

PASFAA

Pennsylvania Association of Student Financial Aid Administrators

NEWSLETTER

NUMBER 4

JUNE 1988

VOLUME XXI

FROM THE PRESIDENT:

Dear PASFAA Member:

The various PASFAA Committees and Executive Council are busily working on the important matters of the Association. The names of those volunteers who helped with our 1988 Hotline and Financial Aid Awareness Projects and who are serving on various PHEAA committees are included with our thanks for their participation. We also call your attention to the pre-election information included in this newsletter and hope many of you will consider adding your names to the slate of nominees.

As the temperatures outside begin to heat up, so does the pace in our own offices. The American way is to consider summer as "holiday"—but most of us in financial aid know better. Those stacks of paper mount up, and we often tend to become discouraged just knowing what is facing us in the next few months. As we work at "taking heart" and find amusing ways to get ourselves and our support staffs through the summer, there is an important matter which requires some deliberation by the profession.

Professional Judgment

We are all grateful that Congress has recognized the importance of what our profession does. We are all also grateful to have this concept of professional judgment in the law.

However, some are considering "PJ" as license to do anything they please within needs analysis, special considerations, awarding of aid. When we are all "doing our own thing" we most likely are making slightly different—and sometimes drastically different—decisions regarding similar students, and regarding the same student from institution to institution.

There are three main dangers, it seems to me, when "PJ" runs wild. The consequences of these dangers could hurt the profession, could hurt the institutions for which we work, and could certainly confuse students.

First, these differences could mean a "cracking down" on the profession by the powers that be to require more consistent treatment of student data.

Second, these differences could also inhibit attraction of students to our individual institutions, or could sway the student's decision based on such differing needs analysis and resulting aid offers. We all can recall one of the basic tenets of financial aid: To equalize or neutralize the cost factor among institutions to allow the student choice regardless of school cost.

Lastly, these differences certainly must have meant confusion to students and their parents during this spring season of recruiting new and transfer students. The financial aid process, forms and results are confusing enough; we have now perhaps muddled the waters even more, created misunderstanding and mistrust when we are all doing something very different for the same student.

In his NASFAA Journal Article, "Professional Judgment: Tool or Time Bomb," (Winter, 1988) Dennis J. Martin revealed two possible endings. The first ending has us all using common sense and things going on. The second darker, cynical ending he can envision includes the tolling of the death bell where Professional Judgment will not work. "The profession will be uncomfortable using it, inconsistent in its application. There will be accusations of abuse. It will be taken away."

To avoid this darker scenario and ensure the brighter one for our profession, we probably all need to find some time. Time to band together, discuss in post-mortem fashion the past few months and plan consistency of sorts for the future. I hope that PASFAA members will join others in the profession in these necessary discussions.

Sincerely,



Sheila Angst
President

20th Annual
Conference
The
Hotel Hershey,
Hershey,
Pennsylvania
October 2-5,
1988

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Editor Xerpts

- The Newsletter publishes financial aid position openings free-of-charge and accepts signed letters to the editor.
- Lenders speak up! We need more articles for the Lender Language section of the Newsletter. Please contribute whatever you feel is newsworthy.
- We are expanding the dates to remember section on the back cover of the Newsletter. Please send events and dates to the Editor well in advance of the event.
- Position changes/personal notes: We will publish position changes and personal notes as space permits in each Newsletter.

PUBLICATION SCHEDULE

The PASFAA Newsletter is scheduled to go to final print during the last week of November, January, March, May and August. All contributions to the Newsletter must be submitted at the very beginning of each of these months. Please direct inquiries and all copy to:

Vali G. Heist
PASFAA Newsletter
Alvernia College
Reading, Pennsylvania 19607
(215) 777-5411

Subscription to the PASFAA Newsletter is included in the Membership fee. Contact Bill Irwin, Lock Haven University, for information on PASFAA Membership.

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MOVING OR CHANGING POSITION?

PASFAA membership belongs to the individual and not your institution. Please be sure to provide PASFAA with changes of address or changes in title. Membership directories are printed for PASFAA by Bob Prince and Financial Collection Agencies. You should review your entry and submit any necessary changes to Georgia Prell, Financial Aid Office, East Stroudsburg University, East Stroudsburg, PA 18301 where the membership list is maintained.

1987-88 PASFAA COMMITTEES

Committee	Chairperson
Government Relations	Mary Andrews Miller
Membership and Elections	William Irwin
Professional Standards and Training	Milosh Mamula
Public and Professional Information	Vali G. Heist
1988 Conference	Michael Schreier
1989 Conference	Chris Zuzack
1989 Hotline	Helen Nunn

EXECUTIVE COUNCIL NOTES

The 1987-88 Executive Council last met in Harrisburg at the PHEAA Board Room on Monday, April 18, 1988. In addition to the reports from various committee chairs appearing elsewhere in this newsletter, the following items were discussed:

PAATP P&PDC Nominations. Milosh Mamula, PASFAA liaison to the Pennsylvania Aid Administrators Training Committee, presented nine self-nominated names of persons interested in serving on the Planning and Program Development Committee for PHEAA. Council selected the maximum possible five nominees to submit to PHEAA for the one-position opening. A decision should be made by PHEAA within the next few months.

Conference 1989 Site Selected. Chris Zuzack, 1989 PASFAA Conference Chair, presented the results of her investigation of possible western sites for the conference in a report presented to Council by Milosh Mamula. After thorough review of sites large enough to hold the association's annual event, Council voted to approve Chris' recommendation of the Sheraton Station Square Hotel, Pittsburgh. Further details about the site and Conference 1989 plans will appear in future newsletters.

Next Meeting. Council will next meet on Monday, June 6 at the PHEAA Board Room in Harrisburg. Any important matters you wish to bring to Council's attention should be submitted to your sector representative or to one of the officers.

POSITION OPENINGS

Counselor/Assistant Director of Financial Aid, Ursinus College. Position requires strong counseling and mathematical skills. Major responsibilities will include packaging, counseling, and loan due diligence requirements. Qualifications: Bachelor's degree required, master's degree preferred. Computer experience helpful. Send letter of application, resume, and 2 recommendations to: Eva J. Hess, Director of Financial Aid, Ursinus College, Collegeville, PA 19426.

The University of Pittsburgh School of Medicine has an immediate opening for the position of Student Aid Coordinator. Bachelor's degree, 1 to 2 years professional financial aid experience and familiarity with PC's required. Responsibilities include: counseling students and parents regarding student aid programs; processing and awarding financial aid, including loans and scholarships. Supervisory skills necessary. Good interpersonal communication skills essential. Salary range: Mid to high teens depending on qualifications. Interested persons should submit a cover letter and resume to: Elaine Onofrey, Director of Student Aid, University of Pittsburgh School of Medicine, M-252B Scaife Hall, Pittsburgh, PA 15261 and Melissa McGann, University of Pittsburgh, Human Resources, 172 Thackeray Hall, Pittsburgh, PA 15260.

THE DIRECTORY IS OUT

*submitted by Bill Irwin,
Chair, Membership and Election*

The 1987-88 PASFAA Directory has been mailed to all members. Anyone who did not receive a copy should contact Bill Irwin at Lock Haven University.

The Directory had been sent to the printer in February and there was some delay in printing. It has been noted by Council that an earlier delivery of future Directories would be desirable. This will mean sending the information to be printed shortly after the annual conference. Members who join the Association after the Directory has been sent for printing would then have their names added through use of supplements published in the Newsletter.

In order to be included in the published directory next year, it will be important for members to renew their membership early, using the conference registration form. Anyone registering for the conference automatically renews membership. However, those who will be unable to attend the conference should still use the registration form to renew membership at the time the form is received to assure getting in the directory.

