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A Word from Our President

I hope this finds you healthy and still enjoying the new year as we wind down another semester's registration cycle. I'm sure everyone is still clinging doggedly to all those resolutions we made for the coming year. If not, there's always next year. As it always seems to be the case, we experienced our inevitable problems but were able to over come them. Like the rest of you we managed to change on the fly and get the job done. It is usually these little bumps in our roads that make those resolutions so difficult to keep for very long.

This January began on a sad note when Peter Keitel, President, New York State Higher Education Services Corporation announced his retirement. Under Peter's leadership we have seen NYHESC deliver improved services to its student, parent and institutional customers. Peter has taken the agency from a paper driven organization to a state of the art electronic aid processor. The changes implemented in the past few years alone have exceeded most of our wishes. We can only hope the agency will forge ahead with the many improvements currently in the works. I know I speak for all of us in wishing Peter a very happy retirement. Please read more on Peter's career on the inside.

Our organization also experienced some other losses with the retirement of Mid Hudson Regional Director, Diane Lucchessi, Secretary, Jean Belmont and recent Board Member, Dick Augustine. These people have given their experience, insight and countless hours of their time to our organization. Their time and energy has gone a long way in our efforts to improve our efficiency in the processing of student aid. Each has been at various Board Meetings or meetings with NYSHESC representatives to push for changes in policy or procedure that would benefit all of us. We wish them the best of everything in what we hope to be long, healthy and happy retirements.

As our winter slowly winds down I hope all of you are planning on attending this year's conference in Saratoga Springs. If you haven't done so already please reserve June 10 – 13, 2003 and plan on joining us at the Gideon Putnam for what always proves to be an educational experience. The Board is hard at work trying to put together what we hope to be an agenda full of interesting and highly relevant topics. Please feel free to contact any of us to suggest topics or speakers.

PETER KEITEL, HESC PRESIDENT RETIRES

The man who led the state's college financial aid agency into the electronic age has traded his wingtips for bulky, plastic boots – all the better to help his second career go downhill – fast.

Peter J. Keitel, who shepherded the NYS Higher Education Services Corp. (HESC) from a paper-dominated state agency into a streamlined, state-of-the-art financial aid processing center, has capped his 38-year public service career by taking a job as a ski instructor at a local mountain.

Keitel's Dec. 31 retirement as president of HESC marked the beginning of his second career teaching children and adults to enjoy 20-below-zero temperatures while sliding somewhat uncontrollably down steep, snowy terrain.

While he may be speeding downhill on the new job, Keitel left HESC at the top of his game.

During his more than 20 years at HESC, the agency became a national leader in customer service by using the new electronic technology to speed loan transactions, and give more information more quickly to schools, lenders and families.

Keitel would tell staffers he "despised paper," and tirelessly demanded the agency use cutting-edge technology and the Web to make HESC more accessible and navigable to those in the financial aid community.

"Peter's long career in higher education and financial aid will be remembered for years here at HESC and beyond this agency," said Pierre Alric, the agency's acting president and former executive vice president who served with Keitel.

"He has truly left his mark on this organization – and the way the financial aid community does business – by embracing the new technology and making it work for us," Alric said.

Keitel became the president of HESC in August 1999. He rejoined the agency after serving as special assistant to the executive director of the state Office of Real Property Services (ORPS) for one and one half years, where he managed the School Tax Relief (STAR) program and the agency program support division.

Before ORPS, Keitel spent more than 20 years at HESC. He was executive vice president of the agency from 1984-1998, where he was responsible for the management and coordination of the corporation's five divisions. He was vice president of the division of guaranteed loans from 1976 to 1984.

Before HESC, Keitel served as bureau chief of postsecondary planning at the state Education Department from 1975-1976, where he prepared the Regents statewide plan for postsecondary education. He was an associate in higher education from 1970-1975 with the state Higher Education Opportunity Program.

Before joining the state Education Department in 1970, Keitel was assistant director of financial aid at the University at Albany from 1967-1969. He was an assistant student financial aid officer at SUNY Central Administration from 1965-1967.

Keitel holds a master's degree in public administration from the University at Albany and a bachelor of business administration from the Bernard Baruch School of Business and Public Administration at the City College of New York.

HESC Update
January 2003

HESC President Peter Keitel Retires

After almost 38 years of State service, most of which was with HESC, Peter Keitel retired on Dec. 31, 2002. We wish Peter well and thank him for his leadership and commitment to the students of New York. Pierre Alric has assumed the position of Acting President.

Loans Update
e-MPN Update

Since inception of the e-MPN (April 8), over 15,433 loans were processed as of December 31—representing 16.32 percent of new loan volume.

As a result of the success of the e-MPN, many schools are suppressing paper MPNs and requesting their students to apply online. As institutions prepare for 2003-04 processing, HESC reminds schools to encourage students to utilize the e-MPN. Also, schools should ensure that HESC has the correct preferred lenders for 2003-04.

MPN Multi-Year Feature Expanded to all Domestic Schools

Effective on or after March 1, 2003, the multi-year feature of the MPN may be utilized for any FFEL loan certified by a school, regardless of the period covered by the loan. HESC will add an edit to our processing to use the school signature date on the School Certification to determine whether to use an existing MPN for the multi-year loan process. Inquiries about the multi-year use of the MPN may be directed to ED at FSA.Customer.Support@ed.gov or to HESC's Bureau of Program Policy and Institutional Review at (518) 473-3986.

PLUS MPN

The proposed PLUS MPN has not yet been approved by ED. The tentative implementation date, originally set for July 2003, has not yet been confirmed. HESC will begin programming for the new form once it is approved. We will notify the financial aid community when we receive any new information.

