



# NYSOBBA

## Quarterly

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### *A Word from Our President*

As the new millennium approaches, the face of financial aid is to change again. As has been increasingly the case over the past ten to fifteen years, bursar's and business offices will be heavily impacted.

The latest attempts by the federal and state governments to increase available aid and reduce dependency on loans without substantially increasing grants, come under the names of the HOPE scholarship and Choices program.

HOPE is the federal program that will allow individuals in certain tax categories to claim specified tuition and fee expenses as personal tax deductions. The first year calls for joint filers with an AGI of under \$40,000 to be allowed to claim portions of approved tuition and fee expenses as deductions. The amount of the deductions will increase over the next four years.

The College Choice Tuition Savings Plan or "Choices" program is New York State's new entry into the financial aid arena. It calls for state tax exempt savings of up to \$5,000 per year. Funds can be deposited into a Family Tuition Account and withdrawn from the account, state tax exempt, to pay for approved expenses.

The common thread that runs through both programs and will no doubt effect our offices, is the reporting of the approved expenses. To qualify for the benefits of either program, individuals will be required to validate that the expenses the funds are used for are acceptable. Through discussions with friends and peers it seems more than likely our offices will play some part of the certification process.

As in the distribution of federal and state aid and the disbursement of loan programs, it is likely Bursars and Business Administrators will play a key role in the success of these programs.

For more information on HOPE, check out the NACUBO web-site at [www.nacubo.org](http://www.nacubo.org). Choices information can be found at [www.hesc.state.ny.us](http://www.hesc.state.ny.us).

**FROM THE DESK OF THE CONFERENCE COORDINATOR -- JACK EDWARDS**

*The 1998 Conference Site location for the 16th Annual Conference has been chosen.*

*Drum roll please.....*

**RADISSON HOTEL CORNING**

**Corning, New York**

*For those who have not had the opportunity to visit Corning, New York, it is a quaint little town located at the south end of the Finger Lakes region. This charming yet sophisticated community is the artistic glass capital of North America. The historic Market Street brings an assortment of boutiques, museums, restaurants and outlet stores to your doorstep. Corning is known as the "Crystal City," because of its association with glass, and has become the third largest tourist attraction in New York State.*

*During your stay you will have the opportunity to visit the Corning Glass Center, including Steuben Glass and the Corning Museum of Glass. We will also venture up to Keuka Lake for the Finger Lakes' most scenic dining experience on the Keuka Maid Dinner Boat.*

*Hotel registration will begin in April, 1998. The rates\* are \$143.75 single occupancy or \$106.35 per person - double occupancy. The rate includes all meals and a dinner cruise.*

*So, mark your calendar to attend --*

***The 16th Annual NYSOBBA Conference  
Tuesday, June 9, 1997 to Friday, June 12, 1997***

*Hope to see you there.*

\* *rates are subject to change without notice*

**BOARD OF DIRECTORS MEETING  
10/2 AND 10/3**

by Barbara Servatius

The Fall Board of Directors meeting was held in Syracuse, New York. A lengthy discussion took place regarding the pros and cons of the annual conference held last June, 1997 in New York City. The overall feeling was that the 15th annual conference in the City was good. Plans were approved for the 1998 conference location. See separate article on page 2.

Sharon Myers presented information on the web page to the board. The NYSOBBA web page could be linked to HESC. In addition, Regional pages can be added. Anyone interested in working on a regional web page should contact the appropriate regional director.

Shirley Walker presented information on a list serve for NYSOBBA institutional members. It will soon be released to all members. An article highlighting further information can be found in this edition of the newsletter. Michelle Brown-Nevers announced that she can receive newsletter articles through E-mail. Anyone interested in contributing to the newsletter can send articles to mhb14@columbia.edu.

The Department of Education's Office of Postsecondary Education (OPE) hosted a regional liaison meeting. NYSOBBA will again be represented at this meeting in New York City. It was held on October 9, 1997.

Kathy Crowder, NYSOBBA's HESC Liaison, enlightened the board on the College Tuition Savings Plan bill. Further information on this plan can be found in this newsletter. A teleconference, scheduled for November 3, 1997, will be on TAP audits and student loans. HESC is planning to have student inquiry through the web by December

1997. New TAP applications for 1998-99 were presented (see HESC Bulletin #128).

The next Board of Directors will be held in Albany, NY on February 5 and 6, 1998.

**NYSOBBA 1997-1998 SCHOLARSHIP  
RECIPIENTS As of 09/25/97**

by Larry Brennan

Recipients for the John G. Karrer Scholarship have been selected. The information below highlights the recipient's name and institution by region.

CENTRAL

Amy Teska, SUNY Health Science Center  
Marne West, Hartwick College

GENESEE VALLEY

Jody Derevenko, SUNY  
Brockport  
Jason Licht, Rochester  
Institute of Technology

LONG ISLAND

Tammy Dorsa, Suffolk

Community College  
Priscilla Ortiz, Hunter College

MID HUDSON

Kathleen King, Culinary Institute of America  
Alverich Plant, Jr., SUNY Albany

NEW YORK CITY

Rosemary Arias, Monroe College  
Rafael Soberal, School of Visual Arts

NORTH/NORTHEAST

Nicole Stack, Albany College of Pharmacy

WESTERN

Scott Bassler, SUNY Buffalo State College

Congratulations to all winners!

*The overall feeling was that the  
15th annual conference  
in the City was good.*

## **NYSOBBA LISTSERV!**

By Shirley Walker

In an effort to improve communication within the organization, a listserv has been established. The purpose of the list is to facilitate communications on issues important to bursars and business administrators in the state.

Access to the list will be limited to institutional members. To join the list, send E-mail to:

*listserv@listserv.buffalo.edu*

with the following command in the body of the E-mail message (do not include your signature file or any other wording):

*sub nysobbalist (first name last name)*

example: *sub nysobbalist John Doe*

Once you are successfully subscribed, you will receive an acknowledgment E-mail with additional information regarding the list.

As a subscriber, you can send a message to the list by E-mailing:

*nysobbalist@listserv.buffalo.edu*

If you encounter any problems, E-mail Shirley Walker at: *walkersj@acsu.buffalo.edu*

## **THE NEW TAP APPLICATION PROCESS**

It will be easier for students to apply for the Tuition Assistance Program for the 1998-99 payment year. No longer will students have to get a blank TAP application and complete the entire form. The new process, piloted and perfected by HESC and CUNY, includes these steps:

1. Students and parents complete the FAFSA, releasing information to New York State and choosing AT LEAST ONE New York State school.

2. HESC receives FAFSA data and sends preprinted TAP applications to students' homes. Students and parents review the information (including calculated Net Taxable Income), add and change as needed, sign and mail the form back to HESC.

3. HESC sends award certificates to students.

All other parts of the process are the same. HESC will send Requests For Information if items are missing or inaccurate. HESC will send Status Listings to schools during the regular time frame.

