



The Torch

February 18, 2005

A bi-weekly report from the Coalition of Higher Education Assistance Organizations

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COHEAO News

COHEAO Writes Sample Letters to Help Save Perkins Loan Program

As you know by now, the Perkins Loan program is under an unprecedented threat to its existence thanks to the proposal in President Bush's budget to eliminate it. However, it isn't dead yet; it's up to Congress to decide whether or not to follow the President's proposal. That's where you come in. We need you to let your members of Congress in both the House and the Senate know that your institution or organization supports the Perkins Loan Program – that it shouldn't be killed and that it needs to be funded.

Please find attached draft letters for you to send to all Representatives and Senators in your state asking that they support the Perkins Loan Program. These letters are also currently available on the COHEAO website at www.coheao.org. Throughout the coming weeks, COHEAO will be adding additional features to the website relating to sending letters, and we will continue to update you as the features become available.

Please take a look at the draft letter appropriate for you and **customize it to fit your school or company**, including placing the letter on your letterhead, if possible. [If you are not permitted to use letterhead for this purpose, please send the letter anyway on plain paper on your own behalf, simply noting where you work.] It is important to point out that the Perkins Loan Program helps students in your campus and state. In the letter are suggested places to insert this information. At the end, please put down how you can be contacted. Also, if you are at an institution, please get students to send the attached letter designed for them, and ask their parents to send the letter for parents.

Also attached, to make sure you can find them, are talking points on Perkins with the chart of the state-by-state allocation of Perkins Loans. To obtain information on the Perkins Loan Program specific to a specific school, go to this address in the Department of Education's IFAP web site: <http://www.ifap.ed.gov/cbpmaterials/0405CBCongreportApril8CoverLtr.html>. At the bottom of the document are links to information on Perkins FCC awards broken down by individual school, with state totals. If you have any questions or need help accessing the information, contact Andrew Stringer at astringer@wpllc.net or 202-289-3903.

Finally, here is how and where to send the letters. Paper mail is subject to delays, so we strongly suggest that you fax (preferable) or e-mail your letters. Fax numbers for many offices are contained in the Congressional directory that COHEAO gave to attendees at the January 2004 Annual Meeting. For new members of Congress, or if you don't have a directory, go to the House website for House members sorted by state: http://www.house.gov/house/MemberWWW_by_State.shtml. For your Senators, go to <http://www.senate.gov/> and use the pull-down feature to find who your senators are. If possible, we ask that you send letters to all of the House members from your state. However, if you want to find your specific House member, go to: <http://www.house.gov/writerep/>. If you need help with this project, please don't hesitate to contact Andrew or Harrison.

We also ask that you send the COHEAO office a copy of your letter after you have sent it. You can e-mail the letter to astringer@wpllc.net or hwadsworth@wpllc.net or fax it to 202-371-0197 or mail it to us at the address below.

Again, if you need any assistance or have any questions, please call 202-289-3903.

COHEAO Scholarship Application and Flyer Now Available

The 2005 COHEAO Scholarship application is now available. Annually, COHEAO awards eight \$1,000 scholarships to undergraduate students at member institutions. A flyer advertising the scholarships is attached to this issue of *The Torch* as well. COHEAO encourages schools to distribute the flyer around campus to encourage as many scholarship applications as possible.

The application and more information on the scholarship program is available online at <http://www.coheao.org/scholarship/scholarship.html>

It's Winter: Time to Find Something for the Cooler Weather at the COHEAO Store

With winter here why not find appropriate attire at <http://www.westernprinting.net/coheao>, where you will find high-quality clothing and outerwear bearing the distinctive COHEAO flame logo. The net proceeds from the sale of the clothing will go to the COHEAO scholarship fund, which awards \$1,000 scholarships every year to deserving students with financial need who are attending COHEAO-member institutions of higher education. Check it out today and help yourself – and a student who can really use the assistance.

CONGRESS

Boehner Discusses Perkins Loans and Higher Education at ACE Annual Conference

On February 15, Rep. John Boehner (R-OH), chairman of the House Education and the Workforce Committee, discussed proposals in the President Bush's FY2006 budget request at the American Council on Education's (ACE) annual conference. Boehner emphasized that he supported increasing the Pell Grant maximum award \$100 each year for the next five years, but was critical of the President's proposal to fund the increase with cuts to student loan providers and by eliminating the Perkins Loan and other programs. Commenting on the cuts to student loan providers, Boehner said that the proposals would shrink the student loan marketplace adding, "If you're trying to run a business, and you're going to increase my risk and take away my opportunity of profit, I'm not sure how long I'm going to be around.... For the long-term health of the guaranteed-loan program, we need to tread in this area very carefully."

