



NEWSLETTER

PENNSYLVANIA ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

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NUMBER 5

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FROM THE PRESIDENT:

Dear PASFAA Members:

Since my last message to you in the May 1986, issue of the Newsletter, much has happened in the financial aid professional community. In this message, I want to highlight just a few important issues.

Recently, on behalf of the PASFAA Council, I reluctantly accepted the resignation of Nancy Meyer as the council representative of the community college sector. Over the past seven years, Nan has served PASFAA in several capacities. I know I speak for all the current council members in saying that her personal warmth and cheerfulness as well as her thoughtful comments and professional decisions will be missed and that we all look forward to seeing Nan back in the financial community at some future date. Following the birth of her second son, Nan has elected to leave her position at Bucks County Community College to be closer to her family while her children are quite young.

Upon the recommendation of Nancy Meyer and with the unanimous endorsement of PASFAA Council, I appointed Betty Davis to serve in the community college representative position until an official election can be held to replace Nan for the remainder of her term. Barry McCarty, chairman of the Committee on Membership and Elections, has sent nominating forms and information to the community college members of PASFAA to prepare a slate of candidates for balloting in October at the 1986 annual PASFAA Conference. Betty Davis, Director of Financial Aid at the South Campus of the Community College of Allegheny County, graciously accepted the appointment to serve until official balloting can be conducted. I wish to take this opportunity to thank Betty for her willingness to take on council responsibilities on short notice.

Approximately 25 PASFAA members attended the 1986 NASFAA Conference in Dallas. Council members in attendance were Tom Lyons, Jack Pergolin, Renee Saleh, Barry McCarty, and myself. Among the more than 1200 people in attendance, one of the most prominent was Mr. Robert Evans, the new director of financial aid at Penn State University and the new president of NASFAA. On behalf of PASFAA, I pledged to Bob the full cooperation and support of all of us in Pennsylvania during his tenure as the president of our national association.

The most consistent theme heard throughout the NASFAA conference was that verification is a paper monster which has practically devoured us. All institutions in all states appear to be experiencing extensive delays in the processing of GSL applications. Many institutions have had to add staff members to help process loan applications to avoid cash flow problems which are anticipated at the time of fall registration. In short, it has not been a good year for financial aid administrators and many people in Dallas were bringing attention to that fact.

Dallas Martin, Bob Evans, and the National Council are heading an effort to seek relief from the verification regulations. It is important that all of us let our Congressmen know of the difficulties we are experiencing in implementing the new regs. Don't count on relief for the current year, but we must do all we can to support self-regulatory initiatives which are underway.

I have seen a draft of the schedule of activities planned for the annual PASFAA Conference in Lancaster in October. The conference this year offers a terrific array of professional presentations and fun times for PASFAA members, and I am hoping for record attendance. Full details about the conference and registration will reach you soon. I am looking forward to seeing everybody in Lancaster!

Sincerely,

Donald V. Raley
President

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Conference News--Page 6

18th ANNUAL CONFERENCE-LANCASTER, PENNSYLVANIA, OCTOBER 5-8, 1986

EXECUTIVE COUNCIL NOTES

PASFAA Council last met on June 2, 1986 at the PHEAA Board Room, Harrisburg. Several matters of interest which were discussed at this meeting are reported here. Council will next meet in Lancaster at the annual Conference. Members should bring items of concern or interest to the attention of their sector representatives or PASFAA officers for that meeting.

Membership Report. Chairman Barry McCarty reported a total of 453 PASFAA members, reflecting an all-time organization high. Included in the count are 339 active members, 109 associate members, two student members and three life members. Council established the 1986-87 dues schedule as follows: active membership \$22, associate membership \$20, student membership \$10. These rates are unchanged from the previous year.

Codification Underway. Sheila Angst, chairman of the public and professional information committee, informed council that a project is underway to codify the minutes and motions of council action over the past several years. Edwin Aponte, Albright College financial aid counselor, is working on the project. Sheila hopes to present the codified records at the next council meeting to assist the organization in its future work.

Council Adopts Statement of Good Practices. Bill Irwin, chairman of the professional standards and ethics committee, presented council with the NASFAA Statement of Good Practices which PASFAA council adopted for the organization. A copy of that statement appears on page 8 of this newsletter.

Financial Aid Awareness Month. Plans are underway for the second PASFAA Financial Aid Awareness Month during January 1987. A committee headed by Sheila Angst and coordinated by Don Crewell, formerly of Lehigh University, and Susan Hollings of PHEAA is developing plans for another hotline effort as well as other financial aid awareness activities. Assistance from the membership will again be sought for this effort to assist students and their families during the busy and confusing process of seeking aid.



POSITION OPENINGS

Thomas Jefferson University is seeking an Assistant Director of Financial Aid for the College of Allied Health Sciences. Position requires knowledge and experience in all Title IV Programs of aid. Major responsibilities include packaging and counseling and management of CWS program. Experience in reconciliation of federal and state financial aid reports a plus. Qualifications include a bachelor's degree and at least two years experience. Apply immediately. Send letter of application and resume to: Bonnie Lee Behm, Office of Financial Aid, Thomas Jefferson University, College of Allied Health Sciences, Room 219 Jefferson Alumni Hall, Philadelphia, Pennsylvania, 19107.