Students may request pre-printed TAP applications from HESC if the original form was lost or if the student did not list a New York State school on the FAFSA. HESC will even send preprinted TAP applications to students who indicate part-time attendance, in case they should decide later to change to full-time status. HESC will include instructions notifying students about the application process and TAP eligibility.

HESC will give detailed instruction to high school guidance counselors at the upcoming NYSFAAA HESC Counselor Workshops. HESC will alert counselors to the need for students to use the FAFSA to initiate their TAP award process.

Questions? Contact TAP Field Services at (518) 474-3552, and plan to attend the HESC training in December.

**COLLEGE CHOICE  
TUITION SAVINGS  
PROGRAM**

On September 10, 1997, Governor Pataki signed legislation for the College Choice Tuition Savings Program. This will help families save for their children's education by allowing New Yorkers to deposit up to \$5,000 annually into a Family Tuition Account (FTA) earmarked for their child or relative.

Under the program, contributions to an FTA account will be exempt from State taxes. Withdrawals from the account, including interest earned on family contributions, also will be exempt if used for qualified expenses.

Allowable expenses include tuition, fees, and books. In addition to these unprecedented State tax benefits, the College Choice Program defers federal taxes on the interest earned on an FTA account until the time of withdrawal.

The College Choice Program will be administered jointly by the NYS Comptroller and the Higher Education Services Corporation (HESC). The Comptroller will be responsible for investing deposited funds, providing fiscal oversight, and auditing program results. HESC will administer the College Choice Program in coordination with its other financial aid and loan programs.

### ***HESC DELIVERS 21ST CENTURY PROCESSING***

Higher Education Services Corporation now offers an exciting innovation in electronic processing. ***HESCweb*** provides schools and lenders online access to Information Exchange (inquiry/update) over the Internet. Access HESCweb at [www.hesc.com](http://www.hesc.com), and then choose *School and Lender Services*. While all features of HESC's electronic products continue to be available, users may now opt to use the following features online through HESCweb:

- ◆ Generating Stafford and PLUS loan applications
- ◆ Making corrections to loan application information
- ◆ Inquiring about the status of students' loans and TAP awards
- ◆ Updating borrower, school, and lender information
- ◆ Viewing and updating pre-claim/claim information

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***HESCweb provides schools and lenders online access to Information Exchange (inquiry/update) over the Internet.***

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Upcoming initiatives include Student Inquiry, customized reports, and full internet processing. Mainframe and PC applications continue to be available, offering complete and comprehensive electronic processing capabilities.

HESC is also getting ready to introduce WinPATH, HESC's financial aid processing software in the Windows environment. The many features of PATH will still be available with the following improvements:

- ◆ Works with Windows 3.1 and Windows 95
- ◆ Students' reports can be viewed
- ◆ Automated responses to HESC system for TAP rosters, EFT rosters and ATRCs
- ◆ Send and receive information with one phone call
- ◆ Data entry capabilities improved
- ◆ Customized menu selections provided
- ◆ PROCMM PLUS is no longer needed!

Contact your HESC Customer Service Representative at (518) 473-3469, or the HESC Solutions Team at (518) 473-0480 for information, training, and support.

### ***TRAINING***

HESC is offering a wide range of professional training during the next several months. Later this fall, HESC will sponsor a teleconference to provide college administrators with an overview of their financial responsibilities under the State and federal student aid programs administered by HESC. The teleconference will provide school officials, including Chief Financial Officers, Bursars, TAP Certifying Officers, and Financial Aid Administrators with information to help them manage program funds and avoid liabilities, disallowances, and refunds. Announcements were mailed in October.

Beginning November 25, HESC will conduct a series of Training Conferences at sites across New York State. These conferences will provide information, instruction, demonstrations, and discussion about the following topics:

- ◆ The new 1998-99 TAP Application Process
- ◆ PATH/Windows Format
- ◆ HESCweb Services
- ◆ Default Prevention and Student Retention
- ◆ Redesigned TAP Payments
- ◆ Redesigned TAP Certification

During the past several months, HESC has offered hands-on technical training on PATH. Nearly 100 administrators from over 40 institutions attended sessions across the State.

With the addition of PATH for Windows, HESC will provide training for new PATH users in the near future. Look for an announcement in the near future, and sign-up for a local session.

### ***ENTRANCE/EXIT VIDEOS***

Financial aid administrators have asked HESC to provide certain types of entrance and exit interview materials for use with federal student loan borrowers. During recent months, the FFEL Consortium of Lenders and Loan Servicers have worked with several focus groups to determine the best practices for dealing with students/borrowers. These groups have also offered suggestions as to entrance and exit interview products and practices. HESC is incorporating these suggestions into an entrance/exit interview video and workbook package to be available in the spring of 1998. The ***HESC Can Help*** products will help federal Stafford borrowers by highlighting their rights and responsibilities and emphasizing the ways to avoid default.

HESC believes that no student has to default on a student loan - so long as (s)he knows the rules of

borrowing and repayment and the choices that are available. These new entrance/exit interview products will help give students the vital information and help to lower the default rate in New York.

### ***HESC, SCHOOLS, AND THE FFEL CONSORTIUM, WORKING TOGETHER, WORKING FOR STUDENTS...***

This past summer, representatives from HESC and the FFEL Consortium of Lenders and Loan Servicers conducted a series of Focus Groups with college administrators from around the state. The primary issue was the changing financial aid needs of students and the role HESC and the Consortium could play in meeting those

needs.

Administrators indicated that the top issue for students is financial planning. Given rising tuition costs, students, now more than ever, need to be prepared to handle their financial aid, budget money, manage their student loans, and deal with other debt. Believing that it's never too early to start, participants suggested that financial planning education begin in elementary school.

The need to develop new ways to identify students who might drop out of college was also a major concern. There is a need to find effective intervention strategies to help students stay on course and graduate.

HESC and the Consortium look forward to working with the schools to meet these important student needs. HESC and the Consortium will hold conferences, develop informational products, and form organizational service partnerships. Taking this process even further, HESC and the Consortium have already begun a series of student focus groups.

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***The Department of Education is hosting a series of workshops for fiscal officers***

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## **FISCAL OFFICER TRAINING WORKSHOPS**

The Department of Education is hosting a series of workshops for fiscal officers at the intermediate level, including comptrollers, bursars, cashiers, bookkeepers, and other business office staff at postsecondary institutions. Prospective trainees should have at least one year of experience with the fiscal administration of the Title IV aid programs.

Thirty-two workshops will be offered from October 27 to December 19, 1997 within the continental U.S., Hawaii, and Puerto Rico. All workshops will be held at hotels, except for the workshop in Hawaii, which will convene at a postsecondary institution.

These workshops will focus on accounting, record keeping, and reporting elements that postsecondary institutions need to know in order to administer the student financial aid programs under Title IV of the Higher Education Act.