Specifically discussing the Perkins Loan Program, Boehner said, "There's quite a bit of support for the Perkins Loan Program in this room [where the conference was being held] and others ... and politically, I can tell you, I'm not sure how viable it is to expect that the Perkins program is going to be eliminated and that those federal dollars are going to be brought back to Washington." Boehner also made comments that he does not necessarily share the President's view that the Talent Search, Upward Bound and Gear Up programs are ineffective, but instead wants to "debate" their merits and effectiveness.

Boehner also mentioned in his remarks the looming "war" between proponents of the Direct Lending and Federal Family Education Loan (FFEL) Programs saying, "I think it serves all of

our institutions and our systems well by having competition in terms of two competing loan programs. But it appears to me that that’s not good enough for some, and it appears that we could have a bigger fight over this issue than what I would have expected several years ago.”

House to Change Appropriations Subcommittee Structure

On February 15, the House Appropriations Committee approved Chairman Jerry Lewis’ (R-CA) plan to reorganize the Committee, which consists of lessening the subcommittees from 13 to 10. Republican and Democratic assignments on all subcommittees have also been finalized. The membership roster for the House Labor, Health and Human Services and Education Subcommittee, which has jurisdiction over all programs at the Department of Education, including the Perkins Loan Program, is the following:

<u>Republicans</u>	<u>Democrats</u>
▶Ralph Regula, OH (R - Chairman)	▶David R. Obey, WI (D - Ranking Member)
▶Ernest J. Istook, Jr., OK (R)	▶Steny H. Hoyer, MD (D)
▶Roger F. Wicker, MS (R)	▶Nita M. Lowey, NY (D)
▶Anne Northup, KY (R - Vice Chair)	▶Rosa L. DeLauro, CT (D)
▶Randy "Duke" Cunningham, CA (R)	▶Jesse L. Jackson, Jr., IL (D)
▶Kay Granger, TX (R)	▶Patrick J. Kennedy, RI (D)
▶John E. Peterson, PA (R)	▶Lucille Roybal-Allard, CA (D)
▶Don Sherwood, PA (R)	
▶Dave Weldon, FL (R)	
▶James Walsh, NY (R)	

To view the entire lists of subcommittees and members, visit http://appropriations.house.gov/index.cfm?FuseAction=PressReleases.Detail&PressRelease_id=441 and http://www.house.gov/appropriations_democrats/pr_050216.htm

Senate Appropriations Committee Chairman Thad Cochran (R-MS) has still not made a decision on whether to follow the House’s structure or not, encountering resistance from fellow GOP members. Cochran remains open-minded, however, and reportedly discussions will be held over the Presidents' Day recess and the following week.

Meanwhile, Labor, HHS, Education Appropriations Subcommittee Chairman Arlen Specter (R-PA) announced he has been diagnosed with an advanced case of Hodgkin’s disease, a cancer of the lymph nodes. According to Specter’s staff, the chairman – who will undergo chemotherapy treatments every two weeks for the next six to eight months – is expected to continue to perform all of his duties in office. “I have beaten a brain tumor, bypass heart surgery and many tough political opponents, and I'm going to beat this too,” Specter, 75, said.

Senator Kennedy and other Democrats Introduce HEA Legislation

On behalf of most Senate Health, Education, Labor, Pensions Committee Democrats, Sen. Edward Kennedy (D-MA), the ranking Democrat on the committee, re-introduced his bill for Higher Education Act changes on Monday. The bill, the “College Quality, Affordability and Diversity (QUAD) Act,” S. 371, would increase the maximum Pell grant by \$1,000 next year;

double the maximum Hope Scholarship Tax Credit and make it available for four years; eliminate origination fees on subsidized loans; allow borrowers with consolidated loans to refinance their loans; increase funding for TRIO, GEAR UP and Minority Serving Institutions; create a new program to help poor and minority students finish college and strengthen programs to recruit, train and retain high quality teachers; and provide incentives for colleges to switch to the Direct Loan Program – a provision that has proved to be contentious. The bill was referred to the Senate Finance Committee, which has jurisdiction over tax issues, because of the Hope tax credit changes.

