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(215) 525-4100, Ext. 219

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Temple University
(215) 787-7795

State-Owned
Gene R. Wise
Millersville State College
(717) 872-3026

Proprietary
Wandra J. Bowman
Pittsburgh Technical Institute
(412) 471-1012

Nursing
Joyce R. Clark
St. Joseph's Hospital School of Nursing
(717) 291-8279

FROM THE PRESIDENT

Dear PASFAA Member:

Don Friedman, who represented the public two-year institutions on the PASFAA Executive Council, has resigned his position at the Community College of Philadelphia. Don has been an asset to the financial aid community and those of us in the community college system have a great deal of respect for his expertise and his dedication to students. In his letter of resignation from Council, he wishes the association continued success, and he stated that he will miss his colleagues in student aid. We wish Don success in his new venture.

In a related matter, the Executive Council unanimously accepted the nomination of Nancy Y. Meyer to serve the remainder of Don Friedman's term on Council. Nan is the assistant director of financial aid at Bucks County Community College and has previously served PASFAA as treasurer and as a member of the conference committee in 1981 and 1982. We on Council look forward to working with Nan.

Catherine Kratzer of Northampton County Community College has agreed to serve as PASFAA Conference '84 chairperson and will also work as a committee member for the upcoming 1983 conference.

Chuck Colton of Franklin and Marshall is recovering nicely from his recent illness. He thanks everyone who expressed well-wishes during his crisis.

The 17th annual Eastern Association of Student Financial Aid Administrators Conference will be held in Newport, Rhode Island April 26th to 29th. As President-elect of EASFAA, Renee Saleh of Kutztown State University chairs the conference committee and under her direction, the conference will be one of the best ever. Senators Pell and Hart, Frank Newman, author of the Newman Report, and Governor Joseph Garrahy of Rhode Island are but a few of the dignitaries the conference hopes to attract. The conference committee has negotiated a very attractive American plan at a very attractive location, so mark your calendars for April 26-29. Registration materials will be mailed in early March.

Respectfully,

Arthur J. James

EXECUTIVE COUNCIL NOTES

Executive Council met on January 3 at the PHEAA Board Room in Harrisburg. In addition to committee reports, PHEAA Executive Director Kenneth Reeher informed Council of his work with the National Commission and of the passage of House Bill 1578. A detailed report of that legislation appears in this Newsletter.

POSITION OPENING

Reading Area Community College is seeking candidates for the position of Financial Aid Specialist. Responsibilities include: administration of GSL program and Campus-Based programs, completion of aid transcripts, counseling students, and act as office manager and supervisor. Successful candidate will meet the following minimum qualifications: Bachelors degree (Masters preferred), demonstrated experience in administration of aid or formal financial aid training, good interpersonal communication skills. Prefer experience in automated systems, particularly PHEAA. Submit resume and cover letter to Gary Seelye, Chairperson, Financial Aid Search Committee, c/o Personnel Office, P.O. Box 1706, Reading, PA 19603. Deadline -- February 10, 1983. 12-month contract. Salary \$13,440-22,289. Equal opportunity employer. Start as soon as possible.

PHEAA ALLOWED TO ENTER BOND MARKET May Mean More Loan Funds to Students

On December 29 Governor Thornburgh signed into law PHEAA bond legislation House Bill 1578, now Act 330 of 1982. This act allows PHEAA to permanently remove the \$450 per student IAG cap and allows voluntary or involuntary payroll deductions for state employees in default on student loans. The most noteworthy feature of this legislation, however, is the provision allowing PHEAA to enter the tax-exempt bond market, a step which could mean supplemental loans to students attending Pennsylvania colleges.