The Fiscal Officer Training features nine highly interactive sessions that either supersede or expand on topics covered in the Fiscal Officer Training in 1995, and in the 1995 edition of *The Blue Book: Accounting, Record keeping, and Reporting by Postsecondary Educational Institutions for Federally-funded Student Financial Aid Programs*. Topics will include the new record keeping and audit requirements, new financial risk ratio regulations, new cash management provisions, and the new Grants Administration and Payments System (GAPS). The training will also cover long-standing issues involved with institutional responsibilities, the management of Campus-Based Program funds, and the administration of refunds and repayments. An accounting issues session will be entirely devoted to case studies. The final session will cover

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***The accompanying chart on page 20 summarizes two different viewpoints of the debt debate.***

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Reauthorization of the Higher Education Act (HEA) and other current issues.

At the end of each workshop day, a separate question and answer session will be scheduled to give every workshop trainee an opportunity to raise further questions and concerns.

For more details, please refer to the web site - <http://www.sfa.ed.gov>, or <http://sfa.ed.gov/TM/E28086T1035>

## **ELECTRONIC AID OFFICE TRAINING**

In the Spring of 1998, the U. S Department of Education will begin offering training on the "Electronic Aid Office" at its ten Regional Training Facilities. This ED-sponsored, hands-on computer training will cover such topics as the new requirements for using ED electronic processes, and the use of various ED-developed software and services, such as EDConnect, NetConnect, the SFA-BBS, FAFSA on the Web, NSLDS, and EDCAPS.

The Department realizes that some schools may find it difficult or impossible to travel to a regional training facility, and would prefer to attend a session closer to home. The Department is willing to offer this training off-site at up to 50 additional facilities. If your school has a computer lab available, and would like to act as a host site for one or more sessions of this training, we will make every effort to send a team of ED trainers to conduct this two-day training at your school for your staff and staff from neighboring schools.

If you are interested in hosting one or more ED training sessions on the electronic aid office, or if you want more information about hosting a session this spring, please contact the training contractor at: [edtraining@nasfaa.org](mailto:edtraining@nasfaa.org)

(FAX number: 202-659-4370). Please designate a contact person in your message.

## **STUDENT LOAN DEBT: CRISIS OR EXAGGERATION**

*by Diane Saunders, Vice President of Communications and Public Affairs*

### **Introduction**

While anecdotally, financial aid administrators note a substantial increase in student borrowing in the last few years, there is very little recent research available to guide the higher education community. Are our students facing a debt burden crisis the likes of which has never been imagined? Or are the media and some researches blowing the debt issue out of proportion and alarming students and parents who may make college attendance decisions based upon what they read in the papers? Or more likely, are we really somewhere between these two extremes?

The accompanying chart on page 20 summarizes two different viewpoints of the debt debate. Where does your experience with students and financial aid put you on the debt debate scale?

Also included in this piece are ideas on how various members of the higher education community can work together to both understand and address how the burden of student loan debt is effecting today's college students.

*Please see the viewpoint comparison chart on page 20.*

### **Conclusion - Debt: Where to From Here?**

The largest and most recent debt studies were done on students who had borrowed in the late 1980s and don't necessarily reflect the current student borrowing population. These earlier studies told us that the majority of student loan borrowers, 85-90 percent, were successfully handling their debt burden. While they didn't like repaying their loans, having to make monthly payments was not inhibiting borrowers from buying cars, homes, getting married, having children or moving out of

their parents' homes. Yet, a more recent national study completed in 1993 countered these findings, saying that borrower decisions and consumption were impacted by certain levels of student loan debt. What can aid administrators, lenders and other members of the higher education community do about reaching a consensus on how to address increases in individual education loan debt?

### *Here are a Few Ideas on Places to Start:*

1. College aid offices may want to perform a diagnostic on the level and quality of entrance and exit counseling on their campuses. What can be done internally to improve it - such as obtaining additional financial and/or human resources - and how can student loan lenders be called in to improve the process and bring more resources to the effort. Does credit card debt also impact your student population? Although it's not your responsibility to worry about this, it does impact the ability to both borrow more student loans, and to successfully repay education loan debt.

2. Financial aid associations - national, regional, and state - should begin offering more sessions at their conferences on student loan debt. And besides

bringing in financial aid officers, researchers and economists, students should also be included as presenters in order to fully examine from all perspectives how student borrowing patterns have changed over time.

3. The student loan industry and financial aid administrators must work in unison to ensure that students do not borrow beyond their ability to repay. Colleges should begin seeking more information from lenders about the debt and default patterns of their students. Additionally, financial aid offices should track borrowing trends and share these with their colleagues.



Only through a collective effort among many members of the higher education community - colleges, students, families and loan providers - can we understand how burdened student loan borrowers are. From there the same community can create new, innovative ways to help borrowers through the loan process from their first promissory note to their last student loan payment.

### **UPDATE ON FEDERAL LEGISLATION**

*(This article is a reproduction from the NYSFAAA Newsletter)*

August 1, 1997

*The following update was prepared by SED's Office of Federal Legislation for New York's Board of Regents and education community. For further information, contact P. Alistair MacKinnon or Cless Bush at 518/474-1235 or amackinn@mail.nysed.gov.*

#### **Balanced Budget Agreement**

On July 30 and 31 Congress approved massive tax and spending bills to implement the bipartisan budget agreement reached between the Clinton Administration and Congress in May.

**Tax Bill Highlights.** In addition to balancing the budget by 2002, the bill notably includes \$40 billion over five years in tax provisions that mark a new Federal commitment to investment in education that is comparable to passage of the GI Bill and Great Society programs more than a generation ago. Following is a summary of the education provisions included in the tax reconciliation bill.

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***In addition to balancing the budget by 2002, the bill notably includes \$40 billion over five years in tax provisions...***

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1. Tuition tax credits are the education cornerstone of the bill, costing \$31 billion over five years. A HOPE Scholarship, based on the premise espoused by the President that the 13th and 14<sup>th</sup> years of school should be as universal as the first 12, allows a maximum tax credit of \$1,500 for each of the first two years of undergraduate study: 100

percent of the first \$1,000 in tuition and other education expenses and 50 percent of the next \$1,000. To encourage additional postsecondary education for college juniors or seniors or retraining opportunities for employees, a "lifelong learning" portion of the credit would be extended to cover 20 percent of \$5,000 in tuition and expenses after the second year of postsecondary education through 2002, and 20 percent of the first \$10,000 thereafter. The credit is fully available to joint tax filers with incomes up to \$80,000 and single filers up to \$40,000, and is phased out for joint filers up to \$100,000 and single filers up to \$50,000.

2. A new education individual retirement account (IRA) will allow contributions up to \$500 per child annually with earnings accumulating tax-free, with tax-free withdrawals for education purposes. Participation is phased out for families with incomes of \$150,000-\$160,000.

3. Penalty-free withdrawals on existing IRA's for postsecondary vocational, undergraduate, and graduate expenses, with income levels gradually increased for families up to \$80,000.

4. Families participating in state prepaid tuition plans would receive tax-free treatment on earnings, with penalties applied if funds are not withdrawn for education tuition or expenses.

5. The current Section 127 employer-provided tuition assistance provision is extended for three years up to a limit of \$5,250 per year for undergraduate expenses only.