For a number of years, PASFAA has enjoyed the generous support of Financial Collection Agencies in the printing of the Directory. The Association assumed a part of the production costs for the current edition. In the future Council will be exploring alternatives in an effort to insure a more timely Directory of high quality.

Finally, it is appropriate here to note the work of Georgia Prell at East Stroudsburg University. Her volunteer effort to maintain the membership file and prepare the information for the printing of the Directory is very much appreciated by PASFAA.



CONGRATULATIONS!!!

PASFAA Secretary and Newsletter Editor Vali Heist and her husband Bob became the proud parents of Robert Edwards on Saturday, May 14th. Vali noted that he weighed in at 7 pounds, 11 ounces and has all the appropriate fingers and toes! We understand that Vali was conducting PASFAA business from her office when the baby made known he was ready! Our best wishes from PASFAA.

IT IS AN ELECTION YEAR!



With primaries making headlines every day, everyone knows that an election is coming up. However, that national election is not the one which concerns this article.

PASFAA is seeking officers for the Association. In this year, four offices will become vacant when terms expire at the annual conference. We will need to choose a President-Elect, Vice-President, Secretary, and Treasurer. The latter three positions are to be filled for two-year terms. The President-Elect is, of course, a three-year commitment as the person elected continues as President and then Past President.

Nomination information will be sent to all active members in late June. However, now is the time for interested persons to consider and to make known their interest in holding office. It is also the time for members to encourage individuals you know are qualified to run for office. The continued strength of the Association is insured only where strong leadership is available. Having a number of nominees resulting in two candidates for each office would certainly be a sign of such continued strength.

The duties of the available offices are summarized in the PASFAA Constitution and By-Laws. To further assist interested persons in understanding each office, a brief description of each has been written by the current office holder.

Our hope in presenting this information is to give the membership and particularly those considering placing their names in nomination, a practical view of the work, skills and time commitment involved. Please read these and consider whether your talents might be appropriate for the office. Feel free to contact current or past office holders for more information about the work of the Association and the important jobs to be done.

We look forward to an exciting election process.

*submitted by Bill Irwin,
Chair, Membership and Election Committee*

GENERAL INFORMATION ABOUT HOLDING A PASFAA OFFICE

Each office holder is expected to attend the regular Executive Council meetings, usually held bi-monthly. Reports of the office's activities are expected to be made at those meetings and for the Association newsletter as appropriate. Expenses for attending Executive Council meetings and other expenses incurred in performing the duties of the office as approved by Council are reimbursed by the Association.

JOB DESCRIPTIONS OF PASFAA OFFICES

PRESIDENT-ELECT

Primary Responsibilities: The President-Elect serves as chair of the Professional Standards and Training Committee and as the PASFAA Liaison to the PAATP P&PDC Committee. The President-Elect coordinates the nomination process for vacancies to the P&PDC Committee in April, and attends the NASFAA Leadership Training Workshop in Washington.

Other Responsibilities: The President-Elect serves on the PHEAA State Grant Advisory Committee which meets once in the Fall and once in the Spring.

PRESIDENT

Primary Responsibilities: The President prepares the agenda and presides at all Executive Council meetings and Business Meetings of the Association. The President represents the Association at meetings and events as appropriate.

Other Responsibilities: The President serves on the PHEAA State Grant Advisory Committee, as the PA representative on the EASFAA Council beginning in June of the presidential term, and attends the NASFAA annual conference.

PAST PRESIDENT

Primary Responsibilities: The Past-President serves as chair of the Membership and Elections Committee. In this capacity, the chair has the responsibility to coordinate the maintenance of the membership file, process membership questions, encourage persons to join the Association, oversee production of the membership directory; solicit nominations, prepare ballots, conduct the election at the annual conference, and operate absentee ballot plan. In addition, the chair recruits persons to help with the committee's activities and chairs committee meetings to address any special issues which may arise.

Other Responsibilities: The Past President serves on the PHEAA State Grant Advisory Committee and also serves as EASFAA Council representative from PA beginning in June while still president and continues until the following May and represents the Association in any other capacity requested by the President.

VICE PRESIDENT

Primary Responsibilities: Chairman of the Government Relations Committee. The Government Relations Committee is typically comprised of members of all sectors as well as a representative of the lending community. The committee is responsible for reviewing current legislation and responding to proposed legislation on behalf of PASFAA. The Committee meetings have normally occurred bi-monthly. In addition, meetings with PHEAA staff are held in the Fall and Spring. The Coordination of the Legislative Network is also the responsibility of the Government Relations Committee. Committee members often serve on the various committees established by PHEAA such as the CM Advisory Board, PALS Advisory Board, etc.

Other Responsibilities: The Vice President also serves as a member of the PHEAA Lender Advisory Committee.

TREASURER

Primary Responsibilities: The Treasurer shall be responsible for the fiscal records of the Association and the Executive Council and shall perform such other duties as appropriate to the office as the Executive Council may prescribe. The Treasurer shall be responsible for receiving and disbursing all monies of the Association under policies approved by the Executive Council and shall keep adequate and appropriate records of such receipts and disbursements. The Treasurer shall be ready whenever required to turn over to the Council all monies, accounts, record books, papers, vouchers, and other records pertaining to the office and shall turn the same over to the successor when appropriate. The Treasurer shall submit an audited annual report to the Association.

Other Responsibilities: The Treasurer is responsible for the preparation and presentation of a Treasurer's Report for each meeting, as well as a yearly report to be presented at the Conference. Since all conference registrations are sent to the Treasurer, he/she also prepares the list of conference attendees. The month before the annual conference and a few weeks after the conference are the busiest times for the Treasurer.

SECRETARY

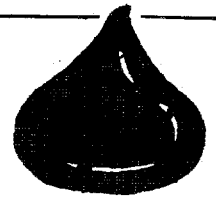
Primary Responsibilities: The Secretary is responsible to take minutes at the Executive Council meetings and Business Meetings of the Association held at the Annual Conference, and to transcribe and distribute the minutes to the Council or Membership. The Secretary is the coordinator of the Association's bi-monthly newsletter.

(NOTE: While the Secretary has also been the Editor of the newsletter for the past several years, the Constitution and By-Laws do not require this. The Secretary must coordinate the newsletter and may do so by finding another person to work as the editor of that publication. PASFAA Executive Council wanted to clarify this point so that those considering nomination for this office would be aware of this possible separation of responsibilities.)

The Secretary also serves as chair of the Public and Professional Information Committee which generally oversees the Financial Aid Hotline project handled by a separate coordinator. The Committee usually consists of two or three members of Executive Council which act as an editorial board for the Association's publications and which meets briefly at regularly scheduled Council meetings.

Other Responsibilities: The Secretary updates the PASFAA archives, maintains the Association's supply of letterhead stationery and envelopes, and distributes certificates of appreciation as requested by Council.

PASFAA '88 CONFERENCE THE HOTEL HERSHEY, HERSHEY, PA OCTOBER 2-OCTOBER 5, 1988



*submitted by Michael Schreier,
1988 Conference Chair*

The 1988 PASFAA Conference Committee has developed an exciting, informative and timely conference for PASFAA members. Many of the ideas you suggested have been incorporated into the agenda. The new Pell processing, Congressional Methodology, Professional Judgment, and an advanced session on the 1040 are some of the sessions to be offered.

In addition, Brother Patrick Ellis, President of LaSalle University, has agreed to provide the keynote address for this year's Conference. Brother Patrick will be both informative and entertaining.

We will again be participating in a full American Plan while at the Hotel Hershey. The room rates for the Conference will be:
single \$120/night
double \$89/person/night.

These rates include all taxes and gratuities.

We can anticipate not only the aroma of chocolate wafting through the air in Hershey but also that of Italy since the Conference Committee is planning an Italian Night to include red checked tablecloths, bread sticks, and "vino" along with a buffet laden with traditional Italian fare. Be prepared to "mange."