The Washington Post recently ran an editorial supporting the Direct Loan Rewards concept included Kennedy's bill, citing a recent Office of Management and Budget report saying the FFEL program is 10 times as expensive as the Direct Loan Program. *The Post* adds that, according to a Congressional Budget Office report, if 40 percent of schools used direct loans – rather than the current 25 percent – \$12 billion would be saved over 10 years. Providing incentives for schools to switch to the Direct Loan Program, such as the provisions contained in Kennedy's bill and legislation soon to be introduced by Reps. George Miller (D-CA) and Thomas Petri (R-WI), is a "solution that should be taken seriously," the *Post* argues. The editorial ends, "Maybe it's time to change the rules and make sure that more of the student loan money goes to students, not banks."

A group of student loan providers responded to the editorial, saying, "[*The Washington Post*] restates an argument that has been going on for at least a dozen years as if it had found something new. The rules of the federal budget process make direct loans appear far cheaper to the government than they actually are. Over and over, unbiased reviews have found that rosy predictions of cost savings claimed by Direct Loan Program advocates are wrong."

The Kennedy bill will be available soon at <http://thomas.loc.gov>, the *Washington Post* editorial is available at <http://www.washingtonpost.com> and the America's Student Loan Providers press release is available at <http://www.studentloanfacts.org>.

Dodd Legislation Increases Maximum Pell Grant

On February 3, Sen. Christopher Dodd (D-CT) introduced legislation to increase the Pell Grant maximum to \$11,600 within the next five fiscal years. The bill, S. 286, has 13 Democratic cosponsors. Dodd said the bill intends to restore the purchasing power of the grants. In 1975, a maximum Pell Grant accounted for 80 percent of the cost of attending a public, four-year institution. In 2003, the maximum covered 23 percent of the cost of the same type of school. Upon introduction of the legislation, Dodd said, "If we're serious about leaving no child behind, if we're serious about having a society where equal opportunity for all is more than just rhetoric, then we need to reinvigorate the Pell program."

Representatives Biggert and Hinojosa Launch Financial and Economic Literacy Caucus

On February 15, Reps. Judy Biggert (R-IL) and Ruben Hinojosa (D-TX) announced the creation of the Financial and Economic Literacy Caucus. The caucus will be used to promote awareness surrounding financial literacy for both children and adults. Biggert commented in support of the caucus saying, "If our schools don't teach the ABC's of finance and economics, our children are more likely to fall into debt and behind in life, especially in today's global economy."

Rep. Hinojosa was particularly eager to promote the caucus because of the need to fight fraud and identity theft. Hinojosa cited current data that approximately 66 percent of all high school students could not pass a basic financial literacy test. According to Hinojosa, the lack of financial literacy is particularly acute in the Latino community and evident by the rampant use of payday lending and other similar financial institutions amongst Latinos.

Other members of the caucus include Reps. Deborah Price (R-OH), Sue Kelly (R-NY), David Dreier (R-CA), Paul Kanjorski (D-PA), Barbara Lee (D-CA), Al Green (D-TX), Bernard Sanders (I-VT), Harold Ford (D-TN), Donald Payne (D-NJ), Dennis Moore (D-KS) and Debbie Wasserman Schultz (D-FL).

House and Senate Debate Bankruptcy Legislation

Action on bankruptcy reform legislation, S. 256 and H.R. 685, is proceeding, with passage seeming more likely than any time in years. The Senate Judiciary Committee voted 12 to 5 to report S. 256 on Thursday, February 17. The bill could be on the Senate floor within the next 10 days. Both bills include non-dischargeability provisions, including making private education (non-FFELP) loans non-dischargeable except in hardship cases, as is now the case with Stafford and PLUS loans. If the bill passes the Senate, without an abortion-related amendment that stalled it last Congress, House passage is expected soon. There were 1.6 million personal bankruptcy filings in the United States in 2004.

Senator Dayton Announces He Will Not Run for Reelection

Sen. Mark Dayton (D-MN) announced on Wednesday his decision to not seek re-election. Dayton is the first Senate Democrat to announce his retirement for this election cycle; and as a result, the race for the seat will become one of the most competitive of 2006. It was reported that Dayton said, "I'm announcing today that I'm not seeking re-election to the Senate next year. God willing, I will complete the rest of my term."