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Holy Family College has an opening for the Financial Aid Director to administer all aspects of financial aid. Minimum three years experience in financial aid and master's degree or equivalent. Strong oral and written, conceptual and analytical skills a must. Responsible for planning, organizing and supervising student financial aid programs and records, including federal, state, and institutional scholarships, grants, and loans and college work-study program, management of student financial aid data base, reconciliation of PA High Education Assistance Agency, Pell, NDSL, Nursing Student Loan and other college aid programs. Reports to the Executive Director of Finance. Send resume, cover letter and names, addresses, phone numbers of three professional references to: Holy Family College, Room 214, Grant and Frankford Avenues, Philadelphia, PA 19114. Holy Family College is an equal opportunity employer.

.....

The University of Wisconsin-Milwaukee is seeking nominations and applications for the position of Director of Financial Aid. Responsibilities include careful analyses, planning, and timely decision-making, as well as excellent interpersonal and communication skills. Qualifications include a bachelor's degree in student personnel, business administration or another appropriate field is required; a master's degree is preferred. Five years experience in an institution of higher education with at least three years at the supervisory level. Demonstrated ability in oral and written communication and a working knowledge of a computerized financial aid program is desired. Applications, nominations and names of five professional references will be accepted until August 29, 1986 with a starting date of October 1, 1986. Please submit to: S. William Winogrand, Chair, Financial Aid Director Screening Committee, Office of the Dean of Student Affairs, University of Wisconsin-Milwaukee, P.O. Box 4800, Milwaukee, WI 53201. UWM is an equal opportunity employer with a firm commitment to affirmative action.

1986 ELECTION SLATE

by Barry McCarty, Lafayette College

The slate of candidates has been set for the upcoming PASFAA election. More than 50 valid nomination forms were received and tallied by the Membership and Election Committee on Monday, August 4, 1986.

<u>POSITION</u>	<u>NAME/TITLE/INSTITUTION</u>	<u>POSITION</u>	<u>NAME/TITLE/INSTITUTION</u>
President Elect	Sheila Angst Director of Financial Aid Albright College	Secretary	Beverly Hayden Director of Financial Aid Philadelphia College of Pharmacy and Science
	John Morris Director of Financial Aid Temple University		Vali G. Heist Financial Aid Officer Alvernia College
Vice President	Nicholas Flocco Director of Financial Aid Drexel University	Council: Public Two-Year	Betty Davis Director of Financial Aid Community College of Allegheny County--South
	Mary Miller Assistant Director of F. A. Indiana University		Kathleen Hetherington Associate Director of F. A. Community College of Philadelphia
Treasurer	Rachael Lohman Director of Financial Aid Wilkes College		
	Michael Schreier Assistant Director of F.A. Kutztown University		

According to the PASFAA Constitution and By-laws, only active members may nominate and vote. The Council representative for the Public Two-Year sector, Nan Meyer, has resigned from her position as noted in the President's remarks. Only active members of that sector can vote for that position.

Voting will take place during the 1986 Conference. The double envelope system of balloting will be used. Ballots will be placed in the Conference packets of all active members. A ballot box will be placed at the registration desk after nominations have been received from the floor at the first Business Meeting. Balloting will end at 12 noon on Tuesday, October 7.

Candidates have been requested to supply a resume which will be posted on a bulletin board at the Conference registration desk for review by the membership. The candidates will also be introduced at the first Business Meeting. The Membership and Elections Committee will meet prior to the final Business Meeting to count the ballots so the new officers and council person can be announced in that session.

Keeping an eye on Washington...



VERIFICATION! VERIFICATION! VERIFICATION!

submitted by Renee Saleh, Kutztown University

Now that we lived through a hectic summer dealing with new verification requirements and other new regulations, the Department of Education has developed a revised verification regulation. This was done in an effort to "somewhat" ease the existing verification regulations. According to NASFAA, the revised regulations are going through clearance and are expected to be published in the next "two weeks."

Well it is better late than never! While the changes will come too late to give needed relief, hopefully we will receive them before the beginning of school. NASFAA announced the following expected changes:

- 1) An institutional option to certify GSL applications before verification. (Author's note: The Institutional liability is not clear at this point.)
- 2) To exclude the requirement that you must verify the household size and number in post-secondary institutions, if the timeframe between application and verification is 90 days or less.
- 3) To exclude from verification, income that comes from a source of assistance that requires a needs test, such as AFDC.
- 4) The exclusion from verification of selected items that are the same as those which the institution verified last year, such as household

size and the number in post-secondary institutions. The dependency or independency status however, still has to be verified.

- 5) Exclusion from verification of multiple siblings who attend the same institution as the applicant. And also several other technical changes.

While there are a number of other changes that might have been more official than the ones that have just been described, nevertheless these are the ones that the Department felt could survive the clearance process. NASFAA is aware that it is tough to reach consensus on what should or should not be done and certainly the timing is less than desirable, but the Department should be commended for at least trying to improve the situation.

