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FROM THE PRESIDENT:

Dear PASFAA Members:

For many members, the recently finished EASFAA conference provided at least a diversion in the hectic pace of late spring. The conference was very successful, thanks to the efforts of a number of people, and provided the opportunity for some insight into a bit of the immediate future in financial aid. Interesting and in some ways contrasting views of one such aspect were provided by Mr. Daniel Lau of the Department of Education and Dr. Dallas Martin of NASFAA when each spoke, at separate times, on the subject of professional judgement.

The 1986 amendments passed as Reauthorization specifically give to the financial aid administrator professional judgement in the administering of programs to help students. Dan Lau in his remarks on the subject, while granting that financial aid officers have this discretion to use in aiding students, seemed to be urging caution in the aid community regarding the use of it. To summarize his theme, the essential element came to me as a warning to exercise great care in the use of professional judgement because the Department will be watching closely to insure that abuse of the programs does not occur through this freedom given to aid administrators and to assess the results of its exercise.

Dallas Martin by contrast held up professional judgement as a long needed opportunity for aid administrators to act as professionals to see that needy students receive the help they need and to which they are entitled. He stressed the necessity for saying 'no' as well as 'yes' as each occasion may demand. While he emphasized the need for responsibility, he stated firmly his belief that the aid profession consists of responsible individuals who will act as such with this legislated opportunity. His theme was one of confidence in financial aid officers to administer programs so that the intent of helping the neediest does not get lost in the regulation and detail.

I would like to add my small echo to Dallas' point of view and say that the availability of professional judgement must be used and not abused. PASFAA has gone on record as supporting standards of good practice in financial aid. Nowhere are such standards more important than in those situations where we act not as followers of detailed requirements but as experienced individuals who are trying to find legitimate ways for students to meet the costs of their education. In a time when we have come to accept more regulation and greater proscription as the norm and have on occasion thrown up our hands and said, "Tell us what we have to do and we'll do it," I would say that now exists the opportunity to reaffirm our role as professionals in the educational enterprise. We need not be afraid of this opportunity which the professional judgement legislation gives us nor should we shrink from it. Rather we have a moment in which to assert ourselves as a profession able to attend to our business in an equitable and caring way. This is an opportunity we cannot afford to lose.

Well, I will climb off my soap box now and thank you for "listening." As we see one award year ending while we are already far into the next one (at least in preparation if not actuality) one cannot help but ponder again the fact that there is never a point in financial aid when you can say, "It's done." Have the best summer that time and opportunity allow.

Sincerely,



William A. Irwin, President
PASFAA

**Good News and Bad News
See Page 4**

EXECUTIVE COUNCIL NOTES

Council last met on April 6, 1987 at PHEAA in Harrisburg. A few highlights of the meeting are as follows:

1987 Conference. Conference chair Pat Loughran gave a full report of the activities of the committee and plans are coming along well. Details are elsewhere in this Newsletter.

Financial Aid Awareness Month. Sheila Angst will be chairing a committee to develop additional activities to be held in conjunction with the hotline. If you have any ideas or would like to serve on this committee, please contact Sheila.

Membership and Elections Committee. Don Raley reported that Georgia Prell, East Stroudsburg University, and Ed Aponte, Albright College, will be serving on the committee to assist Don with the many projects the committee has undertaken. Also, Don will be contacting the Medical and Law Schools in Pennsylvania to see if they would be interested in joining PASFAA.

EASFAA Update. Don Raley announced that Art James, Harrisburg Area Community College, would be running for President-Elect of EASFAA. Art has since won this election and has begun the duties of President-Elect of EASFAA. Also, there was a change in the conference site for 1989 from Philadelphia to Portland, Maine.

MEMBERSHIP AND ELECTIONS COMMITTEE REPORT

*submitted by Donald V. Raley,
Dickinson College*

PASFAA has a new record high membership total of 499 people as of May 19, 1987. We are sure that we will top 500 soon because 1986-87 membership dues continue to trickle in. Our membership contains 344 regular active members who are financial aid administrators, 146 associate members who, for the most part, are student loan officers, 3 life members, 5 student members, and 1 person whose affiliation remains unknown. Last year at this date the total membership was 453, so we have experienced a 10% growth rate over the year.

All active members will receive soon a mailing regarding nomination procedures for filling PASFAA Council positions for 1987-88. Nominations are made by mail and the election occurs during the 1987 annual conference in Seven Springs in October.

As you know, we select a President Elect every year. Then, on alternating even and odd years, we elect the remaining officers (even years) and the several sector representatives (odd years). The 1987-88 PASFAA Council will have as many as eight new members—seven sector representatives plus the President Elect. Therefore, the opportunities for transfusing new blood into the Council are plentiful.

ELECTRONIC FISAP: IMPROVED FOR FOURTH YEAR

*submitted by Sheila Angst,
Albright College*

ED has recently solicited institutions interested in participating in the Electronic FISAP this year. Currently in its fourth year, the Electronic FISAP program allows a school an alternative to manually completing the hard-copy FISAP.

Using an IBM or IBM compatible PC with two disk drives or at least one floppy and a hard disk, the aid officer can find several advantages to using this system. The Electronic FISAP System has greatly improved from its pilot and initial year when schools remained on-line through telephone modem with ED.

To operate the current Electronic FISAP you receive a data disk, program disks and user's guide from ED. After loading the software on your PC, you are guided through the FISAP with "user friendly" prompts, and the screens mirror the paper FISAP form. To begin you should complete a rough FISAP paper form as if you would prior to typing it for submission. Instead of using a typewriter, you enter the data on the PC. Calculations and total columns are entered automatically. Edit checks are performed to be certain your FISAP is accurate before submission.

A hard copy of the electronic FISAP may be produced by attaching a printer to your PC. To submit the final FISAP you may mail the data disks back to the department or transmit by phone using a modem.