Multiple Disbursement Reminder

Previously, schools with low cohort default rates were not required to use multiple disbursements or to delay loan disbursement for 30 days for new students. This provision in the federal regulations expired Sept. 30, 2002. Loans certified on or after Oct. 1, 2002, require multiple disbursements. All schools must now comply with the multiple and delayed disbursement requirement, regardless of their default rates. The bulletin detailing this change is provided at http://www.ifap.ed.gov/ dpcletters/ GEN0206.html.

Debt Management Services to Students

HESC recently sent out an electronic newsletter to almost 4,800 students nearing the end of their grace period who completed Mapping Your Future exit counseling online since May 1, 2002. This was the second such e-newsletter; the first one sent last October generated a 30 percent increase in the number of visitors to the Debt Management Initiative area. The newsletter provides links for students to a Debt/Salary Wizard (provides information on how much salary students need to make loan payments), a Financial Planner with a Budget Calculator, information on the Consequences of Default, and offered additional Help through the Advocate Unit.

Grants and Scholarship Update
TAP on the Web (TOTW) Update

Since its inception in Nov. 2002, more than 1,400 students have successfully completed the new TOTW for 2002-2003. The processing has gone smoothly and HESC is anticipating a successful 2003-2004 processing year.

The 2003-04 TOTW is will be moved to production in late January. Students who file their 2003-04 FAFSAs in early January using the Web will receive a paper ETA.

The official 2003-04 TAP Applications startup is scheduled for February 3, 2003, making it the earliest in the history of the program.

New TAP Screen Available on the Web

HESC is pleased to announce that a new screen has been added. The View Family Member Verification screen allows schools to verify whether HESC has received proper documentation to substantiate additional family members in school.

TAP Payment Survey Online

The TAP Payment Survey is now on the Web. It is listed under College Tasks, which is accessed by clicking on the College tab in Transaction Processing. The TAP Payment Survey on the Web will replace the annual paper survey and allow schools to view and immediately update information on file at HESC. TAP Certifying Officers are required to view the data displayed with the new Web pages and update information as needed.

The TAP Payment Survey can be updated only by TAP Certifying Officers. Those who have requested Web update authorization will be given access to the survey pages. Other authorized staff will have the ability to view the TAP Payment Survey data within the pages but **will not** be able to update the information. The following link can be used to go to: https://web.hesc.org/hescweb/main

TAP Certifying Officers, who have not requested Web update authorization, must do so in order to submit the TAP Payment Survey on the Web. This authorization can be requested by contacting HESC's Help Desk at 1-888-NYS-HESC (1-888-697-4372).

Use of **Term Information**:

Term Tuition and Start/End Dates are required to calculate TAP awards and process payments. If awards for accelerated summer study are available, report tuition charged for "half-time" attendance.

Mandatory Fees, Room and Board Allowance and Cost of Attendance are used to calculate or estimate scholarship awards which are not based upon tuition. Use the following definitions:

Mandatory Fees – Average fees charged all students.

Room and Board Allowance – Average cost of room and board charged by the college for a typical student. (If no student housing, leave blank.)

Cost of Attendance – use Title IV cost of attendance.

Registered Business Schools:

The total program tuition must be prorated by term. For example, if the total program tuition is $6,000 and it takes four terms to complete the program, the term tuition is $1,500 ($6,000 divided by four).

Registered business schools must submit a copy of their enrollment agreements for all TAP eligible programs and a document listing all start and end dates for terms with multiple start dates. The enrollment agreements must indicate the term length or term structure. Total program tuition and term tuition should also be stated on the enrollment agreements.

The **College Information** and **Term Information** can be submitted on the Web until March 31, 2003. However, **Contact Person Information** can be submitted whenever staff changes occur. HESC strongly encourages TAP Certifying Officers to review the contact person information displayed with the pages and submit all changes. If changes to College Information are necessary after March 31, 2003, TAP Certifying Officers should send a detailed e-mail to HESC at Collegeupdates@hesc.com. This address can also be used to ask questions concerning the Payment Survey process.

TAP Modernization Meeting

HESC will be hosting a TAP Modernization meeting this winter to discuss such topics as TOTW enhancements, continued APTS modernization, Award Certificates and College Payment surveys. Representation will include financial aid professionals from both the public and private sector.

Customer Service
Financial Awareness and Consumer Training for Students

FACTS, Financial Awareness and Consumer Training for Students, provides free, on-campus personal financial management training sessions by NYS-licensed credit and debt agencies to FFEL borrowers guaranteed by HESC. For more information on HESC's FACTS program, contact Anita Phillips at aphillips@hesc.com or (518) 402-1409.

FFEL Total and Permanent Disability Discharge Application

The U. S. Department of Education (ED) recently published a Dear Partner Letter announcing approval of the FFEL Total and Permanent Disability Discharge Application. HESC encourages lenders to begin using the new form immediately. However, this form is the only one that may be distributed for total and permanent disability discharge requests on or after March 31, 2003. Although other discharge applications may still be processed after that date, the new form must be sent to any borrower who requests a total and permanent disability discharge on or after March 31, 2003. The new form is available on the NCHELP Web site at www.nchelp.org.

Scholarship Scam Press Event

In December, HESC and NYSFAAA collaboratively held a press event at Hudson Valley Community College to warn New Yorkers about college scholarship scams and paying for financial aid information that is available for free. Because of the success of the event, another press conference was held at the downtown Syracuse Bryant & Stratton campus on Jan. 10. HESC issued a press release on this event on Dec. 4, 2002.

HESC/NYSFAAA Joint Training

HESC's Policy Unit recently developed a training presentation on "Loan Forgiveness," which was delivered by HESC staff at Region 3's January meeting. This Power Point presentation will be referred to NYSFAAA's Vice President of training, Mike Pede, for posting on NYSFAAA's Web site.