PHEAA Executive Director Kenneth R. Reeher recently briefed PASFAA Executive Council and the CICU Ad Hoc Financial Aid Committee on the status of the PHEAA bond legislation. He indicated that it was "feasible and possible" that such arrangements for supplemental loans to colleges and universities for their students could be in place for the 1983-84 academic year. The Act includes several provisions for uses of the monies, and the PHEAA Board will determine specific directions after surveying the interest and needs of a sampling of PA colleges. Mr. Reeher's comments about the exploratory work being done by the Agency to determine the various needs for funds and the application of the bill as well as several less prominent features of the Act are summarized here in a statement prepared for this Newsletter.

The primary purpose of legislation is to allow PHEAA to enter into the tax-exempt bond market to obtain funds to be used in the student and parent loan programs. The maximum authority afforded in the legislation is 10% of the dollar value of loans PHEAA has guaranteed for private lenders. PHEAA currently guarantees \$3.2 billion under existing guaranteed loan programs. Consequently, the Agency has authority to sell \$320 million in bonds. Moreover, this authority would expand by approximately \$50 million per year because PHEAA now guarantees about \$500 million annually in new student loans.

It is envisioned that this legislation will enable PHEAA to fill gaps in federally subsidized loan programs created by federal eligibility restrictions. The Agency may also offer non-subsidized loans so parents and students may borrow in addition to current annual and aggregate maximums available under the federally subsidized programs.

Such non-subsidized loans might be used to encourage training or retraining in occupations and skills found to be in short supply. This could be coupled with some sort of loan forgiveness feature for those who on completion of their training in fact help to meet the need by working at particular jobs or in particular localities. Teachers of science and mathematics and some technical fields might be a targeted area for such forgiveness provisions.

PHEAA also might be able to offer small balance loans directly to borrowers in view of the fact that there is currently no secondary market for such loans made by commercial lenders. Such loans might be to students borrowing late in their academic careers or to students enrolled in short courses or at low-cost schools which usually do not entail large debts on the part of their students.

The legislative authority also could be used to supplement funding shortfalls in the Health Professional Student Loan Program, the Nursing Student Loan Program, National Direct Student Loan Program and other programs heretofore capitalized by the federal government.

Interest charges to borrowers in these various possible applications of the funds would depend on the tax-exempt interest rate the Agency had to pay in order to obtain the tax-exempt funds. Loans might be made directly to the borrower but would more likely be made through a participating school or college.

The legislation also authorized PHEAA to secure bond proceeds and make loans to schools and private sector lenders. It is possible that schools may elect to request PHEAA to enter the bond market on their behalf with the school pledging certain of its assets or offering a "letter of credit" to enable PHEAA to secure tax-exempt monies on behalf of the school. The school assets or letter of credit could enable PHEAA to secure tax-exempt monies at a lower interest rate.

In the case of banks or other lenders in the private sector, PHEAA could secure tax-exempt monies and then make the monies available to lenders. These bond issues could be backed by a "letter of credit" from the lender. Another approach to collateral for commercial lenders might be to pledge all or part of their existing student loan portfolio. The lenders could pledge a portion of their portfolio to enable the pledge to always be loans in an "in-school" status. At the time of the pledge, the loans could be placed upon the PHEAA servicing system which now services student loans owned by the Student Loan Marketing Association (Sallie Mae) so as to ease acquisition of a "put" to the lender by Sallie Mae. The "put" would assure instant liquidity of the pledge and the combination of "in-school" loans and a prearranged servicing agreement between PHEAA and Sallie Mae should make the "put" available at reasonable cost. Of course a similar arrangement would be worked out with any other institution entering into a "put" arrangement.

Private lenders making such arrangements would then be expected to make loans the lenders might not otherwise make such as loans to parents, loans under the ALAS program to students where the interest and principle repayment must be deferred during enrollment and small balance loans as previously mentioned. It would also be possible for a commercial lender to arrange with an educational institution to pledge the lenders' guaranteed loans as a means to generate new funds that the school would then use to meet its direct lending requirements.

Also, the legislation permits PHEAA to go into the bond market to secure funds to purchase loans already made by private lenders and to generally act as a secondary market.