6. The student loan interest deduction is reinstated, beginning with a limit of \$1,000 per year and increasing in \$500 increments yearly to an eventual cap of \$2,500 annually. Most notably, the provision was reinstated as an "above the line" deduction, meaning that it is available even to people who do not itemize their deductions. It is

phased out for single filers with incomes \$40,000-\$50,000 and families with income of \$60,000-\$75,000.

7. The current \$150 million bond cap that affects private higher education institutions and certain other charitable institutions is repealed. However, the repeal is applied only to tax-exempt bonding issued by institutions to finance new capital expenditures.

8. The small issue bond cap for school construction is raised to \$10 million.

9. Borrowers whose student loans are forgiven because they take community service jobs with nonprofit, tax-exempt charitable or educational institutions will not be taxed on the amount of the loan forgiven. Currently, the tax exclusion covers only certain forgiveness arrangements between students and government entities.

10. The tax-exempt status of the pension assets held by Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) is repealed. Tax-exempt status for the insurance portion of TIAA-CREF's business was repealed in 1986.

*Spending Reform Bill Highlights.* The spending bill changes the welfare reform bill enacted last one year, including reinstating Medicaid and Supplemental Security Income (SSI) benefits for poor children and legal immigrants, and providing \$3 billion over four years for programs to help recipients find work. Also:

1. The welfare law is amended to restrict the number of people counted as engaged in work activities through enrollment in vocational education. Currently, 20 percent of a state's caseload may be counted as working if they are in vocational education for up to 12 months. Under the change, only 30 percent of the adults meeting the work participation requirement (30% of 25%, or 7.5% in the first year) can be counted if they are in vocational education. Teen parents, who

must pursue education under the law, will not be counted under this cap.

2. \$3 billion over four years is provided for grants to state and local governments for welfare-to-work programs that help recipients move into the job market. Administered by the Department of Labor, 75 percent of funds will be distributed by formula, and 25 percent competitively, to areas with high concentrations of poverty and long-term welfare recipients.

3. \$1.5 billion more over five years goes to states to help food stamp recipients meet welfare law work requirements, particularly through funding design of Secretary of Agriculture-approved work and training opportunities.

4. \$24 billion goes to states to provide health insurance coverage for children in families with incomes up to 200 percent of poverty.

5. Social Security Income (SSI) and Medicaid eligibility is reinstated for all legal immigrants who were receiving benefits upon enactment of the welfare reform law August 22, 1996.

6. \$1.76 billion is saved by changing Federal student loan programs, with about \$1 billion coming from having state guaranty agencies return reserve funds to the Treasury. In addition, administrative funds for the direct loan program are reduced, and origination fees paid to postsecondary institutions under the direct loan program are eliminated.

In addition to these entitlement changes, the budget agreement includes other spending changes that will be achieved through the FY 1998 Labor, HHS, Education appropriations bill currently being considered in Congress and due to be completed in the Fall, including:

1. A \$300 increase in the maximum Pell Grant award, bringing the award to a historic high of \$3,000 for the most needy students.

2. \$260 million for the Administration's America Reads program, which seeks to ensure that all elementary children can read by grade 3. Although both the House and Senate have reserved funds for this purpose, the actual authorizing legislation to shape the program must be enacted by April 1, 1998, or the funds will revert to another program. The Congress is likely to authorize a literacy program different from what the Administration is requesting.

3. A savings of \$7 million through repeal of the Smith-Hughes Act, a vocational education program created in 1917.

Dr. Nancy A. Willie-Schiff  
New York State Education Department

### **HOW TO PREPARE FOR YOUR TITLE IV COMPLIANCE AUDIT**

*Richard F. Moses, C.P.A.*

*(This article is a reproduction from the NYSFAAA Newsletter)*

Werblin, Casuccio & Moses, P.C., CPAs, has been performing Title IV compliance audits for almost twenty years. During that time, I have participated in more than one hundred compliance audits. I was involved first as a staff accountant, and for the past twelve years as the partner in charge of Title IV audits. The size of the institutions I have audited has ranged from those receiving less than \$300,000 in Title IV funds to those receiving more than \$10 million in Title IV funds. The institutions audited have been clock-hour and semester-based, nonprofit and proprietary.

Adopting the proper mind set is essential in preparing for your compliance audit. Do not look upon your upcoming audit as something to be feared. The audit may prove to be beneficial, identifying areas which need improvement or ways in which the financial aid department can work

more efficiently and productively. Your relationship with your auditor should not be adversarial. You should be working together in full cooperation so that the audit can progress smoothly, without any undue complications. Your auditor should be reasonable, and apply the auditing standard of *common sense* during the audit. He should listen to your comments and explanations, and if they are reasonable and can be satisfactorily supported, they should be accepted.

Before making arrangements for your compliance audit, you may want to consider something that Werblin, Casuccio & Moses has done with several clients - a pre-audit. During a pre-audit, I and one staff person spend one day at your institution, performing a mini compliance audit. At the end of the day, a report of findings will be communicated to school officials during an exit conference. We have found this to be mutually beneficial, as the *institution* learns what their weaknesses are and observes how our firm operates, while *we* have an opportunity to work

with the client and learn their systems. A pre-audit is appropriate for an institution undergoing their first compliance audit, an institution which has made major changes in their financial aid department, or an institution considering

using you as their auditor and wants to see if you are right for them. We do pre-audits under an arrangement whereby the fee for the pre-audit will be applied to the regular compliance audit (assuming that we are retained for the compliance audit). In this way the institution is not paying for the learning time that an auditor incurs during an initial audit.

*Time is money.* You can solicit bids for your audit, and select the lowest one, but the bottom line is that the more time that your auditor spends on the engagement, the more it costs you. Therefore, it is in your best interests that the audit be conducted as efficiently as possible. You can

***The audit may prove to be beneficial, identifying areas which need improvement or ways in which the ... department can work more efficiently and productively.***

help by providing adequate working space, and personnel to make copies, answer questions, and retrieve student files and records as quickly as possible.

Several weeks before the start of the audit, ask your auditor to send you a list of items s/he will need during the audit. The list should indicate which items you must make copies of so that the auditor can keep the copies as part of his audit work papers. The auditor may only need to peruse other items on the list. (Note: This list of items needed will not include any individual student files, as the school is not allowed to receive advance notice of which student files will be examined during the audit field work.)

One item on the list will be a schedule of all students who received Title IV aid during the audit period. This schedule should list each student only once and show all Title IV aid received by each student (identified by type: Pell, FSEOG, FWS, etc.). The schedule should be in two parts, one part for those students who graduated, were in school, or were on a leave of absence, and the second part for those students who had withdrawn, been discharged, or otherwise did not complete their course of study. Each of these parts should show the total amount of aid awarded (by type), and the total of the two parts should agree with the books and records, PMS-272 reports, FISAP reports, etc. I *cannot* overemphasize the importance of these two schedules, and of having the totals agree with the various records and reports. You do not want your auditor to spend time reconciling the schedules to the supporting records or various ED reports. Remember, his time is your money.