Dayton expressed concern for the seat falling into GOP hands, saying, "I do not believe I am the best candidate to lead the DFL Party to victory next year. While I have no specific plans, I intend to remain in Minnesota and in public service."

Even before Dayton chose not to seek re-election, his seat was anticipated to be heavily challenged by Republicans. Reps. Mark Kennedy, Gil Guknecht, as well as former Sen. Rod Grams, Minnesota Secretary of State Mary Kiffmeyer and state Rep. Phil Krinkie are all reported to be considering running. Democrats speculated to run include former Rep. William Luther, lawyer Mike Ciresi, Rep. Betty McCollum, Hennepin County Attorney Amy Klobuchar, and state House Minority Leader Matt Entenza.

Education and the Workforce Committee to Examine Fraud at For-Profit Schools

The House Committee on Education and the Workforce will hold a public hearing to discuss the effectiveness and enforcement of current federal laws to prevent fraud and abuse in for-profit education. This hearing is a follow-up to a 2004 hearing that examined whether students at proprietary institutions are treated equitably under existing higher education law and comes in response to a January report on the television show *60 Minutes* that alleged fraud and abuse may be occurring at certain schools.

Committee Chairman John Boehner (R-OH) said, “There are thousands of proprietary schools across the United States, and these institutions are playing a critical role in providing college access for some of our nation’s most vulnerable students. We already know the students who attend these schools are not treated fairly under current higher education law.” The hearing will be held March 1, 2005 at 2:00 pm.

INSIDE ED AND THE ADMINISTRATION

President’s FY2006 Budget Request Calls For Education Cuts, No Perkins

The President on Feb. 7 proposed eliminating the Perkins Loan program as part of his FY2006 budget request and accompanying proposals for reauthorization of the Higher Education Act. The proposed budget calls for no money for the Perkins Federal Capital Contribution and none for the reimbursements for cancelled loans. It also calls for the elimination of the Perkins Loan Program, with a recall of the federal share of the Perkins Loan funds to take place over the next 10 years. The exact mechanism that the Administration proposes is not yet clear, although current law does have a wind-down provision in it. This proposal came in the context of a budget proposal that would apparently cut more than \$10 billion from higher education programs.

The President’s proposals are just that – proposals that have not been passed. Recalling the revolving fund will require a change in the Higher Education Act that would have to be done by Congress, which is in the process of reauthorizing the Act this year. House Education and Workforce Committee Chairman John Boehner has already introduced legislation that would reauthorize the program, and that legislation, H.R. 609, is pending. The House and Senate Appropriations Committees will consider whether or not to fund the capital contribution and the reimbursements for cancelled loans.

The statement in the President’s budget is below.

“Campus-Based Programs. To help fund the higher Pell maximum awards and make more funds available to all eligible students, the Administration proposes eliminating the Perkins Loan program and recalling the federal portion of revolving funds held by participating institutions. With the number of Perkins Loan institutions declining from 3,338 in academic year 1983–1984 to 1,796 in 2003–2004—and with only 3 per-cent of students enrolled in postsecondary education receiving Perkins Loans each year, the Administration believes the federal share of funds held by this small group of institutions would better serve students if invested in Pell Grants, which serve all eligible students regardless of institution. Last year, the PART found the Perkins Loan program to be duplicative of the larger guaranteed and direct student loan programs. Proposed increases to student loan limits in these programs and the continuation of very low interest rates would significantly offset the impact of eliminating the Perkins Loan program. Under the Administration’s proposal, institutions would retain their own contributions into Perkins Loan revolving funds. Recalling the federal portion of the Perkins Loan funds, less amounts needed to support statutory loan forgiveness benefits, will provide \$6.0 billion, to help offset the costs of the proposed new benefits for all eligible students.”

Overall, the President's budget calls for \$2.57 trillion in government expenditures, a 3.6 percent increase over FY2005. However, the budget makes cuts in domestic programs, with non-defense and non-homeland security accounts receiving a .7 percent reduction from FY2005. The President said his goal with the budget is to cut the national deficit in half by 2009 and to reduce "redundancy" in many federal programs adding, "We've had a history of being successful in terms of passing good, strong budgets, and so I'm very optimistic that we can do so again this year."

