PENNSYLVANIA ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

NEWSLETTER

PASFAA NEWSLETTER APRIL 1978

STATE TRAINING

On April 12 - 14 training workshops will be conducted in Philadelphia, Harrisburg and Pittsburgh sponsored by PASFAA and PHEAA through the federal SSFAT grant. The cost of attending is free. Your only cost will be your room and board if you choose to stay at the workshop site. You should have already received a mailing describing the three day workshop for beginners and the two day one designed for experienced aid administrators. If you have not yet received any information or you have any questions, please contact Deborah J. Dwyer (PASFAA State Trainer) at Muhlenberg College 215-433-3191 or Dr. Samuel Johnson at PHEAA 717-787-1910.

ANNUAL PASFAA CONFERENCE - REMINDER

The PASFAA Conference for 1978 will be held October 1-4 at the Host Inn in Harrisburg.

CERTIFICATION PROPOSAL

The revised and amended proposal published in the last Newsletter has been accepted by the membership. As a result of the certification acceptance, it will be necessary to have an elected Professional Standards Committee as per Part II, Section C. In the near future you will be receiving correspondence requesting nominations. Now is the time to start thinking of PASFAA Members who would be qualified to serve on this committee.

REGION III PERCENTAGES

Percentages

	NDSL	CWSP	SEOG (IY)	SEOG *(CY)
D.C.	97.2	89.5	81.2	90.7
Delaware	98.4	89.5	87.0	90.7
Maryland	98.4	90.0	88.6	90.7
Puerto Rico	99.7	100	81.2	90.7
Pennsylvania	91.6	89.5	81.2	90.7
New Jersey	100	99.4	83.1	90.7
New York	94.7	92.5	84.9	90.7
Connecticut	89.8	89.9	81.2	90.7
Rhode Island	88.3	89.5	81.2	90.7
Massachusetts	88.3	89.5	81.2	90.7
Vermont	88.3	89.5	81.2	90.7
New Hampshire	88.3	89.5	81.2	90.7
Maine	88.3	89.5	81.2	90.7

EASFAA UPDATE

The DE-DC-MD Association has petitioned NASFAA for recognition as a regional association separate and apart from EASFAA.

DEEPEST SYMPATHY

The Financial Aid Community experienced a great loss in February when Jess McMannes, Associate Director of Financial Aid at Penn State died of a heart attack.

To everyone who knew Jess the loss is a sad and unbelievable one. Jess was employed at Penn State for 13 years. He was instrumental in PASFAA since its beginning. He served as councilman at large in 1972-73 and in 1973 he served as Conference Chairman. He was also a member of the State Liasion Committee. He served on the Executive Committee as President-Elect, President and Past President during 1973-1976. Jess also served on the EASFAA Council.

* * *

The following article was chosen for publication from the myriad of correspondence submitted to be published in this issue.

The questions of how to assist the middle-income family in coping with rising educational expenses is one of the hottest issues in education today. Both the House and Senate are currently considering legislation designed to bring about this relief. Two basic plans are being considered (a) tuition tax credits and (b) increased student aid through existing programs. As financial aid administrators, we have a responsibility to stay abreast of this issue since no matter what the final decision is our students will be affected.

The following discussion of the two strategies is extracted largely from the testimony given by Dallas Martin, Executive Secretary of NASFAA, before the House Ways and Means Committee in February 1978. Although NASFAA has taken a very strong position in favor of increased student assistance, the attempt here is to offer a balanced point of view.

TUITION TAX CREDITS. Several tuition tax credit bills are being considered in Congress. The most prominent of these bills (HR 817, HR 3268, HR 3946) include measures which would

(a) establish a maximum $250 tuition tax credit, effective August 1, 1978 for undergraduate students;

(b) provide a maximum $500 per student credit for elementary through postsecondary undergraduate students effective August 1, 1980;

(c) provide a maximum $500 credit to graduate and part-time students effective August 1, 1981.

It is estimated that a program such as this would cost the U.S. Treasury $1.4 billion in 1980, $2.8 billion in 1981 and $4.5 billion in 1982. When fully implemented, families in the $15,000 to $20,000 income range would receive 20% of the benefits; families in the $20,000 to $30,000 range, 28% of the benefits and those in the $30,000 to $50,000 range would receive 11% of the benefits.