When your auditor arrives to begin the fieldwork, you should have all of the items which were requested in his letter, including the two-part schedule of students who received Title IV aid during the audit period. The auditor will then

select from the schedule a sample of students whose files will be examined.

The student files and records is an area that can have a significant impact on the audit. The school can do many things to ensure that this area of the audit runs smoothly and efficiently. Before the auditor selects a sample of students to be tested, ask him whether he is using the smallest sample size allowed. While there are ED guidelines on minimum sample sizes, the auditor may exercise judgment in determining the sample size for larger institutions. (Larger institutions are those having more than approximately 400 students receiving Title IV aid.) If you have been using the same auditor for several years, there are few findings on your audit report, and you have adequate internal control systems in place, the auditor should be able to keep his sample size to a minimum.

When your auditor gives you the list of student files selected for testing, do not wait until you have gathered every student file requested before giving them to the auditor. Rather, give them to the auditor as you retrieve them. In this way, you minimize the down time that the auditor may incur waiting for the student files. The files you give to your auditor should be complete. Some schools keep a financial aid file *and* an academic file for each student. Billing cards, grade reports, or attendance records may be computerized and not kept currently in the student files. If so, these reports will be printed for the auditor at the time the student is selected for testing. All items pertaining to a student should be given to the auditor together so that the auditor only has to look through the student's file once. If the auditor begins to look through a student file and then must stop because it is incomplete, audit efficiency is affected. Remember, increased audit time means an increased audit fee. Separating the financial aid file by award year lets the auditor review the file quickly and efficiently. Documents in the student

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***Several weeks before the start of the audit, ask your auditor to send you a list of items s/he will need during the audit.***

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file which are irrelevant to the compliance audit should be kept separate so that the auditor does not have to look through them. Refund calculation worksheets should be included with the files. All loan-related documents (student/lender notifications, entrance/exit interviews, applications) should be kept together as well.

As you can see, the key to a trouble-free Title IV compliance audit is being prepared and organized. Have the requested files and records available for the auditor when he first arrives. Make sure that all schedules are complete and correct, and quickly provide any files or records that the auditor requests during the audit.

As a new member of the NYSFAAA family, I am happy to answer any questions you may have concerning your Title IV compliance audit. I can be reached at: (tel) 516-921-0077; (fax) 516-921-0154.

## **REGIONAL NEWS**

### **NYC Regional Meeting**

*Denis Riker, Bursar, Barnard College, Columbia University*

On October 8, the NYSOBBA NYC Region held the first of our regional meetings under our new Regional Director, Michelle Brown-Nevers. Michelle is Director of Student Accounts at Teachers College, Columbia University.

Prior to the meeting, Ms. Brown-Nevers had surveyed NYC NYSOBBA members asking what topics, locations, days, and times were best for the group. The overwhelming majority responded that a Wednesday morning in midtown Manhattan was most convenient with Federal and State updates the most frequently requested topics. Therefore, the program committee (Michelle, Jean Belmont, Jon Taylor, & myself) invited Bob McKiernan, NY Area Case Director from DOE, Ray Francis, Director of Active Student Maintenance from NYSHESC, and Brian Matthews, Director of Grants & Scholarships from NYSHESC.

They addressed the assembled 55 members on a Wednesday morning at Fashion Institute of Technology on West 27th St. Thanks to Betty Levine, Marina Barheley, Sue Simmons, Bill Hanauer, and others from FIT for hosting the site for the meeting. Refreshments were generously provided by Dorothy Watson, Hill Top Collections.

McKiernan addressed the group regarding the Department of Ed's Institutional Participation and Oversight Service. He explained the evolution of DOE's functional processes into a case management approach to serve institutions better with an emphasis on responsiveness and accurate information. Bob indicated that DOE has fundamentally completed its recertification of 730 NYS schools participating in Title IV programs which has consumed most of DOE's time for the last year. He revealed that 421 schools were either fully or provisionally recertified, 30 are pending for administrative action by the schools, 12 were denied recertification, 2 are pending a letter of credit from the schools, 50 had already closed before or during the recertification process, and the balance of approximately 200 had already been recertified prior to the last year. McKiernan expects a new automated processing system called Grants & Payments Systems (GAPS) to be available via the internet & Windows between July and December this year.

He reviewed the new DOE definition of "disbursement," discussed student credit balance disbursements, holding excess student funds, and disbursement notifications now required by DOE. Finally, Bob closed his part of the half day session with a review of returning FFEL funds to lenders. He encouraged questions & offered points of contact with DOE via phone or internet. Telephone numbers for DOE's NY Team may be placed to (212) 264-4022 or to (800) 433-7327 for technical assistance. DOE's website is at SFA.ED.GOV on the net. In parting, McKiernan reminded us of DOE's Fiscal Officer Training scheduled for NYC on October 30-31.

After a brief refreshment & networking break, the group reconvened. Michelle thanked the Associate Members who responded to our request for proposals. We look forward to future meetings or sponsorship from those organizations who volunteered services or funding so far: Pat Gricz, Chase; Dorothy Watson, Hill Top Collections; Kevin Maher, Hygrade Business Group; Andrea Casella, Immediate Credit Recovery; Jason Santora, Keybank; David Harmon, Schwartz, Harmon, Levin & Milano; & the late Frampton Davis, Bank Boston. The upcoming annual conference will be held in Corning, NY from June 9 to 12, 1998.

Michelle also congratulated the two winners of the NYC Region's \$400 NYSOBBA Scholarship who attend School of Visual Arts & Monroe College. Also, as editor of this Newsletter, Michelle reminded us that the Newsletter is open for submissions from members & that articles may be submitted to her by e-mail at [mhb14@columbia.edu](mailto:mhb14@columbia.edu).

Ray Francis & Brian Matthews from NYSHESC then addressed the group. Francis spoke about new technology that should be available in February, 1998. Called Commonline, it should allow access via HESC's PATH software & the net via Windows 3.1 or 95. HESC is also exploring disbursing alternate loans electronically. The HESC website ([WWW.HESC.COM](http://WWW.HESC.COM)) will be expanded for student inquiries as long as the user has both the social security & date of birth of the student. Matthews spoke about HESC's new TAP application & the possibility of our receiving rosters directly to our personal computers via PATH software for Windows through dial-up service.

Michelle thanked the speakers and reminded us of the next regional NYSOBBA meeting tentatively set for November 18 or 19. Details will follow,

but it is hoped to make it a joint meeting with our friends from NYSFAAA. Topics under consideration for future NYC Regional meetings include collection agency performance, office policies & procedures, alternate tuition funding, and accounting procedures. Please feel free to contact any of the members of the program committee with your ideas and suggestions.

The meeting was adjourned by noon in time for a networking lunch with colleagues.