HESC's Ricks to Receive Statewide Award During African American History Program Feb. 4

David Ricks, manager of HESC's technical support services, will receive the Governor's Tribute to African American Leaders of Excellence in State Service award during a program at the State Museum in Albany at 6 p.m. Tuesday, Feb. 4.

As one of the highest awards for state service, this tribute acknowledges Ricks' outstanding contributions to HESC and the state.

Ricks, a 13-year HESC employee from Albany, was chosen from a long list of candidates recommended by HESC and other state agencies.

Following the World Trade Center tragedy, Ricks visited schools in the metro New York area that were the most affected by the terrorist attacks.

He helped financial aid offices get up and running so staff members could deliver needed funds to students.

As a result of his efforts, Ricks received a special service award from the New York State Financial Aid Administrators Association (NYSFAAA) for his exemplary commitment and dedication to the higher education community.

The award ceremony will include musical and historical presentations, a ribbon cutting for the Paul Robeson exhibit "Spirit of a Culture" which promotes this year's theme "The Souls of Black Folk," and a reception.

Two other HESC employees have received this distinguished award, Brenda Smith and Barbara Brown.

HESC congratulates Ricks for his hard work and dedication to the financial aid community and to the outstanding service he provides.

CICU RELEASES INTERNATIONAL POLL ON HIGHER EDUCATION ISSUES IN NEW YORK STATE

NOTE: The complete report is available at http://www.cicu.org/news_reports.php.

A first-of-its-kind public opinion poll relating higher education, the state budget, and voting, was released today by the Commission on Independent Colleges and Universities (CICU). It includes statewide information plus details for New York City, the metropolitan suburbs and upstate.

Those polled by Zogby International believe that the economy and education are the two most important issues facing New York state. Regarding the economy, nearly half of respondents (47%) think New York state economy is in serious trouble, while just 3% said there are no major problems facing the state.

When asked their preference for how to close an anticipated state budget shortfall of $8 billion, reducing aid to public schools and reducing tuition assistance for college students were respondents' least preferred strategies. Six in 10 adults (61%) surveyed believe that state funding for higher education is equally important as state funding for elementary education.

"The future economic viability of New York state depends on maintaining our capacity to survive - and thrive - in national and world markets that increasingly value knowledge," said CICU president Abraham M. Lackman. "It should come as no surprise that education and the economy are linked so closely. New Yorkers have correctly identified the two issues to focus on in our knowledge-based economy."

Half of those polled (48%) think that the state currently spends too little on aid to help low- and middle-income families pay for college. About the same number (47%) believe that doubling the annual allocation for state student aid would be "about right." At the same time, most respondents think the state should do more to help middle class families pay for a college education. And most (56%), believe that higher education funds should go to the student directly in the form of scholarships and grants to use at the campus of their choice.

In every region of the state, two in three respondents (64%) report that they would be less likely to vote for a candidate who cuts financial aid for college students from low- and middle-income families.

Poll results indicate that higher education is significantly related to both economic well-being and also to quality of life in communities across New York state. Nearly 9 in 10 respondents (88%) report having a college or university in their community and more than half (51%) consider that higher education institutions are "very important" to their local economy. That percentage rises to 61% for respondents in Upstate New York.

"As the state grapples with a sizable budget gap, it would be a mistake to cut funding for education," said Mr. Lackman. "This is not a time to send mixed messages to the industries and companies that recently have stepped forward to invest in higher education in New York State. The state should avoid signaling confusion about its commitment to a knowledge-based economy."

Mr. Lackman continued, "We should seize the opportunity for strategic decision-making. In this time of uncertainty, it is my hope that we identify - and build on - our strengths. Higher education is a proven asset for New York. The state should keep its commitments to student and institutional aid and stay the course on research and capital investments."

Fifty percent or more of all respondents in New York state agree that colleges and universities in their local area have a positive effect on an educated workforce (68%), the arts (63%), technology (59%), jobs (57%), K-12 education (49%) and community service (49%).

The Zogby International telephone survey of 1,007 adults, selected at random, has a +/- 3.2% margin of error. Respondents were interviewed between October 11 and 15, 2002. The study polled an equal number of respondents in each of three regions: New York City, the metropolitan suburbs, and upstate New York. The regional samples are individually valid; the statewide totals we calculated using appropriate weights to reflect the distribution of the state's population.

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The Commission on Independent Colleges and Universities (CICU) represents the chief executives of New York's 100+ independent (private, not-for-profit) colleges and universities on issues of public policy. Member colleges compose the largest private sector of higher education in the world and confer most of the bachelor's degrees (56%), master's degrees (72%), and doctoral and first-professional degrees (79%) earned in New York state. Our member campuses enroll more than 426,000 students, including 290,000 New York state residents.

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INCREASE IN POLITICAL SPENDING BY STUDENT-LOAN INDUSTRY COULD POSE A 'DANGER,' GROUP SAYS

By RICHARD MORGAN
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The student-loan industry is increasing its sway in the political process and is posing a "real danger" to the goals of student-advocacy groups, according to a report released on Thursday by the State Public Interest Research Groups' Higher Education Project.

The report, "Lending a Hand: A Report on the Lobbying Expenditures and Political Contributions of the Five Largest Student-Loan Corporations," details political contributions by employees of student-loan corporations; "soft money" (unlimited, unregulated contributions to political parties); donations to political-action committees; and general lobbying costs. Although federal law prohibits corporations from directly supporting political campaigns, a company's employees can each contribute up to $2,000 in each election cycle. This report focused on the last three election cycles, in 1998, 2000, and 2002.