With all this and much more being planned, the Conference Committee has incorporated something for everyone. So be sure to reserve these dates—October 2-5—on your calendar NOW!

October '88

Sun	Mon	Tues	Wed	Thurs	Fri	Sat
						1
X 2	X 3	X 4	X 5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

FINANCIAL AID AWARENESS ACTIVITIES

HOTLINE 1989

Under the leadership of Hotline Coordinator Helen Nunn of Susquehanna University, PASFAA's Fourth Annual Hotline is expected to be a huge success. Learning from the experience of former Hotline Coordinator George Walter of LaSalle University who has handled those 1987 and 1988 activities, Helen is already beginning to determine her strategies.

Solicitation for Hotline volunteers and site coordinators will be forthcoming and we hope that you all will consider lending your expertise for this worthwhile PASFAA project.

EXPANDED AWARENESS ACTIVITIES

Council is considering several ways to expand the activities of January 1989 Financial Aid Awareness Month throughout the country.

An ad hoc committee, chaired by Ken Grugel, is investigating several ideas for spreading the word about the availability of financial assistance for post-secondary education. Also serving on the committee are council members Joyce Frantz, Rosemary Stelma and Jack Pergolin.

Please don't hesitate to submit any ideas you may have for activities to members of this committee.

A survey of the PASFAA membership will be forthcoming to find out what each of us is already doing as aid professional to inform students and parents. Methods of better publicizing these activities will also be considered.

NASFAA CALL FOR ACTION IN PA

PASFAA participated in the pilot year of NASFAA's Call for Action "Ask the Financial Aid Expert." This program was organized to allow radio programs on participating stations throughout the country during January 1988 Financial Aid Awareness Month.

In Pennsylvania, Pat Loughran of St. Francis College organized the January 20th event at radio station WFBG in Altoona. With two telephone lines operating between 5 and 9 p.m. the four PASFAA volunteers received 52 calls from parents and students regarding financial aid matters.

Assisting Pat in this project was a team from Pennsylvania State University Park Campus: Lisa Spouse, Evelyn Ellis, Kevin Musick and Marya Woldering.

HOTLINE 1988 WRAP-UP

*submitted by George Walter,
1988 Hotline Coordinator*

With the summer nearly upon us it seems years since the many volunteers answered the more than 2,000 calls during the 1988 Hotline. Although it may be somewhat belated I would like to take this opportunity to thank all the people who made this project such a success.

As I have indicated in the past the Hotline is a project which, in order to be successful, must have dedicated individuals who are willing to devote the necessary time and energy. During the week of January 11th, more than 100 such people did just that. It is with great pleasure that we recognize these people.

1988 PASFAA HOTLINE STATISTICS

The 2,009 calls received by parents, students, grandparents, guidance counselors and others dealt with every aspect of financial aid. As can be seen from the statistics below, the project has provided a valuable service and one which helped many to receive important information.

TELEPHONE CALL BREAKDOWN

Site	Mon.	Tues.	Wed.	Thurs.	Fri.	Total
Erie	40	56	90	88	90	364
Harrisburg	68	68	71	75	45	327
Philadelphia	133	128	139	150	142	692
Pittsburgh	88	113	127	140	158	626
TOTAL	329	365	427	453	435	2009

CALLS WERE RECEIVED FROM:

1427 Parents
509 Students
73 Other parties (e.g. relatives, guidance counselor)

CALLS WERE RECORDED BY ZIP CODE:

703 from 15000-15999
683 from 19000-19999
341 from 16000-16999
161 from 17000-17999
121 from 18000-18999

CALLS WERE ALSO RECORDED BY TYPE OF QUESTION:

964 General questions
462 State grant questions
301 PHEAA and/or FAF application questions
101 Pell questions
120 Dependency questions
61 questions concerning various other issues