Aid officers are encouraged to consider using this easy form of FISAP submission. NO special programming is required at your institution nor sophisticated computer knowledge by you. Advantages are: elimination of data entry (keypunch) errors at ED; time savings; earlier issuance of tentative and final allocations.

Mainframe computer users may also take advantage of the electronic FISAP, though data is not edited prior to submission to ED.

To participate, you must have the proper equipment by August 1987 and respond to ED with an intent to participate. No contracts or fees are involved. If you have any questions, you may call Kathy Boyland, Terri Froble or Daniel DyTang at (301) 587-4580 or John McGonigal at (202) 732-3736.

Be thinking about people to serve in these important leadership positions. Nomination forms will be sent in June and must be back in the hands of the Membership and Elections Committee by August 1. The committee members, Ed Aponte, Albright College, Georgia Prell, East Stroudsburg University, and Don Raley, Dickinson College, will prepare a slate of nominees to be published in the Newsletter edition prior to the October election. To cast your ballot, you must attend the annual conference, so mark your calendar for October 11-14 now.

(See M&E, Page 9)

PASFAA '87 CONFERENCE

Seven Springs Mountain Resort
October 11-14, 1987

*submitted by Pat Loughran, St. Francis College
and Chris Zuzack, IUP*

The 1987 PASFAA Conference Committee has accepted suggestions for program topics from the members and is working on an exciting conference agenda.

The PAATP Training for New Aid Personnel will be held from 1:00 to 4:30 PM on Sunday afternoon, October 11, instead of early mornings of the conference. With this format, the new professionals will receive the basics of training information in this intense session and will be free to attend concurrent sessions through the rest of the conference.

Stanley Collender from Touche-Ross, editor of the Federal Budget Review, will speak after Monday's luncheon. Many PASFAA members enjoyed his presentation at the College Board Conference in Baltimore in February.

Social activities will include the President's Reception, the Grant Buffet, an "Oldies Dance," and some surprises. Please be planning your attire for the "Oldies Dance." Choose a decade—the 50's, 60's or 70's—and be ready for memories of music, fads, and dress from each. The second annual golf tournament and the traditional fun run are planned. Please contact Tony Mazza at 717-245-0062 if you are interested in the golf tournament. Also, the opportunities for other recreation at Seven Springs are boundless. Swimming, tennis, racquetball and the health spa are included in the lodging rates.

The rates are very reasonable at \$72 per person per night for a double; \$92 per person per night for a single; and \$62 per person per night for a triple or quad. This includes all meals, plus tax, plus tips.

Other exciting ideas for the conference are explained elsewhere on this page and more detail will follow in the next issue. Sorry, the PASFAA talent show was cancelled for lack of interest, not lack of talent.

PASFAA Forms Fair Revived

Revived by popular demand, the Forms Fair will be held once again this year at our annual conference. Now that you are updating all of your forms, letters, brochures, policy manuals, handouts, and other printed materials for the 1987-88 academic year, how about sharing these items with your colleagues.

Don't be shy about sending in your materials just because they are not printed on glossy paper with four colors and an embossed logo! The content of your information is what is important. RD formatted letters from your PHEAA Terminal are fine. In fact many Aid Officers have expressed an interest specifically in RD letters. Also of particular note would be any materials that you have developed for Loan Counseling and Verification.

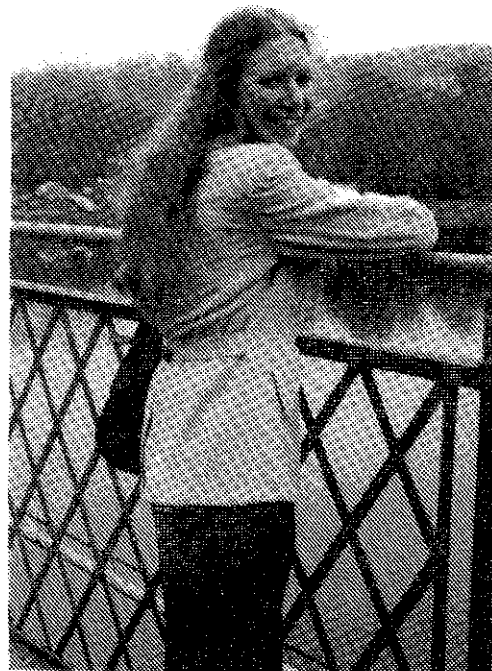
Please send your forms and letters to Christine A. Zuzack, Financial Aid Office, 308 Pratt Hall, IUP, Indiana, PA 15705. We're counting on your support and participation to make this Forms Fair a success!

How Have We Changed?

Over the years, the Title IV Financial Aid Programs have changed drastically. In the earlier days, financial aid administration seemed to be an easy, paperless profession. The BEOG and GSL programs, for example, dealt with simply completing the application to determine eligibility. Currently our offices alone are keeping the paper industry in business. With such changes as verification, reauthorization, supplemental loans, independent student status. . . And if that is not enough, the dates of enactment are always so convenient (retroactive, date of signature by President, January 1 for GSL and July 1 for all other programs, etc.)!

But we have been able to hang in there and continue as best as possible. These changes may have had an effect on you as a financial aid professional. Please share with us (for our photo contest during the conference) just how you were affected. Send us a picture of yourself as a "Financial Aid Rookie". On the back of the picture please print your name, institution and the year you began in financial aid. We'll see how many colleagues you can identify. (Pictures will be returned at the end of the conference.) Send your photo to Rich Esposito, Pittsburgh Beauty Academy, 415 Smithfield Street, Pittsburgh, PA 15222. For example, see if you can identify the rookie pictured below. Answer on page 9.

ROOKIE #1



THE GOOD NEWS & THE BAD NEWS

submitted by Sheila Angst,
Albright College

NO 1099s REQUIRED FOR SCHOLARSHIPS!

The IRS recently announced that institutions will not be required to issue 1099s to scholarships and fellowship recipients. The grantor of a scholarship or fellowship has been relieved of any obligation to provide forms or to withhold taxes.