The five student-lending leaders examined, ranked by value of loan holdings, were: Sallie Mae, the nation's largest financer of student loans; Citibank's Student Loan Corporation; First Union National Bank; Wells Fargo Education Financial Services; and the National Education Loan Network, also known as Nelnet. However, the report notes that Citibank, First Union, and Wells Fargo are politically active in lobbying arenas outside of student loans, whereas Sallie Mae and Nelnet "focus their advocacy almost entirely on student lending policy." Sallie Mae has by far the largest amount in loan holdings, with a volume of more than $65-billion. That is more than double the combined volume of the other four companies in the report. The report, which Sallie Mae officials say is flawed, points to some cases where lenders are apparently rapidly increasing their political presence. It notes, for example, that Sallie Mae's soft-money contributions in 2002 so far have totaled some $300,000, which is three times more than its 2000 total.

Most of the lenders' spending is manifested in general lobbying costs, according to the report. Of the $60-million total that the five lenders devoted to political spending in the current two-year election cycle and in the previous two, $49.4-million went to lobbying. Citibank dwarfed all other competitors by spending $32.7-million on lobbying, but with only a fraction of that devoted to student-loan activities. Sallie Mae had the second-largest lobbying expenditures, with $10.2-million -- which is more than the combined sum of the remaining three lenders' spending on lobbying. "That such a small number of companies are pouring such large sums of money into the political process is certainly a concern," the report concludes. "However, the real danger lies in the political outcomes that these lending institutions hope to achieve with the large-scale spending. Policy that would maximize benefits for the lenders is all too often policy that comes at the expense of students and taxpayers.

Increased loan limits translates into higher debt levels for students. Bigger subsidies for the lenders means more taxpayer money paying for those subsidies. Reduced benefits on consolidation loans or in regular loans can deliver increased subsidies to lenders while inevitably making college payments more difficult for students and their families." Kate L. Rube, the higher-education advocate for the State Public Interest Research Groups, said in an interview Thursday that, in the "high-stakes games that these big corporations are playing, student goals often get trampled upon." Ms. Rube noted that her group receives no corporate donations and relies instead on private grants and public donations from individual citizens and "grass-roots organizations." Sallie Mae officials said that they had not had time to study the report and therefore could not comment on it, except to say that some numbers in it were wrong. For example, they said, the report uses data from the Federal Election Commission on the Web site www.opensecrets.org to conclude that "throughout the 2000 and 1998 election cycles, Sallie Mae paid $640,000 to the Clark and Weinstock lobbying firm, more than double the fees paid to any other lobby group that the lender hired." But an analysis of the same database shows that the student-loan company also paid Jolly/Rissler Inc., another lobbying firm, $480,000 through those same election cycles. Such errors are spread throughout the report, the Sallie Mae officials contended.

Federal Update

January 7, 2003

The Congress is back in session with Federal fiscal year 2003 appropriations still pending. The House has another continuing resolution on its agenda but also is expected to resume debate on the fiscal measure left over from last year. This is the proposal that basically mirrors the President's budget request with an overall 2.8 percent increase in education spending. Congressional sources expect a frugal approach to continue in the 2004 budget that President Bush will propose next month. That document is expected to emphasize fighting terrorism abroad, protecting our homeland, and ensuring economic growth, which implies that most other domestic programs will be squeezed. The President, though, reportedly will propose a $1 billion hike in the Title I program.

We continue to urge that the Administration and Congress weigh fiscal restraint with their obligation to help implement the No Child Left Behind Act and that they support education as an economic development tool.

The President and congressional Democrats also have presented dueling domestic stimulus packages. The White House proposal features dividend tax relief and acceleration of previous tax changes. The Democrats' recommendations include an income tax rebate. Both sides would provide funding and incentives to promote economic improvement for states and businesses and extend unemployment benefits. The usual opposition arguments pertain: the Republicans favor the wealthy, and the Democrats rely too much on government to prime the economic pump. Some members of Congress and observers question whether a stimulus package is even necessary given brightening economic signs.

We earlier reported that the Administration had floated a plan to use Perkins Vocational and Technical Education Act money to reduce the Pell Grant shortfall and transfer Perkins functions to the Department of Labor. The proposal reportedly now is off the table. However, the President's budget is not due for release until next month so final word on the topic is delayed. We also expect that significant proposals for Perkins changes will resurface, particularly when reauthorization debate starts. The law expires this year.

If you have any questions, contact Clesson Bush at (518) 474-1235 or e-mail: cbush@mail.nysed.gov.

THE BATTLE OVER LOAN CONSOLIDATION:

By Stephen Burd, Chronicle of Higher Education, 1-7-03

A fight over the future of a program that allows borrowers to refinance their student loans is expected to be among the fiercest student-aid battles that lawmakers will face this year.

Pressure for Congress to overhaul the consolidation program is growing, even though the program is more popular than ever. In order to lock in interest rates of about 4 percent for the life of their loans, and save thousands of dollars each, borrowers have consolidated more than $32-billion worth of loans in 2002, almost twice as much as in the previous year.

But some major lenders in the student-loan program say that the government has made it too easy for borrowers to refinance their loans. They say that loan consolidation costs the government billions of dollars in subsidies to keep the cost of loans cheaper for borrowers. That money, the lenders say, would be better spent on student-aid programs that help low-income students gain access to college.

"People are taking these loans out because it's convenient, not because they need to," says Paul Tone, senior vice president for government and industry relations at Nelnet (National Education Loan Network), a national student-loan provider that is headquartered in Nebraska. "As a result, there will be a massive amount of federal spending over time going to people who are already out of school and, over the long haul, that will reduce the government's ability to improve or increase subsidies for low-income students."