The budget makes permanent several tax cuts and calls for new tax cuts. The existing tax cuts are expected to cost \$1.1 trillion through 2015, and the new cuts are expected to come to \$117 billion by 2015. The budget would reduce the national deficit to \$233 billion by 2009, down from the \$412 billion figure for FY2004. However, the budget predicts an increase in the deficit to \$427 billion in FY2005, before falling to \$390 billion in FY2006. Part of the deficit reduction plan comes from approximately \$39 billion in cuts to entitlement spending, mostly to Medicaid and the student loan program

The budget includes \$56 billion for the Department of Education, a 1 percent cut from \$56.6 billion in FY2005. A central focus of the President's education budget is a new focus on high schools. The budget creates a new \$1.5 billion high school initiative aimed at increasing student achievement. Funds come from rearranging and eliminating other programs with similar missions, specifically vocational education, GEAR-UP and TRIO programs. The budget also provides a \$603 million increase to the centerpiece of the No Child Left Behind Act, Title I, a \$508 million increase in funding for the Individuals with Disabilities Education Act (IDEA), and \$500 million in new funding for the "Teacher Incentive Fund" which links teacher salary to student performance.

The President's request increases the Pell Grant maximum by \$100 each year for five years. The proposal also eliminates the \$4.3 billion Pell Grant shortfall over the same period.

Drawing criticism from Democrats and budget followers alike is that the budget does not include expenditures for the efforts in Afghanistan and Iraq in FY2006 as well as possible changes to the Social Security system. Adding to the debate are recent studies that now estimate the cost of the Medicare prescription drug benefit to be in excess of \$700 billion dollars, well in excess of the \$400 billion estimate when it was passed last year. Commenting on some of the criticism, Joshua Bolten, director of the White House Office of Management and Budget, said, "Every individual member [of Congress] will be disappointed about something in this budget, I am sure... Overall, I think they understand in the aggregate the need to restrain the federal government spending appetite, and I'm hopeful we're going to get some good support."

Members of the Democratic Party offered more vocal criticism of the budget request. Rep. George Miller (D-CA), ranking member on the House Education and the Workforce Committee, said, "President Bush's budget is filled with misinformation and repudiates many of his promises to the American people – particularly to our students and children." He added:

"The President promised the American people he would strengthen college scholarships, but yet again he's broken his promise to increase Pell scholarship to \$5,100. Instead his meager increases barely keep pace with inflation, let alone skyrocketing tuition costs. That's the fifth straight year of double-talk on college

assistance. The result: students will shoulder the new debts as college expenses continue to rise.”

Sen. Edward Kennedy (D-MA), ranking member on the Senate Health, Education, Labor and Pensions (HELP) Committee, said, “America is a stronger, better, more hopeful nation than this budget represents. It shortchanges our future instead of equipping our citizens to compete and win in the 21st century economy – and it falls short of reflecting the values that strengthen and unite us as Americans.”

Democrats were not alone in criticizing the President’s budget request. Speaking out on the proposal to cut vocational education was Rep. Mike Castle (R-DE), chairman of the House Subcommittee on Education Reform, saying, “I don’t want to do the president’s high school initiatives on the back of vocational education.”

The President’s budget for all federal entities can be viewed at <http://www.omb.gov>.

Spellings Discusses Higher Education

Over the past week, Secretary of Education Margaret Spellings has made several public comments regarding the outlook for higher education. Speaking at the American Council on Education’s (ACE) annual conference, Spellings advocated increased accountability and information transparency in higher education, but stopped well short of advocating a sort of No Child Left Behind (NCLB)-like law for higher education. However, she did call NCLB “a model as you [the ACE audience] work to close your own achievement gap.” David Ward, president of ACE, commented on the accountability measures saying, “I think to the degree she [Spellings] wants accountability, it would be done in a much more nuanced way.”

In other aspects of her ACE address, Secretary Spellings reflected on her recent experience in helping her daughter apply to college and for financial aid, saying, “We owe it to parents and students to make college as affordable as possible.” Discussing specific policies, Spellings outlined what is in President Bush’s FY2006 request, adding that the proposals represent “a reform budget when it comes to student loans. It would direct a greater proportion of benefits towards students enrolled in school, and a smaller one toward borrowers no longer in school.”

Moving outside the student loan arena, Spellings addressed the Integrated Postsecondary Education Data System (IPEDS) pointing out the fact that it “does some things well and some things not as well. For instance, we can tell you almost anything you want to know about first-time, full-time degree-seeking students who have never transferred. The trouble is, today that’s less than half of the total student population.”

