an even higher number of individuals struggle with payment and fall

## Agency and Lender Liaison Report...*(continued from page 7)*

seriously past due. This white paper puts forth the case for why policymakers should reinstate and expand the federal investment in proactive borrower communications that were proven to prevent student loan delinquency and default.

### **ECMC**

On November 1, 2010, ECMC was designated by the U.S. Department of Education as the designated guarantor for the CSAC/EdFund FFEL Program portfolio. As part of the transition plan, EdFund employees became ECMC employees as of December 6, 2010. In addition, ECMC has established a substantial operations center in Rancho Cordova, CA. While the EdFund brand is gradually being replaced by the ECMC brand, schools and students can continue to access the college access, financial literacy, default prevention and loan counseling resources as they currently do.

ECMC kicked off its spring webinar series with a presentation on "Incorrect Data Challenge." Future topics will include Repayment Plans, Financial Literacy, Three-Year CDR and many more. The webinars are free. Schedule and registration information is forthcoming to [www.ecmc.org](http://www.ecmc.org).

ECMC's free online loan counseling tool provides an interactive curriculum that is designed to meet federal loan counseling requirements for FFEL, Direct and Perkins loan programs. Schools can customize the educational experience for their students by choosing course topics including financial literacy topics, content and questions. Visit [www.ecmc.org](http://www.ecmc.org) for more information.

ECMC Foundation's *Believing the College Dream* curriculum guide helps middle school students and their families see college as a possibility. An upcoming free implementation training session for Believing the College Dream is planned for February 24, in Roanoke. Visit <http://www.ecmcfoundation.org/details/believing.html> for more information.

### **NELNET**

Nelnet will continue its very successful Wednesday Webinar series in 2011. Several new training topics will be added as well as a reprise of those that were popular in 2010. Additionally, February 14th will mark the start of Money Mondays... a financial literacy webinar series designed to help students get smart about money. This series will examine in depth via free webinar many aspects of personal financial wellness. Multiple opportunities have been scheduled to meet the needs of varied student schedules.

Nelnet will also continue to build on Jim's Blog. <http://jimharrisblog.wordpress.com/>. This endeavor provides industry updates, financial aid office profiles, link alerts and many other points of information as well as some lighthearted segments to make you smile. Nelnet looks forward to another successful year in partnership with the financial aid industry.

### **ALABAMA COMMISSION ON HIGHER EDUCATION**

The state's fiscal future is uncertain with statewide budget shortfalls being addressed. During this current fiscal year, the Governor is expected to announce a 3% cut in funding. Additionally, the Governor's proposal for the 2011-2012 fiscal year budget funding is a decrease of 10%. Tuition and fee rate increases at the two-year and four-year colleges and universities has resulted in fewer awards from the Alabama Student Assistance Program which is the state's only need-based aid program.

### **FLORIDA**

#### **\*Highlights of State Scholarship and Grant Programs:**

#### **Overview**

The Office of Student Financial Assistance (OSFA) State Programs, within the Florida Department of Education, administers a variety of postsecondary educational state-funded grants and scholarships, and provides information to students, parents, and high school and postsecondary professionals in the State of Florida.

#### **Statistics**

State scholarship and grant programs provide funds to students who may not otherwise be able to afford a college education, thus providing students with the opportunity to pursue careers in technical and academic fields of their choice. During the 2009-10 academic year, over 360,000 students received a total of \$708.5 million through over 20 merit- and need-based financial aid programs to defray the cost of postsecondary education at over 270 eligible postsecondary institutions.

#### **Resources**

The website at [www.FloridaStudentFinancialAid.org](http://www.FloridaStudentFinancialAid.org) provides a wealth of information about state scholarship and grant programs. Select State Grants, Scholarships & Applications to access valuable resources.



### **\*Highlights of OSFA's Outreach Team:**

#### **Overview**

The Florida Department of Education (FDOE), Office of Student Financial Assistance (OSFA) Outreach Team assists assigned postsecondary educational institutions (and other program participants), located within a defined geographical area of Florida, with communications and operations related to student financial aid. The Outreach Team represents the Federal Family Education Loan Program and Florida state scholarship and grant programs.

#### **Statistics**

During the 2010 calendar year, the Outreach Team made nearly 70,000 contacts to assigned Florida postsecondary educational institutions. Additionally, the Outreach Team conducted 558 financial literacy workshops at 400 institutions reaching a total of 23,942 students. Between 2009 and 2010, the number of workshops and total of students reached nearly doubled. 2011 is also off to a great start! In the month of January alone, the Outreach Team conducted 106 workshops at 92 institutions and reached a total of 6,038 students.

Each of the eight Outreach Representatives serves as a point of contact among individual institutions (and other program participants) in their area. The Outreach Team is responsible for:

- Conducting on-site visits and evaluations of postsecondary institution's financial aid programs.
- Providing technical assistance and services to support financial aid programs.
- Providing training and educational assistance regarding:
  - Florida's scholarship and grant programs.
  - Default prevention and default aversion.
  - Financial literacy.

During the 2010 calendar year, the Outreach Team worked in conjunction with the Training Team to plan and present National Training for Counselors and Mentors (NT4CM) at eight locations throughout the state of Florida. During these eight sessions, nearly 300 counselors and mentors were reached. For Counselors and Mentors that were unable to travel, the teams will be presenting the material via Webinar in March 2011. For more information, contact a member of the Outreach Team on [www.navigatingyourfuture.org](http://www.navigatingyourfuture.org), under the "Contact Us" link.

#### **Resources**

The OSFA Outreach Team features "**Navigating Your Financial Future**" (NyFF), a comprehensive default prevention program. Utilized as an educational tool, NyFF offers comprehensive services and educational resources for students so they can learn to manage student loan debt successfully. View the latest resources online at [www.navigatingyourfinancialfuture.org/](http://www.navigatingyourfinancialfuture.org/).

### **GEORGIA STUDENT FINANCE COMMISSION**

Georgia Student Finance Commission is the designated Guarantor (GHEAC) for Georgia. In November 2010, Georgia elected its 82nd governor, the Honorable Nathan Deal.

#### **State Legislative Summary**

The 2011 session of the Georgia General Assembly is underway. It appears that it will be a very active session with lawmakers focusing on continued budget pressures including potential changes to the HOPE Scholarship Program. In recent years HOPE expenditures have outpaced revenue and as such, the program has begun drawing upon the reserves to meet demand. The General Assembly will be looking at ways to protect the reserves and preserve the scholarship program going forward.

#### **FFEL Winddown**

GHEAC continues to work with borrower, school and lender customers to effectively and efficiently winddown FFEL origination activity.

#### **Transcript Exchange**

Previously we reported that we launched a new service that benefits all high school students in monitoring and determining their eligibility for the HOPE Scholarship Program. The "HOPE Progress Report" is a free service designed to capture 9th-11th grade transcript information and calculate interim HOPE GPA's. With this new feature, students can check on their progress towards HOPE eligibility as early as the 9th grade.

## Agency and Lender Liaison Report...*(continued from page 9)*

The purpose of this service is to give students, parents, and counselors an additional tool to view and monitor a student's progress toward HOPE eligibility - eliminating the "HOPE surprise" in their senior year. Students and parents have secure electronic access to the HOPE Progress Report through their My411 account on GAcollge411.org.

During the 2010 legislative session of the General Assembly, a new law was enacted that makes the HOPE Progress Reports mandatory.

### **GAcollge411**

GSFC continues to enhance the GAcollge411.org website and usage continues to grow.

### **MISSISSIPPI OFFICE OF STUDENT FINANCIAL AID**

The Mississippi Office of Student Financial Aid is excited to announce the FAFSA-State application interface coming in March 2011. Beginning on March 27, 2011, Mississippi residents who submit the FAFSA on the Web will be given the opportunity to complete the state aid application. If the student accepts, all duplicate information will be transferred directly and securely from the FAFSA they just completed to the state aid application. This federal state partnership should increase the number of students who complete the state aid application and prompt students to complete it in a timely manner. Mississippi will be among the first states to be able to offer this service to state residents.

### **SOUTH CAROLINA TUITION GRANTS COMMISSION**

Once again the South Carolina Tuition Grants Commission experienced a historic increase in eligible students for the 2010-2011 award year. Fortunately, for the Tuition Grants Program, the increase was only about 2% more recipients than the prior award year. The 2% increase translates into about 250 more recipients in 2010-2011, bringing the record number of Tuition Grants recipients to almost 14,500.

This year the Commission will again delay holding its first meeting of the year until late February. Delaying the meeting allows the Commission to await the initial state budget estimates for funding of the Program by the South Carolina House of Representatives' Ways and Means Committee. The delay enables the Commission to set the most accurate amount for 2011-2012 Maximum Grants. This also means the Commission will be unable to send out its first 2011-2012 tentative award letters until the first week of March. The continuing volatility of the South Carolina State Budget means that all state financial aid programs, including grants and scholarships, are being considered for potential funding reductions. During the week of February 21 the Commission will get its first idea of how the State Legislature plans to deal with additional significant reductions in State revenues. So far, despite combined reductions in income of almost 30% for the prior three years, the South Carolina State Legislature and the Governor have opted to level fund all student aid funds (although agency administrative accounts have not been immune). Stay tuned!



## Budget and Finance Committee Report

**Marian Huffman, Chair**

### **Annual Audit**

SASFAA's 2010-2011 Budget and Finance Committee consisting of Sonja McMullen, Nancy Garmroth, Ben Baker along with the committee Chair Huffman met in Cleveland, Tennessee on November 10-11, 2010 to conduct the annual review of the financial records. The committee commends Treasurer Jeff Dennison on his diligence and excellent recordkeeping. He is serving SASFAA well and continues to provide stellar financial leadership to the organization. Also, the committee acknowledges the efforts taken by some board members to conserve funds. Numerous expense forms included meals from McDonalds, Chic-Fil-A and Dairy Queen and were well below the daily maximums. It was noted there was no misuse of credit cards cited. The Committee noted that the Executive Board has worked hard to reduce expenses and strongly encourages continued deliberate budgetary cuts and monitoring of individual line

items to ensure the budget item is not exceeded and the entire budget stays within the annual budgeted amount.

The committee had some minor clerical suggestions to the board members submitting reimbursement claims. The committee noted the following 3 violations to established SASFAA Financial Management Procedures. During the 2009-2010 year there were five individual line items that exceeded their budgeted amount. Individuals who are responsible for line items should monitor their expenses throughout the year. They must be aware of their expenditures and request prior approval before expenses are incurred rather than expecting the board to simply rubber stamp their budgets after the expense has been incurred, and thus, SASFAA is obligated

*(continued on page 11)*

## Budget and Finance Committee Report... (continued from page 10)

to pay the bill. There was one occurrence of a rented vehicle that did not have prior approval of the President or Treasurer. And finally, during the transition of SASFAA Treasurers, a check was written from an incorrect account which did not have sufficient funds.

### Restricted Reserves Returned to Unrestricted Reserves

During the February Board meeting, the Budget and Finance committee presented to the board the current reserve funds total of \$346,000.98. The most recent completed operating budget (09-10) was \$385,015. It is the duty of the committee to review the feasibility of maintaining the restricted reserve funds. Funds earmarked for the SASFAA endowment have previously been noted and the earnings from interest are reported separately in board reports. Due to the reduction of reserves over the past several years, it was

recommended that the board strongly consider abolishing the "endowment" reserves and consider these funds as unrestricted reserve funds. The Board voted and approved the recommendation.

### Investments

During the 2010-2011 year, there have been three CDs mature or be recalled. Due to the uncertainty of the annual revenues, these funds were held in the savings account until after the annual conference expenses were realized. After the conference, the Budget and Finance Chair, in collaboration with President Neel, Treasurer Dennison and President-Elect Barnett, will place \$100,000 into an interest bearing account. This action will allow SASFAA the flexibility to invest in a higher yielding account without penalty until interest rates improve.



## Conference Committee Report

Brenda McCafferty, Chair

The 2011 SASFAA Annual Training and Conference held in Jacksonville, Florida, February 13-16, 2011 was a success. There were 464 SASFAA members in attendance plus 11 one-day attendees. There were 104 first-time attendees which was almost unbelievable. The conference committee was small but mighty, and although there is no such thing as a perfect event of any kind, I was overwhelmed by the appreciations expressed to me and the conference committee.

The conference kicked off Sunday evening, February 13, 2011 at 5:00 p.m. with special guests and June Cline, keynote speaker. First-time attendees attended a special reception in the President's suite after the opening session. Monday and Tuesday mornings began with 8:00 a.m. general sessions and were followed by a jammed-pack day of current sessions. Family Night Bingo came back on Monday evening and Tuesday evening SASFAA hosted a President's reception in honor of Ms. Sandy Neel, 2010-2011 SASFAA President. A banquet filled with special awards followed the reception.