The Department still plans to make additional revisions for 1987/88 and would welcome any suggestions or comments.

PASFAA members are urged to send their comments to Renee Saleh, Chairman of the Government Relations Committee, Kutztown University, Kutztown, PA 19530, for a general PASFAA response. However, we need to send several letters to the Department and everyone is encouraged to write. Knowing that verification is here to stay, our comments should concentrate on suggestions for improving and simplifying the process. We should also address the need for institutional flexibility and judgement.



REAUTHORIZATION BILL MOVING SLOWLY THROUGH LEGISLATIVE HOOPS!

submitted by Gordon Bateman, Elizabethtown College

During early June, the Senate voted overwhelmingly to reauthorize the Higher Education Act for another five years, passing by a vote of 93 to 1. Legislation is to extend student financial aid and other higher education programs. Only Senator Jesse Helms (R-NC) voted against the measure, S1965, which was co-sponsored by 52 Senators. The legislation was then scheduled to move immediately on to a House-Senate Conference Committee to resolve differences between their two versions of the bill.

After several delays, including the July 4th recess, it appears House and Senate conferees may not begin negotiation of the Higher Education Act until August. Following are the members of the Conference Committee named last week by Congressional Education committees. Possible conference participants from other House Committees are not included.

SENATE: Republicans--Orrin G. Hatch (UT), chairman; Dan Quayle (IN), Robert T. Stafford (VT), Strom Thurmond (SC), Malcolm Wallop (WY), Lowell P. Weicker (CT).

Democrats--Christopher J. Dodd (CT), Edward M. Kennedy (MA), Spark M. Matsunaga (HI), Claiborne Pell (RI), Paul Simon (IL).

HOUSE: Republicans--E. Thomas Coleman (MO), William F. Goodling (PA), Steve Gunderson (WI), James M. Jeffords (VT), John R. McKernan, Jr. (ME), Thomas E. Petri (WI), Marge Roukema (NJ), Thomas J. Tauke (IA).

Democrats--Augustus F. Hawkins (CA), chairman; Chester G. Atkins (MA), Mario Biaggi (NY), Terry L. Bruce (IL), Mervyn M. Dymally (CA), Dennis Eckart (OH), William Ford (MI), Joseph M. Gaydos (PA), Charles A. Hayes (IL), Major R. Owens (NY), Timothy J. Penny (MN), Carl C. Perkins (KY), Stephen J. Solarz (NY), Pat Williams (MT).

(See REAUTHORIZATION, Page 12)



NASFAA HEARING

submitted by Douglas E. Redding, Pennsylvania State University

During the NASFAA Conference in Dallas, several aid officers submitted testimony on the issue of verification. Pennsylvania was represented through the testimony of Doug Redding of Penn State University. Doug submitted the following testimony:

Good afternoon Ladies and Gentlemen. My name is Doug Redding and I am the Financial Aid Coordinator in charge of Federal Verification at The Pennsylvania State University, located in University Park, PA. The verification staff at Penn State consists of 4 professional and 6 clerical support staff, which have doubled and tripled, respectively from 1985-86 to 1986-87.

During the 1985-86 academic year our office received and processed approximately 12,600 Pell Grant Student Aid Reports, 7000 campus based awards and 28,000 Guaranteed Student Loan applications. The number of non-duplicated aid recipients was approximately 32,000. Out of the 12,600 Student Aid Reports processed, approximately 6,900 were selected for verification or validation by the Federal processor. In addition to this mandated effort, Penn State identified an additional 1,100 students who reported inconsistent application data on separate applications and were subsequently chosen for verification. Of those individuals in the 1985-86 who were chosen for verification and who had campus based aid, only 26 were actually overawarded. This total dollar amount, or 27,400 is .002% of total campus based dollars administered by Penn State.

To cope with the demands of the verification procedures that have been mounting during the past 3 years, our office developed an on-line verification process that first dealt strictly with the Pell Grant program. With the new integrated verification procedures we have had to redesign our system. Though our computer modifications are sophisticated in reviewing data, there can be no substitute for the professional decisions that are necessary. Every tax return or verification form that is submitted to our office must be reviewed by a staff member at least once to determine if sufficient information has been provided. However, most documents require more review to determine such things as the responsible parents income in cases of divorce or separation, or subtracting a students work study earnings from his/her adjusted gross income because they are not to be included for financial aid purposes. These are details that a machine cannot attend to.

I would like to highlight some of the issues we are encountering.

- ★ My staff currently cannot assess the volume that we will be dealing with, but rather we are earnestly trying to notify families of the verification process, collect and review information submitted by families, correct Student Aid Reports, and certify Guaranteed Student Loans in an effort to deliver financial aid dollars to these students in a timely manner. As the fall semester approaches we are alarmed that many students will experience a delay in receiving their financial aid because of the laborious process imposed upon them by the Department of Education. With verification imposed for all Guaranteed Student Loan applicants who have not submitted a need analysis document, many additional students are being subjected to this process which delays the certification of their loans and subsequently the receipt of those funds. To assist those students to begin the academic year, we will issue short-term loans which will only increase our workload.