The 1986 Tax Reform Act passed on August 17, 1986 requires that grants, scholarships and fellowships received in a calendar year which exceed the amount of tuition, fees and books for that calendar year are taxable income for the recipient. Schools and private scholarship donors have been concerned that this may have meant paperwork nightmares to create documentation for recipients.

The ruling issued by the IRS as notice 87-31 provides guidance for required procedures. A recipient of a scholarship or fellowship is responsible for determining whether the funds must be counted as income; that is, how much was used for expenses beyond tuition, and related fees.

Aid officers may still find themselves busy helping students determine calendar year costs and aid versus the academic year on which it is usually charged and offered.

IRS has also clarified the "effective date" of scholarship receipt. According to the ruling it is not necessarily when the funds are received; but rather when the grantor of the funds notifies the recipient of the award or notifies an institution acting on behalf of the recipient. According to an example presented in the NACUBO Advisory Report 87-1 "... a student notified on May 1, 1986 of a scholarship paying tuition, room, and board for four years would have all four years subject to the code" under the old rules because the recipient was notified prior to the passage of the Tax Reform Act. That implies, then, that such four year scholarships offered after passage of the Tax Reform Act are taxable income for the amount beyond tuition and related expenses. We may wonder if it means then that the full amount is entirely taxable in the year of notification rather than when each installment is received.

NACUBO suggests that schools may wish to consult with legal counsel for technical or interpretive questions. General questions can be directed to Darryl Brown at NACUBO at (202) 861-2561.

INS REGULATIONS REQUIRE PROOF FROM ALL NEW EMPLOYEES!

The Immigration and Naturalization Service (INS) published new employment regulations on May 1, 1987 which will require every employer to verify the identity and employment status of each employee hired after November 6, 1986. Students working on campus are currently included in these regulations.

Scheduled to become effective June 1, 1987, these regulations require an I-9 form, not yet published in final version, to be on file within three days of hiring a new employee. The form attests, under penalty of perjury, that the employer has examined appropriate ORIGINAL documentation of the employee's identity and eligibility to work. The I-9 form must be retained by the employer for three years.

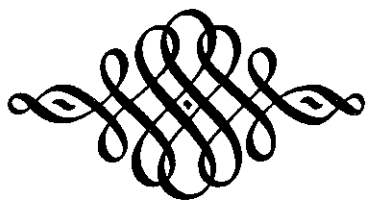
Employers are given until September 1, 1987 to have on file the forms for all employees hired after November 6, 1986. The final regulations also provide clarification of special interest to colleges and universities, as cited by NAICU's "The Week in Review" May 4-8, 1987:

1. Types of acceptable original documentation have been broadened from those originally proposed. For identity they now include student identification cards, driver's licenses, voter registration cards, and draft cards. Employment eligibility can be established by birth certificates or social security cards. Passports and citizenship papers may also be acceptable as proof of both citizenship and identity.
2. The three-day grace period for I-9 completion begins with the start on payroll rather than when hiring decision is made.
3. Special rules have been created for non-immigrant student/faculty visas including F-1, J-1, H-1 and M-1 categories.
4. Individuals who do not have original documentation to establish identity and employment eligibility are allowed to work up to 21 days if they present their receipt for application of the required documentation within three days of commencing work.

NAICU recommends that colleges and universities remind all students who will be engaged in work study and campus jobs to bring original documentation when they come to campus this Fall.

CUPA, the College and University Personnel Association representing over 1,300 colleges and universities, has recommended several exceptions and encourages support from other educational organizations to avoid unnecessary paperwork burdens.

(See BAD NEWS, Page 10)



EASFAA "ON TRACK" IN BUFFALO

*submitted by Sheila Angst,
Albright College*

More than 400 aid officers from throughout the eastern region attended the 21st annual EASFAA conference May 3-6 in Buffalo, NY. With the theme "Financial Aid: Are We On Track?", the conference provided attendees with three days of sessions and seminars on a variety of aid topics. In a new format attempt, the conference offered several nearly three-hour seminars on topics such as "Emerging Issues in Need Analysis" and "Using the Myers-Briggs Type Indicator to Understand Educational Leadership" in addition to the usual concurrent and general sessions.

The second annual EASFAA financial aid bowl pitted the Pennsylvania team of Vali Heist, Lucky Hill and Georgia Prell against New York's defending champions, Maryland and Massachusetts. New York was again victorious in a final match against Maine, and will compete as the EASFAA team at NASFAA in July. Everyone attending NASFAA is urged to spur on this excellent team.

A large Pennsylvania contingent attended the conference. Of particular note, M. Clarke Paine of the Pennsylvania School of the Arts currently serves as EASFAA Treasurer and was a conference committee member. Also, election results placed Art James of Harrisburg Area Community College as the EASFAA President Elect.

Special presenters included Dallas Martin, NASFAA Executive Director; ED's William Moran and Steve Zwillinger on Verification Perspectives; keynote addresses by Dr. D. Bruce Johnstone, President of the SUNY at Buffalo and Dr. Donald M. Stewart, President of the College Board.

Mark your calendars now for the 1988 EASFAA conference to be held May 1-4 in Hartford, Connecticut at the Parkview Hilton Hotel.

GET YOUR KEYS FOR A SUCCESSFUL YEAR

The Thirteenth Annual NASFAA Conference, "Providing the Keys to Education", will be held Wednesday, July 22 through Saturday, July 25, 1987, at the Sheraton Washington Hotel, Washington, D.C.

You will be provided with "keys" to successful office management as you share your financial aid applications, forms, brochures, award letters, etc. with your colleagues across the nation at the Forms Fair exhibit.

Your "masterkey" to education is building relationships and communication lines with your congressional elected representatives. You will be able to use your "keys" as you participate in the coordinated "Hill Visit" during the conference. You will be contacted by your state coordinator as plans get underway for this conference highlight.

Mark your calendar now, July 22 through 25, 1987! Your "keys" will unlock the doors of management and success!