The legislation permanently removes the \$450 per student cap in previous laws governing the Institutional Assistance Grant (IAG) program. In recent years the Agency has had IAG monies carried over from year to year because of the cap. Regardless of the IAG appropriation made by the General Assembly, declining enrollment of State Grant recipients at IAG-eligible schools and colleges coupled with the limit made distribution impossible. State Grant program funding has made it impossible to annually adjust family income eligibility limits. Coupled with the inflation of income, the lack of adjustment caused increased numbers of ineligible state grant applicants. Now, the funds made available by the General Assembly will simply be divided by the number of IAG-eligible state grant recipients in all of the eligible schools and each eligible school will receive its fair share of the total appropriation based upon the proportion of eligible students enrolled in each school.

Another feature of the legislation provides that schools and colleges eligible for IAG may not discriminate for enrollment or financial aid purposes against a student because of the student's failure to qualify for a state grant. PHEAA may develop regulations under the new law and this will be worked out with the financial aid officer community. Mr. Reeher has, however, released 1982-83 IAG funds rather than waiting for implementation of this regulation.

The legislation also provides that state employees who are in default must repay their defaulted student loan either by voluntary or involuntary payroll deduction. The new feature here is that the payroll deduction requirements for those in default apply not only to loans guaranteed by PHEAA but any loan that was made in whole or in part from funds appropriated by the Pennsylvania General Assembly. This will cover those state-owned and community colleges which have received NDSL and NSL matching funds from PHEAA and would also extend the possibility of payroll deduction to those who have borrowed from other colleges that receive direct appropriations if those funds were placed in a student loan program from which they borrowed. This would apply whether or not the state funding was made as a line item appropriation specifically for student aid. Details on this part of the program will be forthcoming from PHEAA but not in the immediate future as the administrative detail and legal guidance must be fully developed.

PROFESSIONAL STANDARDS COMMITTEE

Chairman Art Switzer reports that the following PAATP committees met recently in Harrisburg:

- Proprietary Schools Sub-committee on January 27
- Program Development Committee on January 28
- GSL Lenders Advisory Committee on February 1

The December PAATP seminars on Financial Aid and the Law, held at Villanova, Bucknell and Butler County Community College, were well attended. Attorneys Kristl Mehnert of Temple and Sally Stroup of PHEAA covered a variety of legal topics including the Buckley Amendment and contract law.

The Department of Education is renewing SFAT training through 1983. Workshops will be conducted this spring with a one-day update for all aid administrators followed by a two-day session for finance and fiscal officers with 2-4 years experience.

At the time this newsletter is going to press, aid officers throughout the country are awaiting the Notice of Proposed Rulemaking (NPRM) on selective service registration and eligibility for Title IV student financial aid. Secretary of Education Terrell Bell held a news conference on Friday, January 27 and NASFAA's January 27 Newsletter devotes six pages to the topic. That issue highlights the main elements of the regulations since NASFAA had the opportunity to review the draft NPRM and will distribute it as Federal Monitor No. 75.

NASFAA reports that the NPRM will bear a 30-day public comment period rather than the normal 45-day period. PASFAA members are urged to review the NPRM as soon as it arrives and make their comments known to the PASFAA Government Relations Committee which will meet on February 14th.

For background information, the amendment to the Military Selective Service Act, now Public Law 97-252, is printed below:

MSSA Amendment

SEC. 1113.(a) Section 12 of the Military Selective Service Act (50 U.S.C. App. 462) is amended by adding after subsection (e) the following new subsection:

"(f) (1) Any person who is required under section 3 to present himself for and submit to registration under such section and fails to do so in accordance with any proclamation issued under such section, or in accordance with any rule or regulation issued under such section, shall be ineligible for any form of assistance or benefit provided under title IV of the Higher Education Act of 1965.