1988 Hotline Volunteers

Thank You

Scott D. Allen
New Castle School of Trades

Kevin J. Altomari
University of Pittsburgh

Linda Anderson
Carnegie-Mellon University

Sheila Angst
Albright College

Mary-Ellen Anderson
Penn State University

Jeff Arnold
University of Pittsburgh

Gordon Bateman
Elizabethtown College

Bonnie Behn
Thomas Jefferson University

Barbara Berkheimer
Susquehanna University

Sandy Bishop
University of Pittsburgh

Kenneth Brandt
Edinboro University

Mary Lou Brooks
Saint Vincent Health Center

Carl Brown
Allegheny Community College

William Brown
Lebanon Valley College

Carolyn Bryan
Central Penn Business School

Doug Bucher
Pennsylvania Academy of Fine Arts

Walter Cathie
Carnegie-Mellon University

Nick Chapich
Duff's Business Institute

Deborah Clark
Lancaster Bible College

Ruth Cramer
Wilson College

Beth Crawford
Carnegie-Mellon University

Catherine B. Crawford
Mercyhurst College

Judy Christopher
Philadelphia Community College

Lisa Cooper
Philadelphia College Textiles & Science

Bill Copperthwaite
Drexel University

Ronald P. Dawson
Waynesburg College

Madelyn Dudzik
Dickinson College

Frank Dutkovich, Jr.
Duquesne University

Marijo Elias
King's College

Richard C. Esposito
Pittsburgh Beauty Academy

Cynthia Farrell
Thiel College

Nick Flocco
Drexel University

Fred Franko
Carnegie-Mellon University

Natalie Freedman
University of Pittsburgh

Laura Gormley
University of Pittsburgh

Helen Gourouses
Drexel University

Kristin Harrington
Rosemont College

Dana Hassell
University of Pittsburgh

Beverly Hayden
Philadelphia College Pharmacy & Science

Kate Hetherington
Philadelphia Community College

Robert W. Heyl
University of Pittsburgh

Stephen G. Huefner
Gannon University

Graham Ireland
Westminster College

Bill Irwin
Lock Haven University

Marge M. Karl
Edinboro University

Daniel Kennedy
Carnegie-Mellon University

Chris Kotuba
Franklin & Marshall College

Ron Laszewski
Buchnell University

Robert A. Latta
Westminster College

Susan Lazzaro
Allegheny College

Sister Michele Leehan
Mercyhurst College

Patricia L. Leskovic
Thiel College

Susan E. Longyhore
East Stroudsburg University

Patricia Loughran
St. Francis College

Douglas Mahler
Robert Morris College

Teresa Mak
Hussian School of Art

Milosh Mamula
Allegheny College

Gene Mariani
Duquesne University

Kathy Marino
Villa Maria

John Matsko
Carnegie-Mellon University

Barry McCarty
Lafayette College

Suzzane McCloloch
University of Pittsburgh

Stacey A. McCoy
Erie Business Center

Debby McCreery
Philadelphia Community College

Nora McFadden
Peirce Junior College

Ellen McGuire
King's College

Fran McKeown
Bucks County Community College

Alice McLaughlin
Drexel University

Mrs. Wendy McLaughlin
La Salle University

Mac McQuiston
J.H. Thompson Beauty Academy

Pat Melzer
Penn State University

Mary Miller
Indiana University

Ronald Miller
Edinboro University

Tom Moriarty
Shippensburg University

Mike Mulwahill
University of Pittsburgh

Clarke Paine
Pennsylvania School of the Arts

John Pergolin
St. Josephs University

Norm Rahn
Drexel University

Ray Randall
Buchnell University

Michele M. Roy
La Salle University

Laura Rucinski
Chestnut Hill College

Deborah Rupert
Chatham College

Nancy Salvage
Duquesne University

Lisa Seel
Chatham College

Gary Seelye
California University



Ron Shurk
Gettysburg College

Richard H. Soudan
Washington & Jefferson College

Joyce Spencer
California University

Robin L. Stamm
Allegheny College

Deirdre State
University of Pittsburgh

Rosemary Stelma
Harcum Junior College

Staci Stewart
Chatham College

Elizabeth Stuyvesant
Thiel College

Rosemary Sweeney
Neumann College

Linda Systrom
La Roche College

Christine M. Tiano
La Salle University

Raymond Toole
Bryn Mawr College

James Treiber
Gannon University

Christopher Vaughn
Mansfield University

Rick Wilson
Gordon Phillips Beauty School

Robert L. Wisenaver
Point Park College

Barbara Wood
Mercyhurst College

Mary Frances Woodall
Elizabethtown College

Paul Zimmerman
Duquesne University

Christine Zuzack
Indiana University

**What's up in
Washington****FROM THE GOVERNMENT
RELATIONS COMMITTEE**

submitted by Mary Andrews Miller, Chairman,
PASFAA Vice President

FEDERAL STUDENT AID REPORT COMMENTS

I would like to thank those of you who submitted responses to the Solicitation of Comments on the implementation of the Federal Student Aid Report for the 1988-89 academic year. Over 575 letters were received by the Department of Education. The following letter submitted by Don Shade of Williamsport Area Community College is an example of the letters submitted expressing concern with the implementation of such a form:

March 23, 1988

Mr. Fred Sellers, Chief
Policy Section
Pell Grant Branch
Division of Policy and Program Development
U.S. Department of Education
400 Maryland Avenue SW
Washington, DC 20202

Dear Mr. Sellers:

I am writing in response to the Department's solicitation of comments on the development of the United States Department of Education Federal Student Assistance Report.

At The Williamsport Area Community College, 2300 students receive assistance through federal student aid programs. The requirement that each student receive a Federal Student Assistance Report every time federal aid is awarded to them will add a tremendous administrative burden to the operation of the Financial Aid Office. Since our federal aid through Pell, GSL, and campus based programs is awarded on an ongoing basis throughout the academic year, many students will receive three such reports. In addition to the administrative burden, this will create a considerable amount of confusion among our students.

We estimate that it will take a minimum of three minutes to prepare and distribute each FSAR. With 2300 students receiving three FSARs per year, the equivalent of 46 days (20% of one person's time) will be spent on this project alone. In light of our efforts to understand Congressional Methodology, implement verification, and further expand our debt management and default prevention activities, we can ill afford to expand this amount of energy on the unnecessary task of processing even more paper.

In addition to the cost of manpower, expenses such as envelopes and postage must be considered. At \$.25 per FSAR, the College would spend at least \$1725 per year on this initiative. Again, we can not afford this type of expenditure at the same time as we are trying to cut our costs and keep tuition in line.

We have the following suggestions related to implementation of this requirement:

1. The form should be printed on 2 part NCR pin-feed paper. This will allow automated offices to quickly and efficiently print the reports from existing computer files, provided the necessary programming is done. It will also eliminate the cost of duplicating the FSAR and retaining the copy as proof that one was in fact provided to the student.
2. Since the FSAR will NOT replace college award letters already in use, serious consideration should be given to requiring the FSAR only as a final year end document. This would eliminate the need to send the FSAR every time an award changes, will provide the student with an accounting of ALL federal aid on one sheet of paper, will include final year-end amounts for College Work Study earnings, and will considerably reduce the burden and confusion created by the constant distribution of FSARs. The idea of sending the student a statement of all federal aid received is a good one, but it is only practical to send such a statement once all award amounts have been finalized at the end of the year.

Thank you for the opportunity to comment on the development of the Federal Student Assistance Report.

Sincerely,



Donald S. Shade
Director of Financial Aid

COMMENTS ON CM REQUESTED

We would also like to hear the problems that you are finding with Congressional Methodology and its impact on your office and packaging or other areas. If you have something you would like to share, please send your thoughts to Mary Miller, 308 Pratt Hall, IUP, Indiana, PA 15705, or terminal ID TMJ6.



ED ELECTRONIC INITIATIVES

*submitted by Sheila Angst,
Albright College*

FISAP IMPROVED

ED reports that nearly one-third of all schools in the country and 40% of the PA schools with campus-based aid programs now take part in the electronic FISAP instead of submitting the hard-copy version. This electronic initiative, now beginning its fifth year, has seen the number of participating institutions double each year.

Problems with last year's disk production and other difficulties have been overcome for the new version, and ED encourages schools to consider participation.

ED has recently sent letters soliciting participation for the next electronic FISAP. Two methods are available. One includes using a personal computer and floppy diskettes provided by the Department at no cost; the other uses the school's mainframe computer and submission of a tape to the Department.

ED reports there are no contracts to sign nor fees to pay for participation in the electronic FISAP. They also emphasize that it is NOT related to Pell, PGEP or any existing commercial software; it cannot be purchased from any vendor; and it does not require any programming for PC users.

The main savings of time pointed out by some electronic FISAP users is that the edit procedure assures that the Edit of the FISAP will be clean when returned to the school. ED would also like to consider the announcement of earlier allocations to schools using the system.

To become an electronic FISAP participant or for further information contact Kathy Boyland or Terri Froble at (301) 587-4580 or John McGonigal at (202) 732-3736. Or write Electronic FISAP, c/o Data Transformation Corp., 8121 Georgia Ave., 3rd Floor, Silver Spring, MD 20910.

ELECTRONIC NURSING REPORT PILOT

The Department of Health and Human Services has contacted Data Transformation Corp. concerning the development of an electronic annual report for the Nursing Loan programs. A pilot study may be conducted this year to determine the feasibility of a program similar to the electronic FISAP.

Nine schools including Albright College will be test sites for the pilot project, which if successful, may be available to schools the following year.

REAGAN GUIDE TO CONGRESSIONAL METHODOLOGY ?

submitted by Ed Aponte, Albright College



PASFAA MEMBERS ASSIST ON PHEAA COMMITTEES

PASFAA Council and PHEAA Executive staff have discussed and developed ways to increase the involvement of PASFAA members in assisting PHEAA. These methods of assistance have this year included review of the PHEAA HELP Brochure revisions, the opportunity for members to comment on the 1989-90 State Grant Application and on the GSL Default Prevention Package.

In addition, PASFAA members have long been selected by PHEAA to serve on the various PHEAA advisory committees. The PASFAA president-elect, president and past-president serve on the State Grant Advisory Committee. PHEAA has recently requested that the PASFAA Vice President and Chair of the Government Relations Committee begin in the fall of 1988 to sit on the Lender GSL Advisory Committee to be certain the financial aid officer viewpoint is brought to that forum. Service on other committees noted below is on-going with length of service noted.

State Grant Advisory Committee Members

*Ms. Sheila Angst
President, PASFAA
Director of Financial Aid
Albright College

Mr. Philip Chosky
President
Electronic Institutes

Dr. Thomas Cooper
PA Association of College
Admission Counselors
Dean of Enrollment
Management
Bloomsburg University
of PA

Dr. Richard R. Dumaresq
Executive Director
PA Association of Private
School Administrators

Mr. David Gray
Financial Manager
State System of Higher
Education

*Dr. William Irwin
Past-President, PASFAA
Director of Financial Aid
Lock Haven University
of PA

Ms. Doreen Loury
Association for Continuing
Higher Education
Assistant Director for
Continuing Education &
Evening Services
Temple University

Ms. Diane E. McDonough
Student
Harrisburg Area
Community College

Mr. Brian McTague
Student
Dickinson College

Dr. Francis J. Michelini
President
Commission for
Independent Colleges
and Universities

Mrs. Anne Morris
PA School Counselors
Association
Counselor
Octorara Area High
School

Mr. John Morris
Director of Financial Aid
Temple University

*Mr. Milosh Mamula
President-Elect, PASFAA
Director of Financial Aid
Allegheny College

Ms. Karen Wolfgang
Student
Central PA Business
School

Mr. Gary B. Young
President
Pennsylvania Association
of Colleges and
Universities

Both PHEAA and PASFAA agree that it would be helpful for PASFAA members to be aware of the various standing advisory committees and of the service of financial aid officers and others in the state. When issues of concern which would appropriately be addressed by these groups arise, please don't hesitate to contact a PASFAA member who serves on that committee. The committees meet at varying times during the year. We will attempt to publish a tentative schedule of those meetings as the dates become available from PHEAA.