NASFAA FORMS FAIR

The 1987 NASFAA Conference to be held July 22-25 in Washington, D.C. will again feature an exchange of materials through the Forms Fair Display. Please share publications, award letters, tracking systems, verification forms, brochures and other forms and methods you have found helpful in your office.

Publications should be mailed in duplicate to Mario Hernandez, Director of Financial Aid, Tarrant County Junior College, Northwest Campus, 4801 Marine Creek Parkway, Fort Worth, Texas 76179. Materials can be mailed now, but no later than June 30, 1987.

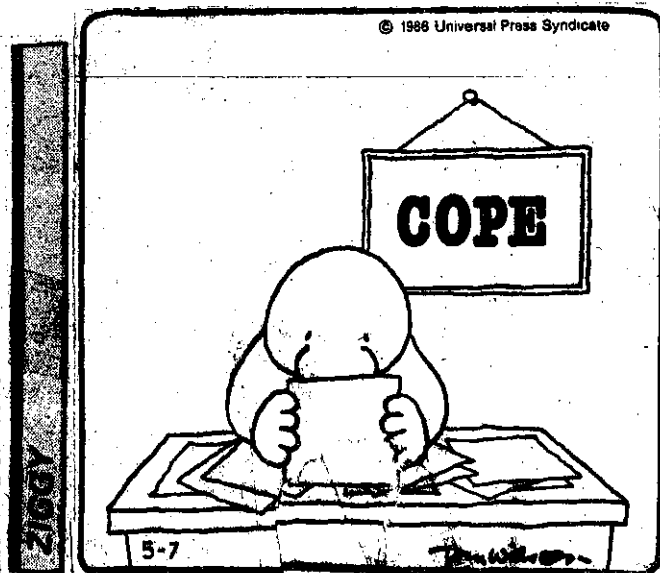
For the first time, members are asked to bring any video presentation used in connection with financial aid programs such as loan counseling, etc. Facilities will be provided for viewing the video programs. Please advise Mr. Hernandez at (817) 232-7711 if you will be sharing a video presentation.

Your colleagues will appreciate your ideas and efforts.

NASFAA MEMBERSHIP DRIVE UNDERWAY

The membership drive for NASFAA for the 1987-88 year is underway. Ron Shunk, Gettysburg College, has agreed to be the state representative for NASFAA. If you are not currently a member of NASFAA and would like to become a member, contact Ron at 1-717-337-6611. Deciding to join NASFAA may be the smartest decision you make all year!

*submitted by Judy Neyhart,
Cedar Crest College*



Keeping an eye on Washington...

FROM THE GOVERNMENT RELATIONS COMMITTEE

*submitted by Mary Andrews Miller,
Indiana University of Pennsylvania*

The Government Relations Committee would like to thank those of you who responded to the Bulletin dealing with President Reagan's FY88 budget proposal. We received a 33% response to the Bulletin and survey from the active PASFAA membership. As a result of your input, the following letter was not only sent to Senator Specter but also to Senator Heinz, Senator Chiles, Chairman of the Senate Committee on Budget, The Honorable William Gray, House of Representatives Committee on the Budget, and Dallas Martin of NASFAA. A special thank you to Helen Nunn for composing the letter and Bill Burke for coordinating the survey follow-up through the Legislative Network. We believe we have found an effective way to receive your input which will assist the Government Relations Committee with communicating our concerns on major issues with the federal government. We look forward to your continued support and input on future Bulletins.

April 7, 1987

Senator Arlen Specter
Room 331
Hart Building
Washington, DC 20510

Dear Senator Specter:

I am writing in response to President Reagan's Fiscal Year 1988 budget proposal and on behalf of the more than 300 professional financial aid administrators represented by PASFAA. We have completed an in-depth survey of our member aid officers through which we achieved a 33% response rate. The comments which follow represent all types of institutions throughout the state of Pennsylvania. I believe it is of note that there was great professional consensus on the impacts of these issues without regard for institution type, size, or mission. Please consider the recommendations of our association and work with us to improve the administration of the federal financial aid programs.

First, let me address the issue which was seen as the most critical by more than two-thirds of our respondents—changes to the Guaranteed Student Loan program. This program aids a greater number of Pennsylvania students than any other Federal financial aid program.

Decreasing special allowance to lenders, we believe will have disastrous effects. Many lenders will revert to lending to select groups of applicants, to students attending select groups of schools or will get out of the program altogether. All sectors

of higher education will suffer from this change. Families who are not already fiscally solvent will be less able to find lenders who will lend. Schools which offer programs shorter than four years in length will have difficulty because lenders will choose to make loans of greater dollar value to those attending programs of longer duration because the servicing costs bring a greater return on a larger loan. Essentially, lenders will begin to cut corners to bring about savings wherever possible. The greatest harm will be done to those students who have limited means and few alternatives. Students whose parents do not own property and are therefore unable to obtain home equity loans, or those students who cannot depend on parental resources and have none of their own will be forced to make other choices. Those who are able to stay in postsecondary school may have to choose to transfer to lower cost institutions. There will also be significant numbers of students who will not choose postsecondary school but will enter an already overcrowded job market, having few skills and being underprepared.

Having already established GSL's as strictly need-based, the major budgetary saving has already been accomplished. Eliminating subsidies and increasing the direct cost of loans to students through increased fees effectively makes this program moot as a resource for the needy. Please do what you can to retain lender subsidies and to impose no additional fees on student borrowers. At some point in the cost-cutting, we reach a point of diminishing return when the program no longer achieves its goal of providing access to higher education. We believe that the implementation of the proposed provisions will put us at that point.

Second, the proposed elimination of the campus-based financial aid programs, including the rescission of College Work-Study and the Supplemental Educational Opportunity Grant (SEOG) funding for academic year 1987-88, will wreak havoc in the delivery of financial aid funding to students.