The Department of Education provided many valuable concurrent sessions and two general sessions. David Bartnicki, Jeff Baker, and Carney McCollough provided valuable training and information which added great value to the conference. The "Ask the Fed" booth in the exhibit area was a new opportunity David gave to the attendees. This is a service we hope to continue in the future.

The drawing was held Friday, March 11, 2011 for a free 2012 conference registration. To be eligible you must have attended the conference and completed the online conference evaluation. A big congratulation goes out to Teresa Palmer, Associate Director of Financial Aid at Murray State University. Also, I send a special thank you to each of you who took

time to complete the evaluation. The evaluations have been calculated and all comments, concerns and suggestions have been compiled and forwarded to the 2012 Conference Chair, Shelly Parks, of Kentucky and will be given to the SASFAA Board at the next official board meeting.

We tried several new things and brought back several old things. We had a very small budget, and, although looking back there are changes that could have been made differently, I am honored to have been given this opportunity. Thank you conference committee for a job well done and thank you SASFAA, I am proud to be a part of this association.

**"Thank you,  
Conference  
Committee!"**



# Legislative Relations Committee Report

## Bill Spiers, Chair

### Legislatively Speaking...

In the 1960's there was a movie titled "It's A Mad MadMadMad World." The movie starred Spencer Tracy and told the comedic story about a group of people who learn about \$350,000 in hidden loot from a dying gangster and their efforts to find the money. Spencer Tracy was the tired detective who had to pursue this band of insane people as they followed clues to find the money. Somehow, I believe the story has been remade and our elected officials are the group of people attempting to find the money, and financial aid administrators are tired detectives just trying to do our jobs and do what is right for the students we serve. While I would hope our ending wouldn't reflect our actions (you will need to rent the movie to see what I mean), I think the metaphoric example is indeed relevant.

***"Send a message of assurance to your students. Aid may be reduced, but it isn't going away."***

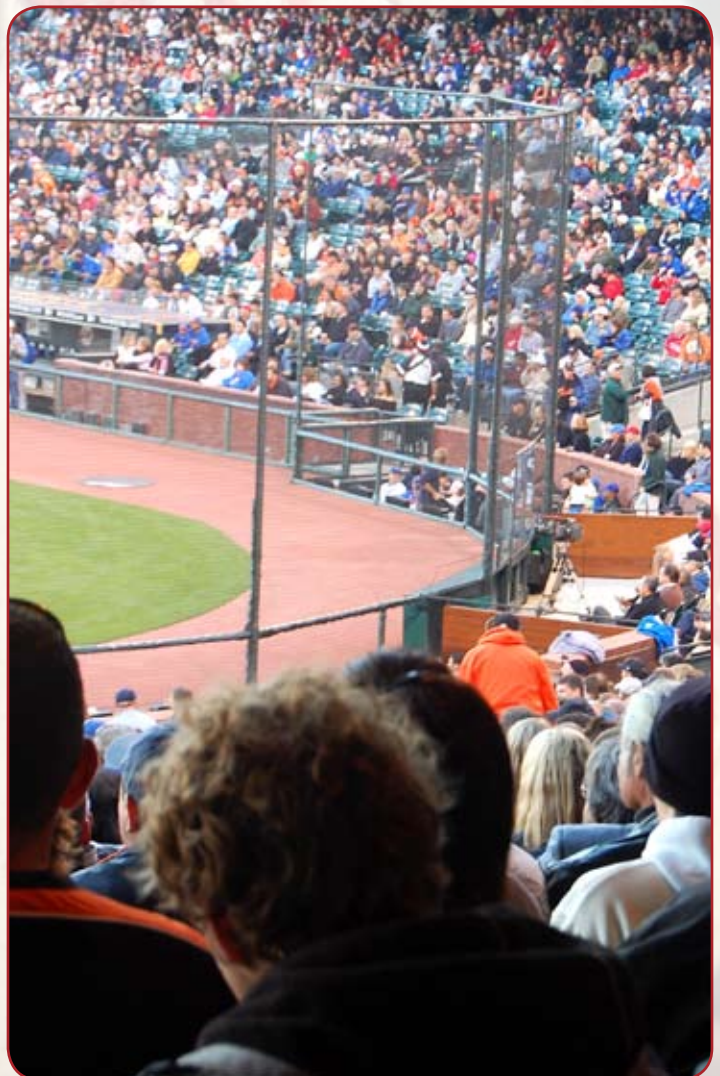
As we started the year we anticipated limited legislative activity where financial aid was concerned. While the first part of the year reflected our thoughts, around November the picture began to change. Now we are looking at the elimination of Two Federal Pell Grants in an Award Year, talk about rescinding the Program Integrity Rules and Gainful Employment Rules, reductions in the Federal Pell Grant, elimination of SEOG, Perkins, and LEAP. At the writing of this article it is simply impossible to predict where all of these potential changes will go, but what we do know is that there will be changes. With limited budget flexibility and a strong desire of the population to reduce the National Debt, the White House and Congress find themselves predisposed to reductions and cuts in program funding. How far they will go is yet unknown.

Many of you are asking what you should be doing at this point. Below are some reminders of actions you can take that are appropriate at this point in time:

1. Send a message of assurance to your students. Aid may be reduced, but it isn't going away. Make sure they know to apply or reapply. Students get discouraged easily and your reassurance is important in these uncertain times.
2. Advocate for student aid as you can and as is appropriate. If your institution has a policy against you advocating based on your position, see if you can do so as a private citizen. Make sure you don't do anything that would put your institution or your job at risk.

3. Educate you administration. While they may understand the basics of the legislative process, the impact of legislation on financial aid is often either misunderstood, or underestimated.
4. Participate in responding to Notices of Proposed Rule Making. This is vital. While you may not see the changes you want, your voice needs to be heard.
5. Make sure the student government association on your campus is aware of the potential changes and the impact on your student body.
6. Keep statistics on the financial impact for students on your campus. They may be needed for media inquiries.

While the flurry of activity will eventually subside, it will come back. Maybe we can convince Hollywood to make a new "It's A Mad MadMadMad World," but this time it could be about financial aid. I think it would be a boxoffice hit. One thing for sure, it would be as funny as the first movie!





## Professional Advancement Committee Report

### Brenda Burke, Vice President and Chair

The Professional Advancement Committee is at work planning the New Aid Officer's Workshop which will take place June 19- 24, 2011 at Clemson University in Clemson, South Carolina. You can view the Clemson website at [www.clemson.edu](http://www.clemson.edu) to see the campus setting. The theme for this year's training will be Set Sail with the SASFAA New Aid Officer's Workshop.

Registration is now open! The registration fee for the workshop is \$685, if registration is completed by June 5, 2011 and \$735 if registration is completed on or after June 6, 2011. The registration fee includes all instructional materials, most meals, housing, and your 2011-2012 SASFAA membership fee.

The instructors for the workshop have been carefully selected from the SASFAA states and reflect the diversity that is within our region. Classes will be taught by two instructors who will stay with the class for the entire week of training. The classes will include a combination of cases studies, lectures, and interactive instruction.

Housing will be provided in Lightsey Bridge II apartments located on Clemson's campus for the 2011 year. Lightsey Bridge II has 4 private bedrooms that share common living space (kitchen, living room, and a modified bath and a half). You can view the housing accommodations by visiting [www.clemson.edu/housing/area-descriptions/apartments/lightsey\\_bridge2](http://www.clemson.edu/housing/area-descriptions/apartments/lightsey_bridge2).

Registration for the workshop is online at [www.sasfaa.org](http://www.sasfaa.org) under the Training Tab. Register early as space is limited!

As a reminder, NASFAA will be having its Annual Conference titled "Uniting for Financial Aid's Future," July 17-20, 2011, in Boston, Massachusetts at the John B. Hynes Veterans Memorial Convention Center. Watch the Today's News for more details about the conference.



## Site Selection Committee Report

### Lisanne Masterson, Chair

The SASFAA Board has voted to utilize an independent search firm (IMN Solutions Inc.) that specializes in soliciting, reviewing and negotiating bids for our 2012 Annual Conference. The SASFAA Site Selection Chair will serve as the liaison with the search firm and will continue to review and negotiate contracts for board meetings and other association workshops.

A revised contract has been secured with the site of the SASFAA Board Transition Retreat to be held in June 2011. This is the final year of that three-year contract, and work will begin to solicit contracts for the 2012 meeting.



# Sponsorship Committee Report

Dewey Knight, Chair

26 Sponsors Support SASFAA's Annual Conference

As Sponsorship Chair, it was my pleasure to work with 26 organizations that generously supported SASFAA's Annual Conference and Training Activities for 2010-2011. Special thanks to:

Access Group  
 Citi, The Student Loan Corporation  
 CMD Outsourcing Solutions, Inc.  
 College Board  
 Discover Student Loans  
 Edfinancial Services  
 Edsouth  
 ELM Resources  
 Financial Aid Services  
 Global Financial Aid Services  
 Great Lakes  
 Greenwood & Hall  
 Higher One, Inc.  
 MOHELA  
 National Education

National Endowment for Financial Education

Nelnet  
 NSLP  
 PNC Bank  
 Sallie Mae  
 Student Aid Services  
 SunTrust Education Loans  
 TG  
 The Student Loan People/KHESLC/KHEAA  
 USA Funds  
 Wells Fargo

When you have the occasion, please express your appreciation to the representatives of these sponsors who provided their support in challenging and uncertain times. Feel free to call or e-mail me with any questions you may have or if you need additional information.

R. Dewey Knight, Sponsorship Chair  
[rdknight@olemiss.edu](mailto:rdknight@olemiss.edu)  
 662-915-1166  
 FAX 662-915-1164



# AASFAA State Report

Amanda Sharp, State President

AASFAA is preparing for the 2011 AASFAA Conference to be held April 6-8, 2011 at Lake Guntersville State Park. AASFAA has not had a hotel contract since the Spring 2009 conference. That has freed us to find the most economical as well as the most enjoyable site for our conferences. We are fortunate in that we will be able to keep the same low room rate for this conference that we enjoyed in 2010. Our Local Arrangements Chair, Stephanie Miller, and the Conference Chair, President-Elect Vickie Adams, have been working very closely with the staff at Lake Guntersville and report that, once again, the event staff has been a delight to work with. Ben Baker, Program Committee Chair and his committee met Friday, February 25, 2011 at Samford University in Birmingham, Alabama to finalize our program. After previewing the agenda, I can report that the AASFAA conference attendees will have a wide range of session topics from which to choose.

We are very excited to have two prestigious conference speakers this year. AASFAA is honored to have Young Boozer

III, Alabama State Treasurer, as our guest speaker. Among the topics he will discuss are the College Savings Plan and the PACT Program. Both of these issues are of special interest to our membership. We also are privileged to have Stephen Black, grandson of U. S. Supreme Court Justice Hugo Black, joining us. He is the President and Founder of **IMPACT Alabama**, a student service initiative dedicated to developing and implementing substantive service-learning projects in coordination with more than twenty Alabama universities and colleges. Last but not least, David Bartnicki, U. S. Department of Education Title IV Trainer, will be with us again this year. As always, everyone is looking forward to David's presentations on the latest from the Fed.

Our Site Selection Chair, Charles Markle has begun the search for the 2012 Conference site. Again, he is fortunate that AASFAA does not have any outstanding contracts for conference sites. Charles and his committee will have a report at the upcoming Executive Board Meeting at the spring conference.

*(continued on page 15)*

## AASFAA State Report...*(continued from page 14)*

Andy Weaver, chair of the AASFAA Nominations Committee, has presented a slate of candidates for the 2011-2012 AASFAA elective offices. The committee secured a dual slate in all offices except President-Elect. The candidates are:

- President-Elect - Sharon Williams, Lawson State Community College
- Vice President - Kevin Ammons, Enterprise State Community College  
Stephanie Miller, Jacksonville State University
- Treasurer-Elect - Ann Campbell, Financial Aid Consultant  
Cheryl Newton, Alabama Commission on Higher Education
- Secretary - Fred Carter, Kenaly Complement  
Betty Edwards, Trenholm State Technical College



## FASFAA State Report Nathan Basford, State President

Will it ever slow down? In this profession that we have chosen, I am sure we ask ourselves this question many times during the year.

We are all busy gearing up for the New Year at our institutions by reading and trying to understand regulations that seem to be changing daily. Some of us are holding our breath and crossing our fingers waiting to see if funds will be available for our students whom we are committed to serving. But even with these questions, we continue to move forward and serve our students.