- ★ With the various windows that a student can enter into the verification process such as Pell Grant, need analysis, and the Guaranteed Student Loan program, a student could possibly be chosen or selected for verification more than once throughout the academic year. This only creates confusion and frustration as each agency may ask for the same information.

I would like to recommend some changes that would make the lives of parents and students, as well as the aid administrator less complicated.

- ★ Allow or disallow a dependent student's spouse to be included in the household size for all financial aid programs. Currently that individual cannot be included in the household size for Pell or the campus based programs, but can be included in the household size for the Guaranteed Student Loan program.
- ★ Inform a dependent student that his/her tax return must be submitted for verification when he/she is mailed a Student Aid Report or need analysis acknowledgement. Currently there is no indication given to the student that this information will be necessary for verification until after a student applies for a Guaranteed Student Loan, as most students must do.
- ★ Seek the financial aid communities' assistance in the development of collection documents to avoid errors or omissions on that document.
- ★ Permit more institutional flexibility in the verification program.
- ★ Reinstate the 'sum of errors' concept rather than the 'absolute error' concept for tolerance levels.
- ★ Extend flexibility to allow institutions to make payments on the student aid index number that they recalculate rather than have the student mail corrections to a federal processor. This would save time and deliver much needed financial aid in a more timely manner.

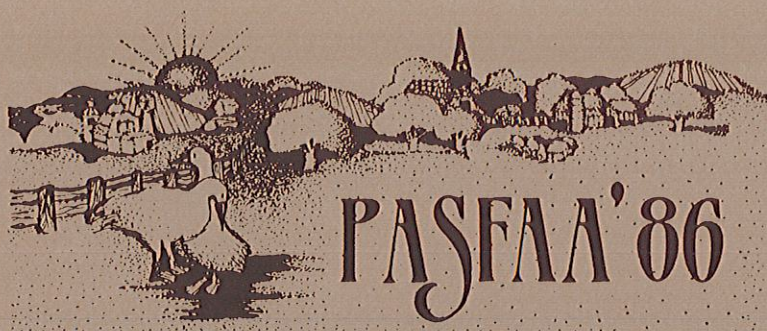
(See NASFAA, Page 12)

Verification: One Parent's Thoughts

Dear Ladies/Gentlemen:

This is the 3rd time since March 1, 1986 that I have sent Elizabethtown College my financial information for 1985. My questions are:

1. How many more times are you going to ask for this information?
2. Why can't this information be gotten from my 1st answer?
3. Would it help save you money and me aggravation if I would send you, maybe, six copies of my IRS Form 1040?



Americana Host Farm, Lancaster, PA, October 5-8, 1986

Final preparations are being made for the 18th Annual PASFAA Conference to be held October 5-8, 1986 at the Americana Host Farm in Lancaster. The Conference Committee has developed an agenda that is both interesting and informative. With so many changes in financial aid, the Conference will offer the membership an opportunity to discuss the major issues confronting our profession.

Conference Program--Something for Everyone!

This year's conference program addresses the varied interest of PASFAA members. For the new and "seasoned" aid officer, the general session on integrated verification should provide some answers to the complex questions they have to handle each day. In addition the Financial Aid Bowl will help FAOs sharpen their skills in those basic areas that serve as the foundation for what they need to know to do their job well. Sessions on "nuts and bolts" issues, effective management skills, and personal development will round out the program to provide all conferees with many opportunities for learning more about their field.

For lenders, session topics will cover a wide range of interests including a lender's return on GSLs, credit bureaus, and loan consolidation, to name a few.

Dr. Harold Hodgkinson, senior fellow at American Council on Education, will serve as our keynote speaker on Monday, October 6, 1986. For more information on Dr. Hodgkinson, please see Page 12.

Don't forget to relax too!

We will be selling sweat shirts with the PASFAA '86 Conference logo at the registration table. Because these shirts sell quickly, it's a good idea to purchase one at the time of registration.

PASFAA's Fun Run has been changed from three to two miles to encourage more participation. The race will be held at the Host's own fitness course which borders its golf course and a neighboring farm. Gordy Bateman is coordinating the event and more information will be included with the registration materials.

Arrangements are being made to organize the first PASFAA golf tournament on Sunday afternoon. Tee times will be arranged later. Anyone interested should contact Anthony Mazza, 649 N. Hanover Street, Carlisle, PA 17013 as soon as possible.

Once again the Conference Committee would like to emphasize a relaxed atmosphere throughout our sessions, meetings and social events. Pack only your casual clothes and don't forget your tropical garb for Sunday's Hawaiian luau.

Full details of the Conference have been sent to you in early August. If any member has not received his or her packet of information by this time, please contact Kate Hetherington at (215) 751-8274 or through terminal TM13.

We look forward to seeing you in October!

Conference Committee:

Chair--Kate Hetherington, Community College of Philadelphia

Gordy Bateman, Elizabethtown College
Bonnie Behm, Thomas Jefferson University
Rachael Lohman, Wilkes College
Pat Loughran, St. Francis College
Mike Schreier, Kutztown University
Sharon Shurow, Lehigh Valley Bank
Janet Weiss, PHEAA

Forms Fair is Back!