In an era when we are only beginning to realize the effects of overburdening a generation with unmanageable debts from college expenses, does it make any sense to withdraw an employment program from the range of possibilities for paying for college costs? We would submit that this most important program has proven its viability over time and should not only remain intact, but should ultimately be made stronger. This program provides essential support for institutions as well through part-time assistance from student workers which keeps costs at a lower level than would otherwise be necessary. Further, students gain many benefits from this program in addition to earnings; a sense of work ethic, experience in the work setting, confidence in one's ability to perform work, smoother acclimation to a new environment, and job recommendations for future employment.

The SEOG program provides the only discretionary grant funding many Pennsylvania institutions have to award. It is critical that financial aid officers have some means for awarding grants to students based on their knowledge of individual situations.



In addition, the timing on this provision could not be worse. Certainly all schools have in place for 1987-88 their charges and their financial aid packaging policies. In fact, most schools have made financial aid offers to prospective students based on the Federal allocation letters already received. At this late date, it will be very difficult for schools to find alternative resources to make up for the losses from these programs. Almost certainly, loan programs from various sources will be the method necessary to replace lost funding.

Third, and most difficult to accept as part of a proposed budget, is the provision which would eliminate the professional discretion of the financial aid officer. Perhaps it is difficult to see from your seat why this would be important. This fact is that, like many large programs which are managed many bureaucratic layers above the beneficiary, it is easy to forget those with special circumstances when making regulations for the many. However, this provision would not allow aid officers to override, with acceptable documentation for such action, existing regulations when, in that person's professional judgment, it is legitimate to do so. We contend that as a profession we are worthy of trust and that our students and the interests of the financial aid programs are better-served when we can apply professional judgment in special, changing, and unusual circumstances. Without this provision, we will find that many students will "fall through the cracks" who could otherwise have been legitimately helped.

The budget proposal includes a provision which would require all students under the age of 30 to provide parental income and asset information. We have just implemented the new Federal independent student definition for the 1987-88 academic year which is based on the individual student's tax exemption as part of the parents' tax return, annual earnings of the student, marital status or enrollment as a graduate or professional student. We are still in the process of understanding the full impact of this definition. Before we have a chance to fully grapple with this change, which has its own drawbacks, there are proposals on the floor to change it again. Aside from the administrative burden of collecting documentation on all these cases, it takes no consideration for the obstacles to higher education we would be placing before our non-traditional student populations. Community colleges, state-owned universities, and trade and technical schools will be most damaged by the implementation of this definition. Please bear in mind that our goal is the efficient delivery of financial aid funds to needy students. We can see no way in which this proposed change would facilitate that goal.

The Reauthorization of the Higher Education Amendments provided for a limit of 30% of the applicant pool to be selected for verification by institutions. Since an editing system is in effect and those applicants who are prone to error are already being identified through this process, any additional verification requirement would only serve to increase the administrative burden on institutions. This would further cause delays in the delivery of aid to students and have significant negative impact on cash flow at postsecondary institutions.

I hope that you will consider those concerns outlined above as you work toward the resolution of the new budget. I believe that you will find that many of the proposals which will have an impact on student financial aid are counter-productive and do not support the enterprise of choice and access to higher education in America. I thank you for your commitment to higher education and the Federal financial aid programs. If I can provide you with any additional information on this subject, please contact me.

Sincerely,

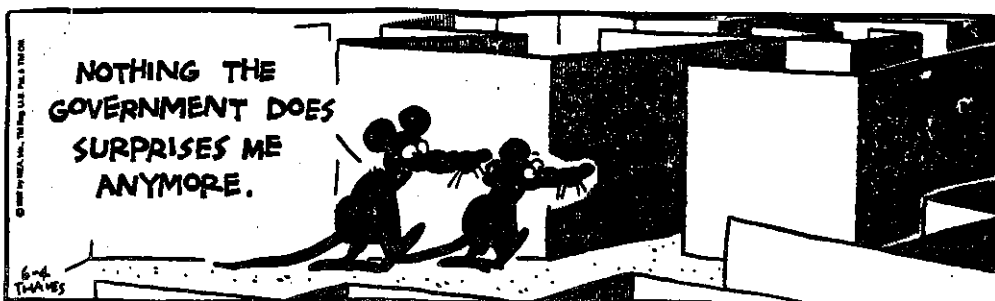
Mary Andrews Miller
Chair, Government Relations Committee
PASFAA

HILL VISIT

submitted by Bill Burke,
Scranton University

Final preparations are being made for Congressional visits as part of the NAFAA Conference. Members of the PASFAA Legislative Network will be scheduling a meeting for conferees from their respective district for Thursday, July 23, 1987 between 2:00 P.M. and 5:00 P.M. After the visit a reception will be held by NASFAA on the Hill to afford members the opportunity to further discuss issues with Congressmen and their aids.

After the appointment is made for the visit, the liaison member will contact schools within their district to determine who will be attending the NASFAA Conference and joining in, on the meeting. I'm sure that PASFAA will be well represented, and important issues will be discussed. Please help to represent the concerns of our students.



submitted by Judy Neyhart,
Cedar Crest College

BEWARE OF SHACKLING STUDENTS TO LIFETIME DEBT

by Barry McCarty

This article has been reprinted from the Easton Express, March 22, 1987, with permission from the author.

While the proposed federal budget struggles to reduce the mind-boggling national debt, it introduces a Machiavellian twist in student aid which could lure generations into perpetual personal debt.

In the past decade, student borrowing has more than quintupled, from \$1.7 billion in 1975-76 to over \$9 billion in 1985-86. Now student debt threatens to soar to new heights as Secretary of Education William Bennett proposes changes in long-term government-endorsed loans that could make them a financial trap for the unwary.

Accompanying proposals to eliminate the College Work-Study Program and Supplemental Educational Opportunity Grants could further increase the need to borrow.

It is time for all of us—government, high school and college and university officials, and even parents—to examine our own motives, methods and ethics in encouraging this continued march toward educational indenture.