The Florida Association of Student Financial Aid Administrators (FASFAA) has also been busy this year ensuring that our association remains strong for the future. Training is our top priority and we have worked to provide valuable training opportunities this year as you will see from the list below:

### Training:

- Fantastic Clock Hour Workshop (Kudos to Kimberly Phillips and her committee)
- Fall Regional Workshops (Kudos to the regional representatives and presenters)
- Statewide NASFAA Decentralized Cost of Attendance Training (Kudos to trainers and presenters)
- Fantastic New Aid-Intermediate Workshop (Kudos to Katina Hamilton, her training committee, and also to all the presenters)

Our executive board members have also been busy with the following task:

- A great FASFAA Fall Newsletter: Kudos to Sheri Ogorek, our Newsletter editor.
- Reviewing and updating our By-Laws and our Policy & Procedures: Immediate Past President, Rebecca

Lydick and her committee have been working diligently to update our Policy & Procedures and are striving to have their work completed by our annual conference. (Be sure to check our website for updates)

- New look for our website: Thanks to our electronic services chair, Antonio Espinosa, for working to give our website a new updated look.
- FASFAA Logo Contest: More information will be coming your way as we begin the contest!
- Our upcoming annual conference! Brenda Brown and her committee are working very hard to come up with sessions that will benefit every member of our association. You will be receiving information on registration and hotel information in the near future.

College Goal Sunday was a huge success this year. Even with budget cuts, Florida was able to host over 21 sites. After speaking with the governor's office on the importance of College Goal Sunday, Governor Scott issued a proclamation for College Goal Sunday. You will be able to read the entire proclamation later. Thanks to all that took time out of their weekend to volunteer to help students and parents complete the Free Application for Federal Student Aid (FAFSA) and also provide information on other types of financial aid that may be available to them in achieving their educational goals.

As I stated earlier it has been busy, but as you see we continue to move forward; **that is just what financial aid professionals do! We do make a difference!**

It has been a great year, and we will continue to move forward.

**FASFAA is rethinking our strategies to ensure success for the future!**



# KASFAA State Report

## Dave Cecil, State President

Spring is here, and so is the KASFAA Spring 2011 Conference. The theme of the conference is: "Ahoy! Set Sail with KASFAA." The conference is in Lexington, where attendees will explore the treasure map of financial aid and take home a pirate's booty of knowledge. The conference will be held April 6-8 at the Crowne Plaza (Campbell House) Hotel in Lexington. The Program Committee has worked hard to put together an agenda filled with relevant, useful, and interesting sessions. In addition to four sets of concurrent sessions, NASFAA CEO Justin Draeger and this year's NASFAA National Chair, Laurie Wolf, will present NASFAA and Washington Updates on Friday morning. The conference will set sail with part one of the Federal Update at the opening session, and will sail into home port with part two of the Federal Update on Friday morning. Wood Mason of the U.S. Department of Education will also bring a treasure trove of information on Direct Lending and COD. Special guest and former NASFAA National Chair George Chin will be in attendance throughout the conference, and will present concurrent sessions as well.

KASFAA's College Goal Sunday Kentucky event was held on January 30, 2011 and was a great success. KASFAA offered assistance filling out the FAFSA to just over 1,900 students and parents at 21 sites in 18 Kentucky communities on that day. The annual Financial Aid Call-in Show aired on Kentucky Educational Television (KET) on Thursday, January 18. During the hour long show, on-air KASFAA panelists answered many financial aid related questions, while several other KASFAA members fielded telephone calls.

KASFAA's online election took place between February 10 and February 24. Congratulations to Chris Tolson, Campbellsville University (President-elect), Kristie Hughes, Western Kentucky University (Vice President), Lindsay Driskell, University of Louisville (Treasurer), Elaine Larson,

*(continued on page 17)*



## Can You Measure the Results of Your Financial Literacy Efforts?

USA Funds® Life Skills® allows you to track your students' progress and their gains in knowledge about key personal finance topics, including:

- ♦ Financial aid and paying for college.
- ♦ School and personal life management.
- ♦ Preparing for life after college.
- ♦ Credit management.
- ♦ Personal finance for graduate, medical and married students.

To learn how USA Funds Life Skills can help make a difference for your students, visit [www.usafunds.org](http://www.usafunds.org).





## KASF<sup>AA</sup> State Report...*(continued from page 16)*

Centre College (Private School Representative) and Jeff Daniels, PNC Bank (Non-School Representative).

KASF<sup>AA</sup>'s annual Support Staff Workshop was held in Frankfort on March 24. The committee and speakers did an excellent job with this workshop aimed at financial aid professionals who often might not have the opportunity to attend a KASF<sup>AA</sup> or other financial aid conference. Attendees, who numbered over 40, provided very positive feedback on this day-long workshop.

As always, KASF<sup>AA</sup> committees are hard at work with the remaining activities for the 2010-2011 year. President-elect Aaron Gabehart is in the process of selecting committee members for next year. The 2011 Fall KASF<sup>AA</sup> Conference will be held in Louisville, October 12-14 at the Ramada Plaza Hotel and the Spring 2012 Conference will be held April 11-13 at the Holiday Inn Cincinnati Airport Hotel in Erlanger.



## SCASF<sup>AA</sup> State Report

Jeff Holiday, State President

SCASF<sup>AA</sup> held its Leadership Symposium March 3rd in Columbia, SC at Columbia College's Breed Leadership Center. 43 persons registered for this training intended for mid-level staff such as Assistant and Associate Directors. Everyone benefitted from the DISC Leadership Profile that was taken before the meeting. Dr. Ron White used the morning session to review our leadership profile and suggested strategies for each strength and weakness in our leadership profile. The afternoon session included a panel of past SCASF<sup>AA</sup> Presidents. They discussed how they got involved in SCASF<sup>AA</sup> and what it takes to be a great leader.

### **2011-2012 Slate of Candidates**

The Nominations & Elections Committee has worked together over the past several weeks contacting potential candidates for the 2011-2012 SCASF<sup>AA</sup> Executive Board. At this time, the committee presents the following slate of candidates:

#### President-Elect

Sarah Dowd, Central Carolina Technical College

#### Vice President

Donna Quick, Columbia College  
Carolyn Sparks, Wofford College

#### Treasurer-Elect

Violette Hunter, USC Trio Programs  
Vickie Sutton, Midlands Technical College

#### Member at Large

Kevin Perry, Coastal Carolina University  
Rosalind Stevens, USC Lancaster

Good luck to all of our candidates and thank you for your willingness to run.

College Goal South Carolina was held March 5th at fifteen sites across the State of South Carolina. Violette Hunter and



*(continued on page 18)*

## SCASFAA State Report...*(continued from page 17)*

her committee did a great job again this year. We are pleased to have assisted more than two hundred students with completing the FAFSA and by answering questions related to college access. More information can be found at [www.collegegoalsc.org](http://www.collegegoalsc.org).

Fifteen locations have been established across the State of South Carolina. They are:

Aiken Technical College	Midlands Technical College (Airport)
Central Carolina Technical College	Technical College of the Lowcountry
Claflin University	Tri-County Technical College
Florence-Darlington Technical College	Trident Technical College
Greenville Technical College	USC Columbia
Horry-Georgetown Technical College	USC Lancaster
Lander University	USC Upstate
Williamsburg Technical College	

Marketing materials were distributed to site coordinators including palm cards, flyers, posters, and directional signs. Press releases and other local media are being generated by each site. Billboards, Channel One (serving SC schools) and CGSC banners will also be used to publicize the event.

SCASFAA will hold its annual conference on April 10-12th at the Clarion Hotel in Columbia, SC. Aria Simmons from Midlands Technical College is serving as the chair and the conference committee is putting together an event that you want to be in the "*middle*" of. This year's conference is different from many we have held in the past. It is in the capital city of Columbia this year instead of Myrtle Beach. It is also a day shorter. We hope that the location will give those schools within driving distance a chance to take advantage of our day rate of \$75. The shorter conference is not lacking for content as we have filled up every possible time slot with a great combination of presenters from our state, our region and from the Department of Education. We look forward to reuniting with friends and colleagues once again.

Let me take a moment to highlight Jennifer Williams, Newsletter, and Ken Bernard, Electronic Services. It would be extremely difficult to communicate with our membership without their fine work. They do a great job of keeping us up to date with the website or the newsletter. Thanks to them for all their efforts.

The names of the people serving on the 2010-2011 SCASFAA Board can be found at [www.scasfaa.org](http://www.scasfaa.org).



## TASFAA State Report Sandra Rockett, State President

The 2011 TASFAA Spring Conference "Partners in Progress and Change" will be held at the Franklin Cool Springs Marriott in Franklin, TN, April 10-13, 2011. The agenda is great and very timely. Jeff Gerkin and his committee have done a fantastic job. Topics include the following:

### **General Sessions**

- Federal Update
- Direct Loans
- Washington Update
- TSAC Update or Grad School Round Table

### **Concurrent Session Topics**

- Year Round Pell
- Consumer Information
- eGRands
- Maximizing Technology
- Net Price Calculator
- Verification - In Depth Tax Analysis
- P & P Manual



*(continued on page 19)*

April 2011 Online News - Page 18

## TASFAA State Report...*(continued from page 18)*

Customer Service  
Advanced Excel  
DL Tools  
Financial Literacy Plan  
Financial Literacy - Money Management  
Veterans Affairs  
Leadership Development  
Financial Aid Presentation - Best Practices  
SAP Policies and Procedures  
Promoting the Financial Aid Office on Campus  
Mentoring  
Unaccompanied Youth  
Birds of a Feather

April 10, TASFAA will offer a one-day New Aid Officer Workshop utilizing NASFAA's core training materials. The workshop is designed to provide a comprehensive aid overview for aid professionals with less than two years' experience. All attendees will receive a notebook of training materials designed to be an ongoing resource.

It has been a challenging and interesting year. Since the federal budget is not yet in place, we have a lot of questions still unresolved and are still in a quandary about how best to serve our students. How will we ever explain

the new Satisfactory Academic Progress regulations to our administration and our students? What route do we go with the Net Price Calculator? How about Gainful Employment and the State Distance Education Approvals? This does not even address the Pell issues. I could go on and on. We all need to learn and network as we move forward.

On behalf of TASFAA, letters were sent to Congressmen requesting that the Pell Grant funding level be maintained for the 2011-2012 year. Many schools have already been awarding aid for next year; to reduce the Pell award at this point in time would impose a hardship on students already finalizing plans. SASFAA and Ron Gambill, Governmental Relations Chair, helped expedite this process.

***"It has been a challenging and interesting year. Since the federal budget is not yet in place, we have a lot of questions still unresolved and are still in a quandary about how best to serve our students."***



## VASFAA State Report Heather Hollandsworth, State President

The winter months have been a busytime for VASFAA! We continue to realize our theme this year; The BIG Picture: Snapshots of Past, Present, and Future, as we work to encourage funding at the Federal and State levels and provide training opportunities for our membership that bring together those things listed in our theme.

VASFAA has responded with letters of opposition to members of Congress in response to HR 1 which passed the House in February and is now in Senate. This proposal would reduce Pell Grant and other funding for students across the Commonwealth. We are hopeful that Congress will protect higher education funding for our current and future students.

Committee highlights include the following:

**Secondary Schools:** VASFAA had 9 sites hosting Guidance Counselor Workshops throughout the state in the months of November and December. Over 150 participants attended these workshops with very positive responses to the information they received.

**Non-Conference Training:** This committee has been working diligently to provide training opportunities across the state all year. A wonderful training opportunity was held in November with representation from the Department of Education, The State Council of Higher Education for Virginia (SCHEV), and our own members! The Non-Conference Committee has also coordinated training opportunities in March in Roanoke as well as Virginia Beach to present the NASFAA Training Module for building a Cost of Attendance budget. We are excited again by this opportunity for our membership and thank the Non-Conference Committee as well as Sheila Nelson-Hensley and Zita Barree for agreeing to present the NASFAA materials.

*(continued on page 20)*

April 2011 Online News - Page 19

## VASFAA State Report...*(continued from page 19)*

**Awareness:** On February 5, VASFAA hosted 29 SuperSaturday sites around Virginia with students and parents being assisted in completing the FAFSA. We have been blessed to receive grant funding from the College Access Challenge Grant Program (CACGP) to promote and market this important program. We appreciate SCHEV and all of the assistance we have received from them to make this program grow each year!