PASFAA members on the various 1987-88 committees are noted by an asterisk next to their name on the committee lists below. The number in parentheses next to some names indicates length of service to the committee in years.

PHEAA UM Advisory Committee 1987-1988

*James Treiber (3)
Gannon University

*Chris Koterba (2)
Franklin & Marshall
College

*Nick Flocco (1)
Drexel University

*Rebecca Denova (1)
Carlow College

*Henry Chance (8)
King's College

*George Walter (3)
LaSalle University

*Rosemary Stelma (5)
Harcum Junior College

*Kenneth Grugel (3)
Clarion University of PA

*Patricia Loughran (1)
St. Francis College

*John Morris (8)
Temple University

*Donald Shade (4)
Williamsport Area
Community College

*Betty Davis (1)
Allegheny Community
College-South

Dave Ritter (3)
Duff's Business Institute

*Thomas Lyons (8)
Bloomsburg University of
PA

*Joye Keenan (8)
Pennsylvania State
University

*Fred Joseph (8)
Indiana University of PA

*William Burke (1)
University of Scranton

*Thomas Moriarty (8)
Shippensburg University
of PA

PHEAA Automated Loan System Advisory Committee

*Chris Zuzack (4)
Indiana University of PA

Audrey D'Orazio (3)
Villanova Law

*Tom Lyons (4)
Bloomsburg University

Betty-Ann Morris (3)
Temple University

*George Walter (4)
LaSalle University

*Joe Demko (4)
Luzerne County
Community College

*Jack Pergolin (4)
St. Joe's

Sandy Hamilton (3)
Villanova University

*Bob Heyl (2)
University of Pittsburgh

*John Morris (4)
Temple University

*Tom Moriarty (4)
Shippensburg University

Wendy Johnson (2)
LaSalle University

Diana Castellani (2)
Luzerne County
Community College

*Mary Kay McCaughen (2)
St. Joe's

Dave Ritter (2)
Duff's Business Institute

**School Services Advisory Committee
1987-1988**

Forrest Adams (2)
Cumberland Valley High
School

Paul Beardslee (2)
Shippensburg University
of PA

*Henry Chance (2)
King's College

Dr. Paul Kenepf (2)
Pennsylvania State
University

George Machinchick (2)
King's College

Bernie McQuann (2)
Indiana Area School
District

John Miller (2)
Delone Catholic High
School

Brother J. Clement Smith
(Beg. Jan. 1988)
Central Catholic High
School

George Mitchell (2)
Harrisburg Schools

*Tom Moriarty (2)
Shippensburg University
of PA

Barbara Schenck (2)
Middle School West

Ruth Stacy (2)
Indiana Area School
District

Cindy Sutton (2)
Lamberton Middle School

Richard R. Dumaresq
(Beg. Jan. 1988)
PAPSA

FOOD FOR THOUGHT

*Reprinted from the
Texas Guaranteed Student Loan Corporation Newsletter*

The Student is...

...the most important person
on the campus. Without them
there would be no need for the
institution.



...not a cold enrollment statistic but a flesh and blood human
being with feelings and emotions like our own.

...not someone to be tolerated so that we can do our thing.
They are our thing.

...not dependent on us. Rather, we are dependent on them.

...not an interruption of our work, but the purpose of it. We are
not doing them a favor by serving them. They are doing us a
favor by giving us the opportunity to do so.

BYRD AND DOUGLAS SCHOLARSHIP INFO

*Reprinted from the
NASFAA Newsletter, April 18, 1988*

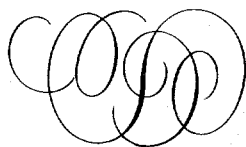
Byrd and Douglas Scholarship Awards Made

State educational agencies were sent Grant Award Notification letters for the Robert C. Byrd Honors Scholarship Program (GEN-88-14) and Paul Douglas Teacher Scholarship Program (GEN-88-15). The Byrd Scholarship award period is April 1, 1988, through March 31, 1989, and the Douglas Scholarship period is July 1, 1988, to June 30, 1989. These letters include the tables of state allotments.

The letters also clarify how aid administrators should manage the scholarships. The Byrd Scholarships must be substituted for the student's Expected Family Contribution (EFC) if the scholarship exceeds the cost of attendance when combined with other Title IV aid, resources, and the student's EFC. If an overaward occurs after the substitution, the aid administrator must follow the overaward provisions in the campus-based regulations.

Douglas Scholarships may not be substituted for the EFC. If a student aid administrator becomes aware of the Douglas Scholarship before packaging, it must be treated as a resource for the packaging of campus-based assistance, and as estimated student financial assistance when certifying GSL eligibility. If the administrator becomes aware of the Douglas Scholarship after packaging, applicable overaward provisions apply.

Address questions to Bonnie Gold, Acting State Student Incentive Grant Section Chief, Department of Education, 400 Maryland Avenue, S.W., Washington, D.C., 20202; phone: (202) 732-4507.



Sector Sidelines

PRIVATE FOUR-YEAR MEETING HELD

*submitted by John A. Pergolin,
Private Four-Year Representative*

Our Sector Meeting at Dickinson College Friday, April 15, 1988 was well attended and beneficial to all present. Representatives from the Pennsylvania Higher Education Assistance Agency were in attendance for which we were most appreciative.

The morning was devoted to the Loan and College Work Study Programs. Rich Irwin, Nancy Hiel, Janet Weiss and Mark Schmidt discussed the loan programs and related areas. Tony Mazza represented Barbara Williams and reviewed the Work Study programs. Many questions were asked followed by productive discussion.

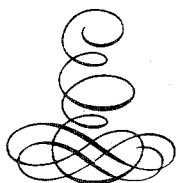
Ken Reeher, Executive Director, began the afternoon with an overview of the coming year and issues pertinent to our sector. Ken was followed by Gary Smith who reviewed the Grant Program for 1988-89 and participated in meaningful dialogue with our group. Jan Napiltonia reviewed Congressional Methodology and discussed areas of concern including the Dislocated Worker and Displaced Homemaker definitions.

Our day concluded with a general session which addressed other issues. The group suggested that we should continue to have Sector Meetings in addition to the annual meeting held at our PASFAA Conference in October.

My sincere thanks are given to Don Raley who made it possible for the meeting to take place at Dickinson College and for arranging our excellent luncheon. I also appreciate the efforts of my staff at Saint Joseph's University for their assistance with the many details that must be completed in order to have a successful meeting.

During the summer I will send you a questionnaire to set an agenda for our October Meeting. It will give us the opportunity to share our concerns and to have a productive session.

If you have any suggestions to expand our activities for Financial Aid Awareness Month in January of 1989, please forward them to me. Have a good summer.



THE WONDER YEARS

*submitted by Joyce M. Frantz,
Nursing School Representative*

Did you ever wonder why students wait until the last due date to ask for an aid application? Did you ever wonder how financial aid became so complicated? Did you ever wonder why you stay in financial aid, collecting 3,748 different pieces of paper for verification so that an auditor can come into your office and request the 3,749th item you didn't collect?