Naturally, students should be encouraged to help themselves, and over the past several years the Reagan administration has gradually weaned many recipients of federal student aid from grant and scholarship programs to self help. In 1975-76, grants made up about 80 percent of total aid, loans 17 percent. By 1980-81 grants had dropped to 56 percent while loans had risen to 41 percent. The 1985-86 year saw grants down to 47 percent, loans up to 50 percent. Most current student aid recipients earn money through the College Work-Study Program and can borrow through government-subsidized loans, interest-free until the student leaves school.

Now Bennett plans to eliminate government-subsidized student loans and replace them with non-subsidized income-contingent loans. Under the income-contingent loan plan, the college or university and the government would contribute to a fund from which loans would be made to students at market-rate interest. While the change is directed at the National Direct Student Loan Program, the implication is that income-contingent loans could soon replace the subsidized Guaranteed Student Loan Program.

Some aspects of income-contingent loans appear attractive—on the surface. Because graduates may start at low-paying jobs, Bennett plans to limit payments to 15 percent of income, paid over as many as 30 years, instead of the 10-year schedule now the norm. Loan ceilings would be raised for both undergraduate and graduate study, making it possible for a student to amass as much as \$50,000 in post-graduate debt.

But think of the consequences of this "generosity." A 22-year-old graduate of the Class of 1987 who goes on to graduate school could be paying on student loans (and accrued interest) until the year 2020 (at the age of 55) or even longer. A couple may be making payments on their own educations

long after their children have graduated from college and into a second generation of debt.

Congress pared the original \$90 million, pilot program of income-contingent loans to \$5 million. Now, before that experiment has even begun, Bennett wants a full-blown, \$600 million program for 1988-89. Hailed by his office as "the single biggest advance in the financing of higher education for students in the last 15 years," the income-contingent loan program could become instead a big fiasco.

The prospect of long-term debt could deter many students from launching an education. Even worse, publicity surrounding these proposals to eliminate some federal aid programs may further the continued decline in numbers of low-income and minority students in our nation's colleges and universities. Already, complexity and confusion surrounding the student aid program and application process make student aid largely a middle-class choice, with fewer lower-income families venturing to apply. In Pennsylvania alone, state student grant applications for 1986-87 show a 6-percent increase from families making \$36,000 and above, but a 13-percent decline from those below \$24,000.

Further, consider the potential administrative nightmare—for both government and college. We have seen the present program spawn a massive verification procedure in which applicants must produce documentation of income, expenses, and investments. Who will be responsible for monitoring aid recipients through 30 years of annual recalculations to determine the proper 15-percent payment?

If student loans are to become major, long-term investments, we should be making concerted efforts to help students face reality. Before urging a student to plunge into debt we should provide the hard facts of costs and possible return, offer realistic counsel on consumers' rights and responsibilities, and help determine the individual's chances of success in the field.

Open admissions policies offer opportunity to all, but is it a service to admit a student who is inadequately prepared and who has little chance of success? Students who do not graduate could be paying for their failure for decades, without the help of added earning power that comes with a degree.

If these proposed changes in the federal student aid program become reality, we risk reinforcing the very financial irresponsibility we should be trying to counteract. By urging students to borrow massive amounts of money with payments often stretching well beyond current limits, we are luring them to financial lotus land to the tune of the buy-now-pay-later piper of perpetual debt.

Barry W. McCarty is director of financial aid at Lafayette College. A former president of the Pennsylvania Association of Student Financial Aid Administrators, he serves on the College Board Committee on Standards of Ability to Pay and on the College Scholarship Service Council.

MYSTERIES OF THE (FINANCIAL AID) UNIVERSE – SOLVED

submitted by Sheila Angst, Albright College

Have you been wondering the following . . .

With tight GSL analysis, is there still no overaward provision for GSL . . .

Does the "non-need based student employment" provision still exist . . .

On whom is that under 24-year-old dependent, who does not have \$4,000 in income and hasn't seen parents for years . . .

Questions like these have caused lively discussions among aid officers as we attempt to set our procedures in light of Reauthorization. At the recent EASFAA conference ED's Bill Moran and Steve Zwilling fielded questions during a Verification Perspectives session and provided some of the answers.

Reauthorization indicates that an individual may not be treated as an independent student if the student was treated independent during the preceeding year *AND* was claimed as an income tax exemption by *another individual* in the first calendar year of such award year. We have been wondering what we do about this other individual since the student is to be considered dependent.

Clarification: That student is *dependent*, but according to the law, can only be dependent on parents or legal guardian. In a case, for example, where the student lives with grandparents

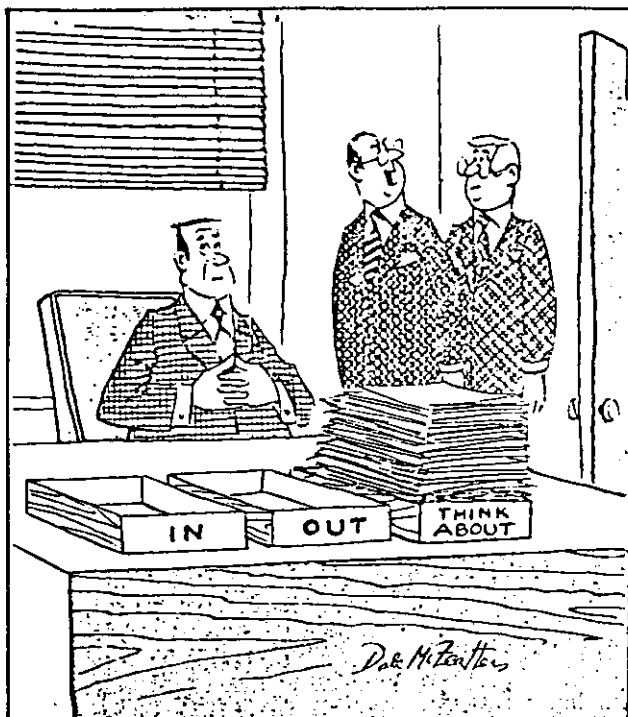
and hasn't had contact with parents for years, that student is *not* dependent on grandparents, but on the parents—*BUT* since their whereabouts may be unknown professional judgment will allow us to make the student independent. We will have to go through this loop to come to the independent conclusion and not just accept the initial idea of independence.