Last month, leaders of the Consumer Bankers Association announced that they would ask Congress to make loan consolidation a less attractive option for borrowers. Under the group's proposals, borrowers would no longer be able to lock in fixed interest rates for up to 30 years, as they can now. Instead, borrowers with consolidated loans would be charged the same rate as all other federal student-loan borrowers are charged in a given year. Currently, the rate varies year to year based on market conditions. Starting in 2006, the rate is scheduled to become fixed at 6.8 percent.

The proposals are being met with hostility from advocates for students, who say that the consolidation program makes repayment more manageable each year for hundreds of thousands of borrowers who are buried in debt. Also opposing the proposals are the leaders of

some new companies in the student-loan industry, known as "third-party marketers," who have been competing fiercely in the loan-consolidation market with the more-established lenders, like Citibank and Sallie Mae, the country's largest financer of student loans.

This fight has become increasingly contentious as Congress prepares to renew the Higher Education Act, the law that governs most federal student-aid programs.

For the most part, college lobbyists and financial-aid administrators have remained on the sidelines of the debate. But with lawmakers looking to them for guidance while drafting the reauthorization legislation, they may not have that luxury much longer.

While some of the college groups are likely to side with the students, others may have a powerful incentive for joining forces with the Consumer Bankers Association. Gutting the loan-consolidation program could lead to big savings for the government, which lawmakers could then use to pay for some of lobbyists' top priorities for reauthorization, such as raising the limits on what students can borrow from the federal loan programs or for reducing the fees that borrowers must pay to obtain their loans.

No matter which side prevails, however, one thing is certain, says Larry Zaglaniczny, director of Congressional relations for the National Association of Student Financial Aid Administrators: "This is going to be one of the biggest issues Congress is going to have to resolve during reauthorization."

Refusing to Back Down

Congress created the loan-consolidation program in 1986 to make it easier for borrowers to repay their student loans. By consolidating multiple loans into one, borrowers can get a fixed interest rate that is based on the weighted average of the rates on the underlying loans, and repay the loan over 30 years. Such a move is extremely popular in periods of low interest rates, as has been the case for the last year.

Last spring the Bush administration, under pressure from lenders, urged Congress to change the interest rate on consolidation loans from a fixed to a variable rate, as a way to cover a budget shortfall in the Pell Grant Program. The White House withdrew the proposal just a few days after offering it, amid complaints that the plan would deny hundreds of thousands of student-loan borrowers the chance to refinance their loans at a lower interest rate and save thousands of dollars.

But the lenders are not backing down.

At the annual meeting of the Consumer Bankers Association last month, the group's leaders said they would press Congress not only to change the interest rates on consolidated loans, but also to limit the types of borrowers who could make use of the option.

Under the bankers' proposal, only borrowers who have multiple student loans from different lenders, or those who can demonstrate they would have trouble repaying their debt without consolidating, would be able to do so. Currently, there are few restrictions on which borrowers can refinance their loans.

Protecting Profits?

Lobbyists for students say that the lenders are more worried about their profits than about helping the government save money. They point out that the recent drop in interest rates on consolidation loans has been damaging to lenders' profit margins and has led some companies to consider dropping out of the program altogether.

"The lenders' agenda is to restrict the ability of students to consolidate their loans because they make less on these loans than they would otherwise," said Kate L. Rube, the higher-education adviser for the State Public Interest Research Groups.

Advocates for students say that the bankers' proposals are also designed to drive out the new competitors that have been gaining a foothold in the consolidation market. Lobbyists from the "third-party marketers," such as Collegiate Funding Services and the College Loan Corporation, agree, saying that the bankers would rather kill the loan-consolidation program than offer competitive loans to borrowers.

"The lenders' comments about consolidation being 'bad policy' are simply an attempt to mask their self-interest," says Jim Newell, vice president of government relations for Collegiate Funding Services.

The Impending Threat

The bankers scoff at accusations that they are motivated by greed. They say it is shortsighted to not see the danger that the program's continued growth poses to the future of the student-aid programs.

Currently, the government makes up the difference to lenders when the interest rate that is set on student loans in a given year exceeds that which borrowers in previous years have "locked in." For example, with all of the borrowers who are refinancing their loans this year, the government will be required to make payments to lenders for up to the next 30 years for every year that the interest rate on student loans rises above 4 percent, the average rate for loans this year.

If the consolidation program's rapid growth goes unchecked, lenders say, the government's costs will skyrocket, and, as a result, lawmakers might look to the other student-aid programs to find savings. "These are costs that could come back to haunt us down the road," said John Dean, a lawyer for the Consumer Bankers Association.

The lenders are hoping that they can persuade the major higher-education groups of the impending threat that an unfettered consolidation program poses to aid programs. While renewing the Higher Education Act, they add, Congress can take money it would have spent on the consolidation program and use it to finance colleges' top goal of getting the federal loan limits increased.

Higher-education lobbyists say that the current limits on what students can borrow from the federal government$2,625 for a first-year student, and $23,000 over an undergraduate career are financially out of date and politically out of touch with today's levels of student needs. With the federal budget in deficit and a soft economy, it will be difficult for lawmakers to afford raising the loan limits without offsetting the costs by exacting savings from the other student-aid programs.

Choosing Sides

Already, at least one group of college officials has aligned itself with the bankers. Speaking at the Consumer Bankers Association meeting last month, leaders of the National Association of Student Financial Aid Administrators indicated that they would urge Congress to change the consolidation program so that borrowers would no longer be able to lock in low interest rates.