Other events that have been happening within VASFAA include:

**Conference:** Plans are well under way for the Annual Conference May 18-20 at The Westin in Richmond, VA. The committee is busy working to secure sessions for the conference. The committee has secured speakers with state, regional, and national perspectives related to financial aid.

**Focusing**  
on what's best  
for our students

**SASFAA ANNUAL CONFERENCE**  
**February 26-29, 2012 ★ Greensboro, NC**

# Financial Aid Cheating: 6 Reasons to Stay Honest

Lynn O'Shaughnessy

After I finished a college talk at a high school last week in the Philadelphia area, a dad, who had hung back until the crowd dispersed, asked me whether it would be okay to hide his assets before he applied for **college financial aid**.

The father was considering temporarily transferring what he called "a lot of money" to his own brother in the hopes of being eligible for **financial aid**. He wanted the green light from me, but he didn't get it.

I told him that cheating on the **FAFSA** is illegal and that he could get into a lot of trouble if he was caught. I didn't know what the specific penalties were because no one had ever asked me if cheating on a **financial aid form** was okay.

I did find the answers from **Mark Kantrowitz**, who is the publisher of **FinAid** and **FastWeb**. Here then are six reasons why the Philadelphia dad or anyone else should not become **financial aid cheats**:

## 1. Providing false information on the FAFSA is a federal crime.

You can be fined up to \$20,000 and/or face up to five years in prison. Cheaters face the penalty whether or not their deception resulted in receiving **federal student aid** or not.

## 2. If caught, you can't keep the money.

If you are discovered cheating, you will have to return all the financial aid.

## 3. Your child might get kicked out of school.

Some colleges with honor codes will expel students who submit falsified financial aid applications.

## 4. Cashing out assets creates a paper trail.

If parent hope to hide money in a mattress they have to first sell investments, which triggers paperwork and the reporting of any capital gains to the IRS.

## 5. It's pointless to hide assets.

Financial aid formulas are heavily dependent upon a family's income. So even if you hide assets in a safe deposit box or with relatives, your income could still keep you from qualifying for aid. As a practical matter only about 4% of families have enough assets to reduce their financial aid chances.

Ironically, this was the case with the Pennsylvania dad. After he kept telling me that he had considerable money to hide, I asked how much it was and he told me \$100,000. The federal methodology would treat that six-figure amount as peanuts and it would hardly impact his child's chances for financial aid at all.

Here is a post that I wrote about how assets impact financial aid:

[Why Saving for College Won't Hurt Financial Aid Chances](#)

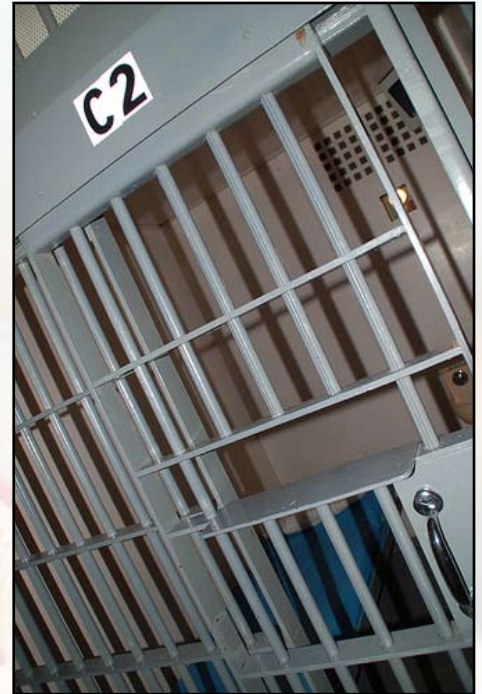
## 6. You probably won't get away with it.

College **financial aid offices** are good at spotting hanky panky on aid applications and they are obligated to alert the **Inspector General at the US Department of Education** to potential fraud. If assets are inconsistent with income, schools may require several years worth of tax returns and account statements.

### Bottom Line:

Isn't it obvious? Play by the rules or else affording college will be the least of your troubles.

Lynn O'Shaughnessy is author of *The College Solution*, an Amazon bestseller, and she also writes her own **college blog** at *The College Solution*.



# 7 Habits of Highly Frugal People

The book **7 Habits of Highly Effective People** has sold over 15 million copies since it was first published in 1989, teaching people all over the world how to live a happier, more successful and more satisfying life. One of the prevailing themes of the book is the fact that to change your life you need to change your attitude because no one else is responsible for what happens to you but you, so you can either complain about the things you don't like in your life or you can set about changing them. Not surprisingly, this directly relates to the state of your finances.

If you are tired of living week to week, of having your phone regularly cut off or having to make excuses to skip dinners with your friends if the money has run out before the end of the month then you can use the seven habits of highly effective people to take control of your money situation and live a more frugal lifestyle, and a happier one.

## Habit One: Be Proactive

The first habits of highly effective people is to take responsibility for your life, there is no one else to blame but yourself. Regardless of how you were raised or how you were treated at school you are able to choose your behavior now. Being proactive means understanding that you are in control of the direction your life takes and in control of your day to day interactions. Whereas a reactive person is often affected by their environment and will find external sources to blame for their behavior, for example if the weather is good they are in a good mood but if the weather is bad it affects their attitude and so the weather is to blame for their bad mood.

However what most people forget is that between the stimulus and your response is your freedom to choose your response, and one of the most important things you choose are your words. The language you use is an effective

indication of how you see yourself and if you use proactive language such as 'I can' or 'I will' you are starting with a more positive attitude than a reactive person who uses language like 'I can't' or 'I have to' or 'if only...'

## How to be proactive for effective frugality:

- Take the first step. You cannot take control of your finances until you make the commitment to do so because the more you ignore the situation the worse it will get. Instead take a long hard look at your finances and your budget, your debts, income and expenses and understand where your money is going and where you can budget better.
- Tell people. Using proactive language to vocalize your goal of being more frugal and more financially responsible not only helps you crystallize your goal but can also help you avoid the peer pressure which can make budgeting and frugality hard. If you explain to your friends and family how you are trying to live a more frugal lifestyle then they are less likely to pressure you into one more round of drinks at the pub or dinner out, again.
- Listen. Listen to yourself and listen to the reasons you give each time you make a purchase outside of your budget or decide not to put those spare funds into your savings account. Taking the time to stop and listen to the reasons you give yourself for spending more than you earn will give you the opportunity to hear just how shallow many of those reasons are, and can stop you from making purchases which can impede your goal of effective frugality.

*(continued on page 23)*



## 7 Habits of Highly Frugal People...*(continued from page 22)*

### Habit Two: Begin with the End in Mind

Those who are effective in achieving their goals are able to envisage their end result despite the obstacles. Highly effective people adhere to this habit based on the principle that all things are created twice, there is the first mental creation and then the second physical creation, and the physical creation follows the mental creation in the same way as the building follows its blueprints.

If you don't visualize what you want out of life then you are at risk of other people and external circumstances influencing your life because you are not influencing it yourself. Instead begin every day and every task with a clear vision of where you want to go and how you're going to get there and make that vision a reality with your proactive skills from habit one.

#### How to visualize effective frugality:

- Define your goal. There are many ways to live a frugal lifestyle and you need to decide on how frugal you want to be. Do you want to be debt free, do you want to build a savings account balance of a certain value or do you want to be able to live on one income in a two income household?
- Decide how you're going to get there. This will again draw on your budget, but you also need to be aware of the obstacles which are standing in your way. These may be literal obstacles such as credit card debts, or they may be obstacles you have identified in your behavior; for example are you spending \$10 every day on junk food on your way home from work because you're starving when you could be packing a two dollar muesli bar or a low GI lunch to keep you going until dinner. Or do you find that when you go shopping with your sister she always helps you justify a frivolous purchase when you could leave your credit card at home.

### Habit Three: Put First Things First

Knowing why you are doing something is an effective motivator in helping you take the mental creation and transform that into an actual physical creation of your goal. Therefore ask yourself which are the things you find most valuable and worthy to you. When you put these things first you will be organizing and managing your time around your personal priorities to make them a reality.

However for many people it is hard to say no but this is exactly the skill you have to learn to be able to keep your goals as your first priority. While we have all of these time-saving devices and we are told we can have it all if we just achieve that elusive work-life balance in reality having it all is really about prioritizing which it is most important to you to have, and then doing that properly.

#### How to put effective frugality first:

- Recognize the effects of your finances. You may not dedicate as much time as you should to managing your finances and practicing frugal principles because

you feel there is always something more important to be doing, whether it is work, taking the kids to soccer practice or getting ready for dinner with the girls. However if your finances are not under control and you are regularly spending more than you earn then this is having a negative impact on every other aspect of your life from your work to your family to your friends. Therefore you need to recognize that being frugal is your first priority.

- Just say no. It is easy to spend more than your budgeted amount each month when you are worried about missing out on a dinner with friends, feel as though you have to cater a birthday party for your son and 50 of his closest friends or you can't possibly wear the same suit you wore last year to a work conference. However if you recognize that you don't have to take on everything and that it is all right to say no then you will find you are more in control of your spending and your budget.

***“If you don't visualize what you want out of life then you are at risk of other people and external circumstances influencing your life because you are not influencing it yourself.”***

### Habit Four: Think Win-Win

Growing up most of us are taught to base our self-worth on comparisons to others and competition against our peers. We think we can only succeed if someone else has failed and if you win then that must mean I lose, and that there is only so much pie to go around and if you get a big piece then I'm going to be missing out. When you think like this you are always going to feel like you're missing out on something and that's not fair is it? As a result many of us retaliate and take the pie before someone else can take it from us.

Thinking in a win-win mindset allows you to see mutual benefits from all of your interactions and as a result you will see that when you share the pie it tastes even better. If you are able to approach conflicts and problems with a win-win attitude then by showing integrity and standing up for your true feelings and values allows you to express your ideas and feelings with courage while having consideration for the feelings and ideas of others. When you focus on an abundance mentality you are able to see that there is enough for everyone and you can see that balancing your confidence with empathy you can achieve your goals while helping others achieve theirs.

*(continued on page 24)*

## 7 Habits of Highly Frugal People...*(continued from page 23)*

### How to create frugal win-win situations:

- Recognize that you don't always know the full story. As you aim to implement frugal principles and stick to a budget you may often find yourself thinking 'it's not fair'. It's not fair that they get to go out to dinner it's not fair that they get a new car it's not fair that they get to go on holiday and I don't. However take the time to realize that you are only seeing a small part of the finances of your friends and family who seem to 'have it all' and that even though your best friend is taking the European holiday which was your dream or your brother is buying a sports car before you are, if you manage your finances frugally you will get there too and there will still be plenty of holiday destinations and plenty of fast cars when you do.
- Understand the difference between possessions and net worth. While your friends and family may seem to have a fuller lifestyle because their house is bigger or their car is newer you need to consider how much debt they are hiding behind those possessions. True wealth is not measured in possessions but in assets and when the value of your assets is greater than the amount you owe in mortgages, car loans and credit card debts then you have a strong net worth and are truly wealthy and in aiming to live a more effectively frugal lifestyle you will be able to achieve true wealth rather than just a life full of stuff.

### Habit Five: Communication

Communication is often the desire to be heard and understood and most people will listen with the intention to reply to what you're saying rather than to understand what you have said. However to effectively communicate you need to first understand and then be understood because if you communicate with the sole intention of being understood you can find that you ignore what others are saying and miss their meaning entirely.

### How listening can help you be effectively frugal:

- You are not the only person in your life. Chances are you are married, in a relationship, have children or all of the above. As a result you are not the only person being affected by your decision to live a more frugal lifestyle and to be effective in your goal of frugality you need to be able to listen to and understand the goals and behaviors of the other people in your life. For example consider how effective your frugality would be if you were taking packed lunches to work and avoiding the afternoon coffee run but your partner was still going shopping in their lunch break; instead of living a more frugal lifestyle you are just ending up with more stuff.
- Understand the goals and needs of others. While it is important to explain your desire to live more frugal lifestyle, it is also important that you understand the goals and needs of your family so that you can find a way to be more frugal without them having to

give up all of the things which are most important to them and you can't know what those things are unless you listen.

### Habit Six: Synergize

Interactions and teamwork are some of the most important ways you can learn new skills and more effective behaviors. To synergize is the habit of creative cooperation where you work as a team to find new solutions to existing problems. Synergy is not something which just happens but is a process where you need to bring all of your personal experiences and expertise to the table to enable more effective results than you would have been able to achieve individually - the whole is greater than the sum of its parts.

When you have genuine interactions with people you are able to gain new insights and see new approaches to your problems which you would not have otherwise thought of.