"(2) In order to receive any grant loan, or work assistance under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.), a person who is required under section 3 to present himself for and submit to registration under such section shall file with the institution of higher education which the person intends to attend, or is attending, a statement of compliance with section 3 and regulations issued thereunder.

"(3) The Secretary of Education, in agreement with the Director, shall prescribe methods for verifying such statements of compliance filed pursuant to paragraph (2). Such methods may include requiring institutions of higher education to provide a

list to the Secretary of Education or to the Director of persons who have submitted such statements of compliance.

"(4) The secretary of Education, in consultation with the Director, shall issue regulations to implement the requirements of this subsection. Such regulations shall provide that any person to whom the Secretary of Education proposes to deny assistance or benefits under title IV for failure to meet the registration requirements of section 3 and regulations issued thereunder shall be given notice of the proposed denial and shall have a suitable period (of not less than 30 days) after such notice to provide the Secretary with information and materials establishing that he has complied with the registration requirement under section 3. Such regulations shall also provide that the Secretary may afford such person an opportunity for a hearing to establish his compliance or for any other purpose."

(b) The amendment made by subsection (a) shall apply to loans, grants, or work assistance under title IV of the Higher Education Act for periods of instruction beginning after June 30, 1983.

From the Congressional Record - House, August 16, 1982.

In its January 27 Newsletter, NASFAA reports two specific points of the law and its implementation:

1. A student who is required to register with Selective Service must file a statement with the institution he attends certifying that he is in compliance, i.e. has registered. To accomplish this the Secretary proposes use of a form similar to the one which appears below, reprinted from the NASFAA December 15, 1982 Newsletter. NASFAA warns however that "this form could change and may or may not be recommended in the final analysis."

**TENTATIVE
FORM
FROM
NASFAA**

STATEMENT OF EDUCATIONAL PURPOSE/REGISTRATION COMPLIANCE

*I certify that I will use any money I receive under the title IV student financial aid programs only for expenses related to attendance at _____, and (check one)
(name of school)*

_____ I certify that I am not required to be registered with Selective Service, because -- (check one reason.)

— I am a female.

— I am in the armed services on active duty (Note: Members of the Reserves and National Guard are not considered on active duty).

— I have not reached my 18th birthday.

— I was born before 1960.

— I am a permanent resident of the Trust Territory of the Pacific Islands or the Northern Mariana Islands.

_____ I certify that I am registered with Selective Service.

Signature _____ Date _____

NOTICE: *You will not receive title IV financial aid unless you complete this statement and, if required, give proof that you are registered to your school.*

DETACH AND INSERT IN YOUR PASFAA MEMBERSHIP DIRECTORY
 ADDITIONS TO 1982-83 PASFAA MEMBERSHIP DIRECTORY -- February 1983

NAME/TITLE	INSTITUTION/ADDRESS	CITY/STATE/ZIP	CODE/TERMINAL	PHONE
Bernberg, Robert Partner	Hayt, Hayt & Landau, Law Firm One Independence Mall 615 Chestnut Street	Philadelphia, PA	A	(215) 928-1400
Bock, Lawrence Aid Director	Juniata College	Huntingdon, PA	R	(814) 643-4310
Burkert, William Dean of Student, Financial Aid Officer	Adio Institute of Straight Chiropractic	Langhorne, PA	R	(215) 757-9702
Busse, Tom Director of Financial Resources	Bradford Schools, Inc. 410 Park Bldg. 355 5th Ave.	Pittsburgh, PA	R	(412) 391-6710
Casoni, Harry P. Senior Deputy for Contract Servicing	PHEAA	Harrisburg, PA	A	(717) 787-1932
Chandler, Malcolm Director	Eastern College	St. Davids, PA	R	(215) 688-3300
Delabbio, Mary Assistant Director	Gannon College University Square	Erie, PA	R	(814) 871-7337
Dorfman, Cindy Assistant to the Director of Financial Aid	Community College of Philadelphia 34 S. 11th St.	Philadelphia, PA	R	(215) 972-7555
Dorrnon, William W. Jr. Vice President	East Coast Credit 2 Bryn Mawr Ave.	Bryn Mawr, PA	A	(215) 525-3290
Evans, Jay Deputy for Loans	PHEAA	Harrisburg, PA	A	(717) 787-1932
Gavigan, Virginia Director of Financial Aid	Philadelphia College of Osteopathic Medicine 4150 City Ave.	Philadelphia, PA	R	(215) 581-6390
Glueck, Susan Aid Officer	Welder Training & Testing Institute	Allentown, PA	R	(215) 437-9720
Greer, Jean Director of Financial Aid	RETS Electronic School West Chester Pike & Malin Rd.	Broomall, PA	R	(215) 352-5686
Griffith, Michael Assistant Financial Aid Officer	Computer Communications Institute 3301 N. Market St.	Wilmington, DE	A	(302) 764-7932