Did you ever wonder why students say just a quick question, "Explain what verification is," even though you've given them 3 copies of your 25-page manual **Easy to Read & Understand Verification** that took 5 not-so-quick weeks to compose so that no one would be confused? Did you ever wonder why students who receive less aid than they wanted (not needed) always seem to call 10 times more often than your secretary who is trying to decipher and type your handwriting? Did you ever wonder why you've never seen the top of your desk?

Well, I don't know the answers to these wonderings either! I just wanted to know if you wonder the same things that the majority of aid officers across this state wonder about.

Take heart though, remember that we're in financial aid because the ultimate reward in our profession is to see our students graduate and enter the workforce in their chosen field. And if they're working, then they can pay back their student loans too!!!

I wonder if they realize what we've gone through for them?

SSHE AID DIRECTORS MEET FOR ANNUAL MEETING

*submitted by Kenneth E. Grugel,
SSHE Representative*

The annual meeting of SSHE financial Aid directors and members of their staff met at Clarion University April 13-15. Twenty-seven officers attended the two-and-a-half day conference that was located at the local Days Inn.

Several important topics were discussed such as "Life without a Special Condition form" and the "calculation of veterans benefits." The final day of the conference featured special sessions presented by PHEAA Regional representative Dan Johnson, Bob Pearl on PHEAA loan programs and Sam Sobczak discussing special PHEAA math/science and teaching scholarships. Vince Racculia discussed the various components utilized by PHEAA to process their grant and scholarship programs.

Next year's SSHE meeting will be held at East Stroudsburg University of PA.

STUDENT LOAN DEFAULTS

by Jamie P. Merisotis

submitted by Ralph Hosterman, Jr.,
State-Related Representative

Reprinted from

Change magazine, Jan.-Feb., 1988

"It's accountability time." With these words, Education Secretary William Bennett recently announced a new plan for curtailing student loan defaults under the Guaranteed Student Loan (GSL) program, the nation's largest single source of financial assistance to students attending postsecondary institutions. Under Bennett's proposal, colleges with a default rate over 20 percent will be held accountable and subject to possible termination from all federal student-aid programs. The new scheme is scheduled to go into effect in December of 1990.

Bennett's call has merit: An estimated \$1.6 billion this fiscal year will come from federal coffers to pay for the thousands of GSL defaults that will occur. Curbing this amount would not only contribute to deficit reduction but would also renew confidence in a program that many believe has an out-of-control default problem.

Of course, Bennett hasn't uncovered any sort of new, dark secret. In 1977, in a book called *Student Loans: Problems and Policy Alternatives*, analyst Arthur Hauptman commented, "The current rate of default in federal student-loan programs threatens to undermine the significant role of loans in the financing of postsecondary education." Ten years later, Bennett made essentially the same point, saying that "if these default rates continue, they will jeopardize future educational opportunities for millions of our students."

Nevertheless, the problem is not so much one of exigency as it is of severity. At least that seemed to be the tack taken by the Department when Bennett made the announcement. Press materials handed out to journalists, and subsequently reported by the major newspapers, wire services, and television networks, contained flashy statistics clearly designed to increase the shock value of student-loan defaults to the casual observer. The press, in turn, honored the Department's claim that an estimated 47 percent of its \$3.4 billion in GSL expenditures for 1988 will go toward payments on defaulted student loans. It accepted the Department's contention that total costs for defaults have increased from \$531 million in 1983 to \$1.6 billion in 1988.

But these figures aren't the whole story. Federal GSL expenditures are driven by several factors, the most important of which is the special allowance paid to lenders who actually make the loans. These subsidized interest payments are tied to the fluctuations of 91-day Treasury bills. In the late 1970s and early 1980s, Treasury bills hovered around 16 or 18 percent, more than double their current rate. For each percentage point of increase in the T-bill rate, government expenditures on the program increase by roughly half a billion dollars. So the ratio of defaults to total expenditures, expressed as a percentage, is heavily dependent on the denominator, which is driven by interest rates and therefore doesn't say much about the severity of the default problem.

The dollar amount being spent to pay for defaults can also be deceptive. In 1988 students will receive approximately \$9 billion in GSL loans. Five years ago, that figure was under \$7 billion; in the years in between, cumulative lending rose by many billions. It doesn't take a CPA to realize that as the total amount of dollars loaned increases, defaults will rise proportionally. This doesn't explain all the increase in federal costs, but it does take away some of the sting associated with a claim of "huge jumps" in outlays for defaults in the last five years.

Having qualified some of the Department's inflated claims, it's important to emphasize that default reduction is undeniably a necessary cause. No matter what the reasons, \$1.6 billion in defaults is a lot of money—period.

This leads to the question of who (or what) carries the major burden for reducing defaults. Good question. Bennett himself appeared uncertain about who should actually take the fall. At the unveiling of his new plan, the Secretary said, "Certainly it is the individual borrower who bears the major share of responsibility for paying back his loan." But he then proceeded to place the responsibility on *institutions*, demanding that they bring down their default rates or suffer possible exclusion from federal student-assistance programs.

(See STUDENT LOAN DEFAULTS, Page 17)

COMMUNITY COLLEGE SECTOR MEETS

submitted by Betty L. Davis,
Community College Representative

The Pennsylvania Community College Financial Aid Officers met for their Spring meeting April 7-8 at the Holiday Inn—Grantville. This meeting provided the group the opportunity to discuss common issues of concern to the Community College sector and to review the changes to the delivery system for 1988-89 academic year.

All 14 Pennsylvania Community Colleges were represented with 27 financial aid officers participating, the largest group to attend this meeting for many years.

Guest speaker was Richard Irvin, from PHEAA, who provided information on PHEAA's Default Prevention Program. Mr. Irvin provided the group with PHEAA's draft of the Default Prevention Program and reviewed the information being made available to financial aid officers. All participants were appreciative of Mr. Irvin's presentation and materials, and were able to offer suggestions to the materials.

The next meeting of the Pennsylvania Community College Financial Aid Officers will be held on November 10-11, 1988. A site has not been decided at this time.

Regional and National NEWS

EASFAA CONFERENCE HELD IN HARTFORD

More than 60 PASFAA members attended the 22nd annual EASFAA Conference May 1-4 in Hartford, CT. Attendees heard updates from NASFAA's Dallas Martin, ED's Larry Oxendine and Steve Zwillinger as well as keynote speeches on a variety of topics.

For EASFAA's 1988-89 year, Harrisburg Area Community College's Art James will serve as President. M. Clarke Paine of the Pennsylvania School of the Arts has just completed his term as Treasurer of EASFAA.

EASFAA's 1989 Conference will be held May 3-6, 1989 in Portland, Maine at the Holiday Inn and Sonesta Hotels.

R.A.I.D. MEETS AT MESSIAH

*submitted by Gordon Bateman,
Elizabethtown College*

On Friday, April 8th, financial aid professionals from fourteen central Pennsylvania colleges and universities gathered at Messiah College for a Regional Aid Issues Discussion. Representation included Central Penn Business School, Dickinson College, Elizabethtown College, F & M College, Juniata College, Lancaster Theological Seminary, Lancaster Bible College, Lebanon Valley College, Messiah College, Millersville University, Pennsylvania School of the Arts, Susquehanna University, Wilson College, and York College.

Discussion began at 9 a.m. and continued until noon. Topics discussed included less than half-time students, regular students, eligible programs, private scholarships, debt counseling, payment plans, in-house special condition forms, treatment of student earnings, PHEAA Hi-Tech Work Program, PHEAA CWS Match Program, foreign student needs assessment, incarcerated students, taxable scholarships and grants, domicile requirements, EASFAA Conference, guidance counselor workshops, teacher certification forms and Pell delivery system.

Following discussions, the group enjoyed a delightful lunch and conversation in the Messiah College cafeteria before adjourning for the day. The next R.A.I.D. meeting is scheduled to be held at Dickinson College on Wednesday, May 18th.