### How to synergize for effective frugality:

- Look for new ways. In a society which has become so good at consumerism you have probably already realized that you need to find new ways of doing just about everything to be frugal. It is easy to buy your lunch every day but it is more frugal to take a packed lunch. It is easy to drive to work but it is more frugal to catch the train. It is easy to buy a new cocktail dress but it is more frugal to make one.
- Surround yourself with other frugal people. To be successful surround yourself with people who are where you want to be and whether you join online forums on **frugal living** websites or strike up a friendship with the woman who runs your local op shop you will be able to share ideas and learn from others to be successful.

### Habit Seven: Sharpen the Saw

You are the greatest asset you have on your journey to achieving the lifestyle you want and so you need to look after yourself physically, emotionally, mentally and spiritually. When you take time to renew yourself in all four areas of your life you are creating growth and change which allow you to continue with the previous six habits you have mastered, which still need to be maintained to achieve success.

### How to frugally renew yourself:

- Physically. By eating better you will feel better and if you start your own vegetable patch for example you will be able to save at the supermarket and will be eating better at the same time. Exercising keeps you fit and healthy and it doesn't cost you anything to go for a walk or bike ride or even skip rope in the backyard. To rest your body you don't need to go to a day spa you can simply slide into the tub at home and relax.

*(continued on page 25)*



## 7 Habits of Highly Frugal People...*(continued from page 24)*

- Emotionally. Interacting socially with others allows you to make meaningful connections and this can come back to a conversation with the woman at the op shop or even scheduling in coffee and a chat with your mum once a week.
- Mentally. Exercising and expanding your mind through learning, reading, writing and teaching can be done frugally at your local library or even by volunteering at a school or retirement home to teach others a skill you may be taking for granted.
- Spiritually. Spending time close to nature to expand your spiritual self through meditation, music, art or prayer can be done frugally by taking a quiet moment

to center yourself and empty your mind before you go to bed or going for a bush walk and being grateful for the beauty of nature surrounding you.

Frugality does not mean having to give up all the luxuries and things which make you happy because if you go through developing habits 1 to 6 without spending the time to renew yourself this is how you burn out, and frugality is something you want to develop and maintain for the long-term and with these seven habits you can be a highly frugal person.

*Alban is a personal finance writer. He offer money savings tips and helps people to compare home loans online.*

## The Financial Aid Road Map

Jeff Wuorio, MSN Money

**For many families, bearing the entire cost of a college education is out of the question. Here are tips and tricks for navigating the complicated system of tuition assistance.**

When you'd rather walk, taxis appear around every corner. But try to flag one down and they're gone.

So it seems sometimes with financial aid. That's how Diana and Michael Turco of Hopedale, Mass., were left standing at the curb.

The parents of two sons -- Michael, 22, and Matthew, 17 -- the Turcos had saved some \$35,000 to help Michael through college. Needless to say, that wasn't enough. But when the Turcos launched an exhaustive search for scholarships and grants, they were frustrated at almost every point.

"We ordered books, we went online, we went through list after list of everything we could think of," says Diana, 47,

***"If financial aid is important to your situation, start by targeting schools that are a solid fit from both academic and financial standpoints."***

who works for a publishing concern. "We got no federal or state assistance whatsoever. By the time we were through, I was in tears."

Now Michael's younger brother is ready for college (hopefully at nearby Worcester Polytechnic Institute), and the family faces the discouraging prospect of another arduous search holding little promise.

They're not alone in their frustration. The search for financial aid can be bewildering, even heartbreaking -- and yet, for most families, there's no way around it.

The College Board reports that, on average, full-time students at private four-year schools receive \$9,000 in grants and tax benefits; the average drops to \$3,100 at public institutions. So the system is helpful. But to get it working in your favor, you need to approach it the right way.

If financial aid is important to your situation, start by targeting schools that are a solid fit from both academic and financial standpoints. By doing so, you put money -- and the prospect of financial aid -- at the beginning of the decision-making process, rather than at the back end.

For Matthew Turco, for instance, the logical choice may very well be Worcester -- but it could also be another tech-focused school with good financial-aid prospects.

"A student needs to evaluate how his or her strengths stack up," says Deborah Fox, a college planner in San Diego. "She needs to build models based on statistical profiles of recent freshman classes at the schools, data on their applicant pools and analysis of other primary sources of information, such as what type of merit aid they have awarded in the past. These have nothing to do with a family's finances," Fox said.

*(continued on page 26)*

## The Financial Aid Road Map...*(continued from page 25)*



It's also essential to get familiar with some key elements of the financial aid process:

**FAFSA:** Financial aid starts with the Free Application for Federal Student Aid (FAFSA). This form helps the federal government calculate how much you can be expected to contribute to a student's college education (the expected family contribution, or EFC) -- and, in turn, how much federal and state aid the student may need (summarized in a Student Aid Report). The information you enter on your FAFSA form becomes the basis for all of the financial-aid decisions that will come later, so be careful.

It's critical to realize that, in the FAFSA process, all assets are not created equal. Kids are expected to put 35% of their assets toward their schooling each year (this summer, that percentage drops to 20%). On the other hand, parents are expected to pay out only 5.6% of their assets per year.

**Federal aid:** Help from the feds can come in the form of outright gifts and loans. Gifts include Pell Grants (for needy students) and Federal Supplemental Educational Opportunity Grants (FSEOGs), which are given to students with exceedingly acute financial need. Loans include low-cost Perkins loans.

**State aid:** Options include in-state tuition discounts at public schools, tuition waivers for out of state students and merit scholarships.

**Help from schools themselves:** Most schools have a broad array of scholarships, grants, low-cost loans and other financing options, such as work-study programs. Schools with a traditional emphasis on one area of study may provide generous aid to bolster enrollment in other majors. Where to start? Search the Internet, talk to other parents and quiz guidance counselors to pinpoint schools that may be good sources of assistance. Find out how much financial help a college awards and what the average real cost is to students, after aid is taken into account. From there, contact colleges and ask what sort of financial aid is available. Ask about the breakdown between need, merit and other aid criteria.

Once you're interested in a school, maintain close contact with the financial aid office to ensure that the school understands every element of your financial situation.

### **Other strategies:**

**Start early.** Many scholarships and grants are first come, first serve. If you locate one with potential, apply as early as possible.

**Create a scholarship portfolio.** One barrier to finding scholarships and other forms of aid is a lack of focus. So do your homework. Know your child's strengths and skills and the sorts of scholarships those attributes are most likely to attract. Have your child draw up a scholarship list or portfolio that identifies those elements that work most to his or her favor. The list can help guide your search and help in preparation of any application materials.

**Be wary of early decisions.** Some elite schools are dropping early-decision programs, through which students apply to one school early as their clear first choice. In terms of financial aid, it's just as well: Those early commitments can lead to less financial aid. The school's reasoning? If you're so set on going coming here, you'll be willing to pay more of the cost yourself.

**If aid is insufficient, ask for more.** Appeal any financial aid package that simply doesn't meet your needs. Substantiate as factually as possible your need for more aid and, if appropriate, show offers from any competing schools. If, for instance, you think FAFSA didn't portray your finances accurately, explain why you feel you need more help.

**Be creative.** Scholarships, grants and other forms of aid often come from unexpected sources.

### **Here are four things you don't want to overlook:**

1. Community and civic groups.

*(continued on page 27)*

## The Financial Aid Road Map...*(continued from page 26)*

2. Religious, ethnic and cultural organizations. Fastweb.com, for instance, lists 70 active award sources for Native American students -- including Syracuse University's Haudenosaunee Promise Scholarship Program, which provides tuition, on-campus room and board and mandatory university fees to all admitted first-year and transfer students who are certified current citizens of one of the six Haudenosaunee nations.

3. Military groups. The Marine Corps Scholarship Foundation in 2006-2007 doled out more than \$2 million in aid to children of Marines.

4. Businesses, including your employer.

**Evaluate financial offers carefully:** If your child gets more than one financial aid package, go over them thoroughly. Sometimes, grants and aid may be tied to prohibitive limitations, such as unreasonably high grades. Ask what percentage of scholarship and grant recipients keep their aid from one year to the next.

**If need be, opt for loans -- intelligently:** These days, it's the rare student who leaves school debt-free. During the past 10 years, student loan debt levels for graduating seniors have more than doubled -- to an average of \$19,200, according to the Project on Student Debt.

But if you do need to take out a loan, make the right choices:

1. As a rule, choose federal loans first. Consider programs such as Stafford and Perkins loans, which generally offer more attractive payback provisions and better interest rates than private loans. Look for subsidized loans, which allow you to avoid paying back any interest that accrues when you're in school or during deferment periods.

2. Mom and Dad can help as well: One option is the federal Parent Loan for Undergraduate Students (PLUS). Here, parents can borrow the difference between the cost of the school attended and the financial aid received. However, these are somewhat pricey -- the current interest rate is about 8%.

3. How much to borrow? The answer depends largely on individual circumstances, but as a rule, experts recommend that monthly loan payments amount to no more than 10% of a student's net income after he or she graduates.

Obviously, a software engineer can expect to manage a greater debt level than, say, an elementary school teacher. Use your career goals to help gauge loan levels.

## Cutting Pell Grant Funding

Rep. Rosa DeLauro (D-Conn.)

Pell Grants are the foundation of our student aid system, which seeks to make sure that students with low and moderate incomes can afford a college education. Right now, Pell Grants are helping more than 9 million people go to college.

There is no doubt that the cost of the Pell Grant program has been rising rapidly. As I understand it, the single most important factor has been growth in the number of eligible students. Between 2008 and now, the number of students receiving Pell Grants has increased by more than three million.

The Great Recession that started in 2008 was a major factor contributing to this growth. People who have lost their jobs and incomes are going back to college to acquire new skills for the economy recovery. That's exactly what we hope people would do - take advantage of opportunity to retool their skills for the jobs of the 21st century.

The question for our Subcommittee and the Congress is: Do we say to these new students, we cannot afford Pell Grants for you? Do we cut Pell Grants for everyone to try to offset the growth in the number of students eligible? That's the approach the majority took in H.R. 1, which passed the

House last month. Their legislation cuts the Pell Grant by \$845 for almost every student in the program.

That cut is particularly serious because Pell Grants have barely kept up with the cost of going to college; even with the increase enacted a couple of years ago in the Recovery Act. At last Thursday's hearing, **I asked Secretary Duncan and his budget director what H.R.1 would mean for the average percentage of college costs covered by Pell Grants. They replied that the percentage would fall to its lowest level in 38 years.**

I hope that the House will change its mind about cutting Pell Grants, and that we can find ways to keep this commitment to students.

The President's budget rightly places a high priority on maintaining this foundation of college student aid. It proposes some changes to other student aid programs to produce savings that could be applied to Pell. It also proposes a

*(continued on page 28)*

## Cutting Pell Grant Funding... (continued from page 27)

change to the Pell program to eliminate the “year-round Pell” option that has turned out to be much more expensive than originally expected. I look forward to learning more about these proposals.

Fundamentally, we need everyone in this country to be able to afford to go to college, if they have the gumption and the talent to do so and if they are willing to work hard at their studies. College cannot be just for people whose families have enough money to afford the cost. Broad access to college is important for raising people’s job prospects and incomes. It is vital to the future of our economy, since the industries that will keep us competitive require people with high knowledge and skills. And it is crucial for the continuing functioning and flourishing of our democracy.

Remember, it was not that long ago that education was only the purview of the rich. We in Congress have worked hard to change this. That is the fundamental power of the institution - to help make opportunity possible for middle-

class and working families. By doing so, we have further expanded the middle-class in this country.

According to the US Census, the average college graduate makes almost \$22,000 more a year than the average worker with only a high-school degree. Over the course of a lifetime, that adds up to close to a million dollars in earnings.

Senator Claiborne Pell understood the importance of education to maintaining American prosperity. As he said, “the strength of the United States is not the gold at Fort Knox or the weapons of mass destruction that we have, but the sum total of the education and the character of our people.”

The very strength of our nation is at stake here. We do not hear China or our other international competitors say “Oh, we’re spending too much on higher education, we need to cut back”. Neither should we. We should find a way to keep our commitment to Pell strong, so that millions of students can continue to take their futures in their own hands.

## FY2011 Spending Bill Eliminates Year-Round Pell and LEAP

The following press release from NASFAA is the latest news on education funding as of April 12, 2011.

Congress has not released the full text of the fiscal year (FY) 2011 spending bill, but additional details released early on April 12 indicate that year-round Pell and the Leveraging Educational Assistance Partnership (LEAP) Program would be eliminated. The U.S. Department of Education (ED) is expected to issue guidance in the coming days.