Moran clarified that there still exists no overaward provision for GSL, but that overaward provisions exist for campus-based aid programs.

If, for example, a loan is certified, indicating all known or expected aid, and an outside scholarship is later received, no correction is required to the GSL (unless the student has received campus-based aid and is now over-awarded).

He also noted that the concept of "non-need based employment" still exists. Such campus work, not based on need, is not counted as aid but as income. This means that in processing the GSL, such expected income need not be counted as aid. However, the student would have to indicate this as income for the base year or future year and not be exempt from reporting it as with need-based employment.

While the current Uniform Methodology doesn't include dependent student base year or future year income in the formula and uses independent student future year income, it should be noted that for 1988-89 when the Congressional Methodology is used, the student's base year income is figured into the expected contribution formula.



"I think we've found our bottleneck!"

submitted by
Nancy Sacks,
Northampton County
Area Community College

Answer to Rookie #1:

**Kate Hetherington,
Community College of
Philadelphia**

Thanks, Kate!!

M&E

(continued from Page 2)

Judy Neyhart, Cedar Crest College, volunteered to work on a PASFAA history project. She is attempting to discover the names of all past PASFAA Council members. Several times in recent years requests for such a list and other historical data have gone unfulfilled because no active council members could possibly develop the information.

More volunteers are needed to work on projects related to the development of an archival collection and a history of the Association. Anybody willing to attempt a project should contact Don Raley at Dickinson.

BAD NEWS

(Continued from Page 4)

CUPA in its May 8 newsletter suggests adoption of these exceptions by INS:

1. College and university students who are enrolled in a full-time course of study and who engage in work incidental to their education for the university for which they are enrolled are receiving a form of student financial aid and should be exempt from the Form I-9 requirement.
2. In the event that college and university students enrolled in a full-time course of study are not exempted from the Form I-9 requirement the regulation should clarify that alien non-immigrant students (F-1) engaged in on-campus employment

in accordance with current regulations need not apply for work authorization.

3. The proposed regulations should be revised to clarify that a Form I-9 need not be completed for employees that are reappointed on a year-to-year basis.

Potential Bad News

Still under consideration in Washington: A provision which would require colleges to withhold Social Security taxes from student employment earnings and a provision to raise minimum wage effective January 1, 1988 to \$3.85/hour. Both proposals are moving forward though the latter is expected to meet opposition from organized labor. One or the other or both proposals would certainly increase money, time and energy expenditures for schools to implement.

LOBBY DAY IN WASHINGTON

Gordy Bateman, director of financial aid, organized a Lobby Day in Washington for the students of Elizabethtown College. Their lobby day received lots of headlines and coverage from the media. Contact Gordy for the secret of his success!



Senator Arlen Specter talks to Elizabethtown College students about financial aid cuts during their lobby day in Washington. With Specter are, from left: Susan Mahoney, Northumberland; Hallie Harold, York; and Ken Myers, Landisville.

Additions and Changes to the 1986-87 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
Courtright, Mary Beth Dir. Adm. & Fin. Aid	St. Vincent College	Latrobe	PA 15650	(412) 539-9761
Dixon, Glendelle Fin. Aid Officer	Health Tech. Training Institute	Philadelphia	PA 19107	(215) 735-5555
Doyle, Anthony Mgr. Univ. Student Aid	Hahnemann University Broad & Vine St., N.S. 445	Philadelphia	PA 19102	(215) 448-7739
Fleck, Terry Loan Processor	Dana Pottstown, F.C.U. PO Box 457	Pottstown	PA 19464	(215) 326-5490
Fundark, Barbara Fin. Aid Sec.	The RPSC School 12300 Perry Hwy.	Wexford	PA 15090	(412) 935-2880
Glenn, Donna Reg. Marketing Mgr.	East Coast Credit 300 Mt. Lebanon Blvd.	Pittsburgh	PA 15234	(412) 343-3888
Grow, David Loan Supervisor	Dana Pottstown, F.C.U. PO Box 457	Pottstown	PA 19464	(215) 326-5490
Heckman, Richard				(717) 245-1308
Hedtke, Cheryl Assist. Dir. Fin. Aid	University of Delaware 224 Hullihan Hall	Newark	DE 19716	(302) 451-8761
Hinrichs, David Fin. Aid Officer	PACE Institute 606 Court St.	Reading	PA 19601	(215) 375-1212
Junstrom, Ernest Student Loan Adm.	Great American Federal Savings & Loan 4750 Claiton Blvd.	Pittsburgh	PA 15236	(412) 882-9800
Laskey, Terry Fin. Aid Advisor	Altoona Hospital School of Nursing Howard Ave. & 7th St.	Altoona	PA 16603	(814) 946-2125
Lesh, Richard Fin. Aid Dir.	Palmer Business School 1457 Mannheim Pike	Lancaster	PA 17601	(717) 392-1700
Lisicki, Bernice Fin. Aid Counselor	Northeastern Hospital School of Nursing 2301 East Allegheny Ave.	Philadelphia	PA 19134-4499	(215) 291-2138
McGeekin, Robert Coordinator	St. Agnes Medical Center 1900 South Broad St.	Philadelphia	PA 19145	(215) 339-4485