In a letter outlining its preliminary recommendations for reauthorization, the aid-administrators' association wrote that is also considering asking Congress to impose "a modest" fee on borrowers who wish to consolidate their loans. Money earned from that fee could be used "to gain other benefits, such as increased loan limits or elimination of the origination fee, in the zero-sum budget game that will be played in this reauthorization."

The other major college groups have not weighed in on the issue yet and may not take an official stand when they send their reauthorization recommendations to Congress this month.

"I don't know if we will say anything about consolidation," says Terry W. Hartle, senior vice president for government and public affairs at the American Council on Education. "We're working through a large number of proposals now, and it's possible, but not certain, that we will address it."

Still, some college lobbyists privately say that they are considering supporting the bankers' proposals, primarily because they want to free up money to spend on their own priorities, such as raising the loan limits.

Taking such a stance would pit the college groups against student advocates. Not only do the national groups that represent students oppose changes to the consolidation program, but they also reject calls for loan-limit increases.

"Charging students to consolidate in order to raise loan limits only cuts off students' noses to spite their faces," says Ms. Rube of the State Public Interest Research Groups. "If schools and other groups can't see that, they fail to understand that such proposals would only escalate student debt, making college less, instead of more, affordable."

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FED UP HIGHER EDUCATION TECHNICAL AMENDMENTS ACT of 2003

Summary

The FED UP Higher Education Technical Amendments Act of 2003 continues a long-term effort to streamline the Title IV student aid administrative requirements, while maintaining or improving program integrity. The legislation addresses statutory changes necessary to relieve some of the administrative burden on students, financial aid professionals and student loan providers, while providing clarification of other provisions currently in law. This legislation will allow the Subcommittee on 21st Century Competitiveness to address larger, more intricate proposals during the upcoming Reauthorization of the Higher Education Act of 1965 (HEA) without being bogged down with technical and clerical issues. Provisions include:

TITLE I

Extending two provisions that expired on September 30, 2002 providing an incentive for institutions to keep their default rates low and allow students to receive loan funds faster, enabling them to meet their financial obligations. Schools with default rates under 10% for three consecutive fiscal years may waive the 30-day delay in providing loan funds to first-time borrowers who are first year students. Schools meeting the same low default rate requirement may request one term loans in a single disbursement, rather than the required multiple disbursement.

Allowing financial aid professionals to use professional judgment in reevaluating a student's financial need in cases where the student is a ward of the court.

Providing clarification of the return of Title IV funds policy that allows for the protection of 50% of a student's grant funds received in the refund calculation when a student withdraws from the institution.

Providing for clarification within the return of Title IV funds policy for schools utilizing clock hours.

Improving accountability within current reporting requirements for the Department of Education's Performance Based Organization (PBO).

Improving reporting by institutions by allowing for the use of technology where possible, including in teacher quality reporting.

Expanding the use of technology in providing important information directly to students to allow for more timely exchange of information, including providing voter registration material.

Correcting a drafting error from the 1998 reauthorization that inadvertently removed the eligibility of not-for-profit foreign veterinary schools from participation in the Title IV Federal Family Education Loan (FFEL) Program.

Removing barriers to students getting assistance from their lenders in a timely manner when requesting forbearance in payments of their student loans.

Correcting an administrative error in the payment to lenders and Guaranty Agencies within the Federal Family Education Loan (FFEL) Program for default claims on loans for which a borrower failed to establish eligibility.

Clarifying that students who are home-schooled are eligible for financial aid.

Clarifying a provision removing student aid eligibility from students convicted of drug offenses to affect only those students who are enrolled and receiving Title IV aid at the time of their conviction.

Providing schools participating in the Perkins program with the option to rehabilitate a loan on which a judgment has been entered.

Removing Leveraging Educational Assistance Partnership (LEAP) funds from the return of Title IV funds calculation due to the State match requirement and the inability of schools to determine which portion is State money and which is Federal.

Allowing Hispanic Serving Institutions (HSIs) to apply for HSI grants without a two-year waiting period between applications.

Clarifying the uses of funds in the Thurgood Marshall Legal Educational Opportunity Program.

Providing clarification within the Federal TRIO programs that institutions with more than one campus may apply for separate grants to serve different populations at different campuses.

Requires GAO to conduct a study on how institutions of higher education report teacher pass rates on state certification exams.

Correcting authorizing committee names within the statute by defining authorizing committee and replacing the committee names with "authorizing committee."

Correcting several very technical and grammatical errors addressed in footnotes in the current HEA, as well as other drafting errors.

TITLE II

Provides for the discharge or cancellation of the outstanding federal student loan debt of the spouses of police officers, firefighters, rescue and safety personnel and members of the Armed Forces who died or became permanently and totally disabled as a result of the terrorist attacks on September 11, 2001. This section also forgives a portion of a consolidation loan debt of surviving spouses who consolidated their loans together with the victim, as well as parent loans if the child on whose behalf the loan was taken died or become totally and permanently disabled as a result of the September 11th attack.

TITLE III

Provides for the waiver, under certain circumstances, of the 50 percent restriction on an institution's ability to offer coursework through telecommunications. The school must have a cohort default rate under 10 percent for the three most recent fiscal years and notify the Secretary of Education prior to offering such coursework. This provision also requires a report to Congress by the Secretary regarding the uses of such waiver.

NEW YORK STUDENTS AT PUBLIC COLLEGES FACE TUITION INCREASE

Written by: Arthur Bueno; Published: 01/13/2003

Students who attend the city and state universities of New York may now have to pay nearly 20 percent more in tuition—at least $600—than they previously did, thanks to a new plan to close the state's projected $10 billion budget gap. Governor George Pataki, who will introduce the change as necessary for the fiscal health of the state, is th first person in almost eight years to revise tuition prices for these public universities.