#### *EAST/NORTHEAST Region*

*by Sarah Lederman, Regional Director*

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***As you may know, the National Bankruptcy Review Commission is expected to forward proposals to Congress in October recommending that student loans be dischargeable in bankruptcy like any other debt.***

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We had to postpone our get together in August because of conflicts. Let's try again for a November 14 happy hour at my house. We'll eat, drink and chat and watch that video from this year's conference. Also, anyone from the northern area who would like to host

something for the members up there, let me know.

E-mail me at [bradys@panther.acp.edu](mailto:bradys@panther.acp.edu) or call me at (518)445-7205. I'll give you directions to my house or let me know if it's a bad time so I can change it.

#### ***RESPONSIBLE BORROWER PROTECTION BANKRUPTCY ACT***

*(This article is a reproduction from the NYSFAAA Newsletter)*

On September 17, Rep. Steve McCollum (R-FL) and Rep. Rick Boucher (D-VA) introduced the "Responsible Borrower Protection Bankruptcy Act." As you may know, the National Bankruptcy Review Commission is expected to forward proposals to Congress in October recommending that student loans be dischargeable in bankruptcy like any other debt. While this bill does not specifically address student loan discharge, it does

indicate that Congress is considering proposals that will make it more difficult to discharge loans in bankruptcy.

The bill would revise bankruptcy laws to prevent bankruptcy abuse and create a more need-based system for filing. Ultimately, the bill would make it more difficult for debtors to discharge all of their debt at an early stage, and would provide more protection for creditors. In particular, the bill would make the following changes:

**Need-Based Bankruptcy.** The bill would require borrowers to file under Chapter 13 (individuals repay under an extended schedule) instead of Chapter 7 (which provides for more liberal discharge) in certain circumstances. Debtors with a current monthly total income of 75% of the national median family income for a family of equal size (or, in the case of a one-person household, 75% of the national median family income for one earner), plus a monthly net income greater than \$50 and the ability to pay at least 20% of their unsecured, non-priority debt over five years.

**Giving Secured Creditors Fair Treatment in Chapter 13.** The bill would provide that the holder of a secured claim retains the lien securing the claim until the loan is discharged.

**Discouraging Bad Faith Repeat Filings.** The bill would provide that an automatic stay in a consumer bankruptcy case will expire on the 30th day after filing if the same debtor filed a bankruptcy case that was dismissed within the previous year. Certain exceptions are included.

**Bankruptcy Exemption Study Commission.** The bill would create an eight-member commission to study whether the Bankruptcy Code's exemption provisions should be revised.

**Adequate Preparation Time for Creditors.** The bill would specify that in individual voluntary cases, the first meeting of creditors is to be convened between 60 and 90 days following the order of relief.

**Creditor Representation in First Meeting.** The bill would amend the bankruptcy code to provide that non-attorney representatives can attend and participate in the first meeting of creditors.

**Debtor to Provide Tax Returns and Other Data.** The bill would require the debtor to provide financial information about income and expenses, such as copies of tax returns filed for the three most recent tax years.

The bill will be referred to the House Judiciary Committee and is not expected to move until next year, after hearings have been held.

## **THE DEPARTMENT OF EDUCATION'S REGION II (NYC) MEETING**

The Department is introducing a new position, "institutional improvement specialist." This position will be responsible for working with schools to improve areas of non-compliance. Referrals will either come from the case management section where deficiencies are noted in program reviews or institutions can request the services on their own. The New York Region is seeking to fill this position, so, if you are interested, contact Bob McKiernan.

The case management division is currently working on recertification. Of 730 NYS schools participating in Title IV programs, 421 were either fully or provisionally recertified, 30 are pending for administrative action by the schools, 12 were denied recertification, 2 are pending a letter of credit from the schools, 50 had already closed before or during the recertification process, and the balance of approximately 200 had already

been recertified prior to the last year. They are also working on audit resolution. Of the 730 schools, about 80 are expected to have deficiencies.

The case management division is restructuring to flatten its organization. Further information can be found on the web.

Bob Swift gave a brief presentation on risk analysis. Finally, the associations had an opportunity to share their concerns.

### ***THE LATEST GUIDANCE FROM ED REGARDING THE DIRECT LOAN CONSOLIDATION PROBLEM.***

*The following was posted as a letter from Deputy Assistant Secretary Betsy Hicks on the SFA BBS.*

The purpose of this message is to provide you with additional information concerning actions we are taking to assist applicants for Federal Direct Consolidation Loans during our current processing delay. Borrowers for whom we are currently processing a Federal Direct Consolidation Loan application will receive a letter explaining our current processing status and reminding them to respond to our prior requests for information as soon as possible. Those borrowers who submit an application after September 1, 1997, as well as those who call asking for an application, will be sent a letter explaining the current status of our processing and offering them possible alternatives to Direct Loan consolidation. One of these alternatives is for borrowers to request a consolidation loan from the FFEL Program by contacting one of their FFEL loan holders. The letter includes a fact sheet that describes the differences between the Direct Loan and FFEL consolidation programs.

The Federal Direct Consolidation Loan Application packet includes a statement reminding borrowers to keep current on their loan payments while they are awaiting consolidation. The status letters discussed above reiterate that message to borrowers, telling them that, until their loans have been consolidated, either through Direct Loans or FFEL, they must remain current on their scheduled loan payments.

While we expect that we will quickly be able to complete the processing of all the applications we currently have and be able to accept new applications shortly thereafter, we understand that even a short delay may mean that some borrowers may have difficulty keeping current on their payments. Therefore, the letters remind borrowers that, if they feel that they can not remain current by making scheduled loan payments, they should

request that their loan holder grant them a deferment or forbearance, as appropriate.

If your school participates in the Federal Perkins Loan Program or the Health

Professions Loan Program, we ask that you inform your collections staffs that they should approve a request for a deferment, a forbearance, or for other relief, as appropriate.

We are also informing Guaranty Agencies and FFEL lenders that they should grant a forbearance request to any borrower who indicates that they are waiting, but unable, to consolidate into the Federal Direct Consolidation Loan Program. Borrowers who have one or more Federal Direct Loans that are awaiting consolidation may also request a deferment or forbearance from the Direct Loan Servicing Center. For delinquent borrowers, the forbearance can be granted retroactive to the beginning of the delinquency period. The end date of this specific forbearance is the date the loan is consolidated.