The summaries posted by the House and Senate Appropriations Committees indicate that the 2011-12 maximum Pell award will be maintained at \$5,550. The bill would also eliminate the Byrd Honors Scholarship Program and cut funding for several programs without completely eliminating them. These cuts include:

- \$20 million cut from the Federal Supplemental Education Opportunity Grants (SEOG)
- \$25 million cut from the Federal TRIO Programs
- \$20 million cut from the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)

The summary posted by the House Appropriations Committee also indicates a 0.2% across-the-board cut for all federal programs. It remains unclear exactly how this across-the-board cut will affect federal student aid programs.

Congress is expected to vote on the bill as early as Thursday, April 14, 2011.

Overall, the bill cuts federal spending by nearly \$40 billion, the largest cut to federal spending in a single year. It cuts a host of education programs including Teach for America, Even Start, and Education Technology State Grants, as well as other federal programs including emergency first responders, the National Endowment for the Arts and high-speed rail. Cuts to ED programs were relatively small compared to cuts to the Departments of Transportation, Housing and Urban Development, Commerce, Justice, Labor and Health and Human Services.

# NASFAA's Professional Development Opportunities for Financial Aid Administrators at Graduate and Professional Institutions

## Pre-Conference Workshop: Plug & Play: Best Practices of Utilizing Technology in Communicating with Graduate & Professional Students

**When:** Saturday, July 16, 2011 - 1:00 pm - 5:30 pm

**Where:** Sheraton Boston

**Fee:** \$75 Members / \$150 Non-Members

We have a responsibility to our students to assist them in their financial success before and after graduation. We also have a responsibility to our institution and prospective students to protect our cohort default rates to ensure continued eligibility for federal Title IV aid. In today's world our students are accustomed to utilizing technology for all facets of their lives. Therefore, as financial aid professionals we need to use innovative methods to communicate our institutions financial literacy, debt management and default prevention initiatives to our student aid recipients. Please join us, as we showcase graduate and professional colleagues from various institutions best practices. We will share some of the "plug & play" technology being used by institutions to try to communicate to their students. We will also share valuable resources for both graduate and professional FAA's and students that you may utilize at your institutions.

## 2011 NASFAA National Conference Interest Sessions July 17 to 20, Boston, MA

BBAY: Is it Right For You?

Collaborating on Campus to Meet Consumer Compliance: Making Sure You Are In Compliance

Collaborating on Debt Management Strategies

Creating a Financial Literacy Plan for your Graduate and Professional Students

Direct Loans Year in Review

Federal Update HHS: HRSA's Title VII Campus-Based Programs

Geezers, Gen-Xers, Grungers, and Geeks

GPIC Town Hall Meeting

Graduate and Professional Roundtable Discussion

Income-Based Repayment (IBR) and Public Service Loan Forgiveness

Legislative Update from the Graduate and Professional Perspective Life After Dartmouth Medical School

Preparing for a GP Program Review

Professional Judgment for Graduate and Professional Students

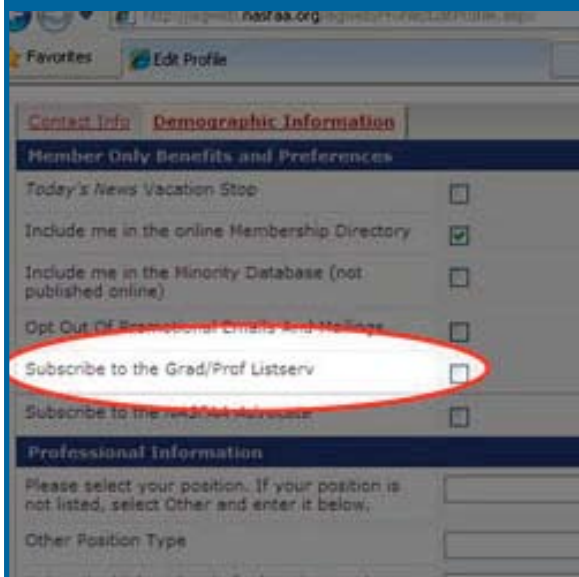
Satisfactory Academic Progress for Graduate Schools

Solving the Loan Repayment Puzzle: Debt vs. Salary

Utilizing Technology to Communicate with Graduate and Professional Students

For more information about the conference and pre-conference workshop, please visit the NASFAA Conference website at <http://conferences.nasfaa.org/2011National/default.aspx>.

## Join NASFAA's Graduate and Professional Listserv



The screenshot shows a web browser window with the URL <http://www.nasfaa.org>. The page is titled "Member Only Benefits and Preferences" and has a "Demographic Information" tab selected. Under this tab, there are several checkboxes for preferences. The checkbox for "Subscribe to the Grad/Prof Listserv" is highlighted with a red oval. Below this, there is a section for "Professional Information" with a dropdown menu for "Please select your position. If your position is not listed, select Other and enter it below:" and a text input field for "Other Position Type".

**Step 1:** Login to the NASFAA website and go to the **Membership Center** to access your *myNASFAA* account. You will need your email address and NASFAA password. If you have lost your password, retrieve it using the link on the login page. If you do not have a *myNASFAA* account, create one using the link on the login page. You do not need to be a member of NASFAA to create a *myNASFAA* account.

**Step 2:** Once you've logged in, select the **Demographic Information** tab.

**Step 3:** To add yourself to the Grad/Prof Listserv, check the appropriate box.

**Step 4:** Under the **Professional Information** header, use the drop-down list to answer the first question, "**Please select your position.**"

- If you work exclusively with graduate students, select Financial Aid Administrator/Graduate Students.
- If you work with graduates and undergraduates, select Financial Aid Administrator/Undergraduate & Graduate Students.

**Step 5:** Scroll down to the heading, **Institutional Financial Aid Professionals Only** and provide information on your graduate/professional discipline, if any.

- To select more than one option, hold down the control key while making your selection.

**Step 6:** Click **Save** at the bottom of the page.

# History of Student Financial Aid

This page provides a summary of events affecting student financial aid, including key Federal legislation.

<b>2010</b>	The Health Care and Education Reconciliation Act of 2010 (P.L. 111-152) was passed by the House and Senate on March 25, 2010 along party lines and signed into law by President Obama on March 30, 2010. The bill eliminates the federally-guaranteed student loan program (FFELP), with all new federal education loans made through the Direct Loan program starting July 1, 2010. The savings are redirected to the Pell Grant program, deficit reduction, improvements in income-based repayment and a variety of smaller programs. Most of the Pell Grant funding was used to backfill a funding shortfall from the American Recovery and Reinvestment Act of 2009 (stimulus bill) and to make permanent the increased maximum Pell Grant from that legislation. The rest of the Pell Grant funding indexes the maximum Pell Grant to the Consumer Price Index for five of the ten years, with the maximum Pell Grant unchanged for the remaining five years. The legislation cuts the monthly payment under income-based repayment by one third from 15% of discretionary income to 10% of discretionary income, and accelerates the loan forgiveness from 25 years to 20 years, but only for new borrowers of new loans made on or after July 1, 2014.
<b>2009</b>	The American Recovery and Reinvestment Act of 2009 was passed by the House and Senate on February 13, 2009 largely along party lines. The bill includes a \$500 increase in the maximum Pell Grant (discretionary funding) for 2009-10, a \$700 increase in the Hope Scholarship tax credit from \$1,800 to \$2,500 for 2009 and 2010 (along with partial 40%/\$1,000 refundability, an increase from 2 years to 4 years and expanded income phaseouts), \$200 million in additional Federal Work-Study funding and \$200 million in AmeriCorps funding.
<b>2008</b>	Congress finally reauthorized the Higher Education Act of 1965 after more than a dozen extension acts. The Higher Education Opportunity Act of 2008 (PL 110-315) added numerous new disclosure requirements including the Student Loan Sunshine Act. Other significant changes include veterans' education benefits will no longer be treated as a resource starting in 2010-11, expands the cohort default rate from a two-year to a three-year window, establishes three new up-front loan forgiveness programs, requires education lenders to report repayment status information to all national consumer credit reporting agencies, authorizes a simplified EZ FAFSA form, requires standardization of the financial aid award letter, and softens the 90/10 rule.
<b>2008</b>	Congress passed the Ensuring Continued Access to Student Loans Act of 2008 (P.L. 110-227), known as ECASLA, to help avert a crisis in the FFEL program. This legislation allows the US Department of Education to buy unencumbered Stafford and PLUS loans originated from 10/1/03 to 9/30/09. The legislation also increased the annual and aggregate loan limits on the unsubsidized Stafford loan for undergraduate students and allows parents to defer repayment on the Parent PLUS loan while the student is in school and for six months afterward. Congress also passed the Ensuring Continued Access to Student Loans Act Extension (P.L. 110-350) to extend ECASLA to the 2009-10 academic year.
<b>2007</b>	The US Department of Education announced that it will be eliminating mass distribution of paper FAFSAs to schools and libraries with the 2008-09 FAFSA. Instead, students will be encouraged to submit the FAFSA online. Students who need a paper FAFSA can print out a PDF version or call 1-800-4-FED-AID (1-800-433-3243) to obtain a copy by mail. This change will save money and reduce waste.
<b>2007</b>	The College Cost Reduction and Access Act of 2007 (summary) passed the House and Senate on September 7, 2007 with veto-proof margins (79 to 12 in the Senate, 292 to 97 in the House), and was signed into law on September 27, 2007 (P.L. 110-84). The legislation was billed by the Democratic Leadership as the largest increase in federal student aid since the GI Bill, paid for at no cost to the taxpayers by cutting payments to lenders and guarantee agencies. The legislation increased the maximum Pell Grant from \$4,310 in 2007-08 to \$5,400 in 2012-13, added Teach Grants of \$4,000 a year, cut interest rates on subsidized Stafford loans for undergraduate students in half by 2011-12, added income-based repayment and public service loan forgiveness (effective October 1, 2007), doubled the income protection allowance for dependent students from \$3,000 in 2007-08 to \$6,000 in 2012-13 and increased the income protection allowance for independent students by 50% by 2012-13, increased the automatic zero EFC threshold from \$20,000 to \$30,000 in 2009-10, and eliminated Worksheet A from the FAFSA. It also corrected the legislative drafting error with regard to the treatment of custodial qualified education benefits (section 529 college savings plans, prepaid tuition plans and Coverdell Education Savings Accounts), treating them as though they were parent assets starting July 1, 2009. The legislation also established a pilot auction for setting the lender subsidy rates on Parent PLUS loans (effective July 1, 2008). Most of the improvements in student aid are effective July 1, 2009. The lender subsidy cuts are effective October 1, 2007. The increases in the Pell Grant and the cuts in subsidized Stafford loan interest rates are effective starting July 1, 2008.
<b>2007</b>	Section 8241 of the <i>Small Business and Work Opportunity Act of 2007</i> , which was included in the <i>U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007</i> (P.L. 110-28), increased the age at which a child's income is taxed at the child's rate (the so-called Kiddie Tax) from age 18 to 19 (24 for full-time students) for children whose earned income does not provide more than one-half of their support. The age is relative to December 31 of the tax year. This roughly aligns the kiddie tax age threshold with the definition of independent student, substituting tax year for award year. This change is effective for tax years beginning after May 25, 2007.