Education planners surmise that the tuition increase could well exceed $600 per student, perhaps reaching as high as $1000 a year. This would raise nearly $200 million a year for the state, although the amount would be undercut by an increased need for financial aid. Assembly Speaker Sheldon Silver, a highly influential New York Democrat, pledged to fight any rise in tuition, declaring, "I oppose a tuition increase because I think that is taxing in most instances the people who can least afford the increase."

Sources in Albany revealed, however, that the alternative to tuition boosting – i.e. extensive budget cuts for academic programs – may win Pataki support in academia.

Furthermore, although tuition has remained static for more than seven years, student fees have almost doubled in the same amount of time, according to research done by the New York Public Interest Research Group.

The full details of Pataki's proposed tuition hike will not be revealed until later in January.

HATS OFF TO YOU!

By Peg Ehman

Yes, <u>You</u> in the Student Accounts Offices.

Our hats are off to all of you who:

- Show up every morning
- Respond with patience and kindness to students and parents who aren't always kind back
- Show courage in the face of auditors!
- Smile as you tackle the "mountains" on your desk every day
- Somehow manage to remember the details of coworkers' and students' lives even as you are deluged by piles of reports and returned mail and phone messages, etc., etc.
- Successfully juggle the # 1 priority of your family with the responsibilities and priorities of your employers
- Found ways to "bridge the divide" with Financial Aid!
- Have brought laughter into your office
- Go that extra mile to attend off-site meetings and workshops to keep your knowledge and skills on the "cutting edge"
- And have mastered the software that allows you to create beautiful (and accurate!) reports!

Good job! Keep it up!!

POSITION ANNOUNCEMENTS

FORDHAM UNIVERSITY – 5 positions

Lincoln Center Campus

1) Assistant Director of Student Financial Services

Reports to the Lincoln Center Campus Director of Student Financial Services. This position includes involvement in all areas of financial aid administration and support, including but not limited to the counseling of students and parents, needs analysis, processing of applications, packaging, and facilitating the utilization of financing options, coordinate and take responsibility for the administration of specific financial aid programs, i.e. Scholarships, PELL, HEOP, TAP, etc., as assigned. Read, interpret, communicate, and support compliance with most recent regulatory releases and/or procedures for assigned programs. Write preliminary specifications for the development of computer programs and reports to support functions, as well as assist Campus Director with implementation and testing of updated software with interaction with other university offices. Also required: Financial Aid, Financing and admissions presentations; participation in professional development workshops; work at Fordham University's other two campuses and some evening and weekend hours. Special assignments as required.

QUALIFICATIONS: Strong and proven interpersonal skills. Proven administrative and management skills and experience. Candidate must have effective written communication and oral presentation skills. Preference will be given to candidates with customer oriented, consumer credit financing experience and a minimum of three years experience in either Financial Aid administration or experience essential. Knowledge of Microsoft Word and Excel and Financial Aid software packages helpful. Candidate must be committed to quality customer service.

SEND LETTER & RESUME:

Ms. Barbara Wakie
Campus Director of Financial Aid
Fordham University
113 West 60th Street
New York, NY 10023
wakie@fordham.edu

Rose Hill Campus
2) Associate Director of Student Financial Services

Reports to the Campus Director of Student Financial Services. Assists in the management of the financial aid functions, representing the Student Financial Services as required. Part of a management team, which oversees day-to-day operations with respect to maintaining compliance with regulations, procedures, Quality Assurance and quality standards. Provides leadership, guidance, and on the job training for a team of assistant directors and counselors involved in the coordination and management of various financial aid tasks and programs. Assists with writing specifications and testing for report writers, computer programs, surveys, and statistical reports as needed. Oversees development and implementation of procedures, including written documentation. Participates as an active team member and leader of the cross-functional Enrollment team, and of the Student Finance Team. Coordinates with the various functional areas of the Fordham University Enrollment Group, Dean's Offices, etc. Other assignments as required. Evening and weekend work and multi-campus responsibility.

QUALIFICATIONS: Bachelor's degree, Masters preferred, plus minimum five years diverse experience in Financial Aid. Proven administrative skills. Broad and extensive knowledge of Federal and New York State Financial Aid Programs. Knowledge of computer systems. Proficient with use of personal computer. Knowledge of Microsoft Word and Excel. Effective presentation skills. Verbal and written communication skills. Knowledge of College Scholarship Service PARS packaging software and SIS 881 or PLUS preferred. Must be committed to the development of quality customer service.

3) Senior Assistant Director - Customer Service, Student Financial Services

Reports to the Assistant Vice President through the Campus Director of Student Financial Services. Involved in all aspects of student financial services administration focusing on, but not limited to assuring customer satisfaction with financial services. Coordinate and take responsibility for all student and family contacts, whether through phone, in-person or via other forms of correspondence; Handle escalation of inquiries; Liaison to other Enrollment Group staff on all campuses to facilitate and expedite resolution of customer contacts; Monitor computer programs to track, analyze, prioritize and report on effectiveness of customer contacts; Provide follow-up and advocacy for student issue resolution; Manage Customer Service functions. Provide training. Develop, and implement methods of measuring customer satisfaction; Work as a team with managers of the Enrollment Group to promote communication, information access and strategies for improving customer service; Assist in implementation and testing of software and or databases; Communicate, and support general compliance with most recent regulatory releases and/or procedures; perform all other duties assigned. Interact with other University offices. Participation in professional development workshops is required. May be required to work at the other two campuses. Evenings and weekend work sometimes required.

QUALIFICATIONS: Must be committed to quality customer service. Proven administrative, management and customer service skills and experience required. Strong and proven interpersonal skills. Effective oral and written communication. Familiarity with Federal and New York State Financial Aid Programs. Computer experience essential. Knowledge of SCT Systems, Microsoft Word and Excel helpful. Bachelor's degree, plus minimum three years diverse experience in student financial services preferred.