Name/Title	Institution/Address	City	State/Zip	Phone
Miller, Thomas JTPA Sr. Training Coordinator	North Central PA Reg. Planning & Development Com. 651 Montmorenci, Box 488	Ridgway	PA 15853	(814) 772-3992
Peiffer, Darwin Fin. Aid Director	Consolidated School of Business 131 N. Duke St.	York	PA 17401	(717) 245-1308
Raley, Donald				(215) 592-8600
Roth, Gary Director	Jefferson Business School 714 Market St., 2nd Fl.	Philadelphia	PA 19106	(215) 487-4532
Seeley, Michael Fin. Aid Officer	Roxborough Memorial Hospital 5800 Ridge Ave.	Philadelphia	PA 19128	(215) 320-4885
Shuman, Robert Fin. Aid Officer	PA State University—Berks	Reading	PA 19608	(412) 343-3888
Sillaman, Susan Collection Supervisor	East Coast Credit 300 Mt. Lebanon Blvd.	Pittsburgh	PA 15234	(215) 592-8600
Smith, Linda Fin. Aid Officer	Jefferson Business School 714 Market St., 2nd Fl.	Philadelphia	PA 19106	(302) 451-8761
Vermilya, Donald Vice President	Northeastern Bank of PA Box 231	Scranton	PA 18501	(717) 271-6226
Voncida, Ruth Fin. Aid Officer	Geisinger School of Nursing North Academy Ave.	Danville	PA 17822	

The Odyssey of a Student Loan

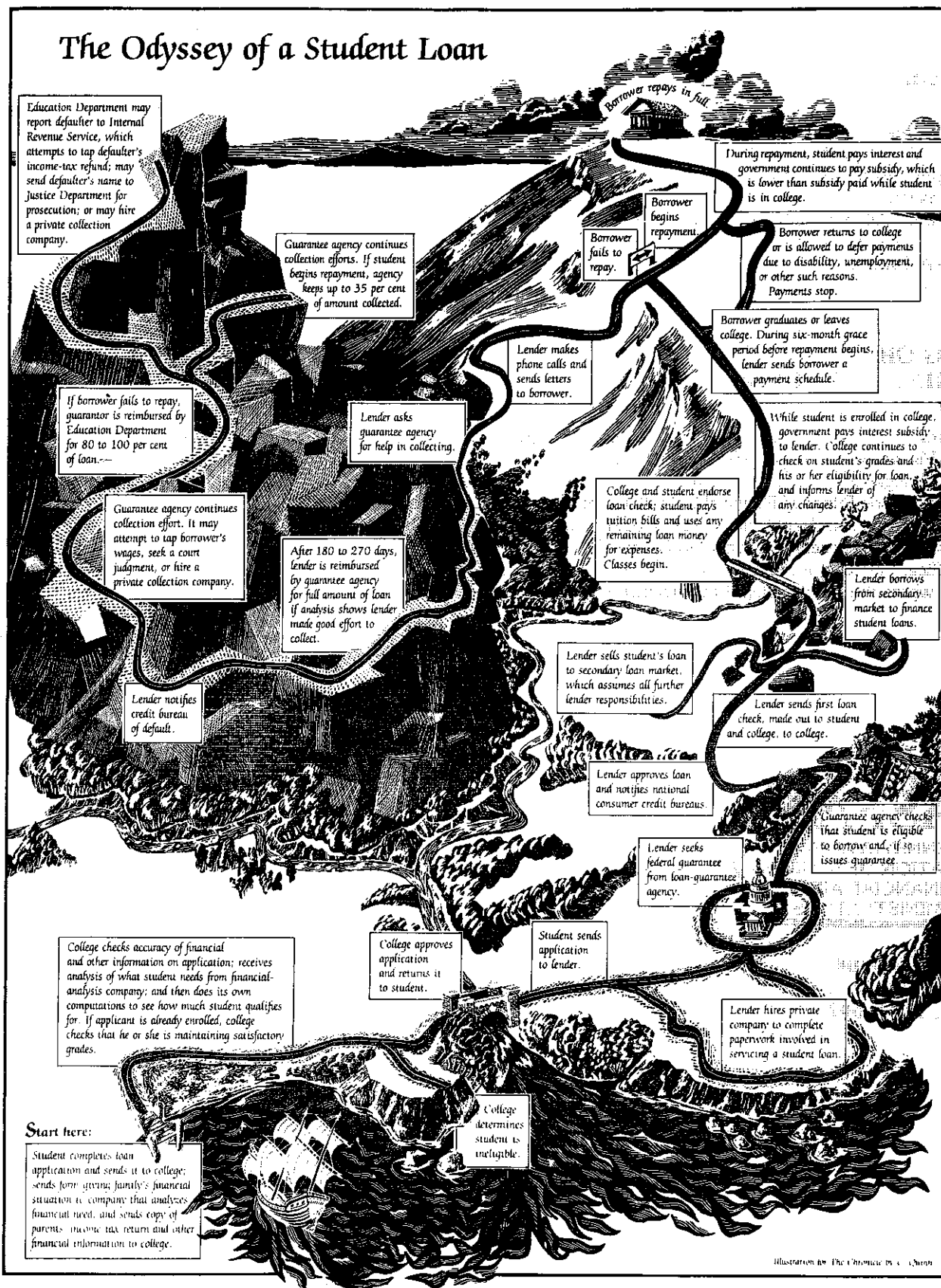


Illustration by The Chronicle of Higher Education

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 Vali Heist, Alvernia College, Reading, PA 19607.

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 and should be in your offices by this time. 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.

NEWSLETTER STAFF

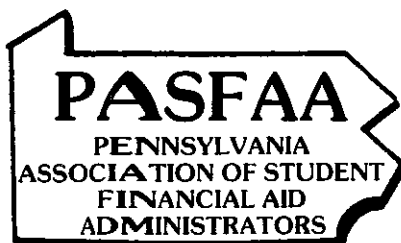
Editor	Vali G. Heist, Alvernia College
Editorial Board	Sheila Angst, Albright College
	John A. Pergolin, St. Joseph's Univ.
	Georgia Prell, East Stroudsburg Univ.

CONFERENCE DATES TO REMEMBER

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

PASFAA October 11-14, 1987
Seven Springs Mountain Resort, PA

EASFAA May 1-4, 1988
Parkview Hilton Hotel, Hartford, CN



Alvernia College
Financial Aid Office
Reading, PA 19607