ADDITIONS TO 1982-83 PASFAA MEMBERSHIP DIRECTORY - February 1983

NAME/TITLE	INSTITUTION/ADDRESS	CITY/STATE/ZIP	CODE/TERMINAL	PHONE
Harris, Verlisa Financial Aid Officer	Computer Communications Institute 3301 N. Market St.	Wilmington, DE 19802	A	(302) 764-7932
Heuser, Barb Director	Art Institute of Philadelphia 1622 Chestnut St.	Philadelphia, PA 19103	R TMG1	(215) 567-7080
Hickman, Shirley Director, Nursing Education	Northeastern Hospital School of Nursing	Philadelphia, PA 19134	R	(215) 291-3136
Johnson, Rita A. Vice President	Allentown School of Cosmetology, Inc. 1921 Union Blvd.	Allentown, PA 18103	R	(215) 437-4626
Kilyk, Kimberly Aid Officer	Wilma Boyd Career School Inc. On-the-Plaza Chatham Ct.	Pittsburgh, PA 15219	R	(412) 456-1800
McClure, Lawrence Assistant Dean of Students/Director of Financial Aid	Pennsylvania College of Optometry 1200 W. Godfrey Ave.	Philadelphia, PA 19141	R	(215) 424-5900
Perry, Constance Financial Aid Officer	Williamsport Hospital School of Nursing 777 Rural Ave.	Williamsport, PA 17701	R	(717) 322-7861
Platt, Kathy Director of Financial Aid	Media School 121 Ninth St.	Pittsburgh, PA 15222	R	(412) 391-0422
Roberts, Celeste Assistant to the Director of Financial Aid	Community College of Philadelphia 34 S. 11th St.	Philadelphia, PA	R TM13	(215) 972-7555
Thiebaud, Linda Financial Aid Administrator	Bradford Schools, Inc. 410 Park Bldg. 355 5th Ave.	Pittsburgh, PA 15222	R	(412) 391-6710
Wilhite, Cheryl Compliance Review Officer	Devry Institute of Technology 2858 Woodcock Blvd.	Atlanta, GA 30341	A	(404) 452-1562
Wunderle, Phyllis Assistant Director, Nursing Education	Northeastern Hospital School of Nursing	Philadelphia, PA 19134	R	(215) 291-3136

CORRECTIONS

Lincoln Technical Institute Correct address to:
 9191 Turreddale Ave.
 P O Box 6229
 Philadelphia, PA 19136

Saint Joseph's University Correct title to:
 Walter, George J.
 Assistant Director of Financial Aid

SELECTIVE SERVICE. . . (continued)

2. The law requires the Secretary to prescribe procedures to verify these statements filed by the students. Students who have registered will be required to submit a copy of his Selective Service letter acknowledging his registration.

Problems highlighted by the Department and NASFAA include the following:

Dealing with aid applicants only recently turned 18 who have not yet received their acknowledgement letters.

Implementation of procedures for July 1, 1983 which will involve some summer 1983 sessions.