Socially, R.A.I.D. has booked thirty tickets for the Pittsburgh Pirates—Harrisburg Senators exhibition baseball game to be held on May 28th in Harrisburg. All tickets have been sold to R.A.I.D. members, their wives, friends, and children. A good time should be enjoyed by all.

NASFAA GOES TO DENVER

*submitted by Sherri Hancock,
NASFAA Conference Committee Publicity*

The NASFAA summer conference will be here before we know it! July 17-20, 1988 in Denver, Colorado, at the Radisson Hotel, (303) 893-3333.

Exploring and learning are key words for the conference. Program attendees will be encouraged to ferret out all kinds of information and search for new finds—**Mining Resources for Students**. This conjures up thoughts of the search, the difficulties encountered, the technologies involved, and the pay dirt we all hope to find when we deal with students and all the financial aid resources that are available.

Programs will be presented under four broad topics: Technologies, Professional development/leadership, Communications/service to constituents, and Financing the cost of education. NASFAA has a program that will cover the whole spectrum of interests from the public university to the small proprietary school.

In addition to all this wealth of information, the conference is being held in Denver. There will be lots of fresh air and opportunity for rest and relaxation during the time away from meetings. The city is a wonderful playground for fun and family activities for those attendees who bring the family.

NASFAA MAGAZINE HITS THE STREETS

NASFAA members have recently received their first issue of *Student Aid Transcript*, the new magazine which includes opinion articles and professional honors. The quarterly publication's next issue will be going to press soon.

PASFAA has submitted some items concerning the work of executive council and its committee members. The main idea is to include the names of as many individuals and their activities as possible.

NASFAA has asked that PASFAA President Sheila Angst be the person who forwards all items to the magazine. Since PASFAA is such a large state organization, it is difficult to know what everyone is doing professionally. Please submit your own items of interest to Sheila at Albright College, P.O. Box 15234, Reading, PA 19610.

NASFAA indicates that they may not be able to print all items submitted to them. However, all PASFAA items submitted through Sheila will be forwarded on to NASFAA for their publication decision.

NASFAA SEARCHES FOR VIDEOS

NASFAA is soliciting financial aid publications and videos for display at the Denver NASFAA conference.

Of particular interest are publications and/or videos that schools or organizations may have developed for debt management, pre-loan counseling and exit interviews, in addition to the other types of student consumer information.

Videos and written materials should be sent to:

Cheryl L. Judson
Director of Financial Aid
Metropolitan State College
1006 11th Street—Box 2
Denver, CO 80204
Phone (303) 556-4027

Submitted materials can be "retrieved" at the close of the conference.

DEFINITION:

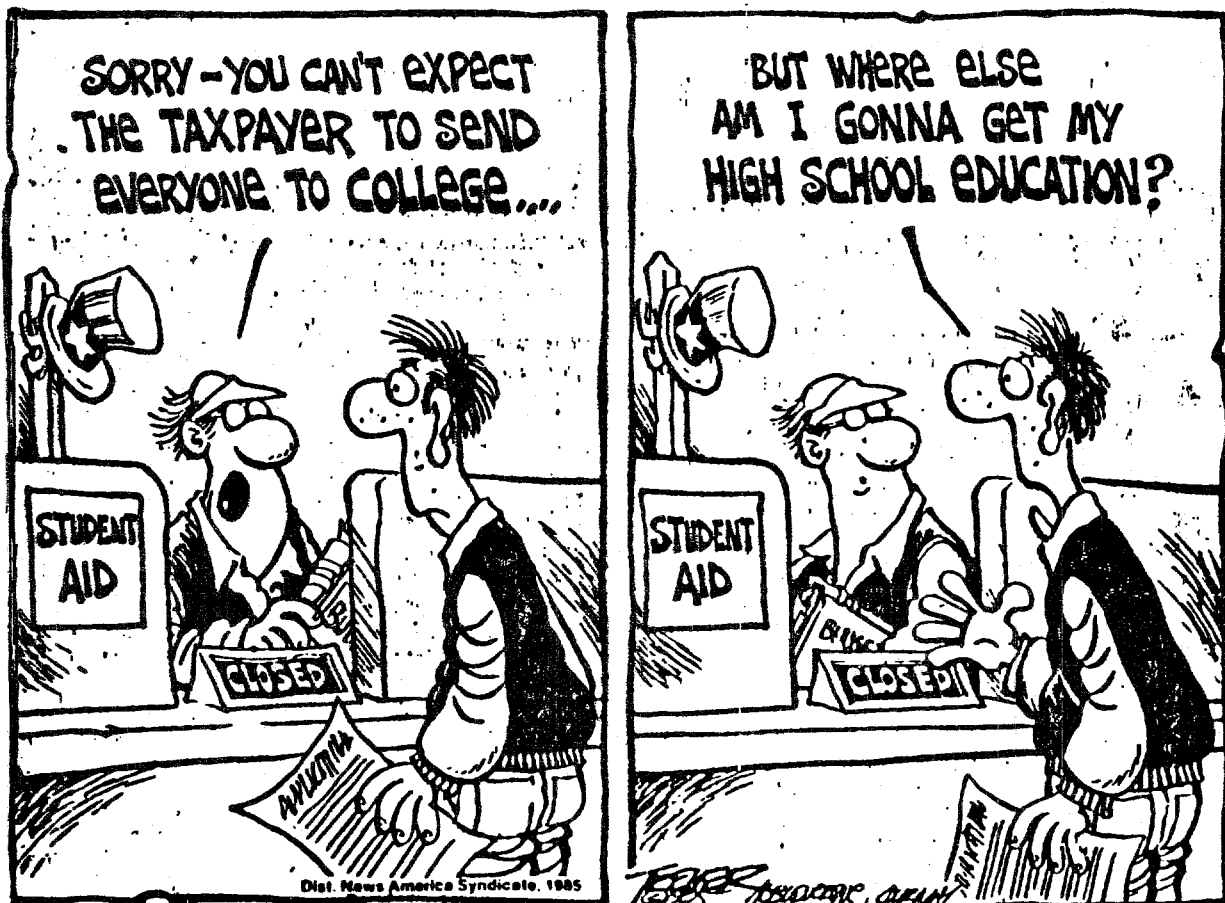
A FINANCIAL AID "TRIPLE WHAMMY"

Hitting an upperclass student in one year with

1. straight needs analysis for GSL eligibility for the first time (since the SAI method is gone)
- and 2. the Tax Reform Act that now tallies up much of that previously untaxed income
- and 3. Congressional Methodology which expects 1987 base year student income to be available for 1988-89.

CARTOON COMMENT

submitted by Kenneth E. Grugel,
SSHE Representative



TIDBITS

*submitted by Sheila Angst,
Albright College*

The following bits of information were gleaned at the EASFAA Conference in Hartford, CT. Those who were unable to attend may find them of interest and amusement.

From **Don Saleh, Cornell University**, at the General Session "How (Well) is Congressional Methodology Working?": We all know that 'CM' stands for 'Chronic Migraine'.

CM is somewhat like an arranged marriage: it is forced upon us; we may learn to love parts of it but we'll just have to learn to live with it.

From **Steve Zwillinger, ED Verification**:

There will be no real changes to verification except for the use of the student's base year income. The verification guide is now at the government printers.

From **Lisa Crawford, Bentley College**, on "Student Employment":

A survey of all schools belonging to the National Association of Student Employment Administrators has only turned up one illegal alien through the I-9 process required before any new employee works. Attempts to approach Congress for a waiver of student campus workers from this process appear futile however after the three years it took to pass the Immigration Reform Act. The Department of Labor, not INS, is conducting audits of the I-9 process throughout the country, including one completed recently at Boston University.