(continued on page 31)

April 2011 Online News - Page 30

## History of Student Financial Aid...*(continued from page 30)*

<b>2007</b>	Allegations by the New York Attorney General of lender-college revenue sharing agreements, referral fees and other conflicts of interest lead to multi-million dollar settlements by the largest education lenders. Lenders and colleges agreed to abide by a new code of conduct that bans certain practices. Prominent financial aid administrators and a US Department of Education official were put on paid leave following revelations of their lender stock holdings and payments received from lenders.
<b>2007</b>	The Revised Continuing Appropriations Resolution of 2007 (P.L. 110-5) increased the maximum Federal Pell Grant for 2007-2008 by \$260 to \$4,310, ending four years of no increases in the maximum Pell Grant.
<b>2006</b>	The Tax Relief and Health Care Act of 2006 (P.L. 109-432, December 20, 2006), also known as the omnibus tax extender bill extended the Tuition and Fees deduction for two years (2006 and 2007).
<b>2006</b>	The December 31, 2010 sunset on the favorable tax status of section 529 college savings plans and other improvements from the Economic Growth and Tax Relief Reconciliation Act of 2001 has been eliminated. These improvements were made permanent as part of the Pension Protection Act of 2006 (P.L. 109-280).
<b>2006</b>	The single holder rule was repealed as part of Public Law 109-234, the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006. The repeal is effective June 15, 2006. All borrowers may now consolidate their loans with any lender. Previously, borrowers who had all their loans with a single lender were required to consolidate their loans with that lender. This increases competition for student loans, and may lead to improved benefits and lower costs for borrowers.
<b>2006</b>	The Tax Increase Prevention and Reconciliation Act of 2005 (P.L. 109-222) increased the age at which income earned by children is taxed at the child's rate (the so-called Kiddie Tax) from age 14 to age 18. This change is effective for tax years beginning after December 31, 2005.
<b>2005</b>	Section 220 of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA), P.L. 109-8 amended the US Bankruptcy code at 11 USC 523(a)(8) to include an exception to discharge for "qualified education loans". Previously only private student loans made by a nonprofit institution (as well as federal education loans) were excepted from discharge.
<b>2005</b>	Higher Education Reconciliation Act of 2005 (HERA 2005) (part of the Deficit Reduction Act of 2005) cuts \$12.7 billion from student aid: switches Stafford and PLUS interest rates to fixed rates of 6.8% and 8.5% (an increase from P.L. 107-139), keeps maximum Pell Grant at \$4,050 for fourth year in a row, gradually reduces loan fees from 4% to 1%, increases some annual loan limits without increasing cumulative loan limits, changes financial aid treatment of prepaid tuition plans, allows graduate and professional students to borrow PLUS loans, eliminates floor income guarantee and some 9.5% loan recycling, adds SMART Grants for less than 10% of Pell Grant recipients, repeals early repayment status loophole, and adds restrictions to School as Lender, among other changes.
<b>2005</b>	FY2006 Federal Budget cuts 1% from all discretionary spending, including student aid.
<b>2005</b>	Student loan interest rates reach historical low, allowing borrowers who consolidate during the in-school period to lock in a rate of 2.88%. Early repayment status loophole allows continuing students to consolidate.
<b>2003</b>	US Supreme Court rulings on affirmative action cases Grutter v. Bollinger and Gratz v. Bollinger
<b>2002</b>	Public Law 107-139 (February 8, 2002) changed education loan interest rates from variable rates to fixed rates for new loans issued after July 1, 2006. The interest rate on Stafford Loans will be 6.8%. The interest rate on PLUS Loans will be 7.9%.
<b>2001</b>	Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), P.L. 107-16 (enhanced section 529 plans and other education tax credits, renamed Education IRAs as Coverdell accounts)
<b>2000</b>	Lenders sue the US Department of Education to try to block the Department from offering loan discounts to Direct Loan borrowers without offering similar discounts to FFEL borrowers. The lenders also questioned whether the discounts are cost neutral, as required by the Higher Education Act. The Department believes that these reductions will save the government money by preventing defaults, save students money by reducing costs, and are necessary to level the playing field. Many lenders already offer similar discounts. (November 7, 2000)
<b>2000</b>	College Scholarship Fraud Prevention Act of 2000 (P.L. 106-420, November 1, 2000)
<b>1999</b>	Direct Lending introduces loan discounts (1% reduction in origination fees and 0.25% interest rate reduction for auto debit) to compete with loan discounts offered by FFELP lenders. (June 16, 1999)
<b>1998</b>	Default Rate Changes. A steady decline in national student loan default rates began in 1998 with several changes introduced by the Higher Education Amendments of 1998: (1) an increase from 180 days to 270 days in the length of time before a delinquent borrower is declared to be in default, (2) elimination of eligibility to participate in federal student loan programs for any college with a default rate of 25% or more for three consecutive years (or 40% or more in a single year), and (3) interest rate reductions.

*(continued on page 32)*

## History of Student Financial Aid...*(continued from page 31)*

<b>1998</b>	Higher Education Amendments of 1998 renamed SSIG as LEAP, created GEAR UP, suspended student aid eligibility for drug convictions, and added Extended Repayment. (P.L. 105-244, October 7, 1998) Other changes: <ul style="list-style-type: none"> <li>• Cut Stafford loan interest rates by 0.80%. Consolidation loans round up to the nearest 1/8th of a percent (previously whole percent) and capped at 8.25%.</li> <li>• Cost of attendance may now include the cost of a personal computer.</li> <li>• Excludes parents from number in college, switching it to professional judgment (PJ).</li> <li>• Adds examples of other common special circumstances that merit PJ: tuition expenses at an elementary or secondary school, medical or dental expenses not covered by insurance, unusually high child care costs, recent unemployment of a family member, the number of parents enrolled at least half-time in a degree, certificate, or other program leading to a recognized educational credential at a Title IV school, or other changes in the family's income, assets, or student's status.</li> <li>• Allows financial aid administrators the authority to refuse to certify a student's loan application on a case by case basis, so long as the school is not discriminating based on race, national origin, religion, sex, marital status, age, or disability status. This allows schools to limit the borrowing of students in specific majors or years in school. It also allows them to refuse to certify a loan if they feel that the student has no intention of repaying the loan.</li> <li>• Authorizes the establishment a loan cancellation program for teachers.</li> <li>• Authorize the US Department of Education to verify income data submitted on the FAFSA with the IRS. This measure is intended to eliminate a major source of fraud.</li> </ul>
<b>1997</b>	Taxpayer Relief Act of 1997, P.L. 105-34 (Hope Scholarship, Lifetime Learning Tax Credit, Education IRAs, income exclusion for \$5,250 in employer education benefits, tax deduction for up to \$2,500 in student loan interest)
<b>1997</b>	Need-Based Educational Aid Antitrust Protection Act of 1997 (limits exchange of financial information between colleges)
<b>1997</b>	<b>The introduction of FAFSA on the Web (fafsa.ed.gov) in 1997-1998, the online version of the Free Application for Federal Student Aid, leads to significant shift from paper applications to electronic applications.</b>
<b>1996</b>	FTC Project ScholarScam launches crackdown on scholarship scams
<b>1996</b>	US 5th Circuit Court of Appeals ruling in Hopwood v. Texas prohibits the use of race or ethnicity in admissions and financial aid in Texas, Louisiana, and Mississippi
1996	California voters adopt Proposition 209, banning the use of race in college admissions and financial aid at California public colleges and universities
1995	First free large online scholarship search database (FastWeb)
1994	US 4th District Court of Appeals decision in Podberesky v. Kirwan requires that evidence of past discrimination must be clearly evident in a case involving a race-based scholarship
1994	Establishment of FinAid web site
1993	Student Loan Reform Act (established direct lending, added income contingent repayment)
1993	National Service Trust Act (AmeriCorps provides education grants for students age 17 and over who perform community service)
<b>1992</b>	<b>Higher Education Amendments of 1992 (added FAFSA and required it to be free, added Direct Lending pilot project, added unsubsidized Stafford loans, replaced two federal need analysis formulas -- the Pell Grant Formula and the Congressional Methodology -- with a single Federal Need Analysis Methodology, changed definition of "independent student", added community service requirement to Federal Work-Study, eliminated PLUS loan limits)</b>
<b>1991</b>	Veterans' Educational Assistance Amendments of 1991
<b>1990</b>	Omnibus Budget Reconciliation Act of 1990 (elimination of student aid eligibility at high default schools)
<b>1989</b>	Student Loans Reconciliation Amendments
<b>1988</b>	Tax Reform Technical Amendments (created Education Savings Bonds)
<b>1988</b>	Supplemental Loans to Students Reform Bill
<b>1987</b>	GSL Program renamed the Stafford Loan Program
<b>1986</b>	Michigan Education Trust established as the first prepaid tuition plan
<b>1986</b>	Reauthorization of the Higher Education Act (added Congressional Methodology as a second federal need analysis methodology, gave financial aid administrators broad discretion through "professional judgment", required financial need for the GSL interest subsidy, NDSL renamed Perkins Loan, created Supplemental Loan to Students (SLS) for graduate, professional and independent students, restricted PLUS loans to parent borrowers, added FFEL consolidation loans)

*(continued on page 33)*



## History of Student Financial Aid...*(continued from page 32)*

1986	The Consolidated Omnibus Budget Reconciliation Act of 1985 (signed into law on April 7, 1986) changed the definition of a default on federal education loans from a delinquency of 120 days to 180 days.
1985	Montgomery GI Bill - Active Duty
1983	Student Loan Consolidation and Technical Amendments Act of 1983 (GSL 8% interest rate, EFC)
1982	Defense Authorization Act of 1982/1983 (Selective Service registration required for financial aid eligibility)
1981	"I Have a Dream" Project founded by Eugene Lang at P.S. 121 in Harlem
1981	Omnibus Budget Reconciliation Act (Federal student loans depend on financial need again and add an origination fee)
1980	US Department of Education elevated to a cabinet-level department.
1980	Reauthorization of the Higher Education Act (established PLUS loans, BEOG renamed Pell Grants after Senator Claiborne Pell of Rhode Island)
1979	Department of Education Organization Act, PL96-88
1978	Middle Income Student Assistance Act (expanded federal student assistance programs to include middle-income students in addition to the low-income students by expanding eligibility for the BEOG grant and eliminating income restrictions for GSL loans)
1978	US Supreme Court ruling in Regents of the Univ. of California v. Bakke eliminated the use of quotas in college admissions
1976	Education Amendments of 1976, PL94-482, Reauthorization of the Higher Education Act (added SAP requirements and state loan-guarantee agencies)
1976	CSS introduces the Financial Aid Form (FAF) as a replacement for the Parent's Confidential Statement (PCS) and Student's Financial Statement (SFS)
1975	Harry S Truman Memorial Scholarship Act, PL93-642 (scholarships for public service)
1974	Family Educational Rights and Privacy Act (FERPA)
1974	National Task Force on Student Aid Problems develops Uniform Methodology (UM)
1972	Student Loan Marketing Association (Sallie Mae) established
1972	Education Amendments of 1972, PL92-318 (federal matching grants for state student incentive grants)
1972	<b>Basic Educational Opportunity Grant (origin of the Pell Grant, first federal need analysis formula). Maximum grant was initially \$452.</b>
1972	Educational Opportunity Grant renamed Supplemental Educational Opportunity Grant (SEOG)
1968	Higher Education Amendments of 1968, PL 90-575
1966	<b>National Association of Student Financial Aid Administrators (NASFAA) Created. NASFAA was initially called the National Student Financial Aid Council, but was renamed in 1969. Alan W. Purdy was the first chairman of NASFAA.</b>
1965	Educational Opportunity Grant Program (precursor to Pell Grant)
1965	Guaranteed Student Loan (GSL) Program, precursor to Stafford Loan Program
1965	<b>Higher Education Act of 1965, PL89-329 (authorized most federal student financial aid programs, including the Educational Opportunity Grant Program and the Guaranteed Student Loan Program).</b> President Lyndon B. Johnson's remarks at the signing ceremony.
1964	Economic Opportunity Act of 1964, PL88-452 (established college work-study and authorized Head Start, Upward Bound, and VISTA)
1964	Civil Rights Act of 1964, PL88-452
1963	Health Professions Educational Assistance Act of 1963, PL88-204 (student loans)
1961	CSS Introduces the Married Student Supplement which later evolved into the Student's Financial Statement (SFS)
1958	National Defense Education Act, PL85-864 (graduate fellowship program and the National Defense Student Loan Program (NDSL), the precursor to the Perkins Loan Program, first Federal student aid program for low-income students)
1956	CSS Introduces the Parent's Confidential Statement (PCS)
1954	College Scholarship Service (CSS) Created
1953	John Monro of Harvard presents first need analysis formula
1952	Veterans Readjustment Assistance Act (extended GI Bill benefits to Korean War Veterans)
1952	National Science Foundation Graduate Fellowships
1950	National Science Foundation Act

*(continued on page 34)*

## History of Student Financial Aid...*(continued from page 33)*

1946	Fulbright Scholarships established
1944	GI Bill (Servicemen's Readjustment Act)
1937	Creation of Public Health Service fellowship program.
1935	National Youth Administration (employment for college students)
1935	Indiana Student Financial Aid Association established (first state financial aid association)
1913	New York State established the Regents College Scholarship Program
1867	<b>Authorized creation of US Department of Education</b>
1840	First student loan program at Harvard University
1643	First scholarship established by Lady Anne Radcliffe Mowlson at Harvard University

## States Struggle with Managing Federal Stimulus Funds Jennifer Cohen, New America Foundation

December 8, 2009

The federal government made nearly \$100 billion available to states and school districts for various education programs through the American Recovery and Reinvestment Act (ARRA.) Since the Department of Education first made the funds available in early April, states have been disbursing ARRA funds to their local education agencies (LEAs) at varying rates and through different processes. While some states have implemented extensive applications and oversight to ensure that the funds are disbursed when they are needed and spent quickly, others have pushed out the funds to LEAs as quickly as possible regardless of LEA need. A recent [report](#) published by the Department of Education's Office of Inspector General discusses some of these practices and the impact they have on state and LEA finances. The report finds that several states are disbursing ARRA funds to LEAs before they can spend them, calling into the question the methods states are using to disburse the funds and triggering financial penalties for the LEAs.