Additional paperwork in the aid office to keep track of signed statements and followthrough submission of Selective Service letters. Students will have 120 days to submit the letter.

Institutional liability since funds must be disbursed upon receipt of the proper signed statement but repayment might be required if the Selective Service letter is not submitted.

At this stage it is not known if the signed statement will be added to the now Statement of Educational Purpose or if a separate document will be required. We urge all aid officers to thoroughly review the NASFAA January 27 Newsletter which highlights other problems and includes a Q & A section, the NPRM and "Dear Colleague" letter which should be arriving shortly.

Recent developments, reported in the January 26, 1983 edition of The Chronicle of Higher Education, include:

The University of Minnesota's board of regents has decided to file a brief in federal court supporting a suit challenging the constitutionality of the law, which bars men from receiving federal aid if they fail to register for the draft.

The United States Student Association is planning a lobbying campaign to win repeal of the law in the new Congress.

The American Council on Education has announced it will establish an *ad hoc* committee to review the rules proposed by the Education Department and consider whether the council should support efforts to repeal the law.

GOVERNMENT RELATIONS COMMITTEE

Chairman Don Raley is pleased to report that the committee has a full staff of members for the 1983-84 term. PASFAA members are encouraged to direct any of their questions or comments regarding state or federal government activity pertaining to financial aid to any of the committee members listed below:

Donald V. Raley, Chairman
Dickinson College

John Brugel
Penn State University

Kaye D'Angelo
LaSalle College

Rebecca Denova
School of Computer Technology

Daniel Hudock
Robert Packer Hospital
School of Nursing

William Irwin
Lock Haven State College

Kristl Mehnert
Temple University

Sally Mahon
Bucks County Community College

Thanks to the many PASFAA members for completing and returning the questionnaire which appeared in the December edition of the Newsletter. If your institution's U.S. Congressman and congressional district has not been identified, please complete and file the questionnaire. Contact Don Raley if you need another copy of the form.

The first meeting of the committee was held on December 10 at the PHEAA Board Room in Harrisburg. Tom Fabian arranged for the committee to be briefed by Jay Evans, Vince Racculia, Jerry Davis, Gary Smith, Robert Pearl, and Barbara Williams. Each of the PHEAA officers reviewed the activity of his or her department over the last year and projected plans for the 1983-84 school year.

Soon after the Notice of Proposed Rule Making (NPRM) on selective service system registration monitoring is issued, the committee plans to meet again. If you have any comments regarding the NPRM, please forward them to Don Raley or any other member of the committee. (See related article in this Newsletter.)

MEMBERSHIP DIRECTORIES MAILED

All PASFAA members should have now received their copies of the 1982-83 Membership Directory. Inquiries, corrections or membership information should be directed to John F. Brugel, 335 Boucke Building, University Park, PA 19802.

PASFAA wishes to thank Robert Prince, Director, Institutional Division of Financial Collection Agencies, for printing the PASFAA directory. This newsletter and future editions will include a separate page of changes and additions for ease in updating your directory.

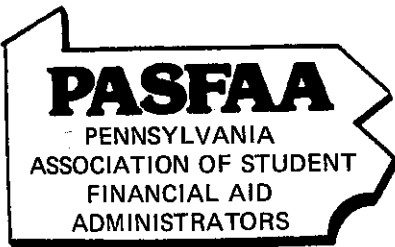
UPCOMING 1983 CONFERENCES

PASFAA XV
October 2-5, 1983
Seven Springs Mountain Resort
Champion, PA

EASFAA XVII
April 26-29, 1983
Sheraton-Islander Inn
Newport, RI

NASFAA IX
July 10-13, 1983
Anaheim Marriott Hotel
Anaheim, CA

The PASFAA Newsletter is a bi-monthly publication of the Pennsylvania Association of Student Financial Aid Administrators. Contributions, questions or comments may be addressed to Sheila Angst, Albright College, P.O. Box 516, Reading, PA 19603.



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