Spellings also addressed community colleges calling them the “bridge between a diploma and a degree.” She briefly discussed the President’s proposal to improve community colleges through the Community College Access Grants Fund in light of the need to improve the skills of the nation’s workforce.

Later in the week, Spellings gave an interview in *The Chronicle of Higher Education* where she echoed many of the same themes that were in her ACE address.

In the interview, Spellings fleshed out some of her views on accountability in higher education, emphasizing the need for improved information available to parents, especially concerning graduate rates and costs.

INDUSTRY NEWS

FDIC Releases Report on Identity Theft

The Federal Deposit Insurance Corporation (FDIC) recently released a study on a type of identity theft known as account-hijacking. The study focuses on a subset of identity theft that is of specific concern to financial institutions insured by the FDIC and to their customers, namely, unauthorized access to and misuse of existing asset accounts primarily through phishing and hacking, also known as “account hijacking.” Recent studies indicate that unauthorized access to checking accounts is the fastest growing form of identity theft.

The study, entitled “Putting an End to Account-Hijacking Identity Theft” can be found at: http://www.fdic.gov/consumers/consumer/idtheftstudy/identity_theft.pdf

The FDIC held a symposium on phishing and account hijacking on February 11, 2005 in Washington DC. For detailed information on the agenda, see: http://www.fdic.gov/news/conferences/identity_theft/index.html

Colorado Considers Law Restricting Access to “Credit Headers”

The Colorado State Legislature is considering legislation (S.B. 137) that would restrict access to “credit headers.” Credit headers are commonly defined as a consumer’s personal information including name, age, date of birth and in some cases, social security number, but do not contain any specific credit information or credit ratings. Currently, credit headers are governed by the Gramm-Leach-Bliley Act (GLBA) and the Fair Credit Reporting Act (FCRA) which limits use to specific purposes including fraud prevention, identity verification, child support benefits, law enforcement and other related activities.

Under the proposed Colorado law, credit headers could only be viewed with a “permissible purpose” as defined by the FCRA. This would further restrict access to and use of credit headers, which would make current GLBA activities more difficult to carry out. No other state has passed legislation regarding the use of credit headers.

Brown University Report Examines Higher Education Market Forces

On Wednesday, The Future’s Project – a five-year effort to examine the impact of market forces in higher education conducted at Brown University -- released, “Correcting Course: How We Can Restore the Ideals of Public Higher Education in a Market-Driven Era” a report that finds areas of weakness in public higher education. The following four problem areas were determined: limited need-based financial aid, the lack of sufficient ways to measure success, rising costs and unaffordable tuition, and an increase in the proportion of research funds coming from corporate rather than government sources. According to the report, rising competition

among universities and increasing privatization have become threats to the public mission of state universities and colleges.

The report also shows that some public colleges are spending more money on gaining new technology and attaining high-profile faculty in order to attract research funding and the best students. Therefore, low- and middle-income students are negatively affected when schools increase tuition and fees to meet the costs of the new technology and faculty. The report criticizes schools for acting more like private entities than public serving institutions.

To view the entire report, see http://www.futuresproject.org/publications/Correcting_Course.pdf

Philadelphia Man Sentenced For Student Loan Fraud

Christopher Hooper, 33, of Philadelphia was sentenced for using other people's names as co-signers on his student loans at the Art Institute of Philadelphia. Hooper received a sentence of four-to-23 months in county prison for two counts of identity theft.

Hooper alleges someone misled him into believing the victims approved of his using their names on his student loan application. Hooper apologized to the victims by saying, "I had no intent to defraud you in any way. The person who took my loan application led me to believe it was you two that signed it. When I borrowed this money, it was in good faith."

One of the victims received a letter from Sallie Mae listing her as a co-borrower on Hooper's \$10,500 loan. She contacted the police to report a possible identity theft. The other victim was contacted by the police shortly afterwards.

Coalition News

The American Council on Education (ACE), the Student Aid Alliance (SAA) and the Committee for Education Funding (CEF) disseminated information and analysis of the President's FY2006 budget request over the past two weeks. With the current tight fiscal situation and the possibility of budget reconciliation legislation, CEF is organizing visits to members of the House Budget Committee to explain why it is necessary improve the federal investment in education. Andrew Stringer represented COHEAO at one of these meetings with Representative Henry Cuellar (D-TX) on February 18.