Anyone interested in submitting forms to be displayed at the Forms Fair should send samples to: Bonnie Behm, Coordinator of Financial Aid, Thomas Jefferson University, College of Allied Health Services, Philadelphia, PA 19107. Requests from conferees for copies of forms will be directed to the person submitting the form.

Financial Aid Bowl!

This year's conference agenda will include the first Financial Aid Bowl. If you attended the Financial Aid Bowl at EASFAA, you will remember how much fun we had cheering the Pennsylvania team. Mike Schreier and Janet Weiss are coordinating this event. Make sure you attend Sunday and Monday afternoons and support the participants from your region.



Additions and Changes to the 1985-86 PASFAA Membership Directory

The newsletter will publish changes and additions as they become known. Each member is urged to review his or her directory entry. Changes and additions should be made to East Stroudsburg University where the membership directory is maintained.

NAME/TITLE	INSTITUTION/ADDRESS	CITY	STATE/ZIP	PHONE	TERM. #
ADDITIONS					
Hill, Sheila Financial Aid Administrator	American Business Institute	Philadelphia	PA 19107	(215) 923-2260	
Iannuzzi, James Director of Financial Aid	Bryn Mawr Hospital School of Nursing	Bryn Mawr	PA 19010	(215) 896-3065	
Jackson, Phyllis Financial Aid Administrator	American Business Institute	Philadelphia	PA 19107	(215) 923-2260	
Weeks, Lexlie Financial Aid Administrator	American Business Institute	Philadelphia	PA 19107	(215) 923-2260	
CHANGES					
Baseman, Norma Director of Student Financial Services					
Bischof, Kathleen	York Technical Institute 3351 Whiteford Road	York	PA 17402	(412) 361-7496	
Borst, Laverne				(717) 961-7700	
Burke, William Associate Director of Financial Aid	University of Scranton	Scranton	PA 18505		
Dimmick, Ray Jr.	Lehigh Valley Bank				
Nelson (Gordon), Sheila M.	745 White Farm Road	Indiana	PA 15701		
McCarthy, Maureen	P.B.I. Career Center 955 Liberty Avenue	Pittsburgh	PA 15222		
Silvano, George Assistant Vice President	Provident National Bank P.O. Box 7648-#83-10-03	Philadelphia	PA 19101	(215) 585-5000	
Soudan, Dick	Washington and Jefferson College	Washington	PA 15301		
Stelma, Rose Mary Consultant to the Director of F.A.	Peirce Junior College 1420 Pine Street	Philadelphia	PA 19102	(215) 545-6400	TM94
Yasenchak, Peter				(717) 826-1476	

PENNSYLVANIA ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

STATEMENT OF GOOD PRACTICES

The primary purpose of student aid is to provide financial resources to students who would otherwise be unable to pursue postsecondary education.

The Financial Aid Administrator

1. Shall make every effort to meet the demonstrated needs of all students at his/her institution to the extent funding will permit in an ethical manner.
2. Shall award all aid on the basis of demonstrated financial need except where funds are specified for recognition of special talents. Where aid is not based on need and represents a significant portion of institutional assistance, the aid administrator should make every effort to redirect such funds to assist those students with demonstrated need.
3. Shall exercise adequate controls to insure that need based aid awards do not exceed documented need.
4. Shall recognize that the primary responsibility for financing postsecondary education rests with the student and his/her family. Financial assistance from institutions and other sources is only intended as supplementary to the efforts of the family.
5. Shall help students seek, obtain, and make the best use of all financial resources available.
6. Shall provide in all appropriate literature a clear statement of the actual costs of attendance, which shall include both the direct and non-direct costs.
7. Shall inform the student of all conditions under which an award is granted at the time the offer is made.
8. Shall refrain from and discourage others from making any public announcement of the amount or type of financial aid awarded to a student in order to protect the confidentiality of the economic circumstances of the student and his/her family.
9. Shall respect the confidentiality of student records. Information should be released only on the written consent of the student and/or his/her family and all policies and procedures should protect the students' rights of privacy.
10. Shall oppose the administration of aid to accomplish disciplinary objectives.
11. Shall, when preparing funding requests, estimate needs honestly and fairly.

Adopted by PASFAA Council June 1986 from the NASFAA Statement of Good Practices.

COME JOIN THE CROWD AT PASFAA '86

See page 6 for more details.



The Student Financial-Aid System Intimidates the Needy

by Barry W. McCarty, Lafayette College

Reprinted from "The Chronicle of Higher Education" with permission from Barry W. McCarty.

The system regulating the distribution of financial aid to college students in this country has grown so big and complex that it intimidates the poor—the very people it was designed to serve.

At the same time, an industry has developed to help middle-class families circumvent the need analysis by hiding their assets in areas not yet included for disclosure on financial-aid forms. These beat-the-system coaches peddle tips on how to live rich but look poor.