From **Dallas Martin, NASFAA**:

With the recent signing into law of the Elementary-Secondary Education Act, Congress and the President also did something all financial aid officers will appreciate: **they renamed the Guaranteed Student Loan program the Robert T. Stafford Student Loan Program effective July 1.**

According to **Larry Oxendine**, ED is yet unsure if the PLUS/SLS and other programs are also included under this new law. He suggested doing nothing until hearing officially from the Department on this matter.

More from **Dallas Martin**:

The new Financial Aid Transcript was included in the recent NASFAA Newsletter. The new transcript must be used for any new award made or loan certified after July 1. It is currently three pages long to meet the current federal requirement concerning aid received at prior schools, not just the one last attended. NASFAA has worked with ED, however, that a modification will be made to the regulation so that schools will not have to report aid received at prior schools on their FAT. The questions on the third page of the new FAT are those expected to be able to be eliminated under this modification.

After discussions with the Department, Dallas reports changes in interpretation on two issues:

1. A 12-month budget is allowed on a case by case budget for expenses other than during term time. This is in response to concerns about summer work study programs.
2. Dependent care for independent students is allowed across the board rather than on a case by case basis where income is less than the SMA. An adjustment on cost of attendance can be made for dependent care.

Dallas also reports that future discussions with the Department will center on treatment of Veterans benefits under CM, modification of the independent student definition to prevent "independency creep" with the constant adding of years, and a suggested elimination of student aid in the \$4,000 amount. Also raised for consideration are automatic independency status for graduate/professional and married students instead of the current treatment; and an in-house treatment of telling students what is federally-supported assistance in place of the legislated Federal Student Aid Report.

More from ED's **Larry Oxendine**:

We should receive NPRMs during May on the GSL Default Package. He notes that in addition to entrance and exit counseling falling to the schools the NPRM will contain a pro-rata refund formula requiring a percentage refund to GSL related to the percentage of time attended. He noted that this item would probably attract much comment from the schools and urged that letters be written in response to the NPRM.

It was also noted that the Department has met with congressional staffers concerning the interpretation on Teaching Certificates and ineligibility for GSL since in many cases the school does not grant the certificate. An amendment to the law may appear in another bill soon to clarify this since it was not the intent of the law to eliminate future teachers from GSL eligibility.

On the matter of default calculations, it was noted that the method of determining default percentages will only count students who defaulted on loans received while in attendance at that school. Some previously controversial calculation methods credited the last school attended with defaults on loans received while the student attended prior schools.

From **David Loss, Central Connecticut State University**, on "What's New in Taxes?": We should all celebrate May 5, 1988. That's Tax Freedom Day. Earnings we all had from January 1 to that point all went to pay our income taxes. Or put another way, he noted, we each worked 2 hours and 4 minutes each day of the year to pay our taxes.

STUDENT LOAN DEFAULTS

(Continued from Page 13)

The significance of Bennett's plan lies in the fact that most default-reduction efforts up to now have been directed at students. The Department has had considerable success, for instance, with a program that withholds sums in default from a borrower's federal income tax refunds. Since 1986, some \$269 million in collections have been netted through this plan. Other successful programs aimed at borrowers include credit-bureau reporting and the use of private collection agencies to recover defaulted funds.

Conspicuously absent from most default-reduction plans, however, are the other major players in the GSL arena: the lenders, who range from large banks to small savings and loans, and government, which seems to have exempted itself from blame for loan defaults. Among the major parties of interest—students, institutions, lenders, and government—a strategy of *shared* responsibility for the default problem should be devised. Holding each accountable for its "fair share" of defaults would be the fairest and wisest route to take.

Students are the biggest concern since they are the primary beneficiaries of these loans. Unfortunately, in most default-reduction plans there is a constant danger of restricting educational access, particularly to students who are disadvantaged. Yet there must be a point where a line can be drawn. For example, since dropouts are a primary source of loan defaults, and since dropouts usually occur early in the academic program, perhaps borrowing should be limited to students who have demonstrated successful academic progress. Congressman William Ford of Michigan recently endorsed this concept by introducing legislation that would restrict loans to juniors and seniors, while at the same time increasing grant assistance for underclassmen.

The question of how accountable educational institutions should be is also difficult. Schools argue that they shouldn't be held responsible for the actions of their former students. And many note that the type of student served by an institution (such as low-income students) often dictates the severity of the default problem.

One solution may be to modify Bennett's plan by varying the rate at which schools are terminated from the program according to the types of students the school serves. An institution that has a high percentage of likely defaulters (usually needy students) should be allowed a higher cutoff level than another that does not serve disadvantaged students. This would allow schools to be judged on the merits of their practices, not by the types of students they serve.

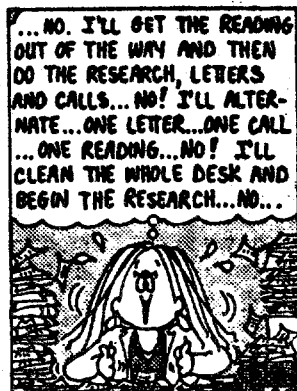
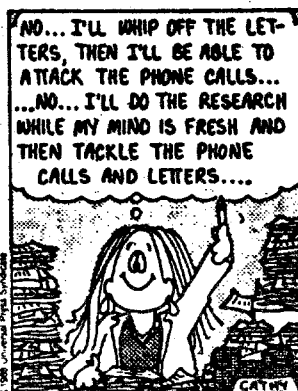
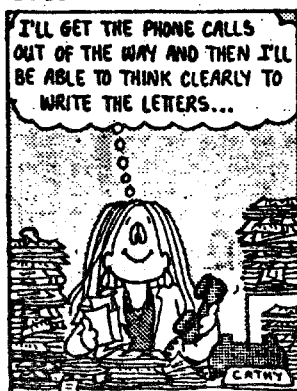
What about lenders? The banks that ultimately make these loans have few incentives for reducing defaults. If the government paid less than 100 percent of the defaulted sum to banks with high default rates, lenders would soon heighten their interest in reducing defaults. As with educational institutions, this rate should vary according to the types of borrowers a bank serves, ensuring that disadvantaged students will not be denied a loan.

Finally, government needs a dose of introspection about its own contributions to the current default dilemma. Are loans over-emphasized in student-aid packages? Should we be lending to students with below-average incomes? Is federal student-aid policy effective, and if not, what other avenues might be explored? These aren't new questions (*Change* raised many of them in an editorial nearly two years ago), but they deserve re-examination in light of the current flap over defaults.

Bennett is right. It's accountability time. Student-loan defaults have become a major issue in these days of deficit-reduction, and reducing defaults makes good policy sense. It's time to bring all of the major players into the game and tackle the default issue head on. But let's not exaggerate the problem and rush into any plan that solves only part of the problem. And let's be absolutely certain that those students who are most worthy of federal support do not become victims of the very programs designed to assist them.

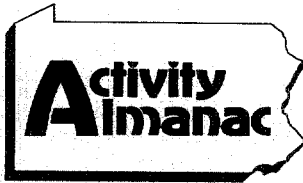
JAMIE P. MERISOTIS is a higher education policy consultant in Washington, D.C. He recently completed a five-state study on defaults for the Massachusetts Higher Education Assistance Corporation.

CATHY



By Cathy Gulsewile



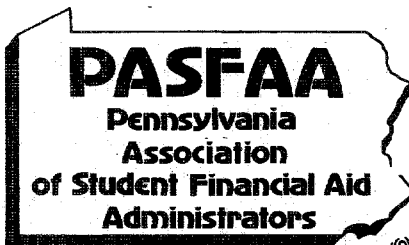


- June 6
- July 17-20
- October 2-5

PASFAA Executive Council Meeting, Harrisburg, PA.

NASFAA Annual Conference, Denver, CO.

PASFAA Annual Conference, The Hotel Hershey, Hershey, PA.



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