In other news, the SAA has released a new online grassroots tool for interested individuals to encourage their Representatives and Senators to not fund increases in the Pell Grant Program with cuts other student aid programs. The online letter generator is available at: http://gal.org/campaign/Bush_FY_2006_Budget

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STUDENTS NEED PERKINS LOANS: FUND THEM AND PRESERVE THEM

- The President's proposed budget for fiscal year 2006 proposes no funds for the Perkins Loan program and to stop lending of existing funds. This would make college less affordable to millions of students who depend on the nation's first student loan program to help them finance their education.
- The demand for Perkins Loans always outstrips the supply of loan funds. Stafford Loans are not a substitute; their loan limits – even with the President's proposed increase for freshmen and sophomores -- are far too low for many students. Every Perkins Loan dollar goes to a student who needs it.
- Raising the Pell Grant \$100 a year, although desirable, is no substitute for the Perkins Loan program, where the average loan is about \$2,000.
- Graduate students are not eligible for Pell Grants – they would be hurt even more by eliminating Perkins, as the President proposed.
- Without Perkins Loans, students would be forced to borrow from high-cost alternative sources, such as credit cards or private education loans. Since these loans require good credit or a co-signer with good credit, many low- and even middle-income students are turned down.
- Students often take advantage of the opportunities to have their Perkins Loans forgiven by working in 12 different public service professions, such as teaching, nursing, the military, law enforcement, corrections and the Peace Corps. Stafford Loan forgiveness is only available for certain teachers.
- The \$100 million requested by COHEAO and the Student Aid Alliance for the annual Federal Capital Contribution for Perkins would result in at least \$125 million in new capital for students because schools must match 25% of the federal dollars with their own funds. Many match more than the minimum.
- Federal funding for Perkins Loans is an appropriation that feeds on itself and builds, starting with a school match of a share of the federal funds and continuing for years as the loans are repaid and re-lent. More than 600,000 students got Perkins Loans this year to help pay for their education.
- Without the federal contribution and its minimum school matches, almost 70,000 additional low-income students across the country won't receive the loans they need for higher education. (\$125 million divided by the average Perkins loan of \$2,000). Failing to fund the contribution means that students from every state will be left out.
- For More Information: see www.coheao.org or contact COHEAO Executive Director Harrison Wadsworth: hwadsworth@wpllc.net or 202-289-3910.

State Totals of the Federal Capital Contribution for Perkins Loans,
Award Year 2004-2005

<u>State</u>	<u>Perkins FCC</u>		
Alabama	748,265	Montana	458,784
Alaska	0	Nebraska	967,588
Arizona	1,463,743	Nevada	155,997
Arkansas	766,068	New Hampshire	797,323
California	9,609,684	New Jersey	1,430,803
Colorado	1,557,845	New Mexico	560,641
Connecticut	1,087,800	New York	8,199,638
Delaware	120,613	North Carolina	2,178,803
Florida	2,172,534	North Dakota	455,839
Georgia	1,158,772	Ohio	4,097,236
Hawaii	274,336	Oklahoma	1,060,801
Idaho	435,445	Oregon	1,649,537
Illinois	6,691,410	Pennsylvania	5,761,841
Indiana	2,486,359	Puerto Rico	934,652
Iowa	1,849,040	Rhode Island	860,944
Kansas	1,294,989	South Carolina	934,091
Kentucky	1,232,242	South Dakota	527,283
Louisiana	1,278,167	Tennessee	1,800,133
Maine	798,664	Texas	4,356,576
Maryland	1,346,049	Utah	1,306,692
Massachusetts	4,900,524	Vermont	637,749
Michigan	3,529,923	Virginia	1,579,174
Minnesota	2,292,287	Washington	1,956,878
Mississippi	1,303,454	Washington DC	1,195,148
Missouri	2,295,397	West Virginia	763,643
		Wisconsin	3,031,353
		Wyoming	203,658
U.S. TOTAL:	98,556,415		

*Source: U.S. Department of Education. For Individual School Totals, Go to:
<http://www.ifap.ed.gov/cbpmaterials/0405CBCongreportApril8CoverLtr.html>*



**Invest in futures.
Theirs and ours.**

The Student Aid Alliance -- representing students, parents, college presidents, financial aid administrators and others who support increased funding for the federal student aid programs -- calls on Congress and the President to restore funding for the Perkins Loan program and support increased investment in student aid that will help America's students get into and through college and pursue their higher education dreams. For FY 2006, we request the following funding levels:

- **The maximum Pell Grant should be increased by \$450, to \$4,500.** Pell Grants provide basic college assistance to financially disadvantaged students. The grants are the foundation of a low-income student's aid package. Without them, millions of students could not go to college. Almost five million students with a median family income of \$15,200 received Pell Grants in 2002-03.
- **SEOG funding should be increased by \$222 million, to \$1 billion.** The Supplemental Educational Opportunity Grant (SEOG) program provides additional grant assistance to Pell Grant recipients in order of need. SEOG expands college options for these students. Colleges and universities match one-third of the federal SEOG funds.
- **Federal Capital Contributions for Perkins Loans should be restored to \$100 million.** The Perkins program provides low-interest loans to needy students, making them less reliant on more costly loan programs. Institutions match one-third of the federal contribution. Perkins Loan forgiveness options have helped recruit thousands of law enforcement officers, teachers, and nurses. **Perkins Loan cancellations should be increased by \$54 million, to \$120 million** to fully reimburse colleges for loan forgiveness.
- **Federal Work-Study should be increased by \$160 million, to \$1.15 billion.** The Federal Work-Study program provides students money to pay for college through jobs on campus, in the community, and in the private sector. This self-help program encourages 760,000 financially disadvantaged students to develop strong work habits and gain exposure to potential employment opportunities. Federal Work-Study funds must be matched by at least one-third, and institutions often exceed this level. While community service programs are critically important, traditional work-study jobs should not be eliminated to meet the goal of increased national volunteerism.
- **Leveraging Educational Assistance Partnerships should be increased by \$34 million, to \$100 million.** The LEAP program encourages states to continue to expand their own grant programs. States must match each new dollar two-to-one. States use LEAP funds to support increased grant aid, early intervention, community service, and scholarship programs in specialized academic areas.
- **TRIO should be increased by \$50 million, to \$886 million.** The TRIO programs are designed to help low-income, first-generation college students prepare for, enter, and

graduate from college. TRIO Programs help students overcome non-financial barriers to higher education through support services. Two-thirds of TRIO students come from families with incomes of less than \$24,000 where neither parent graduated from college.

- **Graduate level programs should be increased by \$34 million, to \$73 million.** Graduate Assistance in Areas of National Need provides for graduate student traineeships for teaching and research. Due to flat funding in FY 2005, GAANN was unable to make new awards. GAANN should be funded at \$50 million. The Jacob Javits Fellowship program gives portable grants to graduate students in several academic areas, and is the only federal program that supports students in the arts and humanities. Javits should be funded at \$17 million. The Thurgood Marshall Legal Educational Opportunity Program, which should be funded at \$6 million, helps disadvantaged students gain access to, and complete law school through a comprehensive program, including pre-law summer institutes, financial assistance, admission and financial aid information.

Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) should be increased by \$44 million, to \$350 million. The GEAR UP program is designed to encourage more young people from low-income families to consider and prepare early for college. The program uses a coordinated K-16 approach and is designed to create system(s) change and to leverage private matching resources beyond the federal monies. Since 1999, GEAR UP has served more than 1.4 million low-income students in 47 states, three territories and the District of Columbia.

www.StudentAidAlliance.org

COHEAO Scholarship

2005-2006



For the 2005 – 2006 academic school year, the Coalition of Higher Education Assistance Organizations (COHEAO) will award up to eight \$1,000 scholarships.

The eligibility requirements for applicants are as follows:

- Applicants must be a U.S. Citizens;
- Applicants must have a minimum GPA of 3.75 on a 4.0 scale;
- Applicants must be attending a COHEAO member school;
- Only undergraduate students, who are entering their sophomore, junior, or senior year, are eligible to apply;
- Only one scholarship per family per academic year will be awarded; and
- COHEAO members and their immediate family members are not eligible for COHEAO scholarships.

**Further information about the COHEAO scholarship is available via the Web at:
www.coheao.org/scholarship.html**

Applications will be available at this site after January 1st, 2005

The application deadline is March 15th, 2005

SAVE THE DATE!

COHEAO's CALIFORNIA ADVENTURE



2005 COHEAO Mid-Year Conference

July 31 – August 2
Newport Beach, California

www.coheao.org

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