4) Senior Assistant Director of Student Financial Services, Rose Hill

RESPONSIBILITIES: Reports to the Sr. Associate Director of Financial Aid. Involved in all aspects of financial aid, administration including but not limited to counseling of students and parents, needs analysis, processing of applications, and packaging. Coordinate and take responsibility for specific financial aid programs, i.e. Scholarships, Fachex, HEOP, TAP, PELL etc. as assigned. Read, interpret and communicate, and support compliance with most recent regulatory releases and/or procedures for assigned programs. Write preliminary specifications for the development of computer programs and reports in order to support functions. Assist Sr. Associate Director on implementation and testing of updated software. Perform all other duties assigned. Interact with other University offices. Participation in professional development workshops is required. May be required to work at the other two campuses. Evenings and weekend work sometimes required.

QUALIFICATIONS Proven administrative and management skills and experience. Effective written, oral communication and presentation skills before small and large groups. Strong and proven interpersonal skills. In depth knowledge of Federal and New York State Financial Aid Programs. Computer experience essential. Knowledge of SCT Systems, Microsoft Word and Excel helpful. Must be committed to quality customer service. Bachelor's degree, plus minimum three years diverse experience in financial aid.

SEND LETTER & RESUME FOR POSITIONS 2, 3, & 4 TO::

Joe Waldron
Campus Director of Financial Aid
Fordham University
Bronx, NY 10458
waldron@fordham.edu

5) Senior Assistant Director of Student Financial Services

Reports to the Senior Associate Director of Financial Aid and functions as the Program Director of all Student Employment. Involved in all aspects of financial aid. Manages Student Employment, ensuring compliance with all federal and university policies. Responsible for program development including Community Service and America Reads & Counts Challenge (ARCC). Issues and tracks all off-campus agreements and other requirements for community service and ARCC sites. Assesses university department needs and supervises the placement process. Evaluates program effectiveness. Manages maintenance of all systems (HRS, SIS & FOCUS in-house database) from specifications through application. Manages budget reconciliation, FISAP data, and spending projections as well as providing coordination and oversight for the student payroll process. Interacts with other University offices. Performs all other duties assigned. Participation in professional development workshops is required. May be required to work at any Fordham campus. Evenings and weekend work sometimes required.

QUALIFICATIONS: Proven administrative and management skills and experience. Effective written, oral communication and presentation skills. Strong interpersonal skills and computer experience essential. In depth knowledge of Federal Work Study Program preferred.

Knowledge of SCT Systems, Microsoft Word and Excel helpful. Must be committed to quality customer service. Bachelor's degree, plus minimum three years diverse experience in financial aid or related area.

SEND LETTER & RESUME:

Ms. Angela Van Dekker
Director of Student Financial Services
Fordham University
Bronx, NY 10458
avandekker@fordham.edu

NEXT NEWSLETTER EDITION

By Michelle Brown-Nevers, Newsletter Publisher

As always, we welcome your articles, announcements, updates, and feedback. We continue to strive to deliver the NYSOBBA Quarterly on a timely basis. We need you to continue to support this publication with your articles and other information. Additionally, we need your help in identifying someone who can handle the responsibility for the Quarterly.

We hope to publish the next Quarterly on or before April 30, 2003. Please e-mail your articles to me no later that April 15, 2003 at mhb14@columbia.edu.

NYSOBBA 2002-2003 Advertising Request Form

All fields must be completed

Vendor Name: ______________________________

Contact Person: ______________________________

Address: ______________________________

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Telephone Number: ______________________________

E-mail Address: ______________________________

Ad/Logo enclosed: ____ Yes ____ No (Send via E-mail attachment to mhb14@columbia.edu)

All ads will be considered as they are received. If your choice is not available, you will be notified by telephone or E-mail. You will be given the option to select another space or have your payment returned. Ads will not be considered without payment. We reserve the right to refuse any ad or solicitation that is not related to higher education or does not support the ideals and mission of the NYSOBBA.

<u>Options & Costs</u>

_____ 1/4 page ad, $100 per issue

_____ ½ page ad, $150 per issue

_____ Full page ad, $250 per issue

(All ads will be printed in black ink)

<u>Newsletter publication preference</u>

_____ Summer/Fall (published by 9/30)

_____ Autumn (published by 1/31)

_____ Spring (published by 5/30)

Advertisements must be sent to: Dr. Michelle H. Brown-Nevers
Executive Director, Student Administrative Services
Columbia University - Health Sciences Campus
630 West 168th Street, 141 Black Building
New York, New York 10032
mhb14@columbia.edu

Payment must be sent to: Mr. Larry Brennan, Bursar
SUNY Health Science Center
155 Elizabeth Blackwell Street
Syracuse, NY 13210

All checks must be made payable to <u>NYSOBBA Advertisement</u>.

NEW YORK STATE ORGANIZATION OF BURSARS AND BUSINESS ADMINISTRATORS
2002-2003 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 ______________________

City ______________________ State __________ Zip Code __________

Telephone ______________ Region ______________ Fax # ______________

Please complete this section if you are requesting an INSTITUTIONAL membership and attach payment or $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: Western, New York City, Genesee Valley, Long Island, Central, Mid-Hudson, Northeast

NYSOBBA

c/o Office of Student Administrative Services
Columbia University - Health Sciences Campus
630 West 168th Street, 141 Black Building
New York, New York 10032

Peg Ehmann
University of Rochester School of Medicine
601 Elmwood Ave. - Box 601
Rochester, NY 14642-8601

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Tuesday, January 29, 2003