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***Borrowers for whom we are currently processing a Federal Direct Consolidation Loan application will receive a letter explaining our current processing status...***

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## **TREASURY MEETING W/CAMPUS OFFICIALS ON TRA97 REPORTING**

The Treasury Department has agreed to hold two meetings, sponsored by NACUBO, the American Council on Education, and several other higher education associations, to discuss its plans for implementation of the Hope Scholarship and Lifetime Learning tax credits enacted in the Taxpayer Relief Act of 1997 (TRA97). The new tax benefits for students and families create additional reporting requirements for higher education institutions. The purpose of the meetings is to enable representatives from colleges and universities to voice questions, comments, and concerns about the new reporting requirements with the federal officials that are developing regulations to implement the new law. The meetings will be held:

Monday, October 20 from 1:00 - 4:00 p.m.  
Marriott Crystal City  
999 Jefferson Davis Highway  
Arlington, VA  
703-413-5500  
*(Marriott offers complimentary shuttle service to/from National Airport)*

Wednesday, November 5 from 1:00 - 4:00 p.m.  
Clarion Hotel O'Hare International  
Chicago, IL  
847-297-8464  
*(Clarion offers complimentary shuttle service to/from O'Hare)*

Background: The cornerstone of the higher education provisions in TRA97 is the Hope tax credit, which provides up to a \$1,500 tax credit for each of the first two years of college. For students pursuing higher education after the first two years of college, a Lifetime Learning tax credit of up to \$1,000 will be available. To implement the Hope and Lifetime Learning tax credits and the reinstated deductibility of student loan interest, the federal government will be relying on colleges and universities to provide information returns to the Internal Revenue Service (IRS), the student, and

taxpayers claiming the student as a dependent. These provisions should be of particular concern to campus administrators. The new reporting requirements are highlighted below. For a more detailed explanation of the new law, please refer to NACUBO Advisory Report 97-3, *Balanced Budget Plan Includes Multiple Provisions Affecting Higher Education* (September 14, 1997).

*New Reporting Requirements.* Colleges and universities will have to provide information returns to the IRS each year that include the following information:

1. Name, address, and Taxpayer Identification Number (TIN) of the qualifying student
2. Name, address, and TIN of the taxpayer whom the student certifies will claim the qualifying student as a dependent
3. Amount of payments for qualified tuition and related expenses
4. Amount of reimbursements or refunds paid to the qualifying student

Institutions will also be required to prepare a statement for each qualifying student whose return is submitted to the IRS showing the name, address, and phone number of the information contact at the institution required to make the return, as well as the items in 3 and 4 stated above. This statement is to be furnished to the student, and the taxpayer claiming the student, on or before January 31 of the year following the calendar year to which the payment pertains.

*New Regulations.* Because the Hope and Lifetime tax credits take effect on January 1, 1998, the Treasury and IRS are currently developing regulations to implement the new provisions. Later this fall, Treasury plans to issue interim guidelines to define simplified reporting requirements for colleges and universities for 1998.

*Meeting Format.* At both meetings, Treasury officials will provide a brief presentation on implementation of the new tax credits. Following that, the meeting will be open for questions and comments from attendees about what will be required of colleges and universities under the new rules. Officials from the Department of Education have been invited to the meetings to respond to any questions that may arise about the relationship between student aid information and the new tax reporting requirements.

The two meetings provide a unique opportunity for campus administrators to talk directly with federal officials as they gather information prior to writing regulations. NACUBO strongly encourages your institution's participation.

*Response:* There is no charge for attendance, but space at these meetings will be restricted. If you or another campus official wish to attend, use the form on page 21 to register. Please fax the registration form to the American Council on Education (ACE) at 202-833-4762. The ACE contact is Paul Massey at 202-939-9461. NACUBO-- Mary M. Bachinger, program manager, 202-861-2581, or [mbachinger@nacubo.org](mailto:mbachinger@nacubo.org)

Further information about HOPE can be found at [www.ed.gov/offices/OPE/PPI/hopehome.html](http://www.ed.gov/offices/OPE/PPI/hopehome.html)

## **STUDENT SERVICES AT HILBERT COLLEGE**

Hilbert College has recently dedicated a new Student Services Center named FRANCISCAN HALL. The facility provides functional space for Admissions, Office of Student Records, Office of Student Finances, Student Life, Career Development and a Student Lounge on the first level. The upper level houses the Executive Offices of the President, Vice Presidents, Business Office and Development, along with several conference rooms.

The transition to a new facility has been exciting for the entire Hilbert Community. The students have easy access to their administrative needs and also have a comfortable space to relax and socialize.

## **THE SAGA OF A PRIVATE SCHOOL BURSAR**

*By Lucy Wiertal*

I have been lamenting the many duties that I need to perform at my campus...from clerical tasks and cleaning to supervising and administering. Here is a poem:

I wear many hats,  
I do a little of this, and a little of that.

I print, fold and stuff tuition bills.  
I vacuum the carpet and wipe off the sills.

I speak with troubled students who cry, cry, cry.  
I speak with their parents who don't understand the rules and don't even want to try.

I work with a dedicated staff of four.  
We operate the functions of financial aid, student accounts and more, more, more.

We work the numbers as best we can.  
We win some, we lose some, we try to help every woman and man.

We wear many hats,  
We do a little of this, a little of that.

Why do we continue this crazy rat race?  
I don't really know....it must be that we really care about the students that we keep the pace!

In fashion, I love to wear hats...in business it makes me dizzy.

.....Maybe I should wear my hat backwards!

## **BREATHING EXERCISE FOR A BAD DAY**

*by Peg Ehman*

Picture yourself near a gurgling mountain stream. Birds are softly chirping in the crisp, cool mountain air.

Nothing can bother you here. No one knows this secret place.

You are in total seclusion from that place called "the world".

The soothing sound of a gentle waterfall fills the air with a cascade of serenity.

The water is clear.

You can easily make out the face of the person whose head you are holding under the water.

Look! It's the person who caused you all the stress in the first place!

What a pleasant surprise. You let them up...just for a quick breath...then ploop!....back under they go....

You allow yourself as many deep breaths as you want.

There now.....feeling better?

## **JOB INTERVIEW LOWLIGHTS BOB LEVEY'S WASHINGTON POST**

We've all been interviewed for jobs. And, we've all spent most of those interviews thinking about what not to do -- Don't bite your nails; don't fidget; don't interrupt; don't belch. If we did any of the don'ts, we knew we'd disqualify ourselves instantly. But some job applicants go light years beyond this. Top personnel executives of 100 major American corporations were surveyed and asked for stories of unusual behavior by job applicants. Here are some of the high, or shall we say, lowlights:

1. Said he was so well-qualified (that) if he didn't get the job, it would prove that the company's management was incompetent.
2. Stretched out on the floor to fill out the job application.
3. Brought her large dog to the interview.
4. Chewed bubble gum and constantly blew bubbles.
5. Candidate kept giggling through serious interview.
6. She wore a Walkman and said she could listen to me and the music at the same time.
7. Balding candidate abruptly excused himself. Returned to office a few minutes later, wearing a hairpiece.
8. Applicant challenged interviewer to arm wrestle.
9. Asked to see interviewer's resume to see if the personnel executive was qualified to judge the candidate.
10. Announced she hadn't had lunch and proceeded to eat a hamburger and french fries in the interviewer's office.

*(More lowlights will be printed in subsequent newsletters. If you have any to share, please send to the newsletter editor.)*

## **NEXT ISSUE!**

The Winter/Spring issue of the Newsletter will be published in February, 1998. If you are interested in contributing to the newsletter, please submit your article by January 30, 1998 to:

NYSOBBA NEWSLETTER  
c/o Office of Student Accounts  
Teachers College, Columbia University  
525 West 120th Street, Box 305  
New York, New York 10027

E-mail - [mhb14@columbia.edu](mailto:mhb14@columbia.edu) or  
FAX - (212) 678-4139

We thank all who contributed to this issue of the Newsletter. A special thanks is extended to Greg Stevenson, Editor of the NYSFAAA newsletter for allowing us to publish their material.