Moreover, current tax laws allow families to shelter significant amounts of income and to write off such items as oil-depletion allowances and charitable gifts. While those laws may encourage saving for retirement, investment, and good works, they complicate the fair assessment of a family's ability to pay for college.

As a result, financial-aid applications and the required verification procedures keep getting more complicated, in an effort to plug the loopholes. Conscientious applicants endeavor to comply, agonizing over each question and supplying required supporting data, while the cheater and system-beaters cleverly siphon off more than their share of available funds, leaving less for students with legitimate need.

If this disparity is allowed to continue, we risk further polarization of society, as the more-advantaged members reap more of the available education benefits while those in need—particularly families sending the first generation to college—are discouraged from applying because of the complexity of the process.

More rigid scrutiny may trip up an aid-grabber trying to outsmart an already overextended system, but the complicated forms and verification procedures are also frightening away deserving families who find the process already too confusing. And because aid forms require that parents provide financial information, a qualified student may not be able to apply for aid if his or her parents are unable or unwilling to tackle the paperwork.

While families in more favorable circumstances have access to help from accountants, financial advisers, and computer scholarship-searchers, the needy often feel alone, cast adrift in a sea of forms with overworked high school counselors their only guides. They hear threats of additional aid-budget cuts and stories about the difficulties some graduates have in repaying student loans. They read advertisements of professional aid-finding services they cannot afford. In the face of such discouragement and the complicated paperwork require-

ments—many of them conclude that the gates are too well guarded and the results may not be worth the effort.

That is sadly reflected in the decline in the proportion of minority-group students entering postsecondary education. The Southern Regional Education Board has found that although the enrollment of black college students nationwide increased 246 per cent from 1967 to 1976, the increase from 1976 to 1982 was only 6.1 per cent. Since 1982, the rate of increase in black enrollment has further declined.

Although many factors are involved in that slowdown, a study by the American Association of State Colleges and Universities indicates that black students are not getting the financial help they need. It discovered that since 1978 the aid awarded to white students had increased by almost 8 per cent, while aid to black students decreased by 4.7 per cent. Obviously, disadvantaged students need better financial-aid counseling—but we should be doing more than that.

It is time to trim the application process down to manageable size by developing two types of financial-aid application. Families with little income and few assets should be allowed to fill out a simple application, similar in concept to the I.R.S. short form for income tax. It is a rare needy applicant who comes from a family with a Clifford Trust, a family corporation, a stock portfolio, or land investments in the Bahamas. So why confront needy families with a document that makes their income-tax return look like a kindergarten assignment?

For example, the Financial Aid Form of the College Scholarship Service of the College Board is used each year by about 2 million applicants for federal, state and institutional aid. It has 66 questions, some with as many as 18 separate parts—a total of about 170 items to complete. It calls for specific income-tax-form lines or exact totals of welfare benefits, and information on the amounts of child support, worker's compensation, and other such income. That may be a simple task for a C.P.A. or even for some parents, but it can be overwhelming to people who are less sophisticated.

Higher-income families who may still be able to demonstrate need for student aid can and should continue to undergo the full process of application and verification. For them, detailed questioning about their businesses, farms, rents, royalties, partnerships, estates and trusts represents not an obstacle but an opportunity to explain complex financial circumstances.

In this country of many riches, access to higher education should be determined by a student's academic talent, not the family's ability to confront the aid-distribution system. Stratifying the application process would speed funds to those most in need and at the same time continue to provide an avenue for middle-income families with legitimate need.



From the Editor's Desk...

THE LONG, LONG HOT SUMMER

The waves of heat rise from the mountains. Voices in the distance ring with familiar refrains. The air is heavy and thick.

No, Virginia, it's not a vacation scene.

It's a financial aid office--August 1986.

As you may have guessed...

...the mountains are of paper-forms and loans languishing in untidy piles.

...the familiar refrains are "Yes, you must tell us AGAIN how many are in your family," and "Sorry, no, we haven't processed your JSL yet."

...and the air is heavy with FAO perspiration and frazzled nerves.

All of the data verification efforts and frustrations this summer are multiplying the difficulties for our staffs and beyond. The problems are moving forward in a great wave...

...to the students unable to determine how much aid they have and therefore unable to pay their semester bills.

...to the colleges which will be lacking revenue at the start of school because of delayed GSLs.

...and hopefully to the Department of Education with understanding finally dawning at the havoc they have wrought.

We are not against the concept of verifying data to be certain only those **financially deserving** receive aid. But once again, the timing of implementing such a complex process, created by those who don't have to do it every day, has really created a log-jam in our offices.

It appears that our voices may have been heard, according to Renee Saleh's article elsewhere in this newsletter, and that relief--better late than never--may be in sight.

But we all know this, and it really wasn't meant to be the subject of this piece.



In those few summer seconds when our minds can wander away from verification, there are some ominous specters on the horizon to consider.

As the conservative political and social tides rise and swell in this country, we could conjure up the campus and specifically the financial aid office of the future. A frightening, alien sight!

Besides weeding out those who are not **financially deserving** of aid, what other categories of students might be determined not to be deserving and who would make those decisions--and who would police those decisions?