The Office of Inspector General (OIG) has been auditing seven states and Puerto Rico to better examine how these states have been managing the flow of ARRA funds to LEAs. Federal regulations require that state governments disburse funds in a manner that minimizes the time between the transfer of funds to LEAs and when the LEA actually spends the money. In cases in which LEAs do not spend federal funds within three days, they must remit interest payments earned on the unspent funds to the U.S. Treasury at least quarterly. [1] Although Department of Education guidance has reinforced these federal requirements, five of the audited

**An NPC  
for *YOUR*  
~~every~~  
budget.**

Choose from our flexible features to create the NPC that is best for your institution — and your budget.

For more information call **866-943-5254** or visit us online at [www.studentaidservices.com](http://www.studentaidservices.com).

**+studentaid  
services**

The nation's leading  
provider of net price  
calculator technology

*(continued on page 35)*

## States Struggle with Managing Federal Stimulus Funds...*(continued from page 34)*

states have engaged in practices that are likely to disburse funds to LEAs before they are able to spend them.

California, for example, pushed out more than \$4 billion in ARRA funds to school districts between late May and early July before determining the districts' need for the funds. In late July, LEAs were still planning how they would use the funds and had actually spent very little. As a result, these LEAs should be remitting interest payments on these funds at least quarterly. However, the OIG has also found that California LEAs have been miscalculating their interest payments or not remitting them at all, likely due to lack of state guidance on these practices.

This OIG report has interesting implications for the use of ARRA funds across the country. If, in fact, many states are disbursing funds before LEAs are actually able to use them, these funds are likely languishing in local coffers, forcing LEAs to remit interest payments that they cannot afford. This means that there is a great disparity between the percent of ARRA funds that have been drawn down for disbursement and the percent of ARRA funds that have actually been spent. As we have **mentioned in the past**, the data reported

by the recipients of ARRA funds does not include actual expenditures by LEAs. In absence of this data, it is impossible to know the extent to which state disbursements of ARRA funds are presenting real problems for LEAs.

Additionally, the ARRA represents a large increase in federal allocations to public education. Given the significant guidance, oversight, and transparency tied to these new funds, it's no surprise that LEAs are unable to spend them immediately. In fact, the slow speed of expenditure at the local level suggests that these funds are being used thoughtfully as the guidance encourages. Regardless, this report makes a good case for ensuring that state education agencies disburse ARRA funds carefully to ensure they have the greatest positive impact on LEA finances.

---

[1] Interest payments from the LEAs are necessary because the U.S. Treasury incurs interest costs when it borrows funds to make the federal payments. When a state education agency pushes out federal funds to LEAs too soon, the U.S. Treasury incurs additional costs on those borrowed funds that otherwise should have been drawn down later.

## Burden of Student Loans Squeezing Grads

Tamar Lewin, *The New York Times*

### In some circles, student debt is known as the anti-dowry

Student loan debt outpaced credit card debt for the first time last year and is likely to top a trillion dollars this year as more students go to college and a growing share borrow money to do so.

While many economists say student debt should be seen in a more favorable light, the rising loan bills nevertheless mean that many graduates will be paying them for a longer time.

"In the coming years, a lot of people will still be paying off their student loans when it's time for their kids to go to college," said Mark Kantrowitz, the publisher of FinAid.org and Fastweb.com, who has compiled the estimates of student debt, including federal and private loans.

Two-thirds of bachelor's degree recipients graduated with debt in 2008, compared with less than half in 1993. Last year, graduates who took out loans left college with an average of \$24,000 in debt. Default rates are rising, especially among those who attended for-profit colleges.

The mountain of debt is likely to grow more quickly with the coming round of budget-slashing. Pell grants for low-income students are expected to be cut and tuition at public universities will probably increase as states with pinched budgets cut back on the money they give to colleges.

Some education policy experts say the mounting debt has broad implications for the current generation of students.

"If you have a lot of people finishing or leaving school with a lot of debt, their choices may be very different than the generation before them," said Lauren Asher, president of the Institute for Student Access and Success. "Things like buying a home, starting a family, **starting a business**, saving for their own kids' education may not be options for people who are paying off a lot of student debt."

In some circles, student debt is known as the anti-dowry. As the transition from adolescence to adulthood is being delayed, with young people taking longer to marry, buy a home and have children, large student loans can slow the process further.

"There's much more awareness about student borrowing than there was 10 years ago," Ms. Asher said. "People either are in debt or know someone in debt."

To be sure, many economists and policy experts see student debt as a healthy **investment** - unlike high-interest credit card debt, which is simply a burden on consumers' budgets and has been declining in recent years. As recently as 2000, student debt, at less than \$200 billion, barely registered as a factor in overall household debt. But now, Mr. Kantrowitz said, student loans are going from a microeconomic factor to a macroeconomic factor.

*(continued on page 36)*

## Burden of Student Loans Squeezing Grads...*(continued from page 35)*

Susan Dynarski, a professor of education and public policy at the University of Michigan, said student debt could generally be seen as a sensible investment in a lifetime of higher earnings. "When you think about what's good debt and what's bad debt, student loans fall into the realm of good debt, like mortgages," Professor Dynarski said. "It's an investment that pays off over the whole life cycle."

According to a College Board report issued last fall, median earnings of bachelor's degree recipients working full time year-round in 2008 were \$55,700, or \$21,900 more than the median earnings of high school graduates. And their unemployment rate was far lower.

So Sandy Baum, a higher education policy analyst and senior fellow at George Washington University, a co-author of the report, said she was not concerned, from a broader perspective, that student debt was growing so fast.

Indeed, some economists worry that all the news about unemployed 20-somethings mired in \$100,000 of college debt might discourage some young people from attending college.

### Obamas' student loans

A decade ago, student debt did not loom so large on the national agenda. Barack and Michelle Obama helped raise awareness when they spoke in the presidential campaign about how their loan payments after graduating from Harvard Law School were more than their mortgage payments.

"We left school with a mountain of debt," Mr. Obama said in 2008. "Michelle I know had at least \$60,000. I had at least \$60,000. So when we got together we had a lot of loans to pay. In fact, we did not finish paying them off until probably we'd been married for at least eight years, maybe nine."

Even then, Mrs. Obama said, it took the royalties from her husband's best-selling books to help pay off their loans.

In 2009, the Obama administration made it easier for low-earning student borrowers to get out of debt, with income-based repayment that forgives remaining federal student debt for those who pay 15 percent of their income for 25 years - or 10 years, if they work in public service.

But if the Obamas' experience highlights the long payback periods for student debt, their careers also underscore the benefits of a top-flight education.

"College is still a really good deal," said Cecilia Rouse, of Princeton, who served on Mr. Obama's Council of Economic Advisers. "Even if you don't land a plum job, you're still going to earn more over your lifetime, and the vast majority of graduates can expect to cover their debts."

Even believers in student debt like Ms. Rouse, though, concede that hefty college loans carry extra risks in the current economy.

"I am worried about this cohort of young people, because their unemployment rates are much higher and early job changing is how you get those increases over their lifetime," Ms. Rouse said. "In this economy, it's a lot harder to go from job to job. We know that there's some scarring to cohorts who graduate in bad economies, and this is the mother of bad economies."

And there is widespread concern about those who borrow heavily for college, then drop out, or take extra years to graduate.

Deanne Loonin, a lawyer at the National Consumer Law Center, said education debt was not good debt for the low-income borrowers she works with, most of whom are in default.

Unlike most other debt, student loans generally cannot be discharged in bankruptcy, and the government can garnish wages or take tax refunds or Social Security payments to recover the money owed.

Students who borrow to attend for-profit colleges are especially likely to default. They make up about 12 percent of those enrolled in higher education, but almost half of those defaulting on student loans. According to the Department of Education, about a quarter of students at for-profit institutions defaulted on their student loans within three years of starting to repay them.

"About two-thirds of the people I see attended for-profits; most did not complete their program; and no one I have worked with has ever gotten a job in the field they were supposedly trained for," Ms. Loonin said.

"For them, the negative mark on their **credit report** is the No. 1 barrier to moving ahead in their lives," she added. "It doesn't just delay their ability to buy a house, it gets in the way of their employment prospects, their finding an apartment, almost anything they try to do."

*This story, "Burden of College Loans on Graduates Grows," originally appeared in The New York Times.*



# The Real Cause of Pell Grant Cost Increases

Jason Delisle, New America Foundation

March 8, 2011

It's certainly no secret that the costs of the Pell Grant program have been growing at a rapid rate. The cost of the program, which gives undergraduate college students from low-income families' grants to cover tuition and other expenses, has more than doubled from \$16 billion in 2008 to nearly \$40 billion in fiscal year 2011. Compare that to the largest federal program for K-12 education, Title I grants for local school districts, which Congress has consistently funded at about \$14 billion over the same time period.

Most policymakers and stakeholders have attributed the rise in Pell Grant costs to the weak economy. The conventional wisdom is that high unemployment has encouraged more people to pursue a higher education—and apply for Pell Grants.

That reasoning is indeed correct, but it's not the whole story. In fact, it's not even half the story.

According to U.S. Department of Education [budget documents](#) released with the Obama Administration's fiscal year 2012 budget proposal, most of the increase in Pell Grant costs is the result of changes Congress made to the program that took effect in 2009, not rising college enrollment.

Here is how the Department of Education breaks down the numbers:

- Only 40 percent of the growth in costs of the Pell Grant program from 2008 to 2012 will be attributable to enrollment growth. Over that time, recipients will grow from 6.1 million in 2008 to an estimated 9.6 million in 2012.
- About 14 percent of the increase is attributable to changes that Congress made to key parts of the eligibility formula for Pell Grants under the College Cost Reduction and Access Act of 2007. Starting in 2009, the law upped the income threshold from \$20,000 to \$30,000 in the formula that qualifies an applicant for the maximum grant award (provided the cost of attendance meets or exceeds the maximum grant award). The law also allows applicants to exclude more of their income when applying for a grant and it created a new exclusion for certain types of income such as the Earned Income Tax Credit, the refundable child tax credit, and welfare or Social Security benefits. (The Higher Education Opportunity Act of 2008 excluded even more types of income and benefits, but the Department of Education doesn't mention those changes in its tally.)
- The year-round or "two Pell" rule accounts for another 22 percent of the program's cost increase

since 2008. The Higher Education Opportunity Act of 2008 allows students to receive two Pell Grants in one academic year, mainly to pay for summer enrollment. This eligibility change alone adds about \$4 billion a year to program costs. The Department of Education notes that its own budget analysts had previously "underestimated the effect of this change" on program costs.

- Finally, about 25 percent of the growth in Pell Grant costs is attributable to an increase in the maximum grant that students can receive. In 2008, the maximum Pell Grant was \$4,731. As part of the America Recovery and Reinvestment Act, Congress boosted it to \$5,350 in 2009 and \$5,550 in 2010. The Department of Education assumes Congress will set this same maximum for 2011 and 2012 in its calculations to determine what factors contributed to growth in cost of the Pell Grant program.

In total, this means that 60 percent of the growth in the cost of the Pell Grant program had nothing to do with enrollment growth. Instead, the majority of the increasing cost can be attributed to legislative changes to the program.

So what *didn't* contribute to the growth in Pell Grant costs?

It's worth noting that the Department of Education didn't specifically include Pell Grant use at for-profit colleges as a factor contributing to cost growth. The Obama Administration last year proposed new regulations that would further limit the use of federal student aid at such schools, and one would expect that if these schools were driving up costs in the program, the Department of Education wouldn't be shy about reporting it. In fact, the budget document shows that Pell Grant costs have doubled since 2008 at for-profit schools and at 4-year public and private institutions. Pell Grant use at community colleges is the only outlier, where use (in terms of dollars) is up 160 percent. Community colleges took in \$5.3 billion in Pell Grants in 2008 and are expected to take in \$13.8 billion in 2012.

The Department of Education's fiscal year 2012 budget documents show that Congress and the Administration have been in the driver's seat when it comes to Pell Grant costs—not the weak economy and surging Pell Grant applications. The policies that determine the grant size and eligibility rules have been more important in determining what the program costs than even the fastest enrollment growth rate in the program's history.

# Photo Gallery: SASFAA 2011 Annual Conference in Jacksonville, Florida