INCREASED STUDENT ASSISTANCE. The middle income student assistance bills before the House and Senate (HR 11274, S 2438, S 2539) include changes in the major federal student aid programs. Basically, these bills would have the following effects:

BEOG: Set the 1979-80 assessment rate at 10.5% if the program is fully funded. (HR 11274 calls for 12% assessment if the program is not fully funded.)

SEOG: Set threshold in 1979-80 at $340 or $370 million, increasing to $450 million in 1980-81.

CWSP: Set threshold in 1979-80 at $500 or $520 million, increasing to $600 million (HR 11274) or maintaining $500 million (S 2539) in 1980-81.

GSLP: Remove the income ceiling for federal interest subsidy.

This represents a $1.4 billion expansion of existing student aid programs and would significantly increase the number of students eligible to participate in these programs.

In his testimony, Dr. Martin included the following points about both proposals. Whether these are viewed as advantages or disadvantages may depend on which position you support.

(1) Current tuition tax credit proposals would result in entitlement benefits which are not subject to appropriations. Once amounts and eligibility requirements are spelled out, everyone who meets the criteria is eligible for the benefits. As the costs of the tax credits increase, funds to expand existing direct spending programs may become scarce.

(2) Increased student aid alternatives may require an increase in the existing federal student aid delivery system and an institutional administrative requirements. However, such structures and procedures already exist and are familiar to all parties. On the other hand, the tuition tax credits proposals will require the development of additional regulations and monitoring procedures through the Internal Revenue Service.

(3) Student aid programs provide benefits to the student at the time he or she must pay tuition and fees. Tuition tax credits may not be realized until several months later. Further, the student assistance benefits are provided directly to the students, not the parents. Under the tax credit program there is no guarantee that the student will ever see the $250 tax credit, since it benefits the parents and not necessarily the student.

Another example of the impact of the two proposals is their effect on students who are applying for other forms of need-based student assistance. The tuition tax credit measures limit a family's overall tax liability. Under existing need analysis formulae, the family's eligibility for other need based assistance would also be reduced between ¼ and ½ of the amount of the tax credit. For example:

Middle income family of four, $20,000 annual income, one child in college, no unusual assets or circumstances.

Family Without Tuition Tax Credits		Family With Tuition Tax Credits	
Total Income	$20,000	Total Income:	$20,000
Minus deductions for:		Minus deductions for:	
Federal Income Tax:	2,500	Federal Income Tax:	2,250
F.I.C.A. Tax:	1,071	F.I.C.A. Tax:	1,071
State & Other Taxes:	1,400	State & Other Taxes	1,400
Standard Maintenance Allowance:	7,650	Standard Maintenance Allowance:	7,650
Available Income:	$ 7,379	Available Income:	$ 7,629
Contribution from Assets:	-0-	Contribution from Assets:	-0-
Adjusted Available Income:	$ 7,379	Adjusted Available Income:	$ 7,629
x AAI Taxation Rate* = Parental Contribution:	$ 1,818	x AAI Taxation Rate* = Parental Contribution:	$1,892
Cost of Attendance:	4,000	Cost of Attendance:	4,000
- Parental Contribution	1,818	- Parental Contribution	1,892
=Student Financial Need	$ 2,182	=Student Financial Need:	$2,108

Because the President has stated he will not approve legislation that combines tax credits and increased student assistance, proponents of both bills are manuevering to have their bill considered first. On March 20, the House voted not to consider the student assistance bill under a special rule which would prohibit amendments and limit debate. (Details of this were reported in a special NASFAA Newsletter, March 23, 1978.) Led by Rep. Coughlin (R-PA) the opponents of this procedure cited the need for open debate on federal education finance policy as one of the primary reasons for their opposition. The House is expected to consider the issue in early April after the Easter recess. In the Senate, the bills have been reported out of committee and are expected to be brought up soon, after debate on the Panama Canal Treaty is completed.

We would like to know which of the two proposals the PASFAA Community supports. Please complete the section below and return it to:

Cathy R. George
Financial Aid Director
Philadelphia College of Textiles and Science
Schoolhouse Lane and Henry Avenue
Philadelphia, PA 19144

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