While these conservative specters before us may have some validity (not to be argued here) and while they should be applied equitably to all persons (not just aid applicants) if applied at all, who better to be the watchdogs of society, "they" would say, than the friendly financial aid office. After all, they are already checking tax returns, welfare and social security payments and selective service registration.

Of course, we would balk at these things being dumped on our aid offices. But it should be even more frightening to us that these extremes could even be considered...

Contemplate for example:

We must be assured, some say that no non-citizen receives federal aid. So, the aid office should check citizenship and status for every aid applicant. Birth certificates, INS forms, linking with the immigration office, turning in those who don't comply. Maybe we need internal passports like the Soviet Union. While we're at it, perhaps only the right "kinds" should get aid. How about family lineage, nationality, religion checks, blood tests to be sure they are the right "type" to receive funds, to receive an education. Do we send the others somewhere on trains?

Contemplate for example:

Stamping out drugs on college campuses. ED Secretary Bennett has already announced that he would like permission from Congress to withhold federal funds from schools which have "drug problems." Let's require the aid office to take urine samples for all aid applicants to be sure they are drug-free before giving them student aid. And we might as well test for AIDS and social diseases while we're at it. To whom do we send the results? What happens to those who are "guilty?"

Contemplate for example:

The Meese Commission might dictate to the Department of Education that no one who had ever glanced at a copy of **Playboy** should receive aid. Roving bands of FAO sleuths will be sent to search under dormitory mattresses for the elusive glossy pages. A list of culprits will be sent to some big brother agency for further action. After all, "they" might say, no one should receive aid if they are "emotionally crippled and morally bankrupt."

Let's check their psychological soundness. Stretch out on the couch. Did you hate your mother?

Shine those bright lights in his eyes. Hook up the lie detector.

Have you now or have you ever been...

...a jaywalker...or a litterer...

Shades of Arlo Guthrie's "Alice's Restaurant" with the 8 x 10 glossy photos of the littering scene with the circles and arrows and paragraph on the back of each one...or shades of the McCarthy era...or worse...

That's it...The Financial Aid--Police Station--Heal Laboratory Office of the future.



Hey, wake up, Sheila!

Thanks for waking me, Ed. I was having a **very** bad dream...



I MUST BE HAVING A
BAD DREAM...

REAUTHORIZATION

(Continued from Page 4)

I hope everyone has had a chance by now to read and study the House (HR3700) and Senate (S1965) versions of the Higher Education Act. A copy of their comparisons can be obtained from NASFAA if you need one.

It is important that we all begin to write immediately to all the members of the Conference Committee urging them to support increased funding for Higher Education Financial Aid Programs. In addition, we need to support PASFAA's and NASFAA's lead with regard to positions taken to detailed sections of the Act.

Most recently, ACE (American Council on Education) and 12 other groups (The American Association of Community and Junior Colleges, American Association of State Colleges and Universities, Association of American Universities, Association of Catholic Colleges and Universities, Association of Jesuit Colleges and Universities, Association of Urban Universities, Council of Independent Colleges, National Association for Equal Opportunity in Higher Education, National Association of College and University Business Officers, National Association of Independent Colleges and Universities, National Association of Schools and Colleges of the United Methodist Church, and the National Association of State Universities and Land-Grant Colleges) sent a letter supporting the authorization levels contained in the House bill over those contained in the Senate bill because they provide greater flexibility.

Even though we are all bogged down this summer pushing paper in our offices, we cannot afford to just be concerned only about our isolated tree! The health of the entire forest will certainly impact positively or negatively on our individual growth and vitality.

DUNAGIN'S PEOPLE



"I CHECKED, DAD... I CAN'T GET MY STUDENT LOAN UNTIL YOU PAY YOURS BACK."

(continued from PASFAA '86 Conference News on page 6)

Dr. Harold Hodgkinson Keynote Speaker

Dr. Harold Hodgkinson, senior fellow at the American Council on Education, will serve as our keynote speaker on Monday, October 6, 1986.

Dr. Hodgkinson has spoken at more than 200 colleges and universities as well as hundreds of meetings of education associations, business groups and government officials. He is widely known as a lecturer and analyst of education issues at all levels.

He is currently conducting research on demographics and education for several foundations. He is author of twelve books, three of which have won national awards, and over 200 articles, for which he was honored by the American Education Press Association. His undergraduate degree is from the University of Minnesota, his masters from Wesleyan, and his doctorate from Harvard.

Copies of Dr. Hodgkinson's best-selling 18-page brochure "All One System" will be distributed before his presentation.

NASFAA

(Continued from Page 5)

The cost to my institution to conduct verification has been significant. I have attached to my remarks a cost statement which shows the total cost during 1985-86 to be \$185,833. During 1986-87 the verification costs are expected to rise to \$265,271, an increase of \$79,438 or a 43% increase.

In closing I would like to thank you for extending me the privilege to testify. I can assure you that my institution is not adversely affected by the concept of verification. We do feel however, that if some of the changes outlined previously were implemented, much of the frustration that parents, students and aid administrators feel would disappear.