Student Loan Borrowing is in a Crisis State	Student Loan Borrowing is Reasonable
Just since 1992-93, student and parent loan volume has increased 65%!	Volume increases in recent years are primarily attributed to higher loan limits and increased eligibility from the 1992 Reauthorization.
There is a growing segment of students who are borrowing beyond their ability to repay successfully.	The vast majority of borrowers earn enough upon graduation that their student loan debt does not inhibit regular consumer behavior.
In the mid-1980s, financial aid associations set a benchmark of an 8% student loan debt to income ratio as the point above which burden is now 10% of borrower income.	Borrowers with a college degree earn 50% more over their lifetimes than those with only a high school diploma. Yes, their debt is higher than those who didn't get a college degree, but so is their income and earning potential.
The increase in college costs, coupled with declining grant aid, has forced students to borrow in greater amounts because family incomes have not kept pace.	College costs are no longer increasing at the double-digit rates that were seen in the 1980s. The last few years have seen increases in the 3-6% range at most colleges and universities.
The need for lower income students to borrow in greater amounts is impacting both access to and retention (persistence) in higher education.	Some studies have shown that the combination of a grant and loan has a greater positive impact on persistence than does a grant on its own.
"Loan Fear" makes some families wary to borrow, thus limiting a lower income student's access to a higher education. More counseling and outreach is needed earlier on in a diversity of communities so that parents understand and become comfortable with education borrowing.	The aid system cannot reasonably address the financial counseling needs of each and every family. Entrance and Exit counseling provide the student with a level of education adequate enough to get them on the right track toward successful repayment.
Students who borrow more than they can afford to repay may end up defaulting and thus cutting themselves off from credit of any kind.	Income Contingent and Income Sensitive repayment addresses these types of problems because it lowers a student's monthly payment and gives them more time to repay.
Income Contingent/Sensitive repayment is not a panacea for loan borrowers. It substantially increases the cost of borrowing for students, and gives them a lesser ability to finance other items, such as a mortgage or other loan, because it increases the borrower's debt to income ratio, upon which ability to repay debt is judged.	Borrowers are mostly concerned with monthly cash flow. Income Contingent/Sensitive repayment is a good option for those who would otherwise find themselves in default. Once a borrower defaults, he/she is also at risk of being cut out of the ability to obtain more credit, whether a credit card or mortgage.
With almost 50% of all full-time undergraduate over the age of 24, they no longer receive the type of financial help from parents that younger students (still in the nest) tend to receive. Non-traditional student need is not being addressed and this population is borrowing in greater and greater amounts.	Parent borrowing has also increased. Between 1994-95 and 1995-96, PLUS borrowing increased 29%. Parents are still sharing the burden of paying for college for the majority of students.
Default rates will certainly rise if we don't begin addressing the increased burdens we are placing on our students.	The Department of Education showed the default rate going down from 17% in FY 92 to 11% in FY 93. This downward trend in defaults demonstrates that debt is manageable for most students, and students are successfully repaying their loans.
Decreases in default rates reflect better Entrance and Exit counseling, better and more sophisticated collection efforts, and a greater number of available repayment options since the late 1980s. The default rate alone is not an accurate measure of true burden and its impact on student borrowers.	Borrowers who aren't defaulting are managing their debt. They might want to spend their student loan payment on a vacation or a car payment, but the majority of student loan borrowers aren't forfeiting major life and consumer decisions because of their debt.

## *FAX Registration Form*

Upcoming Treasury Meetings with Campus Officials on TRA97 Reporting Requirements

If you plan to attend either the October 20 meeting in Washington, DC, or the November 5 meeting in Chicago, please complete this form and fax it to the American Council on Education, fax # 202-833-4762. There is no charge for attendance, but space is limited. Registrations will be accommodated on a first come, first served basis.

If you have questions, the ACE contact is Paul Massey at (202) 939-9461. Please type or print clearly. Thank you.

Name of Attendee: \_\_\_\_\_

Title: \_\_\_\_\_

Institution Name: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_

FAX: \_\_\_\_\_

E-mail: \_\_\_\_\_

Please check one:

\_\_\_\_\_ I will attend the October 20 meeting in Washington, DC.

\_\_\_\_\_ I will attend the November 5 meeting in Chicago, IL.

Hotels at both locations offer complimentary shuttle service to National and O'Hare airports, respectively.

**NEW YORK STATE ORGANIZATION OF  
BURSARS AND BUSINESS ADMINISTRATORS**

**1997-98 INDIVIDUAL/INSTITUTIONAL MEMBERSHIP FORM**

Please complete this section if you are requesting an **INDIVIDUAL** membership and attach payment of \$60.00. Make check payable to NYSOBBA. Please write/print legibly.

NAME last \_\_\_\_\_ First Mr./Mrs./Ms./Miss \_\_\_\_\_

Title \_\_\_\_\_

Institution \_\_\_\_\_

Address \_\_\_\_\_ Zip Code \_\_\_\_\_ City, State \_\_\_\_\_

Telephone \_\_\_\_\_ Region \_\_\_\_\_ Fax # \_\_\_\_\_

Please complete this section if you are requesting an **INSTITUTIONAL** membership and attach payment of \$175.00. Make check payable to NYSOBBA. Institutional memberships allow five (5) members on NYSOBBA database.

NAME Last \_\_\_\_\_ First \_\_\_\_\_

Title \_\_\_\_\_ Telephone # \_\_\_\_\_

NAME Last \_\_\_\_\_ First \_\_\_\_\_

Title \_\_\_\_\_ Telephone # \_\_\_\_\_

NAME Last \_\_\_\_\_ First \_\_\_\_\_

Title \_\_\_\_\_ Telephone # \_\_\_\_\_

NAME Last \_\_\_\_\_ First \_\_\_\_\_

Title \_\_\_\_\_ Telephone # \_\_\_\_\_

NAME Last \_\_\_\_\_ First \_\_\_\_\_

Title \_\_\_\_\_ Telephone # \_\_\_\_\_

Institution \_\_\_\_\_

City, State, Zip Code \_\_\_\_\_

Region \_\_\_\_\_ Fax # \_\_\_\_\_

Please return this form with your payment to: Mr. Larry Brennan, Bursar  
SUNY Health Science Center  
155 Elizabeth Blackwell Street, Syracuse, NY 13210

**REGIONS:** Northeast      Western New York City      Genesee Valley Long Island      Central Mid-Hudson

# **NYSOBBA**

c/o Office of Student Accounts  
Teachers College, Columbia University  
525 West 120th Street, Box 305  
New York, New York 10027

Mrs. Margaret Ehmann  
Bursar  
Univ. of Rochester - Med/Dent  
601 Elmwood Ave. - Box 601  
Rochester, NY 14642

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