(NASFAA has copies of all the testimonies given and would like copies of any comments you may send to the Department of Education.)

From the Lender's Perspective

MYTHS REGARDING LENDER PARTICIPATION IN THE GUARANTEED STUDENT LOAN PROGRAM

submitted by Sharon Shurow
Student Loan Officer, Lehigh Valley Bank

The first part of this article appeared in the May 1986 issue. Here is the conclusion. (Reprinted courtesy of Craig Ulrich, Counsel, Consumer Bankers Association)

MYTH #7 Any characteristic of consumer lending, such as variable interest rates, can easily be replicated in the student loan programs.

This is not true. GSLs share few similarities with other forms of consumer credit. In addition to the administrative distinctions mentioned above, consumer loans generally involve far shorter terms and much greater principal amounts. The larger rate and greater speed of return resulting from these factors justifies the added costs of administering these loans on a variable rate basis. In addition, points are frequently paid up front to the lender such as in the instance of a mortgage loan.

GSLs are subject to deferments and other changes during their life that are not common in other forms of consumer lending. For example, the deferment provisions regularly lead to a recalculation of the repayment plan. In fact, 40% of all GSLs have to be recalculated at least once with retroactive adjustments being required to be billed to the government.

Principal and interest on most forms of consumer credit are both calculated and collected on a monthly basis. This contrasts sharply with GSLs where interest is collected quarterly and principal does not begin to be repaid until after graduation.

Because GSLs and other consumer loans share few common characteristics, it is not easy to replicate common consumer credit features in the GSLP.

MYTH #8 Lenders should receive a fixed interest rate as in other consumer loans instead of a floating T-Bill plus 3.5 percent.

This makes no business sense. For one thing, many consumer loans do float, adjustable rate mortgages and credit cards being but two examples. Fixing the interest rate paid to lenders in the GSL program would result in lenders withdrawing from the program. Student loans generally are for a term of 11-16 years, including the in-school period. Comparable rates for long-term borrowing, assuming you can find a lender to make a consumer loan for 15 years, are in the 15-17 percent range at present. Mortgages include points as high as 3% of the loan principal up front.

Lenders use short-term money in order to fund much of their student loan portfolio. Short-term money is obtained either from direct deposits in the institution or borrowing at the market rate as that rate changes from time to time. Lenders cannot be expected to make long-term commitments on GSLs at rates that do not track market conditions.

MYTH #9 Because all GSLs are guaranteed, lenders have no risk in the program at all.

Defaults cost lenders significant amounts in administrative expenses. While the guarantee covers principal and interest, the cost of collecting, servicing and filing claims is quite high. Further, added costs are incurred by virtue of the need to replace the defaulted loan in order to maintain a high economy of scale and quality in the GSL portfolio. Finally, given the operational and regulatory complexities and frequent changes in applicable requirements, there is the constant risk of an inadvertent loss of guarantee status for failure to "dot an 'i' or cross a 't'."

The risk of default is but one of the "costs" of the program. The other costs include the costs of administering the program, the cost of money, the uncertainty due to federal intervention, legislative and regulatory changes which require major systems design changes, the cost of write-offs which do not receive the guarantee, and the special collection problems due to higher incidence of delinquencies and the mobility of the student borrower population.

MYTH #10 Risk-sharing by GSL lenders will have no effect on the program.

This is wrong. No more fundamental change in the GSL program can be suggested. The student loan programs are not credit-worthiness programs. By congressional intent, any eligible student should have access to student loan funds. Any type of risk-sharing will undoubtedly result in a restriction of lending to high-risk borrowers or for schools with above average default histories. These results run directly counter to GSLP objective by depriving the financially and educationally disadvantaged.

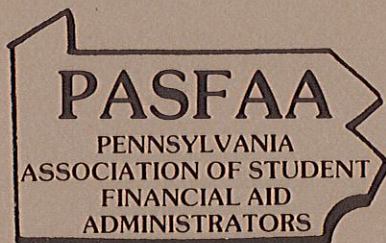
If Congress tries to change the student loan programs so they will be more similar to private consumer lending, it should realize that lenders will have to treat these federal student loan programs more like they do normal consumer lending. That is, credit-worthiness of students and even guaranty agencies will become important factors, as well as the likelihood of default on a loan.

NEWSLETTER PUBLICATION SCHEDULE

Editions of the PASFAA newsletter are scheduled for November, January, March, May and August. Articles, editorials, position openings (printed free-of-charge) and other contributions must be submitted by the first week of the month of publication. All materials and any questions about the newsletter should be sent to Sheila Angst, P.O. Box 516, Reading, PA 19603.

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 of Financial Collection Agencies. You should review your entry and submit any necessary changes to the Financial Aid Office, East Stroudsburg University, East Stroudsburg, PA 18301 where the membership list is maintained.



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CONFERENCE DATES TO REMEMBER

PASFAA October 5-8, 1986
Americana Host Farm, Lancaster, Pennsylvania

EASFAA May 3-6, 1987
Hyatt Regency Hotel, Buffalo, New York

NASFAA July 22-25, 1987
Washington, D.C.